



Happy New Year!

MONEY MANAGER NEWSLETTER

JANUARY 2005

INVESTMENT CONSULTING GROUP, INC.

Donald R. Stanforth, CIMA



"We consume one-fourth of the world's oil production."

STEVE LEUTHOLD – LEUTHOLD GROUP

Normally the stock market turns down 6-7 months prior to an economic peak. The current bull market is over two years old, up 47% from October 9, 2002. This matches the duration and magnitude of the last 21 bull markets since 1900 to date. Leuthold predicts S&P 500 peak 1300 with a year-end 1075 (12/31/05).

The fed holds the key to interest rates. It is currently 2.25% with prime 5.25%. We expect three or four more mini quarter point moves providing the fed sticks to its "no surprise" policy. This would mean year-end 2005 at 3-3.25% rate.

Consumer Balance Sheet

	1 st Q 1995	1 st Q 2004
Assets	30.1 Billion	55.0 Billion
Financial	16.4	29.3
Real Estate	10.6	20.1
Cash	3.2	5.5
Liabilities	4.8	9.8
Mortgage Debt	<u>3.2</u>	<u>6.9</u>
Net Worth	25.4	45.2

DONALD R. STANFORTH, PRESIDENT

As you review this newsletter a common theme is emerging, mainly negative from Leuthold, Todd, as well as the Consumer Balance Sheet. (All read negative.) I will not encourage market timing. There are many professionals that are in fact very positive for this year's markets. I want to emphasize the "Ten Common Mistakes in Managing a Portfolio." I intend to work with you this year to avoid an emotional mistake common to institutional and personal investments.

BOSWORTH TODD – TODD INVESTMENT ADVISORS

We represent 5% of the world population, yet consume one-fourth of the oil production. We still pay \$2 or less a gallon while Europe pays \$5.50. China's emergence on the world scene will make up a significant portion of global oil demand in the future. They are now the world's second largest oil consumers. This demand already has had a significant impact on oil prices and will continue to do so.

Alternatives are: oil sands, tar sands, shale oil (very expensive) natural gas, coal, nuclear (safest and cleanest), hydrogen fuel cells, sunlight, and wind power. Technically & scientifically the means may exist to build a civilization without fossil fuels.

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TEN COMMON MISTAKES MADE WHEN MANAGING AN INVESTMENT PORTFOLIO

1. Chasing Recent Performance
2. Failing to Maintain a Policy Portfolio
3. Poor Manager Selection/Retention
4. Sins of the Anxious
5. Lack of Diversification
6. Mis-Benchmarking
7. Having Too Many Decision-Makers
8. Not Keeping Your Eye On The Ball
9. Ignoring Good Advice
10. Failing to Learn from Mistakes