

Slowdown Blues

The economy has been slowing for some months, but somehow Wall Street has managed to turn its back on that "inconvenient truth," until recently. Oh sure, the market had not gone anywhere in the first seven weeks of this year, but it had held its own after a strong finish last year. The go-nowhere market was "digesting its gains" as the cliché goes.

Even the China-induced tumble late last month, which really was emotion triumphing over reason, found Wall Street shaking it off in a day or two with the expectation that the market would recover. A view, incidentally, we shared. But then came the subprime loan troubles, and here was something that could neither be shrugged off nor ignored. There was no place for Goldilocks as a more somber reality took over.

Put simply, the Federal Reserve's turn of the interest rate screw turned out to have been exerting even stronger pressure on housing than had been imagined (by most) just a few short weeks ago. Everybody knew that housing was slumping, but the sense was that the slump was moderate and might well be bottoming out. Such thoughts have vanished. In fact, there has been a 180-degree turn when it comes to housing, thanks to the subprime jolt.

Now the issue is are the subprime woes going to lead to a generalized drying up of credit to the housing market? It looks like the answer is already being sketched out, and, fortunately, the answer is "No." We are seeing funds being made available to *some* of the subprime lenders by Wall Street. Credit, we believe, will flow, not as freely nor as recklessly as before, but it will flow to the housing market.

Anybody for earnings?

While the concern with the subprime market occupied center stage recently, a development that we believe is at least equally, if not more, important for Wall Street over the intermediate-term, has been occurring. And that is the

steady erosion of the S&P earnings estimates for this year coming from Wall Street analysts.

As readers know we have been concerned for some time about earnings in a period of slow growth. Now the concern has turned into reality. We are presenting a table below, which is a shortened version of one appearing in an article by Dick Green in *Briefing.com*, that makes the point. We are indebted to *Briefing.com* for their permission to reproduce parts of the table.

Current Earnings Estimates

	Q1 2007	Q2 2007	Q3 2007
First Call	4.3%	4.4%	6.6%
One Month Ago*	6.0%	7.0%	7.0%
Two Months Ago	8.2%	8.5%	5.2%

*These estimates are a combination of First Call and S&P estimates

As you can see Wall Street analysts have become increasingly dubious about the outlook for earnings during the first half of this year. There is a hint of some pickup as we move into the last half of the year. This is consistent with the Fed (and consensus) view of the outlook. The view is a) below speed-limit growth in the first of the year, as the economy works off excess inventory in autos and housing; and then b) speed-limit growth as inventories, and the economy, return to normal.

We won't comment now on that outlook. The point to be made here is that the market is facing the headwind of flattish earnings news over the next 4-5 months. This is not an environment to stir spirits for domestic stocks.

Our stock market does have one thing going for it, and that is reasonable valuations. That partially depends on the view of earnings after the first-half slowing. How accurate the further-out estimates will turn out to be is a very valid question.

Where that leaves us is once again pointing out that there is better, and more certain, growth elsewhere. The U.S. market is OK, but do not expect performance this year, certainly over the next 3-4 months at a minimum.

Europe? Yes, Europe.

It would be wrong to say that we have neglected the developed European markets recently, but we have not headlined them. Europe has always run a very distant

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

(continued on page 2)

(continued from page 1)

second when it comes to headlines compared to the dazzling performances of Asia and the emerging markets. Well, change is in the air.

No, Europe is not about dazzle us. China and India have a monopoly on that. But Europe, "old Europe," is doing better than expected. The growth numbers are turning respectable. As *The Economist* observed in its latest issue (March 17th), "In the fourth quarter of last year the euro area's GDP growth outstripped America's for the first time in five years." The journal even referred to the fact that "even productivity growth has started to pick up." Market observers elsewhere are equally positive and do not hesitate to say that Europe has broken out of its growth rut of the past five years. No, the heavens are not falling, but that might come next.

Certainly, a key reason for the transformation we are seeing in Europe is the new life of the German economy. Germany is the largest economy in the EU and Germany has been a major drag on Europe's performance in recent years. No more.

What has happened is that German exports have caught fire. This is no accident. As *The Economist* pointed out, "over the past seven years German companies have spectacularly improved their competitiveness, thanks mainly to keeping a tight rein on wages. This is at the root of Germany's economic recovery and has allowed it to claim back from America its position as the world's biggest exporter."

From restructuring to expansion

There is more to the European story than German competitiveness. What happened in the past eighteen months, it has been pointed out, is that European companies started to invest again with an eye toward expansion, after concentrating on restructuring. The process is still young. The expectation is that European business investment will continue strong for some time to come.

The European revival has been business-led, but the consumer is also adding some thrust, and is expected to add more as this year rolls on. For one, employment growth has picked up. Employment lingered over the past five years, but then rose at double the average rate to 1.5% last year. Household incomes are growing.

The European consumer was also helped by the decline in energy prices last year. J.P. Morgan Bank's London-based economists estimate that the drag from higher energy prices cost the Euro economy about 0.5% annually over the past three years.

More than a blip

All in all there is every reason to believe that Europe is in the middle of an upswing that has legs, and that represents opportunity. Of course, it is not as if investors have ignored the opportunity.

European funds had a very good year last year. As an example, take last year's performance of three European funds that were—or are now—in our portfolios, ICON Europe: 44%, Vanguard European Stock Index: 33.5%,

and Fidelity Europe Capital Appreciation: 35.5%. Not too shabby. After such gains, is anything left?

No guarantees, of course, but we think so. More than one international fund manager is overweight in Europe now, and one of them is Ray Mills of the T. Rowe Price International Growth and Income Fund.

As Mills said in an in-house interview, "There are a lot of good things happening," referring to Europe. He cites the pickup in growth, of course. He then added, "At the same time, we had a good supply-demand dynamic going on with equity."

What does that mean? The answer: "In 2000 we had about a net 500 billion euros of equity issued in Europe. Last year, we actually had a net equity reduction, so through takeouts and buybacks, equity actually came out of the system." And, as Mills pointed out, the demand for equities increases annually.

One final observation from Mills, "Valuations in Europe are also quite attractive. They're more reasonable than they are almost anywhere in the world right now...."

The bottom line: do not neglect Europe in your international allocation. \$

**There's more to life
than managing
your portfolio.**



Enjoy life.
We'll take care
of the rest.

PRI Financial Advisors
will help you
build wealth using
time-tested, mutual
fund-based invest-
ment strategies.
Ask about our free,
no-obligation
Portfolio Review.

Minimum
Investment \$100,000.

(800) 707-2060

priadvisors.com

ATTENTION SUBSCRIBERS

Next Issue: Volume 28, No. 7

Mails: April 6, 2007

Internet: April 4, 2007, 12:00pm (ET)

Where's The Beef?

The U.S. market has been struggling this year under the weight of slower earnings growth and, lately, from the sub-prime worries. You already know that. Of late, the market has perked up as a spate of mega-merger deals have been announced.

The deals have given heart to the market, and well they should. The firms being purchased are being sold at a premium to their pre-deal market price, and once the deals go through, the supply of stocks becomes smaller as equity is removed from the market.

All this is well and good, but can a bull run be built on merger and acquisition activity alone? We have our doubts. We're probably naïve, but we think it takes something more, such as, ahem, growing earnings and, ahem, lower interest rates to give a rally staying power. So far as we can see, neither is in the cards for the next 3-4 months.

Half a loaf

The trouble is that the Federal Reserve is only getting half of what it expected higher interest rates to do. It expected higher rates to slow the economy. It has achieved that, and maybe more than it expected (subprime loans?). The trouble is that the payoff from the slower economy has not yet appeared.

The payoff was going to be some slack in the labor force, as employment gains slowed and unemployment rose. This would take the pressure off wage gains and, in turn, prices. Developments have not gone the Fed's way. So far the payoff through the employment route appears elusive.

It is too early to say, but we may be getting a payoff through a route that is second best for the Fed, and that is through the consumer. Retail sales turned very weak last month. But, given the weather, no one knows what that means. A natural place for the rise in rates to show its effect would be in consumer spending, where the housing slump could crimp refinance borrowings. So far though, refinancings appear to be holding up.

A different route may be developing, business investment spending. This is not a development the Fed would like to see. We have gotten some poor numbers lately on new investment orders. The last thing we need in this competitive world is business pulling back on investment in new machinery. Productivity gains and investment go hand-in-hand.

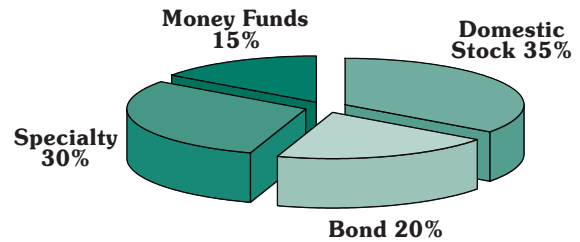
While the market may be enjoying the message from the acquisition parade, it is enjoying a passing phenomenon, in our opinion. Meanwhile, the next and more important phase for the economy is still up in the air.

New fund changes

The Hotline of Wednesday, March 21 recommended the sale of Fidelity OTC in the Fidelity Venturesome Portfolio. Because the position is slightly oversized we will split the proceeds of the sale for the Model Portfolio. We will put \$10,000 of the proceeds into Fidelity Value Strategies, already in the portfolio. The balance will be switched into Fidelity Convertible Securities. Details in the next issue \$

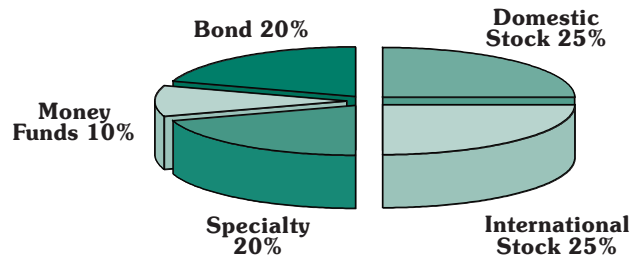
CONSERVATIVE

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



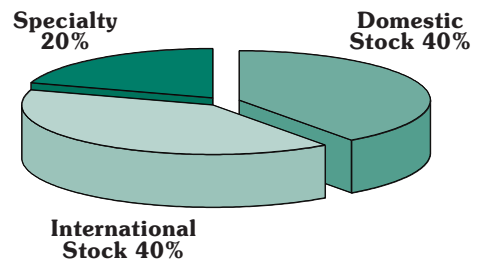
MODERATE

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



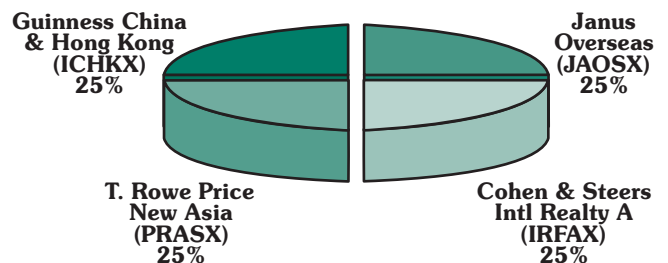
VENTURESOME

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



SELECT

Seeks maximum long-term growth by assertively upgrading fund positions



Domestic Stock Funds

RANK	03/16 2007	1 Mo Ago	6Mo Ago	Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	RISK		NTF/wtf
										1 mo.	6 mo.	12 mo.		Std. Dev.	Beta	
1	9	165		AVALX	Aegis Value Fund (\$10k)	SCVal	B	B	B	-0.8%	19.6%	18.8%	\$15.41	10.3	0.98	a
2	20	8		LLSCX	Longleaf Partners Smallcap (closed)	SCVal	B	B	B	0.2	14.2	22.9	31.35	9.2	1.12	fa
3	15	292		TWHIX	American Century Heritage	MCGro	*	B	B	-2.0	19.6	12.3	16.56	13.9	1.56	FSA
4	—	—		KSCOX	Kinetics Small Cap Opps	MC	*	(B)	(B)	-3.5	18.1	16.6	27.92	11.1	1.29	FSw
5	3	100		JSVAX	Janus Contrarian	LC	*	B	B	-4.2	16.5	18.8	17.40	12.0	1.43	FSA
6	6	124		CHITX	Aston/Optimum MidCap N	MC	*	B	B	-4.2	16.2	15.2	27.54	12.4	1.47	FSA
7	4	112		VCVLX	Vanguard Capital Value	LCVal	B	B	B	-4.7	14.8	16.0	12.96	10.0	1.33	fsa
8	74	185		FLVCX	Fidelity Leveraged Co (\$10k, 1.5%r<90d)	MC	*	H	H	-1.5	13.6	13.8	30.23	13.4	1.38	Fa
9	10	137		FSLSX	Fidelity Value Strategies	MC	*	B	B	-3.5	14.2	13.7	32.98	14.7	1.91	Fa
10	317	294		CGMFX	CGM Focus	LC	*	*	H	0.6	13.2	10.1	36.60	20.3	1.26	sa
11	5	54		FBRVX	FBR Small Cap (1%r<90d)	MCGro	B	B	B	-4.6	14.1	15.1	54.21	12.2	1.33	FSA
12	11	136		BPMCX	Robeco Boston Partners Mid Cap Value	MCVal	B	B	B	-3.6	13.5	14.5	10.63	10.1	1.31	FSA
13	2	274		JAVTX	Janus Venture (closed)	SCGro	*	B	B	-5.1	15.9	9.7	63.05	15.9	1.91	FSA
14	22	26		CBMDX	Wells Fargo Adv C&B Mid Cap Value	MC	*	B	B	-2.1	10.8	17.5	22.55	10.8	1.36	FSA
15	159	190		FCVXS	Fidelity Convertible Securities	Convrt	H	H	H	-1.8	12.2	12.0	26.10	8.5	1.26	Fsa
16	32	301		FDESCX	Fidelity Small Cap Ind. (1.5%r<90d)	SCGro	*	(B)	(B)	-3.3	14.4	8.7	21.50	13.2	1.53	Fsa
17	44	43		NOIEH	Northern Income Equity	Convrt	H	H	H	-3.0	11.4	15.4	13.03	6.4	0.92	FSA
18	28	61		GABAX	Gabelli Asset (2%r<7d)	MC	H	H	H	-3.7	11.6	15.2	47.91	8.3	1.08	FSA
19	23	118		WWNPX	Kinetics Paradigm (2%r<30d)	MC	B	B	B	-4.5	12.9	12.6	25.72	9.9	1.08	Fsa
20	45	209		OBSWX	Old Mutual Small Cap (2%r<10d)	SC	H	H	H	-2.6	12.2	11.3	27.22	12.1	1.52	FSA
21	25	32		TRMCX	T. Rowe Price Mid Cap Value (closed)	MCVal	H	H	H	-3.5	11.0	15.3	25.78	8.6	1.18	fsa
22	52	128		CRMMX	CRM Mid Cap Value Inv (closed)	MC	H	H	H	-2.8	11.9	12.1	30.27	8.8	1.13	FSA
23	43	78		USCGX	USAA Capital Growth	LC	*	H	H	-4.1	12.0	13.3	8.57	13.3	1.63	A
24	17	12		VASVX	Vanguard Selected Value (\$25k, 1%r<1yr)	MCVal	B	B	B	-4.0	10.1	17.7	21.37	8.0	0.98	fsa
25	38	71		PWP	PowerShares Dynamic MC Value	MCVal	H	H	H	-3.1	11.4	12.8	19.12	—	—	—
26	72	282		RYVFX	Royce Value (1%r<180d)	SC	H	H	H	-3.1	13.3	8.1	11.15	13.5	1.54	FSA
27	13	221		MNSCX	WellsFargo Adv Small Cap Growth	SCGro	*	B	B	-4.1	12.9	10.4	13.27	15.9	1.83	fSa
28	1	319		LMOFX	Legg Mason Opportunity Trust (1%r)	MCGro	*	B	B	-6.9	15.6	7.9	19.17	18.9	2.37	—
29	86	171		WPSRX	Westport Select Cap R (closed)	MC	H	H	H	-2.2	11.2	11.6	25.42	8.9	1.05	FSA
30	31	157		JORNX	Janus Orion	MCGro	*	H	H	-4.3	12.5	10.2	10.03	12.1	1.54	FSA
31	21	72		IWS	Russell MidCap Value (IS)	MCVal	H	H	H	-4.1	11.0	13.5	149.50	8.8	1.15	—
32	16	181		ATASX	Aston/TAMRO SmallCap N	SC	*	B	B	-3.7	12.0	10.2	19.71	14.0	1.71	FSA
33	73	239		RYVPX	Royce Value Plus (1%r<180d)	SCGro	*	H	H	-2.9	11.9	9.1	14.32	14.1	1.58	FSA
34	197	325		TWCVX	American Century Vista	MCGro	*	H	H	-2.4	13.0	5.3	17.66	14.2	1.56	FSA
35	187	192		JAVLX	Janus Twenty (closed)	LCGro	*	H	H	-4.0	12.4	9.0	54.28	11.1	1.25	FSA
36	19	139		ARTQX	Artisan Mid Cap Value (closed)	MCVal	B	B	B	-4.2	10.9	12.9	20.59	10.0	1.11	FSA
37	18	195		HRIVX	Heartland Value (2%r<10d)	SCVal	*	(H)	(H)	-4.4	11.7	11.1	50.34	13.7	1.63	FSA
38	42	111		FDVLX	Fidelity Value	MCVal	H	H	H	-3.3	10.9	11.5	82.81	9.6	1.27	Fsa
39	33	103		JKI	Morningstar Mid Value (IS)	MCVal	H	H	H	-3.8	10.5	13.1	87.27	—	—	—
40	134	341		UBRRX	Undiscovered Mgr Behavioral Grwth (\$10k)	MCGro	*	H	H	-2.7	14.4	1.4	24.21	17.7	2.04	fa
41	41	212		NMANX	Neuberger Berman Manhattan	MCGro	*	H	H	-3.9	12.2	8.6	9.31	13.0	1.62	fSa
42	105	143		HDPMX	Hodges Fund (2%r<90d)	MC	*	H	H	-3.0	12.0	7.5	26.18	14.1	1.73	FSA
43	89	173		PWJ	PowerShares Dynamic Mid Cap Growth	MCGro	H	H	H	-2.7	11.0	9.3	19.96	—	—	—
44	7	284		IZZIX	Ironwood Isabelle Small Company Stock	SCVal	*	H	H	-3.2	12.3	6.8	13.58	16.9	1.94	FSA
45	12	23		WEHIX	Weitz Hickory	MC	H	H	H	-5.2	9.8	16.0	39.09	8.9	0.95	fSA
46	92	276		RIMSX	Rainier Small/Mid Cap Equity (closed)	MCGro	*	H	H	-3.2	11.8	7.0	37.80	14.8	1.77	FSA
47	36	174		JAMRX	Janus Research	LCGro	*	H	H	-3.5	11.0	9.6	25.92	9.8	1.26	FSA
48	29	15		WVALX	Weitz Value Fund	LCVal	H	H	H	-5.1	8.9	16.6	39.33	6.9	0.69	FSA
49	56	207		BPSCX	Robeco Boston Ptnrs SCV (closed, 1%r<1yr)	SCVal	H	H	H	-3.0	10.5	9.2	21.35	11.4	1.39	FSA
50	58	86		MERDX	Meridian Growth (2%r<60d)	MCGro	*	H	H	-3.4	10.1	10.8	40.66	10.7	1.41	fa
51	61	206		IJJ	S&P 400 MidCap Value (IS)	MCVal	*	H	H	-3.8	11.0	8.8	81.47	10.6	1.38	—
52	136	242		RYLPX	Royce Low Priced Stock (closed, 1%r<180d)	SC	*	H	H	-2.9	10.6	8.1	16.99	13.8	1.45	fSa
53	34	57		VWVFX	Vanguard Windsor	LCVal	H	H	H	-4.8	10.3	11.7	18.38	8.2	1.14	fSa
54	64	127		JMCVX	Janus Mid Cap Value	MCVal	H	H	H	-3.9	9.7	11.4	24.12	8.3	1.10	FSA
55	—	—		EMM	DJ Wilshire Mid Cap (stlr)	MC	H	H	H	-3.9	11.0	7.8	57.56	—	—	—
56	30	179		JKG	Morningstar Mid Core (IS)	MC	H	H	H	-4.2	10.6	9.0	84.01	—	—	—
57	106	140		WBGXS	William Blair Growth (1%r<60d)	LCGro	H	H	H	-3.1	10.3	8.2	11.58	9.1	1.17	FSA
58	24	47		LLPFX	Longleaf Partners (closed)	LC	(H)	(H)	(H)	-5.4	9.6	13.2	34.59	8.6	0.95	fa
59	100	210		FFTYX	Fidelity Fifty	LCGro	*	H	H	-3.9	11.0	7.1	23.51	11.5	1.46	Fsa
60	8	295		LMASX	Legg Mason Special Investment Trust	MC	*	(H)	(H)	-5.2	12.4	5.7	39.85	14.4	1.76	a
61	46	145		IWR	Russell MidCap (IS)	MC	*	H	H	-4.1	10.1	9.6	101.80	9.8	1.30	—
62	40	149		JAENX	Janus Enterprise	MCGro	H	H	H	-4.3	10.8	8.0	48.48	11.2	1.46	FSA
63	48	177		FIDYX	AIM Dynamics Inv (closed)	MCGro	*	H	H	-4.3	10.4	8.8	21.55	12.0	1.52	Fsa
64	50	227		RYPNX	Royce Opportunity (1%r<180d)	SCVal	*	H	H	-3.4	10.2	7.8	13.28	15.1	1.88	fSa
65	145	229		NBNGX	Sif Mid Cap Growth (2%r<30d)	MCGro	*	H	H	-3.6	10.8	6.4	14.21	12.5	1.42	FSA
66	14	89		BPTRX	Baron Partners	MCGro	*	(H)	(H)	-5.9	10.2	11.2	22.47	13.3	1.46	FSA
67	55	3		LSVRX	Loomis Sayles Value Retail	LCVal	H	H	H	-4.5	8.3	13.8	21.42	—	—	FA
68	49	167		VIMSX	Vanguard Mid-Cap Index	MC	H	H	H	-4.1	10.1	8.8	20.18	10.7	1.41	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	03/16 2007	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	153	51	SMCDX	Wells Fargo Advantage MC Disciplined	MCVal	S	S	S	-2.8	7.7	12.8	22.79	6.9	0.75	FSA	
70	75	37	MAVFX	Matrix Advisors Value (1%r<60d)	LC	*	H	H	-4.5	9.4	10.9	56.11	9.7	1.28	FSA	
71	47	172	VO	Vanguard MidCap ETF	MC	H	H	H	-4.2	10.0	8.9	73.92	11.2	1.45	—	
72	90	273	STDIX	Wells Fargo Advantage Discovery	MCGro	*	H	H	-3.7	10.0	8.1	22.50	14.9	1.82	FSA	
73	93	180	LSCRX	Loomis Sayles Small Cap Value Ret	SC	H	H	H	-3.0	9.2	9.1	26.75	10.9	1.35	FSA	
74	63	222	VEXMX	Vanguard Extended Market Index	MC	*	H	H	-4.3	10.3	7.9	39.19	11.4	1.48	fsc	
75	108	151	FMCSX	Fidelity M-C Stock (closed, .75%r<30d)	MCGro	*	H	H	-3.3	9.8	7.4	30.22	12.9	1.60	fsc	
76	127	18	DODGX	Dodge & Cox Stock (closed)	LCVal	S	S	S	-3.7	8.4	11.6	153.10	7.5	0.98	fsc	
77	57	217	VXF	Vanguard Extended Market ETF	MC	*	H	H	-4.4	10.2	7.9	103.30	11.4	1.48	—	
78	39	332	BERWX	Berwyn Fund (1%r<180d)	SCVal	*	S	S	-4.5	11.8	4.0	29.11	11.4	1.28	fsc	
79	132	238	IJH	S&P 400 MidCap (IS)	MC	S	S	S	-3.9	10.3	6.5	82.39	10.4	1.36	—	
80	62	148	DNLDX	Dreyfus New Leaders	MCGro	*	H	H	-4.5	10.2	7.6	48.30	10.0	1.32	fsc	
81	128	247	MDY	S&P 400 MidCap (SPDR)	MC	S	S	S	-3.9	10.2	6.6	149.70	10.4	1.35	—	
82	235	42	HOVLX	Homestead Value (2%r<30d)	LCVal	S	S	S	-2.5	7.8	10.3	35.97	6.7	0.82	sA	
83	71	161	FLPSX	Fidelity L P Stock (closed, 1.5%r<90d)	MC	S	S	S	-4.1	9.5	8.5	43.24	10.6	1.35	fsc	
84	54	215	VSEQX	Vanguard Strategic Equity (\$10k)	MC	H	H	H	-4.5	10.1	7.5	24.09	12.1	1.56	fsc	
85	26	285	BSCFX	Baron Small Cap	SCGro	*	(H)	(H)	-5.0	11.6	4.4	23.02	13.0	1.38	FSA	
90	65	267	BGRFX	Baron Growth	SCGro	*	(S)	(S)	-4.2	10.1	6.2	49.89	11.9	1.33	FSA	
102	148	73	FSLVX	Fidelity Large Cap Value	LCVal	H	S	S	-4.0	8.1	9.4	14.61	7.5	0.95	Fsa	
130	27	232	KAUFX	Federated Kaufmann Fund (0.2%r)	MCGro	*	(S)	(S)	-5.4	9.9	5.5	5.65	12.1	1.58	FSA	
148	138	198	FOCPX	Fidelity OTC Portfolio	LCGro	*	(S)	(S)	-4.2	8.8	4.8	41.11	14.7	1.90	Fsa	
165	165	25	VDIGX	Vanguard Dividend Growth	LCVal	H	H	H	-4.6	6.3	9.7	14.25	6.3	0.83	fsc	

Dow Jones
NASDAQ
S&P 500

-5.2% **4.8%** **7.6%**
-5.0 **6.1** **3.2**
-4.7 **5.1** **6.3**

indexes do not
include dividends

International Stock Funds

1	3	—	TWMIX	American Century Emerging Mkts	EmerMkt	*	B	B	-4.0%	21.5%	27.9%	\$9.00	18.3	—	FSA
2	9	53	EPP	MSCI Pacific Ex-Japan (IS)	Pacific	*	B	B	-3.0	20.8	27.9	128.10	11.8	—	FSA
3	8	84	ICHIX	Guinness Atkinson China & HK (2%r<90d)	Pacific	*	(H)	(H)	-5.2	21.9	24.7	26.36	16.9	—	FSA
4	11	99	AIOIX	Amer.Cent.Intl Opp. (closed, 2%r<180d)	Int'l	*	B	B	-3.9	23.1	16.1	9.31	14.9	—	—
5	7	8	FSEAX	Fidelity SE Asia (1.5%r<90d)	Pacific	*	B	B	-4.7	19.2	27.0	27.33	16.9	—	Fsa
6	1	87	PGJ	PowerShares Golden Dragon USX	Pacific	*	H	H	-8.2	22.4	24.1	19.60	—	—	—
7	4	2	JAOSX	Janus Overseas (2%r<90d)	Int'l	*	B	B	-5.0	19.4	26.0	45.98	15.1	—	FSA
8	6	7	PRLAX	T. Rowe Price Latin America (2%r<90d)	LatinA	*	*	B	-6.7	20.1	24.1	37.01	20.5	—	fsc
9	12	1	OAKEX	Oakmark Intl Small Cap (closed, 2%r<90d)	Int'l	*	B	B	-2.3	17.3	24.3	23.44	10.8	—	FSA
10	2	43	PRASX	T. Rowe Price New Asia (2%r<90d)	Pacific	*	B	B	-6.2	20.0	22.7	13.77	15.5	—	fs
11	18	25	FFINX	Forward International Equity (2%r<180d)	Int'l	*	B	B	-4.3	18.7	21.8	18.44	12.2	—	FSA
12	16	59	ARTJX	Artisan Intl Small Cap (closed, 2%r<90d)	Int'l	*	B	B	-3.6	18.9	19.9	22.07	12.6	—	SA
13	5	56	ILF	S&P 40 Latin America (IS)	LatinA	*	*	H	-7.4	21.8	17.9	166.80	19.2	—	—
14	22	58	PISRX	Forward Intl Small Companies (2%r<180d)	Int'l	*	(B)	(B)	-2.9	17.7	19.2	19.29	13.6	—	FSA
15	17	82	FSCOX	Fidelity Int Small Cap Opp	Int'l	*	B	B	-4.3	19.1	17.1	16.09	—	—	fsc
16	25	85	WAIGX	Wasatch Intl Growth (closed, 2%r<60d)	Int'l	*	H	H	-3.0	18.1	17.4	21.38	11.5	—	FSA
17	20	47	QFVOX	Quant Foreign Value (1%r<30d)	Int'l	*	B	B	-3.4	17.8	18.8	22.24	12.2	—	FSA
18	32	22	MPYMX	Metzler/Payden Europe Emg Mkts (2%r<30d)	Europe	*	H	H	-3.5	14.3	27.3	31.89	21.4	—	FSA
19	10	46	SLAFX	DWS Latin Amer Equity S (closed, 2%r<30d)	LatinA	*	H	H	-7.8	19.8	16.2	56.17	21.1	—	SA
20	15	41	ADRE	Emerging Mkts 50 ADR (BLDRS)	EmerMkt	*	H	H	-7.7	18.1	19.4	37.35	17.9	—	—
21	21	27	PRESX	T. Rowe Price European (2%r<90d)	Europe	*	H	H	-4.3	16.4	18.2	20.30	10.7	—	fsc
22	—	—	GEMFX	US Global Emerging Markets	Int'l	*	H	H	-5.2	17.3	17.0	14.36	—	—	FSA
23	26	21	FECAIX	Fidelity Europe Capital App (1%r<30d)	Europe	*	H	H	-3.2	14.5	19.6	27.48	13.7	—	Fsa
24	54	13	OAKIX	Oakmark International (2%r<90d)	Int'l	*	H	H	-1.9	13.2	20.7	25.86	9.0	—	FSA
25	46	20	OAKGX	Oakmark Global (2%r<90d)	Global	*	H	H	-2.6	14.1	18.9	25.83	9.8	—	FSA
26	34	45	BJBIX	Julius Baer Intl Eq A (closed, 2%r<90d)	Int'l	*	H	H	-4.0	14.8	18.8	42.49	11.9	—	FS
27	14	4	DREGX	Driehaus Emerg Mkts Gr (closed, 2%r<60d)	Int'l	*	(H)	(H)	-6.3	15.1	21.1	37.94	17.9	—	FSA
28	28	40	TREMX	T. Rowe Price Emg Europe & Med (2%r<90d)	Europe	*	H	H	-5.2	15.9	17.3	31.63	19.4	—	fa
29	31	55	FEMKX	Fidelity Emerging Mkts (1.5%r<90d)	Int'l	*	H	H	-4.9	15.9	16.3	23.83	17.8	—	Fsa
30	23	5	EZU	MSCI EMU (IS)	Europe	*	H	H	-4.5	14.0	20.3	102.80	12.1	—	—
31	44	33	DODFX	Dodge & Cox Intl Stock	Int'l	*	H	H	-3.8	13.8	19.5	44.15	11.2	—	fsc
32	13	23	FLATX	Fidelity Latin America (1.5%r<90d)	LatinA	*	*	H	-7.8	16.9	17.4	43.45	22.1	—	Fsa
33	24	54	PRIDX	T. Rowe Price Intl Disc. (2%r<90d)	Int'l	*	H	H	-4.2	14.7	17.3	47.78	12.9	—	fsc
34	33	83	SSEMIX	SSgA Emerging Markets	Int'l	*	S	S	-5.5	15.8	15.7	22.83	17.1	—	FA
35	27	72	PRMSX	T. Rowe Price Emerging Mkts Stock	Int'l	*	H	H	-6.1	16.3	15.0	31.14	16.5	—	fsc
36	40	14	VEURX	Vanguard European Stock Index (2%r<60d)	Europe	*	H	H	-4.3	12.9	19.8	35.92	10.6	—	fsc
37	29	17	ICSEX	ICON Europe	Europe	*	H	H	-4.6	13.4	18.6	20.97	13.9	—	FSA
38	19	3	SCOPX	DWS Pacific Opp Eq, S (closed, 2%r<30d)	Pacific	*	(S)	(S)	-6.5	13.5	21.1	20.76	14.8	—	SA
39	30	86	SGSCX	DWS Gbl Opportunities S (closed, 2%r<30d)	Int'l	*	S	S	-4.4	15.4	12.7	43.24	12.2	—	FSA
40	41	6	VGK	Vanguard European ETF	Europe	*	H	H	-4.6	12.5	19.4	67.62	—	—	—
41	39	90	EEM	MSCI Emerging Markets (IS)	EmerMkt	*	H	H	-6.6	15.5	14.4	110.30	17.1	—	—
42	66	100	EUROX	US Global Eastern Europe (2%r<180d)	Europe	*	S	S	-4.5	15.6	10.9	44.07	22.0	—	FSA
43	36	71	VEIEX	Vanguard Emerging Mkts Stk Index (.5%r)	Int'l	*	H	H	-6.0	15.0	14.0	23.57	16.7	—	fsc
44	35	51	PRGSX	T. Rowe Price Global Stock (2%r<90d)	Global	*	H	H	-5.6	14.1	15.1	22.65	9.8	—	fsc
73	65	39	VWIGX	Vanguard International Growth (2%r<60d)	Int'l	*	H	H	-4.9	11.0	14.5	23.63	10.7	—	fsc

Bond Funds (next issue on page 6: Specialty Funds)
 03/16/2007

Ticker Symbol	FUND NAME	Fund Type	Conservative	Moderate	Venturesome	TOTAL RETURN			PRICE PER SHARE	Std. Dev.	Yield	NTF/wft
						1 mo.	6 mo.	12 mo.				
BUFHX	Buffalo High-Yield (2%r<180d)	HighYld	*	*	*	-0.3%	5.3%	7.4%	\$11.36	3.44	6.05%	FSA
FAGIX	Fidelity Capital & Income (1%r<90d)	HighYld	*	*	*	-0.3	7.4	11.3	8.99	4.51	6.00	Fsa
SPHIX	Fidelity High Income (1%r<90d)	HighYld	*	*	*	0.1	6.1	9.8	9.11	3.52	6.98	Fsa
JAHYX	Janus High Yield (2%r<90d)	HighYld	*	*	*	-0.4	6.7	10.9	9.87	3.62	7.25	FSA
NTHFX	Northeast Investors Trust	HighYld	*	*	*	0.4	8.0	12.8	7.93	3.44	6.71	fa
PHYDX	PIMCO High Yield (2%r<30d)	HighYld	*	*	*	0.2	5.7	8.1	9.95	3.73	6.65	FSA
STHYX	Strong High Yield Bond (1%r<180d)	HighYld	*	*	*	-0.2	6.0	9.3	7.86	3.17	6.97	FSA
STHBX	Strong S-T High Yield	HighYld	*	*	*	0.4	2.9	5.6	8.55	1.30	5.65	FSA
PRHYX	T. Rowe Price High Yld (closed,1%r<1yr)	HighYld	*	*	*	0.0	7.0	10.3	7.10	3.39	7.19	fsc
TGHNX	TCW Galileo High Yield Bond	HighYld	*	*	*	0.0	6.9	9.5	7.09	4.22	6.94	FSA
VAGIX	Value Line Aggressive Inc (1%r<120d)	HighYld	*	*	*	-0.2	4.8	6.5	5.09	3.37	6.46	FSA
VWEHX	Vanguard High Yield Corporate (1%r<1yr)	HighYld	*	B	*	0.2	6.3	9.0	6.26	3.44	6.98	fsc
BEGBX	American Century Intl Bond	Int'l	*	*	*	2.0	4.7	8.6	13.95	7.09	2.22	FSA
SSTGX	DWS Global Bond S (closed,2%r<30d)	Int'l	*	*	*	1.2	3.1	5.5	9.75	4.00	2.73	Sa
FNMX	Fidelity New Markets Income (1%r<90d)	Int'l	*	*	*	0.2	5.2	8.2	14.84	6.80	5.70	Fsa
RPBIX	T. Rowe Price Int'l Bond (2%r<90d)	Int'l	*	*	*	1.8	4.5	7.6	9.75	6.93	3.36	fsc
BGNMX	American Century Ginnie Mae	IntTerm	*	*	*	0.8	3.4	5.1	10.20	2.32	4.85	FSA
CPTNX	American Century Government Bond	IntTerm	*	*	*	0.8	3.3	5.4	10.48	2.77	4.52	FSA
SRBFX	Columbia Intermediate Bond Clz	IntTerm	*	*	*	0.6	4.5	6.5	8.89	2.97	5.05	FSA
DODIX	Dodge & Cox Income	IntTerm	*	*	*	0.6	4.2	6.3	12.76	2.43	4.83	fsc
DRBDX	Dreyfus A Bonds Plus	IntTerm	*	*	*	0.8	4.1	5.9	13.60	3.34	4.57	FSA
DRGMX	Dreyfus GNMA	IntTerm	*	*	*	0.7	3.1	4.6	14.39	2.58	4.39	FSA
DSINX	Dreyfus Premier Core Bond (closed)	IntTerm	*	*	*	1.0	4.5	6.6	14.46	3.29	4.73	fsc
SCSBX	DWS Core Plus Income S (closed,2%r<15d)	IntTerm	*	*	*	0.7	4.1	6.0	12.76	3.21	4.94	Sa
FTRGX	Federated Total Return Govt	IntTerm	*	*	*	1.0	3.0	4.9	10.67	3.34	4.78	fsc
FTHRX	Fidelity Intermediate Bond	IntTerm	*	*	*	0.9	2.7	4.9	10.33	2.68	4.38	Fsa
IEF	Lehman 7-10 Year Treasuries (iS)	IntTerm	*	*	*	1.5	4.0	5.7	83.55	5.27	4.24	—
AGG	Lehman Aggregate Bond (iS)	IntTerm	*	*	*	0.8	3.8	5.7	100.58	3.32	4.68	—
MWTRX	MetroWest Total Return	IntTerm	*	*	*	1.0	4.7	7.3	9.82	2.81	4.92	FSA
PTDX	PIMCO Total Return (2%r<7d)	IntTerm	*	*	*	1.1	3.1	4.6	10.46	3.24	4.43	FSA
PTMDX	PIMCO Total Return Mortgage (2%r<7d)	IntTerm	*	*	*	1.0	3.6	5.7	10.73	2.58	4.35	FSA
PRGMX	T. Rowe Price GNMA	IntTerm	*	*	*	0.8	3.4	5.1	9.41	2.29	4.95	fsc
PRCIX	T. Rowe Price New Income	IntTerm	*	*	*	0.8	3.8	5.6	8.97	3.20	4.62	fsc
TGMNX	TCW Galileo Total Return Bond	IntTerm	*	*	*	1.1	4.3	6.8	9.91	2.78	4.58	FSA
USAIX	USAA Income	IntTerm	*	*	*	1.0	4.0	6.0	12.24	3.26	4.74	A
VALBX	Value Line U.S. Govt Sec	IntTerm	*	*	*	0.9	3.3	5.1	11.50	2.87	4.09	FSA
VFIX	Vanguard GNMA	IntTerm	B	*	*	0.7	3.5	5.4	10.24	2.56	5.11	fsc
VFITX	Vanguard Intermediate Term U.S. Treasury	IntTerm	*	*	*	1.2	3.8	5.5	10.86	3.98	4.60	fsc
VBMFX	Vanguard Total Bond Market Index	IntTerm	*	*	*	0.9	4.0	5.9	10.05	3.35	4.87	fsc
STVSX	Wells Fargo Adv Govt Sec Inv	IntTerm	*	*	*	0.9	3.3	5.0	10.38	3.09	4.76	FSA
MNTRX	Wells Fargo Adv Total Return Bond	IntTerm	*	*	*	0.8	3.8	5.7	12.17	3.24	4.62	fsc
WTBIX	Westcore Plus Bond (2%r<90d)	IntTerm	*	*	*	0.7	4.3	7.1	10.63	2.94	5.25	FSA
DRGBX	Dreyfus 100 Treasury L-T	LngTerm	*	*	*	1.7	4.5	5.4	16.00	7.04	4.40	FA
KIFIX	FifthThird Bond	LngTerm	*	*	*	0.8	3.7	5.2	9.91	3.21	4.38	fa
LQD	GS InvestTop Corp Bond (iS)	LngTerm	*	*	*	0.0	3.8	5.7	107.50	4.94	5.02	—
TLT	Lehman 20+ Year Treasuries (iS)	LngTerm	*	*	*	1.8	5.1	5.6	89.85	9.10	4.47	—
MGFIX	Managers Bond	LngTerm	*	*	*	0.6	5.0	9.0	25.12	3.68	4.43	FSA
PRPIX	T. Rowe Price Corporate Inc	LngTerm	*	*	*	0.6	5.0	6.7	9.73	4.27	5.04	fsc
PRULX	T. Rowe Price U.S. Treas. L-T	LngTerm	*	*	*	1.7	3.6	4.4	11.53	6.95	4.48	fsc
VWESX	Vanguard Long-Term Investment-Grade	LngTerm	*	*	*	1.1	5.8	6.8	9.35	7.72	5.54	fsc
VUSTX	Vanguard L-T U.S. Treasury	LngTerm	*	*	*	1.6	4.7	5.7	11.26	7.48	4.83	fsc
STCBX	Wells Fargo Adv Corporate Bond Inv	LngTerm	*	*	*	0.5	4.4	5.9	10.32	4.30	4.78	FSA
FSICX	Fidelity Strategic Income	Multi	B	B	*	0.5	4.4	7.6	10.66	3.56	5.23	Fa
JAFIX	Janus Flexible Bond	Multi	*	*	*	0.8	4.1	5.9	9.48	3.24	4.69	FSA
LSBDX	Loomis Sayles Bond Instl (\$100k,2%r<60d)	Multi	B	B	*	-0.2	5.3	9.6	14.53	4.78	5.25	fsA
LSBRX	Loomis Sayles Bond Retail (2%r<60d)	Multi	B	B	*	-0.1	5.2	9.4	14.49	4.75	5.05	FSA
RPSIX	T. Rowe Price Spectrum Income	Multi	*	*	*	-0.1	4.9	7.4	12.16	2.87	4.49	fsc
DSTIX	Dreyfus Premier Short-Term Income	ShTerm	H	*	*	0.6	3.1	5.2	10.95	1.60	4.38	FSA
MGIDX	Managers Int. Duration Govt	ShTerm	*	*	*	0.7	3.4	5.6	10.58	2.44	4.44	FSA
MWLDX	MetroWest Low Duration	ShTerm	H	*	*	0.6	3.1	5.7	9.49	1.31	4.63	FSA
SWBDX	Schwab S-T Bond Mkt Index	ShTerm	H	*	*	0.8	3.2	5.5	9.97	1.76	4.67	fS
SSTBX	Strong S-T Bond	ShTerm	H	*	*	0.6	2.8	5.0	8.53	1.29	4.69	FSA
PRWBX	T. Rowe Price S-T Bond	ShTerm	H	*	*	0.8	3.0	5.2	4.71	1.39	4.17	fsc
VFSTX	Vanguard Short-Term Investment Grade	ShTerm	H	*	*	0.7	3.3	5.8	10.61	1.48	4.49	fsc
VSGBX	Vanguard S-T Federal	ShTerm	*	*	*	0.7	3.0	5.2	10.33	1.63	4.13	fsc
MNSGX	WellsFargo Montgomery S Dur Govt (closed)	ShTerm	H	*	*	0.7	2.8	4.8	9.91	1.33	4.32	fsc
BTINX	American Century Target 2010	ZeroCpn	*	*	*	1.0	3.0	4.7	92.10	4.44	4.66	FSA
BFTX	American Century Target 2015	ZeroCpn	*	*	*	1.6	4.6	6.1	79.96	7.87	4.80	FSA
BITTX	American Century Target 2020	ZeroCpn	*	*	*	1.8	5.3	5.6	60.65	10.92	4.30	FSA
BITRX	American Century Target 2025	ZeroCpn	*	*	*	2.2	5.8	5.2	53.01	13.77	4.25	FSA

Two Fidelity Funds Change Stripes

On February 1st Fidelity Discovery Fund (FDSVX) was renamed, and is now known as **Fidelity Growth Discovery Fund**. Shedding its previous style of utilizing both growth and value stocks, the Fund will focus on growth stocks of all sizes and shapes. Accordingly, Fidelity has changed the fund's benchmark from the S&P 500 to the Russell 3000 Growth Index. It may be a good time for the change, as this fund has underperformed the S&P 500 each of the last four years.

Fidelity Growth Discovery (FDSVX)

Fund Type: Large Cap
Manager: Jason Weiner (since 2/07)
2006 Return: +13.9%
ML Rank 3/16/07: #295 out of 324 Domestic Stock Funds
Best Quarter (since 1/00): +12.4% (2Q 2003)
Worst Quarter (since 1/00): -16.0% (3Q 2001)
What \$10,000 Grew To in Five Years (02-06): \$12,969
Minimum Investment: \$2,500
Phone: (800) 544-9797

Also on February 1st **Fidelity Trend Fund (FTRNX)** began concentrating on large growth companies, in lieu of its previous flexible style. The fund's benchmark index was changed from the S&P 500 to the Russell 1000 Growth Index, which represents the 1000 largest U.S. "Growth" companies. \$

Fidelity Trend (FTRNX)

Fund Type: Large Cap
Manager: Jeffrey Feingold (since 2/07)
2006 Return: +13.1%
ML Rank 3/16/07: #260 out of 324 Domestic Stock Funds
Best Quarter (since 1/00): +15.8% (2Q 2003)
Worst Quarter (since 1/00): -17.0% (3Q 2001)
What \$10,000 Grew To in Five Years (02-06): \$13,583
Minimum Investment: \$2,500
Phone: (800) 544-5555

Just In

Effective at the close of the market on March 30, the Artisan International Value Fund (ARTKX) will close to new investors. For more information, call 800-399-1770.

MONEYLETTER DIRECTORY

WRITE: PRI Financial Publishing Inc.
 479 Washington Street
 P.O. Box 6020
 Holliston, MA 01746

TOLL-FREE: (800) 890-9670
 Call M-F, 8:30am - 5pm ET
 or leave a message 24/7

E-MAIL: service@moneyletter.com

WEBSITE: www.moneyletter.com

TELEPHONE HOTLINE: (410) 528-1804

FREE SAMPLE COPY: (800) 890-9670
 (Tell A Friend)

100% U.S. TREASURY FUNDS

	7-Day	30-Day	1-Year
Gabelli US Treasury MMF	5.04%	5.07%	4.93%
Vanguard Treasury MMF	4.95	4.95	4.71
Fidelity US Treasury MMF	4.82	4.81	4.58
Amer Century Capital Presv Fund/Inv	4.77	4.76	4.52
T. Rowe Price US Treasury MF	4.76	4.67	4.42
JPMorgan 100% US Treas MMF/Morgan	4.66	4.63	4.39
HSBC Investor US Treas MM/CI D	4.61	4.61	4.31
DBAB Cash Reserve Treas/Inv	4.58	4.53	4.19
Schwab US Treasury Money Fund	4.58	4.55	4.34
Merrill Lynch CMA Treas Fund RIC	4.56	4.49	4.24
Merrill Lynch WCMA Treas Fund CI 3	4.56	4.49	4.24
Merrill Lynch WCMA Treas Fund CI 4	4.56	4.49	4.24
RMK Select Treas MMF/CI A	4.56	4.54	4.37

GENERAL PURPOSE TAXABLE FUNDS

	7-Day	30-Day	1-Year
Transamerica Premier Cash Res/Inv	5.22%	5.22%	5.06%
Vanguard Prime MMF/Investor	5.22	5.22	5.04
MFS Money Market Fund	5.17	5.14	4.98
McMorgan Principal Preservation	5.17	5.25	5.03
PayPal Money Market Fund	5.17	5.17	4.99
TIAA-CREF Money Market Fund	5.17	5.21	5.03
Harbor Money Market Fund	5.16	5.17	4.98
TCW Money Market Fund	5.14	5.14	4.92
Fidelity Money Market Fund	5.11	5.10	4.95
Fidelity Cash Reserves	5.09	5.07	4.90
SSgA MMF/CI A	5.09	5.09	4.90

TAX-FREE GENERAL PURPOSE FUNDS

	7-Day	30-Day	1-Year
Alpine Municipal MMF/Investor	3.54%	3.60%	3.52%
Vanguard Tax-Exempt MMF	3.54	3.59	3.47
Fidelity AMT Tax-Free Money Fund	3.30	3.37	3.29
DWS Tax-Exempt Money Fund	3.27	3.34	3.21
Fidelity Municipal MMF	3.25	3.27	3.21
T-E Portfolio/Managed Shares	3.25	3.27	3.15
Dreyfus BASIC Muni MMF	3.22	3.27	3.18
Morgan Stanley ActiveAssets T-F Tr	3.22	3.24	3.11
Marshall Tax Free MMF/Class Y	3.21	3.29	3.20
Amer Century T-F MMF/Inv Class	3.20	3.24	3.16

TAX-FREE STATE-SPECIFIC FUNDS

	7-Day	30-Day	1-Year
Vanguard PA Tax-Exempt MMF	3.52%	3.58%	3.46%
Vanguard OH Tax-Exempt MMF	3.51	3.57	3.45
Vanguard NJ Tax-Exempt MMF	3.50	3.54	3.41
Vanguard NY Tax-Exempt MMF	3.50	3.55	3.43
Vanguard CA Tax-Exempt MMF	3.44	3.49	3.37
Fidelity NJ AMT Tax-Free MMF	3.24	3.31	3.25
Dreyfus BASIC NJ Muni MMF	3.21	3.28	3.16
Fidelity CA AMT Tax-Free MMF	3.21	3.28	3.24
Dreyfus BASIC CA Muni MMF	3.20	3.23	3.09
Fidelity FL Municipal MMF	3.20	3.22	3.16
Fidelity MA AMT Tax-Free MMF	3.20	3.26	3.19
Fidelity NY AMT Tax-Free MMF	3.20	3.27	3.19

(continued from page 8)

S&P 500: business services. Some of its holdings are familiar to all: Goodyear Tire & Rubber, Continental Airlines, and OfficeMax. In fact, Goodyear Tire & Rubber is a big gainer for the fund this year, with a better than 35% advance, as is Avnet (electronic components, up 42%). The fund's performance has generally compared favorably against its small-cap blend peers, and it's in the top 10% of the category for the year-to-date with a gain of 1.1%. \$

State Street Global Advisors, (866) 787-2257
 Traded on the AMEX

Pure Cap Plays: Three DJ Wilshire ETFs

Bolstering *MONEYLETTER*'s ETF coverage, with this issue we are adding three SPDR DJ Wilshire ETFs to our fund universe. The three cover the main market capitalization ranges—large, mid, and small—segmenting the Dow Jones Wilshire 5000 universe. Because the ETFs focus on such a large index, they each have a large number of holdings, providing broad diversification, especially as compared to an ETF or index fund tracking a smaller index.

These ETFs have an additional benefit over many other funds focusing on other indexes. The large-, mid-, and small-cap indexes made from the Dow Jones Wilshire 5000 use market cap buffer zones to reduce stock turnover. In other words, each index does not drop stocks as soon as they move out of its designated range. Instead, it slowly transitions the holding from the original index to the one into whose range it has moved. The indexes are reviewed twice yearly, in March and September, and new stocks (IPOs) are added to the indexes monthly. SSgA Funds Management is the advisor for these ETFs, which are team-managed.

SPDR DJ Wilshire Large Cap ETF (ELR)

The boggy for this fund is the Dow Jones Wilshire Large Cap Index, which invests in the 750 largest stocks in the Wilshire 5000. While the ETF is predominately large cap,

Top Ten Holdings and Sectors (% Total Net Assets)

Exxon Mobil	3.0	Financials	22.4
General Electric	2.6	Information Technology	14.7
Citigroup	1.8	Health Care	12.0
Microsoft	1.8	Consumer Discretionary	8.8
AT&T	1.7	Industrials	10.4

As of March 15, 2007

about 17% of the portfolio is actually invested in mid-cap issues. That means it contains both mature companies, as well as some “growthier” issues. Still, the bulk of the portfolio is in fairly valued or even undervalued stocks, especially oil companies and financial services firms. The average earnings growth rate for the portfolio is 12.3%. The fund portfolio is very close to the S&P 500 in sector weightings. Performance-wise, it has tended to lag its Morningstar large-cap blend category. For the year-to-March 15, the fund is down 1.3%, reflecting the sag in large-cap stocks. Only one of its top ten holdings is in positive territory—AT&T.

SPDR DJ Wilshire Mid Cap ETF (EMM)

From the Dow Jones Wilshire 5000, this fund (and its boggy) target the 501st largest stock through the 1,000th largest. These stocks do, in fact, fall squarely in the mid-cap range. Many of the fund's peers track the S&P Midcap 400, and compared to that index, the DJ Wilshire offering contains some more speculative issues, as it does not screen out companies without positive earnings. As would be expected, the average earnings growth rate of the port-

Top Ten Holdings and Sectors (% Total Net Assets)

IntercontinentalExchange	0.5	Financials	22.9
SL Green Realty Corp.	0.5	Consumer Discr.	14.2
Health Care Property Inv.	0.5	Industrials	12.9
Terex Corp.	0.4	IT	11.5
Level 3 Communications	0.4	Health Care	10.8

As of March 15, 2007

folio is greater than that of its large-cap sibling, at 13.2%. Compared to the S&P 500 sector breakdown, the fund significantly underweights hardware, media, and telecommunications, and overweights business services and utilities. The ETF is up 2.9% year-to-date, and it generally has been an above-average performer in the mid-cap blend category. Level 3 Communications (distressed telecom firm), Temple-Inland (packaging, banking, timberlands), and Tesoro Corp. (oil refiner) have been good performers for the ETF this year.

SPDR DJ Wilshire Small Cap ETF (DSC)

This ETF holds over 1,700 stocks, with about 60% in small-cap stocks and 40% in mid caps, as it targets securities from 751 to 2,200 in size out of the DJ Wilshire 5000. The portfolio's average earnings growth eclipses the other two, at nearly 15%. Its largest overweight relative to the

Top Ten Holdings and Sectors (% Total Net Assets)

IntercontinentalExchange	0.5	Financials	20.4
Avnet	0.3	IT	15.6
Goodyear Tire & Rubber	0.2	Industrials	15.3
Plains All Amer. Pipeline	0.2	Consumer Discr.	15.2
Energy Transfer Equity LP	0.2	Health Care	9.8

As of March 15, 2007

(continued on page 7)

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.