

## MONEYLETTER HOTLINE 02/19/02

### Waiting Game

The selling in this market has now taken on a momentum of its own. There is no particular cause for the general selling. Oh yes there is Enron and accounting. In the last two days, IBM has been tainted, but everyone knows that the profit flap will be resolved and we can go on to other things. Yet the selling goes on. Are investors fleeing the stock market? There is no evidence of that. Is there any other asset class to go into? We don't see bond prices soaring and gold fell today. We can only assume that what we are seeing is short-sellers taking control of the market for the moment.

Meanwhile the economic news continues positive. Housing starts for January were strong and beyond expectations. We must not discount the effect of good weather on the numbers. Wall Street, if not its clients, is growing more positive on the outlook. Earnings revisions by analysts are turning positive. The profit estimates now call for an upturn beginning next quarter, with strong profit gains seen for the last half of the year. This kind of unmotivated selling is always hard on the nerves. In the end, though, the fundamentals will take over. We see higher prices ahead.

There is no change in our recommended allocations.

**Fund Recommendations** – For domestic stock funds, there are three new buys: Ariel Appreciation, Ariel Fund and Eclipse Small Cap Value. There is one new sell: Fidelity Dividend Growth. For international stock funds, there is one new buy: Harbor International.

Fidelity Dividend Growth is in all three Fidelity family portfolios. In the Fidelity Venturesome Portfolio we will switch the fund into Fidelity Fifty. In the Moderate Portfolio we will switch \$5,000 of the proceeds into Fidelity Small Cap Independence and switch the remainder into Fidelity Fifty. In the Conservative Portfolio we will switch into Fidelity Low Priced Stock.

**The Economy** – As a result of the upward revisions in last week's retail sales numbers, forecasts for this quarter's activity now show growth turning positive. For the moment, the market is paying no attention. The recovery will gain momentum all this year.

**The Bond Market** –

**The Stock Market** – Better profit numbers are the answer to this market's persistent selling. It will take some time, but better numbers are on the way. We see higher prices ahead this year.

## MONEYLETTER HOTLINE 02/15/02

### Frustration

This is about as frustrating a market as one can encounter. We have basically had continued encouraging news about the economy. But the institutions who have been driving this market do not care. As today's action showed we are still feeling the fall-out from Enron.

A story about IBM's accounting for a sale shook the whole market. The story will probably amount to nothing, but this market is so fragile that the Dow sank about 100 points with IBM leading the market down. The one positive in today's market is that advancers bested decliners on the Big Board. We haven't seen many of these days recently when the underlying market did better than the averages. We need more days like that for the market to build up any strength. Today was an option expiration Friday, and how much of a role options played in today's selling is unknown. Overall the economic news was reasonably good. The one negative, and it was truly nothing, came from a slight decline in the Michigan consumer sentiment report. Whatever the report, retail sales, aside from autos, were strong last month, and the weekly sales surveys show sales continuing to rise so far in February. The improvement in the economic numbers will continue. As it does, Enron will slowly fade away.

There is no change in our recommended allocations.

**Fund Recommendations** – For domestic stock funds, there is one new buy: T. Rowe Price Capital Appreciation. There is one new hold: Royce Opportunity There is one new sell: RS Diversified Growth. For international stock funds, there is one new hold: Fidelity Worldwide. .

**The Economy** – Industrial production slipped slightly last month for the smallest decline since last July. Manufacturing output showed no change, confirming the improvement in that sector. Manufacturing, which led us into the recession, is on the mend. The latest price numbers show inflation totally at bay.

**The Bond Market** – Bonds unexpectedly rallied today. Maybe the bond market is beginning to accept the fact that inflation is not a threat. Bond yields are close to equilibrium.

**The Stock Market** – The economy is moving in the right direction. It is only a matter of time before corporate news improves. But the burden of proof is on the corporations. Until the profit reports are cheerier, the skeptical bears will dominate. We look for higher prices over the next 6-9 months.

## Domestic Stock Funds — data as of 02/15/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Buffalo Small Cap (closed)	B	0.6%	11.2%	24.2%	51 Babson Value	H	3.5	-3.5	-1.6
2 Yacktman Fund	B	3.5	9.6	15.0	52 Vanguard SmallCap Index+	H	-1.4	-0.8	-3.6
3 Aegis Value Fund	B	-0.4	7.8	22.0	53 Vanguard Equity-Income	H	0.7	-2.7	-2.8
4 T. Rowe Price Small-Cap Value	B	2.6	6.5	19.1	54 T.Rowe Price Mid Cap Growth	H	-1.1	-0.6	-6.0
5 Fidelity Low Priced Stock(3%)	B	1.3	8.0	17.1	55 Salomon Brothers Opportunity	H	0.8	-2.6	-4.7
6 Ariel Appreciation	B	3.8	7.1	15.7	56 Strong Discovery+	H	-1.1	-1.7	-5.4
7 T.Rowe Price Mid Cap Value	B	2.6	8.2	13.6	57 Fidelity Contrafund(3%)	H	1.2	-1.8	-9.1
8 Oakmark Small Cap	H	2.3	6.0	17.6	58 Vanguard Explorer+	H	-3.0	-0.1	-7.7
9 Fidelity Small Cap Ind.(1.5%)	B	0.1	10.3	8.0	59 Federated Kaufmann Fund+	H	-3.8	-2.8	0.1
10 Berwyn Fund	B	1.3	4.6	20.0	60 Muhlenkamp Fund	S	-0.8	-4.2	-1.0
11 TCW Galileo Value Opportunity	B	-0.9	6.5	17.0	61 Mutual Qualified(1%)CIZ	H	-0.3	-5.6	1.5
12 Clipper Fund	B	1.6	7.2	10.6	62 MSI Value Portfolio	S	0.9	-5.0	-1.8
13 Neuberger Berman Genesis	B	3.8	6.2	9.7	63 T. Rowe Price Dividend Growth	H	-0.8	-2.6	-5.5
14 Ariel Fund	B	1.2	7.3	10.2	64 UMB Scout Stock	S	0.5	-1.9	-9.3
15 Wasatch Small Cap Value(closed)	B	0.2	1.7	22.2	65 Sound Shore	S	-0.6	-4.2	-2.5
16 Vontobel U.S. Value	B	2.7	4.7	10.3	66 Harbor Value	S	-1.0	-4.5	-1.3
17 Boston Ptrns Smlcap Val	B	-2.0	1.2	25.2	67 Bonnel Growth Fund	S	1.6	1.9	-21.8
18 Heartland Value	B	-1.8	4.0	17.6	68 Mutual Beacon(1%)CIZ	S	0.2	-5.7	-1.0
19 Wasatch Small Cap Growth+	B	-2.5	6.8	11.4	69 Mutual Shares(1%)CIZ	S	-0.1	-5.6	-1.0
20 Pennsylvania Mutual+(1%)	B	1.0	4.5	11.0	70 Vanguard Windsor	S	-1.6	-4.1	-2.7
21 T. Rowe Price Cap Appreciation	B	2.3	4.0	9.9	71 Safeco Growth Opportunities+	H	-10.5	0.0	0.5
22 Royce Low Priced Stock	B	-1.6	6.1	10.1	72 Tweedy, Browne American	H	-1.0	-5.1	-2.3
23 Royce Total Return	B	1.5	3.9	10.4	73 Dreyfus New Leaders	S	2.7	-4.6	-9.1
24 Berger Mid Cap Value	B	0.5	4.2	9.9	74 Fidelity Convertible Securities	S	-1.8	-2.9	-7.0
25 Loomis Sayles Small Cap Value	B	0.6	3.7	9.8	75 MSI Small Cap Value(closed)	S	-0.2	-4.4	-6.7
26 Thompson Plumb Growth	B	-2.7	4.9	10.0	76 Neuberger Berman Partners	S	-0.6	-3.2	-9.2
27 American Century Equity Income	B	1.3	2.6	8.9	77 Strong Multicap Value	S	0.4	-4.8	-6.9
28 Eclipse Small Cap Value	B	1.9	2.5	7.7	78 Nicholas II	S	-2.1	-1.5	-11.4
29 Meridian Fund	B	-1.6	4.0	9.1	79 Needham Growth Fund	S	-3.3	-2.5	-7.6
30 T. Rowe Price Small Cap Stock	H	0.2	4.1	6.1	80 Marsico Focus	S	0.5	-2.2	-14.6
31 Wasatch Core Growth+(closed)	H	0.1	-1.5	19.4	81 Vanguard Growth Index +	S	-1.3	-2.1	-12.3
32 American Century Value	B	1.3	2.3	7.4	82 Fidelity New Millennium(3%)	S	-1.4	0.6	-18.9
33 Oakmark Select(closed)	B	-0.7	-0.5	11.7	83 Marsico Growth & Income	S	1.2	-2.7	-14.7
34 Dodge & Cox Stock	H	2.4	-0.4	5.4	84 Strong Advisor Common Stock	S	-2.1	-2.7	-9.8
35 Fidelity Value	H	2.3	-0.9	5.4	85 Fidelity Growth & Income(3%)	S	-0.9	-4.0	-8.8
36 Vanguard Small-Cap Value Index	H	0.6	1.1	2.4	86 Fidelity Dividend Growth	S	-1.4	-4.0	-7.8
37 Fidelity Fifty+	H	4.9	1.9	-6.2	87 Fidelity Equity-Income II	S	-0.2	-4.4	-8.9
38 Royce Premier	H	-0.1	1.6	1.7	88 Dreyfus Appreciation	S	-0.7	-3.5	-10.5
39 Bogle Small Cap Growth	H	0.7	0.6	3.1	89 T. Rowe Price New Horizons	S	-3.5	-1.5	-12.0
40 Homestead Value	H	2.3	-0.1	1.8	90 ICM/Isabelle Small Cap Value	S	-2.0	-6.1	-3.0
41 Westport Small Cap R	H	-0.3	1.7	0.4	91 Gabelli Asset	S	0.0	-5.9	-6.6
42 RS Partners	H	-1.5	0.2	3.6	92 Liberty-SteinRoe Balanced	S	-1.4	-4.2	-9.4
43 Vanguard Mid-Cap Index+	H	1.0	0.9	-2.7	93 Salomon Brothers Capital	S	-1.6	-5.3	-6.7
44 T. Rowe Price New Era	H	5.8	-1.0	-5.9	94 CS Warburg Pincus Value	S	0.7	-6.4	-7.4
45 Royce Opportunity+	H	-1.3	-0.2	2.6	95 Dreyfus Fund	S	-0.7	-3.5	-12.7
46 Dreyfus Mid Cap Index	H	0.9	0.6	-3.3	96 Fidelity Equity-Income	S	-0.1	-5.6	-8.3
47 Oakmark Fund	H	-0.7	-2.8	6.2	97 PBHG Small Cap Value	S	-3.9	-4.0	-6.7
48 Longleaf Partners	H	-0.4	-2.9	5.3	98 INVESCO Value Equity	S	-0.2	-5.3	-9.1
49 Longleaf Partners Smallcap	H	2.7	-2.8	0.2	99 T. Rowe Price Growth & Income	S	-2.7	-4.0	-8.5
50 T. Rowe Price Equity-Income	H	1.4	-2.0	-0.9	100 Vanguard Convertible Securities	S	-2.4	-3.8	-9.7

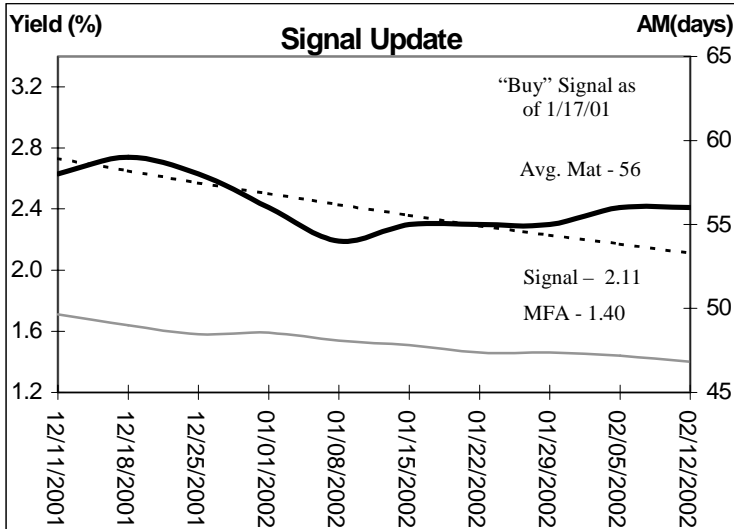
**DOMESTIC STOCK FUNDS**  
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## Domestic Stock Funds continued — data as of 02/15/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 Fidelity Independence(ret.only)	S	0.1	-0.6	-22.2	151 Preferred Value	S	-2.4	-9.5	-18.5
102 William Blair Growth	S	-1.6	-3.3	-13.3	152 RS Diversified Growth	S	-10.1	-3.2	-13.0
103 Vanguard Extended Market Index	S	-2.0	-3.0	-13.7	153 Scudder Large Co Value	S	-1.1	-9.2	-21.4
104 Liberty-SteinRoe Capital Opportu-	S	2.1	-2.1	-22.4	154 Fidelity Magellan(3%)	S	-2.7	-7.8	-23.1
105 INVESCO Equity Income	S	0.2	-4.9	-13.1	155 Columbia Special+	S	-2.1	-6.1	-22.1
106 Fidelity Disciplined Equity	S	-0.9	-4.0	-14.6	156 Janus Growth & Income	S	-2.2	-7.7	-24.9
107 Baron Asset	S	0.1	-4.7	-14.8	157 Oberweis Emerging Growth+	S	-8.5	-5.1	-22.5
108 Neuberger Berman Guardian	S	-1.8	-5.5	-10.2	158 T. Rowe Price New America	S	-4.3	-6.3	-25.1
109 Strong Opportunity+	S	-1.0	-5.3	-12.0	159 American Century Select+	S	-1.8	-7.8	-17.7
110 Galaxy Equity Value(3.75%)	S	-3.6	-5.7	-7.3	160 American Century Heritage	S	0.6	-8.8	-24.4
111 Vanguard Windsor II	S	-1.0	-7.4	-7.3	161 Scudder Capital Growth AARP	S	-2.7	-7.0	-21.8
112 WPG Large Cap Growth	S	-0.5	-3.6	-17.8	162 Vanguard Capital Opportunity	S	-2.9	-8.6	-24.2
113 Vanguard PRIMECAP(\$25,000)	S	-0.2	-5.5	-13.8	163 Liberty-SteinRoe Growth Stock	S	-3.5	-10.4	-16.4
114 Loomis Sayles Value	S	-1.5	-6.5	-9.5	164 Dreyfus-Founders Discovery	S	-5.4	-6.0	-22.8
115 Selected Special Shares	S	-0.7	-4.2	-16.6	165 Babson Growth+	S	-4.1	-7.4	-24.1
116 Scudder Growth & Income	S	-1.3	-6.4	-10.8	166 Fidelity OTC Portfolio+	S	-4.5	-7.0	-19.6
117 Fidelity Stock Selector	S	-2.0	-4.9	-13.7	167 Columbia Common Stock	S	-2.7	-9.4	-25.7
118 Legg Mason Special Investment	S	-5.9	-5.1	-7.6	168 WPG Tudor	S	-5.3	-6.6	-25.5
119 T. Rowe Price Growth Stock	S	-3.6	-4.0	-13.6	169 Galaxy Equity Growth(3.75%)	S	-2.7	-8.4	-24.8
120 American Century Income &	S	-2.0	-5.9	-11.5	170 CS Warburg Pincus Emerging	S	-3.3	-6.5	-26.2
121 Artisan Midcap+	S	-3.1	-4.5	-13.9	171 RS Aggressive Growth+	S	-2.7	-7.1	-20.6
122 Fidelity Mid-Cap Stock+	S	-1.5	-6.0	-12.5	172 Strong Large Cap Growth	S	-1.8	-8.8	-30.2
123 Janus Venture (closed)	S	-1.8	-4.2	-16.8	173 Montgomery Growth	S	-3.3	-9.4	-26.2
124 American Century Growth+	S	-1.8	-4.8	-15.2	174 Vanguard Value Index	S	-2.6	-11.4	-30.3
125 USAA Growth & Income	S	-1.3	-7.1	-10.7	175 RS Value+Growth+	S	-2.4	-8.1	-29.7
126 MSI Mid Cap Value	S	-2.9	-6.4	-10.1	176 Neuberger Berman Focus+	S	-6.8	-9.3	-26.0
127 Vanguard Growth & Income	S	-2.2	-5.9	-13.4	177 Scudder Large Company Growth	S	-3.8	-9.4	-28.3
128 Schwab 1000 Fund	S	-1.7	-5.9	-14.6	178 Dreyfus Premier Aggressive	S	-3.4	-9.3	-28.0
129 Dreyfus Growth Opportunity	S	-2.0	-5.5	-15.2	179 Vanguard Growth Equity	S	-2.9	-9.3	-30.5
130 Northeast Investors Growth	S	-1.4	-5.4	-16.9	180 INVESCO Small Company	S	-4.6	-8.3	-31.4
131 American Century Vista	S	0.0	-5.4	-19.7	181 Neuberger Berman Manhattan	S	-2.2	-9.2	-30.9
132 Fidelity Trend	S	-2.0	-6.5	-14.4	182 Fidelity Growth Company+	S	-4.5	-10.6	-33.9
133 Fidelity Fund	S	-2.2	-6.4	-14.6	183 USAA Growth	S	-4.2	-10.2	-30.0
134 Dreyfus Growth & Income	S	-2.4	-7.3	-12.3	184 Dreyfus Premier Third Century	S	-3.3	-10.6	-32.5
135 <b>Vanguard 500 Index</b>	S	-2.0	-6.6	-15.0	185 Columbia Growth+	S	-5.2	-10.1	-22.2
136 Fidelity Spartan 500 Index	S	-2.0	-6.6	-15.0	186 Gabelli Growth	S	-5.1	-10.1	-32.8
137 Nicholas Fund	S	-3.1	-5.8	-15.7	187 Janus Special Situation	S	-3.4	-10.8	-29.4
138 Fidelity Capital Appreciation	S	-2.7	-7.4	-12.3	188 Janus Twenty(closed)	S	-3.4	-10.6	-30.9
139 American Century Ultra+	S	-1.4	-6.5	-17.2	189 SIT Small Cap Growth+	S	-2.8	-10.8	-28.0
140 Domini Social Equity Fund +	S	-2.2	-7.0	-15.0	190 Strong Growth	S	-2.4	-11.4	-33.6
141 Safeco Equity	S	-3.2	-6.9	-13.7	191 Janus Fund	S	-2.1	-12.6	-32.4
142 Weitz Value Fund	S	-4.4	-8.9	-7.1	192 Montgomery Small Cap	S	-5.1	-14.0	-33.2
143 Harbor Capital Appreciation+	S	-1.8	-5.3	-20.2	193 Turner Midcap Growth+	S	-5.7	-10.9	-32.3
144 Salomon Brothers Investors	S	-2.7	-7.8	-12.8	194 INVESCO Dynamics+	S	-4.2	-9.8	-34.7
145 Selected American Shares	S	-3.0	-6.6	-15.8	195 MSI Midcap Growth	S	-2.5	-11.4	-31.5
146 Fidelity Blue Chip Growth	S	-2.2	-6.5	-17.6	196 Legg Mason Opportunity Trust	S	-5.8	-16.8	-18.6
147 Preferred Growth	S	-1.6	-5.8	-20.4	197 SIT Large Cap Growth	S	-5.2	-11.5	-22.3
148 American Century Equity Growth	S	-2.9	-7.4	-14.6	198 USAA Aggressive Growth	S	-3.4	-11.6	-37.7
149 Galaxy Small Co. Equity(3.75%)	S	-4.8	-7.5	-12.1	199 CS Warburg Pincus Capital	S	-5.2	-12.5	-34.7
150 Vanguard/Morgan Growth+	S	-2.7	-6.5	-18.2	200 Berger Large Cap Growth	S	-5.0	-11.6	-38.5

## International Stock Funds — data as of 02/15/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Fidelity SE Asia(3%&1.5%r<90d)	B	6.1%	16.1%	-5.3%	36 Scudder Global Discovery	S	-2.0	-5.3	-26.1
2 T. Rowe Price New Asia	B	7.8	16.4	-10.0	37 American Century Global	S	-1.0	-7.8	-23.9
3 Matthews Pacific Tiger	B	4.3	12.2	-1.6	38 Janus Overseas(closed)	S	-1.0	-7.4	-26.5
4 Scudder Pacific Opportunity	B	6.3	13.5	-8.2	39 Schwab International Index	S	-0.4	-9.5	-23.5
5 Fidelity Emerging Mkts(3%&1.5%	B	5.1	12.5	-5.4	40 Loomis Sayles International	S	-0.3	-9.9	-22.8
6 Vanguard Emerging Mkts Stock	B	6.1	10.8	-4.6	41 Galaxy International Equity	S	1.3	-10.3	-25.8
7 Montgomery Emerging Mkts	B	5.0	12.5	-8.6	42 Scudder Greater Europe	S	-0.7	-9.9	-25.0
8 Oakmark Global (2%r)	H	-0.2	7.4	11.5	43 Strong International Stock	S	-0.7	-11.0	-23.5
9 Oakmark Intl Small Cap	B	1.2	6.3	6.7	44 Janus Worldwide(closed)	S	-1.9	-9.9	-25.4
10 Lingleaf Partners International	B	1.2	-4.7	0.7	45 American Century Intl Growth	S	-1.1	-10.4	-26.9
11 Oakmark International	B	0.8	-1.9	-6.1	46 Scudder International	S	-0.3	-12.1	-25.9
12 Harbor International	B	2.7	-0.7	-12.2	47 Babson-Stewart Ivory Intl	S	-1.0	-11.0	-30.6
13 T. Rowe Price Latin America	H	1.6	-2.6	-8.3	48 T. Rowe Price Intl Discovery	S	-0.2	-12.6	-28.5
14 Tweedy, Browne Global Value	B	0.5	-3.6	-4.8	49 Vontobel International Equity	S	-1.9	-13.2	-29.2
15 Fidelity Latin Amer.(3%&1.5%	H	2.5	-2.2	-12.3	50 Aetna Intl Growth(Advisor1%)	S	-4.0	-12.6	-31.4
16 Scudder Latin America	H	1.1	-3.7	-10.0	51 CS Warburg Pincus Japan	S	-2.8	-13.8	-34.6
17 Fidelity Worldwide	H	-1.2	-3.4	-8.7	52 Vanguard Pacific Stock Index	S	-0.6	-18.4	-26.8
18 Julius Baer Intl. Equity A	H	0.7	-2.2	-15.6	53 SIT International Growth	S	-2.8	-14.4	-34.9
19 Fidelity Diversified International	H	0.5	-5.0	-12.2	54 Payden European Aggressive	S	-5.2	-10.3	-43.9
20 Fidelity Europe(3%&1%r<90d)	H	-1.5	-1.3	-18.6	55 INVESCO European	S	-3.2	-15.6	-38.5
21 USAA International	H	1.4	-4.5	-16.2	56 Japan Fund (Scudder)	S	0.2	-22.5	-32.9
22 Fidelity International G & I	H	0.4	-4.3	-17.6	57 T. Rowe Price Japan	S	-3.5	-24.2	-35.5
23 Preferred International	H	0.7	-7.5	-11.9	58 Fidelity Japan(3%&1.5%<90d)	S	-4.4	-26.7	-36.8
24 Scudder Global	H	-0.8	-6.7	-16.2	60 Matthews Japan Fund	S	-5.1	-27.7	-34.6
25 Fidelity Pacific Basin(3%&1.5%	S	1.9	-7.4	-18.6	<b>Domestic Stock Funds (cont.)</b>				
26 Vanguard International Growth	S	-0.1	-5.9	-19.5	201 Harbor Growth	S	-8.0	-6.7	-38.4
27 USAA World Growth	H	-0.4	-5.7	-20.0	202 TCW Galileo Aggressive	S	-4.7	-9.8	-35.8
28 Investec China & Hong Kong	S	1.6	-4.4	-26.4	203 Berger Growth	S	-5.2	-10.1	-35.9
29 T. Rowe Price European	S	-0.4	-5.7	-20.2	204 SIT Mid Cap Growth+	S	-5.5	-10.2	-35.5
30 Artisan International	H	0.3	-7.5	-17.4	205 RS Emerging Growth(closed)	S	-7.8	-11.3	-30.5
31 CS Warburg, Pincus Intl Equity	S	0.3	-5.9	-21.4	206 Scudder Development+	S	-7.4	-10.4	-35.4
32 Vanguard European Stock Index	H	-0.3	-8.2	-19.7	207 Janus Mercury+	S	-4.2	-14.2	-32.3
33 T. Rowe Price Intl Stock	S	-0.3	-7.0	-23.0	208 Vanguard U.S. Growth	S	-7.2	-12.3	-34.1
34 Columbia International Stock	S	-0.3	-8.8	-18.9	209 Strong Growth 20+	S	-4.4	-12.4	-39.0
35 Fidelity Overseas	S	0.0	-8.1	-21.8	210 Gintel Fund	S	-0.8	-18.3	-31.0



**The Signal** - For the week ended February 12 iMoneyNet Inc.'s Money Fund Report Averages/All Taxable 7-day yield (MFA) dropped by four basis points to 1.40% and the MONEYLETTER Signal dipped by six basis points to 2.11%. The average maturity remained at 56 days.

The MFA is below the Signal number and the current status is "in" the market. Signal investors should be 100% in aggressive domestic stock funds.

Signal Portfolio Holdings: Royce Pennsylvania Mutual, Potomac Small Cap Plus, Wasatch Small Cap Growth, and Safeco Growth Opportunities.

**Next Issue will be Wednesday, February 27, 2002 by Midnight (ET).**