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I N V E S T O R ' S

Value View

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A STRAIGHT FORWARD INVESTMENT REPORT FEATURING VALUE AND GROWTH-ORIENTED STOCK-PICKS, FINANCIAL NEWS, MONEY TIPS AND USEFUL INSIGHTS FOR INVESTORS.



LAST MONTH IN THIS SPACE, WE DISCUSSED PICTURING THE FUTURE we desire, and outlining a plan to achieve it. We mentioned that the plan must include goal-setting, measurement, and implementation. That implementation is this month's focus.

A Complete Plan (Part 2) Putting the plan into action is what implementation is all about. Its one thing to have goals, but without concrete steps to achieve them, they remain dreams. Last month, we discussed measuring the money required for each of these goals. Now it's time to figure out how we're going to put that money together.

Of course, the first step is the obvious one. We must have a source of income. This could be a salary, an endowment, or even a loan (although we'd normally advise against that last option). One might consider multiple sources of income. This protects against undue dependence on one source.

Assuming that some income exists, we can begin to make plans for saving. Based upon our analysis, we can determine how much must be saved on a daily, weekly, monthly, or annual basis to reach our goals. We can then consider if it is possible to grow the money fast enough to reach our target date. If, in the end, we find ourselves unable to save adequately for our goals, we must consider that the problem may not be in our plan, but in our income levels. Sometimes it's simply a matter of recognizing that goals may be unattainable without adjusting income levels. This might involve second jobs, or side businesses, or rather may require stepping back from the current situation entirely, and increasing employability through education or training. Furthermore, it might suggest that new, creative ideas should be considered. Alternatively, it might simply involve selling off unproductive assets. Whatever the case may be, the income level is a crucial part of any financial strategy, and one often overlooked by investment professionals.

Finally, once the income levels and saving decisions have been established, we turn to the final component: the investment strategy. The final strategy may include many different types of investments, and use many different types of methods, but in the end, it should always be focused on the goals. For example, if the goal is to purchase a house in 1 year, investing in stocks may not be the optimal strategy unless you intend to take a great deal of risk. On the other hand, if you plan to purchase a house when you have earned enough money, but plan to remain flexible regarding the specific time, stocks may be more viable.

This brings us to the consideration of asset types. This is one of the most critical decisions to make. There are at least a dozen different types of assets to choose from. Some of the most popular are:

Stocks	Mutual Funds	Real Estate	Limited Partnerships
Art & Collectibles	Gold/Commodities	Bonds	Insurance
Businesses	Derivatives		

Of course, this list could go on, but we'll focus on some of these. First, let's dispose of the easy ones. Investing in a Business can be a great choice for someone with a solid business plan and sufficient time and capital to make it work. However, many businesses require a full-time commitment, and unless one is able to give up their regular income, it can be a problem. It is possible to start a business part-time, depending on the type, and this may be an option for some. Additionally, one could invest in someone else's business, but here one must be concerned with issues of honesty, compatibility, and incentive. Finally, investing in a business carries with it liquidity problems, because one cannot always sell a business for what its worth without first locating an ideal buyer. Thus, if you've planned to sell at a certain date, in anticipation of reaching a goal, you may have trouble.

Limited Partnerships carry with them unnecessary problems, largely because there is not a great market for these either. Thus, even when they have value, one may not be able to sell them easily. In this way they resemble investing in small businesses, and carry the same risks.

Insurance truly should not be considered an investment, but I include it here because it is so often sold as an investment. In many ways, it can help one plan for tax considerations, but as a pure investment, it is a non-starter.

Art & Collectibles can sometimes increase in value over time, and for those with specialized knowledge in a certain area, it may be a wise speculation. However, much like running a business, it takes time and energy, and has liquidity problems. Still, these can be a small proportion of a portfolio for

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A WINDOW ON GLOBAL MARKETS & WORLD ECONOMY

by R. Scott Pearson

IN PRAISE OF JAILTIME

Finally, we are beginning to see real serious consequences for some of the players in the frauds that have been so prominent in the recent news. A third Enron executive is now sitting in a jail cell, and one WorldCom top dog has been arrested. Even Martha Stewart has finally been indicted.

It's about time!

Too many have turned a blind eye to these cases. I would argue that this callous disregard has serious implications for free markets worldwide. America is the image of how a free-market works, and the world is watching.

In nations where fraud and corruption are tolerated, free markets don't last long. Already, many former communist nations are on the road back toward socialism, because brief attempts at developing a functional market-based system failed. These failures usually were the result of weak legal structures and the domination of a class of mafia-businessmen who defrauded citizens without penalty. Such a system is doomed. Any nation that tolerates fraud and corruption is doomed to see its market system fail.

The strange thing is that very few in the pro-business camp have taken the trouble to cry out for harsh penalties. Do we not understand how important fairness and justice is to freedom, and how important all of these are to economic progress? Anyone who values the free-market and the opportunity to engage in honest business activity should be thrilled to see the indictments coming.

Instead, we've dragged our feet in convicting these celebrities. The case of Martha Stewart is particularly disturbing. Regardless of what one thinks of her home-tips, her crimes are fairly obvious. Yet, many in the press and in mainstream America prefer to defend her, and believe her "innocent act". The government's attempt to criminalize these actions make no sense to me," Martha claims. Yet, there is little doubt that Martha, a former stockbroker, is well aware of the rules regarding insider trading. Whether one agrees with the specific rules or not is irrelevant, because investors invest with the expectation that these rules will not be violated. Still, not only did she violate the law once with regard to ImClone, her friend's company, but more disturbingly, when news that she

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DYNAMIC INSURGENTS

STOCK FOCUS JAKK

Dynamic Insurgents are companies on the cutting edge of the world's new architecture. Each has a strong position in their changing field. They could be the blue chips of the future but are relatively unproven, and operate in fast-paced industries. The risk is greater, but returns can be outstanding. While they tend to be most appropriate for risk-oriented investors, conservative investors may want to hold a small position of some of these potential world-beaters as well.

Toymaker **Jakks Pacific** has announced the acquisition of the assets of Color Workshop, including its popular "The BloPen" line, as well as Vivid Velvet and Kaps-Off Markers, which should help round out the companies Pentech line of specialty writing products. The company also signed a licensing deal with Alliance Atlantis productions for rights to a Dragon Booster toy line.

► Other Dynamic Insurgents...

Priceline.com has instituted a 1-for-6 reverse split, thus raising its stock price to 6-times its former levels while reducing shares by 5/6. While such back-splits are normally not positive events, this one may not be harmful. The impetus to back-split is the recognition that the share-price is excessively low, coupled with the realistic expectation that the price won't rise much in the foreseeable future. In this case, the analysis is right, but not so much a negative as it usually is. Here we have a formerly-overpriced internet company recognizing what most fail to admit -- that they wild days truly were excessive, and that the current price is more realistic. Nonetheless, we don't expect massive drops from these levels as most back-splitters are prone to do. In fact, we may even encounter an upward drift after a time of settling down. The company also announced plans to buy Rentalcars.com for an unannounced price.

L-3 Communications continues to acquire competitors, buying Aeromet for \$20 million. Aeromet makes infrared systems for intelligence and reconnaissance missions and meteorological uses. More significantly, the company has purchased Bombardier's entire military aviation business for \$90 million. A new \$37 million contract to work on bomb fuses will boost growth for the year.

Engineered Support Systems continues to chalk up new business, adding a \$44.2 million deal with the U.S. Air Force for Special Forces radar and an additional \$12 million contract for Deployable Power Generation units for the US. Army and Air Force. The company also has a new connection

with the Department of Homeland Security to build the initial Information Transfer Vehicle which would be used to centralize information in the event of a chemical attack on U.S. soil.

Tetra-Tech added a \$5 million contract, managing the government's Center for the Evaluation of Risks to Human Reproduction, which focuses on chemical exposure implications, and identifies needed research.

ChoicePoint has reduced its revenue targets for the coming year to 10 or 12% growth. The company attributes the change to continuing uncertainty in the broad economy, and has begun cost-cutting measures to compensate.

Compudyne announced a new \$7 million contract with Detroit to provide a computer-aided dispatch system.

Nvidia's products appear to be regaining strength, as a slew of leading computer makers have begun to adopt the newest chip lines. Nonetheless,

Microsoft announced that the Xbox contract that has given Nvidia so much trouble over recent years, has been pulled and given to competitor ATI. We believe this may, in the end, be to Nvidia's advantage, since the company will no longer be subject to price-bullying by a company notorious for pressured renegotiations. That Nvidia is willing to accept a large loss of revenue at what would likely have been unfavorable terms demonstrates astute management in a time when most companies seem willing to sacrifice profit for image. The end of this deal also frees the company up to supply chips to Sony's Playstation or another competitor. We'd be keeping an eye on this company for the right time to buy again.

Cytc has announced FDA approval for its ThinPrep Imaging System for cervical cancer screening. Cytc has also traded lawsuits with Tripath Imaging. Tripath claims Cytc has infringed patents, while Cytc is suing to have the patents voided.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
CheckPoint Sftwre	CHKP	\$19.69	\$0.51	38.6	30%	Hold
ChoicePoint Inc	CPS	\$36.51	\$1.22	29.9	20%	Hold Tightly
Cima Labs	CIMA	\$27.82	\$1.26	22.1	33%	Nibble
Compudyne	CDCY	\$8.80	\$0.29	30.3	18%	Hold Loosely
Cytc	CYTC	\$10.50	\$0.86	12.2	35%	Buy Aggressively
ECTel Ltd	ECTX	\$5.28	\$0.51	10.4	35%	Nibble
Engin'r'd Sup't Syst	EASI	\$43.55	\$2.19	19.9	18%	Buy
Intuit	INTU	\$43.79	\$1.94	22.6	20%	Hold Tightly
JAKKS Pacific	JAKK	\$13.36	\$1.96	6.8	15%	Buy Aggressively
L-3 Comm.	LLL	\$44.31	\$1.93	23.0	30%	Buy Aggressively
Nautilus Group	NLS	\$12.10	\$2.23	5.4	25%	Nibble
Nvidia	NVDA	\$23.51	\$0.15	156.7	30%	Hold Tightly
Priceline.com	PCLN	\$25.49	(\$0.48)	N/A	30%	Hold
Tetra-Tech	TTEK	\$17.81	\$0.85	20.9	22%	Buy

There are only two ways to live your life.
One is as though nothing is a miracle.
The other is as though everything is a miracle.
~ Albert Einstein ~

GLOSSARY OF TERMS

Buy Aggressively	This rating designates the best buys at the best prices. It does not indicate momentum.
Buy	Also a good buy, but not as exciting or certain as the above.
Speculative Buy	Stocks with great potential, that may not be great values. These certainly involve higher risk.
Nibble	This rating suggests buying a little at a time as prices become more favorable.
Hold Tightly	An attractive stock which is probably too high to buy but does not warrant selling.
Hold Loosely	Stock approaching excessive valuation that may be traded out selectively for better buys.
Harvest	This is a sell rating for quality stocks which seem to be inflated in price. This does not suggest any impending problems. These stocks may be held by those who cannot afford to take profits, but the risk of holding is greater. Selling a portion of such shares is a good strategy.
Inconclusive	This terms is used when news creates uncertainty, or action appears to be negative, even if news has not yet appeared. Most people prefer not to hold stocks in periods of uncertainty and this rating is similar to a clear sell rating. We make this distinction because such uncertainty can create outstanding valuations. We do not want to create the impression that we know something we do not.
Sell	The clear sell rating is reserved for stocks that have struck bad times and should be unloaded by all investors.

TRUE BLUES

STOCK FOCUS

True Blues is a list of legitimate "blue chips" that we follow monthly. These stocks can generally be held for the long term without great concern for market changes. We rate them buy/sell for valuation only. While it may sometimes pay to move from an overvalued member of this list to a bargain-priced choice, most of these stocks can be held even when they are overvalued without significant long-term risk.

Biomet saw earnings increase 28% on a 16% sales increase, and announced a dividend increase and a share repurchase plan. The medical device maker noted strong sales of artificial hips and knees, particularly overseas, and foreign currency strength as key income drivers.

SBC will pay a special dividend in addition to its regular payment to shareholders of record July 10th, resulting from a tax reduction and strong cash flow. This follows another special dividend in March, and coupled with tax reductions on dividends and an already substantial dividend rate, making SBC shares very attractive for income investors.

FedEx posted significantly stronger earnings on solid revenue gains due to higher per-package pricing across all product lines. FedEx Ground and International Express package volumes have increased. The company also anticipates decent earnings in coming periods despite a weak economy. FedEx Freight is due for a 5.9% rate increase this month. FedEx is developing new services, such as a Consolidated Return Service designed for catalog and online retailers, complete with a network of drop-off locations and return packaging services.

General Electric announced it is selling its GE Edison Life Insurance, the 15th largest in Japan to AIG for \$2.15 billion, and buying Triple G Systems Group, a Canadian developer of patient/lab information systems, and Kampro Technology, a Taiwanese developer of image sensing technologies, as well as \$700 million in leveraged business loans from Abbey National Treasury Services and the Conesco Finance credit card business, each in separate transactions.

Home Depot has identified the Northeast as a key area for expansion and is developing plans for its first Manhattan borough store. The company has also obtained a GSA contract designation, and an initial contract, as a means of breaking into the lucrative federal government contract market. The company is also increasing spending on technologies designed to enhance productivity, including self-service checkouts at its busiest stores. Sales at Home Depot stores have reportedly improved since the first of the year.

Microsoft inked a \$471 million deal with the U.S. army to provide software for 494,000 PC's. The company also is reportedly sitting on a wad of cash, and contemplating special dividends or stock buybacks to put the money to use. Some analysts, claiming the company is "overcapitalized" are recommending an enhanced dividend as a way to boost the share price. The company is also shifting many support and development jobs to India, where labor costs are lower. Microsoft won an appeal against Sun, releasing the company from a lower court requirement to install Java in

its system. The company is also releasing a new ID management product for network administrators, and working to establish a foothold in the small, but fast-growing market for smart-phone software.

Drugmaker **Johnson & Johnson** is under pressure from the FDA to pull its Procrit ads, which it claims are misleading. Procrit is a bioengineered form of human protein that stimulates production of red-blood cells. The FDA is also investigating two deaths possibly related to its Cypher drug-coated stent, which has seen outstanding early demand since other drug-coated stents are not yet available in U.S. markets. JNJ is also planning to offer Remicade in conjunction with a traditional rheumatoid arthritis drug which it says reduces joint destruction better than the drug alone. Remicade sales have exploded by 67% over the past year, but may face tougher competition from Amgen's cheaper Enbrel. Procrit, too, is facing tougher competition. J&J shares may be best left for later, as we wait to see how the competition shakes out.

Merck's Proscar, designed for treating enlarged prostates has been found to reduce prostate cancer incidence by up to 25%, which is expected to boost sales dramatically. The company also announced that it is finally following through on its plans to spin off Medco, the company's prescription drug management company. The plan to separate the division, which was originally designed as an IPO, was stalled by general market weakness and uncertainty related to billing issues.

Pfizer seems to be the most successful drug-maker, in addition to being the largest, with its Lipitor anti-cholesterol drug sales projected to be the first to

reach the \$10 billion mark in 2005. The company also has a new malaria combo drug that has been effective in trials. The company is also working on combinations that show some effectiveness against SARS and smallpox. The company plans to divest its Swedish Pharmacia diagnostic unit, which makes allergy test kits and similar items, to focus more on drugs. The company said that the recent Pharmacia acquisition will impede 2003 earnings due to high inventories that must be cut. Still, the company sees stronger 2004 earnings.

Safeway is cutting administrative jobs in an effort to reduce expenses. The company has struggled with increasing competition from Wal-Mart superstores.

Heinz reported excellent ketchup sales but declines in frozen foods despite strong sales of Smart Ones entrees and TGIF brands. Earnings came out down from previous year's results. The company is expecting solid growth next year, due to successful repositioning in certain markets and divestiture or closure of non-focal brands. Heinz is also working to rebuild its foodservice line with the acquisition of Truesoups line of ready-to-heat and serve soups packed in Cryovac plastic for casual dining restaurants.

ConAgra shares fell after the company reported unimpressive earnings. The company's earnings were \$0.28 for the quarter, but that includes one-time charges for costs related to the sale of its chicken operations to Pilgrim's Pride, and a six-cent benefit from an insurance settlement. After adjusting for both one-time events, earnings were flat. The company also announced it was divesting its canned seafood, and cheese processing operations as part of a "portfolio improvement ini-

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Altria (Ph Morris)	MO	\$46.12	\$4.31	10.7	14%	5.6%	Buy
Biomet	BMET	\$27.80	\$1.10	25.3	18%	0.5%	Nibble
ConAgra	CAG	\$23.34	\$1.54	15.2	12%	4.3%	Buy
Equifax	EFX	\$26.00	\$1.21	21.5	15%	0.3%	Nibble
Fair, Isaac & Co.	FIC	\$51.70	\$1.80	28.7	20%	0.2%	Hold Tightly
FedEx	FDX	\$61.52	\$2.55	24.1	16%	0.0%	Hold
General Electric	GE	\$28.55	\$1.59	18.0	14%	2.7%	Buy
Heinz	HNZ	\$32.94	\$2.03	16.2	12%	4.9%	Buy
Home Depot	HD	\$33.40	\$1.59	21.0	12%	0.7%	Nibble
Johnson & Johnson	JNJ	\$52.99	\$2.13	24.9	14%	1.8%	Avoid
MBIA	MBI	\$49.25	\$4.42	11.1	13%	1.4%	Buy Aggressively
Merck	MRK	\$61.14	\$3.20	19.1	15%	2.4%	Hold Tightly
Microsoft	MSFT	\$26.45	\$0.84	31.5	20%	0.3%	Hold Tightly
Pfizer	PFE	\$34.23	\$1.66	20.6	15%	1.8%	Buy
Radian	RDN	\$38.18	\$4.38	8.7	13%	0.2%	Buy Aggressively
Reuters	RTRSY	\$18.06	(\$1.56)	N/A	20%	5.0%	Buy
Safeway	SWY	\$20.55	\$2.66	7.7	14%	0.0%	Buy Aggressively
SBC Communic.	SBC	\$26.23	\$2.22	11.8	12%	4.1%	Buy
SouthTrust Bank	SOTR	\$27.85	\$1.88	14.8	12%	3.0%	Hold Tightly
UniLever PLC	UL	\$32.10	\$2.21	14.5	11%	3.1%	Buy

VALUE VIEWFINDER

STOCK FOCUS DRRA

Value Viewfinder features stocks that appear to be below their reasonable valuations, based on their expected future growth. Unlike many stock-pickers who seem to divide stocks into "growth" or "value" picks, we believe the growth outlook is one of the prime factors for determining value. These stocks may not always yield immediate results, but should provide outstanding returns in the long-run.

Dura Automotive is a maker of drive control systems and engineered assemblies for the automotive industry. The company links its parts to produce systems and subsystems which are then sold as a package. Dura launched a tender offer for shares of Methode Electronics, maker of parking brakes and power window and seat regulators. Dura has often used Methode products in its own assemblies. Dura also announced the acquisition of Creation Group which makes aluminum doors, windows and parts for RV's, and truck toppers, from Heywood Williams for \$60 million. Creation has been solidly profitable recently, despite the industry downturn. The new acquisitions will expand Dura's ability to market its packages to automakers. Buying other companies during a downturn is usually a sign of strength, and generally provides much stronger recovery when the turnaround finally comes in the industry. In light of this new activity, and the company's low share price, we find Dura to be an outstanding buy.

►Other Viewfinders...

Constellation Brands reported higher earnings due largely to increased revenue from the acquisition of BRL Hardy Ltd. and increasing sales of imported beers like market-leader Corona. The company is also projecting strong growth in upcoming quarters.

Fortune Brands is acquiring Capital Cabinets, a supplier to homebuilders in Nevada and Southern California, as an extension of its Master Cabinet business, 2nd largest in the U.S. Fortune's success in the homebuilding and remodeling segment is driving earnings growth in a time when many companies are struggling. We like the shares at these prices.

Central European Equity Fund has had outstanding success in its Russian investments, and has asked for authorization to further increase its percentage of Russian holdings beyond the 15% currently authorized. Shareholders approved this request, so the fund will change its name to the Central Europe and Russia Fund, maintaining the same stock symbol. This should increase growth potential in the short run, but due to Russia's more volatile tendencies, may also make the shares more volatile.

Darden Restaurants profit fell for the quarter on disappointing sales at its Red Lobster chain. Still, both Red Lobster and Olive Garden experienced rises in same-store sales, which is better than many competitors who are seeing declines in this difficult environment. The company intends to build 60 new restaurants this year, roughly half of which will be Smokey Bones BBQ, the company's new successful chain. We still like the stock.

Cubic Corp. continues to add new business. Among the largest are a \$37 million contract for smart-card systems on the Port Authority's Trans-Hudson rail line, a \$20 million Navy helicopter simulator program, a \$6.4 million deal to upgrade the fare-collection system for Puerto Rican busses, and a large ongoing training contract with the U.S. Marines. Most significant, though is a \$525 million deal to provide P5 combat training systems for the U.S. Air Force and Navy. The company, and their partner, Integrated Defense, beat out Boeing for the sizeable deal, which has boosted the share price of both Cubic and Integrated.

Alliant Techsystems announced the successful launch of the Pegasus rocket which used ATK's

air-launch propulsion motor.

Oxford Health Plans is expanding its preventative program with a new Diabetes Best Practices Network, designed for members with chronically uncontrolled diabetes, to help them manage their illness. Oxford has long been an innovator in the area of preventive medicine.

Jones Apparel is locked in a legal tussle with Polo Ralph Lauren over its Lauren license. Jones has determined to abandon the brand, and is suing Polo over contract terms. This leads some to question whether the dispute will affect the Polo Jeans license that Jones also holds.

Sunrise Senior Living is new to our list. The senior-care firm is moving away from its old system to a new model. The company is selling off its real estate holdings in nursing homes and senior-care facilities, and engaging in long-term management contracts with the new owners. The company believes its expertise is in center management, rather than real estate, and is using this focus to enhance operational capacity. The company believes that it can expand faster without the burden of real estate holdings. At current prices, the

shares are a steal. The company is predicting earnings of \$2.57-2.65 for the year as a result of this new, less cash-intensive strategy.

We're also looking at online broker **E-Trade** as a speculation this month, as new business models offer promise, and old ones bring profits. Analysts are raising earnings estimates for the 2nd quarter, some projecting \$0.14 per share, and a new product by E-Trade's banking division, the "Mortgage on the Move" offering portable mortgages that can travel with the buyer to new homes, which may revolutionize the industry and are sure to give the company a foothold in the lucrative market. Already, E-Trade has originated \$2.5 billion in mortgages for the 1st quarter, and the new product should expand this total. The company also benefits from an apparent turnaround in Japan, and growth in institutional transactions from hedge funds in the U.S. We see E-Trade as a timely buy in a beaten down sector.

Small regional banks like **R&G Financial, Wilshire State, and Intervest** remain attractive, as does insurer **Torchmark**. **Provena Foods**, likewise, is still a bargain.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Alliant Techsystems	ATK	\$51.80	\$3.04	17.0	14%	0.0%	Buy
Cadbury Schweppes	CSG	\$23.80	\$1.80	13.2	12%	3.1%	Buy
Central Euro. Eq. Fd.	CEE	\$16.75	NAV:\$19.64		18%	0.0%	Buy Aggressively
Constellation Brands	STZ	\$28.87	\$2.15	13.4	15%	0.0%	Buy Aggressively
Cubic Corp.	CUB	\$23.11	\$1.14	20.3	16%	0.6%	Buy
Darden Foods	DRI	\$18.98	\$1.31	14.5	14%	0.4%	Buy Aggressively
Dura Automotive	DRRA	\$9.86	\$2.49	4.0	10%	0.0%	Buy Aggressively
E-Trade	ET	\$9.25	\$0.31	29.8	15%	0.0%	Speculative Buy
Fortune Brands	FO	\$52.35	\$3.33	15.7	12%	2.1%	Buy
Intervest Bancshares	IBCA	\$12.99	\$1.28	10.1	14%	0.0%	Buy Aggressively
Jones Apparel	JNY	\$30.50	\$2.97	10.3	14%	0.0%	Buy Aggressively
Oxford Health Plans	OHP	\$43.10	\$3.43	12.6	16%	0.0%	Buy
Provena Foods	PZA	\$1.29	\$0.18	7.2	10%	0.0%	Speculative Buy
R&G Financial Corp	RGF	\$30.53	\$2.65	11.5	14%	1.2%	Buy
Sunrise Senior Living	SRZ	\$23.15	\$2.48	9.3	12%	0.0%	Buy Aggressively
Torchmark	TMK	\$37.67	\$3.59	10.5	13%	1.0%	Buy
Wilshire State Bank	WSBK	\$16.32	\$1.53	10.7	14%	0.0%	Buy Aggressively

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tiative". ConAgra also projects lower first quarter earnings due to the change in the portfolio. Still, the company believes the moves will enhance long-term growth, as it will allow them to focus on higher-margin branded foods.

Unilever shares, too, have fallen because of unimpressive projections. The maker of Lipton, Breyers, and Mentadent cited weak Slim-Fast sales, financial difficulties among retailers, and bad market conditions for its cosmetics lines as reasons for the weak numbers. Nonetheless, the company still sees double-digit growth overall, supported by stronger results in the food segments, despite projections of only 3% for all top brands.

Altria shares have risen on news that a California Supreme Court ruling sent back a high-paying verdict for reconsideration, following on the heels of the Florida court throwing out an enormous punitive damage award. Both of these are seen as positive developments for the company, but despite the rulings, there still is no end in sight to the many lawsuits pending, and it appears the company will be in court for the foreseeable future. In addition, not every case will go the way the company hopes, as the recent case loss involving marketing "lights" as less dangerous demonstrates. Still, the shares are priced conservatively, and may offer profit potential going forward. The company continues to buy back its own shares.

Reuters has introduced Reuters Weather, a customizable online weather information product for websites. Reuters already provides a variety of online information networks for website construction, such as stock quotes, and the new product will expand the product mix available to their customers.

Customers for Life

Who's talking to your customers? Is it your competition? Why or why not? When you stop to think about it, these are valid questions. Most people rely on some sort of clientele for their business, and can improve on customer relations. A more holistic approach to this process incorporates the more global question: *How can I create customers for life?*

Two main objectives in the "customers for life" program are getting repeat business and referrals from your clients. Amazingly, few people diligently pursue these objectives. Many studies have demonstrated that the cost to obtain a new client greatly exceeds the cost to obtain repeat business or referrals from existing clients. Some of the key concepts in mastering the "customer for life" notion include positioning yourself or your company in the mind of your customers as the valid solution to their problem, creating a relationship with your clients, and overtly soliciting referrals. Obviously the concepts can be adjusted depending on the type of industry one is in. Let's examine each concept by itself.

Assuming that a business agreement has been reached, it is important to continue to reinforce the idea that you are the continued, and ongoing solution to a challenge, in the client's mind. This is accomplished through continued and planned communications with the client regarding the service or product that is provided. Product or service updates, or other free information are also examples of this kind of communication. For instance, a mortgage professional may supply each of her clients with quarterly rate-updates to keep them informed about the market -- she includes her name with each update. Other reasons to contact customers could be a product/service survey or announcement.

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some investors.

Commodities are bulk holdings of any uniform item for which all have a uniform value. This would include oil, orange juice, coal, silver, or pork bellies. Gold is a commodity with unique qualities because of its long history of use as money and reputation as a dependable store of value. All commodities have fluctuating prices in common, and those who invest in commodities generally have an intimate knowledge of the market for that specific good. Over 90% of people who invest in commodities lose money, while the experts generally make a comfortable living. Investing in commodities can be extremely risky for those who do not have specialized knowledge.

Real Estate can be a useful tool for investing. The simplest real estate investment is not truly an investment, but a cost-reduction -- that is owning your own home. Buying rather than renting allows one to put residential costs toward assets rather than into someone else's pocket. However, if interest is high, the amount you pay to borrow money could make the deal less attractive. Today, with interest rates at an all-time low, it is difficult to imagine many cases where renting is more attractive than purchasing. Income Real Estate is also viable for some. This would include owning small apartment buildings, storage facilities, or shopping centers. This does, however, involve time commitments, just like running any other business, but the income levels can be very positive if you have selected your property carefully.

Bonds represent money loaned to companies or governments at interest. This is a fairly secure way to make money, as long as you loan to secure companies or governments. However a K-Mart bond, or a Government of Zimbabwe bond would obviously not be a wise choice today. Bond-rating institutions like

Please see Complete Plan, page 6

Closely intermingled with planned and continued communications with clients relating to specific products or services is the concept of "relationship marketing." This involves keeping informed about some aspect of the client's personal life, perhaps sending greetings on special occasions, for instance. Popular businessman and author, Harvey Mackay, has incorporated the "Mackay 66" in his business. This is a comprehensive, detailed information sheet about clients that incorporates everything from anniversary dates to birthdates of the client's children. The list contains his clients' business and personal data. Mackay attributes much of his success and that of his organization to the concept of taking a very personal interest in his clients' lives and interests. He also has developed very close and enduring friendships with his clients that are personally gratifying.

Finally, the concept of continued solicitations for referrals is important to people who produce at a high level. An old saying goes, "ask and you shall receive." While one may have very satisfied clients, a referral is many more times likely if it is kindly *requested*. Most of the high producing people in any field can completely relate to this. Even satisfied clients need to be approached to get referrals. If you're not asking your clients for referrals, your competition may be!

High-producing people will testify to the effectiveness of getting to know their clients. Also, high producers remind clients of a job well done by staying in touch and by asking for continued business. If you're honest, and good at what you do, you owe your clients and their possible referrals no less.

Set aside some time to plan and make it a priority. Otherwise, it will be one more important idea that is sidestepped by the urgent activities of life.

Small World

by Tom Briscoe



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AS THE STOCKS TICK

KEEPING A FINGER ON THE PULSE OF YOUR INVESTMENTS, BASED ON OUR RECOMMENDATIONS.

EARNINGS REPORTS

Stock Name	Earning Period	Current Earnings	1 Year Ago	Percentage Change	Current Recommendation
Biomet	Q4	\$0.30	\$0.23	30.4%	
Constellation Brands	Q1	\$0.49	\$0.40	22.5%	
FedEx	Q4	\$0.92	\$0.78	17.9%	
Cadbury Schweppes	2nd half	\$0.97	\$0.91	6.6%	
ConAgra	Q4	\$0.36	\$0.36	0.0%	
Darden	Q4	\$0.35	\$0.40	-12.5%	
Heinz	Q4	\$0.52	\$0.63	-17.5%	

BREAKTHROUGH STOCKS

LAST MONTH'S STOCK PICKS THAT HAVE SHOWN OUTSTANDING SHORT TERM RESULTS.

Stock Name	Stock Symbol	Today's Price	1 Month Ago	Percentage Increase	Current Recommendation
Escalade	ECSA	\$17.77	\$13.90	27.8%	
Cubic Corp.	CUB	\$23.11	\$19.35	19.4%	
Oxford Health Plans	OHP	\$43.10	\$36.63	17.7%	
Interwest Bancshares	IBCA	\$12.99	\$11.49	13.1%	
Dura Automotive	DRRA	\$9.86	\$8.80	12.0%	
Wilshire State Bank	WSBK	\$16.32	\$14.60	11.8%	
Merck	MRK	\$61.14	\$54.81	11.5%	
Altria	MO	\$46.12	\$41.36	11.5%	
Engineered Supp. Sys	EASI	\$43.55	\$39.15	11.2%	
Moog	MOGA	\$36.15	\$32.78	10.3%	
R&G Financial Corp	RGF	\$30.53	\$27.72	10.1%	
Safeway	SWY	\$20.55	\$18.67	10.1%	
Pfizer	PFE	\$34.23	\$31.34	9.2%	
Equifax	EFX	\$26.00	\$24.28	7.1%	
Jones Apparel	JNY	\$30.50	\$28.70	6.3%	
Constellation Brands	STZ	\$28.87	\$27.26	5.9%	

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Dividend Changes

Stock	From	To	% Change
BMET	0.10	0.15	+ 50.0%

Once you eliminate the impossible, whatever remains, no matter how improbable, must be the truth.

~Sherlock Holmes (by Sir Arthur Conan Doyle)~

Each problem that I solved became a rule which served afterwards to solve other problems.
 ~Rene Descartes~

In theory, there is no difference between theory and practice.

But, in practice, there is.
 ~Jan van de Snepscheut~

Janet... I

would be indicted was about to hit the press, she violated the same laws *again*, by selling shares in her own company before the public knew about the indictment (which would obviously cause those shares to fall).

Such egregious disregard for the law deserves no mercy. Let Martha decorate her prison cell. Hopefully, she'll soon have a lot of company there.

Complete Plan, from page 5

Moody's or S&P can provide insight into how safe a bond is. Bonds are particularly useful investments in times of severe recession or depression and falling interest rates. However, when interest rates are rising, older bonds issued at lower interest rates can actually lose value precipitously. Thus, in this age of fast-moving interest rates, bond prices tend to fluctuate much more widely than in the past, and their reputation as a perfect investment for widows and orphans is no longer viable. While they may be useful as part of a broad plan, bonds themselves are sterile. By this I mean that they don't grow. If a growing portfolio is important to you, bonds may not be useful. As with any other investment type, one must consider the broad implications.

Stocks represent ownership interests in businesses. As with investing in personal businesses, one owns the actual company. However, stocks avoid some of the problems of investing in smaller businesses. Liquidity is not a significant problem here, since one can sell shares whenever necessary. Moreover, one needn't worry about making a part-time commitment to running the company, as corporate management is already in place. However, one must always monitor management to be sure they are working in the best interests of shareholders. Normally, one can depend upon the media and help in this monitoring process, but even this method fails occasionally. Still, despite this problem, stocks are often the ideal investment for most people.

Mutual Funds are simply baskets of stocks, bonds, or other investments, held jointly with other fund shareholders. They help small investors diversify their holdings. (Diversification vs. Concentration – one can either choose to spread their money among a broad variety of investments or concentrate in one or two. Generally concentration is much more risky.)

Derivatives is a broad category of vehicles that are 'derived' from other investments. This may include options, futures, or swaps. Options, for example, are considered derivatives because they are based upon the performance of a company stock. If the stock goes up, or down, the option may be worth more or less. Derivatives are sometimes useful for larger account management, but generally provide a more intense outcome. Thus if shares of a company go up a small amount, an option may go up a lot, and vice versa. This use of leverage can make derivatives riskier, and generally not appropriate for small investors.

In much the same way, using debt for investing, such as margin buying, also increases leverage, and therefore increases intensity and risk. We recommend avoiding borrowing for investment purposes except in extreme cases, as the risk makes this option stressful for many.

The choice of assets is only part of the battle. Most importantly, one must select whether to invest for income, growth, or incrementalism. More on that next month.