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The Iceman Goeth The 2003 Outlook

by Walter S. Frank, Chief Investment Officer

The last three years have been miserable ones for most stock fund investors. Only the bears were able to post meaningful gains in the U.S. market during this period. This applies in spades to last year when the stars were aligned for the ursine inclined. 2002 was the year when almost everything that could go wrong for investors did go wrong.

We bring much better news for this year. This is the year that the bearish string will be broken. The question in our mind is not whether stocks will rise in 2003, but by how much. We'll give more specific numbers later, but let us say here that our view is at the upper end of the range of the consensus estimate which calls for an 18% gain in the S&P 500 during 2003.

The basic trigger for our optimism is simple. The economy is going to do better. Profits have already begun to increase, and they will increase even more with a favorable economic wind behind them. Stock valuations, contrary to the bears, are not expensive when we look at forward earnings.

Yes, things can go wrong. They most certainly did with the accounting scandals, which were not even an issue when we did last year's year-end outlook. This year we have one unknown—Iraq—which we know has the capacity to bring trouble that will affect the markets. But we believe this is an issue that will be resolved shortly one way or the other. It injects a temporary element of caution into our short-term investment outlook.

The economy

Looking out over the sweep of the New Year, it is necessary to distinguish between the first and second halves of the year. Leaving the President's stimulative package aside for the moment, the economy is certain to lose some of the earlier thrust that kept growth going last year. As Robert Dederick, economic consultant to the Northern Trust Company, pointed out, "There

are drags that are going to keep growth muted earlier on in this year." Most notable, in our eyes, of those he mentioned, is the certain slowing of the refinancing boom that helped keep the consumer spending.

But emphasizing this and other drags, as many of the skeptics do, is to ignore all the positives the economy has going for it. First and foremost policy—fiscal and monetary—is very stimulative now and will get more so. Interest rates, as we know, are at rock bottom. Inventories have never been leaner. Profit margins are rising. Yes, rising.

What we are waiting for is business investment to kick in. We have no doubt it will, but the question of the year is when. We may already have seen some sign in the December ISM manufacturing survey that business is spending at least to replenish inventories. That is a start, and should not be underestimated. Unfortunately, until Iraq is resolved we expect business to remain cautious about new investment. But once the Iraq issue is behind us, business investment, we believe, will flow.

It is investment that will drive the economy along in the last half of the year. We agree with those forecasters who see growth coming in at about 4.0% in the last half of this year. As for the first half we see growth at about 3.0%.

The growth that we see will be a tonic for profits. In general, Wall Street really doesn't agree. It remains extremely cautious, with a touch of skepticism, about the profit outlook. We see the Street analysts now doing the opposite of what they did during the boom. In the late '90s Wall Street hyped earnings, and now after the scandals and the revelations, the analysts have turned around and are low-balling earnings. Who can blame them? It is a natural reaction to the sins of the past.

We don't expect earnings to grow to the sky. But we do see a healthy increase for earnings over the year of the order of 20% for the S&P 500.

U.S. stocks

The earnings increase that we see will set the stage for an improved market this year. Without any increase in the price-earnings ratio for the S&P 500 we see the larger caps rising by 20%. As for the smaller caps of the Russell 2000, there is a very good chance that their advance will be larger.

The main argument against such a bullish view comes from those on the Street—and they flourished last year—who insist that the market remains overvalued, even now. In their view, the excesses of the bubble have not been expunged.

Certainly in some areas of technology we can still find outlandish p/e ratios. But what has struck us in listening to the portfolio managers of small- and large-cap funds are the repeated assertions that the managers are finding buys, and that the stocks in their portfolios are far from being overvalued. In fact, they are grossly undervalued.

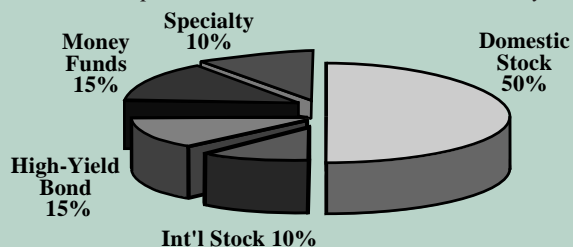
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Market Trends

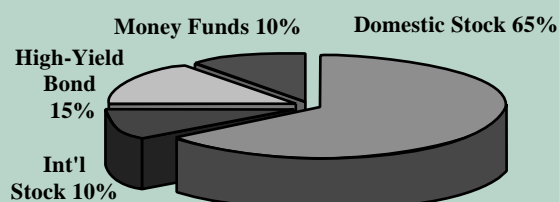
	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Lower	Flat/Higher
Dollar	Lower	Lower
Inflation	Flat	Flat/Higher
Dow	Lower	Higher
NASDAQ	Lower	Higher
Europe	Lower	Higher
Japan (Nikkei)	Lower	Higher
Hong Kong (Hang Seng)	Lower	Higher

CONSERVATIVE

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

**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		1.3%	19,014	\$1.00	\$19,014
Gateway Fund	11/27/02	-2.0	597	20.76	12,394
Columbia High Yield	01/17/01	5.5	1,529	8.37	12,801
Third Avenue SC Value	12/04/02	-1.8	967	13.56	13,116
Ariel Fund	08/14/02	-1.4	351	35.24	12,384
Yacktman	11/15/00	35.5	1,824	12.33	22,490
Oakmark Global	08/28/02	2.0	652	12.98	8,461
TOTAL VALUE					\$100,660

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-1.4%	-4.1%	-2.8%	0.7%	-2.8%

MONEYLETTER Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market		0.7%	8,593	\$1.00	\$8,593
Buffalo High Yield	06/20/01	4.8	1,388	9.69	13,454
Royce Premier	11/27/02	-4.7	870	9.39	8,169
Matthews Pacific Tiger	02/06/02	-6.8	971	8.24	8,003
Ariel Fund	08/14/02	-1.4	193	35.24	6,818
Yacktman	11/15/00	35.5	1,810	12.33	22,319
Third Avenue SC Value	12/04/02	-1.8	1,156	13.56	15,678
TOTAL VALUE					\$83,034

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-1.9%	-4.4%	-2.5%	-16.9%	-2.5%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves		1.7%	15,555	\$1.00	\$15,555
Fidelity Balanced	11/27/02	-2.9	755	13.29	10,037
Fidelity High Income	01/17/01	-8.5	1,792	7.60	13,622
Fid. Low Priced Stk (3%)	02/20/02	-6.2	614	25.17	15,444
Fidelity Equity-Income II	10/30/02	-0.4	688	17.39	11,970
Fidelity Capital Apprec.	12/04/02	-4.3	650	16.18	10,517
Fidelity Int'l Growth & Inc	06/05/02	-15.6	381	16.82	6,404
TOTAL VALUE					\$83,549

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-2.7%	-7.5%	-8.3%	-15.8%	-8.3%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves		0.9%	12,112	\$1.00	\$12,112
Fidelity OTC Portfolio	11/27/02	-8.5	462	23.91	11,048
Fidelity High Income	01/17/01	-8.5	1,925	7.60	14,631
Fidelity Fifty	02/20/02	-0.7	954	16.04	15,298
Fid. Low Priced Stk (3%)	01/10/01	18.8	569	25.17	14,312
Fidelity Equity-Income II	12/04/02	-4.1	665	17.39	11,564
Fidelity SE Asia (3%)	02/06/02	-14.1	665	9.66	6,419
TOTAL VALUE					\$85,384

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-4.0%	-8.2%	-6.4%	-14.0%	-6.4%

Vanguard Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM		1.7%	13,333	\$1.00	\$13,333
Vanguard Balanced Index	11/27/02	-2.7	551	15.65	8,626
Vanguard Int'l Growth	05/01/02	-18.9	576	12.16	7,009
Vanguard Cap Opportunity	07/12/99	12.3	330	17.00	5,616
Vanguard Strategic Equity	10/09/02	14.0	959	13.10	12,562
Vanguard Growth Index	10/30/02	-2.3	423	19.95	8,430
Vanguard Convertible	09/04/02	5.4	1,133	10.41	11,791
Vanguard FI Hi-Yld Corp	01/17/01	1.4	2,466	5.88	14,497
TOTAL VALUE					\$81,864

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-2.3%	-6.9%	-12.5%	-17.9%	-12.5%

Vanguard Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM		0.9%	8,068	\$1.00	\$8,068
Vanguard Extended Mkt	11/27/02	-4.8	408	18.74	7,655
Vanguard FI Hi-Yld Corp	01/17/01	1.4	2,380	5.88	13,992
Vanguard Emerg. Mkts Stock	02/06/02	-9.8	919	7.63	7,014
Vanguard Convertible	09/04/02	5.4	1,685	10.41	17,540
Vanguard Growth Index	10/30/02	-2.3	610	19.95	12,160
Vanguard Strategic Equity	10/09/02	14.0	968	13.10	12,680
TOTAL VALUE					\$79,109

TOTAL RETURNS (as of 12/31/02)

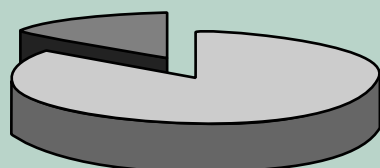
1-mo	6-mo	1-yr	3-yr	YTD
-2.2%	-8.1%	-15.4%	-20.8%	-15.4%

Note: Asset Allocation Portfolios were indexed to \$100,000 on January 1, 2000. Pie charts show current allocations. Data shows positions as of 12/31/02.

VENTURESOME

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

Money Funds 15%



Domestic Stock 85%

MONEYLETTER Venturesome

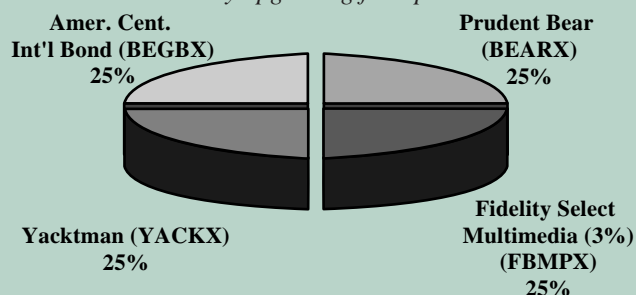
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market		0.7%	12,477	\$1.00	\$12,477
Royce Premier	11/27/02	-4.7	1,263	9.39	11,862
Third Avenue SC Value	12/04/02	-1.8	1,095	13.56	14,847
Yacktman	11/15/00	35.5	868	12.33	10,698
Neuberger Berm. Genesis	02/14/01	4.1	612	19.66	12,037
Ariel Fund	08/14/02	-1.4	397	35.24	14,004
TOTAL VALUE					\$75,925

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-2.2%	-8.3%	-6.4%	-24.1%	-6.4%

SELECT

Seeks maximum long-term growth by assertively upgrading fund positions



MONEYLETTER Select

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Prudent Bear	09/30/02	-6.3%	3,195	\$7.33	\$23,423
Fidelity Multimedia (3%)	11/27/02	-9.5	557	33.94	18,921
Yacktman	10/30/02	4.8	1,931	12.33	23,806
Amer. Cent Int'l Bond	09/30/02	6.8	2,190	11.63	26,698
TOTAL VALUE					\$92,848

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	Incep. (9/30/02)
1.2%	n/a	n/a	n/a	-7.2%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves		0.9%	15,315	\$1.00	\$15,315
Fidelity OTC Portfolio	11/27/02	-8.5	584	23.91	13,969
Fid. Low Priced Stk (3%)	11/29/00	25.5	724	25.17	18,232
Fidelity Equity-Income II	10/30/02	-0.4	791	17.39	13,751
Fidelity Capital Apprec.	12/04/02	-4.3	661	16.18	10,692
Fidelity Fifty	02/20/02	-0.7	1,050	16.04	16,839
TOTAL VALUE					\$88,798

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-5.0%	-10.2%	-9.1%	-10.6%	-9.1%

Vanguard Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM		0.9%	12,917	\$1.00	\$12,917
Vanguard Extended Mkt	11/27/02	-4.8	654	18.74	12,255
Vanguard Convertible	09/04/02	5.4	1,847	10.41	19,223
Vanguard Strategic Equity	10/09/02	14.0	951	13.10	12,464
Vanguard Equity-Income	08/28/02	-3.7	261	18.70	4,881
Vanguard Growth Index	10/30/02	-2.3	743	19.95	14,826
TOTAL VALUE					\$76,566

TOTAL RETURNS (as of 12/31/02)

1-mo	6-mo	1-yr	3-yr	YTD
-2.8%	-11.1%	-17.0%	-23.4%	-17.0%

Commentary

For the holiday period the markets served up a rather unwelcome dose of market volatility and year-end selling pressure. While investor concerns were heightened with an escalation of geopolitical unrest, we greeted the New Year with economic optimism.

A couple of our Select positions ventured into the "watch" range. However, the significant rally propelled YACKX and FBMPX back toward the top of the list.

The resurgence of gold funds has not gone unnoticed, with the past month generating returns exceeding 20%. Based upon perfect hindsight, it would have been nice to ride this rebound from the sharp declines experienced in October. However, our "system" is not sensitive enough or nimble enough to turn on a dime. It points out clearly the risks associated with this unpredictable investment alternative during any short-term period.

With the introduction of the Administration's Economic Plan, we hope for continued improvement in the economy and investor sentiment which will allow us to emerge from this market malaise and establish growth of a more sustained nature.

There were no changes recommended for the Select model during this period.

Total Return %—December 31, 2002

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	-6.0	-11.1	-23.4	-40.1	-23.4
Asset Allocation Funds (Avg) 42 Funds	-3.3	-6.5	-12.6	-18.3	-12.6

Domestic Stock Funds

RANK	1/03 2003	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	1	4	YACKX	Yacktman Fund	MC	B	B	B	1.7%	11.1%	12.9%	\$12.55	18.2	0.55	FSW	
2	3	-	HSGFX	Hussman Strategic Growth (1.5%r<180d)	MCGro	B	B	B	2.2	1.5	14.9	12.61	-	-	fsW	
3	10	53	LMASX	Legg Mason Special Investment Trust	MC	B	B	B	-0.8	11.3	-7.4	30.63	30.6	1.18	w	
4	2	-	RYSEX	Royce Special Equity (1%r<180d)	SCVal	B	B	B	-0.1	-0.2	14.1	14.28	15.9	0.36	Sw	
5	5	9	PRWCX	T. Rowe Price Cap Appreciation	LCVal	B	B	B	1.7	2.0	2.7	14.49	10.7	0.24	fsW	
6	9	14	RSPFX	RS Partners	SC	*	B	B	3.8	1.3	1.2	18.15	-	0.59	FSW	
7	13	35	VCVSX	Vanguard Convertible Securities	Convrt	B	B	B	1.9	4.0	-8.4	10.59	20.4	0.69	fsW	
8	23	137	LMVTX	Legg Mason Value	LCVal	(B)	(B)	(B)	-0.8	8.4	-16.0	42.44	28.1	1.16	w	
9	7	6	FFTYX	Fidelity Fifty (.75%r<30d)	LC	B	B	B	-1.5	-0.6	5.0	16.64	28.2	0.87	FSW	
10	18	18	CFIMX	Clipper Fund	LCVal	B	B	B	1.6	0.3	-2.9	77.99	15.7	0.30	Fsw	
11	19	76	LMOFX	Legg Mason Opportunity Trust	MC	B	B	B	-2.6	7.6	-16.4	8.44	-	-	-	
12	12	21	NBGNX	Neuberger Berman Genesis (closed)	SC	B	B	B	-0.5	0.3	-1.4	19.92	19.6	0.62	fSW	
13	4	1	AVALX	Aegis Value Fund	SCVal	B	B	B	-0.1	-1.3	1.5	12.78	18.2	0.31	fw	
14	6	26	TWEIX	American Century Equity Income	MCVal	B	B	B	0.2	0.6	-3.7	6.65	15.1	0.44	FSW	
15	8	10	RYTRX	Royce Total Return (1%r<180d)	SCVal	B	B	B	0.2	-1.7	-1.0	8.50	13.6	0.41	FSW	
16	16	15	LLPFX	Longleaf Partners	MCVal	(B)	(B)	(B)	0.3	0.0	-5.9	22.91	20.1	0.58	fsw	
17	28	56	FCVFX	Fidelity Convertible Securities	Convrt	(B)	(B)	(B)	1.1	1.9	-13.0	16.60	27.4	0.89	Fsw	
18	44	20	VUSVX	Vontobel U.S. Value (2%r<360d)	LCVal	(B)	(B)	(B)	1.0	-2.1	-3.0	19.13	22.0	0.44	FSW	
19	14	16	RYPRX	Royce Premier (1%r<180d)	SC	B	B	B	-1.7	-0.1	-7.1	9.55	18.7	0.62	FSW	
20	56	111	WWALX	Weitz Value Fund	MCVal	H	H	H	1.1	1.9	-16.6	28.43	16.6	0.52	SW	
21	116	82	SSHFX	Sound Shore	MCVal	H	H	H	1.9	-0.9	-12.2	26.47	18.4	0.60	sW	
22	60	156	THPGX	Thompson Plumb Growth	LC	H	H	H	-1.0	3.1	-18.1	36.24	19.6	0.69	fsw	
23	25	45	DODGX	Dodge & Cox Stock	LCVal	B	B	B	0.7	-2.0	-8.0	90.74	19.8	0.64	sw	
24	17	19	ARGFX	Ariel Fund	SCVal	(B)	(B)	(B)	-0.9	-2.9	-3.7	35.76	18.9	0.40	FSW	
25	37	68	OAKLX	Oakmark Select (closed) (2%r<90d)	MCVal	H	H	H	-0.5	-1.1	-8.9	24.44	26.2	0.83	FSW	
26	49	25	TRMCX	T.Rowe Price Mid Cap Value	MCVal	H	H	H	0.7	-3.1	-5.6	15.39	15.9	0.60	fsw	
27	53	38	FCNTX	Fidelity Contrafund (3%)	LC	H	H	H	2.2	-3.9	-7.3	39.39	20.1	0.84	fsw	
28	11	11	PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	B	B	B	0.3	-5.7	-1.5	22.23	16.4	0.44	fsw	
29	21	54	SMCDX	Strong Mid Cap Disciplined	MCVal	H	H	H	0.8	-2.3	-11.0	15.18	23.4	0.92	FSW	
30	43	74	GABAX	Gabelli Asset	MCVal	H	H	H	-0.4	-1.6	-12.5	29.01	17.2	0.76	FSW	
31	-	-	GAATX	Liberty Asset Allocation CIZ	G&I	H	H	H	-0.5	-0.9	-14.3	13.04	11.4	0.61	f	
32	50	-	VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	0.6	-3.1	-11.0	13.45	17.2	0.82	fsW	
33	38	13	PRNEX	T. Rowe Price New Era	LC	(B)	(B)	(B)	2.0	-7.0	-3.3	21.04	26.7	0.72	fsw	
34	54	148	FDGFX	Fidelity Dividend Growth	LC	(H)	(H)	(H)	-1.3	1.0	-18.5	23.13	19.2	0.84	Fsw	
35	24	55	STDIX	Strong Discovery	MCGro	(H)	(H)	(H)	-1.5	-1.9	-10.9	14.76	25.1	0.83	FSW	
36	52	78	PRFDX	T. Rowe Price Equity-Income	LCVal	H	H	H	0.5	-3.2	-11.1	20.38	16.7	0.53	fsw	
37	51	50	DNLDX	Dreyfus New Leaders	MCGro	H	H	H	-0.1	-3.4	-9.9	35.90	25.2	0.92	FSW	
38	63	29	MUTHX	Mutual Shares (1%) CIZ	MCVal	H	H	H	1.2	-4.3	-9.9	17.06	16.6	0.62	sw	
39	32	85	FEQTX	Fidelity Equity-Income II	G&I	(H)	(H)	(H)	-1.6	-1.0	-13.9	18.03	17.2	0.74	Fsw	
40	165	93	FDFFX	Fidelity Independence (ret.only)	LCGro	H	H	H	0.3	-1.6	-15.4	13.49	42.4	1.24	Fsw	
41	146	225	TGMGX	TCW Galileo Aggressive Growth	MCGro	*	H	H	-2.4	7.5	-34.6	8.43	72.0	2.06	6831	
42	65	91	NCTWX	Nicholas II	MCVal	H	H	H	-0.8	-0.2	-18.0	16.46	21.3	1.00	w	
43	81	27	BEGRX	Mutual Beacon (1%) CIZ	MCVal	H	H	H	1.5	-4.8	-10.1	11.47	15.9	0.58	sw	
44	59	86	PFVLX	Preferred Value	LCVal	H	H	H	-0.3	-2.4	-13.7	15.38	19.5	0.79	w	
45	35	59	TWVLX	American Century Value	MCVal	H	H	H	-0.1	-3.5	-11.0	6.09	20.4	0.59	FSW	
46	-	-	VJSGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	-1.2	-1.8	-14.2	9.36	28.2	0.85	w	
47	46	181	OBEGX	Oberweis Emerging Growth	SCGro	*	H	H	-2.9	2.8	-23.7	16.55	48.7	1.49	FSW	
48	31	46	HOVLX	Homestead Value	MCVal	H	H	H	-0.4	-4.8	-9.0	22.78	18.1	0.59	-	
49	48	31	FDVLX	Fidelity Value	MCVal	H	H	H	-0.2	-5.4	-7.6	47.42	22.8	0.64	Fsw	
50	15	2	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	(H)	(H)	(H)	-3.3	-5.1	-3.8	20.49	17.0	0.45	fsw	
51	108	-	VUVLX	Vanguard U.S. Value	LCVal	H	H	H	1.4	-4.1	-13.6	9.85	-	-	fsw	
52	55	23	NBFSX	Neuberger Berman Fasciano Inv	SCGro	H	H	H	0.3	-5.9	-7.8	30.87	15.7	0.67	FSW	
53	20	5	FLPSX	Fidelity L P Stock (3%&1.5%r<90d)	SCVal	H	H	H	-0.9	-6.5	-4.7	25.72	16.6	0.57	fsW	
54	39	103	STCSX	Strong Advisor Common Stock (closed)	MC	H	H	H	-3.1	-0.1	-17.6	16.41	23.2	0.95	FSW	
55	77	75	OAKMX	Oakmark Fund	MCVal	H	H	H	0.2	-4.5	-12.4	30.71	20.6	0.59	FSW	
56	105	125	TWHIX	American Century Heritage	MCGro	H	H	H	0.3	-4.5	-12.9	9.33	32.1	0.98	FSW	
57	33	17	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	-0.4	-5.9	-8.3	6.71	16.7	0.51	Fsw	
58	29	84	MPSCX	MSI Small Cap Value (closed)	SCVal	H	H	H	-2.5	-2.4	-14.2	15.17	25.5	0.77	fsw	
59	57	67	WPSRX	Westport Small Cap R	SCVal	H	H	H	-0.4	-3.9	-13.7	16.85	-	-	FSW	
60	75	80	SLASX	Selected American Shares	LCVal	H	H	H	-0.4	-3.0	-16.0	26.09	20.5	0.92	sW	
61	45	52	CAAPX	Ariel Appreciation	MCVal	H	H	H	-1.8	-5.3	-8.5	33.81	18.0	0.50	FSW	
62	92	114	DGAGX	Dreyfus Appreciation	LC	S	S	S	0.2	-3.7	-15.9	32.14	17.6	0.80	FSW	
63	36	42	BEMVX	Berger Mid Cap Value	MCVal	H	H	H	-1.2	-4.6	-11.6	15.02	23.3	0.80	FSW	
64	79	117	FGRIX	Fidelity Growth & Income (3%)	G&I	S	S	S	0.4	-3.7	-16.2	31.12	16.7	0.80	fsw	
65	27	30	BGRFX	Baron Growth	SCGro	H	H	H	-0.7	-5.4	-10.6	27.27	25.4	1.06	FSW	
66	90	147	PRGFX	T. Rowe Price Growth Stock	LC	S	S	S	-1.3	-1.0	-20.8	19.19	22.9	1.06	fsw	
67	68	89	VEIPX	Vanguard Equity-Income	LCVal	H	H	H	1.0	-5.1	-13.8	19.23	16.0	0.55	fsW	
68	95	100	LSGIX	Loomis Sayles Value	LCVal	S	S	S	0.2	-4.3	-14.9	12.44	17.5	0.72	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.

Std. Dev.: Standard Deviation based on trailing 3-yr. 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.

Domestic Stock Funds

RANK	1/03	1 Mo	6 Mo	Ticker	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	-	-	-	VALSX	Value Line Special Situations	MCGro	S	S	S	0.4	-5.2	-13.3	16.38	28.6	0.88	FSW
70	72	62	62	VIMSX	Vanguard Mid-Cap Index	MC	S	S	S	-0.9	-4.5	-13.3	10.10	26.2	1.02	fsw
71	143	51	51	TWEBX	Tweedy, Browne American Value	MCVal	S	S	S	3.5	-7.4	-12.8	19.94	15.2	0.51	fsw
72	97	32	32	MQIFX	Mutual Qualified (1%) CIZ	MCVal	H	H	H	0.9	-6.3	-11.6	14.16	16.9	0.61	sw
73	61	145	145	FTRNX	Fidelity Trend	LC	S	S	S	-1.2	-2.0	-19.4	39.93	27.3	1.16	Fsw
74	82	122	122	BIGRX	American Century Income & Growth	G&I	S	S	S	-0.4	-3.2	-17.7	22.44	20.0	0.99	FSW
75	74	65	65	PESPX	Dreyfus Mid Cap Index	MCGro	S	S	S	-0.8	-4.6	-13.6	17.87	25.8	1.02	FSW
76	42	7	7	BERWX	Berwyn Fund (1%r<180d)	SCVal	S	S	S	1.2	-9.1	-5.7	17.65	18.7	0.41	fsw
77	73	144	144	FDSSX	Fidelity Stock Selector	LC	S	S	S	-1.6	-2.0	-19.7	17.11	20.9	0.97	Fsw
78	69	79	79	VEXMX	Vanguard Extended Market Index	MC	H	H	H	-1.2	-3.3	-17.1	19.11	31.4	1.17	fsw
79	30	63	63	OTCFX	T. Rowe Price Small Cap Stock Fund	SC	S	S	S	-1.5	-4.7	-13.5	21.78	22.0	0.73	fsw
80	89	133	133	BEQGX	American Century Equity Growth	LCVal	S	S	S	-0.8	-3.2	-18.6	15.68	20.8	1.03	FSW
81	112	44	44	RYPX	Royce Low Priced Stock (1%r<180d)	SCVal	S	S	S	0.9	-5.6	-15.1	10.01	24.8	0.69	FSW
82	80	110	110	PRDGX	T. Rowe Price Dividend Growth	LCVal	S	S	S	-0.6	-4.1	-16.7	17.23	14.0	0.57	fsw
83	98	159	159	VMRGX	Vanguard/Morgan Growth	LC	S	S	S	-1.7	-1.4	-21.9	11.52	26.7	1.22	fsw
84	58	152	152	FOCPX	Fidelity OTC Portfolio	LCGro	*	H	H	-2.6	0.2	-24.8	24.77	29.1	1.57	fsw
85	66	124	124	WAAXE	Wasatch Small Cap Grth (closed,2%r<60d)	SCGro	(S)	(S)	(S)	-4.8	0.7	-22.8	26.34	37.8	1.15	FSW
86	87	88	88	FEQIX	Fidelity Equity-Income	LCVal	S	S	S	-0.2	-5.2	-15.3	40.86	18.4	0.74	Fsw
87	91	113	113	SLSSX	Selected Special Shares	MCGro	S	S	S	-1.3	-4.2	-16.3	8.87	23.9	1.04	sW
88	101	94	94	VWNFX	Vanguard Windsor II	LCVal	S	S	S	0.5	-6.2	-14.4	21.44	18.5	0.65	fsw
89	64	-	-	CBMDX	C&B Mid Cap Value	MCVal	S	S	S	-0.4	-8.1	-8.1	13.93	18.4	0.53	
90	118	97	97	RPMGX	T.Rowe Price Mid Cap Growth	MCGro	S	S	S	-0.8	-3.9	-18.2	31.92	24.5	1.12	fsw
91	94	146	146	DSEFX	Domini Social Equity Fund	LC	S	S	S	-1.4	-3.0	-19.7	22.33	21.4	1.05	w
92	115	77	77	BPMCX	Boston Partners Mid Cap Value	MCVal	S	S	S	0.0	-6.5	-13.0	9.60	18.3	0.76	FSW
93	99	119	119	FDEQX	Fidelity Disciplined Equity	LC	S	S	S	-0.3	-5.1	-16.5	18.55	19.7	0.94	Fsw
94	106	96	96	SCDUX	Scudder Large Co Value	LCVal	*	S	S	0.4	-6.1	-15.5	18.82	18.2	0.70	FSW
95	85	174	174	VIGRX	Vanguard Growth Index	LCGro	H	H	H	-2.0	-1.7	-22.7	20.62	24.2	1.14	fsw
96	76	104	104	FMLIX	Fidelity New Millennium (3%) (closed)	MCGro	S	S	S	-2.9	-2.4	-20.1	22.84	59.0	1.67	fsw
97	100	140	140	SNXFX	Schwab 1000 Fund (.75%r<180d)	LC	S	S	S	-1.2	-3.5	-19.9	25.64	20.6	1.01	S
98	40	12	12	TASCX	Third Avenue Small-Cap Value	SCVal	H	H	H	-1.0	-7.5	-10.1	13.84	17.5	0.58	FSW
99	151	98	98	FDCAX	Fidelity Capital Appreciation	MC	H	H	H	-1.6	-3.7	-18.9	16.87	31.5	1.26	fsw
117	71	183	183	VHCOX	Vanguard Cap Opp (\$25,000&1%r<5yr)	MCGro	H	H	H	-3.4	-0.3	-27.3	17.54	38.1	1.06	fsw

Dow Jones
NASDAQ
S&P 500

-1.6% -5.0% -15.4%
-4.3 0.5 -32.2
-1.3 -4.8 -22.0

indexes do not
include dividends

International Stock Funds

1	1	1	1	MACSX	Mathews Asia Growth&Income (2%r<90d)	Pacific	B	B	B	-1.8%	-2.3%	8.4%	\$10.37	14.4	-	FSW
2	2	25	25	OAKGX	Oakmark Global (2%r<90d)	Global	B	B	B	0.8	-0.2	-1.3	13.23	-	-	FSW
3	7	16	16	BJBIX	Julius Baer International Equity A	Int'l	B	B	B	2.1	-4.2	-3.3	20.17	28.8	-	F
4	13	27	27	HAINX	Harbor International	Int'l	B	B	B	2.7	-6.2	-4.7	27.62	17.8	-	sw
5	15	28	28	USIFX	USAA International	Int'l	(H)	(H)	(H)	2.0	-4.6	-9.2	15.36	18.1	-	w
6	3	9	9	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	B	B	-1.1	-5.9	-1.6	11.29	21.8	-	FSW
7	42	46	46	SLAFX	Scudder Latin America	LatinA	*	H	H	5.2	-3.1	-18.7	16.42	37.7	-	FSW
8	14	23	23	VNEPX	Vontobel International Equity (2%r<360d)	Int'l	B	B	B	2.2	-6.4	-7.2	12.07	21.1	-	Fsw
9	4	14	14	VEIEX	Vanguard Emerging Mkts Stk Index (0.5%r)	Int'l	*	B	B	-1.7	-4.6	-7.8	7.86	32.3	-	fsw
10	11	15	15	MNEMX	Montgomery Emerging Mkts (closed)	Int'l	*	B	B	-0.7	-5.1	-8.5	8.12	31.6	-	FSW
11	8	12	12	FEMKX	Fidelity Emerging Mkts (3%&1.5%r<90d)	Int'l	B	B	B	-0.7	-6.6	-7.2	7.41	32.9	-	fsw
12	49	51	51	FLATX	Fidelity Latin Amer. (3%&1.5%r<90d)	LatinA	*	H	H	5.0	-4.2	-21.8	9.57	40.4	-	fs
13	30	44	44	PRLAX	T. Rowe Price Latin America (2%r<1yr)	LatinA	*	H	H	2.7	-4.5	-19.1	7.69	43.5	-	fsw
14	16	22	22	FDIVX	Fidelity Diversified Intl (1%r<30d)	Int'l	H	H	H	1.3	-7.8	-8.8	17.48	20.4	-	Fsw
15	19	57	57	USAWX	USAA World Growth	Int'l	H	H	H	0.9	-5.4	-15.7	12.38	20.0	-	w
16	27	47	47	PRESX	T. Rowe Price European	Europe	H	H	H	1.2	-5.6	-17.7	13.24	17.7	-	fsw
17	26	39	39	TBGVX	Tweedy, Browne Global Value	Global	H	H	H	2.2	-9.2	-10.4	16.14	14.6	-	fsw
18	33	31	31	GIGRX	Gabelli Intl. Growth	intl	H	H	H	1.4	-8.1	-13.2	12.05	21.0	-	FSW
19	25	45	45	VEURX	Vanguard European Stock Index	Europe	H	H	H	0.9	-6.6	-16.9	16.66	17.3	-	fsw
20	29	49	49	SCOBX	Scudder Global	Global	H	H	H	1.3	-8.0	-16.1	18.18	16.7	-	FSW
21	21	21	21	FIGRX	Fidelity International G & I	Int'l	H	H	H	0.1	-9.8	-9.9	17.15	22.0	-	Fsw
22	20	19	19	OAKIX	Oakmark International (2%r<90d)	Int'l	H	H	H	0.7	-11.1	-7.9	13.50	24.3	-	FSW
23	17	18	18	PFIFX	Preferred International	Int'l	(H)	(H)	(H)	-0.7	-10.9	-7.4	10.58	17.4	-	w
24	31	34	34	SWINX	Schwab International Index (1.5%r<180d)	Int'l	H	H	H	0.4	-8.6	-14.9	10.57	18.0	-	S
25	34	4	4	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	2.7	-13.9	-5.1	10.74	25.6	-	FSW
26	39	56	56	SGSCX	Scudder Global Discovery (closed)	Int'l	H	H	H	-0.2	-6.9	-18.8	19.02	34.4	-	FSW
27	40	42	42	PRITX	T. Rowe Price Intl Stock	Int'l	H	H	H	0.2	-8.1	-17.4	9.10	19.7	-	fsw
28	22	55	55	FWWFX	Fidelity Worldwide (1%r<30d)	Global	H	H	H	-1.9	-7.2	-17.0	12.24	18.5	-	Fsw
29	24	36	36	VWIGX	Vanguard International Growth	Int'l	H	H	H	-1.2	-7.7	-17.1	12.51	17.6	-	fsw
30	5	8	8	SCOPX	Scudder Pacific Opportunity (2%r<1yr)	Pacific	*	(H)	(H)	-3.8	-10.1	-7.6	8.29	33.5	-	FSW
31	37	33	33	PRIDX	TR Price Intl Discovery (closed,2%r<1yr)	Int'l	H	H	H	1.4	-10.0	-16.4	16.23	37.1	-	fsw
32	6	5	5	MAPTX	Mathews Pacific Tiger (2%r<90d)	Pacific	(H)	(H)	(H)	-3.3	-11.1	-6.6	8.40	47.1	-	FSW
36	23	20	20	FIVFX	Fidelity Aggressive Intl. (1%r<30d)	Int'l	(S)	(S)	(S)	-0.8	-11.6	-10.5	10.98	25.6	-	Fsw
49	10	3	3	PRASX	T. Rowe Price New Asia	Pacific	*	(H)	(H)	-4.3	-13.7	-9.9	5.71	33.6	-	fsw
53	9	2	2	FSEAX	Fidelity SE Asia (3%&1.5%r<90d)	Pacific	*	(H)	(H)	-5.4	-13.6	-10.5	10.02	38.5	-	fsw

Specialty Funds

RANK	1/03	1Mo	6Mo	Ticker	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	14	1		USERX	U.S.Global Gold Shares (.25%r<30d)	NatRes	*	*	*	31.8%	12.7%	88.1%	\$5.51	42.4	0.41	sw
2	5	2		BGEIX	Amer. Cent. Global Gold (1%r<60d)	NatRes	*	*	*	24.7	16.7	75.1	9.36	36.9	0.15	fSW
3	7	6		FSAGX	Fidelity Gold (3%&.75%r<30d)	NatRes	*	*	*	25.2	18.4	67.8	24.50	34.1	0.36	fsw
4	6	4		SCGD	Scudder Gold	NatRes	*	*	*	21.4	17.6	69.0	11.62	31.9	0.28	FSW
5	9	5		FGLDX	INVESCO Gold Inv	NatRes	*	*	*	20.3	13.0	61.3	2.79	30.3	0.22	FS
6	11	-		RYPMX	Rydex Precious Metals	NatRes	*	*	*	20.1	13.7	50.0	32.27	31.7	0.24	fsw
7	1	-		BEARX	Prudent Bear	Altern	*	*	*	4.9	4.4	66.3	7.25	44.1	-1.57	FSW
8	24	7		VGPMX	Vanguard Precious Metals (closed,1%r<1yr)	NatRes	*	*	*	13.1	7.3	36.3	11.17	32.7	0.56	fsw
9	10	-		FSTCX	Fidelity Telecomm (3%&.75%r<30d)	Utility	*	*	*	-1.6	33.9	-28.1	26.90	25.0	1.38	fsw
10	8	-		FBMPX	Fidelity Multimedia (3%&.75%r<30d)	Consmr	*	*	*	-1.0	23.7	-9.1	35.52	21.8	1.08	fsw
11	4	-		BRMIX	AXARosenberg Value L/S (2%r<30d)	Value	*	*	*	5.6	-0.6	29.9	10.30	18.9	-0.58	fSW
12	19	-		FSMEX	Fidelity Medical Equip (3%&.75%r<30d)	Health	*	*	*	4.0	11.8	-1.6	15.73	15.5	0.29	fsw
13	2	-		RYURX	Rydex Ursa	Altern	*	*	*	0.9	-0.2	20.0	12.37	21.5	-1.01	fsw
14	3	-		BRPIX	ProFunds Bear Inv	Altern	*	*	*	0.8	-0.7	18.9	43.76	21.6	-1.02	Sw
15	13	18		GATEX	Gateway Fund	Altern	B	*	*	0.8	4.9	-3.3	21.20	7.8	0.40	FSW
16	30	-		FSCSX	Fidelity Software (3%&.75%r<30d)	Tech	*	*	*	0.7	11.6	-21.5	38.05	52.0	2.14	fsw
17	44	27		FSPHX	Fidelity Health Care (3%&.75%r<30d)	Health	*	*	*	2.6	6.6	-13.5	105.50	15.3	0.28	fsw
18	21	15		MERFX	Merger Fund	Altern	*	*	*	1.0	3.0	-5.1	13.83	6.8	0.14	FSW
19	12	8		STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	1.4	-3.0	9.5	26.62	13.2	0.17	fsw
20	26	14		RSCOX	RS Contrarian	Altern	*	*	*	2.3	-1.3	3.2	10.40	17.6	0.57	FSW
21	17	9		FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	2.3	-2.9	6.5	18.65	13.9	0.20	Fsw
22	43	19		VGHGX	Vanguard Health Care (\$25k&1%r<5yr)	Health	*	*	*	1.9	3.2	-8.2	98.58	15.0	0.37	fsw
23	18	12		VGENX	Vanguard Energy (1%r<1yr)	Energy	*	*	*	3.3	-3.2	3.6	23.61	24.5	0.64	fsw
24	16	-		IVSRX	INVESCO Real Estate Inv	RealEs	*	*	*	1.1	-2.8	5.6	7.58	13.9	0.34	FS
25	15	-		CSEIX	Cohen & Steers Equity Income	RealEs	*	*	*	1.7	-3.3	5.4	11.51	13.1	0.13	FSW
26	23	-		FSESX	Fidelity Energy Services (3%&.75%r<30d)	NatRes	*	*	*	-1.3	-2.1	6.6	30.04	46.4	1.18	fsw
27	56	-		FSDPX	Fidelity Indust Matrls (3%&.75%r<30d)	Cycls	*	*	*	6.6	-5.5	3.0	24.72	23.0	0.87	fsw
28	22	11		CSRXS	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	1.9	-3.5	4.7	43.82	14.6	0.23	FSW
29	50	-		FBIOX	Fidelity Biotechnology (3%&.75%r<30d)	Health	*	*	*	-2.3	15.2	-36.6	39.39	53.1	0.88	fsw
30	51	28		RYHIX	Rydex Health Care	Health	*	*	*	1.6	4.4	-16.5	9.45	15.5	0.31	fsw
31	20	10		VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	1.7	-4.2	4.1	11.99	13.7	0.14	fsw
32	25	16		FSTEX	INVESCO Energy Inv	NatRes	*	*	*	2.0	-2.8	-0.5	16.91	33.9	0.84	FS
33	35	-		FSVLX	Fidelity Home Finance (3%&.75%r<30d)	FinServ	*	*	*	3.0	-4.4	1.9	50.32	25.8	0.37	fsw
34	33	-		FSLEX	Fidelity Environmental Ser (3%&.75%r<30)	Cycls	*	*	*	-1.9	3.8	-13.7	10.56	19.7	0.59	fsw
35	29	-		FBALX	Fidelity Balanced	Hybrid	B	*	*	-0.3	-0.2	-7.4	13.51	10.5	0.54	Fsw
36	28	-		FSPCX	Fidelity Insurance (3%&.75%r<30d)	FinServ	*	*	*	-1.2	-2.2	-2.0	45.71	27.7	0.56	fsw
37	27	-		VBINX	Vanguard Balanced Index	Hybrid	B	*	*	-0.1	-0.1	-8.9	15.89	10.7	0.57	fsw
38	31	-		FSNGX	Fidelity Natural Gas (3%&.75%r<30d)	Utility	*	*	*	2.8	-3.8	-5.6	17.16	27.7	0.61	fsw
39	58	-		FPHAX	Fidelity Pharmaceuticals (3%&.75%r<30d)	Health	*	*	*	3.0	1.5	-20.1	7.51	-	-	fsw
40	61	13		CGMRX	CGM Realty	RealEs	*	*	*	5.6	-10.7	6.5	13.72	17.5	0.21	fsw
41	38	-		RYKIX	Rydex Banking	FinServ	*	*	*	1.4	-6.0	-0.2	7.74	27.5	0.70	fsw
42	53	-		FLISX	INVESCO Leisure Inv	Consmr	*	*	*	-0.5	0.5	-13.4	32.60	22.6	1.04	FS
43	60	-		FDLSX	Fidelity Leisure (3%&.75%r<30d)	Consmr	*	*	*	0.2	1.9	-18.5	51.76	21.2	1.10	fsw
44	47	20		FIDSX	Fidelity Fin'l Serv (3%&.75%r<30d)	FinServ	*	*	*	0.0	-2.1	-8.6	91.58	21.8	0.79	fsw
45	40	-		RYOIX	Rydex Biotechnology	Health	*	*	*	-6.9	15.3	-42.3	13.76	59.7	0.96	fsw
46	37	-		RYCIX	Rydex Consumer Products	Consmr	*	*	*	0.5	-5.2	-2.0	7.50	15.9	0.52	fsw
47	42	-		RYVIX	Rydex Energy Services	NatRes	*	*	*	-2.1	-3.3	-3.6	6.18	37.9	1.15	fsw
48	71	-		FSUTX	Fidelity Utilities Growth (3%&.75%r<30d)	Utility	*	*	*	2.8	4.1	-30.0	27.18	17.5	0.95	fsw
49	70	29		FSTUX	INVESCO Utilities Inv	Utility	*	*	*	5.2	-1.0	-21.5	8.88	16.1	0.66	FS
50	36	-		FSLBX	Fidelity Brokerage (3%&.75%r<30d)	FinServ	*	*	*	-3.3	1.1	-14.4	38.08	30.8	1.47	fsw
51	52	-		FSPFX	Fidelity Paper & Forest (3%&.75%r<30d)	Cycls	*	*	*	2.5	-8.1	-1.4	26.52	24.7	0.80	fsw
52	45	-		FSRBX	Fidelity Banking (3%&.75%r<30d)	FinServ	*	*	*	-0.2	-5.1	-5.4	31.12	24.5	0.70	fsw
53	39	21		RYEIX	Rydex Energy	NatRes	*	*	*	1.9	-5.2	-10.0	9.26	21.3	0.66	fsw
54	57	-		RYIIX	Rydex Internet	Tech	*	*	*	-6.1	13.1	-44.2	22.00	-	-	fsw
55	34	-		RYMIX	Rydex Telecommunications	Utility	*	*	*	-5.7	12.1	-42.9	3.80	21.6	1.52	fsw
56	49	-		FNARX	Fidelity Natrl Resources (3%&.75%r<30d)	NatRes	*	*	*	2.2	-7.0	-8.3	11.32	21.9	0.78	fsw
57	41	17		FSENX	Fidelity Energy (3%&.75%r<30d)	NatRes	*	*	*	1.4	-6.8	-7.5	20.97	22.1	0.70	fsw
58	55	-		FDFAX	Fidelity Food & Agr (3%&.75%r<30d)	Consmr	*	*	*	2.1	-9.0	-5.3	39.21	15.5	0.21	fsw
59	54	22		FSFSX	INVESCO Financial Serv Inv	FinServ	*	*	*	-0.9	-5.0	-12.9	23.65	22.8	0.86	FS
60	46	-		FSAVX	Fidelity Automotive (3%&.75%r<30d)	Cycls	*	*	*	-1.0	-8.5	-4.4	23.21	25.1	0.93	fsw
61	78	-		FBSOX	Fidelity Bus Services (3%&.75%r<30d)	Tech	*	*	*	1.0	-2.1	-24.2	11.72	22.6	1.03	fsw
62	69	-		FSDAX	Fidelity Defense & Aero (3%&.75%r<30d)	Cycls	*	*	*	3.4	-11.6	-5.0	40.64	19.5	0.76	fsw
63	74	24		FHLSX	INVESCO Health Sciences Inv	Health	*	*	*	1.8	-4.6	-20.7	38.97	31.5	0.29	FS
64	48	-		RYPIX	Rydex Transportation	Cycls	*	*	*	0.7	-7.5	-13.7	5.66	20.8	0.76	fsw
65	32	-		FSCHX	Fidelity Chemicals (3%&.75%r<30d)	Cycls	*	*	*	-2.0	-9.2	-6.6	39.34	21.6	0.82	fsw
66	65	-		FCYIX	Fidelity Cyclical Ind (3%&.75%r<30d)	Cycls	*	*	*	1.1	-7.1	-17.9	12.14	22.0	0.98	fsw
67	72	-		FSCGX	Fidelity Industrial Equip (3%&.75%r<30d)	Cycls	*	*	*	-0.8	-5.1	-22.2	17.76	22.9	1.11	fsw
68	68	23		RYFIX	Rydex Financial Services	FinServ	*	*	*	0.0	-9.5	-13.7	8.33	24.1	0.93	fsw
69	62	-		FSHOX	Fidelity Const & Housing (3%&.75%r<30d)	Cycls	*	*	*	1.0	-12.7	-7.2	24.28	24.4	0.80	fsw
70	59	-		FSRFX	Fidelity Transportation (3%&.75%r<30d)	Cycls	*	*	*	1.9	-9.5	-16.5	25.03	23.0	0.88	fsw

(continued from page 1)

As for large-cap vs. small-cap and growth vs. value, we suspect that the year will belong to small-cap growth. Last year was the year of small cap value, until the October avalanche. Right now, as many growth stocks have been plunged, the line between growth and value has become a blur. Small- and mid-cap value managers are buying beaten down stocks that have normally been considered growth stocks. It is no longer clear in the small-cap world what distinguishes a value fund from a growth fund.

In any case, the valuations described to us by small-cap growth managers have been compelling. The obvious question is when will the market respond to these valuations. The answer is when confidence builds that the bear market has ended and a new bull market is in place. We believe such confidence will emerge as this year proceeds.

International markets

We've concentrated on the U.S. market because that is where the bulk of our allocation is located. We believe the U.S. market will be the most rewarding of all the major markets this year. Looking at all the overseas markets the standout is the non-Japan Asian markets.

Throughout last year we continued to see positive earnings growth from Southeast Asia firms. For example, earnings last year for the stocks in the Matthews Pacific Tiger Fund portfolio were estimated to have grown by 14% in the face of a worldwide recession. At the same time the p/e ratio for the portfolio at November month end was 11.1. In Southeast Asia, as you can see, stocks can be bought at less than one times their growth rate. We do not believe this will last.

There is a cloud hanging over this region too and that is the sudden emergence of the North Korea nuclear issue. The world powers, including China, are working to defuse the issue. Until they do, however, investors will probably remain cautious about commitments to the region. But once the issue is settled, global investors will find Southeast Asia compelling, particularly if the U.S. economy develops as we believe.

Turning to Europe, we believe that market will become of interest only later this year as the U.S. economy picks up.

Portfolios and asset allocation

If you take a look at the performance of our asset allocation portfolios for last year, you will see that all nine outperformed the S&P 500, with the three all-family "MONEYLETTER" portfolios performing considerably better than the index. All three were down, and we take no comfort in that, but they were down by 2.5% (Moderate) to 6.4% (Venturesome) compared to -23.4% for the S&P 500.

The main goal of asset allocation, as we practice it, is to lose less than the index in bear markets and to perform at least as well in bull markets. In that sense we have been achieving our goal over the past three years.

Asset allocation did play a role in our performance last year as we lowered our allocation to domestic stock funds on June 14 for all portfolios. Even so, we were weighted fairly heavily to the U.S. market all year. We missed much of the bear clawing because of specific fund choices. We think asset allocation will play a bigger role this year. \$

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	1.14%	1.19%	1.58%
Gabelli US Treasury MMF	1.12	1.15	1.59
Fidelity Spartan US Treas MMF	1.07	1.13	1.52
Amer Century Capital Presv Fund/Inv	0.99	1.03	1.44
T Rowe Price US Treasury MF	0.90	0.97	1.42
SouthTrust US Treasury MMF	0.85	0.85	1.32
Schwab US Treasury Money Fund	0.83	0.86	1.23
CMA Treasury Fund	0.81	0.86	1.34
Dreyfus 100% US Treas MMF	0.79	0.82	1.32
Prudential Govt Sec Tr/US Treas/CI A	0.75	0.87	1.30

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.45%	1.49%	-
Touchstone Money Market Fund	1.38	1.33	1.88%
McMorgan Principal Preservation Fund	1.36	1.38	1.64
Bunker Hill MMF	1.34	1.37	1.74
Scudder YieldWise Money Fund	1.31	1.30	1.63
Vanguard Prime MMF/Retail	1.26	1.29	1.73
Flex-fund Money Market Fund	1.23	1.20	1.67
TIAA-CREF Money Market Fund	1.23	1.27	1.70
RBB MMP/Sansom Street Class	1.22	1.25	1.78
Centennial Money Market Trust	1.21	1.23	1.42
Pacific Cap Cash Assets Tr/Orig	1.21	1.21	1.45
USAA Money Market Fund	1.21	1.19	1.58

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Strong Tax-Free Money Fund	1.46%	1.16%	1.39%
Vanguard Tax-Exempt MMF	1.36	1.12	1.43
Evergreen Municipal MMF/CI I	1.33	1.09	1.29
Strong Municipal MMF	1.29	1.07	1.37
Scudder YieldWise Muni MF	1.23	1.06	1.27
Amer Century T-F MMF/Inv Class	1.20	0.93	1.21
Fidelity Municipal MMF	1.18	0.95	1.22
USAA Tax Exempt MMF	1.18	0.97	1.24
T Rowe Price Summit Muni MMF	1.13	0.95	1.23
Scudder Tax-Exempt Money Fund	1.12	0.95	1.16

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Principal Resource Inc. (PRI) is the exclusive provider of the "MONEYLETTER Managed Account Program."¹ 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.

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¹As 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.

Fidelity Low-Priced Stock: A Long-Term Winner

That Fidelity Low-Priced Stock continues to trounce its small-cap blend fund competition defies logic. After all, its average competitor sports \$161 million in assets and less than 400 stocks in its portfolio, according to Morningstar. Low-Priced Stock, in contrast, is mammoth, with \$15 billion in assets and more than 800 individual holdings.

Many small-cap stock funds close to new investors around the \$2 billion mark in assets. This Fidelity behemoth has indeed closed its doors from time to time, most recently on May 16, 2002, prompted by substantial cash inflows. At that point, fund assets had grown from less than \$7 billion at the end of 2000 to \$15.7 billion on March 31, 2002. And as that cash poured in, the fund's cash position soared (to 23% of the portfolio on May 31), as manager Joel Tillinghast had difficulty putting it to work. But when the designated six-month closure passed, the fund reopened to investors, on November 18. And the cash position had dropped to less than 5% of assets by the end of November.

Just how well has the fund performed? At first glance, 2002 returns may not seem that impressive, as the fund declined 6.2%—its first down year since 1990. But it performed significantly better than its average peer, which lost 16%. Moreover, the fund's 14.2% annualized 10-year total return bested all of its Morningstar small-cap blend peers. Plus, it has regularly, and significantly, bested its bogey, the Russell 2000. For example, at year-end, its positive three-year average annual return of 12.2% compared to a negative average return of 7.5% for the Russell, which also fell more than 20% in 2002.

Fund manager key

The fund's success can be largely attributed to manager Joel Tillinghast and Fidelity's strong research team. Tillinghast is a rarity among Fidelity fund managers: he has headed the same fund since its launch in late 1989. In fact, he has the longest tenure at a single equity fund among current managers at Fidelity. His challenge is to invest in stocks that are priced at \$35 or less. Basically, stated Tillinghast, low price is an indicator of institutional neglect. He cited Citicorp selling at \$9 a share in the early 1990s and Chrysler at \$3 in the early '80s as prime examples—institutions had clearly deserted these stocks. Plus, he said, investing in low-priced stocks is an effort to capitalize on Fidelity's strong research capabilities.

Overall, Tillinghast said he is able to buy both "traditional" low-priced stocks, which are often small-cap, as well as depressed large-caps with turn-around potential. He often places a significant portion of assets overseas (about 12% as of July 31)

if that's where he finds attractive opportunities. His most basic requirements for an investment: solid (but not necessarily rapid) growth. His average stock is growing faster than the small-cap Russell 2000 index—plus a valuation that is below the firm's real value. Moreover, the company must have something proprietary—a product or service, or a unique position.

Top holding DR Horton is a great example. The homebuilder acquired Continental Homes a number of years ago and has grown consistently despite the cyclicity of the homebuilding industry. Tillinghast believes the firm is managing its land acquisitions and capital allocation better than its competitors.

When will he sell? Clearly, if there is a deterioration in a firm's fundamental prospects. In addition, he may sell if he can find a better opportunity in the same business. For example, he might sell a stock with a 15% growth rate selling at a P/E of 30 and buy a similar firm in the same industry growing at 15% yet only selling at a P/E of 15.

Top Five Sector (% of Assets) and Top Five Holdings

Consumer Discretionary	23.4%	CVS	2.0%
Information Technology	23.4	Lafarge	1.8
Financials	21.5	DR Horton	1.8
Industrials	6.4	Safeway Inc	1.8
Consumer Staples	6.1	PMI Group	1.7

Sectors as of November 30, 2002

Holdings as of September 30, 2002

The fund has a substantial number of stocks—more than 800 at last count. But given the size of the fund, that number is needed for adequate diversification and to reduce the risk level in the fund. Currently no one holding accounts for more than about 2.5% of assets. Tillinghast's efforts to reduce risk have not gone unnoticed. The fund sports the lowest 10-year standard deviation (a measure of risk) within its category, yet also the best 10-year return.

The billion dollar question

Given the enormous size of the fund, and its unwieldiness in trading stocks, can Tillinghast continue to rack up impressive results year after year? Truly, only time will tell. However, we currently have a hold rating on the fund, and it is being maintained in our Fidelity portfolios. \$

Fidelity Low-Priced Stock Fund (FLPSX), 3% load
Fidelity Group, 82 Devonshire Street
Boston, MA 02109; (800) 544-8888.
Minimum investment: \$2,500; \$2,500 IRA

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