

## Repealing Gravity

by Walter S. Frank, Chief Investment Officer

As the broad averages moved on in September, and Wall Street marveled at stocks rising during that usual dismal month for equities, we have been wondering what it is we have been missing. Even though we have been cautiously positive, this rush to new highs for the Dow over recent weeks seems too much, too soon, at least to us. We find it difficult to put on our party hats.

The trouble is that the economy is slowing. We assign a low probability to the slowing turning into a recession, but we do look at the forecasts of sub-par growth lasting many months to come and find them reasonable. We also follow the Fed and our view has been, and still is, that expectations for a Fed rate cut are simply premature. It would take some persistent signs of stress in the economy before we would build a near-term rate cut into our thinking.

What we have then is a slowing economy and the Fed on hold (at least for a while). This is not the ideal prescription for a rising market, and yet the market—more precisely, the blue chip market—continues to rise. What is keeping the market in the air? There are a handful of things, but there are two that strike us as key. First and foremost are profit expectations. The second is lower *bond market* interest rates

As you know the 10-year Treasury yield, the rate for market valuation measures, has fallen considerably since late June, from about 5.25 percent to 4.60 percent now. The lower the interest rate, the higher stock values, other things being equal.

As for earnings expectations, it is almost an iron law of economics that slower growth will lead to slower profits. But what do we have today? We have slower growth, while the analysts, according to the profit services, continue to tell us that profits are going to continue galloping along at double-digit rates this year compared to last year. Moreover, according to *The New York Times*, Zacks Investment Research says analysts are also projecting profits to grow by 12.9% next year. This is the economic equivalent of

saying that the law of gravity has been repealed. We find it hard to believe that the analysts' estimates will turn out to be correct. Such estimates are notorious for being widely off-the-mark at economic turning points, and we believe current estimates will prove to be another example.

If this sounds bearish, it is not meant to. As we see it, the economy will be growing next year, only slowly. More reasonable, single-digit profit estimates will still leave room for moderate market gains. Lower bond market yields, probably assisted by a rate cut from the Fed later next year, will help. All we are trying to do is to put a lid on expectations. As we see it now, the year ahead for the U.S. market will be O.K., but not more so.

### Fund changes

This week's Hotline (Wednesday, October 4<sup>th</sup>) recommended the sale of Kinetics Paradigm in the **MONEYLETTER Venturesome** and **Moderate** model portfolios. In both cases the recommended fund switch was into Wells Fargo Advantage C&B Mid Cap Value (CBMDX). Be careful to specify the "D" share class. The same Hotline also recommended the sale of Fidelity Emerging Markets in the **Fidelity Venturesome** and **Moderate** portfolios. In both cases the fund is to be switched into Fidelity Southeast Asia (FSEAX). Finally, Fairholme Fund in the **MONEYLETTER Conservative** Portfolio is now ranked a Sell. The recommended switch is into Powershares Dynamic Large Cap Value (PWV).

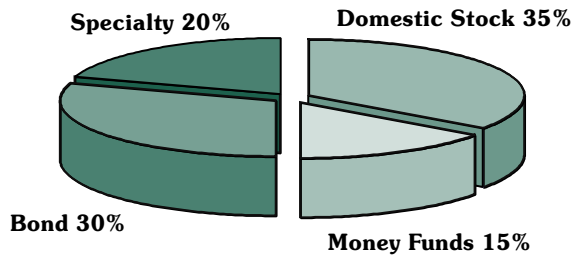
The Hotline of Wednesday, September 20 recommended the sale of Fidelity Leveraged Company in the **Fidelity Venturesome** and **Moderate** model portfolios. For the **Venturesome Portfolio** Leveraged Company was to be switched into Fidelity Equity-Income (FEQIX). For the **Moderate Portfolio** the recommended switch was into Fidelity Dividend Growth (FDGFX). Here are the details as of Thursday, September 21. **Fidelity Venturesome**—Sold 861 shares of Leveraged Company @ \$26.92 per share. Purchased 409 shares of Equity-Income @ \$56.70 per share. **Fidelity Moderate**—Sold 850 shares of Leveraged Company. Purchased 757 shares of Dividend Growth @ \$30.22 per share. The Hotline of Wednesday, September 27 recommended the sale of Vanguard Pacific Stock Index in the **Vanguard Venturesome** and **Moderate Model** portfolios. The recommended switch for the **Venturesome Portfolio** was Vanguard International Growth (VWIGX). For the **Moderate Portfolio** the recommended switch was Vanguard Europe ETF (VGK). Here are the details as of Thursday, September 28. **Vanguard Venturesome**—Sold 1,048 shares of Pacific Stock Index @ \$11.76 per share. Purchased 513 shares of International Growth @ \$24.02 per share. **Fidelity Moderate**—Sold 1,118 shares of Pacific Stock Index. Purchased 208 shares of Vanguard Europe ETF @ \$63.20 per share. \$

### Market Trends

	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates	Higher	Flat
Dollar	Lower	Flat/Lower
Inflation	Higher	Flat/Lower
Dow	Higher	Higher
NASDAQ	Flat	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

**MONEYLETTER Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	3.2%	21,812	\$1.00	\$21,812
AmerCent Inflation Adj	02/12/03	17.7	2,374	10.77	25,571
Loomis Sayles Bond Retail	03/17/04	22.6	1,291	14.10	18,201
Gateway Fund	11/27/02	31.7	625	26.63	16,649
Kinetics Paradigm	08/17/06	1.6	894	23.16	20,708
Morningstar Large Value (iS) ETF	08/03/06	2.3	170	78.29	13,300
Fairholme Fund	08/03/06	-2.0	709	27.18	19,273
RS Global Natural Resources	01/11/06	-3.8	421	32.99	13,900
<b>TOTAL VALUE</b>					<b>\$149,414</b>

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
-0.3%	-1.2%	3.5%	34.2%	3.4%

**Fidelity Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	3.5%	16,225	\$1.00	\$16,225
Fidelity Inflation-Protected	09/15/04	7.1	1,151	10.99	12,650
Fidelity Strategic Income	03/17/04	17.0	1,928	10.56	20,356
Fidelity Balanced	11/27/02	62.3	889	18.87	16,773
Fidelity Large Cap Value	08/03/06	1.7	1,112	14.14	15,717
Fidelity Equity-Income	07/27/06	5.6	226	57.50	13,020
Fidelity Value Discovery	04/26/06	-0.5	1,006	16.50	16,600
Fidelity Natural Resources	01/11/06	-1.5	452	25.23	11,404
<b>TOTAL VALUE</b>					<b>\$122,745</b>

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
0.4%	-0.8%	7.3%	32.4%	4.6%

**Vanguard Conservative**

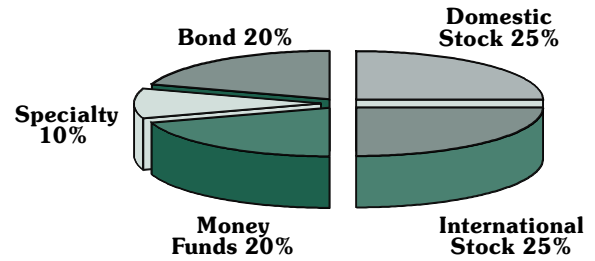
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	3.5%	17,723	\$1.00	\$17,723
Vanguard Inflation Protect	02/19/03	19.5	1,215	11.94	14,508
Vanguard GNMA	03/17/04	8.9	1,850	10.19	18,853
Vanguard Balanced Index	11/27/02	41.5	605	20.56	12,537
Vanguard Value ETF	06/14/06	10.7	328	63.70	20,915
Vanguard Equity Income	06/14/06	9.5	643	25.21	16,208
Vanguard Dividend Growth	08/03/06	4.3	637	13.71	8,735
RS Global Natural Resources	01/18/06	-3.8	335	32.99	11,054
<b>TOTAL VALUE</b>					<b>\$120,533</b>

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
0.5%	1.1%	5.6%	31.2%	4.9%

**MODERATE**

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

**MONEYLETTER Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab Money Market	Yield YTD	3.2%	38,509	\$1.00	\$38,509
Loomis Sayles Bond Retail	03/17/04	22.6	1,806	14.10	25,469
Driehaus Emerging Mkts Growth	05/24/06	6.8	804	33.97	27,300
ICON Europe	08/10/06	3.6	855	18.82	16,094
Morningstar Large Value (iS) ETF	08/03/06	2.3	230	78.29	18,021
PowerShares Dyn LC Value ETF	08/10/06	4.6	1,218	18.42	22,443
RS Global Natural Resources	01/11/06	-3.8	443	32.99	14,618
<b>TOTAL VALUE</b>					<b>\$162,454</b>

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
0.4%	-1.7%	7.1%	57.1%	6.9%

**Fidelity Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	3.5%	30,596	\$1.00	\$30,596
Fidelity Strategic Income	03/17/04	17.0	2,823	10.56	29,815
Fidelity Emerging Markets	05/11/05	59.5	855	20.89	17,853
Fidelity Europe Capital App	06/07/06	4.9	765	26.63	20,383
Fidelity Dividend Growth	09/21/06	1.0	757	30.51	23,106
Fidelity Equity-Income	07/27/06	5.6	243	57.50	13,989
Fidelity Natural Resources	01/11/06	-1.5	563	25.23	14,195
<b>TOTAL VALUE</b>					<b>\$149,937</b>

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
-0.1%	-3.9%	8.1%	50.6%	2.7%

**Vanguard Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	3.5%	29,088	\$1.00	\$29,088
Vanguard FI Hi-Yld Corp	01/17/01	38.6	3,951	6.12	24,178
Vanguard European ETF	09/28/06	-0.1	208	63.11	13,127
Vanguard International Value	06/07/06	7.2	546	40.30	22,001
Vanguard Value Index	07/27/06	4.9	462	24.83	11,477
Vanguard Value ETF	06/14/06	10.7	369	63.70	23,496
RS Global Natural Resources	01/18/06	-3.8	373	32.99	12,321
<b>TOTAL VALUE</b>					<b>\$135,688</b>

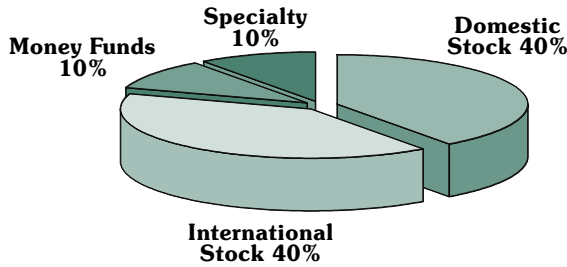
**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
0.2%	-2.1%	6.2%	43.2%	3.6%

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	1.3%	15,372	\$1.00	\$15,372
Janus Overseas	05/24/06	10.1%	660	39.82	26,294
Metzler/Payden Europe Emg Mkts	08/17/06	2.5%	511	28.61	14,622
ICON Europe	06/07/06	6.0	1,223	18.82	23,023
Morningstar Large Value (iS) ETF	08/03/06	2.3	330	78.29	25,812
Kinetics Paradigm	09/07/05	13.9	653	23.16	15,130
PowerShares Dyn LC Value ETF	08/10/06	4.6	1,134	18.42	20,892
RS Global Natural Resources	01/11/06	-3.8	431	32.99	14,224
<b>TOTAL VALUE</b>					<b>\$155,369</b>

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
0.2%	-4.7%	7.1%	63.1%	5.1%

**Fidelity Venturesome**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	1.3%	15,765	\$1.00	\$15,765
Fidelity Emerging Markets	05/11/05	59.5%	1,407	20.89	29,398
Fidelity Latin America	08/17/06	-0.7%	387	38.51	14,899
Fidelity Europe Capital App	06/07/06	4.9	785	26.63	20,907
Fidelity Large Cap Value	08/03/06	1.7	1,923	14.14	27,190
Fidelity Equity-Income	09/21/06	1.4	409	57.50	23,501
Fidelity Value Discovery	03/08/06	4.2	744	16.50	12,280
Fidelity Natural Resources	01/11/06	-1.5	596	25.23	15,042
<b>TOTAL VALUE</b>					<b>\$158,982</b>

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
0.0%	-4.6%	7.8%	53.3%	2.8%

**Vanguard Venturesome**

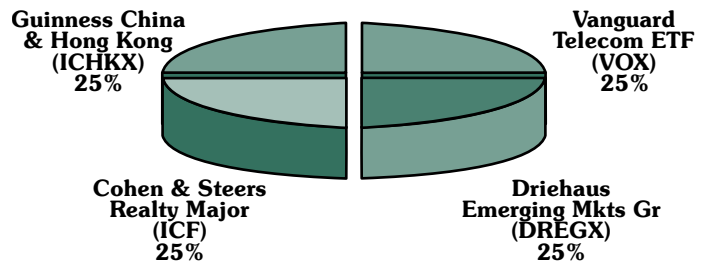
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime Port MM	Yield YTD	1.3%	13,356	\$1.00	\$13,356
Vanguard International Value	06/07/06	7.2%	755	40.30	30,423
Vanguard European ETF	08/17/06	1.9%	210	63.11	13,253
Vanguard International Growth	09/28/06	-0.3	513	23.94	12,289
Vanguard Value ETF	06/14/06	10.7	392	63.70	24,957
Vanguard Dividend Growth	08/10/06	4.7	1,465	13.71	20,084
Vanguard Value Index	07/27/06	4.9	407	24.83	10,113
RS Global Natural Resources	01/18/06	-3.8	388	32.99	12,801
<b>TOTAL VALUE</b>					

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
0.3%	-3.6%	6.2%	48.4%	3.2%

**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
Driehaus Emerging Mkts Growth	05/17/06	-1.4%	1,402	\$33.97	\$47,616
Cohen & Steers Realty Majors (iS) ETF (ICF)	09/14/06	0.0	488	91.80	44,766
Vanguard Telecom Ser ETF	09/21/06	0.6	724	68.37	49,500
Guinness Atkinson China & HK	07/27/06	2.0	1,887	21.89	41,300
<b>TOTAL VALUE*</b>					<b>\$183,244</b>

Inception: 9/30/02

**TOTAL RETURNS (as of 9/30/06)**

1-mo	6-mo	1-yr	3-yr	YTD
-2.5%	-10.9%	3.4%	68.2%	-0.6%

**MONEYLETTER Select Commentary**

The Hotline of Wednesday, September 13 recommended the sale of US Global Inv Global Res (PSPFX) to be exchanged for shares of Cohen & Steers Realty Majors (iS) ETF (ICF). The recommended trades were executed at the market close September 14, 2006. Details: Sold 2,867 shares of (PSPFX) @ \$15.62 per share. Purchased 484 shares of (ICF) @ \$92.47 per share. The Hotline of Wednesday, September 20 recommended the sale of Rydex Utilities (RYUIX) to be exchanged for shares of Vanguard Telecom Ser ETF (VOX). The recommended trades were executed at the market close September 21, 2006. Details: Sold 1,822 shares of (RYUIX) @ \$27.05 per share. Purchased 724 shares of (VOX) @ \$67.97 per share.

With purchases of Exchange Traded Funds (ETF's) it is necessary to enter trades in whole share quantities, unlike traditional open-ended mutual funds, which allow for the purchase/sale of fractional shares. \$

\* A small "cash" balance remained which has been included in the Total Value of the portfolio. These balances will be used to purchase fractional shares of another open-ended fund held in the portfolio.

**Total Returns—September 30, 2006**

	1-mo	6-mo	1-yr	3-yr	YTD
S&P 500	2.6%	4.1%	10.8%	41.6%	8.5%
Asset Allocation	1.3	2.0	8.1	33.6	6.1
Funds (Avg) 213 Funds					

Domestic Stock Funds

RANK	9/29 2006	1 Mo Ago	6 Mo 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	
<b>1</b>	<b>1</b>	—	—	<b>JFK</b>	<b>Morningstar Large Value (iS)</b>	<b>LCVal</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>1.2%</b>	<b>10.0%</b>	<b>17.1%</b>	<b>\$78.29</b>	—	—	—
<b>2</b>	<b>2</b>	—	—	<b>PWV</b>	<b>PowerShares Dyn LC Value</b>	<b>LCVal</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>2.1</b>	<b>8.8</b>	<b>16.2</b>	<b>18.42</b>	—	—	—
3	5	—	—	LSVRX	Loomis Sayles Value Retail	LCVal	B	B	B	2.6	7.4	18.9	21.04	7.4	0.90	FA
4	11	—	—	ELV	DJ WI US LargeCap Value (stTr)	LCVal	B	B	B	2.6	7.8	15.2	78.04	7.4	0.86	—
5	3	127	—	GEVTX	Columbia Disciplined Value Clz	LCVal	B	B	B	2.1	7.1	17.5	16.02	9.1	0.98	a
<b>6</b>	<b>8</b>	<b>198</b>	—	<b>VIVAX</b>	<b>Vanguard Value Index</b>	<b>LCVal</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>2.1</b>	<b>7.6</b>	<b>15.1</b>	<b>24.83</b>	<b>8.2</b>	<b>1.00</b>	<b>fsa</b>
7	31	232	—	PVLDX	Allianz OCC Value D (2%r<7d)	LCVal	*	(B)	(B)	3.6	7.6	12.5	17.46	9.8	1.17	FSA
8	7	176	—	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	B	B	B	3.2	6.1	16.8	30.25	9.4	1.01	fa
<b>9</b>	<b>6</b>	—	—	<b>VTV</b>	<b>Vanguard Value ETF</b>	<b>LCVal</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>2.2</b>	<b>7.4</b>	<b>15.1</b>	<b>63.70</b>	—	—	—
<b>10</b>	<b>13</b>	<b>227</b>	—	<b>VEIPX</b>	<b>Vanguard Equity-Income</b>	<b>LCVal</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>2.1</b>	<b>7.6</b>	<b>14.4</b>	<b>25.21</b>	<b>7.6</b>	<b>0.91</b>	<b>fsa</b>
11	12	254	—	TWEIX	American Century Equity Income	LCVal	B	B	B	2.1	8.0	13.5	8.68	6.8	0.77	FSA
12	27	251	—	VASVX	Vanguard Selected Value (\$25k,1%r<1yr)	MCVal	(B)	(B)	(B)	3.1	7.5	12.0	20.81	8.6	0.97	fsa
13	22	241	—	TWVLX	American Century Value	LCVal	B	B	B	2.7	6.5	14.7	7.59	7.3	0.88	FSA
14	24	222	—	VWNFX	Vanguard Windsor II (closed,\$10k)	LCVal	H	H	H	2.3	7.1	13.3	34.36	7.9	0.90	fsa
15	15	263	—	WWALX	Weitz Value Fund	LCVal	B	B	B	2.3	7.2	13.1	38.55	7.2	0.69	FSA
16	18	—	—	IWD	Russell 1000 Value (iS)	LCVal	B	B	B	2.2	6.5	14.5	77.07	8.0	0.99	—
<b>17</b>	<b>21</b>	<b>184</b>	—	<b>FEQIX</b>	<b>Fidelity Equity-Income</b>	<b>LCVal</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>2.5</b>	<b>6.0</b>	<b>14.9</b>	<b>57.50</b>	<b>8.4</b>	<b>1.04</b>	<b>Fsa</b>
18	33	168	—	DODGX	Dodge & Cox Stock (closed)	LCVal	H	H	H	2.9	5.7	14.6	150.80	9.5	1.02	sa
19	—	—	—	XLG	Rydex Russell Top 50	LC	H	H	H	2.6	7.0	11.2	100.80	—	—	—
20	41	—	—	DVY	DJ Select Dividend Index (iS)	MCVal	H	H	H	1.7	7.8	10.3	66.43	—	—	—
21	23	—	—	IWW	Russell 3000 Value (iS)	LCVal	B	B	B	1.9	6.1	14.3	100.50	8.3	1.03	—
22	50	226	—	TGIGX	TCW Dividend Focused N	LCVal	H	H	H	3.2	6.4	11.4	12.74	9.7	1.03	FSA
23	34	242	—	WEHIX	Weitz Hickory	MC	*	(B)	(B)	3.0	5.5	13.9	36.07	9.7	0.99	fsa
24	30	—	—	IVE	S&P 500 Value (iS)	LCVal	H	H	H	2.7	5.5	14.2	71.81	8.6	1.07	—
<b>25</b>	<b>19</b>	—	—	<b>VDIGX</b>	<b>Vanguard Dividend Growth</b>	<b>LCVal</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>1.8</b>	<b>6.0</b>	<b>13.8</b>	<b>13.71</b>	<b>7.1</b>	<b>0.87</b>	<b>fsa</b>
26	14	123	—	CBMDX	Wells Fargo Adv C&B Mid Cap Value	MC	*	B	B	3.5	3.4	17.7	22.83	11.9	1.32	FSA
27	38	267	—	YACKX	Yacktman Fund (2%r<30d)	LCVal	H	H	H	2.7	6.4	11.0	16.25	8.8	0.92	FsA
28	29	—	—	DIA	Dow 30 Industrials (Diamonds)	LCVal	H	H	H	2.6	5.6	12.4	116.70	8.6	1.03	—
29	39	—	—	NY	NYSE 100 (iS)	LCVal	H	H	H	2.3	5.7	12.3	70.83	—	—	—
30	55	219	—	PRFDX	T. Rowe Price Equity-Income	LCVal	H	H	H	2.6	5.3	12.6	28.30	8.9	0.98	fsa
31	42	—	—	OEF	S&P 100 (iS)	LC	H	H	H	2.6	6.0	10.8	62.05	7.2	0.90	—
32	37	132	—	TRMCX	T. Rowe Price Mid Cap Value (closed)	MCVal	(B)	(B)	(B)	2.3	4.2	14.9	25.83	9.8	1.22	fsa
33	83	259	—	OAKMX	Oakmark Fund (2%r<90d)	LCVal	H	H	H	3.7	5.2	10.5	44.64	8.2	0.84	FSA
34	71	—	—	JKD	Morningstar Large Core (iS)	LC	H	H	H	3.7	4.5	12.1	71.56	—	—	—
35	52	196	—	TGDXV	TCW Diversified Value N	LCVal	H	H	H	2.4	5.1	12.0	15.57	10.4	1.08	FSA
36	63	197	—	SAIFX	Salomon Brothers Investors	LCVal	H	H	H	2.6	4.6	12.4	22.09	9.9	1.06	fa
37	184	247	—	MAVFX	Matrix Advisors Value (1%r<60d)	LC	*	H	H	5.2	3.6	10.6	55.92	13.2	1.43	FSA
38	91	228	—	DGRIX	Dreyfus Growth & Income	LC	H	H	H	3.8	4.4	10.3	16.89	9.4	1.05	FSA
39	17	266	—	DGAGX	Dreyfus Appreciation	LC	H	H	H	0.5	6.8	8.7	43.11	7.6	0.79	FSA
40	114	265	—	THPGX	Thompson Plumb Growth	LC	H	H	H	3.0	5.0	9.0	47.48	11.1	1.12	Fsa
41	67	245	—	SSHFX	Sound Shore (\$10k)	LCVal	H	H	H	2.7	5.3	8.7	39.71	10.5	1.07	FSA
42	40	156	—	HOVLX	Homestead Value (2%r<30d)	LCVal	H	H	H	1.3	4.4	13.0	36.06	9.2	0.96	A
43	61	248	—	NOIEX	Northern Income Equity	Convrt	H	H	H	2.7	5.2	8.8	12.48	6.4	0.81	FSA
44	74	264	—	TWEBX	Tweedy, Browne American Value (closed)	MCVal	H	H	H	2.0	5.4	9.1	25.57	6.8	0.82	fsa
45	79	215	—	PRDGX	T. Rowe Price Dividend Growth	LC	H	H	H	2.8	4.0	11.3	24.34	8.4	0.94	fsa
46	4	119	—	SAOPX	Salomon Brothers Opportunity	MCVal	(H)	(H)	(H)	1.2	3.3	15.3	57.38	8.5	0.93	fa
47	43	141	—	LLPFX	Longleaf Partners (closed)	LC	H	H	H	4.0	2.2	13.8	34.94	9.9	0.95	fa
<b>48</b>	<b>68</b>	<b>243</b>	—	<b>FDGFX</b>	<b>Fidelity Dividend Growth</b>	<b>LC</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>3.1</b>	<b>3.4</b>	<b>12.0</b>	<b>30.51</b>	<b>9.2</b>	<b>0.98</b>	<b>fsa</b>
49	72	224	—	FSMKX	Fidelity Spartan 500 (\$10k)	LC	H	H	H	2.6	4.1	10.7	92.85	8.8	1.00	Fa
50	75	225	—	VFINX	Vanguard 500 Index	LC	H	H	H	2.6	4.1	10.6	123.00	7.8	1.00	fsa
51	9	159	—	SMCDX	Wells Fargo Advantage MC Disciplined	MCVal	(H)	(H)	(H)	0.7	4.8	11.7	22.79	7.7	0.80	FSA
52	76	—	—	IVV	S&P 500 (iS)	LC	H	H	H	2.7	3.9	10.6	133.80	7.8	1.00	—
53	77	—	—	SPY	S&P 500 (SPDR)	LC	H	H	H	2.7	3.8	10.6	133.60	7.8	1.00	—
54	142	26	—	FBRVX	FBR Small Cap (closed,1%r<90d)	SCGro	H	H	H	5.7	-0.6	17.1	48.29	12.4	1.11	FSA
55	57	208	—	SLASX	Selected American Shares	LC	H	H	H	1.9	3.9	11.4	43.06	8.7	0.93	SA
56	16	—	—	NYC	NYSE Composite (iS)	LC	H	H	H	0.8	3.9	12.9	77.55	—	—	—
57	94	185	—	VWNDX	Vanguard Windsor	LCVal	H	H	H	2.6	3.3	11.6	18.42	8.8	1.09	fsa
58	119	252	—	BIGRX	American Century Income & Growth	LCVal	S	S	S	2.5	4.7	7.8	32.08	9.5	1.06	FSA
59	58	172	—	ICSLX	ICAP Select Equity	LCVal	S	S	S	1.4	3.8	11.7	39.88	9.1	0.94	fsc
60	73	—	—	VV	Vanguard LargeCap ETF	LC	S	S	S	2.6	3.4	10.8	59.25	—	—	—
61	35	192	—	GABAX	Gabelli Asset (2%r<7d)	MC	H	H	H	1.6	3.9	11.1	45.85	10.2	1.09	FSA
62	80	230	—	PRWCX	T. Rowe Price Cap Appreciation	LCVal	H	H	H	1.9	4.0	10.3	21.69	7.1	0.94	fsc
63	113	190	—	PRGFX	T. Rowe Price Growth Stock	LCGro	S	S	S	3.1	2.8	11.3	30.34	9.7	1.07	fsc
64	133	—	—	HILVX	Harbor Large Cap Value Inv	LCVal	S	S	S	3.0	4.5	7.0	18.11	7.0	0.84	FSA
65	108	233	—	VUVLX	Vanguard U.S. Value	LCVal	S	S	S	2.6	3.6	9.9	14.55	9.0	1.09	fsc
66	111	211	—	DREVX	Dreyfus Fund	LC	S	S	S	2.6	3.0	10.9	10.81	8.9	1.00	FSA
67	127	238	—	SCDGX	DWS Growth & Income S (closed,2%r<15d)	LC	S	S	S	3.0	3.5	8.9	23.05	8.6	0.96	FsA
68	126	—	—	KLD	KLD Select Social (iS)	LC	S	S	S	3.1	3.1	9.8	56.13	—	—	—

**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 (A/a) for TD Ameritrade.

Domestic Stock Funds (continued)

RANK	9/29 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/wif
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
69	210	220	OAKLX	Oakmark Select (2%r<90d)	LCVal	S	S	S	4.6	2.2	9.6	34.48	8.9	0.82	FSA	
70	87	212	SNXFX	Schwab 1000 Fund (2%r<30d)	LC	S	S	S	2.5	3.2	10.3	39.07	8.8	1.00	fSa	
71	144	—	PWP	PowerShares Dynamic MC Value	MCVal	S	S	S	2.9	2.8	10.8	17.42	—	—	—	
72	51	—	IWS	Russell MidCap Value (iS)	MCVal	H	H	H	1.4	2.9	12.1	136.10	10.0	1.18	—	
<b>73</b>	<b>56</b>	—	<b>FSLVX</b>	<b>Fidelity Large Cap Value</b>	<b>LCVal</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>1.4</b>	<b>3.4</b>	<b>10.8</b>	<b>14.14</b>	—	<b>1.00</b>	<b>Fa</b>	
74	28	24	NEEGX	Needham Growth Fund (2%r<60d)	SCGro	*	H	H	0.3	1.9	16.0	40.20	15.1	1.55	FSA	
75	118	207	VQNPX	Vanguard Growth & Income	LC	S	S	S	2.7	3.0	9.8	33.79	8.3	1.04	fSa	
76	152	269	CFIMX	Clipper Fund	LCVal	S	S	S	2.9	4.0	6.8	88.37	8.8	0.83	fSa	
77	86	—	IWB	Russell 1000 (iS)	LC	S	S	S	2.4	3.1	9.9	72.24	8.0	1.02	—	
78	10	33	USCGX	USAA Capital Growth	SCGro	*	(S)	(S)	0.3	1.9	15.9	8.83	15.0	1.52	fSa	
79	97	—	ISI	S&P 1500 (iS)	LC	S	S	S	2.4	2.8	10.3	118.50	—	—	—	
80	65	171	FFIDX	Fidelity Fund	LC	S	S	S	2.2	2.3	11.5	33.99	8.5	0.93	fSa	
81	81	—	VPCCX	Vanguard PRIMECAP Core (\$10k)	LC	S	S	S	2.1	1.9	12.6	12.28	—	—	fsw	
82	93	—	IYY	DJ US Total Market (iS)	LC	S	S	S	2.3	2.6	10.1	64.53	8.3	1.06	—	
83	105	—	TMW	DJ WI Total Market (stTr)	LC	S	S	S	2.3	2.4	10.1	95.72	7.6	0.96	—	
84	104	194	VTSMX	Vanguard Total Stk Mkt	LC	S	S	S	2.3	2.4	10.3	32.00	8.5	1.08	fSa	
85	88	113	SLSSX	Selected Special Shares	MC	*	H	H	3.6	0.9	12.1	13.66	12.3	1.28	SA	
86	99	83	MERDX	Meridian Fund (2%r<60d)	MCGro	H	H	H	3.0	0.0	14.9	40.35	13.8	1.36	fa	
87	166	250	DSEIF	Domini Social Equity Fund (2%r<90d)	LC	S	S	S	3.1	2.5	8.6	31.54	9.4	1.04	FSA	
<b>88</b>	<b>64</b>	<b>67</b>	<b>FVDFX</b>	<b>Fidelity Value Discovery</b>	<b>MC</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>1.0</b>	<b>1.5</b>	<b>13.4</b>	<b>16.50</b>	<b>11.6</b>	<b>1.19</b>	<b>F</b>	
118	60	28	WWNPX	Kinetics Paradigm (2%r<30d)	MC	(S)	(S)	(S)	1.5	0.8	12.0	23.16	10.8	1.05	FSA	
133	25	143	FAIRX	Fairholme Fund (2%r<60d)	MC	(S)	(S)	(S)	-2.0	1.5	12.0	27.18	8.4	0.71	fSa	

Dow Jones  
NASDAQ  
S&P 500

2.6%  
3.4  
2.5

5.1%  
-3.5  
3.2

10.5%  
5.0  
8.7

indexes do not  
include dividends

International Stock Funds

1	28	—	OAKEX	Oakmark Intl Small Cap (closed,2%r<90d)	Int'l	*	(B)	(B)	4.7%	7.8%	28.5%	\$24.09	10.8	—	FSA
<b>2</b>	<b>1</b>	—	<b>JAOSX</b>	<b>Janus Overseas (2%r&lt;90d)</b>	<b>Int'l</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>2.2</b>	<b>4.4</b>	<b>36.6</b>	<b>39.82</b>	<b>15.1</b>	—	<b>FSA</b>
3	30	—	SCOPX	DWS Pacific Opp Eq. S (closed,2%r<30d)	Pacific	*	(B)	(B)	3.9	5.6	29.0	19.01	14.8	—	SA
<b>4</b>	<b>2</b>	—	<b>DREGX</b>	<b>Driehaus Emerging Mkts Gr (2%r&lt;60d)</b>	<b>Int'l</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>1.7</b>	<b>3.8</b>	<b>35.3</b>	<b>33.97</b>	<b>17.9</b>	—	<b>FSA</b>
5	7	—	EZU	MSCI EMU (iS)	Europe	*	B	B	1.8	8.1	24.5	94.19	12.1	—	—
<b>6</b>	<b>9</b>	—	<b>VGK</b>	<b>Vanguard European ETF</b>	<b>Europe</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>1.1</b>	<b>8.8</b>	<b>23.5</b>	<b>63.11</b>	—	—	—
7	3	—	PRLAX	T. Rowe Price Latin America (2%r<90d)	LatinA	*	*	(H)	1.0	6.1	30.5	31.40	20.5	—	fSa
<b>8</b>	<b>17</b>	—	<b>FSEAX</b>	<b>Fidelity SE Asia (1.5%r&lt;90d)</b>	<b>Pacific</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>2.9</b>	<b>5.4</b>	<b>29.1</b>	<b>24.69</b>	<b>16.9</b>	—	<b>Fsa</b>
9	40	—	ARTKX	Artisan Intl Value (2%r<90d)	Int'l	*	(B)	(B)	3.6	6.5	25.4	26.71	10.6	—	FSA
10	12	—	FEZ	DJ Euro Stoxx 50 (stTr)	Europe	*	H	H	1.3	8.6	23.1	49.38	12.6	—	—
11	4	—	ACFFX	Columbia Acorn Intl Select Z	Int'l	*	B	B	2.2	7.3	24.8	24.74	11.5	—	SA
12	5	—	IEV	S&P 350 Europe Plus (iS)	Europe	*	(B)	(B)	0.7	8.7	22.7	96.59	10.6	—	—
13	14	—	OAKIX	Oakmark International (2%r<90d)	Int'l	*	(B)	(B)	1.4	8.1	22.1	26.83	9.0	—	FSA
14	10	—	VEURX	Vanguard European Stock Index (2%r<60d)	Europe	*	(B)	(B)	0.8	8.5	22.1	33.24	10.6	—	fSa
15	38	—	USAWX	USAA World Growth	Int'l	*	H	H	1.7	8.0	19.3	20.63	7.8	—	a
16	13	—	USIFX	USAA International	Int'l	*	H	H	0.2	7.5	22.7	27.54	9.4	—	—
<b>17</b>	<b>6</b>	—	<b>ICSEX</b>	<b>ICON Europe</b>	<b>Europe</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>0.6</b>	<b>4.9</b>	<b>27.1</b>	<b>18.82</b>	<b>13.9</b>	—	<b>FSA</b>
18	—	—	EFV	MSCI EAFE Value (iS)	Int'l	*	H	H	0.8	6.8	21.8	65.85	—	—	—
19	16	—	FEU	DJ Stoxx 50 (stTr)	Europe	*	H	H	-0.1	8.2	18.2	44.72	10.6	—	—
20	47	—	OAKGX	Oakmark Global (2%r<90d)	Global	*	H	H	2.3	6.4	17.5	26.69	9.8	—	FSA
<b>21</b>	<b>15</b>	—	<b>FECAX</b>	<b>Fidelity Europe Capital App (1%r&lt;30d)</b>	<b>Europe</b>	<b>*</b>	<b>(H)</b>	<b>(H)</b>	<b>0.8</b>	<b>4.1</b>	<b>25.3</b>	<b>26.63</b>	<b>13.7</b>	—	<b>Fsa</b>
<b>22</b>	<b>11</b>	—	<b>MPYMX</b>	<b>Metzler/Payden Europe Emg Mkts (2%r&lt;30d)</b>	<b>Europe</b>	<b>*</b>	<b>(H)</b>	<b>(H)</b>	<b>-3.0</b>	<b>7.2</b>	<b>22.3</b>	<b>28.61</b>	<b>21.4</b>	—	<b>FSA</b>
<b>23</b>	<b>8</b>	—	<b>FLATX</b>	<b>Fidelity Latin Amer. (1.5%r&lt;90d)</b>	<b>LatinA</b>	<b>*</b>	<b>(H)</b>	<b>(H)</b>	<b>0.8</b>	<b>2.3</b>	<b>28.9</b>	<b>38.51</b>	<b>22.1</b>	—	<b>Fsa</b>
24	20	—	ADRU	Europe 100 ADR (BLDRS)	Europe	*	H	H	0.0	7.1	17.0	27.16	11.0	—	—
25	33	—	FFINX	Forward International Equity (2%r<180d)	Int'l	*	H	H	0.7	3.9	24.0	17.56	12.2	—	FSA
26	49	—	DGT	DJ WI Global Titans (stTr)	Global	*	H	H	1.1	8.0	12.9	71.62	7.0	—	—
27	46	—	PRESX	T. Rowe Price European (2%r<90d)	Europe	*	H	H	1.7	5.2	18.7	19.93	10.7	—	fSa
28	63	—	MAPTX	Matthews Pacific Tiger (closed,2%r<90d)	Pacific	*	H	H	3.4	4.1	18.6	21.64	15.1	—	FSA
29	29	—	SCOBX	DWS Global Thematic S (closed,2%r<30d)	Global	*	H	H	1.4	3.4	23.2	35.48	11.1	—	FSA
30	22	—	SCGEX	DWS Europe Equity S (closed,2%r<30d)	Europe	*	H	H	0.6	4.1	22.7	35.65	11.3	—	FSA
<b>31</b>	<b>24</b>	—	<b>VTRIX</b>	<b>Vanguard International Value (2%r&lt;60d)</b>	<b>Int'l</b>	<b>*</b>	<b>H</b>	<b>H</b>	<b>0.6</b>	<b>4.2</b>	<b>21.9</b>	<b>40.30</b>	<b>11.1</b>	—	<b>fSa</b>
32	53	—	IOO	S&P 100 Global (iS)	Global	*	S	S	1.1	6.8	12.8	70.32	8.3	—	—
33	19	—	DODFX	Dodge & Cox Intl Stock	Int'l	*	S	S	-0.2	4.6	20.2	40.25	11.2	—	fSa
34	25	—	SWINX	Schwab International Index (1.5%r<180d)	Int'l	*	S	S	-0.3	5.2	18.5	20.34	9.6	—	S
35	18	—	HIINX	Harbor International Inv (2%r<60d)	Int'l	*	S	S	0.0	2.7	22.7	56.99	12.0	—	FSA
36	21	—	ADRU	Develop Mkts 100 ADR (BLDRS)	Int'l	*	S	S	-0.5	5.3	16.4	26.86	10.5	—	—
37	27	—	ICEUX	ICAP Euro Select Equity (2%r<30d)	Int'l	*	S	S	-0.3	4.1	19.0	36.90	10.9	—	fSa
38	48	—	VINEX	Vanguard Intl Expl (closed,\$25k,2%r<60d)	Int'l	*	S	S	1.8	1.8	21.5	20.74	11.4	—	fSa
39	26	—	VWIGX	Vanguard International Growth (2%r<60d)	Int'l	*	H	H	-0.1	3.7	19.3	23.94	10.7	—	fSa
40	77	—	TREMIX	T. Rowe Price Emg Europe & Med (2%r<90d)	Europe	*	S	S	0.9	2.7	20.2	28.88	19.4	—	fa
41	44	—	ADRE	Emerging Mkts 50 ADR (BLDRS)	EmerMkt	*	S	S	1.1	1.9	21.6	32.35	17.9	—	—
42	23	—	ACINX	Columbia Acorn Intl Z (2%r<60d)	Int'l	*	H	H	0.3	1.7	22.8	38.66	11.6	—	SA
55	31	—	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	*	(S)	(S)	0.2	-1.0	27.1	20.89	17.8	—	Fsa
<b>84</b>	<b>91</b>	—	<b>ICHKX</b>	<b>Guinness Atkinson China &amp; HK (2%r&lt;90d)</b>	<b>Pacific</b>	<b>*</b>	<b>H</b>	<b>H</b>	<b>0.5</b>	<b>-0.2</b>	<b>11.8</b>	<b>21.89</b>	<b>16.9</b>	—	<b>FSA</b>
92	68	—	VPACX	Vanguard Pacific Stock Index (2%r<60d)	Pacific	*	(S)	(S)	-1.1	-2.5	12.4	11.78	13.8	—	fSa

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

RANK	9/29 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/ wif
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
<b>1</b>	<b>13</b>	—	<b>VOX</b>	Vanguard Telecom Service ETF	Utility	*	*	*	<b>4.6%</b>	<b>9.3%</b>	<b>27.5%</b>	<b>\$68.37</b>	—	—	—	
<b>2</b>	<b>11</b>	—	<b>ICF</b>	Cohen & Steers Realty Major (iS)	RealEs	*	*	*	<b>2.2</b>	<b>8.6</b>	<b>29.2</b>	<b>91.80</b>	<b>16.60</b>	<b>0.92</b>	—	
3	10	49	CSRSX	Cohen & Steers Realty (\$10k, 1%r<180d)	RealEs	*	*	*	2.0	8.4	28.8	88.88	15.60	0.91	FSA	
4	30	—	IXP	S&P Global Telecommunication (iS)	Tech	*	*	*	5.3	12.0	14.3	57.70	10.20	0.94	—	
5	8	47	TRREX	T. Rowe Price Real Estate (1%r<180d)	RealEs	*	*	*	1.4	8.0	29.9	23.81	15.30	0.85	fsc	
6	12	—	RWR	DJ Wilshire REIT (stTr)	RealEs	*	*	*	2.0	7.6	28.0	82.15	16.10	0.92	—	
7	15	59	VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	1.9	7.9	25.9	23.91	15.70	0.91	fsc	
8	14	—	VNQ	Vanguard REIT ETF	RealEs	*	*	*	1.8	8.0	25.3	71.89	—	—	—	
9	27	—	IZZ	DJ US Telecom (iS)	Tech	*	*	*	4.0	8.2	21.2	27.68	11.00	0.88	—	
10	21	56	FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	2.9	6.9	25.8	34.14	15.20	0.89	Fsa	
11	49	—	YIG	DJ US Financial Services (iS)	FinServ	*	*	*	4.2	7.1	21.9	126.60	9.36	0.82	—	
12	19	—	IYR	DJ US Real Estate (iS)	RealEs	*	*	*	2.4	6.9	24.7	77.15	16.00	0.98	—	
13	47	—	XLF	Financial (SPDR)	FinServ	*	*	*	4.0	7.6	20.1	34.62	9.06	0.84	—	
14	23	—	IXG	S&P Global Financial (iS)	FinServ	*	*	*	2.3	6.3	24.6	84.25	9.32	0.99	—	
15	28	73	FSUTX	Fidelity Utilities Growth (.75%r<30d)	Utility	*	*	*	1.4	10.0	16.7	51.36	9.78	0.81	Fsa	
16	20	74	CSEIX	Cohen & Steers Realty Income (1%r<180d)	RealEs	*	*	*	1.8	7.9	21.0	17.90	14.30	0.88	fsc	
17	50	—	IYF	DJ US Financial (iS)	FinServ	*	*	*	3.9	6.6	19.4	111.00	9.08	0.88	—	
18	18	86	FDFAV	Fidelity Food & Agr (.75%r<30d)	Consmr	*	*	*	1.2	9.1	16.7	57.36	7.83	0.69	Fsa	
19	48	—	VFH	Vanguard Financials ETF	FinServ	*	*	*	3.7	6.4	19.3	61.49	—	—	—	
20	17	79	STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	1.2	6.8	21.0	39.45	15.10	0.88	fsc	
21	32	32	PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	4.3	5.3	19.7	38.30	12.50	1.46	fsc	
22	25	46	FSCSX	Fidelity Software (.75%r<30d)	Tech	*	*	*	4.0	6.5	16.4	60.28	15.50	1.35	Fsa	
23	82	15	FSLBX	Fidelity Brokerage (.75%r<30d)	FinServ	*	*	*	7.4	0.7	25.4	75.47	14.70	1.45	Fsa	
24	1	1	USERX	U.S. Global Gold Shares (.25%r<30d)	NatRes	*	*	*	-10.8	-0.3	54.5	14.40	35.30	2.08	fSc	
25	35	37	FSTCX	Fidelity Telecomm (.75%r<30d)	Utility	*	*	*	4.4	3.6	21.7	45.78	14.10	1.45	Fsa	
26	22	—	XLP	Consumer Staples (SPDR)	Consmr	*	*	*	-0.1	8.7	11.3	25.38	7.22	0.62	—	
27	39	—	XLU	Utilities (SPDR)	Utility	*	*	*	-1.5	12.1	4.5	33.99	11.20	0.46	—	
28	93	57	FSRPX	Fidelity Retailing (.75%r<30d)	Consmr	*	*	*	7.2	2.3	15.4	51.86	13.30	1.18	Fsa	
29	26	—	VDC	Vanguard Consumer Staple ETF	Consmr	*	*	*	0.2	8.1	11.2	62.12	—	—	—	
30	38	84	VGHCX	Vanguard Health (closed, \$25k&1%r<1yr)	Health	*	*	*	0.9	6.9	13.2	149.40	8.20	0.66	fsc	
31	29	97	RYCIX	Rydex Consumer Products (\$25k)	Consmr	*	*	*	0.5	8.3	9.9	33.59	8.83	0.81	Fsa	
32	—	—	PEJ	PowerShares Dyn Leisure & Ent	Consmr	*	*	*	5.8	1.2	19.3	16.52	—	—	—	
33	65	77	FSRBX	Fidelity Banking (.75%r<30d)	FinServ	*	*	*	2.0	5.2	14.5	38.02	9.20	0.83	Fsa	
34	75	44	ICFSX	ICON Financial	FinSer	*	*	*	4.2	3.3	15.5	14.47	12.50	1.32	FSA	
35	33	—	VPU	Vanguard Utilities ETF	Utility	*	*	*	-2.1	11.4	4.4	70.69	—	—	—	
36	36	—	IDU	DJ US Utilities	Utility	*	*	*	-1.9	11.2	3.8	82.88	10.60	0.52	—	
37	111	—	XLY	Consumer Discretionary (SPDR)	Consmr	*	*	*	6.4	4.3	8.6	34.95	11.80	1.31	—	
38	24	35	CGMRX	CGM Realty	RealEs	*	*	*	-0.3	2.4	22.7	31.65	21.40	1.58	sa	
39	97	—	IGV	GS Software (iS)	Tech	*	*	*	7.8	4.3	5.4	43.30	17.50	1.71	—	
40	95	75	FVLX	Fidelity Home Finance (.75%r<30d)	FinServ	*	*	*	3.4	4.2	11.9	53.47	11.50	1.07	Fsa	
41	69	82	FSPCX	Fidelity Insurance (.75%r<30d)	FinServ	*	*	*	3.4	4.6	10.1	70.94	9.93	1.02	Fsa	
42	9	—	GLD	Gold (stTr)	NatRes	*	*	*	-4.5	2.4	27.3	59.47	—	—	—	
43	72	53	PRISX	T. Rowe Price Financial Services	FinServ	*	*	*	2.7	2.6	15.5	22.93	10.30	1.10	fsc	
44	7	—	IAU	Comex Gold Trust (iS)	NatRes	*	*	*	-4.5	2.2	27.2	59.52	—	—	—	
45	83	62	RYFIX	Rydex Financial Services (\$25k)	FinServ	*	*	*	3.3	2.8	13.7	13.63	9.75	1.07	Fsa	
46	37	—	IXJ	S&P Global Healthcare (iS)	Health	*	*	*	0.1	5.8	10.9	57.13	8.36	0.49	—	
47	41	—	IYK	DJ US Consumer NonCyclical (iS)	Consmr	*	*	*	0.9	6.3	7.3	56.68	9.76	0.92	—	
48	98	78	RYKIX	Rydex Banking (\$25k)	FinServ	*	*	*	2.3	3.4	11.8	11.23	10.10	0.93	Fsa	
49	—	—	PSJ	PowerShares Dyn Software	Tech	*	*	*	5.2	2.2	10.2	18.29	—	—	—	
50	91	72	FIDSX	Fidelity Finl Serv (.75%r<30d)	FinServ	*	*	*	3.7	1.4	14.2	122.00	9.24	0.96	Fsa	
51	43	98	RYUIX	Rydex Utilities (\$25k)	Utility	*	*	*	-2.3	9.6	1.9	27.28	10.10	0.60	Fsa	
52	73	—	XLV	Health Care (SPDR)	Health	*	*	*	1.5	4.5	7.3	33.19	9.30	0.56	—	
53	99	—	IT	DJ Transportation Average (iS)	Cycls	*	*	*	4.1	-2.3	20.4	80.09	—	—	—	
54	66	65	ICTUX	ICON Telecommunications & Utilities	Utility	*	*	*	1.6	4.4	7.6	7.66	11.00	0.94	FSA	
<b>55</b>	<b>63</b>	<b>88</b>	<b>GATEX</b>	<b>Gateway Fund</b>	<b>Altern</b>	<b>B</b>	<b>*</b>	<b>*</b>	<b>1.0</b>	<b>4.2</b>	<b>8.0</b>	<b>26.63</b>	<b>2.80</b>	<b>0.30</b>	<b>Fsa</b>	
56	124	66	RYRIX	Rydex Retailing (\$25k)	Consmr	*	*	*	7.1	-0.9	11.0	13.36	15.10	1.28	Fsa	
57	116	—	VCR	Vanguard Consumer Discr ETF	Consmr	*	*	*	5.9	1.5	6.8	55.42	—	—	—	
58	42	81	FPHAX	Fidelity Pharmaceuticals (.75%r<30d)	Health	*	*	*	0.4	2.7	11.9	10.69	11.60	0.68	Fa	
59	64	91	MERFX	Merger Fund (closed, 2%r<30d)	Altern	*	*	*	0.6	4.5	7.1	15.95	3.50	0.29	FSA	
60	88	80	FSCPX	Fidelity Consumer Ind (.75%r<30d)	Consmr	*	*	*	3.7	1.2	10.5	26.37	9.78	1.06	Fsa	
61	87	54	FSCX	Fidelity Chemicals (.75%r<30d)	Cycls	*	*	*	3.2	0.5	13.0	68.24	15.40	1.28	Fsa	
62	110	—	IYC	DJ US Consumer Cyclical (iS)	Cycls	*	*	*	5.1	1.3	7.7	62.56	11.00	1.15	—	
<b>63</b>	<b>77</b>	<b>85</b>	<b>VBINX</b>	<b>Vanguard Balanced Index</b>	<b>Hybrid</b>	<b>B</b>	<b>*</b>	<b>*</b>	<b>1.7</b>	<b>2.9</b>	<b>7.6</b>	<b>20.56</b>	<b>5.24</b>	<b>0.78</b>	<b>fsc</b>	
64	78	—	XLI	Industrial (SPDR)	Cycls	*	*	*	3.8	-0.7	12.4	33.34	10.00	1.06	—	
65	85	—	IYH	DJ US Healthcare (iS)	Health	*	*	*	1.2	3.3	6.3	65.52	8.96	0.60	—	
66	—	—	PJP	PowerShares Dyn Pharmaceuticals	Health	*	*	*	2.6	1.5	8.5	17.42	—	—	—	
<b>71</b>	<b>67</b>	<b>64</b>	<b>FBALX</b>	<b>Fidelity Balanced</b>	<b>Hybrid</b>	<b>B</b>	<b>*</b>	<b>*</b>	<b>0.9</b>	<b>1.6</b>	<b>9.3</b>	<b>18.87</b>	<b>7.99</b>	<b>1.18</b>	<b>Fsa</b>	
<b>124</b>	<b>46</b>	—	<b>IGE</b>	<b>GS Natural Resources (iS)</b>	<b>NatRes</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>-4.7</b>	<b>-2.4</b>	<b>3.0</b>	<b>93.05</b>	<b>19.40</b>	<b>1.26</b>	<b>—</b>	
<b>135</b>	<b>59</b>	<b>10</b>	<b>FNARX</b>	<b>Fidelity Natural Resources (.75%r&lt;30d)</b>	<b>NatRes</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>-5.1</b>	<b>-7.5</b>	<b>4.9</b>	<b>25.23</b>	<b>20.00</b>	<b>1.23</b>	<b>Fa</b>	
<b>144</b>	<b>62</b>	<b>14</b>	<b>RSNRX</b>	<b>RS Global Natural Resources (\$5k)</b>	<b>NatRes</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>-6.6</b>	<b>-6.7</b>	<b>1.2</b>	<b>32.99</b>	<b>19.70</b>	<b>1.29</b>	<b>FSA</b>	

## Keeping Up With China

We've spoken frequently about the growing effect that China is having on world economies. Perhaps it's time to recognize the growing effect that China funds are having on the portfolios of hearty investors. A recent survey conducted by Morningstar based on year-to-date returns showed eight of the top 10 international funds for 2006 were China funds.

Despite the juicy returns of late coming out of China, *MONEYLETTER* currently steers clear of single-country funds due to their extreme volatility. For example, Matthew's China Fund lost more than 50% of its value in the first few months of its existence. In addition, many emerging markets don't have the same regulatory requirements that markets such as Hong Kong or the U.S. do. Thus, aside from Japan (which has a broad and developed stock market), most single-country emerging market funds are not yet appropriate for risk-conscious investors. Something to note: one fund that *MONEYLETTER* has not avoided—Metzler/Payden European Emerging Markets (MPYMX)—was one of the two non-China funds that made the top 10 list (the other was ING Russia). For more information on Metzler/Payden European Emerging Markets, call (866) 673-8637.

In other fund news:

- Subscribers who scour our complete fund list in *MONEYLETTER Plus* may have noticed that State Street Global Advisors SPDR O-Strip ETF (OOO) was liquidated in mid-September. The O-Strip was designed to make it easier to acquire the Nasdaq stocks held in the S&P 500, but the fund never met expectations. It was the first ETF liquidation since 2003.
- For Janus shareholders, keep an eye out for the merger of their Orion (JORNX) and Olympus (JAOLX) funds. Pending approval at a special shareholder meeting this week, the new Janus Orion will be nearly triple in size. For more information on Janus funds, call (800) 525-3713.
- Take a look at our third-ranked fund, Loomis Sayles Value Retail (LSVRX). This is a new tranche and replaced Loomis Sayles Value Institutional, which went to a \$100,000 minimum at the end of June. LSVRX is available at Fidelity and TD Ameritrade with no transaction fee, and could be at Schwab in the future. For more information on Loomis Sayles Value Retail, call (800) 633-3330. \$

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### 100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Gabelli US Treasury MMF	5.02%	5.06%	4.17%
Vanguard Treasury MMF	4.90	4.87	4.06
Amer Century Capital Presv Fund/Inv	4.73	4.72	3.86
RMK Select Treas MMF/CI A	4.59	4.60	3.69
T. Rowe Price US Treasury MF	4.55	4.63	3.75
Schwab US Treasury Money Fund	4.52	4.52	3.68
JPMorgan 100% US Treas MMF/Morgan	4.50	4.58	3.74
HSBC Investor US Treas MM/CI D	4.46	4.58	3.59
Wells Fargo Adv 100% Treas MMF/CI A	4.44	4.46	3.63
Citi US Treasury Reserves	4.37	4.43	3.59

### GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
TIAA-CREF Money Market Fund	5.26%	5.24%	4.38%
Vanguard Prime MMF/Retail	5.26	5.25	4.38
Transamerica Premier Cash Res/Inv	5.25	5.28	4.42
MFS Money Market Fund	5.23	5.21	4.36
Harbor Money Market Fund	5.20	5.19	4.30
PayPal Money Market Fund	5.17	5.16	4.48
Marshall Prime MMF/Investor Class	5.14	5.12	4.25
Dreyfus BASIC MMF	5.10	5.09	4.23
DWS Money Market Prime Ser/DWS MMF	5.08	5.07	4.20
Flex-fund Money Market Fund	5.08	5.07	4.20

### TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	3.65%	3.50%	3.19%
Vanguard Tax-Exempt MMF	3.62	3.47	3.10
Fidelity AMT Tax-Free Money Fund	3.49	3.28	2.94
DWS Tax-Exempt Money Fund	3.40	3.24	2.84
Fidelity Municipal MMF	3.38	3.21	2.85
Dreyfus BASIC Muni MMF	3.33	3.18	2.81
Amer Century T-F MMF/Inv Class	3.32	3.16	2.81
T-E Portfolio/Managed Shares	3.32	3.17	2.79
Fidelity Tax Free Money Market	3.31	3.17	2.82
USAA Tax Exempt MMF	3.30	3.14	2.80

### TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard PA Tax-Exempt MMF	3.61%	3.46%	3.09%
Vanguard OH Tax-Exempt MMF	3.60	3.44	3.08
Vanguard NY Tax-Exempt MMF	3.59	3.43	3.06
Vanguard NJ Tax-Exempt MMF	3.55	3.41	3.03
Vanguard CA Tax-Exempt MMF	3.52	3.37	3.02
Fidelity AZ Municipal MMF	3.40	3.15	2.78
Fidelity FL Municipal MMF	3.37	3.15	2.80
Fidelity CA Municipal MMF	3.31	3.09	2.73
Fidelity PA Municipal MMF	3.29	3.13	2.78
Fidelity CT Municipal MMF	3.25	3.10	2.75

**Taxable equivalent yield = yield / (1—total effective tax bracket).** Funds are ranked by 7-day yield; 7-day and 30-day yields are compound yields as of 9/26/06. 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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Next Issue: Volume 27, No. 20

Mails: October 20, 2006

Internet: October 18, 2006, 12:00pm (ET)

## Examining Two ETFs: iShares MSCI EAFE Value Index and Rydex Russell Top 50

Today we take a look at the composition of two ETFs: one focused on domestic equities—Rydex Russell Top 50, and one on foreign stocks—iShares MSCI EAFE Value Index. At first glance you would think these two would have nothing in common, but common threads do indeed emerge. Both concentrate on large-cap stocks, and both are most heavily weighted in financial services (reflecting their large-cap focus).

### iShares MSCI EAFE Value Index (EFV)

Most *MONEYLETTER* readers should be familiar with the MSCI (Morgan Stanley Capital International) EAFE (Europe, Australasia, and Far East) Index. It is designed to track the developed world's stock markets, excluding the U.S. and Canada. The EAFE index is dominated by large-cap stocks.

MSCI further breaks down the EAFE index into its value and growth components via a "specialized framework," specifically, a multi-factor model. The stocks classified in the value category "tend to have higher book value to price ratios, higher forward earnings to price ratios, higher dividend yields, and lower forecasted growth rates than securities representing the growth style," according to Barclays Global Fund Advisors, the ETF's advisor. Because of its value orientation, the fund is most heavily weighted in traditional value sectors such as financials, industrials, and utilities. Likewise, it is underweighted in technology and health care.

#### Top Five Holdings & Sectors (% of Assets)

HSBC Holdings	3.5	Financials	39.3
Toyota Motor	2.7	Consumer Discretionary	11.8
Nestle SA	2.3	Utilities	8.9
Royal Dutch Shell	2.3	Industrials	8.4
Vodafone Group	1.9	Energy	7.7

As of August 31, 2006

As mentioned above, large- and so-called mega-cap stocks dominate this ETF. Readers probably recognize most of the top holdings, even though they are not U.S. names. Only about 10% of the portfolio is in mid-caps. By nation, Japan is the dominant weight, at 24.4% of assets, followed closely by the United Kingdom (23.9%). France, Germany, and Switzerland follow at 10% of assets or less.

### Rydex Russell Top 50 (XLG)

Rydex launched this "mega-cap" ETF in May 2005. Rydex cited a "gap in the ETF marketplace for a mega-cap investment option. We feel that this product fills that gap nicely." In addition, at the time, small-cap stocks had been outperforming for some time. A Rydex spokesperson stated, "There is certainly some belief in the market that large caps have the potential to outperform given current market and economic conditions. A mega-cap fund has the potential to provide enhanced returns relative to other major market indices."

#### Top Five Holdings & Sectors (% of Assets)

ExxonMobil	7.2	Financial Services	21.9
General Electric	6.3	Health Care	15.4
Citigroup	4.3	Energy	11.6
Bank of America	4.2	Hardware	10.5
Microsoft Corp.	4.0	Consumer Goods	10.2

As of August 31, 2006

So what comprises the top 50? Taking a step back, it's worth noting that the Russell 3000 represents approximately 98% of the U.S. stock market. It is constructed to provide a "comprehensive, unbiased, and stable barometer of the broad market." It is reconstituted annually. The top 50 is just what it seems—the 50 largest stocks in the index as measured by market capitalization. These 50 represent about 40% of the total U.S. market capitalization. Consider this: The average market cap of the Russell 3000 is \$76.6 billion; the average market cap in this ETF is \$142 billion.

Because the fund is limited to 50 stocks, it is clearly more concentrated than other large-cap blend ETFs. About 42% of its assets are in its top ten holdings. Yet despite its mega-cap focus, it is not markedly overweight in any sector vs. the S&P 500. It does, however, have only about half the S&P's weighting in both consumer and business services, and no exposure at all to utilities. \$

#### MSCI EAFE Value Index (EFV)

iShares, c/o SEI Investments Distribution Co.,  
One Freedom Valley Drive, Oaks, PA 19456  
(800) 474-2737

#### Rydex Russell Top 50 (XLG)

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