R. Scott Pearson

I N V E S T O R ' S

ValueView

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A STRAIGHT FORWARD INVESTMENT REPORT FEATURING VALUE AND GROWTH-ORIENTED STOCK-PICKS, FINANCIAL NEWS, MONEY TIPS AND USEFUL INSIGHTS FOR INVESTORS.

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In this month's issue...

A Complete Plan (Part 3)

The last two month's we've led our readers through the first part of the complete investment plan. This month, we close this strategy session.

Our focus this month is on general strategy approaches. We identified the three general approaches: growth, income, and "incrementalism". Of course, many different strategies can be used to achieve any of these results, but virtually all strategies fall into one of these categories. Let's look at each of them individually.

The income approach designates a specialized focus on holdings that pay interest or dividends, regardless of, or with less regard for capital gains. A pure income approach is wise for those who have already achieved the level of wealth they desire, and are focused only on attaining some maintenance level of income for their own well-being. This is particularly popular among retirees and 2nd and succeeding generations of wealthy families. This strategy may also be wise for those who have a time-specific need for the invested funds, such as a home purchase within the next year or planned educational expenses. Bonds, preferred stock, money market funds and electric utilities traditionally have been "in the zone" for these investors. However, in recent years, interest rate fluctuations have made bonds more volatile, and mismanaged deregulation has threatened the very existence of some utility companies. In addition to these specific risks, the approach also carries a general economic risk. With a pure income approach, one either have significantly more money than one needs, or more likely must depend on the value of one's money to hold firm. This is a safe assumption in the absence of inflation, but in an inflationary economy, such an assumption could be very dangerous. With inflation, it doesn't take many years for a $100,000 bond to depreciate down to a purchasing power resembling $10,000. Thus, the income strategy is only safe in inflation-free environments. The recent creation of I-bonds, a government-issued, inflation-adjusted bond may provide some cushion against this concern, but in the end, the pure income approach is not appropriate for the vast majority of investors, despite the appearance of safety.

The 2nd approach is growth. This approach is available only by investing in productive assets, such as businesses, many stocks, and certain types of real estate or other ventures. The focus is on using investment capital to produce more investment capital, thus growing one's holdings. The traditional "buy-and-hold" strategy of common stock investing is based on a growth approach. One buys stocks that one expects to grow unendingly and holds them forever. One might also invest in growth opportunities for a shorter term, but the goal remains finding securities that appear likely to grow over the long-term. With such a strategy, buying at the perfect moment is less important than buying the right security.

A 3rd approach is what I call "incrementalism". This designates any strategy based on buying and selling for a quick (or not-so-quick) profit. Here, one focuses on getting in and out at the right price. This type of strategy could easily be utilized in any type of investment, from stock options to baseball cards. While the approach sounds more exciting, and typifies the aggressive image that many have of the stock market, this approach tends to be riskier, and requires significantly more time. Day-trading is an example of incrementalism that carries a negative connotation, but all investment in collectibles, most raw land purchases, and certain types of value investing also fit into this category. Incrementalism is a viable approach for those who have the time, and can provide reasonable returns if handled wisely. More than either of the other approaches, incrementalism can lead to irrational strategies if applied unwisely. Most market bubbles result from an overemphasis on incremental gains.

So, what is the best strategy for today? A mix of all three strategies is probably the wisest approach. Growth is probably the most important component, and as a result we tend to focus almost exclusively on common stocks as our primary investment mechanism. A peripheral view of income can make this investment strategy safer, and thereby appropriate for different types of investors. Finally, a view to incremental profits can protect the growth investor from getting sucked back downward into bubble-burst losses. At the height of the internet bubble, most of those stocks were far above their reasonable value, a fact that everyone recognizes now, but few were willing to admit at the time. For those who took incremental profits in growth companies like Cisco Systems and Sun Microsystems, the resulting collapse has been less devastating. For those who did not, the wait for a recovery may seem unending.

The best strategy may be buying growth stocks when priced conservatively, and sell them if they become overpriced. Meanwhile, one can benefit from growth and dividend income. This strategy provides a base to build from. In a broad portfolio, one may hold certain securities that are exclusively focused on incremental profits, while others may hold only income benefits. In a wisely balanced portfolio, a few risky investments can be worthwhile, and a few excessively conservatives may not be a bad choice. Diversification is, again, a wonderful thing.

Off Wall Street

A Window On Global Markets & World Economy

by R. Scott Pearson

The world economy may or may not be turning around. We've seen evidence of a turn, but that same evidence could easily be talked away if one wants to make a different case. The simple fact is that no one knows for sure.Economies don't turn based upon predictions. They turn based upon business success, and the jury is still out on that component.

Nonetheless, there are things we can assess more clearly. One clear phenomenon is the falling U.S. dollar. We've said for years that the dollar appeared to be artificially overvalued, and recent declines have proven our case. But a weak dollar is not the only problem. Today, we're seeing the unraveling of Clinton-era financial games, and in the future we will experience the repercussions of the Bush-era protectionism. Each of these approaches provided short-term benefits while sacrificing the future well-being of the nation.

The present U.S. stock market is exceedingly nice, but we shouldn't fool ourselves into thinking that all is right with the world. Surely, the recent tax cuts will benefit the market and the economy, but if spending cuts do not accompany them, we may only see more borrowing from the future to boost the present. It's the political process at its worst.

Our strategy has been to take advantage of the deserved upswing in the market, but we can't be certain that the uptrend will last. In fact, the majority of the evidence seems to point to more problems ahead. Nonetheless, the U.S. economy has proven remarkably resilient in the past, and this writer is want to bet against it. Thus, we still advocate holding a sizeable portion of ones portfolio in equities that may benefit from a growing U.S. economy. Nonetheless, there is wisdom in holding at least a portion of one's portfolio in foreign funds. We've had great success with Aberdeen Asia-Pacific Income Fund in recent months, which, in addition to providing a means to diversify into Australian debt instruments, has provided a decent yield in times when most moneys are earning a pittance in the U.S. We've also consistently recommended Central European Equity Fund as a way to diversify away from falling U.S. currency. But, in the end, the world economy has problems at least as great as our own. Only a few areas - Eastern Europe, Australia-NZ, China, and the Arab world – are sufficiently insulated from the U.S.

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STOCK FOCUS
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Dynamic Insurgents are companies on the cutting edge of the world's new architecture. Each has a strong position in their changing field. They could be the blue chips of the future but are relatively unproven, and operate in fast-paced industries. The risk is greater, but returns can be outstanding. While they tend to be most appropriate for risk-oriented investors, conservative investors may want to hold a small position of some of these potential world-beaters as well.

Cytyc, a maker of women's health diagnostic products, reported outstanding revenue growth, and solid earnings for the 2nd quarter, demonstrating that the turnaround is solidly underway. The company also acquired patent rights to Nastech's Mammary Aspirate Specimen Cytology Test, a device that draws fluid from the breast to aid in early breast cancer analysis. Cytyc is buying back its own shares at an increasing pace, which normally signifies that shares are at bargain prices. We'd recommend following the company's example and buying Cytyc shares.

▸Other Dynamic Insurgents...

Tetra Tech is an international provider of engineering and technical consulting services. The company's stellar growth record stalled in 2002, due largely to exposure to the troubled utility industry. Tetra Tech's recent 67% earnings growth and 31% increase in quarterly revenue signifies a return to their past success. We see Tetra Tech as a good buy.

Priceline reported solidly higher earnings for the 2nd quarter, resulting from higher revenues from rental car and hotel reservations, and stabilization of air ticket sales. The share price rose significantly on the news.

Military movements in Iraq appear to be winding down, but it also appears that occupation will be long-lived. **Engineered Support Systems** is ideally placed to benefit, since they make products best-fitted for this type of operation. The Marine Corps asked EASI to produce $2.5 million of decontamination chambers for biological, nuclear, and chemical emergencies. The company also booked a $1 million order for heat transfer coils to upgrade a Big 3 automotive plant in Michigan. EASI's growth appears to be safe for the foreseeable future.

L-3 is also well-positioned to profit from today's world situation. One of two authorized makers of airport bomb-detection devices, and provider of many other high-tech communications and electronic devices for the defense industry, L-3's earnings for the 2nd quarter were outstanding as usual. The company reduced sales forecasts for bomb-detection devices due to reduced demand from the U.S. Transportation Security Administration. New contracts continue to roll in, and the company forecasts a turnaround in the commercial aviation market toward the end of the year.

Intuit announced the acquisition of privately-held software maker Income Dynamics for $10 million. The buyout allows Intuit to expand the company's ItsDeductable software line, which helps users determine fair market value of charitable deductions. Intuit is also finding great success with its subscription-based online QuickBooks edition. The web-based access allows use from more than one location or multiple users. Intuit projects raw earnings of $1.36-1.39 for this year, ended July 31, and $1.57-1.67 for the fiscal year 2004.

Identity verification, fraud prevention, and employment screening firm **ChoicePoint** reported higher revenues for the 2nd quarter. On an ongoing basis, earnings also rose, but a charge for restructuring, if included, would have reflected a reduction in income.

CheckPoint Software reported flat earnings and a slight increase in revenue, as technology spending has begun to rebound in the U.S. Nonetheless, the company warned that 3rd quarter results may be impeded by some continued weakness, especially in Asia. Management remains unconvinced that the recovery is firmly based, and is awaiting further evidence of a permanent turn.

Nvidia is reducing forecasts for 2nd quarter earnings due to higher manufacturing costs at its supplier, Taiwan Semiconductor. The company also debuted a new graphics chip for use in the film industry.

Jakks Pacific reported a large fall in earnings, which the company attributes to general economic conditions. The company also suffered from weather related declines, and slow production from China related to the SARS epidemic. The company has amended projections to $1.30-1.35 for the year, as a result, but remains optimistic about the future.

Nautilus also is providing no good news. The company reduced forecasts for future quarters. The company sees weak consumer spending continuing, and looks for barely above $1 in EPS for the year. Second quarter earnings were down over 80% on a 28.4% drop in sales. The company also announced hiring a new CEO to guide it through the tough times. Despite the negatives, we believe all the bad news is already reflected in the price, as the earnings were in line with estimates, and with no debt, the company stands a very good chance to hold out until the economy turns around. While this is far from an exciting buy, we believe the current price is more than reasonable.

ECtel reported a drastic 58% drop in revenue, and a significant loss for the 2nd quarter, following similarly disappointing 1st quarter results. While management continues to project a recovery, we are very concerned about these results, and would advise most investors to look elsewhere. We intend to cease coverage of ECtel following this report.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
CheckPoint Sftwre	CHKP	$17.64	$0.51	34.6	30%	Hold
ChoicePoint Inc	CPS	$38.14	$1.27	30.0	20%	Hold
Cima Labs	CIMA	$28.58	$1.26	22.7	33%	Buy
Compudyne	CDCY	$9.67	$0.29	33.3	18%	Hold Loosely
Cytyc	CYTC	$11.81	$1.00	11.8	35%	Buy Aggressively
ECtel Ltd	ECTX	$6.70	($0.49)	N/A	?	Avoid
Engin'r'd Sup't Syst	EASI	$44.25	$2.19	20.2	18%	Nibble
Intuit	INTU	$43.13	$1.94	22.2	20%	Hold Tightly
JAKKS Pacific	JAKK	$11.42	$1.76	6.5	15%	Nibble
L-3 Comm.	LLL	$49.08	$2.08	23.6	30%	Hold Tightly
Nautilus Group	NLS	$11.91	$1.65	7.2	25%	Nibble
Nvidia	NVDA	$19.09	$0.15	127.3	30%	Hold
Priceline.com	PCLN	$32.84	($0.44)	N/A	30%	Hold Tightly
Tetra-Tech	TTEK	$16.07	$0.95	16.9	22%	Buy Aggressively

Glossary Of Terms

Buy Aggresively	This rating designates the best buys at the best prices. It does not indicate momentum.
Buy	Also a good buy, but not as exciting or certain as the above.
Speculative Buy	Stocks with great potential, that may not be great values. These certainly involve higher risk.
Nibble	This rating suggests buying a little at a time as prices become more favorable.
Hold Tightly	An attractive stock which is probably too high to buy but does not warrant selling.
Hold Loosely	Stock approaching excessive valuation that may be traded out selectively for better buys.
Harvest	This is a sell rating for quality stocks which seem to be inflated in price. This does not suggest any impending problems. These stocks may be held by those who cannot afford to take profits, but the risk of holding is greater. Selling a portion of such shares is a good strategy.
Inconclusive	This terms is used when news creates uncertainty, or action appears to be negative, even if news has not yet appeared. Most people prefer not to hold stocks in periods of uncertainty and this rating is similar to a clear sell rating. We make this distinction because such undertainty can create outstanding valuations. We do not want to create the impression that we know something we do not.
Sell	The clear sell rating is reserved for stocks that have struck bad times and should be unloaded by all investors.

TRUE BLUES

STOCK FOCUS

True Blues is a list of legitimate "blue chips" that we follow monthly. These stocks can generally be held for the long term without great concern for matket changes. We rate them buy/sell for valuation only. While it may sometimes pay to move from an overfvalued member of this list to a bargain-priced choice, most of these stocks can be held even when they are overvalued without significant long-term risk.

SouthTrust reported a 11% increase in EPS resulting from increasing fee income, loan growth, and efficiency gains.

Equifax reported modest income gains, as North American revenues increased 24% on particularly strong credit reporting income.

Fair Isaac announced the acquisition of NAREX, a leader in collections and recovery analysis systems, for $10 million in cash. FIC also reported substantially higher earnings on a big boost in revenue. This company continues to impress with outstanding results.

GE's proposed acquisition of Finnish medical device maker Instrumentarium is making progress with EU antitrust investigators who have reduced the investigation to patient-monitoring device "market power". This is a barrier that can be overcome, and early reports suggest approval is at hand. Their planned acquisition of Agfa's X-ray and ultrasound testing device business is not going so well, however, as the EU authorities have stalled the process for a 2nd time. GE also announced a drop in earnings, meeting estimates, which the company attributed to an expected slowdown in the gas turbines business, and increasing oil expenses. The company also named Beth Comstock, who led the "Imagination at Work" campaign, as the new Chief Marketing Officer. Separately, GE Medical and a smaller partner plan to introduce new digital CAD technology for detecting lung cancer. The company is also bidding on a project to build a nuclear reactor in Finland, and a privatization plan for Hungary's Postabank. GE will also buy the consumer credit card division of Japan's Promise Co., and Finnish security system provider Saferex Oy, both with undisclosed terms.

Home Depot unveiled a new strategy this month, offering to act as a "home aggregator" in addition to its traditional role as home products retailer. The company will begin offering services such as carpet installation for homeowners or flooring installation service for professional builders. The company also said its plan to open 200 new stores this year is on track. Recent marketing efforts have boosted sales results at current stores.

SBC Communications is seeing a spike in new customers for DSL, now that it has reduced pricing. The company hopes this high-speed internet service will become a profit-driver in coming years. The company has also forged a partnership with EchoStar to market the SBC Dish Network to consumers, as one more component of its bundled service. As part of the deal, SBC will invest $500 million and take a stake in EchoStar. SBC's Cingular joint venture also continues to grow ahead of expectations, booking over a half million new customers in the 2nd quarter, dispelling fears that cellular growth was waning. SBC's results, not including Cingular operations remain sluggish. The company is applying to offer long-distance service throughout the Midwest.

Microsoft reports that Xbox sales in Japan are weak, and in response, the company is offering aggressive pricing for its online gaming Xbox Live service. The company is also increasing spending on R&D, in an effort to expand its product line. The company also wasn't hurt by its recent $90 million contract with the Department of Homeland Security. But the company's warning of a serious security flaw in all versions of its Windows software that allows hackers to seize control of computers through the internet can't help the company's reputation. Earnings growth remains unimpressive.

Pfizer plans to sell its surgical ophthalmology unit, which was acquired with Pharmacia earlier this year. There is also concern that the company's Genotropin growth hormone, also acquired with Pharmacia, may be implicated in patient deaths. The company continues to evaluate the various lines of Pharmacia businesses to determine which ones fit their strategy, and which are better sold or shut down. Pfizer reported a loss after accounting for merger-related expenses, but more importantly, its non-merger income still declined slightly, and revenues fell short of expectations. Still, the company is projecting solid earnings growth for the next two years, reaching $1.73 in 2003 and $2.10 in 2004. We expect the company to return to faster growth once it has digested the major Pharmacia acquisition.

Johnson & Johnson's problems with the new Cypher drug-coated stent are continuing, as the company begins informing doctors of potential risks. The FDA reportedly has received 47 reports of thrombosis related to the stents. Despite the troubles, the company reported increased earnings after adjusting for a write-downs related to acquisitions. Still, sales of anemia drugs Procrit and Eprex are meeting increased competition. The price of these shares is too high for all this uncertainty. We'd still avoid these shares for the moment.

Merck reported a modest earnings increase for the quarter, which were impeded by weakness in Zocor sales due to patent expirations in several foreign markets. The company also increased the dividend.

Safeway saw earnings fall. The grocery chain has begun lowering prices to draw consumers back, but this has impacted margins. Despite the chain's position as a consumer favorite, some investors worry about the company's turnaround potential. Still, we believe thise shares are bargain-priced and will richly reward investors if the turn comes. We also believe the company may benefit from increasing sales of store brands as consumers move toward lower-priced items.

The trend toward store-brands is not good news for consumer-goods maker **Unilever**, who also reported unimpressive earnings, due partly to weaker sales of Slim-Fast products. The disappointment calls into question the growth plan the company has been working on for some years now. Earnings in Euro fell, but because of currency differentials, the dollar results still showed slight increase. The company also announced new plans to begin marketing dairy-cream products on the European continent, and will sell its South African Simonsberg and Melrose cheese brands to Parmalat for Euro 7.5 million, and its German cheese business to French dairy maker Bongrain for an undisclosed amount. Both deals are part of the continuing strategy to refocus the company on core brands such as Lipton, Imperial, Skippy, Hellman's Wishbone, Breyers, Ben & Jerry's, and Lever 2000.

ConAgra continues to sell off its meat units. The Sapropor pork unit was sold to Portuguese food producer Manuel Inacio & Filhos. ConAgra has also recently entered into a joint venture agreement with Changing World Technologies to build a facility near its Missouri Butterball turkey factory to process the waste products including turkey bones and feathers, and turn it into oil. The experimental process has worked in the lab, and management believes it can produce oil at a cost of only $15 per barrel, barely half of the world wholesale price. If the process succeeds, it could revolutionize the oil industry, but most analysts are skeptical of the company's ability to turn lab experiments into real-world results.

Reuters returned to profitability for the first time since its heavy foray into internet technologies. The company saw revenue fall 11%, but earnings were positive, due partly to massive cost-cutting efforts, and partly to some signs of recovery in the U.S. Still, the company forecast two more years of revenues falling, since European business is still way off. Reuters shares were as high as $130 before earnings began to fall apart in 2001. This period's profit hopefully represents the first signs of recovery. The stock still pays a hefty dividend, and we see it as an interesting value play. However, as the

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Altria	MO	$40.01	$4.30	9.3	14%	6.4%	Avoid
Biomet	BMET	$29.65	$1.10	27.0	18%	0.5%	Hold Tightly
ConAgra	CAG	$22.53	$1.54	14.6	12%	4.4%	Buy
Equifax	EFX	$23.29	$1.23	18.9	15%	0.3%	Nibble
Fair, Isaac & Co.	FIC	$54.04	$2.02	26.8	20%	0.1%	Hold Tightly
FedEx	FDX	$64.39	$2.55	25.3	16%	0.0%	Hold Loosely
General Electric	GE	$28.44	$1.53	18.6	14%	2.7%	Nibble
Heinz	HNZ	$34.06	$2.03	16.8	12%	4.8%	Buy
Home Depot	HD	$31.20	$1.59	19.6	12%	0.8%	Nibble
Johnson & Johnson	JNJ	$51.79	$2.23	23.2	14%	1.9%	Avoid
MBIA	MBI	$50.62	$4.42	11.5	13%	1.3%	Buy Aggressively
Merck	MRK	$55.28	$3.26	17.0	15%	2.7%	Buy
Microsoft	MSFT	$26.41	$0.86	30.7	20%	0.3%	Hold Tightly
Pfizer	PFE	$33.36	$1.65	20.2	15%	1.8%	Buy
Radian	RDN	$46.81	$4.44	10.5	13%	0.2%	Buy
Reuters	RTRSY	$23.85	($1.56)	N/A	20%	3.8%	Hold
Safeway	SWY	$21.35	$2.43	8.8	14%	0.0%	Nibble
SBC Communic.	SBC	$23.36	$2.11	11.1	12%	4.6%	Buy
SouthTrust Bank	SOTR	$28.71	$1.93	14.9	12%	2.9%	Hold Tightly
UniLever PLC	UL	$32.99	$2.22	14.9	11%	3.0%	Buy

STOCK FOCUS
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Value Viewfinder features stocks that appear to be below their reasonable valuations, based on their expected future growth. Unlike many stock-pickers w ho seem to divide stocks into "growth" or "value" picks, we believe the growth outlook is one of the pime factors for determining value. These stocks may not always proved immediate results, but should provide outstanding returns in the long-run.

Intervest Bancshares, a nationally-chartered commercial bank with a single headquarters office in Rockefeller Plaza, New York, and full-service branches around Clearwater, Florida, once again blew away estimates. The company reported considerably higher earnings per share, despite a significant increase in the number of shares outstanding. Intervest attributed the strong results to a growing loan portfolio and significant fee income from expired loan commitments and loan prepayments. The company also took the opportunity to acquire full ownership of Intervest Securities, an NASD broker/dealer registered in 9 states. Despite the growth and other good news, shares still sell for only pennies above book value of $12.23, and represent an outstanding value by any measure. We rate Intervest a solid buy for all but the most conservative accounts.

▸Other Viewfinder Stocks...

We introduce **Pinnacle Bancshares**, a 6-branch bank with growing earnings, headquartered in Jasper, Alabama and focused on traditional banking and residential mortgage lending. The shares provide a fair dividend yield and appear somewhat undervalued, with shares selling barely above recent book value of $12.29. We'd buy for appreciation, income, and growth. **R&G Financial** reported strong earnings growth again, and the share price continues to rise. The Puerto Rican lender expects mortgage growth prospects to begin leveling off in the next couple of years, but sees a continuation of strong growth at least through the end of this year. R&G's Florida unit, Crown Bank, is likewise experiencing strong growth, particularly among the rapidly growing Puerto Rican populations of Central Florida. Likewise, **Wilshire State Bank** reported outstanding earnings growth, attributed to historically low rates coupled with increasing economic optimism, as well as increasing fee-based income. Wilshire focuses mostly on small-business loans, primarily to Korean and other ethnic communities in the Los Angeles area. Wilshire will open a residential mortgage division to take advantage of great growth opportunities in that area, and has also announced plans to open a full-service bank in Dallas.

E*Trade reported substantially higher operating earnings after adjusting for restructuring charges. Both stock trading and mortgage operations increased by over 40% in the quarter. The company booked exit charges for its departure from a number of ventures, and a sizeable profit from the sale of its E*Trade Japan unit. Some of the company's other moves are to close Danish operations, shutter the expensive New York City Center, consolidate some offices, eliminate stock baskets, E*Trade Financial Advisor, and Personal Money Management, and discontinue local equity market trading in Hong Kong. The company expects full-year results to total $0.52-0.57 after the adjustments.

Torchmark announced a substantial increase in the quarterly dividend and plans to continue its share repurchase program. The company also saw investment returns and underwriting revenues increase, leading to larger profits. The company has chosen to focus less on variable annuity income.

Fortune Brands delivered very strong operating results, which translated into solid earnings growth after excluding a tax-related gain. The home-hardware, liquor, and golf segments continue to perform extremely well, while the office products division is lagging.

Frisch's Restaurants reported outstanding earnings growth. Both the flagship Big Boy restaurants and the Golden Corral franchised stores reported strong same-store sales for the period. The company plans to open two more Golden Corrals by the end of summer, bringing the total to 23.

Darden Restaurants also reported same-store sales comparisons. Their Olive Garden chain showed gains, while Red Lobster reported small declines. The company also announced the opening of its first store of its newest concept, Seasons 52, in Orlando, Florida.

Sales at **Dura Automotive** fell, but the company still beat expectations. While new vehicle sales in general are falling, the shift toward higher-end trucks and cars with more accessories has benefited parts makers like Dura, analysts believe. Results were also helped by a stronger Euro. The company also is forecasting earnings of $1.70-1.75 for the year, ahead of previous analyst estimates. Dura shares typically sold in the 20's and 30's until the recession hit in 2000, and we anticipate a return to those levels once the downturn ends.

Right Management Consultants is a top provider of career transition and human resource services to large corporations. The company historically has had its best results in periods of economic uncertainty, as larger amounts of layoffs provide more need for the company's services. While some expect layoffs to slow, we believe there is more uncertainty ahead. Right's earnings for the 2nd quarter rose 15%, and the company upped their forecasts for the year. While revenue fell, the company was able to increase profits by cutting costs.

Our speculative picks this week include **Provena Foods**, an industrial pizza topping maker, and Britain's **Cable and Wireless**, one of the world's largest telecommunication companies. C&W had been hit by aggressive internet investments back in the late 90's, but the former $50 stock still has a book value of around $17, and we believe the shares are significantly undervalued in this range. The company recently suspended its generous dividend, but also announced the intention to resume dividends in March. The suspended payout is giving the company time to shore up its finances, and the prospects are good for the U.K.'s 2nd largest operator. The recovery may take time, but the eventual profit should be great, as the company refocuses on its core U.K business while closing its American business and downsizing the European ventures. Recent sales include French, German, Swiss, and Italian operations. The company has also announced a new GSM mobile offering in Jamaica, and plans to roll out the service in 12 other Caribbean nations later this year. The company's 20%-owned Bahrain Telco has begun offering GSM service in Baghdad, too, as the company continues to seek out profitable worldwide opportunities. We expect the shares to return at least to the 20's in the next few years.

In the telecom field, **America Movil** also looks attractive. The Mexican cellular operator holds a dominant share of the market, and has successfully driven Verizon and Vodaphone out of the market, as the telecom giants sold off their troubled Iusacell operation to a local provider. The company is also making moves toward the Argentine cellular market, which should be a nice opportunity. The company has operations in 5 Latin American nations, but the fast-growing Mexican operation is the largest. The first quarter's report from AMX was also quite exciting, with a 45% increase in revenues resulting in a 52% rise in profits.

Constellation Brands remains a good buy. Management is projecting continued growth. Likewise, Sunrise Senior Living and Oxford Health remain attractive.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
America Movil	AMX	$22.34	$1.44	15.5	20%	0.4%	Buy Aggressively
Cable & Wireless	CWP	$5.52	($1.81)	-3.0	10%	0.0%	Speculative Buy
Central Euro. Eq. Fd.	CEE	$17.61	NAV:$		18%	0.0%	Buy Aggressively
Constellation Brands	STZ	$28.85	$2.15	13.4	15%	0.0%	Buy Aggressively
Darden Foods	DRI	$18.71	$1.31	14.3	14%	0.4%	Buy
Dura Automotive	DRRA	$10.34	$2.14	4.8	10%	0.0%	Buy Aggressively
E-Trade	ET	$9.16	$0.34	26.9	15%	0.0%	Speculative Buy
Fortune Brands	FO	$55.61	$3.47	16.0	12%	1.9%	Buy
Frisch's Restaurants	FRS	$22.10	$1.95	11.3	14%	1.6%	Buy
Intervest Bancshares	IBCA	$13.00	$1.40	9.3	14%	0.0%	Buy Aggressively
Oxford Health Plans	OHP	$42.70	$3.43	12.4	16%	0.0%	Buy
Pinnacle Bancshares	PLE	$12.90	$1.39	9.3	12%	3.1%	Buy Aggressively
Provena Foods	PZA	$1.35	$0.18	7.5	10%	0.0%	Speculative Buy
R&G Financial Corp	RGF	$32.00	$2.86	11.2	14%	1.1%	Buy Aggressively
Right Management	RHT	$14.08	$1.67	8.4	12%	0.0%	Buy
Sunrise Senior Living	SRZ	$24.90	$2.48	10.0	12%	0.0%	Buy Aggressively
Torchmark	TMK	$40.64	$3.59	11.3	13%	1.1%	Buy
Wilshire State Bank	WSBK	$18.03	$1.67	10.8	14%	0.0%	Buy Aggressively

A PERSONAL NOTE FROM THE PUBLISHER

With this issue, Investor's Value View will be switching to bi-monthly publication. You should expect your next issue in the mail in the first week of October. We also want to take a moment to discuss the reason and implications of the change.

First, let me assure subscribers that they will continue to receive the same number of issues that they originally paid for. In other words, if 6 months remains on your current subscription after this issue, we will extend the expiration date to 12 months (which represents 6 issues), to ensure that everyone gets the value they anticipated.

We will continue to provide timely information to our readers, but we've determined that the method of delivery should be dictated by the type of information provided, not the other way around. We've found that most of our information falls into one of two categories: time-sensitive recommendations and news, and planning and educational information. The planning and educational information is not particularly time-sensitive, but does tend to require more space to adequately illustrate the key concepts. This type of information is easily presented in a newsletter, but may require a different format than we currently use. On the other hand, the time-sensitive recommendations often require immediate dissemination of information, and the current format has become less than ideal for this. We believe that email alerts will better serve our readers in this area. If we do not have your current email address and you wish to be included in the email alert system, please email us. Our email address is: myvalueview@yahoo.com

We've thought long and hard before making this change. We believe this change will allow us to provide more detailed articles and more in-depth research for our readers. On a strict monthly schedule, it is sometimes difficult to encapsulate all the information we believe our readers deserve.

Our next edition will have the gleam and sparkle of a freshly cut jewel, with new features and formats. But we'll continue to fill the pages of Investor's Value View with the quality of information and research that you have come to trust and rely on for your investment decisions. We hope you'll like the changes. Changes in the format are not the only thing you'll see. We also will be moving our primary offices this month. We are remaining in the same office building, and our phone numbers will not change, but our address will become:

Value View Financial Corp.
2240 Winter Woods Blvd. Suite 1010
Winter Park, FL 32792

Thank you for your patience and understanding as Investor's Value View incorporates these changes into our operation. We look forward to providing service to our readers for many years to come.

Sincerely,

R. Scott Pearson
Publisher

Quality is never an accident; it is always the result of intelligent efforts.
~ John Ruskin ~

There is nothing good or bad,
only thinking makes it so.
~ William Shakespeare ~

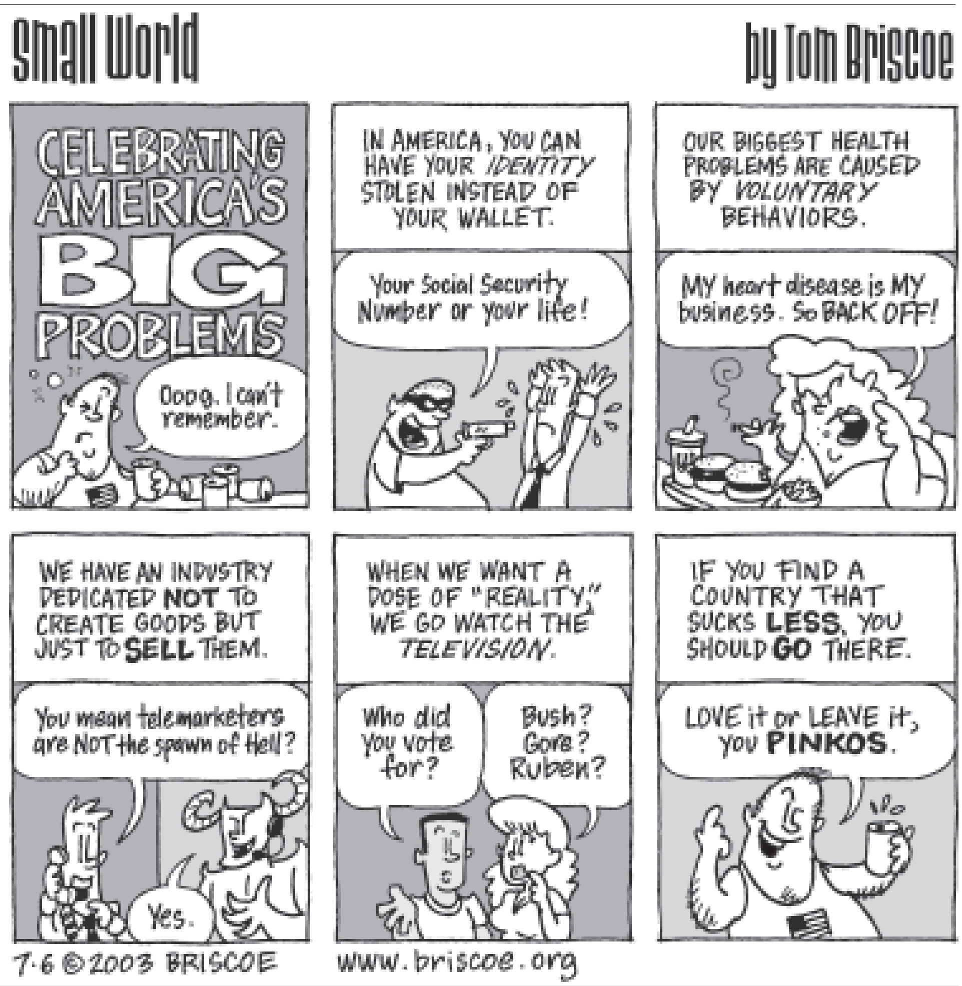
Chance favors the informed mind.
~ Louis Pasteur ~

Blues, from page 3

share price has risen from a low near $10, the shares become less and less appealing in the short-term.

Radian reported a modest increase in sales and earnings. Some, however, suggest that the refinancing boom may be coming to an end, and shares of companies like Radian may not be the ideal place to be investing. Still, as a mortgage insurer, revenues are more dependable here than for the lenders themselves.

As always, **Altria** is troubled by legal woes. This month, the question is whether an appeals court had authority to reduce the $12 billion bond the company had been required to set aside in preparation for a class action lawsuit appeal. Analysts are concerned that the size of the bond may itself force the otherwise-strong company into bankruptcy. Also, reduced gains at 84%-owned Kraft may reduce profits, and domestic tobacco sales are falling. The only bright spot is international tobacco, which is still growing. The end result is a slight fall in overall income.



AS THE STOCKS TICK

KEEPING A FINGER ON THE PULSE OF YOUR INVESTMENTS, BASED ON OUR RECOMMENDATIONS.

EARNINGS REPORTS

Stock Name	Earning Period	Current Earnings	1 Year Ago	% Change	Current Recommedation
America Movil	Q1	$0.64	$0.03	2033.3%	Buy Aggressively
Cytyc	Q2	$0.16	$0.02	700.0%	Buy Aggressively
Tetra Tech	Q3	$0.25	$0.15	66.7%	Buy Aggressively
Fair Isaac	Q3	$0.63	$0.41	53.7%	Hold Tightly
Frisch's	Q4	$0.61	$0.40	52.5%	Buy
Wilshire State Bank	Q2	$0.45	$0.31	45.2%	Buy Aggressively
L-3	Q2	$0.53	$0.38	39.5%	Hold Tightly
Intervest Bancshares	Q2	$0.45	$0.33	36.4%	Buy Aggressively
R & G Financial	Q2	$0.80	$0.59	35.6%	Buy Aggressively
Pinnacle Bancshares	Q2	$0.37	$0.29	27.6%	Buy Aggressively
E-trade	Q2	$0.14	$0.11	27.3%	Speculative Buy
Priceline	Q2	$0.20	$0.16	25.0%	Hold Tightly
Johnson & Johnson	Q2	$0.70	$0.60	16.7%	Avoid
Right Management	Q2	$0.50	$0.43	16.3%	Buy
Fortune Brands	Q2	$1.03	$0.89	15.7%	Buy
ChoicePoint	Q2	$0.37	$0.32	15.6%	Hold
SouthTrust	Q2	$0.51	$0.46	10.9%	Hold Tightly
Microsoft	Q4	$0.23	$0.21	9.5%	Hold Tightly
Merck	Q2	$0.83	$0.77	7.8%	Buy
Equifax	Q2	$0.36	$0.34	5.9%	Nibble
Radian	Q2	$1.18	$1.12	5.4%	Buy
Unilever	Q2	$0.38	$0.37	2.7%	Buy
CheckPoint Software	Q2	$0.24	$0.24	0.0%	Hold
Altria	Q2	$1.20	$1.21	-0.8%	Avoid
Pfizer	Q2	$0.30	$0.31	-3.2%	Buy
GE	Q2	$0.38	$0.44	-13.6%	Nibble
SBC Comm	Q2	$0.42	$0.53	-20.8%	Buy
Safeway	Q2	$0.47	$0.70	-32.9%	Nibble
Dura Automotive	Q2	$0.58	$0.93	-37.6%	Buy Aggressively
Jakks Pacific	Q2	$0.21	$0.41	-48.8%	Nibble
Nautilus	Q2	$0.14	$0.72	-80.6%	Nibble
EcTel	Q2	-$0.77	$0.23	-434.8%	Avoid

BREAKTHROUGH STOCKS

LAST MONTH'S STOCK PICKS THAT HAVE SHOWN OUTSTANDING SHORT TERM RESULTS.

Stock Name	Stock Symbol	Today's Price	1 Month Ago	% Increase	Current Recommedation
Reuters	RTRSY	$23.85	$18.06	32.1%	Hold
Radian	RDN	$46.81	$38.18	22.6%	Buy
Cytyc	CTYC	$11.81	$10.50	12.5%	Buy Aggressively
L-3 Communications	LLL	$49.08	$44.31	10.8%	Hold Tightly
Wilshire State Bank	WSBK	$18.03	$16.32	10.5%	Buy Aggressively
Torchmark	TMK	$40.64	$37.67	7.9%	Buy
Sunrise Senior Living	SRZ	$24.90	$23.15	7.6%	Buy Aggressively
[redacted]	CUB	$24.67	$23.11	6.8%	Hold Tightly
[redacted]un[redacted]ds	FO	$55.61	$52.35	6.2%	Buy
[redacted]ant[redacted]ystems	ATK	$54.90	$51.80	6.0%	Hold Tightly
[redacted]t. [redacted]q. Fd	CEE	$17.61	$16.75	5.1%	Buy Aggressively

Pl[redacted]m[redacted] 1

eco[redacted]po[redacted]enefit from U.S. weakness. The Arab world has serious political problems at present, and we are steering clea[redacted]mo[redacted]China is a quagmire. While holding great promise, legal protections are seriously deficient, and most U.S. con[redacted]who[redacted]nvested there end up writing off their investments. This leaves us with only two areas beyond our borders to c[redacted]

[redacted]As[redacted], diversification is a primary rule, so a few holdings in each of these nations is advised, but based upon the diff[redacted]d h[redacted]t of obtaining accurate information from some faraway places, we advocate depending upon funds like tho[redacted]her[redacted]st in your diversification plan.

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If you have a question and require prompt attention, please call Scott Pearson on his cellular phone: 407 538 1881.

Dividend Changes

Stock	From	To	% Change
MRK	$0.36	$0.37	2.8%
TMK	$0.09	$0.11	22.2%
SOTR	$0.17	$0.21	23.5%

I don't know where speculation got such a bad name, since I know of no forward leap which was not fathered by speculation.
~ John Steinbeck ~