

“Our Clients’ Past Successes are Not Necessarily Indicative of Future Successes.”

Stamper Capital & Investments, Inc.

“Focusing on Upside Potential with Downside Protection Since 1995.”

From the free section of Morningstar's website www.morningstar.com

MORNINGSTAR

Our Favorite Short-Term Muni-Bond Funds

by Scott Berry | 04-17-2003

The relative stability offered by short-term municipal-bond funds has been on full display in recent months.

With interest rates spiking last October, California issuing a mountain of new debt in November, and United Airlines filing for bankruptcy protection in December, the municipal-bond market has faced rough sledding of late. The market has improved a bit in recent weeks, but for the year to date through April 16, 2003, the muni-short category gained just 0.52%, and other muni categories haven't fared much better.

The category as a whole has been tightly bunched in recent months. Less interest-rate sensitive funds, such as Calvert Tax-Free Reserve Limited-Term Portfolio and Strong Ultra Short-Term Municipal Income have performed relatively well, as have more rate-sensitive offerings, such as Nuveen Limited Term Municipal Bond and Fidelity Spartan Short-Intermediate Municipal Income.

Strong Short-Term Municipal Bond and USAA Tax-Exempt Short-Term have ranked among the category leaders in recent months. Both funds hold sizable stakes in mid-quality bonds, which have seen their fortunes improve. USAA Tax-Exempt Short-Term has also benefited from its low expense ratio. (We recently removed Strong Short-Term Municipal Bond from our Analysts Picks. We are concerned that the troubles at Strong High-Yield Municipal Bond could possibly spill over to this fund.)

This category doesn't pack a big punch, but it does offer some protection against rising interest rates. We think conservative municipal-bond investors and those looking to balance the risks of a long-term bond portfolio will find it to their liking.

“Our Clients’ Past Successes are Not Necessarily Indicative of Future Successes.”

Analyst Picks: Muni Short Category

	YTD Return (%)	3-Year Return (%)	5-Year Return (%)	Expense Ratio (%)
Evergreen High Income Municipal Bd A VMPAX	0.28	5.29	4.05	0.83
T. Rowe Price Tax-Free Short-Interm PRFSX	0.40	5.95	4.79	0.52
USAA Tax-Exempt Short-Term USSTX	1.03	5.23	4.53	0.46
Vanguard Ltd-Term Tax-Ex VMLTX	0.56	5.91	4.87	0.19
Muni Short Average	0.52	5.15	4.23	0.80

Returns through 04/16/2003.

Evergreen High Income Municipal Bond VMPAX

This fund has more flexibility than most. Manager Clark Stamper actively managed the fund's interest-rate sensitivity and is not shy about venturing into lower-rated bonds. The fund stumbled a bit in 1999, but it bounced back strongly in 2000 and earned topnotch returns in 2001. In 2002, however, the fund's defensive interest-rate positioning held it back, as rates dropped to historically low levels.

T. Rowe Price Tax-Free Short-Intermediate PRFSX

This fund is a solid all-around offering. It boasts a below-average expense ratio, sticks mainly with high-quality bonds, and has delivered strong long-term returns. The fund's risk/reward profile is impressive, and it has consistently delivered a better-than-average income payout.

USAA Tax Exempt Short-Term USSTX

This fund also takes advantage of its low expense ratio. Manager Clifford Gladson is keen on mid-quality bonds and keeps duration short and fairly steady, which moderates volatility.

Vanguard Limited-Term Tax-Exempt VMLTX

Ultra-low expenses are the key here. This category's winners and losers are often separated by less than 1 percentage point, so the importance of this fund's expense advantage can not be stressed enough. And because of that advantage, the fund doesn't need to take on lots of extra credit risk to keep up with the group's more-aggressive members. Quite simply, it is a terrific choice.

Scott Berry, CFA, is an analyst with Morningstar.com.

Stamper Capital & Investments, Inc. provides portfolio management services exclusively for institutional and high net worth accounts and does not sell the mutual funds for which it is a sub-adviser. Also, please note: purchasers of mutual funds must receive a copy of a particular mutual fund's prospectus before a purchase is made.

“Our Clients’ Past Successes are Not Necessarily Indicative of Future Successes.”

Stamper Capital & Investments, Inc. has been the sub-adviser to this Fund since October 1995 and B. Clark Stamper, our President, has been its Portfolio Manager since June 1990.

Past performance does not guarantee future results, and current performance may be higher or lower than the performance data quoted. Investment return and principal value of an investment will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost.

Returns - Figures quoted are total returns calculated for the share class and time periods shown. Performance includes the reinvestment of income dividends and capital gains distributions. Performance does not reflect the deduction of taxes that a shareholder would pay on a fund distribution or the redemption of fund shares. Please go to Morningstar's and/or Lipper's websites for more information.

Disclaimer: This web site is for Stamper Capital & Investments, Inc. Institutional and High Net Worth Money Management only. Stamper Capital & Investments, Inc. is an independent registered investment advisor. Prior Performance achievements are not necessarily an indication of future performance. In other words, past performance does not guarantee future results. There are many types of risk and returns, and the tradeoffs among them can result in different positive or negative returns depending upon the subtleties of the specific credit and security characteristics. Investment return and the principal value of an investment will almost certainly fluctuate and can sometimes entail large losses. Note that Stamper Capital & Investments, Inc., its clients, and/ or its employees may or may not be long or short any of the securities or investments mentioned on this website. Stamper Capital & Investments, Inc. does not sell the mutual funds for which it is or was a sub-adviser. Purchasers of mutual funds must receive a copy of a particular mutual fund's prospectus before a purchase is made. State of California Required Disclosure Legend "IMPORTANT CONSUMER INFORMATION" "(1)A broker-dealer, investment adviser, BD agent or IA rep may only transact business in a particular state after licensure or satisfying qualifications requirements of that state, or only if they are excluded or exempted from the state's broker-dealer, investment adviser, BD agent or IA rep requirements, as the case may be; and "(2)Follow-up, individualized responses to consumers in a particular state by broker-dealer, investment adviser, BD agent or IA rep that involve either the effecting or attempting to effect transactions in securities or the rendering of personalized investment advice for compensation, as the case may be, shall not be made without first complying with the state's broker-dealer, investment adviser, BD agent or IA rep requirements, or pursuant to an applicable state exemption or exclusion. "(3)for information concerning the licensure status or disciplinary history of a broker-dealer, investment adviser, BD agent or IA rep, a consumer should contact his or her state securities law administrator." © All rights reserved by Stamper Capital & Investments, Inc.
