

October 7, 2005



Third Quarter 2005 Brief Review & Analysis

Our investments continued to perform exceptionally well throughout the quarter, and now our average account is up 13.73% year to date, net of all fees. In stark contrast, both the DOW and NASDAQ are in the red for the year. During the quarter, we began to see some warning signs and moved 70% of our holdings back into cash. Yet the remaining securities performed so well, that our total holdings still increased 4% during the quarter.

Below is our analysis of each holding and its prognosis:

ACM Income Fund, Inc. (ACG): We sold this stock in late August after watching the bond market begin to lose its footing. Several mortgage REITs and conservative bond funds lost close to 50% of their value during the quarter and we didn't want to wait around to see if ACG would take a hit. We anticipate getting back into ACG and several other high yield income funds during the fourth quarter. The key will be to wait until they've leveled out somewhat.

Ameritrade Holding Corp. (AMTD): At the end of last quarter, we were up 22% on our holdings. Although tempted to lock in profits, we did not see any sell indicators and so we continued to hold AMTD. We are now up 41% and will continue to hold until the sell indicators appear.

Nortel Networks Corp (NT): Nortel continues to slowly trend upward. While we would love to see them take off, we are confident that our patience will eventually be rewarded.

Thoratec Corp (THOR): We were happy to see Thor begin to get some traction. We would not be surprised to see this stock move up significantly during the next year. We bought this stock in two waves and are up 17% on our first purchase and 6% on our second purchase.

I hope you have found this analysis informative and meaningful. We are always actively seeking prospective investments and will react quickly to the changing market environments. We appreciate your continued patronage.

Sincerely,

Jonathan Davey, CPA MBA
President