26 years
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Stocks and the Conundrum

by Walter S. Frank, Chief Investment Officer

Just one year ago the Fed started raising short-term interest rates. Since then the fed funds rate, the rate the Fed controls, has risen from 1% to 3%. As for the financial markets, stocks are up—not by much, but up—and the 10-year Treasury note is down from about 4.70% to 3.90% The decline in Treasury yields, as you probably know, is Mr. Greenspan's "conundrum." On June 6th, he called the decline "without recent precedent."

This perverse behavior by the bond market ("perverse" because when the Fed raises short-term rates, long-term rates almost always follow) is befuddling Wall Street. After a year, when most of Wall Street was looking for long-term rates to rise, we are just now beginning to see analysts throwing in the towel and cutting their projections for long-term rates over the next six months or so.

We are also seeing a thesis that the bond gurus at Pimco, led by Bill Gross, have been propounding gain ground. The thesis is that we are in for a prolonged period of low interest rates, and relatively slow growth. Never mind why (think China). The conundrum is no conundrum according to this thesis.

The stock market

We have been moderately positive on the U.S. market for this year. We have argued that with inflation relatively low (crossing our fingers on energy), and long-term rates consequently remaining low, the stock market, at current prices, was undervalued. After April's slide in the market (oil prices), we felt our case was even stronger as the S&P's forward-looking, one-year price-earnings ratio fell into the mid-15s.

If Wall Street (and the hedge funds) are now coming around to the view that long-term interest rates are going to remain somewhere in the 4%–5% range, that, in our opinion, gives the market room to run by double digits over the course of the next twelve months. The caveat, of course, is that the inflation outlook remains relatively unchanged.

We believe that the current rally, which has some on Wall Street scratching their heads, is directly tied to the growing acceptance of the low interest-rate view. Otherwise, we think the market would be making heavy weather.

The big earnings gains of last year are over. The latest estimate for this quarter's earnings have actually been marked down from 8.8% at the beginning of the quarter to 6.9% now (according to Thomson Financial). We can thank the auto industry for the markdown. The point is that overall earnings, while growing, are growing relatively slowly. If we relied on earnings, stock prices would be rising 6%–7%. With money fund yields moving closer to 3%, the question would have to be raised whether investors were being paid for taking equity risk. Thanks to expectations about low long-term interest rates, the question is beside the point.

The economy

The economy right now is a puzzle. It appeared to be moving along moderately well and then we got the May employment report, which was anemic. This follows the April report, which was robust. Employers were hiring in April, but they held back in May. It is very hard to figure out. There was nothing going on in May that would send a caution signal to employers.

Manufacturing is weakening and we assume the auto industry's woes (think oil prices) play a prominent part in the weakening. Other parts of the economy are holding up. Housing, as we know, is doing well. While we do not yet have May retail sales, April sales were fine.

There was positive news last month as far as the consumer is concerned, in the form of revisions to consumer income showing that incomes grew faster than originally estimated. This helps explain why consumer spending keeps growing even though the income numbers apparently do not justify the spending.

We are left with even more of a puzzle. We simply have to wait for more data. At the moment, puzzled and all, we see the economy resuming 3.0%–3.5% growth shortly.

Fund changes

In line with our policy of removing closed funds from the portfolios, we removed Fidelity International Small Cap from the Fidelity Venturesome and Moderate portfolios as of Wednesday May 11. We substituted Fidelity Emerging Markets (FEMKX) for International Small Cap. Keep in mind, this is not a recommendation to sell International Small Cap. If you hold the fund please follow our regular advice. Our current recommendation is Hold.

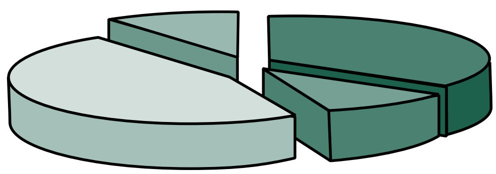
The Hotline of Tuesday, May 31st recommended the sale of Artisan International Value in the MONEYLETTER Moderate Portfolio and the purchase of Forward International Small Companies (PISRX). Here are the details as of Wednesday, June 1st. Sold 643 shares of Artisan International Value at $20.34 per share. Purchased 992 shares of Forward International Small Companies @ $13.18 per share. $

Market Trends

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

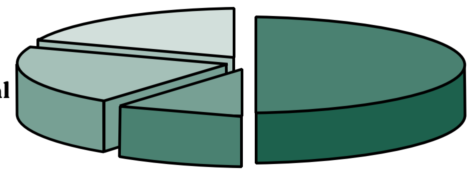
CONSERVATIVE

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



MONEYLETTER Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.8%	10,222	$1.00	$10,222
Gateway Fund	11/27/02	19.2	609	24.77	15,074
Loomis Sayles Bond Retail	03/17/04	8.8	1,186	13.61	16,144
RS Value (Contrarian)	08/04/04	25.2	1,229	21.92	26,950
Artisan Mid Cap Value	08/04/04	24.6	613	18.18	11,136
AmerCent Inflation Adj.	02/12/03	16.2	1,661	11.38	18,907
Third Avenue Value	11/24/04	8.1	467	54.62	25,511
Dodge & Cox Income	02/19/03	10.4	1,022	12.85	13,129
TOTAL VALUE					$137,073

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
2.0%	4.3%	13.9%	24.6%	2.2%

MONEYLETTER Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.8%	11,648	$1.00	$11,648
Dodge & Cox International	09/22/04	17.7	442	30.63	13,552
Baron Partners	06/09/04	20.4	881	16.40	14,450
Loomis Sayles Bond Retail	03/17/04	8.8	1,660	13.61	22,591
Artisan Mid Cap Value	08/11/04	27.5	681	18.18	12,387
RS Value (Contrarian)	08/04/04	25.2	1,005	21.92	22,032
Fidelity Leveraged Company	01/28/04	21.7	1,210	23.35	28,251
Artisan International Value	11/10/04	5.6	643	20.37	13,095
TOTAL VALUE					$138,006

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
2.4%	3.6%	16.3%	51.1%	0.8%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.9%	8,816	$1.00	$8,816
Fidelity Balanced	11/27/02	38.5	805	17.79	14,313
Fidelity Strategic Income	03/17/04	8.2	1,795	10.52	18,879
Fidelity Value	04/21/04	17.7	352	72.72	25,591
Fidelity Export & Multi	09/08/04	12.0	826	19.74	16,310
Fidelity Inflation-Protected	09/15/04	5.5	1,083	11.58	12,540
Fidelity Investment Grade	02/19/03	10.7	1,778	7.56	13,441
TOTAL VALUE					$109,890

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
2.7%	3.4%	11.1%	15.8%	1.2%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.9%	11,182	$1.00	$11,182
Fidelity Emerging Markets	05/11/05	1.3	1,033	13.42	13,864
Fidelity Europe	11/10/04	11.0	322	34.41	11,097
Fidelity Leveraged Company	12/10/03	39.3	796	23.35	18,591
Fidelity Strategic Income	03/17/04	8.2	2,618	10.52	27,536
Fidelity Contrafund	04/06/05	0.5	221	57.61	12,760
Fidelity Value	04/21/04	17.7	272	72.72	19,799
Fidelity Focused Stock	10/06/04	12.8	1,135	10.56	11,988
TOTAL VALUE					$126,817

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
2.6%	3.8%	13.8%	29.6%	1.3%

Vanguard Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	1.0%	8,599	$1.00	$8,599
Vanguard Balanced Index	11/27/02	27.9	585	19.38	11,329
Vanguard Total Bond Index	02/19/03	10.0	754	10.28	7,753
Vanguard Inflation Protect	02/19/03	16.7	1,110	12.79	14,200
Vanguard US Value	05/19/04	16.2	1,250	13.77	17,217
Vanguard Strategic Equity	12/21/04	0.9	635	21.43	13,613
Vanguard Small Cap Value	03/24/04	18.4	1,381	13.68	18,891
Vanguard GNMA	03/17/04	4.5	1,733	10.44	18,093
TOTAL VALUE					$109,695

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
2.9%	2.7%	10.5%	18.0%	0.5%

Vanguard Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	1.0%	9,943	$1.00	$9,943
Vanguard Int'l Value	09/22/04	12.6	360	30.62	11,027
Vanguard European Stk Index	11/10/04	5.7	455	25.55	11,622
Vanguard FI Hi-Yld Corp	01/17/01	28.4	3,616	6.23	22,530
Vanguard Strategic Equity	12/21/04	0.9	868	21.43	18,606
Vanguard Mid-Cap Index	03/02/05	-0.3	1,380	15.80	21,805
Vanguard Small Cap Value	03/24/04	18.4	1,693	13.68	23,169
TOTAL VALUE					$118,702

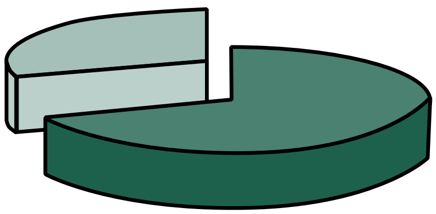
TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
3.3%	2.4%	11.9%	29.5%	-0.4%

Note: Asset Allocation Portfolios were indexed to $100,000 on January 1, 2000. Pie charts show allocations at press time.

VENTURESOME

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



MONEYLETTER Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
T. Rowe Emg. Europe & Med	02/16/05	0.9%	957	$18.22	$17,441
Dodge & Cox International	09/22/04	17.7	554	30.63	16,957
Artisan Mid Cap Value	07/26/04	26.8	1,186	18.18	21,570
Muhlenkamp Fund	02/28/05	-2.3	122	78.77	9,604
Bridgeway Aggressive Inv 2	02/16/05	-3.6	720	14.26	10,266
Fidelity Leveraged Company	01/28/04	21.7	962	23.35	22,465
RS Value (Contrarian)	08/04/04	25.2	1,300	21.92	28,493
TOTAL VALUE					$126,796

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
4.1%	3.8%	13.0%	44.7%	1.1%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Small Cap Ind	02/16/05	-3.6%	576	$19.25	$11,093
Fidelity Emerging Markets	05/11/05	1.3	1,386	13.42	18,594
Fidelity Europe	11/10/04	11.0	387	34.41	13,316
Fidelity Leveraged Company	12/10/03	39.3	906	23.35	21,158
Fidelity Focused Stock	10/06/04	12.8	2,330	10.56	24,608
Fidelity Value	04/21/04	17.7	276	72.72	20,047
Fidelity Contrafund	04/06/05	0.5	386	57.61	22,222
TOTAL VALUE					$131,038

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
3.8%	3.3%	12.1%	26.1%	0.7%

Vanguard Venturesome

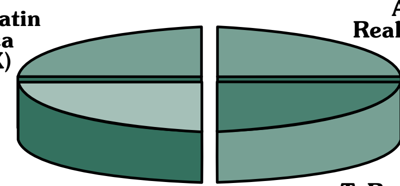
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Emerging Mkts Stk Index	02/16/05	-2.0%	1,425	$14.95	$21,299
Vanguard European Stk Index	11/10/04	5.7	455	25.55	11,622
Vanguard Mid-Cap Index	02/16/05	0.3	661	15.80	10,447
Vanguard Explorer	03/02/05	-1.8	345	73.01	25,192
Vanguard Strategic Equity	12/21/04	0.9	1,048	21.43	22,452
Vanguard Small Cap Value	03/24/04	18.4	1,851	13.68	25,322
TOTAL VALUE					$116,334

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	3-yr	YTD
4.8%	2.1%	11.5%	27.7%	-0.8%

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 Medical Delivery	05/04/05	2.5%	724	$47.81	$34,624
T. Rowe Emg. Europe & Med	01/26/05	7.4	1,931	18.22	35,175
Alpine U.S. Real Estate Equity	03/02/05	2.8	874	43.36	37,909
Fidelity Latin America	12/29/04	6.9	1,546	22.59	34,932
TOTAL VALUE					$142,640

TOTAL RETURNS (as of 05/31/05)

1-mo	6-mo	1-yr	Incep. (9/30/02)	YTD
6.4%	6.0%	18.9%	42.6%	3.9%

MONEYLETTER Select Commentary

The Hotline of Tuesday, May 3 recommended the sale of Fidelity Natural Gas (FSNGX) to be exchanged for shares of Fidelity Medical Delivery (FSHCX). The recommended trades were executed at the market close May 4, 2005. Details: Sold 1,125 shares of Fidelity Natural Gas (FSNGX) @ $30.02 per share. Purchased 724 shares of Fidelity Medical Delivery (FSHCX) @ $46.65 per share.

The volatility pendulum was swinging in a favorable direction for investors for much of the month of May. Gains in international markets were constrained, however, by a significant strengthening of the dollar. Moderating economic growth has taken some of the pressure off of the Fed to move interest rates higher.

While a position in energy has been exchanged for another sector investment, it generated a return of 33.71% over its nine-month holding period.

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Please note: The recommendations presented for the Select Portfolio are based strictly upon "technical" data. As such, these exchanges should NOT be considered for investors following our Asset Allocation Portfolios (i.e. Conservative, Moderate or Venturesome).

Total Returns—May 31, 2005

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	3.2%	2.4%	8.2%	17.7%	-1.0%
Asset Allocation Funds (Avg) 130 Funds	2.2	2.4	8.3	19.3	-0.2

Domestic Stock Funds

RANK 06/03 2005	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN 1 mo.	6 mo.	12 mo.	PRICE PER SHARE	RISK Std. Dev.	Beta	NTF/ wtf
1	**6**	**24**	**ARTQX**	**Artisan Mid Cap Value**	**MCVal**	**B**	**B**	**B**	**6.5%**	**11.0%**	**28.9%**	**$18.35**	**19.8**	**0.87**	**FSW**
2	2	66	CGMFX	CGM Focus	SCVal	*	B	B	4.0	10.6	30.3	32.48	37.9	1.03	fsw
3	**1**	**27**	**TAVFX**	**Third Avenue Value (1%r<60d)**	**SC**	**B**	**B**	**B**	**2.4**	**8.4**	**28.6**	**54.92**	**17.2**	**0.79**	**FSW**
4	**36**	**1**	**BPTRX**	**Baron Partners**	**MCGro**	*****	**Ⓑ**	**Ⓑ**	**7.8**	**5.9**	**25.8**	**16.66**	**28.6**	**1.26**	**FSW**
5	46	11	BARAX	Baron Asset	MCGro	Ⓑ	Ⓑ	Ⓑ	8.0	6.7	21.7	53.05	21.2	0.94	FSW
6	**10**	**68**	**FTQGX**	**Fidelity Focused Stock (.75%r<30d)**	**LC**	*****	**B**	**B**	**5.9**	**8.2**	**20.9**	**10.62**	**17.2**	**1.00**	**Fw**
7	4	—	FAIRX	Fairholme Fund	MC	B	B	B	2.7	8.4	24.4	23.72	10.5	0.48	fsw
8	**12**	**8**	**MUHLX**	**Muhlenkamp Fund**	**MCVal**	**B**	**B**	**B**	**6.3**	**5.7**	**24.2**	**79.58**	**27.9**	**1.24**	**FSW**
9	11	32	NPRTX	Neuberger Berman Partners	LCVal	B	B	B	6.1	7.1	20.7	26.09	20.7	1.10	fSw
10	**5**	**—**	**RSVAX**	**RS Value (formerly RS Contrarian)**	**MC**	**B**	**B**	**B**	**3.8**	**5.0**	**28.1**	**22.25**	**18.6**	**0.60**	**FSW**
11	**7**	**6**	**FLVCX**	**Fidelity Leveraged Co ($10k,1.5%r<90d)**	**MC**	*****	**Ⓗ**	**Ⓗ**	**5.2**	**4.4**	**26.9**	**23.69**	**36.3**	**1.39**	**Fw**
12	8	—	MOPIX	MainStay Small Cap Opportunity (closed)	SCVal	B	B	B	6.5	4.6	24.1	18.60	17.5	0.63	FSW
13	3	10	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	B	B	B	5.3	4.7	25.5	30.92	19.2	0.80	fw
14	16	70	NBGNX	Neuberger Berman Genesis (closed)	SC	B	B	B	4.6	6.9	18.6	31.18	15.5	0.63	fSw
15	**17**	**19**	**VIMSX**	**Vanguard Mid-Cap Index**	**MC**	**B**	**B**	**B**	**5.8**	**5.0**	**20.1**	**15.93**	**20.1**	**0.97**	**fsw**
16	52	204	TWHIX	American Century Heritage	MCGro	H	H	H	7.3	7.1	11.9	12.21	15.4	0.76	FSW
17	**20**	**37**	**FDVLX**	**Fidelity Value**	**MCVal**	**B**	**B**	**B**	**5.2**	**4.7**	**20.7**	**73.26**	**19.0**	**0.89**	**Fsw**
18	**26**	**25**	**BRAIX**	**Bridgeway Aggressive Investors 2**	**MCGro**	*****	**H**	**H**	**7.1**	**4.1**	**19.3**	**14.27**	**—**	**—**	**fsw**
19	51	9	BGRFX	Baron Growth (closed)	SCGro	B	B	B	5.3	4.7	20.4	45.44	18.4	0.72	FSW
20	103	31	MPEGX	MSI Mid Cap Growth	MCGro	*	H	H	8.0	3.9	17.6	21.30	22.2	1.17	fsw
21	89	131	WAAEX	Wasatch Small Cap Grth (closed,2%r<60d)	SCGro	Ⓑ	Ⓑ	Ⓑ	7.6	4.3	15.3	39.94	27.1	1.17	FSW
22	47	96	PESPX	Dreyfus Mid Cap Index	MCGro	Ⓑ	Ⓑ	Ⓑ	6.3	5.0	15.5	26.71	20.2	0.97	FSW
23	**42**	**23**	**VSEQX**	**Vanguard Strategic Equity**	**MCGro**	**Ⓑ**	**Ⓑ**	**Ⓑ**	**6.4**	**3.5**	**18.7**	**21.62**	**17.8**	**0.83**	**fsw**
24	14	45	BPAVX	Robeco Boston Partners All Cap Value	MCVal	B	B	B	4.0	5.3	17.4	14.75	—	—	FW
25	93	223	SCDVX	Scudder Development (closed)	MCGro	H	H	H	7.2	5.7	11.6	20.19	29.2	1.50	FSW
26	30	51	TASCX	Third Avenue Small-Cap Value (1%r<1yr)	SCVal	H	H	H	5.0	3.9	19.1	23.06	19.9	0.85	FSW
27	41	3	RSPFX	RS Partners (closed)	SC	H	H	H	5.3	1.9	23.2	34.41	20.9	0.69	FSW
28	22	114	HAVLX	Harbor Value	LCVal	B	B	B	3.0	6.1	15.5	16.77	18.1	0.94	Fsw
29	83	97	DNLDX	Dreyfus New Leaders	MCGro	H	H	H	5.6	4.9	14.1	43.20	18.6	0.90	FSW
30	49	38	BPMCX	Robeco Boston Partners Mid Cap Value	MCVal	H	H	H	6.1	3.6	16.6	13.07	20.1	0.93	FSW
31	50	166	WPSRX	Westport Small Cap R	SCVal	H	H	H	5.1	5.1	13.9	24.89	18.6	0.85	FSW
32	29	5	FBRVX	FBR Small Cap (closed,1%r<90d)	SCGro	H	H	H	4.5	2.8	20.4	41.08	23.4	0.82	FSW
33	44	17	WEHIX	Weitz Hickory	SC	*	H	H	4.9	3.4	18.2	32.65	29.1	1.38	fSW
34	27	170	NICSX	Nicholas Fund	LC	H	H	H	3.9	6.5	11.5	62.19	16.1	0.84	w
35	141	145	CLSPX	Columbia Mid Cap Growth CIZ	MCGro	*	H	H	8.3	3.5	12.0	20.73	17.7	0.86	FSW
36	91	124	CUEGX	CS Mid Cap Growth (closed)	MCGro	*	H	H	7.3	4.4	11.3	31.49	24.3	1.18	FSW
37	148	71	NMANX	Neuberger Berman Manhattan	MCGro	*	H	H	7.4	3.0	14.1	6.94	23.4	1.15	f
38	9	64	MQIFX	Mutual Qualified (1%) CIZ	MCVal	Ⓗ	Ⓗ	Ⓗ	2.4	4.6	17.5	19.89	13.3	0.61	sw
39	**63**	**117**	**FCNTX**	**Fidelity Contrafund**	**LC**	**H**	**H**	**H**	**5.2**	**4.2**	**14.0**	**58.13**	**11.4**	**0.54**	**Fsw**
40	87	16	BERWX	Berwyn Fund (1%r<180d)	SCVal	H	H	H	6.5	1.1	19.4	28.81	22.3	0.77	fsw
41	69	76	USAUX	USAA Aggressive Growth	MCGro	*	H	H	5.7	3.8	13.7	29.30	21.5	1.00	w
42	32	—	ICSLX	ICAP Select Equity	LCVal	H	H	H	2.8	4.7	15.7	34.95	14.6	0.88	fSw
43	25	34	WGROX	Wasatch Core Growth (closed,2%r<60d)	SCGro	H	H	H	5.8	2.8	15.8	42.89	28.5	1.10	FSW
44	66	43	VEXMX	Vanguard Extended Market Index	MC	H	H	H	6.2	2.6	15.6	31.25	21.5	1.02	fsw
45	173	78	NBNGX	SIT Mid Cap Growth (2%r<30d)	MCGro	*	H	H	8.6	2.5	12.2	11.13	23.5	1.23	FSW
46	122	81	PRNHX	T. Rowe Price New Horizons	SCGro	*	H	H	7.9	2.9	12.3	29.30	28.3	1.30	fsw
47	19	86	VWNFX	Vanguard Windsor II	LCVal	Ⓗ	Ⓗ	Ⓗ	2.3	4.5	16.2	31.32	16.2	0.82	fsw
48	77	36	FFSCX	Forward Hoover Small Cap	SCGro	H	H	H	6.7	1.6	16.5	18.25	20.1	0.85	FSW
49	45	22	FLPSX	Fidelity L P Stock (closed,1.5%r<90d)	SCVal	H	H	H	4.7	2.3	17.7	39.98	18.0	0.75	Fsw
50	153	193	HACAX	Harbor Capital Appreciation	LCGro	H	H	H	8.1	3.0	10.9	29.10	19.0	1.10	Fsw
51	21	112	HOVLX	Homestead Value	LCVal	Ⓗ	Ⓗ	Ⓗ	2.8	4.5	14.8	31.05	16.5	0.81	W
52	59	60	MFOCX	Marsico Focus (2%r<30d)	LCGro	H	H	H	5.0	3.5	13.7	16.50	15.3	0.74	FSW
53	92	54	MGRIX	Marsico Growth & Income (2%r<30d)	G&I	H	H	H	5.5	3.1	14.0	17.61	15.2	0.75	FSW
54	73	154	JAGIX	Janus Growth & Income	LCGro	H	H	H	5.3	3.6	13.1	32.39	15.1	0.87	FSW
55	157	201	PFGRX	Preferred Growth	LCGro	H	H	H	8.1	3.0	10.3	12.27	19.0	1.10	w
56	72	164	CBMDX	C&B Mid Cap Value	MCVal	H	H	H	5.7	3.7	11.8	20.63	19.5	0.83	FSW
57	13	115	BEGRX	Mutual Beacon (1%) CIZ	MCVal	Ⓗ	Ⓗ	Ⓗ	2.0	4.5	15.4	16.29	12.5	0.57	sw
58	34	21	CRMMX	CRM Mid Cap Value Inv	MCVal	Ⓗ	Ⓗ	Ⓗ	3.5	2.6	17.5	25.73	18.9	0.78	FSw
59	146	225	JAOLX	Janus Olympus	LCGro	*	H	H	6.8	3.7	9.8	28.88	19.1	1.04	FSW
60	60	142	FDEQX	Fidelity Disciplined Equity	LC	H	H	H	4.4	3.9	13.0	25.76	14.3	0.81	Fsw
61	15	134	MUTHX	Mutual Shares (1%) CIZ	MCVal	Ⓗ	Ⓗ	Ⓗ	2.2	4.7	14.2	23.54	12.0	0.56	sw
62	90	93	VALSX	Value Line Special Situations	MCGro	S	S	S	5.6	2.8	13.6	24.35	15.4	0.71	FSW
63	18	57	TGDVX	TCW Galileo Diversified Value N	LCVal	H	H	H	3.1	3.2	16.4	13.52	19.8	1.03	FW
64	**54**	**12**	**VISVX**	**Vanguard Small-Cap Value Index**	**SCVal**	**H**	**H**	**H**	**5.5**	**0.6**	**19.1**	**13.77**	**22.4**	**0.90**	**fsw**
65	224	122	UBRRX	Undiscovered Behavioral Growth ($10,000)	MCGro	*	S	S	8.4	1.9	11.3	21.06	28.2	1.15	fW
66	88	58	VLIFX	Value Line Fund	LCGro	S	S	S	6.7	1.5	14.8	13.90	13.1	0.73	FSW
67	23	47	DODGX	Dodge & Cox Stock (closed)	LCVal	Ⓗ	Ⓗ	Ⓗ	2.5	3.5	16.2	129.50	17.6	0.85	sw
68	117	120	BUFMX	Buffalo Mid Cap	MCGro	S	S	S	7.0	3.3	9.6	12.95	—	—	FSW

Bold funds **are currently held in** ***MONEYLETTER*** **model portfolios.**
Advice: B=Buy, H=Hold, S=Sell, Ⓑ, Ⓗ, Ⓢ= 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 06/03 2005	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN 1 mo.	6 mo.	12 mo.	PRICE PER SHARE	RISK Std. Dev.	Beta	NTF/ wtf
69	40	113	LSGIX	Loomis Sayles Value	LCVal	S	S	S	3.0	3.8	14.4	17.47	16.4	0.89	fsW
70	112	100	TMGFX	Turner Mid Cap Growth	MCGro	*	S	S	7.5	2.3	11.4	24.39	29.3	1.45	FSW
71	35	77	BSCFX	Baron Small Cap (closed)	SCGro	S	S	S	4.3	4.1	11.6	22.12	21.5	0.79	FSW
72	**65**	**127**	**FEXPX**	**Fidelity Export & Multinat'l (.75%r<30d)**	**LC**	**H**	**H**	**H**	**4.8**	**3.0**	**13.6**	**19.84**	**20.3**	**1.07**	**Fsw**
73	137	30	VHCOX	Vanguard Cap Opp (closed,$25k,1%r<1yr)	MCGro	*	H	H	8.1	0.8	14.0	30.62	25.3	1.28	fsw
74	95	73	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	H	H	H	5.4	2.3	14.2	49.91	22.1	1.11	fsw
75	156	160	SSMGX	SIT Small Cap Growth (2%r<30d)	MCGro	H	H	H	7.3	2.8	10.2	26.78	21.6	1.10	FSW
76	197	7	MXXIX	Marsico 21st Century (2%r<30d)	LC	S	S	S	7.6	-0.3	17.1	11.45	21.1	0.95	fSW
77	28	95	MPMVX	MSI Mid Cap Value	MCVal	S	S	S	2.8	3.2	15.4	23.57	23.1	1.18	fsw
78	140	44	JAENX	Janus Enterprise	MCGro	S	S	S	6.4	1.9	13.1	37.24	21.4	1.09	FSW
79	43	121	GEVTX	Columbia Disciplined Value Cl Z	LC	S	S	S	2.2	4.0	13.9	14.16	19.8	1.06	fw
80	**80**	**118**	**VUVLX**	**Vanguard U.S. Value**	**LCVal**	**H**	**S**	**S**	**4.1**	**3.0**	**13.6**	**13.85**	**17.3**	**0.87**	**fsw**
81	37	94	VIVAX	Vanguard Value Index	LCVal	S	S	S	2.4	3.2	15.3	21.40	18.6	1.03	fsw
82	24	110	CAMOX	Cambiar Opportunity	LC	H	H	H	2.1	4.0	13.4	16.80	18.4	0.94	FSW
83	165	137	FIDYX	AIM Dynamics Inv (closed)	MCGro	S	S	S	6.8	2.3	10.2	16.38	28.2	1.48	FSw
84	61	75	JMCVX	Janus Mid Cap Value	MCVal	S	S	S	4.1	2.6	13.3	22.32	20.4	0.93	fSw
85	70	50	TRMCX	T. Rowe Price Mid Cap Value	MCVal	S	S	S	4.2	2.0	14.7	22.78	19.8	0.90	fsw
86	106	41	MPSCX	MSI Small Cap Value (closed)	SCVal	S	S	S	5.0	0.9	16.1	22.40	20.7	0.98	fsw
87	111	102	USAAX	USAA Growth	LCGro	S	S	S	6.7	1.6	11.8	13.77	20.9	1.14	—
88	94	56	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	S	S	S	5.1	1.1	15.1	10.10	20.4	0.80	Fsw
89	39	108	GABAX	Gabelli Asset	MC	S	S	S	2.9	2.9	13.7	41.39	17.8	0.91	FSW
90	82	146	LMASX	Legg Mason Special Investment Trust	MC	*	S	S	7.1	1.7	10.2	45.87	30.9	1.33	—
91	78	63	PBSVX	PBHG Small Cap Value	SC	S	S	S	5.1	1.1	14.6	22.09	23.8	1.11	FSW
92	195	212	PBEGX	PBHG Emerging Growth	SCGro	S	S	S	8.9	0.9	9.2	13.06	35.8	1.80	FSW
93	97	—	SSMVX	Wells Fargo Adv SC Value Z (closed)	SC	S	S	S	4.5	0.0	18.2	28.26	18.3	0.88	FSW
94	71	46	HENLX	Henlopen Fund (1%r<30d)	SCGro	S	S	S	4.8	1.5	13.9	30.02	30.9	1.19	FSW
95	120	—	RSGRX	RS Growth (formerly RS Value + Growth)	MCGro	S	S	S	5.8	1.5	12.3	16.62	18.2	0.97	FSW
96	235	91	STDIX	Wells Fargo Advantage Discovery	MCGro	S	S	S	10.8	-1.2	11.7	19.89	19.1	0.86	FSW
97	152	185	SNIGX	SIT Large Cap Growth (2%r<30d)	LCGro	S	S	S	5.5	2.6	10.1	34.29	19.2	1.11	FSW
121	48	15	JSVAX	Janus Contrarian	MC	S	S	S	4.3	-0.6	18.0	12.91	22.3	1.10	SW
123	**134**	**82**	**FDSCX**	**Fidelity Small Cap Ind. (1.5%r<90d)**	**SC**	**H**	**H**	**H**	**5.7**	**1.0**	**11.5**	**19.38**	**16.7**	**0.58**	**Fsw**
125	**162**	**98**	**VEXPX**	**Vanguard Explorer**	**SCGro**	**H**	**H**	**H**	**6.5**	**0.7**	**10.8**	**73.33**	**24.2**	**1.12**	**fsw**

	1 mo.	6 mo.	12 mo.	
Dow Jones	**-2.0%**	**-1.2%**	**2.6%**	*indexes do not include dividends*
NASDAQ	**7.2**	**-3.6**	**5.7**	
S&P 500	**3.0**	**0.4**	**7.1**	

International Stock Funds

RANK 06/03 2005	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN 1 mo.	6 mo.	12 mo.	PRICE PER SHARE	RISK Std. Dev.	Beta	NTF/ wtf
1	1	2	PRLAX	T. Rowe Price Latin America (2%r<90d)	LatinA	*	H	H	9.8%	21.8%	65.7%	$18.11	29.7	—	fsw
2	**2**	**1**	**FLATX**	**Fidelity Latin Amer. (1.5%r<90d)**	**LatinA**	*****	**H**	**H**	**8.6**	**17.2**	**63.4**	**23.16**	**29.8**	**—**	**Fs**
3	4	3	SLAFX	Scudder Latin America (closed,2%r<30d)	LatinA	*	H	H	9.3	16.8	57.3	35.08	27.3	—	Sw
4	**3**	**18**	**TREMX**	**T. Rowe Price Emg Eur & Med (2%r<90d)**	**Europe**	*****	**B**	**B**	**3.7**	**22.1**	**44.4**	**18.32**	**29.2**	**—**	**fw**
5	—	—	PRMSX	T. Rowe Price Emerging Mkts Stk	Int'l	*	B	B	4.4	10.8	38.7	20.42	18.8	—	fsw
6	**6**	**6**	**FEMKX**	**Fidelity Emerging Mkts (1.5%r<90d)**	**Int'l**	*****	**B**	**B**	**4.6**	**10.1**	**36.4**	**13.55**	**—**	**—**	**Fsw**
7	**5**	**4**	**VEIEX**	**Vanguard Emerging Mkts Stk Index (.5%r)**	**Int'l**	*****	**B**	**B**	**4.4**	**7.6**	**36.7**	**15.15**	**22.6**	**—**	**fsw**
8	8	14	PRASX	T. Rowe Price New Asia (2%r<90d)	Pacific	*	B	B	3.4	8.8	33.4	10.51	19.7	—	fsw
9	11	17	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	B	B	3.5	8.1	30.7	17.50	21.1	—	Fsw
10	12	32	AIOIX	Amer.Cent.Intl Opp. (closed,2%r<180d)	Int'l	*	B	B	1.9	10.5	25.5	10.14	20.4	—	—
11	9	8	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	B	B	3.8	6.0	31.4	16.32	23.6	—	FSW
12	28	—	EUROX	US Global Eastern Europe (2%r<180d)	Europe	*	H	H	2.9	3.6	34.0	29.98	26.6	—	FSW
13	19	7	DRFMX	Dreyfus Premier Emerging Market (1%r)	Int'l	*	B	B	3.7	4.4	30.7	19.76	21.6	—	fSw
14	10	11	VINEX	Vanguard Intl Expl (closed,$25k,2%r<60d)	Int'l	*	B	B	1.0	7.2	25.9	16.64	16.3	—	fsw
15	14	5	DREGX	Driehaus Emerging Mkts Gr (2%r<60d)	Int'l	*	B	B	2.7	4.2	31.0	22.83	24.9	—	FSW
16	39	54	DRIDX	Driehaus Intl Discovery (2%r<60d)	Int'l	*	H	H	3.8	7.2	21.3	32.93	21.1	—	FSW
17	**17**	**—**	**PISRX**	**Forward Intl Small Companies (2%r<60d)**	**Int'l**	*****	**B**	**B**	**0.5**	**6.9**	**25.7**	**13.22**	**—**	**—**	**FSW**
18	**13**	**12**	**FIEUX**	**Fidelity Europe (1%r<30d)**	**Europe**	*****	**B**	**B**	**1.2**	**5.3**	**28.2**	**34.61**	**22.5**	**—**	**Fsw**
19	26	25	SCOPX	Scudder Pacific Opp (closed,2%r<30d)	Pacific	*	H	H	3.0	4.8	24.2	13.53	19.0	—	FSW
20	21	13	NBISX	Neuberger Berman Intl (2%r<60d)	Int'l	*	H	H	0.9	5.9	23.8	18.52	16.3	—	fSw
21	**16**	**9**	**DODFX**	**Dodge & Cox Intl Stock**	**Int'l**	*****	**H**	**H**	**1.6**	**4.0**	**26.9**	**30.91**	**23.4**	**—**	**fsw**
22	15	20	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	-0.2	5.8	24.3	17.77	—	—	SW
23	18	10	JVEIX	Janus Intl Equity (1%r<90d)	Int'l	*	H	H	1.0	4.6	25.2	18.30	13.9	—	FSW
24	7	19	FISMX	Fidelity Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	-1.9	6.0	25.3	23.86	—	—	Fw
25	40	52	TBGVX	Tweedy, Browne Glbl Val (closed,2%r<60d)	Global	*	H	H	2.2	7.4	15.2	24.34	11.9	—	fsw
26	24	21	SGSCX	Scudder Gbl Discovery (closed,2%r<30d)	Int'l	*	B	B	3.0	3.9	21.8	35.24	20.1	—	FSW
27	22	22	MACSX	Matthews Asia G & I (closed,2%r<90d)	Pacific	*	H	H	1.3	4.2	23.3	16.26	11.4	—	FSW
28	23	28	MPACX	Matthews Asia Pacific (2%r<90d)	Pacific	*	H	H	1.8	4.3	22.0	12.68	—	—	FSW
29	52	26	JAOSX	Janus Overseas (closed,2%r<90d)	Int'l	*	H	H	3.4	2.3	21.6	24.30	16.5	—	FSW
30	51	47	SCOBX	Scudder Global (closed,2%r<30d)	Global	*	H	H	3.2	3.3	18.7	26.92	12.7	—	FSW
31	57	49	TWGGX	American Century Global Growth (2%r<60d)	Global	*	H	H	3.8	4.0	15.1	7.88	14.1	—	FSW
36	33	—	QFVOX	Quant Foreign Value (1%r<30d)	Int'l	*	S	S	1.2	3.1	20.0	15.38	19.9	—	FSW
40	**31**	**31**	**VTRIX**	**Vanguard International Value (2%r<60d)**	**Int'l**	*****	**H**	**H**	**0.9**	**2.2**	**17.9**	**30.84**	**16.8**	**—**	**fsw**
49	**32**	**27**	**VEURX**	**Vanguard European Stock Index (2%r<60d)**	**Europe**	*****	**H**	**H**	**0.2**	**0.9**	**16.8**	**25.65**	**17.4**	**—**	**fsw**
56	42	15	ARTKX	Artisan Intl Value (2%r<90d)	Int'l	*	S	S	-1.0	0.0	17.5	20.46	—	—	FSW

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

RANK 06/03 2005	1Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN 1 mo.	6 mo.	12 mo.	PRICE PER SHARE	RISK Std. Dev.	Beta	NTF/ wtf
1	**2**	**2**	**EUEYX**	**Alpine U.S. Real Estate Equity CIY**	**RealEs**	*	*	*	**10.5%**	**23.9%**	**51.7%**	**$43.53**	**32.70**	**0.87**	**fSW**
2	4	20	FSENX	Fidelity Energy (.75%r<30d)	NatRes	*	*	*	6.5	21.3	46.9	37.90	22.10	0.70	Fsw
3	**1**	**1**	**FSHCX**	**Fidelity Med Del (.75%r<30d)**	**Health**	*	*	*	**4.7**	**19.9**	**52.4**	**48.39**	**23.10**	**0.07**	**Fsw**
4	7	12	FSESX	Fidelity Energy Services (.75%r<30d)	NatRes	*	*	*	7.3	18.2	49.0	48.72	46.40	1.18	Fsw
5	8	8	FSNGX	Fidelity Natural Gas (.75%r<30d)	Utility	*	*	*	7.5	17.2	49.0	31.68	27.70	0.61	Fsw
6	5	18	VGENX	Vanguard Energy (1%r<1yr)	NatRes	*	*	*	5.4	17.7	44.4	46.09	24.50	0.64	fsw
7	15	14	RYVIX	Rydex Energy Services	NatRes	*	*	*	7.0	14.9	44.0	29.67	37.90	1.15	fsw
8	14	21	RYEIX	Rydex Energy	NatRes	*	*	*	5.7	15.1	40.8	17.00	21.30	0.66	fsw
9	3	3	CGMRX	CGM Realty	RealEs	*	*	*	4.3	15.6	39.1	30.66	17.50	0.21	sw
10	16	29	FNARX	Fidelity Natrl Resources (.75%r<30d)	NatRes	*	*	*	5.7	13.8	35.8	19.16	21.90	0.78	Fsw
11	18	13	FSHOX	Fidelity Const & Housing (.75%r<30d)	Cycls	*	*	*	10.0	11.1	32.0	44.71	24.40	0.80	Fsw
12	12	9	ICENX	ICON Energy	NatRes	*	*	*	5.0	9.6	41.2	25.57	24.60	0.67	FSW
13	17	17	PRNEX	T. Rowe Price New Era	NatRes	*	*	*	4.4	8.3	35.8	35.73	18.80	0.55	fsw
14	25	43	RYUIX	Rydex Utilities	Utility	*	*	*	3.7	11.5	23.7	24.72	20.80	0.60	fsw
15	6	4	CSRSX	Cohen & Steers Realty Shares (1%r<180d)	RealEs	*	*	*	4.7	5.4	36.7	70.86	14.60	0.23	FSW
16	9	6	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	4.6	5.7	35.1	30.15	13.90	0.20	Fsw
17	11	37	ICHCX	ICON Healthcare	Health	*	*	*	2.8	12.5	20.4	17.14	16.00	0.49	FSW
18	10	5	TRREX	T. Rowe Price Real Estate (1%r<180d)	RealEs	*	*	*	5.0	5.2	34.3	18.12	13.70	0.16	fsw
19	19	32	FSDAX	Fidelity Defense & Aero (.75%r<30d)	Cycls	*	*	*	4.3	7.2	28.6	70.20	19.50	0.76	Fsw
20	34	11	FWRLX	Fidelity Wireless (.75%r<30d)	Tech	*	*	*	10.5	3.2	26.4	6.09	33.90	1.65	Fsw
21	29	35	ICTUX	ICON Telecommunications & Utilities	Utility	*	*	*	4.3	7.6	23.2	7.50	15.30	0.68	FSW
22	13	10	VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	4.6	4.2	31.0	18.96	13.70	0.14	fsw
23	58	62	FSRPX	Fidelity Retailing (.75%r<30d)	Consmr	*	*	*	9.3	6.5	16.2	51.82	19.80	0.89	Fsw
24	21	31	VGPMX	Vanguard Precious Metals (closed,1%r<1yr)	NatRes	*	*	*	3.5	2.9	31.4	17.02	32.70	0.56	fsw
25	33	23	FSUTX	Fidelity Utilities Growth (.75%r<30d)	Utility	*	*	*	3.2	4.3	26.5	41.20	17.50	0.95	Fsw
26	30	26	PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	7.4	4.2	20.0	28.87	30.00	1.53	fsw
27	61	80	RYRIX	Rydex Retailing	Consmr	*	*	*	8.7	6.0	10.0	12.61	20.50	0.95	fsw
28	24	75	FSPHX	Fidelity Health Care (.75%r<30d)	Health	*	*	*	2.3	10.3	7.9	135.20	15.30	0.28	Fsw
29	20	19	CSEIX	Cohen & Steers Equity Income (1%r<180d)	RealEs	*	*	*	3.8	2.2	24.4	17.10	13.10	0.13	FSW
30	23	74	VGHCX	Vanguard Health (closed,$25k&1%r<1yr)	Health	*	*	*	1.7	8.8	10.5	132.20	15.00	0.37	fsw
31	38	30	FSLBX	Fidelity Brokerage (.75%r<30d)	FinServ	*	*	*	7.4	2.5	17.4	55.64	30.80	1.47	Fsw
32	63	93	FSELX	Fidelity Electronics (.75%r<30d)	Tech	*	*	*	11.8	5.0	1.4	39.82	51.20	2.32	Fsw
33	26	22	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	4.1	1.1	22.7	35.96	13.20	0.17	fsw
34	35	25	FCYIX	Fidelity Cyclical Ind (.75%r<30d)	Cycls	*	*	*	4.9	1.0	21.5	18.32	22.00	0.98	Fsw
35	40	27	RYLIX	Rydex Leisure	Consmr	*	*	*	4.9	2.6	16.3	30.44	22.00	1.10	fsw
36	27	59	FSMEX	Fidelity Medical Equip (.75%r<30d)	Health	*	*	*	1.8	6.7	9.3	24.16	15.50	0.29	Fsw
37	28	15	ICBMX	ICON Materials	Cycls	*	*	*	3.1	-0.8	24.7	9.85	22.30	0.94	FSW
38	47	44	FSAIX	Fidelity Air Transport (.75%r<30d)	Cycls	*	*	*	6.5	0.4	16.5	34.73	28.50	1.14	Fsw
39	37	51	FDFAX	Fidelity Food & Agr (.75%r<30d)	Consmr	*	*	*	2.6	4.3	11.6	51.10	15.50	0.21	Fsw
40	57	63	FSCPX	Fidelity Consumer Ind (.75%r<30d)	Consmr	*	*	*	5.8	2.9	9.4	24.61	14.00	0.66	Fsw
41	32	84	RYHIX	Rydex Health Care	Health	*	*	*	1.8	7.0	5.2	13.31	15.50	0.31	fsw
42	55	72	FSLEX	Fidelity Environmental Ser (.75%r<30d)	Cycls	*	*	*	7.8	2.2	8.1	14.21	19.70	0.59	fsw
43	**42**	**55**	**FBALX**	**Fidelity Balanced**	**Hybrid**	**B**	*	*	**3.8**	**2.8**	**12.4**	**17.90**	**10.50**	**0.54**	**Fsw**
44	22	7	FSCHX	Fidelity Chemicals (.75%r<30d)	Cycls	*	*	*	1.0	-1.8	27.9	65.40	21.60	0.82	Fsw
45	72	87	ICCCX	ICON Consumer Discretionary	Consmr	*	*	*	6.7	2.9	7.2	14.09	27.70	1.13	FSW
46	41	33	ICTRX	ICON Industrials	Cycls	*	*	*	5.2	-0.3	16.5	11.80	19.30	0.88	FSW
47	31	58	FSPCX	Fidelity Insurance (.75%r<30d)	FinServ	*	*	*	3.4	3.2	8.1	61.66	27.70	0.56	Fsw
48	**46**	**64**	**VBINX**	**Vanguard Balanced Index**	**Hybrid**	**B**	*	*	**2.8**	**2.0**	**9.4**	**19.45**	**10.70**	**0.57**	**fsw**
49	70	41	FDLSX	Fidelity Leisure (.75%r<30d)	Consmr	*	*	*	6.9	-0.6	9.5	73.85	21.20	1.10	Fsw
50	60	71	FBMPX	Fidelity Multimedia (.75%r<30d)	Consmr	*	*	*	5.3	1.8	5.7	44.56	21.80	1.08	Fsw
51	49	16	FSRFX	Fidelity Transportation (.75%r<30d)	Cycls	*	*	*	5.1	-4.3	20.9	40.21	23.00	0.88	Fsw
52	67	36	FSTCX	Fidelity Telecomm (.75%r<30d)	Utility	*	*	*	7.3	-3.0	13.5	35.98	25.00	1.38	Fsw
53	68	83	PRSCX	T. Rowe Price Science & Tech	Tech	*	*	*	9.3	-0.9	5.0	18.98	39.20	2.41	fsw
54	39	85	BRMIX	AXARosenberg Value L/S (2%r<30d)	Value	*	*	*	0.5	3.7	6.5	10.30	18.90	-0.58	fSW
55	**45**	**79**	**GATEX**	**Gateway Fund**	**Altern**	**B**	*	*	**1.9**	**2.5**	**7.3**	**24.80**	**7.84**	**0.40**	**FSW**
56	50	56	ICLEX	ICON Leisure & Consumer Staples	Consmr	*	*	*	2.7	0.4	11.3	12.62	21.20	0.88	FSW
57	74	82	FSPTX	Fidelity Technology (.75%r<30d)	Tech	*	*	*	10.8	-1.8	4.1	59.30	46.60	2.14	Fsw
58	48	70	RYCIX	Rydex Consumer Products	Consmr	*	*	*	1.9	2.9	5.3	30.56	15.90	0.52	fsw
59	78	86	FDCPX	Fidelity Computers (.75%r<30d)	Tech	*	*	*	11.1	-2.1	3.0	34.53	41.20	2.09	Fsw
60	43	34	FSDPX	Fidelity Indust Matrls (.75%r<30d)	Cycls	*	*	*	1.5	-2.9	19.0	37.24	23.00	0.87	Fsw
61	59	49	FSCGX	Fidelity Industrial Equip (.75%r<30d)	Cycls	*	*	*	4.2	-1.5	10.4	25.29	22.90	1.11	Fsw
62	84	40	FSDCX	Fidelity Developing Comm (.75%r<30d)	Tech	*	*	*	13.1	-5.9	7.9	18.17	37.00	1.72	Fsw
63	51	89	MERFX	Merger Fund (closed,2%r<30d)	Altern	*	*	*	1.2	2.1	1.7	15.50	6.84	0.14	FSW
64	86	65	FSCSX	Fidelity Software (.75%r<30d)	Tech	*	*	*	9.1	-4.2	5.2	49.50	52.00	2.14	Fsw
65	36	90	FPHAX	Fidelity Pharmaceuticals (.75%r<30d)	Health	*	*	*	0.2	3.1	-0.3	8.82	—	—	Fsw
66	73	24	RYPIX	Rydex Transportation	Cycls	*	*	*	6.0	-6.5	14.9	22.15	20.80	0.76	fsw
67	52	38	RYFIX	Rydex Financial Services	FinServ	*	*	*	3.2	-2.9	8.2	11.58	24.10	0.93	fsw
68	80	50	RIAFX	RS Internet Age	Tech	*	*	*	11.5	-5.6	2.0	6.69	59.30	2.65	FSW
69	44	28	RYBIX	Rydex Basic Materials	Cycls	*	*	*	0.8	-5.0	16.2	28.54	23.40	0.90	fsw
98	88	96	RYJUX	Rydex Juno	Altern	*	*	*	-3.0	-9.9	-18.0	17.59	12.7	0.28	Fsw

Q ***I am a MONEYLETTER Plus subscriber and was wondering if you could provide an explanation of Beta and Standard Deviation.***

— J.H., Oak Lawn, IL

A **In *MONEYLETTER*, we concentrate on two of the most popular risk measures: Beta and Standard Deviation.**

Beta is defined as the volatility of a security or portfolio as measured against the market or portfolio benchmark. For stock mutual funds, beta is most often calculated by comparing the performance of that fund versus the S&P 500 index over a three-year period. Thus, beta is considered a relative measure of risk.

The more sensitive a fund's returns are compared to those of the index, the higher the beta. By definition the market's beta is always one, so any fund with a beta greater than one is more volatile than the market; conversely, a beta less than one means the fund is less volatile than the market. More specifically, if a particular mutual fund has a beta of 1.5, and the S&P 500 gains 10% for a certain period, that fund should – on average – go up by 15%.

One drawback of using beta is that it is crucial to have a relevant benchmark. Take the bottom-performing fund in our Specialty List, Rydex Juno (RYJUX) for example (it's ranked #98, and for this issue we've included on the bottom of page six for the purposes of this article). Rydex Juno has a beta of 0.28, which might lead you to believe that it is not a risky fund. But since the fund's objective is to act as the inverse of the 30-year T Bond, its returns have very little to do with the S&P 500, which is used to calculate beta. In fact, since the beginning of 2003 this fund has underperformed the S&P 500 by about 57%!

Standard deviation, when applied to investments, is defined as the spread of returns around the mean or average return. So, as the standard deviation increases relative to the average return of the fund you can expect a higher volatility in returns, and a less certain result. Of course, one should remember that standard deviation measures volatility of returns on the upside and downside equally. Therefore, a security or portfolio with a high standard deviation does not necessarily have more downside risk, although in the real world of investing wider swings usually lead to larger declines as well as larger gains.

An example may help us understand the concept better. In two separate classrooms, three students each were given a test. In classroom "A" the scores were 50, 70, and 90. In classroom "B" the scores were 65, 70, and 75. In both classrooms the average score was 70. But without detailing the mathematical equation, the standard deviation of scores in classroom A is 16.33; while in classroom B it is only 4.08. Intuitively, that makes sense since there was a wider range of scores in classroom A.

One caveat: unlike beta, standard deviation is not a relative measure of risk, so for a mutual fund it should be compared against the standard deviation of funds with similar objectives. $

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	2.60%	2.58%	1.48%
Gabelli US Treasury MMF	2.59	2.55	1.37
Fidelity Spartan US Treas MMF	2.47	2.43	1.38
Amer Century Capital Presv Fund/Inv	2.41	2.38	1.27
RMK Select Treas MMF/Cl A	2.35	2.24	1.12
HSBC Investor US Treas MM/Cl D	2.28	2.20	1.16
JPMorgan 100% US Treas MMF/Morgan	2.26	2.22	1.12
US Treasury MF of America/Cl A	2.24	2.22	1.08
T. Rowe Price US Treasury MF	2.23	2.22	1.16
CMA Treasury Fund RIC	2.22	2.16	1.08

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	3.07%	3.04%	1.88%
Scudder MM Series Premium/AARP	2.94	2.93	1.76
Scudder MM Series Prime Reserve/AARP	2.89	2.88	1.67
TIAA-CREF Money Market Fund	2.82	2.78	1.61
Vanguard Prime MMF/Retail	2.78	2.74	1.62
Wells Fargo Adv Heritage MF/Admin	2.78	2.64	1.50
SSgA MMF/Cl A	2.75	2.72	1.50
BB&T Prime MMF/Instit	2.74	2.67	1.44
AIG Money Market Fund/Cl B	2.72	2.68	1.55
MainStay Cash Reserves Fund/Cl I	2.72	2.64	1.40
Marshall MMF/Investor Class	2.72	2.68	1.53

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	2.87%	2.89%	1.54%
Vanguard Tax-Exempt MMF	2.74	2.72	1.47
Fidelity Tax Free Money Market	2.51	2.50	1.16
Dreyfus BASIC Muni MMF	2.49	2.45	1.17
Fidelity Municipal MMF	2.49	2.47	1.18
USAA Tax Exempt MMF	2.49	2.47	1.19
Scudder Tax-Exempt Money Fund	2.46	2.45	1.17
Amer Century T-F MMF/Inv Class	2.44	2.42	1.18
Excelsior T-E Money Fund	2.41	2.37	1.08
Scudder T-E Cash Managed Shares	2.41	2.38	1.20

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard PA Tax-Exempt MMF	2.76%	2.75%	1.44%
Vanguard OH Tax-Exempt MMF	2.75	2.73	1.45
Vanguard CA Tax-Exempt MMF	2.69	2.68	1.44
Vanguard NJ Tax-Exempt MMF	2.69	2.68	1.42
Vanguard NY Tax-Exempt MMF	2.68	2.64	1.42
Fidelity PA Municipal MMF	2.48	2.46	1.12
Fidelity CA Municipal MMF	2.47	2.44	1.07
Fidelity FL Municipal MMF	2.47	2.46	1.13
Fidelity MI Municipal MMF	2.46	2.42	1.07
Fidelity NY Municipal MMF	2.46	2.45	1.08

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 5/31/05. 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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Bridgeway: Serving the "Four Corners"

Bridgeway Funds, and its founder John Montgomery, are perhaps best known in the mutual funds business for the successful, quantitative–based management of no-load small-cap and micro-cap funds. But bowing to requests from its individual investors and broker-dealers, on October 31, 2003, Bridgeway launched its "Four Corners" portfolios. Referring to the four corners of a mutual fund style box, these funds are in the small-cap growth and value, and large-cap growth and value categories.

All told, Bridgeway offers eleven different mutual funds, of which three are currently closed to new investors. In addition to a number of micro- and small-cap funds, and a couple of all-cap funds, Bridgeway offers a balanced fund and one that seeks to match the return of very large blue chip stocks. The addition of the "Four Corners" portfolios gave Bridgeway a more complete line-up.

Integrity first

Over the past several years, a number of mutual fund families have come under fire for inappropriate and unethical practices. Bridgeway lives by a "Code of Ethics" that focuses first on integrity, to be specific, "to uphold the highest standards of integrity." Financial performance comes second: to "maintain a long term risk-adjusted investment performance record in the top 5% of investment advisors. After integrity and performanc, Bridgeway pledges to provide quality customer service and achieve a superior cost structure.

By-the-numbers

John Montgomery believes he can find better investment opportunities by crunching numbers than by many methods favored by other managers, such as company visits, competitive analysis, etc. However, he plays his cards close to the vest, sharing little about the actual screens he uses. To be sure, they include various measures of value, growth, and momentum. And he does have two analysts that assist him in testing new variables and developing new computer models.

One side effect of the quantitative process is that the portfolios can become heavily tilted to one particular sector. Note the heavy consumer exposure of both of the portfolios, below. Turnover is generally modest, and the two funds hold an average of 100 stocks in their portfolios.

Bridgeway Small-Cap Growth (BRSGX)

In its first full year of operation, 2004, this fund finished about in the middle of the small-cap growth pack (as tracked by Morningstar) with a total return of 11.6%. It is faring better this year. A 1.75% return through June 3 puts it ahead of 97% of its peers. According to the fund, most is its winning stocks were propelled by strong earnings growth. LCA-Vision, which operates laser eye surgery centers, is a big winner for the fund this year, up nearly 90%. It is expanding rapidly and has repeatedly hiked earnings guidance. Other strong performers include Hansen Natural Corp., a maker of bottled and canned teas, juices, and energy drinks, and Titanium Metals, which is benefiting from increased demand for titanium.

Top Five Holdings & Sectors (% of Assets)

Cognizant Technology	3.3	Consumer Non-Cyclical	30.3
Urban Outfitters	2.9	Consumer Cyclical	20.8
Ceradyne	2.6	Industrial	15.9
JB Hunt Transport	2.6	Communications	12.8
LCA-Vision	2.5	Technology	7.7

As of March 31, 2005

Bridgeway Small-Cap Value (BRSVX)

The Small-Cap Value fund got off to a slow start in 2003. A 2004 calendar year return of 17.3% left it in the bottom 20% of its category, and it lagged its benchmark, the Russell 2000 Value Index. Still, its problems were pretty much behind it by mid-2004. If you look at the trailing one-year return (through June 3), its 23.3% return outpaces all but 4% of its competitors. For the year-to-date, a 2.0% return bests 93% of its peers. This year, a number of retailers that specialize in quality merchandise at reasonable prices have appreciated: Stein Mart, Cost-U-Less, and Men's Wearhouse. On the negative side, airline stock Northwest, and Bluegreen, which sells timeshares and real estate in resort communities, have been recent disappointments and are no longer in the portfolio.

Top Five Holdings & Sectors (% of Assets)

Maverick Tube	2.1	Consumer Cyclical	22.2
Commercial Metals	2.0	Industrial	19.5
Beverly Hills Bancorp.	1.8	Financial	13.9
Stein Mart	1.6	Energy	0.3
Steelcase	1.6	Communications	8.2

As of March 31, 2005

In the next issue, we'll take a look at the remaining "Four Corners" portfolios, Bridgeway Large-Cap Growth and Bridgeway Large-Cap Value. $

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