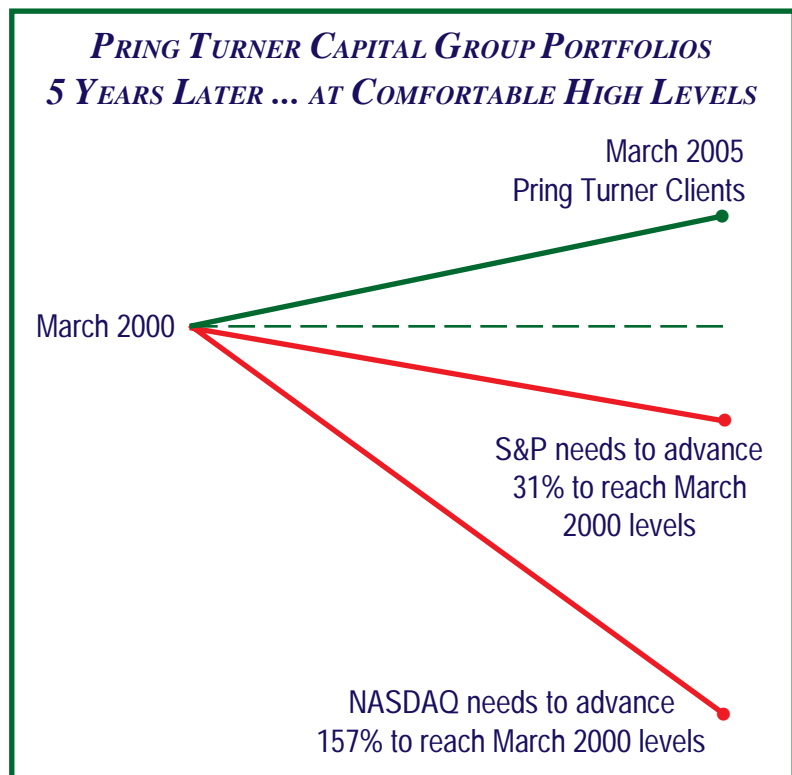


SMOOTHER SAILING AHEAD!

The first quarter saw stock prices drift down for a small decline. The more interesting observation is this quarter also marked the five-year anniversary to the end of the greatest stock market mania in U.S. financial history. It has been five years since an extraordinary speculative fever centered in technology stocks reached an extreme and major stock market indices peaked at levels that to this day have not been surpassed. The chart illustrates the damage done to stock prices as the S&P 500 and NASDAQ must advance considerably from here just to return to March 2000 values. On the other hand, Pring Turner Capital Group clients have sailed relatively smoothly through this volatile period and continue to achieve consistently higher levels of wealth.

The steady and profitable results have not been by accident. Over several decades Pring Turner Capital Group has extensively researched business cycles to help identify both attractive and

unattractive periods for stocks, bonds, cash, and inflation sensitive securities. We use time-tested, proprietary tools that are based on reliable, historical patterns of economic history and market cycles to help remove uncertainty from the decision making process and improve results. These sophisticated research tools were developed to assist us in the process of active asset allocation within client portfolios. Our investment discipline, coupled with nearly 100 years combined investment management experience, enabled us to create consistent returns over many years and varied financial market conditions. The most recent five years is testimony to the effectiveness of our prudent, yet profitable style under very challenging circumstances.



As we start the second quarter of 2005, we find the stock market has cooled down from its strong finish in 2004. Uncertainty is in the air, partly created by oil price concerns, an up-tick in inflation and the Federal Reserve bent on raising interest rates until evidence the economy and inflation cool down. While we share some of these concerns, we expect stock prices to quickly resume their up-trend and lead to profitable returns in the months ahead.

OIL GOING TO \$105 PER BARREL – NO WAY!

Recently, an analyst with a major brokerage firm made a much publicized and startling forecast of a “super-spike” in the price of oil that could soon take it from \$55 to \$105 per barrel. Our opinion is just the opposite as we think oil is ready to reverse to the downside for the time being. We had anticipated higher commodity prices when in the summer of 2003 our proprietary Inflation Barometer flashed its first warning signs. At the time, inflation was subdued and oil was trading at \$32 per barrel. Our partner Martin Pring had been interviewed on CNBC and correctly forecast higher commodity prices ahead.

“...we are starting to see a strong inflation trend”

Martin Pring, excerpt from Dow Jones Newswires 8/22/2003

While we still expect inflation and commodity prices (including oil) will trend higher over the long-term, the

current “mini-mania” in oil may be ready for a correction. As oil prices retreat in the months ahead, optimism will flow back to the overall stock market and investors will be more encouraged to invest.

For quite some time, we have forecast our expectation of a trading range environment for the stock market for many years to come. A trading range market is one that has significant moves up and down, but in the end, makes little or no price progress over long time periods. ***Indeed, since July 1998 the S&P 500 has been volatile, but is at virtually the same price level of nearly seven years ago.*** While frustrating for some investors, we see many opportunities to add value or to protect capital within this trading range activity. We are at one such juncture today to capture opportunity and believe this is a favorable time to build portfolio wealth. We see smoother sailing ahead.

We look forward to the challenges of ever-changing dynamics in the investment world. The business cycle approach we employ is moving along a typical sequence and we are already anticipating our next moves to both protect and grow your portfolio. Thank you for your continued support. As always, please feel free to contact us if you should have any questions about your account.