26 years
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Going Deeper Abroad

by Walter S. Frank, Chief Investment Officer

We are recommending an allocation change for Venturesome and Moderate investors. The change does not, repeat does not, apply to Conservative investors. The recommendation is for a 10% increase in the international allocation for Venturesome and Moderate investors and a commensurate 10% decrease in the domestic allocation for those same investors.

The new allocations are: **Venturesome—60%** domestic stock funds. 40% international stock funds; **Moderate—** 40% domestic stock funds, 30% international stock funds, 20% bond funds, and 10% money funds.

Here are the changes we will be making to the model portfolios. ***MONEYLETTER* Venturesome**—Sell $13,000 of RS Value, buy $13,000 of T. Rowe Price New Asia. **Fidelity Venturesome**—Sell all of Fidelity Small Cap Independence, buy Fidelity Southeast Asia with the proceeds. **Vanguard Venturesome**—Sell $12,000 of Vanguard Small Cap Value, buy $12,000 of Vanguard International Value with the proceeds.

***MONEYLETTER* Moderate** – Sell $8,000 of Fidelity Leveraged Stock; also sell $6,000 of RS Value. Buy $14,000 of T. Rowe Price Emerging Markets Stock. **Fidelity Moderate**—Sell $13,000 of Fidelity Focused Stock. Buy $6,000 of Fidelity Europe and $7,000 of Fidelity Emerging Markets. **Vanguard Moderate**—Sell $6,000 of Vanguard Mid-Cap Index; also sell $6,000 of Vanguard Small-Cap Value. Buy Vanguard Emerging Markets Index with the proceeds.

Why the move?

We are making the move for a number of reasons. Foremost among them is the policy of raising interest rates now being followed by the Federal Reserve ("withdrawing accommodation"). The Fed is not raising interest rates for the joy of raising rates. Rather the central bank has a somewhat amorphous goal in mind. The goal is to raise interest rates to a point where monetary policy is no longer accommodative.

The criteria the Fed will use to decide when policy is no longer accommodative is not clear, to us at least. Whatever the case, it must mean that monetary conditions will then have more bite than they have now or did have in the period before the Bank began its rate campaign. And that, in turn, implies some slowing of the economy before the rate campaign ends.

Slower growth and tighter monetary conditions obviously are not the ingredients for a robust bull market. The outlook for the monetary conditions the market will face going forward is one reason for trimming the domestic allocation.

Another is the profit outlook. Profits have done unexpectedly well so far this year, and analysts' estimates have been too pessimistic. But some of the overall profit gains are due to the huge (and unforeseen) gains of the oil industry. Presumably oil's gains will taper off. The analysts, and history, tell us that profit gains will not keep up the two-digit pace in a one-digit economy at this stage of our recovery. Throw in the Fed slowing the economy for good measure.

Do not misunderstand. The outlook for profits is still positive. Just not as positive as it has been. We still expect profits to grow over the quarters ahead, but to grow at a rate closer to analysts' expectations, and that means at a 5-6% rate. We remain positive on the outlook for the U.S. market looking out over the next six months. Still the market is facing headwinds, and is not as attractive as it was.

The other side

We have written, perhaps too often, about the growth that is radiating from China and India. Their growth has enveloped much of the developing world, in part through commodity imports (think Brazil). Elsewhere, too, such as in Russia and Eastern Europe, we are witnessing fairly rapid growth, growth faster than anything occurring in the developed world.

Needless to say, investors have noticed and markets in the developing world have boomed. Just take a look at the 12-month total return in our international stock fund list.

As you can easily see, the funds we are switching into generally invest in developing markets. We think that is still the way to go despite the gains of those markets over past two years. Rapid growth is continuing, and the price is still right (see the accompanying article).

(continued on page 2)

Market Trends

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

(continued from page 1)

There is, of course, always the issue of risk when going from a market such as the U.S. or Western Europe to smaller market countries with perhaps more political volatility. There is no question that the risk profile of the portfolios has increased, but we do not believe unduly so. In return, the reward profiles of the portfolios has also increased. Overall we believe the tradeoff strongly favors the move.

The bottom line is that we are moving the growth portfolios more toward markets where growth will continue to proceed unhindered and away from the market where growth is also welcome, but within limits.

Growing Up
(An Emerging Markets Overview)

As readers of *MONEYLETTER* know we have been advocating a modest position in emerging market funds for growth investors since early this year. We now have emerging market funds in all of our Venturesome portfolios, and, with our new allocation recommendations, in all of our Moderate portfolios.

About one month ago, Christopher Alderson, Portfolio Manager and Head of Emerging Markets at T. Rowe Price International, presented his views on the outlook for the emerging markets in an interview we had the opportunity to read. We should remind you that the funds overseen by Mr. Alderson are some of the best performing emerging market funds available.

What struck us the most about the interview is Alderson's overall view of the emerging markets universe as being much more stable than it had been in the past. This is a world that, in his eyes, is no longer the wild west of the investment world. The risks are not what they were.

Where does this stability come from? First, of course, there is the rapid growth of China and India, but also Russia and Brazil. 0ur own view is that currency reform has helped. Lessons were learned from the Asian and Russian currency crises (devaluations) of the mid-90s and now currencies float and financial crises are avoided.

For whatever reason, inflation, formerly the bane of the emerging market universe, is low. Alderson notes that inflation in Asia averages 3%–4%, while in central Europe it is about 2%. Combine rapid growth with low inflation, and then throw in an improved corporate universe. Management is better. In Alderson's own words, "Many more companies now quote their shares on international exchanges so regulation is much better." This justifies the sense that the emerging market world is growing up. "It's a more sensible place to invest than it was 10 years ago," he concludes.

Valuation

This brings us to the all-important point of valuations. Yes, there is rapid growth, but there has also been rapid price appreciation. How do they balance out now?

"The whole emerging markets index is valued at 12 times earnings," says Alderson. When we consider earnings growth, that is still a reasonable multiple in Alderson's opinion and we agree fully. Emerging markets are still a good buy, if not the raging bargains they were one or two years ago.

Looking at the individual regions or countries within the emerging market universe, Alderson has a perspective that we find a bit surprising. As he points out five year ago who would have thought that the Latin American markets (really Brazil and Mexico) would have decidedly outperformed the Asian markets? But such is the case.

Going forward, Alderson still likes Latin America (a region we have avoided). It is not merely commodity exports either. It is that solid economic policies have been followed in Brazil by both the left-wing government and the central bank. "Its another example of inflation coming down and interest rates coming down a lot," Alderson remarked. The economic performance in Mexico also passes muster in Alderson's opinion.

Looking at emerging markets growth overall, while Alderson sees China slowing from the 9% growth of the last three years, he does see growth holding at a still very rapid 7%. As for India, he sees growth at only a slightly less rapid 6%. Keep in mind, the U.S. speed limit is 3%-3.5%. But as Alderson also points out, it is not just growth that matters, but also how much of that growth shows up in the bottom line. On that basis, among others, he prefers India.

Are there headwinds? Certainly. The sector has been discovered. Funds are rolling in. Higher U.S. interest rates present competition for investors. But, all in all, we still find the growth rates alluring at current valuations. We should not expect the returns of the past, but those of the future should still remain superior. $

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Oil Does It Again

The August market has been dominated by the Fed, oil and the heat, not necessarily in that order. In the short-run, it is oil that has been weighing most heavily on the markets. While we all expected oil prices to rise (think back to all the talk about low refining capacity just a short time ago) whenever prices jump, it comes as a shock. And the market has finally reacted as expected to the shock.

The reaction has come with a delay. When oil hit $60 we remarked that the market was unfazed. Good economic news trumped oil as far as the market was concerned. We spoke too soon.

Oil had help from the Federal Reserve, which raised interest rates again on August 9th, putting the overnight bank rate at 3.5%. The increase was no surprise to any one, but there appeared to be some who expected the Fed to offer soothing words hinting at a near-end to the rate increases. They need to think again.

The economy recently has been much too strong for the Fed to be signaling they have finished. Thanks to the auto industry, we have had a boom in auto sales and a trimming of auto inventories to a very low level. That is not the stuff of moderation. Quite apart from the auto industry, we saw a strong increase in July employment. The economy appears to be picking up steam after the slow going earlier.

This is both good news and less good news. The good news is obvious. The less good news concerns the Federal Reserve. In our view, as we have implied earlier in *MONEYLETTER*, the Fed's goal is to get the economy running at it speed limit of 3%–3.5%, no more no less. Wall Street speculates about what interest rate will do that, and assumes that is the Fed's target rate. We think the speculation is misguided. We don't think there is a target rate. The target is the economy's behavior. Though we do not expect it, the Fed can overdo.

Turning to the market, valuations remain attractive. But the Fed can jumble the outlook, if the economy does not cooperate. Too rapid growth is the last thing we need. Higher long-term rates and some cooling in housing, odd as it sounds, will keep this bull market munching contentedly.

Fund changes

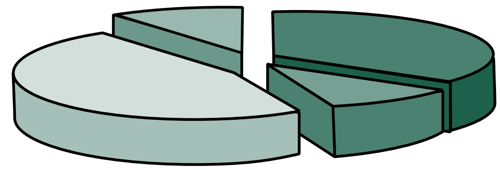
The Hotline of Tuesday, August 2nd recommended the sale of Fidelity Contrafund in the Fidelity Venturesome and Moderate portfolios with the proceeds to be switched into Fidelity Mid-Cap Stock Fund. Here ae the details as of Wednesday August 3rd. **Fidelity Venturesome**—Sold 381 shares of Contrafund @ $61.92 per share. Purchased 930 shares of Mid-Cap Stock @ $25.68 per share. **Fidelity Moderate**—Sold 221 shares of Contrafund. Purchased 534 shares of Mid-Cap Stock.

For the Select Portfolio, the Hotline of Tuesday, August 16th recommended the sale of Alpine U.S. Real Estate Securities to be swapped into Fidelity Energy.

Details of this new transaction and those recommended on page 1 will appear in the next issue. $

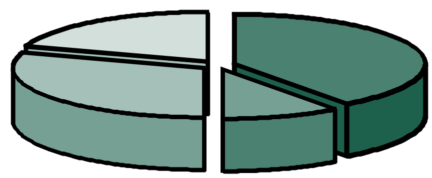
CONSERVATIVE

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



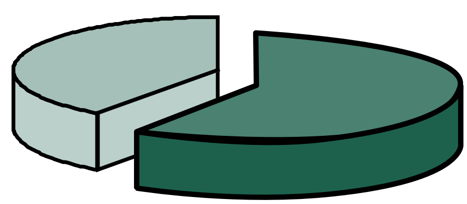
MODERATE

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



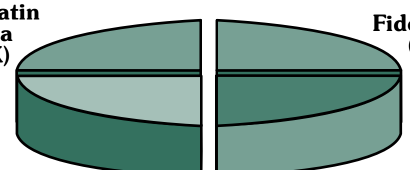
VENTURESOME

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



SELECT

Seeks maximum long-term growth by assertively upgrading fund positions



Domestic Stock Funds

RANK 08/12 2005	1Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN 1 mo.	6 mo.	12 mo.	PRICE PER SHARE	RISK Std. Dev.	Beta	NTF/ wtf
1	2	1	CGMFX	CGM Focus	SCVal	*	B	B	4.0%	15.5%	49.9%	$36.47	37.9	1.03	fsw
2	**5**	**4**	**BRAIX**	**Bridgeway Aggressive Investors 2**	**MCGro**	*****	**B**	**B**	**2.8**	**10.6**	**52.0**	**15.99**	**—**	**—**	**fsw**
3	—	—	WWNPX	Kinetics Paradigm (2%r<30d)	MC	H	H	H	2.4	14.0	39.5	20.01	11.7	0.63	FSw
4	8	—	BRSGX	Bridgeway Small Cap Growth	ScGro	B	B	B	1.2	12.5	42.2	12.77	—	—	fsw
5	13	83	SSMGX	SIT Small Cap Growth (2%r<30d)	MCGro	B	B	B	2.0	12.2	41.0	29.72	21.6	1.10	FSW
6	3	—	BRSVX	Bridgeway Small Cap Value	ScVal	B	B	B	0.8	10.0	47.6	13.61	—	—	fsw
7	78	37	TWHIX	American Century Heritage	MCGro	Ⓑ	Ⓑ	Ⓑ	3.1	11.7	36.5	13.31	15.4	0.76	FSW
8	149	211	LMOPX	Legg Mason Opportunity Trust (1%r<1yr)	MC	*	H	H	3.1	12.7	31.7	16.34	35.1	1.48	—
9	**20**	**—**	**RSVAX**	**RS Value**	**MC**	**B**	**B**	**B**	**1.6**	**9.9**	**40.7**	**24.17**	**18.6**	**0.60**	**FSW**
10	9	14	NPRTX	Neuberger Berman Partners	LCVal	B	B	B	1.3	10.2	40.1	28.53	20.7	1.10	fSw
11	34	32	MPEGX	MSI Mid Cap Growth	MCGro	*	Ⓑ	Ⓑ	3.0	9.9	38.1	23.07	22.2	1.17	fsw
12	133	149	JAVLX	Janus Twenty (closed)	LCGro	H	H	H	2.3	13.4	30.0	46.94	17.3	0.93	FSW
13	**1**	**7**	**ARTQX**	**Artisan Mid Cap Value**	**MCVal**	**B**	**B**	**B**	**-0.3**	**11.5**	**37.3**	**19.39**	**19.8**	**0.87**	**FSW**
14	14	15	RSPFX	RS Partners (closed)	SC	B	B	B	2.2	8.7	40.3	38.06	20.9	0.69	FSW
15	**6**	**16**	**FTQGX**	**Fidelity Focused Stock (.75%r<30d)**	**LC**	*****	**B**	**B**	**1.9**	**10.1**	**36.6**	**11.45**	**17.2**	**1.00**	**Fw**
16	11	46	NBGNX	Neuberger Berman Genesis (closed)	SC	B	B	B	1.2	11.5	34.0	33.71	15.5	0.63	fSw
17	**4**	**2**	**FLVCX**	**Fidelity Leveraged Co ($10k,1.5%r<90d)**	**MC**	*****	**B**	**B**	**0.7**	**7.3**	**45.3**	**25.43**	**36.3**	**1.39**	**Fw**
18	**10**	**3**	**BPTRX**	**Baron Partners**	**MCGro**	*****	**B**	**B**	**1.0**	**6.2**	**47.6**	**17.93**	**28.6**	**1.26**	**FSW**
19	70	—	SSMVX	Wells Fargo Adv SC Value Z (closed)	SC	H	H	H	3.5	8.5	38.0	31.55	18.3	0.88	FSW
20	44	108	NEEGX	Needham Growth Fund (.75%r<30d)	SCGro	B	B	B	3.0	9.3	35.6	33.66	25.7	1.19	FSW
21	**61**	**111**	**FMCSX**	**Fidelity Mid-Cap Stock (.75%r<30d)**	**MCGro**	**H**	**H**	**H**	**2.9**	**9.9**	**33.2**	**25.49**	**20.9**	**1.05**	**Fsw**
22	26	25	JSVAX	Janus Contrarian	MC	H	H	H	2.9	8.7	36.1	14.19	22.3	1.10	SW
23	**12**	**19**	**TAVFX**	**Third Avenue Value (1%r<60d)**	**SC**	**H**	**H**	**H**	**2.1**	**9.8**	**34.0**	**58.11**	**17.2**	**0.79**	**FSW**
24	24	39	UBRRX	Undiscovered Behavioral Growth ($10,000)	MCGro	*	H	H	1.7	7.9	38.7	22.53	28.2	1.15	fW
25	—	—	JORNX	Janus Orion	MC	H	H	H	2.0	10.2	32.0	7.68	—	—	FSW
26	58	48	CLSPX	Columbia Mid Cap Growth CIZ	MCGro	H	H	H	2.1	8.0	37.2	22.33	17.7	0.86	FSW
27	7	8	MOPIX	MainStay Small Cap Opportunity (closed)	SCVal	B	B	B	-0.9	9.0	39.0	20.17	17.5	0.63	FSW
28	110	167	TGSCX	TCW Galileo Small Cap Growth	MCGro	*	H	H	3.3	7.9	35.1	16.86	37.3	1.83	FSW
29	23	128	SCDVX	Scudder Development (closed)	MCGro	*	H	H	1.2	9.9	33.2	21.67	29.2	1.50	FSW
30	**17**	**29**	**VIMSX**	**Vanguard Mid-Cap Index**	**MC**	**B**	**B**	**B**	**1.0**	**8.8**	**35.9**	**17.00**	**20.1**	**0.97**	**fsw**
31	30	—	FAIRX	Fairholme Fund	MC	H	H	H	2.1	10.3	29.6	25.14	10.5	0.48	fsw
32	87	56	STDIX	Wells Fargo Advantage Discovery	MCGro	H	H	H	1.5	7.4	36.6	21.29	19.1	0.86	FSW
33	21	41	PRNHX	T. Rowe Price New Horizons	SCGro	B	B	B	0.1	7.6	37.6	31.40	28.3	1.30	fsw
34	108	214	HACAX	Harbor Capital Appreciation	LCGro	H	H	H	2.5	10.5	26.8	30.53	19.0	1.10	Fsw
35	54	45	NBNGX	SIT Mid Cap Growth (2%r<30d)	MCGro	*	H	H	0.8	7.8	35.8	11.90	23.5	1.23	FSW
36	56	87	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	H	H	H	1.6	8.7	32.1	53.40	22.1	1.11	fsw
37	**16**	**31**	**VSEQX**	**Vanguard Strategic Equity**	**MCGro**	**B**	**B**	**B**	**-0.3**	**8.5**	**35.0**	**23.02**	**17.8**	**0.83**	**fsw**
38	111	228	PFGRX	Preferred Growth	LCGro	H	H	H	2.3	10.4	26.1	12.85	19.0	1.10	w
39	67	11	BARAX	Baron Asset	MCGro	H	H	H	2.1	5.6	38.1	56.23	21.2	0.94	FSW
40	193	196	LMASX	Legg Mason Special Investment Trust	MC	*	H	H	1.9	9.1	29.0	47.57	30.9	1.33	—
41	15	27	FFSCX	Forward Hoover Small Cap	SCGro	H	H	H	-1.4	8.2	35.3	19.56	20.1	0.85	FSW
42	**37**	**35**	**FDVLX**	**Fidelity Value**	**MCVal**	**H**	**H**	**H**	**1.2**	**7.7**	**32.4**	**77.79**	**19.0**	**0.89**	**Fsw**
43	47	92	STCSX	Wells Fargo Adv Common Stock Z (closed)	MC	H	H	H	1.1	8.3	31.2	23.91	22.6	1.15	FSW
44	96	80	FIDYX	AIM Dynamics Inv (closed)	MCGro	H	H	H	1.9	7.4	31.8	17.64	28.2	1.48	FSw
45	140	73	DNLDX	Dreyfus New Leaders	MCGro	H	H	H	3.1	7.5	29.6	45.91	18.6	0.90	FSW
46	39	60	BPMCX	Robeco Boston Partners Mid Cap Value	MCVal	H	H	H	0.1	8.1	32.3	13.83	20.1	0.93	FSW
47	102	176	JAOLX	Janus Olympus	LCGro	*	H	H	1.7	8.7	27.9	30.39	19.1	1.04	FSW
48	45	61	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	0.3	6.8	34.6	15.93	21.6	0.91	fsw
49	73	79	ARTSX	Artisan Small Cap (closed)	SCGro	H	H	H	0.7	7.3	32.7	17.57	26.7	1.19	FSW
50	89	70	FCNTX	Fidelity Contrafund	LC	H	H	H	2.3	8.0	28.6	61.76	11.4	0.54	Fsw
51	41	101	BUFMX	Buffalo Mid Cap	MCGro	H	H	H	1.0	6.7	33.2	13.81	—	—	FSW
52	**33**	**81**	**VEXMX**	**Vanguard Extended Market Index**	**MC**	**H**	**H**	**H**	**-0.1**	**7.7**	**32.1**	**33.22**	**21.5**	**1.02**	**fsw**
53	—	—	VASVX	Vanguard Selected Value ($25,000)	MCVal	H	H	H	0.4	7.9	30.6	19.89	15.1	0.93	fsw
54	53	38	TMGFX	Turner Mid Cap Growth	MCGro	*	H	H	0.2	5.7	36.6	25.78	29.3	1.45	FSW
55	62	107	FIEGX	INVESCO Small Company Growth	SCGro	*	H	H	-0.2	6.1	35.4	12.97	24.2	1.15	FSW
56	60	50	NMANX	Neuberger Berman Manhattan	MCGro	*	H	H	0.4	6.8	32.8	7.41	23.4	1.15	f
57	36	69	PESPX	Dreyfus Mid Cap Index	MCGro	H	H	H	0.4	7.8	30.3	28.21	20.2	0.97	FSW
58	29	57	MPSCX	MSI Small Cap Value (closed)	SCVal	H	H	H	0.2	7.8	30.2	24.35	20.7	0.98	fsw
59	100	—	RSGRX	RS Growth (formerly RS Value + Growth)	MCGro	H	H	H	1.7	6.9	30.1	17.73	18.2	0.97	FSW
60	28	23	VLIFX	Value Line Fund	LCGro	H	H	H	-0.6	6.5	34.5	14.84	13.1	0.73	FSW
61	74	47	JAENX	Janus Enterprise	MCGro	H	H	H	1.3	6.2	31.4	39.67	21.4	1.09	FSW
62	18	53	WAAEX	Wasatch Small Cap Grth (closed,2%r<60d)	SCGro	Ⓗ	Ⓗ	Ⓗ	-2.3	7.1	34.5	41.59	27.1	1.17	FSW
63	148	74	DODGX	Dodge & Cox Stock (closed)	LCVal	S	S	S	3.0	6.5	27.9	136.40	17.6	0.85	sw
64	120	147	SOPFX	Wells Fargo Advantage Opportunity	MCVal	S	S	S	2.2	7.5	26.7	49.19	22.2	1.17	FSW
65	88	21	JAVTX	Janus Venture (closed)	SCGro	*	S	S	0.2	3.7	38.9	59.67	29.0	1.25	FSW
66	106	78	RYPRX	Royce Premier (1%r<180d)	SC	S	S	S	2.8	6.8	27.1	16.18	19.4	0.84	FsW
67	77	34	ACBGX	USGlobal Holmes Growth (.25%r<30d)	MCGro	S	S	S	1.3	6.0	31.2	16.82	15.3	0.57	FSW
68	64	64	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	Ⓢ	Ⓢ	Ⓢ	0.7	6.3	31.3	21.16	16.7	0.58	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

RANK 08/12 2005	1Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN 1 mo.	6 mo.	12 mo.	PRICE PER SHARE	RISK Std. Dev.	Beta	NTF/ wtf
69	85	52	VALSX	Value Line Special Situations	MCGro	S	S	S	1.2	6.6	29.8	25.86	15.4	0.71	FSW
70	126	97	KAUFX	Federated Kaufmann Fund (0.2%)	MCGro	S	S	S	2.2	6.2	29.2	5.63	19.5	0.86	FSW
71	46	89	BOGLX	Bogle Small Cap Growth (closed)	SCGro	H	H	H	0.5	7.1	29.6	28.10	22.3	0.88	w
72	90	112	JAGIX	Janus Growth & Income	LCGro	S	S	S	1.4	7.1	28.0	34.33	15.1	0.87	FSW
73	**22**	**13**	**MUHLX**	**Muhlenkamp Fund**	**MCVal**	**H**	**H**	**H**	**-0.4**	**5.2**	**35.5**	**84.56**	**27.9**	**1.24**	**FSW**
74	80	55	MPMVX	MSI Mid Cap Value	MCVal	S	S	S	2.4	6.4	28.4	25.13	23.1	1.18	fsw
75	116	131	HOVLX	Homestead Value	LCVal	S	S	S	2.1	8.2	24.2	32.67	16.5	0.81	W
76	123	116	MQIFX	Mutual Qualified (1%) CIZ	MCVal	S	S	S	2.2	7.7	25.0	20.63	13.3	0.61	sw
77	50	65	VEXPX	Vanguard Explorer	SCGro	S	S	S	-0.3	6.0	32.7	78.15	24.2	1.12	fsw
78	63	85	TASCX	Third Avenue Small-Cap Value (1%r<1yr)	SCVal	H	H	H	0.7	7.2	28.1	24.35	19.9	0.85	fSW
79	38	84	PBEGX	PBHG Emerging Growth	SCGro	S	S	S	-2.4	4.6	38.5	13.56	35.8	1.80	FSW
80	40	63	NAESX	Vanguard SmallCap Index	SC	S	S	S	-0.6	6.4	31.3	28.10	23.2	1.01	fsw
81	57	49	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	S	S	S	0.1	6.4	30.0	10.84	20.4	0.80	Fsw
82	51	58	VALLX	Value Line Leveraged Growth	LCGro	*	S	S	0.1	6.7	29.1	27.27	14.9	0.83	FSW
83	55	129	WPSRX	Westport Small Cap R	SCVal	S	S	S	-0.7	7.4	28.3	25.87	18.6	0.85	FSW
84	72	24	BSCFX	Baron Small Cap (closed)	SCGro	S	S	S	-0.3	4.7	34.3	23.46	21.5	0.79	FSW
85	125	62	CUEGX	CS Mid Cap Growth (closed)	MCGro	*	S	S	0.6	5.2	31.8	32.78	24.3	1.18	FSW
86	86	182	FOCPX	Fidelity OTC Portfolio	LCGro	*	S	S	0.3	6.4	29.1	35.62	28.0	1.31	Fsw
87	184	127	FDFFX	Fidelity Independence	LCGro	S	S	S	3.0	5.8	26.2	18.66	21.4	1.11	Fsw
88	98	77	RSSGX	RS Smaller Company Growth	SCGro	*	S	S	-0.1	4.9	33.2	23.15	28.5	1.23	FSW
89	97	120	USAAX	USAA Growth	LCGro	S	S	S	0.2	6.8	27.9	14.36	20.9	1.14	—
90	101	110	LSGIX	Loomis Sayles Value	LCVal	S	S	S	2.5	6.7	24.4	18.55	16.4	0.89	fsW
91	69	33	FLPSX	Fidelity L P Stock (closed,1.5%r<90d)	SCVal	S	S	S	0.6	5.9	29.5	42.60	18.0	0.75	Fsw
92	82	135	PBHGX	PBHG Growth	MCGro	*	S	S	-1.0	5.9	31.7	19.85	21.9	1.02	FSW
93	114	82	VHCOX	Vanguard Cap Opp (closed,$25k,1%r<1yr)	MCGro	*	S	S	0.8	5.7	29.4	31.69	25.3	1.28	fsw
94	83	100	CRMSX	CRM Small Cap Value Inv (closed)	SCVal	S	S	S	0.7	5.8	29.2	27.60	23.8	0.93	FSw
95	113	93	FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	H	S	S	2.5	5.5	27.2	21.14	20.3	1.07	Fsw
96	91	114	JMCVX	Janus Mid Cap Value	MCVal	S	S	S	1.2	7.5	24.1	23.62	20.4	0.93	fSw
97	66	76	BPAVX	Robeco Boston Partners All Cap Value	MCVal	S	S	S	0.6	7.0	26.3	15.53	—	—	FW
98	65	96	SAOPX	Salomon Brothers Opportunity	MCVal	S	S	S	1.2	7.1	25.1	50.90	13.0	0.67	sw
100	27	36	BERWX	Berwyn Fund (1%r<180d)	SCVal	H	H	H	-0.6	6.9	27.8	31.02	22.3	0.77	fsw
116	**32**	**71**	**VISVX**	**Vanguard Small-Cap Value Index**	**SCVal**	**H**	**H**	**H**	**-1.5**	**6.0**	**28.4**	**14.59**	**22.4**	**0.90**	**fsw**

	1 mo.	6 mo.	12 mo.	
Dow Jones	**0.8%**	**-1.8%**	**8.0%**	*indexes do not include dividends*
NASDAQ	**0.6**	**3.9**	**23.1**	
S&P 500	**0.7**	**2.1**	**15.7**	

International Stock Funds

RANK 08/12 2005	1Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	1 mo.	6 mo.	12 mo.	PRICE PER SHARE	Std. Dev.	Beta	NTF/ wtf
1	1	3	PRLAX	T. Rowe Price Latin America (2%r<90d)	LatinA	*	H	H	7.2%	22.3%	78.7%	$20.65	29.7	—	fsw
2	**3**	**1**	**FLATX**	**Fidelity Latin Amer. (1.5%r<90d)**	**LatinA**	*****	**H**	**H**	**7.4**	**17.1**	**73.5**	**26.29**	**29.8**	**—**	**Fs**
3	4	5	SLAFX	Scudder Latin America (closed,2%r<30d)	LatinA	*	H	H	7.0	18.0	70.3	39.98	27.3	—	Sw
4	**2**	**4**	**TREMX**	**T. Rowe Price Emg Europe & Med (2%r<90d)**	**Europe**	*****	**B**	**B**	**2.5**	**16.4**	**75.6**	**20.62**	**29.2**	**—**	**fw**
5	**5**	**—**	**PRMSX**	**T. Rowe Price Emerging Mkts Stk**	**Int'l**	*****	**B**	**B**	**7.0**	**16.1**	**59.2**	**23.34**	**18.8**	**—**	**fsw**
6	11	17	AIOIX	Amer.Cent.Intl Opp. (closed,2%r<180d)	Int'l	*	B	B	8.7	18.1	50.2	11.83	20.4	—	—
7	**6**	**6**	**FEMKX**	**Fidelity Emerging Mkts (1.5%r<90d)**	**Int'l**	*****	**B**	**B**	**7.0**	**14.4**	**56.5**	**15.36**	**—**	**—**	**Fsw**
8	—	—	HLEMX	Harding Loevner Emerg. Mkt. (2%r<90d)	Int'l	*	H	H	6.5	15.6	53.2	29.72	15.5	—	FSW
9	**7**	**22**	**PRASX**	**T. Rowe Price New Asia (2%r<90d)**	**Pacific**	*****	**B**	**B**	**7.9**	**15.7**	**50.0**	**11.89**	**19.7**	**—**	**fsw**
10	**8**	**8**	**VEIEX**	**Vanguard Emerging Mkts Stk Index (.5%r)**	**Int'l**	*****	**B**	**B**	**7.0**	**13.7**	**52.7**	**17.08**	**22.6**	**—**	**fsw**
11	**9**	**25**	**FSEAX**	**Fidelity SE Asia (1.5%r<90d)**	**Pacific**	*****	**B**	**B**	**7.4**	**14.7**	**48.0**	**19.52**	**21.1**	**—**	**Fsw**
12	13	31	DRIDX	Driehaus Intl Discovery (2%r<60d)	Int'l	*	B	B	6.7	16.4	44.6	37.57	21.1	—	FSW
13	10	2	EUROX	US Global Eastern Europe (2%r<180d)	Europe	*	B	B	6.3	10.4	53.9	34.91	26.6	—	FSW
14	21	12	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	*	B	B	9.0	10.6	46.7	20.14	—	—	SW
15	15	7	DREGX	Driehaus Emerging Mkts Gr (2%r<60d)	Int'l	*	B	B	6.9	10.2	47.4	25.84	24.9	—	FSW
16	**17**	**9**	**FIEUX**	**Fidelity Europe (1%r<30d)**	**Europe**	*****	**B**	**B**	**5.3**	**11.0**	**47.6**	**38.24**	**22.5**	**—**	**Fsw**
17	12	29	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	B	B	6.7	11.3	44.5	17.90	23.6	—	FSW
18	14	11	DRFMX	Dreyfus Premier Emerging Market (1%)	Int'l	*	B	B	6.0	11.0	44.7	22.05	21.6	—	fSw
19	19	10	FISMX	Fidelity Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	5.7	10.3	44.9	26.90	—	—	Fw
20	24	15	PISRX	Forward Intl Small Companies (2%r<60d)	Int'l	*	H	H	6.2	10.1	44.3	14.66	—	—	FSW
21	23	57	ICHKX	Guinness China & Hong Kong (2%r<90d)	Pacific	*	H	H	9.0	12.0	35.0	20.85	19.6	—	FSW
22	18	43	SCOPX	Scudder Pacific Opp (closed,2%r<30d)	Pacific	*	H	H	7.4	11.7	37.6	15.01	19.0	—	FSW
23	20	27	JAOSX	Janus Overseas (closed,2%r<90d)	Int'l	*	H	H	6.4	11.2	38.5	27.15	16.5	—	FSW
24	29	33	SCOBX	Scudder Global (closed,2%r<30d)	Global	*	H	H	6.8	11.4	37.3	29.95	12.7	—	FSW
25	27	16	NBISX	Neuberger Berman Intl (2%r<60d)	Int'l	*	H	H	6.0	10.8	39.0	20.80	16.3	—	fSw
26	28	—	ICEUX	ICAP Euro Select Equity (2%r<30d)	int'l	*	H	H	6.6	9.8	38.3	32.83	18.0	—	fSw
27	16	14	SGSCX	Scudder Gbl Discovery (closed,2%r<30d)	Int'l	*	H	H	3.3	9.3	43.5	38.54	20.1	—	FSW
28	25	18	VINEX	Vanguard Intl Expl (closed,$25k,2%r<60d)	Int'l	*	H	H	5.7	9.7	38.6	18.33	16.3	—	fsw
29	31	37	WBIGX	Wm. Blair Intl Growth N (closed,1%r<60d)	Int'l	*	H	H	5.5	10.7	35.8	24.24	14.6	—	FSW
30	26	49	TWGGX	American Century Global Growth (2%r<60d)	Global	*	H	H	4.0	11.0	36.4	8.53	14.1	—	FSW
31	37	30	SCGEX	Scudder Greater Europe (closed,2%r<30d)	Europe	*	H	H	7.0	9.2	36.1	30.02	16.8	—	FSW
32	38	28	PRIDX	T. Rowe Price Intl Disc. (2%r<90d)	Int'l	*	H	H	7.0	9.2	35.5	36.63	16.0	—	fsw
40	**32**	**13**	**DODFX**	**Dodge & Cox Intl Stock**	**Int'l**	*****	**H**	**H**	**5.1**	**7.0**	**35.3**	**33.31**	**23.4**	**—**	**fsw**
43	**40**	**35**	**VTRIX**	**Vanguard International Value (2%r<60d)**	**Int'l**	*****	**H**	**H**	**5.9**	**8.0**	**30.9**	**33.65**	**16.8**	**—**	**fsw**
48	**44**	**32**	**VEURX**	**Vanguard European Stock Index (2%r<60d)**	**Europe**	*****	**H**	**H**	**5.5**	**6.8**	**31.9**	**27.84**	**17.4**	**—**	**fsw**

Bond Funds ***(next issue on page 6: Specialty Funds)***
08/12/2005

Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN 1 mo.	6 mo.	12 mo.	PRICE PER SHARE	Std. Dev.	Yield	NTF/ wtf
FFRHX	Fidelity Floating Rate High Inc (1%r<60d)	BnkLoan	B	*	*	0.1%	0.5%	2.6%	$9.97	—	3.82%	Fw
BUFHX	Buffalo High-Yield (closed,2%r<180d)	HighYld	*	*	*	0.0	0.0	5.8	11.27	4.34	4.39	FSW
FAGIX	Fidelity Capital & Income (1%r<90d)	HighYld	*	*	*	0.0	0.4	12.4	8.48	9.04	6.23	Fsw
SPHIX	Fidelity High Income (1%r<90d)	HighYld	*	*	*	-0.3	-1.1	6.1	8.88	5.71	7.54	Fsw
JAHYX	Janus High Yield (2%r<90d)	HighYld	*	*	*	-0.2	0.1	6.0	9.73	4.15	6.58	FSW
NTHEX	Northeast Investors Trust	HighYld	*	*	*	0.8	1.0	9.6	7.72	4.52	6.96	fw
PHYDX	PIMCO High Yield (2%r<30d)	HighYld	*	*	*	-0.3	0.9	7.9	9.87	6.36	6.41	FSW
STHYX	Strong High Yield Bond (1%r<180d)	HighYld	*	*	*	0.1	-0.8	5.2	7.76	5.52	6.73	FSW
STHBX	Strong S-T High Yield	HighYld	*	*	*	-0.2	-0.2	1.4	8.54	1.75	4.49	FSW
PRHYX	T. Rowe Price High Yld (closed,1%r<1yr)	HighYld	*	*	*	0.6	0.6	7.5	7.06	4.84	7.45	fsw
TGHNX	TCW Galileo High Yield Bond	HighYld	*	*	*	0.5	-0.4	6.7	7.09	6.57	7.37	FSW
VAGIX	Value Line Aggressive Inc (1%r<120d)	HighYld	*	*	*	0.0	-1.2	4.6	5.10	5.57	6.09	FSW
VWEHX	**Vanguard High Yield Corporate (1%r<1yr)**	**HighYld**	*****	**B**	*****	**0.1**	**0.8**	**7.2**	**6.26**	**4.79**	**7.14**	**fsw**
BEGBX	American Century Intl Bond	Int'l	*	*	*	1.4	-1.4	8.3	13.96	9.17	5.43	fSW
FNMIX	Fidelity New Markets Income (1%r<90d)	Int'l	*	*	*	-0.1	1.5	13.7	14.29	9.49	5.97	Fsw
PYGFX	Payden Global Fixed Income	Int'l	*	*	*	0.0	2.7	6.4	10.06	3.54	4.76	fsW
SSTGX	Scudder Global Bond S-T (closed,2%r<30d)	Int'l	*	*	*	0.7	0.5	6.7	10.27	5.24	4.96	Sw
RPIBX	T. Rowe Price Int'l Bond (2%r<90d)	Int'l	*	*	*	1.2	-2.0	6.9	9.91	8.43	2.56	fsw
CPTNX	American Century Government Bond	IntTerm	H	*	*	-0.4	0.1	2.1	10.60	3.59	3.16	fSW
ACITX	**American Century Inflation Adj**	**IntTerm**	**B**	*****	*****	**-0.8**	**-0.6**	**4.0**	**11.11**	**7.18**	**3.90**	**fSW**
BBHIX	BBH Inflation Indexed Sec (1%r<30d)	IntTerm	B	*	*	-0.5	0.0	4.2	11.05	7.35	3.69	FSW
DODIX	**Dodge & Cox Income**	**IntTerm**	**H**	*****	*****	**0.0**	**0.6**	**3.9**	**12.76**	**3.39**	**4.07**	**fsw**
DRBDX	Dreyfus A Bonds Plus	IntTerm	*	*	*	0.0	0.8	5.0	13.76	4.77	4.25	FSW
DRGMX	Dreyfus GNMA	IntTerm	*	*	*	0.0	0.8	2.9	14.56	2.91	4.01	FSW
FINPX	**Fidelity Inflation-Protected Bond**	**IntTerm**	**B**	*****	*****	**-0.7**	**-1.5**	**2.7**	**11.26**	**7.35**	**1.26**	**Fw**
FBNDX	**Fidelity Investment Grade**	**IntTerm**	**H**	*****	*****	**0.1**	**0.1**	**3.5**	**7.45**	**4.17**	**3.55**	**Fsw**
MBDFX	Managers Fremont Bond	IntTerm	H	*	*	-0.1	1.8	4.3	10.49	4.31	2.69	fsw
MWTRX	MetroWest Total Return	IntTerm	*	*	*	0.4	0.0	3.6	9.74	4.34	5.80	FSW
PRRDX	PIMCO Real Return (2%r<7d)	IntTerm	H	*	*	-0.7	-0.5	3.2	11.33	7.35	3.18	FSW
PTTDX	PIMCO Total Return (2%r<7d)	IntTerm	H	*	*	-0.4	0.9	3.3	10.70	4.15	2.54	FSW
PTMDX	PIMCO Total Return Mortgage (2%r<7d)	IntTerm	H	*	*	-0.2	0.4	2.4	10.71	2.78	2.72	FSW
SCSBX	Scudder Income (closed,2%r<15d)	IntTerm	H	*	*	0.1	1.1	4.7	12.94	4.14	4.55	Sw
PRGMX	T. Rowe Price GNMA	IntTerm	*	*	*	-0.3	0.2	1.7	9.55	2.47	4.56	fsw
PRCIX	T. Rowe Price New Income	IntTerm	*	*	*	-0.4	0.2	3.2	9.07	4.05	3.98	fsw
TGMNX	TCW Galileo Total Return Bond	IntTerm	H	*	*	-0.2	1.0	4.2	9.86	2.94	3.96	FSW
USAIX	USAA Income	IntTerm	H	*	*	0.0	1.0	4.7	12.35	4.54	4.58	W
VALBX	Value Line U.S. Govt Sec	IntTerm	H	*	*	-0.2	0.8	2.6	11.63	4.03	3.96	FSW
VFIIX	**Vanguard GNMA**	**IntTerm**	**B**	*****	*****	**0.1**	**1.2**	**4.1**	**10.36**	**3.10**	**4.61**	**fsw**
VIPSX	**Vanguard Inflation Protected Sec**	**IntTerm**	**B**	*****	*****	**-0.6**	**-0.4**	**3.8**	**12.35**	**7.19**	**4.62**	**fsw**
VFITX	Vanguard Intermediate Term U.S. Treasury	IntTerm	H	*	*	-0.6	0.0	1.7	11.09	5.52	4.57	fsw
VBMFX	**Vanguard Total Bond Market Index**	**IntTerm**	**H**	*****	*****	**0.0**	**0.9**	**4.1**	**10.18**	**4.24**	**4.37**	**fsw**
STVSX	Wells Fargo Adv Govt Sec Inv	IntTerm	H	*	*	-0.6	-0.1	1.6	10.66	4.28	3.90	FSW
MNTRX	Wells Fargo Adv Total Return Bond	IntTerm	H	*	*	-0.4	0.1	2.4	12.29	4.26	3.73	fSw
WTIBX	Westcore Plus Bond (2%r<90d)	IntTerm	*	*	*	0.0	1.0	5.2	10.69	3.86	5.35	FSW
DRGBX	Dreyfus 100 Treasury L-T	LngTerm	*	*	*	-0.6	0.4	7.1	16.54	8.16	4.27	FW
FGOVX	Fidelity Government Income	LngTerm	*	*	*	-0.4	-0.1	1.7	10.22	5.03	3.13	Fsw
KIFIX	FifthThird Bond	LngTerm	*	*	*	-0.2	0.6	3.4	10.09	4.50	3.48	fw
MGFIX	Managers Bond	LngTerm	*	*	*	0.4	0.7	5.3	24.46	5.86	3.60	FSW
PRPIX	T. Rowe Price Corporate Inc	LngTerm	*	*	*	-0.2	-0.3	4.8	9.81	5.58	4.67	fsw
PRULX	T. Rowe Price U.S. Treas. L-T	LngTerm	*	*	*	-0.7	1.0	6.7	12.12	8.66	4.23	fsw
VWESX	Vanguard Long-Term Investment-Grade	LngTerm	*	*	*	-0.4	0.8	9.8	9.77	9.89	5.31	fsw
VUSTX	Vanguard L-T U.S. Treasury	LngTerm	*	*	*	-0.7	1.0	8.2	11.80	10.15	4.83	fsw
FSICX	**Fidelity Strategic Income**	**Multi**	**B**	**B**	*****	**0.4**	**1.3**	**10.3**	**10.59**	**4.84**	**5.01**	**Fw**
JAFIX	Janus Flexible Bond	Multi	*	*	*	-0.4	-0.2	2.0	9.58	4.45	4.45	FSW
LSBDX	Loomis Sayles Bond Instl (2%r<60d)	Multi	B	B	*	0.8	2.7	13.0	13.85	7.02	6.66	FSW
LSBRX	**Loomis Sayles Bond Retail (2%r<60d)**	**Multi**	**B**	**B**	*****	**0.7**	**2.5**	**12.7**	**13.82**	**7.00**	**6.50**	**FW**
RPSIX	T. Rowe Price Spectrum Income	Multi	*	*	*	0.3	0.6	6.8	11.97	3.98	4.07	fsw
JASBX	Janus S-T Bond	ShtTerm	B	*	*	-0.4	0.2	0.2	2.88	1.47	2.68	FSW
MGIDX	Managers Int. Duration Govt	ShtTerm	*	*	*	0.0	0.8	3.0	10.62	2.41	2.44	FSW
MGSDX	Managers Short Duration Govt	ShtTerm	B	*	*	0.2	1.4	2.9	9.64	0.52	3.06	FSW
MWLDX	MetroWest Low Duration	ShtTerm	B	*	*	0.4	0.6	2.3	9.39	1.88	3.63	FSW
PTLCX	PIMCO Low Duration (2%r<7d)	ShtTerm	B	*	*	-0.3	0.2	0.3	10.09	1.84	1.61	fw
SCSTX	Scudder Short-Term Bond (closed,2%r<15d)	ShtTerm	B	*	*	0.0	0.7	1.3	10.03	1.63	4.71	Sw
PRWBX	T. Rowe Price S-T Bond	ShtTerm	B	*	*	-0.4	0.2	0.5	4.70	1.79	3.08	fsw
VFSTX	Vanguard Short-Term Investment Grade	ShtTerm	B	*	*	-0.2	0.4	1.2	10.55	1.91	3.47	fsw
VSGBX	Vanguard S-T Federal	ShtTerm	*	*	*	-0.4	0.1	0.5	10.29	1.96	3.01	fsw
BTTNX	American Century Target 2010	ZeroCpn	*	*	*	-0.5	0.5	2.7	87.90	8.22	4.33	fSW
BTFTX	American Century Target 2015	ZeroCpn	*	*	*	-0.4	1.4	8.5	76.13	12.80	4.16	fSW
BTTTX	American Century Target 2020	ZeroCpn	*	*	*	-0.3	3.5	16.5	58.78	16.19	4.02	fSW
BTTRX	American Century Target 2025	ZeroCpn	*	*	*	-0.4	4.4	24.3	51.96	18.98	4.42	fSW

(continued from page 8)

in investing. Recently, in fact, more than 51% of assets were invested in large-cap stocks, 44% in mid-caps, and the remainder in small-cap issues. Twenty-eight percent of assets are invested internationally, and its individual stock holdings span the value/growth spectrum.

Doyle has cited Warren Buffett as a role model, and indeed, Buffett's Berkshire Hathaway is the fund's sixth largest holding, at about 4% of assets. Doyle looks for stocks that are priced below their intrinsic value, have high returns on equity, are anticipating cost reductions, have growing distribution channels, and are experiencing significant growth in assets or revenues.

The managers also emphasize growing industries, especially those where research and development efforts should result in higher stock values. They have identified the following areas as promising: retailers, media financial services, real estate development, business services, and travel and leisure. That said, Doyle is currently positive on Canadian energy companies whose activities are centered in the Athabasca oil sands region of northern Alberta. These firms extract bitumen, which can be processed into petroleum. The firms generally sell at substantial discounts to major energy firms such as ExxonMobil. $

Top Five Holdings & Sectors (% of Assets)

White Mountain Insurance	5.5	Oil & Gas	21.0
Sears Holdings Corp.	5.0	Insurance	15.0
Suncor Energy	5.0	Electric Utilities	14.0
Allegheny Energy	4.6	Diversified Fin. Svcs.	10.0
The Washington Post	4.2	Commercial Banks	5.0

As of June 30, 2005

Kinetics Paradigm Fund (WWNPX)
Kinetics Mutual Funds
1311 Mamaroneck Avenue, Suite 130, White Plains, NY 10605
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Internet: September 7, 2005, 12:00pm (ET)

Note: There will be 3 weeks between issues

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	2.89%	2.83%	1.96%
Fidelity Spartan US Treas MMF	2.79	2.73	1.84
Gabelli US Treasury MMF	2.74	2.71	1.86
Amer Century Capital Presv Fund/Inv	2.72	2.65	1.74
T. Rowe Price US Treasury MF	2.72	2.60	1.62
US Treasury MF of America/Cl A	2.58	2.55	1.58
JPMorgan 100% US Treas MMF/Morgan	2.52	2.48	1.59
RMK Select Treas MMF/Cl A	2.51	2.49	1.60
Schwab US Treasury Money Fund	2.48	2.45	1.53
HSBC Investor US Treas MM/Cl D	2.46	2.45	1.62

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	3.45%	3.37%	2.39%
Scudder MM Series Premium/AARP	3.30	3.24	2.27
MFS Money Market Fund	3.25	3.19	1.97
Scudder MM Series Prime Reserve/AARP	3.19	3.13	2.18
Harbor Money Market Fund	3.17	3.08	2.04
Vanguard Prime MMF/Retail	3.17	3.10	2.13
SSgA MMF/Cl A	3.13	3.04	2.02
TIAA-CREF Money Market Fund	3.13	3.10	2.11
Marshall MMF/Investor Class	3.12	3.05	2.04
Wells Fargo Adv Heritage MF/Admin	3.10	3.03	2.00

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	2.18%	2.26%	1.93%
Vanguard Tax-Exempt MMF	2.16	2.22	1.84
Tax-Exempt MF of America/Cl A	2.08	2.11	1.39
Scudder Tax-Exempt Money Fund	1.93	1.99	1.54
T. Rowe Price Summit Muni MMF	1.92	1.98	1.50
Fidelity Municipal MMF	1.89	1.97	1.55
T. Rowe Price Tax-Exempt MF	1.89	1.95	1.44
Dreyfus BASIC Muni MMF	1.85	1.92	1.53
USAA Tax Exempt MMF	1.85	1.92	1.55
Amer Century T-F MMF/Inv Class	1.84	1.94	1.54
Fidelity Tax Free Money Market	1.84	1.93	1.54

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard NJ Tax-Exempt MMF	2.12%	2.18%	1.79%
Vanguard OH Tax-Exempt MMF	2.11	2.19	1.82
Vanguard NY Tax-Exempt MMF	2.08	2.16	1.78
Vanguard PA Tax-Exempt MMF	2.08	2.16	1.81
Vanguard CA Tax-Exempt MMF	2.07	2.15	1.80
Fidelity FL Municipal MMF	1.90	1.94	1.52
Fidelity PA Municipal MMF	1.83	1.92	1.50
Fidelity OH Municipal MMF	1.81	1.88	1.47
Fidelity AZ Municipal MMF	1.80	1.90	1.49
Fidelity MA Municipal MMF	1.79	1.85	1.44

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 8/9/05. 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

Introducing Harding Loevner Emerging Markets and Kinetics Paradigm—Narrow and Broad Focuses

In this issue we introduce two new funds to *MONEYLETTER*'s fund coverage. One, Harding Loevner Emerging Markets, has the narrow focus—on emerging markets. The other can invest just about anywhere in the quest for growth of capital—large, medium, and small domestic and foreign companies. That's Kinetics Paradigm. Both are sporting returns, through July 30, well ahead of their peers: 15.0% for the Harding Loevner fund, and 13.1% for the Kinetics offering.

Harding Loevner Emerging Markets (HLEMX)

The founders of Harding Loevner, Daniel Harding and David Loevner, spent 12 years at Rockefeller & Co, the private investment office of the Rockefeller family. There, the pair spearheaded the family's diversification into international markets. The managers founded their own firm in 1989, which today offers four international funds: International Equity, Global Equity, Multi-Asset Global, and Emerging Markets. Since its November 1998 inception through July 31, the Emerging Markets fund has had an average annual return of 21.0%, compared to 13.6% for the MSCI Emerging Markets Index.

Top Five Sectors & Regions (% of Assets)

Financials	17.0	Asia	48.0
Consumer Discretionary	16.2	Latin America	18.2
Information Technology	13.6	Africa	16.1
Telecom Services	12.2	Eastern Europe	12.8
Industrials	12.1	Non Emerging	23.6

As of June 30, 2005

Rusty Johnson, the manager of the fund from its inception, is supported by Simon Hallett, who focuses on portfolio construction and risk management. A team of eight international analysts backs the pair. Their strategy can most simply be termed as high-quality growth.

The first step in their investment process is to identify high-quality companies in emerging markets. The most important qualities they look for include proven business model, competitive advantage, management strength, and dominant market position. The managers impose a proprietary "QQ" system to evaluate ten competitive and financial characteristics for each investment candidate. This system allows the managers to compare firms across geographic and industry sectors. They travel extensively and visit companies before making an investment. And lastly, they apply valuation techniques to test whether the share price offers an attractive investment opportunity.

As Johnson and Hallett construct the portfolio, they ascertain that the portfolio is prudently diversified across geographical and regional sectors. Typically, 20 to 25 geographic markets are represented in the portfolio, with about 40 to 60 individual investments, and the fund often holds a significant exposure to companies affiliated with multinational firms.

Currently, the fund is overweight in India and Egypt, and underweight in South Korea. In India, government initiatives, consumer spending and Indian service exports are fueling the economy. Looking at sectors, the pair favors investments in the banking sector in nations where interest rates are low and penetration of consumer markets are growing. In addition, with cellular telephony more affordable and accessible, demand from emerging markets consumers is growing. Holdings here include Orascom Telecom (Egypt), MTN Group (South Africa), and Bharti Tele-Ventures (India). The managers are, however, continuing to reduce holdings in commodity cyclical stocks.

Harding Loevner Emerging Markets (HLEMX)
Harding Loevner Funds, Inc.,
c/o Investors Bank & Trust Co.
P.O. Box 642, Boston, MA 02117-0642
(877) 435-8105 • Minimum Investment: $2,500, $1,000 IRA

Kinetics Paradigm Fund (WWNPX)

Peter Doyle and his brother Lawrence started Kinetics in 1996, with the idea of developing an investment vehicle to capture the potential of the World Wide Web. In October of that year the Kinetics Internet fund made its debut. That fund was legendary for its gains of 196% in 1998 and 216% in 1999—followed by a cumulative 84% decline over the next three years. Kinetics Paradigm was launched at the height of the technology bubble, on December 31, 1999. Needless to say, it never recorded returns anywhere near that of its sibling. But it has handily surpassed the S&P 500.

Morningstar categorizes the fund as mid-cap blend, but no category truly fits this fund. As mentioned above, manager Peter Doyle, assisted by Murray Stahl, has a wide latitude

(continued on page 7)

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