

Value View 2004

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

"The American Age of Inflation is finished."

So says economist Robert Samuelson in his December 2nd Washington Post column.

This type of refrain is common. We often hear that this or that is ended - that such things only happen in the past, and that our new, more advanced time is above such mundane things. It is reminiscent of the late '90's declarations of the end of value investing, and the meaninglessness of p/e ratios, and the (can you believe it?) end of bear markets. Such drivel is what houses of cards are built on.

It is, in fact, just such declarations that should alert us to the impending disaster that awaits. The easiest way to know when a trend

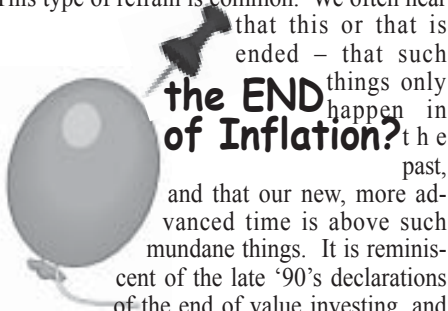
or characteristic may be on the horizon is the cacophony of pundits extolling its end. When the columnists and advisors in the late '90's told us that it was a "new era", and that we needn't worry about overpriced stocks, that was precisely the time to worry.

Today, when we hear economists like Samuelson announcing the "end" of inflation, it is again time to worry. We already sensed the alignment of a variety of factors that could lead toward the re-emergence of inflation, but the fact that apologists for government policy (economists) see the need to talk it away only serves as confirmation that the time is at hand. Inflation is apparently not only on the way, it is probably at our doorstep. The massive spending spree and resulting dollar devaluation should lead us to that conclusion anyway. We've been expecting some level of inflation for some time. But, when we start hearing such defensive postures from those

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Investing Overseas...Intelligently

In recent months, we've talked a lot about the wisdom of investing overseas, but we haven't really addressed the way to do that. For new investors, investing in the U.S. is challenging enough, but investing across borders is often even more daunting. Many major issues need to be addressed, but the first step is deciding how to buy and sell. Here are some possibilities:

1. Direct purchase in foreign markets.

The most straightforward way to invest in foreign markets is by buying shares directly in the regional or national markets. This approach has some drawbacks, however. First, one must buy through an account with a broker who is registered in that nation. For Canadian shares, this is relatively easy, since many U.S. brokers connect with the Toronto exchange. But going beyond that zone leaves us with few, and expensive, choices. Plus, shares on many foreign exchanges are not subject to the same reporting requirements as those on the NYSE or even the NASDAQ. Thus, we may not know enough about the financial status of many international companies available in this way. Also, since these shares sell in foreign currency, we must calculate all the exchange rates.

2. ADR's (American Depository Receipts)

American Depository Receipts are foreign stocks (actually, certificates representing those stocks) selling on American markets. As such, they are required to fulfill all the reporting requirements and laws that U.S. stocks are, and hence are much more transparent. Plus, the shares are priced in U.S. dollars, simplifying the purchase process. ADR's are the most common method for American investors to invest in foreign stocks, and include a number of the names we have recommended in this letter, including Unilever, Telefonos de Mexico, America Movil, Korea Electric, Canon, Nokia, and Bancolumbia, among others.

3. American multinationals.

An even simpler way to play foreign markets is to invest in American companies that do business overseas. Companies like Apple, Coke, and Procter & Gamble do almost as much business around the world as they do here in the U.S.

4. International mutual funds.

Mutual funds simplify the process of investing overseas. A buyer can purchase one fund which may hold dozens of different stocks which the fund managers research.

5. International Index Funds:

Exchange Traded Funds, such as iShares (formerly known as WEBS), are benchmark indexes of foreign markets. Buying an index allows one to gain from a wide market rather than trying to research individual stocks.

6. Closed-end Country Funds.

Like the index funds above, country funds focus on a particular market. The difference is that these funds are actively managed, and may often be available at a discount to the value of their shares. If one watches carefully, one can occasionally take advantage of great deals in these shares, which trade just like stocks. Some examples are the Swiss Helvetia Fund, the Brazil Fund, or the New Ireland Fund. Closed-end funds may also be available that invest across national borders, such as the Emerging Markets Telecom Fund, the Templeton Dragon Fund, or the Latin American Discovery Fund.

In the end, there are many ways to invest internationally. Use good judgment, but be sure to take advantage of the opportunity to diversify across borders. One thing is for sure: there's no longer any excuse for keeping all your eggs in one (national) basket.

*Things should be made as simple as possible, but not any simpler.
~ Albert Einstein ~*

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... are companies on the cutting edge of the world's new architecture. Each enjoys 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.

Nextel, one of the largest U.S. mobile phone network operators, was awarded a \$100 million contract with the Navy over a five-year period. The deal will allow the United States Navy to consolidate existing mobile phone contracts and reduce its overall costs by providing its personnel with Nextel walkie-talkie style mobile phones. The company has performed well in the wake of Cingular's \$41 billion acquisition with AT&T wireless. Nextel posted a sizable boost in third-quarter earnings compared to one year ago and also improved customer turnover rates.

Nvidia, a leading maker of video chips, announced that it will provide the graphics chip for the new Sony Playstation 3 videogame system, which is scheduled for release late next year. Nvidia also reported that it intends to create a version of its nForce chipset for PCs with Intel processors. This has just become legal thanks to a patent swap between the two companies, which will give Nvidia access to a much larger share of the chipset market. The separate deals with Sony and Intel are great news for Nvidia as the company will now have much more room to grow. Nvidia has shown strong performance as the company reported a sizable increase in third-quarter profits compared to this time last year.

Engineered Support Systems, a manufacturer and supplier of electronics and logistics services for the military, has continued to exhibit solid growth. The company has recently received numerous awards including an \$11.6 million contract extension from the U.S. Air Force, a \$20 million deal with the U.S. Army to refurbish trailers, and several smaller contracts from the United States government totaling roughly \$10 million. Engineered Support Systems will report fourth quarter earnings in mid December.

Intuit, the maker of the popular TurboTax software, has finalized its agreement to sell Intuit Public Sector Solutions to Kintera, Inc. for \$11 million. The company reported a decrease in the first-quarter net loss compared to one year ago. Intuit typically runs a loss until this is offset when the company earns most of its

revenue during tax season. The first-quarter improvements were driven by strong performance in the company's sales of QuickBooks as well as Intuit's Small Business solutions offerings.

ChoicePoint, the leading provider of identification and credential verification services, acquired Priority Data Systems, a provider of software solutions to independent insurance agents. This will further strengthen ChoicePoint's dominance in providing verification products and services to the insurance industry. The company also posted a substantial increase in third-quarter revenues and profits compared to this time last year.

With the passing of uncertainty related to the presidential elections, **L-3 Communications**, a leading provider of intelligence, security, and communications systems, continues to show strong performance. The company recently unveiled its new examiner 3DX® 6500 explosives detection system for use in airport security screening. L-3 also received many awards including a \$12.7 million contract to train Omani F-16 aircrews, and a \$7.6 million U.S. Navy deal for various services. Not surprisingly, L-3 posted an increase in third-quarter earnings compared to one year ago.

Cytc, the leading provider of medical devices and products focused on women's health, reported a large boost in third quarter revenues and profits compared to one year ago. The com-

pany experienced strong performance in its diagnostic and surgical divisions. Cytc has recently signed long-term contracts with LabCorp and LabOne to provide these companies with its ThinPrep Imaging System for Pap Tests.

1-800-Flowers.com will acquire The Winetasting Network, a leading provider of distribution services for more than 100 of California's leading wineries. 1-800-Flowers will leverage its existing order fulfillment capabilities to improve wine distribution as well as offer wine as part of the company's growing line of thoughtful gifts. The company also reported a decrease in first-quarter net loss compared to one year ago.

Toy maker, **JAKKS Pacific**, will begin offering popular titles such as The Price is Right, World Poker Tour, and Family Feud on its number one selling TV Games units. JAKKS also signed an agreement to create TV Games based on World Wrestling Entertainment (WWE) stars. TV Games is a plug-in and play gaming system with multiple games all on a single controller. The company has recently faced several class action lawsuits alleging that JAKKS provided illegal "kickbacks" to WWE executives in order to obtain licensing agreements. Many argue that these alleged practices caused JAKKS to report inflated financial results to the public. The company is reviewing its licensing agreements with the

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
America Movil	AMX	\$47.49	\$2.85	16.7	20%	Buy Aggressively
Ariba	ARBA	\$15.89	(\$0.03)	N/A	35%	Hold Loosely
ChoicePoint Inc	CPS	\$43.90	\$1.35	32.5	20%	Hold Loosely
Cytc	CYTC	\$27.48	\$0.73	37.6	28%	Harvest
Engin'r'd Sup't Syst	EASI	\$54.90	\$2.47	22.2	18%	Hold Tightly
Intuit	INTU	\$42.79	\$1.75	24.5	20%	Hold
JAKKS Pacific	JAKK	\$20.07	\$2.30	8.7	15%	Inconclusive
L-3 Comm.	LLL	\$73.72	\$2.99	24.7	23%	Hold Tightly
LeapFrog	LF	\$14.10	\$0.73	19.3	22%	Inconclusive
Nextel	NXTL	\$27.97	\$2.13	13.1	25%	Buy Aggressively
Nvidia	NVDA	\$23.08	\$0.36	64.1	30%	Nibble
Priceline.com	PCLN	\$23.93	\$0.90	26.6	30%	Hold Tightly
1-800-Flowers	FLWS	\$8.80	\$0.35	25.1	30%	Buy

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.



... 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 show immediate results, but should provide outstanding returns in the long-run.

Paincare Holdings, a leading operator of pain-treatment centers, continues to report strong earnings. The company observed 47% income growth in practices owned for over 12 months, an encouraging sign of organic growth. Projections for 2005 remain equally encouraging, and growth through acquisition continues. The most recent announcement is the multimillion dollar purchase of Center for Pain Management in D.C. We like the stock at these prices.

KOS Pharmaceutical develops prescription products for cardiovascular and respiratory ailments. Products currently on the market are Niaspan and Advicor for cholesterol, and Azmacort for asthma, and more products are in the pipeline, including phase 2 trials for an inhaled diabetes medication. Revenues have been growing by large margins over the past decade, and the company has only recently begun to reap positive earnings. If trends continue, we anticipate earnings growth at a similar pace.

Life Partners Holdings is a fast-growing financial services provider, focused on viatical settlement plans. The company assists terminally ill insurance holders to turn their policy into immediate cash. The company's earnings and revenue growth has been outstanding over the past few years, and projections suggest the trend should continue for a few more years at least. We see this as an outstanding buy.

BanColombia earnings continue to power forward, and the share price is following. We are still buying.

Grupo Elektra is a leading chain of electronics and appliance stores. The company operates over 800 stores in Mexico and has opened over 60 more elsewhere in Latin America. The company also owns Banco Azteca, a provider of various financial products, including consumer loans and money transfers. While retail operations are experiencing strong growth, the banking division is growing by astronomical rates. Earnings have been strong in recent periods, and the shares are selling at a reasonable multiple. We recommend a buy.

Tele Centro Oeste Celular continues to report higher earnings and stronger results. The shares still sell at a discount to their peers, and we're still buying.

Telefonos de Mexico is also interesting, despite difficulty growing its customer base. The company is looking elsewhere in Latin America for growth, working to rightsize its Embratel division in Brazil, and discussing acquiring Chilean cellular provider Entel from Telecom Italia. Despite some analysts' concerns, the company remains optimistic, buying back shares on a regular basis. We see opportunity here at a good price. Buy.

Masonite International is a leading

producer of doors and door entry units for use in construction and home repair worldwide. Sales have grown steadily over the past decade, and the share price is attractive. Buy.

QC Holdings is a provider of financial services, primarily "payday loans" through 350 stores in 22 U.S. states. The company has grown at a solid pace in recent years, and serves a growing market. We rate the shares a buy.

Countrywide Financial, like most mortgage providers, is seeing loan production levels fall dramatically. This was expected. But the company had promoted higher fee income as their economic salvation during this anticipated drop. Thus far, this income has not materialized in the size needed. 2005 projections were also unexciting, with a disturbingly wide range of \$3.25-4.25. As a result, the shares have fallen. Analysts are split as to whether this is a buying opportunity or the time to get out. We suspect that increasing fee income may not be an overnight outcome, and suggest remaining patient. If we are correct, the current levels are, indeed, buypoints.

Shares of soybean producer **Bunge, Ltd.** have jumped since our last report. We are still optimistic about the long term. However, soybean margins in the U.S. are falling, and threats of a U.S. government frozen seafood trade war with Southeast Asia may spill over into the U.S. soy industry, as producers threaten to ban U.S. soy products. Further, evidence of soybean "rust" contamination in the U.S. will likely slow exports as well. Still, we believe the firm's positives out-

weigh the negatives. Increased demand for healthier products lacking trans fats may push sales of the company's new anti-cholesterol NUTRIUM product. Also, an anticipated upgrade of the company's debt would reduce borrowing costs. The coming year's forecasts do not look exciting, but current reports are awe-inspiring, and we believe the long term will be outstanding too. While we're not aggressively buying at the moment, we feel this will prove to be a solid holding for the longer-term.

High fuel demand cursed **Sea Containers, Ltd.** in the 3rd quarter, as earnings fell hard. Meanwhile, the company's holding in Orient Express has risen, to the point that Sea Containers shares represent an even greater value than before. Furthermore, while oil prices hurt margins in the ferry operations, it boosted demand for marine cargo container rentals. Overall, we still see considerable value in these shares.

ChungHwa Telecom is Taiwan's leading phone company, expanding from its fixed-line base into the faster growing cellular and data communications businesses. The government controlled entity also pays a hefty dividend, so while growth may be modest, the shares will provide sizeable income.

In Korea, **SK Telecom** is still a buy. The leading Korean cellular provider is moving toward wireless internet and add-on services, and sees great opportunity for growth in these markets. Korea Electric Power also remains an attractive value.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Bancolombia	CIB	\$11.20	\$1.51	7.4	11%	3.6%	Buy Aggressively
Bunge, Ltd.	BG	\$53.35	\$4.15	12.9	12%	1.0%	Buy
Canon Inc.	CAJ	\$50.44	\$3.47	14.5	16%	0.9%	Buy Aggressively
ChungHwa Telecom	CHT	\$20.50	\$1.52	13.5	10%	5.7%	Buy for Income
Countrywide Fin.	CFC	\$34.35	\$4.09	8.4	14%	1.2%	Buy
Grupo Elektra	EKT	\$37.30	\$2.26	16.5	14%	0.8%	Buy
Korea Electric Power	KEP	\$13.74	\$2.00	6.9	10%	2.4%	Buy
KOS Pharmaceutical	KOSP	\$41.23	\$2.44	16.9	35%	0.0%	Speculative Buy
Life Partners Hldgs.	LPHI	\$6.38	\$0.34	18.8	30%	2.5%	Speculative Buy
Masonite Int'l	MHM	\$27.95	\$2.34	11.9	12%	0.0%	Buy
Paincare Holdings	PRZ	\$3.08	\$0.13	23.7	20%	0.0%	Speculative Buy
QC Holdings	QCCO	\$17.68	\$0.86	20.6	20%	0.0%	Speculative Buy
Sea Containers A	SCR.A	\$18.50	\$1.15	16.1	12%	0.5%	Buy Aggressively
SK Telecom	SKM	\$22.08	\$2.17	10.2	15%	0.7%	Speculative Buy
Tele CentroOeste Cel.	TRO	\$9.69	\$1.37	7.1	14%	0.0%	Buy Aggressively
Telefonos de Mexico	TMX	\$34.65	\$2.92	11.9	12%	3.4%	Buy

*To repeat what others have said requires education,
to challenge it,
requires brains.*

~ Mary Pettibone Poole ~

... 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.

Constellation Brands, a leading maker of alcoholic beverages, agreed to acquire California wine giant, Robert Mondavi Corporation for roughly \$1 billion. Mondavi has struggled during the past year due to poor sales and turmoil between members of management. The company posted a loss of \$0.78 cents per share last quarter. Constellation has been on an aggressive acquisition run and saw this friction as a good opportunity to snatch up the ailing company, which will further strengthen Constellation's massive portfolio of wine offerings.

As a result of the Fair and Accurate Credit Transaction Act passed last year to alleviate concerns over privacy issues and false credit claims, the three major credit agencies must now offer free credit reports to consumers. **Equifax** has collaborated with Experian and TransUnion to launch AnnualCreditReport.com in an attempt to ease the process of issuing these reports. The new system is currently only available to consumers in western states. However, the remaining regions will slowly be phased in over the next year. Equifax reported record third quarter revenues and a solid earnings increase compared to one year ago due to improving margins.

Radian, a leading mortgage insurance firm, reported a substantial increase in profits for the third-quarter compared to one year ago. Earnings were helped by a boost in revenues and premiums earned. Radian has performed extremely well over the past couple of months, which is reflected in the quickly rising stock price.

General Electric has agreed to acquire Ionics, Inc., a supplier of water-treatment and water-purification systems, for \$1.1 billion in cash. Pending approval, Ionics will be merged with GE Infrastructure, the company's water and process treatment division. GE also agreed to purchase SPX's fire-and-security unit for roughly \$1.4 billion in cash. The deal is expected to close in early 2005 and will position GE Infrastructure as the leader in the fire detection and safety market. GE reported slightly reduced earnings for the third-quarter compared to one year ago. This was a largely due to the dilution effects from adding shares issued in conjunction with the Amersham and Vivendi Universal deals.

Johnson & Johnson announced that it is abandoning its phase II testing of its epilepsy and migraine drug Topamax as a potential treatment for obesity and diabetes. The company stopped these trials after the drug was found to not significantly help these patients. Johnson & Johnson continues to stress Topamax's safety and efficacy in treating patients with epilepsy and migraine headaches. The company posted an increase in third-quarter earnings compared to one year ago as strong international sales offset mediocre performance in the United States.

Bond insurer, **MBIA**, is under investigation by the Securities and Exchange Commission for its re-insurance practices. Many insurance companies use this similar system to smooth out earnings when insured clients file for bankruptcy. This is part of a wide sweeping investigation of the insurance industry by the SEC and New York Attorney General Eliot Spitzer. The company reported a small decrease in third-quarter earnings compared to this time last year.

Merck is facing countless lawsuits and billions of dollars in liabilities in the wake of the Vioxx disaster. The company has now come under question for its new compensation plans that offer generous packages to executives and other crucial workers in the result of a merger or company buyout. Merck insists that it is merely trying to avoid a huge loss of employees who may intend to leave in pursuit of more attractive opportunities. The company reported a significant decrease in third-quarter earnings compared to one year ago. As a result of these troubles, Value View recommends avoiding this stock until the uncertainty begins to settle.

Pfizer, the maker of Viagra, intends to submit 12 new drugs for FDA approval by the year's end. The company also plans to extend the life of its popular cholesterol medicine, Lipitor, by combining the drug with torcetrapib to further improve treatment of cholesterol. By 2006, patents will expire for drugs that account for 31 percent of the company's sales. Pfizer believes that it will lose \$14 billion in revenues from patent expirations when the company will be forced to compete with generic replacement drugs. Despite Merck's Vioxx disaster, sales of Pfizer's Celebrex, a rival to Vioxx, have not been exceptionally strong. Pfizer managed to post a significant increase in third-quarter earnings compared to a year ago, but warns that the future will not be as bright.

Financial services provider, **Popular**, reported a decrease in third-quarter earnings compared to one year ago. This is largely the result of increased operating costs in 2004 and exceptional non-interest income performance in 2003. This quarter, Popular was able to post higher net interest income and a lower provision for loan losses. This is evidence that Popular continues to improve the efficiency of its core business.

SBC Communications recently signed a 10-year, \$400 million deal with Microsoft to begin bringing fiber optic networks closer to consumers. The new networks will allow consumers to receive television, voice over IP telephone service, and faster Internet access via the fiber optic lines. The project is expected to reach 18 million households by the beginning of 2008. Cingular, a subsidiary of SBC, has recently acquired AT&T wireless for \$41 billion to become the nation's largest wireless telephone provider with more than 46 million customers. These significant investments demonstrate that SBC is clearly positioning itself to remain a leader in communications well into the future. The company posted a slight increase in third-quarter earnings versus the same period last year.

Fair Isaac Corporation, a leading provider of credit-scoring systems, reported significant revenue increases for the fourth-quarter. The company released a series of new services, which provide businesses with more effective customer management capabilities. However, Fair Isaac posted a slight decrease in earnings compared to one year ago, citing various changes to blame.

FedEx continues to make moves that expand its service network. Early next year, the company will introduce the new transatlantic express freighter service. The flights between Germany and the United States will connect more

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Biomet	BMET	\$47.98	\$1.41	34.0	18%	0.2%	Hold Loosely
ConAgra	CAG	\$27.04	\$1.72	15.7	12%	4.0%	Hold
Constellation Brds	STZ	\$45.95	\$2.56	17.9	15%	0.0%	Hold Tightly
Equifax	EFX	\$28.00	\$1.33	21.1	15%	0.3%	Harvest
Fair, Isaac & Co.	FIC	\$34.42	\$1.68	20.5	18%	0.2%	Hold Loosely
FedEx	FDX	\$99.03	\$3.80	26.1	16%	0.0%	Harvest
First Data Corp.	FDC	\$42.30	\$2.07	20.4	14%	0.2%	Hold
General Electric	GE	\$35.71	\$1.64	21.8	14%	2.1%	Hold Loosely
Heinz	HNZ	\$37.45	\$2.24	16.7	12%	4.3%	Hold
Home Depot	HD	\$42.56	\$2.21	19.3	12%	0.6%	Buy
Johnson & Johnson	JNJ	\$61.15	\$3.05	20.0	14%	1.6%	Hold Loosely
MBIA	MBI	\$61.70	\$5.44	11.3	13%	1.1%	Hold Tightly
Merck	MRK	\$28.69	\$2.91	9.9	15%	5.0%	Avoid
Pfizer	PFE	\$27.50	\$1.79	15.4	15%	2.2%	Buy Aggressively
Popular	BPOP	\$26.81	\$1.72	15.6	11%	2.4%	Hold Loosely
Radian	RDN	\$53.27	\$4.32	12.3	13%	0.2%	Hold
SBC Communic.	SBC	\$25.26	\$1.95	13.0	10%	4.3%	Hold
Tetra-Tech	TTEK	\$15.56	\$0.60	25.9	22%	0.0%	Harvest
UniLever PLC	UL	\$37.52	\$2.77	13.5	11%	2.8%	Hold Tightly

Canon Inc. is a leading worldwide maker of business machines, cameras, and electronic products. The Japanese company is the world's top maker of copiers, and is beginning to take leadership in digital cameras, too, recently earning the title of #1 digital camera maker in the U.S. with its PowerShot line, just passing the 10 million mark in worldwide sales. The company has initiated a powerful advertising campaign emphasizing color in photos, copies and printing, which has been successful. Strong sales of digital cameras and laser beam printers boosted Canon's quarterly earnings by nearly 40%. Growing sales in Europe, which accounts for almost a third of sales, were the largest factor in the period's growth. Projections for the year were also increased. Earnings have risen in all but one of the past 12 years, and the uptrend seems to be accelerating recently. Digital camera sales are growing so fast that the company has been forced to build a new manufacturing plant in Japan. Nine new, higher resolution models of its popular ink-jet printers are due to be introduced this quarter, including 3 multifunction models, bolstering its position as market leader. The company is also developing new products on the cutting-edge of technology, including the Canobeam Free Space Optics line, which wirelessly transmits images up to three-quarters of a mile. Canon is the official camera of the NFL, and a new marketing deal with up-and-coming tennis star Maria Sharapova can't hurt results either. Overall, everything appears to be positive, yet the shares are selling at a low P/E compared to competitors. We expect the price to appreciate considerably as the market wakes up to Canon's powerful position, and grow further as earnings grow. This may be the last good buypoint, as strong holiday sales could boost results phenomenally.

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who don't want to hear the truth, well, its time to begin planning for it more seriously.

In Samuelson's defense, his article focuses mostly on the idea that markets have risen rapidly over the past 20 years (since Reagan reduced inflation in 1982) due to the benefit of lower inflation. He argues that we will no longer benefit from that improvement. But his error is in thinking that things will now be "flat", and that inflation was a one-time event that will not be revisited. He displays a lack of political understanding. As long as politicians can benefit from printing and spending other people's money, we'll see more inflation.

Of course, the fact that we anticipate inflation in the financial system does not mean that this will affect all goods equally. Certainly, our enhanced trade relations have caused prices of some imported goods to drop significantly. However, as the dollar drops in value, our ability to buy imports cheaply will also be reduced, and already, prices of imported goods are rising from their lows. Since these cheap imports have been masking inflation for some time, this eventuality will speed the negative impact. Oil prices are a prime example of this phenomenon. This kind of price increase is naturally uncomfortable, but is a natural result of the free-floating currency regime we follow, and it is actually part of a healthy mechanism for refocusing our efforts. It isn't the price increases that should surprise us, and they themselves are not the problem. This is simply the result of a dollar that is plummeting in value. We need to realize that it is not the producers of goods that are doing us harm, but the governments who run our currency into the ground. Eventually, we may expect to see prices rising on most goods, including both those produced locally, as well as imports.

The result is important for investors. Rising price levels will mean your savings are worth less, and your retirement accounts must grow just to hold their value. It has been many years since this nation has dealt with high inflation, and most of us have forgotten how to deal with it. Since Reagan, Volcker, and Greenspan worked to defeat the wild inflation of the Carter, Ford, and Nixon years, we haven't had to deal with this devastating bugaboo, but today we *should* plan for it.

In addition to damaging our savings, inflation can make our debts less bothersome. High inflation will push interest rates higher, however, so only borrowers with fixed rates will benefit. Others will probably experience rising interest rates on their credit cards and struggle to pay them off. Never before in U.S. history have so many carried so much credit card debt in a period of high inflation. One might expect higher default levels. Inflation will also boost home prices without increasing value, and uplift profit levels without growing real assets. The outcome will be higher taxes and tougher competition. In the end, it will be a worse time for bonds, and while stocks will be a better place to be, high-flying growth companies will often disappoint. It is a wonderful time to think like a value investor.

*For everything there is a season,
And a time for every matter under heaven:
A time to be born, and a time to die;
A time to plant, and a time to pluck up what is planted;
A time to kill, and a time to heal;
A time to break down, and a time to build up;
A time to weep, and a time to laugh;
A time to mourn, and a time to dance;
A time to throw away stones, and a time to gather stones together;
A time to embrace, And a time to refrain from embracing;
A time to seek, and a time to lose;
A time to keep, and a time to throw away;
A time to tear, and a time to sew;
A time to keep silence, and a time to speak;
A time to love, and a time to hate,
A time for war, and a time for peace.
~ Ecclesiastes 3:1-8 ~*

*Always bear in mind
that your own resolution to succeed
is more important
than any other one thing.
~ Abraham Lincoln ~*

Dynamics, from page 3

WWE. Despite this, JAKKS reported an increase in third-quarter earnings compared to one year ago.

Ariba, a leading provider of spend management solutions, continues to add many new and well-known customers throughout the world to its quickly growing portfolio of clients. In order to remain competitive in today's economy, companies are using Ariba Spend Management solutions to reduce costs, improve margins, and boost other financial results. Ariba released its new Visibility and Sourcing Solution feature pack, which provides customers with sourcing expertise across global markets. Despite the company's growth, Ariba posted a significant reduction in third-quarter earnings compared to one year ago. This includes results from the poorly performing FreeMarkets, which Ariba acquired earlier this year.

LeapFrog, a leading maker of technology-based educational toys, recorded an increase in third-quarter revenues compared to one year ago. However, the company posted a significant decrease in earnings for the same period. This is due to a decline in profit margins in the U.S. consumer market, which experienced a shift in demand from high margin software to lower margin items. The company has recently replaced its CFO in the hopes of more effectively utilizing its financial and operational infrastructure to support future growth initiatives.

Priceline.com completed its purchase of Travelweb, a provider of hotel accommodations at negotiated prices, for \$4.1 million. This will further strengthen Priceline.com's position as the leading provider of negotiated travel fares and accommodations. The company posted an increase in third-quarter earnings compared to one year ago. However, earnings fell short of expectation largely due to lower demand from hurricanes and an increase in cancellations.

Focus Your Attention

Lately, there has been a collective challenge to avoid being embroiled in the media events of all that has been happening in the social, political, economic and military arenas of our great nation. Many recent events have left people with a sense of ominous foreboding, uncertainty, fear, despondency. At the very least, there is mild emotional discomfort and a sense of vague dissonance.

However, there certainly are a lot of other things that are worth focusing on and worth paying attention to. Some suggest that the negative news coverage in general is significantly disproportionate to the actual negativity that may impact one specific individual. These days, when micro events can be quantified and immediately reported to a world waiting to binge on a new serving of news every moment of the day, it's easy to see how one's focus can be disproportionately adjusted to see only the negative events that are happening. It's rather myopic and sad. While there has to be some value in keeping up with real risks that impact individuals and their families, a steady diet of too much news can be as mentally and spiritually unhealthy as a physical binge diet of sugar and cholesterol. Here are some areas that can be attended to as new focuses especially As the much longed-for Thanksgiving and holiday season approaches, let's focus on some areas that can become new sources of focus.

Family and Friends. Have we gotten so involved with life, living and the cycle of things that we are not paying as much attention to

our families as we'd like? This is a great time to focus spending quality time with family and friends, perhaps planning new activities and creating new and inventive ways to spend that time.

Finance. A spate of bad news, or a slow economy, is a good time to regroup financially and determine what financial priorities. There's no need to struggle or fret. Instead, simply spend some time in assessing financial plans as they pertain to spending, investing, saving and building for the future. If there is no formal plan, this is a good time to find help creating one.

Short- and Long-Term Goals. The most successful people are the ones who look farthest into the future. Most people are focused on the here-and-now. They are bounced around by daily conditions and do not regard long term disciplines necessary to create a future. Goals involve the family, finances, vacations, work, personal development, spiritual development, education, etc.

Personal Values. Reassess priorities and look at personal values. In nature, winter is a "pulling-back" time when things slow down. It is a time for reflection and reassessment. Evaluate, and become grounded, centered and focused.

Whatever the area, pull away from, and avoid the news media binges. Try watching or listening to the news only once a week. Look for ways to maintain focus on the good things and on the things that are truly important to life, personal values, family and projects.

Above all, and especially at this time, focus on being *thankful*.

True Blues, from page 5

European cities with next day service to and from the United States. The flights are expected to increase the company's transatlantic capacity by up to 20 percent.

Heinz reported an increase in second quarter profits compared to this time last year. This boost was attributed to strong sales of potatoes in French fries from the company's Ore-Ida brand in North America. Heinz experienced moderate sales growth across many of its segments.

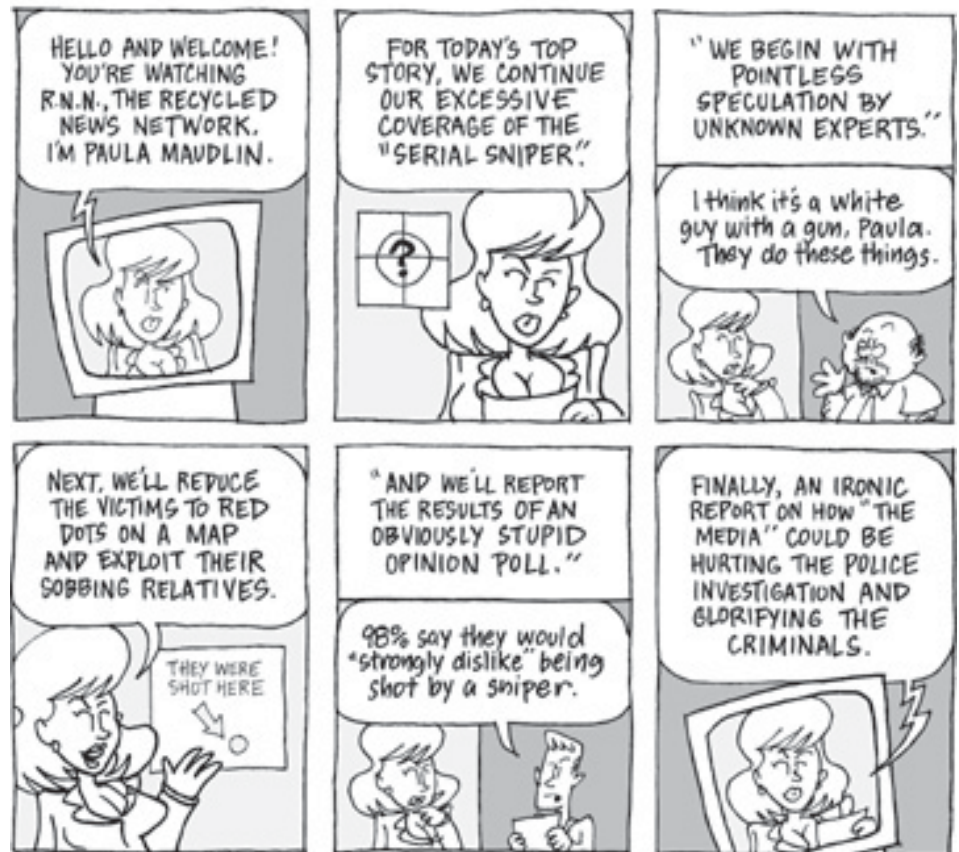
Home Depot reported substantial gains in third-quarter earnings compared to the same time last year. This was driven largely from stronger sales from the company's store modernization program and much improved product mix. Home Depot appears to be rebounding powerfully and performing well against rival Lowe's.

Tetra-Tech, a provider of consulting, engineering and technical services, reported an increase in fourth-quarter revenues, but posted a large profit loss compared to positive earnings during the same period last year. This disappointment is largely due to the failure to quickly react to downturns in the civil infrastructure and communications markets. Tetra-Tech has been awarded numerous new contracts and the company insists that it has made the necessary changes and is prepared for the coming year.

First Data Corporation, the largest processor of credit-card transactions, posted an increase in third-quarter profits compared to one year ago. Earnings were boosted by exceptional performance by the company's Western Union money transfers business.

Small World

by Tom Briscoe



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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	% Change	Current Recommendation	
Paincare Holdings	Q3	0.04	0.01	300.0%	\$0.03	Speculative Buy
Life Partners	Q2	0.12	0.03	300.0%	\$0.09	Speculative Buy
Nvidia	Q3	0.15	0.04	275.0%	\$0.11	Nibble
America Movil	Q3	1.02	0.28	264.3%	\$0.74	Buy Aggressively
KOS Pharmaceut.	Q3	0.94	0.37	154.1%	\$0.57	Speculative Buy
JAKKS Pacific	Q3	0.88	0.39	125.6%	\$0.49	Inconclusive
Bancolumbia	Q3	0.50	0.29	72.4%	\$0.21	Buy Aggressively
Bunge, Ltd.	Q3	1.53	0.90	70.0%	\$0.63	Buy
Nextel	Q3	0.53	0.33	60.6%	\$0.20	Buy Aggressively
Pfizer	Q3	0.45	0.29	55.2%	\$0.16	Buy Aggressively
1-800-Flowers	Q1	(0.04)	(0.08)	50.0%	\$0.04	Buy
Grupo Elektra	Q3	0.70	0.47	48.9%	\$0.23	Buy
L-3 Comm.	Q3	0.93	0.74	25.7%	\$0.19	Hold Tightly
Cytc	Q3	0.21	0.17	23.5%	\$0.04	Harvest
ChoicePoint	Q3	0.43	0.35	22.9%	\$0.08	Hold Loosely
Home Depot	Q3	0.60	0.50	20.0%	\$0.10	Buy
Tele Centro	Q3	0.38	0.32	18.8%	\$0.06	Buy Aggressively
Masonite Int'l	Q3	0.66	0.56	17.9%	\$0.10	Buy
QC Holdings	Q3	0.22	0.19	15.8%	\$0.03	Speculative Buy
Johnson & Johnson	Q3	0.78	0.69	13.0%	\$0.09	Hold Loosely
Intuit	Q1	(0.24)	(0.27)	11.1%	\$0.03	Hold
First Data	Q3	0.54	0.49	10.2%	\$0.05	Hold
UniLever	Q3	0.88	0.80	10.0%	\$0.08	Hold Tightly
Priceline.com	Q3	0.23	0.21	9.5%	\$0.02	Hold Tightly
Radian	Q3	1.31	1.20	9.2%	\$0.11	Hold
Equifax	Q3	0.40	0.38	5.3%	\$0.02	Harvest
ChungHwa Tele	Q3	0.40	0.38	5.3%	\$0.02	Buy for Income
Heinz	Q2	0.56	0.54	3.7%	\$0.02	Hold
SBC Commun.	Q3	0.38	0.37	2.7%	\$0.01	Hold
MBIA	Q3	1.29	1.31	-1.5%	-\$0.02	Hold Tightly
Fair Isaac	Q4	0.40	0.42	-4.8%	-\$0.02	Hold Loosely
General Electric	Q3	0.38	0.40	-5.0%	-\$0.02	Hold Loosely
Popular	Q3	0.42	0.48	-12.5%	-\$0.06	Hold Loosely
Merck	Q3	0.60	0.82	-26.8%	-\$0.22	Avoid
Leap Frog	Q3	0.33	0.55	-40.0%	-\$0.22	Inconclusive
Countrywide Fin.	Q3	0.94	1.93	-51.3%	-\$0.99	Buy
Sea Containers	Q3	0.77	1.94	-60.3%	-\$1.17	Buy Aggressively
Ariba	Q4	0.00	0.16	-100.0%	-\$0.16	Hold Loosely
Tetra-Tech	Q4	(0.21)	0.28	-175.0%	-\$0.49	Harvest

BREAKTHROUGH STOCKS

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

Stock Name	Stock Symbol	Today's Price	Last Issue	% Increase	Current Recommendation
Asta Funding	ASFI	\$24.14	\$17.51	37.86%	Nibble
Bunge, Ltd.	BG	\$54.03	\$39.78	35.82%	Buy
Paincare Hldgs.	PRZ	\$3.08	\$2.27	35.68%	Speculative Buy
Bancolumbia	CIB	\$11.11	\$8.22	35.16%	Buy Aggressively
Beazer Homes	BZH	\$132.51	\$100.92	31.30%	Nibble
E-Trade	ET	\$14.89	\$11.47	29.82%	Hold Loosely
Korea Elec.	KEP	\$13.66	\$10.70	27.66%	Buy
Turkcell	TKC	\$15.78	\$12.73	23.96%	Hold Loosely
Sea Containers	SCR.A	\$18.56	\$15.28	21.47%	Buy Aggressively
Constellation Bnds	STZ	\$46.00	\$39.11	17.62%	Hold Tightly
Tetra-Tech	TTEK	\$15.39	\$13.10	17.48%	Harvest
America Movil	AMX	\$46.91	\$39.95	17.42%	Buy Aggressively
Nextel	NXTL	\$29.81	\$25.47	17.04%	Buy Aggressively
Finish Line	FINL	\$17.93	\$30.65	17.00%	Nibble
Fair Isaac	FIC	\$34.64	\$30.06	15.24%	Hold Loosely
Engr'd Sppt Sys.	EASI	\$53.55	\$46.93	14.11%	Hold Tightly

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*There's nothing sadder in this world
than to awake Christmas morning
and not be
a child.*

~ Erma Bombeck ~

Holiday Greetings from Value View

We at Investor's Value View
& Value View Financial Corp.

wish all our
subscribers and clients
peace that goes beyond all
understanding,
and hope for a joyful and
blessed New Year.



Our Offices will be closed from
December 23, 2004 to January 3, 2005.