

September 29, 2003

Dear clients,

Greetings! I hope all is well with you and yours. The Fox family is fine and our number just increased by one!! Victoria Fox was born on September 22'nd. The homepage on the website will soon be updated not only to give equal time to both of my daughters but also because Gerri no longer looks anything like the roly-poly kid shown in the red wagon. She has stretched out considerably in the last year and sprouted a prodigious set of Shirley Temple curls. On to business ...

Many of you with IRA's will have noticed this past month that I exchanged The Vanguard Total International Fund and the Vanguard International Growth Fund for the Fidelity Diversified International Fund. I thought it might be illuminating if I shared with you my rationale as to the reasons for this type of swap. As I knew it would, the custody transfer of our accounts to Fidelity has brought with it several more excellent mutual fund choices from which we may now choose. Almost all of which are available to us with no sales charges, minimums, or fees. The Fidelity Diversified International Fund (FDIVX) has a short, intermediate, and long-term track record of performance that outshines the two Vanguard funds. This record, combined with this particular fund's commitment to broad diversification at all times, makes it a very suitable choice as our core holding for foreign stock exposure. If you see that you still own one or both of the two Vanguard funds, it is probably because the fund is not owned in your IRA but rather in a taxable account, and exchanging would trigger immediate taxation. This would not be the end of the world, but it does warrant a more careful analysis of whether the benefits of the swap outweigh the immediate tax hit ... TBD.

In this upcoming quarter, I anticipate conducting a similar type swap of funds within IRA accounts between some of the Vanguard small company stock funds you own and the Fidelity Low Priced Stock Fund (FLPSX) which also has an extraordinarily good short, intermediate, and long-term track record when compared with its peer group. In most cases, your small company U.S. stock exposure will be diversified amongst more than just this one fund, but I have high hopes that this choice will also be a key contributor to our investment success for many years to come.

On the bond side, Fidelity has several funds that compare very well with Vanguard's offerings. One key core holding that many of you will see introduced into your accounts over the next year will be the Fidelity U.S. Bond Index Fund (FBIDX). As with the funds mentioned above, its track record is also very impressive and its diversification broad. One of the key things about this fund (as with many of the Vanguard offerings) is that because its expense ratio is much lower than the group's average, it already has an advantage of about .67% over its average peer. This is quite large, and especially in today's lower interest rate environment.

To summarize briefly, the addition of the Fidelity family of funds to our stable from which to choose can only better our opportunities for achieving long-term investing success. As always, I will monitor the performance and operation of these and all funds to ensure they warrant inclusion in your portfolios. Suffice to say I am very enthusiastic about the opportunities that lie ahead.

Lastly, on a personal note, Fox Financial just celebrated its 10'Th anniversary!!! Thank you all so very much for helping me realize my dream of operating my own independent financial planning and investment advisory practice and for allowing me to make a living doing something that I truly love. ☺

*AF*