

# MONEYLETTER.com<sup>®</sup>

*"Serving Investors Since 1980"*

## Exit Bear

by Walter S. Frank, Chief Investment Officer

It took time, more time than it should have, but Wall Street has finally gathered the courage to show the bear to the door. The Supply Managers' report of February activity in manufacturing convinced a dubious Wall Street that the bear should go. Actually the report, though somewhat of a surprise in its strength, had been foreshadowed for some weeks by other positive economic reports, but Wall Street refused to notice. All the while the economic reports were pointing to an economy turning up, Wall Street kept moving stocks down. It was this disconnect between the real and the financial that made the opening weeks of the year so frustrating.

Perhaps it was inevitable. There had been so many false starts by the market since March, 2000 that Wall Street had to be hit over the head by the obvious before it took notice. And the Supply Managers' report provided the blow.

The most important numbers in the report, from our perspective, were those for new orders and production. They both were well into positive territory and projected a decided turnaround in manufacturing. Keep in mind that it was manufacturing that led the economy into the recession.

What is surprising is the impetus behind this quick unarround. As the economists as JPMorgan Chase pointed out it is not the end of inventory slashing but the strength of underlying demand that is behind the manufacturing reversal. That demand has been coming first from the consumer. Then there is business equipment spending. Remember how we have been repeatedly told this was the economy's Achilles heel? Well, the Morgan economists now see spending on business equipment growing at an 8.0% annualized rate this quarter as compared to their last forecast of a decline of 2%. There is more, but we will let it go at that. The point is that the economy is making a very rapid turn, much more rapid than anyone expected.

### *Anyone for profits?*

As you well know the Wall Street mantra has been that the economy will recover but as for profits, well, their recovery will be feeble. We've argued against that particular case of Wall Street wisdom before, and we won't repeat ourselves now.

What we do want to point out is that the facts on the ground are beginning to undermine the weak profits recovery case. As a Barron's article (At The Turn, March 4, 2002) points out the latest consensus estimates of earnings by Wall Street analysts show earnings estimates being revised up. By the last half of this year, the First Call estimates have S&P 500 profits running 30% and 40% above last year's comparable quarters. When it comes to technology, the forecasts are even more aggressive. Next quarter's earnings growth is now pegged at 42% with the third quarter gain running at 140%. If this is a weak profits recovery, we're baffled by what a strong profits recovery is supposed to look like. We expect the truth is that Wall Street's wise men are still in their shelters, unaware that the storm center has passed.

### *Valuation (again)*

As the bear exits, the question becomes what is now a reasonable expectation for the market? We can all agree on the starting point for this discussion. The overall market (the S&P 500) is not cheap using this year's projected First Call earnings estimates. On that basis, stocks are selling at a price-earnings ratio of about 21. That is high by any standard.

The current p/e can be justified by pointing to today's very low interest rates, and the reasonable expectation that rates will remain low. Even so, it is hard to make a case for p/e ratios to go higher. In other words market gains from now on will have to be made by earnings. The push from higher p/e ratios that we enjoyed in the '90s will not return. However, the expectation is that we will see good growth in earnings over this year and into next.

It is hard to put a number on how rapidly profits will grow quarter-by-quarter over the two years ahead, but a 15%-20% rate is not an unreasonable expectation. We believe that can be translated into an expectation for overall market gains at the same annual rate over the same period.

We know that rate is well above what Wall Street strategists have been saying, with their talk of high single digit gains. But we think the strategists haven't yet cottoned on to the recovery taking shape. They seem to forget how rapidly profits can grow in the early phase of an expansion.

### *Portfolio changes*

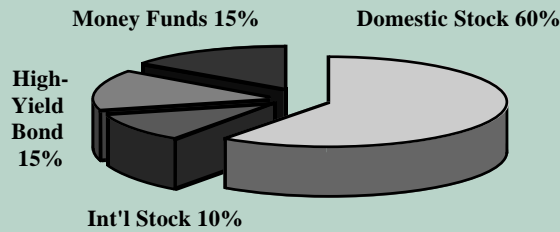
The Hotline of Tuesday, February 26 recommended the sale of Safeco Growth Opportunities to be switched into Fidelity Fifty. Here are the details as of Wednesday, February 27. Sold 709 shares of Safeco Growth @ \$23.38 per share. Purchased 982 shares of Fidelity Fifty @ \$17.06 per share. \$

### Market Trends

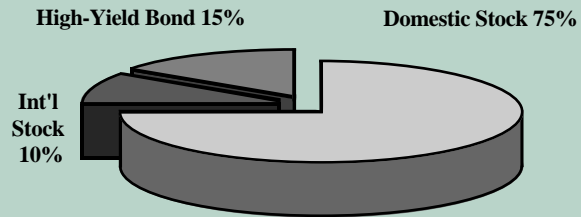
	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Flat/Lower	Higher
Interest Rates	Lower	Flat/Higher
Dollar	Higher	Flat/Lower
Inflation	Lower	Flat/Lower
Dow	Flat	Higher
NASDAQ	Lower	Higher
Europe	Lower	Higher
Japan (Nikkei)	Lower	Flat/Higher
Hong Kong (Hang Seng)	Lower	Higher

**CONSERVATIVE**

Seeks steady long-term growth of capital with limited short-term volatility

**MODERATE**

Seeks greater long-term growth than the Conservative Portfolio by taking prudent risks

**MONEYLETTER Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.1%	12,619	\$1.00	\$12,619
Columbia High Yield	01/17/01	4.0	1,445	8.74	12,632
Wasatch Core Growth	02/07/01	20.1	419	34.20	14,323
Wasatch Small Cap Value	05/09/01	13.2	3,547	4.18	14,827
Yacktman	11/15/00	24.5	1,809	11.42	20,657
TCW Galileo Value Opp.	04/25/01	14.5	1,090	17.97	19,592
Tweedy Browne Gbl Val	08/23/00	-3.4	484	18.85	9,124
<b>TOTAL VALUE</b>					<b>\$103,774</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
0.5%	5.0%	11.1%	41.4%	-0.3%

**MONEYLETTER Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Buffalo High Yield	06/20/01	0.3%	1,301	\$9.91	\$12,892
Matthews Pacific Tiger	02/06/02	2.9	971	9.10	8,838
TCW Galileo Value Opp.	05/09/01	8.7	816	17.97	14,661
T. Rowe Cap Appr.	03/21/01	11.9	779	15.16	11,804
Yacktman	11/15/00	24.5	1,795	11.42	20,500
Wasatch Core Growth	02/07/01	20.1	501	34.20	17,120
<b>TOTAL VALUE</b>					<b>\$85,815</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
1.1%	9.0%	9.3%	29.3%	0.1%

**Fidelity Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.2%	15,595	\$1.00	\$15,595
Fidelity High Income	01/17/01	-12.3	1,688	7.88	13,303
Fid. Low Priced Stk (3%)	02/20/02	1.0	600	27.69	16,624
Fidelity Small Cap Indep.	10/30/01	8.5	1,183	16.09	19,033
Fidelity Value	02/07/01	10.7	347	52.66	18,256
Fidelity Diversified Int'l	07/11/01	-2.6	427	18.77	8,012
<b>TOTAL VALUE</b>					<b>\$90,823</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
-0.6%	0.5%	-3.0%	13.1%	-0.8%

**Fidelity Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity High Income	01/17/01	-12.3%	1,816	\$7.88	\$14,307
Fidelity Fifty	02/20/02	3.7	820	16.90	13,854
Fid. Low Priced Stk (3%)	01/10/01	27.8	759	27.69	21,016
Fidelity Value	02/07/01	10.7	294	52.66	15,500
Fidelity Small Cap Indep.	10/30/01	8.5	1,195	16.09	19,230
Fidelity SE Asia (3%)	02/06/02	2.4	659	11.62	7,663
<b>TOTAL VALUE</b>					<b>\$91,570</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
-0.4%	4.6%	1.5%	24.6%	-0.1%

**Vanguard Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.2%	14,924	\$1.00	\$14,924
Vanguard Int'l Equity Eu.	12/30/94	92.8	429	19.22	8,237
Vanguard Cap Opportunity	07/12/99	47.8	688	22.40	15,406
Vanguard Explorer	12/12/01	-3.1	188	56.62	10,629
Vanguard Windsor	02/07/01	-1.6	1,074	15.24	16,362
Vanguard Small Cap Value	05/09/01	8.5	1,229	10.45	12,841
Vanguard FI Hi-Yld Corp	01/17/01	-1.1	2,297	6.20	14,242
<b>TOTAL VALUE</b>					<b>\$92,641</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
-1.2%	-1.4%	-3.5%	11.9%	-2.2%

**Vanguard Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard FI Hi-Yld Corp	01/17/01	-1.1%	2,218	\$6.20	\$13,749
Vanguard Emerg. Mkts Stock	02/06/02	2.9	905	8.84	8,003
Vanguard Cap Opportunity	07/12/99	47.8	817	22.40	18,298
Vanguard Small Cap Value	03/12/01	13.2	1,828	10.45	19,101
Vanguard Explorer	12/12/01	-3.1	271	56.62	15,331
Vanguard Windsor	02/07/01	-1.6	1,084	15.24	16,515
<b>TOTAL VALUE</b>					<b>\$90,997</b>

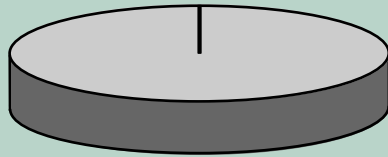
**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
-1.6%	-1.4%	-3.8%	14.6%	-2.6%

Note: Model Portfolios were indexed to \$100,000 on January 1, 2000. Pie charts show current allocations. Data shows positions as of 2/28/02.

**VENTURESOME**

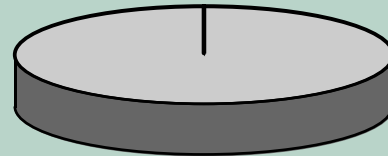
*Seeks maximum long-term growth by accepting greater short-term volatility*



Domestic Stock 100%

**SIGNAL**

*Seeks long-term growth by being "all-in" or "all-out" of domestic stock funds based on interest rate trends*



Domestic Stock 100%

**MONEYLETTER Venturesome**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
T. Rowe Cap Appr.	03/21/01	11.9%	685	\$15.16	\$10,380
Wasatch Core Growth	02/07/01	20.1	474	34.20	16,213
Yacktman	11/15/00	24.5	860	11.42	9,826
Neuberger Berm. Genesis	02/14/01	9.5	610	20.82	12,703
TCW Galileo Value Opp.	05/09/01	8.7	857	17.97	15,392
Wasatch Small Cap Value	05/09/01	13.2	4,011	4.18	16,766
<b>TOTAL VALUE</b>					<b>\$81,280</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
1.0%	6.4%	10.5%	21.0%	0.2%

**MONEYLETTER Signal**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Royce Penn Mutual	06/20/01	7.1%	2,961	\$7.52	\$22,270
Fidelity Fifty	02/27/02	0.2	982	16.90	16,599
Wasatch Sml Cap Growth	06/20/01	4.0	652	30.49	19,891
Potomac Small Cap Plus	01/17/01	-10.0	2,053	10.45	21,456
<b>TOTAL VALUE</b>					<b>\$80,216</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
-4.3%	4.9%	-7.3%	-6.8%	-6.5%

**Fidelity Venturesome**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fid. Low Priced Stk (3%)	11/29/00	35.1%	878	\$27.69	\$24,301
Fidelity Small Cap Ind.	10/30/01	8.5	1,435	16.09	23,084
Fidelity Equity Income	07/09/01	-3.2	293	48.46	14,190
Fidelity Value	02/07/01	10.7	342	52.66	17,996
Fidelity Fifty	02/20/02	3.7	1,041	16.90	17,598
<b>TOTAL VALUE</b>					<b>\$97,169</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
-0.3%	7.4%	6.3%	38.2%	-0.5%

**Vanguard Venturesome**

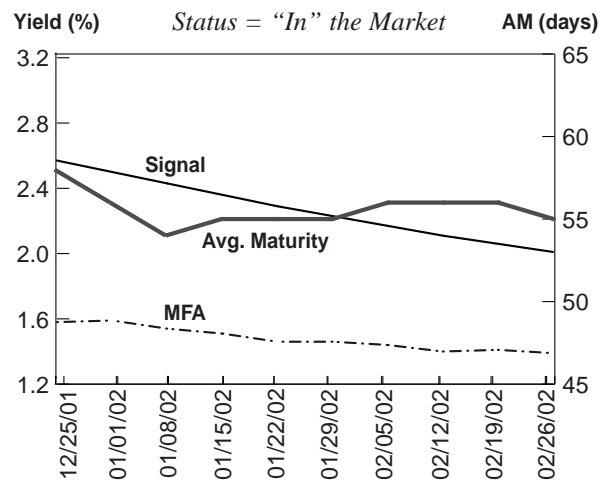
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Small Cap Value	03/12/01	13.2%	2,003	\$10.45	\$20,934
Vanguard Explorer	12/12/01	-3.1	290	56.62	16,423
Vanguard Cap. Opportunity	07/12/99	47.8	848	22.40	18,992
Vanguard Windsor	02/07/01	-1.6	1,035	15.24	15,771
Vanguard Mid Cap Index	10/30/01	13.2	1,524	11.77	17,943
<b>TOTAL VALUE</b>					<b>\$90,063</b>

**TOTAL RETURNS (as of 2/28/02)**

1-mo	6-mo	1-yr	3-yr	YTD
-1.7%	-0.2%	-2.7%	17.2%	-2.4%

Date	Signal	MFA	Avg. Maturity
02/19/02	2.06%	1.41%	56 Days
02/26/02	2.01	1.39	55 Days

**IBC's Money Fund Report Averages (MFA) 7-day yield vs The Signal**



**Hotline: (410) 528-1804**

Tuesday and Friday at 7:00pm (ET)

**Next Issue: Volume 23, No. 6**

Mails: March 22, 2002

Internet: March 20, 2002, 12:00pm (ET)

## Domestic Stock Funds

RANK	3/01 2002	1Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative Moderate Venturesome			TOTAL RETURN			PRICE	RISK		NTF/ wtf
							B	B	B	1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta	
1	1	-	BUFSX	Buffalo Small Cap (closed)	SCGro	B	B	B	0.2%	11.5%	29.1%	\$20.20	-	0.69	FSW	
2	13	-	CAAPX	Ariel Appreciation	MCVal	B	B	B	7.8	9.2	22.6	39.50	18.00	0.50	FSW	
3	5	4	BERWX	Berwyn Fund	SCVal	B	B	B	3.9	8.4	29.3	20.85	18.70	0.41	fsw	
4	8	14	PRSVX	T. Rowe Price Small-Cap Value	SCVal	B	B	B	3.3	9.8	24.4	23.81	16.40	0.44	fsw	
5	3	5	YACKX	Yacktman Fund	MC	B	B	B	3.1	10.1	21.9	11.53	18.20	0.55	FSW	
6	9	-	TRMCX	T.Rowe Price Mid Cap Value	MCVal	B	B	B	4.1	10.5	18.8	17.16	15.90	0.60	fsw	
7	4	7	FLPSX	Fidelity Low Priced Stock (3%)	SCVal	B	B	B	1.3	10.2	22.6	27.98	16.60	0.57	fsw	
8	10	10	TGVOX	TCW Galileo Value Opportunity	MCVal	B	B	B	0.2	10.1	22.9	18.31	31.30	0.97	FSW	
9	42	3	WGROX	Wasatch Core Growth+ (closed)	SCGro	H	H	H	7.1	4.2	27.0	34.97	29.20	0.95	FSW	
10	16	2	WMCVX	Wasatch Small Cap Value (closed)	SCVal	B	B	B	3.9	4.7	28.4	4.25	27.50	0.71	FSW	
11	-	-	OAKSX	Oakmark Small Cap	SCVal	(B)	(B)	(B)	4.6	7.3	19.7	18.14	18.10	0.54	FSW	
12	7	54	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	*	B	B	0.1	11.1	14.1	16.42	22.80	0.83	fsw	
13	17	29	NBGNX	Neuberger Berman Genesis (closed)	SC	B	B	B	3.5	7.9	14.9	21.10	19.60	0.62	fsw	
14	2	-	AVALX	Aegis Value Fund	SCVal	B	B	B	-0.8	8.6	19.6	13.14	18.20	0.31	fw	
15	12	12	CFIMX	Clipper Fund	LCVal	B	B	B	3.5	8.0	13.6	86.28	15.70	0.30	sw	
16	27	23	LSSCX	Loomis Sayles Small Cap Value	SC	B	B	B	3.1	7.2	16.2	21.34	19.40	0.69	sW	
17	11	1	BPSCX	Boston Ptnrs Smlcap Val (closed,1%<1yr)	SCVal	B	B	B	0.9	3.1	28.1	17.46	-	0.52	FSW	
18	15	35	RYLPX	Royce Low Priced Stock	SCVal	B	B	B	0.2	8.6	14.3	11.71	24.80	0.69	FSW	
19	22	13	VUSVX	Vontobel U.S. Value	LCVal	B	B	B	4.3	6.3	13.6	20.70	22.00	0.44	FsW	
20	25	19	RYTRX	Royce Total Return	SCVal	B	B	B	3.5	6.3	14.9	8.91	13.60	0.41	FSW	
21	20	-	BEMVX	Berger Mid Cap Value	MCVal	B	B	B	1.8	6.5	16.0	17.19	23.30	0.80	FSW	
22	18	-	THPGX	Thompson Plumb Growth	LC	B	B	B	2.1	6.0	16.5	43.87	19.60	0.69	fsw	
23	23	11	PRWCX	T. Rowe Price Cap Appreciation	LCVal	B	B	B	4.6	5.6	13.6	15.35	10.70	0.24	fsw	
24	21	17	PENNX	Pennsylvania Mutual+ (1%)	SCVal	B	B	B	2.3	6.3	15.3	7.58	16.70	0.51	fsw	
25	33	16	TWVLX	American Century Value	MCVal	B	B	B	4.6	5.3	13.9	7.12	20.40	0.59	FSW	
26	6	6	HRTVX	Heartland Value	SCVal	B	B	B	-1.3	5.4	20.7	37.11	22.50	0.63	FsW	
27	14	-	ARGFX	Ariel Fund	SCVal	B	B	B	2.9	5.6	13.0	38.48	18.90	0.40	FSW	
28	35	27	VISVX	Vanguard Small-Cap Value Index	SCVal	H	H	H	2.3	6.0	12.9	10.60	-	0.70	fsw	
29	30	-	TWEIX	American Century Equity Income	MCVal	B	B	B	3.4	4.8	14.0	7.27	15.10	0.44	FSW	
30	41	22	LLPFX	Longleaf Partners	MCVal	H	H	H	4.8	3.1	13.7	25.51	20.10	0.58	fsw	
31	39	26	FDVLX	Fidelity Value	MCVal	H	H	H	4.4	4.6	10.6	53.35	22.80	0.64	Fsw	
32	24	18	WAAEX	Wasatch Small Cap Growth+ (closed)	SCGro	B	B	B	-3.6	6.5	16.8	30.92	37.80	1.15	FSW	
33	-	-	BSCFX	Baron Small Cap	SCGro	(H)	(H)	(H)	1.8	5.9	8.1	15.54	28.00	1.07	FSW	
34	26	9	OAKLX	Oakmark Select (closed)	MCVal	B	B	B	2.2	1.8	16.5	27.62	26.20	0.83	FSW	
35	31	46	OTCFX	T. Rowe Price Small Cap Stock Fund+	SC	H	H	H	0.6	5.1	10.5	25.17	22.00	0.73	fsw	
36	28	37	EEQFX	Eclipse Small Cap Value	SCVal	B	B	B	1.6	3.6	12.7	12.43	18.60	0.75	sW	
37	-	-	BGRFX	Baron Growth	SCGro	(H)	(H)	(H)	2.0	3.0	13.4	30.50	25.40	1.06	FSW	
38	36	24	DODGX	Dodge & Cox Stock	LCVal	*	H	H	3.7	2.9	11.2	102.50	19.80	0.64	sw	
39	40	39	RYPRX	Royce Premier	SC	H	H	H	2.1	4.5	7.9	10.51	18.70	0.62	fs	
40	67	42	MUHLX	Muhlenkamp Fund	MCVal	H	H	H	3.5	1.9	10.5	53.83	26.40	0.91	FSW	
41	73	55	PRNEX	T. Rowe Price New Era	LC	H	H	H	8.5	2.2	2.1	23.22	26.70	0.72	fsw	
42	43	43	HOVLX	Homestead Value	MCVal	H	H	H	4.6	2.5	6.6	25.94	18.10	0.59	FSW	
43	19	20	MERDX	Meridian Fund	SCGro	(H)	(H)	(H)	-2.3	3.6	14.0	28.11	21.40	0.77	fsw	
44	46	63	VIMSX	Vanguard Mid-Cap Index+	MC	H	H	H	2.4	4.0	4.7	12.00	26.20	1.02	fsw	
45	45	33	PRFDX	T. Rowe Price Equity-Income	LCVal	H	H	H	4.8	1.8	6.2	24.40	16.70	0.53	fsw	
46	38	8	OAKMX	Oakmark Fund	MCVal	H	H	H	3.0	0.6	11.8	35.90	20.60	0.59	FSW	
47	49	65	PESPX	Dreyfus Mid Cap Index	MCGro	H	H	H	2.4	3.6	4.0	21.36	25.80	1.02	FSW	
48	48	94	FFTYX	Fidelity Fifty+	LC	H	H	H	6.8	2.7	-0.2	17.06	28.20	0.87	Fsw	
49	32	-	BOGLX	Bogle Small Cap Growth	SCGro	H	H	H	1.3	2.2	8.9	20.24	-	-	-	
50	70	45	VWNDX	Vanguard Windsor	LCVal	H	H	H	3.2	2.6	4.8	15.55	23.30	0.86	fsw	
51	68	41	VEIPX	Vanguard Equity-Income	LCVal	H	H	H	4.8	2.3	2.0	23.14	16.00	0.55	fsw	
52	34	40	RYPNX	Royce Opportunity+	SCVal	H	H	H	0.7	2.4	7.5	9.06	27.30	0.77	fsw	
53	57	38	HAVLX	Harbor Value	LCVal	H	H	H	3.9	0.6	6.7	14.57	20.00	0.76	sw	
54	44	25	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	H	H	H	4.2	-0.2	4.0	22.60	17.00	0.45	fsw	
55	37	-	WPSRX	Westport Small Cap R	SCVal	H	H	H	-0.9	2.8	3.0	18.97	-	-	-	
56	50	49	BVALX	Babson Value	LCVal	H	H	H	4.8	-0.6	2.7	43.87	20.60	0.70	FSW	
57	64	32	MPVLX	MSI Value Portfolio	MCVal	H	H	H	3.5	-0.8	4.3	15.30	22.50	0.70	fsw	
58	51	75	STDIX	Strong Discovery+	MCGro	H	H	H	0.6	1.7	2.1	16.72	25.10	0.83	FSW	
59	55	56	PRDGX	T. Rowe Price Dividend Growth	LCVal	H	H	H	2.4	1.1	0.6	20.83	14.00	0.57	fsw	
60	141	137	BARAX	Baron Asset	MCGro	S	S	S	4.8	2.3	-6.5	44.67	28.10	1.22	FSW	
61	105	61	FEQIX	Fidelity Equity-Income	LCVal	S	S	S	4.1	0.8	-1.9	49.37	18.40	0.74	Fsw	
62	47	72	NAESX	Vanguard SmallCap Index+	SC	H	H	H	-0.2	1.5	2.2	19.44	26.70	0.87	fsw	
63	76	85	NPRTX	Neuberger Berman Partners	LCVal	S	S	S	2.7	1.2	-2.0	20.68	18.20	0.84	FSW	
64	29	15	RSPFX	RS Partners	SC	*	H	H	-1.6	0.1	7.0	17.54	-	0.59	FSW	
65	62	79	SAOPX	Salomon Brothers Opportunity	LCVal	S	S	S	2.3	-0.2	0.1	46.28	16.50	0.58	sw	
66	98	123	DREVF	Dreyfus Fund	LC	S	S	S	2.7	1.8	-5.3	10.04	21.10	1.06	FSW	
67	81	103	STCSX	Strong Advisor Common Stock (closed)	MC	S	S	S	0.6	2.3	-3.8	19.31	23.20	0.95	FSW	
68	108	62	FDGFX	Fidelity Dividend Growth	LC	S	S	S	2.0	0.3	-1.1	28.15	19.20	0.84	Fsw	

*Bold funds* are currently held in *MONEYLETTER* model portfolios.

*Advice:* B=Buy, H=Hold, S=Sell, (B), (H), (S)= advice new this issue, \*=-not for this portfolio. +=Appropriate for Signal Investors.

*Std. Dev.:* monthly standard deviation based on two-year returns.

*Beta:* fund's correlation to the market (S&P 500 = 1.0). A fund with a beta greater than 1.0 is more volatile than the S&P 500.

*NTF/wtf:* NO TRANSACTION FEE/with transaction fee

(F/f) for Fidelity, (S/s) for Schwab and (W/w) for TD Waterhouse

# FUND SCORECARD & RECOMMENDATIONS

5

## Domestic Stock Funds (cont.)

RANK	3/01 2002	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative Moderate Venturesome			TOTAL RETURN			PRICE	RISK		NTF/ wtf
							1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta				
69	100	52	GABAX	Gabelli Asset	MC	S	S	S	3.7	-1.2	0.0	33.18	17.20	0.76	FSW	
70	75	77	DGAGX	Dreyfus Appreciation	LC	S	S	S	3.0	1.0	-4.6	38.75	17.60	0.80	FSW	
71	78	90	UMBSX	UMB Scout Stock	LCVal	S	S	S	3.0	0.8	-4.3	15.22	15.00	0.68	f	
72	80	161	FMILX	Fidelity New Millennium (3%) (closed)	MCGro	S	S	S	-2.5	5.3	-8.0	26.86	59.00	1.67	fsw	
73	93	68	FSEQX	INVESCO Value Equity	LCVal	S	S	S	3.1	-0.5	-1.8	19.75	16.60	0.80	FSW	
74	87	66	FEQTX	Fidelity Equity-Income II	G&I	S	S	S	2.5	0.1	-2.6	20.98	17.20	0.74	Fsw	
75	56	21	MQIFX	Mutual Qualified (1%) CIZ	MCVal	H	H	H	2.0	-3.0	5.5	16.64	16.90	0.61	sw	
<b>76</b>	<b>54</b>	<b>80</b>	<b>VEXPX</b>	<b>Vanguard Explorer+</b>	<b>SCGro</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>-1.4</b>	<b>1.4</b>	<b>-1.0</b>	<b>57.65</b>	<b>34.00</b>	<b>1.03</b>	<b>fsw</b>	
77	94	116	VIGRX	Vanguard Growth Index +	LCGro	S	S	S	0.9	1.9	-5.8	26.27	24.20	1.14	fsw	
78	77	69	RPMGX	T.Rowe Price Mid Cap Growth	MCGro	S	S	S	0.4	0.6	-1.8	37.75	24.50	1.12	fsw	
79	88	74	FGRIX	Fidelity Growth & Income (3%)	G&I	S	S	S	2.4	-0.3	-3.2	37.46	16.70	0.80	fsw	
80	58	44	TWEBX	Tweedy, Browne American Value	MCVal	S	S	S	2.5	-2.4	1.9	23.52	15.20	0.51	fsw	
81	72	82	FCNTX	Fidelity Contrafund (3%)	LCGro	H	H	H	2.6	-0.3	-3.6	43.06	20.10	0.84	fsw	
82	82	50	RBEGX	CS Warburg Pincus Value	LCVal	S	S	S	3.5	-1.8	-1.9	13.42	19.40	0.70	FSW	
83	91	58	SMTVX	Strong Multicap Value	MCVal	S	S	S	2.8	-1.9	-0.9	51.85	19.90	0.83	Fs	
84	120	141	WBGXS	William Blair Growth	LCGro	S	S	S	1.7	0.8	-6.1	10.66	24.10	1.09	sW	
85	53	87	LMASX	Legg Mason Special Investment Trust	MC	S	S	S	-2.5	1.2	-1.1	32.54	30.60	1.18	w	
86	84	70	PRGIX	T. Rowe Price Growth & Income	G&I	S	S	S	1.3	-0.6	-2.7	22.13	17.50	0.75	fsw	
87	65	34	SSHFX	Sound Shore	MCVal	S	S	S	3.3	-3.6	2.0	30.35	18.40	0.60	sW	
88	115	159	FDFFX	Fidelity Independence (ret.only)	LCGro	S	S	S	2.2	3.5	-14.2	16.24	42.40	1.24	Fsw	
89	69	30	MUTHX	Mutual Shares (1%) CIZ	MCVal	H	H	H	1.9	-3.1	2.5	19.51	16.60	0.62	sw	
90	121	48	VWNFX	Vanguard Windsor II	LCVal	S	S	S	3.9	-2.3	-2.5	25.60	18.50	0.65	fsw	
91	61	28	BGRX	Mutual Beacon (1%) CIZ	MCVal	H	H	H	1.9	-3.2	2.6	13.17	15.90	0.58	sw	
92	97	60	LSGIX	Loomis Sayles Value	LCVal	S	S	S	2.7	-1.6	-2.8	14.73	17.50	0.72	fsw	
93	52	88	NEEGX	Needham Growth Fund	MCGro	S	S	S	-2.3	1.1	-2.2	26.89	50.60	1.11	FSW	
94	101	76	NGUAX	Neuberger Berman Guardian	LCVal	S	S	S	2.2	-1.7	-2.3	14.34	24.30	1.13	FSW	
95	106	154	MFOCX	Marsico Focus	LCGro	S	S	S	0.4	1.9	-8.4	13.68	31.50	1.12	FSW	
96	102	155	MGRIX	Marsico Growth & Income	G&I	S	S	S	0.7	1.7	-9.0	14.26	29.70	1.08	FSW	
97	66	47	KAUFX	Federated Kaufmann Fund+ (0.2%)	MCGro	H	H	H	-0.2	-2.7	3.3	4.13	33.50	0.86	FSW	
98	109	93	BIGRX	American Century Income & Growth	G&I	S	S	S	2.2	-1.2	-4.3	27.16	20.00	0.99	FSW	
136	59	31	SAFGX	Safeco Growth Opportunities+	SC	S	S	S	-8.2	-1.7	4.2	23.77	26.00	1.12	fsw	
<b>156</b>	<b>158</b>	<b>131</b>	<b>VHCOX</b>	<b>Vanguard Capital Opport (\$25,000)</b>	<b>MCGro</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>-0.7</b>	<b>-4.4</b>	<b>-8.5</b>	<b>22.97</b>	<b>38.10</b>	<b>1.06</b>	<b>fsw</b>	

Dow Jones  
NASDAQ  
S&P 500

6.2%  
-5.8  
1.6

0.5%  
-5.9  
-4.5

-2.6%  
-21.9  
-10.7

indexes do not  
include dividends

## International Stock Funds

1	-	-	OAKGX	Oakmark Global (2%r)	Global	(B)	(B)	(B)	2.5%	10.6%	18.5%	\$13.77	-	-	FSW
2	4	12	FEMKX	Fidelity Emerg. Mkts (3%&1.5%r<90d)	Int'l	B	B	B	4.3	14.7	-0.3	8.34	32.90	-	fsw
<b>3</b>	<b>5</b>	<b>11</b>	<b>VEIEX</b>	<b>Vanguard Emerg Mkts Stock Index</b>	<b>Int'l</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>5.3</b>	<b>12.8</b>	<b>1.8</b>	<b>8.95</b>	<b>32.30</b>	-	<b>fsw</b>
<b>4</b>	<b>1</b>	<b>29</b>	<b>FSEAX</b>	<b>Fidelity SE Asia (3%&amp;1.5%r&lt;90d)</b>	<b>Pacific</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>1.8</b>	<b>16.7</b>	<b>-3.4</b>	<b>11.66</b>	<b>38.50</b>	-	<b>FSW</b>
5	8	38	PRASX	T. Rowe Price New Asia	Pacific	B	B	B	3.9	16.6	-7.7	6.60	33.60	-	fsw
6	12	15	PRLAX	T. Rowe Price Latin America	LatinA	*	H	H	8.3	9.4	1.7	9.83	43.50	-	fsw
7	15	16	SLAFX	Scudder Latin America	LatinA	*	H	H	9.1	8.2	1.0	20.94	37.70	-	FSW
8	7	23	MNEMX	Montgomery Emerging Mkts	Int'l	*	B	B	3.6	12.6	-2.3	9.10	31.60	-	FSW
9	13	25	FLATX	Fidelity Latin Amer. (3%&1.5%r<90d)	LatinA	B	H	H	8.8	9.3	-2.0	12.82	40.40	-	fs
<b>10</b>	<b>3</b>	<b>17</b>	<b>MAPTX</b>	<b>Matthews Pacific Tiger</b>	<b>Pacific</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>1.5</b>	<b>12.7</b>	<b>-0.6</b>	<b>9.11</b>	<b>47.10</b>	-	<b>FSW</b>
11	2	2	OAKEX	Oakmark Intl Small Cap	Int'l	B	B	B	4.2	7.4	8.1	11.88	25.60	-	FSW
12	6	34	SCOPX	Scudder Pacific Opportunity	Pacific	B	B	B	1.2	11.2	-7.6	9.21	33.50	-	FSW
13	11	4	OAKIX	Oakmark International	Int'l	B	B	B	4.9	1.3	-0.7	14.97	24.30	-	FSW
<b>14</b>	<b>10</b>	<b>3</b>	<b>TBGVX</b>	<b>Tweedy, Browne Global Value</b>	<b>Global</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>3.1</b>	<b>-1.0</b>	<b>-1.9</b>	<b>18.96</b>	<b>14.60</b>	-	<b>fsw</b>
15	14	6	FWWFX	Fidelity Worldwide	Global	H	H	H	2.0	-0.6	-3.5	14.50	18.50	-	Fsw
16	16	9	HAINX	Harbor International	Int'l	B	B	B	5.4	-1.2	-7.2	30.12	17.80	-	sw
17	9	1	LLINX	Longleaf Partners International	Int'l	(H)	(H)	(H)	2.9	-4.0	1.7	12.41	-	-	fsw
18	17	44	FIEUX	Fidelity Europe (3%&1%r<90d)	Europe	H	H	H	1.9	1.3	-12.1	24.35	20.60	-	fsw
19	18	21	BJBIX	Julius Baer Intl. Equity A	Int'l	H	H	H	3.2	-1.6	-10.1	20.81	28.80	-	FS
<b>20</b>	<b>22</b>	<b>8</b>	<b>FDIVX</b>	<b>Fidelity Diversified International</b>	<b>Int'l</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>3.3</b>	<b>-2.7</b>	<b>-8.6</b>	<b>18.93</b>	<b>20.40</b>	-	<b>Fsw</b>
21	20	10	USIFX	USAA International	Int'l	H	H	H	3.7	-3.9	-10.3	16.69	18.10	-	fw
22	25	14	FIGRX	Fidelity International G & I	Int'l	H	H	H	3.0	-3.6	-12.0	18.64	22.00	-	Fsw
23	35	22	FPBFX	Fidelity Pacific Basin (3%&1.5%r<90d)	Pacific	H	H	H	5.2	-3.9	-15.7	14.12	30.00	-	FSW
24	24	13	USAWX	USAA World Growth	Int'l	H	H	H	2.5	-3.4	-13.4	14.30	20.00	-	f
25	39	33	FOSFX	Fidelity Overseas	Int'l	S	S	S	5.0	-4.9	-15.3	27.15	20.70	-	Fsw
26	23	7	SCOBX	Scudder Global	Global	H	H	H	3.0	-6.2	-12.1	21.36	16.70	-	FSW
27	36	51	JAOSX	Janus Overseas (closed)	Int'l	S	S	S	2.3	-3.3	-19.7	19.41	34.80	-	FSW
28	28	31	VWIGX	Vanguard International Growth	Int'l	S	S	S	2.5	-5.5	-16.0	14.55	17.60	-	fsw
29	27	27	PRESX	T. Rowe Price European	Europe	S	S	S	2.6	-6.6	-14.0	15.45	17.70	-	fsw
30	19	5	PFIFX	Preferred International	Int'l	H	H	H	2.9	-8.8	-9.1	11.50	17.40	-	w
31	21	19	ARTIX	Artisan International	Int'l	S	S	S	1.9	-7.3	-12.1	17.89	32.60	-	FSW
32	40	48	JAWWX	Janus Worldwide (closed)	Int'l	S	S	S	2.3	-5.1	-18.5	42.11	28.00	-	FSW
33	26	46	CUIEX	CS Warburg, Pincus Intl Equity	Int'l	S	S	S	1.1	-5.6	-16.3	11.74	22.10	-	FSW
34	31	39	PRITX	T. Rowe Price Intl Stock	Int'l	S	S	S	3.3	-6.7	-17.5	10.71	19.70	-	fsw
<b>37</b>	<b>34</b>	<b>24</b>	<b>VEURX</b>	<b>Vanguard European Stock Index</b>	<b>Europe</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>2.2</b>	<b>-7.4</b>	<b>-16.4</b>	<b>19.41</b>	<b>17.30</b>	-	<b>fsw</b>

## 6

## FUND SCORECARD &amp; RECOMMENDATIONS

## Specialty Funds

RANK	3/01 2002	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE	RISK		NTF/ wtf
										1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta	
1	4	-	USERX	United Services Gold Shares	Gold	*	*	*	17.2%	42.1%	57.7%	\$3.88	36.40	0.69	sw	
2	2	-	USAGX	USAA Precious Metals & Minerals	Gold	*	*	*	12.4	35.2	68.1	8.28	46.80	0.87	w	
3	1	-	BGEIX	American Century Global Gold	Gold	*	*	*	11.7	33.1	69.6	6.67	45.30	0.69	FSW	
4	3	-	FSAGX	Fidelity Sel Gold (3%)	Gold	*	*	*	10.7	32.3	57.8	18.33	49.20	0.89	fsw	
5	6	-	FGLDX	INVESCO Gold (3%)	Gold	*	*	*	11.6	25.6	51.8	2.11	39.20	0.72	FSW	
6	5	-	VGPMX	Vanguard Sp Gold/Pr Metals (1%r)	Gold	*	*	*	8.5	27.1	39.7	9.99	43.10	0.87	fsw	
7	7	-	SCGDG	Scudder Gold	Gold	*	*	*	10.9	18.5	35.6	8.16	36.70	0.74	FSW	
8	8	-	CGMRX	CGM Realty	RealEs	*	*	*	8.1	12.1	26.2	15.26	15.80	0.26	fsw	
9	9	-	STMDX	Stratton Monthly Dividend REIT	RealEs	*	*	*	3.6	5.6	29.0	27.64	14.50	0.21	fsw	
10	15	-	VGEXX	Vanguard Sp Energy (1%r)	Energy	*	*	*	9.2	7.2	4.3	26.51	32.00	0.70	fsw	
11	10	-	VGSIX	Vanguard Special REIT Index	RealEs	*	*	*	3.0	0.6	18.8	12.47	14.40	0.17	fsw	
12	11	-	FRESX	Fidelity Real Est Investment	RealEs	*	*	*	3.4	0.0	17.0	19.06	15.10	0.21	Fsw	
13	12	-	CSRSX	Cohen & Steers Realty Shares	RealEs	*	*	*	3.3	-1.6	13.5	45.73	16.20	0.25	FSW	
14	14	-	VGHCX	Vanguard Sp Health Care (1%r)	Health	*	*	*	2.9	-0.2	2.1	117.30	19.10	0.47	fsw	
15	18	-	POSCX	Potomac Small Cap Plus	Lvrgd	*	*	*	0.0	1.5	-3.3	10.70	-	-	FSW	
16	16	-	GATEX	Gateway Fund	Altern	*	*	*	0.9	0.3	-2.3	22.05	7.00	0.32	FSW	
17	25	-	FSENX	Fidelity Sel Energy (3%)	Energy	*	*	*	6.7	-1.3	-7.4	23.75	33.40	0.78	fsw	
18	22	-	FIDSX	Fidelity Sel Financial Serv (3%)	FinServ	*	*	*	1.9	-1.7	-1.4	101.20	27.40	0.94	fsw	
19	17	-	RYHIX	Rydex Health Care	Health	*	*	*	2.7	-2.1	-4.1	11.44	19.60	0.41	fsw	
20	23	-	RYFIX	Rydex Financial Services	FinServ	*	*	*	2.8	-2.4	-4.6	9.73	28.80	1.05	fsw	
21	21	-	FSFSX	INVESCO Financial Serv	FinServ	*	*	*	1.4	-2.6	-3.2	26.93	26.90	0.93	FSW	
22	24	-	UMPIX	ProFunds Ultra Mid-Cap	Lvrgd	*	*	*	3.8	0.6	-15.4	27.75	-	-	FSW	
23	29	-	FSTEX	INVESCO Energy	Energy	*	*	*	7.5	-3.5	-14.8	17.27	46.20	0.90	FSW	
24	27	-	RYEIX	Rydex Energy	Energy	*	*	*	6.3	-5.3	-8.9	10.47	27.50	0.64	fsw	
25	13	-	MERFX	Merger Fund	Altern	*	*	*	-1.2	-4.1	-1.2	14.59	5.42	0.13	FSW	
26	19	-	FHLSX	INVESCO Strategic Health Science	Health	*	*	*	-0.2	-2.5	-8.2	47.36	36.50	0.43	FSW	
27	20	-	FSPHX	Fidelity Sel Health Care (3%)	Health	*	*	*	0.8	-5.2	-6.2	122.70	20.00	0.40	fsw	
28	28	-	VGSUX	Vanguard Utilities Income	Utility	*	*	*	2.7	-5.6	-15.2	11.66	14.30	0.26	fsw	
29	30	-	PSPLX	Potomac U.S. Plus	Lvrgd	*	*	*	2.1	-5.4	-16.4	10.23	29.00	1.46	FSW	
30	26	-	RSCOX	RS Contrarian	Altern	*	*	*	1.0	-6.5	-12.1	9.82	23.50	0.72	FSW	
31	31	-	RYNVX	Rydex Nova	Lvrgd	*	*	*	2.3	-5.9	-17.4	24.97	29.60	1.49	fsw	
32	33	-	FSPTX	Fidelity Sel Technology (3%)	Tech	*	*	*	-5.4	-5.5	-25.4	55.38	72.30	2.02	fsw	

## Bond Funds

RANK	3/01 2002	Ticker Symbol	FUND NAME (Max. Load)	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE	Standard Deviation	Sec 30-Day Yield	Average Maturity	Modified Duration <sup>1</sup>	NTF/ wtf
							1 mo.	6 mo.	12 mo.	PER SHARE					
<b>Short Term</b>															
1		VFSTX	Vanguard Short Term Corporate	*	*	*	0.2%	1.7%	5.8%	\$10.80	0.73	5.00%	2.8	2.3	fsw
2		SCSTX	Scudder Short Term Bond	*	*	*	-0.1	1.9	5.0	10.60	0.76	4.05	2.2	2.0	FSW
3		FSHBX	Fidelity Short Term Bond	*	*	*	0.0	1.3	4.9	8.78	0.83	4.21	2.3	1.8	Fsw
<b>Intermediate Term</b>															
1		VFITX	Vanguard Fix-Inc Intm. Treas.	*	*	*	0.3	2.2	6.3	11.06	1.40	4.13	5.9	4.7	fsw
2		FBNDX	Fidelity Investment Grade	*	*	*	0.4	2.1	6.6	7.37	1.40	4.44	6.3	4.8	Fsw
3		VBMFX	Vanguard Total Bond Market Index	*	*	*	0.3	1.8	7.2	10.17	1.24	5.71	8.5	4.6	fsw
<b>High Yield ("Junk")</b>															
1		CMHYX	Columbia High Yield	B	B	*	-0.9	0.7	2.4	8.74	-	7.46	6.0	4.1	FSW
2		BUFHX	Buffalo High-Yield	B	B	*	-0.1	-1.6	5.3	9.94	6.95	7.93	7.8	4.7	fsw
3		VWEHX	Vanguard High Yield Corporate	B	B	*	-0.2	0.3	-2.1	6.19	1.52	8.83	6.7	5.5	fsw
4		NTHSX	Northeast Investors Trust	*	B	*	0.8	-2.6	-3.9	7.34	7.34	10.26	6.6	-	fsw
5		PRHYX	T. Rowe Price High Yield	B	B	*	-0.6	-2.3	-5.5	6.58	1.72	9.38	7.0	4.2	fsw
6		SPHIX	Fidelity High Income	B	B	*	-1.1	-2.4	-12.5	7.89	1.28	10.11	5.4	-	Fsw
7		STHYX	Strong High Yield Bond(1%r)	*	B	*	-1.0	-6.7	-15.0	7.76	8.06	11.93	5.2	3.8	FSW
8		FHYPX	INVESCO High Yield	*	*	*	-3.7	-18.3	-32.6	3.29	1.49	13.67	4.9	3.2	FSW
<b>Zero Coupon</b>															
		BTTRX	Benham 2025	*	*	*	-1.3	-2.9	0.2	32.24	-	-	-	-	FSW
<b>Tax-Free Alternative</b>															
1		FLTMX	Fidelity Spartan Intermed Muni	*	*	*	0.8	1.0	4.8	10.01	1.50	3.47	7.7	5.1	Fsw
2		VWITX	Vanguard Muni Bond-Intermed	*	*	*	1.0	0.8	4.5	13.49	1.37	3.76	5.9	4.7	fsw
3		SRIMX	Liberty-SteinRoe Inter. Muni	*	*	*	1.0	-0.4	2.3	11.38	1.32	3.76	8.6	6.4	FSW
<b>International</b>															
1		PYGFX	Payden Global Fixed Income	*	*	*	-0.1	1.4	4.7	9.89	3.34	3.47	9.1	6.3	fsw
2		BEGBX	American Century Intl Bond	*	*	*	0.2	-3.6	-2.1	9.87	2.57	3.41	-	-	FSW
3		RPIBX	T. Rowe Price Intl Bond	*	*	*	0.1	-6.2	-5.8	7.68	2.29	3.16	-	-	fsw
<b>Strategic Income</b>															
1		FNMIX	Fidelity New Markets Income	*	*	*	4.5	4.2	4.3	11.56	7.15	8.12	-	-	Fsw
2		JAFIX	Janus Flexible Income	*	*	*	-0.3	-0.4	1.7	9.22	1.42	5.46	7.8	5.4	FSW
3		RPSIX	T. Rowe Price Spectrum Income	*	*	*	0.8	-1.2	0.6	10.61	1.16	5.40	-	-	fsw

<sup>1</sup>Modified Duration—Average time individual bonds within a fund are actually held.

## MAILBOX

**Q** I follow the *MONEYLETTER* Moderate Portfolio. In your February 8th issue you recommended the sale of Tweedy Browne Global Value for Moderate investors on page one. Then I noticed that the same fund was recommended as a new "Buy" for Moderate investors in your Fund Scorecard on page five. What gives?

—Anonymous Caller

**A** You've astutely uncovered an inconsistency between *MONEYLETTER*'s asset allocation advice and its fund ranking and selection system. In practical terms, the sale of Tweedy Browne Global Value (TBGVX), and the subsequent purchase of Matthew's Pacific Tiger (MAPTX), was an asset allocation change. While we have not increased or decreased our commitment to the broad "International Stock" Funds allocation, we've made a conscious switch from European/Global funds to Southeast Asia Funds. For a complete explanation of the reasons for the switch, see Walter Frank's analysis on page one of the February 22, 2002 issue. Southeast Asia is too volatile for Conservative investors.

It should be noted, however, that *MONEYLETTER*'s fund ranking system functions independently of our allocation decisions. Due to Tweedy Browne Global Value's performance in relation to its peers on *MONEYLETTER*'s International Fund list, it has earned a "Buy" recommendation based on that system. But in this specific case, we needed something to sell to fund the new Southeast Asia position. So far, the trade has worked out pretty well. \$

Fund	Total Return 2/6-3/4
Tweedy Browne Global Value (TBGVX)	+5.31%
Matthew's Pacific Tiger (MAPTX)	+7.01%

## MANAGED ACCOUNTS

Principal Resource Inc. (PRI) is the provider of the "MONEYLETTER Managed Account Program."<sup>1</sup> If you lack the time, discipline or patience to successfully manage your mutual fund investments, PRI can execute the strategies you see in *MONEYLETTER* for you.

Contact PRI and ask about a free, no-obligation Portfolio Review. Minimum Investment is \$100,000.

- \* **TOLL-FREE:** (800) 707-2060
- \* **FAX:** (508) 429-0940
- \* **E-MAIL:** info@priadvisors.com
- \* **WRITE:** Principal Resource Inc.  
360 Woodland St.  
Holliston, MA 01746

<sup>1</sup>As an independent Registered Investment Advisor, Principal Resource Inc. will exercise discretion with regard to asset allocation and fund selection and may make investment decisions for client accounts that differ from recommendations found in *MONEYLETTER*.

## TOP-YIELDING MONEY FUNDS 7

### 100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Fidelity Spartan US Treas MMF	1.60%	1.60%	3.52%
Vanguard Treasury MMF	1.54	1.64	3.64
T Rowe Price US Treasury MF	1.51	1.52	3.44
Dreyfus 100% US Treas MMF	1.50	1.54	3.38
Gabelli US Treasury MMF	1.49	1.48	3.45
Amer Century Capital Presv Fund/Inv	1.47	1.52	3.41
CMA Treasury Fund	1.33	1.33	3.13
Prudential Govt Sec Tr/US Treas/CI A	1.29	1.28	3.19
HighMark 100% US Treas MMF/Retail	1.28	1.38	3.11
Schwab US Treasury Money Fund	1.27	1.33	3.28

### GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
Bunker Hill MMF	1.92%	1.93%	3.72%
Touchstone Money Market Fund	1.92	2.02	3.64
PayPal Money Market Fund	1.88	1.91	-
Northern Money Market Fund	1.85	1.87	3.65
Dreyfus Worldwide Dollar MMF	1.84	1.92	3.51
Fremont Money Market Fund	1.84	1.91	3.62
HSBC Investor MMF/CI Y	1.84	1.85	3.75
Dreyfus BASIC MMF	1.83	1.89	3.84
Transamerica Premier Cash Res/Inv	1.82	1.89	3.75
Dreyfus Liquid Assets	1.75	1.82	3.63

### TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Vanguard Tax-Exempt MMF	1.37%	1.39%	2.56%
Strong Municipal MMF	1.32	1.41	2.74
T Rowe Price Summit Muni MMF	1.22	1.25	2.44
USAA Tax Exempt MMF	1.22	1.26	2.41
Dreyfus BASIC Muni MM Portfolio	1.13	1.16	2.33
Fidelity Municipal MMF	1.12	1.17	2.38
Northern Municipal MMF	1.11	1.16	2.28
Amer Century T-F MMF/Inv Class	1.09	1.07	2.34
Zurich YieldWise Muni MF	1.09	1.17	2.72
Prudential/Command T-F Fund	1.07	1.11	2.27

### TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	1.40%	1.41%	2.62%
Vanguard CA Tax-Exempt MMF	1.29	1.34	2.27
Vanguard NJ Tax-Exempt MMF	1.27	1.32	2.43
Vanguard NY Tax-Exempt MMF	1.26	1.30	2.42
Vanguard PA Tax-Exempt MMF	1.25	1.31	2.51
USAA Tax Exempt CA MMF	1.18	1.21	2.27
Fidelity OH Municipal MMF	1.12	1.16	2.36
Amer Century CA T-F MMF/Inv Class	1.09	1.14	2.08
Dreyfus FL Municipal MMF	1.09	1.06	2.26
Northern CA Municipal MMF	1.08	1.08	1.96

**Taxable equivalent yield = yield / (1—total effective tax bracket).**  
Funds are ranked by 7-day yields; 7-day and 30-day yields are compound yields as of 2/26/02. Third column refers to 1-year total return. Criteria for inclusion include: top-yielding unrestricted retail funds only, with minimum initial investment <\$25,000 and assets >\$100 million.

Source: Money Fund Report (800) 343-5413

## CHECK OUT MONEYLETTER Plus!

52 Weekly Updates; 250+ Funds;  
Text of Hotline Messages

Visit [www.MONEYLETTER.com](http://www.MONEYLETTER.com) and  
Choose "Visitor" to see a sample issue

## Baron: Growth With a Long-Term Commitment

The Baron funds are long-term investors, seeking out “great” businesses. Founder Ron Baron insists on independent and exhaustive bottom-up company research. In addition, stocks purchased must be of businesses with open-ended growth opportunity as well as defensible niche market positions. Finally, a stock must be selling at an attractive price. In fact, the funds only buy stocks that the managers believe can double in value in three to five years. That means they are looking at buying stocks when they are selling for about half of what the managers think they ultimately are worth. That also means that the managers intend to hold their purchases for the long haul.

How do they find stocks selling so cheaply? They might identify corporate prospects that are misunderstood, or have been missed. They also take advantage of short-term market declines—when the markets are reacting to short-term events, whether unique to the company, spread across the industry, or of a very broad nature. Last, they look at securities that are out of favor with the investment community—and they believe the “experts” are wrong.

We’re adding two more Baron family funds to our domestic stock list. One is small-cap focused Baron Growth (BGRFX, assets of \$720 million), managed by Ron Baron, who also heads the larger (\$3 billion in assets) Baron Asset fund, which invests in small- and mid-cap growth stocks. The other is Baron Small Cap (BSCFX, \$708 million in assets), managed since its 1997 inception by Cliff Greenberg.

### Baron Growth

This fund originated as Baron Growth & Income, designed to be a conservative companion to Baron Asset. But in 1999, the fund was restructured to focus exclusively on small-cap growth stocks and was renamed. Today, besides its small-cap focus, the fund differs from Baron Asset in another important way. With Baron Asset, Ron Baron often lets his stocks run, and as they do so, they also advance in market capitalization. Unfortunately, Baron has held on too long a few times, only to have stocks fall back. At Growth, Baron sells stocks as they appreciate out of the small-cap range, which imposes a degree of discipline. That has helped the fund generate strong long term returns with less volatility than its typical peer.

In 2001, the fund gained 12.7%. Astute stock picking, avoidance of technology issues (which generally do not fit

Baron’s investment or valuation parameters), and the fund’s small-cap focus were behind the gain. Stocks such as Krispy Kreme, and education stocks like Apollo Group and Education Management were winners. Plus, the manager used September’s severe sell-off to add to his favorite hotel stocks (Sun International, for example).

### Baron Small Cap

Like Baron Growth, this fund focuses on small-cap stocks. And, overall, it looks for the same characteristics in its investments: great businesses at attractive prices. But, the difference between the funds lies in its strategy. Investments fall into three main categories: Growth stocks priced cheaply because their prospects are not recognized by investors; fallen angels which have disappointed investors with short-term results (but still have strong long-term prospects); and special situations, including firms undergoing spin-offs, recapitalizations, etc., where positive prospects are not recognized. On the other side of the equation, manager Greenberg will sell a stock when the reasons for owning it don’t pan out, if the stock has risen substantially and appears fully valued, or to keep an issue from becoming too large a position in the overall portfolio.

As with Baron Growth, Krispy Kreme was a big winner for the fund last year—it has since been trimmed on valuation concerns. The fund benefited from its education holdings as well. Thus far in 2002, the fund has had some winners in its retail stake, particularly Restoration Hardware. Baron Small Cap has handily outpaced the S&P 500 and Russell 2000 since its October 1997 inception, and with less volatility than its peers. \$

Top Five Holdings			
Growth		Small Cap	
ChoicePoint, Inc.	5.1%	Career Education Corp.	8.0%
Ethan Allen Interiors	3.6	ChoicePoint, Inc.	4.6
Extended Stay Amer.	3.6	United Surgical Partners	3.9
Southern Union	3.5	Radio One, Inc.	3.8
O.M. Group	3.3	Iron Mountain, Inc.	3.7

*As of December 31, 2001.*

Baron Funds  
767 Fifth Avenue - 49th Floor  
New York, NY 10153  
(800) 992-2766  
Minimum investment: \$2,000/\$2,000 IRA

MONEYLETTER® (ISSN:0197-7083) is published twice each month for \$150 per year (24 issues) by PRI Financial Publishing, Inc., 360 Woodland St., P.O. Box 6020, Holliston, MA 01746-6020. Periodicals Postage paid at Holliston, MA and at additional mailing offices. POSTMASTER: send address changes to MONEYLETTER, 360 Woodland St., P.O. Box 6020, Holliston, MA 01746-6020. Chief Investment Officer/Chief Economist: Walter Frank. Publisher: Brian W. Kelly. Address all subscription and editorial inquiries to PRI Financial Publishing, Inc., 360 Woodland St., P.O. Box 6020, Holliston, MA 01746-6020, (800) 890-9670. Paid advertising which appears in or accompanies this publication does not constitute an endorsement of products or services offered. Employees and staff of MONEYLETTER may from time to time maintain positions in recommended securities. PRI Financial Publishing, Inc. is affiliated with Principal Resource, Inc., a registered investment advisor. Walter Frank also serves as an independent economic consultant to Principal Resource, Inc. MONEYLETTER is not produced as a solicitation for Principal Resource, Inc. Views presented are the opinion of the Chief Investment Officer/Chief Economist and contributing editors, and should not be treated as fact. MONEYLETTER does not purport to provide legal, tax or individual investment advice. While carefully screened, the accuracy of the statistical data in MONEYLETTER cannot be guaranteed. Readers should carefully review investment prospectuses before investing. MONEYLETTER provides a twice-weekly Hotline: call (410) 528-1804. Back copies \$5 each. Reproduction in whole or in part by any means is strictly forbidden without written permission. © Copyright 2002 PRI Financial Publishing, Inc.