

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 June 2010)

	Current Level ¹	Strategists' Predictions
STOCK MARKET (Dow Jones Industrials)	9789	9728
BOND MARKET (10-Year Treasury Note)	3.4%	3.6%
ECONOMIC GROWTH (Annual Growth of Real GDP)	3.5%	1.6%
INFLATION (Annual Increase in CPI)	-1.3%	1.0%
SHORT-TERM RATES (Three-Month Treasury Bills)	0.05%	0.4%

(1) As of 11/2/09

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
55.6%	33.6%	10.1%	0%	+1.5%	-2.2%

RANGE OF CURRENT ALLOCATIONS			12-MONTH TRENDS IN COMPOSITE ALLOCATIONS			
	LOW	HIGH		LOW	HIGH	CURRENT
STOCKS	10%	70%	STOCKS	55.0%	57.4%	55.6%
BONDS	15%	70%	BONDS	30.5%	34.9%	33.6%
CASH	1%	20%	CASH	8.9%	14.8%	10.1%

Behind the Numbers, with Sam Stovall



IN HIS MOST RECENT global equity strategy report S&P's chief investment strategist noted that November began what has often been the best six months of the year for investors. "Indeed, whether you look back to 1990, 1970, 1945 or 1929, the S&P 500's performance from November through April (N-A) substantially outperformed the market's typical price change from May through October (M-O)," he wrote. "Since the mar-

ket has historically demonstrated consistently weak and strong periods, can a sector investor use this knowledge to his advantage? Yes, according to history, which is a great guide, but never gospel, as the cyclical sectors of the S&P 500—Financials, Industrials and Materials, and to a lesser extent Consumer Discretionary and Information Technology—traditionally recorded their strongest price gains and frequencies of beating the market during the N-A timeframe, while the defensive—Consumer Staples and Health Care—sectors held up best in M-O." —**Robert F. Keane**



GARY SHILLING

A. Gary Shilling & Co.

STOCKS	10%	
BONDS	70%	up 10%
CASH	20%	down 10%



GAIL DUDACK

Dudack Research Group

STOCKS	70%
BONDS	15%
CASH	15%
(no change)	



SAM STOVALL

Standard & Poor's

STOCKS	65%	up 5%
BONDS	25%	
CASH	10%	down 5%

CASH HOLDINGS BELOW PANEL AVERAGE



DAVID KELLY

JPMorgan Funds

STOCKS	60%
BONDS	30%
CASH	10%
(no change)	



JEFFREY KLEINTOP

LPL Financial

STOCKS	69%
BONDS	26%
CASH	5%
(no change)	



MARK BALASA

The Alpha Group

STOCKS	60%
BONDS	39%
CASH	1%
(no change)	

Portfolio strategists polled 11/2/09-11/6/09