

Neutral, Now What?

by Walter S. Frank, Chief Investment Officer

When the Federal Reserve began raising the short-term rate more than one year ago, the buzz-word was "neutral rate." We were told that the Fed was heading for a neutral rate, a sort of Goldilocks rate, one that was neither too low (stimulative) nor too high (restrictive).

Well, the last rate increase appears to have gotten us into the neutral zone, if not right at the precise neutral rate. At least, that much was implied by the statement issued after the January 31 meeting, when the short-term rate was raised to 4½%. The Fed changed the wording it had repeated again and again, and Wall Street concluded that it means the automaton-like march to higher rates is over.

Based on the economy, it appears to us that we are headed for some further increase in rates from the Fed. If we just look at last quarter's anemic growth, of course, that would seem to be overkill. But last quarter's numbers, as we stated in the Hotline, were misleading, in our opinion, an accident of the calendar.

In any case, this quarter is shaping up to be a very strong one. Again, this is somewhat misleading. What we need to do is to average out the two quarters. When we do, we will get a growth rate that will be perfectly acceptable to the Fed. In itself, that does not call for higher rates.

The trouble is that the economy will be building up momentum. We see one or two more rate increases coming as insurance against the inflationary consequences of too rapid growth.

The markets surprised us all by their strength last month, and payback time is here. Earnings season has been good, but not spectacular, and spectacular is what the U.S. market needed. More than one domestic small- and mid-cap fund turned in gains of 8%–10% last month, and such gains simply could not continue without huge profit surprises. Given the outlook for profits this year, the funds had a year's worth of gains in one month.

The spotty earnings reports are bringing the market back to earth. What we have to be careful about is whether the analysts' profit estimates for the rest of this year are not still too optimistic. For the moment, the estimates continue to show value in the U.S. market, profit stumbles and all.

Fund changes

The Hotline of Tuesday, January 10th recommended the purchase of a natural resources fund in all nine asset allocation portfolios. The funds for the purchase were to come from the money fund position in each portfolio. Here are the details for the *MONEYLETTER* and Fidelity family portfolios as of Wednesday, January 11. The Vanguard family transactions were effective as of Wednesday, January 18.

MONEYLETTER Venturesome—Sold 14,780 shares of Schwab Money Fund. Purchased 431 shares of RS Global Natural Resources @ \$34.28 per share. ***MONEYLETTER Moderate***—Sold 15,190 shares of Schwab MF, purchased 443 shares of RS Global Natural Resources. ***MONEYLETTER Conservative***—Sold 14,444 shares of Schwab MF, purchased 421 shares of RS Global Natural Resources.

Fidelity Venturesome—Sold 15,471 shares of Fidelity Cash Reserves. Purchased 589 shares of Fidelity Select Natural Resources @ \$26.25 per share. **Fidelity Moderate**—Sold 14,600 shares of FCR, purchased 556 shares of Natural Resources. **Fidelity Conservative**—Sold 11,729 shares of FCR, purchased 447 shares of Natural Resources.

Vanguard Venturesome—Sold 13,302 shares of Vanguard Prime Portfolio Money Fund. Purchased 388 shares of RS Global Natural Resources @ \$34.28 per share. **Vanguard Moderate**—Sold 12,803 shares of VPP, purchased 373 shares of RS Natural Resources. **Vanguard Conservative**—Sold 11,486 shares of VPP, purchased 335 shares of RS Natural Resources. This fund was chosen due to the \$25,000 minimum investment required by Vanguard Energy.

The Hotline of Tuesday, January 10th recommended the sale of Vanguard Extended Market in the **Vanguard Moderate** Portfolio to be switched into Vanguard Growth Equity. Here are the details as of Wednesday, January, 11. Sold 374 shares of Extended Market @ \$35.98 per share. Purchased 1,215 shares of Growth Equity @ \$11.08 per share.

The Hotline of Tuesday, January 17th recommended the sale of Third Avenue Value in the ***MONEYLETTER Conservative*** Portfolio to be switched into Fidelity Mid-Cap. Here are the details as of January 18th. Sold 361 shares of Third Avenue Value @ \$55.05 per share. Purchased 720 shares of Fidelity Mid-Cap @ \$27.61 per share.

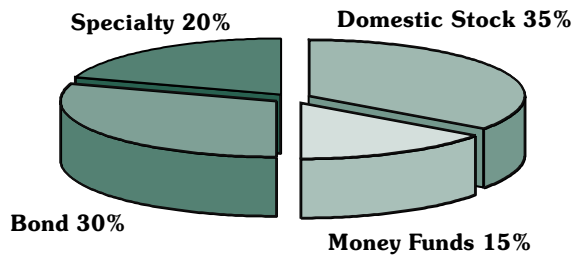
The Hotline of Tuesday, January 24th recommended the sale of T. Rowe Price New Asia, in the ***MONEYLETTER Venturesome*** Portfolio, to be switched into Fidelity Japan. Here are the details. Sold 1,183 shares of New Asia @ \$12.45 per share. Purchased 813 shares of Fidelity Japan @ \$18.12 per share. \$

Market Trends

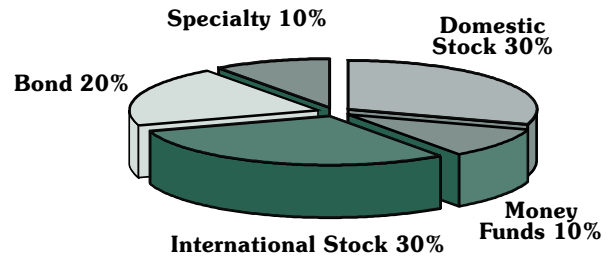
	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Higher	Higher
Dollar	Flat	Flat/Lower
Inflation	Higher	Flat/Higher
Dow	Flat	Higher
NASDAQ	Higher	Higher
Europe	Higher	Higher
Japan (Nikkei)	Higher	Higher
Hong Kong (Hang Seng)	Higher	Higher

CONSERVATIVE

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

**MODERATE**

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

**MONEYLETTER Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.3%	21,195	\$1.00	\$21,195
AmerCent Inflation Adj	02/12/03	16.5	2,297	10.98	25,224
Loomis Sayles Bond Retail	03/17/04	15.9	1,245	13.82	17,200
Gateway Fund	11/27/02	24.3	619	25.38	15,720
Marsico 21st Century	11/30/05	6.4	1,488	13.77	20,491
Bridgeway Small Cap Value	09/19/05	11.5	859	15.59	13,395
Fidelity Mid-Cap Stock	01/18/06	3.8	720	28.66	20,626
RS Global Natural Resources	01/11/06	7.4	421	36.82	15,514
TOTAL VALUE					\$149,365

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
3.4%	5.3%	12.1%	50.9%	3.4%

MONEYLETTER Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.3%	11,808	\$1.00	\$11,808
Loomis Sayles Bond Retail	03/17/04	15.9	1,742	13.82	24,068
T. Rowe Emerging Mkts	08/10/05	28.9	973	28.97	28,182
Forward Intl Small Companies	06/01/05	33.5	1,568	16.32	25,594
Brandywine Advisors	10/12/05	10.5	1,297	10.98	14,236
Bridgeway Small Cap Value	09/19/05	11.5	956	15.59	14,900
Marsico 21st Century	11/30/05	6.4	1,408	13.77	19,381
Janus Orion	11/16/05	11.2	872	8.92	7,781
RS Global Natural Resources	01/11/06	7.4	443	36.82	16,316
TOTAL VALUE					\$151,912

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
6.8%	10.2%	19.3%	98.6%	6.8%

Fidelity Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.3%	15,745	\$1.00	\$15,745
Fidelity Inflation-Protected	09/15/04	5.5	1,134	10.99	12,462
Fidelity Strategic Income	03/17/04	12.1	1,861	10.48	19,505
Fidelity Balanced	11/27/02	59.3	843	19.55	16,472
Fidelity Mid-Cap Stock	10/05/05	16.5	1,088	28.66	31,192
Fidelity Export & Multi	09/08/04	33.9	626	22.53	14,099
Fidelity Natural Resources	01/11/06	8.2	447	28.39	12,685
TOTAL VALUE					\$122,160

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
4.1%	7.4%	13.1%	47.6%	4.1%

Fidelity Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.3%	10,951	\$1.00	\$10,951
Fidelity Strategic Income	03/17/04	12.1	2,726	10.48	28,570
Fidelity Emerging Markets	05/11/05	59.3	1,499	20.86	31,278
Fidelity Japan	11/16/05	25.1	1,180	18.95	22,361
Fidelity Mid-Cap Stock	08/03/05	14.1	766	28.66	21,941
Fidelity Growth Company	10/05/05	15.0	355	67.14	23,819
Fidelity Natural Resources	01/11/06	8.2	556	28.39	15,790
TOTAL VALUE					\$154,710

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
6.0%	14.9%	24.2%	82.6%	6.0%

Vanguard Conservative

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.3%	17,184	\$1.00	\$17,184
Vanguard Inflation Protect	02/19/03	17.5	1,172	12.18	14,276
Vanguard GNMA	03/17/04	6.3	1,788	10.29	18,399
Vanguard Balanced Index	11/27/02	36.4	597	20.23	12,081
Vanguard Mid-Cap Index	07/20/05	10.3	1,083	18.61	20,152
Vanguard Extended Market	11/16/05	10.2	436	36.56	15,936
Vanguard Small Cap Value	03/24/04	37.3	537	15.59	8,367
RS Global Natural Resources	01/18/06	7.4	335	36.82	12,337
TOTAL VALUE					\$114,860

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
3.4%	4.2%	10.3%	45.7%	3.4%

Vanguard Moderate

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.3%	9,470	\$1.00	\$9,470
Vanguard FI Hi-Yld Corp	01/17/01	33.7	3,769	6.19	23,327
Vanguard Pacific Stk Index	10/05/05	16.6	1,835	11.93	21,897
Vanguard Emg Mkts Stk Index	08/10/05	26.3	1,047	21.26	22,266
Vanguard US Growth	11/16/05	5.5	1,301	18.55	24,143
Vanguard Mid-Cap Index	03/02/05	18.7	1,217	18.61	22,639
RS Global Natural Resources	01/18/06	7.4	373	36.82	13,752
TOTAL VALUE					\$137,494

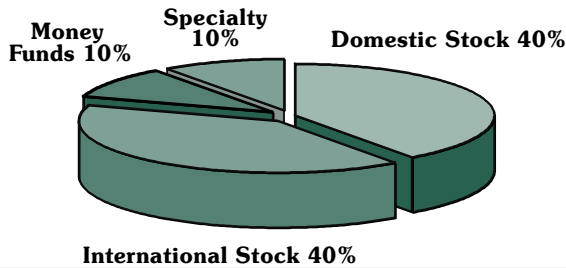
TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
7.4%	9.0%	17.5%	74.1%	7.4%

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

VENTURESOME

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



MONEYLETTER Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	0.3%	13,345	\$1.00	\$13,345
T. Rowe Emg. Europe & Med	02/16/05	59.8	960	28.77	27,618
Driehaus Intl Discovery	09/07/05	29.7	539	45.11	24,320
Fidelity Japan	01/25/06	2.1	813	18.95	15,404
Bridgeway Small Cap Value	09/19/05	11.5	1,664	15.59	25,946
Kinetics Paradigm	09/07/05	7.4	510	21.84	11,132
Janus Orion	11/16/05	11.2	820	8.92	7,313
Marsico 21st Century	11/30/05	6.4	1,412	13.77	19,448
RS Global Natural Resources	01/11/06	7.4	431	36.82	15,875
TOTAL VALUE					\$160,401

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
8.5%	15.7%	29.2%	117.2%	8.5%

Fidelity Venturesome

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	0.3%	11,768	\$1.00	\$11,768
Fidelity Emerging Markets	05/11/05	59.3	1,407	20.86	29,355
Fidelity Japan	11/16/05	25.1	954	18.95	18,081
Fidelity Southeast Asia	08/10/05	23.1	650	23.12	15,024
Fidelity Focused Stock	10/06/04	32.3	2,338	12.34	28,852
Fidelity Growth Company	10/05/05	15.0	359	67.14	24,118
Fidelity Mid-Cap Stock	08/03/05	14.1	743	28.66	21,283
Fidelity Natural Resources	01/11/06	8.2	589	28.39	16,732
TOTAL VALUE					\$154,712

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
6.8%	16.2%	28.1%	89.0%	6.8%

Vanguard Venturesome

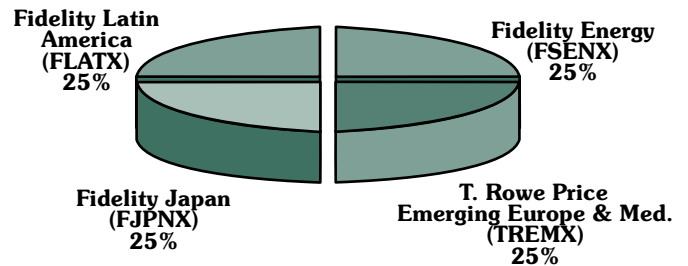
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	0.3%	11,418	\$1.00	\$11,418
Vanguard Emg Mkts S&P Index	02/16/05	41.6	1,448	21.26	30,789
Vanguard Pacific Stk Index	10/05/05	16.6	2,394	11.93	28,557
Vanguard Mid-Cap Index	02/16/05	19.4	1,292	18.61	24,047
Vanguard Growth Equity	01/11/06	-0.5	1,215	11.03	13,398
Vanguard US Growth	11/16/05	5.5	1,003	18.55	18,606
RS Global Natural Resources	01/18/06	7.4	388	36.82	14,288
TOTAL VALUE					\$141,103

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
6.1%	11.5%	22.8%	85.5%	6.1%

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	6.3%	2,474	\$18.95	\$46,882
T. Rowe Emg. Europe & Med	01/26/05	70.0	1,861	28.77	53,555
Fidelity Energy	08/17/05	30.6	969	54.67	52,981
Fidelity Latin America	12/29/04	82.6	1,472	37.60	55,365
TOTAL VALUE					\$208,783

TOTAL RETURNS (as of 1/31/06)

1-mo	6-mo	1-yr	3-yr	YTD
13.3%	32.0%	55.4%	120.7%	13.3%

MONEYLETTER Select Commentary

The Hotline of Tuesday, January 10 recommended that a couple of rebalancing transactions be entered as a result of gains produced by energy and emerging markets positions. The recommended trades were executed at the market close January 11, 2006. Details: Sold \$4,000 or 115 shares of Fidelity Latin America (FLATX) @ \$34.80 per share. Purchased 210 shares of Fidelity Japan (FJPNX) @ \$19.01 per share. In addition, \$2,000 or 75 shares of T. Rowe Emerging Europe & Med. @ \$26.82 per share were sold with the proceeds re-invested in 39 shares of Fidelity Energy (FSENX) @ \$50.69 per share.

The investment markets continued to favor these positions with the month of January generating double-digit gains for the model as a whole. The Select Model results of the past year has served to demonstrate the market axiom of "letting your gains run." \$

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

Total Returns—January 31, 2006

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	2.7%	4.7%	10.3%	57.7%	2.7%
Asset Allocation	2.6	5.1	9.7	44.3	2.6
Funds (Avg) 184 Funds					

Domestic Stock Funds

RANK	2/6 2006	1Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE	RISK		NTF/wtf
										1 mo.	6 mo.	12 mo.	PER SHARE	Std. Dev.	Beta	
1	—	—	—	HDPMX	Hodges Fund	MC	*	H	H	5.6%	24.9%	41.4%	\$25.16	19.4	1.87	FSW
2	7	1	—	CGMFX	CGM Focus	SCVal	*	B	B	10.6	20.9	40.2	38.95	37.9	1.03	sw
3	1	11	—	TWHIX	American Century Heritage	MCGro	B	B	B	4.3	20.3	31.4	15.70	15.4	0.76	FSW
4	21	4	—	BRSGX	Bridgeway Small Cap Growth	ScGro	B	B	B	5.1	16.4	32.8	14.89	—	—	fsw
5	3	12	—	BRAIX	Bridgeway Aggressive Investors 2	MCGro	*	B	B	5.3	17.3	29.4	18.33	18.8	1.21	fsw
6	12	32	—	CLSPX	Columbia Mid Cap Growth CIZ	MCGro	B	B	B	4.4	17.9	26.4	25.72	17.7	0.86	Sw
7	17	194	—	RYPX	Royce Low Priced Stock (closed, 1%r<180d)	SCVal	B	B	B	4.8	18.5	22.8	16.93	27.1	1.10	Fsw
8	4	—	—	RIMSX	Rainier Small/Mid Cap Port	MCGro	*	B	B	3.5	17.8	25.9	35.96	15.7	1.34	FSW
9	49	71	—	BOGLX	Bogle Small Cap Growth (closed)	SCGro	(B)	(B)	(B)	5.8	15.9	24.3	29.02	22.3	0.88	w
10	6	81	—	RYPX	Royce Premier (closed, 1%r<180d)	SC	B	B	B	2.8	17.0	24.8	17.85	19.4	0.84	Fsw
11	30	106	—	TMGFX	Turner Mid Cap Growth	MCGro	*	(B)	(B)	4.0	16.8	23.1	29.90	29.3	1.45	FSW
12	9	15	—	FMCSX	Fidelity Mid-Cap Stock (.75%r<30d)	MCGro	B	B	B	3.2	15.5	26.2	28.55	20.9	1.05	Fsw
13	14	3	—	SSMGX	Sit Small Cap Growth (2%r<30d)	MCGro	B	B	B	3.2	15.0	27.5	33.82	21.6	1.10	FSW
14	23	14	—	MPEGX	MSI Mid Cap Growth Inst Cl	MCGro	*	B	B	3.8	15.1	26.0	26.45	22.2	1.17	w
15	13	16	—	NEEGX	Needham Growth Fund (.75%r<30d)	SCGro	B	B	B	4.1	14.4	26.8	38.62	25.7	1.19	FSW
16	26	54	—	TGSCX	TCW Galileo Small Cap Growth	MCGro	*	H	H	4.9	15.1	23.8	19.33	37.3	1.83	FSW
17	47	128	—	RSMOX	RS MidCap Opportunities	MCGro	H	H	H	4.9	16.1	21.1	14.56	22.6	1.11	FSW
18	22	27	—	SSMVX	Wells Fargo Adv SC Value CIZ (closed)	SC	B	B	B	4.0	15.0	24.6	32.42	18.3	0.88	FSW
19	2	31	—	JORNX	Janus Orion	MC	B	B	B	1.5	15.0	27.4	8.79	14.3	1.16	FSW
20	11	173	—	FMILX	Fidelity New Millennium (closed)	MCGro	B	B	B	2.5	16.7	20.5	37.35	27.3	1.27	Fsw
21	38	47	—	NMANX	Neuberger Berman Manhattan	MCGro	*	H	H	3.6	15.0	22.3	8.46	23.4	1.15	f
22	101	49	—	FFSCX	Forward Hoover Small Cap	SCGro	H	H	H	5.2	13.7	22.7	21.28	20.1	0.85	FSW
23	15	5	—	BRVFX	Bridgeway Small Cap Value	SCVal	B	B	B	3.8	13.5	25.3	15.50	—	—	fsw
24	114	117	—	RYPX	Royce Opportunity (1%r<180d)	SCVal	H	H	H	6.5	13.9	19.8	13.58	30.8	1.18	fsw
25	8	9	—	JSVAX	Janus Contrarian	MC	B	B	B	1.3	15.4	23.5	15.87	22.3	1.10	SW
26	125	72	—	OBEGX	Oberweis Emerging Growth (1%r<180d)	SCGro	*	H	H	5.7	14.3	16.9	29.81	33.2	1.36	FSW
27	78	2	—	WWNPX	Kinetics Paradigm (2%r<30d)	MC	H	H	H	5.1	10.8	26.3	21.95	11.7	0.63	FSW
28	100	213	—	IZZYX	ICM/Isabelle Small Cap Value	SCVal	H	H	H	6.3	13.7	17.2	15.69	29.5	1.04	FSW
29	66	97	—	PENNX	Royce Penn Mutual (1%r<180d)	SCVal	H	H	H	3.9	13.5	21.1	11.57	20.4	0.80	Fsw
30	99	249	—	HENLX	Hennessy Cornerstone Growth II (1%r<30d)	SCGro	H	H	H	4.0	14.4	17.5	31.85	30.9	1.19	FSW
31	52	232	—	MXXIX	Marsico 21st Century (2%r<30d)	LC	H	H	H	1.4	16.5	15.4	13.49	21.1	0.95	fsw
32	94	—	—	OBHGX	Old Mutual Growth	MCGro	*	H	H	3.0	13.3	20.2	22.45	21.9	1.02	FSW
33	27	21	—	PRNHX	T. Rowe Price New Horizons	SCGro	H	H	H	2.3	13.0	21.7	33.73	28.3	1.30	fsw
34	102	92	—	MNSCX	WellsFargo Montgomery Small Cap (closed)	SCGro	H	H	H	4.3	13.1	17.8	12.91	23.3	1.05	fS
35	121	100	—	PRSVX	T. Rowe Price S-C Value (closed, 1%r<1yr)	SCVal	H	H	H	4.8	12.5	18.5	40.04	18.0	0.69	fsw
36	44	221	—	TWCVX	American Century Vista	MCGro	H	H	H	2.8	13.9	17.5	17.13	15.8	0.68	FSW
37	210	—	—	OBEHX	Old Mutual Emerging Growth	SCGro	H	H	H	6.1	12.0	16.9	15.23	35.8	1.80	FSW
38	60	79	—	ACBGX	USGlobal Holmes Growth (.25%r<30d)	MCGro	H	H	H	3.7	12.7	18.9	18.79	15.3	0.57	FSW
39	28	41	—	NBNGX	Sit Mid Cap Growth (2%r<30d)	MCGro	*	(H)	(H)	1.3	13.1	21.3	13.36	23.5	1.23	FSW
40	61	215	—	USRLX	Undiscovered Small Cap Growth (\$10,000)	SCGro	*	H	H	3.5	13.0	17.4	11.14	44.2	1.85	fw
41	10	19	—	RPMGX	T. Rowe Price Mid Cap Growth	MCGro	(H)	(H)	(H)	0.0	12.9	22.6	55.87	22.1	1.11	fsw
42	84	62	—	VISGX	Vanguard Small Cap Growth Index	SCGro	H	H	H	3.9	11.7	18.7	17.75	21.6	0.91	fsw
43	86	140	—	TGONX	TCW Galileo Opportunity N	SC	H	H	H	4.1	11.9	18.0	15.09	22.5	0.90	FSW
44	145	188	—	GSETX	Columbia Small Company Equity CIZ	SCGro	H	H	H	4.4	12.8	15.1	19.96	24.9	1.14	fw
45	148	115	—	BRPIX	Bridgeway Ultra Small Co Mkt	Sc	*	H	H	5.2	11.7	16.5	19.44	18.5	1.03	fsw
46	41	176	—	SGROX	Wells Fargo Advantage Growth	LCGro	H	H	H	1.1	13.2	18.7	22.32	17.7	0.97	FSW
47	46	26	—	FLVCX	Fidelity Leveraged Co (\$10k, 1.5%r<90d)	MC	*	H	H	2.9	11.4	20.6	27.69	36.3	1.39	Fw
48	188	36	—	FIEGX	INVESCO Small Company Growth	SCGro	*	H	H	5.5	10.7	17.7	14.40	24.2	1.15	FSW
49	36	69	—	JAGIX	Janus Growth & Income	LCGro	H	H	H	1.2	12.3	19.1	37.95	15.1	0.87	FSW
50	103	109	—	OTCFX	T. Rowe Price Small Cap Stock Fund	SC	H	H	H	3.2	11.8	17.1	34.89	19.2	0.84	fsw
51	80	93	—	VEXPX	Vanguard Explorer	SCGro	H	H	H	3.0	11.4	17.9	80.35	24.2	1.12	fsw
52	93	40	—	FIDYX	AIM Dynamics Inv (closed)	MCGro	H	H	H	3.5	11.0	18.1	19.44	28.2	1.48	FSW
53	59	13	—	NBGNX	Neuberger Berman Genesis (closed)	SC	H	H	H	2.5	9.7	22.4	36.04	15.5	0.63	fsw
54	132	6	—	RSPFX	RS Partners (closed)	SC	H	H	H	4.7	9.5	19.7	35.32	20.9	0.69	FSW
55	119	23	—	FAIRX	Fairholme Fund	MC	H	H	H	2.9	10.3	20.3	26.55	10.5	0.48	fsw
56	32	73	—	DNLDX	Dreyfus New Leaders	MCGro	H	H	H	0.9	11.5	20.1	48.96	18.6	0.90	FSW
57	24	65	—	FCNTX	Fidelity Contrafund	LC	(H)	(H)	(H)	-0.2	12.0	20.0	65.83	11.4	0.54	Fsw
58	43	17	—	NPRTX	Neuberger Berman Partners	LCVal	H	H	H	1.5	10.7	20.9	29.58	20.7	1.10	fsw
59	5	114	—	FDGRX	Fidelity Growth Company	LCGro	*	(H)	(H)	-2.0	13.0	20.3	65.67	25.6	1.36	Fsw
60	75	30	—	STDIX	Wells Fargo Advantage Discovery	MCGro	H	H	H	2.9	11.2	17.1	21.95	19.1	0.86	FSW
61	134	76	—	RSSGX	RS Smaller Company Growth	SCGro	*	S	S	3.4	11.3	16.0	22.55	28.5	1.23	FSW
62	79	139	—	FSLCX	Fidelity Small Cap Stock (2%r<90d)	SCGro	S	S	S	2.8	11.5	16.0	19.58	21.5	0.94	F
63	71	170	—	VALLX	Value Line Leveraged Growth	LCGro	*	S	S	2.2	10.8	18.4	23.74	14.9	0.83	FSW
64	142	25	—	ARTSX	Artisan Small Cap (closed)	SCGro	H	H	H	4.0	9.7	18.2	18.71	26.7	1.19	FSW
65	57	58	—	JAENX	Janus Enterprise	MCGro	S	S	S	1.7	11.1	17.9	43.93	21.4	1.09	FSW
66	83	141	—	VLIFFX	Value Line Fund	LCGro	S	S	S	2.1	10.7	18.2	14.02	13.1	0.73	FSW
67	39	—	—	BWAFX	Brandywine Advisors	MCGro	(S)	(S)	(S)	1.5	9.5	21.9	10.98	13.2	0.67	FSW
68	74	50	—	FDSCX	Fidelity Small Cap Ind. (1.5%r<90d)	SC	H	H	H	2.5	10.6	17.6	21.94	16.7	0.58	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	2/6 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	68	61	STCSX	Wells Fargo Adv Common Stock Z (closed)	MC	S	S	S	2.1	10.2	19.2	22.87	22.6	1.15	FSW	
70	58	66	KAUFEX	Federated Kaufmann Fund (0.2%)	MCGro	S	S	S	2.1	10.8	17.3	5.86	19.5	0.86	FSW	
71	98	88	VALSX	Value Line Special Situations	MCGro	S	S	S	2.2	10.8	17.1	26.92	15.4	0.71	FSW	
72	16	118	FEXPX	Fidelity Export & Multinat'l (.75%r<30d)	LC	H	H	H	-0.4	11.6	18.9	22.07	20.3	1.07	Fsw	
73	54	—	BRWIX	Brandywine Fund	MC	S	S	S	1.6	9.5	20.5	32.76	13.7	0.69	fsw	
74	50	24	VIMSX	Vanguard Mid-Cap Index	MC	H	H	S	1.1	10.2	19.6	18.44	20.1	0.97	fsw	
75	90	57	VEXMX	Vanguard Extended Market Index	MC	H	S	S	2.0	10.1	18.2	36.22	21.5	1.02	fsw	
76	144	89	NAESX	Vanguard SmallCap Index	SC	S	S	S	3.4	9.6	16.6	30.56	23.2	1.01	fsw	
77	135	175	FCVXS	Fidelity Convertible Securities	Convrt	S	S	S	2.9	10.9	14.1	23.86	15.6	0.74	Fsw	
78	82	60	PESPX	Dreyfus Mid Cap Index	MCGro	S	S	S	1.8	10.0	18.1	29.39	20.2	0.97	FSW	
79	33	123	FDFFX	Fidelity Independence	LCGro	H	H	H	0.9	11.1	16.2	20.58	21.4	1.11	Fsw	
80	64	22	TAVFX	Third Avenue Value (1%r<60d)	SC	S	S	S	1.2	9.9	18.7	56.82	17.2	0.79	FSW	
81	19	39	JAOLX	Janus Olympus	LCGro	*	H	H	-1.1	10.5	20.5	33.52	19.1	1.04	FSW	
82	169	133	LSCRX	Loomis Sayles Small Cap Value Ret	SC	S	S	S	3.7	9.7	15.3	26.86	17.2	0.80	FSW	
83	110	95	CRMSX	CRM Small Cap Value Inv (closed)	SCVal	S	S	S	2.2	10.2	16.0	26.67	23.8	0.93	FSW	
84	25	150	FFTYX	Fidelity Fifty (.75%r<30d)	LC	H	H	H	-0.2	11.4	16.2	23.55	19.8	0.85	Fsw	
90	51	179	VGEQX	Vanguard Growth Equity	LCGro	H	H	H	0.0	10.7	16.2	10.91	22.2	1.22	fsw	
111	18	45	HACAX	Harbor Capital Appreciation	LCGro	S	S	S	-2.7	9.0	19.9	33.12	19.0	1.10	Fsw	
115	199	110	VISVX	Vanguard Small-Cap Value Index	SCVal	H	S	S	2.9	7.5	14.5	15.47	22.4	0.90	fsw	
118	20	48	PFGRX	Preferred Large Cap Growth	LCGro	S	S	S	-2.8	8.8	19.5	13.90	19.0	1.10	fw	
139	42	111	VWUSX	Vanguard U.S. Growth	LCGro	*	H	H	-2.2	8.2	15.2	18.23	21.6	1.23	fsw	
148	35	37	FTQGX	Fidelity Focused Stock (.75%r<30d)	LC	*	S	S	-2.1	7.1	16.3	12.04	17.2	1.00	Fw	

Dow Jones
NASDAQ
S&P 500

-1.5% 2.3% 0.8%
-2.0 3.7 8.3
-1.6 3.2 5.2

indexes do not
include dividends

International Stock Funds

1	2	2	PRLAX	T. Rowe Price Latin America (2%r<90d)	LatinA	*	H	H	9.2%	47.2%	81.7%	\$29.79	29.7	—	fsw
2	4	4	FLATX	Fidelity Latin Amer. (1.5%r<90d)	LatinA	*	H	H	8.3	46.8	73.1	37.05	29.8	—	Fs
3	5	3	SLAFX	Scudder Latin America (closed,2%r<30d)	LatinA	*	H	H	8.3	46.1	73.3	53.63	27.3	—	Sw
4	1	45	FJPNX	Fidelity Japan (1.5%r<90d)	Japan	*	B	B	-1.7	53.7	50.4	18.85	17.3	—	Fsw
5	13	1	TREMX	T. Rowe Price Emg Europe & Med (2%r<90d)	Europe	*	B	B	9.3	36.2	63.4	28.92	29.2	—	fw
6	10	7	EURGX	US Global Eastern Europe (2%r<180d)	Europe	*	B	B	6.9	38.9	57.0	45.14	26.6	—	FSW
7	9	19	DREGX	Driehaus Emerging Mkts Gr (2%r<60d)	Int'l	*	B	B	5.8	39.7	53.8	31.72	24.9	—	FSW
8	7	9	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	*	B	B	5.2	37.1	56.6	20.54	—	—	Fsw
9	8	10	DRIDX	Driehaus Intl Discovery (2%r<60d)	Int'l	*	B	B	2.9	35.8	55.4	45.14	21.1	—	FSW
10	12	70	WPJGX	CS Warburg Pincus Japan Grth (2%r<30d)	Japan	*	B	B	0.0	44.2	36.3	7.51	22.7	—	FSW
11	3	50	FJSCX	Fidelity Japan Smaller Cos (1.5%r<90d)	Japan	*	B	B	-4.1	44.4	41.7	17.07	28.4	—	Fsw
12	6	34	PRJPX	T. Rowe Price Japan (2%r<90d)	Japan	*	B	B	-2.8	43.1	42.6	12.01	14.4	—	s
13	15	24	JAOSX	Janus Overseas (closed,2%r<90d)	Int'l	*	B	B	5.8	35.1	47.8	35.77	16.5	—	FSW
14	16	6	PRMSX	T. Rowe Price Emerging Mkts Stk	Int'l	*	B	B	5.1	29.3	50.2	28.62	18.8	—	fsw
15	14	8	HLEMX	Harding Loevner Emerg Mkt (2%r<90d)	Int'l	*	B	B	3.2	29.7	48.4	37.92	15.5	—	FSW
16	11	74	SJPNX	Japan Fund (Scudder) (2%r<180d)	Japan	*	H	H	-3.5	39.0	29.6	13.43	14.8	—	FSW
17	17	32	FPBFX	Fidelity Pacific Basin (1.5%r<90d)	Pacific	*	H	H	0.2	32.2	37.5	26.87	14.7	—	Fsw
18	19	13	VEIEX	Vanguard Emerging Mkts Stk Index (.5%r)	Int'l	*	H	H	3.9	27.1	44.0	21.07	22.6	—	fsw
19	—	—	SSEMXX	SSGA Emerging Markets	int'l	*	H	H	5.7	24.5	41.1	21.14	16.6	—	FW
20	25	12	FISMXX	Fidelity Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	2.9	25.6	35.5	29.29	—	—	Fw
21	22	59	VPACX	Vanguard Pacific Stock Index (2%r<60d)	Pacific	*	H	H	-1.0	29.9	29.7	11.75	13.7	—	fsw
22	18	5	AIOIX	Amer.Cent.Intl Opp. (closed,2%r<180d)	Int'l	*	H	H	1.8	22.6	42.8	11.24	20.4	—	—
23	21	20	PRIDX	T. Rowe Price Intl Disc. (2%r<90d)	Int'l	*	H	H	1.7	25.6	34.0	44.37	16.0	—	fsw
24	20	14	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	H	H	2.3	22.8	39.7	22.79	21.1	—	Fsw
25	26	23	DRFMX	Dreyfus Premier Emerging Market (1%r)	Int'l	*	H	H	3.5	23.0	35.7	23.53	21.6	—	fsw
26	23	—	USPAX	Excelsior Pacific/Asia	Pacific	*	H	H	-0.3	26.6	29.0	11.38	13.6	—	FSW
27	24	16	ARTJX	Artisan Intl Small Cap (closed,2%r<90d)	Int'l	*	H	H	3.1	22.7	33.2	21.64	—	—	SW
28	28	17	PISRXX	Forward Intl Small Companies (2%r<180d)	Int'l	*	H	H	2.7	22.0	32.9	16.27	—	—	FSW
29	32	21	SCOBX	Scudder Global (closed,2%r<30d)	Global	*	H	H	2.3	21.1	33.0	32.60	12.7	—	FSW
30	33	36	HAINX	Harbor International (2%r<60d)	Int'l	*	H	H	1.8	22.1	30.8	53.03	17.9	—	Fsw
31	42	—	PRGSX	T. Rowe Price Global Stock (2%r<90d)	Global	*	S	S	1.8	21.2	31.5	20.59	11.6	—	fsw
32	38	26	NBISX	Neuberger Berman Intl (2%r<60d)	Int'l	*	H	H	3.0	20.2	31.2	23.42	16.3	—	fsw
33	31	29	WBIGX	Wm. Blair Intl Growth N (closed,1%r<60d)	Int'l	*	S	S	1.1	21.1	31.7	26.86	14.6	—	FSW
34	50	44	WAIGX	Wasatch Intl Growth (closed,2%r<60d)	int'l	*	S	S	3.4	21.0	26.5	21.35	—	—	FSW
35	36	—	ACINX	Columbia Acorn Intl Z (2%r<60d)	int'l	*	S	S	3.3	19.4	30.2	36.34	13.3	—	Sw
36	27	31	SCOPX	Scudder Pacific Opp (closed,2%r<30d)	Pacific	*	S	S	1.9	19.3	32.5	17.37	19.0	—	FSW
37	43	35	BJBIX	Julius Baer Intl Equity A (2%r<90d)	Int'l	*	S	S	2.1	19.7	26.4	38.34	12.5	—	FS
38	37	49	FOSFX	Fidelity Overseas (1%r<30d)	Int'l	*	S	S	0.2	20.5	27.3	43.32	15.5	—	Fsw
39	40	53	VTRIX	Vanguard International Value (2%r<60d)	Int'l	*	S	S	0.8	19.5	25.9	37.13	16.8	—	fsw
40	30	75	MJFOX	Matthews Japan Fund (2%r<90d)	Japan	*	S	S	-3.4	24.4	20.0	18.79	15.2	—	FSW
41	46	39	FIGRX	Fidelity Intl Discovery (1%r<30d)	Int'l	*	S	S	0.8	19.1	26.9	33.57	15.2	—	Fsw
42	34	11	PRASX	T. Rowe Price New Asia (2%r<90d)	Pacific	*	S	S	2.0	15.8	32.6	12.62	19.7	—	fs
43	39	27	VINEX	Vanguard Intl Expl (closed,\$25k,2%r<60d)	Int'l	*	S	S	1.9	18.1	26.8	19.29	16.3	—	fsw
44	41	22	ICEUX	ICAP Euro Select Equity (2%r<30d)	int'l	*	S	S	0.3	18.4	27.4	34.59	18.0	—	fsw
45	45	47	ARTIX	Artisan International (2%r<90d)	Int'l	*	S	S	-0.2	18.8	23.8	26.57	16.4	—	FSW

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

RANK	2/6 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/
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
1	1	35	USERX	U.S. Global Gold Shares (.25%r<30d)	NatRes	*	*	*	12.9%	65.9%	77.0%	\$13.35	44.60	0.72	fSw	
2	2	58	FSAGX	Fidelity Gold (.75%r<30d)	NatRes	*	*	*	6.8	62.4	69.1	38.10	33.80	0.49	Fsw	
3	3	78	BGEIX	Amer. Cent. Global Gold (1%r<60d)	NatRes	*	*	*	8.7	59.2	66.3	18.34	36.50	0.55	FSW	
4	5	92	RYPMX	Rydex Precious Metals (\$25k)	NatRes	*	*	*	9.0	55.2	57.6	55.22	34.90	0.63	FSW	
5	6	91	SCGDIX	Scudder Gold (closed)	NatRes	*	*	*	9.3	54.5	54.3	22.98	35.90	0.66	Sw	
6	4	11	VGPMX	Vanguard Precious Metals (\$10k, 1%r<1yr)	NatRes	*	*	*	8.6	44.6	67.1	27.08	27.50	0.81	fsw	
7	7	1	FSESX	Fidelity Energy Services (.75%r<30d)	NatRes	*	*	*	8.7	31.7	69.2	77.44	23.70	0.78	Fsw	
8	8	4	RYVIX	Rydex Energy Services (\$25k)	NatRes	*	*	*	9.3	30.4	64.2	46.87	24.10	0.90	FSw	
9	9	—	PSPFX	U.S. Global Inv Global Res (.25%r<30d)	NatRes	B	B	B	8.4	30.5	64.9	16.39	22.90	1.00	FSW	
10	11	—	RSNRX	RS Global Natural Resources (\$5k)	NatRes	B	B	B	10.0	29.0	58.9	37.35	17.30	0.44	FSW	
11	10	8	FNARX	Fidelity Natrl Resources (.75%r<30d)	NatRes	B	B	B	7.9	28.3	59.5	27.90	17.80	0.70	Fw	
12	13	9	ICENX	ICON Energy	NatRes	*	*	*	8.7	27.7	56.7	37.35	20.80	0.70	FSW	
13	12	2	FSENX	Fidelity Energy (.75%r<30d)	NatRes	*	*	*	7.9	25.1	61.6	53.77	18.50	0.64	Fsw	
14	14	5	FSNGX	Fidelity Natural Gas (.75%r<30d)	Utility	*	*	*	7.3	24.3	54.7	43.97	19.10	0.53	Fsw	
15	15	3	VGENX	Vanguard Energy (\$25k, 1%r<1yr)	NatRes	B	B	B	7.0	21.5	55.8	63.62	16.50	0.61	fsw	
16	16	13	FSLBX	Fidelity Brokerage (.75%r<30d)	FinServ	*	*	*	3.1	25.5	42.7	74.25	21.90	1.33	Fsw	
17	26	67	ICBMX	ICON Materials	Cycls	*	*	*	10.2	25.6	30.4	12.36	20.30	1.02	FSW	
18	18	12	PRNEX	T. Rowe Price New Era	NatRes	B	B	B	5.7	20.3	40.2	45.71	17.10	0.75	fsw	
19	19	—	VDE	Vanguard Energy VIPER	NatRes	B	B	B	5.4	17.1	44.0	80.75	—	—	—	
20	17	7	RYEIX	Rydex Energy (\$25k)	NatRes	*	*	*	4.9	16.5	45.6	22.45	19.50	0.76	FSW	
21	22	63	FSDPX	Fidelity Indust Matrls (.75%r<30d)	Cycls	*	*	*	5.3	21.5	25.8	47.35	20.70	0.94	Fsw	
22	21	22	FSAIX	Fidelity Air Transport (.75%r<30d)	Cycls	*	*	*	2.6	20.2	29.4	42.26	20.20	1.07	Fsw	
23	38	49	RYSEX	Rydex Electronics (\$25k)	Tech	*	*	*	8.0	17.0	29.0	13.66	43.20	2.35	FSW	
24	20	15	CGMRX	CGM Realty	RealEs	*	*	*	3.3	18.8	27.0	29.49	24.30	0.75	sw	
25	32	40	FSRFX	Fidelity Transportation (.75%r<30d)	Cycls	*	*	*	4.7	19.0	23.0	49.08	17.80	0.98	Fsw	
26	49	47	ICTRX	ICON Industrials	Cycls	*	*	*	5.8	16.6	19.7	13.86	17.20	0.84	FSW	
27	33	77	RYPIX	Rydex Transportation (\$25k)	Cycls	*	*	*	2.9	18.7	18.3	26.71	17.00	0.86	FSW	
28	31	74	FNINX	Fidelity Networking (.75%r<30d)	Tech	*	*	*	2.4	18.3	18.3	2.59	36.60	2.04	Fw	
29	39	17	CSRSX	Cohen & Steers Realty (\$10k, 1%r<180d)	RealEs	*	*	*	1.5	11.6	30.2	77.01	16.00	0.40	FSW	
30	27	50	FSDCX	Fidelity Developing Comm (.75%r<30d)	Tech	*	*	*	0.2	16.0	19.2	21.59	31.40	1.73	Fsw	
31	42	18	TREXX	T. Rowe Price Real Estate (1%r<180d)	RealEs	*	*	*	1.8	11.4	28.2	20.71	15.00	0.36	fsw	
32	25	27	FSELX	Fidelity Electronics (.75%r<30d)	Tech	*	*	*	0.8	11.9	26.1	47.38	37.50	2.12	fsw	
33	24	14	PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	-0.3	12.4	25.8	34.97	22.00	1.37	fsw	
34	70	66	RYTVX	Royce Technology Value (2%r<180d)	Tech	*	*	*	4.9	13.4	14.9	6.66	27.10	1.34	FSW	
35	28	34	PRHSX	T. Rowe Price Health Sciences	Health	*	*	*	0.4	13.8	19.9	26.07	14.90	0.71	fsw	
36	66	25	FSELEX	Fidelity Environmental Ser (.75%r<30d)	Cycls	*	*	*	6.1	9.2	22.1	16.92	15.30	0.85	Fsw	
37	55	24	VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	1.9	10.0	25.9	21.10	15.50	0.36	fsw	
38	51	89	RYBIX	Rydex Basic Materials (\$25k)	Cycls	*	*	*	4.5	13.4	13.6	34.11	20.20	1.13	FSW	
39	47	19	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	1.2	10.3	26.1	32.82	15.00	0.36	Fsw	
40	40	51	RSIFX	RS Information Age	Tech	*	*	*	1.2	13.7	17.0	17.61	40.80	2.32	FSW	
41	44	39	FCYIX	Fidelity Cyclical Ind (.75%r<30d)	Cycls	*	*	*	3.1	12.1	17.9	20.64	16.50	0.97	Fw	
42	23	33	RIAFX	RS Internet Age	Tech	*	*	*	-2.8	14.6	19.2	8.00	41.60	2.34	FSW	
43	43	69	FSCGX	Fidelity Industrial Equip (.75%r<30d)	Cycls	*	*	*	2.5	13.0	14.6	28.51	19.40	1.14	Fsw	
44	45	16	FSDAX	Fidelity Defense & Aero (.75%r<30d)	Cycls	*	*	*	2.6	9.2	22.4	76.69	15.60	0.60	Fsw	
45	34	10	FWRLX	Fidelity Wireless (.75%r<30d)	Tech	*	*	*	-0.3	8.8	24.4	7.14	27.70	1.58	Fw	
46	29	31	RYOIX	Rydex Biotechnology (\$25k)	Health	*	*	*	-0.4	10.9	18.7	23.07	23.80	1.10	FSW	
47	36	36	FPHAX	Fidelity Pharmaceuticals (.75%r<30d)	Health	*	*	*	-0.1	10.2	18.2	10.28	15.70	0.83	Fw	
48	71	41	CSEIX	Cohen & Steers Realty Income (1%r<180d)	RealEs	*	*	*	2.0	8.1	19.4	16.17	14.40	0.32	fsw	
49	35	46	FBIOX	Fidelity Biotechnology (.75%r<30d)	Health	*	*	*	-0.1	9.3	17.8	64.76	20.80	0.90	FSW	
50	37	6	FSHCX	Fidelity Med Del (.75%r<30d)	Health	*	*	*	-2.4	8.3	23.1	54.13	20.50	0.02	Fsw	
51	52	54	FBSOX	Fidelity Bus Services (.75%r<30d)	Tech	*	*	*	0.1	10.5	13.5	17.04	20.20	1.25	Fsw	
52	58	52	FBALX	Fidelity Balanced	Hybrid	B	*	*	0.9	8.9	13.7	19.43	11.30	0.71	Fsw	
53	81	61	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	2.1	6.8	15.7	36.24	14.60	0.32	fsw	
54	78	88	ICFSX	ICON Financial	FinServ	*	*	*	1.3	9.9	7.3	13.56	17.30	1.02	FSW	
55	41	26	VGHCX	Vanguard Health (closed, \$25k&1%r<1yr)	Health	*	*	*	-1.5	7.2	18.1	141.60	11.20	0.63	fsw	
56	57	75	FIDSX	Fidelity Finl Serv (.75%r<30d)	FinServ	*	*	*	-1.1	10.1	9.9	117.30	15.10	0.92	Fsw	
57	92	90	BEARX	Prudent Bear (1%r<30d)	Altern	*	*	*	4.3	7.6	7.8	5.59	17.50	-0.96	FSW	
58	69	28	ICHCX	ICON Healthcare	Health	*	*	*	-0.2	7.9	12.2	18.32	15.00	0.52	FSW	
59	64	32	FSTCX	Fidelity Telecomm (.75%r<30d)	Utility	*	*	*	0.8	6.9	12.1	40.48	31.30	1.79	Fsw	
60	65	30	ICTUX	ICON Telecommunications & Utilities	Utility	*	*	*	0.6	5.4	14.2	7.15	14.70	0.74	FSW	
61	53	21	FSPHX	Fidelity Health Care (.75%r<30d)	Health	*	*	*	-2.2	5.2	18.5	136.50	11.20	0.55	Fsw	
62	79	23	FSUTX	Fidelity Utilities Growth (.75%r<30d)	Utility	*	*	*	1.7	4.5	13.3	44.92	17.30	1.00	Fsw	
63	60	71	PRISX	T. Rowe Price Financial Services	FinServ	*	*	*	-1.6	8.5	8.1	21.44	16.40	1.00	fsw	
64	30	65	RYIIX	Rydex Internet (\$25k)	Tech	*	*	*	-5.0	8.6	11.5	38.27	35.40	2.06	Fw	
65	67	45	RYMIX	Rydex Telecommunications (\$25k)	Utility	*	*	*	-0.7	5.1	10.7	16.30	31.80	1.90	FSW	
66	54	62	RYTIX	Rydex Technology (\$25k)	Tech	*	*	*	-2.5	6.0	11.2	11.94	32.00	1.90	FSW	
67	48	48	FSPTX	Fidelity Technology (.75%r<30d)	Tech	*	*	*	-3.0	5.0	13.5	65.11	29.50	1.74	FSW	
68	56	55	FSPCX	Fidelity Insurance (.75%r<30d)	FinServ	*	*	*	-4.0	6.1	11.7	67.43	14.30	0.79	Fsw	
75	82	72	VBINX	Vanguard Balanced Index	Hybrid	B	*	*	-0.5	3.8	6.2	20.10	8.50	0.55	fsw	
77	87	81	GATEX	Gateway Fund	Altern	B	*	*	0.2	3.0	5.2	25.30	8.40	0.52	Fsw	

Step Back for a Better View

By now you've probably taken a close look at pages 2 and 3 of the January 13th issue to see how the *MONEYLETTER* model portfolios performed for the year. We're obviously pleased with our absolute and relative performance in 2005, and proud of the fact that **all 10 of our model portfolios outperformed the S&P 500 (and the Vanguard 500 Index Fund) for the year!**

But don't fall into the trap of focusing only on short-term performance. *MONEYLETTER* subscribers should be mindful that any sensible performance evaluation of an investment strategy should include more than one year. You can always check the three-year total returns that are part of our regular monthly portfolio review.

To supplement those regularly published returns, below we've included a detailed look at the performance of the *MONEYLETTER* models over the last 5 years. In addition to what you can see with your own eyes, *MONEYLETTER*'s performance continues to impress the *Hulbert Financial Digest*. Twenty-four of 27 readings of *MONEYLETTER*'s asset allocation performance over the past 10 years are shaded blue (for beating the Wilshire 5000) while showing low or average risk ratings. \$

What \$100,000 Grew to in Five Years (2001-2005)

Rank	Portfolio	Amount
1	ML All-Family Venturesome	\$187,696
2	ML All-Family Moderate	178,530
3	Fidelity Venturesome	169,280
4	Fidelity Moderate	160,291
5	ML All-Family Conservative	158,158
6	Vanguard Venturesome	137,055
7	Vanguard Moderate	132,035
8	Average Asset Allocation Fund	124,177
9	Fidelity Conservative	122,758
10	Vanguard Conservative	116,798
11	Vanguard 500 Index Fund	102,064

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Next Issue: Volume 27, No. 4

Mails: February 24, 2006

Internet: February 22, 2006, 12:00pm (ET)

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Gabelli US Treasury MMF	4.06%	3.95%	2.70%
Vanguard Treasury MMF	3.91	3.84	2.77
Amer Century Capital Presv Fund/Inv	3.74	3.63	2.57
JPMorgan 100% US Treas MMF/Morgan	3.66	3.53	2.39
T. Rowe Price US Treasury MF	3.57	3.46	2.47
RMK Select Treas MMF/CI A	3.53	3.44	2.41
Schwab US Treasury Money Fund	3.52	3.47	2.36
US Treasury MF of America/CI A	3.50	3.44	2.37
Wells Fargo Adv 100% Treas MMF/CI A	3.48	3.38	2.35
Citi US Treasury Reserves	3.43	3.29	2.31

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
PayPal Money Market Fund	4.50%	4.40%	3.27%
Scudder MM Series Premium/AARP	4.30	4.25	3.14
TIAA-CREF Money Market Fund	4.26	4.17	3.01
Vanguard Prime MMF/Retail	4.21	4.13	3.01
TCW Galileo Money Market Fund	4.20	4.12	2.90
Scudder MM Series Prime Reserve/AARP	4.18	4.14	3.06
Harbor Money Market Fund	4.17	4.08	2.91
SSgA MMF/CI A	4.17	4.09	2.92
MFS Money Market Fund	4.16	4.12	2.91
Wells Fargo Adv Heritage MF/Admin	4.16	4.07	2.90

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	3.01%	3.04%	2.46%
Vanguard Tax-Exempt MMF	2.95	2.96	2.35
Fidelity AMT Tax-Free Money Fund	2.72	2.75	2.18
Scudder Tax-Exempt Money Fund	2.68	2.71	2.09
Dreyfus BASIC Muni MMF	2.67	2.69	2.06
Fidelity Tax Free Money Market	2.67	2.68	2.06
Fidelity Municipal MMF	2.66	2.71	2.07
Amer Century T-F MMF/Inv Class	2.64	2.67	2.05
USAA Tax Exempt MMF	2.64	2.66	2.07
Scudder T-E Cash Managed Shares	2.62	2.64	2.02
T. Rowe Price Summit Muni MMF	2.62	2.64	2.04
Tax-Exempt MF of America/CI A	2.62	2.59	1.93

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard PA Tax-Exempt MMF	2.94%	2.95%	2.32%
Vanguard OH Tax-Exempt MMF	2.93	2.94	2.33
Vanguard NY Tax-Exempt MMF	2.90	2.91	2.30
Vanguard NJ Tax-Exempt MMF	2.89	2.89	2.29
Vanguard CA Tax-Exempt MMF	2.88	2.89	2.29
Fidelity FL Municipal MMF	2.83	2.65	2.03
Fidelity AZ Municipal MMF	2.65	2.64	2.02
Fidelity PA Municipal MMF	2.64	2.65	2.02
Fidelity NY Municipal MMF	2.61	2.62	2.00
Fidelity CT Municipal MMF	2.59	2.58	2.00

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 1/31/06. 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: iMoneynet's Money Fund Report (800) 343-5413

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Hodges Fund: The Freedom to Choose

To say this fund has been on a roll may seem an understatement. Beginning with an 80.2% gain in 2003, the fund has recorded total returns of 24.5% and 17.3% in the following two calendar years. That puts it firmly in the top 1% of its Morningstar category (mid-cap blend) for the trailing three years (through February 3). Looking at 2006, a 9.8% return also puts it right at the top of its category.

And yet, there is a caveat as we talk about performance. This fund can be quite volatile. In 2000 and 2002, the fund was close to the bottom of the category. And in 2000, it recorded back-to-back positive and negative 20% returns over two consecutive months.

The Hodges Fund, a relatively small stand-alone fund, is managed by a father/son team. Don Hodges has run the fund since its October 1992 inception. Son Craig joined the effort in 1999. Family-run funds can offer advantages—the managers' money is invested the same as yours, and they often have an element of pride in their operation.

All types of companies

The Hodgeses invest in companies across all industries, capitalization ranges, and valuations. The fund basically consists of three baskets of stocks. Recently, 44% of the fund's assets were invested in what the Hodgeses term "core growth" holdings, such as Home Depot and Wal-Mart. Home Depot was an original fund holding back in 1992. Craig Hodges views it as still an attractive core holding, given its position as a low-cost producer with expanding market share. Another 38% of the portfolio was in beaten down value stocks or turnaround plays. A prime example here is Luby's Cafeterias, a Houston-based buffet-style restaurant chain that the pair bought in 2002 and 2003, and which has proven a big winner for the fund. Finally, the remainder of the portfolio (18%) is invested in momentum-driven growth stocks. There are typically about 100 names in the portfolio.

Its go anywhere strategy, and the division of the portfolio into three baskets, set the Hodges Fund apart from others. Don Hodges opines that if one can invest anywhere, you can shift to areas that are making money—the areas that are currently in favor—rather than being stuck in out-of-favor segments. Regarding the three types of investments, Craig Hodges notes that it is the core holdings that will protect performance on the downside. But it is the out-of-favor investments and those that fall beneath the radar screen of big investment houses that will give the fund its kick.

Emphasis on fundamentals

The fund management team tracks about 900 companies all together, with special emphasis on 50 or 60 names on a weekly basis. They emphasize improving earnings growth and strong balance sheets. And, while the fund is not a "socially conscious" fund, Don Hodges has instituted an ethical component to the fund by avoiding companies involved in alcohol and tobacco, and also those where he feels that top executives are overcompensated. At times, his personal values come into play, such as when he sold Sirius Satellite Radio after it added Howard Stern to its line-up. Hodges also places a lot of emphasis on companies in his own back yard—i.e., based in Texas.

The Hodgeses spotlight on Texas has led to its current heavy weighting in the energy sector. Don Hodges believe that the "right" companies have a lot more upside potential. He is especially partial to oil drillers, believing that as long as oil prices remain above \$40, drillers will remain busy. Transocean Sedco Forex is a key portfolio player here, along with Ensco International and Rowan.

Top Five Holdings & Sectors (% of Assets)

Burlington Northern Santa Fe	3.4	Energy	19.9
Legg Mason	3.0	Consumer Services	17.1
Terex Corp.	2.8	Business Services	15.3
Centex	2.6	Industrial Materials	14.0
Commercial Metals Co.	2.3	Consumer Goods	13.9

Holdings as of January 27, 2006; Sectors as of December 31, 2005

The managers are also very positive on railroads currently, with Burlington Northern Santa Fe their top holding. Their thesis: the rail industry is undergoing a positive structural change. They state that the cheapest way to ship Chinese goods across the U.S. is by rail, rail is the primary way to ship coal, and truckers are shipping loaded trailers by rail to combat high gas prices.

A notable recent contrarian buy is General Motors, which was added to the portfolio in December. Although some believe the automaker could file for bankruptcy, Craig Hodges believes the GM firm could eventually turn around. Still, he concedes, GM is a long-term situation. \$

Hodges Fund (HDPMX)

c/o U.S. Bancorp Fund Services

P.O. Box 701, Milwaukee, WI 53201-0701

(866) 811-0224 • Minimum Investment: \$250, \$250 IRA

MONEYLETTER® (ISSN:1526-5110) is published twice each month for \$150 per year (24 issues) by PRI Financial Publishing Inc., 479 Washington St., P.O. Box 6020, Holliston, MA 01746-6020. First Class Postage paid at Holliston, MA and at additional mailing offices. POSTMASTER: send address changes to MONEYLETTER, 479 Washington St., P.O. Box 6020, Holliston, MA 01746-6020. President: Bruce W. Hardy. Chief Investment Officer/Chief Economist: Walter Frank. Contributing Editor: Cynthia Andrade. Publisher: Brian W. Kelly. Address all subscription and editorial inquiries to PRI Financial Publishing Inc., 479 Washington St., P.O. Box 6020, Holliston, MA 01746-6020, (800) 890-9670. Paid advertising which appears in or accompanies this publication does not constitute an endorsement of products or services offered. Employees and staff of MONEYLETTER may from time to time maintain positions in recommended securities. PRI Financial Publishing Inc. is affiliated with PRI Financial Advisors Inc. (formerly Principal Resource Inc.), a registered investment advisor. Walter Frank also serves as an independent economic consultant to PRI Financial Advisors. MONEYLETTER is not produced as a solicitation for PRI Financial Advisors. Views presented are the opinion of the Chief Investment Officer/Chief Economist and contributing editors, and should not be treated as fact. MONEYLETTER does not purport to provide legal, tax or individual investment advice. While carefully screened, the accuracy of the statistical data in MONEYLETTER cannot be guaranteed. Readers should carefully review investment prospectuses before investing. MONEYLETTER provides a twice-weekly Hotline: call (410) 528-1804. Back copies \$5 each. Reproduction in whole or in part by any means is strictly forbidden without written permission. © Copyright 2006 PRI Financial Publishing Inc.