

MONEYLETTER.com[®]

“Serving Investors Since 1980”

Suddenly It's Winter

by Walter S. Frank, Chief Investment Officer

That was a very chilly wind that blew across the economic landscape in the first three days of August. First came the second-quarter GDP report (with revisions) telling us that last quarter was considerably weaker than we expected. Brr. Then came the Supply Managers' manufacturing report telling us that manufacturing had suddenly lost all its steam in July. Brrr. This was followed by the July employment report telling us, effectively, there were no new hires last month and those who were working worked fewer hours. Brrrr.

What in the world hit the economy? So far as we can see it was a case of the tail wagging the dog. The only explanation that makes sense to us is that the steep market slide beginning in mid-May was having an effect on the economy. Normally it works the other way round. The market reflects (anticipates) what is happening in the economy. But this bear market is so big and has lasted so long that it affected activity, at least in July.

This leaves us all with a puzzle. Was the July swoon temporary, or was it the beginning of a new weaker trend for the economy? The economy was not weak as we went into July. And importantly the weakness we are seeing in July is all confined to the industrial sector. The consumer is doing fine, buying autos and houses at a very rapid clip.

Neither we nor anybody else knows the answer to the question at this time. We need more data. We incline to the view that July was a one-time thing. But that is only a conjecture. We feel this way because the fall-off in activity was so abrupt, with no apparent cause within the economy.

For example, the June Supply Managers' manufacturing survey reported strong new orders in June. Yet production in July fell sharply to the lowest level for the year since January. We're puzzled by this. Doesn't production usually follow orders? Along the same lines, the Managers have been reporting strong new orders all year. In July, new orders, while still positive (barely), were at the lowest level of the year. Why the

abrupt plunge? We see something similar in the employment report. The numbers building up through June and then bang they stop. What else but the market?

The policy response

While puzzled about the numbers, we know one thing. If July turns out to represent a turn for the economy, the economic policymakers in Washington will not sit still. They will not accept that this economy limps along. At this early stage of a recovery from recession the economy can, and should, grow faster than the long-run speed limit for some time.

There is not much the Bush administration can do, but the Fed can cut rates, and it will. We don't believe they will do anything this month but will wait for the August numbers due early next month. If the new numbers confirm July then a cut will come next month, perhaps a 50-basis point cut to make an impact.

Cloud over profits

The July numbers have also muddied the profits outlook for the rest of this year. If the economy is stalling, then presumably profit estimates are going to be cut from present levels. The process has already begun. The issue is how far will it go.

Looking out through the first half of next year, we cannot but believe that, whatever the short-run outcome, profits will be growing rapidly as the recovery picks up steam again. We do believe that patience now will be rewarded. Our positive medium-term outlook remains unchanged.

Portfolio commentary

If you look at the fund list you will notice that the small cap value funds, both in and out of our model portfolios, have had a particularly bad month. Right now, we believe that this is profit-taking and not the beginning of a general move away from the sector. We are monitoring the group closely. In general, we would expect small caps to be leaders as the market recovers.

Retiring the Signal

The time has come to retire the Signal Model Portfolio. It has outlived its usefulness.

The Signal was introduced in 1988 as a response to the '87 crash. At the time it was evident that a tighter Fed policy, leading to rising interest rates, gave ample warning that trouble lay ahead. An automatic technical system relying solely on interest signals appeared to make a good deal of sense. And back testing, at the time, confirmed the potential of such a system.

But that was then and this is now. Clearly in the bubble and post-bubble word, interest rate signals, by themselves, have proven to be misleading indicators about the market's future performance. The world has turned out to be more complicated than contemplated by the Signal.

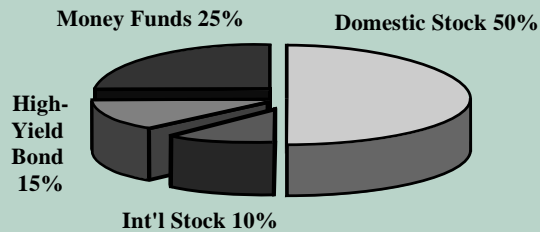
Consequently, this is the last issue which will present the results of the Signal Portfolio. \$

Market Trends

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

CONSERVATIVE

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

**MONEYLETTER Conservative**

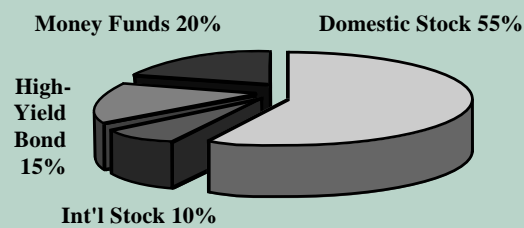
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.7%	31,526	\$1.00	\$31,526
Columbia High Yield	01/17/01	0.9	1,495	8.23	12,305
Baron Small Cap	05/01/02	-16.3	946	14.52	13,737
Royce Opportunity	05/01/02	-24.4	1,674	7.69	12,874
Yacktman	11/15/00	30.3	1,809	11.12	20,115
Tweedy Browne Gbl Val	08/23/00	-12.2	484	17.14	8,296
TOTAL VALUE					\$98,853

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-6.1%	-4.3%	-1.4%	23.9%	-5.1%

MODERATE

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

**MONEYLETTER Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.2%	17,091	\$1.00	\$17,091
Buffalo High Yield	06/20/01	-0.2	1,347	9.52	12,820
Matthews Pacific Tiger	02/06/02	-0.1	971	8.83	8,576
Royce Low Priced Stock	04/03/02	-21.8	726	9.66	7,015
Yacktman	11/15/00	30.3	1,795	11.12	19,962
Baron Small Cap	05/01/02	-16.3	1,131	14.52	16,419
TOTAL VALUE					\$81,883

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-5.9%	-3.6%	-1.5%	12.3%	-4.5%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	1.0%	25,745	\$1.00	\$25,745
Fidelity High Income	01/17/01	-17.5	1,722	7.19	12,382
Fid. Low Priced Stk (3%)	02/20/02	-2.6	600	26.70	16,029
Fidelity Small Cap Indep.	10/30/01	-5.9	881	13.96	12,301
Fidelity Value	02/07/01	-0.1	255	47.51	12,108
Fidelity Int'l Growth & Inc	06/05/02	-11.5	379	17.83	6,752
TOTAL VALUE					\$85,317

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-6.2%	-6.7%	-7.9%	1.5%	-6.8%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.2%	24,046	\$1.00	\$24,046
Fidelity High Income	01/17/01	-17.5	1,862	7.19	13,388
Fidelity Fifty	02/20/02	-3.4	595	15.74	9,362
Fid. Low Priced Stk (3%)	01/10/01	23.3	556	26.70	14,854
Fidelity Value	02/07/01	-0.1	166	47.51	7,878
Fidelity Small Cap Indep.	10/30/01	-5.9	773	13.96	10,787
Fidelity SE Asia (3%)	02/06/02	-0.5	659	11.29	7,445
TOTAL VALUE					\$87,760

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-5.7%	-4.6%	0.1%	12.1%	-3.8%

Correction: 1-yr return reported for 6/30/02 was stated incorrectly as -6.0%. It should have been +6.0%.

Vanguard Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	1.0%	22,068	\$1.00	\$22,068
Vanguard Int'l Growth	05/01/02	-14.8	568	12.97	7,366
Vanguard Cap Opportunity	07/12/99	11.6	330	16.91	5,582
Vanguard Windsor	02/07/01	-20.3	1,080	12.28	13,261
Vanguard Mid-Cap Index	06/05/02	-14.1	873	10.25	8,943
Vanguard Small Cap Value	05/09/01	-5.2	1,260	8.90	11,215
Vanguard FI Hi-Yld Corp	01/17/01	-0.9	2,379	5.73	13,633
TOTAL VALUE					\$82,068

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-7.1%	-12.6%	-14.9%	-5.1%	-13.4%

Vanguard Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.2%	16,018	\$1.00	\$16,018
Vanguard FI Hi-Yld Corp	01/17/01	-0.9	2,280	5.73	13,066
Vanguard Emerg. Mkts Stock	02/06/02	-9.8	905	7.75	7,016
Vanguard Small Cap Value	03/12/01	-1.1	1,874	8.90	16,681
Vanguard Mid-Cap Index	06/05/02	-14.1	1,259	10.25	12,900
Vanguard Windsor	02/07/01	-20.3	1,090	12.28	13,385
TOTAL VALUE					\$79,066

TOTAL RETURNS (as of 7/31/02)

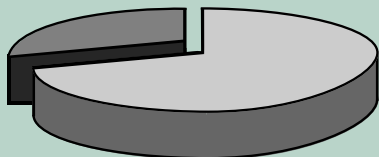
1-mo	6-mo	1-yr	3-yr	YTD
-8.2%	-14.6%	-17.0%	-5.0%	-15.5%

Note: Model Portfolio's were indexed to \$100,000 on January 1, 2000. Pie charts show current allocations. Data shows positions as of 7/31/02.

VENTURESOME

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

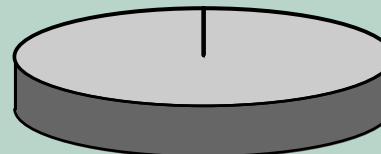
Money Funds 30%



Domestic Stock 70%

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
Schwab Money Market	Yield YTD	0.2%	24,817	\$1.00	\$24,817
Baron Small Cap	05/01/02	-16.3	1,071	14.52	15,549
Yacktman	11/15/00	30.3	860	11.12	9,568
Neuberger Berm. Genesis	02/14/01	0.5	610	19.12	11,666
Royce Opportunity	05/01/02	-24.4	1,893	7.69	14,558
TOTAL VALUE					\$76,158

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-8.0%	-5.4%	-2.4%	3.2%	-6.1%

MONEYLETTER Signal

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Royce Penn Mutual	06/20/01	-5.2%	2,961	\$6.66	\$19,723
Fidelity Fifty	02/27/02	-6.7	982	15.74	15,460
Royce Opportunity	06/05/02	-19.9	2,077	7.69	15,970
Potomac Small Cap Plus	01/17/01	-28.7	2,053	8.28	17,001
TOTAL VALUE					\$68,154

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-14.8%	-18.7%	-16.7%	-30.1%	-20.6%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.2%	30,405	\$1.00	\$30,405
Fid. Low Priced Stk (3%)	11/29/00	30.3	709	26.70	18,923
Fidelity Small Cap Ind.	10/30/01	-5.9	1,012	13.96	14,131
Fidelity Value	02/07/01	-0.1	259	47.51	12,311
Fidelity Fifty	02/20/02	-3.4	1,041	15.74	16,390
TOTAL VALUE					\$92,160

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-6.9%	-5.4%	-3.4%	25.5%	-5.7%

Vanguard Venturesome

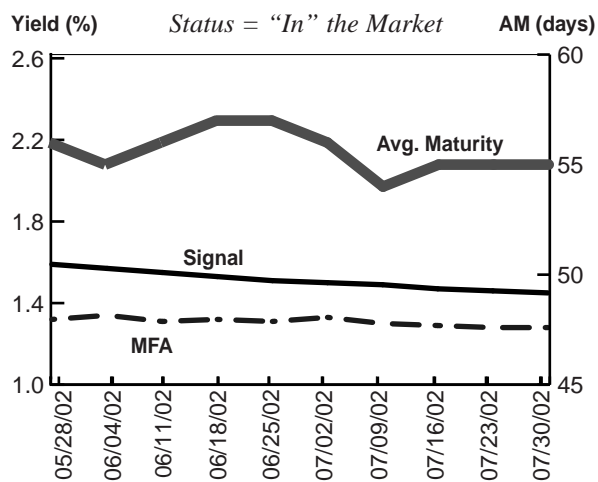
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.2%	25,643	\$1.00	\$25,643
Vanguard Small Cap Value	03/12/01	-1.1	2,054	8.90	18,282
Vanguard Small Cap Index	06/05/02	-16.8	829	16.14	13,388
Vanguard Windsor	02/07/01	-20.3	408	12.28	5,016
Vanguard Mid-Cap Index	10/30/01	-0.8	1,534	10.25	15,728
TOTAL VALUE					\$78,057

TOTAL RETURNS (as of 7/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-9.4%	-14.8%	-16.8%	-4.0%	-15.4%

Date	Signal	MFA	Avg. Maturity
07/23/02	1.46	1.28	55 Days
07/30/02	1.45	1.28	55 Days

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



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Domestic Stock Funds

RANK	8/2 2002	1Mo Ago	6Mo 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	3	2	YACKX	Yacktman Fund	MC	B	B	B	-3.4%	-1.6%	7.3%	\$11.02	18.2	0.55	FSW	
2	6	3	AVALX	Aegis Value Fund	SCVal	B	B	B	-4.5	-2.6	6.1	12.90	18.2	0.31	fw	
3	20	49	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	B	B	B	-2.3	-0.1	-5.9	21.90	17.0	0.45	fsw	
4	15	16	VUSVX	Vontobel U.S. Value (2%r<90d)	LCVal	B	B	B	-1.5	-3.4	-0.9	19.39	22.0	0.44	FsW	
5	25	12	CFIMX	Clipper Fund	LCVal	B	B	B	-2.5	-5.3	0.7	79.48	15.7	0.30	sw	
6	1	28	EEQFX	Eclipse Small Cap Value	SCVal	B	B	B	-9.9	-1.8	0.4	12.06	18.6	0.75	FSW	
7	13	21	PRWCX	T. Rowe Price Cap Appreciation	LCVal	B	B	B	-4.6	-5.3	-2.3	14.05	10.7	0.24	fsw	
8	7	5	FLPSX	Fidelity L P Stock (closed,3%&1.5%r<90)	SCVal	B	B	B	-8.7	-7.1	1.0	25.82	16.6	0.57	fsw	
9	11	23	RYTRX	Royce Total Return (1%r<180d)	SCVal	B	B	B	-7.6	-5.9	-3.7	8.10	13.6	0.41	FSW	
10	12	14	ARGFX	Ariel Fund	SCVal	B	B	B	-7.7	-7.4	-0.9	34.95	18.9	0.40	FSW	
11	46	48	LLPFX	Longleaf Partners	MCVal	(B)	(B)	(B)	-4.0	-8.4	-11.4	22.38	20.1	0.58	fsw	
12	23	27	TWEIX	American Century Equity Income	MCVal	(B)	(B)	(B)	-6.5	-8.8	-7.3	6.37	15.1	0.44	FSW	
13	4	4	PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	B	B	B	-11.8	-7.9	-2.3	21.39	16.4	0.44	fsw	
14	19	42	RSPFX	RS Partners	SC	*	B	B	-9.1	-8.1	-7.3	16.54	-	0.59	FSW	
15	18	13	NBGNX	Neuberger Berman Genesis (closed)	SC	B	B	B	-7.9	-10.0	-5.6	18.45	19.6	0.62	fsw	
16	10	37	FFTYX	Fidelity Fifty+ (.75%r<30d)	LC	B	B	B	-10.3	-8.2	-8.4	15.05	28.2	0.87	Fsw	
17	14	-	BSCFX	Baron Small Cap	SCGro	B	B	B	-9.5	-10.1	-7.4	13.94	28.0	1.07	FSW	
18	36	57	FCNTX	Fidelity Contrafund (3%)	LCGro	H	H	H	-7.0	-9.9	-12.5	38.28	20.1	0.84	fsw	
19	41	38	RYPRX	Royce Premier (1%r<180d)	SC	(B)	(B)	(B)	-7.5	-10.7	-10.0	9.21	18.7	0.62	fs	
20	34	224	NBFSX	Neuberger Berman Fasciano Inv	SCGro	B	B	B	-9.5	-9.9	-9.0	30.02	15.7	0.67	FSW	
21	141	118	LMASX	Legg Mason Special Investment Trust	MC	H	H	H	1.8	-14.4	-16.4	27.56	30.6	1.18	w	
22	58	69	MUTHX	Mutual Shares (1%) CIZ	MCVal	H	H	H	-6.0	-10.1	-15.7	17.00	16.6	0.62	sw	
23	30	51	BVALX	Babson Value	LCVal	H	H	H	-8.4	-9.5	-13.9	38.09	20.6	0.70	FSW	
24	27	-	TASCX	Third Avenue Small-Cap Value	SCVal	(B)	(B)	(B)	-9.5	-10.0	-11.5	13.70	17.5	0.58	FSW	
25	37	-	BGRFX	Baron Growth	SCGro	B	B	B	-7.3	-11.8	-10.9	26.58	25.4	1.06	FSW	
26	21	7	TRMCX	T. Rowe Price Mid Cap Value	MCVal	B	B	B	-10.0	-12.5	-6.3	14.61	15.9	0.60	fsw	
27	5	10	BERWX	Berwyn Fund (1%r<180d)	SCVal	B	B	B	-14.0	-10.2	-6.3	18.33	18.7	0.41	fsw	
28	59	68	BEGRX	Mutual Beacon (1%) CIZ	MCVal	H	H	H	-6.5	-10.7	-16.3	11.46	15.9	0.58	sw	
29	31	6	CAAPX	Ariel Appreciation	MCVal	H	H	H	-9.1	-12.6	-7.9	32.65	18.0	0.50	FSW	
30	8	90	IZZYX	ICM/Isabelle Small Cap Value	SCVal	B	B	B	-15.0	-7.0	-13.8	10.85	26.5	0.67	FSW	
31	57	61	MQIFX	Mutual Qualified (1%) CIZ	MCVal	H	H	H	-7.0	-11.3	-16.4	14.28	16.9	0.61	sw	
32	40	55	SAOPX	Salomon Brothers Opportunity	LCVal	H	H	H	-7.9	-11.6	-14.6	40.21	16.5	0.58	sw	
33	53	72	TWEEX	Tweedy, Browne American Value	MCVal	H	H	H	-7.8	-11.4	-15.5	20.47	15.2	0.51	fsw	
34	28	8	OAKSX	Oakmark Small Cap (2%r<90d)	SCVal	B	B	B	-9.8	-12.9	-9.1	15.43	18.1	0.54	FSW	
35	39	32	TWVLX	American Century Value	MCVal	H	H	H	-8.2	-12.9	-12.4	5.95	20.4	0.59	FSW	
36	33	40	HOVLX	Homestead Value	MCVal	H	H	H	-10.0	-11.7	-13.5	21.83	18.1	0.59		
37	48	-	CRIMX	CRM Mid Cap Value Ins	MCVal	H	H	H	-9.1	-15.1	-7.1	15.44	-	-		
38	67	47	OAKMX	Oakmark Fund	MCVal	H	H	H	-6.1	-13.7	-15.6	30.22	20.6	0.59	FSW	
39	49	-	CRMMX	CRM Mid Cap Value Inv	MCVal	H	H	H	-9.2	-15.2	-7.4	15.36	-	-	FSW	
40	26	35	FDVLX	Fidelity Value	MCVal	(H)	(H)	(H)	-10.9	-12.2	-12.9	45.20	22.8	0.64	Fsw	
41	65	33	OAKLX	Oakmark Select (closed) (2%r<90d)	MCVal	H	H	H	-6.1	-14.6	-14.3	23.20	26.2	0.83	FSW	
42	77	92	SRFBX	Liberty-SteinRoe Balanced	G&I	H	H	H	-5.6	-13.5	-18.2	20.87	12.3	0.61	FSW	
43	9	44	PRNEX	T. Rowe Price New Era	LC	B	B	B	-14.3	-10.2	-14.0	19.62	26.7	0.72	fsw	
44	82	100	VCV SX	Vanguard Convertible Securities	Convrt	H	H	H	-6.2	-14.0	-16.9	9.87	20.4	0.69	fsw	
45	29	20	PENNIX	Royce Penn Mutual+ (1%r<180d)	SCVal	B	B	B	-11.8	-13.3	-10.5	6.46	16.7	0.51	fsw	
46	71	56	STDIX	Strong Discovery+	MCGro	H	H	H	-7.4	-14.2	-16.3	13.97	25.1	0.83	FSW	
47	43	34	DODGX	Dodge & Cox Stock	LCVal	H	H	H	-9.8	-14.2	-15.1	84.91	19.8	0.64	sw	
48	55	73	DNLDX	Dreyfus New Leaders	MCGro	H	H	H	-8.5	-13.4	-19.6	33.99	25.2	0.92	FSW	
49	22	17	BPSCX	Boston Ptrns Smlcap Val (closed,1%r<1yr)	SCVal	(H)	(H)	(H)	-13.8	-13.8	-11.5	15.08	-	0.52	FSW	
50	60	-	TAVFX	Third Avenue Value	MCVal	H	H	H	-10.1	-14.2	-17.1	30.93	16.0	0.61	FSW	
51	50	24	BEMVX	Berger Mid Cap Value	MCVal	H	H	H	-10.3	-16.0	-13.1	14.23	23.3	0.80	FSW	
52	32	25	LSSCX	Loomis Sayles Small Cap Value	SC	(H)	(H)	(H)	-12.7	-15.0	-12.2	17.63	19.4	0.69	sW	
53	63	9	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	*	H	H	-9.6	-18.2	-8.7	13.60	22.8	0.83	fsw	
54	198	196	LMOPX	Legg Mason Opportunity Trust	MC	H	H	H	1.0	-17.2	-27.7	7.89	-	-		
55	64	53	VEIPX	Vanguard Equity-Income	LCVal	H	H	H	-9.0	-15.2	-17.9	18.78	16.0	0.55	fsw	
56	88	88	DGAGX	Dreyfus Appreciation	LC	H	H	H	-5.8	-16.6	-19.5	31.65	17.6	0.80	FSW	
57	56	29	MERDX	Meridian Fund	SCGro	H	H	H	-10.3	-16.6	-13.0	23.92	21.4	0.77	fsw	
58	52	-	SMCDX	Strong Mid Cap Disciplined	MCVal	H	H	H	-11.1	-16.7	-11.9	14.45	23.4	0.92	FSW	
59	102	145	SLASX	Selected American Shares	LCVal	H	H	H	-7.1	-15.5	-21.3	25.13	20.5	0.92	sW	
60	137	137	NICSX	Nicholas Fund	LC	S	S	S	-3.9	-17.2	-22.2	43.56	18.4	0.90	w	
61	62	50	PRFDX	T. Rowe Price Equity-Income	LCVal	S	S	S	-9.7	-15.6	-17.9	19.62	16.7	0.53	fsw	
62	35	80	MFOCX	Marsico Focus	LCGro	S	S	S	-11.3	-14.6	-18.3	11.71	31.5	1.12	FSW	
63	69	43	VIMSX	Vanguard Mid-Cap Index+	MC	H	H	H	-9.4	-16.4	-17.4	9.74	26.2	1.02	fsw	
64	100	65	SSHFX	Sound Shore	MCVal	S	S	S	-7.3	-16.6	-20.6	24.76	18.4	0.60	sW	
65	90	151	PVFLX	Preferred Value	LCVal	S	S	S	-7.6	-15.2	-23.7	15.15	19.5	0.79	w	
66	17	18	HRTVX	Heartland Value (1%r<90d)	SCVal	H	H	H	-13.9	-16.3	-11.5	31.61	22.5	0.63	FsW	
67	42	107	BARAX	Baron Asset	MCGro	H	H	H	-12.1	-14.3	-19.5	36.75	28.1	1.22	FSW	
68	73	111	VWNFX	Vanguard Windsor II	LCVal	S	S	S	-9.5	-14.9	-21.9	21.01	18.5	0.65	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

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Domestic Stock Funds (cont.)

RANK	8/2 2002	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	RISK		NTF/ wtf
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
69	72	46	PESPX	Dreyfus Mid Cap Index	MCGro	S	S	S	-9.6	-16.6	-17.9	17.41	25.8	1.02	FSW	
70	93	85	FGRIX	Fidelity Growth & Income (3%)	G&I	S	S	S	-6.4	-17.3	-21.0	30.38	16.7	0.80	fsw	
71	112	74	FCVFX	Fidelity Convertible Securities	Convrt	S	S	S	-7.0	-17.3	-20.0	15.65	27.4	0.89	Fsw	
72	51	-	BPMSX	Boston Partners Mid Cap Value	MCVal	S	S	S	-11.6	-17.6	-14.6	9.11	18.3	0.76	FSW	
73	38	-	CRMSX	CRM Small Cap Value Inv	SCVal	H	H	H	-13.5	-16.0	-16.0	17.15	-	-	FSW	
74	47	83	MGRIX	Marsico Growth & Income	G&I	S	S	S	-10.8	-16.0	-20.2	11.95	29.7	1.08	FSW	
75	84	91	GABAX	Gabelli Asset	MC	S	S	S	-9.1	-16.2	-22.3	26.85	17.2	0.76	FSW	
76	16	36	VISVX	Vanguard Small-Cap Value Index	SCVal	H	H	H	-15.6	-15.8	-14.0	8.51	-	0.70	fsw	
77	44	39	BOGLX	Bogle Small Cap Growth (closed)	SCGro	H	H	H	-11.5	-17.3	-16.3	16.89	-	-	-	
78	54	67	ACBGX	Bonnel Growth Fund (.25%r<30d)	MCGro	S	S	S	-11.3	-17.6	-16.4	11.42	43.9	1.10	fsw	
79	66	30	OTCFX	T. Rowe Price Small Cap Stock Fund+	SC	S	S	S	-11.3	-17.9	-15.7	20.64	22.0	0.73	fsw	
80	101	59	KAUFX	Federated Kaufmann Fund+ (0.2%)	MCGro	S	S	S	-8.3	-17.9	-20.7	3.43	33.5	0.86	FSW	
81	68	31	WGROX	Wasatch Core Growth+ (closed,2%r<60d)	SCGro	S	S	S	-12.9	-15.9	-19.4	27.91	29.2	0.95	FSW	
82	132	101	FDFFX	Fidelity Independence (ret. only)	LCGro	S	S	S	-6.4	-18.6	-22.2	13.01	42.4	1.24	Fsw	
83	98	66	HAVLX	Harbor Value	LCVal	S	S	S	-8.0	-17.9	-21.9	11.56	20.0	0.76	sw	
84	139	78	NCTWX	Nicholas II	MCVal	S	S	S	-5.5	-19.7	-21.5	15.53	21.3	1.00	w	
85	24	15	WMCVX	Wasatch Sml Cap Value (closed,2%r<60d)	SCVal	H	H	H	-16.5	-15.9	-14.7	3.49	27.5	0.71	FSW	
86	94	64	UMBSX	UMB Scout Stock	LCVal	S	S	S	-7.5	-18.5	-21.9	12.12	15.0	0.68	f	
87	79	96	FEQIX	Fidelity Equity-Income	LCVal	S	S	S	-9.8	-17.2	-22.3	39.26	18.4	0.74	Fsw	
88	83	114	LSGIX	Loomis Sayles Value	LCVal	S	S	S	-9.4	-17.4	-22.8	11.89	17.5	0.72	fsw	
89	99	131	TWCVX	American Century Vista	MCGro	*	S	S	-8.2	-18.3	-23.3	9.08	52.3	1.17	FSW	
90	86	106	FDEQX	Fidelity Disciplined Equity	LC	S	S	S	-8.5	-18.6	-22.4	17.83	19.7	0.94	Fsw	
91	110	103	VEXMX	Vanguard Extended Market Index	MC	S	S	S	-8.6	-18.8	-21.9	18.31	31.4	1.17	fsw	
92	95	75	MPSCX	MSI Small Cap Value (closed)	SCVal	S	S	S	-9.1	-18.5	-22.6	14.28	25.5	0.77	fsw	
93	85	63	PRDGX	T. Rowe Price Dividend Growth	LCVal	S	S	S	-9.1	-19.4	-21.0	16.48	14.0	0.57	fsw	
94	61	-	SSEAX	State Street Mid-Cap Value (5.75%)	MCVal	S	S	S	-13.0	-18.6	-17.1	13.66	21.3	0.71	fsw	
100	45	45	RYPNX	Royce Opportunity+ (1%r<180d)	SCVal	H	H	H	-15.9	-18.2	-17.7	7.43	27.3	0.77	fsw	
102	74	22	RYLPX	Royce Low Priced Stock (1%r<180d)	SCVal	H	H	H	-13.2	-20.7	-15.8	9.34	24.8	0.69	FSW	
113	87	52	NAESX	Vanguard SmallCap Index+	SC	H	H	H	-13.0	-20.5	-21.6	15.49	26.7	0.87	FSW	
125	118	70	VWNDX	Vanguard Windsor	LCVal	H	H	H	-9.9	-22.3	-24.8	11.73	23.3	0.86	fsw	
171	2	-	CGMFX	CGM Focus	SCVal	*	S	S	-22.0	-27.8	-11.7	17.67	55.1	0.02	fsw	
204	203	162	VHCOX	Vanguard Cap Opp (\$25,000&1%r<5yr)	MCGro	H	H	H	-8.5	-31.0	-37.2	16.00	38.1	1.06	fsw	

Dow Jones
NASDAQ
S&P 500

-7.7% -16.1% -21.2%
-8.1 -34.7 -40.2
-8.8 -23.0 -29.2

indexes do not
include dividends

International Stock Funds

1	1	-	MACSX	Matthews Asia Growth&Income (2%r<90d)	Pacific	B	B	B	-2.2%	8.8%	17.5%	\$10.53	14.4	-	FSW
2	21	59	MJFOX	Matthews Japan Fund (2%r<90d)	Japan	*	H	H	-6.0	14.3	-20.3	9.68	-	-	FSW
3	2	9	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	B	B	B	-9.7	2.3	5.8	11.71	25.6	-	FSW
4	14	56	SJPNX	Japan Fund (Scudder) (2%r<180d)	Japan	*	H	H	-8.9	11.0	-20.8	6.66	31.4	-	FSW
5	5	1	FSEAX	Fidelity SE Asia (3%&1.5%r<90d)	Pacific	*	B	B	-5.0	-3.3	4.2	11.03	38.5	-	fsw
6	3	2	PRASX	T. Rowe Price New Asia	Pacific	*	B	B	-5.1	-3.3	2.2	6.13	33.6	-	fsw
7	12	52	VPACX	Vanguard Pacific Stock Index	Pacific	*	B	B	-6.7	5.9	-18.7	6.45	24.7	-	fsw
8	17	58	FJPNX	Fidelity Japan (3%&1.5%r<90d)	Japan	*	H	H	-9.1	9.9	-25.1	8.87	34.8	-	Fsw
9	25	57	PRJPX	T. Rowe Price Japan	Japan	*	H	H	-7.4	7.3	-22.6	5.86	28.6	-	s
10	-	-	DRFMX	Dreyfus Emerging Market (1%r)	intl	*	B	B	-6.6	-4.2	4.5	11.29	21.8	-	FSW
11	4	3	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	B	B	-8.1	-3.0	2.5	8.63	47.1	-	FSW
12	9	25	FPBFX	Fidelity Pacific Basin (3%&1.5%r<90d)	Pacific	*	B	B	-7.7	2.3	-12.0	13.62	30.0	-	Fsw
13	6	4	SCOPX	Scudder Pacific Opportunity (2%r<1yr)	Pacific	*	B	B	-5.6	-4.6	0.5	8.66	33.5	-	FSW
14	20	49	VNEPX	Vontobel International Equity (2%r<90d)	Int'l	H	H	H	-7.0	0.7	-15.6	12.16	21.1	-	Fsw
15	13	18	BJBIX	Julius Baer Intl. Equity A	Int'l	B	B	B	-8.3	-2.6	-7.1	19.84	28.8	-	FS
16	7	23	PFIFX	Preferred International	Int'l	*	B	B	-9.1	-2.2	-11.1	10.97	17.4	-	w
17	16	5	FEMKX	Fidelity Emerg Mkts (3%&1.5%r<90d)	Int'l	*	B	B	-7.3	-8.4	-2.3	7.39	32.9	-	fsw
18	15	22	FIGRX	Fidelity International G & I	Int'l	H	H	H	-9.5	-3.9	-12.3	17.41	22.0	-	FSW
19	29	28	ICHKX	Investec China & Hong Kong	Pacific	*	H	H	-7.0	-3.7	-17.7	10.71	39.2	-	FSW
20	18	8	OAKGX	Oakmark Global (2%r<90d)	Global	H	H	H	-8.1	-9.3	-3.3	12.20	-	-	FSw
21	8	11	OAKIX	Oakmark International (2%r<90d)	Int'l	H	H	H	-11.7	-5.1	-9.5	13.70	24.3	-	FSW
22	19	19	FDIVX	Fidelity Diversified Inter'l (1%r<30d)	Int'l	H	H	H	-9.7	-5.5	-12.1	17.44	20.4	-	Fsw
23	24	6	VEIEX	Vanguard Emerg Mkts Stk Index (0.5%r)	Int'l	*	H	H	-7.3	-10.4	-5.4	7.71	32.3	-	fsw
24	10	-	FIVFX	Fidelity Aggressive Intl. (1%r<30d)	intl	H	H	H	-11.7	-6.5	-9.1	11.03	25.6	-	Fsw
25	23	14	TBGVX	Tweedy, Browne Global Value	Global	H	H	H	-8.0	-8.5	-13.7	16.96	14.6	-	fsw
26	33	-	GIGRX	Gabelli Intl. Growth	intl	S	S	S	-8.9	-5.5	-20.2	12.21	21.0	-	FSW
27	27	7	MNEMX	Montgomery Emerg Mkts (closed)	Int'l	*	H	H	-8.3	-11.6	-6.1	7.87	31.6	-	FSW
28	11	12	HAINX	Harbor International	Int'l	H	H	H	-12.6	-6.8	-11.6	27.00	17.8	-	sw
29	22	21	USIFX	USAA International	Int'l	S	S	S	-10.0	-7.6	-14.8	14.99	18.1	-	fw
30	28	34	CMISX	Columbia International Stock	Int'l	H	H	H	-10.0	-7.8	-18.3	10.60	22.2	-	fsw
31	30	39	SWINX	Schwab International Index (1.5%r<180d)	Int'l	S	S	S	-10.3	-9.0	-21.1	10.82	18.0	-	S
32	31	10	LLINX	Longleaf Partners International	Int'l	H	H	H	-9.2	-11.1	-17.4	10.80	-	-	fsw
33	32	46	SCINX	Scudder International (2%r<180d)	Int'l	S	S	S	-10.8	-9.4	-23.4	31.63	21.4	-	FSW
34	36	45	TWIEX	American Century Intl Growth	Int'l	S	S	S	-10.8	-10.2	-21.9	6.72	27.7	-	FSW
38	40	26	VWIGX	Vanguard International Growth	Int'l	H	H	H	-10.3	-12.3	-20.5	12.6	17.6	-	fsw

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FUND SCORECARD & RECOMMENDATIONS

Specialty Funds

RANK	8/2 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	3	3	USAGX	USAA Precious Metals & Minerals	Gold	*	*	*	-11.9%	15.8%	54.3%	\$8.78	46.80	0.87	w	
2	1	1	USERX	U.S. Global Gold Shares (.25%r<30d)	Gold	*	*	*	-19.8	17.4	52.8	4.05	36.40	0.69	sw	
3	5	6	FGLDX	INVESCO Gold (3%)	Gold	*	*	*	-10.4	14.9	43.6	2.24	39.20	0.72	FSW	
4	2	2	BGEIX	Amer. Cent. Global Gold (1%r<60d)	Gold	*	*	*	-14.0	14.2	50.7	7.05	45.30	0.69	fSW	
5	4	7	SCGD	Scudder Gold	Gold	*	*	*	-13.1	16.1	38.1	8.86	36.70	0.74	FSW	
6	6	4	FSAGX	Fidelity Sel Gold (3%&.75%r<30d)	Gold	*	*	*	-13.9	9.2	41.6	18.46	49.20	0.89	fsw	
7	9	9	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	-5.3	6.2	11.8	27.09	14.50	0.21	fsw	
8	10	11	FRESX	Fidelity Real Est Investment (.75%r<90d)	RealEs	*	*	*	-6.3	4.7	6.8	18.81	15.10	0.21	Fsw	
9	8	5	VGPMX	Vanguard Precious Metals (closed,1%r<1yr)	Gold	*	*	*	-14.1	0.4	27.1	9.44	43.10	0.87	fsw	
10	11	10	VGSIX	Vanguard Special REIT Index (1%r<1yr)	RealEs	*	*	*	-6.7	3.6	6.8	12.29	14.40	0.17	fsw	
11	12	13	CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	-7.1	2.7	3.1	44.63	16.20	0.25	FSW	
12	14	27	RSCOX	RS Contrarian	Altern	*	*	*	-5.7	0.7	-9.5	9.97	23.50	0.72	FSW	
13	7	8	CGMRX	CGM Realty	RealEs	*	*	*	-16.2	-3.8	4.4	13.39	15.80	0.26	fsw	
14	23	14	VGHCX	Vanguard Sp Health Care (\$25k&1%r<5yr)	Health	*	*	*	-0.3	-10.6	-12.0	102.40	19.10	0.47	fsw	
15	13	12	VGEX	Vanguard Sp Energy (1%r<1yr)	Energy	*	*	*	-11.7	-6.4	-7.1	23.01	32.00	0.70	fsw	
16	22	19	MERFX	Merger Fund	Altern	*	*	*	-2.7	-10.6	-12.6	13.23	5.42	0.13	FSW	
17	19	15	GATEX	Gateway Fund	Altern	*	*	*	-3.5	-10.9	-13.2	19.57	7.00	0.32	FSW	
18	15	26	FSTEX	INVESCO Energy	Energy	*	*	*	-12.6	-8.0	-16.9	15.11	46.20	0.90	FSW	
19	20	22	FIDSX	Fidelity Sel Fin'l Serv (3%&.75%r<30d)	FinServ	*	*	*	-8.1	-12.6	-17.5	87.37	27.40	0.94	fsw	
20	27	20	FSPHX	Fidelity Sel Health Care (3%&.75%r<30d)	Health	*	*	*	0.5	-17.9	-20.2	99.15	20.00	0.40	fsw	
21	17	25	RYFIX	Rydex Financial Services	FinServ	*	*	*	-10.7	-13.0	-19.2	8.32	28.80	1.05	fsw	
22	26	16	FHLSX	INVESCO Strategic Health Science	Health	*	*	*	-2.8	-18.1	-20.3	39.32	36.50	0.43	FSW	
23	21	23	FSFSX	INVESCO Financial Serv	FinServ	*	*	*	-9.2	-14.5	-20.2	22.90	26.90	0.93	FSW	
24	28	17	RYHIX	Rydex Health Care	Health	*	*	*	0.0	-20.1	-22.3	9.02	19.60	0.41	fsw	
25	16	21	FSENX	Fidelity Sel Energy (3%&.75%r<30d)	Energy	*	*	*	-15.3	-15.8	-21.6	19.09	33.40	0.78	fsw	
26	24	29	VGSUX	Vanguard Utilities Income	Utility	*	*	*	-11.0	-17.1	-25.0	9.38	14.30	0.26	fsw	
27	18	28	RYEIX	Rydex Energy	Energy	*	*	*	-16.5	-18.8	-26.7	8.18	27.50	0.64	fsw	
28	29	37	FSTUX	INVESCO Utilities	Utility	*	*	*	-8.8	-19.2	-38.5	8.34	17.60	0.57	FSW	
29	25	18	POTCX	Potomac Small Cap Plus	Levrqd	*	*	*	-16.8	-26.6	-28.2	7.85	-	-	FSW	
30	33	36	FIUIX	Fidelity Utilities	Utility	*	*	*	-8.8	-30.0	-42.1	8.79	20.40	0.83	Fsw	
31	31	30	PSPLX	Potomac U.S. Plus	Levrqd	*	*	*	-12.8	-32.7	-41.8	6.81	29.00	1.46	FSW	
32	32	31	RYNVX	Rydex Nova	Levrqd	*	*	*	-13.7	-33.7	-42.4	16.40	29.60	1.49	fsw	

Bond Funds

RANK	8/2 2002	Ticker Symbol	FUND NAME (Max. Load)	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE	Standard Deviation	Sec 30-Day Yield	Average Maturity	Modified Duration ¹	NTF/ wtf
							1 mo.	6 mo.	12 mo.	PER SHARE					
Short Term															
1		SCSTX	Scudder Short Term Bond	*	*	*	1.1%	2.6%	4.8%	\$10.65	0.76	3.50%	2.6	1.7	FSW
2		VFSTX	Vanguard Short Term Corporate	*	*	*	0.6	1.6	3.5	10.70	0.73	4.79	2.7	2.2	fsw
3		FSHBX	Fidelity Short Term Bond	*	*	*	1.0	1.1	2.6	8.84	0.83	4.31	2.8	1.9	Fsw
Intermediate Term															
1		VFITX	Vanguard Fix-Inc Intm. Treas.	*	*	*	3.4	8.1	10.9	11.63	1.40	4.05	7.5	5.3	fsw
2		FGOVX	Fidelity Government Income	*	*	*	2.5	4.4	6.4	10.40	1.50	4.00	9.1	5.2	Fsw
3		VBMFX	Vanguard Total Bond Market Index	*	*	*	1.0	2.7	5.0	10.20	1.24	5.53	8.0	4.3	fsw
High Yield ("Junk")															
1		NTHSX	Northeast Investors Trust	*	B	*	-2.6	4.3	-0.9	7.38	7.34	8.52	6.0	-	fsw
2		BUFHX	Buffalo High-Yield	B	B	*	-0.8	-1.6	-3.0	9.45	6.95	7.67	6.8	4.3	fsw
3		PRHYX	T. Rowe Price High Yield	B	B	*	-1.3	-3.0	-0.6	6.18	1.72	9.26	6.1	4.3	fsw
4		CMHYX	Columbia High Yield	B	B	*	-1.4	-4.3	-1.7	8.22	-	8.01	6.2	4.3	FSW
5		VWEHX	Vanguard High Yield Corporate	B	B	*	-2.8	-4.9	-4.6	5.74	1.52	9.65	6.6	4.4	fsw
6		FHYPX	INVESCO High Yield	*	*	*	3.6	-6.2	-21.6	3.12	1.49	10.98	5.0	3.3	FSW
7		SPHIX	Fidelity High Income	B	B	*	-1.4	-7.9	-10.6	7.19	1.28	10.40	5.6	-	Fsw
8		STHYX	Strong High Yield Bond(1%r)	*	B	*	-3.8	-14.0	-15.6	6.50	8.06	11.37	5.8	3.9	FSW
		BTTRX	Benham 2025	*	*	*	4.5	4.6	6.8	34.38	-	-	-	-	FSW
Tax-Free Alternative															
1		VWITX	Vanguard Muni Bond-Intermed	*	*	*	1.0	3.9	4.8	13.63	1.37	3.49	6.0	4.8	fsw
2		FLTMX	Fidelity Spartan Intermed Muni	*	*	*	1.4	2.7	3.8	10.17	1.50	3.34	7.9	5.3	Fsw
3		SRIMX	Liberty-SteinRoe Inter. Muni	*	*	*	1.1	3.0	3.0	11.52	1.32	3.63	8.4	6.0	FSW
International															
1		BEGBX	American Century Intl Bond	*	*	*	2.2	16.0	15.7	11.40	2.57	3.10	-	-	FSW
2		RPIBX	T. Rowe Price Intl Bond	*	*	*	1.8	14.5	11.3	8.74	2.29	3.27	8.5	-	fsw
3		PYGFX	Payden Global Fixed Income	*	*	*	1.6	3.4	5.9	10.10	3.34	3.30	6.9	5.2	fsw
Strategic Income															
1		JAFIX	Janus Flexible Income	*	*	*	1.7	1.9	2.8	9.39	1.42	5.04	8.4	5.6	FSW
2		RPSIX	T. Rowe Price Spectrum Income	*	*	*	-0.5	-0.4	-0.8	10.45	1.16	5.22	-	-	fsw
3		FNMIX	Fidelity New Markets Income	*	*	*	-1.6	-5.2	-3.3	10.38	7.15	8.05	-	-	Fsw

¹Modified Duration—Average time individual bonds within a fund are actually held.

Around the Horn

We've given you our perspective on the current situation. Below is a sampling of recent analysis from some of our funds' top investment managers . . .

Fidelity's Bruce Johnstone, Managing Director and Senior Investment Strategist, on what is happening with earnings (7/26/02) . . .

"How bad is the earnings decline? To give you an example, cumulatively, all the companies in the Nasdaq haven't made any money since 1995. All the earnings that were reported in '96, '97, '98, '99 and 2000—all of those have been wiped out by the losses since then.

"The good news is, I think the worst of the earnings and stock price trends are probably over. Historically, earnings usually grow quite sharply in the first year of recovery, and it seems we are in an economic recovery. The economic recovery is driven by four things: very low interest rates, a highly stimulative Federal budget, tremendous productivity—meaning companies are efficient—and very low inventories that will be restocked. Those seem to be the key features of this economic recovery, and those four factors are probably going to drive earnings upwards from here."

T. Rowe Price's M. David Testa, Chief Investment Officer, on why fund selection is so important right now (7/26/02) . . .

"We recognize that the stock market is not homogenous and all stocks do not perform the same. Note the return of some of the major indexes since their peak in the first quarter of 2000: the technology- and telecommunications-heavy Nasdaq is off about 75%, while the S&P 500, whose weighted results have been greatly affected by the decline of its large growth-oriented names, has declined some 45%. However, the average stock in the S&P 500 is only off about 14% from the peak. This tells us that, beyond the headlines, many good businesses did not get overvalued during the bubble, and they are available today at reasonable or even inexpensive prices."

Royce Funds' Whitney George, Senior Portfolio Manager, on the fallout from WorldCom and whether telecommunications is a sector that looks attractive (7/28/02) . . .

"There are still fundamental business sectors—like telecom and biotech—that are going to continue to survive, despite what's happened. These sectors may not grow for some time, but they're essential businesses. Their stock prices have been so beaten up over the past two years, not just the past two months, and have reached such low levels that we think if a company just survives investors have the potential for a good return.

"Stock prices have swung from one extreme to the other, from being overpriced based on unreasonable growth expectations to being extremely underpriced because survival is now perceived as an issue. Many of these stocks are trading below their cash values. It's as if the market is valuating issues now as if they will wither and die, rather than prosper. But there are many businesses that will prosper, and right now we don't think we need to see too much prospering in order to achieve gains." \$

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	1.50%	1.50%	2.34%
Fidelity Spartan US Treas MMF	1.47	1.47	2.23
Gabelli US Treasury MMF	1.47	1.47	2.23
CMA Treasury Fund	1.41	1.40	1.93
T Rowe Price US Treasury MF	1.37	1.37	2.17
Amer Century Capital Presv Fund/Inv	1.33	1.33	2.16
Prudential Govt Sec Tr/US Treas/CI A	1.30	1.31	1.95
Dreyfus 100% US Treas MMF	1.25	1.25	2.06
Schwab US Treasury Money Fund	1.16	1.17	1.96
DBAB Cash Reserve Treasury	1.15	1.15	1.89

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.91%	1.92%	-
Touchstone Money Market Fund	1.77	1.78	2.49%
Flex-fund Money Market Fund	1.67	1.66	2.37
Bunker Hill MMF	1.66	1.43	2.44
TIAA-CREF Money Market Fund	1.64	1.65	2.39
RBB MMP/Sansom Street Class	1.63	1.78	2.44
SSgA Money Market Fund/CI A	1.60	1.63	2.33
Aon Funds/Money Market Fund	1.59	1.60	2.19
Dreyfus BASIC MMF	1.59	1.63	2.56
McMorgan Principal Preservation Fund	1.57	1.58	2.41
Strong Heritage MF/Inv Class	1.57	1.56	2.29
Vanguard Prime MMF/Retail	1.57	1.59	2.46

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Strong Tax-Free Money Fund	1.46%	1.31%	1.75%
Vanguard Tax-Exempt MMF	1.43	1.29	1.77
Strong Municipal MMF	1.32	1.20	1.81
Amer Century T-F MMF/Inv Class	1.28	1.11	1.51
Scudder YieldWise Muni MF	1.21	1.17	1.77
T Rowe Price Summit Muni MMF	1.21	1.14	1.65
USAA Tax Exempt MMF	1.21	1.11	1.60
Dreyfus BASIC Muni MM Portfolio	1.19	1.09	1.55
Fidelity Municipal MMF	1.18	1.09	1.59
Scudder Tax-Exempt Money Fund	1.11	1.06	1.55

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	1.40%	1.32%	1.81%
Vanguard PA Tax-Exempt MMF	1.29	1.17	1.73
Vanguard CA Tax-Exempt MMF	1.28	1.19	1.64
Vanguard NY Tax-Exempt MMF	1.28	1.18	1.65
Vanguard NJ Tax-Exempt MMF	1.25	1.15	1.68
USAA Tax Exempt CA MMF	1.21	1.10	1.57
Fidelity FL Municipal MMF	1.14	1.02	1.51
Fidelity OH Municipal MMF	1.12	1.02	1.55
Fidelity PA Municipal MMF	1.11	0.98	1.51
Fidelity MI Municipal MMF	1.05	0.93	1.39

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 7/30/02. 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

MANAGED ACCOUNTS

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C&B Mid Cap Value

It might not have been the ideal time to launch a value fund—early 1998. But that's just what the investment firm of Cooke & Bieler did—start this fund right in the middle of the growth-at-any-price, technology-led rally. However, the fund reflected the firm's basic views about investing: to provide a superior long-term rate of return, but in a low-risk manner. In fact, for over 50 years, the firm has managed money according to this “high quality, low risk” philosophy.

With the strong returns listed below during a couple of tough years, you might wonder why this fund would not be better known. Perhaps it's because from 1986–2001, when eight partners completed a buyback of the firm, returning it to its original management-owned status, the firm was a part of the UAM/Old Mutual (successor to UAM) family. Today, the fund has garnered \$64 million in assets, but the firm as a whole manages more than \$2 billion in institutional and individual assets.

	Total Return (%)			
	1999	2000	2001	8/2/2002
C&B Mid Cap Value	-0.2	41.0	25.2	-8.5
Russell Mid Cap Value	-0.1	19.2	2.3	-2.8
S&P 500	21.0	-9.1	-11.9	-24.7

Steps to success

C&B takes a very definite, well-detailed approach to selecting stocks. The first step is a quality and value screen, which narrows down an initial 2,000 companies to perhaps 300-500 corporations for further examination. Those initial screens consider the following:

High Quality Screen

- Strong balance sheet – low debt to equity ratio
- High profitability – high returns on equity and capital
- Growth – above average earnings and dividend growth
- Excess cash flow – share repurchase and increasing dividends

Low Risk Screen

- Predictability – stability of earnings and dividend growth
- Valuation – buy at prices below intrinsic value
- High quality – gives downside protection

Beyond the quantitative factors above, qualitative factors figure highly as well. In part via extensive company visits, the fund's portfolio managers, Michael Meyer and James Norris, also seek to assess the quality of a company's business and management. They look for industry leaders with competitive advantages, led by a strong management team with a proven commitment to shareholders.

The valuation criteria is actually much more detailed than just buying below intrinsic value. In order to buy, the expected rate of return from any given stock must exceed the so-called riskless rate of return (that on an intermediate Treasury bond) by 600 basis points. Stocks that meet this criteria have often been “oversold” on an overreaction to a short-term or fixable problem, or are those C&B feels have a more favorable view than the market consensus. The managers often take advantage of price declines after they have bought to add to an initial position.

The selling process is equally disciplined. Holdings will be sold when the expected rate of return narrows to less than 200 basis points above the riskless rate. This might occur if a stock has appreciated rapidly, ahead of underlying growth assumptions, or if underlying growth assumptions have fallen. The fund will typically move gradually out of a position, and not sell all at once.

Top Five Sectors and Holdings (% of Assets)

Insurance Carriers	9.3%	Big Lots	5.7%
Eating & drinking establish.	8.7	Tommy Hilfiger	5.4
General Merchandise Stores	8.2	Steelcase	4.2
Business Services	7.5	Carlisle	4.2
Instrument & Related Prod.	6.2	Parametric Technology	3.8

as of June 30, 2002

Technology: blessing and curse

Over the years, technology has proven both a blessing and a curse for the fund. Early on in its existence, many technology stocks did not meet the strict investing criteria, leaving the fund out of the technology rally. However, its low technology weighting worked to the fund's advantage when the sector swooned. Most recently, it is hurting performance, but not by its absence. Meyer and Norris began focusing on technology values in the first quarter, building a large and growing position. By their own admission, this overweight stake in technology has proven “a bit premature.” Still, they remain confident in the technology stocks they have selected and have used recent sell-offs to further bolster the position.

Meyer and Norris are finding attractive opportunities across a number of other industries, including industrials, retail, and financials. And they anticipate that value stocks will continue to perform well going forward. \$

C&B Mid Cap Value (CBMDX),
c/o SEI Investment Distribution Co.
One Freedom Valley Drive, Oaks, PA 19456
(800) 336-7031

Minimum investment: \$2,500; \$500 IRA

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