Stock Selection Guide ®

NATIONAL ASSOCIATION OF INVESTORS CORPORATION
INVESTMENT EDUCATION FOR INDIVIDUALS AND CLUBS SINCE 1951

The most widely used aid to good investment judgment

Company	INVESTORS FINANCIAL SERVI	Date	09/23/05

Prepared by **MG**   Data taken from **NAIC Data**

Where traded **NASDAQ**   Major product/service **Asset Manag**

CAPITALIZATION --- Outstanding Amounts   Reference _____

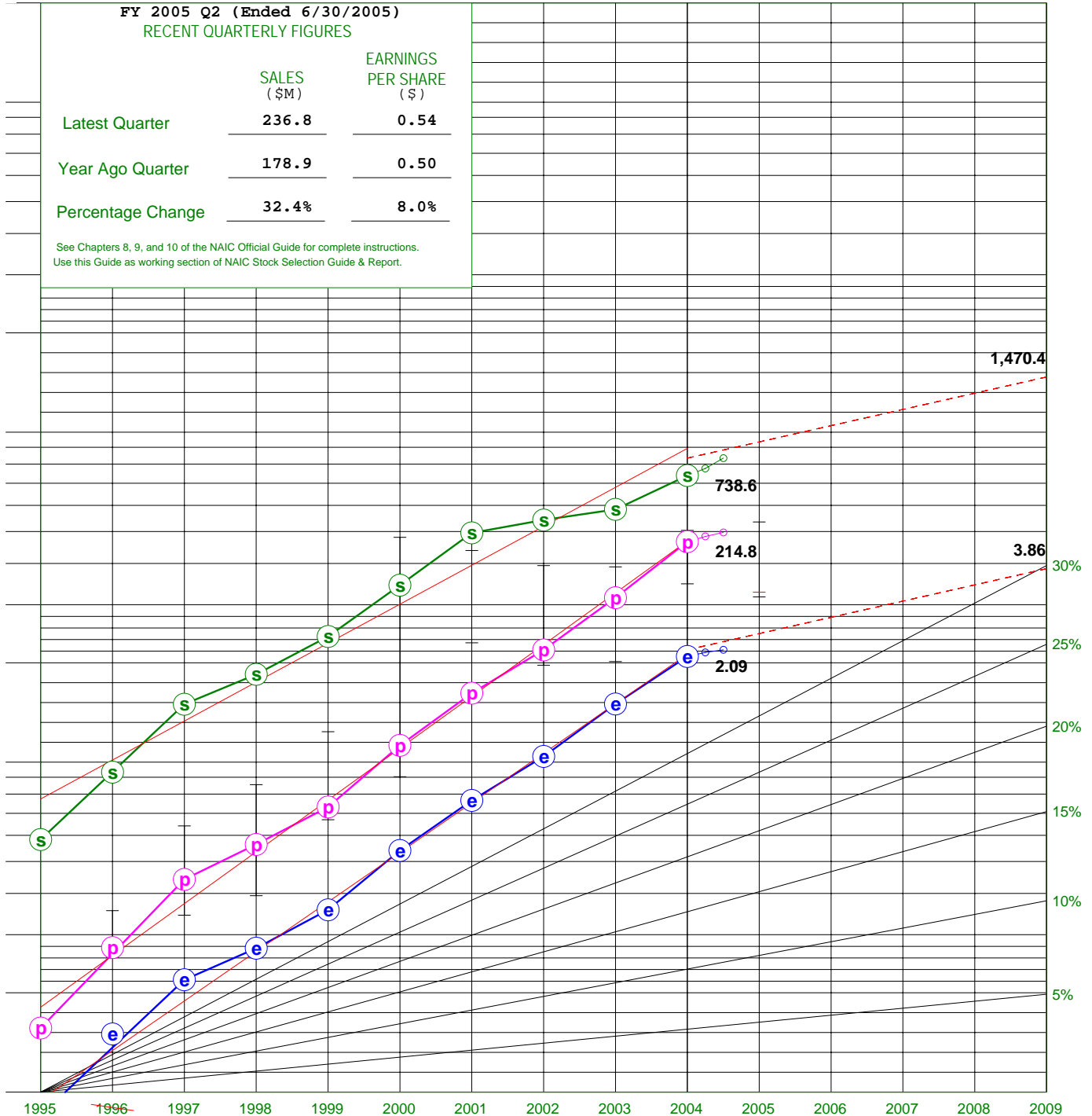|		% Insiders	% Institution
Preferred ($M)	0.0		
Common (M Shares)	66.8	10.0	92.8
Debt ($M)	6,229.9	% to Tot.Cap. 89.7	% Potential Dil. None

1 VISUAL ANALYSIS of Sales, Earnings and Price

IFIN

FY 2005 Q2 (Ended 6/30/2005)
RECENT QUARTERLY FIGURES

	SALES ($M)	EARNINGS PER SHARE ($)
Latest Quarter	236.8	0.54
Year Ago Quarter	178.9	0.50
Percentage Change	32.4%	8.0%

See Chapters 8, 9, and 10 of the NAIC Official Guide for complete instructions.
Use this Guide as working section of NAIC Stock Selection Guide & Report.

1,470.4

738.6

214.8

3.86

2.09

1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

(1) Historical Sales Growth	31.2 %	(3) Historical Earnings Per Share Growth	41.3 %
(2) Estimated Future Sales Growth	12.0 %	(4) Estimated Future Earnings Per Share Growth	12.0 %

Printed: 09/24/05 11:47 PM Prepared by: MG Using The NAIC Investor's Toolkit

		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND UP	TREND DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	12.4	13.5	13.6	14.1	14.0	15.1	15.1	18.6	24.9	29.1	20.5	UP	
B	% Earned on Equity (E/S ÷ Book Value)	24.3	12.5	15.1	16.6	15.2	18.1	14.3	15.2	18.2	19.5	17.0	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE _____ 32.730   HIGH THIS YEAR _____ 53.440   LOW THIS YEAR _____ 31.670

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1	2000	48.0	9.0	0.54	~~88.9~~	~~16.7~~	0.030	5.6	0.3
2	2001	43.8	23.0	0.77	~~57.3~~	~~30.1~~	0.040	5.2	0.2
3	2002	39.4	~~19.7~~	1.04	37.9	18.9	0.050	4.8	0.3
4	2003	39.1	20.2	1.50	26.1	13.5	0.060	4.0	0.3
5	2004	50.4	34.7	2.09	24.1	16.6	0.070	3.3	0.2
6	TOTAL		86.9		88.1	49.0		22.9	
7	AVERAGE		21.7		29.4	16.3		4.6	

8	AVERAGE PRICE EARNINGS RATIO	22.8	9	CURRENT PRICE EARNINGS RATIO	14.9

Proj. P/E [13.34] Based on Next 4 qtr. EPS [2.45]   Current P/E Based on Last 4 qtr. EPS [2.19]

4 EVALUATING RISK and REWARD over the next 5 years

PEG=124

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~29.4~~ 24.1 (3D7 as adj.) X Estimate High Earnings/Share 3.86 = Forecast High Price $ 93.0 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~16.3~~ 16.6 (3E7 as adj.) X Estimated Low Earnings/Share ~~2.09~~ 2.19 = $ 36.4

(b) Avg. Low Price of Last 5 Years = 21.7 (3B7)

(c) Recent Severe Market Low Price = 20.2

(d) Price Dividend Will Support   Present Divd. = 0.080 = 24.0   High Yield (H) 0.003

Selected Estimate Low Price = $ 21.7 (4B1)

C ZONING

93.0 (4A1) High Forecast Price Minus 21.7 (4B1) Low Forecast Price Equals 71.3 (C) Range. 1/3 of Range = 17.8 (4CD)

(4C2) Lower 1/3 = 21.7 (4B1) to 39.5 (Buy)   Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 39.5 to 75.2 (Maybe)

(4C4) Upper 1/3 = 75.2 to 93.0 (4A1) (Sell)

Present Market Price of 32.730 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 93.0 Minus Present Price 32.730

Present Price 32.730 Minus Low Price (4B1) 21.7

= 60.3 / 11.0 = 5.5 (4D) To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 93.0

Present Market Price 32.730

= (2.841) X 100 = (284.1) - 100 = 184.1 (4E) % Appreciation

Relative Value: 65.4%   Proj. Relative Value: 58.5%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A Present Full Year's Dividend $ 0.080

Present Price of Stock $ 32.730

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

= 0.002 X 100 = 0.2 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 3.08 X Avg. % Payout (3G7) 4.6 = 14.2 = 0.4 (5B) %

Present Price $ 32.730

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 184.1 / 5 = 36.8 %

Average Yield (5B) = 0.4 %

Average Total Annual Return Over the Next 5 Years (5C) = 37.2 %

	P.A.R.	Tot. Ret.
Average Yield	0.2%	0.2%
Annual Appreciation	19.1%	23.2%
% Compd Ann Rate of Ret	19.4%	23.4%

Trailing 4 quarters

PERT Worksheet-A Graph

Company INVESTORS FINANCIAL SERVI   (IFIN)

	50.0%
	37.5%
12.0%	12.5%
0.0%	0.0%

1st 1999 2nd 1999 3rd 1999 4th 1999 1st 2000 2nd 2000 3rd 2000 4th 2000 1st 2001 2nd 2001 3rd 2001 4th 2001 1st 2002 2nd 2002 3rd 2002 4th 2002 1st 2003 2nd 2003 3rd 2003 4th 2003 1st 2004 2nd 2004 3rd 2004 4th 2004 1st 2005 2nd 2005