WEBB FINANCIAL GROUP LLC
INVESTMENT ADVISORS

QUARTERLY UPDATE

April 2006

IN THE NEWS

The national media considers Webb Financial Group a credible and reliable source for financial expertise on various topics. This section of our newsletter is designed to share with you some brief article summaries of a few publications. For full access to all articles go to www.webbfinancial.com/media.html

Bloomberg

Watch Michael Bischoff on television…

February 20, 2006

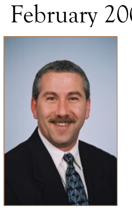
Michael Bischoff

Appearing on *Bloomberg Television* once again, Michael Bischoff, CFP® at Webb Financial Group, gives his insight on how investors should plan their portfolios this year. To view Michael's television appearance, please visit: www.gregorygetsresults.com/Clips/Files/Clip_3735.wmv.

SmartMoney
THE WALL STREET JOURNAL MAGAZINE

7 Great Funds to Buy Now

February 2006



Gary Webb

Gary Webb, RFC® at Webb Financial Group, has recently been quoted in the cover story from the February issue of *Smart Money* discussing "the one good fund" he found during a Charles Schwab conference in Seattle last fall. You can read this article at www.webbfinancial.com/SmartMoney.pdf

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  Features include:
  - Financial calculators
  - Online account access
  - Updated market quotes
  - Media page

Jerry Webb's Market Commentary

Something to Think About

You have probably heard the phase, "The stock market usually climbs a wall of worry." Well, if ever there was a time when this was the case, it is now. The entire world, including America, is worried about more things today than I can ever remember, yet the market seems to ignore it all as it moves ever higher, albeit very slowly and hesitantly, but higher nevertheless. It seems that what I have always believed might be correct — 95% of the things we worry about never happen.

You have also likely seen the phrase "Past performance is no guarantee of future results." Financial Services firms are required to note this on material that discusses investment returns, and for good reason. There is no guarantee that yesterday's results, good or bad will be repeated tomorrow. If you take a look into the rearview mirror these days, you are likely to be pleasantly surprised. The effects of the 2000-2002 bear market are slowly being absorbed by history. In the past three years, equity performance has been returning to its historic average of around 9 percent to 11 percent a year. Experts call this "reverting to the mean." The rest of us are more likely to call this "a sight for sore eyes."

The market has advanced, not in a straight line up, of course. That's not the way it works. The market is not a bank and there have been setbacks — sometime dramatic setbacks — but over the long term, financial markets have advanced.

In addition to equity investments, a person should also have a certain amount in cash equivalent investments, such as certificates of deposits or money market accounts, as part of an emergency fund that is quickly available for life's unexpected expenses. However, having too much in cash can undermine your ability to reach your long-term financial goals. Why? Historically, cash investments, generally, have been unable to outpace the cost of goods and services, otherwise known as inflation. In other words, the buying power of your dollar loses ground to the increasing cost of the things you want to buy if the return on your long-term investments is less than the rate of inflation.

How can you stay ahead of rising prices? There are no guarantees to investing but, historically, equity investments have had the best track record for staying ahead of inflation. Over the past 42 years, I have found that professionally-managed mutual funds, well-diversified, have been the preferred way for most people to achieve their long-term financial and retirement goals. The Mutual Fund Industry has grown to over 10,000 funds with $16.2 trillion invested in mutual funds worldwide; $8.2 trillion is the U.S. portion. Unbelievable. All this happened during the past 42 years of climbing a wall of worry. Just imagine what would have happened to the industry if there was nothing to worry about!

What were we worrying about in 1975, after a two-year bear market 1973-74? Inflation, oil prices, interest rates, the trade deficit, and the budget deficit. Sound familiar? In 1975 the Dow was at 815 and today it is over 11,000. When problems are most evident, the stock market does best. The stock market is like your family. Families have problems with parents, health, children and marriages, but they get through it and

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ANNOUNCEMENTS

Webb Financial Group's
25th Anniversary Celebration

SAVE THE DATE!

Friday Evening
October 6th, 2006

International Market Square
Minneapolis

Invitation to follow

INSURANCE

Get $100 tax credit on your MN Income Tax!

Crystal Holmen

Did you know that Minnesota provides up to a $100 tax credit for individuals purchasing a long-term care insurance policy. You may also deduct part of your long-term care insurance premiums from your federal taxes if you itemize your deductions and meet certain criteria. Long-term care insurance is a good way to protect and preserve your assets from expenses associated with a prolonged illness that requires custodial care.

Time is Running Out!

Penalties on Medicare Part D begin May 16. For **free** assistance, contact Crystal Holmen at 952-837-3235.

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they work it out. Well, so does the market. It works it out, regardless of what appears to be overwhelming short-term problems. The way to make money is not by worrying about the economy or the stock market. It is by investing in growing companies for the long-term to take advantage of this growth. So how do we do it? Long-term investing, research, growth and value based investing. Our investment approach has survived the test of time and, boy, have we been tested!

In 2000, we stuck to our knitting even though some clients thought we had lost it. Did we change? No Way! Then, in 2001, 9/11 tested us all. We were depressed as a nation and our markets reflected this. It would have been easy to focus on the short-term because everyone else was. The markets were in free fall. Did we change? No Way! We are long -term investors, able to look beyond the valley. It has paid off and our clients are much better off for it.

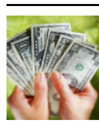
Perhaps the main reason we are bombarded by fear and uncertainty is that the Democratic and Republican parties constantly attack and berate each other. How can we have confidence in this country, the economy, the markets, our future and our children's future when the two parties cannot come together in a unified bi-partisan manner to work as a team to make us proud to be Americans? Until they do, we will continue to struggle.

In the end, it all comes down to people: our family, our friends and all the people in our lives. Count your blessings. I know that I am blessed and I have a feeling that you are too. Smile and think positive — you will feel better! I am more confident now then I have been ever. The best is yet to come.

Have a great summer!!

Sincerely,

Jerry Webb, CFP®



MoneyTalk

Are You Saving Enough?

By Gary Webb

The national savings rate has been steadily declining since 1944, when it peaked at 26.1 percent. In the late 1990's, when the market was at an all-time high, the rate was down to 2.4 percent. Currently the rate is between 1 and 2 percent.

One reason this is so alarming, is so many people are saving at a rate well below what they are spending on non-essential purchases. We are living in a live-for-today world. This may be due to trying to keep up with the Jones', the fear of terrorism, or for any other reason. We need to realize that we are living in an era that has never been seen before and most individuals are not well enough prepared for what is to come. Today, we are **living longer** due to both medical advances and technology and we are **retiring sooner**. These two combined are a potential train wreck just waiting to happen, if you have not planned properly.

Most people have not saved enough to be able to retire and maintain the same standard of living. Proper planning for retirement requires much more than just saying to yourself, "I am retiring when I have a million dollars" or "I am retiring at age 60". It takes careful, well thought-out planning. The **earlier** you start, the **better off** you will be. Saving 10% of your income may not even be enough anymore, as people are living longer and healthcare costs are on the rise. Many retirees may have to go back to work, full or part-time during retirement.

Some ideas to help increase your savings include the following: participate in your employer's retirement plan; increase your contribution amount; take advantage of employer matching; diversify and don't overload on company stock; avoid borrowing from the plan and do not cash out the plan and spend the money if you leave your employer.

In the end, it is not about how much money you earn, it is about how much money you save.