

Complete **Growth** Investor



Smart, balanced stock ideas.

Dear Friend of CGI:

Thank you for your interest in stock selections from Tom Jacobs and Jeff Fischer, co-founders of Complete Growth Investor (CGI), a service with a goal of earning 100% returns every three to five years. This would be an audacious, downright loony goal, except for one pesky truth: The best hedge funds that Tom and Jeff know of, available to the wealthy, aim to double client money every five years -- and usually do it! This great return should not be limited to hedge fund owners.

Tom and Jeff founded CGI with a similar goal in mind, aiming to double money through strong returns balanced with rational thinking. They bring to CGI many years experience as senior analysts and portfolio managers at The Motley Fool, where they managed and co-managed the two most successful real-money portfolios the company had in its lifetime. As we promised, what follows from Jeff and Tom is one stock they and CGI Members are buying. We hope you enjoy it and decide to [join us as a CGI Member](#).

Sincerely,

The Complete Growth Investor Team

FREE CGI SUMMARY STOCK REPORT

Company: OmniVision Technologies

Recent Share Price: \$13.99

Business snapshot

OmniVision Technologies (Nasdaq: OVTI) is the world's leading independent producer of CMOS image sensor chips. These tiny photo-taking chips go into digital cameras, bar code readers, alarm systems and mobile phones, among countless other items.

If you've purchased a mobile phone recently, you've probably found that it's hard to find phones anymore that *don't* offer photography. This trend -- which is here to stay -- is benefiting OmniVision tremendously. The firm's sales grew nearly 200% year-over-year in the fiscal year ended April 2004, while net income grew

284%. Free cash flow (FCF), a financial metric we care adamantly about, increased more than 300% in the most recent quarter.

Table: OVTI's Fiscal 2004 & Q1 2005

OmniVision Results (\$millions)	Year Ending 4/30/04	Q1 2005 7/31/04
Sales	\$318.1	\$98.8
<i>Year-over-year change</i>	193%	111%
Net Income	\$58.7	\$19.8
<i>Year-over-year change</i>	284%	221%
Free Cash Flow	\$33.6	\$33.2
<i>Year-over-year change</i>	N/A	315%
Cash and Equivalents	\$215	\$248
Share Count	60.8	61.1

Why the business is emerging now

CMOS stands for complementary metal oxide semiconductor, and represents a process of making integrated circuits that has existed since the 1960s. However, only in the last few years has this process become viable for creating image sensors, OmniVision's focus. Why this change is important is simple: creating an image sensor with CMOS technology requires producing only one chip per product. The competing technology, called CCD (charged couple device), requires at least two chips.

Well, one chip is cheaper than two and takes up less space, so electronics manufacturers of all stripes are now racing to CMOS technology, benefiting the industry leader, OmniVision. OmniVision has the cutting-edge image sensor technology on the market, including new 1.3 megapixel and 5 megapixel chips, just introduced, and giants such as **Siemens** (NYSE: SI) are already customers.

But this is no start-up. Far from it. Debuting on the stock market in 2000 with \$40 million in sales, OmniVision raked in \$370 million in sales and \$60 million in free cash flow over the last 12 months. The company sits on a big cash balance of nearly \$250 million (some \$4.40 per share) with zero debt. Its enterprise value at a recent \$13.99 per share puts the stock at only 9 times trailing free cash flow, while free cash flow has been growing very strongly.

Why it's interesting to us as investors

OmniVision was first suggested to CGI Members in April 2004 at higher prices, and again in July 2004 at \$11.19 per share. Our July tracking price became \$12.44 because the stock rose 8% the day after we suggested it, and we start tracking the day *after* we recommend a stock.

At CGI, our goal is to select stocks that will double a CGI Member's money every three to five years. Over the next three to four, CMOS chips such as OmniVision's are expected to take over a majority of the image sensor chip market, a market still dominated today by CCD chips. This changeover is happening as we speak, but will take at least the next few years to fully transition. This suggests that OmniVision has several years of strong growth ahead of it. Starting from its current value of only 9 times free cash flow and 12 times earnings, we believe the stock can at least double within our three to five-year timeframe, even in a weak stock market. And in a strong market, it could do even better.

What about the semiconductor cynics?

Yes, we hear all of the negative rumblings about the chip market from Wall Street, and how dismal chip stocks are, but that's just another reason why we like this stock now. It's much better to buy a good, growing company when sentiment is low and the share price reflects that, rather than buy when everyone loves the stock and the price reflects that.

With OmniVision, we're investing in a growing company at a market price that's well below average. And you know how fickle the market is: in the next few years, it's very likely that we'll see a chip sector "upswing" and everyone will fall in love with semiconductor stocks again. But we don't even need that to happen, because we're buying a company that is uniquely positioned to grow regardless, and is already at good price today. *Plus*, we believe the cynics underestimate OmniVision's growth potential, starting with 2005 estimates.

Where OmniVision fits in with you

Complete Growth Investor recommends that Members use a complete and diverse portfolio strategy. Our five categories of stock selections are:

- Growth at a Reasonable Price
- Deep Value
- High Growth
- Special Situations
- Informed Speculations

We suggest a majority of a portfolio be invested in "growth at a reasonable price" and "deep value" stocks. With this strong foundation in place, an investor can then dabble in some riskier high growth and speculation stocks for outsized potential rewards. OmniVision qualifies today as a growth stock at a reasonable price as well as high growth. It is not without risk, being in a highly competitive landscape, but it also offers plenty of promise.

For interested investors, OmniVision is a stock CGI is buying, and we recently told CGI Members to consider it most strongly should it return (without news) to the \$11 to \$12 range, the price where we suggested it in July 2004.

Now, what *else* are we buying? Keep reading from the CGI Team...

WHAT ELSE IS CGI BUYING?

The above is just a brief taste of Tom and Jeff's buffet of more than 12 favorite stocks selected, analyzed and followed in detail by them so far this year for CGI Members. CGI is different from competing stock letters for many reasons, including that Tom and Jeff learn a company and its industry inside-out, and then *tell you about it* – they don't hype unfounded promises. Every buy report shows in strong detail, both financially and otherwise, why they believe a company is poised to do well.

Other stocks they're buying include these exciting prospects...

A real-life blood substitute product – a biotech breakthrough

Today CGI is suggesting a small, nearly-unknown biotech stock valued at under \$300 million even though it is in final phase III trials with a potentially very important product. That product could be the largest biotech breakthrough of this decade. No hype, just fact. And it's not pie-in-the-sky.

This is a blood substitute that is being administered to trauma patients everyday right now across the country, and the trial is going very well (they've given two interim looks at results). In 2005, the company could be ready to file its product for Food and Drug Administration (FDA) approval. The U.S. Department of Defense is already interested in this life-saving blood substitute, and recently provided the company funding. Jeff and Tom believe with product approval this stock will easily double or more.

You've seen rising oil prices – profit with us via this unusual stock

Oil prices are already zooming, and tanker stocks have done even better as their charter rates have exploded. But one company has been lumped into this group just because it charters tankers. Actually, this stock is akin to a very high-paying bond (about 7% yield) with a "Deep Value" kicker offering a potential double, even after rising 20% in the two months after CGI Members were told of it. This is all-but guaranteed to be a stock you haven't heard of.

At CGI, Tom, Jeff and Members are also buying...

- The leading producer of a commodity whose price is rising because new supply can't satisfy growing worldwide demand for the stuff, for which no substitute exists. Up 10% since Tom recommended it in September.
- A major national food producer at a healthy discount to its intrinsic value.

- A small network access company trading at barely two times its cash balance, up 10% since Jeff's October selection last week, just now having landed a big government deal.
- An optical networking company under \$2 barely trading above its cash value -- even though it's free cash flow positive! -- up 20% since August selection.
- And many more compelling investments, all at attractive prices today, *each* of which Tom and Jeff believe could double in three to five years or sooner -- easily topping the market averages.

You can see these names and CGI's other favorite stocks today, with no-risk and nothing to lose: [Subscribe Now!](#)

Thank you from Tom and Jeff

In closing out this free report, we want to say that while finding and buying attractive stocks is exciting, it's just half our service. We don't just issue buy reports. We tell you when and why we think any sale is warranted, with the same hard-nosed thinking we use on our buy decisions. We won't always be right, but we admit mistakes, sell them, learn, and keep moving toward our "double your money" goal -- winning in the long run.

You can try us with no risk. Not only do you get the 20% discounted Charter rate, but you have a 60-day money-back guarantee. So, access our favorite stocks and our great discussion boards with CGI Members, our updates and much more... and you can always decide within the first 60-days (two months!) if it's right for you, no questions asked. We offer this because we think you'll be very pleased and want to stay with us. [Subscribe Now](#) with no risk.

Best wishes and happy investing,



Tom Jacobs and Jeff Fischer
Co-Founders and Analysts
Complete Growth Investor LLC

Tom and Jeff don't just share their favorite stocks every month, they also invest in them! Both have positions in the CGI stock selections written about or teased about in this article. CGI stands apart from other services -- we happily put our own money into our ideas. [Join us as a risk-free Charter Member.](#)

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