



Lost In Transition

by Walter S. Frank, Chief Investment Officer

What is going on? The markets were moving along satisfactorily this year when suddenly it all reversed. The darlings of the year-to-date—gold, China, Southeast Asia, small caps—were all slammed, and hard. Substantial profits vanished in a twinkling. The Nasdaq Composite lost 6% over the week ended April 30, and is down for the year as we write. The Russell 2000 (the benchmark for small caps) lost almost 5.25% at the same time and is flat for the year.

By the end of that week, Wall Street pros were bringing out a trio of causes for the reversal: interest rates, China, and Iraq. There is no question the trio combined to produce the brutal results. They created a perfect storm that swept away everything before it.

What is odd, in some ways, is that two of the trio are not new concerns for the market. (The deterioration in Iraq is.) Wall Street has known in its bones ever since the last employment report came out in early April that higher rates were a strong probability before the leaves fell. China signaled earlier this year that it recognized the need to slow its economy and was taking steps to do so. In both cases the initial market reaction was not significant as other considerations, earnings and an improving outlook, overwhelmed any negative worries.

But April developments moved interest rates and China from the back burner to the front. In the case of interest rates, it was the inflation numbers contained in the first quarter GDP report. In the case of China, it was direct administrative action taken lately to curb investment overall and, particularly, in certain targeted industries. Suddenly, the market realized that change was here, not in the distant future. The future was now.

Safety first

What we saw in late April, in our opinion, was a dash for safety by institutional managers as they rushed to take profits. Looked at through the prism of our fund list, for example, it appeared as if portfolio managers collectively were abandoning small caps and heading for large caps, particularly

value. This would be logical, as some on the Street have argued, because small caps had been favored for some years, while large caps were ignored. Portfolio managers have been saying for months that small caps were no longer undervalued relative to large caps. Under the conditions, some said, a switch from one to the other was inevitable.

The China news prompted another profit-taking dash. China's growth is the single most important reason for the terrific earnings coming from the Greater China region. Who knows how much China will slow? Will China have a soft or a hard landing? Better to take some profits now—and profits there are—and wait for more evidence before judging the success of China's turn to restraint.

Returning to normal

As we see it, the profit-taking of late April does not in itself represent a decisive turn by the markets, neither to large caps nor away from Asia. We see it as a simple safety-first reaction, as two simultaneous but unrelated transitions begin.

In the case of the U.S., the transition is from an economy that is dependent on historically low interest rates to one that can grow vigorously in the usual fashion. As we have written earlier, the Fed is not out to restrain (certainly not this year) but to withdraw stimulus. It is a distinction the stock market will make.

In the case of China too, the attempt is to transition the economy from helter-skelter uncontrolled growth to something resembling a more ordinary (and familiar) process. It would be wrong to call it a return to normalcy (what is the norm for modern China?) but it is an attempt at order.

Introducing uncertainty

By their very nature, the two transitions have introduced new uncertainties into the marketplace. We're afraid that these uncertainties are not going to be resolved quickly. Here at home, it is a question of the Fed. How fast will it go in raising rates? It all depends on employment and inflation. How rapidly will employment grow? And what about inflation? Our best guess is that both will be moderate, as will the interest rate moves ahead.

As for China, the outcome is months away. We do know the pressures for growth are paramount. We can only presume that the measures to be taken will permit slower but still rapid growth to continue.

Fund changes

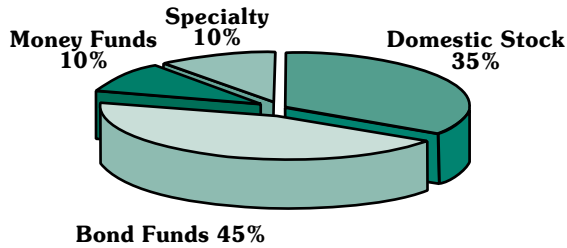
The Hotline of Tuesday, April 20 recommended the sale of Fidelity Capital Appreciation in all three Fidelity family model portfolios, to be switched into Fidelity Value in all three portfolios. Here are the details. **Fidelity Venturesome:** Sold 662 shares of Capital Appreciation @ \$25.74 per share. Purchased 261 shares of Value @ \$65.20 per share. **Fidelity Moderate:** Sold 831 shares of Capital Appreciation; purchased 328 shares of Value. **Fidelity Conservative:** Sold 845 shares of Capital Appreciation; purchased 333 shares of Value. \$

Market Trends

	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Higher	Higher
Dollar	Lower	Flat/Lower
Inflation	Flat/Higher	Higher
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	0.1%	10,083	\$1.00	\$10,083
Gateway Fund	11/27/02	10.2	601	23.18	13,941
Loomis Sayles Bond	03/17/04	-3.4	1,110	12.94	14,359
RS Partners	04/02/03	69.8	735	29.46	21,644
Royce Opportunity	01/28/04	-4.9	796	12.28	9,775
AmerCent Inflation Adj.	02/12/03	5.1	1,579	10.83	17,099
Needham Small Cap Growth	01/28/04	-6.5	1,305	16.59	21,643
Dodge & Cox Income	02/19/03	5.3	980	12.77	12,517
TOTAL VALUE					\$121,061

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-2.9%	5.2%	18.6%	27.5%	0.5%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.2%	8,661	\$1.00	\$8,661
Fidelity Balanced	11/27/02	24.1	771	16.63	12,824
Fidelity Strategic Income	03/17/04	-2.1	1,667	10.25	17,085
Fidelity Value	04/21/04	-2.4	333	63.64	21,222
Fidelity Small Cap Stock	12/10/03	6.3	848	17.25	14,632
Fidelity Intermediate Gov	02/19/03	1.6	1,143	10.19	11,652
Fidelity Investment Grade	02/19/03	4.0	1,691	7.47	12,629
TOTAL VALUE					\$98,705

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-2.4%	3.1%	14.8%	5.7%	0.4%

Vanguard Conservative

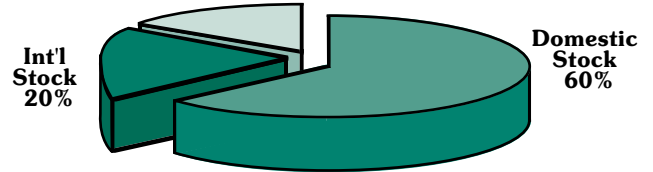
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.2%	8,434	\$1.00	\$8,434
Vanguard Balanced Index	11/27/02	17.0	569	18.22	10,367
Vanguard Bond Market	02/19/03	3.2	714	10.15	7,249
Vanguard Inflation Protect	02/19/03	5.5	1,054	12.18	12,840
Vanguard Strategic Equity	10/09/02	65.7	806	18.90	15,239
Vanguard Extended Mkt	09/10/03	14.0	439	27.11	11,906
Vanguard Small Cap Value	03/24/04	-0.9	1,359	11.63	15,802
Vanguard GNMA	03/17/04	-2.3	1,643	10.30	16,924
TOTAL VALUE					\$98,761

TOTAL RETURNS (as of 03/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-3.5%	3.5%	16.1%	1.5%	0.2%

MODERATE

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

Bond Funds 20%

**MONEYLETTER Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Loomis Sayles Bond	03/17/04	-3.4%	1,553	\$12.94	\$20,092
Henlopen Fund	12/15/03	4.3	859	25.96	22,298
Matthews Pacific Tiger	02/06/02	51.3	975	13.33	12,992
Fidelity Int'l Small Cap	01/07/04	5.6	630	20.16	12,694
RS Partners	02/12/03	79.3	601	29.46	17,694
Fidelity Leveraged Company	01/28/04	-4.3	1,141	19.49	22,231
Legg Mason Special	04/02/03	48.5	263	44.29	11,630
TOTAL VALUE					\$119,631

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-4.1%	8.2%	38.9%	46.0%	1.7%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Leveraged Company	12/10/03	9.6%	751	\$19.49	\$14,630
Fidelity Strategic Income	03/17/04	-2.1	2,431	10.25	24,919
Fidelity Small Cap Stock	11/12/03	7.4	1,296	17.25	22,361
Fidelity Value	04/21/04	-2.4	328	63.64	20,886
Fidelity Small Cap Indep.	04/14/04	-1.7	565	18.43	10,406
Fidelity SE Asia	01/07/04	-3.1	465	14.58	6,781
Fidelity Int'l Small Cap	11/05/03	16.1	615	20.16	12,400
TOTAL VALUE					\$112,383

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-3.1%	6.8%	27.1%	28.5%	1.7%

Vanguard Moderate

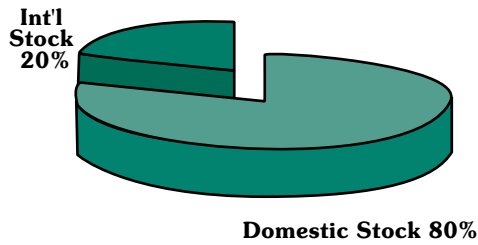
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Extended Mkt	11/27/02	38.9%	600	\$27.11	\$16,272
Vanguard FI Hi-Yld Corp	01/17/01	19.6	3,325	6.31	20,978
Vanguard Emerg. Mkts Stock	02/06/02	41.2	933	11.77	10,983
Vanguard Int'l Value	01/07/04	-0.5	373	26.67	9,955
Vanguard Explorer	07/09/03	15.3	286	65.51	18,736
Vanguard Small Cap Value	03/24/04	-0.9	1,406	11.63	16,350
Vanguard Strategic Equity	10/09/02	65.7	713	18.90	13,466
TOTAL VALUE					\$106,740

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-4.1%	5.4%	27.5%	11.2%	0.6%

Note: Asset Allocation Portfolios were indexed to \$100,000 on January 1, 2000. Pie charts show current allocations.

VENTURESOME

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



MONEYLETTER Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Henlopen Fund	11/12/03	3.5%	586	\$25.96	\$15,210
RS Smaller Company Grwth	12/15/03	5.8	905	20.93	18,932
Fidelity Int'l Small Cap	01/07/04	5.6	596	20.16	12,021
Matthews Pacific Tiger	01/07/04	-2.1	836	13.33	11,146
Royce Opportunity	07/16/03	29.0	1,280	12.28	15,716
Fidelity Leveraged Co.	01/28/04	-4.3	907	19.49	17,678
RS Partners	02/12/03	79.3	777	29.46	22,883
TOTAL VALUE					\$113,586

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-4.3%	10.3%	45.1%	51.9%	2.7%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Small Cap Indep.	12/10/03	7.5%	2,318	\$18.43	\$42,722
Fidelity Leveraged Company	12/10/03	9.6	1,107	19.49	21,575
Fidelity Int'l Small Cap	01/07/04	5.6	455	20.16	9,177
Fidelity SE Asia	01/07/04	-3.1	578	14.58	8,423
Fidelity Value	04/21/04	-2.4	261	63.64	16,624
Fidelity Small Cap Stock	07/30/03	23.7	1,111	17.25	19,173
TOTAL VALUE					\$117,694

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-3.1%	5.8%	28.7%	25.4%	1.4%

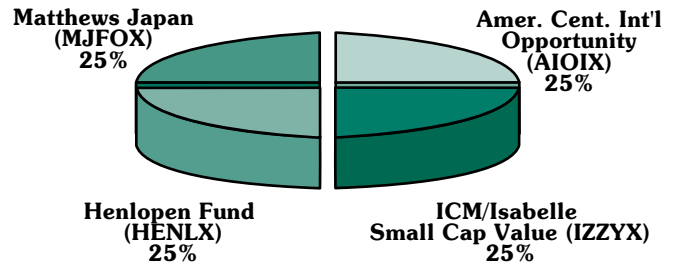
Vanguard Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Emerging Mkts	01/07/04	-4.5%	1,605	\$11.77	\$18,888
Vanguard Extended Mkt	11/27/02	38.9	780	27.11	21,134
Vanguard Explorer	07/09/03	15.3	335	65.51	21,968
Vanguard Strategic Equity	10/09/02	65.7	1,139	18.90	21,522
Vanguard Small Cap Value	03/24/04	-0.9	1,821	11.63	21,182
TOTAL VALUE					\$104,694

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-5.4%	5.0%	30.8%	11.2%	0.3%

SELECT

Seeks maximum long-term growth by assertively upgrading fund positions



MONEYLETTER Select

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Amer.Cent. Intl Opp.	11/05/03	15.9%	3,921	\$8.75	\$34,307
ICM/Isabelle SC Value	04/21/04	-2.0	2,040	14.56	29,703
Henlopen Fund	01/07/04	-3.1	1,206	25.96	31,312
Guinness China & HK	01/07/04	-10.0	1,735	15.75	27,332
TOTAL VALUE					\$122,654

TOTAL RETURNS (as of 04/30/04)				
1-mo	6-mo	1-yr	Incep. (9/30/02)	YTD
-7.0%	3.6%	33.3%	25.4%	0.3%

MONEYLETTER Select Commentary

The Hotline of Tuesday, April 20 recommended the sale of Alpine U.S. Real Estate Equity (EUEYX) to be upgraded to ICM/Isabelle Small Cap Value (IZZYX). The recommended trades were executed at the market close April 21, 2004. Details: Sold 984 shares of Alpine U.S. Real Estate Equity @ \$30.82 per share. Purchased 2,040 shares of ICM/Isabelle Small Cap Value @ \$14.86 per share. In addition, the Hotline of Tuesday, May 4 recommended all shares of Guinness China & Hong Kong (ICHKX) be exchanged for Matthews Japan (MJFOX). This recommended trade will be executed at the market close May 5, which is after the press date for this issue. Details will be provided in the next issue. Note that the model details reflect positions as of month-end on April 30, 2004, while the Pie Chart has presented positions reflecting changes indicated in the Hotline of May 4th. The model remains fully invested in equity funds.

Total Returns—April 30, 2004

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	-1.5%	6.4%	22.9%	-6.9%	0.2%
Asset Allocation	-2.4	5.0	19.0	4.7	0.1
Funds (Avg) 84 Funds					

Domestic Stock Funds

RANK	4/30 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	
1	13	65	IZZYX	ICM/Isabelle Small Cap Value	SCVal	B	B	B	0.3%	17.0%	59.0%	\$14.56	29.5	1.04	FSW	
2	8	23	RSPFX	RS Partners	SC	B	B	B	-2.4	17.4	58.2	29.46	20.9	0.69	FSW	
3	6	10	WBSNX	WmBlair S-C Growth N (closed,1%r<60d)	SCGro	B	B	B	-2.2	13.9	62.5	23.22	30.1	1.12	FSW	
4	42	81	SMCDX	Strong Mid Cap Disciplined	MCVal	(B)	(B)	(B)	0.2	17.4	48.6	20.58	23.1	0.99	FSW	
5	1	17	BUF5X	Buffalo Small Cap (closed)	SCGro	B	B	B	-4.2	14.5	60.4	24.63	31.2	1.25	SW	
6	2	4	FLVCX	Fidelity Leveraged Co (\$10,000,1.5%r<90d)	MC	*	B	B	-4.4	12.9	61.7	19.49	36.3	1.39	Fw	
7	23	64	BERWX	Berwyn Fund (1%r<180d)	SCVal	B	B	B	-1.5	15.7	46.7	25.50	22.3	0.77	fsw	
8	3	1	RYPNX	Royce Opportunity (closed,1%r<180d)	SCVal	B	B	B	-4.6	8.7	68.5	12.28	30.8	1.18	fsw	
9	12	22	BPSCX	Boston Pthrs Smlcap Val (closed,1%r<1yr)	SCVal	B	B	B	-3.2	12.7	53.4	23.81	25.8	0.87	FSW	
10	18	37	TUDRX	WPG Tudor	SC	B	B	B	-4.0	12.7	50.5	16.93	27.0	1.22	Fsw	
11	11	42	CRMSX	CRM Small Cap Value Inv	SCVal	B	B	B	-4.5	13.0	49.8	25.80	23.8	0.93	Fsw	
12	10	15	WMCVX	Wasatch Small Cap Value (closed,2%r<60d)	SCVal	B	B	B	-5.5	9.9	56.0	5.55	26.6	0.96	FSW	
13	32	44	JSVAX	Janus Special Equity	MC	*	H	H	-1.9	11.1	47.3	11.08	22.3	1.10	SW	
14	40	83	RYPRX	Royce Premier (1%r<180d)	SC	H	H	H	-1.2	13.1	41.2	13.75	19.4	0.84	FSW	
15	73	108	BARAX	Baron Asset	MCGro	H	H	H	0.4	13.0	37.3	47.38	21.2	0.94	FSW	
16	65	112	ARTQX	Artisan Mid Cap Value	MCVal	H	H	H	-1.7	13.6	37.8	14.46	19.8	0.87	FSW	
17	78	49	BSCFX	Baron Small Cap	SCGro	H	H	H	2.9	9.1	41.3	20.47	21.5	0.79	FSW	
18	31	78	TWCVX	American Century Vista	MCGro	H	H	H	-2.3	11.2	43.4	13.31	15.8	0.68	fsw	
19	55	75	TRMCX	T. Rowe Price Mid Cap Value	MCVal	H	H	H	-1.8	11.6	41.5	20.90	19.8	0.90	fsw	
20	46	72	CRMMX	CRM Mid Cap Value Inv	MCVal	H	H	H	-1.7	11.6	41.4	22.54	18.9	0.78	FSW	
21	29	35	PRNHX	T. Rowe Price New Horizons	SCGro	*	B	B	-2.6	10.0	45.8	26.00	28.3	1.30	fsw	
22	16	6	RSSGX	RS Smaller Company Growth	SCGro	*	B	B	-4.8	5.5	60.3	20.93	28.5	1.23	FSW	
23	26	25	SAFGX	Safeco Growth Opportunities (2%r<90d)	SC	B	B	B	-3.3	9.0	48.4	25.48	29.8	1.18	fsw	
24	25	15	RSCOX	RS Contrarian Value	MC	(H)	(H)	(H)	-5.2	10.1	48.6	17.16	18.6	0.60	FSW	
25	5	2	HENLX	Henlopen Fund (1%r<30d)	SCGro	*	B	B	-7.6	6.7	60.1	25.96	30.9	1.19	FSW	
26	97	100	NBGNX	Neuberger Berman Genesis (closed)	SC	H	H	H	-0.1	11.6	36.5	27.20	15.5	0.63	fsw	
27	255	256	JMCVX	Janus Mid Cap Value	MCVal	H	H	H	-2.1	11.5	39.4	21.01	20.4	0.93	fsw	
28	39	34	FSLCX	Fidelity Small Cap Stock (2%r<90d)	SCGro	H	H	H	-3.9	9.6	45.9	17.25	21.5	0.94	F	
29	33	59	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	-3.2	10.7	42.1	9.20	20.4	0.80	FSW	
30	72	-	CAMOX	Cambiar Opportunity	LC	H	H	H	-0.1	11.0	36.9	14.91	18.4	0.94	FSW	
31	53	63	FLPSX	Fidelity L P Stock (closed,1.5%r<90d)	SCVal	H	H	H	-2.4	10.3	41.9	36.13	18.0	0.75	Fsw	
32	135	206	THPGX	Thompson Plumb Growth	LC	H	H	H	0.7	13.0	30.2	46.81	25.1	1.22	fsw	
33	67	-	TGDVX	TCW Galileo Diversified Value N	LCVal	H	H	H	-1.8	10.6	39.9	11.72	19.8	1.03	FW	
34	24	50	VHCOX	Vanguard Cap Opp (closed,\$25,000,1%r<5yr)	MCGro	*	B	B	-3.4	8.9	45.5	26.43	25.3	1.28	fsw	
35	51	66	ARTSX	Artisan Small Cap	SCGro	H	H	H	-2.6	10.1	41.3	14.78	26.7	1.19	FSW	
36	105	101	BGRFX	Baron Growth	SCGro	H	H	H	-0.2	10.6	36.2	37.93	18.4	0.72	FSW	
37	19	32	RYLPX	Royce Low Priced Stock (1%r<180d)	SCVal	B	B	B	-5.1	9.1	45.9	14.33	27.1	1.10	FSW	
38	47	82	MPSCX	MSI Small Cap Value (closed)	SCVal	H	H	H	-3.3	10.1	40.2	21.45	20.7	0.98	fsw	
39	136	166	TWVLX	American Century Value	MCVal	H	H	H	0.3	12.1	29.7	7.74	16.6	0.82	FSW	
40	7	20	MOPIX	MainStay Small Cap Opportunity (closed)	SCVal	(H)	(H)	(H)	-7.6	9.9	46.1	16.99	17.5	0.63	FSW	
41	108	141	ARGFX	Ariel Fund	SCVal	H	H	H	-1.8	11.9	32.3	47.30	15.6	0.53	FSW	
42	59	87	PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	H	H	H	-2.8	10.5	36.3	30.51	18.0	0.69	fsw	
43	71	95	BPMCX	Boston Partners Mid Cap Value	MCVal	H	H	H	-1.6	10.0	35.8	13.23	20.1	0.93	FSW	
44	84	111	SOPFX	Strong Opportunity	MCVal	H	H	H	-1.4	9.6	36.5	40.84	22.2	1.17	FSW	
45	116	174	VWNFX	Vanguard Windsor II	LCVal	H	H	H	-1.4	12.4	29.3	27.36	16.2	0.82	fsw	
46	48	39	TGVNX	TCW Galileo Value Opportunities	MC	H	H	H	-3.2	8.1	42.5	20.66	29.2	1.32	FSW	
47	30	28	MERDX	Meridian Fund	MCGro	H	H	H	-2.7	8.2	41.5	33.99	23.1	0.95	fw	
48	20	-	BUF5X	Buffalo Mid Cap	MCGro	(H)	(H)	(H)	-4.8	9.3	41.6	11.84	-	-	FSW	
49	70	92	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	H	H	H	-1.7	9.3	37.2	18.43	16.7	0.58	Fsw	
50	21	41	GSETX	Columbia Small Company Equity CIZ	SCGro	(H)	(H)	(H)	-4.3	7.9	44.3	17.64	24.9	1.14	fw	
51	95	129	DODGX	Dodge & Cox Stock (closed)	LCVal	H	H	H	-2.2	10.7	34.0	116.10	17.6	0.85	sw	
52	123	120	MPVLX	MSI Value Portfolio	LCVal	H	H	H	-1.1	10.2	33.4	15.73	20.6	1.05	fsw	
53	28	16	JAVTX	Janus Venture (closed)	SCGro	*	(H)	(H)	-2.9	4.8	49.6	50.08	29.0	1.25	FSW	
54	36	-	NESGX	Needham Small Cap Growth (.75%r<30d)	SCGro	H	(H)	(H)	-3.7	2.9	55.3	16.59	-	-	FSW	
55	80	127	FDVLX	Fidelity Value	MCVal	H	H	H	-2.3	10.4	34.0	63.64	19.0	0.89	Fsw	
56	143	249	JAVLX	Janus Twenty (closed)	LCGro	*	H	H	-0.1	12.5	25.5	38.12	17.3	0.93	FSW	
57	111	104	NCTWX	Nicholas II	MCVal	H	H	H	-0.7	9.6	33.2	22.13	19.5	0.96	w	
58	75	61	FBRVX	FBR Small Cap Value A (1%r<90d)	SCGro	H	H	H	-1.7	9.3	35.4	34.46	23.4	0.82	FSW	
59	27	-	TGONX	TCW Galileo Opportunity N	SC	H	H	H	-5.5	8.1	43.6	12.85	22.5	0.90	FSW	
60	91	-	TGIGX	TCW Galileo Dividend Focused N	MCVal	H	H	H	-2.0	9.6	34.5	10.16	13.8	0.57	FW	
61	100	76	AVALX	Aegis Value Fund	SCVal	H	H	H	-2.4	8.5	37.7	17.22	13.3	0.48	fw	
62	62	52	TASCX	Third Avenue Small-Cap Value (1%r<1yr)	SCVal	H	H	H	-3.0	7.5	40.6	19.26	19.9	0.85	FSW	
63	34	90	VISVX	Vanguard Small-Cap Value Index	SCVal	H	H	H	-5.5	9.9	38.4	11.63	22.4	0.90	fsw	
64	35	43	NAESX	Vanguard SmallCap Index	SC	H	H	H	-4.8	7.9	41.6	22.94	23.2	1.01	fsw	
65	181	192	OAKBX	Oakmark Equity&Income (2%r<90d)	Bal	S	S	S	0.7	10.6	26.5	23.09	10.7	0.49	FSW	
66	14	46	MNSCX	Montgomery Small Cap	SCGro	*	(H)	(H)	-4.9	7.6	42.0	11.19	23.3	1.05	s	
67	147	137	NICSX	Nicholas Fund	LC	S	S	S	0.7	9.0	30.1	56.52	16.1	0.84	w	
68	128	145	SSHFX	Sound Shore	LCVal	S	S	S	-2.2	9.6	33.0	33.95	17.3	0.79	sW	

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 (continued)

RANK	4/30 2004	1 Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	RISK		NTF/wff
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
69	15	14	BOGLX	Bogle Small Cap Growth (closed)	SCGro	(H)	(H)	(H)	-6.1	5.3	48.7	26.05	22.3	0.88	w	
70	106	99	NBFSX	Neuberger Berman Fasciano Inv	SCGro	S	S	S	-1.3	9.2	31.7	39.98	17.9	0.69	FSW	
71	120	135	RYSEX	Royce Special Equity (1%r<180d)	SCVal	S	S	S	-0.8	9.7	29.6	18.79	16.5	0.51	Sw	
72	49	47	TAVFX	Third Avenue Value (1%r<60d)	SC	S	S	S	-4.2	7.3	40.1	43.25	17.2	0.79	FSW	
73	52	55	VEXMX	Vanguard Extended Market Index	MC	H	H	H	-4.0	7.4	39.2	27.11	21.5	1.02	fsw	
74	103	117	VPMCX	Vanguard PRIMECAP (closed,\$25,000&1%r<5yr)	LC	S	S	S	-1.3	8.0	33.6	55.08	21.7	1.13	fsw	
75	94	107	JAENX	Janus Enterprise	MCGro	*	S	S	-1.1	8.1	33.0	32.46	21.4	1.09	FSW	
76	81	56	MPEGX	MSI Mid Cap Growth	MCGro	*	H	H	-1.4	6.3	37.9	17.91	22.2	1.17	fsw	
77	74	80	FDCAX	Fidelity Capital Appreciation	LCGro	S	S	S	-2.5	6.0	40.0	24.91	26.0	1.28	Fsw	
78	160	208	HOVLX	Homestead Value	MCVal	S	S	S	-0.6	10.2	26.8	27.76	16.5	0.81	-	
79	126	146	SLASX	Selected American Shares	LCVal	S	S	S	-1.8	9.7	29.7	33.81	16.1	0.86	sW	
80	110	84	MPMVX	MSI Mid Cap Value	MCVal	S	S	S	-2.1	7.0	36.0	20.55	23.1	1.18	fsw	
81	63	18	CSMVX	Century Select Small Cap (1%r<180d)	SCGro	(S)	(S)	(S)	-3.5	6.1	39.9	21.58	15.3	0.61	FSW	
82	45	30	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	-4.0	5.9	40.9	13.31	21.6	0.91	fsw	
83	76	68	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	S	S	S	-2.8	7.6	34.8	28.44	19.2	0.80	fw	
84	113	143	VUVLX	Vanguard U.S. Value	LCVal	S	S	S	-2.7	9.2	30.1	12.41	17.3	0.87	fsw	
85	66	62	CBMDX	C&B Mid Cap Value	MCVal	S	S	S	-2.5	7.1	34.6	19.06	19.5	0.83	FSW	
86	89	71	SLSSX	Selected Special Shares	MCGro	S	S	S	-2.3	6.3	36.3	11.88	21.3	1.09	sW	
87	142	164	GABAX	Gabelli Asset	MC	S	S	S	-0.6	8.7	27.4	37.16	17.8	0.91	FSW	
88	58	58	MUHLX	Muhlenkamp Fund	MCVal	S	S	S	-4.3	6.7	37.9	64.17	27.9	1.24	FSW	
89	83	116	OTCFX	T. Rowe Price Small Cap Stock Fund	SC	S	S	S	-3.0	8.2	31.6	28.42	19.2	0.84	fsw	
90	175	185	HAVLX	Harbor Value	LCVal	S	S	S	-0.7	8.8	26.4	14.66	18.1	0.94	Fsw	
91	57	96	SMTVX	Strong Multi-Cap Value	MCVal	S	S	S	-7.0	8.6	36.4	53.95	22.4	1.01	FSW	
92	117	123	WPSRX	Westport Small Cap R	SCVal	S	S	S	-2.7	7.8	31.9	21.96	18.6	0.85	FSW	
93	214	210	TWEIX	American Century Equity Income	MCVal	S	S	S	0.1	9.7	22.8	7.85	12.6	0.62	FSW	
96	69	51	VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	-4.6	6.6	37.3	18.90	17.8	0.83	fsw	
101	43	38	LMASX	Legg Mason Special Investment Trust	MC	*	H	H	-3.8	3.9	41.5	44.29	30.9	1.33		
129	9	24	CGMFX	CGM Focus	SCVal	*	(H)	(H)	-10.9	2.6	50.5	28.16	37.9	1.03	fsw	
135	56	45	VEXPX	Vanguard Explorer	SCGro	H	H	H	-4.9	3.7	38.5	65.51	24.2	1.12	fsw	
140	4	13	USRLX	Undiscovered Small Cap Growth (\$10,000)	SCGro	*	(H)	(H)	-9.0	0.8	50.5	10.15	44.2	1.85	fw	
179	50	26	LMOPX	Legg Mason Opportunity Trust (1%r<1yr)	MC	*	(S)	(S)	-6.7	1.6	37.0	13.32	35.1	1.48		
245	54	3	OBEGX	Oberweis Emerging Growth (1%r<180d)	SCGro	*	S	S	-8.3	-8.9	42.4	24.87	33.2	1.36	FSW	

Dow Jones
NASDAQ
S&P 500

-1.3%
-3.7
-1.7

4.3%
-0.6
5.4

20.6%
31.1
20.8

indexes do not
include dividends

International Stock Funds

1	1	7	MJFOX	Mathews Japan Fund (2%r<90d)	Japan	*	B	B	-2.6%	18.7%	92.8%	\$15.19	15.2	-	FSW
2	3	1	AIOIX	Amer.Cent.Intl Opportunity (2%r<180d)	Int'l	B	B	B	0.5	16.8	82.4	8.75	-	-	S
3	2	2	FISMX	Fidelity Intl Small Cap (2%r<90d)	Int'l	B	B	B	-3.3	15.9	79.2	20.16	-	-	Fw
4	5	17	PRJJP	T. Rowe Price Japan	Japan	*	(B)	(B)	-1.8	15.9	73.3	8.25	14.4	-	s
5	9	15	VINEX	Vanguard Intl Explorer (\$25,000,2%r<60d)	Int'l	(H)	(H)	(H)	-2.0	17.3	63.7	13.87	16.3	-	fsw
6	18	-	ARTKX	Artisan Intl Value (2%r<90d)	Int'l	H	H	H	-0.5	18.9	57.1	17.53	-	-	FSW
7	4	5	SJPNX	Japan Fund (Scudder) (2%r<180d)	Japan	*	B	B	-5.9	10.4	84.9	10.22	14.8	-	FSW
8	17	14	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	-0.2	14.7	61.8	17.08	20.4	-	FSW
9	8	8	PRIDX	T. Rowe Price Intl Disc. (2%r<1yr)	Int'l	B	B	B	-1.2	13.0	67.4	28.32	16.0	-	fsw
10	16	-	DODFX	Dodge&Cox Intl. Stock	Int'l	(B)	(B)	(B)	-3.1	14.7	57.0	24.51	-	-	fsw
11	51	46	TBGVX	Tweedy, Browne Global Value (2%r<60d)	Global	H	H	H	1.5	16.2	40.4	21.54	11.9	-	fsw
12	-	-	WAIGX	Wasatch International Growth	Int'l	H	H	H	-1.8	12.0	53.9	14.50	-	-	FSW
13	26	18	WPJGX	CS Warburg Pincus Japan Grth (2%r<30d)	Japan	*	H	H	-3.0	9.3	61.5	5.75	22.7	-	FSW
14	22	12	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	-3.4	11.7	52.8	16.15	-	-	SW
15	38	24	LLINX	Longleaf Partners International	Int'l	H	H	H	-0.9	11.7	48.4	14.90	19.4	-	fw
16	12	37	FJPNX	Fidelity Japan (1.5%r<90d)	Japan	*	H	H	-5.3	10.9	56.6	12.39	17.3	-	Fsw
17	21	3	MAPTX	Mathews Pacific Tiger (2%r<90d)	Pacific	*	H	H	-3.1	5.9	64.3	13.33	23.6	-	FSW
18	7	-	DRIDX	Driehaus Int'l Discovery (2%r<60d)	Int'l	H	H	H	-4.0	8.7	58.0	30.31	21.1	-	FSW
19	31	30	FIGRX	Fidelity International G & I (1%r<30d)	Int'l	H	H	H	-3.0	12.4	46.1	24.39	15.2	-	Fsw
20	39	20	OAKGX	Oakmark Global (2%r<90d)	Global	H	H	H	-1.3	10.7	45.7	19.77	26.5	-	FSW
21	19	11	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	H	H	-5.8	11.1	51.2	17.13	21.6	-	FSW
22	32	35	FDIVX	Fidelity Diversified Intl (1%r<30d)	Int'l	H	H	H	-3.4	12.7	43.8	24.87	13.8	-	Fsw
23	36	21	SGSCX	Scudder Global Discovery (closed)	Int'l	H	H	H	-2.0	10.5	46.8	29.00	20.1	-	FSW
24	47	33	PFIFX	Preferred International	Int'l	H	H	H	-1.8	11.6	43.6	14.59	17.4	-	w
25	30	26	FOSFX	Fidelity Overseas (1%r<30d)	Int'l	H	H	H	-4.1	10.4	49.7	31.91	15.5	-	Fsw
26	27	22	FIEUX	Fidelity Europe (1%r<30d)	Europe	H	H	H	-3.7	12.3	43.9	27.07	22.5	-	Fsw
27	35	23	VTRIX	Vanguard International Value (2%r<60d)	Int'l	H	H	H	-2.5	10.7	45.5	26.67	16.8	-	fsw
28	25	32	VPACX	Vanguard Pacific Stock Index (2%r<60d)	Pacific	*	H	H	-6.6	9.8	53.0	8.45	13.7	-	fsw
29	33	13	SCOPX	Scudder Pacific Opportunity (2%r<1yr)	Pacific	H	H	H	-5.5	7.8	55.7	11.73	19.0	-	FSW
30	48	38	GIGRX	Gabelli Intl Growth (2%r<60d)	Int'l	S	S	S	-1.9	11.1	41.8	16.25	13.1	-	FSW
31	11	-	DREGX	Driehaus Emerging Mkts Gr (2%r<60d)	Int'l	(H)	(H)	(H)	-6.7	8.8	54.4	20.06	24.9	-	FSW
32	20	9	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	(H)	(H)	-7.0	7.2	58.9	14.58	21.1	-	Fsw
33	28	6	PRASX	T. Rowe Price New Asia	Pacific	*	H	H	-5.7	5.4	60.7	8.51	19.7	-	fsw
39	14	10	VEIEX	Vanguard Emerging Mkts Stk Index (.5%r)	Int'l	*	(H)	(H)	-7.9	8.2	52.6	11.77	22.6	-	fsw
42	10	16	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	(H)	(H)	(H)	-8.9	9.6	49.1	10.63	-	-	Fsw

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

RANK	4/30 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/wf
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
1	59	81	FSNGX	Fidelity Natural Gas (.75%r<30d)	Utility	*	*	*	2.6%	25.7%	39.1%	\$23.75	27.70	0.61	Fsw	
2	2	18	FWRLX	Fidelity Wireless (.75%r<30d)	Tech	*	*	*	-5.2	16.9	69.5	4.56	-	-	fsw	
3	56	84	RYEIX	Rydex Energy	NatRes	*	*	*	2.2	23.9	37.5	12.20	21.30	0.66	fsw	
4	50	88	FSTEX	INVESCO Energy Inv	NatRes	*	*	*	1.0	24.9	35.2	22.42	33.90	0.84	FS	
5	35	68	VGEXX	Vanguard Energy (1%r<1yr)	Energy	*	*	*	0.2	22.7	40.8	31.88	24.50	0.64	fsw	
6	43	83	FBIOX	Fidelity Biotechnology (.75%r<30d)	Health	*	*	*	3.5	19.3	36.6	58.56	53.10	0.88	Fsw	
7	39	66	PRHSX	T. Rowe Price Health Sciences	Health	*	*	*	1.7	18.9	39.0	22.04	22.60	0.84	fsw	
8	65	86	FSENX	Fidelity Energy (.75%r<30d)	NatRes	*	*	*	0.5	21.4	32.9	26.77	22.10	0.70	Fsw	
9	25	46	FSHCX	Fidelity Med Del (.75%r<30d)	Health	*	*	*	-2.3	17.3	44.5	31.78	23.10	0.07	Fsw	
10	82	94	RYVIX	Rydex Energy Services	NatRes	*	*	*	-0.1	23.1	23.9	21.73	37.90	1.15	fsw	
11	11	25	PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	-2.0	13.2	48.5	23.46	30.00	1.53	fsw	
12	67	56	FSMEX	Fidelity Medical Equip (.75%r<30d)	Health	*	*	*	3.7	15.3	33.3	21.68	15.50	0.29	Fsw	
13	53	77	FNARX	Fidelity Natrl Resources (.75%r<30d)	NatRes	*	*	*	-1.8	16.5	34.1	14.62	21.90	0.78	Fsw	
14	86	95	FSESX	Fidelity Energy Services (.75%r<30d)	NatRes	*	*	*	-0.2	20.5	20.2	34.64	46.40	1.18	Fsw	
15	5	11	EUEYX	Alpine U.S. Real Estate Equity CIY	RealEs	*	*	*	-9.8	9.2	62.4	30.62	32.70	0.87	fsw	
16	62	63	RYCIX	Rydex Consumer Products	Consmr	*	*	*	1.6	13.4	32.8	29.15	15.90	0.52	fsw	
17	26	27	FSDAX	Fidelity Defense & Aero (.75%r<30d)	Cycls	*	*	*	1.4	9.8	41.4	54.73	19.50	0.76	Fsw	
18	23	60	FSCHX	Fidelity Chemicals (.75%r<30d)	Cycls	*	*	*	0.7	15.6	27.9	52.47	21.60	0.82	Fsw	
19	34	159	PRNEX	T. Rowe Price New Era	NatRes	*	*	*	-3.9	14.5	35.9	27.46	18.80	0.55	fsw	
20	58	73	RYOIX	Rydex Biotechnology	Health	*	*	*	0.8	10.8	36.8	20.80	59.70	0.96	fsw	
21	78	70	VGHCX	Vanguard Health Care (\$25k&1%r<5yr)	Health	*	*	*	2.1	13.1	27.6	124.60	15.00	0.37	fsw	
22	36	42	FCYIX	Fidelity Cyclical Ind (.75%r<30d)	Cycls	*	*	*	-0.2	10.9	34.6	15.82	22.00	0.98	Fsw	
23	16	29	FSCGX	Rydex Industrial Equip (.75%r<30d)	Cycls	*	*	*	-3.4	10.6	39.1	23.53	22.90	1.11	Fsw	
24	19	33	RYLIX	Rydex Leisure	Consmr	*	*	*	-4.0	10.7	38.8	26.56	22.00	1.10	fsw	
25	8	24	RYIIX	Rydex Internet	Tech	*	*	*	-5.9	7.5	49.4	33.55	41.00	2.70	fsw	
26	74	71	FDFAX	Fidelity Food & Agr (.75%r<30d)	Consmr	*	*	*	0.9	11.7	28.3	46.94	15.50	0.21	Fsw	
27	38	45	FDSLX	Fidelity Leisure (.75%r<30d)	Consmr	*	*	*	-1.5	10.0	35.1	70.43	21.20	1.10	Fsw	
28	76	59	RYHIX	Rydex Health Care	Health	*	*	*	1.2	10.1	29.2	12.64	15.50	0.31	fsw	
29	87	89	FSPHX	Fidelity Health Care (.75%r<30d)	Health	*	*	*	3.2	13.0	17.9	124.40	15.30	0.28	Fsw	
30	44	75	FSPCX	Fidelity Insurance (.75%r<30d)	FinServ	*	*	*	-0.9	11.7	27.0	57.63	27.70	0.56	Fsw	
31	6	6	CGMRX	CGM Realty	RealEs	*	*	*	-12.0	3.9	58.6	24.60	17.50	0.21	sw	
32	52	57	FBSOX	Fidelity Bus Services (.75%r<30d)	Tech	*	*	*	1.2	7.7	28.0	14.53	22.60	1.03	Fsw	
33	73	74	FHLX	INVESCO Health Sciences Inv	Health	*	*	*	-0.6	10.9	22.6	49.57	31.50	0.29	FS	
34	41	23	FSAVX	Fidelity Automotive (.75%r<30d)	Cycls	*	*	*	-2.9	5.7	38.3	31.85	25.10	0.93	Fsw	
35	51	64	FLISX	INVESCO Leisure Inv	Consmr	*	*	*	-1.6	9.1	25.5	42.06	22.60	1.04	FS	
36	31	80	FSTCX	Fidelity Telecomm (.75%r<30d)	Utility	*	*	*	-4.1	9.5	27.9	32.89	25.00	1.38	Fsw	
37	20	22	FSHOX	Fidelity Const & Housing (.75%r<30d)	Cycls	*	*	*	-6.4	5.1	41.8	34.93	24.40	0.80	Fsw	
38	89	91	FPHAX	Fidelity Pharmaceuticals (.75%r<30d)	Health	*	*	*	2.0	10.0	16.3	9.01	-	-	Fsw	
39	66	78	FSPFX	Fidelity Paper & Forest (.75%r<30d)	Cycls	*	*	*	-3.0	9.6	24.5	30.23	24.70	0.80	Fsw	
40	24	48	RYBIX	Rydex Basic Materials	Cycls	*	*	*	-4.3	7.5	31.2	24.36	23.40	0.90	fsw	
41	68	41	FSRPX	Fidelity Retailing (.75%r<30d)	Consmr	*	*	*	-1.5	4.4	32.1	46.26	19.80	0.89	Fsw	
42	77	72	FSUTX	Fidelity Utilities Growth (.75%r<30d)	Utility	*	*	*	0.3	7.0	22.2	33.55	17.50	0.95	Fsw	
43	64	43	FBMPX	Fidelity Multimedia (.75%r<30d)	Consmr	*	*	*	-0.4	2.4	33.2	42.63	21.80	1.08	Fsw	
44	81	51	FSLEX	Fidelity Environmental Ser (.75%r<30d)	Cycls	*	*	*	0.4	4.0	25.7	13.19	19.70	0.59	fsw	
45	22	55	RYMIX	Rydex Telecommunications	Utility	*	*	*	-7.0	5.5	31.3	14.39	21.60	1.52	fsw	
46	14	31	CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	-13.5	8.8	32.6	53.40	14.60	0.23	FSW	
47	49	54	FSCSX	Fidelity Software (.75%r<30d)	Tech	*	*	*	-3.7	4.4	28.4	49.18	52.00	2.14	Fsw	
48	84	82	FSTUX	INVESCO Utilities Inv	Utility	*	*	*	-2.8	7.9	17.9	9.90	16.10	0.66	FS	
49	4	13	FSDCX	Fidelity Developing Comm (.75%r<30d)	Tech	*	*	*	-11.4	0.9	46.9	16.60	37.00	1.72	Fsw	
50	54	58	RYFIX	Rydex Financial Services	FinServ	*	*	*	-4.9	5.5	25.5	10.55	24.10	0.93	fsw	
51	7	4	RIAFX	RS Internet Age	Tech	*	*	*	-9.1	-4.9	55.6	6.27	59.30	2.65	FSW	
52	75	61	FBALX	Fidelity Balanced	Hybrid	B	*	*	-3.6	4.9	21.9	16.63	10.50	0.54	Fsw	
53	55	47	PRISX	T. Rowe Price Financial Services	FinServ	*	*	*	-4.1	3.0	27.0	21.56	20.00	0.80	fsw	
54	18	17	FSDPX	Fidelity Indust Matrls (.75%r<30d)	Cycls	*	*	*	-9.5	1.2	39.1	31.30	23.00	0.87	fsw	
55	45	98	RYTVX	Royce Technology Value (2%r<180d)	Tech	*	*	*	-4.3	-6.6	50.9	7.59	-	-	FSW	
56	79	76	FSCPX	Fidelity Consumer Ind (.75%r<30d)	Consmr	*	*	*	-2.1	3.8	21.2	22.71	14.00	0.66	Fsw	
57	61	67	FSFSX	INVESCO Financial Serv Inv	FinServ	*	*	*	-4.9	4.4	23.1	29.45	22.80	0.86	FS	
58	83	69	RYUIX	Rydex Utilities	Utility	*	*	*	-3.0	4.8	17.3	19.95	20.80	0.60	fsw	
59	85	79	VBINX	Vanguard Balanced Index	Hybrid	B	*	*	-2.3	4.3	15.7	18.22	10.70	0.57	fsw	
60	47	32	FSVLX	Fidelity Home Finance (.75%r<30d)	FinServ	*	*	*	-7.6	3.4	25.7	61.90	25.80	0.37	Fsw	
61	71	34	RYRIX	Rydex Retailing	Consmr	*	*	*	-3.4	-0.2	27.7	11.29	20.50	0.95	fsw	
62	69	38	RYKIX	Rydex Banking	FinServ	*	*	*	-5.0	2.1	23.8	9.74	27.50	0.70	fsw	
63	9	8	RSIFX	RS Information Age	Tech	*	*	*	-9.2	-5.5	48.9	14.16	48.30	2.33	FSW	
64	70	50	FSRBX	Fidelity Banking (.75%r<30d)	FinServ	*	*	*	-5.5	2.0	24.4	38.06	24.50	0.70	Fsw	
65	63	62	FIDSX	Fidelity Finl Serv (.75%r<30d)	FinServ	*	*	*	-6.0	3.3	21.8	111.50	21.80	0.79	Fsw	
66	72	30	FSAX	Fidelity Air Transport (.75%r<30d)	Cycls	*	*	*	-0.8	-3.2	28.8	29.05	28.50	1.14	Fsw	
67	21	39	CSEIX	Cohen & Steers Equity Income (1%r<180d)	RealEs	*	*	*	-13.7	5.0	26.3	13.85	13.10	0.13	FSW	
68	48	44	FSLBX	Fidelity Brokerage (.75%r<30d)	FinServ	*	*	*	-8.8	0.6	29.9	48.30	30.80	1.47	Fsw	
69	90	85	MERFX	Merger Fund (closed,2%r<30d)	Altern	*	*	*	-0.5	3.1	10.3	15.39	6.84	0.14	FSW	
73	91	87	GATEX	Gateway Fund	Altern	B	*	*	-0.4	2.4	8.0	23.18	7.84	0.40	FSW	

Upside Down?

Q I am a new subscriber and recently received your "MONEYLETTER Guide to Mutual Fund Investing." In it are the returns for your three All-Family portfolios since 1987. I averaged the annual returns over the 16 years reported and got 10.2% per annum for the Venturesome, 10.2% for the Moderate, and 10.5% for the Conservative. Am I missing something? — R.C., New York, NY

A Thank you for your question and for your recent subscription. Your question seeks an explanation as to why the historical model performance appears inverted (i.e. the returns earned for greater risk are less than those achieved with more conservative investments).

Over most of the 16-year period, results met with expectations: in other words, greater risk equals greater reward. One thing to keep in mind: while you cannot necessarily glean this from the long-term annual results, historically all of our models have had a growth bias. This means that results have been fairly close together on the upside.

When the market is moving in the other direction, however, the dynamic changes. On the downside capital preservation tendencies in the Moderate and Conservative models limited losses quite effectively. The three years 2000-2002 tell the tale. In a declining market greater risk led to greater losses. And, as the markets rotated toward "value," the capital preservation oriented Conservative model transitioned earlier. It also held greater amounts of fixed income assets.

As a result, this "inversion" had a dramatic effect on the model portfolios. Starting with \$100,000 on 12/31/99, here is what would have been the result for the next three years:

Venturesome	\$ 75,947
Moderate	\$ 83,739
Conservative	\$ 101,386

This 3-year period has dramatically impacted the longer-term averages. As you know, to recover a 10% loss one must gain more than 10%. If you examine a range of mutual funds you will find the 3-year bear market caused many "growth" funds to have greatly distorted 5- and 10-year numbers.

There is another factor to consider. In February 2003 MONEYLETTER re-defined the Conservative Portfolio to appeal to a more traditional safety-conscious investor. As a result, you will see a greater disparity in performance between the portfolios going forward. Last year was a good example...Conservative up 19.6%, Moderate up 41.7%, and Venturesome up 45.6%.

* * *

Since the March 23 Hotline reported Oberweis Emerging Growth (OBEGX) as a new "Sell" (ranked #128), the fund has shown why its well-above-market beta is deserved. Its extreme volatility has unfortunately been out of sync with our recent publication schedule. During these market periods we encourage subscribers to use the telephone Hotline or MONEYLETTER Plus, which presents complete weekly fund rankings.\$

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Gabelli US Treasury MMF	0.70	0.68	0.74
Vanguard Treasury MMF	0.67	0.68	0.74
Fidelity Spartan US Treas MMF	0.62	0.61	0.67
Amer Century Capital Presv Fund/Inv	0.55	0.56	0.59
T Rowe Price US Treasury MF	0.51	0.51	0.54
DBAB Cash Reserve Treasury	0.40	0.39	0.39
HSBC Investor US Treas MMF/CI D	0.40	0.42	0.40
US Treasury MF of America/CI A	0.36	0.34	0.38
CMA Treasury Fund RIC	0.35	0.33	0.41
Schwab US Treasury Money Fund	0.35	0.35	0.41

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.00	1.00	1.07
Scudder Premium Money Mkt Shrs/AARP	0.91	0.90	0.82
Scudder Premium Money Mkt Shrs/CI S	0.90	0.88	0.82
Bunker Hill MMF	0.86	0.88	0.91
McMorgan Principal Preservation	0.85	0.85	0.91
Scudder Prime Reserve MM/AARP	0.82	0.80	0.67
TIAA-CREF Money Market Fund	0.81	0.81	0.86
AIM MMF/Investor Class	0.80	0.80	-
Flex-fund Money Market Fund	0.78	0.79	0.86
AIG Money Market Fund/CI B	0.76	0.78	0.78
GE Money Market Fund	0.76	0.73	0.83

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Vanguard Tax-Exempt MMF	0.95	0.92	0.89
Strong Tax-Free Money Fund	0.93	0.91	0.91
Strong Municipal MMF	0.76	0.74	0.78
Scudder Tax-Exempt Money Fund	0.73	0.71	0.65
Amer Century T-F MMF/Inv Class	0.72	0.69	0.67
USAA Tax Exempt MMF	0.71	0.68	0.71
Dreyfus BASIC Muni MMF	0.69	0.65	0.66
Fidelity Municipal MMF	0.69	0.66	0.67
T Rowe Price Summit Muni MMF	0.67	0.64	0.68
Fidelity Tax Free Money Market	0.66	0.63	0.64

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	0.96	0.93	0.89
Vanguard PA Tax-Exempt MMF	0.95	0.91	0.85
Vanguard CA Tax-Exempt MMF	0.93	0.90	0.85
Vanguard NJ Tax-Exempt MMF	0.91	0.88	0.83
Vanguard NY Tax-Exempt MMF	0.91	0.89	0.84
Fidelity PA Municipal MMF	0.64	0.61	0.62
USAA Tax Exempt CA MMF	0.64	0.61	0.64
Fidelity FL Municipal MMF	0.63	0.60	0.61
Amer Century CA T-F MMF/Inv Class	0.62	0.58	0.56
Fidelity CT Municipal MMF	0.60	0.57	0.56

Taxable equivalent yield = yield / (1—total effective tax bracket). Funds are ranked by 7-day yields; 7-day and 30-day yields are compound yields as of 4/27/04. 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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Baron Partners Fund Built on Research

By his own admission, Ron Baron, chairman of Baron Capital and portfolio manager, asserts that Baron Partners fund is “the riskiest fund” of the five offered by Baron Capital. What makes it so risky? The main reason is that it is highly concentrated. The fund owns only about 25 stocks, and the top two holdings in the portfolio account for more than 30% of assets. And looking at the sector weightings in a different way than their listing below, the fund has more than 50% of its assets in consumer services. The fund also shorts stocks (shorts sometimes hit 20% of assets) and can use leverage.

Has the risk paid off in returns? The answer is—usually. Looking at calendar year performance, the fund outperformed its benchmark, the Russell 2000 in nine of the past 12 years. Compared to its Morningstar category, mid-cap growth funds, Baron Partners outperformed in four of the past seven years. The years it lagged were periods in which technology stocks were very strong and leading the market—1998, 1999, and 2003. And that trend will likely hold going forward.

A little history

Baron Partners has been available to the general investing public for only a short time—since April 2003. But as indicated by its performance history above, the fund has been around since 1992. Baron Capital ran Baron Partners as a partnership until last year, and only accredited hedge fund investors (with at least \$1 million in assets) could partake.

But a number of factors caused Baron Capital to change Partners’ structure. One was the 1997 repeal of the “short-short rule,” which limited mutual funds’ ability to short stocks. Since then, a number of mutual funds have been created that mimic hedge funds (including long-short, market-neutral, and arbitrage funds). In addition, according to Baron Capital, its traditional customer base of high-net-worth individuals were interested in a hedge fund, but did not wish to commit the amount of investment capital required. Hence, the switch to an open-end mutual fund.

Megatrends

All of the Baron funds invest in the same basic manner. Ron Baron points to so-called “megatrends” that underlie fund investments. One is the growth in gambling. Wynn Resorts, for example, designs and develops resort properties. It has a project underway in Las Vegas, and another one planned for Macau, near Hong Kong. The share price is up nearly 43% for the year-to-date through April 30.

Baron funds also invest in education, given the increasing need for higher levels of education in our technology-based society. Ron Baron states that the fund’s for-profit

education businesses have performed well in nearly every year since the fund’s inception. Apollo Group, a leading provider of education services for adults, has advanced 34% this year.

Healthcare is another “megatrend.” Healthcare represents 13% of the U.S. economy and is growing at a faster pace than our overall economy, according to Baron, and should continue to do so given our aging population. Number two holding ChoicePoint reflects another “megatrend”—an increasing need for security services. The firm provides corporate identification and credential verification services.

To find attractive stocks for the portfolio, significant and in-depth research is conducted, along with substantial management visits. The goal is to find companies that will double in size in four to five years, and double again in another four or five years. Baron terms the companies he looks for as “sunrise industries,” business that will create career opportunities for our children and grandchildren. Such firms should have a unique product or service with a high barrier to entry. The Baron team visits firms and speaks with executives and employees, as well as competitors. They study the industry, identifying long-term demographic, economic, societal, and legislative changes that will drive growth. The stress on long-term, in fact, is why the Baron funds generally avoid technology firms, because of their short product cycles.

Top Five Sectors and Holdings (% of Assets)

Recreation & Resorts	21.3%	Wynn Resorts	17.2%
Business Services	13.9	ChoicePoint	13.9
Financial	12.8	Apollo Group	6.3
Retail	11.4	Netflix	4.7
Education	10.5	Arch Capital Group	4.3

as of March 31, 2004

But the bottom line is valuation. The manager is willing to wait a long time to acquire a desired stock. Baron believes that over time, almost every stock will suffer a decline of 25% or more that is unrelated to the business’ value over the long term. That’s when they buy. For example, when Netflix announced (in the first quarter) that more rapid subscriber growth plus higher customer acquisition expense would penalize 2004 earnings, the stock declined 25%. That’s when Baron Partners purchased the DVD rental-by-mail pioneer.

Overall, Ron Baron is optimistic, stating that the firms he talks to say business is doing better. He anticipates that corporate earnings will be higher than most analysts project.

*Baron Partners (BPTRX), Baron Capital
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(800) 442-3814; Minimum Investment \$2,000*

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