

SAINT JOSEPH'S UNIVERSITY
THE ERIVAN K. HAUB SCHOOL OF BUSINESS

STUDENT MANAGED INVESTMENTS
SMI

ANNUAL REPORT

MAY 2005

TABLE OF CONTENTS

A LETTER FROM THE PORTFOLIO TEAM	2
PARTICIPATING MEMBERS.....	3
CHOOSING AN INVESTMENT STYLE/PHILOSOPHY.....	4
MARKET EXPECTATIONS.....	5
IMPLEMENTING OUR STRATEGY.....	5-8
SECTOR ALLOCATION.....	8-9
PORTFOLIO PROFILE.....	9-11
FUNDAMENTAL ANALYSIS.....	11-14
VALUATION MODELS.....	12
RATIO ANALYSIS.....	13-14
TECHNICAL ANALYSIS.....	14-15
SELL DECISIONS.....	15
PERFORMANCE.....	16-18
PAST PERFORMANCE (5/31/2004 TO 12/31/2004).....	16
CURRENT PERFORMANCE (12/31/2005 TO 4/30/2005)	17-18
APPENDIX I	19

A LETTER TO THE ERIVAN K. HAUB SCHOOL OF BUSINESS

On Tuesday, January 18, 2005 we entered the trading room eager for the opportunity to manage funds that have been allocated by Saint Joseph's University for Student Managed Investments (SMI). Concurrently, we were anxious to gain experience in the competitive business of portfolio management. We had been eager to put our academic knowledge to the test in "live markets." We have been monitoring past selections made prior to our arrival. Additionally, we sought out new positions through our own research. Our ability to watch these efforts come to fruition was constrained by a 14 week time frame. However, within this limitation we have managed to locate, analyze, and select high quality equities that we believe will be profitable going forward.

Spring 2005 Portfolio Team

PARTICIPATING MEMBERS

Dr. Ahmet Tezel – Faculty Advisor
Christopher Smyth – Research Analyst
Tara Talone – Fundamental Analyst
Michael George – Portfolio Manager
Michael Nolan – Technical Analyst
John Neal – Market Analyst
Matt Naccarelli – Investment Analyst



Poster Presentation for Student Achievement Day on April 5, 2005

CHOOSING AN INVESTMENT STYLE/PHILOSOPHY

When asked to manage the funds provided by the university, we took the responsibility of being good stewards of the schools money. As a team, we decided to choose an appropriate investment philosophy to guide us. Successful portfolio managers follow their style for level-headed analysis and guidance in difficult and emotionally charged times. We selected a blend momentum style that would allow us to develop our screens and serve as a framework for making investment decisions.

A blend style is a mixture of value and growth strategies. There is strong empirical evidence that a value style beats a growth style in the long-run. SMI managers last year followed a value style. We wanted more flexibility and decided to consider growth stocks. In addition, evidence indicates that momentum strategies can be successful, so we combined a blend strategy with momentum. In practical applications, it is difficult to maintain a pure blend portfolio and our portfolio is biased toward a value style.

Transaction costs of 2.42% were very high for our portfolio last year. Transaction costs of \$18.75 per trade and the small size of our diversified portfolio resulted in a high percentage cost. To control our transaction costs, we decided to be more patient in making selling decisions and to keep the number of securities below 25. Of course, transaction costs excluded styles that involved high turnover.

We decided to be flexible with respect to sector allocations. Our style is a blend momentum strategy with a value bias that allows sufficient diversification with some sector bets.

MARKET EXPECTATIONS

The domestic economy should support the strong earnings growth assuming the world stays peaceful and free of terrorism. Government deficit spending, corporate capital spending, and strong consumer spending are factors that support a strong economy. While the Federal Reserve is pushing short term interest rates higher, the rates are still at historically low levels to support 3 to 4 percent gross domestic product growth. Oil prices will slow the consumer spending for the next quarter or so, but we expect energy prices to stabilize over the next year.

We view the economy favorably for equity investments over the next year. The favorable economy, coupled with a reasonable forward P/E of 16 for the S&P 500, we are willing to invest 100% of our funds in the stock market.

IMPLEMENTING OUR STRATEGY

Our screens consisted of five criteria:

- Minimum price of \$10
- At least 10% change in price over the past year (momentum)
- Price earnings multiple (PE) for last 4 quarters between 5 and 32 (blend)
- Price earnings multiple to growth (PEG) between .5 and 1.5 (value and blend)
- 10 year EPS growth between 5 and 15 (growth)

After performing the initial screening, the StockVal software left us with 72 stocks.

We then used the Factor Baseline Model developed by Dr. Tezel to narrow down the stocks even further. There are about 50 variables, each with possible scoring weight ranging from 0 to 5, with 5 being the most important. The full list is in Appendix I. We used only the following:

- Percentage price change (momentum with very high weight of 5)
- Forward PE (3)
- Long Term Future Growth Trend (3)
- EPS growth relative to index (3)
- Earnings Momentum Value (5)

The first three variables complement the blend momentum style. To decide from among 72 stocks, we also added earnings momentum variables: earnings growth greater than earnings growth of S&P 500 and earnings with recent momentum.

The model ranks the stocks in the sample for each of the selected five variables and multiplies those ranks by the importance we assigned to the variables. Then it calculates a weighted average for each stock based on the selected variables, and ranks the individual stocks in the sample. From the top 10 to 20 percentile we chose approximately ten stocks to research further.

We wanted to investigate the composition of the best risky portfolio using our selections and current composition of our portfolio. We used historical data to estimate the variances, correlation coefficients, and normalized expected returns. We generated the Markowitz efficient set and the tangency portfolio that draws a straight line starting from risk free rate to having the greatest slope (excess return per unit of risk). In addition, we imposed a maximum of 5% investment in each stock. From the tangency portfolio, we were able to eliminate Nordstrom and American Eagle Outfitters from our list of possible buys because they did not help our risk return trade-off. We used this efficient set model as a secondary tool to confirm our naive strategy of investing approximately equal amounts in all the stocks.

Solution Table		Tangency Portfolio					
AEOS	ASHW	BMHC	NX	HORC	TRI	JWN	QSI
-	0.010	0.050	0.050	0.034	0.050	-	0.050

AGYS	ESI	AET	CVH	JNJ	WLP	BC	SWK
0.049	0.036	0.050	0.050	0.05	0.05	0.05	0.05

LTD	ALV	SUN	CHK	SAFC	PKZ	ALL	STZ
0.038	0.048	0.05	0.05	0.05	0.036	0.05	0.05

From our revised list, we decided to buy Ashworth, Building Materials Holding, General Maritime, ITT Educational Services, Labor Ready, and Quality Systems. We still had \$4,500 left to invest and decided to select a REIT, Equity Office Properties Trust. This has a high dividend yield and balances out our portfolio. As will be discussed, we did additional technical evaluations and fundamental analyses based on these selections. We provide examples later on for Quality Systems, QSII.

The current portfolio as of April 30, 2005 is presented below:

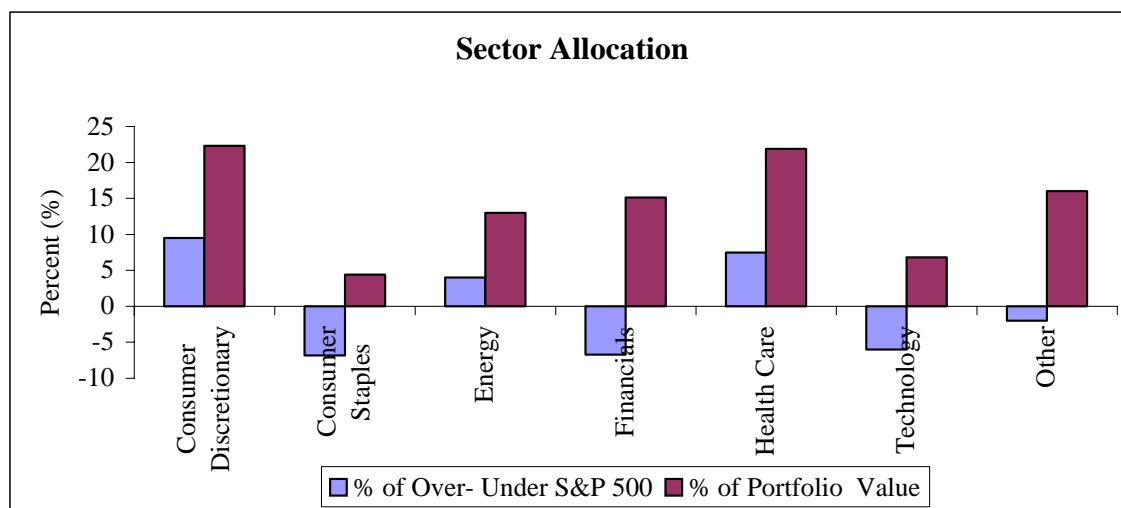
CURRENT PORTFOLIO (4/30/2005)

Name	Ticker	Beginning Date	Beginning Prices	Beginning Number of Shares	Beginning Value	Current Prices	Current Market Value	Gain Loss	Return	% of Portfolio
Consumer Discretion										22.3%
Ashworth	ASHW	3/28/05	11.93	200	2,405	10.99	2,198	(207)	-8.6%	3.7%
Brunswick	BC	12/31/04	49.50	30	1,485	42.00	1,260	(225)	-15.2%	2.1%
Autoliv	ALV	12/31/04	48.30	40	1,932	44.25	1,770	(162)	-8.4%	3.0%
Stanley	SWK	12/31/04	48.99	50	2,450	43.03	2,152	(298)	-12.2%	3.6%
Limited	LTD	12/31/04	23.02	100	2,302	21.69	2,169	(133)	-5.8%	3.6%
Building Materials	BMHC	3/29/05	45.40	70	3,197	54.94	3,846	649	20.3%	6.4%
Consumer Staples										4.4%
Constellation	STZ	12/31/04	46.51	50	2,326	52.71	2,636	310	13.3%	4.4%
Energy										13.0%
Chesapeake Energy	CHK	12/31/04	16.50	100	1,650	19.24	1,924	274	16.6%	3.2%
Sunoco	SUN	12/31/04	81.71	30	2,451	99.26	2,978	527	21.5%	5.0%
Petrokazakhstan	PKZ	12/31/04	37.10	100	3,710	29.03	2,903	(807)	-21.8%	4.8%
Financials										15.1%
Allstate	ALL	12/31/04	51.72	30	1,552	56.16	1,685	133	8.6%	2.8%
Equity Office Properties	EOP	3/29/05	29.51	150	4,445	31.47	4,721	275	6.2%	7.9%
Safeco	SAFC	12/31/04	52.24	50	2,612	52.67	2,634	22	0.8%	4.4%
Healthcare										21.9%
Aetna	AET	12/31/04	62.38	60	3,743	73.37	4,402	660	17.6%	7.3%
Coventry	CVH	12/31/04	53.08	50	2,654	68.43	3,422	768	28.9%	5.7%
Johnson & Johnson	JNJ	12/31/04	63.42	40	2,537	68.63	2,745	208	8.2%	4.6%
Well Point	WLP	12/31/04	115.00	20	2,300	127.75	2,555	255	11.1%	4.3%
Industrials										13.2%
ITT Educational	ESI	3/29/05	49.24	60	2,973	45.98	2,759	(214)	-7.2%	4.6%
Labor Ready	LRW	3/29/05	18.98	150	2,866	16.69	2,504	(362)	-12.6%	4.2%
General Maritime	GMR	3/29/05	47.85	60	2,890	43.85	2,631	(259)	-9.0%	4.4%
Technology										6.8%
Arrow	ARW	12/31/04	24.30	50	1,215	24.34	1,217	2	0.2%	2.0%
Quality Systems	QSII	3/29/05	48.36	60	2,921	47.58	2,855	(66)	-2.3%	4.8%
Materials										2.8%
Lafarge	LAF	12/31/04	51.32	30	1,540	55.51	1,665	126	8.2%	2.8%
					\$58,153		\$ 59,628	\$ 1,475		
					Total Stock Value		\$ 59,628	99.57%		
					Cash		\$ 323	0.43%	0.4%	
					Total Portfolio Val		\$ 59,951	100.00%	100.0%	

SECTOR ALLOCATION

Compared to the S&P 500, our portfolio is over-weighted in consumer discretionary, energy, and healthcare. Conversely, our portfolio is under-weighted in consumer staples, financials, and technology.

Sector Name	% of Over-Under S&P 500	% of Portfolio Value
Consumer Discretionary	9.5	22.3
Consumer Staples	-6.8	4.4
Energy	4.0	13.0
Financials	-6.7	15.1
Health Care	7.5	21.9
Technology	-6.0	6.8
Other	-2.0	16.0



PORTFOLIO PROFILE

The portfolio characteristics presented below indicate that our portfolio has a beta of .82, which is less than the market beta of 1.00. The market cap of our portfolio is \$73.8 billion, much less than that of the S&P 500. This is due to the fact that the S&P 500 contains mostly large cap stocks and our portfolio has small, mid, and large cap stocks.

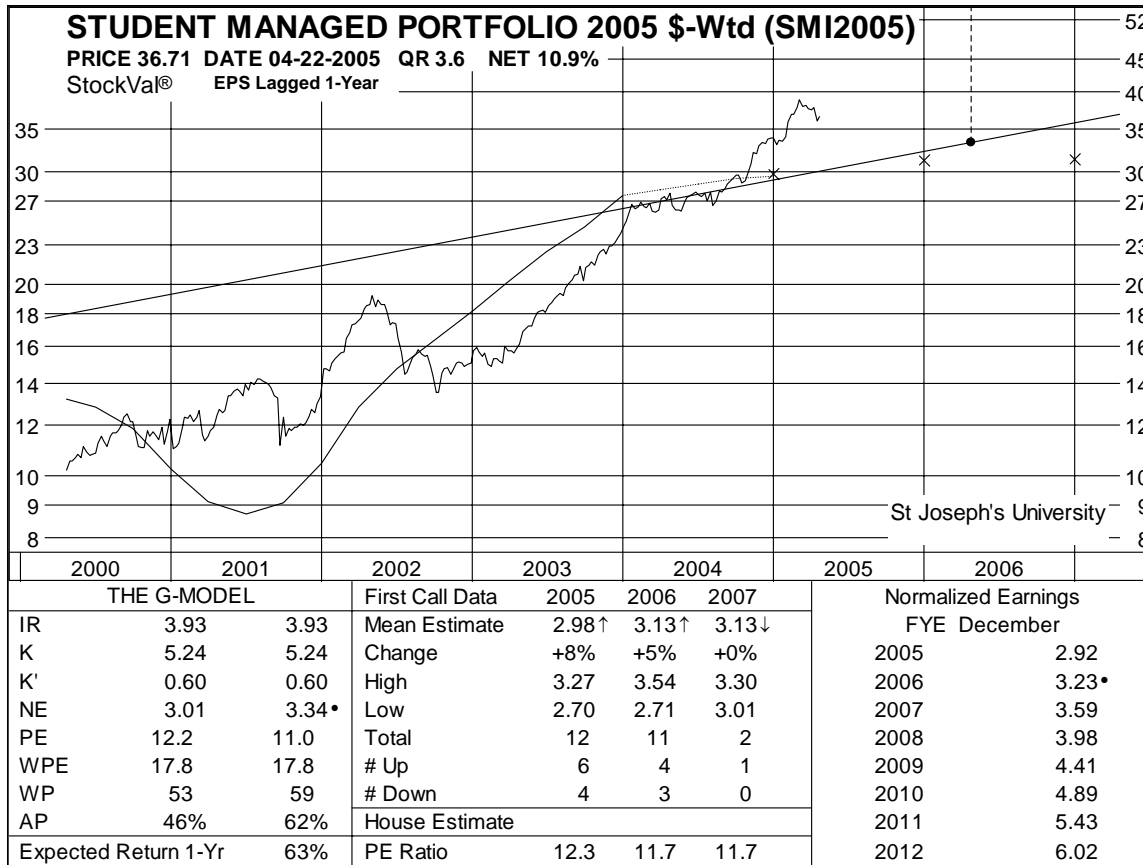
Relative to the S&P 500, our value strategy indicates lower forward PE (14.4 versus 16.8) and PEG ratios (1.2 versus 2.8). Our median price to book ratio (PB) is 2.1 and is below the market's PB of 2.9. Our high average PB is due to ITT Services. Our portfolio has a higher growth than the S&P 500 (13% versus 6%). It also has a great

momentum (return of 23% during the last 6 months) and almost doubles the return on equity of S&P 500.

COMPANY NAME	PORTFOLIO				CHARACTERISTICS				
	P/E FORWARD	PRICE TO BOOK	P/E TO LT FUTURE	PRICE % CHG 6 MTHS	ROE	ERNS LT FUTURE GR RATE	MRKT CAP (MILS)	BETA	
	4 QTRS	BOOK	GR RATE	6 MTHS	ROE	GR RATE	4/01/05	BETA	
AETNA	16.4	2.4	1.1	47.7%	12.2%	15.0%	\$ 21,718	0.70	
ALLSTATE	9.3	1.7	0.9	11.3%	14.2%	10.0%	36,270	0.68	
ARROW ELECTRONICS	11.1	1.3	0.9	10.5%	12.3%	12.0%	2,890	1.72	
ASHWORTH	14.1	1.5	0.7	39.3%	9.4%	20.0%	157	0.83	
AUTOLIV	12.5	1.6	1.3	15.9%	12.4%	10.0%	4,298	1.10	
BRUNSWICK	14.4	2.7	1.0	3.2%	17.0%	15.0%	4,575	1.11	
BUILDING MAT HLDGS	10.2	2.0	0.8	60.8%	17.7%	12.0%	607	0.94	
CHESAPEAKE ENERGY	11.8	2.3	1.2	42.1%	25.8%	10.0%	7,065	0.84	
CONSTELLATION BRANDS	17.6	2.0	1.5	39.7%	11.6%	13.0%	5,762	0.50	
COVENTRY HEALTH	15.2	5.1	1.0	27.2%	36.9%	15.0%	7,211	0.91	
EQUITY OFFICE PROP	11.9	1.4	2.0	11.8%	11.1%	6.0%	12,283	0.38	
GENERAL MARITIME	7.7	2.1	0.8	40.1%	43.2%	10.0%	1,839	0.75	
ITT EDUCATIONAL SVCS	21.1	11.2	1.1	34.7%	46.5%	20.0%	2,230	1.12	
JOHNSON & JOHNSON	19.7	6.6	1.8	18.7%	31.4%	11.0%	198,790	0.44	
LABOR READY	19.1	3.9	1.0	32.0%	17.9%	20.0%	788	1.49	
LAFARGE NORTH AMER	13.2	1.3	1.3	24.9%	9.8%	10.0%	4,379	0.79	
LIMITED BRANDS	15.2	2.0	1.3	8.2%	12.8%	12.0%	9,799	1.12	
PETROKAZAHSTAN	5.7	4.0	-	19.3%	76.0%	-	3,111	0.69	
QUALITY SYSTEMS	31.3	6.5	-	73.6%	21.5%	-	573	0.78	
SAFECO	9.7	1.5	1.0	4.6%	15.0%	10.0%	6,070	0.77	
STANLEY WORKS	13.8	3.0	1.0	5.4%	23.4%	14.0%	3,702	1.02	
SUNOCO	13.5	4.5	1.9	45.4%	37.6%	7.0%	7,460	0.74	
WELLPOINT	16.0	1.9	1.1	42.9%	15.9%	15.0%	38,017	0.38	
PORTFOLIO AVER(EQ WT)	14.4	3.1	1.2	27.5%	23.1%	13.0%	16,504	0.82	
S&P 500	16.8	2.9	2.8	5.2%	17.8%	6.0%	90,359	1.00	

StockVal enables us to plot the historical performance of this portfolio during the past 5 years. The chart below shows significant momentum of this portfolio during the

last few years. NET (net normalized earnings growth) according to StockVal is 10.9% and the quality rating (QR) is 3.6, which is slightly below the maximum of 4.



FUNDAMENTAL ANALYSIS

Fundamental analysis focuses on the company's financials, especially sales, earnings, growth potential, assets, debt, management, products, and competition. We used fundamental analysis as one component of our selection process. We used different software packages such as StockVal and Bloomberg to implement the analysis of new positions such as Quality Systems, Inc. as illustrated below.

Valuation Models:

StockVal's valuation model called the G-model is a long-term dividend discount model that estimates the expected return from any stock or portfolio. Our portfolio's required return as indicated in the above chart is 9.77% (3.93% risk-free rate plus 5.24% equity risk premium and plus 0.6% quality risk-premium). The expected one-year return is 63% (AP: appreciation potential is 62% plus a dividend yield of 1%) and the warranted PE (WPE) is 17.8. Our portfolio is undervalued according to the G-model.

The table below provides an example of the dividend discount model of Bloomberg for one of our selections, Quality Systems. Quality Systems develops software for medical and dental practices.

GRAB		Equity DDM	
DIVIDEND DISCOUNT MODEL			
QSII US		Quality Systems Inc	
Earnings/share FY1	1.180	Bond Rate	4.245%
Earnings/share FY2	1.540	Country Premium	5.25
Earnings/share FY3	1.880	Applied Beta	1.72
Dividends/share FY1	0.000	1)Risk Premium	9.016%
Growth Years	7	Payout during Growth yrs	0.000%
Transitional Years	10	Payout at Maturity	45.000%
Long Term Growth Rate	30.000%	Growth Rate at Maturity	7.500%
Closing Price	50.31	Currency	USD
<u>Computed values based on above assumptions</u>			
Theoretical Price	49.89		
Percent Change from Close	-.83%		
Internal Rate of Return	13.23%		
Expected Return	12.78%		
Implied Growth Rate	30.10%		
<small>Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2005 Bloomberg L.P. H249-358-1 25-Apr-05 13:19:17</small>			

Quality Systems appears to be fairly priced under optimistic assumptions, such as a 30% growth rate for seven years and a declining growth over 10 years toward 7.5%. This is a small-cap, growth stock with great potential.

Ratio Analysis:

We used the table below to compare QSII to its industry.



Enter Ticker: Select Update from StockVal Pulldown

BREAKOUT OF SELECTED RATIOS FOR COMPUTER SERVCS/INFO MGT (028A) 1995-2004					
		QSII: Quality Systems, Inc.		Industry	
		2002	2003	2002	2003
BALANCE SHEET RATIOS					
Liquidity					
Current Ratio	Current Assets/Current Liabilities	3.5x	2.9x	1.8x	1.8x
Quick Ratio	(Cash & Equiv + Accts Rec) / Total Current Liabili	3.3x	2.7x	1.4x	1.5x
Working Capital					
Days Receivables	(Accts Rec / Revenues) x 365 days	112.5	117.0	74.4	71.2
Days Inventory	(Inventory / COGS) x 365 days	21.2	10.2		
Days Payable	(Accts Payables / Purchases) x 365 days	50.4	38.1	29.7	21.9
Cash Conversion Cycle (days)	Days Accts Rec + Days Inventory - Days Payable	83.4	89.2		
Working Capital as % of Sales	(Current Assets - Current Liabilities) / Revenues	69%	71%	21%	20%
Fixed Assets					
Fixed Asset Turnover (times/yr)	Sales / Avg Fixed Assets	26.2x	32.6x	8.0x	7.9x
Total Asset Turnover (times/yr)	Sales / Avg Total Assets	.9x	.9x	1.1x	1.0x
Depreciation as % of Sales	Depreciation / Sales	4.7%	4.0%	8.0%	5.4%
Capital Expenditures as % of Sales	Capex / Sales	4.6%	5.1%	3.5%	3.4%
Capital Expenditures as % of Depreciation	Capex / Depreciation	98%	127%	44%	64%
Capital Structure					
Total Debt to Cap	Total Debt / Total Capital	0%	0%	28%	23%
Total Debt to Equity	Total Debt / Shareholders' Equity	0%	0%	38%	30%
Total Debt to Assets	Total Debt / Total Assets	0%	0%	18%	15%
PROFITABILITY MEASURES					
Margins					
Gross Margin	(Revenues - COGS) / Revenues	56.7%	56.6%	28.3%	28.6%
Operating Margin	EBITDA / Revenues	23.8%	24.2%	10.7%	12.4%
Pretax Margin	Pretax Income / Revenues	19.1%	20.3%	1.8%	6.2%
Net Margin	Net Income / Revenues	11.9%	12.8%	-2.4%	3.2%
Return on Assets	Net Income Adj / Avg Assets	10.9%	11.7%	3.9%	4.5%
Return on Total Capital	Net Income Adj / Avg Total Cap	14.2%	16.1%	6.1%	6.8%
Return on Invested Capital (ROIC)	(EBIT x (1-Tax Rate)) / (ST Debt + LT Debt + Equir	13.2%	14.8%	-0.4%	6.6%
DuPont ROE Analysis					
Pretax Margin	Pretax Income / Revenues	0.19	0.20	0.02	0.06
Asset Turnover	Revenues / Avg Assets	0.92	0.91	1.08	0.96
Leverage Ratio	Avg Assets / Avg Equity	1.31	1.37	2.07	2.00
Tax Burden	(1 - Tax Rate)	0.62	0.63	-0.08	0.61
Return on Equity	Return on Average Equity (ROE)	14.25%	16.06%	-0.34%	7.28%
CASH FLOW MEASURES					
Cash Flow Conversion					
Free Cash Flow Conversion	Free Cash Flow / Net Income	117%	148%	-222%	208%
Interest Coverage					
EBIT Coverage	(Pretax Income + Int Exp) / Int Exp			3.1	8.1
EBITDA Coverage	(Pretax Income + Deprec & Amort + Int Exp) / Int			12.0	14.2
Debt / EBITDA	(STD + LTD) / EBITDA	0.0	0.0	1.6	1.2

Quality Systems overall has better liquidity ratios, as well as asset efficiency ratios, versus its industry. In addition, this company has no debt, and has a return on

equity of 16.06%, whereas the industry average is less than half of that, at around 7.28%. Quality Systems has free cash flow well above its net income, and for a growth company, they have paid one time dividends of \$3 a share in March of 2005.

TECHNICAL ANALYSIS

We found Quality Systems to be an interesting stock to analyze technically because of its momentum strength. When we first bought Quality Systems on March 29, the stock experienced a large drop in price during the first two weeks of ownership, hitting the lower band of the Bollinger Bands (enveloped by two bands above and below the 20 day moving average). Following a few days of sideways action, the stock bounced back significantly.

QSII is a small-cap stock with a great deal of volatility. It has broken resistance levels and we expect it to continue to rise over time. It is currently trading above its 50 day exponential moving average as illustrated below.

When QSII went down to a low point and then rose back up to a point where it is still on an upward climb, we were able to identify a support level for the stock. This means that we were able to identify a level of price that the stock would not fall below.

The Wall Street Trading Room (WSTR) has the technical analysis software (Meta Stock and Trade Station) as well as fundamental software (StockVal, Thomson Baseline, SV Connect, and Bloomberg) and enables us to analyze all of our stocks in a much easier way than just using some financial websites and newspapers. The chart below shows the relative strength index (RSI) and the moving average convergence divergence (MACD). Both indicators support our buy decisions.



SELL DECISIONS

To date, we have sold four stocks in the portfolio: Autodesk, Bluegreen, Olympic Steel, and Vishay Intertechnology. Our main criteria for selling are recent performance and consistency with our investment philosophy. These positions did not fit well with our philosophy, and were down more than 15% with few signs of improvement going forward. We did not use stop-sell orders to automate the sell decisions contrary to our predecessors, but instead we decided to closely monitor the portfolio.

PERFORMANCE

Past Performance (5/31/2004 to 12/31/2004)

As reported in the Semi-Annual Report of May 2004, the Student Managed Investments (SMI) group invested about \$58,000 by purchasing 46 stocks in late April of 2004. During the following month, the S&P 500 and NASDAQ declined by 4.1% and 6.1% respectively, and the SMI group sold 18 stocks as prices hit our pre-specified stop-sell levels. During the summer, the SMI Summer volunteers purchased Allstate (ALL), American International Group (AIG), Johnson & Johnson (JNJ), Vishay (VSH), Tyson Foods (TSN) and Limited (LTD). The group decided not to place stop-sell orders as our trading costs are expensive and our strategy is long-term.

During the Fall semester of 2004, the SMI Fall volunteer team voted to sell financial stocks (FRE, CFC, and MTG), as well as Tyson (TSN), Hormel (HRL), AIG, Allele (ALE) and its spin-off (KAR). Despite lower rankings, the group also decided to hold Vishay (VSH), Aetna (AET), Allstate (ALL), and Johnson & Johnson (JNJ). The only new buys were Olympic Steel, (ZEUS) on Oct. 25, 2004 and Safeco (SAFC), Bluegreen (BXG), and Petrokazakhstan (PKZ) on Nov. 16, 2004.

The portfolio had 21.7% cash at the end of 2004 and averaged about 20% cash throughout the year. The full year performance for 2004 as shown in the tables and a chart below was 5.1% return compared to 9% return for the S&P 500. Our transaction costs amounted to 2.42%.

Current Performance (12/31/2004 to 4/30/2005)

As discussed before, we sold four stocks and purchased seven stocks so far this year and remain fully invested at the end of April, 2005. Our year to date performance was -2% (including the transaction cost of 0.34%) compared to -4.5% for the S&P 500. We are ahead of the market by about 2.5% as of April 30, 2005. NASDAQ was down 11.7% so far this year.

Monthly performance in 2005 indicates that we were ahead of the market 2.7% and 4.1% in January and February respectively, and that we were lagging the market by 3.4% and 0.5% in March and April, respectively. Our poor performance in March was due to a big drop in Bluegreen's earnings disappointment that turned a significant capital gain into significant capital loss. We learned that we needed a better system to take our capital gains early. Similarly, while we had more than 100% return (gain of \$1,650) in Autodesk during 2004, we had to sell it in 2005, as it dropped 23% resulting in a loss of \$713.

As shown in the current portfolio table presented earlier, we have capital gains in healthcare, energy, and financials. Petrokazakhstan, an energy stock, has declined significantly recently and cut our energy gains. Our consumer discretionary sector has lost money but our recent purchase, BMHC, rose 20% after a very positive earnings surprise.

PERFORMANCE (4/30/2005)

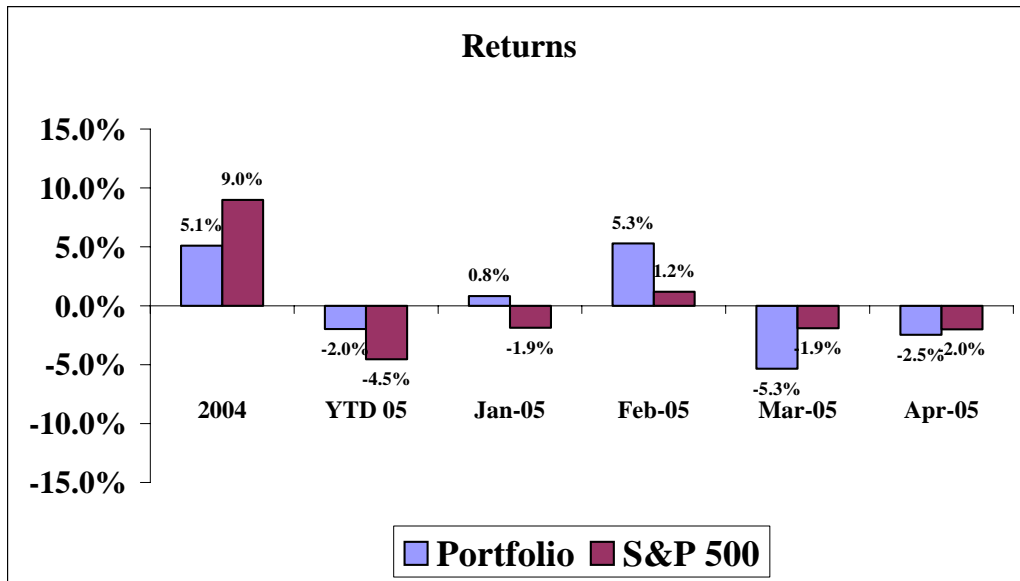
		Portfolio	S&P 500
12/31/03 Beginning Value		61,160	1,212
Realized Loss	(2,997)		
Unrealized Gain	1,475		
Interest/Dividends	313		
Net Gain (Loss)		(1,209)	
Total Portfolio Value		59,951	
Latest Cash		323	
Latest Market Value		59,628	
Total Portfolio Value		59,951	1,157
4/30/05 Year to date Return		-1.98%	-4.54%
Transaction Costs	206	0.34%	

PERFORMANCE (4/30/2005)

Beginning Date	Ending Date	Beginning Value	Ending Value	Periods	Portfolio	S&P 500
12/31/2003	12/31/2004	\$ 58,200	\$ 61,160	2004	5.09%	8.99%
12/31/2004	4/30/2005	61,160	59,951	YTD 05	-1.98%	-4.54%
12/31/2004	1/31/2005	61,160	61,674	Jan-05	0.84%	-1.86%
1/31/2005	2/28/2005	61,674	64,935	Feb-05	5.29%	1.19%
2/28/2005	3/31/2005	64,935	61,468	Mar-05	-5.34%	-1.91%
3/31/2005	4/30/2005	61,468	59,951	Apr-05	-2.47%	-2.01%

Transaction costs in 2004: -2.42%

Transaction costs in 1st Q 2005: -0.34%



APPENDIX I: FACTOR COMPONENTS

StockVal Variables	0: Ignore	0 if low numbers are more favorable
	1(low) to 5 (high) Weight	1 if higher numbers are more favorable
Current Price	0	0
Market Capitalization	0	0
Month End P/B	0	0
Month End P/B Rel to Ind	0	0
Price/Book rel to 5 Yr Avg	0	0
Month End P/E	0	0
P/E Rel to 5 Yr Avg	0	0
Month End P/E Rel to Ind	0	0
Forward P/E (FTM)	4	0
Historical Fwd P/E	0	0
Historical Fwd P/E Rel to Ind	0	0
Price/Sales	0	0
Price/Sales rel to 5 Yr Avg	0	0
Price/Cash Flow	0	0
Price/Cash Flow rel to 5 Yr Avg	0	0
Price/Free Cash Flow	0	0
Graham & Dodd Decile	0	1
Graham & Dodd SD	0	0
Dividend Yield (Indicated Rate)	2	1
Tot. Ret.: 3 Mos vs SPX	3	1
Tot. Ret.: 6 Mos vs SPX	0	1
% Above 52 Wk Low	0	1
% Below 52 Wk High	0	0
Price % Chg:3 Months Ago	0	1
Price % Chg:6 Months Ago	0	1
Curr Yr.(FY1) Revision %Chg-1Mo	3	1
Curr Yr.(FY1) Revision %Chg-3Mo	0	1
Current Qtr.(Q1) Revision %Chg-6Wk	0	1
LT Fut Gr Trend (Monthly)	0	1
Next Yr.(FY2) Revision %Chg-1Mo	0	1
Earnings Price Impact: Qtrly	0	1
Earnings Surprise as a %: Qtrly	0	1
Surprise Footnote: Wkly Trend	0	1
EPS Fiscal: Annual Estimates	0	1
Rev # of Pos Growth Qtrs	0	1
Revenue Gr Rate: 5 Yrs	3	1
Revenues Stability (R2) - 5 Yrs	0	1
EPS # of Pos Growth Qtrs	0	1
EPS % Growth Rel to Ind	5	1
EPS % Growth Rel to SPX	0	1
Earnings Momentum Value	0	1
Latest Qtr Rev vs Yr Ago	0	1
5 Yr Dividend Growth Rate	0	1
ROE	0	1
ROE rel to 5 Yr Avg	0	1
ROC	0	1
ROC rel to 5 Yr Avg	0	1
Operating Margin	0	1
NPM	0	1
EBITDA Margin (LTM)	0	1
Earnings Retention (LTM)	0	1
Beta Global Bmrk	0	0
Standard Deviation Q0EE	0	0
% Lt Debt to Tot Cap	0	0