

BEGINNINGS | ASSET ALLOCATION

ECONOMIC AND FINANCIAL MARKET FORECAST

Below is a comparison of current economic and financial data with the panel's composite forecast for the next six months. (Through October 2009)

	Current Level ¹	Strategists' Predictions
STOCK MARKET (Dow Jones Industrials)	6737	8641
BOND MARKET (10-Year Treasury Note)	2.9%	3.0%
ECONOMIC GROWTH (Annual Growth of Real GDP)	-6.2%	-1.2%
INFLATION (Annual Increase in CPI)	0.0%	0.1%
SHORT-TERM RATES (Three-Month Treasury Bills)	0.24%	0.4%

(1) As of 3/2/09

RECOMMENDED ALLOCATIONS FOR A BALANCED PORTFOLIO

The statistics below are a composite of results from our monthly poll of leading portfolio strategists and are designed for a balanced growth investor.

CURRENT COMPOSITE ALLOCATION			CHANGE FROM PRIOR MONTH'S ALLOCATION		
STOCKS	BONDS	CASH	STOCKS	BONDS	CASH
57.4%	30.5%	12.1%	+3.0%	-2.5%	-0.5%

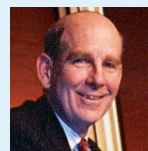
RANGE OF CURRENT ALLOCATIONS			12-MONTH TRENDS IN COMPOSITE ALLOCATIONS			
	LOW	HIGH		LOW	HIGH	CURRENT
STOCKS	10%	74%	STOCKS	54.4%	57.4%	57.4%
BONDS	15%	50%	BONDS	30.5%	34.9%	30.5%
CASH	1%	40%	CASH	8.9%	12.6%	12.1%

Behind the Numbers, with Stephanie Giroux



"WE'RE IN THE worst of it now," says Stephanie Giroux, CFA, whose audience as chief investment strategist for TD Ameritrade are "individual investors, even if through an advisor." Giroux, the latest addition to the Asset Allocation panel, notes that "when you've got people like Warren Buffett saying that investors of all stripes have been bloodied and confused, and he's among them, well . . . it's easy to say you can do it better yourself. On the other hand, if some of the best investors got blindsided, do you think you can do better?"

She recommends advisors get back to basics: "start over with the client, recheck their investment time frames, their investment objectives, and risk tolerances, and make sure the portfolio is strategically aligned to those." Beyond that, she suggests "you may have to rebalance more frequently, provide downside protection using some options strategies, particularly if there is a concentrated position in the portfolio, and be very disciplined—culling the underperformers and trimming back the overperformers." —James J. Green



GARY SHILLING

A. Gary Shilling & Co.

STOCKS	10%	
BONDS	50%	down 30%
CASH	40%	up 30%



GAIL DUDACK

Dudack Research Group

STOCKS	70%
BONDS	15%
CASH	15%

(no change)



SAM STOVALL

Standard & Poor's

STOCKS	60%
BONDS	25%
CASH	15%

(no change)

CASH HOLDINGS BELOW PANEL AVERAGE

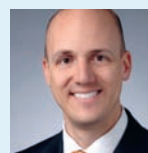


DAVID KELLY

JPMorgan Funds

STOCKS	60%
BONDS	30%
CASH	10%

(no change)



JEFFREY KLEINTOP

LPL Financial

STOCKS	65%
BONDS	30%
CASH	5%

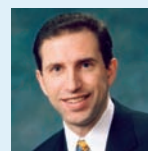


STEPHANIE GIROUX

TD Ameritrade

STOCKS	74%
BONDS	24%
CASH	1%

(no change)



MARK BALASA

The Alpha Group

STOCKS	60%
BONDS	39%
CASH	1%

(no change)

Portfolio strategists polled 2/2/09-2/9/09