

Funds Up=More Fun For The Investor?

-- *Money Magazine* Says The Average Fund Is Up 30% And Asks The Question: How Did Yours Do?

BACKGROUND:

Investors are reporting that the bull market is back. Skeptics caution that job growth remains low. Where is the economy and where is it going. The answer to the first part is that it is in a good place, the answer to the second can be nothing but speculation.

Money magazine reports that the average fund soared 30.1% in the year ending December 18th. This, of course, is good news for the average investor who prefers to put money in a more diversified account rather than picking up singular stocks here and there. This is the first positive annual return since 1999. And, as some of us remember, 1999 was when the good times were rolling. But what does this recent show of strength in funds mean now?

Here's the situation. You have a large number of investors whose memory of the bubble bursting seems more like three days ago rather than three years ago. So the question is, "Are the investors who feel comfortable in the fund arena going to venture back out into the single stock market?, i.e., how does the average investor feel about the long term health of the market?"



The simple fact that so many people lost so much when the bubble burst seems to point to the idea that there isn't going to be another 1999 soon.

Whose going to venture out into the high risk area when The Fall is so fresh in their minds? You can hear that voice whispering in your ear, "we're doing well in the funds. Remember what happened last time. Lay low."

But then, on the other hand, you have these voices floating around saying, "It happened once, why can't it happen again?" After all, the reason we all got hurt on the last go around was that we held on for too long. If the market remains strong, why not try to get out there and catch the big fish, use some of the 30% returns we're seeing in our funds on some up-and-coming stocks. This time we'll be more prudent and sell at the first sign of a downturn.



Both voices are whispering to all of us. But which one will the majority listen to? The good thing about funds is that your money is safe to a point. Your fund company is an individual corporate entity with its own board of directors. If your fund company fails, i.e., if your company goes bankrupt, its creditors would not be allowed to touch its assets. This might be reassuring in light of the recent industry scandals which have occurred in some degree in investing firms from Charles Schwab to Merrill Lynch to Morgan Stanley.

So with that, let's hear what *Money* magazine has to say about 2004.

STORY:

From *Money Magazine*, February 2004 "The Best Funds for 2004."

We found the eight great funds from companies you can trust. If 2003 was a great year for mutual fund returns- and it surely was, with gains averaging 30% for stock funds- what will it take to thrive in 2004? That's what we focused on when selecting this year's crop of recommendations for investors. Certainly the

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burgeoning fund scandals serve as a valuable reminder that when shopping for a money manager, you must look beyond performance to the character of the fund company itself; low fees are perhaps the best indicator that the company is dedicated to increasing your wealth, which is why all of our selections boast moderate fees. But we also looked for managers with standout long-term records who seem poised to continue their success in the year ahead.

Of course, we didn't ignore what's going on in the market when making our choices. The eight funds highlighted below include growth funds that should soar in a rapidly recovering market, a free-range fund, several core names and a bond fund so you can build a complete portfolio.

Bridgeway Large-Cap Growth (Large Cap Growth)
Manager: John Montgomery

FPA Crescent (Balanced) Manager: Steven Romick

Icap Select Equity (Large Cap Value) Manager: Rob Lyon

Marisco International Opportunities (International)
Manager: Jim Gendelman

T. Rowe Price Blue Chip Growth (Large-Cap Core)
Manager: Larry Puglia

Tweedy Browne American Value (Multicap Value)
Managers: Christopher Browne, William Browne,
John Spears

(2) Vanguard Total Stock Market Index and Total
Bond Market Index (Index Funds) Managers: Gus
Sauter (stocks) and Kenneth Volpert (bonds)

SIGNIFICANCE:

This is a case where the significance of investors' feeling and "experts" picks, will only be seen over time. Although it is a little bit more than difficult to prophesize about the future of the stock market, we will give you the three foremost factors that will might slow down this bullish market run.

- 1). Investors remembering the bursting bubble
- 2). Investors reaction to the scandals
- 3). Continual low job growth

The one thing that seems most prudent to remember for 2004 is this aphorism which was told to me by a Jersey transplant who is now comfortably retired before the age of 50 due to his continued success in the Market. "There is money to be made in the stock market, as long as you're not greedy."

UPDATE:

Halliburton to Pay \$6.3M in Kickback Case

(AP) WASHINGTON - Halliburton will pay the Pentagon \$6.3 million for possible overcharges by a subcontractor that is accused of giving kickbacks to supply U.S. soldiers in Iraq, a spokeswoman said Friday in new trouble for Vice President Dick Cheney's former company.

"We will bear the cost of the overcharge — not the federal government," said Wendy Hall.

Halliburton fired the employees involved and notified Defense Department investigators when it discovered one or two workers may have gotten improper payments from the Kuwaiti firm, Hall said. She said the company was paying the \$6.3 million to the Army Materiel Command to cover any possible overcharges while the Pentagon investigates.

"We found it quickly, and we immediately reported it," Hall said. "We do not tolerate this kind of behavior by anyone at any level in any Halliburton company."

The Pentagon already has in progress a criminal inquiry into possible overcharging involving another Halliburton contract: the company's deal to supply gasoline to Iraqi civilians. Democrats have criticized the contracts and demanded further investigations; the company has denied wrongdoing.

Meanwhile, Halliburton has begun an advertising campaign to improve its image. A television spot running on CNN says Halliburton supplies hot meals, laundry and telephone links for soldiers in Iraq. The ad shows a man in desert camouflage holding a phone, his lip trembling, and shouting, "It's a girl!"

"Halliburton. Proud to serve our troops," an announcer says.

"Halliburton gets beaten up every day by people who don't have the facts. We can stand the heat, ... but we will tell our story," Hall said. "Our employees are doing great work in Iraq making life better for our troops and for the Iraqi people."

In trading on the New York Stock Exchange, Halliburton shares were up 69 cents, or 2.4 percent, to close at \$28.92.

In the latest investigation, Halliburton auditors found a \$6 million overcharge by a Kuwaiti subcontractor in its Army supply contract, Hall said Friday. Part of that money may have been paid as kickbacks to one or two Halliburton workers, she said. Hall did not identify the workers or the Kuwaiti subcontractor. She also did not say how large the alleged kickbacks were.

White House press secretary Scott McClellan said Friday it was up to the Pentagon to determine if wrongdoing occurred.

Both investigations involve Halliburton subsidiary KBR, which has contracts to supply the Army with food service, mail and other amenities as well as one to rebuild Iraqi oil facilities.

Pentagon auditors found KBR may have overcharged by \$61 million for deliveries of gasoline from Kuwait to Iraq from May through

September. KBR's Kuwaiti supplier, the Altanmia Marketing Co., charged more than twice what suppliers in Turkey did. Both Halliburton and the Army Corps of Engineers, which oversees the fuel contract, say the higher price was justified by the danger faced by fuel convoys and the need to head off Iraqi anger over gasoline shortages.

The deal to deliver gasoline to Iraqis is part of that second contract, while the alleged kickbacks were for the Army supply contract.

The kickback probe is the first admission by Halliburton that its employees may have been involved in corruption involving contracts in Iraq.

The company disclosed last year that another KBR employee paid more than \$2 million in bribes to a Nigerian official to get favorable tax treatment. A French judge investigating a KBR joint venture in Nigeria with a French firm has reportedly warned that Cheney, who headed Halliburton from 1995 until 2000, could be subject to criminal charges in France. Cheney has denied wrongdoing.

Democrats renewed on Friday their criticism of Halliburton and their demands for further investigations into the company's contracts.

"All of Halliburton's contracts with the government need to be terminated," said Sen. Frank Lautenberg, D-N.J. "This is a fatal blow to the company's credibility and the administration's ability to defend these contracts."

Critics have cited Halliburton's contracts as evidence of Bush administration favoritism toward corporate friends. White House and Pentagon officials say the Defense Department's contract decisions are not affected by political concerns.

White House spokesman McClellan dismissed Democratic suggestions that the controversy surrounding Halliburton casts a cloud over the Bush administration's reconstruction of Iraq. "There's obviously a lot of election-year politicking going on," he said.

For More Information: <http://www.halliburton.com>

THIS WEEK IN HISTORY / BIOGRAPHY:

Montana as Comeback King

Joe Montana was the quarterback in the Super Bowl this week-in-history four times - and he won every one.

There's an old cartoon that shows everybody panicking, except for one guy, who is unruffled as he does his assigned task. In real life, that person is Joe Montana.

He possessed an almost mystical calmness in the midst of chaos, especially with the game on the line in the fourth quarter. While others saw turmoil and danger after the snap, Montana saw order and opportunity. He was Joe Cool, the unflappable king of the comeback.

Take the 1989 Super Bowl against the Cincinnati Bengals. The San Francisco 49ers were down by three points with 3:20 left when Montana spotted -- no, not an open receiver -- but a personality. "There, in the stands, standing near the exit ramp," Montana said to tackle Harris Barton. "Isn't that John Candy?" And then he led the 49ers 92 yards, throwing for the winning touchdown with 34 seconds left.

This was one of Montana's 31 fourth-quarters comeback in the NFL.

Montana was neither exceptionally fast nor tall nor did he have a bazooka for an arm. The man whom his high school quarterbacks coach said "was born to be a quarterback" won by wits and grace, style and reaction. It was if he saw the game in slow motion. Whether it was with Notre Dame or the 49ers, whether the game was played in an ice storm in Dallas or in the humidity of Miami, Montana was The Man in the fourth quarter.

"There have been, and will be, much better arms and legs and much better bodies on quarterbacks in the NFL," said former 49er teammate Randy Cross, "but if you have to win a game or score a touchdown or win a

championship, the only guy to get is Joe Montana."

Sports Illustrated headlined a story on the fragile-looking quarterback as "The Ultimate Winner." Montana won four Super Bowls in four appearances and became the only player to earn the Roman numeral game's MVP three times (and the other contest was the game-winning drive).

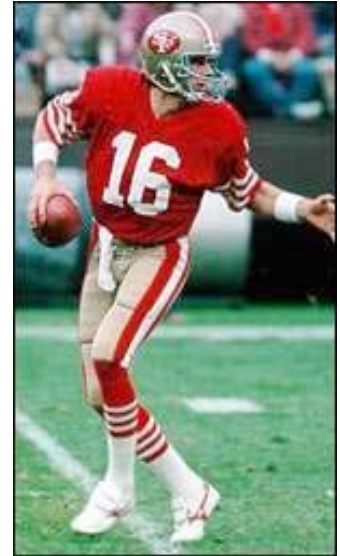
In these four games, he put up Super numbers, completing 83-of-122 passes (68 percent) for 1,142 yards with 11 touchdowns and no interceptions. His

quarterback rating was 127.8 (while nobody outside the Elias Sports Bureau knows how to compute this rating, or even what it means, it is known that 127.8 is a figure beyond that of mortal men).

He made the throw on the play that became known as The Catch. That's when a scrambling Montana, with three Cowboys closing in for the kill, lofted the ball in the end zone to Dwight Clark. The six-yard touchdown pass, with 51 seconds left, gave the 49ers a 28-27 victory over Dallas for the 1981 NFC championship.

"At his best, when Joe was in sync, he had an intuitive, instinctive nature rarely equaled by any athlete in any sport," said Bill Walsh, his San Francisco mentor and coach, said about the two-time NFL MVP.

As a redshirt junior at Notre Dame in 1977, after sitting out the previous season because of a separated shoulder, Montana took the Irish to a national championship. In his career he led them to five improbable fourth-quarter comebacks (deficits ranging from eight to 22 points).



The most dramatic of them was his last collegiate game, at the 1979 Cotton Bowl, when he fought hypothermia in the ice and wind in Dallas. After being fed bouillon during the second half to get his temperature back near normal, he led Notre Dame from a 34-12 deficit to a 35-34 victory in the final 7:37, throwing a perfect pass to Kris Haines for a touchdown with no time remaining.

"Joe was born to be a quarterback," said Jeff Petrucci, his high school quarterback coach. "You saw it in the midget leagues, in high school - the electricity in the huddle when he was in there. How many people are there in the world, three billion? And how many guys are there who can do what he can do? Him, maybe (Dan) Marino on a good day. Perhaps God had a hand in this thing."

Montana had a quick setup, nifty glide to the outside, the ability to scramble but under control, buying time, looking for a receiver underneath. And this was when he still was in high school.

Montana's roots are in western Pennsylvania, the cradle of quarterbacks. Marino, Johnny Unitas, Johnny Lujack, Joe Namath, George Blanda, Jim Kelly and Terry Hanratty are from the area. All were tough, dedicated, hard workers and competitive. "We had a no-nonsense, blue-collar background," Unitas said.

Montana was born in New Eagle on June 11, 1956, the only child of Joe Sr. and Theresa, and raised in nearby Monongahela. The family lived in a two-story frame house in a middle-class neighborhood and Joe Sr. helped his son get involved with sports.

Young Joe played baseball (three perfect games in the Little League) and basketball (he was offered a scholarship to North Carolina State), but after becoming a Parade All-American quarterback as a high school senior, he followed his idol, Hanratty, to Notre Dame.

At one-time a seventh-string quarterback, he was still No. 3 when the 1977 season started. But in the third game, with once-beaten Notre

Dame losing 24-14 to Purdue, The Comeback Kid came off the bench to throw for 154 yards and a touchdown in the final 11 minutes to lead the Irish to a 31-24 victory.

Coach Dan Devine finally saw the light and installed Montana as his starter. Notre Dame didn't lose again, and won the national title by defeating No. 1 Texas 38-10 in the Cotton Bowl.

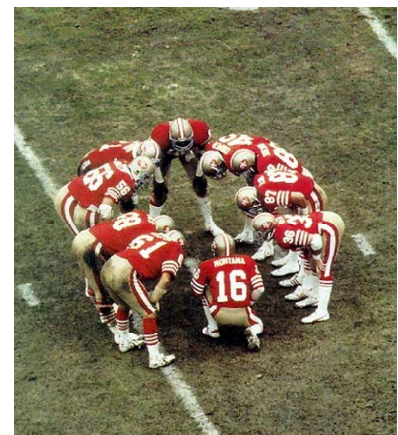
After capping his collegiate career with the comeback against Houston the following January, Montana was selected by the 49ers in the third round of the 1979 draft, the No. 82 overall selection. Walsh brought him along slowly and it wasn't until late in his second season that Montana became the starter.

In 1981, the 6-foot-2, 195-pound Montana was in complete control of Walsh's West Coast offense, and he led the 49ers to a 13-3 record. They won the NFC title with The Catch, and defeated Cincinnati 26-21 in the Super Bowl.

Returning to the Super Bowl three years later against the Miami Dolphins, Montana upstaged Marino, who had thrown for a record 48 touchdowns. He passed for 331 yards and three touchdowns in a 38-16 San Francisco rout.

Montana suffered a ruptured disk throwing a pass in the 1986 opener and underwent two-hour back surgery. Doctors told him it might be better for his health if he gave up football. Two months later, he was back, throwing three touchdown passes to Jerry Rice. But the season ended the way it had began -- in pain. Montana was knocked out of a 49-3 playoff loss to the Giants when noseguard Jim Burt buried his helmet under Montana's chin.

Three years later, Montana had another Super Bowl ring. After spotting Candy in the stands, Joe Cool smoothly



hit eight-of-nine passes, with his 10-yard strike to John Taylor giving the 49ers a 20-16 victory in Miami.

The next season, under George Seifert, Montana took the 49ers to a 14-2 record. San Francisco won its postseason games by 28, 27 and 45 points (55-10 over Denver in the Super Bowl) and Montana completed 78 percent of his passes for 800 yards, 11 touchdowns (five against Denver) and no interceptions.

An elbow injury caused Montana to miss 1991 and further complications caused him to sit out until the final game of 1992. With Steve Young entrenched at quarterback, Montana was traded to Kansas City in 1993. He led the Chiefs into the playoffs in his two seasons with them before deciding that, at age 38, he was finally weary of the game.

SPORTS:

Super Bowl

Well if you didn't watch the Super Bowl then... well... what the heck *were* you doing? You'll be hearing about it for the next week so just to keep you informed, the Patriots won. Oh yeah, and it was a great game. Here's an article from espn.com for a little more color:

HOUSTON -- Humdrum? Hardly.

What was supposed to be a colossal bore turned into one of the most exciting Super Bowls ever with a thrilling back-and-forth final quarter that Adam Vinatieri finished off with his foot.

Tom Brady set up Vinatieri's 41-yard field goal with 4 seconds left to give the New England Patriots their second NFL championship in three seasons with a 32-29 victory over the Carolina Panthers.

Not only did Vinatieri win this one Sunday night, he did the same thing two years ago, beating the St. Louis Rams on the final play of the game.

"Nobody makes all of them. But if you've got to have one kick with everything on the line,

he's the one you want kicking it," New England coach Bill Belichick said. "It was an awesome kick. It was a great kick. That's the game. That's what Adam's here for."

Most of the first half did live up to the predictions that two defensive teams would make for a dull game. They were scoreless for nearly 27 minutes, the slowest start in Super Bowl history, and Vinatieri missed one field goal and another was blocked.

But that changed in the final 3 minutes of the first half and again in the fourth quarter, when the teams combined for 37 points, the most in any quarter in any Super Bowl.

The scoring never stopped.

The Patriots were ahead.

The Panthers were ahead.

The Patriots were ahead, then the Panthers tied it.

And then came the most reliable foot in football.

"You know you might have a chance at the end of the game to win it," Vinatieri said.

"I looked up and it was going right down the middle."

It wouldn't have been possible without Brady. He finished 32-of-48 for 354 yards and three touchdowns. The 32 completions were a Super Bowl record.

"To win this the way we did is incredible, unbelievable. A great all-around game," he said.

"I don't know how I do it."

Brady was voted the game's MVP for the second time in three seasons, although he did throw a second-half interception that prevented New England from winning more easily.

But all of that was forgotten by the final quarter as New England established its credentials as a mini-dynasty.

"I don't know about our legacy," said Charlie Weis, the team's offensive coordinator.

"But two titles in three years in the environment of the NFL these days is quite an achievement."

For which the Patriots can thank Vinatieri.

FEATURE:

Civil War:

Part VI

SHENANDOAH VALLEY

CAMPAIGN Lincoln needed the troops in Washington, D.C., because the federal capital was threatened by Stonewall Jackson, operating with a handful of men in the Shenandoah Valley. When McClellan's invasion began, Jackson was ordered to prevent reinforcements from reaching the Union commander. Jackson then opened a remarkable campaign, deceiving the enemy into believing he had a huge army. Even in a battle he lost at Kernstown on March 23, he convinced his adversary, General James Shields, of his strength although he had only 4200 men. By mobility and inventiveness, Jackson won victories in the valley at McDowell, Front Royal, Winchester, Cross Keys, and Port Republic before withdrawing to help in the defense of Richmond. Jackson's tactics succeeded; to oppose him and the 16,000 men who fought with him for most of the campaign, the North held back 55,000 men under Banks, McDowell, and John C. Frémont, men that McClellan needed badly on the peninsula.

PENINSULAR CAMPAIGN On April 2, 1862, McClellan arrived with 100,000 men at Fort Monroe, at the southeastern tip of the peninsula. He took Yorktown after a month's siege but let its defenders escape. On May 31 Confederate General Joseph E. Johnston tried unsuccessfully to stop McClellan's drive at Fair Oaks, only 10 km (6 mi) from Richmond. Johnston was wounded in the battle, and Robert E. Lee replaced him as commander of the Army of Northern Virginia. Lee's courage and courtesy won him the warm affection of his troops. His outstanding ability as a general was to make him idolized in the South and respected and feared in the North. At times, as the war progressed, only the genius and personality of General Robert E. Lee kept the Confederate Army from crumbling.

Soon after Lee's appointment, a series of engagements known as the Seven Days' Battle took place, lasting from June 25 through July 1, 1862. On the second day, Union General Fitz-John Porter drove back a Confederate attack at Mechanicsville, 8 km (5 mi) northeast of Richmond. However, instead of pushing on to Richmond, McClellan began to withdraw. He ordered Porter to fall back to Gaines's Mill. There, on June 27, a Confederate charge led by John B. Hood broke the Union center. McClellan then ordered the army to fall back on Harrison's Landing on the James River, where he would have the cover of Union gunboats. On July 2, after sharp rear guard actions at Savage's Station, Frayser's Farm, and Malvern Hill, the last engagement in the Seven Days' Battle, McClellan reached Harrison's Landing and safety.

The Peninsular campaign was over, with heavy losses on both sides. There were 16,000 Union casualties. Lee suffered even more, with casualties of over 20,000 men, about one-fifth of his army. However, he had stopped McClellan's drive on Richmond. Lincoln's administration held McClellan at fault for not having taken Richmond. McClellan blamed the administration for not having sent reinforcements.

CAPTURE OF NEW ORLEANS Both North and South tended to underrate an event that took place while the country's attention was fixed on the peninsula. To make the blockade of the South effective, the Union had to win control of the lower Mississippi. In April 1862, Flag Officer David G. Farragut started up the Mississippi with a squadron of combat ships and transports carrying 18,000 federal troops. Attempts to stop him failed. Farragut pressed on past Fort Jackson and Fort Saint Philip and arrived at New Orleans, Louisiana, on April 25. He demanded the surrender of the city. Its Confederate defenders, numbering only 3000, withdrew. For the rest of the war, New Orleans, the biggest Confederate city and the key to the Mississippi, was in Union hands. Its loss was a disaster for the Confederacy.

Stay Tuned...

Quote of the Week:

It is impossible for a man to learn what he thinks he already knows.

-Epictetus

Fact of the Week:

The average American holds 2.9 Visas or Mastercards; even so, credit card companies send out more than 1 billion new credit cards offers every year.

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And
Have a Great Week!

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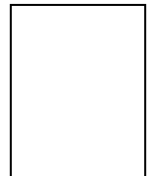
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