

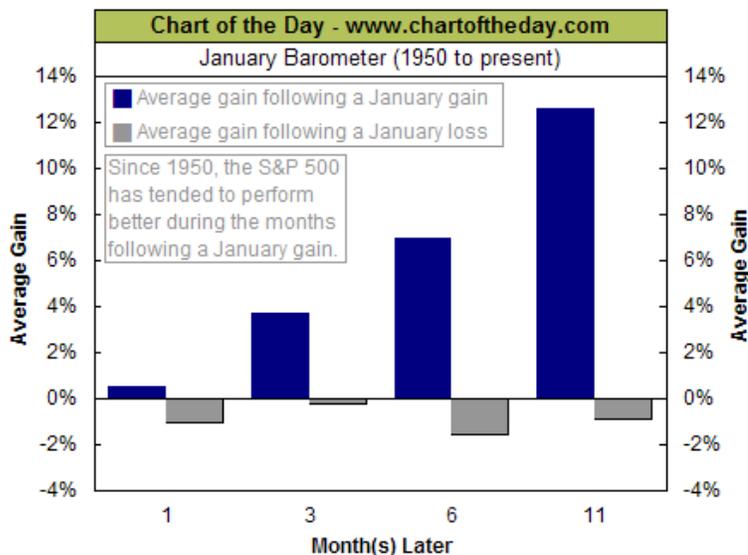
A Great Start and the "January Effect" Happy Valentine's Day!

February 14, 2006

Dear Shareholders and Clients.

May your Valentine find you happy and well positioned for your financial future. How's that for true romance?!

The stock markets got off to a great start this year, and if past years are any indication, there is a high probability more gains will come. I have noted the following site before and recommend it to you again.



"Chart of the Day"

As goes January, so goes the year. This particular phenomenon is what is referred to as the January Barometer. To test this theory, today's chart presents the average performance of the S&P 500 one, three, six, and 11 months following a January gain (blue bars) and following a January loss (gray bars). The chart illustrates that the S&P 500 has performed much better (on average) during the months following a January gain. In fact, 11 months following a January gain; the S&P 500 was up 88% of the time.

Notes:

- What are our latest indicators and studies saying about future stock market trends? Find out now with the exclusive & highly regarded charts of [Chart of the Day Plus](#).
- The S&P 500 was up 2.5% in January 2006.

Source - Standard & Poor's"

Since the market peaked in January it has been in a corrective mode. This is quite an ordinary and expected correction after a significant short-term run-up. The markets peaked in mid January after a 3.7% gain in the S&P 500 in less than two weeks. For January the S&P 500 was up over 2.6%, the Russell 2000 up almost 9% and the EAFE was up over 6%.

During bull markets these "dips" are good places to add to your investments. So if you are going to be doing IRAs between now and April 15, you might want to

consider doing it now. There is no guarantee that stocks will go up from here, but the probability is good enough that it makes sense to avoid procrastination.

Overall conditions favor stocks in spite of the continued "wall of worry" I wrote about at the beginning of the year. International and Smaller companies have continued to lead the Larger companies. We are in a period where paying attention to shifts in sector trends and individual stock picking will make a big difference in returns. And, of course, we need to be on the lookout for significant negative events or trends that might herald more than just a normal bull market correction.

PLANNING CORNER

This is IRA season. Traditional IRAs are a way to get a tax deduction after year end. But deductible "Traditional IRA's" are not always the best alternative.

If your goal is to have the best end result many years in the future, "Roth IRAs" will be a better bet more often than not. I did a mathematical analysis a few years ago that lead me to conclude that the following offers a good guideline.

1. If your tax bracket now is significantly higher than you anticipate it being when you withdraw your money, then a Traditional IRA will be best.
2. If you anticipate little or no change in your tax bracket, you are in the lowest bracket or you think your bracket could be higher when you withdraw, then a Roth IRA will probably be better.
3. If you are contributing to a matching 401(k) or other matching plan, max out your match, then do a Roth IRA, and if you still have more to save, you can go back to the 401(k) without the match.

Remember, loading up on traditional "pretax" retirement plans can actually create a future tax trap where you have so much in these plans that you are forced into a higher tax bracket. I recommend spreading out your investments among traditional pretax plans, Roth IRAs and taxable investments that are taxed at lower rates, i.e., produce capitulate gains and/or qualified dividends that are taxed at the lowest rates.

In the end, no one knows what the tax code is going to look like ten or twenty years from now, so these decisions can only be based on current structures, probabilities and common sense, educated guesses if you will. If you wish to discuss this (or any other financial matter) in detail, give me a call.

Sincerely,

J. Andre Weisbrod

Founder of the [STAAR Investment Trust](#), 412-367-9076

Check out the STAAR Funds Year-to-date and historical performance at www.staarfunds.com/home.htm