



# COLBERT INVESTMENT MANAGEMENT CO.

## Equity Portfolio Year-End Report – December 31, 2004

While we are gratified about our feat, it represents no great achievement in itself. All it means is that we have done somewhat better than most money managers. The real accomplishment is the process of focusing on the individual company and buying those whose stock price appear relatively undervalued just as other investors are selling them. Although we currently find the overall stock market moderately attractive, we remain energized by the prospects for our portfolio holdings. Consequently, last quarter we made only one change by selling Papa John's Pizza (PZZA) when it reached our price target.

On another note, The Miami Herald recently interviewed me for their annual investment outlook section (please see enclosed). Longstanding clients know that I usually refrain from making short-range market forecasts because of the folly of predictions. In fact, even Albert Einstein was later proven wrong after saying in 1932: "*There is not the slightest indication that nuclear energy will ever be obtainable*".

Sincerely yours,

Karim Armand  
President

This document is intended for general information purposes only, and the information contained in it is not intended to be a solicitation or recommendation to buy or sell securities. The above ratios and percentages are averages based on most of the client equity accounts managed by Colbert Investment Management (CIM). Significant dispersion may occur between the holdings, ratios and percentages set forth above among the individual client accounts managed by CIM. This dispersion may be due to differences in account size, cash flow, the timing and terms of execution of trades, individual client needs, economic or market conditions and other factors. The CIM equity portfolio is diversified across industries, countries and company sizes. Our portfolio is currently invested in 20 to 40 stocks/sectors/countries. Most client accounts invested in stocks will have a similar, but not necessarily identical portfolio or performance.

\*Performance for CIM portfolio is net of all fees and expenses. Dividends and interest are not included. The S&P 500 index performance assumes no fees or expenses are charged, and that dividends and interest are not included. Performance does not include any income taxes that may be owed by the investor. Investing in the stock market involves substantial amounts of risk. Past performance does not predict or guarantee future performance.