

MONEYLETTER HOTLINE 12/3/02

Pause of Little Concern

Stocks have retreated for two days now, and already we are hearing the usual talk that we only have experienced a bear market rally, and so forth. One should never say never in investing, but the talk seems far-fetched to us.

Yes, there has been some disappointing economic news. The manufacturing survey for November came in lower than expected, telling us that nationally manufacturing is picking up very slowly. Some firms' guidance was less than upbeat. AOL Time Warner wrote off next year. Nokia threw water on the thought that telecom was about to be reborn. Merrill Lynch's pessimistic strategist lowered his already low equity allocation.

This dose of cold water encouraged the shorts, who were back in action the last two days. But do not lose sight of the bigger picture. In the case of manufacturing we had upbeat reports earlier from New York, Philadelphia and Chicago. Something is happening, if it has not yet spread nationally. We think it is only a matter of time before it does. In the case of the profit reports, some of them are company specific. The overall profit outlook is looking better. We view the market retreat as essentially good old-fashioned profit taking, and nothing more.

There is no change in our new recommended allocations.

Fund Recommendations – For domestic stock funds, there are two new buys: T. Rowe Price Small Cap Value (the fund is closed) and Dodge & Cox Stock. There is one new hold: Vontobel U.S. Value. There are four new sells: Janus Twenty, Eclipse Small Cap Value, Baron Small Cap, and Fidelity Contrafund. For international stock funds, there is one new buy: Fidelity Southeast Asia. There are two new holds: Fidelity Diversified International and Oakmark International Small Cap.

Baron Small Cap is in all three MONEYLETTER portfolios. We will switch the fund into Third Avenue Small Cap Value in all three portfolios. Fidelity Contrafund is in all three Fidelity only portfolios. In the Venturesome and Conservative portfolios we will switch the fund into Fidelity Capital Appreciation. In the Moderate Portfolio, we will switch the fund into Fidelity Equity-Income II.

The Economy – The consumer is doing her bit. The weekly retail store surveys confirmed that retailers had a strong post-Thanksgiving surge. Auto sales last month were up substantially from October. We should see a good increase in retail sales for last month. The economy continues to improve.

Stock Market – Stocks have hit some key technical hurdles. We will see stocks backing off as traders sell. But we see this as temporary. We look for the rally to resume over the next few weeks.

The Select Portfolio – There are no trades recommended for this portfolio.

MONEYLETTER HOTLINE 11/29/02

Putting Some Cash To Work

We are recommending an increase in the domestic stock allocation for all investors. The increase is straightforward for Venturesome and Moderate investors. The increase is somewhat different for Conservative investors. For Venturesome investors, we are raising the domestic stock allocation to 85% from 70%, and reducing the money fund allocation to 15% from 30%. For Moderate investors, we are raising the domestic stock allocation to 65% from 55% and lowering the money fund allocation to 10% from 20%. For Conservative investors we are lowering the money fund allocation to 15% from 25% while establishing a new 10% allocation for specialty funds.

Here are the changes we will make to the model portfolios. **MONEYLETTER Venturesome and Moderate:** Sell one-half of money fund allocation and purchase Royce Premier Fund. **MONEYLETTER Conservative:** Sell 40% of money fund allocation and purchase Gateway Index Plus Fund (carried in our specialty list). **Fidelity Venturesome and Moderate:** Sell one-half of money fund allocation and purchase Fidelity OTC Portfolio. **Fidelity Conservative:** Sell 40% of money fund allocation and purchase Fidelity Balanced Fund (to be added to our specialty list). **Vanguard Venturesome and Moderate:** Sell one-half of money fund allocation and purchase Vanguard Extended Market Index. **Vanguard Conservative:** Sell 40% of money fund allocation and purchase Vanguard Balanced Index Fund.

We are increasing our stock allocation because we believe that the bear market has ended. A bull market may not have begun, but the seeds of one are being sown. We may see profit taking in the short-run, but we see higher prices ahead over the next six months. We have been getting something of what we required earlier for reentry into the market. We are seeing positive responses to better economic news, for one. The rally is premised on an improving economy. Also, the profit news, while not sparkling, is improving. Finally, the outlook guidance from firms is generally taking a better tone.

Fund Recommendations – For domestic stock funds, there is one new buy: Oberweis Emerging Growth. There are four new holds: Dreyfus New Leaders, Janus Twenty, SteinRoe Balanced, and Fidelity Contrafund. There is one new sell: Marsico Focus.

The Economy – Wednesday's economic news was all we could ask for. For us, the most important news was the increase in durable goods orders. The series is volatile, but it appears to be stabilizing, the prelude to increased spending. The economy is slowly coming around.

Stock Market – Wednesday's stock market was exactly what we needed. There is profit taking ahead, and many technicians are wary of the rally. So be it. We are very encouraged.

The Select Portfolio – There is a new sell for this portfolio: Axa Rosenberg Value, Long/Short. The fund is to be switched into Fidelity Select Multimedia. Multimedia which carries a 3% load.

Domestic Stock Funds — data as of 11/29/02

Fund	Advice	1 month	6 month	1 year		Advice	1 month	6 month	1 year
1 Yacktman Fund	B	7.6%	4.0%	17.5%	51 T. Rowe Price Equity-Income	H	8.2	-11.6	-7.7
2 Royce Special Equity (1%r<180d)	H	2.8	-4.2	22.0	52 Selected Special Shares	H	10.7	-12.5	-9.5
3 Fidelity Fifty (.75%r<30d)	B	11.8	-7.4	12.3	53 WmBlair S-C Growth N (1%	H	9.1	-13.5	-4.7
4 Legg Mason Special Investment	B	11.8	-3.9	3.4	54 Fidelity Capital Appreciation	S	9.5	-11.4	-11.1
5 Aegis Value Fund	B	6.1	-3.1	7.6	55 Salomon Brothers Investors	S	12.7	-12.7	-13.3
6 Hussman Strategic Growth (1.5%	B	-1.7	-2.2	12.5	56 Fidelity Trend	H	6.9	-9.0	-14.2
7 Longleaf Partners	H	8.7	-7.5	3.8	57 Vanguard Cap Opp	S	12.9	-10.9	-18.8
8 T. Rowe Price Cap Appreciation	B	5.2	-5.6	3.5	58 Fidelity Dividend Growth	H	6.4	-9.3	-13.5
9 Oberweis Emerging Growth	B	16.7	-6.7	-11.0	59 Baron Growth	S	4.3	-13.0	-1.7
10 American Century Equity Income	B	5.6	-5.1	-0.1	60 Oakmark Small Cap (2%r<90d)	H	9.4	-16.6	-0.3
11 Royce Premier (1%r<180d)	B	8.5	-7.8	1.0	61 Vanguard Strategic Equity	H	6.3	-12.3	-6.5
12 Royce Total Return (1%r<180d)	B	6.0	-8.3	6.0	62 Fidelity Stock Selector	H	5.9	-9.0	-14.7
13 RS Partners	B	6.4	-9.4	6.3	63 C&B Mid Cap Value	S	6.9	-15.0	-1.5
14 Legg Mason Opportunity Trust	S	16.4	-10.9	-7.3	64 Weitz Value Fund	H	9.3	-12.6	-11.2
15 Third Avenue Small-Cap Value	H	12.9	-11.2	-1.8	65 Berwyn Fund (1%r<180d)	S	9.2	-16.2	-2.1
16 Clipper Fund	B	7.1	-8.4	-0.6	66 RS MidCap Opportunities	S	11.0	-11.0	-18.0
17 Strong Advisor Common Stock	H	14.1	-9.7	-9.2	67 Royce Opportunity (1%r<180d)	S	15.9	-19.2	-5.3
18 Neuberger Berman Genesis	B	3.9	-9.2	4.2	68 Vanguard Extended Market	S	8.6	-13.0	-9.9
19 T. Rowe Price S-C Value	H	7.7	-11.8	4.9	69 Needham Growth Fund (.75%	S	19.6	-15.5	-20.2
20 Fidelity L P Stock (3%&1.5%	B	7.4	-10.9	3.0	70 Salomon Brothers Capital	S	16.8	-15.9	-15.5
21 Fidelity Equity-Income II	B	8.4	-7.6	-7.1	71 T. Rowe Price New Era	S	6.2	-15.4	-1.2
22 Longleaf Partners Smallcap	H	8.2	-10.9	1.1	72 Northeast Investors Growth	H	5.7	-9.4	-15.7
23 Dodge & Cox Stock	H	9.3	-9.8	-4.2	73 Preferred Value	H	5.4	-10.7	-12.3
24 Vanguard Convertible Securities	B	3.8	-4.7	-9.0	74 American Century Equity Growth	S	7.0	-10.7	-14.9
25 Strong Discovery	B	5.8	-8.1	-4.7	75 Janus Twenty(closed)	H	2.5	-6.1	-19.5
26 Berger Mid Cap Value	H	10.4	-11.4	-3.4	76 Selected American Shares	S	5.8	-11.1	-12.2
27 MSI Small Cap Value(closed)	H	9.3	-9.9	-6.0	77 Eclipse Small Cap Value	H	1.7	-14.6	2.7
28 Legg Mason Value	H	9.5	-7.7	-12.1	78 Westport Small Cap R	H	5.6	-13.0	-7.2
29 Strong Mid Cap Disciplined	H	8.5	-11.3	-1.9	79 American Century Income &	S	7.2	-11.5	-13.5
30 Ariel Fund	H	6.4	-11.8	2.3	80 USAA Growth & Income	S	7.6	-11.1	-15.1
31 Thompson Plumb Growth	H	14.3	-11.7	-10.5	81 Vanguard PRIMECAP	S	10.4	-12.3	-16.6
32 Wasatch Small Cap Grth	B	10.5	-10.0	-10.0	82 Stein Roe Balanced	H	2.9	-9.7	-11.9
33 WPG Tudor	H	14.4	-10.1	-16.8	83 Fidelity Equity-Income	S	7.9	-13.1	-11.2
34 Fidelity OTC Portfolio	H	8.7	-7.4	-15.1	84 Oakmark Fund	H	6.9	-13.8	-8.5
35 American Century Value	H	7.7	-10.4	-6.3	85 Domini Social Equity Fund +	S	6.3	-10.8	-15.1
36 Gabelli Asset	H	9.1	-11.1	-6.6	86 Scudder Development	S	14.4	-12.0	-24.2
37 Fidelity New Millennium (3%)	H	8.8	-9.6	-10.1	87 Artisan Midcap(closed)	S	9.2	-12.6	-15.2
38 T.Rowe Price Mid Cap Value	H	7.6	-13.5	1.0	88 Vanguard Mid-Cap Index	S	7.1	-14.6	-7.2
39 Fidelity Value	H	9.5	-13.5	-2.1	89 Strong Growth	S	6.4	-10.0	-17.7
40 Ariel Appreciation	H	6.6	-12.1	-1.4	90 Buffalo Small Cap	S	15.2	-17.9	-11.6
41 Fidelity Convertible Securities	H	6.4	-9.1	-8.8	91 Fidelity Growth Company	S	12.8	-10.8	-25.7
42 Heartland Value (1%r<90d)	H	9.8	-13.9	-1.9	92 Vontobel U.S. Value (2%r<90d)	B	-3.7	-10.7	-1.4
43 T. Rowe Price Small Cap Stock	H	9.0	-12.3	-4.8	93 Nicholas II	S	6.3	-12.4	-12.5
44 Homestead Value	H	6.7	-11.0	-4.7	94 Dreyfus Mid Cap Index	S	7.1	-14.8	-7.6
45 Royce Penn Mutual(1%r<180d)	H	7.8	-13.5	-0.5	95 Baron Small Cap	H	2.9	-16.2	2.3
46 Oakmark Select(closed) (2%	H	6.6	-10.6	-6.0	96 Vanguard SmallCap Index	S	10.4	-15.6	-10.6
47 Dreyfus New Leaders	H	5.9	-11.1	-4.0	97 Vanguard Growth Index	H	5.1	-9.4	-18.2
48 Bonnel Growth Fund (.25%r<30d)	H	11.9	-13.9	-5.9	98 Vanguard/Morgan Growth	S	6.3	-10.9	-16.6
49 TCW Galileo Aggressive Growth	H	16.2	-9.5	-24.1	99 Loomis Sayles Value	S	6.7	-13.3	-11.4
50 Meridian Fund	H	8.7	-12.9	-4.9	100 WPG Large Cap Growth	S	9.5	-11.9	-19.1

DOMESTIC STOCK FUNDS
Continued on next page

Domestic Stock Funds continued — data as of 11/29/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 Schwab 1000 Fund (.75%r<180d)	S	6.4	-11.5	-15.5	151 Fidelity Blue Chip Growth	S	5.1	-11.9	-20.1
102 Loomis Sayles Small Cap Value	S	6.0	-15.3	-5.6	152 Strong Large Cap Growth	S	6.7	-11.7	-23.0
103 T. Rowe Price Dividend Growth	S	5.9	-12.4	-13.0	153 American Century Select	S	4.6	-12.4	-18.3
104 Vanguard Equity-Income	S	6.2	-13.3	-11.4	154 T. Rowe Price Growth & Income	S	7.0	-13.9	-18.2
105 Neuberger Berman Fasciano Inv	S	3.8	-15.7	-1.8	155 Safeco Equity	S	6.6	-12.5	-21.2
106 T. Rowe Price Growth Stock	S	5.1	-10.6	-16.6	156 Vanguard Windsor II	S	5.0	-15.3	-12.0
107 INVESCO Core Equity	S	6.5	-12.7	-13.7	157 Montgomery Growth	S	5.5	-12.1	-20.8
108 Mutual Shares(1%)CIZ	H	2.6	-12.8	-7.6	158 State Street Mid-Cap Value	S	12.0	-20.5	-10.0
109 ICM/Isabelle Small Cap Value	S	11.0	-19.6	-3.3	159 Strong Growth 20	S	5.0	-12.0	-21.1
110 Vanguard 500 Index	S	6.3	-11.5	-16.6	160 American Century Vista	S	2.2	-13.7	-12.8
111 Scudder Large Co Value	S	6.3	-13.3	-12.1	161 Strong Opportunity	S	11.8	-17.2	-18.5
112 Fidelity Spartan 500 Index	S	6.3	-11.5	-16.7	162 American Century Ultra	S	4.0	-13.5	-16.5
113 Third Avenue Value	S	8.8	-16.2	-9.0	163 TCW Galileo Value Opportunity	S	15.4	-20.4	-16.4
114 Vanguard Explorer	S	10.1	-15.1	-14.1	164 Boston Ptnrs Smlcap Val	S	7.1	-19.1	-7.4
115 Boston Partners Mid Cap Value	S	8.0	-16.5	-7.6	165 Baron Asset	S	7.4	-18.1	-10.3
116 Royce Low Priced Stock (1%	S	11.2	-18.4	-7.8	166 Neuberger Berman Partners	S	9.3	-16.8	-16.7
117 Vanguard Growth & Income	S	5.5	-11.7	-16.1	167 Tweedy, Browne American	S	6.3	-16.7	-12.7
118 T.Rowe Price Mid Cap Growth	S	8.5	-14.8	-13.0	168 Stein Roe Capital Opportunities	S	2.2	-15.1	-11.0
119 Fidelity Contrafund (3%)	H	-0.7	-11.8	-6.8	169 PBHG Emerging Growth(closed)	S	19.0	-15.2	-36.1
120 Fidelity Fund	S	5.1	-11.6	-16.2	170 Vanguard Small-Cap Value	S	6.6	-20.1	-5.2
121 Fidelity Magellan (3%)	S	5.3	-11.2	-17.6	171 William Blair Growth (1%r<60d)	S	8.9	-16.1	-19.0
122 T. Rowe Price New Horizons	S	10.3	-14.9	-15.9	172 Turner Midcap Growth	S	9.6	-14.6	-23.7
123 RS Aggressive Growth	S	12.1	-13.9	-21.2	173 Fidelity Aggressive Growth	S	17.4	-14.4	-36.1
124 Vanguard Value Index	S	7.8	-13.7	-15.5	174 Scudder Capital Growth AARP	S	6.0	-12.8	-23.3
125 Dreyfus Fund	S	5.8	-12.3	-16.2	175 Marsico Focus	S	0.0	-14.6	-9.8
126 Vanguard Windsor	S	8.2	-14.3	-14.8	176 Galaxy Equity Growth (3.75%)	S	6.2	-14.0	-20.7
127 Columbia Common Stock	S	7.3	-12.4	-18.5	177 Bogle Small Cap Growth(closed)	S	5.5	-18.0	-10.6
128 Fidelity Disciplined Equity	S	2.8	-11.8	-13.3	178 SIT Large Cap Growth	S	4.9	-11.4	-26.3
129 UMB Scout Stock	S	5.3	-12.6	-15.1	179 Harbor Value	S	5.8	-17.1	-13.4
130 Vanguard U.S. Value	S	6.3	-15.1	-10.1	180 MSI Value Portfolio	S	10.2	-18.9	-15.7
131 Janus Mercury	S	6.5	-10.4	-22.5	181 RS Emerging Growth(closed)	S	13.1	-15.4	-28.6
132 Salomon Brothers Opportunity	S	5.1	-14.5	-10.3	182 Vanguard Growth Equity	S	6.3	-12.9	-24.7
133 Dreyfus Growth Opportunity (2%	S	5.2	-12.0	-16.9	183 MSI Mid Cap Value	S	11.2	-17.4	-21.1
134 INVESCO Value Equity	S	5.7	-13.3	-14.5	184 Montgomery Small Cap	S	5.4	-14.2	-20.7
135 Mutual Beacon(1%)CIZ	H	2.7	-14.1	-8.3	185 Marsico Growth & Income	S	-0.3	-14.8	-11.0
136 CRM Small Cap Value Inv	S	7.3	-18.1	-5.2	186 Fidelity Mid-Cap Stock (.75%	S	8.3	-16.2	-20.4
137 Sound Shore	S	7.2	-15.6	-11.5	187 CS Warburg Pincus Value	S	4.8	-15.8	-16.8
138 RS Value+Growth	S	7.6	-12.7	-19.6	188 Babson Growth	S	5.3	-14.4	-20.9
139 Dreyfus Appreciation	S	2.1	-11.9	-14.2	189 CRM Mid Cap Value Ins	S	3.9	-18.8	-8.0
140 Janus Growth & Income	S	4.8	-12.9	-15.8	190 Nicholas Fund	S	3.3	-15.2	-16.0
141 Fidelity Growth & Income(3%)	S	1.7	-11.3	-15.0	191 Federated Kaufmann Fund	S	1.7	-15.5	-13.0
142 American Century Heritage	S	4.2	-14.8	-10.4	192 Janus Fund	S	4.9	-14.4	-20.6
143 Scudder Growth & Income	S	4.3	-12.0	-17.6	193 Gabelli Growth	S	8.0	-14.3	-26.0
144 Mutual Qualified(1%)CIZ	S	3.1	-15.0	-8.8	194 INVESCO Dynamics	S	9.4	-15.3	-25.7
145 T. Rowe Price New America	S	7.9	-12.6	-22.2	195 CRM Mid Cap Value Inv	S	3.9	-19.0	-8.2
146 Fidelity Independence(ret.only)	S	6.1	-15.7	-11.6	196 Scudder Large Company Growth	S	4.7	-13.1	-24.9
147 Muhlenkamp Fund	S	9.2	-18.8	-8.7	197 Janus Enterprise	S	5.1	-13.8	-24.2
148 American Century Growth	S	5.5	-11.7	-21.0	198 Preferred Growth	S	5.6	-14.4	-23.5
149 Dreyfus Growth & Income	S	6.2	-13.2	-18.4	199 Harbor Capital Appreciation	S	5.6	-14.4	-23.5
150 SIT Small Cap Growth	S	7.8	-13.4	-20.1	200 Galaxy Small Co. Equity (3.75%)	S	9.9	-16.9	-23.8

DOMESTIC STOCK FUNDS

Continued on next page

