TRENT CAPITAL MANAGEMENT, INC.

THE VALUE OF DECLINE

Short-term fear of not knowing when the market's recent weakness will end usually dwarfs one's recognition of the very real benefits reaped from its decline. Excessive drops in the value of stocks - the value of stock in good businesses that is - nearly always clouds rational consideration for the logic of sound long-term investment strategies. In short, the public's perception of the media's "what have you done for me today" mentality is a ball and chain to rationally generating the prudent decisions that ultimately achieve successful returns on investments.

Hyper rises in the market place are very often fueled by trends, or market sectors that are showcased "in the news" as the flavor of the day. Yes, some of these companies representing such guesswork can be successfully ridden to dizzying heights if "market timing" or even "sector rotation" could be depended upon as a consistent investment strategy. However, history tells us that greed and fear render these strategies consistently useless as proof of real investment acumen …… except at cocktail parties!

As those businesses being largely responsible for many of the meteoric rises we sometimes see are eventually disclosed as the paper tigers that they are, both value recognition and rational thought eventually drop these hyped stock prices precipitously. As subsequent general fears begin to affect the broader market's decline, the flow of investment money tends to move to those perennial winners that provide consistently superior long-term enterprise performance, while protecting the investor against the downside of plunging markets. Another way to word this phenomenon, which you have heard from us many times, is that *value always wins out in the long run!*

As the owner/manager of a business, for which one understands its basic value, what would you say to a buyer walking into your office offering 20%, 30% even 50% or more *below* the intrinsic value of your business? This condition exists all the time within the "stock market's office," but most notably to absurd levels during times of "DECLINE." This positive condition for prudent buyers of businesses - remember no one owns a penny of "the market" - often develops when the fear of holding uncertain businesses surfaces, then in an aggregate-herd-manner, devastates the stock values in sympathy for many sound companies as well. This actually happens quite frequently if one begins to view the definition of "frequent" as much longer than the next quarter's earnings report. It takes research, prudence, patience and a focus on the future to invest successfully. We believe now is a *great* time to buy *great* businesses.

Trent Capital has held steadfastly to the proven strategy of exercising the patience to buy these "stalwart" types of businesses with consistent earnings growth at prices that are either reasonable, or often times well below their intrinsic business values. This strategy is an inevitable and formidable force, which raises its head consistently within "scared" market environments, such as we are now experiencing.

Trent Capital has found many great businesses over the years that we have bought at ridiculously low values. Value *will* win out in the long-run. There is presently a plethora of tremendous long-term opportunities being offered in today's fearful market place that once again is falsely focusing on the next quarter, or year, or cycle. Decline does "serve up value" to those who focus not on hopeful winners, but upon the doorsteps of businesses with stellar characteristics and strong management that provide it an enduring competitive advantage. These are the type businesses we like, and the ones for which "decline" most consistently showcases their value…...if one is paying attention.