

[KMS Financial Services, Inc. letterhead]

MAKE YOUR INVESTMENTS REALLY COUNT

ENVIRONMENT

Exxon speak. As a result of the Valdez oil spill, shareholders and environmental groups pressured Exxon into creating a new position, Vice President, Environment and Safety (read V.P., Lip Service). So what does Exxon do? They elect Edwin Hess, V.P. Marketing, Refining, and Planning to the newly created environment position. Hess joined Exxon in 1957 after receiving an MBA from Harvard and has been mostly involved with Exxon's marketing, refining, and supply.

Do you still have investments in **Planet Pollution, Inc.** from the days when you didn't know any better? If you think environmentally responsible investments are going to be good for the long term, do something about it. Let's work towards cleaning up that old portfolio now....before it's too late.

Call me for a free copy of the new environmental "Valdez Principles." The Coalition for Environmentally Responsible Economies has created the Valdez Principles to help investors make informed decisions around environmental issues. As representatives of the investment and environmental communities we are asking corporations to join with us by subscribing to these principles.

PEACE

Yawn. It's hard to believe, but true, that U.S. leaders in Washington, D.C. and Soviet officials in Moscow continue their endless bickering over nuclear warheads. A group of 5 randomly selected 5-11 year-olds from each country could do a better job at eliminating nuclear weapons. Nevertheless, stocks in most major defense contractors have been poor investments over the past several years and I certainly don't see anything on the horizon to change that.

Do you still have investments in **Bomb Dynamics, Inc.** from the days when you didn't know any better? If you think socially responsible investments are going to be good for the long term, do something about it. Let's work towards cleaning up that old portfolio now....before it's too late.

"I owe the public nothing." J.P. Morgan

"We are responsible to the communities in which we live and work and to the world community as well." Johnson & Johnson Policy Statement

TIMELY IDEA IF YOUR BANK IRA or CD IS MATURING...

You have a choice. You can either roll them over at today's unappealing rates or you can ask what I recommend to improve your savings.

1989 PERFORMANCE/MARKET DATA ----->

Eric Andrew Smith
Responsible Investments
KMS Financial Services, Inc.

1st Qtr. 1990

THE NUMBERS

In the last decade, total investment assets with social criteria have grown from \$40 billion to over \$500 billion.

1989 Performance and Assets of Social/Environmentally Screened Mutual Funds available through KMS Financial Services:

	Average Annual Total Return		<u>ASSETS</u> \$3mm
	<u>1yr</u>	<u>5yr</u>	
Alpine Catholic Income Trust	(current yield 9.03%)		
Calvert Ariel Growth Fund	25.11	23.04*	183
Calvert Ariel Capital Apprec.	(new portfolio)		
Calvert Social Investment Fund:			
Bond Portfolio	13.55	8.81*	16
Equity Portfolio	27.45	8.15*	12
Managed Growth Portfolio	18.70	14.66	222
Calvert Tax-Free Limited-Term	7.12	6.41	132
Colonial Adv. Strat. Gold Trust	12.90	15.25*	91
Freedom Environmental Fund	(new portfolio)		45
Parnassus Fund	2.8	14.10*	23
SFT Environmental Awareness Fund	27.56	(new)	2
Calvert SIF Money Market	(average yield 8.79%)		156
Working Assets Money Fund	(average yield 8.43%)		190

Average annual total return figures for the year(s) ending 12-31-89 assume the reinvestment of capital gains and dividends. 5yr return column figures reflect deduction of maximum sales charge upon initial investment.

* since fund inception, fund not in existence for full period.

This is neither an offer to buy or sell any securities. Mutual funds may be purchased only by prospectus (available free upon request). Please read it carefully before investing.

INDEXES AND AVERAGES

Clean Yield Model Portfolio 1989 = 23.0%

Franklin's Insight Index = 30.3%

S&P 500 = 27.3%

(Clean Yield and Insight are managed, S&P is an unmanaged index.)

Good Money Industrial Average (GMIA) vs. Dow Jones Industrial Average (DJIA):

GMIA 1989 = 28.0

DJIA 1989 = 27.0

GMIA since 1976 = 646.6

DJIA since 1976 = 174.1

Good Money Utilities Average (GMUA) vs. Dow Jones Utilities Average (DJUA):

GMUA 1989(thru Nov) = 6.9

DJUA 1989(thru Nov) = 20.7

GMUA since 1976 = 217.0

DJUA since 1976 = 107.5

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March 30, 1989

The move to KMS this past year went smoothly thanks to your help and continued business. One of the nice things about KMS is the high quality service provided.

For example, the enclosed newsletter is provided, at our expense, for all clients. By the way, if you could help me out by writing or calling me with your feedback about the newsletter, I'd appreciate your comments.

KMS is a highly regarded, privately owned Broker/Dealer (Brokerage) that maintains a focus on long term objectives rather than short term profits. You might also be interested in knowing that you can choose from one of the widest selections (among Northwest firms) of socially responsible investments.

100% of my clients made the move with me. Thank you. Thank you very much. I appreciate your continued confidence and vow to provide financial services and investments "as you like it." Let's continue to make your investments ones that really count.

Investment Opportunities For The Year Ahead.

1988 was the year "the environment" came to our own backyards. 1989 will be a year of action to solve our environmental problems.

Massive press is now given to environmental issues. These same issues have been with us for years but now we see it in not just the alternative press, but national and international press. The Time Magazine January 2, 1989 issue names for "Man of the Year, 1988," Earth. An entire issue of Time Magazine devoted to society and the environment!

Urban recycling is now working in all major U.S. cities. Many municipalities are finding that such efforts not only curtail pollution but also create profits for local businesses and spur economic growth.

According to James Lovelock, an internationally renown scientist, a global climate change underway will dwarf all other global and local issues IN OUR LIFETIMES. The public is now aware of the greenhouse effect as a result of fossil fuel burning and deforestation. This is an opportunity to get serious about conservation and alternative energy investments.

Some corporations are becoming more responsible. Toys "R" Us decided to stop selling realistic toy guns and Rubbermaid (Little Tikes Toys) apparently makes no war or violence related toys. Colgate has reduced animal testing use 80 percent in six years, while Avon and Proctor & Gamble have eliminated animal tests entirely. Other similar stories abound, ask me.

If you are a serious investor, let's talk about our future and our childrens' future. Let's talk about what our money is really doing.

Serious investors across the country are realizing they don't have to compromise their values to participate in competitive investments. How about investing in working capital (stock) or loans (bonds) in companies who have excellent environmental, employee or community records? Or how about affordable housing, retirement housing or other responsible real estate investments? With very little extra effort you can feel better about your savings and investments while investing for a better tomorrow.