

MONEYLETTER HOTLINE 01/29/01

Don't Be An (Institutional) Lemming

Today was a brutal day for stocks. But it was more of a panic day, in our opinion. It was one of those days when emotion sweeps the market and the institutional lemmings join the panic. Concern over accounting methods, triggered by the Enron revelations, had investors selling some names such as Tyco and other former favorites whose accounting practices were challenged. Before long the short sellers joined in and the day rolled on. Indicators of fear spiked up.

Meanwhile, back at the economy, the latest numbers continued to indicate an economy emerging out of a recession. But the market paid no notice. We believe that days such as this, and there may be further selling, set up buying opportunities. The economy is in the course of moving up. Many on Wall Street feel the recovery will be feeble and of no consequence for profits. We firmly believe they will be wrong, much as they have been wrong about the timing of this recovery. Remember all the talk about the last half before a recovery would begin. We believe we will be in for positive surprises as this year develops. But right now the institutional managers are focused on scrubbing their portfolios clean of suspected accounting gimmickry. Put the blame on Enron.

There is no change in our recommended allocations.

Fund Recommendations – For domestic stock funds, there are three new holds: Oakmark Fund, Royce Premier and Safeco Growth Opportunities. For international stock funds, there is one new buy: Tweedy, Browne Global Value.

The Economy – There was good news all around. Durable goods new orders increased again. Consumer confidence rose to its highest level since last August. The weekly retail sales surveys show January with a good increase over December. But nobody cared today. We'll get the employment report on Friday. We expect a positive report. We look for continued improvement ahead.

The Bond Market – The bond market rallied as the severity of today's selling became apparent. Tomorrow the Fed's meeting ends and we'll have their decision on rates. We don't expect any change. Bond prices already reflect this. We see steady rates for some months.

The Stock Market – Today's selling was different from the selling we have seen so far this year. This is no longer profit-taking. We see this as more of a spasm than a sustained flight from stocks. There was much technical damage today, but the underlying direction of the market has not changed. We continue to look for higher prices ahead.

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Clarification By Mr. Greenspan

Alan Greenspan's more upbeat talk about the economy helped snap Wall Street out of its sullen mood and prices have been grudgingly rising since. We have felt all along that the Street misinterpreted Greenspan's last speech, and he allowed yesterday that his wording could have been better. In any case, Mr. Greenspan stressed that a significant force is about to move from negative to positive for the economy, namely, inventory spending.

Meanwhile this week's economic numbers continue to point to the beginning of a recovery. Some on Wall Street are beginning to notice. The respected economic team at J. P. Morgan are now forecasting substantial growth over the next two quarters. We expect they will be right. Their outlook is undoubtedly more bullish than most on the Street. If we get this more rapid growth, we should see the effect on profits. This is the basis for our view that we will see higher prices ahead. We expect Wall Street to remain skeptical of any thrust from the economy until it occurs. The Street has no confidence now about anything.

There is no change in our recommended allocations.

Fund Recommendations – For domestic stock funds, there is one new buy: Aegis Value. There is one new sell: MSI Value Portfolio. There is no change for international stock funds.

The Economy – The weekly retail surveys show this month shaping up as a strong one so far compared to December. The profit reports continue and we are getting a somewhat better tone from them. Remember these are last quarter's reports, a quarter when the economy was still moving down. We look for continued improvement ahead.

The Bond Market – After Greenspan's clearer talk and the recent economic data, the bond market has given up on another rate cut. They are right. We do not see rates moving up much from here, but as we have said earlier, we have seen the low in rates for this cycle.

The Stock Market – We believe the correction is over. Also the action of last few days leaves it unclear whether we are seeing a shift in market favorites. Technology has come back somewhat as some profit reports have been encouraging. It may be all we have had is pure profit-taking after last quarter's run-up. We look for a better market ahead.

Domestic Stock Funds — data as of 01/25/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Buffalo Small Cap	B	2.9%	11.1%	32.1%	51 Needham Growth Fund	H	1.9	0.2	-4.2
2 Aegis Value Fund	B	4.1	10.6	30.1	52 T. Rowe Price Equity-Income	H	0.2	-1.7	2.6
3 Fidelity Low Priced Stock(3%)	B	1.9	9.0	22.4	53 RS Diversified Growth	H	2.4	-0.4	-5.2
4 Heartland Value	B	3.2	4.6	28.9	54 Mutual Qualified(1%)CIZ	H	1.2	-4.5	6.0
5 Boston Ptrns Smlcap Val	B	0.1	4.0	34.6	55 Sound Shore	S	-0.7	-3.4	5.6
6 TCW Galileo Value Opportunity	B	-1.5	8.4	24.5	56 T. Rowe Price Dividend Growth	H	-0.1	-0.5	-2.7
7 Yacktman Fund	B	-0.5	10.7	17.3	57 Galaxy Equity Value(3.75%)	H	1.0	-2.2	-0.4
8 T.Rowe Price Mid Cap Value	B	2.3	7.6	18.3	58 Vanguard SmallCap Index+	H	-1.2	-1.3	0.2
9 Berwyn Fund	B	1.5	2.9	29.1	59 Salomon Brothers Capital	H	0.9	-2.1	-1.0
10 Thompson Plumb Growth	H	0.6	7.7	18.2	60 Tweedy, Browne American	H	0.5	-3.3	2.2
11 T. Rowe Price Small-Cap Value	B	2.4	4.4	22.8	61 Vanguard Equity-Income	S	-0.4	-1.4	-1.5
12 Berger Mid Cap Value	B	2.1	5.9	17.8	62 Federated Kaufmann Fund+	H	-2.6	-2.7	4.8
13 Fidelity Small Cap Ind.(1.5%)	B	-0.8	8.5	12.3	63 Babson Value	S	2.2	-4.6	2.2
14 Royce Low Priced Stock	B	0.8	5.3	17.5	64 Fidelity Convertible Securities	S	-0.2	-1.1	-3.3
15 Wasatch Small Cap Value(closed)	B	2.5	0.0	27.3	65 Weitz Value Fund	S	3.1	-4.5	0.1
16 Clipper Fund	B	0.7	6.8	12.7	66 MSI Value Portfolio	S	-0.5	-3.5	2.8
17 Wasatch Small Cap Growth+	B	-3.8	6.7	17.8	67 T.Rowe Price Mid Cap Growth	S	-1.8	-0.8	-2.4
18 Neuberger Berman Genesis	B	0.6	4.9	14.6	68 Vanguard Explorer+	H	-1.5	-0.8	-2.7
19 Vontobel U.S. Value	H	3.4	3.6	11.9	69 T. Rowe Price Growth & Income	S	-1.0	-0.2	-5.3
20 Loomis Sayles Small Cap Value	B	0.7	3.8	14.1	70 Strong Advisor Common Stock	S	0.2	-0.8	-6.1
21 RS Partners	H	4.0	2.5	10.7	71 PBHG Small Cap Value	S	-2.5	-1.6	0.0
22 Pennsylvania Mutual+(1%)	B	0.7	2.6	15.1	72 Mutual Beacon(1%)CIZ	S	0.9	-5.0	2.9
23 T. Rowe Price Cap Appreciation	H	1.2	2.8	12.9	73 Neuberger Berman Focus+	S	6.0	-3.0	-10.3
24 Meridian Fund	B	0.3	3.7	11.7	74 Mutual Shares(1%)CIZ	S	0.7	-5.3	3.2
25 Royce Total Return	B	0.9	2.3	14.2	75 Muhlenkamp Fund	H	0.4	-5.6	3.7
26 Oakmark Select(closed)	B	0.6	0.0	18.7	76 MSI Small Cap Value(closed)	S	1.0	-4.1	-1.4
27 American Century Equity Income	B	-0.4	3.5	10.8	77 Neuberger Berman Partners	S	0.5	-2.8	-4.8
28 Vanguard Small-Cap Value Index	H	1.3	3.4	8.1	78 Fidelity Fifty+	S	0.4	-2.7	-5.3
29 American Century Value	B	-0.7	2.8	11.4	79 T. Rowe Price New Era	S	-1.0	-3.7	-1.2
30 Eclipse Small Cap Value	H	1.8	0.6	12.6	80 Fidelity Dividend Growth	H	0.0	-2.3	-6.7
31 T. Rowe Price Small Cap Stock	H	-0.2	3.1	8.6	81 MSI Mid Cap Value	S	0.0	-4.6	-1.0
32 Westport Samll Cap R	H	1.7	2.6	5.6	82 Vanguard Convertible Securities	S	-0.8	-2.6	-6.4
33 Fidelity Value	H	0.9	0.2	11.9	83 Neuberger Berman Guardian	S	0.3	-3.8	-5.3
34 Dodge & Cox Stock	H	0.1	-0.3	12.2	84 Nicholas II	S	-1.8	-1.3	-8.5
35 Royce Opportunity+	B	1.9	0.4	6.8	85 Loomis Sayles Value	S	0.9	-4.4	-4.8
36 Wasatch Core Growth+(closed)	B	-2.1	-5.1	25.8	86 Fidelity Equity-Income II	S	0.4	-3.6	-6.3
37 Oakmark Fund	H	0.6	-1.5	12.5	87 Salomon Brothers Investors	S	1.2	-3.5	-7.9
38 Royce Premier	H	-2.4	1.7	6.9	88 Strong Opportunity+	S	0.2	-3.0	-7.9
39 Bogle Small Cap Growth	H	0.7	-0.5	7.0	89 Fidelity Equity-Income	S	0.0	-3.8	-5.9
40 Legg Mason Special Investment	H	4.2	-0.5	1.4	90 UMB Scout Stock	S	-1.0	-2.1	-9.1
41 Safeco Growth Opportunities+	H	-0.9	-2.7	11.6	91 Dreyfus Appreciation	S	0.0	-3.0	-8.4
42 Vanguard Mid-Cap Index+	H	0.9	0.1	1.8	92 Strong Mutli Cap Value	S	-1.4	-4.8	-1.9
43 Longleaf Partners Smallcap	H	2.5	-3.0	7.1	93 Fidelity New Millennium(3%)	S	0.2	1.1	-19.3
44 Longleaf Partners	H	0.8	-2.6	8.1	94 INVESCO Value Equity	S	0.4	-4.7	-5.6
45 Dreyfus Mid Cap Index	H	0.8	-0.3	1.2	95 T. Rowe Price New Horizons	S	-2.9	-1.4	-8.9
46 Strong Discovery+	H	1.1	0.1	-0.8	96 Fidelity Contrafund(3%)	S	-0.2	-3.4	-8.4
47 Vanguard Windsor	H	0.0	-0.3	1.6	97 Liberty-SteinRoe Balanced	S	-0.1	-3.8	-7.6
48 Homestead Value	H	-1.3	-1.1	5.6	98 CS Warburg Pincus Value	S	-1.1	-5.9	-1.3
49 Harbor Value	H	0.7	-1.7	4.0	99 Artisan Midcap+	S	-2.9	-2.0	-9.2
50 Salomon Brothers Opportunity	H	1.5	-0.7	0.0	100 Fidelity Growth & Income(3%)	S	-0.9	-3.9	-7.9

DOMESTIC STOCK FUNDS
Continued on next page

Domestic Stock Funds continued — data as of 01/25/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 Fidelity Mid-Cap Stock+	S	-1.1	-5.4	-4.7	151 Janus Growth & Income	S	-1.2	-5.9	-18.9
102 Vanguard Windsor II	S	-0.4	-6.1	-4.4	152 Vanguard/Morgan Growth+	S	-0.9	-5.6	-20.2
103 Vanguard Extended Market Index	S	-0.2	-2.9	-13.3	153 Bonnel Growth Fund	S	-1.3	-3.6	-25.2
104 T. Rowe Price Growth Stock	S	-1.5	-2.0	-13.6	154 American Century Ultra+	S	-1.2	-6.3	-19.1
105 American Century Income &	S	-0.6	-4.3	-10.0	155 Babson Growth+	S	1.1	-5.7	-24.2
106 Gabelli Asset	S	-1.0	-5.7	-5.9	156 Columbia Special+	S	-2.3	-5.3	-20.1
107 Galaxy Small Co. Equity(3.75%)	S	-2.1	-5.2	-5.4	157 American Century Vista	S	0.5	-8.4	-16.6
108 ICM/Isabelle Small Cap Value	S	-0.9	-8.7	1.3	158 Baron Asset	S	-3.1	-7.0	-15.2
109 Dreyfus Fund	S	-0.3	-3.8	-12.5	159 Vanguard Value Index	S	-0.3	-9.3	-14.8
110 Dreyfus New Leaders	S	0.1	-5.5	-9.4	160 Harbor Capital Appreciation+	S	-2.0	-4.8	-23.8
111 INVESCO Equity Income	S	0.6	-4.9	-11.7	161 CS Warburg Pincus Emerging	S	-2.4	-3.9	-26.3
112 USAA Growth & Income	S	-1.0	-5.9	-7.4	162 Harbor Growth	S	1.9	-2.1	-37.3
113 William Blair Growth	S	-0.9	-2.8	-15.5	163 Scudder Capital Growth AARP	S	-1.1	-6.1	-22.9
114 Fidelity Stock Selector	S	-1.1	-4.4	-11.6	164 American Century Select+	S	-1.3	-7.6	-19.1
115 Vanguard Growth Index +	S	-1.5	-2.8	-15.2	165 Columbia Common Stock	S	-1.3	-7.6	-19.5
116 Selected American Shares	S	-1.0	-4.4	-12.9	166 Turner Midcap Growth+	S	0.7	-5.7	-27.2
117 Fidelity Disciplined Equity	S	-0.5	-4.6	-13.4	167 Liberty-SteinRoe Capital Oppor-	S	0.2	-6.5	-24.5
118 Vanguard Growth & Income	S	-0.7	-4.6	-13.3	168 WPG Tudor	S	-4.2	-5.6	-20.8
119 Scudder Large Co Value	S	0.7	-7.0	-9.3	169 Preferred Growth	S	-1.9	-5.7	-24.1
120 Dreyfus Growth & Income	S	-1.0	-6.1	-9.3	170 Liberty-SteinRoe Growth Stock	S	-1.7	-9.2	-15.5
121 Legg Mason Opportunity Trust	S	2.8	-10.0	-5.4	171 Galaxy Equity Growth(3.75%)	S	-2.3	-7.6	-21.8
122 Fidelity Independence(ret.only)	S	2.4	-1.4	-26.9	172 Gabelli Growth	S	-0.9	-6.4	-27.2
123 Scudder Growth & Income	S	-1.7	-5.7	-10.1	173 RS Aggressive Growth+	S	1.5	-7.5	-28.6
124 Nicholas Fund	S	-1.1	-4.5	-14.0	174 Scudder Large Company Growth	S	-1.9	-7.5	-24.8
125 Preferred Value	S	-1.3	-7.2	-7.4	175 Dreyfus Premier Aggressive	S	0.0	-9.8	-22.2
126 Fidelity Capital Appreciation	S	-0.1	-6.4	-11.0	176 Montgomery Growth	S	-2.0	-8.8	-21.8
127 Dreyfus Growth Opportunity	S	-1.0	-4.7	-14.0	177 RS Value+Growth+	S	-2.1	-7.2	-25.8
128 WPG Large Cap Growth	S	0.1	-3.0	-20.6	178 INVESCO Small Company	S	-2.9	-8.4	-22.0
129 Fidelity Fund	S	-0.8	-5.2	-14.0	179 Legg Mason Value	S	0.2	-13.4	-14.8
130 Schwab 1000 Fund	S	-0.6	-5.3	-14.5	180 Columbia Growth+	S	-2.8	-6.9	-27.4
131 Oberweis Emerging Growth+	S	-2.8	-5.9	-10.1	181 Janus Special Situation	S	-0.9	-9.5	-24.1
132 Domini Social Equity Fund +	S	-0.3	-5.5	-14.9	182 INVESCO Dynamics+	S	0.3	-6.6	-34.3
133 Fidelity Trend	S	-1.0	-5.7	-13.5	183 CS Warburg Pincus Capital	S	-2.0	-8.9	-25.9
134 Safeco Equity	S	-1.7	-5.6	-12.9	184 RS Emerging Growth(closed)	S	-1.3	-8.8	-27.9
135 Marsico Growth & Income	S	1.1	-5.8	-16.7	185 USAA Growth	S	-1.8	-7.9	-29.4
136 Marsico Focus	S	1.0	-5.2	-18.0	186 American Century Heritage	S	-0.3	-13.0	-19.3
137 Vanguard 500 Index	S	-0.9	-5.8	-14.6	187 Fidelity Growth Company+	S	-3.8	-8.4	-26.2
138 Fidelity Spartan 500 Index	S	-0.9	-5.8	-14.6	188 Scudder Development+	S	-2.7	-5.1	-36.6
139 American Century Equity Growth	S	-1.3	-6.2	-13.2	189 Berger Large Cap Growth	S	-1.9	-7.8	-31.2
140 Selected Special Shares	S	0.5	-7.1	-13.7	190 Vanguard Growth Equity	S	-1.6	-8.6	-31.2
141 American Century Growth+	S	-0.6	-4.9	-17.8	191 Dreyfus Premier Third Century	S	-1.5	-10.1	-28.5
142 Vanguard Capital Opportunity	S	0.5	-6.5	-15.8	192 Strong Large Cap Growth	S	-1.9	-9.0	-31.4
143 Northeast Investors Growth	S	-1.0	-4.5	-19.0	193 Vanguard U.S. Growth	S	-2.7	-7.0	-37.5
144 Janus Venture (closed)	S	-1.7	-4.9	-17.2	194 SIT Mid Cap Growth+	S	-2.2	-7.7	-36.7
145 Fidelity OTC Portfolio+	S	1.0	-4.0	-23.9	195 SIT Large Cap Growth	S	-3.0	-9.5	-31.3
146 Vanguard PRIMECAP(\$25,000)	S	-0.7	-6.0	-16.9	196 TCW Galileo Aggressive	S	-0.6	-7.5	-40.9
147 T. Rowe Price New America	S	-2.2	-4.9	-17.8	197 Janus Mercury+	S	-0.1	-10.3	-35.1
148 Fidelity Magellan(3%)	S	-1.9	-6.3	-15.4	198 PBHG Emerging Growth(closed)	S	-2.9	-10.2	-31.2
149 Dreyfus-Founders Discovery	S	-0.1	-7.1	-17.2	199 Montgomery Small Cap	S	-5.2	-16.1	-13.3
150 Fidelity Blue Chip Growth	S	-1.4	-5.6	-19.3	200 SIT Small Cap Growth+	S	-2.9	-11.5	-30.7
Vanguard/Morgan Growth+	S	-1.7	-5.8	-18.7					

