



Three Days In April

by Walter S. Frank, Chief Investment Officer

It only took three days for markets here and abroad to be turned on their heads. Before we knew it, the sky was falling and the bears were tearing at the market. Over the three days starting April 13, the S&P 500 lost 3.8%, while the Nasdaq lost 4.8%. Those losses sting, coming to a market that had just gone through a month of surrendering its slim gains for the year-to-date.

It's worth taking a moment to remember what set this all off. On Wednesday, the 13th, the retail sales report for March was released. It came as a shock. If you knock out autos and gas, sales were actually down for the month. No one expected this. Sales had been sailing along over the past three months. And now nothing.

The economic news was equally dismal over the next two days. Two reports stood out for us, industrial production and the N.Y. Fed Manufacturing Survey. Both were shocking in their weakness. By the end of the week, we had a picture of an economy that had suddenly hit the wall. (A phrase we used one year ago when talking about the then "soft patch.")

The market response, as we said, was swift. In the new hedge fund world, this is to be expected. Hot money moves fast. Hedge funds, by their nature, shoot first and ask questions afterward. Shorting was undoubtedly intense over the three day slide.

The question we non-hedge fund traders have to ask is has the economy truly taken a turn for the worse? Are we heading for a period of subnormal growth and disappointingly feeble profit growth?

We don't think so. Here is what we think is causing the current slowdown: the first and most important cause is oil. Keep in mind that all during March, oil prices were seemingly on a rocket shoot as they kept moving up day after day. Remember Goldman Sachs and its \$100 oil call?

We believe that this not only hit the public's pocket-book, it also unnerved business. The big weakness in the

N.Y. Fed survey came from new orders, which slumped in March and vanished in April. In our opinion, oil was partly responsible.

As for the consumer weakness, well oil is the obvious culprit.

If oil prices remain high, as we assume, why won't the weakness continue? Our view here is that, at worst, oil prices will remain at current levels. We also see the economy in the process of adjusting to the current level of oil prices. Consumers are making the adjustment to the new level of energy prices. As incomes grow, the increased income can once more be used for traditional consumer purchases.

As for business, once again, as energy prices stabilize investment plans can be put on track as energy ceases to be a wild card in the planning process.

There may be another contributor to the collapse of new orders and that is the delayed effect of the end of the bonus depreciation for investment. Everyone expected a slide in orders in January. It did not show then. It may be showing now.

As we see it, economic growth will turn out less this year than the earlier optimistic forecasts of some, such as the Fed, but the conditions for reasonably solid growth remain in place. Despite the three days in April, we have not changed our views of either the economy or the market outlook.

Remember? (First Quarter '05 Report)

It seems ages ago, but only a mere three weeks ago six of our 10 portfolios were able to report gains for the first quarter (albeit small), while the four losing portfolios had losses that were all within the one percent range. The first quarter had given us a bumpy ride, but when the quarter ended, all the portfolios turned in performances better than that of the Vanguard 500 (-2.2%) and the broadest index of the market, favored by Mark Hulbert, the Wilshire 5000 (-2.4%). The differences in performance vis-a-vis the averages were relatively small, but then again, we are only talking about a three-month period.

The distinguishing feature of the first quarter was the outperformance by the natural resources funds (think mainly oil and gas) followed by some distance by some overseas categories, international small cap and emerging-type markets. We had representation in the latter categories.

Before we get deeper into performance, we want to point out another distinguishing feature of last quarter, and that is the roller-coaster nature of the market over the first three months. It is hard to realize now, but in early March

(continued on page 2)

Market Trends

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

(continued from page 1)

the S&P 500 hit a high for the year. Despite the Fed raising rates, despite oil prices, stock prices were moving up. But early March was it. From then on, the market took an oil-slicked ride down, turning the quarter from positive to negative for the averages. Like March, proverbially, the first quarter started off like a lion and ended like a shorn lamb.

Table 1
Portfolio Performance 1Q 2005

<i>MONEYLETTER</i>	
Venturesome	1.0%
Moderate	1.6
Conservative	1.4
Fidelity	
Venturesome	0.9
Moderate	1.0
Conservative	-0.4
Vanguard	
Venturesome	-1.6
Moderate	-1.1
Conservative	-1.2
Vanguard 500 Index	-2.2
Wilshire 5000	-2.4

Allocation change

During the quarter we made one allocation change and that was for the Venturesome portfolios. We took the somewhat large (to us) 20% cash position we carried into '05 and invested one-half in emerging market funds (in one guise or another) and the other half in domestic stock funds.

Given the three days in April, our timing could have been better, but we have no second thoughts. Especially with regard to emerging market funds, the basis for any interest in those funds is the rapid growth of China and India. So far as we can see, nothing that has happened over the course of recent weeks has changed the growth outlook for those two behemoths. What we have seen is a great deal of profit-taking,

Table 2
Selected Portfolio Funds
1Q 2005

Fidelity International Small Cap	5.7%
Artisan Mid Cap Value	5.2
Fidelity Leveraged Company	4.7
Fidelity Focused	3.0
Fidelity Europe	2.0
Dodge & Cox International Stock	1.8
Artisan International Value	1.2
(Includes only funds held throughout the quarter.)	

presumably led by hedge funds. That is one thing. Concluding anything medium-term about the outlook for economies from the behavior of speculative money is another.

Right now, we are comfortable with our current allocations. We believe that international funds should have a larger allocation for U.S. investors than is normally the case. And while the U.S. still ranks in the growth league table, pride of place belongs to Asia.

Fund performance

When it comes to performance over the quarter, a trio of funds, Fidelity International Small Cap, Artisan Mid Cap Value and Fidelity Leveraged Company, all quite different from one another, turned in performances in the 5% range, while the overall market was losing more than 2%. We cannot find a common thread that runs through all three funds. One, International Small Cap, was in the right place at the right time, but it held its own against its peers. (According to Lipper, the average international small cap fund was up 3.3%.) As for the other two funds, they had no help from their sector.

As we step back and look at last quarter, it was, more or less, in line with what we had been expecting for the year. We had bad luck, in the form of a severe winter here and in Europe that helped drive oil prices beyond anyone's expectations. Those oil prices helped choke off growth in the last weeks of the quarter. With all that we did see growth over the three months, and we believe we will see moderate growth over the rest of this year. \$

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Another Soft Patch?

As we said in the article on p.1 we see the economy returning to a moderate growth path in the coming weeks. It is, however, no sure thing. The weakness in March cut right through the entire economy from retail sales to business equipment production to new manufacturing orders in N.Y. State. Calling the weakness a soft patch implies that all of these indicators will improve in time.

In some ways, this is a tall order, but we take some comfort from the fact that all of the indicators showed weakness at once. It suggests to us that universal weakness did not just happen to hit all sectors of the economy at once by chance. It implies a common cause. We believe it is oil.

How now Fed

The March numbers present a dilemma for the Fed. The Fed has been raising rates because the economy is exhibiting "self-sustained growth" and no longer needed monetary stimulus (according to the Fed). The March numbers suggest that maybe oil has put the skids under self-stained growth.

One month's numbers, of course, do not make a trend, but we are certain that the Fed's antennae are up. If the numbers continue along last month's path, we have no doubt that the Fed will take time out. Certainly the bond market is thinking along these lines, with the 10-year Treasury yield dropping to the low 4.2% range. Just two weeks ago, yields were one-quarter percent higher.

We expect the Fed will continue to raise rates into the 3% range, but its target rate, whatever that is, is getting lower.

Business to the rescue

What baffles us about this soft patch, as opposed to last year's, is that business investment should not be drying up, as the N.Y. Fed survey implies. Business is loaded with cash, it has much catching up to do after some years of low investment (or so we are told). We should be seeing investment orders moving along at a good clip.

Not only have we not seen that recently, but we are also getting soft numbers from a survey or two of investment intentions. That cannot all be oil. The burden of growth for the economy has passed to business. We were all confident, including the Fed, that business was going to shoulder the burden. At the moment, it is up in the air.

We are now at a crucial point for the economy and the market. More than ever number-watching will be called for.

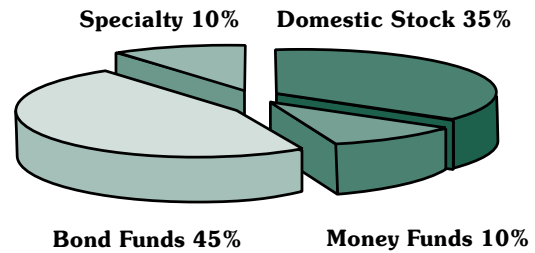
Fund changes

The Hotline of April 5 recommended the sale of Fidelity Value Strategy in the Fidelity Venturesome and Moderate portfolios to be switched into Fidelity Contrafund. Here are the details as of Wednesday, April 6th. **Fidelity Venturesome**—Sold 634 shares of Value Strategy @ \$34.89 per share. Purchased 386 shares of Contrafund @ \$57.32 per share. **Fidelity Moderate**—Sold 364 shares of Value Strategy, purchased 221 shares of Contrafund.

Also, please note, due to the takeover by Wells Fargo Strong Advisor Midcap Growth, Strong Growth 20, and Strong Multicap Value have incomplete data and have been temporarily removed from the Domestic Stock Funds list. \$

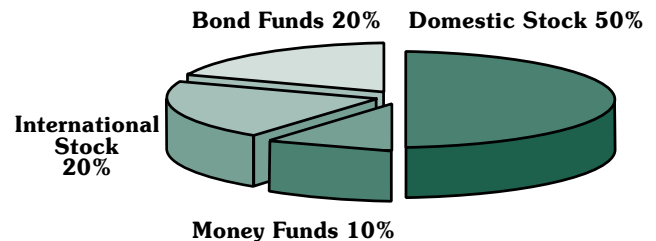
CONSERVATIVE

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



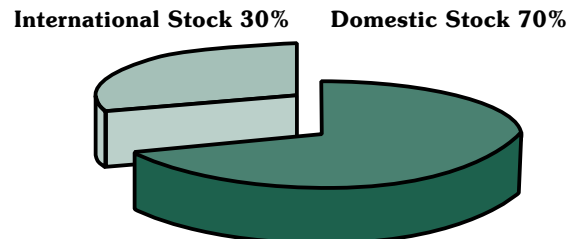
MODERATE

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



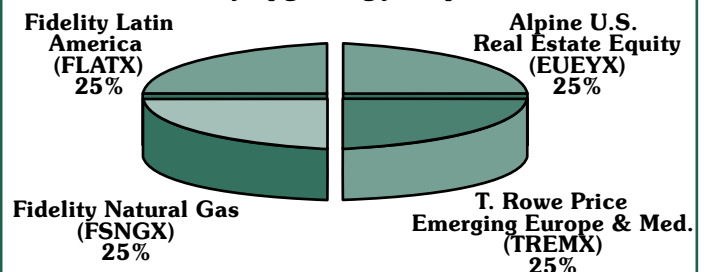
VENTURESOME

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	04/15 2005	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE	RISK		NTF/wtf
										1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta	
1	1	21		LLSCX	Longleaf Partners Smallcap (closed)	SCVal	B	B	B	-1.6%	19.6%	22.2%	\$29.99	19.2	0.80	fw
2	6	5		TAVFX	Third Avenue Value (1%r<60d)	SC	B	B	B	-3.4	15.0	22.2	53.16	17.2	0.79	FSW
3	5	-		RSVAX	RS Value (formerly RS Contrarian)	MC	B	B	B	-5.2	15.0	19.3	21.28	18.6	0.60	FSW
4	2	2		FLVCX	Fidelity Leveraged Co (\$10k,1.5%r<90d)	MC	*	B	B	-6.6	14.5	18.1	22.54	36.3	1.39	Fw
5	8	13		ARTGX	Artisan Mid Cap Value	MCVal	B	B	B	-3.9	12.2	18.7	17.10	19.8	0.87	FSW
6	4	23		CGMFX	CGM Focus	SCVal	*	B	B	-6.5	13.9	14.7	30.96	37.9	1.03	fsw
7	3	3		BPTRX	Baron Partners	MCGro	*	B	B	-7.4	13.1	17.2	15.47	28.6	1.26	FSW
8	12	64		BARAX	Baron Asset	MCGro	B	B	B	-6.1	12.6	12.2	49.71	21.2	0.94	FSW
9	9	214		BSCFX	Baron Small Cap	SCGro	B	B	B	-5.2	13.2	8.5	21.33	21.5	0.79	FSW
10	7	28		BGRFX	Baron Growth (closed)	SCGro	B	B	B	-5.6	11.2	13.6	43.51	18.4	0.72	FSW
11	35	45		MQIFX	Mutual Qualified (1%) CIZ	MCVal	H	H	H	-2.8	9.9	12.6	19.23	13.3	0.61	sw
12	14	-		MOPIX	MainStay Small Cap Opportunity (closed)	SCVal	B	B	B	-6.0	10.8	14.8	17.60	17.5	0.63	FSW
13	21	11		FBRVX	FBR Small Cap (closed,1%r<90d)	SCGro	B	B	B	-5.0	10.4	13.6	39.42	23.4	0.82	FSW
14	142	203		YACKX	Yacktman Fund	MCVal	H	H	H	-1.1	10.0	6.9	14.99	19.5	0.78	FW
15	54	61		BEGRX	Mutual Beacon (1%) CIZ	MCVal	B	B	B	-2.3	9.1	10.9	15.83	12.5	0.57	sw
16	41	37		DODGX	Dodge & Cox Stock (closed)	LCVal	(B)	(B)	(B)	-3.9	9.8	10.7	124.90	17.6	0.85	sw
17	46	-		BPAVX	Boston Prtrs All Cap Value	MCVal	H	H	H	-3.8	9.4	11.5	14.11	-	-	F
18	47	119		CAMOX	Cambiar Opportunity	LC	H	H	H	-3.8	10.9	7.7	16.26	18.4	0.94	FSW
19	16	8		CRMMX	CRM Mid Cap Value Inv	MCVal	B	B	B	-5.4	9.6	12.6	24.59	18.9	0.78	FSW
20	11	4		RSPFX	RS Partners (closed)	SC	B	B	B	-6.5	9.3	15.0	33.00	20.9	0.69	FSW
21	37	31		MUHLX	Muhlenkamp Fund	MCVal	B	B	B	-6.8	10.4	12.7	73.91	27.9	1.24	FSW
22	52	104		HAVLX	Harbor Value	LCVal	H	H	H	-4.1	9.9	9.6	16.08	18.1	0.94	Fsw
23	15	19		JSVAX	Janus Contrarian	MC	B	B	B	-5.0	10.2	10.1	12.48	22.3	1.10	SW
24	48	50		TGDXV	TCW Galileo Diversified Value N	LCVal	(B)	(B)	(B)	-4.1	9.2	10.9	12.97	19.8	1.03	FW
25	64	77		MUTHX	Mutual Shares (1%) CIZ	MCVal	H	H	H	-2.4	8.7	9.4	22.86	12.0	0.56	sw
26	29	99		MPVMX	MSI Mid Cap Value	MCVal	H	H	H	-4.3	9.9	9.0	22.70	23.1	1.18	fsw
27	-	-		ICSLX	ICAP Select Equity	LCVal	H	H	H	-4.5	9.7	9.2	33.68	14.6	0.88	fsw
28	23	48		FLPSX	Fidelity L P Stock (closed,1.5%r<90d)	SCVal	B	B	B	-5.3	9.4	11.2	38.43	18.0	0.75	Fsw
29	20	62		NBGNX	Neuberger Berman Genesis (closed)	SC	B	B	B	-4.7	9.1	10.8	29.48	15.5	0.63	fsw
30	30	111		GABAX	Gabelli Asset	MC	H	H	H	-4.0	9.2	8.9	40.07	17.8	0.91	FSW
31	17	66		FTGGX	Fidelity Focused Stock (.75%r<30d)	LC	*	B	B	-7.1	9.4	12.8	9.84	17.2	1.00	Fw
32	22	27		VIMSX	Vanguard Mid-Cap Index	MC	B	B	B	-6.1	9.5	10.6	14.84	20.1	0.97	fsw
33	90	42		VWNFX	Vanguard Windsor II	LCVal	H	H	H	-3.5	7.8	10.6	30.06	16.2	0.82	fsw
34	18	57		NPRTX	Neuberger Berman Partners	LCVal	B	B	B	-6.7	10.0	9.6	24.19	20.7	1.10	fsw
35	28	16		FDVLX	Fidelity Value	MCVal	B	B	B	-5.2	8.1	11.6	68.77	19.0	0.89	Fsw
36	33	18		TASCX	Third Avenue Small-Cap Value (1%r<1yr)	SCVal	H	H	H	-4.6	7.1	12.7	22.01	19.9	0.85	FSW
37	34	75		BPMCX	Boston Partners Mid Cap Value	MCVal	H	H	H	-5.1	9.1	8.1	12.29	20.1	0.93	FSW
38	101	36		MPVLX	MSI Value Portfolio	LCVal	H	H	H	-3.1	6.8	10.1	17.28	20.6	1.05	fsw
39	75	73		VCVLX	Vanguard Capital Value	LCVal	H	H	H	-5.0	9.3	6.5	11.13	-	-	fsw
40	146	226		NICSX	Nicholas Fund	LC	H	H	H	-2.9	8.3	5.4	58.95	16.1	0.84	w
41	98	59		HOVLX	Homestead Value	LCVal	H	H	H	-3.8	6.6	9.3	29.54	16.5	0.81	W
42	55	165		WAAEX	Wasatch Small Cap Grth (closed,2%r<60d)	SCGro	H	H	H	-5.9	9.0	5.5	36.74	27.1	1.17	FSW
43	108	53		PRWCX	T. Rowe Price Cap Appreciation	LCVal	H	H	H	-3.7	6.2	9.1	18.94	11.0	0.49	fsw
44	78	201		WPSRX	Westport Small Cap R	SCVal	H	H	H	-3.7	8.1	4.3	23.39	18.6	0.85	FSW
45	82	10		ARGFX	Ariel Fund	SCVal	H	H	H	-4.1	5.6	11.2	51.41	15.6	0.53	FSW
46	19	150		PBSVX	PBHG Small Cap Value	SC	(H)	(H)	(H)	-5.9	9.3	4.2	21.09	23.8	1.11	FSW
47	85	197		SLSSX	Selected Special Shares	MCGro	H	H	H	-5.1	8.4	5.0	12.00	21.3	1.09	sW
48	194	243		HSGFX	Hussman Strategic Growth (1.5%r<180d)	MCGro	H	H	H	0.3	6.2	2.6	15.63	8.4	0.09	fsw
49	58	49		SAOPX	Salomon Brothers Opportunity	MCVal	H	H	H	-5.7	6.9	9.4	45.83	13.0	0.67	sw
50	100	113		CSMVX	Century Select Small Cap (1%r<180d)	SCGro	H	H	H	-3.1	7.3	4.4	22.79	15.3	0.61	FSW
51	99	38		VIVAX	Vanguard Value Index	LCVal	H	H	H	-4.5	6.0	9.7	20.49	18.6	1.03	fsw
52	89	20		TRMCX	T. Rowe Price Mid Cap Value	MCVal	H	H	H	-4.6	6.1	9.4	21.71	19.8	0.90	fsw
53	111	105		WGROX	Wasatch Core Growth (closed,2%r<60d)	SCGro	H	H	H	-7.1	8.5	7.1	39.66	28.5	1.10	FSW
54	32	32		VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	-6.8	7.5	8.7	20.03	17.8	0.83	fsw
55	155	98		TWVLX	American Century Value (closed)	MCVal	H	H	H	-4.1	6.9	6.1	7.09	16.6	0.82	fsw
56	115	65		PRFDX	T. Rowe Price Equity-Income	LCVal	H	H	H	-4.0	5.8	8.4	25.33	16.3	0.83	fsw
57	94	129		JAGIX	Janus Growth & Income	LCGro	H	H	H	-4.4	7.4	4.6	30.60	15.1	0.87	FSW
58	50	71		JAENX	Janus Enterprise	MCGro	H	H	H	-5.7	7.7	5.5	35.02	21.4	1.09	FSW
59	113	70		TGIGX	TCW Galileo Dividend Focused N	MCVal	H	H	H	-5.0	6.5	7.4	10.90	13.8	0.57	FSW
60	71	181		UBRRX	Undiscovered Behavioral Growth (\$10,000)	MCGro	*	H	H	-5.3	10.4	-1.8	19.74	28.2	1.15	fW
61	84	55		LSGIX	Loomis Sayles Value	LCVal	H	H	H	-4.4	5.6	8.7	16.64	16.4	0.89	fsw
62	10	47		BRAIX	Bridgeway Aggressive Investors 2	MCGro	*	(H)	(H)	-9.7	10.1	5.4	13.02	-	-	fsw
63	106	79		GEVTX	Columbia Disciplined Value CIZ	LC	S	S	S	-5.0	6.1	8.1	13.50	19.8	1.06	fw
64	176	9		WEHIX	Weitz Hickory	SC	*	S	S	-2.3	3.6	10.4	31.01	29.1	1.38	fsw
65	133	110		SLASX	Selected American Shares	LCVal	S	S	S	-4.2	6.6	5.8	35.89	16.1	0.86	sW
66	56	96		PESPX	Dreyfus Mid Cap Index	MCGro	H	H	H	-6.4	7.6	5.8	24.81	20.2	0.97	FSW
67	199	145		CAAPX	Ariel Appreciation	MCVal	S	S	S	-2.5	5.7	4.7	45.33	19.2	0.83	FSW
68	110	100		BEQGX	American Century Equity Growth	LCVal	S	S	S	-4.8	6.0	7.2	21.13	17.2	0.97	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	04/15 2005	1 Mo Ago	6 Mo Ago	Ticker Symbol	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	72	88	FCNTX	Fidelity Contrafund	LC	H	H	H	-4.8	6.2	6.6	54.70	11.4	0.54	Fsw	
70	238	196	CFIMX	Clipper Fund	LCVal	S	S	S	-1.6	5.2	4.3	86.06	15.7	0.70	Fsw	
71	83	35	JMCVX	Janus Mid Cap Value	MCVVal	S	S	S	-4.8	5.9	7.4	21.24	20.4	0.93	fsw	
72	117	78	VWNDX	Vanguard Windsor	LCVal	S	S	S	-4.8	6.8	4.8	17.14	19.6	1.02	fsw	
73	36	249	TWHIX	American Century Heritage	MCGro	H	H	H	-6.2	9.0	1.5	11.42	15.4	0.76	FSW	
74	148	84	TWEIX	American Century Equity Income	MCVVal	S	S	S	-3.9	5.0	7.1	7.83	12.6	0.62	Fsw	
75	187	128	PFVLX	Preferred Value	LCVal	S	S	S	-3.3	5.7	4.4	15.26	15.8	0.88	w	
76	128	68	VEIPX	Vanguard Equity-Income	LCVal	S	S	S	-4.7	5.1	7.7	22.40	14.9	0.79	fsw	
77	61	199	CUEGX	CS Mid Cap Growth (closed)	MCGro	* H	H	H	-6.5	9.7	-1.2	29.24	24.3	1.18	FSW	
78	45	208	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	H	H	H	-6.5	7.8	3.5	18.50	16.7	0.58	Fsw	
79	88	67	VEXMX	Vanguard Extended Market Index	MC	S	S	S	-5.6	6.4	5.6	29.15	21.5	1.02	fsw	
80	68	63	DNLDX	Dreyfus New Leaders	MCGro	H	H	H	-6.1	6.9	5.3	40.52	18.6	0.90	FSW	
81	165	254	LMASX	Legg Mason Special Investment Trust	MC	* S	S	S	-3.9	7.8	-0.4	42.48	30.9	1.33	-	
82	80	34	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	S	S	S	-5.2	5.7	6.6	46.62	22.1	1.11	fsw	
83	102	173	TGVNX	TCW Galileo Value Opportunities	MC	* S	S	S	-5.5	8.7	-0.4	20.99	29.2	1.32	FSW	
84	76	247	SCDVX	Scudder Development (closed)	MCGro	H	H	H	-5.2	8.3	0.0	18.88	29.2	1.50	FSW	
85	119	169	OAKLX	Oakmark Select (closed,2%r<90d)	MCVVal	S	S	S	-4.4	5.6	5.4	32.31	16.8	0.77	FSW	
86	65	12	VISVX	Vanguard Small-Cap Value Index	SCVal	H	H	H	-6.3	4.7	10.1	12.90	22.4	0.90	fsw	
87	91	117	FDEGX	Fidelity Disciplined Equity	LC	S	S	S	-5.7	6.3	5.1	24.28	14.3	0.81	Fsw	
88	62	154	PRNHX	T. Rowe Price New Horizons	SCGro	* S	S	S	-6.5	8.0	2.2	27.14	28.3	1.30	fsw	
89	66	51	RYTRX	Royce Total Return (1%r<180d)	SCVal	S	S	S	-5.9	5.4	7.6	11.59	15.7	0.66	Fsw	
90	69	158	STCSX	Strong Advisor Common Stock (closed)	MC	S	S	S	-5.0	7.1	1.9	21.34	22.6	1.15	FSW	
91	185	241	DGAGX	Dreyfus Appreciation	LC	S	S	S	-3.3	6.1	1.8	37.98	13.8	0.77	FSW	
92	43	-	SCOVX	Strong Small Company Value	SCVal	S	S	S	-7.6	7.4	4.7	15.34	-	-	FSW	
93	150	137	BIGRX	American Century Income & Growth	LCVal	S	S	S	-4.5	5.1	5.9	29.18	17.4	0.97	FSW	
94	145	202	FIII	INVESCO Core Equity	LC	S	S	S	-4.2	6.5	1.8	9.97	15.3	0.89	FSW	
99	160	97	VUVLX	Vanguard U.S. Value	LCVal	S	S	S	-4.9	4.9	5.8	13.12	17.3	0.87	fsw	
113	127	101	FEXPX	Fidelity Export & Multinat'l (75%r<30d)	LC	H	H	H	-6.3	5.7	3.9	18.53	20.3	1.07	Fsw	
131	39	80	HENLX	Henlopen Fund (1%r<30d)	SCGro	(\$)	(\$)	(\$)	-7.1	6.2	1.7	28.30	30.9	1.19	FSW	
144	38	90	JAVTX	Janus Venture (closed)	SCGro	* H	(\$)	(\$)	-6.6	5.9	0.8	52.41	29.0	1.25	FSW	
151	96	146	VEXPX	Vanguard Explorer	SCGro	H	H	H	-6.6	5.7	0.0	68.62	24.2	1.12	fsw	
157	44	25	WBSNX	WmBlair S-C Growth N (closed,1%r<60d)	SCGro	(\$)	(\$)	(\$)	-7.2	4.5	3.4	22.88	30.1	1.12	FSW	

Dow Jones
NASDAQ
S&P 500

-6.1% 2.1% -3.0%
-6.2 -0.2 -4.7
-4.6 3.1 1.2

indexes do not include dividends

International Stock Funds

1	4	-	TREMX	T. Rowe Price Emg Europe & Med (2%r<90d)	Europe	*	B	B	-5.9%	28.6%	23.0%	\$17.58	29.2	-	fw
2	6	-	PISRX	Forward Intl. Small Cos. (2%r<60d)	Int'l	*	B	B	-3.3	22.8	22.9	13.47	-	-	FSW
3	2	2	PRLAX	T. Rowe Price Latin America (2%r<1yr)	LatinA	*	H	H	-5.2	19.1	29.9	15.78	29.7	-	fsw
4	9	17	VINEX	Vanguard Intl Expl (closed,\$25k,2%r<60d)	Int'l	*	B	B	-3.5	20.4	23.5	16.70	16.3	-	fsw
5	1	16	FISMX	Fidelity Intl Small Cap (2%r<90d)	Int'l	*	B	B	-4.9	20.8	22.3	24.32	-	-	Fw
6	8	22	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	*	B	B	-4.0	20.1	20.7	17.92	-	-	SW
7	11	5	FIEXX	Fidelity Europe (1%r<30d)	Europe	*	B	B	-3.6	17.7	24.0	34.55	22.5	-	Fsw
8	3	1	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	-7.0	17.8	28.6	20.51	29.8	-	Fs
9	5	58	AIOIX	Amer.Cent.Int'l Opp. (closed,2%r<180d)	Int'l	*	B	B	-4.7	21.7	15.2	10.00	20.4	-	-
10	12	7	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	*	B	B	-4.0	16.5	25.1	20.76	20.4	-	FSW
11	10	6	NBISX	Neuberger Berman Intl (2%r<180d)	Int'l	*	B	B	-4.3	16.1	24.3	18.55	16.3	-	fsw
12	16	15	JVEIX	Janus Intl Equity (1%r<90d)	Int'l	*	B	B	-3.2	16.2	22.2	18.32	13.9	-	FSW
13	-	-	ICEUX	ICAP Euro Select Equity	Int'l	*	(B)	(B)	-3.5	15.0	25.1	30.09	18.0	-	fsw
14	13	-	EUROX	US Global Eastern Europe (2%r<180d)	Europe	*	B	B	-6.7	16.7	22.4	30.63	26.6	-	FSW
15	25	8	ARTKX	Artisan Intl Value (2%r<90d)	Int'l	*	(B)	(B)	-3.4	14.4	22.7	21.08	-	-	FSW
16	17	28	SGSXC	Scudder Gbl Discovery (closed,2%r<30d)	Int'l	*	B	B	-4.3	17.2	16.1	34.52	20.1	-	FSW
17	14	4	DODFX	Dodge & Cox Intl Stock	Int'l	*	B	B	-6.1	14.6	22.3	30.25	23.4	-	fsw
18	24	21	SCGEX	Scudder Greater Europe (closed,2%r<30d)	Europe	*	H	H	-3.7	14.8	17.8	27.38	16.8	-	FSW
19	7	3	SLAFX	Scudder Latin America (closed,2%r<30d)	LatinA	*	H	H	-6.9	14.4	23.6	30.89	27.3	-	Sw
20	33	20	OAKIX	Oakmark International (2%r<90d)	Int'l	*	H	H	-2.4	13.9	17.8	21.44	22.0	-	FSW
21	28	50	PRASX	T. Rowe Price New Asia (2%r<90d)	Pacific	*	H	H	-3.2	16.6	11.3	10.14	19.7	-	fsw
22	27	10	VEURX	Vanguard European Stock Index (2%r<60d)	Europe	*	H	H	-3.8	13.6	19.2	25.80	17.4	-	fsw
23	20	-	QFVOX	Quant Foreign Value (1%r<30d)	Int'l	*	B	B	-5.3	14.4	18.8	15.51	19.9	-	FSW
24	15	29	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	*	(H)	(H)	-6.6	17.8	11.3	12.93	-	-	Fsw
25	18	11	VEIEX	Vanguard Emerging Mkts Stk Index (.5%r)	Int'l	*	(H)	(H)	-5.9	16.1	13.6	14.43	22.6	-	fsw
26	40	36	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	H	H	-3.8	14.1	14.6	15.66	23.6	-	FSW
27	21	33	PRIDX	T. Rowe Price Intl Disc. (2%r<90d)	Int'l	*	H	H	-4.4	14.2	15.2	33.02	16.0	-	fsw
28	23	12	BJBIX	Julius Baer Intl Equity A (2%r<90d)	Int'l	*	H	H	-5.8	13.7	15.4	31.07	12.5	-	FS
29	32	18	PRESX	T. Rowe Price European (2%r<90d)	Europe	*	H	H	-4.2	12.6	15.3	19.78	18.0	-	fsw
30	66	45	TBGVX	Tweedy, Browne Global Value (2%r<60d)	Global	*	H	H	-1.3	11.6	13.1	24.12	11.9	-	fsw
31	59	42	OAKGX	Oakmark Global (2%r<90d)	Global	*	H	H	-2.3	12.5	11.7	21.76	26.5	-	FSW
32	19	13	DREGX	Driehaus Emerging Mkts Gr (2%r<60d)	Int'l	*	H	H	-6.4	13.4	14.2	22.42	24.9	-	FSW
33	39	59	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	S	S	-3.5	14.6	6.5	16.90	21.1	-	Fsw
35	29	14	DRFMX	Dreyfus Emerging Market (1%r)	Int'l	*	(S)	(S)	-5.5	13.2	12.1	18.98	21.6	-	FSW
39	35	27	VRTX	Vanguard International Value (2%r<60d)	Int'l	H	H	H	-4.8	11.0	14.3	30.56	16.8	-	fsw

Bond Funds (next issue on page 6: Specialty Funds)
 04/15/2005

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	*	*	-0.5%	1.1%	2.1%	\$9.95	-	3.27%	Fw
FAGIX	Fidelity Capital & Income (1%r<90d)	HighYld	*	*	*	-3.8	2.6	6.0	8.20	11.80	6.36	Fsw
NTHFX	Northeast Investors Trust	HighYld	*	*	*	-2.6	3.7	8.6	7.64	5.28	7.03	fw
PHYDX	PIMCO High Yield	HighYld	*	*	*	-2.6	0.4	4.0	9.64	8.01	6.39	SW
PRHYX	T. Rowe Price High Yld (closed, 1%r<1yr)	HighYld	*	*	*	-2.7	0.7	3.2	6.93	5.30	7.51	sw
VAGIX	Value Line Aggressive Inc (1%r<120d)	HighYld	*	*	*	-2.1	0.8	2.9	5.04	6.75	6.14	FSW
VWEHX	Vanguard High Yield Corporate (1%r<1yr)	HighYld	*	B	*	-2.5	0.2	4.9	6.18	5.51	7.12	sw
BEGBX	American Century Intl Bond	Int'l	*	*	*	-1.7	6.6	12.6	14.16	9.37	4.05	fSW
FNIMX	Fidelity New Markets Income (1%r<90d)	Int'l	*	*	*	-2.2	1.8	6.8	13.59	10.67	6.03	Fsw
PYGFX	Payden Global Fixed Income	Int'l	*	*	*	1.0	2.1	4.1	9.97	3.64	4.38	fsw
SSTGX	Scudder Global Bond S-T (closed)	Int'l	*	*	*	-0.5	3.8	6.6	10.28	5.37	4.98	FSW
RPBIX	T. Rowe Price Int'l Bond	Int'l	*	*	*	-2.0	5.1	9.7	10.10	8.42	2.29	fsw
BGNMX	American Century Ginnie Mae	IntTerm	*	*	*	0.9	0.4	1.8	10.39	2.67	4.67	fSW
ACITX	American Century Inflation Adj	IntTerm	B	*	*	1.3	2.6	7.2	11.34	7.14	4.38	fSW
CPTNX	American Government Bond	IntTerm	H	*	*	1.1	0.6	2.1	10.60	4.23	2.69	f
BBHIX	BBH Inflation Indexed Sec	IntTerm	B	*	*	1.7	2.8	7.8	11.27	7.30	4.01	FSW
CFISX	Columbia Fixed Income Sec	IntTerm	H	*	*	0.3	-0.4	0.8	13.21	-	-	fSW
DODIX	Dodge & Cox Income	IntTerm	H	*	*	-0.1	0.7	3.2	12.70	3.42	4.19	fsw
DRBDX	Dreyfus A Bonds Plus	IntTerm	*	*	*	0.9	1.7	3.6	13.74	4.92	4.27	FSW
DRGMX	Dreyfus GNMA	IntTerm	*	*	*	0.9	1.4	3.4	14.64	3.11	4.37	FSW
DSINX	Dreyfus Strategic Income	IntTerm	*	*	*	0.4	0.4	1.9	14.57	4.66	4.13	FSW
FTRGX	Federated Total Return Govt	IntTerm	H	*	*	0.9	0.0	1.5	10.88	-	-	sw
FGMNX	Fidelity GNMA	IntTerm	*	*	*	0.7	0.4	2.3	11.06	2.37	4.05	Fsw
FINPX	Fidelity Inflation-Protected Bond	IntTerm	B	*	*	1.6	2.5	6.8	11.43	-	1.32	Fw
FSTGX	Fidelity Intermediate Govt	IntTerm	H	*	*	0.8	-0.8	1.3	10.16	-	-	Fsw
FBNDX	Fidelity Investment Grade	IntTerm	H	*	*	0.9	1.0	4.4	7.49	4.31	3.35	Fsw
MBDFX	Managers Fremont Bond	IntTerm	H	*	*	1.1	0.6	3.7	10.42	4.49	2.09	fsw
MWTRX	MetroWest Total Return	IntTerm	*	*	*	-0.3	1.4	1.4	9.72	5.65	6.00	SW
PRRDY	PIMCO Real Return	IntTerm	H	*	*	1.5	2.4	5.5	11.52	7.36	3.41	SW
PTDX	PIMCO Total Return	IntTerm	H	*	*	1.0	0.9	3.6	10.66	4.37	2.07	SW
PTMDX	PIMCO Total Return Mortgage	IntTerm	H	*	*	0.7	0.6	3.5	10.70	3.01	2.51	SW
SCSBX	Scudder Income (closed)	IntTerm	H	*	*	0.7	0.9	4.4	12.91	4.25	4.49	FSW
STVSX	Strong Govt Securities	IntTerm	H	*	*	0.8	-0.1	1.7	10.70	-	-	FSW
PRGMX	T. Rowe Price GNMA	IntTerm	*	*	*	0.9	0.5	2.0	9.60	2.82	4.60	fsw
PRCIX	T. Rowe Price New Income	IntTerm	*	*	*	0.9	0.6	3.1	9.05	4.11	3.81	fsw
TGMNX	TCW Galileo Total Return Bond	IntTerm	H	*	*	1.2	0.9	4.4	9.89	3.15	4.05	FSW
USAIX	USAA Income	IntTerm	H	*	*	1.1	1.6	5.0	12.39	4.66	4.54	w
VALBX	Value Line U.S. Govt Sec	IntTerm	H	*	*	1.0	0.6	2.5	11.63	4.36	3.63	FSW
VFIX	Vanguard GNMA	IntTerm	B	*	*	1.0	1.6	4.8	10.39	3.36	4.59	fsw
VIPX	Vanguard Inflation Protected Sec	IntTerm	B	*	*	1.8	2.8	7.4	12.61	7.17	4.49	sw
VFITX	Vanguard Intermediate Treas.	IntTerm	H	*	*	1.7	-0.3	1.7	11.13	-	-	fsw
VBMFX	Vanguard Total Bond Market Index	IntTerm	H	*	*	1.0	1.1	4.4	10.18	4.29	4.33	fsw
MINTRX	WellsFargo Montgomery Total Ret (closed)	IntTerm	H	*	*	1.0	0.1	2.8	12.29	-	-	fSw
WTBIX	Westcore Plus Bond (2%r<90d)	IntTerm	*	*	*	-0.7	0.5	4.3	10.61	3.91	5.37	FSW
WPGVX	WPG Core Bond	IntTerm	H	*	*	0.6	0.0	2.5	10.76	4.46	2.96	Fsw
DRGBX	Dreyfus 100 Treasury L-T	LngTerm	*	*	*	2.3	2.8	6.9	16.24	8.05	4.48	F W
FGOVX	Fidelity Government Income	LngTerm	*	*	*	1.0	0.2	2.3	10.21	-	-	Fsw
KIFIX	FifthThird Bond	LngTerm	*	*	*	1.1	0.9	3.7	10.12	4.74	3.28	w
MGFIX	Managers Bond	LngTerm	*	*	*	-0.3	1.2	4.5	24.29	6.21	4.17	FSW
PRULX	T. Rowe Price U.S. Treas. L-T	LngTerm	*	*	*	2.3	2.0	6.5	11.97	-	-	fsw
VWESX	Vanguard Long-Term Corporate	LngTerm	*	*	*	1.6	3.7	9.0	9.61	9.87	5.38	fsw
VUSTX	Vanguard L-T Treasury	LngTerm	*	*	*	2.1	2.2	7.2	11.57	10.36	4.92	fsw
FSICX	Fidelity Strategic Income	Multi	B	B	*	-1.5	3.1	8.1	10.44	5.00	5.05	Fw
JAFIX	Janus Flexible Income	Multi	*	*	*	0.6	-0.4	1.1	9.58	-	-	FSW
LSBDX	Loomis Sayles Bond Instl	Multi	B	B	*	-1.9	3.2	9.7	13.47	7.42	6.83	FSW
LSBRX	Loomis Sayles Bond Retail	Multi	B	B	*	-1.9	3.1	9.4	13.45	7.42	6.66	FW
RPSIX	T. Rowe Price Spectrum Income	Multi	*	*	*	-1.0	2.1	4.6	11.82	4.09	4.05	fsw
MGIDX	Managers Int. Duration Govt	ShfTerm	*	*	*	1.2	1.0	4.1	10.64	2.71	2.33	FSW
MGSDX	Managers Short Duration Govt	ShfTerm	B	*	*	0.3	1.6	2.5	9.67	0.65	2.85	FSW
MWLDX	MetroWest Low Duration	ShfTerm	B	*	*	-0.1	1.2	0.9	9.39	3.03	3.83	SW
PTLCX	PIMCO Low Duration	ShfTerm	B	*	*	0.9	0.1	0.9	10.15	-	-	f w
SWBDX	Schwab S-T Bond Mkt Index	ShfTerm	B	*	*	0.6	-0.5	0.5	10.05	-	-	S
SCSTX	Scudder Short-Term Bond (closed)	ShfTerm	B	*	*	0.6	-0.1	1.2	10.12	1.69	4.66	FSW
VFSTX	Vanguard Short-Term Investment Grade	ShfTerm	B	*	*	0.5	0.0	0.5	10.57	2.01	3.40	fsw
VSGBX	Vanguard S-T Federal	ShfTerm	*	*	*	0.7	-0.2	0.2	10.35	-	-	fsw
VFISX	Vanguard S-T Treasury	ShfTerm	B	*	*	0.8	-0.2	0.1	10.41	-	-	fsw
BTTNX	American Century Target 2010	ZeroCpn	*	*	*	2.2	0.3	4.1	87.49	-	-	fSW
BFTFX	American Century Target 2015	ZeroCpn	*	*	*	3.1	2.1	10.8	74.33	-	-	fSW
BITTX	American Century Target 2020	ZeroCpn	*	*	*	4.0	6.0	17.5	56.00	16.54	4.23	fSW
BITRX	American Century Target 2025	ZeroCpn	*	*	*	3.9	9.9	24.9	48.62	19.31	4.72	fSW

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Fidelity Spartan US Treas MMF	2.20	2.13	1.11
Gabelli US Treasury MMF	2.19	2.12	1.14
Amer Century Capital Presv Fund/Inv	2.11	2.01	1.01
T Rowe Price US Treasury MF	2.02	1.93	0.91
HSBC Investor US Treas MM/CI D	2.00	1.94	0.89
RMK Select Treas MMF/CI A	2.00	1.90	0.84
US Treasury MF of America/CI A	1.97	1.82	0.81
DBAB Cash Reserve Treas/Inv	1.91	1.80	0.80
JPMorgan 100% US Treas MMF/Morgan	1.91	1.84	0.86

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
Scudder MM Series Premium/CI S	2.85%	2.69%	1.43%
PayPal Money Market Fund	2.77	2.65	1.59
Scudder MM Series Premium/AARP	2.77	2.61	1.45
Scudder MM Series Prime Reserve/AARP	2.73	2.57	1.34
Vanguard Prime MMF/Retail	2.50	2.42	1.33
TIAA-CREF Money Market Fund	2.48	2.40	1.33
Neuberger Berman Cash Reserves	2.44	2.28	0.94
SSgA MMF/CI A	2.42	2.31	1.22
Marshall MMF/Investor Class	2.41	2.31	1.24
Harbor Money Market Fund	2.40	2.37	1.29

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	2.08%	1.94%	1.33%
Vanguard Tax-Exempt MMF	1.98	1.81	1.28
Strong Tax-Free Money Fund	1.81	1.63	1.18
Fidelity Municipal MMF	1.69	1.52	0.98
Scudder Tax-Exempt Money Fund	1.69	1.54	0.98
Fidelity Tax Free Money Market	1.68	1.50	0.96
USAA Tax Exempt MMF	1.67	1.53	0.99
Dreyfus BASIC Muni MMF	1.66	1.53	0.98
Amer Century T-F MMF/Inv Class	1.64	1.50	0.99
T Rowe Price Summit Muni MMF	1.64	1.50	0.95

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard OH Tax-Exempt MMF	1.96%	1.80%	1.26%
Vanguard CA Tax-Exempt MMF	1.94	1.78	1.25
Vanguard PA Tax-Exempt MMF	1.94	1.77	1.24
Vanguard NJ Tax-Exempt MMF	1.92	1.75	1.22
Vanguard NY Tax-Exempt MMF	1.92	1.77	1.23
Fidelity FL Municipal MMF	1.65	1.48	0.93
Fidelity PA Municipal MMF	1.64	1.46	0.93
Fidelity OH Municipal MMF	1.62	1.45	0.90
Fidelity CA Municipal MMF	1.61	1.43	0.87
Fidelity CT Municipal MMF	1.61	1.44	0.91

Taxable equivalent yield = yield / (1—total effective tax bracket). Funds are ranked by 7-day yields; 7-day and 30-day yields are compound yields as of 4/12/05. 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: *iMoneynet's Money Fund Report* (800) 343-5413

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A New Path for Wasatch: Wasatch Heritage Growth

Wasatch Funds is a group that has made a name for itself in small cap equity investing. Unfortunately, for fans of the group, all of its domestic broad-based micro- and small-cap equity funds have “hard closes”—closed to new investors and existing fund shareholders. In part, that reflects the good run in small cap stocks and the difficulty in finding opportunities among the market’s smallest stocks. Only its small-cap sector fund and one international fund are open.

Fans, however, do have another investment option at Wasatch. On June 18, 2004, the firm launched Wasatch Heritage Growth, a mid- and large-cap growth fund, to investors. Firm chief executive officer Sam Stewart explained at the time that they weren’t opening the fund to raise more assets for the firm. Instead, the idea of a larger-cap fund had been kicked around for three years at Wasatch. The idea was to be able to invest in quality companies in the \$3 billion to \$20 billion market cap range that had outgrown the firm’s small-cap portfolios, so-called “Wasatch graduates.” Stewart added that the firm tested the Heritage fund for two years with a paper portfolio before introducing it to the public. Meanwhile, for portfolio managers Chris Bowen and Ryan Snow, this is their first stint at managing a fund. Bowen was previously part of the team supporting Wasatch Core Growth, and Snow was on board with Wasatch Small Cap Growth.

More than Wasatch graduates

As Stewart explained above, a large part of the investment universe for Wasatch Heritage Growth will be stocks that have outgrown, in market cap, other Wasatch portfolios. He stresses that the Wasatch team knows these companies’ fundamentals, knows the management well, and has an established history with these firms. But another part of the investment universe will be what he terms “research enhancers.” These firms, too, the team knows well, but from a different perspective. In their attempts to fully understand the smaller companies, the managers research their larger, industry-leading competitors. In the past, even though they might view that larger competitor as attractive from an investment point of view, the small market capitalization requirements of their funds precluded buying. Now, with Heritage Growth, they can take advantage of these opportunities.

A prime example of this type of opportunity is top holding AutoZone. Most of Wasatch’s small-cap funds own O’Reilly Automotive, an auto parts retailer. When researching O’Reilly, the analyst also had to research its large-cap competitor,

AutoZone. Wasatch likes these firms as their customers are not extremely sensitive to auto parts pricing. Plus, their suppliers are fragmented and don’t have a lot of leverage to raise prices. These two factors combine to allow for attractive profit margins.

HMO Wellpoint, Inc. (number four) is another example. The larger Wellpoint has been followed for many years as a competitor to smaller Pacificare, which is owned in the small-cap funds. Meanwhile, the managers also like the homebuilder area, despite rising interest rates. They believe the publicly traded homebuilders will continue to take market share away from smaller rivals. D.R. Horton, Lennar, and Pulte are among Heritage Growth’s top ten holdings.

Meanwhile, from a sector point of view, Wasatch has tended to cluster its purchases in four main areas historically: finance, health, consumer discretionary, and technology. That’s where they’ve seen good long-term earnings performance. And that apparently will hold true for this fund as well.

Top Five Holdings & Sectors (% of Assets)

AutoZone	3.0	Consumer Services	29.1
Apollo Group	2.8	Financial Services	22.9
Teva Pharmaceutical	2.8	Health Care	18.8
Wellpoint, Inc.	2.6	Hardware	9.4
North Fork Bancorp.	2.4	Business Services	9.1

As of December 31, 2004

The criteria

In a nutshell, Wasatch looks for fast-growth companies selling at reasonable valuations. Stewart says they are looking for what they have come to call, “America’s Best Growth Companies.” These are firms that can double in size, earnings per share, or other important valuation measure, in five years. They undertake a painstaking analysis of a company’s financial statements—balance sheet, income statement, and cash flow—for the past five years. And they put an extraordinary amount of effort into meeting and assessing the firm’s management teams. They also want the target company to be reasonably priced, with a price-to-earnings ratio that is approximately the company’s expected five-year earnings growth rate. Firms must have a strong competitive position in markets with room to grow. And they adhere to this process regardless of the short-term market environment. In a recent interview, Stewart quips, “We buy dull companies that turn out earnings.” \$

Wasatch Heritage Growth (WAHGX) • Wasatch Funds
P.O. Box 2172, Milwaukee, WI 53201-2172 • (800) 551-1700
Minimum investment: \$2,000, \$1,000 IRA

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