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## A Stand-Off Quarter First Quarter Review

by Walter S. Frank, Chief Investment Officer

The first quarter was a struggle for the stock market as a whole, and for our asset allocation portfolios as well. The quarter started off well, but then as the war drums started beating louder, caution took over, and the market fell apart. It seemed the bear had drawn a second wind. But then the war began, and with a sudden, powerful rally, the market recovered a good chunk of the losses. The quarter ended with overall losses to be sure, but less than the dreary lows of early March.

What was true of the market was true of our portfolios. At the end of January our portfolios were down slightly, and doing better than the S&P 500. February saw persistent selling and the combination of cash reserves in all of our portfolios and the value orientation of our portfolios restrained our losses relative to the S&P 500. This, of course, was the pattern all last year.

However, as the market rallied in late March, technology and other long-shunned stocks led the way, and the gap between our portfolios' performance and the S&P 500 narrowed. The result is close to a stand-off. Yes, our portfolios taken together did somewhat better than the S&P (thanks to the fund family portfolios) but not enough to write home about. (See Table 1)

### High-yield bonds?

Looking at the various first-quarter fund reviews, the return of the technology funds leaps out immediately. Some of those funds have worked their way into the leadership of our fund selection system. But technology-oriented funds had no representation in our portfolios as we moved into this year (for obvious reasons), and in the few fund switches we did make during the quarter we shied away from these new leaders for the same obvious reasons. We need to be convinced that we are not seeing some temporary speculation about to fizzle once again. To paraphrase the President, we've seen this movie before.

The actual performance leader in our portfolios would be the last group anyone would have picked to show the way in the quarter, our high-yield bond funds. Yes, folks, high-yield bonds performed. As Table 2 (page 2) shows the gains for our high-yield bond funds ranged from 6.6% for Fidelity High Income to 3.2% for Buffalo High Yield.

The reasons for the performance are the same reasons that have driven the funds higher since the lows of last October: the universal search for yields and—very important—a growing sense that the corporate sector's finances were slowly righting themselves. Despite the current weak economic reports, the better-than-expected profits and cash flow reports are offering strong encouragement to investors that the risk/reward balance has improved in the riskier sectors of the bond market.

Another type of interest rate sensitive fund, convertible securities funds, also turned out to be winners in our portfolios. These funds are not in the *MONEYLETTER* all-family portfolios but they are in all the fund family portfolios, with the exception of the Fidelity Conservative Portfolio. The Fidelity Convertible Securities Fund gained 2.8% over the quarter, while the Vanguard equivalent rose 2.5%. Convertible securities offer some hedge in a falling market, and they have attracted investors during the bear market.

**Table 1**  
**Portfolio Performance**  
**12/31/02 thru 03/31/03**  
(1st Quarter 2003)

	<i>MONEYLETTER</i>	Fidelity	Vanguard
Venturesome	-3.9%	-3.1%	-0.9%
Moderate	-3.6	-2.2	-0.3
Conservative	-3.1	-1.3	-0.1
Vanguard 500 Index		-3.2%	
Lipper Average (Stock Fund)		-3.3%	

### Market Trends

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

### The conservative portfolios

It is important to recognize that in mid-February we changed the nature of all the Conservative portfolios. In response to subscriber demand we transformed the Conservative portfolios from a conservative growth style to a strong emphasis on stability and safety. The portfolio had always been a low risk portfolio, and it is now even lower risk.

Consequently, performance, while not to be ignored, has moved lower in priority while stability, always a goal, has been moved up in the order of priorities. This means that comparisons with the S&P 500 or some other growth oriented index is not particularly relevant for the Conservative portfolios. Their

(continued on page 2)

(continued from page 1)

benchmark would be closer to that for balanced funds than to any of the growth indexes.

### The funds

The standout equity fund in the all-family portfolios was RS Partners. The fund has been a steady performer throughout the bear market under the guidance of veteran money manager Andy Pilara. We moved into the fund in mid-February and the fund returned 4.4% through March 31. This was the only equity fund that made a positive contribution to performance among the *MONEYLETTER* portfolios.

Fortunately the losses among the other equity funds in the *MONEYLETTER* portfolios were limited. The worst performing *MONEYLETTER* portfolio was the Venturesome Portfolio (which lacked any high-yield bond funds), and even here the loss was only slightly larger than the Vanguard 500.

The best performer over the quarter among the Fidelity-only portfolio funds was Capital Appreciation. The fund was up 1.9% over the three months. As for the Vanguard equity funds, none in our portfolios had a positive return for the quarter. The best performer, in a negative sense, was Strategic Equity which showed a minor 0.9% loss.

Looking at the performance of our stock funds as a group, it is clear that it was not a good quarter for value funds in general, and small- and mid-cap value funds in particular. Some of these funds had held up extremely well last year, but the sector was being sold as investors switched to the suddenly attractive beaten-down technology issues.

During the quarter, the relative underperformance of some value funds led us to sell such funds as Ariel, Fidelity Equity-Income II and Fidelity Low-Priced Stock. (The latter suffered as well from the poorer performance of small-caps in general.)

We are still maintaining our modest cash positions in the Venturesome and Moderate portfolios. We need to add, they are not permanent positions.

Looking at the asset allocation portfolios as a whole, all showed losses. Six of the portfolios outperformed the S&P 500, though we take little comfort from that. A loss is a loss. The single family portfolios outdid the *MONEYLETTER* portfolios. This can be attributed essentially to the better performance of the Fidelity and Vanguard high-yield bond funds, and the presence of convertible funds in the single family portfolios. Those funds made the difference. We look forward to positive numbers in our next quarterly report. \$

**Table 2**  
**High-Yield Bond Funds Total Return**  
**12/31/02 thru 03/31/03**

Fidelity High Income	6.6%
Vanguard High-Yield Corporate	4.3
Columbia High-Yield	3.6
Buffalo High-Yield	3.2

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## Springtime For The Market

The market has acted well since our last issue, especially as the earnings season keeps rolling along. That is the surprise that is powering this advance. It is not that earnings are rising so rapidly, rather that expectations were so low. We have been arguing that it was only common sense to expect that Wall Street analysts' earnings estimates were low-ball estimates. The analysts have been beaten over the head for almost three years because their estimates were much too optimistic. No wonder they prefer to be under rather than over.

These better earnings are coming through mainly because of cost-cutting and not through a pick-up in business activity. As many have noted business will have to pick up in order to put a solid foundation under the market.

True enough. And a pick-up is what we expect as this year moves on. So far the economic news has been uniformly poor. But the numbers we are getting are still heavily influenced by the Iraq uncertainty. We need another month or two to get a post-Iraq reading on the economy. Meanwhile enjoy the profit reports.

**PLEASE NOTE:** The Hotline of April 15 recommended the sale of Fidelity Contrafund II in all three Fidelity family portfolios. In the Fidelity Venturesome Portfolio, the fund was replaced by Fidelity Aggressive Growth. In the other two portfolios, the fund was replaced by Fidelity Export and Multinational. Details of the switch appear below.

### Portfolio changes

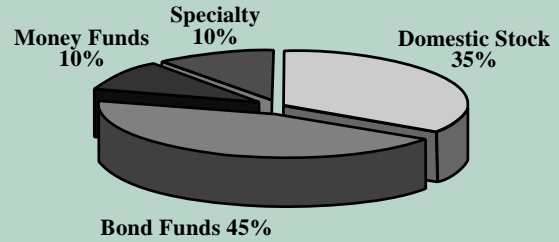
The Hotline of Tuesday, April 1 recommended the sale of Third Avenue Small Cap Value in all three *MONEYLETTER* portfolios. The fund was replaced by Legg Mason Special Investment in the Venturesome and Moderate portfolios. In the Conservative Portfolio the fund was replaced by RS Partners. Here are the details as of Wednesday, April 2. **Venturesome:** Sold 1,095 of shares of Third Avenue Small Cap Value @ \$13.18 per share. Purchased 484 shares of Legg Mason Special Investment @ \$29.83 per share. **Moderate:** Sold 1,156 shares of Small Cap Value. Purchased 511 shares of Special Investment. **Conservative:** Sold 967 shares of Small Cap Value. Purchased 689 shares of RS Partners @ \$18.49 per share.

The Hotline of Tuesday, April 8 recommended the sale of Neuberger Berman Genesis in the *MONEYLETTER* Venturesome portfolio, to be replaced by Fidelity Export and Multinational. Here are the details, as of Wednesday, April 9. Sold 612 shares of Neuberger Berman Genesis @ \$19.01 per share. Purchased 848 shares of Fidelity Export and Multinational @ \$13.73 per share.

The Hotline of Tuesday, April 15 recommended the sale of Fidelity Contrafund II in all three Fidelity family portfolios. In the Venturesome Portfolio, the fund is to be replaced with Fidelity Aggressive Growth. In the other two portfolios the replacement fund is Export and Multinational. Here are the details as of Wednesday, April 16. **Venturesome:** Sold 1,525 shares of Fidelity Contrafund II @ \$8.44. Purchased 1,144 shares of Fidelity Aggressive Growth @ \$11.25 per share. **Moderate:** Sold 1,282 shares of Contrafund II. Purchased 781 shares of Fidelity Export and Multinational @ \$13.86. **Conservative:** Sold 1,327 shares of Contrafund II, purchased 808 shares of Export and Multinational. \$

### CONSERVATIVE

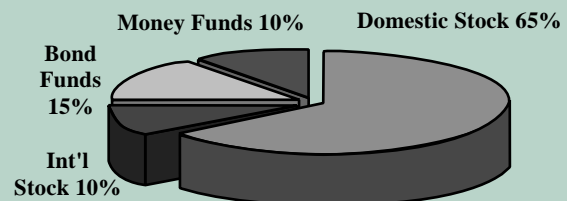
*Seeks steady long-term growth of capital with limited short-term volatility*



The print version of the April 11, 2003 issue inadvertently contained an incorrect allocation for the Conservative model portfolio. The advice has not changed, and the current allocation is shown above. We regret any inconvenience.

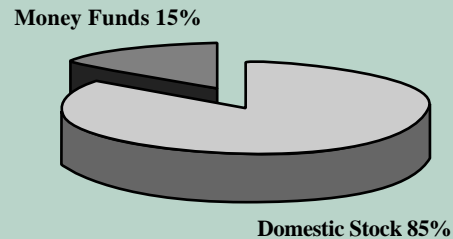
### MODERATE

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



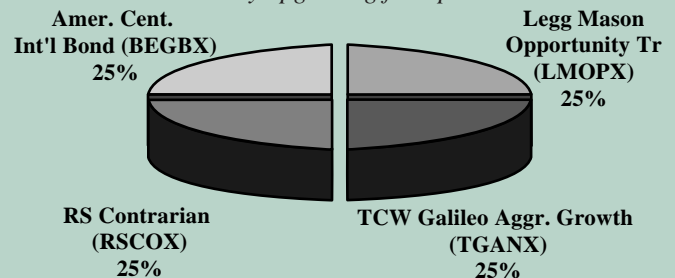
### VENTURESOME

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



### SELECT

*Seeks maximum long-term growth by assertively upgrading fund positions*



# 4 FUND SCORECARD & RECOMMENDATIONS

## Domestic Stock Funds

RANK	4/18 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	2	101		LMOFX	Legg Mason Opportunity Trust	MC	B	B	B	9.2%	25.9%	-16.5%	\$9.06	-	-	-
2	-	-		FBRVX	FBR Small Cap Value A	SCGro	(B)	(B)	(B)	7.2	18.5	2.6	24.18	20.2	0.73	FSW
3	8	11		RSPFX	RS Partners	SC	*	B	B	6.0	16.8	-4.4	19.03	-	0.59	FSW
4	1	-		TGANX	TCW Galileo Aggressive Growth CIN	MCGro	*	B	B	4.1	21.2	-19.2	8.99	33.9	1.93	SW
5	4	2		YACKX	Yacktman Fund	LCVal	B	B	B	4.9	7.4	2.4	12.12	18.2	0.55	FW
6	48	90		OBEGX	Oberweis Emerging Growth	SCGro	(B)	(B)	(B)	9.6	11.3	-15.4	16.41	48.7	1.49	FSW
7	6	13		VCVSX	Vanguard Convertible Securities	Convrt	B	B	B	2.4	9.1	-2.4	10.82	20.4	0.69	fsw
8	15	44		FCVSX	Fidelity Convertible Securities	Convrt	B	B	B	3.3	11.1	-9.3	17.01	27.4	0.89	Fsw
9	146	39		LLSCX	Longleaf Partners Smallcap (closed)	SCVal	H	H	H	9.9	7.9	-13.6	20.80	17.0	0.45	fsw
10	16	233		NBSX	Neuberger Berman Focus	LCVal	*	(B)	(B)	8.8	16.9	-35.0	23.37	38.5	1.52	FSW
11	13	49		LLPFX	Longleaf Partners	MCVal	H	H	H	6.6	8.1	-10.4	23.49	20.1	0.58	fsw
12	51	35		PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	H	H	H	6.3	8.9	-13.3	22.18	16.4	0.44	fsw
13	26	125		WVALX	Weitz Value Fund	MCVal	B	B	B	4.9	10.8	-16.8	28.28	16.6	0.52	SW
14	21	205		SACPX	Salomon Brothers Capital (closed)	MCVal	B	B	B	3.3	13.8	-22.2	19.64	22.0	0.85	sw
15	112	216		NEEGX	Needham Growth Fund (.75%r<30d)	MCGro	H	H	H	3.3	15.4	-28.2	20.20	50.6	1.11	FSW
16	202	212		RYPNX	Royce Opportunity (1%r<180d)	SCVal	H	H	H	6.5	13.3	-27.8	7.36	27.3	0.77	fsw
17	5	5		LMASX	Legg Mason Special Investment Trust	MC	B	B	B	5.2	8.2	-13.2	30.30	30.6	1.18	w
18	30	-		RYSEX	Royce Special Equity (1%r<180d)	SCVal	H	H	H	4.1	4.8	-4.3	14.18	15.9	0.36	Sw
19	14	64		STCSX	Strong Advisor Common Stock (closed)	MC	B	B	B	4.3	10.3	-18.8	16.45	23.2	0.95	FSW
20	45	60		WBSNX	WmBlair S-C Growth N (1%r<60d)	SCGro	H	H	H	5.6	8.7	-16.9	13.88	-	0.95	FSW
21	186	14		RYPRX	Royce Premier (1%r<180d)	SC	H	H	H	5.9	7.1	-15.1	9.40	18.7	0.62	FSW
22	32	143		VHCOX	Vanguard Cap Opp (\$25,000&1%r<5yr)	MCGro	(B)	(B)	(B)	5.3	10.5	-23.3	17.55	38.1	1.06	fsw
23	9	28		LMVTX	Legg Mason Value	LCVal	B	B	B	4.6	7.3	-15.0	41.32	28.1	1.16	w
24	181	190		MUHLX	Muhlenkamp Fund	MCVal	H	H	H	9.7	7.9	-24.1	44.57	26.4	0.91	FSW
25	3	55		FDCAX	Fidelity Capital Appreciation	MC	B	B	B	4.0	8.1	-16.6	17.32	31.5	1.26	fsw
26	191	33		EEQFX	Eclipse Small Cap Value	SCVal	H	H	H	6.0	4.9	-12.2	11.93	18.6	0.75	FSW
27	20	8		FFTYX	Fidelity Fifty (.75%r<30d)	LC	B	B	B	3.3	5.7	-10.6	16.12	28.2	0.87	FSW
28	70	-		OAKBX	Oakmark Equity&Income	Bal	H	H	H	2.5	5.0	-7.7	17.91	10.6	0.37	FSW
29	11	149		SCDVX	Scudder Development (closed)	MCGro	*	B	B	3.3	10.6	-22.7	14.78	41.9	1.47	FSW
30	209	228		WMCVX	Wasatch Small Cap Value (2%r<60d)	SCVal	H	H	H	7.2	10.3	-28.0	3.44	27.5	0.71	FSW
31	19	141		PRWAX	T. Rowe Price New America	LC	(H)	(H)	(H)	6.0	7.5	-19.5	23.32	27.0	1.27	fsw
32	144	240		CBMDX	C&B Mid Cap Value	MCVal	H	H	H	6.7	6.4	-17.9	13.76	18.4	0.53	-
33	50	-		TVVNX	TCW Galileo Value Opportunities	MC	H	H	H	3.6	12.4	-28.5	13.90	-	0.41	SW
34	108	12		RYTRX	Royce Total Return (1%r<180d)	SCVal	H	H	H	4.9	4.8	-12.1	8.36	13.6	0.41	FSW
35	22	135		VPMCX	Vanguard PRIMECAP (\$25,000&1%r<5yr)	LC	H	H	H	5.2	8.1	-21.0	40.55	26.7	1.00	fsw
36	85	67		THPGX	Thompson Plumb Growth	LC	H	H	H	5.3	8.8	-23.0	34.46	19.6	0.69	fsw
37	29	19		FEQTX	Fidelity Equity-Income II	G&I	H	H	H	6.0	4.9	-15.0	17.82	17.2	0.74	Fsw
38	44	9		PRWCX	T. Rowe Price Cap Appreciation	LCVal	H	H	H	2.2	4.0	-7.3	14.17	10.7	0.24	fsw
39	7	-		FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	(H)	(H)	(H)	4.6	5.8	-15.4	14.12	18.5	0.91	fsw
40	17	-		FGRTX	Fidelity Growth & Income II	LC	(H)	(H)	(H)	4.1	4.5	-12.0	7.91	13.7	0.76	Fw
41	38	157		PRNHX	T. Rowe Price New Horizons	SCGro	*	H	H	4.9	8.3	-23.4	17.16	37.8	1.24	fsw
42	91	124		SLSSX	Selected Special Shares	MCGro	H	H	H	5.8	6.2	-19.7	8.76	23.9	1.04	sW
43	18	20		OAKLX	Oakmark Select (closed) (2%r<90d)	MCVal	(H)	(H)	(H)	2.3	5.4	-12.8	24.24	26.2	0.83	FSW
44	68	56		FDVLX	Fidelity Value	MCVal	H	H	H	4.0	6.3	-17.7	46.35	22.8	0.64	Fsw
45	147	84		TASCX	Third Avenue Small-Cap Value	SCVal	H	H	H	3.0	7.5	-19.3	13.31	17.5	0.58	FSW
46	153	167		BERWX	Berwyn Fund (1%r<180d)	SCVal	H	H	H	4.8	5.9	-18.2	17.40	18.7	0.41	fsw
47	36	-		RSMOX	RS MidCap Opportunities	MCGro	H	H	H	4.0	6.4	-18.4	7.64	27.0	1.06	FSW
48	61	46		VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	4.2	5.1	-15.8	13.43	17.2	0.82	fsw
49	10	169		FDGRX	Fidelity Growth Company	LCGro	(H)	(H)	(H)	3.4	8.4	-23.1	37.27	42.1	1.12	Fsw
50	23	7		TWEIX	American Century Equity Income	MCVal	H	H	H	2.9	2.7	-8.6	6.47	15.1	0.44	FSW
51	52	128		VWNDX	Vanguard Windsor	LCVal	H	H	H	5.9	5.8	-21.0	12.28	23.3	0.86	fsw
52	222	119		HRTVX	Heartland Value (1%r<90d)	SCVal	H	H	H	4.3	6.2	-20.2	30.73	22.5	0.63	fSw
53	12	213		FDEGX	Fidelity Aggressive Growth (0.75%r<90d)	LCGro	(H)	(H)	(H)	1.2	11.5	-29.2	11.42	53.5	1.75	fsw
54	194	4		AVALX	Aegis Value Fund	SCVal	H	H	H	3.9	1.6	-8.2	12.15	18.2	0.31	fw
55	74	72		MERDX	Meridian Fund	SCGro	H	H	H	5.2	4.8	-18.5	23.68	21.4	0.77	fsw
56	46	114		RPMGX	T. Rowe Price Mid Cap Growth	MCGro	H	H	H	4.3	5.7	-19.5	31.89	24.5	1.12	fsw
57	123	76		GABAX	Gabelli Asset	MC	H	H	H	4.6	4.9	-18.2	28.23	17.2	0.76	FSW
58	95	73		BSCFX	Baron Small Cap	SCGro	H	H	H	5.5	3.3	-16.0	13.97	28.0	1.07	FSW
59	139	59		OAKMX	Oakmark Fund	MCVal	S	S	S	3.3	5.3	-17.9	29.94	20.6	0.59	FSW
60	157	103		OTCFX	T. Rowe Price Small Cap Stock Fund	SC	S	S	S	5.2	5.0	-20.1	21.37	22.0	0.73	fsw
61	135	117		VEXMX	Vanguard Extended Market Index	MC	H	H	H	4.5	5.1	-19.8	18.92	31.4	1.17	fsw
62	183	176		NAESX	Vanguard SmallCap Index	SC	S	S	S	5.1	6.5	-24.6	15.74	26.7	0.87	fsw
63	115	241		VCVLX	Vanguard Capital Value	LCVal	H	H	H	7.0	4.7	-23.0	7.48	-	-	fsw
64	121	74		BEMVX	Berger Mid Cap Value	MCVal	H	H	H	3.1	5.1	-18.1	14.72	23.3	0.80	FSW
65	24	15		STDIX	Strong Discovery	MCGro	H	H	H	3.0	3.0	-13.2	14.81	25.1	0.83	FSW
66	223	58		PENNX	Royce Penn Mutual (1%r<180d)	SCVal	S	S	S	4.4	4.9	-20.1	6.46	16.7	0.51	Fsw
67	124	3		HSGFX	Hussman Strategic Growth (1.5%r<180d)	MCGro	(S)	(S)	(S)	0.2	-1.1	0.9	12.37	-	-	fsw
68	98	-		GAATX	Liberty Asset Allocation CIZ	G&I	S	S	S	2.7	2.2	-11.2	12.84	11.4	0.61	f

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	4/18	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	162	174	TWEBX	Tweedy, Browne American Value	MCVal	S	S	S	5.0	3.6	-18.5	19.43	15.2	0.51	fsw	
70	234	197	BPSCX	Boston Ptnrs Smlcap Val (closed,1%<1yr)	SCVal	S	S	S	7.1	5.1	-25.2	14.80	-	0.52	FSW	
71	143	206	NGUAX	Neuberger Berman Guardian	LCVal	S	S	S	6.3	4.6	-22.8	11.20	24.3	1.13	FSW	
72	235	175	RYPX	Royce Low Priced Stock (1%r<180d)	SCVal	S	S	S	5.0	6.7	-26.2	9.39	24.8	0.69	FSW	
73	185	115	LSSCX	Loomis Sayles Small Cap Value	SC	S	S	S	5.2	3.8	-19.3	18.18	19.4	0.69	sW	
74	37	41	FTRNX	Fidelity Trend	LC	H	H	H	4.0	3.5	-16.8	39.66	27.3	1.16	Fsw	
75	163	45	MUTHX	Mutual Shares (1%) CIZ	MCVal	S	S	S	3.3	2.5	-13.5	17.03	16.6	0.62	sw	
76	73	126	MNGFX	Montgomery Growth	LC	H	H	H	5.4	3.0	-18.5	9.24	20.9	1.02	FSW	
77	28	236	POGSX	Pin Oak Aggressive Stock	MCGro	*	S	S	0.8	15.3	-42.5	12.81	74.0	2.00	FSW	
78	55	134	SAIFX	Salomon Brothers Investors	LCVal	H	H	H	3.3	5.7	-22.3	14.63	19.7	0.83	fsw	
79	34	181	JAENX	Janus Enterprise	MCGro	S	S	S	3.8	3.6	-17.8	23.91	54.1	1.59	FSW	
80	182	70	BEGRX	Mutual Beacon (1%) CIZ	MCVal	S	S	S	3.7	2.3	-14.7	11.40	15.9	0.58	sw	
81	161	132	VWNFX	Vanguard Windsor II	LCVal	S	S	S	4.1	4.0	-19.4	20.95	18.5	0.65	fsw	
82	189	17	FLPSX	Fidelity L P Stock (3%&1.5%r<90d)	SCVal	S	S	S	4.0	2.4	-15.5	24.85	16.6	0.57	fsw	
83	120	37	DODGX	Dodge & Cox Stock	LCVal	S	S	S	3.1	2.9	-15.6	86.08	19.8	0.64	sw	
84	31	71	PRGFX	T. Rowe Price Growth Stock	LC	H	H	H	4.7	2.8	-17.7	19.30	22.9	1.06	fsw	
85	187	155	TAVFX	Third Avenue Value	MCVal	S	S	S	4.4	4.5	-21.5	30.12	16.0	0.61	FSW	
86	41	80	BEQGX	American Century Equity Growth	LCVal	S	S	S	3.4	3.2	-16.8	15.49	20.8	1.03	FSW	
87	118	147	BPMCX	Boston Partners Mid Cap Value	MCVal	S	S	S	4.8	4.7	-22.7	9.42	18.3	0.76	FSW	
88	136	69	MPSCX	MSI Small Cap Value (closed)	SCVal	S	S	S	4.3	3.8	-19.8	14.82	25.5	0.77	fsw	
89	109	32	TWVLX	American Century Value	MCVal	S	S	S	3.8	2.1	-15.1	5.89	20.4	0.59	FSW	
90	172	200	SOPFX	Strong Opportunity	MCVal	S	S	S	4.0	6.3	-26.4	29.03	21.8	0.91	FSW	
91	77	86	BIGRX	American Century Income & Growth	G&I	S	S	S	3.9	3.1	-18.4	21.87	20.0	0.99	FSW	
92	27	79	FFIDX	Fidelity Fund	LC	S	S	S	4.1	2.5	-17.2	22.93	23.2	1.05	Fsw	
93	155	21	TRMCX	T.Rowe Price Mid Cap Value	MCVal	S	S	S	3.3	3.4	-18.3	14.73	15.9	0.60	fsw	
94	201	105	MQIFX	Mutual Qualified (1%) CIZ	MCVal	S	S	S	3.8	2.3	-16.4	14.11	16.9	0.61	sw	
95	203	61	ARGFX	Ariel Fund	SCVal	S	S	S	4.7	1.1	-14.8	34.79	18.9	0.40	FSW	
96	89	122	VIVAX	Vanguard Value Index	LCVal	S	S	S	4.7	3.6	-21.3	14.65	19.6	0.85	fsw	
97	66	-	VTSMX	Vanguard Total Stk Mkt	LC	S	S	S	3.9	3.0	-19.2	20.39	17.8	0.99	fsw	
112	132	-	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	4.0	2.5	-20.2	9.14	28.2	0.85	w	
151	67	-	FCONX	Fidelity Contrafund II (3%)	LC	S	S	S	0.8	1.1	-15.4	8.57	18.5	0.98	fsw	
155	148	109	VEIPX	Vanguard Equity-Income	LCVal	H	H	H	3.7	0.8	-19.5	18.34	16.0	0.55	fsw	

Dow Jones  
NASDAQ  
S&P 500

2.4%  
2.4  
3.6

0.8%  
12.0  
1.6

-18.4%  
-21.3  
-20.7

indexes do not  
include dividends

International Stock Funds

1	1	57	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	10.6%	24.5%	-22.8%	\$10.12	40.4	-	fs
2	2	56	SFLAX	Scudder Latin America	LatinA	*	H	H	10.8	22.8	-20.0	17.49	37.7	-	FSW
3	3	51	PRLAX	T.Rowe Price Latin America (2%r<1yr)	LatinA	*	H	H	11.5	18.3	-22.5	8.08	43.5	-	fsw
4	19	8	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	B	B	10.8	11.5	-14.0	11.38	21.8	-	FSW
5	8	9	VEIEX	Vanguard Emerging Mkts Stk Index (0.5%r)	Int'l	*	B	B	10.1	10.6	-17.4	7.85	32.3	-	fsw
6	29	47	PRIDX	T. Rowe Price Intl Disc. (closed,2%r<1yr)	Int'l	B	B	B	9.7	8.6	-13.5	16.49	37.1	-	fsw
7	6	2	OAKGX	Oakmark Global (2%r<90d)	Global	B	B	B	9.2	9.2	-15.2	12.83	-	-	FSW
8	18	14	MNEMX	Montgomery Emerging Mkts (closed)	Int'l	*	B	B	9.5	10.1	-18.7	8.07	31.6	-	FSW
9	15	52	SGSCX	Scudder Global Discovery (closed)	Int'l	B	B	B	5.9	8.8	-18.7	19.10	34.4	-	FSW
10	5	1	MCSX	Matthews Asia Growth&Income (2%r<90d)	Pacific	B	B	B	2.5	2.0	-3.1	10.41	14.4	-	FSW
11	20	5	VNEPX	Vontobel International Equity (2%r<360d)	Int'l	H	H	H	8.0	1.1	-9.5	11.75	21.1	-	Fsw
12	24	12	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	H	H	H	7.4	4.7	-18.7	8.09	47.1	-	FSW
13	59	6	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	12.4	2.3	-20.2	10.14	25.6	-	FSW
14	33	10	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	H	H	H	7.2	5.4	-21.1	7.14	32.9	-	fsw
15	16	3	BJBIX	Julius Baer International Equity A	Int'l	B	B	B	5.4	1.8	-11.3	19.44	28.8	-	FS
16	7	17	HAINX	Harbor International	Int'l	B	B	B	5.3	2.8	-15.1	26.19	17.8	-	sw
17	14	16	FDIVX	Fidelity Diversified Intl (1%r<30d)	Int'l	H	H	H	5.4	2.2	-14.1	16.98	20.4	-	Fsw
18	12	34	PRESX	T. Rowe Price European	Europe	(B)	(B)	(B)	8.2	2.2	-19.7	12.89	17.7	-	fsw
19	13	32	VEURX	Vanguard European Stock Index	Europe	H	H	H	7.9	1.4	-18.8	16.21	17.3	-	fsw
20	38	49	FIEUX	Fidelity Europe (1%r<90d)	Europe	H	H	H	9.7	3.0	-28.6	18.03	20.6	-	fsw
21	11	4	USIFX	USAA International	Int'l	(H)	(H)	(H)	6.8	-0.8	-15.4	14.94	18.1	-	w
22	41	26	OAKIX	Oakmark International (2%r<90d)	Int'l	H	H	H	7.6	1.4	-23.1	12.54	24.3	-	FSW
23	25	41	LSIEE	Loomis Sayles International Equity	Int'l	H	H	H	5.1	1.0	-19.7	8.07	32.2	-	fsw
24	28	25	CMISX	Columbia International Stock	Int'l	H	H	H	5.4	0.3	-18.5	9.90	22.2	-	fsw
25	17	44	SCGEX	Scudder Greater Europe (2%r<180d)	Europe	H	H	H	8.6	-0.1	-22.5	17.88	22.5	-	FSW
26	30	11	FIVFX	Fidelity Aggressive Intl. (1%r<30d)	Int'l	H	H	H	6.4	0.0	-21.0	10.64	25.6	-	Fsw
27	21	18	FIGRX	Fidelity International G & I	Int'l	H	H	H	5.1	-0.6	-17.9	16.39	22.0	-	Fsw
28	9	19	USAWX	USAA World Growth	Int'l	(H)	(H)	(H)	5.7	-1.0	-18.6	12.04	20.0	-	w
29	26	-	GIETX	Liberty Intl Equity CIZ	Int'l	S	S	S	5.2	0.9	-23.0	9.31	16.3	-	f
30	23	24	SWINX	Schwab International Index (1.5%r<180d)	Int'l	H	H	H	5.5	-1.0	-18.7	10.18	18.0	-	S
31	22	35	VWIGX	Vanguard International Growth	Int'l	H	H	H	5.8	-0.5	-21.3	11.94	17.6	-	fsw
32	10	22	FVWFX	Fidelity Worldwide (1%r<30d)	Global	S	S	S	4.3	0.2	-21.1	11.79	18.5	-	Fsw
33	34	42	SCOBX	Scudder Global	Global	S	S	S	2.9	0.5	-20.3	17.30	16.7	-	FSW
40	58	20	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	H	H	8.7	-1.8	-27.2	9.47	38.5	-	fsw
49	4	23	ICHKX	Investec China & Hong Kong	Pacific	(S)	(S)	(S)	-1.9	-3.2	-17.4	9.91	39.2	-	FSW

## Bond Funds (next issue on page 6: Specialty Funds)

RANK	4/18 2003	1Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	Std. Dev.	Yield	NTF/ wtf
										1 mo.	6 mo.	12 mo.				
1	-	-	-	FNMI	Fidelity New Markets Income	Int'l	*	*	*	4.6%	21.4%	8.5%	\$12.42	12.53	7.08	Fsw
2	-	-	-	BEGBX	Amer. Cent. Int'l Bond	Int'l	*	*	*	2.0	13.7	28.0	12.56	10.64	2.21	fSW
3	-	-	-	SPHIX	Fidelity High Income (1%r<270d)	HighYld	B	B	*	4.4	19.4	9.6	8.17	11.52	7.20	Fsw
4	-	-	-	FHYPX	INVESCO High Yield	HighYld	*	*	*	2.2	18.9	10.9	3.47	14.22	9.03	FS
5	-	-	-	RPIBX	T. Rowe Price Int'l Bond	Int'l	*	*	*	2.0	11.9	23.7	9.53	9.28	2.60	fsw
6	-	-	-	TGHNX	TCW Galileo High Yield Bond	HighYld	B	B	*	4.4	15.1	3.9	6.83	8.75	9.11	SW
7	-	-	-	BTITX	Amer. Cent. Target 2020	ZeroCpn	*	*	*	-0.3	9.3	24.9	46.85	16.77	4.54	fSW
8	-	-	-	VAGIX	Value Line Aggressive Inc	HighYld	*	B	*	3.5	15.6	1.3	4.55	10.47	8.91	FSW
9	-	-	-	VWEHX	Vanguard High Yield Corporate	HighYld	B	B	*	2.5	14.5	5.4	6.08	7.61	8.25	sw
10	-	-	-	STHYX	Strong High Yield Bond (1%r)	HighYld	*	*	*	3.7	16.2	-2.5	7.09	12.51	9.83	FSW
11	-	-	-	BTFTX	Amer. Cent. Target 2015	ZeroCpn	*	*	*	-0.7	8.0	24.3	65.68	13.98	4.30	fSW
12	-	-	-	BTTRX	Amer. Cent. Target 2025	ZeroCpn	*	*	*	-1.6	8.2	23.4	38.50	19.24	5.33	fSW
13	-	-	-	BUFHX	Buffalo High-Yield (2%r<180d)	HighYld	B	B	*	2.8	11.3	7.1	10.07	6.38	5.78	Fsw
14	-	-	-	PRHYX	T. Rowe Price High Yield	HighYld	B	B	*	3.5	11.8	4.6	6.57	8.00	8.91	sw
15	-	-	-	STCBX	Strong Corporate Bond	LngTerm	*	*	*	1.8	11.7	6.1	10.25	6.04	5.79	FSW
16	-	-	-	MGFIX	Managers Bond	LngTerm	*	*	*	1.1	9.2	12.1	23.82	5.79	5.18	FSW
17	-	-	-	PRPIX	T. Rowe Price Corporate Inc	LngTerm	*	*	*	1.9	10.5	6.6	9.38	4.81	6.46	fsw
18	-	-	-	SSTGX	Scudder Global Bond S-T (closed)	Int'l	*	*	*	0.8	7.8	14.8	10.00	4.48	3.83	FSW
19	-	-	-	SRINX	Liberty Income CIZ	IntTerm	B	*	*	1.0	9.7	9.3	9.72	4.38	6.10	FSW
20	-	-	-	FBDSX	INVESCO Select Income	IntTerm	*	*	*	1.3	9.0	10.0	5.32	5.92	5.55	FS
21	-	-	-	VWESX	Vanguard Long-Term Corporate	LngTerm	*	*	*	0.4	7.9	13.1	9.29	7.76	5.88	fsw
22	-	-	-	BTTNX	Amer. Cent. Target 2010	ZeroCpn	*	*	*	-0.7	5.3	18.9	81.94	10.48	4.19	fSW
23	-	-	-	CMHYX	Columbia High Yield	HighYld	B	B	*	2.0	9.3	4.8	8.58	5.79	6.84	fSW
24	-	-	-	SRBFX	Liberty Intermediate Bond CIZ	IntTerm	B	*	*	1.2	8.6	5.6	8.93	3.75	5.91	FSW
25	-	-	-	BBHIX	BBH Inflation Indexed Sec	IntTerm	B	*	*	-1.3	5.7	14.9	11.04	5.61	3.42	FSW
26	-	-	-	VIPSX	Vanguard Inflation Protected Sec	IntTerm	B	*	*	-1.3	5.7	14.3	11.96	-	4.11	sw
27	-	-	-	RPSIX	T. Rowe Price Spectrum Income	Multi	*	*	*	1.9	7.3	5.5	10.96	3.78	4.87	fsw
28	-	-	-	DRBDX	Dreyfus A Bonds Plus	IntTerm	*	*	*	0.3	7.3	8.0	14.03	4.43	4.87	FSW
29	-	-	-	DODIX	Dodge & Cox Income	IntTerm	B	*	*	0.9	6.2	9.9	12.80	3.31	5.06	fsw
30	-	-	-	JAHYX	Janus High Yield	HighYld	B	B	*	2.3	7.9	3.4	9.27	6.32	6.69	FSW
31	-	-	-	WTIBX	Westcore Plus Bond	IntTerm	*	*	*	1.3	6.4	7.8	10.36	3.36	6.98	FSW
32	-	-	-	MWTRX	MetroWest Total Return	IntTerm	*	*	*	2.4	8.7	-0.4	9.40	5.27	7.48	SW
33	-	-	-	VUSTX	Vanguard L-T Treasury	LngTerm	*	*	*	-0.6	4.1	15.2	11.63	9.01	4.85	fsw
34	-	-	-	KIFIX	FifthThird Bond	LngTerm	*	*	*	0.1	5.7	10.0	10.21	4.68	4.42	w
35	-	-	-	NIBDX	Eclipse Bond	LngTerm	*	*	*	0.3	6.1	8.2	9.90	3.78	4.43	SW
36	-	-	-	FBDFX	Fremont Bond	IntTerm	B	*	*	0.6	5.6	9.0	10.54	4.05	3.40	fsw
37	-	-	-	USAIX	USAA Income	IntTerm	B	*	*	0.3	5.5	9.3	12.43	4.10	5.03	w
38	-	-	-	FBNDX	Fidelity Investment Grade	IntTerm	B	*	*	0.7	5.5	8.3	7.64	3.65	3.78	Fsw
39	-	-	-	SCSBX	Scudder Income (closed)	IntTerm	B	*	*	0.5	5.2	9.1	12.86	3.77	4.81	FSW
40	-	-	-	PRRD	PIMCO Real Return	IntTerm	B	*	*	-2.0	4.9	13.2	11.26	5.74	4.12	SW
41	-	-	-	WPGVX	WPG Core Bond	IntTerm	B	*	*	0.5	4.8	9.5	10.53	3.92	3.61	FsW
42	-	-	-	ACITX	Amer. Cent. Inflation Adj	IntTerm	B	*	*	-1.6	4.8	12.3	10.70	5.36	4.01	fSW
43	-	-	-	NIIBX	Eclipse Indexed Bond	IntTerm	B	*	*	0.3	4.5	10.1	10.99	3.74	4.67	SW
44	-	-	-	PYGFX	Payden Global Fixed Income	Int'l	*	*	*	0.7	4.3	9.2	10.26	3.32	3.88	fsw
45	-	-	-	PRULX	T. Rowe Price U.S. Treas. L-T	LngTerm	*	*	*	-0.6	3.6	12.8	12.20	8.49	4.51	fsw
46	-	-	-	PTTDX	PIMCO Total Return	IntTerm	B	*	*	0.6	4.6	7.7	10.78	4.11	3.79	SW
47	-	-	-	FTHRX	Fidelity Intermediate Bond	IntTerm	B	*	*	0.5	4.6	6.6	10.79	3.15	4.48	Fsw
48	-	-	-	MNTRX	Montgomery Total Return	IntTerm	B	*	*	0.2	3.8	9.0	12.35	3.73	4.93	FSW
49	-	-	-	PRCIX	T. Rowe Price New Income	IntTerm	*	*	*	0.3	4.7	6.0	8.96	3.65	4.43	fsw
50	-	-	-	JAFIX	Janus Flexible Income	Multi	*	*	*	0.1	4.1	7.8	9.70	4.30	4.71	FSW
51	-	-	-	DSINX	Dreyfus Strategic Income	IntTerm	*	*	*	0.9	5.7	2.2	14.58	4.46	4.91	FSW
52	-	-	-	TGMNX	TCW Galileo Total Return Bond	IntTerm	B	*	*	0.2	3.0	9.6	10.17	3.69	6.98	SW
53	-	-	-	VALBX	Value Line U.S. Govt Sec	IntTerm	B	*	*	-0.1	3.1	9.7	12.03	4.08	3.79	FSW
54	-	-	-	CPTNX	American Government Bond	IntTerm	B	*	*	0.0	2.7	10.4	11.19	4.75	3.34	f
55	-	-	-	VFITX	Vanguard Intermediate Treas.	IntTerm	B	*	*	-0.2	2.2	11.9	11.62	5.48	4.60	fsw
56	-	-	-	NTHSX	Northeast Investors Trust	HighYld	*	B	*	1.6	6.5	-1.7	7.06	8.18	8.50	fsw
57	-	-	-	VBMFX	Vanguard Bond Market	IntTerm	B	*	*	0.4	3.9	6.5	10.36	3.54	5.38	fsw
58	-	-	-	VFIIX	Vanguard GNMA	IntTerm	*	*	*	0.2	1.9	11.1	10.69	2.78	5.35	fsw
59	-	-	-	STHGX	Strong S-T High Yield	HighYld	*	*	*	1.3	5.1	1.1	8.52	4.51	6.35	FSW
60	-	-	-	STVSX	Strong Govt Securities	IntTerm	B	*	*	0.1	2.4	9.4	11.15	3.96	3.70	FSW
61	-	-	-	MGIDX	Managers Int. Duration Govt	ShtTerm	*	*	*	0.3	2.9	7.2	10.62	2.89	3.77	FSW
62	-	-	-	CFISX	Columbia Fixed Income Sec	IntTerm	B	*	*	0.3	2.9	6.7	13.56	3.67	4.72	fSW
63	-	-	-	FSTGX	Fidelity Intermediate Govt	IntTerm	B	*	*	0.0	2.2	9.0	10.35	3.51	3.65	Fsw
64	-	-	-	FBGDX	INVESCO U.S. Govt Sec	LngTerm	*	*	*	-0.2	2.2	9.1	7.57	4.58	3.05	FS
65	-	-	-	DRGMX	Dreyfus GNMA	IntTerm	*	*	*	0.1	2.8	6.6	15.10	2.71	4.53	FSW
66	-	-	-	SFIUX	Safeco I-T U.S. Treasury	IntTerm	B	*	*	-0.5	2.1	8.9	10.86	4.37	4.64	FSW
67	-	-	-	FTRGX	Federated Total Return Govt	IntTerm	B	*	*	-0.6	1.9	9.4	11.10	4.96	4.72	sw
68	-	-	-	DRGBX	Dreyfus 100 Treasury L-T	LngTerm	*	*	*	-0.5	3.0	6.4	16.19	7.67	4.38	FW
69	-	-	-	VFSTX	Vanguard Short-Term Corporate	ShtTerm	*	*	*	0.4	3.2	4.5	10.80	2.20	5.06	fsw
70	-	-	-	PTMDX	PIMCO Total Return Mortgage	ShtTerm	B	*	*	0.3	2.1	7.4	10.74	2.85	2.34	SW

## Changes at Janus

On April 17, 2003 Janus Funds announced the retirement of Helen Young Hayes, the firm's managing director of investments. Hayes will relinquish her daily responsibilities on June 16th and will leave the business at the end of the year, marking the end of a 19-year investment career. She has been at Janus since 1987 and over that time has established herself as one of the industry's top international portfolio managers.

Hayes has been either the portfolio manager or co-portfolio manager of Janus' Worldwide (JAWWX) and Overseas (JAOSX) funds since 1991 and 1994, respectively. "After working closely with Laurence (Chang) and Brent (Lynn) on every aspect of fund management for more than a decade, I know they're ready to assume the reins," said Hayes. "With a strong board of directors, a talented new leader in Mark Whiston and a sharpened focus, the company is well positioned for success. That's why I feel that now is the right time for me to retire."

Jim Craig, former star manager at Janus, and Andrew Cox, veteran portfolio manager at the Berger and Founders families, will join Whiston in the search for a new chief investment officer.

## Corkins Named Manager of Mercury Fund Lammert Leaves Janus

David Corkins, portfolio manager of Janus Growth & Income (JAGIX), assumed management responsibilities for Janus Mercury (JAMRX) last month. The switch was prompted by the departure of Warren Lammert, who had been with the Denver-based fund family since 1987. Lammert left to pursue an investment opportunity outside of the mutual fund industry, and will continue his work battling childhood epilepsy.

Corkins, who previously assisted Lammert with Mercury (1997-2001), has placed his Growth & Income Fund in the top three percent of all large-cap core funds ranked by Lipper during his tenure (8/97 - present, data through 1/03).

## Berger/Janus Merger Completed

Janus shareholders recently approved the merger of the Berger growth funds and value funds into Janus funds with similar investment objectives. The transition of records was to be completed over last weekend. Here is a summary of the reorganization:

### Growth

Berger Balanced (BEBAX)	→ Janus Balanced (JABAX)
Berger Growth (BEONX)	→ Janus Olympus (JAOLX)
Berger Large Cap Growth (BEOOX)	→ Janus Growth and Income (JAGIX)
Berger Mid Cap Growth (BEMGX)	→ Janus Enterprise (JAENX)
Berger Small Company Growth (BESCX)	→ Janus Venture (JAVTX)
Berger Information Technology (BINVX)	→ Janus Global Technology (JAGTX)
Berger International Fund (BBINX)	→ Janus Overseas (JAOSX)

### Value

Berger Mid Cap Value (BEMVX)	→ Janus Mid Cap Value (JMCVX)
Berger Small Cap Value II (BVSCX)	→ Janus Adviser Small Cap Value
Berger Small Cap Value (BSCVX)	→ Janus Small Cap Value (JSCVX)

For more information, contact Janus Funds 800-525-8983.

### 100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	0.91%	0.92%	1.34%
Gabelli US Treasury MMF	0.89	0.89	1.34
Fidelity Spartan US Treas MMF	0.87	0.88	1.28
Amer Century Capital Presv Fund/Inv	0.75	0.77	1.19
T Rowe Price US Treasury MF	0.70	0.71	1.15
CMA Treasury Fund	0.59	0.59	1.12
DBAB Cash Reserve Treasury	0.59	0.63	0.99
Prudential Govt Sec Tr/US Treas/CI A	0.59	0.61	1.09
Dreyfus 100% US Treas MMF	0.58	0.60	1.04
US Treasury MF of America/CI A	0.58	0.57	0.94

### GENERAL PURPOSE TAXABLE FUNDS

PayPal Money Market Fund	1.25%	1.27%	1.70%
RBB MMP/Sansom Street Class	1.14	1.14	1.56
Bunker Hill MMF	1.10	1.09	1.47
Phoenix-Goodwin Money Market Series/A	1.09	1.11	1.20
McMorgan Principal Preservation Fund	1.06	1.07	1.44
Centennial Money Market Trust	1.04	0.99	1.31
TIAA-CREF Money Market Fund	1.02	1.04	1.46
Flex-fund Money Market Fund	1.00	1.00	1.42
Pacific Cap Cash Assets Tr/Orig	1.00	1.02	1.35
Scudder Premium Money Mkt Shrs/CI S	1.00	1.02	1.39
Scudder Premium Money Mkt Shrs/AARP	1.00	1.02	1.39

### TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Strong Tax-Free Money Fund	1.06%	1.07%	1.29%
Vanguard Tax-Exempt MMF	1.04	1.05	1.31
Strong Municipal MMF	0.96	0.99	1.24
Evergreen Municipal MMF/CI I	0.93	0.93	1.21
Scudder YieldWise Muni MF	0.90	0.92	1.15
USAA Tax Exempt MMF	0.87	0.91	1.14
T Rowe Price Summit Muni MMF	0.84	0.84	1.10
Amer Century T-F MMF/Inv Class	0.82	0.83	1.12
Fidelity Municipal MMF	0.80	0.81	1.08
Scudder Tax-Exempt Money Fund	0.79	0.81	1.05

### TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	1.03%	1.04%	1.29%
Vanguard CA Tax-Exempt MMF	1.02	1.03	1.22
Vanguard NY Tax-Exempt MMF	0.97	0.98	1.20
Vanguard PA Tax-Exempt MMF	0.97	0.98	1.21
Vanguard NJ Tax-Exempt MMF	0.93	0.96	1.16
USAA Tax Exempt CA MMF	0.88	0.92	1.13
Fidelity NY Municipal MMF	0.79	0.78	0.98
Fidelity OH Municipal MMF	0.74	0.76	1.02
Amer Century CA T-F MMF/Inv Class	0.72	0.72	0.94
Fidelity FL Municipal MMF	0.72	0.74	1.01
Fidelity NJ Municipal MMF	0.72	0.71	0.95
Fidelity PA Municipal MMF	0.72	0.74	1.00

**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 4/15/03. 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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## TCW Galileo Select Equities Banking on Technology

When fund manager Glen Bickerstaff believes strongly in a stock, it can play a very large role in TCW Galileo Select Equities' portfolio. Witness Progressive Corp., recently accounting for 11.5% of total fund assets. The stock (whose position was actually trimmed in the fourth quarter of 2002) has climbed to that lofty weighting in part due to good price performance. Progressive advanced 19.5% in the first quarter and is up more than 31% for the year-to-date through April 17.

Bickerstaff likes the stock because it fits right into what he is looking for in an investment. The firm, a property and casualty insurer, has been capturing market share, growing at a pace that exceeds that of the industry by several fold. A key competitive advantage is its underwriting skill, which allows the firm to price more aggressively, and take market share. The firm is also shifting its business from an indirect selling model (using agents) to a direct distribution model, which has a lower cost structure. That should positively impact the firm's profitability.

From the analysis of Progressive, it's clear that Bickerstaff and co-manager Leigh Crawford are fundamental investors. Bottom-up research dominates the decision-making process. The managers look for large, fast-growing companies that are in expanding industries and have a sustainable competitive advantage. Unique business models or market niches are a definite plus, and they favor firms with substantial free cash flow. However, Bickerstaff and Crawford do overlay some top-down analysis into the process. Specifically, they look for long-term secular trends in the economy. That is reflected in the fund's industry weightings. Bickerstaff asserts that he tries to find the best 30 or so companies to invest in, and hold for the long term.

### Technology – early but promising

The fund has more than a third of assets committed to the technology sector – by far the highest profile in the portfolio. Bickerstaff acknowledges he may have been early in making the commitment. In fact, in the fund's fiscal year ended October 31, 2002, the technology stake was the single largest detractor to annual performance.

Still, he remains convinced of technology's longer-term validity. He foresees a technology replacement cycle at some point in the not too distant future. Plus, he anticipates that companies will continue to seek productivity improvements via the use of new technologies, especially in a globally competitive

and low inflation environment where it is difficult to pass on higher costs to customers. In fact, the fortunes of the fund's technology holdings reversed in the fourth quarter of 2002, as the group turned in the best returns for the fund. Similarly, for the year-to-date, top technology holdings such as Maxim Integrated Products, Dell Computer and Network Appliance all recorded double-digit gains.

### Health Care – a bet on future demand

The fund's second heaviest bet is on health care. The industry recently has been a laggard in performance, in part reflecting the reduced pace of new drug approvals by the FDA. Bickerstaff is hopeful that the approval process will become more accommodative in upcoming years, and stresses that the firms the fund has invested in have very compelling product pipelines, which should translate into strong product demand. Top biotech firms include Amgen, Genentech and MedImmune. The latter is benefiting from the introduction of FluMist, an inhaled version of the flu shot. Leading pharmaceutical holdings include Eli Lilly and Pfizer.

#### Top Five Sectors and Holdings (% of Assets)

Hardware	28.9%	Progressive Corp.	11.5%
Health Care	21.0	Amgen	6.8
Financials	19.1	Maxim Integrated Products	5.2
Consumer Services	12.0	Dell Computer	5.0
Software	6.2	Genentech	4.4

as of March 31, 2003

Glen Bickerstaff established a solid management record at his previous fund, the Transamerica Premier Equity Fund, which he guided for three years. And since he took the helm of TCW Galileo Select Equities, its fortunes have definitely improved. In the first quarter of this year, the fund's 4.5% total return was sufficient to place it seventh out of all domestic equity funds. And looking at the year-to-date, an 11.6% return outpaces 98% of its large cap growth fund competition. This aggressive fund should perform well as the growth potential of a stronger economy becomes a reality. \$

TCW Galileo Select Equity (TGCNX)

TCW Galileo Funds

865 So. Figueroa, 18th floor

Los Angeles, CA 90017

(800) 386-3829

Minimum investment: \$2,000/\$500 IRA

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