

# Value View 2005

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

HERE'S A SIMPLE EXERCISE. TRY TO GUESS THE TIME FRAME OF THE FOLLOWING HEADLINES:

- "Oil prices skyrocketing!"
- "Airlines declare bankruptcy!"
- "Another Corporate Scandal!"
- "Regulators clamp down.  
Will business survive?"
- "Economy Sluggish!"
- "Washington dominated by  
Keynesian economic policy."
- "Inflation Drives Interest Rates:  
Will both rise?"
- "International Trade More Important!"
- "China: Our key to the future?"
- "Tension over Taiwan — China threatens  
to invade."
- "Europe moving fast toward unification!"
- "Agenda: is the President lying?"
- "The President's War — is there a way out?"



Seen those headlines lately? Actually, those headlines are from the 1970's. But the events are happening today as well. Investor's Value View has often alluded to similarities that can be drawn from history. Government policy seems to follow similar paths, and the economy isn't so different, either.

*Please see Back to the Future, page 2*

## *This month...*

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- The Young Investor**
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**Nickel and Dimed into Oblivion**

Our generation is being nickeled and dimed into oblivion. We've grown up in relative prosperity, yet we struggle to make ends meet. Why are we having such a hard time? We've missed the lesson on compounding.

What is compounding? It's an incredibly powerful tool that makes small things big. Instead, we treat small things as meaningless, and miss out on great opportunities. Compounding is a simple principle. It demonstrates how money grows over time. If we take a set amount of money, and invest it (untouched) for a set period of time, at a set rate of interest (growth), it will reach a set value. We can do similar calculations for a set stream of money, like when an individual puts \$3000 per year into their IRA.

The tragedy is that most people vastly underestimate how much compounding will do. Worse, they forget that compounding works in both directions: credit card balances actually compound in reverse. As a result, our generation acts like it doesn't matter, and we make bad decisions as a result. Try the following illustration on for size.

Jason is manager of a software firm. He drinks 4 Cokes a day at work. He pays \$1 for each Coke. Over 5 days, this minor expense (to which he gives no thought), costs him \$20 per week, which adds up to \$1000 per year.

His programmer, Jeremy, skips the sodas, and saves the \$1000 in a money-market account earning 5% per year.

Juanita, who speaks little English, cleans the building after they all leave, and manages to put aside \$20 per week. Even though she doesn't understand a lot of financial terms, she put her money into an international mutual fund because she wanted to be connected to her family back home in Mexico. The fund earns 16% per year on average.

In 30 years, who is the millionaire? If you chose the software programmer or the manager, you're got the wrong guy. Surprise! It's poor Juanita, who simply did what it took to be disciplined.

30 years later, Juanita has \$1,084,306 and Jeremy has \$133,289. Note that return on investment is also important. But Jeremy is still considerably better

off than his boss, who, in 30 years, is flat broke!

Long live the American Dream!

People with large incomes aren't the ones who make themselves wealthy. Those with discipline do. Discipline is that forgotten quality that isn't much appreciated today. Yet, the ability to hold on to principle in the face of derision from society leads to success.

There are 3 steps to success from any income level:

**People with large incomes aren't the ones who make themselves wealthy. Those with discipline do.**

1. Savings: save a set amount each period (whether it works better on your income to do 50 cents a day, \$5 a week, \$25/month, or \$300/yr). Whatever you do, start as early as possible. Delaying even a year can be very costly.

2. Growth: Find a growth engine or investment mechanism that will increase your savings at a powerful rate. This is the magic of compounding.

3. Automate the process...and take the emotion out of it. Set it up to make sure you prepare for the future, regardless of the fact that it may not be easy. (We must plan to delay gratification, because it's always easier to drink a soda today than to wait 'til tomorrow. In reality the decision is between sodas today and building an extra home tomorrow).

Today, it's stylish to chase after big deals and big money, while throwing away pennies and nickels. The mistake is that small money IS the big money.

It's the tortoise-and-hare story, all over again. The big money advocates are prone to get sucked in to "get rich quick" schemes, while squandering their pocket change on beer and movies. They'd better hope for a winning lottery ticket, because they've squandered their opportunity to compound their way to success.

Of course, if they took the \$5 per week they spent on lottery tickets, and invested it at a 12% return over their 40 working years, they'd have \$1,554,122 to retire on. Think what they'd have if they'd invested any significant sums. But I don't have to tell our readers that!

Save your pennies. And nickels and dimes. The future is not far away.

*That man is richest whose pleasures are cheapest.  
~ Henry David Thoreau ~*

*I am opposed to millionaires, but it would be dangerous to offer me the position.  
~ Mark Twain ~*

*Back to the Future, from page 1*

It's easy enough to draw parallels. But we never know how deeply the parallels will run. Will we see the same type of stock market, for example? Like the 70's the decade started out with a deep dip, followed by a sluggish recovery. But will we languish due to "stagflation" (Gerald Ford's famed combination of inflation and stagnation)? Will mainstream America lose interest in the stock market? Will we again elect a Georgia peanut farmer to give us a change of pace? Will we again ask: who shot J.R.?

In all seriousness, similar government policies produce similar economic outcomes. Regardless of other issues, we can look at economic influences and observe where they will lead. For example, pure Keynesian economic policy leads directly to inflation, but not immediately. So, if policy isn't dramatically adjusted over the next few years, we can expect inflation to worsen.

Increasing regulation equals weakening profit. Regulation protects big business from new competitors, but also leads to limits on overall economic growth, and therefore limits growth, even among the big businesses these regulations protect.

International trade leads to improved markets for imports and exports, allowing for growth in both markets. However, businesses that are not com-

petitive on a global basis will go under.

Regardless of our current situation, we still may influence our own destiny. Knowledge is a tool, and our ability to act upon it is our means to set good things in motion. Key knowledge like this allows us to formulate strategies to win in that environment. This puts us at a great advantage over most of the country: many still wanna party like it's 1999.

We need strategies that work for 2005.

If we know that growth will be stronger in nations other than our own, we're left with 3 choices: Door #1: sit at home and cry over a circumstance we can't change. Door #2: invest in opportunities in countries that do have superior growth potential. And, Door #3: learn a foreign language, move to one of those fast-growing nations and open up a business (for only the most adventurous).

For most of us, the third choice is far too risky. Door #1 is undoubtedly the most harmful (and a bit self-pitying). That leaves us with Door #2. Since most of our neighbors will irrationally avoid that opportunity, we'll have an edge in the coming years, just like those who saw opportunities in the 70's.

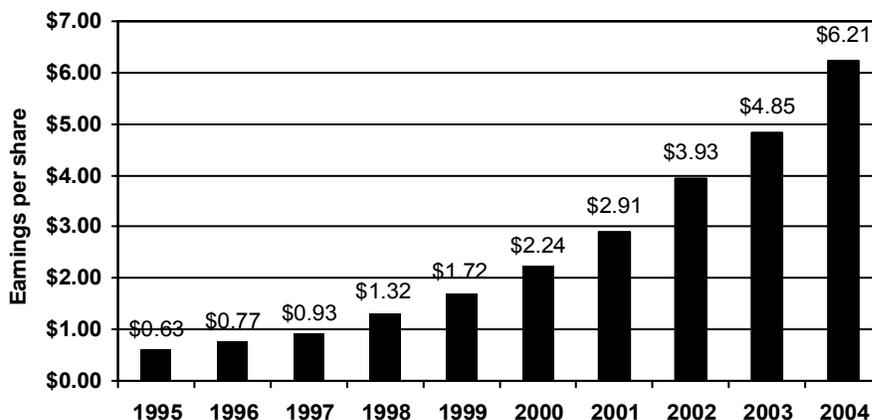
Investor's Value View will continue to bring you global investment opportunities, as events dictate. Two of our top picks for the past period have been Bancolumbia and America Movil, leaders in Latin

America's growth. We've seen both stocks prices skyrocket over the past two years. Readers who bought Bancolumbia (CIB) upon our recommendation in February, 2003 at \$6.06 have seen their money more than triple in only 18 months. Similarly, readers who bought America Movil (AMX) when we recommended it in August 2003 have had a nearly 3-fold increase over a period of only 2 years. These are opportunities we continue to seek, and find.

New this month in Investor's Value View, we present Discount Detectives on page 7. Every issue, we'll feature closed-end funds selling at discounts to their Net Asset Value. These funds offer opportunities for investors to buy into a portfolio of holdings for a price below market. Many of these funds are also "country funds", and will provide easy entries to overseas markets. We recommend and invite readers to consider these opportunities. They may be among the easiest ways for new investors to begin investing in diverse world markets.

Humankind has noticed that history repeats itself. And, as if to oblige our observations, it has faithfully done so yet again. In the 70's, the economy was a mess. And we may be headed that way again. But economic messes have a way of offering unique possibilities. All of us at Investor's Value View would like to welcome you through the door as you journey back to the future...again.

Capital One is one of the leading credit card issuers in the United States with over 50 million revolving credit accounts. The company also offers auto loans, home-equity loans, mortgages, medical loans, insurance and high-yielding CD's. Capital One, based in suburban Washington, posted strong quarterly figures last quarter, dispelling some concerns that growth was slowing. Reduced earnings in the 4th quarter of last year (resulting from expensive new advertising) worried many analysts at the time. Today the strategy appears wise, with rising revenues as the payoff. Earnings rose 16% fueled by a \$300 million increase in revenue. Revenue from managed loans performed particularly well, rising by 13%. The company's acquisition of Hibernia, a bank with operations throughout Louisiana and parts of Texas and Mississippi, is expected to close by September, giving the company an entry into the traditional banking sector and cheaper access to deposited funds. The company also recently acquired auto finance company Onyx Corp, which made COF the nation's 2nd largest independent auto lender. These two deals broaden the Capital One's market space, and the added diversity of earnings will improve the company's stability.



With the Bank of America-MBNA merger announcement, closely following Washington Mutual's offer to buy Provident, all the other major credit card firms are losing their independence. This elicits the possibility of an agreement between Capital One and one of BofA's competitors. HSBC, Wells Fargo, Wachovia, and even Citibank are among the rumored suitors. Meanwhile, the industry consolidation may also offer COF an opportunity to boost market share, as many banks currently offering cards through the MBNA network may dislike subcontracting through Bank of America, a direct competitor. This suggests an opportunity for Capital One to steal some business. Whether Capital One remains independent or accepts a takeover offer, the likelihood is that the future share price will be higher, so we recommend purchase of this growing finance company.

*Moral cowardice  
that keeps us from  
speaking our minds  
is as dangerous to this country  
as irresponsible talk.  
The right way  
is not always the popular  
and easy way.  
Standing for right  
when it is unpopular  
is a true test  
of moral character.  
~ Margaret Chase Smith ~*

*Abraham Lincoln  
did not go to Gettysburg  
having commissioned a poll  
to find out what would sell  
in Gettysburg.  
There were no people  
with percentages for him,  
cautioning him  
about this group or that group  
or what they found  
in exit polls a year earlier.  
When will we have  
the courage of Lincoln?  
~ Robert Coles ~*

*What man actually needs  
is not a tensionless state  
but rather the striving  
and struggling  
for some goal worthy of him.  
What he needs  
is not the discharge of tension  
at any cost,  
but the call  
of a potential meaning  
waiting to be fulfilled  
by him.  
~ Victor Frankl ~*

## 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 often a good strategy.
Inconclusive	This term 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.



...are companies on the cutting edge of the world's new architecture. Each enjoys a strong position in their changing field. They could be 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. ==

**Paincare Holdings**, a leader in the delivery of pain management solutions, announced that it has agreed to acquire Gables Surgical Center, an ambulatory surgical center located in Florida. The agreement is currently pending regulatory approval, but is not likely to encounter any opposition. This move marks the latest in a string of acquisitions as Paincare Holdings continues its aggressive and effective growth strategy.

Despite being recently victimized by identity theft, **ChoicePoint** posted an increase in second quarter earnings compared to a year ago. ChoicePoint has been awarded a \$20 million contract from the IRS to act as its public record provider for all batch processing projects. It appears that ChoicePoint, the leading provider of identification and credential verification services, has rebounded well despite ironically falling victim to the nation's largest and fastest growing crime, identity theft.

As part of a recent trend of a rapid growth strategy, **Collegiate Pacific**, the nation's fastest growing provider of sports equipment to institutions, announced that it has acquired a majority stake in Sport Supply Group for \$32 million in cash. This deal is expected to generate profitable synergies as Sport Supply Group services markets that have previously been underutilized by Collegiate Pacific. The company also declared a dividend payable July 28th.

**Engineered Support Systems**, a leading provider of military technical and logistics services, received a \$7.2 million award for support of the US Army Knight Precision Targeting System. The company also received a \$76 million deal to provide more than 5,600 generator sets to the US Army. Engineered Support recently declared a dividend payable July 29th.

**J-2 Global Communications**, a leading provider of outsourced communications services, posted record second quarter earnings compared to one year ago. The company saw growth across many of its business segments including eFax Pro and eVoice services. J-2 Global announced that it would acquire the assets of Data On Call, LLC. This would add UniFax™ subscribers as well as improved data capture technology to the company's already strong portfolio.

**L-3 Communications**, a leading provider of a variety of military intelligence and technical systems, reported a sizeable increase in second quarter earnings compared to the same time last year. The company has received several new contracts including a \$24.7 million extension to a U.S. Army ID/IQ agreement and a four-year U.S. Army intelligence support services contract worth up to \$426.5 million. L-3 remains strong and continues to grow at a steady pace.

**Cephalon**, an international biopharmaceutical company, has announced the completion of its acquisition of TRISENOX® injection. TRISENOX has been approved in the US and Europe to treat patients with acute promyelocytic leukemia, a hematologic cancer. With existing products and the addition of this new drug, Cephalon has an

immediate opportunity to service the oncology market.

**Nextel**, a leading provider of wireless communications services, announced solid growth in revenues, but a significant decline in second quarter earnings compared to one year ago. This is largely due to a favorable tax credit given to the company that boosted performance a year earlier. Nextel also reported a significant increase in the number of subscribers to both Nextel and Boost Mobile services. This may be Nextel's last earnings report as an independent company since it will soon complete a merger with Sprint. As a result, Value View will no longer follow this stock.

**Priceline.com** announced a marketing agreement with rival travel company Orbitz. The deal is expected to benefit both companies and will allow Priceline.com to reach an even larger segment of potential travel customers. Priceline.com also announced its acquisition of European based Bookings B.V., a leading Internet hotel reservation services company. This move strengthens Priceline.com's offerings and follows the company's acquisition of Active Hotels in late 2004.

**America Movil**, Latin America's largest mobile phone provider, announced plans to invest \$64.5 million in Paraguay over the next year. Having recently

acquired Paraguay's Hutchinson Telecommunications, America Movil intends to use the new investment funds to expand coverage and make improvements to infrastructure in the country. America Movil enacted a 3-for-1 stock split on July 21st.

**Ask Jeeves**, the world's sixth largest web property, announced a deal with two new syndication partners; Clear Channel Online Music & Radio and The Motley Fool. This new deal makes Ask Jeeves one of the world's largest Internet search and advertising companies. We will no longer be following Ask Jeeves as its acquisition by IAC/InterActive has been finalized.

**First Advantage**, a risk mitigation and business solutions provider, reported a significant increase in second quarter earnings compared to one year ago. After a recent deal, First American Corporation now owns an 80% stake in First Advantage.

Recent acquisitions may have pushed **Sonic Solutions** onto a different course. As a result, Value View will discontinue following this stock.

Recent earnings reports for **Harris Interactive** have been disappointing. As a result, this stock no longer meets our strict requirements for the Dynamic Insurgents list.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
1-800-Flowers	FLWS	\$7.28	\$0.22	33.1	25%	Nibble
America Movil	AMX	\$20.58	\$0.97	21.2	20%	Nibble
<b>Cephalon</b>	<b>CEPH</b>	<b>\$42.70</b>	<b>\$2.53</b>	<b>16.9</b>	<b>23%</b>	<b>Buy Aggressively</b>
ChoicePoint Inc	CPS	\$43.17	\$1.55	27.9	20%	Hold
Collegiate Pacific	BOO	\$11.55	\$0.49	23.6	24%	Nibble
Engin'r'd Supt Syst	EASI	\$37.08	\$1.95	19.0	18%	Buy
First Advantage	FADV	\$23.79	\$0.65	36.6	28%	Buy
Harris Interactive	HPOL	\$4.21	\$0.48	8.8	21%	Hold Loosely
J-2 Global Commun.	JCOM	\$40.24	\$1.55	26.0	30%	Buy Aggressively
L-3 Comm.	LLL	\$78.10	\$3.52	22.2	23%	Nibble
NexTel	NXTL	\$34.15	\$2.00	17.1	25%	Hold
Paincare Holdings	PRZ	\$4.22	\$0.16	26.4	20%	Buy
Priceline.com	PCLN	\$24.46	\$0.95	25.7	25%	Nibble
Sonic Solutions	SNIC	\$19.25	\$0.32	60.2	25%	Harvest

**Items in bold denote stocks that, in our opinion, hold the most promise.**

*Where government moves in,  
community retreats,  
civil society disintegrates,  
and ability to control our own destiny  
atrophies.*  
~ Justice Janice Rogers Brown ~

*They that can give up  
essential liberty  
to obtain a little temporary safety,  
deserve neither liberty  
nor safety.*  
~ Benjamin Franklin ~



... 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.

Shares of **Asta Funding** have been slightly depressed since our last issue. We interpret this as an opportunity to purchase more. We continue to love Asta's low overhead business-model, refusal to pay premiums on bad-debt portfolios, and the rational temperament of CEO Gary Stern.

**Bank of Nova Scotia** continues to remain stable. Recently increasing its presence in investment banking with its acquisition of Waterous & Co., BNS's shares have had a modest increase since our initial recommendation last issue.

**Bancolumbia** announced the merger with Conavi and Corfinsura would be completed by July 30 of this year. Colombia's economy is recovering and growing and unemployment has dropped significantly. Eccentric stock-show host Jim Cramer has given his personal approval, as do we at Value View. Bancolumbia remains attractive for long-term holding.

Soon after last issue's publication, **Frontline, Ltd.** announced its purchase of shipping company Bergshav Holding A.S. With strong worldwide demand for crude oil, Frontline should continue to generate good cash flow and pay strong dividends.

**Invest Bancshares** reported a tremendous 81% increase in 2nd quarter earnings, attributed to a robust increase in lending and net interest earned. We continue to recommend IBCA strongly.

Korean mobile phone provider, **SK Telecom**, reported 2nd quarter earnings increased 56%. With improved wireless internet service sales and lower marketing costs, SK achieved its first increase in profit in five quarters. We continue to favor SK as it expands its market overseas, particularly into India.

**Standard Pacific** recently announced its entrance into Las Vegas' booming housing market and continues to diversify its home building portfolio. 2nd quarter earnings have skyrocketed, increasing this stock's value. The company also announced a stock split.

New recommendations this issue are **M.D.C. Holdings** and **Lennar Corp.** MDC ranks among the largest homebuilders in the U.S. Its subsidiaries build homes under the name Richmond American Homes and provides mortgage financing through its HomeAmerican unit. MDC's 2nd quarter rose due to continued lower interest rates and more aggressive sales in newer markets like Utah, Florida, Delaware Valley and Chicago. Lennar Corp., another single and multi-family home builder, has been forced to deliberately slow its sales pace in specific markets in order to allow construction to catch up with expanding orders. LEN continues to hold one of the industry's strongest balance sheets with low debt and strong cash flow.

This month, we also debut **Career Education Corp.**, a for-profit postsecondary education provider which operates both on-campus and online education, including American InterContinental University Online and Colorado Technical University Online. With an increase of more than 20% from the year-earlier period, we look for CECO's online education division to continue to grow well into the future.

Yet another first-timer in this issue is **Vaalco Energy, Inc.** Vaalco engages in exploration, development and production of crude oil and natural gas, pri-

marily in the Gulf Coast and West Africa. During the second half of this year, Vaalco is expected to increase its production levels 32% with the opening of its new ET-6H well.

Debuts continue with **Reebok International**. Reebok designs, develops, and markets fitness and casual footwear and apparel products. The company's Rbk subbrand is doing better than expected. Directed toward the "street" demographic, Rbk plans to add 10%-15% of Reebok's bottom line. Pump 2.0, a self-inflating shoe, promises to spark further buzz and sales for this solid shoe company. Earnings for the recent quarter increased by a large margin.

**Finish Line** has a solid history of earning growth and their latest quarter realized a 24% increase in earnings. FINL operates retail stores in over 600 locations that sell brand-name athletic, outdoor, and lifestyle footwear and active-wear. FINL is well positioned to handle the volatile apparel industry and growing Internet presence and store expansion should sustain sales growth well into the year.

**Turkcell Iletisim Hizmetleri A.S.** provides mobile telecommunication services in Turkey, offering mobile voice and data services. Turkcell reported modest earnings growth for the last quarter and its user base has increased to over 25 million users, and cites increased marketing and a stable macroeconomic environment as reasons for this higher than expected growth. We favor TKC's high return on equity and shrinking

debt levels. TKC is the only Turkish company listed on the New York Stock Exchange.

Another cellular communications company new to this issue is **Mobile Telesystems O.J.S.C.** MBT is the largest mobile phone operator in Russia and is also aggressively expanding geographically with its recent acquisitions of Uraltel and stakes in Barash Communications Tech., a U.S. company that is the leading mobile phone operator in the Republic of Turkmenistan. MBT should continue to experience great growth, especially in post-election Ukraine.

Boosted by new business in Brazil and Chile, **Telefonos de Mexico** reported a 42% increase in 2nd quarter earnings. Although sales were in Mexico, earnings were aided by acquisitions made earlier in the year. We continue to recommend TMX a buy.

**SmartPros, Tele Centro Oeste Celular,** and **Village Super Market** remain attractive. Village Super Market reported \$1.18 per share in the 3rd quarter, a 36% increase year-over-year.

**Apache** reported 2nd quarter earnings that climbed 54% year-over-year. In the first-half Apache constructed 712 wells - nearly 40% more than last year's numbers. Increasing earnings during a rising oil price environment means increasing production. Though Apache reported a modest 6% increase in production to 470,000 barrels a day, active drilling in Canada, Egypt, Australia and the North Sea should contribute handsomely to APA's growth during the second half.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Apache Corp.	APA	\$69.94	\$6.26	11.2	10%	0.5%	Buy
Asta Funding	ASFI	\$26.65	\$1.79	14.9	16%	0.5%	Buy
Bancolumbia	CIB	\$19.40	\$1.62	12.0	11%	2.1%	Buy
Bank of Nova Scotia	BNS	\$34.29	\$2.37	14.5	10%	3.0%	Nibble
Career Education	CECO	\$38.96	\$1.88	20.7	17%	0.0%	Buy
Finish Line	FINL	\$17.80	\$1.29	13.8	14%	0.6%	Buy
Frontline, Ltd.	FRO	\$41.94	\$9.00	4.7	10%	25.5%	Speculative Buy
<b>Invest Bancshares</b>	<b>IBCA</b>	<b>\$20.89</b>	<b>\$2.08</b>	<b>10.0</b>	<b>11%</b>	<b>0.0%</b>	<b>Buy Aggressively</b>
Lennar	LEN	\$68.27	\$6.30	10.8	12%	0.8%	Buy
<b>MDC Holdings</b>	<b>MDC</b>	<b>\$87.76</b>	<b>\$9.64</b>	<b>9.1</b>	<b>12%</b>	<b>0.7%</b>	<b>Buy Aggressively</b>
<b>Mobile Telesystems</b>	<b>MBT</b>	<b>\$35.98</b>	<b>\$2.49</b>	<b>14.5</b>	<b>18%</b>	<b>2.7%</b>	<b>Speculative Buy</b>
Reebok	RBK	\$42.74	\$3.42	12.5	12%	0.7%	Buy
SK Telecom	SKM	\$21.88	\$2.61	8.4	15%	3.7%	Buy Aggressively
<b>SmartPros</b>	<b>PED</b>	<b>\$4.06</b>	<b>\$0.43</b>	<b>9.4</b>	<b>20%</b>	<b>0.0%</b>	<b>Buy Aggressively</b>
<b>Standard Pacific</b>	<b>SPF</b>	<b>\$98.49</b>	<b>\$11.61</b>	<b>8.5</b>	<b>12%</b>	<b>0.3%</b>	<b>Buy Aggressively</b>
Tele Cen Oeste Cel.	TRO	\$9.81	\$1.59	6.2	14%	0.0%	Buy Aggressively
<b>Telefonos de Mexico</b>	<b>TMX</b>	<b>\$19.69</b>	<b>\$2.32</b>	<b>8.5</b>	<b>12%</b>	<b>3.3%</b>	<b>Buy Aggressively</b>
Turkcell	TKC	\$13.73	\$0.88	15.6	14%	2.5%	Speculative Buy
<b>Vaalco Energy</b>	<b>EGY</b>	<b>\$4.28</b>	<b>\$0.45</b>	<b>9.5</b>	<b>12%</b>	<b>0.0%</b>	<b>Speculative Buy</b>
<b>Village Super Market</b>	<b>VLGEA</b>	<b>\$56.09</b>	<b>\$4.77</b>	<b>11.8</b>	<b>12%</b>	<b>1.0%</b>	<b>Buy Aggressively</b>

**Items in bold denote stocks that, in our opinion, hold the most promise.**

*The most pathetic person in the world is someone who has sight, but has no vision.*  
~ Helen Keller ~



... 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.

Our top stock this month, **Capital One**, comes from our True Blues. Please turn to page 3 for more on Capital One.

The FCC has approved **Alltel's** much awaited purchase of Western Wireless. The \$6 billion acquisition will create the fifth largest domestic voice and data provider. The transaction will be complete when Alltel sells transmission assets in markets where the merger could have created anti-trust issues.

**Biomet**, a leader in the medical equipment industry, recently announced positive fourth quarter results. The company recently announced that it will repurchase 2.5 million shares as well, a sign of Biomet's strong cash flow position.

**Canon**, already a leader in personal photo printing, is positioning itself to benefit from high growth in that industry. The firm recently introduced a new print-speed benchmark and coincided with the launch of the ChromaLife100 System. The system allows consumers to print pictures that will resist fading for decades. Canon's innovations and improvements in digital photography technology hold great promise for the firm in the coming years.

**First Data** recently released mixed results for the second quarter. Sales Revenue grew 3% over last year to \$2.61 billion, while operating profit fell 7% to \$561 million. However, First Data continued overseas expansion efforts by acquiring EuroProcessing International (EPI). EPI is a leading payment processor in Central and Eastern Europe, an important emerging market in the industry. First Data has also formed an agreement with Citibank, and will now process private-label and co-branded cards for Citibank including the Sears, Roebuck & Co. portfolio.

**Fair, Isaac & Co.** recently expanded its global presence with agreements with Russia's Bank Renaissance Capital and UAE's Abu Dhabi Commercial Bank. The agreement with Bank Renaissance Capital marks the first use of Fair, Isaac & Co.'s credit risk and consumer loan decision software in Russia. This could be profitable in other industries if the company can leverage its presence in loan management to other areas, like credit recovery, in this important market.

**General Electric** recently released strong second quarter results. Each of the company's business units showed positive earnings growth. GE Energy looks poised to grow after two years of sluggish performance. The unit has aggressively marketed maintenance and service contracts, which energy companies need more than ever in an environment of rising energy demands. Revenue from the sale of wind turbines has also helped the unit. The trend is likely to continue as more consumers look more seriously to alternative energy sources. Heavy investments in turbine technology over the last several years are beginning to prove very sound. Investments made in China last year may prove to be especially profitable as well. In the second quarter, GE's China revenues rose 40% over the previous year, boosted by increasing Chinese expenditures on energy.

**Home Depot** recently announced plans to test a new convenience store concept. Located outside existing Home Depot stores, the units will sell gasoline and other convenience items. If successful, Home De-

pot may increase traffic in its stores. A recent purchase of National Waterworks for \$1.5 billion will allow the firm to sell pipes, meters and other equipment outside its traditional retail channels.

**Harley-Davidson** experienced a 24% rise in Q2 sales in Europe over last year. In the same period, international sales outside of Europe increased 11% and retail increased by 6%. Domestic sales increased in the second quarter after a much publicized dip in Q1. The company estimates a 10 - 13% earnings growth, given its aggressive stock repurchase plan.

**Pfizer's** second quarter earnings rose 21% over last year, due largely to reductions in tax payments and costs. Pfizer's board announced plans to eliminate an additional \$400 million in costs over the next six months to increase efficiency. Most recently, the company announced plans to repatriate an additional \$8.6 billion in foreign earnings to spend on strategic acquisitions and research and development efforts. The firm purchased Vicuron Pharmaceuticals Inc., a leader in the anti-infective field with two medicines pending FDA approval. Meanwhile, the FDA has approved Revatio to treat hypertension, as well as Zmax and Lyrica for epilepsy. Exubera, an insulin inhaler, was recently submitted to the FDA and shows great potential.

A strong performance by imported beer labels and branded wines helped increase **Constellation Brands'** net sales 18% last quarter over last year. The company was included in the S&P 500 index at the end of June.

**AutoZone** is the largest domestic retailer of automotive supplies and accessories. The Memphis-based company has a growing presence in Mexico and

is expanding into Puerto Rico. AutoZone operates about 3,500 stores domestically and is scheduled to open 150 more in 2005. Growth in Mexico is also planned. Success in Mexico and Puerto Rico may foretell growth opportunities in other emerging markets.

**AFLAC**, a major provider of supplemental life insurance, announced positive second quarter results. The company attributed this strong showing to a rise in domestic sales and a favorable exchange rate for the Yen.

**Bank of America** is the third largest financial institution in the United States with over \$1 trillion in statutory assets. Its bank holding company features over 5,000 locations in 30 states. Recently, the firm agreed to buy MBNA, a leading credit card issuer, for \$35 billion. The acquisition expands BofA credit card business, which is one of its strongest performing units. BofA has also agreed to purchase \$55 billion of GMAC automobile loans over the next 5 years to boost its loan portfolio. BofA also purchased a significant interest in a major Chinese bank. In the second quarter, earnings rose 14% over last year to more than \$14 billion. Dividends increased to 50 cents a share, continuing the company's 27 consecutive years of dividend increases.

**Fortune Brands** is one of the leading diversified consumer brands companies in the world. Fortune Brands is in the process of acquiring several successful labels including Sauza tequila and Courvoisier brandy from Allied Domecq. This transaction will add more brand equity to the firm's distilled spirits portfolio that already includes Jim Bean. It is also possible that the company may try to acquire Callaway Golf, which was recently put up for sale.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
AFLAC	AFL	\$45.86	\$2.35	19.5	15%	0.8%	Hold Tightly
Alltel	AT	\$65.03	\$3.51	18.5	11%	2.3%	Hold
AutoZone	AZO	\$98.59	\$7.20	13.7	13%	0.0%	Buy
<b>Bank of America</b>	<b>BAC</b>	<b>\$44.04</b>	<b>\$3.95</b>	<b>11.1</b>	<b>11%</b>	<b>4.5%</b>	<b>Buy Aggressively</b>
Biomet	BMET	\$37.48	\$1.61	23.3	18%	0.5%	Hold Tightly
<b>Canon</b>	<b>CAJ</b>	<b>\$50.21</b>	<b>\$3.69</b>	<b>13.6</b>	<b>16%</b>	<b>1.2%</b>	<b>Buy Aggressively</b>
<b>Capital One</b>	<b>COF</b>	<b>\$83.04</b>	<b>\$6.74</b>	<b>12.3</b>	<b>15%</b>	<b>0.1%</b>	<b>Buy Aggressively</b>
Constellation Brands	STZ	\$27.91	\$1.45	19.2	15%	0.0%	Hold Tightly
Fair, Isaac & Co.	FIC	\$37.45	\$1.75	21.4	18%	0.2%	Hold Tightly
First Data Corp.	FDC	\$41.47	\$2.09	19.8	14%	0.2%	Hold Tightly
Fortune Brands	FO	\$95.15	\$5.55	17.1	13%	1.4%	Buy
General Electric	GE	\$34.88	\$1.76	19.8	14%	2.4%	Hold
Harley Davidson	HDI	\$53.78	\$3.09	17.4	15%	1.2%	Buy
Home Depot	HD	\$43.57	\$2.34	18.6	13%	0.8%	Buy
Pfizer	PFE	\$26.75	\$2.13	12.6	15%	2.8%	Buy
UniLeverPLC	UL	\$39.08	\$2.77	14.1	11%	3.2%	Hold Tightly

**Items in bold denote stocks that, in our opinion, hold the most promise.**

*Government cannot make man richer,  
but it can make him poorer.  
~ Ludwig von Mises ~*

Here are some thoughts for your own successful journey. How do you know you're successful? A few of these thoughts are from well known sources. Others are nuggets of wisdom gained from real-life experience. Read carefully: you may find that you're well on your way to your own success!

Over half of success is showing up!  
 Success is a discipline.

All successful people take charge of their own learning  
 Preparation, preparation, preparation

Discipline, character & work = Lasting Achievement

Wisdom sees the way things are,  
 the way they should be & the way they could be

Ignorance, not the ignorant, is the problem

Without passion, you won't act; people without passion lead a dull life

You instruct with reason & inspire with passion.

Your habits are the road to the future.

Most people learn from imposed learning.

Only 3% of people plan their lives.

Your lifetime is a collection of days and habits.

The best way to predict your future is to create it today.

If it's not on your schedule, it doesn't exist!

Don't lead with your weakness.

Accomplishment is nothing more  
 than a lot of well managed breakdowns.

You fail your way to success.

We're looking for progress, not perfection.

Amateurs practice until they get it right;  
 professionals practice until they can't get it wrong.

There is no failure in life....only feedback.

People live at whatever level of misery or success  
 with which they are personally comfortable

~Eric Johnson~

If you want the same life, have the same conversations;  
 if you want a new life, have a new conversation

~Matt Ferry~

The season of failure is the best time for sowing the seeds of success.

~Paramahansa Yogananda~

It's a funny thing about life:

if you refuse to accept anything but the very best,  
 you very often get it.

~Somerset Maugham~

Abundance is everywhere!

Everything I want is all around me;  
 the access to all abundance  
 is through powerful communications  
 with myself and others.

~Eric Johnson~

*Laughter rises out of tragedy, when you need it the most, and rewards you for your courage.*

~ Erma Bombeck ~

*When a person can no longer laugh at himself, it is time for others to laugh at him.*

~ Thomas Szasz ~



Beginning with this issue, our analysts will search out the best available discounts on the most attractive closed-end funds. These are mutual funds that trade like stocks and, unlike regular mutual funds, may sell for prices either higher or lower than the market value of their holdings. At significant discounts, they are value opportunities. Each issue, we'll identify a few standouts in the closed-end fund world.

STOCK	NAV	PRICE	DISCOUNT
PEO	34.49	\$31.16	9.7%
SWZ	16.68	\$13.97	16.3%
ETF	11.99	\$10.30	14.1%
TWN	15.82	\$13.55	14.4%
GCS	16.94	\$14.49	14.5%

Petroleum & Resources (PEO) and Scudder Global Commodities Fund (GCS) are investors in Gas and Oil firms. Scudder also invests in mining.

One of our favorites over the long term has been Emerging Market Telecom Fund (ETF). The fund's largest holding is America Movil, which represents over 15% of the fund's assets.

Taiwan Fund (TWN) is also affordable, and holds a large position in ChungHwa Telecom, another past IVV recommendation.

Swiss Helvetia Fund (SWZ) is one of the best values of the current period. Historically, the Swiss market has offered some of the world's most stable growth companies such as Nestle, its largest holding, and numerous financial firms.

## Small World

by Tom Briscoe



5:30 © 2005 BRISCOE

\* what you pay and your employer pays for you into the system



**STOCKS TICK**

*Keeping A Finger On The Pulse Of Your Investments, Based On Our Recommendations. —*

**EARNINGS REPORTS**

Stock Name	Earning Period	Current Earning	1 Year Ago	Percent Change	Current Recommendation
Vaalco Energy	Q1	\$0.12	\$0.05	140.0%	Speculative Buy
Interinvest Bancshares	Q2	\$0.67	\$0.37	81.1%	Buy Aggressively
Standard Pacific	Q2	\$3.08	\$1.72	79.1%	Buy Aggressively
Reebok	Q2	\$0.60	\$0.35	71.4%	Buy
J-2 Global Commun.	Q2	\$0.46	\$0.29	58.6%	Buy Aggressively
SK Telecom	Q2	\$0.62	\$0.39	56.4%	Buy Aggressively
Apache Corp.	Q2	\$1.76	\$1.13	55.8%	Buy
Career Education	Q1	\$0.53	\$0.37	43.2%	Buy
Telefonos de Mexico	Q2	\$0.52	\$0.36	42.0%	Buy Aggressively
First Advantage	Q2	\$0.21	\$0.15	40.0%	Buy
Village Supermarket	Q3	\$1.18	\$0.87	35.6%	Buy Aggressively
Biomet	Q4	\$0.41	\$0.31	32.3%	Hold Tightly
L-3 Communications	Q2	\$0.99	\$0.78	26.9%	Nibble
Finish Line	Q1	\$0.26	\$0.21	23.8%	Buy
Capital One	Q2	\$2.03	\$1.65	23.0%	Buy Aggressively
Lennar	Q2	\$1.48	\$1.22	21.3%	Buy
Pfizer	Q2	\$0.46	\$0.38	21.1%	Buy
MDC Holdings	Q2	\$2.25	\$1.87	20.4%	Buy Aggressively
Fortune Brands	Q2	\$1.33	\$1.11	19.8%	Buy
General Electric	Q2	\$0.44	\$0.38	15.8%	Hold
Constellation Brands	Q3	\$0.30	\$0.26	15.4%	Hold Tightly
AutoZone	Q3	\$1.86	\$1.68	10.7%	Buy
ChoicePoint	Q2	\$0.44	\$0.40	10.0%	Hold
Bank of Nova Scotia	Q2	\$0.81	\$0.75	8.0%	Nibble
Bank of America	Q2	\$0.96	\$0.93	3.2%	Buy Aggressively
Turkcell	Q1	\$0.17	\$0.17	1.6%	Speculative Buy
Harley Davidson	Q2	\$0.84	\$0.83	1.2%	Buy
Nextel	Q2	\$0.47	\$0.47	0.0%	Hold
First Data	Q2	\$0.50	\$0.53	-5.7%	Hold Tightly
Tele Centro Oeste Ce	Q1	\$0.20	\$0.44	-54.7%	Buy Aggressively

**BREAKTHROUGH STOCKS**

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

Stock Name	Stock Symbol	Today's Price	Last Issue	Percentage Increase	Current Recommendation
PetroKazakhstan	PKZ	\$41.99	\$28.96	45.0%	Nibble
Bancolombia	CIB	\$19.40	\$15.15	28.1%	Buy
Collegiate Pacific	BOO	\$11.75	\$9.30	26.3%	Nibble
Village Super Mkt.	VLGEA	\$56.09	\$44.55	25.9%	Buy Aggressively
Beazer Homes	BZH	\$66.91	\$54.82	22.1%	Nibble
Standard Pacific	SPF	\$98.49	\$83.01	18.6%	Buy Aggressively
Korea Electric Power	KEP	\$17.58	\$14.90	18.0%	Nibble
Apache Corp	APA	\$69.94	\$59.40	17.7%	Buy
Interinvest Bancshares	IBCA	\$20.89	\$18.25	14.5%	Buy Aggressively
Harley Davidson	HDI	\$53.85	\$48.35	11.4%	Buy

**DIVIDEND CHANGES**

Stock	From	To	% Change
BOO	\$0.000	\$0.025	N/A
EASI	\$0.000	\$0.018	N/A
FRO	\$3.500	\$3.10	-11.43%
SKM	\$0.738	\$0.08	-89.16%
VLGEA	\$0.25	\$0.320	28.00%

**STOCK SPLITS**

Record Date	Stock	Split
July 21	AMX	3-for-1
Aug. 8	SPF	2-for-1

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*There never was a good knife  
 made of bad steel.  
 ~ Benjamin Franklin ~*

*To repeat what others have said,  
 requires education,  
 to challenge it,  
 requires brains.  
 ~ Mary Pettibone Poole ~*

*Character is like a tree  
 and reputation like a shadow.  
 The shadow is what we think of it;  
 the tree is the real thing.  
 ~ Abraham Lincoln ~*