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## The Iraq Factor

by Walter S. Frank, Chief Investment Officer

Try as we might, we find it impossible to put the normal weight on the flow of market information, both technical and fundamental, that usually determines our economic and market outlook. The reason, of course, is Iraq. With the President’s State of the Union speech it became clear that the Iraq situation will be coming to a head shortly, with the probability of war very high. Wall Street knows this very well. Iraq introduces uncertainty with a capital “U” into any view of the market’s near-term behavior. Iraq has frozen Wall Street, discouraging buying and prompting cautionary selling.

Furthermore, Iraq skews any view of the intermediate-term outlook based on the most recent data. Business has been reporting last quarter’s profits all this month, and the numbers have been generally good and encouraging. At the same time, the guidance given about the six-month outlook has been very cautious. How much of the caution is a true reflection of how companies view the outlook? Or is it a deliberately shaded view considering the uncertainty immediately ahead? It’s anyone’s guess. With a war looming, business simply can only be cautious about the intermediate-term future. Of course, the caution feeds on itself. To use Keynes’ term, when the “animal spirits” of business is low, business spending is sure to be muted, and that is the case right now.

We believe, and have believed for some time, that the drag from the Iraq uncertainty will have to end before the economy can move ahead with any vigor. We expect to see good growth, once the Iraq issue is resolved. We are not alone, which doesn’t automatically make our view correct. Still, the general tendency now is to look for the economy to gain meaningful traction in the last half of this year, with Iraq, positively resolved, behind us. If something goes wrong, of course, the current outlook will have to be scrapped. We consider the latter a low probability event, but it cannot be ignored.

### Still it moves

Despite Iraq, and the uncertainty it brings, the most recent evidence points to a slowly improving economy, with improvement coming from the depressed manufacturing sector. Yes, we

know that last quarter’s GDP was very weak at 0.7%, but even there, digging beyond the headline numbers, it was easy to see that the auto industry (with its on-off incentive programs) was swinging the GDP around. An average of the last two quarters, 2.3% growth, gives a better picture of the underlying trend.

As for manufacturing, new orders have been expanding moderately since September, with a marked pick up during December and January. Production too has picked up after a lull. (We are referring to the monthly ISM surveys.)

The encouraging numbers from the manufacturing sector fit with what we have been hearing from various portfolio managers. Business has stabilized for some firms and is getting better for others is how one portfolio manager stated it. The economy is growing, and growth will slowly improve, emphasize slowly, while Iraq is an issue. After Iraq growth will pick up noticeably.

### What to do now

We know that this a most discouraging time for investors. We have had a long and grinding bear market, and there is no immediate relief in sight with Iraq thwarting any sustained revival of the stock market. It is easy right now to decide to leave the stock market altogether and head for total safety.

Some safety right now makes sense, after all we are recommending a 15% cash position even in our Venturesome portfolios and larger reserves in our other asset allocation portfolios. But experience has taught us that when profits are at recession lows and heavy stimulus is being applied, the economy and profits and the stock market respond vigorously. We believe the response will be the same this time, once Iraq is behind us. Staying the course now will be rewarded before this year is over.

### Portfolio changes

The Hotline of Tuesday, January 28 recommended the sale of Fidelity OTC Portfolio in the Fidelity Venturesome and Moderate Portfolios. As a substitute, the purchase of Fidelity Convertible Securities was recommended.

Here are the details of the model portfolio changes. All trades are as of January 29. **Fidelity Venturesome**—Sold 584 shares of OTC Portfolio @ \$23.46 per share. Purchased 827 shares of Convertible Securities @ \$16.58. **Fidelity Moderate**—Sold 462 shares of OTC Portfolio, purchased 654 shares of Convertible Securities.

The same Hotline also recommended the sale of Vanguard Growth Index in all three Vanguard Portfolios. In the Vanguard Venturesome Portfolio, Vanguard Small Cap Growth Index was recommended as a substitute. In the Moderate and Conservative Portfolios, Vanguard Capital Value was the replacement.

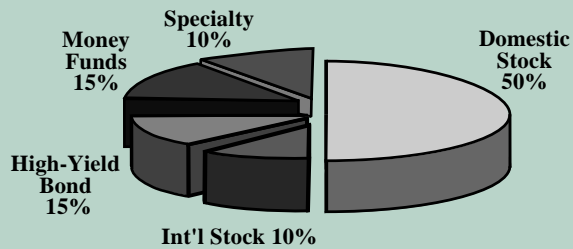
Here are the details. **Vanguard Venturesome**—Sold 743 shares of Growth Index @ \$19.64 per share. Purchased 1,634 shares of Small Cap Growth Index @ \$8.92. **Moderate**—Sold 610 shares of Growth Index, purchased 1,663 shares of Capital Value & \$7.20. **Conservative**—Sold 423 shares of Growth Index, purchased 1,153 shares of Capital Value. \$

### Market Trends

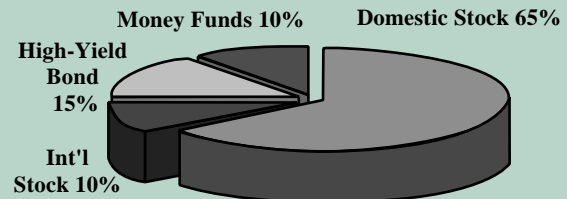
	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Lower	Flat/Higher
Dollar	Lower	Lower
Inflation	Flat	Flat/Higher
Dow	Lower	Higher
NASDAQ	Lower	Higher
Europe	Lower	Higher
Japan (Nikkei)	Lower	Higher
Hong Kong (Hang Seng)	Lower	Higher

**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	Yield YTD	0.0%	19,014	\$1.00	\$19,014
Gateway Fund	11/27/02	-3.1	597	20.52	12,250
Columbia High Yield	01/17/01	6.5	1,538	8.40	12,917
Third Avenue SC Value	12/04/02	-5.0	967	13.11	12,681
Ariel Fund	08/14/02	-6.5	351	33.44	11,752
Yacktman	11/15/00	34.0	1,824	12.19	22,235
Oakmark Global	08/28/02	-1.7	652	12.51	8,154
<b>TOTAL VALUE</b>					<b>\$99,003</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
-1.6%	0.2%	-4.2%	0.1%	-1.6%

**MONEYLETTER Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.0%	8,593	\$1.00	\$8,593
Buffalo High Yield	06/20/01	5.1	1,388	9.74	13,524
Royce Premier	11/27/02	-7.7	870	9.09	7,908
Matthews Pacific Tiger	02/06/02	-7.1	971	8.21	7,973
Ariel Fund	08/14/02	-6.5	193	33.44	6,469
Yacktman	11/15/00	34.0	1,810	12.19	22,066
Third Avenue SC Value	12/04/02	-5.0	1,156	13.11	15,158
<b>TOTAL VALUE</b>					<b>\$81,691</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
-1.6%	0.0%	-3.1%	-17.9%	-1.6%

**Fidelity Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.0%	15,555	\$1.00	\$15,555
Fidelity Balanced	11/27/02	-4.2	755	13.11	9,901
Fidelity High Income	01/17/01	-6.8	1,803	7.76	13,993
Fid. Low Priced Stk (3%)	02/20/02	-8.3	614	24.59	15,088
Fidelity Equity-Income II	10/30/02	-4.2	688	16.73	11,516
Fidelity Capital Apprec.	12/04/02	-4.4	650	16.15	10,497
Fidelity Int'l Growth & Inc	06/05/02	-18.8	381	16.27	6,194
<b>TOTAL VALUE</b>					<b>\$82,744</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
-1.1%	-2.5%	-8.7%	-16.9%	-1.1%

**Fidelity Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.0%	12,112	\$1.00	\$12,112
Fidelity Convertible Sec.	01/29/03	-0.2	654	16.55	10,820
Fidelity High Income	01/17/01	-6.8	1,937	7.76	15,029
Fidelity Fifty	02/20/02	-1.4	954	15.93	15,193
Fid. Low Priced Stk (3%)	01/10/01	16.0	569	24.59	13,982
Fidelity Equity-Income II	12/04/02	-7.8	665	16.73	11,125
Fidelity SE Asia (3%)	02/06/02	-13.7	665	9.72	6,459
<b>TOTAL VALUE</b>					<b>\$84,720</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
-0.9%	-3.1%	-8.0%	-12.9%	-0.9%

**Vanguard Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.0%	13,333	\$1.00	\$13,333
Vanguard Balanced Index	11/27/02	-4.1	551	15.42	8,499
Vanguard Int'l Growth	05/01/02	-21.7	576	11.75	6,772
Vanguard Cap Opportunity	07/12/99	11.0	330	16.18	5,553
Vanguard Strategic Equity	10/09/02	13.1	959	12.99	12,457
Vanguard Capital Value	01/29/03	-1.0	1,153	7.13	8,218
Vanguard Convertible	09/04/02	6.8	1,133	10.55	11,950
Vanguard FI Hi-Yld Corp	01/17/01	2.9	2,483	5.93	14,722
<b>TOTAL VALUE</b>					<b>\$81,504</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
-0.6%	-0.3%	-12.2%	-16.7%	-0.6%

**Vanguard Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.0%	8,068	\$1.00	\$8,068
Vanguard Extended Mkt	11/27/02	-6.9	408	18.33	7,487
Vanguard FI Hi-Yld Corp	01/17/01	2.9	2,396	5.93	14,209
Vanguard Emerg. Mkts Stock	02/06/02	-9.7	919	7.64	7,023
Vanguard Convertible	09/04/02	6.8	1,685	10.55	17,775
Vanguard Capital Value	01/29/03	-1.0	1,663	7.13	11,854
Vanguard Strategic Equity	10/09/02	13.1	968	12.99	12,573
<b>TOTAL VALUE</b>					<b>\$78,989</b>

**TOTAL RETURNS (as of 1/31/03)**

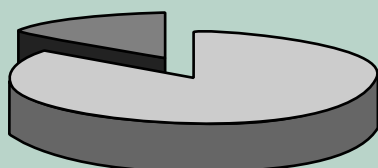
1-mo	6-mo	1-yr	3-yr	YTD
-0.3%	0.2%	-14.7%	-19.0%	-0.3%

Note: Asset Allocation Portfolios were indexed to \$100,000 on January 1, 2000. Pie charts show current allocations. Data shows positions as of 1/31/03.

**VENTURESOME**

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

Money Funds 15%



Domestic Stock 85%

**MONEYLETTER Venturesome**

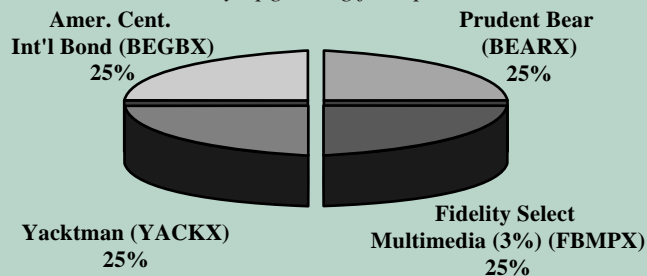
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.0%	12,477	\$1.00	\$12,477
Royce Premier	11/27/02	-7.7	1,263	9.09	11,483
Third Avenue SC Value	12/04/02	-5.0	1,095	13.11	14,354
Yacktman	11/15/00	34.0	868	12.19	10,577
Neuberger Berm. Genesis	02/14/01	1.0	612	19.08	11,682
Ariel Fund	08/14/02	-6.5	397	33.44	13,289
<b>TOTAL VALUE</b>					<b>\$73,862</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
-2.7%	-3.0%	-8.2%	-24.8%	-2.7%

**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	-3.6%	3,195	\$7.54	\$24,094
Fidelity Multimedia (3%)	11/27/02	-6.6	557	35.01	19,517
Yacktman	10/30/02	3.7	1,931	12.19	23,535
Amer. Cent Int'l Bond	09/30/02	9.9	2,190	12.54	27,465
<b>TOTAL VALUE</b>					<b>\$94,611</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	Incep. (9/30/02)
1.9%	n/a	n/a	n/a	-5.4%

**Fidelity Venturesome**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.0%	15,315	\$1.00	\$15,315
Fidelity Convertible Sec.	01/29/03	-0.2	827	16.55	13,682
Fid. Low Priced Stk (3%)	11/29/00	22.6	724	24.59	17,812
Fidelity Equity-Income II	10/30/02	-4.2	791	16.73	13,229
Fidelity Capital Apprec.	12/04/02	-4.4	661	16.15	10,673
Fidelity Fifty	02/20/02	-7.2	1,050	15.93	16,724
<b>TOTAL VALUE</b>					<b>\$87,435</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
-1.5%	-5.1%	-10.2%	-10.5%	-1.5%

**Vanguard Venturesome**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.0%	12,917	\$1.00	\$12,917
Vanguard Extended Mkt	11/27/02	-6.9	654	18.33	11,986
Vanguard Convertible	09/04/02	6.8	1,847	10.55	19,481
Vanguard Strategic Equity	10/09/02	13.1	951	12.99	12,359
Vanguard Equity-Income	08/28/02	-6.5	261	18.17	4,742
Vanguard Small Cap Growth	01/29/03	-0.1	1,634	8.82	14,579
<b>TOTAL VALUE</b>					<b>\$76,064</b>

**TOTAL RETURNS (as of 1/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
-0.7%	-2.6%	-17.0%	-22.1%	-0.7%

**Commentary**

The current model holdings mirror our uncertain market environment. Positions are split equally between those favored in weak markets vs. equity positions better suited for improving market conditions. While the economy has been sputtering of late, we have seen surges on the heels of positive economic news, and sell-offs with earnings and employment setbacks. Although we are more than a year into "recovery," the economic expansion has provided little cause for celebration so far.

Investors remain on edge, with the escalation of geopolitical unrest. Businesses are reluctant to commit funds with the specter of a military incursion in Iraq looming so near. The Administration continues to push aggressively with further tax cutting and spending proposals to stimulate the economy and buoy the consumer.

While we have tested 3-month market lows, we remain mired in a trading range, and will likely remain there until some progress is made to break the Iraqi stalemate.

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

**Total Return %—January 31, 2003**

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	-2.6	-5.3	-23.1	-36.1	-2.6
Asset Allocation Funds (Avg) 42 Funds	-1.7	-2.3	-12.9	-17.3	-1.7

## Domestic Stock Funds

RANK	1/31 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	1		YACKX	Yacktman Fund	MC	B	B	B	-1.1%	10.5%	9.5%	\$12.19	18.2	0.55	FSW
2	6	15		RSPFX	RS Partners	SC	*	B	B	1.3	7.0	0.5	18.05	-	0.59	FSW
3	7	64		VCVSX	Vanguard Convertible Securities	Convrt	B	B	B	1.3	8.0	-6.2	10.55	20.4	0.69	fsw
4	17	101		FCVSY	Fidelity Convertible Securities	MCGro	B	B	B	1.3	6.3	-10.6	16.55	27.4	0.89	Fsw
5	2	-		HSGFX	Hussman Strategic Growth (1.5%r<180d)	Convrt	B	B	B	-0.5	-1.2	9.5	12.60	-	-	fsw
6	3	27		LMASX	Legg Mason Special Investment Trust	MC	B	B	B	1.1	3.5	-7.6	29.96	30.6	1.18	w
7	-	-		OAKBX	Oakmark Equity & Income	Bal	(H)	(H)	(H)	-1.2	2.8	-2.6	17.78	10.6	0.37	FSW
8	9	14		FFTYX	Fidelity Fifty (.75%r<30d)	LC	B	B	B	-0.7	2.0	-1.5	15.93	28.2	0.87	Fsw
9	5	9		PRWCX	T. Rowe Price Cap Appreciation	LCVal	B	B	B	-0.8	1.7	-1.2	14.09	10.7	0.24	fsw
10	4	-		RYSEX	Royce Special Equity (1%r<180d)	SCVal	B	B	B	-3.8	0.0	5.6	13.70	15.9	0.36	Sw
11	41	226		TGMCX	TCW Galileo Aggressive Growth	MCGro	*	H	H	2.6	10.1	-31.6	8.20	38.0	1.88	sw
12	8	139		LMVTX	Legg Mason Value	LCVal	B	B	B	-0.3	5.1	-16.0	40.47	28.1	1.16	w
13	11	159		LMOPX	Legg Mason Opportunity Trust	MC	B	B	B	0.7	2.6	-13.3	8.29	-	-	-
14	12	7		NBGNX	Neuberger Berman Genesis (closed)	SC	B	B	B	-3.0	0.1	-7.0	19.08	19.6	0.62	fsw
15	13	6		AVALX	Aegis Value Fund	SCVal	B	B	B	-2.5	-2.1	-3.3	12.34	18.2	0.31	fw
16	29	33		SMCDX	Strong Mid Cap Disciplined	MCVal	(B)	(B)	(B)	-1.4	0.9	-13.0	14.65	23.4	0.92	FSW
17	14	16		TWEIX	American Century Equity Income	MCVal	B	B	B	-2.6	-0.9	-6.7	6.36	15.1	0.44	FSW
18	134	83		HRTVX	Heartland Value (1%r<90d)	SCVal	H	H	H	-0.7	0.9	-14.1	31.23	22.5	0.63	FsW
19	19	19		RYPRX	Royce Premier (1%r<180d)	SC	H	H	H	-3.2	-0.9	-9.3	9.09	18.7	0.62	FSW
20	20	157		WVALX	Weitz Value Fund	MCVal	B	B	B	-1.7	1.4	-17.4	27.45	16.6	0.52	SW
21	15	10		RYTRX	Royce Total Return (1%r<180d)	SCVal	B	B	B	-3.4	-2.5	-5.8	8.09	13.6	0.41	FSW
22	-	-		FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	(B)	(B)	(B)	-2.2	2.0	-19.9	13.45	18.5	0.91	fsw
23	204	220		GINLX	Gintel Fund (2%r<45d)	MC	H	H	H	1.5	0.2	-21.1	8.68	49.8	1.20	fsw
24	26	25		TRMCX	T. Rowe Price Mid Cap Value	MCVal	B	B	B	-1.7	-2.1	-10.5	14.75	15.9	0.60	fsw
25	38	38		MUTHX	Mutual Shares (1%) CIZ	MCVal	H	H	H	-0.8	-2.6	-10.8	16.70	16.6	0.62	sw
26	54	126		STCSX	Strong Advisor Common Stock (closed)	MC	H	H	H	-1.4	0.9	-18.8	15.75	23.2	0.95	FSW
27	126	210		SACPX	Salomon Brothers Capital (closed)	MCVal	H	H	H	1.8	0.3	-22.1	19.42	20.0	0.85	sw
28	59	98		WPSRX	Westport Small Cap R	SCVal	H	H	H	-1.5	-0.3	-16.2	16.25	-	-	FSW
29	22	142		THPGX	Thompson Plumb Growth	LC	B	B	B	-2.9	2.6	-21.2	33.91	19.6	0.69	fsw
30	-	-		FCONX	Fidelity Contrafund II (3%)	LC	H	H	H	-1.9	0.4	-17.3	8.51	18.5	0.98	fsw
31	33	23		PRNEX	T. Rowe Price New Era	LC	H	H	H	-3.4	-2.6	-7.8	19.93	26.7	0.72	fsw
32	114	144		WBSNX	WmBlair S-C Growth N (1%r<60d)	SCGro	H	H	H	-2.6	0.2	-16.2	13.36	-	0.95	FSW
33	28	13		PRSVX	T. Rowe Price S-C Value (closed, 1%r<1yr)	SCVal	H	H	H	-3.5	-2.8	-7.7	21.17	16.4	0.44	fsw
34	43	45		BEGRX	Mutual Beacon (1%) CIZ	MCVal	H	H	H	-1.1	-3.0	-11.7	11.19	15.9	0.58	sw
35	57	71		PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	-2.6	-1.9	-12.7	6.42	16.7	0.51	Fsw
36	30	92		GABAX	Gabelli Asset	MC	H	H	H	-2.7	-1.1	-14.7	27.49	17.2	0.76	FSW
37	32	-		VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	-0.8	-3.0	-13.9	12.99	17.2	0.82	fsw
38	16	39		LLPFX	Longleaf Partners	MCVal	B	B	B	-0.2	-5.7	-9.0	22.20	20.1	0.58	fsw
39	31	-		GAATX	Liberty Asset Allocation CIZ	G&I	H	H	H	-2.0	-2.4	-14.7	12.59	11.4	0.61	f
40	46	-		VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	-2.7	-1.0	-17.6	8.92	28.2	0.85	w
41	72	54		MQIFX	Mutual Qualified (1%) CIZ	MCVal	H	H	H	-0.8	-4.1	-13.0	13.84	16.9	0.61	sw
42	99	152		FDCAX	Fidelity Capital Appreciation	MC	H	H	H	-0.2	-1.5	-20.5	16.15	31.5	1.26	fsw
43	140	147		TUDRX	WPG Tudor	SC	H	H	H	-2.0	0.6	-23.1	11.02	38.9	1.20	FsW
44	25	11		OAKLX	Oakmark Select (closed) (2%r<90d)	MCVal	(H)	(H)	(H)	-1.2	-3.8	-13.6	23.53	26.2	0.83	FSW
45	63	49		BEMVX	Berger Mid Cap Value	MCVal	H	H	H	-2.0	-2.8	-15.0	14.42	23.3	0.80	FSW
46	169	151		ACBGX	Bonnell Growth Fund (.25%r<30d)	MCGro	H	H	H	2.0	-4.0	-18.2	11.40	43.9	1.10	fsw
47	23	44		DODGX	Dodge & Cox Stock	LCVal	(H)	(H)	(H)	-3.0	-3.1	-13.0	85.45	19.8	0.64	sw
48	21	80		SSHFX	Sound Shore	MCVal	(H)	(H)	(H)	-3.2	-2.0	-15.9	24.99	18.4	0.60	sW
49	229	201		JASSX	Janus Special Situation	MCGro	*	H	H	0.9	-1.0	-24.6	10.63	29.6	1.18	FSW
50	191	193		CUEGX	CS Warburg Pincus Emerging Growth	MCGro	H	H	H	0.7	-0.3	-26.6	18.98	35.5	1.26	FSW
51	-	-		FSLCX	Fidelity Small Cap Stock (2%r<90d)	SCGro	H	H	H	-2.0	-1.9	-18.9	11.60	22.8	0.78	F
52	115	35		BSCFX	Baron Small Cap	SCGro	H	H	H	-0.5	-5.9	-11.2	13.30	28.0	1.07	FSW
53	104	-		RSMOX	RS MidCap Opportunities	MCGro	H	H	H	-1.8	0.1	-24.5	7.17	27.0	1.06	FSW
54	-	-		FGRTX	Fidelity Growth & Income II	LC	H	H	H	-2.2	-2.2	-17.9	7.42	13.7	0.76	Fw
55	79	77		OTCFX	T. Rowe Price Small Cap Stock Fund	SC	H	H	H	-3.4	-2.3	-16.8	20.77	22.0	0.73	fsw
56	35	28		STDIX	Strong Discovery	MCGro	H	H	H	-2.8	-3.7	-14.2	14.01	25.1	0.83	FSW
57	76	17		BERWX	Berwyn Fund (1%r<180d)	SCVal	H	H	H	-3.4	-4.4	-11.9	16.64	18.7	0.41	fsw
58	53	8		FLPSX	Fidelity L P Stock (3%&1.5%r<90d)	SCVal	H	H	H	-2.3	-5.9	-9.8	24.59	16.6	0.57	fsw
59	65	20		BGRFX	Baron Growth	SCGro	S	S	S	-2.3	-4.7	-13.0	26.28	25.4	1.06	FSW
60	81	148		RYLPX	Royce Low Priced Stock (1%r<180d)	SCVal	S	S	S	-2.9	-1.8	-19.9	9.47	24.8	0.69	FSW
61	87	165		SLSSX	Selected Special Shares	MCGro	S	S	S	-3.1	-1.8	-20.0	8.34	23.9	1.04	sW
62	27	18		FCNTX	Fidelity Contrafund (3%)	LC	H	H	H	-3.1	-5.1	-11.9	37.42	20.1	0.84	fsw
63	10	4		CFIMX	Clipper Fund	LCVal	(H)	(H)	(H)	-3.2	-6.1	-9.1	73.29	15.7	0.30	Fsw
64	78	85		VEXMX	Vanguard Extended Market Index	MC	H	H	H	-2.2	-3.1	-18.3	18.33	31.4	1.17	fsw
65	49	29		FVVLX	Fidelity Value	MCVal	H	H	H	-3.3	-4.8	-12.5	44.88	22.8	0.64	Fsw
66	34	130		FDGFX	Fidelity Dividend Growth	LC	H	H	H	-2.9	-1.4	-21.6	21.67	19.2	0.84	Fsw
67	108	3		EEQFX	Eclipse Small Cap Value	SCVal	S	S	S	-1.7	-7.9	-7.4	11.30	18.6	0.75	FSW
68	101	41		LSSCX	Loomis Sayles Small Cap Value	SC	S	S	S	-2.6	-4.1	-15.4	17.63	19.4	0.69	sW

**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	1/31 2003	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	36	63	PRFDX	T. Rowe Price Equity-Income	LCVal	H	H	H	-2.9	-3.9	-15.5	19.21	16.7	0.53	fsw	
70	186	216	NEEGX	Needham Growth Fund (.75%r<30d)	MCGro	S	S	S	-0.5	-0.2	-28.6	19.82	50.6	1.11	FSW	
71	40	32	FDFFX	Fidelity Independence (ret.only)	LCGro	S	S	S	-1.3	-3.7	-18.7	12.90	42.4	1.24	Fsw	
72	90	95	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	S	S	S	-1.6	-3.1	-19.7	30.56	24.5	1.12	fsw	
73	58	91	MPSCX	MSI Small Cap Value (closed)	SCVal	H	H	H	-3.1	-3.2	-17.6	14.43	25.5	0.77	fsw	
74	66	102	PRGFX	T. Rowe Price Growth Stock	LC	S	S	S	-1.6	-2.5	-21.5	18.28	22.9	1.06	fsw	
75	45	30	TWVLX	American Century Value	MCVal	S	S	S	-3.0	-4.8	-13.9	5.77	20.4	0.59	FSW	
76	132	166	PRNHX	T. Rowe Price New Horizons	SCGro	*	S	S	-2.3	-0.9	-24.9	16.23	37.8	1.24	fsw	
77	117	211	VHCOX	Vanguard Cap Opp (\$25,000&1%r<5yr)	MCGro	H	H	H	-1.1	-0.5	-27.9	16.81	38.1	1.06	fsw	
78	88	56	VWNFX	Vanguard Windsor II	LCVal	H	H	H	-1.6	-5.0	-16.4	20.46	18.5	0.65	fsw	
79	120	169	JAENX	Janus Enterprise	MCGro	S	S	S	-1.1	-3.0	-22.2	22.71	54.1	1.59	FSW	
80	103	42	CRIMX	CRM Mid Cap Value Ins	MCVal	S	S	S	-1.3	-5.3	-16.4	15.13	-	-	-	
81	121	141	JAVLX	Janus Twenty(closed)	LCGro	S	S	S	-1.4	-3.4	-21.2	28.61	38.1	1.43	FSW	
82	107	43	CRMMX	CRM Mid Cap Value Inv	MCVal	S	S	S	-1.3	-5.3	-16.5	15.04	-	-	FSW	
83	98	55	TASCX	Third Avenue Small-Cap Value	SCVal	H	H	H	-3.3	-5.6	-12.9	13.11	17.5	0.58	FSW	
84	68	72	LSGIX	Loomis Sayles Value	LCVal	S	S	S	-2.3	-4.3	-17.9	11.84	17.5	0.72	fsW	
85	24	5	ARGFX	Ariel Fund	SCVal	H	H	H	-5.1	-5.8	-10.1	33.44	18.9	0.40	FSW	
86	39	87	FEQTX	Fidelity Equity-Income II	G&I	H	H	H	-3.8	-3.3	-18.5	16.73	17.2	0.74	Fsw	
87	60	52	SLASX	Selected American Shares	LCVal	S	S	S	-2.4	-4.9	-16.6	24.91	20.5	0.92	sW	
88	44	62	PFLVX	Preferred Value	LCVal	H	H	H	-3.0	-4.7	-16.4	14.49	19.5	0.79	w	
89	37	34	DNLDX	Dreyfus New Leaders	MCGro	(S)	(S)	(S)	-3.3	-5.5	-14.1	33.78	25.2	0.92	FSW	
90	83	145	VMRGX	Vanguard/Morgan Growth	LC	S	S	S	-1.8	-2.8	-23.2	10.95	26.7	1.22	fsw	
91	213	135	RYPNX	Royce Opportunity (1%r<180d)	SCVal	S	S	S	-1.8	-4.5	-19.2	7.24	27.3	0.77	fsw	
92	129	133	ARTMX	Artisan Midcap(closed)	MCGro	S	S	S	-2.8	-2.8	-22.1	19.01	35.5	1.11	FSW	
93	69	-	VALSX	Value Line Special Situations	MCGro	S	S	S	-1.9	-5.5	-16.7	15.77	28.6	0.88	FSW	
94	18	2	VUSVX	Vontobel U.S. Value (2%r<360d)	LCVal	(H)	(H)	(H)	-2.4	-8.3	-9.1	18.20	22.0	0.44	FSW	
95	92	69	BPMCX	Boston Partners Mid Cap Value	MCVal	H	H	H	-2.9	-4.5	-17.7	9.10	18.3	0.76	FSW	
96	127	104	TAVFX	Third Avenue Value	MCVal	S	S	S	-2.6	-5.2	-16.7	29.68	16.0	0.61	FSW	
97	119	167	PRWAX	T. Rowe Price New America	LC	S	S	S	-1.5	-1.9	-26.5	21.72	27.0	1.27	fsw	
123	84	182	FOCPX	Fidelity OTC Portfolio	LCGro	*	(S)	(S)	-3.8	-1.9	-26.9	23.01	29.1	1.57	fsw	
132	109	-	VCVLX	Vanguard Capital Value	LCVal	H	H	H	-2.5	-3.1	-26.5	7.13	-	-	fsw	
183	95	116	VIGRX	Vanguard Growth Index	LCGro	(S)	(S)	(S)	-2.6	-5.9	-25.5	19.44	24.2	1.14	fsw	

Dow Jones  
NASDAQ  
S&P 500

-3.5% -7.8% -18.8%  
-1.1 -0.6 -31.7  
-2.7 -6.1 -24.3

indexes do not  
include dividends

International Stock Funds

1	1	1	MACSX	Mathews Asia Growth&Income (2%r<90d)	Pacific	B	B	B	0.4%	-0.5%	9.0%	\$10.35	14.4	-	FSW
2	9	42	VEIEX	Vanguard Emerging Mkts Stk Index (0.5%r)	Int'l	*	B	B	0.1	0.1	-9.9	7.64	32.3	-	fsw
3	6	13	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	B	B	-1.1	-2.4	-5.9	10.97	21.8	-	FSW
4	2	22	OAKGX	Oakmark Global (2%r<90d)	Global	B	B	B	-3.6	-0.5	-7.6	12.51	-	-	FSW
5	39	29	ICHKX	Investec China & Hong Kong	Pacific	H	H	H	3.1	-5.3	-6.4	10.48	39.2	-	FSW
6	10	37	MNEMX	Montgomery Emerging Mkts (closed)	Int'l	*	B	B	-0.3	-1.5	-11.9	7.86	31.6	-	FSW
7	3	9	BJBIX	Julius Baer International Equity A	Int'l	B	B	B	-3.0	-3.7	-4.7	19.14	28.8	-	FS
8	12	60	FLATX	Fidelity Latin Amer. (3%&1.5%r<90d)	LatinA	*	H	H	-3.9	4.2	-24.5	8.97	40.4	-	fs
9	7	55	SLAFX	Scudder Latin America	LatinA	*	H	H	-3.4	2.1	-20.1	15.46	37.7	-	FSW
10	11	23	FEMKX	Fidelity Emerging Mkts (3%&1.5%r<90d)	Int'l	(H)	(H)	(H)	-0.7	-3.5	-11.0	7.16	32.9	-	fsw
11	31	54	PRIDX	T. Rowe Price Intl Disc. (closed,2%r<1yr)	Int'l	H	H	H	-0.4	-3.4	-13.1	16.00	37.1	-	fsw
12	14	17	FDIVX	Fidelity Diversified Intl (1%r<30d)	Int'l	B	B	B	-2.5	-4.7	-8.5	16.74	20.4	-	Fsw
13	49	14	PRASX	T. Rowe Price New Asia	Pacific	H	H	H	2.3	-7.7	-9.3	5.72	33.6	-	fsw
14	32	20	MAPTX	Mathews Pacific Tiger (2%r<90d)	Pacific	H	H	H	-0.4	-7.0	-8.6	8.21	47.1	-	FSW
15	13	56	PRLAX	T. Rowe Price Latin America (2%r<1yr)	LatinA	*	H	H	-4.1	0.7	-22.7	7.20	43.5	-	fsw
16	4	21	HAINX	Harbor International	Int'l	B	B	B	-5.1	-4.4	-8.6	25.48	17.8	-	sw
17	5	16	USJFX	USAA International	Int'l	B	B	B	-4.2	-4.8	-9.8	14.49	18.1	-	w
18	30	18	SCOPX	Scudder Pacific Opportunity (2%r<1yr)	Pacific	H	H	H	1.0	-7.9	-10.8	8.13	33.5	-	FSW
19	20	39	SCOBX	Scudder Global	Global	H	H	H	-1.7	-4.8	-15.4	17.52	16.7	-	FSW
20	15	33	USAWX	USAA World Growth	Int'l	(H)	(H)	(H)	-3.9	-4.8	-16.8	11.67	20.0	-	w
21	26	43	SGSCX	Scudder Global Discovery (closed)	Int'l	H	H	H	-1.0	-5.8	-18.9	18.55	34.4	-	FSW
22	38	3	FJPNX	Fidelity Japan (3%&1.5%r<90d)	Japan	*	H	H	-4.3	-10.9	-1.6	8.07	34.8	-	Fsw
23	21	12	FIGRX	Fidelity International G & I	Int'l	H	H	H	-3.3	-8.3	-10.0	16.27	22.0	-	FSW
24	37	8	FPBFX	Fidelity Pacific Basin (3%&1.5%r<90d)	Pacific	*	H	H	-2.7	-10.1	-7.6	12.41	30.0	-	Fsw
25	22	36	OAKIX	Oakmark International (2%r<90d)	Int'l	H	H	H	-3.4	-8.5	-10.9	12.69	24.3	-	FSW
26	25	10	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	-3.2	-10.2	-7.0	10.28	25.6	-	FSW
27	8	4	VNEPX	Vontobel International Equity (2%r<360d)	Int'l	(H)	(H)	(H)	-5.5	-8.8	-7.3	11.21	21.1	-	FSW
28	44	6	VPACX	Vanguard Pacific Stock Index	Pacific	*	H	H	-2.9	-11.4	-6.5	5.71	24.7	-	fsw
29	18	26	GIGRX	Gabelli Intl. Growth	intl	H	H	H	-3.9	-8.3	-13.0	11.33	21.0	-	FSW
30	36	19	FIVFX	Fidelity Aggressive Intl. (1%r<30d)	Int'l	S	S	S	-3.8	-8.8	-12.5	10.32	25.6	-	Fsw
31	23	15	PFIFX	Preferred International	Int'l	H	H	H	-4.0	-10.1	-10.6	9.98	17.4	-	w
32	29	32	VWIGX	Vanguard International Growth	Int'l	H	H	H	-3.4	-8.1	-16.9	11.75	17.6	-	fsw
33	16	46	PRESX	T. Rowe Price European	Europe	S	S	S	-4.4	-7.1	-18.0	12.32	17.7	-	fsw
34	28	38	FWWFX	Fidelity Worldwide (1%r<30d)	Global	H	H	H	-3.0	-7.3	-19.7	11.53	18.5	-	Fsw
40	53	11	FSEAX	Fidelity SE Asia (3%&1.5%r<90d)	Pacific	*	H	H	0.6	-13.2	-14.5	9.72	38.5	-	fsw

## Specialty Funds

RANK		TICKER		FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE	RISK		NTF/wtf
1/31 2003	1Mo Ago	6Mo Ago	Symbol						1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta	
1	4	3	SCGD	Scudder Gold	NatRes	*	*	*	3.4%	38.8%	58.5%	\$11.76	31.90	0.28	FSW
2	1	6	USERX	U.S.Global Gold Shares (.25%r<30d)	NatRes	*	*	*	2.5	38.2	59.5	5.39	42.40	0.41	sw
3	2	2	BGEIX	Amer. Cent. Global Gold (1%r<60d)	NatRes	*	*	*	0.7	34.6	52.8	9.19	36.90	0.15	fSW
4	3	5	FSAGX	Fidelity Gold (3%&.75%r<30d)	NatRes	*	*	*	0.1	34.6	46.0	23.95	34.10	0.36	fsw
5	5	4	FGLDX	INVESCO Gold Inv	NatRes	*	*	*	1.1	28.4	44.5	2.76	30.30	0.22	FS
6	8	12	VGPMX	Vanguard Precious Metals (closed,1%r<1yr)	NatRes	*	*	*	3.3	26.3	26.5	11.25	32.70	0.56	fsw
7	6	-	RYPMX	Rydex Precious Metals	NatRes	*	*	*	-1.0	26.9	29.4	30.92	31.70	0.24	fsw
8	7	-	BEARX	Prudent Bear	Altern	*	*	*	2.9	7.8	64.1	7.54	44.10	-1.57	FSW
9	9	-	FSTCX	Fidelity Telecomm (3%&.75%r<30d)	Utility	*	*	*	-0.4	37.9	-23.8	25.47	25.00	1.38	fsw
10	10	-	FBMPX	Fidelity Multimedia (3%&.75%r<30d)	Consmr	*	*	*	3.2	25.5	-5.0	35.01	21.80	1.08	fsw
11	13	-	RYURX	Rydex Ursa	Altern	*	*	*	2.3	2.2	23.1	13.08	21.50	-1.01	fsw
12	14	-	BRPIX	ProFunds Bear Inv	Altern	*	*	*	2.1	1.5	22.0	46.22	21.60	-1.02	Sw
13	20	9	RSCOX	RS Contrarian	Altern	*	*	*	3.7	4.9	7.6	10.64	17.60	0.57	FSW
14	16	-	FSCSX	Fidelity Software (3%&.75%r<30d)	Tech	*	*	*	-0.9	17.6	-23.7	36.15	52.00	2.14	fsw
15	11	-	BRMIX	AXARosenberg Value L/S (2%r<30d)	Value	*	*	*	0.1	-1.8	20.9	10.36	18.90	-0.58	fSW
16	18	23	MERFX	Merger Fund	Altern	*	*	*	0.5	7.1	-5.6	13.80	6.84	0.14	FSW
17	12	-	FSMEX	Fidelity Medical Equip (3%&.75%r<30d)	Health	*	*	*	-0.3	6.0	-3.9	15.38	15.50	0.29	fsw
18	27	-	FSDPX	Fidelity Indust Matrls (3%&.75%r<30d)	Cycls	*	*	*	0.0	4.3	-2.6	24.06	23.00	0.87	fsw
19	23	14	VGENX	Vanguard Energy (1%r<1yr)	Energy	*	*	*	-1.5	1.6	0.0	22.85	24.50	0.64	fsw
20	32	15	FSTEX	INVESCO Energy Inv	NatRes	*	*	*	-2.1	1.5	-0.7	16.27	33.90	0.84	FS
21	15	17	GATEX	Gateway Fund	Altern	B	*	*	-1.2	2.8	-6.3	20.52	7.84	0.40	FSW
22	26	-	FSSEX	Fidelity Energy Services (3%&.75%r<30d)	NatRes	*	*	*	-4.9	2.8	-2.8	27.94	46.40	1.18	fsw
23	55	-	RYMIX	Rydex Telecommunications	Utility	*	*	*	-0.6	13.7	-37.4	3.58	21.60	1.52	fsw
24	43	-	FDSLX	Fidelity Leisure (3%&.75%r<30d)	Consmr	*	*	*	0.8	4.0	-17.0	50.45	21.20	1.10	fsw
25	54	-	RYIIX	Rydex Internet	Tech	*	*	*	-0.3	14.1	-40.7	20.70	-	-	fsw
26	38	-	FSNGX	Fidelity Natural Gas (3%&.75%r<30d)	Utility	*	*	*	-0.9	-0.1	-5.4	16.62	27.70	0.61	fsw
27	40	10	CGMRX	CGM Realty	RealEs	*	*	*	0.8	-3.3	-0.4	13.49	17.50	0.21	fsw
28	35	-	FBALX	Fidelity Balanced	Hybrid	B	*	*	-1.4	0.0	-9.4	13.11	10.50	0.54	Fsw
29	34	-	FSLEX	Fidelity Environmental Ser (3%&.75%r<30)	Cycls	*	*	*	-3.0	2.4	-13.0	10.01	19.70	0.59	fsw
30	47	-	RYVIX	Rydex Energy Services	NatRes	*	*	*	-4.6	1.9	-10.8	5.78	37.90	1.15	fsw
31	21	8	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	-2.8	-4.8	3.1	17.88	13.90	0.20	Fsw
32	24	-	IVSRX	INVESCO Real Estate Inv	RealEs	*	*	*	-3.1	-5.0	3.0	7.28	13.90	0.34	FS
33	37	-	VBINX	Vanguard Balanced Index	Hybrid	B	*	*	-1.5	-1.1	-10.5	15.42	10.70	0.57	fsw
34	19	7	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	-2.9	-5.8	3.4	25.65	13.20	0.17	fsw
35	17	24	FSPHX	Fidelity Health Care (3%&.75%r<30d)	Health	*	*	*	-0.1	0.0	-15.4	101.90	15.30	0.28	fsw
36	25	-	CSEIX	Cohen & Steers Equity Income	RealEs	*	*	*	-3.2	-5.4	1.4	11.05	13.10	0.13	FSW
37	53	22	RYEIX	Rydex Energy	NatRes	*	*	*	-3.3	-0.1	-12.3	8.78	21.30	0.66	fsw
38	28	13	CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	-3.5	-5.2	0.7	41.84	14.60	0.23	FSW
39	31	11	VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	-2.7	-5.9	1.2	11.52	13.70	0.14	fsw
40	41	-	RYKIX	Rydex Banking	FinServ	*	*	*	-0.1	-5.8	-3.1	7.57	27.50	0.70	fsw
41	52	-	FSRDX	Fidelity Banking (3%&.75%r<30d)	FinServ	*	*	*	0.1	-5.5	-7.9	30.33	24.50	0.70	fsw
42	30	25	RYHIX	Rydex Health Care	Health	*	*	*	0.3	-1.6	-18.4	9.20	15.50	0.31	fsw
43	57	20	FSENX	Fidelity Energy (3%&.75%r<30d)	NatRes	*	*	*	-3.1	-2.3	-11.6	19.88	22.10	0.70	fsw
44	73	-	FSDCX	Fidelity Developing Comm (3%&.75%r<30d)	Tech	*	*	*	2.1	6.0	-40.3	10.08	37.00	1.72	fsw
45	42	-	FLISX	INVESCO Leisure Inv	Consmr	*	*	*	-2.2	-1.1	-16.2	31.15	22.60	1.04	FS
46	39	-	FPHAX	Fidelity Pharmaceuticals (3%&.75%r<30d)	Health	*	*	*	-1.2	0.3	-21.3	7.19	-	-	fsw
47	56	-	FNARX	Fidelity Natrl Resources (3%&.75%r<30d)	NatRes	*	*	*	-2.8	-2.4	-12.7	10.75	21.90	0.78	fsw
48	29	-	FBIOX	Fidelity Biotechnology (3%&.75%r<30d)	Health	*	*	*	0.6	2.4	-29.9	38.95	53.10	0.88	fsw
49	22	16	VGHGX	Vanguard Health Care (\$25k&1%r<5yr)	Health	*	*	*	-1.9	-3.6	-11.7	94.35	15.00	0.37	fsw
50	65	-	FSCHX	Fidelity Chemicals (3%&.75%r<30d)	Cycls	*	*	*	-0.9	-6.4	-6.5	38.28	21.60	0.82	fsw
51	49	28	FSTUX	INVESCO Utilities Inv	Utility	*	*	*	-3.6	-0.9	-17.8	8.34	16.10	0.66	FS
52	51	-	FSPFX	Fidelity Paper & Forest (3%&.75%r<30d)	Cycls	*	*	*	-5.4	-3.3	-9.4	24.56	24.70	0.80	fsw
53	33	-	FSLVX	Fidelity Home Finance (3%&.75%r<30d)	FinServ	*	*	*	-0.6	-7.5	-6.2	48.42	25.80	0.37	fsw
54	44	18	FIDSX	Fidelity Fin'l Serv (3%&.75%r<30d)	FinServ	*	*	*	-2.1	-4.3	-13.0	86.93	21.80	0.79	fsw
55	48	-	FSUTX	Fidelity Utilities Growth (3%&.75%r<30d)	Utility	*	*	*	-2.9	2.0	-28.3	25.64	17.50	0.95	fsw
56	50	-	FSLBX	Fidelity Brokerage (3%&.75%r<30d)	FinServ	*	*	*	-4.4	-0.5	-19.9	34.95	30.80	1.47	fsw
57	36	-	FSPCX	Fidelity Insurance (3%&.75%r<30d)	FinServ	*	*	*	-2.6	-6.5	-7.9	43.43	27.70	0.56	fsw
58	46	-	RYCIX	Rydex Consumer Products	Consmr	*	*	*	-3.5	-6.7	-7.7	7.14	15.90	0.52	fsw
59	80	26	VGSUX	Vanguard Utilities Income	Utility	*	*	*	0.0	-5.4	-19.1	9.01	15.00	0.45	fsw
60	59	21	FSFSX	INVESCO Financial Serv Inv	FinServ	*	*	*	-1.7	-6.0	-16.0	22.60	22.80	0.86	FS
61	60	-	FSVAX	Fidelity Automotive (3%&.75%r<30d)	Cycls	*	*	*	-4.3	-6.7	-12.7	21.67	25.10	0.93	fsw
62	78	-	ISWCX	INVESCO Telecommunications Inv	Utility	*	*	*	0.9	2.1	-44.8	8.22	35.80	1.97	FS
63	62	-	FSDAX	Fidelity Defense & Aero (3%&.75%r<30d)	Cycls	*	*	*	-1.6	-9.2	-13.3	39.01	19.50	0.76	fsw
64	58	-	FDFAI	Fidelity Food & Agr (3%&.75%r<30d)	Consmr	*	*	*	-4.2	-8.4	-11.7	37.19	15.50	0.21	fsw
65	77	34	FSPTX	Fidelity Technology (3%&.75&r<30d)	Tech	*	*	*	-0.9	-0.6	-36.9	37.36	46.60	2.14	fsw
66	63	27	FHLSX	INVESCO Health Sciences Inv	Health	*	*	*	-0.9	-6.9	-21.8	37.52	31.50	0.29	FS
67	68	19	RYFIX	Rydex Financial Services	FinServ	*	*	*	-1.6	-8.7	-16.8	7.99	24.10	0.93	fsw
68	71	-	FSCPX	Fidelity Consumer Ind (3%&.75%r<30d)	Consmr	*	*	*	-3.1	-6.9	-19.8	18.69	14.00	0.66	fsw
69	66	-	FCYIX	Fidelity Cyclical Ind (3%&.75%r<30d)	Cycls	*	*	*	-4.3	-7.5	-20.5	11.40	22.00	0.98	fsw
70	79	36	RYTIX	Rydex Technology	Tech	*	*	*	-1.5	-1.5	-41.0	7.08	34.10	2.04	fsw

## Looking to the Future

Principal Resource Inc., exclusive provider of the *MONEYLETTER Managed Account Program*, announces two major improvements to its operation. First, in an effort to appeal to a broader range of investors and savers, the company has added traditional financial planning to its scope of services. Second, reflecting the broadening nature of these services, the firm has begun the process of changing its name to PRI Financial Advisors Inc.

The introduction of financial planning services coincides with the addition of Ted Gelsthorpe to the company's team of advisors. Gelsthorpe has extensive experience in financial planning, most recently with American Express Financial Advisors. He will focus on the development of traditional and comprehensive financial plans that tackle issues such as retirement planning, estate planning, tax planning, cashflow management, and many more. Mr. Gelsthorpe will also support the *MONEYLETTER Managed Account Program*, working closely with clients on their investment goals.

The company's name change is a natural development with the addition of financial planning. "We are excited about the addition of financial planning, and the company name change will more accurately reflect our range of services," said Bruce W. Hardy, President of PRI Financial Advisors Inc. "We are now able to offer comprehensive financial assistance to our clients, no matter what their goals or objectives may be."

Contact information for PRI Financial Advisors will not change, and there will be a period during which you may see both names on documents to ease the transition. \$

### MANAGED ACCOUNTS

PRI Financial Advisors Inc. (formerly Principal Resource Inc.) is the exclusive 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 Financial Advisors can execute the strategies you see in *MONEYLETTER* for you. Contact us 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:** PRI Financial Advisors Inc.  
360 Woodland St.  
Holliston, MA 01746

<sup>1</sup>As an independent Registered Investment Advisor, PRI Financial Advisors 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*.

#### 100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	1.05%	1.10%	1.51%
Gabelli US Treasury MMF	1.03	1.06	1.50
Fidelity Spartan US Treas MMF	1.02	1.02	1.44
Amer Century Capital Presv Fund/Inv	0.93	0.96	1.35
T Rowe Price US Treasury MF	0.84	0.88	1.34
Schwab US Treasury Money Fund	0.75	0.78	1.15
Prudential Govt Sec Tr/US Treas/CI A	0.73	0.70	1.25
Dreyfus 100% US Treas MMF	0.71	0.74	1.24
CMA Treasury Fund	0.68	0.71	1.29
RMK Select Treas MMF/CI A	0.62	0.66	1.04
US Treasury MF of America/CI A	0.62	0.71	1.07

#### GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.38%	1.43%	1.85%
Touchstone Money Market Fund	1.24	1.28	1.80
RBB MMP/Sansom Street Class	1.22	1.21	1.72
Vanguard Prime MMF/Retail	1.18	1.23	1.65
McMorgan Principal Preservation Fund	1.16	1.23	1.58
Scudder YieldWise Money Fund	1.14	1.18	1.58
USAA Money Market Fund	1.14	1.17	1.52
TIAA-CREF Money Market Fund	1.13	1.17	1.63
Dreyfus BASIC MMF	1.11	1.15	1.66
Centennial Money Market Trust	1.10	1.15	1.37

#### TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Strong Tax-Free Money Fund	1.08%	1.11%	1.36%
Vanguard Tax-Exempt MMF	1.03	1.07	1.40
Strong Municipal MMF	0.98	1.03	1.33
Scudder YieldWise Muni MF	0.92	0.95	1.22
Evergreen Municipal MMF/CI I	0.86	0.91	1.27
USAA Tax Exempt MMF	0.85	0.89	1.21
T Rowe Price Summit Muni MMF	0.84	0.87	1.20
Scudder Tax-Exempt Money Fund	0.83	0.87	1.12
Amer Century T-F MMF/Inv Class	0.82	0.87	1.19
Fidelity Municipal MMF	0.80	0.85	1.18

#### TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	1.05%	1.06%	1.38%
Vanguard PA Tax-Exempt MMF	0.98	1.00	1.29
Vanguard CA Tax-Exempt MMF	0.92	0.97	1.30
Vanguard NJ Tax-Exempt MMF	0.91	0.93	1.25
Vanguard NY Tax-Exempt MMF	0.91	0.93	1.29
USAA Tax Exempt CA MMF	0.87	0.90	1.19
Fidelity CA Municipal MMF	0.77	0.76	1.03
Fidelity NY Municipal MMF	0.77	0.78	1.04
Northern CA Municipal MMF	0.75	0.74	1.04
Fidelity PA Municipal MMF	0.72	0.75	1.09

**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 1/28/03. 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

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## Oakmark Equity & Income

What can you say about a fund that, for the trailing one-, three-, five-, and ten-year periods (ended January 31), outpaces 99% of its peers? Well, you could certainly make the connection that its investment strategy is a winner over the long haul. And looking at its relative performance in 2002, you could draw the same conclusion. Oakmark Equity & Income returned -2%, compared to an 11% decline in its primary benchmark, the Lipper Balanced Fund Index. You might think that with that kind of performance, lead manager Clyde McGregor would be feeling great. On the contrary, McGregor recently let on that he and co-manager Edward Studzinski were not pleased with that result, citing that positive returns are necessary to preserve and grow shareholders' capital.

That said, however, shareholders should still be pleased with these results in a year when more than 96% of all equity funds finished in the red. According to Lipper, every individual S&P industry sector in the S&P 500 declined, and more than 75% of all S&P 500 index stocks fell.

### Consistent strategy

Since day one (November 1, 1995) Clyde McGregor has been at the helm of this Oakmark balanced offering. Typically, the fund has about 60% of assets in stocks and the remainder in bonds, with the ultimate goal of achieving high current income, and the preservation and growth of capital. The bond portfolio is generally heavy in Treasuries, with some agency debt and high-yield bonds thrown in. Over the past year, the managers found inflation-indexed Treasuries, or TIPS, to be an attractive value, and bought when the inflation premium built into the securities to be just over 1%. Since the managers believed inflation would range above that in the upcoming five years or so, the debt was attractive.

The stock strategy is consistent with Oakmark's value philosophy. In a nutshell, Oakmark buys companies they believe trade at a discount to their true business values. The firm does not make its decisions based on macroeconomic factors, or on technical factors such as the performance of the stock market. Instead, they employ an intensive, in-house research process to identify attractive stocks. McGregor emphasizes that they identify the benchmarks by which companies make acquisitions in given industries, and use that unique industry pricing mechanism to determine intrinsic value. His goal is to buy stocks when they are valued at no more than 60% of intrinsic value, and sell when they reach 90% or higher of intrinsic value. He especially likes to take advantage of what he

calls trading anomalies that arise at the opening of the market, when unusual price movements overnight create attractive prices. Oakmark prides itself on its independence from Wall Street analysts. Instead, the firm relies on its own analysts, who do not have the possible conflicts of interest their Wall Street brethren might. In addition to Oakmark's in-house staff, McGregor and Studzinski do their own research, traveling to companies in which the fund is invested, or to those they are considering buying. (Firms also make in-house presentations at Oakmark.) They like to speak with companies directly, to get a better flavor of the factors impacting the firm and its industry. And to this end, McGregor does make good use of economic data, for while they do not take a macroeconomic approach, such data is useful for interpreting how companies and industries will fare in the big scheme of things.

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

Health Care	15.5%	Synopsys, Inc.	3.4%
Consumer Cyclical	14.0	Burlington Resources	3.1
Capital Goods	9.1	Laboratory Corp. of Amer.	2.9
Technology	6.9	SAFECO Corp.	2.8
Energy	6.5	First Health Group	2.7

as of December 31, 2002

Top holding Synopsys has been in the portfolio for about a year and a half. The managers like the firm's substantial cash position, lack of debt, and profitable business. Laboratory Corp. of America is a more recent addition to the portfolio, initiated in the fourth quarter of 2002. When investors reacted sharply to an earnings shortfall pre-announcement, these Oakmark managers stepped in. They had already identified this number two independent medical lab testing company as attractive based on favorable business fundamentals, and welcomed the price drop as an opportunity to buy.

Unlike many balanced funds, which stick to the large-cap arena, Oakmark Equity & Income's portfolio is full of small- and mid-cap issues. Its strategy is strict, and the managers look to buy stocks for the long term. A winning combination. \$

*Oakmark Equity & Income Fund (OAKBX)*  
*Oakmark Funds, Two N. LaSalle Street*  
*Chicago, IL 60602-3790; (800) 625-6275*  
*Minimum investment: \$1,000; \$1,000 IRA*

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