



Much Ado About The Fed

by Walter S. Frank, Chief Investment Officer

On Wednesday, January 28, the Fed issued its usual press release after a policy meeting, stating that there was no change in policy but substituted a new phrase ("patient in removing its policy accommodation") for the phrase ("accommodation can be maintained for a considerable period"). Bang! All the markets sold off, and Wall Street batted the hatches against a storm of higher interest rates. It caused us to wonder where Wall Street had been over the last four months.

Don't the bond market types read the speeches coming from the Fed? Don't they tune in to Greenspan's musings? Don't they look at the economic numbers and realize that the economy is running strong? With the economy moving briskly, it was only a matter of time before the Fed would want to free itself from the "considerable period of time" promise. The time came late last month.

We don't think the shift in phraseology has changed anything (except for the hedge funds at the risk end of bond speculation). For the rest of us, nothing new has occurred. The keys to the next Fed move still remain job growth and inflation. It will not be one month of job growth or an uptick in the monthly inflation number that will stir the Fed into action. And when the Fed does act, sometime later this year, we believe, it will do so very gradually. There is a lot of slack in the economy still to be absorbed.

The bull pauses

We are coming to the end of the earnings season, and so far the market's response to the earnings has been neutral. It is not the earnings, they have been fine. It's just that they haven't blown the lights out. Put another way, the earnings have met expectations, and somewhat more, but they haven't pulverized expectations, and after last year's run that is something of a disappointment. What we have seen is perfectly good earnings being announced only to see the stock slide. Oh, ungrateful Wall Street.

Of course, it is just that the powerful bull market has driven stock prices to the point where the market is no longer cheap. Specifically, the market's price-earnings ratio, based on analysts'

twelve months ahead earnings estimates, is no longer cheap. But neither is it rich. At 18.4 it is at lower end of the fair value range, in our opinion. Unless earnings surprise, the upside is limited.

We see the market now as moving into the next, and more mature, phase of the bull market. P/Es will stabilize and further market gains will depend on earnings gains. Keep your expectations realistic.

Swapping closed funds

Three of our portfolio funds have been closed to new investors over the past month. They are William Blair Small Cap Growth N, Eclipse Small Cap Value (renamed Mainstay Capital Opportunity with a new ticker symbol, MOPIX) and Fidelity Low Priced Stock.

Our policy with respect to portfolio funds that close is to remove the funds from our portfolios and replace them with funds that are open to all. Our purpose in so doing is to assure that our recommendations can be acted on by everyone, in particular new subscribers. Many subscribers, we know, duplicate our model portfolios as best they can, and model portfolios with closed funds become a source of frustration especially for newcomers. We have found the best solution is simply to swap the closed funds for open funds on our list.

Please keep in mind that we are in no way changing our recommendations for the closed funds. If you own them, and they are still "buy" or "hold" funds continue to hold them until our recommendations change. After all, they are not being removed from the portfolios because their performance has deteriorated. Quite the contrary, their performance has been top-flight, and their assets have grown to a size, beyond which the managers are uncomfortable. Closing is a symbol of success.

The swaps were presented in the Hotline of Tuesday, January 27, and were effective as of Wednesday, January 28. William Blair Small Cap Growth was in all three MONEYLETTER portfolios. We swapped the fund in the Venturesome and Moderate portfolios for Fidelity Leveraged Company. In the Conservative Portfolio we swapped it for Needham Small Cap Growth.

Mainstay Capital Opportunity (Eclipse Small Cap Value) was in the MONEYLETTER Conservative Portfolio. We swapped it for Royce Opportunity. As for Fidelity Low Priced Stock, it was in the Fidelity Venturesome Portfolio and was swapped it for Fidelity OTC.

Here are the details: **MONEYLETTER Venturesome:** 800 shares of Blair Small Cap @ \$23.00 per share were swapped for 904 shares of Fidelity Leveraged Company @ \$20.36 per share. **MONEYLETTER Moderate:** 1,006 shares of Blair were swapped for 1,137 shares of Leveraged Company. **MONEYLETTER Conservative:** 1,006 shares of Blair were swapped for 1,305 shares of Needham Small Cap Growth @ \$17.74 per share.

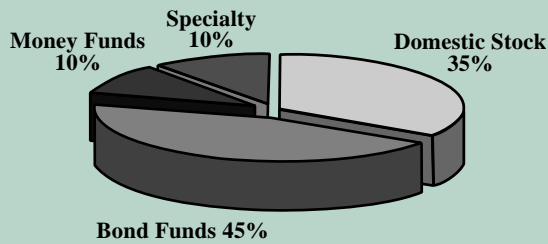
MONEYLETTER Conservative: 578 shares of Mainstay Capital Opportunity @ \$17.78 per share were swapped for 796 shares of Royce Opportunity @ \$22.91 per share. **Fidelity Venturesome:** 627 shares of Low Priced Stock @ 35.93 per share were swapped for 667 shares of OTC @ \$33.75 per share. \$

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 | Higher | Higher |
| Japan (Nikkei) | Higher | Higher |
| Hong Kong (Hang Seng) | Higher | 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 | 0.0% | 10,073 | \$1.00 | \$10,073 |
| Gateway Fund | 11/27/02 | 9.8 | 601 | 23.09 | 13,886 |
| PIMCO High Yield | 05/14/03 | 10.3 | 1,526 | 9.80 | 14,952 |
| RS Partners | 04/02/03 | 61.5 | 735 | 28.03 | 20,593 |
| Royce Opportunity | 01/28/04 | -1.1 | 796 | 12.77 | 10,165 |
| AmerCent Inflation Adj. | 02/12/03 | 6.6 | 1,561 | 11.11 | 17,339 |
| Needham Small Cap Growth | 01/28/04 | -0.1 | 1,305 | 17.73 | 23,131 |
| Dodge & Cox Income | 02/19/03 | 6.1 | 970 | 13.01 | 12,616 |
| TOTAL VALUE | | | | | \$122,755 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|-------|------|
| 1.9% | 14.4% | 24.1% | 31.5% | 1.9% |

Fidelity Conservative

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|-------------------------------|-----------|------------------|--------|-------------|-----------------|
| Fidelity Cash Reserves | Yield YTD | 0.1% | 8,645 | \$1.00 | \$8,645 |
| Fidelity Balanced | 11/27/02 | 26.9 | 768 | 17.07 | 13,118 |
| Fidelity High Income | 01/17/01 | 16.6 | 1,942 | 9.02 | 17,519 |
| Fidelity Capital Appreciation | 06/25/03 | 26.3 | 845 | 24.84 | 20,982 |
| Fidelity Small Cap Stock | 12/10/03 | 8.5 | 848 | 17.61 | 14,938 |
| Fidelity Intermediate Gov | 02/19/03 | 2.2 | 1,136 | 10.32 | 11,720 |
| Fidelity Investment Grade | 02/19/03 | 4.8 | 1,677 | 7.59 | 12,725 |
| TOTAL VALUE | | | | | \$99,647 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|------|------|
| 1.4% | 11.5% | 20.5% | 3.6% | 1.4% |

Vanguard Conservative

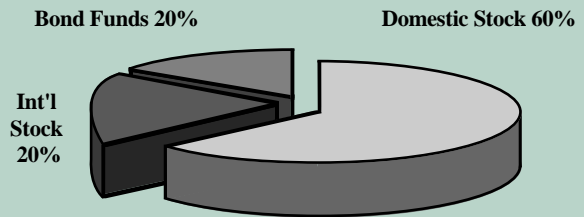
| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------|-----------|------------------|--------|-------------|------------------|
| Vanguard Prime Port MM | Yield YTD | 0.1% | 8,418 | \$1.00 | \$8,418 |
| Vanguard Balanced Index | 11/27/02 | 18.7 | 566 | 18.58 | 10,515 |
| Vanguard Bond Market | 02/19/03 | 4.4 | 706 | 10.36 | 7,309 |
| Vanguard Inflation Protect | 02/19/03 | 6.7 | 1,051 | 12.36 | 12,989 |
| Vanguard Strategic Equity | 10/09/02 | 69.5 | 806 | 19.33 | 15,586 |
| Vanguard Extended Mkt | 09/10/03 | 16.2 | 439 | 27.62 | 12,130 |
| Vanguard Small Cap Grwth | 07/09/03 | 22.1 | 1,221 | 13.75 | 16,794 |
| Vanguard FI Hi-Yld Corp | 01/17/01 | 19.9 | 2,679 | 6.40 | 17,148 |
| TOTAL VALUE | | | | | \$100,889 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|-------|------|
| 2.3% | 13.3% | 23.9% | -0.5% | 2.3% |

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 | 27.0% | 1,843 | \$11.22 | \$20,683 |
| Henlopen Fund | 12/15/03 | 10.4 | 859 | 27.47 | 23,595 |
| Mathews Pacific Tiger | 02/06/02 | 56.9 | 975 | 13.82 | 13,469 |
| Fidelity Int'l Small Cap | 01/07/04 | 2.1 | 630 | 19.50 | 12,278 |
| RS Partners | 02/12/03 | 70.6 | 601 | 28.03 | 16,835 |
| Fidelity Leveraged Company | 01/28/04 | -0.7 | 1,141 | 20.15 | 22,983 |
| Legg Mason Special | 04/02/03 | 55.2 | 263 | 46.29 | 12,155 |
| TOTAL VALUE | | | | | \$121,998 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|-------|------|
| 3.7% | 24.2% | 49.3% | 36.7% | 3.7% |

Fidelity Moderate

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------|----------|------------------|--------|-------------|------------------|
| Fidelity Leveraged Company | 12/10/03 | 13.7% | 751 | \$20.15 | \$15,125 |
| Fidelity High Income | 01/17/01 | 16.6 | 2,833 | 9.02 | 25,553 |
| Fidelity Small Cap Stock | 11/12/03 | 9.6 | 1,296 | 17.61 | 22,828 |
| Fidelity Capital Appr. | 03/12/03 | 61.0 | 831 | 24.84 | 20,650 |
| Fidelity Aggressive Grwth | 07/09/03 | 14.9 | 669 | 15.27 | 10,212 |
| Fidelity SE Asia | 01/07/04 | 2.9 | 465 | 15.49 | 7,205 |
| Fidelity Int'l Small Cap | 11/05/03 | 12.3 | 615 | 19.50 | 11,994 |
| TOTAL VALUE | | | | | \$113,567 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|-------|------|
| 2.7% | 18.8% | 34.2% | 28.3% | 2.7% |

Vanguard Moderate

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------|----------|------------------|--------|-------------|------------------|
| Vanguard Extended Mkt | 11/27/02 | 41.5% | 600 | \$27.62 | \$16,578 |
| Vanguard FI Hi-Yld Corp | 01/17/01 | 19.9 | 3,266 | 6.40 | 20,901 |
| Vanguard Emerg. Mkts Stock | 02/06/02 | 46.6 | 933 | 12.22 | 11,403 |
| Vanguard Int'l Value | 01/07/04 | 0.5 | 373 | 26.91 | 10,045 |
| Vanguard Explorer | 07/09/03 | 19.6 | 286 | 67.96 | 19,437 |
| Vanguard Small Cap Grwth | 09/10/03 | 15.4 | 1,264 | 13.75 | 17,376 |
| Vanguard Strategic Equity | 10/09/02 | 69.5 | 713 | 19.33 | 13,773 |
| TOTAL VALUE | | | | | \$109,513 |

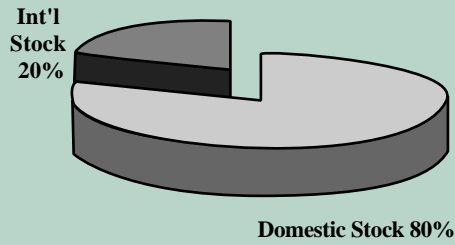
TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|------|------|
| 3.2% | 19.4% | 38.8% | 8.3% | 3.2% |

Note: Asset Allocation Portfolios were indexed to \$100,000 on January 1, 2000. Pie charts show current allocations. Data shows positions as of 01/31/04.

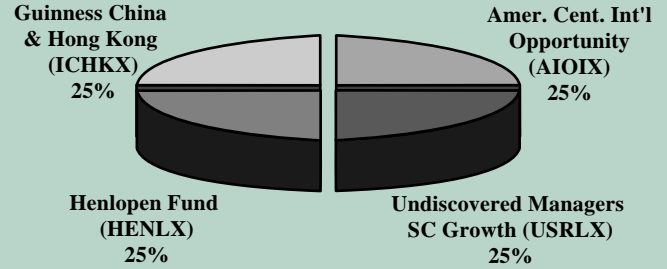
VENTURESOME

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



SELECT

Seeks maximum long-term growth by assertively upgrading fund positions



MONEYLETTER Venturesome

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|--------------------------|----------|------------------|--------|-------------|------------------|
| Henlopen Fund | 11/12/03 | 9.5% | 586 | \$27.47 | \$16,095 |
| RS Smaller Company Grwth | 12/15/03 | 9.7 | 905 | 21.71 | 19,637 |
| Fidelity Int'l Small Cap | 01/07/04 | 2.1 | 596 | 19.50 | 11,627 |
| Matthews Pacific Tiger | 01/07/04 | 1.5 | 836 | 13.82 | 11,556 |
| Royce Opportunity | 07/16/03 | 34.2 | 1,280 | 12.77 | 16,343 |
| Fidelity Leveraged Co. | 01/28/04 | -0.7 | 907 | 20.15 | 18,276 |
| RS Partners | 02/12/03 | 70.6 | 777 | 28.03 | 21,772 |
| TOTAL VALUE | | | | | \$115,306 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|-------|------|
| 4.3% | 27.3% | 56.1% | 41.9% | 4.3% |

MONEYLETTER Select

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|------------------------|----------|------------------|--------|-------------|------------------|
| Amer.Cent. Intl Opp. | 11/05/03 | 7.8% | 3,904 | \$8.28 | \$32,321 |
| Undiscovered SC Growth | 09/17/03 | 16.5 | 3,012 | 11.39 | 34,304 |
| Henlopen Fund | 01/07/04 | 2.6 | 1,206 | 27.47 | 33,133 |
| Guinness China & HK | 01/07/04 | -2.2 | 1,735 | 17.12 | 29,709 |
| TOTAL VALUE | | | | | \$129,467 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | Incep.(9/30/02) | YTD |
|------|-------|-------|-----------------|------|
| 5.8% | 21.6% | 37.0% | 32.4% | 5.8% |

Fidelity Venturesome

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------|----------|------------------|--------|-------------|------------------|
| Fidelity Small Cap Indep. | 12/10/03 | 8.1% | 1,144 | \$18.54 | \$21,205 |
| Fidelity Leveraged Company | 12/10/03 | 13.7 | 1,107 | 20.15 | 22,306 |
| Fidelity OTC Portfolio | 01/28/04 | -0.3 | 667 | 33.65 | 22,445 |
| Fidelity Int'l Small Cap | 01/07/04 | 2.1 | 455 | 19.50 | 8,877 |
| Fidelity SE Asia | 01/07/04 | 2.9 | 578 | 15.49 | 8,949 |
| Fidelity Capital Apprec. | 12/04/02 | 47.2 | 662 | 24.84 | 16,436 |
| Fidelity Small Cap Stock | 07/30/03 | 26.3 | 1,111 | 17.61 | 19,573 |
| TOTAL VALUE | | | | | \$119,791 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|-------|------|
| 3.2% | 20.2% | 37.0% | 28.9% | 3.2% |

Vanguard Venturesome

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|---------------------------|----------|------------------|--------|-------------|------------------|
| Vanguard Emerging Mkts | 01/07/04 | -0.3% | 1,605 | \$12.22 | \$19,610 |
| Vanguard Extended Mkt | 11/27/02 | 41.5 | 780 | 27.62 | 21,531 |
| Vanguard Explorer | 07/09/03 | 19.6 | 335 | 67.96 | 22,790 |
| Vanguard Strategic Equity | 10/09/02 | 69.5 | 1,139 | 19.33 | 22,011 |
| Vanguard Small Cap Growth | 01/29/03 | 54.2 | 1,637 | 13.75 | 22,512 |
| TOTAL VALUE | | | | | \$108,454 |

TOTAL RETURNS (as of 01/31/04)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|------|-------|-------|------|------|
| 3.3% | 21.5% | 42.6% | 8.3% | 3.3% |

MONEYLETTER Select Commentary

The Hotline of Tuesday, January 6 recommended the sale of Oberweis Emerging Growth (OBEGX) to be upgraded to Henlopen Fund (HENLX). In addition, all shares of RS Diversified Growth (RSDGX) were exchanged for Guinness China & Hong Kong (ICHKX). The recommended trades were executed at the market close January 7th. Details: Sold 1,135 shares of Oberweis Emerging Growth @ \$28.45 per share. Purchased 1,206 shares of Henlopen Fund @ \$26.78 per share. Sold 1,322 shares of RS Diversified Growth @ \$22.97. Purchased 1,735 shares of Guinness China & Hong Kong @ \$17.50 per share.

The model remains fully invested in equity funds. An addition has been made to our international position based on strengthening fundamentals throughout Asia, specifically China. This now leaves the model equally weighted between domestic and international funds.

Total Returns—January 31, 2004

| | 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|---------------------------------------|------|-------|-------|--------|------|
| S&P 500 | 1.9% | 15.2% | 34.4% | -13.2% | 1.9% |
| Asset Allocation Funds (Avg) 36 Funds | 1.5 | 13.4 | 28.1 | -1.1 | 1.5 |

4 FUND SCORECARD & RECOMMENDATIONS

Domestic Stock Funds

| RANK | 01/30 2004 | 1 Mo Ago | 6 Mo Ago | Ticker Symbol | FUND NAME (Max. Load) | Fund Type | Conservative | Moderate | Venturesome | TOTAL RETURN | | | PRICE | RISK | | NTF/wtf |
|------|------------|----------|----------|---|-----------------------|-----------|--------------|----------|-------------|--------------|--------|---------|-----------|-----------|------|---------|
| | | | | | | | | | | 1 mo. | 6 mo. | 12 mo. | PER SHARE | Std. Dev. | Beta | |
| 1 | 1 | - | FLVCX | Fidelity Leveraged Company | MC | * | B | B | 4.2% | 37.1% | 100.8% | \$20.15 | - | - | Fw | |
| 2 | 5 | 2 | USRLX | Undiscovered Small Cap Growth (\$10,000) | SCGro | B | B | B | 9.1 | 31.8 | 92.3 | 11.39 | - | - | fw | |
| 3 | 21 | 7 | NBSSX | Neuberger Berman Focus | LCVal | * | B | B | 8.7 | 34.1 | 83.5 | 39.03 | 36.2 | 1.87 | fSw | |
| 4 | 3 | 13 | RYPNX | Royce Opportunity (1%r<180d) | SCVal | B | B | B | 5.2 | 33.9 | 85.1 | 12.77 | 26.3 | 1.07 | fsw | |
| 5 | 4 | 10 | HRTVX | Heartland Value (closed,1%r<90d) | SCVal | S | S | S | 5.1 | 32.2 | 80.1 | 53.73 | 21.0 | 0.76 | FsW | |
| 6 | 2 | 3 | HENLX | Henlopen Fund (1%r<30d) | SCGro | * | B | B | 5.3 | 29.2 | 78.3 | 27.47 | 33.7 | 1.43 | FSW | |
| 7 | 15 | 35 | POGSX | Pin Oak Aggressive Stock | MCGro | * | B | B | 6.5 | 29.6 | 73.6 | 21.01 | 40.6 | 2.57 | FSW | |
| 8 | 10 | 9 | RSSGX | RS Smaller Company Growth | SCGro | * | B | B | 5.5 | 28.5 | 76.5 | 21.71 | 28.0 | 1.33 | FSW | |
| 9 | 12 | 39 | BOGLX | Bogle Small Cap Growth (closed) | SCGro | B | B | B | 6.5 | 29.7 | 70.3 | 28.01 | 21.3 | 0.90 | w | |
| 10 | 8 | 133 | MOPIX | Mainstay Small Cap Opportunity (closed) | SCVal | B | B | B | 5.4 | 32.4 | 64.8 | 17.71 | 17.5 | 0.63 | FSW | |
| 11 | 14 | 1 | OBEGX | Oberweis Emerging Growth (1%r<180d) | SCGro | * | B | B | 5.7 | 21.4 | 87.1 | 28.60 | 34.2 | 1.63 | FSW | |
| 12 | 9 | 5 | WBSNX | WmBlair S-C Growth N (closed,1%r<60d) | SCGro | B | B | B | 4.8 | 26.7 | 74.2 | 22.88 | 34.6 | 1.32 | FSW | |
| 13 | 13 | - | NEGSX | Needham Small Cap Growth | SCGro | B | B | B | 5.3 | 26.2 | 69.8 | 17.73 | - | - | FSW | |
| 14 | 31 | 57 | VHCOX | Vanguard Cap Opp (\$25,000,1%r<5yr) | MCGro | * | (B) | (B) | 6.4 | 28.0 | 60.9 | 27.04 | 22.8 | 1.29 | fsw | |
| 15 | 16 | 4 | RSDGX | RS Diversified Growth | SCGro | * | B | B | 2.5 | 22.6 | 80.1 | 22.92 | 29.0 | 1.53 | FSW | |
| 16 | 20 | 18 | WMCVX | Wasatch Small Cap Value (closed,2%r<60d) | SCVal | B | B | B | 5.5 | 25.7 | 67.9 | 5.59 | 25.4 | 0.86 | FSW | |
| 17 | 25 | 6 | LMOPX | Legg Mason Opportunity Trust (1%r<1yr) | MC | * | B | B | 3.3 | 24.7 | 72.3 | 14.23 | 32.2 | 1.45 | - | |
| 18 | 23 | 97 | IZZYX | ICM/Isabelle Small Cap Value | SCVal | B | B | B | 4.2 | 30.4 | 56.5 | 14.38 | 24.6 | 0.85 | FSW | |
| 19 | 11 | 103 | BERWX | Berwyn Fund (1%r<180d) | SCVal | B | B | B | 2.9 | 29.3 | 59.8 | 25.49 | 20.6 | 0.63 | fsw | |
| 20 | 37 | 15 | BUFSX | Buffalo Small Cap (closed) | SCGro | B | B | B | 6.4 | 22.5 | 69.3 | 23.60 | 28.9 | 1.20 | SW | |
| 21 | 36 | 41 | MERDX | Meridian Fund | SCGro | B | B | B | 4.7 | 25.7 | 61.3 | 34.59 | 20.3 | 0.84 | fw | |
| 22 | 58 | 29 | TGSCX | TCW Galileo Small Cap Growth | MCGro | * | (B) | (B) | 6.9 | 23.6 | 63.0 | 15.92 | 37.9 | 2.17 | FSW | |
| 23 | 22 | 17 | BPSCX | Boston Ptnrs Smlcap Val (closed,1%r<1yr) | SCVal | B | B | B | 4.8 | 23.4 | 66.1 | 23.73 | 26.4 | 0.74 | FSW | |
| 24 | 7 | 11 | RSPFX | RS Partners | SC | B | B | B | 1.2 | 24.6 | 65.5 | 28.03 | 23.0 | 0.65 | FSW | |
| 25 | 24 | 27 | USCGX | USAA Capital Growth | SCGro | * | B | B | 3.7 | 23.6 | 63.4 | 6.70 | - | - | fsw | |
| 26 | 32 | 40 | CSMVX | Century Select Small Cap | SCGro | B | B | B | 5.0 | 24.7 | 56.2 | 22.62 | 16.3 | 0.54 | FSW | |
| 27 | 28 | 38 | TGVNX | TCW Galileo Value Opportunities | MC | H | H | H | 3.7 | 23.9 | 60.0 | 20.99 | - | - | FSW | |
| 28 | 61 | 36 | MNSCX | Montgomery Small Cap | SCGro | * | H | H | 5.8 | 22.1 | 61.1 | 11.44 | 24.3 | 1.13 | s | |
| 29 | 70 | 31 | RSEGX | RS Emerging Growth (closed) | MCGro | * | H | H | 6.1 | 22.2 | 60.4 | 29.82 | 30.6 | 1.68 | FSW | |
| 30 | 19 | 12 | JAVTX | Janus Venture (closed) | SCGro | * | (B) | (B) | 2.6 | 22.2 | 65.0 | 51.13 | 30.1 | 1.52 | FSW | |
| 31 | - | - | TGONX | TCW Galileo Opportunity N | SC | H | H | H | 2.9 | 24.7 | 58.3 | 13.29 | 22.1 | 0.84 | FSW | |
| 32 | 43 | 8 | UBRRX | Undiscovered Behavioral Growth (\$10,000) | MCGro | * | H | H | 5.4 | 20.0 | 65.3 | 20.56 | 26.9 | 1.34 | fw | |
| 33 | 63 | 63 | MUHLX | Muhlenkamp Fund | MCVal | H | H | H | 2.2 | 25.9 | 54.9 | 64.89 | 28.6 | 1.26 | FSW | |
| 34 | 38 | 21 | LMASX | Legg Mason Special Investment Trust | MC | * | H | H | 4.1 | 22.7 | 58.8 | 46.29 | 27.2 | 1.30 | - | |
| 35 | 17 | 67 | FSLCX | Fidelity Small Cap Stock (2%r<90d) | SCGro | B | B | B | 3.0 | 25.5 | 52.5 | 17.61 | 20.3 | 0.92 | F | |
| 36 | 53 | 66 | VISGX | Vanguard Small Cap Growth Index | SCGro | H | H | H | 5.1 | 23.4 | 54.4 | 13.75 | 22.3 | 1.02 | w | |
| 37 | 49 | 51 | GSETX | Columbia Small Company Equity CIZ | SCGro | H | H | H | 4.2 | 22.6 | 57.1 | 17.95 | 33.0 | 1.10 | fw | |
| 38 | 6 | 24 | CGMFX | CGM Focus | SCVal | * | H | H | -5.0 | 25.5 | 63.6 | 28.43 | 50.6 | 0.13 | fsw | |
| 39 | 34 | 16 | PBEGX | PBHG Emerging Growth | SCGro | * | H | H | 3.0 | 20.4 | 64.4 | 13.53 | 33.6 | 2.03 | FSW | |
| 40 | 33 | 56 | NAESX | Vanguard SmallCap Index | SC | H | H | H | 3.9 | 23.1 | 55.6 | 23.49 | 22.2 | 1.03 | fsw | |
| 41 | 41 | 98 | TASGX | Third Avenue Small-Cap Value | SCVal | H | H | H | 4.8 | 24.5 | 50.8 | 19.65 | 19.1 | 0.81 | FSW | |
| 42 | 29 | 49 | TUDRX | WPG Tudor | SC | H | H | H | 4.7 | 22.8 | 55.2 | 17.10 | 27.3 | 1.36 | FsW | |
| 43 | 44 | 28 | NEEGX | Needham Growth Fund (.75%r<30d) | MCGro | H | H | H | 5.9 | 21.0 | 56.8 | 31.07 | 28.8 | 1.38 | FSW | |
| 44 | 40 | 78 | LLSCX | Longleaf Partners Smallcap (closed) | SCVal | H | H | H | 2.6 | 22.9 | 56.0 | 29.55 | 19.3 | 0.67 | fw | |
| 45 | 18 | 48 | JSVAX | Janus Special Equity | MC | * | (H) | (H) | 1.9 | 22.6 | 57.4 | 11.02 | 19.0 | 1.00 | SW | |
| 46 | 56 | 22 | PRNHX | T. Rowe Price New Horizons | SCGro | H | H | H | 4.3 | 20.3 | 59.4 | 25.87 | 29.2 | 1.44 | fsw | |
| 47 | 83 | 158 | VWEGX | Van Wagoner Emerging Growth (closed) | MCGro | * | H | H | 6.9 | 23.2 | 48.0 | 6.81 | 54.7 | 3.00 | FSW | |
| 48 | 39 | 37 | RYPNX | Royce Low Priced Stock (1%r<180d) | SCVal | H | H | H | 3.5 | 23.0 | 52.8 | 14.47 | 26.1 | 1.02 | FSW | |
| 49 | 80 | 30 | ARTSX | Artisan Small Cap | SCGro | H | H | H | 5.5 | 20.5 | 56.2 | 14.96 | 27.8 | 1.23 | FSW | |
| 50 | 79 | 50 | CUEGX | CS Warburg Pincus Emerging Growth | MCGro | H | H | H | 5.8 | 21.4 | 52.7 | 28.99 | 24.0 | 1.31 | FSW | |
| 51 | 45 | 109 | CRIMX | CRM Mid Cap Value Ins | MCVal | H | H | H | 3.0 | 24.3 | 48.1 | 22.38 | 20.0 | 0.65 | w | |
| 52 | 35 | 26 | CRMSX | CRM Small Cap Value Inv | SCVal | H | H | H | 3.8 | 20.5 | 56.3 | 25.29 | 22.9 | 0.87 | FsW | |
| 53 | 108 | 128 | FMILX | Fidelity New Millennium (closed) | MCGro | H | H | H | 3.6 | 23.6 | 48.3 | 31.49 | 30.4 | 1.51 | fsw | |
| 54 | 52 | 114 | CRMMX | CRM Mid Cap Value Inv | MCVal | H | H | H | 2.9 | 24.1 | 47.6 | 22.17 | - | - | FsW | |
| 55 | 62 | 53 | VEXPX | Vanguard Explorer | SCGro | H | H | H | 3.6 | 21.2 | 53.8 | 67.96 | 24.7 | 1.18 | fsw | |
| 56 | 69 | 46 | SLSSX | Selected Special Shares | MCGro | H | H | H | 3.3 | 22.0 | 50.8 | 12.09 | 19.0 | 1.04 | sW | |
| 57 | 66 | 87 | VSEQX | Vanguard Strategic Equity | MCGro | H | H | H | 3.3 | 22.3 | 49.9 | 19.33 | 16.2 | 0.78 | fsw | |
| 58 | 68 | 23 | TGANX | TCW Galileo Aggressive Growth CIN | MCGro | * | H | H | 4.8 | 18.9 | 55.7 | 12.58 | 38.2 | 2.14 | SW | |
| 59 | 59 | 54 | VEXMX | Vanguard Extended Market Index | MC | H | H | H | 3.6 | 21.1 | 51.9 | 27.62 | 23.1 | 1.17 | fsw | |
| 60 | 30 | 55 | FDCAX | Fidelity Capital Appreciation | MC | H | H | H | 1.4 | 21.4 | 54.0 | 24.84 | 23.2 | 1.27 | fsw | |
| 61 | 50 | 43 | RSMOX | RS MidCap Opportunities | MCGro | H | H | H | 2.0 | 20.7 | 54.3 | 11.06 | 20.3 | 1.08 | FSW | |
| 62 | 54 | 59 | PENNIX | Royce Penn Mutual (1%r<180d) | SCVal | H | H | H | 3.4 | 21.8 | 48.9 | 9.18 | 19.2 | 0.71 | Fsw | |
| 63 | 51 | 134 | VISVX | Vanguard Small-Cap Value Index | SCVal | H | H | H | 2.7 | 22.7 | 46.9 | 11.80 | 23.2 | 0.87 | fsw | |
| 64 | 57 | 47 | TMGFX | Turner Mid Cap Growth | MCGro | * | H | H | 3.2 | 19.5 | 53.8 | 22.70 | 31.2 | 1.70 | FSW | |
| 65 | 118 | 72 | BRAIX | Bridgeway Aggressive Investors 2 | MCGro | * | H | H | 3.3 | 18.4 | 56.0 | 12.54 | - | - | fsw | |
| 66 | 26 | 88 | SMTVX | Strong Multi-Cap Value | MCVal | H | H | H | 2.4 | 22.2 | 47.3 | 56.97 | 18.8 | 0.85 | FSW | |
| 67 | 65 | 82 | VCVLX | Vanguard Capital Value | LCVal | S | S | S | 2.3 | 21.3 | 48.7 | 10.54 | - | - | fsw | |
| 68 | 48 | 74 | FLPSX | Fidelity L P Stock (closed,1.5%r<90d) | SCVal | H | H | H | 2.7 | 21.1 | 48.1 | 35.93 | 16.9 | 0.67 | 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.

FUND SCORECARD & RECOMMENDATIONS

5

Domestic Stock Funds

| RANK | 01/30 2004 | 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 | 74 | 121 | TAVFX | Third Avenue Value | MCVal | S | S | S | 3.4 | 21.7 | 45.5 | 42.84 | 16.1 | 0.75 | FSW | |
| 70 | 64 | 73 | PBSVX | PBHG Small Cap Value | SC | S | S | S | 2.6 | 20.9 | 47.7 | 20.00 | 24.3 | 1.08 | FSW | |
| 71 | 88 | 70 | FDISX | Dreyfus-Founders Discovery | SCGro | S | S | S | 3.8 | 20.7 | 46.3 | 26.97 | 25.7 | 1.30 | FSW | |
| 72 | 46 | 105 | TRMCX | T. Rowe Price Mid Cap Value | MCVal | S | S | S | 2.4 | 22.2 | 44.7 | 20.82 | 17.7 | 0.72 | fsw | |
| 73 | 60 | - | MAVFX | Matrix Advisors Value | LC | S | S | S | 2.3 | 19.6 | 51.1 | 54.83 | 26.7 | 1.25 | FSW | |
| 74 | 93 | - | CAMOX | Cambiar Opportunity | LC | S | S | S | 2.6 | 22.2 | 42.5 | 14.88 | 19.7 | 0.93 | FSW | |
| 75 | 47 | 32 | SMCDX | Strong Mid Cap Disciplined | MCVal | S | S | S | 2.9 | 20.1 | 46.8 | 20.72 | 21.3 | 0.94 | FSW | |
| 76 | 103 | 85 | SOPFX | Strong Opportunity | MCVal | S | S | S | 4.0 | 19.1 | 46.7 | 41.01 | 20.1 | 1.07 | FSW | |
| 77 | 75 | 61 | STDIX | Strong Discovery | MCGro | H | H | H | 3.8 | 18.8 | 47.7 | 20.47 | 17.9 | 0.84 | FSW | |
| 78 | 73 | 83 | PRSVX | T. Rowe Price S-C Value (closed,1%<1yr) | SCVal | S | S | S | 3.1 | 19.9 | 45.7 | 30.29 | 17.6 | 0.62 | fsw | |
| 79 | 78 | 71 | MPSCX | MSI Small Cap Value (closed) | SCVal | S | S | S | 3.3 | 18.7 | 47.9 | 21.31 | 18.7 | 0.91 | fsw | |
| 80 | 94 | 101 | FOCPX | Fidelity OTC Portfolio | LCGro | * | H | H | 3.6 | 18.8 | 46.2 | 33.65 | 29.2 | 1.59 | fsw | |
| 81 | 42 | 34 | SAFGX | Safeco Growth Opportunities | SC | (S) | (S) | (S) | 1.8 | 17.2 | 52.8 | 25.20 | 27.8 | 1.22 | fsw | |
| 82 | - | - | TGDVX | TCW Galileo Diversified Value N | LCVal | H | H | H | 2.7 | 20.5 | 43.0 | 11.57 | 19.3 | 0.94 | FW | |
| 83 | 90 | 119 | DODGX | Dodge & Cox Stock (closed) | LCVal | S | S | S | 4.0 | 20.2 | 41.8 | 118.30 | 16.8 | 0.67 | sw | |
| 84 | 85 | 118 | VWVNDX | Vanguard Windsor | LCVal | S | S | S | 2.6 | 20.3 | 43.4 | 16.68 | 19.6 | 0.91 | fsw | |
| 85 | 95 | 155 | FDSCX | Fidelity Small Cap Ind. (1.5%<r<90d) | SC | H | H | H | 3.3 | 20.5 | 41.7 | 18.54 | 17.7 | 0.58 | fsw | |
| 86 | 76 | 62 | RSVPX | RS Value+Growth | LC | S | S | S | 1.8 | 18.3 | 49.6 | 17.63 | 17.4 | 1.04 | FSW | |
| 87 | 96 | 86 | VPMCX | Vanguard PRIMECAP (\$25,000&1%<r<5yr) | LC | S | S | S | 3.6 | 18.8 | 45.4 | 54.95 | 19.9 | 1.16 | fsw | |
| 88 | 135 | 127 | ARTMX | Artisan Midcap (closed) | MCGro | S | S | S | 4.6 | 19.6 | 41.9 | 26.97 | 25.0 | 1.25 | FSW | |
| 89 | 77 | 68 | TWCVX | American Century Vista | MCGro | S | S | S | 3.1 | 17.6 | 49.1 | 12.93 | 20.6 | 0.77 | fsw | |
| 90 | 105 | 14 | FBVX | FBR Small Cap Value A (1%<r<90d) | SCGro | S | S | S | 2.7 | 17.6 | 49.5 | 33.33 | 22.0 | 0.76 | FSW | |
| 91 | 102 | 75 | FDGRX | Fidelity Growth Company | LCGro | * | S | S | 2.9 | 17.1 | 49.6 | 51.54 | 24.6 | 1.46 | Fsw | |
| 92 | 121 | 44 | WGROX | Wasatch Core Growth (closed,2%<r<60d) | SCGro | S | S | S | 3.4 | 17.0 | 48.9 | 38.17 | 30.1 | 1.06 | FSW | |
| 93 | 97 | 64 | MPEGX | MSI Mid Cap Growth | MCGro | * | S | S | 2.7 | 17.9 | 47.5 | 17.68 | 22.9 | 1.30 | fsw | |
| 94 | 100 | 131 | VIMSX | Vanguard Mid-Cap Index | MC | S | S | S | 2.6 | 20.2 | 41.8 | 13.47 | 19.8 | 0.95 | fsw | |
| 95 | 86 | 113 | FVVLX | Fidelity Value | MCVal | S | S | S | 2.4 | 20.1 | 42.3 | 63.58 | 18.5 | 0.68 | Fsw | |
| 96 | 92 | 89 | BPMCX | Boston Partners Mid Cap Value | MCVal | S | S | S | 3.1 | 18.5 | 44.7 | 13.13 | 18.6 | 0.83 | FSW | |
| 97 | 67 | 58 | MPMVX | MSI Mid Cap Value | MCVal | S | S | S | 1.6 | 18.5 | 47.0 | 20.86 | 16.3 | 0.80 | fsw | |
| 98 | 84 | 45 | RYPRX | Royce Premier (1%<r<180d) | SC | S | S | S | 2.4 | 18.3 | 45.3 | 13.21 | 18.2 | 0.73 | FSW | |
| 126 | 55 | 33 | MXXIX | Marsico 21st Century | LC | (S) | (S) | (S) | -0.4 | 15.1 | 49.5 | 9.78 | 20.5 | 1.01 | fsw | |
| 150 | 147 | 120 | FDEGX | Fidelity Aggressive Growth (0.75%<r<90d) | LCGro | H | H | H | 2.3 | 16.0 | 37.2 | 15.27 | 30.5 | 1.96 | fsw | |

Dow Jones
NASDAQ
S&P 500

0.3% **13.6%** **30.2%**
3.1 **19.1** **56.4**
1.7 **14.2** **32.2**

*indexes do not
include dividends*

International Stock Funds

| | | | | | | | | | | | | | | | |
|-----------|-----------|-----------|--------------|--|--------------|----------|----------|----------|------------|-------------|-------------|--------------|-------------|---|------------|
| 1 | 1 | - | FISMX | Fidelity Intl Small Cap (2%<r<90d) | Int'l | B | B | B | 4.5% | 41.1% | 85.8% | \$19.50 | - | - | Fw |
| 2 | 3 | - | AIOIX | Amer.Cent.Intl Opportunity (2%<r<180d) | Int'l | B | B | B | 5.6 | 39.6 | 83.3 | 8.28 | - | - | S |
| 3 | 15 | 14 | OAKEX | Oakmark Intl Small Cap (closed,2%<r<90d) | Int'l | B | B | B | 5.0 | 37.3 | 65.3 | 16.86 | 20.4 | - | FSW |
| 4 | 6 | 4 | PRIDX | T. Rowe Price Intl Disc. (2%<r<1yr) | Int'l | B | B | B | 3.7 | 34.9 | 72.1 | 27.38 | 16.0 | - | fsw |
| 5 | 9 | 46 | MJFOX | Matthews Japan Fund (2%<r<90d) | Japan | * | B | B | 1.4 | 38.6 | 66.1 | 13.40 | 15.2 | - | FSW |
| 6 | 5 | 8 | MPTX | Matthews Pacific Tiger (2%<r<90d) | Pacific | * | B | B | 5.1 | 34.0 | 68.9 | 13.82 | 23.6 | - | FSW |
| 7 | 4 | 1 | FLATX | Fidelity Latin Amer. (1.5%<r<90d) | LatinA | * | H | H | 1.1 | 33.1 | 74.4 | 15.39 | 29.8 | - | fs |
| 8 | 10 | 32 | SJPNX | Japan Fund (Scudder) (2%<r<180d) | Japan | * | (H) | (H) | 0.1 | 37.1 | 65.1 | 9.55 | 14.8 | - | FSW |
| 9 | 11 | 11 | FSEAX | Fidelity SE Asia (1.5%<r<90d) | Pacific | * | B | B | 6.2 | 34.3 | 60.9 | 15.49 | 21.1 | - | fsw |
| 10 | 12 | 3 | ARTJX | Artisan Intl Small Cap (closed,2%<r<90d) | Int'l | B | B | B | 3.2 | 32.4 | 70.1 | 16.11 | - | - | SW |
| 11 | - | - | DREGX | Driehaus Emerging Mkts Gr | Int'l | (B) | (B) | (B) | 1.9 | 33.4 | 69.0 | 20.67 | 24.9 | - | FSW |
| 12 | 17 | 10 | VINEX | Vanguard Intl Explorer (\$10,000,2%<r<60d) | Int'l | (H) | (H) | (H) | 4.3 | 30.5 | 67.6 | 13.37 | 16.3 | - | fsw |
| 13 | 2 | 15 | ICHKX | Guinness China & Hong Kong | Pacific | * | B | B | 1.8 | 33.2 | 63.4 | 17.12 | 19.6 | - | FSW |
| 14 | 8 | 18 | PRASX | T. Rowe Price New Asia | Pacific | * | B | B | 4.9 | 32.6 | 57.5 | 8.93 | 19.7 | - | fsw |
| 15 | 24 | 12 | FIEUX | Fidelity Europe (1%<r<90d) | Europe | H | H | H | 4.5 | 31.4 | 60.8 | 27.81 | 22.5 | - | fsw |
| 16 | 7 | 7 | VEIEX | Vanguard Emerging Mkts Stk Index (.5%<r) | Int'l | * | B | B | 3.1 | 31.4 | 62.4 | 12.22 | 22.6 | - | fsw |
| 17 | 13 | 5 | PRLAX | T. Rowe Price Latin America (2%<r<1yr) | LatinA | * | H | H | 1.6 | 30.0 | 67.4 | 11.88 | 29.7 | - | fsw |
| 18 | 19 | 30 | SCOPX | Scudder Pacific Opportunity (2%<r<1yr) | Pacific | H | H | H | 6.5 | 31.3 | 52.0 | 12.25 | 19.0 | - | FSW |
| 19 | - | - | DRIDX | Driehaus Intl Discovery | Int'l | (H) | (H) | (H) | 3.7 | 26.6 | 67.1 | 30.35 | 21.1 | - | FSW |
| 20 | 16 | 17 | FEMKX | Fidelity Emerging Mkts (1.5%<r<90d) | Int'l | (H) | (H) | (H) | 3.5 | 30.3 | 55.1 | 10.98 | - | - | fsw |
| 21 | 14 | 16 | DRFMX | Dreyfus Emerging Market (1%<r) | Int'l | * | H | H | 2.7 | 28.6 | 58.4 | 17.27 | 21.6 | - | FSW |
| 22 | 20 | 55 | PRJPX | T. Rowe Price Japan | Japan | * | H | H | 1.0 | 31.4 | 53.8 | 7.32 | 14.4 | - | s |
| 23 | 21 | 29 | FIGRX | Fidelity International G & I | Int'l | H | H | H | 2.9 | 29.3 | 52.5 | 24.62 | 15.2 | - | Fsw |
| 24 | 37 | 2 | OAKGX | Oakmark Global (2%<r<90d) | Global | H | H | H | 3.2 | 25.7 | 59.6 | 19.90 | 26.5 | - | FSW |
| 25 | 27 | 13 | SGSCX | Scudder Global Discovery (closed) | Int'l | H | H | H | 3.6 | 25.6 | 57.1 | 29.15 | 20.1 | - | FSW |
| 26 | 18 | 6 | SLAFX | Scudder Latin America | LatinA | * | H | H | 0.7 | 25.5 | 61.4 | 24.51 | 27.3 | - | FSW |
| 27 | 44 | - | FECAF | Fidelity Europe Capital App. | Europe | H | H | H | 4.8 | 28.7 | 46.9 | 19.60 | 18.8 | - | Fw |
| 28 | 25 | 28 | FOSFX | Fidelity Overseas (1%<r<30d) | Int'l | H | H | H | 2.3 | 27.2 | 53.0 | 32.16 | 15.5 | - | Fsw |
| 29 | 28 | 31 | JAOSX | Janus Overseas (closed) | Int'l | H | H | H | 2.8 | 28.1 | 48.9 | 21.24 | 16.5 | - | FSW |
| 30 | 22 | 22 | VTRIX | Vanguard International Value | Int'l | H | H | H | 2.6 | 25.2 | 51.6 | 26.91 | 16.8 | - | fsw |
| 31 | 26 | 33 | PFIFX | Preferred International | Int'l | S | S | S | 2.5 | 26.4 | 48.5 | 14.68 | 17.4 | - | w |
| 32 | 23 | 20 | HAINX | Harbor International | Int'l | S | S | S | 1.7 | 25.3 | 51.1 | 37.41 | 17.9 | - | Fsw |
| 33 | 33 | 61 | VPACX | Vanguard Pacific Stock Index | Pacific | * | S | S | 2.0 | 27.3 | 45.4 | 8.19 | 13.7 | - | fsw |
| 34 | 42 | 21 | OAKIX | Oakmark International (2%<r<90d) | Int'l | S | S | S | 3.3 | 25.5 | 47.6 | 18.61 | 22.0 | - | FSW |
| 35 | 30 | 26 | WBIGX | Wm. Blair Intl Growth Stock N | Int'l | S | S | S | 1.7 | 25.1 | 50.1 | 18.96 | 14.6 | - | FSW |

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

| RANK | 01/30 2004 | 1Mo Ago | 6Mo 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 | |
| 1 | 14 | 2 | FSDCX | Fidelity Developing Comm (.75%r<30d) | Tech | * | * | * | 18.4% | 47.1% | 94.8% | \$19.64 | 37.00 | 1.72 | Fsw | |
| 2 | 13 | 4 | FWRLX | Fidelity Wireless | Tech | * | * | * | 12.7 | 39.3 | 91.3 | 4.61 | - | - | fsw | |
| 3 | 5 | - | RIAFX | RS Internet Age | Tech | * | * | * | 7.9 | 31.7 | 113.2 | 7.10 | 59.30 | 2.65 | FSW | |
| 4 | 6 | - | RSIFX | RS Information Age | Tech | * | * | * | 7.8 | 30.5 | 108.0 | 16.10 | 48.30 | 2.33 | FSW | |
| 5 | 1 | 1 | SCGDY | Scudder Gold (closed) | NatRes | * | * | * | -8.7 | 53.5 | 72.4 | 19.03 | 31.90 | 0.28 | FSW | |
| 6 | 15 | 9 | FSELX | Fidelity Electronics (.75%r<30d) | Tech | * | * | * | 6.1 | 33.0 | 90.5 | 44.46 | 51.20 | 2.32 | Fsw | |
| 7 | 34 | 15 | FNINX | Fidelity Networking | Tech | * | * | * | 14.1 | 30.9 | 78.0 | 2.67 | - | - | fsw | |
| 8 | 4 | - | RYTVX | Royce Technology Value | Tech | * | * | * | 4.2 | 27.4 | 92.8 | 8.60 | - | - | FSW | |
| 9 | 19 | 11 | RYIIX | Rydex Internet | Tech | * | * | * | 7.0 | 31.7 | 75.9 | 36.42 | 41.00 | 2.70 | fsw | |
| 10 | 17 | 7 | RYSEX | Rydex Electronics | Tech | * | * | * | 2.6 | 28.9 | 86.4 | 14.50 | 50.30 | 2.33 | fsw | |
| 11 | 16 | 6 | CGMRX | CGM Realty | RealEs | * | * | * | -4.0 | 32.1 | 80.7 | 23.77 | 17.50 | 0.21 | sw | |
| 12 | 12 | - | EUEYX | Alpine U.S. Real Estate Equity CIY | RealEs | * | * | * | -0.9 | 30.5 | 78.0 | 29.60 | 32.70 | 0.87 | fSW | |
| 13 | 23 | 14 | FDCPX | Fidelity Computers (.75%r<30d) | Tech | * | * | * | 5.9 | 25.4 | 76.3 | 37.97 | 41.20 | 2.09 | Fsw | |
| 14 | 20 | 5 | PRMTX | T. Rowe Price Media & Telecommunications | Utility | * | * | * | 4.4 | 27.4 | 62.4 | 23.50 | 30.00 | 1.53 | fsw | |
| 15 | 30 | 12 | RYTIX | Rydex Technology | Tech | * | * | * | 5.4 | 24.3 | 68.2 | 11.91 | 34.10 | 2.04 | fsw | |
| 16 | 28 | 16 | FSPTX | Fidelity Technology (.75%r<30d) | Tech | * | * | * | 4.8 | 24.2 | 68.6 | 62.98 | 46.60 | 2.14 | Fsw | |
| 17 | 2 | 13 | USERX | U.S.Global Gold Shares (.25%r<30d) | NatRes | * | * | * | -11.3 | 43.0 | 44.6 | 7.77 | 42.40 | 0.41 | fsw | |
| 18 | 64 | 48 | RYMIX | Rydex Telecommunications | Utility | * | * | * | 10.7 | 27.7 | 46.7 | 15.70 | 21.60 | 1.52 | fsw | |
| 19 | 10 | 3 | RSCOX | RS Contrarian | Altern | * | * | * | 0.3 | 27.8 | 60.5 | 17.08 | 17.60 | 0.57 | FSW | |
| 20 | 3 | 21 | VGPMX | Vanguard Precious Metals (closed,1%r<1yr) | NatRes | * | * | * | -6.7 | 36.8 | 44.1 | 15.29 | 32.70 | 0.56 | fsw | |
| 21 | 18 | 27 | FSCGX | Fidelity Industrial Equip (.75%r<30d) | Cycl | * | * | * | 0.6 | 25.8 | 52.4 | 24.74 | 22.90 | 1.11 | Fsw | |
| 22 | 26 | 35 | CSRSX | Cohen & Steers Realty Shares (1%r<180d) | RealEs | * | * | * | 3.6 | 22.9 | 53.7 | 57.62 | 14.60 | 0.23 | FSW | |
| 23 | 33 | 86 | FSHCX | Fidelity Med Del (.75%r<30d) | Health | * | * | * | 5.7 | 27.5 | 34.3 | 32.59 | 23.10 | 0.07 | Fsw | |
| 24 | 31 | 29 | PRSCX | T. Rowe Price Science & Tech | Tech | * | * | * | 1.9 | 21.1 | 55.0 | 19.16 | 39.20 | 2.41 | fsw | |
| 25 | 79 | 49 | FSTCX | Fidelity Telecomm (.75%r<30d) | Utility | * | * | * | 8.0 | 24.3 | 36.0 | 34.59 | 25.00 | 1.38 | Fsw | |
| 26 | 43 | 56 | FTCHX | INVESCO Technology Inv | Tech | * | * | * | 3.9 | 21.0 | 50.1 | 25.58 | 48.00 | 2.26 | FS | |
| 27 | 45 | 70 | FVSLX | Fidelity Home Finance (.75%r<30d) | FinServ | * | * | * | 3.6 | 22.8 | 42.8 | 66.84 | 25.80 | 0.37 | Fsw | |
| 28 | 49 | 10 | FSLBX | Fidelity Brokerage (.75%r<30d) | FinServ | * | * | * | 5.8 | 17.6 | 51.0 | 52.58 | 30.80 | 1.47 | Fsw | |
| 29 | 38 | 45 | CSEIX | Cohen & Steers Equity Income | RealEs | * | * | * | 3.8 | 19.5 | 47.2 | 15.12 | 13.10 | 0.13 | FSW | |
| 30 | 35 | 34 | FSHOX | Fidelity Const & Housing (.75%r<30d) | Cycl | * | * | * | -1.8 | 21.1 | 50.6 | 34.12 | 24.40 | 0.80 | Fsw | |
| 31 | 25 | 18 | FAVAX | Fidelity Automotive (.75%r<30d) | Cycl | * | * | * | 0.2 | 19.5 | 50.3 | 32.57 | 25.10 | 0.93 | Fsw | |
| 32 | 40 | 43 | VGSIX | Vanguard REIT Index (1%r<1yr) | RealEs | * | * | * | 4.3 | 18.6 | 45.4 | 15.83 | 13.70 | 0.14 | fsw | |
| 33 | 41 | 47 | FRESX | Fidelity Real Estate (.75%r<90d) | RealEs | * | * | * | 4.4 | 19.1 | 43.6 | 24.75 | 13.90 | 0.20 | Fsw | |
| 34 | 29 | 59 | FSDAX | Fidelity Defense & Aero (.75%r<30d) | Cycl | * | * | * | 0.4 | 22.2 | 40.9 | 54.97 | 19.50 | 0.76 | Fsw | |
| 35 | 51 | 46 | RYLIX | Rydex Leisure | Consmr | * | * | * | 3.1 | 18.5 | 45.0 | 25.96 | 22.00 | 1.10 | fsw | |
| 36 | 50 | 53 | STMDX | Stratton Mthly Div REIT (1.5%r<120d) | RealEs | * | * | * | 4.8 | 17.7 | 42.8 | 34.26 | 13.20 | 0.17 | fsw | |
| 37 | 32 | 54 | VGENX | Vanguard Energy (1%r<1yr) | Energy | * | * | * | 0.4 | 22.7 | 36.4 | 29.97 | 24.50 | 0.64 | fsw | |
| 38 | 7 | 42 | FSDPX | Fidelity Indust Matrils (.75%r<30d) | Cycl | * | * | * | -6.4 | 24.9 | 40.7 | 33.70 | 23.00 | 0.87 | Fsw | |
| 39 | 57 | 28 | FSCSX | Fidelity Software (.75%r<30d) | Tech | * | * | * | 4.1 | 17.9 | 41.7 | 51.24 | 52.00 | 2.14 | Fsw | |
| 40 | 44 | 40 | TRREX | T. Rowe Price Real Estate | RealEs | * | * | * | 3.7 | 17.3 | 43.7 | 14.16 | 13.70 | 0.16 | fsw | |
| 41 | 42 | 25 | FDSLX | Fidelity Leisure (.75%r<30d) | Consmr | * | * | * | 2.8 | 17.3 | 44.6 | 72.95 | 21.20 | 1.10 | Fsw | |
| 42 | 24 | 38 | FCYIX | Fidelity Cyclical Ind (.75%r<30d) | Cycl | * | * | * | -0.7 | 19.8 | 42.8 | 15.96 | 22.00 | 0.98 | Fsw | |
| 43 | 48 | 32 | PRISX | T. Rowe Price Financial Services | FinServ | * | * | * | 3.8 | 16.5 | 44.2 | 22.69 | 20.00 | 0.80 | fsw | |
| 44 | 8 | 31 | FGLDX | INVESCO Gold Inv | NatRes | * | * | * | -8.8 | 28.4 | 33.0 | 3.54 | 30.30 | 0.22 | FS | |
| 45 | 53 | 73 | FSNGX | Fidelity Natural Gas (.75%r<30d) | Utility | * | * | * | 0.9 | 22.6 | 31.0 | 21.77 | 27.70 | 0.61 | Fsw | |
| 46 | 65 | 50 | FSPCX | Fidelity Insurance (.75%r<30d) | FinServ | * | * | * | 4.9 | 17.6 | 37.3 | 58.15 | 27.70 | 0.56 | Fsw | |
| 47 | 47 | 19 | RYOIX | Rydex Biotechnology | Health | * | * | * | 5.1 | 8.8 | 57.3 | 20.75 | 59.70 | 0.96 | fsw | |
| 48 | 62 | 37 | PRHSX | T. Rowe Price Health Sciences | Health | * | * | * | 6.1 | 12.3 | 45.8 | 21.17 | 22.60 | 0.84 | fsw | |
| 49 | 71 | 30 | FSMEX | Fidelity Medical Equip (.75%r<30d) | Health | * | * | * | 5.5 | 14.5 | 41.1 | 21.12 | 15.50 | 0.29 | Fsw | |
| 50 | 52 | 75 | RYEIX | Rydex Energy | NatRes | * | * | * | 1.3 | 21.4 | 29.9 | 11.37 | 21.30 | 0.66 | fsw | |
| 51 | 66 | 67 | RYFIX | Rydex Financial Services | FinServ | * | * | * | 3.8 | 16.3 | 36.9 | 10.89 | 24.10 | 0.93 | fsw | |
| 52 | 59 | 52 | FIDSX | Fidelity Finl Serv (.75%r<30d) | FinServ | * | * | * | 2.8 | 16.2 | 37.1 | 118.20 | 21.80 | 0.79 | Fsw | |
| 53 | 37 | 66 | FNARX | Fidelity Natrl Resources (.75%r<30d) | NatRes | * | * | * | -1.3 | 20.3 | 31.5 | 14.14 | 21.90 | 0.78 | Fsw | |
| 54 | 88 | 90 | RYVIX | Rydex Energy Services | NatRes | * | * | * | 6.7 | 19.4 | 21.6 | 21.09 | 37.90 | 1.15 | fsw | |
| 55 | 61 | 79 | FSTEX | INVESCO Energy Inv | NatRes | * | * | * | 1.3 | 20.3 | 26.8 | 20.63 | 33.90 | 0.84 | FS | |
| 56 | 56 | 77 | FSENX | Fidelity Energy (.75%r<30d) | NatRes | * | * | * | 0.8 | 20.1 | 27.8 | 25.26 | 22.10 | 0.70 | Fsw | |
| 57 | 63 | 55 | FSFSX | INVESCO Financial Serv Inv | FinServ | * | * | * | 3.6 | 14.9 | 36.4 | 30.58 | 22.80 | 0.86 | FS | |
| 58 | 58 | 74 | RYKIX | Rydex Banking | FinServ | * | * | * | 1.9 | 16.4 | 35.0 | 10.14 | 27.50 | 0.70 | fsw | |
| 59 | 36 | 8 | FBMPX | Fidelity Multimedia (.75%r<30d) | Consmr | * | * | * | 0.0 | 15.6 | 39.3 | 45.15 | 21.80 | 1.08 | Fsw | |
| 60 | 90 | 87 | FSESX | Fidelity Energy Services (.75%r<30d) | NatRes | * | * | * | 6.9 | 18.2 | 21.0 | 33.80 | 46.40 | 1.18 | Fsw | |
| 61 | 27 | 57 | RYBIX | Rydex Basic Materials | Cycl | * | * | * | -3.4 | 18.0 | 35.8 | 24.47 | 23.40 | 0.90 | fsw | |
| 62 | 72 | 72 | VGHGX | Vanguard Health Care (\$25k&1%r<5yr) | Health | * | * | * | 3.1 | 15.2 | 33.0 | 124.30 | 15.00 | 0.37 | fsw | |
| 63 | 68 | 62 | FBALX | Fidelity Balanced | Hybrid | B | * | * | 1.9 | 15.4 | 32.5 | 17.07 | 10.50 | 0.54 | Fsw | |
| 64 | 69 | 44 | RYHIX | Rydex Health Care | Health | * | * | * | 3.9 | 12.4 | 37.1 | 12.61 | 15.50 | 0.31 | fsw | |
| 65 | 55 | 51 | FLISX | INVESCO Leisure Inv | Consmr | * | * | * | 0.9 | 15.2 | 34.4 | 41.85 | 22.60 | 1.04 | FS | |
| 66 | 67 | 41 | FBSOX | Fidelity Bus Services (.75%r<30d) | Tech | * | * | * | 1.1 | 14.3 | 35.5 | 14.48 | 22.60 | 1.03 | Fsw | |
| 67 | 9 | 17 | BGEIX | Amer. Cent. Global Gold (1%r<60d) | NatRes | * | * | * | -11.4 | 24.2 | 29.1 | 11.67 | 36.90 | 0.15 | fSW | |
| 68 | 77 | 71 | FHLSX | INVESCO Health Sciences Inv | Health | * | * | * | 3.6 | 13.4 | 33.2 | 49.97 | 31.50 | 0.29 | FS | |
| 82 | 83 | 80 | VBINX | Vanguard Balanced Index | Hybrid | B | * | * | 1.7 | 11.4 | 23.7 | 18.58 | 10.70 | 0.57 | fsw | |
| 91 | 91 | 78 | GATEX | Gateway Fund | Altern | B | * | * | 0.4 | 4.5 | 13.4 | 23.09 | 7.84 | 0.40 | FSW | |

MONEYLETTER'S Top 10 Funds for 2003

What do David Letterman, People Magazine, the FBI, and *MONEYLETTER* have in common? As of today, they all do a Top 10 list. Below are the top *MONEYLETTER* funds for 2003, chosen by Chief Economist Walter Frank. While we might not have as much fun as Letterman does with his list, we'll settle for learning a little more about these winning funds.

#1 Fidelity Leveraged Growth (FLVCX)

Fund Type: Mid Cap Blend **2003 Return:** +96.3%

Manager: Thomas T. Soviero (since 7/03)

Best Quarter (since 1/00): +44.1% (2Q 2003)

Worst Quarter (since 1/00): -21.2% (3Q 2001)

Minimum Investment: \$10,000

Comment: This fund was only added to our database on November 14th, but returned a healthy 8.7% for subscribers in the last 20 days of December alone. Its beta (1.37) reflects a level of risk that should be noted, but it's not out of touch with many of our other funds.

#2 Royce Opportunity (RYPNX)

Fund Type: Small Cap Value **2003 Return:** +72.6%

Manager: Boniface Zaino (since 4/98)

Best Quarter (since 1/00): +31.9% (2Q 2003)

Worst Quarter (since 1/00): -27.8% (3Q 2002)

Minimum Investment: \$2,000

Comment: This fund was purchased for the Venturesome Portfolio on 7/16/03 and returned 27.5% for subscribers over the rest of the year. The fund has outperformed the S&P 500 each of the last five years.

#3 Henlopen Fund (HENLX)

Fund Type: Small Cap Growth **2003 Return:** +65.0%

Managers: Michael Hershey (12/92) and Bruce Vogenitz (7/98)

Best Quarter (since 1/00): +31.1% (4Q 2001)

Worst Quarter (since 1/00): -20.4% (4Q 2000)

Minimum Investment: \$2,000

Comment: Henlopen was purchased for the *MONEYLETTER* Moderate and Venturesome Portfolios late in the year, and for the Select Portfolio in early January. It outperformed the S&P 500 by 36% in 2003, its third straight year outperforming the index.

#4 Undiscovered Small Cap Growth (USRLX)

Fund Type: Small Cap Growth **2003 Return:** +72.5%

Managers: Ronald Sauer (10/00) and Stephen Brink (10/00)

Best Quarter (since 1/00): +41.3% (4Q 2001)

Worst Quarter (since 1/00): -34.9 (3Q 2000)

Minimum Investment: \$10,000

Comment: Undiscovered bounced back from a poor showing in 2002 as small caps came back into favor in 2003. Its beta of 1.86 puts it in the upper reaches of the *MONEYLETTER* Domestic Stock fund list for risk.

#5 Heartland Value (HRTVX)

Fund Type: Small Cap Value **2003 Return:** +70.2%

Managers: William Nasgovitz (12/84) and Eric Miller (7/97)

Best Quarter (since 1/00): +35.4% (2Q 2003)

Worst Quarter (since 1/00): -20.3 (3Q 2002)

Minimum Investment: \$5,000

Comment: Heartland Value has been a strong and consistent performer since 1999. It was removed from the *MONEYLETTER* portfolios and given a Sell recommendation in December. Its removal was a result of an SEC investigation into the mispricing of bonds and possible insider trading activity associated with other funds within the family.

Funds #6-10 will appear in the next issue.

100% U.S. TREASURY FUNDS

| | 7-Day | 30-Day | 1-Year |
|--|-------|--------|--------|
| Gabelli US Treasury MMF | 0.66% | 0.67% | 0.82% |
| Vanguard Treasury MMF | 0.66 | 0.66 | 0.82 |
| Fidelity Spartan US Treas MMF | 0.63 | 0.62 | 0.75 |
| Amer Century Capital Presv Fund/Inv | 0.52 | 0.53 | 0.68 |
| T Rowe Price US Treasury MF | 0.49 | 0.50 | 0.61 |
| Schwab US Treasury Money Fund | 0.36 | 0.36 | 0.49 |
| CMA Treasury Fund RIC | 0.34 | 0.34 | 0.49 |
| HSBC Investor US Treas MMF/CI D | 0.33 | 0.39 | 0.44 |
| Dreyfus 100% US Treas MMF | 0.30 | 0.30 | 0.46 |
| JENNDRY/Dryden Govt SecTr/US Treas/D0.30 | 0.30 | 0.30 | 0.49 |

GENERAL PURPOSE TAXABLE FUNDS

| | 7-Day | 30-Day | 1-Year |
|---------------------------------------|-------|--------|--------|
| PayPal Money Market Fund | 1.04% | 1.05% | 1.16% |
| Bunker Hill MMF | 0.86 | 0.85 | 0.96 |
| McMorgan Principal Preservation | 0.86 | 0.86 | 0.97 |
| Flex-fund Money Market Fund | 0.84 | 0.85 | 0.92 |
| Phoenix-Goodwin Money Market Series/A | 0.83 | 0.84 | 0.95 |
| TIAA-CREF Money Market Fund | 0.83 | 0.84 | 0.93 |
| AIM MMF/Investor Class | 0.80 | 0.80 | - |
| AIG Money Market Fund/CI B | 0.79 | 0.79 | 0.76 |
| Harbor Money Market Fund | 0.79 | 0.78 | 0.81 |
| Scudder Premium Money Mkt Shrs/CI S | 0.79 | 0.80 | 0.89 |
| Scudder Premium Money Mkt Shrs/AARP | 0.79 | 0.80 | 0.89 |

TAX-FREE GENERAL PURPOSE FUNDS

| | 7-Day | 30-Day | 1-Year |
|--------------------------------|-------|--------|--------|
| Strong Tax-Free Money Fund | 0.84% | 0.91% | 0.96% |
| Vanguard Tax-Exempt MMF | 0.84 | 0.89 | 0.93 |
| Strong Municipal MMF | 0.69 | 0.75 | 0.85 |
| Amer Century T-F MMF/Inv Class | 0.64 | 0.69 | 0.73 |
| Fidelity Municipal MMF | 0.63 | 0.68 | 0.72 |
| USAA Tax Exempt MMF | 0.63 | 0.69 | 0.78 |
| Scudder Tax-Exempt Money Fund | 0.62 | 0.68 | 0.70 |
| Dreyfus BASIC Muni MMF | 0.61 | 0.67 | 0.71 |
| T Rowe Price Summit Muni MMF | 0.58 | 0.65 | 0.74 |
| Excelsior T-E Money Fund | 0.55 | 0.60 | 0.62 |

TAX-FREE STATE-SPECIFIC FUNDS

| | 7-Day | 30-Day | 1-Year |
|-----------------------------------|-------|--------|--------|
| Vanguard OH Tax-Exempt MMF | 0.82% | 0.87% | 0.93% |
| Vanguard CA Tax-Exempt MMF | 0.79 | 0.85 | 0.89 |
| Vanguard NY Tax-Exempt MMF | 0.79 | 0.84 | 0.87 |
| Vanguard NJ Tax-Exempt MMF | 0.78 | 0.83 | 0.86 |
| Vanguard PA Tax-Exempt MMF | 0.78 | 0.86 | 0.89 |
| Fidelity PA Municipal MMF | 0.66 | 0.70 | 0.65 |
| Fidelity OH Municipal MMF | 0.52 | 0.57 | 0.64 |
| USAA Tax Exempt CA MMF | 0.52 | 0.58 | 0.73 |
| Fidelity FL Municipal MMF | 0.51 | 0.58 | 0.65 |
| Amer Century CA T-F MMF/Inv Class | 0.50 | 0.56 | 0.60 |
| Fidelity CA Municipal MMF | 0.50 | 0.55 | 0.61 |
| Fidelity CT Municipal MMF | 0.50 | 0.55 | 0.60 |
| Fidelity NY Municipal MMF | 0.50 | 0.55 | 0.63 |

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

Funds are ranked by 7-day yields; 7-day and 30-day yields are compound yields as of 1/27/04. 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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Building our Coverage: TCW Galileo

We're beefing up our domestic stock funds coverage again. This time, we're expanding our base in the TCW Galileo family with a look at three funds. We'll add more funds from this family in the future.

Unlike some mutual fund organizations that have one overriding philosophy driving stock selection in all their funds, TCW Galileo's funds sport a number of different strategies. The firm's portfolio managers are free to employ their own philosophies, so some funds are governed by bottom-up strategies; some are driven by macro forecasts. Some are aggressive, some defensive. However, all are backed by considerable resources. While some of these funds appear small (Diversified Value has only \$7 million in assets), the group runs significant institutional funds and portfolios as well.

TCW Galileo Diversified Value (TGDVX)

Fund managers Diane Jaffee and Matthew Spahn search for stocks that have lower valuations than the overall market based on at least one of the following measures: price-to-earnings, price-to-cash flow, price-to-book value, or price-to-sales ratios. Their universe is stocks with market capitalizations above \$2 billion, and they prefer, but do not require, dividend payments. Finally, they look for a catalyst that would prompt price appreciation, such as new management, new products, new markets, a restructuring, or an earnings surprise. The portfolio is kept broadly diversified to reduce risk, and sector weighting are maintained within a range of 0.5 to 2.0 times the sector weighing in the S&P 500. Additionally, looking at the list of top holdings, you'll notice that stocks are fairly equally weighted in the portfolio as well. Indeed, the top 25 holdings range between 2% and 3% of assets (with the exception of number one American Express). The fund has been a fairly consistent performer. According to Lipper, for the trailing one-year period through January 30, Diversified Value ranked is in the top 13% of multi-cap value funds, and it places in the top 25% for the trailing ten-year period.

Top Five Sectors and Holdings (% of Assets)

| | | | |
|----------------------|-------|------------------|------|
| Financial Services | 19.0% | American Express | 4.1% |
| Industrial Materials | 16.0 | Motorola | 3.0 |
| Consumer Goods | 12.4 | Kimberly-Clark | 3.0 |
| Hardware | 10.3 | Bausch & Lomb | 3.0 |
| Healthcare | 9.9 | Gillette | 3.0 |

as of December 31, 2003

TCW Galileo Dividend Focused (TGIGX)

This fund was previously known as TCW Galileo Income + Growth, and prior to that, Cowen Income + Growth—the TCW organization purchased Cowen. Diane Jaffee, who came to TCW from Cowen, also manages this fund. The stock selection process is two-fold. First, valuation is assessed. The manager looks at

historic valuation calculations plus dividend yield and sets a potential valuation range for the upcoming one to two years. Investment candidates are then subjected to rigorous fundamental analysis. Jaffee is looking for firms with strong cash flows, strong or improving balance sheets, low cost structure, and effective management. As would be expected, the fund's heaviest weightings are in traditional equity-income sectors, including financial services, industrials, and consumer. Yet the manager also buys a few stocks that don't pay dividends. Advanced Micro Devices is one of the few equities in the portfolio without a dividend. Purchased in the third quarter, the firm, which designs and manufactures integrated circuits, was particularly attractive at a nearly 50% price-to-book discount relative to the overall market. The fund ranks within the top 10% of its Lipper category for the trailing one-, three-, and five-year periods.

Top Five Sectors and Holdings (% of Assets)

| | | | |
|----------------------|-------|-------------------------|------|
| Financial Services | 27.7% | American Electric Power | 3.6% |
| Industrial Materials | 20.3 | Bausch & Lomb | 3.5 |
| Consumer Goods | 11.7 | Textron | 3.4 |
| Energy | 8.0 | ConocoPhillips | 3.3 |
| Healthcare | 7.0 | St. Paul | 3.3 |

as of December 31, 2003

TCW Galileo Opportunity Fund (TGOX)

The "opportunity" in this fund is a search for companies that have fallen out of favor but are "poised for growth." Here again, Diane Jaffee heads up fund management. After finding the stocks that have fallen out of favor, she and her team of analysts look for potential catalysts that will spur price gains—such as new management, products, or technology, or improving industry fundamentals. Because whole industries often sink or swim, the fund may be significantly overweight or underweight an industry at any given time. For example, the fund's stake in industrial materials is 2.5 times that of the S&P 500, as it made numerous picks of traditional industrial names set for a rebound. When it adds stocks to the portfolio, all new purchases are made at 0.25% of assets. In 2003, the fund returned 50.2%, placing it in the top 20% of Morningstar's small-cap blend category.

Top Five Sectors and Holdings (% of Assets)

| | | | |
|----------------------|-------|--------------------------|------|
| Industrial Materials | 20.3% | Agrium | 2.5% |
| Healthcare | 14.7 | Potash Corp. of Saskatch | 2.5 |
| Financial Services | 12.1 | Lindsay Manufacturing | 2.1 |
| Hardware | 10.4 | Wind River Systems | 2.1 |
| Energy | 7.6 | AGCO | 1.8 |

as of December 31, 2003

TCW Galileo Funds

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