

Expected Returns

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Results, Remarks and References Regarding Investment Initiatives

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And The Children Shall Lead Us ...



Indelible life memories. Those moments (often involving our children or other young people) are precious. In this month's cover story, I want to revisit one such indelible moment from my past and spend a few more moments with the notion of encouraging others to "step up." We're working with a few family members (and our daughter's boyfriend) to establish brokerage accounts aimed at embracing a lifetime of successful long-term investing. I also had the honor and privilege to spend a few moments recently with a class of high-potential teenagers at an investing class taught by my friend, Ann Cuneaz. With bright eyes and brilliant minds focused, it's clear that enabling future indelible moments is what investing is really all about. Have a GREAT 2008!

The opening paragraphs were originally published in the June 2000 issue of Better Investing magazine and are reprised/edited here.

Scott Almquist. Scott was on my little brother's little league baseball team. I was his coach. It was summer break from college, and I was working as an intern for a major manufacturing firm. During that summer stint, I learned a great deal from my first exposure to corporate America.

I learned even more from Scott Almquist.

Scott was a really great kid. Quiet and very humble. But he wasn't our best hitter. Well -- perhaps he was -- but after eight games, the fact that he hadn't yet made contact with the baseball made it tough to tell.

It was the last inning of our ninth game. We trailed by three runs, but we had the bases loaded. There were two outs. You guessed it. Scott was the next batter.

Stepping Up

It'd be a vast understatement to say that kids can be cruel. Because they can be worse than cruel. Despite all of my efforts to coach sportsmanship, some of our own players were calling for a pinch hitter to substitute for Scott. In a gut-wrenching moment, their parents were, too. The opposing players were having a field day with dreadful banter.

With tears in his eyes, Scott asked me if I wanted somebody else to hit instead. I told him that I wanted him to merely do the best that he possibly could. No more. No less.

I'll confess that I whispered a prayer as he missed the first two pitches by a country mile. It was clear that there were a whole bunch of places that he'd rather have been -- and that he was in a hurry to get there. Me too.

The next few moments are indelibly etched in my memory.

The pitcher tossed the ball. Scott closed his eyes and swung as hard as he could. The ball miraculously glanced off the end of the bat and trickled over first base and down the rightfield line. It rolled. And it rolled. The rightfielder was already doing his victory dance and didn't notice that the ball was rolling into the corner. (Good thing, because the experience was



Did you know that the going price for a round trip to the moon is running at \$100,000,000? During an educational session with a group of bright-eyed teenagers, we explored the feasibility of a future round of golf on the moon and came to the conclusion that it was possible with reasonable contributions and regular investing if they pooled their efforts using time as an ASSET. Discover and own high-quality companies. Fore!

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new for Scott and the first two runners crossed the plate before he remembered that it was time for him to run, too.) He circled the bases and was lifted to his teammate's shoulders. They carried him off the field to celebrate his game-winning grand slam.

Step up to the plate. Share your long-term investing experience. It's a challenge. It's a campaign. It revolves around encouraging the people that you care about to step up.

But it's just a start. Successful long-term investing, by definition, almost requires the nurturing of curiosity. Our best investors wonder about how "what we do" works. The real treasure is that they become living testimonials to how well a strategic long-term approach to investing succeeds.

We use a number of catch phrases and themes to surround what happens after we step up and own our shares. Our community resonates with words like "Big Tent," an oasis from chaos, a place to come home to, anchors in safe harbors, and sleep-at-night investing.

My perspective on investing has changed dramatically since that day in March 1992 when I picked up a life-changing *Wall Street Journal* article and became suddenly curious about one such Big Tent called BetterInvesting and the experience of investment clubs. I genuinely share that my outlook is so much different that I feel butterfly-proof to the turbulence on any given day or week or month.

But I'm NOT worried... and THAT'S the difference.

Step up. Help a friend or loved one to discover long-term investing. People have to be persuaded to swing the bat. There's plenty of room in our Big Tent and a powerful community to join. It's the place where "average investing" ends and a successful investing journey begins.

Thanks, Scott.

Company		"Purchase" Date	"Purchase" Price	Long-Term Return
Coach	COH	10/31/2000	\$ 2.92	41.9%
Yahoo!	YHOO	12/31/1996	\$ 6.46	38.1%
Ebay	EBAY	9/30/1998	\$ 1.88	37.0%
American Eagle Outfitters	AEO	6/30/1996	\$ 0.85	33.9%
Fossil	FOSL	8/31/1996	\$ 1.63	32.0%
Urban Outfitters	URBN	12/31/1996	\$ 1.62	29.8%
FactSet Research	FDS	6/30/1996	\$ 4.22	27.1%
UnitedHealth Group	UNH	7/31/1996	\$ 4.20	25.8%
Stryker	SYK	6/30/1996	\$ 5.53	25.5%
L-3 Communications	LLL	5/31/1998	\$ 13.54	24.5%
Tanger Factory Outlets	SKT	6/30/1996	\$ 3.22	24.5%
Teva Pharma	TEVA	7/31/1996	\$ 3.78	24.4%
Abercrombie & Fitch	ANF	12/31/1996	\$ 7.89	23.9%
AFLAC	AFL	6/30/1996	\$ 6.54	21.6%
Danaher	DHR	7/31/1996	\$ 9.76	21.1%
Hibbett Sporting	HIBB	12/31/1996	\$ 2.86	20.9%
Johnson Controls	JCI	6/30/1996	\$ 4.44	20.8%
Sonic Corp	SONC	7/31/1996	\$ 2.78	20.5%
Costco Wholesale	COST	8/31/1996	\$ 9.58	19.0%
Neogen	NEOG	6/30/1996	\$ 3.87	18.6%
Starbucks	SBUX	7/31/1996	\$ 3.25	18.1%
Jack Henry	JKHY	8/31/1996	\$ 4.33	17.2%
Kohl's	KSS	7/31/1996	\$ 7.84	17.2%
Exxon Mobil	XOM	8/31/1996	\$ 15.74	17.0%
Lowe's	LOW	7/31/1996	\$ 3.89	17.0%
Fiserv	FISV	6/30/1996	\$ 8.89	16.8%
Microsoft	MSFT	7/31/1996	\$ 6.28	16.4%
Oracle	ORCL	8/31/1996	\$ 3.92	16.3%
Bed Bath & Beyond	BBBY	7/31/1996	\$ 5.50	16.2%
Sysco Corp	SYU	7/31/1996	\$ 6.09	15.9%

Shopping Our MANIFEST 40? The long-term actual returns are annualized since the dividend and split-adjusted purchase price shown. Coach has been the most rewarding over the last seven years. The highlighted companies were added to the MANIFEST 40 during a long-term investing demonstration with a group of teenagers. Does it bother you that many of the highlighted companies would generally be ignored by many investors in our community? It should.

Logging a Long-Term Perspective

How rewarding have the last 10-12 years been for long-term investors? During a classroom demonstration with Ann Cuneaz's teenagers, we took a closer look at annualized returns since the kids started kindergarten for the MANIFEST 40 and some other successful companies that were on the tips of their youthful tongues.

Many long-term investors in our broad community will generally eschew retail stocks and avoid them.

Take a look at the accompanying list. Note the retailers and smaller companies and high-tech companies that would generally fail to capture the attention of many of us.

Abercrombie, Coach and Urban Outfitters rank among the most

successful stocks among the 35 stocks that we've featured in the Solomon Select feature since February 2005 issue. I have a confession. As I prepared those features, my skin crawled a little. Knowing how many of you feel about retail/restaurant stocks, I wondered if you might dismiss the Solomon Select feature as something to be taken seriously. (Note: The annualized return for the Solomon Select tracking portfolio is 14% since inception versus 9% for VTSMX.)

Does it bother you that many of the highlighted companies on the list would have failed to capture your attention because of some inherent, and potentially illogical, prejudice? It should. Does it bother you that we have collectively ignored the three top-performing sectors in the S&P 500 for three years running? It should.



Solomon's Select: Volcom (VLCM)

I've never been a great fan of skateboards. My only experience with a surfboard delivered a sprained ankle and a wide assortment of abrasions and contusions because ... well, I really had no experience and there's a lot of power in Pacific waves. And the accompanying snowboarding picture is enough to cause butterflies.

But I know enough to appreciate that no one learns to surf or skateboard without a bruise or two along the way. Mastery is achieved by those who *get back on and remain persistent*.

Volcom, Inc. designs, markets and distributes clothing and accessories under the Volcom name, primarily for use in surfing, snowboarding and skateboarding.

Growth

According to Value Line, the estimate for EPS growth is 21.4%. The long-term trend for sales growth is approximately 19%.

Profitability

The trailing 4-year average for net margin is 15.8%. Based on a 19% sales growth forecast, the margin would have to be 13.3% to achieve a 5-year EPS estimate of \$4.00. The actual net margin for 2006 was 14%.

Valuation

The industry average projected P/E for Apparel is 15x. Based on P/E forecasts by S&P and historical trends, a P/E of 18-20x is feasible. The current P/E was 15.9x at the time of selection.

Expected Returns, Quality & Conclusions

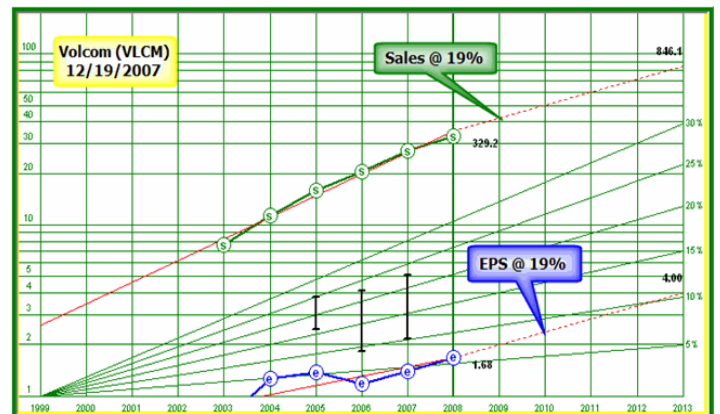
Based on a price at the time of the study of \$22.01, the projected annual return was approximately 23%. The quality rating is 81.4 (Excellent). The financial strength index is 97%.

I selected Volcom for a model portfolio on 8/24/2006 at \$24.29. It rapidly ascended to \$51. It more rapidly descended to \$21.51 recently. Much more rapidly.

The stock price seems to behave like those Extreme Sports participants who skateboard a hundred feet into the air with no net. If I'd have been paying attention to the rhinos, I would have sold near \$51 on the basis of VLCM's relative strength index (overbought condition.) So I'm getting back on ... pass the Maalox.

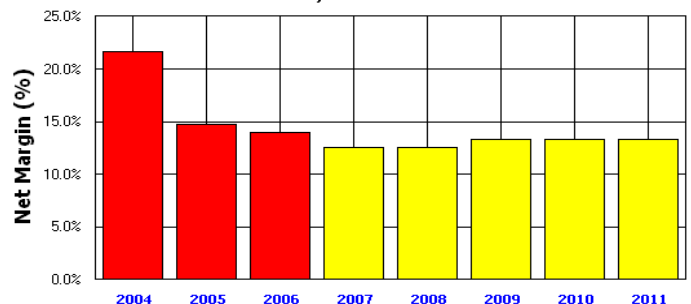


Volcom (VLCM) is an example of a non-core (or perimeter) holding for the Solomon Select tracking portfolio. We'll sell if conditions merit with no remorse. The volatility clearly means that this youth apparel company is not for everybody. If the photo makes you squeamish ...



Volcom Visual Analysis. This is what an emerging company looks like. There's not a lot of track record available. Historical growth and profitability has been strong with no signs of weakness or signs of kids rushing the exits with skateboards under arm. (But they could.) The rhinos are also calm but could stampede further on any weakness.

Volcom (VLCM)
Profitability Trend & Forecast



Volcom - Profitability Trend. The results we seek are attainable if historical profitability is achieved and maintained.



Featured Fund

Wasatch Heritage Growth (WAHGX)

by Cy Lynch, Chief Education Officer

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

This Month's Fund Finding

We screened all mutual funds covered by MANIFEST for Projected Annual Returns (PAR) greater than the total stock market (11.9%) and Quality Ratings (QR) greater than 60. The result is Wasatch Heritage Growth (WAHGX) which we also featured last June.

A Glance in the Rearview Mirror

WAHGX's annualized total return since inception on 6/18/04 was 9.08% through 9/30/07, trailing the broad stock indices. The fund outperformed the broad market most of the first two years of existence, but has trailed since mid-2006. Morningstar gives it a one star rating.

Expected Returns

WAHGX's portfolio PAR of 14.8% exceeds the projected return

for the general stock market by 2.9 percentage points, about the same differential as last June. Its expense ratio is below average at 0.95%.

Knowing What You Own

WAHGX's holdings are profiled in its portfolio dashboard below. Portfolio average QR is excellent (69.2) and average financial strength is solid at 77.2, both virtually unchanged since our June 2007 feature. Its projected sales growth is strong at 12.5% and average projected P/E is 19.6x. EPS Stability (66.7) declined a little from 71, reflecting some potential for volatility. Remember our view, however, that volatility isn't the same as risk and can present opportunity when holdings are high quality.

WAHGX holds just 65 stocks (9/30/07). It remains adequately diversified overall, however, with no stock making up more than 3.6% of the portfolio. The largest 10 holdings make up about 30% of the portfolio. Ten of the top 25 holdings have PARs at or above our suggested advantage threshold MIPAR plus 5 percentage points. Seven of those holdings have PARs more than 10 points above MIPAR, reflecting some potential for disappointment if they prove too good to be true. At the other end of the continuum, seven of the top 25 have potential returns significantly below MIPAR.

The five largest holdings make up about 17% of WAHGX's

Name		Industry	Qty	PAR	Sales Grth	Yield	P/E	Finl Str	EPS Stab
Amphenol Corp*	APH	Electronics	70.5	10.3%	11.8%	0.3%	19.0	63.0	75.0
Wellpoint Health	WLP	Medical Services (Managed Care)	70.8	11.1%	6.9%	0.0%	15.8	96.0	95.0
Alliance Data Systems*	ADS	Information Services	59.4	11.4%	10.3%	0.0%	18.0	86.0	52.0
Infosys Tech	INFY	Software (Consulting)	95.4	31.1%	30.0%	0.7%	26.0	93.0	89.0
America Movil SA*	AMX	Telecomm Services	70.4	17.7%	20.0%	0.6%	15.6	28.0	64.0
Covance Inc.	CVD	Drug	52.7	4.0%	7.6%	0.0%	24.9	83.0	60.0
DaVita Inc.	DVA	Medical Services	47.2	8.4%	7.0%	0.0%	16.1	54.0	49.0
L-3 Communications	LLL	Aerospace/Defense	70.2	18.3%	16.0%	0.8%	17.8	63.0	91.0
Cisco Systems	CSCO	Communications Equip	77.8	22.6%	16.0%	0.0%	26.5	94.0	69.0
Express Scripts	ESRX	Pharmacy Services	73.7	6.5%	8.3%	0.0%	21.8	77.0	89.0
Teva Pharma	TEVA	Drug (Generic)	84.1	15.3%	11.0%	0.7%	22.0	96.0	71.0
Ebay Inc.	EBAY	Internet	83.1	29.0%	25.0%	0.0%	31.4	100.0	47.0
Coach Inc.	COH	Retail Special	94.3	24.5%	18.8%	0.0%	24.8	99.0	78.0
CapitalSource	CSE	Credit Services	65.9	37.8%	14.0%	8.0%	14.5	37.0	81.0
Apollo Group	APOL	Educational Services	67.1	7.8%	7.2%	0.0%	24.3	83.0	77.0
Kohl's	KSS	Retail Store	91.6	23.7%	12.0%	0.0%	18.0	95.0	82.0
Aeropostale	ARO	Retail Special	79.4	14.8%	13.4%	0.0%	16.0	92.0	54.0
Price T. Rowe	TROW	Asset Management	83.2	10.3%	14.0%	1.6%	18.8	98.0	81.0
Taiwan Semi	TSM	Semiconductor (Specialized)	61.2	22.5%	9.6%	1.5%	20.0	56.0	45.0
Linear Technology	LLTC	Semiconductor (Specialized)	73.4	18.9%	10.0%	1.2%	25.0	97.0	67.0
Intercontinental Exch	ICE	Securities Brokerage	49.3	4.1%	13.4%	0.0%	30.0	98.0	17.0
Plains Exploration & Prod*	PXP	Petroleum (Producing)	50.1	9.4%	14.0%	0.0%	17.0	38.0	27.0
CH Robinson	CHRW	Air Transport (Freight)	70.1	11.8%	11.0%	1.6%	25.6	97.0	91.0
KLA Tencor	KLAC	Precision Instrument	62.1	14.6%	6.4%	0.9%	20.0	76.0	39.0
Anadarko Petroleum [~]	APC	Oil & Gas (E&P)	54.6	1.5%	13.5%	0.9%	11.8	88.0	52.0
Wasatch Heritage Growth	WAHGX	Averages	69.2	14.8%	12.5%	0.6%	19.6	77.2	66.7

Portfolio Analysis 1/2/2008		Proj Ann Return	Quality	Sales Growth	Yield	P/E	Finl Strength	EPS Stability
iShares DJ US Financial Services (13)	IYG	15.1%	65.0	9.8%	2.6%	13.9	84%	74
iShares DJ Regional Banks (5)	IAT	15.0%	65.9	7.4%	3.3%	13.5	77%	82
Wasatch Heritage Growth (18)	WAHGX	14.8%	69.2	12.5%	0.6%	19.6	77%	67
SPDRs Financial Select (17)	XLF	14.8%	64.5	9.0%	2.4%	14.2	81%	71
VIPERs Vanguard Technology (1)	VGT	14.6%	69.1	12.6%	0.7%	24.4	83%	60
iShares DJ Consumer Services (6)	IYC	14.6%	66.5	8.7%	1.1%	19.9	77%	73
SPDRs Cons Discretionary (16)	XLY	14.5%	62.6	7.3%	1.3%	18.6	72%	68
VIPERs Vanguard Financials (*)	VFH	14.5%	63.9	9.1%	2.3%	14.4	80%	70
AIM Technology (*)	FTCHX	14.4%	66.8	13.9%	0.6%	23.7	77%	54
iShares DJ US Financial Sector (*)	IYF	14.3%	64.4	9.1%	2.4%	14.4	81%	70
Putnam Voyager (*)	PVOYX	14.3%	71.9	12.4%	0.7%	22.0	85%	67
iShares DJ Technology (3)	IYW	14.2%	69.3	12.5%	0.7%	24.8	83%	59
Thompson Plumb Growth (9)	THPGX	14.2%	67.5	8.9%	1.6%	18.0	82%	74
SPDRs Technology Select (2)	XLK	14.1%	64.9	10.7%	0.9%	23.1	77%	59
Fidelity Select Financial Services (*)	FIDSX	14.1%	63.0	9.2%	2.2%	14.4	77%	65
iShares S&P GSTI Technology (10)	IGM	14.0%	68.2	12.9%	0.6%	24.7	82%	57
VIPERs Vanguard Discretionary (*)	VCR	14.0%	64.4	8.0%	1.2%	18.8	73%	69
PowerShares High Growth Div Ach (14)	PHJ	14.0%	73.5	8.0%	2.1%	17.1	93%	86
Fidelity Advisor Growth Opp T (*)	FAGOX	13.9%	67.7	18.3%	0.3%	24.2	79%	41
Fidelity Growth & Income (14)	FGRDX	13.7%	67.3	10.5%	1.2%	18.9	83%	66

December 31, 2007. Listing of equity funds ranked by Projected Annual Return. **Projected Annual Return:** Average forecast return (adjusted for expense ratio) for holdings based on growth forecast, profitability, and projected annual P/E ratio. Minimum condition: PAR > MIPAR+2% to qualify for this listing. **Quality:** Average quality rating of the holdings. (0-to-100, Greater than 65 = Excellent, Minimum = 60) **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:** 100% = Highest **EPS Stability:** Ranking based on variation in annual change of EPS growth for companies held. Figures in parentheses denote prior month rank. (*) denotes new to list. Funds listed in bold have been previously featured.

portfolio: Amphenol, WellPoint Health, Alliance Data Systems, Infosys Tech and American Movil SA.

Management Decisions

WAHGX has been managed by Christopher D. Bowen and Ryan Snow since its inception on 4/18/04. As we discussed in June, Mssrs. Bowen and Snow take a long-term, bottom-up approach to portfolio management reflected in the fund's relatively low 56% turnover ratio. Their goal of finding high quality companies able to control their destinies and double earnings in five years is one adherents to the MANIFEST approach can relate.

The management discussion in WAHGX's most recent annual report is instructive. They state there, "Although benchmarks serve a purpose, we don't hold ourselves hostage to them. When we find a compelling opportunity to purchase a stake in a company, we are willing to wait until the market recognizes what we believe is pent up value.... As long as a company's business results continue to meet our expectations, we don't mind waiting for its stock to be rewarded."

During the quarter ended 9/30/07, portfolio decisions maintained solid overall quality while increasing PAR by 0.4 percentage points and projected sales growth by 0.7 percentage

points. Significant additions included Biovail, Cameron International and Transdigm Group (18.3% PAR, 50.6 QR). They accumulated America Movil, nearly doubling total holdings so that it's now WAHGX's fifth largest position. They also liquidated eight positions, Countrywide Financial and Helix Energy Solutions (2.6% PAR, 42.8 QR) being two of note.

WAHGX's solid quality and expected returns near the top of MANIFEST-covered funds make it a strong candidate for most portfolios. Its well above average sales growth, particularly for a diversified fund, is especially attractive as well. As we noted in June, WAHGX is still a relatively new fund with less than four years of history. Management's approach sounds promising on its face and recent decisions indicate that they practice what they preach.



Cy Lynch is chief education officer at MANIFEST and responsible for fund research and program development. Cy 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 served on the NAIC national board of advisors. He is a registered investment advisor and can be reached at: cy@manifestinvesting.com

Sweet "Sixteen" Screen - January 2008

The screening results shown here deliver a group of high quality companies with fairly high return expectations. The list includes companies with projected annual returns between 16-21% and financial strength ratings of 80% or better.

Overall Market Expectations

The median projected annual return (MIPAR) for all 2800+ stocks followed by MANIFEST (Solomon database) is 16% (12/28/2007.) The multi-decade range for this indicator has been 8-20%.

Worth a Closer Look Now

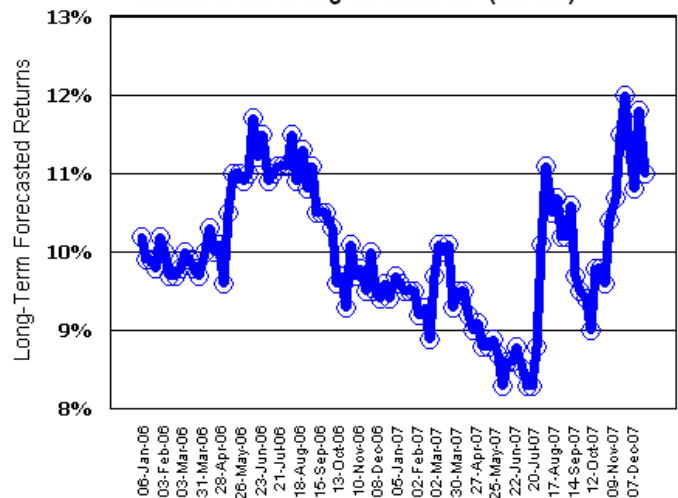
Taking a page from the December playbook, only (12) companies qualified under the criteria listed below.

The highest-rated companies based on a ranking including (*but not limited to*) PAR and quality rating are Volcom, Cisco Systems and FactSet Research.

We've added the CASPI rating to our screening criteria to continue our research on this indicator. All eight stocks have CASPI ratings greater than 95%. This means that more than 95% of all CAPS All-Stars expect these stocks to outperform the S&P 500 going forward.

The lowest price-to-fair value ratio among the Sweet "16" for S&P is Volcom (62.2%). The lowest price-to-fair value ratio according to Morningstar is Accenture at 73%. 6-of-the-12 have Strong Buy ratings from either S&P or Morningstar. The favorite among the

Overall Projected Annual Returns
Manifest Investing Median PAR (MIPAR)



CAPS All-Stars repeats December's results with the selection of FactSet Research with a CASPI rating of 100.0%. All (71) of these CAPS leaders expect FDS to outperform the S&P 500.

The average price-to-fair value ratio for the Sweet "16" is 92%.

Accumulation patterns: Huron Consulting and Total. These are companies that our rhinos seem to like the most right now.

Neutral Acc/Dist: Accenture, CVS, Novo Nordisk, inVentiv and American Capital. 

Sweet Sixteen 12/27/2007	Symbol	Current Price	TTM Sales	Growth Forecast	Net Margin	P/E Avg	Fin Strgth	Proj Ann Ret	Quality
Volcom*	VLCM	\$ 24.87	270	27.5%	7.7%	20.2	97%	17.3%	81.4
Cisco Systems	CSCO	\$ 28.38	36238	16.0%	19.6%	26.5	93%	20.9%	77.9
FactSet Research	FDS	\$ 58.37	500	18.0%	20.6%	27.7	94%	18.1%	85.3
Accenture	ACN	\$ 37.97	22071	10.0%	6.5%	22.5	86%	18.0%	72.4
Zimmer Holdings	ZMH	\$ 67.13	3850	8.5%	25.2%	25.4	95%	19.9%	68.6
NeuStar*	NSR	\$ 28.13	429	20.0%	18.9%	27.0	97%	19.7%	69.0
Huron Consulting	HURN	\$ 83.25	505	30.0%	9.2%	24.0	88%	20.9%	85.8
CVS Caremark	CVS	\$ 39.80	83865	7.6%	4.3%	23.0	85%	17.8%	74.7
Novo Nordisk	NVO	\$ 66.02	7496	7.9%	21.8%	19.2	93%	19.4%	72.0
inVentiv Health*	VTIV	\$ 30.63	916	14.0%	6.9%	20.0	85%	17.8%	65.7
Total S.A. [~]	TOT	\$ 81.84	184000	8.0%	9.8%	12.0	94%	16.1%	67.8
American Capital	ACAS	\$ 34.22	6875	11.0%	10.7%	11.8	92%	18.2%	69.6

Sweet 16 Screening Result for January 2008. Companies shown in bold are new since last month. Screening parameters: Projected Annual Return between 16-21%. Financial Strength 80% or higher. Quality higher than 65.0. CASPI > 95%. **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. * - Expanded Coverage. Note: Financial firms use Shareholder Equity and Return-on-Equity (ROE) instead of sales and net margin.



Tin Cup Model Portfolio

Sell WWY & Add to FDS, HD, BBBY and EXBD

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 design characteristics within defined ranges and deliver superior long-term returns. All buying and selling decisions will be detailed here.

Total assets are \$729,675 (12/28/07) and the net asset value is \$192.51. The model portfolio slid 2.81% during December 2007 (Wilshire 5000 checked in at +3.61% for the month) and has generated a 6.6% total return over the trailing year vs. 5.4% for the total stock market.

Portfolio Characteristics

With MIPAR at 11.4%, our target for the minimum overall portfolio PAR is at least 16.4%. The overall portfolio PAR is 15.9% on 12/28/2007. Quality and financial strength are sufficient at the current levels of 79.0 (Excellent) and 93%. EPS Stability is 88 for the portfolio. Sales growth has declined to 11.2%.

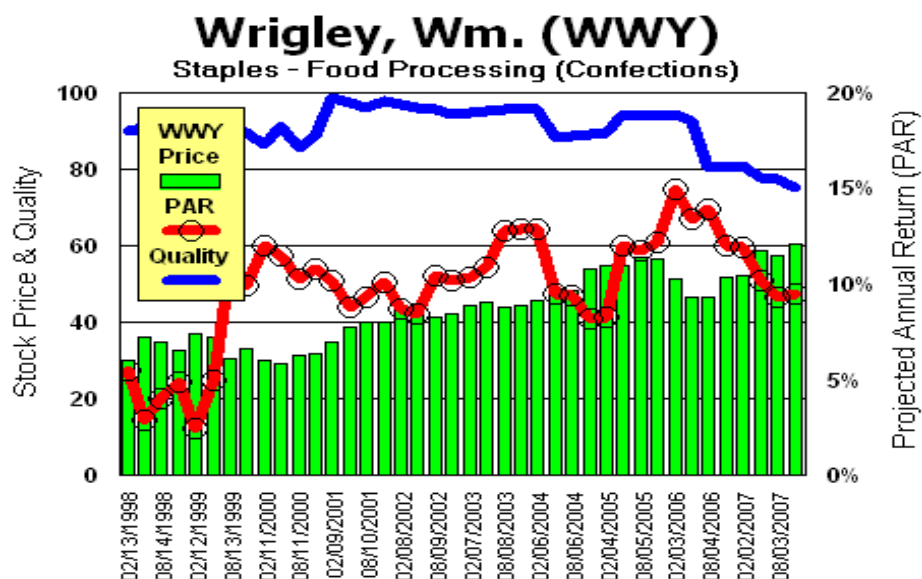
Decisions

The dashboard has been sorted by PAR descending as we again demonstrate a best practice. Many subscribers sort their dashboards by PAR. This immediately "flags" the lowest PAR stock (Wrigley) for evaluation and confirmation. The monthly contribution is added to FDS.

The portfolio PAR after doing this was only 15.9%. The decision was made to sell Wrigley and distribute the proceeds from sale between all of the stocks in the sweet spot with less than 7% of total assets. Therefore, additional shares were accumulated in FactSet (FDS), Home Depot (HD), Bed Bath & Beyond (BBBY) and Corporate Executive (EXBD). The portfolio PAR was restored to 16.4% by these transactions.

Company	Symbol	Shares	Price	Value	% of Total	Growth	Proj P/E	Proj Yield	Fin Str	EPS Stab	Qlty	PAR
Paychex	PAYX	1551.65	\$36.63	\$56,836	7.8%	12.3%	30.5	2.4%	96%	87	88.8	19.6%
FactSet Research	FDS	842.42	\$56.06	\$47,226	6.5%	18.0%	27.7	0.7%	94%	94	85.3	19.1%
Home Depot	HD	1191.45	\$26.77	\$31,895	4.4%	5.0%	16.0	1.8%	96%	89	67.3	18.9%
Bed Bath & Beyond	BBBY	1559.15	\$29.04	\$45,277	6.2%	11.0%	19.3	0.0%	98%	91	89.3	18.8%
Corporate Executive	EXBD	607.71	\$60.51	\$36,772	5.0%	18.1%	28.0	2.5%	93%	80	76.4	18.3%
Linear Technology	LLTC	2161.87	\$32.08	\$69,352	9.5%	10.0%	25.0	1.2%	97%	67	73.4	18.1%
Cardinal Health	CAH	917.02	\$57.41	\$52,646	7.2%	7.0%	20.0	0.4%	91%	87	73.5	17.9%
CVS Caremark	CVS	1313.88	\$39.66	\$52,108	7.1%	7.6%	23.0	0.5%	85%	92	74.7	17.8%
Synovus Financial	SNV	1279.8	\$24.01	\$30,727	4.2%	10.6%	16.8	2.5%	96%	97	74.0	16.2%
Microsoft	MSFT	2319.66	\$35.97	\$83,438	11.4%	11.5%	23.8	1.5%	93%	93	81.0	15.4%
UnitedHealth Group	UNH	423.84	\$58.36	\$24,735	3.4%	6.0%	16.6	0.0%	99%	89	70.2	13.9%
Masco Corp.	MAS	1445.64	\$21.65	\$31,298	4.3%	4.0%	15.9	2.4%	70%	74	56.3	13.3%
Medtronic	MDT	488.79	\$50.26	\$24,566	3.4%	9.0%	22.0	0.9%	97%	99	76.7	12.4%
Strayer Education	STRA	562.29	\$175.82	\$98,861	13.5%	18.0%	31.6	1.0%	97%	96	90.8	10.6%
Wrigley (Wm.)	WWY	743.72	\$59.07	\$43,931	6.0%	5.7%	26.4	1.5%	98%	100	75.5	10.1%
Totals & Averages				\$729,675	100.0%	11.2%	24.2	1.3%	93%	88	79.0	15.9%

Tin Cup Dashboard - December 28, 2007. The holdings are ranked by PAR (last column on the right.) Paychex is ineligible for accumulation and FactSet Research is selected for this month's regular contribution.



Wrigley, Wm. (WWY). Wrigley got caught in the cross fire of maintaining the overall portfolio PAR for Tin Cup. At a PAR of 10.1% and an excellent quality rating, Wrigley doesn't spend a whole lot of time in the selling cross hairs. As shown here, the PAR is relatively steady between 5% and 15%. There's been some erosion of the quality rating but it is still among the highest rated companies. WWY was purchased on 3/31/2006 (see the peak in PAR on the chronicle) and generated a 10.9% annualized total return for Tin Cup during its duration. This transaction is an example of a situation where "stand alone" Wrigley was a "hold." However, in the context of portfolio-centered decision-making, its lowest PAR made it a candidate for sale.



... and the Children Shall Lead Us (cont.)

Reasonable Expectations

Has Warren Buffett lost his touch?

Are all of those presidential candidates who say we can't invest successfully on our own without Uncle Sam investing our Social Security dollars correct?

Didn't that 3-year bear market a few years ago crush returns over the last decade?

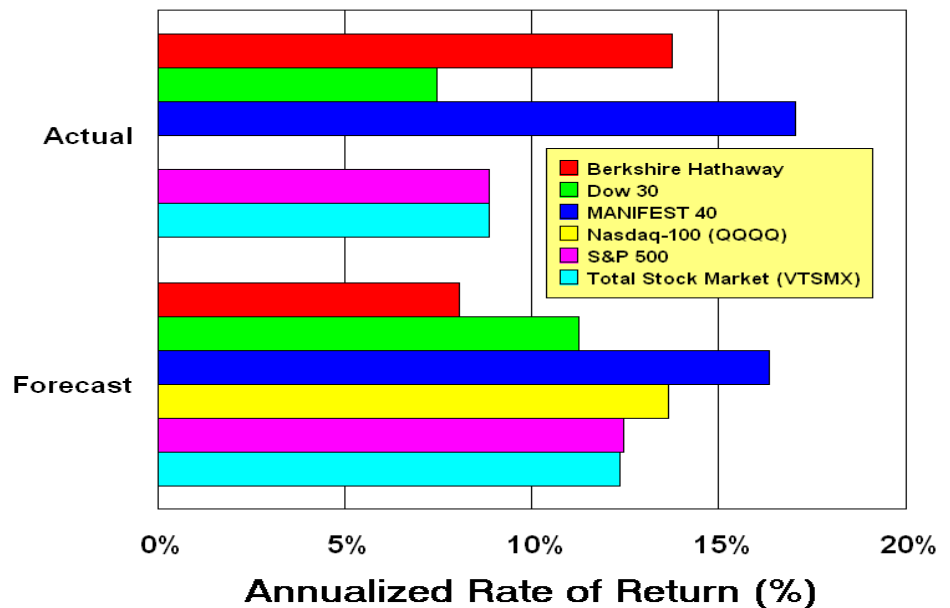
In a word ... NO. Not really.

The 10-year average annualized return for Berkshire Hathaway is 11.7% -- a little short of historical returns, but still an admirable achievement.

A variety of research studies have computed the expected present value of social security benefits and taxes for households with different characteristics and earnings levels. In addition, their analysis incorporated the internal rate of return for the retirement portion of social security contributions. They found real internal rates of return on social security contributions ranging from negative numbers to 6.3%.

The MANIFEST 40 is a tracking portfolio of the most widely-followed stocks by our subscribers based on frequency of appearance on our dashboards. The average annualized rate of return (1996-present) for these (40) stocks is 17.1% with individual results ranging from Knight Transportation (6.5%) to Coach (41.9%). Over the same time frame, the total stock market

Profiling Returns



A Retrospective and Perspective on Returns. *The actual returns are for the period 1996-2007. The forecast returns are for our five-year time horizon (12/31/2007 through the end of 2012.) The returns on the MANIFEST 40 have been strong and the outlook continues to be strong relative to some major benchmarks. No, that's not a missing bar for QQQQ (1996-2007). That's a 0% annualized return. The forecast paints a different picture, suggesting that shopping among the 4-letter stocks is probably a pretty good idea these days. Many of the NASDAQ companies are young and energetic ... yet another case where the children may lead us?*

(VTSMX) has gained 8.9%. Yes, Virginia ... that time frame included the nefarious bear market.

The weakest performer among our (40) favorites outperformed the peak performance condition modeled for the Social Security returns.

Of Lunar Tee Boxes ...

It's a fair assumption that our community participants own many of the MANIFEST 40 and are investing better than Uncle Sam.

Are there any guarantees? Yes, but probably not what you're thinking. While there are no performance promises that can be made, history suggests that avoiding long-term investing probably means that you'll be guaranteed fewer opportunities for indelible memories in the future.

As we shared with the teenagers, when someone says investing, think Freedom. Freedom to dream ... about stepping up and teeing off ... even when the tee box is part of the lunar landscape. Step up.



Contact Us

You may 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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