



How Slow?

One fact stands out as we enter the last third of the year: the economy has slowed well beyond the expectations of only three months ago. So far, the market as a whole has shrugged off the slowing, at least to the extent of rallying back reasonably close to June's levels (this doesn't apply to the Nasdaq). Also, analysts' forecasts of profits over the rest of this year for the S&P 500 have not budged much in recent months, slowing and all.

The market, then, is going along with the view of Chairman Greenspan that we are simply going through a "soft patch" (think oil prices) and once through the economy will resume healthy growth. So far, though, the "soft patch" has lasted for three months and there is sparse evidence that we are leaving it behind.

Even with the "soft patch" the economy is still growing at about a 2.5-3.0% clip. The issue for the market is not whether the economy is growing, but whether it will be growing fast enough to justify a strong(ish) market advance between now and year-end, as we and many others have been expecting. Our own view is that it will, but the firmness of that view is weaker than it was before the "soft patch" became evident.

Will business invest?

For the past few months the source of growth for the economy has been transitioning from the consumer to business. The consumer has carried the economy for close to a year, with income boosted by tax cuts, mortgage refinancings and tax rebates. These sources of funds for the consumer are drying up.

The burden now falls on business to become the new source of growth. The latest numbers show factory orders rising, but the investment section of new factory orders simply is not showing the numbers that we would expect if we are in an investment upswing. As a counterweight, the latest monthly survey of manufacturing supply managers shows new orders continuing to increase strongly, but what portion of the orders are for investment goods, we do not know.

There is good reason to expect that business will invest robustly over the next few months, at least. There is a strong, temporary tax incentive in place to stimulate investment that runs out at the end of this year. Forecasters have been counting on the incentive to provide a strong kick for the economy into year-end. But, as we said, so far the leading indicators of investment are failing to reflect much of this. Is it oil? Is it the slowing of consumer spending (mainly oil again)? Is it uncertainty over the election? We have seen no convincing explanation.

Back at the markets

The overriding question for the markets is profits. If the "soft patch" continues much longer, it is hard to see how profit expectations will hold up. But, as we said, they have been holding. The only thing we have been seeing is that negative changes in profit estimates for this quarter have increased relative to positive changes. But the increase is still below the long-term norm, Thomson Financial's First Call tells us.

At the very time that we think profit estimates are losing their footing, some money managers are saying that the lower stock prices are again making stocks attractive. We heard this earlier as the market sold off over the summer, and, as a glance at p.8 reveals, it is still being said. These views are coming from value managers, and value funds have been the winners in this year's difficult market.

What we think the managers are saying is that even allowing for the slowing economy, stock prices have come down even more, enough to create buying opportunities for patient investors. Patience is a quality that marks good value managers.

We wind up with a position of cautious optimism. The key component of our optimism is that the economy is growing, slower than expected but fast enough to keep profits rising. There is enough growth, as the managers see it, for them to tell us that stock prices (all? some?) have come down enough for them to be buying again. As for our caution, it is sufficient to say that until the "soft patch" is cleared, the probability that our view of the economy is off-target has risen. That is enough to add some caution to our recommended allocations.

Asia, briefly

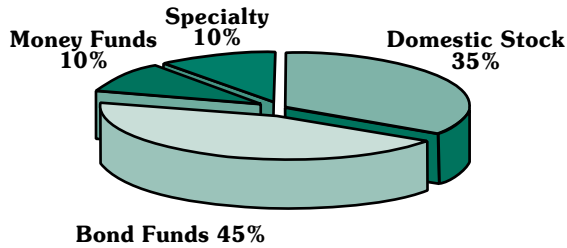
The overriding issue for the Asian markets (and that even includes Japan) is the progress of the efforts to slow the Chinese economy. Two things stand out. The economy is slowing, but how much is hard to judge. There is, though, less concern about a hard landing. Japan continues to recover. It looks likely that the Japanese economy will have grown faster than our own in the first half of the year. Asia is attracting investors again, as the economies there grow relatively rapidly. In the end, it all depends on China avoiding a hard landing. We continue to review the international investment scene with an eye on Asia. \$

Market Trends

	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Higher	Higher
Dollar	Lower	Flat/Lower
Inflation	Higher	Flat
Dow	Higher	Higher
NASDAQ	Flat	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	0.3%	10,100	\$1.00	\$10,100
Gateway Fund	11/27/02	11.9	601	23.53	14,151
Loomis Sayles Bond	03/17/04	0.7	1,126	13.29	14,962
RS Contrarian Value	08/04/04	2.0	1,228	17.89	21,964
Artisan Mid Cap Value	08/04/04	0.3	601	14.90	8,958
AmerCent Inflation Adj.	02/12/03	10.6	1,612	11.16	17,993
Strong Mid Cap Disciplined	05/19/04	4.1	1,059	20.93	22,157
Dodge & Cox Income	02/19/03	7.6	991	12.90	12,785
TOTAL VALUE					\$123,070

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
1.1%	-1.0%	11.5%	24.5%	2.2%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.5%	8,686	\$1.00	\$ 8,686
Fidelity Balanced	11/27/02	24.5	774	16.63	12,869
Fidelity Strategic Income	03/17/04	1.1	1,697	10.40	17,645
Fidelity Value	04/21/04	-0.6	333	64.84	21,622
Fidelity Small Cap Stock	12/10/03	4.0	886	16.16	14,314
Fidelity Intermediate Gov	02/19/03	3.7	1,154	10.31	11,901
Fidelity Investment Grade	02/19/03	7.2	1,720	7.57	13,020
TOTAL VALUE					\$100,057

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
0.4%	-0.9%	9.2%	10.4%	1.8%

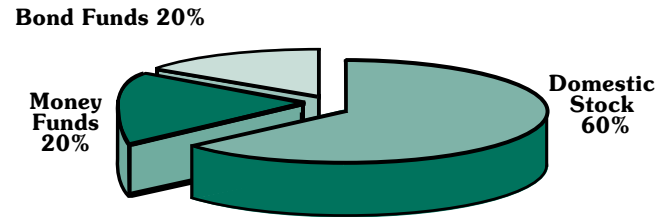
Vanguard Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.6%	8,460	\$1.00	\$ 8,460
Vanguard Balanced Index	11/27/02	18.4	572	18.33	10,492
Vanguard Total Bond Index	02/19/03	6.7	722	10.31	7,498
Vanguard Inflation Protect	02/19/03	11.2	1,073	12.61	13,534
Vanguard US Value	05/19/04	5.0	1,232	12.62	15,551
Vanguard Value Index	05/19/04	5.8	626	19.47	12,196
Vanguard Small Cap Value	03/24/04	3.5	1,359	12.15	16,508
Vanguard GNMA	03/17/04	1.2	1,675	10.35	17,518
TOTAL VALUE					\$101,757

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
1.5%	-0.2%	11.4%	8.3%	3.2%

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	0.2%	23,018	\$1.00	\$23,018
Baron Partners	06/09/04	-6.2	841	13.39	11,258
Loomis Sayles Bond	03/17/04	0.7	1,575	13.29	20,937
Artisan Mid Cap Value	08/11/04	2.6	669	14.90	9,965
RS Contrarian Value	08/04/04	2.0	1,004	17.89	17,955
Fidelity Leveraged Company	01/28/04	-4.4	1,141	19.46	22,196
Strong Mid Cap Disciplined	05/19/04	4.1	568	20.93	11,889
TOTAL VALUE					\$117,218

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-1.0%	-5.9%	13.9%	43.0%	-0.4%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.2%	22,032	\$1.00	\$22,032
Fidelity Leveraged Company	12/10/03	9.5	751	19.46	14,607
Fidelity Strategic Income	03/17/04	1.1	2,475	10.40	25,736
Fidelity Small Cap Stock	11/12/03	5.1	1,038	16.16	16,767
Fidelity Value	04/21/04	-0.6	328	64.84	21,280
Fidelity Equity-Income	05/19/04	3.4	208	49.52	10,309
TOTAL VALUE					\$110,731

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-1.0%	-4.4%	11.7%	24.0%	0.2%

Vanguard Moderate

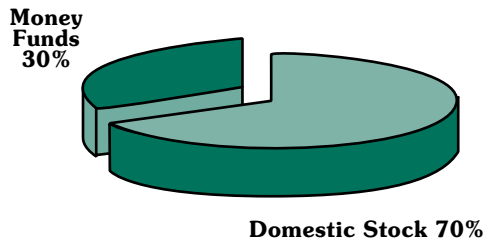
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.2%	19,575	\$1.00	\$19,575
Vanguard FI Hi-Yld Corp	01/17/01	23.5	3,429	6.32	21,673
Vanguard Value Index	05/19/04	5.8	856	19.47	16,668
Vanguard Windsor II	05/12/04	4.1	693	27.74	19,217
Vanguard Small Cap Value	03/24/04	3.5	1,406	12.15	17,081
Vanguard US Value	05/19/04	5.0	1,089	12.62	13,742
TOTAL VALUE					\$107,956

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
1.0%	-2.8%	13.4%	17.0%	1.7%

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	0.2%	30,847	\$1.00	\$30,847
Artisan Mid Cap Value	07/26/04	2.0	1,165	14.90	17,352
FBR Small Cap	08/11/04	2.6	112	35.64	3,986
Strong Mid Cap Disciplined	05/19/04	4.1	746	20.93	15,605
Fidelity Leveraged Company	01/28/04	-4.4	907	19.46	17,651
RS Contrarian Value	08/04/04	2.0	1,298	17.89	23,221
TOTAL VALUE					\$108,662

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-1.4%	-8.0%	13.7%	42.3%	-1.7%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.3%	22,608	\$1.00	\$22,608
Fidelity Leveraged Company	12/10/03	9.5	1,107	19.46	21,542
Fidelity Contrafund	05/19/04	0.9	414	49.96	20,659
Fidelity Equity-Income	05/19/04	3.4	427	49.52	21,161
Fidelity Value	04/21/04	-0.6	261	64.84	16,938
Fidelity Small Cap Stock	07/30/03	21.1	718	16.16	11,605
TOTAL VALUE					\$114,513

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
-1.6%	-6.2%	9.7%	22.7%	-1.3%

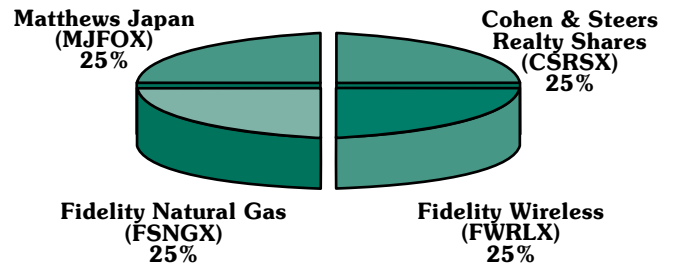
Vanguard Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.3%	22,448	\$1.00	\$22,448
Vanguard Windsor II	05/12/04	4.1	812	27.74	22,531
Vanguard US Value	05/19/04	5.0	1,332	12.62	16,816
Vanguard Value Index	05/19/04	5.8	1,112	19.47	21,648
Vanguard Small Cap Value	03/24/04	3.5	1,821	12.15	22,129
TOTAL VALUE					\$105,572

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	3-yr	YTD
0.6%	-4.3%	12.9%	17.0%	0.6%

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
Fidelity Natural Gas	08/11/04	4.1%	1,180	\$ 25.41	\$29,985
Fidelity Wireless	07/07/04	-3.6	5,892	4.84	28,519
Cohen & Steers Realty	08/25/04	1.8	516	64.30	33,159
Matthews Japan	05/05/04	-5.3	1,792	14.73	26,400
TOTAL VALUE					\$118,063

TOTAL RETURNS (as of 08/31/04)				
1-mo	6-mo	1-yr	Incep. (9/30/02)	YTD
0.6%	-10.6%	0.5%	18.1%	-3.5%

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, August 10 recommended the sale of Baron Partners (BPTRX) to be exchanged for Fidelity Natural Gas (FSNGX). The recommended trades were executed at the market close on August 11, 2004. Details: sold 2,240 shares of Baron Partners @ \$12.86 per share. Purchased 1,180 shares of Fidelity Natural Gas (FSNGX) @ \$24.41 per share.

The Hotline of Tuesday, August 24 recommended the sale of American Century International Opportunity (AIOIX) with the proceeds to be invested in Cohen & Steers Realty Shares (CSRSX). The recommended trades were executed at the market close August 25, 2004. Details: sold 3,921 shares of American Century International Opportunity @ \$8.31 per share. Purchased 516 shares of Cohen & Steers Realty Shares @ \$63.18 per share.

The model remains fully invested in equities. However, "focused" or "sector" choices have replaced more diversified funds, as broader markets have shown recent weakness.

Total Returns—August 31, 2004

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	0.4%	-2.8%	11.4%	2.4%	0.5%
Asset Allocation Funds (Avg) 84 Funds	0.7	-2.3	10.2	9.8	0.5

Domestic Stock Funds

RANK 9/03 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/f
									1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
1	2	10	BERWX	Berwyn Fund (1%r<180d)	SCVal	B	B	B	1.7%	2.5%	33.5%	\$26.96	22.3	0.77	fsw
2	4	3	RSPFX	RS Partners (closed)	SC	B	B	B	3.9	1.7	28.1	30.70	20.9	0.69	FSW
3	1	37	TAVFX	Third Avenue Value (1%r<60d)	SC	B	B	B	2.6	4.3	22.4	46.26	17.2	0.79	FSW
4	41	-	BPTRX	Baron Partners	MCGro	*	(B)	(B)	4.9	0.2	28.6	13.80	28.6	1.26	FSW
5	3	24	ARTGX	Artisan Mid Cap Value	MCVal	B	B	B	1.3	3.3	24.8	15.17	19.8	0.87	FSW
6	7	29	FBRVX	FBR Small Cap (1%r<90d)	SCGro	B	B	B	3.0	3.5	18.8	35.93	23.4	0.82	FSW
7	5	15	SMCDX	Strong Mid Cap Disciplined	MCVal	B	B	B	1.8	2.7	22.0	21.06	23.1	0.99	FSW
8	29	87	ARGFX	Ariel Fund	SCVal	B	B	B	3.9	2.9	17.6	49.76	15.6	0.53	FSW
9	8	58	TASCX	Third Avenue Small-Cap Value (1%r<1yr)	SCVal	B	B	B	2.7	1.9	20.2	20.35	19.9	0.85	FSW
10	27	54	PRSVX	T. Rowe Price S-C Value (closed,1%r<1yr)	SCVal	B	B	B	2.4	2.4	19.4	31.84	18.0	0.69	fsw
11	28	19	VISVX	Vanguard Small-Cap Value Index	SCVal	B	B	B	3.3	0.7	21.2	12.33	22.4	0.90	fsw
12	12	27	CRMMX	CRM Mid Cap Value Inv	MCVal	B	B	B	2.2	1.0	21.9	23.09	18.9	0.78	fsw
13	15	-	MOPIX	MainStay Small Cap Opportunity (closed)	SCVal	B	B	B	0.9	-0.9	28.4	17.86	17.5	0.63	FSW
14	116	141	JAVLX	Janus Twenty (closed)	LCGro	H	H	H	4.7	1.1	15.2	38.34	17.3	0.93	FSW
15	10	160	TWEIX	American Century Equity Income	MCVal	(B)	(B)	(B)	2.3	2.3	15.4	8.08	12.6	0.62	FSW
16	11	-	PVLDX	PIMCO PEA Value D	LCVal	*	B	B	2.1	-0.5	22.3	16.86	25.4	1.32	FSW
17	23	46	RYPRX	Royce Premier (1%r<180d)	SC	B	B	B	0.7	2.3	17.4	13.99	19.4	0.84	FSW
18	17	75	VWNFX	Vanguard Windsor II	LCVal	(B)	(B)	(B)	1.9	0.8	19.3	28.02	16.2	0.82	fsw
19	6	9	RSCOX	RS Contrarian Value	MC	B	B	B	2.2	-0.7	22.4	18.08	18.6	0.60	FSW
20	13	123	PRWCX	T. Rowe Price Cap Appreciation	LCVal	B	B	B	1.6	1.6	17.0	18.47	11.0	0.49	fsw
21	26	116	HOVLX	Homestead Value	MCVal	(B)	(B)	(B)	1.6	1.7	16.0	28.65	16.5	0.81	-
22	35	105	VIVAX	Vanguard Value Index	LCVal	(B)	(B)	(B)	2.5	0.5	16.8	19.68	18.6	1.03	fsw
23	46	74	LSSCX	Loomis Sayles Small Cap Value	SC	(B)	(B)	(B)	3.2	0.6	14.9	25.17	18.4	0.78	sw
24	18	41	TRMCX	T.Rowe Price Mid Cap Value	MCVal	B	B	B	2.0	-0.9	20.4	21.56	19.8	0.90	fsw
25	16	254	JMCVX	Janus Mid Cap Value	MCVal	B	B	B	1.5	0.0	18.5	21.64	20.4	0.93	fsw
26	20	101	TWVLX	American Century Value (closed)	MCVal	B	B	B	1.7	0.5	16.7	7.86	16.6	0.82	fsw
27	33	69	WWALX	Weitz Value Fund	MCVal	H	H	H	2.5	0.3	15.8	36.15	16.7	0.82	SW
28	39	14	MUHLX	Muhlenkamp Fund	MCVal	H	H	H	2.3	-1.6	20.6	66.49	27.9	1.24	FSW
29	40	168	VEIPX	Vanguard Equity-Income	LCVal	H	H	H	2.8	0.7	13.8	22.97	14.9	0.79	fsw
30	37	124	GEVIX	Columbia Disciplined Value CIZ	LC	H	H	H	2.3	0.5	14.8	13.01	19.8	1.06	fw
31	48	20	SAFGX	Safeco Growth Opportunities (2%r<90d)	SC	H	H	H	2.2	-0.1	15.8	26.11	29.8	1.18	fsw
32	34	111	LSGIX	Loomis Sayles Value	LCVal	H	H	H	1.4	0.7	14.9	15.83	16.4	0.89	fsw
33	36	63	FDVLX	Fidelity Value	MCVal	H	H	H	1.6	-0.4	17.4	65.81	19.0	0.89	FSW
34	25	88	MQIFX	Mutual Qualified (1%) CIZ	MCVal	H	H	H	1.9	-0.1	15.9	18.51	13.3	0.61	sw
35	22	68	TGIGX	TCW Galileo Dividend Focused N	MCVal	H	H	H	1.5	-1.0	18.6	10.44	13.8	0.57	FW
36	45	73	NBGNX	Neuberger Berman Genesis (closed)	SC	H	H	H	1.2	0.2	16.2	27.46	15.5	0.63	fsw
37	38	149	PRFDX	T. Rowe Price Equity-Income	LCVal	H	H	H	2.2	0.0	14.7	24.92	16.3	0.83	fsw
38	19	49	TGDVX	TCW Galileo Diversified Value N	LCVal	(H)	(H)	(H)	1.2	-0.9	18.2	12.02	19.8	1.03	FW
39	30	79	MPVLX	MSI Value Portfolio	LCVal	H	H	H	2.2	-0.9	16.3	16.19	20.6	1.05	fsw
40	43	83	VUVLX	Vanguard U.S. Value	LCVal	H	H	H	2.5	-1.2	16.5	12.79	17.3	0.87	fsw
41	9	36	AVALX	Aegis Value Fund	SCVal	(H)	(H)	(H)	1.1	-0.1	15.6	17.60	13.3	0.48	fw
42	24	102	MUTHX	Mutual Shares (1%) CIZ	MCVal	H	H	H	1.3	-0.3	14.5	21.59	12.0	0.56	sw
43	87	42	BARAX	Baron Asset	MCGro	H	H	H	2.6	-1.1	14.3	46.59	21.2	0.94	FSW
44	61	129	SCDLX	Scudder Large Co Value	LCVal	H	H	H	2.3	-0.9	14.1	24.08	16.8	0.92	FSW
45	44	122	RYTRX	Royce Total Return (1%r<180d)	SCVal	H	H	H	2.0	0.2	11.8	11.12	15.7	0.66	FSW
46	14	81	BEGRX	Mutual Beacon (1%) CIZ	MCVal	H	H	H	1.1	-0.7	15.1	14.77	12.5	0.57	sw
47	31	38	FLPSX	Fidelity L P Stock (closed,1.5%r<90d)	SCVal	H	H	H	1.5	-1.4	15.8	34.86	18.0	0.75	fsw
48	52	35	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	1.4	-1.3	15.5	9.25	20.4	0.80	FSW
49	68	13	TUDRX	WPG Tudor	SC	H	H	H	2.7	-2.7	17.2	17.05	27.0	1.22	fsw
50	21	2	CGMFX	CGM Focus	SCVal	*	H	H	3.8	-4.1	18.2	30.17	37.9	1.03	fsw
51	47	139	HAVLX	Harbor Value	LCVal	H	H	H	1.4	-0.6	12.8	14.87	18.1	0.94	fsw
52	57	45	MPSCX	MSI Small Cap Value (closed)	SCVal	H	H	H	2.5	-1.4	13.2	21.76	20.7	0.98	fsw
53	71	108	NBFSX	Neuberger Berman Fasciano Inv	SCGro	H	H	H	1.4	-0.7	12.7	40.33	17.9	0.69	FSW
54	42	57	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	H	H	H	0.6	-1.0	14.7	29.16	19.2	0.80	fw
55	51	70	SLASX	Selected American Shares	LCVal	H	H	H	1.6	-2.5	16.1	34.12	16.1	0.86	sw
56	58	119	FEQIX	Fidelity Equity-Income	LCVal	H	H	H	1.6	-1.6	13.7	49.99	17.8	0.96	fsw
57	56	162	OAKMX	Oakmark Fund (2%r<90d)	MCVal	H	H	H	1.6	-0.6	11.1	38.77	16.7	0.85	FSW
58	90	64	BPMCX	Boston Partners Mid Cap Value	MCVal	H	H	H	1.8	-2.4	14.3	13.20	20.1	0.93	FSW
59	78	140	FCNTX	Fidelity Contrafund	LC	H	H	H	1.4	-1.2	11.7	50.47	11.4	0.54	fsw
60	67	131	NGUAX	Neuberger Berman Guardian	LCVal	H	H	H	1.0	-1.2	12.2	14.57	18.0	0.99	f
61	55	89	RYSEX	Royce Special Equity (1%r<180d)	SCVal	H	H	H	0.8	-1.4	13.1	18.66	16.5	0.51	Sw
62	49	135	BIGRX	American Century Income & Growth	LCVal	H	H	H	0.8	-1.6	13.5	28.24	17.4	0.97	FSW
63	129	118	JAENX	Janus Enterprise	MCGro	S	S	S	1.8	-1.5	10.8	32.09	21.4	1.09	FSW
64	80	177	PRDGX	T. Rowe Price Dividend Growth	LCVal	S	S	S	2.0	-1.6	10.5	21.02	15.1	0.85	fsw
65	50	1	FVLGX	Fidelity Leveraged Co (\$10,000,1.5%r<90d)	MC	*	H	H	-0.4	-5.4	23.1	18.76	36.3	1.39	Fw
66	83	62	CAMOX	Cambiar Opportunity	LC	S	S	S	2.0	-3.5	14.7	14.69	18.4	0.94	FSW
67	32	132	OAKBX	Oakmark Equity&Income (2%r<90d)	Bal	S	S	S	0.0	-0.6	10.4	22.77	10.7	0.49	FSW
68	53	71	DODGX	Dodge & Cox Stock (closed)	LCVal	S	S	S	0.7	-2.7	14.7	116.70	17.6	0.85	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	9/03	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	75	148	VQNPX	Vanguard Growth & Income	LC	H	H	H	1.6	-2.3	12.0	28.11	17.0	0.96	fsw	
70	60	114	VPMCX	Vanguard PRIMECAP (closed,\$25,000&1%r<5yr)	LC	H	H	H	1.1	-2.5	13.0	55.40	21.7	1.13	fsw	
71	126	90	BGRFX	Baron Growth	SCGro	S	S	S	2.8	-2.3	10.0	37.20	18.4	0.72	FSW	
72	65	169	SAOPX	Salomon Brothers Opportunity	MCVal	S	S	S	2.1	-2.2	10.7	43.27	13.0	0.67	sw	
73	114	179	PFLVX	Preferred Value	LCVal	S	S	S	2.4	-2.1	10.1	16.10	15.8	0.88	w	
74	130	107	VALSX	Value Line Special Situations	MCGro	S	S	S	1.7	-2.5	11.8	21.58	15.4	0.71	FSW	
75	64	150	BEQGX	American Century Equity Growth	LCVal	H	H	H	0.8	-2.0	12.0	19.95	17.2	0.97	FSW	
76	122	95	CAAPX	Ariel Appreciation	MCVal	S	S	S	3.0	-2.6	10.0	44.10	19.2	0.83	FSW	
77	81	151	FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	H	H	H	1.6	-2.6	12.2	18.47	20.3	1.07	Fsw	
78	62	92	SSHFX	Sound Shore	LCVal	S	S	S	1.0	-2.4	12.3	34.41	17.3	0.79	sW	
79	69	97	VWNDX	Vanguard Windsor	LCVal	S	S	S	1.4	-3.3	13.6	16.33	19.6	1.02	fsw	
80	86	226	FGRIX	Fidelity Growth & Income	LC	S	S	S	1.8	-1.5	8.7	35.95	12.6	0.72	Fsw	
81	85	80	VIMSX	Vanguard Mid-Cap Index	MC	S	S	S	1.9	-3.4	12.5	13.42	20.1	0.97	fsw	
82	119	40	NAESX	Vanguard SmallCap Index	SC	S	S	S	2.3	-3.9	13.2	23.16	23.2	1.01	fsw	
83	136	112	RPMGX	T.Rowe Price Mid Cap Growth	MCGro	S	S	S	1.7	-2.3	9.9	43.81	22.1	1.11	fsw	
84	63	96	SOPFX	Strong Opportunity	MCVal	S	S	S	0.1	-2.5	12.5	41.00	22.2	1.17	FSW	
85	112	237	CFIMX	Clipper Fund	LCVal	S	S	S	2.5	-1.0	5.1	87.22	15.7	0.70	Fsw	
86	92	176	VFINX	Vanguard 500 Index	LC	S	S	S	1.5	-2.5	10.2	103.20	17.3	1.00	fsw	
87	93	175	FSMKX	Fidelity Spartan 500 Index (.5%r<90d)	LC	S	S	S	1.5	-2.5	10.2	77.18	17.3	1.00	Fw	
88	89	164	FEQTX	Fidelity Equity-Income II	LCVal	S	S	S	1.4	-2.3	9.5	22.57	18.7	1.01	Fsw	
89	108	94	DNLDX	Dreyfus New Leaders	MCGro	S	S	S	2.2	-4.0	12.5	41.96	18.6	0.90	FSW	
90	59	113	VCV SX	Vanguard Convertible Securities	Convrt	S	S	S	1.4	-3.5	12.3	13.20	11.6	0.51	fsw	
91	103	154	VTSMX	Vanguard Total Stk Mkt	LC	S	S	S	1.6	-3.0	10.5	26.14	17.7	1.00	fsw	
92	99	84	PESPX	Dreyfus Mid Cap Index	MCGro	S	S	S	1.9	-3.8	11.8	23.78	20.2	0.97	FSW	
93	72	85	VCVLX	Vanguard Capital Value	LCVal	S	S	S	1.5	-4.1	13.1	10.31	-	-	fsw	
94	96	61	VSEQX	Vanguard Strategic Equity	MCGro	S	S	S	1.1	-3.7	12.6	19.05	17.8	0.83	fsw	
95	100	186	FFIDX	Fidelity Fund	LC	S	S	S	1.2	-2.6	9.7	28.17	17.9	0.99	Fsw	
96	101	21	WGROX	Wasatch Core Growth (closed,2%r<60d)	SCGro	S	S	S	2.6	-4.3	11.7	38.22	28.5	1.10	FSW	
97	102	170	SNXFX	Schwab 1000 Fund (.75%r<180d)	LC	S	S	S	1.5	-2.9	9.6	31.92	17.1	0.98	S	
98	106	103	MPEGX	MSI Mid Cap Growth	MCGro	*	S	S	0.9	-2.8	10.1	17.70	22.2	1.17	fsw	
99	95	145	GABAX	Gabelli Asset	MC	S	S	S	1.1	-2.8	9.8	36.82	17.8	0.91	FSW	
144	82	31	FSLCX	Fidelity Small Cap Stock (2%r<90d)	SCGro	(\$)	(\$)	(\$)	-0.9	-5.8	13.9	16.33	21.5	0.94	F	

Dow Jones
NASDAQ
S&P 500

1.4%
-0.8
1.3

-3.1%
-9.3
-3.3

7.2%
-0.5
8.5

indexes do not
include dividends

International Stock Funds

1	1	6	MJFOX	Matthews Japan Fund (2%r<90d)	Japan	*	H	H	-0.1%	7.7%	26.7%	\$14.62	15.2	-	FSW
2	4	-	NBISX	Neuberger Berman International	Int'l	H	H	H	0.6	3.6	33.6	15.40	16.3	-	fsw
3	3	20	PRJPX	T. Rowe Price Japan	Japan	*	H	H	0.4	6.7	25.2	7.86	14.4	-	s
4	5	22	DODFX	Dodge&Cox Intl. Stock	Int'l	H	H	H	2.0	3.0	28.3	25.88	-	-	fsw
5	6	14	ARTKX	Artisan Intl Value (2%r<90d)	Int'l	H	H	H	0.2	2.8	30.9	17.87	-	-	FSW
6	2	13	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	0.0	2.1	32.6	17.63	20.4	-	FSW
7	10	33	MACSX	Matthews Asia G & I (closed,2%r<90d)	Pacific	H	H	H	4.2	2.7	23.3	14.80	11.4	-	FSW
8	8	4	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	3.9	-1.2	30.1	16.30	29.8	-	Fs
9	7	5	VINEX	Vanguard Intl Explorer (\$25,000,2%r<60d)	Int'l	H	H	H	0.5	0.9	29.1	13.89	16.3	-	fsw
10	12	9	PRIDX	T.Rowe Price Intl Disc. (2%r<1yr)	Int'l	H	H	H	0.5	-0.8	27.6	27.61	16.0	-	fsw
11	14	16	PRLAX	T.Rowe Price Latin America (2%r<1yr)	LatinA	*	H	H	3.6	-2.5	26.7	12.30	29.7	-	fsw
12	11	1	FISMV	Fidelity Intl Small Cap (2%r<90d)	Int'l	H	H	H	0.6	-2.4	29.7	19.73	-	-	Fw
13	9	44	TBGVX	Tweedy, Browne Global Value (2%r<60d)	Global	H	H	H	0.2	1.2	21.0	21.65	11.9	-	fsw
14	17	2	AIOIX	Amer.Cent.Intl Opportunity (2%r<180d)	Int'l	H	H	H	1.2	-2.3	26.6	8.27	-	-	S
15	34	27	FIEUX	Fidelity Europe (1%r<30d)	Europe	H	H	H	2.4	-2.3	23.7	27.42	22.5	-	Fsw
16	24	37	VTRIX	Vanguard International Value (2%r<60d)	Int'l	H	H	H	2.1	-0.8	20.2	27.14	16.8	-	fsw
17	18	48	PFIFX	Preferred International	Int'l	H	H	H	1.0	-0.3	20.5	14.79	17.4	-	w
18	48	19	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	H	H	6.7	-3.8	18.5	13.51	23.6	-	FSW
19	25	46	VEURX	Vanguard European Stock Index (2%r<60d)	Europe	H	H	H	0.6	-1.7	22.1	22.29	17.4	-	fsw
20	29	49	OAKIX	Oakmark International (2%r<90d)	Int'l	H	H	H	0.8	-0.5	17.8	18.53	22.0	-	FSW
21	22	24	SLAFX	Scudder Latin America	LatinA	*	H	H	4.0	-4.2	21.3	25.10	27.3	-	FSW
22	23	15	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	H	H	4.0	-4.7	21.2	17.34	21.6	-	FSW
23	13	28	VPACX	Vanguard Pacific Stock Index (2%r<60d)	Pacific	*	H	H	0.1	-0.1	15.5	8.33	13.7	-	fsw
24	27	17	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	H	H	H	1.2	-3.7	22.3	15.94	-	-	SW
25	30	52	SWINX	Schwab International Index (1.5%r<180d)	Int'l	H	H	H	0.2	-1.4	17.9	14.01	14.1	-	S
26	16	7	ICHKX	Guinness China & Hong Kong (2%r<30d)	Pacific	*	S	S	4.5	-5.5	20.6	17.04	19.6	-	FSW
27	28	26	FJPNX	Fidelity Japan (1.5%r<90d)	Japan	*	H	H	0.8	0.3	11.5	11.64	17.3	-	Fsw
28	20	-	WAIGX	Wasatch International Growth	Int'l	H	H	H	-0.2	-2.6	20.2	14.09	-	-	FSW
29	36	62	USAWX	USAA World Growth	Int'l	H	H	H	0.1	-1.2	16.4	15.90	15.6	-	w
30	33	45	GIGRX	Gabelli Intl Growth (2%r<60d)	Int'l	H	H	H	0.4	-2.1	17.9	16.06	13.1	-	FSW
31	21	35	BJBIX	Julius Baer Intl Equity A (2%r<90d)	Int'l	H	H	H	0.7	-2.5	18.1	26.96	12.5	-	FS
32	26	43	HAINX	Harbor International (2%r<60d)	Int'l	H	H	H	0.8	-2.5	17.8	37.45	17.9	-	Fsw
33	35	53	USIFX	USAA International	Int'l	H	H	H	-0.1	-2.3	18.6	20.03	15.0	-	w
34	32	41	VWIGX	Vanguard International Growth (2%r<60d)	Int'l	S	S	S	0.9	-2.7	16.3	16.40	15.5	-	fsw
35	31	31	FDIVX	Fidelity Diversified Intl (1%r<30d)	Int'l	S	S	S	0.9	-3.5	18.2	24.52	13.8	-	Fsw

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

RANK 9/03 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	8	6	CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	7.0%	9.5%	36.8%	\$64.83	14.60	0.23	FSW
2	15	50	F3SCHX	Fidelity Chemicals (.75%r<30d)	Cycls	*	*	*	6.2	11.0	31.2	57.82	21.60	0.82	Fsw
3	3	16	FSNGX	Fidelity Natural Gas (.75%r<30d)	Utility	*	*	*	0.9	11.5	37.4	26.22	27.70	0.61	FSW
4	-	-	ICENX	ICON Energy	NatRes	*	*	*	-0.6	9.8	43.7	20.24	24.60	0.67	FSW
5	1	12	VGENX	Vanguard Energy (1%r<1yr)	Energy	*	*	*	0.1	10.5	37.2	35.26	24.50	0.64	fsw
6	2	21	FSTEX	INVESCO Energy Inv	NatRes	*	*	*	-0.6	11.4	35.7	24.81	33.90	0.84	FS
7	-	-	ICBMX	ICON Materials	Cycls	*	*	*	3.8	9.1	33.4	8.67	22.30	0.94	FSW
8	11	15	TRREX	T.Rowe Price Real Estate (1%r<180d)	RealEs	*	*	*	6.5	9.0	29.1	15.78	13.70	0.16	fsw
9	17	11	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	7.2	7.2	28.9	26.28	13.90	0.20	Fsw
10	6	22	PRNEX	T. Rowe Price New Era	NatRes	*	*	*	2.3	7.3	32.2	30.90	18.80	0.55	fsw
11	4	23	RYEIX	Rydex Energy	NatRes	*	*	*	-0.5	8.5	33.1	13.21	21.30	0.66	fsw
12	13	2	EUEYX	Alpine U.S. Real Estate Equity CIY	RealEs	*	*	*	7.3	2.0	36.5	33.22	32.70	0.87	fSW
13	20	9	VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	6.8	5.9	26.9	17.08	13.70	0.14	fsw
14	9	1	CGMRX	CGM Realty	RealEs	*	*	*	8.6	0.2	36.6	26.80	17.50	0.21	sw
15	5	28	FSENX	Fidelity Energy (.75%r<30d)	NatRes	*	*	*	-1.2	8.3	29.7	29.04	22.10	0.70	Fsw
16	16	58	FSDAX	Fidelity Defense & Aero (.75%r<30d)	Cycls	*	*	*	2.1	8.0	23.7	59.48	19.50	0.76	Fsw
17	18	8	CSEIX	Cohen & Steers Equity Income (1%r<180d)	RealEs	*	*	*	5.7	3.9	27.2	16.03	13.10	0.13	FSW
18	22	49	FCYIX	Fidelity Cyclical Ind (.75%r<30d)	Cycls	*	*	*	2.5	6.5	23.2	17.12	22.00	0.98	Fsw
19	7	29	FNARX	Fidelity Natrl Resources (.75%r<30d)	NatRes	*	*	*	0.2	6.0	27.4	15.91	21.90	0.78	Fsw
20	25	7	FSHOX	Fidelity Const & Housing (.75%r<30d)	Cycls	*	*	*	6.0	3.2	25.0	37.78	24.40	0.80	Fsw
21	10	31	RYVIX	Rydex Energy Services	NatRes	*	*	*	1.8	4.7	27.5	24.15	37.90	1.15	fsw
22	26	40	RYBIX	Rydex Basic Materials	Cycls	*	*	*	3.7	4.2	22.9	26.77	23.40	0.90	fsw
23	12	37	FSESX	Fidelity Energy Services (.75%r<30d)	NatRes	*	*	*	1.6	4.4	25.2	38.33	46.40	1.18	Fsw
24	21	19	F3HCX	Fidelity Med Del (.75%r<30d)	Health	*	*	*	2.8	2.6	27.7	33.65	23.10	0.07	Fsw
25	28	18	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	6.1	2.6	22.7	34.95	13.20	0.17	fsw
26	24	52	FSUTX	Fidelity Utilities Growth (.75%r<30d)	Utility	*	*	*	2.9	4.2	20.0	35.73	17.50	0.95	Fsw
27	14	63	FSUTX	INVESCO Utilities Inv	Utility	*	*	*	2.7	4.7	18.9	10.64	16.10	0.66	FS
28	19	4	FWRLX	Fidelity Wireless (.75%r<30d)	Tech	*	*	*	1.5	-1.0	33.5	4.86	-	-	FSW
29	34	24	FSVLX	Fidelity Home Finance (.75%r<30d)	FinServ	*	*	*	4.2	0.5	23.1	67.68	25.80	0.37	Fsw
30	33	38	RYKIX	Rydex Banking	FinServ	*	*	*	4.5	0.8	19.9	10.59	27.50	0.70	fsw
31	31	27	FSDPX	Fidelity Indust Matrls (.75%r<30d)	Cycls	*	*	*	3.1	-1.4	24.2	34.66	23.00	0.87	Fsw
32	23	56	RYUIX	Rydex Utilities	Utility	*	*	*	2.8	2.5	14.9	21.14	20.80	0.60	fsw
33	45	91	RYPIX	Rydex Transportation	Cycls	*	*	*	1.4	6.6	6.4	19.89	20.80	0.76	fsw
34	38	88	FSRFX	Fidelity Transportation (.75%r<30d)	Cycls	*	*	*	0.6	5.6	8.0	34.69	23.00	0.88	Fsw
35	58	68	FSMEX	Fidelity Medical Equip (.75%r<30d)	Health	*	*	*	2.1	0.9	15.4	21.26	15.50	0.29	Fsw
36	43	34	RYFIX	Rydex Financial Services	FinServ	*	*	*	4.6	-2.1	16.8	11.10	24.10	0.93	fsw
37	39	44	FSRBX	Fidelity Banking (.75%r<30d)	FinServ	*	*	*	3.9	-1.4	15.4	40.35	24.50	0.70	Fsw
38	44	53	RYCIX	Rydex Consumer Products	Consmr	*	*	*	2.8	-0.7	15.1	28.50	15.90	0.52	fsw
39	-	-	ICFSX	ICON Financial	FinSer	*	*	*	3.7	-3.8	20.1	13.12	19.70	1.00	FSW
40	-	-	ICTRX	ICON Industrials	Cycls	*	*	*	0.5	1.4	9.2	10.17	19.30	0.88	FSW
41	50	67	VGHGX	Vanguard Health Care (\$25k&1%r<5yr)	Health	*	*	*	2.2	-1.9	14.8	123.00	15.00	0.37	fsw
42	59	65	FBSOX	Fidelity Bus Services (.75%r<30d)	Tech	*	*	*	3.6	0.4	6.7	14.38	22.60	1.03	Fsw
43	32	74	FSPFX	Fidelity Paper & Forest (.75%r<30d)	Cycls	*	*	*	1.0	-1.5	13.5	31.34	24.70	0.80	Fsw
44	36	35	F3CGX	Fidelity Industrial Equip (.75%r<30d)	Cycls	*	*	*	-0.4	-1.6	15.5	24.01	22.90	1.11	Fsw
45	40	87	GATEX	Gateway Fund	Altern	B	*	*	0.8	1.5	5.7	23.64	7.84	0.40	FSW
46	53	42	FIDSX	Fidelity Finl Serv (.75%r<30d)	FinServ	*	*	*	3.4	-3.6	13.7	116.00	21.80	0.79	Fsw
47	69	84	FSPHX	Fidelity Health Care (.75%r<30d)	Health	*	*	*	3.9	-2.6	9.2	121.10	15.30	0.28	Fsw
48	47	55	FSRPX	Fidelity Retailing (.75%r<30d)	Consmr	*	*	*	2.5	-1.6	7.8	46.98	19.80	0.89	Fsw
49	35	57	FDFAK	Fidelity Food & Agr (.75%r<30d)	Consmr	*	*	*	0.8	-2.6	12.9	45.62	15.50	0.21	Fsw
50	41	75	VBINX	Vanguard Balanced Index	Hybrid	B	*	*	1.4	-1.4	8.7	18.39	10.70	0.57	fsw
51	60	41	PRISX	T.Rowe Price Financial Services	FinServ	*	*	*	4.0	-4.9	12.7	22.10	20.00	0.80	fsw
52	74	47	PRHSX	T.Rowe Price Health Sciences	Health	*	*	*	4.9	-4.8	11.0	20.73	22.60	0.84	fsw
53	57	89	FSAIX	Fidelity Air Transport (.75%r<30d)	Cycls	*	*	*	0.7	0.7	3.4	30.00	28.50	1.14	fsw
54	51	32	F3PCX	Fidelity Insurance (.75%r<30d)	FinServ	*	*	*	1.0	-4.6	15.6	56.94	27.70	0.56	Fsw
55	55	46	FSFSX	INVESCO Financial Serv Inv	FinServ	*	*	*	3.5	-4.9	12.6	30.11	22.80	0.86	FS
56	-	-	ICTUX	ICON Telecommunications & Utilities	Utility	*	*	*	2.1	-4.0	11.4	6.46	15.30	0.68	FSW
57	67	80	FSLEX	Fidelity Environmental Ser (.75%r<30d)	Cycls	*	*	*	4.1	-2.9	5.5	13.03	19.70	0.59	fsw
58	52	10	PRMTX	T.Rowe Price Media & Telecommunications	Utility	*	*	*	-0.8	-5.4	17.6	22.87	30.00	1.53	fsw
59	27	90	BRMIX	AXARosenberg Value L/S (2%r<30d)	Value	*	*	*	-1.7	0.8	3.1	9.80	18.90	-0.58	FSW
60	-	-	ICLEX	ICON Leisure & Consumer Staples	Consmr	*	*	*	1.4	-4.1	9.5	14.43	21.20	0.88	FSW
61	48	61	FBALX	Fidelity Balanced	Hybrid	B	*	*	1.2	-4.0	9.1	16.26	10.50	0.54	Fsw
62	37	14	VGPVIX	Vanguard Precious Metals (closed,1%r<1yr)	NatRes	*	*	*	1.6	-6.4	13.5	14.55	32.70	0.56	fsw
63	46	85	MERFX	Merger Fund (closed,2%r<30d)	Altern	*	*	*	1.2	-1.8	2.5	15.13	6.84	0.14	FSW
64	70	71	RYHIX	Rydex Health Care	Health	*	*	*	3.1	-5.4	7.3	12.14	15.50	0.31	fsw
65	82	60	FBIOX	Fidelity Biotechnology (.75%r<30d)	Health	*	*	*	5.7	-6.2	5.2	53.46	53.10	0.88	Fsw
66	62	17	FGLDX	INVESCO Gold Inv	NatRes	*	*	*	3.7	-7.4	10.9	3.39	30.30	0.22	FS
67	-	-	ICHCX	ICON Healthcare	Health	*	*	*	1.3	-5.1	7.6	13.58	16.00	0.49	FSW
68	66	62	FHLSX	INVESCO Health Sciences Inv	Health	*	*	*	2.2	-6.7	8.4	47.37	31.50	0.29	FS
69	54	26	RYLIX	Rydex Leisure	Consmr	*	*	*	1.0	-7.2	11.4	25.59	22.00	1.10	fsw
70	49	43	FDSLX	Fidelity Leisure (.75%r<30d)	Consmr	*	*	*	0.1	-5.4	7.9	67.82	21.20	1.10	Fsw

Welcome ICON Sector Funds

Q I noticed that you don't carry any ICON Funds. ICON Energy as of August 5th was ahead 16% year-to-date. How can you ignore such a statistic? Also, on your Domestic Stock Fund list, why are there gaps after ranking #94? How come it doesn't go all the way in numerical order? — R.F., Bronx, NY

A Your suggestion to include the ICON sector funds in our list is a good one. Starting with this issue, we will include the following ICON funds in our Specialty Fund list: ICON Consumer Discretionary (ICCCX), Energy (ICENX), Financial (ICFSX), Healthcare (ICHCX), Industrials (ICTRX), Information Technology (ICTEX), Leisure and Consumer Staples (ICLEX), Materials (ICBMX), and Telecommunication & Utilities (ICTUX).

As to your implied question of why we do not choose funds like ICON Energy for our asset allocation portfolios, we do not ignore the total return statistics. It is simply a matter of investing philosophy. *MONEYLETTER* believes that the volatility displayed by most sector funds is not consistent with our long-term, risk-conscious approach to investing. We prefer diversified domestic stock funds that provide an appropriate balance of risk and reward for our asset allocation portfolios. We track the total return statistics of the Specialty Funds for the benefit our subscribers who may hold them, and for the Select Portfolio (which is a completely different philosophy).

Also, since most of our economic work is focused on the outlook for the broad market, it only makes sense to recommend funds that move with the markets in general. While ICON Energy has certainly demonstrated strong performance over the last five-plus years, would our subscribers be served well by holding a fund that lost 37% while the market was up 29% – a 66% swing – as was the case with this fund in 1998? We feel the answer is no.

For more information on the ICON Funds, call (800) 764-0442.

Regarding the "gaps" at the end of our domestic stock fund list...this occurs because of space limitations and because we feel it is important to highlight any fund ranked below #100 that meets either of the following criteria:

- the fund offers new advice, indicated by a circle, or
- the fund is a current model portfolio holding

Thus, if six funds that are ranked below #100 meet the above criteria for an issue, due to space limitations we eliminate funds #95-100 and force those six funds into the last spots. *MONEYLETTER* currently tracks more than 250 domestic stock funds.

By doing this we follow-through on our advice for a fund that had previously been recommended for purchase and hope to make *MONEYLETTER* more useful to subscribers who follow our advice precisely. \$

The "*MONEYLETTER* Managed Account Program"

Call for Details (800) 707-2060

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	1.15%	1.07%	0.70%
Fidelity Spartan US Treas MMF	0.98	0.93	0.63
Gabelli US Treasury MMF	0.96	0.90	0.71
Amer Century Capital Presv Fund/Inv	0.91	0.85	0.56
CMA Treasury Fund RIC	0.76	0.68	0.37
HSBC Investor US Treas MMF/CI D	0.76	0.70	0.40
US Treasury MF of America/CI A	0.76	0.70	0.33
T Rowe Price US Treasury MF	0.74	0.70	0.51
RMK Select Treas MMF/CI A	0.71	0.66	0.34
Schwab US Treasury Money Fund	0.70	0.64	0.37

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	1.51%	1.46%	1.05%
Scudder Premium Money Mkt Shrs/AARP	1.36	1.30	0.85
Scudder Premium Money Mkt Shrs/CI S	1.29	1.23	0.84
Ambassador MMF	1.26	1.20	0.00
Harbor Money Market Fund	1.26	1.17	0.79
Scudder Prime Reserve MM/AARP	1.26	1.20	0.71
GE Money Market Fund	1.23	1.17	0.83
TIAA-CREF Money Market Fund	1.23	1.17	0.84
Vanguard Prime MMF/Retail	1.22	1.18	0.79
MFS Money Market Fund	1.21	1.12	0.59

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Vanguard Tax-Exempt MMF	1.23%	1.12%	0.88%
Strong Tax-Free Money Fund	1.13	1.00	0.88
Amer Century T-F MMF/Inv Class	0.95	0.82	0.66
Strong Municipal MMF	0.93	0.81	0.73
USAA Tax Exempt MMF	0.92	0.80	0.67
Fidelity Municipal MMF	0.91	0.80	0.64
Dreyfus BASIC Muni MMF	0.89	0.78	0.65
Fidelity Tax Free Money Market	0.88	0.76	0.61
Tax-Exempt Cash Managed Shares	0.88	0.78	0.58
Scudder Tax-Exempt Money Fund	0.87	0.76	0.64

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard CA Tax-Exempt MMF	1.21%	1.10%	0.85%
Vanguard OH Tax-Exempt MMF	1.20	1.08	0.88
Vanguard NY Tax-Exempt MMF	1.19	1.07	0.84
Vanguard NJ Tax-Exempt MMF	1.18	1.07	0.83
Vanguard PA Tax-Exempt MMF	1.17	1.06	0.85
Fidelity FL Municipal MMF	0.87	0.74	0.58
Amer Century CA T-F MMF/Inv Class	0.86	0.73	0.55
Fidelity OH Municipal MMF	0.86	0.72	0.56
Fidelity PA Municipal MMF	0.84	0.74	0.60
USAA Tax Exempt CA MMF	0.84	0.71	0.59

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 8/31/04. 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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Three Advancing Small-Cap Funds

The S&P 500 is up only 1.3% for the year-to-date through Friday, September 3. Yet the funds profiled here have advanced an average of 9.9%, and stand near the top of their respective Lipper categories. All three have definite value tilts, and focus on the small-capitalization stock arena. And all are relatively concentrated, with between 35 and 45 stocks in the portfolio and have low portfolio turnover. Additionally, unlike the funds featured in the last issue, these three rank highly on our domestic stock funds list.

Ariel Fund (ARGFX)

The premise behind Ariel is that small companies are less widely followed than their larger counterparts, creating an information gap. That results in undervalued companies whose long-term growth prospects are not recognized by the market. Manager John Rogers favors firms with tried and true businesses, operating in mature markets, and with long, steady earnings track records. He is willing to give firms the time they need to be ultimately rewarded by the market, typically five years. Director of Research Tim Fidler emphasizes, "We invest in high-quality companies that dominate their market niches. These firms were left in the dust in 2003. But in 2004 we have seen investors return to high quality assets." That clearly has benefited the fund's returns, which check in at 10.3% year-to-date.

But there is more. "The fund has had four companies either taken out or now in the process of being sold. That has also helped returns," says Fidler. Those firms: Caesars Entertainment (up 43% this year), being bought by Harrah's Entertainment; real estate firm Rouse (up 44%); advertising firm Grey Global Group (up 35%); and Apogent Technologies, which was bought by Fisher Scientific International. The Ariel team is finding good investment opportunities now. Fidler asserts, "Valuations have come off. For the first time in one and a half years, valuations are attractive. This year we have made three purchases in the community banking area. It's a contrarian play to invest in banks when interest rates are rising. While its true banks' costs will rise, so will their pricing ability." Ariel bought Vermont-based Chittenden Corp., Pennsylvania's S&T Bankcorp., and Charter One Financial, which subsequently agreed to be purchased by Citizens Financial. Overall, Fidler is cautious on the market, and believes we have reached the peak of earnings growth for this economic cycle. For more information call (800) 292-7435.

Berwyn Fund (BERWX)

Lead manager Robert Killen has headed Berwyn since its 1984 inception. He commented once in an interview with Business Week, "We're looking for triples and home runs. We're not looking for a lot of base hits." Killen and co-manager Lee Grout, who joined Killen in 2001, look for stocks priced at a bar-

gain with respect to earnings and free cash flow, or trading below intrinsic value. They like strong balance sheets and low debt, competitive advantages, and a high level of investment by executives. The team only invests in stocks they expect can double within four years. While the fund is managed with a deep value, buy and hold approach targeted at micro- and small-cap stocks, the managers will at times buy somewhat higher valued shares if they expect the firm to grow its top and bottom lines faster than its competitors.

Berwyn is ahead by 8.8% through September 3. Grout told *MONEYLETTER* that the fund's good performance is a function of its strategy as well as good stock picking. "The market has been flat-tish this year, and the fund has been positioned relatively conservatively much of the year. The cash position is a little high at 9% of assets." He adds, "A few stock specific items helped as well. The fund had a decent position in energy stocks, and they did well as energy prices increased. Westmoreland Coal is one energy-related stock that did well." Westmoreland Coal, the fund's largest holding at 6.2% of assets, is up more than 68% year to date. Southwestern Energy and Berry Petroleum have each advanced more than 45%. Grout also explains a recent strategy that has benefited results, "We have invested in turnaround situations. These are stocks that are not economically sensitive, but advancing for company-specific reasons. Hercules is a good example." New management there refinanced debt, and corrected predecessors' mistakes. Grout concludes, "It was difficult finding good, cheap companies over the last nine months. But we are finding more ideas lately. Still, we are somewhat cautious on the overall market." (800) 992-6757.

FBR Small Cap Fund (FBRVX)

Fund manager Charles Akre looks for firms that are compounding their intrinsic value at high rates of return. He wants small cap companies with sustainable returns on equity of at least 20%. He looks for high quality management that puts shareholders first. Akre is known for emphasizing his favorite holdings, which can grow to more than 10% of assets, as well as his favorite sectors. Currently, the top three holdings (Markel Corp., American Tower Corp., and Penn National Gaming) account for 25% of assets, while the top ten account for 45% of the total. Akre also is known for letting his cash position build: It stood at 21% of assets as of June 30. That cash position certainly has provided the fund a buffer in an uncertain environment. The portfolio has had a number of strong performers this year. Gaming firms have been strong with Penn National Gaming up 68% and Monarch Casino & Resort ahead by 51%. The fund has 12.6% of assets in the industry. The top industry represented in the portfolio is property/casualty insurance, at 17.7% of the total, followed by gaming, and communications at 8.6%. Meanwhile, top holding Markel is up 15.6% this year, while second-ranking American Tower has added 36.4%. (888) 888-0025. \$

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