

MONEYLETTER HOTLINE 4/2/02

Waiting for Profits

The disconnect between the economy and the stock market continued this week. The Middle East flareup, a noneconomic event, also contributed to investors' concerns. The result was that on Monday, when the supply managers reported another increase in manufacturing activity, the stock market paid no attention. Some months ago the very same report would have sent the market soaring. Right now the market is focused on one thing, profits. It wants better profit numbers, and for the Middle East to settle down.

Today it got neither. A well-known Goldman Sachs tech analyst lowered her estimates for this year for some software companies and the whole technology sector took it on the chin. And oil prices rose again to over \$27 over Middle East fears. We do see the profit news getting better. There may be some sense of improvement in the profit reports starting next week. So far the warnings period has shown a more favorable trend than it has for some time. We see a fairly flat market for the next month or so, before the better profit outlook takes over.

There is no change in our recommended allocations.

Fund Recommendations – For domestic stock funds, there are two new buys: Baron Small Cap and CRM Mid Cap Value. There are two new holds: Neuberger Berman Genesis and Fidelity Small Cap Independence. There are eight new sells: American Century Value, Aegis Value, Dodge & Cox Stock, Vontobel U.S. Value, Clipper Fund, American Century Equity Income, T. Rowe Price Capital Appreciation and Oakmark Select. For international stock funds there is one new buy: Fidelity Europe. There is one new sell: Fidelity Diversified International.

T. Rowe Price Capital Appreciation is in the MONEYLETTER Venturesome and Moderate portfolios. We will switch the fund into Royce Low Priced Stock in both portfolios. Fidelity Diversified International is in the Fidelity Conservative Portfolio. We will switch that fund into Fidelity Europe.

The Economy – The supply managers showed manufacturing improving smartly last month. New orders were at very high levels as were backlogs. Manufacturing is growing again. Auto sales last month were flat with February. Sales there continue to hold up. The weekly store sales surveys show sales fell slightly in March compared to February. We see economic growth picking up for the rest of this year.

The Stock Market – The earnings season may give a lift to the market. Expectations are fairly low. The non-Japan Asia funds continue to perform well. The performance of those funds since September 11 rivals that of the top funds in our list. We look for higher stock prices over the rest of this year.

MONEYLETTER HOTLINE 3/28/02

Out Like a Lamb

The last days of a quarter usually see a great deal of activity in the markets that have little to do with pure investment considerations. This is what presumably moved the market over the past two days. There was a fair amount of economic news, but the stock market's response was muted, as it has been recently. Volume has been low. It is clear that institutional investors remain skeptical future profit increases will make today's market prices look attractive.

As far as the skeptics are concerned today's valuations need even higher profits than the consensus now expects. Even though stocks in general have inched up this quarter, there is no evidence of enthusiasm for equities. We believe that as the economic recovery gathers steam, profits will turn out to be better than now expected. But it will take one more quarter before the profits upturn becomes apparent.

In the interim the skeptics will continue to sell into any strong rally. We should continue to experience a fairly flat overall market for the next month or two. Meanwhile we expect the economic news to reflect an economy on the rise.

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 – The Chicago Purchasing Managers report for March was very strong. New orders flowed in at a high level. We'll get the national report on Monday. The latest U. of Michigan consumer survey confirmed that consumer attitudes are now distinctly positive. The economy is recovering and will continue to do so.

The Stock Market – The best news for the market today came from Taiwan, of all places, where one of Taiwan's major semiconductor firms announced that it was raising capital expenditures this year by \$1 billion. The market is waiting for signs of life in capital spending. The stock market will be closed for Good Friday.

The Bond Market – The bond market did not like today's good news on the economy and yields rose. We still see long rates moving down a bit from here. We do not see a rate increase in May, and we think long-term rates are too high.

Domestic Stock Funds — data as of 03/28/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 CGM Focus	B	-2.0%	57.7%	66.4%	51 Thompson Plumb Growth	H	5.7	24.6	27.8
2 Buffalo Small Cap (closed)	B	5.7	42.0	44.7	52 Yacktman Fund	H	2.7	25.4	29.5
3 Royce Low Priced Stock	B	9.3	43.0	36.6	53 Janus Venture (closed)	H	7.3	27.1	17.8
4 Berwyn Fund	B	10.4	37.1	39.5	54 Longleaf Partners	H	6.0	27.9	16.9
5 Wasatch Small Cap Value(closed)	B	11.9	32.0	46.8	55 Strong Advisor Common Stock	H	7.4	30.0	9.3
6 Boston Ptnrs Smlcap Val	B	10.6	34.5	41.7	56 Meridian Fund	H	5.0	24.5	26.5
7 Wasatch Core Growth+(closed)	B	11.7	32.8	44.4	57 RS Diversified Growth	H	6.7	29.2	12.3
8 TCW Galileo Value Opportunity	B	7.8	38.6	35.1	58 T.Rowe Price Mid Cap Growth	H	6.1	27.4	17.5
9 Royce Opportunity+	H	10.8	39.0	27.1	59 Westport Small Cap R	H	6.5	26.3	19.2
10 Vanguard Small-Cap Value Index	B	8.6	39.0	28.9	60 T. Rowe Price New Era	H	6.7	29.0	9.8
11 Oakmark Small Cap	B	8.6	36.8	33.6	61 Strong Multicap Value	H	7.9	27.0	13.0
12 Legg Mason Special Investment	B	10.9	39.9	20.3	62 Harbor Value	H	5.3	25.2	18.4
13 ICM/Isabelle Small Cap Value	H	13.9	38.9	17.8	63 TCW Galileo Aggressive	H	6.3	34.4	-6.3
14 Muhlenkamp Fund	B	7.4	37.6	26.1	64 Fidelity OTC Portfolio+	H	6.9	31.0	1.2
15 Baron Small Cap	B	7.9	33.7	32.4	65 Vanguard Extended Market	H	6.4	26.5	12.6
16 T.Rowe Price Mid Cap Value	B	6.7	34.3	32.1	66 Janus Special Situation	H	9.7	30.2	-2.4
17 CRM Mid Cap Value Ins	B	6.0	35.1	30.3	67 Artisan Midcap+(closed)	S	6.3	27.5	9.6
18 T. Rowe Price Small-Cap Value	B	6.1	31.8	36.6	68 MSI Mid Cap Value	H	6.6	26.3	11.3
19 CRM Small Cap Value Inv	H	5.7	32.5	32.5	69 Strong Discovery+	H	6.5	25.1	13.7
20 Pennsylvania Mutual+(1%)	B	7.1	32.1	31.2	70 Liberty-SteinRoe Capital Oppor-	S	5.8	28.6	2.7
21 Boston Partners Mid Cap Value	H	6.8	33.6	27.8	71 MSI Small Cap Value(closed)	S	5.5	24.6	12.7
22 Wasatch Small Cap Growth+	B	6.1	30.0	37.6	72 Neuberger Berman Partners	S	5.2	24.3	12.5
23 Heartland Value	B	5.9	31.0	32.3	73 Aegis Value Fund	S	3.0	18.8	29.4
24 Berger Mid Cap Value	B	5.2	33.0	27.0	74 American Century Value	S	2.6	21.4	23.4
25 Neuberger Berman Focus+	H	11.6	35.6	10.5	75 Dodge & Cox Stock	S	4.3	22.0	18.7
26 Neuberger Berman Fasciano Inv	H	6.7	31.5	27.8	76 Longleaf Partners Smallcap	S	6.9	20.7	18.0
27 Baron Asset	H	7.6	35.1	16.8	77 Galaxy Equity Value(3.75%)	S	6.6	23.7	10.4
28 Baron Growth	H	6.1	29.2	33.1	78 Dreyfus New Leaders	S	5.6	23.1	10.1
29 Safeco Growth Opportunities+	H	10.3	29.0	25.4	79 Needham Growth Fund	S	5.2	22.3	11.5
30 Loomis Sayles Small Cap Value	B	5.6	29.6	30.3	80 MSI Value Portfolio	S	5.1	20.9	14.7
31 Ariel Appreciation	B	3.6	30.6	30.3	81 Dreyfus-Founders Discovery	S	7.2	24.1	2.9
32 Fidelity Low Priced Stock(3%)	B	5.8	28.2	32.2	82 Federated Kaufmann Fund+	S	5.9	18.7	18.4
33 Eclipse Small Cap Value	H	6.5	30.0	25.9	83 William Blair Growth	S	6.1	23.7	5.3
34 Vanguard Mid-Cap Index+	H	6.5	31.3	22.5	84 INVESCO Dynamics+	S	6.8	29.0	-9.2
35 Legg Mason Opportunity Trust	H	14.0	32.6	7.0	85 Galaxy Small Co. Equity(3.75%)	S	6.3	22.4	7.8
36 Dreyfus Mid Cap Index	H	6.6	31.0	21.9	86 Oakmark Fund	S	4.4	19.0	18.7
37 Royce Premier	H	7.8	29.0	24.9	87 Dreyfus Premier Aggressive	S	6.5	23.4	3.7
38 Royce Total Return	H	6.3	29.4	25.8	88 Pin Oak Aggressive Stock+	S	15.7	30.1	-27.2
39 Vanguard Explorer+	H	7.1	32.0	18.0	89 Homestead Value	S	3.6	20.8	14.1
40 T. Rowe Price Small Cap Stock	H	5.5	29.3	26.1	90 Babson Value	S	5.8	19.8	13.0
41 Vanguard SmallCap Index+	H	7.3	30.6	19.4	91 Strong Opportunity+	S	4.5	24.8	2.3
42 Neuberger Berman Genesis	H	5.4	29.2	25.5	92 Selected Special Shares	S	6.5	23.4	2.2
43 Fidelity New Millennium(3%)	H	5.6	35.7	8.9	93 Turner Midcap Growth+	S	6.3	24.5	-1.6
44 Bogle Small Cap Growth(closed)	H	7.0	27.2	27.4	94 Fidelity Independence(ret.only)	S	4.7	24.4	0.9
45 RS Partners	H	10.6	26.2	23.0	95 Vontobel U.S. Value	S	1.7	18.5	19.6
46 PBHG Small Cap Value	H	7.7	30.6	16.1	96 Clipper Fund	S	3.7	17.7	18.6
47 Ariel Fund	H	6.1	29.0	22.4	97 Nicholas II	S	5.0	19.5	12.0
48 T. Rowe Price New Horizons	H	7.2	29.6	18.0	98 Vanguard PRIMECAP(\$25,000)	S	3.2	25.4	-0.3
49 Fidelity Small Cap Ind.(1.5%)	H	6.3	24.8	30.8	99 Fidelity Mid-Cap Stock+	S	4.3	24.2	0.5
50 Fidelity Value	H	6.2	28.3	20.3	100 Neuberger Berman Manhattan	S	6.3	23.9	-2.6

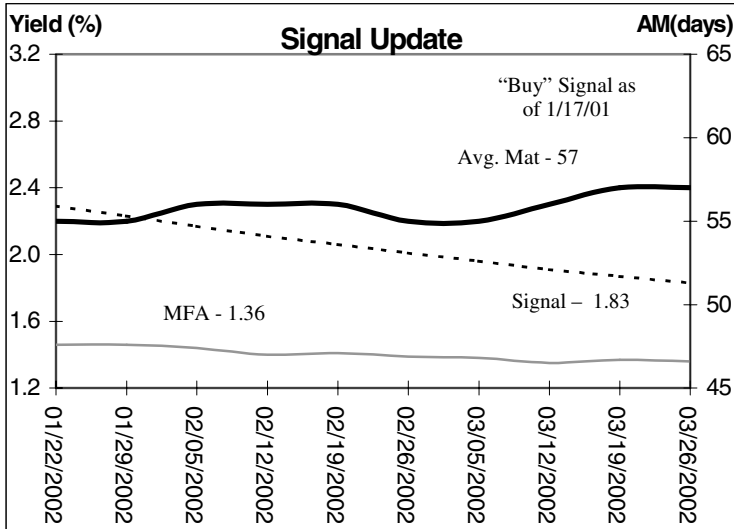
DOMESTIC STOCK FUNDS
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Domestic Stock Funds continued — data as of 03/28/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 American Century Equity Income	S	2.7	16.7	20.8	151 Columbia Special+	S	4.9	16.9	-0.4
102 Oberweis Emerging Growth+	S	5.7	19.4	7.8	152 Fidelity Trend	S	3.1	15.6	5.0
103 Vanguard Windsor	S	3.7	20.2	8.4	153 SIT Mid Cap Growth+	S	4.9	21.5	-12.4
104 Fidelity Capital Appreciation	S	4.8	21.9	2.5	154 INVESCO Equity Income	S	3.9	15.6	3.6
105 WPG Tudor	S	6.4	19.9	4.8	155 Vanguard Growth Index +	S	1.8	15.0	7.9
106 T. Rowe Price Cap Appreciation	S	4.0	16.1	17.8	156 Fidelity Contrafund(3%)	S	3.2	14.0	7.8
107 Fidelity Convertible Securities	S	4.5	18.9	9.5	157 Vanguard Windsor II	S	5.7	13.6	4.8
108 Gabelli Asset	S	4.7	18.3	10.4	158 Babson Growth+	S	4.5	17.3	-2.6
109 Marsico Focus	S	4.3	19.8	7.0	159 Preferred Growth	S	2.6	17.8	-1.2
110 Fidelity Fifty+	S	6.5	18.6	6.4	160 Vanguard Growth & Income	S	3.4	14.6	5.3
111 Scudder Development+	S	7.9	25.4	-12.8	161 Galaxy Equity Growth(3.75%)	S	5.9	15.8	-1.7
112 T. Rowe Price Equity-Income	S	3.2	16.7	14.1	162 American Century Heritage	S	5.5	15.1	0.5
113 Vanguard Capital Opportunity	S	3.3	23.5	-3.4	163 Vanguard Equity-Income	S	3.3	13.4	8.0
114 Strong Advisor Midcap Growth+	S	9.3	22.3	-9.8	164 Harbor Capital Appreciation+	S	2.4	17.7	-1.3
115 WPG Large Cap Growth	S	4.0	20.4	2.6	165 Gabelli Growth	S	4.9	18.3	-6.5
116 Oakmark Select(closed)	S	2.7	14.3	19.6	166 Vanguard Growth Equity	S	4.5	17.2	-3.9
117 INVESCO Value Equity	S	4.5	17.1	9.6	167 Vanguard 500 Index	S	3.5	14.7	3.9
118 Fidelity Equity-Income II	S	3.8	17.6	7.7	168 Dreyfus Growth Opportunity	S	3.6	14.7	3.7
119 T. Rowe Price Growth Stock	S	4.1	17.0	8.6	169 Fidelity Disciplined Equity	S	3.1	14.6	4.6
120 Neuberger Berman Guardian	S	4.3	16.8	8.8	170 Fidelity Spartan 500 Index	S	3.5	14.6	3.9
121 T. Rowe Price New America	S	5.0	19.5	0.6	171 American Century Growth+	S	2.2	16.3	1.5
122 Fidelity Equity-Income	S	4.4	17.7	5.8	172 Fidelity Blue Chip Growth	S	3.3	15.5	1.1
123 Harbor Growth	S	5.7	23.3	-10.0	173 USAA Growth & Income	S	2.9	14.4	4.4
124 T. Rowe Price Dividend Growth	S	3.8	16.3	10.3	174 American Century Equity Growth	S	3.7	13.7	4.9
125 RS Aggressive Growth+	S	4.4	20.8	-1.8	175 CS Warburg Pincus Value	S	2.8	13.6	6.4
126 Dreyfus Fund	S	3.3	18.1	6.3	176 Salomon Brothers Capital	S	3.2	13.2	6.7
127 Marsico Growth & Income	S	3.0	18.6	4.2	177 Fidelity Growth Company+	S	3.0	17.9	-5.0
128 RS Emerging Growth(closed)	S	5.0	20.0	-2.7	178 UMB Scout Stock	S	2.1	14.4	4.9
129 TCW Galileo Small Cap Growth+	S	5.0	23.2	-10.8	179 Selected American Shares	S	4.2	14.6	1.4
130 Salomon Brothers Opportunity	S	3.6	15.9	9.7	180 Scudder Capital Growth AARP	S	3.2	16.4	-2.0
131 T. Rowe Price Growth & Income	S	4.2	15.4	9.1	181 Fidelity Stock Selector	S	3.4	13.7	4.5
132 Dreyfus Growth & Income	S	4.5	16.5	5.0	182 Scudder Growth & Income	S	3.2	13.3	5.5
133 Fidelity Dividend Growth	S	3.3	16.4	6.5	183 PBHG Emerging Growth(closed)	S	7.7	16.6	-9.5
134 CS Warburg Pincus Emerging	S	3.7	19.3	-1.4	184 Mutual Shares(1%)CIZ	S	2.8	12.1	8.8
135 Nicholas Fund	S	5.0	16.8	2.7	185 Mutual Beacon(1%)CIZ	S	2.8	11.8	9.6
136 USAA Growth	S	5.0	20.3	-6.1	186 Scudder Large Co Value	S	5.0	13.6	0.7
137 Vanguard/Morgan Growth+	S	3.9	17.7	1.5	187 Vanguard Value Index	S	5.1	13.8	-0.3
138 American Century Income &	S	3.8	15.2	7.6	188 Dreyfus Appreciation	S	2.6	11.7	8.0
139 INVESCO Small Company	S	4.5	18.4	-1.7	189 Bonnel Growth Fund	S	3.3	15.0	-1.5
140 Schwab 1000 Fund	S	3.7	16.1	4.9	190 INVESCO Blue Chip Growth	S	9.4	22.9	-30.4
141 American Century Ultra+	S	2.1	15.8	7.8	191 Janus Fund	S	4.5	17.4	-9.4
142 Loomis Sayles Value	S	3.5	15.4	6.8	192 Domini Social Equity Fund +	S	3.5	13.4	2.0
143 USAA Aggressive Growth	S	4.5	18.6	-2.9	193 Fidelity Magellan(3%)	S	3.2	13.2	3.2
144 Tweedy, Browne American Value	S	4.1	13.5	10.5	194 Fidelity Fund	S	2.2	13.3	4.2
145 INVESCO Endeavor+	S	7.8	23.6	-20.4	195 Janus Growth & Income	S	4.0	13.4	0.0
146 Mutual Qualified(1%)CIZ	S	3.4	13.0	12.6	196 MSI Midcap Growth	S	4.2	16.1	-7.5
147 Sound Shore	S	4.6	12.8	10.8	197 Columbia Common Stock	S	3.3	13.2	-0.1
148 Montgomery Small Cap	S	8.7	14.5	0.4	198 Fidelity Growth & Income(3%)	S	2.3	10.7	7.3
149 Northeast Investors Growth	S	3.9	15.2	5.8	199 Preferred Value	S	4.0	10.3	5.3
150 Salomon Brothers Investors	S	4.9	15.4	3.7	200 Van Wagoner Emerging Growth	S	-5.5	32.0	-37.5

International Stock Funds — data as of 03/28/02

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	8.4%	54.0%	18.1%	36 Fidelity Overseas	S	5.6	15.0	-5.2
2 Oakmark Global (2%r)	B	9.4	41.6	34.5	37 T. Rowe Price Intl Stock	S	5.2	14.8	-6.1
3 Matthews Pacific Tiger	B	6.6	46.5	18.2	38 Vanguard European Stock Index	H	5.3	13.3	-5.3
4 Fidelity Emerging Mkts(3%&1.5%	B	5.6	44.1	16.5	39 Columbia International Stock	S	4.8	11.4	-2.7
5 T. Rowe Price New Asia	B	4.6	48.5	4.9	40 Scudder Global	S	4.2	10.2	-0.5
6 Scudder Pacific Opportunity	B	5.6	45.7	10.2	41 American Century Global	S	5.5	11.2	-4.8
7 Montgomery Emerging Mkts	B	5.2	42.7	10.3	42 Galaxy International Equity	S	4.7	12.2	-8.5
8 T. Rowe Price Latin America	H	5.3	39.6	17.3	43 Schwab International Index	S	5.5	10.0	-5.0
9 Vanguard Emerging Mkts Stock	B	4.2	40.2	17.2	44 Babson-Stewart Ivory Intl	S	5.5	10.4	-11.7
10 Oakmark Intl Small Cap	B	9.1	33.3	23.8	45 Strong International Stock	S	4.7	8.6	-6.9
11 Scudder Latin America	H	5.2	34.7	15.9	46 Scudder Greater Europe	S	3.6	8.1	-5.5
12 Oakmark International	B	10.1	30.4	17.8	47 Loomis Sayles International	S	3.7	7.7	-5.0
13 Fidelity Latin Amer.(3%&1.5%	H	3.5	36.0	13.4	48 Vontobel International Equity	S	5.7	6.8	-9.4
14 Fidelity Europe(3%&1%r<90d)	B	6.1	27.1	6.2	49 Aetna Intl Growth(Advisor1%)	S	3.8	10.2	-15.1
15 Harbor International	H	6.3	21.5	9.4	50 Scudder International	S	4.0	7.2	-8.6
16 CS Warburg Pincus Japan Growth	H	10.5	28.6	-18.3	51 American Century Intl Growth	S	5.3	6.2	-8.9
17 Fidelity Worldwide	H	5.3	20.1	9.2	52 INVESCO European	S	4.4	10.7	-20.2
18 Preferred International	H	7.4	19.6	7.1	53 T. Rowe Price Intl Discovery	S	2.9	7.3	-16.6
19 Investec China & Hong Kong	H	6.5	25.6	-8.1	54 Vanguard Pacific Stock Index	S	8.0	3.4	-15.4
20 Fidelity International G & I	H	7.2	19.0	3.3	55 SIT International Growth	S	4.7	4.6	-18.7
21 Tweedy, Browne Global Value	H	5.6	16.8	8.6	56 Japan Fund (Scudder)	S	8.9	-0.3	-16.2
22 Fidelity Pacific Basin(3%&1.5%	H	7.4	19.2	-3.5	57 Fidelity Japan(3%&1.5%<90d)	S	8.9	1.5	-22.5
23 USAA International	H	5.6	16.7	1.5	58 Matthews Japan Fund	S	12.5	-4.0	-20.3
24 Scudder Global Discovery(closed)	H	5.7	17.7	-3.9	60 T. Rowe Price Japan	S	9.7	-6.0	-23.2
25 USAA World Growth	S	5.1	16.3	-0.6	————— Domestic Stock Funds (Cont.) —————				
26 Janus Overseas(closed)	H	4.9	18.0	-4.8	201 Columbia Growth+	S	3.1	13.6	-5.2
27 Julius Baer Intl. Equity A	H	5.6	14.7	1.8	202 SIT Small Cap Growth+	S	2.7	15.3	-9.3
28 CS Warburg, Pincus Intl Equity	S	5.5	16.6	-3.7	203 Scudder Large Company Growth	S	4.2	11.1	-1.7
29 T. Rowe Price European	H	4.7	14.4	1.9	204 Vanguard U.S. Growth	S	4.4	14.2	-10.0
30 Vanguard International Growth	S	5.3	15.6	-2.5	205 Safeco Equity	S	2.3	10.4	2.6
31 Artisan International	S	4.7	13.8	2.1	206 Weitz Value Fund	S	2.6	8.7	4.5
32 Fidelity Diversified International	S	4.7	14.3	0.3	207 Berger Growth	S	3.3	15.5	-13.8
33 Payden European Aggressive	H	2.9	21.1	-15.4	208 American Century Select+	S	2.7	10.1	-0.4
34 Janus Worldwide(closed)	S	4.5	15.7	-4.4	209 Strong Growth	S	4.3	12.3	-12.1
35 Longleaf Partners International	S	4.2	11.1	6.7	210 Van Wagoner Mid-Cap+	S	2.3	24.4	-39.8



The Signal - For the week ended March 26 iMoney-Net Inc.'s Money Fund Report Averages/All Taxable 7-day yield (MFA) decreased by one basis point to 1.36% and the MONEYLETTER Signal dipped by four basis points to 1.83%. The average maturity remained at 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 10, 2002 by Midnight (ET).