Bob Brinker's Marketimer

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"You try to be greedy when others are fearful, and fearful when others are greedy."
...Warren Buffett

STOCK MARKET TIMING DJIA: 10362.70 S & P 500: 1146.55

The stock market remains generously valued when viewed within an historical context. For example, consider these comparisons:

1) The median price/earnings multiple for the Value Line Composite Index now stands at slightly over 20. This is the highest median multiple for this broad–based index since statistical tracking for the index began 22 years ago. The historical average median multiple for the index is 14.3.

2) The 25–year average multiple for the Standard and Poor's 500 Index is 16.6, which is just slightly higher than the 50–year average multiple of 15.9. However, since the late–1990's, Standard and Poor's 500 Index multiples have gone into an orbit never seen before. This phenomenon is best illustrated by looking at Standard and Poor's valuation levels over the past 15 years.

	Yearend Close S&P 500 Index	Reported Earnings	P/E	Operating Earnings	P/E
1986	242.17	$14.48	16.7	$15.83	15.3
1987	247.08	$17.50	14.1	$19.91	12.4
1988	277.72	$23.75	11.7	$24.50	11.3
1989	353.40	$22.87	15.5	$25.85	13.7
1990	330.22	$21.34	15.5	$24.75	13.3
1991	417.09	$15.91	26.2	$22.20	18.8
1992	435.71	$19.09	22.8	$25.65	17.7
1993	466.45	$21.89	21.3	$28.50	16.4
1994	459.27	$30.60	15.0	$33.00	13.9
1995	615.93	$33.96	18.1	$38.79	15.9
1996	740.74	$38.73	19.1	$42.54	17.4
1997	970.43	$39.72	24.4	$46.76	20.8
1998	1229.23	$37.71	32.6	$45.79	26.8
1999	1469.25	$48.17	30.5	$50.96	28.8
2000	1320.24	$50.00	26.4	$52.84	25.0
2001	1148.08	$25.00	45.9	$38.71	29.7
2002 Est.	1147.39*	$38.00	30.2	$44.00	26.1

* closing price as of 3–31–02.

Note: Reported earnings are after writeoffs, operating earnings are before writeoffs.

STOCK MARKET TIMING (continued from page 1)

Our current Standard and Poor’s 500 operating earnings estimate for calendar year 2002 is $44, within a range of $43 to $45. This represents an increase of about 14% versus 2001 operating earnings, with the vast majority of the increase coming during the second half of the calendar year. Based on the price level of the index at the end of March, the Standard and Poor’s 500 Index is trading at 26.1 times our $44 operating earnings estimate, which is a very generous level of valuation when viewed in the historical context of page one.

Our estimated long–term earnings growth rate for the Standard and Poor’s 500 Index is 7.5%. Therefore, the current price/earnings multiple, based on our 2002 earnings estimate, is 3.5 times greater than our projected earnings growth rate. This is a very high ratio of valuation relative to expected growth, and implies that investors are expecting much faster long–term earnings growth than we anticipate. However, we do not regard our growth rate assumptions as low. In fact, our growth rate assumptions are consistent with the long–term earnings growth we have always used for the Standard and Poor’s 500 Index. We have seen nothing occur that would justify a material change in our 7.5% long–term earnings growth rate estimate for the Standard and Poor’s 500 Index.

We continue to believe that the weight of the evidence suggests the secular bull market that began on August 13, 1982 came to an end in the first quarter of year 2000. Without question, that 17 1/2 year secular bull trend was the greatest of all time, with gains totaling close to 1400% for both the Standard and Poor’s 500 Index and the Dow Jones Industrial Average, plus dividends. However, the exuberance and extremely high valuations which accompanied the final blowoff phase of the secular bull trend in early 2000 appears to have led to a new secular bear market, which is now into its third year.

Of course, all secular trends begin with an initial cyclical trend. Within this context, we believe the current cyclical bear market, which commenced in March of 2000 for the two widely followed broad market benchmarks, the Standard and Poor’s 500 Index and the Wilshire 5000 Index, is the first of a series of cyclical moves over a period of many years, and possibly one or two decades. As of March 31, 2002, we have seen the Standard and Poor’s 500 Index decline 22.7% and the Wilshire 5000 Index of all U.S. stocks decline 24.7%. Despite these substantial market declines, valuation levels remain high. In our view, valuation issues continue to present a very strong headwind for investors, and argue strongly for continuing to maintain substantial stock market cash reserves. Although we look forward to the time when our stock market indicators will improve sufficiently to justify a return to a fully invested equity position in our long–term model portfolios, we do not think this is likely to happen anytime soon.

Bear markets have a tendency to expose accounting improprieties and scandals, and this one is no different in that regard. Just as the Equity Funding bankruptcy and scandal rocked Wall Street during the severe 1973–74 bear market, the Enron scandal made headlines in the current bear market. The good news is that investors will watch corporate accounting practices more closely going forward, and this will lead to cleaner income statements and a move away from misleading pro–forma accounting practices.

In our view, the probabilities favor a major stock market buying opportunity within the next twelve months. When the next buy signal develops, we will return our stock market cash reserves to the equity market in anticipation of a one–to–three year cyclical bull market opportunity. In the interim, we recommend subscribers continue to maintain stock market cash reserves. We are also retaining our hold rating on Nasdaq 100 (QQQ) shares, as we expect these shares to rebound during the next cyclical bull market.

FEDERAL RESERVE UPDATE

As widely expected, the Federal Open Market Committee left short–term interest rates unchanged at their March meeting. However, in response to prospects for some improvement in the economy, they changed their policy bias to neutral. There is no question that a period of inventory rebuilding is underway, and this will provide a lift to Gross Domestic Product during the first half of the year. However, we have not seen evidence that corporate CEO's are becoming more aggressive in their capital spending plans. We also do not see evidence that the borrowed-out consumer, who is responsible for about two–thirds of total economic activity, is in any position to embark on a spending spree. Consumer savings rates remain extremely low, material growth in employment has yet to develop, and there is little basis for a sustainable increase in consumer spending. Considerable uncertainty remains with regard to future employment trends, and the absence of major increases in employment continues to place a strain on the outlook for sustainable incremental consumer demand.

We do not expect any change in short–term interest rates from the Federal Reserve prior to the next FOMC meeting in May. Given the extremely low level of short–term rates, we would regard any small rate increase at the May meeting as a virtual non–event for both the economy and the financial markets.

The easy money stance of the Federal Reserve remains apparent in the latest monetary figures. The monetary base now shows a year–over–year growth rate of 8.8% in real terms, which is identical to last month's figure. The M–1 monetary aggregate, which primarily consists of currency in circulation and demand deposits, shows real year–over–year growth of 5.8%, versus 6.8% last month. The broader M–2 aggregate shows real year–over–year growth of 6.8%, versus 8% last month.

These year–over–year growth rates remain highly accommodative, although we are likely to see a slightly less aggressive monetary expansion policy going forward.

Table A
Latest Monthly Data
(Billions)

	March 2002	March 2001	Y-O-Y Changes	Real Y-O-Y* Changes
Monetary Base	$ 666.4	$ 606.6	+ 9.9%	+ 8.8%
M–1	$ 1,179.0	$ 1,102.6	+ 6.9%	+ 5.8%
M–2	$ 5,493.7	$ 5,089.6	+ 7.9%	+ 6.8%

* adjusted for consumer price index increase of 1.1% for the year ended 2-28–02.

ACTIVE/PASSIVE PORTFOLIO

The **Marketimer** active/passive investment portfolio is designed for long–term growth objectives. This portfolio provides simplicity, tax efficiency, broad diversification, very low expenses, and risk management. The portfolio follows our stock market timing model in order to determine the level of stock market exposure.

The portfolio currently consists of 65% stock market cash reserves, 25% Vanguard Total Stock Market Index, 5% T. Rowe Price or Vanguard European, and 5% Vanguard International Growth.

Our favorite money market funds for stock market cash reserves are Vanguard Prime Money Market, yielding 1.8% taxable, or Vanguard Municipal Money Market, yielding 1.5% tax–exempt. Vanguard also offers tax–exempt money market funds for residents of California, New Jersey, New York, Ohio and Pennsylvania. The annual expense ratio on Vanguard Prime Money Market is 0.33%. The annual expense ratio on Vanguard Municipal Money Market is 0.18%. Investors with a $50,000 minimum investment can also use the Vanguard Admiral U.S. Treasury Money Market, which yields 1.7% with an annual expense ratio of only 0.15%.

BOB BRINKER'S RECOMMENDED LIST OF NO-LOAD FUNDS

FUND	INV.* OBJ.	SIZE MIL.$	% Total Return '97	'98	'99	'00	'01	'02 (3-31)	$1000 INV. 1-1-97=	EST.[a] YD.	TEL. SWCH	ANN.[b] EXP.	PRICE 3-31-02
Baron Growth Fund 767 Fifth Avenue 49th Floor New York, NY 10153 800-992-2766	G BGRFX	$ 766	31.1	0.1	44.7	(4.6)	12.7	4.5	$ 2134	0.0%	#	1.40%	32.06
Baron Small Cap Fund 767 Fifth Avenue 49th Floor New York, NY 10153 800-992-2766	CGA BSCFX	$ 763	-	2.2	70.8	(17.5)	5.2	9.0	---	0.1%	#	1.39%	16.58
Gabelli Asset Fund One Corporate Center Rye, NY 10580 800-422-3554	G GABAX	$1953	38.1	15.9	28.5	(2.4)	0.2	3.8	$ 2088	0.7%	Yes	1.37%	34.21
Gabelli Growth Fund One Corporate Center Rye, NY 10580 800-422-3554	G GABGX	$2875	42.6	29.8	46.3	(10.6)	(24.1)	(3.0)	$ 1782	0.0%	Yes	1.37%	27.82
TIAA/CREF Equity Index 730 Third Avenue New York, NY 10017 800-223-1200	Russell 3000 TCEIX	$ 105	-	-	-	-	(11.6)	0.9	---	0.1%	Yes	0.26%	8.12
TIAA/CREF Growth&Income 730 Third Avenue New York, NY 10017 800-223-1200	G&I TIGIX	$ 649	-	30.5	24.5	(7.3)	(13.4)	(0.9)	---	0.9%	Yes	0.43%	11.94

* Investment Objective Codes: CGA = Capital Gains Aggressive; G = Growth; G&I = Growth & Income
a) Estimated annual yield represents approximate investment income for last 12-months expressed as percentage of fund assets.
b) Annual expense ratio reflects investment advisory fees and other expenses expressed as percentage of total fund assets.
\# Telephone redemption available.

BOB BRINKER'S RECOMMENDED LIST OF NO-LOAD FUNDS

FUND	INV.* OBJ.	SIZE MIL.$	% Total Return '97	'98	'99	'00	'01	'02 (3-31)	$1000 INV. 1-1-97=	EST.[a] YD.	TEL. SWCH	ANN.[b] EXP.	PRICE 3-31-02
Dodge & Cox Stock 1 Sansome St. (35th Fl.) San Francisco,CA 94104 800-621-3979	G&I DODGX	$9995	28.4	5.4	20.2	16.3	9.3	4.9	$ 2169	1.6%	#	0.55%	105.01
Dodge & Cox Balanced 1 Sansome St. (35th Fl.) San Francisco,CA 94104 800-621-3979	G&I DODBX	$6231	21.2	6.7	12.0	15.1	10.0	3.3	$ 1894	3.2%	#	0.53%	67.01
Neuberger & Berman Focus Fund 605 Third Avenue New York, NY 10158 800-877-9700	CGA NBSSX	$1661	24.1	13.2	26.0	12.4	(6.7)	4.2	$ 1934	0.0%	Yes	0.85%	35.75
Vanguard Calvert Social Index Fund P.O. Box 2600 Valley Forge, Pa 19482 800-662-2739	Social Index VCSIX	$ 105	---	---	---	(9.0)	(14.1)	(1.7)	---	1.0%	Yes	0.25%	7.63
Schwab 1000 (R) 101 Montgomery St. San Francisco, CA 94101 800-266-5623	G SNXFX	$4214	31.9	27.1	21.0	(8.2)	(12.3)	0.8	$ 1646	0.8%	Yes	0.46%	32.21
Vanguard Index 500 P.O. Box 2600 Valley Forge, Pa 19482 800-662-2739	S&P 500 VFINX	$73626	33.2	28.6	21.1	(9.1)	(12.0)	0.2	$ 1663	1.0%	No	0.18%	105.85

R) 0.50% redemption fee on shares held less than six months.

BOB BRINKER'S RECOMMENDED LIST OF NO-LOAD FUNDS

FUND	INV.[*] OBJ.	SIZE MIL.$	% Total Return '97	'98	'99	'00	'01	'02 (3-31)	$1000 INV. 1-1-97=	EST.[a] YD.	TEL. SWCH	ANN.[b] EXP.	PRICE 3-31-02
Vanguard Index (x) Extended Market Portfolio P.O. Box 2600 Valley Forge, Pa 19482 800-662-2739	Index VEXMX	$3201	26.7	8.3	36.2	(15.5)	(9.2)	1.9	$ 1461	1.0%	No	0.25%	23.52
Vanguard Index (x) Small Cap Stock Portfolio (address/phone above)	Russell 2000 NAESX	$3747	24.6	(2.6)	23.1	(2.7)	3.1	4.0	$ 1559	1.0%	No	0.24%	20.61
Vanguard Index Total Stock Market Portfolio (address/phone above)	Wilshire 5000 VTSMX	$16343	31.0	23.3	23.8	(10.6)	(11.0)	1.0	$ 1607	1.0%	No	0.20%	25.92
Vanguard International Growth Portfolio (address/phone above)	Non USA VWIGX	$6098	4.1	16.9	26.3	(8.6)	(18.9)	0.5	$ 1145	1.1%	Yes	0.52%	15.08
Rowe Price European 100 East Pratt St. Baltimore, MD 21202 800-638-5660	Europe PRESX	$ 890	17.0	25.8	19.7	(6.7)	(20.7)	0.1	$ 1305	1.0%	Yes	1.01%	16.03
Longleaf Partner's Int'l 6410 Poplar Ave. Suite 900 Memphis, TN 38119 800-445-9469	Int'l Growth LLINX	$ 803	---	---	24.4	25.9	10.5	3.6	---	2.3%	#	1.79%	12.78
Rydex OTC Fund 6116 Executive Blvd. Suite 400 Bethesda, MD 20852 800-820-0888	CGA RYOCX	$ 924	21.9	86.5	100.6	(37.8)	(34.7)	(8.1)	$ 1702	0.0%	Yes	1.15%	10.16

x) Vanguard Index Extended and Small Cap funds charge purchase fees of 0.5% or less to defray expenses of broad diversification; annual expense ratios on these funds are extraordinarily low.
#) telephone redemption available

INTEREST RATES / FIXED- INCOME INVESTMENTS

We are changing the composition of the Marketimer fixed—income recommended investments this month. We are lowering the weighting in Vanguard Short—Term Federal from 50% to 25%, and we are adding a new 25% position in Dodge & Cox Income Fund.

Dodge & Cox Income Fund has an excellent record dating back to its inception in 1989. During the five—year period through 12—31—01, the fund generated a compound annual rate of return of 7.57%, which is slightly higher than the Vanguard Ginnie Mae Fund's 7.25% compound annual return for the same five—year period. Dodge & Cox Income Fund is available in all states on a no—load basis. The fund has a low annual expense ratio of 0.45%, and total assets of $1.5 billion as of March 31.

Here are our new weightings for subscribers who have all of their investments in fixed—income investments in order to generate current investment income:

Fixed-Income Investing	% Weighting	Current Yield	Average Maturity
Vanguard Fixed-Income Short-Term Federal VSGBX	25%	3.55%	3.2 years
Vanguard Ginnie Mae Fund (800-662-7447) VFIIX	50%	6.37%	4.5 years
Dodge & Cox Income Fund (800—621—3979) DODIX	25%	5.40%	5.9 years

The average current yield for these recommendations is 5.43%, and the average maturity is 4.45 years.

These changes apply only to subscribers with zero equity objectives. We are not making any changes to the fixed—income composition of model portfolio III on page 8 at this time. Model portfolio III is designed for balanced investment objectives.

Investors seeking attractive five—year yields can include the five—year notes of General Electric and Morgan Stanley in portfolios. These investment grade notes came to market in March. General Electric is trading approximately 80 basis points above U.S. Treasury comparable maturity yields, and Morgan Stanley is trading at close to 100 basis points above comparable U.S. Treasury five—year notes.

For tax—exempt investors, we like 10—to—12 year state general obligation municipals, and we also like the tax—exempt no load funds offered by Vanguard, including state tax—exempt funds for residents of CA, FL, MA, NJ, NY, OH and PA.

INDIVIDUAL ISSUES

Individual issue exposure should be limited to no more than 4% of equities. Index shares, such as SPY, VTI, DIA and QQQ are not limited to 4% because they are linked to the performance of indexes. These issues are currently rated hold.

ISSUES	Beta	Exchange	Symbol	3-31 Price	Est. earnings per share	
Microsoft	1.25	Nasdaq	MSFT	60.31	1.85 (6-02)	2.10 (6-03)
Vodafone/AirTouch	1.05	NYSE	VOD	18.43	0.75 (3-02)	0.80 (3-03)
S&P Dep. Receipts	1.00	AMEX	SPY	114.52	3.87 (2001)	4.40 (2002)
Total Market VIPERs	1.03	AMEX	VTI	106.11	n/a	
DJIA Diamonds	0.85	AMEX	DIA	103.71	3.70 (2001)	4.90 (2002)
Nasdaq 100 Index	1.75	AMEX	QQQ	36.06	*	

* **Marketimer** estimates the 40 largest profitable companies in the Nasdaq 100 Index are trading at a weighted average multiple of approximately 42.3 based on projected earnings for 2002. These companies comprise close to 73.5% of the index.

MANAGED ACCOUNT SERVICE

While **Marketimer** offers ongoing investment guidance, daily supervision and professional management services are provided by the BJ Group, a division of Centurion Capital Management. For information call 1—800—BJ—2—2044, or visit the BJ Group web—site at www.bjgroup.com.

MARKETIMER NO-LOAD MUTUAL FUND MODEL PORTFOLIOS

The *Marketimer* no-load model portfolios are designed to provide investors seeking aggressive, growth and balanced objectives with a strategic approach to investing in no-load funds over the long-term.

Model Portfolio I is designed for investors with *aggressive growth* investment objectives. Such investors seek maximum returns and are willing and able to accept high levels of risk and volatility. Current income is not a factor in this portfolio.

Model Portfolio II is designed for investors with *long-term growth* objectives. Such investors seek to enhance the value of capital over time and assume a reasonable level of diversified market risk. Current income is not an important factor.

Model Portfolio III is designed as a *balanced* portfolio for current investment income along with capital preservation and modest growth. The portfolio is allocated evenly between equities and fixed-income securities. This portfolio is best suited to investors nearing or already enjoying a retirement lifestyle.

MARKETIMER MODEL PORTFOLIO I ($20,000 value on 1-1-88)

Current Holdings	%	Beta	Value 3-31-02	% Change
Baron Growth	05	1.05	$ 5,011	
Baron Small Cap.	05	1.11	4,247	
Rowe Price European	05	0.68	2,906	
Vanguard Int'l. Growth	05	0.72	2,383	
TIAA/CREF Equity Index	15	1.00	16,816	
Money Market	65	0.00	101,332	
	100%	0.33	$ 132,695	+ 563%

MARKETIMER MODEL PORTFOLIO II ($20,000 value on 1-1-88)

Current Holdings	%	Beta	Value 3-31-02	% Change
Gabelli Asset Fund	05	0.71	$ 4,420	
Rowe Price European	05	0.68	3,243	
Dodge & Cox Stock Fund	05	0.61	5,196	
Vanguard Int'l. Growth	05	0.72	2,422	
TIAA/CREF Equity Index	15	1.00	11,925	
Money Market	65	0.00	81,901	
	100%	0.29	$ 109,107	+ 446%

MARKETIMER MODEL PORTFOLIO III ($40,000 value on 3-1-90)

Current Holdings	%	Beta	Value 3-31-02	% Change
Vanguard Short-Term Federal	25	0.00	$ 27,628	
Vanguard Ginnie Mae Fund	25	0.00	31,395	
Rowe Price European	02.5	0.68	2,523	
Dodge & Cox Stock Fund	05	0.61	9,999	
TIAA/CREF Growth & Income	07.5	1.03	9,490	
Vanguard Int'l. Growth	02.5	0.72	2,089	
Money Market	32.5	0.00	39,366	
	100%	0.14	$ 122,490	+ 206%
