

Interim Market Update



Central Plains Advisors, Inc. • 9415 E. Harry Ste 201 Wichita ,KS 67207 • Economic Consulting & Investment Management

January 2005

How Are We Doing?

As a matter of self-evaluation it's always useful to compare ones performance to the various indices used by the investment community for one's asset class. The following are the total return numbers for the year 2004 and 5 years ended 2004 as reported by Morningstar Inc. compared to our numbers for the same period.

Period Ended 12/31/04

Item	1 Year	5 Years
Central Plains Advisors, Inc.	11.83%	10.87%
Lehman Bros. Aggregate Bond	4.34%	7.71%
Lehman Bros. Government Bond	3.48%	7.48%
Lehman Bros.	4.70%	7.14%
Lehman Bros. Municipal Bond	4.48%	7.20%

It's obvious that our different approach to bond investing which includes using only government bonds and moving up and down the yield curve based upon our outlook for interest rates is working.

However, we also are well aware that one needs to be consistently tweaking ones model to make sure it is in line with an ever changing economic environment. The greatest thing we have going for us is that even though we have been using this model for 30 years on a personal basis, it remains unaccepted by the financial bond community. Old hide-bound bond investors persistently resist changing their approach despite evidence of inferior results. On the other hand, common stock investors are more willing to change their models thereby canceling over-time new and innovative approaches developed in this arena. As we have found out in many instances, culture has much to do with the results. The myths of Wall Street and Academia abound.

On another matter, the economic future seems very much clouded at this time. It very much appears to us that an embryonic change of direction may be at hand. By that we mean the top in the rate of economic growth is probably behind us and it remains to be seen just when this slowing might become serious. Everything we watch causes us to be concerned about the weakness in income growth, the lack of savings, and the persistent use of debt in buying consumer items that do not have a multiplier effect upon economic activity. America continues to eat its seed corn and regardless of how you paint it – that ain't good.

Information contained in this commentary is based upon information obtained from sources both external and internal which we consider to be reliable, but the accuracy of the information and the recommendations contained herein cannot be guaranteed, nor do they constitute a solicitation for the purchase or sale of any securities mentioned herein. Information contained in this commentary may not be reproduced in any form without written permission from Central Plains Advisors, Inc.