



Better Than Stocks?

by Walter S. Frank, Chief Investment Officer

We've been pondering the market these weeks in April as markets worldwide kept taking it on the chin. We kept asking ourselves are we too exposed to stock markets in our growth portfolios. After all, the Venturesome Portfolio is totally invested in stocks (30% international), while the Moderate is 70% in equities, a step or two away from the traditional neutral, 60/40 portfolio.

As you can tell from our current recommended allocations, the conclusion we reached is no. We haven't made any allocation change recommendation of late. As you know, no conclusion we reach about the markets is written in stone. Our allocations are made to reflect our view of the markets six months to a year ahead. However, markets change, conditions change, and we change our allocations along with them. Of course, we strive to keep such changes to a minimum.

As for this year, we do not see anything that has happened so far to change our year-end view about the outlook. That view was essentially one that looked for modest, but not trivial, gains in the U.S. market, and larger gains in the more racy overseas markets, particularly the Asian and emerging markets.

Oil

And then came oil. We, of course, did not foresee the run up in oil prices that put a crimp in the spokes of the U.S. economic machine. We attribute a good deal of the difficulty the markets have experienced this year to the direct and indirect effects of oil.

In our opinion, because of oil, here we are at the start of the second quarter, perplexed at the weakness that the economy began showing in March and that has lasted until now. The weakness went counter to our expectations (and the Federal Reserve's as well, we might add). We certainly did not look for a booming economy this year, but we did look for solid, speed-limit growth (about 3.5%).

Now the softness has come. What are we to make of it? We know the market's immediate answer: Sell stocks, Buy Treasuries. In our opinion, that's trading stuff. There are always traders who react immediately to the latest twitch of the market, and if the twitch develops into a mini-trend, they will ride it, up or down. Such trading either creates a new market chapter, or, in most cases, creates buying or selling opportunities as the market resumes its underlying trend.

What we have to ask is whether the softness the economy has shown is a prelude to an extended period of weakness. We do not think that is the case. What we do think is happening is that the economy is going through a period of digesting the oil price increases. Afterward, the growth we expected will resume. The softening has had a side effect, a buildup of inventories that is contributing its bit to the softening phase. The buildup is not huge and should not take long to clear.

Alternatives

That brings us to the great challenge, a challenge we wrestle with all the time. As the economy softens, the outlook for profits is surely deteriorating to some degree. At the minimum this lowers the outlook for stocks, so why not cut back and allocate more to some other asset class.

Would that investing were that simple. Look first at what has been happening to market valuations during the March-April slide. While the market has been sliding, first quarter earnings came in better than expected. Whether due to the first quarter or other factors, analysts' earnings expectations have been holding up. The S&P 500 is now selling at 15.1 times expected earnings one year from now. At the beginning of the year, stocks were selling at about 17 times on the same basis. On a historical basis 15 times is a very reasonable price (some would go further) when interest rates are low and the economy is growing.

How about bonds? Which bonds? The 10-year Treasury is now yielding 4.20%. Before the year is out we look for yields to be closer to 5.0%, implying some capital loss. We just do not see bonds as more than a modest alternative in rounding out a portfolio.

Money funds (cash)? Yields are poking up above 2.0% and they will be going higher, but they are not yet serious enough to present an alternative. The one serious alternative is real estate. We just think stocks offer a better outlook right now.

Notice, that we've stuck to the domestic market in considering alternatives. The reason is we were considering less risky alternatives. As our allocations make clear, we believe that overseas markets do present an attractive, albeit more risky, alternative to domestic stocks. There is even more value there than here, in our judgment.

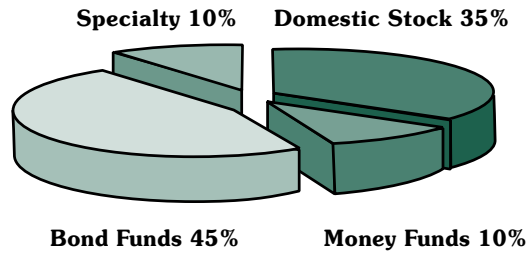
For the intermediate-term, stocks continue as the premier asset class. \$

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 |

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 | 0.6% | 10,202 | \$1.00 | \$10,202 |
| Gateway Fund | 11/27/02 | 16.9 | 609 | 24.30 | 14,788 |
| Loomis Sayles Bond Retail | 03/17/04 | 7.6 | 1,186 | 13.46 | 15,966 |
| RS Value (Contrarian) | 08/04/04 | 21.7 | 1,229 | 21.31 | 26,200 |
| Artisan Mid Cap Value | 08/04/04 | 17.3 | 613 | 17.11 | 10,480 |
| AmerCent Inflation Adj. | 02/12/03 | 14.7 | 1,648 | 11.39 | 18,774 |
| Third Avenue Value | 11/24/04 | 5.6 | 467 | 53.33 | 24,908 |
| Dodge & Cox Income | 02/19/03 | 9.6 | 1,022 | 12.75 | 13,027 |
| TOTAL VALUE | | | | | \$134,345 |

| TOTAL RETURNS (as of 04/30/05) | | | | | |
|---------------------------------------|------|-------|-------|------|--|
| 1-mo | 6-mo | 1-yr | 3-yr | YTD | |
| -1.2% | 5.7% | 11.0% | 21.6% | 0.1% | |

Fidelity Conservative

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|------------------------------|-----------|------------------|--------|-------------|------------------|
| Fidelity Cash Reserves | Yield YTD | 0.7% | 8,795 | \$1.00 | \$8,795 |
| Fidelity Balanced | 11/27/02 | 34.1 | 805 | 17.23 | 13,863 |
| Fidelity Strategic Income | 03/17/04 | 6.6 | 1,787 | 10.45 | 18,677 |
| Fidelity Value | 04/21/04 | 12.4 | 352 | 69.46 | 24,443 |
| Fidelity Export & Multi | 09/08/04 | 6.5 | 826 | 18.77 | 15,509 |
| Fidelity Inflation-Protected | 09/15/04 | 4.6 | 1,082 | 11.51 | 12,451 |
| Fidelity Investment Grade | 02/19/03 | 9.2 | 1,773 | 7.50 | 13,294 |
| TOTAL VALUE | | | | | \$107,032 |

| TOTAL RETURNS (as of 04/30/05) | | | | | |
|---------------------------------------|------|------|-------|-------|--|
| 1-mo | 6-mo | 1-yr | 3-yr | YTD | |
| -1.1% | 3.5% | 8.4% | 11.6% | -1.5% | |

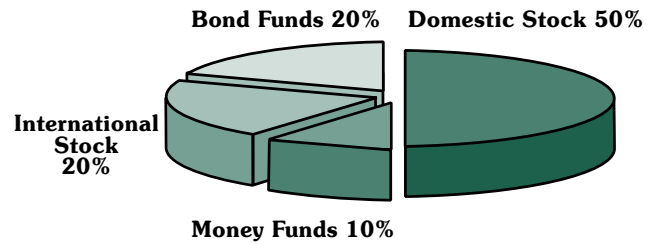
Vanguard Conservative

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------|-----------|------------------|--------|-------------|------------------|
| Vanguard Prime Port MM | Yield YTD | 0.7% | 8,572 | \$1.00 | \$8,572 |
| Vanguard Balanced Index | 11/27/02 | 24.4 | 585 | 18.86 | 11,025 |
| Vanguard Total Bond Index | 02/19/03 | 8.5 | 751 | 10.21 | 7,672 |
| Vanguard Inflation Protect | 02/19/03 | 15.9 | 1,110 | 12.70 | 14,100 |
| Vanguard US Value | 05/19/04 | 11.7 | 1,250 | 13.23 | 16,542 |
| Vanguard Strategic Equity | 12/21/04 | -4.6 | 635 | 20.26 | 12,870 |
| Vanguard Small Cap Value | 03/24/04 | 12.4 | 1,381 | 12.98 | 17,924 |
| Vanguard GNMA | 03/17/04 | 3.2 | 1,726 | 10.39 | 17,937 |
| TOTAL VALUE | | | | | \$106,642 |

| TOTAL RETURNS (as of 04/30/05) | | | | | |
|---------------------------------------|------|------|-------|-------|--|
| 1-mo | 6-mo | 1-yr | 3-yr | YTD | |
| -1.1% | 2.7% | 8.0% | 12.7% | -2.3% | |

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% | 11,626 | \$1.00 | \$11,626 |
| Dodge & Cox International | 09/22/04 | 16.4 | 442 | 30.28 | 13,397 |
| Baron Partners | 06/09/04 | 15.1 | 881 | 15.67 | 13,807 |
| Loomis Sayles Bond Retail | 03/17/04 | 7.6 | 1,660 | 13.46 | 22,342 |
| Artisan Mid Cap Value | 08/11/04 | 20.0 | 681 | 17.11 | 11,658 |
| RS Value (Contrarian) | 08/04/04 | 21.7 | 1,005 | 21.31 | 21,418 |
| Fidelity Leveraged Company | 01/28/04 | 17.4 | 1,210 | 22.54 | 27,271 |
| Artisan International Value | 11/10/04 | 6.5 | 643 | 20.55 | 13,211 |
| TOTAL VALUE | | | | | \$134,730 |

| TOTAL RETURNS (as of 04/30/05) | | | | | |
|---------------------------------------|------|-------|-------|-------|--|
| 1-mo | 6-mo | 1-yr | 3-yr | YTD | |
| -3.1% | 8.2% | 12.6% | 47.6% | -1.6% | |

Fidelity Moderate

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------|-----------|------------------|--------|-------------|------------------|
| Fidelity Cash Reserves | Yield YTD | 0.7% | 11,156 | \$1.00 | \$11,156 |
| Fidelity Int'l Small Cap | 09/22/04 | 25.1 | 565 | 24.40 | 13,790 |
| Fidelity Europe | 11/10/04 | 9.8 | 322 | 34.05 | 10,980 |
| Fidelity Leveraged Company | 12/10/03 | 34.5 | 796 | 22.54 | 17,947 |
| Fidelity Strategic Income | 03/17/04 | 6.6 | 2,607 | 10.45 | 27,242 |
| Fidelity Contrafund | 04/06/05 | -3.9 | 221 | 55.08 | 12,199 |
| Fidelity Value | 04/21/04 | 12.4 | 272 | 69.46 | 18,911 |
| Fidelity Focused Stock | 10/06/04 | 6.6 | 1,135 | 9.98 | 11,329 |
| TOTAL VALUE | | | | | \$123,554 |

| TOTAL RETURNS (as of 04/30/05) | | | | | |
|---------------------------------------|------|------|-------|-------|--|
| 1-mo | 6-mo | 1-yr | 3-yr | YTD | |
| -2.3% | 6.7% | 9.9% | 25.4% | -1.4% | |

Vanguard Moderate

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|-----------------------------|-----------|------------------|--------|-------------|------------------|
| Vanguard Prime Port MM | Yield YTD | 0.7% | 9,918 | \$1.00 | \$9,918 |
| Vanguard Int'l Value | 09/22/04 | 12.1 | 360 | 30.47 | 10,973 |
| Vanguard European Stk Index | 11/10/04 | 5.7 | 455 | 25.57 | 11,631 |
| Vanguard FI Hi-Yld Corp | 01/17/01 | 25.3 | 3,595 | 6.15 | 22,109 |
| Vanguard Strategic Equity | 12/21/04 | -4.6 | 868 | 20.26 | 17,590 |
| Vanguard Mid-Cap Index | 03/02/05 | -5.2 | 1,380 | 15.02 | 20,729 |
| Vanguard Small Cap Value | 03/24/04 | 12.4 | 1,693 | 12.98 | 21,984 |
| TOTAL VALUE | | | | | \$114,934 |

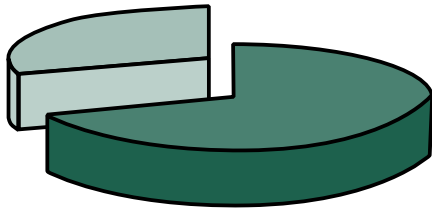
| TOTAL RETURNS (as of 04/30/05) | | | | | |
|---------------------------------------|------|------|-------|-------|--|
| 1-mo | 6-mo | 1-yr | 3-yr | YTD | |
| -2.5% | 3.6% | 7.7% | 22.5% | -3.6% | |

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

International Stock 30% Domestic Stock 70%



MONEYLETTER Venturesome

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------|----------|------------------|--------|-------------|------------------|
| T. Rowe Emg. Europe & Med | 02/16/05 | -2.8% | 957 | \$17.55 | \$16,800 |
| Dodge & Cox International | 09/22/04 | 16.4 | 554 | 30.28 | 16,763 |
| Artisan Mid Cap Value | 07/26/04 | 19.3 | 1,186 | 17.11 | 20,301 |
| Muhlenkamp Fund | 02/28/05 | -7.4 | 122 | 74.65 | 9,102 |
| Bridgeway Aggressive Inv 2 | 02/16/05 | -10.6 | 720 | 13.22 | 9,517 |
| Fidelity Leveraged Company | 01/28/04 | 17.4 | 962 | 22.54 | 21,686 |
| RS Value (Contrarian) | 08/04/04 | 21.7 | 1,300 | 21.31 | 27,700 |
| TOTAL VALUE | | | | | \$121,869 |

TOTAL RETURNS (as of 04/30/05)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|-------|------|------|-------|-------|
| -3.7% | 6.6% | 7.3% | 37.5% | -2.8% |

Fidelity Venturesome

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------|----------|------------------|--------|-------------|------------------|
| Fidelity Small Cap Ind | 02/16/05 | -8.8% | 576 | \$18.20 | \$10,488 |
| Fidelity Int'l Small Cap | 09/22/04 | 25.1 | 758 | 24.40 | 18,495 |
| Fidelity Europe | 11/10/04 | 9.8 | 387 | 34.05 | 13,177 |
| Fidelity Leveraged Company | 12/10/03 | 34.5 | 906 | 22.54 | 20,424 |
| Fidelity Focused Stock | 10/06/04 | 6.6 | 2,330 | 9.98 | 23,256 |
| Fidelity Value | 04/21/04 | 12.4 | 276 | 69.46 | 19,148 |
| Fidelity Contrafund | 04/06/05 | -3.9 | 386 | 55.08 | 21,246 |
| TOTAL VALUE | | | | | \$126,234 |

TOTAL RETURNS (as of 04/30/05)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|-------|------|------|-------|-------|
| -3.8% | 5.6% | 7.3% | 21.2% | -3.0% |

Vanguard Venturesome

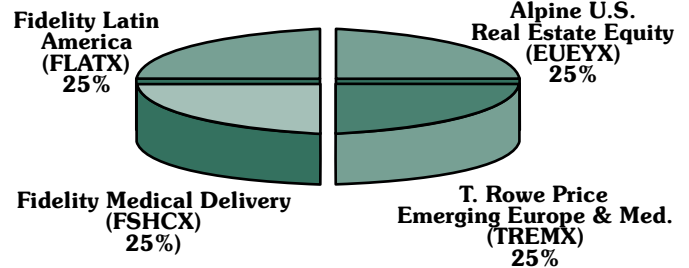
| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|----------------------------------|----------|------------------|--------|-------------|------------------|
| Vanguard Emerging Mkts Stk Index | 02/16/05 | -5.2% | 1,425 | \$14.46 | \$20,601 |
| Vanguard European Stk Index | 11/10/04 | 5.7 | 455 | 25.57 | 11,631 |
| Vanguard Mid-Cap Index | 02/16/05 | -4.6 | 661 | 15.02 | 9,931 |
| Vanguard Explorer | 03/02/05 | -7.9 | 345 | 68.45 | 23,619 |
| Vanguard Strategic Equity | 12/21/04 | -4.6 | 1,048 | 20.26 | 21,227 |
| Vanguard Small Cap Value | 03/24/04 | 12.4 | 1,851 | 12.98 | 24,026 |
| TOTAL VALUE | | | | | \$111,035 |

TOTAL RETURNS (as of 04/30/05)

| 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|-------|------|------|-------|-------|
| -3.7% | 2.4% | 6.1% | 18.5% | -5.3% |

SELECT

Seeks maximum long-term growth by assertively upgrading fund positions



MONEYLETTER Select

| Fund Name | Buy Date | Return Since Buy | Shares | Share Price | Current Value |
|--------------------------------|----------|------------------|--------|-------------|------------------|
| Fidelity Natural Gas | 08/11/04 | 30.8% | 1,125 | \$29.36 | \$33,041 |
| T. Rowe Emg. Europe & Med | 01/26/05 | 3.4 | 1,931 | 17.55 | 33,882 |
| Alpine U.S. Real Estate Equity | 03/02/05 | -6.5 | 874 | 39.46 | 34,499 |
| Fidelity Latin America | 12/29/04 | -0.3 | 1,546 | 21.07 | 32,582 |
| TOTAL VALUE | | | | | \$134,004 |

TOTAL RETURNS (as of 04/30/05)

| 1-mo | 6-mo | 1-yr | Incep.(9/30/02) | YTD |
|-------|------|------|-----------------|-------|
| -3.3% | 5.9% | 9.3% | 34.0% | -2.4% |

MONEYLETTER Select Commentary

The Hotline of Tuesday, May 3 recommended all shares of Fidelity Natural Gas (FSNGX) should be exchanged for Fidelity Medical Delivery (FSHCX). This recommended trade will be executed at the market close May 4, which is after the press date for this issue. Details will be provided in the next issue. Note that the model details reflect positions as of month-end on April 30, 2005, while the Pie Chart has presented positions reflecting changes indicated in the Hotline of May 3rd.

The struggle continues in the markets as recent fundamental, technical, inflation, energy and interest rate data have not provided clear indications of future direction. The ebb and flow of these mixed signals has contributed to a significant increase in market volatility. True to its objective, the model remains fully invested in equity funds.

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—April 30, 2005

| | 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|-----------------------|-------|------|------|-------|-------|
| S&P 500 | -1.9% | 3.3% | 6.3% | 13.2% | -4.0% |
| Asset Allocation | -1.1 | 3.2 | 6.6 | 16.4 | -2.3 |
| Funds (Avg) 130 Funds | | | | | |

Domestic Stock Funds

| RANK | 04/29 2005 | 1 Mo Ago | 6 Mo Ago | Ticker Symbol | FUND NAME (Max. Load) | Fund Type | Conservative | Moderate | Venturesome | TOTAL RETURN | | | PRICE | RISK | | NTF/ w/f |
|-----------|---------------|-------------|-------------|------------------|---|--------------|--------------|----------|-------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|
| | | | | | | | | | | 1 mo. | 6 mo. | 12 mo. | PER SHARE | Std. Dev. | Beta | |
| 1 | 7 | 20 | | CGMFX | CGM Focus | SCVal | * | B | B | -4.4% | 13.8% | 26.6% | \$31.27 | 37.9 | 1.03 | fsw |
| 2 | 3 | 6 | | TAVFX | Third Avenue Value (1%r<60d) | SC | B | B | B | -1.9 | 12.4 | 25.2 | 53.33 | 17.2 | 0.79 | FSW |
| 3 | 1 | 3 | | LLSCX | Longleaf Partners Smallcap (closed) | SCVal | B | B | B | -4.1 | 13.9 | 22.8 | 29.24 | 19.2 | 0.80 | fw |
| 4 | - | - | | FAIRX | Fairholme Fund | MC | (H) | (H) | (H) | 0.0 | 12.0 | 19.9 | 23.20 | 10.5 | 0.48 | fsw |
| 5 | 5 | - | | RSVAX | RS Value (formerly RS Contrarian) | MC | B | B | B | -3.9 | 10.7 | 24.4 | 21.31 | 18.6 | 0.60 | FSW |
| 6 | 2 | 5 | | FLVCX | Fidelity Leveraged Co (\$10k,1.5%r<90d) | MC | * | B | B | -5.1 | 11.2 | 22.7 | 22.54 | 36.3 | 1.39 | Fw |
| 7 | 4 | 12 | | ARTQX | Artisan Mid Cap Value | MCVal | B | B | B | -4.1 | 11.0 | 20.6 | 17.11 | 19.8 | 0.87 | FSW |
| 8 | 6 | 1 | | BPTRX | Baron Partners | MCGro | * | B | B | -4.0 | 10.3 | 18.1 | 15.67 | 28.6 | 1.26 | FSW |
| 9 | 15 | 60 | | FTGFX | Fidelity Focused Stock (.75%r<30d) | LC | * | B | B | -4.0 | 9.5 | 17.1 | 9.98 | 17.2 | 1.00 | Fw |
| 10 | 36 | 68 | | MQIFX | Mutual Qualified (1%) CIZ | MCVal | (B) | (B) | (B) | -0.8 | 8.2 | 14.9 | 19.27 | 13.3 | 0.61 | sw |
| 11 | 43 | 43 | | VWNFX | Vanguard Windsor II | LCVal | H | H | H | -0.9 | 8.3 | 13.8 | 30.54 | 16.2 | 0.82 | fsw |
| 12 | 32 | 11 | | MUHLX | Muhlenkamp Fund | MCVal | B | B | B | -3.0 | 8.4 | 16.5 | 74.65 | 27.9 | 1.24 | FSW |
| 13 | 16 | 37 | | NPRTX | Neuberger Berman Partners | LCVal | B | B | B | -4.0 | 8.9 | 15.0 | 24.56 | 20.7 | 1.10 | fsw |
| 14 | 41 | 99 | | BEGRX | Mutual Beacon (1%) CIZ | MCVal | B | B | B | -0.8 | 7.7 | 13.0 | 15.87 | 12.5 | 0.57 | sw |
| 15 | 31 | 103 | | HAVLX | Harbor Value | LCVal | (B) | (B) | (B) | -2.0 | 8.8 | 11.8 | 16.24 | 18.1 | 0.94 | Fsw |
| 16 | 66 | 65 | | HOVLX | Homestead Value | LCVal | H | H | H | -0.5 | 7.3 | 12.9 | 30.20 | 16.5 | 0.81 | W |
| 17 | 22 | - | | MOPIX | MainStay Small Cap Opportunity (closed) | SCVal | B | B | B | -5.4 | 7.9 | 18.6 | 17.34 | 17.5 | 0.63 | FSW |
| 18 | 28 | - | | ICSLX | ICAP Select Equity | LCVal | H | H | H | -2.4 | 8.5 | 12.6 | 33.92 | 14.6 | 0.88 | fsw |
| 19 | 39 | - | | BPAVX | Robeco Boston Prtrs All Cap Value | MCVal | (B) | (B) | (B) | -2.2 | 7.8 | 13.0 | 14.13 | - | - | FW |
| 20 | 46 | 144 | | MUTHX | Mutual Shares (1%) CIZ | MCVal | H | H | H | -1.0 | 7.4 | 11.4 | 22.90 | 12.0 | 0.56 | sw |
| 21 | 24 | 38 | | DODGX | Dodge & Cox Stock (closed) | LCVal | B | B | B | -2.6 | 7.4 | 13.2 | 125.90 | 17.6 | 0.85 | sw |
| 22 | 18 | 26 | | VIMSX | Vanguard Mid-Cap Index | MC | B | B | B | -3.5 | 7.1 | 15.1 | 15.02 | 20.1 | 0.97 | fsw |
| 23 | 88 | 42 | | MPVLX | MSI Value Portfolio | LCVal | H | H | H | -0.9 | 6.4 | 12.9 | 17.46 | 20.6 | 1.05 | fsw |
| 24 | 10 | 32 | | BARAX | Baron Asset | MCGro | B | B | B | -5.0 | 8.9 | 12.5 | 49.61 | 21.2 | 0.94 | FSW |
| 25 | 85 | 85 | | GEVIX | Columbia Disciplined Value CIZ | LC | H | H | H | -1.5 | 7.0 | 11.8 | 13.80 | 19.8 | 1.06 | fw |
| 26 | 23 | 18 | | FDVLX | Fidelity Value | MCVal | B | B | B | -3.3 | 6.7 | 15.2 | 69.46 | 19.0 | 0.89 | Fsw |
| 27 | 69 | 50 | | VIVAX | Vanguard Value Index | LCVal | H | H | H | -1.4 | 6.3 | 13.2 | 20.86 | 18.6 | 1.03 | fsw |
| 28 | 79 | 210 | | YACKX | Yacktman Fund | MCVal | H | H | H | -0.5 | 7.8 | 8.1 | 15.00 | 19.5 | 0.78 | FW |
| 29 | 27 | 136 | | CAMOX | Cambiar Opportunity | LC | (B) | (B) | (B) | -2.7 | 8.4 | 9.8 | 16.31 | 18.4 | 0.94 | FSW |
| 30 | 49 | 62 | | LSGIX | Loomis Sayles Value | LCVal | H | H | H | -1.8 | 6.7 | 12.3 | 16.94 | 16.4 | 0.89 | fsw |
| 31 | 12 | 72 | | NBGNX | Neuberger Berman Genesis (closed) | SC | B | B | B | -3.4 | 7.7 | 12.3 | 29.64 | 15.5 | 0.63 | fsw |
| 32 | 21 | 10 | | FBRVX | FBR Small Cap (closed,1%r<90d) | SCGro | (H) | (H) | (H) | -3.0 | 5.4 | 15.3 | 39.17 | 23.4 | 0.82 | FSW |
| 33 | 14 | 9 | | CRMMX | CRM Mid Cap Value Inv | MCVal | B | B | B | -3.4 | 5.8 | 14.7 | 24.73 | 18.9 | 0.78 | FSW |
| 34 | 9 | 23 | | BGRFX | Baron Growth (closed) | SCGro | B | B | B | -5.3 | 7.3 | 13.7 | 43.11 | 18.4 | 0.72 | FSW |
| 35 | 34 | 78 | | GABAX | Gabelli Asset | MC | H | H | H | -2.8 | 7.3 | 9.9 | 40.08 | 17.8 | 0.91 | FSW |
| 36 | 35 | 83 | | MPMVX | MSI Mid Cap Value | MCVal | H | H | H | -3.2 | 7.0 | 11.0 | 22.73 | 23.1 | 1.18 | fsw |
| 37 | 25 | 44 | | TGDVX | TCW Galileo Diversified Value N | LCVal | (H) | (H) | (H) | -3.9 | 6.8 | 12.3 | 12.93 | 19.8 | 1.03 | FW |
| 38 | 163 | 193 | | MFOCX | Marsico Focus (2%r<30d) | LCGro | H | H | H | -1.1 | 6.6 | 8.3 | 15.73 | 15.3 | 0.74 | FSW |
| 39 | 91 | 40 | | WGROX | Wasatch Core Growth (closed,2%r<60d) | SCGro | H | H | H | -3.1 | 6.6 | 10.8 | 40.17 | 28.5 | 1.10 | FSW |
| 40 | 107 | 215 | | NICSX | Nicholas Fund | LC | H | H | H | -1.2 | 7.3 | 5.9 | 59.36 | 16.1 | 0.84 | w |
| 41 | 19 | 4 | | RSPFX | RS Partners (closed) | SC | (H) | (H) | (H) | -5.4 | 5.8 | 15.8 | 32.49 | 20.9 | 0.69 | FSW |
| 42 | 11 | 122 | | BSCFX | Baron Small Cap (closed) | SCGro | (H) | (H) | (H) | -4.5 | 9.0 | 6.3 | 21.19 | 21.5 | 0.79 | FSW |
| 43 | 112 | 71 | | VEIPX | Vanguard Equity-Income | LCVal | H | H | H | -1.2 | 5.2 | 10.9 | 22.80 | 14.9 | 0.79 | fsw |
| 44 | 98 | 77 | | PRWCX | T. Rowe Price Cap Appreciation | LCVal | H | H | H | -1.6 | 5.2 | 11.1 | 19.11 | 11.0 | 0.49 | fsw |
| 45 | 37 | 19 | | VSEQX | Vanguard Strategic Equity | MCGro | H | H | H | -3.7 | 5.5 | 12.8 | 20.26 | 17.8 | 0.83 | fsw |
| 46 | 42 | 169 | | WPSRX | Westport Small Cap R | SCVal | H | H | H | -3.1 | 7.3 | 7.3 | 23.56 | 18.6 | 0.85 | FSW |
| 47 | 8 | 34 | | BRAIX | Bridgeway Aggressive Investors 2 | MCGro | * | H | H | -7.0 | 6.4 | 15.3 | 13.22 | - | - | fsw |
| 48 | 184 | 167 | | USAUX | USAA Aggressive Growth | MCGro | * | H | H | -0.9 | 5.7 | 7.6 | 27.65 | 21.5 | 1.00 | w |
| 49 | 89 | 87 | | PRFDX | T. Rowe Price Equity-Income | LCVal | H | H | H | -2.0 | 5.2 | 10.5 | 25.59 | 16.3 | 0.83 | fsw |
| 50 | 68 | 125 | | FDEQX | Fidelity Disciplined Equity | LC | H | H | H | -3.0 | 6.0 | 9.8 | 24.64 | 14.3 | 0.81 | Fsw |
| 51 | 48 | 70 | | SAOPX | Salomon Brothers Opportunity | MCVal | H | H | H | -2.8 | 5.0 | 11.8 | 46.19 | 13.0 | 0.67 | sw |
| 52 | 58 | 89 | | VCVLX | Vanguard Capital Value | LCVal | H | H | H | -3.1 | 5.8 | 10.0 | 11.15 | - | - | fsw |
| 53 | 29 | 30 | | FLPSX | Fidelity L P Stock (closed,1.5%r<90d) | SCVal | (H) | (H) | (H) | -4.7 | 6.0 | 11.7 | 37.98 | 18.0 | 0.75 | Fsw |
| 54 | 20 | 41 | | TASCX | Third Avenue Small-Cap Value (1%r<1yr) | SCVal | H | H | H | -4.7 | 4.9 | 14.2 | 21.84 | 19.9 | 0.85 | FSW |
| 55 | 33 | 56 | | BPMCX | Robeco Boston Partners Mid Cap Value | MCVal | H | H | H | -4.1 | 6.0 | 9.8 | 12.27 | 20.1 | 0.93 | FSW |
| 56 | 90 | 88 | | BEQGX | American Century Equity Growth | LCVal | H | H | H | -2.7 | 5.4 | 9.3 | 21.27 | 17.2 | 0.97 | FSW |
| 57 | 118 | 123 | | BIGRX | American Century Income & Growth | LCVal | H | H | H | -2.2 | 5.5 | 8.0 | 29.48 | 17.4 | 0.97 | FSW |
| 58 | 84 | 156 | | CSMVX | Century Select Small Cap (1%r<180d) | SCGro | H | H | H | -2.8 | 5.5 | 8.8 | 22.91 | 15.3 | 0.61 | FSW |
| 59 | 116 | 92 | | VWNDX | Vanguard Windsor | LCVal | H | H | H | -2.0 | 4.9 | 9.1 | 17.35 | 19.6 | 1.02 | fsw |
| 60 | 17 | 15 | | JSVAX | Janus Contrarian | MC | (H) | (H) | (H) | -4.2 | 5.2 | 11.5 | 12.33 | 22.3 | 1.10 | SW |
| 61 | 73 | 109 | | JAGIX | Janus Growth & Income | LCGro | H | H | H | -2.9 | 5.6 | 8.4 | 30.79 | 15.1 | 0.87 | FSW |
| 62 | 171 | 27 | | WEHIX | Weitz Hickory | SC | * | S | S | -1.0 | 2.8 | 12.4 | 31.06 | 29.1 | 1.38 | fsw |
| 63 | 177 | 131 | | MGRIX | Marsico Growth & Income (2%r<30d) | G&I | S | S | S | -1.3 | 4.8 | 8.0 | 16.68 | 15.2 | 0.75 | FSW |
| 64 | 117 | 126 | | SLASX | Selected American Shares | LCVal | S | S | S | -2.0 | 5.1 | 7.7 | 36.13 | 16.1 | 0.86 | sW |
| 65 | 72 | 48 | | TGIGX | TCW Galileo Dividend Focused N | MCVal | H | H | H | -3.5 | 5.1 | 9.6 | 10.92 | 13.8 | 0.57 | FSW |
| 66 | 44 | 55 | | JMCVX | Janus Mid Cap Value | MCVal | S | S | S | -3.3 | 4.6 | 10.6 | 21.42 | 20.4 | 0.93 | fsw |
| 67 | 132 | 227 | | FIIX | INVESCO Core Equity | LC | S | S | S | -2.1 | 5.4 | 6.8 | 10.10 | 15.3 | 0.89 | FSW |
| 68 | 141 | 35 | | JAVLX | Janus Twenty (closed) | LCGro | S | S | S | -0.9 | 4.1 | 8.1 | 41.21 | 17.3 | 0.93 | 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 | 04/29 2005 | 1 Mo Ago | 6 Mo Ago | Ticker Symbol | FUND NAME (Max. Load) | Fund Type | Conservative | | | TOTAL RETURN | | | PRICE PER SHARE | RISK | | NTF/wif |
|------------|------------|------------|--------------|--|-----------------------|-----------|--------------|----------|-------------|--------------|-------------|--------------|-----------------|-------------|------------|---------|
| | | | | | | | S | S | S | 1 mo. | 6 mo. | 12 mo. | | Std. Dev. | Beta | |
| 69 | 53 | 82 | PESPX | Dreyfus Mid Cap Index | MCGro | S | S | S | -3.9 | 5.4 | 9.3 | 25.03 | 20.2 | 0.97 | FSW | |
| 70 | 55 | 96 | FCNTX | Fidelity Contrafund | LC | H | H | H | -3.2 | 5.0 | 9.3 | 55.08 | 11.4 | 0.54 | Fsw | |
| 71 | 108 | 139 | TWEIX | American Century Equity Income | MCVal | S | S | S | -2.0 | 4.4 | 8.3 | 7.89 | 12.6 | 0.62 | FSW | |
| 72 | 60 | 28 | TRMCX | T. Rowe Price Mid Cap Value | MCVal | S | S | S | -3.2 | 3.9 | 11.4 | 21.82 | 19.8 | 0.90 | fsw | |
| 73 | 96 | 7 | VISVX | Vanguard Small-Cap Value Index | SCVal | H | H | H | -3.9 | 3.5 | 13.4 | 12.98 | 22.4 | 0.90 | fsw | |
| 74 | 71 | 25 | ARGFX | Ariel Fund | SCVal | S | S | S | -3.0 | 3.2 | 12.5 | 51.43 | 15.6 | 0.53 | FSW | |
| 75 | 168 | 143 | PFVLX | Preferred Value | LCVal | S | S | S | -1.3 | 4.3 | 7.0 | 15.40 | 15.8 | 0.88 | w | |
| 76 | 110 | 160 | OAKLX | Oakmark Select (closed,2%r<90d) | MCVal | S | S | S | -2.5 | 5.0 | 7.0 | 32.57 | 16.8 | 0.77 | FSW | |
| 77 | 155 | 205 | LMASX | Legg Mason Special Investment Trust | MC | * | S | S | -2.8 | 6.2 | 4.4 | 42.71 | 30.9 | 1.33 | - | |
| 78 | 126 | 84 | VUVLX | Vanguard U.S. Value | LCVal | H | S | S | -2.7 | 4.6 | 8.2 | 13.23 | 17.3 | 0.87 | fsw | |
| 79 | 172 | 246 | DGAGX | Dreyfus Appreciation | LC | S | S | S | -1.0 | 5.3 | 3.6 | 38.28 | 13.8 | 0.77 | FSW | |
| 80 | 150 | 101 | SSHFX | Sound Shore | LCVal | S | S | S | -2.3 | 4.2 | 8.0 | 34.80 | 17.3 | 0.79 | sW | |
| 81 | 67 | 74 | HENLX | Henlopen Fund (1%r<30d) | SCGro | S | S | S | -5.0 | 4.9 | 9.9 | 28.52 | 30.9 | 1.19 | FSW | |
| 82 | - | - | SSMVX | Wells Fargo Adv SC Value Z (closed) | SC | (H) | (H) | (H) | -6.6 | 4.7 | 12.8 | 26.92 | 18.3 | 0.88 | FSW | |
| 83 | 135 | 155 | USGRX | USAA Growth & Income | LC | S | S | S | -2.1 | 4.5 | 6.5 | 17.67 | 16.7 | 0.95 | w | |
| 84 | 120 | 258 | HSGFX | Hussman Strategic Growth (1.5%r<180d) | MCGro | S | S | S | -0.5 | 4.8 | 3.2 | 15.55 | 8.4 | 0.09 | fsw | |
| 85 | 152 | 171 | CAAPX | Ariel Appreciation | MCVal | S | S | S | -1.8 | 4.2 | 6.6 | 45.55 | 19.2 | 0.83 | FSW | |
| 86 | 54 | 79 | WAAEX | Wasatch Small Cap Grth (closed,2%r<60d) | SCGro | S | S | S | -4.1 | 4.8 | 8.3 | 36.84 | 27.1 | 1.17 | FSW | |
| 87 | 138 | 98 | FEXPX | Fidelity Export & Multinat'l (.75%r<30d) | LC | H | S | S | -3.0 | 4.3 | 7.9 | 18.77 | 20.3 | 1.07 | Fsw | |
| 88 | 94 | 58 | VEMMX | Vanguard Extended Market Index | MC | S | S | S | -3.5 | 4.1 | 9.0 | 29.27 | 21.5 | 1.02 | fsw | |
| 89 | 200 | 232 | CFIMX | Clipper Fund | LCVal | S | S | S | -0.6 | 3.8 | 5.2 | 86.44 | 15.7 | 0.70 | Fsw | |
| 90 | 124 | 132 | TWVLX | American Century Value (closed) | MCVal | S | S | S | -2.6 | 4.3 | 6.8 | 7.12 | 16.6 | 0.82 | fSW | |
| 91 | 204 | 158 | WWALX | Weitz Value Fund | MCVal | S | S | S | -0.8 | 3.0 | 7.1 | 35.87 | 16.7 | 0.82 | SW | |
| 92 | 97 | 47 | NGUAX | Neuberger Berman Guardian | LCVal | S | S | S | -3.1 | 3.2 | 9.7 | 15.81 | 18.0 | 0.99 | f | |
| 93 | 149 | 148 | SNXFX | Schwab 1000 Fund (.75%r<180d) | LC | S | S | S | -1.9 | 3.6 | 6.5 | 33.24 | 17.1 | 0.98 | S | |
| 94 | 128 | 186 | CBMDX | C&B Mid Cap Value | MCVal | S | S | S | -3.4 | 5.3 | 4.3 | 19.32 | 19.5 | 0.83 | FSW | |
| 95 | 166 | 179 | GAATX | Columbia Asset Allocation Clz | G&I | S | S | S | -1.2 | 3.1 | 6.2 | 15.62 | 10.8 | 0.61 | fw | |
| 96 | 56 | 54 | RPMGX | T. Rowe Price Mid Cap Growth | MCGro | S | S | S | -3.3 | 3.0 | 9.7 | 47.15 | 22.1 | 1.11 | fsw | |
| 97 | 133 | 112 | PRDGX | T. Rowe Price Dividend Growth | LCVal | S | S | S | -2.2 | 3.2 | 7.6 | 21.93 | 15.1 | 0.85 | fsw | |
| 112 | 38 | 36 | MPEGX | MSI Mid Cap Growth | MCGro | * | (S) | (S) | -4.1 | 2.7 | 9.8 | 19.66 | 22.2 | 1.17 | fsw | |
| 154 | 50 | 21 | BERWX | Berwyn Fund (1%r<180d) | SCVal | (S) | (S) | (S) | -6.7 | 1.8 | 10.7 | 26.87 | 22.3 | 0.77 | fsw | |
| 170 | 106 | 120 | VEXPX | Vanguard Explorer | SCGro | H | H | H | -5.2 | 2.3 | 4.6 | 68.45 | 24.2 | 1.12 | fsw | |

Dow Jones
NASDAQ
S&P 500

-3.0% **1.7%** **-0.3%**
-3.9 **-2.7** **0.1**
-2.0 **2.4** **4.5**

indexes do not
include dividends

International Stock Funds

| | | | | | | | | | | | | | | | |
|-----------|-----------|-----------|--------------|---|---------------|----------|------------|------------|-------------|-------------|-------------|--------------|-------------|---|------------|
| 1 | 1 | 2 | PRLAX | T. Rowe Price Latin America (2%r<1yr) | LatinA | * | H | H | -1.5% | 20.3% | 47.8% | \$16.30 | 29.7 | - | fsw |
| 2 | 2 | 6 | TREMX | T. Rowe Price Emg Eur & Med (2%r<90d) | Europe | * | B | B | -0.4 | 23.2 | 33.9 | 17.55 | 29.2 | - | fw |
| 3 | 3 | 1 | FLATX | Fidelity Latin Amer. (1.5%r<90d) | LatinA | * | H | H | -2.8 | 18.2 | 45.6 | 21.07 | 29.8 | - | Fs |
| 4 | 11 | 3 | SLAFX | Scudder Latin America (closed,2%r<30d) | LatinA | * | H | H | -2.9 | 15.3 | 40.1 | 31.67 | 27.3 | - | Sw |
| 5 | 4 | 17 | FISMX | Fidelity Intl Small Cap (closed,2%r<90d) | Int'l | * | B | B | -0.8 | 18.6 | 25.6 | 24.40 | - | - | Fw |
| 6 | 7 | - | PISRX | Forward Intl. Small Cos. (2%r<60d) | Int'l | * | B | B | -2.4 | 17.4 | 22.2 | 13.17 | - | - | FSW |
| 7 | 9 | 22 | VINEX | Vanguard Intl Expl (closed,\$25k,2%r<60d) | Int'l | * | B | B | -2.0 | 16.3 | 22.8 | 16.48 | 16.3 | - | fsw |
| 8 | 8 | 27 | ARTJX | Artisan Intl Small Cap (closed,2%r<90d) | Int'l | * | B | B | -1.8 | 16.1 | 23.0 | 17.77 | - | - | SW |
| 9 | 23 | 52 | PRASX | T. Rowe Price New Asia (2%r<90d) | Pacific | * | H | H | -0.5 | 15.9 | 20.1 | 10.17 | 19.7 | - | fsw |
| 10 | 15 | 8 | VEIEX | Vanguard Emerging Mkts Stk Index (.5%r) | Int'l | * | H | H | -2.9 | 14.3 | 25.1 | 14.46 | 22.6 | - | fsw |
| 11 | 5 | 55 | AIOIX | Amer.Cent.Intl Opp. (closed,2%r<180d) | Int'l | * | B | B | -2.8 | 17.6 | 16.2 | 9.86 | 20.4 | - | - |
| 12 | 14 | 23 | FEMKX | Fidelity Emerging Mkts (1.5%r<90d) | Int'l | * | H | H | -3.1 | 15.2 | 22.4 | 12.90 | - | - | Fsw |
| 13 | 13 | 16 | JVEIX | Janus Intl Equity (1%r<90d) | Int'l | * | B | B | -1.6 | 14.1 | 22.1 | 18.30 | 13.9 | - | FSW |
| 14 | 10 | 5 | FEIUX | Fidelity Europe (1%r<30d) | Europe | * | B | B | -2.3 | 12.6 | 26.4 | 34.05 | 22.5 | - | Fsw |
| 15 | 17 | - | ICEUX | ICAP Euro Select Equity | int'l | * | B | B | -1.0 | 12.0 | 25.0 | 29.95 | 18.0 | - | fSw |
| 16 | 31 | 53 | FSEAX | Fidelity SE Asia (1.5%r<90d) | Pacific | * | H | H | -0.7 | 14.7 | 17.0 | 16.91 | 21.1 | - | Fsw |
| 17 | 22 | 24 | MAPTX | Matthews Pacific Tiger (2%r<90d) | Pacific | * | H | H | -1.3 | 12.7 | 20.0 | 15.68 | 23.6 | - | FSW |
| 18 | 12 | 10 | NBISX | Neuberger Berman Intl (2%r<180d) | Int'l | * | B | B | -3.3 | 12.6 | 22.7 | 18.27 | 16.3 | - | fSw |
| 19 | 18 | 4 | DODFX | Dodge & Cox Intl Stock | Int'l | * | B | B | -2.9 | 11.3 | 25.4 | 30.28 | 23.4 | - | fsw |
| 20 | 30 | 12 | DRFMX | Dreyfus Emerging Market (1%r) | Int'l | * | H | H | -1.7 | 11.5 | 20.6 | 19.00 | 21.6 | - | FSW |
| 21 | 48 | 36 | MACSX | Matthews Asia G & I (closed,2%r<90d) | Pacific | * | H | H | 0.9 | 10.3 | 19.1 | 16.07 | 11.4 | - | FSW |
| 22 | 6 | 13 | OAKEX | Oakmark Intl Small Cap (closed,2%r<90d) | Int'l | * | B | B | -3.9 | 11.5 | 22.8 | 20.29 | 20.4 | - | FSW |
| 23 | 38 | - | MPACX | Matthews Asia Pacific (2%r<90d) | Pacific | * | H | H | -1.0 | 12.1 | 14.2 | 12.44 | - | - | FSW |
| 24 | 26 | 33 | PRIDX | T. Rowe Price Intl Disc. (2%r<90d) | Int'l | * | H | H | -1.7 | 11.5 | 16.1 | 32.83 | 16.0 | - | fsw |
| 25 | 16 | 11 | SGSCX | Scudder Gbl Discovery (closed,2%r<30d) | Int'l | * | (H) | (H) | -3.1 | 11.7 | 17.6 | 34.07 | 20.1 | - | FSW |
| 26 | 27 | 20 | DREGX | Driehaus Emerging Mkts Gr (2%r<60d) | Int'l | * | H | H | -3.5 | 10.7 | 20.4 | 22.06 | 24.9 | - | FSW |
| 27 | 28 | 9 | VEURX | Vanguard European Stock Index (2%r<60d) | Europe | * | H | H | -2.0 | 10.1 | 18.9 | 25.57 | 17.4 | - | fsw |
| 28 | 70 | 68 | FJSCX | Fidelity Japan Smaller Cos | Japan | * | H | H | 2.5 | 12.4 | 5.0 | 12.95 | 28.4 | - | Fsw |
| 29 | 34 | 35 | FIGRX | Fidelity Intl Discovery (2%r<30d) | Int'l | * | H | H | -1.5 | 10.5 | 14.7 | 27.69 | 15.2 | - | Fsw |
| 30 | 60 | 56 | SCOPX | Scudder Pacific Opp (closed,2%r<30d) | Pacific | * | H | H | -0.6 | 10.4 | 13.3 | 13.17 | 19.0 | - | FSW |
| 31 | 29 | 31 | SCGEX | Scudder Greater Europe (closed,2%r<30d) | Europe | * | H | H | -2.1 | 9.8 | 17.0 | 26.80 | 16.8 | - | FSW |
| 33 | 19 | 7 | ARTIX | Artisan Intl Value (2%r<90d) | Int'l | * | (H) | (H) | -3.6 | 9.7 | 19.1 | 20.55 | - | - | FSW |
| 36 | 35 | 28 | VTRIX | Vanguard International Value (2%r<60d) | Int'l | * | H | H | -2.3 | 9.2 | 16.1 | 30.47 | 16.8 | - | fsw |
| 39 | 21 | - | QFVOX | Quant Foreign Value (1%r<30d) | Int'l | * | (H) | (H) | -5.4 | 9.4 | 17.8 | 15.06 | 19.9 | - | FSW |
| 47 | 20 | - | EUROX | US Global Eastern Europe (2%r<180d) | Europe | * | (H) | (H) | -7.1 | 5.9 | 26.8 | 28.88 | 26.6 | - | FSW |

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

| RANK | 04/29 2005 | 1 Mo Ago | 6 Mo Ago | Ticker Symbol | FUND NAME (Max. Load) | Fund Type | Conservative | Moderate | Venturesome | TOTAL RETURN | | | PRICE PER SHARE | RISK | | NTF/ w/ff |
|-----------|---------------|-------------|--------------|---|-----------------------|--------------|--------------|----------|-------------|--------------|--------------|----------------|-----------------------|--------------|------------|--------------|
| | | | | | | | | | | 1 mo. | 6 mo. | 12 mo. | | Std. Dev. | Beta | |
| 1 | 1 | 6 | FSHCX | Fidelity Med Del (.75%r<30d) | Health | * | * | * | 0.5% | 37.2% | 51.0% | \$46.09 | 23.10 | 0.07 | Fsw | |
| 2 | 10 | 21 | EUEYX | Alpine U.S. Real Estate Equity CIY | RealEs | * | * | * | -1.9 | 22.2 | 37.8 | 39.46 | 32.70 | 0.87 | fsw | |
| 3 | 15 | 20 | CGMRX | CGM Realty | RealEs | * | * | * | -0.7 | 20.6 | 36.3 | 29.49 | 17.50 | 0.21 | sw | |
| 4 | 13 | 64 | ICHCX | ICON Healthcare | Health | * | * | * | 0.9 | 22.4 | 17.2 | 16.58 | 16.00 | 0.49 | FSW | |
| 5 | 3 | 26 | FSENX | Fidelity Energy (.75%r<30d) | NatRes | * | * | * | -5.1 | 17.8 | 37.3 | 35.60 | 22.10 | 0.70 | Fsw | |
| 6 | 4 | 12 | VGENX | Vanguard Energy (1%r<1yr) | NatRes | * | * | * | -4.3 | 16.2 | 39.3 | 43.71 | 24.50 | 0.64 | fsw | |
| 7 | 35 | 1 | CSRSX | Cohen & Steers Realty Shares (1%r<180d) | RealEs | * | * | * | 6.0 | 9.1 | 40.9 | 68.07 | 14.60 | 0.23 | FSW | |
| 8 | 37 | 2 | TRREX | T. Rowe Price Real Estate (1%r<180d) | RealEs | * | * | * | 5.6 | 8.8 | 38.0 | 17.37 | 13.70 | 0.16 | fsw | |
| 9 | 34 | 3 | FRESX | Fidelity Real Estate (.75%r<90d) | RealEs | * | * | * | 4.7 | 9.2 | 37.9 | 29.11 | 13.90 | 0.20 | Fsw | |
| 10 | 45 | 5 | VGSIX | Vanguard REIT Index (1%r<1yr) | RealEs | * | * | * | 5.8 | 7.0 | 34.3 | 18.21 | 13.70 | 0.14 | fsw | |
| 11 | 5 | 23 | RYEIX | Rydex Energy | NatRes | * | * | * | -5.8 | 13.7 | 32.2 | 16.12 | 21.30 | 0.66 | fsw | |
| 12 | 2 | 8 | FSNGX | Fidelity Natural Gas (.75%r<30d) | Utility | * | * | * | -7.8 | 13.2 | 34.4 | 29.36 | 27.70 | 0.61 | Fsw | |
| 13 | 7 | 4 | ICENX | ICON Energy | NatRes | * | * | * | -6.7 | 11.1 | 34.1 | 24.28 | 24.60 | 0.67 | FSW | |
| 14 | 14 | 35 | FSDAX | Fidelity Defense & Aero (.75%r<30d) | CyclS | * | * | * | -1.8 | 12.3 | 23.4 | 66.93 | 19.50 | 0.76 | Fsw | |
| 15 | 6 | 16 | FSESX | Fidelity Energy Services (.75%r<30d) | NatRes | * | * | * | -7.8 | 11.9 | 30.7 | 45.26 | 46.40 | 1.18 | Fsw | |
| 16 | 12 | 9 | PRNEX | T. Rowe Price New Era | NatRes | * | * | * | -5.7 | 9.6 | 30.9 | 34.19 | 18.80 | 0.55 | fsw | |
| 17 | 9 | 31 | FNARX | Fidelity Natrl Resources (.75%r<30d) | NatRes | * | * | * | -6.4 | 10.8 | 28.2 | 18.11 | 21.90 | 0.78 | Fsw | |
| 18 | 54 | 15 | CSEIX | Cohen & Steers Equity Income (1%r<180d) | RealEs | * | * | * | 4.0 | 4.7 | 26.8 | 16.51 | 13.10 | 0.13 | FSW | |
| 19 | 43 | 75 | VGHGX | Vanguard Health (closed,\$25k&1%r<1yr) | Health | * | * | * | 3.4 | 11.8 | 8.6 | 129.30 | 15.00 | 0.37 | fsw | |
| 20 | 23 | 38 | RYUIX | Rydex Utilities | Utility | * | * | * | 0.7 | 9.0 | 19.3 | 23.79 | 20.80 | 0.60 | fsw | |
| 21 | 53 | 84 | FSPHX | Fidelity Health Care (.75%r<30d) | Health | * | * | * | 3.9 | 12.0 | 5.8 | 131.50 | 15.30 | 0.28 | Fsw | |
| 22 | 50 | 67 | FSMEX | Fidelity Medical Equip (.75%r<30d) | Health | * | * | * | 3.3 | 10.6 | 9.3 | 23.70 | 15.50 | 0.29 | Fsw | |
| 23 | 8 | 18 | RYVIX | Rydex Energy Services | NatRes | * | * | * | -8.0 | 10.1 | 27.5 | 27.70 | 37.90 | 1.15 | fsw | |
| 24 | 20 | 30 | FSUTX | Fidelity Utilities Growth (.75%r<30d) | Utility | * | * | * | 1.0 | 6.7 | 21.9 | 40.27 | 17.50 | 0.95 | Fsw | |
| 25 | 25 | 34 | FSHOX | Fidelity Const & Housing (.75%r<30d) | CyclS | * | * | * | -4.0 | 9.5 | 20.7 | 40.73 | 24.40 | 0.80 | Fsw | |
| 26 | 16 | 13 | VGPMX | Vanguard Precious Metals (closed,1%r<1yr) | NatRes | * | * | * | -6.2 | 6.4 | 31.3 | 16.34 | 32.70 | 0.56 | fsw | |
| 27 | 62 | 19 | STMDX | Stratton Mthly Div REIT (1.5%r<120d) | RealEs | * | * | * | 4.1 | 2.8 | 24.5 | 34.88 | 13.20 | 0.17 | fsw | |
| 28 | 40 | 37 | ICTUX | ICON Telecommunications & Utilities | Utility | * | * | * | 0.3 | 6.8 | 15.5 | 7.17 | 15.30 | 0.68 | FSW | |
| 29 | 58 | 87 | RYHIX | Rydex Health Care | Health | * | * | * | 2.2 | 10.3 | 2.8 | 12.99 | 15.50 | 0.31 | fsw | |
| 30 | 11 | 7 | FSCHX | Fidelity Chemicals (.75%r<30d) | CyclS | * | * | * | -8.1 | 7.8 | 23.9 | 63.87 | 21.60 | 0.82 | Fsw | |
| 31 | 26 | 36 | PRMTX | T. Rowe Price Media & Telecommunications | Utility | * | * | * | -1.2 | 6.1 | 14.6 | 26.88 | 30.00 | 1.53 | fsw | |
| 32 | 22 | 62 | FDFAI | Fidelity Food & Agr (.75%r<30d) | Consmr | * | * | * | -2.9 | 9.2 | 6.3 | 49.34 | 15.50 | 0.21 | fsw | |
| 33 | 29 | 11 | FWRLX | Fidelity Wireless (.75%r<30d) | Tech | * | * | * | -2.1 | 2.2 | 21.9 | 5.56 | 33.90 | 1.65 | Fsw | |
| 34 | 82 | 90 | FPHAX | Fidelity Pharmaceuticals (.75%r<30d) | Health | * | * | * | 4.5 | 7.8 | -2.6 | 8.77 | - | - | Fsw | |
| 35 | 18 | 10 | ICBMX | ICON Materials | CyclS | * | * | * | -8.4 | 5.9 | 21.3 | 9.40 | 22.30 | 0.94 | FSW | |
| 36 | 19 | 28 | FCYIX | Fidelity Cyclical Ind (.75%r<30d) | CyclS | * | * | * | -5.4 | 4.6 | 17.4 | 17.42 | 22.00 | 0.98 | Fsw | |
| 37 | 21 | 51 | RYLIX | Rydex Leisure | Consmr | * | * | * | -5.3 | 6.6 | 8.7 | 28.88 | 22.00 | 1.10 | fsw | |
| 38 | 38 | 70 | RYCIX | Rydex Consumer Products | Consmr | * | * | * | -2.8 | 7.5 | 1.9 | 29.71 | 15.90 | 0.52 | fsw | |
| 39 | 70 | 79 | FSPCX | Fidelity Insurance (.75%r<30d) | FinServ | * | * | * | -1.4 | 6.1 | 2.7 | 58.77 | 27.70 | 0.56 | Fsw | |
| 40 | 44 | 61 | FBALX | Fidelity Balanced | Hybrid | B | * | * | -1.9 | 3.9 | 8.1 | 17.23 | 10.50 | 0.54 | Fsw | |
| 41 | 57 | 55 | FSLBX | Fidelity Brokerage (.75%r<30d) | FinServ | * | * | * | -2.0 | 3.8 | 7.3 | 51.64 | 30.80 | 1.47 | Fsw | |
| 42 | 42 | 88 | BRMIX | AXARosenberg Value L/S (2%r<30d) | Value | * | * | * | -2.0 | 3.9 | 6.5 | 10.20 | 18.90 | -0.58 | fsw | |
| 43 | 28 | 39 | ICTRX | ICON Industrials | CyclS | * | * | * | -6.4 | 4.1 | 11.2 | 11.10 | 19.30 | 0.88 | FSW | |
| 44 | 49 | 78 | GATEX | Gateway Fund | Altern | B | * | * | -0.7 | 2.8 | 6.1 | 24.30 | 7.84 | 0.40 | FSW | |
| 45 | 51 | 69 | VBINX | Vanguard Balanced Index | Hybrid | B | * | * | -0.8 | 2.6 | 6.4 | 18.86 | 10.70 | 0.57 | fsw | |
| 46 | 27 | 52 | ICLEX | ICON Leisure & Consumer Staples | Consmr | * | * | * | -6.2 | 5.6 | 6.2 | 12.17 | 21.20 | 0.88 | FSW | |
| 47 | 39 | 41 | FSCGX | Fidelity Industrial Equip (.75%r<30d) | CyclS | * | * | * | -5.4 | 4.0 | 8.7 | 24.46 | 22.90 | 1.11 | Fsw | |
| 48 | 30 | 40 | FSAIX | Fidelity Air Transport (.75%r<30d) | CyclS | * | * | * | -4.8 | 2.4 | 11.6 | 32.33 | 28.50 | 1.14 | Fsw | |
| 49 | 31 | 25 | FSDPX | Fidelity Indust Matrls (.75%r<30d) | CyclS | * | * | * | -8.1 | 1.7 | 18.3 | 36.43 | 23.00 | 0.87 | Fsw | |
| 50 | 24 | 29 | RYBIX | Rydex Basic Materials | CyclS | * | * | * | -8.6 | 2.8 | 15.0 | 28.01 | 23.40 | 0.90 | fsw | |
| 51 | 55 | 89 | MERFX | Merger Fund (closed,2%r<30d) | Altern | * | * | * | -0.5 | 2.1 | 0.5 | 15.27 | 6.84 | 0.14 | FSW | |
| 52 | 56 | 53 | PRISX | T. Rowe Price Financial Services | FinServ | * | * | * | -2.8 | 1.0 | 6.2 | 21.70 | 20.00 | 0.80 | fsw | |
| 53 | 86 | 74 | PRHSX | T. Rowe Price Health Sciences | Health | * | * | * | 1.6 | 2.1 | -3.7 | 21.22 | 22.60 | 0.84 | fsw | |
| 54 | 66 | 47 | RYFIX | Rydex Financial Services | FinServ | * | * | * | -1.9 | -0.5 | 6.7 | 11.18 | 24.10 | 0.93 | fsw | |
| 55 | 74 | 44 | FSRBX | Fidelity Banking (.75%r<30d) | FinServ | * | * | * | -0.3 | -1.9 | 6.7 | 36.26 | 24.50 | 0.70 | Fsw | |
| 56 | 77 | 58 | FIDSX | Fidelity Finl Serv (.75%r<30d) | FinServ | * | * | * | -1.2 | -0.4 | 4.3 | 102.10 | 21.80 | 0.79 | Fsw | |
| 57 | 41 | 68 | FSCPX | Fidelity Consumer Ind (.75%r<30d) | Consmr | * | * | * | -4.2 | 2.4 | 1.7 | 23.09 | 14.00 | 0.66 | Fsw | |
| 58 | 17 | 14 | FSRFX | Fidelity Transportation (.75%r<30d) | CyclS | * | * | * | -8.0 | -2.2 | 18.6 | 38.05 | 23.00 | 0.88 | Fsw | |
| 59 | 63 | 76 | FSLEX | Fidelity Environmental Ser (.75%r<30d) | CyclS | * | * | * | -1.7 | 1.5 | -0.9 | 13.07 | 19.70 | 0.59 | fsw | |
| 60 | 69 | 46 | FSTCX | Fidelity Telecommm (.75%r<30d) | Utility | * | * | * | -1.1 | -1.1 | 4.0 | 33.74 | 25.00 | 1.38 | Fsw | |
| 61 | 33 | 42 | FSRPX | Fidelity Retailing (.75%r<30d) | Consmr | * | * | * | -6.6 | 0.8 | 5.7 | 46.64 | 19.80 | 0.89 | Fsw | |
| 62 | 71 | 45 | ICFSX | ICON Financial | FinServ | * | * | * | -4.2 | -0.6 | 5.2 | 12.27 | 19.70 | 1.00 | FSW | |
| 63 | 32 | 56 | RYRIX | Rydex Retailing | Consmr | * | * | * | -7.0 | 2.1 | 1.3 | 11.44 | 20.50 | 0.95 | fsw | |
| 64 | 46 | 77 | FBMPX | Fidelity Multimedia (.75%r<30d) | Consmr | * | * | * | -2.9 | -0.3 | -0.7 | 42.12 | 21.80 | 1.08 | Fsw | |
| 65 | 72 | 95 | RYURX | Rydex Ursa | Altern | * | * | * | 2.2 | -2.0 | -4.6 | 8.88 | 21.50 | -1.01 | fsw | |
| 66 | 64 | 98 | BEARX | Prudent Bear | Altern | * | * | * | 0.7 | -0.5 | -6.4 | 5.55 | 44.10 | -1.57 | FSW | |
| 67 | 73 | 96 | BRPIX | Profunds Bear Inv | Altern | * | * | * | 2.1 | -2.2 | -4.9 | 32.35 | 21.60 | -1.02 | Sw | |
| 68 | 48 | 48 | FDLSX | Fidelity Leisure (.75%r<30d) | Consmr | * | * | * | -5.1 | -1.6 | 1.2 | 68.85 | 21.20 | 1.10 | Fsw | |
| 69 | 65 | 92 | FSELX | Fidelity Electronics (.75%r<30d) | Tech | * | * | * | -4.9 | 1.4 | -6.7 | 35.65 | 51.20 | 2.32 | Fsw | |
| 70 | 81 | 50 | RYKIX | Rydex Banking | FinServ | * | * | * | -2.2 | -4.8 | 4.6 | 9.95 | 27.50 | 0.70 | fsw | |

On the Trail of the Strong Funds

We mentioned the buyout of the Strong Funds by Wells Fargo in the last issue. Below are the details for the funds that are in the *MONEYLETTER* database:

- Strong Advisor Midcap Growth (SMDCX) is no longer available.
- Strong Multi-Cap Value (SMTVX) has merged and is now known as Wells Fargo Advantage Small Cap Value (SSMVX).
- Strong Growth 20 (SGRTX) has merged and is now known as Wells Fargo Advantage Growth (SGROX).
- The following funds have changed brand names and retained their ticker symbols: Wells Fargo Advantage Mid Cap Disciplined (SMCDX), Wells Fargo Advantage Discovery (STDIX), Wells Fargo Advantage Opportunity (SOPFX), Wells Fargo Advantage Common Stock (STCSX), Wells Fargo Advantage Growth (SGROX), and Wells Fargo Advantage Large Cap Growth (STRFX).

For more information, call
Wells Fargo Advantage Funds (800) 368-1030.

• • •

In other fund news:

- Fidelity announced that **Fidelity International Small Cap (FISMV)** is closed to new investors as of May 5, 2005. Shareholders will be able to add to existing accounts. Strong asset inflows and appreciation have tripled the fund's assets since the end of 2003, to a total of \$2.1 billion.
- **Tweedy, Browne Global Value (TBGVX)** and **Tweedy, Browne American Value (TWEBX)** closed to new investors on May 4, 2005.
- **Baron Small Cap (BSCFX)** closed to new investors on April 22, 2005.
- **Vanguard Convertible Securities (VCSVX)**, which has been closed to all investors since May 2004, is now accepting purchases from existing investors. It remains closed to new investors.
- Four of *MONEYLETTER*'s Vanguard Funds have changed their redemption fee policy. **Vanguard PRIMECAP (VPMCV)**, **Vanguard Capital Opportunity (VHCOX)**, and **Vanguard Health Care (VGHCV)** have reduced the holding period which triggers their 1% redemption fee from five years to one year. Also, **Vanguard Emerging Markets Stock Index (VEIEX)**, which previously charged 2% for shares held less than two months, has imposed a flat 0.5% fee on all redemptions. \$

MONEYLETTER Hotline: (410) 528-1804

100% U.S. TREASURY FUNDS

| | 7-Day | 30-Day | 1-Year |
|-------------------------------------|-------|--------|--------|
| Gabelli US Treasury MMF | 2.43% | 2.34% | 1.24% |
| Vanguard Treasury MMF | 2.41 | 2.35 | 1.34 |
| Fidelity Spartan US Treas MMF | 2.33 | 2.26 | 1.24 |
| Amer Century Capital Presv Fund/Inv | 2.23 | 2.19 | 1.14 |
| T. Rowe Price US Treasury MF | 2.14 | 2.09 | 1.03 |
| RMK Select Treas MMF/CI A | 2.13 | 2.07 | 0.97 |
| US Treasury MF of America/CI A | 2.11 | 2.06 | 0.94 |
| HSBC Investor US Treas MM/CI D | 2.09 | 2.06 | 1.02 |
| JPMorgan 100% US Treas MMF/Morgan | 2.09 | 2.02 | 0.99 |
| CMA Treasury Fund RIC | 2.06 | 1.99 | 0.95 |
| Citi US Treasury Reserves | 2.06 | 2.00 | 0.89 |
| Schwab US Treasury Money Fund | 2.06 | 1.99 | 0.93 |

GENERAL PURPOSE TAXABLE FUNDS

| | 7-Day | 30-Day | 1-Year |
|--------------------------------------|-------|--------|--------|
| Scudder MM Series Premium/CI S | 2.86% | 2.87% | 1.60% |
| PayPal Money Market Fund | 2.84 | 2.82 | 1.73 |
| Scudder MM Series Premium/AARP | 2.77 | 2.77 | 1.61 |
| Scudder MM Series Prime Reserve/AARP | 2.73 | 2.72 | 1.51 |
| TIAA-CREF Money Market Fund | 2.66 | 2.59 | 1.46 |
| Vanguard Prime MMF/Retail | 2.58 | 2.54 | 1.47 |
| Marshall MMF/Investor Class | 2.54 | 2.49 | 1.37 |
| Morgan Stanley Active Assets MT | 2.53 | 2.45 | 1.33 |
| BB&T Prime MMF/Trust | 2.52 | 2.47 | 1.29 |
| T. Rowe Price Summit Cash Reserves | 2.50 | 2.42 | 1.31 |

TAX-FREE GENERAL PURPOSE FUNDS

| | 7-Day | 30-Day | 1-Year |
|--------------------------------|-------|--------|--------|
| Alpine Municipal MMF/Investor | 2.74% | 2.36% | 1.42% |
| Vanguard Tax-Exempt MMF | 2.57 | 2.21 | 1.36 |
| Fidelity Tax Free Money Market | 2.35 | 1.95 | 1.04 |
| USAA Tax Exempt MMF | 2.31 | 1.95 | 1.07 |
| Fidelity Municipal MMF | 2.29 | 1.92 | 1.07 |
| Northern Municipal MMF | 2.28 | 1.85 | 0.96 |
| Dreyfus BASIC Muni MMF | 2.26 | 1.92 | 1.06 |
| Scudder Tax-Exempt Money Fund | 2.26 | 1.93 | 1.06 |
| Amer Century T-F MMF/Inv Class | 2.23 | 1.89 | 1.07 |
| T. Rowe Price Summit Muni MMF | 2.18 | 1.88 | 1.03 |

TAX-FREE STATE-SPECIFIC FUNDS

| | 7-Day | 30-Day | 1-Year |
|----------------------------|-------|--------|--------|
| Vanguard PA Tax-Exempt MMF | 2.60% | 2.20% | 1.32% |
| Vanguard OH Tax-Exempt MMF | 2.57 | 2.21 | 1.34 |
| Vanguard CA Tax-Exempt MMF | 2.56 | 2.19 | 1.33 |
| Vanguard NJ Tax-Exempt MMF | 2.52 | 2.15 | 1.30 |
| Vanguard NY Tax-Exempt MMF | 2.50 | 2.16 | 1.31 |
| Fidelity CT Municipal MMF | 2.30 | 1.89 | 1.00 |
| Fidelity FL Municipal MMF | 2.30 | 1.92 | 1.02 |
| Fidelity CA Municipal MMF | 2.26 | 1.87 | 0.96 |
| Fidelity PA Municipal MMF | 2.26 | 1.89 | 1.01 |
| Fidelity MI Municipal MMF | 2.24 | 1.87 | 0.95 |
| Fidelity NJ Municipal MMF | 2.24 | 1.85 | 0.95 |
| Fidelity NY Municipal MMF | 2.24 | 1.85 | 0.97 |

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 4/26/05. 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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Super Concentrated: Fairholme Fund

The managers of Fairholme Fund (FAIRX) have a rather unique take on diversification. On its web site, the firm states, "Broad diversification is a hedge against not understanding what you own." Firm founder and fund manager Bruce Berkowitz emphasizes that he wants to invest where he thinks he will get a great return. And when he and co-manager Larry Pitkowsky find a stock they have great confidence in, they aim to invest in a significant manner—so that if the position appreciates as they expect it to, it will result in a significant return to the fund's shareholders. In a previous interview, Berkowitz posed the question, "You can be brilliant in a 1% position in a fund, but what does it do for you?" The fund will generally not hold more than 25 stocks at any given time.

A quick peek at the fund's top holdings and sectors attests to its concentrated nature. At its inception (December 1999), the managers took a large position in Berkshire Hathaway—it remains the backbone of the portfolio today. Meanwhile, the managers also began the fund with a hefty stake in financial services—mostly property and casualty insurers, and the sector remains dominant today.

Top Five Holdings & Sectors (% of Assets)

| | | | |
|---------------------|------|----------------------|------|
| Berkshire Hathaway | 19.0 | Financial Services | 40.1 |
| MCI, Inc. | 17.1 | Telecommunications | 26.9 |
| Leucadia National | 12.9 | Industrial Materials | 16.8 |
| Penn West Petroleum | 4.2 | Energy | 8.2 |
| AT&T Corp | 4.1 | Media | 3.4 |

As of November 30, 2004

Traditional value approach

From the hefty stake in Berkshire Hathaway, you could surmise that Berkowitz and Pitkowsky are value investors. And that would be totally correct. As does Warren Buffett, chairman of Berkshire Hathaway, Fairholme's managers embrace the principles of legendary value investor Benjamin Graham.

Fairholme's investment philosophy is built on buying strong firms selling at discounts to their intrinsic value. The managers put a very high value on the quality of management—they want accountable company managers with whom they can entrust fund owners' money. The managers, plus analyst Keith Trauner, interview company suppliers, customers, and competitors to get a full picture of the firm they are considering for investment. Then, they envision a worst-case scenario for the company, and try to determine

if it could survive. They want companies that can perform well in difficult times.

Companies they ultimately choose will have at least some of the following characteristics: highly qualified management, strong competitive position, free cash flow, high returns on invested capital, good prospects for growth, low price-to-tangible asset value, or low price-to-earnings ratios. Berkowitz says that one other requirement is a return on the fund's investment that approaches 15%. Overall, the managers aim to earn above-average returns while avoiding capital loss. In fact, the goal of not losing money for shareholders is paramount.

Feeling distressed

But—there is a whole other side to the fund's investment strategy. It may invest up to 25% of assets (at time of purchase) in "special situations." These could include liquidations, reorganizations, recapitalizations, or mergers. In fact, the fund has twice bought the debt of companies in Chapter 11, which eventually turned into large equity stakes after the firms emerged from bankruptcy. The fund ventures into areas that are truly unloved. For example, back at the end of 1999, in the middle of the explosive gains in technology stocks, the fund was launched—with that stake in Berkshire Hathaway and a concentration in insurance companies.

Why did Berkowitz avoid hot technology shares? It was his focus on free cash flow, something lacking in the technology sector. Also, Berkowitz recounts that many of those tech firms did not have profits, and thus their high stock prices were not justified. Berkowitz continued to buy in the insurance sector, even after the events of September 11. Their astute stock picking is evident in that none of their holdings had any material exposure to the New York attorney general's investigation into the industry's business practices.

The payoff

The fund can invest without regard to capitalization—recently, about 35% of assets were in large-cap stocks, 51% in mid-cap, and the remainder predominately in micro-cap issues. And it can keep assets in cash when the managers fail to find attractive opportunities—cash accounted for about 13% of assets recently. The fund falls into Lipper's mid-cap growth category, where it claims the top 1% rank among its peers in total returns for the year-to-date (up 1.89%), and trailing one- (19.25%), three- (13.95% annualized), and five-year (17.72% annualized) periods. \$

Fairholme Fund (FAIRX)

51 JFK Parkway, Short Hills, NJ 07078 • (866) 202-2263

Minimum investment: \$2,500, \$1,000 IRA

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