

## MONEYLETTER HOTLINE 4/9/02

### Rumors for Now

We have had a strange and contradictory market the past two days. Essentially there has been almost no economic news. At the same time we have not ended the warnings season, although earnings are just beginning to trickle in. So earnings are dominating. Rumors take center stage when hard facts are lacking and that is what is happening now. Unfortunately one rumor about a warning from IBM turned out to be true. This gave credibility to the rumor mill and today a rumor about a warning from Cisco and a downgrade helped bring the entire tech sector down.

All this is happening with very low volume, as the absence of any hard data is obviously keeping many pros on the sideline. We expect this rumor-driven market to continue for the next two days until the next batch of economic news hits on Friday. Next week the earnings reports start flowing in. We believe they will support the market but not much more. However, we see the current wariness about earnings fading as the reporting season continues. Slowly the emphasis will shift to this quarter's earnings, and as it does sentiment will brighten. We look for continued earnings improvement from now on. There is no change in our recommended allocations.

**Fund Recommendations** – For domestic stock funds, there are two new buys: ICM/Isabelle Small Cap Value and Royce Opportunity. There is one new hold: Aegis Value. There are no changes for international stock funds.

We recognize that there have been a fair number of changes in our fund recommendations the last few weeks. This reflects the effect of the long rally since September 11 on individual funds' outlooks.

**The Economy** – Wholesale inventories declined in February suggesting that the full boost from inventories has yet to come, rather than having already been absorbed as some claim. The latest retail store surveys were mixed. We'll have a better feel next week. We look for continued improvement.

**The Stock Market** – For the next 2-3 weeks the profits reports will swing the market on a daily basis. Then the economic fundamentals will take over and we expect them to remain positive. We look for higher stock prices over the rest of this year.

**The Bond Market** – The bond market has been drifting of late. Fears about the Fed have dwindled, but worries about oil remain. The 10-year Treasury is now at 5.25% about

## MONEYLETTER HOTLINE 4/5/02

### Show Me State

The market's uneasiness continued the last part of this week. The turmoil in the Middle East did not dominate but it certainly added to the general uncertainty. Once again there was little response by the market to the economic news. True today's employment report was not unequivocally strong. But it did show the economy moving in the right direction. The manufacturing numbers when added up showed that manufacturing was well on the way to recovery. In fact, it looks as if industrial production last month recorded a good increase. The market did pick that up in the sense that some of the Dow cyclicals, led by 3-M, advanced. But the interest in the cyclicals would normally travel through the entire market. Today it did not.

We are still in the "show me the profits mood". Profits begin coming out next week, and they will determine the near-term course of the market. We are assuming the Middle East does not worsen. We expect the profits reports, taken as a whole, to be somewhat positive for the market. The economic background will continue to remain favorable. We look for higher stock prices over the rest of this year. 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** – Manufacturing is recovering and that is very important. It is the most dynamic sector we have. We expect to see hiring there turn positive in a month or two. The employment report was actually better than it looked on the surface. We look for continued improvement in economic activity over the next twelve months.

**The Stock Market** – Volume remained fairly tame all week, indicating that professional investors are reluctant to commit to the market while the outlook remains uncertain. We believe things will clear in the positive direction over the next 3-4 months. We look for higher stock prices over the rest of this year.

## Domestic Stock Funds — data as of 4/5/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 CGM Focus	B	-3.4%	50.2%	57.4%	51 Fidelity Small Cap Ind.(1.5%)	H	0.5	15.8	25.5
2 Boston Ptnrs Smlcap Val	B	5.9	31.3	40.0	52 Janus Venture (closed)	H	1.6	19.7	13.5
3 Wasatch Small Cap Value(closed)	B	6.1	26.9	44.8	53 Thompson Plumb Growth	H	-2.6	18.0	22.8
4 Oakmark Small Cap	B	3.1	33.3	32.9	54 Baron Asset	H	-0.2	20.3	12.1
5 ICM/Isabelle Small Cap Value	B	7.5	36.0	15.9	55 Fidelity New Millennium(3%)	H	-2.2	22.0	9.2
6 Berwyn Fund	B	6.5	27.6	38.1	56 Vanguard Explorer+	H	-0.6	19.0	12.3
7 Royce Low Priced Stock	B	1.7	31.9	33.6	57 PBHG Small Cap Value	H	-0.2	18.8	10.7
8 Wasatch Core Growth+(closed)	B	4.9	25.0	42.8	58 T. Rowe Price New Era	H	0.3	19.2	7.3
9 Vanguard Small-Cap Value Index	B	2.4	30.6	32.3	59 Clipper Fund	H	1.5	14.3	17.4
10 Royce Opportunity+	B	4.9	31.6	25.7	60 Neuberger Berman Focus+	H	-2.5	21.2	4.5
11 Buffalo Small Cap (closed)	B	-1.0	29.0	39.4	61 Vontobel U.S. Value	H	2.0	11.7	19.2
12 CRM Mid Cap Value Ins	B	2.5	31.6	26.1	62 Vanguard Extended Market	H	-0.6	16.7	9.7
13 CRM Small Cap Value Inv	H	1.4	30.0	29.7	63 Strong Multicap Value	H	0.7	16.8	6.8
14 Baron Small Cap	B	6.3	26.8	27.7	64 MSI Small Cap Value(closed)	S	-0.7	16.9	8.6
15 T. Rowe Price Small-Cap Value	B	3.2	24.8	33.5	65 T.Rowe Price Mid Cap Growth	H	-1.3	15.3	12.4
16 Heartland Value	B	3.3	26.5	28.3	66 Strong Advisor Common Stock	H	-2.2	18.6	5.1
17 Pennsylvania Mutual+(1%)	B	2.3	25.4	29.7	67 Federated Kaufmann Fund+	S	2.9	11.4	13.6
18 Neuberger Berman Fasciano Inv	H	2.8	25.3	28.2	68 Strong Discovery+	H	-0.6	14.6	10.0
19 T.Rowe Price Mid Cap Value	B	0.6	25.4	28.2	69 Janus Special Situation	H	0.6	19.9	-5.0
20 TCW Galileo Value Opportunity	B	-1.9	25.4	30.8	70 T. Rowe Price Cap Appreciation	S	0.2	11.9	15.1
21 Fidelity Low Priced Stock(3%)	B	1.7	21.6	33.1	71 Harbor Value	H	-1.0	13.5	12.6
22 Boston Partners Mid Cap Value	H	1.8	24.2	24.4	72 American Century Value	S	-3.0	12.9	17.1
23 Yacktman Fund	H	1.4	23.2	27.5	73 Dreyfus New Leaders	S	-0.6	15.0	7.8
24 Royce Total Return	H	1.7	23.3	25.2	74 Dodge & Cox Stock	S	-1.7	13.3	12.8
25 Ariel Fund	H	4.4	23.2	21.0	75 Homestead Value	S	-0.2	12.3	12.7
26 Eclipse Small Cap Value	H	3.3	23.0	22.9	76 Oakmark Fund	S	-0.7	11.1	13.7
27 Legg Mason Special Investment	B	-0.7	28.4	13.9	77 American Century Equity Income	S	-1.8	10.2	17.1
28 Muhlenkamp Fund	B	0.0	25.4	19.5	78 Needham Growth Fund	S	-3.4	14.2	8.9
29 Neuberger Berman Genesis	H	1.6	22.4	24.4	79 Fidelity Convertible Securities	S	-0.2	12.9	7.0
30 Meridian Fund	H	0.4	22.9	24.4	80 Fidelity OTC Portfolio+	H	-4.6	17.8	1.4
31 Ariel Appreciation	B	-0.8	23.2	24.0	81 Artisan Midcap+(closed)	S	-2.8	15.2	5.1
32 RS Partners	H	6.8	19.5	21.7	82 MSI Mid Cap Value	S	-2.6	15.1	5.1
33 Royce Premier	H	1.0	21.8	23.1	83 Fidelity Fifty+	S	1.1	12.0	7.0
34 Baron Growth	H	1.9	18.7	27.8	84 RS Diversified Growth	H	-2.5	15.4	3.9
35 Berger Mid Cap Value	B	-1.2	22.8	21.9	85 Babson Value	S	0.0	11.4	9.3
36 T. Rowe Price New Horizons	H	0.2	25.6	12.4	86 MSI Value Portfolio	S	-0.8	11.3	9.2
37 Wasatch Small Cap Growth+	B	-0.3	17.4	32.9	87 Oakmark Select(closed)	S	-1.6	8.4	16.9
38 T. Rowe Price Small Cap Stock	H	0.5	20.8	22.3	88 Gabelli Asset	S	-0.7	11.9	6.8
39 Loomis Sayles Small Cap Value	B	-0.7	20.4	25.2	89 Selected Special Shares	S	0.0	14.3	-0.7
40 Longleaf Partners	H	-0.7	22.8	17.2	90 Fidelity Independence(ret.only)	S	-1.1	13.9	1.4
41 Fidelity Value	H	0.6	20.4	20.3	91 Liberty-SteinRoe Capital Oppor-	S	-2.3	15.7	-2.0
42 Safeco Growth Opportunities+	H	2.5	16.9	23.7	92 William Blair Growth	S	-2.2	13.2	3.9
43 Bogle Small Cap Growth(closed)	H	0.8	18.4	22.2	93 Mutual Qualified(1%)CIZ	S	1.0	8.7	9.6
44 Legg Mason Opportunity Trust	H	1.3	25.7	3.1	94 Vanguard Windsor	S	-2.7	10.6	9.7
45 Vanguard SmallCap Index+	H	0.8	21.1	15.0	95 Marsico Focus	S	0.7	11.4	1.4
46 Longleaf Partners Smallcap	H	3.7	17.8	18.6	96 Neuberger Berman Partners	S	-3.1	11.9	5.3
47 Aegis Value Fund	H	1.0	13.7	32.8	97 Salomon Brothers Capital	S	-0.3	10.3	4.4
48 Westport Small Cap R	H	0.8	20.3	16.3	98 Galaxy Small Co. Equity(3.75%)	S	-1.7	11.9	2.1
49 Vanguard Mid-Cap Index+	H	-0.9	20.4	17.5	99 Fidelity Capital Appreciation	S	-3.0	12.4	2.6
50 Dreyfus Mid Cap Index	H	-0.9	20.2	16.9	100 Nicholas II	S	-1.3	9.2	8.1

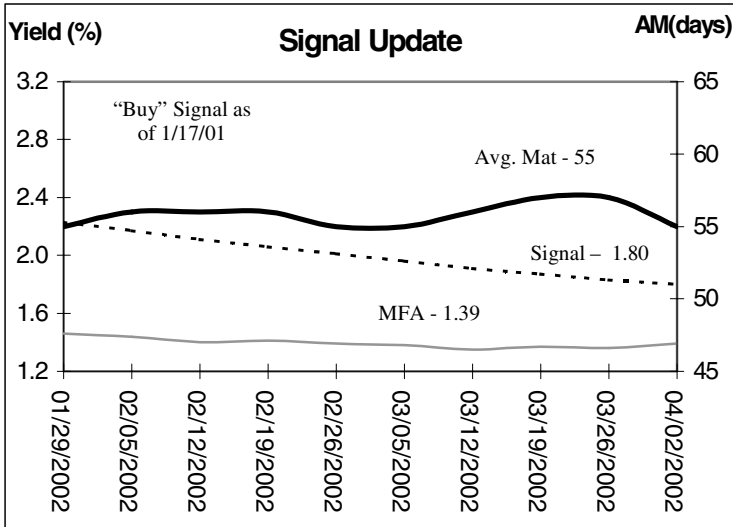
**DOMESTIC STOCK FUNDS**  
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## Domestic Stock Funds continued — data as of 4/5/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 Strong Opportunity+	S	-4.1	13.9	-0.3	151 Scudder Capital Growth AARP	S	-3.4	9.4	-7.6
102 T. Rowe Price Equity-Income	S	-2.6	9.2	8.8	152 American Century Ultra+	S	-3.7	6.2	0.9
103 WPG Tudor	S	0.1	10.4	1.8	153 Vanguard/Morgan Growth+	S	-3.0	7.0	-2.3
104 Mutual Beacon(1%)CIZ	S	0.8	7.7	6.9	154 Fidelity Trend	S	-3.3	6.2	-0.3
105 Galaxy Equity Value(3.75%)	S	-2.7	10.7	4.5	155 American Century Growth+	S	-3.8	7.2	-2.3
106 Fidelity Equity-Income	S	-2.2	9.3	6.6	156 Dreyfus Growth Opportunity	S	-2.9	5.9	-0.9
107 Marsico Growth & Income	S	0.1	10.9	-1.2	157 Vanguard Growth Index +	S	-4.6	5.4	2.6
108 Mutual Shares(1%)CIZ	S	0.7	7.6	6.0	158 Scudder Large Co Value	S	-1.6	5.8	-2.9
109 T. Rowe Price Dividend Growth	S	-1.6	8.5	5.5	159 Neuberger Berman Manhattan	S	-3.9	8.8	-7.0
110 Fidelity Contrafund(3%)	S	0.4	7.4	4.3	160 Fidelity Fund	S	-3.5	5.2	1.3
111 Salomon Brothers Opportunity	S	-0.7	7.8	3.8	161 USAA Growth & Income	S	-3.5	5.6	0.1
112 Dreyfus Premier Aggressive	S	-1.3	11.2	-4.0	162 Gabelli Growth	S	-3.9	9.2	-9.2
113 Fidelity Mid-Cap Stock+	S	-3.7	13.3	-5.7	163 Janus Growth & Income	S	-1.6	5.5	-3.4
114 Tweedy, Browne American Value	S	-0.3	6.9	5.1	164 Galaxy Equity Growth(3.75%)	S	-1.9	6.4	-5.6
115 INVESCO Value Equity	S	-2.6	8.5	3.9	165 Fidelity Spartan 500 Index	S	-3.4	5.4	-1.0
116 Nicholas Fund	S	-0.1	8.6	-0.1	166 <b>Vanguard 500 Index</b>	<b>S</b>	<b>-3.4</b>	<b>5.4</b>	<b>-1.0</b>
117 Vanguard Equity-Income	S	-1.7	6.1	8.2	167 Weitz Value Fund	S	-2.4	4.0	0.8
118 Fidelity Dividend Growth	S	-3.3	7.0	7.9	168 Preferred Growth	S	-4.1	7.5	-5.6
119 T. Rowe Price Growth Stock	S	-1.8	7.6	3.9	169 Domini Social Equity Fund +	S	-3.0	5.1	-1.4
120 Dreyfus-Founders Discovery	S	-2.1	10.5	-3.4	170 American Century Equity Growth	S	-3.3	4.9	-0.6
121 CS Warburg Pincus Emerging	S	-4.2	12.0	-4.6	171 INVESCO Small Company	S	-3.3	7.6	-7.3
122 Fidelity Equity-Income II	S	-3.7	8.8	2.0	172 Columbia Special+	S	-3.2	6.9	-5.7
123 TCW Galileo Aggressive Growth+	H	-8.4	15.0	-6.5	173 Scudder Development+	S	-5.8	11.1	-12.5
124 CS Warburg Pincus Value	S	-1.0	6.9	2.4	174 Northeast Investors Growth	S	-3.7	5.3	-1.2
125 Vanguard Windsor II	S	-0.4	5.3	5.2	175 Scudder Growth & Income	S	-3.4	5.2	-2.2
126 Turner Midcap Growth+	S	-4.0	11.6	-5.4	176 Fidelity Blue Chip Growth	S	-4.0	5.8	-2.9
127 T. Rowe Price Growth & Income	S	-1.9	6.5	4.0	177 Harbor Capital Appreciation+	S	-4.5	7.2	-5.8
128 WPG Large Cap Growth	S	-2.3	9.0	-1.6	178 Babson Growth+	S	-4.2	6.8	-5.3
129 Vanguard PRIMECAP(\$25,000)	S	-5.8	12.2	-4.8	179 Fidelity Growth & Income(3%)	S	-2.7	3.0	1.9
130 Sound Shore	S	0.0	5.1	4.3	180 Preferred Value	S	-1.9	3.2	-0.1
131 INVESCO Equity Income	S	-2.3	8.6	-0.9	181 Fidelity Stock Selector	S	-3.5	4.5	-1.2
132 Dreyfus Fund	S	-3.2	8.2	0.9	182 Fidelity Magellan(3%)	S	-3.2	4.4	-1.5
133 INVESCO Dynamics+	S	-5.7	14.6	-11.5	183 Vanguard Value Index	S	-2.2	4.8	-4.7
134 Neuberger Berman Guardian	S	-3.0	7.0	3.1	184 RS Emerging Growth(closed)	S	-4.6	7.9	-9.1
135 Bonnel Growth Fund	S	1.6	6.9	-3.5	185 Liberty-SteinRoe Balanced	S	-1.7	3.5	-3.0
136 Loomis Sayles Value	S	-2.4	6.9	1.5	186 USAA Aggressive Growth	S	-3.1	5.2	-5.3
137 Selected American Shares	S	-1.0	7.2	-1.5	187 Janus Fund	S	-3.8	7.6	-11.5
138 Oberweis Emerging Growth+	S	-0.9	5.0	3.6	188 Montgomery Small Cap	S	-0.6	3.6	-6.5
139 American Century Income &	S	-2.8	6.3	2.7	189 Vanguard Convertible Securities	S	-1.6	2.1	-1.6
140 American Century Heritage	S	-0.5	7.3	-3.7	190 RS Aggressive Growth+	S	-7.2	6.8	-5.5
141 Salomon Brothers Investors	S	-2.2	6.9	-0.6	191 Vanguard Growth Equity	S	-3.9	5.9	-8.2
142 Dreyfus Growth & Income	S	-3.0	7.1	-0.4	192 MSI Midcap Growth	S	-2.9	5.8	-12.4
143 Fidelity Disciplined Equity	S	-1.8	6.2	0.0	193 Safeco Equity	S	-3.9	2.0	-1.9
144 UMB Scout Stock	S	-3.0	6.6	0.5	194 Columbia Common Stock	S	-4.5	4.0	-6.3
145 Vanguard Growth & Income	S	-2.5	6.0	1.2	195 Pin Oak Aggressive Stock+	S	-5.9	10.5	-20.5
146 Dreyfus Appreciation	S	-2.3	5.2	2.6	196 Harbor Growth	S	-8.5	9.0	-13.2
147 Schwab 1000 Fund	S	-3.1	6.7	0.1	197 Strong Advisor Midcap Growth+	S	-3.5	6.6	-14.8
148 Vanguard Capital Opportunity	S	-6.8	9.7	-2.4	198 INVESCO Endeavor+	S	-6.9	9.8	-18.2
149 USAA Growth	S	-4.6	9.5	-5.3	199 SIT Small Cap Growth+	S	-3.3	4.5	-11.2
150 T. Rowe Price New America	S	-3.7	7.7	-2.6	200 American Century Select+	S	-3.0	2.0	-5.7

## International Stock Funds — data as of 4/5/02

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	2.4%	50.5%	18.2%	36 Vanguard European Stock Index	H	0.7	8.5	-5.3
2 Fidelity Emerging Mkts(3%&1.5%)	B	2.4	44.6	17.1	37 Fidelity Overseas	S	-2.3	10.8	-9.2
3 Montgomery Emerging Mkts	B	2.7	43.5	12.4	38 Columbia International Stock	S	1.1	7.3	-6.6
4 Oakmark Global (2%r)	B	2.7	35.5	32.4	39 Galaxy International Equity	S	-1.0	10.1	-12.8
5 Vanguard Emerging Mkts Stock	B	1.3	41.1	19.1	40 Janus Worldwide(closed)	S	-2.2	8.5	-9.2
6 Matthews Pacific Tiger	B	0.0	41.6	18.5	41 Scudder Global	S	-1.0	4.8	-3.6
7 T. Rowe Price New Asia	B	0.9	45.6	7.0	42 Strong International Stock	S	0.5	5.3	-9.2
8 Scudder Pacific Opportunity	B	2.0	42.7	10.5	43 Schwab International Index	S	0.3	5.7	-10.1
9 T. Rowe Price Latin America	H	1.9	36.8	14.6	44 American Century Global	S	0.6	5.0	-9.3
10 Fidelity Latin Amer.(3%&1.5%)	H	2.3	35.7	11.1	45 Scudder Greater Europe	S	-0.4	5.1	-11.2
11 Scudder Latin America	H	3.6	33.6	13.6	46 Babson-Stewart Ivory Intl	S	0.4	6.1	-15.8
12 Oakmark Intl Small Cap	B	4.0	29.9	22.1	47 Vontobel International Equity	S	1.8	4.4	-13.7
13 Oakmark International	B	4.3	30.3	15.9	48 Loomis Sayles International	S	-0.7	3.7	-8.2
14 Fidelity Europe(3%&1%r<90d)	B	-0.4	23.3	-0.5	49 Scudder International	S	0.0	4.7	-12.7
15 Harbor International	H	2.5	18.1	5.5	50 T. Rowe Price Intl Discovery	S	0.9	4.6	-17.5
16 Preferred International	H	2.7	18.0	2.7	51 INVESCO European	S	-1.2	7.0	-22.6
17 CS Warburg Pincus Japan Growth	H	2.0	25.8	-22.6	52 American Century Intl Growth	S	0.5	2.0	-13.0
18 Tweedy, Browne Global Value	H	2.5	13.5	5.1	53 Aetna Intl Growth(Advisor1%)	S	-0.4	4.7	-18.6
19 Fidelity International G & I	H	0.6	15.6	-0.6	54 Vanguard Pacific Stock Index	S	-1.0	-1.1	-17.0
20 Fidelity Worldwide	H	-1.5	13.1	5.1	55 Japan Fund (Scudder)	S	1.4	-1.4	-23.5
21 USAA International	H	0.7	13.7	-0.2	56 SIT International Growth	S	-2.7	-0.9	-22.5
22 Julius Baer Intl. Equity A	H	1.8	12.5	-0.4	57 Fidelity Japan(3%&1.5%<90d)	S	-0.6	-2.6	-24.5
23 Fidelity Pacific Basin(3%&1.5%)	H	-0.4	15.4	-4.6	58 Matthews Japan Fund	S	2.2	-5.6	-23.8
24 CS Warburg, Pincus Intl Equity	H	1.2	14.3	-4.6	60 T. Rowe Price Japan	S	0.7	-7.5	-29.0
25 Fidelity Diversified International	S	0.8	11.2	1.6	<b>Domestic Stock Funds (Cont.)</b>				
26 Investec China & Hong Kong	H	0.3	15.6	-9.7	201 Van Wagoner Mid-Cap+	S	-6.4	12.9	-29.2
27 Artisan International	S	1.6	10.3	-1.6	202 SIT Mid Cap Growth+	S	-6.1	6.9	-15.7
28 USAA World Growth	S	-1.1	12.0	-2.7	203 Montgomery Growth	S	-3.1	1.5	-7.7
29 Vanguard International Growth	S	-0.1	12.5	-7.4	204 Scudder Large Company Growth	S	-4.4	1.6	-6.4
30 T. Rowe Price European	S	-0.3	11.1	-4.8	205 Columbia Growth+	S	-5.1	3.0	-8.8
31 Scudder Global Discovery(closed)	H	-0.5	12.2	-7.6	206 Van Wagoner Emerging Growth	S	-14.8	16.8	-29.2
32 Janus Overseas(closed)	H	-1.4	13.3	-9.1	207 Fidelity Growth Company+	S	-6.9	3.9	-9.0
33 T. Rowe Price Intl Stock	S	-0.4	11.9	-8.6	208 Dreyfus Premier Third Century	S	-2.3	1.5	-10.7
34 Payden European Aggressive	S	-1.1	17.5	-21.9	209 Legg Mason Value	S	-1.5	0.9	-10.4
35 Longleaf Partners International	S	0.4	5.3	5.5	210 TCW Galileo Small Cap Growth+	S	-7.7	6.2	-14.8



**The Signal** - For the week ended April 2 iMoneyNet Inc.'s Money Fund Report Averages/All Taxable 7-day yield (MFA) increased by three basis points to 1.39% and the MONEYLETTER Signal dipped by three basis points to 1.80%. The average maturity declined by 2 days to 55 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 17, 2002 by Midnight (ET).**