

July 2001

SUMMERTIME BLUES OR SUMMERTIME SMILES?

A popular song in the early sixties was a rock and roll number titled “*Summertime Blues*”. We would like to focus on one line from this song for our quarterly newsletter theme: “There ain’t no cure for the summertime blues”.

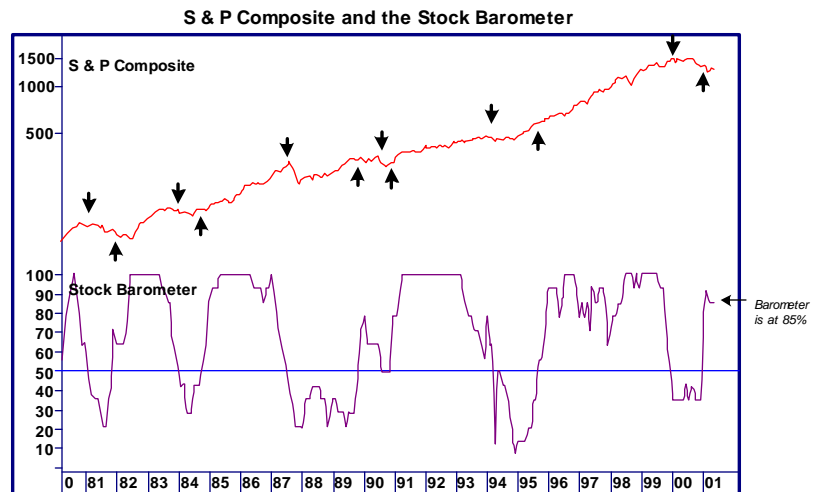
Our tactics are to look past the current poor earnings reports and today’s dismal economic news reports and take a very positive investment posture. The stock market has a strong tendency to look 6 to 9 months ahead in time and anticipate where the economy and earnings outlook will be in the future. We anticipate the economy six months from now

The economy will appear much healthier as we move through the second half of the year, and the stock market will reflect this improved state.

will be much better reading. Why? Three important factors will come into play shortly. First, there have been six interest rate reductions by the Federal Reserve this year, all designed to prop up the

sagging economy. Second, tax refunds will start going out to millions of Americans starting in a few weeks. Third, the recently enacted tax cuts will also leave more spending money available to consumers.

Your portfolio has been climbing this wall of worry the past six months and looks well positioned to further take advantage of the anticipated summer upmove. We have been adding more stocks and selling down defensive positions all year and look to continue this in anticipation of an improving stock market. The cure for the “*Summertime Blues*” is an improving and profitable stock market.



Our models and economic research are showing a very strong stock market environment.

On a philosophical note, as you are quite aware, there has been tremendous portfolio damage experienced by other investors, but not you. We are still amazed by the fact that the financial markets are the same for everyone, and yet some people come out ahead and some suffer severe financial reverses. You have come out ahead because you did not let greed take over your decision process. You maintained the discipline of being conservative and staying with quality and value. Others that did not stay with a discipline and strategy are those that are suffering (for comparison, the Morningstar Growth Fund composite which includes most all growth mutual fund was down a staggering 30% for the past 12 months). These losses will take years to recover, if ever. In the meantime, you have the opportunity to easily continue creating new benchmark highs in your total wealth because you will not have to spend years making up losses as other will.

We at Pring Turner Capital Group would like to take credit for the enviable position you and your portfolio are in, but in fact, you are the one that should take credit. You were not seduced by the euphoria that accompanied the past speculative mania and not enticed to reach far beyond your needs or tolerance for risk. For this, you deserve to pat yourself on the back for a job well done!

These are great times for you and our other investors.

You had a great quarter, first half of the year, and prior twelve months. You were barely touched by the volatility that continued to rock the stock market this year. We appreciate you and the faith you have

demonstrated in us by staying the course. Thank you for your continued support. Instead of the *summertime blues* ... **the best is yet to come for conservative investors!**