



# COLBERT INVESTMENT MANAGEMENT CO.

To Clients and Friends

July 15, 2002

Optimistic analysts told you in 1998 and 1999 to invest in the Nasdaq (technology stocks). Because of the Internet, they said, you can make 20% per year for sure. After September 11, 2001 your pessimistic friend told you to sell all of your stocks because it was the end of the world, as we knew it.

They were both wrong. Just like the other “experts” you hear on television: they don’t know what will happen next.

Today people fear they will not make money in the stock market for a long time. Consequently, is it better to sell now and wait for things to get better, then reinvest when the stock market starts to go back up? While that may sound like a good idea, almost nobody in history has managed to do this.

Please read this carefully: the stock market is in panic mode. The “ideal” time to buy is probably now. The Standard and Poor’s 500 (S&P 500) Index closed at 917.87 today.

The underlying fundamentals of the companies we invest in are much stronger than their price in the stock market would suggest. The strength of their profits and cash flows will dictate the future value of their stock. That is what we concentrate on.

I have hereby included newspaper articles on some of the companies we invest in, such as Berkshire Hathaway, Liberty Media, St. Joe Company and Level 3. Those readings might help you understand why we do not panic. We cannot avoid fluctuations in the stock market, however by investing in businesses we analyze carefully, we should have satisfactory returns over the long-term.

Kindly call me with your questions or comments.

Sincerely yours,

Karim Armand  
President