

EDMP, INC. Quarterly Review

PRESIDENT'S MESSAGE

Calendar year 1994 is now three quarters over. The third quarter was very good to EDMP, Inc. and our clients' portfolios. We must constantly remember that investment success is a long term journey. It is fun, though, to enjoy a little short-term success along the way.

After an extended drought, it now appears that traditional growth stocks (EDMP, Inc.'s favorites) are coming back into Wall Street's favor. This seems only logical for a couple of important reasons. First, we should remember that these companies enjoyed a sustained period of overvaluation from late 1990 to mid 1992. We can thank "Stormin Norman" and his quick dispatching of Saddam Hussein's invasion of Kuwait for that. Euphoria overtook reason and price earnings ratios entered a never-never land of make believe. It was only reasonable that these quality growth companies needed a breather from this thin air. Also, this overvaluation made these companies vulnerable to even the slightest negative news. When bad news came as it did for the Health Care group, the correction was brutal and quick. For other companies, like Coca Cola, their prices merely marked time. In either case, the reliable correlation between earnings and market price remained valid. The end result was the opportunity for us to purchase quality growing companies at reasonable value for long-term growth.

As of this writing, this correction process continues and new opportunities for quality, at value, are presenting themselves. Fortunately, what we have already purchased is now bearing fruit. Many superior companies which were previously overvalued can now be purchased. For established portfolios this means modest portfolio adjustments to increase both quality and performance. For newer portfolios, this means more and better choices from which to invest.

At EDMP, Inc., we operate under a proven and long-term reliable investment discipline. Therefore, we can maintain our composure and make reasonable and

objective decisions under all circumstances and economic scenarios. History has conclusively proven that calm, rational thought has always prevailed over emotion and hysteria.

The long-term ownership of a diversified portfolio of quality companies purchased at

intelligent values is a proven technique. It is gratifying to enjoy some short-term verification of these sound principles. But we must never forget... Earnings Determine Market Price and dividend income in the long run, always have, always will.

Sincerely,



Charles C. Carnevale
President