



Dense Fog

by Walter S. Frank, Chief Investment Officer

Katrina left behind not only the cruel devastation that we have all seen, but also enormous confusion about the consequences of the storm for the economy. The economy has suffered a severe shock as hundreds of thousands were displaced and the New Orleans oil and gas complex battered. The shock is now showing up in the data released this past week. The U. of Michigan's Consumer Sentiment Index plunged and inflation expectations jumped. Meanwhile the monthly New York and Philadelphia Fed manufacturing surveys turned sharply south. They both came up with distinctly poor numbers, especially when it came to new orders. And then there was the weekly new unemployment claims number which ballooned meeting the gloomy expectations.

What are we to make of all this? Not a great deal, at least as we see it. We believe that as energy prices spiked immediately after Katrina, and it became apparent that the damage was severe, business pulled in its horns in a wait-and-see mode. It turns out that earlier damaging hurricanes also saw sharp drops in the longer established Philadelphia Fed survey. After that, came recovery. Making allowances for the severity of Katrina, we should see the pattern repeated this time.

Notice, that all of these reports, the Fed banks included, were based on data collected before the President spoke. Just as the economic numbers before Katrina give poor guidance now, so the numbers before the President's speech also give poor guidance. We are wandering in a fog of outdated numbers.

President Richard Fisher of the Dallas Fed said on September 12 that he would "not rush to judgment" about the effects of Katrina on the economy. We believe that applies to market strategy as well. There are times when uncertainty reigns and the wisest thing is not to fool one's self into thinking otherwise.

And Now Japan

The typical American investor has been looking overseas this year (finally!) as the monthly flow totals to mutual funds attest. But in looking overseas most investors give short shrift to Japan, and no wonder. In recent years, Japan has turned out to be a minefield for investors, and we are a living example of that. In 1999 we recommended an allocation to Japan and came away bloodied from that suggestion. Even though we have since written favorably about Japan, we have been gun-shy about any recommendation ever since.

While we are not about to recommend an allocation to Japan, we think Japan now deserves a serious look. This is no longer your father's Japan, nor even the Japan of 1999. The ultimate example of that is the sweeping election victory of Prime Minister Koizumi on Sept. 11th, who put his premiership on the line in the cause of reform. And the Japanese, traditionally conservative, endorsed his cause.

Koizumi's victory does not come out of the blue. He has had a favorable wind behind him, as the Japanese economy has been showing signs of recovery for more than two years. But there have been so many headfakes that even the Japanese market was unwilling to recognize what was happening. Recognition, however, is coming. Recently, the J.P. Morgan economists wrote that the rebirth of the Japanese economy is the most important macroeconomic development of the year.

The economy ticks

According to The Economist it is a "helpful wind" from China that has allowed Japan to break out of the deflationary spiral that held the economy down for so long. The Japanese have been among the leaders, if not the leader, in locating plants in China. In turn, these plants have been ordering equipment from Japanese firms spurring expansion spending by the supplier domestic firms. What developed is a classic capital spending cycle.

The effect of this expansion has shown up in three ways. First, profits are rising. Profits as a percentage of sales have moved up steadily from a little over 2.5% in 2001 to 4.0% in the first half of this year. Second, as profits have been rising, firms are paying off their bank debts. As they do, the whole financial structure has become much healthier. The lending process is becoming efficient once again. Finally, employment is rising. The Economist points out that unemployment has dropped, job offers are climbing and, most important, wages are "starting" to rise.

All this is leading to steady growth. Last quarter's growth was just revised up to 3.3%. The Morgan econo-

Market Trends

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

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mists think the underlying rate of growth is about 2%. The important aspect is that domestic spending (rather than exports) is playing an increasing role in driving growth. The Japanese economy has, by all odds, gotten onto the up escalator.

The Japanese market

None of this has been lost on the Japanese market. The Topix Index (a better indicator of the market than the Nikkei) is up 15.6% for the year-to-date. The Nikkei responded to Koizumi's boldness by rising about 10% in the weeks after he dissolved parliament and called for elections.

While we haven't seen anything like this before, we have seen the Japanese market make a bull run before only to head straight down again. This time we see the economic numbers as compelling. Moreover, there are the election results. It is not that Koizumi is a wonder worker. He is not, and besides he keeps insisting that he will step down in a year, in accordance with his party's rules. No, it is what Mr. Koizumi's victory represents, an endorsement of reform by the electorate.

One major negative in the Japanese investment scene has been the reluctance of the Japanese public to invest in its own market. Such has essentially been the case this year as well. Even that may be changing. The Wall Street Journal just reported that a Japanese form of equity-income fund has met extremely strong investment demand from local investors.

While both the economic and the market news is good news, you may wonder why we bother to comment, when we are not about to recommend an allocation to Japan. The reason is that the revival of the Japanese economy is good news for both the regional economy and the world economy. A revived Japan will be a center of growth much as China or India have become. Even after years of stagnation Japan has remained the world's second largest economy. Moreover, some of our international funds have investments in Japan. For example, Driehaus International Discovery has over 24% of its portfolio allocated to Japan.

It has been a long haul, but it appears that Japan is at last on the road back.

Fund changes

The Hotline of Tuesday, August 9th recommended an allocation change for Venturesome and Moderate investors. The change involved increasing the international stock fund allocation and a corresponding decrease in the domestic allocation. Here are the changes, as of Wednesday, August 10th. **MONEYLETTER Venturesome**—Sold 543 shares of RS Value @ \$23.96 per share. Purchased 1,103 shares of T. Rowe Price New Asia @ \$11.79 per share. **MONEYLETTER Moderate**—Sold 314 shares of Fidelity Leveraged Company @ \$25.50 per share. Also sold 250 shares of RS Value. Purchased 594 shares of T. Rowe Price Emerging Markets Stock @ \$23.58 per share. **Fidelity Venturesome**—Sold 576 shares of Small Cap Independence @ \$21.18 per share. Purchased 628 shares of Southeast Asia @ \$19.42 per share. **Fidelity Moderate**—Sold 1,135 shares of Focused Stock @ \$11.33 per share. Purchased 153 shares

of Fidelity Europe @ \$38.44 per share. Also purchased 443 shares of Emerging Markets @ \$15.48 per share. **Vanguard Venturesome**—Sold 824 shares of Small Cap Value @ \$14.56 per share. Purchased 359 shares of International Value @ \$33.42 per share. **Vanguard Moderate**—Sold 354 shares of Midcap Index @ \$16.94 per share. Also sold 412 shares of Small Cap Value. Purchased 701 shares of Emerging Markets @ \$17.11 per share.

The Hotline of Tuesday, September 6th recommended the sale of Dodge & Cox International in the **MONEYLETTER Venturesome** and **Moderate** portfolios, and the purchase of replacement international funds. Here are the details, as of Wednesday, September 10th. **MONEYLETTER Venturesome**—Sold 554 shares of Dodge & Cox International @ \$33.87 per share. Purchased 487 shares of Driehaus International Discovery @ \$38.49 per share. **MONEYLETTER Moderate**—Sold 442 shares of Dodge & Cox International. Purchased 334 shares of T. Rowe Price Emerging Markets Stock & \$23.97 per share. Also purchased 463 shares of Forward International Small Companies @ \$15.10 per share.

The same Hotline also recommended the sale of Muhlenkamp Fund in the **MONEYLETTER Venturesome** Portfolio to be switched into Kinetics Paradigm. Here are the details. Sold 122 shares of Muhlenkamp @ \$85.01. Purchased 509 shares of Kinetics Paradigm @ \$ 20.37 per share.

Artisan Mid Cap Value—in all three **MONEYLETTER** portfolios—has closed. The Hotline of Friday, September 16th recommended a switch to Bridgeway Small Cap Value in all three portfolios. \$

MONEY MANAGEMENT

PRI Financial Advisors Inc. is the exclusive provider of the "MONEYLETTER Managed Account Program."¹

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No “Persistent Threat”

Those are the Fed’s words about Katrina, and the Fed promptly went ahead and raised the short-term (fed funds) rate to 3.75 percent. The Fed’s press release about the rate hike implied, to us at least, that the Fed will keep marching on. We certainly understand the view that Katrina is no persistent threat, not with the open-ended stimulus coming from Washington to rebuild the shattered Gulf Coast. We view the rate increase as a form of insurance move by the Fed against the inflationary effects that may be coming from potentially rapid growth in the first half of next year.

For the U.S. market, the question we have to ask is how high are rates likely to go? We don’t know (who does?), but we do think it’s a high probability that rates are going higher than we anticipated before Katrina. You have to see the rebuilding stimulus as an add-on to the economy we all previously expected for next year. We now see a 5% short-term rate as likely, and rates may go higher.

This is not good news for the U.S. stock market. Ultimately, though, the stock market is looking at long-term rates and there the outlook is not as clear, nor as negative for the market. We do not believe for a moment that long-term rates will resist the pull of rising short-term rates, but if the Fed’s policy does succeed in keeping potential inflation contained we could see long rates remaining well behaved.

As we see it now, much depends on how strong the economy turns out to be in the first half of next year. If the market perceives that the economy will taper off in the last half of next year without the Fed having to press down hard then we can see this bull market continuing.

We expect that will be the case. The conditions for continued low inflation have not fundamentally changed. But another outcome is possible, and we must remain alert to that possibility. One important factor in the domestic market’s favor is that the market offers reasonable value. If interest rates behave that should continue.

Overseas

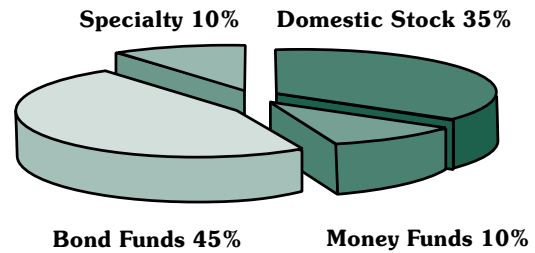
The emerging markets—and the Asian markets in general—have been performing very well during this period of uncertainty about the U.S. economy. The Koizumi victory has something to do with the Asian performance. We remain somewhat puzzled about the overall strength in the emerging markets. They are not all oil exporters. As we see it investors are looking for growth which is now hard to find in most of the developed world.

The one developed country that was growing satisfactorily was the U.S. and with Katrina, our growth and/or our interest rate outlook is more than ever shrouded in doubt. The German elections, of course, have not helped the outlook for Europe, at least in the short-run.

With the outlook for growth continuing strong in Asia, we remain positive on the outlook for our overseas funds. \$

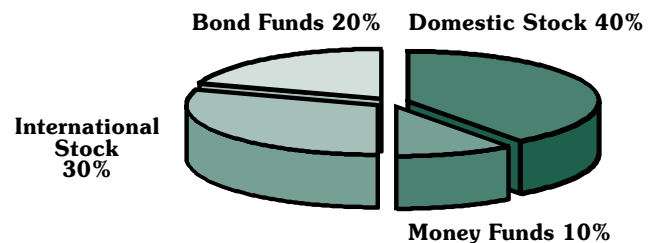
CONSERVATIVE

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



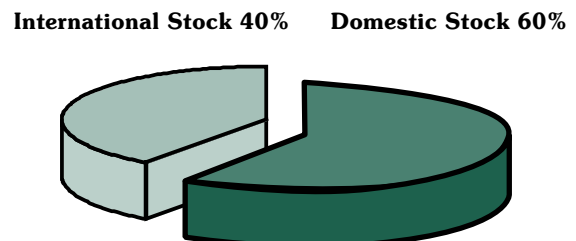
MODERATE

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



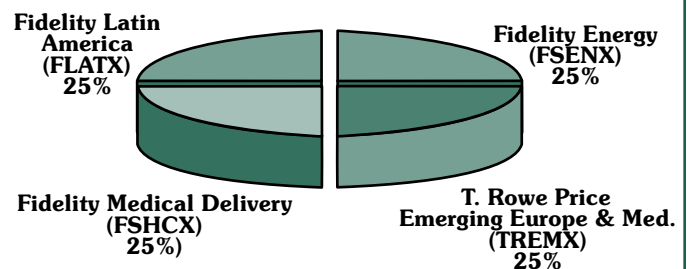
VENTURESOME

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	09/16 2005	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE	RISK		NTF/wtf
										1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta	
1	1	7	CGMFX	CGM Focus	SCVal	*	B	B	5.7%	15.2%	39.2%	\$37.92	37.9	1.03	sw	
2	12	8	BRAIX	Bridgeway Aggressive Investors 2	MCGro	*	B	B	4.6	14.5	39.3	16.32	—	—	fsw	
3	3	190	SSMGX	SIF Small Cap Growth (2%r<30d)	MCGro	B	B	B	3.8	17.5	29.1	30.56	21.6	1.10	FSW	
4	—	—	BWAFX	Brandywine Advisors	MCGro	H	H	H	5.0	14.6	33.2	11.99	13.2	0.67	FSW	
5	5	—	BRSVX	Bridgeway Small Cap Value	SCVal	B	B	B	4.6	12.7	37.7	14.04	—	—	fsw	
6	2	—	WWNPX	Kinetics Paradigm (2%r<30d)	MC	B	B	B	3.6	14.1	35.2	20.46	11.7	0.63	FSW	
7	72	228	OBEGX	Oberweis Emerging Growth (1%r<180d)	SCGro	*	H	H	6.0	16.4	24.6	29.01	33.2	1.36	FSW	
8	9	17	JSVAX	Janus Contrarian	MC	B	B	B	4.4	12.8	33.1	14.72	22.3	1.10	SW	
9	31	—	JORNX	Janus Orion	MC	B	(B)	(B)	5.0	14.1	28.6	8.00	—	—	FSW	
10	11	30	TWHIX	American Century Heritage	MCGro	B	B	B	4.3	13.4	30.3	13.71	15.4	0.76	FSW	
11	27	—	SSMVX	Wells Fargo Adv SC Value Z (closed)	SC	H	H	H	5.5	11.5	29.7	32.77	18.3	0.88	FSW	
12	41	99	NBNGX	SIF Mid Cap Growth (2%r<30d)	MCGro	*	(B)	(B)	3.2	14.2	26.1	12.12	23.5	1.23	FSW	
13	6	19	RSPFX	RS Partners (closed)	SC	B	B	B	4.1	11.8	30.7	39.30	20.9	0.69	FSW	
14	17	16	NPRTX	Neuberger Berman Partners	LCVal	B	B	B	3.1	12.2	31.2	28.99	20.7	1.10	fsw	
15	—	—	BRWIX	Brandywine Fund	MC	(B)	(B)	(B)	4.4	11.6	30.4	30.90	13.7	0.69	fsw	
16	18	141	JAVLX	Janus Twenty (closed)	LCGro	B	B	B	3.8	14.9	22.0	48.02	17.3	0.93	FSW	
17	37	15	FTGFX	Fidelity Focused Stock (.75%r<30d)	LC	*	H	H	4.0	11.3	30.1	11.70	17.2	1.00	Fsw	
18	54	254	TGSCX	TCW Galileo Small Cap Growth	MCGro	*	H	H	3.6	15.5	20.1	17.24	37.3	1.83	FSW	
19	4	—	BRSGX	Bridgeway Small Cap Growth	ScGro	B	(B)	(B)	1.9	13.3	27.9	12.78	—	—	fsw	
20	8	5	RSVAX	RS Value	MC	(B)	B	B	2.4	10.1	33.6	24.58	18.6	0.60	FSW	
21	32	93	CLSPX	Columbia Mid Cap Growth CIZ	MCGro	H	H	H	3.1	12.0	27.7	22.74	17.7	0.86	FSW	
22	—	—	BLUEX	Brandywine Blue	LCGro	H	H	H	3.1	12.2	27.0	31.21	12.7	0.67	fsw	
23	26	2	FLVCX	Fidelity Leveraged Co (\$10k, 1.5%r<90d)	MC	*	B	B	3.4	8.2	35.9	25.45	36.3	1.39	Fw	
24	30	182	STIDX	Wells Fargo Advantage Discovery	MCGro	H	H	H	3.1	12.6	24.7	21.75	19.1	0.86	FSW	
25	16	196	NEEGX	Needham Growth Fund (.75%r<30d)	SCGro	B	B	B	3.0	12.7	24.2	34.22	25.7	1.19	FSW	
26	7	4	ARTQX	Artisan Mid Cap Value (closed)	MCVal	B	B	B	1.9	10.9	30.2	19.61	19.8	0.87	FSW	
27	71	205	BOGLX	Bogle Small Cap Growth (closed)	SCGro	H	H	H	4.3	12.2	23.2	29.08	22.3	0.88	w	
28	15	186	FMCSX	Fidelity Mid-Cap Stock (.75%r<30d)	MCGro	B	B	B	1.9	13.4	23.1	25.69	20.9	1.05	Fsw	
29	20	183	LMOPX	Legg Mason Opportunity Trust (1%r<1yr)	MC	*	B	B	1.9	13.9	21.5	16.47	35.1	1.48	—	
30	13	12	NBGNX	Neuberger Berman Genesis (closed)	SC	B	B	B	2.8	11.3	26.4	34.21	15.5	0.63	fsw	
31	92	232	MNSCX	WellsFargo Montgomery Small Cap (closed)	SCGro	H	H	H	3.6	12.9	20.8	12.61	23.3	1.05	fS	
32	56	50	BERWX	Berwyn Fund (1%r<180d)	SCVal	H	H	H	4.0	11.3	24.0	32.36	22.3	0.77	fsw	
33	19	56	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	B	B	B	3.0	11.9	23.6	54.58	22.1	1.11	fsw	
34	14	38	MPEGX	MSI Mid Cap Growth	MCGro	*	B	B	1.4	11.2	27.2	23.06	22.2	1.17	fsw	
35	114	201	FDGRX	Fidelity Growth Company	LCGro	*	H	H	3.7	12.7	19.6	59.56	25.6	1.36	Fsw	
36	43	62	SCDVX	Scudder Development (closed)	MCGro	*	H	H	2.6	10.9	25.3	21.94	29.2	1.50	FSW	
37	81	129	RYPRX	Royce Premier (1%r<180d)	SC	H	H	H	4.3	10.9	22.5	16.66	19.4	0.84	fsw	
38	39	159	JAOLX	Janus Olympus	LCGro	*	H	H	3.1	12.4	20.4	31.00	19.1	1.04	FSW	
39	69	73	JAGIX	Janus Growth & Income	LCGro	H	H	H	3.8	10.8	23.3	35.21	15.1	0.87	FSW	
40	79	59	ACBGX	USGlobal Holmes Growth (.25%r<30d)	MCGro	H	H	H	3.7	10.4	24.6	17.27	15.3	0.57	FSW	
41	24	18	VIMSX	Vanguard Mid-Cap Index	MC	(H)	(H)	(H)	2.3	10.1	27.4	17.22	20.1	0.97	fsw	
42	21	78	PRNHX	T. Rowe Price New Horizons	SCGro	(H)	(H)	(H)	2.5	10.7	25.3	31.98	28.3	1.30	fsw	
43	10	6	BPTRX	Baron Partners	MCGro	*	(H)	(H)	1.2	7.8	34.4	17.94	28.6	1.26	FSW	
44	50	47	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	H	H	H	3.1	10.1	25.2	21.68	16.7	0.58	FSW	
45	28	22	MOPIX	MainStay Small Cap Opportunity (closed)	SCVal	(H)	(H)	(H)	2.2	9.4	28.3	20.36	17.5	0.63	FSW	
46	49	102	FFSCX	Forward Hoover Small Cap	SCGro	H	H	H	2.8	10.7	23.6	19.80	20.1	0.85	FSW	
47	45	233	HACAX	Harbor Capital Appreciation	LCGro	(H)	(H)	(H)	1.6	13.0	18.6	30.74	19.0	1.10	Fsw	
48	52	100	UBRRX	Undiscovered Behavioral Growth (\$10,000)	MCGro	*	H	H	1.6	10.0	25.9	22.72	28.2	1.15	fW	
49	48	238	PFGRX	Preferred Growth	LCGro	H	H	H	1.7	12.9	18.1	12.95	19.0	1.10	w	
50	47	74	NMANX	Neuberger Berman Manhattan	MCGro	*	H	H	2.6	10.1	23.3	7.51	23.4	1.15	f	
51	36	154	FIGGX	INVESCO Small Company Growth	SCGro	*	H	H	1.8	10.5	22.6	13.15	24.2	1.15	FSW	
52	106	76	TMGFX	Turner Mid Cap Growth	MCGro	*	H	H	2.8	8.9	24.9	26.07	29.3	1.45	FSW	
53	170	160	VALLX	Value Line Leveraged Growth	LCGro	*	H	H	3.1	10.5	20.2	27.59	14.9	0.83	FSW	
54	58	45	JAENX	Janus Enterprise	MCGro	H	H	H	2.6	9.5	23.5	40.34	21.4	1.09	FSW	
55	141	75	VLIFX	Value Line Fund	LCGro	H	H	H	2.8	9.6	23.1	14.97	13.1	0.73	FSW	
56	57	94	VEXMX	Vanguard Extended Market Index	MC	H	H	H	2.2	10.1	22.7	33.68	21.5	1.02	fsw	
57	65	55	FCNTX	Fidelity Contrafund	LC	H	H	H	2.9	9.8	22.3	62.79	11.4	0.54	Fsw	
58	38	37	VSEQX	Vanguard Strategic Equity	MCGro	H	H	H	1.9	9.1	25.1	23.23	17.8	0.83	fsw	
59	100	70	PRSVX	T. Rowe Price S-C Value (closed, 1%r<1yr)	SCVal	H	H	H	3.8	9.1	22.2	38.45	18.0	0.69	fsw	
60	97	65	PENNIX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	3.6	8.8	23.0	11.09	20.4	0.80	Fsw	
61	78	82	RSGRX	RS Growth	MCGro	H	H	H	3.3	9.4	22.1	18.09	18.2	0.97	FSW	
62	62	125	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	2.4	9.8	22.2	16.13	21.6	0.91	fsw	
63	77	95	CUEGX	CS Mid Cap Growth (closed)	MCGro	*	H	H	2.9	8.4	24.8	33.49	24.3	1.18	FSW	
64	44	23	FDVLX	Fidelity Value	MCVal	H	H	H	1.9	9.2	23.8	78.63	19.0	0.89	Fsw	
65	128	161	RSMOX	RS MidCap Opportunities	MCGro	H	H	H	4.1	9.4	20.0	13.02	22.6	1.11	FSW	
66	35	142	BUFMX	Buffalo Mid Cap	MCGro	S	S	S	1.6	9.8	22.6	13.91	—	—	FSW	
67	115	—	BRSIX	Bridgeway Ultra Small Co Mkt	Sc	*	S	S	2.9	10.5	18.9	18.17	18.5	1.03	fsw	
68	25	113	ARTSX	Artisan Small Cap (closed)	SCGro	H	H	H	1.2	10.4	21.5	17.71	26.7	1.19	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	09/16 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/wft
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
69	213	111	IZZYX	ICM/Isabelle Small Cap Value	SCVal	S	S	S	4.5	7.8	23.1	16.91	29.5	1.04	FSW	
70	83	80	JAVTX	Janus Venture (closed)	SCGro	*	H	H	2.0	8.5	25.0	60.58	29.0	1.25	FSW	
71	59	35	MPMVX	MSI Mid Cap Value	MCVal	S	S	S	2.7	8.7	23.3	25.60	23.1	1.18	fsw	
72	94	130	VHCOX	Vanguard Cap Opp (closed,\$25k,1%r<1yr)	MCGro	*	H	H	2.6	10.2	19.6	32.21	25.3	1.28	fsw	
73	76	224	RSSGX	RS Smaller Company Growth	SCGro	*	S	S	2.2	10.2	20.0	23.49	28.5	1.23	FSW	
74	104	213	FOCPX	Fidelity OTC Portfolio	LCGro	*	S	S	2.0	10.3	19.5	36.02	28.0	1.31	fsw	
75	74	49	LSGIX	Loomis Sayles Value	LCVal	S	S	S	2.7	9.4	20.6	18.89	16.4	0.89	fsW	
76	29	10	BARAX	Baron Asset	MCGro	Ⓢ	Ⓢ	Ⓢ	1.4	7.0	28.5	56.37	21.2	0.94	FSW	
77	148	256	FDEGX	Fidelity Aggressive Growth (1.5%r<90d)	MCGro	*	H	H	1.5	12.6	14.1	17.27	31.1	1.74	Fsw	
78	89	109	NAESX	Vanguard SmallCap Index	SC	*	S	S	2.4	9.2	21.0	28.52	23.2	1.01	fsw	
79	40	87	FIDYX	AIM Dynamics Inv (closed)	MCGro	H	H	H	1.7	8.8	23.1	17.76	28.2	1.48	FSW	
80	173	227	FMILX	Fidelity New Millennium (closed)	MCGro	S	S	S	4.5	9.5	17.0	33.33	27.3	1.27	Fsw	
81	142	178	PGIFX	Pioneer Growth Opp (Safeco) (closed)	SC	S	S	S	2.8	9.5	19.4	31.93	29.8	1.18	—	
82	33	155	LMASX	Legg Mason Special Investment Trust	MC	*	S	S	0.8	10.5	19.2	47.60	30.9	1.33	—	
83	42	54	WAAEX	Wasatch Small Cap Grth (closed,2%r<60d)	SCGro	Ⓢ	Ⓢ	Ⓢ	1.3	8.5	23.0	42.01	27.1	1.17	FSW	
84	66	103	KAUFX	Federated Kaufmann Fund (0.2%)	MCGro	S	S	S	1.6	9.2	20.6	5.68	19.5	0.86	FSW	
85	90	32	MUHLX	Muhlenkamp Fund	MCGro	S	S	S	1.6	7.8	24.0	84.89	27.9	1.24	FSW	
86	116	174	PBEGX	PBHG Emerging Growth	SCGro	S	S	S	1.9	8.6	21.4	13.58	35.8	1.80	FSW	
87	88	77	VALSX	Value Line Special Situations	MCGro	S	S	S	2.4	8.3	21.4	26.14	15.4	0.71	FSW	
95	110	96	VISVX	Vanguard Small-Cap Value Index	SCVal	H	H	H	2.3	8.6	19.9	14.84	22.4	0.90	fsw	
102	22	3	TAVFX	Third Avenue Value (1%r<60d)	SC	H	H	H	1.0	6.4	26.4	58.37	17.2	0.79	FSW	
121	118	138	FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	H	S	S	1.6	8.0	18.5	21.23	20.3	1.07	Fsw	

Dow Jones
NASDAQ
S&P 500

1.2%
1.1
1.5

0.1%
7.2
4.2

3.9%
13.5
10.2

indexes do not
include dividends

International Stock Funds

1	2	1	PRLAX	T. Rowe Price Latin America (2%r<90d)	LatinA	*	H	H	10.1%	36.3%	80.5%	\$22.78	29.7	—	fsw
2	3	11	SLAFX	Scudder Latin America (closed,2%r<30d)	LatinA	*	H	H	10.9	33.5	71.6	44.28	27.3	—	Sw
3	4	3	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	9.9	31.2	72.8	28.92	29.8	—	Fs
4	1	2	TREMX	T. Rowe Price Emg Europe & Med (2%r<90d)	Europe	*	B	B	12.0	30.0	71.7	23.37	29.2	—	fw
5	7	20	EUROX	US Global Eastern Europe (2%r<180d)	Europe	*	B	B	14.2	28.0	63.3	40.60	26.6	—	FSW
6	6	—	PRMSX	T. Rowe Price Emerging Mkts Stk	Int'l	*	B	B	6.0	21.3	51.7	24.54	18.8	—	fsw
7	8	—	HLEMX	Harding Loevner Emerg Mkt (2%r<90d)	Int'l	*	B	B	6.2	21.4	48.6	31.45	15.5	—	FSW
8	9	14	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	*	B	B	5.5	17.1	49.1	16.09	—	—	Fsw
9	5	5	AIQIX	Amer.Cent.Intl Opp. (closed,2%r<180d)	Int'l	*	B	B	3.8	17.1	50.9	12.22	20.4	—	—
10	10	33	DRIDX	Driehaus Intl Discovery (2%r<60d)	Int'l	*	B	B	5.1	16.0	43.7	39.19	21.1	—	FSW
11	19	27	DREGX	Driehaus Emerging Mkts Gr (2%r<60d)	Int'l	*	B	B	6.0	14.6	43.7	27.24	24.9	—	FSW
12	13	15	VEIEX	Vanguard Emerging Mkts Stk Index (.5%r)	Int'l	*	B	B	4.3	15.3	43.7	17.61	22.6	—	fsw
13	24	53	JAOSX	Janus Overseas (closed,2%r<90d)	Int'l	*	H	H	6.2	13.9	36.8	28.61	16.5	—	FSW
14	12	4	FISMV	Fidelity Intl Small Cap (closed,2%r<90d)	Int'l	*	B	B	5.3	10.5	45.6	28.32	—	—	Fw
15	11	23	PRASX	T. Rowe Price New Asia (2%r<90d)	Pacific	*	B	B	1.7	13.6	37.0	11.94	19.7	—	fs
16	23	30	DRFMX	Dreyfus Premier Emerging Market (1%r)	Int'l	*	H	H	3.5	12.4	36.6	22.60	21.6	—	fsw
17	26	12	NBISX	Neuberger Berman Intl (2%r<60d)	Int'l	*	Ⓢ	Ⓢ	4.3	10.5	38.2	21.50	16.3	—	fsw
18	20	26	PRIDX	T. Rowe Price Intl Disc. (2%r<90d)	Int'l	*	B	B	5.2	10.8	35.9	38.40	16.0	—	fsw
19	21	47	SCOBX	Scudder Global (closed,2%r<30d)	Global	*	H	H	4.1	12.4	32.0	30.84	12.7	—	FSW
20	15	10	FIEXX	Scudder Europe (1%r<30d)	Europe	*	H	H	2.4	10.2	38.8	39.07	22.5	—	Fsw
21	45	74	FJPNX	Fidelity Japan (1.5%r<90d)	Japan	*	H	H	8.2	11.4	24.7	14.44	17.3	—	Fsw
22	29	36	WBIGX	Wm. Blair Intl Growth N (closed,1%r<60d)	Int'l	*	H	H	4.1	10.4	32.1	24.95	14.6	—	FSW
23	17	7	PISRX	Forward Intl Small Companies (2%r<60d)	Int'l	*	H	H	3.1	7.9	39.8	15.10	—	—	FSW
24	16	8	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	*	Ⓢ	Ⓢ	1.7	8.6	39.9	20.28	—	—	SW
25	34	72	PRJPX	T. Rowe Price Japan (2%r<90d)	Japan	*	H	H	7.0	11.8	23.2	9.66	14.4	—	s
26	18	22	MPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	H	H	2.4	11.3	31.1	18.15	23.6	—	FSW
27	35	24	BJBIX	Julius Baer Intl Equity A (2%r<90d)	Int'l	*	H	H	4.4	8.8	34.2	35.55	12.5	—	FS
28	32	59	FPBFX	Fidelity Pacific Basin (1.5%r<90d)	Pacific	*	H	H	4.7	9.8	29.2	22.48	14.7	—	Fsw
29	27	9	VINEX	Vanguard Intl Expl (closed,\$25k,2%r<60d)	Int'l	*	H	H	2.5	7.5	37.7	18.69	16.3	—	fsw
30	22	17	ICEUX	ICAP Euro Select Equity (2%r<30d)	Int'l	*	H	H	2.9	8.4	34.6	33.48	18.0	—	fsw
31	25	50	TWGGX	American Century Global Growth (2%r<60d)	Global	*	H	H	2.5	10.1	29.4	8.67	14.1	—	FSW
32	43	32	FECAV	Fidelity Europe Capital App. (1%r<30d)	Europe	*	H	H	3.7	7.8	32.6	24.38	18.8	—	Fw
33	14	31	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	H	H	0.8	9.8	31.6	19.31	21.1	—	Fsw
34	28	16	SGSCX	Scudder Gbl Discovery (closed,2%r<30d)	Int'l	*	H	H	2.0	8.1	33.6	38.94	20.1	—	FSW
35	40	51	SCINX	Scudder International (2%r<180d)	Int'l	*	H	H	3.5	8.7	29.4	49.32	13.5	—	FSW
36	39	34	FIGRX	Fidelity Intl Discovery (1%r<30d)	Int'l	*	S	S	3.1	8.3	30.4	31.33	15.2	—	Fsw
37	36	49	HAINX	Harbor International (2%r<60d)	Int'l	*	S	S	3.4	9.0	28.1	48.14	17.9	—	Fsw
38	50	70	FJSCX	Fidelity Japan Smaller Cos (1.5%r<90d)	Japan	*	S	S	6.0	9.8	21.5	14.13	28.4	—	Fsw
39	42	41	FDIVX	Fidelity Div Intl (closed,1%r<30d)	Int'l	*	S	S	3.3	8.1	28.4	31.80	13.8	—	Fsw
40	33	6	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	*	Ⓢ	Ⓢ	3.6	6.2	32.8	23.06	20.4	—	FSW
41	44	45	WAIGX	Wasatch International Growth (2%r<60d)	Int'l	*	S	S	3.3	7.4	27.8	18.46	—	—	FSW
42	46	18	DODFX	Dodge & Cox Intl Stock	Int'l	*	Ⓢ	Ⓢ	3.0	5.7	30.9	33.98	23.4	—	fsw
43	31	60	SCOPX	Scudder Pacific Opp (closed,2%r<30d)	Pacific	*	S	S	0.6	9.6	24.1	14.90	19.0	—	FSW
49	53	35	VTRIX	Vanguard International Value (2%r<60d)	Int'l	*	H	H	2.8	6.7	26.0	34.21	16.8	—	fsw
61	58	28	VEURX	Vanguard European Stock Index (2%r<60d)	Europe	*	H	H	1.9	4.4	26.5	27.97	17.4	—	fsw

Bond Funds (next issue on page 6: Specialty Funds)
 09/16/2005

Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	Std. Dev.	Yield	NTF/wft
						1 mo.	6 mo.	12 mo.				
FFRHX	Fidelity Floating Rate High Inc (1%r<60d)	BnkLoan	B	*	*	0.4%	1.9%	4.2%	\$9.97	—	3.92%	Fw
BUFHX	Buffalo High-Yield (closed,2%r<180d)	HighYld	*	*	*	0.4	1.4	4.4	11.29	4.38	4.40	FSW
CMHYX	Columbia High Yield CIZ (closed)	HighYld	*	*	*	0.3	1.6	4.6	8.59	4.13	6.27	FSW
FAGIX	Fidelity Capital & Income (1%r<90d)	HighYld	*	*	*	0.7	3.0	11.5	8.48	8.39	6.21	Fsw
SPHIX	Fidelity High Income (1%r<90d)	HighYld	*	*	*	0.6	2.2	7.1	8.88	5.59	7.58	Fsw
JAHYX	Janus High Yield (2%r<90d)	HighYld	*	*	*	0.2	1.8	6.3	9.69	4.17	6.63	FSW
NTHEX	Northeast Investors Trust	HighYld	*	*	*	0.0	0.7	7.4	7.58	4.51	7.09	fw
PHYDX	PIMCO High Yield (2%r<30d)	HighYld	*	*	*	0.4	2.9	8.1	9.85	6.14	6.44	FSW
STHYX	Strong High Yield Bond (1%r<180d)	HighYld	*	*	*	0.3	1.3	6.7	7.74	5.53	6.75	FSW
STHBX	Strong S-T High Yield	HighYld	*	*	*	0.4	1.7	3.2	8.55	1.75	4.56	FSW
PRHYX	T. Rowe Price High Yld (closed,1%r<1yr)	HighYld	*	*	*	0.3	2.2	8.2	7.04	4.85	7.45	fsw
VAGIX	Value Line Aggressive Inc (1%r<120d)	HighYld	*	*	*	-0.4	2.0	7.0	5.09	5.60	6.09	FSW
VWEHX	Vanguard High Yield Corporate (1%r<1yr)	HighYld	*	B	*	0.4	1.8	5.4	6.25	4.76	7.12	fsw
FNMIK	Fidelity New Markets Income (1%r<90d)	Int'l	*	*	*	2.1	8.3	14.3	14.56	9.02	5.89	Fsw
PYGFIX	Payden Global Fixed Income	Int'l	*	*	*	0.6	4.5	6.5	10.09	3.51	4.83	fsw
BGNMX	American Century Ginnie Mae	IntTerm	*	*	*	0.2	2.1	2.8	10.31	2.42	4.66	fsw
CPTNX	American Century Government Bond	IntTerm	H	*	*	0.0	2.4	2.7	10.58	3.53	3.23	fsw
ACITX	American Century Inflation Adj	IntTerm	B	*	*	1.1	2.7	5.0	11.25	7.11	3.59	fsw
BBHIX	BBH Inflation Indexed Sec (1%r<30d)	IntTerm	B	*	*	1.4	3.4	5.5	11.23	7.16	3.21	FSW
CFISX	Columbia Fixed Income Sec CIZ	IntTerm	H	*	*	0.1	2.1	2.6	13.18	3.94	4.12	FSW
SRINX	Columbia Income CIZ	IntTerm	H	*	*	0.1	2.1	3.9	9.92	4.58	5.41	Fsw
SRBFX	Columbia Intermediate Bond CIZ	IntTerm	H	*	*	0.2	2.2	3.3	8.98	3.92	4.76	FSW
DODIX	Dodge & Cox Income	IntTerm	H	*	*	0.2	1.8	2.9	12.80	3.34	4.04	fsw
DRBDX	Dreyfus A Bonds Plus	IntTerm	*	*	*	0.1	2.6	4.1	13.75	4.71	4.19	FSW
DRGMX	Dreyfus GNMA	IntTerm	*	*	*	0.3	2.0	2.7	14.57	2.91	3.95	FSW
DSINX	Dreyfus Premier Core Bond (closed)	IntTerm	*	*	*	0.4	2.7	4.0	14.57	4.38	4.27	fsw
FTRGX	Federated Total Return Govt	IntTerm	H	*	*	0.1	2.7	2.8	10.84	5.10	4.21	fsw
FGMNX	Fidelity GNMA	IntTerm	*	*	*	0.1	2.0	2.3	10.96	2.26	4.05	Fsw
FINPX	Fidelity Inflation-Protected Bond	IntTerm	B	*	*	1.4	1.9	4.1	11.43	7.22	1.23	Fw
FTHRX	Fidelity Intermediate Bond	IntTerm	H	*	*	0.4	2.1	1.6	10.39	3.75	3.57	Fsw
FSTGX	Fidelity Intermediate Govt	IntTerm	H	*	*	0.5	2.1	1.3	10.14	3.82	3.13	Fsw
FBNDX	Fidelity Investment Grade	IntTerm	H	*	*	0.3	1.9	2.3	7.45	4.05	3.59	Fsw
MBDFX	Managers Fremont Bond	IntTerm	H	*	*	0.0	2.9	3.7	10.50	4.25	2.82	fsw
MWTRX	MetroWest Total Return	IntTerm	*	*	*	0.0	2.4	5.0	9.75	4.28	5.71	FSW
PRRDX	PIMCO Real Return (2%r<7d)	IntTerm	H	*	*	1.2	2.8	5.6	11.48	7.20	2.89	FSW
PTTDX	PIMCO Total Return (2%r<7d)	IntTerm	H	*	*	0.3	2.9	3.5	10.71	4.12	2.63	FSW
PTMDX	PIMCO Total Return Mortgage (2%r<7d)	IntTerm	H	*	*	0.2	2.2	3.1	10.70	2.78	2.83	FSW
SCSBX	Scudder Income (closed,2%r<15d)	IntTerm	H	*	*	0.2	2.8	4.0	12.93	4.12	4.51	Sw
PRGMX	T. Rowe Price GNMA	IntTerm	*	*	*	0.2	2.1	2.8	9.53	2.46	4.54	fsw
PRCIX	T. Rowe Price New Income	IntTerm	*	*	*	0.1	2.6	3.6	9.06	3.99	3.98	fsw
TGMNX	TCW Galileo Total Return Bond	IntTerm	H	*	*	0.3	2.8	3.5	9.88	2.91	4.03	FSW
USAIX	USAA Income	IntTerm	H	*	*	0.3	2.7	3.7	12.36	4.45	4.53	W
VALBX	Value Line U.S. Govt Sec	IntTerm	H	*	*	0.2	2.1	1.8	11.66	4.00	3.92	FSW
VFIIX	Vanguard GNMA	IntTerm	B	*	*	0.2	2.3	3.4	10.34	3.10	4.58	fsw
VIPSX	Vanguard Inflation Protected Sec	IntTerm	B	*	*	1.4	3.1	5.4	12.56	7.04	4.52	fsw
VFITX	Vanguard Intermediate Term U.S. Treasury	IntTerm	H	*	*	0.4	3.1	2.0	11.09	5.43	4.51	fsw
VBMFX	Vanguard Total Bond Market Index	IntTerm	H	*	*	0.2	2.7	3.0	10.16	4.20	4.34	fsw
STVSX	Wells Fargo Adv Govt Sec Inv	IntTerm	H	*	*	0.1	2.3	2.1	10.64	4.23	4.00	FSW
MNTRX	Wells Fargo Adv Total Return Bond	IntTerm	H	*	*	0.2	2.5	2.5	12.27	4.22	3.72	fsw
WTIBX	Westcore Plus Bond (2%r<90d)	IntTerm	*	*	*	0.2	2.5	4.0	10.69	3.87	5.33	FSW
DRGBX	Dreyfus 100 Treasury L-T	LngTerm	*	*	*	-0.7	5.3	7.5	16.38	8.23	4.15	FW
FGOVX	Fidelity Government Income	LngTerm	*	*	*	0.2	2.5	2.3	10.21	4.97	3.16	Fsw
KIFIX	FifthThird Bond	LngTerm	*	*	*	0.2	2.3	2.5	10.09	4.40	3.48	fw
MGFIX	Managers Bond	LngTerm	*	*	*	0.4	2.0	4.0	24.51	5.69	3.53	FSW
PRPIX	T. Rowe Price Corporate Inc	LngTerm	*	*	*	0.0	2.5	4.4	9.77	5.52	4.63	fsw
PRULX	T. Rowe Price U.S. Treas. L-T	LngTerm	*	*	*	-0.6	4.5	5.8	12.03	8.57	4.14	fsw
VWESX	Vanguard Long-Term Investment-Grade	LngTerm	*	*	*	-1.2	4.0	7.4	9.62	9.68	5.18	fsw
VUSTX	Vanguard L-T U.S. Treasury	LngTerm	*	*	*	-0.7	4.9	6.4	11.69	10.01	4.71	fsw
FSICX	Fidelity Strategic Income	Multi	B	B	*	0.6	2.3	8.4	10.61	4.70	4.95	Fw
JAFIX	Janus Flexible Bond	Multi	*	*	*	0.1	2.1	2.4	9.56	4.36	4.34	FSW
LSBDX	Loomis Sayles Bond Instl (2%r<60d)	Multi	B	B	*	1.1	3.2	10.8	14.00	6.85	6.57	fsw
LSBRX	Loomis Sayles Bond Retail (2%r<60d)	Multi	B	B	*	1.1	3.1	10.5	13.97	6.83	6.42	FSW
RPSIX	T. Rowe Price Spectrum Income	Multi	*	*	*	0.4	2.0	6.5	11.97	3.94	4.05	fsw
DSTIX	Dreyfus Premier Short-Term Income	ShiTerm	B	*	*	0.5	1.6	2.6	11.05	1.85	3.82	FSW
MGIDX	Managers Int. Duration Govt	ShiTerm	*	*	*	0.1	2.0	2.2	10.61	2.37	2.48	FSW
VFSTX	Vanguard Short-Term Investment Grade	ShiTerm	B	*	*	0.4	1.9	1.9	10.56	1.88	3.47	fsw
BTINX	American Century Target 2010	ZeroCpn	*	*	*	0.6	3.0	6.1	88.46	8.08	4.26	fsw
BTFTX	American Century Target 2015	ZeroCpn	*	*	*	-0.1	5.4	5.3	76.13	12.54	4.04	fsw
BTITX	American Century Target 2020	ZeroCpn	*	*	*	-1.5	7.3	10.9	58.06	15.78	3.86	fsw
BTTRX	American Century Target 2025	ZeroCpn	*	*	*	-2.1	8.5	16.5	50.96	18.44	4.23	fsw

(continued from page 8)

years, it fell below the average only once, in 2001. And in the even years, 2000, 2002, and 2004, it ranked within the top 5% of the Morningstar's large-cap growth group.

Top Five Holdings & Sectors (% of Assets)

Chicago Mercantile Exch.	5.3	Consumer Services	24.6
Kohl's	5.1	Energy	16.5
Nabors Industries	4.9	Hardware	14.3
Nike	4.7	Business Services	9.3
CVS	4.2	Financial Services	9.1

As of June 30, 2005

Unlike Brandywine Fund and Brandywine Advisors, energy stocks played a less important roll in Blue's good results. Instead homebuilders (Pulte Homes and Centrex), consumer-related stocks (Nordstrom and Nike), and Chicago Mercantile Exchange and Corning drove results. Still, Chesapeake Energy, the 11th largest holding, certainly contributed.

Corning, up 72% for the year-to-date through September 16, more than doubled its March quarter earnings. It is benefiting as a major supplier to manufacturers of flat panel television and computer screens. Chicago Mercantile (ahead by 37%), meanwhile, is enjoying increasing volumes and its first price increase in five years. \$

Brandywine Advisors (BWAFX)

Brandywine Blue (BLUJEX)

Brandywine Funds

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	7-Day	30-Day	1-Year
Vanguard Treasury MMF	3.15%	3.08%	2.12%
Gabelli US Treasury MMF	3.08	2.99	2.03
Amer Century Capital Presv Fund/Inv	2.91	2.88	1.91
T. Rowe Price US Treasury MF	2.88	2.85	1.80
RMK Select Treas MMF/CI A	2.81	2.71	1.76
JPMorgan 100% US Treas MMF/Morgan	2.77	2.71	1.75
US Treasury MF of America/CI A	2.77	2.72	1.74
Schwab US Treasury Money Fund	2.74	2.66	1.69
CMA Treasury Fund RIC	2.69	2.59	1.70
DBAB Cash Reserve Treas/Inv	2.69	2.61	1.64

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	3.59%	3.58%	2.57%
Scudder MM Series Premium/AARP	3.49	3.47	2.45
TIAA-CREF Money Market Fund	3.42	3.34	2.29
MFS Money Market Fund	3.41	3.38	2.16
Scudder MM Series Prime Reserve/AARP	3.40	3.35	2.35
Vanguard Prime MMF/Retail	3.37	3.29	2.31
GE Money Market Fund	3.30	3.26	2.20
Harbor Money Market Fund	3.30	3.27	2.21
BB&T Prime MMF/Instit	3.28	3.23	2.16
SSgA MMF/CI A	3.27	3.24	2.20
Wells Fargo Adv Heritage MF/Admin	3.27	3.24	2.18

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	2.44%	2.49%	2.04%
Vanguard Tax-Exempt MMF	2.40	2.45	1.94
Scudder Tax-Exempt Money Fund	2.17	2.19	1.65
Fidelity AMT Tax-Free Money Fund	2.15	2.21	1.79
T. Rowe Price Summit Muni MMF	2.12	2.13	1.61
Fidelity Municipal MMF	2.10	2.15	1.66
Dreyfus BASIC Muni MMF	2.09	2.11	1.64
USAA Tax Exempt MMF	2.09	2.12	1.66
Amer Century T-F MMF/Inv Class	2.08	2.15	1.64
Fidelity Tax Free Money Market	2.08	2.12	1.65
Scudder T-E Cash Managed Shares	2.08	2.11	1.67

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard NY Tax-Exempt MMF	2.35%	2.38%	1.89%
Vanguard OH Tax-Exempt MMF	2.34	2.39	1.93
Vanguard NJ Tax-Exempt MMF	2.33	2.37	1.89
Vanguard PA Tax-Exempt MMF	2.33	2.37	1.91
Vanguard CA Tax-Exempt MMF	2.29	2.33	1.90
Fidelity FL Municipal MMF	2.02	2.09	1.63
Fidelity PA Municipal MMF	2.02	2.09	1.61
Fidelity AZ Municipal MMF	2.01	2.07	1.60
Fidelity OH Municipal MMF	2.01	2.06	1.58
Fidelity CT Municipal MMF	1.98	2.04	1.61
Fidelity MA Municipal MMF	1.98	2.04	1.55
Fidelity MI Municipal MMF	1.98	2.03	1.56
Fidelity NY Municipal MMF	1.98	2.05	1.58

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 9/13/05. 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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Brandywine Advisors & Blue Topping Their Peers

In the last issue of *MONEYLETTER*, we profiled the strategies of Friess Associates, the investment shop behind the Brandywine Funds. As detailed in that issue, the Brandywine team utilizes “exhaustive” bottom-up research to select its investments in firms that will beat Wall Street earnings expectations. It follows, then, that the funds' portfolio characteristics, including sector allocation, derive from stock picking. Sometimes, that means that the Brandywine funds end up tilted heavily toward one or two sectors.

As of June 30, the three Brandywine funds, collectively, were heavily weighted in energy stocks. In a report to investors on June 30, portfolio manager and firm CEO Bill D'Alonzo, noted that “nearly one in five companies we hold firm-wide hails from the energy sector.” But he quickly added, “Still, that commitment doesn't hinge on a specific oil-price target.” Rather, he sees high oil prices as encouraging exploration and production activity, “creating strong demand and earnings-growth potential.”

In a broader perspective, D'Alonzo noted at the end of August that the potential for energy to take the wind out of the economy's sails is a significant investor concern. He also opined that broad economic measures are offering mixed signals. However, the Brandywine team continues to find “ample earnings strength at reasonable prices.” And if that's true, the two funds profiled below should continue on their recent winning paths.

Brandywine Advisors (BWAFFX)

This mid-cap fund targets growing companies with market capitalizations between \$1 billion and \$15 billion. Note: this fund cannot be purchased directly from Brandywine—it is only available through financial intermediaries and carries a 0.25% 12b-1 fee for distribution and shareholder services.

Top Five Holdings & Sectors (% of Assets)

Chesapeake Energy	4.6	Energy	28.0
Fisher Scientific	4.5	Industrial Materials	25.4
National Oilwell Varco	4.4	Consumer Services	14.2
Precision Castparts	4.3	Healthcare	11.9
Southwestern Energy	4.1	Business Services	7.8

As of June 30, 2005

Holding true to the Brandywine investment style, Brandywine Advisors targets fast growth companies with

reasonable valuations. The fund holds only 43 stocks in its portfolio and sports a rapid portfolio turnover of 269%. Since its inception in October 2000, its calendar year results have been mixed. It fell about in the middle of Morningstar's mid-cap growth pack in its first full year of operation, turned around to place in the top 12% in 2002, only to lag in the following two years. A lack of technology stocks would explain the shortfall in 2003. But 2005 is a different story. As of September 16, its year-to-date return of 17.3% puts it in the top 1% of its fund group, as does its trailing one-year return of 33.2%.

To be sure, the heavy portfolio emphasis on energy has been a plus, though homebuilders and select consumer-related holdings have aided results as well. The single largest contributor to fund results this year has been Southwestern Energy, followed closely by top holding Chesapeake Energy, up 147% and 106%, respectively. Other energy firms contributing to results include National Oilwell Varco (up 80%), Weatherford International, and Nabors Industries.

Meanwhile, homebuilders KB Home and Centex Corp. advanced on better-than-expected earnings. Additionally, seventh largest holding Goodrich is ahead by more than 38%. The firm is the world's largest supplier of components, systems, and services to the aviation market. Following a lull in business after the 2001 terrorist attack, it is benefiting from increasing aftermarket sales and orders associated with next-generation aircraft.

Brandywine Blue (BLUEX)

As its name suggests, Brandywine Blue applies the Brandywine investment program to large-cap stocks, with market capitalizations of more than \$6 billion. The fund, however, rarely holds “mega-cap” stocks such as the General Motors, Wal-Marts, and IBMs of the world. In explanation, D'Alonzo says that these mega-caps are usually growing too slowly for their liking, and are so heavily followed by analysts that it is difficult to get that information edge that is critical to their strategy. Instead, Brandywine Blue focuses on the lower end of the large-cap spectrum. Like its siblings, it holds a relatively small number of stocks (32) and has a high turnover (247%).

Brandywine Blue has been a notable success in the large-cap sector, especially considering that the segment tends to be much more efficiently priced than the small-, or even mid-cap universes. Over the past six full calendar

(continued on page 7)

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