

MONEYLETTER HOTLINE 3/26/02

Patience is a Virtue

Economic news grabbed the spotlight today, and when the day ended we had a positive market after some persistent selling. The news that drove the market was the consumer confidence report showing a big jump in confidence. It has been our view that the market pays too much attention to these confidence numbers. That is still our view. In this case, the numbers confirm what is apparent; consumers are spending. There is no evidence that the level of consumer debt is hobbling spending.

Another report issued today, that we think is more important, is the durable goods new orders report. While it was not as positive as the consumer report, one number we follow closely - new orders for nondefense capital goods - rose smartly. Business investment is coming back though the jury is still out on how quickly.

Despite today's market rise, stocks have not been acting well for about a week. Some of this is just plain profit-taking. But there is also unease about interest rates and first-quarter earnings. We view what is happening as normal. We are in a period of uncertainty. The economy is moving up, but hasn't taken yet taken off. Now is the time for patience.

There is no change in our recommended allocations.

Fund Recommendations – For domestic stock funds, there are three new buys: Legg Mason Special Investment, Vanguard Small-Cap Value Index and Muhlenkamp Fund. There are six new holds: Royce Total Return, Thompson Plumb Growth, Yacktman Fund, American Century Value, Clipper Fund and Aegis Value. There is one new sell Homestead Value. For international stock funds there are two new sells: Longleaf Partners International and USAA International.

The Economy – Some Federal Reserve speeches today dampened the speculation about an immediate rise in interest rates. The speeches emphasized that the recovery is only beginning and its strength is unknown. Meanwhile the weekly retail sales surveys show spending softening this month. We look for the economy to gather strength as the year goes on.

The Stock Market – Wall Street analysts are sounding more and more positive about the outlook for many sectors. We should see some positive earnings surprises early next month. We may see some further declines before the earnings reports kick in. The small-cap sector continues to act well. The stock market will be closed on Friday.

The Bond Market – Listening to the Fed talk, the bond market finally rallied. The bond vigilantes are not as certain of a May increase as before. We see long rates moving down a bit from here. We do not see a rate increase in May.

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Double Dip?

The market continues to fluctuate in a narrow range after the big gains earlier this year. The economic news the past two days was positive but it was not as positive as expected and there is some sense of disappointment that the economy is not racing away. Expectations of an explosive recovery at this early stage are simply unrealistic.

The economy is improving, and faster than expected only two months ago. But we are getting very mixed voices on the outlook. The major strength in the economy now is coming from the end of inventory-cutting. Some on Wall Street are worried that once the push from inventories weakens there will be nothing to take its place. This is a form of the double-dip recession view. This view ignores that we are getting a strong push from government spending for security. Further we expect to see business take up some of the slack much later this year.

As for the stock market, we do not see this week as anything other than mild profit-taking. In fact, stocks have resisted any attempt to sell them off sharply. We are now moving into the warnings season which may contribute to further trendless fluctuation. We look for higher prices over the rest of this year.

There is no change in our recommended allocations.

Fund Recommendations – For domestic stock funds, there is one new buy, Wasatch Core Growth (the fund is closed to new investors). There are two new holds: American Century Equity-Income and Oakmark Select. There is one new sell: Oakmark Fund. For international stock funds, there is one new sell: USAA World Growth.

The Economy – With the economy recovering any twitch in consumer prices sets off talk about rising inflation. This is silly. Yes, there is an embedded inflation rate of about 2.5%-3.0% but the Fed can live with that. Any serious inflation push from the recovery is well down the road. This quarter continues to look like a brisk one in terms of overall activity.

The Stock Market – The market is now focused on earnings as a recovery is taken for granted. Once more earnings will have to justify today's high price-earnings ratios. We believe they will, but that is now the underlying issue facing investors. Small cap value continues to perform very well.

The Bond Market – The bond market remains wary about the speed of the recovery. We think the Fed will not be raising rates as quickly as the bond market does. We were struck by the soft tone of the Fed's statement on Tuesday. We do not see a rate increase in May.

Domestic Stock Funds — data as of 03/22/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Buffalo Small Cap (closed)	B	6.3%	44.6%	41.3%	51 TCW Galileo Aggressive	H	11.4	32.0	-4.9
2 Wasatch Core Growth+(closed)	B	17.6	36.8	43.2	52 Longleaf Partners	H	7.3	25.9	15.4
3 Wasatch Small Cap Value(closed)	B	15.2	36.0	44.5	53 Strong Advisor Common Stock	H	10.2	27.7	6.6
4 Royce Low Priced Stock	B	9.9	41.4	32.0	54 Westport Small Cap R	H	9.0	24.3	16.6
5 TCW Galileo Value Opportunity	B	10.9	37.8	32.4	55 MSI Mid Cap Value	H	10.9	26.7	7.6
6 Legg Mason Special Investment	B	15.7	40.5	18.4	56 Harbor Value	H	9.6	24.7	14.5
7 Vanguard Small-Cap Value Index	B	11.2	37.2	29.0	57 T. Rowe Price New Horizons	H	7.9	26.6	11.4
8 Berwyn Fund	B	10.8	33.8	36.6	58 Vanguard Extended Market	H	8.7	26.7	9.4
9 Muhlenkamp Fund	B	12.3	37.5	22.1	59 Fidelity OTC Portfolio+	H	9.2	29.3	1.8
10 Royce Opportunity+	H	12.5	35.2	21.6	60 Janus Special Situation	H	14.6	29.0	-6.2
11 Neuberger Berman Focus+	H	14.2	39.0	7.7	61 Galaxy Equity Value(3.75%)	H	9.9	26.0	7.5
12 Oakmark Small Cap	B	10.2	32.1	29.4	62 RS Diversified Growth	H	7.5	27.3	7.5
13 T.Rowe Price Mid Cap Value	B	8.5	33.4	27.7	63 Yacktman Fund	H	3.5	22.9	24.5
14 CRM Mid Cap Value Ins	H	8.1	34.4	25.5	64 Janus Venture (closed)	S	6.5	25.7	12.0
15 Wasatch Small Cap Growth+	B	7.0	30.6	36.0	65 William Blair Growth	H	8.1	27.5	4.1
16 T. Rowe Price Small-Cap Value	B	7.6	31.8	31.4	66 Neuberger Berman Partners	S	8.3	25.6	8.0
17 Baron Small Cap	H	5.9	34.4	22.3	67 American Century Value	H	5.4	22.3	19.1
18 Ariel Appreciation	B	6.7	32.5	25.8	68 Vanguard Windsor	H	7.3	23.0	13.4
19 Fidelity Low Priced Stock(3%)	B	7.1	28.7	33.8	69 Strong Multicap Value	S	8.6	24.7	6.3
20 Pennsylvania Mutual+(1%)	B	8.6	30.4	27.2	70 Dodge & Cox Stock	H	6.6	22.3	14.6
21 Baron Asset	H	9.4	37.5	7.6	71 Artisan Midcap+(closed)	S	8.0	24.7	5.2
22 Boston Ptrns Smlcap Val	B	9.1	26.0	36.6	72 Longleaf Partners Smallcap	S	8.3	20.9	14.3
23 ICM/Isabelle Small Cap Value	H	18.1	29.7	13.3	73 Liberty-SteinRoe Capital Oppor-	S	7.9	28.2	-3.7
24 Heartland Value	B	7.0	29.2	29.9	74 MSI Small Cap Value(closed)	S	7.6	22.8	8.7
25 Berger Mid Cap Value	B	7.1	31.7	23.1	75 MSI Value Portfolio	S	7.2	22.4	9.5
26 Legg Mason Opportunity Trust	H	19.1	30.3	5.8	76 Oakmark Fund	S	7.2	19.8	15.4
27 Loomis Sayles Small Cap Value	B	7.4	28.8	26.1	77 T. Rowe Price New Era	S	8.5	22.5	6.1
28 T. Rowe Price Small Cap Stock	H	7.9	29.8	22.6	78 Dreyfus-Founders Discovery	S	8.9	24.9	-2.0
29 Baron Growth	H	6.2	29.5	25.9	79 Federated Kaufmann Fund+	S	6.7	19.6	13.8
30 CRM Small Cap Value Inv	H	9.1	27.0	27.5	80 Fidelity Capital Appreciation	S	7.9	22.0	5.9
31 Vanguard Mid-Cap Index+	H	9.0	30.6	17.9	81 Vanguard PRIMECAP(\$25,000)	S	6.2	25.3	-0.1
32 Dreyfus Mid Cap Index	H	9.0	30.2	17.2	82 Strong Opportunity+	S	7.2	25.0	-0.9
33 Eclipse Small Cap Value	H	7.3	29.2	22.2	83 Marsico Focus	S	4.9	24.6	3.3
34 Vanguard SmallCap Index+	H	9.7	30.3	16.0	84 Nicholas II	S	6.9	21.3	8.4
35 Royce Premier	H	10.8	27.2	21.4	85 Babson Value	S	7.2	20.9	8.8
36 Safeco Growth Opportunities+	S	9.9	27.2	22.0	86 Homestead Value	S	5.8	21.4	9.2
37 Vanguard Explorer+	H	9.0	30.7	14.3	87 Fidelity Equity-Income	S	7.8	19.7	10.0
38 Fidelity Small Cap Ind.(1.5%)	B	6.9	27.1	26.0	88 Clipper Fund	H	5.7	18.4	16.3
39 Neuberger Berman Genesis	B	7.0	28.1	22.7	89 RS Aggressive Growth+	S	8.2	24.6	-3.0
40 Royce Total Return	H	7.7	27.4	22.4	90 Galaxy Small Co. Equity(3.75%)	S	7.3	22.0	4.8
41 Fidelity Value	H	8.7	26.7	21.9	91 Needham Growth Fund	S	6.4	19.4	12.2
42 Fidelity New Millennium(3%)	H	6.3	33.2	7.2	92 T. Rowe Price Growth Stock	S	6.8	22.1	4.9
43 Ariel Fund	H	6.7	27.7	17.8	93 Dreyfus New Leaders	S	6.7	22.3	4.2
44 PBHG Small Cap Value	H	9.9	27.3	12.8	94 Selected Special Shares	S	7.9	23.4	-0.7
45 Meridian Fund	H	6.3	25.2	23.0	95 Aegis Value Fund	H	3.8	14.4	27.7
46 Thompson Plumb Growth	H	8.5	24.2	21.8	96 Dreyfus Premier Aggressive	S	8.3	23.0	-0.7
47 Bogle Small Cap Growth(closed)	H	6.8	25.3	21.4	97 WPG Large Cap Growth	S	5.8	24.3	-0.7
48 Strong Discovery+	H	9.1	27.5	12.4	98 American Century Equity Income	H	4.7	17.2	18.0
49 T.Rowe Price Mid Cap Growth	H	8.1	26.3	14.3	99 Turner Midcap Growth+	S	9.0	22.9	-3.0
50 RS Partners	H	9.6	24.7	15.9	100 INVESCO Dynamics+	S	9.3	25.3	-10.2

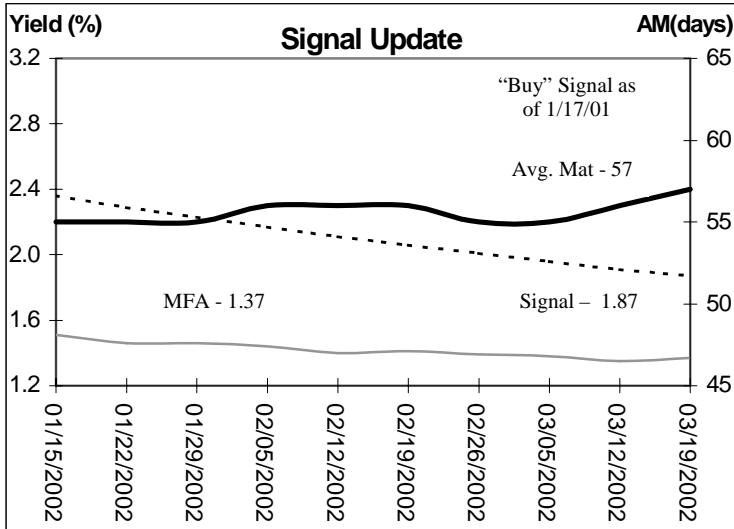
DOMESTIC STOCK FUNDS
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Domestic Stock Funds continued — data as of 03/22/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 Vanguard Capital Opportunity	S	6.5	23.3	-1.4	151 Fidelity Spartan 500 Index	S	6.4	17.4	1.0
102 Marsico Growth & Income	S	4.1	23.8	0.7	152 Fidelity Trend	S	5.6	17.5	1.6
103 INVESCO Value Equity	S	7.1	19.7	5.5	153 Salomon Brothers Investors	S	7.7	16.6	0.7
104 Oakmark Select(closed)	H	5.8	15.6	17.4	154 Selected American Shares	S	6.4	17.7	-0.9
105 Vontobel U.S. Value	H	3.3	17.9	15.7	155 Scudder Growth & Income	S	6.2	16.3	2.8
106 Fidelity Independence(ret.only)	S	6.0	23.5	-2.4	156 Sound Shore	S	7.0	14.1	7.0
107 Fidelity Mid-Cap Stock+	S	6.8	22.9	-2.3	157 Fidelity Blue Chip Growth	S	5.7	17.9	-0.4
108 Gabelli Growth	S	8.4	24.0	-7.7	158 TCW Galileo Small Cap Growth+	S	8.3	20.0	-9.9
109 T. Rowe Price Equity-Income	S	6.0	18.2	10.4	159 Dreyfus Growth Opportunity	S	6.3	16.7	0.9
110 T. Rowe Price Dividend Growth	S	6.4	19.1	7.3	160 USAA Growth & Income	S	5.6	16.9	1.4
111 USAA Growth	S	7.1	23.9	-5.8	161 American Century Equity Growth	S	6.6	16.2	1.7
112 Gabelli Asset	S	7.5	18.8	6.0	162 Fidelity Disciplined Equity	S	5.2	17.2	1.0
113 Fidelity Dividend Growth	S	6.1	18.1	9.9	163 INVESCO Equity Income	S	5.8	17.2	0.1
114 Neuberger Berman Manhattan	S	8.2	22.9	-5.7	164 Galaxy Equity Growth(3.75%)	S	8.0	17.4	-4.5
115 Dreyfus Fund	S	6.2	20.5	3.4	165 Fidelity Growth Company+	S	6.0	18.7	-4.6
116 WPG Tudor	S	8.3	19.9	1.2	166 Fidelity Magellan(3%)	S	6.2	16.6	0.2
117 T. Rowe Price Growth & Income	S	6.8	19.0	5.3	167 Mutual Qualified(1%)CIZ	S	5.1	13.8	8.7
118 Salomon Brothers Opportunity	S	5.3	19.7	5.5	168 Fidelity Stock Selector	S	5.9	16.5	0.8
119 Fidelity Convertible Securities	S	6.0	18.2	7.1	169 INVESCO Endeavor+	S	10.1	22.0	-19.8
120 American Century Ultra+	S	4.9	20.2	3.5	170 Dreyfus Appreciation	S	5.6	15.0	4.2
121 Oberweis Emerging Growth+	S	5.3	18.9	6.2	171 USAA Aggressive Growth	S	6.5	18.2	-6.0
122 Scudder Development+	S	10.6	23.2	-12.9	172 Bonnel Growth Fund	S	3.6	19.4	-4.7
123 Neuberger Berman Guardian	S	6.9	18.3	4.7	173 Fidelity Contrafund(3%)	S	4.6	15.3	4.1
124 Harbor Capital Appreciation+	S	5.2	22.8	-4.1	174 SIT Mid Cap Growth+	S	7.3	21.2	-14.6
125 T. Rowe Price New America	S	6.8	20.5	-0.8	175 Montgomery Small Cap	S	10.5	14.9	-3.8
126 Strong Advisor Midcap Growth+	S	11.9	21.6	-11.4	176 Preferred Value	S	7.4	14.6	1.3
127 Preferred Growth	S	5.3	22.6	-4.0	177 Vanguard Value Index	S	8.5	16.0	-4.1
128 Vanguard/Morgan Growth+	S	6.2	20.9	-1.3	178 INVESCO Small Company	S	6.0	18.6	-7.0
129 RS Emerging Growth(closed)	S	8.5	21.3	-5.7	179 Janus Growth & Income	S	7.1	16.4	-3.2
130 Tweedy, Browne American Value	S	6.7	16.9	7.2	180 Columbia Special+	S	6.4	16.9	-3.3
131 Dreyfus Growth & Income	S	7.3	18.5	2.3	181 Domini Social Equity Fund +	S	6.1	15.6	-0.3
132 Northeast Investors Growth	S	6.5	19.2	1.8	182 CS Warburg Pincus Value	S	5.9	14.4	2.4
133 Pin Oak Aggressive Stock+	S	14.7	24.3	-23.3	183 Columbia Growth+	S	6.0	17.8	-6.2
134 T. Rowe Price Cap Appreciation	H	5.1	14.5	15.5	184 Scudder Large Co Value	S	8.1	15.4	-3.8
135 Harbor Growth	S	9.5	21.7	-9.4	185 UMB Scout Stock	S	4.4	15.0	2.4
136 Vanguard Growth Index +	S	4.3	18.4	6.3	186 Columbia Common Stock	S	6.3	16.0	-3.2
137 Fidelity Equity-Income II	S	5.6	18.9	3.1	187 American Century Heritage	S	7.0	15.9	-4.5
138 Nicholas Fund	S	6.9	19.2	0.4	188 Fidelity Fund	S	4.6	14.0	2.8
139 Schwab 1000 Fund	S	6.6	18.7	2.0	189 Fidelity Growth & Income(3%)	S	4.8	13.3	4.2
140 Vanguard Windsor II	S	8.8	14.3	9.3	190 Mutual Beacon(1%)CIZ	S	4.5	12.7	5.7
141 Vanguard Equity-Income	S	6.2	14.7	12.4	191 Mutual Shares(1%)CIZ	S	4.5	12.8	5.0
142 American Century Income &	S	6.9	17.4	4.4	192 Scudder Large Company Growth	S	6.7	14.6	-3.7
143 American Century Growth+	S	4.7	19.8	1.4	193 Safeco Equity	S	5.5	13.4	0.9
144 CS Warburg Pincus Emerging	S	7.7	19.4	-4.3	194 Weitz Value Fund	S	6.7	11.8	2.6
145 Janus Fund	S	8.1	21.7	-11.0	195 Fidelity Fifty+	S	6.3	11.8	3.0
146 Babson Growth+	S	7.0	19.5	-3.9	196 INVESCO Blue Chip Growth	S	9.8	22.2	-28.6
147 Vanguard Growth & Income	S	6.1	17.5	2.3	197 Vanguard U.S. Growth	S	7.0	17.0	-11.5
148 Vanguard Growth Equity	S	6.4	19.9	-4.8	198 Salomon Brothers Capital	S	3.9	12.9	3.1
149 Loomis Sayles Value	S	6.6	17.1	1.8	199 PBHG Emerging Growth(closed)	S	9.1	14.6	-10.8
150 Vanguard 500 Index	S	6.4	17.4	1.1	200 MSI Midcap Growth	S	6.2	16.1	-12.1

International Stock Funds — data as of 03/22/02

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	8.2%	53.5%	11.6%	36 USAA World Growth	S	7.7	14.4	-3.6
2 Oakmark Global (2%r)	B	10.8	40.9	28.8	37 CS Warburg, Pincus Intl Equity	S	6.4	13.8	-6.2
3 Matthews Pacific Tiger	B	7.3	46.1	13.9	38 T. Rowe Price Intl Stock	S	7.3	13.0	-8.4
4 Fidelity Emerging Mkts(3%&1.5%	B	7.6	41.9	11.3	39 Columbia International Stock	S	6.3	12.5	-5.8
5 Oakmark Intl Small Cap	B	10.5	35.6	22.2	40 American Century Global	S	6.8	13.0	-9.1
6 Vanguard Emerging Mkts Stock	B	7.3	40.5	12.3	41 Schwab International Index	S	7.1	12.3	-8.6
7 T. Rowe Price Latin America	H	9.9	39.8	9.2	42 Galaxy International Equity	S	6.8	13.5	-12.5
8 Scudder Pacific Opportunity	B	5.9	43.4	4.9	43 Scudder Global	S	5.8	10.2	-4.0
9 T. Rowe Price New Asia	B	5.6	42.3	2.0	44 Scudder Greater Europe	S	5.9	11.9	-11.5
10 Scudder Latin America	H	10.2	34.8	9.3	45 Babson-Stewart Ivory Intl	S	6.8	12.8	-15.8
11 Fidelity Latin Amer.(3%&1.5%	H	8.1	35.7	4.7	46 Loomis Sayles International	S	6.3	9.7	-8.6
12 Oakmark International	B	11.4	30.9	11.3	47 Aetna Intl Growth(Advisor1%)	S	5.8	12.7	-17.7
13 Montgomery Emerging Mkts	B	7.5	34.7	6.9	48 Strong International Stock	S	5.6	10.3	-11.9
14 Fidelity Europe(3%&1%r<90d)	H	7.7	31.3	-0.5	49 American Century Intl Growth	S	7.4	9.0	-13.2
15 Harbor International	H	7.6	24.5	4.0	50 Vontobel International Equity	S	6.0	8.9	-14.1
16 Fidelity Worldwide	H	7.6	21.0	6.8	51 Scudder International	S	5.7	8.3	-12.7
17 Preferred International	H	7.8	20.7	2.4	52 INVESCO European	S	7.5	11.3	-24.5
18 Fidelity International G & I	H	8.7	20.1	-0.1	53 SIT International Growth	S	5.9	6.7	-21.6
19 Tweedy, Browne Global Value	H	6.9	17.6	5.1	54 Vanguard Pacific Stock Index	S	9.3	1.1	-14.5
20 Vanguard European Stock Index	H	7.3	18.2	1.2	55 T. Rowe Price Intl Discovery	S	3.6	4.4	-18.2
21 T. Rowe Price European	H	7.3	20.3	-4.1	56 Matthews Japan Fund	S	14.2	-6.1	-16.9
22 CS Warburg Pincus Japan Growth	H	10.7	22.2	-14.3	57 Fidelity Japan(3%&1.5%<90d)	S	9.6	-3.1	-19.4
23 Payden European Aggressive	H	3.2	30.0	-25.9	58 Japan Fund (Scudder)	S	8.6	-6.5	-17.2
24 Julius Baer Intl. Equity A	H	7.6	17.3	-1.5	60 T. Rowe Price Japan	S	10.4	-9.4	-19.1
25 Artisan International	S	6.7	17.9	-2.5					
26 Scudder Global Discovery(closed)	S	7.1	19.5	-8.0	Domestic Stock Funds (Cont.)				
27 Fidelity Diversified International	H	6.1	15.3	3.5	201 Berger Growth	S	6.6	17.0	-15.3
28 Fidelity Pacific Basin(3%&1.5%	H	8.4	16.7	-3.6	202 Legg Mason Value	S	11.1	10.2	-6.0
29 Janus Overseas(closed)	H	7.1	19.6	-9.8	203 American Century Select+	S	5.1	12.7	-3.4
30 Janus Worldwide(closed)	S	7.2	18.9	-8.4	204 SIT Large Cap Growth	S	6.3	15.5	-13.1
31 Vanguard International Growth	S	6.4	19.0	-7.7	205 Dreyfus Premier Third Century	S	6.7	13.0	-9.3
32 Investec China & Hong Kong	H	2.1	24.3	-15.7	206 Berger Large Cap Growth	S	7.6	13.6	-13.3
33 Fidelity Overseas	H	8.2	16.2	-6.4	207 Montgomery Growth	S	5.1	12.1	-6.0
34 Longleaf Partners International	S	5.3	12.2	6.1	208 SIT Small Cap Growth+	S	4.5	13.7	-11.1
35 USAA International	S	8.1	13.4	-1.4	209 Liberty-SteinRoe Growth Stock	S	5.9	13.0	-12.8
					210 Strong Growth	S	5.2	13.7	-14.9



The Signal - For the week ended March 19 iMoney-Net Inc.'s Money Fund Report Averages/All Taxable 7-day yield (MFA) increased by two basis points to 1.37% and the MONEYLETTER Signal dipped by four basis points to 1.87%. The average maturity increased by one day to 57 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 Funds: Royce Penn Mutual, Fidelity Fifty, Wasatch Small Cap Growth, Potomac Small Cap Plus.

Next Issue will be Wednesday, April 3, 2002 by Midnight (ET).