investor's

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VALUE VIEW 2006

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

Volatility: Friend or Foe?

THIS PAST MONTH HAS BEEN THE kind of 'push-me-pull-you' market that only Dr. Doolittle would be proud of. Not only have American markets been flopping around, but we've been pulling international markets into the turmoil.

Many things are behind the volatility: fears about new Fed. Chairman Bernanke's inflation policy; potential weakness in the economy; endless war; uncertainty in oil; concern about the crash of the real estate bubble; immigration battles and fears of retaining access to an affordable labor force in some industries; and just general uncertainty.

There is validity in some of these worries, while others are probably unfounded. For example, it does appear that Bernanke is more fearful of deflation than inflation, fueling fears that he will be more willing to inflate more freely than Greenspan ever did. In conjunction with a Presidency that is unwilling or unable to cut spending, this could be a recipe for disaster. One needs think back only as far as Nixon-Ford to understand where this combination could lead. Too, oil imports may be at risk, as most of the oil-producing nations worldwide are in some form of turmoil – moreso than ever in my lifetime – and interruptions could lead to further price increases. On the other hand, the stories of a real estate bubble, while accurate, are probably becoming overblown. When the bubble bursts, I don't foresee any great debacle. Instead, we should expect only a handful of overextended borrowers losing their homes, and a short-term weakness in the new home builders market. While this would be enormously significant for those caught in the trap, it may have only a modest effect on the national economy.

Regardless of their validity, all these factors do affect the stock markets. As fears build or are assuaged, investors and speculators will buy and sell, causing markets to *Please see Volatility, page 2*

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International Diversification

Diversification is one of the most well-appreciated principles of investing. Basically, the idea is to spread out your investments across a variety of companies, in order to reduce your risk. We also think of international diversification – spreading our investments out across countries.

Globalization is the future of investing. We've seen our markets (especially our debt markets) supported by foreign investors for many months now, and the future holds far more. Yet, this more globalized economy makes people feel that we can't benefit as much from diversifying globally.

There was a day, before globalization, when everyone believed in international diversification as a way to reduce risk. Because markets on the other side of the world were usually unrelated, and tended to move in different directions, there was benefit to this diversity of holdings. Today, we live in a different time. Globalization has made the world a smaller place. Weakness in one nation affects much of the world, because a recession in one country will reduce the levels of international trade, and therefore affect the entire world. (One might argue that isolated nations like North Korea and Iran would not be affected, but even Iran exports much of its production somewhere, and indirectly our weakness becomes their weakness, too.)

However, does this interrelation mean that we should ignore the chance to diversify internationally? Of course not. Sure, economies today affect each other more than in the past. But there are still factors which do not have wide international effects. The success or failure of national governments may have very specific local effects; floods and other natural disasters are also localized; and wars do not affect all nations equally. Plus, different countries are in different stages of development and therefore offer different levels of opportunity. All of these factors suggest that diversification across national boundaries is a wise and valuable step for any sound investment portfolio.

Why, then, do most people keep virtually ALL of their holdings in their home country? I think the main reason is fear. Fear of the unknown, and fear of the unfamiliar. Even if we know that markets in the Netherlands are every bit as stable as American ones, somehow it just feels safer to keep our money closer to home. Perhaps it is part of the belief that nothing bad can happen here. But the reality is that natural disasters, economic downturns, and even political uncertainty can strike anywhere. Once we recognize this truth, we recognize that we need to overrule our gut reaction to increase our safety. By spreading our investments around the world (emphasizing stable nations), we increase our overall level of safety. We may also find our returns increasing.

In the coming years, as stock exchanges merge around the world, international investing will become more and more important. If we aren't prepared, we'll be missing the boat. For more on the topic, pick up Dr. Jeremy Siegel's "The Future for Investors". This is an important trend, and one you won't want to miss.

Money is like manure;
it's not worth a thing unless it's spread around encouraging young things to grow.
~ Thornton Wilder ~
(from: The Matchmaker)

Volatility, from Page 1

rise and fall. These days, when worry levels rise and fall quickly on inflammatory news reports, it's not surprising to see stock markets jumping up and down. Still, it can be a bit disconcerting. It's one thing to see your stock fall by a quarter or fifty cents in a day. It's quite another thing to see the stock rising and falling by 10% in a couple of days.

There's no doubt that this kind of activity can make some investors feel uneasy. If we don't know why things are happening, and we don't know what the future holds, all those short-term bumps are scary. That's why it is important for long-term investors to have a vision of the future, and to invest into that picture. Many investors who are playing the 'momentum investing' game or are basing their decisions purely on technical analysis are missing that piece of the puzzle. They have no idea what the future holds, and are left to depend on their short-term guesses. We don't play that.

All of this volatility can be your friend or your enemy. If you only see the big drops with fear and trepidation, volatility can only serve as your enemy. However, if you have a fairly accurate vision of what the future holds, the market drops can be seen as opportunities. Remember, our goal is always to buy low and sell high. If the market is never low, it's difficult to buy then. Also, in the midst of market gyrations, it's important to control our emotions. It is important not to panic when the market has dropped. This is not the ideal time to be selling out.

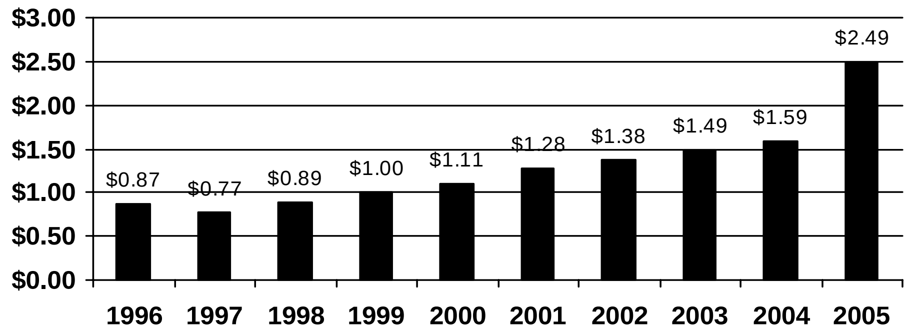
However, if we're adept, we can take a double win. When the market drops, it is quite common to see some stocks drop more than others. Sometimes, it can be to our advantage to trade out of some stocks at a loss, into others that have dropped more. By doing this, we can register a loss on our taxes for the stocks sold, while at the same time getting an even better deal on the new holdings. This type of deal only works, of course, if the stocks we trade for are truly an improvement. Let's look at some transactions where we might be able to take advantage of this, and some cautions for each.

1. Within-Industry switching. Often, when an industry falls, there will be a distinction in which stocks fall most. This may result from different types of ownership (some held primarily by institutions, others held by private investors) or by broker coverage. Often we can switch from slightly injured companies to those that have been truly beaten-up, and put ourselves in a position for greater future profits.
2. Volume trading. While heavily traded stocks may fall a lot in a short-term downdraft, often less-heavily traded stocks fall more sharply. In these stocks, a small number of sellers can have an enormous effect on price, since there are usually fewer buyers as well. This provides an opportunity to switch from well-known to less-known companies for big bargains. Caution: be sure the lower volume stock is as solid and dependable as the big name. Otherwise you'll find yourself holding a lightly traded dog.
3. Nation-jumping. One of the things that I've noticed is that when American markets take a hit, the world market seems to take an immediate hit as well. This is not necessarily because of fundamental issues affecting the world economy, but primarily because of money being pulled out of these markets by American investors. When their regular portfolios are depleted, asset allocators will decrease the amount of exposure to other markets, and especially riskier developing markets at the same time, in an effort to rebalance. Further, any cash needs might be met from those holdings that haven't yet fallen, which often are those that are overseas. Finally, there remains a general unfounded fear of overseas markets in the U.S., which contributes to the drop at times of uncertainty. The logic of this is somewhat impractical. If the U.S. remains embroiled in a war or has difficulty with internal political or economic problems, why would this negatively affect the Australian or Italian markets? The simple answer is it doesn't. Of course, the size of the U.S. economy is large enough to affect the entire world, since we import and export worldwide. However, as enormous new markets like China, India, and Brazil open up, the impact of declines in one single market, no matter how large, isn't so dominating. The end result of this argument is that overseas markets, and especially developing markets, provide great opportunity at times of big drops like these. In particular, I see tremendous bargains in India, such as I haven't see in years. India holds tremendous promise, and this may be the last chance we have to buy in to this burgeoning market at such conservative prices. This is a nation which has no housing bubble, isn't struggling with a newly inflationary monetary policy, and has no problem finding highly educated workers to fill important jobs affordably. The growth potential for this economy is enormous, and while there is always concern about economic freedom, I believe the risks in India are much lower than in China and other developing nations. I see this market drop as the ideal time to buy India.

In the end, it is important to remember that success is not so much when we choose to sell, as it is in what, when, and at what price we choose to buy. A clear view of the future can help us choose correctly. If we buy right, the opportunity for profit is expanded enormously. This is the key to successful investing.

A closer look at this issue's favorite stock pick.

Royal Bancshares of Pennsylvania, incorporated in 1963, and headquartered in Narberth, Pennsylvania, is a holding company for Royal Bank America, and Royal Asian Bank. Royal Asian Bank is a small, niche bank with 3 branches that cater to the Korean-American community in the Philadelphia area, 2 similar branches in Ft. Lee, New Jersey, and a loan origination outlet in the DC area. There are plans to add a 6th location in New York state. Royal Asian Bank, launched in 2004, recently passed $100 million in assets, and is preparing for a spin-off after it passes the $250 million mark. In addition to traditional banking services, the firm emphasizes limited international services such as wire transfers and letters of credit. The company's older division, Royal Bank America operates 17 branches throughout the greater Philadelphia area and parts of New Jersey, and serves individuals and small-to-medium-sized businesses. The bank offers traditional banking services, as well as SBA loans, and also has a Mezzanine and Equity Financing division, with specialization in quick real estate investment funding. The bank has about $1.2-billion in assets, composed of about 45% commercial & industrial loans, about 40% commercial mortgages, and the remainder distributed across a wide variety of instruments. What draws us to this bank is RBPAA's steady annual increase in return on equity and assets, book value, and profit margins. RBPAA recently announce a Q1 earnings increase of 23% and its 44th consecutive quarterly dividend. Earnings have also grown quite consistently over the past decade. We believe this dependable firm offers outstanding value to purchasers at today's prices, as well as an attractive dividend, and a superior growth potential. In addition, the planned spin-off gives investors a possible bonus, as shares in interesting spin-offs sometimes gravitate unexpectedly higher.



Royal Bancshares of Pennsylvania Earnings, 1996 to 2005

Treat people
as if they were what they ought to be
and you help them to become
what they are capable of being.
~ Goethe ~

It is impossible for a man
to learn what he thinks
he already knows.
~ Epictetus ~

How wonderful it is
that nobody need wait a single moment
before starting
to improve the world.
~ Anne Frank ~

Glossary of Terms

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

DYNAMIC INSURGENTS

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

PetMed Express, rated #27 in Business Week's annual listing of 100 Hot Growth Companies, is a newcomer to Dynamic Insurgents. PetMed shares were also recently added to the S&P Small-Cap 600, attracting additional attention. Founded in 1996, PetMed Express is America's largest pet pharmacy, providing pet medicines and other products to consumers, pet stores, and groomers, through the internet and 1-800-PetMeds. The company's earnings and sales are growing by healthy proportions, and we see continued growth on the horizon.

NetGear reported strong earnings, well ahead of estimates. The company released a new 11n-compliant router system for IP telephony and video streaming, and seeks to remain on the cutting edge of new consumer technologies. The company's Skype WiFi phones have also reached the market. Their products have gained quick acceptance on the market and won awards. The stock is cheaper than it ought to be, because of some inventory missteps, but we believe the long-term looks bright. The company achieved position #79 in Business Week magazine's 100 Hot Growth Companies list.

Another BW 100 Hot Growth honoree is **Digital River** who develops and manages online sales outlets for software publishers and other retailers. The stock has backed off from its recent high of 48. Earnings continue to grow satisfactorily, but projections for next quarter was disappoining to many analysts. An upgraded e-commerce platform product was released recently with new functionality including Store Builder, Site Optimizer, Merchandising Offer Preview, and new reporting tools.

eCollege is the last of our picks on the BW 100 list. This information provider to educational institutions has demonstrated solid growth, but recently has sold at very high prices. Recent earnings reports suggest that growth continues, but we would wait for growth to catch up with the stock price before buying in. The price remains ambitious; we believe that better buys exist elsewhere.

Lincoln Educational Services Group is a private owner a string of career-oriented technical colleges, headquartered in New Jersey. In addition to its namesake Lincoln Technical Institutes (founded in 1946) LINC operates under 7 other brandnames: Denver Automotive and Diesel College, Nashville Auto-Diesel College, Southwestern College, New England Technical Institute, The Cittone Institute, CEI, and Euphoria Institute of Beauty Arts and Sciences. Enrollment topped 17,000 students in 35 campuses across 16 states. Revenues and earnings are growing rapidly, and LINC has so far avoided the mismanagement errors other for-profit educational institutions have encountered. The company continues to grow, both by acquisition and expansion of current school concepts. LINC recognizes that many of its well-respected brands, such as the Denver Automotive school, have the potential to be replicated widely nationwide. We believe LINC provides great long-term growth potential. We rate it a buy.

America Movil is reporting strong first quarter results. Earnings more than doubled on a sales increase of 26%. The company also received an OK from regulators to buy Verizon's operations in the Dominican Republic, and intends to pursue similar acquisition in Puerto Rico. Despite outstanding reports, share prices backed off their highs, providing a great buy-in point. The company has stimulated growth using lower per-minute prices, and higher phone purchase subsidies to reach deeper into the market where pre-paid service accounts for the vast majority of the market. We anticipate further growth, as Latin American cellular phone use, currently only at 50% penetration, continues to expand.

WiderThan, Korean provider of ring-tones, music, and various add-ons for cell-phone users, reported higher net earnings and sales. This appeared less attractive due to larger numbers of shares outstanding today. The report was higher than expected, and forecasts are very positive. The company's music-on-demand services saw particularly strong growth, and ringback tones also gave reason for optimism.

Landec is a new introduction this issue. The company produces a unique series of Intelimer polymer technologies, some of which are temperature sensitive, that are used for a variety of food delivery, packaging, and agricultural purposes. Its Apio subsidiary produces a breathable film technology for fresh-cut produce that enhances shelf life, and reduces retail shrinkage. The company's Landec Ag division produces moisture-controlling and temperature-activated seed coatings which can increase crop yields and extend the growing season. Beyond those two primary business lines, the company also licenses its Intelimer technology to other companies, such as Alcon Labs, who use it to enhance its 'dry eye' products. The company believes that further applications for their unique technologies will continue to be developed, and that licensing revenues may increase dramatically over time. The company has experienced sizeable earnings growth in recent years. We anticipate further growth as more uses are developed and present markets grow.

New this issue is **Aspreva Pharmaceuticals**, a company that identifies new uses and develops marketing campaigns for already certified drugs, to treat patients with less common diseases, such as lupus and myasthenia gravis. The company, founded in 2001, has only recently begun to report positive earnings, but the size of the operations indicates a solid growth trend over the life of the operation. We believe the shares are attractively priced, and rate the stock a buy.

Cephalon saw a 30% increase in sales for the 1st quarter. Earnings after factoring out amortization expense and other one-time items, were up by an impressive margin. The company also offered earnings forecasts for 2006 of between $3.90 and $4.10 per share. CEPH has received regulatory approval to market alcoholism drug Vivitrol, created by Alkermes, and a conditional approval for its own Nuvigil sleep-disorder medication. The company also inked a drug development deal with Pharmacopeia.

J2 Global saw revenues rise 30% in the 1st quarter, as earnings also bloomed. The company also effected a 2-for-1 stock split.

Juniper Networks was added to the S&P 500 index, boosting the shares slightly. However, the company has also come under review for stock options granted to officers, and rating agencies have suggested that this could lead to debt downgrades. While we don't expect a distressing outcome from this review, the remaining news is not exactly encouraging either. Recent reports have been interpreted by some to suggest a falling market share, due to increased competition. While earnings rose only incrementally in the first quarter, the company did see revenues rise by 26%, but even this high number missed analysts expectations. Lack of complete guidance for coming

Please See Dynamics, page 7

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
America Movil	**AMX**	**$31.77**	**$1.91**	**16.6**	**20%**	**Buy Aggressively**
Apollo Group	APOL	$53.88	$2.53	21.3	19%	Nibble
Aspreva Pharm.	ASPV	$31.43	$2.03	15.5	18%	Speculative Buy
Buffalo Wild Wings	BWLD	$37.17	$1.22	30.5	24%	Nibble
Cephalon	CEPH	$57.40	$2.95	19.5	20%	Buy
Collegiate Pacific	BOO	$10.31	$0.30	34.4	24%	Hold Tightly
Digital River	DRIV	$38.99	$1.44	27.1	25%	Buy
eCollege.com	ECLG	$20.31	$0.28	72.5	25%	Harvest
First Advantage	FADV	$22.99	$1.04	22.1	28%	Inconclusive
J-2 Global Commun.	JCOM	$26.58	$0.97	27.4	24%	Buy
Juniper Networks	JNPR	$17.01	$0.75	22.7	21%	Buy
L-3 Communications	LLL	$77.80	$4.24	18.3	18%	Buy
Landec Corp.	LNDC	$8.45	$0.26	32.5	40%	Speculative Buy
Lincoln Educ. Svcs	LINC	$16.18	$0.82	19.7	18%	Buy
Mobile Telesystems	MBT	$28.07	$2.78	10.1	18%	Speculative Buy
NetGear Inc.	NTGR	$22.92	$1.05	21.8	19%	Buy
PetMed Express	PETS	$13.22	$0.50	26.4	21%	Nibble
Priceline.com	PCLN	$31.14	$1.44	21.6	22%	Buy
Research In Motion	RIMM	$65.25	$1.96	33.3	23%	Buy
Tempur-Pedic	**TPX**	**$14.16**	**$1.09**	**13.0**	**18%**	**Buy Aggressively**
WiderThan Co. Ltd.	**WTHN**	**$12.08**	**$0.56**	**21.6**	**25%**	**Buy Aggressively**

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

VALUE VIEWFINDER

These stocks appear to be below reasonable valuations, based on expected future growth. But unlike many stock-pickers who divide stocks into "growth" or "value" picks, we believe growth outlook is a prime factor for determining value. They may not always show immediate results, but should provide outstanding returns in the long-run.

New this issue is **Royal Bank of Pennsylvania**, which also is our top stock pick. Please see page 3 for a closer look at this splendid opportunity.

Shares of **Village Super Market** have performed well. The operator of Shop Rite supermarkets in New Jersey and eastern Pennsylvania recorded a 3.3% increase in same-store sales year-over-year. This small grocery continues to churn out solid, consistent results.

Last month the New Zealand government announced that **Telecom Corp. of New Zealand** would be forced to allow its competitors access to its fixed-line networks. The New Zealand government believes its decision will improve high-speed internet services throughout the country. We do not feel this will hurt NZT in the next year or so as this will take several years to realize. NZT controls 80% of the market, and will continue to pressure dial-up internet competitors with comparably priced DSL service. By the time competitors start using NZT's lines they will be forced to pay fees to NZT. We also can't deny the attractiveness of its near 9% dividend yield.

Intending to cash in on the rising Latin American economy, **Telefonos de Mexico** and Intel are teaming up to license and distribute fully featured, high-quality, low-cost desktop PC's. These computers, which will retail between $200 and $300, will be geared toward first-time computer users and will be produced by local producers with the help of Intel. This project has the potential to, not only bridge the technological gap between Latin America and America, but also provide TMX with another great revenue source.

Despite a Q1 profit increase of over 200%, shares of Turkish mobile-phone company **Turkcell** sank sharply after being downgraded by a Morgan Stanley analyst last month. Citing that the stock has appreciated already 20% this year and that all good news is already reflected in its stock price, the analysts' downgrade sent fearful speculators cashing out with the stock falling some 33%. This scenario is precisely what we at Value View wait for. This presents a great buying opportunity as TKC still offers a solid balance sheet and, despite a more competitive landscape, continues to increase its market share and profitability. We recommend buying shares in TKC.

Angiotech announced plans to buy the privately held, cosmetic surgery group, Quill Medical for $40 million in cash. This acquisition, when the deal closes in Q3, will immediately benefit its financial statements. ANPI also upwardly revised its lower range of earnings estimate from $0.76 to $0.79. ANPI continues to offer great long-term prospects.

New this newsletter is the Indian information technology company, **Satyam Computer Service Limited**. SAY provides consulting and IT services to Fortune 500 companies around the globe. SAY is financially solid. It has little debt, high return on equity, high profit margins, and displays increasing book value and sales. SAY also recently reported Q4 earning up 38% year-over-year. The company credits an increase in business IT spending and outsourced orders.

Bancolombia has recently been immersed in courtroom dramatics. Stemming from a merger of two smaller, Colombian banks that were eventually merged with CIB, CIB sought restitution against Jaime Gilinski and party, claiming their attempt to stop the acquisition was unjust. Resulting from this case was CIB winning a $30 million award. The Gilinski party then came back with a counter-arbitration case against CIB and won $17 million in damages resulting from excess debt it incurred during the bank merger. CIB is still considering an appeal. Aside from this, CIB completed the acquisition of Comercia S.A., the eight largest bank in Colombia.

Shares of homebuilder **Standard Pacific** hit a year-low after the company announced it was cutting its earnings guidance. SPF stated new home orders are down 8% for the year citing rising mortgage rates. Regardless, we cannot deny that SPF offers tremendous value in the long-term. Shares trade at below four times earnings and actually trade below book-value. This means that SPF as a whole, is available to purchase cheaper than it's own assets. For a company that has solid financials and operates in a housing market that eventually will get back on it's feet, we cannot put off accumulating shares in this homebuilder.

Headwaters is another stock that continues to fall faster than we can logically explain. This presents us with another buying opportunity. HW did lower its earnings estimates, based on its idling synthetic fuel facilities, but it also recorded Q2 earning up 84%. HW reported 20%-plus increases in all three of its main business lines of coal combustion, alternative fuel, and construction materials. Despite the uncertainties with oil prices and the subsequent licensing of synthetic fuel tax credits, HW has the ability to earn solid income from its other product line that makes up roughly 70% of it's revenues. We recommend HW for purchase.

Allied Capital reported Q1 earnings down 17% year-over-year, offset by an extraordinary gain during Q1 of 2005. ALD modestly increased it's dividend to $0.60. ALD, during the quarter, was involved in the buyout of York Insurance Services Group.

Asta Funding reported Q2 earning up 49% year-over-year. ASFI has recently been hovering around 52-week highs as a result of its consistent, strong performance. Its shareholder equity, a proxy for value, grew 28% during the quarter.

Making its debut is **FirstFed Financial Corp.** Based in Santa Monica, FED provides commercial banking in Southern California and has shown a remarkable history of consistent growth in earnings, revenues, return on equity, and book value. In their latest earning announcement for Q1, FED reported earnings up 67%, citing higher net interest income and loan repayment fees.

Though home sales are moderating from last year's record sales, there is still value to be found in homebuilders. **Meritage Homes** is a good candidate for a value play in the sector. Trading at a low P/E multiple of around 5, MTH released a Q1 earnings increase of 230% year-over-year. MTH continues to have handsome 2006 growth prospects, and still has a solid balance sheet and ample backlog.

Marathon Oil announced plans to sell off its Siberian oil business to Russian oil company, Lukoil for under $800 million. Last week, MRO was also awarded an Indonesian exploration contract that will cover 1.2 million acres off the Indonesian coast.

Late last week a lighting storm in Corpus Christi, Texas caused a dock at a **Valero Energy** refinery to catch fire and sustain significant damage. VLO reports that production would be affected by 30% at this 340,000 barrel per day refinery. Aside from Mother Nature, there is little that will slow VLO's refining capabilities. VLO current quarter profit increased 59% while their dividend increased 33%. We still champion the U.S.'s largest petroleum refiner.

Navistar has recently shed some light on its 2002-2004 financial restatements. The restatements will reflect changes made in it's accounting for capital leases and asbestos liabilities. NAV expects to have the refiled 10-K's completed by early next year. NAV also stated it expects fiscal 2006 earnings to top expectations, citing industry strength and increased military contracts.

IAC/InterActiveCorp continues to stayed poised and offer good appreciation potential.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Allied Capital Corp.	ALD	$30.32	$6.17	4.9	10.0%	7.8%	Buy
Angiotech Phar.	ANPI	$13.30	$0.91	14.6	16.0%	0.0%	Speculative Buy
Asta Funding	ASFI	$35.43	$2.61	13.6	16.0%	0.4%	Buy Aggressively
Bancolombia	**CIB**	**$25.00**	**$2.28**	**11.0**	**16.0%**	**2.6%**	**Buy Aggressively**
FirstFed Financial	**FED**	**$55.89**	**$6.17**	**9.1**	**15.0%**	**0.0%**	**Buy Aggressively**
Headwaters	HW	$25.62	$3.16	8.1	13.0%	0.0%	Speculative Buy
IAC/Interactive	IACI	$24.70	$1.37	18.0	15.0%	0.0%	Nibble
Marathon Oil	MRO	$74.40	$9.57	7.8	11.0%	1.9%	Buy Aggressively
Navistar	NAV	$25.50	$3.79	6.7	13.0%	0.0%	Speculative Buy
Royal Banc of Penn.	**RBPAA**	**$22.81**	**$2.56**	**8.9**	**14.0%**	**4.6%**	**Buy Aggressively**
Satyam Comp Svc	**SAY**	**$28.69**	**$1.42**	**20.2**	**22.0%**	**0.8%**	**Buy Aggressively**
Standard Pacific	SPF	$25.51	$6.51	3.9	10.0%	0.6%	Buy Aggressively
Telecom Corp. N Z	NZT	$22.55	$2.56	8.8	10.0%	9.3%	Buy
Telefonos de Mexico	**TMX**	**$19.21**	**$2.36**	**8.1**	**12.0%**	**3.7%**	**Buy Aggressively**
Turkcell	**TKC**	**$12.65**	**$1.48**	**8.5**	**13.0%**	**3.5%**	**Speculative Buy**
Valero Energy	VLO	$58.62	$6.38	9.2	11.0%	0.4%	Buy Aggressively
Village Super Mkt	VLGEA	$67.78	$5.01	13.5	10.0%	1.7%	Buy

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

EVERY MONTH WE FOLLOW LEGITIMATE "BLUE CHIPS" THAT CAN GENERALLY BE HELD LONG TERM WITHOUT GREAT CONCERN FOR MARKET CHANGES. WE RATE THEM FOR VALUATION ONLY. WHILE IT MAY 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.

AFLAC, the supplemental insurance provider, reported strong first quarter results recently. The company's sales domestically and in Japan, one of the company's key markets, both rose. In their reports, management highlighted strong performances in accident-disability and cancer expense insurance policies. Overall, earnings rose and exceeded analysts' expectations for the period.

Telecommunications provider **Alltel** released mixed results for the most recent period. Although the company expanded both its number of customers and revenue per customer, net income fell for the quarter. High integration costs contributed heavily to this decline. The spin-off of landline operations and the continued drop in service cancellations make management hopeful for better results in the near future. Operating income exceeded analyst's expectations.

AutoZone's most recent earnings report showed that the automobile parts retailer continues to struggle to increase sales and net income growth. Same store sales and revenue both climbed moderately from this time last year, but earnings were sluggish. Earnings per share benefited from the company's aggressive share buybacks over the past year.

Bank of America's revenue and profit rose for the latest period. Rising interest rate, gains from equity trading and falling loan defaults helped the bank perform well. Earnings, which remained unchanged on a per share basis, topped analysts' predictions.

Dane Miller, the long-time CEO of **Biomet**, retired recently. Reaction to the change in leadership was mixed. The company's stock price soared amid speculation that the company would soon be sold at a premium, but some analysts, on the other hand, saw Miller's departure as a sign of trouble. Miller, who was known for his commitment to product innovation, retained a significant ownership interest in the company despite selling a large number of his shares upon making his announcement. The board of director recently began working with an investment banking firm to assess the company's strategic options moving forward. It remains to be seen what, if anything, comes of this analysis.

Canon's financial performance continues to exceed analysts' expectations. For the most recent quarter, the Japanese company saw both its revenue and earnings rise to record levels. Management attributes most of this improvement to strong digital camera and color copier sales. Sales of office equipment and computer peripherals also grew. The company hopes to diversify its operations further by entering the flat-screen television market in a joint-venture with Toshiba. Canon may benefit greatly by moving into this growing market if its much-anticipated new projection technology can lure customers away from Sony and other makers already in the market.

Despite concerns that high interest rates would decrease lending activity, **Capital One** was able to exceed analysts' earnings estimates for the most recent reporting period and showed a significant increase over the same period last year. The company's automobile loan portfolio grew and expenses for delinquent loans fell. Management gave a positive update of the company's efforts to integrate Hibernia Bank. Despite having to relocate much of the bank's operations to Dallas in the aftermath of Hurricane Katrina, full integration remains on schedule. Hibernia's retail locations in most of Texas and Louisiana have already been fully converted.

After months of negotiations and media speculation, **Constellations Brands**, has purchased Vincor. This acquisition adds the largest Canadian winemaker to the company's product portfolio and increases its market leadership. Many analysts expect this purchase will be followed by many more as the company continues to look for external growth opportunities. This announcement followed the company's latest quarterly earnings report. Net income rose from this time last year.

Despite an increase in revenue, **First Data**'s quarterly report did not meet analyst expectations and remained flat in comparison to this period last year. Earnings per share were hindered by a lawsuit settlement, but benefited from the firm's aggressive share buybacks of the past year. Management continues its efforts to spin-off Western Union. The reorganization should be completed in the second half of this year and is expected to boost long-term growth projections.

Fair, Isaac & Co.'s latest quarterly earnings report showed a significant increase in revenue across many of the firm's individual product lines and product portfolio overall. The company's credit scoring software unit did well as did its analytical and professional services lines. Despite this strong showing, however, earnings fell for the period due to changes in accounting policies and tax issues. The new accounting policies implemented by the firm might depress earnings for the remainder of the year.

Fortune Brands' met their expectations for the first quarter by posting healthy increases in sales of wine, golf equipment and home products. Earnings and revenue both grew and bested analysts' estimates. Management might upgrade their earnings forecast for the remainder of the year.

Motorcycle maker **Harley Davidson** met analyst expectations for the most recent reporting period. The company's earnings rose by a healthy margin from last year. Sales growth internationally continued to be brisk and once again outpaced sales growth in the United States. Sales in Japan, Europe and China were all strong. This announcement was tempered with news that 2007 models would not be shipped until the third quarter. The delays should hamper sales and sales growth late in the year.

Marshall & Ilsley, a bank-holding company based in Wisconsin, is new to True Blues. In recent years, the company has attempted to expand geographically, entering high growth markets like Arizona. It also diversified its core business by investing in a transaction processing subsidiary. The company is poised for strong growth and solid earnings after years of strong financial performance. Earnings rose for the company during the first quarter.

Medtronic is new to True Blues. The Minnesota-based company manufactures pace-makers, defibrillator and other medical implant devices. The firm has performed very well and is positioned well. Most recently, the company reported a healthy increase in net income.

Pfizer's earnings rose modestly as sales of many products performed well: earnings exceeded expectations; revenue was in line with what many forecasted.

Unilever, the maker of Dove, Lipton and Slim-Fast saw its income rise during the first quarter. The Anglo-Dutch company's revenue and sales growth did not meet analysts' expectations but did grow from

Please see Blues, page 7

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
AFLAC	AFL	$47.07	2.42	19.5	15%	1.1%	Hold Tightly
Alltel	AT	$61.02	3.37	18.1	11%	2.5%	Hold
AutoZone	AZO	$90.46	7.37	12.3	13%	0.0%	Nibble
Bank of America	BAC	$48.85	4.05	12.1	11%	4.1%	Hold Tightly
Bank of Nova Scotia	BNS	$40.64	2.67	15.2	10%	3.8%	Nibble
Biomet	BMET	$35.01	1.72	20.4	18%	0.6%	Buy
Canon	CAJ	$68.23	3.89	17.5	16%	0.9%	Buy
Capital One	**COF**	**$83.18**	**7.65**	**10.9**	**15%**	**0.1%**	**Buy Aggressively**
Constellation Brands	STZ	$25.09	1.55	16.2	15%	0.0%	Nibble
CRH	CRH	$31.40	2.12	14.8	12%	1.0%	Buy
Fair, Isaac & Co.	FIC	$34.63	1.77	19.6	18%	0.2%	Avoid
First Data Corp.	FDC	$46.00	2.02	22.8	14%	0.2%	Hold Loosely
Fortune Brands	FO	$73.31	5.27	13.9	13%	1.8%	Buy
General Electric	GE	$34.40	1.88	18.3	14%	2.4%	Hold Tightly
Harley Davidson	HDI	$49.30	3.4	14.5	15%	1.3%	Buy
Home Depot	**HD**	**$36.71**	**2.84**	**12.9**	**13%**	**1.6%**	**Buy Aggressively**
Lennar	**LEN**	**$44.70**	**8.66**	**5.2**	**12%**	**1.2%**	**Buy Aggressively**
Marshall & Ilsley	MI	$46.00	3.12	14.7	10%	1.1%	Buy
Medtronic	MDT	$51.43	2.3	22.4	15%	0.7%	Nibble
Pfizer	PFE	$23.91	2.1	11.4	15%	3.2%	Buy Aggressively
UniLever PLC	UL	$22.00	1.57	14.0	11%	3.2%	Hold
Wal-Mart	WMT	$47.04	2.75	17.1	10%	1.3%	Nibble

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

A FOCUS ON CAREER AND LIFE DEVELOPMENT ISSUES FOR INNOVATIVE PROFESSIONALS.

The Synergy Effect

Have you ever contemplated your life without others? We often have the somewhat mistaken impression that we function in a vacuum: that we are solely responsible for what happens in our lives.

What a bleak world that would be if that were true!

The greatest minds are keenly aware of the value of working with others. Upon careful consideration, it becomes clear that many people play various roles in our achievements. A good question to ask ourselves is this: how can we effectively involve others in a more meaningful way?

A Presidential Award winner makes this simple, yet profound statement: "I thought about how you can't do anything by yourself, but with other people you can change things." This serves to shore up, in human terms, the fact that, while a single horse has the pulling power of several thousand pounds, two horses of similar size can pull 4 times that amount.

And that, in simple terms is the power of Synergy. It is the cooperative action of discrete agencies, such that the total effect is greater than the sum of its parts.

Here are some key ingredients to effective synergistic relationships:

1. Realize the value that others add to your life.
2. Choose the right people to work with you to realize your creations.
3. Communicate requests for participation clearly.

In Think and Grow Rich, Napolean Hill likens synergy to the concept of the "mastermind group". Hill expounds on the importance of having others who are aligned in word, deed and advisement with us on any project that we undertake. Hill further states that a separate and distinct mind is created in the assembly of such a group.

Create synergy in an area of life important to you. The power you call forth will be profound indeed.

Blues, from page 6

this time last year. Sluggish sales in Western Europe continue to hamper management's efforts to increase profitability and pose a serious problem for the company.

The moment when you first wake up in the morning is the most wonderful of the twenty-four hours. No matter how weary or dreary you may feel, you possess the certainty that, during the day that lies before you, absolutely anything may happen. And the fact that it practically always doesn't, matters not a jot. The possibility is always there. ~ Monica Baldwin ~

DISCOUNT DETECTIVES

OUR ANALYSTS SEARCH OUT THE BEST AVAILABLE DISCOUNTS ON THE MOST ATTRACTIVE CLOSED-END FUNDS. THESE MUTUAL FUNDS TRADE LIKE STOCKS BUT MAY SELL FOR PRICES EITHER HIGHER OR LOWER THAN THE MARKET VALUE OF THEIR HOLDINGS. AT SIGNIFICANT DISCOUNTS, THEY ARE VALUE OPPROTUNITIES.

FUND	NAV	PRICE	DISCOUNT
APF	15.76	18.51	14.86%
LAQ	34.20	38.77	11.97%
GCS	16.30	18.84	13.48%
NRI	19.22	23.19	17.12%
ISL	15.85	18.01	11.99%

MS Asia-Pacific Fund is currently heavily invested in Japan, but its broader mission includes investments throughout the region as widely flung as Australia, India, China, and Korea. The fund currently is selling at a sizeable discount to net asset value, and the fund also has a history of smart investment choices, providing solid returns over the long term, and enormous results last year. We believe this region holds great promise in coming years, and also provides the fund managers enough flexibility to move out of troubled markets if necessary. China, Japan, Korea, India, and Australia are all quite unique nations, and their markets are not likely to move in tandem, providing a useful opportunity to diversify. Thus, this fund may be diversified enough for investors who are concerned about putting all their eggs in one basket. Latin American Equity Fund also provides some diversification, albeit within a more homogenous region. The fund's largest holding, Petrobras, stands to gain from rising oil prices, and shares sell at a fair discount. For those with a stronger desire to invest in oil and commodity holdings, we'd steer you to the DWS Global Commodities Fund. Real estate holdings in general took a hit this month, as interest rate fears panicked the market. Closed end funds were no exception, and Neuberger Berman's Realty Income Fund wins the prize for highest discount. Finally, we would note the First Israel Fund's current discount. It provides a good buying opportunity for those interested in that market.

Dynamics, from page 4

periods also disappointed Wall Street, and the shares are selling lower. While the company believes revenues will begin to rise again by the 4th quarter, projections are somewhat unexciting in the near term. Yet some analysts continue to extol the virtues of the company's technological superiority. The company also introduced new technologies to control security for VOiP for cable systems, among other products.

Tempur-Pedic saw incremental increases in sales and earnings in the first quarter. Increased projections forecast earnings between $1.24 and $1.29 for the year. The company continues to launch new products (such as the CelebrityBed in the U.K., and the RhapsodyBed in the U.S.) and new markets (like Argentina, Bulgaria, Chile and Malaysia). The company continues to actively repurchase shares at the current low prices, and has even upped the cash dedicated to such endeavors. This shows confidence in the share value, and we share the optimism.

PriceLine stock has risen nicely since our last report. The company's results demonstrate why. While the GAAP results showed a loss, the pro forma earnings report represented a 25% increase. Gross travel bookings also ballooned by 47%, although total revenues were up only 3.7% for the quarter. The company is forecasting earnings of $1.60-1.70 for the year. Growth is particularly strong in Europe. We look for more good news in the future. While other analysts have been taking a wait-and-see approach to this stock, our readers have been buying all along, to their benefit. We believe opportunity remains.

Collegiate Pacific reported strong results for the 3rd quarter, with earnings up 50%, and sales up 120%, much of it from acquisitions,. This includes double-digit increases in BOO's older businesses.

L-3 Communications continues to grow by acquisition. The company bought German propulsion system maker Magnet-Motor, and consolidated Medical Education, a provider of surgical simulators, diversifying its areas of expertise. Britain's TRL Electronics, a radio and satellite communications producer, is also on the acquisition agenda, as is Crestview Aerospace, a Florida-based builder of aircraft assemblies. L-3's founder passed away in early June, and rumors are that the company might now be an acquisition target itself. LLL continues to book large contracts, including the supply of bomb-detection devices for Beijing's airport. Sales jumped 48% in the most recently, and L3 reports a solid order backlog. We rate the shares a sound buy, especially in light of defense spending growth.

Buffalo Wild Wings continues to impress with solidly higher earnings and sales. The company introduced new menus in the first quarter, and foresees continued revenue growth from some of the newly introduced menu items.

Research In Motion reported positive growth in earnings, and sales up 39%, but provided weaker forecasts for the coming period. Still, there are some who see stronger results. The company has recently developed plans to roll out its Blackberry devices in China, in a deal with China Mobile; with NTT DoCoMo in Japan; and with Etisalat to introduce it to the UAE. Also, shortly after settling one nuisance lawsuit for millions, the company has been hit by another, this filed by mobile email service Visto. We believe the new opportunities will overshadow the negatives in the long-term, and rate this stock a buy.

First Advantage Corp. reported increased revenues, but earnings dropped with accounting changes. FADV continues to buy smaller players in the fragmented industry. Recent purchases include Tokyo-based Brooke Consulting, a regional employment screening company, and Inquest, a similar firm in California. The CEO has suggested that the pace of acquisitions may slow and forecasted 8-10% growth for the year.

While we remain optimistic regarding future prospects for **Educate, Inc.** and **1-800-Flowers,** these companies' current circumstances do not meet the criteria for continued inclusion in our Dynamic Insurgents list. We have deleted them from our chart for the present, but will continue to monitor them for improvements and recovery. We are also dropping ChoicePoint from our index, to make room for stocks with greater promise.

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
Lincoln Educ. Svcs.	Q1	$0.11	$0.03	266.7%	Buy
Meritage Homes	Q1	$2.86	$0.86	232.6%	Buy Aggressively
Marathon Oil	Q1	$2.13	$0.93	129.0%	Buy Aggressively
America Movil	Q1	$0.52	$0.23	126.1%	Buy Aggressively
Turkcell	Q1	$0.10	$0.05	119.6%	Speculative Buy
Satyam Computer Service	Q4	$0.56	$0.28	100.0%	Buy Aggressively
Priceline	Q1	$0.19	$0.10	90.0%	Buy
eCollege	Q1	$0.05	$0.03	66.7%	Harvest
FirstFed Financial	Q1	$1.83	$1.10	66.4%	Buy Aggressively
Collegiate Pacific	Q3	$0.12	$0.08	50.0%	Hold Tightly
Asta Funding	Q2	$0.76	$0.51	49.0%	Buy Aggressively
Capital One	Q1	$2.86	$1.99	43.7%	Buy Aggressively
Buffalo Wild Wings	Q1	$0.40	$0.28	42.9%	Nibble
Cephalon	Q1	$0.87	$0.63	38.1%	Buy
Valero Energy	Q1	$1.32	$0.96	37.5%	Buy Aggressively
Bancolombia	Q1	$0.51	$0.38	36.8%	Buy Aggressively
L-3 Communications	Q1	$1.13	$0.86	31.4%	Buy
PetMed Express	Q4	$0.13	$0.10	30.0%	Nibble
Royal Banshares of Penn.	Q1	$0.41	$0.33	24.2%	Buy Aggressively
Home Depot	Q1	$0.70	$0.57	22.8%	Buy Aggressively
NetGear	Q1	$0.29	$0.24	20.8%	Buy
J2 Global	Q2	$0.24	$0.20	20.0%	Buy
Juniper Networks	Q1	$0.19	$0.16	18.8%	Buy
Digital River	Q1	$0.41	$0.35	17.1%	Buy
Medtronic	Q4	$0.62	$0.53	17.0%	Nibble
Standard Pacific	Q1	$1.38	$1.18	16.9%	Buy Aggressively
Constellation Brands	Q4	$0.46	$0.41	12.2%	Nibble
Harley Davidson	Q1	$0.86	$0.77	11.7%	Buy
Fortune Brands	Q1	$1.06	$0.95	11.6%	Buy
Tempur-Pedic	Q1	$0.30	$0.27	11.1%	Buy Aggressively
General Electric	Q1	$0.41	$0.37	10.8%	Hold Tightly
Bank of Nova Scotia	Q2	$0.89	$0.81	9.9%	Nibble
Marshall & Ilsley	Q1	$0.78	$0.71	9.9%	Buy
AFLAC	Q1	$0.72	$0.66	9.1%	Hold Tightly
Wal-Mart	Q1	$0.63	$0.58	8.6%	Nibble
Canon	Q1	$1.04	$0.98	6.1%	Buy
Village Super Market	Q3	$1.25	$1.18	5.9%	Buy
Unilever	Q1	$0.57	$0.54	5.6%	Hold
Pfizer	Q1	$0.56	$0.54	3.7%	Buy Aggressively
First Data	Q1	$0.48	$0.47	2.1%	Hold Loosely
AutoZone	Q3	$1.89	$1.87	1.1%	Nibble
Bank of America	Q1	$1.07	$1.07	0.0%	Hold Tightly
Alltel	Q1	$0.82	$0.87	-5.7%	Hold
Research In Motion	Q4	$0.65	$0.71	-8.5%	Buy
Fair, Isaac & Co.	Q2	$0.40	$0.45	-11.1%	Avoid
First Advantage	Q1	$0.22	$0.27	-18.5%	Inconclusive
Allied Capital	Q1	$0.70	$0.88	-20.5%	Buy
WiderThan	Q1	$0.17	$0.29	-41.4%	Buy Aggressively
IAC/Interactive	Q1	$0.14	$0.45	-68.9%	Nibble
Angiotech	Q1	$0.07	$0.23	-69.6%	Speculative Buy

BREAKTHROUGH STOCKS

LAST ISSUES STOCK PICKS THAT HAVE SHOWN OUTSTANDING SHORT TERM RESULTS.

Stock Symbol	Today's Price	Last Issue	Percent Increase	Current Recommendation
PCLN	$31.55	$24.50	28.8%	Buy
NTGR	$23.43	$19.00	23.3%	Buy
N	$61.56	$51.31	20.0%	Hold
VLGEA	$67.78	$59.00	14.9%	Buy
JCOM	$26.43	$23.56	12.2%	Buy

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The dogmas of the quiet past
are inadequate to the stormy present.
The occasion is piled high with difficulty,
and we must rise with the occasion.
As our case is new,
so we must think anew
and act anew.
~ Abraham Lincoln ~

DIVIDEND CHANGES

Stock	From	To	% Change
ALD	$0.59	$0.60	1.7%
MRO	$0.33	$0.40	21.2%
NZT	$0.74	$0.48	-35.9%
TKC	$0.24	$0.44	79.8%
VLO	$0.06	$0.08	33.3%
BNS	$0.36	$0.39	8.3%
MDT	$0.24	$0.27	12.5%

STOCK SPLITS

Record Date	Stock	Split
May 5, 2006	JCOM	2-for-1
May 25, 2006	UL	9-for-5