

What Politics Means to Investors (A View of Political Risk)

The world is awash in political news: Nicholas Sarkozy elected as France's first "pro-American" President in decades. Elections in Taiwan. Tony Blair stands down as Britain's Prime Minister. Venezuela's Hugo Chavez moves his country down the path to communism. Tensions are building in the Middle East. Right here in America, a full 18 months before the presidential election, dozens of politicians are busily trying to pass through the press gauntlet to get their message heard by the voters. Sometimes, it's difficult to stay focused on all the events in world politics. We've pounded on the idea that good investors need to diversify overseas. But a wise investor must also stay alert to who is running the country where they want to put their money. It's not enough to pick good stocks. We also need to pick stocks that won't suffer too much from political risk.

The easiest example of political risk is provided by Venezuela's Hugo Chavez, who recently has "offered" to take over all the utilities, banks, oil fields and refineries, and other "critical industries" in his country, without giving anything in return. Nationalization of assets was quite common among Marxist revolutionaries in the 1960's, but most investors today hardly remember those times. Believe me, the time to remember is at hand! "Nationalization" represents

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Investing in Technology

I'm often asked about a hot new technology, and whether investing in it will be a winner. I can never give a straightforward answer to that. The answer is "it depends". There are two reasons, and they hold true every time.

First, many people assume that a great technology will always make money for the company that develops it. Recent history proves that this isn't always true. Netscape developed the internet browser, but Microsoft is the one that made money on it. Netscape wasn't a total disaster as an investment in the short-term, but if someone had tried to hold on to that stock until today... well, does anyone know what Netscape's share of the browser market is today? Hitslink.com rates it below 1% (marketshare.hitslink.com/report.aspx?qprid=0). I find it hard to believe that you'd still be making money on that. The first to develop a technology is not always the company that makes money doing it. In my experience, the great inventors are not usually also great business geniuses, so they usually become financial failures. Instead, it is the well-managed

company that comes along later and sees the value in what they've developed that brings the product to market in a way that makes sense to people. So, it may pay for the investor to watch and wait and see which companies will be successful. Yes, you'll miss a few dollars of profit by waiting, but at least you'll be sure that the avenue you choose is going in the right direction.

Secondly, there's always the notion that price doesn't matter. If the technology is great enough, then it doesn't matter how much I pay for the stock, it will be a winner. This is the lie that led to the Internet Stock Bubble of 1999. Value ALWAYS matters. If we have a stock that owns a great new technology, AND has a great business model, then it's definitely something that has value. However, there's still the question of how much value it has. This is not an arbitrary question. If the company has the potential to earn X million dollars over the next ten years that will give us a picture of what it is worth. The company isn't going to provide you with anything but profits. It may feel good to own stock in something with a cool name,

but that doesn't have any impact on the value of the stock. The value is based on the profitability and the growth in profitability, and virtually nothing else. If your stock meets these standards, then it is worth buying. If not, then it's a fun thing to talk about, but not something to put your hard earned money into.

The trouble with this analysis is that some of these stocks that AREN'T worth owning actually DO go up for a while. It turns out that a lot of people are indiscriminating when it comes to investing in technology. They don't initially worry about whether the company is going to make any money, or if it is a reasonable price. Instead, they see the glitter, and they want some. The problem with this is that it falls under the general category of "the greater fool theory" – each investor is hoping that the next guy will pay more for the stock than he did, and it will keep going up. Of course, there's no substance behind this hope, and eventually the house of cards comes crashing down.

Technology is a great area for investment, but if you don't do your homework, you may not end with a happy result.

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the greatest threat that an investor must consider – the rare, but worrisome risk of total loss. Investors in Venezuela's utilities appear likely to get nothing back from their investments – not even a smile. Knowing what to expect from the leaders in the countries where you might invest is critical.

In the end, there are about five kinds of leaders in the world:

1. The Authoritarians come in two forms. "Populist" authoritarians like Chavez or the mullahs in Iran take it all away early, so it's clearly never a good place to invest. "Pro-business" authoritarians drain the economy more slowly, so many are deceived by what appears to be opportunity. Fascists like Italy's Mussolini didn't wipe out businesses, but reduced opportunity to grow them except when the government had control. This control limits growth, and the arbitrary choices of which businesses to support is devastating for entrepreneurial incentives. I worry that

modern China fits this description all too well, and there's just something discomfoting about entrusting your money to the Red Chinese Army.

2. The Interventionist is always talking about why things won't work without some government plan. The problem comes when the plans outstrip the economy they are planning for, an outcome that is all too common. India and China were both extremely interventionist, and have reduced their interference. This is the main reason we are seeing such astounding growth in these nations. France is the poster child for interventionism, and Sarkozy will only change this modestly. There will be an improvement there, especially in productivity, but it will not become a great growth economy. There are different levels of interventionism, and some relatively mild interventionist economies can provide healthy investment havens, but most Interventionists get carried away. Bill

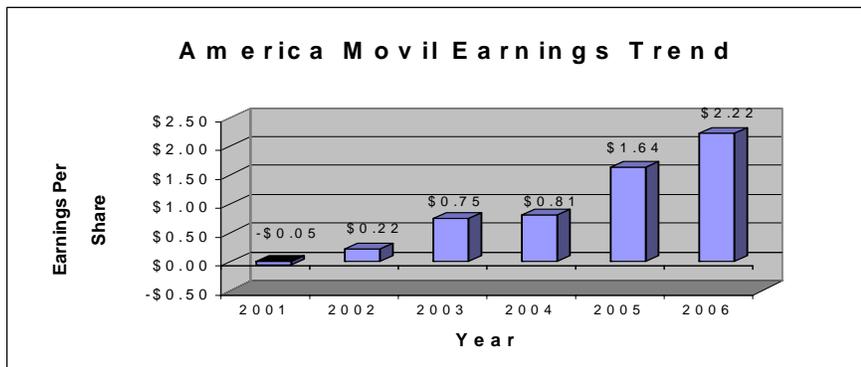
Clinton, tempered with a Republican Congress, proved to be a mild interventionist, and provided a fairly good environment, quite similar to the Market-Liberal approach. Britain will likely stay this course, despite the change in leadership.

3. The Corrupt are in it simply to skim what they can. A smart, corrupt leader can allow a fairly robust economy, knowing that this may provide more money to skim. But it's obviously never good for an economy. India still struggles with corruption, but Russia is the real basket case today, and seems to be moving in the wrong direction.

4. The Incompetents ignore the economy. Sometimes that's just as well, but normally, they screw something up anyway. Most often this leads to overspending and a resultant lax monetary policy that eventually leads to inflation. These are not

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Our Top Stock Pick: AMX



America Movil (AMX) is a fast-growing Mexican cell-phone company. The company was spun off from Telefonos de Mexico in early 2001, and has been adding business ever since. The company is the most valuable asset of Mexican billionaire Carlos Slim Helu; who passed Warren

Buffett as the world's 2nd richest man last month. This is due to the continual increase in the value of his stock in AMX, TelMex, and other privately-held firms. There's no doubt that America Movil has been the crown jewel. AMX is now the largest company in Latin America.

America Movil's Mexican arm, Telcel, is the largest mobile operator in Mexico, with over 80% of the market. The company has been growing its presence in the remainder of Latin America, and now does business in Argentina, Uruguay, and Paraguay as CTI Movil; in Brazil, Chile, Dominican Republic, Peru, Puerto Rico, and much of Central America as Claro, and in Colombia as COMCEL. The company also has a U.S. subsidiary, Tracfone, which is reportedly the largest provider of pre-paid wireless service. The company is using its dominant position to extend new service options to subscribers as well, now offering Smartphone service through a partnership with Palm. Five years ago, the company was a small Mexican cellular subsidiary of TelMex, but today, Mexico represents just a third of the business, with South America

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usually good places to invest. My Republican friends will yell at me if I tell you which country now fits this pattern. Those who have been reading this publication for long know my concerns about the Keynesian economic policy and risk of inflation that seems to be rearing its ugly head in one large, North American, English-speaking nation. And I don't mean Canada!

5. The Market-Liberal approach to government offers the best of all worlds for the investor. If markets are free, and government intervention is kept to a minimum (limited to basic functions like enforcing simple laws, maintaining an unbiased environment for all, and not fiddling with the money supply), economies typically grow over time. Yet, even in these success stories, there's always a pull to compromise some with the Authoritarians, the Corrupt or the Interventionists, and it's a slippery slope downward from there. Thus, there are few truly free markets in the world, but if you can find them, this is the best model for an investor. Hong Kong was the prime example until 1997. The U.S. under Reagan was probably close. Today, I might mention Ireland or Estonia or maybe

Taiwan as some of the best places in the world to invest.

Examine the government in charge of the nation you're considering as an investment haven. If they're reducing corruption or intervention, or otherwise moving in a positive direction, you may see an increase in value, and this boost can be huge. The best long-term opportunities are

only to be found in a true market-based economy. Find those havens then look for the best companies at the best prices. Be sure to spread your investment dollars around, because your analysis might be incorrect, or you may overlook some important factor. Diversification is important not just in companies and industries, but also in nations.

Glossary of Terms

What does our stock recommendation jargon mean in the charts?	
Buy Aggressively	<i>Best buys at the best prices. Does not indicate momentum.</i>
Buy	<i>Not as exciting or certain as "buy aggressively", but still a good buy.</i>
Speculative Buy	<i>Great potential; may not be great values. Higher risk.</i>
Nibble	<i>Buy a little at a time as prices become more favorable.</i>
Hold Tightly	<i>An attractive stock, probably too high to buy. Don't sell yet.</i>
Hold Loosely	<i>Approaching excess valuation. Trade out selectively.</i>
Harvest	<i>Quality stock, inflated in price. Sell it. No impending problems. Hold if you can't afford to take profits, but risk of holding is greater. Selling a portion is often a good strategy.</i>
Inconclusive	<i>Similar to sell. When news creates uncertainty, or action appears negative, uncertainty can create outstanding valuation, even with no news. Still, most people prefer not to hold uncertain stocks.</i>
Sell	<i>Reserved for stocks that have struck bad times. Sell this stock.</i>

VALUE VIEWFINDER

THESE STOCKS APPEAR TO BE BELOW REASONABLE VALUATIONS, BASED ON EXPECTED FUTURE GROWTH. BUT UNLIKE MANY STOCK-PICKERS WHO DIVIDE STOCKS INTO "GROWTH" OR "VALUE" PICKS, WE BELIEVE GROWTH OUTLOOK IS A PRIME FACTOR FOR DETERMINING VALUE. THEY MAY NOT ALWAYS SHOW IMMEDIATE RESULTS, BUT SHOULD PROVIDE OUTSTANDING RETURNS IN THE LONG-RUN.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommend
Alpha Nat. Resources	ANR	\$19.33	\$1.70	11.4	10%	0.0%	Speculative Buy
American Eagle	AEO	\$27.20	\$1.81	15.0	15%	1.1%	Buy Aggressively
Asta Funding	ASFI	\$43.00	\$3.58	12.0	15%	0.4%	Buy Aggressively
Aetna Inc.	AET	\$53.27	\$3.25	16.4	11%	0.1%	Buy
AIG	AIG	\$72.65	\$5.74	12.7	10%	1.1%	Buy
Diamond Offshore	DO	\$94.47	\$6.00	15.7	15%	0.5%	Buy Aggressively
EnSCO	ESV	\$60.74	\$5.62	10.8	15%	0.2%	Buy
First Marblehead Corp.	FMD	\$38.50	\$3.86	10.0	15%	1.6%	Speculative Buy
Intervest Bancshares	IBCA	\$24.53	\$2.80	8.8	11%	1.0%	Buy Aggressively
Merrill Lynch	MER	\$93.30	\$10.50	8.9	12%	1.5%	Buy
Netflix	NFLX	\$21.57	\$0.84	25.7	20%	0.0%	Buy
Satyam	SAY	\$25.42	\$0.83	30.6	23%	0.6%	Buy
Staples Inc.	SPLS	\$25.37	\$1.38	18.4	13%	1.1%	Buy
Valero Corp.	VLO	\$75.88	\$9.49	8.0	12%	0.6%	Buy

Competition with Sallie Mae has caused **First Marblehead Corp.** to take a nosedive in recent weeks. However, the stock's dip provides the perfect buying opportunity. Third quarter profit rose 20% and the company recently announced a ten million share buyback plan. Investors would be wise to take advantage of this downturn and ride the stock back to its previous high.

Staples Inc. has performed well over the past few years, providing consistent growth. First quarter earnings rose to \$0.29 compared to \$0.26 from the previous year. Although the company has a lot of competition, it has continued to be the market leader and should continue to grow with both domestic and foreign expansion.

AIG shares have gotten a boost as of late. First quarter earnings rose to \$1.58 compared to \$1.23 from the previous year. They recently increased the dividend by 21% and are expanding through buyouts. The insurance business has been treating AIG very well and at its current P/E, the stock should be considered a great buy.

Over the past three months, **Aetna Inc.** shares have skyrocketed. Even with the rising stock price, the company should be considered a great buy. First quarter earnings rose to \$0.84 compared to \$0.71 from the previous year. Investors would be wise to join Aetna in their run upwards.

Merrill Lynch and Co. saw a huge increase in first quarter earnings that rose to \$2.50 compared to \$0.49 from the previous year. Their various holdings have continued to provide the company with

superior financial results. Over the next year, we expect the company to sustain its rising star reputation.

Valero Corp has risen ten dollars since our last issue. Propelled by high energy prices across the board, the company should continue to outperform the market. First quarter earnings rose to \$1.91 per share, compared to \$1.37 last year. Investors who have faith in high oil prices should stick with Valero.

Alpha Natural Resources has rallied with the rest of the coal industry since January 2007, and will continue to rise with energy prices. As oil prices climb higher, coal will become more and more popular. Although their first quarter results were not impressive, the demand for coal should carry the stock upwards throughout the year.

Satyam Computer saw profit rise 38.6% in their fourth quarter and continues to expand with 35 new clients added. Their domination of the outsourcing business should provide investors with continual gains in the future.

One of the greatest value finds of the year thus far, **American Eagle** should provide investors with hefty capital gains. On paper, the company is almost flawless and in the real world they are gaining on all fronts. With profits rapidly increasing and a \$23 million share buyback plan, this company is nothing less than a steal.

Diamond Offshore Drilling should have a great year with rising oil prices. Their first quarter results were spectacular with earnings of \$1.66

compared to \$1.13 from last year. Offshore drillers continue to gain momentum and investors would be wise to stock up.

Another driller doing exceptionally well is **EnSCO International Incorporated**. First quarter earnings rose to \$1.55 compared to \$0.98 from last year. This driller should continue to provide great returns over the coming months with high oil prices and a hot summer.

Asta Funding has been sitting around the same price since our last issue. Investors should continue to buy the stock. They had a decent second quarter, with earnings rising to \$0.91 compared to \$0.82 from last year. The company is doing great, and the low price should make the stock a great gift for any value investor.

Intervest Bancshares Corp. has fallen since our last recommendation. Again, this should allow all value investors to get an even better deal. The company stock has been decreasing as of late due to a rough first quarter. However the company has declared a dividend and a buyback plan, showing the confidence we need to recommend a buy.

Bad analyst coverage and concerns over competition with Blockbuster have halted the **Netflix, Inc** stock in its tracks. First quarter earnings rose to \$0.14 compared to \$0.08 from last year. The company continues to do well, and its expanding customer base should put investor worries to rest.

“It is a wise father that knows his own child.”

~Shakespeare

DYNAMIC INSURGENTS

DYNAMIC INSURGENTS ENJOY A STRONG POSITION IN THEIR CHANGING FIELDS. POTENTIAL BLUE CHIPS OF THE FUTURE, THEY ARE RELATIVELY UNPROVEN AND OPERATE IN FAST-PACED INDUSTRIES. THESE ARE MOST APPROPRIATE FOR RISK-ORIENTED INVESTORS. CONSERVATIVE INVESTORS MAY WANT TO HOLD A SMALL POSITION IN SOME OF THESE POTENTIAL WORLD-BEATERS AS WELL.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
America Movil	AMX	\$62.68	\$2.59	24.2	20%	Buy Aggressively
Apollo Group	APOL	\$48.08	\$2.16	22.3	19%	Sell
Aspreva Pharm.	ASPV	\$20.57	\$3.24	6.3	18%	Speculative Buy
Buffalo Wild Wings	BWLD	\$86.01	\$2.10	41.0	24%	Harvest
Cephalon	CEPH	\$82.68	\$4.08	20.3	20%	Nibble
Collegiate Pacific	BOO	\$8.97	\$0.30	29.9	24%	Hold
Crocs Inc.	CROX	\$81.04	\$2.03	39.9	22%	Buy
Digital River	DRIV	\$51.46	\$1.85	27.8	25%	Buy
eCollege.com	ECLG	\$22.02	-\$0.05	N/A	25%	Sell
First Advantage	FADV	\$24.78	\$1.11	22.3	20%	Hold Loosely
J-2 Global Commun.	JCOM	\$33.93	\$1.36	24.9	24%	Nibble
Landec Corp.	LNDC	\$13.60	\$1.13	12.0	40%	Inconclusive
Net 1 UEPS Tech.	UEPS	\$26.48	\$1.07	24.7	19%	Nibble
NetGear Inc.	NTGR	\$37.00	\$1.30	28.5	19%	Hold
PetMed Express	PETS	\$13.01	\$0.59	22.1	21%	Nibble
Priceline.com	PCLN	\$61.57	\$2.30	26.8	22%	Hold Tightly
Research In Motion	RIMM	\$165.07	\$3.31	49.9	23%	Harvest
Silicon Motion	SIMO	\$23.23	\$1.10	21.1	20%	Buy Aggressively
Syntax-Brilliant Corp.	BRLC	\$6.05	\$0.32	18.9	27%	Speculative Buy
Tempur-Pedic	TPX	\$26.04	\$1.47	17.7	18%	Buy

Apollo Group announced the resignations of Hedy Govenar and John Blair from its Board of Directors after the company was delinquent in filing financial reports.

Aspreva Pharmaceutical Chief Executive Richard Glickman will be resigning for personal reasons. Glickman will continue to serve as CEO throughout the transition plans to have the process completed by year end.

Buffalo Wild Wings shares hit a yearly high after they announced a stock split and said it would buy nine of its franchises in Las Vegas. They will buy the franchises for approximately \$26 million and the deal is expected to close in the fourth quarter of 2007.

Cephalon reported first quarter 2007 sales of \$423.9 million, a 23 percent increase compared to first quarter 2006 sales of \$345.6 million.

Collegiate Pacific announced that Michael Blumenfeld will step down as board chairman on June 30, as part of a previously announced retirement plan. Blumenfeld will remain with the company as an adviser.

Digital River announced it was named an award recipient of the Governor's

International Trade Award. The award was presented by First Lady Mary Pawlenty to Joel Ronning, Digital River's CEO, during the Governor's Global Trade Conference.

eCollege.com an education software maker is being bought by Pearson Education Inc., a textbook publisher, in a deal worth approximately \$538 million. Thus, we will cease to follow eCollege.

J-2 Global Communications announced the expansion of its voice service into eight additional European markets. This service expansion is part of their strategy to bring full coverage for Onebox Receptionist(TM) and eVoice Receptionist(TM) to all key markets worldwide.

Landec Corp. director, Fred Frank sold over 100,000 shares of common stock under a prearranged trading plan.

Net 1 UEPS Technologies announced that their third quarter profit is up 10%. The company is planning to spend \$50 million in order to buy back outstanding shares.

NetGear Inc. has just launched a new product which will allow small and mid-sized companies to control and manage over 48 wireless access points in a wireless infrastructure.

PetMed Express has announced that its 4th quarter profits rose 16%, as well as the cost per share.

Research In Motion expects gains in profits from new products. Which lead a Merrill Lynch analyst to lift his target price of the stock.

Silicon Motion agreed to buy Future Communications IC Inc. for \$90 million. Future Communications IC is a South Korean designer of radio frequency integrated circuits for mobile television and wireless communications.

Syntax-Brilliant Corp. recently issued 25,608,695 shares of its common stock at \$5.75 per share. Syntax-Brilliant expects to use proceeds to repay debt, for expansion, and for other general corporate purposes.

Tempur-Pedic announced that they have increased their quarterly dividend 33% to 8 cents from 6 cents a share. The dividend is payable on June 14 to shareholders.



EVERY MONTH WE FOLLOW LEGITIMATE "BLUE CHIPS" THAT CAN GENERALLY BE HELD LONG TERM WITHOUT GREAT CONCERN FOR MARKET CHANGES. WE RATE THEM FOR VALUATION ONLY. WHILE IT MAY PAY TO MOVE FROM AN OVERVALUED MEMBER OF THIS LIST TO A BARGAIN-PRICED CHOICE, MOST OF THESE STOCKS CAN BE HELD EVEN WHEN OVERVALUED WITHOUT SIGNIFICANT LONG-TERM RISK.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Abercrombie & Fitch	ANF	\$75.68	\$4.80	15.8	15%	0.9%	Buy Aggressively
AFLAC	AFL	\$47.06	\$2.52	18.7	15%	1.1%	Hold Tightly
Alltel	AT	\$62.00	\$2.95	21.0	11%	2.5%	Harvest
AutoZone	AZO	\$128.14	\$8.12	15.8	13%	0.0%	Hold Tightly
Bank of America	BAC	\$51.02	\$4.66	10.9	11%	4.4%	Hold Tightly
Bank of Nova Scotia	BNS	\$46.11	\$3.07	15.0	10%	3.4%	Hold Tightly
Bed Bath & Beyond	BBBY	\$40.17	\$2.03	19.8	15%	0.0%	Buy
Canon	CAJ	\$53.68	\$2.79	19.2	16%	1.1%	Hold Tightly
Capital One	COF	\$75.46	\$7.64	9.9	15%	0.1%	Buy Aggressively
Constellation Brands	STZ	\$21.18	\$1.59	13.3	15%	0.0%	Buy Aggressively
CRH	CRH	\$43.49	\$2.29	19.0	12%	0.7%	Hold Loosely
DRS Technologies	DRS	\$52.17	\$2.93	17.8	14%	0.2%	Hold Loosely
Fortune Brands	FO	\$78.82	\$6.23	12.7	13%	2.0%	Buy Aggressively
General Electric	GE	\$35.36	\$2.31	15.3	14%	2.3%	Buy Aggressively
Harley Davidson	HOG	\$58.75	\$3.84	15.3	14%	1.4%	Buy
Home Depot	HD	\$36.74	\$2.79	13.2	13%	2.4%	Buy
L-3 Communications	LLL	\$87.47	\$4.00	21.9	14%	1.1%	Hold Loosely
Marshall & Ilsley	MI	\$46.31	\$3.34	13.9	10%	1.1%	Buy
Medtronic	MDT	\$49.06	\$2.28	21.5	15%	0.9%	Hold
Pfizer	PFE	\$25.26	\$2.06	12.3	15%	3.0%	Buy
Wal-Mart	WMT	\$46.95	\$2.91	16.1	10%	1.3%	Nibble
Western Union	WU	\$21.95	\$1.20	18.3	14%	0.2%	Nibble

The Western Union Co., in late April, announced a 12% drop in net income during the first quarter a reason for this drop was due to expenses from its recent spin-off from First Data Corporation. They have also dropped annual revenue goals from 11%-13% to 10%-11%. Company focus is now on international affairs.

Abercrombie & Fitch Co. reported a 7% increase in profit during the first quarter compared to the same period last year. The company also had a slight drop in sales in the month of April in A&F's established stores.

AFLAC Incorporated proudly announced an 11% rise in profits this quarter, due to good performance in the United States. The company was also named as one of the worlds most ethical companies in Ethisphere Magazine's July issue, which features the Globe's Most Ethical Companies list.

Bank of America recently implemented a new service to their customers called the mobile banking service. This allows account holders to access their account balances, pay bills, and transfer money using their cell phones and smart phones.

Capital One Financial Corp. recently cut 280 jobs in its card business.

Plans are to make banking and cards more efficient as well as be more competitive with cost structure. They also reported a 24% drop in profits for the first quarter, stating it is "clearly a tough time for mortgage banking."

Constellation Brands, Inc. recently named Robert Ryder the new CFO and executive vice president following Tom Summer retirement. Constellation Brands also announced a 26% increase in profit during its fourth quarter.

DRS Technologies announced fourth quarter profits rose 58% from the same period last year. They continue to receive many major government contracts, but at a decreasing rate.

Fortune Brands, Inc. saw a 31% drop in earnings for the first quarter as a result of the impact of the housing downturn and higher commodities costs for home products. This offset performance in the spirits and wine segment of the company.

General Electric Company's CEO Jeffrey Immelt announced that the "green" ecomagination unit is going to significantly increase, targeting sales of 2010 to reach \$20 billion. Demand for environmental products and services is surging, proven by GE's environmental backlogs worth \$50 billion.

Harley-Davidson, Inc. continues to experience effects from its recent 3-week strike of employees at their largest plant in Pennsylvania. The company stated that they foresee everything to be back to normal by fall.

The Home Depot, Inc. announced a 29.5% drop in profit during the first quarter when compared to the same period last year. This is a result of erratic weather combined with the sluggish housing market. The company hopes to see some increase in profit throughout the year.

L-3 Communications had a 17% increase in net income during the first quarter compared to first quarter last year. This is a result of a high demand for government services and modernization of military equipment.

Marshall & Ilsley Corp. reported growth in profit this quarter of 25% due to stronger revenue from its loan portfolio and various banking fees. Marshall & Ilsley Corp. just registered with the Securities and Exchange Commission to spin off its units. Shareholders will receive common shares of New M&I Corp. and Metavante Holding Co.

Pfizer Inc. announced earlier this year that they will be closing plants in the U.S. and Germany and cutting ten percent of their workforce. In addition, some key personnel will be replaced due to inefficiency. Long-term effects of these changes are expected to help the company grow efficiently and decrease struggles with growing competition.

Wal-Mart Stores, Inc.'s Chief Executive Lee Scott recently reported that focus this summer will be put on advertisements and pricing of store products in hopes of "rekindling" sales in the U.S. Sales have been dramatically affected by an increasing growth in competition, which has out marketed Wal-Mart stores.

Target Corporation managed to beat Wall Streets expectations providing 18% rise in profit - doing what a large retailer like Wal-Mart could not. The company does not believe their growth will be as high for the rest of the

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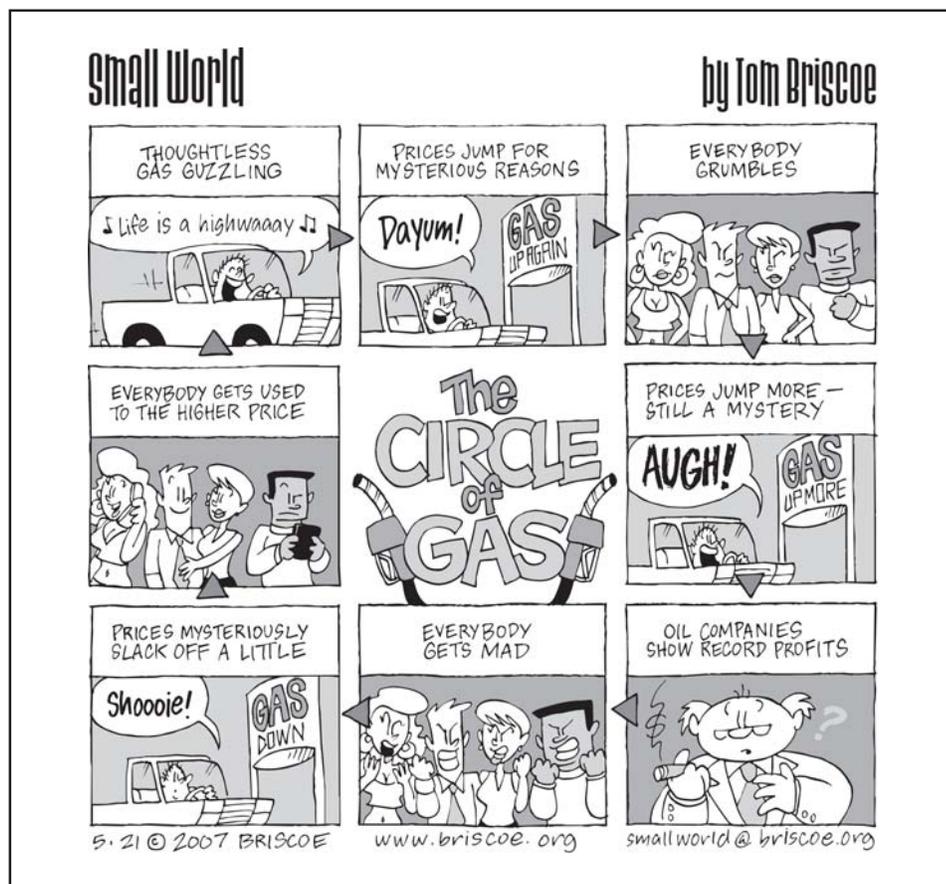
now accounting for the dominant share of both assets and growth. The Brazilian operation saw 26% subscriber growth. The smaller countries saw even larger percentage increases.

The company has been growing by gobbling up cellular firms throughout Latin America, in nations where penetration is growing but still far below the levels of Europe or the U.S. This means that, America Movil has great current growth, and the opportunities will likely last a long time. The growth they are now experiencing will not abate soon.

The firm is also keeping up with technology. AMX announced that it will introduce universal mobile telecommunications systems (UMTS) to 30 or more larger cities. UMTS are seen as the “next generation” of wireless technology, and support high-speed services.

America Movil appears to have lost an effort to take over Telecom Italia, which owns a great many cellular assets in Brazil and Argentina, to Spain’s Telefonica. After losing AT&T as a partner, it appeared that Movil would find an Italian firm to join in the bidding, perhaps Pirelli, but Telefonica moved quickly, and took control.

With or without the Italian acquisition we believe AMX is an outstanding holding. Earnings for the most recent quarter beat expectations, hitting \$0.81 per share for the 3-month period, a 50% rise over last year’s comparable quarter. The company added 5.9 million subscribers organically - through their own sales- in addition to the half million that came with the purchase of Telecom de Puerto Rico, bringing the firm to a total of over 130 million subscribers. With growth like that, the shares sell at a very reasonable price. If the company continues to deliver returns like this, shareholders will be made wealthy by the Mexican firm. America Movil represents the future. This stock should be a part of every portfolio.



DISCOUNT DETECTIVE

CLOSED-END FUNDS THAT ARE SELLING AT A SIGNIFICANT DISCOUNT AND WORTH LOOKING INTO.

Discounts are growing for some of our favorites, making them more affordable. Two **Morgan Stanley** funds, **India Investment Fund (IIF)** and **Asia-Pacific Fund (APF)** both now sell at reasonable prices. These regions have provided steaming growth, and now can be picked up at bargain prices. The **Swiss Helvetia Fund (SWZ)** remains attractive, as does the **Mexico Fund (MXF)**, which is seeing solid

growth. **DWS Global Commodities Fund (GCS)** is a great play on rising inflation, holding fast in metals and oil.

FUND	NAV	PRICE	DISCOUNT
SWZ	\$22.18	\$19.01	-14.29%
IIF	\$53.31	\$46.71	-12.38%
GCS	\$20.46	\$17.45	-14.71%
APF	\$22.74	\$19.65	-13.59%
MXF	\$48.29	\$41.87	-13.29%

A father is a banker provided by nature.

French Proverb

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

EARNINGS REPORTS

Stock Name	Earning Period	Current Earning	1 Year Ago	Percent Change	Current Recommendation
Merrill Lynch	Q1	\$2.26	\$0.48	370.8%	Buy
Crocs	Q1	\$0.61	\$0.17	258.8%	Buy
Syntax-Brilliant Corp.	Q3	\$0.09	-\$0.26	134.6%	Speculative Buy
Cephalon	Q1	\$0.99	\$0.43	130.2%	Nibble
Silicon Motion	Q1	\$0.31	\$0.14	121.4%	Buy Aggressively
Netflix	Q1	\$0.14	\$0.07	100.0%	Buy
EnSCO	Q1	\$1.55	\$0.98	58.2%	Buy
Buffalo Wild Wings	Q1	\$0.63	\$0.40	57.5%	Harvest
Diamond Offshore	Q1	\$1.64	\$1.06	54.7%	Buy Aggressively
Research In Motion	Q3	\$0.93	\$0.61	52.5%	Harvest
America Movil	Q1	\$0.81	\$0.54	50.0%	Buy Aggressively
Collegiate Pacific	Q2	\$0.17	\$0.12	41.7%	Hold
Aspreva Pharmaceutical	Q4	\$1.03	\$0.73	41.1%	Speculative Buy
Valero Corp.	Q1	\$1.86	\$1.32	40.9%	Buy
DRS Technologies, Inc.	Q4	\$1.11	\$0.79	40.5%	Hold Tightly
PetMed Express	Q4	\$0.15	\$0.11	36.4%	Nibble
J-2 Global Communications	Q1	\$0.35	\$0.26	34.6%	Nibble
Priceline.com	Q1	\$0.44	\$0.33	33.3%	Hold Tightly
AIG	Q1	\$1.68	\$1.29	30.2%	Buy
Satyam	Q4	\$0.13	\$0.10	30.0%	Buy
Aetna Inc.	Q1	\$0.81	\$0.64	26.6%	Buy
American Eagle	Q1	\$0.35	\$0.28	25.0%	Buy Aggressively
First Marblehead Corp.	Q3	\$0.75	\$0.62	21.0%	Speculative Buy
Constellation Brands, Inc.	Q4	\$0.29	\$0.24	20.8%	Buy
Tempur-Pedic	Q1	\$0.35	\$0.29	20.7%	Buy
Target Corporation	Q1	\$0.75	\$0.63	19.0%	Buy
Net 1 Ueps Technologies	Q3	\$0.32	\$0.27	18.5%	Nibble
Canon, Inc.	Q1	\$0.84	\$0.71	18.3%	Hold
Staples Inc.	Q1	\$0.29	\$0.25	16.0%	Buy
The Bank of Nova Scotia	Q2	\$1.03	\$0.89	15.7%	Hold Tightly
Marshall & Ilsley Corporation	Q1	\$0.83	\$0.72	15.3%	Buy
AutoZone, Inc.	Q3	\$2.17	\$1.89	14.8%	Hold Tightly
Medtronic, Inc.	Q4	\$0.70	\$0.61	14.8%	Hold
L-3 Communications	Q1	\$1.29	\$1.13	14.2%	Harvest
CRH PLC	H2	\$1.46	\$1.28	14.1%	Hold Loosely
AFLAC Incorporated	Q1	\$0.84	\$0.74	13.5%	Hold
Digital River	Q1	\$0.46	\$0.41	12.2%	Buy
Asta Funding	Q2	\$0.91	\$0.82	11.0%	Buy Aggressively
General Electric Company	Q1	\$0.44	\$0.40	10.0%	Buy
Bank of America Corporation	Q1	\$1.16	\$1.07	8.4%	Hold Tightly
Wal-Mart Stores, Inc.	Q1	\$0.68	\$0.63	7.9%	Nibble
Bed Bath & Beyond Inc.	Q4	\$0.72	\$0.67	7.5%	Buy
NetGear	Q1	\$0.40	\$0.38	5.3%	Hold
Abercrombie & Fitch Co.	Q1	\$0.65	\$0.62	4.8%	Nibble
First Advantage	Q1	\$0.19	\$0.22	-13.6%	Hold Loosely
The Western Union Co.	Q1	\$0.25	\$0.29	-13.8%	Hold
Harley-Davidson, Inc.	Q1	\$0.74	\$0.86	-14.0%	Nibble
Pfizer Inc.	Q1	\$0.48	\$0.56	-14.3%	Nibble
eCollege.com	Q1	\$0.09	\$0.11	-18.2%	Sell
Intervest Bancshares	Q1	\$0.64	\$0.82	-22.0%	Buy Aggressively
The Home Depot, Inc.	Q1	\$0.53	\$0.70	-24.3%	Nibble
Fortune Brands, Inc.	Q1	\$0.77	\$1.15	-33.0%	Hold Loosely
Capital One Financial Corp.	Q1	\$1.62	\$2.86	-43.4%	Hold Loosely
Apollo Group	Q2	\$0.35	\$0.66	-47.0%	Sell
Alpha Natural Resources	Q1	\$0.13	\$0.48	-72.9%	Speculative Buy

Investor's Value View

is published by
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Investor's Value View

is published bi-monthly
and is available by subscription
in the United States for US\$95.00/yr,
or US\$110/yr outside the U.S.A.

STOCK SPLIT

Stock	Amount	Payable
Crocs	2-for-1	June 15th

COMPANY SPINOFFS

Company	Spinoff	Date
Marshall & Ilsley Corporation	Metavante Holding Co.	Q4 2007

Information has been obtained from sources believed to be reliable, but accuracy and completeness are not guaranteed.

DIVIDEND CHANGES

Stock	From	To	%Change
Tempur-Pedic	\$0.24	\$0.32	33.3%
AIG	\$0.66	\$0.80	21.2%
AFLAC	\$0.74	\$0.82	10.8%
Bank Nova Scotia	\$1.68	\$1.80	7.1%

BREAKTHROUGH STOCKS

Name	Symbol	Price	Prev.Price	Increase	Recommendation
Crocs	CROX	\$47.25	\$77.71	64.47%	Buy
NetGear	NTGR	\$28.53	\$35.84	25.62%	Hold
America Movil	AMX	\$47.79	\$58.85	23.14%	Buy Aggressively
TelMex	TMX	\$33.40	\$40.86	22.34%	Hold Loosely
Alpha Nat. Res.	ANR	\$15.63	\$18.65	19.32%	Speculative Buy
Grey Wolf	GW	\$6.70	\$7.79	16.27%	Hold Tightly
PriceLine	PCLN	\$53.26	\$60.94	14.42%	Hold tightly
J-2 Global	JCOM	\$27.72	\$31.67	14.25%	Nibble
Valero	VLO	\$64.49	\$73.62	14.16%	Buy
Constellation Br.	STZ	\$21.18	\$24.17	14.12%	Buy