

MONEYLETTER *Plus*

January 2, 2003

Volume 6, Issue 1

Hotline # (410) 528-1804

MONEYLETTER HOTLINE 12/31/02

Market Hangover

There was no news to boost the market these last days of the year, and the market merely held its own suffering from a bad case of a bear market hangover. All the seasonal impulse is for the market to rise and we believe only the seasonal effect allowed the market to hold unchanged.

The market did try to sell off today as the consumer confidence headline number fell considerably more than expected. Why the market continues to put such weight on this number is a mystery. The important thing is what consumers do, not what they say. Contrary to the index, the weekly retail sales surveys reported strong consumer spending last week. And Wal-Mart reported something similar. Post-Christmas sales have been vigorous.

Turning to the market, we must remember that there has been almost no volume, and the last week's trading gives very little indication of what the New Year will bring. We suspect, considering the overhang of Iraq and Venezuela, that the usual January Effect will be muted unless one or the other appears on the way to resolution. As a counterweight we are entering the earnings season, and we expect the earnings reports to offer a favorable surprise. We look for higher prices over the next six months.

There is no change in our recommended allocations.

Recommendations – For domestic stock funds, there are two new buys: Vontobel U.S. Value and T. Rowe Price New Era. There is one new hold: Fidelity Equity-Income II. There is one new sell: Oberweis Emerging Growth. For international stock funds, there are two new holds: USAA International and T. Rowe Price New Asia.

The Economy – The economic numbers continue to come in less than expected. And this is emphasized in Street commentary. What is not mentioned is that the numbers also continue to depict growth. We see the economy continuing to work its way through the “soft spot” of this quarter. We get our first meaningful reports on this month's activity starting Thursday. A preliminary estimate is that auto sales increased this month over November. We expect a steady pickup in activity over the next year.

The Stock Market – Preliminary results show that the three Moneyletter model portfolios handily outperformed the S&P 500 this year. We had hoped that a moderate yearend rally would send the portfolios into the black but that was not to be. We believe strongly that we will show much better results in 2003.

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

MONEYLETTER HOTLINE 12/27/02

Missing: Holiday Cheer

The market is ending the year on a very sour note. Today's problems are all that matter to the market, with tomorrow's potential of no interest. Instead of a Santa Claus rally, we have a buying strike on the part of institutions. The selling pressure is not great, but in the absence of buyers it is enough to drive the market down.

The economic news has been tinged with disappointment, durable goods new orders and reports from retailers, are prime examples. While the economic news is not helping, it is the geopolitical news that has been grabbing Wall Street's attention over the past week. For the moment, the anti-government strike in Venezuela is doing the most damage. It is driving up the price of oil to hurtful levels, and carrying the price of gold along with it. When both oil and gold prices are rising, we have a very uneasy market, and that is what has been happening this week.

It is useful to keep this year-end trading in perspective. Volume has been very low, and many institutions are not participating in the market. The market is quite oversold. There is strong stimulus coming from Washington. We expect profits to do better than expected next year. It would be very useful to have oil and gold settle down, and they will. We remain positive on the U.S. market.

There is no change in our recommended allocations.

Recommendations – For domestic stock funds, there are four new buys: Lingleaf Partners Fidelity Convertible Securities, Legg Mason Value and Ariel Fund. There is one new sell: Wasatch Small Cap Growth. For international stock funds, there are two new holds: Fidelity Southeast Asia and Preferred International.

The Economy – Clearly this has been a blah Christmas season. We have no doubt that the very things that are bothering the market are bothering the public, most importantly the apparent inability of the economy to emerge from its lethargy. Manufacturing remains in a funk, though we are getting mixed messages. There is growth, but it too slow for an economy that can grow much faster. The odds are very strong that faster growth is on the way over the next six months.

The Stock Market – The stock market waits for better news. The best news it can have right now is an end to the oil strike in Venezuela. The earnings reporting season will begin in three weeks. The early signs are that it will be favorable. We continue to see stocks as cheap, and that we are in a transition phase to a new bull market.

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

Domestic Stock Funds — data as of 12/27/02

Fund	Advice	1 month	6 month	1 year		Advice	1 month	6 month	1 year
1 Hussman Strategic Growth (1.5%)	B	3.1%	1.9%	14.1%	51 WmBlair S-C Growth N (1%)	H	-2.2	-11.4	-16.2
2 Yacktman Fund	B	-3.1	5.4	9.0	52 Baron Growth	H	-4.5	-11.3	-13.5
3 Royce Special Equity (1%r<180d)	B	-0.9	-3.7	15.9	53 Nicholas II	H	-5.8	-7.6	-20.9
4 T. Rowe Price Cap Appreciation	B	-1.2	-2.1	-0.1	54 Vanguard U.S. Value	H	-3.9	-10.8	-15.8
5 Aegis Value Fund	B	-2.1	-3.4	1.9	55 MSI Small Cap Value(closed)	H	-6.3	-9.5	-15.4
6 Vanguard Convertible Securities	B	-0.2	-1.2	-8.9	56 Thompson Plumb Growth	H	-8.1	-6.2	-21.3
7 RS Partners	B	0.0	-6.1	1.7	57 Berger Mid Cap Value	H	-5.2	-11.1	-13.3
8 Legg Mason Special Investment	B	-6.8	1.5	-8.9	58 Ariel Appreciation	H	-6.2	-11.4	-11.4
9 American Century Equity Income	B	-3.0	-4.4	-6.0	59 Strong Advisor Common Stock	H	-7.9	-7.2	-19.7
10 Royce Total Return (1%r<180d)	B	-2.4	-6.5	-2.3	60 Preferred Value	H	-6.1	-9.1	-17.4
11 Neuberger Berman Genesis	B	-3.1	-5.7	-4.0	61 Vanguard Small Cap Growth	H	-5.2	-10.2	-16.1
12 Fidelity Convertible Securities	B	-1.7	-3.7	-14.0	62 Homestead Value	H	-5.3	-11.5	-12.7
13 Fidelity Fifty (.75%r<30d)	B	-6.6	-6.4	0.0	63 Berwyn Fund (1%r<180d)	H	-3.3	-14.9	-7.4
14 Vontobel U.S. Value (2%r<360d)	B	-2.3	-8.1	-5.6	64 Fidelity Growth & Income(3%)	S	-3.9	-10.0	-19.0
15 Clipper Fund	B	-5.0	-5.8	-7.5	65 T. Rowe Price Small Cap Stock	H	-4.7	-11.2	-14.8
16 Royce Premier (1%r<180d)	B	-4.6	-5.7	-8.4	66 Fidelity Dividend Growth	H	-7.2	-7.1	-21.2
17 T. Rowe Price S-C Value	B	-1.9	-10.5	-1.8	67 Vanguard Equity-Income	H	-3.9	-11.2	-16.6
18 Mutual Shares(1%)CIZ	H	-1.4	-7.3	-11.1	68 Value Line Special Situations	S	-3.6	-11.7	-15.8
19 Weitz Value Fund	H	-3.3	-3.9	-17.5	69 Oakmark Fund	H	-4.8	-11.1	-15.5
20 Legg Mason Opportunity Trust	B	-7.5	-1.8	-16.6	70 Dreyfus Appreciation	S	-4.6	-10.1	-18.5
21 Liberty Asset Allocation CIZ	H	-3.4	-4.6	-16.0	71 American Century Heritage	S	-4.2	-11.3	-16.3
22 Mutual Beacon(1%)CIZ	H	-1.1	-7.9	-11.3	72 Vanguard Mid-Cap Index	S	-5.1	-11.2	-15.4
23 Longleaf Partners Smallcap	B	-3.7	-9.5	-4.5	73 Tweedy, Browne American	S	-1.6	-13.2	-15.5
24 Longleaf Partners	B	-5.8	-6.7	-9.5	74 Vanguard Extended Market	S	-5.2	-10.0	-18.3
25 Ariel Fund	B	-4.2	-9.1	-6.3	75 Loomis Sayles Value	S	-4.9	-10.6	-17.5
26 Fidelity Contrafund (3%)	H	-1.4	-9.2	-10.2	76 Dreyfus Mid Cap Index	S	-5.1	-11.5	-15.8
27 T. Rowe Price New Era	B	0.4	-11.9	-7.1	77 Heartland Value (1%r<90d)	S	-4.3	-13.6	-11.7
28 Fidelity Independence(ret.only)	S	-3.9	-6.6	-16.3	78 Royce Low Priced Stock (1%)	S	-2.6	-12.9	-16.4
29 T.Rowe Price Mid Cap Value	H	-3.6	-10.3	-8.2	79 Loomis Sayles Small Cap Value	S	-3.3	-13.6	-14.1
30 Dodge & Cox Stock	B	-4.2	-8.9	-11.1	80 American Century Income &	S	-5.7	-9.9	-20.2
31 Mutual Qualified(1%)CIZ	H	-1.9	-9.7	-13.0	81 Third Avenue Value	S	-3.5	-13.5	-15.0
32 Legg Mason Value	B	-8.4	-3.0	-20.2	82 Boston Partners Mid Cap Value	S	-4.5	-13.0	-14.8
33 Royce Penn Mutual(1%r<180d)	H	-3.1	-11.0	-9.3	83 Fidelity Stock Selector	S	-7.0	-8.8	-22.2
34 Strong Discovery	B	-5.8	-8.1	-12.7	84 C&B Mid Cap Value	S	-4.5	-15.1	-10.3
35 Oakmark Select(closed) (2%)	H	-5.6	-8.0	-13.2	85 Vanguard Windsor II	S	-4.1	-12.5	-17.6
36 Gabelli Asset	H	-5.6	-7.7	-15.2	86 Nicholas Fund	S	-4.6	-10.3	-22.4
37 Eclipse Small Cap Value	H	-1.5	-15.2	-3.3	87 Fidelity Trend	S	-6.8	-9.2	-21.8
38 Dreyfus New Leaders	H	-4.5	-10.0	-12.0	88 Fidelity Equity-Income	S	-5.5	-11.5	-18.1
39 Sound Shore	H	-3.3	-8.8	-16.8	89 TCW Galileo Aggressive Growth	S	-10.2	-2.0	-34.9
40 Vanguard Strategic Equity	H	-3.7	-10.4	-13.5	90 American Century Equity Growth	S	-6.0	-10.1	-21.2
41 American Century Value	H	-4.5	-9.8	-13.7	91 T. Rowe Price Growth Stock	S	-6.7	-8.6	-24.0
42 Fidelity L P Stock (3%&1.5%)	H	-5.2	-12.3	-6.9	92 INVESCO Value Equity	S	-4.6	-11.6	-19.7
43 Neuberger Berman Fasciano Inv	H	-3.2	-12.4	-9.6	93 T. Rowe Price Dividend Growth	S	-5.5	-11.2	-19.6
44 Strong Mid Cap Disciplined	H	-4.2	-10.6	-12.9	94 Fidelity New Millennium (3%)	S	-7.9	-9.2	-20.9
45 T. Rowe Price Equity-Income	H	-4.7	-9.9	-14.0	95 CRM Mid Cap Value Ins	S	-3.1	-13.7	-17.1
46 Fidelity Value	H	-4.5	-11.8	-10.2	96 Scudder Large Co Value	S	-5.2	-12.2	-17.6
47 Selected American Shares	H	-4.5	-8.5	-18.6	97 Fidelity OTC Portfolio	H	-7.9	-8.1	-23.9
48 Westport Small Cap R	H	-4.3	-10.1	-15.5	98 Fidelity Disciplined Equity	S	-5.5	-11.4	-19.3
49 Third Avenue Small-Cap Value	H	-4.1	-12.2	-10.6	99 CRM Mid Cap Value Inv	S	-3.0	-13.8	-17.3
50 Fidelity Equity-Income II	H	-7.4	-8.1	-16.2	100 Janus Twenty(closed)	S	-6.7	-8.5	-25.0

DOMESTIC STOCK FUNDS
Continued on Next Page

Domestic Stock Funds continued — data as of 12/27/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 Domini Social Equity Fund	S	-7.0	-9.7	-21.6	151 Harbor Value	S	-6.8	-13.9	-21.4
102 UMB Scout Stock	S	-5.1	-11.6	-20.7	152 Boston Ptnrs Smlcap Val	S	-3.2	-18.2	-16.2
103 Selected Special Shares	S	-6.4	-11.7	-18.6	153 Vanguard Explorer	S	-6.9	-12.6	-24.8
104 Vanguard/Morgan Growth	S	-7.2	-9.1	-24.1	154 Columbia Special	S	-5.5	-13.5	-24.6
105 Gintel Fund (2%r<45d)	S	-1.9	-12.6	-23.2	155 Muhlenkamp Fund	S	-6.2	-15.0	-19.8
106 William Blair Growth (1%r<60d)	S	-4.7	-10.3	-24.9	156 Scudder Growth & Income	S	-7.4	-12.5	-24.5
107 Vanguard Total Stk Mkt	S	-6.3	-10.7	-21.8	157 Dreyfus Growth Opportunity (2%	S	-7.4	-12.9	-23.9
108 Schwab 1000 Fund (.75%r<180d)	S	-6.4	-10.5	-22.1	158 American Century Ultra	S	-6.9	-13.2	-24.1
109 Vanguard Cap Opp (\$25,000&1%	S	-8.3	-7.1	-28.0	159 Dreyfus Growth & Income	S	-7.5	-12.2	-25.7
110 Babson Growth	S	-4.9	-10.0	-26.0	160 SIT Large Cap Growth	S	-7.0	-10.2	-31.6
111 T.Rowe Price Mid Cap Growth	S	-5.5	-11.4	-21.6	161 Vanguard Small-Cap Value	S	-4.5	-18.3	-15.2
112 Baron Small Cap	S	-5.3	-15.9	-11.0	162 Safeco Equity	S	-7.0	-11.8	-27.8
113 USAA Growth & Income	S	-7.0	-10.4	-22.3	163 Bogle Small Cap Growth(closed)	S	-4.9	-17.1	-17.8
114 Fidelity Fund	S	-5.9	-11.0	-22.9	164 Columbia Common Stock	S	-7.7	-12.3	-26.0
115 Janus Mercury	S	-7.7	-7.5	-29.3	165 CS Warburg Pincus Value	S	-5.9	-14.9	-22.3
116 Vanguard Growth Index	H	-7.2	-9.6	-25.0	166 Strong Growth	S	-8.6	-11.9	-25.8
117 Wasatch Small Cap Grth	S	-8.6	-9.1	-24.0	167 Vanguard SmallCap Index	S	-6.2	-15.5	-20.5
118 Vanguard Windsor	S	-6.0	-11.1	-23.2	168 Fidelity Small Cap Ind.(1.5%	S	-4.7	-16.4	-20.6
119 Vanguard 500 Index	S	-6.6	-10.8	-23.2	169 American Century Growth	S	-7.9	-11.9	-27.3
120 Fidelity Spartan 500 Index	S	-6.6	-10.8	-23.2	170 Fidelity Aggressive Growth	S	-8.3	-6.1	-41.4
121 Vanguard PRIMECAP	S	-8.1	-9.2	-25.0	171 Needham Growth Fund (.75%	S	-8.4	-11.5	-27.9
122 Salomon Brothers Opportunity	S	-4.5	-14.9	-16.5	172 Marsico Focus	S	-6.2	-17.4	-16.7
123 Salomon Brothers Investors	S	-8.4	-10.3	-22.1	173 Montgomery Growth	S	-7.4	-12.4	-27.8
124 INVESCO Core Equity	S	-6.3	-12.5	-20.4	174 Value Line Fund	S	-4.3	-14.9	-26.1
125 Oakmark Small Cap (2%r<90d)	S	-6.7	-15.2	-13.1	175 MSI Value Portfolio	S	-5.5	-15.2	-23.6
126 Vanguard Value Index	S	-6.1	-12.2	-21.6	176 Scudder Development	S	-10.0	-8.5	-33.7
127 T. Rowe Price Growth & Income	S	-5.9	-11.2	-24.5	177 CS Warburg Pincus Capital	S	-7.6	-10.3	-33.0
128 Vanguard Growth & Income	S	-7.0	-11.3	-22.7	178 Meridian Fund	S	-8.8	-15.6	-18.1
129 WPG Tudor	S	-6.5	-10.5	-25.7	179 Scudder Large Company Growth	S	-7.9	-11.3	-30.6
130 Oberweis Emerging Growth	S	-8.4	-9.8	-24.7	180 Liberty Equity Growth CIZ	S	-7.8	-12.6	-27.7
131 Janus Growth & Income	S	-6.2	-12.2	-22.0	181 INVESCO Dynamics	S	-7.9	-10.6	-33.1
132 Fidelity Magellan (3%)	S	-7.2	-10.6	-24.6	182 Strong Multi-Cap Value	S	-1.2	-18.3	-23.7
133 Vanguard Capital Value	S	-6.7	-9.3	-29.2	183 USAA Growth	S	-5.7	-12.1	-32.7
134 Artisan Midcap(closed)	S	-7.1	-11.1	-24.2	184 Strong Opportunity	S	-7.5	-13.3	-27.3
135 Northeast Investors Growth	S	-8.1	-10.7	-23.8	185 Baron Asset	S	-4.2	-18.3	-20.7
136 American Century Select	S	-6.2	-11.8	-24.1	186 American Century Vista	S	-7.8	-16.2	-20.9
137 Janus Enterprise	S	-5.2	-10.5	-28.9	187 MSI Mid Cap Value	S	-6.8	-13.8	-28.6
138 Fidelity Capital Appreciation	S	-9.3	-11.0	-21.9	188 Scudder Capital Growth AARP	S	-8.5	-12.3	-30.4
139 Federated Kaufmann Fund(0.2%)	S	-5.8	-13.2	-21.9	189 Royce Opportunity (1%r<180d)	S	-6.3	-18.8	-17.3
140 Marsico Growth & Income	S	-5.2	-15.6	-16.9	190 RS Value+Growth	S	-8.7	-13.1	-28.0
141 Salomon Brothers Capital(closed)	S	-7.3	-11.5	-24.2	191 USAA Aggressive Growth	S	-4.8	-14.3	-31.0
142 T. Rowe Price New America	S	-6.5	-10.0	-29.1	192 Janus Fund	S	-9.1	-13.1	-28.3
143 Babson Value	S	-3.5	-17.6	-14.9	193 Montgomery Small Cap	S	-7.2	-14.1	-29.7
144 RS MidCap Opportunities	S	-8.6	-9.9	-26.9	194 Fidelity Growth Company	S	-9.9	-11.0	-34.0
145 Dreyfus Premier Aggressive	S	-4.5	-13.4	-24.6	195 INVESCO Small Company	S	-6.6	-14.0	-31.3
146 Fidelity Blue Chip Growth	S	-7.0	-11.2	-26.4	196 Neuberger Berman Manhattan	S	-7.5	-13.4	-31.5
147 SIT Small Cap Growth	S	-7.0	-11.2	-26.6	197 State Street Mid-Cap Value	S	-6.6	-18.4	-20.7
148 Dreyfus Fund	S	-7.1	-12.6	-23.1	198 Value Line Leveraged Growth	S	-5.9	-16.0	-27.7
149 Fidelity Mid-Cap Stock (.75%	S	-6.5	-11.1	-28.2	199 WPG Large Cap Growth	S	-11.2	-12.9	-27.9
150 T. Rowe Price New Horizons	S	-7.0	-11.4	-27.0	200 PBHG Growth	S	-6.3	-14.8	-30.7

DOMESTIC STOCK FUNDS
Continued on Next Page

Domestic Stock Funds continued — data as of 12/27/02

Fund	Advice	1 month	6 month	1 year
201 Bonnel Growth Fund (.25%r<30d)	S	-10.2	-16.9	-19.6
202 Gabelli Growth	S	-11.0	-10.5	-34.3
203 MSI Midcap Growth	S	-7.8	-14.1	-30.8
204 Neuberger Berman Partners	S	-8.0	-16.1	-25.5
205 Turner Midcap Growth	S	-9.7	-12.3	-32.7
206 Vanguard Growth Equity	S	-9.1	-13.0	-31.8
207 Janus Venture (closed)	S	-5.8	-16.6	-27.6
208 Neuberger Berman Guardian	S	-6.0	-17.1	-26.5
209 SIT Mid Cap Growth	S	-6.4	-13.5	-34.7
210 CS Warburg Pincus Emerging	S	-7.1	-15.1	-30.5
211 TCW Galileo Value Opportunity	S	-8.5	-15.5	-27.8
212 Dreyfus Premier Third Century	S	-7.4	-15.2	-30.4
213 CRM Small Cap Value Inv	S	-8.9	-19.0	-19.0
214 Vanguard U.S. Growth	S	-8.3	-12.7	-36.3
215 Berger Large Cap Growth	S	-7.1	-13.9	-35.1
216 Wasatch Small Cap Value (2%)	S	-4.5	-22.7	-17.1
217 Liberty Small Company Equity CIZ	S	-7.4	-14.5	-33.8
218 Strong Large Cap Growth	S	-9.8	-14.4	-30.6
219 Columbia Growth	S	-8.1	-14.2	-34.4
220 Liberty Equity Value CIZ	S	-5.6	-17.7	-30.0
221 Preferred Growth	S	-9.4	-15.2	-31.2
222 Harbor Capital Appreciation	S	-9.4	-15.3	-31.6
223 Strong Growth 20	S	-10.0	-15.5	-30.5
224 Janus Special Situation	S	-9.7	-16.4	-29.5
225 RS Aggressive Growth	S	-10.8	-14.2	-34.2
226 Buffalo Small Cap	S	-10.7	-17.9	-25.8
227 CGM Focus	S	-8.3	-23.2	-16.5
228 Wasatch Core Growth(closed,2%)	S	-4.9	-22.5	-23.5
229 INVESCO Endeavor	S	-5.2	-13.2	-46.8
230 Strong Advisor Midcap Growth	S	-7.6	-17.1	-37.4
231 Dreyfus-Founders Discovery	S	-8.3	-18.6	-33.8
232 INVESCO Blue Chip Growth	S	-7.8	-15.9	-41.4
233 PBHG Small Cap Value	S	-7.4	-20.3	-32.1
234 RS Emerging Growth(closed)	S	-10.9	-15.4	-39.8
235 Harbor Growth	S	0.0	-18.6	-48.5
236 RS Diversified Growth	S	-8.5	-17.6	-39.8
237 RS Smaller Company Growth	S	-7.2	-20.1	-38.7
238 ICM/Isabelle Small Cap Value	S	-8.7	-27.1	-19.3
239 Berger Growth	S	-7.4	-20.2	-40.5
240 Safeco Growth Opportunities	S	-7.2	-23.0	-37.3
241 Neuberger Berman Focus	S	-13.5	-20.8	-36.2
242 PBHG Emerging Growth(closed)	S	-15.6	-16.6	-47.6
243 TCW Galileo Small Cap Growth	S	-12.0	-19.4	-47.2
244 Van Wagoner Mid-Cap	S	-14.8	-19.9	-49.3
245 Pin Oak Aggressive Stock	S	-16.0	-21.8	-50.5
246 Van Wagoner Emerging Growth	S	-18.4	-20.9	-64.4

Managed Accounts

For information regarding
the "MONEYLETTER Managed
Account Program"¹ call
Principal Resource Inc. (PRI)
toll-free (800) 707-2060.

Ask about PRI's free,
no-obligation portfolio review.

Minimum investment is \$100,000.

¹ As an independent Registered Investment Advisor Principal Resource Inc. will exercise discretion with regard to asset allocation and fund selection and may make investment decisions for client accounts that differ from recommendations found in *MONEYLETTER* and **MONEYLETTER Plus**.

Principal Resource Inc.

360 Woodland Street
Box 6110
Holliston, MA 01746

(800) 707-2060 phone
(508) 429-0940 fax
info@priadvisors.com e-mail
www.priadvisors.com

INTERNATIONAL STOCK FUNDS
On Next Page

International Stock Funds — data as of 12/27/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Matthews Asia Growth&Income	B	1.1%	-0.7%	11.7%	51 Liberty Intl Equity CIZ	S	-0.9	-15.7	-18.7
2 Dreyfus Emerging Market(1%r)	B	4.8	-7.3	4.9	52 Artisan International	S	-1.5	-16.3	-17.3
3 Oakmark Global (2%r<90d)	B	2.5	-6.8	-0.7	53 Janus Worldwide(closed)	S	-2.0	-14.0	-23.8
4 Vanguard Emerging Mkts Stk	B	3.3	-7.3	-1.1	54 American Century Global	S	-3.6	-16.6	-18.4
5 T ROWE Price Latin America (2%)	H	9.0	-6.8	-12.5	55 Babson-Stewart Ivory Intl	S	-3.7	-16.2	-20.2
6 Scudder Latin America	S	8.5	-6.0	-14.5	56 Matthews Japan Fund (2%)	S	0.8	-20.5	-16.8
7 Fidelity Emerging Mkts (3%&1.5%)	B	3.2	-8.2	-1.1	57 Fidelity Europe (3%&1%r<90d)	S	-2.8	-15.6	-24.1
8 Montgomery Emerging Mkts	B	2.8	-7.4	-3.1	58 INVESCO European (2%r<90d)	S	-1.2	-15.5	-30.1
9 Fidelity Latin Amer.(3%&1.5%)	S	9.7	-6.7	-16.0	59 T. Rowe Price Japan	S	0.8	-21.7	-19.6
10 Scudder Pacific Opportunity (2%)	B	2.3	-9.5	-3.1	60 SIT International Growth	S	-2.8	-16.7	-28.4
11 Julius Baer International Equity A	B	-0.5	-8.1	-2.9	61 CS Warburg Pincus Japan Grth	S	-1.3	-24.5	-25.7
12 Matthews Pacific Tiger (2%r<90d)	B	3.4	-12.1	-2.1	62 Payden European Aggr Grth	S	2.2	-24.9	-39.3
13 Vontobel International Equity (2%)	B	-0.9	-8.1	-7.3					
14 Harbor International	B	0.3	-10.9	-5.2					
15 T. Rowe Price New Asia	B	1.2	-12.2	-4.1					
16 USAA International	B	-1.9	-9.4	-8.1					
17 Investec China & Hong Kong	H	0.1	-9.6	-10.9					
18 Fidelity SE Asia (3%&1.5%r<90d)	H	1.2	-12.7	-4.8					
19 Fidelity Diversified Intl (1%r<30d)	H	0.2	-10.7	-8.8					
20 Fidelity International G & I	H	-0.7	-12.2	-9.5					
21 Fidelity Pacific Basin (3%&1.5%)	H	0.2	-13.2	-8.4					
22 USAA World Growth	H	-1.5	-9.7	-14.6					
23 Preferred International	H	-0.1	-13.8	-6.7					
24 Fidelity Japan(3%&1.5%r<90d)	H	0.0	-13.6	-11.5					
25 Oakmark International (2%r<90d)	H	1.7	-16.0	-8.3					
26 Fidelity Aggressive Intl. (1%r<30d)	H	-1.2	-14.1	-9.8					
27 TR Price Intl Discovery	S	2.0	-13.7	-16.5					
28 Scudder Global	H	0.5	-13.0	-16.1					
29 Schwab International Index (1.5%)	S	-1.7	-12.3	-14.6					
30 Vanguard International Growth	H	-1.5	-12.1	-15.6					
31 T. Rowe Price European	H	-1.9	-11.4	-16.8					
32 Vanguard Pacific Stock Index	S	-0.7	-14.5	-11.2					
33 Columbia International Stock	S	-0.6	-13.2	-14.7					
34 Vanguard European Stock Index	H	-2.3	-11.7	-16.0					
35 Japan Fund (Scudder) (2%)	S	2.3	-16.3	-11.8					
36 Vanguard International Value	S	-0.7	-14.4	-12.2					
37 Gabelli Intl. Growth	S	-1.8	-13.1	-14.3					
38 Oakmark Intl Small Cap	H	0.1	-17.6	-6.2					
39 T. Rowe Price Intl Stock	S	-1.1	-12.9	-16.5					
40 Tweedy, Browne Global Value	S	-0.3	-14.9	-12.5					
41 Fidelity Worldwide (1%r<30d)	H	-1.6	-12.6	-17.1					
42 Scudder International (2%r<180d)	S	-2.2	-13.0	-15.3					
43 Longleaf Partners International	S	0.5	-16.4	-13.5					
44 Loomis Sayles International Eq-	S	-1.5	-13.6	-17.6					
45 American Century Intl Growth	S	-2.2	-13.8	-17.7					
46 Janus Overseas(closed)	S	-1.3	-13.1	-21.6					
47 Scudder Global Discovery(closed)	S	-0.5	-14.8	-18.7					
48 Strong International Stock	S	-1.1	-14.4	-19.5					
49 Fidelity Overseas (1%r<30d)	S	-1.7	-14.7	-18.6					
50 Scudder Greater Europe (2%)	S	-2.6	-14.1	-19.5					

Next Issue of
MONEYLETTER Plus
Will Be Up:
Wednesday
January 8, 2003
by Midnight (ET)

		Total Return %		— 11/30		
1 mo	Model Portfolio	6 mo	1 yr	3yr	YTD	
4.0	ML Conservative	-7.0%	4.7%	12.5%	-1.4%	
3.3	Fidelity Conservative	-8.9	-3.2	-3.6	-5.8	
3.9	Vanguard Conservative	-9.3	-9.3	-9.2	-10.4	
4.3	ML Moderate	-6.9	2.9	-3.6	-0.6	
4.1	Fidelity Moderate	-9.1	1.6	2.5	-2.5	
3.8	Vanguard Moderate	-11.8	-10.4	-11.4	-13.5	
3.2	ML Venturesome	-11.4	1.8	-10.5	-4.3	
4.3	Fidelity Venturesome	-10.1	0.7	9.6	-4.3	
3.0	Vanguard Venturesome	-13.6	-11.0	-13.0	-14.6	
-2.7	ML Select	n/a	n/a	n/a	-8.3	
Benchmarks						
5.7	S&P 500	-12.3	-17.8	-32.6	-18.5	
4.2	Asset Allocation Funds Avg (45)	-7.7	-8.7	-11.5	-9.5	

SPECIALTY FUNDS
On Next Page

Specialty Funds — data as of 12/27/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Amer. Cent. Global Gold (1%		29.7%	10.1%	78.7%	51 Fidelity Leisure (3%&.75%r<30d)		-7.1	-4.8	-21.8
2 Fidelity Gold (3%&.75%r<30d)		28.5	11.7	68.1	52 Rydex Health Care		-3.5	-7.3	-21.4
3 Scudder Gold		23.3	9.1	69.5	53 Fidelity Banking (3%&.75%		-5.7	-11.3	-8.1
4 U.S.Global Gold Shares (.25%		30.5	-3.1	82.4	54 Fidelity Brokerage (3%&.75%		-9.0	-7.5	-16.8
5 INVESCO Gold Inv		23.2	7.0	62.4	55 Fidelity Chemicals (3%&.75%		-5.3	-12.9	-10.2
6 Prudent Bear		9.8	10.4	66.7	56 Rydex Telecommunications		-11.9	4.0	-42.8
7 Rydex Precious Metals		24.0	7.1	51.1	57 Rydex Transportation		-3.5	-12.4	-14.4
8 Vanguard Precious Metals		15.1	1.7	36.7	58 INVESCO Financial Serv Inv		-5.6	-11.3	-15.7
9 Rydex Ursa		6.9	7.8	24.1	59 Fidelity Automotive (3%&.75%		-7.6	-14.6	-7.4
10 ProFunds Bear Inv		6.8	7.2	22.6	60 Fidelity Defense & Aero (3%		-2.3	-18.1	-7.2
11 AXARosenberg Value L/S (2%		6.7	1.1	27.4	61 Fidelity Const & Housing (3%		-3.7	-16.8	-9.4
12 Fidelity Telecomm (3%&.75%		-8.4	24.6	-28.8	62 Fidelity Transportation (3%		-2.2	-14.7	-17.2
13 Fidelity Multimedia (3%&.75%		-10.5	16.1	-13.4	63 Fidelity Pharmaceuticals (3%		-4.4	-11.0	-24.7
14 Merger Fund		0.2	1.7	-5.5	64 Fidelity Bus Services (3%&.75%		-4.1	-10.0	-28.0
15 Fidelity Medical Equip (3%&.75%		-0.8	1.7	-7.6	65 Fidelity Cyclical Ind (3%&.75%		-3.7	-13.7	-21.3
16 Stratton Mthly Div REIT (1.5%		-0.3	-6.4	8.6	66 Rydex Financial Services		-4.6	-15.3	-16.1
17 Gateway Fund		-2.3	-0.2	-5.3	67 Rydex Internet		-15.4	2.0	-43.3
18 Cohen & Steers Equity Income		0.5	-7.1	4.7	68 Rydex Biotechnology		-9.8	-0.4	-46.0
19 Fidelity Real Estate (.75%r<90d)		0.5	-7.3	5.2	69 Rydex Basic Materials		-3.1	-17.2	-14.3
20 INVESCO Real Estate Inv		-0.8	-6.5	5.1	70 Vanguard Utilities Income		-3.7	-15.1	-21.7
21 Vanguard Energy (1%r<1yr)		3.1	-7.1	-1.0	71 Fidelity Consumer Ind (3%		-7.5	-14.4	-18.2
22 Cohen & Steers Realty Shares		0.2	-7.9	3.7	72 INVESCO Health Sciences Inv		-4.1	-13.8	-26.8
23 Fidelity Energy Services (3%		2.1	-7.3	-1.3	73 Fidelity Industrial Equip (3%		-5.9	-13.9	-24.7
24 Vanguard REIT Index (1%r<1yr)		-0.1	-8.3	3.1	74 Fidelity Developing Comm (3%		-11.8	-4.0	-48.0
25 RS Contrarian		-2.9	-7.2	1.1	75 Rydex Leisure		-7.7	-19.8	-16.7
26 Fidelity Software (3%&.75%		-5.6	4.0	-22.8	76 Rydex Utilities		0.9	-18.5	-33.2
27 INVESCO Energy Inv		2.4	-8.1	-4.7	77 INVESCO Telecommunications		-9.7	-5.2	-50.6
28 Fidelity Indust Matrils (3%&.75%		3.6	-11.1	0.5	78 Fidelity Technology (3%		-14.2	-8.6	-37.8
29 Fidelity Natural Gas (3%&.75%		3.6	-8.0	-9.3	79 Fidelity Med Del (3%&.75%		-2.6	-26.1	-13.1
30 Vanguard Balanced Index		-3.0	-4.1	-10.0	80 Fidelity Air Transport (3%&.75%		-3.5	-22.2	-26.5
31 Fidelity Balanced		-3.3	-4.8	-9.0	81 Rydex Technology		-16.5	-9.1	-40.9
32 Fidelity Home Finance (3%&.75%		-2.0	-10.9	-0.7	82 Fidelity Retailing (3%&.75%		-10.5	-20.9	-20.4
33 Fidelity Insurance (3%&.75%		-3.7	-8.1	-5.1	83 Rydex Retailing		-11.4	-20.6	-25.3
34 Rydex Energy Services		1.0	-9.0	-10.6	84 Fidelity Computers (3%&.75%		-13.3	-15.1	-41.7
35 Rydex Consumer Products		-2.9	-8.8	-5.3	85 Fidelity Wireless		-14.6	-10.6	-54.8
36 CGM Realty		-0.6	-15.4	5.4	86 Fidelity Networking		-13.2	-14.2	-49.3
37 Vanguard Health Care (\$25k&1%		-3.4	-6.8	-12.4	87 INVESCO Technology Inv		-13.2	-18.0	-47.0
38 Rydex Banking		-3.7	-10.9	-2.5	88 Fidelity Electronics (3%&.75%		-20.2	-27.5	-49.8
39 INVESCO Utilities Inv		1.3	-6.0	-22.4	89 Rydex Electronics		-23.9	-27.7	-48.6
40 Rydex Energy		1.2	-10.1	-14.1					
41 Fidelity Utilities Growth (3%&.75%		-1.6	-2.1	-30.7					
42 Fidelity Energy (3%&.75%r<30d)		1.3	-11.5	-12.0					
43 Fidelity Natrl Resources (3%		1.7	-11.6	-12.1					
44 Fidelity Environmental Ser (3%		-5.7	-5.2	-17.3					
45 Fidelity Health Care (3%&.75%		-4.1	-5.1	-20.1					
46 Fidelity Fin'l Serv (3%&.75%		-4.8	-8.6	-11.4					
47 Fidelity Paper & Forest (3%&.75%		-2.3	-14.0	-3.2					
48 Fidelity Food & Agr (3%&.75%		-1.6	-12.3	-8.7					
49 INVESCO Leisure Inv		-6.8	-6.2	-17.1					
50 Fidelity Biotechnology (3%&.75%		-5.4	2.5	-41.1					

BOND FUNDS
On Next Page

Bond Funds — data as of 12/27/02

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Amer. Cent. Target 2025	I	18.7%	21.2%	3848.0	51 Managers Int. Duration Govt	I	3.7	9.2	10.6
2 Amer. Cent. Target 2020	I	16.9	22.2	46.1	52 Westcore Plus Bond	I	3.7	7.7	10.3
3 Amer. Cent. Target 2015	I	15.1	22.4	64.4	53 Schwab S-T Bond Mkt Index	I	4.2	6.7	10.2
4 Amer. Cent. Int'l Bond	I	9.9	23.1	12.3	54 Vanguard Bond Market	I	3.8	6.8	10.4
5 Amer. Cent. Target 2010	I	11.7	19.1	81.0	55 Strong Corporate Bond	I	5.1	1.6	10.0
6 Vanguard L-T Treasury	I	11.0	16.0	11.9	56 Vanguard S-T Federal	I	3.8	7.7	10.8
7 T. Rowe Price Int'l Bond	I	7.6	19.2	9.2	57 T. Rowe Price New Income	I	3.9	4.8	8.9
8 T. Rowe Price U.S. Treas. L-T	I	9.7	12.4	12.3	58 T. Rowe Price GNMA	I	3.6	6.6	9.9
9 Vanguard Inflation Protected Sec	I	7.9	15.5	11.8	59 Fidelity Short-Term Bond	I	3.6	6.1	9.0
10 Vanguard Long-Term Corporate	I	8.0	12.1	9.2	60 Montgomery Sht Duration Govt	I	3.4	6.7	10.3
11 Vanguard Intermediate Treas.	I	8.1	13.3	12.0	61 PIMCO Low Duration	I	3.2	6.6	10.3
12 Scudder Global Bond S-T	I	7.0	13.7	9.9	62 Babson Bond Trust	I	3.8	2.9	1.6
13 Vanguard GNMA	I	8.6	13.7	10.8	63 T. Rowe Price Corporate Inc	I	3.0	4.0	9.1
14 Amer. Cent. Inflation Adj	I	7.2	13.6	10.6	64 Scudder Short-Term Bond	I	3.2	5.0	10.7
15 Managers Bond	I	6.0	11.4	23.4	65 Vanguard Short-Term Corporate	I	3.1	5.1	10.8
16 Federated Total Return Govt	I	6.4	11.8	11.2	66 Amer. Cent. Ginnie Mae	I	2.8	5.2	10.9
17 INVESCO High Yield	I	12.2	-1.2	3.3	67 Buffalo High-Yield(2%r<180d)	I	4.3	3.6	9.7
18 DodgeCox Income	I	6.2	11.1	12.8	68 Mercury Low Duration	I	3.1	4.7	10.0
19 American Government Bond	I	6.5	11.1	11.2	69 Fidelity GNMA	I	2.7	5.3	11.3
20 Fidelity New Markets Income	I	8.0	5.7	11.3	70 Columbia S-T Bond	I	2.5	5.8	8.7
21 Montgomery Total Return	I	6.4	10.8	12.4	71 Liberty Intermediate Bond	I	2.7	2.4	8.8
22 Eclipse Indexed Bond	I	6.4	10.6	11.0	72 T. Rowe Price Spectrum Income	I	2.8	3.7	10.7
23 Strong Govt Securities	I	6.3	10.8	11.2	73 T. Rowe Price S-T Bond	I	2.5	2.7	4.8
24 Safeco I-T U.S. Treasury	I	6.4	10.5	11.0	74 Federated U.S. Govt Sec. 1-3	I	1.9	4.2	10.8
25 Value Line U.S. Govt Sec	I	6.0	10.8	12.1	75 Vanguard High Yield Corporate	I	2.1	2.1	5.9
26 Fremont Bond	I	6.2	9.8	10.4	76 Managers Short Duration Govt	I	1.6	4.2	9.7
27 Fidelity Intermediate Govt	I	5.9	10.5	10.4	77 Columbia High Yield	I	2.8	1.1	8.4
28 FifthThird Bond	I	5.8	9.8	10.2	78 Janus S-T Bond	I	1.5	3.3	2.9
29 WPG Core Bond	I	6.0	9.9	10.4	79 Dreyfus Strategic Income	I	1.3	0.9	14.4
30 Eclipse Bond	I	6.8	7.3	9.9	80 Strong S-T High Yield	I	2.5	-0.4	8.4
31 INVESCO U.S. Govt Sec	I	5.8	10.3	7.6	81 T. Rowe Price High Yield	I	1.8	1.8	6.3
32 USAA Income	I	5.5	9.1	12.4	82 MetroWest Total Return	I	1.8	-1.2	9.3
33 Safeco U.S. Government	I	5.3	10.0	9.9	83 Strong S-T Bond	I	1.4	0.5	8.9
34 Mercury Total Return	I	5.1	9.6	13.3	84 Janus High Yield	I	1.3	2.0	9.0
35 Scudder Income	I	5.4	8.2	12.8	85 MetroWest Low Duration	I	1.4	-0.6	9.4
36 Fidelity Government Income	I	5.5	7.9	10.5	86 Dreyfus Short-Term Income	I	-0.5	1.7	11.6
37 Payden Global Fixed Income	I	5.6	7.8	10.3	87 Managers Intermediate Bond	I	-1.1	-1.2	18.2
38 Fidelity Investment Grade	I	5.4	8.2	7.6	88 Value Line Aggressive Inc	I	-1.4	-2.5	4.3
39 Dreyfus A Bonds Plus	I	5.2	8.2	14.0	89 Strong High Yield Bond(1%r)	I	0.4	-7.9	6.7
40 INVESCO Select Income	I	7.7	2.8	5.2	90 Northeast Investors Trust	I	-3.9	2.8	7.0
41 PIMCO Total Return	I	4.8	9.4	10.7					
42 PIMCO Total Return Mortgage	I	4.4	10.1	10.7					
43 Janus Flexible Income	I	5.2	6.1	9.6					
44 Dreyfus 100 Treasury L-T	I	4.5	6.9	16.2					
45 Liberty Income	I	4.1	7.3	9.6					
46 Dreyfus GNMA	I	4.0	9.4	15.1					
47 Fidelity Intermediate Bond	I	4.6	6.4	10.7					
48 Columbia Fixed Income Sec	I	4.1	7.9	13.5					
49 Fidelity High Income (1%r<270d)	I	7.3	0.7	7.6					
50 Vanguard S-T Treasury	I	4.2	7.6	10.9					

PORTFOLIO HOLDINGS
On Next Page

Weekly Performance of ML Model Holdings — data as of 12/27/02

Fund	Last Week	Fund	Last Week
ARGFX Ariel Fund	0.26%	VCVSX Vanguard Convertible Sec.	-0.39
BEGBX Amer.Cent. Int'l Bond	1.57	VEIEX Vanguard Emerg. Mkts. Stock	-2.66
BUFHX Buffalo High Yield	0.42	VEIPX Vanguard Equity-Income	-1.80
CMHYX Columbia High Yield	0.00	VEXMX Vanguard Extended Market	-0.90
FBALX Fidelity Balance	-1.19	VIGRX Vanguard Growth Index	-1.88
FDCAX Fidelity Capital Appreciation	-1.71	VWEHX Vanguard High Yield Corp.	0.17
FEQTX Fidelity Equity-Income II	-2.53	VWIGX Vanguard Int'l Growth	-1.57
FFTYX Fidelity Fifty	-2.55	VSEQX Vanguard Strategic Equity	-1.36
SPHIX Fidelity High Income	-0.91	YACKX Yacktman Fund	-0.97
FIGRX Fidelity Int'l Growth & Income	-0.24		
FLPSX Fidelity Low Priced Stock (3%)	-0.84		
FOCPX Fidelity OTC	-1.07		
FSEAX Fidelity SE Asia (3%)	-3.23		
FBMPX Fidelity Multimedia (3%)	-2.81		
GATEX Gateway Fund	-1.37		
MAPTX Matthews Pacific Tiger	-1.54		
NBGNX Neuberger Berman Genesis	-1.06		
OAKGX Oakmark Global	-1.08		
BEARX Prudent Bear	2.88		
RYPRX Royce Premier	-0.74		
TASCX Third Ave SC Value	0.74		
VBINX Vanguard Balanced	-0.94		
VHCOX Vanguard Cap Opportunity	-1.74		

Indices

DOW JONES INDUSTRIALS	-2.44%
S&P 500	-2.27
NASDAQ	-1.09

Editorial Question?

Phone: 800-890-9670
 Fax: 508-429-0940
 E-mail: service@moneyletter.com

Contact Us!

Address: 360 Woodland St
 P.O. Box 6020
 Holliston, MA 01746

MONEYLETTER Plus is published weekly for \$135 per year (52 issues) by PRI Financial Publishing, Inc., 360 Woodland St., P.O. Box 6020, Holliston, MA 01746-6020. *Assistant Editor:* Christa Mohr. *Chief Investment Officer/Chief Economist:* Walter Frank. *Publisher:* Brian W. Kelly. Address all subscription and editorial inquiries to PRI Financial Publishing, Inc., 360 Woodland St., P.O. Box 6020, Holliston, MA 01746-6020, (800) 890-9670. Paid advertising which appears in or accompanies this publication does not constitute an endorsement of products or services offered. Employees and staff of **MONEYLETTER** may from time to time maintain positions in recommended securities. PRI Financial Publishing, Inc. is affiliated with Principal Resource, Inc., a registered investment advisor. Walter Frank also serves as an independent economic consultant to Principal Resource, Inc. **MONEYLETTER Plus** is not produced as a solicitation for Principal Resource, Inc. Views presented are the opinion of the Chief Investment Officer/Chief Economist and contributing editors, and should not be treated as fact. **MONEYLETTER Plus** does not purport to provide legal, tax or individual investment advice. While carefully screened, the accuracy of the statistical data in **MONEYLETTER** cannot be guaranteed. Readers should carefully review investment prospectuses before investing. Twice-weekly Hotline: call (410) 528-1804. Reproduction in whole or in part by any means is strictly forbidden without written permission. © Copyright 2003 PRI Financial Publishing, Inc.