

# EDMP, INC. Quarterly Review

## PRESIDENT'S MESSAGE

Calendar year 1994 closed with a whimper. From an equity market point of view, history will record it as a humdrum kind of year. EDMP portfolios enjoyed positive, albeit modest, results for the last two quarters and the year. We are proud of our results considering that most equity managers reported losses last year.

The numbers, however, don't tell the whole story. Albert Einstein when asked what the most powerful force on Earth was, reportedly answered compound interest. At EDMP we enthusiastically agree, but with a modest modification. We believe that compounding earnings is the ultimate key to long-term investment success. Therefore, we focus on earnings growth rather than stock prices. Future investment success is primarily a function of purchasing quality growth at reasonable value.

From this perspective, we believe 1994 was a very exciting year. The companies we invested in were previous high flyers that had fallen back to reality. With a few, we got lucky and bought at the bottom. Others fell a little further after we invested. Our view is that all were bought at reasonable values and are currently poised for solid long-term growth of earnings leading to capital appreciation and increased dividend income.

In summary, we are confident that our portfolios are built with America's leading, highest quality, and growing businesses purchased at attractive valuations. The long-term ownership of those well diversified investments have proven to produce superior results over time. Please remember these two important principles. First, it is time in the market, not market timing that matters, and finally... "Earnings Determine Market Price" and dividend income in the long run, always have, always will.

Sincerely,



Charles C. Carnevale  
President