

Value View 2003

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

INVESTING GLOBALLY



... Again

IN THE PAST, WE HAVE RECOMMENDED STOCKS FROM EMERGING markets in these pages. More recently, due to uncertainty in the world economic environment, we've shied away from those picks, with a few notable exceptions such as the Eastern European zone. However, the new signals, we've noticed, suggest that it may be time to begin looking at these high growth markets once again.

Naturally, when one invests in an emerging market, a plethora of risks is included. But the potential is much higher than the risk involved; if you adequately diversify -- across industries, nations, regions, and risk factors -- expect outstanding long-term results.

There are a number of reasons why emerging markets are looking attractive. Most significantly, some of these emerging markets are so enormous, and the growth rates so astoundingly positive, that they can become world dominating economies in a relatively short time. Most prominent are China, India and Indonesia.

Most eyes are focused on China, but we tend to take a dimmer view of prospects there. Undoubtedly, there is a great opportunity, and yes, there is great progress taking place. However, 2 negative factors dominate my less optimistic view. First, the institutional structure necessary to safeguard property rights (rule of law, contract enforcement, etc.) does not appear to be fully developed

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This issue's Stock Focus features **America Movil** (Stock symbol: AMX), the leading provider of wireless services in Latin America.

America Movil was established in September 2000. From its beginnings as a spin-off from Telefonos de Mexico, AMX now has subsidiaries throughout the South American continent, as well as in Europe and the United States of America. Affiliates of America Movil can be found in Guatemala, Argentina, Columbia, Venezuela, Brazil, and Spain. In its home country of Mexico, America Movil provides telecommunications for over 85% of the population, covering over 30% of the geographical area. Services include fixed telephone lines and cellular networks

for wireless lines.

AMX reports paying \$625 million to acquire control of Brazilian wireless company BCP. BCP's subscribers numbered over 1.5 million people, and its service covers an area which boasts 19.2 million people in metropolitan Sao Paola. AMX now owns 5 mobile operators in Brazil. Joining all 5 operators under the brand-name *Claro*, America Movil is currently the 2nd largest mobile provider in Brazil after *Vivo*.

AMX's first quarter report was exciting, with a 45% increase in revenues. This resulted in a 52% rise in profits. The company also recently purchased another 20% of Conecel. Conecel is the fastest growing unit of America

Movil, therefore it was a logical step to purchase these shares.

Currently, America Movil boasts a subscriber list of 36 million subscribers, and holds a dominant share of the market. With such a large subscriber base, the company has managed to drive cellular giants Verizon and Vodaphone -- both of whom sold off their shares of Iusacell to a local provider -- out of the market. In the first half of 2003, revenues totaled more than \$185 million. America Movil is also making moves toward the cellular market in Argentina, which should prove to be a good opportunity for this up-and-coming corporation.

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yet. Political obstacles may impede this development. Second, while there appears to be a definite growth in technical ability the application of these skills doesn't appear to be growing as fast. While the Chinese economy is replete with skilled engineers and technicians, there seems to be a shortage of entrepreneurs to put together workable projects.

Indonesia has great promise. As one of the world's most populous nations, it has the potential to become a major world player. However, education levels in Indonesia lag China and India. Also, a wild card may be the potential for terrorism, e.g. the recent bombings on Bali. These factors, while not devastating, will slow progress.

India, on the other hand, carries few of these drawbacks. A highly educated population is available to work at somewhat lower cost than elsewhere in the world. The synthesis of technical skills with entrepreneurial talent is more common than in China. And, while some terrorism risk exists, it tends to be more localized and less a part of the culture.

From an investor's viewpoint, India is attractive particularly because so few investors are looking there. While everyone watches developments in China, we believe it's time to start snapping up bargains in India.

We aren't suggesting that buying Indian stocks is easy or affordable. Many sell for relatively high P/E ratios, and some are only modestly

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INSURGENTS

... are companies on the cutting edge of the world's new architecture. Each enjoys 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.

Engineered Support Systems has won a \$21.8 million contract from the U.S. Air Force for Power Generation, a \$9.4 million subcontract to support a U.S. Army contract, a \$13 million radar system contract for the Republic of China, and an \$8 million U.S. Air Force order for power distribution equipment. The company also recently approved a 3-for-2 stock split. Engineered Support Systems received a \$1.6 million contract, with another \$.5 million in options, from Boeing for work on a Synthetic Instrument Measurement Unit (SIMU) which incorporates a complex package of measurement tools for the U.S. military.

Checkpoint Software faces a class action lawsuit recently filed by several law firms charging that the company violated the Securities Exchange Act of 1934 by failing to disclose that the demand for Checkpoint Software's products was materially declining. This lawsuit only applies to those investors that purchased shares of Checkpoint securities between July 10, 2001 and April 4, 2002. On a more positive note, Checkpoint Software announced its SmartDefense™ active defense solution, which protects customers against three vulnerabilities in Windows 2000 and XP. This Active Update was released in April 2003 and automatically protects customers against variants of viruses such as the LovSan/Blaster worm. Also, Check Point Software has been chosen by The Hearst Corporation to secure its global network. In August, Check Point Express was introduced. It is uncertain how the class action lawsuit for failure to provide key information on revenues to investors will affect Check Point's business, but it will likely be sometime before any effect could take place.

Cima Labs is considering a \$384 million unsolicited offer from drugmaker Cephalon Inc. despite previously agreeing to merge with

aaiPharma Inc. for \$368 million. Cephalon has offered to structure the compensation in a flexible package of cash, shares or a combination that is believed to provide a much better outcome for Cima's stockholders than aaiPharma's original offer. Cima has faced a handful of shareholder lawsuits in the state of Delaware over this acquisition, but the company maintains that these suits are all without merit. Cima also reported a slight decrease in second quarter earning per share compared to one year ago.

L-3 Communications and a joint venture of several other aviation companies will be awarded a 10 year, \$2.7 billion contract by the U.S. Army for the maintenance and logistics support of rotary-wing aircraft. The company was also awarded several other contracts including a \$17 million contract to provide cockpit displays and a \$24 million contract with the U.S. Army Block 1 Phoenix Program. The company will also participate in a \$498 million contract to provide Air Force base security systems.

products for the public security markets, reported \$9.9 million in project contracts and awards during the month of July.

Cytec announced an agreement made with Danner Laboratory's San Diego facility to install Cytec's ThinPrep® Imaging System. This interactive computer system will help to improve cervical cancer screening efficiency and performance. Cytec also announced that it has signed a five-year exclusive contract with the British United Provident Association (BUPA).

Intuit announced that it will acquire Innovative Merchant Solutions, a provider of credit and debit card processing services for small businesses. This allows Intuit to strengthen its offering for merchant account services.

JAKKS Pacific signed a master toy license with Universal Studios for the upcoming release of *Van Helsing* as well as for Universal Studios *Monsters*. This strengthens the company's growing line of action figures targeted at boys.

CompuDyne, the leader in security

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
America Movil	AMX	\$22.30	\$1.44	15.5	20%	Buy Aggressively
CheckPoint Sftwre	CHKP	\$17.03	\$0.51	33.4	30%	Hold
ChoicePoint Inc	CPS	\$33.69	\$1.27	26.5	20%	Hold Tightly
Cima Labs	CIMA	\$28.17	\$1.23	22.9	33%	Harvest Profits
CompuDyne	CDCY	\$7.99	\$0.33	24.2	18%	Hold
Cytec	CYTC	\$15.00	\$1.00	15.0	24%	Buy Aggressively
Engin'r'd Sup't Syst	EASI	\$62.57	\$2.19	28.6	18%	Harvest Profits
Intuit	INTU	\$47.62	\$1.97	24.2	20%	Hold
JAKKS Pacific	JAKK	\$12.46	\$1.76	7.1	15%	Nibble
L-3 Comm.	LLL	\$43.94	\$2.08	21.1	30%	Buy
LeapFrog	LF	\$40.20	\$0.91	44.2	22%	Nibble
Nautilus Group	NLS	\$13.10	\$1.65	7.9	25%	Nibble
Nvidia	NVDA	\$16.35	\$0.48	34.1	30%	Hold
Priceline.com	PCLN	\$26.50	(\$0.44)	N/A	30%	Nibble
1-800-Flowers	FLWS	\$8.12	\$0.18	45.1	30%	Nibble

GLOSSARY OF TERMS

Buy Aggressively	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.



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

Marimba is a computer consulting firm specializing in managing software transition problems for large businesses. The company offers Server Change Management, Desktop/Mobile Management, and Embedded Management products to assist companies in managing their IT resources and reducing costs. Marimba is now at the stage of its growth where it is able to show profits on a consistently. We believe this warrants a much higher share price. New products and new customers have helped the company grow. We rate Marimba highly as a somewhat speculative, but very great opportunity. Shares sold as high as \$60 in the heyday of the tech bubble, and while we don't expect shares to return to that level anytime in the foreseeable future, we do believe double digits is a very reasonable expectation.

Toys R Us, the world's leading toy retailer, remains an interesting pick for the coming years, as its Babies'R'Us chain moves to dominate the baby goods market. The traditional toy lines have also recovered nicely, but the Kids'R'Us clothing stores are pulling earnings down. We believe management will continue to update stores, and close unproductive units, thereby allowing the high-growth Babies chain to dominate future earnings growth. The company is also having success with its internet offerings, and a new Sportsrus.com site has been registered for extension. This is not an overnight play, but should reward long term holders. Buy.

FTI Consulting is a top consulting firm which focuses on turnaround, bankruptcy, acquisition, and litigation consulting, forensic accounting, and fraud investigation, as well as some other related services. Shares have been beaten up recently by talk of declines in corporate bankruptcies (an important segment for FTI) and an acquisition that may not be optimal, and a small reduction in earnings forecasts, resulting in a burst of short-selling euphoria. The short-selling can't last, and we believe the fears are overblown. Despite uncertainty, the company appears confident, executing a string of strategic acquisitions, including a deal to buy Lexecon from Nextera Enterprises for \$130 million, and the PricewaterhouseCoopers U.S. Business Recovery division. More recent discussions to buy KPMG's dispute advisory services division also look promising. Despite criticism, they have always integrated acquisitions well. The company has expertise in a variety of areas where competition is very limited, and the company's growth

over the past 8 years has been astounding. We also believe the regulatory environment may bring additional opportunity, as Big 4 accounting firms are forced to exit consulting businesses because of the fallout from Enron and WorldCom. FTI is one of the few companies positioned to benefit from this. Despite the positives, shares are selling at bargain prices. We recommend taking advantage of short-term uncertainty. Jump on this long-term winner.

Britain's **Cable and Wireless** is a case in point, selling below book value. Another telecom we like is a more adventurous investment. **PT Telekomunikasi**, Indonesia's primary fixed-line phone service is still majority-owned by the Indonesian government and reports outstanding earnings growth for the past year. But, the U.S. SEC has ordered verification from a U.S.-based accounting firm. The uncertainty of the audit, coupled with unsettling terrorist attacks in Indonesia have held the stock's price down, but we feel the prospects for growth are too good to pass up. The 9% dividend yield is nothing to sneeze at, either. Government plans to add 3 million new phone lines over the next three years may help increase opportunity in a country where only 5% of the population have access to fixed-line phones, and waiting lists stretch for years. Finally, **Telefonos de Mexico** offers good growth opportunity for a low price, and offers a steady dividend. In recent years, Mexico has tended to fol-

low the U.S. economy more than any other.

Oxford Health Plans reported significant earnings increases, attributed to expanded plan choice offerings and strict maintenance of pricing disciplines. The company continues its share repurchase program through the end of this year. Despite positive earnings, customer growth appears to lag, which may impact earnings going forward. Still current share prices more than compensates for any negative factors. We continue to rate Oxford a buy.

Park-Ohio Holdings is an apparently boring industrial company offering somewhat exciting growth prospects. Management worked hard to restructure the company over the past few years, suffering through travails of change, but is now beginning to see the fruits of all the labor. Each of the past 4 quarters offered significantly higher earnings. A continuation of the trend does not appear unlikely; many of the more sluggish businesses were among those divested in the restructuring. The company reduced the workforce and consolidated logistics operations, yielding further savings. In the new, streamlined Park-Ohio, supply-chain/logistics management now accounts for over 60% of the business, the remainder split between a sizeable aluminum arm, and a series of niche industrial businesses. These shares have already risen significantly this year. We believe they have further to go.

Landry's Restaurants is a leading

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Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Cable + Wireless	CWP	\$5.81	(\$1.81)	-3.2	10%	0.0%	Speculative Buy
Constellation Brds	STZ	\$29.91	\$2.26	13.2	15%	0.0%	Buy Aggressively
Dura Automotive	DRRA	\$10.19	\$2.14	4.8	10%	0.0%	Buy Aggressively
Fortune Brands	FO	\$58.90	\$3.47	17.0	12%	2.0%	Buy
FTI Consulting	FCN	\$18.02	\$1.60	11.3	15%	0.0%	Buy Aggressively
Intervest Bancs	IBCA	\$12.94	\$1.40	9.2	14%	0.0%	Buy Aggressively
Landry's	LYNY	\$21.63	\$1.64	13.2	13%	0.5%	Buy
Marimba	MRBA	\$3.95	\$0.14	28.2	25%	0.0%	Speculative Buy
Nat'l City Corp	NCC	\$30.10	\$3.03	9.9	10%	4.3%	Buy Aggressively
Oxford Health Plns	OHP	\$42.47	\$3.55	12.0	16%	0.0%	Buy
Park-Ohio	PKOH	\$9.35	\$0.72	13.0	12%	0.0%	Speculative Buy
Pinnacle Bancs	PLE	\$14.00	\$1.39	10.1	12%	2.9%	Buy
PT Telekomunikasi*	TLK	\$15.11	\$2.01	7.5	16%	8.3%	Speculative Buy
R&G Financial	RGF	\$29.93	\$2.86	10.5	14%	1.5%	Buy Aggressively
Semco Energy	SEN	\$4.67	\$0.16	29.2	10%	6.4%	Speculative Buy
Telefonos de Mex	TMX	\$30.46	\$2.63	11.6	13%	3.8%	Buy
Torchmark	TMK	\$41.55	\$3.59	11.6	13%	0.9%	Buy
Toys R US	TOY	\$12.69	\$1.09	11.6	12%	0.0%	Buy Aggressively

*PT Telekomunikasi's results are subject to a re-audit ordered by the U.S. SEC to verify the audit performed by Indonesian accounting firms.

... 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 market changes. We rate them buy/sell for valuation only. While it may sometimes pay to move from an overvalued 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.

Tetra Tech was awarded a \$20 million contract by Alcoa Inc. to clean Alcoa's Troutdale Aluminum Smelting Facility in Portland, Oregon. The company will manage the demolition and decontamination of the 25 acre site, which includes more than 110 buildings and is expected to be completed in April 2005. Tetra Tech is also part of a joint venture that was awarded a \$50 million US Navy contract to provide engineering and other technical services. The company will also be working with the U.S. military in Iraq under a \$65 million contract to destroy captured enemy munitions. Tetra Tech has acquired Engineering Management Concepts, Inc., an engineering and program management firm that is expected to have gross revenues of \$40 million this year. Recent contracts and acquisitions demonstrate that TTEK is seeing continuous growth and heading for a strong future.

The FDA approved **Johnson & Johnson-Merck's** prescription strength Pepcid® AC for over-the-counter treatment of heartburn. Johnson & Johnson has also submitted several new drug applications to the FDA including a needle-free E-Trans® Fentanyl HCL, and Ortho Tri-Cyclen®. Cordis Corporation, a Johnson & Johnson company, recently received FDA approval for the S.M.A.R.T.® Stent to aid in the treatment of lilac artery disease. Johnson & Johnson was also awarded \$425 million from a patent infringement arbitration with Guidant.

Merck & Co., Inc. announced a successful spin-off of Medco Health as a tax-free distribution to Merck stockholders for tax purposes. Medco Health was the nation's leading pharmacy benefits management company, which provided prescription health care to 62 million customers, with revenues of \$33 billion in 2002.

Equifax signed a 10-year agreement with IBM to provide global on demand technology services for Equifax's operations in Canada, United States, and Europe. This will benefit Equifax by providing significant cost savings and future operational flexibility. Equifax expects to generate savings of \$5 million in 2003 and reaching as high as \$20 million annually after 2006.

Fair, Isaac & Co. acquired Diversified HealthCare Services, Inc, which provides medical review products and services for the workers' compensation insurance industry. While terms of the deal were not disclosed, this acquisition will help diversify Fair, Isaac & Co. in the insurance industry.

FedEx reported a slight decrease in earnings per share due to reported costs associated with the previously announced realignment of the FedEx Express business through early retirement and severance programs.

First Data Corporation, a leader in electronic commerce and payment services, serves approximately 3 million merchant locations. The company has 29,000 employees worldwide and provides credit, debit, and smart card issuing and merchant transaction processing services.

General Electric announced the launch of GE Business Credit Services. This new organization, formerly GE Distribution Finance, will continue its usual roles, but will expand its business structure to include commercial sales finance.

Heinz reported a substantial increase in first quarter income compared to one year ago. Increased volume and improved mix are thought to be key factors driving growth in sales, gross margins, and operating income.

Home Depot will acquire IPUSA, a privately owned roofing company. IPUSA is one of the largest installers of residential roofing in the United States and worked as a contractor to Home Depot for several years. Home Depot reported slightly higher second quarter earnings compared to one year ago, citing the success of its store reinvestment strategy. This strategy aims to deliver better, cleaner, and brighter stores with more innovative products.

MBIA reported a strong increase in second quarter income per share compared to one year ago. The company cites increased insurance revenues for the positive performance.

Reuters released the new StockVal PR Plus version 4.0, a database application that combines third party portfolio attributes with the StockVal database. This program has the ability to integrate with third portfolio accounting systems and has several advanced capabilities.

Safeway has filed a lawsuit against Yucaipa Companies for breach of contract, fraud and intentional interference with Safeway's effort to sell Chicago's Dominick's chain. Safeway alleges Yucaipa made secrete negotiations with labor unions before entering the bidding process.

SBC Communications has declared an increase in dividends, citing stable cash flow and overall financial strength. The Company has also reached the 3 million DSL customer mark and remains the #1 DSL provider in America with strong growth.

Biomet reports first quarter profit increases led by strong growth in their reconstructive, spinal and orthobiologic product lines.

ConAgra reported slightly lower first quarter earnings per share compared to one year ago. However, this reflects the Company's strategic divestiture of the fresh beef, pork, canned seafood, and cheese businesses completed during fiscal 2003.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Biomet	BMET	\$34.00	\$1.17	29.1	18%	0.3%	Hold Loosely
ConAgra	CAG	\$21.70	\$1.48	14.7	12%	4.8%	Buy
Equifax	EFX	\$22.51	\$1.25	18.0	15%	0.4%	Buy Aggressively
"Fair, Isaac & Co."	FIC	\$59.73	\$2.02	29.6	20%	0.1%	Hold Loosely
FedEx	FDX	\$65.44	\$2.64	24.8	16%	0.0%	Hold Loosely
General Electric	GE	\$30.75	\$1.53	20.1	14%	2.5%	Nibble
Heinz	HNZ	\$35.21	\$2.07	17.0	12%	4.6%	Buy
Home Depot	HD	\$33.25	\$1.65	20.2	12%	0.8%	Nibble
Johnson & Johnson	JNJ	\$50.30	\$2.23	22.6	14%	1.9%	Avoid
MBIA	MBI	\$56.70	\$4.91	11.5	13%	1.2%	Buy Aggressively
Merck	MRK	\$51.00	\$3.26	15.6	15%	2.8%	Buy
Microsoft	MSFT	\$28.50	\$0.86	33.1	20%	0.6%	Hold
Pfizer	PFE	\$31.05	\$1.65	18.8	15%	1.9%	Buy
Radian	RDN	\$47.31	\$4.44	10.7	13%	0.2%	Buy
Reuters	RTRSY	\$22.47	(\$1.56)	N/A	20%	4.0%	Hold Tightly
Safeway	SWY	\$23.11	\$2.43	9.5	14%	0.0%	Nibble
SBC Communic.	SBC	\$22.50	\$2.11	10.7	12%	4.8%	Buy
SouthTrust Bank	SOTR	\$30.60	\$1.93	15.9	12%	2.7%	Hold Loosely
Tetra-Tech	TTEK	\$20.77	\$0.95	21.9	22%	0.0%	Hold Tightly
UniLever PLC	UL	\$35.01	\$2.22	15.8	11%	2.9%	Buy

For most decisions in life, the old saying advises, "it is never too late to start." However, when it comes to investing, it truly is "never too early to start." For our readers who find themselves between the ages of twenty and forty, investing for retirement should be a key priority on every "to do" list.

Studies show that the average, middle-aged, two-income American family lives paycheck-to-paycheck. In addition, life expectancies have, and continue to, increase steadily. At this rate, how can anybody expect to be prepared for a retirement which may span twenty or thirty years?

When choosing an investment, it is extremely important to keep one's welfare in mind as well as the welfare of one's family. Especially important is the welfare of the children. A Roth IRA account is the perfect investment tool for this situation, even if the common mode of thinking is *that's nice, but the economy is in the pits. I can't really afford to invest for my retirement or for the benefit of my children.*

Think about it this way: based on historic returns, an investment of just \$2000 in a Roth IRA for a child, at birth, will be worth about 2 to 3 million dollars when that child reaches the age of 65, even if another cent is never added to the principal amount! Astounding? That's the beauty of compound interest at work. Imagine what could happen if moneys are added to this investment over the same number of years.

Depending on your income, age, and tax bracket, the Roth IRA allows an initial investment of \$3000, and an additional investment of up to \$3000 annually. Also, the profits can be taken absolutely tax-free after the age of 59 1/2! This is a much better choice than simply holding money

When it comes to investing, it truly is never too early to start!

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attractive. One that seems to stand out is a technology services firm called Satyam Computer Services, but this stock is not cheap either. Nonetheless, we feel there is long term potential.

Buying the individual stocks aren't necessarily cheap. But buying into India can be done on a bargain basis. One of our favorite techniques is buying into closed-end country funds or similar instruments, especially when they sell at a discount to their Net Asset Value. We can suggest either the India Fund (symbol - IFN), or the Morgan Stanley India Investment Fund (IIF). Both of these can be bought for 14-15% below the value of their holdings; both have demonstrated abilities to select high-quality Indian securities. Unless you have specific interests in a stock like Satyam (SAY), these types of funds can be the best way to access such markets.

In Indonesia, we've always liked leading phone provider, PT Telekomunikasi (TLK). We've watched this stock in the past, because phone stocks typically are among the first to benefit from the emergence of a new economy. Currently, shares have become quite attractive again.

Another particularly interesting closed-

end fund at a sizeable discount (near 14%) is the

Latin American Discovery Fund (LDF), which invests in large growing firms in Latin America. Sizeable holdings include Telefonos de Mexico, America Movil, Walmart of Mexico, and well-known beer bottler Grupo Modelo. As Latin America recovers from the doldrums, these consumer goods will increasingly grow their base, as larger percentages of the populations adopt consumerism.

Finally, we've watched the Central European Equity Fund (CEE) grow in price for many months now. That fund recently changed its name to the Central Europe and Russia Fund. While these shares are still worthwhile, we feel a better buy can be had at the Morgan Stanley Eastern Europe Fund (RNE), which has a similar investment format, but a wider discount at present.

In the end, emerging markets are not a place for the faint-hearted. But the opportunities are significantly greater than anything one can find at home. Also, since these markets do not always move in tandem with American stocks, they can sometimes be used to diversify away some volatility. When investing at home seems uncertain too, diversifying into foreign markets

can actually reduce your overall risk, while enhancing your total returns. Emerging markets are not for everybody, but we believe they are a wise means of diversification and growth opportunity for all but the most conservative investors. Even retirees on a fixed-income may benefit from adding an item like Aberdeen Asia-Pacific Prime Income Fund (FAX) to their holdings. This helps protect from inflation and currency devaluation at home. FAX invests in fixed-income securities in Australia and neighboring islands.

Since nearly everyone can find a holding to balance their portfolio this way, it's hard to see why there is such disdain for foreign markets. In uncertain times, it is natural to want your money close by. That is only wise if the area close to home is the safest in the world. Alas, with terrorists targeting the U.S., other regions may be more attractive for now. The enormous expense of recent wars will move our nation toward tax increases of some kind. This is a significant negative for the U.S. market in the long-term. While we still like the U.S. market in general (it's typically been strong, even in times of travail and high taxes), we do see adequate reason to spread the risk. Keep an open mind to foreign markets.

Acres Of Diamonds

Russell Conwell, in the '20s, tells a story which has come to be known as "Acres of Diamonds." In it, Conwell details the story of Al Hafed, a Persian farmer.

"Al Hafed was quite content in his life. He had a beautiful wife, possessed a lot of land and had a lot of money.

"One day, Al Hafed was entertaining a Buddhist priest. The farmer allowed himself to become beguiled by the notion of owning diamonds which could be found only in certain places. Upon discovery, a person would become wonderfully rich. Suddenly becoming dissatisfied with his life, the Persian farmer sold his farm. He left his family with relatives, and went on a quest for the wonderful diamonds.

"The long journey took him to Palestine, and eventually to Spain, where he ended up in Barcelona. Al Hafed, now poor, starving and despondent, threw himself into the ocean and drowned.

"In the meantime, the person who had purchased Al Hafed's farm was watering his camel in the stream that ran through the farmland. While doing this, he found a dark stone with interesting qualities in the water. The man took the stone and placed it upon his mantle.

"Several weeks later, the same Buddhist priest returned

for another visit. He noticed the stone on the mantle, and jubilantly proclaimed that it was a diamond. The person who had purchased the farm had unknowingly purchased a very large field of diamonds! He did not know it until the priest pointed out what diamonds looked like in their rough state."

Think about it. How many times, as business people, entrepreneurs and sales-people do we allow our own selves to be deceived by the notion that "the grass is greener on the other side"?

This story illustrates the idea that many of our most profound opportunities and possibilities are right beside us. With a little ingenuity, creativity and thought, we can take challenging situations or problems in our business and trade or turn them into tremendous benefits to others and ourselves! It is the belief of this writer that many opportunities exist for us now, and in our present locations, and industries. All that is needed is for those opportunities to be recognized, developed and exploited. More often than not, the opportunity you seek is not in the next town, the next job, client, business or spouse; it is right with you, or near you. It is patiently awaiting your recognition like a rough diamond.

Beware of falling into the trap of thinking that opportunity is always elsewhere. Commit instead to being the kind of person who persistently and consistently seeks to recognize the abundance of opportunities around them. The results can be amazing!

The opportunity you seek...is right with you, or near you.

Dynamics, from page 3

The Nautilus Group has formed a strategic alliance with Amazon.com and that it's fitness products will now appear on Amazon.com's new Sporting Goods store. Nautilus hopes that this alliance will help the company reach millions of new customers via the Internet. Nautilus is also reducing its workforce to save approximately \$4 million in annual expenses.

Nvidia released its GoForce™ 2150 handheld media processor. This is the industry's first low power media processor. Nvidia also released ForceWare™, a group of software tools designed to enhance the stability and functionality of digital media for PCs.

ChoicePoint Inc. recently acquired TML Information Services. This acquisition will complement existing ChoicePoint services.

LeapFrog is a leading developer of innovative technology-based educational products. Well known for award-winning LeapPad® learning systems, LeapFrog has introduced the new LeapPad™ Record & Play Microphone which can be incorporated into any of the LeapPad® systems. The new microphone allows children to record and play back their own voices reading LeapPad books. It is believed that this will greatly enhance the experience of LeapPad® and provide a much better learning experience for children.

Small World

by Tom Briscoe



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EARNINGS REPORTS

Stock Name	Earning Period	Current Earnings	1 Year Ago	Percentage Change	Current Recommendation
Marimba	Q2	0.03	-0.22	113.6%	Speculative Buy
1-800-Flowers	Q4	0.12	0.08	50.0%	Nibble
MBIA	Q2	1.51	1.02	48.0%	Buy Aggressively
Compudyne	Q2	0.13	0.09	44.4%	Hold
Biomet	Q1	0.30	0.23	30.4%	Hold Loosely
Constellation Brds	Q2	0.64	0.53	20.8%	Buy Aggressively
Intuit	Q4	(0.12)	(0.15)	20.0%	Hold
FedEx	Q1	0.61	0.52	17.3%	Hold Loosely
Nvidia	Q2	0.14	0.12	16.7%	Hold
Oxford Health Plns	Q2	0.87	0.75	16.0%	Buy
Home Depot	Q2	0.56	0.50	12.0%	Nibble
Heinz	Q1	0.51	0.47	8.5%	Buy
Equifax	Q2	0.36	0.34	5.9%	Buy Aggressively
Cima	Q2	0.25	0.28	-10.7%	Harvest Profits
ConAgra	Q1	0.37	0.43	-14.0%	Buy

BREAKTHROUGH STOCKS

STOCK PICKS FROM OUR LAST ISSUE THAT HAVE SHOWN OUTSTANDING SHORT TERM RESULTS.

Stock Name	Stock Symbol	Today's Price	Last Issue	Percentage Increase	Current Recommendation
Wilshire State Bank	WSBK	\$24.05	\$18.03	33.4%	Hold Tightly
Tetra-Tech	TTEK	\$21.40	\$16.07	33.2%	Hold Tightly
Right Management	RHT	\$18.20	\$14.08	29.3%	Nibble
Cytec	CYTC	\$15.18	\$11.81	28.5%	Buy Aggressively
Central Euro Eq Fd	CEE	\$21.55	\$17.61	22.4%	Nibble
MBIA	MBI	\$57.95	\$50.62	14.5%	Buy Aggressively
Sunrise Senior Living	SRZ	\$27.62	\$24.90	10.9%	Harvest
Pinnacle Bancshares	PLE	\$14.20	\$12.90	10.1%	Buy
Frisch's Restaurants	FRS	\$24.30	\$22.10	10.0%	Nibble

DIVIDEND CHANGES

Stock	From	To	% Change
CAG	\$0.99	\$1.04	5.05%
HD	\$0.24	\$0.28	16.67%
MSFT	\$0.08	\$0.16	100.00%
RGF	\$0.350	\$0.456	30.29%
FO	\$1.08	\$1.20	11.11%

STOCK SPLITS

Date	Stock	Split
Oct. 3	Engin'r'd Sup't Syst	3-for-2

SPECIAL DIVIDENDS

Date	Stock	Dividend
Oct. 10	SBC Comm.	\$0.10

Viewfinders, from page 4

owner of casual dining restaurant chains, such as Landry's Seafood House, Chart House, Joe's Crab Shack, Café, Saltgrass, and Charley's Crab. The company went through a difficult period in 1999 as earnings fell, but has since been increasing sales. Since then, the company has been able to turn the chains around. We believe that similar techniques can be applied to other restaurant chains such as Rainforest, Chart House, and Saltgrass, which further enhance growth prospects. In addition, we note that Landry's shares are selling below their value. Buy for growth and appreciation.

Constellation Brands' Vina Santa Carolina is a producer of Chilean wine, is poised to benefit from a new selection of wines in American

markets. Constellation's most recent report looks dismal on the surface, since they reported GAAP earnings of 34 cents per share, but this number reflects a massive restructuring charge of 30 cents per share related to the company's recent takeover of Australia's BRL Hardy. Adjusting for that, the 64 cent mark is much more optimistic. Operations appear to be performing extremely well, with wine sales 11% higher, and beer and spirits increasing sales by 12%. We continue to buy Constellation.

Founded in 1845, **National City Corp.** is a leading Midwestern bank, centered in Cleveland, but spread across 6 states. One of the nation's largest, the bank has over \$100 billion in assets. NCC has presented only one decline in earnings over the past de-

Investor's ValueView

is published by

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Value View is published bi-monthly,
and is available by subscription
in the United States for \$95/yr.,
or \$110/yr. outside the U.S.



cade, and recently increased dividends again, the 12th in the same decade. Despite falling mortgage lending activity, it appears to be maintaining its growth trend. Shares are selling at a very conservative P/E ratio; with a sizeable dividend and history of solid performance, NCC is an ideal choice for conservative investors.

Semco Energy is a natural gas distributor in Michigan and Alaska. It also operates non-regulated businesses in engineering, information technology, propane, pipelines, and storage. These businesses have gotten the company into trouble. This stock traditionally sold for around \$16 per share, from 1993-2001. Lack of growth during that period enticed former management to look elsewhere for profit. Alas, like many regulated industries, they chose poorly, and saddled the solid utility with money drains. New management is committed to purging the non-performing businesses and returning to the core utility business. We believe this choice will pay off for patient stockholders. We rate Semco a speculative buy.