



Raising Venturesome Profile

by Walter S. Frank, Chief Investment Officer

We have been recommending a money fund position for Venturesome investors ever since last spring when we recommended "sell" for our Asia ex-Japan positions (and for other international positions as well). At the time we recommended shifting the proceeds into a money fund. We said then that the money fund allocation was only a temporary home for the cash. Well, here we are many months later and we are still holding a money fund position in our Venturesome model portfolios. As the French say, "It's the temporary that lasts."

Given last year's market, holding a money fund position was no bad thing, at least until the very last weeks of the year. But, generally speaking, the Venturesome portfolios and money funds are not usually compatible. Of course, if short-term rates are high and/or the Fed is on the warpath money funds could well be the place to be. Also, during a bear market, money funds may be the logical refuge for all investors, including the more aggressive sort, while the storm rages.

We are not saying that the Venturesome portfolios have a fixed allocation, always 100% in stock funds. Rather than money funds, much of the time, are the least best alternative to other forms of investment—stocks, bonds, real estate, "alternative" funds—for risk-tolerant investors.

Such is the case today. Short-term rates are low, not high, and while they are going higher, as the Fed raises rates, we believe they will still be relatively low for some time to come. As for a bear market, here, too, we see the odds as quite low that a bear market is brewing on the horizon.

Under the circumstances, we have decided to recommend that the money fund position of the Venturesome portfolios be reduced to zero. We also recommend that the proceeds from the sale of the current 20% money fund position be split equally between domestic and international

stock funds. The new allocation for Venturesome investors now becomes 70% domestic stock funds and 30% international stock funds.

In keeping with the risk tolerance of Venturesome investors, our fund recommendations for the additional investments are tilted toward more aggressive funds, which have been performing very well, particularly on the international side. Of late, as we move out of the January correction, we have seen life return to the more aggressive domestic funds.

Emerging markets

This leads us to emerging markets for our international recommendations. We have avoided emerging market funds, even though they have dominated our international stock fund list for some time. We avoided them because we considered them too risky even for Venturesome investors. The risks we speak of are both political and economic. The risks have by no means vanished, but the emerging market scene, speaking broadly, is changing right before our eyes.

What has happened? Most importantly, the emerging market world is being transformed by the growth of China and India and their insatiable demand for commodities (including oil). China and India will be growing relatively rapidly for many years to come. Just as a result of the early stages of this growth, the financial condition of many emerging countries has improved considerably. Moreover, with financial conditions improving, economic reforms have also been taking place that have helped to strengthen the economies.

As a result, what we have seen is that fixed income investors have changed their view of the risks involved, for example, with emerging market bonds. Emerging market bonds have rallied strongly, bringing yields down in most of the markets. According to Komal S. Sri-Kumar, Managing Director, TCW Galileo Funds, emerging market stock markets have still to catch up with the improvement in the bond markets.

Most important of all, in our opinion, it looks as if the post-recession period of rapid growth for most of the developed economies is over. We are seeing rapid growth 6%-8%, maybe more here and there, in the developing world. The contrast in growth is obvious and compelling.

This is not the place for a full discussion of emerging markets, except to say that investor sentiment toward the group has been improving. Just look at the performance of the emerging market funds for the year-to-date. Given the developments, our assessment of the risks and rewards involved has changed, we will no longer avoid the sector as a whole.

Market Trends

| | Trailing 12-Mo Trend | Forward 6-Mo Estimate |
|-----------------------|----------------------|-----------------------|
| Economy | Higher | Higher |
| Interest Rates | Flat | Higher |
| Dollar | Lower | Lower |
| Inflation | Flat | Flat/Higher |
| Dow | Flat | Higher |
| NASDAQ | Flat | Higher |
| Europe | Higher | Flat/Higher |
| Japan (Nikkei) | Higher | Higher |
| Hong Kong (Hang Seng) | Higher | Higher |

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The Venturesome portfolios

Here are the changes we will be making to the three Venturesome model portfolios.

MONEYLETTER Venturesome—Sell Artisan International Value. Sell \$5,000 of Schwab Money Market. Invest the proceeds in T. Rowe Price Emerging Europe and Mediterranean. (Please note, this fund is not available at Schwab. It is available at Fidelity and T.D. Waterhouse.) Sell another \$5,000 of Schwab Money Market and switch the funds into Dodge & Cox International Stock, already in the portfolio. Finally, sell the remainder of Schwab Money Market and switch the proceeds into Bridgeway Aggressive Investors 2.

Fidelity Venturesome—Sell \$7,000 of Fidelity Cash Reserves and switch the proceeds into Fidelity International Small Cap, already in the portfolio. Sell the balance of the Fidelity Cash Reserve position and switch the proceeds into Fidelity Small Cap Independence.

Vanguard Venturesome—Sell Vanguard International Value. Sell \$10,000 of Vanguard Prime Portfolio. Invest the proceeds in Vanguard Emerging Market Index Fund. Sell the remainder of the Vanguard money market position and switch the proceeds into Vanguard Mid-Cap Index Fund.

Two observations

Please note that these new portfolio recommendations are for Venturesome investors only. We judge the going risk profile for Moderate and Conservative investors as roughly in line with our view of today's market outlook.

Bridgeway Aggressive Investors 2 is managed by John Montgomery, who also founded the Bridgeway family of funds. Investments for the fund, and other Bridgeway equity funds are chosen by several quantitative systems that Mr. Montgomery developed. The fund can become quite concentrated and, therefore, volatile. But the reward comes in the performance. This is a fund only for the more risk tolerant, as its name implies.

On Cruise Control

We have been listening to more than one conference call over the past few weeks, as this is the time of the quarter when fund families sponsor calls discussing recent performance and managers' outlooks for the markets. In general, coming off two good years for stocks, one of them very good (2003), there is a certain note of caution.

How much caution depends on the sector involved. Small cap value managers we have listened to are very cautious. And why not? Small cap value managers have been riding a tiger during the recovery phase of the market. As the bear market selling trashed perfectly good company after company, stocks, formerly large- and mid-cap, fell into the laps of the small-cap value managers that they could hardly believe were available to them.

Two good market years has taken care of that, and small cap value managers (some? all?) are finding slim pickings. Or so one or two have told us.

Once we leave the world of the more strictly defined value manager, though, there is much less sense of narrow

and limited opportunity. Indeed, shortly after listening to the gray, restricted outlook of a small cap value management team we listened to a small cap growth management team talking about a full backlog of new ideas. From gray to blue skies.

As the conference call season continued, mainly involving domestic funds but also some international funds, we came to the conclusion that what the markets are sorting out is the fact that the world economies are settling down to the reality of a post-recovery world. This is a world where growth continues, more slowly in the developed world, more rapidly in the developing world. But there is growth, and, for investors, that is the point. Where there is growth, there is profit growth, and where there is profit growth, there is opportunity.

After the unseasonal January correction, we are beginning to see the expectations of growth beginning to affect the American market. Some growth funds we haven't seen for some time are working their way into the top quarter of our list. Growth (still confined to small- and mid-cap funds) is no longer the rarity it was six months ago.

Some of the growth names now up there are: Bridgeway Aggressive Investors 2, Henlopen Fund, Turner Mid Cap Growth, Forward Hoover Small Cap, PBHG Emerging Growth and US Global Holmes Growth.

What this illustrates to us is that, rather quietly, institutional investors have picked up on the theme that that the American economy is going to continue to grow at above its 3.5% speed limit rate. The expectation is that the economy can continue to grow at an above-average rate for some time. We share the view, but we retain a certain caution. \$

MONEYLETTER Directory

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Perking Along

Although the economic news has been less than thrilling, the U.S. stock market has managed to push ahead, as have world stock markets. One thing going for the stock market here has been very active merger activity, especially among the telecom companies. It is clear that the supposedly “high” prices are not deterring buyers from making offers, at higher prices, for acquisitions. Wall Street, of course, takes note.

Despite the market’s February advance, valuations have not changed much as analysts’ estimates of earnings over the next 12 months have risen along with stock prices. That does not change the fundamental picture which is that earnings growth from now on will be much, much slower than it has been. At least, that is what Wall Street’s analysts have been saying for some time. We are now looking at profit expectations in the range of 6-7% growth over this year. Goodbye, 20%.

This does not mean U.S. stocks overall do not have room to rise somewhat more than that. We believe there is room for a valuation increase, but such an increase can only go so far. From now on, we can expect only so much from the overall market. Performance, if it is to occur, will only come from superior stockpicking and from assuming more risk. Squeezing performance out of the domestic market is not going to be easy.

It is not going to be easy abroad either, but at least we can see better profit growth and even better valuations abroad. We are referring to Asia and the emerging markets. Perhaps the sleeper in all of this is Japan. The news from Japan lately has been mixed. We could even say disappointing. But there are some on Wall Street, whose views we respect, who insist there is better news coming. We remain open-minded.

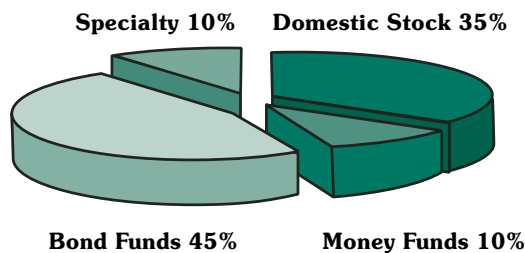
As for the U.S., we are still not clear how solid our growth is. We were thrown a curve by the January employment report, which reported only a mediocre growth in employment, and a downright deterioration in manufacturing. The report was so contrary to other labor market indicators that no one is taking it at face value, ourselves included.

Still that leaves everyone uneasy. There are other reasons for uneasiness as well. Productivity, for one. It sounds arcane, we know, but Janet Yellen, the President of the San Francisco Federal Reserve Bank, devoted a recent outlook speech to the subject. Why? Because a good part of the outlook for inflation depends on whether we can retain relatively rapid productivity growth. If we can, the outlook for inflation remains bright. If we cannot, the outlook darkens.

We find it interesting that Ms. Yellen focused on productivity and inflation in her speech. Earlier her talks had focused on economic growth. We believe that the Fed’s focus had shifted. Growth, here, is now taken for granted. It is inflation that has become Priority 1. Incidentally, Ms. Yellen is optimistic. \$

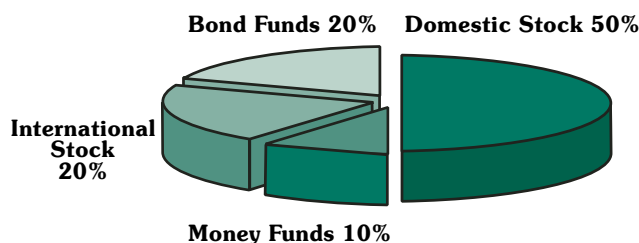
CONSERVATIVE

Seeks steady long-term growth of capital with limited short-term volatility



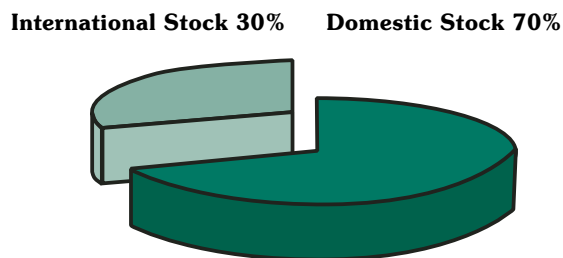
MODERATE

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



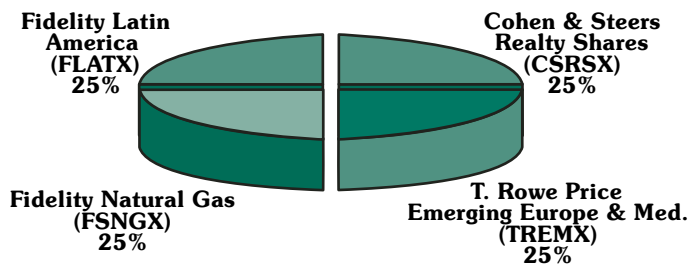
VENTURESOME

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



SELECT

Seeks maximum long-term growth by assertively upgrading fund positions



Domestic Stock Funds

| RANK | 02/11 | 1 Mo | 6 Mo | Ticker | FUND NAME | Fund Type | Conservative | Moderate | Venturesome | TOTAL RETURN | | | PRICE PER SHARE | RISK | | NTF/wtf |
|-----------|-----------|------------|--------------|--|--------------|-----------|--------------|------------|-------------|--------------|--------------|--------------|-----------------|-------------|-------------|------------|
| | | | | | | | | | | 1 mo. | 6 mo. | 12 mo. | | Std. Dev. | Beta | |
| 1 | 1 | 7 | BPTRX | Baron Partners | MCGro | * | B | B | B | 4.1% | 37.6% | 32.7% | \$17.31 | 28.6 | 1.26 | FSW |
| 2 | 12 | 67 | FLVXC | Fidelity Leveraged Co (\$10k, 1.5%r<90d) | MC | * | B | B | B | 8.9 | 33.2 | 21.5 | 23.70 | 36.3 | 1.39 | Fw |
| 3 | 29 | 232 | BRAIX | Bridgeway Aggressive Investors 2 | MCGro | * | (B) | (B) | (B) | 7.8 | 35.7 | 12.1 | 14.46 | - | - | fsw |
| 4 | 21 | 100 | CGMFX | CGM Focus | SCVal | * | B | B | B | 14.9 | 28.1 | 19.7 | 31.57 | 37.9 | 1.03 | fsw |
| 5 | 6 | 88 | BGRFX | Baron Growth (closed) | SCGro | B | B | B | B | 6.0 | 31.9 | 22.8 | 46.47 | 18.4 | 0.72 | FSW |
| 6 | 3 | 4 | RSPFX | RS Partners (closed) | SC | B | B | B | B | 4.6 | 27.8 | 27.6 | 35.00 | 20.9 | 0.69 | FSW |
| 7 | 7 | 55 | BARAX | Baron Asset | MCGro | B | B | B | B | 3.7 | 29.4 | 22.3 | 53.25 | 21.2 | 0.94 | FSW |
| 8 | 2 | 19 | RSCOX | RS Value (Contrarian) | MC | B | B | B | B | 2.9 | 27.2 | 26.2 | 22.00 | 18.6 | 0.60 | FSW |
| 9 | 36 | 230 | JAVTX | Janus Venture (closed) | SCGro | * | (B) | (B) | (B) | 3.9 | 31.9 | 10.3 | 57.56 | 29.0 | 1.25 | FSW |
| 10 | 24 | 113 | WBSNX | WmBlair S-C Growth N (closed, 1%r<60d) | SCGro | B | B | B | B | 3.2 | 29.9 | 15.2 | 25.23 | 30.1 | 1.12 | FSW |
| 11 | 25 | 214 | SMDCX | Strong Advisor Midcap Growth | MCGro | (B) | (B) | (B) | (B) | 6.7 | 28.1 | 14.5 | 14.10 | 26.2 | 1.35 | FSW |
| 12 | 4 | 36 | MUHLX | Muhlenkamp Fund | MCVal | B | B | B | B | 4.8 | 27.2 | 19.4 | 80.38 | 27.9 | 1.24 | FSW |
| 13 | 11 | - | MOPIX | MainStay Small Cap Opportunity (closed) | SCVal | B | B | B | B | 5.8 | 25.8 | 19.0 | 18.50 | 17.5 | 0.63 | FSW |
| 14 | 86 | 198 | SMTVX | Strong Multi-Cap Value | MCVal | H | H | H | H | 6.9 | 27.6 | 10.2 | 64.72 | 22.4 | 1.01 | FSW |
| 15 | 17 | 6 | ARTQX | Artisan Mid Cap Value | MCVal | B | B | B | B | 6.7 | 21.9 | 23.6 | 17.39 | 19.8 | 0.87 | FSW |
| 16 | 10 | 89 | NPRTX | Neuberger Berman Partners | LCVal | B | B | B | B | 5.6 | 25.6 | 15.7 | 25.88 | 20.7 | 1.10 | fsw |
| 17 | 15 | 153 | BSCFX | Baron Small Cap | SCGro | B | B | B | B | 3.7 | 26.9 | 15.1 | 22.40 | 21.5 | 0.79 | FSW |
| 18 | 123 | 208 | HENLX | Henlopen Fund (1%r<30d) | SCGro | * | H | H | H | 7.0 | 26.8 | 8.7 | 30.58 | 30.9 | 1.19 | FSW |
| 19 | 5 | 3 | FBRVX | FBR Small Cap (closed, 1%r<90d) | SCGro | B | B | B | B | 3.2 | 22.2 | 24.4 | 41.89 | 23.4 | 0.82 | FSW |
| 20 | 14 | 2 | TAVFX | Third Avenue Value (1%r<60d) | SC | B | B | B | B | 4.5 | 21.6 | 23.5 | 52.93 | 17.2 | 0.79 | FSW |
| 21 | - | - | SCOVX | Strong Small Company Value | SCVal | H | H | H | H | 5.3 | 22.1 | 20.4 | 16.91 | - | - | FSW |
| 22 | 94 | 236 | TMGFX | Turner Mid Cap Growth | MCGro | * | H | H | H | 5.1 | 27.2 | 5.4 | 24.40 | 29.3 | 1.45 | FSW |
| 23 | 13 | 108 | JSVAX | Janus Contrarian | MC | B | B | B | B | 3.9 | 24.3 | 14.5 | 13.05 | 22.3 | 1.10 | SW |
| 24 | 19 | 86 | MPEGX | MSI Mid Cap Growth | MCGro | * | B | B | B | 3.4 | 24.3 | 15.3 | 21.00 | 22.2 | 1.17 | fsw |
| 25 | 56 | 193 | USCGX | USAA Capital Growth | MCGro | * | H | H | H | 4.6 | 26.1 | 8.6 | 7.45 | 23.9 | 1.13 | fsW |
| 26 | 47 | 109 | FTQGX | Fidelity Focused Stock (.75%r<30d) | LC | * | (B) | (B) | (B) | 5.6 | 22.6 | 15.7 | 10.40 | 17.2 | 1.00 | Fw |
| 27 | 27 | 84 | BUF5X | Buffalo Small Cap (closed) | SCGro | * | B | B | B | 3.3 | 24.3 | 14.2 | 27.11 | 31.2 | 1.25 | SW |
| 28 | 65 | 185 | PRNHX | T. Rowe Price New Horizons | SCGro | * | H | H | H | 3.7 | 25.7 | 9.8 | 29.18 | 28.3 | 1.30 | fsw |
| 29 | 9 | 59 | LLSCX | Longleaf Partners Smallcap (closed) | SCVal | B | B | B | B | 1.1 | 23.9 | 17.9 | 29.43 | 19.2 | 0.80 | fw |
| 30 | 8 | 111 | MXIX | Marsico 21st Century (2%r<30d) | LC | B | B | B | B | 0.3 | 25.3 | 15.6 | 11.65 | 21.1 | 0.95 | fsw |
| 31 | 23 | 75 | VIMSX | Vanguard Mid-Cap Index | MC | B | B | B | B | 4.3 | 23.4 | 14.2 | 15.63 | 20.1 | 0.97 | fsw |
| 32 | 73 | 224 | VLIFX | Value Line Fund | LCGro | H | H | H | H | 5.4 | 24.4 | 9.1 | 13.94 | 13.1 | 0.73 | FSW |
| 33 | 101 | - | FFSCX | Forward Hoover Small Cap | SCGro | H | H | H | H | 4.2 | 23.1 | 13.9 | 18.08 | 20.1 | 0.85 | FSW |
| 34 | 34 | 35 | FDVLX | Fidelity Value | MCVal | H | H | H | H | 5.4 | 21.1 | 16.3 | 72.22 | 19.0 | 0.89 | Fsw |
| 35 | 50 | 209 | PBSVX | PBHG Small Cap Value | SC | H | H | H | H | 4.3 | 25.3 | 7.1 | 22.20 | 23.8 | 1.11 | FSW |
| 36 | 30 | 12 | PRSVX | T. Rowe Price S-C Value (closed, 1%r<1yr) | SCVal | B | B | B | B | 4.2 | 20.9 | 17.9 | 35.45 | 18.0 | 0.69 | fsw |
| 37 | 22 | 11 | CRMMX | CRM Mid Cap Value Inv | MCVal | B | B | B | B | 3.4 | 21.1 | 18.6 | 25.61 | 18.9 | 0.78 | FSW |
| 38 | 243 | 254 | PBEGX | PBHG Emerging Growth | SCGro | H | H | H | H | 5.5 | 29.3 | -5.5 | 12.97 | 35.8 | 1.80 | FSW |
| 39 | 59 | 180 | NBNGX | SIT Mid Cap Growth (2%r<30d) | MCGro | * | H | H | H | 3.1 | 24.0 | 11.0 | 11.04 | 23.5 | 1.23 | FSW |
| 40 | 32 | 72 | VSEQX | Vanguard Strategic Equity | MCGro | H | H | H | H | 4.2 | 22.7 | 12.6 | 21.22 | 17.8 | 0.83 | fsw |
| 41 | 114 | 151 | ACBGX | USGlobal Holmes Growth (.25%r<30d) | MCGro | H | H | H | H | 5.8 | 21.9 | 12.1 | 15.87 | 15.3 | 0.57 | FSW |
| 42 | 41 | 71 | JAENX | Janus Enterprise | MCGro | H | H | H | H | 3.6 | 22.2 | 14.0 | 37.34 | 21.4 | 1.09 | FSW |
| 43 | 85 | 227 | RSSGX | RS Smaller Company Growth | SCGro | * | H | H | H | 3.7 | 25.4 | 5.4 | 22.08 | 28.5 | 1.23 | FSW |
| 44 | 16 | 50 | FLPSX | Fidelity L.P Stock (closed, 1.5%r<90d) | SCVal | (H) | (H) | (H) | (H) | 3.2 | 20.9 | 16.2 | 40.23 | 18.0 | 0.75 | fsw |
| 45 | 72 | 48 | PENNX | Royce Penn Mutual (1%r<180d) | SCVal | H | H | H | H | 4.9 | 20.7 | 13.9 | 10.19 | 20.4 | 0.80 | fsw |
| 46 | 139 | 206 | IZZYX | ICM/Isabelle Small Cap Value | SCVal | H | H | H | H | 3.5 | 23.5 | 8.5 | 15.89 | 29.5 | 1.04 | FSW |
| 47 | 20 | 94 | WGROX | Wasatch Core Growth (closed, 2%r<60d) | SCGro | (H) | (H) | (H) | (H) | 2.9 | 21.7 | 13.2 | 42.72 | 28.5 | 1.10 | FSW |
| 48 | 67 | 203 | BUF5X | Buffalo Mid Cap | MCGro | H | H | H | H | 3.5 | 22.8 | 9.3 | 12.94 | - | - | FSW |
| 49 | 62 | 158 | NMANX | Neuberger Berman Manhattan | MCGro | * | H | H | H | 3.9 | 22.0 | 10.7 | 6.94 | 23.4 | 1.15 | f |
| 50 | 115 | 245 | CLSPX | Columbia Special | MCGro | * | H | H | H | 4.0 | 25.0 | 2.7 | 20.68 | 17.7 | 0.86 | FSW |
| 51 | 55 | 160 | FDSCX | Fidelity Small Cap Ind. (1.5%r<90d) | SC | H | H | H | H | 3.9 | 21.7 | 11.1 | 19.90 | 16.7 | 0.58 | Fsw |
| 52 | 131 | 196 | VISGX | Vanguard Small Cap Growth Index | SCGro | H | H | H | H | 4.3 | 23.6 | 5.7 | 14.91 | 21.6 | 0.91 | fsw |
| 53 | 160 | 174 | TWCVX | American Century Vista | MCGro | H | H | H | H | 5.0 | 21.3 | 9.9 | 14.63 | 15.8 | 0.68 | fsw |
| 54 | 83 | 70 | NAESX | Vanguard SmallCap Index | SC | H | H | H | H | 4.3 | 21.5 | 10.4 | 26.42 | 23.2 | 1.01 | fsw |
| 55 | 122 | 101 | ARTSX | Artisan Small Cap (closed) | SCGro | H | H | H | H | 3.5 | 21.6 | 11.0 | 16.37 | 26.7 | 1.19 | FSW |
| 56 | 42 | 10 | VISVX | Vanguard Small-Cap Value Index | SCVal | H | H | H | H | 4.3 | 19.4 | 15.1 | 13.77 | 22.4 | 0.90 | fsw |
| 57 | 57 | 1 | BERWX | Berwyn Fund (1%r<180d) | SCVal | H | H | H | H | 5.3 | 18.3 | 16.5 | 29.03 | 22.3 | 0.77 | fsw |
| 58 | 112 | 37 | NBGNX | Neuberger Berman Genesis (closed) | SC | H | H | H | H | 5.8 | 18.4 | 15.3 | 30.23 | 15.5 | 0.63 | fsw |
| 59 | 127 | 207 | VEXPX | Vanguard Explorer | SCGro | H | H | H | H | 4.3 | 22.9 | 5.8 | 73.70 | 24.2 | 1.12 | fsw |
| 60 | 176 | 250 | UBRRX | Undiscovered Behavioral Growth (\$10,000) | MCGro | * | H | H | H | 3.8 | 25.7 | -0.6 | 20.88 | 28.2 | 1.15 | fW |
| 61 | 119 | 229 | CUEGX | CS Warburg Pincus Emerging Growth | MCGro | * | H | H | H | 3.8 | 23.5 | 5.0 | 31.17 | 24.3 | 1.18 | FSW |
| 62 | 51 | 78 | BPMCX | Boston Partners Mid Cap Value | MCVal | H | H | H | H | 2.7 | 20.8 | 13.2 | 12.80 | 20.1 | 0.93 | FSW |
| 63 | 92 | 226 | WAAEX | Wasatch Small Cap Grth (closed, 2%r<60d) | SCGro | S | S | S | S | 3.1 | 23.1 | 6.7 | 38.83 | 27.1 | 1.17 | FSW |
| 64 | 88 | 18 | RYPRX | Royce Premier (1%r<180d) | SC | S | S | S | S | 5.2 | 17.9 | 16.0 | 15.15 | 19.4 | 0.84 | fsw |
| 65 | 143 | 238 | RSEGX | RS Emerging Growth (closed) | SCGro | * | S | S | S | 2.7 | 25.4 | 0.8 | 30.88 | 30.0 | 1.48 | FSW |
| 66 | 134 | 242 | STDIX | Strong Discovery | MCGro | H | H | H | H | 2.2 | 24.1 | 4.8 | 20.82 | 19.1 | 0.86 | FSW |
| 67 | 66 | 107 | VALSX | Value Line Special Situations | MCGro | H | H | H | H | 3.9 | 20.1 | 11.9 | 24.25 | 15.4 | 0.71 | FSW |
| 68 | 64 | 240 | FIEGX | INVESCO Small Company Growth | SCGro | * | S | S | S | 1.9 | 25.2 | 2.0 | 12.22 | 24.2 | 1.15 | 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

| RANK | 02/11 | 1 Mo | 6 Mo | Ticker | FUND NAME | Fund Type | Conservative | Moderate | Venturesome | TOTAL RETURN | | | PRICE PER SHARE | RISK | | NTF/wff |
|------------|------------|-----------|------|--------------|--|--------------|--------------|----------|-------------|--------------|-------------|-------------|-----------------|-------------|-------------|------------|
| | | | | | | | | | | 1 mo. | 6 mo. | 12 mo. | | Std. Dev. | Beta | |
| 69 | 52 | - | | LSCRX | Loomis Sayles Small Cap Value Ret | SC | H | H | H | 4.0 | 19.1 | 14.2 | 25.65 | 17.2 | 0.80 | FSW |
| 70 | 106 | 210 | | SGRTX | Strong Growth 20 | LCGro | * | S | S | 2.2 | 21.9 | 9.8 | 14.37 | 17.6 | 0.92 | FSW |
| 71 | 28 | 73 | | CAMOX | Cambiar Opportunity | LC | (H) | (H) | (H) | 3.2 | 20.5 | 11.6 | 16.93 | 18.4 | 0.94 | FSW |
| 72 | 93 | 117 | | OTCFX | T. Rowe Price Small Cap Stock Fund | SC | S | S | S | 3.7 | 20.3 | 11.4 | 31.33 | 19.2 | 0.84 | fsw |
| 73 | 53 | 119 | | VEXMX | Vanguard Extended Market Index | MC | H | H | H | 3.3 | 21.1 | 9.8 | 30.86 | 21.5 | 1.02 | fsw |
| 74 | 54 | 13 | | TASCX | Third Avenue Small-Cap Value (1%r<1yr) | SCVal | (H) | (S) | (S) | 4.2 | 18.4 | 15.0 | 22.72 | 19.9 | 0.85 | FSW |
| 75 | 82 | 140 | | MPMVX | MSI Mid Cap Value | MCVal | S | S | S | 5.3 | 19.4 | 10.9 | 23.63 | 23.1 | 1.18 | fsw |
| 76 | 80 | 62 | | TUDRX | WPG Tudor | SC | * | S | S | 4.2 | 20.0 | 10.9 | 17.50 | 27.0 | 1.22 | Fsw |
| 77 | 44 | 56 | | MPSCX | MSI Small Cap Value (closed) | SCVal | S | S | S | 4.1 | 19.2 | 13.1 | 22.58 | 20.7 | 0.98 | fsw |
| 78 | 130 | 142 | | CRM SX | CRM Small Cap Value Inv (closed) | SCVal | S | S | S | 4.8 | 20.2 | 8.7 | 26.08 | 23.8 | 0.93 | FSW |
| 79 | 205 | 246 | | SSMGX | SIF Small Cap Growth (2%r<30d) | MCGro | * | S | S | 4.7 | 23.5 | 0.2 | 26.50 | 21.6 | 1.10 | FSW |
| 80 | 87 | 83 | | RPMGX | T. Rowe Price Mid Cap Growth | MCGro | S | S | S | 2.9 | 20.0 | 10.9 | 49.11 | 22.1 | 1.11 | fsw |
| 81 | 99 | 95 | | PESPX | Dreyfus Mid Cap Index | MCGro | S | S | S | 4.5 | 19.3 | 10.1 | 26.18 | 20.2 | 0.97 | FSW |
| 82 | 68 | 52 | | FEXPX | Fidelity Export & Multinat'l (.75%r<30d) | LC | H | S | S | 4.7 | 18.7 | 10.7 | 20.04 | 20.3 | 1.07 | Fsw |
| 83 | 69 | 124 | | GABAX | Gabelli Asset | MC | S | S | S | 3.7 | 19.1 | 11.0 | 41.54 | 17.8 | 0.91 | FSW |
| 84 | 105 | 106 | | DNLDX | Dreyfus New Leaders | MCGro | S | S | S | 3.8 | 19.1 | 10.1 | 44.42 | 18.6 | 0.90 | FSW |
| 85 | 196 | 239 | | MNSCX | WellsFargo Montgomery Small Cap (closed) | SCGro | S | S | S | 1.4 | 23.8 | 1.5 | 11.64 | 23.3 | 1.05 | fS |
| 86 | 125 | 167 | | RSVPX | RS Value+Growth | MCGro | S | S | S | 3.9 | 20.3 | 6.6 | 16.58 | 18.2 | 0.97 | FSW |
| 87 | 190 | 217 | | VALLX | Value Line Leveraged Growth | LCGro | * | S | S | 5.9 | 19.5 | 5.5 | 25.56 | 14.9 | 0.83 | FSW |
| 88 | 46 | 29 | | TGDVX | TCW Galileo Diversified Value N | LCVal | S | S | S | 3.8 | 17.4 | 13.5 | 13.40 | 19.8 | 1.03 | FW |
| 89 | 84 | 66 | | FCNTX | Fidelity Contrafund | LC | S | S | S | 3.8 | 18.1 | 11.8 | 57.20 | 11.4 | 0.54 | Fsw |
| 90 | 45 | - | | BPAVX | Boston Ptrs All Cap Value | MCVal | S | S | S | 3.3 | 17.1 | 14.9 | 14.52 | - | - | F |
| 91 | 77 | 125 | | VHCOX | Vanguard Cap Opp (closed,\$25k,1%r<5yr) | MCGro | * | S | S | 2.3 | 20.0 | 8.3 | 29.97 | 25.3 | 1.28 | fsw |
| 92 | 71 | 215 | | FIDYX | INVECO Dynamics | MCGro | S | S | S | 2.4 | 21.1 | 5.5 | 16.42 | 28.2 | 1.48 | FSW |
| 94 | 31 | 60 | | DODGX | Dodge & Cox Stock (closed) | LCVal | (S) | (S) | (S) | 2.3 | 18.5 | 11.9 | 129.60 | 17.6 | 0.85 | sw |
| 97 | 26 | 144 | | WMCVX | Wasatch Small Cap Value (closed,2%r<60d) | SCVal | (S) | (S) | (S) | 1.9 | 19.4 | 9.6 | 5.39 | 26.6 | 0.96 | FSW |
| 111 | 184 | - | | FSLSX | Fidelity Value Strategies | SC | * | H | H | 3.8 | 20.2 | 1.6 | 35.99 | 29.4 | 1.41 | F |
| 123 | 38 | 14 | | VWNFX | Vanguard Windsor II | LCVal | H | H | H | 2.7 | 15.3 | 13.0 | 30.95 | 16.2 | 0.82 | fsw |
| 155 | 43 | 41 | | MPVLX | MSI Value Portfolio | LCVal | (S) | (S) | (S) | 1.6 | 14.8 | 10.0 | 17.70 | 20.6 | 1.05 | fsw |
| 160 | 109 | 38 | | VUVLX | Vanguard U.S. Value | LCVal | H | S | S | 3.0 | 14.1 | 8.3 | 13.79 | 17.3 | 0.87 | fsw |
| 163 | 33 | - | | WEHIX | Weitz Hickory | SC | * | H | H | -0.3 | 14.0 | 13.0 | 31.88 | 29.1 | 1.38 | FSW |
| 204 | 18 | 21 | | JAVLX | Janus Twenty (closed) | LCGro | (S) | (S) | (S) | -4.1 | 14.5 | 9.8 | 41.39 | 17.3 | 0.93 | FSW |

Dow Jones
NASDAQ
S&P 500

2.3%
-0.1
1.9

8.6%
16.5
12.0

0.5%
-0.6
4.1

indexes do not
include dividends

International Stock Funds

| | | | | | | | | | | | | | | | | |
|-----------|-----------|-----------|--|--------------|--|---------------|----------|----------|----------|--------------|--------------|--------------|----------------|-------------|---|------------|
| 1 | 1 | 4 | | FLATX | Fidelity Latin Amer. (1.5%r<90d) | LatinA | * | H | H | 13.4% | 48.3% | 39.3% | \$22.45 | 29.8 | - | Fs |
| 2 | 2 | 11 | | PRLAX | T. Rowe Price Latin America (2%r<1yr) | LatinA | * | H | H | 12.8 | 46.4 | 35.3 | 16.89 | 29.7 | - | fsw |
| 3 | 3 | - | | TREMX | T. Rowe Price Emg Europe & Med (2%r<90d) | Europe | * | B | B | 8.7 | 49.1 | 34.0 | 17.71 | 29.2 | - | fw |
| 4 | 4 | 20 | | SLAFX | Scudder Latin America | LatinA | * | H | H | 13.0 | 44.8 | 31.4 | 33.89 | 27.3 | - | FSW |
| 5 | 5 | 59 | | FEMKX | Fidelity Emerging Mkts (1.5%r<90d) | Int'l | * | B | B | 7.4 | 37.3 | 18.0 | 13.43 | - | - | Fsw |
| 6 | 6 | 36 | | VEIEX | Vanguard Emerging Mkts Stk Index (.5%r) | Int'l | * | B | B | 6.8 | 34.7 | 20.4 | 15.02 | 22.6 | - | fsw |
| 7 | 8 | 45 | | DREGX | Driehaus Emerging Mkts Gr (2%r<60d) | Int'l | * | B | B | 5.5 | 33.9 | 20.4 | 23.45 | 24.9 | - | FSW |
| 8 | 11 | 16 | | FISMX | Fidelity Intl Small Cap (2%r<90d) | Int'l | * | B | B | 6.0 | 31.1 | 26.4 | 24.40 | - | - | Fw |
| 9 | 15 | 37 | | ARTJX | Artisan Intl Small Cap (closed,2%r<90d) | Int'l | * | B | B | 6.4 | 32.2 | 21.7 | 18.21 | - | - | SW |
| 10 | 7 | 34 | | FIEUX | Fidelity Europe (1%r<30d) | Europe | * | B | B | 2.9 | 32.6 | 20.7 | 34.46 | 22.5 | - | Fsw |
| 11 | 9 | 28 | | DRFMX | Dreyfus Emerging Market (1%r) | Int'l | * | B | B | 5.3 | 30.1 | 20.7 | 19.86 | 21.6 | - | FSW |
| 12 | 20 | - | | PISRX | Forward Intl Small Cos. | Int'l | * | (B) | (B) | 4.8 | 30.8 | 18.3 | 13.32 | - | - | FSW |
| 13 | 22 | 42 | | SGSCX | Scudder Global Discovery (closed) | Int'l | * | H | H | 4.4 | 30.4 | 17.4 | 35.27 | 20.1 | - | FSW |
| 14 | 13 | 6 | | DODFX | Dodge & Cox Intl Stock | Int'l | * | B | B | 4.2 | 26.1 | 26.6 | 31.13 | 23.4 | - | fsw |
| 15 | 17 | 70 | | JVEIX | Janus Intl Equity (1%r<90d) | Int'l | * | H | H | 2.9 | 27.4 | 24.7 | 18.59 | 13.9 | - | FSW |
| 16 | 10 | 9 | | VINEX | Vanguard Intl Explorer (\$25k,2%r<60d) | Int'l | * | B | B | 4.2 | 26.6 | 24.7 | 16.71 | 16.3 | - | fsw |
| 17 | 16 | 39 | | MAPTX | Matthews Pacific Tiger (2%r<90d) | Pacific | * | B | B | 5.3 | 29.6 | 15.3 | 16.09 | 23.6 | - | FSW |
| 18 | 26 | 18 | | AIOIX | Amer.Cent.Intl Opp. (closed,2%r<180d) | Int'l | * | H | H | 5.7 | 26.4 | 20.9 | 10.09 | 20.4 | - | - |
| 19 | 14 | 3 | | NBISX | Neuberger Berman Intl (2%r<180d) | Int'l | * | (H) | (H) | 3.9 | 25.1 | 24.9 | 18.77 | 16.3 | - | fsw |
| 20 | 12 | 61 | | PRASX | T. Rowe Price New Asia | Pacific | * | H | H | 5.2 | 29.0 | 12.0 | 10.28 | 19.7 | - | fsw |
| 21 | 18 | 5 | | OAKEX | Oakmark Intl Small Cap (closed,2%r<90d) | Int'l | * | H | H | 5.5 | 22.8 | 24.4 | 20.86 | 20.4 | - | FSW |
| 22 | 19 | 66 | | FSEAX | Fidelity SE Asia (1.5%r<90d) | Pacific | * | H | H | 6.1 | 29.3 | 6.6 | 17.02 | 21.1 | - | Fsw |
| 23 | 24 | 8 | | ARTIX | Artisan Intl Value (2%r<90d) | Int'l | * | H | H | 3.6 | 23.6 | 23.6 | 21.39 | - | - | FSW |
| 24 | 29 | 15 | | PRIDX | T. Rowe Price Intl Disc. (2%r<1yr) | Int'l | * | H | H | 4.7 | 23.5 | 19.3 | 33.56 | 16.0 | - | fsw |
| 25 | 25 | 27 | | BJBIX | Julius Baer Intl Equity A (2%r<90d) | Int'l | * | H | H | 2.2 | 24.3 | 17.6 | 31.66 | 12.5 | - | FS |
| 26 | 21 | - | | QFVOX | Quant Foreign Value (1%r) | Int'l | * | H | H | 4.4 | 21.3 | 21.3 | 15.79 | 19.9 | - | FSW |
| 27 | 55 | 65 | | FEACX | Fidelity Europe Capital App. (1%r<30d) | Europe | * | H | H | 4.8 | 25.4 | 7.6 | 21.92 | 18.8 | - | Fw |
| 28 | 31 | 55 | | JAO SX | Janus Overseas (closed,2%r<90d) | Int'l | * | H | H | 4.6 | 23.8 | 11.9 | 24.42 | 16.5 | - | FSW |
| 29 | 42 | 53 | | SCGEX | Scudder Greater Europe (2%r<180d) | Europe | * | S | S | 4.4 | 24.3 | 10.8 | 27.49 | 16.8 | - | FSW |
| 30 | 36 | 23 | | VEURX | Vanguard European Stock Index (2%r<60d) | Europe | * | H | H | 3.0 | 23.5 | 14.5 | 26.06 | 17.4 | - | fsw |
| 31 | 52 | 68 | | DRIDX | Driehaus Int'l Discovery (2%r<60d) | Int'l | * | S | S | 4.8 | 24.1 | 7.3 | 32.28 | 21.1 | - | FSW |
| 32 | 23 | - | | MPACX | Matthews Asia Pacific (2%r<90d) | Pacific | * | H | H | 2.5 | 21.5 | 17.1 | 12.56 | - | - | FSW |
| 33 | 34 | 47 | | SCOBX | Scudder Global | Global | * | S | S | 3.9 | 22.4 | 10.7 | 26.89 | 12.7 | - | FSW |
| 35 | 33 | 19 | | VTRIX | Vanguard International Value (2%r<60d) | Int'l | * | H | H | 3.3 | 21.0 | 14.1 | 31.16 | 16.8 | - | fsw |
| 42 | 27 | 12 | | MACSX | Matthews Asia G & I (closed,2%r90d) | Pacific | * | (S) | (S) | 3.3 | 18.0 | 16.5 | 16.07 | 11.4 | - | FSW |

Bond Funds (next issue on page 6: Specialty Funds)
 02/11/2005

| Ticker Symbol | FUND NAME | Fund Type | Conservative | Moderate | Venturesome | TOTAL RETURN | | | PRICE PER SHARE | Std. Dev. | Yield | NTF/wft |
|---------------|---|----------------|--------------|----------|-------------|--------------|------------|------------|-----------------|-------------|-------------|------------|
| | | | | | | 1 mo. | 6 mo. | 12 mo. | | | | |
| FFRHX | Fidelity Floating Rate High Inc (1%r<60d) | BnkLoan | B | * | * | 0.4% | 2.1% | 2.5% | \$9.99 | - | 3.23% | Fw |
| BUFHX | Buffalo High-Yield (2%r<180d) | HighYld | * | * | * | 0.6 | 5.6 | 6.5 | 11.54 | 4.47 | 3.75 | FSW |
| CMHYX | Columbia High Yield | HighYld | * | * | * | 0.9 | 3.9 | 2.2 | 8.81 | 4.48 | 6.31 | fSW |
| FAGIX | Fidelity Capital & Income (1%r<90d) | HighYld | * | * | * | 1.9 | 11.8 | 8.9 | 8.52 | 13.66 | 6.51 | Fsw |
| SPHIX | Fidelity High Income (1%r<90d) | HighYld | * | * | * | 0.9 | 7.3 | 5.4 | 9.07 | 8.08 | 7.56 | Fsw |
| JAHYX | Janus High Yield (2%r<90d) | HighYld | * | * | * | 1.1 | 5.8 | 5.9 | 9.93 | 4.33 | 6.69 | FSW |
| NTHEX | Northeast Investors Trust | HighYld | * | * | * | 1.2 | 8.4 | 12.4 | 7.92 | 5.72 | 7.14 | fw |
| PHYDX | PIMCO High Yield | HighYld | * | * | * | 1.3 | 7.1 | 5.8 | 9.99 | 8.72 | 6.45 | SW |
| STHYX | Strong High Yield Bond (1%r<180d) | HighYld | * | * | * | 1.0 | 6.1 | 6.4 | 7.95 | 8.44 | 6.75 | FSW |
| STHBX | Strong S-T High Yield | HighYld | * | * | * | 0.5 | 1.6 | 2.0 | 8.66 | 2.58 | 4.40 | FSW |
| PRHYX | T. Rowe Price High Yld (closed,1%r<1yr) | HighYld | * | * | * | 0.9 | 6.6 | 5.6 | 7.19 | 5.86 | 7.55 | sw |
| TGHNX | TCW Galileo High Yield Bond | HighYld | * | * | * | 0.7 | 7.1 | 9.1 | 7.38 | 7.43 | 7.79 | SW |
| VAGIX | Value Line Aggressive Inc (1%r<120d) | HighYld | * | * | * | 1.3 | 5.8 | 6.0 | 5.19 | 7.43 | 6.14 | FSW |
| VWEHX | Vanguard High Yield Corporate (1%r<1yr) | HighYld | * | B | * | 0.9 | 6.3 | 8.5 | 6.43 | 5.94 | 7.20 | sw |
| BEGBX | American Century Int'l Bond | Int'l | * | * | * | -0.8 | 10.1 | 6.5 | 14.36 | 10.89 | 4.07 | fSW |
| FNMIX | Fidelity New Markets Income (1%r<90d) | Int'l | * | * | * | 3.3 | 12.2 | 9.8 | 14.21 | 12.53 | 6.02 | Fsw |
| PYGFY | Payden Global Fixed Income | Int'l | * | * | * | 0.8 | 3.7 | 3.7 | 10.05 | 3.72 | 4.35 | fsW |
| SSTGX | Scudder Global Bond S-T (closed) | Int'l | * | * | * | 0.1 | 6.3 | 3.7 | 10.37 | 5.75 | 5.02 | FSW |
| RPBIX | T. Rowe Price Int'l Bond | Int'l | * | * | * | -1.2 | 8.9 | 4.1 | 10.20 | 9.67 | 2.29 | fsw |
| ACITX | American Century Inflation Adj | IntTerm | B | * | * | 2.0 | 5.1 | 7.1 | 11.43 | 7.69 | 4.41 | fSW |
| CPTNX | American Government Bond | IntTerm | H | * | * | 0.8 | 2.0 | 1.0 | 10.68 | 4.35 | 2.63 | f |
| BBHIX | BBH Inflation Indexed Sec | IntTerm | B | * | * | 1.8 | 4.8 | 7.6 | 11.30 | 7.88 | 3.99 | FSW |
| CFISX | Columbia Fixed Income Sec | IntTerm | H | * | * | 0.9 | 2.1 | 0.3 | 13.40 | 4.22 | 4.13 | fSW |
| SRINX | Columbia Income CIZ | IntTerm | H | * | * | 0.6 | 2.8 | 1.8 | 10.15 | 4.91 | 5.49 | FSW |
| SRBFX | Columbia Intermediate Bond CIZ | IntTerm | H | * | * | 0.6 | 2.2 | 1.1 | 9.15 | 4.20 | 4.88 | FSW |
| DODIX | Dodge & Cox Income | IntTerm | H | * | * | 1.0 | 3.3 | 3.3 | 12.94 | 3.57 | 4.19 | fsw |
| DRBDX | Dreyfus A Bonds Plus | IntTerm | * | * | * | 1.1 | 4.3 | 2.7 | 13.93 | 5.04 | 4.23 | FSW |
| DRGMX | Dreyfus GNMA | IntTerm | * | * | * | 0.6 | 2.1 | 2.4 | 14.71 | 3.19 | 4.40 | FSW |
| DSINX | Dreyfus Strategic Income | IntTerm | * | * | * | 0.6 | 3.3 | 1.1 | 14.76 | 4.81 | 4.13 | FSW |
| FTRGX | Federated Total Return Govt | IntTerm | H | * | * | 0.9 | 1.6 | 0.6 | 10.97 | 5.71 | 4.12 | sw |
| FGMNX | Fidelity GNMA | IntTerm | * | * | * | 0.6 | 1.8 | 1.7 | 11.12 | 2.44 | 4.05 | Fsw |
| FINPX | Fidelity Inflation-Protected Bond | IntTerm | B | * | * | 1.7 | 4.7 | 6.5 | 11.50 | - | 1.32 | Fw |
| FBNDX | Fidelity Investment Grade | IntTerm | H | * | * | 1.1 | 3.4 | 4.1 | 7.58 | 4.46 | 3.30 | Fsw |
| MWTRX | MetroWest Total Return | IntTerm | * | * | * | 1.2 | 3.6 | 1.5 | 9.87 | 5.87 | 6.07 | SW |
| PRRDX | PIMCO Real Return | IntTerm | H | * | * | 1.6 | 4.2 | 4.9 | 11.56 | 7.98 | 3.40 | SW |
| PITDX | PIMCO Total Return | IntTerm | H | * | * | 0.7 | 2.5 | 2.7 | 10.70 | 4.56 | 2.02 | SW |
| PTMDX | PIMCO Total Return Mortgage | IntTerm | H | * | * | 0.7 | 2.2 | 2.6 | 10.75 | 3.10 | 2.55 | SW |
| SCSBX | Scudder Income (closed) | IntTerm | H | * | * | 1.2 | 3.7 | 4.5 | 13.10 | 4.40 | 4.39 | FSW |
| STVSX | Strong Govt Securities | IntTerm | H | * | * | 0.7 | 1.7 | 0.6 | 10.77 | 4.78 | 3.54 | FSW |
| PRCIX | T. Rowe Price New Income | IntTerm | * | * | * | 1.1 | 3.1 | 2.3 | 9.17 | 4.25 | 3.73 | fsw |
| TGMNX | TCW Galileo Total Return Bond | IntTerm | H | * | * | 0.8 | 3.2 | 4.1 | 9.97 | 3.28 | 4.10 | SW |
| USAIX | USAA Income | IntTerm | H | * | * | 1.1 | 3.7 | 4.2 | 12.51 | 4.82 | 4.42 | w |
| VALBX | Value Line U.S. Govt Sec | IntTerm | H | * | * | 0.6 | 1.9 | 1.8 | 11.78 | 4.47 | 3.61 | FSW |
| VFIIX | Vanguard GNMA | IntTerm | B | * | * | 0.6 | 2.9 | 3.4 | 10.48 | 3.47 | 4.58 | fsw |
| VIPSX | Vanguard Inflation Protected Sec | IntTerm | B | * | * | 1.8 | 4.8 | 7.3 | 12.70 | 7.75 | 4.47 | sw |
| VFITX | Vanguard Intermediate Treas. | IntTerm | H | * | * | 0.8 | 1.8 | 0.6 | 11.28 | 6.14 | 4.46 | fsw |
| VBMFX | Vanguard Total Bond Market Index | IntTerm | H | * | * | 0.9 | 3.3 | 3.8 | 10.31 | 4.41 | 4.30 | fsw |
| MNTRX | WellsFargo Montgomery Total Ret (closed) | IntTerm | H | * | * | 1.0 | 2.4 | 2.4 | 12.43 | 4.57 | 3.49 | fSW |
| WTIBX | Westcore Plus Bond (2%r<90d) | IntTerm | * | * | * | 0.8 | 4.1 | 5.7 | 10.88 | 4.13 | 5.35 | FSW |
| WPGVX | WPG Core Bond | IntTerm | H | * | * | 0.7 | 2.4 | 2.4 | 10.89 | 4.65 | 2.90 | Fsw |
| DRGBX | Dreyfus 100 Treasury L-T | LngTerm | * | * | * | 3.1 | 6.8 | 5.4 | 16.52 | 8.37 | 4.40 | F W |
| FGOVX | Fidelity Government Income | LngTerm | * | * | * | 0.9 | 1.9 | 1.4 | 10.28 | 5.51 | 2.97 | Fsw |
| KIFIX | FifthThird Bond | LngTerm | * | * | * | 0.9 | 2.8 | 2.8 | 10.21 | 4.87 | 3.23 | w |
| MGFIX | Managers Bond | LngTerm | * | * | * | 1.0 | 4.6 | 4.2 | 24.71 | 6.62 | 4.16 | FSW |
| STCBX | Strong Corporate Bond | LngTerm | * | * | * | 1.6 | 5.0 | 3.0 | 10.80 | 6.94 | 4.59 | FSW |
| PRPIX | T. Rowe Price Corporate Inc | LngTerm | * | * | * | 1.6 | 5.2 | 3.7 | 9.99 | 6.05 | 4.83 | fsw |
| PRULX | T. Rowe Price U.S. Treas. L-T | LngTerm | * | * | * | 2.8 | 5.8 | 4.5 | 12.18 | 9.40 | 4.21 | fsw |
| VWESX | Vanguard Long-Term Corporate | LngTerm | * | * | * | 3.5 | 9.1 | 7.5 | 9.86 | 10.63 | 5.33 | fsw |
| VUSTX | Vanguard L-T Treasury | LngTerm | * | * | * | 3.2 | 7.3 | 5.8 | 11.87 | 11.09 | 4.85 | fsw |
| FSICX | Fidelity Strategic Income | Multi | B | B | * | 1.3 | 9.0 | 8.6 | 10.71 | 5.50 | 5.11 | Fw |
| JAFIX | Janus Flexible Income | Multi | * | * | * | 0.9 | 2.3 | 0.8 | 9.73 | 4.72 | 4.72 | FSW |
| LSBDX | Loomis Sayles Bond Instl | Multi | B | B | * | 0.9 | 10.0 | 8.8 | 13.81 | 8.51 | 6.91 | FSW |
| LSBRX | Loomis Sayles Bond Retail | Multi | B | B | * | 0.9 | 9.9 | 8.6 | 13.79 | 8.49 | 6.73 | FW |
| RPSIX | T. Rowe Price Spectrum Income | Multi | * | * | * | 0.9 | 6.0 | 4.2 | 12.07 | 4.39 | 4.04 | fsw |
| MGIDX | Managers Int. Duration Govt | ShfTerm | * | * | * | 0.5 | 2.3 | 3.4 | 10.67 | 2.81 | 2.32 | FSW |
| MGSDX | Managers Short Duration Govt | ShfTerm | B | * | * | 0.2 | 1.5 | 1.9 | 9.66 | 0.68 | 2.85 | FSW |
| BTINX | American Century Target 2010 | ZeroCpn | * | * | * | 0.9 | 2.3 | 2.4 | 87.48 | 9.53 | 4.35 | fSW |
| BTFIX | American Century Target 2015 | ZeroCpn | * | * | * | 2.6 | 7.2 | 8.5 | 75.06 | 14.68 | 4.23 | fSW |
| BITTX | American Century Target 2020 | ZeroCpn | * | * | * | 5.1 | 12.9 | 14.1 | 56.82 | - | - | fSW |
| BTRTX | American Century Target 2025 | ZeroCpn | * | * | * | 7.5 | 19.3 | 20.5 | 49.79 | 22.00 | 4.65 | fSW |

MONEYLETTER'S Top 10 Funds for 2004—Part I

The envelope please...

Below are the first five of MONEYLETTER's Top 10 Funds for 2004, chosen by Chief Economist Walter Frank, and a look at how the 2003 winners fared in 2004. Funds 6-10 will appear in the next issue.

#1 Baron Partners (BPTRX)

Fund Type: Mid Cap Growth

Manager: Ronald Baron (since 1/92)

2004 Return: +42.4%

ML Rank as of 12/31/04: #1 out of 259

Best Quarter (last five years, since 1/00): +37.1% (4Q 2001)

Worst Quarter (since 1/00): -29.3% (1Q 2001)

What \$10,000 grew to in five years (1/00 - 12/04): \$13,733

Minimum Investment: \$2,000

#2 Dodge & Cox International Stock (DODFX)

Fund Type: International

Managers: Bryan C. Cameron, Jacob Gofman, John A. Gunn, Gregory R. Serrurier, Diana Strandberg, Kouji Yamada (all since 5/01)

2004 Return: +32.5%

ML Rank 12/31/04: #9 of 73

Best Quarter (since inception 5/01): +22.6% (2Q 2003)

Worst Quarter (since 5/01): -22.8% (3Q 2002)

What \$10k grew to in five years: n/a

Minimum Investment: \$2,500

#3 Artisan International Value (ARTKX)

Fund Type: International

Manager: N. David Samra (since 9/02)

2004 Return: +32.3%

ML Rank 12/31/04: #15 of 73

Best Quarter (since inception 9/02): +27.4% (2Q 2003)

Worst Quarter (since 9/02): -3.7% (1Q 2003)

What \$10k grew to in five years: n/a

Minimum Investment: \$1,000

#4 Vanguard International Explorer (VINEX)

Fund Type: International

Manager: Management Team

2004 Return: +31.8%

ML Rank 12/31/04: #12 of 73

Best Quarter (since 1/00): +27.7% (2Q 2003)

Worst Quarter (since 1/00): -20.3 (3Q 2001)

What \$10k grew to in five years: \$13,469

Minimum Investment: closed

#5 RS Partners (RSPFX)

Fund Type: Small Cap

Managers: Andrew P. Pilara, Jr (7/95), David Kelley (1/04), Joseph Wolf (1/04)

2004 Return: +31.8%

ML Rank 12/31/04: #3 of 259

Best Quarter (since 1/00): +25.0% (2Q 2003)

Worst Quarter (since 1/00): -14.9 (3Q 2001)

What \$10k grew to in five years: \$33,871

Minimum Investment: closed

* * *

Let's take a look at the top five funds from last year's list, and what kind of year they had in 2004...

#1 Fidelity Leveraged Growth (FLVCX)

2004 Return: +24.5%

ML Rank as of 12/31/04: #14 out of 259

100% U.S. TREASURY FUNDS

| | 7-Day | 30-Day | 1-Year |
|-------------------------------------|-------|--------|--------|
| Vanguard Treasury MMF | 1.97% | 1.91% | 1.10% |
| Gabelli US Treasury MMF | 1.94 | 1.81 | 1.04 |
| Fidelity Spartan US Treas MMF | 1.84 | 1.77 | 1.01 |
| Amer Century Capital Presv Fund/Inv | 1.74 | 1.67 | 0.91 |
| RMK Select Treas MMF/CI A | 1.64 | 1.54 | 0.73 |
| US Treasury MF of America/CI A | 1.59 | 1.48 | 0.71 |
| HSBC Investor US Treas MM/CI D | 1.58 | 1.52 | 0.79 |
| T Rowe Price US Treasury MF | 1.58 | 1.52 | 0.82 |
| CMA Treasury Fund RIC | 1.55 | 1.51 | 0.73 |
| JPMorgan 100% US Treas MMF/Morgan | 1.53 | 1.48 | 0.77 |

GENERAL PURPOSE TAXABLE FUNDS

| | 7-Day | 30-Day | 1-Year |
|--------------------------------------|-------|--------|--------|
| PayPal Money Market Fund | 2.48% | 2.39% | 1.47% |
| Scudder MM Series Premium/AARP | 2.37 | 2.22 | 1.32 |
| Scudder MM Series Premium/CI S | 2.35 | 2.22 | 1.30 |
| Scudder MM Series Prime Reserve/AARP | 2.26 | 2.12 | 1.21 |
| Vanguard Prime MMF/Retail | 2.20 | 2.11 | 1.21 |
| TIAA-CREF Money Market Fund | 2.15 | 2.11 | 1.22 |
| Harbor Money Market Fund | 2.12 | 2.01 | 1.20 |
| AIG Money Market Fund/CI B | 2.09 | 1.98 | 1.18 |
| Marshall MMF/Investor Class | 2.08 | 1.99 | 1.13 |
| GE Money Market Fund | 2.07 | 1.99 | 1.16 |
| MFS Money Market Fund | 2.07 | 1.99 | 1.13 |
| SSgA MMF/CI A | 2.07 | 1.99 | 1.11 |

TAX-FREE GENERAL PURPOSE FUNDS

| | 7-Day | 30-Day | 1-Year |
|-------------------------------------|-------|--------|--------|
| Vanguard Tax-Exempt MMF | 1.73% | 1.71% | 1.20% |
| Strong Tax-Free Money Fund | 1.59 | 1.55 | 1.12 |
| Scudder Tax-Exempt Money Fund | 1.47 | 1.40 | 0.91 |
| Dreyfus BASIC Muni MMF | 1.46 | 1.43 | 0.91 |
| USAA Tax Exempt MMF | 1.46 | 1.41 | 0.92 |
| Fidelity Tax Free Money Market | 1.43 | 1.39 | 0.89 |
| Scudder T-E Cash Managed Shares/TEP | 1.43 | 1.39 | 0.93 |
| Amer Century T-F MMF/Inv Class | 1.42 | 1.38 | 0.93 |
| T. Rowe Price Summit Muni MMF | 1.42 | 1.39 | 0.88 |
| Fidelity Municipal MMF | 1.41 | 1.41 | 0.92 |

TAX-FREE STATE-SPECIFIC FUNDS

| | 7-Day | 30-Day | 1-Year |
|----------------------------|-------|--------|--------|
| Vanguard CA Tax-Exempt MMF | 1.71% | 1.67% | 1.17% |
| Vanguard OH Tax-Exempt MMF | 1.71 | 1.69 | 1.18 |
| Vanguard PA Tax-Exempt MMF | 1.71 | 1.68 | 1.17 |
| Vanguard NY Tax-Exempt MMF | 1.68 | 1.66 | 1.16 |
| Vanguard NJ Tax-Exempt MMF | 1.67 | 1.64 | 1.15 |
| USAA Tax Exempt CA MMF | 1.41 | 1.33 | 0.84 |
| Fidelity FL Municipal MMF | 1.40 | 1.38 | 0.86 |
| Fidelity CT Municipal MMF | 1.37 | 1.33 | 0.84 |
| Fidelity OH Municipal MMF | 1.37 | 1.35 | 0.83 |
| Fidelity PA Municipal MMF | 1.36 | 1.35 | 0.86 |

Source: Money Fund Report (800) 343-5413

#2 Royce Opportunity (RYPNX)

2004 Return: +17.5%

ML Rank 12/31/04: #55

#3 Henlopen Fund (HENLX)

2004 Return: +16.8%

ML Rank 12/31/04: #76

#4 Undiscovered Small Cap Growth (USRLX)

2004 Return: +0.8%

ML Rank 12/31/04: #249

#5 Heartland Value (HRTVX)

2004 Return: +9.1%

ML Rank 12/31/04: removed due to unresolved legal issues

Strong Small Company Value: Powerful Returns

The philosophy behind the Strong Small Company Value fund may seem pretty basic, but it certainly has worked. "What we try to do is buy the right company, buy it at the right price, and buy it at the right time," asserts Robert Costomiris, portfolio manager. Just how successful has this plan been? The fund, which began at the end of March 2002, produced an average annual return of 25.8% since inception. That includes calendar year returns of 62.5% in 2003 and 27.0% in 2004.

What is "right?"

According to Costomiris, the right company is one with solid assets, manageable debt, and in a good industry. As for the right price, it all boils down to risk and reward. He explains, "We look at what we believe is the sustainable cash flow for a company, and we put multiples on that cash flow based on the industry the company is in, the debt level of the company, and its growth prospects. From there we come up with two targets. One is what we call intrinsic value; that's if things proceed as planned. The other is our downside target; if they do not go so well." Comparing the current price to the targets generates the reward/risk ratio. The closer the stock price is to its downside target, the better its reward/risk ratio, and vice versa. Costomiris then ranks "all of the companies in the portfolio—that's typically between 60 and 80 stocks, and an equal amount of companies that we watch." That identifies the most attractive stocks by price.

Finally, Costomiris wants to buy a stock at the right time. "It's not enough for us to have a company that has a good balance sheet and is cheap. We want to get involved with the company when other investors are not interested. Here, I think we differentiate ourselves vs. other managers by looking at sentiment. One gauge of sentiment is sell side analysts' ratings; buy—hold—sell. But the actual level of rating is less important than the change in rating. Studies have shown that stocks that move up in rating perform much better than stocks that already have a high rating. So when we purchase companies for the first time, they will have a preponderance of hold or sell ratings. That's good, because that means sentiment is low, expectations are low, and the downside is limited."

Value in growth industries

Looking at the top industries in the portfolio, it's evident that growth industries dominate. Costomiris explains, "Recall that part of choosing the right company is that it be in the right industry. We like to be involved in growth industries because we are trying to buy value stocks and later sell them to growth investors. And the best way to sell a com-

pany to a growth investor is to have it be in a growth industry. For instance, we have been and are overweight in media, and media tends to be a growth sector over long cycles. Health care is another example. The fund has been overweight health care for its entire existence. We have been underweight in technology for at least a year, but prior to that we were overweight."

Outlook

Small-cap stocks have outperformed for six years in a row, and value stocks for five years, according to Costomiris, so there is not broad value in the marketplace. The manager has been finding opportunities in media, which has been an underperforming area for the past year. He also sees values in food stocks within the consumer staples sector. "A lot of more stable growth companies like food have been thrown away by the market because it's chasing the next big thing," he says. Otherwise, it's a matter of finding "special situations" in various industries or sectors.

Top Holdings & Industries (% of Assets)

| | | | |
|----------------------------|-----|-------------------------|-----|
| Sola International, Inc. | 5.5 | Media—Periodicals | 6.5 |
| The Readers Digest Assoc. | 4.2 | Medical/Dental Supplies | 5.5 |
| Vital Signs, Inc. | 3.3 | Media—Radio/TV | 4.4 |
| Ohio Casualty Corp | 3.0 | Food—Misc. Preparation | 3.3 |
| World Wrestling Federation | 3.0 | | |

As of December 31, 2004

Costomiris thinks small cap investing is going to be much tougher over the next six years than the past six. "I think our returns are going to be lower, but it will be easier for us to beat the indices. It will be difficult to generate the same kind of absolute numbers as we generated in the last couple of years. A lower return expectation is probably appropriate," he concludes.

A word about Wells Fargo and Strong

On December 31, 2004, Wells Fargo & Company completed its purchase of the \$29 billion in assets under management from Strong Financial Corporation. According to company information, the Strong logo will remain with the funds until April 2005. After that, a transition will be made to the Wells Fargo brand. The Strong Small Company Value fund will become the Wells Fargo Advantage Small Cap Disciplined fund—but the management and philosophy will remain the same. \$

Strong Small Company Value (SCOVX)

Strong Investment Management

100 Heritage Reserve, Menomonee Falls, WI 53051
(800) 368-3863 • Minimum investment: \$2,500/\$1,000 IRA

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