

THE UPGRADER

Insights from the FUNDX UPGRADER FUNDS

Dear Investor,

Once again we're proud to report good performance for the quarter and solid gains in your funds.

The past quarter saw significant changes in market leadership. While many value funds continued to perform well and remain highly ranked in our proprietary system, it's clear that growth funds are gaining on value funds and large-cap funds are climbing our ranks.

Small-cap funds held the lead since early 1999 and value funds since the market peak in early 2000. But the small-cap lead diminished in the past year and, from the second quarter of last year growth started to outpace value. Many familiar leaders among large-cap growth funds in the late 90s are again rising up our ranks.

We frequently explain that such changes in market leadership are the driving force behind Upgrader Funds's strong long-term performance record. When the market changes, the funds that have portfolios aligned with the new leaders can rise to the top of our ranks and the Upgrader Funds incrementally purchase those top ranked funds.

If leadership is sustained, those funds remain highly ranked by us and are held. If a fund falls out of sync with the current market, it falls in rank and is sold. Upgrading recognizes the current leaders, and hopes to benefit from the fact that leadership trends tend to persist.

Rest assured that we are diligently applying the discipline that we believe will keep your funds aligned with the current market leadership.

Finally, while it's tempting to be influenced by forecasts this time of year, when the press is full of outlooks for 2006, the fact remains that no one can reliably predict the market or know for sure what mutual fund or stock will be the best performer in 2006. Luckily, the Upgrading strategy doesn't rely on predictions.

Make Investing Easier in 2006

- Access an entire portfolio – not just a single fund. It's important to remember that the Upgrader Funds are "funds of funds." That means each of these funds is a diversified portfolio of other mutual funds.

By buying shares of just one fund, you have effectively invested in an array of approximately 20-30 underlying funds. Just as important, your portfolio is continually monitored and actively managed as needed. Presto! You've just simplified your life.

- Models - Use the Upgrader questionnaire and guide to build portfolios of the Upgrader Funds to meet your risk tolerance and time horizons.
- Rebalance - You can rebalance your Upgrader models yourself, or if you open your account directly with the Funds, we will rebalance your portfolio quarterly at no charge
- Tax Reporting is certainly easier when you own Upgrader Funds instead of an assortment of many individual funds. Rather than reporting each individual gain and loss realized through

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dozens of transactions, you need report only those dividends and gains distributed by the Upgrader Funds at the end of each year.



What To Know About Year-End Distributions

The FundX Upgrader Funds generate capital gains and income in two ways – by selling investments that have increased in value, and by receiving dividends, interest, and capital gain distributions from the underlying funds we invest in.

Unless you hold shares in a tax-deferred account, such as an IRA, you as a shareholder are required to pay taxes on distributions you receive – whether you take the distributions in cash, or reinvest them to buy additional shares.

Long-term capital gain distributions are taxed at the lower 15% maximum rate for long-term capital gains; distributions of short-term capital gains and interest are taxed at ordinary income tax rates. Distributions of investment income earned from corporate dividends may qualify for the same lower rate as long term capital gains. Ordinary income tax rates generally are higher than long-term capital gains tax rates.

A fund's distribution does not affect its total return. Although the NAV (net asset value) drops when the distribution is paid, shareholders who reinvest their distributions also receive more shares of the fund.

Past performance is not a guarantee of future results. Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the fund nor its representatives may give legal or tax advice. Must be preceded or accompanied by a prospectus.

Important Disclosures

Must be preceded or accompanied by a prospectus.

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 Aggressive Upgrader, Conservative Upgrader and Flexible Income Funds. Currently expenses have not exceeded the limit for the Upgrader Fund. 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. (January 2006)



Distributions

Per-share distributions are paid to shareholders of record on the fund's record date, which is the last trading day of the year (Dec 30th) and are taxable in 2005. The payment is made on the ex-date (Jan 3rd), and each fund's share price is reduced by the amount of its distribution.

2005 FUNDX UPGRADER FUNDS Distributions

| Fund Name | Ticker | Income | Short Term Cap Gain | Long Term Cap Gain | Total Cap Gain | Date |
|----------------------------------|--------|----------|---------------------|--------------------|----------------|-----------------|
| FUNDX UPGRADER FUND | FUNDX | \$0.1680 | \$0.4271 | \$1.6401 | \$2.0672 | Ex. Date 1/3/06 |
| FUNDX AGGRESSIVE UPGRADER FUND | HOTFX | \$0.3928 | \$0.3196 | \$0.8627 | \$1.1823 | Ex. Date 1/3/06 |
| FUNDX CONSERVATIVE UPGRADER FUND | RELAX | \$0.3747 | \$0.4268 | \$0.9619 | \$1.3887 | Ex. Date 1/3/06 |
| FUNDX FLEXIBLE INCOME FUND | INCMX | \$1.0924 | None | None | None | Ex. Date 1/3/06 |

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FUNDX STOCK UPGRADER FUND (STOCX)

This fund's name says it all: the Stock Upgrader Fund applies the Upgrading strategy to direct investments in stocks instead of mutual funds.

Advantages and Disadvantages of Upgrading with Stocks

There are a number of advantages to investing directly in stocks as compared with investing in other funds: The FundX Stock Upgrader Fund eliminates the second layer of expenses (fund of funds incur their share of the underlying funds' expenses in addition to those charged by the fund itself).

The Stock Upgrader Fund also isn't constrained by the myriad of trading restrictions imposed by the funds in the underlying portfolios of our other FundX Upgrader Funds. This allows us to follow our quantitatively driven models precisely, regardless of our portfolio size.

There are also disadvantages: The fund of funds strategy has added value over time by having the flexibility to invest in foreign stocks, emerging markets, commodities and short funds.

Fund of funds have far greater inherent diversification as each typically holds 20 to 30 underlying funds and therefore hundreds of individual securities. The FundX Stock Upgrader fund, by contrast, will typically hold between 60 and 80 stocks.

QUICK INFO

Inception Date: Nov 1, 2005
 Ticker: STOCX
 Assets: \$15 Million
 Redemption Fee: 2% under 1 calendar month
 Expenses: 1.50%
 Minimum Investment: \$2,500

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 866-455-FUND (3863)

How We Upgrade with Stocks

All of the Upgrader Funds are designed to take advantage of changing market leadership by using the Upgrading investment approach.

When we apply Upgrading to stocks, we start with a clearly defined and diverse universe of about 500 stocks which range in size and represent virtually every industry. This allows us to switch between "growth" and "value" stocks, as well as "larger" and "smaller" capitalizations.

As sectors rotate in and out of favor, they may carry more or less weight in the fund. The fund may be concentrated in certain sectors should those contain our most highly ranked stocks. The fund rules don't allow us to place more than 25% in any single industry.

Please refer to page 2 for the risks associated with investing in the funds.

Performance of the FUNDX STOCK UPGRADER FUND (STOCX) will be available after the first quarter of 2006.

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

HOLDINGS AS OF 12/31/05

| | | |
|---------------------------|------|--------|
| ACE Ltd. | ACE | 1.01% |
| Advanced Micro Devices | AMD | 2.30% |
| Aetna Life & Casualty Co | AET | 1.00% |
| Agilent Technologies Inc. | A | 1.95% |
| Allegheny Technologies | ATI | 2.17% |
| Amerada Hess | AHC | 1.03% |
| Aon Corp. | AOC | 2.04% |
| Apple Computer Inc | AAPL | 2.01% |
| Applied Biosystems Grp | ABI | 0.99% |
| B. J. Services Co | BJS | 1.96% |
| Broadcom Corp | BRCM | 0.99% |
| Burlington N Santa Fe | BNI | 2.17% |
| Burlington Resources Inc | BR | 0.87% |
| Caremark RX | CMX | 1.01% |
| Charles Schwab Inc | SCHW | 0.99% |
| Chiron Corp. | CHIR | 1.01% |
| Ciena Corp. | CIEN | 1.00% |
| CIGNA Corp. | CI | 1.00% |
| Circuit City Stores Inc | CC | 1.99% |
| Compuware | CPWR | 2.01% |
| Corning Inc. | GLW | 0.96% |
| Coventry Health Care Inc | CVH | 2.00% |
| Devon Energy Corp | DVN | 0.98% |
| E*TRADE Financial Corp. | ET | 2.10% |
| EOG Resources | EOG | 1.95% |
| Express Scripts Inc | ESRX | 1.95% |
| Fluor | FLR | 2.11% |
| Franklin Resources Inc | BEN | 0.99% |
| Freeport-McMoRan C&G | FCX | 2.01% |
| Freescale Semiconductor | FSL | 0.97% |
| Halliburton Company | HAL | 1.94% |
| Hewlett-Packard Co | HPQ | 0.99% |
| Humana Inc | HUM | 2.29% |
| Janus Capital Group Inc. | JNS | 1.01% |
| JDS Uniphase Corp | JDSU | 1.80% |
| King Pharmaceuticals Inc | KG | 1.07% |
| Lehman Bros Holding Inc | LEH | 1.02% |
| Lowe's Corp | LTR | 1.00% |
| LSI Logic Corp | LSI | 0.97% |
| Marathon Oil Corp | MRO | 1.00% |
| McKesson Corp | MCK | 2.05% |
| Medimunne Inc | MEDI | 1.02% |
| Monsanto Company | MON | 2.04% |
| Monster Wwide | MNST | 2.03% |
| Moody's Corp. | MCO | 2.08% |
| Motorola Inc. | MOT | 0.99% |
| Natl Oilwell Varco, Inc | NOV | 1.00% |
| Natl Semiconductor Corp | NSM | 1.92% |
| Nordstrom Inc | JWN | 2.07% |
| Nvidia Corp | NVDA | 2.05% |
| Office Depot Inc | ODP | 2.14% |
| Paychex Inc | PAYX | 0.93% |
| Phelps Dodge Corporation | PD | 2.06% |
| Progressive Corp | PGR | 0.98% |
| Prudential Financial Inc | PRU | 1.96% |
| Qwest Comm Intl Inc | Q | 2.14% |
| Reebok International Ltd. | RBK | 1.03% |
| Robert Half International | RHI | 2.02% |
| Schlumberger Ltd. | SLB | 2.01% |
| Sunoco Inc | SUN | 1.93% |
| Transocean Inc | RIG | 1.05% |
| TXU Corp | TXU | 1.97% |
| United Health Grp | UNH | 1.01% |
| Valero Energy Corp | VLO | 2.02% |
| Wellpoint Inc | WLP | 1.05% |
| XTO Energy Inc | XTO | 1.02% |
| Cash | | -1.18% |

FUNDX UPGRADER FUND (FUNDX)

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

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

Quarterly Update

The leadership from emerging markets and natural resources this year extended through the fourth quarter. Our largest weightings continue to be energy, resources, and Latin America. The most prominent new theme among our more aggressive holdings was the addition of Japan through iShares Japan (EWJ).

In Class 3, we purchased domestic growth funds for the first time in years. New holdings include: Alliance Bernstein Large Cap Growth (APGAX), Columbia

Acorn Select (ACTWX) and Legg Mason Value Trust (LMNVX).

Our international holdings continue to dominate the portfolio. BlackRock International Opportunity (BRESX) is the newest addition to this group. Other international holdings include: Alliance Bernstein Intl (ABIAX), Alliance Bernstein Intl Gro (AWPAX), iShrs MSCI EAFE (EFA), and NeuBerger Berman Intl (NBISX).

Please see page 8 for a description of fund classifications.

QUICK INFO

Inception Date: Nov 1, 2001
 Ticker: FUNDX
 Assets: \$390 Million
 Redemption Fee: 2% under 1 calendar month
 Expenses: 1.25%
 Minimum Investment: \$2,500

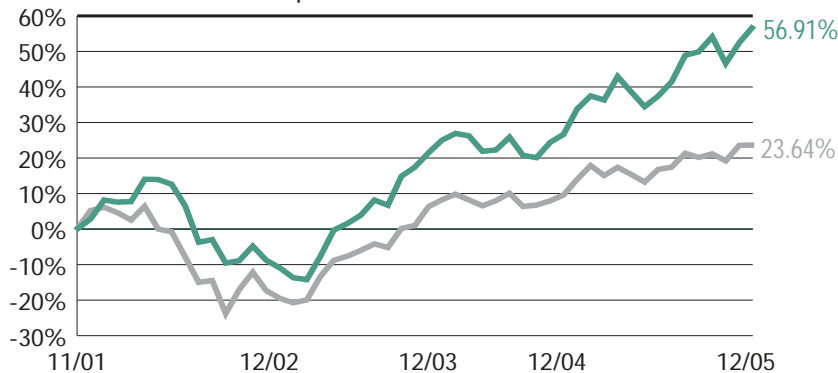
www.upgraderfunds.com
 866-455-FUND (3863)

PERFORMANCE

Cumulative Return since 11/1/2001

FUNDX vs. S&P 500 Index

Since Inception Nov 1, 2001 to Dec 31, 2005



HOLDINGS AS OF 12/31/05

| | | |
|------------------------------|--------|---------------|
| BlackRock Glb Nat Rsrcs | SSGRX | 4.18% |
| Columbia Acorn Internat | ACINX | 0.55% |
| Energy Select Sector SP | XLE | 2.54% |
| Excelsior Emerging Mark | UMEMX | 2.10% |
| Fidelity Int'l Small Ca | FISMXX | 0.22% |
| Fidelity Latin America | FLATX | 1.03% |
| Fidelity Leveraged Co S | FLVCX | 0.64% |
| Fidelity Sel Energy Ser | FSESX | 1.80% |
| ICON Energy | ICENX | 1.86% |
| iShrs GS Natural Resoucs | IGE | 2.06% |
| iShrs MSCI Austria Idx | EWO | 0.64% |
| iShrs MSCI Brazil Idx | EWZ | 1.39% |
| iShrs MSCI Emg Mkts | EEM | 1.90% |
| iShrs MSCI Japan Idx | EWJ | 2.17% |
| iShrs MSCI Mexico Idx | EWV | 0.98% |
| iShrs MSCI South Korea | EWY | 1.00% |
| iShrs S&P Latin America | ILF | 3.00% |
| Oppenheimer Int'l SmC | OSMAX | 2.04% |
| Total Class 1 & 2 | | 30.10% |

| | | |
|-------------------------|-------|---------------|
| Alliance Bernstein Int' | ABIAX | 5.15% |
| Alliance Bernstein Intl | AWPAX | 3.02% |
| Alliance Bernstein Lrg | APGAX | 5.62% |
| Allianz CCM Mid-Cap D | PMCDX | 4.49% |
| BlackRock Intl Opp Svc | BRESX | 1.55% |
| Columbia Acorn Select | ACTWX | 2.04% |
| Fidelity Value Fund | FDVLX | 1.08% |
| iShrs MSCI EAFE Idx | EFA | 3.78% |
| iShrs Russell MidCap Va | IWS | 5.29% |
| iShrs S&P400 Mid Val | IJJ | 5.29% |
| Julius Baer Int'l Equit | BJBIX | 5.46% |
| Legg Mason Value Adv | LMNVX | 2.45% |
| NeubergerB Int'l | NBISX | 4.43% |
| NeubergerB Partners | NPRTX | 5.64% |
| Pioneer Cullen Value A | CVFCX | 1.35% |
| Rydex Sector Rotation | RYSRX | 0.79% |
| S&P MidCap 400 SPDR | MDY | 5.66% |
| Thornburg Intn'l Value | TGVAX | 5.81% |
| Transam Prem Equity | TEQUX | 0.25% |
| Total Class 3 | | 69.15% |
| CASH | | 0.74% |

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.

| PERFORMANCE | Since Inception of fund 11/01/01 | | | | | | | |
|-----------------------------|----------------------------------|-------|-------|--------|--------|--------------|---------|------------|
| | Data current to 12/31/05 | 1 mo | 3 mo | 6 mo | 12 mo | 3 Yr Avg Ann | Avg Ann | Cumulative |
| Fundx Upgrader Fund (FUNDX) | | 2.92% | 1.82% | 10.91% | 14.14% | 19.82% | 11.42% | 56.91% |
| S&P 500 | | 0.05% | 2.03% | 5.70% | 4.84% | 14.36% | 5.24% | 23.64% |

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. 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 2 for the risks associated with investing in the funds.

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FUNDX AGGRESSIVE UPGRADER FUND (HOTFX)

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 which collectively represent over 1000 individual stocks.

Quarterly Update

The leadership from emerging markets and natural resources this year extended through the fourth quarter. The most prominent new theme among our more aggressive holdings was the addition of Japan through iShares Japan (EWJ).

HOTFX also purchased Fidelity Select Brokerage (FSLBX) and Eaton Vance Greater India (ETGIX).

Latin America funds including iShares Latin America (ILF), Brazil (EWZ) and Mexico (EWW) have been consistently strong.

In Class 3, we purchased domestic growth funds for the first time in years. New holdings include: Alliance Bernstein Large Cap Growth (APGAX), Columbia Acorn Select (ACTWX) and Legg Mason Value Trust (LMNVX).

Our international holdings continue to dominate the portfolio. Blackrock International Opportunity (BRESX) is the newest addition to this group.

Please see page 8 for a description of fund classifications.

QUICK INFO

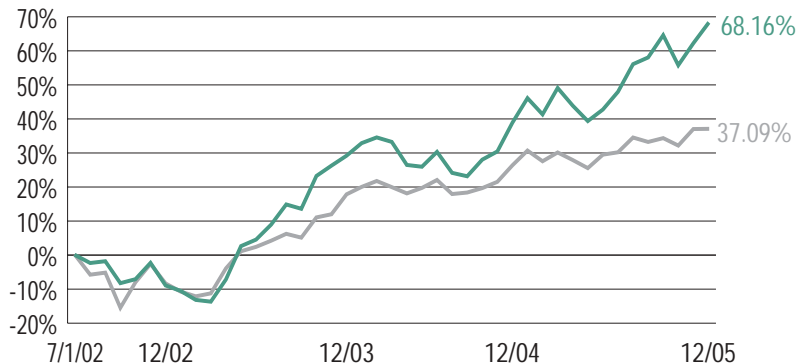
Inception Date: Jul 1, 2002
 Ticker: HOTFX
 Assets: \$99 Million
 Redemption Fee: 2% under 1 calendar month
 Expenses: 1.50%
 Minimum Investment: \$2,500
www.upgraderfunds.com
 866-455-FUND (3863)

PERFORMANCE

Cumulative Return since 7/1/2002

HOTFX vs. S&P 500 Index

Since Inception July 1, 2002 to Dec 31, 2005



HOLDINGS AS OF 12/31/05

| | | |
|------------------------------|-------|---------------|
| Baron Partners | BPTRX | 0.42% |
| BlackRock Glb Nat Rsrcs | SSGRX | 3.62% |
| Columbia Acorn Internat | ACINX | 0.71% |
| Eaton Vance Greater Ind | ETGIX | 2.09% |
| Energy Select Sector SP | XLE | 3.39% |
| Excelsior Emerging Mark | UMEMX | 3.24% |
| Excelsior Energy & Nat | UMESX | 2.06% |
| Fidelity Sel Brokerage | FSLBX | 2.32% |
| Fidelity Sel Medical De | FSHCX | 1.95% |
| ICON Energy | ICENX | 2.68% |
| iShrs GS Natural Resouc | IGE | 3.98% |
| iShrs MSCI Austria Idx | EWO | 2.02% |
| iShrs MSCI Brazil Idx | EWZ | 3.24% |
| iShrs MSCI Canada Idx | EWC | 0.95% |
| iShrs MSCI Emg Mkts | EEM | 3.66% |
| iShrs MSCI Japan Idx | EWJ | 5.46% |
| iShrs MSCI Mexico Idx | EWW | 3.65% |
| iShrs MSCI South Korea | EWY | 3.93% |
| iShrs S&P Latin America | ILF | 4.86% |
| Oppenheimer Int'l SmC | OSMAX | 3.60% |
| US Gib Inv Eastern Euro | EUROX | 2.06% |
| Total Class 1 & 2 | | 59.89% |

| | | |
|--------------------------|-------|---------------|
| iShrs Russell MidCap Val | IWS | 4.63% |
| Allianz CCM Mid-Cap D | PMCDX | 3.68% |
| BlackRock Mid Cap Val | BMCAI | 3.66% |
| Muhlenkamp | MUHLX | 3.60% |
| Pioneer Mid-Cap Value | PYCGX | 3.47% |
| Julius Baer Int'l Equity | BJBIX | 3.37% |
| iShrs S&P400 Mid Val | IJJ | 3.30% |
| Thornburg Intn'l Value | TGVAX | 2.90% |
| NeubergerB Partners | NPRTX | 2.89% |
| AllianceB Intl Gr A | AWPAX | 2.49% |
| AllianceB Sm/Mid Val | ABASX | 2.00% |
| Fairholme Fund | FAIRX | 1.56% |
| iShrs MSCI EAFE Idx | EFA | 1.16% |
| S&P MidCap 400 SPDR | MDY | 0.59% |
| Total Class 3 | | 38.97% |

Cash CASH 1.14%

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.

Since Inception of fund 7/01/02

PERFORMANCE Data current to 12/31/05

| | 1 mo | 3 mo | 6 mo | 12 mo | 3 Yr Avg Ann | Avg Ann | Cumulative |
|---|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Fundx Aggressive Upgrader Fund (HOTFX) | 3.66% | 2.16% | 13.65% | 17.62% | 22.68% | 15.99% | 68.16% |
| S&P 500 | 0.05% | 2.03% | 5.70% | 4.84% | 14.36% | 9.42% | 37.09% |

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. 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 2 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 29 funds which comprise a portfolio of 87% Stocks, 8% Bonds and 5% Cash.

Quarterly Update

In Class 3, we purchased domestic growth funds for the first time in years. New holdings include Alliance Bernstein Large Cap Growth (APGAX) and Columbia Acorn Select (ACTWX).

Our international holdings continue to perform well. Blackrock International

Opportunity (BRESX) and Neuberger International (NBISX) are new additions to this group.

Among total return funds, Real Estate and Utilities have dominated all year and command a substantial portion of the fund. Leuthold Core (LCORX) and Value Line Growth and Income (VALIX) are newer diversified holdings.

Please see page 8 for a description of fund classifications.

QUICK INFO

Inception Date: July 1, 2002
 Ticker: RELAX
 Assets: \$48 Million
 Redemption Fee: 2% under 1 calendar month
 Expenses: 1.50%
 Minimum Investment: \$2,500

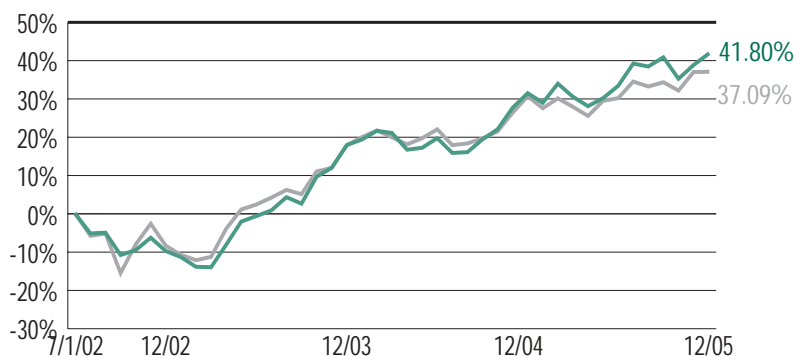
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PERFORMANCE

Cumulative Return since 7/1/2002

RELAX vs. S&P 500 Index

Since Inception July 1, 2002 to Dec 31, 2005



HOLDINGS AS OF 12/31/05

| | | |
|-------------------------|-------|-------|
| Alliance Bernstein Intl | AWPAX | 5.53% |
| Alliance Bernstein Lrg | APGAX | 6.58% |
| BlackRock Intl Opp Svc | BRESX | 3.00% |
| Columbia Acorn Select | ACTWX | 1.39% |
| Excelsior International | UMINX | 3.43% |
| iShrs MSCI EAFE Idx | EFA | 4.79% |
| iShrs S&P400 Mid Val | IJJ | 5.68% |
| Julius Baer Int'l Equit | BJBIX | 5.01% |
| NeubergerB Int'l | NBISX | 2.86% |
| NeubergerB Partners | NPRTX | 3.65% |
| Rydex Sector Rotation | RYSRX | 4.66% |
| S&P MidCap 400 SPDR | MDY | 1.00% |
| Stratton Growth | STRGX | 1.77% |
| Thornburg Intn'l Value | TGVAX | 1.95% |

Total Class 3 51.32%

| | | |
|-------------------------|-------|-------|
| Alpine Realty Inc & Gr | AIGYX | 0.12% |
| AmCen Utilities | BULIX | 4.62% |
| CGM Mutual Fund | LOMMX | 2.73% |
| FBR Gas Utility Index | GASFX | 3.18% |
| Fidelity Int'l Discover | FIGRX | 3.03% |
| Fidelity Real Estate | FRESX | 2.42% |
| Fidelity Utilities Fund | FIUIX | 2.90% |
| Greenspring Fund | GRSPX | 2.94% |
| iShrs C & S Realty Majo | ICF | 2.49% |
| Leuthold Core | LCORX | 4.94% |
| Matthews Asian Gro & In | MACSX | 4.18% |
| Old Mutual Analytic Def | ANDEX | 1.98% |
| Old Mutual Heitman REIT | OBRTX | 4.83% |
| PIMCO Commodity Real Rt | PCRDx | 2.40% |
| Value Line Inc & Gro | VALIX | 5.07% |

Total Class 4 47.83%

CASH 0.85%

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.

| PERFORMANCE | Since Inception of fund 7/01/02 | | | | | | | |
|--|---------------------------------|-------|-------|-------|-------|--------------|---------|------------|
| | Data current to 12/31/05 | 1 mo | 3 mo | 6 mo | 12 mo | 3 Yr Avg Ann | Avg Ann | Cumulative |
| Fundx Conservative Upgrader Fund (RELAX) | | 2.12% | 0.66% | 6.28% | 7.83% | 16.24% | 10.48% | 41.80% |
| S&P 500 | | 0.05% | 2.03% | 5.70% | 4.84% | 14.36% | 9.42% | 37.09% |

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. 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 2 for the risks associated with investing in the funds.

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

FUNDX FLEXIBLE INCOME FUND (INCMX)

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

We continue to hold a substantial weighting in high-yield bond funds at 30% of assets. These holdings include: Pioneer High-Yield, MainStay High-Yield, John Hancock High-Yield (JHHBX) and Fidelity Capital and Income (FAGIX).

Strategic bond funds held strong since the fund's inception at roughly 20%, but have recently been cut in half.

Floating Rate funds (also known as bank loan funds) are more than 20% of the portfolio. These funds provide competitive yields versus standard short-term bond funds, but are less susceptible to interest rate risk because their holdings carry an adjustable interest rate. They do, however, accept more credit risk, but that is spread

across hundreds of issues.

International bond funds, including emerging markets, were reduced throughout the year from 18% of the portfolio to approximately 11%.

Fixed income alternatives include Gateway Fund (GATEX), Fidelity Real Estate Income (FRIFX), Permanent Portfolio (PRPFX), Matthews Asian Growth and Income (MACSX) and Buffalo Balanced (BUFBX). We generally limit these funds to 30% of the portfolio. Currently, we have reduced our exposure to these funds from 30% to approximately 18%.

Please see page 8 for a description of fund classifications.

HOLDINGS AS OF 12/31/05

| | | |
|-------------------------|-------|---------------|
| Buffalo Balanced | BUFBX | 3.03% |
| Fidelity Real Estate In | FRIFX | 3.12% |
| Gateway Fund | GATEX | 3.87% |
| Matthews Asian Gro & In | MACSX | 4.01% |
| Permanent Portfolio | PRPFX | 3.96% |
| PIMCO Commodity Real Rt | PCRDY | 0.93% |
| Total Class 4 | | 18.93% |

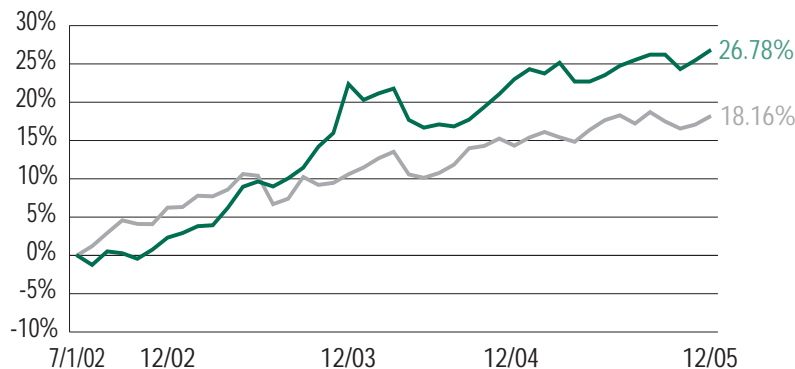
| | | |
|-------------------------|-------|---------------|
| Columbia High Yield | CMHYX | 0.08% |
| Columbia Income Fund Z | SRINX | 2.54% |
| Eaton Vance Floating Ra | EIBLX | 6.41% |
| Eaton Vance Fltng Rate | EAFHX | 2.43% |
| Eaton Vance Strategic I | ETSIX | 5.10% |
| Fidelity Capital Income | FAGIX | 7.39% |
| Fidelity FloatingR Hi I | FFRHX | 3.48% |
| John Hancock Hi Yld | JHHBX | 7.42% |
| Loomis Sayles Bond Fund | LSBDX | 7.11% |
| MainStay High Yld Corp | MHCAX | 7.48% |
| Oppenheimer Internation | OIBAX | 3.90% |
| Oppenheimer Str Inc A | OPSIX | 5.07% |
| PIMCO Emerg Mkts Bnd D | PEMDX | 2.95% |
| PIMCO Foreign Bnd D | PFODX | 4.31% |
| Pioneer High Yield A | TAHYX | 5.20% |
| Pioneer Strategic Incom | PSRAX | 3.72% |
| Western Asset Core Bond | WATFX | 4.97% |
| Total Class 5 | | 79.56% |
| CASH | | 1.52% |

PERFORMANCE

Cumulative Return since 7/1/2002

INCMX vs. Lehman Agg Bond Index

Since Inception July 1, 2002 to Dec 31, 2005



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.

QUICK INFO

Inception Date: July 1, 2002
 Ticker: INCMX
 Assets: \$39 Million
 Redemption Fee: 2% under 1 calendar month
 Expenses: 0.99%
 Minimum Investment: \$2,500

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

Since Inception of fund 7/01/02

PERFORMANCE Data current to 12/31/05

| | 1 mo | 3 mo | 6 mo | 12 mo | 3 Yr Avg Ann | Avg Ann | Cumulative |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| FundX Flexible Income (INCMX) | 1.05% | 0.45% | 1.62% | 1.99% | 7.41% | 7.01% | 26.78% |
| Lehman Agg Bond Index | 0.93% | 0.57% | -0.11% | 2.40% | 3.61% | 5.00% | 18.16% |

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FUNDX UPGRADER FUNDS: A Simpler Way to Upgrade

Investor Models

| Conservative | | Moderate | | | | | Growth | | | Aggressive | | |
|--|--|---|---|---|---|---|---|--|---|---|---|--|
| INCMX | 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 | RELAX | 25% HOTFX 30% FUNDX 25% RELAX 20% INCMX | 25% HOTFX 50% FUNDX 25% RELAX | FUNDX | 30% HOTFX 70% FUNDX | HOTFX |
| | C2 | C1 | M4 | M3 | M2 | M1 | | G2 | G1 | | A1 | |
| Single fund solution. 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. | Single fund solution. 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 | Single fund solution. 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 | Single fund solution. 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

FUNDX UPGRADER
FUNDS

A Simpler Way to Upgrade

Founded in 1969, DAL Investment Company was one of the first to use no-load mutual funds to manage accounts for individuals and institutions.

DAL first published NoLoad Fund★X newsletter in 1976 providing guidance to thousands of investors following the Upgrading strategy.

Now, Upgrading is available to all with the FUNDX UPGRADER FUNDS, a series of no-load funds that apply the same strategy written about in NoLoad Fund★X.

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.

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

Bond funds aim to generate current income while preserving capital. Because of their more predictable income streams, bonds generally have less price volatility than stocks. 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.