

Mini-Issue

growFolio

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The World's First Online
Investment, Finance, Business, and
Lifestyle Magazine

Lexar's Rise

Lexar comes back from
the dead. But we knew
that, right?



The Truth About Social Security

Book
Review:
Blink



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There are problems with Social Security -
that's for sure.... but what should we do about
it?

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From the Editor's Desk:

Trials and Tribulations

This has been quite a month.

Since last issue, we at growFolio have begun a serious overhaul to our entire website. That means everything. We hope to have the site operational by mid to late April, well before the May issue of growFolio is due to be out. You may have noticed that our site has been down numerous times over the past couple of months, most notably, a 40+ hour downtime period in late March. This is due to the company that hosts the growFolio website. For some reason, an adequate level of service just isn't being met by them, and as such, we're switching the site over to a different company. By the time you read this, we will have completed the transition, and will be (hopefully) back to the way we were before. Unfortunately, as a result of these complications, some names may have been lost from our subscriber list, as well as some messages lost from our discussion board. If you are a subscriber, and didn't receive an email notification of our latest issue (April 2005), please head over to the Subscribe page of our site, and sign up again.

Well, now that that's taken care of..... this month, mainly due to the mountains of work going into our new site redesign, we're putting out a somewhat abbreviated issue of growFolio. As you can see, this issue is quite a bit smaller (and stuffed with less information) than our typical issue. Never fear, we'll be back in full force (and then some) in the May 2005 issue of growFolio.

In other news, some may have noticed a little activity on the part of Lexar Media (LEXR) last month. Having won their lawsuit

against Toshiba for well over \$460 Million,

Lexar's share price went up 99% in one day to settle at \$6.32 from the low \$3. Not bad considering the fact that Lexar had been flirting with the \$2 range not too long before. While Lexar hasn't been performing as many had hoped (including myself), they are still doing well as far as I'm concerned. (See the portfolio section on the next page for more on that)

We're kind of in an interim phase right now - a shorter issue, large site redesigns on the way, etc. - so, we look forward to seeing you again when we launch our new design! Now 3 months into our first year of publication, we've been seeing an exciting 50% increase in readership each and every month. We hope this trend will continue. Thanks so much for your patronage - We'll see you in May!



Jonas Elmerraji
The Perpetual Bull



Photo by Myles Davidson

Name	Symbol	EPS	P/E	Recent Price	Price at Call	Months on growFolio
eCost.com	ECST	\$-0.08	N/A	\$6.60	\$7.53	3
Lexar Media	LEXR	\$-.97	N/A	\$4.97	\$5.01	3
Bank of Am.	BAC	\$3.70	11.91	\$44.01	\$44.50	3
Best Buy	BBY	\$2.79	18.16	\$50.60	\$47.31	3
UnitedHealth	UNH	\$3.94	24.31	\$95.83	\$66.50	3
LeapFrog	LF	\$-0.14	N/A	\$11.37	\$10.90	2

Lexar's Rise

In February, the Portfolios page featured Lexar Media's name in a short piece called, "Lexar's Fall," but it seems that the only thing falling about Lexar now is the number of doubters they have. Since our selection of Lexar in our premiere issue (January 2005), I've come across the odd pundit or analyst picking on LEXR. Looks like they were sorry last month. In March, Lexar won their \$465 Million lawsuit against Toshiba for divulging trade secrets. The next day, Lexar's common stock shot up 99% to a whopping \$6.32. I feel sorry for those who followed popular opinion and decided to short the company before this jump. Lexar has noted themselves, that they have some issues in management and other departments in their company. Despite this, they're doing one thing relatively rare in the corporate world - they're fixing it. Lexar began a corporate house cleaning that has resulted in some increased cost efficiency. Hopefully, this will correlate into some welcomed improvements for next quarter.



With a major lawsuit win and some serious changes in LEXR's structure, things are looking up for the electronics maker. Chart courtesy of StockCharts.com

eCost.com

Well, the wondering is over, as this month, I finally had the chance to speak with Liz Murray, eCost.com's (ECST) newly appointed CFO. She had lots to say, but unfortunately, too much to fit in this mini issue of growFolio. To get the scoop, check out the May issue.

Disclosure: Please be aware that some or all of these securities may be held by growFolio staff in their personal brokerage accounts. While this disclosure is not legally required, we feel it best to inform our readers of ALL such information.

Book Review



Decision making is one of the most essential aspects of investing. Without good decisions, picking investments would be like a throw of the dice. But what makes a good decision good? What makes a bad decision bad? When should you follow your gut, and when should you follow the data?

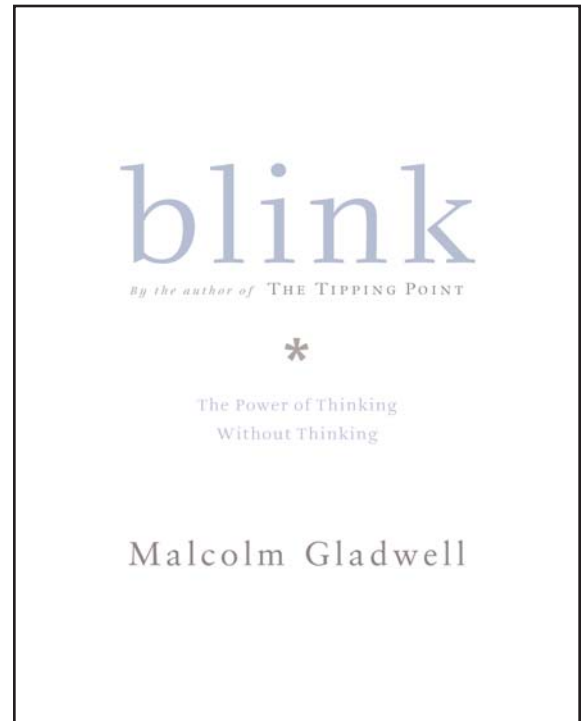
These are all questions that Malcolm Gladwell takes a stab at in his latest book, *Blink*. I recently had the chance to read *Blink*, and let me say, first of all, that the book - decision making aside - is an excellent read. Gladwell is ever so adept at taking the complexities of the world, and explaining them to the common man [read me].

Blink explores why we make decisions, and how we make them - in the "blink" of an eye. Can you look at a car, and just tell that it's a lemon? If so, that's "blink" in all its glory. More importantly, though, *Blink* is an examination of when we should use these decisions in practice, and when we need to gather a little more information. *Blink* covers the good, the bad, and the ugly of the human mind. I think that the most exciting parts of *Blink* are those about the science behind it. The incredible stories of business executives and psychologists, of art historians and even taste testers who use gut decisions accurately and amazingly.

The book's tagline is "The Power of Thinking Without Thinking". That's certainly what it is. But it's more than that - it's a primer on understanding not only how these decisions work, but also how to make them work for you. Sure, you get that feeling, but why? Well, if I told you, I'd be ruining it, wouldn't I... guess you'll just have to pick up your own copy of this fascinating book.

Blink is a journey through the mind that will surely change your own.

Note: As a true testament to *Blink*, since I got ahold of my copy of the book, everyone wants to read it! I think I'm going to have to put together a waiting list.



Blink

by Malcolm Gladwell

Publisher: Little, Brown 288 pages

ISBN: 0316172324

\$25.95



The Truth About Social Security

Recent political agendizing about Social Security reform has been incredible. Here's a very brief overview of the facts, as well as some resources to help you get the whole story.

Social Security is one of the most important issues of the year. For those who haven't yet heard all of the political pundits making their rounds all across TV, we're here to lay out a couple of proposed plans and provide some resources to learn more about what's going on. Remember, this is just a brief summary, so if you want the whole story, please take a look at the websites listed in the box at the end of this article.

When it comes to Social Security, people are polarized more than ever. These are people's lives at stake. Their retirements. Their "golden years". While ideally the government would have a well-formed plan in hand, the fact of the matter is that funds have been mismanaged, and the current social security plan is - for the most part - in disrepair. There are two plans that currently get the majority of this country's media attention.

The Democratic Plan

While there is, for the most part, no wholly unified plan under the guise of the Democratic National Committee, essentially, the Democratic plan falls along the lines of "if it ain't broke, don't fix it." The fact is that a number of prominent Democrats don't feel that anything is wrong with the current Social Security system. Perhaps, all the system needs is a slight realignment... a few policy changes.

This stance is also taken by the AARP, most noticeably with their, "Strengthen It, Don't Destroy It" ad campaign. Thankfully, few people today are in favor of simply leaving Social Security as it is - a serious problem for the next generation.

The Republican Plan

The most publicized (and controversial)

plan is that put forth by President Bush. He wants people to be able to invest their money in "personal retirement accounts", accounts that would be used on bonds and equity funds. Proponents of the plan make note of the fact that a decent rate of growth can be attained with these types of accounts. Historically, stock yields simply outperform interest rates - Bush's supporters are banking (no pun intended) on the fact that this will continue. There are those who disagree with the Bush plan, however. They make the point that current retirement accounts already serve the purpose, for the most part, of the proposed retirement accounts. They also point out the risk inherent in investing in accounts like this. There is also a certain advantage inherent in an account like this for those who are better off financially - they have the luxury of better timing their buying and selling to maximize the value of their accounts.

The Middle Ground?

There is legitimate concern from both sides on this issue. Social security is a sincerely important issue. The fact is, that social security is in trouble. For years, the department of the treasury has been borrowing

Social Security affects
all of us.

Only we can change its future



social security's cash reserves, and replacing them with IOUs in the form of government bonds. This in itself is not a large concern to many people - U.S. Government bonds are

some of the most secure instruments in the world. But we're talking trillions of dollars. There is no doubt that the government will be able to make good on its bonds. The question is - at what cost? Loans from China? Cuts in necessary parts of government? Something needs to happen - no question there.

Most Americans do not align themselves completely with either the Democratic or Republican plan. The majority of Americans are looking for some sort of middle ground. And while both plans suggest that their way is "the way", surely some other options are available for the American people. Maybe the social security system needs more than a new paint-job. Maybe, though, a really drastic change isn't the best fix. Or maybe one of them is.

Whatever your view on these issues, whatever your political affiliations, whatever your financial situation, there is only one thing to do. On an issue as important as social security, we as voters have a responsibility to make our feelings known. (I know, it's a shock. This may be the first time you read an article that didn't push a political agenda.) Contact your congressman, if you're a member of an organization like AARP, tell them what you want in a new Social Security plan. It affects all of us.

“Something needs to happen - no question there.”

Social Security Websites

If you want more information on Social Security, and the issues related to it, check out the websites below.

<http://www.ssa.gov/> - the official Social Security website maintained by the government

<http://www.whitehouse.gov/> - the President's plan for Social Security can be found here.

http://www.aarp.org/money/social_security/
The AARPs own site dedicated to Social Security issues.

<http://www.socialsecurity.org/> - The CATO Institute's Project on Social Security Choice

