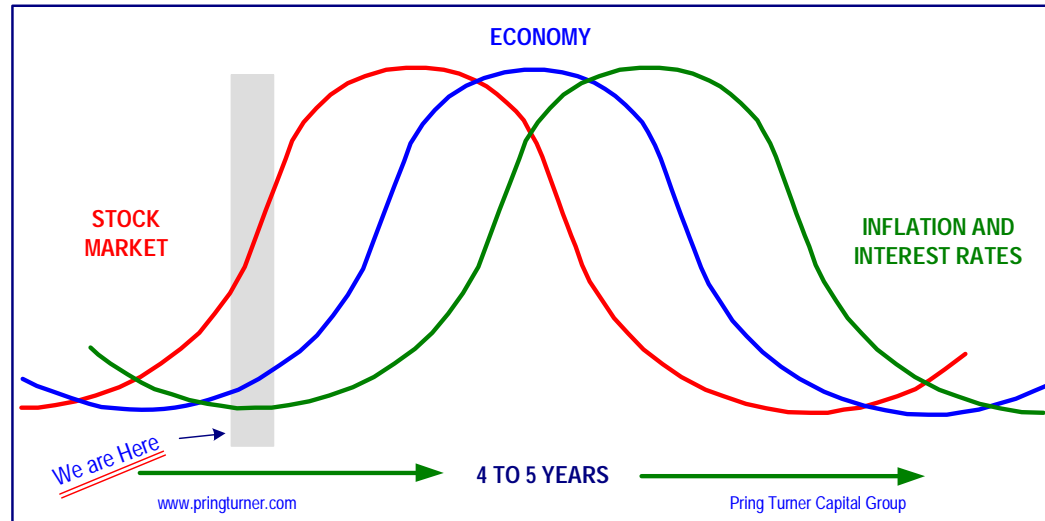


## LOOKING BACK AND LOOKING AHEAD

It was another solid quarterly performance for your portfolio, which also capped off a very strong year. Better yet, for the last ten years typical clients earned +75% versus the S&P 500's loss of -9% (including dividends). **Your portfolio successfully navigated this extremely volatile year (and decade) and is within a few percent (adjusted for withdrawals) of yet another all-time benchmark high!** Many other investors, feeling the pain of the recent "lost decade", would gladly trade portfolio results with you. The investment team at Pring Turner Capital is committed and dedicated to achieving even better returns for you in the next decade.

The year 2009 began in the middle of a financial panic and the stock market in its worst bear market since 1932. By March, in the midst of all the doom and gloom, stocks abruptly reversed course and have steadily climbed a wall of worry. Business conditions are slowly returning to normal. Our research indicates the longest running recession in 76 years ended this past summer. As 2010 begins, it is still early in a developing global expansion and further portfolio rewards lie ahead. The economic recovery is sustainable and the business cycle sequence continues to play out as illustrated below. **Stock prices will continue to lead the way, not withstanding temporary pullbacks, and have further upside potential as economic growth picks up steam.**

### TYPICAL BUSINESS CYCLE SEQUENCE



### Next Stage - Stronger Economic Growth!

For their part, inflation and interest rates are near the lowest levels of this business cycle and will likely turn higher. As our schematic illustrates, a rising inflation and interest rate environment is the next step in this business cycle. In fact, our inflation barometer just hit its highest possible reading, signaling higher commodity prices ahead. We are seeking additional investment opportunities for you that benefit from escalating inflation pressures. At this stage

1600 S. Main Street, #375

Walnut Creek, CA 94596

Tel: (925) 287-8527

Fax: (925) 287-8653

www.pringturner.com

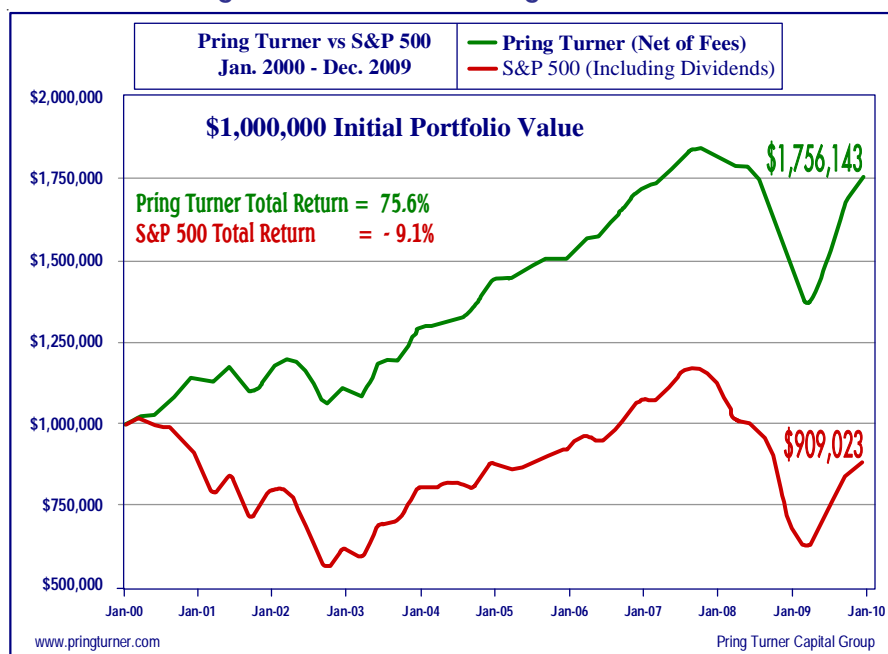
Registered Investment Advisor

bonds are particularly vulnerable to price declines as interest rates move up. Many bond investors underestimate the risks today owning bonds.

## GENERATING PERFORMANCE DURING THE “LOST DECADE”

It is not every day we can reflect back on another decade’s worth of challenges, decision-making, and performance. The most difficult task is to make investment decisions today about an unknown and uncertain future *and* realize a positive outcome. **We are very pleased and proud to have managed positive portfolio results for you during this quite challenging decade — the worst decade for common stocks in over seventy years!** How did we accomplish this difficult task of generating strong positive returns while taking significantly less risk, considering this past “lost decade” for other investors?

### Delivering Solid Returns Through the “Lost Decade”



### Protecting Clients’ Valuable Assets

In our professional experience, which dates back to the mid-1970’s, we have acquired many scars from the battle for investment survival. This entire period included seven bear markets, double-digit inflation, wars, budget-busting deficits, and six complete business cycles. Our business cycle knowledge and expertise are a tremendous advantage in this volatile and confusing economic landscape. The sound business cycle tools we utilize to manage your portfolio are time-honored and allow us to make

better investment decisions for you. We believe these battle-tested tools will help us to continue building your wealth no matter what the challenges in the next decade.

The principals at Pring Turner Capital remain dedicated to a conservative philosophy and our decision making process has stayed consistent throughout the firm’s 33 year history. **The organization is also dedicated and stands ready to protect your valuable assets in the years ahead.** We take the responsibility of managing your wealth and earning your trust very seriously. Your confidence and your trust are deeply appreciated. As always, please feel free to contact us with any questions regarding your portfolio.

*\*Pursuant to the provisions of Rule 206(4)-1 of the Investment Advisers Act of 1940, we advise all readers that they should not assume that all recommendations made in the future will equal that referred to in this material. Investing in securities involves risks, including the possibility of loss. Performance numbers include all retirement accounts. Performance includes total return (capital growth and dividends, net of fees.)*

Investment decisions formulated by Pring Turner Capital Group, Inc. are based on proprietary research and methods developed since 1977 by the owner/managers of the firm. None of the material contained herein is intended as a solicitation to purchase or sell a specific investment. Readers should not assume that all recommendations will be profitable or that future performance will equal that referred to in this material.