

Expected Returns

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

Volume XIII, No. 4
April 2005

A Tribute to Foolish Investing



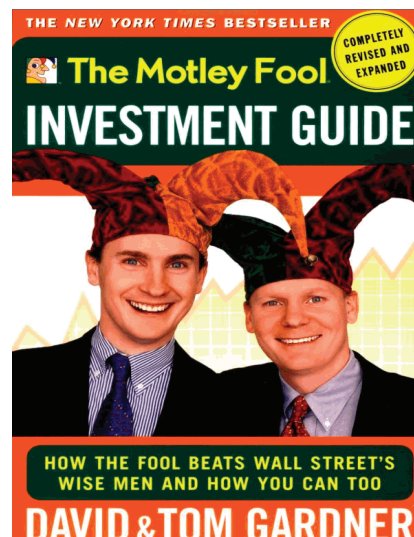
The mission of Manifest Investing is to dramatically simplify the world of investing and to transform the experience of individual investors into something less mysterious, less stressful and more successful. The message and experience of The Motley Fool (www.fool.com) rings wholly consistent with this objective. I first met Tom and David Gardner at an investment conference a few years ago and have worked with them and their staff ever since. In the spirit of their national holiday (April Fool's Day) we revisit a time-honored speech made by David Gardner to the National Press Club a few years ago. It still ranks as one of my favorite speeches and resonates with what we believe.

Adapted from a speech by David Gardner - Co-founder, The Motley Fool

Once upon a time, there was a prosperous country called America. America had fertile land, sun-struck coasts, purple mountains and a happy people. She sported free public education, expensive but effective health care and high speed data networks that anybody could tap into. In America, more than any other place ever, you could do and say whatever you wanted, and your destiny was largely -- to an almost disturbing degree -- in your own hands. America was the envy of the world.

But there was one thing that Americans lacked. Despite their comparatively rich status, Americans had very little understanding of what to do with their money. Most Americans would build up savings by their middle years and suddenly find they had no real idea how to handle it. As they were mostly a good people, their instincts were right: save the money and make it grow. But how to save it, how to make it grow, was something most had never learned anything about.

Maybe it had to do with their educational system? Their schools, particularly the best, focus on the



Motley Fool Investment Guide. In a recent Hidden Gems newsletter, Tom Gardner provided a list of high-impact books on investing, but left out their own classic. The book is recommended reading for all individual investors.

liberal arts. Many of them, for instance, were taught calculus before college. Yet few were taught anything about index funds, dividend yields, interest rates or discount brokers... before or after college. There was [rarely] any formal education of any kind about money and investing!

But what would most of them work the better part of their adult lives to attain? What would enable them to buy the house, buy the car... or to retire, or to put their children through school?

It was into this fairytale land that we launched The Motley Fool as a newsletter not all that long ago. In July of 1993, I, my brother Tom, and our friend Eric Rydholm attracted a small subversive movement in the financial world, printing our first copy of what began as a newsletter for family and friends: The Motley Fool.

"FOOL"?!

Financial advice with the word "Fool" attached to it? Many of our friends were skeptical of the viability of the enterprise. (Then again, many of our friends worked on Wall Street.) You see, Tom and I had never been money

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managers, brokers or financial journalists of any conventional stripe. We're just writers who happened to have a Dad who taught us about the stock market early on. He even gave us some money to manage on our own when we reached 18, so that we could figure the darn thing out. Shakespeare was a favorite of ours going through college, and the themes of folly and wisdom have an extremely rich literary history. Not coincidentally, perhaps, most of my favorite authors have spoken kindly of Fools: Plato, St. Paul, Erasmus and Shakespeare.

We selected our name from the Bard's great passage about Fools, from "As You Like It." In Act II, scene VII, Jacques enters having just come across a court jester in the forest. Jacques excitedly proclaims that he is himself ambitious for a motley coat: "Invest me in my Motley," he says. "Give me leave... to speak my mind... and I will through and through... cleanse the soul body of the infected world. IF they will *patiently* receive my medicine." For our own part, we thought that if that medicine were expressed in simple terms, regarding a subject that concerns everyone's bank balance, with generous doses of a whimsical and self-effacing humor mixed in, maybe... just maybe... the world would receive our message *patiently*.

Our emphasis from the beginning was on reform; it's right there in "As You Like It." We set out to cleanse the foul body of the infected financial world. The notion that we could actually succeed at this seemed outlandish, coming from two young whippersnappers. But we had a few unforeseen advantages, not the least was a fervent belief in -- and a solid understanding of -- the most powerful medium that history has ever seen: the online phenomenon. That gave us a head start.

Tom talks of the advantages of the online community at length.

Wall Street Wrangling

What continues to be wrong, in some senses, with Wall Street?

Not surprisingly, it concerns the institutions, because it is the institutions of Wall Street that have grown gargantuan. The behemoths have grown "institutional" by taking advantage of the general public's lack of education about investing. The institutions that I'm going to focus on are three of the biggest: mutual funds, Wall Street brokerage firms and the financial press.

Mutual funds are ubiquitous and a popular recommendation among planners and journalists. It's not hard to see why. Turn over the care and responsibility for your money to somebody else... a very typical response when most people are faced with something they don't understand. Mutual funds are certainly a better option than state-sponsored lotteries, Las Vegas or credit-card debt. But 80% of all mutual funds underperform the stock market's average annual return. That's right, billions and billions of dollars handed over to some pretty well-paid fellas... our country's mutual fund managers, who don't even return performance equal to the stock market AVERAGE performance, year in and year out?

Would a Wall Street broker be a better choice? Admittedly, there are some good brokers. The problem is that most are paid based on how often your account trades, not on how well it performs. Talk about conflict of interest! Frequent trading is not in the best interest of the average investor. But Wall Street has convinced investors to move in and move out, no matter how destructive this is to your bottom line. Many www.fool.com com-



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munity members have sought refuge after horrible experiences.

What about the fourth estate, the financial press? The aim of today's journalists seems to be gauging where the market is headed... as if this were possible! There are few genuinely good writers and many turn to someone else to do the forecasting for them. So they regularly solicit financial forecasts from the so-called "gurus" and spew the predictions with virtually no follow-up and no accountability.

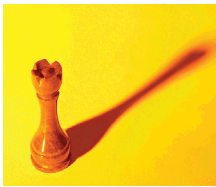
Imagine an Investing World...

Imagine a financial press that echewed its fascination with forecasting the market and instead sought to educate. Imagine if the learning included stories of great companies and an explanation of why they're great, straying beyond the what. Imagine a broker with compensation linked to the long-term success of a client's portfolio, instead of short-term frenetic gambling. Imagine a mutual fund industry that had billions of dollars withdrawn and restored to the accounts of individuals who understood the mediocrity of mutual funds. Further imagine if that collective understanding of investing was dramatically improved, resulting in better investing, better business and enlightenment with respect to the challenges of investing.

Think of the possibilities. They're out there and they're attainable no matter how much institutional inertia gets in the way. We invite everybody, including those Wise souls on Wall Street, to join us.

The Motley Fool continues to strive to dramatically rewrite the rules in favor of individual investors, the same "little guys" that have been disenfranchised by the status quo. We believe that it is truly possible to enrich, educate and amuse along the way.

Fool On! -- David Gardner



Solomon's Select

Fifth Third Bancorp

Fifth Third opened its doors in Cincinnati as the Bank of the Ohio Valley in 1858. The Third National Bank purchased the original bank in 1871. At the turn of the century, the Third National and Fifth National were merged, and ultimately became the organization now known as "Fifth Third Bank." This well-managed and conservative midwestern bank ranks among the leaders in its industry based on return-on-assets (ROA), a key characteristic of banking performance. A sluggish stock price for the last few years delivers an opportunity for higher expected returns at recent price levels.

Overview & Quality

Fifth Third (FITB) relies on a decentralized affiliate business model with its banks located in Ohio, Illinois, Indiana, Michigan, Kentucky and Florida. With a financial strength rating of A+, a high measure of predictability and leading growth and profit characteristics compared to peer midwestern banks, Fifth Third earns a quality rating of 77.6 (Excellent.)

Growth

Fifth Third has been one of the faster growing banks in the midwestern group. Value Line projects the long-term asset growth forecast at 10%. S&P expects revenue growth in 2005 to benefit from expanding net interest margin.

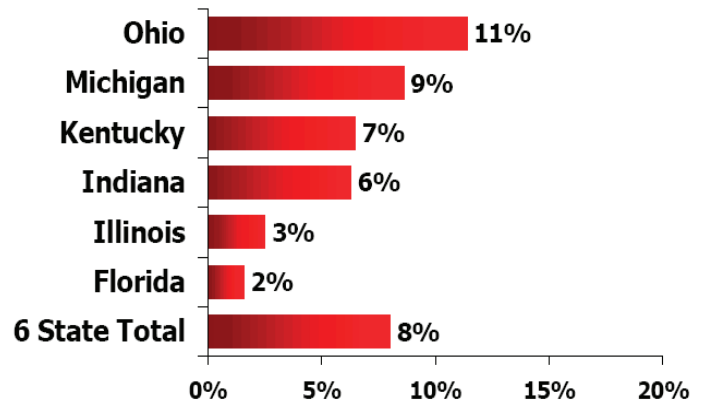
Profitability

Fifth Third has a projected ROA of 1.60%. The average projected ROA for midwestern banks is 1.53%. Although ROA has slipped in recent years from historical levels, it remains among the best in the industry group, reflecting stewardship and a commitment to remaining among the low cost producers in the field.

Valuation

The industry average projected P/E is 14.9x and Fifth Third has a projected annual P/E ratio of 20.0x, reflecting the stronger growth and profit characteristics. A price-to-earnings multiple of 20x is relatively high for a bank. The P/E for Fifth Third has been consistently in the 19-28x range during periods of growth comparable to the expectations noted here.

FITB State Market Share



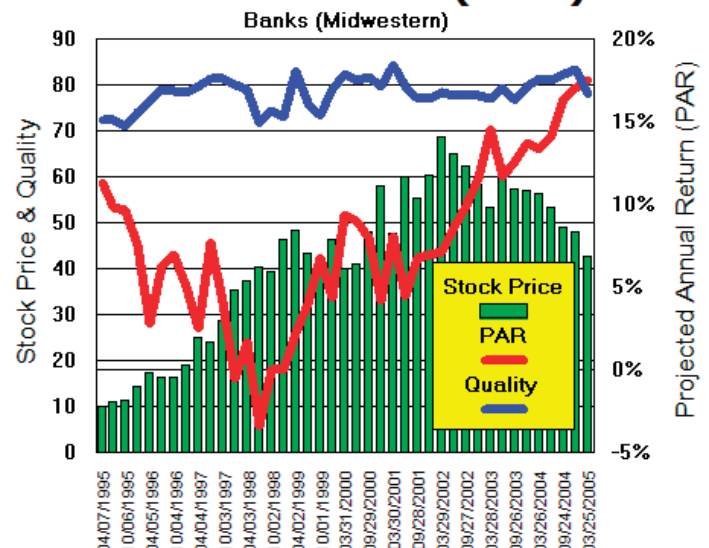
Fifth Third Market Share Characteristics by State. The growth initiatives in Illinois and Florida have ample room for expansion. Source: 2005 Annual Meeting Presentation, Fifth Third Bank.

Expected Returns

Based on a price at the time of the study of \$42.45, the projected annual return was 17.6%.

George A. Schaefer, Jr. has been president and CEO of Fifth Third since 1990. In his remarks to shareholders, Mr. Schaefer shared thoughts on the future and philosophy of the company: "While every market is unique, two things remain constant at Fifth Third: a deeply held belief in the talent and entrepreneurship of our employees combined with the knowledge that a decentralized operating model allow them the flexibility to serve our customers. We empower local managers to find the best ways to produce growth." In the coming years, expect FITB to establish new affiliates and to add new banking centers. The company continues to maintain a cost advantage and has a best-in-class distribution network. Expect consistent results and better returns going forward. 🏰

Fifth Third Bank (FITB)





White Oak Select Growth (WOGSX)

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. This column will be a regular feature for Expected Returns and the mutual fund manifest on page 5 will be a standing feature. This list is ranked by projected annual return to enable us to identify mutual funds that are well-positioned going forward.

This Month's Fund Finding

The list was culled for mutual funds with the following characteristics: Projected Annual Return (PAR) greater than the total stock market (10.3%) and a quality rating greater than 65. The result is White Oak Growth (WOGSX). Let's take a closer look.

A Glance in the Rearview Mirror

The annualized total return for WOGSX for the ten years ended 2/28/2005 was 10.0%, lagging the total stock market result of 11.1%. The fund has significantly lagged the total stock market over the trailing five years. But our emphasis is *not on where the fund has been, but where it seems to be going.*

Historical turnover has always been quite low. Annual turnover for 2004 was 16%, ranking among the lowest of all mutual funds.

Knowing What You Own

The holdings of White Oak Select Growth are profiled below. A quick look reveals a stable of fairly high quality stocks generating a portfolio quality rating of 70.0, or excellent. The average sales growth of the group is 12.6%.

The financial strength of the WOGSX companies is quite strong at 86% (A+) and the EPS predictability (61.0) is a little low. These holdings will have more price volatility and investors should expect some roller coaster moments.

Recent Decisions

The fund manager has recently accumulated Amgen and added Electronic Arts, QUALCOMM, UPS, Symantec, Avid Technology and Symbol Technologies. The average PAR of these new additions is 11.7%. Positions have been trimmed in EBAY, CSCO, MDT, AMAT, JNPR, DELL and LLTC. The average PAR of the reduced positions is 15.8%. While this may reflect some balancing of the total portfolio, these sell decisions could be inconsistent with our portfolio management strategies and merit attention.

White Oak Growth	WOGSX	% of	12/31/2004	Quality	PAR	Sales Growth	Yield	P/E	Finl Strength	EPS Pred
Ebay Inc.	EBAY	9.40%	Internet	82.9	21.1%	28.8%	0.0%	40.0	90%	65
Cisco Systems	CSCO	9.36%	Telecom. Equipment	65.7	16.2%	11.2%	0.0%	25.0	100%	35
EMC Corp.	EMC	7.44%	Computers/Peripherals	62.1	10.1%	11.5%	0.0%	28.0	80%	25
MBNA	KRB	7.26%	Financial Svcs (Div)	75.5	12.4%	7.1%	2.3%	11.5	90%	100
Schwab, Charles	SCH	6.57%	Securities Brokerage	58.0	5.6%	5.6%	0.7%	16.5	80%	55
Medtronic	MDT	6.23%	Medical Supplies	88.0	11.1%	10.9%	0.7%	24.0	90%	100
Applied Materials	AMAT	6.20%	Semiconductor Equip	63.4	13.8%	8.2%	0.0%	20.0	80%	35
Juniper Networks	JNPR	6.10%	Telecom. Equipment	55.4	10.7%	21.4%	0.0%	30.0	50%	15
Dell Inc.	DELL	5.80%	Computers/Peripherals	68.7	13.3%	10.4%	0.0%	30.0	100%	75
Citigroup	C	5.47%	Financial Svcs (Div)	73.6	12.8%	10.8%	3.9%	10.5	80%	80
Linear Technology	LLTC	5.13%	Semiconductor	77.1	24.3%	22.2%	1.0%	30.0	80%	60
Pfizer	PFE	4.48%	Drug (Major)	73.5	17.4%	2.4%	2.9%	19.0	100%	100
Amgen	AMGN	4.01%	Biotechnology	71.4	14.2%	13.9%	0.0%	22.0	100%	95
Rockwell Automation	ROK	3.04%	Electrical Equipment	50.0	-0.1%	5.4%	1.4%	18.0	80%	45
Electronic Arts	ERTS	3.03%	Entertainment Tech	64.9	7.7%	10.9%	0.0%	27.0	90%	30
Microsoft	MSFT	2.75%	Computer Software/Svcs	84.1	17.7%	9.8%	1.3%	25.0	100%	85
QUALCOMM	QCOM	2.32%	Telecom. Equipment	71.0	13.6%	14.5%	0.6%	33.5	80%	50
United Parcel Service	UPS	2.13%	Air Transport	81.0	13.1%	5.5%	1.8%	25.0	90%	90
Symantec	SYMC	2.04%	Computer Software/Svcs	74.6	11.0%	11.7%	0.0%	25.0	70%	80
Avid Technology	AVID	0.64%	Entertainment Tech	36.3	13.3%	12.2%	0.0%	30.0	30%	5
Symbol Technologies	SBL	0.50%	Electronics	45.2	11.2%	11.8%	0.1%	25.0	50%	20
Cash-on-Hand		0.1%			2.4%		2.4%			
		100.0%		70.0	13.5%	12.6%	0.8%	24.5	86%	61.0

Mutual Fund MANIFEST Ranked by Proj Ann Return		Morningstar Rating	Quality	Proj Ann Return	Sales Growth	Yield	P/E	Finl Strength	EPS Pred
Fidelity Dividend Growth	FDGFX	★★★★	65.0	14.7%	7.0%	2.1%	20.1	83%	79.4
Janus Fund	JANSX	★★★	60.6	14.1%	10.2%	0.9%	25.8	75%	52.4
Fidelity Adv Dividend Growth	FDGTX	★★★	64.7	14.1%	7.1%	2.1%	20.1	83%	79.0
Fidelity Equity Growth	FAEGX	★★★	69.3	14.0%	8.8%	1.2%	24.3	92%	73.9
NASDAQ-100	QQQQ		67.8	13.6%	13.7%	0.5%	27.6	80%	55.9
Fidelity Magellan	FMAGX	★★	66.4	13.6%	7.3%	1.8%	20.9	86%	72.6
White Oak Growth	WOGSX	★★	70.0	13.5%	12.6%	0.8%	24.5	86%	61.0
Oppenheimer Growth A	OPPSX	★★	65.6	13.4%	9.6%	0.8%	23.6	81%	64.0
BlackRock Large Cap Growth	PGIAX	★★	69.8	13.4%	8.3%	1.2%	22.6	93%	79.1
Fidelity Blue Chip	FBGRX	★★★	73.0	13.2%	7.9%	1.6%	22.2	94%	84.2
Thompson Plumb Growth	THPGX	★★★★	63.7	13.2%	6.4%	1.7%	19.8	81%	74.0
American Growth	AMRAX	★	54.6	13.1%	10.4%	0.7%	23.5	78%	47.5
Vanguard 500	VFIND	★★★★	70.7	13.0%	6.3%	2.2%	20.1	93%	78.8
Federated Capital Appreciation	FEDEX	★★★★	67.2	12.9%	6.7%	2.1%	20.2	88%	72.7
T. Rowe Price Growth	PRGFX	★★★★★	65.6	12.9%	9.7%	1.2%	21.1	80%	73.0
Federated Large Cap Growth	FLGAX	★★	67.0	12.8%	7.1%	1.5%	22.3	86%	74.2
American Century Ultra	TWCUX	★★★★	69.6	12.6%	11.0%	0.7%	24.4	80%	76.4
Fidelity Growth Opportunities	FAGOX	★★	67.0	12.6%	8.9%	1.3%	23.3	84%	69.8
Vanguard Growth Equity	VGEQX	★★	64.6	12.5%	11.7%	0.7%	25.9	83%	57.8
Nicholas-Applegate Large Cap Grc	NLCIX	★	65.9	12.1%	6.8%	1.5%	21.3	88%	72.1
John Hancock Large Cap Growth	JHNGX	★	65.3	11.9%	7.9%	1.1%	23.7	79%	68.6
Dreyfus Founders Growth	FRGRX	★★	65.7	11.9%	8.5%	1.2%	22.8	83%	69.1
Harbor Capital Appreciation	HACAX	★★★	64.0	11.8%	12.7%	0.8%	25.5	79%	60.6
Vanguard U.S. Growth	VWUSX	★	65.5	11.8%	12.6%	0.5%	25.8	78%	61.5
Franklin Blue Chip	FKBCX	★★	65.9	11.7%	6.9%	1.9%	18.8	88%	71.4
Legg Mason Value Trust	LMVTX	★★★★	49.7	11.7%	8.1%	1.1%	19.6	53%	53.7
American Funds Washington Mut	AWSHX	★★★	62.3	11.6%	5.0%	2.9%	16.9	84%	69.8
Fidelity Equity Income	FEQIX	★★★	60.2	11.5%	5.4%	2.7%	16.7	82%	68.3
Federated Stock Trust	FSTKX	★★★★	55.8	11.5%	5.2%	2.6%	16.5	72%	59.4
Dow 30 (Diamonds)	DIA		67.0	11.4%	6.3%	2.1%	17.9	89%	75.7
Scudder Development	SCDVX	★★	56.1	11.4%	12.1%	0.6%	22.5	61%	46.5
Janus Growth & Income	JAGIX	★★★★★	58.1	11.3%	8.6%	1.3%	19.9	72%	51.4
Sequoia Fund	SEQUX	★★★★★	58.4	11.3%	5.8%	0.7%	21.1	84%	46.1
Boyle Marathon	BFUNX	★	62.9	11.3%	15.2%	0.2%	23.1	57%	50.7
Vanguard Windsor	VWINDX	★★★	61.2	11.2%	7.0%	1.8%	17.4	75%	67.0
Jensen Fund	JENSX	★★★★★	73.3	11.2%	6.9%	1.6%	21.4	88%	92.9
Fidelity Adv Equity Income	FEIRX	★★★	63.8	11.1%	5.6%	2.3%	16.8	82%	67.8
Vanguard Healthcare	VGHCX	★★★★★	62.3	11.0%	8.6%	1.2%	21.0	82%	64.8
Marsico Growth	MGRIX	★★★★	67.3	11.0%	11.5%	0.8%	23.5	83%	67.0
Jundt Growth	JGFIX	★★	59.7	10.8%	15.2%	0.3%	24.3	61%	52.9

Listing of equity mutual funds ranked by Projected Annual Return. Ticker symbols in red represent funds that are closed to new investors. The Morningstar star rating is influenced by long-term past performance. Quality: Average quality rating of the holdings. (0-to-100, Greater than 65 = Excellent) Projected Annual Return: Average forecast return for holdings based on growth forecast, profitability, and projected annual P/E ratio. Sales Growth: Average sales growth forecast for holdings. Yield: Average current annual dividend yield for holdings. P/E: Average projected annual P/E. Financial Strength: Value Line rating. (A++=100%, B++=70%) EPS Pred: Average EPS predictability for holdings.
Sources: Manifest Investing, Value Line, Morningstar.

Expected Returns

In his book, *Good to Great*, Jim Collins states, "The most effective investment strategy is a highly undiversified portfolio when you're right. As facetious as that sounds, that's essentially the approach that good-to-great companies take." It also describes our approach to undiversified long-term investing.

White Oak Select Growth is a concentrated fund and should make short-term traders uncomfortable. Fund

manager James Oelschlager has said, "No hospital wings or college dormitories have ever been named for an indexer." The fund holdings are concentrated in the areas that seem poised for favorable long-term results, namely the larger companies and technology sector these days. The 13.5% projected annual return is superior to the 10.1% projected return for the general stock market. But don't get on this roller coaster if you're faint of heart, short of breath or unwilling to practice some persistent patience. 🏰

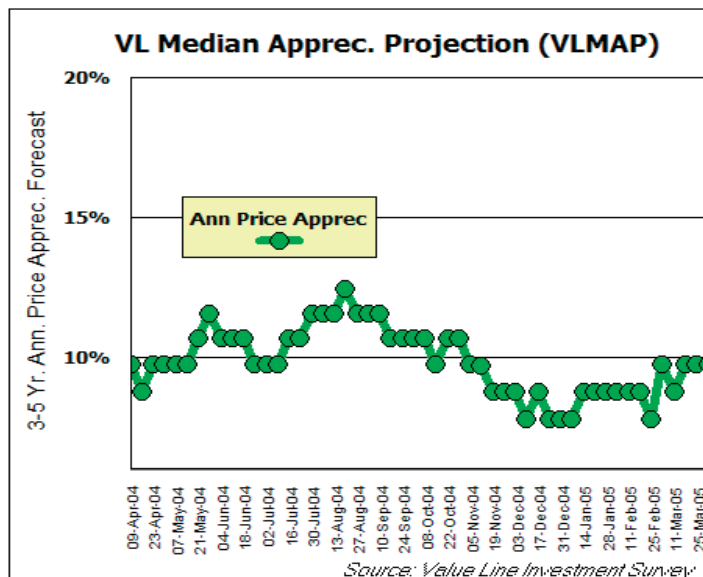
Sweet Sixteen Screen - April 2005

The screening results shown here deliver a group of high quality companies with fairly high return expectations. The list is ranked by quality (descending) and includes companies with growth rates greater than the general stock market (8%) and projected annual returns greater than 15%.

When Quality Matters Most

All of the listed companies have quality ratings greater than 65 (Excellent.) Quality is always important, but it takes on added significance during periods when bull markets have been running for a while.

How do we know when a bull market influence has been in place for an extended period? See the accompanying figure. The graph provides a one year track record of price appreciation forecasts for all stocks in the Value Line universe of 1700 companies. The projected median price appreciation of these companies is now 9-10%. This price appreciation has ranged from a low value of 6.8% (3/1/98) to a high of 37.3% (10/6/74.) The more typical range is between 8% and 20%. The current price appreciation forecast of 9.7% is closer to the low end of that range. Our interpretation of this suggests stock selection should now be focused on quality.



Worth a Closer Look Now

New companies include: Biomet, Stryker, Southwest Airlines, Synovus Financial and Cherokee. Biomet and Stryker have been impacted by a federal investigation of incentive payments to physicians. Southwest Airlines has been affected by higher fuel costs. Cherokee (CHKE) is a footwear and apparel company. Do your homework. Good hunting! 🍀

Sweet Sixteen 3/29/2005	Symbol	Price	TTM Sales	Growth Forecast	Net Margin	P/E Avg	Current Yield	Proj Ann Ret	Quality
Bed Bath Beyond	BBBY	\$ 36.33	5135	16.5%	11.0%	25.0	0.0%	23.4%	92.2
Gentex	GNTX	\$ 31.76	506	17.1%	23.2%	22.0	2.0%	18.9%	91.3
Kohl's	KSS	\$ 50.46	11700	19.0%	6.9%	20.0	0.0%	16.3%	87.8
Biomet	BMET	\$ 35.32	1822	12.1%	21.7%	25.0	0.6%	16.1%	85.2
Paychex	PAYX	\$ 32.88	1392	14.7%	25.4%	40.0	1.6%	18.4%	84.3
Microsoft	MSFT	\$ 24.18	39099	9.8%	32.8%	25.0	1.3%	17.7%	84.1
Dollar Tree Stores	DLTR	\$ 28.62	3126	14.1%	6.2%	21.0	0.0%	20.1%	83.2
Ebay Inc.	EBAY	\$ 37.55	3565	28.8%	27.2%	40.0	0.0%	21.2%	82.9
Stryker	SYK	\$ 44.08	4407	12.1%	17.7%	28.0	0.2%	19.1%	81.3
Lowe's	LOW	\$ 57.00	35021	15.4%	6.5%	25.0	0.3%	21.4%	79.8
Fifth Third Bancorp*	FITB	\$ 42.45	98342	9.8%	1.60%	20.0	3.3%	17.6%	77.6
Linear Technology	LLTC	\$ 38.36	952	22.2%	45.6%	30.0	1.0%	24.5%	77.1
Wal-Mart	WMT	\$ 50.55	285900	10.8%	3.7%	24.0	1.0%	17.7%	76.9
Southwest Airlines	LUV	\$ 14.24	6695	12.7%	9.8%	22.0	0.1%	18.1%	75.0
Synovus Financial *	SNV	\$ 27.87	25630.5	8.6%	1.90%	20.0	2.5%	15.0%	74.7
Cherokee	CHKE	\$ 33.05	66	18.5%	39.0%	15.0	6.1%	26.2%	74.6

Sweet 16 Screening Result for April 2005. Companies shown in bold are new since last month. Screening parameters: Quality Rating greater than 65. Projected Annual Return greater than 15%. Long-Term Sales Growth Forecast greater than 8.0%. Definitions: TTM Sales: Sales 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 Total Assets and Return-on-Assets (ROA) instead of sales and net margin.

Sources: Manifest Investing LLC, Value Line Investment Survey.

Rhino Investing & Corrective Lenses

by Mark Robertson
General Manager, Manifest Investing LLC

Most of the "investing" we hear about every day is focused on something different than we are. Wall Street's obsession with quarterly results and meeting short term price and earnings targets is inconsistent with our long-term approach to investing. This frenzy resembles a sport and some companies have made proactive (and commendable) decisions to discontinue their participation in the chaos and confusion. If you invest like a rhinoceros or map the migration of lemmings, be assured there's a better way.

Crashing by Committee

During a recent discussion of the works of Erwin McManus, we were reminded of the labels attached to groups of animals. In his book, *The Barbarian Way*, McManus shares some observations about groups of animals at the San Diego Zoo.

"I suppose that I always knew it in part, but I had not come to fully realize how most groups of animals have unique names or designations when they dwell together.

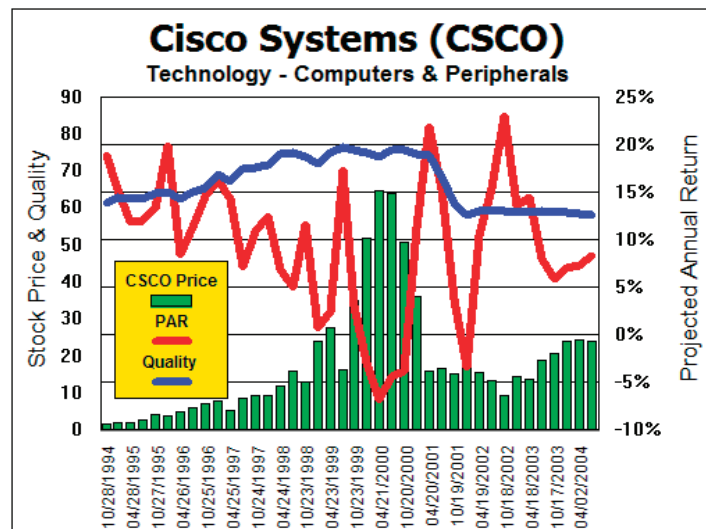
"With insects most of us know that bees are called swarms, and fish congregate in schools. Cattle are herds, birds are flocks, and if you watched *Lion King*, you know a tribe of lions is a pride. If you grew up in a rural setting, you may know that crows are murders. Maybe the most unnerving one is an ambush of tigers.

"I was surprised to learn that a group of buzzards loitering together is called a committee." Hmmm.

"But my favorite of all is the group designation for rhinos. Rhinos can run 30-40 miles per hour, which is pretty fast when you consider how much weight they're pulling. They're actually faster than squirrels. Just one problem with this phenomenon...

"Rhinos can only see 30 feet in front of them. Can you imagine something that large moving in concert as a group, plowing ahead at 30 MPH with no idea what's at 31 feet??"

"You would think they would be far too timid to pick up full steam, that their inability to see sufficiently far ahead would paralyze them to immobility. But



with that horn pointing the way, rhinos run forward full steam ahead without apprehension, which leads us to their name.

"Rhinos moving together at full speed are known as a crash. Even when they're just hanging around enjoying the watershed, they're called a crash because of their potential."

Helmets or Spectacles?

In the early days of 2000, Cisco Systems (CSCO) was among the more strongly recommended stocks in the stock market. I documented this condition in an article for *Better Investing* at the time. The momentum rhinos were in full crash mode as CSCO reached a stock price of \$82 on March 27, 2000.

Hindsight may be 20/20, but a MANIFEST review of Cisco Systems at the time revealed a high quality company, but one with a *negative* projected annual return (-8.0%.) This is graphically illustrated in the accompanying chart.

While the investing herd is running at full steam and squinting at things "30 feet in front of them" like trying to predict operating results for the next quarter, we'll continue to focus on a long-term horizon with better visibility. As investors, we have a couple of choices to make. We can don crash helmets and stalk short-term forecasts and avoid straying too far from that ticker tape. Or we can find some good long-term spectacles to focus our vision beyond "30 feet" and avoid the turbulence of daily noise and chaos on Wall Street. I think a good set of corrective lenses with our handle on quality and expected returns is a much better idea and guide. 🦒

Questions & Comments

The following letters and questions were received from subscribers recently. We can't answer them all here, but we'll make every effort to share the most common questions that seem to be of general interest to readers.

"What's with the volume number (XIII) and issue number?"

Thanks for asking. This merely reflects a return to a newsletter that I produced and shared with friends and family as part of our early investment club efforts. We used the newsletter to communicate and learn about long-term investing from 1992-1997, until I accepted a position with the National Association of Investors Corporation (NAIC) as their senior contributing editor. In a sense, this publication was placed "on the shelf" for a few years after Volume VI, and it's now back. We hope you find it helpful and enjoy the experience.

"Will the newsletter be available in hard copy, via traditional mail?"

Yes. We will provide a future price option (an adder) for printing and delivery. We'll make all online subscribers aware when this is available so you can decide if you'd like to receive the printed copy.

"Will the newsletter/web site have a model portfolio?"

Absolutely. We're in the middle of building a model (demonstration) portfolio that will not only share potential results using the MANIFEST methods to design and maintain a portfolio over the last ten years, but continue to maintain the model portfolio going forward. In practice, it will mean evaluating and selecting the best available stock from the weekly updates of the Value Line Investment Survey and subjecting the selections to portfolio design considerations as potential replacements/additions to the model portfolio.

Watch for a full report on the model portfolio in an upcoming issue.

"You mentioned working with individual investors to optimize their participation in defined contribution retirement plans. Does this mean you are providing custom services based on company plan offerings?"

Yes. We are working with companies to design an effective program targeted at helping their employees to (1) understand and (2) optimize their participation in 401(k) or 403(b) plans.

For participating companies, we generate a review of the investment alternatives specific to their provider. If you have any questions about this or would like to explore this for your company, send an e-mail and we'll contact you.

"Will articles be available/downloadable as PDFs?"

Yes, we will make this available.

"Any chance that you'll make the Solomon spreadsheet or stock/fund manifests available as Excel downloads?"

If you're a spreadsheet junkie or simply can't live without tinkering with Solomon (and you're a paying subscriber) send us a note. We'd be happy to send a current version to you.

Generally though, we ask your indulgence as we build the web-based capabilities to use this information as a user-friendly resource. For example, we're developing the interface so that stock and mutual fund ticker lookups, delivering projected annual return (PAR) and the quality rating, will be available for a couple thousand stocks and a few hundred mutual funds fairly soon.

The first mutual funds in the database will be either fairly widely held or available in the 401(k) plans for the companies we're working with. Any subscriber is invited to request/nominate a favorite mutual fund for tracking and inclusion in the MANIFEST universe.

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. Although we can't answer all 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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