

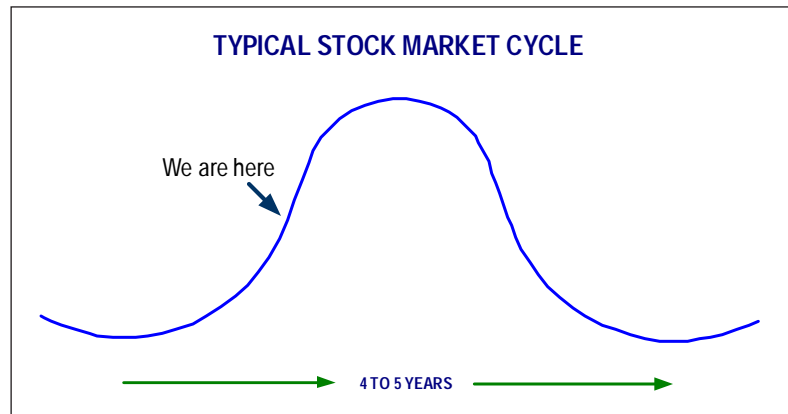
### HAPPY DAYS ARE NEAR AGAIN

The stock market continues in a very tight price range as, for the past seven months, buyers and sellers battle over the uncertainties facing investors. Will rising interest rates knock the economy off course? How will election-year politics affect stock prices? What does the uncertain future hold for investors and their portfolios?

We at Pring Turner Capital Group have spent our entire careers developing economic and market models to help us plot the normal sequence of a business cycle and the effect it has on the financial markets.

In earlier newsletters we warned about the potential for interest rates to move higher this year, a normal by-product of a strengthening economy. The recent move by the Federal Reserve to raise rates marks the beginning of a new tightening cycle by the Fed. Typically,

the first increase in rates creates investor uncertainty and adds a dose of reality, but does not immediately derail the stock market. It is only after multiple up moves in rates that we can expect to see a more severe setback for the stock market. As well, presidential election years tend to show excellent stock market gains, with the second half of the year being especially profitable. For these, and other reasons, we continue to be optimistic about the stock market and expect to see another strong rally to begin that could last well into 2005.



*The quality in one's portfolio is an important cornerstone to building and protecting one's wealth.*

Long-term clients of Pring Turner Capital Group are well aware of our disciplined investment philosophy that emphasizes quality as a cornerstone in building stock and bond portfolios. For years, we have appreciated the many benefits of focusing on quality as a portfolio risk management tool. To help keep you informed, our client statements show the Standard and Poors quality ratings for each stock in the portfolio. A recent study

**S & P COMMON STOCK RANKINGS  
(1986 – 2002)**

	<b>A+, A, A- (HIGH)</b>	<b>B+, B, B- (MEDIUM)</b>	<b>C &amp; Below (LOW)</b>
Compound Return	11.5%	9.1%	7.1%
Dividend Growth	8.8%	2.1%	-9.2%
Beta <sup>1</sup>	.85	1.07	1.36
<i><sup>1</sup>Volatility measurement: Beta or price volatility of the overall S&amp;P 500 is equal to 1.00. More volatility is greater than 1.00 and less volatility is under 1.00.</i>			
See Study: Standard & Poors Earnings and Dividend Ranking System, February 2003			

**Higher quality delivers better returns and faster dividend growth with less price volatility.**

other words, clients not only eat well, but sleep well too! As always, please feel free to contact us should you have any questions about your portfolio.

released by Standard and Poors reconfirms an important principle for investors: *over the long-term, quality pays*. A summary of the findings is found in the table that breaks down stocks into three quality levels (high, medium, and low) and compares performance, dividend growth rates, and volatility. The study clearly demonstrates what we have believed all along — investors in higher-quality stocks enjoy better returns, with faster dividend growth, and less volatility in price. Our emphasis on quality in client portfolios is a key reason that, over the long run, we have delivered on our objective of providing consistent returns without taking undue risk. In

**SPECIAL NOTE**

*We are very pleased to announce that our partner, Martin Pring, was recently honored by the Market Technicians Association with their annual Lifetime Achievement Award. Congratulations are in order for Martin, whose exhaustive research of business cycles and many authoritative books on market analysis have proven invaluable to many investors, including us. Further details about Martin's accomplishments and the MTA Award can be found in the attached reprint from the associations newsletter.*

## 2004 Market Technicians Association Annual Award Winner: Martin J. Pring



On Saturday evening, May 15th, the MTA proudly honored Martin J. Pring with its annual award for his *original contribution to technical analysis*. John Bollinger, CFA, CMT presented his friend and colleague with the silver bowl. This award has been presented annually since 1974.

The previous recipients are listed in the grey box below.

Martin Pring entered the financial markets in 1969 and has grown to become a leader in the global investment community. In 1981, he founded the International Institute for Economic Research, and began providing research for financial institutions and individual investors around the world. Since 1984, he has published a monthly market review offering a long-term synopsis of the world's major financial markets. Demanded as a speaker worldwide, he is the author of several outstanding books including, Introduction to Technical Analysis, Martin Pring on Market Momentum and Technical Analysis Explained, now in its fourth edition. Since this unique book first appeared in 1979, Technical Analysis Explained has established itself as the number one guide of its kind. It is used by several international technical societies for training and is one of the three main books for Level 1 CMT certification for the Market Technicians Association. Translated into over 10 languages, the book is, as quoted in Forbes, "widely regarded as the standard work for this generation of chartists." According to *Futures Magazine* "it is one of the best books on technical analysis to come out since Edwards & Magee's classic text in 1948...belongs on the shelf of every serious trader and technical analyst." It has become the text on which other works in the field have been based. In 2002 McGraw-Hill released six of Martin's books, Technician's Guide to Day and Swing Trading, Breaking the Black Box, Introduction on Candlestick Charting, How to Select Stocks and the two-volume set, Momentum Explained.

Described by *Barron's* as a "technician's technician," Martin's articles have been featured in *Barron's*, and he has been quoted in *The Wall Street Journal*, *International Herald Tribune*, *The New York Post* and *Los Angeles Times* newspapers and the *National Review*. He is currently writing a monthly educational column on the basics of technical analysis for *Stocks and Commodities Magazine*. Over the past 34 years, his research has led to the development of reliable financial and economic indicators for timely and effective forecasting. Martin's personal Barometers for the Bond, Stock and Commodity markets have identified major turning points since the 1950s on a timely basis and have outperformed the buy/hold approach by a wide margin.

Martin pioneered the introduction of videos as an educational tool for technical analysis in 1987, and

was the first to introduce educational, interactive CDs in this field. His latest releases include Technician's Guide to Day Trading, the Introduction to Technical Analysis, an 8-hr CD-ROM/ book course for the beginning to intermediate technician, and Breaking the Black Box, a no-nonsense guide to creating and testing mechanical trading systems. His latest book is Martin Pring on Price Patterns due in August complete with 1-hour DVD presentation in the back.

For many years, Martin's primary interest has been educating students of technical analysis in the basic and finer points of this art. He enjoys mentoring students of technical analysis from the college level to professionals already in the field, sharing the wealth of knowledge he has gained through his own experience and research. In this regard, he has spoken on technical analysis to the Darden Business School, Golden Gate University, and University of Richmond, VA.

In 2000 Martin received the CSTA's Annual A.J. Frost Memorial Award *for outstanding contribution to the development of technical analysis*.

### Winners of the MTA Annual Award

1974	L.M. Lowry
1975	Edson Gould
1976	Edward C. Johnson 2d
1977	Arthur A. Merrill
1978	John Magee
1979	John Schultz
1980	Ralph Rotnem Edmund Tabell Kenneth Ward
1981	Harold M. Gartley
1982	Garfield Drew
1983	William Gann
1984	Charles Dow
1985	Hiroshi Okamoto
1986	Abraham Cohen
1987	Ralph J. Acampora
1988	Robert Farrell
1989	E. S. C. Coppock
1990	Paul Dysart
1991	George Lindsay
1992	George Chestnutt
1993	Humphrey Neill
1994	Donald Worden
1995	Richard W. Arms, Jr.
1996	R. N. Elliott
1997	Alan R. Shaw
1998	John C. Brooks
1999	Richard D. Wyckoff
2000	Richard W. Schabacker
2001	Philip J. Roth
2002	John J. Murphy
2003	Richard Russell
2004	Martin J. Pring