Bob Brinker's Marketimer

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"Though the stock market functions
as a voting machine in the short
run, it acts as a weighing machine
in the long run."."
....Benjamin Graham

STOCK MARKET TIMING **DJIA: 9893.84** **S & P 500: 1144.79**

We are forecasting an anemic economic recovery in the United States and throughout the world in 2002. Our outlook for the United States suggests real GDP growth of less than one percent next year, with negative growth likely to continue at least into the first calendar quarter. Our outlook for Europe, excluding the United Kingdom, also calls for real GDP growth of less than one percent next year. In the U.K., we expect real GDP growth between one and two percent. We expect real GDP growth in Japan to remain in negative territory during 2002. Taking an aggregate view of the U.S., Europe, the U.K., and Japan, we expect real GDP growth next year to be essentially flat on a year-over-year basis.

Our outlook for inflation remains benign. The current year-over-year rate of consumer inflation stands at 2.1%, and we expect this figure to remain stable to lower going forward. We think it is probable that the consumer price index will rise only. 1.5% to 2% during 2002. Although some improvement in corporate profitability is likely next year, earnings comparisons will be easier as a result of the sharp decline in corporate profits during 2001.

Investors continue to face the challenge of high valuation in the stock market. Against a background of global recession, investors have been plagued by a deteriorating earnings environment in a market that still bears the residual effects of the extremely high valuation that prevailed into the first quarter of last year. In our view, valuation extremes became so severe early last year that they opened the door to a secular bear market.

High investor expectations are reflected in high price/earnings ratios, and these high ratios are the legacy of the first quarter 2000 stock market bubble. Although investor expectations remain high, corporate America continues to struggle with an absence of incremental demand sufficient to generate the rapid growth rates needed to justify the rich valuation parameters that investors have created through their enthusiasm for stocks. As corporations run into continuing difficulty in their effort to live up to high growth expectations, the inevitable result is investor disappointment as earnings shortfalls occur.

Many investors are looking to Washington in the hope another fiscal stimulus package will ignite an economic recovery. However, current negotiations are focusing on a package that is heavy on corporate tax cuts, and light on measures aimed directly at stimulating consumer spending. It appears likely that any new stimulus package will be largely in the form of tax reductions, mostly to corporations. The Federal Reserve's own economic model states that tax-cut stimulus is much less effective than increased spending in terms of its impact on GDP. The model estimates that increased spending is over three-times more effective in terms of stimulating GDP growth in the first year, and almost two-times more effective in the second year, when compared with tax cuts. The easiest way to promote spending is to put money into the hands of consumers.

STOCK MARKET TIMING (continued from page 1)

In our view, fiscal stimulus measures should be targeted at those with a high propensity to consume. For example, the ideal fiscal stimulus measure would be a reduction in the payroll tax. This would create instant and universal incremental cash flow for all working Americans. The highly regressive nature of the payroll tax would place most of the stimulus in the hands of those most likely to spend and consume. We believe such an approach is the most efficient way to get money flowing back into the economy through increased consumer spending.

Unfortunately, the political pressure to lower corporate income taxes and to a lesser extent lower individual marginal tax rates is likely to produce much less stimulus than a reduction in the payroll tax would generate. In addition, the temporary nature of the proposed tax reductions is unlikely to result in a material change in ongoing spending patterns. Due to the fact that lack of incremental demand is the primary problem for corporate America at this time, we do not see corporate tax cuts as the logical policy approach to stimulating consumer spending in this economy.

In view of our cautious economic outlook, we are reducing our Standard and Poor's 500 Index earnings expectations. We estimate 2001 earnings will finish in a range of $37 to $38, with a single point estimate of $37.50. For next year, we estimate Standard and Poor's 500 earnings in a range of $45 to $47, with a single point estimate of $46. This estimate may be subject to further downward revision in the event the ongoing recession fails to respond to monetary and fiscal stimulus measures within the next few months.

Based on our current estimates, the Standard and Poor's 500 Index is now trading at 30.5 times our 2001 earnings figure, and 24.9 times our 2002 earnings figure. This compares with the previous historic record high multiple for this index of 28.1 in July of 1999, when investor concerns about stock market risk were on a temporary leave of absence. In our view, high levels of stock market valuation will continue to create a strong headwind for investors when combined with the outlook for anemic economic growth next year.

We believe the most likely outcome of this bear market is a major bottom sometime during 2002. If such a bottom were to develop, it would correspond perfectly with the off-presidential election year scenario we outlined earlier this year. In the June 8 issue of **Marketimer** we stated "the probability is very high that a new cyclical bull market buy signal will occur no later than next year." We continue to believe that an outstanding low-risk stock market buying opportunity will usher in the next cyclical bull market. We further believe it is probable the next cyclical bull market will last for a period of approximately one to three years.

We intend to invest all available stock market cash reserves when the **Marketimer** stock market timing model returns to bullish territory. Until then, we will continue to maintain existing stock market cash reserves. For subscribers with a position in the Nasdaq 100 (QQQ) shares, we recommend holding in anticipation of higher price levels during the next cyclical bull market.

ACTIVE/PASSIVE PORTFOLIO

This portfolio is suitable for subscribers seeking long-term growth with high tax-efficiency, risk management and very low expenses. The portfolio currently holds a 65% stock market cash reserve. The balance is invested 25% in Vanguard Total Stock Market Index, 5% in Vanguard or T. Rowe Price European, and 5% in Vanguard International Growth. Since December 31, 1998, this portfolio has gained 20.9%, compared with a loss of 4.0% in the Vanguard 500 Index Fund and a loss of 3.3% in the Vanguard Total Stock Market Index through November 30, 2001.

FEDERAL RESERVE UPDATE

The Federal Open Market Committee reduced rates for the tenth time this year at their November meeting, and the probabilities favor another rate cut at the upcoming December 11 meeting. The recently published Beige Book shows considerable economic weakness around the country. Therefore, if no signs of economic recovery become apparent by the December 11 FOMC meeting date, another rate reduction appears likely.

The federal funds rate has been lowered from 6.5% to 2% so far this year as the Federal Reserve has undertaken the greatest rate reduction spree in history in response to deteriorating economic conditions. So far these rate cuts have failed to reverse the recessionary conditions that have been in place since the spring season. Partisan political bickering has prevented an effective fiscal stimulus response aimed at promoting increased consumer spending. The fiscal package that was agreed upon during the summer has done very little to stimulate the economy to date. Any further stimulus plan will only be as effective as its ability to promote consumer spending. We do not expect corporations to increase their capital budgets in the absence of incremental consumer demand.

The combination of lower inflation and faster money growth resulted in further improvement in the monetary figures this month. Last month, year-over-year real growth in the monetary base was 5.9%, while this month it increased to 6.9%. Last month, year-over-year real growth in M-l was 2%, while this month it increased to 3.8%. Last month, year-over-year real growth in M-2 was 7.4%, while this month it increased to 9.4%. This indicates the monetary foundation for future economic growth is developing in response to Federal Reserve monetary easing. Until the economy shows signs of recovery, the Fed is likely to continue its current accommodative policy.

Table A
Latest Monthly Data
(Billions)

	November 2001	November 2000	Y-O-Y Changes	Real Y-O-Y* Changes
Monetary Base	$ 645.9	$ 592.7	+ 9.0%	+ 6.9%
M-l	$ 1,156.7	$ 1,092.5	+ 5.9%	+ 3.8%
M-2	$ 5,444.8	$ 4,883.7	+11.5%	+ 9.4%

* adjusted for consumer price index increase of 2.1% for the year ended 10-31-01.

DODGE AND COX BALANCED FUND

Dodge and Cox Balanced Fund (800-621-3979) has been added to the **Marketimer** No Load Recommended List this month. Dodge and Cox Balanced, which is team-managed, invests for investment income, conservation of principal, and long-term growth of income and principal. The fund invests in a diversified portfolio of stocks and fixed-income securities, with no more than 75% of assets invested in equities. Bond holdings may include Treasuries, mortgage-related securities and corporates. Equities are selected based on the manager's assessment of long-term appreciation potential subject to valuation analysis. The fund symbol is DODBX.

During the three-year period ended October 31, 2001, Dodge and Cox Balanced Fund recorded compound annual growth of 11.3%. During this same period, the Vanguard Total Stock Market Index recorded annual compound growth of 0.5%, while the Vanguard Ginnie Mae Fund recorded annual compound total return of 7.4%. Total fund assets are $5.3 billion. The fund is available in all states. The initial minimum is $2500 for regular accounts and $1000 for I.R.A. investors. The annual expense ratio is 0.53%.

We are deleting Fidelity Utilities Fund in order to add Dodge & Cox Balanced. We recommend switching holdings in Fidelity Utilities Fund into Dodge & Cox Balanced. Subscribers with gains in taxable accounts may wish to make the switch in January in order to defer the gains into 2002.

We have also added Baron Growth Fund to the Recommended List. We will include a writeup on Baron Growth in the next **Marketimer**.

BOB BRINKER'S RECOMMENDED LIST OF NO-LOAD FUNDS

FUND	INV.* OBJ.	SIZE MIL.$	% Total Return '96	'97	'98	'99	'00	'01 (11-30)	$1000 INV. 1-1-96=	EST.[a] YD.	TEL. SWCH	ANN.[b] EXP.	PRICE 11-30-01
Baron Growth Fund 767 Fifth Avenue 49th Floor New York, NY 10153 800-992-2766	G BGRFX	$ 525	27.7	31.1	0.1	44.7	(4.6)	4.2	$ 2411	0.0%	#	1.40%	28.36
Baron Small Cap Fund 767 Fifth Avenue 49th Floor New York, NY 10153 800-992-2766	CGA BSCFX	$ 651	-	-	2.2	70.8	(17.5)	(3.0)	---	0.1%	#	1.39%	14.03
Gabelli Asset Fund One Corporate Center Rye, NY 10580 800-422-3554	G GABAX	$1852	13.4	38.1	15.9	28.5	(2.4)	(3.6)	$ 2194	0.7%	Yes	1.37%	32.69
Gabelli Growth Fund One Corporate Center Rye, NY 10580 800-422-3554	G GABGX	$3105	19.4	42.6	29.8	46.3	(10.6)	(23.8)	$ 2203	0.0%	Yes	1.37%	28.79
TIAA/CREF Growth Equity 730 Third Avenue New York, NY 10017 800-223-1200	G TIGEX	$ 678	-	-	36.0	33.0	(20.3)	(22.8)	---	0.2%	Yes	0.45%	9.93
TIAA/CREF Growth&Income 730 Third Avenue New York, NY 10017 800-223-1200	G&I TIGIX	$ 637	-	-	30.5	24.5	(7.3)	(14.1)	---	0.9%	Yes	0.43%	12.00

* 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 '96	'97	'98	'99	'00	'01 (11-30)	$1000 INV. 1-1-96=	EST.[a] YD.	TEL. SWCH	ANN.[b] EXP.	PRICE 11-30-01
Dodge & Cox Stock 1 Sansome St. (35th Fl.) San Francisco,CA 94104 800-621-3979	G&I DODGX	$8182	22.3	28.4	5.4	20.2	16.3	6.3	$ 2457	1.6%	#	0.55%	100.03
Dodge & Cox Balanced 1 Sansome St. (35th Fl.) San Francisco,CA 94104 800-621-3979	G&I DODBX	$5311	14.7	21.2	6.7	12.0	15.1	8.2	$ 2065	3.2%	#	0.53%	66.26
Neuberger & Berman Focus Fund 605 Third Avenue New York, NY 10158 800-877-9700	CGA NBSSX	$1620	16.2	24.1	13.2	26.0	12.4	(8.9)	$ 2106	0.0%	Yes	0.85%	35.89
Strong Growth Fund P.O. Box 2936 Milwaukee, WI 53201 800-368-3863	G SGROX	$2077	19.5	19.1	27.0	75.1	(9.2)	(35.1)	$ 1865	0.1%	Yes	1.30%	17.55
Vanguard Calvert Social Index Fund P.O. Box 2600 Valley Forge, Pa 19482 800-662-2739	Social Index VCSIX	$ 88	---	---	---	---	(9.0)	(14.3)	---	1.0%	Yes	0.25%	7.79
Schwab 1000 (R) 101 Montgomery St. San Francisco, CA 94101 800-266-5623	G SNXFX	$4229	21.6	31.9	27.1	21.0	(8.2)	(13.3)	$ 1963	0.8%	Yes	0.46%	31.83
Vanguard Index 500 P.O. Box 2600 Valley Forge, Pa 19482 800-662-2739	S&P 500 VFINX	$89234	22.9	33.2	28.6	21.1	(9.1)	(12.8)	$ 2021	1.0%	No	0.18%	105.35

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 '96	'97	'98	'99	'00	'01 (11-30)	$1000 INV. 1-1-96=	EST.[a] YD.	TEL. SWCH	ANN.[b] EXP.	PRICE 11-30-01
Vanguard Index (x) Extended Market Portfolio P.O. Box 2600 Valley Forge, Pa 19482 800-662-2739	Index VEXMX	$4509	17.6	26.7	8.3	36.2	(15.5)	(13.7)	$ 1601	1.0%	No	0.25%	22.13
Vanguard Index (x) Small Cap Stock Portfolio (address/phone above)	Russell 2000 NAESX	$4412	18.1	24.6	(2.6)	23.1	(2.7)	(2.8)	$ 1669	1.0%	No	0.24%	18.90
Vanguard Index Total Stock Market Portfolio (address/phone above)	Wilshire 5000 VTSMX	$24022	21.0	31.0	23.3	23.8	(10.6)	(12.5)	$ 1891	1.0%	No	0.20%	25.38
Vanguard International Growth Portfolio (address/phone above)	Non USA VWIGX	$6881	14.6	4.1	16.9	26.3	(8.6)	(21.6)	$ 1262	1.1%	Yes	0.52%	14.79
Rowe Price European 100 East Pratt St. Baltimore, MD 21202 800-638-5660	Europe PRESX	$ 870	25.9	17.0	25.8	19.7	(6.7)	(23.0)	$ 1594	1.0%	Yes	1.01%	15.90
Longleaf Partner's Int'l 6410 Poplar Ave. Suite 900 Memphis, TN 38119 800-445-9469	Int'l Growth LLINX	$ 775	---	---	---	24.4	25.9	7.9	---	2.3%	#	1.79%	12.18
Rydex OTC Fund 6116 Executive Blvd. Suite 400 Bethesda, MD 20852 800-820-0888	CGA RYOCX	$1007	43.5	21.9	86.5	100.6	(37.8)	(33.8)	$ 2695	0.0%	Yes	1.15%	11.20

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 INVESTING

The **Marketimer** fixed-income recommendations currently have an average yield of 5.16% and an average maturity of 2.6 years. Vanguard Ginnie Mae Fund currently yields 6.10%, which provides a highly positive yield spread versus Vanguard Prime Money Market Fund of 3.75%. Ginnie Mae yields remain generous in an otherwise low interest rate environment, and Ginnie Maes carry gilt-edged AAA treasury backing.

Fixed-Income Investments	% Weighting	Current Yield	Average Maturity
Vanguard Fixed-Income Short-Term Federal	50%	4.22%	3.3 years
Vanguard Ginnie Mae Fund (800-662-7447)	50%	6.10%	1.9 years

Subscribers seeking tax-exempt investment income can purchase state general obligation bonds with l0-to-12 year maturities. Our favorite tax-exempt no-load funds are:

Vanguard Long-Term Tax-Exempt, yield 4.37%, average maturity 10.2 years;

Vanguard Intermediate Tax-Exempt, yield 3.71%, average maturity 6.1 years;

Vanguard California Insured Tax-Exempt, yield 4.11%, average maturity 9.6 years;

Vanguard California Insured Intermediate, yield 3.5%, average maturity 6.6 years.

Vanguard's low expense ratios make their bond funds the most attractive available in our view. Our favorite taxable money market fund is Vanguard Prime Money Market currently yielding 2.35%. Vanguard Tax-Exempt Money Market Fund now yields 1.65% and tax-free money funds are available for residents of CA, NJ, NY , OH and PA.

INDIVIDUAL ISSUES

All individual issues are rated "hold" at this time. Exposure to any one stock should not exceed 4% of an equity portfolio in order to control specific stock risk. This rule would have preserved the retirement plans of Enron employees who found themselves with very high exposure to a common stock that declined from $80 to just pennies per shares in less than one-year. We regard the 4% rule as a cornerstone of managing specific stock risk.

ISSUES	Beta	Exchange	Symbol	12-2 Close	Est. earnings per share	
Microsoft	1.25	Nasdaq	MSFT	66.00	1.85 (6-02)	2.10 (6-03)
Vodafone/AirTouch	1.05	NYSE	VOD	26.25	0.52 (3-02)	0.75 (3-03)
S&P Dep. Receipts	1.00	AMEX	SPY	115.29	3.75 (2001)	4.60 (2002)
Total Market VIPERs	1.03	AMEX	VTI	104.92	n/a	
DJIA Diamonds	0.85	AMEX	DIA	99.45	4.35 (2001)	4.70 (2002)
Nasdaq 100 Index	1.75	AMEX	QQQ	40.83	*	

* **Marketimer** estimates the 35 largest profitable companies in the Nasdaq 100 Index are trading at an average price/earnings ratio of 47.7 times projected earnings for 2002. These companies represent close to 75% of the total market value of the index as of November, 2001.

Managed Account Service: While **Marketimer** offers ongoing monthly 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 website at www.bjgroup.com. The minimum account size is $100,000.

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 11-30-01	% Change
Strong Growth	05	1.16	$ 4,707	
Baron Small Cap.	05	1.15	3,594	
Rowe Price European	05	0.65	2,818	
Vanguard Int'l. Growth	05	0.70	2,293	
TIAA/CREF Growth Equity	10	1.38	7,224	
TIAA/CREF Growth Income	05	1.04	9,685	
Money Market	65	0.00	100,683	
	100%	0.37	$ 131,004	+ 555%

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

Current Holdings	%	Beta	Value 11-30-01	% Change
Gabelli Asset Fund	05	1.33	$ 4,101	
Rowe Price European	05	0.65	3,145	
Strong Growth	05	1.16	4,886	
Vanguard Int'l. Growth	05	0.70	2,330	
TIAA/CREF Growth Equity	10	1.38	7,089	
TIAA/CREF Growth Income	05	1.04	4,932	
Money Market	65	0.00	81,376	
	100%	0.38	$ 107,859	+ 439%

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

Current Holdings	%	Beta	Value 11-30-01	% Change
Vanguard Short-Term Federal	25	0.01	$ 27,533	
Vanguard Ginnie Mae Fund	25	0.01	31,194	
Rowe Price European	02.5	0.65	2,446	
Dodge & Cox Stock Fund	05	0.65	9,271	
TIAA/CREF Growth & Income	07.5	1.04	9,499	
Vanguard Int'l. Growth	02.5	0.70	2,010	
Money Market	32.5	0.00	39,113	
	100%	0.15	$ 121,066	+ 203%
