



# INVESTMENT CONSULTING GROUP, INC.

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## ICG TIMELY TOPICS



FROM  
THE  
TOP

Last September, Wall Street Research sent one message to the investing community. The message basically stated that we were heading for a recession. As one investment manager was quoted, "This will be the most predicted economic recession in history." Well...so far, the recession from Wall Street has not happened. The question is why? While I will not attempt to answer the question directly, I will give you some tried and true common sense observations:

- 1) The Fed has significantly lowered the prime rate.
- 2) In spite of the spike in oil prices, we are more energy efficient than we were in the 1970's.
- 3) Business is not down; it may be flat or soft, but not down.
- 4) Have you ever heard of contrary investing? Whenever there is a consensus, it won't happen!
- 5) Technology is in a recession – well of course doesn't everyone remember Y2k. Corporate America and the consumer over spent on Technology in 1999. It makes sense that the market would soften in 2000. (Hindsight is always 20/20).

To conclude, the markets always create an opportunity whether the predictions are right or wrong.

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Look for "Bits & Pieces" and "The  
Lichter Side" in this publication

**Burr, Barry B. "Index fund millionaires" Pensions and Investments April 16, 2001: 10**

A new book "Millionaire", by Wayne H. Wagner and Al Winnikoff, details how anyone can turn lunch money into a fortune through investing in index funds.

**Ward, Judy. "Less is more" Plan Sponsor March 2001: 20, 22**

Only 15 to 20% of Plan participants want to see *more* detail about their investments. The majority of participants are looking for a summary of quarterly transactions, beginning balance, ending balance, the difference between the balances and how much of the difference is attributed to performance of the funds.

**Blassingame, Kelley M. "Most ignore retirement savings advice, education opportunities" Employee Benefit News April 15, 2001, Vol. 15, No. 5: 57,58**

If the education is not consistent, quality information, many employees will feel too overwhelmed with their retirement plan. The decision making process is put off and the employee loses out on a valuable Plan growth.

**Leuthold, Steven. "Lessons for a recession: The market recovers first" Investment News April 16, 2001, Vol. 5, No. 15: 12**

History tells us that a Bull Market begins about halfway through a recession. With today's economic situation it is not too early to prepare for the next Bull Market by increasing equity commitments now.

**Picerno, James. "Reversal of Fortunes" Wealth Manager April 2001: 36-39**

When investors began looking away from the market after taking hits last year, many came back to the concept of asset allocation. The issues raised with asset allocation include finding the right blend to not send the customer running away from the market. Analysts agree that there is no blanket type of asset mix. It will take knowing your customer and choosing an asset allocation that best suits the customer's risk tolerance.

**Burr, Barry B. "Leuthold got rid of Wall Street research" Pensions & Investments April 2, 2001: 8**

Six years ago the Leuthold Group used Wall Street research for stock selection. In 1995 the Group began using a multifactor rating system. The goal: 200 to 300 basis points above the "group only" performance. The result: 500 to 1300 basis points above the group only performance.

**Linton, Clifton. "A treasure trove of information: Summary plan description critical to your 401(k)" CBS MarketWatch.com on America Online May 30, 2001  
[www.mPower.com](http://www.mPower.com)**

The Summary Plan Description (SPD) is a summary of the key features of your retirement plan. It is one of the most critical pieces of the plan, yet many employees end up pitching it because they simply do not understand. Federal law requires the employer to give a copy of the SPD to the employee upon enrollment in the plan and copies every 5 years if there are changes to the plan or every 10 years if there are no changes to the plan.

**Daniel Schneider. "Investment policy statements keep 401(k) plans on track" Employee Benefit News May 2001, Vol. 15, No. 6: 45-47**

An IPS is a plan-specific document that outlines the goals of the plan, types of investments and criteria for accepting and rejecting funds. The IPS provides a set of standards determined by the overall goals of the plan. The goal is to provide a tool for the plan sponsors, not to replace the human element of decision making.