Investment Management Jepsen Consulting™

November, 2004

Dear Investors,

It's hard to believe the holiday season is already here! Time seems to move faster and faster each year – soon we will be closer to the year 2010 than the year 2000. Life and the changes along with it keep happening and happening fast. It's fun to think of ways to get in the mindset of slowing down time and enjoying a greater quantity and quality of life. Taking the time to enjoy the things in life we often take for granted has been a goal of mine for the past few years and will be for the rest of my life.

People with goals succeed because they know where they are going – it's as simple as that. Without goals, an action plan can be quite jumbled and the results are hard to quantify. It's surprising how many of the clients I started working with as far back as the early to mid-1990's (can you believe it) have achieved many or most of their personal and financial goals - many in a shorter amount of time than they thought possible. Many are currently setting new goals and it's exciting to see them 'finishing' or realizing earlier goals through dedication and perseverance and then starting new goals and endeavors. ***There's literally no limit to the number of successes when goals are written and acted upon daily.***

The 3rd quarter of 2004 was good time for bonds and just slightly on the negative generally for stock (equity) indexes, making almost every bond and stock index profitable for the year, even before the presidential election and during a war. Here are the results for the 3rd quarter… The Large Company Index was down 2.3%, The Small Company Index was down 3.1%, The NASDAQ Index was down 7.4%, The International Index was unchanged, The Emerging Markets Index was up 8.0%, The Long Term Bond Index was up 6.5%, The Short Term Bond Index was again up 1.8%, The High Yield Corporate Bond Index was up 4.3%, and The High Yield Tax-Free Bond Index was up 3.7%.

Of the many financial risks, both positive and negative, this year had another financial risk apparent – election risk. After Election Day, the stock markets have reacted favorably, with stock indexes moving ahead between 4% and 9% and the bond indexes virtually unchanged. Other current positives are benign inflation, a generally improving economy, a better employment picture and lower and more stable oil prices on the horizon.

For the year 2003 to date (mid-November) The Large Company Index is up 4.6%, The Small Company Index is up 8.1%, The NASDAQ is up 1.6%, The International Index is up 11.0%, The Emerging Markets Index is up 12.6%, The Long Term Bond Index is up 6.4%, The Short Term Bond Index is up 1.6%, The High Yield Corporate Bond Index is up 7.7%, and The High Yield Tax-Free Bond Index is up 3.9%. ***In a year where stock and bond market returns seemed to be lackluster, it's shaping up to be a decent year for portfolios that are diversified with various asset classes.***

However, we need to keep things in perspective. Our global trade deficit, higher inflation, the current price of oil, and consumer spending are all uncertainties that may keep the market second guessing itself over the next 12-18 months. Without election pressures, the Fed and White House may start taking some steps against inflation or the federal deficit early in the next four year term that may not be conducive to market gains. ***The key thing to keep focused on is the mid to long term time horizon and keep the asset allocation discipline in focus.***

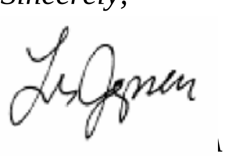
Here is some more news to consider… The Fed Funds rate is 1.75% and the Prime Lending rate is 4.75%. As recent as December of 2000, the Fed Funds rate was 6.5% and the Prime Lending Rate was 9.5% - hard to imagine being just a short time ago. Imagine paying 9.5% annually on your home loan - almost doubling your current mortgage payment... At the same time, how about a 6.5% annual return in guaranteed money market fund? I think the great majority of households would take the current lower mortgage rates vs. the previous higher yielding money market rate. Favorable inflation reports will continue to keep these rates stable in the short term.

Also the Social Security Administration has announced a 2.7% increase in social security benefits for 2005, which is always in line with the CPI-W, which is the government's official 'inflation' figure. More importantly, no ones social security benefit will decrease due to the increase in the Medicare Part B premium, announced in September. By law, the Part B premium increase cannot be larger than a beneficiaries cost of living adjustment.

Many of you have already achieved the goal of retirement and semi-retirement, and others are planning, saving, and working toward that same goal. Adding several personal and financial short term goals and long term goals along with your general goals makes a major difference. ***Personal and financial goals should be written down and kept somewhere that can be viewed at least several times per year, and as often as daily****. Your goals should be specific, measurable, agreeable, realistic and timed. Most clients who have written goals have between 5 and 10 personal and 5 to 7 financial goals. It's surprising how many of the goals, if not all, are actually achieved and in a shorter duration of time when they are carefully thought out, written, reviewed, and acted upon daily. If you wish us to help you define your goals, let us know.*

If you have any questions, we look forward to your phone call or e-mail. And again, thank you for your business; it's a pleasure to serve you.

Sincerely,



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