



Back To Reality

by Walter S. Frank, Chief Investment Officer

The holidays are over, and not only in the everyday world we all live in. They are also over for the stock market, and that means the year-end games Wall Streeters play are also over. It is not quite right to say that as the ball drops we return to normal, but we are on the way. The markets are still operating under abnormal circumstances, namely the flood of pension money that needs to be invested, but that will soon pass, and the patterns that emerge will be the first guides to Wall Street, 2005 edition.

Perking along

While the tea leaves for the market have not settled down, reading the economy presents no such problem. The economic news has been generally favorable, led by business investment. November durable goods new orders were positive. (Keep in mind that a meaningful tax incentive for investment ran out at the end of last year.) Moreover, the first manufacturing survey of the year (ISM survey) reported very strong new orders, despite the lapse of the tax incentive. This was a surprise.

The solid news concerning manufacturing and business investment was exactly what those of us looking for decent growth this year needed. As you have heard, more than once, the role of the dynamo of the economy needs to be handed off by the consumer to business. It looks as if the hand-off is getting under way.

At the same time, the news from the consumer sector is also positive. After much hand-wringing early last month about a lackluster Christmas, the full results show the consumer coming through. Wal-Mart's results were at the upper end of its expectations (this wasn't the case earlier). The weekly store sales surveys—gloomy earlier—now show a good increase for last month's sales. Christmas 2004 was merry enough.

All in all, then, the economy has gotten off on the right foot.

The dollar

Last issue we listed the major worries facing investors looking at 2005, and we left the dollar off our list. While we

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mentioned the sinking dollar, we gave it short shrift, saying it is not a major problem. Because we know many of you are concerned about the dollar's effect on the markets, we are returning to the issue.

The big fear is that a dollar crisis will erupt on the world financial markets. That is, the currency market experiences sudden, persistent heavy selling of the dollar, causing a stock (and bond) market panic as everyone tries to sell dollar assets. Interest rates shoot skyward. Could it happen? Well, yes, after the Indian Ocean tsunami why rule anything out. It is likely to happen? Not if the Chinese, the Japanese, the world's central bankers and our Federal Reserve have anything to say about it.

Why is the dollar weak? There is no one reason, but certainly the overwhelming one is our trade deficit. Among other things, correction of that deficit calls for a weaker dollar to make our exports cheaper on world markets. That is underway, and we are already seeing a pickup in export orders.

Meanwhile, on the world currency markets the Chinese and Japanese are financing our deficit by purchasing dollars on the world markets, helping soften any devaluation. They are not doing it out of the goodness of their hearts. They are doing it because they want to export to the United States. Both countries are depending on their exports to help solve domestic economic issues. A world in which the dollar collapses is the last thing they want.

As we have said, we view the dollar's decline as a positive for the U.S. economy. We expect to see the trade deficit improve as our exports increase and our imports slow. The dollar's devaluation is one of the reasons we expect reasonably good economic growth this year.

The Hotline of Tuesday, December 14 recommended the sale of Fidelity Export & Multinational in the Fidelity Venturesome and Moderate portfolios. The proceeds were to be switched into Fidelity Value Strategies. Here are the details as of Wednesday, December 15. **Fidelity Venturesome**—sold 658 shares of Export & Multinational @ \$19.92 per share. Purchased 398 shares of Value Strategies @ \$37.67 per share. **Fidelity Moderate**—Sold 686 shares of Export & Multinational. Purchased 363 shares of Value Strategies.

The same Hotline recommended the sale of Fidelity Contrafund in the Venturesome Portfolio also to be switched into Fidelity Value Strategies. Here are the details as of Wednesday, December 15. Sold 191 shares of Contrafund @ \$55.99 per share. Purchased 284 shares of Value Strategies.

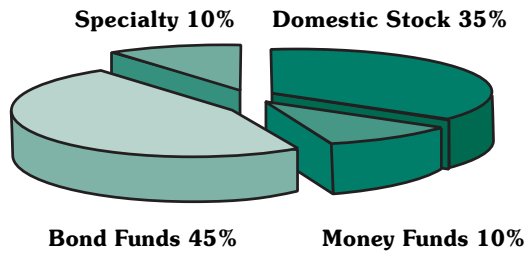
The Hotline of Tuesday, December 20 recommended the sale of Vanguard Value Index in all three Vanguard portfolios. The funds were to be switched into Vanguard Strategic Equity in all three portfolios. Here are the details as of Wednesday, December 22. **Venturesome**—Sold 1039 shares of Value Index @ \$21.42 per share. Purchased 1048 shares of Strategic Equity @ \$21.24 per share. **Moderate**—Sold 861 shares of Value Index. Purchased 868 shares of Strategic Equity. **Conservative**—Sold 630 shares of Value Index. Purchased 635 shares of Strategic Equity. \$

Market Trends

	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Flat	Higher
Dollar	Lower	Lower
Inflation	Lower	Higher
Dow	Higher	Higher
NASDAQ	Higher	Higher
Europe	Higher	Flat/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	0.7%	10,140	\$1.00	\$10,140
Gateway Fund	11/27/02	18.4	609	24.31	14,794
Loomis Sayles Bond Retail	03/17/04	9.1	1,173	13.80	16,190
RS Contrarian Value	08/04/04	25.6	1,229	21.99	27,036
Artisan Mid Cap Value	08/04/04	16.3	612	16.96	10,387
AmerCent Inflation Adj.	02/12/03	13.7	1,634	11.32	18,493
Third Avenue Value	11/24/04	2.3	467	51.70	24,147
Dodge & Cox Income	02/19/03	9.2	1,011	12.84	12,985
TOTAL VALUE					\$134,172

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
2.1%	9.0%	11.4%	28.8%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	1.0%	8,730	\$1.00	\$8,730
Fidelity Balanced	11/27/02	38.1	801	17.82	14,280
Fidelity Strategic Income	03/17/04	7.9	1,748	10.77	18,824
Fidelity Value	04/21/04	15.4	352	71.29	25,087
Fidelity Export & Multi	09/08/04	11.4	826	19.64	16,228
Fidelity Inflation-Protected	09/15/04	3.3	1,077	11.41	12,294
Fidelity Investment Grade	02/19/03	8.4	1,752	7.53	13,194
TOTAL VALUE					\$108,637

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
2.2%	7.3%	10.6%	18.3%

Vanguard Conservative

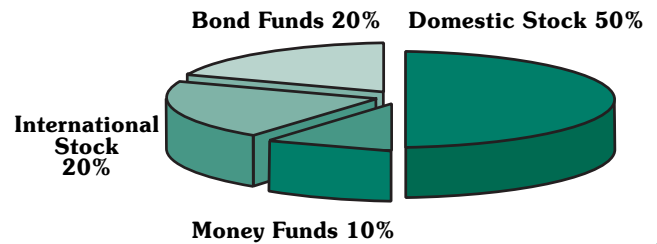
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	1.0%	8,505	\$1.00	\$8,505
Vanguard Balanced Index	11/27/02	27.6	581	19.45	11,304
Vanguard Total Bond Index	02/19/03	7.9	740	10.27	7,604
Vanguard Inflation Protect	02/19/03	14.1	1,105	12.57	13,893
Vanguard US Value	05/19/04	16.1	1,250	13.75	17,192
Vanguard Strategic Equity	12/21/04	0.9	635	21.43	13,613
Vanguard Small Cap Value	03/24/04	20.9	1,381	13.97	19,289
Vanguard GNMA	03/17/04	2.5	1,700	10.44	17,749
TOTAL VALUE					\$109,149

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
2.2%	7.9%	10.7%	15.1%

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	0.6%	11,554	\$1.00	\$11,554
Dodge & Cox International	09/22/04	17.8	442	29.69	13,557
Baron Partners	06/09/04	20.7	860	16.85	14,487
Loomis Sayles Bond Retail	03/17/04	9.1	1,642	13.80	22,655
Artisan Mid Cap Value	08/11/04	18.9	681	16.96	11,555
RS Contrarian Value	08/04/04	25.6	1,005	21.99	22,102
Fidelity Leveraged Company	01/28/04	18.2	1,210	22.68	27,440
Artisan International Value	11/10/04	9.2	643	21.06	13,539
TOTAL VALUE					\$136,889

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
2.8%	12.4%	16.3%	59.6%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.6%	11,074	\$1.00	\$11,074
Fidelity Int'l Small Cap	09/22/04	19.4	565	23.28	13,157
Fidelity Europe	11/10/04	10.1	322	34.15	11,013
Fidelity Leveraged Company	12/10/03	35.3	796	22.68	18,058
Fidelity Strategic Income	03/17/04	7.9	2,549	10.77	27,457
Fidelity Value Strategy	12/15/04	0.0	363	37.53	13,615
Fidelity Value	04/21/04	15.4	272	71.29	19,409
Fidelity Focused Stock	10/06/04	7.9	1,135	10.10	11,466
TOTAL VALUE					\$125,249

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
2.5%	8.7%	13.3%	36.6%

Vanguard Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.6%	9,841	\$1.00	\$9,841
Vanguard Int'l Value	09/22/04	13.8	360	30.93	11,139
Vanguard European Stk Index	11/10/04	7.5	455	25.99	11,822
Vanguard FI Hi-Yld Corp	01/17/01	28.9	3,511	6.44	22,611
Vanguard Strategic Equity	12/21/04	0.9	868	21.43	18,606
Vanguard Windsor II	05/12/04	16.5	700	30.73	21,503
Vanguard Small Cap Value	03/24/04	20.9	1,693	13.97	23,657
TOTAL VALUE					\$119,179

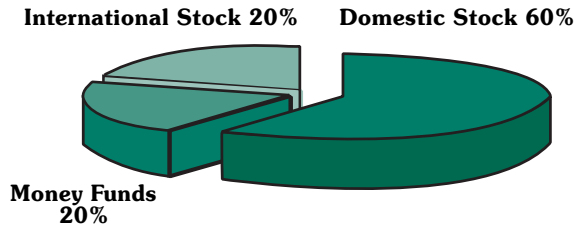
TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
2.8%	9.7%	12.3%	27.5%

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	0.7%	20,644	\$1.00	\$20,644
Dodge & Cox International	09/22/04	17.8	395	30.64	12,112
Artisan International Value	11/10/04	9.2	570	21.06	12,010
Artisan Mid Cap Value	07/26/04	18.3	1,186	16.96	20,120
Weitz Hickory	10/01/04	9.2	308	32.86	10,131
Fidelity Leveraged Company	01/28/04	18.2	962	22.68	21,821
RS Contrarian Value	08/04/04	25.6	1,300	21.99	28,584
TOTAL VALUE					\$125,422

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
2.7%	8.7%	13.4%	54.6%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.7%	18,498	\$1.00	\$18,498
Fidelity Int'l Small Cap	09/22/04	19.4	472	23.28	10,989
Fidelity Europe	11/10/04	10.1	387	34.15	13,215
Fidelity Leveraged Company	12/10/03	35.3	906	22.68	20,551
Fidelity Focused Stock	10/06/04	7.9	2,330	10.10	23,536
Fidelity Value	04/21/04	15.4	276	71.29	19,653
Fidelity Value Strategy	12/15/04	0.0	632	37.53	23,712
TOTAL VALUE					\$130,154

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
2.6%	7.5%	12.1%	33.3%

Vanguard Venturesome

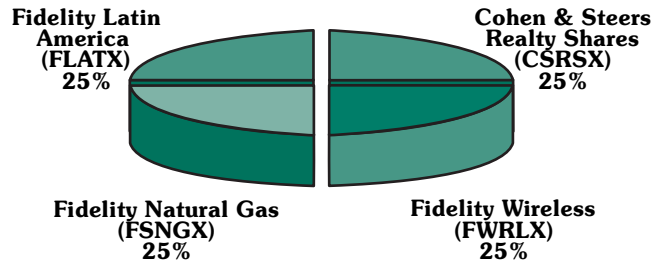
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.7%	20,410	\$1.00	\$20,410
Vanguard Int'l Value	09/22/04	13.8	373	30.93	11,550
Vanguard European Stk Index	11/10/04	7.5	455	25.99	11,822
Vanguard Windsor II	05/12/04	16.5	820	30.73	25,213
Vanguard Strategic Equity	12/21/04	0.9	1,048	21.43	22,452
Vanguard Small Cap Value	03/24/04	20.9	1,851	13.97	25,855
TOTAL VALUE					\$117,302

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	3-yr
3.0%	9.3%	11.8%	27.1%

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	24.0%	1,199	\$29.79	\$35,713
Fidelity Wireless	07/07/04	16.1	5,892	5.83	34,353
Cohen & Steers Realty	08/25/04	19.7	560	69.66	38,991
Fidelity Latin America	12/29/04	0.1	1,333	21.15	28,196
TOTAL VALUE					\$137,253

TOTAL RETURNS (as of 12/31/04)

1-mo	6-mo	1-yr	Incep. (9/30/02)
2.0%	9.2%	12.2%	37.3%

MONEYLETTER Select Commentary

The Hotline of Tuesday, December 28 recommended the sale of Berwyn Fund (BERWX) to be exchanged for shares of Fidelity Latin America (FLATX). The recommended trades were executed at the market close December 29, 2004. Details: Sold 934 shares of Berwyn Fund (BERWX) @ \$30.47 per share. Purchased 1,333 shares of Fidelity Latin America Fund (FLATX) @ \$21.13 per share. Please note: A contingent redemption fee, of 1%, was taken by the Berwyn Fund, as the fund was exchanged in less than 180 days. The reinvestment proceeds for the purchase of Fidelity Latin America Fund (FLATX) shares were reduced by that amount.

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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).

Total Returns—December 31, 2004

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	3.4%	7.2%	10.8%	11.1%	10.8%
Asset Allocation Funds (Avg) 80 Funds	2.7	7.9	10.3	20.3	10.3

Domestic Stock Funds

RANK	12/31 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	4	7	BPTRX	Baron Partners	MCGro	*	B	B	B	6.7%	21.3%	42.4%	\$16.85	28.6	1.26	FSW
2	5	3	RSCOX	RS Contrarian Value	MC	B	B	B	B	4.0	23.0	29.3	21.99	18.6	0.60	FSW
3	2	5	RSPFX	RS Partners (closed)	SC	B	B	B	B	3.2	21.3	31.8	34.77	20.9	0.69	FSW
4	12	20	FBRVX	FBR Small Cap (closed, 1%r<90d)	SCGro	B	B	B	B	5.9	19.1	30.7	41.81	23.4	0.82	FSW
5	23	38	BARAX	Baron Asset	MCGro	B	B	B	B	7.0	16.6	28.7	52.52	21.2	0.94	FSW
6	14	23	MUHLX	Muhlenkamp Fund	MCVal	B	B	B	B	6.5	17.7	24.5	78.97	27.9	1.24	FSW
7	25	149	MXXIX	Marsico 21st Century (2%r<30d)	LC	B	B	B	B	7.2	17.2	22.3	12.01	21.1	0.95	fsw
8	7	106	JSVAX	Janus Contrarian	MC	B	B	B	B	3.8	18.7	22.6	13.24	22.3	1.10	SW
9	21	71	BGRFX	Baron Growth	SCGro	B	B	B	B	4.6	16.1	26.6	44.87	18.4	0.72	FSW
10	16	60	WBSNX	WmBlair S-C Growth N (closed, 1%r<60d)	SCGro	B	B	B	B	5.4	14.1	27.3	25.73	30.1	1.12	FSW
11	3	40	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	B	B	B	B	1.6	17.6	23.7	29.85	19.2	0.80	fw
12	6	10	MOPIX	MainStay Small Cap Opportunity (closed)	SCVal	B	B	B	B	2.1	15.4	25.8	18.19	17.5	0.63	FSW
13	13	1	ARTGX	Artisan Mid Cap Value	MCVal	B	B	B	B	2.2	15.0	26.2	16.96	19.8	0.87	FSW
14	41	62	JAVLX	Janus Twenty (closed)	LCGro	(B)	(B)	(B)	(B)	6.0	13.3	23.9	44.80	17.3	0.93	FSW
15	11	4	TAVFX	Third Avenue Value (1%r<60d)	SC	B	B	B	B	2.9	13.7	26.6	51.70	17.2	0.79	FSW
16	37	-	WEHIX	Weitz Hickory	SC	*	(B)	(B)	(B)	5.2	13.6	22.6	32.86	29.1	1.38	fsw
17	9	18	VISVX	Vanguard Small-Cap Value Index	SCVal	B	B	B	B	3.0	14.3	23.6	13.97	22.4	0.90	FSW
18	18	37	BUFEX	Buffalo Small Cap (closed)	SCGro	*	H	H	H	4.0	11.5	28.8	27.65	31.2	1.25	SW
19	47	70	WGRGX	Wasatch Core Growth (closed, 2%r<60d)	SCGro	B	B	B	B	6.3	13.0	21.7	43.23	28.5	1.10	FSW
20	42	67	WMCVX	Wasatch Small Cap Value (closed, 2%r<60d)	SCVal	(B)	(B)	(B)	(B)	6.1	13.1	21.6	5.53	26.6	0.96	FSW
21	1	11	FLVCX	Fidelity Leveraged Co (\$10,000, 1.5%r<90d)	MC	*	B	B	B	0.5	15.1	24.9	22.68	36.3	1.39	Fw
22	22	34	FLPSX	Fidelity L P Stock (closed, 1.5%r<90d)	SCVal	B	B	B	B	4.0	14.1	22.2	40.25	18.0	0.75	Fsw
23	10	17	PRSVX	T. Rowe Price S-C Value (closed, 1%r<1yr)	SCVal	B	B	B	B	2.0	13.7	25.6	35.65	18.0	0.69	fsw
24	20	9	CRMMX	CRM Mid Cap Value Inv	MCVal	B	B	B	B	3.2	13.1	24.7	25.68	18.9	0.78	FSW
25	105	110	BSCFX	Baron Small Cap	SCGro	H	H	H	H	6.2	12.1	22.2	22.08	21.5	0.79	FSW
26	35	77	VIMSX	Vanguard Mid-Cap Index	MC	B	B	B	B	4.2	13.8	20.4	15.64	20.1	0.97	fsw
27	27	-	LSCRX	Loomis Sayles Small Cap Value Ret	SC	(B)	(B)	(B)	(B)	4.0	13.0	21.5	25.95	17.2	0.80	FSW
28	50	82	MPEGX	MSI Mid Cap Growth	MCGro	*	(B)	(B)	(B)	4.1	12.5	22.0	21.00	22.2	1.17	fsw
29	32	79	VSEGX	Vanguard Strategic Equity	MCGro	(B)	(B)	(B)	(B)	3.9	12.9	20.5	21.43	17.8	0.83	fsw
30	36	-	FFSCX	Forward Hoover Small Cap	SCGro	H	H	H	H	3.9	11.5	22.8	18.45	20.1	0.85	FSW
31	48	89	NPRTX	Neuberger Berman Partners	LCVal	H	H	H	H	3.4	13.0	19.2	25.09	20.7	1.10	f
32	52	50	DODGX	Dodge & Cox Stock (closed)	LCVal	H	H	H	H	3.9	12.4	19.2	130.20	17.6	0.85	sw
33	43	44	BPMCX	Boston Partners Mid Cap Value	MCVal	H	H	H	H	4.0	11.7	20.5	12.97	20.1	0.93	FSW
34	86	202	JAVTX	Janus Venture (closed)	SCGro	*	H	H	H	5.8	11.7	17.6	58.59	29.0	1.25	FSW
35	46	24	TRMCX	T. Rowe Price Mid Cap Value	MCVal	H	H	H	H	3.5	11.8	20.6	22.99	19.8	0.90	fsw
36	56	107	VEXMX	Vanguard Extended Market Index	MC	H	H	H	H	4.4	12.0	18.7	31.36	21.5	1.02	fsw
37	28	43	MPSCX	MSI Small Cap Value(closed)	SCVal	H	H	H	H	3.0	12.2	20.1	22.67	20.7	0.98	fsw
38	51	48	MPVLX	MSI Value Portfolio	LCVal	H	H	H	H	3.5	12.5	17.9	17.90	20.6	1.05	fsw
39	53	153	SMDCX	Strong Advisor Midcap Growth	MCGro	H	H	H	H	3.1	12.4	18.4	13.83	26.2	1.35	FSW
40	17	19	FDVLX	Fidelity Value	MCVal	(H)	(H)	(H)	(H)	3.0	11.4	21.2	71.29	19.0	0.89	FSW
41	61	30	MQIFX	Mutual Qualified (1%) CIZ	MCVal	H	H	H	H	3.1	13.1	16.6	19.49	13.3	0.61	sw
42	66	65	JAENX	Janus Enterprise	MCGro	H	H	H	H	4.7	10.5	20.7	37.62	21.4	1.09	FSW
43	54	-	BPAVX	Boston Prrs All Cap Value	MCVal	H	H	H	H	3.6	11.3	20.3	14.41	-	-	F
44	49	177	PBSVX	PBHG Small Cap Value	SC	B	H	H	H	4.7	12.4	15.6	22.53	23.8	1.11	FSW
45	30	85	NAESX	Vanguard SmallCap Index	SC	H	H	H	H	3.6	11.3	19.9	26.82	23.2	1.01	fsw
46	15	64	SMTVX	Strong Multi-Cap Value	MCVal	(H)	(H)	(H)	(H)	2.5	13.5	16.1	64.41	22.4	1.01	FSW
47	119	163	MGRIX	Marsico Growth & Income (2%r<30d)	G&I	H	H	H	H	5.7	12.2	14.4	17.66	15.2	0.75	FSW
48	62	111	VCVLX	Vanguard Capital Value	LCVal	H	H	H	H	5.6	11.7	15.4	11.75	-	-	fsw
49	144	214	MFOCX	Marsico Focus (2%r<30d)	LCGro	H	H	H	H	6.1	12.8	11.7	16.61	15.3	0.74	FSW
50	57	41	TUDRX	WPG Tudor	SC	*	H	H	H	5.1	10.2	19.4	17.55	27.0	1.22	FsW
51	78	56	IZZYX	ICM/Isabelle Small Cap Value	SCVal	H	H	H	H	7.1	9.4	18.1	16.30	29.5	1.04	FSW
52	101	2	SMCDX	Strong Mid Cap Disciplined	MCVal	H	H	H	H	4.0	9.4	21.2	22.34	23.1	0.99	FSW
53	38	33	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	H	1.7	11.1	20.2	10.14	20.4	0.80	Fsw
54	140	185	USAUX	USAA Aggressive Growth	MCGro	*	H	H	H	6.0	11.4	13.0	29.24	21.5	1.00	w
55	31	22	TASCX	Third Avenue Small-Cap Value (1%r<1yr)	SCVal	H	H	H	H	2.0	10.4	21.3	22.57	19.9	0.85	FSW
56	145	53	WWALX	Weitz Value Fund	MCVal	H	H	H	H	4.7	10.9	15.7	37.70	16.7	0.82	SW
57	87	83	GABAX	Gabelli Asset	MC	H	H	H	H	4.1	11.0	16.5	41.45	17.8	0.91	FSW
58	65	26	VWNFX	Vanguard Windsor II	LCVal	H	H	H	H	3.3	10.7	18.3	30.73	16.2	0.82	FSW
59	29	105	VHCOX	Vanguard Cap Opp (closed, \$25,000, 1%r<5yr)	MCGro	*	H	H	H	3.6	9.2	21.7	30.77	25.3	1.28	fsw
60	99	125	PRNHX	T. Rowe Price New Horizons	SCGro	*	H	H	H	4.7	9.8	17.9	29.24	28.3	1.30	fsw
61	33	29	TGDVX	TCW Galileo Diversified Value N	LCVal	H	H	H	H	3.1	9.7	20.4	13.34	19.8	1.03	FW
62	60	186	USCGX	USAA Capital Growth	MCGro	*	H	H	H	3.9	10.9	16.3	7.51	23.9	1.13	FSW
63	39	97	OTCFX	T. Rowe Price Small Cap Stock Fund	SC	H	H	H	H	2.3	10.8	18.8	31.82	19.2	0.84	fsw
64	85	181	RSSGX	RS Smaller Company Growth	SCGro	*	H	H	H	5.1	10.4	15.4	22.57	28.5	1.23	FSW
65	19	103	ARTSX	Artisan Small Cap (closed)	SCGro	H	H	H	H	3.5	8.6	22.1	16.76	26.7	1.19	FSW
66	71	240	RSEGX	RS Emerging Growth (closed)	SCGro	*	H	H	H	5.1	10.3	15.2	32.36	30.0	1.48	FSW
67	70	84	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	S	S	S	S	3.5	9.9	18.4	49.88	22.1	1.11	fsw
68	73	63	VIVAX	Vanguard Value Index	LCVal	S	S	S	S	3.5	11.2	15.3	21.35	18.6	1.03	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	12/31 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/wff
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
69	40	15	ARGFX	Ariel Fund	SCVal	H	H	H	2.5	9.1	22.0	53.17	15.6	0.53	FSW	
70	69	156	ACBGX	USGlobal Holmes Growth (.25%r<30d)	MCGro	S	S	S	2.9	10.7	16.9	15.86	15.3	0.57	FSW	
71	34	120	RYPNX	Royce Opportunity (1%r<180d)	SCVal	H	H	H	4.0	9.7	17.5	13.31	30.8	1.18	fsw	
72	55	90	NGUAX	Neuberger Berman Guardian	LCVal	S	S	S	2.1	11.2	16.1	16.56	18.0	0.99	f	
73	63	46	RYTRX	Royce Total Return (1%r<180d)	SCVal	H	H	H	2.4	10.5	17.5	12.26	15.7	0.66	FsW	
74	96	52	VALSX	Value Line Special Situations	MCGro	S	S	S	3.3	9.5	18.4	24.23	15.4	0.71	FSW	
75	58	8	RYPRX	Royce Premier (1%r<180d)	SC	S	S	S	1.7	8.7	22.8	15.12	19.4	0.84	FsW	
76	45	218	BRAIX	Bridgeway Aggressive Investors 2	MCGro	*	H	H	2.8	10.7	16.2	14.11	-	-	fsw	
77	111	98	CAMOX	Cambiar Opportunity	LC	S	S	S	4.8	9.9	15.1	16.62	18.4	0.94	FSW	
78	76	-	FSLSX	Fidelity Value Strategies	SC	*	H	H	5.9	8.9	15.2	37.53	29.4	1.41	F	
79	133	91	HAVLX	Harbor Value	LCVal	S	S	S	4.5	9.9	14.8	16.33	18.1	0.94	Fsw	
80	100	25	BEGRX	Mutual Beacon (1%) CIZ	MCVal	S	S	S	2.8	11.0	14.5	15.94	12.5	0.57	sw	
81	106	81	PESPX	Dreyfus Mid Cap Index	MCGro	S	S	S	4.2	9.6	15.9	26.19	20.2	0.97	FSW	
82	82	76	VPMCX	Vanguard PRIMECAP (closed,\$25,000&1%r<5yr)	LC	S	S	S	3.8	8.8	18.3	62.30	21.7	1.13	fsw	
83	107	223	USAA	USAA Growth	LCGro	S	S	S	4.7	10.5	12.7	13.88	20.9	1.14	-	
84	102	51	SSHFX	Sound Shore	LCVal	S	S	S	4.0	9.8	15.3	36.70	17.3	0.79	sW	
85	91	116	FDSGX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	S	S	S	3.5	10.2	15.0	19.72	16.7	0.58	Fsw	
86	64	32	HENLX	Henlopen Fund (1%r<30d)	SCGro	*	S	S	2.4	10.1	16.8	30.47	30.9	1.19	FSW	
87	72	93	FTGFX	Fidelity Focused Stock (.75%r<30d)	LC	*	H	H	3.9	9.6	15.5	10.10	17.2	1.00	Fw	
88	95	72	PRFDX	T. Rowe Price Equity-Income	LCVal	S	S	S	3.6	10.1	14.9	26.59	16.3	0.83	fsw	
89	125	238	FIGGX	INVESCO Small Company Growth	SCGro	*	S	S	5.9	9.4	13.0	12.57	24.2	1.15	FSW	
90	77	96	MPMVX	MSI Mid Cap Value	MCVal	S	S	S	3.6	10.2	14.6	23.45	23.1	1.18	fsw	
91	44	36	TGIGX	TCW Galileo Dividend Focused N	MCVal	(S)	(S)	(S)	2.6	9.6	17.4	11.45	13.8	0.57	FW	
92	97	57	BPSCX	Boston Ptnrs Smlcap Val (closed,1%r<1yr)	SCVal	S	S	S	4.7	8.6	16.5	23.31	25.8	0.87	FSW	
93	134	224	WAAEX	Wasatch Small Cap Grth (closed,2%r<60d)	SCGro	S	S	S	5.5	9.3	13.4	39.46	27.1	1.17	FSW	
94	94	88	SAOPX	Salomon Brothers Opportunity	MCVal	S	S	S	2.6	11.2	12.7	47.34	13.0	0.67	sw	
95	59	183	STDIX	Strong Discovery	MCGro	S	S	S	2.9	9.7	15.7	21.53	19.1	0.86	FSW	
96	74	59	CRMSX	CRM Small Cap Value Inv (closed)	SCVal	S	S	S	2.7	9.0	17.8	26.30	23.8	0.93	Fsw	
97	122	147	NMANX	Neuberger Berman Manhattan	MCGro	*	S	S	4.8	8.3	16.2	6.95	23.4	1.15	f	
111	98	104	VUVLX	Vanguard U.S. Value	LCVal	H	S	S	3.2	9.4	13.7	13.75	17.3	0.87	fsw	
120	24	14	CGMFX	CGM Focus	SCVal	S	(S)	(S)	-1.3	12.0	12.3	29.49	37.9	1.03	fsw	
125	83	115	FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	H	S	S	3.3	8.3	13.6	19.64	20.3	1.07	Fsw	

Dow Jones
NASDAQ
S&P 500

3.4%
3.8
3.3

3.3%
6.2
6.2

3.2%
8.6
9.0

indexes do not
include dividends

International Stock Funds

1	1	13	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	8.4%	41.3%	41.1%	\$21.15	29.8	-	Fs
2	2	20	PRLAX	T. Rowe Price Latin America (2%r<1yr)	LatinA	*	H	H	8.3	38.9	38.4	15.95	29.7	-	fsw
3	3	41	SLAFX	Scudder Latin America	LatinA	*	H	H	8.9	38.2	34.1	32.20	27.3	-	FSW
4	4	48	VEIEX	Vanguard Emerging Mkts Stk Index (.5%r)	Int'l	*	B	B	5.3	28.2	26.1	14.68	22.6	-	fsw
5	7	44	DREGX	Driehaus Emerging Mkts Gr (2%r<60d)	Int'l	*	B	B	6.4	27.7	24.1	23.00	24.9	-	FSW
6	9	62	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	*	B	B	6.3	27.5	22.9	12.93	-	-	Fsw
7	5	35	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	B	B	5.3	25.2	26.9	19.61	21.6	-	FSW
8	10	23	FIEXX	Fidelity Europe (1%r<30d)	Europe	*	B	B	6.3	23.1	29.0	34.15	22.5	-	Fsw
9	13	69	JVEIX	Janus Intl Equity (1%r<90d)	Int'l	*	B	B	7.0	22.3	28.1	18.53	13.9	-	FSW
10	18	-	TREMEX	T. Rowe Price Emg Europe&Med.	Europe	*	H	H	6.4	21.3	30.0	15.90	29.2	-	fw
11	15	9	VINEX	Vanguard Intl Explorer (\$25,000,2%r<60d)	Int'l	*	B	B	7.1	19.4	31.8	16.34	16.3	-	fsw
12	6	6	DODFX	Dodge & Cox Intl Stock	Int'l	*	B	B	4.8	20.4	32.5	30.64	23.4	-	fsw
13	8	63	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	B	B	4.7	24.0	23.3	15.90	23.6	-	FSW
14	14	65	PRASX	T. Rowe Price New Asia	Pacific	*	(B)	(B)	4.6	24.2	18.6	10.04	19.7	-	fsw
15	19	12	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	6.2	19.2	25.7	17.56	-	-	SW
16	16	-	NBISX	Neuberger Berman Intl (2%r<180d)	Int'l	*	B	B	5.4	17.5	30.3	18.20	16.3	-	fsw
17	24	18	BJBIX	Julius Baer Intl Equity A (2%r<90d)	Int'l	*	H	H	5.6	19.5	23.2	31.61	12.5	-	FS
18	11	5	ARTKX	Artisan Intl Value (2%r<90d)	Int'l	*	(H)	(H)	5.1	16.0	32.3	21.06	-	-	FSW
19	17	8	OAKFX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	4.2	17.6	28.9	20.03	20.4	-	FSW
20	-	-	QFVOX	Quant Foreign Value (1%r)	Int'l	*	(H)	(H)	4.2	17.2	28.3	15.45	19.9	-	FSW
21	12	3	FISMX	Fidelity Intl Small Cap (2%r<90d)	Int'l	*	H	H	4.7	15.8	29.4	23.28	-	-	Fw
22	21	43	SGSCX	Scudder Global Discovery (closed)	Int'l	*	H	H	3.9	17.8	23.6	34.73	20.1	-	FSW
23	28	25	VEURX	Vanguard European Stock Index (2%r<60d)	Europe	*	H	H	4.2	17.2	20.9	25.99	17.4	-	fsw
24	23	53	JAOSX	Janus Overseas (closed,2%r<90d)	Int'l	*	H	H	3.5	18.5	17.4	24.26	16.5	-	FSW
25	20	68	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	H	H	1.8	20.5	13.6	16.42	21.1	-	Fsw
26	22	31	MACSX	Matthews Asia G & I (closed,2%r<90d)	Pacific	*	H	H	2.0	16.9	21.4	15.82	11.4	-	FSW
27	25	-	MPACX	Matthews Asia-Pacific (2%r<90d)	Pacific	*	H	H	5.0	14.8	22.4	12.58	-	-	FSW
28	31	56	SCGEX	Scudder Greater Europe (2%r<180d)	Europe	*	H	H	4.3	17.1	17.0	27.13	16.8	-	FSW
29	27	7	PRIDX	T. Rowe Price Intl Disc. (2%r<1yr)	Int'l	*	H	H	4.3	13.3	23.8	32.63	16.0	-	fsw
30	26	64	SCOPIX	Scudder Pacific Opportunity (2%r<1yr)	Pacific	*	H	H	2.1	17.8	15.6	13.17	19.0	-	FSW
31	35	30	VTRIX	Vanguard International Value (2%r<60d)	Int'l	*	H	H	4.1	14.9	19.8	30.93	16.8	-	fsw
32	33	36	WBIGX	Wm. Blair Intl Growth N (closed,1%r<60d)	Int'l	*	H	H	4.6	15.1	18.5	22.09	14.6	-	FSW
33	30	4	AIOIX	Amer.Cent.Intl Opportunity (2%r<180d)	Int'l	*	H	H	6.2	10.6	27.2	9.70	20.4	-	S
34	41	19	PFIFX	Preferred International	Int'l	*	S	S	5.0	14.3	19.6	16.41	17.4	-	w
35	39	34	VWIGX	Vanguard International Growth (2%r<60d)	Int'l	*	S	S	4.6	14.6	19.0	18.86	15.5	-	fsw

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

RANK	12/31 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	19	14		EUEYX	Alpine U.S. Real Estate Equity CIY	RealEs	*	*	*	14.3%	29.8%	39.5%	\$38.96	32.70	0.87	fsw
2	30	21		CGMRX	CGM Realty	RealEs	*	*	*	14.5	31.2	35.5	29.56	17.50	0.21	sw
3	4	11		FSHCX	Fidelity Med Del (.75%r<30d)	Health	*	*	*	7.9	28.3	45.5	44.83	23.10	0.07	Fsw
4	3	10		CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	5.6	28.9	38.5	69.66	14.60	0.23	Fsw
5	8	12		TRREX	T. Rowe Price Real Estate (1%r<180d)	RealEs	*	*	*	5.3	26.7	36.8	17.90	13.70	0.16	fsw
6	11	13		FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	5.3	26.4	34.2	29.54	13.90	0.20	Fsw
7	16	17		VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	4.8	24.4	30.7	18.78	13.70	0.14	fsw
8	32	26		FSHOX	Fidelity Const & Housing (.75%r<30d)	Cycls	*	*	*	9.3	21.4	28.5	43.57	24.40	0.80	Fsw
9	2	15		FSCHX	Fidelity Chemicals (.75%r<30d)	Cycls	*	*	*	2.2	23.6	32.8	68.23	21.60	0.82	Fsw
10	5	2		FSNGX	Fidelity Natural Gas (.75%r<30d)	Utility	*	*	*	-0.9	19.9	40.2	29.79	27.70	0.61	Fsw
11	7	-		ICBMX	ICON Materials	Cycls	*	*	*	2.8	20.0	29.2	10.23	22.30	0.94	FSW
12	21	19		CSEIX	Cohen & Steers Equity Income (1%r<180d)	RealEs	*	*	*	4.3	20.4	25.8	17.22	13.10	0.13	FSW
13	13	3		VGENX	Vanguard Energy (1%r<1yr)	NatfRes	*	*	*	-1.4	18.9	36.7	40.00	24.50	0.64	fsw
14	6	18		FWRLX	Fidelity Wireless (.75%r<30d)	Tech	*	*	*	1.9	13.9	42.5	5.83	33.90	1.65	Fsw
15	12	8		PRNEX	T. Rowe Price New Era	NatfRes	*	*	*	-0.5	20.1	30.1	33.68	18.80	0.55	fsw
16	15	46		FSRFX	Fidelity Transportation (.75%r<30d)	Cycls	*	*	*	2.0	19.7	27.0	42.73	23.00	0.88	Fsw
17	1	-		ICENX	ICON Energy	NatfRes	*	*	*	-4.9	18.6	38.2	23.17	24.60	0.67	FSW
18	9	7		FSESX	Fidelity Energy Services (.75%r<30d)	NatfRes	*	*	*	-1.3	17.6	34.9	42.65	46.40	1.18	Fsw
19	22	38		FSUTX	Fidelity Utilities Growth (.75%r<30d)	Utility	*	*	*	2.7	18.6	24.2	40.26	17.50	0.95	Fsw
20	36	44		RYLIX	Rydex Leisure	Consmr	*	*	*	7.1	16.3	23.2	31.04	22.00	1.10	fsw
21	26	24		STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	3.4	18.9	22.2	36.86	13.20	0.17	fsw
22	10	6		RYVIX	Rydex Energy Services	NatfRes	*	*	*	-1.7	16.8	34.7	26.62	37.90	1.15	fsw
23	27	30		VGPMX	Vanguard Precious Metals (closed, 1%r<1yr)	NatfRes	*	*	*	-1.1	26.3	8.1	16.69	32.70	0.56	fsw
24	17	5		FSENX	Fidelity Energy (.75%r<30d)	NatfRes	*	*	*	-1.8	16.5	31.7	32.53	22.10	0.70	FSW
25	31	35		PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	5.0	14.5	26.3	28.43	30.00	1.53	fsw
26	23	50		RYPIX	Rydex Transportation	Cycls	*	*	*	3.5	16.1	21.8	24.05	20.80	0.76	fsw
27	14	4		RYEIX	Rydex Energy	NatfRes	*	*	*	-3.4	15.9	32.5	14.86	21.30	0.66	fsw
28	20	23		FCYIX	Fidelity Cyclical Ind (.75%r<30d)	Cycls	*	*	*	2.2	13.9	23.5	18.71	22.00	0.98	FSW
29	37	85		FSLBX	Fidelity Brokerage (.75%r<30d)	FinServ	*	*	*	5.0	16.5	13.0	55.87	30.80	1.47	Fsw
30	18	20		RYBX	Rydex Basic Materials	Cycls	*	*	*	1.7	14.4	20.5	30.54	23.40	0.90	fsw
31	33	-		ICTRX	ICON Industrials	Cycls	*	*	*	4.0	13.0	20.2	12.12	19.30	0.88	FSW
32	28	16		FSDPX	Fidelity Indust Matrls (.75%r<30d)	Cycls	*	*	*	1.5	16.8	13.1	39.72	23.00	0.87	FSW
33	41	-		ICFSX	ICON Financial	FinSer	*	*	*	4.8	12.3	18.3	13.71	19.70	1.00	FSW
34	25	9		FNARX	Fidelity Natrl Resources (.75%r<30d)	NatfRes	*	*	*	-2.3	14.1	23.6	17.33	21.90	0.78	Fsw
35	44	48		RYFIX	Rydex Financial Services	FinServ	*	*	*	3.9	12.6	17.2	12.22	24.10	0.93	fsw
36	47	57		FDSLX	Fidelity Leisure (.75%r<30d)	Consmr	*	*	*	5.1	11.5	17.5	78.34	21.20	1.10	Fsw
37	29	72		FSTCX	Fidelity Telecomm (.75%r<30d)	Utility	*	*	*	3.3	12.6	17.6	37.17	25.00	1.38	Fsw
38	40	-		ICTUX	ICON Telecommunications & Utilities	Utility	*	*	*	2.0	14.1	15.7	7.15	15.30	0.68	FSW
39	46	77		PRISX	T. Rowe Price Financial Services	FinServ	*	*	*	5.3	12.2	13.4	23.50	20.00	0.80	fsw
40	55	-		ICHCX	ICON Healthcare	Health	*	*	*	5.8	9.4	17.9	15.95	16.00	0.49	FSW
41	54	34		RYUIX	Rydex Utilities	Utility	*	*	*	2.1	11.5	15.1	22.93	20.80	0.60	fsw
42	24	25		FSDAX	Fidelity Defense & Aero (.75%r<30d)	Cycls	*	*	*	0.6	10.3	19.5	65.02	19.50	0.76	Fsw
43	60	27		FDFAV	Fidelity Food & Agr (.75%r<30d)	Consmr	*	*	*	4.6	9.0	15.8	50.69	15.50	0.21	Fsw
44	49	42		RYKIX	Rydex Banking	FinServ	*	*	*	2.6	11.0	13.7	11.05	27.50	0.70	fsw
45	45	67		FBSOX	Fidelity Bus Services (.75%r<30d)	Tech	*	*	*	2.6	10.5	14.6	16.18	22.60	1.03	Fsw
46	53	58		FSRBX	Fidelity Banking (.75%r<30d)	FinServ	*	*	*	2.2	11.7	11.7	39.60	24.50	0.70	Fsw
47	51	45		FSRPX	Fidelity Retailing (.75%r<30d)	Consmr	*	*	*	2.3	9.2	16.1	51.46	19.80	0.89	Fsw
48	59	63		FIDSX	Fidelity Finl Serv (.75%r<30d)	FinServ	*	*	*	4.2	9.9	11.2	117.20	21.80	0.79	Fsw
49	50	36		FSVLX	Fidelity Home Finance (.75%r<30d)	FinServ	*	*	*	2.9	9.9	13.2	63.09	25.80	0.37	Fsw
50	69	76		FSCPX	Fidelity Consumer Ind (.75%r<30d)	Consmr	*	*	*	5.1	9.5	9.3	24.66	14.00	0.66	Fsw
51	43	-		ICLEX	ICON Leisure & Consumer Staples	Consmr	*	*	*	2.9	7.2	17.9	12.76	21.20	0.88	FSW
52	39	41		FSCGX	Fidelity Industrial Equip (.75%r<30d)	Cycls	*	*	*	3.8	7.6	12.8	26.72	22.90	1.11	Fsw
53	79	51		PRHSX	T. Rowe Price Health Sciences	Health	*	*	*	7.1	4.2	15.8	23.11	22.60	0.84	fsw
54	62	73		FSAVX	Fidelity Automotive (.75%r<30d)	Cycls	*	*	*	5.8	8.5	7.1	34.82	25.10	0.93	Fsw
55	35	81		FSDCX	Fidelity Developing Comm (.75%r<30d)	Tech	*	*	*	3.4	5.7	16.5	19.33	37.00	1.72	Fsw
56	74	37		FSMEX	Fidelity Medical Equip (.75%r<30d)	Health	*	*	*	5.7	3.8	17.5	23.40	15.50	0.29	Fsw
57	56	53		FBALX	Fidelity Balanced	Hybrid	B	*	*	3.0	7.9	10.9	17.82	10.50	0.54	Fsw
58	66	40		FSPCX	Fidelity Insurance (.75%r<30d)	FinServ	*	*	*	5.0	5.6	12.8	61.80	27.70	0.56	Fsw
59	52	86		FSCSX	Fidelity Software (.75%r<30d)	Tech	*	*	*	4.4	7.7	7.6	52.47	52.00	2.14	Fsw
60	38	79		RYMIX	Rydex Telecommunications	Utility	*	*	*	2.0	6.6	13.3	16.06	21.60	1.52	fsw
61	58	90		RIAFX	RS Internet Age	Tech	*	*	*	6.8	5.3	9.3	7.19	59.30	2.65	FSW
62	61	-		ICTEX	ICON Information Technology	Tech	*	*	*	4.2	8.9	3.9	9.10	32.40	1.64	FSW
63	68	55		VBINX	Vanguard Balanced Index	Hybrid	B	*	*	2.6	6.8	9.3	19.45	10.70	0.57	fsw
64	83	52		VGHCX	Vanguard Health Care (\$25k&1%r<5yr)	Health	*	*	*	5.2	4.6	9.0	126.80	15.00	0.37	fsw
65	63	32		USERX	U.S.Global Gold Shares (.25%r<30d)	NatfRes	*	*	*	-5.4	17.1	-6.4	8.15	42.40	0.41	fsw
66	34	56		FSAXX	Fidelity Air Transport (.75%r<30d)	Cycls	*	*	*	-0.4	5.6	14.1	33.73	28.50	1.14	Fsw
67	75	31		RYCIX	Rydex Consumer Products	Consmr	*	*	*	4.6	2.9	13.2	30.51	15.90	0.52	fsw
68	82	82		FBMPX	Fidelity Multimedia (.75%r<30d)	Consmr	*	*	*	4.6	7.0	3.0	45.20	21.80	1.08	Fsw
69	80	75		RYRIX	Rydex Retailing	Consmr	*	*	*	3.3	5.2	9.3	12.19	20.50	0.95	fsw
80	81	49		GATEX	Gateway Fund	Altern	B	*	*	0.8	4.0	7.0	24.31	7.84	0.40	FSW

Stepping Back for a Better View

Like most subscribers, you've probably taken a close look at pages two and three of this issue to see how the *MONEYLETTER* model portfolios performed for the year. Once again, we're extremely pleased with our absolute performance in 2004. We're also proud of the fact that we did even better than we did last year on a relative basis. In 2003 six of our nine asset allocation portfolios outperformed the Vanguard 500 Index Fund for the year. In 2004 seven of the nine beat the market proxy, one tied it, and the other missed by one-tenth of one percent. The two that just missed were Conservative Portfolios, which are not designed to keep pace with the market but rather to provide long-term growth with reduced risk and volatility. The *MONEYLETTER* Select Portfolio also beat the Index Fund.

Not bad.

But we're mindful of the danger of focusing only on short-term performance. Subscribers should remember that any sensible performance evaluation of an investment strategy should include more than one year. That said, subscribers can always check the three-year total returns that are part of our regular monthly portfolio review. To supplement those regularly published returns, below we've included a detailed look at the performance of the *MONEYLETTER* models over the last 5 years. As a point of reference, the annual total return values for the Vanguard 500 Index Fund (VFINX) over the last five years were: -9.1% (2000), -12.0% (2001), -22.2% (2002), +28.5% (2003), and +10.7% (2004). \$

What \$10,000 Grew to in Five Years (2000-2004)

Rank	Portfolio	Amount
1	ML All-Family Moderate	\$13,800
2	ML All-Family Conservative	13,508
3	Fidelity Venturesome	13,013
4	Fidelity Moderate	12,606
5	ML All-Family Venturesome	12,540
6	Average Asset Allocation Fund*	12,007
7	Vanguard Moderate	11,918
8	Vanguard Venturesome	11,735
9	Vanguard Conservative	11,080
10	Fidelity Conservative	10,980
11	Vanguard 500 Index Fund	8,853

*The average of 80 Asset Allocation Funds.

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	1.73%	1.71%	0.91%
Fidelity Spartan US Treas MMF	1.66	1.60	0.83
Gabelli US Treasury MMF	1.59	1.59	0.87
Amer Century Capital Presv Fund/Inv	1.54	1.50	0.74
RMK Select Treas MMF/CI A	1.52	1.39	0.54
T. Rowe Price US Treasury MF	1.47	1.44	0.66
US Treasury MF of America/CI A	1.45	1.37	0.51
CMA Treasury Fund RIC	1.44	1.38	0.55
JPMorgan 100% US Treas MMF/Morgan	1.41	1.36	0.60
DBAB Cash Reserve Treas/Inv	1.39	1.30	0.53

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	2.25%	2.15%	1.27%
Scudder MM Series Premium/CI S	2.14	2.04	1.08
Scudder MM Series Premium/AARP	2.11	2.03	1.10
Scudder MM Series Prime Reserve/AARP	2.01	1.92	0.98
Vanguard Prime MMF/Retail	1.94	1.87	1.01
MFS Money Market Fund	1.90	1.84	0.88
TIAA-CREF Money Market Fund	1.90	1.83	1.03
AIG Money Market Fund/CI B	1.89	1.80	1.00
Excelsior MMF/CI A	1.88	1.72	0.84
Harbor Money Market Fund	1.88	1.80	1.01

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Vanguard Tax-Exempt MMF	1.75%	1.56%	1.08%
Strong Tax-Free Money Fund	1.62	1.39	1.02
Fidelity Municipal MMF	1.47	1.28	0.80
USAA Tax Exempt MMF	1.46	1.26	0.81
Dreyfus BASIC Muni MMF	1.45	1.28	0.79
Fidelity Tax Free Money Market	1.44	1.24	0.77
Scudder T-E Cash Managed Shares/TEP	1.43	1.26	0.81
Amer Century T-F MMF/Inv Class	1.42	1.26	0.82
Scudder Tax-Exempt Money Fund	1.41	1.25	0.80
T. Rowe Price Summit Muni MMF	1.41	1.23	0.77

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	1.74%	1.53%	1.06%
Vanguard PA Tax-Exempt MMF	1.74	1.52	1.04
Vanguard CA Tax-Exempt MMF	1.73	1.53	1.05
Vanguard NY Tax-Exempt MMF	1.72	1.53	1.03
Vanguard NJ Tax-Exempt MMF	1.70	1.50	1.03
Fidelity FL Municipal MMF	1.42	1.23	0.75
Fidelity OH Municipal MMF	1.41	1.20	0.71
Fidelity PA Municipal MMF	1.41	1.21	0.77
Fidelity CT Municipal MMF	1.39	1.19	0.71
Fidelity NY Municipal MMF	1.38	1.18	0.68
USAA Tax Exempt CA MMF	1.38	1.16	0.73

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 12/28/04. 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

MONEY MANAGEMENT

For information on the *MONEYLETTER* Managed Account Program¹ call PRI Financial Advisors Inc. toll-free at (800) 707-2060. Ask about PRI's free, no-obligation portfolio review.

Minimum investment is \$100,000.

¹As an independent Registered Investment Advisor, PRI Financial Advisors 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*.

Quant Foreign Value Fund

Quantitative Investment Advisors began managing mutual funds 18 years ago with the purpose of providing its high net worth clients with alternatives to the mutual funds that existed at that time. The firm chose to have its funds managed by subadvisors that are specialists in their fields, rather than hire its own portfolio managers and research team. The fund family offers three domestic funds: Small Cap, Mid Cap, and Growth and Income, and two international funds: Emerging Markets and Foreign Value.

The Quant Foreign Value Fund is managed by Bernard R. Horn Jr., who founded Polaris Capital Management in 1995, and is president of the firm. Polaris specializes in managing international equity portfolios. The fund has been an especially strong performer over the past two years. In 2003, a 48.4% total return outpaced more than 85% of its Morningstar foreign large cap fund competitors. And in 2004, it returned 28.3%, besting more than 90% of its peers. *MONEYLETTER* recently spoke with Mr. Horn to gain insight into his investment philosophy and strategies.

ML: The Quant Funds' web site states that the fund is invested using both quantitative and fundamental techniques. What role does quantitative analysis play in your investment process?

Horn: There are two parts to the quantitative portion of the investment process. The first is a global valuation model that dates to the 1980s, when there were no databases of foreign company information. We developed a country model and an industry model that ranked countries and industries from the most undervalued to the most overvalued. In parallel, we run a set of company screens.

ML: What do you emphasize in your fundamental analysis?

Horn: This is where we spend about 90% of our time. The fact that the technology covers such a huge number of companies in such a rapid amount of time allows us to leverage our time quite substantially. So the bulk of our work is spent analyzing, in detail, the financial statements of companies. We make a lot of accounting and finance adjustments to the financial statements of the companies in our database in order to get the concepts of items like cash flow and capital expenditures on a standardized basis for companies across different countries and industries. The available databases simply do not incorporate all the adjustments one needs to make in order to have a very accurate figure, let's say, for a simple thing such as cash flow.

Top Five Sectors & Holdings (% of Assets)

United Kingdom	15.4	Continental AG	3.9
Japan	8.9	Barratt Developments PLC	2.8
South Africa	6.6	Peugeot SA	2.5
South Korea	5.1	Imerys SA	2.4
Ireland	4.2	ENI Spa	2.4

As of September 30, 2004

We look for companies that have strong cash flow, general business models that are sustainable, and the ability to maintain or improve that cash flow over time. Our job is to find the most undervalued streams of cash flow regardless of where they are in the world. From our perspective, any investment that an investor makes is just paying something today for a stream of cash flows in the future – that's a basic concept in fundamental finance.

We will only invest if we can earn a return that allows us to beat the benchmark [the Morgan Stanley EAFE Index]. The EAFE index's return over many years has averaged 6% annually after inflation. So, our discipline is to screen our database for companies whose streams of cash flows are going to give us a return, at the current stock price, much better than the index. This is one of the things that has kept us disciplined when the market got a bit too ebullient, and it's also helped us earn much higher returns than our competitors.

Also, because the fund is smaller [\$123 million in assets] we can go anywhere in search of this high rate of return. We expect that, as the fund grows, at some point we will want to cut off new investments, but we're far from that now...

More of this interview with Bernard Horn will appear in the January 21st issue.

Quant Foreign Value (QFVOX)
Quantitative Group of Funds
Lincoln North, Lincoln, MA 01773
(800) 326-2151

Minimum Investment: \$2,500/\$1,000 IRA

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