



ASSET MANAGEMENT COMPANY

SECOND QUARTER 2002

The second quarter was a difficult one for the stock market. Bonds, however, posted nice gains as investors moved money into safer instruments. Adding to the pressure on stocks were several high profile cases of earnings manipulation, poor corporate governance, and the ever-present terrorism threat.

In light of the market's weakness, we are pleased with the performance of most of our investments. Our continuing focus on stock valuations, as well as our holdings in alternative assets, has helped lower the risk and improve the return in those accounts that hold equity investments. In addition, we believe that a higher level of analytical diligence will be required going forward because the excesses of the 90s brought about a slackening of business ethics which is only now coming to light. We plan to continue with our analytical discipline, as well as to play defense in the near term due to the overall high price level of the market and the number of accounting and corporate governance scandals being reported.

It has become clear to us that during the last few years many checks on corporate behavior, regulatory, moral, or otherwise, were bypassed. While this is certainly not true of all companies, there is a reduced confidence in our system and in those with fiduciary obligations to shareholders. Reforms need to be implemented, which will require

a strong political resolve, but we believe that the chances are good that these reforms will come soon. In addition, the SEC will take an aggressive stance in combating the loss of confidence. SEC Chairman Harvey Pitt says, "Restoring public confidence is the No. 1 goal on our agenda." Moreover, Obermeyer Asset Management has analyzed investments without relying on so-called "sell-side" research, which has proven to be unreliable as evidenced by recent admissions made by a major brokerage firm. We believe that a key element to providing quality advice is independence and objectivity.

If the value of your investment portfolio has been significantly reduced, chances are your advisor does not have access to quality research, or doesn't practice prudent portfolio construction techniques, valuation methodologies, and/or risk management. We at Obermeyer Asset Management Company have the in-house expertise to give you the proper balance of risk and reward to enable you to achieve your financial goals through a variety of market climates.

To learn more about how we do business and how we can help you improve your investments, please call our office at (970) 925-8747 for a *no-obligation* portfolio evaluation.