

# MONEYLETTER<sup>®</sup>.com

"Serving Investors Since 1980"

## Will It Continue?

by Walter S. Frank, Chief Investment Officer

Our answer is yes, the bull market will continue. We need to add a qualification or two to that answer, but we'll let that slide for the moment. The important point is that the bull market has further to go.

These last three weeks have been extremely important in the development of this bull market. The economic numbers have finally said—and convincingly—that the recovery is gaining strength. As Business Week headlined in its outlook column, "At Last, An Economy Firing On All Cylinders." We wouldn't quite go far, but that's quibbling. The important point is that the economy is showing some muscle. The recovery is no longer fragile.

In the flood of good economic news recently three developments stand out for us. One is the willingness of consumers to spend. Auto sales boomed in August far beyond expectations. We are speaking of levels no one dared mention two months ago. It's probably the tax cut and rebates at work. Whatever the reason, consumers spent big.

Two was the huge increase in productivity reported for last quarter. The number usually brings a yawn, but don't underestimate its importance for profits and inflation. The flip side of the increase is that labor costs remain well contained, and more. Finally, for the first time in years we are hearing optimistic noises from business. Business is shaking its caution and is finally willing to talk positively about the outlook. Much of the more optimistic talk is coming from the tech sector. So much the better. Tech was the poster child for all the ills following the bursting of the bubble. When things look up for tech it means that the hangover from the bubble is fading. It also means that business, as a whole, is starting to invest again in new equipment. That is just what the economy needs.

### The market responds

The strong post-Labor Day rally, with the indexes hitting new rally highs, is simply the market's reaction to the rush of good news. But this rally has been going on since early March, and the gains have been huge, in particular for the Nasdaq. A lot of good news has already been discounted.

### Market Trends

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

This brings us back to our opening question. Has everything been discounted? Our answer is no. Why do we think the market has more to go? One reason is that despite the market's rise, analysts' earnings expectations for the next twelve months ahead have risen just about as much. The result is that the forward-looking price-earnings ratio has only risen slightly relative to the rise of the market.

Right now the projections are telling us that the market is selling at about 17 times analysts' expectations. The S&P 500 has been selling at about that level or slightly below, for many, many weeks. We believe, given the level of interest rates and our view of rates over the next 6-9 months, that stocks could well sell at a higher multiple to earnings, and still be fairly valued.

But let's leave that aside, and simply say that 17 times is the appropriate forward multiple stocks should be selling at now. That means, when looking at next September's expected earnings, stocks are now fully valued. But time marches on. The one-year forward earnings estimate three months from now is looking at earnings over the twelve months to next December. We expect those earnings to be higher than today's one-year estimate for two reasons.

First, Wall Street analysts have discarded their rose-colored glasses and have not yet replaced them. True enough, strategists' profit estimates for this year and next have been revised up lately. We believe the process will continue, and that these estimates will be playing catch-up for some time. The profit guidance from business, which informs analysts' estimates, will remain on the cautious side as well. Actual profits will outstrip estimates for some time.

Second, we should be seeing substantial profit gains quarter-by-quarter as the recovery proceeds. We have already seen business achieving good gains with minimal top line growth. This has come as business shed labor (mostly) and other expenses. Now, as business improves, we should see meaningful top-line growth. The result should be robust profit growth.

The year-ahead earnings estimates then will also be rising robustly during this dynamic phase of the recovery. Even if the market's forward-earnings multiple remains stable, the market will rise as earnings grow. We see this process in play at least for the first half of next year if not longer. And we are talking about double-digit profit (and market) gains over that period.

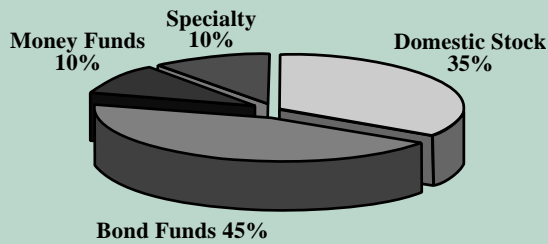
### But

Keep in mind that our outlook for the market does not go beyond one year ahead. When we say that the rally will continue, with the normal interruptions (corrections), we are not referring to the long-term. We just don't make long-term estimates.

Second, the most dynamic gains of this bull market rally are probably behind us. We hope you do not expect six-month gains of 40%-50% to continue. Part of that represents a one-time correction of the excesses of the bear market. Nevertheless, we can look forward to good gains ahead. \$

**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	0.4%	10,058	\$1.00	\$10,058
Gateway Fund	11/27/02	6.3	597	22.51	13,438
PIMCO High Yield	05/14/03	2.1	1,484	9.27	13,754
RS Partners	04/02/03	36.2	689	25.19	17,368
Heartland Value	07/16/03	5.0	179	44.69	7,990
AmerCent Inflation Adj.	02/12/03	0.6	1,531	10.70	16,376
WmBlair S-C Growth N	07/16/03	6.8	989	19.44	19,226
Dodge & Cox Income	02/19/03	2.1	948	12.80	12,138
<b>TOTAL VALUE</b>					<b>\$110,348</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
2.8%	13.1%	10.0%	8.6%	9.6%

**Fidelity Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.6%	8,610	\$1.00	\$8,610
Fidelity Balanced	11/27/02	13.6	762	15.42	11,747
Fidelity High Income	01/17/01	5.6	1,875	8.51	15,955
Fidelity Capital Appreciation	06/25/03	9.8	844	21.63	18,247
Fidelity Growth Company	07/09/03	2.9	290	46.11	13,387
Fidelity Intermediate Gov	02/19/03	-0.4	1,123	10.17	11,422
Fidelity Investment Grade	02/19/03	0.9	1,672	7.44	12,253
<b>TOTAL VALUE</b>					<b>\$91,621</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
2.5%	11.5%	7.2%	-13.3%	9.6%

**Vanguard Conservative**

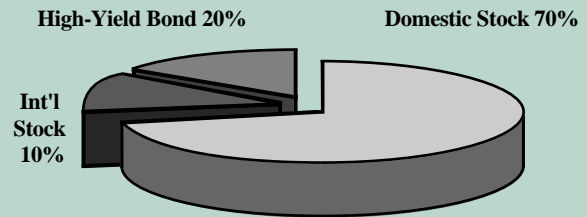
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.5%	8,392	\$1.00	\$8,392
Vanguard Balanced Index	11/27/02	8.3	558	17.18	9,592
Vanguard Bond Market	02/19/03	0.6	692	10.17	7,043
Vanguard Inflation Protect	02/19/03	0.7	1,025	11.95	12,251
Vanguard Strategic Equity	10/09/02	45.2	801	16.68	13,356
Vanguard Capital Value	01/29/03	24.6	1,153	8.97	10,339
Vanguard Small Cap Grwth	07/09/03	5.1	1,219	11.85	14,449
Vanguard FI Hi-Yld Corp	01/17/01	11.1	2,597	6.12	15,895
<b>TOTAL VALUE</b>					<b>\$91,317</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
2.5%	12.3%	10.8%	-16.0%	11.5%

**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
Buffalo High Yield	06/20/01	18.8%	1,804	\$10.72	\$19,342
Heartland Value	06/18/03	11.5	412	44.69	18,401
Mathews Pacific Tiger	02/06/02	26.7	971	11.20	10,877
RS Partners	02/12/03	43.9	564	25.19	14,199
WmBlair S-C Growth N	07/16/03	6.8	989	19.44	19,226
Legg Mason Special	04/02/03	37.0	511	40.86	20,874
<b>TOTAL VALUE</b>					<b>\$102,919</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
4.7%	28.1%	24.2%	-2.7%	24.0%

**Fidelity Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Growth Company	07/09/03	2.9%	280	\$46.11	\$12,933
Fidelity High Income	01/17/01	5.6	2,735	8.51	23,272
Fidelity OTC	07/30/03	5.7	653	29.75	19,441
Fidelity Capital Appr.	03/12/03	40.0	830	21.63	17,958
Fidelity Aggressive Grwth	07/09/03	2.9	1,327	13.68	18,149
Fidelity Aggr. Int'l	05/14/03	15.2	556	13.31	7,405
<b>TOTAL VALUE</b>					<b>\$99,158</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
3.7%	18.7%	12.5%	-1.4%	16.1%

**Vanguard Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Extended Mkt	11/27/02	21.7%	595	23.95	14,260
Vanguard FI Hi-Yld Corp	01/17/01	11.1	3,166	6.12	19,374
Vanguard Emerg. Mkts Stock	02/06/02	18.7	919	10.04	9,230
Vanguard Explorer	07/09/03	3.8	360	58.98	21,229
Vanguard Capital Value	01/29/03	24.6	1,663	8.97	14,914
Vanguard Strategic Equity	10/09/02	45.2	968	16.68	16,145
<b>TOTAL VALUE</b>					<b>\$95,152</b>

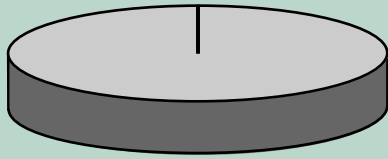
**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
3.8%	21.8%	19.5%	-13.8%	20.3%

Note: Asset Allocation Portfolios were indexed to \$100,000 on January 1, 2000. Pie charts show current allocations. Data shows positions as of 8/31/03.

**VENTURESOME**

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



**Domestic Stock 100%**

**MONEYLETTER Venturesome**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
FBR Small Cap Value	06/04/03	9.6%	458	\$29.93	\$13,711
Heartland Value	06/18/03	11.5	345	44.69	15,414
Legg Mason Special	04/02/03	37.0	484	40.86	19,767
Royce Opportunity	07/16/03	7.2	1,219	10.71	13,060
WmBlair S-C Growth N	06/25/03	15.2	786	19.44	15,289
RS Partners	02/12/03	43.9	729	25.19	18,363
<b>TOTAL VALUE</b>					<b>\$95,604</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
5.6%	31.2%	25.8%	-5.0%	25.9%

**Fidelity Venturesome**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Growth Company	06/04/03	7.7%	827	\$46.11	\$38,147
Fidelity OTC	07/09/03	3.1	672	29.75	19,998
Fidelity Aggressive Grwth	04/16/03	21.6	1,144	13.68	15,651
Fidelity Capital Apprec.	12/04/02	28.0	661	21.63	14,294
Fidelity Small Cap Stock	07/30/03	5.3	1,107	14.74	16,313
<b>TOTAL VALUE</b>					<b>\$104,403</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
4.8%	21.0%	13.0%	3.2%	17.6%

**Vanguard Venturesome**

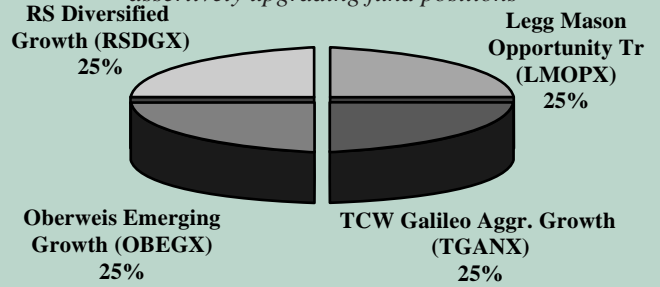
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Capital Value	06/04/03	3.9%	1,503	\$8.97	\$13,483
Vanguard Extended Mkt	11/27/02	21.7	773	23.95	18,521
Vanguard Explorer	07/09/03	3.8	394	58.98	23,266
Vanguard Strategic Equity	10/09/02	45.2	1,131	16.68	18,862
Vanguard Small Cap Growth	01/29/03	32.7	1,634	11.85	19,368
<b>TOTAL VALUE</b>					<b>\$93,500</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	3-yr	YTD
4.7%	24.8%	19.7%	-15.3%	22.1%

**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	37.0%	2,511	\$12.00	\$30,126
TCW Galileo Aggr. Grwth	03/26/03	28.1	2,293	11.23	25,747
Oberweis Emerging Grwth	07/30/03	9.3	1,135	25.43	28,872
Rydex Biotechnology	06/25/03	7.3	1,401	18.76	26,282
<b>TOTAL VALUE</b>					<b>\$111,027</b>

**TOTAL RETURNS (as of 8/31/03)**

1-mo	6-mo	1-yr	Incep.(9/30/02)	YTD
4.3%	20.7%	n/a	11.0%	19.6%

**MONEYLETTER Select Commentary**

The Hotline of Tuesday, September 2, 2003 recommended the sale of Rydex Biotechnology (RYOIX) to be upgraded to RS Diversified Growth (RSDGX). The recommended trades were executed at the market close on September 3rd. Details: Sold 1,401 shares of Rydex Biotechnology @ \$18.95 per share. Purchased 1,322 shares of RS Diversified Growth @ \$20.08 per share. Note that the model details above reflect positions as of month-end on August 31, 2003, while the Pie Chart has presented positions reflecting changes indicated in the Hotline of September 2nd.

The model remains fully invested in equity funds.

**Total Returns—August 31, 2003**

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	1.9%	20.8%	12.0%	-30.6%	15.9%
Asset Allocation	1.9	16.8	10.5	-17.9	13.4
Funds (Avg) 24 Funds					

**Correction:** In the August 22, 2003 issue Fidelity Small Cap Stock (FSLCX) was inadvertently listed with a "Sell" recommendation. The fund was, and remains, rated "Hold."

## Domestic Stock Funds

RANK	9/05 2003	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	<div style="display: flex; justify-content: space-around; font-size: small;"> <span>Conservative</span> <span>Moderate</span> <span>Venturesome</span> </div>			TOTAL RETURN			PRICE	RISK		NTF/ wtf
										1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta	
1	1	48	OBEGX	Oberweis Emerging Growth	SCGro	*	B	B	13.9%	84.4%	77.0%	\$26.03	34.2	1.63	FSW	
2	2	-	USRLX	Undiscovered Small Cap Growth (\$10,000)	SCGro	B	B	B	15.5	69.4	61.2	9.64	-	-	fw	
3	24	210	PBEGX	PBHG Emerging Growth (closed)	SCGro	*	B	B	16.1	63.6	55.4	12.68	33.6	2.03	FSW	
4	7	16	NBSX	Neuberger Berman Focus	LCVal	*	B	B	15.9	63.8	52.4	33.08	36.2	1.87	FSW	
5	5	245	RSDGX	RS Diversified Growth	SCGro	*	B	B	12.0	65.6	47.1	20.05	29.0	1.53	FSW	
6	14	202	RYPNX	Royce Opportunity (1%r<180d)	SCVal	B	B	B	13.8	60.9	53.7	11.04	26.3	1.07	fsw	
7	13	-	UBRRX	Undiscovered Behavioral Growth (\$10,000)	MCGro	*	B	B	13.3	58.0	57.8	18.79	26.9	1.34	fW	
8	15	240	RSSGX	RS Smaller Company Growth	SCGro	*	B	B	13.3	60.7	44.2	18.58	28.0	1.33	FSW	
9	6	45	WBSNX	WmBlair S-C Growth N (1%r<60d)	SCGro	B	B	B	11.9	56.5	53.7	19.92	34.6	1.32	FSW	
10	10	222	HRTVX	Heartland Value (1%r<90d)	SCVal	B	B	B	10.5	57.5	49.8	45.99	21.0	0.76	FsW	
11	3	-	HENLX	Henlopen Fund (1%r<30d)	SCGro	*	B	B	9.7	55.2	56.4	22.90	33.7	1.43	FSW	
12	40	221	TGSCX	TCW Galileo Small Cap Growth	MCGro	*	(B)	(B)	14.5	56.9	44.4	14.25	37.9	2.17	FSW	
13	22	250	CGMFX	CGM Focus	SCVal	*	B	B	14.8	60.7	29.4	25.28	50.6	0.13	fsw	
14	4	2	LMOFX	Legg Mason Opportunity Trust (1%r<1yr)	MC	*	B	B	7.6	51.8	60.3	12.14	32.2	1.45	-	
15	11	184	JAVTX	Janus Venture (closed)	SCGro	*	B	B	10.6	55.2	43.0	44.73	30.1	1.52	FSW	
16	12	226	BUFSX	Buffalo Small Cap	SCGro	B	B	B	8.8	57.3	37.5	20.73	28.9	1.20	SW	
17	252	249	VWEGX	Van Wagoner Emerging Growth (closed)	MCGro	*	H	H	17.0	51.2	37.8	6.20	54.7	3.00	FSW	
18	49	190	RSEGX	RS Emerging Growth (closed)	MCGro	*	(B)	(B)	12.6	51.3	42.8	26.46	30.6	1.68	FSW	
19	17	1	TGANX	TCW Galileo Aggressive Growth CIN	MCGro	*	B	B	10.9	41.7	66.0	11.24	38.2	2.14	SW	
20	30	248	SAFGX	Safeco Growth Opportunities	SC	(B)	(B)	(B)	10.2	55.3	33.1	22.79	27.8	1.22	fsw	
21	38	28	POGSX	Pin Oak Aggressive Stock	MCGro	*	(B)	(B)	12.3	47.8	47.4	17.60	40.6	2.57	FSW	
22	23	5	LMASX	Legg Mason Special Investment Trust	MC	*	B	B	10.4	47.0	48.6	41.04	27.2	1.30	-	
23	18	209	WMCVX	Wasatch Small Cap Value (closed,2%r<60d)	SCVal	B	B	B	9.5	51.0	36.1	4.71	25.4	0.86	FSW	
24	28	-	USCGX	USAA Capital Growth	SCGro	*	B	B	12.6	46.5	38.9	5.89	-	-	fsW	
25	19	38	PRNHX	T. Rowe Price New Horizons	SCGro	B	B	B	9.6	45.7	43.5	22.79	29.2	1.44	fsw	
26	29	112	NEEGX	Needham Growth Fund (.75%r<30d)	MCGro	H	H	H	11.2	43.3	46.5	27.96	28.8	1.38	FSW	
27	51	40	TMGFX	Turner Mid Cap Growth	MCGro	H	H	H	11.5	44.5	42.2	20.43	31.2	1.70	FSW	
28	25	228	CRMSX	CRM Small Cap Value Inv	SCVal	H	H	H	9.4	49.7	30.7	22.25	22.9	0.87	FSW	
29	16	233	KAUFX	Federated Kaufmann Fund (0.2%)	MCGro	B	B	B	7.6	50.0	32.6	4.68	20.1	0.89	FSW	
30	8	8	RSFPX	RS Partners	SC	B	B	B	7.9	42.3	51.2	25.59	23.0	0.65	FSW	
31	33	50	TGVNX	TCW Galileo Value Opportunities	MC	H	H	H	11.8	43.3	42.3	18.49	-	-	FSW	
32	21	137	WAAEX	Wasatch Small Cap Grth (closed,2%r<60d)	SCGro	B	B	B	8.9	46.5	38.4	34.20	30.0	1.29	FSW	
33	20	234	BPSCX	Boston Ptnrs Smicap Val (closed,1%r<1yr)	SCVal	B	B	B	9.0	48.7	32.8	20.32	26.4	0.74	FSW	
34	36	180	MNSCX	Montgomery Small Cap	SCGro	*	B	B	11.5	44.9	38.4	9.98	24.3	1.13	s	
35	76	-	BRAIX	Bridgeway Aggressive Investors 2	MCGro	*	H	H	12.0	47.7	30.1	11.36	-	-	fsw	
36	44	224	BOGLX	Bogle Small Cap Growth (closed)	SCGro	H	H	H	11.2	46.6	33.3	23.20	21.3	0.90	w	
37	34	-	ARTSX	Artisan Small Cap	SCGro	H	H	H	11.2	44.1	36.2	13.33	27.8	1.23	FSW	
38	54	220	GSETX	Liberty Small Company Equity ClZ	SCGro	H	H	H	11.4	44.1	34.7	15.69	33.0	1.10	f	
39	84	132	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	12.6	42.4	35.2	12.12	22.3	1.02	w	
40	32	-	TGCNX	TCW Galileo Select Equity	LCGro	*	H	H	10.3	39.7	45.0	15.91	26.8	1.55	FSW	
41	61	32	VHCOX	Vanguard Cap Opp (\$25,000&1%r<5yr)	MCGro	H	H	H	11.4	40.6	41.0	22.83	22.8	1.29	fsw	
42	66	196	VEXPX	Vanguard Explorer	SCGro	H	H	H	11.2	43.1	34.9	60.27	24.7	1.18	fsw	
43	31	-	MXIX	Marsico 21st Century	LC	(H)	(H)	(H)	9.2	43.5	36.1	9.01	20.5	1.01	fsw	
44	45	235	RYLPX	Royce Low Priced Stock (1%r<180d)	SCVal	H	H	H	10.3	43.8	32.7	12.65	26.1	1.02	FSW	
45	65	10	FDGRX	Fidelity Growth Company	LCGro	H	H	H	11.3	39.3	40.1	47.32	24.6	1.46	Fsw	
46	41	3	FDCAX	Fidelity Capital Appreciation	MC	H	H	H	10.5	38.8	41.2	22.02	23.2	1.27	fsw	
47	37	217	JSVAX	Janus Special Equity	MC	*	H	H	10.6	42.4	31.6	9.70	19.0	1.00	SW	
48	56	69	CUEGX	CS Warburg Pincus Emerging Growth	MCGro	H	H	H	11.0	39.6	38.2	25.51	24.0	1.31	FSW	
49	64	216	MPMVX	MSI Mid Cap Value	MVal	H	H	H	10.9	41.6	31.2	18.96	16.3	0.80	fsw	
50	9	-	FBRVX	FBR Small Cap Value A (1%r<90d)	SCGro	(H)	(H)	(H)	6.9	36.8	49.1	30.12	22.0	0.76	FSW	
51	62	183	NAESX	Vanguard SmallCap Index	SC	H	H	H	10.7	41.0	32.8	20.59	22.2	1.03	fsw	
52	39	36	RSMOX	RS MidCap Opportunities	MCGro	H	H	H	10.5	39.2	37.1	9.83	20.3	1.08	FSW	
53	96	179	SSMGX	SIT Small Cap Portfolio	MCGro	*	H	H	10.9	40.0	34.0	24.17	24.2	1.29	FSW	
54	115	107	FOCPX	Fidelity OTC Portfolio	LCGro	*	H	H	11.5	38.3	35.4	30.58	29.2	1.59	fsw	
55	42	239	WGROX	Wasatch Core Growth (closed,2%r<60d)	SCGro	H	H	H	9.2	44.7	21.2	34.24	30.1	1.06	FSW	
56	230	251	IZZYX	ICM/Isabelle Small Cap Value	SCVal	H	H	H	11.9	44.5	17.2	11.92	24.6	0.85	FSW	
57	43	74	MERDX	Meridian Fund	SCGro	H	H	H	9.1	40.5	30.7	30.27	20.3	0.84	fw	
58	48	91	SLSSX	Selected Special Shares	MCGro	H	H	H	9.5	38.9	33.7	11.07	19.0	1.04	sW	
59	75	136	MPSCX	MSI Small Cap Value (closed)	SCVal	H	H	H	10.3	38.6	31.6	19.18	18.7	0.91	fsw	
60	81	192	FSLCX	Fidelity Small Cap Stock (2%r<90d)	SCGro	H	H	H	10.0	38.9	30.6	15.10	20.3	0.92	F	
61	52	205	TUDRX	WPG Tudor	SC	H	H	H	7.4	39.8	31.5	14.54	27.3	1.36	FsW	
62	110	178	FIGEX	INVESCO Small Company Growth	SCGro	*	H	H	11.0	37.5	31.1	10.70	27.8	1.39	FSW	
63	26	95	BSCFX	Baron Small Cap	SCGro	H	H	H	7.5	39.4	31.7	17.84	22.5	0.89	FSW	
64	55	135	VEXMX	Vanguard Extended Market Index	MC	H	H	H	9.2	38.3	31.4	24.34	23.1	1.17	fsw	
65	71	71	MPEGX	MSI Mid Cap Growth	MCGro	*	(S)	(S)	9.4	37.6	32.8	15.99	22.9	1.30	fsw	
66	47	181	MUHLX	Muhlenkamp Fund	MVal	S	S	S	9.3	40.0	25.6	55.11	28.6	1.26	FSW	
67	50	9	LMVTX	Legg Mason Value	LCVal	S	S	S	8.2	36.6	34.4	52.56	21.6	1.17	-	
68	27	122	SMCDX	Strong Mid Cap Disciplined	MVal	H	H	H	6.9	38.1	31.5	18.86	21.3	0.94	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	9/05	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	103	24	24	STDIX	Strong Discovery	MCGro	H	H	H	10.7	35.3	32.2	18.65	17.9	0.84	FSW
70	100	61	61	VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	10.2	36.2	29.4	17.02	16.2	0.78	fsw
71	63	114	114	RSVPX	RS Value+Growth	LC	S	S	S	9.4	36.5	28.3	16.22	17.4	1.04	FSW
72	88	230	230	FDISX	Dreyfus-Founders Discovery	SCGro	*	S	S	10.0	38.0	23.6	24.09	25.7	1.30	FSW
73	79	189	189	FLPSX	Fidelity L P Stock(1.5%r<90d)	SCVal	S	S	S	9.0	37.5	26.0	32.01	16.9	0.67	fsw
74	68	146	146	LLSCX	Longleaf Partners Smallcap(closed)	SCVal	S	S	S	8.0	37.9	26.1	25.66	19.3	0.67	fw
75	53	46	46	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	S	S	S	7.9	35.7	31.6	39.78	21.7	1.13	fsw
76	136	147	147	TASCX	Third Avenue Small-Cap Value	SCVal	S	S	S	11.0	34.6	29.5	17.11	19.1	0.81	FSW
77	67	144	144	CBMDX	C&B Mid Cap Value	MCVal	S	S	S	8.3	37.8	25.0	17.34	19.5	0.66	FSW
78	141	43	43	FMLX	Fidelity New Millennium (closed)	MCGro	S	S	S	11.3	33.9	29.6	27.76	30.4	1.51	fsw
79	58	223	223	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	S	S	S	8.2	35.9	28.9	8.33	19.2	0.71	Fsw
80	46	186	186	RYPRX	Royce Premier (1%r<180d)	SC	H	H	H	7.5	35.4	29.2	11.85	18.2	0.73	FSW
81	109	33	33	FIDYX	INVESCO Dynamics	MCGro	S	S	S	9.2	32.3	33.4	13.57	29.5	1.67	FSW
82	82	238	238	PBSVX	PBHG Small Cap Value	SC	S	S	S	9.3	36.5	22.1	17.61	24.3	1.08	FSW
83	74	172	172	SOPFX	Strong Opportunity	MCVal	S	S	S	8.6	34.0	28.9	36.45	20.1	1.07	FSW
84	77	53	53	VEQEX	Vanguard Growth Equity	LCGro	S	S	S	8.2	33.9	29.6	8.57	22.8	1.43	fsw
85	91	11	11	SCDVX	Scudder Development (closed)	MCGro	S	S	S	9.6	30.9	34.8	17.89	31.7	1.82	FSW
86	35	-	-	CSMVX	Century Select Small Cap	SCGro	S	S	S	6.3	32.8	34.7	19.81	16.3	0.54	FSW
87	101	149	149	NBNGX	SIT Mid Cap Growth	MCGro	*	S	S	9.3	33.2	29.0	8.90	24.6	1.40	FSW
88	60	14	14	STCSX	Strong Advisor Common Stock (closed)	MC	S	S	S	8.3	31.8	34.1	20.33	21.1	1.10	FSW
89	70	115	115	VCVLX	Vanguard Capital Value	LCVal	(S)	(S)	(S)	8.1	34.3	26.8	9.17	-	-	fsw
90	147	187	187	TAVFX	Third Avenue Value	MCVal	S	S	S	10.3	32.6	27.3	38.29	16.1	0.75	FSW
91	80	22	22	VPMCX	Vanguard PRIMECAP (\$25,000&1%r<5yr)	LC	S	S	S	8.5	32.5	29.4	49.08	19.9	1.16	fsw
92	85	215	215	TWCVX	American Century Vista	MCGro	*	S	S	6.9	36.5	21.4	11.41	20.6	0.77	FSW
93	99	243	243	SMTVX	Strong Multi-Cap Value	MCVal	S	S	S	9.5	34.0	22.5	49.56	18.8	0.85	FSW
94	59	194	194	AVALX	Aegis Value Fund	SCVal	S	S	S	5.8	33.9	26.6	15.64	16.9	0.47	fw
95	102	51	51	PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	S	S	S	8.0	31.9	27.7	27.07	17.6	0.62	fsw
96	137	64	64	ARTMX	Artisan Midcap (closed)	MCGro	S	S	S	9.5	30.7	27.3	24.01	25.0	1.25	FSW
97	117	12	12	FDEGX	Fidelity Aggressive Growth (0.75%r<90d)	LCGro	H	H	H	7.7	28.4	35.7	13.80	30.5	1.96	fsw
98	126	76	76	SGROX	Strong Growth	LCGro	S	S	S	8.7	31.4	26.5	16.58	18.9	1.09	FSW
99	73	19	19	PRWAX	T. Rowe Price New America	LC	S	S	S	6.4	31.2	30.1	27.59	23.4	1.32	fsw
100	203	97	97	SMDCX	Strong Advisor Midcap Growth	MCGro	S	S	S	9.1	30.1	27.9	11.24	30.8	1.68	FSW

Dow Jones  
NASDAQ  
S&P 500

5.2% 22.2% 14.7%  
11.0 41.4 48.5  
5.8 23.1 16.2

indexes do not  
include dividends

International Stock Funds

1	3	1	1	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	14.7%	50.5%	43.7%	\$13.00	29.8	-	fs
2	4	6	6	OAKGX	Oakmark Global (2%r<90d)	Global	B	B	B	9.4	49.2	41.5	17.26	26.5	-	FSW
3	5	3	3	PRLAX	T. Rowe Price Latin America (2%r<1yr)	LatinA	*	H	H	12.3	48.0	34.8	10.08	29.7	-	fsw
4	6	2	2	SLAFX	Scudder Latin America	LatinA	*	H	H	11.9	45.0	37.2	21.47	27.3	-	FSW
5	8	24	24	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	B	B	10.9	44.2	36.9	11.46	23.6	-	FSW
6	9	8	8	VEIEX	Vanguard Emerging Mkts Stk Index (0.5%r)	Int'l	*	B	B	10.3	42.3	38.6	10.32	22.6	-	fsw
7	10	53	53	LLINX	Longleaf Partners International	Int'l	B	B	B	7.2	47.3	29.9	13.02	19.4	-	fw
8	57	57	57	SJPNX	Japan Fund (Scudder) (2%r<180d)	Japan	*	(H)	(H)	18.7	39.5	31.3	8.26	14.8	-	FSW
9	1	-	-	ARTJX	Artisan Intl Small Cap (2%r<90d)	Int'l	B	B	B	7.1	41.2	42.2	13.50	-	-	SW
10	51	60	60	MJFOX	Matthews Japan Fund (2%r<90d)	Japan	*	(H)	(H)	17.6	42.0	23.6	11.37	15.2	-	FSW
11	2	29	29	PRIDX	T. Rowe Price Intl Disc. (2%r<1yr)	Int'l	B	B	B	7.6	41.6	35.5	22.02	16.0	-	fsw
12	14	59	59	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	8.4	44.4	25.0	13.57	20.4	-	FSW
13	16	4	4	ICHKX	Investec China & Hong Kong	Pacific	*	B	B	10.5	36.7	37.6	14.24	19.6	-	FSW
14	15	19	19	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	B	B	8.7	37.9	30.9	14.51	21.6	-	FSW
15	11	15	15	SGSCX	Scudder Global Discovery (closed)	Int'l	B	B	B	7.8	37.8	31.2	24.80	20.1	-	FSW
16	17	49	49	PRASX	T. Rowe Price New Asia	Pacific	*	(B)	(B)	10.0	38.7	25.0	7.45	19.7	-	fsw
17	19	33	33	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	H	H	H	10.2	36.9	28.0	9.32	-	-	fsw
18	7	63	63	VINEX	Vanguard Intl. Explorer	int'l	(H)	(H)	(H)	5.8	39.3	28.0	10.91	16.3	-	fsw
19	12	38	38	FIEUX	Fidelity Europe (1%r<90d)	Europe	H	H	H	5.9	40.0	26.0	22.76	22.5	-	fsw
20	20	58	58	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	(H)	(H)	10.0	39.6	20.0	12.83	21.1	-	fsw
21	13	30	30	FIVFX	Fidelity Aggressive Intl. (1%r<30d)	Int'l	H	H	H	6.0	37.2	25.4	13.69	20.4	-	Fsw
22	37	43	43	SCOPX	Scudder Pacific Opportunity (2%r<1yr)	Pacific	H	H	H	9.8	34.2	22.2	10.31	19.0	-	FSW
23	21	41	41	OAKIX	Oakmark International (2%r<90d)	Int'l	H	H	H	6.3	35.8	20.3	15.94	22.0	-	FSW
24	18	7	7	HAINX	Harbor International	Int'l	H	H	H	7.6	32.6	26.0	32.89	17.9	-	sw
25	29	42	42	FOSFX	Fidelity Overseas (1%r<30d)	Int'l	H	H	H	8.3	33.8	21.4	27.45	15.5	-	Fsw
26	24	10	10	FWWFX	Fidelity Worldwide (1%r<30d)	Global	H	H	H	8.0	31.9	22.4	14.69	16.0	-	Fsw
27	23	35	35	VTRIX	Vanguard International Value	Int'l	S	S	S	6.2	33.4	21.2	23.15	16.8	-	fsw
28	63	61	61	WPJGX	CS Warburg Pincus Japan Grth (2%r<180d)	Japan	*	(H)	(H)	13.7	29.9	17.0	4.82	22.7	-	FSW
29	54	54	54	FPBFX	Fidelity Pacific Basin (1.5%r<90d)	Pacific	*	H	H	11.7	30.0	19.4	15.86	14.7	-	Fsw
30	28	21	21	FIGRX	Fidelity International G & I	Int'l	S	S	S	8.1	31.2	21.5	20.66	15.2	-	Fsw
31	39	52	52	JAOSX	Janus Overseas (closed)	Int'l	S	S	S	9.3	31.3	16.6	18.25	16.5	-	FSW
32	25	14	14	FDIVX	Fidelity Diversified Intl (1%r<30d)	Int'l	S	S	S	7.4	29.4	23.4	21.15	13.8	-	Fsw
33	27	-	-	WBIGX	Wm. Blair Intl. Growth Stock N	Int'l	S	S	S	7.7	30.0	19.2	16.24	14.6	-	FSW
34	33	44	44	PFIFX	Preferred International	Int'l	S	S	S	6.8	30.4	16.9	12.47	17.4	-	w
41	26	13	13	VEURX	Vanguard European Stock Index	Europe	(S)	(S)	(S)	3.1	27.7	17.3	18.86	17.4	-	fsw

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

RANK	9/05	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.	
1	12	11	RYSIX	Rydex Electronics	Tech	*	*	*	21.4%	66.5%	60.3%	\$13.40	50.30	2.33	fsw	
2	18	20	FNINX	Fidelity Networking	Tech	*	*	*	20.7	59.3	63.7	2.39	-	-	fsw	
3	1	71	SCGDG	Scudder Gold (closed)	NatRes	*	*	*	23.4	52.4	64.0	16.64	31.90	0.28	FSW	
4	8	14	FSELX	Fidelity Electronics (3%&.75%r<30d)	Tech	*	*	*	16.6	59.3	53.4	38.53	51.20	2.32	fsw	
5	14	9	RYTIX	Rydex Technology	Tech	*	*	*	16.0	55.4	61.6	10.86	34.10	2.04	fsw	
6	3	10	FSDCX	Fidelity Developing Comm (3%&.75%r<30d)	Tech	*	*	*	16.3	52.5	65.4	15.23	37.00	1.72	fsw	
7	4	15	FDCPX	Fidelity Computers (3%&.75%r<30d)	Tech	*	*	*	15.0	55.1	59.8	33.90	41.20	2.09	fsw	
8	13	3	RYIIX	Rydex Internet	Tech	*	*	*	13.2	49.9	73.4	29.99	41.00	2.70	fsw	
9	10	5	FSPTX	Fidelity Technology (3%&.75%r<30d)	Tech	*	*	*	14.5	50.5	62.4	56.54	46.60	2.14	fsw	
10	9	66	FWRLX	Fidelity Wireless	Tech	*	*	*	13.6	52.9	48.6	3.67	-	-	fsw	
11	11	4	FBMPX	Fidelity Multimedia (3%&.75%r<30d)	Consmr	*	*	*	11.8	45.8	68.1	46.04	21.80	1.08	fsw	
12	2	16	CGMRX	CGM Realty	RealEs	*	*	*	11.5	54.5	43.4	20.03	17.50	0.21	fsw	
13	19	43	RYOIX	Rydex Biotechnology	Health	*	*	*	9.3	50.0	52.2	19.33	59.70	0.96	fsw	
14	34	79	FSAXI	Fidelity Air Transport (3%&.75%r<30d)	Cycls	*	*	*	12.8	52.0	29.5	29.47	28.50	1.14	fsw	
15	7	-	PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	9.4	42.6	52.2	19.51	30.00	1.53	fsw	
16	28	1	FSCSX	Fidelity Software (3%&.75%r<30d)	Tech	*	*	*	11.3	37.5	59.2	47.50	52.00	2.14	fsw	
17	30	-	PRSCX	T. Rowe Price Science & Tech	Tech	*	*	*	11.9	40.8	48.2	17.30	39.20	2.41	fsw	
18	5	7	RSCOX	RS Contrarian	Altern	*	*	*	9.5	39.5	46.5	14.77	17.60	0.57	FSW	
19	25	42	FSRFX	Fidelity Transportation (3%&.75%r<30d)	Cycls	*	*	*	10.0	42.5	35.3	32.21	23.00	0.88	fsw	
20	61	41	FTCHX	INVESCO Technology Inv	Tech	*	*	*	13.8	39.0	36.7	23.38	48.00	2.26	FS	
21	31	77	FSAVX	Fidelity Automotive (3%&.75%r<30d)	Cycls	*	*	*	10.3	43.4	26.8	29.49	25.10	0.93	fsw	
22	22	81	USERX	U.S.Global Gold Shares (.25%r<30d)	NatRes	*	*	*	20.1	32.3	39.6	6.63	42.40	0.41	fsw	
23	15	80	FSRPX	Fidelity Retailing (3%&.75%r<30d)	Consmr	*	*	*	9.2	46.1	21.4	43.24	19.80	0.89	fsw	
24	20	85	BGEIX	Amer. Cent. Global Gold (1%r<60d)	NatRes	*	*	*	17.3	34.4	36.2	11.20	36.90	0.15	fSW	
25	16	18	FDSLX	Fidelity Leisure (3%&.75%r<30d)	Consmr	*	*	*	8.3	38.4	38.0	65.88	21.20	1.10	fsw	
26	6	33	FSLBX	Fidelity Brokerage (3%&.75%r<30d)	FinServ	*	*	*	6.9	41.9	30.7	46.03	30.80	1.47	fsw	
27	36	12	FBIOX	Fidelity Biotechnology (3%&.75%r<30d)	Health	*	*	*	7.0	35.2	46.4	51.69	53.10	0.88	fsw	
28	17	82	RYRIX	Rydex Retailing	Consmr	*	*	*	9.2	43.9	20.9	10.72	20.50	0.95	fsw	
29	29	76	VGPXM	Vanguard Precious Metals (closed,1%r<1yr)	NatRes	*	*	*	16.3	32.3	38.5	13.92	32.70	0.56	fsw	
30	56	8	RYMIX	Rydex Telecommunications	Utility	*	*	*	7.1	31.0	47.6	13.28	21.60	1.52	fsw	
31	27	57	FSHOX	Fidelity Const & Housing (3%&.75%r<30d)	Cycls	*	*	*	9.1	38.4	20.2	29.98	24.40	0.80	fsw	
32	21	87	RYPMX	Rydex Precious Metals	NatRes	*	*	*	15.9	30.6	27.6	37.02	31.70	0.24	fsw	
33	42	78	FSCGX	Fidelity Industrial Equip (3%&.75%r<30d)	Cycls	*	*	*	8.8	34.5	21.3	20.88	22.90	1.11	fsw	
34	35	83	FGLDX	INVESCO Gold Inv	NatRes	*	*	*	13.5	28.1	28.6	3.28	30.30	0.22	FS	
35	60	61	ISWCX	INVESCO Telecommunications Inv	Utility	*	*	*	9.5	29.6	28.8	10.19	35.80	1.97	FS	
36	38	-	PRHSX	T. Rowe Price Health Sciences	Health	*	*	*	5.1	31.1	31.3	18.82	22.60	0.84	fsw	
37	51	2	FSTCX	Fidelity Telecomm (3%&.75%r<30d)	Utility	*	*	*	6.6	25.9	41.7	29.22	25.00	1.38	fsw	
38	45	68	RYLIX	Rydex Leisure	Consmr	*	*	*	6.5	37.3	13.1	22.86	22.00	1.10	fsw	
39	48	73	FBSOX	Fidelity Bus Services (3%&.75%r<30d)	Tech	*	*	*	7.4	33.3	20.7	13.34	22.60	1.03	fsw	
40	52	72	FCYIX	Fidelity Cyclical Ind (3%&.75%r<30d)	Cycls	*	*	*	7.9	32.5	19.0	14.27	22.00	0.98	fsw	
41	79	86	FSDAX	Fidelity Defense & Aero (3%&.75%r<30d)	Cycls	*	*	*	9.5	33.6	13.5	47.62	19.50	0.76	fsw	
42	63	22	FSLEX	Fidelity Environmental Ser (3%&.75%r<30d)	Cycls	*	*	*	8.3	26.9	23.1	12.27	19.70	0.59	fsw	
43	41	84	FSAGX	Fidelity Gold (3%&.75%r<30d)	NatRes	*	*	*	13.2	22.3	26.9	26.77	34.10	0.36	fsw	
44	23	-	PRISX	T. Rowe Price Financial Services	FinServ	*	*	*	3.7	29.6	20.7	20.14	20.00	0.80	fsw	
45	47	48	RYHIX	Rydex Health Care	Health	*	*	*	5.5	27.2	23.2	11.35	15.50	0.31	fsw	
46	53	39	FLISX	INVESCO Leisure Inv	Consmr	*	*	*	6.6	27.5	20.2	37.72	22.60	1.04	FS	
47	69	67	RYPIX	Rydex Transportation	Cycls	*	*	*	7.3	27.4	17.3	18.58	20.80	0.76	fsw	
48	26	27	CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	4.2	27.2	22.3	52.49	14.60	0.23	FSW	
49	32	23	IVSRX	INVESCO Real Estate Inv	RealEs	*	*	*	4.3	26.5	21.3	9.16	13.90	0.34	FS	
50	49	38	FSDPX	Fidelity Indust Matrls (3%&.75%r<30d)	Cycls	*	*	*	6.9	22.4	27.5	28.40	23.00	0.87	fsw	
51	66	49	FSUTX	Fidelity Utilities Growth (3%&.75%r<30d)	Utility	*	*	*	5.3	24.1	22.3	30.34	17.50	0.95	fsw	
52	71	75	RYBIX	Rydex Basic Materials	Cycls	*	*	*	6.8	27.3	11.4	21.66	23.40	0.90	fsw	
53	24	6	FSMEX	Fidelity Medical Equip (3%&.75%r<30d)	Health	*	*	*	2.7	21.7	31.7	19.02	15.50	0.29	fsw	
54	33	-	TRREX	T. Rowe Price Real Estate	RealEs	*	*	*	4.3	24.0	21.3	12.76	13.70	0.16	fsw	
55	62	64	FSPCX	Fidelity Consumer Ind (3%&.75%r<30d)	Consmr	*	*	*	7.1	25.1	14.1	22.47	14.00	0.66	fsw	
56	59	29	FBALX	Fidelity Balanced	Hybrid	B	*	*	6.6	22.2	21.2	15.55	10.50	0.54	Fsw	
57	37	26	VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	4.1	24.2	19.6	14.17	13.70	0.14	fsw	
58	39	32	CSEIX	Cohen & Steers Equity Income	RealEs	*	*	*	3.8	23.5	19.2	13.45	13.10	0.13	FSW	
59	43	34	FIDSX	Fidelity Finl Serv (3%&.75%r<30d)	FinServ	*	*	*	3.9	24.0	16.1	103.40	21.80	0.79	fsw	
60	44	44	FSPCX	Fidelity Insurance (3%&.75%r<30d)	FinServ	*	*	*	3.0	24.7	15.1	50.80	27.70	0.56	fsw	
61	40	19	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	4.0	21.8	19.2	21.85	13.90	0.20	Fsw	
62	50	35	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	4.1	22.4	17.0	30.15	13.20	0.17	fsw	
63	70	69	RYUIX	Rydex Utilities	Utility	*	*	*	6.4	23.3	11.1	19.34	20.80	0.60	fsw	
64	46	51	FSFSX	INVESCO Financial Serv Inv	FinServ	*	*	*	3.5	23.6	14.1	26.64	22.80	0.86	FS	
65	58	31	FSVLX	Fidelity Home Finance (3%&.75%r<30d)	FinServ	*	*	*	5.8	22.8	11.9	57.92	25.80	0.37	fsw	
66	54	63	RYFIX	Rydex Financial Services	FinServ	*	*	*	4.4	23.8	11.1	9.48	24.10	0.93	fsw	
67	72	17	FPHAX	Fidelity Pharmaceuticals (3%&.75%r<30d)	Health	*	*	*	4.0	19.3	18.5	8.27	-	-	fsw	
68	81	62	RYCIX	Rydex Consumer Products	Consmr	*	*	*	4.8	21.9	7.9	24.72	15.90	0.52	fsw	
76	75	36	VBINX	Vanguard Balanced Index	Hybrid	B	*	*	4.6	15.4	14.1	17.38	10.70	0.57	fsw	
82	73	13	GATEX	Gateway Fund	Altern	B	*	*	1.9	12.6	14.2	22.55	7.84	0.40	FSW	

## Beware of the Glitz of Sector Funds

**Q** I saw two RS funds in USA Today that are not on your list: RS Information Age and RS Internet Age. Both funds are sporting year-to-date returns of more than 75%, and Information Age has an "A" rating for risk in the report I saw. You already have several other RS funds, including Partners, Contrarian, Diversified Growth, and Smaller Company. Why don't you recommend these others?  
—J.H., Moneta, VA

**A** Undoubtedly, there are many sector funds produce eye-popping returns over certain periods of time. But to realize those amazing profits—and avoid potential disaster—requires a sense of timing that would make a day trader proud. We don't think investors (including ourselves) can buy and sell funds like these at precisely the right time, and we typically stay clear of sector funds for that reason.

How RS Information Age got an "A" ranking for risk is hard to figure. The fund lost nearly three-quarters of its value in two years (2000 – 2002) as the technology bubble burst. Even factoring in the rebound in price so far this year, an investor who got into the fund in January 2000 (surely reacting to the extraordinary returns in 1999) would still have less than half his money today. RS Internet Age tells a similar story.

That said, we do have technology funds already in the Specialty Fund list, and there is no reason not to present data on the two you mention. We will be happy to add these funds to our list in a future issue. However, because of their inherent volatility and lack of diversification, it is unlikely that funds like these would ever be recommended by *MONEYLETTER* for purchase. \$

### Performance of RS Funds

Fund	YTD		Growth of \$10k Year-End			
	8/31/03	2002	2001	2000	1/00-8/03	Low
Partners (RSPFX)	41.4%	1.2%	16.7%	31.4%	\$21,943	\$13,140
Contrarian (RSCOX)	42.3	1.4	-8.3	10.3	14,594	10,115
Smaller Company (RSSGX)	42.1	-39.1	8.3	4.4	9,785	6,886
S&P 500	15.9	-22.1	-11.9	-9.1	7,230	6,238
Diversified Growth (RSDGX)	39.3	-39.1	1.9	-26.9	6,319	4,536
Internet Age (RIAFX)	78.3	-43.2	-11.8	-46.4	4,788	2,685
Information Age (RSIFX)	76.4	-48.0	-22.1	-35.1	4,638	2,629

### 100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	0.72%	0.72%	1.09%
Gabelli US Treasury MMF	0.65	0.66	1.10
Fidelity Spartan US Treas MMF	0.60	0.63	1.04
Amer Century Capital Presv Fund/Inv	0.55	0.56	0.95
T Rowe Price US Treasury MF	0.48	0.48	0.89
MTB US Treasury MMF/CI A	0.38	0.37	0.76
US Treasury MF of America/CI A	0.38	0.39	0.75
CMA Treasury Fund RIC	0.37	0.37	0.82
Dreyfus 100% US Treas MMF	0.37	0.37	0.78
JENNDRY/Dryden Govt SecTr/US Treas/D	0.37	0.37	0.81

### GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.04%	1.04%	1.45%
GE Money Market Fund	0.92	0.82	1.04
McMorgan Principal Preservation Fund	0.89	0.90	1.24
Centennial Money Market Trust	0.86	0.85	1.15
Bunker Hill MMF	0.85	0.82	1.22
TIAA-CREF Money Market Fund	0.82	0.82	1.21
AIG Money Market Fund/CI B	0.81	0.79	0.88
Flex-fund Money Market Fund	0.80	0.78	1.17
Phoenix-Goodwin Money Market Series/A	0.79	0.79	1.12
Scudder YieldWise Money Fund	0.76	0.75	1.21
Vanguard Prime MMF/Retail	0.76	0.77	1.18

### TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Strong Tax-Free Money Fund	0.72%	0.71%	1.18%
Vanguard Tax-Exempt MMF	0.72	0.70	1.15
Strong Municipal MMF	0.61	0.60	1.09
Scudder YieldWise Muni MF	0.60	0.62	1.03
T Rowe Price Summit Muni MMF	0.56	0.56	0.95
USAA Tax Exempt MMF	0.56	0.55	0.99
Dreyfus BASIC Muni MMF	0.53	0.53	0.92
Fidelity Municipal MMF	0.53	0.53	0.93
Amer Century T-F MMF/Inv Class	0.52	0.50	0.96
Scudder Tax-Exempt Money Fund	0.49	0.47	0.92

### TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	0.74%	0.72%	1.14%
Vanguard NY Tax-Exempt MMF	0.69	0.67	1.06
Vanguard PA Tax-Exempt MMF	0.67	0.66	1.08
Vanguard CA Tax-Exempt MMF	0.66	0.66	1.08
Vanguard NJ Tax-Exempt MMF	0.66	0.65	1.03
USAA Tax Exempt CA MMF	0.49	0.48	0.98
Fidelity FL Municipal MMF	0.48	0.47	0.86
Fidelity PA Municipal MMF	0.46	0.45	0.86
Schwab MA Muni MF	0.46	0.48	-
Fidelity OH Municipal MMF	0.43	0.44	0.86

**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 9/2/03. 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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## Whither the “Up and Comers?” Part 2

As a follow-up to our last issue, here we take a look at what happened to four “Up and Coming Small Cap Value Funds” from our December 20, 2002 *MONEYLETTER*. Unfortunately, the small cap value funds featured, which had moved up quickly and significantly in rank as of that December issue, have not fared as well as the growth funds in the last issue. Two out of the three growth funds had gone on to become “buy” recommendations. Only one of the small cap funds persevered to become a “buy.” The others rather fizzled.

### Fund Rank

	Dec. 6 issue	1 month earlier	This issue
Heartland Value	42	119	10
Oakmark Small Cap	60	100	110
Royce Pennsylvania Mutual	45	58	79
Third Ave. Small-Cap Value	15	84	76

#### Heartland Value (HRTVX)

The only buy among the group, Heartland Value’s portfolio has been positioned in some of the sweet spots of the market. Traditionally, the fund runs heavy in health care (seven of its 10 top holdings are from that industry), and devotes a substantial portion of assets in micro-caps. This year, both biotechnology and micro-cap stocks have been strong in the market’s rally. A notable gainer: Discovery Laboratories, a biopharmaceutical firm that has nearly tripled this year. But beyond that, the fund has numerous stocks in its fold with 50% or better gains in 2003, including seven of its 10 largest holdings. The fund’s year-to-date (as of September 5) return of 46.2% ranks it within the top 7% of Lipper small-cap value funds. Fund managers William Nasgovitz and Eric Miller assert that the bull market is real, and began in April. Moreover, despite the fact that small companies are in their fourth year of outperforming large firms, they believe smaller stocks are still much cheaper than large-caps. They are having no difficulty finding small- and micro-cap firms that are industry leaders selling at substantial discounts to the market multiple.

*Heartland Funds, 789 North Water Street  
Milwaukee, WI 53202, (800) 432-7856*

#### Oakmark Small Cap (OAKSX)

Oakmark Small Cap is perhaps the biggest disappointment within this group. Its ascension was brief, its relapse has not abated. To wit, through September 5, its year-to-date return of 21.3% puts it in the bottom 10% of its Lipper category, small cap core funds. It’s

not that the fund has had a number of major disappointments, it’s more that overall, its stocks just aren’t up as much. Still, the fund’s top holding has been a major winner: CIBER, Inc, which accounts for 5% of assets and has more than doubled in price. The firm, which operates in several information technology niches, experienced a steep decline in revenues post-Y2K, but has since been rebuilding its business. The Oakmark group recently shuffled managers at this fund, which may be a sign of the firm’s dissatisfaction with performance. Edward Studzinski, co-portfolio manager of Oakmark Equity and Income Fund, joins existing Small Cap co-manager James Benson. Leaving the fund is Clyde McGregor, who is also a co-manager of the Equity and Income Fund.

*Oakmark Funds, Two North La Salle Street  
Chicago, IL 60602-3790, (800) 625-6275*

#### Royce Pennsylvania Mutual (PENNX)

Pennsylvania Mutual’s 2003 results surpass that of Oakmark, above, with a total return of 26.4%. But that’s below the average of the Lipper small-cap core category. This fund invests half of its assets in Royce Premier (which invests in about 50 of Chuck Royce’s strongest small-cap picks) and the remainder in Royce Micro-Cap Stock. The fund’s heaviest industry weights are industrial materials (23% of assets) and health care (18.4%), and it remains well diversified in stocks, with the top holding at only 1.4% of assets. The hottest stock in the portfolio: Zila, up 241% this year. The managers have actually trimmed the position a bit in this maker of pharmaceutical, biomedical, dental, and nutritional products. E\*Trade Group, another strong performer, has nearly doubled. The managers purchased the stock last year at close to book value. The fund has been a steady performer.

*Royce Funds, 1414 Avenue of the Americas  
New York, NY 10019, (800) 221-4268*

#### Third Avenue Small-Cap Value (TASCX)

Third Avenue Small Cap Value did not pan out either after making a brief, rapid ascent in our Domestic Stock Funds list. Manager Curtis Jensen’s devotion to dirt-cheap firms means that, sometimes, it’s a while before his picks pay off. That also means that at times the fund’s performance is out of sync with its peers. That appears to have been happening recently. A 2003 return of 26.2% is below the average small cap core fund (Lipper). Yet it has proven its mettle longer term—its three-year return of 9.8% puts it in the top 20% of its group. Today, Jensen is picking up troubled stocks such as Kmart, which recently emerged from bankruptcy. Jensen believes that even in the worst-case scenario, liquidation, the risk to the fund is low while the upside is large. Meanwhile, many of the fund’s cheap holdings may ultimately prove attractive should merger and acquisition activity pick up. \$

*Third Avenue Funds, 767 Third Avenue, Fifth Floor  
New York, NY 10017, (800) 443-1021*

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