

# THE UPGRADER

## Insights from the FUNDX UPGRADER FUNDS

*The Upgrader* is a quarterly newsletter about the FUNDX UPGRADER FUNDS. In each quarterly issue, you'll find updated performance data, what Upgrades we've made in the Fund portfolios, answers to common questions and any news or updates that may be useful to you as a shareholder.

### A Diversified Portfolio in One Fund

When you purchase one of the original four Upgrader Funds, you get a complete, diversified fund portfolio in one simple purchase. What's more, the Upgrader Funds only own funds that we believe are the best performing funds available.

### Active Management Without the Work

As an investor, you know the market changes, and it's important to change your portfolio as market conditions change. But who has the time to continually monitor the markets and make the necessary changes? We do.

When you invest in the FUNDX UPGRADER Funds, your funds actively change course to stay with market leadership. We'll monitor the market and your portfolio so as the market changes, we'll adjust your portfolio as we feel is appropriate.

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### Dear Fellow Shareholders,

The overall investment climate recently has been characterized by modest returns in U.S. equity markets, punctuated by pockets of strength and markedly stronger performance from international markets. While 2005 proved to be a period of subdued returns for major U.S. market indices, Upgrading made it possible to achieve very satisfactory returns by investing in the stronger areas. And 2006 so far has been positive for investors, but it's been better for opportunistic Upgraders.

Each of the FUNDX UPGRADER Funds beat its benchmark for the past quarter, year, 3-years (where applicable) and since inception. A detailed performance summary is on page 3, including performance of our newest fund, the FundX Stock Upgrader Fund (STOCX).

### The Only Funds To Buy & Hold

Fund investors often struggle to build portfolios by selecting various individual funds. Most mutual funds apply a particular investment style, be it growth or value, or focus on a market segment such as large companies or small, or geographic region, international or domestic companies. Any one mutual fund does not typically represent a comprehensive portfolio. Rather, these funds become building blocks for a portfolio that must be actively managed for best results.

Each of the FUNDX UPGRADER Funds of Funds is managed as a portfolio of other mutual funds, following the Upgrading investment strategy, and structured to fit a different set of risk/return objectives. To meet this objective, each FUNDX UPGRADER Funds of Funds typically holds at least 20 underlying funds.

CONTINUED ON PAGE 2 . . .

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... CONTINUED FROM PAGE 1

## Investor Models - A Combination of the FundX Upgrader Funds

The **Investor Models** offer an easier way for mutual fund investors to use Upgrading as their investment strategy.

While we believe the four original Upgrader Funds meet the needs of many investors and are complete fund portfolios on their own, we want you to be able to customize the possible risk and potential reward of your portfolios.

For instance, since HOTFX and INCMX cover opposite ends of the risk/reward scale, we aimed to offer a range of options that would suit investors who found themselves somewhere in between our more aggressive Upgrader Fund and our most conservative option.

We developed nine **Investor Models** which combine two or more of the FUNDX UPGRADER FUNDS so you have a simple way to satisfy your particular investment goals. Inside this issue, you'll learn how we arrived at these models and you'll see performance of the **Investor Models** (page 5).

### Simplify the Process

To see if a Model might work for you, use the Investor Questionnaire inserted in this issue of the Upgrader.

You'll determine how long you plan to be invested and then answer five questions to find your risk level. Once you identify your expectations and tolerance for riding through difficult markets, you can invest in a Model and put your portfolio on *risk* control.

When you invest in one of the Investor Models, your portfolio is rebalanced quarterly to the original allocations so you don't take on more risk than you initially intended.



## Questions

As the UPGRADER FUND family has grown, we've received more questions about how the Upgrader Funds compare to another one of DAL's advisory services, NoLoad Fund★X. NoLoad Fund★X is a proprietary newsletter composed of hypothetical portfolios of investments chosen using the Upgrading strategy. We're sharing answers to some of these common questions to help clarify and distinguish between our services.

### Are the UPGRADER FUNDS the same as the NoLoad Fund★X newsletter?

The FUNDX UPGRADER FUNDS use the same Upgrading approach that is the foundation of NoLoad Fund★X, but there are important differences between the Upgrader Funds and the do-it-yourself newsletter, such as:

The newsletter is a monthly publication and the portfolios in the newsletter change at most on a monthly basis. The Funds receive new money daily and assets are put to work immediately.

The Funds have a much larger asset size than that of a retail investor and therefore much larger portfolios. While newsletter subscribers generally hold 5 to 15 funds because this is a manageable and affordable number, the Upgrader Funds are more diversified with 20-40 funds in the underlying portfolios (or, in the case of the Stock Upgrader Fund, 60-80 individual stocks).

As noted below, the Upgrader Funds have access to a separate universe of funds that are only open to institutional investors. The newsletter focuses on funds that are available to retail investors.

### Do the Upgrader Funds own the same funds shown in NoLoad Fund★X newsletter?

The Upgrader Funds may own many of the same funds that are highly ranked by the Upgrading strategy listed in NoLoad Fund★X,

but the Upgrader Funds can also purchase load-waived funds and closed funds, funds with high minimum investment requirements, and institutional share classes. These kinds of funds won't be found in NoLoad Fund★X because they are not available to retail investors.

You can see the portfolio of each of the Funds on pages 7-11 of this publication. The portfolios are also posted online at [upgraderfunds.com](http://upgraderfunds.com) each month.

### Can I find the Upgrader Funds listed in the NoLoad Fund★X newsletter?

Performance of the UPGRADER FUNDS along with the necessary disclosures can be found in the monthly newsletter on page 3. For compliance reasons, information on our own funds must be presented in this format. Further, the newsletter ranks and scores funds that subscribers can use to Upgrade their own portfolios. Since the portfolios of Upgrader Funds are continually Upgraded, it's of questionable value to rank and score them.

For most investors, the Upgrader Funds replace the need to monitor and Upgrade their own portfolios using NoLoad Fund★X.

### My newspaper shows no daily change in NAV for the Upgrader Funds. Why?

The four original Upgrader Funds are funds-of-funds and funds-of-funds price later than other funds.

Before the Upgrader Funds can be priced, each underlying fund owned by the Upgrader Funds must be priced. As a result, the Upgrader Funds may miss the reporting deadlines for newspapers or financial websites.

But the NAV does usually change day-to-day. The best place to follow the change in NAV is for all five of the Upgrader Funds at [www.upgraderfunds.com](http://www.upgraderfunds.com).

PERFORMANCE Data current to 3/31/06	Avg. Annual Total Returns							Cumulative Inception
	1 mo	3 mo	6 mo	12 mo	3 Yrs	Since Inception		
Fundx Upgrader Fund (FUNDX)	2.81%	8.87%	10.84%	23.22%	25.81%	12.90%	70.82%	11/1/01
S&P 500 Index	1.28%	4.21%	6.39%	11.75%	17.20%	5.94%*	28.94%*	from 11/1/01
Fundx Aggressive Upgrader Fund (HOTFX)	2.61%	9.42%	11.78%	27.86%	28.70%	17.65%	84.00%	7/1/02
Fundx Conservative Upgrader Fund (RELAX)	2.37%	7.04%	7.75%	16.27%	20.83%	11.77%	51.78%	7/1/02
S&P 500 Index	1.28%	4.21%	6.39%	11.75%	17.20%	10.00%*	42.96%*	from 7/1/02
Fundx Stock Upgrader Fund (STOCX)	4.48%	10.55%	N/A	N/A	N/A	N/A	15.72%	11/1/05
S&P 500 Index	1.28%	4.21%	N/A	N/A	N/A	N/A	8.50%*	from 11/1/05
Fundx Flexible Income Fund (INCMX)	0.25%	2.33%	2.80%	5.74%	7.67%	7.19%	29.74%	7/1/02
Lehman Agg Bond Index	0.93%	0.57%	-0.11%	2.40%	3.61%	5.00%	18.16%	

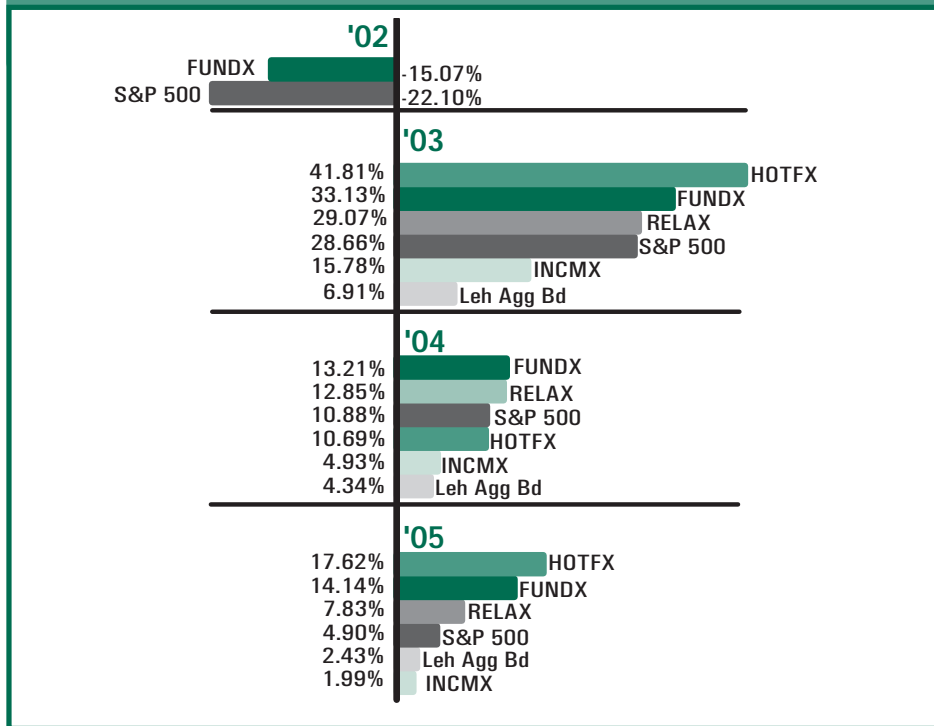
Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted.

Performance current to the most recent monthend may be obtained by calling 800-455-3863 or visiting [www.upgraderfunds.com](http://www.upgraderfunds.com)

The funds impose a 2% redemption fee on shares held less than 1 calendar month.

You cannot invest directly in an index.

## Annual Fund Performance 2002 - 2005



The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 866-455-FUND, or visiting [www.upgraderfunds.com](http://www.upgraderfunds.com). Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Because most of the Funds are "fund of funds", an investor will indirectly bear the principal risks of the underlying funds, including but not limited to, risks associated with smaller companies, foreign securities, emerging markets, non-diversification, high yield bonds, fixed income investments and short sales.

- Small- and medium-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies.
  - Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.
  - Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods.
  - Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.
- Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

### Additional Risks Associated with the FundX Stock Upgrader Fund:

- **Market Risk** – The value of the Fund's shares will go up and down based on the performance of the stocks it owns and other factors affecting the securities markets generally.
- **Price Volatility** – The Fund invests primarily in common stocks and the market for these securities can be volatile. The value of the Fund's shares may fluctuate significantly in the short term.
- **Fund Management Risk** – The risk that investment strategies employed by the Advisor in selecting the stocks and executing trades may not result in an increase in the value of your investment or in overall performance equal to other investments.
- **Concentration Risk** – To the extent that the Fund concentrates its investments in a particular industry or sector, the Fund's shares may be more volatile and fluctuate more than shares of a fund investing in a broader range of securities.
- **New Fund Risk** – There can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Board of Trustees or the Advisor may determine to liquidate the Fund. A liquidation can be initiated by the Board of Trustees without shareholder vote and, while shareholder interests will be the paramount consideration, the timing of any liquidation may not be favorable to certain individual shareholders.

The adviser has an agreement in place to limit expenses of the funds. Investment performance reflects voluntary fee waivers in effect for the Conservative Upgrader and Flexible Income Funds. Currently expenses have not exceeded the limit for the Upgrader and Aggressive Upgrader funds. In the absence of such waivers, total return would be reduced. Returns shown include reinvestment of dividends and capital gains. The S&P 500 Index is an unmanaged index commonly used to measure performance of U.S. stocks. The Lehman Aggregate Bond Index is an unmanaged index generally representative of intermediate-term government bonds, investment grade corporate debt securities and mortgage-backed securities. You cannot invest directly in an index. DAL Investment Company, LLC serves as the investment advisor to the FundX Upgrader Funds, and publisher of the NoLoad FundX Newsletter.

The FundX Upgrader Funds are distributed by Quasar Distributors, LLC. (April 2006)

## Who We Are

### DAL Investment Company -

DAL is the advisor to the FundX Upgrader Funds.

Founded in 1969, DAL Investment Company was one of the first to use no-load mutual funds to manage accounts for individuals and institutions. The firm designs multi-million dollar portfolios and has over \$1.6 billion under management.

DAL created the Upgrading investment strategy and offers three services which provide access to the benefits of the Upgrading strategy:

**Investment Advisory Services** – personalized portfolio management for private clients with assets of \$2 million and above.

**NoLoad Fund★X** – DAL's monthly newsletter, published since 1976, helps investors apply the Upgrading methodology to their own portfolios.

**FUNDX UPGRADER FUNDS** – A series of open-end mutual funds is managed by DAL's portfolio management team following the same Upgrading principles used to manage our private client portfolios.

The following firms provide necessary services for the Upgrader Funds and our shareholders:

**Quasar** is the fund's distributor. As distributor, Quasar distributes shares of the funds to be sold.

**US Bank** is the custodian and transfer agent for the Upgrader Funds. Mutual funds are required by law to protect their portfolio securities by placing them with a custodian. As custodian, US Bank holds mutual funds assets in a trust on behalf of shareholders and DAL has the ability to trade the assets in this trust.

As transfer agent for the funds, US Bank maintains shareholder records, including purchases, sales, and account balances. They also calculate and disburse dividends, and prepare and mail shareholder account statements, federal income tax information and other shareholder notices.

This means that when you invest in the Upgrader Funds directly, you open an account with US Bank. If you invest in one of the models, US Bank takes care of the quarterly rebalancing in your account.

## What is Upgrading?

Upgrading is a systematic approach to investing in the top-performing no-load mutual funds, holding those funds as long as they continue to outperform their peers, selling them when they fall in our ranks and Upgrading to the current strong performers. DAL Investment Company has developed this strategy over the past 35 years.

Unlike market timers, we don't attempt to predict the market or switch back and forth from stocks to cash. Upgrading is also unlike a typical buy-and-hold approach. Instead, Upgrading moves us flexibly among those areas of the market showing the best relative performance.



## News & Appearances

The 2006 prospectus for the FundX Upgrader Funds is now available. Download it online at [www.upgraderfunds.com](http://www.upgraderfunds.com) or call 866 455 8639 to receive a copy in the mail.

We've also revamped the application for the FundX Upgrader Funds. We think you'll find it much easier to get started. Look for new IRA applications soon.

### Lower Expenses:

Expenses for the FUNDX UPGRADER FUND (FUNDX) continue to drop as assets in the fund rise. Expenses for FUNDX began at 1.5% in 2001 and this year, they are down to 1.22%. The fund is expected to reach \$500 million in assets in the next quarter and when it reaches \$500 million, the management fee will decrease from 1% to 0.9%, bringing the expense ratio down to 1.17%.

Expenses for the Aggressive Upgrader Fund (HOTFX) have also decreased from 1.5% to 1.36%.

### Invest Online!

You can now invest directly with the Upgrader Funds online. Go to [www.upgraderfunds.com](http://www.upgraderfunds.com) and click Account Access.

### Appearances:

The **FUNDX UPGRADER FUNDS** will be exhibiting at the Las Vegas MoneyShow, May 15-18, at the Paris and Bally's Resorts.

For free admission, call 800-970-4355 and mention priority code #005973. For more information, go to [www.lasvegasmoneyshow.com](http://www.lasvegasmoneyshow.com)

Stop by and visit with us at booth #702 or attend one of our presentations:

Tuesday, May 16 - 11:30 am - 12:15 pm  
 Tuesday, May 16 - 4:15 pm - 5:00 pm  
 Wednesday, May 17 - 7:45 am - 8:30 am  
 Thursday, May 18 - 7:45 am - 8:30 am

If you cannot make it to a presentation, stop by our booth #702.

## Investor Models: Your Portfolio on Autopilot

### Creating the Investor Models

Shareholders often wonder how we came up with the Investor Models. Before we introduced the Investor Models, we conducted extensive back-testing by investing hypothetical portfolios over historical periods of 15 years or more.

The software we use to do this testing is the same software we use to do our fund rankings, and we have employed this proprietary program over the last several years to test similar strategies that DAL uses to trade mutual funds.

From that data, we estimated the level of potential returns vs. the level of possible downside risk posed by varying combinations of Upgrader Funds. By definition, these are only estimates of what the future might bring.

See page 6 for description of each Investor Model.

### What would investors have experienced if they had been invested in the Investor Models since the funds were introduced?

While past performance is certainly no guarantee of future results, the chart below lists the returns for each of the Models from July 1, 2002 through the end of 2005. These returns assume that each portfolio was rebalanced back to its target weighting on the last day of each quarter.

The returns for this period are fairly consistent with the varying levels of risk each of the models presents. Our most conservative offering, the Flexible Income Fund (INCMX) gained 26.8% (7.0% annualized) for that time, while the FundX Aggressive Upgrader Fund (HOTFX) earned 67.5% (15.9% annualized). Combinations of the funds produced results somewhere in between these two figures.

Upgrader Funds Investor Models			
	1 Year Returns to 12/31/05	7/1/02 to 12/31/05	
		Cumulative Returns	Annualized Returns
HOTFX	17.62%	68.16%	15.99%
Aggressive 1 (A1)	15.18%	54.61%	13.26%
FUNDX	14.14%	48.98%	12.06%
Growth 1 (G1)	13.40%	51.83%	12.67%
Growth 2(G2)	10.92%	47.59%	11.76%
RELAX	7.83%	41.80%	10.48%
Moderate 1 (M1)	7.97%	42.58%	10.67%
Moderate 2 (M2)	5.48%	36.19%	9.23%
Moderate 3 (M3)	4.89%	34.70%	8.88%
Moderate 4 (M4)	6.06%	36.37%	9.27%
Conservative 1 (C1)	4.69%	33.17%	8.53%
Conservative 2 (C2)	3.50%	30.76%	7.96%
INCMX	1.99%	26.78%	7.01%
S&P 500 Index	4.91%	37.12%	9.44%
Lehman Agg Bond Index	2.40%	18.16%	5.00%

Past performance does not guarantee of future results.

Performance of FundX Upgrader Fund from Inception (11/1/2001) may be found on page 8.

Performance shown is from inception of three of FUNDX UPGRADER Funds of Funds.

## How We Classify Funds

### CLASS 1: SECTOR AND SPECIALIZED AGGRESSIVE STOCK FUNDS

Class 1 funds have high levels of risk and include funds that focus on a particular industry or market sector, gold or precious metals funds, funds invested in very small or unseasoned companies (micro-caps), or particular countries or geographic regions like "emerging markets" - countries with less stable developing economies.

### CLASS 2: AGGRESSIVE STOCK FUNDS WITH ABOVE-AVERAGE RISK

Class 2 funds typically experience higher volatility than the overall U.S. equity market. This class includes funds that invest in stocks or convertible bonds of small- or mid-sized companies and funds that focus on a few industry sectors or are concentrated in a few individual holdings.

### CLASS 3: HIGHER QUALITY DIVERSIFIED STOCK FUNDS

Primarily Class 3 funds have diversified portfolios of well-established mid- and large-sized companies. The international and global funds tend to invest in larger companies in mature economies, such as Europe and Japan, and are diversified across many countries.

### CLASS 4: TOTAL RETURN (BALANCED) FUNDS

Class 4 funds tend to be more defensive and usually have lower volatility than the domestic stock market. These funds may hold common stocks in combination with income-generating instruments in order to reduce the risk of their stock holdings.

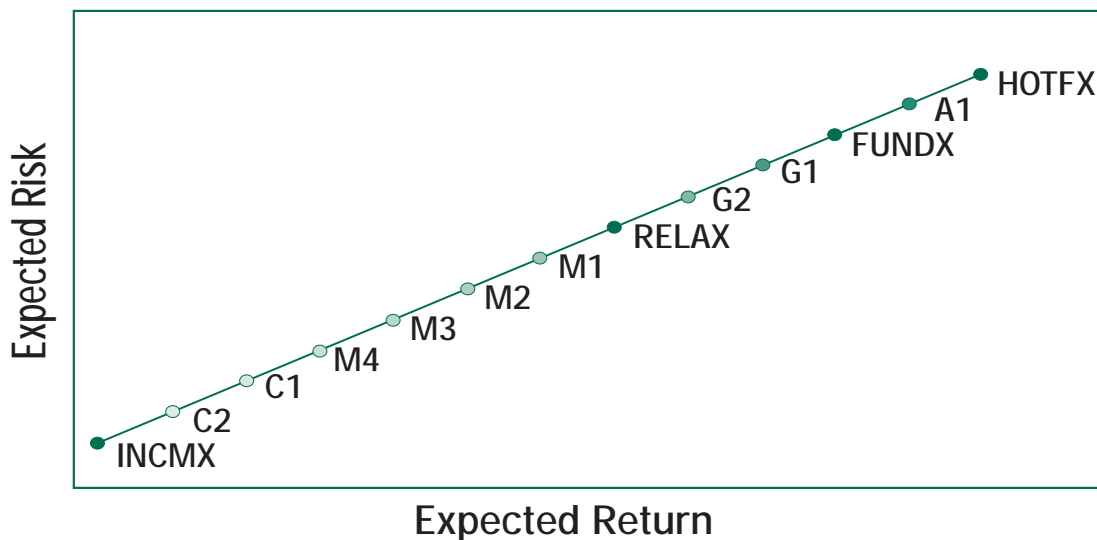
### CLASS 5: FIXED INCOME (BOND) FUNDS

Funds that invest in bonds with higher credit quality and shorter maturity tend to be less risky than those with lower credit quality and longer maturity. Some Class 5 funds specialize in high yield bonds with lower credit quality or in international bonds denominated in foreign currencies.

## INVESTOR MODELS: PUT YOUR INVESTMENTS ON AUTOPILOT

Risk Spectrum												
Conservative			Moderate				Growth			Aggressive		
<b>INCMX</b>	10% HOTFX 90% INCMX	10% HOTFX 10% FUNDX 80% INCMX	15% HOTFX 15% FUNDX 70% INCMX	50% RELAX 50% INCMX	60% RELAX 40% INCMX	20% HOTFX 50% RELAX 30% INCMX	<b>RELAX</b>	25% HOTFX 30% FUNDX 25% RELAX 20% INCMX	25% HOTFX 50% FUNDX 25% RELAX	<b>FUNDX</b>	30% HOTFX 70% FUNDX	<b>HOTFX</b>
	<b>C2</b>	<b>C1</b>	<b>M4</b>	<b>M3</b>	<b>M2</b>	<b>M1</b>		<b>G2</b>	<b>G1</b>		<b>A1</b>	
<b>Single fund solution.</b> Our most conservative option. INCMX is a total return portfolio that includes balanced funds along with diverse bond and fixed-income oriented funds designed to generate consistent returns.	10% exposure to HOTFX provides some growth potential, buffered by INCMX.	20% exposure to underlying growth funds increases potential for higher returns long-term, with a deep cushion from INCMX.	Small position in HOTFX provides added upside potential. Substantial weight to INCMX aims to buffer declines.	Equal weight portfolio of two funds could have more than 50% in equities.	A balanced portfolio weighted towards equities.	Predominantly an equity-fund portfolio, with 30% exposure to INCMX to buffer market swings.	<b>Single fund solution.</b> Includes balanced and diversified equity funds only.	Most diversified growth option. Includes weighting to income-oriented funds with an aim of dampening risk.	Greater diversification with similar potential returns to FUNDX	<b>Single fund solution.</b> All-equity-portfolio is comprised primarily of core growth funds, similar to the Monthly Upgrader Portfolio in the NoLoad Fund★X newsletter.	Similar potential returns, but with wider diversification and slightly less potential risk than HOTFX	<b>Single fund solution.</b> Our most aggressive option. This portfolio may include a substantial allocation to more speculative equity funds. Higher risk exposure and highest potential returns.

For More Information, including a questionnaire to help you find a model, please visit: [www.upgraderfunds.com](http://www.upgraderfunds.com)



Risk/Reward Chart

As you move from left to right among the models, higher potential returns go hand in hand with higher expected risk of the portfolio.

Any account that you plan to hold for less than two years should not be invested in the FUNDX UPGRADER FUNDS.

After arriving at your suggested model, you may elect to move either up or down the Risk Spectrum based on your perception of a reasonable risk/return trade-off. That's okay, so long as you recognize that the further your selection drifts from the suggested model, the more out of sync you become with your answers to the questionnaire – or your stated time horizon.

CALL YOUR BROKER, OR 866-455-FUND (3863)

## FUNDX STOCK UPGRADER FUND (STOCX)

Now that the FundX Stock Upgrader fund (STOCX) has completed a full calendar quarter of performance, we are proud to be able to include it in our quarterly updates.

### Quarterly Update

As of 12/31/2005, our largest industry weightings were 13% in healthcare providers and services, 11% in oil and gas, 9% semiconductors, and 8% energy equipment and services. By March, our largest weightings were communications equipment, capital markets and energy equipment and services, each tied at 8%. In general, our holdings have broadened leaving us less dependent on the performance of any single industry.

Of our current holdings, clear winners in the first quarter include: Allegheny Technology (ATI) +37%,

### PERFORMANCE

Cumulative Return since 11/1/2001

JDS Uniphase (JDSU) +36%, Nvidia (NVDA) +34%, Ciena (CIEN) +33% and Nucor (NUE) +27%.

Losers for the quarter include: Apple Computer (AAPL) -11%, Novell (NOVL) -11%, Newmont Mining (NEM) -6%, and Adobe Systems (ADBE) -9%.

We currently hold 65 companies, our largest position is JDSU at 2.5%. Keep in mind that we rebalance the portfolio monthly, so that no holding commands greater than 2% at the start of a new month.

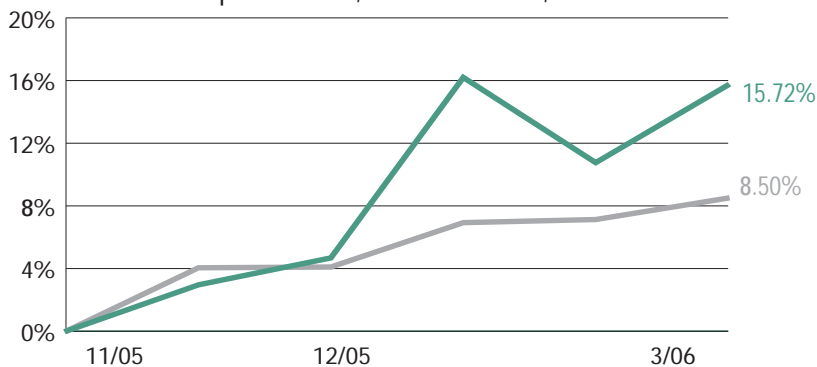
### QUICK INFO

Inception Date: Nov 1, 2005  
 Ticker: STOCX  
 Assets: \$47 Million  
 Redemption Fee: 2% under 1 calendar month  
 Expenses: 1.50%  
 Minimum Investment: \$2,500

www.upgraderfunds.com  
 866-455-FUND (3863)

### STOCX vs. S&P 500 Index

Since Inception Nov 1, 2005 to Mar 31, 2006



### PERFORMANCE

Data current to 3/31/06

FundX Stock Upgrader Fund (STOCX)

S&P 500

	1 mo	3 mo	Since Inception 11/01/05 Cumulative
FundX Stock Upgrader Fund (STOCX)	4.48%	10.55%	15.72%
S&P 500	1.28%	4.21%	8.50%

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance current to the most recent monthend may be obtained by calling 800-455-3863 or visiting [www.upgraderfunds.com](http://www.upgraderfunds.com). The funds impose a 2% redemption fee on shares held less than 1 calendar month.

You cannot invest directly in an index. Please refer to page 3 for the risks associated with investing in this fund.

### HOLDINGS AS OF 3/31/06

Adobe Systems Inc	ADBE	0.87%
Advanced Micro Devices	AMD	1.64%
Aetna Life & Casualty Co	AET	0.93%
Agilent Technologies Inc.	A	0.99%
Allegheny Energy Inc	AYE	1.80%
Allegheny Technologies Inc	ATI	2.26%
Allied Waste Ind Inc. (AW)	AW	2.19%
Amerada Hess	AHC	0.97%
Amerisourcebergen Corp	ABC	1.73%
Aon Corp.	AOC	1.99%
Apple Computer Inc	AAPL	1.78%
Applied Biosystems Grp	ABI	0.92%
Archer Daniels Midland	ADM	2.02%
Baker Hughes Inc	BHI	0.96%
Barr Laboratories Inc	BRL	1.58%
Bear Stearns Comp Inc.	BSC	0.99%
Broadcom Corp	BRCM	1.80%
Burlington N Santa Fe	BNI	2.02%
Caterpillar Inc.	CAT	1.87%
Ciena Corp.	CIEN	2.37%
Circuit City Stores Inc	CC	1.96%
Citrix Systems, Inc.	CTXS	1.11%
Corning Inc.	GLW	2.07%
Coventry Health Care Inc	CVH	0.89%
Cummins Inc.	CMI	1.86%
Darden Restaurants Inc.	DRI	0.95%
E*TRADE Financial Corp.	ET	2.05%
Express Scripts Inc	ESRX	1.91%
Fluor	FLR	1.93%
Franklin Resources Inc	BEN	0.89%
Gilead Sciences Inc	GILD	1.95%
Halliburton Company	HAL	1.02%
Hewlett-Packard Co	HPQ	0.95%
Humana Inc	HUM	0.98%
Jabil Circuit Inc.	JBL	1.06%
Janus Capital Group Inc.	JNS	2.02%
JDS Uniphase Corp	JDSU	2.49%
King Pharmaceuticals Inc	KG	1.00%
Lehman Bros Holding Inc	LEH	1.90%
Marathon Oil Corp	MRO	1.02%
McKesson Corp	MCK	0.92%
Medimunne Inc	MEDI	0.97%
Monsanto Company	MON	0.96%
Monster Wwide	MNST	1.94%
Moody's Corp.	MCO	2.01%
Natl Semiconductor Corp	NSM	0.95%
Newmont Mining Corp	NEM	0.96%
Norfolk Southern Corp.	NSC	2.31%
Novell	NOVL	1.64%
Nucor Corp	NUE	2.28%
Nvidia Corp	NVDA	2.27%
Office Depot Inc	ODP	1.99%
Phelps Dodge Corporation	PD	1.11%
Prudential Financial Inc	PRU	0.96%
Qwest Comm Intl Inc	Q	2.03%
Rowan Companies	RDC	1.03%
Schlumberger Ltd. F	SLB	2.04%
Starbucks	SBUX	2.01%
Sunoco Inc	SUN	0.99%
Tellabs Inc	TLAB	2.07%
Transocean Inc	RIG	1.03%
U S Steel	X	1.03%
Valero Energy Corp	VLO	1.05%
Weatherford International	WFT	2.06%
Wendy's International Inc	WEN	1.01%

Cash 0.69%

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds.

## FUNDX UPGRADER FUND (FUNDX)

The FundX Upgrader fund (FUNDX) is designed for moderately aggressive investors seeking long-term growth.

FUNDX currently holds 40 underlying funds that collectively represent a well diversified portfolio of over 1000 individual stocks.

### Quarterly Update

Our best performance for the quarter continued to come from international funds, particularly emerging markets, and especially Latin America.

More aggressive new funds this quarter included: Eaton Vance Greater India (ETGIX), iShares Germany (EWG), iShares Canada (EWC), Oppenheimer Developing Markets (ODMAX), Profunds Ultra Precious Metals (PMPPIX) and US Global Investors World Precious Metals (UNWPIX). These replaced the majority of our Energy and Resource funds which

fell in rank and were sold.

One notable exception is our largest speculative holding, BlackRock Global Natural Resources (SSGRX) which gained better than 10% this quarter.

Among our more diversified holdings, we added one new domestic fund, Thornburg Core Growth (THIGX).

We also purchased four new international funds: Excelsior International (UMINX), iShares MSCI EMU (EZU), Laudus International Market Masters (SWOIX) and SSgA International (SSAIX).

### QUICK INFO

Inception Date: Nov 1, 2001  
 Ticker: FUNDX  
 Assets: \$499 Million  
 Redemption Fee: 2% under 1 calendar month  
 Expenses: 1.22%  
 Minimum Investment: \$2,500

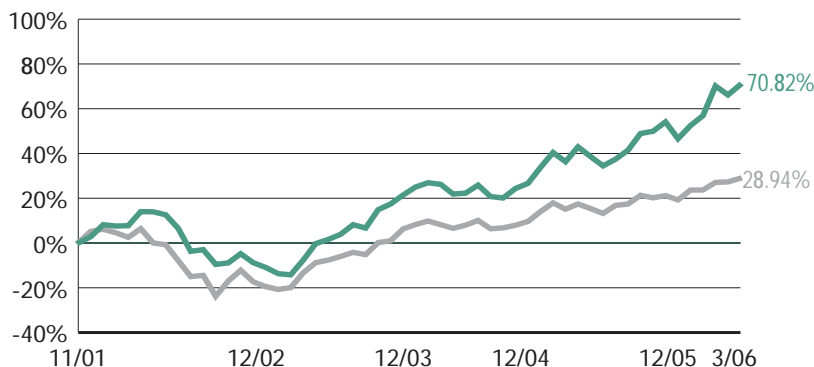
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 866-455-FUND (3863)

### PERFORMANCE

Cumulative Return since 11/1/2001

### FUNDX vs. S&P 500 Index

Cumulative Return Since 11/1/2001 to 3/31/2006



### HOLDINGS AS OF 3/31/06

BlackRock Glb Nat Rsrcs	SSGRX	3.66%
Columbia Acorn Intl	ACINX	2.05%
Eaton Vance Greater India	ETGIX	1.23%
Excelsior Emerging Markets	UMEMX	1.86%
Fidelity Int'l Small Cap	FISMX	0.20%
Fidelity Latin America	FLATX	0.96%
iShares MSCI Germany	EWG	0.99%
iShrs MSCI Austria Idx	EWO	0.98%
iShrs MSCI Brazil Idx	EWZ	1.47%
iShrs MSCI Canada Idx	EWZ	0.98%
iShrs MSCI Emg Mkts	EEM	2.48%
iShrs MSCI Japan Idx	EWJ	2.95%
iShrs MSCI Mexico Idx	EWJ	0.99%
iShrs MSCI South Korea Idx	EWY	1.50%
iShrs S&P Lat Amer 40 Idx	ILF	2.96%
Oppenheimer Devel Mkts	ODMAX	1.51%
Oppenheimer Intl SmC	OSMAX	2.09%
ProFunds Prec Metals Ultra	PMPPIX	0.56%
US Glb Inv Wrld Precious M	UNWPIX	0.52%
<b>Total Class 1 &amp; 2</b>		<b>29.94%</b>
AllianceB Intl Val A	ABIAX	5.38%
AllianceB Intl Gr A	AWPAX	2.84%
AllianceB Lrg Cap Gr	APGAX	5.18%
Allianz CCM Mid-Cap D	PMCDX	3.79%
BlackRock Intl Opp Svc	BRESX	2.50%
Columbia Acorn Select	ACTWX	3.94%
Excelsior International	UMINX	0.75%
Fidelity Value Fund	FDVLX	0.91%
iShrs MSCI EAFE Idx	EFA	9.21%
iShrs MSCI EMU Idx	EZU	2.24%
Julius Baer Int'l Equity	BJBIX	5.89%
Laudus Int Mrkt Masters Inv	SWOIX	4.95%
Legg Mason Value Instl	LMNVX	1.43%
NeubergerB Intl	NBISX	4.80%
NeubergerB Partners	NPRTX	1.34%
Rydex Sector Rotation	RYSRX	0.81%
S&P MidCap 400 SPDR	MDY	3.32%
SSgA Intl Stock Sel	SSAIX	0.80%
Thornburg Core Growth	THIGX	2.66%
Thornburg Intl Value	TGVAX	5.92%
Transam Prem Equity	TEQUX	0.81%
<b>Total Class 3</b>		<b>69.47%</b>
<b>CASH</b>		<b>0.59%</b>

Fund holdings and class allocations are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds.

Please see page 8 for a description of fund classifications.

PERFORMANCE	Data current to 3/31/06	Since Inception of fund 11/01/01						
		1 mo	3 mo	6 mo	12 mo	3 Yr Avg Ann	Avg Ann	Cumulative
FundX Upgrader Fund (FUNDX)		2.81%	8.87%	10.84%	23.22%	25.81%	12.90%	70.82%
S&P 500 Index		1.28%	4.21%	6.39%	11.75%	17.20%	5.94%	28.94%

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance current to the most recent monthend may be obtained by calling 800-455-3863 or visiting [www.upgraderfunds.com](http://www.upgraderfunds.com). The funds impose a 2% redemption fee on shares held less than 1 calendar month.

You cannot invest directly in an index. Please refer to page 3 for the risks associated with investing in the funds.

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# FUNDX AGGRESSIVE UPGRADER FUND (HOTFX)

## HOLDINGS AS OF 3/31/06

The FundX Aggressive Upgrader fund (HOTFX) is intended as an aggressive component of an otherwise diversified portfolio. HOTFX could also be attractive to an investor who is willing to take above average risk in hopes of achieving higher returns over time.

HOTFX currently holds 37 underlying funds that collectively represent a well diversified portfolio of over 1000 individual stocks.

### Quarterly Update

Our best performance for the quarter came from brokerages and emerging markets, most notably Eaton Vance Greater India (ETGIX) and US Global Eastern Europe (EUROX).

More aggressive new funds this quarter included: iShares Germany (EWG), Oppenheimer Developing Markets (ODMAX), and ProFunds Ultra Precious

Metals (PMPIX). These funds replaced the majority of our Energy and Resource funds which fell in rank and were sold.

One notable exception is our largest speculative holding, BlackRock Global Natural Resources (SSGRX) which gained better than 10% this quarter.

Among our more diversified holdings, we added one new domestic fund, Thornburg Core Growth (THIGX).

We also purchased four new international funds: Excelsior International (UMINX), iShares MSCI EMU (EZU), Laudus International Market Masters (SWOIX) and SSgA International (SSAIX).

### QUICK INFO

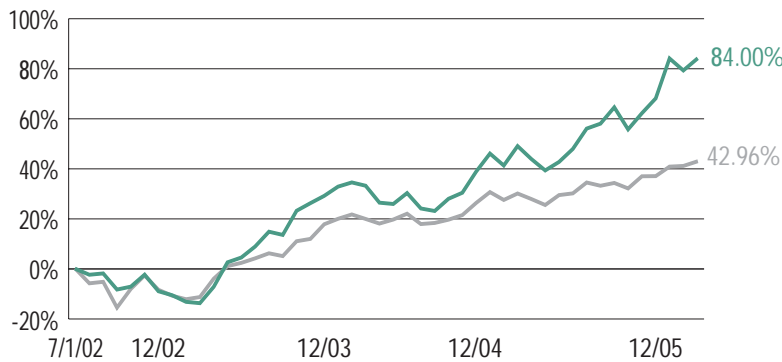
Inception Date: Jul 1, 2002  
 Ticker: HOTFX  
 Assets: \$161 Million  
 Redemption Fee: 2% under 1 calendar month  
 Expenses: 1.36%  
 Minimum Investment: \$2,500  
 www.upgraderfunds.com  
 866-455-FUND (3863)

### PERFORMANCE

Cumulative Return since 7/1/2002

## HOTFX vs. S&P 500 Index

Since Inception July 1, 2002 to Mar 31, 2006



Eaton Vance Greater India	ETGIX	3.46%
Fidelity Sel Brokrg & Invmt	FSLBX	1.60%
iShrs MSCI Brazil Idx	EWZ	3.16%
iShrs MSCI Mexico Idx	EWZ	2.93%
iShrs MSCI Sth Korea Idx	EWY	4.48%
iShrs S&P Lat Amer 40 Idx	ILF	4.76%
ProFunds Prec Metals Ult	PMPIX	2.07%
US Glb Inv Eastern Euro	EUROX	1.47%
BlackRock Glb Nat Rsrcs	SSGRX	2.48%
Columbia Acorn Intl	ACINX	3.09%
Excelsior Emerging Mkts	UMEMX	2.44%
iShares MSCI Germany	EWG	2.88%
iShrs MSCI Austria Idx	EWO	1.98%
iShrs MSCI Canada Idx	EWC	2.43%
iShrs MSCI Emg Mkts	EEM	3.90%
iShrs MSCI Japan Idx	EWJ	7.25%
Oppenheimer Develop Mkts	ODMAX	4.90%
Oppenheimer Int'l SmC	OSMAX	3.42%
<b>Total Class 1 &amp; 2</b>		<b>58.70%</b>

AllianceB Intl Val A	ABIAX	2.40%
AllianceB Intl Gr A	AWPAX	2.33%
AllianceB Lrg Cap Gr	APGAX	2.59%
Allianz CCM Mid-Cap D	PMCDX	1.44%
BlackRock Intl Opp Svc	BRESX	3.00%
Columbia Acorn Select	ACTWX	2.54%
Excelsior International	UMINX	1.02%
iShrs MSCI EAFE Idx	EFA	4.78%
iShrs MSCI EMU Idx	EZU	1.65%
Julius Baer Intl Equity	BJBIX	2.89%
Laudus Int Mrkt Masters	SWOIX	2.47%
Legg Mason Value Instl	LMNVX	0.50%
NeubergerB Intl	NBISX	2.54%
NeubergerB Partners	NPRTX	1.00%
Rydex Sector Rotation	RYSRX	1.45%
S&P MidCap 400 SPDR	MDY	1.15%
SSgA Intl Stock Sel	SSAIX	0.87%
Thornburg Core Growth	THIGX	2.57%
Thornburg Intn'l Value	TGVAX	2.99%
<b>Total Class 3</b>		<b>40.18%</b>
Cash	CASH	1.12%

Fund holdings and class allocations are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds. Please see page 8 for a description of fund classifications

PERFORMANCE	Since Inception of fund 7/01/02							
	Data current to 3/31/06	1 mo	3 mo	6 mo	12 mo	3 Yr Avg Ann	Avg Ann	Cumulative
FundX Aggressive Upgrader (HOTFX)		2.61%	9.42%	11.78%	27.86%	28.70%	17.65%	84.00%
S&P 500 Index		1.28%	4.21%	6.39%	11.75%	17.20%	10.00%	42.96%

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You cannot invest directly in an index. Please refer to page 3 for the risks associated with investing in the funds.

## FUNDX CONSERVATIVE UPGRADER FUND (RELAX)

The FundX Conservative Upgrader fund (RELAX) is designed for investors seeking long-term growth, but with only average risk. RELAX typically holds a 50% allocation to diversified funds from Class 3, with the balance in total return funds from Class 4 which tend to be less risky.

RELAX currently holds 26 underlying funds, which comprise a portfolio of 91% stocks, 4% bonds and 5% cash.

### Quarterly Update

Our best performance for the quarter continued to come from international and real estate funds. Despite rising interest rates and signs of slowing in the residential real estate market, the sector remains relatively highly weighted at roughly 15% of our total portfolio (30% of our Class 4 holdings). These funds continue to dominate our highest ranks and posted significant gains for

the quarter. Among Class 3, international funds and the Rydex Sector Rotation fund (RYSRX) posted the best gains.

Rising interest rates typically mute the fixed income component of total return portfolios, so it is encouraging that we continue to outpace the S&P 500 index despite having only 91% in stocks.

New funds this quarter included: Thornburg Core Growth (THIGX), Laudus Intl Market Masters (SWOIX), Calamos Global Growth & Income (CVLOX), Fidelity Balanced (FBALX), Fidelity Utilities (FIUIX) and Heartland Value Plus (HRVIX).

### QUICK INFO

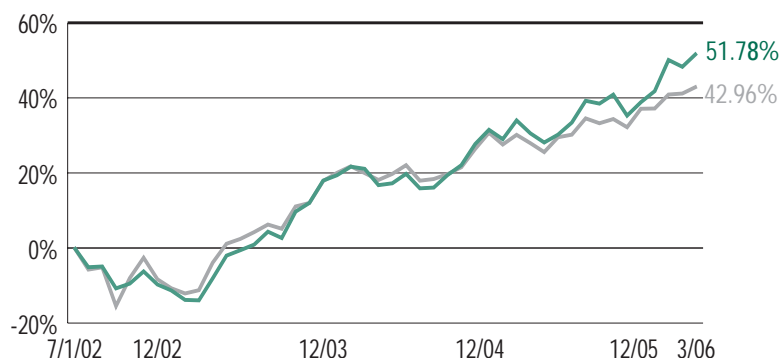
Inception Date: July 1, 2002  
 Ticker: RELAX  
 Assets: \$57 Million  
 Redemption Fee: 2% under 1 calendar month  
 Expenses: 1.50%  
 Minimum Investment: \$2,500

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### PERFORMANCE

Cumulative Return since 7/1/2002

**RELAX vs. S&P 500 Index**  
 Since Inception July 1, 2002 to Mar 31, 2006



### HOLDINGS AS OF 3/31/06

AllianceB Intl Gr A	AWPAX	5.57%
AllianceB Lrg Cap Gr	APGAX	5.62%
BlackRock Intl Opp Svc	BRESX	4.44%
Columbia Acorn Select	ACTWX	3.36%
Excelsior International	UMINX	3.20%
iShrs MSCI EAFE Idx	EFA	4.80%
iShrs MSCI EMU Idx	EZU	1.75%
Julius Baer Int'l Equity	BJBIX	5.03%
Laudus Int Mkt Masters Inv	SWOIX	2.47%
NeubergerB Int'l	NBISX	2.98%
Rydex Sector Rotation	RYSRX	4.38%
S&P MidCap 400 SPDR	MDY	0.92%
Thornburg Core Growth	THIGX	4.04%
Thornburg Intn'l Value	TGVAX	2.85%
<b>Total Class 3</b>		<b>51.41%</b>

Calamos Glo Gro & Inc A	CVLOX	5.80%
Fidelity Balanced	FBALX	5.34%
Fidelity Int'l Discovery	FIGRX	2.84%
Fidelity Real Estate	FRESX	2.34%
Fidelity Utilities Fund	FIUIX	1.08%
Greenspring Fund	GRSPX	1.79%
Heartland Value Plus	HRVIX	1.34%
iShrs C & S Realty Majors	ICF	5.63%
iShrs DJ US Real Estate Idx	IYR	1.75%
Leuthold Core	LCORX	5.29%
Matthews Asian Gro & Inc	MACSX	5.57%
Old Mutual Heitman REIT	OBRTX	4.69%
Value Line Inc & Gro	VALIX	4.95%
<b>Total Class 4</b>		<b>48.41%</b>

CASH 0.18%

Fund holdings and class allocations are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds.

Please see page 8 for a description of fund classifications

Since Inception of fund 7/01/02

PERFORMANCE	Data current to 3/31/06	1 mo	3 mo	6 mo	12 mo	3 Yr Avg Ann	Avg Ann	Cumulative
FundX Conservative Upgrader (RELAX)		2.37%	7.04%	7.75%	16.27%	20.83%	11.77%	51.78%
S&P 500 Index		1.28%	4.21%	6.39%	11.75%	17.20%	10.00%	42.96%

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## FUNDX FLEXIBLE INCOME FUND (INCMX)

The FundX Flexible Income fund (INCMX) seeks a reasonable total return with minimal risk.

INCMX currently holds 22 underlying funds, which comprise a portfolio of 30% stocks, 61% bonds and 9% cash.

### Quarterly Update

This was a tough quarter for bonds, with the Lehman Aggregate bond index posting a negative total return (see below). We owe our gains to our high-yield bond funds and alternative total return funds.

When interest rates rise, most bond funds automatically lose value. Despite a change in leadership at the Federal Reserve from long-time chairman Alan Greenspan to newcomer Ben Bernanke, there has been little change in terms of Fed policy. Although many economists

predict that after 15 consecutive rate hikes we are near the end of the current tightening cycle, the Fed has demonstrated that they will continue to raise rates as long as there are concerns about inflation. As Upgraders, we are not concerned with predicting changes in interest rates, but it is comforting that we have alternative means for generating returns in this relatively difficult environment.

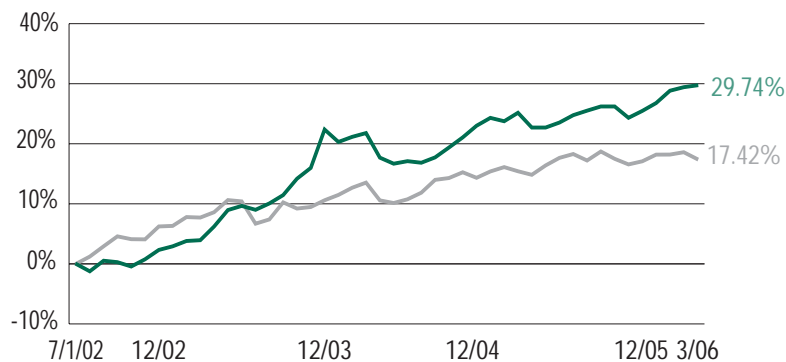
The only new position this quarter was our old friend the Merger fund (MERFX). MERFX historically delivers competitive returns with very little volatility, but its strategy requires a level of merger activity that ceased during the recent bear market and caused MERFX to temporarily close. While a strengthening economy hurts bonds because inflation risks lead to rising interest rates, it bodes well for consolidations and acquisitions. Having recently re-opened, MERFX is a great substitute for bonds in this environment.

### PERFORMANCE

Cumulative Return since 7/1/2002

### INCMX vs. Lehman Agg Bond Index

Since Inception July 1, 2002 to Mar 31, 2006



### HOLDINGS AS OF 3/31/06

Buffalo Balanced	BUFBX	2.81%
Fidelity Real Estate Income	FRIFX	2.60%
Gateway Fund	GATEX	3.96%
Matthews Asian Gro & Inc	MACSX	5.55%
Merger Fund	MERFX	5.29%
Permanent Portfolio	PRPFX	4.49%
<b>Total Class 4</b>		<b>24.70%</b>
Columbia Income Fund Z	SRINX	0.68%
Eaton Vance Floating Rate I	EIBLX	8.35%
Eaton Vance Fltng Rat Hi Inc	EAFHX	3.84%
Eaton Vance Strategic Inc	ETSIX	4.80%
Fidelity Capital Income	FAGIX	6.20%
Fidelity FloatingR Hi Inc	FFRHX	0.97%
John Hancock Hi Yld	JHHBX	7.32%
Loomis Sayles Bond Fund	LSBDX	6.75%
MainStay High Yld Corp A	MHCAX	7.16%
Oppenheimer Intl Bond A	OIBAX	3.73%
Oppenheimer Str Inc A	OPSIX	4.63%
PIMCO Emerg Mkts Bnd D	PEMDX	2.74%
PIMCO Foreign Bnd D	PFODX	3.88%
Pioneer High Yield A	TAHYX	7.10%
Pioneer Strategic Income A	PSRAX	2.63%
Western Asset Core Bond	WATFX	3.81%
<b>Total Class 5</b>		<b>74.59%</b>
CASH		0.71%

Fund holdings and class allocations are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds.

Please see page 8 for a description of fund classifications

### QUICK INFO

Inception Date: July 1, 2002  
 Ticker: INCMX  
 Assets: \$48 Million  
 Redemption Fee: 2% under 1 calendar month  
 Expenses: 0.99%  
 Minimum Investment: \$2,500

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Since Inception of fund 7/01/02

PERFORMANCE	Data current to 3/31/06	1 mo	3 mo	6 mo	12 mo	3 Yr Avg Ann	Avg Ann	Cumulative
FundX Flexible Income (INCMX)		0.25%	2.33%	2.80%	5.74%	7.67%	7.19%	29.74%
Lehman Agg Bond Index		-0.98%	-0.65%	-0.06%	2.26%	2.92%	4.38%	17.42%

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# FUNDX UPGRADER FUNDS: *A Simpler Way to Upgrade*

## How to Invest:

### By Mail:

Go to [www.upgraderfunds.com](http://www.upgraderfunds.com)  
Download an Application to send in.

### Online:

Go to [www.upgraderfunds.com](http://www.upgraderfunds.com)  
Click on Account Access  
Click to "Create a Login"  
Select "Establish An Account"

### By Broker:

The UPGRADER FUNDS are also available at most major brokers.

DAL INVESTMENT COMPANY is publisher of the monthly investment newsletter NoLoad Fund★X and advisor to the FUNDX UPGRADER FUNDS.

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FUNDX

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