

## ISI'S PERFORMANCE BY THE NUMBERS—A CYCLICAL COMPARISON . . .

Our management approach is founded on the premise that financial markets move in cyclical patterns with a full market cycle encompassing both a rising (bull) and declining (bear) market. The best way to compare our performance is using total return (measuring growth & income) over several market types or complete market cycles. The table below shows our comparative performance for various market types and full cycles from ISI's first full month to December 2001.

Type of Market	From	To	Mos.	ISI**	BM†	M/R‡
1 Decline	04/30/82*	07/31/82	3	1 %	-8 %	1.09
2 Rising	07/31/82	06/30/83	11	70 %	88 %	0.90
3 Decline	06/30/83	07/31/84	13	-2 %	-23 %	1.27
4 Rising	07/31/84	08/31/87	37	60 %	111 %	0.76
5 Decline	08/31/87	11/30/87	3	1 %	-34 %	1.54
6 Rising	11/30/87	05/31/90	30	14 %	53 %	0.74
7 Decline	05/31/90	10/31/90	5	3 %	-8 %	1.11
8 Rising	10/31/90	06/30/98	92	120 %	124 %	0.98
9 Decline	6/30/98	08/31/98	2	1 %	-12 %	1.15
10 Rising	8/31/98	03/31/00	19	7 %	24 %	0.86
11 Decline	03/31/00	12/31/01 *	21	7 %	-13 %	1.23
(* Market Type in progress)						
<b>Cumulative Performance for:</b>						
5.5 FMC	04/30/82	12/31/01*	236	713 %	460 %	1.45
3.5 FMC	08/31/87	12/31/01*	172	203 %	98 %	1.53
2 FMC	10/30/90	12/31/01*	134	154 %	112 %	1.19
1 FMC	08/31/98	12/31/01*	40	14 %	8 %	1.06
FMC = Full Market Cycle						

### Column Explanations:

\*\* These figures represent average net after all cost return for all clients (excluding partial months) from inception of our prime management service. From May 1982 to August 1989 ISI's flagship service was the Stock Fund Timing Service (SFTS). In August 1989, with implementation of ISI's Macro-Market Indicator, SFTS was changed to the Equity Managed Account Service (EMAS). With the development of ISI's 3DC guidance method, EMAS became the Global Strategic Allocation or GSA. In January 1998, ISI returned to a balanced approach by merging GSA into its Risk Managed Equity Program (RMEP).

† BM figures are for various CDA fund indexes that best match our ISI. From May 1982 through June 1989 the figures are for aggressive stock funds. From July 1989 to September 1996 balanced funds best compare to our triple option strategy (which employed stock, bond and money market funds). Starting October 1996 an unweighted index of 5 groups (International, Aggressive Growth, Growth & Income, Bond and Precious Metals) was used with our GSA strategy. (CDA's figures do not include acquisition or redemption costs, but do factor internal expenses.) Starting January 1998 an equally weighted index of three Vanguard Index funds (S&P 500, Russell 2000 and aggregate U.S. bond market) is the benchmark or BM for our Risk Managed Equity Program.

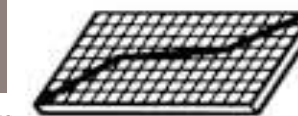
‡ Management Ratio (M/R) measures our ability to out-perform a buy & hold strategy (using the above described CDA Fund Index) for each market type and cumulatively for the various full market cycles listed above. It compares the ending value of \$1.00 invested at the beginning of each period. The Management Ratio is determined by dividing ISI's performance by the CDA. A ratio above 1.00 indicates superior performance (and vice versa). Our goal is +1.00 over any full market cycle combination.

## MANAGEMENT CONSISTENCY . . .

Consistency measures the percentage of profitable versus unprofitable months and the sum of monthly losses that must be overcome. This table shows our performance compared to the Benchmark Index (see † above) on a monthly basis:

From:	4/30/82	# of Months		% of Total Time	
To:	12/31/01 (19.7 yrs)	ISI	BM	ISI	BM
Profitable		200	153	85 %	65 %
Losing		36	83	15 %	35 %
Total		236	236	100 %	100 %
% Cum Loss		-60 %	-257 %	(sum of all months with losses)	

## ISI's Final Client Report - December 2001



A special graphic and narrative summary of ISI's cumulative performance and market insights

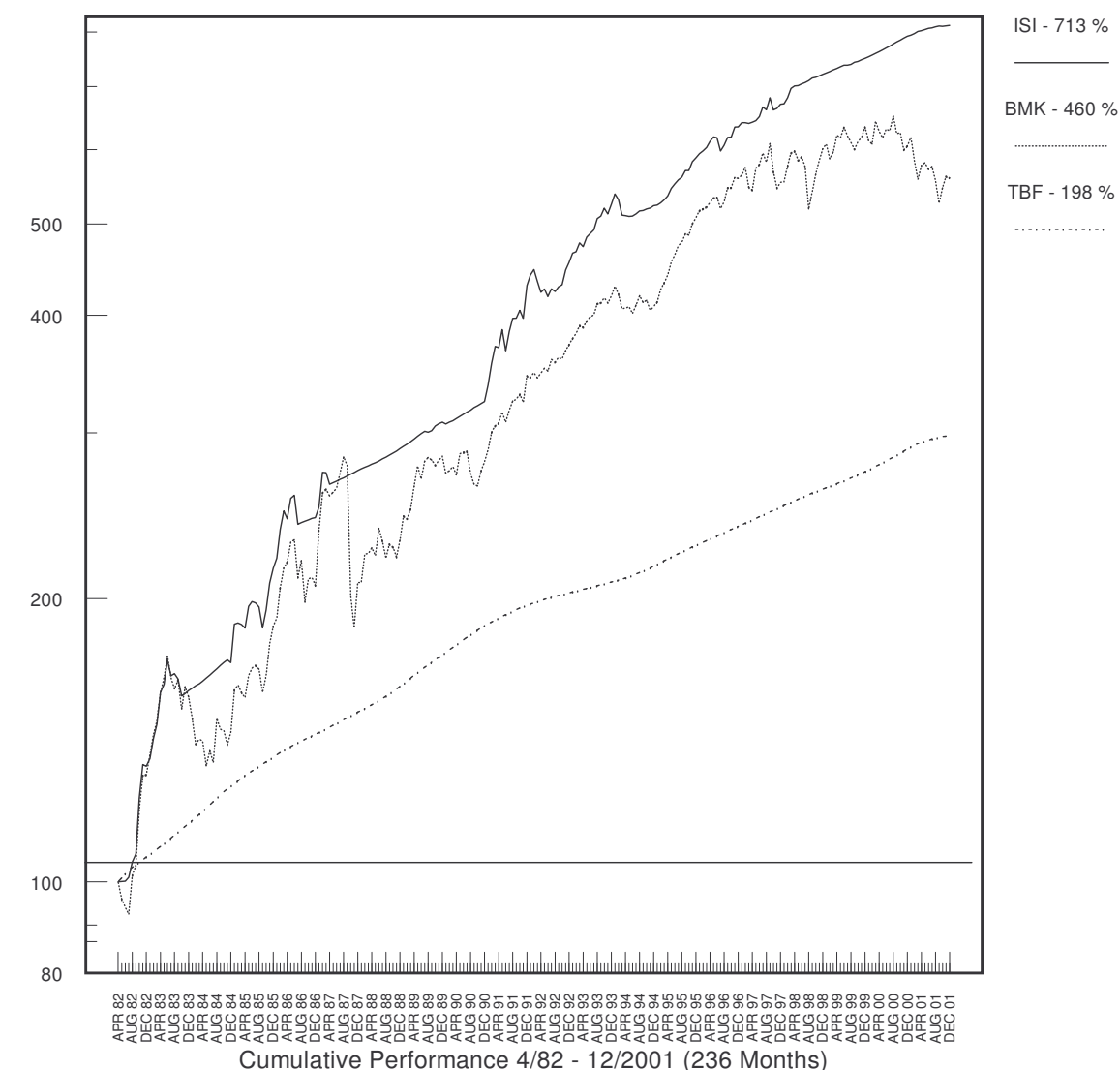
### SUMMARY INTRODUCTION . . .

This special report celebrates nearly 20 years of absolute performance compared to our market benchmark and to risk-free treasury bills, and for our risk-adjusted management. This is covered on Page One and Four (open to see Page Four along with Page One). On Pages Two and Three we have a graphic with narrative insights about the current market environment. This report is also intended to complement the enclosed one-page ISI's final Management Programs Summary for the 4th quarter of 2001.

### ISI'S CUMULATIVE MONTHLY PERFORMANCE (4/30/82 to 12/31/2001 - 236 months, 19.7 years) . . .

The graph below tracks our Risk Managed Equity Program or RMEP (and its prior programs: GSA, EMAS and SFTS) cumulative monthly performance from our inception. ISI's cumulative gain of 713% compounds annually at 11.24% net for all 19.7 years. This compares to an index-benchmark cumulative gain of 460% or 9.15% annually. Risk free treasury bills have gained 198% or 5.71% annually since May 1982. Risk-adjusted return (or alpha), which is benchmarked at zero and can be either positive or negative, is a cumulative +3.2% per year. This compares to a -3.7% alpha for our benchmark, and produces an annualized +6.9% value added. The table on Page Four provides a numeric summary of each market type and cycle and for the entire 19.7 year period.

Performance Index (Log Scale)



ISI = Investment Strategies, Inc. (mgt. service)  
BMK = Mutual Fund and Stock/Bond Mkt benchmark  
TBF = Treasury Bill Fund (risk-free return)

Past Performance Is Not A  
Guarantee For Future Results  
See Page Four for Explanations