W.I
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Portfolio Monitor

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"AUTUMN COULD MEAN YET ANOTHER FALL FOR INVESTORS IN ASIAN MARKETS."

Michael Sesit, *The Wall Street Journal*, August 28, 1997

Global Economy

Over the last several weeks, the investment community has been stunned by the record setting volatility found in the stock markets of much of the Pacific Rim. In fact, with the S&P 500's performance far exceeding the performance of all of its G7 counterparts, many experts are expecting a similar fate for the U.S. markets within the next 12 months.

Contrary to these opinions, we believe that U.S. equity investments will continue to perform well for the remainder of this decade.

Look at the facts:

1. In the post "Cold War" world, the U.S. investment markets have consistently outperformed the other G7 nations.

Since January of 1989, U.S. stocks have dominated the industrialized world when returns are adjusted for inflation and converted into dollars:

1989 to Present - Stock Total Returns (Chart 1)
U.S. 157%, U.K. 96%, Canada 70%, Germany 65%, France 51%, Italy 19%, Japan 44%
G7 Average = 59%

2. The U.S. stock market's growth in the 1990's reflects the strongest economy in the G7.

After adjusting for inflation, America's GDP total growth for this decade far surpasses the other G7 nations:

1989 to Present - Economic Growth (Chart 2)
U.S. 20.2%, Canada 11.6%, Japan 11.4%, U.K. 8.3%, Germany 7.8%, Italy 6.9%, France 4.5%
G7 Average = 10.1%

COMMENT: "There is no place like home!" We continue to believe that the U.S. will lead the world in economic growth and investment opportunities, as it capitalizes on its ability to create new businesses and technologies through its superior financial system.

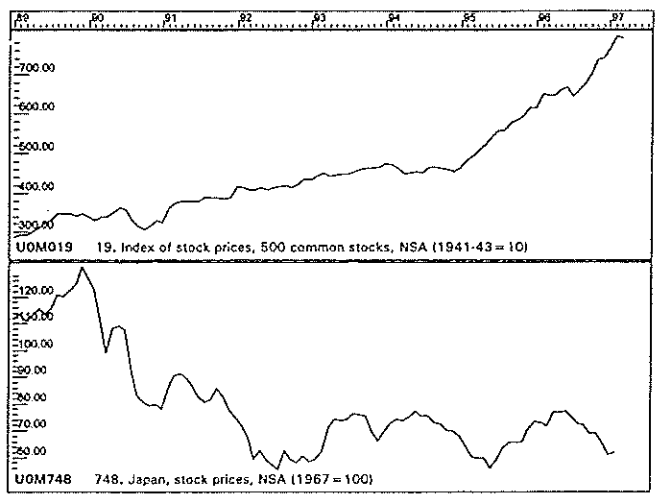


CHART 1
U.S. Stock Market Returns (1989 -Present)

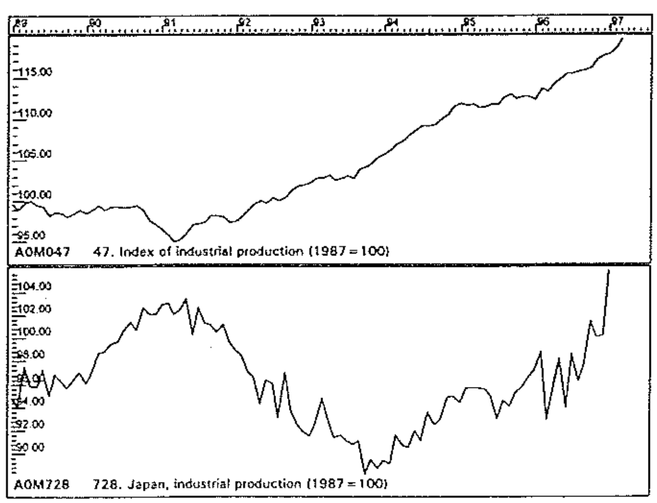


CHART 2
U.S. Gross Domestic Product (1989 -Present)

U.S. Economy

"Americans are continuing to save more, and some economists think that's good news for the economy."

Robert Berner, *The Wall Street Journal*
March 24, 1997

It is widely believed by many economists that Americans have developed a life style, over the last 25 years, of spending too much on credit and saving too little for the future. In fact, the Department of Commerce has estimated that the savings rate has declined from 10.9% in 1973 to today's level of 5.1%. **(Chart 1)**

Unfortunately, this does not reflect the true picture of saving and investing in the U.S. for the following reasons:

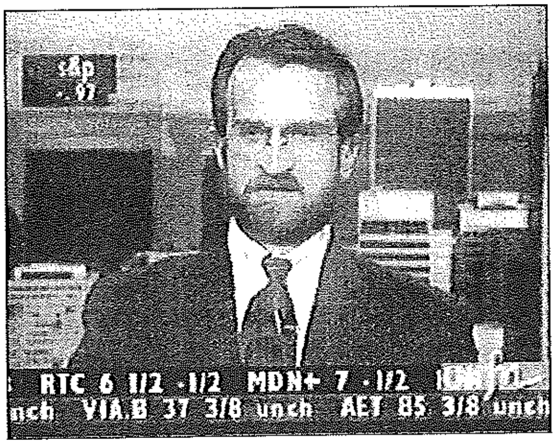
1. U.S. personal savings is at record levels!

The government has calculated that personal savings have reached a record level $300 billion (up from $75 billion in 1973). In fact, the 131% increase in savings during the last 2 1/2 years has far outpaced personal income's 14% rise. This has been a major factor in the S&P 500's 124% advance since December of 1994 as investors have put billions of dollars into mutual funds. **(Chart 2)**

2. The statistics used to measure saving and investing are outdated and seriously flawed.

As with most government statistics, the indicators used to measure personal savings rates were developed in the 1960's, and exclude many items that most people consider as savings. For example, the purchase of a home, Social Security & Medicare payments and employer contributions to a retirement plan are excluded from the calculations.

Also, the statistics don't account for the fact that U.S. investments in stocks, bonds and real estate have generated substantial wealth for Americans over the past 25 years, and thus the need to save a high percentage of wage income has been significantly reduced.



As featured on CNN's International Business News.

COMMENT: We feel that the discipline of saving and investing is alive and well in the U.S., and that a combination of "baby boomers" continuing to save for their fast approaching retirement and the recent reduction in the capital gains tax will carry this bull market for the next 5 to 10 years.

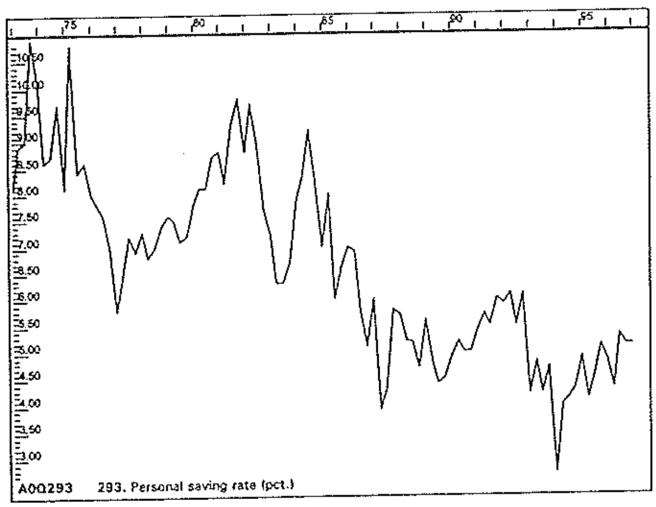


CHART 1
U.S. Savings Rate
(1973-Present)

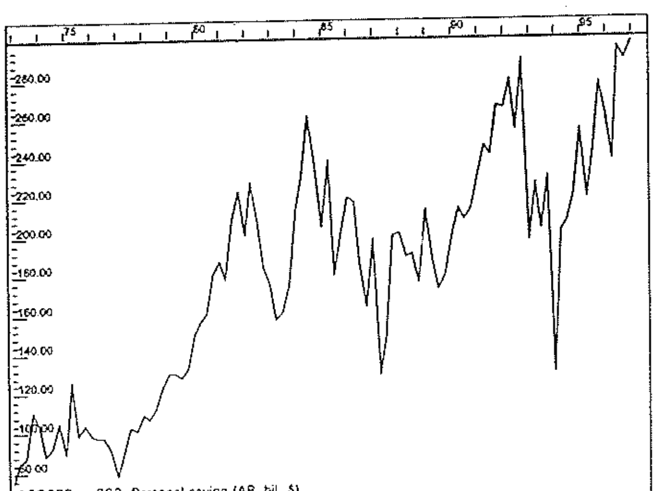


CHART 2
U.S. Personal Savings
(1973-Present)

Fundamental Analysis

STOCK MARKET

Over the past four months, companies from 75 different industry groups had superior stock price appreciation based on strong forecasted earnings in our database of 300 industry groups. **Of these industries, 14 still remain relatively undervalued.**

"The investment world today is a vastly different place from what it was just 10 or 15 years ago."

Walter Hamilton, *Investor's Business Daily*
August 21, 1997

INDUSTRY	NUMBER OF COMPANIES	26 WEEK PRICE CHANGE	EST. % CHANGE IN FY EPS	P/E RATIO
Aerospace	11	25	29	23
Air Transport.	6	42	72	16
Apparel	5	19	21	21
Auto Parts (OEM)	7	24	27	15
Computer Hardware	21	40	41	27
Diversified	26	18	21	20
Industrial Services	10	26	31	27
Machinery	16	31	20	19
Newspaper	8	19	34	23
Oil Field Services	16	53	57	31
Petroleum	7	25	25	18
Retail Store	17	32	26	24
Retail Store (Specialty)	21	31	34	26
Telecom Equipment	6	19	77	39

FIXED INCOME MARKET

The Treasury yield curve has remained relatively flat for the last 12 months with a 1.5% spread between short and long term maturities.

COMMENT: We are concentrating in fixed income investments with maturities between 5 and 10 years. In other words, we believe that this range offers the best balance between yield and price volatility.

TYPE	MATURITY	YIELD	YIELD 4 MONTHS AGO	YIELD 12 MONTH AGO
T-Bill	3 Month	5.1%	5.2%	5.2%
T-Bill	6 Month	5.2%	5.3%	5.4%
T-Bill	1 Year	5.2%	5.6%	5.6%
T-Note	5 Year	6.2%	6.6%	6.7%
T-Note	10 Year	6.3%	6.7%	6.9%
T-Bond	30 Year	6.6%	7.0%	7.1%

Technical Analysis

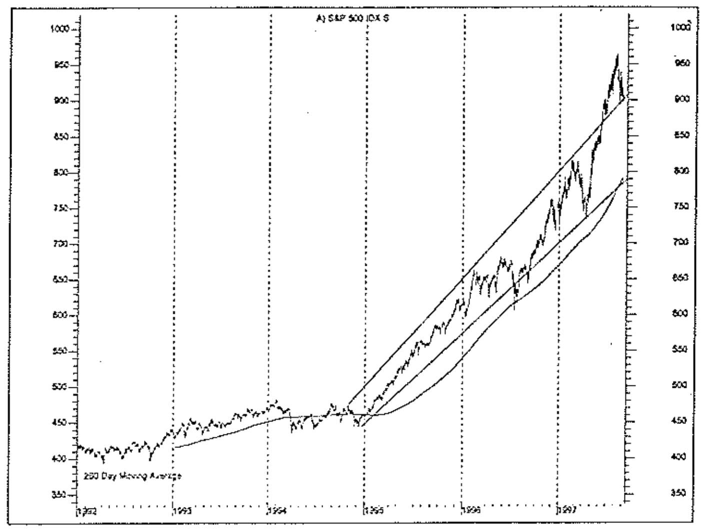
"The stock market and individual issues fluctuate in price much quicker now than 10 or 15 years ago."

Leo Fasciocco, *Investors Business Daily*, May 29, 1997

STOCK MARKET

The S&P 500 is trading within a 15% upward sloping channel established in 1995.

RECOMMENDATION: The index is currently at 903 and is at resistance. Any correction to support at 790-810 is a buying opportunity. (Chart 1)

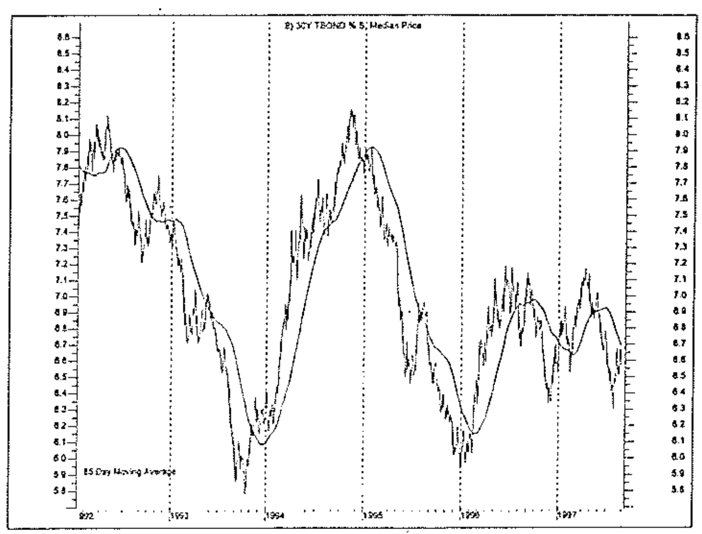


Standard & Poor's 500 Index — 1992 to Present

INTEREST RATES

The yield on the 30 year T-bond has been in a range between 6% to 8% since 1992.

RECOMMENDATION: The yield is currently 6.5%. We expect rates to stay below 8% for the remainder of the 90's and consider yields 7% or above as a buying opportunity. (Chart 2)



30 year T-Bond Yield — 1992 to Present

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