



Out Of Tune

by Walter S. Frank, Chief Investment Officer

June's weak employment report was something of a shocker. Payroll job growth we are told was one-half of what was expected, and more than one-half below the growth of recent months. Manufacturing, which has had three months of good job growth, suddenly lost jobs. The message from the overall report was that the economy had stalled unexpectedly in June after running smoothly through the spring.

It is truly a puzzle. Oh, yes, we know that some June numbers on general activity had been running soft. April and May factory orders slid after a sharp gain earlier. Car sales slumped in June after a big gain in May. And the Walmarts of the world have been telling us that June sales were sluggish.

At the same time though, surveys were also telling us that manufacturing was doing well, if not as boomy as earlier this year. As for the consumer, the latest confidence survey told us that respondents were saying jobs were more plentiful than at any time this year, and less hard to get.

What is behind this dissonance? We have two guesses to offer. The first is that the June employment report is a difficult one to adjust, and the adjustment process played tricks on us this time. The second is that the oil price rise cut into consumer spending. Neither guess explains everything.

For example, the weakness in investment goods new orders stands out unexplained. And the services survey for June (a sister survey to the manufacturing survey) also turned out to be a weaker than expected. Until the market gets more data, and that will take another 2-3 weeks at least, the markets will be flying blind, especially the stock market. The question stock investors are asking is has the economy simply hit an air pocket or is the turbulence something more serious?

The bond market, on the other hand, ran with the employment news. Even if June is just an air pocket and not the start of a major course change, the Fed will now be putting any contemplated action on hold until more data arrives. A time when the economy is wobbling is no time to be withdrawing stimulus. The bond market too has

to wonder about the consensus view of interest rates over the rest of this year.

As for the stock market, the June numbers have put a penciled question mark over the earnings estimates for the next twelve months. At the same time, the slowing of the advance of interest rates is a plus but only on the assumption that the slowing is temporary. For the short-run, we don't see the stock market going anywhere while the June puzzle remains, good second quarter earnings or no. The market is a forward looking mechanism and, as the second quarter earnings roll out, the obvious question in Wall Street's collective mind will be can the expected earnings gains be realized?

Wall Street already expects that the earnings gains going forward will be less than the enormous gains (overall) we have already seen. But the current estimates for earnings over the next twelve months certainly do not allow for any serious slowing. Our first clue of what is happening will come over the next two weeks as the earnings season swings into gear. The guidance coming from companies will tell us how they see things going forward.

Meanwhile the puzzle will remain. For our part, given everything we know as of now, we believe that the economy has hit an air pocket and not anything more serious. As we said earlier, though, without more to go on that is only an educated guess.

Asia

We have not said anything about China, Japan or Southeast Asia since we withdrew our international allocations at the time of the concern about China's decision to slow down its pell-mell growth. The issue for investors at the time was whether China could manage a soft landing (slow to a still rapid but more orderly growth rate) or was headed for a hard landing (whatever that means in China's case). It is only weeks since China took action. There have been some signs of slowing and the Chinese Premier said recently that he has "full confidence (China) will achieve expected targets for the economy." Roughly speaking, the targets are to slow growth from 9% to 7%.

After the frenzy of the tidal wave of selling following the first steps to slow the economy, the China region markets have settled down. For the moment, the markets have tilted slightly toward giving China the benefit of the doubt. It is, of course, much too early to have any view about whether China is succeeding or not, the premier notwithstanding. Anything close to a soft landing would make the entire region attractive again.

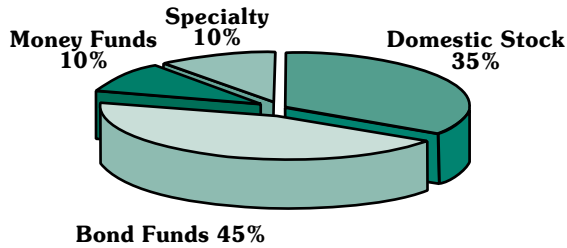
Japanese stocks were swept along in the China-induced selling though the losses were not as steep as those of the China funds. Since then the Japan funds have come close to recovering all their losses. As the weeks have gone by the Japanese recovery looks more solid every day. \$

Market Trends

	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Higher	Higher
Dollar	Flat	Flat/Lower
Inflation	Higher	Flat/Lower
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	0.2%	10,090	\$1.00	\$10,090
Gateway Fund	11/27/02	12.5	601	23.65	14,223
Loomis Sayles Bond	03/17/04	-3.2	1,126	12.78	14,388
RS Partners	04/02/03	73.5	735	30.10	22,114
ICM/Isabelle SC Value	05/19/04	6.9	669	14.90	9,963
AmerCent Inflation Adj.	02/12/03	6.9	1,596	10.90	17,393
Strong Mid Cap Disciplined	05/19/04	5.1	1,059	21.13	22,368
Dodge & Cox Income	02/19/03	4.0	991	12.61	12,497
TOTAL VALUE					\$123,036

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
1.6%	2.2%	14.5%	28.8%	2.2%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.4%	8,673	\$1.00	\$8,673
Fidelity Balanced	11/27/02	28.0	774	17.10	13,233
Fidelity Strategic Income	03/17/04	-2.6	1,682	10.15	17,070
Fidelity Value	04/21/04	3.6	333	67.54	22,522
Fidelity Small Cap Stock	12/10/03	12.6	886	17.50	15,501
Fidelity Intermediate Gov	02/19/03	1.2	1,149	10.13	11,635
Fidelity Investment Grade	02/19/03	3.9	1,711	7.39	12,643
TOTAL VALUE					\$101,277

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
2.4%	3.1%	13.1%	9.4%	3.1%

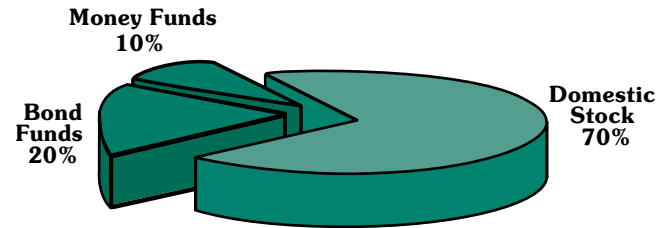
Vanguard Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.4%	8,445	\$1.00	\$8,445
Vanguard Balanced Index	11/27/02	19.5	572	18.50	10,590
Vanguard Bond Market	02/19/03	3.3	719	10.09	7,258
Vanguard Inflation Protect	02/19/03	7.3	1,073	12.17	13,062
Vanguard US Value	05/19/04	6.1	1,232	12.75	15,712
Vanguard Value Index	05/19/04	5.7	626	19.45	12,183
Vanguard Small Cap Value	03/24/04	5.8	1,359	12.42	16,875
Vanguard GNMA	03/17/04	-1.6	1,656	10.29	17,038
TOTAL VALUE					\$101,163

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
1.9%	2.6%	13.3%	4.8%	2.6%

MODERATE

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

**MONEYLETTER Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.1%	12,003	\$1.00	\$12,003
Baron Partners	06/09/04	-0.5	841	14.20	11,939
Loomis Sayles Bond	03/17/04	-3.2	1,575	12.78	20,133
Henlopen Fund	12/15/03	11.3	859	27.69	23,784
RS Partners	02/12/03	83.2	601	30.10	18,079
Fidelity Leveraged Company	01/28/04	2.7	1,141	20.90	23,839
Strong Mid Cap Disciplined	05/19/04	5.1	568	21.13	12,002
TOTAL VALUE					\$121,779

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
2.6%	3.5%	27.7%	47.5%	3.5%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.1%	8,968	\$1.00	\$8,968
Fidelity Aggressive Growth	06/09/04	3.2	576	16.06	9,249
Fidelity Leveraged Company	12/10/03	17.2	751	20.90	15,688
Fidelity Strategic Income	03/17/04	-2.6	2,453	10.15	24,897
Fidelity Small Cap Stock	11/12/03	13.8	1,354	17.50	23,688
Fidelity Value	04/21/04	3.6	328	67.54	22,166
Fidelity Equity-Income	05/19/04	5.5	208	50.54	10,521
TOTAL VALUE					\$115,177

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
3.3%	4.2%	22.0%	31.2%	4.2%

Vanguard Moderate

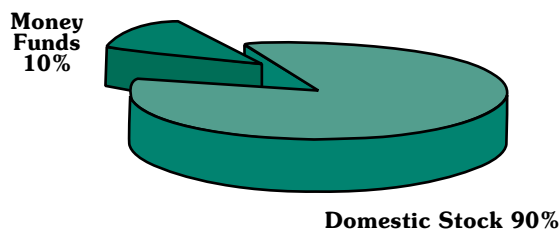
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.1%	10,058	\$1.00	\$10,058
Vanguard Mid-Cap Index	06/09/04	2.5	742	13.89	10,303
Vanguard FI Hi-Yld Corp	01/17/01	19.2	3,366	6.21	20,903
Vanguard Value Index	05/19/04	5.7	856	19.45	16,651
Vanguard Windsor II	05/12/04	5.3	693	28.04	19,424
Vanguard Small Cap Value	03/24/04	5.8	1,406	12.42	17,460
Vanguard US Value	05/19/04	6.1	1,089	12.75	13,884
TOTAL VALUE					\$108,683

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
2.5%	2.4%	21.0%	13.8%	2.4%

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

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
Schwab Money Market	Yield YTD	0.1%	10,829	\$1.00	\$10,829
Baron Partners	06/09/04	-0.5	759	14.20	10,771
Henlopen Fund	11/12/03	10.4	586	27.69	16,224
RS Smaller Company Grwth	12/15/03	8.6	905	21.50	19,447
Strong Mid Cap Disciplined	05/19/04	5.1	746	21.13	15,754
Fidelity Leveraged Company	01/28/04	2.7	907	20.90	18,957
RS Partners	02/12/03	83.2	777	30.10	23,380
TOTAL VALUE					\$115,362

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
2.8%	4.4%	32.2%	47.1%	4.4%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.1%	8,217	\$1.00	\$8,217
Fidelity Aggressive Growth	06/09/04	3.2	528	16.06	8,474
Fidelity Leveraged Company	12/10/03	17.6	1,107	20.90	23,136
Fidelity Contrafund	05/19/04	5.9	414	52.40	21,667
Fidelity Equity-Income	05/19/04	5.5	427	50.54	21,597
Fidelity Value	04/21/04	3.6	261	67.54	17,643
Fidelity Small Cap Stock	07/30/03	31.1	1,161	17.50	20,311
TOTAL VALUE					\$121,045

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
3.6%	4.3%	24.7%	27.2%	4.3%

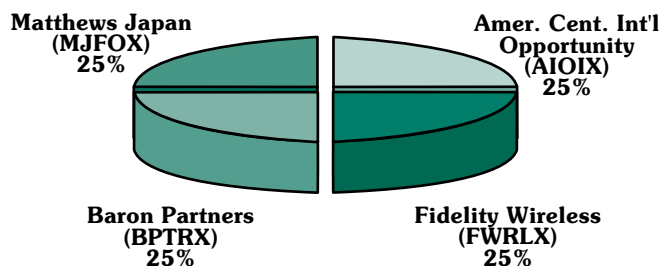
Vanguard Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.1%	8,965	\$1.00	\$8,965
Vanguard Mid-Cap Index	06/09/04	2.5	661	13.89	9,182
Vanguard Windsor II	05/12/04	5.3	812	28.04	22,775
Vanguard US Value	05/19/04	6.1	1,740	12.75	22,189
Vanguard Value Index	05/19/04	5.7	1,112	19.45	21,626
Vanguard Small Cap Value	03/24/04	5.8	1,821	12.42	22,620
TOTAL VALUE					\$107,357

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	3-yr	YTD
2.9%	2.3%	24.4%	13.7%	2.3%

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	19.0%	3,921	\$8.98	\$35,208
ICM/Isabelle SC Value	04/21/04	0.3	2,040	14.90	30,396
Baron Partners	05/19/04	4.1	2,240	14.20	31,806
Matthews Japan	05/05/04	1.4	1,792	15.76	28,246
TOTAL VALUE					\$125,656

TOTAL RETURNS (as of 06/30/04)				
1-mo	6-mo	1-yr	Incep. (9/30/02)	YTD
4.7%	2.7%	22.1%	28.5%	2.7%

MONEYLETTER Select Commentary

Please note: The recommendations presented for the Select Portfolio are based strictly upon "technical" data. As such, these exchanges should NOT be considered for investors following our Asset Allocation Portfolios (i.e. Conservative, Moderate or Venturesome).

The Hotline of Tuesday, July 6 recommended all shares of ICM/Isabella Small Cap Value (IZZYX) should be exchanged for Fidelity Wireless (FWRLX). This recommended trade will be executed at the market close July 7, which is after the press date for this issue. Details will be provided in the next issue. Note that the model portfolio details reflect positions as of month-end on June 30, 2004, while the Pie Chart has presented positions at press time, reflecting changes indicated in the Hotline of July 6th.

While the long anticipated and first increase in rates by the Fed has occurred, markets remain "tentative" as the focus shifts back to corporate earnings. The model remains fully invested in equity funds.

Total Returns—June 30, 2004

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	1.9%	3.6%	19.2%	-2.1%	3.6%
Asset Allocation Funds (Avg) 84 Funds	1.6	2.2	14.6	7.8	2.2

Domestic Stock Funds

RANK	7/02	1 Mo	6 Mo	Ticker	Fund Name (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	RISK		NTF/wtf
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
1	1	-		BPTRX	Baron Partners	MCGro	*	B	B	-0.1%	15.5%	36.7%	\$14.01	28.6	1.26	FSW
2	2	24		BUFSX	Buffalo Small Cap (closed)	SCGro	B	B	B	0.1	13.4	37.4	25.11	31.2	1.25	SW
3	29	94		TAVFX	Third Avenue Value (1%r<60d)	SC	B	B	B	5.8	11.4	33.3	46.24	17.2	0.79	FSW
4	18	88		RYPRX	Royce Premier (1%r<180d)	SC	B	B	B	2.8	12.1	33.2	14.46	19.4	0.84	FSW
5	6	29		MOPIX	MainStay Small Cap Opportunity (closed)	SCVal	B	B	B	3.5	8.0	41.9	18.26	17.5	0.63	FSW
6	3	9		WBSNX	WmBlair S-C Growth N (closed,1%r<60d)	SCGro	B	B	B	1.9	9.7	39.7	24.16	30.1	1.12	FSW
7	25	21		BERWX	Berwyn Fund (1%r<180d)	SCVal	B	B	B	4.1	7.0	38.8	26.75	22.3	0.77	fsw
8	14	1		HENLX	Henlopen Fund (1%r<30d)	SCGro	*	B	B	2.2	4.5	47.3	27.39	30.9	1.19	FSW
9	24	47		TASCX	Third Avenue Small-Cap Value (1%r<1yr)	SCVal	B	(B)	(B)	4.4	8.6	33.0	20.50	19.9	0.85	FSW
10	9	96		SMCDX	Strong Mid Cap Disciplined	MCVal	B	B	B	1.7	10.1	33.2	21.01	23.1	0.99	FSW
11	45	134		ARTQX	Artisan Mid Cap Value	MCVal	(B)	(B)	(B)	2.9	10.6	29.6	15.03	19.8	0.87	FSW
12	5	2		FLVXC	Fidelity Leveraged Co (\$10,000,1.5%r<90d)	MC	*	B	B	2.4	6.8	39.2	20.60	36.3	1.39	Fw
13	38	62		ARTSX	Artisan Small Cap	SCGro	B	B	B	2.6	10.4	29.3	15.68	26.7	1.19	FSW
14	16	5		RYPNX	Royce Opportunity (closed,1%r<180d)	SCVal	B	B	B	3.3	4.7	42.4	12.81	30.8	1.18	fsw
15	-	-		CHTTX	ABN Amro Mid Cap	MC	*	(B)	(B)	1.7	11.0	28.4	23.61	26.4	1.29	FSW
16	4	23		RSPFX	RS Partners	SC	B	B	B	1.1	7.9	36.7	29.93	20.9	0.69	FSW
17	10	20		VHCOX	Vanguard Cap Opp (closed,\$25,000,1%r<5yr)	MCGro	*	B	B	1.1	9.0	33.2	27.73	25.3	1.28	fsw
18	33	85		PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	(B)	(B)	(B)	3.2	9.0	30.3	32.24	18.0	0.69	fsw
19	34	168		ARGFX	Ariel Fund	SCVal	(B)	(B)	(B)	3.4	10.5	26.0	49.99	15.6	0.53	FSW
20	11	57		CRMMX	CRM Mid Cap Value Inv	MCVal	B	B	B	1.6	9.0	31.8	23.41	18.9	0.78	Fsw
21	79	141		NBGNX	Neuberger Berman Genesis (closed)	SC	H	H	H	2.8	9.2	29.0	28.19	15.5	0.63	fsw
22	52	71		VISVX	Vanguard Small-Cap Value Index	SCVal	H	H	H	3.7	7.1	31.0	12.35	22.4	0.90	fsw
23	39	70		TUDRX	WPG Tudor	SC	(B)	(B)	(B)	3.7	7.2	30.4	17.59	27.0	1.12	fsw
24	20	-		TGDVX	TCW Galileo Diversified Value N	LCVal	B	B	B	2.0	8.2	30.0	12.18	19.8	1.03	FW
25	8	-		PVLDX	PIMCO PEA Value D	LCVal	*	B	B	1.8	8.2	30.3	16.86	25.4	1.32	FSW
26	27	19		WMCVX	Wasatch Small Cap Value (closed,2%r<60d)	SCVal	B	B	B	1.4	6.8	33.6	5.65	26.6	0.96	FSW
27	49	80		SAFGX	Safeco Growth Opportunities (2%r<90d)	SC	H	H	H	3.1	7.2	29.9	26.54	29.8	1.18	fsw
28	23	253		JMCVX	Janus Mid Cap Value	MCVal	B	B	B	1.8	7.7	29.8	21.93	20.4	0.93	fsw
29	28	112		FBRVX	FBR Small Cap Value A (1%r<90d)	SCGro	H	H	H	2.0	9.7	24.1	35.56	23.4	0.82	FSW
30	17	32		IZZYX	ICM/Isabelle Small Cap Value	SCVal	H	H	H	1.7	6.1	33.5	14.72	29.5	1.04	FSW
31	50	55		PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	2.0	7.0	30.4	9.54	20.4	0.80	Fsw
32	37	37		FSLCX	Fidelity Small Cap Stock (2%r<90d)	SCGro	H	H	H	2.8	4.8	34.4	17.27	21.5	0.94	F
33	62	83		FDVLX	Fidelity Value	MCVal	H	H	H	3.1	7.6	26.7	66.72	19.0	0.89	Fsw
34	41	53		CRMSX	CRM Small Cap Value Inv (closed)	SCVal	H	H	H	1.2	7.3	30.1	26.18	23.8	0.93	FSW
35	19	65		TRMCX	T. Rowe Price Mid Cap Value	MCVal	B	B	B	1.7	6.8	29.6	21.74	19.8	0.90	fsw
36	113	99		MPSCX	MSI Small Cap Value (closed)	SCVal	H	H	H	3.4	6.7	26.5	22.07	20.7	0.98	fsw
37	15	52		TWCVX	American Century Vista	MCGro	B	B	B	0.1	8.1	27.9	13.62	15.8	0.68	fsw
38	56	207		RYSEX	Royce Special Equity (1%r<180d)	SCVal	H	H	H	2.9	7.7	24.0	19.40	16.5	0.51	Sw
39	40	158		BARAX	Baron Asset	MCGro	H	H	H	1.1	9.0	23.3	47.79	21.2	0.94	FSW
40	32	12		NESGX	Needham Small Cap Growth (.75%r<30d)	SCGro	H	H	H	1.6	4.4	33.7	17.72	-	-	FSW
41	12	17		RSCOX	RS Contrarian Value	MC	(H)	(H)	(H)	1.2	3.8	35.4	17.74	18.6	0.60	FSW
42	47	73		FLPSX	Fidelity L P Stock (closed,1.5%r<90d)	SCVal	H	H	H	1.9	5.9	29.0	37.11	18.0	0.75	Fsw
43	138	76		MUHLX	Muhlenkamp Fund	MCVal	S	S	S	3.2	6.1	26.4	66.80	27.9	1.24	FSW
44	58	42		NAESX	Vanguard SmallCap Index	SC	H	H	H	1.9	5.6	29.2	23.99	23.2	1.01	fsw
45	21	-		BUFMX	Buffalo Mid Cap	MCGro	H	H	H	-0.7	7.3	28.1	12.02	-	-	FSW
46	30	36		BPSCX	Boston Ptnrs Smlcap Val (closed,1%r<1yr)	SCVal	(H)	(H)	(H)	1.3	5.4	29.8	24.04	25.8	0.87	FSW
47	44	123		JAENX	Janus Enterprise	MCGro	H	H	H	0.8	8.1	23.6	33.55	21.4	1.09	FSW
48	53	95		VPMCX	Vanguard PRIMECAP (closed,\$25,000&1%r<5yr)	LC	H	H	H	1.3	7.3	25.0	56.88	21.7	1.13	fsw
49	93	129		AVALX	Aegis Value Fund	SCVal	H	H	H	3.0	5.7	26.2	17.75	13.3	0.48	fw
50	43	-		TGIGX	TCW Galileo Dividend Focused N	MCVal	H	H	H	1.4	6.2	27.4	10.48	13.8	0.57	FW
51	107	113		LSSCX	Loomis Sayles Small Cap Value	SC	H	H	H	2.6	6.2	24.1	25.30	18.4	0.78	sW
52	42	102		MPEGX	MSI Mid Cap Growth	MCGro	*	H	H	0.2	7.1	24.6	18.38	22.2	1.17	fsw
53	66	27		MERDX	Meridian Fund	MCGro	H	H	H	0.7	5.1	28.6	34.82	23.1	0.95	fw
54	55	79		SOPFX	Strong Opportunity	MCVal	H	H	H	0.5	7.0	24.1	42.06	22.2	1.17	FSW
55	57	121		WGROX	Wasatch Core Growth (closed,2%r<60d)	SCGro	H	H	H	0.7	7.0	23.8	39.37	28.5	1.10	FSW
56	65	-		TGONX	TCW Galileo Opportunity N	SC	H	H	H	2.3	3.4	30.3	13.44	22.5	0.90	FSW
57	59	137		VALSX	Value Line Special Situations	MCGro	H	H	H	0.9	7.0	23.3	22.30	15.4	0.71	FSW
58	70	106		BPMCX	Boston Partners Mid Cap Value	MCVal	H	H	H	1.1	6.3	24.5	13.53	20.1	0.93	FSW
59	22	33		MNSCX	WellsFargo Montgomery Small Cap (closed)	SCGro	(H)	(H)	(H)	-1.0	6.6	26.7	11.57	23.3	1.05	fS
60	74	40		LMASX	Legg Mason Special Investment Trust	MC	*	H	H	2.4	5.1	25.3	46.23	30.9	1.33	-
61	36	25		TGVNX	TCW Galileo Value Opportunities	MC	*	H	H	-0.1	5.1	28.9	21.26	29.2	1.32	FSW
62	73	63		VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	1.4	5.2	25.6	19.69	17.8	0.83	fsw
63	54	10		RSSGX	RS Smaller Company Growth	SCGro	*	H	H	0.6	2.4	33.0	21.14	28.5	1.23	FSW
64	123	8		BOGLX	Bogle Small Cap Growth (closed)	SCGro	H	H	H	2.3	1.9	31.7	27.07	22.3	0.88	w
65	7	233		JAVLX	Janus Twenty (closed)	LCGro	H	H	H	-0.9	9.0	18.4	39.16	17.3	0.93	FSW
66	48	151		BGRFX	Baron Growth	SCGro	H	H	H	-0.2	7.6	20.7	38.15	18.4	0.72	FSW
67	98	116		OTCFX	T. Rowe Price Small Cap Stock Fund	SC	H	H	H	1.7	5.2	23.6	29.57	19.2	0.84	fsw
68	75	60		VEXMX	Vanguard Extended Market Index	MC	S	S	S	1.1	4.7	25.7	27.98	21.5	1.02	fsw

Bold funds are currently held in MONEYLETTER model portfolios.
Advice: B=Buy, H=Hold, S=Sell, (B), (H), (S)= advice new this issue,
 *=not for this portfolio.

Std. Dev.: Standard Deviation based on trailing 3-yr. returns.

Beta: fund's correlation to the market (S&P 500 = 1.0). A fund with a beta greater than 1.0 is more volatile than the S&P 500.
NTF/wtf: NO TRANSACTION FEE/with transaction fee (F/f) for Fidelity, (S/s) for Schwab and (W/w) for TD Waterhouse.

Domestic Stock Funds (continued)

RANK	7/02	1 Mo	6Mo	Ticker	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	133	39	STDIX	Strong Discovery	MCGro	S	S	S	2.0	4.2	25.5	20.61	19.1	0.86	FSW	
70	69	119	RPMSGX	T. Rowe Price Mid Cap Growth	MCGro	S	S	S	1.0	6.0	22.2	45.53	22.1	1.11	fsw	
71	26	28	JAVTX	Janus Venture (closed)	SCGro	*	(H)	(H)	-1.0	3.8	30.5	51.72	29.0	1.25	FSW	
72	83	45	RYPX	Royce Low Priced Stock (1%r<180d)	SCVal	S	S	S	1.0	3.9	27.4	14.65	27.1	1.10	FSW	
73	165	152	NMANX	Neuberger Berman Manhattan	MCGro	*	S	S	2.9	6.2	18.5	6.33	23.4	1.15	f	
74	51	16	LMOPX	Legg Mason Opportunity Trust (1%r<1yr)	MC	*	H	H	1.8	5.0	23.2	14.50	35.1	1.48	-	
75	67	26	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	0.2	4.3	27.3	13.72	21.6	0.91	fsw	
76	76	101	NBNGX	SIT Mid Cap Growth (2%r<30d)	MCGro	*	S	S	-0.1	6.5	21.8	10.04	23.5	1.23	FSW	
77	128	174	RYTRX	Royce Total Return (1%r<180d)	SCVal	S	S	S	2.5	5.4	20.5	11.24	15.7	0.66	FSW	
78	68	144	TWVLX	American Century Value	MCVal	S	S	S	1.1	5.6	21.9	7.84	16.6	0.82	FSW	
79	31	69	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	S	S	S	1.8	4.1	24.4	30.04	19.2	0.80	fw	
80	85	111	DNLDX	Dreyfus New Leaders	MCGro	S	S	S	1.2	5.1	22.4	43.25	18.6	0.90	FSW	
81	88	86	VIMSX	Vanguard Mid-Cap Index	MC	H	H	H	1.0	4.6	23.5	13.69	20.1	0.97	fsw	
82	78	117	FDEGX	Fidelity Aggressive Growth(1.5%r<90d)	MCGro	*	H	H	0.4	5.8	21.2	15.78	31.1	1.74	Fsw	
83	46	51	PRNHX	T. Rowe Price New Horizons	SCGro	*	H	H	-1.5	5.1	25.5	26.16	28.3	1.30	fsw	
84	142	136	NBFSX	Neuberger Berman Fasciano Inv	SCGro	S	S	S	1.8	4.6	22.0	41.26	17.9	0.69	FSW	
85	64	93	DODGX	Dodge & Cox Stock (closed)	LCVal	H	H	H	0.8	4.6	23.4	117.90	17.6	0.85	sw	
86	60	131	NCTWX	Nicholas II	MCVal	S	S	S	-0.5	5.4	22.9	22.43	19.5	0.96	w	
87	71	148	VWNFX	Vanguard Windsor II	LCVal	H	H	H	1.2	5.8	19.2	27.73	16.2	0.82	fsw	
88	136	15	USCGX	USAA Capital Growth	MCGro	*	S	S	0.9	2.5	27.9	6.65	23.9	1.13	fsW	
89	77	156	FCNTX	Fidelity Contrafund	LC	H	H	H	0.6	5.4	21.0	51.89	11.4	0.54	Fsw	
90	197	66	MXIX	Marsico 21st Century (2%r<30d)	LC	S	S	S	2.1	3.3	24.0	10.13	21.1	0.95	fSW	
91	124	34	CSMVX	Century Select Small Cap (1%r<180d)	SCGro	S	S	S	1.8	2.6	26.0	22.18	15.3	0.61	FSW	
92	61	82	TGCNX	TCW Galileo Select Equity	LCGro	*	S	S	0.6	5.2	21.4	17.87	28.1	1.46	FSW	
93	13	100	BSCFX	Baron Small Cap	SCGro	(H)	(H)	(H)	-2.9	7.0	21.9	19.95	21.5	0.79	FSW	
94	178	58	BRAIX	Bridgeway Aggressive Investors 2	MCGro	*	S	S	3.8	4.1	18.7	12.67	-	-	fsw	
95	105	89	KAUFX	Federated Kaufmann Fund (0.2%)	MCGro	S	S	S	1.4	4.0	22.5	5.17	19.5	0.86	FSW	
96	97	108	PESPX	Dreyfus Mid Cap Index	MCGro	S	S	S	0.5	4.3	23.2	24.36	20.2	0.97	FSW	
110	35	38	JSVAX	Janus Special Equity	MC	(S)	(S)	(S)	-0.4	2.0	26.7	11.06	22.3	1.10	SW	
136	115	143	VIVAX	Vanguard Value Index	LCVal	H	H	H	1.2	2.9	17.8	19.26	18.6	1.03	fsw	
143	134	120	VUVLX	Vanguard U.S. Value	LCVal	H	H	H	1.0	2.6	18.1	12.59	17.3	0.87	fsw	
148	110	149	FEQIX	Fidelity Equity-Income	LCVal	H	H	H	0.8	2.3	18.1	49.90	17.8	0.96	Fsw	

Dow Jones
NASDAQ
S&P 500

0.2% -1.2% 12.5%
0.9 0.0 19.5
0.0 1.5 13.3

indexes do not
include dividends

International Stock Funds

1	1	8	MJFOX	Matthews Japan Fund (2%r<90d)	Japan	*	H	H	5.8%	18.0%	62.8%	\$15.64	15.2	-	FSW
2	7	23	PRJPX	T. Rowe Price Japan	Japan	*	H	H	7.2	16.8	54.6	8.47	14.4	-	s
3	5	1	AIOIX	Amer.Cent.Intl Opportunity (2%r<180d)	Int'l	H	H	H	7.0	14.0	59.3	9.01	-	-	S
4	2	2	FISMX	Fidelity Intl Small Cap (2%r<90d)	Int'l	H	H	H	4.3	10.2	57.4	20.83	-	-	Fw
5	3	-	ARTKX	Artisan Intl Value (2%r<90d)	Int'l	H	H	H	4.1	14.0	43.7	18.52	-	-	FSW
6	12	5	PRIDX	T.Rowe Price Intl Disc. (2%r<1yr)	Int'l	H	H	H	5.3	9.0	49.5	29.05	16.0	-	fsw
7	6	6	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	3.6	9.6	46.2	17.74	20.4	-	FSW
8	4	-	DODFX	Dodge&Cox Intl. Stock	Int'l	H	H	H	3.5	8.8	48.1	25.78	-	-	fsw
9	8	14	VINEX	Vanguard Intl Explorer (\$25,000,2%r<60d)	Int'l	H	H	H	3.1	9.6	42.6	14.17	16.3	-	fsw
10	9	-	WAIGX	Wasatch International Growth	Int'l	H	H	H	3.1	9.1	41.4	15.09	-	-	FSW
11	11	58	TBGVX	Tweedy, Browne Global Value (2%r<60d)	Global	H	H	H	2.3	11.2	33.3	21.87	11.9	-	fsw
12	10	10	SJPNX	Japan Fund (Scudder) (2%r<180d)	Japan	*	H	H	2.5	5.5	43.7	10.23	14.8	-	FSW
13	17	52	FJPNX	Fidelity Japan (1.5%<90d)	Japan	*	H	H	3.0	6.4	34.4	12.49	17.3	-	Fsw
14	31	42	VPACX	Vanguard Pacific Stock Index (2%r<60d)	Pacific	*	H	H	4.1	5.9	33.0	8.66	13.7	-	fsw
15	13	12	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	2.2	4.6	38.2	16.46	-	-	SW
16	26	21	FIEUX	Fidelity Europe (1%r<30d)	Europe	H	H	H	3.3	4.0	33.5	28.02	22.5	-	Fsw
17	15	40	OAKIX	Oakmark International (2%r<90d)	Int'l	H	H	H	2.6	5.0	30.8	19.05	22.0	-	FSW
18	56	43	WPJGX	CS Warburg Pincus Japan Grth (2%r<30d)	Japan	*	H	H	2.8	4.0	30.5	5.52	22.7	-	FSW
19	14	32	PFIFX	Preferred International	Int'l	H	H	H	1.6	3.6	32.8	14.98	17.4	-	w
20	37	3	FLATX	Fidelity Latin Amer. (1.5%<90d)	LatinA	*	H	H	5.5	-0.1	35.9	15.43	29.8	-	Fs
21	29	66	LLINX	Longleaf Partners International	Int'l	H	H	H	1.7	5.4	26.9	14.92	19.4	-	fw
22	20	24	FIGRX	Fidelity International G & I (1%r<30d)	Int'l	H	H	H	1.8	2.9	32.1	24.88	15.2	-	Fsw
23	21	30	VTRIX	Vanguard International Value (2%r<60d)	Int'l	H	H	H	1.8	2.5	32.6	27.27	16.8	-	fsw
24	23	55	USIFX	USAA International	Int'l	H	H	H	1.8	4.3	26.8	20.82	15.0	-	w
25	28	41	ARTIX	Artisan International (2%r<90d)	Int'l	H	H	H	2.4	3.7	27.2	19.82	16.4	-	FSW
26	25	64	USAWX	USAA World Growth	Int'l	H	H	H	1.6	5.7	23.3	16.40	15.6	-	w
27	33	36	BJBIX	Julius Baer Intl Equity A (2%r<90d)	Int'l	H	H	H	2.2	2.6	29.6	27.45	12.5	-	FS
28	16	29	OAKGX	Oakmark Global (2%r<90d)	Global	H	H	H	0.7	4.0	28.2	20.14	26.5	-	FSW
29	24	33	HAINX	Harbor International (2%r<60d)	Int'l	S	S	S	2.0	1.9	31.3	37.96	17.9	-	Fsw
30	19	34	FDIVX	Fidelity Diversified Intl (1%r<30d)	Int'l	H	H	H	1.1	3.2	29.3	25.19	13.8	-	Fsw
31	30	51	MACSX	Matthews Asia G & I (closed,2%r<90d)	Pacific	S	S	S	1.4	2.9	29.7	14.22	11.4	-	FSW
32	22	22	SGSCX	Scudder Global Discovery (closed)	Int'l	H	H	H	0.5	3.3	29.4	29.31	20.1	-	FSW
33	18	37	VEURX	Vanguard European Stock Index (2%r<60d)	Europe	S	S	S	1.3	2.4	28.6	22.72	17.4	-	fsw
34	40	35	WBIGX	Wm. Blair Intl Growth N (closed,1%r<60d)	Int'l	S	S	S	2.4	1.8	28.2	19.14	14.6	-	FSW
35	34	53	SWINX	Schwab International Index (1.5%<180d)	Int'l	S	S	S	1.6	2.4	25.8	14.30	14.1	-	S

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

RANK 7/02 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/ w/ff
									1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
1	1	5	FWRLX	Fidelity Wireless (.75%r<30d)	Tech	*	*	*	3.3%	22.5%	56.2%	\$5.06	-	-	Fsw
2	11	55	FSTEX	INVESCO Energy Inv	NatRes	*	*	*	7.9	18.8	33.4	24.23	33.90	0.84	FS
3	27	43	FSNGX	Fidelity Natural Gas (.75%r<30d)	Utility	*	*	*	8.1	18.1	34.0	25.41	27.70	0.61	Fsw
4	3	38	VGEXX	Vanguard Energy (1%r<1yr)	Energy	*	*	*	4.7	14.7	37.0	34.21	24.50	0.64	fsw
5	10	46	RYEIX	Rydex Energy	NatRes	*	*	*	5.7	15.0	31.4	12.90	21.30	0.66	fsw
6	62	84	RYVIX	Rydex Energy Services	NatRes	*	*	*	9.3	16.2	19.7	22.91	37.90	1.15	fsw
7	6	26	FSHCX	Fidelity Med Del (.75%r<30d)	Health	*	*	*	3.7	10.9	40.7	34.64	23.10	0.07	Fsw
8	79	85	FSESX	Fidelity Energy Services (.75%r<30d)	NatRes	*	*	*	9.9	15.9	18.2	36.50	46.40	1.18	Fsw
9	16	57	FSENX	Fidelity Energy (.75%r<30d)	NatRes	*	*	*	5.7	13.5	28.7	28.38	22.10	0.70	Fsw
10	17	22	EUEYX	Alpine U.S. Real Estate Equity CIY	RealEs	*	*	*	4.1	9.4	39.0	32.19	32.70	0.87	Fsw
11	5	32	CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	4.7	9.8	34.2	59.79	14.60	0.23	FSW
12	15	28	FSDAX	Fidelity Defense & Aero (.75%r<30d)	Cycls	*	*	*	5.5	7.8	34.5	58.74	19.50	0.76	Fsw
13	19	81	PRNEX	T. Rowe Price New Era	NatRes	*	*	*	5.2	8.0	33.6	29.48	18.80	0.55	fsw
14	13	62	TRREX	T. Rowe Price Real Estate (1%r<180d)	RealEs	*	*	*	4.7	10.3	28.3	14.74	13.70	0.16	fsw
15	2	20	PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	1.2	9.0	35.1	24.70	30.00	1.53	fsw
16	7	54	FSMEX	Fidelity Medical Equip (.75%r<30d)	Health	*	*	*	0.9	12.8	24.6	22.43	15.50	0.29	Fsw
17	35	41	FNARX	Fidelity Natrl Resources (.75%r<30d)	NatRes	*	*	*	4.9	8.3	28.7	15.47	21.90	0.78	Fsw
18	29	56	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	5.4	8.5	27.2	25.11	13.90	0.20	Fsw
19	36	23	CGMRX	CGM Realty	RealEs	*	*	*	2.1	6.8	35.3	25.83	17.50	0.21	sw
20	12	30	FCYIX	Fidelity Cyclical Ind (.75%r<30d)	Cycls	*	*	*	3.3	6.2	34.0	16.81	22.00	0.98	Fsw
21	18	2	FSDCX	Fidelity Developing Comm (.75%r<30d)	Tech	*	*	*	2.4	5.2	36.5	17.68	37.00	1.72	Fsw
22	39	36	FSHOX	Fidelity Const & Housing (.75%r<30d)	Cycls	*	*	*	3.2	6.9	30.9	36.56	24.40	0.80	Fsw
23	8	81	FBIOX	Fidelity Biotechnology (.75%r<30d)	Health	*	*	*	-1.6	13.0	21.4	58.38	53.10	0.88	Fsw
24	30	59	VGSIK	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	4.6	7.5	25.6	15.96	13.70	0.14	fsw
25	20	35	FSCHX	Fidelity Chemicals (.75%r<30d)	Cycls	*	*	*	2.5	4.5	34.4	54.45	21.60	0.82	Fsw
26	25	51	CSEIX	Cohen & Steers Equity Income (1%r<180d)	RealEs	*	*	*	4.0	6.9	25.2	15.13	13.10	0.13	FSW
27	40	37	RYBIX	Rydex Basic Materials	Cycls	*	*	*	4.5	3.4	31.2	26.19	23.40	0.90	fsw
28	21	82	RYCIX	Rydex Consumer Products	Consmr	*	*	*	0.7	9.5	20.7	29.36	15.90	0.52	fsw
29	14	15	FSCGX	Fidelity Industrial Equip (.75%r<30d)	Cycls	*	*	*	2.2	2.1	35.9	24.68	22.90	1.11	Fsw
30	4	10	RYIIX	Rydex Internet	Tech	*	*	*	-0.5	5.7	29.8	36.19	41.00	2.70	fsw
31	9	50	PRHSX	T. Rowe Price Health Sciences	Health	*	*	*	-1.4	9.3	20.4	21.97	22.60	0.84	fsw
32	49	68	FSAX	Fidelity Air Transport (.75%r<30d)	Cycls	*	*	*	4.4	6.8	17.8	31.59	28.50	1.14	fsw
33	47	67	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	4.2	5.0	20.6	33.33	13.20	0.17	fsw
34	24	47	FSPFX	Fidelity Paper & Forest (.75%r<30d)	Cycls	*	*	*	2.0	3.7	26.3	31.94	24.70	0.80	Fsw
35	26	52	FSPCX	Fidelity Insurance (.75%r<30d)	FinServ	*	*	*	1.4	6.3	20.7	58.42	27.70	0.56	Fsw
36	51	72	FSRFX	Fidelity Transportation (.75%r<30d)	Cycls	*	*	*	3.7	4.2	20.2	35.30	23.00	0.88	Fsw
37	42	49	FSVLX	Fidelity Home Finance (.75%r<30d)	FinServ	*	*	*	1.4	4.2	23.7	64.97	25.80	0.37	Fsw
38	34	70	FSRPX	Fidelity Retailing (.75%r<30d)	Consmr	*	*	*	0.6	6.6	18.6	47.15	19.80	0.89	Fsw
39	23	39	RYLIX	Rydex Leisure	Consmr	*	*	*	0.0	5.3	22.3	26.42	22.00	1.10	fsw
40	71	87	RYPIX	Rydex Transportation	Cycls	*	*	*	3.8	2.7	18.6	20.30	20.80	0.76	fsw
41	43	88	FDFAX	Fidelity Food & Agr (.75%r<30d)	Consmr	*	*	*	-0.4	6.2	15.3	46.46	15.50	0.21	Fsw
42	58	58	FSLEX	Fidelity Environmental Ser (.75%r<30d)	Cycls	*	*	*	2.2	2.6	19.6	13.66	19.70	0.59	fsw
43	37	60	RYFIX	Rydex Financial Services	FinServ	*	*	*	0.2	3.9	18.6	10.88	24.10	0.93	fsw
44	28	44	FDSLX	Fidelity Leisure (.75%r<30d)	Consmr	*	*	*	-0.3	3.9	19.0	70.34	21.20	1.10	Fsw
45	63	76	FSUTX	Fidelity Utilities Growth (.75%r<30d)	Utility	*	*	*	3.1	5.0	10.1	34.43	17.50	0.95	Fsw
46	22	3	RIAFX	RS Internet Age	Tech	*	*	*	-2.5	-0.8	32.5	6.57	59.30	2.65	FSW
47	57	18	FSDPX	Fidelity Indust Matr's (.75%r<30d)	Cycls	*	*	*	3.6	-5.2	34.3	33.52	23.00	0.87	Fsw
48	54	21	RYMIX	Rydex Telecommunications	Utility	*	*	*	1.8	2.9	16.5	14.77	21.60	1.52	fsw
49	45	66	RYKIX	Rydex Banking	FinServ	*	*	*	-0.1	2.9	19.1	10.16	27.50	0.70	fsw
50	44	75	RYRIX	Rydex Retailing	Consmr	*	*	*	-1.2	4.0	17.2	11.40	20.50	0.95	fsw
51	31	6	RSIFX	RS Information Age	Tech	*	*	*	-2.4	-0.8	30.2	14.90	48.30	2.33	FSW
52	50	74	FBSOX	Fidelity Bus Services (.75%r<30d)	Tech	*	*	*	0.0	2.6	17.8	14.72	22.60	1.03	Fsw
53	61	79	FSTUX	INVESCO Utilities Inv	Utility	*	*	*	2.5	3.6	10.6	10.17	16.10	0.66	FS
54	66	64	FBALX	Fidelity Balanced	Hybrid	B	*	*	1.6	2.1	14.7	16.98	10.50	0.54	Fsw
55	55	34	FSTCX	Fidelity Telecomm (.75%r<30d)	Utility	*	*	*	1.7	3.3	10.6	33.15	25.00	1.38	Fsw
56	52	63	FIDSX	Fidelity Finl Serv (.75%r<30d)	FinServ	*	*	*	0.5	1.4	16.2	114.30	21.80	0.79	Fsw
57	53	42	PRISX	T. Rowe Price Financial Services	FinServ	*	*	*	0.6	0.4	16.4	21.88	20.00	0.80	fsw
58	38	71	RYHIX	Rydex Health Care	Health	*	*	*	-2.0	2.6	14.5	12.48	15.50	0.31	fsw
59	48	65	FSFSX	INVESCO Financial Serv Inv	FinServ	*	*	*	-0.2	1.2	14.9	29.78	22.80	0.86	FS
60	41	61	FLISX	INVESCO Leisure Inv	Consmr	*	*	*	-0.5	1.1	15.5	41.98	22.60	1.04	FS
61	68	80	VBINX	Vanguard Balanced Index	Hybrid	B	*	*	0.9	2.3	10.5	18.42	10.70	0.57	fsw
62	32	77	VGHCX	Vanguard Health Care (\$25k&1%r<5yr)	Health	*	*	*	-1.9	2.5	14.0	123.60	15.00	0.37	fsw
63	80	78	RYUIX	Rydex Utilities	Utility	*	*	*	1.2	2.5	8.6	20.49	20.80	0.60	fsw
64	59	69	FSRFX	Fidelity Banking (.75%r<30d)	FinServ	*	*	*	-0.4	0.5	15.3	38.86	24.50	0.70	Fsw
65	78	91	GATEX	Gateway Fund	Altern	B	*	*	0.7	2.7	7.6	23.59	7.84	0.40	FSW
66	73	29	FSAVX	Fidelity Automotive (.75%r<30d)	Cycls	*	*	*	1.4	-3.3	21.2	31.39	25.10	0.93	Fsw
67	33	89	FSPHX	Fidelity Health Care (.75%r<30d)	Health	*	*	*	-2.6	4.0	7.1	123.10	15.30	0.28	Fsw
68	46	73	FHLSX	INVESCO Health Sciences Inv	Health	*	*	*	-1.5	1.3	9.8	49.01	31.50	0.29	FS
69	64	31	PRSCX	T. Rowe Price Science & Tech	Tech	*	*	*	-0.7	-3.0	16.6	18.23	39.20	2.41	fsw
70	60	53	RYOIX	Rydex Biotechnology	Health	*	*	*	-3.2	-0.2	11.2	19.90	59.70	0.96	fsw

Fidelity Spartan Municipal MMFs Avoiding the AMT

Does, or will, the AMT affect you? For a rapidly increasing number of Americans, the answer is, "Yes." According to the Urban-Brookings Tax Policy Center, by the year 2010 the federal Alternative Minimum Tax (AMT) will affect 33 million taxpayers. That is up from approximately 1 million in 1999, making the AMT "the de facto tax system for households with income between \$100,000 and \$500,000 ... more than 92 percent of whom will face the tax."

"The intent of the AMT—which was first enacted in 1970—was to ensure that a small number of high-income individuals who, because of large deductions, may not be subject to regular federal income taxes would be required to pay some federal taxes," said Sanjiv Mirchandani, executive vice president at Fidelity. Fidelity has taken aim at the AMT by managing their Spartan Municipal Money Market Funds with the goal of only investing in securities that pay interest exempt from the federal AMT. Up until this year, all five of the Fidelity Spartan money funds could invest up to 20% of their assets in municipal securities whose interest was subject to the AMT. Now, these funds will "not normally invest" in such securities (it remains to be seen if any AMT-eligible income flows through these funds).

The five funds that the Boston-based mutual fund giant are aiming to be AMT-free are the Spartan Municipal Money Fund, Spartan California Municipal Money Market Fund, Spartan Massachusetts Municipal MMF, Spartan New Jersey Municipal MMF, and the Spartan New York Municipal MMF. More than one-third of all *MONEYLETTER* subscribers live in these four states. "In particular, the tax will hammer families with children and those that live in high tax states. The AMT does not allow parents to claim exemptions for their children" and "does not allow deductions for state taxes," explained Mirchandani.

Fidelity's Tax-Free Money Market Fund and Spartan Tax-Free Bond Fund also invest with the goal of minimizing the effect of the AMT. For more information on Fidelity funds, call (800) FIDELITY. \$

MONEY MANAGEMENT

PRI Financial Advisors Inc. is the exclusive provider of the "MONEYLETTER Managed Account Program."¹

Contact PRI and ask about a free, no-obligation Portfolio Review. Minimum Investment is \$100,000.

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¹As an independent Registered Investment Advisor, PRI Financial Advisors Inc. will exercise discretion with regard to asset allocation and fund selection and may make investment decisions for client accounts that differ from recommendations found in *MONEYLETTER*.

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	0.75%	0.70%	0.70%
Gabelli US Treasury MMF	0.74	0.72	0.71
Fidelity Spartan US Treas MMF	0.66	0.64	0.63
Amer Century Capital Presv Fund/Inv	0.58	0.58	0.56
DBAB Cash Reserve Treasury	0.50	0.45	0.36
T Rowe Price US Treasury MF	0.50	0.47	0.51
RMK Select Treas MMF/CI A	0.45	0.41	0.33
CMA Treasury Fund RIC	0.42	0.39	0.38
Schwab US Treasury Money Fund	0.42	0.40	0.37
Citi US Treasury Reserves	0.39	0.34	0.29
US Treasury MF of America/CI A	0.39	0.35	0.35

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.10%	1.07%	1.04%
Scudder Premium Money Mkt Shrs/AARP	1.02	0.96	0.81
Scudder Premium Money Mkt Shrs/CI S	0.99	0.94	0.81
Vanguard Prime MMF/Retail	0.95	0.85	0.77
Bunker Hill MMF	0.92	0.88	0.87
Scudder Prime Reserve MM/AARP	0.92	0.86	0.67
Harbor Money Market Fund	0.91	0.85	0.76
TIAA-CREF Money Market Fund	0.90	0.88	0.83
GE Money Market Fund	0.89	0.83	0.81
AIG Money Market Fund/CI B	0.87	0.84	0.79
E*TRADE MMF/Premier	0.87	0.82	-
Flex-fund Money Market Fund	0.87	0.84	0.83

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Vanguard Tax-Exempt MMF	0.98%	0.96%	0.86%
Strong Tax-Free Money Fund	0.89	0.87	0.87
Amer Century T-F MMF/Inv Class	0.72	0.70	0.64
Dreyfus BASIC Muni MMF	0.71	0.69	0.64
Scudder Tax-Exempt Money Fund	0.71	0.71	0.63
USAA Tax Exempt MMF	0.71	0.69	0.67
Strong Municipal MMF	0.68	0.67	0.73
Tax-Exempt Cash Managed Shares	0.68	0.64	0.55
Fidelity Municipal MMF	0.67	0.68	0.64
Fidelity Tax Free Money Market	0.66	0.65	0.61

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	0.96%	0.94%	0.86%
Vanguard PA Tax-Exempt MMF	0.95	0.94	0.83
Vanguard CA Tax-Exempt MMF	0.93	0.92	0.82
Vanguard NJ Tax-Exempt MMF	0.93	0.90	0.80
Vanguard NY Tax-Exempt MMF	0.93	0.91	0.82
Fidelity OH Municipal MMF	0.65	0.61	0.55
Fidelity FL Municipal MMF	0.64	0.62	0.57
Fidelity PA Municipal MMF	0.64	0.63	0.59
USAA Tax Exempt CA MMF	0.62	0.61	0.59
Amer Century CA T-F MMF/Inv Class	0.61	0.60	0.53

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 6/29/04. 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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Two Value Funds Scanning the Capitalization Spectrum

The two funds that caught our eye to feature in this issue are good performing value funds, both stacking up well against their more growth-oriented counterparts. Third Avenue Value, classified as mid-cap value by Lipper, sports a 9.9% total return this year through June 23, ranking it in the second percentile in its category. Tweedy, Browne Global Value, meanwhile, in the global multi-cap value category, has advanced 10.9% for the same time period, and also ranks in the top 2% of its peer group. Yet their strong performance and value orientation are not the only characteristics these funds share. The managers of both funds scan the entire market capitalization range for potential investments, and both funds have the largest percentage of their assets in mid-caps—53% for Third Avenue Value and 37% for Tweedy, Brown Global Value.

Third Avenue Value (TAVFX)

Marty Whitman, portfolio manager of the Third Avenue Value fund, is well known in the investment world for his style of deep value investing. His strategy in a nutshell: cheap and safe. But he delves into areas that you might not think fit these requirements: distressed bonds and foreign stocks. In fact, bonds account for about 8% of assets currently, and foreign stocks about 26%. Of course, he has certain specific criteria in buying distressed debt. He is most interested in how a company will fare after reorganization. He buys when he will ultimately participate in the reorganization at a discount from workout value, or when he believes payments will be reinstated. He buys based on yield-to-maturity or yield to an improved credit rating, and he always tries to buy the most senior level of debt which will participate in the reorganization. Kmart is a prime example. Third Avenue Management, according to Bloomberg, was the second-largest owner of Kmart Holding Corp. at the end of March. It received its shares in exchange for company debt and financing it provided to help the retailer emerge from bankruptcy. Kmart shares have soared since it came out of bankruptcy, and are up nearly 200% this year.

In scouting stocks, the first thing Whitman looks for is strong financial position—no liabilities, and high-quality, saleable assets, plus good free cash. The second most-important factor is management quality. Whitman says this is the hardest factor to judge, but he looks for reasonable compensation, and a high level of ability and experience. The manager also wants the business plan to be understandable. This factor has allowed the fund to avoid blow-ups such as Enron. Finally, valuation must be compelling. Whitman does not want to pay more than 50% of the present value of a security's intrinsic value (were it to be taken private or acquired).

Whitman has no real sell discipline. He holds until a stock is grossly overvalued, then sells. As a result, the fund's turnover is quite low—11%. Meanwhile, the fund is quite

concentrated. According to Whitman, the fund has about \$3 billion in assets and owns about 90 common stocks, while the average fund the same size holds 300-400 names.

Third Avenue Value; Third Avenue Management

622 Third Avenue, New York, NY 10017

(800-443-1021); Minimum Investment: \$1,000, \$500 IRA

Tweedy, Browne Global Value (TBGVX)

This fund's standout performance this year stands in sharp contrast to 2002 and 2003, when it languished at the bottom of its category, losing 12.7% and gaining 25%, respectively. In those years, the portfolio's large cap holdings held it back relative to its peers. And the managers' policy of fully hedging foreign currency exposure to the dollar hurt performance as the dollar weakened. (Conversely, when the dollar rises, the fund is better off.)

A team of five managers led by Christopher Browne, William Browne, and John Spears, who also run Tweedy, Browne American Value, run this fund. They are bottom-up, stock-by-stock managers, who do not take macroeconomic factors into account when making decisions. They keep the fund diversified by sector, geographic region, and company. The fund is invested in 22 different countries, with the emphasis on developed nations. And the managers do add in some top-down risk control measures. A single holding cannot account for more than 4% of assets, and no single industry can account for more than 20% of the total. Country weightings top out at 25% of assets. While the fund can invest in the U.S., they typically keep less than 15% of assets so invested. Robert Wycoff, one of the managers, notes that a number of U.S.-based companies they own derive a large portion of their business overseas.

This team adheres to a classic value strategy. They aim to buy a company at a 33% to 40% discount of what the company would sell for if acquired. They start by identifying stocks that appear to be incorrectly priced, and then scrutinizing the firm to see if they want to buy it. Low debt and strong business models are a necessity. The fund has virtually no exposure to high technology, by design. First, they say the stocks are rarely cheap enough by their standards. Second, they view the rate of change in technology as so rapid, and risk of obsolescence so high, that it's difficult to develop confidence that a company will have a stable earnings flow in the future. The team has a buy and hold strategy, selling when a stock reaches intrinsic value.

The fund is one of few that does fully hedge foreign currency exposure back to the dollar. The managers assert that a number of studies they viewed showed you did not make money in currency as a buy and hold investor. So they took the position to set aside currency risk. That means the fund's investors earn the returns in the stocks the fund owns as if they were buying directly in the stock's local market.

Tweedy, Browne Global Value; Tweedy, Browne Company

350 Park Avenue, New York, NY 10022

(800-432-4789) Minimum Investment: \$2,500, \$500 IRA

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