

THE UPGRADER

Insights from the FUNDX UPGRADER FUNDS

Dear Investor,

As we enjoy the summer months, the stock market also seems content to relax. Stocks this year have swung back and forth, and ended the second quarter slightly below where they began 2005. Our growth funds show moderate gains so far this year, and continue to perform ahead of their benchmarks.

HOTFX, RELAX & INCMX Turn 3

July 4th commemorates the time our country celebrates freedom. This July, we're also celebrating three-year records for the FUNDX AGGRESSIVE UPGRADER FUND (HOTFX), the FUNDX CONSERVATIVE UPGRADER FUND (RELAX) and the FUNDX FLEXIBLE INCOME FUND (INCMX). These funds gave investors the freedom to choose from a range of risk-targeted investment solutions.

When we started FUNDX in 2001, we planned it as a core equity fund for most investors. But we also knew that investors are unique. Some investors are willing to take on above-average risk in the hopes of achieving higher returns over time, while others aim for consistent, steady returns with little volatility.

To better meet the needs of different investors, we then started HOTFX, RELAX and INCMX in July 2002. By July 2002, investors were free to find a portfolio

solution for their specific investment goals by investing in a single UPGRADER FUND or in a combination of UPGRADER FUNDS.

Performance of the FUNDX UPGRADER FUNDS is shown on pages 4 and 5. *Past performance is no guarantee of future results.*

Upgrading Turns 35

Although HOTFX, RELAX and INCMX are only three years old, the Upgrading strategy has been around 35 years. Naturally, our system has evolved from using adding machines and ledgers into a more sophisticated computer driven model that is continually tested. We have refined aspects of the strategy over the last 35 years but we have not been able to improve on the effectiveness of the original methodology.

Investors come to us for our ability to implement the strategy on their behalf and stay with market leadership in a disciplined manner. Many investors began as clients of DAL's money management services or subscribers to DAL's NoLoad Fund★X newsletter. Other shareholders tell us that the strategy simply makes good sense to them. Our longevity as a firm and the strategy's success are a consequence of the logical approach of Upgrading.

Meeting the Market's Challenges

In Upgrading, we invest in funds that rank highly in our proprietary ranking system, but these funds don't reach the top of our ranks in the same way. Our table on page 3 shows what kind of stocks have propelled 10 diversified funds to the top of our ranks.

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

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While funds take a static approach to achieving their goals, we are active and alert to changing market conditions. The market will always reveal a new trend, and our approach keeps us ready to meet the challenges of a dynamic market. Upgrading combines the ability to recognize opportunities as they arise with the flexibility to move assets when leadership changes.

As shareholders in the Upgrader Funds you can rest assured that we remain committed to the discipline that will lead us to the next wind. So hold on and enjoy the ride. We'll do the steering and you can enjoy the scenery.



Janet Brown, President
DAL INVESTMENT COMPANY
Publisher of NoLoad Fund★X
Advisor to FUNDX UPGRADER FUNDS



Fund News

Targeted Portfolio Solutions

Coming Soon! We'll soon debut a Risk Questionnaire to help you determine an appropriate risk level for your account and connect your risk level with a portfolio solution to help you reach your investment goals.

If you want your account automatically rebalanced each quarter, call the fund at 866 455 3863.



Quarterly Update

The US stock market gained ground in the second quarter, as did the US dollar. The 10-year Treasury bond yield fell below 4% and despite surging oil prices, inflationary concerns appear to have dissipated.

In Upgrading, we follow market leadership. When the market changes, as it inevitably does, we tactically change course to stay invested in what we feel are the best performing funds in the current environment. Each quarter, we reflect on how we've navigated your portfolio to stay with market direction.

Market Leadership Changes

Sectors and Concentrated Funds - Real estate, energy, resources and emerging markets continue to rank highly and maintain appropriate places in our portfolios. On a more limited basis, health care has also worked its way up the ranks.

Diversified Funds - There was a reversal of fortune for many of the diversified international funds this quarter. In fact, most of the trades we made in the FUNDX UPGRADER FUNDS portfolios involved reducing international holdings in Class 3 and buying diversified domestic mid-cap funds.

We sold several long-term holdings like Causeway International (CIVVX) and Alliance Bernstein International Value (AIBAX) after solid performance for well over a year. We also sold our global exchange traded funds, replacing them with highly ranked mid-cap value alternatives.

Total Return Funds - In our more conservative portfolios, we added Real Estate and Utilities sector

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? Q&A

WHEN I LOOK AT THE LIST OF CURRENT HOLDINGS IN THE **FUNDX UPGRADER FUNDS**, THERE ARE SOME NAMES I DON'T RECOGNIZE FROM YOUR **NOLOAD FUND★X** NEWSLETTER LISTINGS. WHAT GIVES?

As institutional investors managing money on behalf of fund shareholders, we have access to a large number of funds unavailable to individual retail investors. These include many popular load funds that we purchase no-load at NAV, and institutional share classes of some funds, with lower expenses than their retail counterparts. We rank this expanded universe of funds and select the highest ranking funds for each portfolio. In effect, shareholders of the **FUNDX UPGRADER FUNDS** have access to a broader spectrum of potential funds at no load than most individual investors.

QUARTERLY UPDATE CONTINUED

funds as well as more diversified funds focused on stocks that pay dividends.

How These Changes Impact Your Portfolio

HOTFX and FUNDX saw greater turnover in Class 3 than in the more speculative Classes 1 and 2 fund categories - mainly shifting from lower ranked internationals to better performing domestic funds.

In RELAX, we have reduced Class 3 positions in favor of Class 4 holdings. While Class 4 funds typically offer less upside potential than Class 3 funds, they are much less volatile and their inclusion adds the further benefit of improved diversification. We recognize that it is important for our investors to have a less volatile alternative to the other FundX equity funds.

Falling bond yields led to strong performance from intermediate term bond funds. As a result, we reduced the high-yield and foreign bond holdings in INCMX and added substantially to more diversified bond funds. Our largest position,

Pimco Total Return (PTTDX) is now roughly 20% of the portfolio.

By adding to intermediate term bonds, our portfolio may become more sensitive to changes in interest rates. In case rates go back up to where they were a few months ago, we added a small position in Potomac Contrabond Fund (PCBDX) which acts as a hedge in case bond yields rise. Typical bond funds move in the opposite direction of bond yields. PCBDX rises when the 10-year Treasury yield increases and declines when rates drop.

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.

Class 3 Funds - Sector Weightings and Total Number of Stocks

Not all Class 3 top ranked funds have taken the same path to the top.

This table looks at the underlying portfolios of 10 diversified funds that rank highly in our proprietary ranking system. You'll notice that the funds have very different concentrations. For example, one fund has 23 telecom positions, while others have only 1 investment in that area. Some funds have 30 total holdings, other index-based exchange traded funds have 500 positions.

Name	Ticker	Software	Hardware	Media	Telecom	Healthcare	Consumer Services	Business Services	Financial Services	Consumer Goods	Industrial Materials	Energy	Utilities	Total Holdings
AllianceB Intl Gr A	AWPAX	1	2	1	23	4	1	11	25	6	7	12	8	115
AllianceB Sm/Mid Val	ABASX	0	5	0	0	4	17	5	20	15	26	3	4	91
Allianz CCM Mid Cap D	PMCDX	4	13	1	3	10	6	9	13	7	17	15	4	89
BlackRock Mid Cap Val	BMCAx	0	6	4	1	6	8	10	21	14	16	8	7	86
Fairholme Fund	FAIRX	0	0	3	27	1	0	0	40	1	17	8	2	31
iShrs Russl Mid Cap Val	IWS	1	4	2	1	5	10	6	27	7	16	9	12	555
iShrs S&P400 Mid Val	IJJ	3	8	2	1	6	14	7	21	8	10	9	12	220
Julius Baer Intl Eq	BJBIX	0	2	4	6	2	1	1	31	15	9	11	4	440
Muhlenkamp	MUHLX	0	2	0	4	10	18	3	26	9	15	12	2	79
Pioneer Mid Cap Val	PYCGX	2	6	2	2	11	14	13	19	11	10	6	6	135
Thornburg Intl Val	TGVAX	2	0	6	7	8	13	5	26	17	5	9	1	64
	Averages	1	4	2	6	7	10	7	24	10	13	9	6	1374

References to other mutual funds should not be interpreted as recommendations to buy or sell any security. Holdings or sector weightings are determined by the fund's objectives and strategies. Please refer to each fund's prospectus for further details.

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

FUNDX: FUNDX UPGRADER FUND

The original FUNDX UPGRADER FUND (FUNDX -Inception 11/1/01) is designed for moderately aggressive investors seeking long-term growth. Though not necessarily correlated to the U.S. stock market, FUNDX is expected to display a similar level of risk. It will consist mostly of Class 3 growth funds, though it may utilize funds from the other equity classes when they appear more attractive.

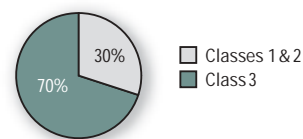
Designed not to exceed a weighting of 30% in Classes 1 and/or 2, the fund is also limited to 30% in Class 4. FUNDX could be a core equity fund for most investors.

TOP 5 HOLDINGS

iShrs Russell MidCap Val	IWS	6.58%
iShrs S&P400 Mid Val	IJJ	6.45%
BlackRock Mid-Cap Val	BMCA	5.98%
Pioneer Mid-Cap Value	PYCGX	5.96%
Muhlenkamp	MUHLX	5.96%

Total % in Top 5 Holdings 30.93%
Total # of Positions 30

CLASS ALLOCATION

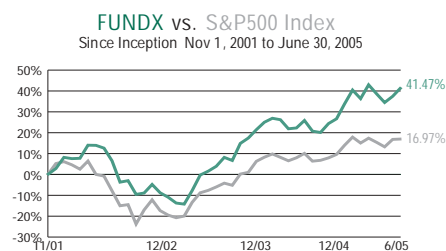


Fund holdings and class allocations are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds.

PERFORMANCE

FUNDX vs. S&P 500 Index

SINCE INCEPTION
NOV 1, 2001 TO JUNE 30, 2005



The advisor has agreed to limit expenses to 1.5%. Currently, the expense levels have not been exceeded.

PERFORMANCE	Since Inception of fund 11/01/01					
Data current to 6/30/05	1 mo	3 mo	6 mo	12 mo	Avg Ann	Actual Ret
Fundx Upgrader Fund (FUNDX)	2.93%	2.05%	2.91%	12.40%	9.92%	41.47%
S&P 500	0.14%	1.37%	-0.82%	6.32%	4.38%	16.97%

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 data current to the most recent month end may be obtained by calling 866-455-3863 or visiting www.fundxfund.com. The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. You cannot invest directly in an index.

Please refer to page 7 for the risks associated with investing in the funds.

HOTFX: FUNDX AGGRESSIVE UPGRADER FUND

The FUNDX AGGRESSIVE UPGRADER FUND (HOTFX - Inception 7/1/02) is designed for investors willing to take on above-average risk in the hopes of achieving higher returns over time. The portfolio may shift between Classes 1, 2, or 3 at the manager's discretion, and will not invest in Classes 4 or 5. The Fund could be 100% in the more speculative Class 1 and 2 funds if they appear more attractive. This may cause the fund to experience dramatic price swings.

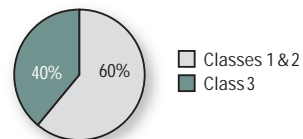
HOTFX could be a core holding if you're an aggressive investor, but more likely is suitable as a speculative component of a diversified portfolio for long-term growth.

TOP 5 HOLDINGS

BlackRock Glb Nat Resc	SSGRX	5.02%
iShrs Russell Mid Cap Val	IWS	4.97%
iShrs S&P 400 Mid Cap Val	IJJ	4.90%
Excelsior Emerg Mkts	UMEMX	4.60%
Columbia Acorn Intl	ACINX	4.08%

Total % in Top 5 Holdings 23.57%
Total # of Positions 32

CLASS ALLOCATION

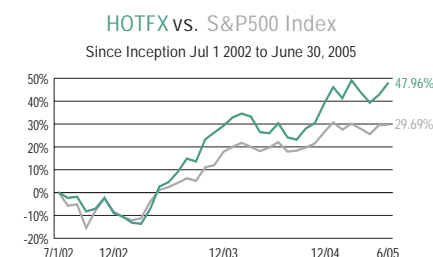


Fund holdings and class allocations are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds.

PERFORMANCE

HOTFX vs. S&P 500 Index

SINCE INCEPTION
JULY 1, 2002 TO JUNE 30, 2005



Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

PERFORMANCE	Since Inception of fund 7/01/02					
Data current to 6/30/05	1 mo	3 mo	6 mo	12 mo	Avg Ann	Actual Ret
Fundx Aggressive Upgrader Fund (HOTFX)	3.64%	2.81%	3.49%	13.53%	13.95%	47.96%
S&P 500	0.14%	1.37%	-0.82%	6.32%	9.05%	29.69%

RELAX: FUNDX CONSERVATIVE UPGRADER FUND

The FUNDX CONSERVATIVE UPGRADER FUND (RELAX -Inception 07/01/02) is designed for investors seeking long-term growth, but with only average risk. Here we are less concerned with beating the market, or performing consistently with the NoLoad Fund★X Class 3 track record, and are willing to err on the side of caution.

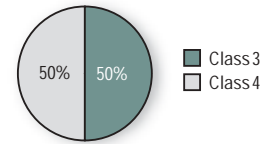
This fund avoids Class 1 and 2 funds entirely. Moreover, when stocks are doing particularly poorly, or Class 4 funds are performing at least as well as Class 3 funds, we may shift as much as 50% of the portfolio into these more defensive Class 4 funds.

TOP 5 HOLDINGS

Muhlenkamp	MUHLX	6.42%
iShrs S&P 400 Mid Cap Val	IJJ	6.36%
Matthew Asian Gro&Inc	MACSX	6.14%
BlackRock Mid Cap Val	BMCAx	5.96%
Pioneer Mid Cap Val	PYCGX	5.95%

Total % in Top 5 Holdings 30.83%
Total # of Positions 24

CLASS ALLOCATION

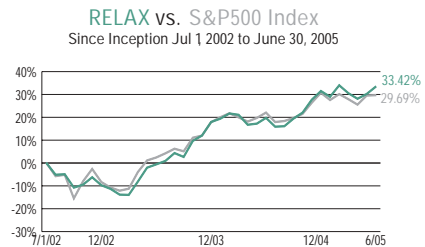


Fund holdings and class allocations are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds.

PERFORMANCE

RELAX vs.
S&P 500 Index

SINCE INCEPTION
JULY 1, 2002 TO JUNE 30, 2005



Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

PERFORMANCE	Since Inception of fund 7/01/02					
Data current to 6/30/05	1 mo	3 mo	6 mo	12 mo	Avg Ann	Actual Ret
Fundx Conservative Upgrader Fund (RELAX)	2.46%	2.19%	1.45%	11.43%	10.09%	33.42%
S&P 500	0.14%	1.37%	-0.82%	6.32%	9.05%	29.69%

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 data current to the most recent month end may be obtained by calling 866-455-3863 or visiting www.fundxfund.com. The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. 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.

Please refer to page 7 for the risks associated with investing in the funds.

INCMX: FUNDX FLEXIBLE INCOME FUND

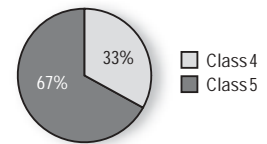
The FUNDX FLEXIBLE INCOME FUND (INCMX - Inception 7/1/02) is geared toward investors seeking a component to reduce the volatility of their overall portfolio. The fund seeks a reasonable total return with minimal risk. The core of this fund consists of Class 5 bond funds, with the average maturity and duration depending on the current interest rate environment. But when traditional fixed-income instruments appear less attractive, INCMX has the flexibility to utilize funds from Class 4 for up to 50% of its portfolio. Class 4 funds may include REITs, convertible bonds, preferred stock, or even a blend of bonds with common stock.

TOP 5 HOLDINGS

PIMCO Total Return D	PTTDX	19.85%
Fidelity Capital Inc	FAGIX	9.71%
Loomis Sayles Bond	LSBDX	6.75%
Oppenheimer Str Inc A	OPSIX	5.15%
Western Asset Core Bond	WATFX	4.97%

Total % in Top 5 Holdings 46.43%
Total # of Positions 24

CLASS ALLOCATION

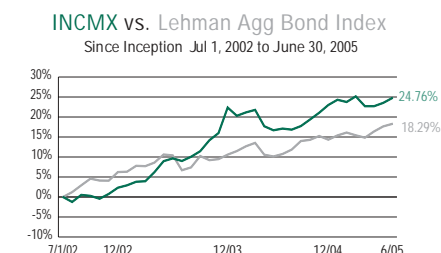


Fund holdings and class allocations are subject to change and should not be considered a recommendation to buy or sell any of the underlying funds.

PERFORMANCE

INCMX vs.
Lehman Agg Bond Index

SINCE INCEPTION
JULY 1, 2002 TO JUNE 30, 2005



Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

PERFORMANCE	Since Inception of fund 7/01/02					
Data current to 6/30/05	1 mo	3 mo	6 mo	12 mo	Avg Ann	Actual Ret
Fundx Flexible Income Fund (INCMX)	0.99%	1.68%	0.37%	6.55%	7.65%	24.76%
Lehman Agg Bond Index	0.55%	3.01%	2.51%	6.80%	5.76%	18.29%



Select a portfolio that's right for you with the FUNDX UPGRADER FUNDS

The FUNDX UPGRADER FUNDS are managed portfolios consisting of more than 20 underlying mutual funds. For many investors, the FUNDX UPGRADER FUNDS replace the need to build a diversified portfolio on their own. But while there are four FUNDX UPGRADER FUNDS, you are not limited to just four options.

Our Risk Spectrum of Investor Profiles (right) identifies four basic types of investors, from aggressive to conservative. The accompanying boxes show 13 examples of portfolios that are appropriate for investors at interim points along the spectrum. These include the four FUNDX UPGRADER FUNDS individually. The nine model allocations, labeled with a letter and number (A1, G1, M1, etc.), are combinations of two or more of the FUNDX UPGRADER FUNDS.

Direct shareholders can have their portfolio rebalanced automatically each quarter for free. Call 866-455-3863 and ask to have your account assigned to one of these nine pre-designated models.

All of these options involve some risk of principal loss. Depending on your goals, time frame, and personal inclination toward risk, you may find an option that is right for you, or for a subset of your overall investments. Consult an investment advisor for advice and information on your particular situation. Neither the Fund nor any of its representatives may give investment advice.

Aggressive

The aggressive investor has a long-term outlook and is willing to accept substantial risk to pursue higher returns. The aggressive investor is comfortable with portfolio volatility and willing to withstand even severe market corrections.

Growth

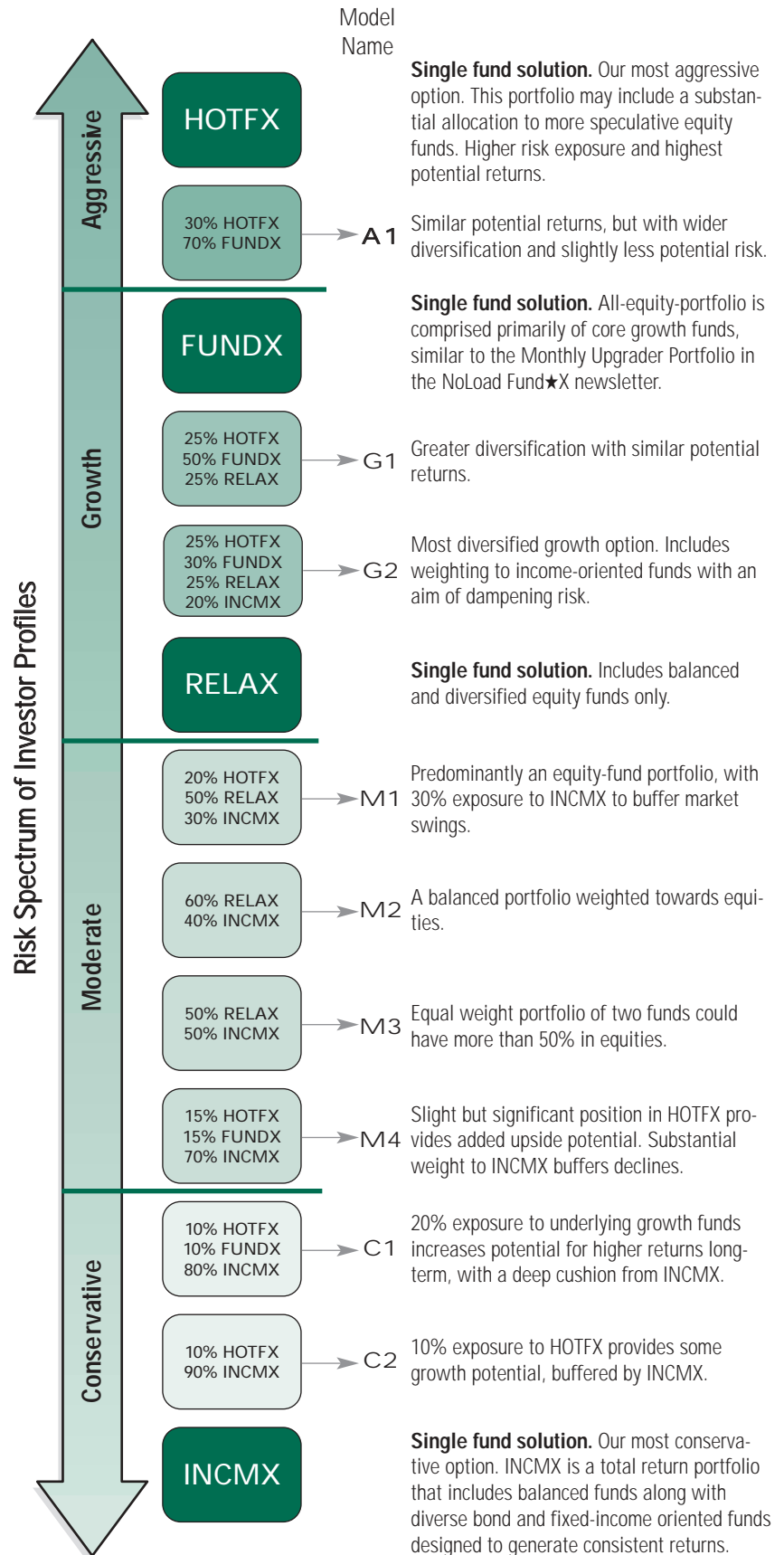
The growth investor is interested in accumulating wealth over time rather than generating current income. The growth investor has long-term goals and is willing to withstand significant market fluctuations, but not willing to take on as much risk as the aggressive investor.

Moderate

The moderate investor seeks a balance between equity funds for long-term growth and income funds to dampen volatility. This investor must be willing to assume some risk of possible loss of principal in order to reach long-term goals.

Conservative

The conservative investor seeks more stable capital growth. This investor is cautious and wants to avoid substantial volatility, but is willing to accept some short-term risk and fluctuation in portfolio value. Modest exposure to equities provide growth potential to reach long-term goals; significant holdings in income-generating funds are intended to smooth returns, rather than provide current income.





About 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 rank and Upgrading to the current winners. 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.

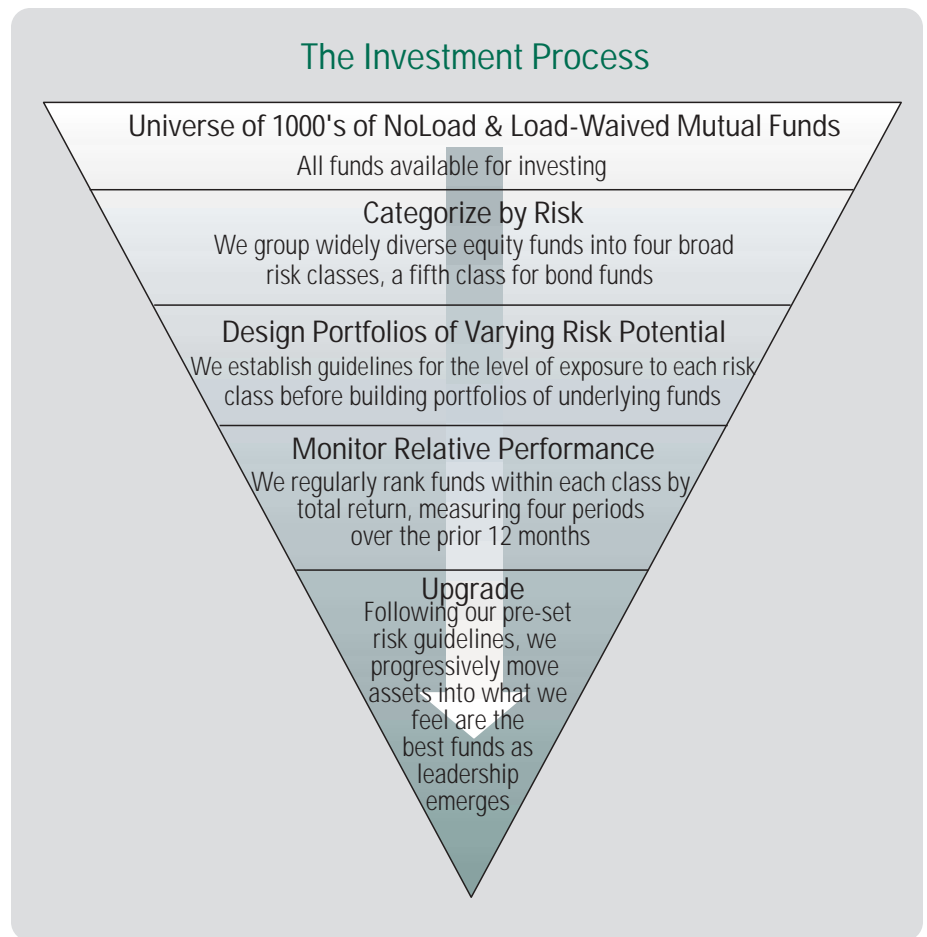
Put your portfolio on Autopilot

Invest Direct!

Visit www.fundxfund.com for:

- Prospectus
- Users Guide
- Application

Or, simply call 866-455-3863



What's Online at www.fundxfund.com

- Monthly performance updates
- Current fund holdings
- Historical share prices
- Dividend distributions
- How we classify funds
- More on the investment process

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Disclosures: *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 866-455-3863, or visiting www.fundxfund.com. Read it carefully before investing.*

Mutual fund investing involves risk. Principal loss is possible. Because each of the Funds is a "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.

Quasar Distributors, LLC, Distributor. (4/05)

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

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 winning strategy written about in NoLoad Fund★X.

When you invest in one or more of the UPGRADER FUNDS, DAL does the Upgrading for you.

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

In the Summer 2005 Issue . . .

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How to build your ideal portfolio

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DAL Investment Company *Since 1969*
NoLoad Fund★X *Since 1976*
FUNDX UPGRADER FUNDS *Since 2001*

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