



ASSET MANAGEMENT COMPANY

FIRST QUARTER 2002

In the latest financial press, you have probably heard that we are out of the woods on the recession front and that the economy is back on track for growth. While this may be the case, we are not willing to bet that there will be a euphoric return to the late 90s for stock prices anytime soon, and that significant risks remain for many stocks.

Last quarter, we reviewed many portfolios for prospective clients that held names that were popular with investors three years ago. While many investors have been taught to be patient with stocks (a tenet that still holds true), there *is* a time to reinvest in more attractive issues. This is especially true for investments that have unsustainable valuations, hence high risk.

When we evaluate investments, many of the so-called "Nifty Fifty" (large company stocks) still look expensive to us for a myriad of reasons. We believe that in today's environment, there are many other attractive areas for investment, and that superior returns are available with less risk. In addition, in this low interest rate environment, it is a challenge to know where and how to invest to balance the income/risk tradeoffs posed to those investors whose portfolio funds their living expenses. We have a solution.

At Obermeyer Asset Management Company, our strategy is to continue to do what has worked well for our clients: to follow a disciplined approach of seeking total return, while understanding and managing risk. We believe that the care with

which we pick investments is especially important in today's difficult market. Of equal importance is that we maintain our sell discipline of identifying a sell target *before* we take a position and that we monitor each holding's progress.

Recent headlines have also focused attention on Enron and other difficult situations. As investors think about these events, it is important to keep perspective. First, a slow economy challenges even those businesses with attractive long-term strategies, and short-term cash flow woes can derail even the strongest business plans. Second, Enron's downfall was hastened by fraud and even the most diligent investment process has difficulty uncovering intentional deceit. While Enron was an isolated event, we anticipate that there will be similar situations in the future. The good news is that Congress is addressing the issue and that those who are responsible will be held accountable. We strive to avoid these investments by performing extensive analysis and were fortunate to be ahead of the curve in selling Enron as we saw red flags in their operating results and accounting practices.

Obermeyer Asset Management Company is committed to helping you pursue strategies that enable you to meet your financial goals. To learn more about how we do business and how we can help you improve your returns and manage your investment risk, please call our office at (970) 925-8747 for a *no-obligation* portfolio evaluation.