

## An Early Hiccup

by Walter S. Frank, Chief Investment Officer

The markets stumbled out of the gate in 2007, ending the complacency that infected Wall Street after last quarter's gains. The complacency vanished abruptly as mayhem wracked the commodities markets. And within the commodities markets it was the sharp drop in crude prices that led to the selling of virtually all commodities. It was a case of "man the lifeboats."

If commodities sell off, can emerging markets be far behind? As far as Wall Street is concerned, one emerging market is just like the others (only China nowadays is treated differently). The commodities and emerging markets selling affected other markets, because, as the story went, the decline in commodities is a sure sign the world economy is weakening. Welcome to the cuckoo market of 2007.

Meanwhile, in the normal world, almost all the data coming in was positive, topped off by December's employment report. The report was a bit of a bombshell for Wall Street. Strong employment gains and strong wage gains do not a rate cut make. The report went counter to the grain of most recent Street commentary that emphasized the weak economy, potential rising unemployment, and lackluster consumer spending.

From our perspective, the early selling that we have seen throughout the markets—both here and abroad—is essentially a case of overdue profit-taking, kicked off by the commodity chaos. We do not see it lasting very long. The world economy has not suddenly come down with the flu.

### The Fed

As we read Wall Street opinion, there is still a sizeable group on the Street that expects some interest cuts by the Fed as 2007 wears on. Our own view, as expressed in last issue's year-end outlook, is that "it is possible that by this time next year we may be talking about interest rate increases."

Since we wrote that, three pieces of information have appeared dampening Wall Street's rate-cut expectations. The first was the minutes of the Fed meeting on December

12<sup>th</sup>, the second was the December employment report, and the third was a speech by Fed Vice Chairman Kohn on the economic outlook given January 8<sup>th</sup>.

None of the three provided much room for the rate-cut thesis. Oh, yes, the Dec. 12<sup>th</sup> minutes did contain a mention that "several members judged...the downside risks to economic growth in the near term had increased a little...." Having said that, the minutes went on to say that inflation risk was "the predominant concern."

A few weeks later, the employment report arrived and it left the impression of an economy that was performing well. Three things stand out in the report. One, jobs are growing at a reasonable rate, Two, wage pressure may become a growing issue for the Fed. Three, with the report, Wall Street economists cranked up their estimate of last quarter's economic growth. The economy is still running below its speed limit of about 3%, but it is not all that far below. No support for rate cuts here.

Finally, there is Vice Chairman Kohn's talk. There is no concern about any weakness in this talk. In fact, the Vice Chairman repeated the Fed view that as the year moves on the drag from autos and housing will lessen so that by the second half of the year, the economy may well be moving close to its speed limit.

### And the markets

The bond market has shown some, but not undue, concern about the fading outlook for rate cuts. Before the Fed minutes appeared the 10-year Treasury yield was hovering around 4.5%. It is now about 4.65%, not a big reaction.

Meanwhile the stock market appears to be having difficulty adjusting to the reality that the Fed is not going to rescue the market with interest rate cuts. Before we see interest rate cuts we need to see a weakening job market and a rise in the unemployment rate. Unless and until that happens the Fed will stay put. We think that is what the Fed is going to do this year, with more certainty for the first half of '07. With that, we remain moderately positive on the U.S. stock market outlook, because we see stocks as still undervalued at current interest rates.

### Portfolio changes

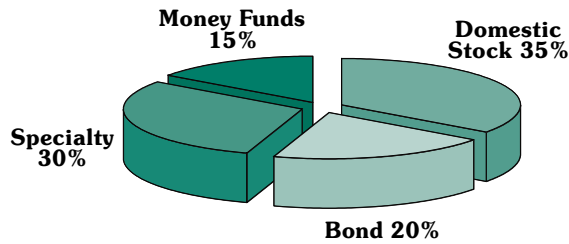
The Hotline of Wednesday December 27<sup>th</sup> recommended the sale of Vanguard International Value in the Vanguard Venturesome and Moderate portfolios. The Hotline also recommended that the proceeds be reinvested in Vanguard Emerging Markets Stock Index Fund (VEIEX) in both portfolios. Here are the details as of Thursday, December 28<sup>th</sup>. **Vanguard Venturesome**—Sold 590 shares of International Value @ \$40.42 per share. Purchased 982 shares of Emerging Markets Stock @ \$24.28 per share. **Vanguard Moderate**—Sold 406 shares of International Value. Purchased 676 shares of Emerging Markets Stock. \$

### Market Trends

	Trailing 12-Mo Trend	Forward 6-Mo Estimate
Economy	Higher	Higher
Interest Rates (10-yr Treasury)	Higher	Flat
Dollar	Lower	Flat/Lower
Inflation	Higher	Flat/Lower
Dow	Higher	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

**MONEYLETTER Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Schwab MMF	Yield YTD	4.4%	22,078	\$1.00	\$22,078
Fidelity Intl Real Estate	12/18/06	3.3	935	16.57	15,496
Loomis Sayles Bond Retail	03/17/04	25.9	2,043	14.25	29,109
Gateway Fund	11/27/02	34.9	631	27.04	17,054
Wells Fargo Adv C&B MC Value	10/05/06	8.3	1,026	22.23	22,798
Morningstar Large Value (iS) ETF	08/03/06	10.2	171	83.77	14,328
PowerShares Dyn LC Value ETF	10/05/06	6.5	1,039	19.77	20,537
T. Rowe Price New Era	10/19/06	5.8	336	46.00	15,450
<b>TOTAL VALUE</b>					<b>\$156,850</b>

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
0.7%	4.6%	8.6%	30.2%

**Fidelity Conservative**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	4.7%	16,424	\$1.00	\$16,424
Fidelity Intl Real Estate	12/18/06	3.3	784	16.57	12,987
Fidelity Strategic Income	03/17/04	20.0	1,965	10.64	20,904
Fidelity Balanced	11/27/02	70.7	908	19.43	17,647
Fidelity Large Cap Value	08/03/06	8.9	1,124	14.96	16,819
Fidelity Equity-Income	07/27/06	13.5	239	58.55	13,988
Fidelity Dividend Growth	10/12/06	3.9	556	31.68	17,610
Fidelity Natural Resources	01/11/06	10.0	457	27.86	12,741
<b>TOTAL VALUE</b>					<b>\$129,120</b>

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
0.6%	5.6%	10.1%	31.4%

**Vanguard Conservative**

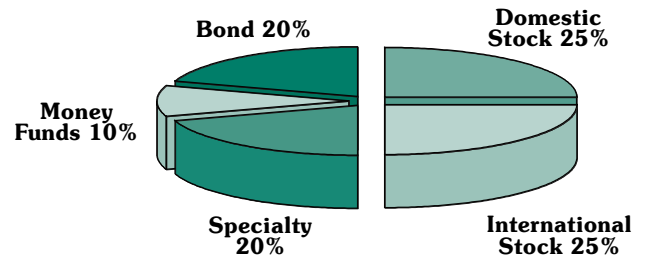
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime MMF/Investor	Yield YTD	4.7%	17,951	\$1.00	\$17,951
Vanguard European ETF	12/18/06	0.7	214	68.16	14,558
Vanguard GNMA	03/17/04	10.5	1,874	10.21	19,134
Vanguard Balanced Index	11/27/02	48.2	615	21.36	13,134
Vanguard Value ETF	06/14/06	19.5	331	68.23	22,572
Vanguard Equity Income	06/14/06	17.0	684	25.30	17,312
Vanguard Dividend Growth	08/03/06	11.9	644	14.57	9,366
Vanguard Energy ETF	10/19/06	6.1	145	85.01	12,288
<b>TOTAL VALUE</b>					<b>\$126,315</b>

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
0.7%	7.8%	10.0%	28.1%

**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 MMF	Yield YTD	4.4%	19,586	\$1.00	\$19,586
Fidelity Intl Real Estate	12/18/06	3.3	1,205	\$16.57	19,965
Loomis Sayles Bond Retail	03/17/04	25.9	1,835	14.25	26,155
Driehaus Emerging Mkts Growth	05/24/06	25.6	821	39.09	32,106
ICON Europe	08/10/06	16.1	857	21.04	18,037
Morningstar Large Value (iS) ETF	08/03/06	10.2	232	83.77	19,415
PowerShares Dyn LC Value ETF	08/10/06	12.9	1,225	19.77	24,223
T. Rowe Price New Era	10/19/06	5.8	353	46.00	16,248
<b>TOTAL VALUE</b>					<b>\$175,735</b>

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
2.0%	9.2%	15.7%	49.3%

**Fidelity Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	4.7%	15,581	\$1.00	\$15,581
Fidelity Intl Real Estate	12/18/06	3.3	958	16.57	15,866
Fidelity Strategic Income	03/17/04	20.0	2,878	10.64	30,618
Fidelity SE Asia	10/05/06	16.6	765	27.50	21,042
Fidelity Europe Capital App	06/07/06	17.5	837	27.29	22,830
Fidelity Dividend Growth	09/21/06	6.9	772	31.68	24,459
Fidelity Equity-Income	07/27/06	13.5	257	58.55	15,029
Fidelity Natural Resources	01/11/06	10.0	569	27.86	15,859
<b>TOTAL VALUE</b>					<b>\$161,284</b>

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
1.7%	8.5%	10.5%	45.9%

**Vanguard Moderate**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime MMF/Investor	Yield YTD	4.7%	14,879	\$1.00	\$14,879
Vanguard REIT ETF	12/18/06	0.9	191	77.00	14,685
Vanguard FI Hi-Yld Corp	01/17/01	43.4	4,022	6.22	25,019
Vanguard European ETF	09/28/06	10.7	336	68.16	22,888
Vanguard Emerging Mkts Stk	12/28/06	0.0	676	24.27	16,400
Vanguard Value Index	07/27/06	13.1	466	26.58	12,374
Vanguard Value ETF	06/14/06	19.5	372	68.23	25,357
Vanguard Energy ETF	10/19/06	6.1	162	85.01	13,748
<b>TOTAL VALUE</b>					<b>\$145,550</b>

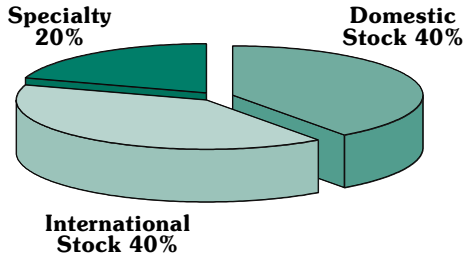
**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
1.9%	8.8%	11.0%	36.9%

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 MMF	Yield YTD	2.5%	30	\$1.00	\$30
Fidelity Intl Real Estate	12/18/06	3.3	964	16.57	15,968
Janus Overseas	05/24/06	29.6	668	46.30	30,941
Metzler/Payden Europe Emg Mkts	08/17/06	15.8	536	32.42	17,373
ICON Europe	06/07/06	18.8	1,226	21.04	25,801
Morningstar Large Value (iS) ETF	08/03/06	10.2	332	83.77	27,808
Wells Fargo Adv C&B MC Value	10/05/06	8.3	749	22.23	16,657
PowerShares Dyn LC Value ETF	08/10/06	12.9	1,141	19.77	22,549
T. Rowe Price New Era	10/19/06	5.8	344	46.00	15,809
<b>TOTAL VALUE</b>					<b>\$172,936</b>

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
2.5%	11.7%	17.0%	56.4%

**Fidelity Venturesome**

Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Fidelity Cash Reserves	Yield YTD	2.5%	33	\$1.00	\$33
Fidelity Intl Real Estate	12/18/06	3.3	989	16.57	16,383
Fidelity SE Asia	10/05/06	16.6	1,260	27.50	34,648
Fidelity Latin America	08/17/06	19.1	399	44.73	17,857
Fidelity Europe Capital App	06/07/06	17.5	858	27.29	23,417
Fidelity OTC Portfolio	11/22/06	-2.8	671	41.36	27,750
Fidelity Equity-Income	09/21/06	9.0	431	58.55	25,248
Fidelity Dividend Growth	10/12/06	3.9	411	31.68	13,027
Fidelity Natural Resources	01/11/06	10.0	603	27.86	16,805
<b>TOTAL VALUE</b>					<b>\$175,168</b>

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
2.3%	10.6%	13.2%	50.9%

**Vanguard Venturesome**

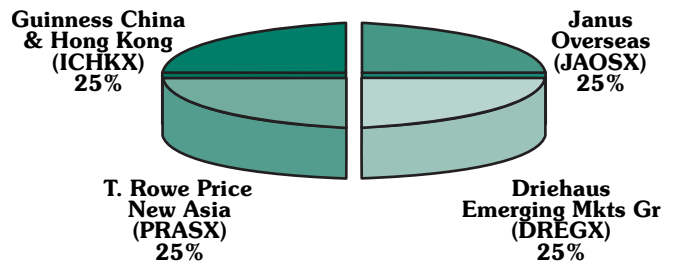
Fund Name	Buy Date	Return Since Buy	Shares	Share Price	Current Value
Vanguard Prime MMF/Investor	Yield YTD	2.5%	44	\$1.00	\$44
Vanguard REIT ETF	12/18/06	0.9	176	77.00	13,584
Vanguard Emerging Mkts Stk	12/28/06	0.0	982	24.27	23,835
Vanguard European ETF	08/17/06	13.0	369	68.16	25,127
Vanguard International Growth	09/28/06	10.1	569	23.86	13,580
Vanguard Value ETF	06/14/06	19.5	394	68.23	26,910
Vanguard Dividend Growth	08/10/06	12.2	1,478	14.57	21,534
Vanguard Value Index	07/27/06	13.1	410	26.58	10,904
Vanguard Energy ETF	10/19/06	6.1	168	85.01	14,264
<b>TOTAL VALUE</b>					<b>\$149,782</b>

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
2.6%	10.6%	12.6%	42.7%

**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
Janus Overseas	12/04/06	2.2%	1,129	\$46.30	\$52,275
Driehaus Emerging Mkts Growth	05/17/06	16.0	1,461	39.09	57,113
Cohen & Steers Realty Majors (iS)	09/14/06	9.3	488	100.30	48,911
Guinness Atkinson China & HK	07/27/06	23.4	1,890	26.48	50,050
<b>TOTAL VALUE</b>					<b>\$208,349</b>

Inception: 9/30/02

**TOTAL RETURNS (as of 12/31/06)**

1-mo	6-mo	1-yr	3-yr
2.9%	8.0%	13.0%	70.3%

**MONEYLETTER Select Commentary**

The Hotline of Wednesday, January 10 recommended the sale of Cohen & Steers Realty Majors ETF (ICF) to be exchanged for shares of T. Rowe Price New Asia (PRASX). This trade will be entered at the market close on January 11, 2007, which is after the press date for the current issue. As a result, the details for this transaction will be presented in the next issue.

With this recommended exchange the model is now fully invested in international fund positions. This reflects both the relative attractiveness and favorable outlook for international markets generally and the impact of a "slowdown" in the rate of economic growth domestically. While model portfolio performance for the year offered a double-digit rate of return, this was somewhat muted due to mid-year "energy" induced market volatility. \$

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—December 31, 2006**

	1-mo	6-mo	1-yr	3-yr
S&P 500	1.4%	12.7%	15.7%	34.6%
Asset Allocation	0.5	8.8	11.6	29.7
Funds (Avg) 225 Funds				

Domestic Stock Funds

RANK	01/05 2007	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	
1	2	59	LLSCX	Longleaf Partners Smallcap (closed)	SCVal	B	B	B	0.0%	19.0%	21.0%	\$30.14	9.4	1.01	fa	
2	1	58	JSVAX	Janus Contrarian	LC	*	B	B	0.7	18.0	21.4	16.81	13.6	1.29	SA	
3	53	258	MAVFX	Matrix Advisors Value (1%r<60d)	LC	*	(B)	(B)	1.9	19.2	14.4	57.82	13.2	1.43	FSA	
4	17	122	WEHIX	Weitz Hickory	MC	*	B	B	0.5	17.3	19.9	39.91	9.7	0.99	fSA	
5	44	70	WVALX	Weitz Value Fund	LCVal	(B)	(B)	(B)	1.8	16.5	19.6	40.26	7.2	0.69	FSA	
<b>6</b>	<b>10</b>	<b>114</b>	<b>CBMDX</b>	<b>Wells Fargo Adv C&amp;B Mid Cap Value</b>	<b>MC</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>-1.0</b>	<b>16.4</b>	<b>22.1</b>	<b>22.00</b>	<b>11.9</b>	<b>1.32</b>	<b>FSA</b>	
7	6	85	FBRVX	FBR Small Cap (closed,1%r<90d)	SCGro	(B)	(B)	(B)	0.4	14.1	24.3	53.25	12.4	1.11	FSA	
<b>8</b>	<b>15</b>	<b>3</b>	<b>PWV</b>	<b>PowerShares Dyn LC Value</b>	<b>LCVal</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>0.7</b>	<b>15.3</b>	<b>20.5</b>	<b>19.54</b>	—	—	—	
9	23	268	CHITX	Aston/Optimum MidCap N	MC	*	B	B	0.4	16.7	17.1	26.91	15.4	1.54	FSA	
10	5	11	WWNPX	Kinetics Paradigm (2%r<30d)	MC	B	B	B	-0.5	13.5	25.0	25.61	10.8	1.05	FSA	
11	58	—	XLG	Rydex Russell Top 50	LC	H	H	H	1.3	15.8	15.4	107.70	—	—	—	
12	9	—	LSVRX	Loomis Sayles Value Retail	LCVal	B	B	B	0.3	14.0	21.0	21.49	7.4	0.90	FA	
13	12	38	PVLDX	Allianz OCC Value D (2%r<7d)	LCVal	(B)	(B)	(B)	0.1	15.7	15.9	17.21	9.8	1.17	FSA	
14	41	104	VWNDX	Vanguard Windsor	LCVal	H	H	H	1.3	14.8	16.3	18.63	8.8	1.09	fSA	
15	11	56	VASVX	Vanguard Selected Value (\$25k,1%r<1yr)	MCVal	B	B	B	-0.5	15.7	16.7	21.01	8.6	0.97	fSA	
16	20	148	VCVLX	Vanguard Capital Value	LCVal	H	H	H	0.8	15.3	15.7	12.67	10.1	1.19	fSA	
<b>17</b>	<b>22</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>0.3</b>	<b>13.2</b>	<b>20.5</b>	<b>82.43</b>	—	—	—	
18	34	14	ELV	DJ WI US LargeCap Value (stTr)	LCVal	B	B	B	0.6	13.9	18.1	82.60	7.4	0.86	—	
19	7	124	ATASX	Aston/TAMRO SmallCap N	SC	*	B	B	-1.8	12.9	23.8	19.31	15.8	1.52	FSA	
20	36	61	TRMXX	T. Rowe Price Mid Cap Value (closed)	MCVal	H	H	H	-0.2	14.3	17.6	25.21	9.8	1.22	fSA	
21	3	43	USCGX	USAA Capital Growth	SCGro	*	B	B	0.4	14.0	17.5	8.49	15.0	1.52	fSA	
22	72	60	TWVLX	American Century Value (closed)	LCVal	H	H	H	0.2	14.4	16.4	7.54	7.3	0.88	FSA	
23	49	53	NOIEX	Northern Income Equity	Convrt	H	H	H	1.1	13.7	16.1	12.88	6.4	0.81	FSA	
<b>24</b>	<b>43</b>	<b>7</b>	<b>VIVAX</b>	<b>Vanguard Value Index</b>	<b>LCVal</b>	<b>(B)</b>	<b>(B)</b>	<b>(B)</b>	<b>0.4</b>	<b>13.1</b>	<b>18.4</b>	<b>26.28</b>	<b>8.2</b>	<b>1.00</b>	<b>fSA</b>	
25	61	121	OAKMX	Oakmark Fund (2%r<90d)	LCVal	H	H	H	0.4	14.1	16.0	45.70	8.2	0.84	FSA	
26	4	245	JAVTX	Janus Venture (closed)	SCGro	*	B	B	-2.3	14.6	18.4	61.58	16.7	1.55	FSA	
<b>27</b>	<b>38</b>	<b>8</b>	<b>VTV</b>	<b>Vanguard Value ETF</b>	<b>LCVal</b>	<b>(B)</b>	<b>(B)</b>	<b>(B)</b>	<b>0.2</b>	<b>13.1</b>	<b>18.4</b>	<b>67.29</b>	—	—	—	
28	134	187	THPGX	Thompson Plumb Growth	LC	H	H	H	1.0	15.1	11.5	48.87	11.1	1.12	fSA	
29	131	94	SSHFX	Sound Shore (\$10k)	LCVal	H	H	H	0.8	14.3	13.4	38.90	10.5	1.07	FSA	
30	32	172	BPMXX	Robeco Boston Partners Mid Cap Value	MCVal	H	H	H	0.0	14.1	15.0	10.40	11.7	1.20	FSA	
<b>31</b>	<b>45</b>	<b>23</b>	<b>VDIGX</b>	<b>Vanguard Dividend Growth</b>	<b>LCVal</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>0.1</b>	<b>13.5</b>	<b>16.2</b>	<b>14.43</b>	<b>7.1</b>	<b>0.87</b>	<b>fSA</b>	
32	93	63	OEF	S&P 100 (iS)	LC	H	H	H	0.6	13.6	15.0	65.77	7.2	0.90	—	
33	37	12	IWD	Russell 1000 Value (iS)	LCVal	(B)	(B)	(B)	0.0	12.7	18.0	81.59	8.0	0.99	—	
34	16	65	LLPFX	Longleaf Partners (closed)	LC	(H)	(H)	(H)	-1.4	12.6	19.8	34.97	9.9	0.95	fa	
35	115	18	DVY	DJ Select Dividend Index (iS)	MCVal	H	H	H	0.0	13.1	16.2	70.20	—	—	—	
36	69	174	DGRIX	Dreyfus Growth & Income	LC	H	H	H	-0.4	14.8	12.6	15.90	9.4	1.05	FSA	
<b>37</b>	<b>83</b>	<b>10</b>	<b>VEIPX</b>	<b>Vanguard Equity-Income</b>	<b>LCVal</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>0.4</b>	<b>12.4</b>	<b>17.4</b>	<b>25.07</b>	<b>7.6</b>	<b>0.91</b>	<b>fSA</b>	
<b>38</b>	<b>70</b>	<b>34</b>	<b>FEQIX</b>	<b>Fidelity Equity-Income</b>	<b>LCVal</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>0.2</b>	<b>12.8</b>	<b>16.2</b>	<b>58.00</b>	<b>8.4</b>	<b>1.04</b>	<b>FSA</b>	
39	33	47	HRTVX	Heartland Value (2%r<10d)	SCVal	*	(H)	(H)	-0.8	10.4	23.6	50.29	16.9	1.57	FSA	
40	91	17	ICSLX	ICAP Select Equity	LCVal	H	H	H	1.0	11.9	17.2	41.23	9.1	0.94	fSA	
41	24	54	GABAX	Gabelli Asset (2%r<7d)	MC	H	H	H	-0.6	12.2	18.7	46.97	10.2	1.09	FSA	
42	67	77	BPAVX	Robeco Boston Partners All Cap Value	MCVal	H	H	H	0.7	13.2	14.2	15.87	10.0	1.04	FA	
43	162	—	HILVX	Harbor Large Cap Value Inv	LCVal	H	H	H	1.4	13.1	13.4	19.14	7.0	0.84	FSA	
44	87	13	TWEIX	American Century Equity Income	LCVal	H	H	H	0.0	12.4	17.1	8.52	6.8	0.77	FSA	
45	89	19	VWVFX	Vanguard Windsor II (\$10k)	LCVal	H	H	H	1.2	12.3	15.4	34.52	7.9	0.90	fSA	
46	81	36	PRFDX	T. Rowe Price Equity-Income	LCVal	H	H	H	0.0	12.6	16.0	29.34	8.9	0.98	fSA	
47	71	24	IVE	S&P 500 Value (iS)	LCVal	H	H	H	0.2	12.0	17.2	76.21	8.6	1.07	—	
48	8	145	BPTRX	Baron Partners	MCGro	H	H	H	-1.8	11.9	20.2	22.41	13.3	1.15	FSA	
49	158	72	JKD	Morningstar Large Core (iS)	LC	H	H	H	0.7	12.7	13.9	75.38	—	—	—	
50	102	75	TGIGX	TCW Dividend Focused N	LCVal	H	H	H	0.5	12.0	15.5	13.20	9.7	1.03	FSA	
51	39	16	IWW	Russell 3000 Value (iS)	LCVal	H	H	H	-0.6	12.0	17.3	106.60	8.3	1.03	—	
52	146	68	TGDVX	TCW Diversified Value N	LCVal	H	H	H	0.8	11.5	16.4	16.33	10.4	1.08	FSA	
53	62	120	CFIMX	Clipper Fund	LCVal	H	H	H	0.3	13.0	13.1	91.25	8.8	0.83	fSA	
<b>54</b>	<b>170</b>	<b>117</b>	<b>FDGFX</b>	<b>Fidelity Dividend Growth</b>	<b>LC</b>	<b>H</b>	<b>H</b>	<b>H</b>	<b>0.6</b>	<b>13.2</b>	<b>12.2</b>	<b>31.61</b>	<b>9.2</b>	<b>0.98</b>	<b>FSA</b>	
55	106	161	PRGFX	T. Rowe Price Growth Stock	LCGro	H	H	H	0.4	13.3	11.8	31.60	9.7	1.07	fSA	
56	95	21	SAIFX	Salomon Brothers Investors	LCVal	H	H	H	0.4	11.9	15.5	21.64	9.9	1.06	fa	
57	164	131	AVALX	Aegis Value Fund (\$10k)	SCVal	S	S	S	2.2	10.6	15.7	14.43	11.6	1.01	fa	
58	174	57	YACKX	Yacktman Fund (2%r<30d)	LCVal	S	S	S	0.8	11.8	14.7	15.78	8.8	0.92	fSA	
59	111	41	DIA	Dow 30 Industrials (Diamonds)	LCVal	S	S	S	0.6	11.6	15.4	123.70	8.6	1.03	—	
<b>60</b>	<b>56</b>	<b>331</b>	<b>FOCPX</b>	<b>Fidelity OTC Portfolio</b>	<b>LCGro</b>	<b>*</b>	<b>H</b>	<b>H</b>	<b>-1.0</b>	<b>16.0</b>	<b>6.5</b>	<b>41.79</b>	<b>14.3</b>	<b>1.37</b>	<b>FSA</b>	
61	97	33	DODGX	Dodge & Cox Stock (closed)	LCVal	S	S	S	0.9	11.2	15.4	152.70	9.5	1.02	sa	
62	150	32	NY	NYSE 100 (iS)	LCVal	H	H	H	0.7	11.7	14.2	74.31	—	—	—	
63	18	224	IZZYX	Ironwood Isabelle Small Company Stock	SCVal	*	(H)	(H)	-1.9	11.4	18.5	13.16	17.1	1.60	FSA	
64	21	274	VHCOX	Vanguard Cap Opp (closed,\$25k,1%r<1yr)	MCGro	*	(S)	(S)	-2.3	13.8	13.1	36.69	13.8	1.53	fSA	
65	35	31	IWS	Russell MidCap Value (iS)	MCVal	S	S	S	-1.0	11.6	16.4	145.40	10.0	1.18	—	
66	46	26	NYC	NYSE Composite (iS)	LC	H	H	H	-0.4	11.3	15.9	82.59	—	—	—	
67	136	116	DREVX	Dreyfus Fund	LC	S	S	S	0.1	12.5	12.0	10.41	8.9	1.00	FSA	
68	219	132	FDSVX	Fidelity Discovery	LC	S	S	S	1.1	12.3	10.9	12.86	8.7	0.86	FSA	

**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	01/05	1 Mo	6 Mo	Ticker	FUND NAME (Max. Load)	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	RISK		NTF/wff
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
69	25	307	LMOPX	Legg Mason Opportunity Trust (1%)	MCGro	*	S	S	-0.5	13.4	10.4	18.82	20.6	1.90	—	
70	147	64	PRDGX	T. Rowe Price Dividend Growth	LC	S	S	S	0.1	11.8	13.5	25.19	8.4	0.94	fsa	
71	140	127	SCDGX	DWS Growth & Income S (closed, 2%r<15d)	LC	S	S	S	-0.2	12.9	10.6	22.09	8.6	0.96	FsA	
72	63	40	JKI	Morningstar Mid Value (iS)	MCVal	S	S	S	-0.7	11.1	15.8	85.48	—	—	—	
73	47	78	BIGRX	American Century Income & Growth	LCVal	H	H	H	-0.4	12.2	12.6	32.88	9.5	1.06	FSA	
74	124	89	FSMKX	Fidelity Spartan 500 (\$10k)	LC	S	S	S	-0.2	11.9	12.7	97.39	8.8	1.00	Fa	
75	126	91	VFINX	Vanguard 500 Index	LC	S	S	S	-0.2	11.9	12.7	129.80	7.8	1.00	fsa	
76	149	168	SLSSX	Selected Special Shares	MC	*	S	S	0.3	11.1	13.7	13.82	12.3	1.28	SA	
77	122	29	DGAGX	Dreyfus Appreciation	LC	H	H	H	0.2	11.5	13.0	43.28	7.6	0.79	FSA	
78	159	301	BUFSS	Buffalo Small Cap (2%r<180d)	SCGro	*	S	S	-1.2	12.6	12.1	26.99	16.0	1.48	FSA	
79	40	35	MXXIX	Marsico 21st Century (2%r<30d)	LC	*	S	S	-0.4	10.1	17.1	15.25	14.2	1.36	FSA	
80	104	153	MERDX	Meridian Fund (2%r<60d)	MCGro	*	S	S	-1.3	11.2	15.6	39.46	13.8	1.36	fa	
81	188	138	VUVLX	Vanguard U.S. Value	LCVal	S	S	S	0.7	11.8	10.9	14.64	9.0	1.09	fsa	
82	129	105	IMB	Russell 1000 (iS)	LC	S	S	S	-0.4	11.8	12.4	76.46	8.0	1.02	—	
83	116	88	IVV	S&P 500 (iS)	LC	S	S	S	-0.4	11.8	12.4	140.90	7.8	1.00	—	
84	79	93	CAMOX	Cambiar Opportunity	LC	S	S	S	-0.6	11.6	12.9	20.12	11.0	1.17	FSA	
85	114	90	SPY	S&P 500 (SPDR)	LC	S	S	S	-0.4	11.7	12.4	140.50	7.8	1.00	—	
86	179	335	QQQQ	NASDAQ 100	LCGro	*	S	S	-1.2	15.2	4.9	43.85	14.7	1.64	—	
87	31	66	IMN	Russell 2000 Value (iS)	SCVal	*	H	H	-2.2	10.4	18.1	78.72	13.6	1.50	—	
88	26	44	JORNX	Janus Orion	MCGro	*	S	S	-0.9	10.8	14.9	9.85	13.3	1.37	FSA	
<b>148</b>	<b>85</b>	<b>27</b>	<b>FSLVX</b>	<b>Fidelity Large Cap Value</b>	<b>LCVal</b>	<b>H</b>	<b>S</b>	<b>S</b>	<b>-1.5</b>	<b>9.0</b>	<b>13.1</b>	<b>14.71</b>	<b>—</b>	<b>1.00</b>	<b>Fa</b>	
195	13	74	HDPMX	Hodges Fund (2%r<90d)	MC	*	S	S	-2.8	7.2	13.0	25.59	19.0	1.85	FSA	

Dow Jones  
NASDAQ  
S&P 500

0.5% 11.2% 13.9%  
-0.7 13.1 6.9  
-0.4 10.9 10.7

indexes do not  
include dividends

International Stock Funds

1	6	86	PGJ	PowerShares Golden Dragon USX	Pacific	*	B	B	7.1%	31.6%	45.3%	\$20.84	—	—	—
<b>2</b>	<b>8</b>	<b>90</b>	<b>PRASX</b>	<b>T. Rowe Price New Asia (2%r&lt;90d)</b>	<b>Pacific</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>2.5</b>	<b>30.3</b>	<b>29.7</b>	<b>14.00</b>	<b>15.5</b>	<b>—</b>	<b>fs</b>
3	13	85	TREMX	T. Rowe Price Emg Europe & Med (2%r<90d)	Europe	*	B	B	4.0	28.0	27.7	32.12	19.4	—	fa
<b>4</b>	<b>25</b>	<b>10</b>	<b>ICHKX</b>	<b>Guinness Atkinson China &amp; HK (2%r&lt;90d)</b>	<b>Pacific</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>5.9</b>	<b>24.1</b>	<b>34.4</b>	<b>26.39</b>	<b>16.9</b>	<b>—</b>	<b>FSA</b>
5	1	1	PRLAX	T. Rowe Price Latin America (2%r<90d)	LatinA	*	B	B	0.2	24.7	37.6	36.48	20.5	—	fsa
<b>6</b>	<b>14</b>	<b>6</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>3.0</b>	<b>24.4</b>	<b>30.5</b>	<b>27.21</b>	<b>16.9</b>	<b>—</b>	<b>Fsa</b>
<b>7</b>	<b>2</b>	<b>5</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>-0.8</b>	<b>23.0</b>	<b>37.1</b>	<b>45.24</b>	<b>15.1</b>	<b>—</b>	<b>FSA</b>
8	16	21	SCOPX	DWS Pacific Opp Eq. S (closed, 2%r<30d)	Pacific	*	B	B	2.1	23.7	29.4	21.36	14.8	—	Sa
<b>9</b>	<b>7</b>	<b>3</b>	<b>FLATX</b>	<b>Fidelity Latin America (1.5%r&lt;90d)</b>	<b>LatinA</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>0.6</b>	<b>23.0</b>	<b>32.8</b>	<b>43.48</b>	<b>22.1</b>	<b>—</b>	<b>Fsa</b>
10	11	80	PRMSX	T. Rowe Price Emerging Mkts Stk	Int'l	*	B	B	1.3	25.3	23.3	31.67	16.5	—	fsa
<b>11</b>	<b>12</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>0.5</b>	<b>21.4</b>	<b>31.5</b>	<b>38.19</b>	<b>17.9</b>	<b>—</b>	<b>FSA</b>
12	9	7	SLAFX	DWS Latin Amer Equity S (closed, 2%r<30d)	LatinA	*	B	B	0.0	22.1	29.0	55.66	21.1	—	Sa
13	10	38	ADRE	Emerging Mkts 50 ADR (BLDRS)	EmerMkt	*	B	B	-0.3	22.7	28.0	37.63	17.9	—	—
14	5	8	ILF	S&P 40 Latin America (iS)	LatinA	*	B	B	-0.4	22.3	28.2	163.80	19.2	—	—
<b>15</b>	<b>3</b>	<b>—</b>	<b>MPYMX</b>	<b>Metzler/Payden Europe Emg Mkts (2%r&lt;30d)</b>	<b>Europe</b>	<b>*</b>	<b>B</b>	<b>B</b>	<b>-1.7</b>	<b>21.2</b>	<b>32.1</b>	<b>31.41</b>	<b>21.4</b>	<b>—</b>	<b>FSA</b>
16	19	74	HLEMX	Harding Loevner Emerg Mkt (2%r<90d)	Int'l	*	H	H	0.5	22.9	21.1	43.91	16.1	—	FSA
17	23	27	OAKEX	Oakmark Intl Small Cap (closed, 2%r<90d)	Int'l	*	H	H	1.2	19.5	28.2	22.51	10.8	—	FSA
18	29	63	PRESX	T. Rowe Price European (2%r<90d)	Europe	*	H	H	1.9	20.1	25.2	19.99	10.7	—	fsa
19	4	42	EUROX	US Global Eastern Europe (2%r<180d)	Europe	*	B	B	-0.6	23.1	19.9	43.91	22.0	—	FSA
20	27	16	EZU	MSCI EMU (iS)	Europe	*	H	H	1.0	18.7	28.4	102.20	12.1	—	—
21	91	—	FFINX	Forward International Equity (2%r<180d)	Int'l	*	H	H	1.6	19.1	25.9	17.95	12.2	—	FSA
<b>22</b>	<b>22</b>	<b>4</b>	<b>ICSEX</b>	<b>ICON Europe</b>	<b>Europe</b>	<b>*</b>	<b>H</b>	<b>H</b>	<b>0.8</b>	<b>16.2</b>	<b>33.5</b>	<b>20.84</b>	<b>13.9</b>	<b>—</b>	<b>FSA</b>
23	26	54	ARTJX	Artisan Intl Small Cap (closed, 2%r<90d)	Int'l	*	H	H	1.6	18.8	25.0	21.42	12.6	—	SA
24	20	46	SSEMXX	SSGA Emerging Markets	Int'l	*	H	H	0.5	19.8	23.5	22.84	17.1	—	FA
25	41	48	EPP	MSCI Pacific Ex-Japan (iS)	Pacific	*	H	H	1.1	18.9	24.7	121.50	11.8	—	—
26	24	76	MAPTX	Matthews Pacific Tiger (closed, 2%r<90d)	Pacific	*	H	H	0.7	20.7	19.6	23.28	15.1	—	FSA
27	15	18	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	*	H	H	-0.5	19.6	23.4	23.67	17.8	—	Fsa
28	31	11	VEURX	Vanguard European Stock Index (2%r<60d)	Europe	*	H	H	0.9	17.2	26.8	35.69	10.6	—	fsa
<b>29</b>	<b>33</b>	<b>14</b>	<b>VGK</b>	<b>Vanguard European ETF</b>	<b>Europe</b>	<b>*</b>	<b>H</b>	<b>H</b>	<b>0.9</b>	<b>17.2</b>	<b>26.5</b>	<b>67.50</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>30</b>	<b>39</b>	<b>22</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>0.1</b>	<b>17.2</b>	<b>27.7</b>	<b>26.74</b>	<b>13.7</b>	<b>—</b>	<b>Fsa</b>
31	40	12	ARTKX	Artisan Intl Value (2%r<90d)	Int'l	*	H	H	1.2	15.9	28.9	27.72	10.6	—	FSA
32	35	—	HIIIX	Harbor International Inv (2%r<60d)	Int'l	*	H	H	1.4	17.2	25.0	60.52	12.0	—	FSA
33	28	17	BJBIX	Julius Baer Intl Eq A (closed, 2%r<90d)	Int'l	*	H	H	0.9	17.6	24.4	41.78	11.9	—	FS
34	34	24	FEZ	DJ Euro Stoxx 50 (stir)	Europe	*	H	H	0.6	17.2	25.1	53.67	12.6	—	—
<b>35</b>	<b>21</b>	<b>53</b>	<b>VEIEX</b>	<b>Vanguard Emerging Mkts Stk Index (.5%r)</b>	<b>Int'l</b>	<b>*</b>	<b>H</b>	<b>H</b>	<b>-0.4</b>	<b>19.6</b>	<b>20.3</b>	<b>23.68</b>	<b>16.7</b>	<b>—</b>	<b>fsa</b>
36	49	—	EFV	MSCI EAFE Value (iS)	Int'l	*	H	H	1.5	16.9	24.2	71.12	—	—	—
37	18	78	EEM	MSCI Emerging Markets (iS)	EmerMkt	*	H	H	-1.6	20.2	20.4	110.20	17.1	—	—
38	30	61	DRFMX	Dreyfus Premier Emerging Market (1%)	Int'l	*	H	H	0.2	19.1	20.2	20.72	14.9	—	fSa
39	42	9	IEV	S&P 350 Europe Plus (iS)	Europe	*	S	S	0.6	16.5	25.7	103.50	10.6	—	—
40	64	15	OAKIX	Oakmark International (2%r<90d)	Int'l	*	S	S	1.5	15.4	25.3	25.27	9.0	—	FSA
41	44	19	SCGEX	DWS Europe Equity S (closed, 2%r<30d)	Europe	*	S	S	0.8	15.3	25.9	37.08	11.3	—	FSA
42	17	71	VVO	Vanguard Emerging Mkts (VIPER)	EmerMkt	*	H	H	-1.8	19.5	19.5	74.90	—	—	—
43	66	52	PISRX	Forward Intl Small Companies (2%r<180d)	Int'l	*	S	S	1.9	15.9	22.7	18.72	13.6	—	FSA
<b>55</b>	<b>45</b>	<b>36</b>	<b>VWIGX</b>	<b>Vanguard International Growth (2%r&lt;60d)</b>	<b>Int'l</b>	<b>*</b>	<b>H</b>	<b>H</b>	<b>1.3</b>	<b>14.9</b>	<b>19.8</b>	<b>23.63</b>	<b>10.7</b>	<b>—</b>	<b>fsa</b>
60	43	29	VTRIX	Vanguard International Value (2%r<60d)	Int'l	*	S	S	0.5	14.4	20.6	39.83	11.1	—	fsa

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

RANK	01/05 2007	1 Mo Ago	6 Mo Ago	Ticker Symbol	FUND NAME (Max. Load)	Fund Type	Conservative			TOTAL RETURN			PRICE PER SHARE	RISK		NTF/wif
							B	B	B	1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
1	1	—		<b>FIREX</b>	<b>Fidelity Int'l Real Estate (1.5%r&lt;90d)</b>	RealEs	B	B	B	3.1%	26.7%	37.0%	\$16.28	—	—	Fsa
2	3	—		IRFAX	Cohen & Steers Int'l Real E A (1%r<180d)	RealEs	B	B	B	3.7	25.0	39.6	18.38	—	—	S
3	4	—		EGLRX	Alpine Int'l Real Estate (1%r<60d)	RealEs	B	B	B	1.6	25.6	31.9	40.19	11.60	1.16	FSA
4	19	49		IXP	S&P Global Telecommunication (iS)	Tech	*	*	*	2.9	23.1	29.1	63.16	10.20	0.94	—
5	13	66		PRMTX	T. Rowe Price Media & Telecommunications	Utility	*	*	*	1.4	21.0	26.2	43.60	12.50	1.46	fsc
6	20	33		VOX	Vanguard Telecom Service ETF	Utility	*	*	*	1.1	18.4	32.0	72.27	—	—	—
7	17	104		FSCSX	Fidelity Software (.75%r<30d)	Tech	*	*	*	-0.2	23.0	20.8	66.30	15.50	1.35	Fsa
8	31	34		YZ	DJ US Telecom (iS)	Tech	*	*	*	1.9	16.2	28.3	29.20	11.00	0.88	—
9	43	74		FSTCX	Fidelity Telecomm (.75%r<30d)	Utility	*	*	*	2.8	16.5	24.1	48.32	14.10	1.45	Fsa
10	2	10		ICF	Cohen & Steers Realty Majors (iS)	RealEs	*	*	*	-4.4	17.2	30.9	99.09	16.60	0.92	—
11	5	9		CSRSX	Cohen & Steers Realty (\$10k,1%r<180d)	RealEs	*	*	*	-3.1	16.2	30.7	88.08	15.60	0.91	FSA
12	12	16		IVR	DJ US Real Estate (iS)	RealEs	*	*	*	-3.0	16.4	28.6	82.55	16.00	0.98	—
13	27	67		ICTUX	ICON Telecommunications & Utilities	Utility	*	*	*	0.7	17.5	19.8	7.70	11.00	0.94	FSA
14	33	86		FSLBX	Fidelity Brokerage (.75%r<30d)	FinServ	*	*	*	1.1	18.6	16.4	73.91	14.70	1.45	Fsa
15	10	12		VGSIX	Vanguard REIT Index (1%r<1yr)	RealEs	*	*	*	-3.5	16.1	28.6	25.21	15.70	0.91	fsc
16	9	13		VNQ	Vanguard REIT ETF	RealEs	*	*	*	-3.6	15.7	28.6	75.79	—	—	—
17	22	18		FSUTX	Fidelity Utilities Growth (.75%r<30d)	Utility	*	*	*	-2.3	15.7	26.5	54.69	9.78	0.81	Fsa
18	7	8		TRREX	T. Rowe Price Real Estate (1%r<180d)	RealEs	*	*	*	-3.7	14.8	30.2	24.91	15.30	0.85	fsc
19	77	—		PXQ	PowerShares Dyn Networking	Tech	*	*	*	2.5	18.1	11.8	17.93	—	—	—
20	8	11		RWR	DJ Wilshire REIT (stfr)	RealEs	*	*	*	-4.0	15.1	28.7	86.50	16.10	0.92	—
21	15	23		CSEIX	Cohen & Steers Realty Income (1%r<180d)	RealEs	*	*	*	-2.5	15.0	25.0	16.67	14.30	0.88	fsc
22	45	126		IGV	GS Software (iS)	Tech	*	*	*	-0.8	20.4	8.6	44.99	17.50	1.71	—
23	37	26		IXG	S&P Global Financial (iS)	FinServ	*	*	*	1.8	14.8	18.7	88.95	9.32	0.99	—
24	11	20		FRESX	Fidelity Real Estate (.75%r<90d)	RealEs	*	*	*	-4.3	14.9	26.7	35.74	15.20	0.89	Fsa
25	46	116		XLY	Consumer Discretionary (SPDR)	Consmr	*	*	*	0.1	16.1	16.6	38.25	11.80	1.31	—
26	89	—		PBS	PowerShares Dyn Media	Utility	*	*	*	2.8	16.8	10.4	16.20	—	—	—
27	42	110		RYLIX	Rydex Leisure (\$25k)	Consmr	*	*	*	-0.6	14.4	19.6	35.58	11.90	1.22	Fsa
28	50	141		FDCPX	Fidelity Computers (.75%r<30d)	Tech	*	*	*	0.6	18.7	7.1	40.12	21.20	2.19	Fsa
29	49	118		VCR	Vanguard Consumer Discr ETF	Consmr	*	*	*	-0.1	15.6	15.2	60.58	—	—	—
30	100	42		IVG	DJ US Financial Services (iS)	FinServ	*	*	*	2.3	13.5	16.9	133.10	9.36	0.82	—
31	83	44		XLF	Financial (SPDR)	FinServ	*	*	*	1.7	14.1	15.9	36.49	9.06	0.84	—
32	62	125		XLK	Technology (SPDR)	Tech	*	*	*	0.0	17.5	9.3	23.50	13.20	1.48	—
33	32	65		FSDAX	Fidelity Defense & Aero (.75%r<30d)	Cycls	*	*	*	-0.5	13.9	18.7	81.56	12.00	1.15	Fsa
34	79	117		FBMPX	Fidelity Multimedia (.75%r<30d)	Consmr	*	*	*	2.7	15.0	10.1	48.24	14.10	1.40	Fsa
35	72	109		RYMIX	Rydex Telecommunications (\$25k)	Utility	*	*	*	1.4	13.5	15.5	18.53	15.00	1.55	Fsa
36	74	50		VFH	Vanguard Financials ETF	FinServ	*	*	*	1.1	13.5	15.9	64.84	—	—	—
37	78	48		IVF	DJ US Financial (iS)	FinServ	*	*	*	1.4	13.3	15.8	117.00	9.08	0.88	—
38	69	59		ICFSX	ICON Financial	FinSer	*	*	*	0.9	13.1	16.9	14.81	12.50	1.32	FSA
39	64	—		PJP	PowerShares Dyn Pharmaceuticals	Health	*	*	*	0.7	16.0	9.7	18.44	—	—	—
40	71	135		IGM	GS Technology (iS)	Tech	*	*	*	0.2	17.4	5.7	52.09	16.90	1.84	—
41	21	25		STMDX	Stratton Mthly Div REIT (1.5%r<120d)	RealEs	*	*	*	-3.1	12.3	22.5	38.17	15.10	0.88	fsc
42	60	132		IYW	DJ US Technology (iS)	Tech	*	*	*	-0.4	16.9	6.2	55.12	16.10	1.71	—
43	48	21		FDFAX	Fidelity Food & Agr (.75%r<30d)	Consmr	*	*	*	0.6	11.6	17.9	56.92	7.83	0.69	Fsa
44	38	31		XLU	Utilities (SPDR)	Utility	*	*	*	-1.8	13.3	17.2	36.11	11.20	0.46	—
45	34	27		VPU	Vanguard Utilities ETF	Utility	*	*	*	-2.3	13.2	17.9	75.57	—	—	—
46	66	138		MTK	Morgan Stanley Technology (stfr)	Tech	*	*	*	-0.8	17.0	5.8	56.97	18.60	2.02	—
47	95	112		IVC	DJ US Consumer Cyclical (iS)	Cycls	*	*	*	0.7	12.9	13.6	67.61	11.00	1.15	—
48	70	131		VGT	Vanguard Information Tec ETF	Tech	*	*	*	-0.6	16.7	5.8	53.18	—	—	—
49	35	29		IDU	DJ US Utilities	Utility	*	*	*	-2.2	13.0	17.3	88.48	10.60	0.52	—
50	97	133		RYIIX	Rydex Internet (\$25k)	Tech	*	*	*	1.1	15.3	6.3	41.80	20.70	2.10	Fa
51	14	17		CGMRX	CGM Realty	RealEs	*	*	*	-3.1	11.2	22.5	26.65	21.40	1.58	sa
52	39	36		RYUIX	Rydex Utilities (\$25k)	Utility	*	*	*	-2.5	13.0	16.8	29.10	10.10	0.60	Fsa
53	105	115		FSAVX	Fidelity Automotive (.75%r<30d)	Cycls	*	*	*	0.1	13.8	10.9	38.34	14.20	1.36	Fsa
54	26	22		FSAIX	Fidelity Air Transport (.75%r<30d)	Cycls	*	*	*	-0.4	8.9	23.4	49.48	13.60	1.14	Fsa
55	63	71		IVK	DJ US Consumer NonCyclical (iS)	Consmr	*	*	*	0.0	12.9	12.7	59.54	9.76	0.92	—
56	59	—		PEJ	PowerShares Dyn Leisure & Ent	Consmr	*	*	*	-0.6	12.0	15.5	17.78	—	—	—
57	75	101		FSPFX	Fidelity Paper & Forest (.75%r<30d)	Cycls	*	*	*	1.3	12.6	10.8	32.31	16.60	1.51	Fsa
58	67	140		PRSCX	T. Rowe Price Science & Tech	Tech	*	*	*	-1.3	16.6	4.6	21.29	15.40	1.66	fsc
59	53	128		IXN	S&P Global Information Tech (iS)	Tech	*	*	*	-0.2	15.5	5.4	58.65	14.80	1.61	—
90	109	88		<b>VBINX</b>	<b>Vanguard Balanced Index</b>	<b>Hybrid</b>	<b>B</b>	<b>*</b>	<b>*</b>	<b>-0.5</b>	<b>9.1</b>	<b>9.2</b>	<b>21.31</b>	<b>5.24</b>	<b>0.78</b>	<b>fsc</b>
101	137	62		<b>GATEX</b>	<b>Gateway Fund</b>	<b>Altern</b>	<b>B</b>	<b>*</b>	<b>*</b>	<b>0.8</b>	<b>5.9</b>	<b>9.6</b>	<b>27.09</b>	<b>2.80</b>	<b>0.30</b>	<b>Fsa</b>
103	104	87		<b>FBALX</b>	<b>Fidelity Balanced</b>	<b>Hybrid</b>	<b>B</b>	<b>*</b>	<b>*</b>	<b>-1.6</b>	<b>7.6</b>	<b>8.8</b>	<b>19.27</b>	<b>7.99</b>	<b>1.18</b>	<b>Fsa</b>
140	41	52		<b>VDE</b>	<b>Vanguard Energy ETF</b>	<b>NatRes</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>-8.5</b>	<b>-2.1</b>	<b>8.8</b>	<b>80.69</b>	—	—	—
141	65	28		VGENX	Vanguard Energy (\$25k,1%r<1yr)	NatRes	B	B	B	-7.2	-3.4	9.1	61.25	18.70	1.07	fsc
143	58	61		<b>PRNEX</b>	<b>T. Rowe Price New Era</b>	<b>NatRes</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>-8.2</b>	<b>-2.9</b>	<b>6.9</b>	<b>43.45</b>	<b>16.90</b>	<b>1.29</b>	<b>fsc</b>
145	57	54		<b>IGE</b>	<b>GS Natural Resources (iS)</b>	<b>NatRes</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>-8.2</b>	<b>-3.8</b>	<b>6.7</b>	<b>96.38</b>	<b>19.40</b>	<b>1.26</b>	<b>—</b>
148	44	63		<b>FNARX</b>	<b>Fidelity Natrl Resources (.75%r&lt;30d)</b>	<b>NatRes</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>-8.9</b>	<b>-5.4</b>	<b>6.8</b>	<b>26.40</b>	<b>20.00</b>	<b>1.23</b>	<b>Fa</b>
149	52	14		PSPFX	U.S.Global Inv Global Res (.25%r<30d)	NatRes	B	B	B	-9.4	-6.3	9.6	13.82	24.40	1.70	FSA
153	155	114		PBW	PowerShares WilderH Clean Energy	NatRes	B	B	B	-7.1	-10.5	1.2	16.98	—	—	—
154	121	69		RSNRX	RS Global Natural Res (\$5k,4.75% load)	NatRes	S	S	S	-10.6	-8.3	-0.4	29.10	19.70	1.29	fsc

## Step Back for a Better View

If you haven't already done so, check out pages two and three of this issue to see how the *MONEYLETTER* model portfolios performed for the year. Once again, 2006 was a year of solid, risk-conscious performance for our newsletter. We're proud of the fact that **nine of the 10 model portfolios posted double-digit returns for the year (the one that didn't was the *MONEYLETTER* Conservative Portfolio, which follows a safety-first approach).**

One must remember not to focus 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 cumulative performance of the *MONEYLETTER* models over the last 5 years.

If you would like a copy of the year-by-year model portfolio performance—dating back to 1987—send a self-addressed stamped envelope with your request to: *MONEYLETTER* Performance, P.O. Box 6020, Holliston, MA 01746. \$

### What \$100,000 Grew to in Five Years (2002-2006)

Rank	Portfolio	Amount
1	ML All-Family Venturesome	\$213,001
2	ML All-Family Moderate	206,353
3	Fidelity Venturesome	179,256
4	Fidelity Moderate	176,944
5	Vanguard Venturesome	162,446
6	Vanguard Moderate	155,417
7	ML All-Family Conservative	151,330
8	Fidelity Conservative	141,822
<b>9</b>	<b>Average Asset Allocation Fund</b>	<b>141,410</b>
10	Vanguard Conservative	134,955
<b>11</b>	<b>Vanguard 500 Index Fund</b>	<b>134,076</b>

### CHECK OUT *MONEYLETTER Plus!*

[www.moneyletter.com/sample.htm](http://www.moneyletter.com/sample.htm)

52 Weekly Updates for Only \$67  
Includes All 700 Funds in the  
Elite *MONEYLETTER* Database

#### 100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Gabelli US Treasury MMF	5.05%	5.12%	4.66%
Vanguard Treasury MMF	4.90	4.91	4.45
Amer Century Capital Presv Fund/Inv	4.73	4.75	4.25
HSBC Investor US Treas MM/CI D	4.55	4.57	4.01
JPMorgan 100% US Treas MMF/Morgan	4.55	4.55	4.13
Schwab US Treasury Money Fund	4.53	4.55	4.07
Wells Fargo Adv 100% Treas MMF/CI A	4.44	4.45	4.02
T. Rowe Price US Treasury MF	4.42	4.59	4.15
Citi US Treasury Reserves	4.40	4.43	3.97
Merrill Lynch CMA Treas Fund RIC	4.38	4.46	3.98

#### GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
Harbor Money Market Fund	5.24%	5.22%	4.72%
Transamerica Premier Cash Res/Inv	5.24	5.22	4.81
Vanguard Prime MMF/Investor	5.24	5.24	4.78
TIAA-CREF Money Market Fund	5.20	5.22	4.78
PayPal Money Market Fund	5.19	5.17	4.80
TCW Money Market Fund	5.15	5.14	4.67
DWS Money Market Prime Ser/DWS MMF	5.12	5.09	4.60
Amer Beacon MMF/Plan Ahead	5.09	5.08	4.58
AIG Money Market Fund/CI B	5.08	5.07	4.63
GE Money Market Fund	5.07	5.07	4.63
Schwab Value Adv MF/Inv	5.07	5.06	4.61

#### TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	3.90%	3.69%	3.39%
Vanguard Tax-Exempt MMF	3.82	3.59	3.32
Fidelity AMT Tax-Free Money Fund	3.65	3.37	3.16
Marshall Tax Free MMF/Class Y	3.60	3.38	3.06
DWS Tax-Exempt Money Fund	3.58	3.36	3.06
Dreyfus BASIC Muni MMF	3.55	3.32	3.04
Fidelity Municipal MMF	3.55	3.30	3.07
USAA Tax Exempt MMF	3.54	3.30	3.01
Amer Century T-F MMF/Inv Class	3.52	3.27	3.03
Fidelity Tax Free Money Market	3.52	3.26	3.03
T-E Portfolio/Managed Shares	3.52	3.30	3.01

#### TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard PA Tax-Exempt MMF	3.84%	3.59%	3.31%
Vanguard OH Tax-Exempt MMF	3.82	3.58	3.30
Vanguard NY Tax-Exempt MMF	3.80	3.56	3.28
Vanguard NJ Tax-Exempt MMF	3.76	3.53	3.25
Vanguard CA Tax-Exempt MMF	3.71	3.48	3.24
Fidelity AZ Municipal MMF	3.50	3.24	3.00
Fidelity PA Municipal MMF	3.50	3.24	3.01
Fidelity FL Municipal MMF	3.49	3.25	3.02
Fidelity NY Municipal MMF	3.47	3.21	2.96
Fidelity CT Municipal MMF	3.46	3.20	2.97
Fidelity OH Municipal MMF	3.46	3.22	2.96
Merrill Lynch CMA CA Muni MF	3.46	3.09	2.83

**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 1/2/07. 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 >\$50 million.

Source: iMoney.net's Money Fund Report (800) 343-5413

### ATTENTION SUBSCRIBERS

**Next Issue: Volume 28, No. 2**

Mails: January 26, 2007

Internet: January 24, 2007, 12:00pm (ET)

## Cohen & Steers International Realty A

Equity mutual funds turned in their strongest gains in three years, with funds invested in Asia and real estate leading the pack, according to Morningstar, which said property funds were the strongest-performing category. And the winner in the category? Cohen & Steers International Realty Fund, up 43.9%. The fund is being added to *MONEYLETTER*'s coverage.

Cohen & Steers, founded in 1986, specializes in high-income equity portfolios. They focus on areas such as preferred stocks, utilities, value equities, global real estate securities, and other high dividend-paying stocks. In fact, according to the firm, it is the largest manager of REIT securities in the US. In December 2004, Cohen & Steers purchased a 51% stake in Brussels-based Houlihan Rovers, a European asset manager specializing in non-US real estate securities, with offices in Brussels and London. On December 22, 2006, it completed the acquisition of Houlihan Rovers, giving the combined firm in-depth coverage in markets such as France, Germany, Spain, the Netherlands, and the UK.

### Cohen & Steers International Realty—the details

According to Robert Steers in a recent article in *Real Estate Portfolio*, about three or four years ago the team saw the international real estate market as similar to the US market before it took off in the early 1990s. At that point, he and partner Martin Cohen started to build a large, geographically diverse real estate team. The firm started the International Realty fund on March 31, 2005, and it has attracted asset inflows at a steady pace since then.

Cohen & Steers uses a disciplined, research-intensive approach, encompassing both bottom-up fundamental research and an analysis of top-down macro factors. In *Real Estate Portfolio*, Cohen stated that one of the biggest challenges is comparing different types of properties, like a shopping center in France to an office building in Singapore. Steers added that successful investing begins with having local employees in these markets that understand how to value local real estate.

The Cohen & Steers global investment team, led by Joseph Harvey and David Oakes, conducts management visits and property tours, and utilizes financial modeling, which plays a heavy role in investment decisions. First they utilize a model incorporating both macroeconomic and fundamental research to determine a security's net asset value, which they believe is "the primary determinant of real estate security valuation." Another model ranks securities

on a price to net asset value basis. They also use secondary valuation models based on multiple/cash flow growth and discounted cash flow. A valuation model then identifies stocks as under- or overvalued, and determines recommended target weights for each security at its current price. Finally, the managers consider risk control, diversification, liquidity, and other factors in the final decision process. Typically, the fund will invest in 55 to 75 holdings, with no one stock accounting for more than 6% of total assets.

### Top Five Real Estate and Geographic Sectors (% Total Net Assets)

Office	30	Continental Europe	22
Shopping Centers	28	Hong Kong	21
Diversified	26	Japan	20
Residential	9	United Kingdom	18
Industrial	5	Australia	14

As of September 30, 2006

### The outlook

The managers say there has been an acceleration of money going into international real estate securities. Cohen noted that the value of US real estate firms is roughly \$400 billion. In contrast, in Europe it is \$200 billion and about \$350 billion in Asia, making international markets a "very rich universe to choose from."

Moreover, they like the outlook. A slowdown in the rise in interest rates, combined with growing demand and a limited supply points to "an environment where occupancies, cash flow, and rents should continue to rise." In turn, this will support continued growth in asset values. The managers favor growth prospects in the Asian region relative to the rest of the world. The outlook for Singapore and Tokyo is particularly strong. In Europe, they say there is clear leadership in the UK, especially in the London office market. Two plays in the latter area are British Land (major office holdings in London) and Great Portland Estates. Cohen classified Great Portland as having "class A locations and class B buildings" that they renovate and then raise the rents.

Cohen & Steers International Realty Class A charges a 4.5% front-end load. However, it is available without a load through Schwab OneSource NTF. \$

Cohen & Steers International Realty A (IRFAX)

Cohen & Steers

280 Park Avenue, 10<sup>th</sup> Floor, New York, NY 10017

(800) 437-9912 • Minimum Investment: \$1,000

*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 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 2007 PRI Financial Publishing Inc.