investor's
VALUE VIEW
august 7 2006

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

the danger of safety

Safety is one of the things people seek in life. Safety may be good, but it can dominate one's thoughts, becoming almost an obsession. It can become a primary goal for social life, parenting, neighborhoods, political decisions, and (especially) investing choices. Yet, safety is not always as easy to find as it may seem. And those things that appear safest may not be.

Benjamin Franklin was sound in his admonition to avoid seeking safety at all costs: "any society that would give up a little liberty to gain a little security will deserve neither and lose both." He saw the danger in sacrificing freedom for an elusive sense of peace and safety, when such perfect safety is never truly available in the real world. Yet, giving away freedoms can be very real. In reality, the greater "risk" is the certain loss of freedom that comes from letting safety be our only concern.

In investing, too, if we seek the wrong kind of safety, we may find ourselves taking unexpected risks. Many investors seek out risk-free, or extremely low-risk investments, but in doing so, they don't realize how much damage they can do to their financial situation, and how little they gain in safety.

First, it is important to understand that there is no such thing as a completely risk-free investment. In the academic world, we typically use U.S. Treasury bills as our proxy for "risk-free", but the reality is that even the U.S. government is fallible. Governments throughout history have defaulted on obligations, and even in recent history, the U.S. has seen defaults from major cities. More importantly, this desire for complete freedom from risk is often used by con-men to hoodwink the unwary. One of the most common scams in the investing world is selling worthless investments with promises of no risk. Any promise of a risk-less investment should be regarded with deep suspicion.

Moreover, avoiding all risks is not even a wise strategy. In avoiding opportunities that carry even a modest amount of risk, even risk that can be diversified away, we may set ourselves on a path toward devastation from inflation or depletion. A small amount of risk, at least, must be absorbed if we are to even keep up with inflation, and if we don't pursue at least that amount, our savings could be worth less than when we first saved it.

Some aspects of risk are irrelevant to those who diversify their portfolio. Other aspects of risk are largely irrelevant to those who have a long-term investment horizon. Yet, since these risks are not irrelevant to everyone, those who don't care about them will normally get higher returns by taking them on. For ex-

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A focus on career and life development issues for innovative professionals.

How to Really Get Things Done

Most people have a mental list of things that need to get done. Perhaps a project or a book that needs to be finished or time spent with the family. The fact of the matter is that "all there is to do is all there is to do." There are often great stories about why things aren't getting done.

People tend to fall into one of two categories when it comes to motivation. Some are *Move-Away-From* people, meaning that they tend to be motivated by avoidance of some perceived pain. Others are *Move-Toward* people, who typically move toward a goal because of perceived incentives. *Move-Away-From* personalities may be motivated to complete something due to penalties for incomplete projects. On the other hand, *Move-Toward* personalities may reach a goal by keeping in mind the "reward" at the end. Discovering the individuals' personality type may warrant some introspection, since there may be a *Move-Toward* attitude about some things and a *Move-Away-From* attitude about others.

The following outlines some powerful solutions for completing the things that haunt the lists of unrealized intentions.

Write out the list. Then find out how badly each item needs to be completed and how committed you are to its completion. The answers may be surprising. Some of the things listed may not be that important and they can be discarded.

Determine your attitude about each item. Once a determination has been made about being either *toward* or *away from* the item, pick either a reward or penalty for the things on your list.

For example, an *away-from* person wants to spend time with their family. They also enjoy watching sports during the week. This person may have a penalty of not watching any sporting events during the week if insufficient time is spent with their family. Or, consider that a *move-toward* person likes going out to dinner. They may reward themselves and their spouse with an extra special dinner out if a goal on their list is met.

The next important step is to create some accountability. People don't do as well when they're not accountable: accountability breeds responsibility and right action. Accountability may take the form of informing a co-worker or spouse about the goals and corresponding rewards or penalties. Their accountability partner may receive reports on progress at certain intervals throughout the week or month. This is a powerful motivator: when others hold one accountable for meeting goals.

With this simple structure, a list of tasks or activities to be completed can be transformed into a list of "things accomplished."

For those who have seen the Earth from space,
and for the hundreds and perhaps thousands more who will,
the experience most certainly changes your perspective.
The things that we share in our world
are far more valuable
than those which divide us.
~ Donald Williams ~

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ample, if your perspective is short-term, volatile holdings could cause you grief. However, if you are a long-term investor, you should seek, not avoid, volatility. Since short-term investors (who today make up an increasingly large percentage of the investing community) avoid those volatile holdings, they provide superior returns for the long-term oriented, more than they would have gotten elsewhere, at no real cost to them.

For any of this to work, we need to understand what is truly safe. Our analysis of safety is contingent upon our circumstances. What is safe for one person may not be safe for another. What is safe for one time in history may not be safe for another. Many people, for example, have been sold on the idea that bonds are safer than stocks. At one point in history, that was unquestionably true. During the first half of the 20th century, bonds could provide dependable income, virtually without risk. However, when inflation became a problem in the 1960's and especially the 1970's, bonds suddenly became the worst place to be. As risk from falling purchasing power began to hit the interest rate market, the imagined safety of bonds suddenly became a gamble on inflation. And since inflation was then highly unpredictable, many people left holding bonds lost money in their "safe" holdings. Meanwhile, those who had invested in stocks, while still hitting a brick wall initially, eventually went on to gain greatly during the late '70's, and especially during the 1980's. This is because the impact on stocks was short-lived, and represented a one-time adjustment, while bond valuations are completely tied up in interest rate movements, which themselves depend on inflation expectations. From here, we can learn that no investment is always perfectly safe.

If you have foresight into the future, it's easier to plan "perfectly" for your likely outcome, but no one's insight is perfect. This is why many portfolio managers may suggest a balanced portfolio of stocks, bonds, and cash, as well as perhaps some other holdings. This effort at asset allocation is designed to reduce the risk of an unknown future. Still, with interest rates near all-time lows, it is difficult to imagine rates going considerably lower. With rates rising, bonds would appear to be less attractive. Understanding the world we are investing in is crucial to smart allocations.

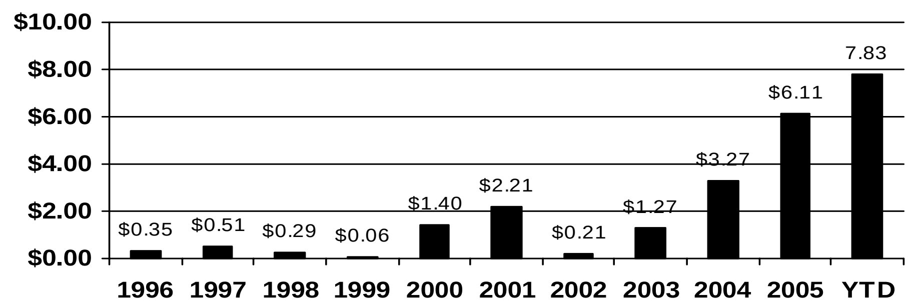
In the end, diversification is one of the most important tools to increase safety across the board. And there are many kinds of diversification. We can balance out risk by holding a variety of different types of investments, from a variety of different nations, in a variety of different industries. We can also seek to match them up in ideal mixes, as the academics would suggest, using a variety of technologies.

All this means that our strategies must be based somewhat on our expectations, and somewhat on our ability to understand safety and to use the proper techniques to achieve it. However, we always must understand that any effort to eliminate all risk is not only foolhardy, but utterly impossible. A relatively high degree of safety can be achieved by using the best practices of the investing world, but we also must know our limits. No one can achieve perfect safety, and efforts to do so are highly risky, and can only end in failure.

STOCK FOCUS -- Valero Energy (VLO)

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

Valero Energy is the nation's largest oil refiner, with 18 refineries and a pipeline. The company also operates nearly 5000 retail gasoline shops across the country, many added in the 2001 Diamond Shamrock acquisition. As the largest refiner, their actions directly affect oil prices. For example, when a refinery, such as the St. Charles in Louisiana, is closed for maintenance, or an emergency like the fire that hit it in May, this enormous powerhouse actually causes the oil price to rise nationwide. This, along with a power failure at another unit, hurt profits by an estimated $275 million in the quarter, but the company apparently didn't need the extra profits. The power this company wields makes up for it. VLO's Q2 earnings were up 95%, the best quarterly profit in the company's history, prompting it to raise its outlook for the rest of the year. In fact, the company anticipates even higher profits for Q3. Profit margins continue to grow and refining capacity remains tight in conjunction with strong fuel demand. In the equation that gives us rising oil prices, refining capacity is the bottleneck, and as a result, refiners stand to gain the most from rising prices. Further, due to the enormous monetary and time expenditure involved in building refineries, coupled with the strong NiMBy ("Not in My Backyard") response elicited anywhere they try to build, it appears unlikely that any new refineries will be built in the near future. We expect this formula will continue to work for the remainder of the decade. We're buying Valero Energy for the moment, and believe the outlook here will remain strong despite volatility in the price of oil.



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	18.41	15.83	-14.01%
GCS	19.27	16.44	-14.69%
MXE	21.92	19.08	-12.96%
SWZ	19.49	17.15	-12.01%
MSF	26.26	23.33	-11.16%

The Morgan Stanley Asia-Pacific Fund (APF), weighted toward the large Japanese market, makes a steady choice at a good price. These markets are strong, and will be somewhat less affected by weakness in the U.S. We continue to like the DWS Global Commodities Fund (GCS) for long-term value. The fund's heavy investments in oil and mining stocks provide a valuable piece of any diversified portfolio, yet allow the holders to avoid the risk of holding single stocks. Plus, the discount is sizeable. The Mexico Equity and Income Fund (MXE), similarly offers a bargain, probably due to election instability in that nation. While we have some concerns about politics south of the border, we do believe the growth in that nation will, over time, reduce concerns about instability. Further, the stocks in the portfolio, such as Wal-Mart de Mexico and America Movil, represent outstanding growth leaders. The Swiss Helvetia Fund (SWZ) offers a great buy on a stable, blue-chip economy. The Morgan Stanley Emerging Markets Fund (MSF) also offers a great buy on a broad-based portfolio. The fund's largest holdings seem to be in Latin America and Eastern Europe/Russia. The diversified fund, with holdings ranging from oil and mining to telecom and electronics, has performed well in recent years, and provides solid growth potential for the coming years. We continue to believe that emerging markets hold great potential in the coming periods.

When people talk, listen completely.
Most people never listen.
~ Ernest Hemmingway ~

The more elaborate
our means of communication,
the less we communicate.
~ Joseph Priestley ~

Self-expression must pass
into communication for its fulfillment.
~ Pearl S. Buck ~

Glossary of Terms

Buy Aggressively	*The best buys at the best prices. Does not indicate momentum*
Buy	*Also a good by. 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.

America Movil's earnings for the 2nd quarter came in higher again, as subscriber growth has been skyrocketing in markets like Colombia. The result is that the company is paying down debt quickly. Some uncertainty hangs over the shares as the protests regarding Mexico's elections linger, but we believe this will be little more than a quick distraction. The real story is the company's continuing record of growth despite obstacles, and we continue to find the shares attractive.

Buffalo Wild Wings reported solidly higher earnings, and solid same-store sales growth, but the stock was pummeled because results were slightly below analysts estimates. We still believe the stock is promising, and are not ready to back away from our recommendation, but we remind investors that these shares are priced for near perfection, and risk from further disappointments could be sizeable.

Tempur-Pedic's earnings came in slightly ahead of estimates, and boosted the forecasts for the year. Shares rose on the news, but we continue to find the valuation attractive.

Apollo Group is appealing to stall a NASDAQ delisting threat, after failing to file its May quarterly report on Form 10-Q on time. The report is apparently delayed due to some stock-option grants that have been questioned. The case is related to the spate of recent SEC actions against companies for backdating of options, and the SEC investigation of Apollo was spawned by requests from dissident shareholders. The company denies the charges, but has hired an outside firm to do an investigation as verification. Despite the uncertainty surrounding the official filing, the company did issue a report for the quarter, showing flat earnings on slightly higher revenues. The company's recent report also shows declining enrollment at its bachelors and masters degree programs, cause for concern, but this decline is offset by solid growth in the associates degree programs. While recent news is anything but positive, we remain attracted to the company's business model, and believe this stock price weakness to be a buying opportunity for long-term growth.

Aspreva Pharmaceuticals produces CellCept to prevent organ transplant rejection. The company's sole drug, currently marketed by Roche, is doing extremely well, and earnings (from royalties) are growing fast as a result. The company is also investing heavily in R&D with their cash accumulation, to avoid too much dependence on their one big product. Three new applications for the drug are anticipated in 2007. The shares are very affordable at current prices, and we believe they represent an incredible buy for those willing to assume some risk

Cephalon's test for its cancer pain treatment drug, FENTORA, went well, and an approvable letter from the FDA was the result. Yet, certain conditions remain for final approval, so risk remains. Its Vivitrol drug has also been approved to treat alcohol dependence. On the downside, the company reported that its children's partial seizure drug, Gabitril, failed in a recent text for general anxiety usage. This disappointment will limit the drug's profit potential, and caused the shares to drop. And its second highest profit drug, Actiq, is due to end patent protection no later than 2007; Barr Labs has already filed for a generic form. Cephalon remains hopeful for its Sparlon ADHD drug trials in late August, since a lot is riding on it. Nuvigil, its upgrade for its blockbuster Provigil narcolepsy drug, is also awaiting approval. Purely on the basis of earnings, the shares look quite attractive. However, there is a fair amount of regulatory risk right now, as FDA approvals can make or break this company this year. But management remains optimistic, at least for the short run, based partly on the outstanding results for the current quarter.

WiderThan shares have been beaten up by news of a patent infringement suit filed by TeleCommunications Systems, Inc., a small wireless network deployment firm. The company claims that the suit has no merit, and plans to defend itself "vigorously". Should the suit reach a positive outcome, these shares ought to recover nicely.

PetMed Express reported earnings solidly higher, on modest revenue growth. Earnings beat expectations, while revenues trailed. The company has begun to emphasize retail customers over wholesale in their new business model. Based on these results and the stock's recent weakness, we believe these shares are an outstanding value at current prices.

South Africa's Net 1 UEPS Technologies joins our Dynamic list this issue. The innovative company provides smart cards for the unbanked in the developing world. This technology allows the poor and others in nations that cannot easily use checking accounts or credit cards to enter into transactions even in remote locations without the need to dangerously carry large amounts of cash. The company's technologies have also been used to manage pensions, help manage the distribution of AIDS medication, identify voters, transfer money internationally, and handle burial insurance policies. They also have begun providing a "loan registration" product, which will be of immense value to micro-lenders. Its wide adoption in South Africa has led to efforts to expand to nearby markets such as the recent introduction to Botswana and Nigeria, where up to 90% of the 140 million people are unbanked. Some believe that the technology is ideal for use throughout the developing world. Net 1 UEPS recently completed the acquisition of Prism Holdings, a firm that specializes in security of online transactions and cryptography. The recent share price drop makes these shares immensely attractive.

Research In Motion has announced plans to introduce its popular Blackberry mobile comm. device into Taiwan. Concerns about competition from Motorola's competing Q device have weighed on the stock lately. Nokia and Samsung also have new entries. The company insists that future results will be strong as their new combined technologies will lead to increased sales. First quarter revenues grew 35%, mostly on burgeoning handheld sales, but earnings were up only slightly, due to expanding R&D expense and costs related to the finalization of litigation.

NetGear reported strong earnings for the 2nd quarter, resulting from strong sales of RangeMax wireless routers, and broadband gateways. The company also anticipates strong back-to-school sales, and we look toward further growth in coming years. The company also announced plans to acquire SkipJam, a maker of home entertainment and control multimedia software. We rate these shares a buy.

Juniper Networks reported a 15% increase in revenues, but final determination of earnings results is pending an investigation into stock option dating. Management did, however, offer disappointing projections for the two upcoming quarters, and the movement in the stock price reflects that negative outlook. Still, the company apparently feels its shares are undervalued, as it has authorized a $1 billion share buyback. The company recently sold their proxy networks software line to a private company, and announced an

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
America Movil	AMX	$35.58	$2.04	17.4	20%	Buy Aggressively
Apollo Group	APOL	$45.18	$2.53	17.9	19%	Buy
Aspreva Pharm.	ASPV	$23.54	$2.80	8.4	18%	Speculative Buy
Buffalo Wild Wings	BWLD	$31.92	$1.28	24.9	24%	Buy
Cephalon	CEPH	$65.90	$3.72	17.7	20%	Buy Aggressively
Collegiate Pacific	BOO	$9.21	$0.30	30.7	24%	Hold Tightly
Digital River	DRIV	$44.03	$1.56	28.2	25%	Buy
eCollege.com	ECLG	$20.73	$0.28	74.0	25%	Harvest
First Advantage	FADV	$19.41	$1.10	17.6	28%	Nibble
J-2 Global Commun.	JCOM	$25.51	$0.97	26.3	24%	Buy
Juniper Networks	JNPR	$13.23	$0.75	17.6	21%	Buy
Landec Corp.	LNDC	$9.45	$0.32	29.5	40%	Speculative Buy
Lincoln Educ Svcs	LINC	$18.24	$0.87	21.0	18%	Buy
Net 1 Ueps Tech	UEPS	$22.04	$0.91	24.2	18%	Speculative Buy
NetGear Inc.	NTGR	$19.19	$1.10	17.4	19%	Buy Aggressively
PetMed Express	PETS	$11.07	$0.55	20.1	21%	Buy Aggressively
Priceline.com	PCLN	$25.91	$1.44	18.0	22%	Buy Aggressively
Research In Motion	RIMM	$64.36	$1.97	32.7	23%	Buy
Tempur-Pedic	TPX	$14.50	$1.15	12.6	18%	Buy Aggressively
WiderThan Co., Ltd.	WTHN	$8.90	$0.56	15.9	25%	Buy Aggressively

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.

Our breakthrough stock this issue is **Valero Energy.** Please refer to *Stock Focus* on page 2 for more information on this exciting opportunity.

New this newsletter is **ICICI Bank**. IBN provides banking products and financial services to corporate and retail customers primarily in India and offers a range of products and services in commercial banking, investment banking, and insurance. Despite recent interest rate hikes in India we are comfortable with the above-average growth potential for the Indian economy over the next several years. Boosted by higher net interest income, IBN recently reported Q1 earnings rose 17% year-over-year. Bank deposits rose by 61% - a sign that India's economy is strengthening.

Navistar reiterated its 2006 earnings guidance of $5.38 compared to Wall Street's expectations of $5.32. NAV has also received a six-month extension from the NYSE to complete and file its 2005 annual report. NAV has reported that it expects to file all of its restated and delayed filings (as far back as 2002) by Jan. 16, 2007. We will continue to be patient with shares of NAV, as there is high upside potential.

This issue we introduce **Companhia de Saneamento Básico do Estado de São Paulo**, (SABESP; stock symbol: SBS). The largest water and sewage utility company in the Americas and the third largest in the world, SBS also supplies water on a wholesale basis to nearly 23 million people in 6 municipalities in the Sao Paulo Metropolitan Region. First quarter earnings were up 117 % year-over-year triggered by 16.4% gross revenue growth and the appreciation of Brazils Real currency. SBS has shown a consistent history of revenue and earnings growth. We feel comfortable about the future due to the healthy growth of the Brazilian economy and its subsequent waste management and water needs.

Another new recommendation is **Grey Wolf** which provides onshore contract drilling services to the oil and gas industry. Headquartered in Houston, GW has operations primarily in Gulf Coast and Rocky Mountain states. The company operates a drilling fleet of 115 rigs. GW reported Q2 earnings of $0.25 compared to $0.12 year-over-year, its third straight record quarter. With another unpredictable hurricane season looming, natural gas prices are rising, positioning GW for more record earnings.

Allied Capital announced a dividend increase to $0.61, representing its 172 consecutive dividend increase. We continue to recommend ALD.

Angiotech Pharmaceuticals recently completed the acquisition of Quill, a cosmetic medical company that produces Contour Threads, a special medical suture. An estimated 280 million sutures are used annually. Worldwide, suture-based wound closures total approximately $2 billion. Contour Thread sutures self-anchor without suture knots, thereby minimizing the risk of infection and reducing wound leakage. ANGI has also announced the appointment of Jeffrey P. Walker as Senior VP of Research and Development. We continue to hold on to these shares.

Asta Funding continues to perform solidly. ASFI's recent slide from its 52 week highs now provide us with more opportunities to purchase shares. ASFI has also been included in the highest ranked tier of the NASDAQ marketplace listing standards. This is indicative of Asta's financial performance, transparency, and high standard of corporate governance.

Bancolombia and **Telecom Corp. of New Zealand** continue to look attractive.

Due to higher net interest income, lower provisions for loan losses, and a gain on the sale of loans, **FirstFed Financial** saw Q2 earnings jump 48%. This steady and reliable business will remain a Buy Aggressively pick.

Meritage Homes' Q2 earnings rose 38% on strong growth in home closings and revenue that beat expectations by a sizable margin. Sales orders fell 28% and MTH has issued warnings of challenging conditions for the rest of the year. We still favor MTH because of its solid balance sheet and its relative value. We feel the market has over-reacted to the housing slowdown and unfairly hammered this stock. Despite housing slow-downs and higher interest rates, there are still earnings left to be squeezed from home builders.

Royal Bancshares of Pennsylvania released Q2 earnings down $0.20 to $0.36. For the second quarter of 2006, interest income was $22.7 million compared to $19.3 million year-over-year -- the result of growth in average loan balances along with higher interest earned as a result of Federal Reserve rate hikes during the period. We will hold tight with RBPAA shares.

Satyam Computer Service is becoming more visible to professional money managers as more analysts initiate coverage on this Indian IT-consulting stock. The company raised its outlook for the year, and now expects revenues around $1.38 billion. Export-focused Indian software companies have gained from a 3.1 percent fall in the Rupee against the Dollar during Q2. Satyam expects to raise salaries by 18% but a strong export market will help push profit margins up. India's software services and back-office industry, which earns 90% of its revenue from overseas clients, expects exports to rise 27-30% to $29-31 billion this year.

Turkish mobile telecommunications company **Turkcell** announced that CEO Muzaffer Akpinar resigned but will continue as a Director on the Board. TKC will appoint a new CEO at its next meeting. Shares have yet to rebound from last quarter but TKC has all the ingredients of a winner. Insider ownership at the company is a robust 21%; sales and earnings growth are 34% and 97% respectively over the past 12 months; and TKC exhibits high margins and return on equity. Our holdings will remain firm with TKC.

Village Super Market reported Q3 earnings up a modest 6% year-over-year. Sales were $244,873 and total sales and same store sales both increased 3.3%. The recently remodeled Springfield and Bernardsville stores contributed to the same store sales increase.

Telefonos de Mexico reported Q2 earnings rose 3% to $619 million. Internet sales jumped 16.2%, its fastest growing business unit. This advance was offset by lower international long-distance revenues. TMX is attempting to add a new revenue source with its launch of Internet Box, a bare bones, virus-proof desktop computer, selling for less than $500. Their main target is people new to the internet. TMX has captured over 2 million internet clients in Mexicoand expects to sell 3 million Internet Boxes this year.

Temecula Valley Bancorp of California, operates as a holding company for Temecula Valley Bank, which provides banking services to customers in the Riverside and San Diego Counties. TMCV has recently recorded record Q2 earning up 15% and saw its assets top over $1 billion for the first time. There is plenty of growth opportunity in the years ahead for this solid, consistent bank.

Down from its 52-week highs of $22 reached last May, Indian automaker **Tata Motors** presents a good buying opportunity. TTM reported Q1 earnings that rose 40% year-over-year on strong sales and reduced costs. This is an attractive price to jump

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Allied Capital Corp.	ALD	$28.54	$4.12	6.9	10.00%	8.5%	Buy
Angiotech Pharm.	ANPI	$11.87	$0.91	13.0	16.00%	0.0%	Speculative Buy
Asta Funding	ASFI	$34.22	$2.61	13.1	15.00%	0.5%	Buy Aggressively
Bancolombia	CIB	$27.11	$2.28	11.9	15.00%	2.6%	Buy Aggressively
Companhia Sanea	SBS	$24.79	$4.25	5.8	8.00%	1.8%	Buy
FirstFed Financial	FED	$56.88	$6.80	8.4	14.00%	0.0%	Buy Aggressively
Grey Wolf	GW	$7.64	$0.80	9.5	15.00%	0.0%	Buy Aggressively
ICICI Bank	IBN	$26.55	$1.30	20.4	17.00%	1.4%	Buy
Meritage Homes	MTH	$39.20	$11.61	3.4	11.00%	0.0%	Speculative Buy
Navistar	NAV	$21.95	$3.79	5.8	13.00%	0.0%	Speculative Buy
Royal Banc of Penn.	RBPAA	$25.56	$2.36	10.8	14.00%	4.3%	Buy
Satyam	SAY	$35.31	$1.64	21.5	22.00%	0.0%	Buy Aggressively
Tata Motors	TTM	$16.31	$0.87	18.7	20.00%	1.7%	Buy
Technical Olympic	TOA	$12.04	$4.09	2.9	10.00%	0.5%	Speculative Buy
Telecom Corp N Z	NZT	$20.79	$2.55	8.2	10.00%	9.1%	Buy For Income
Telefonos de Mexico	TMX	$24.07	$2.41	10.0	12.00%	3.0%	Buy Aggressively
Temecula Valley	TMCV	$22.90	$1.62	14.1	14.00%	0.0%	Buy
Turkcell	TKC	$11.26	$1.48	7.6	13.00%	3.3%	Speculative Buy
Valero Energy	VLO	$67.19	$7.83	8.6	11.00%	0.5%	Buy Aggressively
Village Super Market	VLGEA	$61.99	$5.01	12.4	10.00%	1.6%	Buy

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.

Abercrombie & Fitch is a new addition to the True Blues. Based in New Albany, Ohio, ANF is a leading clothing and accessories retailer that caters to young adults. Known for its creative marketing campaigns, the company has experienced steady sales and earnings growth and is financially sound. In addition to Abercrombie & Fitch, its flagship store concept, the company also operates Hollister and Ruehl. Activity reports recently indicate that sales and same-store sales both rose by a healthy margin earlier in the summer. This has observers looking forward to the company's next earnings release in late August.

A healthy rise in domestic premium income helped **AFLAC**, the supplementary insurance provider, to better-than-expected earnings in Q2. The company also highlighted a rise in revenue and moderate investment gains in its reports. Management recently asserted that it expects to meet all of its annual earnings targets despite slower sales growth in Japan. AFLAC remains on a path of sustained growth and profitability.

Alltel's spin-off of its landline operations was recently completed as scheduled. Management announced plans to reduce debt significantly and begin an aggressive share buy back program with the added flexibility and cash flow that restructuring has given them.

A sharp increase in profit in both consumer and small business units helped **Bank of America** report earnings increases for the latest period. Net income, which surpassed Wall Street expectations, also inched upwards due to marginal profit increases in global wealth management and corporate banking. Despite an increase in interest rates and other worries, all of the company's units remain healthy. Another clear indication of the company's underlying financial strength was its recent decision to boost quarterly dividends.

The continued growth of Latin America has prompted **Bank of Nova Scotia** to expand its portfolio in that region. The Canadian company's most recent acquisition is Banco Interfin of Costa Rica. With this purchase, the bank now has a leadership position in that growing market

Biomet's reported net income fell slightly during the fourth quarter due to one-time restructuring and compensation costs. However, management reported healthy sales growth domestically and overseas; sales of knee implants were particularly brisk. With an increase in revenue and operating income, the company should be able to meet analysts' expectations through the remainder of the year. Wall Street's immediate response to a Department of Justice investigation of Biomet and all of its major competitors was negative, although it is unclear what the specific objective of the probe is. This will remain a topic of interest for the months to come.

Fujio Mitarai, the executive widely recognized for transforming **Canon** into a global leader has stepped down. Under Mitarai, the company began reducing costs and debt while investing heavily in high-end products. His replacement, who previously served as the head of the flat-screen television unit, will likely continue that strategy. The first earnings report issued after the change in leadership was positive. Sales and profit rose strongly and bested analysts' expectations by a considerable margin. Sale of digital cameras and camcorders rose while that of copiers remained flat. Management has raised its outlook for the remainder of the year because of the surprisingly aggressive rise in international sales and an improvement in gross margin across most product lines.

Capital One's latest earnings report failed to meet analysts' expectations. Profit rose overall by four percent despite a fall in earnings per share due to an increase in the number of shares outstanding. Lower fees in its credit card unit were primarily responsible for the sluggish rise in income and revenue. This decline was facilitated by the recent increases in interest rates.

An increase in sales of imported beer and wine helped boost **Constellations Brands**' first quarter revenue and profit. Consumer trend analysts' forecast continued growth in both market segments which should greatly benefit this stock. The company is poised for long-term growth after its acquisition of Vincor. Management has announced an aggressive integration plan that will reduce costs at Vincor operations worldwide. Not surprisingly, management and observer's earnings expectations for the remainder of the year have been raised.

DRS Technologies is another new addition. The company is a leading manufacturer and distributor of integrated electronic systems to military clients. Their products are used in a variety of systems including intelligence, reconnaissance and combat. Based in New Jersey, the company also sells products and services to corporate clients and operates in Canada and England in addition to the US. DRS Technologies has experienced consistent growth over time and is poised for continue success.

Fair, Isaac & Co. recently released a negative earnings report. Income fell for the period and missed analysts' expected targets. Compensation costs contributed heavily to the decline in profit. Sales for decision-software declined while sales of credit-scoring systems rose. Overall, revenue rose for the quarter. In order to promote stronger sales growth moving forward, management launched a comprehensive cost reduction program. The initiative will include a reduction in staff and a closer alignment of consultants with the sales staff. The outcome of this plan will be important to the company.

Management at **First Data** continues to rebalance its corporate portfolio. The company is continuing its efforts to spin-off Western Union and has agreed to purchase two smaller firms. GZS, which is based in Germany, is a growing network solutions provider in Western Europe. Peace Software develops software used in utility management and customer service. Both fields hold promise worldwide. The latest quarterly reports showed the good sales and income growth over last year.

An increase in sales of Moen Faucets, Master Lock, Titleist Golf Balls and a variety of other diverse products fueled a strong second quarter for **Fortune Brands**. The holding company saw its revenue and income rise and exceed analysts' expectations. Despite higher commodity prices and soft construction activity, management feels confident it will meet its annual financial goals. Management also announced an increase in dividends

General Electric's most recent quarterly financial statements showed an increase in income and revenue. The rise was attributed to a sharp increase in

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Abercrombie & Fitch	ANF	$52.50	$3.82	13.7	15%	1.3%	Buy
AFLAC	AFL	$43.40	$2.57	16.9	15%	1.2%	Buy
Alltel	AT	$55.22	$3.37	16.4	11%	2.8%	Hold
AutoZone	AZO	$87.96	$7.37	11.9	13%	0.0%	Nibble
Bank of America	BAC	$51.83	$4.10	12.6	11%	4.3%	Hold Tightly
Bank of Nova Scotia	BNS	$40.68	$2.67	15.2	10%	3.8%	Hold Tightly
Biomet	BMET	$34.23	$1.77	19.3	18%	0.6%	Buy
Canon	CAJ	$71.39	$4.10	17.4	16%	0.8%	Hold Tightly
Capital One	COF	$79.10	$7.40	10.7	15%	0.1%	Buy
Constellation Brands	STZ	$24.85	$1.60	15.5	15%	0.0%	Buy
CRH	CRH	$33.47	$2.12	15.8	12%	0.9%	Hold Tightly
DRS Technologies	DRS	$46.92	$2.67	17.6	14%	0.3%	Buy
Fair, Isaac & Co.	FIC	$34.47	$1.74	19.8	18%	0.2%	Avoid
First Data Corp.	FDC	$40.79	$2.12	19.2	14%	0.2%	Hold Loosely
Fortune Brands	FO	$72.90	$5.60	13.0	13%	2.1%	Buy Aggressively
General Electric	GE	$32.66	$1.91	17.1	14%	2.5%	Hold Tightly
Harley Davidson	HDI	$57.05	$3.47	16.4	15%	1.1%	Hold Tightly
Home Depot	HD	$34.06	$2.84	12.0	13%	1.8%	Buy Aggressively
Lennar	LEN	$45.09	$9.18	4.9	12%	1.2%	Nibble
L-3 Communications	LLL	$72.32	$3.87	18.7	14%	1.0%	Buy
Marshall & Ilsley	MI	$46.82	$3.12	15.0	10%	1.1%	Buy
Medtronic	MDT	$50.89	$2.30	22.1	15%	0.9%	Nibble
Pfizer	PFE	$25.51	$2.15	11.9	15%	3.0%	Buy Aggressively
UniLever PLC	UL	$24.18	$1.57	15.4	11%	2.9%	Hold
Wal-Mart	WMT	$44.19	$2.75	16.1	10%	1.4%	Buy

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outsourcing deal with Flextronics. The company's equipment lines remain among the most popular in the industry, but shares have been in a determined downtrend recently. While we are optimistic about the future, we can't see clearly when the company will finally make its upturn. Still, it's difficult to imagine Juniper selling at a far better valuation.

J2 Global shares fell recently on news of a lawsuit from Venali, alleging price fixing between J2 and competitor Catch Curve, for their internet faxing services. The suit also claims that J2 has filed patents that infringe on the rights of other competitors. Naturally, management will deny the accusations.

First Advantage Corp. acquired Refsure Worldwide, an international background screening firm. The company also reported solidly higher earnings and revenues for the 2nd quarter, which resulted from improved margins. Despite the apparent good news, we remain uncertain about these shares.

Digital River shares rose on higher 2nd quarter results. Talk of an upcoming deal with Microsoft also boosted optimism.

Collegiate Pacific inked a product-development deal with Hall of Famer Nolan Ryan. The star athlete will work with the company to develop new baseball products, along the lines of his pitching machines, for the institutional market.

While we maintain some interest in Mobile Telesystems OJSC, political uncertainty in Russia, and more recently in the Ukraine, are weighing on results, and we're not optimistic about the outcome. Therefore, we have decided to delete the stock from our listings for the present, at least until the situation becomes more clear.

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into shares of TTM.

Our final new recommendation this newsletter is **Technical Olympic**, a homebuilder operating in Florida, Texas, the mid-Atlantic, and the western U.S. TOA markets its properties primarily under the brand names Engle Homes, Newmark Homes, Trophy Homes, and Transeastern Homes to first-time homebuyers and move-up homebuyers.

Scott Pearson to Lead Student Fund

Washington College, in Chestertown, Maryland, recently received a sizeable donation to begin a student-run investment fund. One of only 135 such funds in the nation, the program is designed to help college students learn about the investment world through the experience of putting their ideas into action. Jim Price, former partner and managing director of Alex. Brown and a Trustee Emeritus of Washington College, and his wife Midge donated the first $500,000 to the College to establish the Alex. Brown Student Investment Program. For more information on the fund, see http://news.washcoll.edu/press_releases/2006/03/06_priceinvestment.html.

After a national search, the school invited Scott Pearson of Investor's Value View to join the faculty to set up and supervise the new million dollar fund for the students, one of the largest among small liberal arts colleges. He has agreed to accept the role, and will also develop other investment-related courses designed to aid student participation in the fund.

Honored by the offer of this exciting po-

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sales growth overseas and the continued health of the consumer finance unit. NBC, GE's television network subsidiary, performed weakly during the period. Despite this issue, management feels confident in its outlook for the rest of the year. GE transportation was recently awarded several contracts by major airlines including Emirate Airline. Increase demand for air travel worldwide has positioned this unit very well for long-term growth.

Strong sales of both motorcycles and individual parts overseas helped **Harley-Davidson** post record revenue and profit for the latest quarter. Domestic sales rose by an unexpected margin despite many analysts' predictions to the contrary. Management has reaffirmed sales outlooks for the rest of the fiscal year and suggested that it may increase dividends or repurchase stock later this summer. The company's successful launch of sales operations in China has raised the possibility of a similar attempt in India. Many of the company's newest models are particularly well-suited for continued overseas expansion.

A sluggish outlook for new home sales has prompted **Lennar**, a Miami-based homebuilder, to cut its earnings forecast for the remainder of the year. This announcement was made not long after the company released strong quarterly financial statements. New home sales rose as did average selling price. This combination led to a healthy increase in revenue and net income. Lennar has performed more strongly than its industry peers because of its ability to restrain costs and compete in growing markets like South Florida. These characteristics, along with demographic trends, will likely lead to continued success in the future despite consumer fears and the revised annual outlook.

L-3 Communications is a new addition to the True Blues; it was previously a part of Dynamic Insurgents. The company, which is based in New York City, is one of the leading defense contractors in the United States. In the past months, it has been awarded several important military contracts, including one by the Norwegian Air Force. The company has experienced some difficulties of late. Its co-founder, CEO and Chairman, Frank Lanza, died unexpectedly earlier this summer. The board of directors, which had no succession plan in place, is taking its time to name a permanent replacement. The company's latest earnings report was hampered by one-time litigation costs. Excluding this item, income rose moderately from last year.

Medtronic has had several products approved for sale recently which hold promise for the medical device maker. Cardiac products were approved in Japan and China where demand for such devices is on the rise. The FDA recently approved Guardian, a product that improves the monitoring of glucose levels in the blood more efficiently than existing monitors currently on the market. Management increased the quarterly dividend recently.

Marshall & Ilsley, the bank holding company based in Milwaukee, issued a strong quarterly earnings report recently. Revenue rose for the period along with net income. Although earnings per share (EPS) remained flat given an increase in shares outstanding, the reported figure exceeded analyst's expectations. A rise in interest income and fees from mortgage banking and asset management contributed to this outcome. Management announced plans earlier this summer to acquire a pair of companies. M&I will buy a Missouri bank with a notable presence in the St. Louis area and a software firm that sells corporate payment processing systems. These acquisitions position the company well strategically.

Many analysts' expected a decrease in Lipitor revenue during the second quarter. Fortunately for the **Pfizer**, sales of the cholesterol drug actually rose by a healthy margin during the period. That increase led to higher profit overall for the quarter. Lipitor's main competitor in the market, Zocor, had relatively flat sales during the same time frame. Like all pharmaceutical makers, the company's long-term future depends heavily on product innovation. The company recently began selling a product to help customers stop smoking. Other new products hold promise as well. One highly anticipated product, Exubera, has had some problems that the company hopes to resolve quickly. Doing so would be beneficial given the financial importance management and observer's have placed on it.

Unilever will soon unveil Sunsilk on the aisles of retailers in North America. Despite the lack of awareness of this hair care products brand among consumers in the United States and Canada, Sunsilk is the market leader in Asia, the Middle East and parts of Latin America. Sales of the brand, which is sold in eighty countries worldwide, surpassed one billions dollars last year. Some of the products sold under the Sunsilk line that will be sold in the United States will cater specifically to Latino consumers. Management hopes that diversifying its product portfolio in North America will stimulate sales growth.

Activity reports from June indicate that same-store sales rose in **Wal-Mart** stores by a marginal amount that fell short of observers' targets. High gasoline prices, rising interest rates and consumer worries all contributed to this result. Despite these issues, management has reaffirmed its outlook for the remainder of the year. In its reports, management also highlighted improvements in inventory and supply chain management that are helping the company to maintain its pricing advantage over competitors. Management has also begun an initiative to reduce its energy use and output of solid waste. If successful, both plans would help the company's operations and public image, particularly in Canada and Europe. Investors should be encouraged by this and by a healthy increase in sales overseas. The success of the company in China has led to some speculation that the company might enter the Indian market via a joint venture. This is an opportunity that must be followed in the coming months. Despite success in Asia, the company recently announced plans to leave Germany where it was unable to meet customer's tastes.

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 Education	Q2	$0.05	$0.00	n/a	Buy
Aspreva Pharmaceut.	Q2	$0.78	$0.03	2500.0%	Speculative Buy
Cephalon	Q2	$1.46	$0.69	111.6%	Buy Aggressively
Grey Wolf	Q2	$0.25	$0.12	108.3%	Buy Aggressively
Technical Olympic	Q1	$0.89	$0.45	97.8%	Speculative Buy
Valero Energy	Q1	$2.98	$1.53	94.8%	Buy Aggressively
Satyam Computer Se	Q1	$0.47	$0.30	56.7%	Buy Aggressively
FirstFed Financial	Q2	$1.92	$1.29	48.8%	Buy Aggressively
Digital River	Q2	$0.41	$0.29	41.4%	Buy
Landec	Q4	$0.24	$0.17	41.2%	Buy
Meritage Homes	Q2	$2.82	$2.05	37.6%	Speculative Buy
Lennar	Q2	$2.00	$1.48	35.1%	Nibble
PetMed Express	Q2	$0.20	$0.15	33.3%	Buy Aggressively
America Movil	Q2	$0.54	$0.41	31.7%	Buy Aggressively
Buffalo Wild Wings	Q2	$0.28	$0.22	27.3%	Buy
Fortune Brands	Q2	$1.55	$1.22	27.0%	Buy Aggressively
First Advantage	Q2	$0.29	$0.23	26.1%	Nibble
Canon	Q2	$1.04	$0.83	25.3%	Hold Tightly
Tempur-Pedic	Q2	$0.30	$0.24	25.0%	Buy Aggressively
AFLAC	Q2	$0.81	$0.66	22.7%	Buy
NetGear	Q2	$0.30	$0.25	20.0%	Buy Aggressively
ICICI Bank	Q1	$0.33	$0.28	17.4%	Buy
Constellation Brands	Q1	$0.36	$0.31	16.1%	Buy
Temecula Valley	Q2	$0.47	$0.41	14.6%	Buy
Royal Bc. of Penn.	Q2	$0.36	$0.32	12.5%	Buy
Biomet	Q4	$0.46	$0.41	12.2%	Buy
Pfizer	Q2	$0.50	$0.45	11.1%	Buy Aggressively
First Data	Q2	$0.55	$0.50	10.0%	Hold Loosely
Harley Davidson	Q2	$0.91	$0.84	8.3%	Hold Tightly
General Electric	Q2	$0.47	$0.44	6.8%	Hold Tightly
Bank of America	Q2	$1.19	$1.14	4.4%	Hold Tightly
L-3 Communications	Q2	$1.03	$0.99	4.0%	Buy
Research In Motion	Q1	$0.68	$0.67	1.5%	Buy
Marshall & Ilsley	Q2	$0.79	$0.79	0.0%	Buy
Apollo Group	Q3	$0.77	$0.77	0.0%	Buy
Fair, Isaac & Co.	Q3	$0.50	$0.53	-5.7%	Avoid
Capital One	Q2	$1.78	$2.03	-12.3%	Buy
Allied Capital	Q2	$0.24	$2.29	-89.5%	Buy

Breakthrough Stocks

Stock Symbol	Last Issue	Today's Price	Percent Increase	Current Recommendation
TMX	$19.21	$24.35	26.76%	Buy Aggressively
SAY	$28.69	$35.74	24.57%	Buy Aggressively
DRIV	$38.99	$45.82	17.52%	Buy Aggressively
MRO	$74.40	$86.65	16.47%	Hold Tightly
HDI	$49.30	$57.26	16.15%	Buy
VLO	$58.62	$67.45	15.06%	Buy Aggressively
CEPH	$57.40	$65.55	14.20%	Buy Aggressively
LNDC	$8.45	$9.56	13.14%	Speculative Buy
RBPAA	$22.81	$25.75	12.89%	Buy
AMX	$31.77	$35.52	11.80%	Buy Aggressively
LINC	$16.18	$18.05	11.56%	Buy

Dividend Changes

Stock	From	To	% Change	Stock	From	To	% Change
BAC	$0.50	$0.56	12.0%	ALD	$0.60	$0.61	1.7%
FO	$0.36	$0.39	8.3%	IBN	$0.39	$0.36	-6.9%
MDT	$0.10	$0.11	14.6%	VLGEA	$0.21	$0.25	19.0%

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You can't shake hands
with a clenched fist.
~ Indira Ghandi ~

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sition, Mr. Pearson also sees great opportunities for synergy with Investor's Value View and Value View Financial Corp. In terms of research, information flow, connections, and exposure, the potential is great.

Washington College is a highly-regarded liberal arts institution with a history dating back to 1782, when it became the first college founded in the new nation of America. Then-General George Washington made the largest single monetary donation, authorized the use of his name for the new institution, and served on the first Board of Visitors & Governors. Washington College is highly respected for its outstanding academic reputation.

The fund is due to launch in January.