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Corrections Do Happen

by Walter S. Frank, Chief Investment Officer

Jesse Eisinger, who writes the *Ahead Of the Tape* column in THE WALL STREET JOURNAL, wrote the other day that the markets look shaky. He looked around and could find no good reason for the “underlying anxiety” except some tenuous (to us) concern about the economic recovery. Welcome to a correction.

Let’s put it this way. The very essence of a correction is a market decline of some magnitude after a good run without any apparent trigger for the market drop at the time. Not always, but generally, corrections are baffling and frustrating market episodes. Everyone looks around and tries to find a cause for the selling. There has to be “cause,” doesn’t there? The trouble is that just as now, all of the reasons offered are unconvincing.

The frustration comes because if there is no apparent reason for the selling then there is no apparent reason for the selling to stop. And that is the second attribute of corrections. They simply have to run their course. While they are occurring there is no way to know whether indeed it is just a correction or the start of something more serious, such as a new bear market. Only when the selling ends do we know.

Opting for a correction

We believe that the market is now correcting after its magnificent run since March. We see no reason why this bull market should end at this time. The economic recovery is on track: indicator after indicator says the same thing.

What impresses us the most at this time is that the manufacturing sector has finally come to life. Remember it was the manufacturing sector that led us into recession in the first place. The manufacturing sector has been the missing ingredient. But now it too has joined the recovery.

The last three monthly surveys from the manufacturing Supply Managers have shown new orders running very strongly. Production is just catching up. There is no reason to think that this

is a mere flash in the pan. The recovery in manufacturing is just gathering momentum.

We should also be in for a surge in inventory buying over the next two quarters. Not much has been made of this, but inventories can give the economy a meaningful booster shot for six months or so, and we have one coming.

Yes, the economy should slow down after last quarter’s 7.2% outsized ramp, but so what? We all knew that the tax checks would not be flowing this quarter. Consumer spending is returning to normal, while business investment spending is gaining steam. We’re slowing to a still very healthy rate of growth.

Considering the economy, this is just not the time for a serious market slide to develop. If the economy really were slowing to a crawl we would entertain a different conclusion, but the economy has only begun the stretch run for this recovery.

Market signs?

Of course, the economy can be doing OK, but the market can become expensive, so expensive that even a good profit outlook does not justify today’s prices. Have valuations gotten out of hand?

After many years of looking at the market, we have come to the conclusion that valuation is in the eyes of the beholder. We look at today’s projected year ahead price-earnings ratios for the overall market, and we find them reasonable, if not somewhat low, in light of interest rates. As the recovery proceeds, we expect to see earnings estimates rise, giving the market room to rise holding valuations constant.

If not valuations, then what? We think the scandal-caused redemptions are playing a role as institutional investors withdraw funds from a particular family. The funds will be reinvested but the switch takes time, with the selling coming first.

Moreover, many funds have huge profit gains this year. Some selling to lock in those gains is inevitable this time of year. Simple profit-taking may be at work right now.

Finally, the technicians tell us that the market is overbought. This means the market has temporarily come too far, too fast as technicians measure these things. These are short-term considerations, with no implication for the intermediate-term outlook.

Like the flu, corrections can be nasty. Also like the flu, the only cure is to let them run their course.

Natural Resources: Anything There?

It has been our long-time practice not to write about a subject that doesn’t lead to a near-term investment decision.

(continued on page 2)

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

(continued from page 1)

When we write about a sector or a region it is not only to inform you, but also to offer some actionable advice because the sector or region is either in our portfolios, or we are about to add it. Every now and then we break with our long-time practice, and this is one of those times.

What draws us to the topic is the fact that the world economy is now stirring after the last three years of stagnation. During this time China has been growing rapidly, and we now face the (happy) prospect that the developed world (including Japan) will be growing alongside China. This can only mean substantial increased demand for natural resources such as oil, metals, forest products and such over the next few years.

Demand is increasing at the very time that there has been virtually no investment in recent years by the producers of such products. Faced with shrinking demand because of recession, investment dried up. What we have developing is a classic supply/demand imbalance with demand overwhelming supply.

Of course, some of the supply can be turned on cheaply from mothballed facilities. But the rest will have to come from new investment in higher cost-of-production facilities. And therein lies the potential attraction of natural resources for investors.

Natural resources funds

Wall Street, of course, has not been asleep when it comes to natural resources. Wall Streeters have been talking about the China potential for some years. Commodity oriented investors, notably Jim Rogers, the Wall Street gadfly and former partner of George Soros in Soros' early years, have stressed the inevitable impact of China's growth on worldwide commodity prices when that growth brings China to the tipping point. The sense among some of the resource managers on Wall Street is that we are close if not beyond the tipping point now.

There are one or two commodities, at least, where China's weight is already being felt. One is steel scrap. Chinese demand has caused the price of scrap to rise high enough that steel producers here, relying on scrap as their raw material, are receiving negative comments from steel analysts as costs of production bite. China is now a player in some world markets.

Turning to the natural resources funds themselves, despite all the obvious promise, the performance of the funds this year has been good but, with a couple of exceptions, not spectacular. The group's average total return, according to Morningstar, was 17.31% (as of November 11). But the average hides a lot. The top fund of the group, U.S. Global Investors Global Resources, sported a return of 74.3%. State Street Research Global Resources various classes were up about 39%, and Fidelity Select Industrial Materials was up about 30%. All the other funds are below.

Scratch a natural resources fund, and the odds are you will find something close to an energy fund underneath. What gave US Global its gaudy performance is that it was metals and not energy that filled its portfolio. And that was the place to be.

Andy Pilara, who manages the RS Global Natural Resource Fund as well as RS Partners, wrote last month while commenting on his fund, "The average natural resources fund is 70-80% in energy." And, in fact, Pilara indicated that he intended to

increase his funds investment in natural gas. But he also added, "China's consumption of industrial raw commodities, that has been something that I haven't seen in quite a while...When we move forward from 2004 to 2006, the demand coming from China is going to be quite significant."

So while the portfolio managers are talking China, their portfolios, in large part, have not followed. Presumably they judge it is a bit early to play the China card.

Our take

As we intimated earlier, we are not about to recommend the funds for our portfolios. Not at this time. But looking forward to later next year, a natural resources fund could find its way into the portfolios. They can only play a subordinate role in a portfolio.

One attractive feature of the funds is that they dampen the swings of the overall market. The influence of the stock market on their performance is relatively small. They provide diversification for a portfolio.

These are funds to be watched. \$

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Internet: December 3, 2003, 12:00pm (ET)

Interest Rate Jitters?

Wall Street got a case of the interest rate jitters with the release of the employment report for October on Friday, November, 7th. Well it might. The report changed everyone's view on what had been happening to the economy. Instead of a continued "jobless recovery," it turned out that over 120,000 new jobs had been created in both September and October. Other indicators of the labor market in the report also were higher than expected.

The report came as close as anything to telling us that the question about whether the recovery is sustainable could be answered with a definite yes. One issue was settled. But nothing is that simple, because another issue immediately arose. What about the Fed?

When we last heard from the Fed we were told that rates would stay low for a considerable period of time. But that was before the new employment numbers. How long is a considerable period of time?

Our view has been—up to now—that the Fed would not be factor in market decision making until well into next year. The new numbers have caused us to shorten our horizon slightly. The Fed itself has been quick to reassure everyone that its members are in no hurry to raise rates in response to the new vigor in the economy. The speakers have emphasized that they do not see inflation on the horizon, leaving the Fed to stay its hand.

We have no quarrel with that assessment. There is a great deal of excess capacity, business has little leeway to raise prices and the labor market is very slack. Still the economy is growing. A 1.0% fed funds rate is not forever, and for the first time in months we can see it rising. It is time to keep an eye on the Fed.

Fund changes

The Hotline of Tuesday, November 4, recommended the sale of Fidelity Aggressive International in the **Fidelity Moderate** Portfolio and the purchase of Fidelity International Small Cap. Here are the details as of Wednesday, November 5—Sold 556 shares of Aggressive International @ \$14.29 per share. Purchased 450 shares of International Small Cap @ \$17.60 per share.

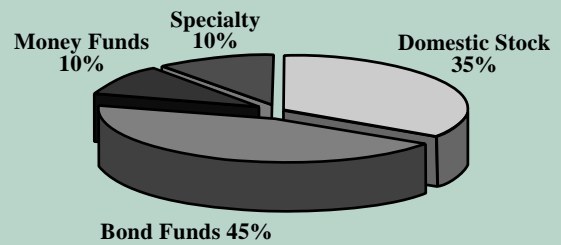
The Hotline of Tuesday, November 11, recommended the sale of FBR Small Cap Value A in the **MONEYLETTER Venturesome** Portfolio to be switched into Henlopen Fund. Here are the details as of Wednesday, November 12—Sold 450 shares of FBR Small Cap Value A @ \$32.09. Purchased 586 shares of Henlopen @ \$25.09 per share.

The Hotline of Tuesday, November 11 also recommended the sale of Fidelity OTC Portfolio in the **Fidelity Moderate** Portfolio to be switched into Fidelity Small Cap Stock. Here are the details as of Wednesday, November 12—Sold 653 shares of Fidelity OTC @ \$31.86 per share. Purchased 1291 shares of Small Cap Stock @ \$16.13 per share.

The Hotline of Tuesday, November 18, recommended the sale of Fidelity OTC Portfolio in the **Fidelity Venturesome** Portfolio to be switched into Fidelity Low Priced Stock. Details in the next issue. \$

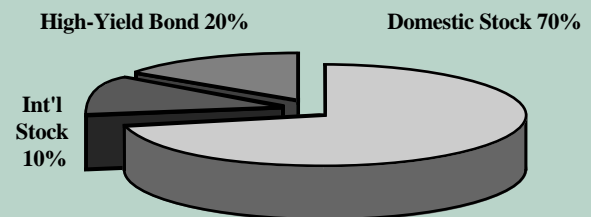
CONSERVATIVE

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



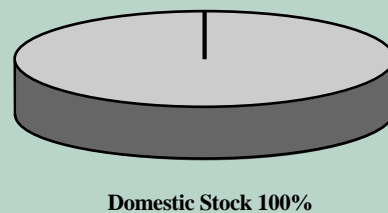
MODERATE

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



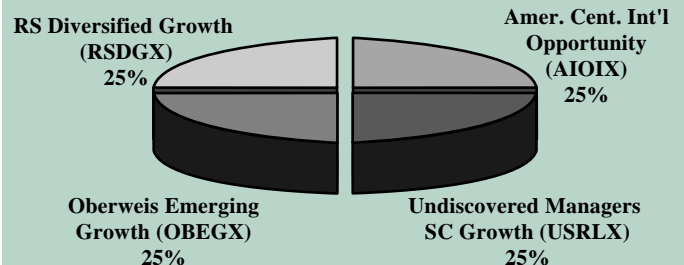
VENTURESOME

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	11/14 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	18	RYPNX	Royce Opportunity (1%r<180d)	SCVal	B	B	B	2.9%	48.7%	69.3%	\$12.15	26.3	1.07	fsw	
2	5	-	HENLX	Henlopen Fund (1%r<30d)	SCGro	*	B	B	4.0	47.1	64.7	25.01	33.7	1.43	FSW	
3	1	22	OBEGX	Oberweis Emerging Growth	SCGro	*	B	B	-1.0	48.0	67.8	27.07	34.2	1.63	FSW	
4	-	-	FLVCX	Fidelity Leveraged Company	MC	*	H	H	2.1	32.8	98.9	17.71	-	-	Fw	
5	4	5	HRTVX	Heartland Value (1%r<90d)	SCVal	B	B	B	4.5	43.6	61.9	50.65	21.0	0.76	Fsw	
6	7	87	RSSGX	RS Smaller Company Growth	SCGro	*	B	B	-0.4	44.6	52.2	20.01	28.0	1.33	FSW	
7	11	98	RSDGX	RS Diversified Growth	SCGro	*	B	B	1.7	40.5	50.8	21.57	29.0	1.53	FSW	
8	15	139	POGSX	Pin Oak Aggressive Stock	MCGro	*	B	B	3.6	36.9	49.3	19.37	40.6	2.57	FSW	
9	9	193	PBEGX	PBHG Emerging Growth	SCGro	*	B	B	-1.6	41.3	45.7	13.24	33.6	2.03	FSW	
10	13	11	WBSNX	WmBlair S-C Growth N (1%r<60d)	SCGro	B	B	B	-0.3	36.1	54.9	20.91	34.6	1.32	FSW	
11	16	6	UBRRX	Undiscovered Behavioral Growth (\$10,000)	MCGro	*	B	B	0.2	34.6	55.0	19.67	26.9	1.34	fW	
12	12	55	NBSX	Neuberger Berman Focus	LCVal	*	B	B	-0.3	35.0	53.9	34.94	36.2	1.87	FSW	
13	3	8	USRLX	Undiscovered Small Cap Growth (\$10,000)	SCGro	B	B	B	-1.2	35.3	54.1	10.08	-	-	fw	
14	22	25	BOGLX	Bogle Small Cap Growth (closed)	SCGro	B	B	B	1.0	36.1	48.5	25.13	21.3	0.90	w	
15	17	75	WMCVX	Wasatch Small Cap Value (closed,2%r<60d)	SCVal	B	B	B	0.8	34.1	53.4	5.03	25.4	0.86	FSW	
16	19	40	JAVTX	Janus Venture (closed)	SCGro	*	B	B	1.6	34.8	46.7	47.91	30.1	1.52	FSW	
17	20	144	BUFSX	Buffalo Small Cap (closed)	SCGro	B	B	B	3.3	33.0	46.4	22.06	28.9	1.20	SW	
18	45	-	CSMVX	Century Select Small Cap	SCGro	H	H	H	6.2	32.2	42.8	22.16	16.3	0.54	FSW	
19	28	-	USCGX	USAA Capital Growth	SCGro	*	B	B	1.5	34.5	44.1	6.31	-	-	fsw	
20	63	30	EEQFX	Eclipse Small Cap Value	SCVal	H	H	H	4.7	31.6	44.7	16.59	17.5	0.63	FSW	
21	8	231	VWEGX	Van Wagoner Emerging Growth (closed)	MCGro	B	B	B	-0.9	36.2	38.5	6.55	54.7	3.00	FSW	
22	27	14	BPSGX	Boston Ptnrs Smlcap Val (closed,1%r<1yr)	SCVal	B	B	B	3.1	30.3	46.8	21.49	26.4	0.74	FSW	
23	1	3	RSPFX	RS Partners	SC	B	B	B	1.4	27.2	53.8	26.97	23.0	0.65	FSW	
24	10	35	CGMFX	CGM Focus	SCVal	*	B	B	-5.0	34.1	45.2	27.04	50.6	0.13	fsw	
25	29	221	SAFGX	Safeco Growth Opportunities	SC	B	B	B	1.7	32.1	40.2	23.88	27.8	1.22	fsw	
26	6	1	LMOPX	Legg Mason Opportunity Trust (1%r<1yr)	MC	*	B	B	-1.3	23.6	64.3	13.13	32.2	1.45	-	
27	14	36	NEEGX	Needham Growth Fund (.75%r<30d)	MCGro	B	B	B	-1.6	29.7	47.0	28.98	28.8	1.38	FSW	
28	61	48	MERDX	Meridian Fund	SCGro	H	H	H	5.0	28.5	37.9	32.76	20.3	0.84	fw	
29	38	72	TMGFX	Turner Mid Cap Growth	MCGro	*	(B)	(B)	0.2	29.7	40.9	21.55	31.2	1.70	FSW	
30	54	68	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	1.0	30.7	36.9	12.74	22.3	1.02	w	
31	23	112	RSEGX	RS Emerging Growth (closed)	MCGro	*	B	B	-1.9	31.4	39.3	27.92	30.6	1.68	FSW	
32	35	42	RYLPX	Royce Low Priced Stock (1%r<180d)	SCVal	H	H	H	1.7	28.7	40.5	13.42	26.1	1.02	FSW	
33	25	171	TGSCX	TCW Galileo Small Cap Growth	MCGro	*	B	B	-0.7	30.7	38.5	14.68	37.9	2.17	FSW	
34	40	141	FSLCX	Fidelity Small Cap Stock (2%r<90d)	SCGro	H	H	H	2.5	29.2	35.0	16.09	20.3	0.92	F	
35	50	27	PRNHX	T. Rowe Price New Horizons	SCGro	H	H	H	1.9	26.4	42.5	23.82	29.2	1.44	fsw	
36	46	33	RSMOX	RS MidCap Opportunities	MCGro	H	H	H	1.0	27.2	40.9	10.47	20.3	1.08	FSW	
37	37	89	TUDRX	WPG Tudor	SC	H	H	H	1.7	28.1	37.3	15.29	27.3	1.36	Fsw	
38	18	4	LMASX	Legg Mason Special Investment Trust	MC	*	B	B	-1.6	26.9	44.8	43.42	27.2	1.30	-	
39	30	53	TGVNX	TCW Galileo Value Opportunities	MC	H	H	H	0.9	26.5	41.6	19.31	-	-	FSW	
40	32	21	KAUFX	Federated Kaufmann Fund (0.2%)	MCGro	H	H	H	-0.2	28.5	38.2	4.92	20.1	0.89	FSW	
41	48	105	GSETX	Columbia Small Company Equity CIZ	SCGro	H	H	H	2.0	27.4	35.8	16.63	33.0	1.10	fw	
42	47	186	CRMSX	CRM Small Cap Value Inv	SCVal	H	H	H	1.8	27.9	34.7	23.24	22.9	0.87	Fsw	
43	42	73	NAESX	Vanguard SmallCap Index	SC	H	H	H	1.2	26.6	38.1	21.76	22.2	1.03	fsw	
44	31	24	JSVAX	Janus Special Equity	MC	*	H	H	0.2	25.8	41.1	10.05	19.0	1.00	SW	
45	36	63	VEXPX	Vanguard Explorer	SCGro	H	H	H	0.2	26.9	37.4	63.36	24.7	1.18	fsw	
46	53	38	MNSCX	Montgomery Small Cap	SCGro	*	H	H	0.7	26.1	38.8	10.45	24.3	1.13	s	
47	44	146	TAVFX	Third Avenue Value	MCVal	H	H	H	0.3	27.2	36.4	40.74	16.1	0.75	FSW	
48	34	173	WGROX	Wasatch Core Growth (closed,2%r<60d)	SCGro	H	H	H	0.9	25.7	39.0	35.99	30.1	1.06	FSW	
49	93	60	BSCFX	Baron Small Cap	SCGro	H	H	H	2.7	25.2	37.5	18.61	22.5	0.89	FSW	
50	33	29	VHCOX	Vanguard Cap Opp (\$25,000&1%r<5yr)	MCGro	H	H	H	0.3	25.8	39.5	24.24	22.8	1.29	fsw	
51	64	19	VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	0.9	25.6	38.5	18.08	16.2	0.78	fsw	
52	41	134	TASCX	Third Avenue Small-Cap Value	SCVal	H	H	H	1.1	26.4	36.1	18.14	19.1	0.81	FSW	
53	58	32	CUEGX	CS Warburg Pincus Emerging Growth	MCGro	H	H	H	1.0	25.7	37.8	26.76	24.0	1.31	FSW	
54	43	127	WAAEX	Wasatch Small Cap Grth (closed,2%r<60d)	SCGro	H	H	H	2.5	26.8	32.6	35.59	30.0	1.29	FSW	
55	59	34	VEXMX	Vanguard Extended Market Index	MC	H	H	H	1.3	25.4	37.5	25.75	23.1	1.17	fsw	
56	79	80	MPEGX	MSI Mid Cap Growth	MCGro	*	H	H	1.6	26.2	34.0	16.92	22.9	1.30	fsw	
57	26	-	BRAIX	Bridgeway Aggressive Investors 2	MCGro	*	(H)	(H)	-1.8	26.8	37.4	11.93	-	-	fsw	
58	52	17	MUHLX	Muhlenkamp Fund	MCVal	H	H	H	0.6	23.6	41.4	60.10	28.6	1.26	FSW	
59	65	65	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	1.9	25.3	34.7	8.81	19.2	0.71	Fsw	
60	49	16	MXIX	Marsico 21st Century	LC	H	H	H	-1.7	27.1	35.4	9.48	20.5	1.01	FSW	
61	51	2	FBRVX	FBR Small Cap Value A (1%r<90d)	SCGro	(S)	(S)	(S)	1.1	18.8	51.8	31.79	22.0	0.76	FSW	
62	88	59	CBMDX	C&B Mid Cap Value	MCVal	S	S	S	3.3	23.2	37.1	18.16	19.5	0.66	FSW	
63	60	88	FLPSX	Fidelity LP Stock (1.5%r<90d)	SCVal	S	S	S	1.7	25.3	34.1	33.72	16.9	0.67	fsw	
64	67	44	BERWX	Berwyn Fund (1%r<180d)	SCVal	S	S	S	3.0	22.7	38.3	23.32	20.6	0.63	fsw	
65	55	247	IZZYX	ICM/Isabelle Small Cap Value	SCVal	H	H	H	0.6	28.8	26.7	12.62	24.6	0.85	FSW	
66	56	-	ARTSX	Artisan Small Cap	SCGro	H	H	H	0.8	23.2	39.5	13.66	27.8	1.23	FSW	
67	85	242	FDISX	Dreyfus-Founders Discovery	SCGro	*	S	S	2.1	26.2	28.3	25.41	25.7	1.30	FSW	
68	77	37	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	S	S	S	1.5	22.6	37.7	27.16	19.3	0.67	fw	

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	11/14 2003	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	RISK		NTF/wtf
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
69	73	74	CRIMX	CRM Mid Cap Value Ins	MCVal	S	S	S	2.2	23.9	33.1	20.45	20.0	0.65	w	
70	78	84	STDIX	Strong Discovery	MCGro	S	S	S	-0.7	25.2	34.0	19.57	17.9	0.84	FSW	
71	62	116	SLSSX	Selected Special Shares	MCGro	S	S	S	1.3	23.6	34.8	11.62	19.0	1.04	sW	
72	76	83	CRMMX	CRM Mid Cap Value Inv	MCVal	S	S	S	2.2	23.8	32.9	20.28	-	-	FSW	
73	57	-	TGCNX	TCW Galileo Select Equity	LCGro	*	H	H	-1.1	25.0	34.8	16.72	26.8	1.55	FSW	
74	74	78	RSVPX	RS Value+Growth	LC	S	S	S	0.5	24.4	33.0	17.09	17.4	1.04	FSW	
75	91	57	TRMCX	T. Rowe Price Mid Cap Value	MCVal	S	S	S	2.7	23.1	31.9	19.36	17.7	0.72	fsw	
76	66	15	AVALX	Aegis Value Fund	SCVal	S	S	S	1.6	22.5	33.3	16.36	16.9	0.47	fw	
77	97	117	PESPX	Dreyfus Mid Cap Index	MCGro	S	S	S	2.3	22.9	30.8	22.78	19.6	0.95	FSW	
78	86	92	TWCVX	American Century Vista	MCGro	*	S	S	0.8	24.4	29.5	12.03	20.6	0.77	FSW	
79	92	151	FIEGX	INVESCO Small Company Growth	SCGro	*	S	S	0.3	24.5	29.6	11.03	27.8	1.39	FSW	
80	24	26	FDCAX	Fidelity Capital Appreciation	MC	H	H	H	-3.8	23.5	37.2	23.11	23.2	1.27	fsw	
81	70	23	SMCDX	Strong Mid Cap Disciplined	MCVal	S	S	S	1.3	21.6	34.2	19.45	21.3	0.94	FSW	
82	75	45	MPSCX	MSI Small Cap Value (closed)	SCVal	S	S	S	0.6	23.1	31.6	19.75	18.7	0.91	fsw	
83	83	58	RYPRX	Royce Premier (1%r<180d)	SC	S	S	S	1.6	22.5	31.5	12.38	18.2	0.73	FSW	
84	71	79	MPMVX	MSI Mid Cap Value	MCVal	S	S	S	0.2	22.5	33.2	19.32	16.3	0.80	fsw	
85	105	128	FIDYX	INVESCO Dynamics	MCGro	S	S	S	1.8	22.5	30.4	14.26	29.5	1.67	FSW	
86	119	52	NBNGX	SIT Mid Cap Growth	MCGro	*	S	S	1.6	21.3	33.4	9.30	24.6	1.40	FSW	
87	90	50	PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	S	S	S	1.1	21.2	33.6	28.48	17.6	0.62	fsw	
88	101	91	SSMGX	SIT Small Cap Growth	MCGro	*	S	S	1.4	21.9	30.6	24.90	24.2	1.29	FSW	
89	99	51	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	S	S	S	1.7	20.9	32.6	41.31	21.7	1.13	fsw	
90	82	185	VISVX	Vanguard Small-Cap Value Index	SCVal	S	S	S	1.4	22.1	30.1	10.94	23.2	0.87	fsw	
91	89	194	PBSVX	PBHG Small Cap Value	SC	S	S	S	2.6	21.7	27.8	18.53	24.3	1.08	FSW	
92	117	213	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	S	S	S	-2.9	22.1	25.7	17.11	17.7	0.58	fsw	
93	106	106	LSSCX	Loomis Sayles Small Cap Value	SC	S	S	S	2.1	20.5	30.9	23.36	17.8	0.72	sW	
94	107	124	VIMSX	Vanguard Mid-Cap Index	MC	S	S	S	1.9	21.1	29.0	12.70	19.8	0.95	fsw	
95	96	47	BPMCX	Boston Partners Mid Cap Value	MCVal	S	S	S	2.4	19.7	31.5	12.20	18.6	0.83	FSW	
96	80	43	SMTVX	Strong Multi-Cap Value	MCVal	S	S	S	0.7	19.8	32.3	50.79	18.8	0.85	FSW	
97	68	71	FDGRX	Fidelity Growth Company	LCGro	H	H	H	-1.4	21.3	31.5	48.79	24.6	1.46	Fsw	
98	115	232	SSEAX	State Street Mid-Cap Value (5.75%)	MCVal	S	S	S	2.3	20.9	27.0	15.99	24.1	0.90	fsw	
105	69	191	FOCPX	Fidelity OTC Portfolio	LCGro	*	(S)	H	-2.8	23.9	24.1	31.28	29.2	1.59	fsw	
124	100	170	FDEGX	Fidelity Aggressive Growth(0.75%r<90d)	LCGro	H	H	H	0.8	18.2	26.6	14.41	30.5	1.96	fsw	

Dow Jones
NASDAQ
S&P 500

-0.5% 13.0% 14.4%
-0.7 25.8 36.8
0.1 11.8 16.2

indexes do not
include dividends

International Stock Funds

1	-	-	AIOIX	Amer.Cent.Intl.Opp (2%r<180d)	Int'l	(B)	(B)	(B)	2.2%	48.4%	67.0%	\$7.76	-	-	FSW
2	-	-	FISMX	Fidelity Int'l Small Cap (2%r<90d)	Int'l	B	B	B	1.4	45.2	76.0	17.65	-	-	Fw
3	4	15	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	B	B	2.3	48.6	58.9	12.60	23.6	-	FSW
4	7	11	ICHKX	Investec China & Hong Kong	Pacific	*	B	B	3.5	47.8	50.1	15.49	19.6	-	FSW
5	1	60	SJPNX	Japan Fund (Scudder) (2%r<180d)	Japan	*	B	B	-7.2	51.5	56.8	9.00	14.8	-	FSW
6	11	46	PRASX	T. Rowe Price New Asia	Pacific	*	B	B	3.9	49.2	45.2	8.25	19.7	-	fsw
7	2	58	MJFOX	Matthews Japan Fund (2%r<90d)	Japan	*	B	B	-6.4	49.1	57.3	12.58	15.2	-	FSW
8	5	3	PRIDX	T. Rowe Price Intl Disc. (2%r<1yr)	Int'l	B	B	B	3.4	39.1	62.7	25.16	16.0	-	fsw
9	17	52	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	B	B	5.2	45.3	41.7	14.05	21.1	-	fsw
10	15	18	FIEIX	Vanguard Emerging Mkts Stk Index (0.5%r)	Int'l	*	B	B	3.3	39.3	49.7	11.28	22.6	-	fsw
11	16	9	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	B	B	2.6	34.9	48.6	15.97	21.6	-	FSW
12	8	1	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	B	B	B	1.4	31.6	57.9	14.60	-	-	SW
13	18	54	SCOPX	Scudder Pacific Opportunity (2%r<1yr)	Pacific	(B)	(B)	(B)	1.8	39.6	35.8	10.96	19.0	-	FSW
14	13	8	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	B	B	B	4.1	33.8	46.5	15.14	20.4	-	FSW
15	10	63	VINEX	Vanguard Intl. Explorer (\$10,000,2%r<60d)	int'l	(B)	(B)	(B)	1.6	33.1	48.1	12.07	16.3	-	fsw
16	21	30	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	H	H	H	2.0	34.3	41.1	9.99	-	-	fsw
17	6	61	PRJPX	T. Rowe Price Japan	Japan	*	B	B	-4.2	37.4	41.9	6.91	14.4	-	s
18	3	62	WPJGX	CS Warburg Pincus Japan Grth (2%r<180d)	Japan	*	B	B	-6.1	39.1	39.8	5.09	22.7	-	FSW
19	22	4	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	2.4	24.6	59.0	13.78	29.8	-	fs
20	19	6	OAKGX	Oakmark Global (2%r<90d)	Global	H	H	H	2.8	28.5	45.9	18.33	26.5	-	FSW
21	25	7	SGSCX	Scudder Global Discovery (closed)	Int'l	H	H	H	1.3	27.8	43.8	26.48	20.1	-	FSW
22	27	14	FIEUX	Fidelity Europe (1%r<90d)	Europe	H	H	H	4.0	28.9	36.0	25.32	22.5	-	fsw
23	31	44	VTRIX	Vanguard International Value	Int'l	H	H	H	2.7	29.8	34.4	25.09	16.8	-	fsw
24	23	41	LLINX	Longleaf Partners International	Int'l	H	H	H	-0.4	29.2	39.9	13.50	19.4	-	fw
25	12	56	FPBFX	Fidelity Pacific Basin (1.5%r<90d)	Pacific	H	H	H	-4.0	33.2	34.1	16.77	14.7	-	Fsw
26	20	51	FOSFX	Fidelity Overseas (1%r<30d)	Int'l	H	H	H	-0.5	30.4	33.4	29.45	15.5	-	Fsw
27	26	35	WBIGX	Wm. Blair Intl. Growth Stock N	Int'l	H	H	H	0.4	28.3	32.5	17.54	14.6	-	FSW
28	35	5	PRLAX	T. Rowe Price Latin America (2%r<1yr)	LatinA	*	S	S	3.0	20.0	49.1	10.69	29.7	-	fsw
29	34	23	HAINX	Harbor International	Int'l	S	S	S	1.2	26.0	33.2	34.96	17.9	-	Fsw
30	29	24	FIGRX	Fidelity International G & I	Int'l	S	S	S	0.0	26.6	33.0	22.15	15.2	-	Fsw
31	39	12	MACSX	Matthews Asia Growth&Income (2%r<90d)	Pacific	S	S	S	2.1	25.7	31.8	13.37	11.4	-	FSW
32	14	57	VPACX	Vanguard Pacific Stock Index	Pacific	*	S	S	-4.9	29.3	32.6	7.63	13.7	-	fsw
33	33	47	PFIFX	Preferred International	Int'l	S	S	S	0.5	26.8	30.8	13.44	17.4	-	w
34	32	31	OAKIX	Oakmark International (2%r<90d)	Int'l	S	S	S	2.4	24.2	33.4	17.00	22.0	-	FSW
37	9	59	FJPNX	Fidelity Japan(1.5%r<90d)	Japan	*	(H)	(H)	-7.9	28.7	31.1	10.71	17.3	-	Fsw

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

11/14/2003

Ticker Symbol	Fund NAME (Max. Load)	Type	Conservative Moderate Venturesome			TOTAL RETURN			PRICE PER SHARE	Std. Dev.	Yield	NTF/wt
						1 mo.	6 mo.	12 mo.				
BUFHX	Buffalo High-Yield(2%r<180d)	HighYld	B	B	*	1.1%	7.9%	21.2%	\$11.02	6.65	4.76%	FSW
CMHYX	Columbia High Yield	HighYld	B	B	*	0.2	1.1	9.7	8.67	6.02	6.51	fSW
FAGIX	Fidelity Capital & Income	HighYld	*	*	*	1.3	10.2	45.7	7.98	16.37	6.04	Fsw
SPHIX	Fidelity High Income (1%r<90d)	HighYld	B	B	*	1.5	9.2	28.2	8.86	12.57	7.04	Fsw
FHYPX	INVESCO High Yield	HighYld	*	*	*	1.9	11.1	30.8	3.84	15.51	7.48	FS
JAHYX	Janus High Yield	HighYld	B	B	*	0.4	3.0	10.2	9.55	6.57	6.69	FSW
NTHEX	Northeast Investors Trust	HighYld	*	B	*	1.1	6.0	12.4	7.36	8.22	7.64	fw
PHYDX	PIMCO High Yield	HighYld	B	B	*	1.2	5.8	25.0	9.56	9.39	7.17	SW
STHYX	Strong High Yield Bond(1%r)	HighYld	*	*	*	0.4	5.7	21.0	7.52	13.27	7.58	FSW
STHBX	Strong S-T High Yield	HighYld	*	*	*	0.1	2.1	7.2	8.67	4.60	5.43	FSW
PRHYX	T. Rowe Price High Yield	HighYld	B	B	*	0.6	5.0	16.8	6.91	8.52	8.27	sw
TGHNX	TCW Galileo High Yield Bond	HighYld	B	B	*	1.3	6.0	21.8	7.13	9.62	7.97	SW
VAGIX	Value Line Aggressive Inc	HighYld	*	B	*	1.0	6.6	22.5	4.93	10.86	6.94	FSW
VWEHX	Vanguard High Yield Corporate (closed)	HighYld	B	B	*	1.3	4.9	17.9	6.28	7.88	7.63	sw
BGBX	Amer. Cent. Int'l Bond	Int'l	*	*	*	0.4	2.3	18.8	13.68	11.57	2.08	fSW
FNMX	Fidelity New Markets Income	Int'l	*	*	*	-0.4	4.0	27.7	13.46	13.18	6.89	Fsw
PYGFX	Payden Global Fixed Income	Int'l	*	*	*	0.3	-1.3	4.2	10.08	4.11	4.75	fsW
SSTGX	Scudder Global Bond S-T (closed)	Int'l	*	*	*	0.4	0.8	9.9	10.22	5.52	3.72	FSW
RPBIX	T. Rowe Price Int'l Bond	Int'l	*	*	*	0.3	2.6	16.6	10.24	9.98	2.49	fsw
BGNMX	Amer. Cent. Ginnie Mae	IntTerm	*	*	*	0.6	0.0	1.2	10.62	3.00	4.90	fSW
ACITX	Amer. Cent. Inflation Adj	IntTerm	B	*	*	3.1	2.0	9.9	11.10	7.17	3.71	fSW
BBHIX	BBH Inflation Indexed Sec	IntTerm	B	*	*	2.5	1.7	9.9	11.40	7.37	2.87	FSW
CFISX	Columbia Fixed Income Sec	IntTerm	H	*	*	0.6	-1.3	2.3	13.53	4.47	4.01	fSW
SRINX	Columbia Income CIZ	IntTerm	H	*	*	1.4	2.3	13.2	10.01	5.09	5.81	FSW
SRBFX	Columbia Intermediate Bond CIZ	IntTerm	H	*	*	1.2	1.9	11.2	9.11	4.34	5.26	FSW
DODIX	Dodge & Cox Income	IntTerm	H	*	*	0.9	1.0	7.8	12.92	3.75	4.81	fsw
DRBDX	Dreyfus A Bonds Plus	IntTerm	*	*	*	1.0	0.9	8.2	14.19	5.42	4.21	FSW
DRGMX	Dreyfus GNMA	IntTerm	*	*	*	1.0	0.5	3.2	14.91	3.25	4.24	FSW
DSINX	Dreyfus Strategic Income	IntTerm	*	*	*	0.3	0.5	7.3	14.92	5.21	4.50	FSW
NIIBX	Eclipse Indexed Bond	IntTerm	H	*	*	1.0	-0.4	4.5	10.96	4.72	3.91	SW
FGMNX	Fidelity GNMA	IntTerm	*	*	*	0.5	0.1	1.2	11.20	2.72	2.93	Fsw
FINPX	Fidelity Inflation-Protected Bond	IntTerm	B	*	*	2.9	1.9	10.2	11.16	-	1.65	Fw
FTHRX	Fidelity Intermediate Bond	IntTerm	H	*	*	0.5	-0.5	3.9	10.71	4.05	3.79	Fsw
FSTGX	Fidelity Intermediate Govt	IntTerm	H	*	*	0.5	-0.7	2.2	10.29	4.42	2.92	Fsw
FBNDX	Fidelity Investment Grade	IntTerm	H	*	*	1.1	0.2	5.5	7.57	4.58	3.14	Fsw
FBDFX	Fremont Bond	IntTerm	H	*	*	0.6	-0.9	4.4	10.49	5.06	3.20	fsw
FBDSX	INVESCO Select Income	IntTerm	*	*	*	0.2	0.4	9.4	5.34	6.33	5.15	FS
MWTRX	MetroWest Total Return	IntTerm	*	*	*	1.7	3.7	11.0	9.85	5.96	6.59	SW
MNTRX	Montgomery Total Return	IntTerm	H	*	*	0.8	-0.8	3.7	12.42	4.71	4.05	FSW
PRRDX	PIMCO Real Return	IntTerm	H	*	*	2.6	1.2	9.0	11.77	7.54	3.54	SW
PTTDX	PIMCO Total Return	IntTerm	H	*	*	0.7	-1.1	4.0	10.85	5.10	3.18	SW
PTMDX	PIMCO Total Return Mortgage	IntTerm	H	*	*	0.8	0.3	2.4	10.83	3.40	2.24	SW
SCSBX	Scudder Income (closed)	IntTerm	H	*	*	1.1	0.1	6.0	12.87	4.55	4.25	FSW
PRCIX	T. Rowe Price New Income	IntTerm	*	*	*	0.8	-0.7	4.9	9.02	4.52	3.86	fsw
TGMNX	TCW Galileo Total Return Bond	IntTerm	H	*	*	0.5	0.1	3.4	9.89	3.65	6.57	SW
USAIX	USAA Income	IntTerm	H	*	*	1.2	0.5	6.4	12.43	5.09	4.73	w
VALBX	Value Line U.S. Govt Sec	IntTerm	H	*	*	0.6	-1.0	2.9	11.93	4.85	3.64	FSW
VBMFX	Vanguard Bond Market	IntTerm	H	*	*	1.0	-0.2	4.4	10.31	4.47	4.68	fsw
VIPSX	Vanguard Inflation Protected Sec	IntTerm	B	*	*	3.2	2.3	11.0	12.47	7.20	3.79	sw
WTIBX	Westcore Plus Bond	IntTerm	*	*	*	1.8	4.5	12.1	10.81	4.19	6.31	FSW
WPGVX	WPG Core Bond	IntTerm	H	*	*	0.9	-0.8	4.5	10.62	4.66	2.96	FsW
DRGBX	Dreyfus 100 Treasury L-T	LngTerm	*	*	*	1.0	-0.4	6.2	16.62	9.24	4.21	FW
NIBDX	Eclipse Bond	LngTerm	*	*	*	1.1	-0.2	5.9	9.90	4.79	4.09	SW
KIFIX	FifthThird Bond	LngTerm	*	*	*	1.1	-0.7	4.6	10.15	5.31	3.88	w
MGFIX	Managers Bond	LngTerm	*	*	*	1.9	1.2	12.7	24.52	6.98	4.57	FSW
STCBX	Strong Corporate Bond	LngTerm	*	*	*	1.4	0.1	12.0	10.50	7.07	5.08	FSW
PRPIX	T. Rowe Price Corporate Inc	LngTerm	*	*	*	1.2	0.3	11.8	9.62	6.06	5.68	fsw
JAFIX	Janus Flexible Income	Multi	*	*	*	0.5	-0.5	5.0	9.77	4.88	4.49	FSW
RPSIX	T. Rowe Price Spectrum Income	Multi	*	*	*	0.6	2.9	11.8	11.54	4.66	4.41	fsw
FSHBX	Fidelity Short-Term Bond	ShtTerm	B	*	*	0.0	-0.1	2.4	9.01	2.12	3.23	Fsw
JASBX	Janus S-T Bond	ShtTerm	B	*	*	0.0	0.8	3.6	2.97	1.75	2.67	FSW
MGIDX	Managers Int. Duration Govt	ShtTerm	B	*	*	0.8	1.2	3.9	10.67	3.00	2.87	FSW
MGSDX	Managers Short Duration Govt	ShtTerm	B	*	*	0.3	1.0	2.8	9.75	1.39	2.49	FSW
MWLDX	MetroWest Low Duration	ShtTerm	B	*	*	0.1	1.3	3.8	9.49	3.07	4.92	SW
SWBDX	Schwab S-T Bond Mkt Index	ShtTerm	B	*	*	0.0	-0.4	2.4	10.21	2.79	3.26	S
SCSTX	Scudder Short-Term Bond (closed)	ShtTerm	B	*	*	0.2	0.8	3.4	10.57	1.88	4.04	FSW
SSTBX	Strong S-T Bond	ShtTerm	B	*	*	0.0	0.0	2.5	8.82	2.49	3.98	FSW
PRWBX	T. Rowe Price S-T Bond	ShtTerm	B	*	*	0.0	-0.1	2.7	4.82	2.07	3.46	fsw
VFSTX	Vanguard Short-Term Corporate	ShtTerm	B	*	*	-0.1	-0.3	2.6	10.79	2.28	4.24	fsw
BTTNX	Amer. Cent. Target 2010	ZeroCpn	*	*	*	1.2	-2.3	5.2	83.28	11.79	4.19	fSW

2003 Estimated Capital Gains Payouts¹

Fund	Rec. Date	PPS	% NAV ²
Amer. Cent. Inflation Adj.	8-Dec	\$0.10	0.9%
Amer. Cent Intl Opportunities	18-Dec	0.10	1.3
Buffalo High Yield	17-Dec	n/a	n/a
Dodge & Cox Income	26-Dec	n/a	n/a
Fidelity Aggr. Growth	19-Dec	0.00	0.0
Fidelity Balanced	12-Dec	0.00	0.0
Fidelity Capital Appreciation	5-Dec	0.00	0.0
Fidelity Growth Company	19-Dec	0.00	0.0
Fidelity High Income	5-Dec	0.00	0.0
Fidelity Intermediate Gov't	19-Dec	0.00	0.0
Fidelity Intl Small Cap	12-Dec	0.28	1.6
Fidelity Inv Grade Bond	5-Dec	0.02	0.3
Fidelity OTC	19-Dec	0.00	0.0
Fidelity Small Cap Stock	5-Dec	0.00	0.0
Gateway Fund	29-Dec	0.00	0.0
Heartland Value	22-Dec	3.00	6.0
Matthews Pacific Tiger	5-Dec	0.00	0.0
Oberweis Emerging Growth	-	0.00	0.0
Pimco High Yield D	9-Dec	0.00	0.0
Royce Opportunity	3-Dec	0.57	4.8
RS Partners	10-Dec	1.78 *	6.6
RS Diversified Growth	10-Dec	0.00	0.0
WmBlair Small Cap N	15-Dec	0.61	3.0

* includes some ordinary income not distinguished from Short-Term and Long-Term capital gains

Notes:

¹The above list is not meant to be all inclusive. Rather, it is provided only as a guide as to the magnitude of capital gains among some of the funds that *MONEYLETTER* recommends or purchases in its portfolios. In all cases, you should contact your funds to confirm as this information is subject to change. PPS (payout per share) figures include long-term and short-term capital gains where applicable.

²NAVs used for calculations as of 11/17/03.



100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	0.68%	0.68%	0.92%
Gabelli US Treasury MMF	0.67	0.66	0.91
Fidelity Spartan US Treas MMF	0.60	0.61	0.84
Amer Century Capital Presv Fund/Inv	0.52	0.53	0.77
T Rowe Price US Treasury MF	0.50	0.48	0.70
DBAB Cash Reserve Treasury	0.38	0.29	0.56
US Treasury MF of America/CI A	0.36	0.36	0.57
CMA Treasury Fund RIC	0.35	0.34	0.59
Schwab US Treasury Money Fund	0.35	0.35	0.58
WCMA Treasury Fund Class 3	0.35	0.34	0.00

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.03%	1.04%	1.25%
GE Money Market Fund	0.92	0.89	0.92
Bunker Hill MMF	0.86	0.84	1.06
McMorgan Principal Preservation	0.85	0.83	1.07
Flex-fund Money Market Fund	0.84	0.85	0.99
Centennial Money Market Trust	0.83	0.83	1.00
AIG Money Market Fund/CI B	0.82	0.82	0.77
Phoenix-Goodwin Money Market Series/A	0.81	0.81	1.00
TIAA-CREF Money Market Fund	0.81	0.81	1.02
AIM MMF/Investor Class	0.80	0.80	0.00

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Strong Tax-Free Money Fund	0.92%	0.86%	1.01%
Vanguard Tax-Exempt MMF	0.90	0.85	0.99
Scudder YieldWise Muni MF	0.79	0.74	0.89
Strong Municipal MMF	0.78	0.76	0.92
USAA Tax Exempt MMF	0.74	0.69	0.84
Dreyfus BASIC Muni MMF	0.69	0.65	0.76
Fidelity Municipal MMF	0.68	0.65	0.78
Amer Century T-F MMF/Inv Class	0.67	0.65	0.79
T Rowe Price Summit Muni MMF	0.66	0.63	0.80
Scudder Tax-Exempt Money Fund	0.64	0.61	0.76

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	0.90%	0.85%	0.98%
Vanguard PA Tax-Exempt MMF	0.88	0.83	0.94
Vanguard CA Tax-Exempt MMF	0.86	0.80	0.94
Vanguard NY Tax-Exempt MMF	0.85	0.80	0.92
Vanguard NJ Tax-Exempt MMF	0.84	0.79	0.90
USAA Tax Exempt CA MMF	0.66	0.61	0.81
Fidelity FL Municipal MMF	0.61	0.58	0.70
Fidelity OH Municipal MMF	0.60	0.56	0.70
Fidelity PA Municipal MMF	0.59	0.56	0.70
Amer Century CA T-F MMF/Inv Class	0.58	0.53	0.64
Fidelity CT Municipal MMF	0.58	0.54	0.65
Fidelity MI Municipal MMF	0.58	0.53	0.66

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 11/11/03. 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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Introducing Two Funds

Cambiar Opportunity (CAMOX)

On the surface, there does not seem to be much in its investing philosophy that would set Cambiar Opportunity apart from other large-cap blend funds. But the results of its implementation have been outstanding. Since its first full year of operation, 1999, it was in the red only in 2002, when it was down 16.2%. But that outpaced both the S&P 500 Index and most of the funds in its category. According to Morningstar, Cambiar Opportunity has ranked within the top 10% of the large-cap blend category in each calendar year. And it is similarly ranked this year through November 13, with a 28.3% total return.

Only 30 to 40 issues are selected for the fund—undervalued ones with market caps of more than \$1 billion and strong fundamentals. The managers, Brian Barish and Michael Gardner, use four specific screens to identify candidates for the portfolio: Compelling value, catalyst, competitive advantage, and conviction. Stocks must be inexpensive relative to their peer group, the market, or their own history, based on price-to-earnings, price-to-sales, price-to-cash flow, and/or price-to-book. A catalyst for appreciation must be present, such as new products, restructuring, or an outlook that is better than expectations. Firms must be industry leaders with product and marketing advantages such as exceptional management, superior financial condition and high return on capital, and a strong industry outlook. Finally, the managers must have a high degree of conviction that the stocks selected have significant appreciation potential—50% or more—over a 12- to 18-month period. Stocks are sold if anticipated positive developments fail to occur, price targets are met, the stock appreciates too far too fast, or the position becomes too large in the portfolio.

Top Five Holdings and Sectors (% of Assets)

Altria Group	7.3%	Consumer Services	20.6%
BMC Software	3.6	Healthcare	18.1
Microsoft	3.6	Financial Services	17.3
HCA	3.4	Energy	10.0
Allstate	3.1	Industrial Materials	9.3

as of September 30, 2003

Cambiar stresses that the process is bottom-up, with stock selection driving industry and sector weights. The portfolio is hardly a clone of the S&P 500. If the managers find a number of attractive opportunities in one area, the fund may end up with hefty sector weightings, and top picks, such as Altria Group above, can run up in weighting. Also, the fund holds about 10% of assets in foreign stocks, and has held higher amounts in the past.

*Cambiar Opportunity, c/o SEI Investment Distribution Co.
One Freedom Valley Drive, Oaks, PA 19456
(866) 777-8227; Minimum investment \$2,500/\$500 IRA*

Matrix Advisors Value (MAVFX)

Twenty years ago, when pursuing an MBA, David Katz, chief investment officer for Matrix Asset Advisors and portfolio manager of Matrix Advisors Value, came to the conclusion that value investing was the best way to achieve asset growth while controlling risk. He has remained true to that investment philosophy ever since. Katz primarily trolls the mid- and large-cap universes for stocks that sell at a one-third or better discount to his estimate of their intrinsic value. He looks for high-quality businesses that have been punished. He requires a price-to-earnings ratio below the market and earnings growth that is at or above the market.

His quest often leads to fallen growth stocks, and he is willing to load up in sectors where he finds significant opportunities. For example, the fund's hardware stake, at nearly 20% of assets is nearly double the stake in the average large-cap blend fund, according to Morningstar. That hardware stake worked against performance early in the year, but has since been additive to returns. The manager sets sell targets and sticks to them. But "reruns" are not uncommon in the portfolio; he has been known to sell stocks and rebuy favorites when their prices subsequently slide. Two examples: Office Depot (below) and Kyocera (2.9% of assets).

The fund has bested its competitors in every calendar year since 1999, ranking within the top 10% of large-cap blend funds in every year but one. Year-to-date (through November 13, at 36.7%) puts it in the top 2% of its peers.

Top Five Holdings and Sectors (% of Assets)

Morgan Stanley	3.9%	Financial Services	20.6%
Office Depot	3.8	Healthcare	18.1
General Electric	3.6	Hardware	17.3
Baxter International	3.6	Consumer Services	10.0
American International Group	3.5	Industrial Materials	9.3

as of October 31, 2003

Of particular note: Matrix Advisors Value almost became Strong Large Cap Value. As a small fund shop, Matrix had approached Strong Capital Management about taking over all but the fund's management, which would have remained with David Katz. Matrix saw an opportunity, as part of a larger family, to grow assets and more easily meet regulatory requirements. Matrix Advisors Value's board of directors had voted to reorganize the fund, with a shareholder vote slated for October 14. In light of the market-timing scandal that encompassed Strong, the meeting was adjourned. Katz asserted that the Strong family would have "to come to the forefront of industry reform" before the reorganization would be reconsidered. \$

Matrix Asset Advisors

747 Third Avenue, Floor 31; New York, NY 10017
(800) 366-6223; Minimum Investment \$1,000/\$500 IRA

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