

MONEYLETTER HOTLINE 11/12/02

Productivity Gains Key

Despite the Dow's meltdown late in the day, the stock market is acting better than it has in some time. The Nasdaq today made up three-quarter's of yesterday's large loss. The corporate news in general has a better tone. The profit news concerning this quarter is also taking on a better tone, despite the fact that this will turn out to be a very slow quarter.

Chuck Hill of First Call, the keeper of profit estimates, has been very skeptical of earnings estimates previously. But he now reports earnings are expected to grow 15% this quarter over last year, and, he adds, "any deviation is likely to be higher rather than lower." This is a very new tune for Mr. Hill. The profit news comes in the face of a marked slowdown of the economy. What it tells us is that business has become extremely lean over the past twenty months, and some of the productivity gains are showing up on the bottom line.

We do believe that the bear market is very close to its end, but a bull market is not yet developing. We are in a no-man's land while Iraq is unsettled and the economy has not yet made a turn. But we believe the market outlook is developing favorably.

There is no change in our recommended allocations.

Fund Recommendations – For domestic stock funds, there are two new buys: Clipper Fund and Fidelity Equity-Income II. There is one new hold: Eclipse Small Cap Value. There are four new sells: Mutual Beacon CIZ, Meridian Fund, Nicholas II, and Neuberger Berman Fasciano. For international stock funds, there are two new buys: Vanguard Emerging Markets Stock Index and Fidelity Emerging Markets.

The Economy – The weekly store sales surveys showed a good increase in sales over the first week of this month. Despite the Iraq concerns, oil prices remain quiet and considerably lower than a few weeks ago. Alan Greenspan testifies before Congress tomorrow on the economy. We look for a gradually improving economy.

The Stock Market – Looking at our fund rankings, we believe that the market is in a transition phase as growth, both large- and small-cap, continues to move up the list. This is an extremely good sign, as it means institutional investors are raising their horizons and are looking ahead. We see higher prices ahead over the next 6-9 months.

The Bond Market – Yields have fallen since the Fed rate cut. We don't see them going much lower, if at all.

The Select Portfolio – No changes.

MONEYLETTER HOTLINE 11/8/02

Proceed With Caution

We now have the elections, and a surprisingly large rate cut, behind us. The market's reaction would in normal circumstances have been a sparkling rally. Instead we have a mild selloff after a one month rally. Considering the bear market, not too bad, in our opinion.

Over the past two years, good news was met by the shorts hitting the market hard. This time the selling was mild. The market is slowly changing its spots. But until the news from the corporate front gets better it will be a case of two steps forward and one step back. The reaction on Thursday to Cisco's downbeat view of the immediate outlook shows how skittish investors remain.

Today's mild selling is being attributed to Iraq and a possible war. Perhaps. But there was nothing surprising or unexpected concerning Iraq. The market has been living with a war possibility all year. The bond market has responded to the Fed's move with a strong rally. We've also seen our high-yield bond funds rising across the board. While the stock market shook off the move, the bond market is responding as it should. The stock market will notice. We think this quarter may well see the definitive turn in the market. The wild card is Iraq.

There is no change in our recommended allocations.

Fund Recommendations – For domestic stock funds, there are five new buys: AXARosenberg Value Long/Short, Legg Mason Special Investment Trust, Fidelity Fifty, Janus Twenty (the fund is closed), and Dreyfus New Leaders. There are four new holds: Marsico Growth & Income, Marsico Focus, Baron Growth and Baron Small Cap. There are two new sells: T. Rowe Price New Era and CGM Focus. For international stock funds, there are three new buys: Oakmark Global, Matthews Pacific Tiger, and Scudder Pacific Opportunity. There is one new hold: Investec China & Hong Kong. There is one new sell: Vanguard Pacific Stock Index.

The Economy – The economic news has had a slightly better tone the past few days. Store sales last month rose nicely. It quieted the noise about a consumer pullback, at least temporarily. The weekly unemployment claims report was better than expected. Thanks to the Fed cut, the dollar slipped some more. A moderately weaker dollar will help exports. And oil prices slumped. We look for a gradually improving economy.

The Stock Market – We continue to expect some pullback to test the strength of the rally. We see stocks meeting the test.

The Select Portfolio – No changes.

Domestic Stock Funds — data as of 11/8/02

Fund	Advice	1 month	6 month	1 year		Advice	1 month	6 month	1 year
1 Yacktman Fund	B	13.8%	-0.9%	19.1%	51 Weitz Value Fund	H	15.6	-18.4	-13.7
2 AXARosenberg Value L/S (2%	B	-9.7	7.7	21.6	52 Oakmark Select(closed) (2%	H	11.8	-17.5	-10.5
3 Hussman Strategic Growth (1.5%	B	-0.9	0.7	15.3	53 Westport Small Cap R	H	10.9	-18.4	-7.1
4 Fidelity Fifty (.75%r<30d)	B	18.3	-12.4	0.7	54 Third Avenue Small-Cap Value	H	11.6	-18.8	-7.6
5 Aegis Value Fund	B	5.5	-7.4	5.7	55 T. Rowe Price Equity-Income	H	11.3	-17.2	-11.2
6 Legg Mason Special Investment	B	16.7	-13.6	4.2	56 Fidelity Growth & Income(3%)	H	7.5	-13.7	-14.7
7 T. Rowe Price Cap Appreciation	B	7.0	-8.3	0.4	57 Legg Mason Opportunity Trust	H	18.7	-22.8	-8.7
8 Vontobel U.S. Value (2%r<90d)	B	7.9	-9.7	0.8	58 Eclipse Small Cap Value	H	2.8	-18.3	3.8
9 American Century Equity Income	B	8.3	-9.0	-2.0	59 Dreyfus New Leaders	B	7.2	-17.4	-5.4
10 RS Partners	B	5.8	-12.0	4.5	60 T. Rowe Price Growth Stock	H	13.1	-16.1	-17.6
11 Royce Premier (1%r<180d)	H	12.2	-13.9	-1.4	61 Fidelity Value	H	11.9	-20.2	-6.0
12 Clipper Fund	B	11.6	-12.7	-3.7	62 Domini Social Equity Fund +	H	12.6	-16.3	-17.1
13 Royce Total Return (1%r<180d)	B	7.5	-14.4	4.8	63 Longleaf Partners Smallcap	H	7.4	-19.7	-1.0
14 Neuberger Berman Genesis	B	6.6	-13.6	3.3	64 Berger Mid Cap Value	S	10.5	-19.3	-6.5
15 Oberweis Emerging Growth	H	22.3	-17.1	-12.8	65 Oakmark Fund	H	11.5	-18.5	-10.4
16 Longleaf Partners	H	10.6	-15.5	-0.2	66 T. Rowe Price New Era	S	6.5	-17.6	-5.2
17 Vanguard Convertible Securities	B	3.9	-8.3	-9.5	67 Bonnel Growth Fund (.25%	H	7.7	-17.8	-6.6
18 Fidelity Equity-Income II	B	15.0	-14.1	-12.0	68 Baron Small Cap	H	6.0	-20.8	3.6
19 Fidelity L P Stock (closed,3%	B	9.7	-16.5	1.1	69 Fidelity Capital Appreciation	H	15.3	-19.0	-15.1
20 Thompson Plumb Growth	H	21.0	-18.4	-12.3	70 Selected American Shares	S	10.3	-16.5	-14.1
21 Legg Mason Value	H	18.3	-15.7	-15.3	71 Vanguard/Morgan Growth	S	12.4	-16.4	-17.5
22 Wasatch Small Cap Grth	H	18.6	-17.9	-10.4	72 Scudder Large Co Value	S	12.7	-17.7	-15.0
23 Fidelity Dividend Growth	H	15.6	-14.4	-14.8	73 American Century Income &	S	12.5	-17.0	-16.5
24 Dodge & Cox Stock	H	11.3	-15.3	-6.7	74 T. Rowe Price Dividend Growth	S	11.0	-16.7	-15.2
25 Liberty-SteinRoe Balanced	H	7.7	-11.1	-12.6	75 Fidelity Fund	S	10.9	-15.9	-17.4
26 Strong Discovery	B	8.8	-13.9	-7.9	76 American Century Equity Growth	S	11.9	-16.4	-17.8
27 Strong Mid Cap Disciplined	H	11.4	-17.6	-2.7	77 Mutual Beacon(1%)CIZ	S	4.5	-15.8	-8.3
28 T.Rowe Price Mid Cap Value	H	11.4	-18.6	-0.8	78 Vanguard Growth Index	H	10.4	-15.1	-19.0
29 Fidelity Stock Selector	H	13.4	-14.1	-16.1	79 Fidelity Magellan (3%)	S	12.4	-16.2	-19.3
30 American Century Value	H	9.8	-14.9	-8.8	80 Oakmark Small Cap (2%r<90d)	S	12.1	-23.2	-1.5
31 T. Rowe Price S-C Value	H	8.5	-18.9	2.8	81 Vanguard Growth & Income	S	11.5	-16.6	-17.5
32 Ariel Appreciation	H	10.0	-17.4	-3.2	82 Ariel Fund	H	2.9	-17.8	-1.6
33 Gabelli Asset	H	12.6	-16.9	-8.7	83 Fidelity Equity-Income	S	12.5	-18.4	-14.6
34 Fidelity Contrafund (3%)	B	3.5	-12.6	-6.0	84 Loomis Sayles Value	S	12.2	-18.3	-14.6
35 Dreyfus Appreciation	H	9.7	-13.1	-13.9	85 USAA Growth & Income	S	12.7	-17.2	-18.1
36 Preferred Value	H	12.0	-14.6	-13.9	86 Baron Growth	S	4.5	-18.8	-2.3
37 Janus Twenty(closed)	B	8.4	-9.9	-20.7	87 Schwab 1000 Fund (.75%	S	12.0	-17.2	-17.5
38 WmBlair S-C Growth N (1%r<60d)	H	12.7	-19.3	-4.3	88 Vanguard Cap Opp	S	18.4	-19.8	-20.8
39 Fidelity Trend	H	13.3	-15.0	-15.9	89 Meridian Fund	S	9.2	-20.2	-6.2
40 Royce Penn Mutual(1%r<180d)	H	10.6	-19.2	-1.3	90 Dreyfus Fund	S	12.2	-17.6	-17.3
41 Fidelity Independence(ret.only)	H	17.1	-19.1	-11.6	91 American Century Ultra	S	10.4	-16.9	-16.3
42 MSI Small Cap Value(closed)	H	12.7	-17.9	-8.2	92 Nicholas II	S	8.8	-17.2	-13.3
43 Fidelity OTC Portfolio	H	15.2	-16.2	-16.2	93 UMB Scout Stock	S	9.3	-16.3	-16.5
44 Northeast Investors Growth	H	13.9	-15.1	-17.1	94 Vanguard 500 Index	S	12.2	-17.1	-18.8
45 Fidelity Convertible Securities	H	6.8	-14.3	-8.7	95 Janus Growth & Income	S	10.5	-16.7	-17.2
46 Heartland Value (1%r<90d)	H	10.6	-19.2	-2.3	96 Fidelity Spartan 500 Index	S	12.2	-17.1	-18.8
47 Strong Advisor Common Stock	H	17.4	-19.2	-12.7	97 Fidelity Disciplined Equity	H	8.0	-16.4	-14.3
48 Fidelity New Millennium (3%)	H	12.7	-17.4	-11.3	98 Vanguard Strategic Equity	H	7.6	-18.6	-8.6
49 Homestead Value	H	9.8	-16.8	-8.6	99 Vanguard Equity-Income	S	9.9	-17.7	-14.6
50 Mutual Shares(1%)CIZ	H	4.8	-14.5	-7.3	100 T. Rowe Price New America	S	17.3	-18.9	-22.7

DOMESTIC STOCK FUNDS
Continued on next page

Domestic Stock Funds continued — data as of 11/8/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 Columbia Common Stock	S	13.6	-17.6	-20.4	151 Third Avenue Value	S	9.3	-21.9	-12.9
102 Artisan Midcap(closed)	H	14.1	-19.3	-17.0	152 Columbia Special	S	6.5	-19.0	-15.9
103 Scudder Growth & Income	S	11.2	-16.8	-18.9	153 WPG Large Cap Growth	S	13.0	-20.3	-22.5
104 Vanguard Extended Market Index	S	10.9	-19.9	-11.0	154 Salomon Brothers Opportunity	S	3.8	-18.8	-13.3
105 T. Rowe Price Small Cap Stock	S	10.2	-20.9	-7.2	155 Scudder Large Company Growth	S	12.2	-19.0	-25.6
106 Dreyfus Growth Opportunity (2%	S	11.1	-17.3	-17.9	156 Fidelity Growth Company	S	17.6	-21.1	-28.6
107 Vanguard U.S. Value	S	11.7	-20.5	-11.0	157 Strong Growth 20	S	5.5	-16.7	-21.3
108 Vanguard Windsor	S	15.2	-20.4	-17.1	158 Galaxy Equity Growth (3.75%)	S	11.3	-20.1	-22.0
109 T.Rowe Price Mid Cap Growth	S	14.1	-20.9	-14.4	159 CS Warburg Pincus Capital	S	10.9	-18.2	-26.5
110 Vanguard PRIMECAP	S	13.9	-19.4	-17.9	160 Scudder Capital Growth AARP	S	12.0	-19.8	-24.5
111 INVESCO Value Equity	S	11.2	-18.2	-17.1	161 SIT Large Cap Growth	S	10.2	-17.8	-26.6
112 Royce Low Priced Stock (1%	S	14.3	-24.2	-6.9	162 Vanguard SmallCap Index	S	11.5	-24.7	-12.0
113 Dreyfus Growth & Income	S	13.6	-18.7	-19.7	163 Nicholas Fund	S	4.6	-18.8	-16.4
114 Mutual Qualified(1%)CIZ	S	4.6	-17.5	-9.3	164 Gabelli Growth	S	16.1	-21.3	-27.5
115 Vanguard Mid-Cap Index	S	10.2	-21.0	-8.7	165 Dreyfus Premier Aggressive	S	8.5	-21.6	-15.5
116 Vanguard Value Index	S	14.3	-19.3	-19.2	166 CS Warburg Pincus Value	S	9.6	-20.9	-18.9
117 Janus Mercury	S	11.5	-16.0	-23.6	167 Vanguard Explorer	S	12.3	-24.0	-15.6
118 Salomon Brothers Investors	S	16.5	-21.1	-18.9	168 SIT Small Cap Growth	S	12.0	-21.7	-20.8
119 INVESCO Core Equity	S	10.3	-18.2	-16.9	169 Tweedy, Browne American	S	6.7	-21.0	-15.0
120 Selected Special Shares	S	13.7	-21.4	-14.0	170 Harbor Value	S	11.1	-23.3	-16.4
121 Fidelity Blue Chip Growth	S	11.3	-17.2	-21.0	171 Vanguard Growth Equity	S	11.0	-20.0	-25.4
122 American Century Select	S	9.7	-16.8	-19.9	172 Vanguard Small-Cap Value	S	8.6	-27.0	-4.8
123 Federated Kaufmann Fund(0.2%)	S	7.6	-19.2	-10.7	173 Muhlenkamp Fund	S	13.2	-26.8	-13.1
124 Dreyfus Mid Cap Index	S	10.1	-21.3	-9.2	174 William Blair Growth (1%r<60d)	S	11.2	-23.1	-19.7
125 Sound Shore	S	11.3	-20.2	-13.9	175 CS Warburg Pincus Emerging	S	14.9	-24.3	-22.9
126 American Century Heritage	S	7.7	-19.4	-10.4	176 Janus Enterprise	S	7.9	-19.6	-24.4
127 Marsico Growth & Income	H	3.6	-17.3	-10.1	177 Harbor Capital Appreciation	S	9.7	-20.6	-24.5
128 Marsico Focus	H	3.4	-17.6	-9.4	178 ICM/Isabelle Small Cap Value	S	9.7	-28.2	-5.6
129 Strong Growth	S	8.3	-16.8	-18.9	179 Vanguard U.S. Growth	S	11.9	-19.7	-30.2
130 Liberty-SteinRoe Capital Opportu-	H	7.0	-19.8	-9.6	180 Janus Fund	S	9.8	-21.3	-23.0
131 TCW Galileo Aggressive Growth	S	24.4	-23.3	-27.0	181 Preferred Growth	S	9.6	-20.8	-24.4
132 Safeco Equity	S	13.6	-18.2	-23.7	182 Bogle Small Cap Growth(closed)	S	6.1	-24.1	-11.0
133 Vanguard Windsor II	S	9.7	-19.2	-15.4	183 Boston Ptnrs Smlcap Val	S	7.1	-25.7	-8.7
134 Montgomery Growth	S	11.5	-17.6	-22.4	184 Dreyfus Premier Third Century	S	11.5	-21.7	-25.5
135 Babson Growth	S	13.7	-19.1	-22.0	185 INVESCO Dynamics	S	16.3	-24.4	-25.9
136 T. Rowe Price Growth & Income	S	12.8	-19.4	-19.9	186 Strong Opportunity	S	14.5	-25.0	-22.1
137 American Century Growth	S	10.7	-17.6	-21.5	187 RS Aggressive Growth	S	14.7	-24.5	-23.8
138 Loomis Sayles Small Cap Value	S	7.1	-21.3	-7.2	188 Royce Opportunity (1%r<180d)	S	14.2	-29.8	-9.8
139 Boston Partners Mid Cap Value	S	11.2	-22.5	-10.3	189 Fidelity Mid-Cap Stock (.75%	S	13.0	-24.1	-22.2
140 CRM Small Cap Value Inv	S	8.9	-23.4	-5.7	190 Liberty-SteinRoe Growth Stock	S	10.1	-21.0	-25.7
141 Neuberger Berman Fasciano Inv	S	2.9	-21.1	-2.9	191 Columbia Growth	S	10.2	-20.4	-28.0
142 CRM Mid Cap Value Ins	S	7.8	-22.6	-6.6	192 Montgomery Small Cap	S	10.3	-22.9	-21.8
143 CRM Mid Cap Value Inv	S	7.8	-22.6	-6.8	193 Neuberger Berman Partners	S	12.4	-24.7	-20.5
144 Berwyn Fund (1%r<180d)	S	3.4	-21.9	-2.1	194 Neuberger Berman Guardian	S	11.6	-23.8	-22.1
145 Scudder Development	S	19.8	-22.0	-26.7	195 MSI Midcap Growth	S	12.1	-23.2	-24.4
146 T. Rowe Price New Horizons	S	15.7	-23.5	-16.7	196 Needham Growth Fund (.75%	S	19.1	-26.8	-26.0
147 American Century Vista	S	3.6	-17.8	-13.6	197 Fidelity Small Cap Ind.(1.5%	S	2.3	-23.3	-10.5
148 Strong Large Cap Growth	S	9.9	-17.6	-23.9	198 Salomon Brothers Capital	S	15.4	-25.9	-24.0
149 RS Value+Growth	S	10.8	-19.3	-21.5	199 TCW Galileo Value Opportunity	S	19.4	-29.6	-21.0
150 WPG Tudor	S	13.0	-21.3	-19.8	200 USAA Growth	S	7.1	-20.3	-26.3

DOMESTIC STOCK FUNDS

Continued on next page

