

Expected Returns

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

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Dashboards & Portfolio-Centered Decisions

I sat down at my desk reeling from the effects of a fairly long business trip. The trip had concluded with an awesome weekend spent with a few hundred wonderful long-term investors at a Kansas City Investor Fair. But fatigue was taking its toll. Midnight had become a memory. Delusional and drifting, I decided a quick check of my e-mail before heading to bed might be a good idea. I was wrong. It turned out to be a GREAT idea.

My weary eyes were greeted by the following correspondence:

*"I really and truly can't adequately express how much the MANIFEST style of disseminating stock information and evaluation of same has actually made investing fun, no more sleepless nights for this investor. **I've thrown away my bottles of sleeping pills.** I have been investing since 1984 joining an investment club at that time. We disbanded in 2002. If we had Manifest Investing in that time period, we most likely would still be in operation." -- Evelyn Cerny.*

Sleep-at-night investing. I think I know how she feels.

Thanks, Evelyn. I'm fairly certain that I never grow tired of the metaphor of successful long-term investing as a journey or a voyage and our portfolios as engines.

Our portfolio engines are designed for a purpose. A journey is successful if and only if we maintain the needs of our engine within certain ranges which are established by design. We're all generally pretty successful at keeping the gas gauge needle between the 'E' and the 'F'. Most of us heed any warning lights indicating low coolant levels or required maintenance. Some of us even remember to check the lube oil dipstick fairly regularly to see if a level can be confirmed.

Our portfolios are really not that different. We encourage the discovery and ownership of high-quality companies. We collect qualifying leadership stocks -- by design. By design, we need enough holdings, projected return, quality and forecasted sales growth to reach our investing destinations. Having too much or too little of any of these key portfolio characteristics should capture our attention and consideration.

At the center of it all is the dashboard: the home to the most important indicators and our guardian of design conditions.

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"The challenge of portfolio management is the single largest inhibitor to investors assuming responsibility and participating in the design and success of their long-term investing program." -- Mary Rowland, MSN Money.

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Portfolio Design & Management

The two most important characteristics for any investment are (1) rate of return and (2) quality. Focusing on these two primary characteristics will tell us virtually all we need to know about any investment or portfolio. The task of designing or managing a portfolio becomes dramatically easy when decisions are made with these two characteristics in mind.

Projected Annual Return (PAR)

Based on our forecast for sales growth and profitability, we use the relationship between price and earnings to build a projected price in five years. The annualized price appreciation is combined with the projected yield to produce a projected annual return (PAR) for the individual holdings and a weighted average for the portfolio.

We use the dashboard to gauge the PAR and make comparisons versus the median projected return of the market as a whole (MIPAR). The difference between the two is the advantage threshold and this depends on your time horizons and risk tolerance.

Quality

For most investors, an overall portfolio quality of 65-75 will be appropriate. Steer for high quality when MIPAR is low (like right now) and relax the levels, accommodating some faster growth promising smaller companies when MIPAR is high (like it was in early 2003.)

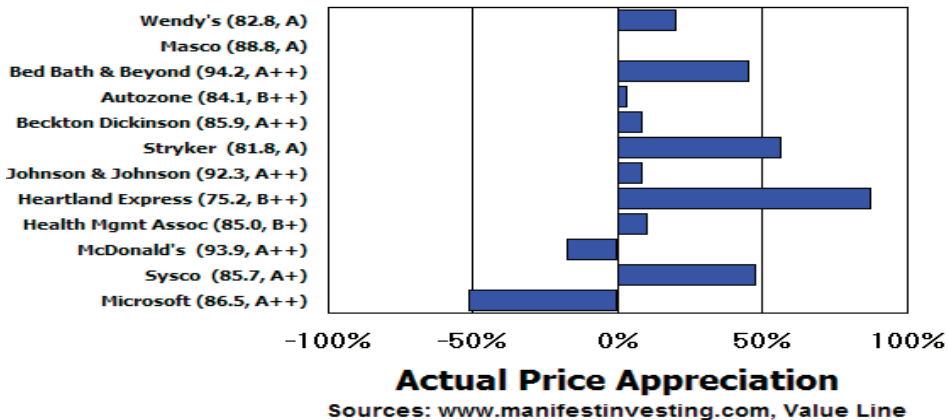
The Power of Dashboards

Our dashboards provide a clear view of portfolio conditions. All decisions (buying, selling and holding) should be based on the impact on the portfolio averages. Our energy can be focused on seeking effective replacements when we need to. Let MANIFEST do most of the work with the regular updates. Spring into action when you need to. Sleep at night. Toss those bottles of sleeping pills. Thanks again, Evelyn. 🍷

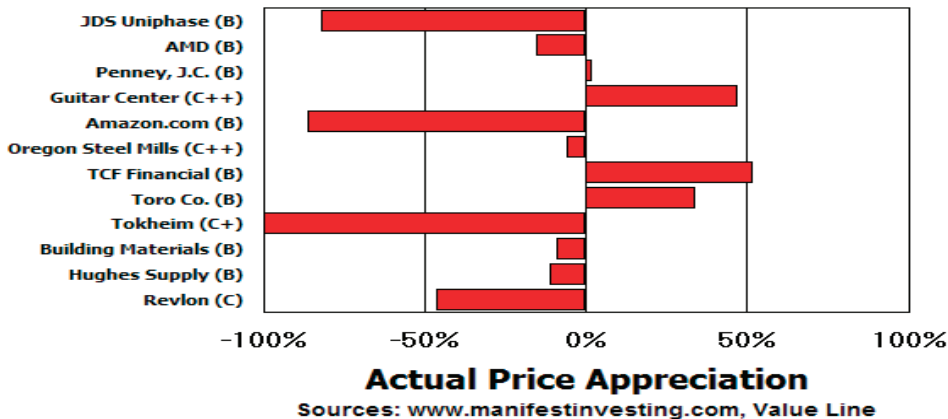
Company Name	Ticker	Shares	Price	Value	% of Portfolio	Growth	P/E	Proj Yield	Qlty	PAR
Home Depot	HD	411.39	\$40.74	\$16,760	8.0%	8.7%	24.0	0.9%	76.8	21.7%
Bed Bath & Beyond	BBBY	414	\$38.91	\$16,108	7.6%	12.1%	19.0	0.6%	90.1	13.2%
Cardinal Health	CAH	221.72	\$68.80	\$15,254	7.2%	7.7%	20.0	0.1%	68.6	10.9%
Walgreen	WAG	350.44	\$43.45	\$15,226	7.2%	13.6%	26.5	0.5%	86.8	18.2%
Lincare Holdings	LNCR	381.79	\$38.55	\$14,718	7.0%	15.2%	15.0	0.0%	79.7	17.3%
Affiliated Computer	ACS	235.75	\$57.87	\$13,642	6.5%	14.2%	22.0	0.0%	69.8	20.9%
Jack Henry	JKHY	576.58	\$23.04	\$13,284	6.3%	12.5%	28.0	0.7%	64.8	17.2%
FactSet Research	FDS	300	\$44.13	\$13,239	6.3%	11.3%	23.5	0.5%	73.8	7.4%
Colgate-Palmolive	CL	200	\$56.93	\$11,386	5.4%	5.1%	22.0	1.9%	80.7	12.9%
Synovus Financial	SNV	400	\$27.51	\$11,004	5.2%	9.0%	18.0	2.4%	73.3	15.7%
II-VI Inc.	IIVI	600	\$17.45	\$10,470	5.0%	11.5%	25.0	0.0%	59.6	17.6%
Microsoft	MSFT	379.57	\$27.03	\$10,259	4.9%	9.9%	25.0	1.4%	83.7	18.3%
East West Bancorp	EWBC	241.8	\$40.90	\$9,889	4.7%	16.0%	16.4	0.8%	77.3	10.2%
Medtronic	MDT	194.22	\$49.11	\$9,538	4.5%	12.2%	24.0	0.7%	87.7	16.9%
Maxim Integrated Products	MXIM	220	\$37.25	\$8,195	3.9%	13.1%	25.0	1.1%	63.7	16.9%
Pfizer	PFE	311.67	\$24.82	\$7,735	3.7%	3.2%	18.0	2.4%	75.0	17.9%
Johnson & Johnson	JNJ	130.21	\$58.02	\$7,554	3.6%	5.1%	19.0	2.0%	78.6	12.9%
Forrester Research	FORR	300	\$21.79	\$6,537	3.1%	13.5%	25.0	0.0%	59.7	9.1%
Totals & Averages				\$210,803	100.0%	11.0%	22.0	0.8%	75.7	15.5%

Challenge Club Dashboard. Build your own dashboards. Does your portfolio have enough PAR, quality and sales growth? This one does. If not, what decisions (selling and buying) can be explored to put the dashboard back within the target ranges?

Stock Price Results (2000-2001) High Quality: One Year into the Bear



Stock Price Results (2000-2001) Low Fin. Strength: One Year into the Bear



How does the role of quality dovetail with overall market expectations?

When MIPAR is low, emphasize higher-quality stocks and raise overall portfolio quality ratings. The two charts provide insight as to the relevance of quality as bear markets arrive. The first group had an average quality rating of 86.3 back in March 2000. Using financial strength as a proxy for a quality rating, the 2nd group had financial strength ratings between C++ and B. One group gained 19% during a market decline of 28% while the other lost 18% with one of the companies going bankrupt. Does quality matter? **Quality matters.**



Solomon's Select: Walgreen (WAG)

Walgreen is the nation's largest drugstore operator. The company was founded in 1901 and now operates more than 4500 stores in 45 states and Puerto Rico. Prescription drugs account for 64% of total sales.

Growth

The sales growth forecast for WAG is still quite strong but slowing at 12-14%. The historical sales growth for the last five years has been 14.4%. Actual sales growth for 2005 was 12.5%.

Value Line projects long-term sales growth at 13.6%. Morningstar assumes sales will increase 11.5% in 2006-07 before heading back up to around 12.5% as the effects of the mix change from branded to generic drugs becomes more pronounced. Top-line growth is expected to be 12% over the next five years. Prescription growth should continue to benefit from an aging population.

Profitability

Margins are projected to reach 3.7% in 2006. Value Line projects that long-term net margins will achieve higher levels near 4.4%. WAG's average actual net margin for the trailing 10-year period is 3.5% with a high of 3.7% in 2005. Morningstar projects that margins will increase by 8-9%. This would suggest a long-term net margin forecast of approximately 4.0%.

Valuation

The industry average projected P/E is 20x. WAG has a projected annual P/E ratio of 26.5x. At Morningstar's fair value estimate of \$51 (4/28/2006) they've used an implied "fair" P/E of 31x for WAG. S&P uses an "above average (but justified) 26x multiple" for its estimates.

Expected Returns

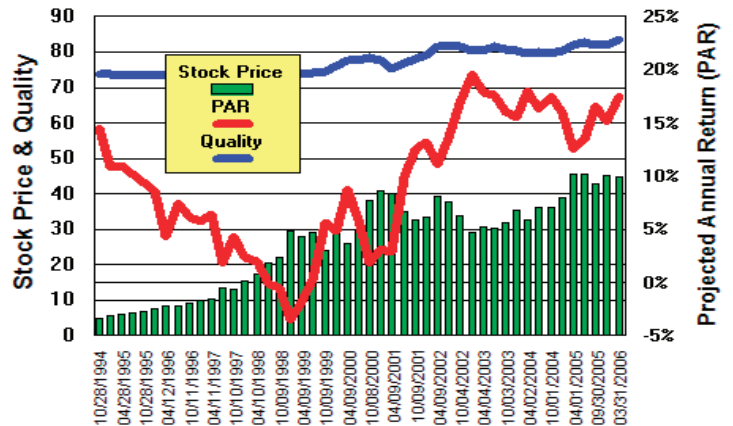
Based on a price at the time of the study of \$41.93, the projected annual return was 19.0%.

Quality & Conclusions

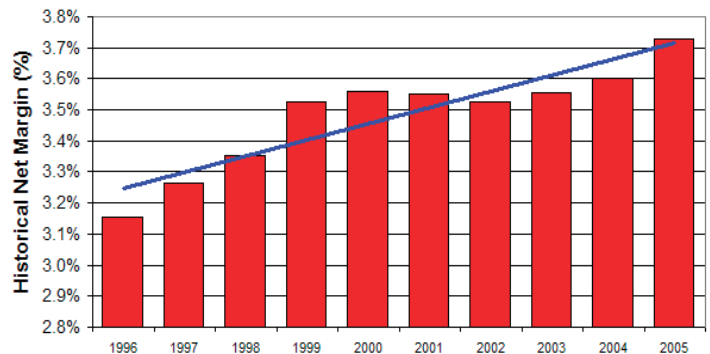
Walgreen has exhibited a A++ financial strength rating and an EPS predictability of 100 for a very long time. The sales and profitability expectations combine to form a 86.8 quality rating at this time.

Walgreen Co. (WAG)

Staples - Pharmacy Services



Walgreen (WAG) -- The Pharmacy America Trusts. *There's a strong connection between trust, quality and P/E ratios. Investors trust Walgreen too as reflected in the steady quality rating over time. The projected annual return (PAR) is near historical highs.*



Walgreen (WAG) -- Profit Margin Track Record. *Walgreen has steadily increased net margins over the trailing 10-year period. The trend line suggests a continuation, helping to account for the estimates in the 4.0-4.4% range during stock studies.*



Vanguard Growth Index (VIGRX)

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 (10.1%), a quality rating (QR) greater than 65 and a financial strength rating of 70 or better. The result is Vanguard

Growth Index(VIGRX). The index fund is a twin-sibling of Viper Vanguard Growth (VUG), an ETF which we featured in February 2006.

A Glance in the Rearview Mirror

The annualized total return for VIGRX from 4/30/96 through 4/28/06 was 8.21%, slightly lagging the broad stock indices. Morningstar rates the fund at 4 stars.

Expected Returns

VIGRX's 14.0% portfolio PAR is superior to the projected return for the general stock market (10.1%). After deducting its very low expense ratio (.22%), VIGRX's potential return is 13.78%, near the top for all funds covered by MANIFEST.

Management Decisions

Like its twin, VUG, VIGRX 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 March 31, 2005 and March 31, 2006 decreased exposure to the consumer discretionary, consumer staples, financial and healthcare sectors, while increasing exposure to the energy, materials, industrials, telecommunication services and information technology sectors. Turnover is relatively low at 25.0%.

Knowing What You Own

VIGRX's holdings are profiled in its accompanying portfolio dashboard. The portfolio QR of 72.7 is excellent. Average financial strength is very strong at 90.9 and average EPS predictability (74.0) is strong. Average sales growth of the fund holdings is 9.8%. Average projected P/E is 22.2x.

While VIGRX has a relatively higher P/E ratio, reflecting its growth orientation, its above average EPS predictability rating lends stability to the portfolio. Consequently, I expect VIGRX to be more volatile than the general stock market, but not extremely so. That's proved true over the last 10 years.

VIGRX's holdings are widely diversified among large-cap companies, totaling 407 stocks. The largest three holdings, Microsoft (21.0% PAR, 83.7 QR), General Electric (15.6% PAR, 81.7 QR) and Johnson & Johnson (12.7% PAR, 78.6 QR) make up just over 10% of the portfolio. The top 20 holdings constitute just 35.5% 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.

Name		Industry	Qlty	PAR	Sales Grth	Yield	P/E	Finl Str	EPS Pred
Microsoft	MSFT	Computer Software (Systems)	83.7	21.0%	9.9%	1.4%	25.0	100.0	90
General Electric	GE	Electrical Equipment	81.7	15.6%	5.1%	2.0%	21.0	100.0	95
Johnson & Johnson	JNJ	Drug (Diversified)	78.6	12.7%	5.1%	2.0%	19.0	100.0	100
Procter & Gamble	PG	Household Products	87.8	14.1%	9.1%	1.8%	22.0	100.0	100
Cisco Systems	CSCO	Communications Equip	71.8	15.1%	11.5%	0.0%	25.0	100.0	35
Intl Business Machines	IBM	Computer Systems	73.1	14.9%	5.5%	0.9%	18.0	100.0	90
Intel Corp.	INTC	Semiconductor	67.7	18.9%	8.8%	1.2%	20.0	100.0	50
Wal-Mart	WMT	Retail Store	81.6	14.9%	10.2%	1.2%	18.0	100.0	100
Pepsi	PEP	Beverage (Soft Drink)	91.0	11.3%	7.7%	1.8%	22.0	100.0	100
Home Depot	HD	Retail Building Supply	76.8	22.2%	8.7%	0.9%	24.0	100.0	95
QUALCOMM	QCOM	Communications Equip	73.8	9.8%	13.2%	0.8%	33.5	80.0	55
Amgen	AMGN	Biotechnology	78.1	13.9%	13.6%	0.0%	20.0	100.0	95
Google	GOOG	Internet	69.5	15.2%	39.5%	0.0%	35.0	80.0	10
Sprint Nextel	S	Telecomm Services	51.5	19.4%	6.4%	0.2%	19.0	50.0	15
Abbott Labs	ABT	Drug (Diversified)	81.3	14.8%	6.9%	2.1%	20.0	100.0	100
United Health Group	UNH	Medical Services (Managed Care)	74.1	16.5%	9.8%	0.0%	19.0	90.0	100
United Technologies	UTX	Diversified	68.1	7.5%	6.9%	1.8%	16.0	100.0	70
Medtronic	MDT	Medical Supplies (Devices)	87.7	16.5%	12.2%	0.7%	24.0	100.0	100
American Express	AXP	Financial Svcs (Div)	76.1	6.0%	10.2%	1.2%	16.5	90.0	70
Dell Inc.	DELL	Computer Systems	67.1	18.6%	8.6%	0.0%	25.0	100.0	80
Apple Computer	AAPL	Computer Systems	67.4	7.0%	16.7%	0.0%	25.0	90.0	25
Texas Instruments	TXN	Semiconductor	52.9	8.9%	7.4%	0.3%	25.0	90.0	30
Oracle Corp.	ORCL	Computer Software (Systems)	79.0	23.6%	13.1%	0.0%	25.0	90.0	75
Tyco Intl	TYC	Diversified	48.8	10.9%	4.1%	1.0%	15.0	30.0	60
Caterpillar Inc.	CAT	Machinery	63.9	4.2%	6.3%	1.6%	11.5	80.0	60
Vanguard Growth Index	VIGRX	Averages	72.7	14.0%	9.8%	1.0%	22.2	90.9	74.0

Portfolio Analysis 4/28/2006		Proj Ann Return	Quality	Sales Growth	Yield	P/E	Finl Strength	EPS Pred
Oberweis Micro-Cap (*)	OBM CX	17.3%	50.8	17.1%	0.5%	28.9	44.9%	30.0
T. Rowe Price Science & Technology (1)	PRSCX	14.9%	65.2	12.1%	0.6%	25.6	78.7%	54.0
VIPERs Vanguard Growth (4)	VUG	14.5%	74.2	10.1%	1.0%	22.7	92.6%	75.0
HOLDRs Semiconductor (*)	SMH	14.4%	56.2	11.2%	0.5%	23.0	73.5%	34.0
Bridgeway Ultra-Small Company (*)	BRUSX	14.3%	52.5	13.8%	0.3%	24.9	43.1%	27.0
VIPERs Vanguard Technology (3)	VGT	14.3%	64.9	11.7%	0.5%	24.6	82.0%	53.0
Fidelity Adv Dividend Growth (2)	FDGTX	14.1%	69.2	7.8%	1.7%	19.1	86.4%	77.0
HOLDRs Internet (*)	HHH	14.0%	57.6	18.0%	0.0%	34.8	68.5%	42.0
Vanguard Growth Index (8)	VIGRX	14.0%	72.7	9.8%	1.0%	22.2	90.9%	74.0
American Century Select (7)	TWCIX	14.0%	73.5	10.3%	1.0%	21.6	82.8%	85.0
Fidelity Adv Equity Growth (6)	FAEGX	13.9%	73.6	10.3%	1.1%	22.8	92.9%	74.0
American Century Ultra (5)	TWCUX	13.9%	72.0	10.8%	1.0%	22.9	84.2%	76.0
T.Rowe Price Blue Chip Growth (17)	TRBCX	13.5%	71.7	10.9%	1.0%	21.0	85.3%	79.0
Fidelity Dividend Growth (12)	FDGFX	13.5%	66.5	7.8%	1.6%	18.8	82.7%	71.0
Thrivent Large Cap (13)	AALGX	13.3%	70.3	7.9%	1.7%	18.6	88.8%	74.0
Dreyfus Founders Growth (10)	FRGRX	13.3%	71.2	8.6%	1.3%	21.9	86.7%	71.0
T.Rowe Price Growth (15)	PRGFX	13.3%	66.9	10.0%	1.2%	21.2	79.6%	69.0
Federated LargeCap Growth (11)	FLGAX	13.2%	69.8	10.3%	1.0%	21.6	86.4%	69.0
Fidelity Growth & Income (*)	FGRIX	13.2%	69.6	8.1%	1.7%	19.0	87.9%	78.0
Putnam Voyager (9)	PVOYX	13.1%	68.9	10.3%	0.9%	20.8	85.3%	73.0

April 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 for 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

All of the top 10 holdings have projected returns exceeding that of the market as a whole. Five of the top 10 holdings, and 11 of the top 25, have PARs at or above our suggested advantage threshold of 5% above MIPAR. Only six of the top 25 holdings have PARs less than the market as a whole. Previous Solomon Selects Microsoft, Home Depot (22.2%, 76.8 QR) and Dell (18.6 PAR, 67.1 QR) rank 1st, 10th and 20th, respectively, among VIGRX's holdings.

As I mentioned above, VIGRX is a twin of Vanguard's large-cap growth ETF, VUG. They share managers, track the same index and have similar holdings. While technical differences between ETFs and regular mutual funds will cause some variance, their portfolio characteristics tracked by MANIFEST (PAR, QR, growth, etc.) will usually be very similar. VUG's current PAR of 14.5% and QR of 74.2 are a little higher than those shown for VIGRX primarily because of a difference in the date of portfolio that each fund's MANIFEST report is based on (VIGRX is based on its portfolio as of 6/30/05 while VUG's report is based on its portfolio as of 12/31/05).

Cost is a factor to consider in choosing between VIGRX and VUG. You can buy VIGRX directly from Vanguard at

no charge, while you will pay a commission to buy VUG. On the other hand, VUG's expense ratio is .07% less than VIGRX's. While that sounds tiny, it could largely offset VIGRX's upfront cost advantage if held in larger portfolios of \$50,000 or more.

Like VUG, VIGRX is a well-diversified fund with an exceptional Quality Rating and superior financial strength making it a solid core holding in any equity-oriented portfolio. Additionally, with the market rhinos avoiding large growth companies over the last few years, such companies are selling at attractive prices giving growth funds like VIGRX that hold them very attractive potential total returns relative to the market as a whole. 🏰



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 - May 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 15.1-20.1% and financial strength ratings of "A" or better.

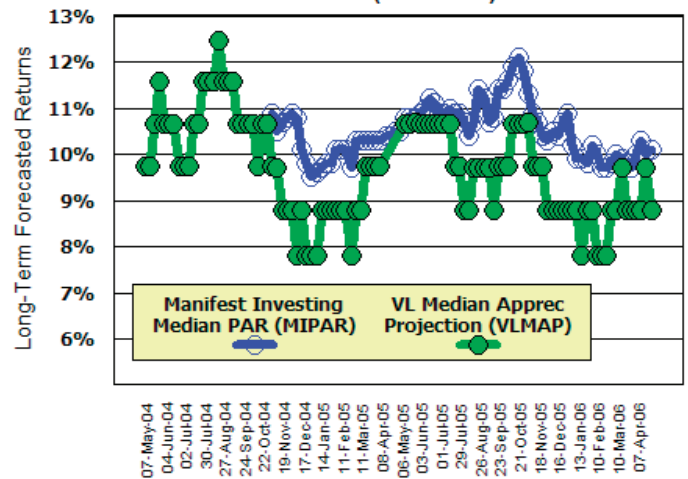
Overall Market Expectations

The median projected annual return (MIPAR) for all 2500+ stocks followed by Manifest Investing (Solomon database) is 10.1% (4/28/2006.)

Keep in mind that this is still relatively low. At 10.1%, it's still relatively low -- from a long-term historical perspective. 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. The rhinos on Wall Street continue to pay little attention to the blue chips and industry leaders. Blue chip high-quality growth companies continue to lead this list and seem to be "best fits" in the current market.

Overall Projected Annual Returns
Median PAR (All Stocks)



Source: Manifest Investing, Value Line Investment Survey

Worth a Closer Look Now

New/Returning companies include: Dollar Tree Stores, EBay, Intel, Pacific Sunwear, Simpson Manufacturing and United Healthcare.

The highest rated companies based on a combination including PAR and quality rating are Walgreen, Wrigley, Meredith and Medtronic. 🏆

Sweet Sixteen 4/28/2006	Symbol	Current Price	TTM Sales	Growth Forecast	Net Margin	P/E Avg	Fin Strgth	Proj Ann Ret	Quality
Meredith	MDP	\$ 49.60	1513	10.6%	10.3%	22.0	80%	20.0%	74.8
Walgreen	WAG	\$ 41.93	44525	13.6%	4.4%	26.5	100%	19.0%	86.8
Stryker	SYK	\$ 43.75	5004	11.6%	17.1%	26.0	80%	19.0%	69.0
Intel Corp	INTC	\$ 19.98	38061	8.8%	24.5%	20.0	100%	18.9%	67.7
Linear Technology	LLTC	\$ 35.50	1057	15.9%	39.6%	30.0	80%	18.7%	69.4
Apollo Group	APOL	\$ 54.64	2460	12.4%	20.5%	25.0	80%	18.7%	77.1
Dell Inc.	DELL	\$ 26.20	56922	8.6%	6.0%	25.0	100%	18.6%	67.1
Pacific Sunwear	PSUN	\$ 23.30	1392	12.1%	9.0%	18.0	80%	18.4%	76.0
Dollar Tree Stores	DLTR	\$ 26.07	3394	12.8%	5.6%	19.0	90%	18.0%	72.7
Ebay Inc.	EBAY	\$ 34.41	4861	24.7%	23.4%	40.0	90%	17.5%	79.5
Biomet	BMET	\$ 37.18	1993	11.7%	22.2%	25.0	80%	17.4%	72.6
Wrigley (Wm.)	WWY	\$ 47.07	4170	10.4%	14.0%	28.0	100%	17.1%	91.9
Lincare Holdings	LNCR	\$ 39.53	1297	15.2%	20.0%	15.0	80%	16.7%	79.7
Medtronic	MDT	\$ 50.12	11340	12.2%	25.0%	24.0	100%	16.5%	87.7
Simpson Mfg	SSD	\$ 39.99	846	10.5%	15.1%	19.2	80%	16.5%	80.4
United Healthcare	UNH	\$ 49.74	57617	9.8%	7.0%	19.0	90%	16.5%	74.1

Sweet 16 Screening Result for May 2006. Companies shown in bold are new since last month. Screening parameters: Projected Annual Return between 15.1-20.1%. 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

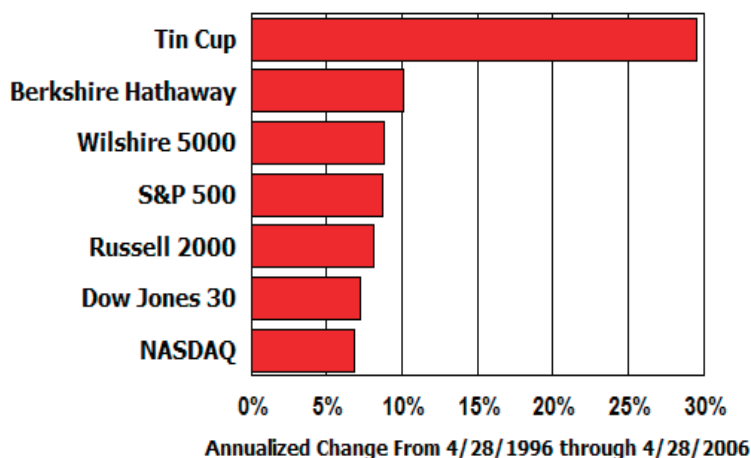
Tin Cup: Stick With Wrigley

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.

Total assets are \$635,909 (4/28/06) and the net asset value is \$174.15. The model portfolio lost 2.7% during April 2006 and generated a 13.6% rate of return over the trailing 52 weeks vs. 18.4% for the Wilshire 5000.

10-Year Trailing Performance



Projected Annual Return


With MIPAR at 10.1% (5/1/06) our target range for the projected annual return is 15.1-20.1%. At 17.0%, the portfolio PAR ended the month suitably greater than the lower threshold.

Quality

Quality and financial strength are sufficient at the current levels of 75.9 (Excellent) and 83% ("A.") EPS Predictability is 88.0 for the portfolio.

Decisions

The \$1250 monthly contribution was invested in Wrigley (WWY) as an additional 26.56 shares were accumulated. The overall portfolio projected annual return is 17.0% and the quality rating is 75.9.

As the accompanying combo scorecard shows, MSFT and HD were "disqualified" due to their PARs being outside the sweet spot. 

Tin Cup Model Portfolio	Quality	PAR	Combo Rating
Microsoft	83.7	21.0%	83.8
Home Depot	76.8	22.2%	82.8
Wrigley	91.9	17.1%	80.1
Paychex	83.9	17.9%	77.8
Health Management Assoc	61.3	23.4%	77.4
Bed Bath & Beyond	90.1	13.6%	72.2
Linear Technology	69.4	18.7%	72.2

Company Name	Ticker	Shares	Price	Value	% of Portfolio	Growth	P/E	Proj Yield	Qty	PAR
Home Depot	HD	1566.62	\$39.93	\$62,555	9.8%	8.7%	24.0	0.9%	76.8	22.2%
Linear Technology	LLTC	1687.1	\$35.50	\$59,892	9.4%	15.9%	30.0	1.0%	69.4	18.7%
Strayer Education	STRA	562.29	\$103.99	\$58,472	9.2%	15.8%	29.0	0.7%	80.9	14.2%
Cardinal Health	CAH	698.01	\$67.35	\$47,010	7.4%	7.7%	20.0	0.1%	68.6	11.4%
Bed Bath & Beyond	BBBY	1183.9	\$38.35	\$45,402	7.1%	12.1%	19.0	0.6%	90.1	13.6%
Pfizer	PFE	1709.34	\$25.33	\$43,297	6.8%	3.0%	18.0	2.7%	73.3	17.5%
Masco Corp.	MAS	1312.38	\$31.90	\$41,864	6.6%	7.4%	16.5	1.8%	72.1	17.9%
Altria Group	MO	569.66	\$73.16	\$41,676	6.6%	8.5%	14.0	4.1%	69.8	13.2%
Paychex	PAYX	1007.61	\$40.39	\$40,697	6.4%	14.1%	40.0	1.2%	83.9	17.9%
Health Mgmt Assoc	HMA	1763.18	\$20.71	\$36,515	5.7%	7.8%	22.5	0.7%	61.3	23.4%
Synovus Financial	SNV	1279.8	\$28.00	\$35,834	5.6%	9.0%	18.0	2.4%	73.3	15.3%
CVS Corporation	CVS	1186.03	\$29.72	\$35,248	5.5%	8.1%	22.5	0.3%	69.6	15.6%
Wrigley (Wm.)	WWY	717.16	\$47.07	\$33,756	5.3%	10.4%	28.0	1.3%	91.9	17.1%
Microsoft	MSFT	1350	\$24.15	\$32,602	5.1%	9.9%	25.0	1.4%	83.7	21.0%
United Health Group	UNH	423.84	\$49.74	\$21,081	3.3%	9.8%	19.0	0.0%	74.1	16.5%
Totals & Averages				\$635,909	100.0%	10.2%	23.4	1.3%	75.9	17.0%

MANIFEST User Guide Update & Cow (Rhino?) Tipping

Q: Other than going back and reading all of the newsletters... do you intend to publish a summary of the methodology or help pages in the future?

A: Reading through the newsletter archive is a pretty good idea for new subscribers or those seeking a refresher. Lynn Ostrem recently did just that and she emphasized the lessons that could be gathered by monitoring the decisions made with the Tin Cup model portfolio by following the monthly articles. Lynn went a step further and compiled a collection of contributions from a number of MANIFEST community participants. The result was our User Guide draft which we'll release during early May. Watch for an announcement in your weekly updates when Version One is ready for you. Thanks, Lynn.

Q: One of my investing newsletters recently downgraded Intel Corp. (INTC) and removed it from coverage by their firm. Why does Intel have such a good rating at Manifest Investing? -- J.V.H.



Lynn Ostrem is a long-time advocate of investment clubs as vehicles for learning how to invest. Check out her Minneapolis-based Crow River investment club at www.bivio.com/crowriver. Lynn serves as a volunteer director for the NAIC's Central Iowa Chapter.

A: Have you ever gone cow-tipping? A popular urban myth, usually involving groups of college students and adult beverages, I can't say that I know anyone who has actually ever done it. (And I grew up in a rural setting.) Lots of people talk about it -- and I'm left wondering if such thoughts about Intel are the work of those who would follow rhinos?

Some Facts/Opinions: Intel had a bad quarter. Actually two bad quarters. AMD has enjoyed some success, not an unprecedented thing -- but rarely has it been sustainable enough to damage the long-term Intel business model. The intermediate outlook for Intel has been cloudied.

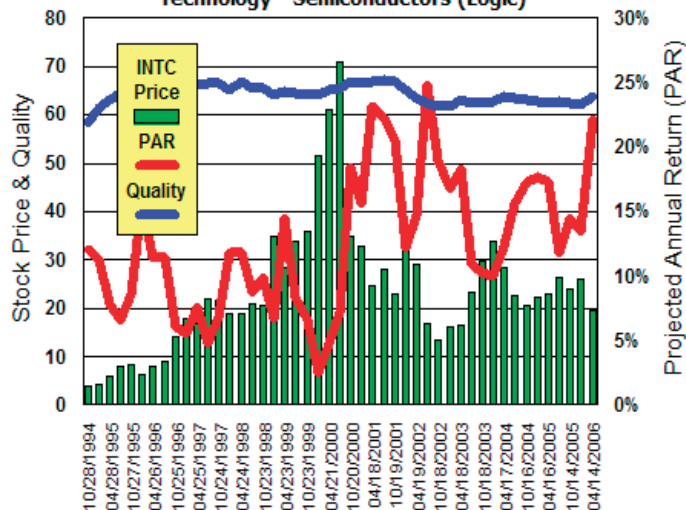
We share the pieces of the quality "pie" for any company covered at MANIFEST. The quality rating is unemotional and reflects the projections and opinions or reports published by analysts. (Note: This does NOT -- and never will -- include their buy/hold/sell opinions.) The rating includes a continuous assessment (comparison) of key characteristics versus peers or other companies in the industry. For Intel specifically, the financial strength rating is still A++. The EPS predictability is 50, still relatively high for a growth-cyclical. Intel's projected profitability has been reduced, but still superior to the industry average. The sales growth forecast actually **increased** with the most recent update. Hence, the 67.7 (Excellent) quality rating.

The quality rating isn't bestowed in blind admiration. There's a basis. And it's not based on a rhino field of vision of 30 feet and a financial quarter or two. Some pieces of the forecast have been reduced and analysts are issuing sell recommendations (S&P is at 2 Stars for Intel right now.) Whether they're trailing rhinos or tipping cows, it's prudent to watch where one steps.

Mark Robertson 🍀

Intel Corp. (INTC)

Technology - Semiconductors (Logic)



Chronicle: Intel Corp. As usual, the picture is worth quite a few words. The recent price drop is worth a closer look. With a slight increase in sales growth expectations, overall quality has actually "bumped up" not down.

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.

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