



DON'T GO SCHWAB ALONE!

Schwab Navigator

A COMPLETELY INDEPENDENT GUIDE TO MUTUAL FUNDS AT CHARLES SCHWAB

July 2006

ECONOMIC OUTLOOK *by Mark A. Grimaldi, CFS*

Goodbye "Sweet Spot"

For the past three years, the U.S. economy has been in the midst of what economists call the "sweet spot" of the economic cycle. The economy has been growing faster than its potential without stretching resources or creating inflation. That's because there has been ample spare capacity - labor, goods, inventories, etc. - left over from the last economic boom.

Now the economy finds itself at a crossroad. All that spare capacity appears to have been absorbed. As a result, demand is going to have to slow. Otherwise, it will outpace supply, and we all know what will happen then: inflation. So, goodbye sweet spot.

This news, combined with recent worries about rising inflation, may make many readers wonder if stagflation - which is a time of slow economic growth, or stagnation, accompanied by high inflation - is looming. After all, consumer inflation registered another sizable increase in May. The Labor Department reported that its Consumer Price Index (CPI) posted a 0.4 percent increase in May after an even bigger 0.6 percent rise in April. Much of that was due to gasoline prices, which jumped by 4.9 percent for the month (a very scary annual rate of 69.4 percent!). But even excluding energy and food, core inflation rose by a larger-than-

expected 0.3 percent.

We do not think stagflation is a concern, however. Recent economic data suggests that the economy - while slowing - is unlikely to weaken too much. To be sure, some data pointed to significantly moderating economic activity. For example, early in June, the Institute for Supply Management reported that its May manufacturing index fell 2.9 points to 54.4. But other data was mixed.

For example, the Labor Department reported that job growth faltered in May, with employers boosting payrolls by just 75,000, the smallest rise since October, when hiring practically stalled in the wake of the Gulf Coast hurricanes. At the same time, the nation's unemployment rate dipped to 4.6 percent, the lowest since the summer of 2001.

Similarly, the Federal Reserve reported that industrial production fell by 0.1 percent in May, partly as the auto industry struggled with soaring gasoline prices that have sapped demand for many vehicles. But the bad news was countered by a stronger-than-forecast rise in New York-area manufacturing activity and a modest slide in Philadelphia-area manufacturing activity.

The Commerce Department reported that

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Market Index Update

	June 30	MTD	YTD
DJIA	11,150.22	-0.16%	4.04%
NASDAQ	2,172.09	-0.31%	-1.51%
S&P 500	1,270.20	0.01%	1.76%
Wilshire 5000	12,849.29	0.06%	2.65%
Russell 2000	724.67	0.51%	7.64%

Model Highlights

CAPITAL APPRECIATION YTD: +3.86%

The Capital Appreciation model took a bump up in June; it is now more than 2% ahead of the S&P 500 for the year. The Schwab Hedged Equity Select (SWHEX) soared ahead by 2.02%.

GROWTH & INCOME YTD: +3.46%

The Navigator's Growth & Income portfolio was relatively unchanged in June. Oakmark Equity & Income (OAKBX) chipped in a 0.39% increase.

INCOME YTD: +3.84%

Our conservative model is actually running neck-and-neck with the Capital Appreciation model; it also moved ahead 0.22%. Federated Market Opportunity (FMAAX), which is always a strong performer during down markets, was up 1.07%.

Navigator Auto Pilot

This *new and exciting service* is ideal for subscribers who want the Sector Navigator's performance and are challenged to keep up with the trading. The "NAP" will automatically reallocate your portfolio to keep your investments consistent with the Navigator model portfolio of your choice. NO MORE TRADING. The NAP does it for you! For more information, visit <http://www.navigatornewsletters.com/commentary.php> or contact John Morgan (jmorgan@prestigenoload.com or 877-585-2785).

If you have any questions regarding the model portfolios, or the funds included within them, call us at (877) 585-2785.

Take Responsibility for your Retirement

First, it was the combined whammy of the tech wreck and the post-9/11 recession that battered 401(k) accounts. Next was inflation in health care and education costs that further diverted indebted consumers from concentrating on retirement (Remember, in this space a few months ago, we quoted \$200,000 as the amount today's retiree would need for health care costs during retirement). Now come the headlines that any company facing tough times - or intense shareholder pressure - can pull the rug out from under its retirees hoping for the traditional three-legged stool of retirement - pension, Social Security and savings.

All three legs are in trouble - we aren't saving enough, Social Security is under attack and traditional pensions are disappearing - fast.

For retirees facing a sudden loss of pensions and benefits, there are really very few options. One option is to go back to work or to turn hard earned home equity into a personal bank - and you know how the Navigator staff feels about using your home as an ATM. So the time to start taking on the lion's share of your retirement responsibility is now, whether you or your loved ones are five, 10, or 20 years away from hanging it up, if that's your plan.

Below is a list of some of the things to start thinking about; it is not too soon.

What does 'retirement' mean to you? Knowing the answer to what appears to be a very basic question has far reaching implications. If you cannot answer this question, you cannot formulate and effective plan.

Do a retirement spending dress rehearsal In the last few years before

retirement, see how much you can live like you're already retired. Give up the lattes (per gallon, a "gourmet" coffee costs as much as 20 times more than a gallon of gas) and the pricey clothes and dinners; see if you can live with a more fuel efficient car. Retirement is easier if you can downshift into it, both from a monetary and activity standpoint.

Get in shape -- physically It may be strange to hear health advice tied to your financial wellbeing, but it should be one of the first things you consider. That's because the numbers on a bathroom scale, blood pressure monitor or cholesterol report can dramatically affect the cost of your healthcare and insurance premiums going into retirement. You'll find that pre-existing conditions can boost your premiums - or possibly deny you coverage. That's a very ugly surprise going into the years when you're going to need healthcare coverage the most.

Consider a career shift Your first reaction may be "ridiculous." It may be a bit extreme to switch careers just because a particular employer has better benefits and savings options. At the same time, if the job appeals to you and you can make a move without endangering what you've already accrued, why not consider it?

Use your catch-up options Various IRA and 401(k)/403(b) options allow you to make additional contributions over standard savings limits above the age of 50. For example, in 2006 the maximum IRA contribution is \$4,000, plus a \$1000 catch-up provision for those over 50 (up from \$500 in 2005).

Do an investment inventory In a 30-to-40-year career, an individual may have gathered bits and pieces of pension benefits and personal savings and investments along the way. Likewise,

there might be insurance policies, savings bonds and other small investments that may have slipped one's attention. A re-evaluation of retirement options should

begin with a full accounting and reorganizing of all investment and savings assets, preferably in an organized outline that is easy for you and your advisor to access.

Look into "Long Term Health Care" The ideal time to get this insurance in place is between the ages of 40 and 50.

Think about health savings accounts Today, there are strict limits and spending rules for health savings accounts, but if some lobbyists get their way, there might be a day when health savings accounts can become a long-term savings solution similar to a 401(k) plan. Getting into the pre-tax savings habit with health care dollars is a good habit to get into in case there's more flexibility awarded to these accounts in the future.

The Sector Navigator

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Capital is flowing into sector specific investment vehicles, "Don't go Sectors alone!"

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Fidelity Sector Rotation Model:

2006 YTD Return: -1.09%
2005 Return: 11.54%
2004 Return: 25.79%
2003 Return: 30.59%

ETF Sector Rotation Model:

2006 YTD Return: 1.83%
2005 Return: 10.74%
2004 Return: 13.90%
2003 Return: 29.17%

Rydex/Profunds Sector Rotation Model:

2006 YTD Return: 1.79%
2005 Return: 12.24%
2004 Return: 23.71%
2003 Return: 20.46%

Ranked #1 & Recommended by Hulbert Financial Digest!

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Schwab Navigator

Model Portfolios 6/30/2006



CAPITAL APPRECIATION

This portfolio is designed for the most aggressive investor and may be fully invested in equities at any time. Its goal is to provide an annual rate of return that out-performs the S&P 500. This portfolio involves substantial risk and should only be used by those with a large tolerance for risk.

Name	Symbol	NAV	Shares	Value	Pct	Monthly Ret.
FAM Value	FAMVX	\$48.03	640.303	\$30,753.75	19.27%	-1.29%
Federated Mid-Cap	FMDCX	\$22.91	1395.657	\$31,974.49	20.03%	-0.07%
Rydex Telecomm	RYMIX	\$16.52	1970.163	\$32,547.09	20.39%	-0.12%
Schwab Hedged Equity Select	SWHEX	\$15.16	2107.992	\$31,957.16	20.02%	2.02%
Schwab Dividend Equity Select	SWDSX	\$13.46	2404.983	\$32,371.08	20.28%	0.55%
				<u>\$159,603.57</u>		

2003 Return	27.01%	2005 Return	7.32%	Monthly Return	0.22%
2004 Return	12.74%			Year To Date Return	3.86%

GROWTH & INCOME

This portfolio is designed for investors that want growth, but with less volatility. This portfolio is benchmarked against a 60/40 blended index of the S&P 500 and the Lehman Brothers Aggregate Bond Index. This portfolio will adjust its equity vs. bond allocation to reflect market and economic variables.

Name	Symbol	NAV	Shares	Value	Pct	Monthly Ret.
FAM Equity - Income	FAMEX	\$21.26	1313.537	\$27,925.80	19.17%	-1.13%
Dreyfus Small Cap Stock	DISSX	\$23.04	1314.071	\$30,276.20	20.78%	0.04%
Oakmark Equity & Income	OAKBX	\$25.88	1127.475	\$29,179.05	20.03%	0.39%
Schwab Total Stock Market Select	SWTSX	\$22.08	1317.321	\$29,086.45	19.96%	0.18%
Van Kampen Comstock	ACSTX	\$17.81	1640.709	\$29,221.03	20.06%	0.04%
				<u>\$145,688.52</u>		

2003 Return	19.29%	2005 Return	5.27%	Monthly Return	-0.09%
2004 Return	12.14%			Year To Date Return	3.46%

INCOME

This portfolio is designed for the conservative investor whose primary objective is low volatility. This portfolio invests in at least 75% fixed income and/or cash investments. This model should be used by those with a short investment time horizon and/or those requiring current income.

Name	Symbol	NAV	Shares	Value	Pct	Monthly Ret.
American Century Equity Income	TWEIX	\$8.16	3372.176	\$27,516.96	20.28%	0.50%
American Century Balanced	TWBIX	\$16.14	1639.743	\$26,465.46	19.51%	0.37%
Federated Market Opportunity	FMAAX	\$13.14	2084.562	\$27,391.14	20.19%	1.07%
Federated Strategic Income	STIAX	\$8.49	3123.673	\$26,519.98	19.55%	-0.47%
Northeast Investors Trust	NTHSX	\$7.62	3644.016225	\$27,767.40	20.47%	-0.39%
				<u>\$135,660.95</u>		

2003 Return	14.89%	2005 Return	3.51%	Monthly Return	0.22%
2004 Return	9.86%			Year To Date Return	3.84%

Bias

Short-term outlook for equities: Bullish (as of October 11, 2002)
 Long-term outlook for equities: Bearish (as of January 1, 2001)
 Stop-loss/Take-profit S&P 500: 1,075 / 1,375 points

Navigator Rankings and Model Portfolio Selection Criterion

For investors not following our Model Portfolios, we have designed the Navigator Rankings in an effort to reduce the risk that investors may otherwise take in selecting funds without the time to properly conduct due diligence (funds above the dotted line are "buys", funds below the dotted line are "holds", "sells" are not listed). Rankings are based on a proprietary regression analysis model. Funds used in Model Portfolios undergo deeper levels of analysis and may or may not reflect the Navigator Rankings. For calculation purposes, all money markets are assumed to yield one-percent (any money market is deemed sufficient). The Stop-loss/Take-profit advice is for investors selecting equity funds and building their own portfolios, but not for the Model Portfolio(s) themselves, and/or for investors "timing" or "switching" Model Portfolios. When trades and/or bias changes are made, subscribers will be notified via the Weekly Market Commentary, as well as notification in the Newsletters.

NAVIGATOR RANKINGS

Fidelity Navigator's Mutual Fund Rankings as of June 30, 2006

Name	Symbol	NAV	Rank/		52-Week		Percent Return				Total Return			Ulcer		Yield
			Trend	Hi	Lo	YTD	1-Mnth	3-Mnth	1-Year	3-Year	5-Year	10-Year	RSI	Std.Dev	Index	
GROWTH																
Needham Growth	NEEGX	38.58	1	40.56	30.96	8.10%	0.42%	-2.13%	24.61%	60.88%	31.85%	346.36%	55.84	3.39%	3.94	0.00%
AmerFund GrowthR5	RGAFX	31.74	2 +	33.43	27.43	2.88%	1.18%	-1.95%	15.72%	53.97%	N/A	N/A	58.42	3.56%	4.43	0.84%
AmerFund Growth-F/405	GFAFX	31.54	3 +	33.23	27.32	2.74%	1.15%	-2.02%	15.43%	52.68%	26.84%	N/A	58.36	3.56%	4.44	0.62%
AmerFund Growth R4	RGAEX	31.51	4 +	33.2	27.31	2.71%	1.16%	-2.02%	15.36%	52.65%	N/A	N/A	58.37	3.56%	4.44	0.62%
Wasatch Micro Cap Val Fund	WAMVX	2.95	5 -	3.12	2.25	15.69%	0.68%	-1.01%	31.28%	N/A	N/A	N/A	59.4	3.74%	4.73	0.00%
AmerFund Growth R3	RGACX	31.29	6 +	32.98	27.2	2.59%	1.13%	-2.07%	15.04%	51.22%	N/A	N/A	58.32	3.57%	4.46	0.42%
Baron Asset	BARAX	59.93	7 -	63.05	51.07	6.47%	1.71%	-2.39%	17.35%	77.20%	52.86%	124.76%	58.65	3.88%	4.45	0.00%
Gartmore Mod Agg Service	NDMSX	10.21	8 +	10.76	9.3	3.55%	0.14%	-2.06%	9.84%	42.33%	N/A	N/A	55.21	3.22%	3.86	1.92%
USGlobal Mega Trend	MEGAX	10.63	9 +	11.1	9.57	-0.09%	0.76%	-1.85%	11.10%	49.10%	7.47%	86.36%	57.65	3.63%	3.77	0.00%
Ivy MidCap Growth-Y	WMGYX	12.09	10 +	12.88	10.56	2.46%	1.77%	-4.73%	14.49%	54.01%	25.24%	N/A	55.38	3.82%	4.88	0.00%
AmerFund AMCAP-F/402	AMPFX	18.98	11 +	19.67	17.4	0.63%	1.33%	-2.79%	7.32%	33.51%	18.84%	N/A	56.87	2.84%	3.11	0.56%
AmerFund AMCAP R3	RAFCX	18.85	12 +	19.54	17.33	0.42%	1.28%	-2.86%	6.87%	31.98%	N/A	N/A	56.9	2.82%	3.11	0.26%
Hallmark Strategic Growth-I	HVGIX	8.53	13 +	8.64	7.72	5.83%	1.91%	1.19%	9.78%	28.67%	N/A	N/A	60.81	3.65%	2.51	0.00%
LightHou Opportunity	LGFTX	17.37	14 -	18.63	15.3	5.40%	-0.57%	-4.46%	11.56%	54.69%	40.19%	N/A	52.16	3.64%	4.56	2.67%
Dreyfus Growth-R	FRGYX	11.19	15 +	11.87	10.29	0.72%	0.00%	-4.20%	8.75%	29.37%	-0.83%	N/A	52.27	3.38%	3.97	0.58%
AmerFund New Economy-F/414ANFFX	23.45	16 -	25.12	20.57	0.51%	0.60%	-3.66%	14.00%	49.75%	14.17%	N/A	N/A	57.13	3.61%	5.23	0.67%
DreyFoun Equity Growth-F	FRMUX	5.21	17 +	5.52	4.8	0.58%	0.00%	-4.23%	8.53%	31.04%	7.51%	28.41%	52.43	3.35%	3.91	0.20%
Dreyfus Premier New Leaders-RDNLRX	47.99	18 +	50.62	41.39	3.47%	1.59%	-2.28%	15.95%	62.53%	N/A	N/A	N/A	57.33	4.22%	4.59	0.54%
Badgley Growth	BMFGX	11.47	19 +	12.05	10.22	1.87%	1.68%	-2.47%	10.08%	30.19%	-1.55%	N/A	57.02	3.73%	4.07	0.00%
Goldman INST:Str LgCap Grth	GCGIX	13.48	20 +	14.16	12.38	0.07%	0.75%	-3.85%	8.76%	35.46%	3.83%	N/A	54.9	3.58%	3.8	0.29%
DreyFoun Growth-F	FRGRX	11.02	21 +	11.7	10.19	0.46%	-0.09%	-4.34%	8.13%	27.88%	-2.11%	30.75%	51.97	3.37%	3.98	0.38%
ING TRPrice Grth Equity Initial	ITGIX	53.02	22 -	55.56	48.66	0.76%	0.63%	-3.20%	8.42%	34.60%	N/A	N/A	55.38	3.57%	3.7	0.46%
Goldman SER:Lg Cap Growth	GSCLX	13.02	23 +	13.69	11.98	-0.15%	0.70%	-3.98%	8.50%	33.81%	1.48%	N/A	54.69	3.60%	3.83	0.00%
Westcore Select	WTSIX	14.91	24 +	15.99	12.58	6.27%	0.61%	-3.62%	16.30%	53.71%	13.13%	N/A	53.28	4.16%	4.77	0.00%
Columbia Acorn Select-Z	ACTWX	23.87	25 +	25.29	20.26	5.43%	1.08%	-2.22%	17.28%	55.65%	75.61%	N/A	56.09	4.40%	4.66	0.20%
ABNAMRO M&C Growth-I	MCGIX	23.89	26 +	24.83	22.42	0.30%	0.98%	-2.60%	6.56%	19.93%	-0.21%	101.73%	55.12	3.29%	3.14	0.59%
TransAme INV:Premier Core EquityTPVIX14.19	27 +	14.98	12.17	3.65%	1.50%	-2.07%	16.60%	47.34%	16.45%	N/A	N/A	N/A	58.29	4.29%	4.74	0.00%
Schroder INV:US SmallCap	SCUIX	21.75	28 -	23.12	18.47	9.90%	1.16%	-2.90%	16.78%	79.47%	70.11%	225.87%	57.28	4.36%	4.94	0.00%
Gartmore INV:Destinations Agg-RGAFFX	9.86	29 +	10.51	8.8	4.48%	0.16%	-2.51%	12.04%	N/A	N/A	N/A	N/A	55.2	3.87%	4.66	1.76%
MFS Core Growth-I	MFCIX	17.97	30 +	18.96	16.58	-0.11%	1.41%	-4.06%	8.38%	28.08%	-6.89%	N/A	55.58	3.59%	4.18	0.00%
Gartmore Aggressive Service	NDASX	9.95	31 +	10.61	8.88	4.43%	0.26%	-2.48%	12.01%	51.05%	N/A	N/A	55.31	3.89%	4.7	1.72%
Flex Dynamic Growth	FLDGX	8.64	32 +	9.24	7.71	3.10%	-1.03%	-2.48%	10.20%	37.75%	10.37%	N/A	55.37	3.88%	4.84	0.73%
Robeco INST:WPG LCap GrthWPGLX	21.95	33 +	23.12	20.01	0.83%	0.83%	-3.09%	8.77%	27.68%	-2.61%	80.96%	N/A	55.47	3.75%	4.07	0.00%
ABNAMRO M&C Growth-N	MCGFX	23.82	34 +	24.76	22.41	0.15%	0.97%	-2.66%	6.28%	18.94%	-1.62%	N/A	55.08	3.30%	3.15	0.26%
TransAme INV:Premier Equity	TEQUX	22.46	35 +	24.16	18.98	1.86%	1.35%	-4.63%	18.35%	57.43%	24.51%	192.30%	55.68	4.17%	5.51	0.00%
Aquila Rocky Mtn Equity-Y	ROCYX	31.13	36 -	33.26	28.21	3.49%	0.06%	-4.63%	10.19%	53.73%	50.99%	134.12%	53.49	3.86%	4.52	0.00%
AmBeacon INST:LCap Growth	ALCGX	6.41	37 +	6.74	5.97	-0.77%	0.79%	-4.33%	6.65%	29.49%	-2.90%	N/A	54.45	3.49%	3.8	0.50%
WmBlair Growth-N	WBGIX	11.6	38 +	12.37	10.25	2.38%	1.40%	-4.53%	13.21%	36.31%	6.89%	70.89%	55.2	4.10%	4.87	0.00%
Sit LargeCap Growth	SNIGX	37.6	39 +	39.62	34.21	1.24%	1.21%	-2.67%	9.91%	40.53%	-2.03%	73.10%	56.31	3.88%	4.28	0.18%
Janus INST:Aspen G&I	JGIIX	17.71	40 +	18.98	15.67	1.86%	-0.18%	-4.39%	13.01%	46.18%	15.44%	N/A	55.88	3.89%	5.15	1.32%
Wilshire INST:LCap Growth	WLCCX	34.57	41 +	36.72	31.68	-1.14%	1.41%	-5.03%	9.12%	30.21%	10.08%	N/A	55.29	3.62%	4.63	0.00%
Columbia Acorn-Z	ACRNX	29.49	42 -	31.56	25.33	5.81%	0.90%	-3.54%	16.44%	81.31%	81.34%	303.48%	57.16	4.25%	5.36	0.47%
Wells Fargo SmallCap Opp	NVSOX	36.2	43 -	38.51	30.62	10.20%	1.46%	-2.90%	17.10%	80.04%	70.82%	N/A	57.89	4.42%	5.13	0.00%
JPMorgan Small Cap Equity	VSEIX	30.38	44 -	32.48	25.77	7.85%	0.43%	-3.74%	17.88%	90.63%	73.62%	182.47%	56.76	4.45%	5.2	0.00%
Janus Research	JARFX	12.22	45 -	13.13	10.05	5.44%	0.74%	-3.63%	21.64%	N/A	N/A	N/A	57.8	4.28%	5.68	0.32%
Constell Pitcairn Family Heritage	IIPTFMX10.13	46 +	10.5	9.45	0.04%	1.71%	-1.23%	4.81%	30.20%	12.79%	N/A	N/A	56.99	3.48%	3.3	0.26%
BrownAdv INST:Growth Equity	BIAGX	8.96	47 +	9.42	8.29	1.01%	0.56%	-4.27%	5.36%	24.00%	0.03%	N/A	53.74	3.43%	3.71	0.53%
Janus Growth & Income	JAGIX	36.16	48 +	39.07	32.4	0.67%	-0.90%	-5.25%	11.61%	44.62%	14.39%	185.77%	52.74	3.89%	5.23	0.56%
Wilshire INV:LargeCap Growth	DTLGX	34.03	49 +	36.17	31.3	-1.33%	1.37%	-5.10%	8.72%	28.82%	8.26%	121.82%	55.23	3.62%	4.66	0.00%
Merrill Fundamental Growth-I	MAFGX	19.28	50 +	20.34	17.41	0.68%	0.52%	-2.97%	10.72%	39.44%	3.10%	116.37%	55.6	4.13%	4.22	0.87%
VALUE																
American Cty MidCap Value	ACMVX	12.08	1 +	12.44	10.46	6.53%	-1.47%	2.82%	15.39%	N/A	N/A	N/A	46.84	2.26%	1.45	1.53%
Allianz NFJ Dividend Value-D	PEIDX	15.27	2 +	15.9	12.99	7.64%	-2.37%	1.78%	17.53%	61.91%	N/A	N/A	44.39	2.83%	1.84	2.68%
Perritt Emerging Opportunities	PREOX	14.17	3 -	14.84	10.67	10.79%	-3.01%	1.72%	32.44%	N/A	N/A	N/A	42.63	2.51%	2.18	1.54%
Allianz Dividend Value Class	NFJEX	15.4	4 +	16.03	13.05	7.81%	-2.35%	1.85%	18.04%	64.10%	65.51%	N/A	44.71	2.86%	1.84	2.90%
Loomis INST:Value	LSGIX	19.71	5 -	20.51	16.4	7.82%	-2.18%	2.12%	20.15%	61.11%	35.84%	142.46%	47.01	2.92%	2.01	1.31%
AmerFund Investment Co F/404AICFX	32.65	6 +	33.78	28.96	4.72%	-1.69%	1.64%	12.73%	43.62%	25.01%	N/A	N/A	46.28	2.44%	1.71	2.00%
Robeco LargeCap Value	BPLIX	14.21	7 +	14.85	12.29	3.95%	-3.14%	0.28%	15.64%	52.32%	33.65%	N/A	42.29	2.81%	2.04	0.78%
Robeco INST LargeCap Value	BPLAX	13.97	8 +	14.6	12.04	4.02%	-3.05%	0.36%	15.98%	53.42%	35.33%	N/A	42.15	2.78%	2.04	0.98%
Salomon INV:Value-O	SAIFX	21.31	9	22.15	18.83	4.77%	-2.34%	1.34%	13.16%	45.34%	19.22%	169.31%	44.67	2.74%	1.8	0.99%
SoundShr Fund	SSHFX	37.71	10 +	39.01	33.59	2.95%	-2.28%	0.29%	12.28%	51.36%	37.08%	176.81%	46.04	2.57%	1.78	0.16%
AmerCent INST:Value	AVLIX	7.2	11 +	7.38	6.46	4.03%	-1.10%	1.40%	9.21%	47.24%	49.54%	N/A	48.31	2.46%	1.44	1.41%
Janus INV:MidCap Value	JMCVX	23.12	12 -	24.17	20.33	3.58%	-2.28%	0.35%	13.75%	67.35%	71.48%	N/A	43.65	2.56%	2.1	0.97%
Janus INST:MidCap Value	JMIVX	23.22	13 -	24.27	20.38	3.66%	-2.23%	0.39%	13.96%	68.24%	N/A	N/A	43.65	2.55%	2.1	1.11%
AmerCent INV:Value	TWVLX	7.19	14 +	7.37	6.46	3.84%	-1.10%	1.36%	9.00%	46.43%	48.14%	173.50%	48.26	2.43%	1.47	1.24%
Homestead Value	HOVLX	35.04	15 +	36.33	29.97	6.89%	-1.77%	2.79%	16.90%	59.51%	49.23%	153.55%	48.17	2.96%	1.96	1.15%
Summit Everest-I	SAEVX	60.19	16 -	62.44	52.63	6.55%	-2.03%	2.59%	13.11%	54.73%	44.11%	N/A	46.8	2.82%	1.8	0.98%
AmerCent INV:Equity Income	TWEIX	8.15	17 +	8.31	7.41	4.78%	-1.09%	1.54%	7.74%	37.76%	50.80%	213.58%	4			

Name	Symbol	NAV	Rank/Trend	52-Week Hi	52-Week Lo	YTD	Percent Return 1-Mnth	Percent Return 3-Mnth	1-Year	3-Year	Total Return 5-Year	10-Year	RSI	Std.Dev	Ulcer Index	Yield
JPMorgan SEL:Equity Inc	HLIEX	12.11	21 +	12.53	10.97	4.49%	-1.84%	2.52%	9.14%	40.78%	17.89%	100.31%	46.56	2.51%	1.64	1.75%
Delaware LargeCap Val Eq	DPDEX	18.45	22 +	19.08	16.67	4.06%	-2.64%	0.38%	9.87%	38.90%	24.39%	127.42%	45.65	2.68%	1.66	1.37%
Wells Fargo C&B Taxed Mgd Val	ICBTAX	19.16	23 +	19.78	16.99	6.56%	-1.39%	3.57%	8.59%	40.99%	42.48%	N/A	47.92	2.51%	1.59	0.58%
Yacktman Focused/190	YAFFX	15.68	24 +	15.9	14.34	4.81%	-0.38%	0.90%	3.82%	32.07%	96.04%	N/A	49.95	2.01%	1.07	1.37%
Oakmark Select-I	OAKLL	33.78	25	34.88	30.34	2.67%	-1.94%	1.47%	8.79%	34.48%	40.64%	N/A	46.75	2.49%	1.54	0.82%
Wells Fargo US Value-Z/56	SEQIX	17.13	26	17.58	15.55	4.83%	-1.10%	2.08%	7.12%	45.10%	20.48%	142.36%	49.2	2.55%	1.43	0.42%
Pioneer Equity Income-Y	PYEQX	30.59	27 +	31.42	26.74	6.55%	-1.80%	2.19%	11.24%	52.56%	28.57%	N/A	49.87	2.90%	1.66	2.25%
Oakmark Select II	OARLX	33.58	28 +	34.68	30.14	2.50%	-1.98%	1.36%	8.73%	33.70%	38.98%	N/A	46.54	2.51%	1.54	0.83%
Hillman Total Return	HCMTX	13.16	29 +	13.62	12.12	2.33%	-2.01%	-0.90%	7.56%	N/A	N/A	N/A	42.79	2.53%	1.75	0.70%
TCW Diversified Value-N	TGDVX	14.87	30 +	15.35	13.2	6.29%	-1.65%	1.78%	12.41%	68.19%	N/A	N/A	48.18	2.88%	1.78	0.01%
Royce INV:Total Return	RYTRX	13.3	31 +	14	11.45	5.79%	-3.41%	-0.07%	16.11%	60.49%	78.19%	245.62%	41.14	2.86%	2.37	0.95%
MainStay AllCap Value-I	MALIX	14.6	32 -	15.24	12.89	5.34%	-2.67%	1.60%	11.96%	48.17%	19.37%	92.12%	44.67	2.86%	1.98	0.95%
Wilshire INV:LargeCap Value	DLTVX	22.18	33 +	23.11	19.45	4.77%	-2.72%	0.50%	14.04%	50.59%	27.24%	137.42%	44.74	3.01%	2	0.57%
Wilshire INST:LargeCap Value	WLCVX	22.23	34 +	23.17	19.44	4.91%	-2.71%	0.54%	14.33%	50.92%	28.24%	N/A	44.75	3.04%	2	0.83%
JohnsonF LargeCap Value	JFLCX	10.19	35 -	10.65	9.06	5.18%	-3.04%	0.63%	10.89%	53.04%	35.02%	N/A	42.77	2.79%	1.95	1.42%
Robeco MidCap Value	BPMIX	12.97	36 -	13.5	11.48	2.61%	-3.14%	0.62%	13.02%	63.89%	63.80%	N/A	45.57	2.71%	2.21	0.15%
AmerCent INV:LargeCap Value	ALVIX	6.73	37 +	6.99	6.12	4.00%	-2.46%	1.04%	9.26%	45.37%	35.65%	N/A	44.42	2.79%	1.74	1.58%
Merrill Focus Value-I	MAPNX	14.74	38 +	15.32	12.64	6.50%	-2.19%	2.65%	14.65%	49.58%	42.30%	177.69%	46.79	3.06%	2.05	0.36%
Salomon Opportunity	SAOPX	54.23	39 +	56.54	45.85	6.10%	-2.59%	2.84%	18.28%	53.82%	28.06%	155.80%	45.64	2.96%	2.21	0.82%
ICAP Equity	ICAEX	43.78	40 -	45.62	37.62	6.71%	-2.32%	2.07%	16.37%	53.88%	22.49%	162.00%	46.21	3.04%	2.1	1.15%

BALANCED

Accessor Balanced Allocation	ACBIX	16.06	1 +	16.54	14.99	1.91%	-2.05%	-0.45%	7.16%	28.96%	N/A	N/A	41.35	1.67%	1.32	1.76%
JPMorgan Balanced Select	OIBFX	12.38	2 +	12.71	11.57	1.95%	-1.67%	-0.10%	6.99%	28.14%	24.76%	N/A	41.24	1.60%	1.18	2.95%
JamesAdv Bal Gldn Rainbow	GLR BX	17.24	3 +	17.69	16.1	1.76%	-1.43%	-0.52%	7.10%	38.89%	40.20%	106.14%	41.81	1.72%	1.25	1.74%
Columbia Balanced-Z	CBALX	22	4 +	22.6	20.46	0.31%	-1.65%	-1.08%	7.55%	25.06%	12.09%	89.73%	41.73	1.72%	1.34	1.97%
Bridgema Balanced Portfolio	BRBPX	12.6	5 +	12.72	11.6	3.62%	-0.16%	1.53%	8.58%	31.35%	N/A	N/A	52.18	1.54%	0.74	0.85%
Putnam Asset Alloc:Balanced-YP	YPABYX	11.49	6 +	11.9	10.5	3.41%	-2.38%	0.61%	9.38%	35.97%	24.71%	97.33%	40.99	1.96%	1.54	2.04%
AFBA 5Star Balanced-I	AFBAX	13.13	7 +	13.33	11.82	5.31%	-0.76%	2.53%	11.09%	45.00%	32.55%	N/A	51.1	1.83%	1.01	3.01%
GreenCen Balanced	GCBXL	16.61	8 +	17.19	15.45	0.12%	-2.69%	-0.84%	7.51%	38.69%	-0.74%	103.30%	40.83	1.94%	1.63	0.25%
Dreyfus INV:Mellon Balanced	MIBLX	13.01	9 +	13.57	12.01	1.74%	-3.06%	-1.23%	8.37%	31.40%	N/A	N/A	36.66	2.03%	1.73	1.66%
CornerCa Balanced	CBLFX	13.8	10 +	14.2	13.02	-0.14%	-2.40%	-0.65%	4.70%	24.21%	22.89%	N/A	40.27	1.80%	1.23	0.00%
Westwood Balanced-AAA	WEBAX	12.5	11 -	12.78	11.2	4.40%	-1.19%	-1.69%	11.60%	34.52%	25.36%	129.84%	47.59	1.99%	1.21	1.36%
Russell LifePoints Balanced	RLBEX	11.54	12 +	12	10.5	2.85%	-2.53%	-0.33%	9.90%	37.39%	34.30%	N/A	39.97	2.13%	1.71	1.96%
SSgA Life Solutions Balanced	SSLBX	12.29	13 +	12.69	11.41	1.49%	-2.23%	-0.57%	7.74%	29.97%	25.39%	N/A	41.7	2.02%	1.49	1.48%
Goldman INST:Balanced	GSBIX	20.4	14 +	20.92	19.14	1.80%	-1.73%	-0.77%	6.60%	27.34%	20.67%	N/A	43.73	1.84%	1.25	2.07%
WellFarA INV:Balanced/20	STAXX	19.9	15 +	20.38	19.11	0.78%	-1.78%	-0.37%	4.09%	21.25%	6.47%	64.40%	43.36	1.77%	1.13	1.96%
Delaware INST:Balanced	DEICX	16.92	16 +	17.28	15.74	3.18%	-1.69%	0.14%	6.72%	23.97%	10.45%	53.56%	45.63	1.90%	1.11	2.53%
Merrill Balanced Capital-I	MACPX	26.37	17 +	27.11	24.32	3.37%	-1.38%	0.88%	7.97%	30.17%	17.65%	91.43%	44.28	1.94%	1.31	2.14%
Atlas Balanced-A	ATBAX	11.48	18 -	11.79	10.66	2.29%	-2.05%	0.51%	7.58%	24.02%	2.91%	33.14%	45.91	2.06%	1.47	1.37%
Goldman Balanced Service	GSBSX	20.14	19 +	20.66	18.97	1.49%	-1.80%	-0.90%	4.66%	23.93%	16.36%	N/A	43.29	1.83%	1.26	1.60%
Dreyfus Balanced-F	FRINX	8.66	20 +	8.92	8.23	1.13%	-2.37%	-1.95%	5.01%	23.02%	1.84%	27.10%	39.6	1.82%	1.37	1.22%
MainStay Balanced-I	MBAIX	26.84	21 -	27.47	25	2.48%	-1.65%	-0.06%	7.35%	36.33%	51.11%	148.48%	46.53	2.04%	1.34	1.68%
Weitz Balanced	WBALX	11.29	22 +	11.48	10.54	2.54%	-0.79%	1.44%	4.32%	N/A	N/A	N/A	48.47	1.66%	0.87	1.04%
Schwab MarketTrack Bal	SWBGX	16.01	23 +	16.56	14.75	2.89%	-2.20%	0.06%	8.56%	32.94%	25.66%	99.05%	41.88	2.10%	1.53	2.10%
Mosaic Balanced/401	BHBFX	17.69	24 +	18.01	17.01	1.97%	-0.95%	0.13%	2.36%	15.76%	10.79%	113.12%	44.25	1.57%	0.84	0.98%
Buffalo Balanced	BUFBX	10.87	25 -	11.08	9.71	6.06%	-0.91%	2.87%	11.95%	45.92%	30.70%	91.57%	50.64	2.16%	1.25	2.70%
AmerFund Cap Inc Bld R3	RIRCX	55.48	26 +	57.41	49.45	5.41%	-1.94%	2.01%	12.19%	48.04%	N/A	N/A	45.21	2.05%	1.59	3.42%
AmerFund Cap Inc Bld-F/412	CIBFX	55.48	27 +	57.41	49.32	5.51%	-1.94%	2.10%	12.48%	47.04%	58.84%	N/A	45.23	2.06%	1.59	3.66%
Transamerica Premier Bal	TBAIX	24.33	28 -	25.71	21.61	2.96%	-3.18%	-1.46%	11.72%	42.47%	26.67%	212.32%	38.46	2.87%	2.43	0.50%
AmerFund Amer Bal-F/411	BALFX	17.98	29 -	18.44	16.87	2.14%	-1.52%	0.39%	5.38%	29.37%	33.79%	N/A	44.21	1.91%	1.22	2.32%
Rainier Balanced	RIMBX	17.72	30 -	18.39	16.48	1.75%	-2.48%	-0.58%	7.55%	27.16%	19.59%	111.45%	41.06	2.23%	1.69	1.17%
AmerFund Balanced R3	RLBCX	17.93	31 -	18.39	16.86	1.98%	-1.56%	0.30%	5.06%	27.98%	N/A	N/A	44.25	1.94%	1.23	2.01%
Holland Balanced	HOLBX	15.82	32 +	16.11	14.81	2.75%	-0.75%	1.89%	4.98%	16.01%	7.06%	N/A	49.05	1.93%	0.99	1.34%
Hennessy Balanced	HBFBX	10.97	33 +	11.12	10.23	4.43%	-0.27%	2.02%	3.63%	11.35%	6.34%	54.85%	51.36	1.84%	1.04	2.20%
LeggMasn INV:Balanced	LMBTX	11.32	34 +	11.73	10.65	0.80%	-2.16%	0.09%	6.27%	23.48%	10.57%	N/A	40.65	2.03%	1.57	0.26%
AmerCent INV:Balanced	TWBIX	16.16	35 +	16.58	15.25	0.91%	-1.64%	-0.63%	4.84%	27.44%	21.61%	90.90%	44.19	2.06%	1.32	1.81%
Janus INST:Aspen Balanced	JABLX	26.19	36 -	27.02	24.03	1.75%	-2.09%	-0.80%	8.99%	27.99%	24.17%	175.22%	43.12	2.19%	1.58	2.16%
AmBeacon INST:Balanced	AADBX	14.61	37 -	15.08	13.67	1.88%	-2.21%	-0.20%	6.84%	39.96%	41.01%	125.74%	42.63	2.18%	1.48	2.49%
willburg FBP Contrarian Bal	FBP BX	18.25	38 +	18.74	16.98	2.39%	-1.67%	0.10%	6.74%	29.06%	23.78%	112.52%	45.04	2.01%	1.38	1.61%
ABNAMRO M&C Balanced-I	MOBIX	16.49	39 +	16.97	15.99	-0.34%	-1.67%	-1.00%	2.91%	11.99%	5.57%	N/A	44.12	1.83%	1.28	1.77%
ABNAMRO M&Ca Bal-N	MOBAX	16.5	40 +	16.99	16.04	-0.45%	-1.73%	-1.11%	2.62%	11.19%	4.24%	85.59%	43.85	1.83%	1.28	1.49%

SECTOR - VARIOUS

Alpine Int Realty Equity-Y	EGLRX	33.6	1 +	37.03	27.21	10.56%	-5.88%	-0.47%	23.20%	135.74%	183.33%	194.42%	35.78	3.94%	3.71	1.14%
Baron Asset Fund Insurance	BCAIX	30.1	2 +	32.15	25.29	7.65%	-4.66%	1.59%	13.63%	67.32%	59.24%	N/A	39.78	3.15%	2.72	0.00%
Century INST:Shares Trust	CENSX	33.51	3 +	34.57	31.38	-0.53%	-2.79%	-1.27%	6.11%	34.14%	28.61%	191.15%	43.41	2.36%	1.74	1.87%
Davis Financial-Y	DVFX	43.61	4 +	45.27	38.18	1.18%	-2.61%	0.81%	14.13%	51.75%	24.08%	N/A	46.41	2.96%	2.06	0.00%
ThirdAve Real Estate Value	TAREX	30.82	5 +	32.68	27.17	4.97%	-4.14%	-0.87%	13.42%	87.91%	134.65%	N/A	39.1	3.52%	2.58	1.39%
Rydex INV:Leisure/237	RYLIX	31.59	6 +	33.32	27.3	7.41%	-3.57%	1.19%	4.60%	54.93%	5.51%	N/A	40.61	2.72%	2.14	0.00%
Exeter Life Sciences Series	RYLSX	12.3	7 +	12.86	10.63	1.65%	-4.35%	-3.23%	15.76%							

Name	Symbol	NAV	Rank/Trend	52-Week Hi	52-Week Lo	YTD	Percent Return 1-Mnth	Percent Return 3-Mnth	1-Year	3-Year	Total Return 5-Year	Total Return 10-Year	RSI	Std.Dev	Ulcer Index	Yield
Aim INV:Leisure	FLISX	43.97	23 +	45.92	38.14	6.54%	-1.81%	4.27%	9.10%	39.87%	21.64%	232.16%	45.61	2.50%	1.86	1.00%
Icon Materials	ICBMX	12.51	24 +	13.95	9.01	15.19%	-6.08%	5.30%	37.98%	126.89%	109.96%	N/A	43.02	6.51%	4.9	0.16%
Ivy Global Nat Resources-Y	IGNYX	30.97	25 +	33.9	20.63	18.39%	-4.65%	7.05%	50.09%	N/A	N/A	N/A	45.34	6.00%	4.52	0.00%
Davis Real Estate-Y/917	DREYX	43.59	26 +	47.15	35.49	8.09%	-2.96%	-0.98%	22.84%	101.63%	152.19%	N/A	44.32	4.44%	4.81	1.96%
Merrill Global Financial Svc	MAFNX	16.89	27 +	19.15	12.68	5.50%	-10.06%	5.43%	32.98%	105.56%	123.12%	N/A	40.15	7.54%	5.11	2.07%
Putnam Global Natural Res-R	PGNRX	30.93	28 +	33.59	22.37	11.66%	-4.18%	6.36%	38.24%	N/A	N/A	N/A	46.7	6.05%	4.39	0.08%
Russell Emerging Markets-S	REMSX	19.93	29 +	23.75	14.33	7.21%	-12.13%	-3.39%	38.83%	151.48%	144.22%	N/A	31.94	6.38%	6.17	2.47%
Gartmore SER:Gibl Nat Res	GGNSX	20.05	30 +	21.78	12.35	12.14%	-3.79%	8.14%	62.40%	N/A	N/A	N/A	48.82	6.69%	4.82	0.00%
Gartmore INST:Gibl Nat Res	GGNIX	20.07	31 +	21.81	12.36	12.12%	-3.79%	8.14%	62.42%	N/A	N/A	N/A	48.73	6.69%	4.82	0.00%
Gabelli Utilities	GABUX	8.38	32 -	8.52	7.6	6.52%	0.12%	1.08%	10.28%	47.80%	27.39%	N/A	55.05	2.54%	1.53	9.39%
Gartmore Global Nat Res-R	GGNRX	19.9	33 +	21.62	12.3	11.92%	-3.82%	8.03%	61.74%	N/A	N/A	N/A	48.73	6.69%	4.82	0.00%
AmerCent INST:Real Estate	REAIH	27.2	34 +	29.47	22.17	7.01%	-3.41%	-2.17%	22.70%	99.46%	156.07%	N/A	44.31	4.60%	4.99	1.69%
JennDryd Sector Health Sci-Z	PHSZX	20.23	35 -	22.69	17.72	-1.71%	-4.92%	-9.76%	13.95%	82.42%	62.52%	N/A	40.55	3.48%	6.56	0.00%
USGlobal Resources	PSPFX	17.26	36 +	19.43	10.68	20.78%	-6.09%	10.71%	61.63%	303.37%	371.52%	307.10%	45.75	6.67%	5.64	1.71%
AmerCent INV:Utilities/983	BULIX	13.76	37 +	14.16	12.37	3.14%	-0.58%	-0.65%	11.20%	63.12%	6.80%	123.74%	52.63	3.38%	2.3	2.82%
Rydex INV:Health Care/233	RHYIX	13.74	38 +	14.84	13.21	-3.71%	-2.35%	-6.02%	3.39%	31.23%	17.14%	N/A	45.4	2.86%	4.92	0.00%
CohenSte Realty Focus-I	CSSPX	62.3	39 -	66.92	52.54	5.43%	-3.17%	-1.22%	18.57%	124.70%	174.54%	N/A	44.88	4.44%	4.45	2.38%
AmerCent INV:Real Estate	REACX	27.17	40 +	29.44	22.18	6.93%	-3.41%	-2.21%	22.49%	98.35%	153.71%	335.87%	44.31	4.60%	4.99	1.53%

SECTOR - TECHNOLOGY/TELECOMMUNICATIONS

Royce INV:Technology Value	RYTVX	6.76	1	7.28	5.53	9.92%	-6.11%	0.60%	22.27%	40.29%	N/A	N/A	36.69	3.17%	3.21	0.00%
Evergen Utility & Tel-I	EVUYX	12.84	2 +	12.93	10.61	9.16%	1.99%	2.55%	21.06%	100.49%	24.49%	N/A	58.56	3.22%	1.94	4.28%
Wasatch Global Sci & Tech	WAGTX	14.01	3 -	15.48	11.02	5.66%	-8.19%	-2.64%	27.17%	60.79%	42.16%	N/A	33.05	3.74%	3.91	0.00%
BlackRoc Gbl Sci&Tech Opp	BGSIX	6.99	4 +	7.75	5.91	0.58%	-7.42%	-5.92%	17.88%	52.62%	2.64%	N/A	32.62	3.94%	4.09	0.00%
Merrill Utilities & Telecom-I	MAGUX	12.47	5 +	12.95	10.88	5.08%	-1.03%	0.22%	14.66%	65.28%	25.15%	148.99%	51.34	3.71%	2.73	2.20%
Ivy Science & Technology-Y	WSTYX	26.3	6 +	28.14	22.73	-0.34%	-3.34%	-3.73%	14.65%	64.79%	30.08%	N/A	40.31	3.28%	3.39	0.00%
FBR LargeCap Technology	FBRTX	11.37	7 +	12.34	9.73	2.99%	-5.96%	-1.81%	16.03%	52.90%	N/A	N/A	37.71	4.09%	3.44	0.00%
BlackRoc Global Sci&Tech Opp	CBSTSX	6.88	8 -	7.63	5.83	0.44%	-7.40%	-5.88%	17.61%	51.54%	-1.18%	N/A	33.41	3.97%	4.15	0.00%
Scudder Communication/532	FLICX	20.4	9 -	22.31	16.95	3.76%	-5.25%	-2.21%	20.35%	61.14%	-13.81%	N/A	41.9	4.40%	3.72	0.00%
ING Global Science & Tech	ATEIX	4.27	10 -	4.74	3.63	0.23%	-8.17%	-5.95%	17.31%	38.19%	N/A	N/A	32.9	4.03%	4.16	0.00%
Northern Technology/617	NTCHX	11.44	11 +	12.38	10.86	-1.55%	-6.00%	-4.75%	3.44%	25.99%	-19.55%	109.78%	36.61	3.80%	3.45	0.00%
Janus INST:Aspen Global Tech	JGLTX	3.81	12 -	4.21	3.3	-0.26%	-8.19%	-4.99%	14.76%	41.11%	-22.08%	N/A	33.56	4.20%	4.12	0.00%
Gartmore Global Tech & Comm-RGGTRX	3.71	13 +	4.11	3.32	-2.11%	-7.48%	-5.12%	9.44%	N/A	N/A	N/A	N/A	29.9	3.98%	4.07	0.00%
Janus Global Technology/60	JAGTX	11.86	14 -	13.13	10.25	-0.34%	-8.35%	-5.12%	14.78%	41.79%	-23.48%	N/A	33.85	4.22%	4.22	0.07%
Merrill Global Technology-I	MAGTX	7.77	15 -	8.42	7.1	-1.40%	-6.05%	-4.90%	6.88%	26.75%	-30.06%	N/A	39.4	4.02%	3.8	0.00%
Sit Science & Technology	SISTX	10.05	16 +	11.3	9.09	-4.83%	-6.94%	-6.51%	8.06%	24.84%	-36.60%	N/A	37.74	4.04%	4.19	0.00%
JennDryd Sector Technology-Z	PTFZX	8.16	17 -	9.13	7.01	-0.73%	-8.31%	-5.12%	14.61%	49.18%	-2.16%	N/A	32.41	4.35%	4.58	0.00%
Rydex INV:Technology/234	RYTIX	11.41	18 -	12.58	10.6	-1.38%	-7.39%	-5.39%	5.44%	26.70%	-20.22%	N/A	35.75	3.97%	4.28	0.28%
Schwab Technology Focus	SWTFX	5.07	19 +	5.54	4.56	-1.36%	-5.94%	-3.24%	8.33%	49.12%	-3.24%	N/A	36.5	4.25%	3.88	0.00%
Hartford Global Comm-Y	HGCYX	7.41	20 -	8.43	6.09	-0.94%	-9.08%	-5.00%	21.75%	94.05%	20.47%	N/A	34.61	4.82%	4.87	1.72%
Columbia Technology-Z	CMTFX	10.07	21 -	11.29	7.48	7.36%	-7.95%	-3.45%	33.82%	117.76%	49.75%	N/A	37.91	5.10%	5.06	0.00%
ABNAMRO Veredus Sci & Tech-NAVSTX	7.69	22 -	8.64	6.47	5.05%	-8.78%	0.39%	14.61%	29.90%	1.59%	N/A	35.32	4.89%	4.49	0.00%	
Rydex INV:Internet/245	RYIIX	36.84	23 -	40.76	33.17	-2.18%	-6.80%	-4.31%	5.95%	39.70%	-26.69%	N/A	36.49	4.25%	4.48	0.00%
RSInvest Internet Age	RIAFX	7.38	24 -	8.4	6.59	-4.90%	-9.56%	-8.55%	11.65%	53.75%	26.59%	N/A	31.55	4.83%	4.7	0.00%
Dreyfus Premier Tech Growth-RDGVRX	23.88	25 +	26.51	21.94	-2.81%	-8.37%	-6.90%	4.69%	25.09%	-18.50%	N/A	33.31	4.12%	4.47	0.00%	
Firsthan Technology Leaders	TLFQX	19.13	26 -	21.29	16.17	0.95%	-8.64%	-4.40%	13.67%	42.44%	-23.20%	N/A	35.85	4.39%	4.6	0.00%
AmerCent INV:Technology	ATCIX	20.59	27 -	23.46	16.69	2.23%	-9.41%	-4.72%	21.47%	34.75%	-16.30%	N/A	35.8	5.63%	5.39	0.00%
RSInvest Information Age	RSIFX	16.3	28 -	18.33	14.61	-0.31%	-9.49%	-7.23%	11.57%	46.85%	10.29%	120.47%	32.43	4.98%	4.68	0.00%
Icon Telecom & Utilities	ICTUX	7.1	29 -	7.92	6.4	3.95%	-6.58%	-2.47%	10.95%	56.77%	23.74%	N/A	40.01	4.84%	4.61	2.27%
ProFunds INV:UltraSector I'net	INPIX	80.38	30 +	96.86	66.92	-8.43%	-9.16%	-8.14%	14.52%	72.86%	-32.60%	N/A	41.1	8.12%	8.09	0.00%

INTERNATIONAL - EXCLUDING BOND FUNDS

MFS International Value-I	MINIX	29.94	1 +	32.13	22.94	13.15%	-3.36%	5.98%	30.49%	102.81%	88.80%	N/A	42.87	3.83%	2.85	0.82%
Oakmark Intl SmallCap-I	OAKEX	22.37	2	24.35	16.47	11.96%	-5.17%	3.71%	35.50%	143.45%	161.03%	258.90%	38.67	3.82%	3.35	2.71%
Oakmark Intl SmallCap II	OAREX	22.34	3	24.32	16.46	11.87%	-5.18%	3.67%	35.41%	143.46%	158.97%	N/A	38.63	3.83%	3.35	2.71%
Glenmede International	GTCIX	21.3	4 +	22.93	14.91	12.29%	-3.97%	5.15%	42.90%	116.62%	87.12%	171.50%	43.1	4.30%	3.09	1.04%
FirstEag Overseas-I	SGOIX	25.82	5 +	27.26	20.1	11.25%	-2.71%	4.66%	28.47%	101.04%	151.90%	N/A	42.34	2.74%	2.17	3.17%
MFS INST:International Equity	MIEIX	19.1	6 +	20.54	14.9	10.85%	-3.39%	3.75%	28.08%	83.02%	72.46%	N/A	40.12	3.89%	2.76	1.03%
Oakmark International-I	OAKIX	25.78	7 +	27.15	19.94	14.48%	-1.79%	7.10%	29.29%	99.28%	83.53%	197.88%	46.91	3.31%	2.23	2.21%
Oakmark International II	OARIX	25.6	8 +	26.97	19.81	14.29%	-1.84%	6.98%	29.22%	97.94%	80.99%	N/A	46.75	3.33%	2.24	2.23%
Hartford Int SmallCap-Y	HNSYX	15.42	9 +	16.75	11.58	12.23%	-4.34%	4.61%	33.16%	103.89%	106.62%	N/A	40.59	4.02%	3.35	1.79%
ICAP International	ICEUX	36.1	10 -	38.94	27.45	9.76%	-3.96%	4.91%	31.52%	113.66%	91.13%	N/A	42.83	4.11%	3.14	1.35%
Thornbur Intl Value-R1	TGVRX	25.74	11 -	28.01	19.94	9.58%	-4.63%	2.65%	29.06%	N/A	N/A	N/A	38.6	3.62%	3.3	0.73%
SSgA Intl Stock Selection	SSAIX	12.37	12 +	13.3	9.26	12.15%	-3.06%	5.73%	33.56%	108.72%	74.94%	69.18%	44.61	4.15%	3.16	1.16%
Schroder INV:International AlphaSCIEX	9.81	13 +	10.64	7.39	8.88%	-4.11%	2.51%	32.76%	93.30%	36.55%	79.17%	N/A	40.88	4.02%	3.36	1.68%
Munder International Equity-Y	MUIYX	18.23	14 +	19.66	13.92	11.02%	-3.44%	5.31%	30.95%	90.72%	50.46%	97.16%	43.33	4.06%	3.18	1.03%
JohnsonF International Equity	JFIEIX	15.65	15 +	16.78	12.45	10.52%	-3.69%	3.78%	25.66%	90.40%	72.40%	N/A	40.93	3.51%	2.76	1.38%
JPMorgan INST:Intel OpportunityJPIOX	14.06	16 +	15.21	10.67	11.76%	-3.70%	4.15%	31.81%	91.63%	47.74%	N/A	43.39	4.12%	3.34	1.69%	
Schwab Intl MarketMasters	SWOIX	19.78	17 +	21.46	15.09	10.26%	-4.58%	3.56%	31.05%	108.63%	68.47%	N/A	41.74	4.04%	3.42	0.82%
Schwab Intl MM Select	SWMIX	19.8	18 -	21.48	15.08	10.31%	-4.53%	3.61%	31.31%	N/A	N/A	N/A	41.88	4.05%	3.42	0.97%
AmerFund EuroPacific Gro	AEGFX	43.64	19 +	48	33.52	6.54%	-5.81%	1.42%	30.18%							

Name	Symbol	NAV	Rank/ Trend	52-Week Hi	52-Week Lo	YTD	Percent Return 1-Mnth	3-Mnth	1-Year	Total Return 3-Year	5-Year	10-Year	RSI	Std.Dev	Ulcer Index	Yield
TAXABLE BONDS																
Icon Bond-I	IOBIX	9.91	1 +	10.12	9.79	0.12%	-0.20%	-0.40%	-1.11%	5.76%	N/A	N/A	45.59	0.52%	0.23	3.63%
MelnInst Standish Mellon HYieldSDDIX		15.73	2 +	15.83	14.96	1.39%	-0.38%	-0.38%	5.15%	25.90%	42.10%	N/A	38.67	0.44%	0.3	8.29%
Potomac Evolution Managed BondPEMVX17.24		3 +	17.92	17.05		-0.34%	0.06%	0.58%	-2.38%	N/A	N/A	N/A	54.63	0.49%	0.26	2.89%
EatonVan INST:Floating Hi Inc EIFHX		9.7	4 +	9.73	9.17	2.28%	-0.31%	0.96%	5.76%	15.50%	22.80%	N/A	44.58	0.46%	0.11	5.16%
TCW High Yield Bond-N/817 TGHNX		6.86	5 +	6.92	6.48	2.58%	-0.50%	0.25%	5.81%	24.08%	36.73%	N/A	35.69	0.47%	0.36	7.09%
TCW High Yield Bond-I/727 TGHYX		6.8	6 +	6.85	6.4	2.87%	-0.36%	0.36%	6.21%	25.59%	39.00%	76.73%	38.15	0.47%	0.31	7.88%
Dreyfus Premier High Inc-R DIMRX		13.56	7 +	13.63	12.64	2.80%	-0.22%	0.73%	7.26%	25.64%	N/A	N/A	46.24	0.37%	0.24	7.01%
Evergren Adjustable Rate-I EKIZX		9.22	8 +	9.24	8.98	1.26%	0.02%	0.58%	2.67%	6.26%	17.37%	60.76%	47.72	0.40%	0.15	3.98%
Accessor INV:High Yield Bond AHBIX		10.71	9 +	10.78	10.04	3.04%	-0.29%	0.69%	6.68%	28.17%	39.68%	N/A	42.96	0.47%	0.29	7.04%
Payden High Income/964 PYHRX		8.05	10 +	8.13	7.64	1.83%	-0.74%	-0.49%	5.34%	23.55%	36.16%	N/A	35.31	0.57%	0.42	7.30%
NichAppl US High Yield Bond-INAHYX		9.9	11 +	9.96	9.28	2.24%	-0.38%	0.47%	6.67%	26.74%	42.12%	N/A	44.8	0.45%	0.27	7.29%
Columbia Conserv High Yield-ZCMHYX		8.31	12 -	8.44	8.08	0.04%	-1.07%	-1.52%	2.89%	15.99%	27.35%	85.19%	21.77	0.52%	0.66	5.91%
SSgA High Yield Bond SSHYX		8.38	13 +	8.44	8	1.97%	-0.38%	0.06%	4.75%	24.18%	35.42%	N/A	43.06	0.52%	0.34	8.08%
AmerCent INV:High Yield ABHIX		6.32	14 +	6.38	6.04	1.63%	-0.94%	-0.12%	4.71%	23.77%	32.77%	N/A	32.3	0.72%	0.37	6.07%
CreditSu INST:Global High YieldRBSFX		10.05	15 +	10.13	9.3	2.92%	-0.20%	0.89%	8.04%	38.61%	46.16%	72.95%	44.12	0.50%	0.33	8.89%
UBS High Yield-Y BIHYX		7.02	16 +	7.05	6.55	4.57%	0.03%	1.66%	7.22%	33.25%	44.35%	N/A	54.41	0.44%	0.19	7.84%
MetroWes High Yield-M MWHYX		10.79	17 +	10.87	10.25	1.62%	-0.64%	0.31%	5.25%	29.29%	N/A	N/A	36.59	0.69%	0.31	6.35%
Dreyfus Premier Short-Term Inc-DDSTIX		10.8	18 +	10.83	10.65	0.18%	-0.28%	-0.12%	1.09%	3.73%	10.48%	58.84%	45.34	0.53%	0.18	3.75%
Pax World High Yield PAXHX		8.41	19 +	8.5	7.87	3.04%	-0.47%	1.00%	6.80%	24.50%	32.63%	N/A	39.6	0.63%	0.37	6.03%
Goldman INST:Short Dur Govt GSTGX		9.58	20 -	9.61	9.41	0.70%	-0.31%	0.22%	1.51%	4.78%	20.09%	N/A	43.07	0.43%	0.13	3.02%
Aim INV:High Yield HYINX		4.37	21 +	4.42	4.13	2.52%	-0.68%	0.22%	5.79%	N/A	N/A	N/A	34.21	0.65%	0.46	6.19%
Dreyfus Short-Intermed Gov/542DSIGX		10.32	22 -	10.34	10.17	0.35%	-0.19%	0.01%	1.09%	2.29%	12.93%	52.12%	46.98	0.42%	0.14	2.99%
Pimco INST:Floating Income PFIIIX		10.35	23 +	10.45	9.76	1.96%	-0.86%	0.34%	6.09%	N/A	N/A	N/A	40.98	0.73%	0.36	4.30%
Marshall Government Income-YMRGIX		9.27	24 +	9.37	9.17	-0.60%	-0.54%	-1.09%	0.02%	8.74%	22.90%	70.10%	42.39	0.73%	0.47	3.83%
AmBeacon INST:High Yield BondAYBFX		10.17	25 +	10.26	9.44	3.56%	0.04%	1.14%	7.68%	23.48%	47.30%	N/A	41.44	0.67%	0.36	7.12%
Ivy Limited-Term Bond-Y WLTYX		9.96	26 +	9.98	9.85	-0.01%	-0.01%	-0.09%	0.44%	3.33%	15.58%	N/A	55.13	0.60%	0.4	3.10%
WellFarA INV:High Income/53 STHYX		7.66	27 +	7.73	7.18	2.40%	-0.91%	0.27%	6.71%	30.33%	27.40%	82.52%	37.7	0.72%	0.35	6.34%
Schwab Short-Term Bond MarketSWBDX		9.83	28 -	9.86	9.68	0.30%	-0.30%	-0.07%	1.16%	4.38%	18.93%	62.59%	43.88	0.52%	0.15	3.54%
Managers INST:High Yield/508MHYX		8.45	29 +	8.52	7.91	3.91%	-0.35%	0.53%	6.82%	33.54%	58.61%	N/A	43.03	0.53%	0.37	6.63%
Delaware Diversified Income-RDPRFX		8.48	30 +	8.74	8.42	-0.93%	-0.82%	-1.51%	-1.42%	N/A	N/A	N/A	38.6	0.94%	0.87	2.42%
Accessor INV:Income Allocation AIAIX		14.75	31 +	14.78	14.51	0.41%	-0.02%	-0.03%	1.67%	5.50%	N/A	N/A	49.82	0.33%	0.19	3.59%
LeggMasn INST:High Yield WAHYX		10.23	32 +	10.31	9.45	3.98%	-0.20%	1.36%	8.28%	30.81%	N/A	N/A	48.28	0.52%	0.33	7.20%
Pimco High Yield-D PHYDX		9.62	33 +	9.73	9.15	1.31%	-1.13%	-0.96%	5.12%	25.66%	N/A	N/A	33.57	0.77%	0.53	6.23%
Pimco ADMIN:High Yield PHYAX		9.62	34 +	9.73	9.14	1.36%	-1.13%	-0.94%	5.27%	26.11%	41.58%	N/A	33.71	0.78%	0.53	6.36%
TransAme INV:Premier Hi YieldTHYBX		7.73	35 -	7.88	7.23	2.47%	-1.15%	-0.05%	6.95%	26.57%	36.27%	N/A	30.85	0.71%	0.61	5.94%
JPMorgan INST:Short-Term/1378JMSBX		9.48	36 -	9.49	9.24	1.72%	0.15%	0.86%	2.53%	5.19%	18.32%	60.14%	63.34	0.27%	0.05	4.52%
Schwab INV:YieldPlus SWYPX		9.66	37 -	9.67	9.32	1.52%	-0.10%	0.79%	3.69%	8.74%	15.91%	N/A	58.88	0.38%	0.06	3.76%
DWS Scudder Hi Inc Plus/824MGHVX		7.62	38 +	7.68	7.07	2.95%	-0.52%	1.06%	7.85%	34.73%	44.25%	N/A	42.63	0.71%	0.31	6.96%
Salomon INST:High Yield SIHYX		6.98	39 -	7.02	6.46	3.76%	-0.14%	1.38%	7.97%	32.37%	60.66%	N/A	52.85	0.52%	0.29	7.73%
Janus High Yield Bond/57 JAHYX		9.58	40 +	9.68	9	2.94%	-0.73%	0.78%	6.50%	25.46%	38.86%	100.33%	40.9	0.69%	0.41	6.23%

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Owning a Vacation Home

With observance of Memorial Day behind us and vacation season at hand, it's time in many American households for two perennial questions:

* "Where shall we go this year?"

* "Should we pay rent in a hotel or resort again, or does it make more sense to apply the money toward getting a place of our own, which we will then have whenever we want to go there in the future?"

Many households answered the second question with a "yes" last year, and others are expected to do so again this year.

Vacation homes-of which the U.S. Census Bureau identified 6.8 million at last count-accounted for 12.2 percent of all homes purchased in 2005, and, at a record 1.02 million, such purchases were up 16.9 percent from 872,000 in 2004, a recent survey by the National Association of Realtors reported.

Their median price-whether detached single-family homes, cabins or cottages, or multi-unit buildings-was \$204,100, up 7.4 percent from 2004's \$190,000. Their median size: 1,480 square feet.

Vacation homes' share of 2005 purchases lagged the 27.7 percent of homes which were bought for investment-whether to generate rental income, diversify assets, or both.

To David Lereah, NAR's chief economist, it was not surprising that the combination of investment properties and vacation homes combined would constitute almost 40 percent of residential sales, up from 2004's 36 percent. (Although commonly used, the term "second" home is a bit deceptive: about 6 of 10 second home owners surveyed by NAR were found to own two or more homes-for vacation and/or investment-beyond their primary residences.)

"The baby boom generation is

driving second-home sales," Lereah of the said in a statement. "They're at the optimum point in life when people become interested in second homes. They're at the peak of their earnings (and) interest rates remain historically low."

Economic conditions remain relatively strong despite inflationary pressures due mostly to rising commodity prices and lower consumer spending. The resulting higher interest rates have lead Lereah to expect a decline in purchases of investment homes this year. "There are fewer incentives to speculate in the market with price appreciation cooling in much of the country," he adds.

"Vacation home sales will remain strong for the foreseeable future, given the fact that baby boomers are favorably positioned in terms of affordability, as well as being at the stage in life when people are most interested in making that kind of a lifestyle purchase."

That, to be sure, is not to suggest that the vacation home market is going to be as firm everywhere in 2006 as in 2005. As Barron's concluded in its May 29 issue following a survey of the broad second-home market across the country: "After a long string of double-digit annual price increases, a number of second-home Meccas across the country are suddenly suffering from plunging sales volume and burgeoning inventories of unsold homes."

Though the official figures on sales prices have yet to reflect the current round of cuts, interviews with real estate pros and others strongly suggest that the averages are deteriorating in a number of key markets.

An April 14 overview of coastal resorts by The Wall Street Journal reported not only price cuts ("offers that would have been an insult a year ago are now being accepted," according to a Cape Cod real estate broker), but also other steps to promote sales - including reduced broker commissions.

Despite the weaker prospects for 2006, the longer-run trends underlying the vacation home market are expected to remain on track, mostly due to the aging of the baby boomers.

"Vacation home buyers are making lifestyle choices and purchasing primarily for their own enjoyment," Lereah emphasized, citing NAR's 2005 survey findings for illustration: 72% percent of owners said they planned to use the houses for vacations and family retreats. Moreover, 18 percent expected their vacation homes to become their primary residences in retirement.

Economic motives seem to have played a minor role. While one-third bought to achieve greater diversification of their assets-well below the one-half of investment home owners who had that motive-only 13 percent bought to earn rental income, as opposed to two-thirds of investment home owners. (Of vacation homes which their owners rent out, the median number of nights rented is only 12 per year, far fewer than the number of nights that owners of investment homes rent out theirs.)

The typical vacation home owner participating in the NAR survey was 59 and earned \$120,600 last year. As many as one-third had paid cash, commonly out of savings or from proceeds of real estate sales, and of those who got mortgages, the median down payment was 27 percent. Of those 6.8 million vacation homes, 82 percent are owned free and clear.

The median distance between a vacation home and the owner's primary residence was 220 miles; 34 percent bought within 100 miles of their primary residences, and, ironically, another 34 percent bought 500 or more miles away, enough to get them to an ocean, river, or lake (66 percent of preferences), recreation or sporting activities (39 percent), vacation or resort areas (38 percent), and mountains or other natural attractions (31 percent).

The Navigator rankings are based on a proprietary forecasting model that selects which funds will outperform their peers over the next 12-18 months. Those funds are then ranked against their peers and presented in descending order. **How to use the rankings:** Those funds ranked in the top quartile of their group (above the dotted line) represent the best buys and are expected to perform the best on a risk-adjusted basis. **Funds listed in bold** are used in our model portfolios. The rankings incorporate several variables such as those listed in the table as well as many others such the funds' management, the underlying assets of the fund, our internal economic forecasts, etc. **Relative Strength Index (RSI):** A trading range momentum indicator. Generally, a reading above 70 indicates that the securities within the fund are overbought and a reading below 30 signifies an oversold situation. **Ulcer Index:** This is a measure of risk, but unlike the standard deviation, it measures specifically the downside risk associated with an investment. The lower the number, the lower the variability one can expect from an investment. **Rank/Trend:** This measurement shows the funds relative rank versus its peers. The trend indicates whether the fund has moved up (+) or down (-) relative to its peers since the last issue of the newsletter. **Yield:** This column shows the percentage return you had distributed to you if you bought the fund exactly one year ago. **52-Week Hi-Lo:** This is the highest and lowest price the fund has had in the last 52 weeks.

orders to U.S. factories for durable goods - big-ticket manufactured items - fell by 0.3 percent in May after an even bigger 4.7 percent plunge in April. That was the first time that total orders have registered back-to-back declines in two years, providing further evidence that the U.S. economy is slowing. At the same time, the data primarily reflected weakness in demand for commercial aircraft, an extremely volatile category that showed large gains at the beginning of the year.

Even housing data was mixed. The Commerce Department reported that builders started construction at a seasonally adjusted annual rate of 1.957 million units last month, an increase of 5 percent from the April pace. The better-than-expected increase came after declines of 5.5 percent in April, 7.5 percent in March and 5.9 percent in February. But analysts attributed the increase to an unusually dry spring in many parts of the country, which allowed builders to start work on more new homes, and cautioned that construction activity is likely to decline in the near future as the housing industry slows under the impact of rising mortgage rates. At the same time, new home sales fell to an annualized rate of 1.234 million in May, down from 1.198 million in April but better than the 1.15 million economists had expected.

Even Former Federal Reserve Chairman Alan Greenspan chimed in with some conflicting information, announcing in early June that high energy costs are beginning to stunt economic growth - but have not produced any "serious erosion" of world economic activity. "The United States, especially, has been able to absorb the huge implicit tax of rising oil prices so far," Greenspan told a Senate hearing in his first appearance before Congress since leaving the Fed.

As for the other part of the stagflation worry - rising inflation - it's still basically in check. To be sure, there have been signs of rising inflation. As mentioned above, core CPI posted a 0.3 percent increase in May, as did the core Producer Price Index (PPI). And the Institute for Supply Management's prices paid index surged 5.5 points to 77, a sure sign of increasing inflation. But other data suggest that inflation is still somewhat subdued. The Labor Department upwardly revised its estimate of first-quarter productivity growth to 3.7 percent, but said wage costs rose just 1.6 percent instead of an initial reading of 2.5 percent. Even Fed Chairman Ben Bernanke seemed relatively content; he said in a June 15 speech

before the Economic Club of Chicago that inflation expectations are well managed.

Two reports support the Navigator's view that the economy is slowing enough to prevent inflation from rising. On June 22, the Labor Department reported that 308,000 people filed for jobless benefits the prior week, the largest amount in five weeks. Plus, the Conference Board reported that its widely watched gauge of economic activity slipped in May, suggesting that the nation's economy is likely to cool in the coming months. "The two releases together suggest that the economy is currently enjoying sturdy growth, but growth is slowing, and will slow further in the months and year ahead," said Mark Zandi, chief economist at Moody's Economy.com.

So, while the U.S. economy may have left the sweet spot, things seem pretty good. Consumers are certainly happy; if the University of Michigan's reading of U.S. consumer sentiment and the Conference Board's reading of consumer confidence are any indication. In June the former rose from 79.1 to 82.4, and the latter rose from a revised 104.7 to 105.7, suggesting that consumers are confident but not ecstatic - exactly where economists want them to be.

The Fed, too, seems content. With the economy leaving the sweet spot, its choices have been more difficult than in recent years. Inflation definitely threatens the pretty picture. But the economy is slowing, and should continue to do so, as the Fed's series of interest-rate hikes has yet to take full effect. The Fed cannot be certain the moderation will be enough, so they raised rates by a quarter point once more on June 29. The Fed has hiked rates at 17 straight meetings dating back to June 2004, bringing its target Fed funds rate from 1.00% to 5.25%, the high level since January 2001.

The statement from the FOMC was overhauled from earlier statements. It stated that some "inflation risks remain". It continued by saying, "Recent indications suggest that economic growth is moderating from its quite strong pace earlier this year, partly reflecting a gradual cooling of the housing market and the lagged effects of interest rates and energy prices." There you have it. The FOMC sees a weakening housing market and is waiting for the economy to fully absorb higher interest rates and energy prices.

Leaving out the statistics and the compli-

cations that we cover here, a brief summary of how the evening news has been presenting economic news sounds like this. Interest rates are going up, but are still very low in the historic sense. Inflation is under control, excluding gas and oil prices. The unemployment rate is at a decade's low. Here's the problem:

Interest rates: It doesn't matter that the rates are still "historically low". The only thing that matters is that they are much higher than two years ago and going higher. Higher rates are eating into the average American's budget.

Inflation rates: Whenever I hear that inflation is contained, excluding energy prices, I cringe. We do not live our lives "excluding energy;" it is not possible. Extracting energy prices from inflation is like leaving the ice cream out of an ice cream sundae.

Unemployment rate: This rate is misleading because it only tracks the out of work people on the government unemployment rolls. Following 9/11, the Government, to their credit, extended the benefit period so the cycle of unemployed was larger. When the extension period was repealed, hundreds of thousands of people were dropped off the rolls and the unemployment rate dropped. Did these individuals ever find a job?

All told, we believe the U.S. economy will moderate - enough to prevent overheating, but not so much that it falls into a prolonged period of sub-par growth. In that scenario, it would be ideal if the economy achieved some healthy rebalancing, becoming less dependent on housing and consumer spending, and more reliant on business investment and exports. Indeed, on June 16, the Commerce Department reported Friday that America's current account trade deficit fell to \$208.7 billion in the first quarter, down 6.5 percent from the all-time high deficit of \$223.1 billion set in the final three months of last year - an unexpectedly large improvement.

Mr. Bernacke's ears must be ringing with all the talk about him and interest rates. My two cents ... Take a pause now, and look at 90 days' worth of data. The effect of increasing rates has a lagging effect on the economy. Current data shows the effects of the increases made three to six months ago. Let the economy settle into the current rate environment, and then adjust accordingly. Thanks for reading and have a fun and safe summer.

Mark

IN THE SPOTLIGHT

by Mark A. Grimaldi, CFS

I thought I would share some of my thoughts this month instead of writing a Fund Spotlight. Our Fund Spotlight will return in the August issue.

This July 2007 issue marks an anniversary for the Navigator Newsletters. One year ago, we decided to use technology to the fullest and deliver the newsletter electronically. We felt that in the financial industry the quicker you can distribute information, the better.

The response from our subscribers has been overwhelming positive. For that, we here at Navigator Newsletters are very pleased.

Not unlike most business decisions, there was a financial element to our decision. In order to keep our subscription rates as low as they are, we needed to find a way to reduce our printing and postage costs. Going to electronic delivery did that, and we feel it was a win/win for us and for our valued subscribers.

We invested in new and improved computers and we added additional personnel in our circulation and research departments. I hope that if you had contact with our staff you felt confident that your need was handled promptly, courteously and with professionalism.

I would welcome any feedback regarding your experiences via

my personal email address (mgrimaldi@prestigenoload.com).

We were then able to offer various subscription specials. These discounts are only possible due to the change in our business model. I encourage you to visit our website (www.navigatornewsletters.com) to see what the current special is. Also, I know that our publisher, John Morgan, likes to run unadvertised specials. To find out what those are, please call our subscription department and ask for the unadvertised special. I can't tell you what the current special is, however, I think it will be worth your time to call.

MY THOUGHTS....

In 2004 it was published that the average American household had a negative savings rate (ed: This topic has been covered and analyzed in previous Navigator issues). We were spending more than we made. This was the first time since World War II that this happened.

However, the economy paced forward, partly because interest rates, inflation and oil price were low. Not historically low, just low, period.

I say "partly" because I believe the main catalyst was that home prices surged. Twenty years ago, a home equity line of credit, or second mortgage was a sign of financial trouble. People that had

second mortgages kept mum about it. Today, everyone has one.

An increase in home equity has become the near equivalent of an increase in income. Many people view it like a raise, and even better than an increase in a credit card line of credit.

Each year, Americans called the bank to increase the equity line, and, like magic, money appeared.

Well folks, you've heard me say it before; those days are just about over. You want proof? Call your bank for an increase in your line of credit. Unless you're in one of the very few areas where home prices are still growing, I don't think you are going to like what the bank has to say this year.

In many parts of the country, builder/sellers are offering incentives to buyers. These incentives include things like free upgrades (garages), prepaid gift cards (\$20,000 and up) and even an allowance to be used towards the closing costs.

Why are they offering these incentives and not just cutting the prices? The Real Estate professionals want to keep sale prices as high as possible. They fear that if the prices on the sign at the curb start to drop, a free fall could happen. So, instead of dropping the house price by \$20,000, they give the buyer a \$20,000 pre-paid gift card. This way they can report that home prices are stable. Don't fall for it, you now know better.

Booming home prices was just a side effect of the lowest interest rates in 50 years. Smart investors will see that.

What to root for ... not high earnings, high sales or high profits. We want low inflation, low interest rates. That's all for now. Thanks for reading, and Happy Birthday America!!!

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