

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 December 2009)

	Current Level ¹	Strategists' Predictions
STOCK MARKET (Dow Jones Industrials)	8025	8668
BOND MARKET (10-Year Treasury Note)	2.9%	3.0%
ECONOMIC GROWTH (Annual Growth of Real GDP)	-6.3%	-1.0%
INFLATION (Annual Increase in CPI)	0.2%	0.5%
SHORT-TERM RATES (Three-Month Treasury Bills)	0.09%	0.3%

(1) As of 4/27/09

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
55.8%	32.0%	12.3%	0%	0%	0%

RANGE OF CURRENT ALLOCATIONS			12-MONTH TRENDS IN COMPOSITE ALLOCATIONS			
	LOW	HIGH		LOW	HIGH	CURRENT
STOCKS	10%	70%	STOCKS	54.4%	57.4%	55.8%
BONDS	15%	50%	BONDS	30.5%	34.9%	32.0%
CASH	1%	40%	CASH	8.9%	12.6%	12.3%

Behind the Numbers, with Jeffrey Kleintop



IN HIS MAY 4 weekly commentary LPL Financial's chief market strategist noted that, "The prospects for recovery by year-end have improved even as near-term uncertainty has increased. Investors appear to be extending their investment time horizon more so than at any other time of the past year, focusing on the prospects for a recovery in the economy and earnings over the next twelve months...We now believe the consensus is a reasonable forecast for both 2009 and 2010.

If the 2010 consensus estimate of \$73 and the current next twelve month P/E of about 14 holds at year-end 2009, the S&P 500 would end the year at about 1000—in line with our base case forecast...While a pullback or consolidation of recent gains may take place in the coming months, we believe stocks have likely made their low for 2009 and remain committed to our forecast for modest gains for stocks and bonds this year." — **Robert F. Keane**



GARY SHILLING

A. Gary Shilling & Co.

STOCKS	10%
BONDS	50%
CASH	40%
(no change)	



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)	

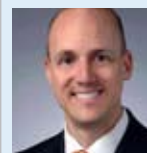
CASH HOLDINGS BELOW PANEL AVERAGE



DAVID KELLY

JPMorgan Funds

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



JEFFREY KLEINTOP

LPL Financial

STOCKS	65%
BONDS	30%
CASH	5%
(no change)	



STEPHANIE GIROUX

TD Ameritrade

STOCKS	61%
BONDS	37%
CASH	2%
(no change)	



MARK BALASA

The Alpha Group

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

Portfolio strategists polled 4/27/09-5/1/09