

January 2002

CHALLENGES IN 2002

2001 Good-Bye

First, let's have some parting words for 2001. How about "Happy to get through it and very glad its over!" Combine a sinking stock market, a faltering economy and an attack on our nation, you get a year like 2001. It is an understatement to mention that it was a difficult year for investors. Stock market indices posted double digit losses for the second year in a row. You, on the other hand, came through this dismal environment with portfolio intact, and if not at another yearly high, certainly within easy striking distance of new benchmark levels of wealth.

Back to back years of heavy stock market losses have prompted many investors to reevaluate their priorities and investment strategies. In recent years, the importance of risk management and capital preservation was rarely mentioned. Now it seems portfolio diversification, quality, and income are all issues that are hot media topics. Pring Turner Capital has always focused on protecting your valuable assets, from day

one of our beginning, a quarter century ago. *Conservative management and investment principles are what have sustained your wealth and portfolio these past difficult years.* So we are happy to bid 2001 good-bye and welcome the challenges to further increase your wealth in 2002.

2002 Outlook

The New Year is starting out with economic uncertainty, worry, and market volatility. Guess what? This is nothing new. Investment managers face

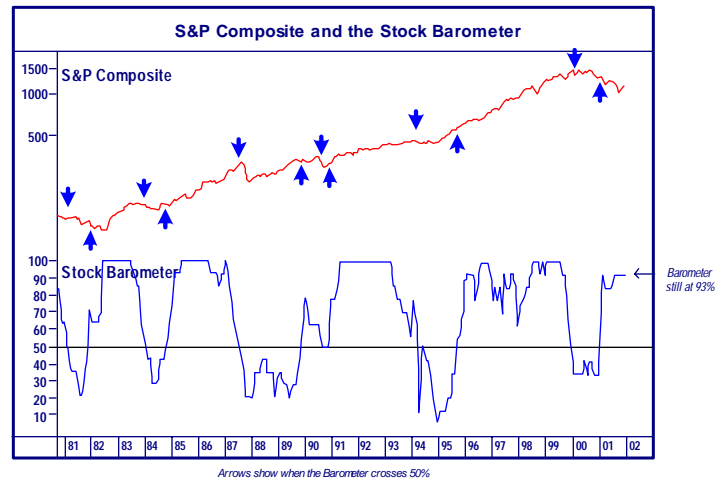
this same picture constantly. Making decisions even when the outcome is uncertain and cloudy is what you pay us to do. Our job description is to navigate around these obstacles and find the positive returns. Yes, we

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will experience losses on occasion; it is all part of investing. The end game though, is to have more winners than losers, more income, and more peace of mind with quality stocks and bonds that result in higher portfolio values. We have the experience,

tools, strategy, and the disciplines to find the opportunities and low risk profits that allow you to eat well and sleep well.

A Green Light for Stocks



The negatives facing investors today are a generally overvalued stock market, shrinking profits, and slowing economy. The positives are there are many bull market building blocks in place; such as monetary and fiscal policy; and our proprietary stock market barometers. On balance, it will be a year that we press forward looking for low risk ideas and generally be more fully invested in equities. We will use any stock market weakness to accumulate promising candidates and stock market strength to prune positions and raise a little cash. Identifying turning points and action levels will be the challenge for 2002.

It will be a challenge to maintain high levels and high quality income for your portfolio when high quality bonds yield only 4 and 5%, when money market and CDs generate less than 2%, and the average listed stock pays 1½%. It will take some extra ordinary searching to maintain the high level of income we have come to expect and experience in your portfolio. This will be a challenge in 2002.

Improving our performance, client relation and communications, and business practice are all challenges we welcome and look forward to in 2002. We think it will be an excellent year for conservative investors like you, who will not have to waste 2002 profits making up for heavy 2000 and 2001 losses. Yes, we are looking forward to the 2002 challenges.

Please note we have moved our office to bigger facilities in south Walnut Creek. Our new address is 1600 S. Main Street, #375, Walnut Creek, CA 94596 and the new local telephone number is 925-287-8527; FAX number is 925-287-8653. The toll-free number and all of the Colorado numbers remain the same.

We wish you prosperity, all happiness and good health in the New Year!

Catalysts for 2002 Recovery

- 1. Sharply Lower Interest Rates**
- 2. Lower Oil Prices**
- 3. Tax Cuts**
- 4. Fiscal Spending Increase**
- 5. Inventory Rebuilding**
- 6. Record High Cash Reserves**
- 7. Stock Barometer Positive**

Bull Market Building Blocks