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Finally, a Benign Disconnect

by Walter S. Frank, Chief Investment Officer

How things have changed. Just one year ago, the economic numbers—such as the monthly ISM manufacturing survey—were strong. There were good reasons then to believe that the economy was turning up. But the stock market did not respond. On the contrary, every rally attempt in response to the news was met by strong selling.

We wrote, then, about the disconnect between the market and the economy. It was the skeptics who ignored the numbers, we pointed out, who were carrying the day. It turned out that the skeptics were right. Shortly after we wrote, the economy hit the wall as did the nascent optimism. (Think corporate scandals and Iraq.)

Now we have a complete reversal of last year’s conditions. The economic numbers are dismal. But as the numbers come out, the market shakes them off, resists the selling, and moves higher.

What has changed? A great deal, of course, much too much to mention here. But there are one or two things we want to highlight. The attitude toward (as well as the outlook for) profits has changed. Last year, Wall Street was the land of cynics. The analysts’ profit estimates were considered a bad joke. It was accepted that revisions were always on the way and would go in only one direction: down.

That attitude held until the first quarter profits reports rolled in last month. Wall Street received a jolt. Profits were noticeably better than expected despite snowstorms, despite Iraq, despite a feeble economy. Profit expectations were ratcheted up along with confidence that this time the estimates will stick. This is a complete about-face.

Another attitude that is in the process of changing is that toward business investment spending. For many months, the economic heavyweights on the Street have poured cold water on the view that a pickup in business spending was just around the corner. You know the argument: too much unused capacity, too meager the profits, too high the corporate indebtedness. Serious arguments to be sure.

Even here, the views are softening. The influential and highly regarded economists at Goldman, Sachs have changed their mind

and now believe that we could see a short-term spurt in business investment over the last half of the year. They are still dubious about next year, but that’s one bridge too far from our perspective.

The discounting machine

What all this adds up to is that the view from the Street has brightened. Main Street, however, looking at the employment reports, is puzzled by the rally. Actually, the new disconnect we are now seeing is not all that unusual.

It usually happens at the bottom of a recession or shortly thereafter. At that time the Fed is lowering rates rapidly and Washington is talking about stimulus. Stocks rise, led by the financials, housing and utilities. Meanwhile, the economic numbers remain woeful for a time. Why, it is asked, is the market rallying? The market rally is simply the market (correctly) anticipating the not yet visible recovery.

This time the Fed acted, as did Washington (remember the \$300 checks), but the market did not respond. That was what made this bear market so formidable and so threatening.

Only now, many months after the Fed applied extremely strong stimulus, is the market leaving the bear market behind. The immediate cause for that has nothing to do with the Fed. It is business, cutting costs, that increased profits.

Although the circumstances are different from the usual scenario, what we are seeing is the market still discounting the future, running ahead of the lagging numbers. We believe that this time the disconnect makes good sense.

Shedding the bear

The time has come to shed the bear psychology. It is not easy after this long bear market. What does this mean in practice? Obviously, in our case, it means reviewing our asset allocation. Our Venturesome and Moderate portfolios are already positioned to take advantage of this rally (and they are), but they are carrying more cash (money funds) earning virtually nothing than is desirable now.

As for funds, sharp-eyed readers may have noticed that when choosing funds during the bear, we shied away from the most aggressive funds (if any) on our buy list. A lower beta was beautiful. We are not about to make a complete u-turn in that regard (the scars of the bear are too recent for that), but higher volatility or some stinging losses during the bear are no longer strong barriers to our portfolios.

Essentially, we are only referring to our posture now looking at the rest of this year. The economy could use a tax cut. It is an important ingredient in our market outlook. If we get one, as we believe we will, and if the economy behaves as we expect, then we should see a substantial increase in profits later this year, and into the first half of next year. That is what the market is discounting at the moment.

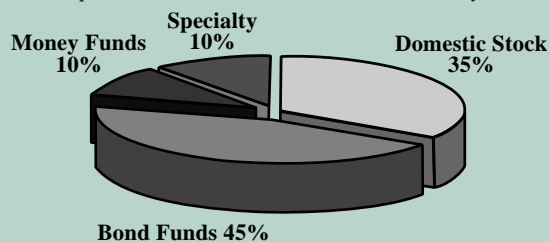
We do not want to imply that risk no longer exists, nor that prudence is old hat. The bubble is over and will not return. Optimism is warranted, irrational exuberance (to coin a phrase) is not. \$

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

**MONEYLETTER Conservative**

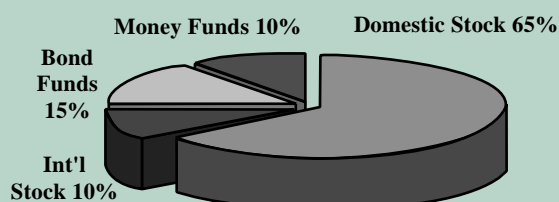
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.2%	10,042	\$1.00	\$10,042
Gateway Fund	11/27/02	2.1	597	21.63	12,913
Columbia High Yield	01/17/01	11.8	1,564	8.67	13,559
RS Partners	04/02/03	7.3	689	19.84	13,680
AmerCent Inflation Adj.	02/12/03	0.1	1,516	10.74	16,284
Yacktman	11/15/00	41.1	1,824	12.84	23,421
Dodge & Cox Income	02/19/03	2.3	937	12.97	12,159
TOTAL VALUE					\$102,058

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	3-yr	YTD
4.7%	3.9%	-7.6%	3.6%	1.4%

MODERATE

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

**MONEYLETTER Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.2%	8,612	\$1.00	\$8,612
Buffalo High Yield	06/20/01	12.3	1,408	10.25	14,435
Royce Premier	11/27/02	-1.1	870	9.74	8,474
Matthews Pacific Tiger	02/06/02	-7.9	971	8.14	7,905
RS Partners	02/12/03	13.3	355	19.84	7,041
Yacktman	11/15/00	41.1	1,810	11.60	23,243
Legg Mason Special	04/02/03	7.9	511	32.18	16,439
TOTAL VALUE					\$86,149

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	3-yr	YTD
7.6%	6.1%	-5.2%	-14.6%	3.8%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.3%	8,591	\$1.00	\$8,591
Fidelity Balanced	11/27/02	1.7	759	13.86	10,517
Fidelity High Income	01/17/01	1.4	1,834	8.36	15,328
Fid. Growth & Income II	03/12/03	14.3	1,955	8.09	15,817
Fid. Export & Multinational	04/16/03	4.9	808	14.54	11,754
Fidelity Intermediate Gov	02/19/03	0.9	1,113	10.40	11,577
Fidelity Investment Grade	02/19/03	2.1	1,610	7.70	12,393
TOTAL VALUE					\$85,977

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	3-yr	YTD
4.2%	3.5%	-9.6%	-14.7%	2.9%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.3%	12,153	\$1.00	\$12,153
Fidelity Convertible Sec.	01/29/03	6.7	661	17.49	11,560
Fidelity High Income	01/17/01	1.4	1,969	8.36	16,463
Fidelity Fifty	02/20/02	8.0	954	16.74	15,966
Fid. Capital Appreciation	03/12/03	15.5	830	17.82	14,795
Fid. Export & Multinational	04/16/03	4.9	781	14.54	11,355
Fidelity SE Asia	02/06/02	-17.9	665	9.26	6,154
TOTAL VALUE					\$88,446

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	3-yr	YTD
5.9%	3.5%	-10.4%	-9.9%	3.6%

Vanguard Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.4%	8,368	\$1.00	\$8,368
Vanguard Balanced Index	11/27/02	1.1	555	16.14	8,959
Vanguard Bond Market	02/19/03	1.7	683	10.43	7,121
Vanguard Inflation Protect	02/19/03	-0.2	1,009	12.04	12,147
Vanguard Strategic Equity	10/09/02	20.7	801	13.86	11,098
Vanguard Capital Value	01/29/03	9.2	1,153	7.85	9,048
Vanguard Convertible	09/04/02	13.1	1,141	11.09	12,656
Vanguard FI Hi-Yld Corp	01/17/01	9.5	2,531	6.19	15,666
TOTAL VALUE					\$85,063

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	3-yr	YTD
4.0%	5.5%	-9.4%	-18.9%	3.9%

Vanguard Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.4%	8,096	\$1.00	\$8,096
Vanguard Extended Mkt	11/27/02	-0.2	408	19.63	8,019
Vanguard FI Hi-Yld Corp	01/17/01	9.5	2,443	6.19	15,120
Vanguard Emerg. Mkts Stock	02/06/02	-7.4	919	7.83	7,198
Vanguard Convertible	09/04/02	13.1	1,698	11.09	18,826
Vanguard Capital Value	01/29/03	9.2	1,663	7.85	13,052
Vanguard Strategic Equity	10/09/02	20.7	968	13.86	13,415
TOTAL VALUE					\$83,726

TOTAL RETURNS (as of 4/30/03)

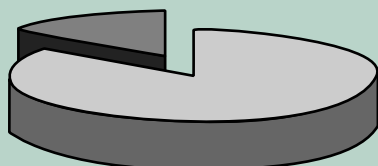
1-mo	6-mo	1-yr	3-yr	YTD
6.2%	7.4%	-10.7%	-21.0%	5.8%

Note: Asset Allocation Portfolios were indexed to \$100,000 on January 1, 2000. Pie charts show current allocations. Data shows positions as of 4/30/03.

VENTURESOME

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

Money Funds 15%



Domestic Stock 85%

MONEYLETTER Venturesome

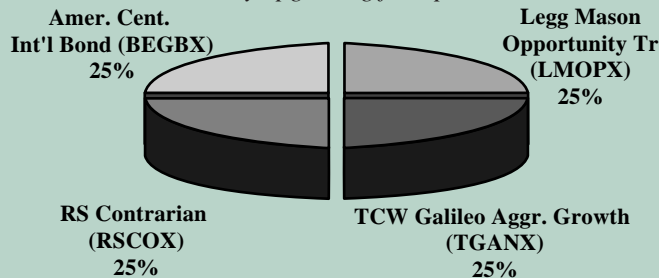
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.2%	12,505	\$1.00	\$12,505
Royce Premier	11/27/02	-1.1	1,263	9.74	12,304
Legg Mason Special	04/02/03	7.9	484	32.18	15,568
Yacktman	11/15/00	41.1	868	12.84	11,141
Fid. Export & Multinational	04/09/03	5.9	848	14.54	12,326
RS Partners	02/12/03	13.3	729	19.84	14,463
TOTAL VALUE					\$78,307

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	3-yr	YTD
7.3%	4.1%	-11.7%	-19.0%	3.1%

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
Legg Mason Opportunity	04/09/03	11.4%	2,510	\$9.76	\$24,494
TCW Galileo Aggr. Grwth	03/26/03	6.2	2,293	9.31	21,345
RS Contrarian	04/09/03	4.0	1,994	11.55	23,030
Amer. Cent Int'l Bond	09/30/02	12.5	1,794	12.89	23,121
TOTAL VALUE					\$91,990

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	Incep. (9/30/02)	YTD
5.3%	-2.4%	n/a	-8.0%	-0.9%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.3%	15,367	\$1.00	\$15,367
Fidelity Convertible Sec.	01/29/03	6.7	836	17.49	14,617
Fid. Growth & Income II	03/12/03	14.3	2,308	8.09	18,673
Fidelity Aggressive Grwth	04/16/03	4.5	1,144	11.76	13,454
Fidelity Capital Apprec.	12/04/02	5.4	661	17.82	11,776
Fidelity Fifty	02/20/02	8.0	1,050	16.74	17,574
TOTAL VALUE					\$91,461

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	3-yr	YTD
6.2%	2.1%	-12.2%	-6.3%	3.0%

Vanguard Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.4%	12,962	\$1.00	\$12,962
Vanguard Extended Mkt	11/27/02	-0.2	654	19.63	12,838
Vanguard Convertible	09/04/02	13.1	1,860	11.09	20,633
Vanguard Strategic Equity	10/09/02	20.7	951	13.86	13,187
Vanguard Equity-Income	08/28/02	-1.8	263	18.95	4,976
Vanguard Small Cap Growth	01/29/03	5.9	1,634	9.46	15,462
TOTAL VALUE					\$80,058

TOTAL RETURNS (as of 4/30/03)

1-mo	6-mo	1-yr	3-yr	YTD
5.5%	4.7%	-14.6%	-24.6%	4.6%

Select Commentary

By way of review, the Hotline of Tuesday, April 8 recommended the sale of Prudent Bear (BEARX) to be upgraded to Legg Mason Opportunity Trust (LMOPX) and the sale of BBH Inflation Indexed Securities (BBHIX) to be upgraded to RS Contrarian (RSCOX). These recommended trades were executed at the market close April 9, which was after the press date for the April 11 issue. Details: Sold 3,195 shares of Prudent Bear @ \$6.88 per share. Purchased 2,510 shares of Legg Mason Opportunity Trust @ \$8.76 per share. Sold 1,999 shares of BBH Inflation Indexed Securities @ \$11.08 per share. Purchased 1,994 shares of RS Contrarian @ \$11.11 per share.

The market rally, which has developed during the past couple of months, has prompted the model to rotate further away from hard and short assets in favor of growth oriented equity funds. This transition has neither been smooth nor definitive leading to short-term model results that have lagged. If the market and the economy continue their improving trend, we may see the completion of that rotation in the weeks ahead. \$

Total Returns—April 30, 2003

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	8.3%	4.5%	-13.3%	-34.1%	4.9%
Asset Allocation	6.6	4.4	-9.4	-20.5	3.8
Funds (Avg) 24 Funds					

4 FUND SCORECARD & RECOMMENDATIONS

Domestic Stock Funds

RANK	5/02	1 Mo	6 Mo	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	2	124		LMOFX	Legg Mason Opportunity Trust (1%r<1yr)	MC	B	B	B	14.5%	29.1%	0.1%	\$10.05	29.5	1.45	
2	3	-		FBRVX	FBR Small Cap Value A (1%r<90d)	SCGro	B	B	B	12.4	23.2	9.8	26.22	20.2	0.73	FSW
3	1	-		TGANX	TCW Galileo Aggressive Growth CIN	MCGro	*	B	B	10.0	21.9	-4.7	9.59	33.9	1.93	SW
4	8	27		OBEGX	Oberweis Emerging Growth	SCGro	B	B	B	13.3	15.0	-6.5	17.91	48.7	1.49	FSW
5	22	6		RSPFX	RS Partners	SC	*	B	B	8.4	15.0	0.5	20.05	21.9	0.64	FSW
6	15	2		YACKX	Yacktman Fund	LCVal	B	B	B	9.1	9.8	8.3	12.99	18.2	0.55	FW
7	13	7		LMASX	Legg Mason Special Investment Trust	MC	B	B	B	10.9	11.9	-0.6	33.08	25.5	1.34	
8	14	44		LMVTX	Legg Mason Value	LCVal	B	B	B	12.5	12.2	-4.5	45.70	28.1	1.16	
9	24	33		FCV SX	Fidelity Convertible Securities	Convrt	B	B	B	5.3	12.9	-3.6	17.71	27.4	0.89	Fsw
10	38	36		WBSNX	WmBlair S-C Growth N (1%r<60d)	SCGro	(B)	(B)	(B)	10.2	11.9	-9.1	14.92	-	0.95	FSW
11	23	14		VCV SX	Vanguard Convertible Securities	Convrt	B	B	B	3.9	10.5	1.6	11.15	20.4	0.69	fsw
12	5	236		NBS SX	Neuberger Berman Focus	LCVal	*	B	B	13.4	15.1	-25.8	25.19	38.5	1.52	FSW
13	156	173		RYPNX	Royce Opportunity (1%r<180d)	SCVal	H	H	H	11.1	13.2	-21.3	7.91	27.3	0.77	fsw
14	199	20		HRTVX	Heartland Value (1%r<90d)	SCVal	H	H	H	10.5	10.1	-13.2	33.32	22.5	0.63	FsW
15	32	28		LLPFX	Longleaf Partners	MCVal	(B)	(B)	(B)	4.8	10.7	-7.8	24.00	20.1	0.58	fw
16	210	113		BERWX	Berwyn Fund (1%r<180d)	SCVal	H	H	H	7.7	11.4	-13.8	18.58	18.7	0.41	fsw
17	18	47		WVALX	Weitz Value Fund	MCVal	B	B	B	6.0	10.4	-10.3	29.56	16.6	0.52	SW
18	17	117		VHCOX	Vanguard Cap Opp (\$25,000&1%r<5yr)	MCGro	B	B	B	7.9	9.9	-12.0	18.60	38.1	1.06	fsw
19	191	5		AVALX	Aegis Value Fund	SCVal	H	H	H	8.1	5.4	-1.8	13.00	18.2	0.31	fw
20	7	171		SACPX	Salomon Brothers Capital(closed)	MCVal	B	B	B	4.9	12.8	-15.7	20.51	22.0	0.85	sw
21	11	134		PRWAX	T. Rowe Price New America	LC	H	H	H	7.2	9.3	-11.0	24.27	27.0	1.27	fsw
22	69	243		VCV LX	Vanguard Capital Value	LCVal	H	H	H	10.2	8.2	-13.1	7.97	-	-	fsw
23	76	17		PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	(B)	(B)	(B)	7.2	9.0	-10.7	23.17	16.4	0.44	fsw
24	52	179		MUHLX	Muhlenkamp Fund	MCVal	(B)	(B)	(B)	10.7	10.2	-19.0	47.31	26.4	0.91	FSW
25	86	52		BSCFX	Baron Small Cap	SCGro	H	H	H	7.4	9.5	-12.6	14.73	28.0	1.07	FSW
26	93	56		LLSCX	Longleaf Partners Smallcap(closed)	SCVal	(B)	(B)	(B)	9.2	8.1	-11.6	21.57	17.0	0.45	fw
27	46	242		CBMDX	C&B Mid Cap Value	MCVal	H	H	H	8.1	8.8	-12.5	14.50	18.4	0.53	FSW
28	21	64		THPGX	Thompson Plumb Growth	LC	H	H	H	9.1	8.1	-12.3	36.83	19.6	0.69	fsw
29	127	221		WMCVX	Wasatch Small Cap Value (2%r<60d)	SCVal	H	H	H	9.3	12.7	-24.1	3.65	27.5	0.71	FSW
30	12	80		FDCAX	Fidelity Capital Appreciation	MC	(H)	(H)	(H)	6.3	8.9	-10.4	18.06	31.5	1.26	fsw
31	10	-		FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	H	H	H	6.6	7.9	-8.5	14.82	18.5	0.91	fsw
32	20	39		STCSX	Strong Advisor Common Stock (closed)	MC	B	B	B	6.5	9.0	-11.5	17.26	23.2	0.95	FSW
33	33	4		FFTYX	Fidelity Fifty (.75%r<30d)	LC	B	B	B	8.5	6.2	-7.3	17.03	28.2	0.87	Fsw
34	30	174		PRNHX	T. Rowe Price New Horizons	SCGro	*	H	H	8.1	9.3	-15.4	18.20	37.8	1.24	fsw
35	31	-		TGVNX	TCW Galileo Value Opportunities	MC	H	H	H	9.0	10.8	-20.8	14.90	-	-	SW
36	198	3		HSGFX	Hussman Strategic Growth (1.5%r<180d)	MCGro	H	H	H	3.8	3.7	4.3	12.79	-	-	fsw
37	19	76		OAKLX	Oakmark Select (closed) (2%r<90d)	MCVal	H	H	H	5.5	7.7	-8.7	25.61	26.2	0.83	FSW
38	26	-		FGRTX	Fidelity Growth & Income II	LC	H	H	H	5.1	6.5	-5.2	8.20	13.7	0.76	Fw
39	67	-		OAKBX	Oakmark Equity&Income	Bal	H	H	H	4.5	5.9	-2.7	18.65	10.6	0.37	FSW
40	222	155		BPSCX	Boston Ptnrs Smlcap Val (closed,1%r<1yr)	SCVal	H	H	H	10.0	8.8	-18.7	15.95	24.9	0.72	FSW
41	207	-		JSVAX	Janus Special Equity	MC	*	H	H	8.2	9.6	-18.2	7.69	-	-	SW
42	35	148		RSMOX	RS MidCap Opportunities	MCGro	H	H	H	5.8	8.5	-11.8	8.05	27.0	1.06	FSW
43	27	125		VPMCX	Vanguard PRIMECAP (\$25,000&1%r<5yr)	LC	H	H	H	6.2	8.3	-12.2	42.31	26.7	1.00	fsw
44	29	133		VWNDX	Vanguard Windsor	LCVal	H	H	H	7.9	7.8	-13.7	12.90	23.3	0.86	fsw
45	51	104		SLSSX	Selected Special Shares	MCGro	H	H	H	8.5	7.6	-14.7	9.22	23.9	1.04	sW
46	177	41		SMCDX	Strong Mid Cap Disciplined	MCVal	H	H	H	8.0	6.7	-11.7	15.48	23.4	0.92	FSW
47	48	60		VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	5.6	7.4	-10.0	14.08	17.2	0.82	fsw
48	171	37		EEQFX	Eclipse Small Cap Value	SCVal	H	H	H	6.7	7.0	-11.0	12.41	18.6	0.75	FSW
49	34	18		FEQTX	Fidelity Equity-Income II	G&I	H	H	H	7.8	5.4	-8.8	18.54	17.2	0.74	Fsw
50	96	8		PRWCX	T. Rowe Price Cap Appreciation	LCVal	H	H	H	4.5	5.2	-3.7	14.65	10.7	0.24	fsw
51	62	209		NPRTX	Neuberger Berman Partners	LCVal	H	H	H	7.9	8.6	-17.2	17.11	18.2	0.84	FSW
52	115	12		RYTRX	Royce Total Return (1%r<180d)	SCVal	H	H	H	6.2	6.2	-8.7	8.70	13.6	0.41	FSW
53	98	11		RYPRX	Royce Premier (1%r<180d)	SC	H	H	H	7.2	5.6	-8.7	9.88	18.7	0.62	FSW
54	25	140		RPMGX	T. Rowe Price Mid Cap Growth	MCGro	H	H	H	6.4	7.8	-13.2	33.53	24.5	1.12	fsw
55	16	167		FDGRX	Fidelity Growth Company	LCGro	H	H	H	6.2	8.1	-13.6	39.13	42.1	1.12	Fsw
56	103	86		VEXMX	Vanguard Extended Market Index	MC	H	H	H	7.2	7.4	-13.3	20.02	31.4	1.17	fsw
57	88	200		NGUAX	Neuberger Berman Guardian	LCVal	H	H	H	7.7	8.6	-17.4	11.64	24.3	1.13	FSW
58	47	10		TWEIX	American Century Equity Income	MCVal	H	H	H	5.0	4.7	-3.8	6.73	15.1	0.44	FSW
59	213	94		RYLPX	Royce Low Priced Stock (1%r<180d)	SCVal	S	S	S	10.0	7.7	-19.0	10.10	24.8	0.69	FSW
60	214	197		BUF SX	Buffalo Small Cap	SCGro	S	S	S	12.2	8.0	-23.7	16.03	-	0.69	FSW
61	109	46		TWVLX	American Century Value	MCVal	H	H	H	6.9	5.6	-9.7	6.19	20.4	0.59	FSW
62	185	191		JAVTX	Janus Venture (closed)	SCGro	S	S	S	10.0	8.0	-20.8	34.46	58.6	1.63	FSW
63	181	196		MNSCX	Montgomery Small Cap	SCGro	S	S	S	9.9	6.3	-16.7	8.10	38.5	1.31	s
64	41	65		PRGFX	T. Rowe Price Growth Stock	LC	S	S	S	6.5	5.7	-10.7	20.13	22.9	1.06	fsw
65	133	49		MERDX	Meridian Fund	SCGro	S	S	S	7.9	6.2	-14.1	25.03	21.4	0.77	fw
66	123	110		BPMCX	Boston Partners Mid Cap Value	MCVal	S	S	S	7.1	7.5	-16.4	9.92	18.3	0.76	FSW
67	55	-		RYSEX	Royce Special Equity (1%r<180d)	SCVal	H	H	H	4.7	4.0	-4.3	14.60	15.9	0.36	Sw
68	65	187		JAENX	Janus Enterprise	MCGro	S	S	S	5.3	6.8	-12.1	24.90	54.1	1.59	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	5/02	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	53	59	FVVLX	Fidelity Value	MCVal	H	H	H	6.0	7.0	-13.7	48.45	22.8	0.64	Fsw	
70	140	194	NEEGX	Needham Growth Fund (.75%r<30d)	MCGro	H	H	H	6.6	9.2	-20.7	21.14	50.6	1.11	FSW	
71	128	32	TASCX	Third Avenue Small-Cap Value	SCVal	S	S	S	6.3	6.2	-13.3	14.01	17.5	0.58	FSW	
72	57	19	STDIX	Strong Discovery	MCGro	⊙	⊙	⊙	5.1	4.6	-7.7	15.39	25.1	0.83	FSW	
73	113	31	GABAX	Gabelli Asset	MC	S	S	S	6.7	5.7	-13.0	29.53	17.2	0.76	FSW	
74	218	26	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	S	S	S	8.2	5.5	-15.0	6.85	16.7	0.51	Fsw	
75	176	114	LSSCX	Loomis Sayles Small Cap Value	SC	S	S	S	7.1	6.3	-15.2	19.02	19.4	0.69	sW	
76	9	239	POGSX	Pin Oak Aggressive Stock	MCGro	*	S	S	8.0	10.7	-27.7	13.66	74.0	2.00	FSW	
77	49	74	VMRGX	Vanguard/Morgan Growth	LC	S	S	S	6.2	5.1	-10.9	12.05	26.7	1.22	fsw	
78	160	15	FLPSX	Fidelity L P Stock (3%&1.5%r<90d)	SCVal	S	S	S	8.1	4.3	-12.1	26.20	16.6	0.57	fsw	
79	81	142	MNGFX	Montgomery Growth	LC	S	S	S	7.3	5.0	-12.7	9.59	20.9	1.02	FSW	
80	168	150	NAESX	Vanguard SmallCap Index	SC	S	S	S	8.3	6.9	-19.1	16.72	26.7	0.87	fsw	
81	4	219	FDEGX	Fidelity Aggressive Growth (0.75%r<90d)	LCGro	H	H	H	4.5	8.8	-18.2	11.97	53.5	1.75	fsw	
82	110	83	NCTWX	Nicholas II	MCVal	S	S	S	5.8	5.4	-11.7	16.99	21.3	1.00	w	
83	91	22	DODGX	Dodge & Cox Stock	LCVal	S	S	S	5.5	5.0	-10.4	89.94	19.8	0.64	sw	
84	71	234	SMDCX	Strong Advisor Midcap Growth	MCGro	S	S	S	4.9	9.0	-19.5	9.72	50.6	1.52	FSW	
85	233	161	BGLX	Bogle Small Cap Growth (closed)	SCGro	S	S	S	8.5	6.2	-18.2	17.96	-	-	-	
86	70	146	WPGFX	WPG Large Cap Growth	LCGro	S	S	S	7.0	5.8	-15.3	21.33	21.7	1.04	FsW	
87	28	55	FTRNX	Fidelity Trend	LC	S	S	S	5.3	4.9	-10.4	41.33	27.3	1.16	Fsw	
88	208	84	MQLIF	Mutual Qualified (1%) CIZ	MCVal	H	H	H	5.8	5.5	-12.8	14.61	16.9	0.61	sw	
89	151	217	MPMVX	MSI Mid Cap Value	MCVal	S	S	S	8.2	7.1	-20.6	15.42	24.2	0.92	fsw	
90	182	91	BGRFX	Baron Growth	SCGro	S	S	S	5.7	5.5	-13.1	28.35	25.4	1.06	FSW	
91	155	211	MPVLX	MSI Value Portfolio	MCVal	S	S	S	8.3	7.1	-21.0	12.15	22.5	0.70	fsw	
92	189	42	MUTHX	Mutual Shares (1%) CIZ	MCVal	H	H	H	4.9	4.9	-10.4	17.55	16.6	0.62	sw	
93	6	153	SCDVX	Scudder Development (closed)	MCGro	*	(H)	(H)	3.6	7.1	-14.5	15.26	41.9	1.47	FSW	
94	104	62	PRFDX	T. Rowe Price Equity-Income	LCVal	S	S	S	6.5	4.7	-12.8	20.36	16.7	0.53	fsw	
95	84	176	SSMGX	SIT Small Cap Growth	MCGro	S	S	S	7.6	5.3	-16.1	20.04	54.5	1.32	FSW	
96	221	30	ARGFX	Ariel Fund	SCVal	S	S	S	6.2	4.8	-12.8	36.15	18.9	0.40	FSW	
97	80	61	OAKMX	Oakmark Fund	MCVal	S	S	S	6.0	5.1	-13.3	31.46	20.6	0.59	FSW	
98	204	54	BEGRX	Mutual Beacon (1%) CIZ	MCVal	H	H	H	5.5	4.7	-11.6	11.76	15.9	0.58	sw	
122	145	103	VEIPX	Vanguard Equity-Income	LCVal	H	H	H	6.2	4.3	-13.9	19.24	16.0	0.55	fsw	
152	137	-	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	6.4	3.7	-15.5	9.66	28.2	0.85	w	

Dow Jones
NASDAQ
S&P 500

3.6% 0.8% -15.0%
7.6 10.5 -8.6
5.6 3.2 -14.2

indexes do not
include dividends

International Stock Funds

1	2	55	SLAFX	Scudder Latin America	LatinA	*	H	H	12.7%	21.8%	-10.8%	\$18.60	37.7	-	FSW
2	-	-	ARTJX	Artisan Intl Small Cap (2%r<90d)	Int'l	H	H	H	13.7	16.9	-0.7	10.96	-	-	SW
3	1	56	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	12.5	21.2	-13.0	10.78	40.4	-	fs
4	4	2	OAKGX	Oakmark Global (2%r<90d)	Global	B	B	B	15.5	14.2	-5.5	13.97	-	-	Fsw
5	3	53	PRLAX	T. Rowe Price Latin America (2%r<1yr)	LatinA	*	H	H	13.3	18.3	-12.7	8.67	43.5	-	fsw
6	8	42	PRIDX	T. Rowe Price Intl Disc. (closed,2%r<1yr)	Int'l	B	B	B	9.9	11.7	-9.0	17.24	37.1	-	fsw
7	5	41	SGSCX	Scudder Global Discovery (closed)	Int'l	B	B	B	9.3	9.5	-14.1	20.04	34.4	-	FSW
8	14	9	MNEMX	Montgomery Emerging Mkts (closed)	Int'l	*	B	B	9.2	8.7	-12.9	8.28	31.6	-	FSW
9	10	6	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	B	B	8.2	8.7	-12.3	11.47	21.8	-	FSW
10	17	13	HAINX	Harbor International	Int'l	B	B	B	8.3	6.5	-12.1	27.03	17.8	-	sw
11	12	32	PRESX	T. Rowe Price European	Europe	B	B	B	10.5	6.1	-15.0	13.35	17.7	-	fsw
12	44	11	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	(B)	(B)	(B)	14.2	4.2	-16.3	10.77	25.6	-	FSW
13	13	29	VEURX	Vanguard European Stock Index	Europe	(B)	(B)	(B)	10.5	5.6	-14.3	16.83	17.3	-	fsw
14	41	31	OAKIX	Oakmark International (2%r<90d)	Int'l	H	H	H	12.4	5.8	-18.6	13.30	24.3	-	FSW
15	6	48	FIEUX	Fidelity Europe (1%r<90d)	Europe	H	H	H	14.3	5.6	-21.0	19.23	20.6	-	fsw
16	7	7	VEIEX	Vanguard Emerging Mkts Stk Index (0.5%r)	Int'l	*	B	B	7.2	6.7	-13.8	7.86	32.3	-	fsw
17	15	1	MACSX	Matthews Asia Growth&Income (2%r<90d)	Pacific	(H)	(H)	(H)	4.3	3.7	-2.2	10.58	14.4	-	FSW
18	21	16	FDIVX	Fidelity Diversified Intl (1%r<30d)	Int'l	(B)	(B)	(B)	7.5	4.9	-11.4	17.67	20.4	-	Fsw
19	18	5	BJBIX	Julius Baer International Equity A	Int'l	B	B	B	7.4	3.8	-8.9	20.04	28.8	-	FS
20	25	21	FIVFX	Fidelity Aggressive Intl. (1%r<30d)	Int'l	H	H	H	11.0	4.1	-15.5	11.31	25.6	-	Fsw
21	23	26	VWIGX	Vanguard International Growth	Int'l	H	H	H	8.2	3.8	-17.1	12.41	17.6	-	fsw
22	19	44	SCGEX	Scudder Greater Europe (2%r<180d)	Europe	H	H	H	9.7	3.3	-18.0	18.51	22.5	-	FSW
23	16	14	USIFX	USAA International	Int'l	H	H	H	6.7	2.3	-11.3	15.38	18.1	-	w
24	35	12	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	H	H	H	7.4	4.0	-17.3	7.27	32.9	-	fsw
25	22	10	VNEPX	Vontobel International Equity (2%r<360d)	Int'l	(B)	(B)	(B)	6.1	1.7	-10.7	11.90	21.1	-	FsW
26	40	8	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	H	H	H	6.3	4.2	-17.7	8.15	47.1	-	FSW
27	20	33	FWWFX	Fidelity Worldwide (1%r<30d)	Global	H	H	H	7.4	2.7	-15.6	12.37	18.5	-	Fsw
28	28	27	SWINX	Schwab International Index (1.5%r<180d)	Int'l	H	H	H	7.5	2.6	-15.6	10.50	18.0	-	S
29	11	22	USAWX	USAA World Growth	Int'l	H	H	H	5.9	2.5	-13.2	12.44	20.0	-	w
30	29	18	FIGRX	Fidelity International G & I	Int'l	H	H	H	7.1	2.1	-14.9	16.99	22.0	-	Fsw
31	48	54	LLINX	Longleaf Partners International	Int'l	H	H	H	10.3	1.9	-19.3	10.07	-	-	fw
32	26	37	LSIEX	Loomis Sayles International Equity	Int'l	H	H	H	6.3	3.0	-16.1	8.29	32.2	-	fsW
33	33	39	PRITX	T. Rowe Price Intl Stock	Int'l	S	S	S	8.1	1.7	-18.5	8.90	19.7	-	fsw
34	30	34	SCOBX	Scudder Global	Global	S	S	S	4.7	2.3	-16.5	17.89	16.7	-	FSW
59	58	15	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	H	H	4.9	-4.2	-26.9	9.34	38.5	-	fsw

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

RANK	5/02	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	53	-	SCGD	Scudder Gold (closed)	NatRes	*	*	*	7.3%	14.3%	11.4%	\$10.83	31.90	0.28	FSW	
2	2	-	RYIIX	Rydex Internet	Tech	*	*	*	11.8	15.6	-0.9	23.41	-	-	fsw	
3	1	-	FSCSX	Fidelity Software (3%&.75%r<30d)	Tech	*	*	*	7.5	14.7	4.6	39.77	52.00	2.14	fsw	
4	6	-	RSCOX	RS Contrarian	Altern	*	*	*	4.3	15.4	7.1	11.63	17.60	0.57	FSW	
5	10	-	CGMRX	CGM Realty	RealEs	*	*	*	9.3	14.2	-2.7	15.94	17.50	0.21	fsw	
6	20	-	FSMEX	Fidelity Medical Equip (3%&.75%r<30d)	Health	*	*	*	5.0	13.5	4.3	17.11	15.50	0.29	fsw	
7	11	-	FSDCX	Fidelity Developing Comm (3%&.75%r<30d)	Tech	*	*	*	8.2	17.6	-13.6	11.52	37.00	1.72	fsw	
8	4	-	FNINX	Fidelity Networking	Tech	*	*	*	10.3	19.4	-21.8	1.72	-	-	fsw	
9	38	-	FSRFX	Fidelity Transportation (3%&.75%r<30d)	Cycls	*	*	*	12.0	13.0	-8.4	27.53	23.00	0.88	fsw	
10	9	-	FBMPX	Fidelity Multimedia (3%&.75%r<30d)	Consmr	*	*	*	10.2	8.4	3.5	36.04	21.80	1.08	fsw	
11	5	-	FSPTX	Fidelity Technology (3%&.75%r<30d)	Tech	*	*	*	9.1	13.5	-8.8	43.54	46.60	2.14	fsw	
12	32	-	RYOIX	Rydex Biotechnology	Health	*	*	*	11.0	10.9	-6.7	15.81	59.70	0.96	fsw	
13	21	-	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	2.1	12.2	2.1	19.41	13.90	0.20	Fsw	
14	29	-	CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	2.8	11.9	0.4	45.54	14.60	0.23	FSW	
15	35	-	CSEIX	Cohen & Steers Equity Income	RealEs	*	*	*	2.8	11.8	0.8	11.93	13.10	0.13	FSW	
16	33	-	FSUTX	Fidelity Utilities Growth (3%&.75%r<30d)	Utility	*	*	*	9.1	11.5	-8.8	28.32	17.50	0.95	fsw	
17	31	-	VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	2.8	11.6	0.2	12.53	13.70	0.14	fsw	
18	62	-	USERX	U.S.Global Gold Shares (.25%r<30d)	NatRes	*	*	*	4.0	12.5	-5.1	4.68	42.40	0.41	fsw	
19	8	-	FBIOX	Fidelity Biotechnology (3%&.75%r<30d)	Health	*	*	*	5.1	10.5	-2.2	44.08	53.10	0.88	fsw	
20	79	-	BGEIX	Amer. Cent. Global Gold (1%r<60d)	NatRes	*	*	*	7.0	7.9	1.2	8.12	36.90	0.15	FSW	
21	42	-	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	3.1	9.1	0.1	27.18	13.20	0.17	fsw	
22	28	-	FSPCX	Fidelity Insurance (3%&.75%r<30d)	FinServ	*	*	*	9.3	7.5	-5.8	47.83	27.70	0.56	fsw	
23	3	-	FSTCX	Fidelity Telecomm (3%&.75%r<30d)	Utility	*	*	*	5.8	7.2	0.0	26.41	25.00	1.38	fsw	
24	86	-	FSAGX	Fidelity Gold (3%&.75%r<30d)	NatRes	*	*	*	6.1	6.6	0.9	20.47	34.10	0.36	fsw	
25	24	-	IVSRX	INVESCO Real Estate Inv	RealEs	*	*	*	2.3	8.6	0.6	7.91	13.90	0.34	FS	
26	81	-	FGLDX	INVESCO Gold Inv	NatRes	*	*	*	6.9	6.5	-1.2	2.47	30.30	0.22	FS	
27	34	-	FDSLX	Fidelity Leisure (3%&.75%r<30d)	Consmr	*	*	*	8.0	9.2	-9.8	55.25	21.20	1.10	fsw	
28	82	-	FSAIX	Fidelity Air Transport (3%&.75%r<30d)	Cycls	*	*	*	14.9	10.7	-24.5	23.99	28.50	1.14	fsw	
29	30	-	FBALX	Fidelity Balanced	Hybrid	B	*	*	5.9	7.7	-4.2	14.06	10.50	0.54	Fsw	
30	18	-	FVVLX	Fidelity Home Finance (3%&.75%r<30d)	FinServ	*	*	*	7.9	7.5	-6.9	52.74	25.80	0.37	fsw	
31	16	-	FPHAX	Fidelity Pharmaceuticals (3%&.75%r<30d)	Health	*	*	*	6.2	9.3	-9.5	7.91	-	-	fsw	
32	7	-	RYTIX	Rydex Technology	Tech	*	*	*	9.4	8.7	-13.5	8.13	34.10	2.04	fsw	
33	47	-	RYHIX	Rydex Health Care	Health	*	*	*	6.0	6.8	-7.5	10.02	15.50	0.31	fsw	
34	14	-	GATEX	Gateway Fund	Altern	B	*	*	2.9	5.4	0.4	21.75	7.84	0.40	FSW	
35	13	-	FDCPX	Fidelity Computers (3%&.75%r<30d)	Tech	*	*	*	8.9	9.1	-19.0	25.32	41.20	2.09	fsw	
36	48	-	FLISX	INVESCO Leisure Inv	Consmr	*	*	*	7.4	7.1	-12.4	33.81	22.60	1.04	FS	
37	23	-	FIDSX	Fidelity Finl Serv (3%&.75%r<30d)	FinServ	*	*	*	7.9	5.1	-8.3	94.96	21.80	0.79	fsw	
38	37	-	VGEXX	Vanguard Energy (1%r<1yr)	Energy	*	*	*	1.8	8.4	-8.4	24.10	24.50	0.64	fsw	
39	22	-	FSCHX	Fidelity Chemicals (3%&.75%r<30d)	Cycls	*	*	*	4.7	6.2	-8.5	41.45	21.60	0.82	fsw	
40	41	-	VBINX	Vanguard Balanced Index	Hybrid	B	*	*	4.0	4.7	-3.9	16.28	10.70	0.57	fsw	
41	25	-	RYKIX	Rydex Banking	FinServ	*	*	*	7.0	4.5	-8.4	8.08	27.50	0.70	fsw	
42	15	-	RYMIX	Rydex Telecommunications	Utility	*	*	*	7.2	5.4	-11.2	11.29	21.60	1.52	fsw	
43	73	-	VGPMX	Vanguard Precious Metals (closed,1%r<1yr)	NatRes	*	*	*	3.4	5.0	-4.6	10.23	32.70	0.56	fsw	
44	49	-	RYUIX	Rydex Utilities	Utility	*	*	*	7.4	10.8	-26.0	17.81	-	-	fsw	
45	51	-	MERFX	Merger Fund	Altern	*	*	*	1.5	4.5	-2.0	14.03	6.84	0.14	FSW	
46	12	-	FSLBX	Fidelity Brokerage (3%&.75%r<30d)	FinServ	*	*	*	7.7	4.0	-10.4	38.10	30.80	1.47	fsw	
47	39	-	FSPHX	Fidelity Health Care (3%&.75%r<30d)	Health	*	*	*	3.0	5.3	-7.6	107.70	15.30	0.28	fsw	
48	57	-	FCYIX	Fidelity Cyclical Ind (3%&.75%r<30d)	Cycls	*	*	*	7.2	6.6	-17.2	12.34	22.00	0.98	fsw	
49	40	-	VGHGX	Vanguard Health Care (\$25k&1%r<5yr)	Health	*	*	*	4.8	4.0	-8.9	100.70	15.00	0.37	fsw	
50	50	-	FSDPX	Fidelity Indust Matrls (3%&.75%r<30d)	Cycls	*	*	*	2.9	6.2	-11.8	23.36	23.00	0.87	fsw	
51	70	-	FWRLX	Fidelity Wireless	Tech	*	*	*	8.7	7.4	-24.4	2.76	-	-	fsw	
52	84	-	RYPMX	Rydex Precious Metals	NatRes	*	*	*	5.6	2.4	-7.8	27.25	31.70	0.24	fsw	
53	27	-	FSFSX	INVESCO Financial Serv Inv	FinServ	*	*	*	7.1	2.9	-11.6	24.38	22.80	0.86	FS	
54	56	-	FSNGX	Fidelity Natural Gas (3%&.75%r<30d)	Utility	*	*	*	0.6	7.0	-13.6	17.38	27.70	0.61	fsw	
55	45	-	RYFIX	Rydex Financial Services	FinServ	*	*	*	7.5	3.7	-16.6	8.58	24.10	0.93	fsw	
56	52	-	FBSOX	Fidelity Bus Services (3%&.75%r<30d)	Tech	*	*	*	9.5	5.0	-23.0	11.60	22.60	1.03	fsw	
57	75	-	RYPIX	Rydex Transportation	Cycls	*	*	*	9.4	1.0	-13.0	16.97	20.80	0.76	fsw	
58	44	-	FSRBX	Fidelity Banking (3%&.75%r<30d)	FinServ	*	*	*	7.2	1.2	-11.0	32.00	24.50	0.70	fsw	
59	26	-	FTCHX	INVESCO Technology Inv	Tech	*	*	*	7.6	6.6	-25.0	19.03	48.00	2.26	FS	
60	43	-	FSHOX	Fidelity Const & Housing (3%&.75%r<30d)	Cycls	*	*	*	6.0	4.6	-19.3	24.78	24.40	0.80	fsw	
61	36	-	FSLEX	Fidelity Environmental Ser (3%&.75%r<30d)	Cycls	*	*	*	2.6	2.3	-10.4	10.59	19.70	0.59	fsw	
62	54	-	FSTUX	INVESCO Utilities Inv	Utility	*	*	*	3.4	3.4	-14.5	8.63	16.10	0.66	FS	
63	67	-	ISWCX	INVESCO Telecommunications Inv	Utility	*	*	*	6.0	3.0	-17.8	8.71	35.80	1.97	FS	
64	71	-	FAVX	Fidelity Automotive (3%&.75%r<30d)	Cycls	*	*	*	6.6	3.5	-20.4	23.30	25.10	0.93	fsw	
65	19	-	FSELX	Fidelity Electronics (3%&.75%r<30d)	Tech	*	*	*	8.9	7.7	-34.4	28.36	51.20	2.32	fsw	
66	61	-	FHLSX	INVESCO Health Sciences Inv	Health	*	*	*	3.5	1.2	-11.1	41.06	31.50	0.29	FS	
67	46	-	FSTEX	INVESCO Energy Inv	NatRes	*	*	*	-0.5	5.4	-16.1	17.01	33.90	0.84	FS	
68	87	-	FSDAX	Fidelity Defense & Aero (3%&.75%r<30d)	Cycls	*	*	*	5.9	3.0	-20.4	39.45	19.50	0.76	fsw	
69	76	-	FSCGX	Fidelity Industrial Equip (3%&.75%r<30d)	Cycls	*	*	*	7.9	2.2	-22.4	17.50	22.90	1.11	fsw	
70	74	-	BRMIX	AXARosenberg Value L/S (2%r<30d)	Value	*	*	*	-2.0	-3.3	6.0	10.13	18.90	-0.58	FSW	

Moving Target

Q Regarding the "Market Trends" table, specifically the Dow and NASDAQ Forward 6-Month Estimate... throughout this entire three-year bear market, *MONEYLETTER* never anticipated the two market indices to be anything but "Higher." Obviously this was not the case. Did *MONEYLETTER* miss this entire slide? — B.W.S., Cinnaminson, NJ

A The essence of your question is correct, but it does not completely convey *MONEYLETTER*'s views. Going back to January 2000 (Vol. 21, No. 1), the Forward 6-Month Estimate for the Dow was "Flat/Higher." An accompanying article on page three had a sub-headline, "A Correction, Not a Bear Market." In that section, we wrote, "There is a possibility that we are in for a fairly nasty correction, maybe getting into the 15%-20% range." In an earlier paragraph, we wrote, "What is true is that the U.S. market is well overvalued, and as long-term rates rise, the overvaluation becomes more pronounced. It has been an issue with us for some time, which is why in recent months we have emphasized international funds."

By the spring of 2000, we believed (correctly) that the Fed had stopped raising rates and that the next major move for interest rates was down. Given the market's decline, we looked for stock prices to be higher six months later. From then on in, as interest rates continued their decline, and looking out over the subsequent six months, we expected to see the market respond to the cut in rates. It did not. Obviously, there were other forces at work. In particular, it was the decline in profits. We missed that development by a wide margin. We can only say that the consensus of analyst estimates also consistently missed that development.

You must realize what that Forward 6-month Estimate is. It is a moving platform looking at a moving target, six months away. Once the bear market began, and we had a sizable drop, the continued decline in stocks (and in rates) caused us to believe that, six months later, stock prices would be higher. As the earlier quotes show, we were well aware that the stock market was vulnerable and overvalued as the bear market began. But just as with the bubble market, we never envisioned things would go as far they did.

Schwab Update

Yacktman Fund has been joined by four fund families who have decided to leave the Schwab Mutual Fund Marketplace due to increased fees.

Here is the list of fund families and funds:

First Hand Funds (5): TVFQX Firsthand Technology Value, TLFQX Firsthand Technology Leaders, TIFQX Firsthand Technology Innovators, TEFQX The e-Commerce Fund, and GTFQX Firsthand Global Technology.

Northeast Funds (2): NTHFX Northeast Investors Trust and NTHFX Northeast Investors Growth.

Longleaf Partners Funds (3): LLPFX Longleaf Partners, LLINX Longleaf Partners International, and LLSCX Longleaf Partners Small-Cap.

Meridian Funds (2): MERDX Meridian Growth and MVALX Meridian Value. \$

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Gabelli US Treasury MMF	0.88%	0.89%	1.34%
Vanguard Treasury MMF	0.86	0.89	1.34
Fidelity Spartan US Treas MMF	0.84	0.86	1.28
Amer Century Capital Presv Fund/Inv	0.74	0.75	1.19
T Rowe Price US Treasury MF	0.68	0.69	1.15
DBAB Cash Reserve Treasury	0.59	0.61	0.99
Prudential Govt Sec Tr/US Treas/CI A	0.59	0.59	1.09
CMA Treasury Fund	0.58	0.58	1.12
US Treasury MF of America/CI A	0.57	0.58	0.94
Schwab US Treasury Money Fund	0.55	0.56	0.99

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.23%	1.24%	1.70%
RBB MMP/Sansom Street Class	1.14	1.14	1.56
Phoenix-Goodwin Money Market Series/A	1.08	1.08	1.20
Bunker Hill MMF	1.07	1.08	1.47
McMorgan Principal Preservation Fund	1.04	1.05	1.44
Pacific Cap Cash Assets Tr/Orig	1.03	1.02	1.35
Scudder YieldWise Money Fund	1.02	0.99	1.44
Flex-fund Money Market Fund	1.00	1.00	1.42
Scudder Premium Money Mkt Shrs/CI S	1.00	1.00	1.39
TIAA-CREF Money Market Fund	1.00	1.02	1.46

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Strong Tax-Free Money Fund	1.23%	1.12%	1.29%
Vanguard Tax-Exempt MMF	1.23	1.10	1.31
Strong Municipal MMF	1.13	1.02	1.24
Scudder YieldWise Muni MF	1.07	0.95	1.15
USAA Tax Exempt MMF	1.04	0.93	1.14
T Rowe Price Summit Muni MMF	0.98	0.89	1.10
Amer Century T-F MMF/Inv Class	0.96	0.86	1.12
Fidelity Municipal MMF	0.96	0.85	1.08
Scudder Tax-Exempt Money Fund	0.93	0.84	1.05
Dreyfus BASIC Muni MMF	0.91	0.82	1.07

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard CA Tax-Exempt MMF	1.21%	1.08%	1.22%
Vanguard PA Tax-Exempt MMF	1.19	1.05	1.21
Vanguard OH Tax-Exempt MMF	1.18	1.08	1.29
Vanguard NY Tax-Exempt MMF	1.12	1.03	1.20
Vanguard NJ Tax-Exempt MMF	1.11	1.00	1.16
USAA Tax Exempt CA MMF	1.05	0.94	1.13
Amer Century CA T-F MMF/Inv Class	0.94	0.78	0.94
Fidelity FL Municipal MMF	0.89	0.78	1.01
Fidelity MI Municipal MMF	0.89	0.77	0.95
Fidelity CA Municipal MMF	0.88	0.77	0.96

Taxable equivalent yield = yield / (1—total effective tax bracket).

Funds are ranked by 7-day yields; 7-day and 30-day yields are compound yields as of 4/29/03. 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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Two More International Funds

We're beefing up our international stock fund coverage, with the addition of Artisan International Small Cap and William Blair International Growth N.

Artisan International Small Cap (ARTJX)

This relatively new fund (launched December 21, 2001), is off to a good start. In 2002, the fund lost only 1.3 percent, significantly better than Morningstar's foreign stock category, which declined an average of 16%. And for the year-to-date (through May 2) the fund has advanced 10.5%. Mark Yockey, who has established a solid record at Artisan International, heads Artisan International Small Cap.

Yockey says that his main goal is to find companies that can really make a difference in the portfolio – that have the potential to advance significantly. He, and the analysts that work with him, spend a lot of time visiting companies around the world to understand how they are run and how they make money. And they put a lot of emphasis on management. Is management's strategy reasonable? How are they going to maintain margins, grow the business, and add value?

Underlying those first-hand visits is a hefty amount of fundamental analysis. Among the most important criteria in the bottom-up portion of the process are sustainable growth potential, reasonable valuation, and dominant or increasing industry position. Moreover, fund management also seeks to identify global or regional themes that may act as catalysts for long-term growth – and the companies that are best situated to capitalize on those opportunities. They do not peg country or regional weightings to any index, nor do they hedge international currencies.

Top Five Countries and Holdings (% of Assets)

United Kingdom	14.8%	Trinity Mirror	3.3%
Netherlands	9.1	Straumann Holding	3.2
Germany	7.1	Fraser & Neave Ltd.	3.0
Switzerland	6.8	Telekom Austria	3.0
Belgium	4.6	Colruyt NV	2.8

as of March 31, 2003

What results is a portfolio of 40 to 60 stocks with market capitalizations of less than \$3 billion, drawn from both emerging and developed overseas economies. The fund has a significant commitment to consumer-related stocks, as Yockey dedicated much new cash during the first quarter to building existing positions on weakness, especially in the consumer sector. Yockey says that the team will continue to capitalize on exaggerated market volatility by buying on weakness and selling into rallies. The fund, with \$131 million in assets currently, expects to close at \$500 million. A 2% redemption fee is assessed on shares held 90 days or less.

Artisan Funds, P.O. Box 8412,
Boston, MA 02266-8412; (800) 344-1770

William Blair International Growth N (WBIGX)

Looking strictly at recent performance, this William Blair offering does not look as impressive as the Artisan fund. It lost 15% last year and is ahead by 1.5% for the year-to-date. Yet, this fund harbors significant potential, which is evident in its 1999-year total return of 96%, and its ten-year average annual return (through May 2) of 8.7%. Fund manager George Greig invests with an aggressive bent. He may take country weightings that vary by as much as 50% from the MSCI international index. He often commits 10%-20% of assets to emerging markets (currently 18%), and he invests across all market capitalizations in fast growth stocks. Clearly, investment flexibility is a hallmark of this fund, but it always focuses on high-quality growth companies.

As you might expect in looking for high-quality growth, fundamental analysis is key. Greig and his team first construct a list of about 750 companies within 40 markets eligible for investment based on high growth potential and strong management. They whittle that list down by identifying those firms with exhibit competitive leadership, have a unique proprietary product or asset position, and whose product or brand has sustainable growth potential. A further analysis of financial strength finally creates a list of portfolio candidates. Then, a top-down process comes into play. Greig and team look at sector and market trends, and economic themes to create an outlook for markets by region.

Greig recently has been buying stocks that he believes will benefit from growth in Asia. He has about 17% of assets invested in the region, including an 11% stake in Asia emerging markets. He is playing that interest in other ways as well, such as top holding Standard Chartered, a UK financial company that runs banks in emerging markets. In addition, Greig has underweighted continental Europe, while overweighting Canada, Australia, and Latin America.

Top Five Countries and Holdings (% of Assets)

United Kingdom	19.2%	Standard Chartered Bank	2.2%
Japan	16.3	BG Group plc	2.1
Canada	5.8	HBOS plc	2.1
Germany	5.0	Samsung Electronics	2.0
France	4.0	ST Microelectronics	1.6

as of March 31, 2003

Greig feels the near term outlook for international stocks is challenging. The actual trend in corporate profits is hard to read, which in turn tends to dampen business confidence. Stock valuations remain attractive, although poor visibility on long-term growth rates make valuation challenging. Greig expects it will take months after the Iraq war end for economic recovery and expansion potential to become clear. \$

William Blair Mutual Funds,
222 W. Adams Street, 34th Floor,
Chicago, IL 60606; (800) 742-7272.

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