

April 14, 2008

HOUSTON, WE HAVE CLEARED THE LAUNCH PAD!

The first quarter ended with the worst stock market performance in over five years. Since June 2007 market highs to the recent lows in March, the average stock declined by almost 24% making it a very difficult period for many investors. On the other hand, your portfolio performed exceptionally well, and it will not take long for account values to once again reach new all-time highs. We are pleased to report Pring Turner Capital Group portfolios suffered only minor declines over the most recent and difficult nine-month period. We have always preached the key to successful long-term investment results is to not suffer large losses. **Protecting your capital through these tumultuous and volatile times has not been a fluke, accident, or merely good luck. Stable returns and avoiding big losses are the result of a number of risk management guidelines we consistently use to prudently manage your precious wealth.**

Our investment disciplines and sophisticated research tools, coupled with over 100 years combined investment management experience enable us to create steady returns over varied financial market conditions. Thankfully, we believe the majority of stock market weakness is behind us and are quite optimistic for the year ahead – one where we see opportunity to build wealth for clients.

It is important for investors to remember that the stock market is a discounting mechanism. In other words, stocks anticipate economic news 6-12 months into the future. We are impressed, despite the financial train wreck that began to unfold last August (with hundreds of \$billions of bad loan write-offs) and culminating with the implosion of the 5th largest US brokerage firm (Bear Stearns) last month, stocks have recently begun to move higher. Could the market be forecasting better economic times and less dreadful headlines a year from now? We believe so. In the middle of last month's panicky climate, we issued a rare special letter to clients titled, "*Houston, We Are Ready For Blast-Off*", explaining our belief the bear market in stocks had ended. Indeed, the average stock quickly rallied 12% off the lows before giving back some of those



1600 S. Main Street, #375
Walnut Creek, CA 94596
Tel: (925) 287-8527
Fax: (925) 287-8653
www.pringturner.com

Registered Investment Advisors

gains last week. **While certain there will be bumps along the way, the stage is set for improving portfolio performance and achievement of new benchmark highs for your wealth in the months ahead.**

As featured in our January newsletter, we expected 2008 to be a year that would transition from defense (protecting portfolios during a bear market) to offense (building wealth in a bull market). Tactically, that means adjusting portfolio asset allocations in several ways. Investing some of the ample cash reserves that have been safely sitting on the sidelines is one way. Taking some profits in government bonds (agency bonds appreciated strongly as stocks declined) and reinvesting in other income producing alternatives (utilities, preferred stocks, closed end funds) will help achieve higher total returns. Lastly, we will add new exposure to stock market sectors offering above average growth in the year ahead. We especially find energy, industrial and technology sectors attractive due to their strong financial strength and significant exposure to international growth. **The gradual and methodical shift in portfolio allocations will take place as favorable situations present themselves.**

We look forward to the challenges and opportunities facing us in the ever-changing investment landscape. We do appreciate the confidence and trust you have given us to help manage your financial well-being. As always, please feel free to contact us with any questions regarding your portfolio or any significant changes in your circumstances.

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