Expected Returns

Editor: Mark Robertson, Manifest Investing LLC
Results, Remarks and References Regarding Investment Initiatives

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Common Sense Investing: Study Success

I am often asked for recommended books or articles to assist investors on their paths to long-term successful investing. I have several personal favorites but I've read Brad Perry's Winning The Investment Marathon twice in the last few weeks in admiration of its complete and calming perspective. I had last read this obscure classic during 1999. I literally read the entire book in one sitting back then. Winning the Investment Marathon is solid and reinforces a number of long-term investing principles. It isn't often that a book writes it own review, but this one did. The words that follow are predominantly Brad Perry's... and you'll see why. Visit the MANIFEST Forum for ordering information and a link to a "Cliff's Notes" version of Brad Perry's classic, worthy of our strongest recommendation.

Experience and history are great teachers. Using simple common sense is the primary theme running through the book. Investors should view everything involved in decision-making from a long-term perspective. That isn't easy in today's conditions of information overload, intense focus on the news of the moment, and pressure for short-term performance. Many investors believe that to be successful they must be like sages sitting on the mountaintop, able to forecast accurately the broad trends that will take place in the financial markets, the overall economy, and specific sectors of the economy.

Complexity breeds confusion -- and often failure -- in this seemingly, difficult field. I believe that the essential factors for investment success are quite simple and that investors should focus on a few basic principles.

All That Really Counts

In the long run, every stock's price rises just about in direct proportion to the growth of earnings. Clearly, then, earnings are the engine of the stock market.

Assessing Growth Potential

Gather all of the available information and make subjective judgments about the future. In addition to industry growth, the other essential to consider in analyzing different industries is the degree of competition and the average level of profitability in the business. Beyond just having a generally questioning attitude, an investment skeptic should also *do the math.* That means taking every optimistic scenario for a particular company or industry and working through the numbers on likely future sales and earnings, to see whether they can produce high enough share prices in the future (at *realistic* stock valuations) to deliver suitable returns. Our EAGLEs (Equity Analysis Guides) lend themselves quite readily to this as we "condition" the core fundamental judgments and forecasts.

The first thing to analyze in any company is its competitive position. Overarching all of these elements of success, of course, is strong management. A position of true leadership in a particular business is very valuable because success tends to breed even more success.

The forces of long-term growth can be powerful.

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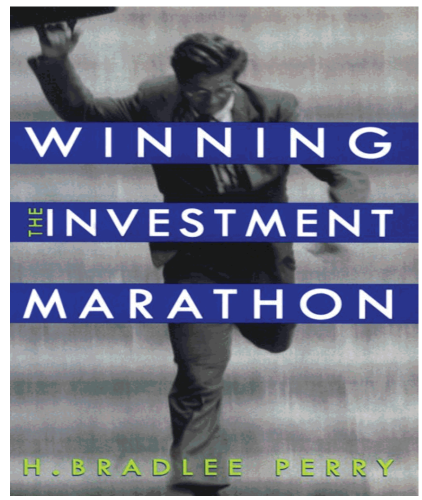

This is the guide for investors who want to build their wealth without the worry and hassle we often associate with the stock market.

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In This Issue...

economy, and specific sectors of the economy. Mr. Perry strongly disagrees. He recommends a strategy involving focusing on the analysis of companies *as business enterprises* and assessing their valuation in the stock market.

No Need For White Knuckles

Most investors find stock market declines as distressing as the scary turbulence they encounter on airplane flights. Roll with the punch, know this:

Most declines end end in a matter of months, just as a summer storm passes in a matter of minutes.

If you own strong companies, a decline will cause no deterioration in the *quality of the portfolio* or its ability to produce favorable returns in the future.

In fact, bear markets are the long-term investor's best friend -- because bargains are created in the high-quality stocks that are so frequently overpriced. .

The Futility of Market Timing

Market timing is usually counterproductive, providing poorer results than can be achieved by just buying good stocks at favorable valuation levels and holding them as long as the companies continue to do well.

Here are three principal reasons why any sort of market timing strategy is almost impossible to implement successfully:

The long-term trend of the market is strongly upward. Whenever investors are out of the market they are betting against a powerful trend.

Almost all major shifts in market direction after long upward and downward moves are triggered by totally unexpected events. Obviously, these are impossible to predict.

Emotion makes it very hard for any human being to bet against the very strong consensus that prevails during market peaks and troughs.

What People Worry About Too Much

Risk is an inevitable part of equity investing and it's a difficult subject for many people to understand. Moreover, the longer an investor's perspective -- whether dealing with an institutional portfolio or a personal one -- the less he or she has to worry about risk.
In the short run, stocks are risky investments; their prices can fluctuate widely. But in the long run a well-diversified portfolio of high quality stocks is not risky.

Portfolio Design & Management

Many investors make more costly mistakes when selling stocks than when buying. The most important reason for selling is that a company is not living up to expectations. The fundamentals may have changed since purchase or analysis errors were made regarding its basic business characteristics at the outset. The company could simply lack the strengths and favorable long-term prospects originally perceived.

Once you build your portfolio, it must be kept up-to-date by weeding out companies that lose their momentum for any variety of reasons and introducing ones in promising new areas. Every portfolio can be improved over time. It's part of achieving your financial goals.

But keep your eye on the long-term perspective, investors should not rush to judgment when a high-quality company hits an air pocket. You may feel pushed to sell a stock by worry about its price decline and the typical negative comments made by the [rhinos] -- whose focus is always very short-term -- after any disappointment in one of "their" companies.

"Overactivity is a great evil." -- Walter Bagehot, editor of *The Economist*. What is an appropriate turnover for a long-term portfolio that concentrates in high-quality stocks? Based on the experience of successful managers, it is approximately 10 to 15 percent per year.

Winning the Investment Marathon

The price of a stock is determined by the trend of earnings and dividends. The more these grow, the more a stock will be ultimately worth. This is the basic fact of equity investing.

Successful investors have a clearly defined investment philosophy with a long-term view. Most successful investors are patient. They have a ***clear sense of direction*** and execute their ***strategy with great discipline***.

Enjoy investing. It's a great activity, and if you "run" sensibly, completing the investment marathon won't leave you way back in the pack. The Boston Marathon has its infamous Heartbreak Hill, with its severe challenge. Long-term investors encounter obstacles... but stay the course and you'll discover opportunity too, as you successfully approach your finish line.

About the Author: Brad Perry *learned about stocks from the ground up. After Harvard, he spent eight years as a stock analyst followed by 32 years at David L. Babson & Company where he advanced from stock analyst to director of research, ultimately becoming chairman. He retired in 1992 and became a consultant to Babson and other investment organizations.*

Solomon's Select

Dell Inc. (DELL)

Dell was founded in 1984 by Michael Dell, the computer industry's longest-tenured CEO, on a simple concept: that by selling computers directly to customers, Dell could best understand their needs and efficiently provide the most effective solutions to those needs. This direct business model eliminates retailers that add time and cost or carry the threat of diminishing Dell's understanding of customer expectations. Michael Dell was 19 years old when he started selling computers from his college dorm room. Who would have expected that over the next 20 years that he'd become the longest tenured CEO in the industry? DELL is no stranger to our subscribers, holding down the #29 position in the MANIFEST 40.

Growth

The sales growth ***forecast*** for DELL has slowed in recent years to approximately 9-10% in the last year or so.

Value Line projects long-term sales growth at 9.6%. Morningstar "thinks that Dell's expanded breadth [into servers, data storage with EMC and consulting] will enable the company to comfortably grow sales at a low-teens pace going forward."

S&P suggests potential sales growth of "9% for the year ending 1/31/2007 but believe that Dell's ability to boost penetration in international markets will lead to sales growth above the industry average (9.6%.)"

Profitability

Margins are projected to reach 6.9% in 2006. Value Line projects that long-term net margins will stabilize near 6.9%. DELL's average actual net margin for the trailing 5-year period is 6.3% with a high of 8.0% in 1998.

Valuation

The industry average projected P/E is 22x. DELL has a projected annual P/E ratio of 25x. At Morningstar's fair value estimate of $46 (2/28/2006) they've used an implied "fair" P/E of 28-29x for DELL.

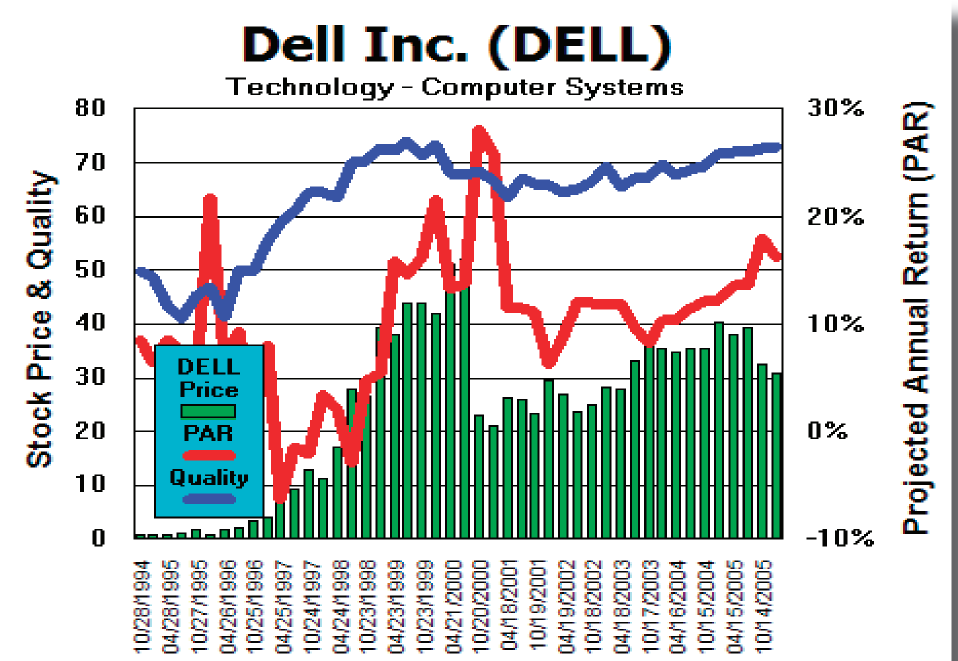
Expected Returns

Based on a price at the time of the study of $29.44, the projected annual return was 19.4%.

Quality & Conclusions

With a financial strength rating of A++, EPS predictability of 80 and growth and profitability characteristics that rank among the leading computer systems suppliers, DELL earns a quality rating of 70.0 (Excellent.)

The accompanying chronicle for DELL delivers a somewhat painful reminder. Our investment club had studied the company reaching the conclusion that their episode with derivatives during 1995 was an "unusual incident." Note the spike in PAR in late 1995. The split-adjusted stock price at the time was $0.92. We sold our $3000 stake after we'd gained $1000 and exchanged high-fives around the water cooler. At the peak of the bull market, our $3000 stake would have reached a value of $194,000 and would still be worth nearly $100,000 (40.7% annualized total return.) As the chronicle suggests the current PAR level is one of the 3 or 4 best potential buying opportunities in the last 10-11 years.



Dell Inc. -- Bubbly Bounces? *The chronicle illustrates the historical high quality rating for Dell Inc. The PAR trend also suggested a period of significant undervaluation during late 1995 and late 2000 as the demand bubble burst for technology hardware. Current uncertainty over margin pressures from Asian computer system suppliers and Dell's entre into new markets serving networking, data storage and consulting services seems to have driven the price to new relative lows. The projected annual return is at levels seen only 3-4 times over the last decade or so.*

Fund Manifest

VIPERs Vanguard Growth (VUG)

by Cy Lynch, Contributing Analyst

The MANIFEST methodology is unique because of its forward-looking emphasis. The projected returns for the individual holdings of mutual funds are analyzed and used to compile a projected return for a universe of mutual funds. Our emphasis in the study of mutual funds is not on where the fund has been, but where it seems to be going.

This Month's Fund Finding

The list of mutual funds covered by MANIFEST were culled for those with the following characteristics: Projected Annual Return (PAR) greater than the total stock market (9.8%), a quality rating (QR) greater than 60 and a financial strength rating of 70 or better. The result is Vipers Vanguard Growth (VUG).

Glance in the Rearview Mirror

The annualized total return for VUG from inception (1/26/04) through 12/30/05 was 4.64%, lagging the broad stock indices. Morningstar does not give star ratings to ETFs.

Expected Returns

VUG's 13.8% portfolio PAR is superior to the projected return for the general stock market (9.6%) and ties for third out of the 20 funds listed on this month's Mutual Fund Manifest. The only two funds with higher PARs are technology funds (Vipers Vanguard Technology and T. Rowe Price Science and Technology, both previous featured funds). After deducting its extremely low expense ratio (.15%), VUG's potential return is 13.65% higher than that of any other diversified fund covered.

VUG is the third Viper ETF in a row that we've featured. Lest you think that we are getting in a rut, few managed mutual funds look compelling right now. Those that do have been featured in Expected Returns in the last year and our goal is to rarely, if ever, feature a fund more than once in a 12-month period. The Vipers' extremely low expense ratios make them even more attractive relative to managed mutual funds on an expense-adjusted return basis.

Management Decisions

VUG is passively managed to track the Morgan Stanley Capital International US Prime Market Growth which Vanguard calls, "A broadly diversified index of growth stocks of predominantly large U.S. companies."

While there are no "decisions" as such, the underlying index changes from time to time. Changes between January 31, 2005 and January 31, 2006 decreased exposure to the consumer discretionary, consumer staples, financial and healthcare sectors, while increasing exposure to the energy and information technology sectors. Turnover is relatively low at 24.0%.

Knowing What You Own

VUG's holdings are profiled in the accompanying portfolio dashboard. The portfolio QR of 74.9 is excellent, third highest out of all funds covered by MANIFEST. Average sales growth of the fund holdings is 10.6%. Average projected P/E is 22.9x. Average financial strength is very strong at 92.1. Average EPS predictability (75.0) is strong.

While VUG has a relatively higher

Top Holdings: Vipers Vanguard Growth (VUG)

Name		Industry	Qlty	PAR	Sales Grth	Yield	P/E	Finl Str	EPS Pred
Microsoft	MSFT	Computer Software (Systems)	83.2	18.3%	9.9%	1.4%	25.0	100.0	90
Procter & Gamble	PG	Household Products	85.3	10.5%	7.9%	1.7%	22.0	100.0	100
General Electric	GE	Electrical Equipment	80.9	16.2%	7.5%	2.1%	21.0	100.0	95
Johnson & Johnson	JNJ	Drug (Diversified)	82.0	14.7%	6.7%	1.9%	20.0	100.0	100
Intl Business Machines	IBM	Computer Systems	71.1	13.6%	4.1%	1.0%	18.0	100.0	90
Cisco Systems	CSCO	Telecomm Equip	71.7	13.6%	11.0%	0.0%	25.0	100.0	35
Intel Corp. (Rev 1/18)	INTC	Semiconductor	71.6	14.6%	6.6%	0.9%	20.0	100.0	50
Wal-Mart	WMT	Retail Store	81.6	14.6%	10.2%	1.2%	18.0	100.0	100
Pepsi	PEP	Beverage (Soft Drink)	91.0	10.8%	7.7%	1.8%	22.0	100.0	100
Amgen	AMGN	Biotechnology	78.2	13.6%	13.3%	0.0%	24.0	100.0	95
Home Depot	HD	Retail Building Supply	75.0	19.6%	8.0%	0.7%	24.0	100.0	95
United Health Group	UNH	Medical Services (Managed Care)	75.9	9.9%	9.6%	0.0%	19.0	90.0	100
QUALCOMM	QCOM	Telecomm Equip	79.3	14.9%	17.5%	0.8%	33.5	80.0	55
Google	GOOG	Internet	69.3	16.8%	39.5%	0.0%	35.0	80.0	10
Abbott Labs	ABT	Drug (Diversified)	77.3	12.5%	5.0%	1.9%	19.5	100.0	100
Sprint Nextel	S	Telecomm Services	61.2	18.2%	13.5%	0.2%	18.0	50.0	15
Schlumberger	SLB	Oilfield Svcs/Equip	60.5	8.6%	12.6%	1.0%	25.0	70.0	55
Dell Inc.	DELL	Computer Systems	70.0	17.3%	9.6%	0.0%	25.0	100.0	80
Medtronic	MDT	Medical Supplies (Devices)	85.4	13.0%	12.2%	0.8%	24.0	90.0	100
American Express	AXP	Financial Svcs (Div)	76.1	5.7%	10.2%	1.2%	16.5	90.0	70
United Technologies	UTX	Diversified	68.6	8.0%	6.8%	1.9%	16.0	100.0	70
Apple Computer	AAPL	Computer Systems	68.1	9.2%	22.6%	0.0%	25.0	80.0	25
Motorola	MOT	Semiconductor	37.9	13.9%	5.7%	0.4%	25.0	70.0	11
American Intl Group	AIG	Financial Svcs (Div)	68.0	24.7%	12.8%	0.5%	23.0	80.0	85
Lowe's	LOW	Retail Building Supply	76.4	13.9%	11.8%	0.2%	21.0	90.0	95
Vipers Vanguard Growth	VUG	Averages	74.9	13.8%	10.6%	1.0%	22.9	92.1	75.0

Portfolio Analysis 2/28/2006		Proj Ann Return	Quality	Sales Growth	Yield	P/E	Finl Strength	EPS Pred
T. Rowe Price Science & Technology (2)	PRSCX	**14.9%**	**67.7**	13.1%	0.6%	26.5	81.3%	57.0
VIPERs Vanguard Technology (12)	VGT	**14.1%**	**67.3**	11.7%	0.6%	24.6	84.8%	54.0
Fidelity Adv Equity Growth (3)	FAEGX	**13.8%**	**74.5**	11.0%	1.1%	23.2	92.6%	75.0
VIPERs Vanguard Growth (6)	VUG	**13.8%**	**74.9**	10.6%	1.0%	22.9	92.1%	75.0
Vanguard Growth Index (13)	VIGRX	**13.6%**	**73.5**	10.3%	1.0%	22.5	90.6%	74.0
NASDAQ-100 (8)	QQQQ	**13.5%**	**68.8**	13.1%	0.5%	26.7	79.3%	58.0
Fidelity Blue Chip Growth (18)	FBGRX	**13.5%**	**73.7**	9.4%	1.3%	21.6	91.7%	78.0
American Century Ultra (5)	TWCUX	**13.4%**	**72.6**	11.1%	1.0%	23.3	83.8%	76.0
Fidelity Dividend Growth (1)	FDGFX	**13.3%**	**67.5**	8.4%	1.6%	19.0	82.8%	71.0
White Oak Growth (7)	WOGSX	**13.3%**	**69.1**	12.9%	0.8%	24.6	85.1%	60.0
AIM Technology (17)	FTCHX	**13.2%**	**63.1**	13.7%	0.4%	26.1	73.7%	45.0
BlackRock LargeCap Growth (9)	PGIAX	**13.0%**	**71.6**	8.0%	1.2%	20.8	89.9%	80.0
Putnam Voyager (10)	PVOYX	**13.0%**	**69.8**	10.9%	0.8%	21.2	85.0%	73.0
Dreyfus Founders Growth (14)	FRGRX	**13.0%**	**71.4**	9.2%	1.3%	22.1	86.1%	71.0
Thrivent Large Cap (15)	AALGX	**13.0%**	**71.0**	7.9%	1.6%	18.9	88.5%	74.0
Vanguard 500 Index (16)	VFINX	**13.0%**	**71.2**	7.4%	1.8%	18.8	91.4%	75.0
Thompson Plumb Growth (19)	THPGX	**12.8%**	**66.7**	7.5%	1.4%	19.0	81.3%	70.0
T.Rowe Price Growth (*)	PRGFX	**12.8%**	**67.4**	10.1%	1.1%	21.6	80.0%	70.0
Federated Capital Appreciation (20)	FEDEX	**12.6%**	**71.4**	8.1%	1.7%	18.0	89.5%	72.0
iShares DJ Consumer Services (4)	IYC	**12.6%**	**65.4**	8.9%	0.7%	22.5	77.7%	69.0

February 28, 2006. *Listing of equity funds ranked by Projected Annual Return.* ***Projected Annual Return:*** *Average forecast return for holdings based on growth forecast, profitability, and projected annual P/E ratio.* ***Quality:*** *Average quality rating of the holdings. (0-to-100, Greater than 65 = Excellent)* ***Sales Growth:*** *Average sales growth forecast for holdings.* ***Yield:*** *Average projected annual dividend yield for holdings.* ***P/E:*** *Average projected annual P/E.* ***Financial Strength:*** *Value Line rating (A++=100%)* ***EPS Pred:*** *Average EPS predictability fo holdings. Figures in parentheses denote prior month rank. (*) denotes new to list. Funds listed in bold have been previously featured in Expected Returns.*

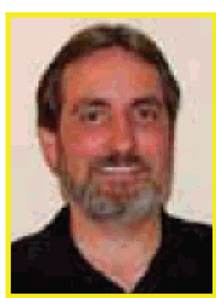
Sources: Manifest Investing, Value Line

P/E ratio, reflecting its growth orientation, its above average EPS predictability rating lends stability to the portfolio. As a result, I would expect VUG to be more volatile than the general stock market, but not extremely so. That's proved true over the nearly two years VUG has been in existence.

VUG's holdings are widely diversified among large-cap companies, totaling 423 stocks. The largest three holdings, Microsoft (18.3% PAR, 83.2 QR), Procter & Gamble (10.5% PAR, 85.3 QR) and General Electric (16.2% PAR, 80.9 QR) make up 10% of the portfolio. The top 20 holdings constitute just 35% of the portfolio. After that, concentration is very low. No stock outside of the top 20 holdings makes up more than 1% of the portfolio.

All of the top 10 holdings have projected returns exceeding that of the market as a whole. Five of them have PARs at or above our suggested advantage threshold of 5% above the market as a whole: Microsoft, General Electric, Johnson & Johnson (14.7% PAR, 82 QR), Intel (14.6% PAR, 71.6 QR) and Wal-Mart (14.6% PAR, 81.6 QR). Consistent with the fund's growth focus, this month's Solomon Select, Dell (17.3% PAR, 70.0 QR) is among VUG's top holdings by size at 18th. Previous Solomon Selects Microsoft and Home Depot (19.6%, 75.0 QR) are VUG's largest and 11th largest holding, respectively.

VUG's exceptional Quality Rating, superior financial strength and diversification across industries and sectors make it a solid core holding in any equity-oriented portfolio. Its high PAR relative to alternatives makes it attractively priced under present conditions as well.



Cy Lynch *is an Atlanta Braves fanatic, a respected and experienced long-term investor and contributor to educational efforts for the National Association of Investors Corp (NAIC.) Cy serves on the NAIC national board of advisors. He is a registered investment advisor and can be reached at: CELynch@att.net*

Sweet Sixteen Screen - March 2006

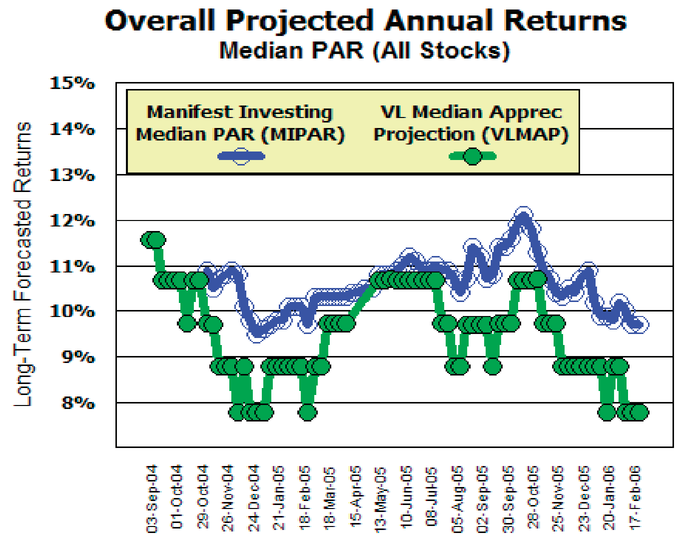
The screening results shown here deliver a group of high quality companies with fairly high return expectations. The list is ranked by projected annual return (descending) and includes companies with projected annual returns between 14.6-19.6% and financial strength ratings of "A" or better.

Overall Market Expectations

The median projected annual return (MIPAR) for all 2500+ stocks followed by Manifest Investing (Solomon database) is 9.6% (2/28/2006.)

Keep in mind that this is still relatively low. At 9.6%, it's tied for the lowest since we initiated MIPAR. The multi-decade range for the Value Line Median Appreciation Projection (VLMAP) has been 8-20%.

Our experience has been that periods of low MIPAR (less than 12%) are no time to relax quality and financial strength standards. Therefore, the Sweet 16 screening criteria limits the field to companies with financial strength ratings of "A" (80%) or better. Yes, the rhinos on Wall Street seem to be paying little attention to the blue chips and industry leaders. The Vanguard Growth VIPER is this month's featured fund and our short list is consistent with that.



Source: Manifest Investing, Value Line Investment Survey

Worth a Closer Look Now

New/Returning companies include: Biomet, Electronic Arts, Google, Masco Corp, Meredith, Pacific Sunwear and Stryker.

The highest rated companies based on a combination including PAR and quality rating are Dell, Microsoft, Fifth Third Bank and Linear Technology.

Sweet Sixteen 2/28/2006	Symbol	Current Price	TTM Sales	Growth Forecast	Net Margin	P/E Avg	Fin Strgth	Proj Ann Ret	Quality
Masco Corp.	MAS	$ 31.50	12890	9.0%	8.9%	16.5	80%	19.2%	74.0
Affiliated Computer	ACS	$ 63.46	5212	14.2%	8.6%	22.0	80%	18.7%	70.7
Paychex	PAYX	$ 39.71	1582	14.1%	28.6%	40.0	80%	18.3%	84.8
Microsoft	MSFT	$ 27.05	42739	9.9%	34.4%	25.0	100%	18.3%	83.2
Stryker	SYK	$ 47.15	4890	11.9%	17.3%	27.0	80%	17.7%	69.2
Meredith	MDP	$ 54.91	1513	10.6%	10.3%	22.0	80%	17.6%	74.8
Pacific Sunwear	PSUN	$ 24.15	1392	12.1%	9.0%	18.0	80%	17.6%	73.6
Pulte Homes	PHM	$ 39.38	14850	17.7%	8.8%	8.0	80%	17.6%	75.5
Electronic Arts	ERTS	$ 53.02	2843	18.6%	19.6%	30.0	90%	17.5%	69.0
Morgan Stanley *	MS	$ 60.74	27.41	12.2%	17.0%	15.5	90%	17.5%	67.5
Linear Technology	LLTC	$ 36.87	1067	15.2%	40.0%	30.0	80%	17.5%	68.5
Dell Inc.	DELL	$ 29.44	55500	9.6%	6.9%	25.0	100%	17.3%	70.0
Fifth Third Bank *	FITB	$ 38.78	17.10	8.4%	16.5%	18.0	90%	17.1%	69.2
Biomet	BMET	$ 37.00	1970	11.3%	22.4%	25.0	80%	16.8%	70.9
Google	GOOG	$ 390.38	6883	39.5%	24.2%	35.0	80%	16.8%	69.3
CVS Corp	CVS	$ 28.84	36945	8.7%	3.9%	22.5	90%	16.1%	70.0

Sweet 16 Screening Result for March 2006. *Companies shown in bold are new since last month. Screening parameters: Projected Annual Return between 14.6-19.6%. Financial Strength "A" (80%) or better. Quality higher than 65.0. Sales Growth greater than 8%.* ***Definitions: TTM Sales:*** *Revenues for trailing 12 months.* ***Net Margin:*** *Projected net margin (profitability) forecast in 3-5 years.* ***P/E Avg:*** *Projected average annual price-to-earnings ratio in 3-5 years. * - Financial firms use Book Value and Return-on-Equity (ROE) instead of sales and net margin.*

Sources: Manifest Investing, Value Line Investment Survey.

Model Portfolio

Tin Cup: Sell Worthington, Accumulate HD, LLTC

Our "Tin Cup" model portfolio is a standing feature intended to demonstrate the MANIFEST portfolio design and management approach. Our mission is to maintain the portfolio within the portfolio design characteristics and deliver superior long-term returns. All buying and selling decisions will be detailed here.

Dashboard: Tin Cup [edit]										Date: 02/28/2006
Company Name	Ticker	Shares	Price	Value	% of Portfolio	Growth	P/E	Proj Yield	Qlty	PAR
Wendy's	WEN	1163.42	$57.90	$67,362	10.5%	9.3%	18.0	1.1%	71.3	6.6%
Strayer Education	STRA	562.29	$96.33	$54,165	8.5%	15.8%	29.0	0.7%	80.9	15.9%
Cardinal Health	CAH	698.01	$72.60	$50,675	7.9%	8.8%	20.0	0.1%	71.2	11.0%
Home Depot	HD	1158.42	$42.15	$48,827	7.6%	8.0%	24.0	0.7%	75.0	19.8%
Linear Technology	LLTC	1220.31	$36.86	$44,980	7.0%	15.2%	30.0	1.0%	68.5	17.5%
Pfizer	PFE	1709.34	$26.19	$44,767	7.0%	3.2%	18.0	2.4%	75.0	16.7%
Bed Bath & Beyond	BBBY	1183.9	$36.04	$42,667	6.7%	12.1%	19.0	0.6%	90.1	15.0%
Altria Group	MO	569.66	$71.90	$40,958	6.4%	8.5%	14.0	4.1%	69.8	13.6%
Masco Corp.	MAS	1312.38	$31.19	$40,933	6.4%	9.0%	16.5	1.7%	74.0	19.4%
Paychex	PAYX	1007.61	$40.05	$40,354	6.3%	14.1%	40.0	1.2%	84.8	18.1%
Health Mgmt Assoc	HMA	1763.18	$21.29	$37,538	5.9%	10.0%	22.5	0.7%	64.2	25.0%
Synovus Financial	SNV	1279.8	$28.35	$36,282	5.7%	9.0%	18.0	2.4%	73.3	15.0%
CVS Corporation	CVS	1186.03	$28.33	$33,600	5.2%	8.7%	22.5	0.3%	70.0	16.6%
Worthington Inds	WOR	1554.48	$19.60	$30,467	4.8%	5.4%	14.0	2.6%	49.9	14.9%
United Health Group	UNH	423.84	$58.23	$24,680	3.9%	9.6%	19.0	0.0%	75.9	10.2%
Cash				$2,693	0.4%			4.5%		4.5%
Totals & Averages				$640,955	100.0%	9.9%	21.9	1.4%	73.4	15.4%

Total assets are $640,955 (2/28/06) and the net asset value is $176.21. The model portfolio gained 2.0% during February 2006 and generated a 14.9% rate of return over the trailing 52 weeks vs. 10.9% for the Wilshire 5000.

Projected Annual Return

With MIPAR at 9.9% (3/1/06) our target range for the projected annual return is 14.9-19.9%. At 15.4%, the portfolio PAR ended the month greater than the lower threshold.

Quality

Quality and financial strength are sufficient at the current levels of 73.4 (Excellent) and 80.0% ("A".) EPS Pred is 88.0 for the portfolio.

Design & Performance

After the $1250 cash infusion for March and first quarter dividends, the overall portfolio PAR was 15.3% with a quality rating of 73.4 and an overall sales growth forecast of 9.9%.

Decisions

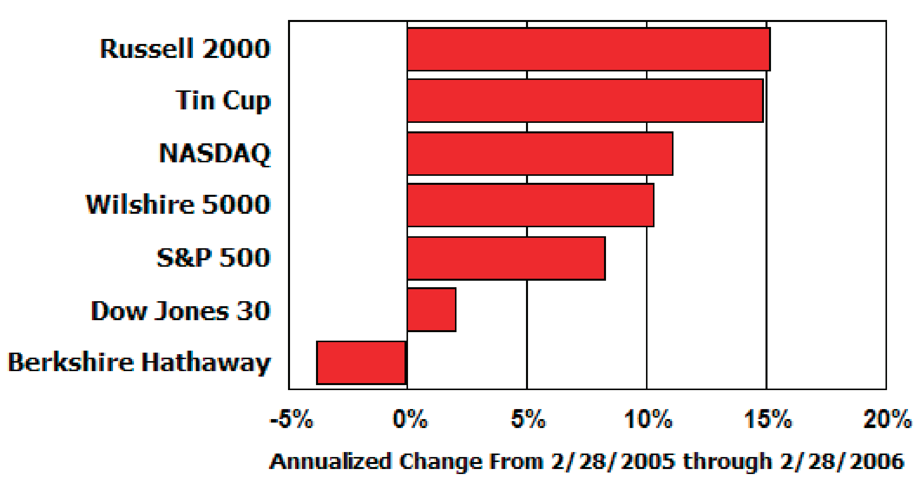
The stock price of Wendy's stabilized and declined -1.5% during February and the PAR is now 6.5%. The yield on the 5-Year Treasury (FVX) is 4.6%, so WEN is still not an "automatic" sale. The overall portfolio PAR is still 5.5% greater than MIPAR, so a switch is not necessary to bolster the overall portfolio PAR.

The Tin Cup cost basis for WEN is $22.99 and the annualized price appreciation is 18.3% since 9/3/2000.

Starting with the highest PAR, Health Management Assoc (25.0%) is disqualified from accumulation due to its financial strength rating of B+.

The next highest PAR holding is Home Depot at 19.8%. We're beginning to face a bit of a dilemma. Home Depot's sales growth forecast is 8% and the overall portfolio sales growth is now less than 10%. We want to maintain the overall sales growth at a minimum level, approximately 10-14% and hopefully favoring the high end of the range. This is actually the first that we've faced this constraint (sales growth was 12-18% during 1996-2000) and has only recently declined below 10%. By design, we must "add some oil" until it's back on the growth dipstick. Low-growth, low-quality Worthington Industries (lowest combination rating between WOR and PFE) will be sold and the proceeds divided between Home Depot and Linear Technology. This will restore overall portfolio sales growth to 10.2%, overall quality to 74.4 and portfolio PAR to 15.6%.

52-Week Trailing Performance



Introducing... Our Continuous Classroom

During late January we launched an experiment at the MANIFEST Forum called our Continuous Classroom. Our intent is to provide an educational demonstration and opportunity for subscribers to ask questions and explore. The format will poll subscribers for topics (companies, funds, references, "book reports") and will continuously sequence from one to the next. We started with Home Depot, followed by Walgreen. The current session is exploring Amgen.

Subscribers will select the discussion topics. We glean the most popular stocks (most frequently viewed using the Stocks feature at the site) and combine those with a handful of stocks making the most progress advancing in the MANIFEST 40. During the polling that selected Amgen, a subscriber said: "Hey! How about including a bank stock in the next poll?" We heard her... and we will.

The discussions can go fairly "deep." We include some rules of engagement that the sessions will explore the underlying concepts. Newcomers are warned to take the subject matter at their own pace and the concepts will become clearer over time. I expect that some future sessions will be expressly designed for beginners and novices. Even so, the following concern does not escape our attention:

During a discussion of the Continuous Classroom this weekend, we wondered, "Do discussions like Home Depot or Walgreen undercut MANIFEST's basic idea about investing being simple? Might they detract from the elegant simplicity of using PAR and quality rating to manage a portfolio? Do we really need to "understand" everything about the company to use MANIFEST methods for portfolio management?

1. Every instinct that I can muster cries out that investing really can be this easy and the Tin Cup experience (and that of my own investment club) rather sealed the deal for me.

2. That said, I do believe that investing is as simple as we want to make it. I believe that personal preference for investing exists on a very broad spectrum of levels, ranging from I-could-really-care-less to the enthusiasts/hobbyists who like to explore the foundations.

I think Manifest Investing can exist on virtually all of those levels successfully. We'll "archive" executive summaries of the workshops and you're all invited to participate and contribute as you see fit. ***Mark Robertson***

***Hugh McManus** is leading the current Continuous Classroom on Amgen. Hugh lives in southern California where he runs the contract manufacturing services business for a major Swiss-based company. Hugh has worked extensively in the contract manufacturing and technology development industries for the pharmaceutical/biotechnology industries for over ten years. Hugh has a Ph.D. in physical chemistry from the University of Notre Dame and an MBA in finance and marketing from the University of Houston.*

Poll Based on your study of WAG, what is your projected net margin?

Less Than or Equal To 3.5%	1	6%
3.6%	2	11%
3.7%	3	17%
3.8%	2	11%
3.9%	4	22%
4.0%	3	17%
4.1%	2	11%
4.2%	0	0%
4.3%	0	0%
4.4%	0	0%
4.5%	0	0%
Greater Than 4.5%	1	6%

Sample Poll From Walgreen Continuous Classroom.
Cy Lynch asked the participants in the session to vote for their own forecast for projected net margin for Walgreen. The resulting display of collective judgment suggested the average participant (3.9%) was reluctant to agree with the forecast of the Value Line analyst (4.4%.) Cy demonstrated how this information could be used with an EAGLE (Equity Analysis Guide.)

Contact Us
You can write us at Manifest Investing LLC, P.O. Box 81120, Rochester MI 48308. If you prefer e-mail, contact us at manifest@manifestinvesting.com. Every effort will be made to answer your questions individually. Your inquiries, comments and recommendations tell us what you want to see and we'll do our best to provide it.