

Use XLQ to Extend Your AAll Stock Investor Pro Analysis

Prepared for AAll Silicon Valley
Computerized Investing SI Pro Users Group

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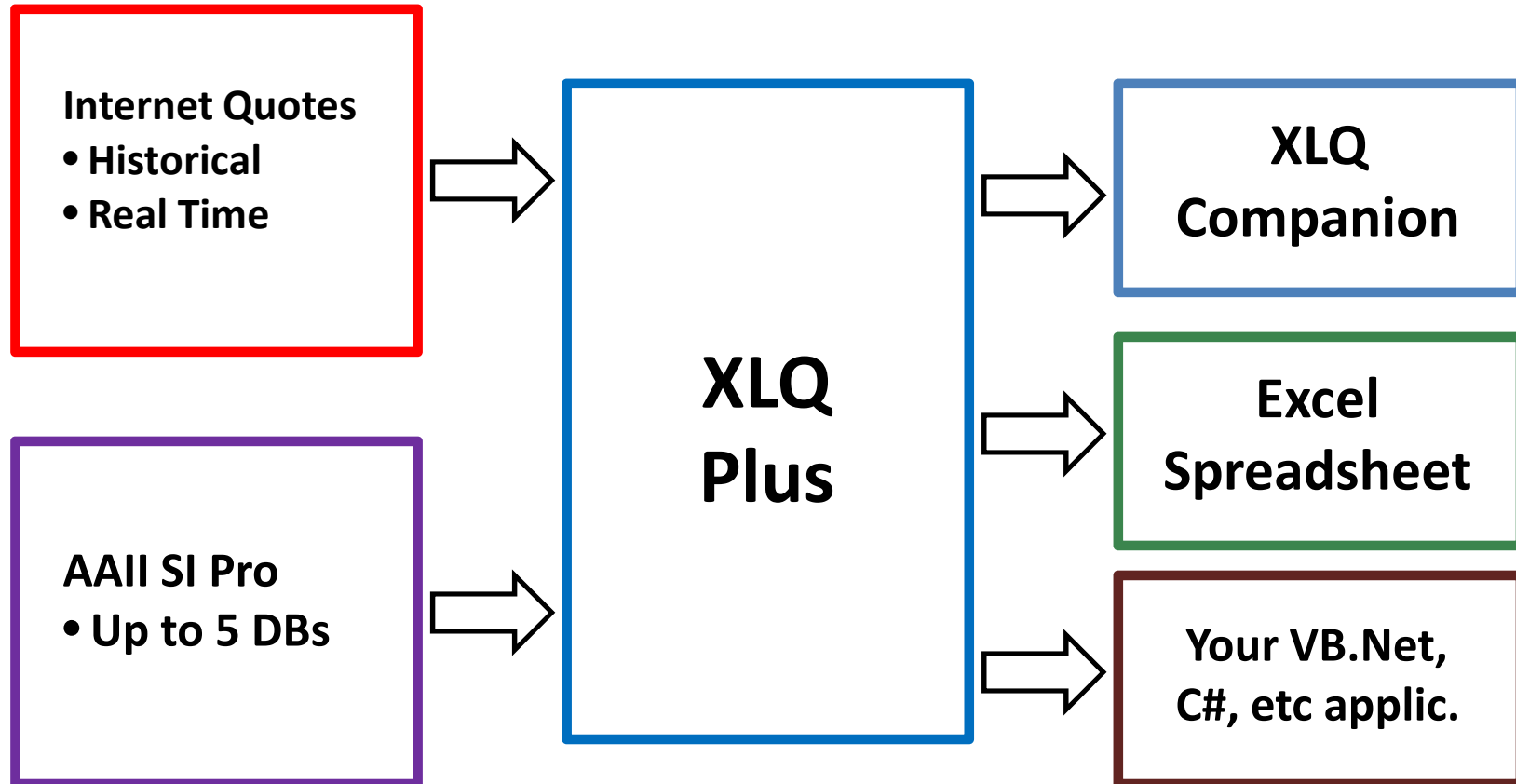
Agenda

- XLQ Intro
- Simple XLQ Example
- Stress Testing XLQ and Excel with a back-test simulation of Greenblatt's "Magic Formula"

XLQ Overview

- Delivers intraday and historical data into Excel
 - Yahoo, MSN, and other sources
 - Plus version handles streaming data from several sources
- Over 150 spreadsheet formulas that pull in current and past stock data
- Facilitates design of portfolio management and stock analysis spreadsheets that update automatically
- Plus version pulls data from SI Pro into Excel
- Other functionality as well

XLQ Plus Functionality



- There are many other features!
- See www.qmatix.com for details.

XLQ Plus Purchase

- Free 45 day trial
- XLQ Plus is \$119.50 including 1 year of updates
- When you purchase an AAll discount of \$25.00 is available
- Annual fee of \$49.50 for XLQ Plus for continuing updates



XLQ

XLQ delivers free live, intraday and historical worldwide stock market data. Data can be used in XLQ, xlgCompanion, MS Excel and other programs, or with programming languages through a COM interface from Yahoo! and MSN. With more than 150 formulas available, XLQ can maintain a portfolio or perform personalized in-depth stock analysis. In addition to real-time market data updated from the Internet, XLQ also provides an Excel interface for all data from AAll's *Stock Investor Pro*.

For more information visit the [QMatix](http://www.QMatix.com) Web site. Get \$25 off when purchasing XLQ through the QMatix Web site by entering "AAll-SIP" when checking out.

Number of Downloads*:	59
Publisher:	QMatix
Date:	09/19/07
File Size:	3.99M
Version:	3.7
Terms:	45-day free trial; \$74/yr. for XLQ lite; \$119/yr. for XLQ Plus
System Requirements:	PC
Special Requirements:	Windows 95 or higher; Excel 97 or later

* Downloads from the past 3 months

AAll website: www.aall.com

→ DOWNLOAD NOW

(3.99M)

Example: Multiple SI Pro Data Bases

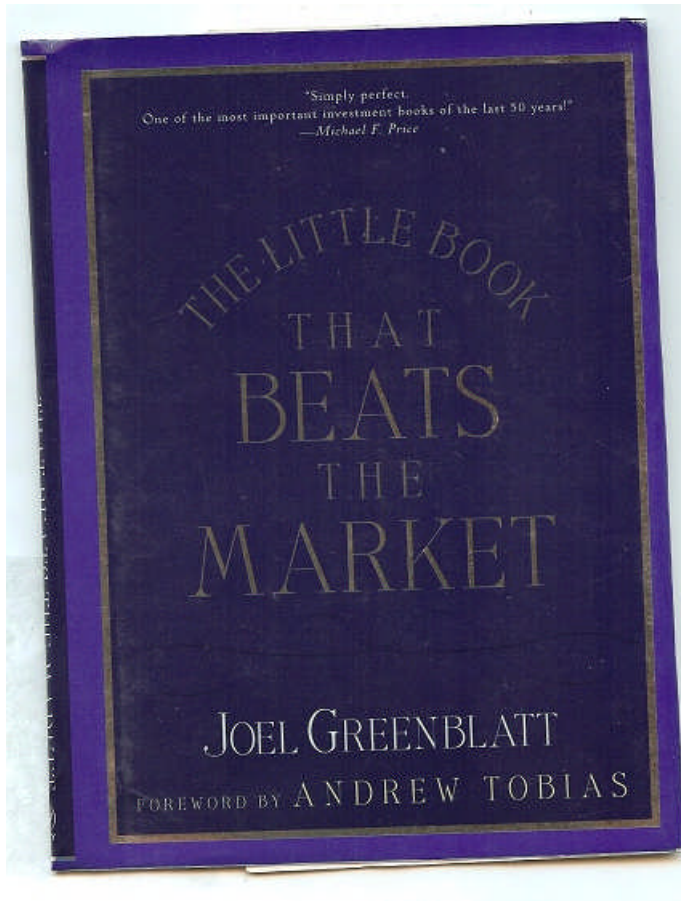
	A	B	C
1			
2		Symbol	msft
3		Field	PriceDateM_X
4		Index	1
5			
6	Data Base	SI Pro Data Referenced	PriceDateM_X, 1
7	0	c:\program files\stock investor\professional	8/31/2007
8	1	c:\program files\stock investor\SI Pro 061201	11/30/2006
9	2	c:\program files\stock investor\SI Pro 051130	11/30/2005
10	3	c:\program files\stock investor\SI Pro 041203	12/3/2004
11	4	c:\program files\stock investor\SI Pro 011130	11/30/2001
12			
13		Excel formula in cell C7	=xlqAAII(\$C\$2,C\$3,\$C\$4,\$A7)

- XLQ Preference page is where you associate data base numbers 0 to 4 to SI Pro data folders
- I was able to access 2001 SI Pro data but not data from December 1999 or December 1997

Simple Stock Comparison

Database	0			
Enter Period	0	Q or Y	Q	
Company:	WMT		TGT	
	Qtr Ending	Delta from	Qtr Ending	Delta from
EndingDate	31-Jul-07	Prior Period	4-Aug-07	Prior Period
Sales	93,012	10.1%	14,620	7.7%
Gross Income	24.1%	-0.4%	34.2%	1.1%
Gross Operating Income	5.7%	0.4%	7.6%	1.7%
Pre-Tax Income	5.3%	0.5%	7.6%	1.7%
Income After Taxes	3.5%	0.3%	4.7%	1.0%
Net Income	3.2%	0.0%	4.7%	1.0%
EPS-Diluted	0.72	14.3%	0.80	35.6%
EPS-Diluted Continuing	0.76	22.6%	0.80	35.6%
Capital Expenditures	3,814	-17.2%	1,180	6.8%
Cash Flow/ Share	0.78	21.9%	1.27	22.1%
Free Cash Flow/Share	0.23	-153.5%	(0.63)	-18.2%
Current Assets	46,387	-6.5%	15,132	-1.4%
Net Fixed Assets (PP&E)	92,948	8.1%	23,027	10.0%
Total Assets	156,949	3.9%	39,466	4.2%
Working Capital	(8,863)	3.8%	4,110	19.9%
Long-Term Debt	31,560	13.6%	10,152	11.3%
Book Value/Share	15.18	7.7%	18.75	8.7%

Magic Formula (MF)



- Joel Greenblatt
 - Professor at Columbia Business School
 - Founder and Managing Partner at Gotham Capital which has a 40% annualized return from 1985 to 2005
- Good test for XLQ because
 - It is hard to implement with other tools in a precise manner
 - Requires a very large XLQ / Excel model to implement
- See also article “The Magic Formula Approach to Stock Picking”, John Bajkowski, Computerized Investing, January / February 2006

Greenblatt's Magic Formula Method

- Buy good businesses cheaply
 - “Good” measured by a Return on Invested Capital measurement
 - “Cheaply” measured by an Earnings Yield measurement
 - Greenblatt has his own special formula for these measurements
- Implementation
 - Rank stocks by each of the above two metrics
 - Sum these two ranks and re-rank again
 - Invest in top 30 stocks (7 – 8 per quarter)
 - Buy only 25% of your stocks each quarter
 - Takes a year to fully invest
 - Hold each stock for 1 year; Sell; Repeat the process
- Rank largest 3500 stocks trading on US exchanges
 - Smallest companies had market cap > \$50 mil

Buy “Good” Businesses

- Measure “Good” by Return on Capital
- $\text{EBIT} / (\text{Net Working Capital} + \text{Net Fixed Assets})$
- EBIT used to make measurement independent of debt and tax levels each company sees
- The denominator approximates the required capital investment to produce the return measured by EBIT

Buy “Cheap”

- Cheap is measured with an Earnings Yield calculation. Idea is to measure how much a company earns relative to its purchase price.
- $\text{EBIT} / \text{Enterprise Value}$
- EBIT – operating earnings before interest and taxes
- Enterprise Value – total of the stock market capitalization plus the value of any debt less excess cash

Greenblatt's Simulation Database

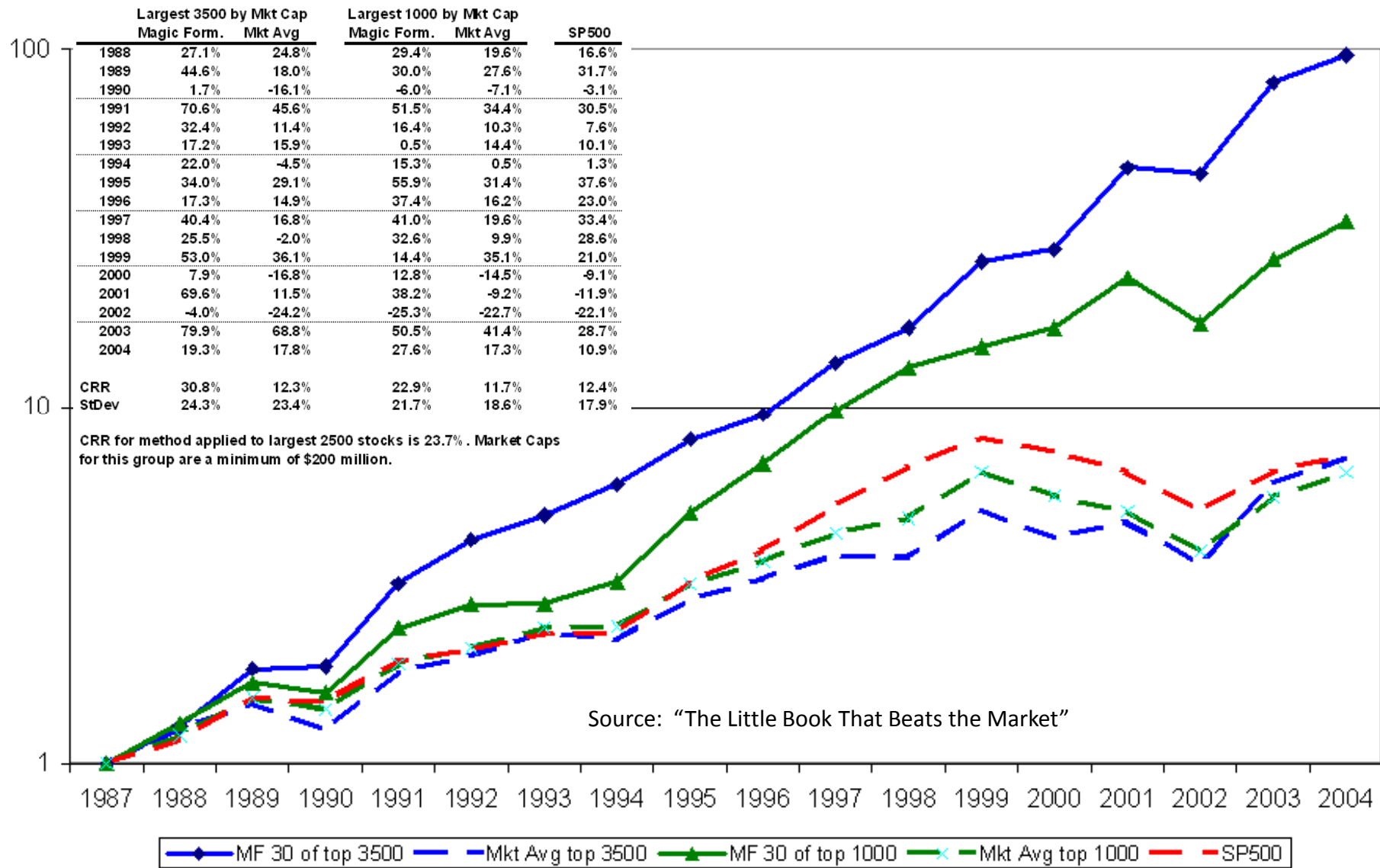
- Standard & Poor's new Compustat "Point in Time" database was used.
- Database contains exact info available to Compustat users at any historical date.
- Database covers 17 years which became the length of this study.
- This avoids survivorship bias and look ahead bias which are 2 big problems for financial historical simulations.

It is difficult to over-emphasize how important these issues are.

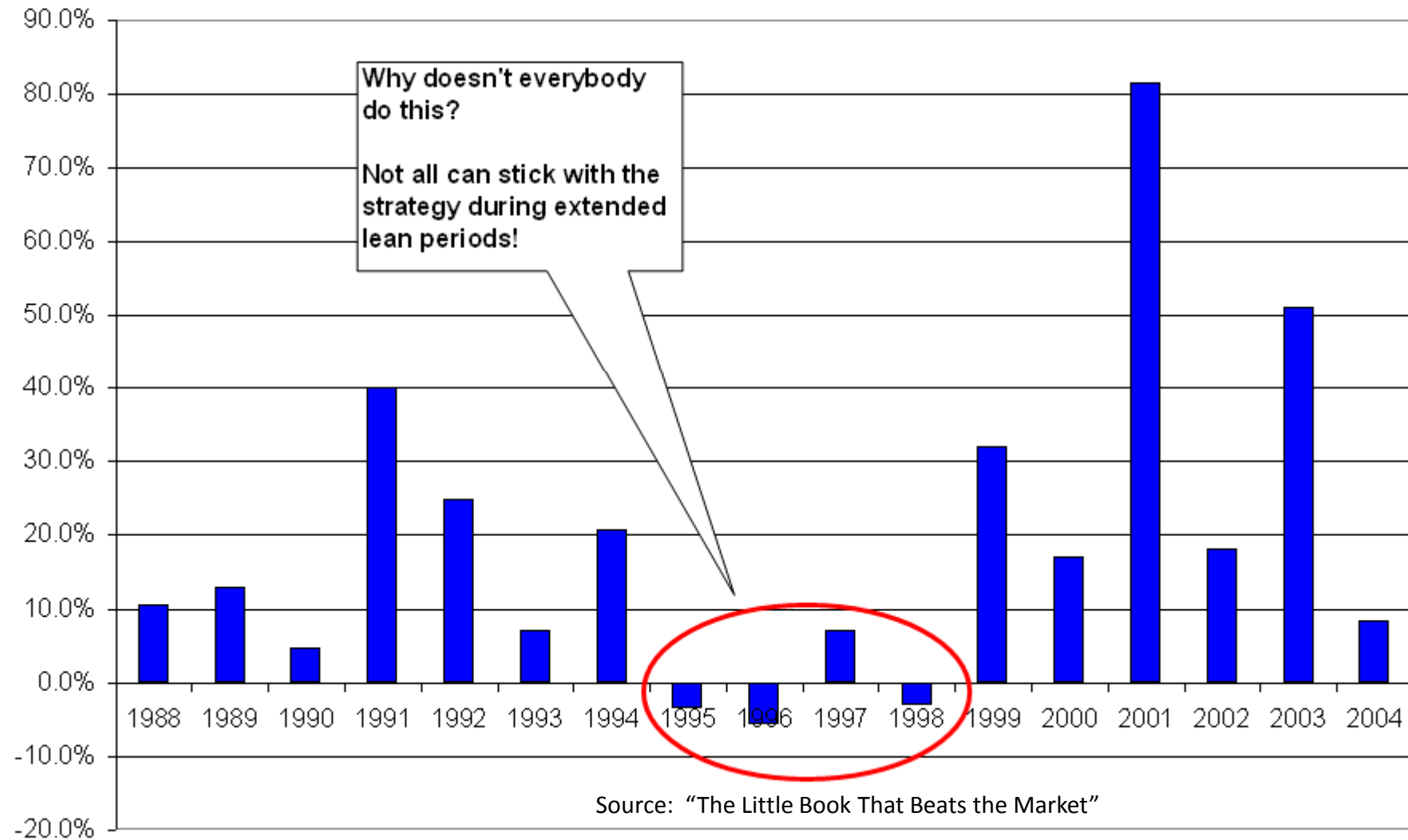
Approximations for “Cheap” and “Good”

- If you cannot use the exact calculations recommended by the author, the following approximation is recommended:
 - “Good” Business: Screen for stocks with a minimum ROA of 25%
 - “Cheap”: From the resulting list of high ROA stocks, screen for those with the lowest PE
- Exclude all utilities and financial stocks (i.e., mutual funds, banks and insurance companies) from the list
- Exclude all foreign companies from the list.
- Consider eliminating any stock with a $PE < 5$ or so as that may indicate the prior year or the data is unusual in some way
- Consider eliminating any companies with an earning announcement in the last week to minimize incidence of incorrect or untimely data.
- *AAll has designed a screen for SI Pro that implements this “alternate method”. (see appendix for reference)*

Return Magic Formula, Market Averages and SP500



Magic Formula (30 of 3500) Return less S&P 500 Return



XLQ Screen Used

	Run 1	Run 2	Run 3
Minimum Market Cap Millions	500	50	50
Allow ADR's and Foreign Companies	Yes	Yes	Yes
Minimum Price	1	1	1
Minimum Daily Dollar Trading Volume	750,000	750,000	750,000
Minimum PE	5	5	5
Include these industries			
INSURANCE (ACCIDENT & HEALTH)	No	No	No
INSURANCE (LIFE)	No	No	No
INSURANCE (MISCELLANEOUS)	No	No	No
INSURANCE (PROPERTY & CASUAL)	No	No	No
INVESTMENT SERVICES	No	No	No
MISC. FINANCIAL SERVICES	No	No	No
MONEY CENTER BANKS	No	No	No
REGIONAL BANKS	No	No	No
S&Ls/SAVINGS BANKS	No	No	No
REAL ESTATE OPERATIONS	No	No	No
COMMUNICATIONS EQUIPMENT	Yes	No	Yes
COMPUTER NETWORKS	Yes	No	Yes
COMPUTER PERIPHERALS	Yes	No	Yes
COMPUTER STORAGE DEVICES	Yes	No	Yes
ELECTRONIC INSTRUMENTS & COM	Yes	No	Yes
SEMICONDUCTORS	Yes	No	Yes

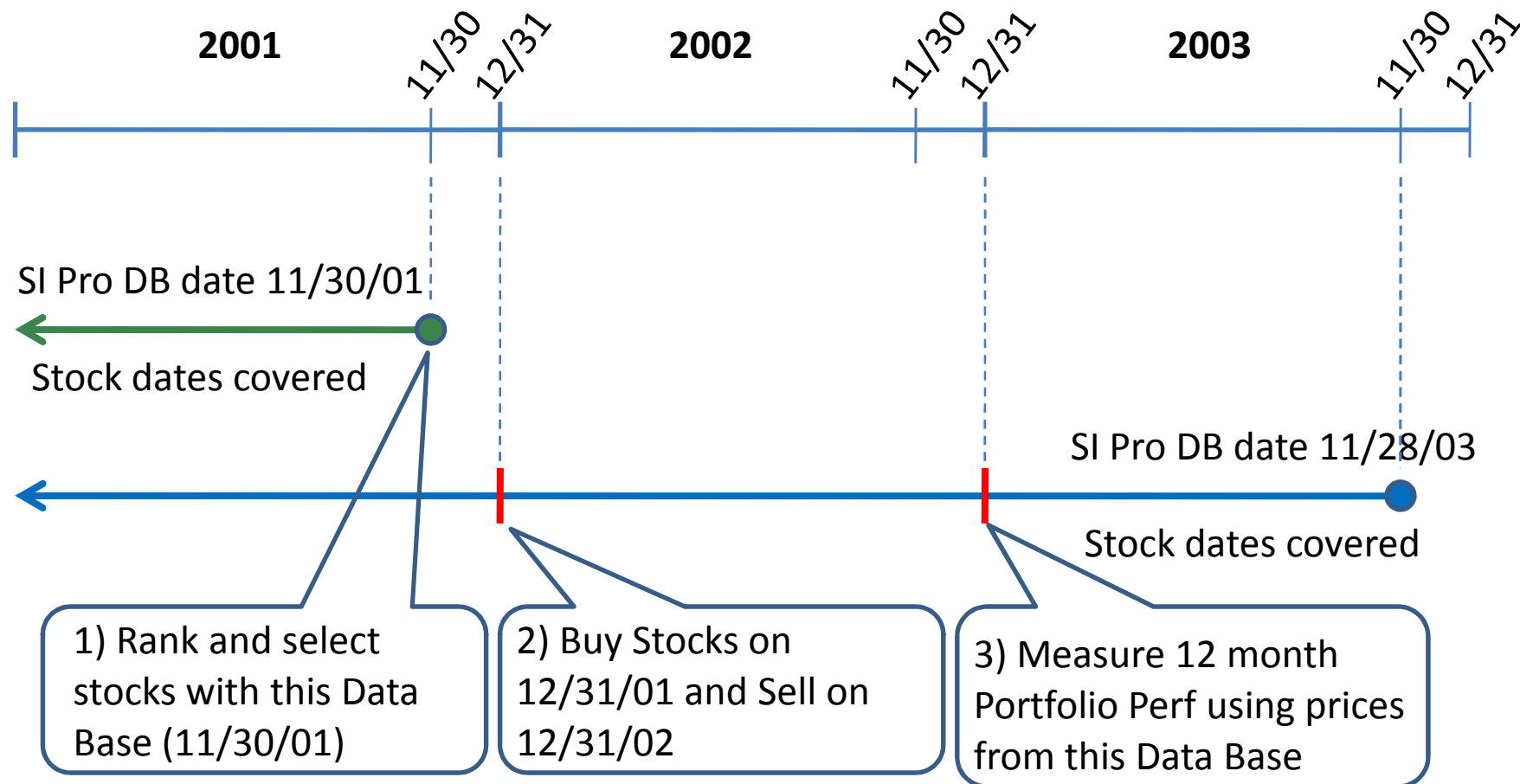
All other industries included in all runs

XLQ MF Ranking Metrics

- Greenblatt's specifications for ranking metrics require a number of approximations and compromises when using SI Pro data.
- Cash
 - Divide between Required Cash and Excess Cash
 - Required Cash is included in Working Capital and Tangible Capital Employed while Excess Cash factors into Enterprise Value
- SI Pro does not have all the data fields required for an exact implementation of Magic Formula
 - E.g. we cannot determine the market value of preferred shares required for Market Value of Equity calculation
- Missing or NA data fields in SI Pro
 - Decide on a case by case basis whether to use 0 or throw the stock out
 - Requires substantial logic in Excel to test each data field to make this decision
- ***The XLQ MF model is not an exact implementation of Greenblatt's model but it is better than the approximate method***
- ***You will spend a lot more time than you expect constructing a MF screening model or any screening model.***

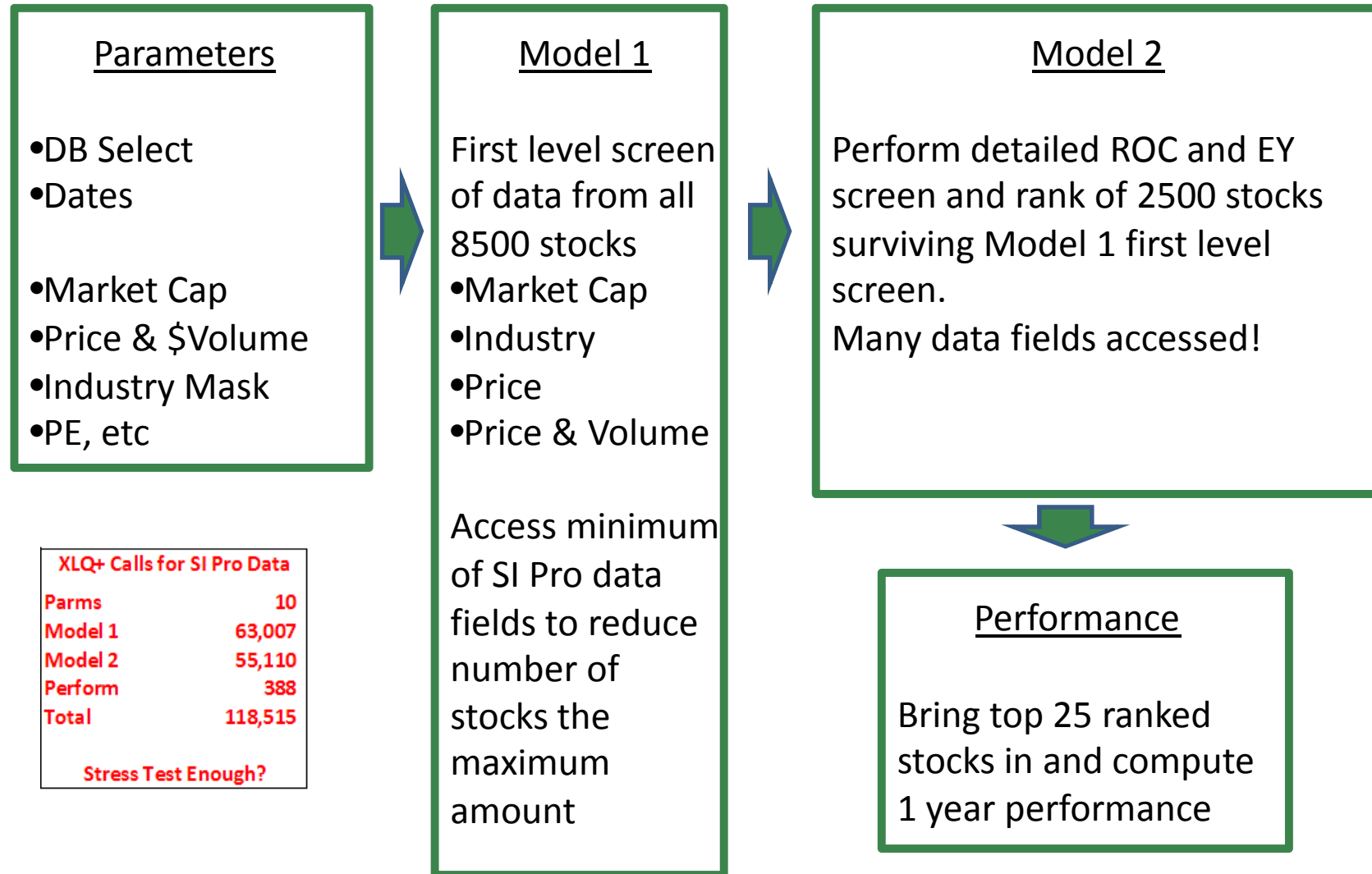
XLQ Simulation Timeline Design

Example for 2002 Portfolio



- No look-ahead bias in stock selection
- Minimal survivorship bias when measuring performance (4 stocks of 160 selected in top 25 folios)
- Stock split issues avoided by making performance measurements within a single database

XLQ+ Excel MF Model Organization



XLQ+ Simulation Errors found

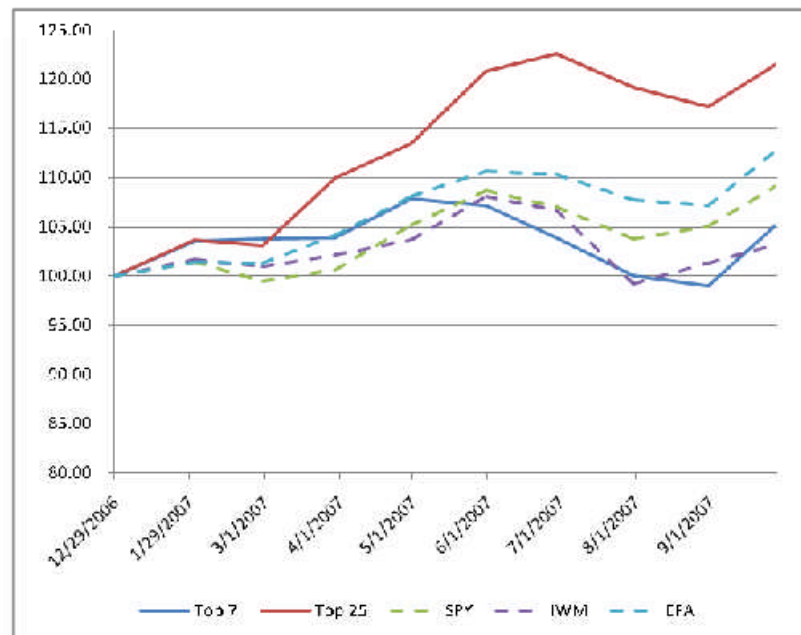
- Incorrect lookup of some data:
 - Two cases where 2 different symbols accessed the same data
 - Unsure if this is XLQ+ or SI Pro problem
 - Found by accident – could be more problems like this
 - Will report this to XLQ+ author first to see if it is an XLQ issue
- Data Errors in SI Pro Data Base
 - In one disk, the Prices were missing in the last 1500 stocks or so in the data base
 - Many other cases where data was missing from a field for one stock
- Excel 2007 Bug
 - ISNA() worksheet function failed to test true when testing a cell with N/A error

As useful and as good a deal as SI Pro is, please be aware that this simulation setup is far from Compustat level quality.

MF XLQ Sim MC>500 12/29/06 to 09/28/07

Dates	Rank Date	Buy Date	Sell Date
	11/30/2006	12/29/2006	9/28/2007
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	500	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	5.2%
Magic Formula Average Top 25	21.5%
SPY	9.1%
EFA	12.8%
IWM	3.2%



Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	PETD	Petroleum Development Corp	102.8%	45.3%	3.0%
2	CG	Carolina Group	131.7%	4.5%	29.4%
3	OGE	OGE Energy Corp.	144.1%	4.4%	-15.0%
4	HSVLY	Highveld Steel and Vanadium	33.6%	8.2%	59.7%
5	VPHM	ViroPharma Incorporated	106.4%	4.0%	-39.2%
6	PNW	Pinnacle West Capital Corpora	289.6%	3.8%	-19.3%
7	SSL	Sasol Limited (ADR)	26.5%	11.8%	18.0%
8	BHP	BHP Billiton Limited (ADR)	26.1%	6.3%	101.2%
9	COG	Cabot Oil & Gas Corporation	23.3%	10.0%	16.2%
10	PHH	PHH Corporation	767.6%	3.2%	-9.0%
11	E	Eni S.p.A. (ADR)	20.1%	10.0%	12.3%
12	TKG	Telkom SA Limited (ADR)	20.0%	9.2%	33.0%
13	CSG	Cadbury Schweppes plc (ADR)	30.6%	3.8%	10.9%
14	WNR	Western Refining, Inc.	20.6%	5.3%	60.0%
15	FTO	Frontier Oil Corporation	21.1%	4.9%	45.3%
16	KEP	Korea Electric Power Corporat	35.0%	3.3%	1.9%
17	PTR	PetroChina Company Limited	18.3%	6.3%	36.4%
18	ARB	Arbitron Inc.	985.5%	2.7%	5.0%
19	KG	King Pharmaceuticals, Inc.	27.8%	3.4%	-26.4%
20	FCX	Freeport-McMoRan Copper &	18.0%	5.3%	90.8%
21	DK	Delek US Holdings, Inc.	22.4%	3.7%	55.5%
22	ACGY	Acergy S.A. (ADR)	30.4%	3.0%	57.1%
23	EE	El Paso Electric Company	38.2%	2.8%	-5.1%
24	HAS	Hasbro, Inc.	22.5%	3.5%	3.9%
25	NUE	Nucor Corporation	17.4%	4.5%	12.1%

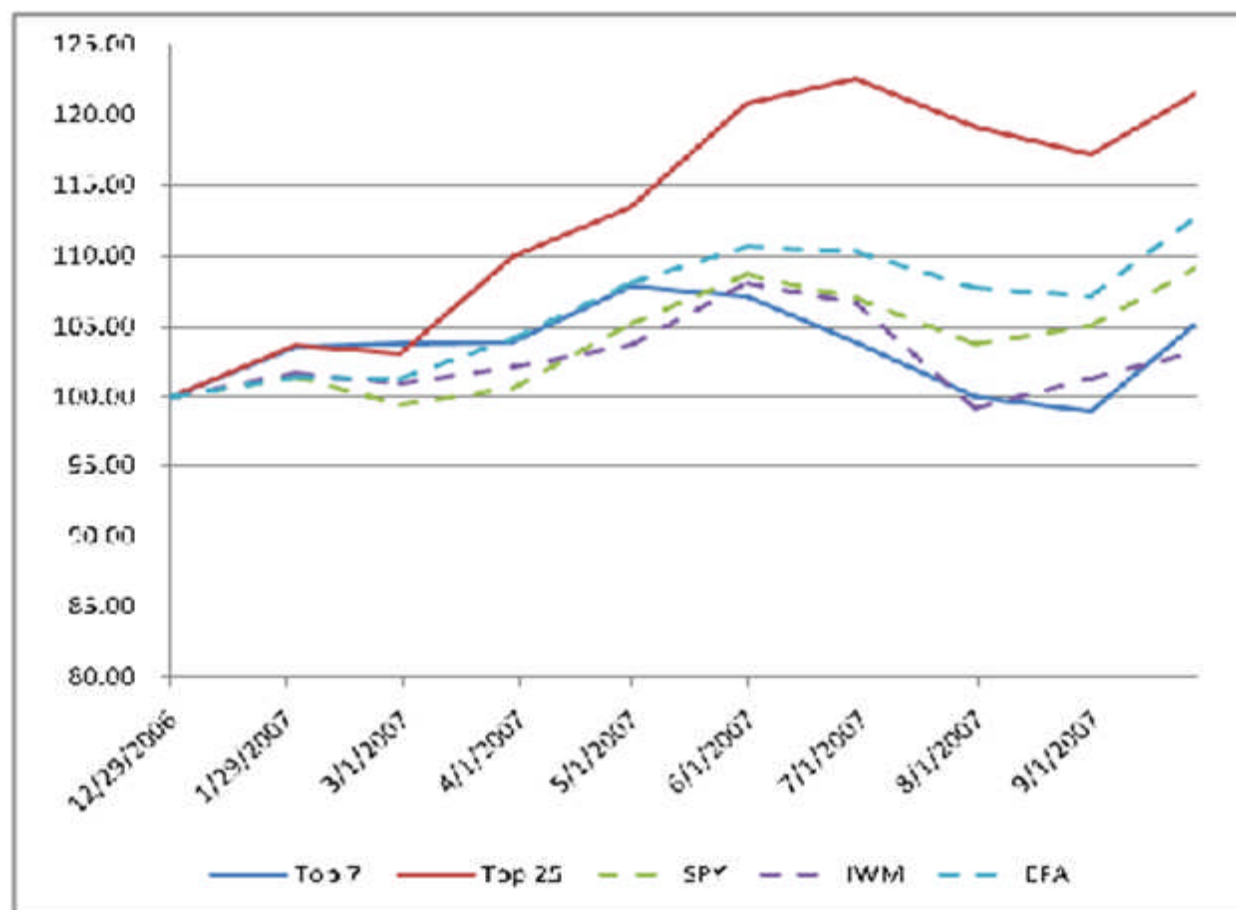
- 4 of top 7 were winners
- 19 of top 25 were winners

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MF XLQ Sim MC>500 12/29/06 to 09/28/07



MF XLQ Sim MC>500 12/29/06 to 09/28/07

Here we show values of Greenblatt's 2 metrics,
stocks selected and 12 month return

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25	NUE	Nucor Corporation	17.4%	4.5%	12.1%

- 4 of top 7 were winners
- 19 of top 25 were winners

Keelix MF Simulations

run by Al Zmyslowski

- AAll Computerized Investing article (see Appendix) develops a SI Pro screen that implements the approximate MF method
- Al implemented this screen with a few modifications in the Keelix simulator to back-test it.

MF Keelix Screen

```
;Base AAll screen
;
Keep : [SI Exchange] <> "Over the counter"
Keep : [SI Country] = "UnitedStates"
Keep : [SI Sector] <> "Utilities"
Keep : [SI Sector] <> "Financial"
Keep : [SI Return on assets 12m] >= 25
Keep : [SI PE] >= 5
;
; MJB adds, modifications
;
Keep : [SI Market Cap Q1] >= 500
Keep : [SI Price] > 1
Keep : ([SI Price] * [SI Volume--Average Monthly 3m] / 20) >= 750
;
; Sort by Low to Hi PE, take top 25 stocks quarterly
;
Sort Ascending [SI PE]
Top : 25
```

MF Keelix Simulation Results

Compound Rate of Return (CRR) Results from Keelix Simulations

Rotation Mo	12		
Mkt Cap Min	500	Num Stocks	7
Start Date	MF	SP500	MF - SP500
Aug-97	11	5	6
Sep-97	9	5	4
Oct-97	7	5	2
Nov-97	3	4	-1
Dec-97	7	4	3
Jan-98	3	4	-1
Feb-98	11	4	7
Mar-98	9	3	6
Apr-98	13	3	10
May-98	16	4	12
Jun-98	26	3	23
Jul-98	14	3	11
Average	11	4	7
Max - Min	23	2	24

Rotation Mo	12		
Mkt Cap Min	500	Num Stocks	25
Start Date	MF	SP500	MF - SP500
Aug-97	9	5	4
Sep-97	10	5	5
Oct-97	10	5	5
Nov-97	9	4	5
Dec-97	6	4	2
Jan-98	7	4	3
Feb-98	8	4	4
Mar-98	6	3	3
Apr-98	6	3	3
May-98	13	4	9
Jun-98	15	3	12
Jul-98	9	3	6
Average	9	4	5
Max - Min	9	2	10

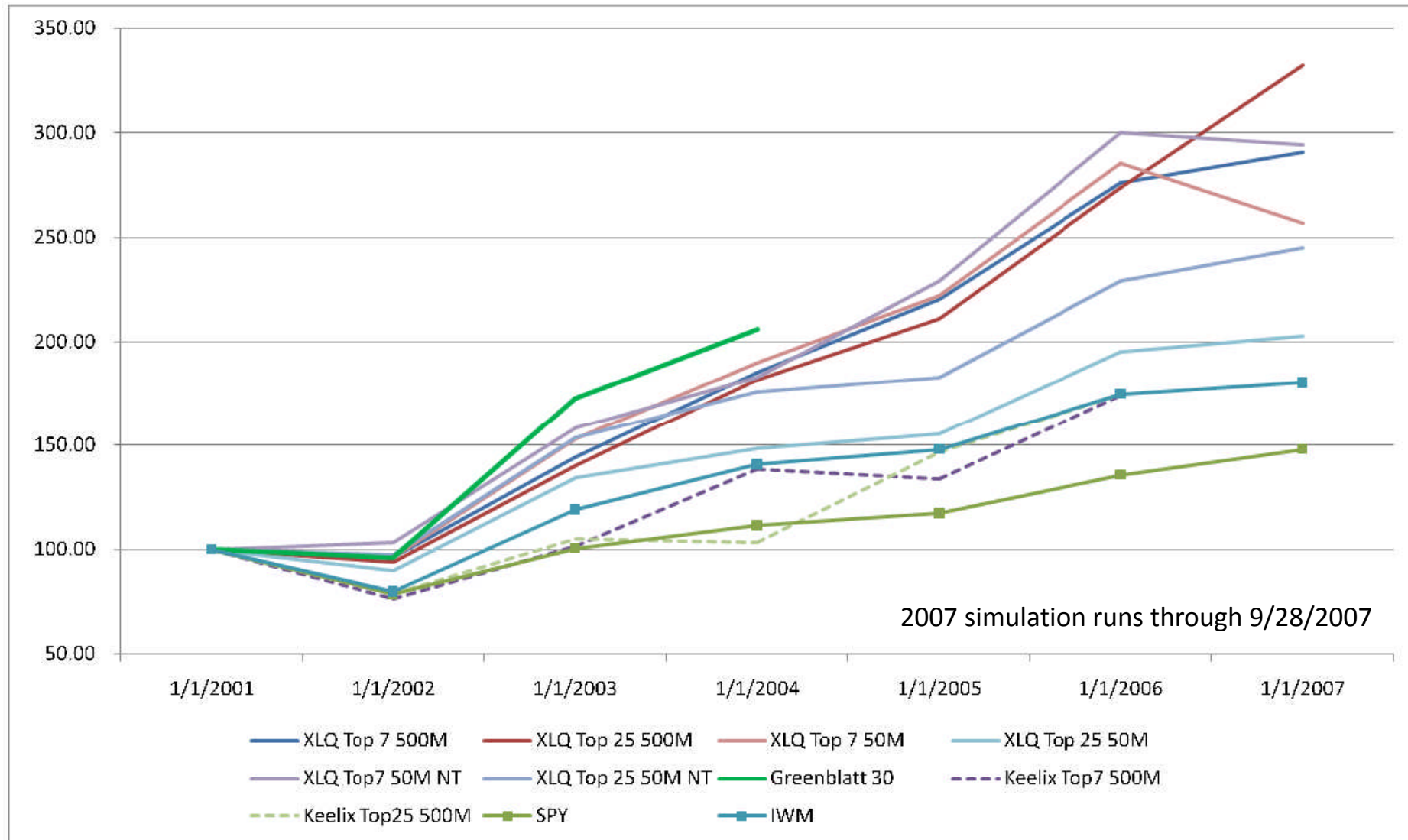
Simulations run from Start Date in 12 month increments through Aug 2007 at the latest.

Conclusions:

Mr Market puts different stocks on sale throughout the year so there is value in spreading your purchases throughout the year.

Purchasing 4 of the 7 stock portfolios should on average give you a 7 point spread over the SP500 while seeing a max - min variance of 10 in any given year

Magic Formula Simulation Summary



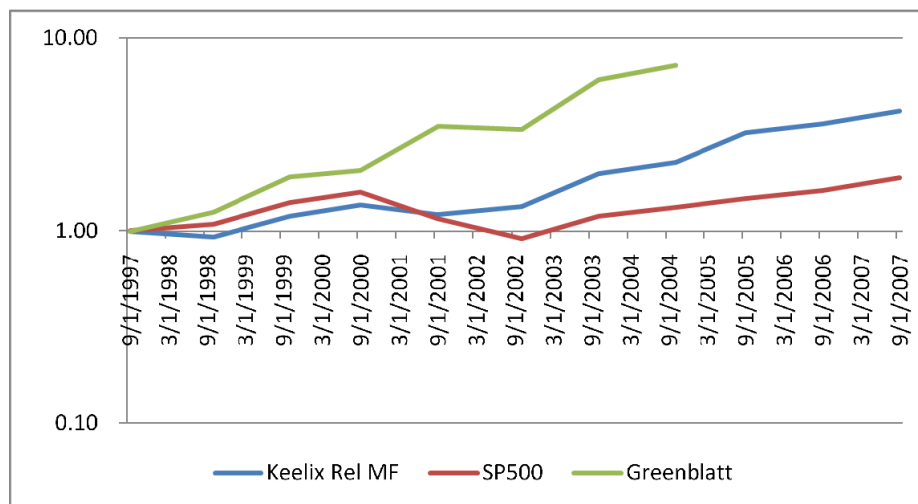
Magic Formula Simulation Summary

Mkt Cap Other Num Stks	XLQ MF Simulation Returns						Keelix Retuns		Greenblatt	Market Indexes	
	500M	500M	50M	50M	50M	50M	500M	500M		SPY	IWM
	7	25	7	25	7	25	7	25			
2002	-4%	-6%	3%	-3%	-4%	-10%	-24%	-21%	-4%	-22%	-20%
2003	50%	50%	53%	58%	59%	50%	32%	33%	80%	28%	50%
2004	28%	29%	16%	14%	24%	10%	37%	-2%	19%	11%	18%
2005	19%	16%	25%	4%	17%	5%	-3%	42%		5%	5%
2006	25%	30%	31%	25%	28%	26%	30%	19%		16%	18%
2007	5%	22%	-2%	7%	-10%	4%				9%	3%
Compound	20%	23%	21%	17%	18%	13%	12%	12%		7%	11%

- Greenblatt wins for first 3 years
- AAI / Keelix screen appears to generate lower returns than XLQ simulation
- This time frame
 - Small cap hardware tech did not help returns
 - Possible that other industries will do poorly with this screen

Late News - Improvement on MF Alternate Method

created by Al Zmyslowski



CAGR Comparison Best Keelix vs Best XLQ Simulations			
	MF	SP500	MF - SP500
Keelix Rel MF	23%	8%	15%
XLQ 500M Top25	23%	7%	16%

Statistically indistinguishable

;Base AAll screen

;

Keep : [SI Exchange] <> "Over the counter"

Keep : [SI Country] = "UnitedStates"

Keep : [SI Sector] <> "Utilities"

Keep : [SI Sector] <> "Financial"

;

; AlZ modifications

;

Keep : [SI % Rank-Return on assets 12m] >= 90

Keep : [SI % Rank-PE] <= 30

Keep : [SI % Rank-PE] >= 5

Keep : [SI % Rank-Price] >= 30

Keep : [SI Price] > 1

Keep : [SI % Rank-Market Cap Q1] >= 40

Keep : [SI % Rank-Volume--Average Monthly 3m] >= 40

;

; Sort by Low to Hi PE, take top X (7, 25) stocks periodically

;

Sort Ascending [SI PE]

Top : 25

End',

Magic Formula – Choose your method

	Greenblatt's Magic Formula website	AAll SI Pro Screen	SI Pro / XLQ+ / Excel
Implementation Precision	This is benchmark	"Approximate" method	Benchmark with approximations
User Effort Required	Easy: View Stocks on Website	Easy: Run a SI Pro Screen	Challenging: Implement an Excel / XLQ model and run screen
Backtest Simulation	Results published in book	Run a Keelix Simulation	Make a large number of Excel / XLQ runs. Very time consuming!
Backtest Simulation Period	Annually with quarterly buys	Annually with staggered buys	Annual but could do quarterly with 4X the effort
Performance	? Best ?	? Needs Work ?	? Average ?
Cautions	Is website following algorithm?	SI Pro Data Issues	SI Pro Data Issues

Conclusions

- XLQ
 - I am very impressed with the XLQ software functionality and quality
 - Excellent for performing your own unique analysis of a stock
 - Great choice for monitoring your stock portfolio for sell conditions
 - Capable of supporting very significant projects such as the MF back-test
- Magic Formula
 - XLQ version good but could use more work (possible industry exclusions)
 - Alternate method (AAll screen) needs improvement
 - Caution is appropriate regarding the MF website amid some claims that it is not implementing the algorithm closely

Appendix 1

Magic Formula References

- “The Little Book That Beats the Market”, Joel Greenblatt, John Wiley and Sons, Inc, 2006
- “The Magic Formula Approach to Stock Picking”, John Bajkowski, Computerized Investing, January / February 2006
 - http://www.aaii.com/includes/DisplayArticle.cfm?Article_Id=2761
- Answer to follow up question to above article, Computerized Investing, January / February 2006
 - http://www.aaii.com/includes/DisplayArticle.cfm?Article_Id=2813

Appendix B

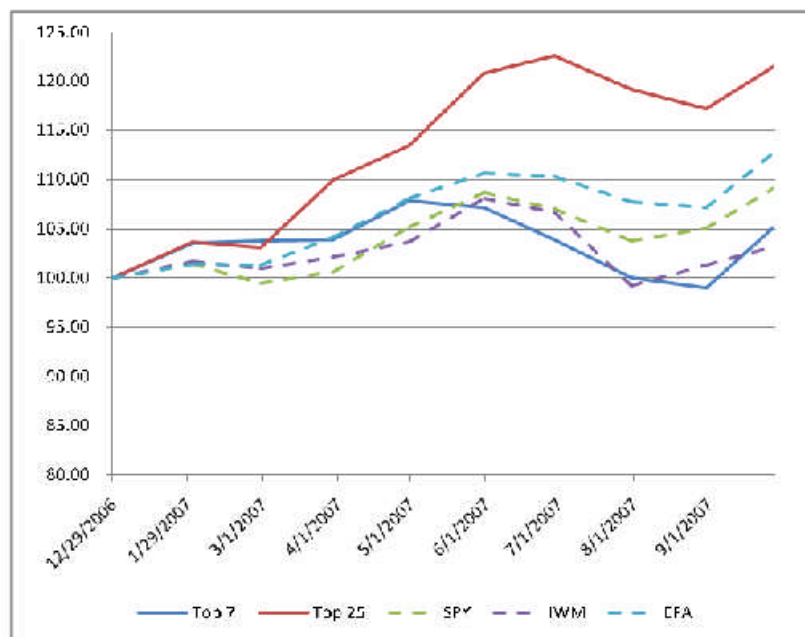
Annual XLQ Simulation Results for Magic Formula

- Market Cap > 500 million – 6 slides
- Market Cap > 50 million ; no hardware tech – 6 slides
- Market Cap > 50 million – 6 slides

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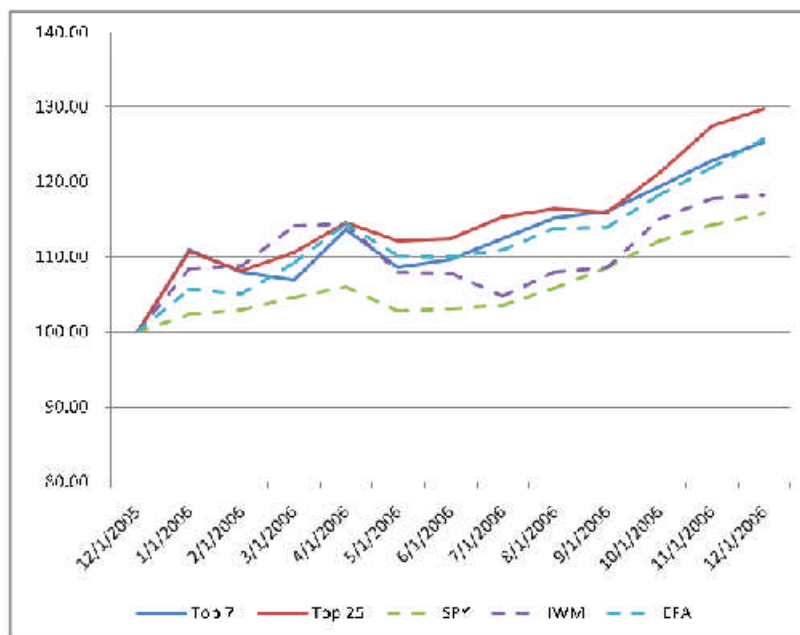
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2	CG	Carolina Group	131.7%	4.5%	29.4%
3	OGE	OGE Energy Corp.	144.1%	4.4%	-15.0%
4	HSVLY	Highveld Steel and Vanadium	33.6%	8.2%	59.7%
5	VPHM	ViroPharma Incorporated	106.4%	4.0%	-39.2%
6	PNW	Pinnacle West Capital Corpora	289.6%	3.8%	-19.3%
7	SSL	Sasol Limited (ADR)	26.5%	11.8%	18.0%
8	BHP	BHP Billiton Limited (ADR)	26.1%	6.3%	101.2%
9	COG	Cabot Oil & Gas Corporation	23.3%	10.0%	16.2%
10	PHH	PHH Corporation	767.6%	3.2%	-9.0%
11	E	Eni S.p.A. (ADR)	20.1%	10.0%	12.3%
12	TKG	Telkom SA Limited (ADR)	20.0%	9.2%	33.0%
13	CSG	Cadbury Schweppes plc (ADR)	30.6%	3.8%	10.9%
14	WNR	Western Refining, Inc.	20.6%	5.3%	60.0%
15	FTO	Frontier Oil Corporation	21.1%	4.9%	45.3%
16	KEP	Korea Electric Power Corporat	35.0%	3.3%	1.9%
17	PTR	PetroChina Company Limited	18.3%	6.3%	36.4%
18	ARB	Arbitron Inc.	985.5%	2.7%	5.0%
19	KG	King Pharmaceuticals, Inc.	27.8%	3.4%	-26.4%
20	FCX	Freeport-McMoRan Copper &	18.0%	5.3%	90.8%
21	DK	Delek US Holdings, Inc.	22.4%	3.7%	55.5%
22	ACGY	Acergy S.A. (ADR)	30.4%	3.0%	57.1%
23	EE	El Paso Electric Company	38.2%	2.8%	-5.1%
24	HAS	Hasbro, Inc.	22.5%	3.5%	3.9%
25	NUE	Nucor Corporation	17.4%	4.5%	12.1%

- 4 of top 7 were winners
- 19 of top 25 were winners

MF XLQ Sim MC>500 12/30/05 to 12/29/06

Dates	Rank Date	Buy Date	Sell Date
	11/30/2005	12/30/2005	12/29/2006
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$ 500		
Maximum Market Cap (millions)	\$ 1,000,000,000		
Minimum Share Price	\$ 1.00		
Minimum Daily Dollar Trade Volume	\$ 750,000.00		

Magic Formula Average Top 7	25.3%
Magic Formula Average Top 25	29.7%
SPY	15.9%
EFA	25.8%
IWM	18.3%

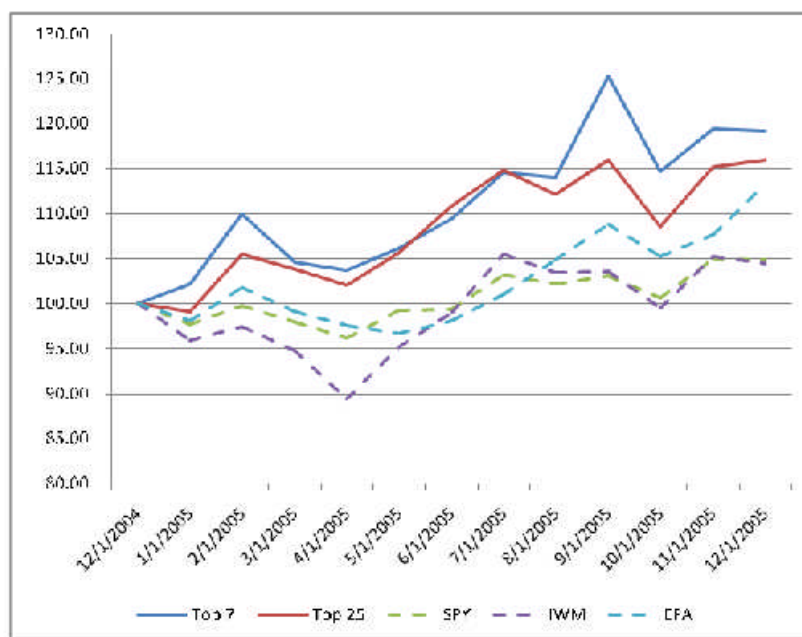


Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	NVR	NVR, Inc.	55.2%	6.6%	-8.1%
2	KEP	Korea Electric Power Corporat	68.2%	5.4%	16.5%
3	SIMO	Silicon Motion Technology Co	36.6%	8.8%	32.3%
4	OGE	OGE Energy Corp.	60.2%	4.7%	55.8%
5	MGLN	Magellan Health Services, Inc.	46.0%	4.9%	37.4%
6	ENL	Reed Elsevier NV (ADR)	541.9%	3.5%	25.9%
7	FTE	France Telecom (ADR)	31.0%	6.3%	17.7%
8	GXP	Great Plains Energy Incorpora	75.3%	3.7%	20.3%
9	CEO	CNOOC Limited (ADR)	26.2%	7.9%	44.1%
10	ACN	Accenture Ltd	110.2%	3.5%	29.3%
11	POM	Pepco Holdings, Inc.	57.0%	3.8%	21.4%
12	SO	Southern Company, The	98.6%	3.1%	11.7%
13	FDG	Fording Canadian Coal Trust (I	37.7%	3.7%	-32.1%
14	LQU	Quilmes Industrial (QUINSA) S	23.2%	5.6%	96.0%
15	TKG	Telkom SA Limited (ADR)	20.0%	6.3%	0.1%
16	RUK	Reed Elsevier plc (ADR)	38.5%	3.2%	20.6%
17	HLF	Herbalife Ltd.	114.4%	2.7%	23.5%
18	HOC	Holly Corporation	19.5%	5.2%	75.7%
19	PTR	PetroChina Company Limited	17.0%	7.4%	79.2%
20	E	Eni S.p.A. (ADR)	16.7%	8.2%	30.7%
21	SKM	SK Telecom Co., Ltd. (ADR)	17.4%	6.5%	31.2%
22	SCHN	Schnitzer Steel Industries, In	18.3%	5.1%	30.0%
23	SJW	SJW Corp.	81.2%	2.6%	74.0%
24	STO	Statoil ASA (ADR)	14.2%	6.8%	18.9%
25	PRAI	PRA International	433.1%	2.4%	-10.2%

- 6 of top 7 were winners
- 22 of top 25 were winners

MF XLQ Sim MC>500 12/30/04 to 12/29/05

	Dates	Rank Date	Buy Date	Sell Date
		12/3/2004	12/30/2004	12/29/2005
ADR's		Allow ADR's		
Minimum Market Cap (millions)	\$	500		
Maximum Market Cap (millions)	\$	1,000,000,000		
Minimum Share Price	\$	1.00		
Minimum Daily Dollar Trade Volume	\$	750,000.00		
Magic Formula Average Top 7				19.2%
Magic Formula Average Top 25				16.1%
SPY		115.36	121.33	5.2%
EFA		51.07	58.46	14.5%
IWM		62.81	65.99	5.1%



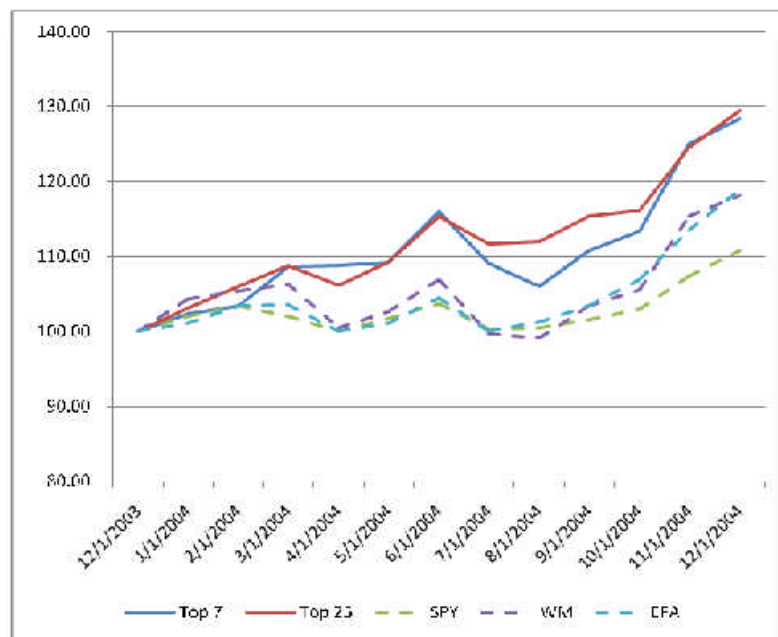
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	KEP	Korea Electric Power Corporat	126.5%	5.8%	50.3%
2	EOC	Empresa Nacional de Electrici	84.4%	5.5%	70.9%
3	RAI	Reynolds American, Inc.	164.4%	3.9%	26.2%
4	MTL	Mechel Steel Group OAO	24.7%	11.2%	15.0%
5	SCHN	Schnitzer Steel Industries, In	27.1%	5.2%	-8.1%
6	TBL	Timberland Company, The	22.5%	4.7%	3.6%
7	AMSG	AmSurg Corp.	26.8%	3.7%	-23.5%
8	SKM	SK Telecom Co., Ltd. (ADR)	18.3%	5.8%	-3.9%
9	CEO	CNOOC Limited (ADR)	18.0%	5.3%	29.1%
10	OVTI	OmniVision Technologies	37.1%	2.9%	9.6%
11	KSWX	K-Swiss Inc.	26.0%	3.4%	11.1%
12	UIL	UIL Holdings Corporation	38.3%	2.8%	-5.6%
13	ARO	Aeropostale, Inc.	25.2%	3.3%	-13.3%
14	LPX	Louisiana-Pacific Corporation	15.3%	6.5%	6.4%
15	AMED	Amedisys, Inc.	118.3%	2.5%	29.6%
16	SRE	Sempra Energy	45.5%	2.6%	24.9%
17	FPL	FPL Group, Inc.	144.9%	2.3%	14.3%
18	CPB	Campbell Soup Company	32.2%	2.6%	2.2%
19	BKE	Buckle, Inc., The	14.9%	4.2%	11.3%
20	WFR	MEMC Electronic Materials	14.8%	3.6%	70.9%
21	ASH	Ashland Inc.	12.3%	4.7%	24.0%
22	EFX	Equifax Inc.	83.8%	2.2%	37.3%
23	HAS	Hasbro, Inc.	14.6%	3.1%	5.6%
24	SHW	Sherwin-Williams Company	16.7%	2.8%	4.0%
25	DUK	Duke Energy Corporation	168.0%	2.1%	11.0%

- 5 of top 7 were winners
- 20 of top 25 were winners
- Did well against averages in a difficult 2005

MF XLQ Sim MC>500 12/31/03 to 12/31/04

Dates	Rank Date	Buy Date	Sell Date
	11/28/2003	12/31/2003	12/31/2004
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$ 500		
Maximum Market Cap (millions)	\$ 1,000,000,000		
Minimum Share Price	\$ 1.00		
Minimum Daily Dollar Trade Volume	\$ 750,000.00		

Magic Formula Average Top 7			28.3%
Magic Formula Average Top 25			29.4%
SPY	103.99	115.12	10.7%
EFA	43.18	51.36	18.9%
IWM	53.17	62.77	18.1%



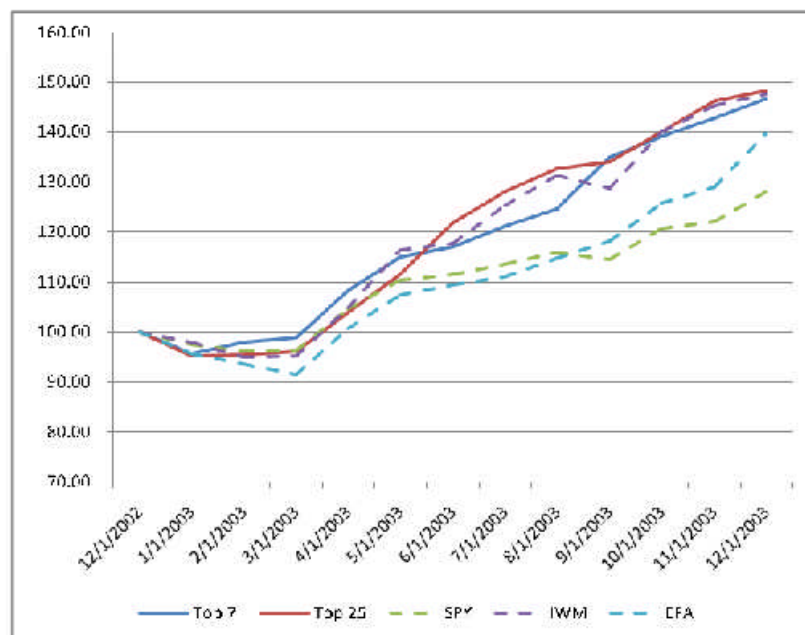
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	SIE	Sierra Health Services, I	50.0%	5.0%	100.7%
2	TMX	Telefonos de Mexico, S.A.	20.9%	9.6%	20.2%
3	MAT	Mattel, Inc.	22.4%	4.1%	3.6%
4	PDX	Pediatric Medical Group,	89.9%	3.0%	16.3%
5	SSL	Sasol Ltd. (ADR)	14.0%	11.6%	55.7%
6	LRW	Labor Ready, Inc.	13.4%	3.5%	29.2%
7	ASF	Administaff, Inc.	13.4%	3.3%	-27.5%
8	MRK	Merck & Co., Inc.	17.0%	2.7%	-27.8%
9	PPDI	Pharmaceutical Product De	20.7%	2.5%	53.1%
10	HAS	Hasbro, Inc.	15.5%	2.9%	-7.9%
11	PLMD	PolyMedica Corporation	13.4%	3.1%	44.7%
12	DRS	DRS Technologies, Inc.	13.8%	2.8%	53.8%
13	JAKK	JAKKS Pacific, Inc.	11.6%	4.3%	68.1%
14	RCI	Renal Care Group, Inc.	15.8%	2.6%	59.0%
15	DF	Dean Foods Company	12.1%	3.1%	0.3%
16	MFW	M & F Worldwide Corp.	10.9%	4.0%	1.9%
17	MATW	Matthew's International	18.4%	2.3%	25.0%
18	ESRX	Express Scripts, Inc.	139.6%	2.0%	15.1%
19	MBT	Mobile TeleSystems OJSC	12.5%	2.5%	70.7%
20	ATU	Actuant Corporation	19.1%	2.1%	44.1%
21	IDC	Interactive Data Corp.	111.7%	2.0%	31.3%
22	CHA	China Telecom Corporation	8.0%	5.7%	-7.6%
23	SSD	Simpson Manufacturing Co.	10.7%	2.6%	38.0%
24	PAS	PepsiAmericas, Inc.	8.7%	3.2%	25.9%
25	GGG	Graco Incorporated	17.2%	2.0%	49.3%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>500 12/30/02 to 12/30/03

Dates	Rank Date	Buy Date	Sell Date
	11/29/2002	12/30/2002	12/30/2003
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	500	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	49.9%
Magic Formula Average Top 25	49.9%
SPY	28.2%
EFA	38.6%
IWM	49.6%



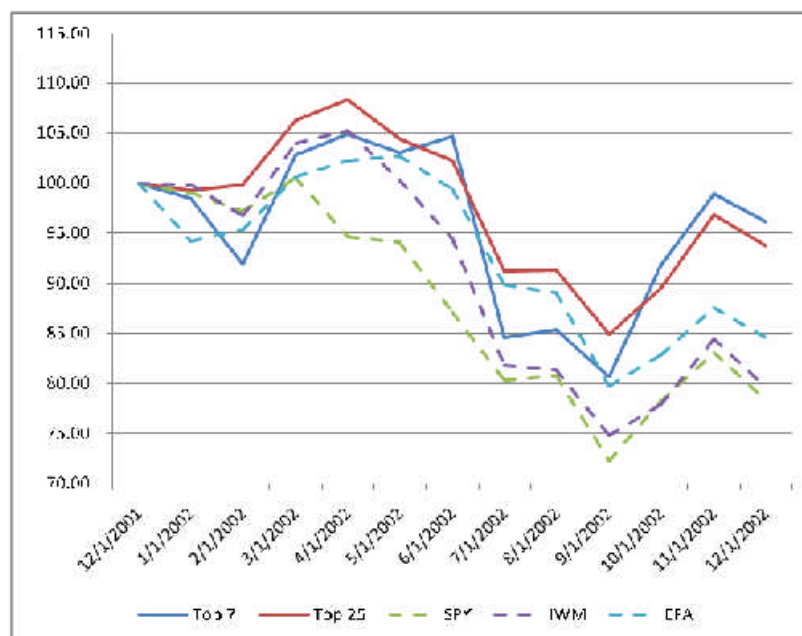
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	TLK	PT Telekomunikasi Indones	21.9%	12.5%	108.6%
2	PRX	Pharmaceutical Resources	24.8%	3.6%	125.7%
3	DLX	Deluxe Corporation	1018.8%	3.0%	3.8%
4	PDX	Pediatrix Medical Group,	57.6%	3.0%	41.0%
5	KG	King Pharmaceuticals	33.2%	3.2%	-8.4%
6	ABV	Companhia de Bebidas Amer	18.1%	3.6%	75.9%
7	MAT	Mattel, Inc.	21.9%	3.4%	2.7%
8	SHW	Sherwin-Williams Company	17.4%	3.7%	23.5%
9	CEO	CNOOC Limited (ADR)	14.1%	6.7%	63.2%
10	IT	Gartner, Inc.	222.1%	2.7%	24.8%
11	LRW	Labor Ready, Inc.	11.9%	4.7%	99.3%
12	TALX	TALX Corporation	22.3%	3.0%	84.0%
13	PLMD	PolyMedica Corporation	13.6%	4.6%	73.3%
14	IUSA	infoUSA Inc.	19.9%	2.8%	63.8%
15	STO	Statoil ASA (ADR)	9.3%	7.3%	43.2%
16	CHTT	Chattem Inc.	31.5%	2.5%	-8.5%
17	ANSS	ANSYS, Inc.	179.0%	2.3%	100.4%
18	CRAI	Charles River Associates	12.2%	3.4%	118.3%
19	JJSF	J&J Snack Foods Corp.	9.3%	3.9%	7.9%
20	RL	Polo Ralph Lauren Corp.	10.1%	3.4%	32.3%
21	LAF	Lafarge North America Inc	7.8%	7.2%	29.3%
22	ESRX	Express Scripts, Inc.	314.2%	2.2%	38.1%
23	INTL	Inter-Tel, Inc.	23.6%	2.3%	21.8%
24	LUX	Luxottica Group S.p.A. (A	15.5%	2.4%	30.0%
25	GVA	Granite Construction Inc.	6.7%	4.6%	54.1%

- 6 of top 7 were winners
- 23 of top 25 were winners

MF XLQ Sim MC>500 12/31/01 to 12/31/02

Dates	Rank Date	Buy Date	Sell Date
	11/30/2001	12/31/2001	12/31/2002
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	500	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	-3.8%
Magic Formula Average Top 25	-6.3%
SPY	-21.6%
EFA	-15.4%
IWM	-20.4%



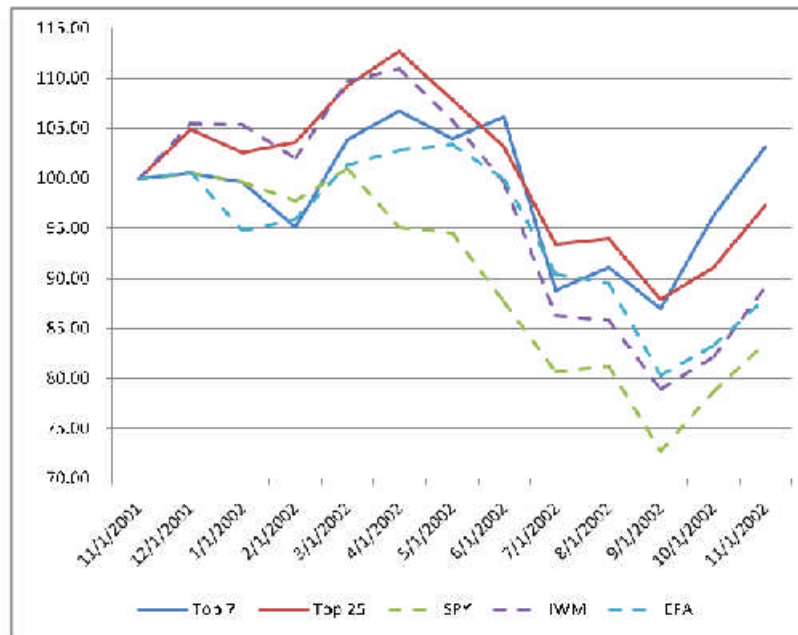
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	SPC	St. Paul Companies	47.2%	9.2%	-24.3%
2	KSW	K-Swiss Inc.	21.7%	5.4%	30.7%
3	ABV	AmBev	20.3%	5.1%	-21.3%
4	PT	Portugal Telecom, SGPS	16.4%	7.2%	-9.1%
5	ATU	Actuant Corporation	34.4%	3.4%	38.2%
6	JAKK	JAKKS Pacific, Inc.	17.1%	3.6%	-28.9%
7	PRX	Pharmaceutical Resources	29.4%	2.9%	-11.8%
8	ANF	Abercrombie & Fitch Co.	14.7%	3.0%	-22.9%
9	PCG	PG&E Corporation	8.1%	9.2%	-27.8%
10	CPB	Campbell Soup Company	87.5%	2.1%	-19.0%
11	MTW	Manitowoc Company, Inc.	12.6%	2.8%	-17.1%
12	SHW	Sherwin-Williams Co.	12.4%	2.7%	4.8%
13	LUFK	Lufkin Industries, Inc.	7.4%	6.2%	-10.0%
14	TR	Tootsie Roll Industries	19.3%	2.2%	-18.5%
15	AD	ADVO, Inc.	14.1%	2.5%	-23.7%
16	SSD	Simpson Manufacturing Co.	9.5%	3.4%	14.9%
17	FELE	Franklin Electric Co.	10.4%	2.9%	18.4%
18	GGG	Graco Incorporated	14.3%	2.3%	11.3%
19	YPF	YPF Sociedad Anonima S.A.	6.8%	5.9%	-31.5%
20	CRAI	Charles River Associates	11.9%	2.5%	-30.7%
21	CHS	Chico's FAS, Inc.	16.1%	2.1%	42.7%
22	CRR	Carbo Ceramics Inc.	11.1%	2.6%	-13.0%
23	RCI	Renal Care Group, Inc.	12.9%	2.3%	-44.1%
24	JJSF	J&J Snack Foods Corp.	6.9%	3.9%	46.1%
25	FUJII	Fuji Photo Film Co., Ltd.	6.6%	3.9%	-10.2%

- 2 of top 7 were winners
- 8 of top 25 were winners
- 2002 was an ugly year!

MF XLQ Sim MC>50 No HW Tech 12/31/01 to 12/31/02

Dates	Rank Date	Buy Date	Sell Date
	11/30/2001	11/30/2001	11/29/2002
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	50	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	3.2%
Magic Formula Average Top 25	-2.7%
SPY	-16.4%
EFA	-12.0%
IWM	-10.9%



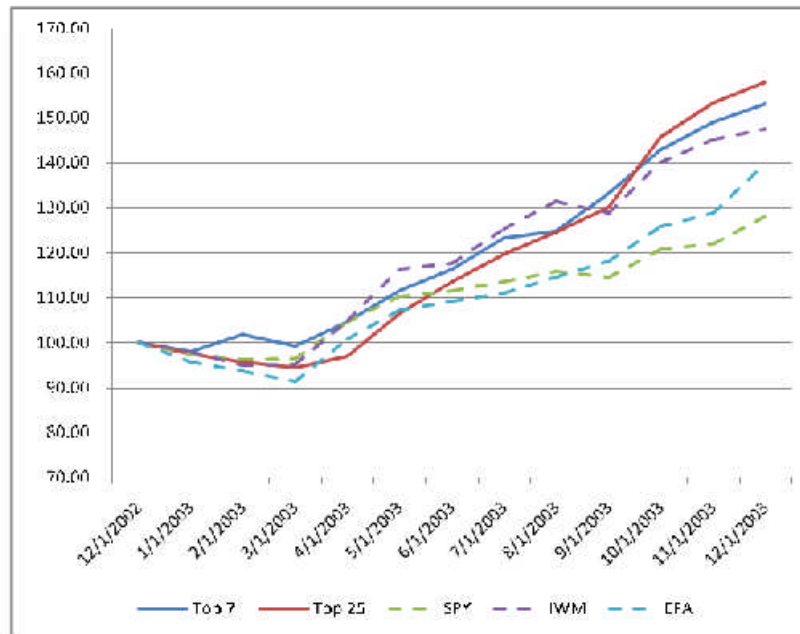
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	KSW	K-Swiss Inc.	21.7%	5.4%	57.2%
2	ABV	AmBev	20.3%	5.1%	-23.5%
3	PT	Portugal Telecom, SGPS	16.4%	7.2%	-11.2%
4	ATU	Actuant Corporation	34.4%	3.4%	54.8%
5	JAKK	JAKKS Pacific, Inc.	17.1%	3.6%	-38.4%
6	PRX	Pharmaceutical Resources	29.4%	2.9%	-18.8%
7	ANK	Atlantic Tele-Network, Inc.	10.5%	15.7%	2.3%
8	TI	Telecom Italia S.p.A.	12.8%	3.7%	-3.7%
9	UG	United-Guardian, Inc.	16.5%	3.2%	-27.9%
10	LOJN	LoJack Corporation	10.8%	3.9%	-20.2%
11	ANF	Abercrombie & Fitch Co.	14.7%	3.0%	3.6%
12	PCG	PG&E Corporation	8.1%	9.2%	-24.5%
13	BRN	Barnwell Industries, Inc.	8.5%	5.6%	0.2%
14	LUFK	Lufkin Industries, Inc.	7.4%	6.2%	-0.9%
15	MTW	Manitowoc Company, Inc.	12.6%	2.8%	-5.8%
16	CPB	Campbell Soup Company	87.5%	2.1%	-17.6%
17	SHW	Sherwin-Williams Co.	12.4%	2.7%	3.0%
18	SSD	Simpson Manufacturing Co.	9.5%	3.4%	30.4%
19	AD	ADVO, Inc.	14.1%	2.5%	-14.5%
20	YPF	YPF Sociedad Anonima S.A.	6.8%	5.9%	-37.2%
21	TR	Tootsie Roll Industries	19.3%	2.2%	-17.9%
22	FMST	FinishMaster, Inc.	8.8%	3.3%	36.9%
23	CRAI	Charles River Associates	11.9%	2.5%	-22.0%
24	CRR	Carbo Ceramics Inc.	11.1%	2.6%	-0.1%
25	GGG	Graco Incorporated	14.3%	2.3%	27.4%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 No HW Tech 12/31/02 to 12/31/03

Dates	Rank Date	Buy Date	Sell Date
	11/29/2002	12/31/2002	12/31/2003
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	50	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	53.2%
Magic Formula Average Top 25	58.0%
SPY	28.2%
EFA	39.8%
IWM	47.6%

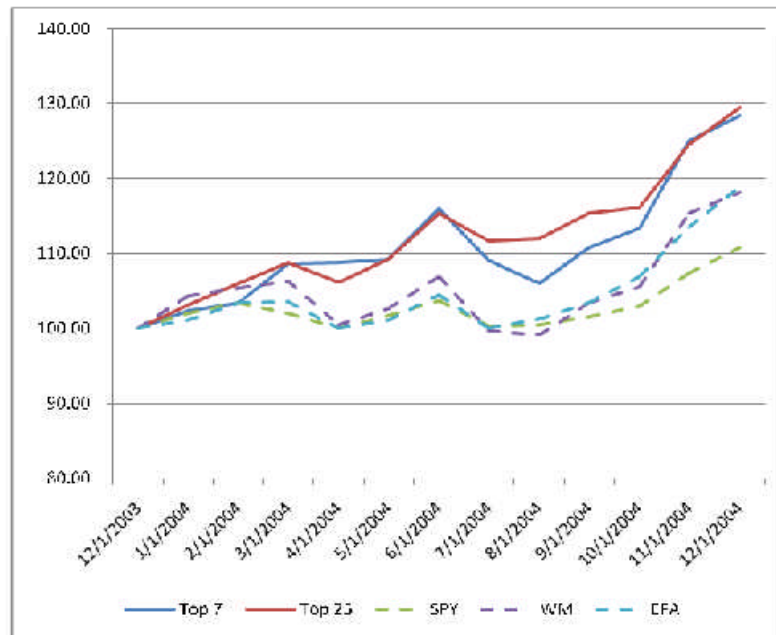


Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	TLK	PT Telekomunikasi Indones	21.9%	12.5%	93.4%
2	ACAT	Arctic Cat, Inc.	16.8%	9.1%	52.7%
3	TRFX	Traffix, Inc.	14.9%	69.8%	67.7%
4	PRX	Pharmaceutical Resources	24.8%	3.6%	118.6%
5	DLX	Deluxe Corporation	1018.8%	3.0%	-1.8%
6	CEO	CNOOC Limited (ADR)	14.1%	6.7%	53.2%
7	KG	King Pharmaceuticals	33.2%	3.2%	-11.2%
8	PDX	Pediatric Medical Group,	57.6%	3.0%	37.5%
9	MAT	Mattel, Inc.	21.9%	3.4%	0.6%
10	SHW	Sherwin-Williams Company	17.4%	3.7%	23.0%
11	ABV	Companhia de Bebidas Amer	18.1%	3.6%	63.9%
12	IT	Gartner, Inc.	222.1%	2.7%	22.9%
13	LRW	Labor Ready, Inc.	11.9%	4.7%	104.0%
14	PLMD	PolyMedica Corporation	13.6%	4.6%	70.6%
15	TALX	TALX Corporation	22.3%	3.0%	78.3%
16	CNXS	CNS, Inc.	14.7%	3.7%	101.8%
17	UTMD	Utah Medical Products	18.4%	3.2%	36.9%
18	AMRI	Albany Molecular Research	13.6%	3.9%	1.5%
19	FMST	FinishMaster, Inc.	12.1%	4.0%	-18.5%
20	ANK	Atlantic Tele-Network, Inc	8.6%	15.1%	81.0%
21	MDF	Medifast, Inc.	13.7%	3.6%	347.1%
22	STO	Statoil ASA (ADR)	9.3%	7.3%	36.6%
23	IUSA	infoUSA Inc.	19.9%	2.8%	49.1%
24	DOCC	DocuCorp International, I	22.6%	2.6%	53.5%
25	CHTT	Chattem Inc.	31.5%	2.5%	-12.9%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 No HW Tech 12/31/03 to 12/31/04

Dates	Rank Date	Buy Date	Sell Date
	11/28/2003	12/31/2003	12/31/2004
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$ 500		
Maximum Market Cap (millions)	\$ 1,000,000,000		
Minimum Share Price	\$ 1.00		
Minimum Daily Dollar Trade Volume	\$ 750,000.00		
Magic Formula Average Top 7	28.3%		
Magic Formula Average Top 25	29.4%		
SPY	103.99	115.12	10.7%
EFA	43.18	51.36	18.9%
IWM	53.17	62.77	18.1%



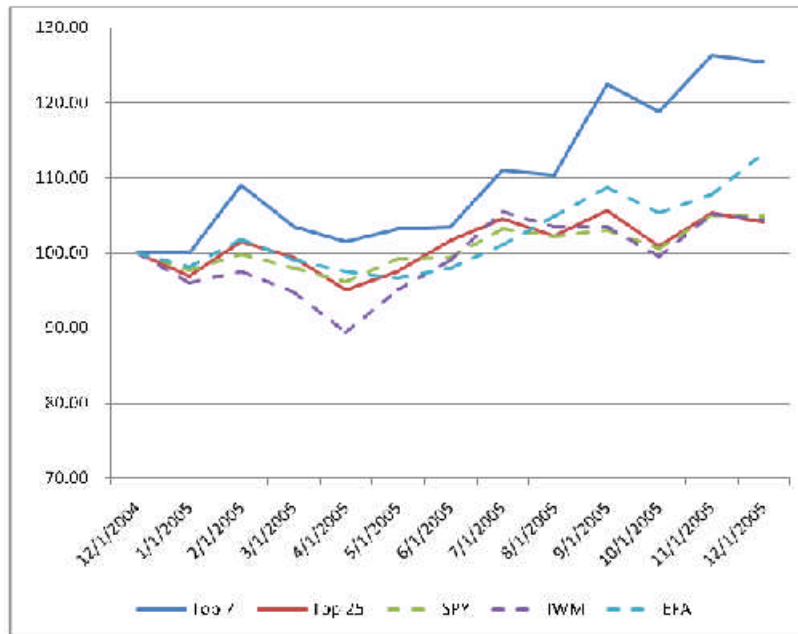
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	CRESY	Cresud Inc. (ADR)	63.4%	5.2%	21.2%
2	CNXS	CNS, Inc.	38.6%	5.1%	-7.1%
3	TMX	Telefonos de Mexico, S.A.	20.9%	9.6%	16.0%
4	CEO	CNOOC Limited (ADR)	20.7%	6.7%	35.7%
5	ACN	Accenture Ltd	47.1%	3.5%	2.6%
6	MAT	Mattel, Inc.	22.4%	4.1%	1.1%
7	AVIFY	Advanced Info Service	277.3%	2.9%	39.7%
8	CHL	China Mobile (Hong Kong)	18.2%	5.7%	10.5%
9	NIHD	NII Holdings, Inc.	22.2%	3.8%	90.7%
10	APT	Alpha Pro Tech, Ltd.	19.6%	4.8%	-16.3%
11	CAW	CCA Industries, Inc.	17.9%	3.9%	39.8%
12	MAIR	MAIR Holdings, Inc.	12.8%	12.3%	26.4%
13	SHW	Sherwin-Williams Company	16.4%	3.4%	28.5%
14	KSWs	K-Swiss Inc.	19.7%	3.0%	20.8%
15	SAM	Boston Beer Company,	41.5%	2.6%	17.3%
16	REVU	Princeton Review, Inc	57.6%	2.5%	-36.9%
17	JH	John H. Harland Company	22.0%	2.6%	32.2%
18	EFX	Equifax Inc.	60.4%	2.2%	14.7%
19	MFW	M & F Worldwide Corp.	10.9%	4.0%	1.9%
20	PTR	PetroChina Company Limite	10.1%	6.6%	-5.9%
21	MEDQ	MedQuist Inc.	14.1%	3.0%	-7.8%
22	HAS	Hasbro, Inc.	15.5%	2.9%	-8.9%
23	TTNDY	Techtronic Industries Co	9.4%	5.3%	52.9%
24	DF	Dean Foods Company	12.1%	3.1%	0.2%
25	BMV	Bristol-Myers Squibb Co.	19.7%	2.3%	-10.4%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 No HW Tech 12/31/04 to 12/31/05

Dates	Rank Date	Buy Date	Sell Date
	12/3/2004	12/31/2004	12/30/2005
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$ 50		
Maximum Market Cap (millions)	\$ 1,000,000,000		
Minimum Share Price	\$ 1.00		
Minimum Daily Dollar Trade Volume	\$ 750,000.00		

Magic Formula Average Top 7	25.4%
Magic Formula Average Top 25	4.1%
SPY	4.8%
EFA	13.3%
IWM	4.5%



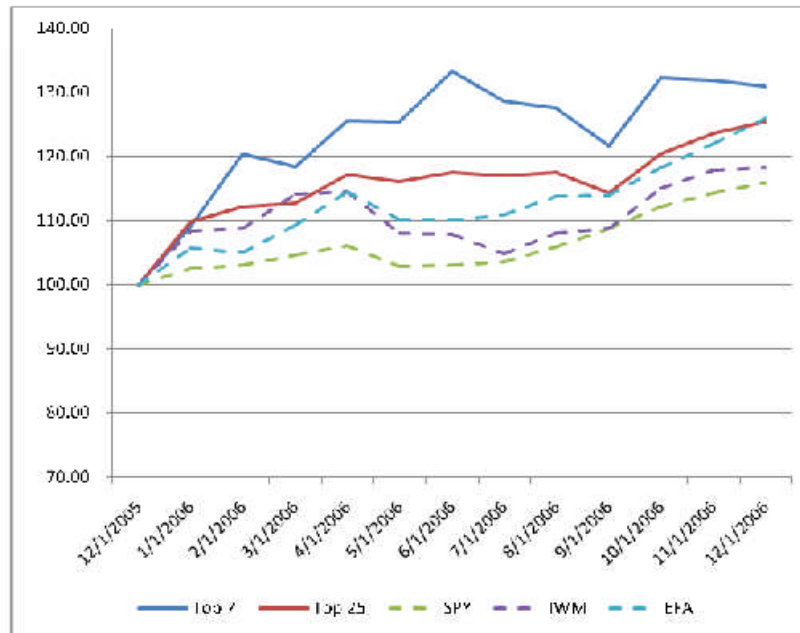
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	KEP	Korea Electric Power Corporat	126.5%	5.8%	47.2%
2	EOC	Empresa Nacional de Electrici	84.4%	5.5%	67.9%
3	RAI	Reynolds American, Inc.	164.4%	3.9%	21.3%
4	MTL	Mechel Steel Group OAO	24.7%	11.2%	8.1%
5	SCHN	Schnitzer Steel Industries, In	27.1%	5.2%	-9.8%
6	WMCO	Williams Controls, Inc.	23.4%	5.1%	36.9%
7	UG	United-Guardian, Inc.	35.7%	3.5%	6.5%
8	TBL	Timberland Company, The	22.5%	4.7%	3.9%
9	IIIN	Insteel Industries, Inc.	18.4%	9.1%	-8.3%
10	AMSG	AmSurg Corp.	26.8%	3.7%	-22.6%
11	SKM	SK Telecom Co., Ltd. (ADR)	18.3%	5.8%	-8.8%
12	CEO	CNOOC Limited (ADR)	18.0%	5.3%	25.4%
13	KSWs	K-Swiss Inc.	26.0%	3.4%	11.4%
14	UIL	UIL Holdings Corporation	38.3%	2.8%	-10.4%
15	NP	Neenah Paper, Inc.	14.8%	14.5%	-14.1%
16	ARO	Aerpostale, Inc.	25.2%	3.3%	-10.6%
17	LPX	Louisiana-Pacific Corporation	15.3%	6.5%	2.7%
18	PCNTF	Pacific Internet Ltd.	36.2%	2.8%	-18.4%
19	AMED	Amedisys, Inc.	118.3%	2.5%	30.4%
20	SRE	Sempra Energy	45.5%	2.6%	22.2%
21	CPB	Campbell Soup Company	32.2%	2.6%	-0.4%
22	FPL	FPL Group, Inc.	144.9%	2.3%	11.2%
23	BKE	Buckle, Inc., The	14.9%	4.2%	9.3%
24	ESPD	eSpeed, Inc.	42.4%	2.4%	-37.7%
25	QLTI	QLT Inc. (USA)	17.2%	3.1%	-60.4%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 No HW Tech 12/31/05 to 12/31/06

Dates	Rank Date	Buy Date	Sell Date
	11/30/2005	12/30/2005	12/29/2006
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	50	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	30.9%
Magic Formula Average Top 25	25.3%
SPY	15.9%
EFA	25.8%
IWM	18.3%



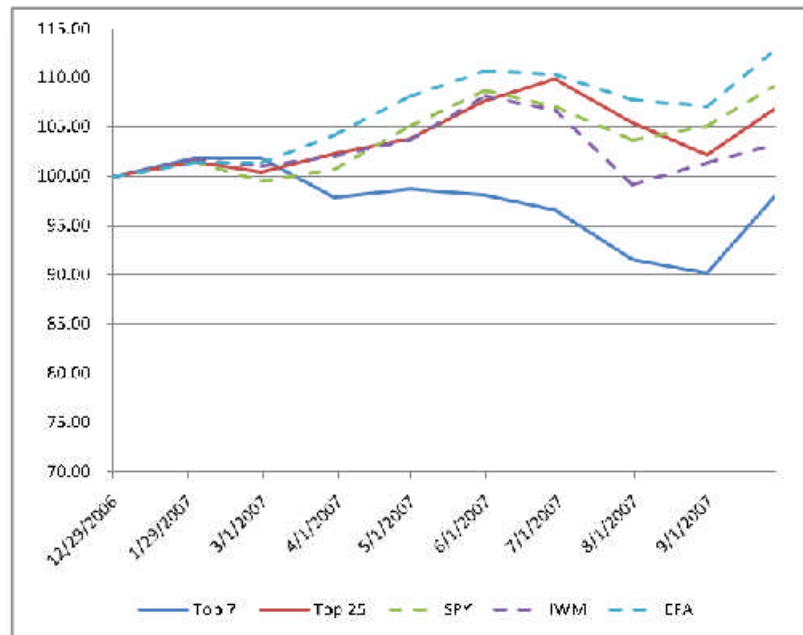
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	EGY	VAALCO Energy, Inc.	53.4%	11.3%	59.2%
2	PSJEY	Petsec Energy Ltd (ADR)	328.7%	5.3%	48.8%
3	NVR	NVR, Inc.	55.2%	6.6%	-8.1%
4	NATH	Nathan's Famous, Inc.	54.2%	6.6%	37.1%
5	KEP	Korea Electric Power Corporat	68.2%	5.4%	16.5%
6	ANIK	Anika Therapeutics, Inc.	97.1%	5.0%	13.5%
7	OGE	OGE Energy Corp.	60.2%	4.7%	49.3%
8	MGLN	Magellan Health Services, Inc.	46.0%	4.9%	37.4%
9	FTE	France Telecom (ADR)	31.0%	6.3%	11.5%
10	CEO	CNOOC Limited (ADR)	26.2%	7.9%	39.2%
11	ENL	Reed Elsevier NV (ADR)	541.9%	3.5%	22.0%
12	GXP	Great Plains Energy Incorpora	75.3%	3.7%	13.7%
13	POM	Pepco Holdings, Inc.	57.0%	3.8%	16.3%
14	ACN	Accenture Ltd	110.2%	3.5%	27.9%
15	LQU	Quilmes Industrial (QUINSA) S	23.2%	5.6%	93.3%
16	TKG	Telkom SA Limited (ADR)	20.0%	6.3%	-6.7%
17	FDG	Fording Canadian Coal Trust (I	37.7%	3.7%	-40.0%
18	SO	Southern Company, The	98.6%	3.1%	6.7%
19	NLCI	Nobel Learning Communities,	27.3%	4.2%	21.3%
20	PTR	PetroChina Company Limited	17.0%	7.4%	71.8%
21	ALDA	Aldila, Inc.	24.8%	4.4%	-41.3%
22	E	Eni S.p.A. (ADR)	16.7%	8.2%	20.6%
23	SKM	SK Telecom Co., Ltd. (ADR)	17.4%	6.5%	30.5%
24	HOC	Holly Corporation	19.5%	5.2%	74.6%
25	RUK	Reed Elsevier plc (ADR)	38.5%	3.2%	17.4%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 No HW Tech 12/31/06 to 09/28/07

Dates	Rank Date	Buy Date	Sell Date
	11/30/2006	12/29/2006	9/28/2007
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	50	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	-2.1%
Magic Formula Average Top 25	6.8%
SPY	9.1%
EFA	12.8%
IWM	3.2%



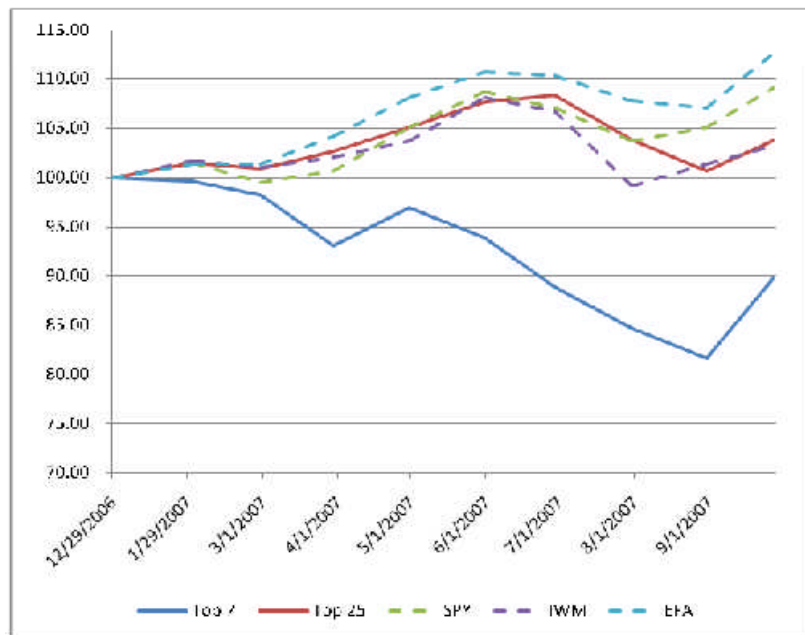
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	PETD	Petroleum Development Corp	102.8%	45.3%	3.0%
2	AXR	AMREP Corporation	113.3%	5.0%	-78.1%
3	NINE	Ninetowns Internet Technlgy	52.6%	5.5%	-14.5%
4	CG	Carolina Group	131.7%	4.5%	27.1%
5	HSVLY	Highveld Steel and Vanadium	33.6%	8.2%	50.6%
6	OGE	OGE Energy Corp.	144.1%	4.4%	-17.3%
7	NATH	Nathan's Famous, Inc.	46.3%	4.8%	14.6%
8	VPHM	ViroPharma Incorporated	106.4%	4.0%	-39.2%
9	SSL	Sasol Limited (ADR)	26.5%	11.8%	16.5%
10	PNW	Pinnacle West Capital Corpora	289.6%	3.8%	-22.1%
11	IHR	Interstate Hotels & Resorts, I	27.8%	6.7%	-39.0%
12	PMOY	Premier Oil plc (ADR)	25.3%	56.1%	-15.6%
13	COG	Cabot Oil & Gas Corporation	23.3%	10.0%	15.9%
14	BHP	BHP Billiton Limited (ADR)	26.1%	6.3%	97.7%
15	EGY	VAALCO Energy, Inc.	30.1%	4.7%	-32.3%
16	PHH	PHH Corporation	767.6%	3.2%	-9.0%
17	E	Eni S.p.A. (ADR)	20.1%	10.0%	9.6%
18	HFIT	Health Fitness Corporation	27.4%	4.6%	19.2%
19	AKO.A	Embotelladora Andina SA (AD	26.7%	4.6%	11.0%
20	TKG	Telkom SA Limited (ADR)	20.0%	9.2%	25.1%
21	CSG	Cadbury Schweppes plc (ADR)	30.6%	3.8%	8.4%
22	WNR	Western Refining, Inc.	20.6%	5.3%	59.4%
23	FTO	Frontier Oil Corporation	21.1%	4.9%	44.9%
24	PTR	PetroChina Company Limited	18.3%	6.3%	31.5%
25	KEP	Korea Electric Power Corporat	35.0%	3.3%	1.9%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 12/31/06 to 09/28/07

Dates	Rank Date	Buy Date	Sell Date
	11/30/2006	12/29/2006	9/28/2007
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	50	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	-10.0%
Magic Formula Average Top 25	3.8%
SPY	9.1%
EFA	12.8%
IWM	3.2%



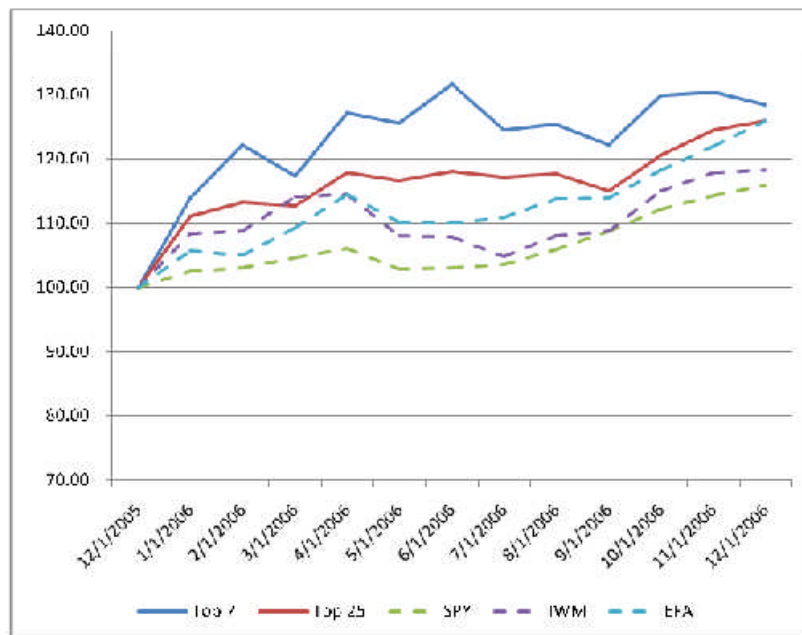
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	PETD	Petroleum Development Corp	102.8%	45.3%	3.0%
2	SGTL	Sigmatel, Inc.	57.4%	39.2%	-41.1%
3	AXR	AMREP Corporation	113.3%	5.0%	-78.1%
4	NINE	Ninetowns Internet Technlgy	52.6%	5.5%	-14.5%
5	CG	Carolina Group	131.7%	4.5%	27.1%
6	OGE	OGE Energy Corp.	144.1%	4.4%	-17.3%
7	HSVLY	Highveld Steel and Vanadium	33.6%	8.2%	50.6%
8	NATH	Nathan's Famous, Inc.	46.3%	4.8%	14.6%
9	VPHM	ViroPharma Incorporated	106.4%	4.0%	-39.2%
10	PNW	Pinnacle West Capital Corpora	289.6%	3.8%	-22.1%
11	SSL	Sasol Limited (ADR)	26.5%	11.8%	16.5%
12	PMOY	Premier Oil plc (ADR)	25.3%	56.1%	-15.6%
13	IHR	Interstate Hotels & Resorts, I	27.8%	6.7%	-39.0%
14	COG	Cabot Oil & Gas Corporation	23.3%	10.0%	15.9%
15	BHP	BHP Billiton Limited (ADR)	26.1%	6.3%	97.7%
16	EGY	VAALCO Energy, Inc.	30.1%	4.7%	-32.3%
17	PHH	PHH Corporation	767.6%	3.2%	-9.0%
18	ALOT	Astro-Med, Inc.	20.9%	10.5%	-0.9%
19	HFIT	Health Fitness Corporation	27.4%	4.6%	19.2%
20	E	Eni S.p.A. (ADR)	20.1%	10.0%	9.6%
21	AKO.A	Embotelladora Andina SA (AD	26.7%	4.6%	11.0%
22	TKG	Telkom SA Limited (ADR)	20.0%	9.2%	25.1%
23	CSG	Cadbury Schweppes plc (ADR)	30.6%	3.8%	8.4%
24	WNR	Western Refining, Inc.	20.6%	5.3%	59.4%
25	FTO	Frontier Oil Corporation	21.1%	4.9%	44.9%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 12/31/05 to 12/31/06

	Dates	Rank Date	Buy Date	Sell Date
		11/30/2005	12/30/2005	12/29/2006
ADR's		Allow ADR's		
Minimum Market Cap (millions)	\$	50		
Maximum Market Cap (millions)	\$	1,000,000,000		
Minimum Share Price	\$	1.00		
Minimum Daily Dollar Trade Volume	\$	750,000.00		

Magic Formula Average Top 7	28.5%
Magic Formula Average Top 25	25.9%
SPY	15.9%
EFA	25.8%
IWM	18.3%



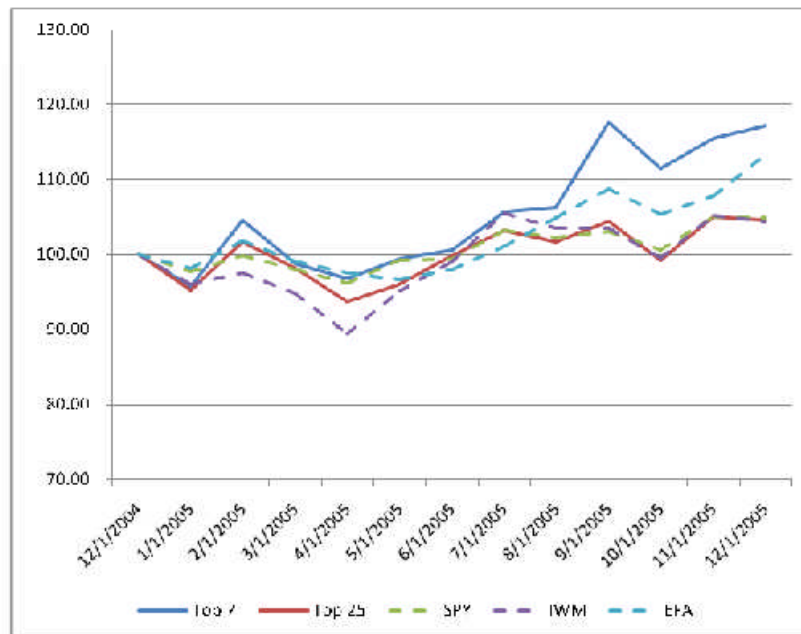
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	PSJEY	Petsec Energy Ltd (ADR)	328.7%	5.3%	48.8%
2	EGY	VAALCO Energy, Inc.	53.4%	11.3%	59.2%
3	NVR	NVR, Inc.	55.2%	6.6%	-8.1%
4	NATH	Nathan's Famous, Inc.	54.2%	6.6%	37.1%
5	KEP	Korea Electric Power Corporat	68.2%	5.4%	16.5%
6	ANIK	Anika Therapeutics, Inc.	97.1%	5.0%	13.5%
7	SIMO	Silicon Motion Technology Co	36.6%	8.8%	32.3%
8	OGE	OGE Energy Corp.	60.2%	4.7%	49.3%
9	MGLN	Magellan Health Services, Inc.	46.0%	4.9%	37.4%
10	FTE	France Telecom (ADR)	31.0%	6.3%	11.5%
11	ENL	Reed Elsevier NV (ADR)	541.9%	3.5%	22.0%
12	CEO	CNOOC Limited (ADR)	26.2%	7.9%	39.2%
13	GXP	Great Plains Energy Incorpora	75.3%	3.7%	13.7%
14	POM	Pepco Holdings, Inc.	57.0%	3.8%	16.3%
15	ACN	Accenture Ltd	110.2%	3.5%	27.9%
16	LQU	Quilmes Industrial (QUINSA) S	23.2%	5.6%	93.3%
17	FDG	Fording Canadian Coal Trust (I	37.7%	3.7%	-40.0%
18	SO	Southern Company, The	98.6%	3.1%	6.7%
19	TKG	Telkom SA Limited (ADR)	20.0%	6.3%	-6.7%
20	NLCI	Nobel Learning Communities,	27.3%	4.2%	21.3%
21	ALDA	Aldila, Inc.	24.8%	4.4%	-41.3%
22	PTR	PetroChina Company Limited	17.0%	7.4%	71.8%
23	SKM	SK Telecom Co., Ltd. (ADR)	17.4%	6.5%	30.5%
24	E	Eni S.p.A. (ADR)	16.7%	8.2%	20.6%
25	HOC	Holly Corporation	19.5%	5.2%	74.6%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 12/31/04 to 12/31/05

Dates	Rank Date	Buy Date	Sell Date
	12/3/2004	12/31/2004	12/30/2005
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	50	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	17.1%
Magic Formula Average Top 25	4.6%
SPY	4.8%
EFA	13.3%
IWM	4.5%



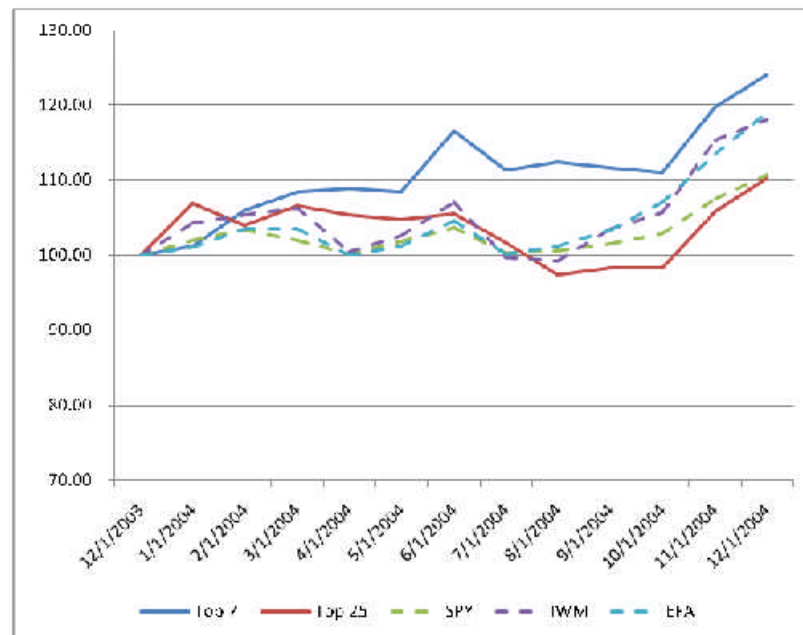
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	KEP	Korea Electric Power Corporat	126.5%	5.8%	47.2%
2	EOC	Empresa Nacional de Electrici	84.4%	5.5%	67.9%
3	RAI	Reynolds American, Inc.	164.4%	3.9%	21.3%
4	LDIS	Leadis Technology, Inc.	40.8%	5.6%	-51.6%
5	MTL	Mechel Steel Group OAO	24.7%	11.2%	8.1%
6	SCHN	Schnitzer Steel Industries, In	27.1%	5.2%	-9.8%
7	WMCO	Williams Controls, Inc.	23.4%	5.1%	36.9%
8	UG	United-Guardian, Inc.	35.7%	3.5%	6.5%
9	TBL	Timberland Company, The	22.5%	4.7%	3.9%
10	IIIN	Insteel Industries, Inc.	18.4%	9.1%	-8.3%
11	AMSG	AmSurg Corp.	26.8%	3.7%	-22.6%
12	SKM	SK Telecom Co., Ltd. (ADR)	18.3%	5.8%	-8.8%
13	CEO	CNOOC Limited (ADR)	18.0%	5.3%	25.4%
14	KSWs	K-Swiss Inc.	26.0%	3.4%	11.4%
15	NP	Neenah Paper, Inc.	14.8%	14.5%	-14.1%
16	OVTI	OmniVision Technologies	37.1%	2.9%	8.8%
17	LPX	Louisiana-Pacific Corporation	15.3%	6.5%	2.7%
18	UIL	UIL Holdings Corporation	38.3%	2.8%	-10.4%
19	ARO	Aeropostale, Inc.	25.2%	3.3%	-10.6%
20	PCNTF	Pacific Internet Ltd.	36.2%	2.8%	-18.4%
21	AMED	Amedisys, Inc.	118.3%	2.5%	30.4%
22	DITC	Ditech Communications	82.6%	2.5%	-44.1%
23	SRE	Sempra Energy	45.5%	2.6%	22.2%
24	FPL	FPL Group, Inc.	144.9%	2.3%	11.2%
25	BKE	Buckle, Inc., The	14.9%	4.2%	9.3%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 12/31/03 to 12/31/04

Dates	Rank Date	Buy Date	Sell Date
	11/28/2003	12/31/2003	12/31/2004
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	50	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	24.1%
Magic Formula Average Top 25	10.3%
SPY	10.7%
EFA	18.9%
IWM	18.1%



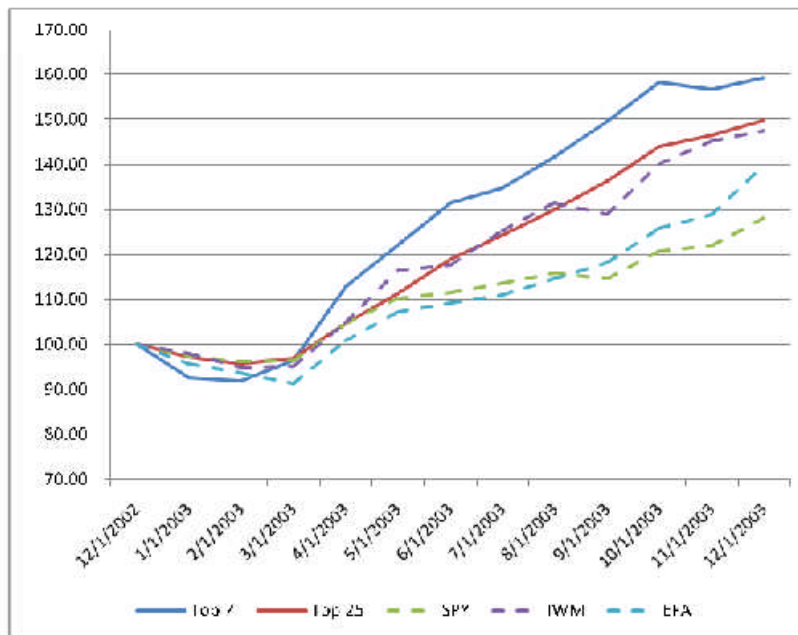
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	SIE	Sierra Health Services, I	50.0%	5.0%	100.8%
2	BDY	Bradley Pharmaceuticals,	133.9%	3.8%	-23.7%
3	TMX	Telefonos de Mexico, S.A.	20.9%	9.6%	16.0%
4	MAT	Mattel, Inc.	22.4%	4.1%	1.1%
5	PDX	Pediatric Medical Group,	89.9%	3.0%	16.3%
6	ACAT	Arctic Cat, Inc.	16.3%	6.2%	8.6%
7	SSL	Sasol Ltd. (ADR)	14.0%	11.6%	49.6%
8	DYII	Dynacq Healthcare, Inc.	17.4%	4.0%	-37.5%
9	MWRK	Mothers Work, Inc.	14.3%	6.6%	-44.4%
10	FHC	First Health Group Corp.	27.1%	3.0%	-27.3%
11	MAIR	MAIR Holdings, Inc.	12.8%	12.3%	26.4%
12	RIC	Richmont Mines Inc.	19.1%	3.1%	-3.8%
13	SHOO	Steven Madden, Ltd.	13.3%	4.6%	-7.5%
14	LRW	Labor Ready, Inc.	13.4%	3.5%	29.2%
15	ARTL	Aristotle Corp.	12.1%	4.5%	35.0%
16	ASF	Administaff, Inc.	13.4%	3.3%	-27.4%
17	PPDI	Pharmaceutical Product De	20.7%	2.5%	53.1%
18	LOOK	LookSmart Ltd.	25.9%	2.4%	41.3%
19	MRK	Merck & Co., Inc.	17.0%	2.7%	-30.4%
20	PLM	PolyMedica Corporation	13.4%	3.1%	-100.0%
21	PLMD	PolyMedica Corporation	13.4%	3.1%	41.8%
22	HAS	Hasbro, Inc.	15.5%	2.9%	-8.9%
23	JAKK	JAKKS Pacific, Inc.	11.6%	4.3%	68.1%
24	CPD	Caraco Pharmaceutical Lab	22.1%	2.4%	27.7%
25	DRS	DRS Technologies, Inc.	13.8%	2.8%	53.7%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 12/31/02 to 12/31/03

Dates	Rank Date	Buy Date	Sell Date
	11/29/2002	12/31/2002	12/31/2003
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$	50	
Maximum Market Cap (millions)	\$	1,000,000,000	
Minimum Share Price	\$	1.00	
Minimum Daily Dollar Trade Volume	\$	750,000.00	

Magic Formula Average Top 7	59.4%
Magic Formula Average Top 25	49.8%
SPY	28.2%
EFA	39.8%
IWM	47.6%



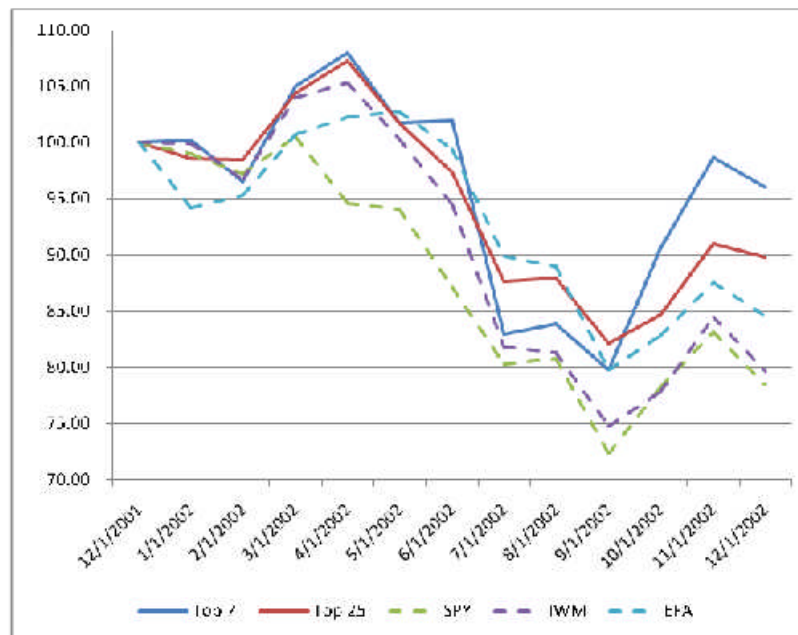
Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	NVAL	New Valley Corp.	297.2%	79.4%	1.4%
2	WVCM	Wavecom S.A. (ADR)	228.1%	6.9%	-3.3%
3	RIMG	Rimage Corporation	32.1%	4.9%	95.1%
4	TLK	PT Telekomunikasi Indones	21.9%	12.5%	93.4%
5	KWIC	Kennedy-Wilson, Inc.	18.2%	12.1%	70.7%
6	TAL	Talk America Holdings Inc	31.0%	4.5%	105.7%
7	ACAT	Arctic Cat, Inc.	16.8%	9.1%	52.7%
8	TRFX	Traffix, Inc.	14.9%	69.8%	67.7%
9	PRX	Pharmaceutical Resources	24.8%	3.6%	118.6%
10	DLX	Deluxe Corporation	1018.8%	3.0%	-1.8%
11	KG	King Pharmaceuticals	33.2%	3.2%	-11.2%
12	PDX	Pediatrix Medical Group,	57.6%	3.0%	37.5%
13	CEO	CNOOC Limited (ADR)	14.1%	6.7%	53.2%
14	MAT	Mattel, Inc.	21.9%	3.4%	0.6%
15	SHW	Sherwin-Williams Company	17.4%	3.7%	23.0%
16	ABV	Companhia de Bebidas Amer	18.1%	3.6%	63.9%
17	IT	Gartner, Inc.	222.1%	2.7%	22.9%
18	LRW	Labor Ready, Inc.	11.9%	4.7%	104.0%
19	PLMD	PolyMedica Corporation	13.6%	4.6%	70.6%
20	TALX	TALX Corporation	22.3%	3.0%	78.3%
21	UTMD	Utah Medical Products	18.4%	3.2%	36.9%
22	CNXS	CNS, Inc.	14.7%	3.7%	101.8%
23	AMRI	Albany Molecular Research	13.6%	3.9%	1.5%
24	ANK	Atlantic Tele-Network, Inc	8.6%	15.1%	81.0%
25	FMST	FinishMaster, Inc.	12.1%	4.0%	-18.5%

- 6 of top 7 were winners
- 21 of top 25 were winners

MF XLQ Sim MC>50 12/31/01 to 12/31/02

Dates	Rank Date	Buy Date	Sell Date
	11/30/2001	12/31/2001	12/31/2002
ADR's	Allow ADR's		
Minimum Market Cap (millions)	\$ 50		
Maximum Market Cap (millions)	\$ 1,000,000,000		
Minimum Share Price	\$ 1.00		
Minimum Daily Dollar Trade Volume	\$ 750,000.00		

Magic Formula Average Top 7	-4.0%
Magic Formula Average Top 25	-10.2%
SPY	-21.6%
EFA	-15.4%
IWM	-20.4%



Rank	Symb	Company	Rtn on Capital	EBIT / MVE	12M Return
1	SPC	St. Paul Companies	47.2%	9.2%	-22.6%
2	KSW	K-Swiss Inc.	21.7%	5.4%	30.6%
3	ABV	AmBev	20.3%	5.1%	-23.3%
4	PT	Portugal Telecom, SGPS	16.4%	7.2%	-10.2%
5	ATU	Actuant Corporation	34.4%	3.4%	38.2%
6	JAKK	JAKKS Pacific, Inc.	17.1%	3.6%	-28.9%
7	PRX	Pharmaceutical Resources	29.4%	2.9%	-11.8%
8	ANK	Atlantic Tele-Network, Inc.	10.5%	15.7%	9.5%
9	TI	Telecom Italia S.p.A.	12.8%	3.7%	-11.1%
10	UG	United-Guardian, Inc.	16.5%	3.2%	-19.2%
11	LOJN	LoJack Corporation	10.8%	3.9%	-9.4%
12	ANF	Abercrombie & Fitch Co.	14.7%	3.0%	-22.9%
13	PCG	PG&E Corporation	8.1%	9.2%	-27.8%
14	BRN	Barnwell Industries, Inc.	8.5%	5.6%	-3.1%
15	LUFK	Lufkin Industries, Inc.	7.4%	6.2%	-12.5%
16	MTW	Manitowoc Company, Inc.	12.6%	2.8%	-18.0%
17	CPB	Campbell Soup Company	87.5%	2.1%	-21.4%
18	SHW	Sherwin-Williams Co.	12.4%	2.7%	2.7%
19	SSD	Simpson Manufacturing Co.	9.5%	3.4%	14.8%
20	AD	ADVO, Inc.	14.1%	2.5%	-23.7%
21	TR	Tootsie Roll Industries	19.3%	2.2%	-19.1%
22	YPF	YPF Sociedad Anonima S.A.	6.8%	5.9%	-38.4%
23	FELE	Franklin Electric Co.	10.4%	2.9%	17.1%
24	CRAI	Charles River Associates	11.9%	2.5%	-30.7%
25	CRR	Carbo Ceramics Inc.	11.1%	2.6%	-13.9%

- 6 of top 7 were winners
- 21 of top 25 were winners