Expected Returns

Editor: Mark Robertson, Manifest Investing LLC — Volume XVI, No. 7
Results, Remarks and References Regarding Investment Initiatives — July 2008

Of Chopping Cows & Analyst Networks

"Can you hear me now?" Verizon's current ad campaign depicts cell phone users followed around by a horde of people -- their own cellular network. At MANIFEST, we make it easy to add the opinions of literally hundreds of dedicated investment analysts to your stock study network. Our Forum can become a place for you to build and depend on your "Fave Five" community colleagues. (We're by no means limited to five!) In this month's cover story, Cy Lynch takes a look at the power of second opinions and potential best practices for effective stockwatching.

Recently, I was in my regular seat at Turner Field, my summer "second home." Looking out toward left field, I noticed a something new atop the Braves 755 Club overlooking the field. In between the tall Coke bottle made of baseball paraphernalia and the large Delta logo above the out-of-town scoreboard was a cow holding a sign reading, "Du the chop. Eat the chikin."

I immediately recognized it as a Chick-fil-A cow, the iconic symbol of another Atlanta corporate institution. I was reminded of the power of advertising, imprinting memorable slogans and visuals into our minds. Who can forget memorable lines like Wendy's little old lady saying, "Where's the beef?" Or Alka-Seltzer's series of folks lamenting, "I can't believe I ate the whole thing?"

My thoughts then drifted to a current commercial campaign (that of Verizon Wireless) with the tag line: "It's all about the network." What especially grabbed me was the image in those commercials of folks constantly being followed by a host of others … the Verizon "network." That image is a vivid depiction of what MANIFEST's tools can add to your stock analysis and that of your club, a host of "second opinions" to blend with your own.

Who's In Your Network?

Our MANIFEST tools make it easy to add the collective reasoning of hundreds of investment professionals to your judgments and those of your club. Our dashboards and Fundamental Forecasts enable you to invite hundreds of stock analysts from Value Line, Morningstar and Standard & Poor's (S&P) to your club meeting. Visualize your club's own network following it around and improving your decision-making.

Our Fundamental Forecasts are like a Stock Selection Guide (SSG) prepared based on this analyst network's collective opinion (as opposed to that of a single analyst) on the three key judgments underlying a stock's Projected Annual Return (PAR): forecasted sales growth, net profit margin and P/E ratio.

A tomahawk-chopping cow sits above Turner Field in Atlanta encouraging Braves … the popular cows promoting the chain's chicken sandwiches as hamburger alternatives were recognized in 2007 as one of America's most popular advertising icons by a public survey sponsored by Advertising Week.

In This Issue...

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Views of about 65 Value Line analysts provide the initial basis for those projections for most of the stocks we cover (the 1700 or so contained in Value Line's Standard edition). Long-term forecast rates of increase or decline in earnings per share (EPS) by hundreds of analysts as reported by Yahoo! Finance provides the starting point for the rest.

The analyst consensus EPS projections from Yahoo! Finance also provide a check of the reasonableness of the growth and profitability projections of the Value Line analyst. Whenever the range of projections seems out of whack statistically, we condition Value Line's projection to one appearing more reasonable in light of other views.

The projected P/E ratio for all covered stocks incorporates opinions from Value Line, Morningstar and Standard & Poor's (S&P) analysts whenever available. Again, when significant variance occurs, we condition the P/E projections to one based on all analyst opinions (as well as our MANIFEST "imputed P/E" based on growth & quality versus industry characteristics).

Company	Ticker	Industry	Quality	PAR
Cisco Systems	CSCO	Communications Equip	79.8	21.1%

Current Price (07/02)	$22.84
CAPS Rating (Rate this stock on CAPS)	
Expected Income Statement	
Current Sales	39,110.0
Sales Growth Forecast	14.3%
Net Profit Margin	18.8%
Projected Shares Outstanding	5,306.2
EPS - Five Year Forecast	$2.70
Average P/E Ratio	22.0
Projected Average Price	$59.44
Price Appreciation (Annualized)	21.1%
Annual Dividend Yield	0.0%
Projected Annual Return	21.1%

Quality		
Financial Strength	95	23.8
EPS Stability	67	16.8
Industry Sales Growth Rate	10.5%	17.0
Industry Net Profit Margin	10.5%	22.4
Calculated Quality Rating		79.8

Second Opinions? *Compare PAR (circled in red) with your stock study results. Dig deeper by comparing the three key judgments with those of your collective analyst network as a sanity check. Start investigating differences after comparing your long-term EPS forecast to the 5-year EPS forecast shown here.*

Like PAR, our Quality Rating (QR) draws on collective analyst thinking. We've just discussed where that thinking comes into play with respect to growth and profitability ratings for individual stocks versus the industry averages, all of which enter into the QR. Additionally, the financial strength component is based on views from Value Line, Morningstar and S&P analysts, among others. While the EPS Stability rating is based in large part on historical EPS, analysts tracked on Yahoo! Finance contribute here, too. That's because two years of forecast EPS (for the current and next fiscal years) are included in deriving our EPS Stability rating.

Put Your Network to Work for You

Fundamental Forecasts make it easy to see how your judgments compare to the collective one of your analysts network. Does the projected total return on your SSG vary significantly from MANIFEST's PAR? Is your projected P/E higher or lower than that on the Fundamental Forecast? What about your projected EPS?

Many investors, me included, find that projecting future P/E ratios can be especially challenging, particularly in the case where a company's growth rate is slowing as it matures. Comparing our initial P/E judgment to that on the Fundamental Forecast should bolster our confidence in our projection when the two are about the same. Large differences between your P/E judgment and the collective one on the Fundamental forecast should lead to an "audit", that may or may not change our view.

Compare your projected high earnings per share (EPS) to the EPS – Five Year Forecast on the Fundamental Forecast. Again, if this "second opinion" is close to yours, it may bolster your confidence. A large difference should prompt you to ask why before finalizing your judgment on projected EPS.

It's easy to dig deeper into a wide variance between your high EPS and that on the Fundamental Forecast if you use the Preferred Procedure to arrive at your EPS projection (which we strongly encourage you to do). Is MANIFEST's projected sales growth rate significantly higher or lower than your's? Explore why.

This simple (and quick) process of comparing our network's judgments with ours can help temper undue optimism we may have. Conversely, it can also help us guard against undue pessimism based on extreme "conservatism" which might lead to missed opportunity.

Stock Watching For Busy People

An important part of any club meeting is the portfolio review. Practices here vary widely, but nearly all include

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Solomon's Select: Cisco Systems (CSCO)

Cisco Systems (CSCO) is no stranger to subscribers, ranking #10 in the MANIFEST 40 of our most widely-followed companies. CSCO joins a select list of repeat features here at Solomon's Select following our 8/1/2006 feature on the company. This networking equipment leader is as the photo op suggests, " ... Collaboration. Enabled ..." CSCO is a key player in a key industry going forward and the outlook is solid -- notwithstanding some bumpy technology price action on the road ahead. White knuckles required and expected.

Cisco has a relative return for Solomon Select of +28.8% (market outperformance) since the August-2006 feature and we're hopeful that this "accumulation" will be equally successful or more.

Growth

The 5-year historical rate of sales growth is 16%. Morningstar "expects revenue growth to average 12.5% on average during the next five years." Cisco has stated a target range of 12-17% for top-line growth. We've assumed a forward-looking rate of 15% for this study.

Profitability

The 5-year average net margin is 22.1% reaching an all-time high of 24.2% during 2004. The average net margin for Communications Equip is 10.5% and we've used 18.8% for CSCO for projected net margin. Based on the sales growth and net margin forecast, the 5-year EPS estimate is $2.70.

Valuation

The industry average projected P/E is 28.0x. Based on fair value estimates and P/E forecasts by S&P and Morningstar -- and historical trends, a P/E of 22x is feasible. The current P/E was approximately 17.9x at the time of selection.

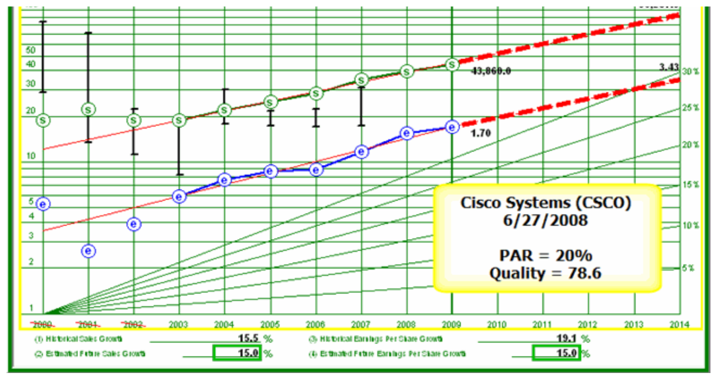
Expected Returns, Quality & Conclusions

Based on a price at the time of the study of $23.26, the projected annual return was approximately 21%. The quality rating is 79.8 (Excellent). The financial strength index is 95%.

CSCO has $24.4 billion in cash and $6.4 billion in debt.

Morningstar rates the company a strong buy with a fair value of $31.00. The company is well-positioned for the coming video *(acquired Scientific-Atlanta during 2006)* evolution in communications. Collaboration enabled, indeed.

The Power of Collaboration ... Enabled ... *Cisco Systems CEO and Chairman John Chambers delivers his keynote at Cisco Live! held June 22-28 in Orlando -- a professional conference for IT leaders and customers.*



Cisco Systems: Visual Analysis. *As the Y2K bubble becomes a distant memory, CSCO delivers "up, straight and parallel" in recent years. The 15% selected here is based on 2009/2008 estimates. The 5-year EPS forecast stands at $2.70 based on this analysis.*

Cisco Systems: Technical Analysis. *CSCO was featured in 8/1/2006 at $17.88 and proceeded to head north to $34.20. Alas ... genius was fleeting. Many stocks have been under selling pressure since Halloween 2007 (shaded yellow area) as shown on the money flow chart. Despite the decline, CSCO has outperformed the market since the Solomon feature.*

Featured Fund

NASDAQ-100 QQQ (QQQQ)

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 (13.5%) and Quality Ratings (QR) greater than 60. The result is PowerShares QQQ (QQQQ), which we've previously featured in July 2005 and May 2008.

A Glance in the Rearview Mirror

QQQQ's annualized total return over the five years ending 6/30/08 was 9.0%, beating the broad indices during that period. QQQQ has done especially well over the last 12 months, beating the S&P 500 by over 8 percentage points, even though its actual return was a loss of nearly 5%. Morningstar gives the fund three stars.

Expected Returns

QQQQ's portfolio PAR of 17.1% exceeds the projected return for the general stock market (13.5%) by 3.6 percentage points. Its expense ratio is among the lowest for all funds at 0.20%.

Management Decisions

There are no actual "decisions" as QQQQ is passively managed to track the Nasdaq-100 Index which consists of 100 of the largest non-financial stocks traded on the Nasdaq Stock Market. Changes in the portfolio occur only when there is a change in the underlying index.

The Nasdaq-100 Index is reconstituted every December and rebalanced quarterly using a modified market capitalization weighting. The process is detailed in our May 2008 feature. No changes have been published since then and changes are relatively rare, as reflected in QQQQ's low turnover rate of 15%.

Knowing What You Own

QQQQ's holdings are profiled below. Portfolio average Quality Rating (QR) is excellent at 69.8, virtually unchanged since May. Average financial strength remains very strong as well at 82.2. Forecast sales growth is 15.7%, in the top 15 of funds covered by MANIFEST.

Name		Industry	Qlty	PAR	Sales Grth	Yield	P/E	Finl Str	EPS Stab
Apple Inc.	AAPL	Computer Systems	70.9	12.0%	22.5%	0.0%	27.0	88.0	14.0
QUALCOMM	QCOM	Communications Equip	85.2	22.8%	18.0%	1.3%	27.0	92.0	63.0
Microsoft	MSFT	Software (Systems)	78.9	23.4%	10.2%	1.5%	20.0	91.0	94.0
Google	GOOG	Internet	82.0	23.7%	25.0%	0.0%	31.0	100.0	29.0
Research in Motion	RIMM	Wireless Networking	76.6	27.2%	30.0%	0.0%	26.0	100.0	7.0
Cisco Systems	CSCO	Communications Equip	79.8	21.1%	14.3%	0.0%	22.0	95.0	67.0
Gilead Sciences	GILD	Drug	66.4	5.4%	13.0%	0.0%	23.0	76.0	49.0
Oracle Corp.	ORCL	Software (Systems)	77.6	21.2%	12.1%	0.0%	22.0	79.0	86.0
Intel Corp.	INTC	Semiconductor (Broad Line) [P/CF]	62.0	12.0%	8.4%	2.0%	12.2	83.0	57.0
Teva Pharma	TEVA	Drug (Generic)	80.2	18.2%	14.0%	0.7%	21.0	98.0	69.0
Ebay Inc.	EBAY	Internet	76.6	22.6%	16.0%	0.0%	25.0	100.0	52.0
Comcast (A)	CMCSA	Cable TV	42.0	18.4%	8.0%	0.0%	24.0	36.0	33.0
Celgene	CELG	Drug	71.0	10.8%	23.5%	0.0%	35.0	89.0	13.0
Amgen (b)	AMGN	Biotechnology	72.8	26.0%	13.0%	0.0%	21.0	95.0	91.0
Genzyme Corp.	GENZ	Drug	55.0	25.7%	20.0%	0.0%	29.0	75.0	9.0
Adobe Systems	ADBE	Software (Systems)	76.2	15.1%	13.8%	0.0%	28.0	95.0	67.0
Amazon.com	AMZN	Internet	51.9	13.1%	14.8%	0.0%	37.0	95.0	35.0
Dell Inc.	DELL	Computer Systems	56.1	16.3%	7.1%	0.0%	21.0	47.0	76.0
Biogen IDEC	BIIB	Drug	55.9	15.7%	14.0%	0.0%	22.0	82.0	16.0
Symantec	SYMC	Software (Application)	53.7	11.8%	6.0%	0.0%	30.0	74.0	68.0
Paccar	PCAR	Auto & Truck	76.8	15.5%	11.0%	2.9%	11.0	68.0	54.0
Costco Wholesale	COST	Retail Store	78.6	9.2%	11.0%	0.8%	21.0	84.0	97.0
Starbucks	SBUX	Restaurant (Fast)	78.9	17.8%	13.1%	0.0%	24.0	82.0	92.0
Electronic Arts	ERTS	Entertainment Tech	40.9	6.4%	7.6%	0.0%	26.0	61.0	14.0
Express Scripts	ESRX	Pharmacy Services	66.6	8.3%	5.8%	0.0%	20.0	56.0	87.0
PowerShares QQQ (Nasdaq-100)	QQQQ	Averages	69.8	17.1%	15.7%	0.4%	24.3	82.2	49.6

Portfolio Analysis 7/1/2008		Proj Ann Return	Quality	Sales Growth	Yield	P/E	Finl Strength	EPS Stability
First Trust ISE Chindia (1)	FNI	22.1%	64.0	20.7%	1.4%	20.7	38%	62
Templeton Developing Markets A (*)	TEDMX	18.1%	60.6	12.6%	1.6%	12.6	39%	71
iShares DJ Technology (2)	IYW	17.7%	68.9	12.2%	0.6%	21.9	80%	58
SPDRs Technology Select (5)	XLK	17.7%	66.9	10.9%	1.0%	21.1	78%	62
VIPERs Vanguard Technology (3)	VGT	17.7%	68.9	11.9%	0.6%	21.3	80%	60
Fidelity Select Insurance (10)	FSPCX	17.6%	60.8	10.1%	1.2%	12.2	75%	53
iShares S&P GSTI Technology (7)	IGM	17.6%	68.7	12.6%	0.6%	21.8	81%	57
NASDAQ-100 (9)	QQQQ	17.5%	69.8	15.6%	0.4%	24.3	82%	50
RS Emerging Markets A (4)	GBEMX	17.3%	62.5	19.1%	1.5%	13.7	40%	67
streetTRACKS Morgan Stanley Tech (11)	MTK	17.3%	63.5	12.4%	0.5%	23.3	76%	52
White Oak Growth (8)	WOGSX	17.3%	67.0	13.2%	0.3%	22.8	81%	55
Fidelity Select Technology (13)	FSPTX	17.2%	64.3	17.4%	0.2%	24.7	71%	37
Oberweis Mid-Cap (17)	OBMDX	17.1%	61.5	20.7%	0.1%	26.3	58%	40
Fidelity Advisor Growth Opp T (18)	FAGOX	16.9%	68.1	18.2%	0.4%	22.6	82%	41
BLDRS Emerging Markets 50 (6)	ADRE	16.8%	62.0	16.0%	1.4%	13.4	42%	59
Thompson Plumb Growth (19)	THPGX	16.8%	67.8	8.7%	1.3%	17.5	76%	76
iShares Russell 1000 (*)	IWB	16.6%	69.2	9.1%	1.8%	16.5	85%	72
VIPERs Vanguard Discretionary (*)	VCR	16.3%	65.0	7.0%	1.2%	18.3	73%	69
SPDRs Cons Discretionary (*)	XLY	16.2%	64.3	6.7%	1.2%	17.9	73%	69
Fidelity Growth & Income (*)	FGRIX	16.1%	64.5	11.4%	1.3%	17.2	75%	62

July 1, 2008. *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.*

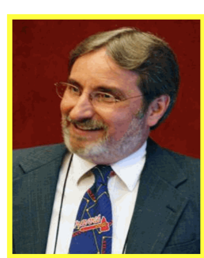
Average projected P/E is 24.3x, reflecting the ETF's higher growth forecast relative to that of the broad market. Average EPS Stability is 49.6 reflecting potential volatility in both earnings and consequently price.

QQQQ's ten largest holdings constitute 47% of its portfolio reflecting the fund's significant concentration. Apple, at 13% of the total, is the largest holding and the only one in the top five with a below market expected return. The next four; QUALCOMM, Microsoft, Google and Research in Motion all have PARs five or more percentage points above MIPAR. Two more of the top ten holdings, Cisco and Oracle also have expected returns more than five points above the market.

The next 15 largest holdings make up an additional 16% of the portfolio. Four of them, eBay, Comcast (A), Amgen and Genzyme exceed our recommended advantage threshold of five percentage points greater than expected market returns. At the other end of the spectrum, eight of the top 25 holdings have expected returns significantly below that of the market as a whole.

According to our ETF Sector Radar, stocks in the technology, discretionary and healthcare sectors rank first, third and fourth in potential long-term return, respectively. Over 90% of QQQQ's holdings are concentrated in those three sectors, with nearly 65% in technology stocks. This was the case when the fund was featured in May as well. As we expected when last featured, QQQQ has outperformed the S&P 500 by 1.8 percentage points since then, albeit just a two month timeframe.

The fund's heavy concentration and high potential volatility makes it inappropriate as a sole holding. Investors in the fund should also expect, and be able to tolerate, a bit of a roller-coaster ride because of those factors. Its high relative expected return, excellent quality and exceptional portfolio growth rate, however, continue to make QQQQ a strong addition to otherwise diversified portfolios.



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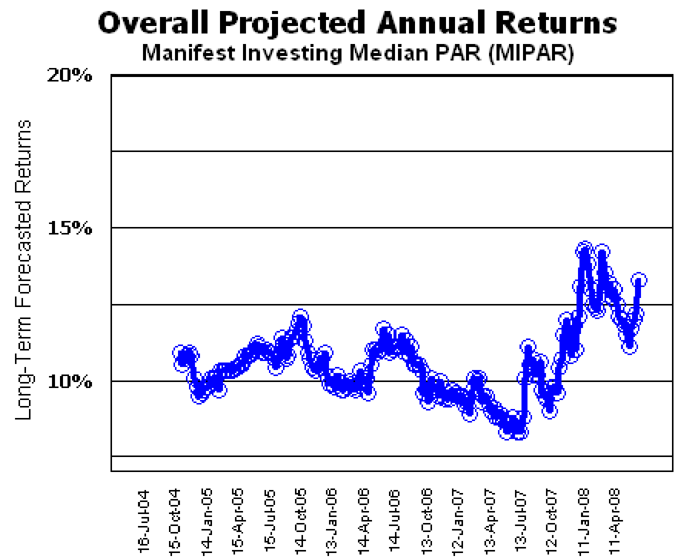
Sweet Sixteen Screen - July 2008

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 18.6-23.6% and financial strength ratings of 80% or better.



Overall Market Expectations

The median projected annual return (MIPAR) for all 2500+ stocks followed by MANIFEST (Solomon database) is 13.6% (6/30/2008.) The multi-decade range for this indicator has been 8-20%.

Worth a Closer Look Now

The highest-rated companies based on a ranking including *(but not limited to)* PAR and quality rating are last month's Solomon Select Cognizant Technology (CTSH), Walgreen (WAG) and Energy Trans Partners (ETP).

The lowest price-to-fair value ratio among the Sweet Sixteen for S&P is VLCM at 62.8%. The lowest price-to-fair value ratio according to Morningstar is ETP at 62.1%. Oracle (ORLC) has a "Strong Buy" rating from S&P. WAG, ETP and Paychex (PAYX) have "Strong Buy" ratings from Morningstar. The favorite among the CAPS All-Stars is Ingersoll-Rand (IR) with a CASPI rating of 99.0%. The average price-to-fair value ratio for the Sweet "16" now stands at 85%.

PointNFigure Bullish: CTSH, ETP, VLCM, PAYX, CSCO and OXPS.

PointNFigure Bearish: ELX, DW, BWLD, ICE, IR, ORCL, WAG, PRAA, KCI, ISRG. *(Source: StockCharts.com)*

Ingersoll-Rand is the only company with "buy" ratings from M*, S&P and CAPS. Paychex and ETP are the only companies among the sixteen with buy recommendations from both S&P and Morningstar. M* has a "sell" rating on ISRG.

Between the QQQQ as the featured fund and all of those 4-letter tickers labeled "bullish," make sure your shopping includes some NASDAQ stocks.

Name	Symbol	Industry	Growth	P/E Avg	Fin Str	EPS Stab	Proj Yield	Proj Ann Ret	Qlty
Emulex	ELX	Computer Peripherals	10.0%	20.0	92	67	0.0%	22.8%	73.1
Drew Industries	DW	Manuf Hsng/Rec Vehicle	9.9%	15.0	76	59	0.0%	22.4%	68.4
Buffalo Wild Wings	BWLD	Restaurant (Casual)	20.0%	24.0	97	74	0.0%	22.4%	87.3
Intercontinental Exch	ICE	Securities Brokerage	19.4%	24.0	99	21	0.0%	21.9%	72.7
Ingersoll-Rand	IR	Machinery	8.1%	14.0	97	58	1.4%	21.8%	71.7
Cognizant Technology	CTSH	Software (Consulting)	23.0%	24.0	92	87	0.0%	21.7%	93.8
Oracle Corp.	ORCL	Software (Systems)	12.1%	22.0	78	86	0.0%	21.4%	77.4
Energy Trans Partners	ETP	Natural Gas (Div.)	10.8%	14.0	86	67	6.7%	21.2%	71.5
Walgreen	WAG	Pharmacy Services	10.2%	22.0	97	100	0.7%	21.1%	84.2
Portfolio Recovery*	PRAA	Credit Services	15.0%	16.0	72	89	0.0%	21.1%	71.0
Volcom	VLCM	Apparel	14.8%	20.0	88	85	0.0%	21.1%	81.8
Paychex	PAYX	Software (Data Processing)	11.8%	25.0	94	92	2.7%	20.7%	88.9
Cisco Systems	CSCO	Communications Equip	14.3%	22.0	95	67	0.0%	20.6%	79.7
Kinetic Concepts	KCI	Medical Supplies	13.6%	17.0	97	63	0.0%	20.4%	66.5
Intuitive Surgical	ISRG	Medical Supplies	27.6%	36.0	99	32	0.0%	19.6%	82.6
optionsExpress*	OXPS	Securities Brokerage	19.0%	15.0	96	67	1.4%	19.6%	86.3

Sweet 16 Screening Result for July 2008. *Screening parameters: Projected Annual Return between 18.6-23.6%. Financial Strength 70% or higher. Quality higher than 65.0. CASPI > 90%.* ***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 Book Value and Return-on-Equity (ROE) instead of sales and net margin.*

Tin Cup Model Portfolio

Sell MDT & TSS; Accumulate BWLD

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 $651,072 (6/30/08) and the net asset value is $169.37. The model portfolio lost 10.5% during May 2008 *(Wilshire 5000 checked in at -8.2% for the month)* and has generated a -12.4% total return over the trailing year vs. -12.6% for the total stock market. June 2008 ranks as one of the worst months since inception for Tin Cup. Ouch.

The 3-year annualized total return is 1.3% versus 4.9% for the Wilshire 5000.

Company	Symbol	Shares	Price	Value	% of Total	Growth	Proj P/E	Proj Yield	Fin Str	EPS Stab	Qlty	PAR
Garmin Ltd.	GRMN	456.19	$42.84	$19,543	3.0%	18.0%	16.0	1.4%	97%	69	91.3	27.7%
UnitedHealth Group	UNH	999.29	$26.25	$26,231	4.0%	5.8%	15.0	0.0%	97%	86	66.5	24.1%
Microsoft	MSFT	2319.66	$27.51	$63,813	9.8%	10.2%	20.0	1.5%	90%	94	78.8	22.6%
Buffalo Wild Wings	BWLD	1307.67	$24.83	$32,469	5.0%	20.0%	24.0	0.0%	97%	74	87.3	22.4%
Paychex	PAYX	1551.65	$31.28	$48,535	7.5%	11.8%	25.0	2.7%	94%	92	88.9	20.7%
Chicago Bridge & Iron*	CBI	1236.39	$39.82	$49,233	7.6%	24.1%	21.0	0.3%	95%	44	66.3	19.5%
FactSet Research	FDS	918.07	$56.36	$51,742	7.9%	17.0%	25.0	0.9%	98%	97	82.0	18.7%
Corporate Executive	EXBD	888.29	$42.05	$37,352	5.7%	13.1%	23.0	2.7%	79%	77	62.3	18.3%
CVS Caremark	CVS	1313.88	$39.57	$51,990	8.0%	10.0%	23.0	0.5%	91%	93	80.8	18.2%
McGraw-Hill	MHP	849.61	$40.12	$34,086	5.2%	6.0%	20.0	1.5%	85%	96	82.6	16.2%
Home Depot	HD	1267.57	$23.42	$29,686	4.6%	5.0%	15.0	2.4%	91%	80	69.6	15.8%
Linear Technology	LLTC	2161.87	$32.57	$70,412	10.8%	8.0%	20.5	1.2%	97%	66	70.6	15.7%
Bed Bath & Beyond	BBBY	1760.32	$28.10	$49,464	7.6%	10.2%	18.0	0.0%	98%	81	82.2	14.6%
Total System Serv	TSS	626.23	$22.22	$13,914	2.1%	6.4%	22.0	0.7%	99%	78	62.8	14.5%
Cardinal Health	CAH	917.02	$51.58	$47,299	7.3%	10.0%	18.0	0.8%	70%	91	67.4	14.5%
Medtronic	MDT	488.79	$51.75	$25,294	3.9%	9.0%	21.0	0.9%	95%	100	81.2	14.1%
Totals & Averages				$651,071	100.0%	11.8%	20.7	1.1%	91%	82	76.5	18.4%

Tin Cup Dashboard - July 1, 2008. *The holdings are ranked by PAR (last column on the right.) Garmin and UNH (high PAR) and MSFT (%-of-assets) are ineligible for accumulation. Buffalo Wild Wings (BWLD) is selected for accumulation.*

Portfolio Characteristics

With MIPAR at 13.6%, our target for the minimum overall portfolio PAR is at least 18.6%. The overall portfolio PAR is 18.4% on 6/30/2008. Quality and financial strength are sufficient at the current levels of 76 (Excellent) and 91%. EPS Stability is 82 for the portfolio. Forecasted sales growth is now 11.8%. This is illustrated in the accompanying "before" portfolio report card (dated 6/30/2008.)

Portfolio Averages	
PAR	18.4%
Quality	76.5
Growth	11.8%
Average P/E Ratio	20.7
Average Yield	1.1%
Financial Strength	91
EPS Stability	82

Tin Cup Report Card -- 6/30/2008. *The portfolio -- BEFORE the July transactions -- had a portfolio PAR less than MIPAR+5%. The overall sales growth target is 12% (or more.)*

Decisions

The dashboard has been sorted by descending PAR. The two holdings with the highest PAR (GRMN and UNH) are disqualified from accumulation -- on the basis of "too-good-to-be-true?" So is MSFT because of position size (% of assets.)

So Buffalo Wild Wings (PAR = 22.4%, QR = 87.3) will receive any proceeds or contributions this month.

After investing the monthly contribution in BWLD, the overall portfolio PAR was still a little low.

A few shares of the lowest-PAR holding (Medtronic) were sold to reduce the position to 3% of assets -- roughly the minimum position size we target for Tin Cup. When the overall portfolio PAR was still too low, Cardinal Health and Total System Services (TSS) were considered for sale. TSS had two strikes against it, a quality rating less than 65 (still good) and a position size less than the minimum. When a position size is too small (<3%) and it appears to be unlikely that accumulation will occur any time soon -- a holding can become a candidate for sale.

TSS was chosen for sale over Cardinal Health.

All proceeds were invested in BWLD and the resulting report card illustrates the impact of all of the transactions.

Portfolio Averages	
PAR	18.7%
Quality	77.1
Growth	12.2%
Average P/E Ratio	20.8
Average Yield	1.1%
Financial Strength	91
EPS Stability	81

Tin Cup Report Card -- 7/1/2008. *The characteristics AFTER the transactions are higher PAR, higher forecasted sales growth and higher quality.*

Of Chopping Cows & Analyst Networks (cont.)

reports from members assigned to follow a holding for the club, "Stock-Watcher" reports. Experience with successful clubs demonstrates that the best StockWatcher reports focus on recent events which impact, or may impact, the stock price or company's business fundamentals.

A great starting point for this is to track month-to-month changes in expectations for your club's holdings on Fundamental Forecasts. Keep a paper or electronic copy of the stock's Fundamental Forecast when you buy it or start using MANIFEST tools to monitor your portfolio. Then before each meeting, retrieve the most recent Fundamental Forecast and look for differences, starting with QR.

QRs don't change frequently, most often when the Fundamental Forecasts are updated roughly quarterly. So long as it remains excellent/good, there's no particular cause for concern unless the StockWatcher notes a long steady decline over a longer period. On the other hand, a significant change in QR can be a particularly strong nudge to ask what's going on.

An increase may indicate rising fundamental expectations (certainly a good sign, and perhaps a buying opportunity depending on PAR and other portfolio design characteristics). A significant decline in QR (say slipping from the excellent range into good or neutral range) may signal fundamental deterioration warranting more investigation. Exploring the reasons for significant changes in QR is easy using four components of the rating shown in the "Quality" section of the Fundamental Forecast. Simply compare each one from the current Fundamental Forecast with those on your historical "base."

Is the change due to a decrease (or increase) in financial strength? A big decline here could be a real red flag. What about EPS Stability? A decline here most likely indicates a large change in analyst consensus EPS projections for the current or next fiscal year. Look at the relative growth and profitability scores. Big drops in either, or both, reflects declining business fundamental expectations for the company compared with its industry (potentially cause for concern). On the flip side, large increases indicate a positive increase in fundamental expectations relative to the industry (a good sign).

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Changes in PAR, in contrast with those in QR, are frequent, moving either up or down pretty much daily as the current price changes. An unusually large increase, however, indicates rising expectations.

Dig deeper by comparing the current Sales Growth Forecast, Net Profit Margin and Average P/E Ratio with those on your base Fundamental Forecast. That will show at a glance the areas to report on.

Many clubs face the challenge of involving all members in portfolio management and stock watching. Following the process outlined above is quick and easy, yet potentially powerful, approach to StockWatch responsibility for all members. Involve everyone.

MANIFEST advocates and NAIC/BI members are strong believers in the power of collective reasoning. As the cliché goes, "two heads are better than one." Indeed, George Nicholson's grand investment club experiment is grounded in the principle that we become better investors when combining our thoughts with those of like-minded individuals, our investment club (and in the 21st Century, online community). We also strongly believe that adding an analyst network to the mix can improve our results even more.

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.