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Monthly Update

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Wireless, Black Gold, Health & Finance

Our readers know that our investment philosophy and capability differs substantially from the usual broker/planner. They are generally once-a-year (buy-and-hold) sales people focused on sales. They may propose a large bond allocation, a very diverse core position, and a small sector allocation. A typical investor receives 1/3 of the S&P500 return. In contrast, we promote concentrated portfolios, with few if any bonds, and a large composition of sector rotating/country/index investments that change with the markets. We try to stay with changing market money flows. Almost none of the brokers/planners people do any research beyond counting morning stars from stale 3-year-old statistics. A sample of our original research is presented here.

International funds with high rating this month include: Emerging Markets (MGEMX), Eastern Europe (EUROX and LETRX), Pacific Rim (SCOPX) and China (FHKCX). Sectors doing well include: wireless (WCPIX), oil service (RYVIX and ENPIX), finance (FNPIX) and health care (RYHIX). We no longer invest in AIM funds due to their onerous restrictions.

Weak areas include: high technology (UOPIX), US dollar (DXY-Z), and long-term Treasury bond yields (US30-), London (FTSE-), and Germany (FDAC-).

Our HVI indicator for gold is positive, while our other gold timer is weak and this indicates a topping sideways action. So are neutral on gold this month. Our timing models are long the S&P500 index and neutral for the NDX100, see page 2.

Our analysis of the style box indicates that value is beating growth. This suggests that money is moving into the industrial sector and away from the technology sector. Because the markets can turn quickly, be ready. May the market be with you. (February 14, 2004)