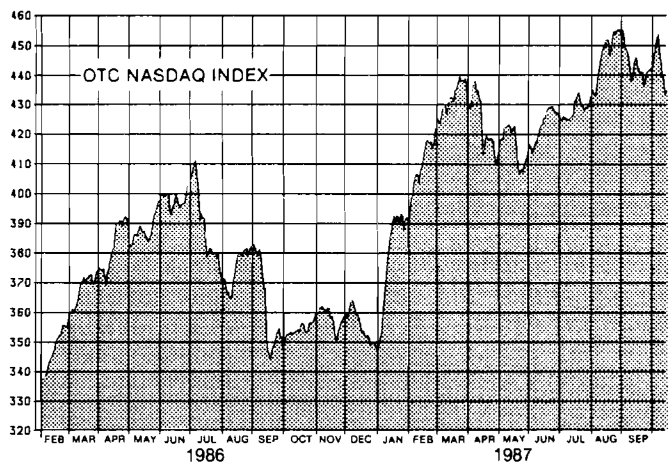
INVESTECH®

MARKET ANALYST

V87I10 TECHNICAL AND MONETARY INVESTMENT ANALYSIS OCT 16, 1987



4 Wks Ending OCT 13th

	HIGH	LOW	LAST
Financial			
Discount Rate	6.00%	6.00%	6.00%
Federal Funds	7 3/4%	7 %	7 5/8%
90-Day T-Bills	6.77%	6.34%	6.77%
Stock Market			
DJIA	2640.99	2471.44	2508.16
DJTA	1064.61	1005.80	1033.46
DJUA	201.04	193.10	200.57
NASDAQ	453.63	433.04	434.81
Silver (DEC)	7.94	7.49	7.80
Gold (DEC)	469.30	458.80	464.00

EYE OF THE STORM ?

WHERE WE HIT...

1. We had advised investors to move to a 58% cash position by the time the DJIA peaked in August; and up to 88% cash on September 30th - just 4 days before the DJIA's largest 1-day loss in history.
2. On our September 29th Hotline Report, we stated: "*unless our key indicators QUICKLY turn around, we feel the market is heading into a steep decline in the coming weeks. This is the strongest warning that we've given in over 2 years - we don't feel it should be taken lightly!*"
3. For the first time since May, subscribers to our special STAR Trading Service were telephoned with a new trade - a short position on 9/29.

WHERE WE MISSED...

1. In perfect 20/20 hindsight, it was obvious that a number of our stocks were exited prematurely - some up to 4 months before the market peaked.

WHAT LIES AHEAD...

The steep decline of the past few weeks has carried the market to one of the most oversold levels of the year, so a near-term rally toward DJIA 2500 should be expected. But while many analysts seem quick to pronounce that "the correction has almost run its course," our key indicators have failed to improve from the levels that warned us of this impending trouble. So evidence indicates that any rally from current levels could merely be the 'eye of the storm' lulling investors into complacency as it passes through.

NOTE: See page 4 for the tentative schedule of James Stack's upcoming media appearances.

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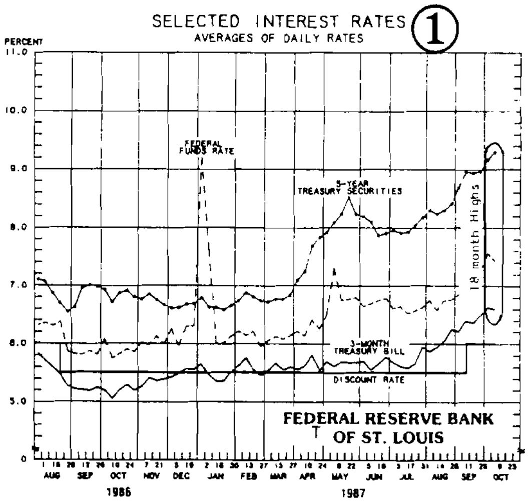
MONETARY ANALYSIS

Has the Federal Reserve begun a long-term tightening? Probably not. But monetary conditions have deteriorated to the worst level since the 1984 correction. Our MEP Monetary Model has dropped to -62 (Figure 1), while the Monetary Composite tracked by Ned Davis Research (Figure 2) has fallen sharply into the negative region as expected from our 9/25 issue.

Meanwhile, key short-term interest rates have yet to halt their upward trend. And with the Federal Funds Rate now 1 1/2% above the Discount Rate (Figure ①), the Federal Reserve may have no choice but to hike the Discount Rate another 1/2% in coming weeks.



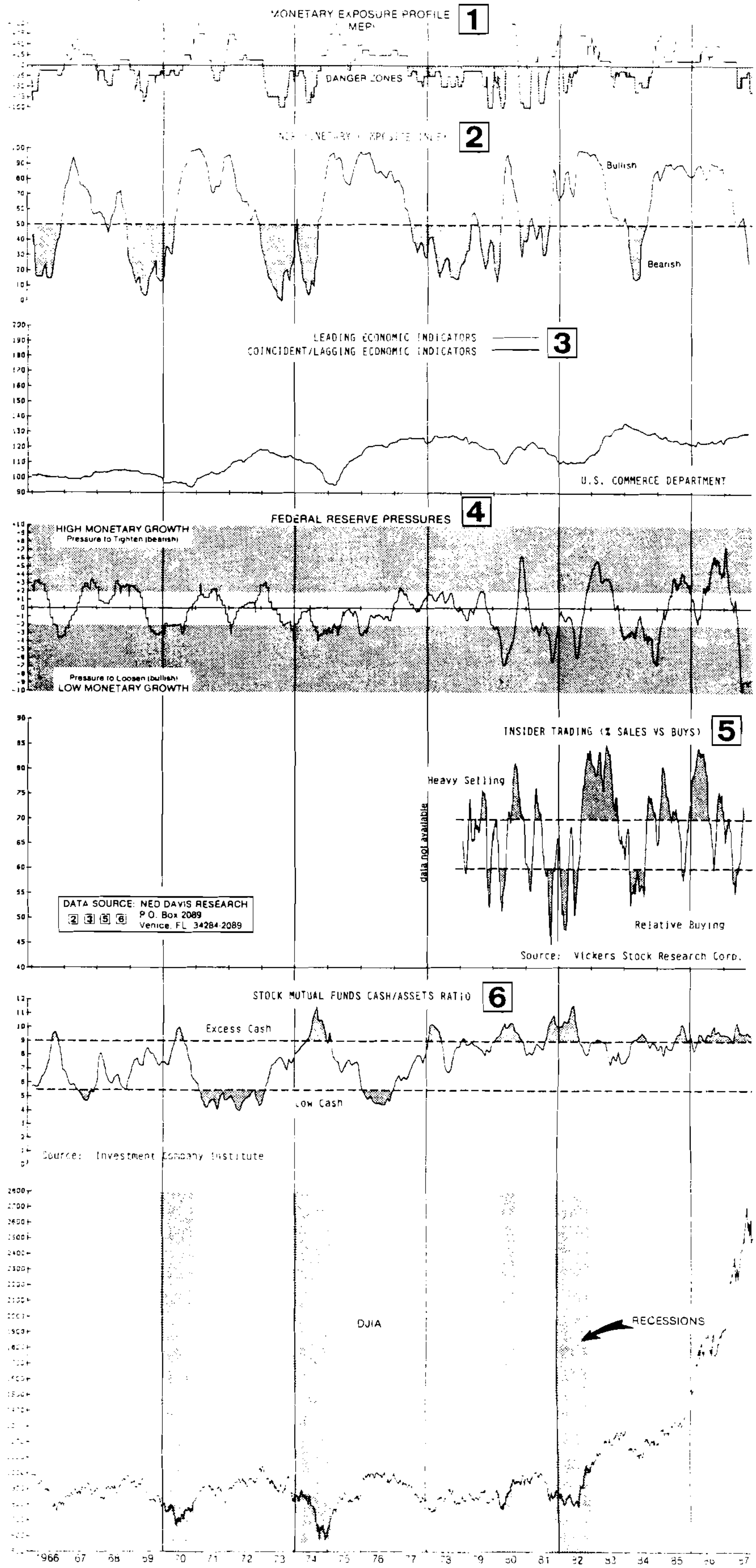
Obviously, one influence on the Federal Reserve's interest rate decisions has been the continuing improvement in the Commerce Department's two economic forecasting tools shown in Figure 3. However, with the stock market being one of the major components of the Index of Leading Economic Indicators, we can count on this Index falling sharply with this month's calculations.

What is the Federal Reserve's next move? Most likely, more of the same. Interest rates should edge higher in an attempt to stabilize the U.S. Dollar and squelch any inflationary fears. Notice in Figure 4 that since the first of the year, the Federal Reserve has already slowed money supply growth at an alarming rate. The pressure to ease will increase in coming months; and if the Federal Reserve DOESN'T reverse its stance and push interest rates downward by yearend, a recession may become unavoidable.

TECHNICAL

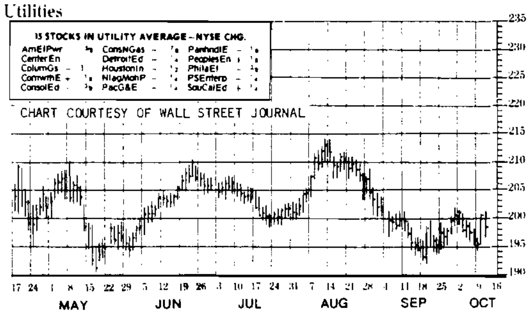
A comprehensive look at the technical side of this market is presented in the technical boxes on the next two pages. Figure 5 should also be of interest to investors as it reveals that corporate insiders have ended their mid-summer buying spree... not a very good omen.

One argument you may hear in coming weeks, is that Mutual Funds have a high cash position which should cushion any downward slide (Figure 6). As we've discussed in detail in previous issues, such an argument is extremely misleading. Once nervous mutual fund investors begin exiting their no-load funds, these cash levels will fall sharply. So our advise is to turn to other technical indicators for guidance.



There is one ray of hope that interest rates MAY (and we emphasize 'may') already be near a peak. And that message comes from the interest rate sensitive DJ Utility Average (Figure ②), where the falling secondaries and plummeting Blue Chips have failed to drag the Utility Index under the May-September lows.

②



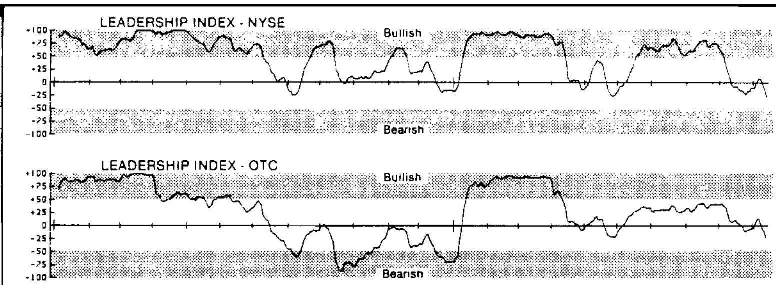
WHAT TO DO NOW:

All-in-all, both the technical and monetary pictures remain quite grim at this time. That means the stock market will most likely run headlong into more trouble in coming weeks. And under these conditions, investors are faced with one of two questions:

1. Those investors who are safely in a high-cash position (such as our model portfolio), are asking "WHEN AND WHERE DO WE LOOK FOR THE NEXT INVESTMENT OPPORTUNITY?"

One chief controlling factor lies with the Federal Reserve, whose hands are partially tied by the falling U.S. Dollar. However if they can find room to ease, we are confident they will. And such a move should turn both our MEP Monetary Model as well as our key technical indicators dramatically upward.

LEADERSHIP



The Leadership Index for the NYSE has now dropped to the most bearish level since August of 1984; and indicates a significant loss of upside momentum in this Bull Market. As you may remember, it was the inability of this index to climb above +90 in August that caused us to advise a more cautious position.

Although not as disturbing as NYSE Leadership, this same Index for the OTC market has also fallen into the negative region. So until both of these important indices can climb back above 0, the outlook for the stock market will remain unfavorable.

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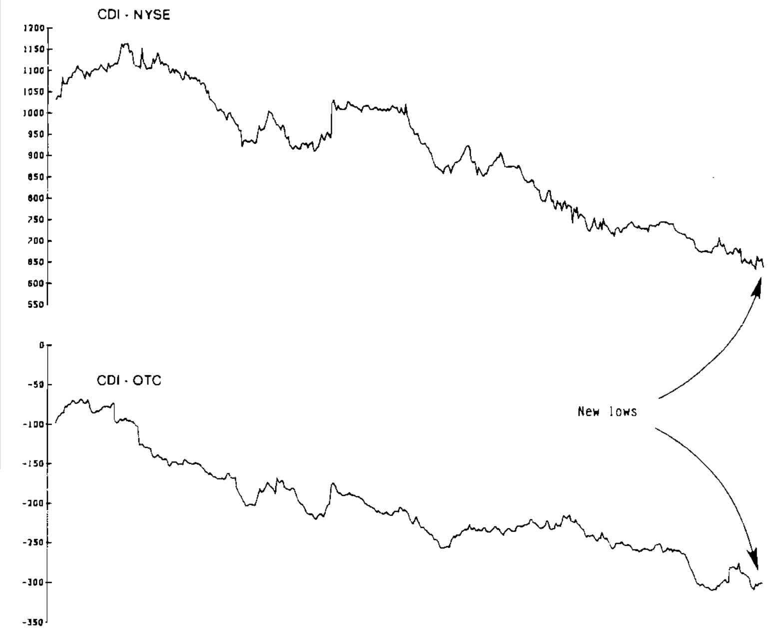
BREADTH



There's little to add about market breadth (or participation), which we haven't already said. Our CDI has been in a 9 month downtrend, confirming that this past Bull Market leg has had fewer and fewer stocks taking part. Such a deterioration in breadth is usually the first, and one of the most reliable indications of probable trouble ahead.

The CDI for the OTC market has held up better than for the Blue Chips. But in recent months, it too has dropped to new yearly lows. If these measurements of market breadth could stabilize for two or three months, we would be presented with a low-risk buying opportunity by yearend.

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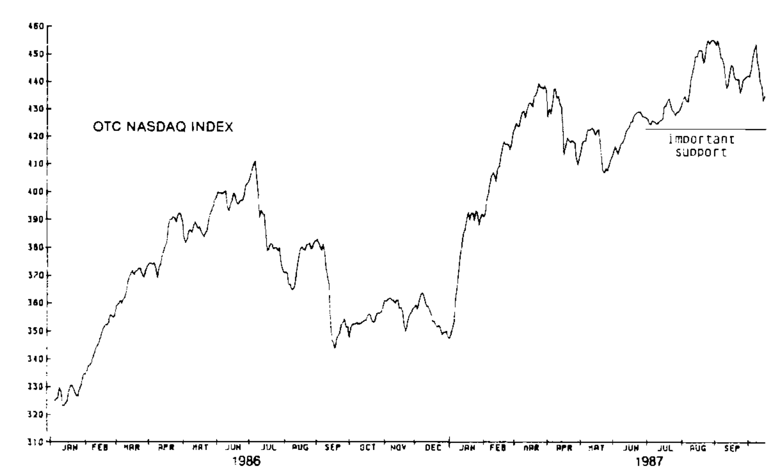
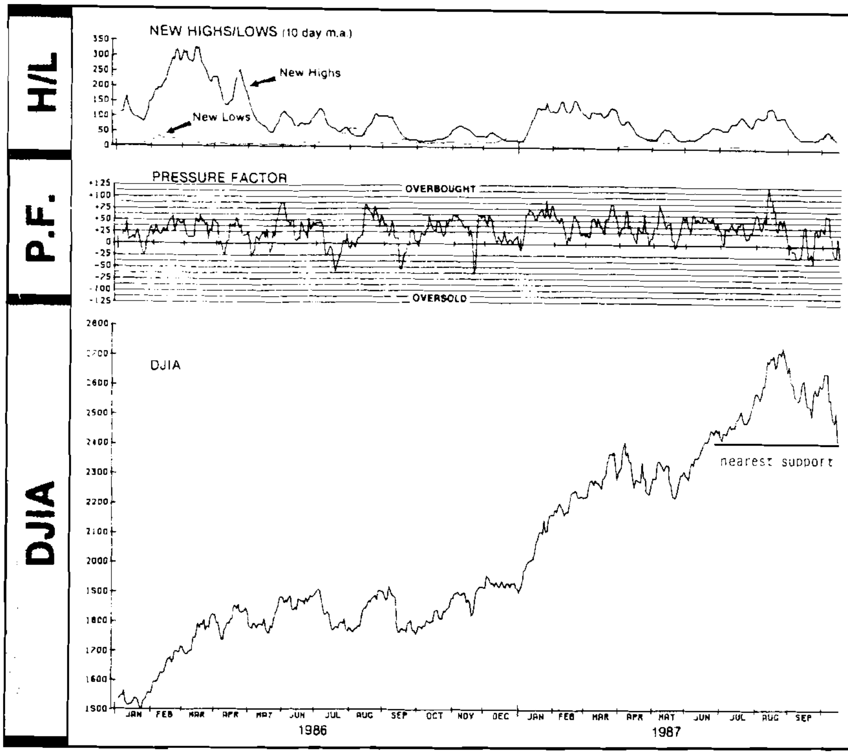
NASDAQ



The NASDAQ OTC Index is now at the same level as last March... 7 months ago. So it's little wonder that investors who haven't profited from the precious metals are becoming frustrated. A drop under 425 would break an important support level and confirm the onset of sharper declines ahead.



The raw leadership data also reveals that the Bull Market will face new trouble in coming months. Until the number of stocks hitting new yearly lows declines to less than 15 (on a daily basis), investors should maintain a cautious stance.

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Our major short-term indicator, the Pressure Factor, has once again dropped toward the oversold region raising the probability that the market may find temporary support at DJIA 2400. We expect any rallies to be sharp bounces and limited on the upside by investors anxious to sell at DJIA 2500.

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The late September rally fooled most analysts into believing that DJIA 2500 would serve as an important bottom for this correction. But now, the next important support level is in the low 2400's... where we now are after today's 95 point plunge.

The risk is, that we may see the signal AFTER the market has already bottomed. But that is a relatively small price to pay for the comfort of safely sitting out this high-risk period.

We believe a solid bottom could be in place as early as December. And if the Federal Reserve IS the trigger for another Bull Market leg, look for the precious metal stocks to turn in stellar gains followed by the secondary OTC issues.

2. Those investors who have instead remained heavily invested through this decline, are struggling with the following questions: "HAVE WE ENTERED A FULL-SCALE BEAR MARKET" and "IS IT TOO LATE TO STEP OUT NOW?"

A very simple approach is: 'If you own a stock or mutual fund that you would NOT currently buy, then consider selling it.' And following this premise, we would STILL encourage investors or new subscribers to build up cash at this time. Sure the market seems ready to rally, and we know that raises the hope that this Bull Market can get back on its feet. In addition, the strength in the Utility stocks is also an encouraging sign that interest rates may start leveling off.

However, until we see solid evidence that the market's technical strength (leadership & breadth) is improving or that the Federal Reserve is about to push interest rates lower, it would be foolish to underestimate the downside risk in this market.

As for "WHETHER WE'VE DROPPED INTO A BEAR MARKET?", we believe the answer is no. But only because there is an extraordinary amount of political pressure (both here and abroad) for the Federal Reserve and the Finance Ministers of our trading partners to keep the economy moving forward. So if the DJIA were to free-fall toward the 2000 level, we would almost bet our last dime that the Federal Reserve will panic and push interest rates dramatically lower. This is no guarantee, mind you; but past actions are pretty reliable when watching the Fed.

1. Long-Term Investors... are now only 6% long, 94% in a Money Market Fund. And the only remaining position is more a token remnant, than a 'hot' stock that we find outstanding. It's natural to be chomping at the bit to buy stocks that have already fallen to more attractive levels. However unless our indicators turn around, these same stocks should be available at even better levels in a couple months. Be cautious and focus on building up additional cash as we patiently wait for these storm clouds to pass.

2. Short-Term Traders... again stepped up to 25% short on 9/30 at DJIA 2591. After the market plummeted, we subsequently advised on the hotline to lock-in all profits and step 100% into cash on 10/12 at DJIA 2482. With market volatility running so high, we will continue to advise traders to strike quickly, use tight protective stops, and take profits as soon as the market reaches an oversold extreme.

   Additional short positions will be advised on the InvesTech Hotline if the market rallies enough to relieve the current oversold condition.

MR. STACK WILL BE APPEARING on the following financial news programs this month:
October 29 - 'MoneyTalk' on Financial News Network (FNN) 4:30pm EST
October 29 - 'Investors Club of the Air' radio program - KIEV Radio 3:00-4:00pm PST Woodland Hills, CA

THE INVESTECH FINANCIAL HOTLINE NUMBER will change on October 19th. The new number has been sent to all current subscribers. The INVESTRIEVE password for computerized retrieval will change on 11/02 to 'SICK'.

WE APOLOGIZE to current subscribers who receive promotional literature soliciting a subscription to InvesTech. In the course of marketing, we purchase lists and have no way of deleting the names of our subscribers. We hope that if you have received one of these mailings, you will pass it on to a friend.

POSITION REVIEW

Our model portfolio has now gained 31% for 1987, more than ANY of the popular averages. But more importantly, we've accomplished this with relatively low risk... and have now locked in virtually all profits. Of the stocks 'Under Consideration', Pegasus Gold announced record quarterly production of 83,750 oz of gold as compared with 33,000 oz for the same period in 1986. Mark IV released quarterly earnings of $.56/.34, up 65% (earnings include $.13/share of non-recurring profit from the sale of stock). Mark IV is now trading on the NYSE; symbol IV. Quick & Reilly's earnings were up 23% at $.49/.40. Many of our monitored stocks will be releasing new earnings within the next couple weeks.

Stock groups considered favorable (with the highest relative strength) are the **Coal**, **Farm Equipment**, **Precious Metals**, **Railroad Equipment**, **Steel** and **Tobacco**. Unfavorable groups to avoid include: **Banks**, **Bond Funds**, Food, **REIT's**, **Retail**, **Textiles** and **Toys**. Both the **Oils** and **Utilities** are now on uncertain ground.

CURRENT ADVICE	COMPANY	SYMBOL	EXCH.	52 WEEK Hi	52 WEEK Low	INIT RECOMMENDED Date	INIT RECOMMENDED Price	PROT. STOP	RECENT PRICE	P/E	YIELD
AGGRESSIVE STOCKS											
------	AMERICAN BARRICK RESOURCES North American gold/coal mining company	ABX	nyse	30.38	6.63[b]	Under Consideration		23.88	27.25	N/A	None
------	BREAKWATER RESOURCES, LTD. Engaged in gold mining in Wash. state	BWRLF	otc	10.25	3.38	Under Consideration		4.88	6.25	N/A	None
------	ELECTROMAGNETIC SCIENCES Defense/commercial communication components manuf	ELMG	otc	19.75	13.75	Under Consideration		12.88	15.50	18.4	None
------	GENMAR INDUSTRIES, INC. Manuf fiberglass recreation/fishing boats, yachts	GNMR	otc	14.00	8.13	Under Consideration		8.88	10.63	10.5	3.0%
------	GLAMIS GOLD, LTD. Canadian based gold mining co w/mines in CA	GLGVF	otc	8.00	2.88[b]	Under Consideration		5.50	6.25	N/A	1.2%
------	HEICO CORP. Manuf/repairs aircraft jet engine replacemnt parts	HEI	amex	38.50	25.75	Under Consideration		26.88	32.13	7.7	0.3%
------	HEXCEL CORP. Manuf honeycomb core materials for aircraft, etc	HXL	nyse	59.25	35.13	Under Consideration		48.88	54.38	22.5	1.0%
------	LASER INDUSTRIES, LTD. Manuf laser systems/accessories for microsurgery	LAS	amex	15.38	9.88	Under Consideration		9.88	11.63	11.5	None
------	LUMEX Manuf geriatric furniture, aids, exercise equip	LUM	amex	28.50	13.25	Under Consideration		12.88	14.88	12.8	0.5%
SOLD[1]	MARK IV INDUSTRIES Aerospace,audio,safety,plastic products manuf	IV	amex	19.50	11.25[a]	EXITED	ON 09/30/87 @ 16.50 FOR A LOSS OF 6%.				
------	MECHTRON INTERNATIONAL Manufactures industrial combustion system	MCHT	otc	21.00	6.75	Under Consideration		11.88	15.00	20.8	None
------	PAR PHARMACEUTICAL Manufactures prescription generic drugs	PRX	nyse	27.25	9.13[a]	Under Consideration		18.88	21.63	25.2	None
------	PEGASUS GOLD Canadian operator of Montana, Nevada gold mines	PGULF	otc	26.75	6.38	Under Consideration		19.88	24.75	N/A	None
SOLD[3]	PHILLIPS PETROLEUM Integrated domestic oil co w/widespread holdings	P	nyse	18.75	9.63	EXITED	ON 09/24/87 @ 17.00 FOR A GAIN OF 3%.				
------	PLACER, DOME GOLD INC. Canadian precious metals producer	PDG	nyse	21.38	18.25	Under Consideration		15.88	18.88	30.0	.9%
------	Q.M.S. INC. Manuf graphics processors for computer printers	AQM	nyse	26.50	9.75	Under Consideration		19.88	23.38	26.9	None
------	QUICK & REILLY GROUP Holding company for Q & R discount brokerages	BQR	nyse	28.00	16.63[b]	Under Consideration		17.88	20.63	11.5	1.4%
------	REEBOK INTERNATIONAL, LTD. Designs & markets hi quality athletic footwear	RBK	nyse	25.13	11.50[b]	Under Consideration		13.88	16.63	11.4	0.9%
------	TECH-SYM CORP. Manuf electronics/radar/launching sys, for defense	TSY	nyse	19.50	13.00	Under Consideration		13.88	15.63	11.7	None
------	TELXON CORP. Manuf hand-held microcomputers for order entry	TLXN	otc	28.50	19.25	Under Consideration		18.88	21.25	21.9	0.0%
------	V BAND CORP Specialized telephone equip manufacturer	VBAN	otc	43.00	17.50	Under Consideration		31.88	38.25	30.8	None
CONSERVATIVE STOCKS											
------	AFG INDUSTRIES Manuf rolled/float glass, fabricated glass	AFG	nyse	32.50	17.00[a]	Under Consideration		18.88	22.25	8.3	0.5%
SOLD[1]	BOWNE & COMPANY Commercial printer for legal/banking industries	BNE	amex	24.38	11.88[b]	EXITED	ON 09/30/87 @ 21.13 FOR A GAIN OF 6%.				
SOLD[1]	ETHYL CORP. Petroleum and industrial chemical producer	EY	nyse	32.25	16.13	STOPPED OUT	ON 10/08/87 @ 23.88 FOR A LOSS OF 10%.				
------	FIREMANS FUND Holding company for Firemans Fund Insurance	FFC	nyse	42.75	31.75	Under Consideration		31.88	37.25	N/A	1.0%
HOLD[1]	LORAL CORPORATION Electronic warfare/communications equip manuf	LOR	nyse	49.25	36.00	06/15/87 @	41.25	39.88	43.00	17.6	1.4%
------	WOLOHAN LUMBER Operates 34 building supply centers in 6 states	WLHN	otc	18.75	7.75	Under Consideration		10.88	13.63	11.1	1.2%

1 6% Position
2 9% Position
3 12% Position
a Recently split 3/2.
b Recently split 2/1.
(Entry prices adjusted for stock splits)

SHORT SALES

NONE

OPTIONS (S.T.A.R. Subscribers)

OCT 320 OEX PUT:
Entered on 9/30/87 @ 8.25
Exited 1/2 on 10/07/87 @ 9.50 for a GAIN of + 15%.
Exited 1/2 on 10/09/87 @ 16.75 for a GAIN of +103%.

FUTURES (S.T.A.R. Subscribers)

DEC MAJOR MARKET INDEX
Entered on 9/30/87 @ 516.20
Exited 1/2 on 10/07/87 @ 509.90 for a GAIN of + 32%.
Exited 1/2 on 10/09/87 @ 496.00 for a GAIN of +101%.

FEATURED STOCKS

The following stock is currently held in our model portfolio:

LORAL CORPORATION / LOR (nyse - 43.00) Loral manufactures electronic counter-measures, warfare equipment, and microwave components for military use. Loral's profits for 1987-88 should rise sharply as production accelerates on two new defense systems for tactical jet fighters. 12mo sales are up 27%. 5yr sales/earnings growth rate = +25%/+19% respectively. Jun 2nd qtr earnings, at $.64/share, are up 16% with Sep earnings due October 30. Although the acquisition of Goodyear Tire & Rubber's aerospace unit resulted in an expanded company debt load, increased production is expected to offset acquisition costs for at least the next few years.

The following stocks are among our stocks listed as "Under Consideration":

HEICO CORP. / HEI (amex - 32.13) (Formerly Heinicke Instruments) Heico constructs and repairs jet aircraft engine parts for foreign and domestic commercial and military markets; also manufactures medical and biological laboratory products. Its jet engine division accounts for nearly 70% of total revenues and all of the company's income. 12mo sales are up 16% with 5yr sales/earnings growth of +19%/+59%. Jul 3rd qtr earnings were relatively flat at $.92/share.

LUMEX, INCORPORATED / LUM (amex - 14.88) Lumex is engaged in the manufacture of geriatric, rehabilitative, and exercise equipment. Markets include hospitals, nursing homes, athletic training centers, and the home care consumer. 12mo sales are up 14%. 5yr sales/earnings growth = +18%/+13% respectively. September 3rd qtr earnings are due the end of this month.

BOWNE & COMPANY / BNE (amex - 20.25) One of the largest commercial printers in the country providing legal, commercial, financial, and corporate printing services. 12 plants in cities throughout the U.S. and Canada are linked by advanced telecommunication devises which allow instant document transmission to and from any of these coast-to-coast facilities. 12mo sales are up 25%. 5yr sales/earnings growth rate = +15%/+13%. Jul 3rd qtr earnings, at $.41/share, are up 24% and the company should easily meet or exceed its 1987 earnings projection of $1.35/share.

SUMMARY

BLASPHEMY

With the DJIA having lost 227pts in just the past seven trading sessions, investors are just waking up to the fact that the market could be falling into a sizable correction. But most have yet to wonder whether they should seriously consider reducing their positions in stocks and mutual funds. For the most part, they feel safe riding through any short-term corrections as it's blasphemy to even THINK about the possibility that this Bull Market won't continue on its journey to 3000... 3600... or even 4000 (as some project).

But the technical evidence that has unfolded in recent months is disturbing:

1. Inflation statistics flaring up in the U.S., Germany, and even Japan.
2. Short-term interest rates rising to the highest level in 18 months.
3. Our MEP Monetary Model plunging to the lowest level in 3 years.
4. The Federal Reserve's hands being tied by a weak U.S. Dollar.
5. Our Leadership Index (which correctly warned of the pending trouble) now dropping to the most bearish reading in over 2 years.
6. Market Breadth (our CDI) deteriorating for 8 long months prior to the August peak.

And until key indicators in these areas show signs of improvement, we will continue to advise a defensive, high-cash position. After all, when you live right next to majestic Glacier National Park, the first lesson you learn is that if it waddles like a bear, smells like a bear, and growls like a bear... it's better not to stick around and shake hands.

James B. Stack

THE INVESTECH FINANCIAL HOTLINE REPORT IS MADE AT NOON ON SATURDAY AND AFTER 7:30pm TUESDAY, MOUNTAIN DAYLIGHT TIME (2:00pm SATURDAY & 9:30pm TUESDAY,EDT)

INVESTECH®

MUTUAL FUND ADVISOR

V871010 PROFESSIONAL SWITCHING AND TIMING ANALYSIS OCT 16, 1987

TECHNICAL OUTLOOK:

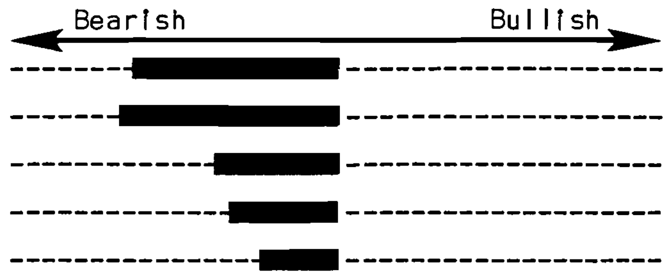
MEP MONETARY MODEL

NYSE: CDI - (Market Breadth)

LEADERSHIP INDEX

OTC: CDI - (Market Breadth)

LEADERSHIP INDEX



GROUP OUTLOOK:

SPECULATIVE FUNDS

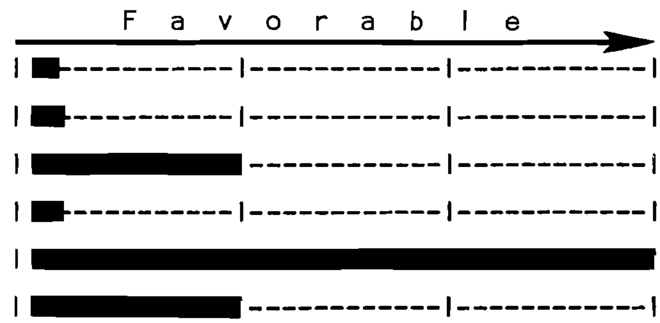
GROWTH FUNDS

GROWTH & INCOME FUNDS

INCOME FUNDS

GOLD FUNDS

INTERNATIONAL FUNDS



CURRENT STRATEGY:

"How Sweet It Is"

Even with a portfolio gain of 35% for 1986 plus a 37% gain in 1987, we still had reservations about dropping to only a 25% invested position in September. At the time, it seemed like such a drastic turnaround from the 95% invested position with which we entered 1987. Yet the ensuing weeks have calmed our anxieties as the DJIA dropped over 300pts and many secondary stocks are now off 20% or more.

More importantly, the warning signals which caused our move to a defensive stance have taken a sharp turn for the worse. The reliable MEP Monetary Model turned negative several months before the market peaked and is now at the most bearish level in 3 years. Our weak Leadership Index played a vital role in our decision to lock-in profits and step aside. And now, it has dropped to the most bearish reading in over 2 years.

We now have to warn you that such readings are NOT typical of just a temporary Bull Market correction. So even though we look forward to an excellent buying opportunity as early as December, those mutual fund investors who have remained heavily invested in the growth funds, just might wish they hadn't by the time this so-called "correction" has run its course.

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WHAT TO DO NOW:

Mutual Fund investors are nervous... they're a little disappointed that they didn't get out last month... and they've more or less chosen to now ride through this 'temporary correction'.

If our subjective gauge of investor psychology is correct, THAT is the general consensus at this point in time. And that's ALSO how the average investor becomes trapped in a falling market. It's not really a conscious decision to stay invested, but rather an INDECISION to do anything.

We would like nothing more than to inform you that this Bull Market is merely resting, and will be back to full strength within a couple months. Unfortunately, that scenario is uncertain.

What we can tell you with a high degree of confidence, is this: Monetary conditions have now deteriorated to the most bearish level since the major correction in 1984, as the Federal Reserve struggles to support the U.S. Dollar at current levels. And until the Dollar firms enough to let the Federal Reserve ease, this Bull Market is in trouble. The internal breakdown in both breadth and leadership is merely confirming the high risk present at this time.

We also believe that the most prudent approach under these conditions, is to step a major portion of one's investment portfolio OUT of stock mutual funds and into the safety of a Money Market Fund. This may not seem exciting, but it has permitted our model portfolio to gain additional profits during the past month as the vast majority of mutual funds tumbled downward.

SPECULATIVE FUNDS:

As expected, some of the highest losses from this decline have been turned in by the speculative funds. Whenever monetary conditions turn sour, the higher risk investments are typically in the brokerage stocks or the mutual funds which use leverage in their positions. We therefore still advise liquidating any speculative funds remaining in your portfolio.

GROWTH FUNDS:

In today's stock market, the long-term track record of the growth funds has created a false sense of security. But the table at left shows that when the market slides, these funds are often in the forefront of the decline. This is the reason we exited the Growth Funds in September, before the trouble began.

GROWTH & INCOME FUNDS:

The stumbling bond market has carried these funds down almost as much as the less conservative funds discussed above. But with history as a guide, the Growth & Income Funds should receive better treatment in coming weeks if the bond market rallies. They'll STILL fall if the market heads lower, but the losses should be smaller.

INCOME FUNDS:

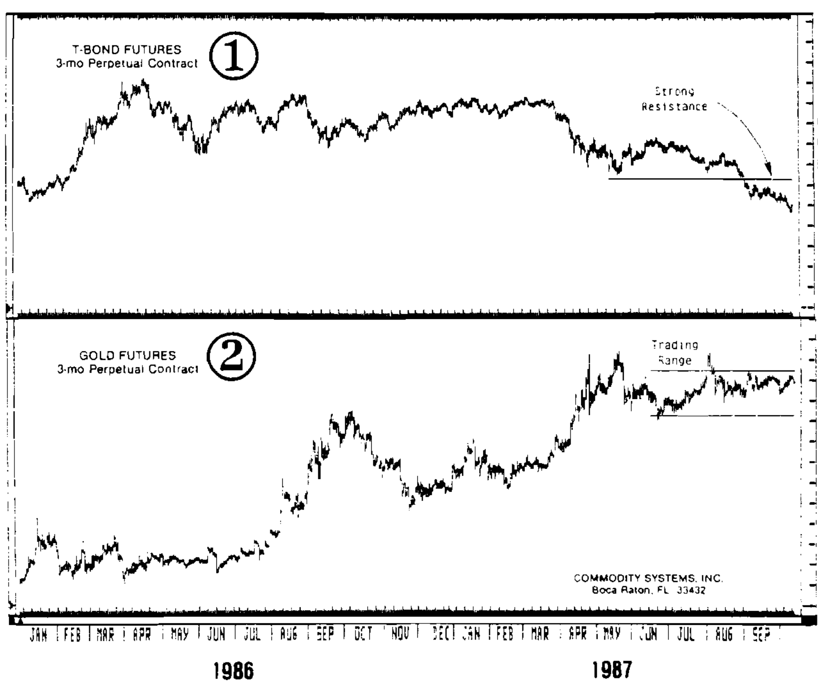
In the last issue, we warned of lower bond prices ahead. But the ongoing havoc within the bond market (Figure 1), is greater than even we expected. As yet, there is no support zone for bonds. Nonetheless, we'll be surprised if the bond market doesn't stage a short-term rally from these oversold levels. Any such rallies should be limited by the strong resistance in the 85-87 range.

GOLD FUNDS: (25% invested)

We've continued to hold these funds (between 25-50% invested) through most of 1987. It's not that we're "married" to them, but we think their potential clearly outshines the alternative funds. If interest rates edge higher, then gold should come under some selling pressure (Figure 2). But if... and when the Federal Reserve finds room to ease late this year, this group should be leading the charge upward.

INTERNATIONAL FUNDS:

Once again, we're only neutral on this group of funds. The upside potential has been (and will continue to be) limited by the Federal Reserve's desperate efforts to prevent the U.S. Dollar from further declines. However, there is a new element of risk within the International Funds as interest rates in both Germany and Japan have begun rising during the past month.



MODEL PORTFOLIO

PERCENT	FUND	SYMBOL	52 WEEK Hi	52 WEEK Low	INIT. RECOMMENDED Date	INIT. RECOMMENDED Price	RECENT PRICE	ALTERNATE FUNDS
25%	BULL & BEAR GOLCONDA	BULGX	23.23	11.52	01/21/87 @ 12.86 02/17/87 @ 14.25 03/25/87 @ 17.75		22.22	FIDELITY PRECIOUS METALS UNITED SERVICES GOLD
75%	MONEY MARKET FUND	- -						T-BILLS
100%								

CHANGES: None

THE TOP RATED FUNDS

CURRENT ADVICE	FUND	SYMBOL	RISK	CURRENT PERF[1] 6wk	CURRENT PERF[1] 4mo	CURRENT PERF[1] 12mo	PAST PERF 1985	PAST PERF 1984	PAST PERF 5yr	LOADS[2] S	LOADS[2] R	LOADS[2] Hidden	SIZE[3]	PHONE #	MIN INIT. INVESTMENT	YIELD	RECENT[4] PRICE	NOTES[5]
SPECULATIVE FUNDS																		
-	FIDELITY SELECT BROKERAGE	FSLBX	Very High	- 7.5%	- 9%	- 8%	+11%	N/A	N/A	2%	1%	No	11M	800-544-6666	$1000	0.1%	11.81	S,F
-	FINANCIAL DYNAMICS	FIDYX	Very High	- 3.9%	+ 3%	+19%	+29%	-14%	+143%	None		No	98M	800-525-8085	$ 250	0.2%	8.87	S,N
-	HARTWELL LEVERAGE	HRTLX	Very High	- 1.2%	+ 3%	+30%	+27%	-32%	+163%	None		No	46M	800-645-6405	$2000	0.0%	23.90	S,N
-	STEIN ROE CAPITAL OPPORT	SRFCX	Very High	- 3.8%	+ 3%	+19%	+25%	-17%	+165%	None		No	346M	800-621-0320	$2500	0.1%	37.17	S
-	VALUE LINE LEVERAGED GROWTH	VALLX	Very High	- 2.6%	+ 5%	+15%	+27%	- 9%	+138%	None		No	421M	800-223-0818	$1000	0.5%	29.05	S,L
GROWTH FUNDS																		
-	FIDELITY CONTRAFUND	FCNTX	Medium	- 3.2%	+ 5%	+26%	+27%	- 8%	+171%	None		No	139M	800-544-6666	$1000	0.9%	14.65	S,F
-	FIDELITY MAGELLAN	FMAGX	Medium	- 4.4%	+ 4%	+20%	+43%	+ 2%	+367%	3%	No	No	10900M	800-544-6666	$1000	0.6%	56.28	S,F
-	FINANCIAL INDUSTRIAL	FLRFX	High	- 5.1%	+ 3%	+17%	+28%	- 1%	+158%	None		No	450M	800-525-8085	$ 250	1.6%	4.34	S,N
-	FOUNDERS MUTUAL	FRMUX	Medium	- 5.6%	+ 2%	+15%	+32%	+ 2%	+228%	None		.25%	228M	800-525-2440	$1000	2.6%	9.54	S,N
-	NEUBERGER-BER MANHATTAN	CNAMX	Medium	- 4.1%	+ 4%	+22%	+37%	+ 7%	+280%	None		No	528M	800-367-0770	$ 500	0.8%	11.48	S,N
-	WPG TUDOR FUND	TUDRX	High	- 2.2%	+ 3%	+19%	+31%	- 7%	+233%	No	1%	No	213M	800-223-3332	$1000	0.0%	26.19	N
GROWTH & INCOME FUNDS																		
0	EVERGREEN TOTAL RETURN	EVTRX	Very Low	- 2.9%	+ 1%	+ 9%	+32%	+14%	+227%	None		No	1730M	800-235-0064	$2000	5.6%	18.83	S
0	FIDELITY EQUITY INCOME	FEQIX	Very Low	- 3.2%	+ 2%	+17%	+26%	+11%	+225%	2%	No	No	4179M	800-544-6666	$1000	5.3%	29.26	S,F
0	FIDELITY PURITAN	FPURX	Very Low	- 3.3%	+ 2%	+17%	+29%	+11%	+213%	None		No	4645M	800-544-6666	$1000	6.3%	13.82	S,F
0	FINANCIAL INDUST INCOME	FIIIX	Low	- 3.3%	+ 3%	+14%	+31%	+10%	+210%	None		No	451M	800-525-8085	$ 250	3.7%	8.94	S,N
0	SELECTED AMERICAN SHARES	PAMAX	Low	- 4.2%	+ 1%	+16%	+33%	+15%	+232%	None		1%	302M	800-621-7321	$1000	2.6%	14.60	S
0	STRONG TOTAL RETURN	STRFX	Very Low	- 2.9%	+ 3%	+14%	+25%	+10%	+237%	1%	No	No	899M	800-368-3863	$ 250	5.0%	22.56	S
INCOME FUNDS																		
-	FIDELITY HIGH INCOME	FAGIX	Low	- 3.4%	- 1%	+ 9%	+26%	+11%	+162%	None		No	1794M	800-544-6666	$2500	11.1%	8.95	S,F
-	VANGUARD HIGH YIELD	VWEHX	Low	- 3.7%	- 2%	+10%	+22%	+ 8%	+123%	None		No	1207M	800-662-7447	$3000	11.5%	8.37	S
-	VANGUARD INVESTMENT GRD BND	VWESX	Low	- 4.3%	- 6%	+ 6%	+22%	+14%	+104%	None		No	613M	800-662-7447	$3000	9.8%	7.39	S
GOLD FUNDS																		
++	B & B GOLCONDA INVESTORS	BULGX	Very High	+ 2.7%	+13%	+89%	+ 2%	-25%	+113%	None		1%	62M	800-847-4200	$1000	0.2%	22.22	S,N
++	FIDELITY SELECT PR METALS	FDPMX	Very High	+ 7.3%	+19%	+96%	-11%	-26%	+201%	2%	1%	No	402M	800-544-6666	$1000	0.6%	20.32	S,F
++	UNITED SERV GOLD SHARES	USERX	Very High	+ 7.4%	+11%	+106%	-27%	-30%	+162%	None		No	407M	800-824-4653	$ 500	5.5%	7.13	S
INTERNATIONAL FUNDS																		
0	FIDELITY OVERSEAS	FOSFX	High	+ 1.5%	0%	+50%	+79%	+ 3%	N/A	3%	No	No	2313M	800-544-6666	$2500	0.0%	40.27	S,F,N
0	ROWE PRICE INTERNATIONAL	PRITX	Medium	+ 1.5%	+ 8%	+48%	+45%	- 6%	+320%	None		No	1004M	800-638-5660	$1000	0.6%	16.48	S
0	VANGUARD WRLD INT'L GROWTH	VWIGX	Medium	+ 4.5%	+12%	+34%	N/A	N/A	+385%	None		.2%	560M	800-662-7447	$1500	0.5%	12.82	S

++ Very Favorable (Buy)
+ Favorable (Hold)
o Neutral
– Unfavorable

1 % Return with dividends & capital gains reinvested
2 S - Sales; R - Redemption
3 Net assets in millions of dollars
4 Price - Net asset value/share (NAV)

5 S - Available for trading through Schwab
F - Available for trading through Fidelity
N - Not available in all 50 states
L - Uses leverage, options or margin

Data Source: Lipper Analytical Services, Inc.

ADVISORY DIGEST

THE MCKEEVER STRATEGY LETTER

October 7, 1987

"As everyone knows, the Dow Jones Industrial Average took the largest beating in history yesterday, dropping nearly 92 points. Our analysis is that this is a delayed reaction on the part of the stock market to the recent rise in interest rates.

"The stock market remains in a bull market. Even with yesterday's historic drop, the Dow Jones Industrial Average has not broken its daily moving average, although it is close to doing so."

Editor: Dr. James McKeever
Cost: $195/yr

Publisher: McKeever Strategy Letter
Box 4130
Medford, OR 97501

FUTURES HOTLINE

September 30, 1987

"Risk of a stock market collapse in October has risen substantially. Here's a 'scoreboard' of indicators that we follow and their current standing: fundamental stock valuations are ominous; monetary indicators are moderately bearish and getting worse daily, technical 'tape' indicators are moderately bullish, but breadth readings are poor and market sentiment ranges from very negative to very bullish, when looking at super high levels of cash in stock-oriented mutual funds.

"We suspect that a rapid shift towards the bearish camp would occur if the Dow Industrial Average declined below 2468.99 and was confirmed by a Dow Transportation Average break of the 988.90 level. These are the levels to watch for an indication that the month of October could produce a stock market massacre."

Editor: Craig Corcoran
Cost: $400/yr

Publisher: Davis/Zweig Futures
Box 5345
New York, NY 10150

THE ELLIOTT WAVE THEORIST

October 5, 1987

"Strategy depends upon the temperament of the investor. One who doesn't mind a 50/50 risk of a 10% decline from here in order to hold for the long term target of 3600+ may wish to stay fully invested. A bullish trader may wish to step aside only if the Dow falls below 2544, a .618 retracement of the last two weeks' rally, which no sizable second wave has done in this bull market to date."

Editor: Robert Prechter
Cost: $233/yr

Publisher: New Classics Library
Box 1618
Gainesville, GA 30503

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