

Time For Some Offense

by *Walter S. Frank, Chief Investment Officer*

As we wrote in our year-end outlook (*MONEYLETTER*—December 23, 2005 issue) we have warmed considerably to natural resources funds after avoiding them for years. The reason for our change of attitude is easy enough to guess—the current and expected growth of China and India. The growth and ambitious plans of these economies, with their huge populations, have put a strain on the ability of the world’s resources to meet their current needs, let alone the prospective ones.

The stock market has been fully aware of the developments in the natural resources sector, and the stock prices of the producing and extracting companies have risen accordingly. But the natural resources companies, despite the excellent gains of the past two years, remain undervalued, we are told by the natural resources’ funds money managers, considering that the companies will be providing growing earnings for some years ahead.

We now believe that a moderate 10% allocation to natural resources funds is suitable for all portfolios, and are now making such a recommendation. While the prices of the underlying commodities that these funds own are volatile, the funds themselves are no more volatile than the stock market itself.

Here are the specific changes we recommend. For all three portfolios (Venturesome, Moderate, and Conservative) allocate 10% of the total portfolio value to a natural resources fund. (See our Specialty list.) The proceeds are to come from the money fund position in the individual portfolios. For the Venturesome and Moderate portfolios this will create a new specialty fund allocation of 10%. For the Conservative Portfolio this will increase the specialty fund allocation from 10% to 20%.

In all three cases the new allocation will reduce the money fund position as follows: **Venturesome**—from 20% to 10%, **Moderate**—from 20% to 10%, **Conservative**—from 25% to 15%.

Market Trends

	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Higher	Higher
Dollar	Higher	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

In the model portfolios, for the three *MONEYLETTER* portfolios we will purchase RS Global Natural Resources (RSNRX and profiled in the December 23rd, 2005 issue). For all three Fidelity family portfolios we will purchase Fidelity Select Natural Resources (FNARX). For all three Vanguard family portfolios we will purchase Vanguard Energy (VGENX).

Responding to the Fed

As you can see we are lowering our overall money fund allocation. Three months ago we had raised the money fund allocation as the Fed continued tightening. As we explained then, this was an exercise in caution on our part. At the time we viewed the rate increase process as open-ended. The primary goal of the Fed was to slow the economy, and it was by no means clear how high rates would have to go for that to occur. That raised the prospect of the Fed slowing the economy more than they (and the market) expected.

Three months later, the outlook regarding the Fed has softened. For one thing, the housing sector has been signaling that its boom is losing steam. The Fed can pat itself on the back for that. Considering the role that housing has played in energizing the economy over the past few years, softness in housing translates into a drag on growth this year.

Beyond the economic numbers there is the Minutes of the Fed meeting held on December 13th. We view the Minutes as representing an important mid-course adjustment by the Fed as it works to keep the economy, and inflation, in check. This does not mean that the Fed is about to stop raising rates. In fact, the Minutes are explicit that the Fed expects to make at least one and probably two more increases, while leaving the door open for more, if deemed necessary.

At the same time, the Minutes also made clear that the Fed is aware that it could overdo. As the Minutes say, “the Committee would need to be mindful of the lags in the effect of policy firming on the economy.” Translated from Fed speak that means, we know we can overdo.

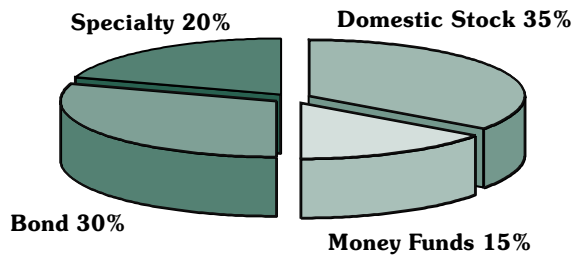
The result of the Minutes, and the economic developments, is that we now believe it is time to reduce the caution we introduced into our allocations in October. This explains why we cut the money fund allocations rather than our stock fund allocations.

Fund changes

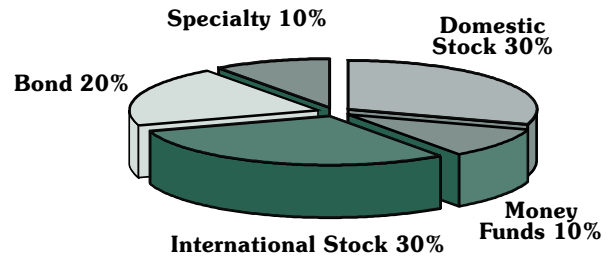
The Hotline of Tuesday, January 3 recommended the sale, in the Vanguard Moderate Portfolio, of Vanguard Small Cap Value, with the proceeds to be reinvested equally into Vanguard U.S. Growth and Vanguard Mid-Cap Index. Here are the details as of Wednesday, January 4. Sold 435 shares of Small Cap Value Index @ \$14.88 per share. Purchased 177 shares of U.S. Growth @ \$18.34 per share. Purchased 180 shares of Mid-Cap Index @ \$18.04 per share. \$

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	2.5%	35,559	\$1.00	\$35,559
AmerCent Inflation Adj	02/12/03	16.4	2,297	10.97	25,199
Loomis Sayles Bond Retail	03/17/04	13.4	1,245	13.53	16,839
Gateway Fund	11/27/02	22.4	619	25.00	15,484
Marsico 21st Century	11/30/05	0.1	1,488	12.95	19,270
Bridgeway Small Cap Value	09/19/05	2.5	859	14.33	12,312
Third Avenue Value	11/24/04	19.2	361	54.78	19,773
TOTAL VALUE					\$144,436

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
0.7%	3.4%	7.6%	43.5%

MONEYLETTER Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	2.5%	26,945	\$1.00	\$26,945
Loomis Sayles Bond Retail	03/17/04	13.4	1,742	13.53	23,563
T. Rowe Emerging Mkts	08/10/05	19.0	973	25.68	24,982
Forward Intl Small Companies	06/01/05	23.0	1,568	15.11	23,697
Brandywine Advisors	10/12/05	5.1	1,297	10.44	13,536
Bridgeway Small Cap Value	09/19/05	2.5	956	14.33	13,696
Marsico 21st Century	11/30/05	0.1	1,408	12.95	18,227
Janus Orion	11/16/05	3.9	872	8.33	7,266
TOTAL VALUE					\$151,912

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
1.9%	6.8%	11.0%	83.0%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	2.9%	27,409	\$1.00	\$27,409
Fidelity Inflation-Protected	09/15/04	5.6	1,132	11.00	12,457
Fidelity Strategic Income	03/17/04	9.0	1,861	10.43	19,412
Fidelity Balanced	11/27/02	52.9	843	18.76	15,806
Fidelity Mid-Cap Stock	10/05/05	8.0	1,088	26.57	28,917
Fidelity Export & Multi	09/08/04	26.3	626	21.24	13,292
TOTAL VALUE					\$117,293

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
1.3%	5.6%	8.0%	40.4%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	2.9%	25,498	\$1.00	\$25,498
Fidelity Strategic Income	03/17/04	10.7	2,726	10.43	28,433
Fidelity Emerging Markets	05/11/05	40.8	1,499	18.44	27,650
Fidelity Japan	11/16/05	20.3	1,180	18.23	21,511
Fidelity Mid-Cap Stock	08/03/05	5.8	766	26.57	20,341
Fidelity Growth Company	10/05/05	9.0	355	63.63	22,574
TOTAL VALUE					\$146,007

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
4.3%	12.8%	16.6%	71.0%

Vanguard Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	2.9%	28,597	\$1.00	\$28,597
Vanguard Inflation Protect	02/19/03	17.1	1,172	12.16	14,253
Vanguard GNMA	03/17/04	5.9	1,781	10.30	18,342
Vanguard Balanced Index	11/27/02	33.5	597	19.81	11,830
Vanguard Mid-Cap Index	07/20/05	4.5	1,083	17.63	19,091
Vanguard Extended Market	11/16/05	3.2	436	34.26	14,933
Vanguard Small Cap Value	03/24/04	28.3	537	14.56	7,814
TOTAL VALUE					\$114,860

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
0.7%	3.1%	5.2%	40.3%

Vanguard Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	2.9%	22,226	\$1.00	\$22,226
Vanguard FI Hi-Yld Corp	01/17/01	32.5	3,746	6.17	23,114
Vanguard Pacific Stk Index	10/05/05	10.8	1,835	11.34	20,814
Vanguard Emg Mkts Stk Index	08/10/05	13.3	1,047	19.07	19,972
Vanguard US Growth	11/16/05	2.1	1,125	17.95	20,190
Vanguard Mid-Cap Index	03/02/05	12.4	1,037	17.63	18,280
Vanguard Small Cap Value	03/24/04	28.3	436	14.56	6,342
TOTAL VALUE					\$128,028

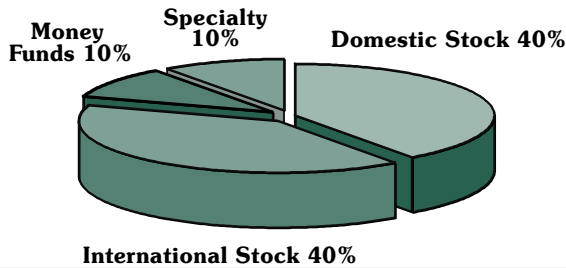
TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
2.3%	7.9%	9.9%	65.5%

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
Schwab Money Market	Yield YTD	0.7%	28,065	\$1.00	\$28,065
T. Rowe Emg. Europe & Med	02/16/05	40.1	960	25.21	24,201
Driehaus Intl Discovery	09/07/05	18.5	539	41.20	22,212
T. Rowe New Asia	08/10/05	7.7	1,183	11.83	13,996
Bridgeway Small Cap Value	09/19/05	2.5	1,664	14.33	23,849
Kinetics Paradigm	09/07/05	0.0	510	20.33	10,363
Janus Orion	11/16/05	3.9	820	8.33	6,829
Marsico 21st Century	11/30/05	0.1	1,412	12.95	18,290
TOTAL VALUE					\$147,805

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
2.7%	11.9%	17.8%	94.7%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.7%	27,174	\$1.00	\$27,174
Fidelity Emerging Markets	05/11/05	40.8	1,407	18.44	25,950
Fidelity Japan	11/16/05	20.3	954	18.32	17,394
Fidelity Southeast Asia	08/10/05	12.9	650	21.21	13,783
Fidelity Focused Stock	10/06/04	27.5	2,338	11.90	27,823
Fidelity Growth Company	10/05/05	9.0	359	63.63	22,857
Fidelity Mid-Cap Stock	08/03/05	5.8	743	26.57	19,731
TOTAL VALUE					\$154,712

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
4.3%	14.9%	18.9%	74.2%

Vanguard Venturesome

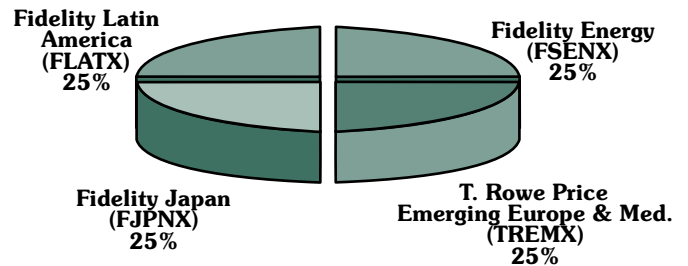
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.7%	24,660	\$1.00	\$24,660
Vanguard Emg Mkts Stk Index	02/16/05	27.0	1,448	19.07	27,617
Vanguard Pacific Stk Index	10/05/05	10.8	2,394	11.34	27,145
Vanguard Mid-Cap Index	02/16/05	13.1	1,292	17.63	22,781
Vanguard Extended Market Index	06/15/05	8.6	374	34.26	12,816
Vanguard US Growth	11/16/05	2.1	1,003	17.95	18,004
TOTAL VALUE					\$133,023

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
3.1%	11.0%	13.4%	73.7%

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 Japan	12/21/05	2.2%	2,264	\$18.23	\$41,265
T. Rowe Emg. Europe & Med	01/26/05	49.0	1,936	25.21	48,808
Fidelity Energy	08/17/05	11.7	930	46.76	43,471
Fidelity Latin America	12/29/04	54.8	1,587	31.98	50,766
TOTAL VALUE					\$184,310

TOTAL RETURNS (as of 12/31/05)

1-mo	6-mo	1-yr	3-yr
3.0%	22.3%	34.3%	98.5%

MONEYLETTER Select Commentary

The Hotline of Tuesday, December 20 recommended the sale of Fidelity Medical Delivery (FSHCX) to be exchanged for shares of Fidelity Japan (FJPNX). The recommended trades were executed at the market close December 21, 2005. Details: Sold 737 shares of Fidelity Medical Delivery (FSHCX) @ \$54.73 per share. Purchased 2,264 shares of Fidelity Japan (FJPNX) @ \$17.83 per share.

While the year closed with some profit-taking activity, the Select Model turned in extremely strong results for the year. Driven by energy and emerging markets positions a gain of 34.3% for the year was the result. Accordingly, it will be necessary to enter a couple of rebalancing transactions. The Model will sell \$4,000 from the Fidelity Latin America position (FLATX) and re-allocate it by purchasing shares of Fidelity Japan (FJPNX). In addition, \$2,000 will be trimmed from the T. Rowe Emerging Europe & Med. (TREM) position, for re-investment in Fidelity Energy (FSENX). These transactions will be entered at the market close Wednesday, January 11, 2006. \$

Total Returns—December 31, 2005

	1-mo	6-mo	1-yr	3-yr
S&P 500	0.1%	5.0%	4.1%	48.5%
Asset Allocation	1.0	5.3	6.0	41.5
Funds (Avg) 152 Funds				

Domestic Stock Funds

RANK	1/6 2006	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE	RISK		NTF/ w/f
										1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta	
1	3	75	TWHIX	American Century Heritage	MCGro	B	B	B	4.3%	19.7%	32.3%	\$15.05	15.4	0.76	FSW	
2	10	—	JORNX	Janus Orion	MC	B	B	B	3.8	20.2	31.2	8.66	14.3	1.16	FSW	
3	5	3	BRAIX	Bridgeway Aggressive Investors 2	MCGro	*	B	B	4.9	18.0	30.5	17.40	18.8	1.21	fsw	
4	8	—	RIMSX	Rainier Small/Mid Cap Port	MCGro	*	B	B	4.3	18.6	29.4	34.76	15.7	1.34	FSW	
5	43	84	FDGRX	Fidelity Growth Company	LCGro	*	(B)	(B)	5.5	19.6	24.2	67.01	25.6	1.36	Fsw	
6	7	101	RYPRX	Royce Premier (closed, 1%r<180d)	SC	B	B	B	3.3	19.2	26.4	17.36	19.4	0.84	Fsw	
7	26	1	CGMFX	CGM Focus	SCVal	*	H	H	4.4	13.1	39.6	35.21	37.9	1.03	sw	
8	36	51	JSVAX	Janus Contrarian	MC	(B)	(B)	(B)	6.2	17.8	24.0	15.67	22.3	1.10	SW	
9	11	53	FMCSX	Fidelity Mid-Cap Stock (.75%r<30d)	MCGro	B	B	B	4.1	17.9	25.4	27.67	20.9	1.05	Fsw	
10	29	69	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	(B)	(B)	(B)	4.8	16.9	25.2	55.87	22.1	1.11	fsw	
11	18	167	FMILX	Fidelity New Millennium (closed)	MCGro	B	B	B	4.3	18.7	20.4	36.43	27.3	1.27	Fsw	
12	13	46	CLSPX	Columbia Mid Cap Growth ClZ	MCGro	B	B	B	3.1	17.3	25.3	24.63	17.7	0.86	Sw	
13	12	17	NEEGX	Needham Growth Fund (.75%r<30d)	SCGro	B	B	B	2.7	17.6	24.7	37.11	25.7	1.19	FSW	
14	2	11	SSMGX	Sit Small Cap Growth (2%r<30d)	MCGro	B	B	B	1.1	15.9	29.4	32.78	21.6	1.10	FSW	
15	4	2	BRSVX	Bridgeway Small Cap Value	ScVal	B	B	B	2.5	15.2	29.1	14.94	—	—	fsw	
16	28	91	FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	(B)	(B)	(B)	3.4	17.1	23.0	22.15	20.3	1.07	Fsw	
17	17	166	RYPX	Royce Low Priced Stock (closed, 1%r<180d)	SCVal	H	H	H	3.9	17.6	20.6	16.16	27.1	1.10	Fsw	
18	35	86	HACAX	Harbor Capital Appreciation	LCGro	B	B	B	2.3	17.7	22.3	34.02	19.0	1.10	Fsw	
19	46	111	JAOLX	Janus Olympus	LCGro	*	H	H	3.7	16.6	22.4	33.90	19.1	1.04	FSW	
20	38	90	PFGRX	Preferred Large Cap Growth	LCGro	H	H	H	2.2	17.5	21.9	14.30	19.0	1.10	fw	
21	1	5	BRSGX	Bridgeway Small Cap Growth	ScGro	B	B	B	0.6	15.4	29.5	14.17	—	—	fsw	
22	6	26	SSMVX	Wells Fargo Adv SC Value ClZ (closed)	SC	B	B	B	2.3	16.0	25.4	31.16	18.3	0.88	FSW	
23	9	45	MPEGX	MSI Mid Cap Growth Inst Cl	MCGro	*	B	B	1.2	16.5	25.5	25.48	22.2	1.17	w	
24	27	108	FCNTX	Fidelity Contrafund	LC	(B)	(B)	(B)	3.0	15.8	24.5	67.22	11.4	0.54	Fsw	
25	40	183	FFTYX	Fidelity Fifty (.75%r<30d)	LC	H	H	H	3.7	17.2	19.7	23.59	19.8	0.85	Fsw	
26	24	71	TGSCX	TCW Galileo Small Cap Growth	MCGro	*	H	H	4.0	17.1	19.3	18.42	37.3	1.83	FSW	
27	42	24	PRNHX	T. Rowe Price New Horizons	SCGro	H	H	H	5.0	14.3	23.2	32.98	28.3	1.30	fsw	
28	16	40	NBNGX	Sit Mid Cap Growth (2%r<30d)	MCGro	*	B	B	2.1	15.5	23.5	13.19	23.5	1.23	FSW	
29	95	148	POGSX	Pin Oak Aggressive Stock	MCGro	*	H	H	2.9	16.5	18.9	24.02	42.0	2.20	FSW	
30	25	66	TMGFX	Turner Mid Cap Growth	MCGro	*	H	H	2.8	14.9	22.8	28.74	29.3	1.45	FSW	
31	83	107	FOCPX	Fidelity OTC Portfolio	LCGro	*	H	H	3.7	15.7	19.3	39.76	28.0	1.31	Fsw	
32	37	85	DNLDX	Dreyfus New Leaders	MCGro	H	H	H	3.3	14.3	22.6	48.53	18.6	0.90	FSW	
33	53	156	FDFFX	Fidelity Independence	LCGro	H	H	H	3.6	15.6	18.8	20.40	21.4	1.11	Fsw	
34	71	184	TGANX	TCW Galileo Aggressive Growth ClN	MCGro	H	H	H	2.9	17.5	15.1	13.86	37.7	1.82	FSW	
35	34	12	FTQGX	Fidelity Focused Stock (.75%r<30d)	LC	*	H	H	3.1	12.8	25.3	12.30	17.2	1.00	Fw	
36	85	146	JAGIX	Janus Growth & Income	LCGro	H	H	H	4.1	14.1	20.5	37.50	15.1	0.87	FSW	
37	128	154	VPMCX	Vanguard PRIMECAP (closed, \$25k, 1%r<1yr)	LC	H	H	H	3.9	15.7	16.5	68.00	21.7	1.13	fsw	
38	20	58	NMANX	Neuberger Berman Manhattan	MCGro	*	H	H	2.8	14.1	22.1	8.17	23.4	1.15	f	
39	15	—	BWAFX	Brandywine Advisors	MCGro	H	H	H	2.2	12.5	26.5	10.82	13.2	0.67	FSW	
40	79	113	RSGRX	RS Growth	MCGro	H	H	H	3.4	14.0	20.4	16.46	18.2	0.97	FSW	
41	50	151	SGROX	Wells Fargo Advantage Growth	LCGro	H	H	H	2.8	14.8	19.2	22.08	17.7	0.97	FSW	
42	57	117	VWUSX	Vanguard U.S. Growth	LCGro	*	H	H	2.0	15.5	18.7	18.64	21.6	1.23	fsw	
43	22	8	NPRTX	Neuberger Berman Partners	LCVal	(H)	(H)	(H)	2.6	12.1	25.9	29.13	20.7	1.10	fsw	
44	41	132	TWCVX	American Century Vista	MCGro	H	H	H	3.5	13.9	19.7	16.67	15.8	0.68	FSW	
45	143	126	VHCOX	Vanguard Cap Opp (closed, \$25k, 1%r<1yr)	MCGro	*	H	H	4.6	13.9	18.1	34.52	25.3	1.28	fsw	
46	21	7	FLVCX	Fidelity Leveraged Co (\$10k, 1.5%r<90d)	MC	*	(H)	(H)	2.8	11.6	26.2	26.92	36.3	1.39	Fw	
47	89	141	RSMOX	RS MidCap Opportunities	MCGro	H	H	H	4.1	13.5	19.2	13.88	22.6	1.11	FSW	
48	44	175	NTHFX	Northeast Investors Growth	LCGro	*	H	H	1.3	15.4	18.3	19.11	16.8	0.96	fw	
49	14	20	BOGLX	Bogle Small Cap Growth (closed)	SCGro	(H)	(H)	(H)	1.1	13.8	22.6	27.43	22.3	0.88	w	
50	60	18	VMSX	Vanguard Mid-Cap Index	MC	H	H	H	3.5	12.1	22.4	18.24	20.1	0.97	fsw	
51	105	176	VGEQX	Vanguard Growth Equity	LCGro	H	H	H	2.7	14.6	17.1	10.91	22.2	1.22	fsw	
52	51	181	MXIX	Marsico 21st Century (2%r<30d)	LC	H	H	H	1.5	16.3	14.5	13.30	21.1	0.95	FSW	
53	70	43	FDVLX	Fidelity Value	MCVal	H	H	H	3.4	11.9	22.0	78.28	19.0	0.89	Fsw	
54	19	—	BRWIX	Brandywine Fund	MC	H	H	H	1.8	12.2	23.2	32.24	13.7	0.69	fsw	
55	58	52	BUFMX	Buffalo Mid Cap	MCGro	H	H	H	2.5	13.0	19.9	14.81	17.6	1.34	FSW	
56	129	87	USCGX	USAA Capital Growth	MCGro	H	H	H	6.2	11.4	18.1	8.30	23.9	1.13	fsw	
57	63	61	JAENX	Janus Enterprise	MCGro	H	H	H	2.0	13.5	19.1	43.20	21.4	1.09	FSW	
58	74	119	KAUFX	Federated Kaufmann Fund (0.2%)	MCGro	H	H	H	3.1	13.2	17.6	5.74	19.5	0.86	FSW	
59	31	10	NBGNX	Neuberger Berman Genesis (closed)	SC	H	H	H	1.9	10.8	25.1	35.15	15.5	0.63	fsw	
60	55	72	ACBGX	USGlobal Holmes Growth (.25%r<30d)	MCGro	S	S	S	2.6	12.3	20.0	18.12	15.3	0.57	FSW	
61	99	42	USRLX	Undiscovered Small Cap Growth (\$10,000)	SCGro	*	S	S	5.1	13.1	14.1	10.76	44.2	1.85	fw	
62	118	155	VMRGX	Vanguard/Morgan Growth	LC	S	S	S	3.3	13.0	16.9	18.39	19.6	1.08	fsw	
63	153	159	SCQGX	Scudder Large Company Growth	LCGro	H	H	H	3.6	12.9	16.6	26.14	17.9	1.04	FSW	
64	113	38	TAVFX	Third Avenue Value (1%r<60d)	SC	H	H	H	3.5	10.5	22.5	56.16	17.2	0.79	FSW	
65	119	205	TGCNX	TCW Galileo Select Equity	LCGro	*	S	S	0.6	16.2	12.5	20.83	28.1	1.46	FSW	
66	39	54	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	2.2	11.7	21.2	11.14	20.4	0.80	Fsw	
67	66	65	JAVLX	Janus Twenty (closed)	LCGro	S	S	S	1.4	13.6	17.5	50.84	17.3	0.93	FSW	
68	92	59	STCSX	Wells Fargo Adv Common Stock Z (closed)	MC	H	H	H	3.4	11.4	20.1	22.41	22.6	1.15	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	1/6 2006	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	127	232	FLCSX	Fidelity Large Cap Stock	LCGro	S	S	S	3.2	13.8	13.9	16.20	16.4	0.96	Fsw	
70	150	180	FDCAX	Fidelity Capital Appreciation	LCGro	S	S	S	3.9	12.8	15.2	26.22	26.0	1.28	Fsw	
71	61	29	VALLX	Value Line Leveraged Growth	LCGro	*	S	S	2.4	11.4	20.9	23.23	14.9	0.83	FSW	
72	104	130	LSGIX	Loomis Sayles Value	LCVal	S	S	S	2.8	12.1	18.6	18.82	16.4	0.89	fsW	
73	87	83	MPMVX	MSI Mid Cap Value	MCVAl	H	H	H	2.7	12.0	18.9	26.79	23.1	1.18	fsw	
74	52	60	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	S	S	S	3.6	11.1	19.6	21.41	16.7	0.58	Fsw	
75	94	105	STDIX	Wells Fargo Advantage Discovery	MCGro	S	S	S	3.4	11.9	17.6	21.34	19.1	0.86	FSW	
76	112	252	FGRTX	Fidelity Growth & Income II	LC	S	S	S	2.0	14.8	12.1	10.49	14.5	0.81	Fw	
77	101	157	GABGX	Gabelli Growth	LC	S	S	S	1.4	13.2	16.6	29.74	23.3	1.35	FSW	
78	45	—	WWNPX	Kinetics Paradigm (2%r<30d)	MC	H	H	H	2.6	9.5	24.3	20.89	11.7	0.63	FSW	
79	75	124	FSLCX	Fidelity Small Cap Stock (2%r<90d)	SCGro	S	S	S	3.0	12.2	16.8	19.04	21.5	0.94	F	
80	72	47	VEXPX	Vanguard Explorer	SCGro	S	S	S	2.8	11.5	18.8	78.02	24.2	1.12	fsw	
81	108	139	FDEGX	Fidelity Aggressive Growth (1.5%r<90d)	MCGro	*	S	S	3.5	12.2	15.7	18.53	31.1	1.74	Fsw	
82	88	39	PESPX	Dreyfus Mid Cap Index	MCGro	S	S	S	2.9	10.7	20.4	28.88	20.2	0.97	FSW	
83	56	15	VLIFX	Value Line Fund	LCGro	S	S	S	2.2	10.9	20.4	13.73	13.1	0.73	FSW	
84	67	33	VISGX	Vanguard Small Cap Growth Index	SCGro	S	S	S	2.5	11.5	18.6	17.08	21.6	0.91	fsw	
85	122	—	RIMEX	Rainier Core Equity	LC	S	S	S	2.3	11.6	18.2	27.55	10.5	1.02	FSW	
89	64	19	BERWX	Berwyn Fund (closed,1%r<180d)	SCVal	(S)	(S)	(S)	1.0	11.0	21.1	30.78	22.3	0.77	fsw	
90	81	37	VEXMX	Vanguard Extended Market Index	MC	H	(S)	(S)	2.8	10.7	19.0	35.50	21.5	1.02	fsw	
116	30	115	LMOPX	Legg Mason Opportunity Trust (1%r<1yr)	MC	*	(S)	(S)	-0.1	12.7	14.4	17.21	35.1	1.48	—	
132	49	21	RSPFX	RS Partners (closed)	SC	(S)	(S)	(S)	1.7	8.9	19.3	33.75	20.9	0.69	FSW	
199	152	25	VISVX	Vanguard Small-Cap Value Index	SCVal	H	(S)	(S)	1.9	6.5	14.7	15.04	22.4	0.90	fsw	

Dow Jones
NASDAQ
S&P 500

0.9%
2.0
1.7

6.7%
11.5
7.6

3.2%
10.3
8.2

indexes do not
include dividends

International Stock Funds

1	7	72	FJPNX	Fidelity Japan (1.5%r<90d)	Japan	*	B	B	14.0%	57.3%	53.6%	\$19.17	17.3	—	Fsw
2	1	1	PRLAX	T. Rowe Price Latin America (2%r<90d)	LatinA	*	H	H	3.3	47.4	82.5	27.27	29.7	—	fsw
3	16	70	FJSCX	Fidelity Japan Smaller Cos (1.5%r<90d)	Japan	*	(B)	(B)	21.1	48.2	52.4	17.80	28.4	—	Fsw
4	2	4	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	3.5	48.4	76.2	34.20	29.8	—	Fs
5	3	3	SLAFX	Scudder Latin America (closed,2%r<30d)	LatinA	*	H	H	4.5	46.8	75.6	49.54	27.3	—	Sw
6	10	71	PRJPX	T. Rowe Price Japan (2%r<90d)	Japan	*	B	B	12.8	48.0	49.4	12.36	14.4	—	s
7	8	6	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	*	B	B	10.1	43.2	60.5	19.52	—	—	Fsw
8	9	13	DRIDX	Driehaus Intl Discovery (2%r<60d)	Int'l	*	B	B	13.3	41.1	58.3	43.85	21.1	—	FSW
9	6	17	DREGX	Driehaus Emerging Mkts Gr (2%r<60d)	Int'l	*	B	B	8.8	43.9	53.6	29.98	24.9	—	FSW
10	5	8	EUROX	US Global Eastern Europe (2%r<180d)	Europe	*	B	B	8.7	42.1	56.5	42.22	26.6	—	FSW
11	18	75	SJPNX	Japan Fund (Scudder) (2%r<180d)	Japan	*	B	B	13.5	43.5	35.2	13.92	14.8	—	FSW
12	19	73	WPJGX	CS Warburg Pincus Japan Grth (2%r<30d)	Japan	*	(B)	(B)	14.0	41.4	36.1	7.51	22.7	—	FSW
13	4	2	TREMX	T. Rowe Price Emg Europe & Med (2%r<90d)	Europe	*	B	B	5.5	32.6	68.6	26.46	29.2	—	fw
14	11	—	HLEMX	Harding Loevner Emerg Mkt (2%r<90d)	Int'l	*	B	B	9.1	36.2	53.4	36.75	15.5	—	Fsw
15	13	19	JAOSX	Janus Overseas (closed,2%r<90d)	Int'l	*	(H)	(H)	10.2	37.1	46.3	33.81	16.5	—	FSW
16	12	5	PRMSX	T. Rowe Price Emerging Mkts Stk	Int'l	*	B	B	7.8	35.0	52.9	27.23	18.8	—	fsw
17	17	57	FPBFX	Fidelity Pacific Basin (1.5%r<90d)	Pacific	*	B	B	11.1	36.6	42.3	26.83	14.7	—	Fsw
18	15	12	AIOIX	Amer.Cent.Intl Opp. (closed,2%r<180d)	Int'l	*	(H)	(H)	11.4	32.5	48.9	11.04	20.4	—	—
19	14	9	VEIEX	Vanguard Emerging Mkts Stk Index (.5%r)	Int'l	*	H	H	9.1	33.8	47.6	20.28	22.6	—	fsw
20	21	10	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	H	H	10.2	29.9	44.0	22.27	21.1	—	Fsw
21	20	33	PRIDX	T. Rowe Price Intl Disc. (2%r<90d)	Int'l	*	H	H	10.2	31.8	38.4	43.63	16.0	—	fsw
22	23	68	VPACX	Vanguard Pacific Stock Index (2%r<60d)	Pacific	*	H	H	9.3	33.7	32.1	11.87	13.7	—	fsw
23	29	—	USPAX	Excelsior Pacific/Asia	Pacific	*	H	H	11.2	31.5	34.0	11.41	13.6	—	FSW
24	25	22	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	11.5	29.9	36.6	20.99	—	—	SW
25	22	21	FISMX	Fidelity Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	11.2	28.1	40.2	28.46	—	—	Fw
26	24	14	DRFMX	Dreyfus Premier Emerging Market (1%r)	Int'l	*	H	H	8.7	27.9	37.5	22.74	21.6	—	fsw
27	47	16	SCOPX	Scudder Pacific Opp (closed,2%r<30d)	Pacific	*	H	H	11.6	26.7	35.4	17.05	19.0	—	FSW
28	30	25	PISRX	Forward Intl Small Companies (2%r<180d)	Int'l	*	H	H	10.6	26.6	35.2	15.85	—	—	FSW
29	34	11	MAPTX	Matthews Pacific Tiger (2%r<90d)	Pacific	*	H	H	10.2	26.1	33.7	20.31	23.6	—	FSW
30	62	74	MJFOX	Matthews Japan Fund (2%r<90d)	Japan	*	S	S	12.0	28.2	24.9	19.46	15.2	—	FSW
31	32	30	WBIGX	Wm. Blair Intl Growth N (closed,1%r<60d)	Int'l	*	H	H	7.7	26.5	32.5	26.57	14.6	—	FSW
32	27	23	SCOBX	Scudder Global (closed,2%r<30d)	Global	*	S	S	7.2	26.2	33.5	31.87	12.7	—	FSW
33	31	42	HAINX	Harbor International (2%r<60d)	Int'l	*	S	S	7.0	27.2	30.7	52.07	17.9	—	Fsw
34	33	7	PRASX	T. Rowe Price New Asia (2%r<90d)	Pacific	*	H	H	8.7	23.5	35.9	12.37	19.7	—	fs
35	52	31	MPACX	Matthews Asia Pacific (2%r<90d)	Pacific	*	S	S	10.2	24.8	29.5	15.67	—	—	FSW
36	36	—	ACINX	Columbia Acorn Intl Z (2%r<60d)	Int'l	*	S	S	8.5	24.2	31.8	35.19	13.3	—	Sw
37	35	47	FOSFX	Fidelity Overseas (1%r<30d)	Int'l	*	H	H	7.2	25.7	28.1	43.23	15.5	—	Fsw
38	26	26	NBISX	Neuberger Berman Intl (2%r<60d)	Int'l	*	S	S	7.4	23.5	32.9	22.73	16.3	—	fsw
39	45	29	VINEX	Vanguard Intl Expl (closed,\$25k,2%r<60d)	Int'l	*	S	S	10.2	22.6	30.6	18.94	16.3	—	fsw
40	38	35	VTRIX	Vanguard International Value (2%r<60d)	Int'l	*	S	S	8.3	24.7	28.2	36.82	16.8	—	fsw
41	40	27	ICEUX	ICAP Euro Select Equity (2%r<30d)	Int'l	*	S	S	7.8	24.7	28.4	34.49	18.0	—	fsw
42	28	—	PRGSX	T. Rowe Price Global Stock (2%r<90d)	Global	*	(S)	(S)	5.8	24.7	30.8	20.22	11.6	—	fsw
43	41	38	BJBIX	Julius Baer Intl Equity A (2%r<90d)	Int'l	*	S	S	8.6	24.4	27.5	37.54	12.5	—	FS
44	37	36	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	*	S	S	8.4	23.5	29.6	20.88	20.4	—	FSW
45	43	56	ARTIX	Artisan International (2%r<90d)	Int'l	*	S	S	8.5	24.6	26.2	26.63	16.4	—	FSW

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

RANK	1/6 2006	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	RISK		NTF/ w/ff
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
1	5	83	USERX	U.S. Global Gold Shares (.25%r<30d)	NatRes	*	*	*	19.9%	56.7%	59.0%	\$11.82	44.60	0.72	fSw	
2	1	86	FSAGX	Fidelity Gold (.75%r<30d)	NatRes	*	*	*	13.0	60.2	60.2	35.69	33.80	0.49	Fsw	
3	7	91	BGEIX	Amer. Cent. Global Gold (1%r<60d)	NatRes	*	*	*	18.6	52.8	51.0	16.87	36.50	0.55	Fsw	
4	3	15	VGPMX	Vanguard Precious Metals (\$10k, 1%r<1yr)	NatRes	*	*	*	10.4	46.1	63.0	24.93	27.50	0.81	fsw	
5	12	93	RYPMX	Rydex Precious Metals (\$25k)	NatRes	*	*	*	14.7	47.9	42.5	50.64	34.90	0.63	Fsw	
6	13	92	SCGDY	Scudder Gold (closed)	NatRes	*	*	*	15.8	45.1	39.7	21.02	35.90	0.66	Sw	
7	2	4	FSEX	Fidelity Energy Services (.75%r<30d)	NatRes	*	*	*	7.3	33.2	72.3	71.24	23.70	0.78	Fsw	
8	4	5	RYVIX	Rydex Energy Services (\$25k)	NatRes	*	*	*	6.9	32.0	67.4	42.89	24.10	0.90	Fsw	
9	—	—	PSPFX	U.S. Global Inv Global Res (.25%r<30d)	NatRes	(B)	(B)	(B)	5.3	27.2	65.1	15.12	22.90	1.00	FSW	
10	9	9	FNARX	Fidelity Natrl Resources (.75%r<30d)	NatRes	(B)	(B)	(B)	5.5	28.2	61.5	25.86	17.80	0.70	Fw	
11	6	—	RSNRX	RS Global Natural Resources (\$5k)	NatRes	(B)	(B)	(B)	3.8	30.4	56.2	33.97	17.30	0.44	FSW	
12	8	1	FSENX	Fidelity Energy (.75%r<30d)	NatRes	*	*	*	4.9	24.5	67.9	49.83	18.50	0.64	Fsw	
13	10	8	ICENX	ICON Energy	NatRes	*	*	*	5.6	26.5	59.5	34.36	20.80	0.70	FSW	
14	11	6	FSNGX	Fidelity Natural Gas (.75%r<30d)	Utility	*	*	*	3.7	23.6	60.8	40.97	19.10	0.53	Fsw	
15	14	3	VGEXX	Vanguard Energy (1%r<1yr)	NatRes	(B)	(B)	(B)	4.9	20.8	58.7	59.46	16.50	0.61	fsw	
16	15	12	FSLBX	Fidelity Brokerage (.75%r<30d)	FinServ	*	*	*	3.7	25.4	38.7	72.04	21.90	1.33	Fsw	
17	16	7	RYEIX	Rydex Energy (\$25k)	NatRes	*	*	*	3.8	17.5	53.1	21.40	19.50	0.76	Fsw	
18	17	14	PRNEX	T. Rowe Price New Era	NatRes	(B)	(B)	(B)	4.9	20.8	42.5	43.23	17.10	0.75	fsw	
19	18	10	CGMRX	CGM Realty	RealEs	*	*	*	6.6	19.8	39.0	28.55	24.30	0.75	sw	
20	23	29	FSAIX	Fidelity Air Transport (.75%r<30d)	Cycs	*	*	*	4.1	23.2	31.0	41.19	20.20	1.07	Fsw	
21	20	51	FSDPX	Fidelity Indust Matrsl (.75%r<30d)	Cycs	*	*	*	3.0	23.9	22.0	44.96	20.70	0.94	Fsw	
22	24	30	RIAFX	RS Internet Age	Tech	*	*	*	5.4	20.3	24.3	8.23	41.60	2.34	FSW	
23	22	38	PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	4.6	19.7	26.7	35.07	22.00	1.37	fsw	
24	28	19	FSELX	Fidelity Electronics (.75%r<30d)	Tech	*	*	*	3.9	17.7	32.3	47.00	37.50	2.12	Fsw	
25	21	33	ICBMX	ICON Materials	Cycs	*	*	*	2.8	20.7	24.6	11.22	20.30	1.02	FSW	
26	50	67	FSDCX	Fidelity Developing Comm (.75%r<30d)	Tech	*	*	*	7.1	20.5	17.5	21.54	31.40	1.73	Fsw	
27	27	49	PRHSX	T. Rowe Price Health Sciences	Health	*	*	*	5.6	19.8	20.5	25.97	14.90	0.71	fsw	
28	25	36	RYOIX	Rydex Biotechnology (\$25k)	Health	*	*	*	4.4	20.0	18.0	23.16	23.80	1.10	FSW	
29	70	88	RYIIX	Rydex Internet (\$25k)	Tech	*	*	*	5.5	20.8	12.0	40.28	35.40	2.06	Fw	
30	56	68	FNINX	Fidelity Networking (.75%r<30d)	Tech	*	*	*	5.9	18.8	15.0	2.53	36.60	2.04	Fw	
31	26	44	FSRFX	Fidelity Transportation (.75%r<30d)	Cycs	*	*	*	0.2	20.8	17.9	46.90	17.80	0.98	Fsw	
32	32	63	RYPIX	Rydex Transportation (\$25k)	Cycs	*	*	*	1.9	21.8	12.6	25.97	17.00	0.86	FSW	
33	29	27	FWRXL	Fidelity Wireless (.75%r<30d)	Tech	*	*	*	3.5	15.1	25.0	7.16	27.70	1.58	Fw	
34	34	43	FBIOX	Fidelity Biotechnology (.75%r<30d)	Health	*	*	*	5.8	17.4	15.4	64.82	20.80	0.90	Fsw	
35	37	72	FPHAX	Fidelity Pharmaceuticals (.75%r<30d)	Health	*	*	*	4.6	16.8	16.9	10.29	15.70	0.83	Fw	
36	19	18	FSHCX	Fidelity Med Del (.75%r<30d)	Health	*	*	*	1.6	11.7	32.8	55.47	20.50	0.02	Fsw	
37	43	21	RYSIX	Rydex Electronics (\$25k)	Tech	*	*	*	1.9	14.9	23.3	12.65	43.20	2.35	FSW	
38	31	13	CSRSX	Cohen & Steers Realty (\$10k, 1%r<180d)	RealEs	*	*	*	4.6	11.1	27.6	75.88	16.00	0.40	FSW	
39	44	32	RSIFX	RS Information Age	Tech	*	*	*	5.2	14.4	17.2	17.40	40.80	2.32	FSW	
40	54	48	VGHCX	Vanguard Health (closed, \$25k&1%r<1yr)	Health	*	*	*	4.8	12.7	21.3	143.70	11.20	0.63	fsw	
41	36	17	TRREX	T. Rowe Price Real Estate (1%r<180d)	RealEs	*	*	*	4.8	10.5	26.2	20.35	15.00	0.36	fsw	
42	42	50	FSCGX	Fidelity Industrial Equip (.75%r<30d)	Cycs	*	*	*	2.8	15.7	15.8	27.82	19.40	1.14	Fsw	
43	38	34	FCYIX	Fidelity Cyclical Ind (.75%r<30d)	Cycs	*	*	*	2.7	14.4	18.9	20.02	16.50	0.97	Fw	
44	49	23	FSDAX	Fidelity Defense & Aero (.75%r<30d)	Cycs	*	*	*	3.8	10.9	25.8	74.74	15.60	0.60	Fsw	
45	52	75	FBMPX	Fidelity Multimedia (.75%r<30d)	Consmr	*	*	*	4.1	14.7	15.8	50.14	22.90	1.21	FSW	
46	33	16	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	4.7	10.3	25.7	32.42	15.00	0.36	Fsw	
47	62	42	FSPTX	Fidelity Technology (.75%r<30d)	Tech	*	*	*	3.6	13.9	17.7	67.10	29.50	1.74	Fsw	
48	40	45	ICTRX	ICON Industrials	Cycs	*	*	*	2.0	14.6	17.7	13.10	17.20	0.84	FSW	
49	76	59	FSCSX	Fidelity Software (.75%r<30d)	Tech	*	*	*	7.2	13.2	13.0	56.10	25.30	1.45	Fsw	
50	39	54	RYBIX	Rydex Basic Materials (\$25k)	Cycs	*	*	*	3.2	15.4	12.5	32.63	20.20	1.13	FSW	
51	46	60	FBSOX	Fidelity Bus Services (.75%r<30d)	Tech	*	*	*	3.0	14.8	13.4	17.03	20.20	1.25	Fsw	
52	30	37	FSPHX	Fidelity Health Care (.75%r<30d)	Health	*	*	*	1.7	11.6	21.7	139.60	11.20	0.55	Fsw	
53	65	57	RYTIX	Rydex Technology (\$25k)	Tech	*	*	*	2.6	14.0	13.9	12.24	32.00	1.90	FSW	
54	51	20	VGSIK	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	4.5	8.4	23.7	20.70	15.50	0.36	fsw	
55	35	56	FSPCX	Fidelity Insurance (.75%r<30d)	FinServ	*	*	*	2.4	11.8	18.0	70.20	14.30	0.79	Fsw	
56	53	70	FIDSX	Fidelity Finl Serv (.75%r<30d)	FinServ	*	*	*	3.2	13.1	12.4	118.50	15.10	0.92	Fsw	
57	55	52	FBALX	Fidelity Balanced	Hybrid	B	*	*	3.0	10.7	16.4	19.26	11.30	0.71	FSW	
58	59	82	FDLIX	Fidelity Leisure (.75%r<30d)	Consmr	*	*	*	3.7	12.4	10.6	81.21	16.00	0.94	Fsw	
59	48	66	PRISX	T. Rowe Price Financial Services	FinServ	*	*	*	2.5	13.0	9.9	21.79	16.40	1.00	fsw	
60	60	39	FDCPX	Fidelity Computers (.75%r<30d)	Tech	*	*	*	1.2	11.2	14.6	37.97	29.90	1.75	Fsw	
61	73	47	PRSCX	T. Rowe Price Science & Tech	Tech	*	*	*	2.7	10.7	13.4	20.68	27.50	1.69	fsw	
62	66	64	RYHIX	Rydex Health Care (\$25k)	Health	*	*	*	3.4	9.3	15.5	14.62	12.50	0.69	FSW	
63	47	77	FSTCX	Fidelity Telecomm (.75%r<30d)	Utility	*	*	*	2.2	12.0	10.2	40.17	31.30	1.79	Fsw	
64	61	28	ICTUX	ICON Telecommunications & Utilities	Utility	*	*	*	3.2	6.4	19.6	7.11	14.70	0.74	FSW	
65	41	35	FSLEX	Fidelity Environmental Ser (.75%r<30d)	Cycs	*	*	*	1.5	8.7	15.9	15.95	15.30	0.85	Fsw	
66	72	76	RYMIX	Rydex Telecommunications (\$25k)	Utility	*	*	*	2.7	11.1	7.8	16.42	31.80	1.90	FSW	
67	84	62	ICTEX	ICON Information Technology	Tech	*	*	*	4.8	9.5	8.5	9.21	27.80	1.51	FSW	
68	57	53	ICHCX	ICON Healthcare	Health	*	*	*	2.2	6.2	19.5	18.36	15.00	0.52	FSW	
81	82	71	VBINX	Vanguard Balanced Index	Hybrid	B	*	*	1.7	5.6	8.4	20.21	8.50	0.55	fsw	
86	91	84	GATEX	Gateway Fund	Altern	B	*	*	0.9	2.8	6.3	25.24	8.40	0.52	Fsw	

(continued from page 8)

As of September 30, the fund had about 36% in large cap stocks, 41% in mid-caps, and the remainder in small-cap issues. Foreign stocks constituted 42% of the portfolio. Meanwhile, the managers may let cash build to about 20% of assets, but view that stake as a buffer for their stock holdings in the event that redemptions rise with a drop in commodity prices.

Since 2002, the fund has compared favorably against its natural resource peers, placing at least in the top third. For the trailing three- and five-year periods, it ranks in the top 1% and 2% of its Morningstar category. \$

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 Internet: January 25, 2006, 12:00pm (ET)

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Vanguard Treasury MMF	3.76%	3.74%	2.60%
Gabelli US Treasury MMF	3.73	3.82	2.51
Amer Century Capital Presv Fund/Inv	3.47	3.48	2.40
JPMorgan 100% US Treas MMF/Morgan	3.37	3.32	2.23
RMK Select Treas MMF/CI A	3.37	3.31	2.25
Schwab US Treasury Money Fund	3.36	3.29	2.19
US Treasury MF of America/CI A	3.28	3.21	2.22
Merrill Lynch CMA Treas Fund RIC	3.26	3.25	2.18
Dreyfus 100% US Treas MMF	3.23	3.23	2.11
T. Rowe Price US Treasury MF	3.23	3.37	2.29

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	4.34%	4.27%	3.09%
Scudder MM Series Premium/AARP	4.24	4.19	2.96
Scudder MM Series Prime Reserve/AARP	4.12	4.08	2.88
MFS Money Market Fund	4.11	4.12	2.72
Vanguard Prime MMF/Retail	4.10	4.05	2.83
TCW Galileo Money Market Fund	4.08	3.99	2.71
TIAA-CREF Money Market Fund	4.07	4.05	2.83
Thrivent Money Market Portfolio	4.06	3.92	2.68
Harbor Money Market Fund	4.03	3.93	2.73
SSgA MMF/CI A	4.02	3.99	2.74

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	3.40%	3.15%	2.34%
Vanguard Tax-Exempt MMF	3.27	3.00	2.23
Fidelity AMT Tax-Free Money Fund	3.15	2.86	2.06
Scudder Tax-Exempt Money Fund	3.07	2.79	1.96
USAA Tax Exempt MMF	3.05	2.76	1.94
Fidelity Municipal MMF	3.03	2.75	1.95
Scudder T-E Cash Managed Shares	3.02	2.74	1.90
Amer Century T-F MMF/Inv Class	3.01	2.74	1.93
Dreyfus BASIC Muni MMF	3.01	2.74	1.93
Fidelity Tax Free Money Market	2.98	2.69	1.94

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard PA Tax-Exempt MMF	3.29%	2.98%	2.19%
Vanguard OH Tax-Exempt MMF	3.27	2.98	2.21
Vanguard NY Tax-Exempt MMF	3.24	2.96	2.18
Vanguard CA Tax-Exempt MMF	3.20	2.93	2.17
Vanguard NJ Tax-Exempt MMF	3.18	2.91	2.17
Fidelity AZ Municipal MMF	2.98	2.67	1.90
Fidelity PA Municipal MMF	2.97	2.67	1.90
USAA Tax Exempt VA MMF	2.96	2.66	1.86
USAA Tax Exempt CA MMF	2.95	2.67	1.85
Fidelity NJ Municipal MMF	2.94	2.62	1.84
Fidelity NY Municipal MMF	2.94	2.64	1.87
Northern CA Municipal MMF	2.94	2.64	1.78

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 1/3/06. 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: iMoney.net's Money Fund Report (800) 343-5413

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U.S. Global Investors Global Resources Fund: A Broad Specialization

As we wrote in the last issue of 2005, *MONEYLETTER* is favorably disposed toward natural resource funds for the long haul. In addition to us, and RS Global Natural Resources managers Andy Pilara and MacKenzie Davis (from the last issue), Frank Holmes and his crew from U.S. Global Investors are also bullish on the natural resources sector. In a recent commentary, the U.S. Global managers wrote, "We also believe we are still in the early stages of a secular bull market for commodities given decades of underinvestment in the sector, and continued growth in industrial production from emerging economies such as China, India, and Brazil."

The bullish case for commodities

Frank Holmes, CEO of U.S. Global Investors, heads the management team for the fund. Why a team? Because, says Holmes, that way you can have members of the team on the road investigating potential investments and others at home watching all the holdings on a daily basis.

Holmes notes that previous commodities cycles in general were fairly short and driven primarily by supply considerations. However, this time around, the cycle will be longer and may continue into the next decade as it is more demand-driven. The energy market, for example, is very tight and coupled with very strong worldwide demand. Similarly for metals, very low inventory levels are supporting prices.

In the 1990s, commodity prices were at all-time lows, so returns on capital investments in these industries were low. Thus, new exploration and development was scarce, and not a lot of new projects are coming on line now. With returns increasing, firms are more likely to make capital investments on new capacity and production going forward, but it will take time before supplies increase meaningfully. Meanwhile, long-term demand trends are positive, especially from what Holmes terms the "E7" countries (China, India, Brazil, Indonesia, Mexico, Pakistan and Russia), which are building infrastructure. These nations will consume commodities at a rapid pace for some time, implying a secular bull market in commodities.

So how do they choose?

The investment process at U.S. Global Investors is a many layered one. Using a value investment strategy, U.S. Global Investors Global Resources goes where many other

natural resources sector funds do not often tread. Besides traditional energy sectors, this fund can venture into metals, minerals, chemicals, precious metals, electric services, and forest products. In addition, the fund is not limited geographically or by market capitalization. Its investment strategies also differentiate it from most of its peers. While the fund managers stress positive fundamentals and low valuation, it utilizes both top-down and bottom-up techniques, and quantitative analysis plays a very important role in the investment process.

The managers first start with a top-down view of their universe—which commodities are most attractive at any given time, and where in the world the best opportunities lie. In fact, the management team starts every Monday with a meeting to address these and other macroeconomic trends, such as global economic data, currencies, political cycles, etc. And not only do they assess these trends from a top-down fundamental standpoint, they also subject these macroeconomic trends to all types of statistical analysis.

Top Five Holdings & Energy Industries (% of Assets)

Petroleo Brasileiro	2.5	Oil—Explor. & Prod.	31.8
Valero Energy	2.4	Oil & Gas Drilling	8.8
White Nile Ltd.	2.4	Oil-Field Services	8.2
Sunoco	2.0	Oil Companies—Integrated	8.2
Tesoro Corp.	1.7	Oil Refining & Marketing	6.1

As of September 30, 2005

During Tuesday through Thursday, the managers meet to discuss individual industries and stocks. Looking at individual holdings, they favor those that have growing reserves, production, and cash flow. They pay particular attention to five year average return on capital and revenue growth, and valuation measures of price to free cash flow and price to cash flow. They travel to meet with the managements of companies, and learn more about individual national cultures. And they overlay quantitative analysis over the whole picture. The week ends with a general commodity meeting on Friday.

The portfolio

The resulting portfolio is relatively large by number of holdings, with 150 or more at any given time (187 as of September 30), with a benchmark split of about 70% energy shares and 30% basic materials. And because the fund can go wherever its managers find the best opportunities, its characteristics can vary from one period to another.

(continued on page 7)

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