

## MONEYLETTER HOTLINE 1/14/03

### Taking A Breather

As we expected, while there was economic news today, it was largely ignored by the market which is concentrating on profit reports and geopolitical developments, in that order. The most important profit number came from Intel after the market closed, and the news was mixed. We'll get the true market reaction over the rest of this week. Meanwhile, early in the day, the French telecommunications giant Alcatel issued very bullish guidance that lit a fire under some battered U.S. telecommunications firms, including Cisco.

Today's economic report came in the form of December retail sales which provided no surprises. The press reported it as disappointing, but we disagree. In any case, it did not move the market. The technicians keep pointing out that the major averages are at resistance points and close to recent highs. They also point out that the market is short-term overbought. We expect further progress will be grudging, unless there are some important positive earnings surprises ahead. Overall the market is acting very well.

There is no change in our recommended allocations.

**New Fund Recommendations** – For domestic stock funds, there is one new buy: Weitz Value Fund. There are four new holds: Royce Premier, T. Rowe Price Small Cap Value, Ariel Fund, and T. Rowe Price New Era. For international stock funds, there is one new buy: Fidelity Diversified International. There are three new sells: Scudder Pacific Opportunity, Fidelity Pacific Basin, and T. Rowe Price New Asia.

**The Economy** – Intel indicated that its capital spending this year, while still large, will be lower than last year. This is not what the economy needs. So far, fund managers we listen to are cautious in their reports on what management is saying about the outlook. We believe the reports will improve as we move through the year. The consumer is holding up and government spending is rising strongly.

**The Stock Market** – As stocks continue to improve, however fitfully, our fund rankings are showing the effect. The system is in transition as it leaves last autumn's plunge behind. We are supercautious now in changing recommendations in order to avoid whipsaws. We see higher prices are ahead over the next 6-9 months.

**The Bond Market** – The high-yield bond market is both acting well and attracting substantial investor interest.

**The Select Portfolio** – There are no trades recommended.

## MONEYLETTER HOTLINE 1/10/03

### Disconnect Reappears

Today was one of those pivotal days that tells us something about the probable path of the market over the short-term. By all odds, the market should have sold off strongly today. The employment report was very weak, with large overall job losses and downward revisions of previous months. A few months ago this would have sent the market into a dive. Instead, the market effectively ended flat.

What we are seeing now is a disconnect again between the economic news and the market reaction. Only this time the disconnect favors the bulls rather than the bears. The skeptics of last year are no longer in control of the market, at least for the moment. As we said in the last Hotline, with this report behind it, the market will now turn to the earnings reports that will be pouring out the rest of this month. There have been one or two positive earnings surprises in the tech sector that helped spark a rally that overcame the effect of the disappointing report from Alcoa. Today's action shows the market will be responsive to any good profit news.

There is no change in our recommended allocations.

**New Fund Recommendations** – For domestic stock funds, there are two new holds: Strong Discovery and Longleaf Partners Smallcap. For international stock funds, there are two new holds: Scudder Pacific Opportunity and Matthews Pacific Tiger. There is one new sell: Fidelity Aggressive International.

**The Economy** – There is no question the employment report was weak. But there is reason to believe that seasonal adjustment may have played a role in exaggerating the weakness. The huge drop in retail employment is suspect. We would not be surprised to see a sizeable pickup in retail employment when the January report is issued early next month. Despite its weakness, the report implies there was an increase in industrial production. We expect a steady pickup in activity over the rest of this year.

**The Stock Market** – The technical position of the stock market continues to improve. On a fundamental basis stocks remain cheap and undervalued. Higher prices are ahead over the next 6-9 months.

**The Select Portfolio** – There are no trades recommended.

## Domestic Stock Funds — data as of 01/10/03

Fund	Advice	1 month	6 month	1 year		Advice	1 month	6 month	1 year
1 Yacktman Fund	B	3.5%	14.7%	16.6%	51 Nicholas II	H	1.4	3.2	-16.7
2 Legg Mason Special Investment	B	3.8	13.7	-5.5	52 Vanguard/Morgan Growth	H	2.1	4.1	-20.2
3 Legg Mason Value	B	4.8	13.6	-12.2	53 Liberty Asset Allocation CIZ	H	1.5	1.7	-13.5
4 TCW Galileo Aggressive Growth	H	6.6	18.9	-30.6	54 Vanguard Equity-Income	H	3.2	-0.4	-11.8
5 Fidelity Fifty (.75%r<30d)	B	3.7	3.0	8.4	55 Domini Social Equity Fund	H	2.7	2.2	-17.4
6 RS Partners	B	5.4	4.0	2.5	56 Loomis Sayles Value	H	3.9	-0.4	-13.0
7 T. Rowe Price Cap Appreciation	B	3.4	4.2	3.8	57 RS MidCap Opportunities	H	3.2	3.6	-22.2
8 Legg Mason Opportunity Trust	B	4.2	9.2	-10.8	58 Vanguard Cap Opp	S	2.1	5.2	-24.5
9 Hussman Strategic Growth (1.5%	B	2.0	0.2	13.8	59 T. Rowe Price S-C Value	H	1.3	-3.6	-1.3
10 Clipper Fund	B	4.5	3.6	0.0	60 Fidelity OTC Portfolio	H	1.8	4.7	-23.0
11 Vanguard Convertible Securities	B	3.2	6.2	-6.6	61 Vanguard Growth Index	H	1.3	4.0	-20.5
12 Royce Special Equity (1%r<180d)	B	0.0	-0.3	13.0	62 Homestead Value	H	2.1	-1.7	-7.4
13 Fidelity Convertible Securities	B	4.1	5.6	-10.0	63 Fidelity Value	H	2.9	-2.7	-6.4
14 American Century Equity Income	B	2.1	3.5	-2.4	64 Ariel Fund	H	0.6	-2.4	-3.8
15 Thompson Plumb Growth	H	2.8	8.1	-15.1	65 T.Rowe Price Mid Cap Growth	S	2.3	1.6	-16.7
16 Longleaf Partners	B	4.9	1.8	-4.0	66 Schwab 1000 Fund (.75%	S	2.7	1.8	-17.7
17 Strong Advisor Common Stock	H	2.6	7.0	-14.6	67 Berger Mid Cap Value	S	2.0	-0.6	-10.9
18 Dodge & Cox Stock	B	4.1	2.5	-5.9	68 Fidelity Growth & Income(3%)	S	2.1	0.7	-14.9
19 Strong Mid Cap Disciplined	H	5.0	2.8	-8.2	69 Vanguard Windsor	S	4.1	0.7	-18.0
20 Fidelity Dividend Growth	H	2.2	6.7	-16.1	70 <b>Vanguard 500 Index</b>	<b>S</b>	<b>2.7</b>	<b>1.7</b>	<b>-18.5</b>
21 Neuberger Berman Genesis	B	0.1	1.9	-1.3	71 Fidelity L P Stock (3%&1.5%	H	2.6	-4.1	-3.7
22 T.Rowe Price Mid Cap Value	H	4.5	0.4	-4.7	72 Salomon Brothers Investors	S	3.1	0.9	-17.2
23 Weitz Value Fund	B	3.6	5.1	-15.2	73 Fidelity Spartan 500 Index	S	2.7	1.7	-18.6
24 Aegis Value Fund	B	1.5	-0.1	1.1	74 Selected Special Shares	S	2.8	0.3	-15.4
25 Vontobel U.S. Value (2%r<360d)	B	2.2	0.2	-1.1	75 Fidelity Contrafund (3%)	H	1.7	-2.4	-6.8
26 Sound Shore	H	4.3	2.8	-11.0	76 Vanguard Mid-Cap Index	S	2.0	-0.3	-12.8
27 Oakmark Select(closed) (2%	H	2.3	3.4	-9.4	77 Vanguard Total Stk Mkt	S	2.5	1.3	-17.7
28 Oberweis Emerging Growth	H	2.6	7.8	-20.9	78 Janus Mercury	S	1.6	4.8	-25.2
29 Royce Total Return (1%r<180d)	B	2.0	-0.1	-0.6	79 Fidelity Aggressive Growth	S	3.2	9.0	-38.0
30 Fidelity Independence(ret.only)	H	4.5	3.4	-13.1	80 T. Rowe Price New America	S	2.3	4.2	-24.9
31 Bonnel Growth Fund (.25%r<30d)	H	6.9	-0.1	-8.6	81 Northeast Investors Growth	S	1.2	2.5	-19.1
32 T. Rowe Price Equity-Income	H	3.7	1.5	-8.6	82 USAA Growth & Income	S	2.1	1.4	-18.0
33 Fidelity Equity-Income II	H	2.9	3.3	-12.0	83 Vanguard Capital Value	S	3.7	2.8	-24.1
34 Vanguard Strategic Equity	H	3.3	1.3	-9.9	84 Scudder Large Co Value	S	3.8	-1.7	-13.2
35 Salomon Brothers Capital(closed)	H	6.3	2.7	-17.9	85 Dreyfus Mid Cap Index	S	1.9	-0.5	-13.2
36 Gabelli Asset	H	2.9	1.5	-10.2	86 Westport Small Cap R	H	1.8	-0.4	-13.3
37 Dreyfus New Leaders	H	2.8	0.5	-8.1	87 Vanguard Windsor II	S	3.0	-1.4	-12.8
38 Fidelity Capital Appreciation	H	5.5	2.1	-16.0	88 Fidelity Equity-Income	S	3.0	-1.2	-13.5
39 Preferred Value	H	2.6	1.7	-11.7	89 MSI Small Cap Value(closed)	H	0.5	0.3	-13.4
40 Wasatch Small Cap Grth	H	-0.5	6.5	-19.7	90 Vanguard Value Index	S	4.3	-0.7	-16.8
41 Strong Discovery	H	1.6	1.4	-10.2	91 Boston Partners Mid Cap Value	S	3.0	-1.6	-12.5
42 Fidelity Trend	H	2.7	3.5	-16.8	92 Vanguard Small Cap Growth	H	0.3	0.4	-13.8
43 American Century Income &	H	3.6	2.4	-15.7	93 Dreyfus Appreciation	S	1.6	-0.2	-14.4
44 T. Rowe Price Growth Stock	H	2.0	4.4	-19.0	94 T. Rowe Price Dividend Growth	S	1.8	0.1	-15.4
45 Royce Premier (1%r<180d)	H	-0.1	0.8	-6.7	95 Fidelity Disciplined Equity	S	2.4	-0.4	-15.3
46 Vanguard U.S. Value	H	4.2	0.4	-12.3	96 CRM Mid Cap Value Ins	S	3.1	-2.0	-12.5
47 Oakmark Fund	H	3.1	0.4	-10.9	97 Selected American Shares	S	1.6	-0.2	-15.0
48 American Century Value	H	2.5	-0.1	-9.1	98 Scudder Development	S	1.7	6.0	-30.8
49 Fidelity Stock Selector	H	2.3	3.4	-17.6	99 Fidelity New Millennium (3%)	S	1.5	1.3	-18.8
50 American Century Equity Growth	H	3.4	2.2	-16.5	100 CRM Mid Cap Value Inv	S	3.1	-2.1	-12.7

**DOMESTIC STOCK FUNDS**  
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## Domestic Stock Funds continued — data as of 01/10/03

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
101 T. Rowe Price Growth & Income	S	2.2	1.4	-20.1	151 T. Rowe Price New Era	H	1.0	-6.8	-4.0
102 Fidelity Growth Company	S	2.3	5.0	-29.5	152 RS Value+Growth	S	2.4	-0.2	-23.0
103 T. Rowe Price New Horizons	S	1.8	2.7	-23.1	153 Mutual Qualified(1%)CIZ	S	2.2	-5.0	-10.9
104 Turner Midcap Growth	S	3.9	4.3	-30.2	154 SIT Small Cap Growth	S	0.5	1.2	-24.0
105 Mutual Shares(1%)CIZ	H	1.9	-3.1	-8.9	155 Muhlenkamp Fund	S	2.9	-3.7	-15.2
106 Vanguard Extended Market Index	S	1.6	-0.2	-15.9	156 WmBlair S-C Growth N (1%	S	1.1	-2.8	-14.9
107 Vanguard PRIMECAP	S	1.6	1.8	-21.0	157 Heartland Value (1%r<90d)	S	2.6	-5.8	-9.9
108 T. Rowe Price Small Cap Stock	S	1.1	-1.3	-12.5	158 Dreyfus Growth & Income	S	1.5	-0.4	-21.7
109 WPG Large Cap Growth	S	2.8	2.2	-23.7	159 Fidelity Mid-Cap Stock (.75%	S	1.9	0.5	-24.7
110 Tweedy, Browne American Value	S	5.3	-3.9	-12.4	160 Nicholas Fund	S	0.8	-1.1	-19.1
111 SIT Large Cap Growth	S	1.6	4.1	-26.9	161 Montgomery Growth	S	1.8	0.0	-23.3
112 Ariel Appreciation	H	0.5	-3.0	-8.1	162 Dreyfus Premier Aggressive	S	2.3	-1.0	-21.7
113 Artisan Midcap(closed)	S	1.9	1.0	-20.3	163 American Century Select	S	0.9	-0.8	-20.4
114 Fidelity Magellan (3%)	S	1.5	1.0	-19.8	164 Royce Low Priced Stock (1%	S	4.0	-4.5	-15.8
115 RS Aggressive Growth	S	3.8	4.0	-30.7	165 Scudder Growth & Income	S	1.6	-1.6	-20.0
116 Babson Growth	S	2.4	1.9	-23.5	166 Montgomery Small Cap	S	0.1	1.5	-25.7
117 Janus Twenty(closed)	S	2.0	0.6	-19.7	167 Janus Growth & Income	S	1.4	-2.5	-17.8
118 William Blair Growth (1%r<60d)	S	2.2	1.5	-22.3	168 Berwyn Fund (1%r<180d)	S	2.1	-8.1	-5.3
119 Mutual Beacon(1%)CIZ	H	2.3	-3.8	-9.3	169 Baron Growth	S	-0.4	-4.4	-10.7
120 American Century Heritage	H	1.3	-1.6	-13.4	170 Liberty Equity Growth CIZ	S	1.2	-0.3	-23.3
121 INVESCO Value Equity	S	3.3	-1.6	-16.4	171 American Century Ultra	S	1.1	-1.8	-19.5
122 Third Avenue Small-Cap Value	S	3.4	-4.7	-8.7	172 Loomis Sayles Small Cap Value	S	2.2	-5.6	-12.0
123 Vanguard Growth & Income	S	1.7	0.2	-18.7	173 SIT Mid Cap Growth	S	3.7	1.3	-31.4
124 INVESCO Dynamics	S	3.9	3.9	-31.2	174 MSI Midcap Growth	S	2.8	-0.3	-26.2
125 MSI Mid Cap Value	S	3.9	0.9	-23.9	175 Longleaf Partners Smallcap	H	-0.7	-7.1	-4.0
126 Fidelity Blue Chip Growth	S	1.7	1.6	-22.4	176 Scudder Capital Growth AARP	S	0.7	1.0	-26.6
127 Neuberger Berman Fasciano Inv	H	1.5	-4.2	-7.8	177 MSI Value Portfolio	S	3.1	-3.8	-18.7
128 Fidelity Fund	S	1.9	-0.1	-18.8	178 Vanguard Explorer	S	1.0	-1.3	-22.5
129 Columbia Common Stock	S	2.5	0.4	-21.2	179 Third Avenue Value	H	2.9	-6.1	-13.8
130 Harbor Value	S	2.8	-1.7	-16.3	180 Vanguard U.S. Growth	S	1.9	1.9	-32.3
131 Vanguard Growth Equity	S	2.9	2.6	-27.5	181 Babson Value	S	3.9	-8.2	-10.8
132 CS Warburg Pincus Emerging	S	4.4	1.1	-26.2	182 Eclipse Small Cap Value	S	1.4	-10.0	-2.7
133 Dreyfus Fund	S	2.1	-0.8	-18.6	183 Neuberger Berman Manhattan	S	1.5	-0.4	-27.2
134 Janus Fund	S	3.0	0.6	-23.5	184 Strong Large Cap Growth	S	2.2	-1.3	-26.2
135 CS Warburg Pincus Capital Ap-	S	2.1	3.4	-29.1	185 CS Warburg Pincus Value	S	1.9	-4.9	-17.0
136 Scudder Large Company Growth	S	1.8	2.6	-26.7	186 Preferred Growth	S	1.9	-1.2	-26.3
137 C&B Mid Cap Value	S	3.0	-5.6	-8.2	187 Strong Opportunity	S	1.8	-2.2	-23.7
138 American Century Growth	S	2.5	0.8	-23.3	188 State Street Mid-Cap Value	S	3.4	-6.3	-16.3
139 Strong Growth	S	2.3	0.2	-21.9	189 Salomon Brothers Opportunity	S	1.8	-6.4	-14.2
140 Gabelli Growth	S	0.9	4.8	-31.2	190 Oakmark Small Cap (2%r<90d)	S	0.7	-6.6	-12.4
141 WPG Tudor	S	1.2	1.2	-22.9	191 Meridian Fund	S	0.0	-5.2	-15.6
142 Value Line Special Situations	S	0.9	-2.7	-13.0	192 Harbor Capital Appreciation	S	1.6	-1.7	-26.8
143 UMB Scout Stock	S	1.9	-1.6	-17.1	193 Columbia Growth	S	1.7	-0.4	-30.5
144 Dreyfus Growth Opportunity (2%	S	2.3	-1.0	-19.3	194 USAA Growth	S	0.6	0.4	-30.8
145 TCW Galileo Value Opportunity	S	3.9	-0.3	-23.3	195 Marsico Growth & Income	S	1.2	-6.7	-14.1
146 Safeco Equity	S	2.0	0.8	-23.5	196 Federated Kaufmann Fund	S	-1.4	-3.6	-18.3
147 Janus Enterprise	S	2.3	0.6	-23.8	197 Vanguard SmallCap Index	S	0.9	-4.9	-18.4
148 INVESCO Core Equity	S	2.6	-2.3	-17.2	198 Neuberger Berman Focus	S	6.4	-2.7	-32.3
149 Needham Growth Fund (.75%	S	4.2	-0.2	-24.9	199 Baron Small Cap	S	-1.1	-7.6	-8.9
150 Royce Penn Mutual(1%r<180d)	H	1.4	-5.0	-9.0	200 Royce Opportunity (1%r<180d)	S	4.3	-8.3	-15.5

**DOMESTIC STOCK FUNDS**  
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## Domestic Stock Funds continued — data as of 01/10/03

Fund	Advice	1 month	6 month	1 year
201 Columbia Special	S	0.9	-4.0	-21.6
202 Bogle Small Cap Growth(closed)	S	2.1	-7.3	-15.5
203 Berger Large Cap Growth	S	1.1	-0.1	-31.8
204 Value Line Fund	S	1.9	-4.6	-22.3
205 Wasatch Core Growth(closed,2%)	S	4.7	-8.3	-17.3
206 Neuberger Berman Partners	S	1.3	-4.5	-22.0
207 INVESCO Small Company	S	1.1	-1.4	-29.8
208 Value Line Leveraged Growth	S	1.7	-4.5	-23.2
209 Marsico Focus	S	0.8	-7.7	-13.8
210 Janus Venture (closed)	S	0.2	-3.3	-24.7
211 Dreyfus Premier Third Century	S	1.4	-3.2	-26.9
212 USAA Aggressive Growth	S	1.7	-3.3	-27.1
213 Boston Ptnrs Smlcap Val	S	2.1	-9.6	-13.2
214 PBHG Emerging Growth(closed)	S	3.2	2.2	-44.6
215 RS Emerging Growth(closed)	S	0.5	1.1	-38.1
216 CRM Small Cap Value Inv	S	-0.2	-8.0	-15.1
217 Strong Advisor Midcap Growth	S	3.2	-2.6	-34.6
218 TCW Galileo Small Cap Growth	S	1.5	1.9	-43.3
219 Fidelity Small Cap Ind.(1.5%	S	0.7	-7.7	-18.6
220 American Century Vista	S	-1.5	-6.4	-18.5
221 PBHG Growth	S	0.9	-4.3	-28.5
222 Liberty Equity Value CIZ	S	2.7	-6.2	-26.7
223 Vanguard Small-Cap Value Index	S	0.0	-9.8	-14.2
224 Van Wagoner Mid-Cap	S	6.3	-1.0	-45.9
225 Janus Special Situation	S	1.2	-6.3	-25.1
226 Neuberger Berman Guardian	S	1.1	-7.1	-23.9
227 Strong Multi-Cap Value	S	3.3	-11.0	-19.0
228 Buffalo Small Cap	S	-1.5	-6.2	-24.9
229 Strong Growth 20	S	1.1	-6.3	-28.6
230 INVESCO Endeavor	S	3.5	-0.7	-46.5
231 Liberty Small Company Equity CIZ	S	-0.8	-3.6	-33.2
232 INVESCO Blue Chip Growth	S	3.2	-3.0	-40.7
233 Gintel Fund (2%r<45d)	S	0.8	-9.5	-21.6
234 Baron Asset	S	1.3	-11.7	-17.8
235 Wasatch Small Cap Value (2%	S	1.7	-12.8	-16.3
236 Pin Oak Aggressive Stock	S	5.7	-3.3	-47.9
237 Van Wagoner Emerging Growth	S	9.9	-0.8	-60.6
238 RS Diversified Growth	S	1.6	-4.9	-38.5
239 PBHG Small Cap Value	S	-0.1	-8.0	-29.4
240 Dreyfus-Founders Discovery	S	-1.1	-6.9	-32.3
241 Berger Growth	S	0.6	-6.6	-37.1
242 CGM Focus	S	1.1	-15.2	-17.6
243 RS Smaller Company Growth	S	2.5	-9.3	-36.2
244 Safeco Growth Opportunities	S	-0.1	-11.9	-37.4
245 ICM/Isabelle Small Cap Value	S	-0.6	-20.3	-17.0
246 Harbor Growth	S	0.0	-10.6	-50.6

### Managed Accounts

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

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

*Minimum investment is \$100,000.*

<sup>1</sup> 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**.

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**INTERNATIONAL STOCK FUNDS**  
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## International Stock Funds — data as of 01/10/03

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Oakmark Global (2%r<90d)	B	4.7%	1.3%	-1.8%	51 Fidelity Overseas (1%r<30d)	S	1.3	-13.7	-16.8
2 Scudder Latin America	H	10.8	-0.6	-11.7	52 Babson-Stewart Ivory Intl	S	1.8	-13.2	-19.3
3 Fidelity Latin Amer.(3%&1.5%	H	12.0	-0.7	-13.5	53 Artisan International	S	1.8	-14.7	-16.1
4 Matthews Asia Growth&Income	B	-0.4	-3.0	9.2	54 INVESCO European (2%r<90d)	S	3.5	-11.0	-28.7
5 T ROWE Price Latin America (2%	H	7.8	-2.5	-13.1	55 T. Rowe Price New Asia	S	-1.4	-15.9	-9.8
6 Julius Baer International Equity A	B	3.3	-5.5	-2.3	56 SIT International Growth	S	2.5	-11.8	-27.2
7 USAA World Growth	H	3.3	-1.5	-13.3	57 Japan Fund (Scudder) (2%	S	-0.5	-20.2	-7.3
8 USAA International	H	3.8	-4.7	-6.5	58 Fidelity SE Asia (3%&1.5%	H	-2.4	-17.7	-11.6
9 Harbor International	B	4.5	-6.5	-3.7	59 Matthews Japan Fund (2%	S	-0.1	-21.9	-13.0
10 Dreyfus Emerging Market(1%r)	B	2.4	-7.0	-0.8	60 T. Rowe Price Japan	S	0.6	-23.3	-15.4
11 Vanguard Emerging Mkts Stk	B	2.6	-5.7	-6.6	61 CS Warburg Pincus Japan Grth	S	-3.9	-23.5	-29.4
12 Montgomery Emerging Mkts	B	3.7	-7.1	-7.1	62 Payden European Aggr Grth	S	0.0	-22.8	-42.6
13 Scudder Global Discovery(closed)	H	2.7	-3.4	-17.4	Vanguard Intl. Explorer		0.9	-15.2	0.0
14 Vontobel International Equity (2%	B	2.5	-8.4	-5.5					
15 Fidelity Diversified Intl (1%r<30d)	B	3.1	-8.5	-6.9					
16 Fidelity Emerging Mkts (3%&1.5%	B	2.9	-8.9	-6.4					
17 Scudder Global	H	3.5	-6.7	-14.7					
18 Fidelity Worldwide (1%r<30d)	H	1.7	-5.3	-15.9					
19 Vanguard European Stock Index	H	3.9	-8.1	-14.2					
20 Tweedy, Browne Global Value	H	3.1	-9.1	-11.3					
21 T. Rowe Price European	H	3.9	-8.0	-15.6					
22 Fidelity International G & I	H	2.3	-10.8	-8.6					
23 Schwab International Index (1.5%	H	3.2	-10.0	-12.5					
24 Investec China & Hong Kong	H	1.2	-10.0	-10.0					
25 Gabelli Intl. Growth	H	2.9	-10.1	-12.3					
26 Longleaf Partners International	H	2.2	-9.9	-12.1					
27 Oakmark International (2%r<90d)	H	3.3	-12.5	-7.9					
28 Preferred International	H	2.0	-12.5	-7.3					
29 Vanguard International Growth	H	2.1	-9.8	-14.9					
30 Scudder Greater Europe (2%	S	4.0	-9.9	-17.4					
31 Oakmark Intl Small Cap	H	3.2	-14.6	-5.8					
32 T. Rowe Price Intl Stock	H	2.9	-10.5	-15.9					
33 Scudder International (2%r<180d)	S	2.8	-11.5	-13.8					
34 Vanguard International Value	S	3.0	-12.9	-11.3					
35 Janus Worldwide(closed)	S	1.3	-7.5	-23.1					
36 Fidelity Aggressive Intl. (1%r<30d)	S	0.7	-12.3	-11.0					
37 Loomis Sayles International Eq-	1	2.5	-11.3	-16.1					
38 Matthews Pacific Tiger (2%r<90d)	1	0.0	-13.5	-7.2					
39 TR Price Intl Discovery	S	2.0	-11.7	-14.9					
40 Columbia International Stock	S	2.3	-12.5	-13.6					
41 Fidelity Europe (3%&1%r<90d)	S	3.1	-8.9	-24.1					
42 Strong International Stock	S	2.9	-11.9	-17.0					
43 Scudder Pacific Opportunity (2%	S	-0.6	-13.3	-8.4					
44 American Century Intl Growth	S	2.1	-12.1	-15.9					
45 American Century Global Growth	S	1.6	-11.5	-16.6					
46 Fidelity Pacific Basin (3%&1.5%	S	1.1	-15.0	-7.8					
47 Vanguard Pacific Stock Index	S	0.8	-15.8	-8.1					
48 Liberty Intl Equity CIZ	S	2.3	-13.3	-17.6					
49 Janus Overseas(closed)	S	0.0	-10.6	-21.8					
50 Fidelity Japan(3%&1.5%<90d)	S	0.5	-17.0	-6.5					

**Next Issue of**  
***MONEYLETTER Plus***  
**Will Be Up:**  
**Wednesday**  
**January 22, 2003**  
**by Midnight (ET)**

		Total Return %		12/31/02		
1mo	Model Portfolio	6 mo	1 yr	3yr	YTD	
-1.4	ML Conservative	-4.1%	-2.8%	0.7%	-2.8%	
-2.7	Fidelity Conservative	-7.5	-8.3	-15.8	-8.3	
-2.3	Vanguard Conservative	-6.9	-12.5	-17.9	-12.5	
-1.9	ML Moderate	-4.4	-2.5	-16.9	-2.5	
-4.0	Fidelity Moderate	-8.2	-6.4	-14.0	-6.4	
-2.2	Vanguard Moderate	-8.1	-15.4	-20.8	-15.4	
-2.2	ML Venturesome	-8.3	-6.4	-24.1	-6.4	
-5.0	Fidelity Venturesome	-10.2	-9.1	-10.6	-9.1	
-2.8	Vanguard Venturesome	-11.1	-17.0	-23.4	-17.0	
1.2	ML Select	n/a	n/a	n/a	-7.2	
<b>Benchmarks</b>						
-6.0	S&P 500	-11.1	-23.4	-40.1	-23.4	
-3.3	Asset Allocation Funds Avg (45)	-6.5	-12.6	-18.3	-12.6	

**SPECIALTY FUNDS**  
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## Specialty Funds — data as of 01/10/03

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 U.S.Global Gold Shares (.25%)	*	23.2%	1.5%	75.1%	51 Rydex Consumer Products	*	0.3	-3.0	-0.4
2 Scudder Gold	*	18.0	9.1	63.4	52 Fidelity Developing Comm (3%)	*	7.1	8.9	-40.8
3 Amer. Cent. Global Gold (1%)	*	17.6	7.2	64.3	53 Rydex Technology	*	4.7	8.8	-37.2
4 Fidelity Gold (3%&.75%r<30d)	*	18.2	7.9	57.9	54 INVESCO Financial Serv Inv	*	3.2	-0.7	-11.4
5 Fidelity Telecomm (3%&.75%	*	9.3	43.3	-21.2	55 Fidelity Defense & Aero (3%)	*	7.4	-7.9	-4.0
6 Fidelity Multimedia (3%&.75%	Select	6.6	33.4	-4.1	56 INVESCO Health Sciences Inv	*	1.2	1.9	-20.2
7 INVESCO Gold Inv	*	15.4	1.8	51.4	57 Rydex Utilities	*	10.2	-1.2	-27.4
8 Rydex Precious Metals	*	15.8	2.3	40.9	58 Fidelity Food & Agr (3%&.75%	*	1.9	-6.0	-3.7
9 Prudent Bear	Select	1.8	-1.1	62.1	59 Rydex Financial Services	*	3.8	-4.2	-12.2
10 Fidelity Medical Equip (3%&.75%	*	5.0	20.8	0.4	60 Fidelity Chemicals (3%&.75%	*	1.1	-6.1	-4.4
11 Vanguard Precious Metals	*	12.1	3.6	31.4	61 INVESCO Energy Inv	*	-2.3	-4.9	-3.6
12 Fidelity Software (3%&.75%	*	10.5	23.7	-18.5	62 INVESCO Telecommunications	*	6.1	7.0	-46.3
13 Rydex Internet	*	9.0	24.4	-39.9	63 Fidelity Automotive (3%&.75%	*	-0.8	-6.6	-2.5
14 Fidelity Biotechnology (3%&.75%	*	1.2	26.6	-35.7	64 Fidelity Bus Services (3%&.75%	*	1.8	0.2	-25.4
15 Fidelity Health Care (3%&.75%	*	2.2	15.2	-12.6	65 Fidelity Networking	*	9.6	3.6	-47.4
16 Rydex Biotechnology	*	-1.5	27.9	-41.0	66 Fidelity Energy Services (3%	*	-6.1	-6.4	0.1
17 Rydex Telecommunications	*	8.0	19.5	-34.8	67 Rydex Transportation	*	0.0	-5.0	-13.1
18 RS Contrarian	*	7.0	2.0	9.0	68 Fidelity Cyclical Ind (3%&.75%	*	3.0	-5.4	-16.8
19 Gateway Fund	MLCon	2.3	9.0	-2.0	69 Fidelity Const & Housing (3%	*	3.4	-10.3	-6.2
20 AXARosenberg Value L/S (2%)	*	-0.5	-3.7	25.4	70 Rydex Energy	*	-1.2	-5.4	-12.2
21 Rydex Health Care	*	0.9	12.0	-16.8	71 Fidelity Consumer Ind (3%	*	0.1	-5.9	-13.3
22 Vanguard Health Care (\$25k&1%	*	1.3	7.9	-8.0	72 Rydex Energy Services	*	-5.5	-5.4	-7.6
23 Fidelity Insurance (3%&.75%	*	2.4	3.6	0.2	73 Fidelity Natrl Resources (3%	*	-0.6	-7.6	-10.1
24 Fidelity Brokerage (3%&.75%	*	5.0	7.2	-13.0	74 Fidelity Natural Gas (3%&.75%	*	-3.3	-6.6	-9.7
25 Fidelity Indust Matrls (3%&.75%	*	10.1	-3.8	5.1	75 Fidelity Industrial Equip (3%	*	0.5	-4.1	-22.3
26 Fidelity Environmental Ser (3%	*	2.3	7.0	-11.0	76 Fidelity Transportation (3%	*	1.3	-7.5	-15.1
27 Fidelity Home Finance (3%&.75%	*	4.5	0.6	1.5	77 Rydex Basic Materials	*	2.8	-10.6	-10.4
28 Merger Fund	*	2.1	4.1	-4.7	78 Fidelity Energy (3%&.75%r<30d)	*	-2.6	-7.9	-9.9
29 Fidelity Leisure (3%&.75%r<30d)	*	4.9	6.9	-16.4	79 Fidelity Computers (3%&.75%	*	3.8	-1.0	-38.9
30 Fidelity Utilities Growth (3%&.75%	*	6.2	9.0	-27.1	80 Vanguard Utilities Income	*	0.0	-7.1	-21.3
31 INVESCO Utilities Inv	*	7.2	5.0	-18.5	81 INVESCO Technology Inv	*	6.1	-1.5	-44.5
32 Fidelity Pharmaceuticals (3%	*	3.0	7.5	-18.7	82 Rydex Leisure	*	0.0	-12.0	-14.3
33 Fidelity Fin'l Serv (3%&.75%	*	3.5	2.5	-7.0	83 Rydex Retailing	*	-2.3	-8.7	-19.8
34 Fidelity Balanced	FidCon	2.4	2.5	-6.2	84 Fidelity Wireless	*	2.7	-0.8	-47.2
35 CGM Realty	*	7.5	-7.1	9.0	85 Fidelity Retailing (3%&.75%	*	-2.8	-13.4	-16.2
36 Fidelity Paper & Forest (3%&.75%	*	7.5	-4.0	1.2	86 Fidelity Air Transport (3%&.75%	*	2.2	-12.5	-26.4
37 Vanguard Balanced Index	VanCon	1.7	2.7	-7.9	87 Fidelity Med Del (3%&.75%	*	-2.3	-18.7	-12.0
38 Stratton Mthly Div REIT (1.5%)	*	0.1	-3.2	8.1	88 Rydex Electronics	*	0.8	-10.6	-45.5
39 Rydex Banking	*	3.3	-2.5	0.8	89 Fidelity Electronics (3%&.75%	*	0.4	-12.9	-48.5
40 Fidelity Technology (3%	*	5.9	9.1	-32.9					
41 Fidelity Real Estate (.75%r<90d)	*	0.3	-2.7	5.1					
42 Rydex Ursa	*	-2.9	-5.6	16.7					
43 Cohen & Steers Equity Income	*	0.2	-2.7	4.5					
44 INVESCO Real Estate Inv	*	-0.4	-2.9	5.0					
45 Fidelity Banking (3%&.75%r<30d)	*	3.2	-1.8	-3.9					
46 Cohen & Steers Realty Shares	*	0.2	-3.1	3.3					
47 INVESCO Leisure Inv	*	2.2	2.2	-13.0					
48 ProFunds Bear Inv	*	-3.1	-6.1	15.5					
49 Vanguard Energy (1%r<1yr)	*	0.6	-3.3	2.7					
50 Vanguard REIT Index (1%r<1yr)	*	-0.2	-4.0	3.0					

**BOND FUNDS**  
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## Bond Funds — data as of 01/10/03

Fund	Advice	1 month	6 month	1 year	Fund	Advice	1 month	6 month	1 year
1 Amer. Cent. Int'l Bond	Select	5.3%	10.8%	23.5%	51 Westcore Plus Bond	*	0.9	2.7	6.3
2 T. Rowe Price Int'l Bond	*	5.0	8.0	19.8	52 Strong Corporate Bond	*	1.9	4.4	0.1
3 Fidelity High Income (1%r<270d)	B	4.5	11.5	3.3	53 Fidelity Intermediate Bond	*	0.6	3.4	4.5
4 Fidelity New Markets Income	*	4.4	9.6	6.5	54 T. Rowe Price High Yield	B	1.7	3.6	2.0
5 INVESCO High Yield	*	3.9	12.5	-0.6	55 T. Rowe Price Corporate Inc	*	1.9	3.1	2.7
6 Amer. Cent. Target 2015	*	-1.1	8.4	14.8	56 T. Rowe Price GNMA	*	0.5	2.8	5.4
7 Vanguard Inflation Protected Sec	*	1.3	7.0	14.4	57 Vanguard S-T Treasury	*	0.0	2.7	6.3
8 Amer. Cent. Target 2010	*	-0.2	7.4	14.5	58 PIMCO Low Duration	*	0.6	2.6	5.4
9 Scudder Global Bond S-T	*	2.3	6.5	13.0	59 Fidelity Short-Term Bond	*	0.5	2.8	5.0
10 Amer. Cent. Target 2020	*	-1.6	8.3	13.4	60 Schwab S-T Bond Mkt Index	*	0.2	2.9	5.1
11 Amer. Cent. Inflation Adj	*	1.3	6.0	12.6	61 Vanguard S-T Federal	*	0.0	2.5	6.3
12 Amer. Cent. Target 2025	*	-3.1	8.0	11.3	62 Vanguard Bond Market	*	0.5	2.8	4.6
13 INVESCO Select Income	*	1.6	7.7	3.8	63 Amer. Cent. Ginnie Mae	*	0.7	2.6	4.6
14 Managers Bond	*	1.9	5.1	9.5	64 T. Rowe Price New Income	*	0.7	2.8	3.5
15 DodgeCox Income	*	1.0	5.2	9.4	65 Vanguard Short-Term Corporate	*	0.6	2.6	4.0
16 Fremont Bond	*	1.1	5.4	7.9	66 Janus High Yield	B	1.6	2.6	2.3
17 Vanguard L-T Treasury	*	-1.2	5.5	10.2	67 Fidelity Government Income	*	-0.7	2.8	5.1
18 Vanguard Intermediate Treas.	*	-0.3	4.9	10.1	68 Scudder Short-Term Bond	*	0.2	2.5	4.2
19 Buffalo High-Yield(2%r<180d)	B	1.7	5.7	4.5	69 Mercury Low Duration	*	0.3	2.6	3.7
20 American Government Bond	*	0.3	4.6	8.9	70 Montgomery Sht Duration Govt	*	-0.1	2.1	5.3
21 T. Rowe Price U.S. Treas. L-T	*	-0.5	5.4	8.0	71 Columbia Fixed Income Sec	*	-0.1	2.1	5.4
22 Vanguard GNMA	*	0.6	3.0	12.0	72 Strong S-T High Yield	*	1.5	3.3	-0.7
23 Eclipse Indexed Bond	*	0.3	4.5	8.2	73 Liberty Intermediate Bond	*	1.2	2.6	1.3
24 Eclipse Bond	*	0.6	5.1	5.0	74 Fidelity GNMA	*	0.3	1.8	4.1
25 Payden Global Fixed Income	*	0.6	4.5	6.4	75 Managers Short Duration Govt	*	0.5	1.6	3.7
26 WPG Core Bond	*	0.5	4.1	7.6	76 Columbia S-T Bond	*	0.2	1.5	4.3
27 T. Rowe Price Spectrum Income	*	2.2	4.4	4.3	77 T. Rowe Price S-T Bond	*	0.5	2.0	2.4
28 Value Line U.S. Govt Sec	*	0.1	4.0	8.4	78 Strong High Yield Bond(1%r)	*	3.2	4.3	-7.5
29 Dreyfus A Bonds Plus	*	1.3	4.2	6.2	79 Janus S-T Bond	*	0.6	1.4	2.6
30 Montgomery Total Return	*	0.0	4.0	7.9	80 MetroWest Total Return	*	2.2	2.1	-1.4
31 Safeco I-T U.S. Treasury	*	0.0	4.0	7.8	81 Federated U.S. Govt Sec. 1-3	*	0.0	1.1	3.2
32 PIMCO Total Return	*	1.0	3.6	7.2	82 Babson Bond Trust	*	0.0	1.3	0.9
33 INVESCO U.S. Govt Sec	*	0.1	3.9	7.7	83 Dreyfus 100 Treasury L-T	*	-0.5	1.0	2.2
34 USAA Income	*	0.7	3.9	6.9	84 Strong S-T Bond	*	0.6	0.8	0.6
35 Vanguard High Yield Corporate	B	2.6	4.6	2.2	85 Dreyfus Strategic Income	*	1.1	0.9	-0.6
36 Strong Govt Securities	*	-0.2	3.9	7.9	86 MetroWest Low Duration	*	0.7	1.2	-1.0
37 Fidelity Investment Grade	*	0.5	4.2	6.0	87 Northeast Investors Trust	B	2.2	-1.8	4.0
38 FifthThird Bond	*	0.3	3.8	7.2	88 Value Line Aggressive Inc	B	2.1	0.0	-2.8
39 Federated Total Return Govt	*	-0.2	3.6	8.5	89 Dreyfus Short-Term Income	*	0.0	-1.1	0.3
40 PIMCO Total Return Mortgage	*	0.3	3.3	8.2	90 Managers Intermediate Bond	*	0.1	-2.0	-2.9
41 Mercury Total Return	*	0.3	3.6	7.1					
42 Scudder Income	*	0.5	4.0	6.0					
43 Safeco U.S. Government	*	0.2	3.4	7.6					
44 Dreyfus GNMA	*	0.5	3.2	7.7					
45 Fidelity Intermediate Govt	*	-0.2	3.5	7.7					
46 Vanguard Long-Term Corporate	*	-0.2	3.7	7.2					
47 Managers Int. Duration Govt	*	0.5	3.0	7.5					
48 Janus Flexible Income	*	0.6	4.1	4.4					
49 Liberty Income	*	1.0	3.3	5.5					
50 Columbia High Yield	B	1.9	4.1	1.2					

**PORTFOLIO HOLDINGS**  
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## Weekly Performance of ML Model Holdings — data as of 01/10/03

Fund	Last Week	Fund	Last Week
ARGFX Ariel Fund	0.03%	VCVSX Vanguard Convertible Sec.	1.13
BEGBX Amer.Cent. Int'l Bond	1.74	VEIEX Vanguard Emerg. Mkts. Stock	1.53
BUFHX Buffalo High Yield	0.93	VEIPX Vanguard Equity-Income	1.35
CMHYX Columbia High Yield	0.84	VEXMX Vanguard Extended Market	1.31
FBALX Fidelity Balanced	1.33	VIGRX Vanguard Growth Index	1.84
FDCAX Fidelity Capital Appreciation	3.26	VWEHX Vanguard High Yield Corp.	1.36
FEQTX Fidelity Equity-Income II	1.72	VWIGX Vanguard Int'l Growth	-0.48
FFTYX Fidelity Fifty	3.19	VSEQX Vanguard Strategic Equity	1.71
SPHIX Fidelity High Income	2.62	YACKX Yacktman Fund	1.59
FIGRX Fidelity Int'l Growth & Income	-0.12		
FLPSX Fidelity Low Priced Stock (3%)	1.75		
FOCPX Fidelity OTC	2.10		
FSEAX Fidelity SE Asia (3%)	0.30		
FBMPX Fidelity Multimedia (3%)	5.72		
GATEX Gateway Fund	1.27		
MAPTX Matthews Pacific Tiger	0.24		
NBGNX Neuberger Berman Genesis	-0.05		
OAKGX Oakmark Global	1.59		
BEARX Prudent Bear	-0.83		
RYPRX Royce Premier	0.21		
TASCX Third Ave SC Value	1.88		
VBINX Vanguard Balanced	1.13		
VHCOX Vanguard Cap Opportunity	3.36		
		<b>Indices</b>	
		DOW JONES INDUSTRIALS	2.13%
		S&P 500	2.09
		NASDAQ	4.37

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