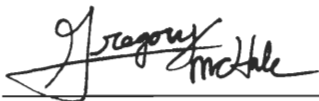Project Number: DZT0505

Stock Market Simulation

An Interactive Qualifying Project Report:
Submitted to the faculty
of the
Worcester Polytechnic Institute
in partial fulfillment of the requirements for
the Degree of Bachelor of Science
by

_____

Gregory J. McHale

_____

Phillip J. Sweeney

Date: 03/01/2006

Approved:

_____

Professor Dalin Tang,
Advisor

Table of Contents

Acknowledgements

We wish to thank Professor Tang for serving as our advisor, Worcester Polytechnic Institute for granting us the opportunity to complete this project, and our fathers, who taught us the importance of saving and investing money at a very young age.

Abstract

This project is a simulation of stock market trading over a ten week span. The securities bought over this time frame were based upon a set of selection criteria and categorized accordingly. Thorough and ongoing analysis was done at the security level as well as to incorporate industry trends. The securities were then bought and sold at the discretion of the criteria outlined and not on the impulses of either project member. This process continued for a two week span until the trading deadline. After the trading deadline, each security's position was outlined in the appendixes included in this report.

Chapter 1: Introduction

1.1 Goals of the Project

The intent of this project is to develop sound techniques, rules and strategies for investing in mutual funds, stocks and options by using measurable criteria both for making decisions and gauging success. Over the course of this project we will invest in mutual funds, stocks, options, and money markets, allocating intelligent percentages of the total portfolio to each type of investment. In the end, we hope that the techniques, rules and strategies which we have developed over the course of this project will enable us to make investment decisions that bring about both scalable and repeatable success.

This project will be divided into six chapters covering mutual funds, long-term stocks, short-term stocks, options, and an analysis of the results. The format for each chapter in this report will follow a very specific model which will consist of the measurable criteria that will be used to make an investment decision, the reasons for choosing those criteria, the investment decisions we chose to make consistent with those criteria, and an analysis of the results of our investments. The goal of this model is to set the premise for why we would make an investment decision, and to then hold ourselves to the rules governing those investments. This makes for a very systematic and disciplined way of investing, in which we hope to maximize upside potential and minimize downside potential.

Our goal is never to be influenced too much by positive or negative emotion based on the results of our investments, but to simply make the best investment decisions given the indicators and tools at our disposal. We are willing to accept losses and less than expected gains so long as

the investment decisions we make are consistent with the criteria we establish at the beginning of this project.

1.2 Assumptions

There are several assumptions that must be clarified so it can be understood why we are going to manage the portfolio in the way that we are. First of all, we are assuming that the money we are investing with is our own money, which we have saved or otherwise accumulated over some period of time. As such, our funds are limited because we are not acting as fund managers, but as two individuals desiring to intelligently manage their own portfolio. Next, we are assuming that our salaries are sufficient for covering regular living expenses, and thus we will manage the portfolio under the assumption that we do not need regular access to the money in the portfolio. We are willing to absorb large amounts of risk with some percentage of the portfolio, in which we desire rapid growth, and willing to only absorb nominal risk with other percentages of the portfolio, in which we desire stability in value.

1.3 Portfolio Composition

As mentioned previously, the portfolio in this project will consist of mutual funds, stocks, options, and money markets. Specifics of the portfolio allocations in each of these categories will now be discussed, while rules, strategies, goals and specifics for each type of investment will be discussed in the relevant sections.

The first type of asset we will invest in will be mutual funds, and we have decided that fifty percent (50%) of the portfolio will be allocated to mutual fund investments. At first glance fifty percent may seem like too large a number, but it is consistent with our goal of scalable and repeatable investment decisions. Mutual funds offer a diverse mix of equities, bonds and other

securities, so they grant the investor immediate risk mitigation. That is to say, a significant loss in one or more assets held by the mutual fund may be offset by a significant gain in one or more assets held by the mutual fund, and thus the goal when owning a mutual fund is for the net gains of assets held to exceed the net losses of assets held, hopefully by a significant margin.

The second type of asset we will invest in will be stocks, and we have decided that thirty percent (30%) of the portfolio will be allocated for stock investments. Investing in stocks provides us with both short-term and long-term opportunities, depending on several factors such as the industry, timing, and growth and maturity of the underlying company. Another aspect associated with investing in stocks is dividends, which are intended to serve as a steady stream of income over the course of a long-term investment. Factors that affect decision-making when the investor is seeking dividend returns primarily revolve around the volatility of the stock itself, because large fluctuations in stock price can significantly impact dividend income.

The third type of asset we will invest in will be options, which fall under a category we are more broadly referring to as speculation. Speculation is generally healthy with a small percentage of total assets, and we will use ten percent (10%) of our portfolio for speculation. Options trading is notorious for being both extremely risky and extremely rewarding. There are many aspects to options trading that could make for an IQP in and of itself, so we will simply focus on the basics of options trading which includes what is referred to as "buying to open" and "selling to close". The specifics of the options trading we do will be discussed in the appropriate section of this report.

1.4 Organization of the Project

In this project, Chapter 2 will discuss the categories and goals for mutual fund investments. It will then define our criteria for investing in a particular fund. The last part of Chapter 2 will discuss the considerations of diversification classes and Morningstar ratings.

Chapter 3 will focus on long-term stock categories. It will describe our goals and define criteria for the long-term stock selections. It will also discuss why these criteria will help us achieve those goals.

Chapter 4 will describe our selections for each of the long-term stock categories consistent with the criteria defined in Chapter 3, and conduct a stock-by-stock analysis of each security. It will also discuss exit strategies for these particular stocks.

Chapter 5 will focus on the goals of short-term stock selections. In doing so, it will also define criteria needed for short-term stock selections.

Chapter 6 will cover our short-term stock selections under the criteria set in Chapter 5. It will give a stock-by-stock analysis of each security. It will also discuss exit strategies for these particular stocks.

Chapter 7 will discuss the goals of speculation. This chapter will then lay out criteria for making speculative investments.

Chapter 8 will report on the progress of our Mutual Fund investments and give status of our long-term stock selections. The chapter will also include an analysis of short-term stock trades. The chapter will conclude with an analysis of our speculative transaction.

Chapter 9, our final chapter, will discuss the lessons learned from the project. We will also conduct a post mortem of the overall project process and reflect upon our experience.

Chapter 2: Mutual Funds

2.1 Mutual Fund Categories/Goals

Our portfolio will consist of three mutual fund categories: low-risk, moderate-risk and high-risk. We will first define these categories by what type of returns we are seeking in each one. In the low-risk category, we are seeking a return of approximately ten-percent (10.00%) or more. In the moderate-risk category we are seeking a return of fifteen-percent (15.00%) or more. In the high-risk category we are seeking a return of twenty-percent (20.00%) or more. The intent of defining these categories in the context of returns sought is that we are only willing to incur as much risk as would be normally tolerated by the gains we are seeking. Namely, funds which are only seeking a five-percent annual return are less risky than funds which are seeking a fifteen-percent annual return.

2.2 Criteria for Selecting Mutual Funds

There are several criteria that we have deemed important when it comes to deciding whether or not to purchase a mutual fund. These criteria, in no particular order, include Morningstar ratings, returns over periods of one, three, five, and ten years, holdings/asset allocation, and risk of the fund (beta). Each of these criteria will now be discussed specifically.

Morningstar ratings:

Morningstar Inc. is a provider of independent investment research based in the US which operates in 16 countries and provides data on over 125,000 investment offerings. Morningstar uses a scaled system to categorize and rate various funds versus their peers. The current system will rate a given fund with a value of one through five stars accordingly. The system has been modified in recent years to reflect a full portrayal of a fund's performance relative to funds with

similar diversification. This is to say that a sector fund with asset allocation in large cap will only be ranked against those funds with similar attributes. A full description of this change and an in depth look at the Morning Star ranking system can be found in the Journal of Financial Planning page located at: http://www.fpanet.org/journal/articles/2004_Issues/jfp0304-art5.cfm

The criteria established for this project is that a fund will need to have a Morningstar rating of four stars or higher to be an eligible prospect for our portfolio. The reason for this decision is two fold; we are only interested in those funds which are currently performing well relative to their peers and we want to minimize risk where possible. The Morningstar system takes these both of these factors into consideration when assigning its ratings.

Average Annual Returns

After determining the funds' eligible Morning Star ratings, we established a set of criteria relative to the average annual return of each fund. The selection was based on the one year, three year, five year, and ten year/life annual return. Emphasis was placed on the three year annual return during the selection process because it is a reasonable short-term indicator of consistent success. This is because unlike the one year average return, the three year is not as affected by recent market anomalies.

The overall expected return was contingent upon the volatility and risk of the fund versus the S&P 500 index. For low-risk funds, we sought a return of at least ten percent, for moderate-risk funds, we sought a return of at least fifteen percent, and for high-risk funds, we sought a return of at least twenty percent.

Risk of the Fund (Beta)

The overall risk each fund was calculated by using its beta. Beta is used to decipher how much risk a fund has by measuring its sensitivity to market movements. It measures the funds' excess return over a standard index (such as the S&P 500) or the excess return over Treasury Bills.

For this project we used the beta calculation utilizing the S&P standard index to determine the risk of each fund. This will mean that with a beta of 1.5 the fund will move 1.5 times the market excess return. Similarly, a fund with a beta of .5 will move only .5 times the market excess return. The specific calculation of beta is displayed below.

```
Beta =
        [(n) (sum of [xy]) ]-[ (sum of x) (sum of y)]/
        [(n) (sum of [xx]) ]-[ (sum of x) (sum of x)]
        where: n = # of observations (usually 36 to 60 months)
        x = rate of return for the S&P 500 index
        y = rate of return for the security
```

Figure 1: Formula for Beta   (Courtesy Yahoo Finance, http://biz.yahoo.com/f/g/bb.html)

After calculating beta for each fund we then allocated our selections into three categories of risk: low, moderate and high. The funds with a beta less than 1 were considered low risk, those with a beta from 1 to 1.25 were considered moderate risk, and those funds with a beta higher than 1.25 were considered high risk. Please see Appendix A for a full spread sheet of our fund selections and our assessment of risk.

2.3 Other Considerations

In order to minimize the risk of the mutual fund portfolio, we decided to purchase funds under a mentality of "built-in diversification". As mentioned previously, mutual funds are inherently diverse because of the wide range of assets that they hold. We decided to take diversification a step further by choosing mutual funds that covered all nine possible asset classes featured in the Morningstar Style Box, shown below.
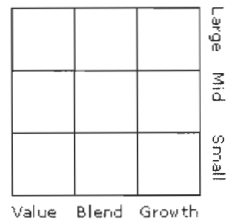
Figure 2: Morningstar Style Box (Courtesy of http://www.morningstar.com)

The purpose of the Morningstar Style Box is to educate investors about both the size of the fund and its value and growth characteristics. Morningstar determines value and growth characteristics based on the securities held by the fund, using ten different characteristics to draw their conclusions.

Funds classified as value funds are those which hold assets that the fund manager deems undervalued based on market price. The belief is that money will be made in value assets when the market recognizes the real worth of the asset. Funds classified as growth funds are those which hold assets that the fund manager deems to have higher sales and earnings growth rates than the rest of the market. The goal with growth funds is to find elite securities that perform consistently better than their peers. Blend funds strike a balance between growth and value, either by having an equal allocation of the two types of assets, or by holding assets which demonstrate both growth and value qualities.

13

Morningstar determines the small, medium and large characteristics of mutual funds based solely on their market capitalization. That is to say, a fund that manages one-billion dollars (such as our small growth choice of FFSCX) would be considered small while a fund that manages twenty-one billion dollars (such as our large value choice of FSLVX) would be considered large.

Chapter 3: Long-Term Stocks

3.1 Long-term Stock Categories/Goals

Our long-term stock portfolio will be divided into two categories: asset growth and dividend growth. In the asset growth category, we will be seeking returns solely based on positive changes in the stock price relative to our purchase price. This is considered the more conventional or typical way of investing in stocks. In the dividend growth category, we will be seeking returns based on the dividend yield provided by the company whose stock we own.

The first goal of the long-term stock portfolio is to provide consistent double-digit returns within a long-term timeframe. We define long-term timeframe as a period of time ranging from one-month to infinity. The rate of return we seek and the time-frame in which we seek that return will be contingent on a number of analytical factors which will be discussed in our next section. Basically we will filter a stock through our selection criteria, and then based on past performance and expected future performance, we will create both timeframe and return goals for that specific stock.

The second goal of the long-term stock portfolio is to provide a steady stream of residual income by virtue of dividends. We will specifically be seeking cash dividends, which are a taxable payment given by a company to its shareholders where the source of money is the company's retained earnings. Dividends are usually distributed on a quarterly basis, and companies publish what their dividend rate will be, both in terms of a percentage yield relative to the stock price and a dollar amount per share owned. Not all companies offer dividends, so our criteria for stock selection in the dividend growth category will be much different than our criteria for stock selection in the asset growth category.

3.2 Criteria for Asset Growth Selection

Our criteria for asset growth selection focus primarily on the company's demonstrated ability to grow in the past, and prospective ability to grow in the future in terms of the company's earnings per share. Sales growth and revenue growth are indicative of certain growth characteristics, but a company's ability to increase profits relative to revenue is much more important in determining the value of its stock, which is why we are primarily concerned with earnings per share.

It is very important to note that none of our criteria for long-term stock selection can function independent of another. All of our criteria have built-in contingencies, which allow us to take an otherwise nominal piece of data and allow us to attach a significant amount of meaning to it. After we discuss all of the criteria, we will provide an example of how all of these criteria must be integrated for this system to be successful.

Our first and perhaps most important criterion for long-term stock selection is that we require a ten-percent increase in earnings per share on a quarter over quarter basis. We will look at earnings per share numbers over a six-quarter period, which includes five historic quarters and one prospective quarter. In the historic case, a quarter over quarter basis means that we will compare the earnings per share number for a quarter to the previous year's corresponding quarter. In the prospective case, we will compare the earnings per share number for a quarter to the projected value of next year's corresponding quarter.

Our second criterion is that the price to earnings ratio of the stock is near the industry average price to earnings ratio. The reason we are seeking a price to earnings ratio that is near the industry average is because we want stocks that have not yet broken away from the industry pack. Our assumption here in seeking a price to earnings ratio that is near the industry average is

that the expected future earnings growth rate for the stock is greater than the industry average. We are therefore assuming that the future value of the stock will increase significantly relative to its peers because it is expected to grow faster than its peers.

Our third criterion is that institutional ownership for the stock, which is the number of shares held by financial institutions such as mutual funds, banks, and insurance companies, is no less than ten percent and no more than fifty percent. We want there to be some level of interest among the institutional investors such that we know the company has demonstrated value to the investment world. However, we do not want there to be so much interest that the potential for growth as a result of institutional investment is marginalized. Institutional investors hold more stock than anyone else in the world, so their ability to affect the price of a given stock cannot be overstated. Our ability to capitalize on stock price fluctuations as a result of institutional investment is greatest when institutional ownership of a given stock is neither excessive nor sparse.

Our fourth and final criterion is that the stock price is within ten-percent of its fifty-day moving average when we desire to purchase it. This criterion exists because we do not want to purchase a stock if its recent price-action inhibits our ability to capitalize on it. Namely, if a stock has just experienced a significant upswing or downswing beyond the ten-percent envelope we have set, we believe our ability to make money on that stock is marginalized. This is because either all of the positives of the first three criteria are already reflected in the price of the stock, or new information has arisen that is not accounted for in the first three criteria which caused the stock price to go down. Examples of unaccounted for information would include a natural disaster, legal issues involving the company, or government regulation. We want to be certain

that the price of the stock is at a place where we can actually profit off of it because we have found the proper entry time.

3.3 Criteria for Dividend Growth Selection

Our criteria for dividend growth selection revolve around limited volatility and high yield. That is to say, we do not want to invest in dividend growth stocks that experience large price fluctuations, because negative price fluctuations can quite easily nullify any dividend gains. A high yield simply means that a stock pays out a large percentage of their earnings to the shareholders relative to the stock price. The key advantage of dividend growth stocks is that the investor is provided with a steady stream of residual income. Fluctuations in the underlying stock price do allow for profit and loss, but that is not the focus for our dividend growth stocks.

In order to measure volatility, we will use the fifty-two week percentage change of the stock price. We will only consider investing in dividend growth stocks that have a fifty-two week percentage change that is greater than the dividend yield. We will not invest in dividend growth stocks in which the stock price did not increase relative to the yield.

As a measurement of yield, we will only invest in dividend growth companies that pay out greater than four-percent. For the sake of accountability, we are ruling out dividend growth stocks that are not listed on the S&P 500 because we do not want to incur unnecessary risks associated with offshore, unknown or otherwise unstable investments.

Chapter 4: Long-Term Stock Selections

4.1 Stock-By-Stock Analysis of Asset Growth Stocks

In our selection of long-term asset growth stocks, we created a template that contained all of the criteria mentioned in the previous chapter for stocks we would consider purchasing, as well as exit strategy criteria. While the details of exit strategy criteria for long-term asset growth stocks will be discussed in the next section, the exit strategy data is available in the analysis that follows.

4.1.1 Analysis for RYAAY

Date of Analysis:	1/26/2006
Stock Symbol:	RYAAY
Company Name:	RYANAIR HLDGS PLC ADR
Industry:	Regional Airlines

Criterion 1 - Earnings Snapshot:

Earnings vs. Expectations | Compare(New!)

	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005
Estimated EPS($)	1.11	0.13	NA	0.43	1.15	0.27
Reported EPS($)	1.18	0.06	NA	0.50	1.36	NA
GAAP($)	1.20	0.21	0.18	0.55	1.24	NA
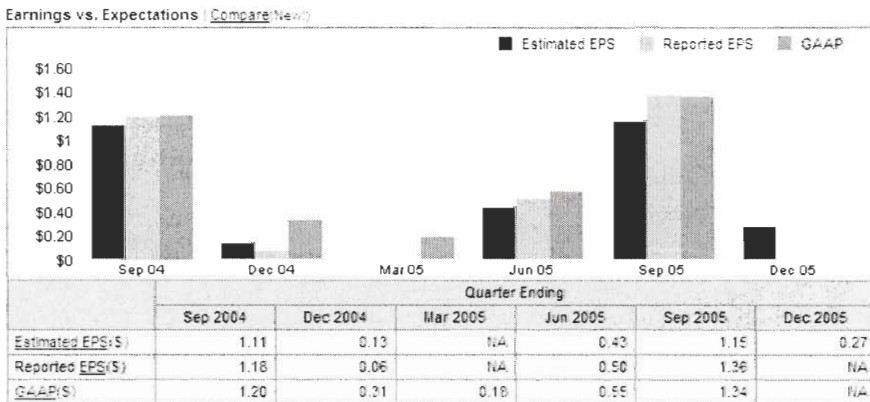
Fig. 4.1 RYAAY Earnings (Courtesy of http://www.smartmoney.com)

Criterion 2 – Trailing P/E Ratio:

     Industry Average: 24.60

     This Company: 23.70

Criterion 3 – Institutional Ownership:

     This Company: 47%

Criterion 4 – Within 10% of 50-day Moving Average:

     50-day Moving Average: $53.90

     Current Stock Price: $56.08

Criterion 5 – Average Daily Volume (Last Year) > 200,000

     This Company: 351,100

Exit Strategy:
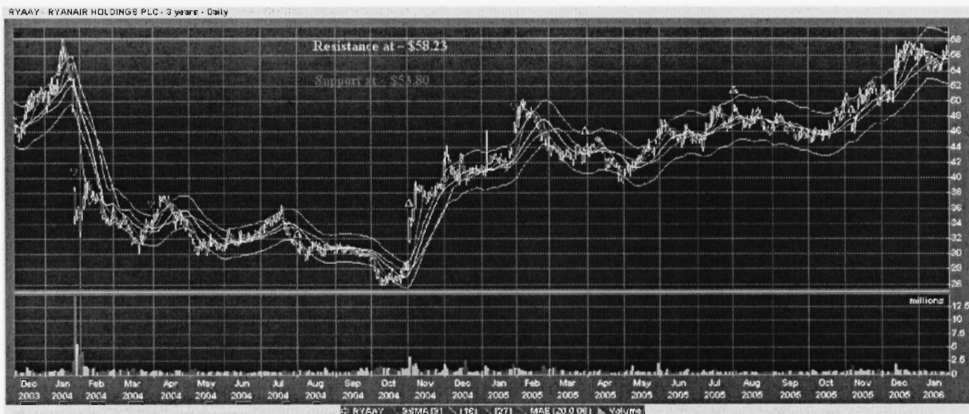
Figure 4.2 RYAAY Chart Courtesy (Fidelity Active Trader Pro)

20

Target Price: $60.00+

Reason: We anticipate resistance at $58.23 as that is RYAAY's all-time high, however if RYAAY breaks through $58.23, there are no more levels of resistance above $58.23.

Target Timeframe: One-month

Reason: If RYAAY does not break though $58.23 in the next week or two, it could very easily be thrown back into the $54.00 range. They announce earnings on February 6th, at which point we expect them to surpass $58.23.

Stop Loss: $53.80

Reason: Consistent support @ $54.00. We want to give ourselves a little lee-way in the event of a bounce off of support.

4.1.2 Analysis for BP

Date of Analysis:	3/1/2006
Stock Symbol:	BP
Company Name:	BP PLC
Industry:	Major Integrated Oil/Gas

Criterion 1 - Earnings Snapshot:

	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005
Estimated EPS($)	1.18	1.30	1.30	1.56	1.71	1.70
Reported EPS($)	0.96	1.02	1.54	1.61	1.85	NA
GAAP($)	1.22	0.70	1.82	1.56	1.84	NA
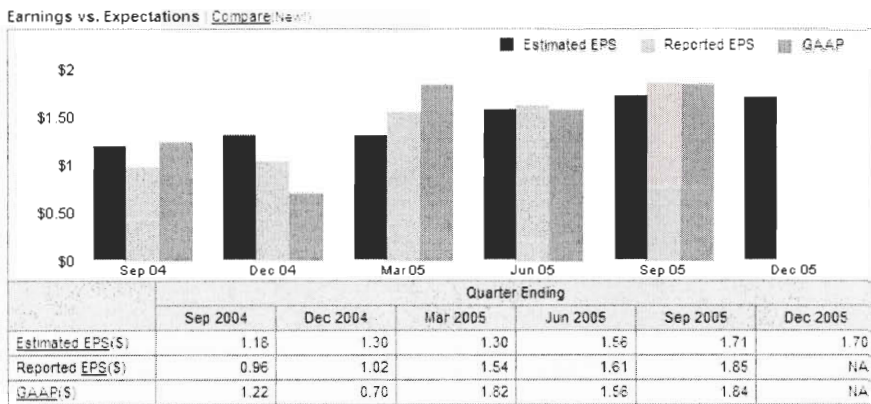
Fig. 4.3   BP Earnings (Courtesy of http://www.smartmoney.com)

Criterion 2 – Trailing P/E Ratio:

Industry Average: 10.20

This Company: 11.90

Criterion 3 – Institutional Ownership:

This Company: 16%

Criterion 4 – Within 10% of 50-day Moving Average:

50-day Moving Average: $66.90

Current Stock Price: $70.04

Criterion 5 – Average Daily Volume (Last Year) > 200,000

This Company: 3,379,100

Exit Strategy:
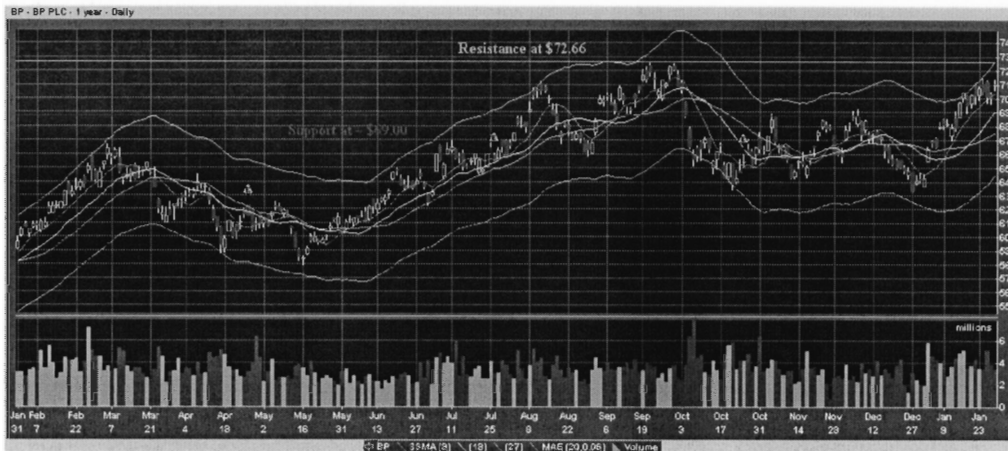
Figure 4.4 BP Chart

Courtesy (Fidelity Active Trader Pro)

Target Price: $73.00+

Reason: Encountered upside resistance at $72.66 and $72.49, we expect a breakout when earnings are announced for the quarter ending Dec 05.

Target Timeframe: One month

Reason: Coincides with expected breakout as a result of earnings announcement on February 7th.

Stop Loss: $69.00

Reason: Consistent support/previously broken through resistance at ~ $69.00.

4.1.3 Analysis for TOA

Date of Analysis: 3/1/2006

Stock Symbol: TOA

Company Name: TECHNICAL OLYMPIC USA

Industry: Residential Construction

Criterion 1 - Earnings Snapshot:

Earnings vs. Expectations Compare

	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005
Estimated EPS($)	0.54	0.79	0.44	0.60	0.99	1.09
Reported EPS($)	0.49	0.85	0.45	0.79	1.18	NA
GAAP($)	0.49	0.86	0.45	0.79	1.18	NA
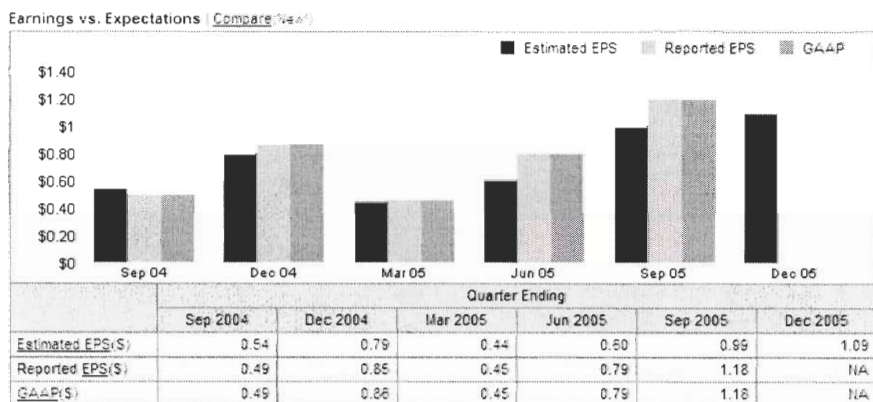
Fig. 4.5   TOA Earnings (Courtesy of http://www.smartmoney.com)

Criterion 2 – Trailing P/E Ratio:

Industry Average: 9.30

This Company: 6.80

Criterion 3 – Institutional Ownership:

This Company: 40%

24

Criterion 4 – Within 10% of 50-day Moving Average:

    50-day Moving Average: $21.20

    Current Stock Price: $22.70

Criterion 5 – Average Daily Volume (Last Year) > 200,000

   **This Company:**   295,100

Exit Strategy:

Figure 4.6 TOA Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $25.00+

Reason: Previous failed breakout occurred at $23.75, we expect stock to move past this price after the upcoming earnings announcement.

Target Timeframe: One-month

Reason: This stock is not very volatile, and while earnings will be announced on February 14th, at which point expect a big rise in the stock price, we do not expect this stock price to move very quickly.

Stop Loss: $21.75

Reason: Previous breakout moved stock past this price, thus it acts as support now.

4.1.4 Analysis for PCAR

Date of Analysis:	3/1/2006
Stock Symbol:	PCAR
Company Name:	Paccar Inc.
Industry:	Trucks & Other Vehicles

Criterion 1 - Earnings Snapshot:

Earnings vs. Expectations | Compare(New!)

	Quarter Ending					
	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005
Estimated EPS($)	1.37	1.50	1.49	1.70	1.71	1.84
Reported EPS($)	1.41	1.51	1.56	1.75	1.78	NA
GAAP($)	1.41	1.38	1.56	1.39	1.78	NA
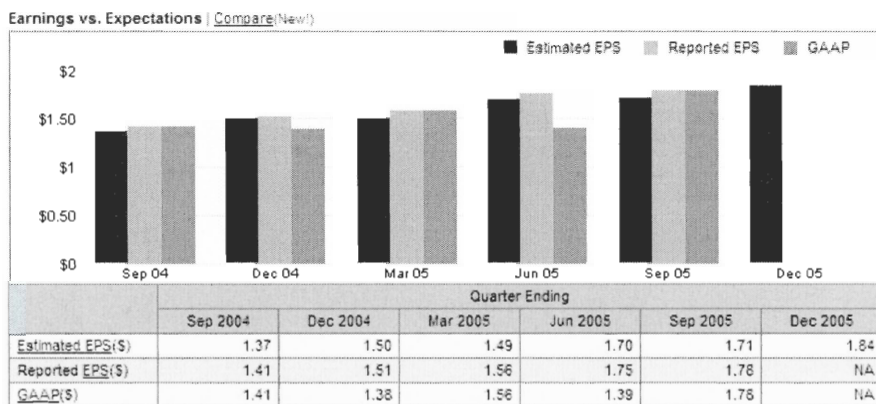
Fig. 4.7   PCAR Earnings (Courtesy of http://www.smartmoney.com)

Criterion 2 – Trailing P/E Ratio:

Industry Average: 11.40

This Company: 11.60

Criterion 3 – Institutional Ownership:

This Company: 47%

Criterion 4 – Within 10% of 50-day Moving Average:

50-day Moving Average: $71.30

Current Stock Price: $72.51

Criterion 5 – Average Daily Volume (Last Year) > 200,000

This Company: 875,900

Exit Strategy:
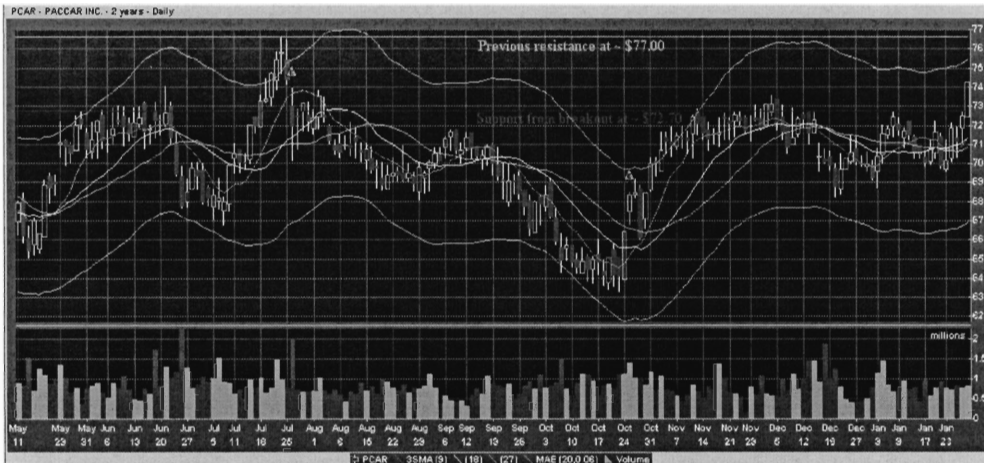
Figure 4.8 PCAR Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $77.00+

Reason: Previous resistance from approximately one year ago occurred at ~ $77.00.

Target Timeframe: One-month

Reason: Upcoming earnings announcement on January 31st will fuel stock price increase.

Stop Loss: $72.60

Reason: Recent breakout from double bottom makes ~ $72.70 a support level.

4.1.5 Analysis for XOM

Date of Analysis:	3/1/2006
Stock Symbol:	XOM
Company Name:	Exxon Mobil Corp.
Industry:	Major Integrated Oil/Gas

Criterion 1 - Earnings Snapshot:

Earnings vs. Expectations | Compare(New!)

Estimated EPS   Reported EPS   GAAP

Quarter Ending	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005
Estimated EPS($)	0.85	1.07	1.18	1.22	1.38	1.45
Reported EPS($)	0.96	1.30	1.15	1.23	1.32	N/A
GAAP($)	0.88	1.30	1.22	1.20	1.58	N/A
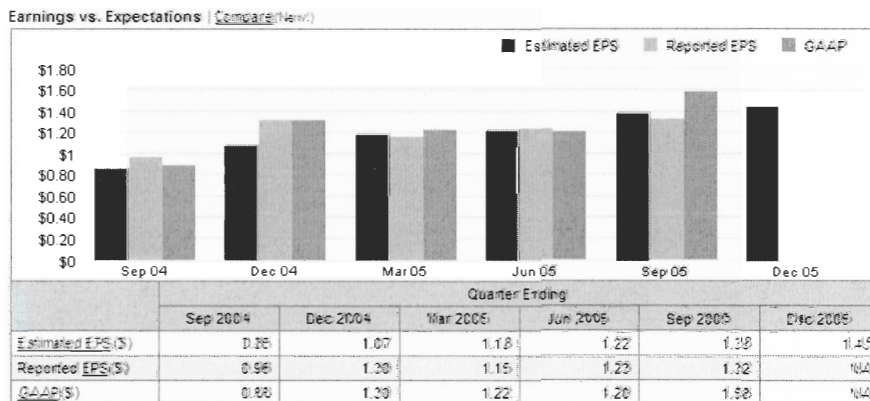
Fig. 4.9   XOM Earnings (Courtesy of http://www.smartmoney.com)

28

Criterion 2 – Trailing P/E Ratio:

    Industry Average: 10.20

    This Company: 11.40

Criterion 3 – Institutional Ownership:

    This Company: 50%

Criterion 4 – Within 10% of 50-day Moving Average:

    50-day Moving Average: $58.70

    Current Stock Price: $59.95

Criterion 5 – Average Daily Volume (Last Year) > 200,000

    This Company: 19,029,800

Exit Strategy:
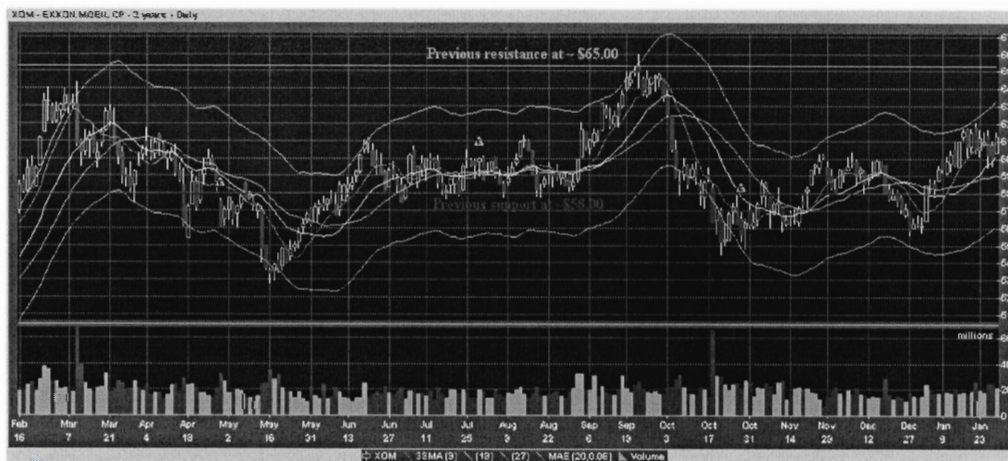
Figure 4.10 XOM Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $65.00+

Reason: We expect XOM to round off its current base which started in early October of 2005.

Target Timeframe: Three-months

Reason: We believe it will take several months for XOM to undo the damage caused by significant drops in early October.

Stop Loss: $58.00

Reason: Acted as support after a recent breakout in early January.

4.1.6 Analysis for SNV

Date of Analysis: 3/1/2006

Stock Symbol: SNV

Company Name: Synovus Financial Corp.

Industry: Regional-Mid-Atlantc Bnks

Criterion 1 - Earnings Snapshot:

Earnings vs. Expectations | Compare(New!)

	Quarter Ending					
	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005	Mar 2006
Estimated EPS($)	0.38	0.38	0.40	0.42	0.44	0.44
Reported EPS($)	0.38	0.37	0.41	0.43	0.44	NA
GAAP($)	0.38	0.37	0.41	0.43	NA	NA
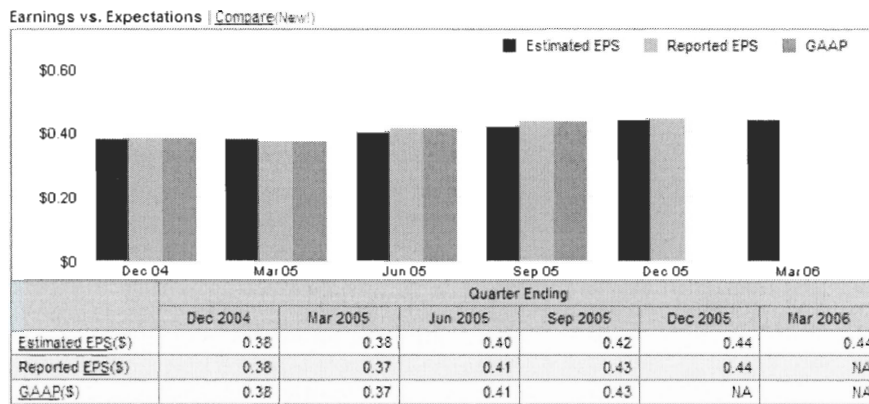
Fig. 4.11   SNV Earnings (Courtesy of http://www.smartmoney.com)

30

Criterion 2 – Trailing P/E Ratio:

    Industry Average: 16.00

    This Company: 17.20

Criterion 3 – Institutional Ownership:

    This Company: 49%

Criterion 4 – Within 10% of 50-day Moving Average:

    50-day Moving Average: $27.70

    Current Stock Price: $27.66

Criterion 5 – Average Daily Volume (Last Year) > 200,000

   **This Company:**   639,200

Exit Strategy:
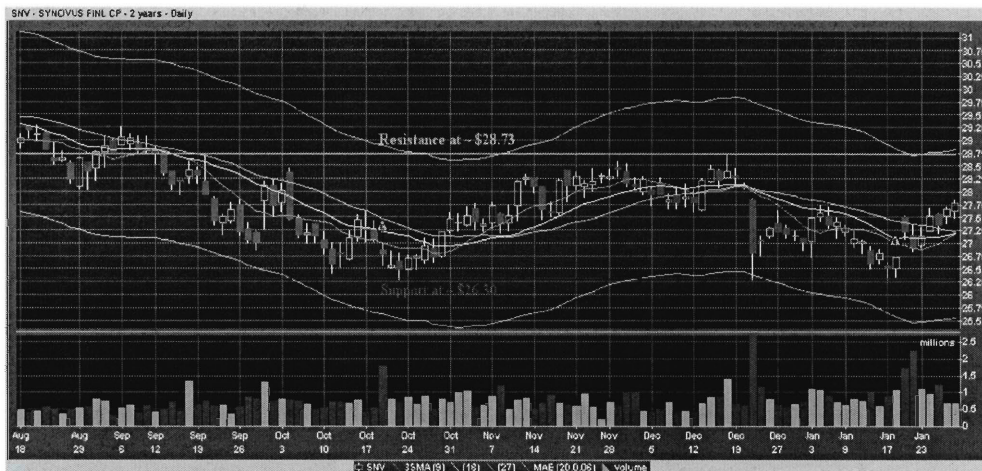
Figure 4.12 SNV Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $28.73+

Reason: Previous high before stock dipped significantly in late December.

Target Timeframe: Two-months

Reason: Stock is not very volatile, so we need to allow time for it to move.

Stop Loss: $26.25

Reason: Served as consistent recent support.

4.1.6 Analysis for UPS

Date of Analysis:	3/1/2006
Stock Symbol:	UPS
Company Name:	United Parcel Service Inc.
Industry:	Air Delivery/Freight Svcs

Criterion 1 - Earnings Snapshot:

Earnings vs. Expectations | Compare (New!)

	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005
				Quarter Ending		
Estimated EPS($)	0.72	0.78	0.73	0.86	0.85	0.96
Reported EPS($)	0.70	0.82	0.78	0.88	0.86	NA
GAAP($)	0.78	0.78	0.78	0.88	0.86	NA
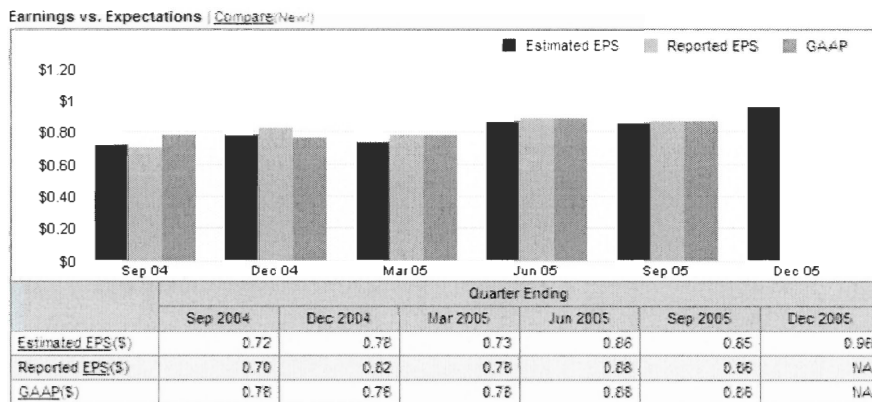
Fig. 4.13 UPS Earnings (Courtesy of http://www.smartmoney.com)

32

Criterion 2 – Trailing P/E Ratio:

      Industry Average: 24.30

      This Company: 23.40

Criterion 3 – Institutional Ownership:

      This Company: 36%

Criterion 4 – Within 10% of 50-day Moving Average:

      50-day Moving Average: $76.50

      Current Stock Price: $75.55

Criterion 5 – Average Daily Volume (Last Year) > 200,000

      This Company: 2,711,800

**Exit Strategy:**

Figure 4.14 UPS Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $80.00+

Reason: Stock would round off current base by reaching $80.00.

Target Timeframe: Two-months

Reason: Stock has been in a base for two months already, we want to see the base to completion.

Stop Loss: $74.00

Reason: Recent support is just above $74.00

4.1.8 Analysis for ALA

Date of Analysis: 1/29/06

Stock Symbol: ALA

Company Name: ALCATEL - FRANCE NYSE

Industry: Communication Equipment

Criterion 1 - Earnings Snapshot:

Earnings vs. Expectations | Compare(New!)

	Quarter Ending					
	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005
Estimated EPS($)	0.17	0.22	0.04	0.15	0.16	0.27
Reported EPS($)	0.17	0.11	0.12	0.17	0.23	NA
GAAP($)	0.07	0.06	0.12	0.16	NA	NA
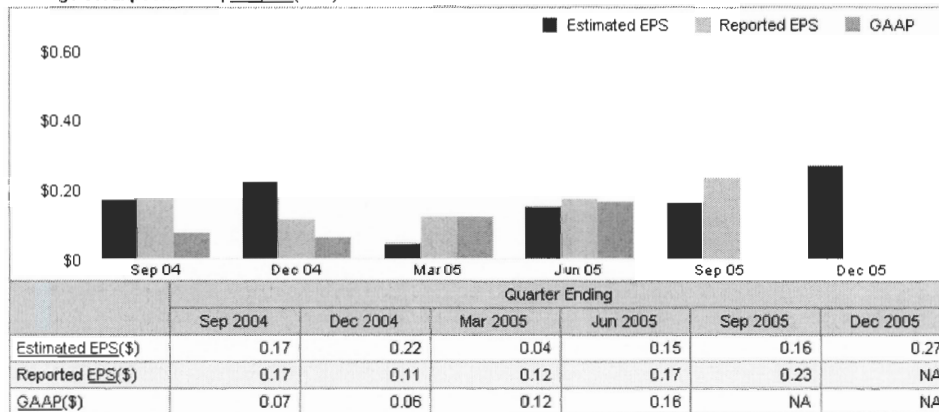
Fig. 4.15   ALA Earnings (Courtesy of http://www.smartmoney.com)

34

Criterion 2 – Trailing P/E Ratio:

      Industry Average: 26.70

      This Company: 32.40

Criterion 3 – Institutional Ownership:

      This Company: 7.10%

Criterion 4 – Within 10% of 50-day Moving Average:

      50-day Moving Average: 12.90

      Current Stock Price: 13.28

Criterion 5 – Average Daily Volume (Last Year) > 200,000

      This Company: 999,300

Exit Strategy:
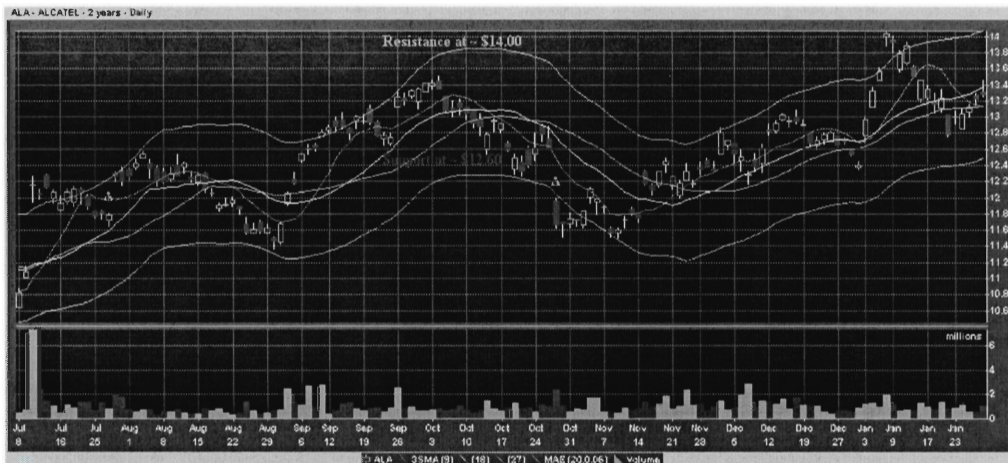
Figure 4.16 ALA Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $14.00+

Reason: Current base will be rounded out at about $14.00.

Target Timeframe: One-month

Reason: Left-side of base formed in about two weeks, so base should finish out in another two weeks or so.

Stop Loss: $12.60

Reason: Served as recent support consistent with moving average.

4.1.9 Analysis for BEN

Date of Analysis:	1/29/06
Stock Symbol:	BEN
Company Name:	Franklin Resources Inc.
Industry:	Asset Management

Criterion 1 - Earnings Snapshot:

	Quarter Ending					
	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005	Mar 2006
Estimated EPS($)	0.85	0.91	0.95	1.03	1.12	1.17
Reported EPS($)	0.92	0.95	1.00	1.28	1.21	NA
GAAP($)	0.92	0.85	1.00	1.28	NA	NA
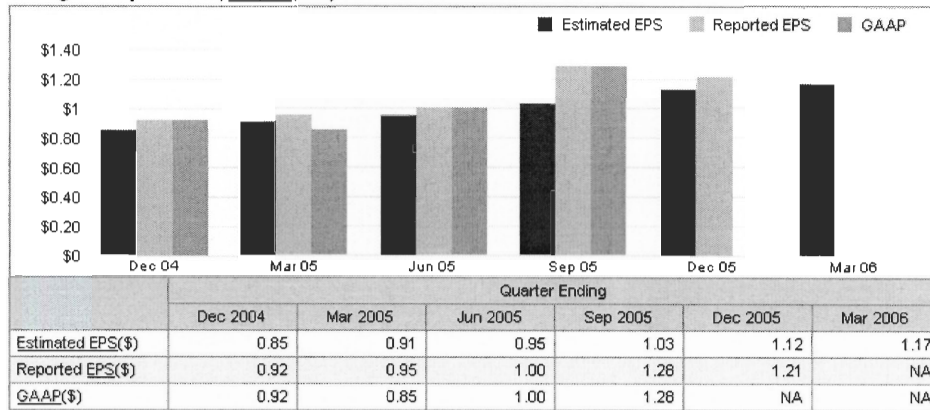
Fig. 4.17 BEN Earnings (Courtesy of http://www.smartmoney.com)

Criterion 2 – Trailing P/E Ratio:

    Industry Average: 18.90

    This Company: 23.20

Criterion 3 – Institutional Ownership:

    This Company: 48.20%

Criterion 4 – Within 10% of 50-day Moving Average:

    50-day Moving Average: $96.60

    Current Stock Price: $100.90

Criterion 5 – Average Daily Volume (Last Year) > 200,000

    This Company: 992,100

Exit Strategy:
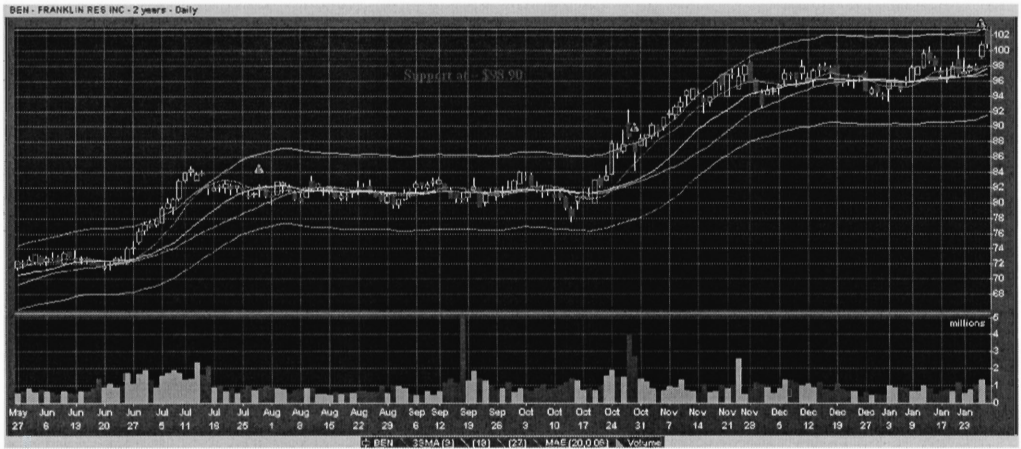
Figure 4.18 BEN Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $110.00+

Reason: BEN is currently at a 52-week high, so the sky is the limit.

Target Timeframe: Three-months

Reason: BEN has been growing consistently for several months now, so we want to continue to give it time to grow.

Stop Loss: $98.90

Reason: Served as recent support.

4.1.10 Analysis for MFC

Date of Analysis: 1/29/06

Stock Symbol: MFC

Company Name: MANULIFE FINANCIAL CORP

Industry: Life Insurance

Criterion 1 - Earnings Snapshot:

Earnings vs. Expectations | Compare(New!)

	Quarter Ending					
	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005
Estimated EPS($)	0.81	0.81	0.82	0.85	0.83	0.99
Reported EPS($)	0.72	0.79	0.84	0.84	0.90	NA
GAAP($)	0.69	0.77	0.81	0.85	0.79	NA
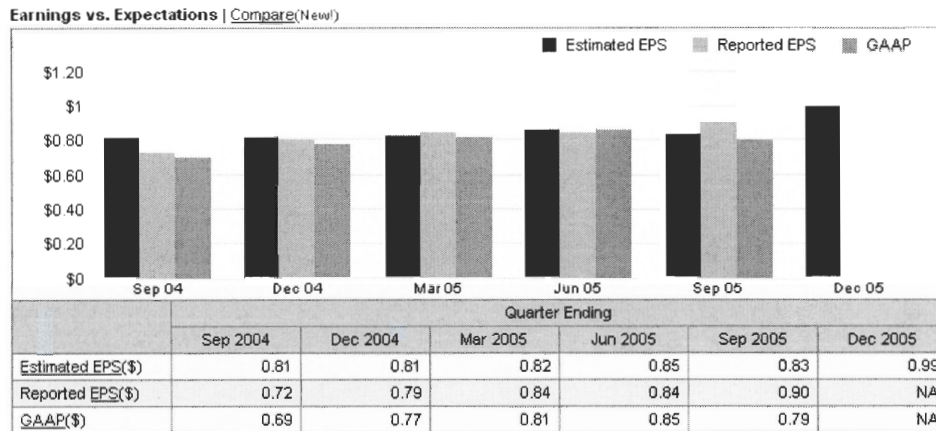
Fig. 4.19 MFC Earnings (Courtesy of http://www.smartmoney.com)

Criterion 2 – Trailing P/E Ratio:

Industry Average: 13.10

This Company: 18.70

Criterion 3 – Institutional Ownership:

This Company: 35.60%

Criterion 4 – Within 10% of 50-day Moving Average:

    50-day Moving Average: $59.00

    Current Stock Price: $60.10

Criterion 5 – Average Daily Volume (Last Year) > 200,000

    This Company: 351,300

Exit Strategy:
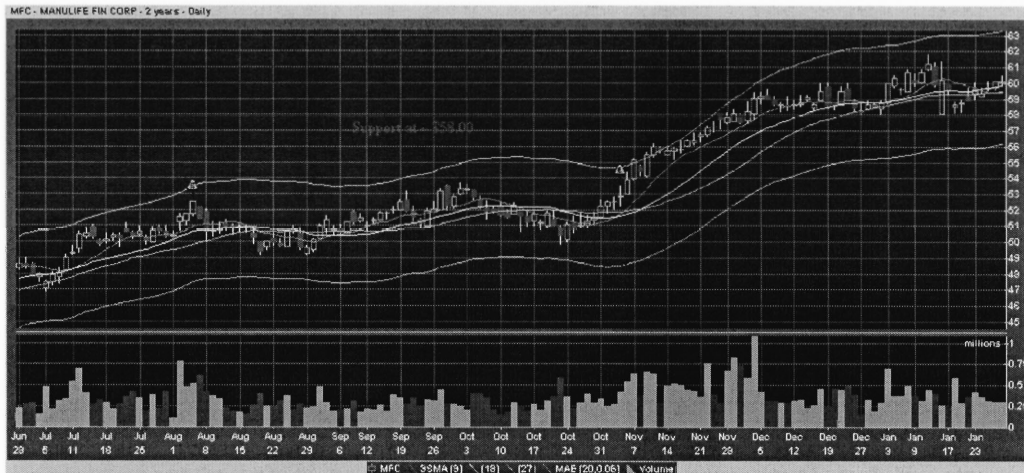
Figure 4.20 MFC Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $65.00+

Reason: MFC has undergone very consistent growth for the last two years.

Target Timeframe: One-year

Reason: We want to use MFC as a "buy and hold" stock

Stop Loss: $58.00

Reason: Very consistent support at this price.

4.2 Exit Strategy Criteria

Throughout our analysis of long-term asset growth stocks, not only did we analyze whether or not we should buy certain stocks, but we also came up with what we considered reasonable exit strategies for each one of those positions. The goal in developing the upside exit strategy was to find a price at which we could justify a profitable exit by virtue of individual conditions of the stock, while the goal in developing the downside exit strategy was to find an intelligent price whereby we would know our investment hypothesis failed, but the loss incurred was minimal.

For upside exit strategies we looked at a wide number of criteria including anticipated growth as a result of upcoming earnings announcements, previous levels of resistance which we believe will be broken through, consistent growth over a long period of time, and chart patterns that are in the process of being completed or representative of a future breakout.

We will now elaborate more on some of the terminology used in the exit strategy data. Levels of resistance are defined as prices at which a stock trades, but has been unable to exceed for a certain period of time, and on the contrary a breakout occurs when a stock price exceeds an identified level of resistance. A base that occurs in a stock chart is a period of time where the stock essentially trades sideways. A double bottom is a specific type of chart pattern whereby the stock forms a "w" shape. If the stock breaks out past the right side of the "w", then the top of the "w" becomes a support level. If the stock does not break out past the right side of the "w", then the top of the "w" becomes a resistance level.

For downside exit strategies our range of criteria was much narrower, consisting only of previously demonstrated support levels, or recent breakout levels which would now serve as support levels.

4.3 Stock by Stock Analysis of Dividend Growth Stocks

Researching long-term dividend growth stocks is not nearly as complicated as researching long-term asset growth stocks. This is due to the fact that the criteria for choosing dividend growth stocks are not as extensive as the criteria defined for asset growth stocks. We first compiled a list of the top ten S&P 500 companies whose percentage price change in the last fifty-two weeks was greater than their dividend yield. We then filtered these results based on companies that currently payout a dividend yield greater than or equal to four percent. Our selections are shown in Appendix B.

4.4 Other Considerations

In the section titled Portfolio Composition, we mentioned that thirty percent of our total portfolio would be allocated for stock investments. As such, fifteen percent of the total portfolio has been allocated to long-term stock investing. More specifically, seven and one half percent has been allocated for long-term asset growth stocks, and seven and a half percent has been allocated for long-term dividend growth stocks. This amounts to $22,500.00 being allocated to each of the long-term stock categories, or $2,250.00 being invested in each long-term stock.

Chapter 5: Short-Term Stocks

5.1 Short-Term Stock Goals

Our short-term stock portfolio consists only of the asset growth category. As mentioned before, in the asset growth category we seek returns solely based on positive changes in the stock price relative to our purchase price. Because this component of the portfolio is focused only on asset growth, we will seek to sell short-term stocks when they surpass our pre-determined exit strategy price within two weeks' time.

Because this is the short-term portfolio, we are willing to incur a little more risk in our trades by making decisions that are more speculative than in our long-term portfolio. That is to say we are not necessarily concerned with consistent earnings growth or other forms of long-term consistency as much as we are concerned with the ability to make a short-term profit.

5.2 Short-Term Stock Criteria

Our criteria for selecting short-term stocks deal with our ability capitalize on quick upward changes in stock prices. Our selection criteria for short-term stocks therefore consist of three key elements associated with this concept. First, we require that the stock is listed on one of the three major United States exchanges as opposed to being listed on a foreign exchange or as an over the counter entity. Second, we are looking for stocks that have recently made or are approaching new fifty-two week highs. Third, we are looking for stocks whose Average Direction Index (ADX) is indicative of a strong upward trend.

The purpose of only selecting stocks that are listed on the three major United States exchanges is to avoid unnecessary risk associated with unproven, foreign, or otherwise unknown companies which we are unable to obtain detailed information about. These companies are not

required to submit reports to the Securities and Exchanges Commission (SEC) and thus we cannot evaluate them properly. By three major United States exchanges it should be noted that we are referring to the National Association of Securities Dealers Automated Quotations (NASDAQ), New York Stock Exchange (NYSE) and American Stock Exchange (AMEX).

The goal in seeking stocks that have recently set or are approaching new fifty-two week highs is that we want to find stocks that are in a short-term upward trend. This means that we are looking for stocks that have recently broken out of basing patterns or broken through previous levels of resistance. These stocks therefore have significant short-term upward potential, and minimal short-term downside potential.

The Average Direction Index (ADX) is an oscillator with values between zero and one-hundred which represents the strength of the current trend of a stock. The ADX gives no attention to whether or not the trend is upward or downward, but simply focuses on its strength. An ADX value that has recently surpassed twenty and is increasing is indicative of a strengthening trend while an ADX value that has recently fallen below twenty and is decreasing is representative of a weakening trend. ADX values greater than forty are indicative of a very strong trend. In our analysis we will only consider stocks whose ADX values are both greater than twenty and increasing. The second component of our ADX analysis is that we want stocks that are in an upward trend, in which case we will examine the stock chart to determine this.

Chapter 6: Short-Term Stock Selections

6.1 Stock-by-Stock Analysis

6.1.1 Analysis for ANDW

Date of Analysis:	1/29/2006
Stock Symbol:	ANDW
Company Name:	Andrew Corp.
Industry:	Communication Equipment

Criterion 1 – Index Listing: S&P 500, NASDAQ

Criterion 2

Nearing or Surpassed 52-week high: Yes

Criterion 3 – ADX: 22.518

Exit Strategy:
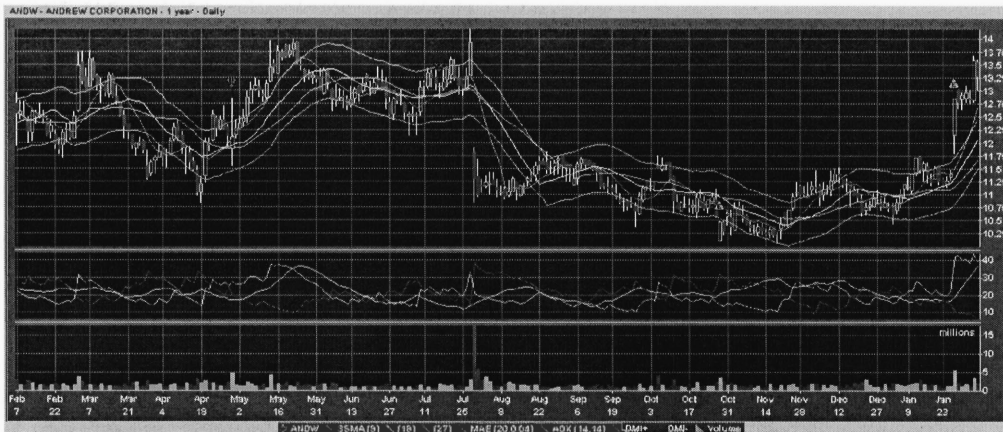
Figure 6.1 ANDW Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $14.20+

Reason: ANDW is in a long base and nearing breakout potential

Target Timeframe: Two weeks

Reason: ANDW will either breakout or fail within this time frame.

Stop Loss: $12.60

Reason: If ANDW falls down to $12.60, it means the breakout failed and our ability to make money was neutralized.

6.1.2 Analysis for BLD

Date of Analysis:	1/29/2006
Stock Symbol:	BLD
Company Name:	Baldwin Technology Co. Inc.
Industry:	Diversified Machinery

Criterion 1 – Index Listing: AMEX

Criterion 2

Nearing or Surpassed 52-week high: Yes

Criterion 3 – ADX: 20.254

Exit Strategy:

Figure 6.2 BLD Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $5.00+

Reason: BLD is in a long base and nearing breakout potential

Target Timeframe: Two weeks

Reason: BLD will either breakout or fail within this time frame.

Stop Loss: $4.30

Reason: BLD has support from a gap up beyond this price.

6.1.3 Analysis for BSC

Date of Analysis:	1/29/2006
Stock Symbol:	BSC
Company Name:	Bear Stearns Companies Inc.
Industry:	Investment Brokerage – National

Criterion 1 – Index Listing: S&P 500, NYSE

Criterion 2

Nearing or Surpassed 52-week high: Yes

Criterion 3 – ADX: 20.86

Exit Strategy:

Figure 6.3 BSC Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $130.00+

Reason: BSC has been in a steady upward trend since October.

Target Timeframe: Two weeks

Reason: BSC has encountered resistance at just below $128. We want to see a big breakout beyond $128, and we anticipate that will happen within two weeks.

Stop Loss: $122.50

Reason: BSC has support from a gap up beyond this price.

6.1.4 Analysis for EQR

Date of Analysis:	1/29/2006
Stock Symbol:	EQR
Company Name:	Equity Residential
Industry:	REIT - Residential

Criterion 1 – Index Listing: S&P 500, NYSE

Criterion 2

Nearing or Surpassed 52-week high: Yes


Criterion 3 – ADX: 21.48

Exit Strategy:

Figure 6.4 EQR Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $43.00+

Reason: EQR is pressing its 52-week high with volume momentum.

Target Timeframe: Two weeks

Reason: EQR should either quickly fail or quickly breakout.

Stop Loss: $41.50

Reason: This was a previous resistance point that was recently broken through. If we see $41.50

again, it means the breakout we are seeking failed.

6.1.5 Analysis for MRB

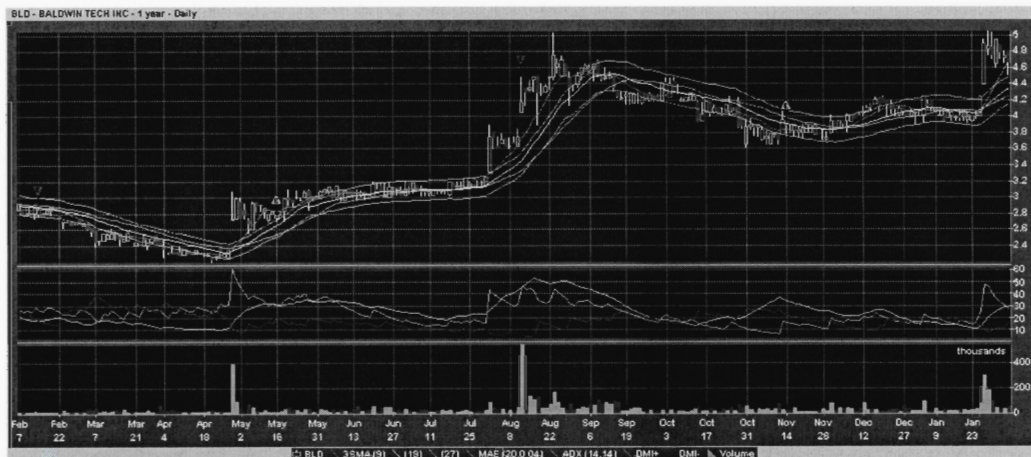|	
Date of Analysis:	1/29/2006
Stock Symbol:	MRB
Company Name:	Metallica Resources Inc.
Industry:	Industrial Metals and Minerals

Criterion 1 – Index Listing: AMEX

Criterion 2

Nearing or Surpassed 52-week high: Yes

Criterion 3 – ADX: 20.28

Exit Strategy:
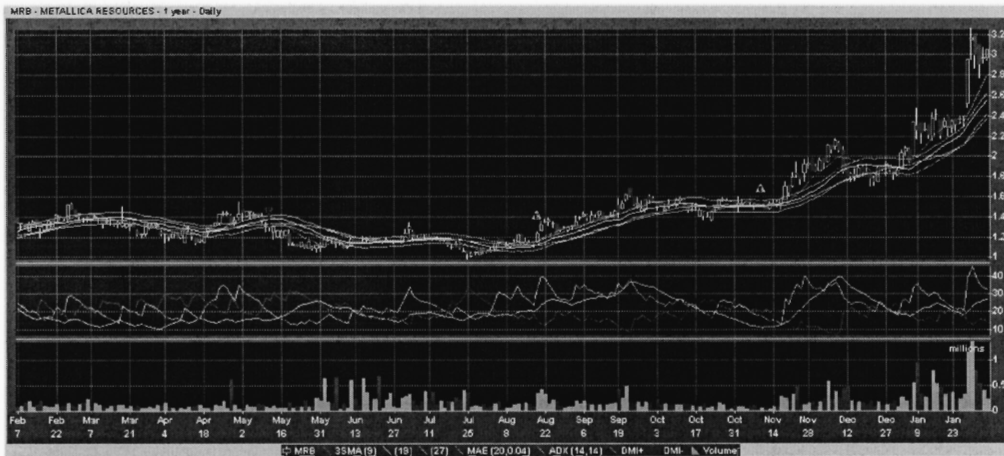
Figure 6.5 MRB Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $3.20+

Reason: MRB recently set a 52-week high and is in uncharted territory with little downside.

Target Timeframe: Two weeks

Reason: MRB may base where it is for a short period of time, but we expect it to continue to take off.

Stop Loss: $2.50

Reason: This was the low-point on the biggest recent breakout day.

6.1.6 Analysis for MS

Date of Analysis:	1/29/2006
Stock Symbol:	MS
Company Name:	Morgan Stanley
Industry:	Investment Brokerage - National

Criterion 1 – Index Listing: S&P 500, NYSE

Criterion 2

Nearing or Surpassed 52-week high: Yes

Criterion 3 – ADX: 20.11

Exit Strategy:

Figure 6.6 MS Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $62.00+

Reason: MS has been pushing on its 52-week high recently.

Target Timeframe: Two weeks

Reason: MS is more of a steady mover, so we will give this upward trend two weeks to move into new 52-week highs.

Stop Loss: $60.00

Reason: This was a resistance point prior to MS' push at its 52-week high.

6.1.7 Analysis for POOL

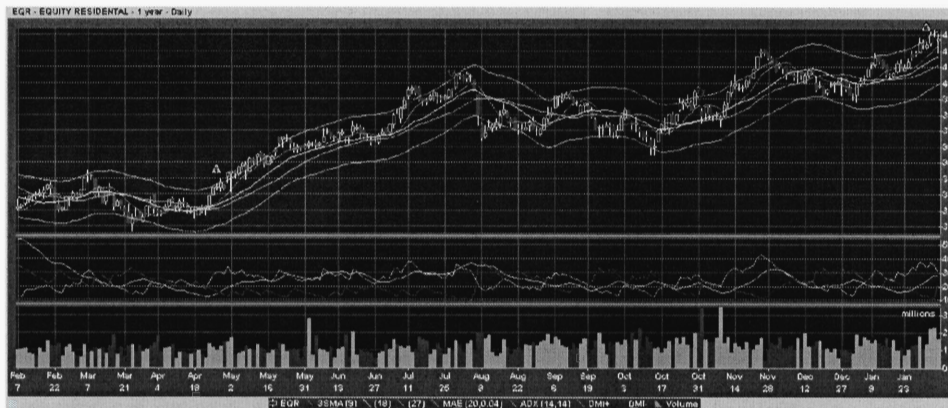|	
Date of Analysis:	1/29/2006
Stock Symbol:	POOL
Company Name:	SCP Pool Corp.
Industry:	Wholesale, Other

Criterion 1 – Index Listing:　　　NASDAQ

Criterion 2

Nearing or Surpassed 52-week high:　　Yes

Criterion 3 – ADX:　　　20.43

Exit Strategy:

Figure 6.7 POOL Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $41.00+

Reason: POOL recently tried to break through $41.00+ but bounced off. Since then it has been basing, implying that it is going attempt another breakthrough.

Target Timeframe: Two weeks

Reason: POOL should launch itself into the $41.00+ range when it announces earnings on February 16th.

Stop Loss: $38.00

Reason: $38.00 served as a resistance point prior to a breakout into the $39.00 range.

6.1.8 Analysis for PSSI

|	
Date of Analysis:	1/29/2006
Stock Symbol:	PSSI
Company Name:	PSS World Medical Inc.
Industry:	Medical Equipment Wholesale

Criterion 1 – Index Listing: NASDAQ

Criterion 2

Nearing or Surpassed 52-week high: Yes

Criterion 3 – ADX: 21.23

Exit Strategy:

PSSI - PSS WORLD MEDICAL INC. - 1 year - Daily
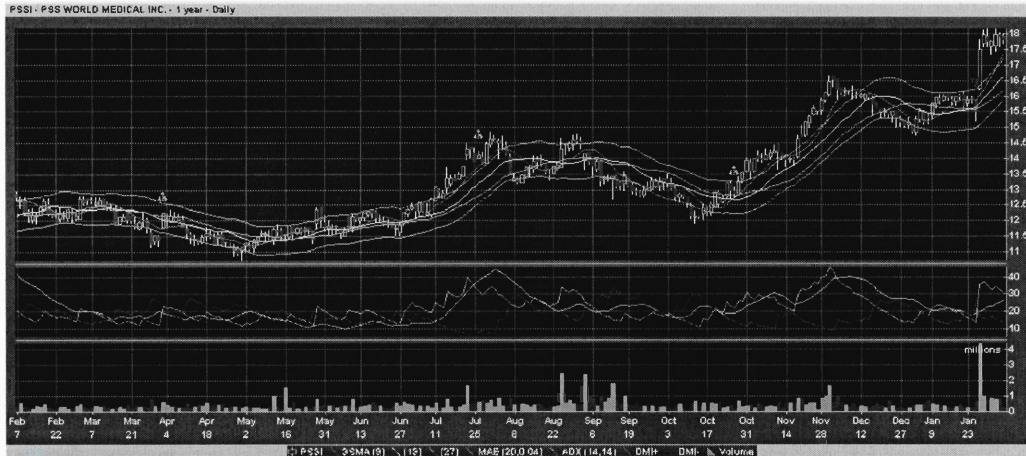
Figure 6.8 PSSI Chart Courtesy (Fidelity Active Trader Pro)

| **Target Price:** | $19.00+ |

Reason: PSSI recently broke out into the $17.00+ range with tons of momentum and his since started basing.

| **Target Timeframe:** | Two weeks |

Reason: PSSI is in uncharted territory and thus is in the "sky is the limit" mode. With little downside, we just want to give PSSI some time to continue its upwards trend.

| **Stop Loss:** | $16.50 |

Reason: This was the resistance point prior to the breakout into the $17.00+ range.

6.1.9 Analysis for VTRU

Date of Analysis:	1/29/2006
Stock Symbol:	VTRU
Company Name:	Vertrue Inc.
Industry:	Business Services

Criterion 1 – Index Listing: NASDAQ

Criterion 2

Nearing or Surpassed 52-week high: Yes

Criterion 3 – ADX: 23.07

Exit Strategy:
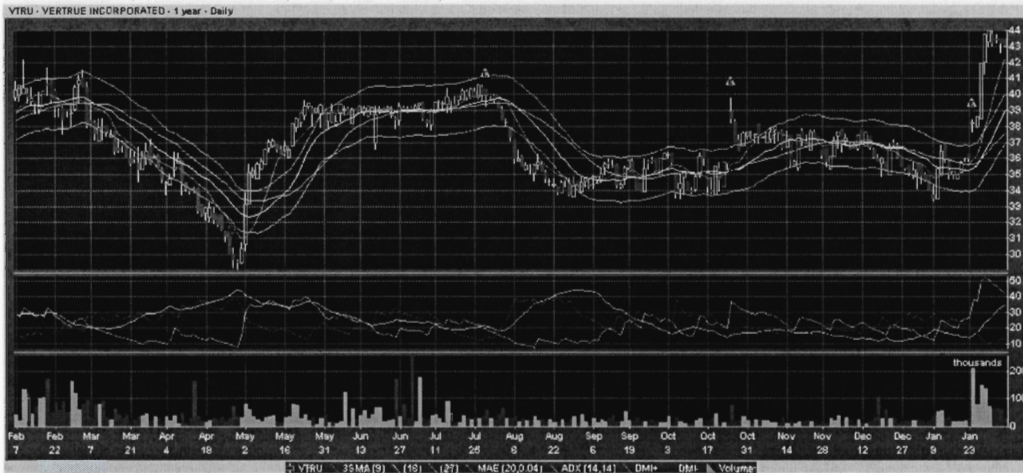
Figure 6.9 VTRU Chart Courtesy (Fidelity Active Trader Pro)

Target Price: $44.00+

Reason: VTRU recently broke out into the $43.00 range and is basing.

Target Timeframe: Two weeks

Reason: VTRU is in uncharted territory and thus is in the "sky is the limit" mode. With little downside, we just want to give VTRU some time to continue its upwards trend.

Stop Loss: $40.00

Reason: This was a resistance point prior to the current breakout.

6.1.10 Analysis for FAL

Date of Analysis:	1/29/2006
Stock Symbol:	FAL
Company Name:	Falconbridge Limited
Industry:	Industrial Metals and Minerals

Criterion 1 – Index Listing: NYSE

Criterion 2

Nearing or Surpassed 52-week high: Yes

Criterion 3 – ADX: 21.14

Exit Strategy:

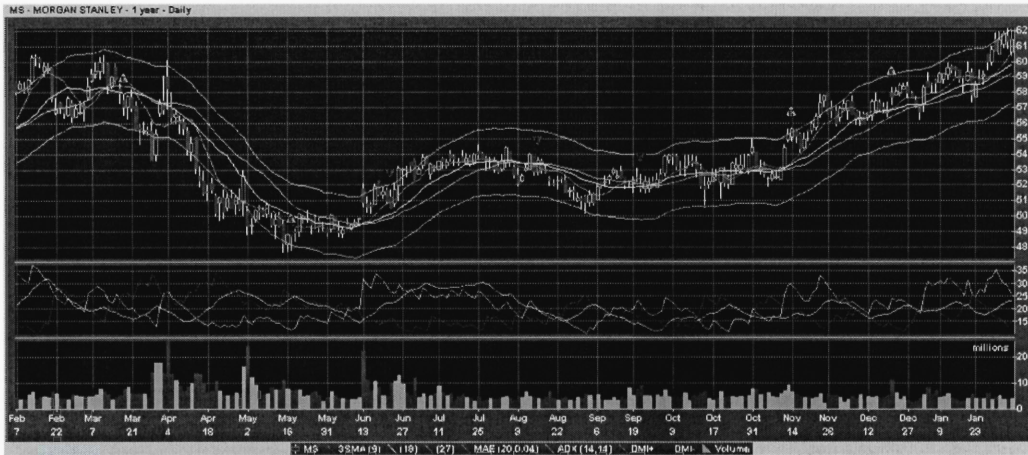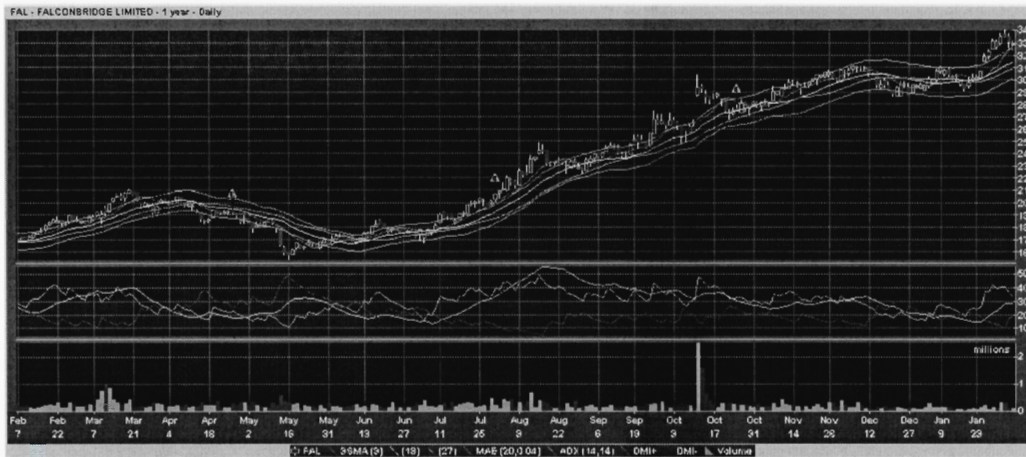**Figure 6.10 FAL Chart** Courtesy (Fidelity Active Trader Pro)

Target Price: $34.00+

Reason: FAL recently bounced off of its 52-week high, but still has lots of upward momentum.

Target Timeframe: Two weeks

Reason: FAL may base where it is for a short period of time, but we expect it to continue to take off.

Stop Loss: $31.00

Reason: This was the left-side of the base prior to the most recent breakout.

6.2 Exit Strategy Criteria

Throughout our analysis of short-term stocks we came up with what we considered reasonable exit strategies for each one of those positions. Exactly like in our long-term asset-growth stocks, the goal in developing the upside exit strategy was to find a price at which we could justify a profitable exit by virtue of individual conditions of the stock, while the goal in developing the downside exit strategy was to find an intelligent price whereby we would know our investment hypothesis failed, but the loss incurred was minimal.

Because the short-term stock selection criteria was specifically focused on stocks with upward momentum that were at or near fifty-two week highs, our upside exit strategy differs slightly in the short-term case. We looked for stocks that were about to breakout or had already broken out and were in uncharted territory. So rather than our exit coming immediately after a breakout from a base, we want to see continued rapid growth after a breakout, essentially capturing the second wave of growth after a breakout from a base. As a result of this concept, our upside exit strategies are based simply on reasonable prices that are above the current fifty-week high or above the most recent breakout price.

For downside exit strategies we looked for previously demonstrated support levels, or recent breakout levels which would now serve as support levels.

6.3 Other Considerations

In the section titled Portfolio Composition, we mentioned that thirty percent of our total portfolio would be allocated for stock investments. As such, fifteen percent of the total portfolio has been allocated to short-term stock investing. This amounts to $45,000.00 being allocated for short-term stock investments, or $4,500.00 per short-term stock.

Chapter 7: Speculative Investments

7.1 Speculative Investment Goals/Categories

Speculative investments are a healthy component of any portfolio. While the other more systematic components of our portfolio are akin to getting "base hits", speculative investments exist to allow for the occasional "home run". As such, our goal will be to experience twenty-five percent gains on our investments in two week's time.

The types of speculative investments we will make will consist strictly of options trading. We will use the methods of options trading known as "buying to open" and "selling to close". These methods allow the investor to only incur as much risk as he or she invests initially. Namely, the purchase price of the options is the extent of the risk incurred. The upside potential in these types of options trades is unlimited, which is why this method appeals to us.

7.2 Criteria for Speculative Investments

While our criteria for speculative investments will be much looser in comparison to our other investment types, there will still be systematic components. Our goal again is to hit homeruns, so the rules do need to be relaxed to some degree to enable us to do that.

Our first and only criterion for speculative investments is that, based on the chart pattern and demonstrated resistance or support levels, the stock must be considered overbought or oversold. This basically means that we are looking for a new trend to start, regardless of whether it is an uptrend or a downtrend, since options trading allows us to capitalize in either direction. Another term associated with a new trend starting is "pivot point", so it can also be said that this criterion exists to help us find pivot points for a given stock.

The specific tools and measurements we will use to determine whether or not a stock is overbought or oversold include both daily and weekly charts and their corresponding three-line

simple moving averages, previously demonstrated levels of support which we will identify with trend lines, and a moving average envelope, which draws lines a specified percentage difference from a moving average based on a specified number of periods. For example, a moving average envelope that takes into account the last twenty trading sessions and draws lines at plus or minus five percent from that moving average is a common envelope to use.

Chapter 8: Trading Analysis

8.1 Mutual Fund Reports

At this particular point in the project we will now analyze some of the transactions we have made. We will start with the mutual funds, broken down by risk category, and analyze them based on their return thus far, commenting on expected future trends, or reasons for past performance.

8.1.1 High-Risk Funds

8.1.1.1 Analysis for FWRLX

Symbol:	FWRLX
Fund Name:	Fidelity Select Wireless Portfolios
Purchase Price:	$7.19
Shares Purchased:	1257
Purchase Date:	1/9/2006

Price today (2/9/06):	$7.22
% Gain/(Loss):	0.42%

Comments: This is one of our high risk funds that is pushing against its 12-month highs. While our return thus far has been negligible, future indicators look good for this fund.

8.1.1.2 Analysis for FSLBX

Symbol:	FSLBX
Fund Name:	Fidelity Select Brokerage and Investment Management Portfolio
Purchase Price:	$72.65
Shares Purchased:	125
Purchase Date:	1/9/2006

Price today (2/9/06):	$74.08

% Gain/(Loss):	1.97%

Comments: This is one of our high risk funds that has actually been a solid performed in 2006. While our purchase date only missed the new year by eight days, this fund has returned over seven percent year-to-date. A large portion of the year-to-date gains in this fund actually occurred in the first eight days of 2006, but we are still content with having earned almost two-percent in only a month's time on a long-term investment.

8.1.1.3 Analysis for EUEYX

Symbol:	EUEYX
Fund Name:	Alpine US Real Estate Equity CL Y
Purchase Price:	$44.14
Shares Purchased:	211
Purchase Date:	1/9/2006

Price today (2/9/06): $40.03

% Gain/(Loss):   (9.31%)

Comments: This is one of our high-risk funds that also happens to be the worst performer in our entire mutual fund portfolio. We knew ahead of time investing in a real estate fund meant we would have to tolerate a reasonable amount of volatility, and thus far that is exactly what we have done. The fortunate thing about volatile investments is that we also will see significant upswings at some point, and when we see them, we will exit this position. It should be noted here that given a quick analysis of this fund's chart, we would consider buying more shares in order to dollar cost average.

8.1.1.4 Analysis for JORNX

     Symbol: JORNX

     Fund Name: Janus Orion Fund

     Purchase Price: $8.70

     Shares Purchased: 1039

     Purchase Date: 1/9/2006

Price today (2/9/06): $8.71

% Gain/(Loss):   0.11%

Comments: This is one of our high-risk funds that actually was performing relatively well until recently. We bought this fund just before it topped at $8.73, and it recovered very well from the proceeding bottom, but has since pulled back from those recovery levels. Again, this is along-term mutual fund investment, so we gave no consideration to the chart pattern when we decided to purchase it.

8.1.1.5 Analysis for VALUX

Symbol:	VALUX
Fund Name:	Al Frank Fund
Purchase Price:	$31.98
Shares Purchased:	284
Purchase Date:	1/9/2006

Price today (2/9/06): $32.29

% Gain/(Loss): 0.97%

Comments: Much like some of our other high-risk mutual fund investments, we bought this fund the day before a market top. As such, our profit is minimal as the market attempts to climb its way beyond these previous high levels.

8.1.2 Moderate-Risk Funds

8.1.2.1 Analysis for FSLVX

Symbol:	FSLVX
Fund Name:	Fidelity Large Cap Value Fund
Purchase Price:	$13.59
Shares Purchased:	1331
Purchase Date:	1/9/2006

Price today (2/9/06):	$13.36

% Gain/(Loss):	(1.69%)

Comments: This moderate-risk fund has been on a down-trend since late January, and thus has been one of our biggest losers in the moderate-risk section of the portfolio. Fortunately, it recently started a new uptrend, so this should be a profitable fund in the next few weeks.

8.1.2.2 Analysis for NBPTX

Symbol:	NBPTX
Fund Name:	Neuberger Berman Partners Trust CL
Purchase Price:	$22.66
Shares Purchased:	801
Purchase Date:	1/9/2006

Price today (2/9/06): $22.34

% Gain/(Loss):   (1.41%)

Comments: Interestingly, this moderate-risk fund has also been on a down-trend since late January. This fund is a large blend fund, and the previous fund we analyzed is a large value fund, so it is expected that there might be some similarities in their trends. As in the previous example, this fund has also recently reversed its trend.

8.1.2.3 Analysis for FSMVX

       Symbol: FSMVX

       Fund Name: Fidelity Mid Cap Value Fund

       Purchase Price: $15.60

       Shares Purchased: 1161

       Purchase Date: 1/9/2006

Price today (2/9/06): $15.29

% Gain/(Loss):   (1.99%)

Comments: No surprise that this fund is also lagging due do the downtrend that started at the end of January. Much like the others, the trend has reversed, however.

8.1.2.4 Analysis for FFSCX

Symbol:	FFSCX
Fund Name:	Forward Hoover Small Cap Eq Inv CL
Purchase Price:	$20.36
Shares Purchased:	890
Purchase Date:	1/9/2006

Price today (2/9/06):	$20.92

% Gain/(Loss):	2.75%

Comments: This fund is currently the mutual fund portfolio leader in terms of dollar value gain since the date of purchase. This fund did not pull back nearly as significantly as the others did at the end of January, and thus came out of the broader downtrend relatively unscathed.

8.1.2.5 Analysis for SWOIX

Symbol: SWOIX

Fund Name: Schwab Laudus Intl MarketMasters Inv

Purchase Price: $18.87

Shares Purchased: 954

Purchase Date: 1/9/2006

Price today (2/9/06): $18.89

% Gain/(Loss):   0.11%

Comments: This fund went through a fairly long down period shortly after we bought it and has just recently surpassed the initial purchase price.

8.1.3 Low-Risk Funds

8.1.3.1 Analysis for FBALX

Symbol:	FBALX
Fund Name:	Fidelity Balanced Fund
Purchase Price:	$19.33
Shares Purchased:	156
Purchase Date:	1/9/2006

Price today (2/9/06): $19.27

% Gain/(Loss):   (0.31%)

Comments: This fund has performed similar to some of the moderate-risk funds in that it began a downward trend at the end of January and has since reversed that trend. Generally speaking it has been a steady winner since October of 2005, so hopefully that trend will continue for us.

8.1.3.2 Analysis for FSHCX

Symbol:	FSHCX
Fund Name:	Fidelity Select Medical
Purchase Price:	$55.46
Shares Purchased:	54
Purchase Date:	1/9/2006

Price today (2/9/06): $53.65

% Gain/(Loss): (3.26%)

Comments: This fund has been a loser for us since essentially since the day we invested in it. It went through a significant drop towards the end of January, rebounded, and is now back to those low levels. For a low-risk fund, we find this one to be fairly volatile.

8.1.3.3 Analysis for FSENX

Symbol:	FSENX
Fund Name:	Fidelity Select Energy
Purchase Price:	$49.80
Shares Purchased:	50
Purchase Date:	1/9/2006

Price today (2/9/06): $51.21

% Gain/(Loss): 2.83%

Comments: This fund is our biggest winner thus far in the low-risk portfolio. For a low-risk fund, this fund also happens to be fairly volatile, as we had almost ten-percent in profit up until the end of January when this fund reversed trends.

8.1.3.4 Analysis for FCNTX

Symbol:	FCNTX
Fund Name:	Fidelity Contrafund
Purchase Price:	$67.49
Shares Purchased:	45
Purchase Date:	1/9/2006

Price today (2/9/06): $64.89

% Gain/(Loss):   (3.85%)

Comments: This fund is our biggest loser thus far in the low-risk portfolio. It has been extremely volatile, losing upwards of five-percent since the beginning of February. Like many other funds in our portfolio, this fund is starting to change trends into the upward direction.

8.1.3.5 Analysis for TAVFX

Symbol:	TAVFX
Fund Name:	Third Avenue Value Fund
Purchase Price:	$56.40
Shares Purchased:	53
Purchase Date:	1/9/2006

Price today (2/9/06): $56.19

% Gain/(Loss): (0.37%)

Comments: This fund has been recovering from a really bad series of bad days in late December and has been fairly stable since then. As such, it has remained relatively flat for since our purchase date in early January.

8.2 Long-Term Stock Reports

At this point, we will now analyze some of our long-term stock positions. Due to recent happenings in our portfolio, we will only analyze those long-term positions which we were stopped out of, since the other long-term positions will get fully evaluated in a few weeks.

8.2.1.1 Analysis for PCAR

Symbol:	PCAR
Purchase Date:	1/30/06
Purchase Price:	$74.75
Number of Shares:	30
Sell Date:	1/31/06
Stop Price:	$72.60
Execution Price:	$70.62
% Gain/(Loss):	(6.82%)

Analysis: PCAR announced earnings the day after we purchased it and missed analyst expectations by $0.02 per share. As a result, PCAR gapped down that day and never even traded at the price where we had our stop loss, which is why our stop was executed almost $2.00 below where we set it.

8.2.1.2 Analysis for BEN

Symbol:	BEN
Purchase Date:	1/30/06
Purchase Price:	$102.80
Number of Shares:	22
Sell Date:	1/31/06
Stop Price:	$98.90
Execution Price:	$98.89
% Gain/(Loss):	(5.10%)

Analysis: BEN somewhat surprised us by plummeting right through what we considered to be a support level. It has now fallen all the way down to $93.00, destroying every near-term support level that previously existed. Fortunately we were fairly conservative with our stop-loss on this stock and did not manage to lose much.

8.2.1.3 Analysis for RYAAY

Symbol:	RYAAY
Purchase Date:	1/30/06
Purchase Price:	$56.40
Number of Shares:	40
Sell Date:	2/1/06
Stop Price:	$53.80
Execution Price:	$53.67

% Gain/(Loss):   (6.13%)

Analysis: RYAAY suffered from profit that fell 21% on increased oil costs and a one time accounting move. It appears as though investors anticipated some degree of disappointment prior to earnings being announced, as this stock slipped significantly five days before earnings were announced.

8.2.1.4 Analysis for TOA

Symbol:	TOA
Purchase Date:	1/30/06
Purchase Price:	$22.75
Number of Shares:	98
Sell Date:	2/2/06
Stop Price:	$21.75
Execution Price:	$21.70
% Gain/(Loss):	(5.92%)

Analysis: TOA is similar to BEN in that the bottom simply fell out on this stock right after we purchased it, falling through every near-term level of support. Right after we bought it, it managed to fall though all of its moving average support, and then into completely uncharted bottom territory the following day. As was the case with BEN, we were fortunate to have a conservative stop-loss on this stock.

8.2.1.5 Analysis for UPS

Symbol:	UPS
Purchase Date:	1/30/06
Purchase Price:	$75.55
Number of Shares:	30
Sell Date:	2/2/06
Stop Price:	$74.00
Execution Price:	$74.00
% Gain/(Loss):	(3.35%)

Analysis: The bottom quickly fell out on UPS shortly after we bought it as well, although this might be a case where a conservative stop-loss hurt us. Our assumption was that if UPS fell below $74.00, then there was a lot more room for it to drop after that. That assumption was correct, as UPS plummeted to $72.75 shortly thereafter. However, since then UPS is back over $74.00 per share and appears to be forming a nice base pattern.

8.2.1.6 Analysis for BP

Symbol:	BP
Purchase Date:	1/30/06
Purchase Price:	$72.30
Number of Shares:	31
Sell Date:	2/7/06
Stop Price:	$69.00

Execution Price: $67.68

% Gain/(Loss):   (7.68%)

Analysis: BP is another stock we pick that simply plummeted right after we bought it. In fact, BP has not had a single positive trading day since we bought it, and has fallen all the way down to $67.00. Unfortunately, our stop did not get executed until a day when BP gapped down, and thus BP never traded at the level consistent with our stop-loss, so we ended up losing more money than we expected to given the circumstances.

8.3 Short-Term Stock Transactions

We fared much better in our short-term stock portfolio than in our long-term stock portfolio, booking profit on 60% of the stocks we purchased initially. We ended up getting stopped out of only two short-term stocks, and had one other significant loss. Detailed analysis of the short-term stock positions now follows.

8.3.1 Analysis for MS

Symbol:	MS
Purchase Date:	2/6/06
Purchase Price:	$61.26
Number of Shares:	73
Sell Date:	2/10/06
Stop Price:	$60.00
Execution Price:	$59.84
% Gain/(Loss):	(2.3%)

Analysis: MS might be an example of where we were too conservative in choosing our stop-loss price. Since we sold MS, it has returned to the levels where we purchased it. We should have been more aware of the fact that MS has consistently bounced off of the support levels where we decided to put our stop-loss in, and we should have been willing to accept a little more risk.

8.3.2 Analysis for FAL

Symbol: FAL

Purchase Date: 2/6/06

Purchase Price: $33.01

Number of Shares: 136

Sell Date: 2/10/06

Stop Price: $31.00

Execution Price: $30.99

% Gain/(Loss): (6.11%)

Analysis: FAL is yet another example of us choosing too conservative of a stop-loss. We accurately predicted where FAL would bottom when we picked our stop-loss price, but we were not tolerant enough to allow a bounce off of that price, which is what FAL has since done. FAL now sits in the $33.00 range, closing in on what our exit strategy was of $34.00.

8.3.3 Analysis for BLD

Symbol: BLD

Purchase Date: 2/6/06

Purchase Price: $4.70

Number of Shares: 965

Sell Date: 2/15/06

Sell Price: $5.09

% Gain/(Loss):   8.29%

Analysis: Since we bought such a large quantity of shares of BLD and since it was such an inexpensive stock, we were not looking for a significant move in order to take profit. Our exit strategy criteria was $5.00+ on the upside, and we sold at $5.09, making just over eight-percent in about one week.

8.3.4 Analysis for POOL

Symbol:	POOL
Purchase Date:	2/6/06
Purchase Price:	$39.88
Number of Shares:	113
Sell Date:	2/15/06
Sell Price:	$42.28
% Gain/(Loss):	6.02%

Analysis: POOL really surpassed our expectations moving into the $42.00+ range when we expected its upside only to be to about $41.00. Since then POOL has moved into the $44.00+ range, but our analysis and expectations never allowed for POOL to move into that range, so we are not upset at all that POOL has continued to rise after we sold it.

8.3.4 Analysis for EQR

Symbol:	EQR
Purchase Date:	2/6/06
Purchase Price:	$42.74
Number of Shares:	105
Sell Date:	2/15/06
Sell Price:	$44.79
% Gain/(Loss):	4.79%

Analysis: EQR also surpassed our expectations, pushing all the way up to almost $45.00 when we only anticipated it moving past $43.00. EQR has now steadily moved past $45.00, and actually has not had a down day since February 8th. We are content however, having made five-percent in a little over one week.

8.3.5 Analysis for BSC

Symbol:	BSC
Purchase Date:	2/6/06
Purchase Price:	$128.10
Number of Shares:	35
Sell Date:	2/17/06
Sell Price:	$133.79
% Gain/(Loss):	4.44%

Analysis: BSC is an example of where we greatly benefited by not being too conservative with our stop-loss. Shortly after we bought it, BSC dipped down to $125.35. Since BSC has been in a constant uptrend since October, we decided that we should be willing to endure a little more risk given BSC's track record. We were right, and made almost five-percent in less than two weeks.

8.3.6 Analysis for MRB

Symbol:	MRB
Purchase Date:	2/6/06
Purchase Price:	$3.05
Number of Shares:	1475
Sell Date:	2/9/06
Sell Price:	$3.22
% Gain/(Loss):	5.57%

Analysis: MRB was a stock that we were willing to endure significant risk with because it was a low-priced stock which was fairly volatile. Shortly after we purchased this stock, it shot up to $3.39. Our exit strategy only allowed for this stock to go to $3.20, so we missed a fair amount of upside. Shortly after this spike to $3.39, however, this stock plummeted to the $2.50 range.

8.3.7 Analysis for PSSI

Symbol:	PSSI
Purchase Date:	2/6/06
Purchase Price:	$17.81
Number of Shares:	252
Sell Date:	2/23/06
Sell Price:	$17.32
% Gain/(Loss):	(2.75%)

Analysis: We anticipated PSSI to continue its breakout into uncharted territory, but unfortunately it went sideways during our holding period. This was probably a stock where the ADX gave us an inflated reading because PSSI had a massive up-day about one week before we bought it.

8.3.8 Analysis for VTRU

Symbol:	VTRU
Purchase Date	2/6/06
Purchase Price:	$43.22
Number of Shares:	104
Sell Date:	2/22/06
Sell Price:	$44.64
% Gain/(Loss):	3.29%

Analysis: VTRU was in a similar position as PSSI when we decided to buy it; it was recently coming off of a massive up-day and was in uncharted territory. Unlike PSSI, however, VTRU went sideways for awhile, and then exploded above $45.00.

8.3.1.2 Analysis for ANDW

Symbol:	ANDW
Purchase Date:	2/6/06
Purchase Price:	$13.54
Number of Shares:	338
Sell Date:	2/22/06
Sell Price:	$13.40
% Gain/(Loss):	(1.03%)

Analysis: ANDW showed promise, as it was, and still is, in a very long base with tremendous breakout potential. Unfortunately it did not breakout in the timeframe we expected, so we lost a marginal amount of money,

8.4 Speculation Transactions

While the criteria for speculative trades are much looser and subjective, we still created a template for speculative trades whereby we would analyze the various components of the chart mentioned in our section on Criteria for Speculative Transactions. The speculative transactions we have made thus far are detailed below.

8.4.1 Analysis for QQQQ Puts

Stock Name:	NASDAQ-100 TRUST, SERIES I
Symbol:	QQQQ
Date of Purchase:	2/10/06
Purchase Price:	$0.55
# of Contracts:	10
Total Cost (including commission):	$565.00
Calls/Puts:	Puts
Strike Price:	$41.00
Expiration Date:	2/18/06
Timeframe:	Three days maximum
Sale Price:	$0.75
Sale Date:	2/10/06
% Gain/(Loss):	36.3%
$ Gain (including commission):	$170.00

Technical Analysis:

Figure 8.1 QQQQ Chart Courtesy (Fidelity Active Trader Pro)

The markings on this chart show two very key concepts. First, the line shown in white is a trendline that offered support to QQQQ on three previous occasions. Last week, QQQQ actually gapped down below this trendline, giving us bearish sentiment. The second factor is QQQQ's support line (shown in red) in the current downtrend, which happens to be at $40.16. Since we were able to make over 30% in a very short holding period on this transaction, we decide to exit with that profit rather than see if QQQQ would actually fall all the way down to $40.16.

8.4.2 Analysis for QQQQ Calls

Stock Name:	NASDAQ-100 TRUST, SERIES I
Symbol:	QQQQ
Date of Purchase:	2/10/06
Purchase Price:	$0.60
# of Contracts:	10
Total Cost (including commission):	$615.00
Calls/Puts:	Calls
Strike Price:	$40.00
Expiration Date:	2/18/06
Timeframe:	Until Wednesday of next week (2/15/06)
Sale Price:	$0.80
Sale Date:	2/14/06
% Gain/(Loss):	33.00%
$ Gain (including commission):	$170.00

Technical Analysis:

Figure 8.2 QQQQ Chart Courtesy (Fidelity Active Trader Pro)

The other side of the QQQQ trade we already made is that once QQQQ finds the bottom, it will start a new uptrend. As a result of this, right after we sold our February $41.00 puts, we bought February $40.00 calls, and hope to be out of the position by Wednesday of next week (2/15/06). Given the technical analysis already done, we should not expect to find resistance until $41.33, but we do recognize that we may have to experience a little more downside into the $40.16 range before QQQQ enters its uptrend.

90

Chapter 9: Post-Mortem

9.1 Project Results

We will analyze the results of our project based on whether or not our expectations and goals were met given an investment type. For certain longer-term investments, such as mutual funds, we will be unable to adequately determine whether or not our specific goals were meant, since those goals were focused on yearly returns. In that case, we will determine whether or not we believe those investments are on track to meet our goals.

9.1.1 Mutual Funds

For mutual fund investments, we decided that the returns sought would be based on the level of risk we were assuming. Our fund categories were low-risk, moderate-risk, and high-risk, and we sought yearly returns of fifteen, twenty, and twenty-five percent respectively. At this point in time, six out of the eighteen mutual funds we invested in are in the loss category, but the largest loss does not exceed seven percent. Out of the other five losses, none of them exceed three-percent, and four of them are less than one-percent. For the entire mutual fund portfolio, we are up just over eight-percent (8.89%), and given that our return for the entire mutual fund portfolio should be twenty-percent by the end of the year, we believe we are well on the way to achieving that goal. A summary of our mutual fund holdings can be found in Appendix C.

9.1.2 Long-Term Stocks

Our long-term stock portfolio was by and large our worst portfolio in the entire project. Within one week we were stopped out of forty-percent of our long-term stock positions. We ended up losing money on seventy-percent of our long-term stocks, and the return we got on the

thirty-percent that returned profit was not enough to cover our losses, as the total long-term stock portfolio ended up losing just under three-percent (2.6%). A summary of our long-term stock holdings can be found in Appendix D.

9.1.3 Short-Term Stocks

Our short-term stock portfolio performed moderately well, returning expected or greater than expected profits on sixty-percent of our positions. Our biggest gain was an impressive 8.29% in just over two weeks, but unfortunately the total portfolio only returned 1.68%. A summary of our short-term stock holdings can be found in Appendix E.

9.1.4 Dividend Stocks

At this point in time, our dividend stocks have paid out $46.95. Only 20% of our dividend stocks have decreased in price since we bought them, so as our strategy intended, we are reaping rewards from both movement in the underlying stock price and dividend payments. A summary of dividends received at this point in time can be found in Appendix F.

9.1.5 Speculative Transactions

Our speculative trades, while we made two, were extremely successful. Our goal for speculative transactions was to "hit homeruns", and we did just that making 33.0% on one trade and 36.3% on the other, for a total of $340.00. A summary of our speculative transactions can be found in Appendix G.

9.2 Lessons Learned

During this project we expanded our knowledge the inner workings of the stock market and making choices based on selection criteria. Our methods for determining these selections were based on understanding market trends through academic exercise as well as our own personal experience. Through this project we learned which methods enabled us to choose stocks that added value to our portfolio as well as which methods provided less than desirable results.

An ideal example of selection criteria that provided desirable results was the utilization of the Morningstar rating system. This system rated the funds on a number of criteria as well as recent performance. In retrospect, it seems that our portfolio faired well with the higher ranked mutual funds. This also holds true on those funds selected due to past performance, where the majority of the funds continued in a similar trend.

Certain selected criteria did not furnish stocks that were able to meet our project goals. In particular the ADX system criteria that we devised only proved effective about sixty percent of the time. Similarly during the project term we have yet to realize the full potential of those funds allocated under the dividend growth criteria. This is simply because not all the stock we own in the category have distributed dividend to us.

Overall our project did turn a small profit. We believe this is due to some of the guidelines set up during the selection process as well as a little luck. It is our opinion that no matter how much time and energy is spent in selecting particular securities, there is no surefire way to "beat the street" consistently.

References

Fidelity Investments. <http://www.fidelity.com>

Smartmoney.com – Investing, Saving and Personal Finance. <http://www.smartmoney.com>

Morningstar: Stocks, Mutual Funds, Investments and Personal Finance.
<http://www.morningstar.com>

MSN Money: Personal Finance and Investing. <http://moneycentral.msn.com>

Stock Charts.Com. <http://stockcharts.com>

Appendix A
Mutual Fund Selections

Symbol	Name	Morning Star	1-year	3-year	5-year	Life/10-year	Risk	Misc.
FSLVX	Fidelity Large Cap Value	4	11.21	18.14	N/A	8.57	1.01	Large Value
NBPTX	Neuberger Berman Partners Tr	5	17.81	23.90	6.69	9.99	1.23	Large Blend
FSMVX	Fidelity Mid Cap Value	4	13.68	22.75	N/A	13.64	1.08	Mid-Cap Value
FFSCX	Forward Hoover Small Cap Equity	4	9.63	22.47	9.32	11.80	1.12	Small Growth
SWOIX	Laudus International MarketMasters Inv	5	19.33	27.03	7.53	11.32	1.04	Foreign Stock
FBALX	Fidelity Balanced	5	10.68	16.34	8.06	10.61	0.87	Domestic Hybrid
FSHCX	Fidelity Select Medical Delivery	4	29.02	34.67	16.96	11.98	0.54	Sector- Health
FSENX	Fidelity Select Energy	4	51.99	34.98	13.89	15.49	0.62	Sector - Natural Resources
FCNTX	Fidelity Contrafund	5	16.23	19.61	6.21	12.01	0.86	Large Growth
TAVFX	Third Avenue Value	5	16.50	26.45	12.01	14.19	0.85	Mid-Cap Blend

▆▆▆▆▆▆	High Risk
	Moderate Risk
▒▒▒▒▒▒	Low Risk

95

Appendix B

Dividend Stock Selections

Symbol	Company Name	Rank	% Price Change Last Year	Current Dividend Yield	S&P Index Membership
EQR	Equity Residential	1	33.8	4.2	Yes
RAI	Reynolds American, Inc.	2	26	5	Yes
MRK	MERCK AND CO INC	3	23.8	4.4	Yes
AIV	Apartment Investment and Management Co.	4	18.7	5.6	Yes
MO	ALTRIA GROUP	5	18.2	4.3	Yes
GAS	Nicor Inc.	6	14.2	4.5	Yes
EOP	Equity Office Properties Trust	7	10.5	6.3	Yes
CIN	Cinergy Corp.	8	10.5	4.3	Yes
T	AT&T Inc.	9	9.6	5.1	Yes
DUK	Duke Energy Corporation	10	9.5	4.3	Yes

Appendix C

Mutual Fund Holdings

Symbol	Cost	# of Shares	Current Price	Cost Basis	Value	Profit/ (Loss)	% Gain/(Loss)
FWRLX	$7.19	1257	$7.38	$9052.83	$9276.66	$223.83	2.64%
FSLBX	$72.65	125	$74.85	$9096.25	$9457.50	$361.25	4.14%
EUEYX	$44.14	211	$40.25	$9328.54	$8712.19	($616.35)	(6.46%)
JORNX	$8.70	1039	$8.79	$9054.30	$9236.71	$182.41	2.18%
VALUX	$31.98	284	$32.33	$9097.32	$9195.92	$98.60	1.25%
FSLVX	$13.59	1332	$13.68	$18103.29	$18287.94	$184.65	1.10%
NBPTX	$22.66	801	$22.46	$18165.66	$18118.62	($47.04)	(0.18%)
FSMVX	$15.60	1161	$15.59	$18126.6	$18239.31	$112.71	0.71%
FFSCX	$20.36	890	$21.20	$18135.40	$18903.60	$768.20	4.32%
SWOIX	$18.87	954	$18.89	$18016.98	$18173.70	$156.72	0.95%
FBALX	$19.33	156	$19.40	$3030.48	$3029.52	($0.96)	0.47%
FSHCX	$55.46	54	$55.17	$3009.84	$3003.48	($6.36)	(0.29%)
FSENX	$49.80	60	$49.75	$3003.00	$3001.80	($1.20)	0.46%
FCNTX	$67.49	45	$65.42	$3052.05	$2956.05	($96.00)	(2.67%)
TAVFX	$56.40	53	$56.58	$3004.2	$3030.01	$25.81	1.37%
Totals				**$151,276.74**	**$152,623.01**	**$1346.27**	**8.89%**

Appendix D

Long-Term Stock Holdings

Symbol	Cost	# of Shares	Current Price	Cost Basis	Value	Profit/(Loss)	% Gain/ (Loss)	Sale Price
RYAAY	$56.40	40	N/A	$2271.00	N/A	($139.20)	(6.13%)	$53.67
BP	$72.30	31	N/A	$2256.30	N/A	($173.22)	(7.68%)	$67.68
TOA	$22.75	98	N/A	$2244.50	N/A	($132.90)	(5.92%)	$21.70
PCAR	$74.75	30	N/A	$2257.5	N/A	($153.90)	(6.82%)	$70.62
XOM	$62.88	36	$60.55	$2278.68	$2179.80	($98.88)	(3.71%)	N/A
SNV	$27.62	81	$27.94	$2252.22	$2306.88	$54.66	3.11%	N/A
UPS	$75.55	30	N/A	$2281.50	N/A	($76.50)	(3.35%)	$74.98
ALA	$13.31	169	$14.11	$2264.39	$2384.59	$120.20	6.01%	N/A
BEN	$102.80	22	N/A	$2276.60	N/A	($116.02)	(5.10%)	$98.89
MFC	$60.04	37	$63.87	$2236.48	$2363.19	$126.71	6.38%	N/A
Totals				**$22,619.17**	**$22,030.12**	**($589.05)**	**(2.60%)**	

Appendix E

Short-Term Stock Holdings

Symbol	Cost	# of Shares	Cost Basis	Profit/(Loss)	% Gain/(Loss)	Sale Price
MS	$61.26	73	$4486.98	($118.66)	(2.3%)	$59.84
FAL	$33.01	136	$4504.36	($289.72)	(6.11%)	$30.99
BLD	$4.70	965	$4550.50	$361.35	8.29%	$5.09
POOL	$39.88	113	$4521.44	$256.20	6.02%	$42.28
EQR	$42.74	105	$4502.70	$200.25	4.79%	$44.79
BSC	$128.10	35	$4498.50	$184.15	4.44%	$133.79
MRB	$3.05	1475	$4513.75	$235.75	5.57%	$3.22
PSSI	$17.81	252	$4503.12	($138.48)	(2.75%)	$17.32
ANDW	$13.54	338	$4591.52	($62.32)	(1.03%)	$13.40
VTRU	$43.22	104	$4509.88	$132.68	3.29%	$44.64
Totals			**$45,182.75**	**$761.20**	**1.68%**	

Appendix F

Dividends Received

Symbol	Cost	# of Shares	Cost Basis	Dividends Received	Net Gain/(Loss)
XOM	$60.42	36	$2190.12	$11.52	($87.36)
DUK	$28.33	78	$2224.74	$24.18	$27.90
MFC	$60.04	37	$2236.48	$11.25	$129.46
Totals			**$45,182.75**	**$46.95**	**$70.00**

Appendix G

Speculative Transactions

Symbol	Cost	Puts/Calls, Exp. Date, Strike	Number of Contracts	Profit/(Loss)	% Gain/(Loss)	Sale Price
QQQQ	$0.55	Puts, 2/18/06, $41.00	10	$170.00	36.3%	$0.75
QQQQ	$0.60	Calls, 2/18/06, $40.00	10	$170.00	33.0%	$0.80
Totals	$1,180.00			**$340.00**	**28.81%**	