

January 14, 2005

Dear Clients and Friends,

Many of the concerns that investors have had about global unrest and difficult financial markets over the past few years, continued during the first three quarters of 2004. After the November elections, the mood of many investors seemed to change from conservative to performance driven. This attitude contributed to driving up the valuations of certain sectors that had already performed relatively well, such as small caps and cyclicals.

Overall, we were pleased with the performance of our portfolio companies during 2004. Most of them reported strong growth in revenues, earnings and operating cash flows and are fundamentally sound. However, in many cases stock prices did not reflect this performance. We were disappointed that performance was not translated into price. On the other hand it means that our valuations are now even more attractive. We continue to believe that our portfolio companies perform better than their competitors and are more predictable. Moreover, their average earnings growth and valuations are very attractive compared to companies in the S&P 500 Index. Taking these factors into account, we continue to be confident about the performance prospects.

As you know, our investment philosophy has always been long term oriented. Successful investing is a marathon, not a sprint. We do recognize that from time to time other investment strategies may look more attractive, especially in volatile political and economic circumstances. However, we continue to stick to our principal conviction that owning strong growth companies at the right valuation is the right strategy for long term success.

It is interesting to note that our Growth Model Portfolio closed 2004 only 9.11% below its all time high. The S&P 500 Index and the NASDAQ, on the other hand, closed the year some 20% and 57%, respectively, below peak.

Internally, we are happy to inform you that we added two more Analysts to our Research Department in 2004. In our industry Chartered Financial Analyst (CFA) is a highly recognized professional designation. We now have four CFAs on our staff and four more working towards their certification. As we continue to grow, we will work hard to maintain the close relationships that we have enjoyed with you in the past. Knowing you, your families and your goals, enables us to be stronger partners.

I thank all of you for the opportunity to serve you and also for the many referrals that you have given us during the year. I strongly encourage you schedule a visit or contact us if you have any questions, concerns or suggestions.

I wish you and your family a healthy, happy and prosperous 2005.

Sincerely,



Nico Letschert, CFP™
CEO