

# ***Around the Clock Partners, LP***

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Around the Clock Partners, LP  
Limited Partners

Dear Limited Partners,

I hope all of you had a happy and joyous holiday season.

The 4<sup>th</sup> quarter of 2004 ended with a bang for both the Nasdaq and Dow. Our fund ended the quarter with a return of **59%**. The return for 2004 was **199%**. Over these past two years, the fund has seen returns north of 100%. While I am extremely proud of these returns, I do not expect this level to be sustainable. I would look for a more normalized return of 4-6% quarterly.

Last years winners will most likely fall out of favor in 2005. I am looking to find solid companies in sectors that struggled during 2004. I believe with the aging population, we may see money return to the Healthcare, Biotechnology, and Pharmacy companies.

One small company I like that follows this thesis is **Nyer Medical**. This is a small company that trades on the Nasdaq under the symbol NYER. Nyer Medical operates under two divisions. The first is a small chain of pharmacies located in the Northeast under the name Eaton Apothecaries. The second is a medical supply company with an online presence. Sales have continued to grow year over year. The company is debt free and has the potential to earn \$.20/share in 2005. The company recently announced a new CEO, Karen Wright. This should help the company attract better attention on Wall Street and with their investors. The stock currently trades at \$3.00 with a market cap just under 10 million. Sales in 2005 should surpass 60 million. We see the stock trading up to a market cap of one-half of sales, or roughly at a 30 million market cap. This leaves significant upside potential at current prices. As a disclaimer, we are long this stock within the hedge fund at the time this letter was composed.

As for the markets in general, I expect them to be range bound until some geopolitical event dictates our next move. Which way this move will be is anyone's guess, but my guess would be to the down side.

The Dow Jones has traded in a fairly tight range over the past 5 years. We are currently near the top of this range as we approach the 11,000 level. The Nasdaq, on the other hand, has lagged the Dow Jones in the recovery phase. Ever since the lows in both markets were established in March of 2003, the Nasdaq has failed to find any new leadership to help it move higher. As you look at the Nasdaq chart, you can see how far off the highs this Index is as compared to the Dow Jones. Remember, the Nasdaq is made up mostly of technology companies. It is these companies that saw the biggest drop in earnings and staffing during the 3 year Bear market.

What do I expect from the markets this year? At this point in the year it is hard to say, but I would feel fairly confident in saying that I do not expect any significant rise or drop in either Index. I am watching the Homebuilder stocks closely. If I see any inherent weakness develop within this sector, it will certainly raise a red flag. The housing market has been one of the strongest band-aids for the economy.

As always, if you have any questions, please feel free to contact me. The K-1s should be prepared on time this year, so I would look for them in early April. I will keep you informed of any changes in this timeline.





Sincerely,

**Wayne Anderson**  
As Managing Member  
Around the Clock Trading and Capital Management, LLC