WIPFLi HEWINS
Investment Advisors LLC

Cost Basis Reporting

January 21, 2011

You may have heard news recently about new regulations requiring custodians to track cost basis and report gain/loss details to the IRS for 2011 taxes. This requirement will be phased in over a three-year period.

We have received reports that Schwab and other custodians have contacted some of their clients, informing them of the cost basis reporting requirement and asking them to select a method. This is intended to be useful for retail investors, but is entirely unnecessary for clients of investment advisors like Wipfli Hewins. We have always performed cost basis tracking for the accounts we advise on. We will handle the interface with Schwab and make sure they set up and run your cost basis tracking accurately. There is nothing you need to do, and there will be no change to the services we provide to you.

At Wipfli Hewins, we use a sophisticated cost basis tracking method; one that identifies the most advantageous lots to sell from a tax perspective. We have communicated this information to Schwab on your behalf, and Schwab will be mirroring it going forward. Over the next few months, we will be working closely with Schwab to ensure the cost basis information in their system matches our records. Once this reconciliation is complete you will be able to view cost basis information on the Schwab Alliance website. We will continue to produce our year-end supplemental reports for tax purposes and work diligently to ensure that your accounts are managed in a tax-effective manner.

If you have any questions, please feel free to contact your consultant.

Sincerely,

Martha R. Post

Martha Post, CFA
Principal, Chief Operating Officer, Chief Investment Officer