

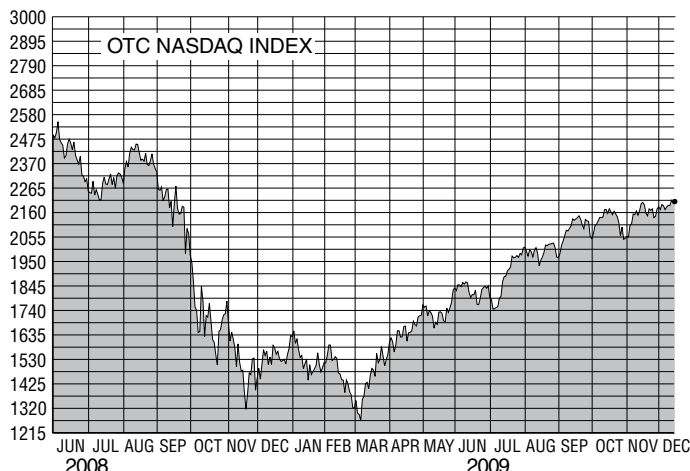
INVESTTECH[®] RESEARCH

MARKET ANALYST

Vol09 Iss13

Technical and Monetary Investment Analysis

DECEMBER 18, 2009



4 Weeks Ending December 11, 2009

	High	Low	Last
Federal Funds	0.14%	0.12%	0.12%
30yr T-Bonds	4.50%	4.19%	4.50%

Gold (London PM)	\$1212.50	\$1104.00	\$1124.00
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	High	Low	Last	200D M.A.
DJIA	10471.58	10285.97	10471.50	8945.05
DJUA	405.09	370.70	405.09	356.81
NASDAQ	2203.78	2138.44	2190.31	1884.31
S&P 500	1110.63	1091.38	1106.41	958.96

Yes, It Was a Very Good Year! ...and Decade Too!

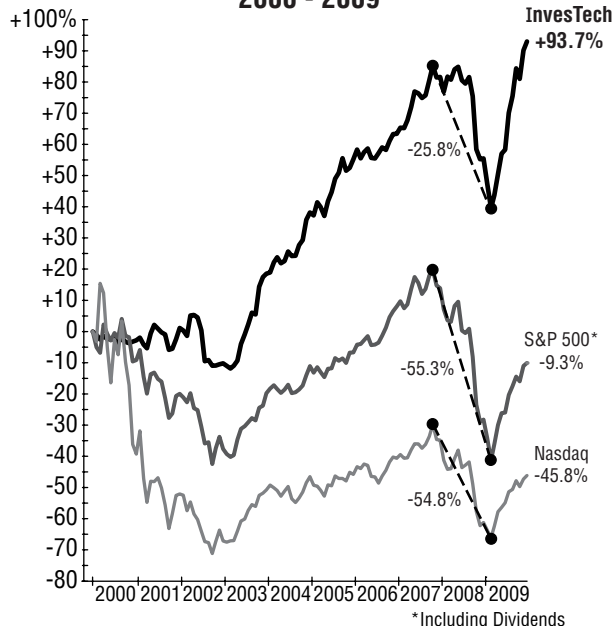
While our year-to-date gain of 24.1% is slightly behind the S&P 500's gain of 25.5% (including dividends), we wouldn't trade either our short-term or long-term performance for any of the major indexes. *By reducing both risk and volatility, InvesTech subscribers have weathered the worst decade in Wall Street history in remarkably good shape –both financially and emotionally.*

In comparison to our positive +93.7% return since January 1, 2000, the S&P 500 Index is still at a loss of -9.3% while the Nasdaq remains down -45.8% from ten years ago. That's a bitter pill to swallow for most long-term investors, and an even more foul taste for those who were overinvested in the technology sector at the end of the *New Era* hype of the late 1990s.

The key to this out-performance has been our safety-first strategy during two of the largest bear markets on record. In the latest bear market –from October 9, 2007 through March 9, 2009– the decline in our Model Portfolio was reduced to less than half the -55% loss in most market averages.

So as this tumultuous year draws to a close, we step back for a month-by-month review of the tough decisions that were made to get us in this enviable position with our portfolio at new record highs today...

InvesTech Performance vs Major Indexes 2000 - 2009



*Including Dividends

An Amazing Year in Review!

While some uninformed pundits will call us “market timers,” our strategy is actually one of managing risk. When risk is highest and bear market warning flags are present, we should (technically speaking) have a lower allocation to the market. And, conversely, as bear market losses mount and investor sentiment reaches a bearish extreme, we try to look for the technical and macroeconomic blocks that would first suggest... and then confirm... that a bear market bottom is in place.

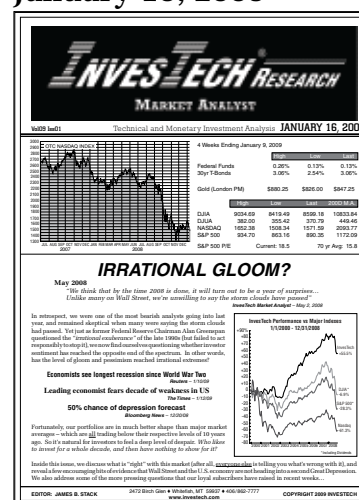
While we're not wildly nor blindly bullish heading into 2010, we do believe that this bull market will continue into the new year. To increase your comfort level with this market outlook, it's important to review the month-by-month transition of both our outlook and portfolio allocation during this past year...

JANUARY 2009

As Wall Street entered the new year, we were starting to question the level of investor gloom and pessimism, and asking whether it had reached “irrational” levels. →

At the same time, all of the fundamental blocks had already dropped into place in our table of **Negative (bearish) conditions that precede the “Best Buy” opportunities in stocks.**

January 16, 2009



InvesTech Market Analyst – January 16, 2009

Negative (Bearish) Conditions That Precede the “Best Buy” Opportunities in Stocks

	1966	1970	1974	1980	1982	1984	1987	1990	1995	2002	2008
① Formal Bear Market	✓	✓	✓	-17.1%	✓	-11.9%	✓	✓		✓	✓
② >6mos. of Bear Market “DISTRIBUTION”	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
③ Potential “buy signal” in the Coppock Guide	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
④ Plunge in Consumer Confidence		✓	✓	✓	✓			✓		✓	✓
⑤ Contracting Manufacturing Sector	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
⑥ Recession!		✓	✓	✓	✓			✓		✓	✓

*1 As signaled by over 20% decline in S&P 500 or DJIA

*2 As measured by InvesTech's Negative Leadership Composite

*3 As signaled by the Coppock Guide dropping below “0”

*4 Confirmed by over a 30pt drop in Consumer Confidence

*5 Confirmed by the ISM Manufacturing Survey falling below 50

*6 Confirmed by media headlines

FEBRUARY 2009

By mid-February we were seeing the kind of heavy selling volume that had *–in every prior instance of the past half century–* accompanied the final stages of an important bear market bottom. By one technical gauge called TRIN, we were seeing the second highest level of capitulation in over 50 years...

ARE WE SEEING BEAR MARKET CAPITULATION?

True “capitulation” is believed by many to mark the end of a bear market. By definition, capitulation occurs when investors ultimately decide to abandon the stock market in lieu of safer alternatives. It is often accompanied by panic selling and steep declines on high volume.

In our December 20, 2002 issue [*just after the bear market bottom*], we noted that capitulation was clearly underway as measured by TRIN – the amount of volume flowing into declining stocks on big down days. The same degree of capitulation seems to be underway today...

TRIN, which stands for TRaders Index, was developed by Richard Arms in 1967 and is calculated as follows:

$$\text{TRIN} = \frac{(\text{advancing issues} / \text{declining issues})}{(\text{volume of advancing issues} / \text{volume of declining issues})}$$

High TRIN readings above 2.0 basically mean that disproportionately high volume is flowing into declining stocks (versus advancing stocks). As an example, if declining issues outnumber advancing issues by 2:1, then the volume in those declining stocks must outpace volume in advancing stocks by over 4:1 in order to register a TRIN > 2.0. Many days of high TRIN readings are often an indicator of investor capitulation that comes near the end of a bear market.

Over the past 6 months, there have been 21 days of TRIN > 2.0. That is the second highest number in the past 50 years, surpassed only by 26 days of TRIN > 2.0 surrounding the October 2002 bear market bottom (which we discussed above). To reveal how unusual and extreme that is, the next highest number was 14 days in 1987 – following the '87 Crash.

Since this volume data first became available in the 1950s, there have been fewer than a half dozen 6-month periods which saw 12 or more days of TRIN > 2.0. Here are their respective peak readings:

Date	Max Days	Next Bull Market
07/29/57 - 01/28/58	13	Bull Market born on October 23, 1957
04/26/62 - 10/25/62	13	Bull Market born on June 27, 1962
05/18/66 - 11/17/66	12	Bull Market born on October 8, 1966
07/21/87 - 01/20/88	14	Bull Market born on December 4, 1987
04/03/02 - 10/02/02	26	Bull Market born on October 9, 2002
08/11/08 - 02/10/09	21	???

We should also mention that January saw a record 6 days of TRIN > 2.0 readings – more than any previous calendar month in 58 years. **So does this mean the final bottom of this bear market is near, or already in place?**

Our answer from that December 20, 2002 issue is the same today:

“So does this mean the final bottom of this bear market is near, or already in place? Perhaps not, if we’re in the midst of a deflationary debacle like 1929-32. But on the other hand, this clearly reveals that a lot of bear market capitulation has been going on. It also tells us that if we start seeing confirming evidence of a market bottom, we should treat it as a profit opportunity... because it just may be the real bottom.”

MARCH 2009

Our March 13 issue was published just 4 days after the final bear market low, and left little doubt about the importance of the buying opportunity that could be at hand. →

Inside that issue we showed that investor (AAII) sentiment had surpassed record bearish extremes of prior bear market bottoms:

March 13, 2009

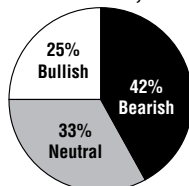


A Buying Opportunity of a Lifetime?

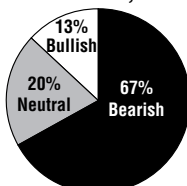
... it is a historically indisputable fact that we are heading toward a buying opportunity of a lifetime.

AAII Sentiment Survey Extremes Near Bear Market Lows

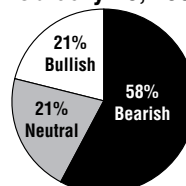
December 4, 1987



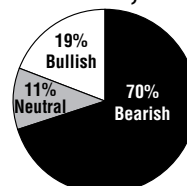
October 19, 1990



February 20, 2003

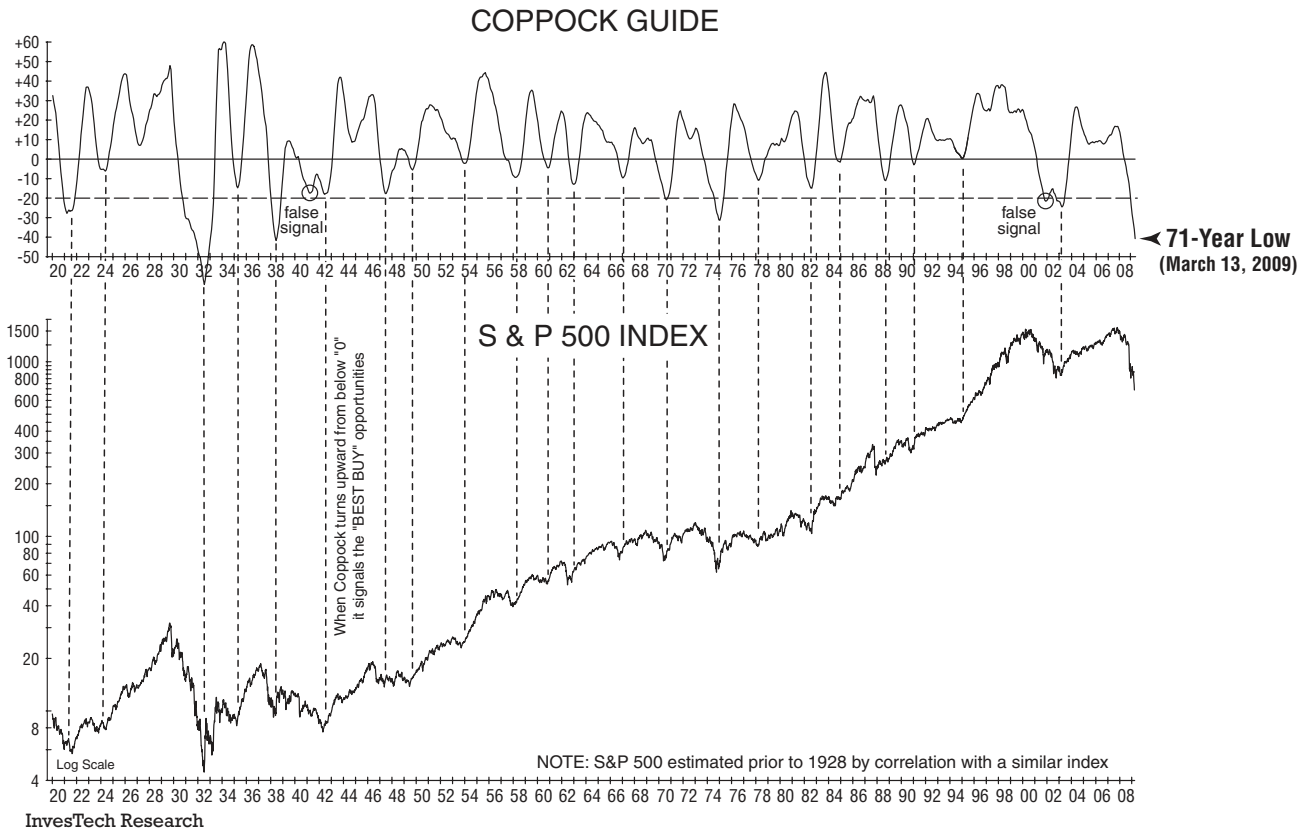


March 13, 2009

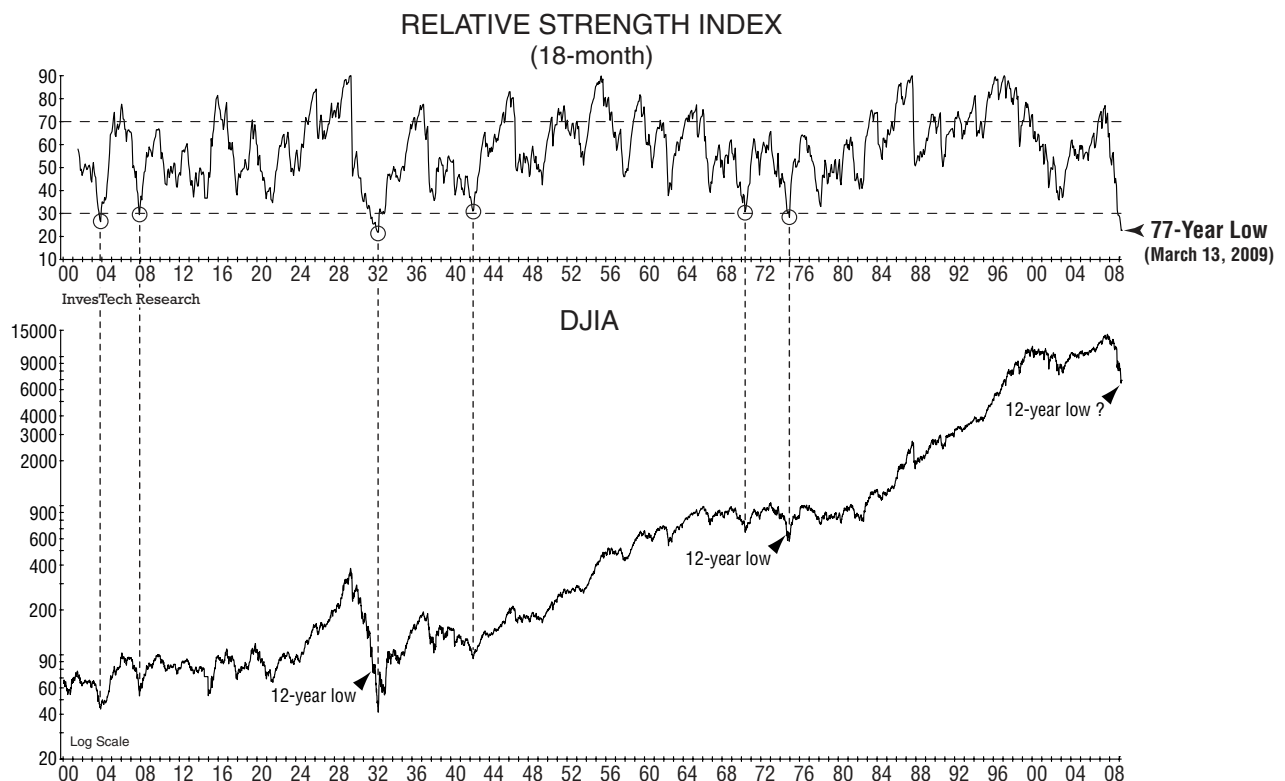


Source: American Association of Individual Investors

At least part of the reason why we were anticipating a *“Buying Opportunity of a Lifetime”* were these two technical models that had reached oversold extremes not seen in over 70 years!

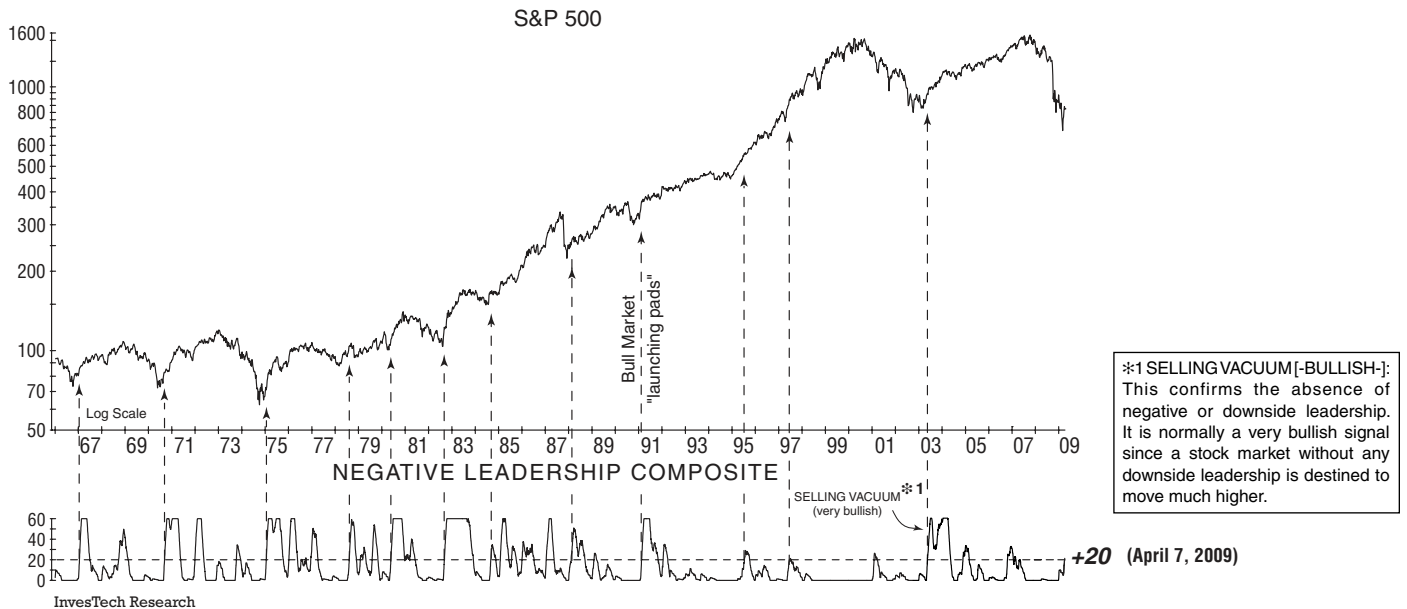


With the stock market nearing a 12-year low at DJIA 6600, we also reflected on historical precedent. There had been only 2 other instances of a *12-year low* during the past 109 years – 1974 and 1932. Both occurred at price levels that were never seen again.



APRIL 2009

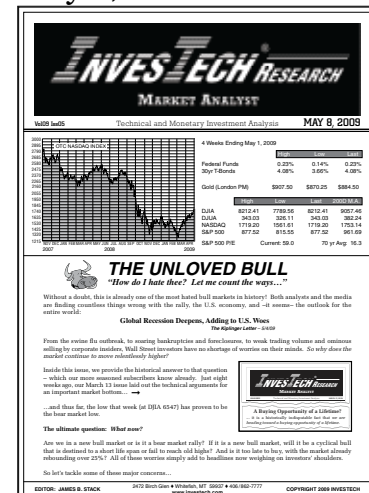
On April 7 –barely four weeks after the bear market bottom– our Negative Leadership Composite hit +20, marking a bullish “SELLING VACUUM” [*1] and confirming a probable bull market launching pad. It would later become the strongest (highest) NLC reading since 1983.



MAY 2009

By our May 8 issue, we had increased our invested allocation to 80% as the *Unloved Bull* was met with headline after headline of negative news or doubt... and yet it continued to climb higher.

May 8, 2009



InvesTech Market Analyst – May 8, 2009

Climbing a Wall of Worry

Every seasoned investor knows that bull markets climb a proverbial “wall of worry” during their early months of existence. Yet each and every time, it doesn’t get any easier. There is always an emotional tug-of-war between gloomy media headlines, and the slow methodical improvement in the technical outlook...

45 percent of world's wealth destroyed: Blackstone CEO

Reuters – 3/10/09

U.S. Home Prices Take Record Plunge

CBS News – 3/31/09

Global recession worst since Depression, IMF says

Associated Press – 4/22/09

The Dow's Jump: Just Another Bear-Market Rally?

U.S. News & World Report – 3/24/09

FOX News Poll: Worst Is Yet to Come on Economy

FOX News – 4/2/09

Swine Flu, the Last Thing Economy Needs Right Now

Wall Street Journal – 4/27/09

Now the Long Run Looks Riskier, Too

The New York Times – 3/29/09

Bankruptcies soaring with 'no end in sight'

Associated Press – 4/14/09

Chrysler files for bankruptcy

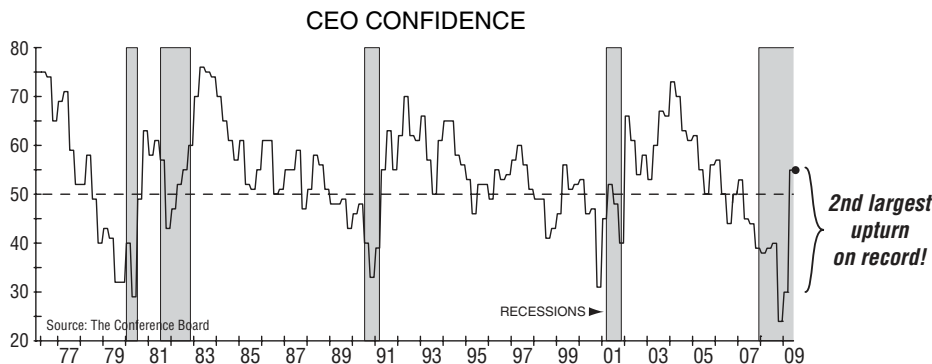
Reuters – 4/30/09

JUNE 2009

Still less than 3 months after the bear market lows (and with the DJIA at 8500), our June 5 issue announced that May readings for both the Coppock Guide and Relative Strength Index had turned upward and triggered formal "Buy" signals. Our allocation had already been increased from 80% to 92%.

JULY 2009

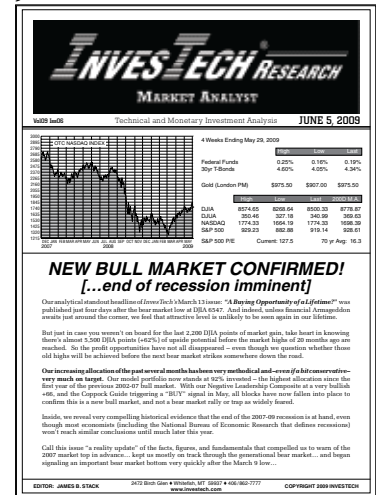
While the market was undergoing consolidation, we used the opportunity to increase our allocation to a fully-invested 97% as CEO Confidence confirmed what our technical models had now been saying for a number of months.



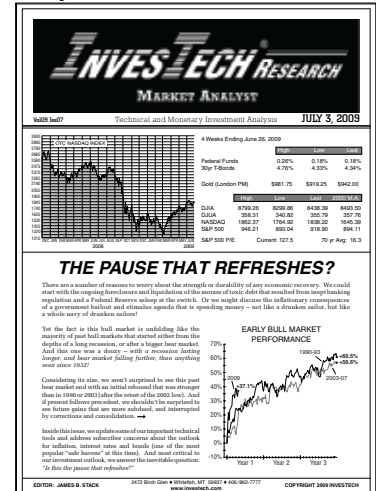
NOVEMBER 2009

Skipping ahead to November brings us up-to-date with our current strategy. At this stage of the bull market, advances will likely become more labored or selective, and a 10% correction can't be ruled out. **But as long as our technical models remain in step with the market, and warning flags remain absent, we will continue to give this bull market the *Benefit of Doubt*.**

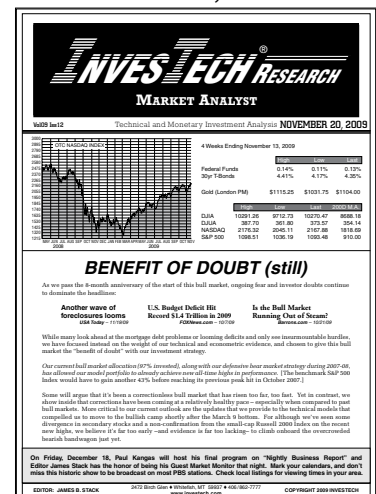
June 5, 2009



July 3, 2009



November 20, 2009





A Holiday Gift that gives all year long...

There's still time to order that perfect holiday gift! Show you care about the financial future and peace of mind of family, friends and associates throughout the entire year... **with a gift subscription to InvesTech!** PLUS, for every gift you order, we'll add 2 issues to your subscription! Your generous gift will include:

- Both the **InvesTech Market Analyst** and **InvesTech Portfolio Strategy**
- The **InvesTech Online Interim Bulletin**
- InvesTech's Financial Hotline and Subscriber-Only Web Access
- InvesTech's 85-year American Economy Wall Chart (suitable for framing)
- A holiday card announcing your gift



Special Price: 7 months for \$99 or 1 year for \$175

Send a unique gift that gives all year... Simply call **800-955-8500** today!

At this time of year, we count our blessings and reflect on how fortunate we are to serve such a wonderful group of clients. Thank you for your continued loyalty, support and encouragement.

*Wishing you all a Joyous Holiday Season
and a Prosperous 2010!*



From Stack Financial Management

Jim, Lisa, Denise, Cathy, Eric, Annell, Aimee & Dawn



PAID ADVERTISEMENT

NOTES:

The All NEW InvesTech.com

Our new website (www.investech.com) is now active. We encourage you to get acquainted with our new look and user-friendly format. If you have any questions about accessing the site, please contact our office at **406-862-7777** (weekdays, 8:30am-5pm Mountain Time).

InvesTech's Financial Hotline Number Will Change...

...January 4, 2010. For current subscribers, the new hotline card is enclosed with this issue. If you misplace the number, or would like information on obtaining a long-term number that does not change quarterly, simply call our office at **406-862-7777**. PLEASE REMEMBER: The hotline number, as well as your InvesTech username and password, are confidential and for the use of just one individual per subscription.

World Money Show ♦ February 3-6, 2010 ♦ Orlando, Florida

Make plans now to hear **Editor Jim Stack's Keynote Address** during the **Opening Ceremonies of the World Money Show** at the beautiful Gaylord Palms Resort in Orlando, Florida on **Thursday, February 4, 2010**. During this Special Event Jim will share his safety-first strategies for the year ahead and provide a road map for managing risk in today's volatile market.

While at the World Money Show, you are also invited to attend the **InvesTech Subscribers-Only Workshop** on **Friday, February 5** at **7-8:30pm**. Seating is limited and you must have a ticket to this private event. Call our office at **406-862-7777** to reserve your seat to this educational –and enjoyable– event!

Attend the World Money Show –with more than 250 workshops and many investment panels– absolutely FREE. For complete conference details and to register for admission, call toll-free **800-970-4355** or visit www.moneyshow.com (please be sure to mention priority code 016344).



2010 PUBLICATION SCHEDULE

JANUARY	FEBRUARY	MARCH
S M T W T F S 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
APRIL	MAY	JUNE
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JULY	AUGUST	SEPTEMBER
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OCTOBER	NOVEMBER	DECEMBER
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- Market Analyst and Portfolio Strategy
- ◇ Interim Bulletin (available online only)
- Voice Hotline Telephone Number Changes

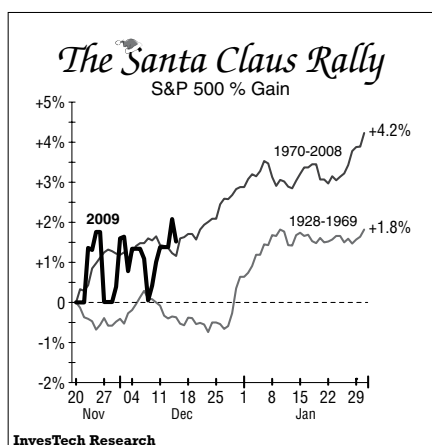
The InvesTech Financial Hotline is updated after 12pm on Friday and after 9:30pm on Tuesday, Eastern Time. The hotline is also available at www.investech.com.

PERSONAL PERSPECTIVE

A Very Heartfelt and Warm Holiday Thanks!

One important lesson I've learned over my 30 years of owning InvesTech Research is to never second guess the future. Every big bear market starts out as a small one. And, conversely, I've been surprised more than a few times at the durability and longevity of a new bull market. In 1983 virtually no one envisioned a bull market that would more than triple the market index over the next four years – before the 1987 Crash reclaimed half of the gain. And in 1991, as the market climbed through seemingly unsustainable valuation levels and an impending S&L Crisis, not a single analyst was forecasting a bull market that would last over 9 years and become the longest on record.

So this is one reason we're not forecasting when, or at what level, the current bull market will end. We can't forecast the market. We can simply try to measure and assess the level of risk, and watch for the most common bear market warning flags. While we do not believe the current bull market will become one of the longer bulls, or even match the historical average longevity (3.8 years), that should not dictate our investment strategy. **In short, one should always give a bull market the "benefit of doubt" until technical, monetary or macroeconomic evidence starts to suggest otherwise.**



With daily gyrations commonplace, it's too early to say whether this holiday season will unfold in step with the historic norm presented in our last issue.

Of greater importance, the Advance-Decline Line has broken out to a new high, along with all three major Dow Averages.

This confirmation, especially in the somewhat divergent Dow Jones Utility Average, is a strong indication that this bull market could continue moving higher

as we progress through 2010. That is also our hope... but, again, not a predetermined investment strategy. If we see warning flags start to appear in the months ahead, then we will likely decrease our 97% invested allocation. And as yet, there are no such warning flags in our technical or monetary models. The only divergence, which we feel could readily be resolved by February, is the lack of a new high in the small-cap Russell 2000 Index.

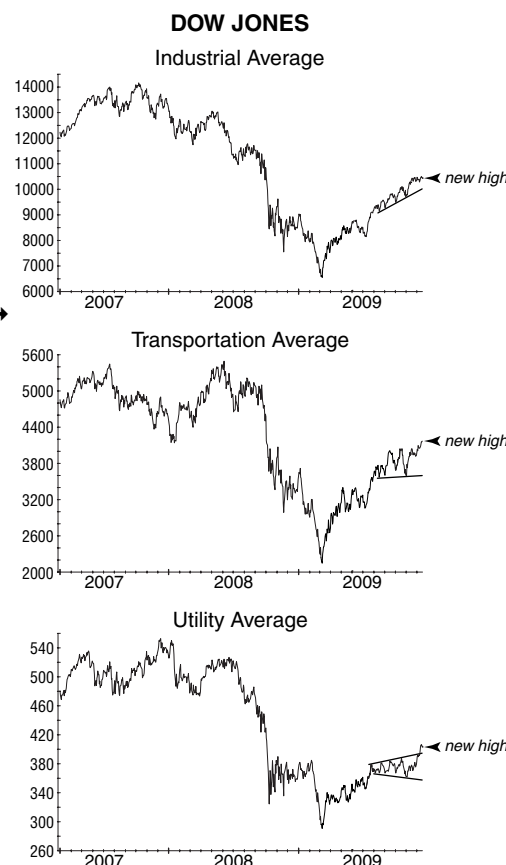
So in closing out what has been a very strenuous, yet profitable, year for InvesTech and our subscribers, we want to reassert our commitment to excellence and extend a heartfelt "Thanks!" for your loyalty and trust in us.

James B. Stack



All of us join in wishing you a happy Holiday Season and a prosperous New Year

** Jim, Lisa, Greg, Stacy, Sandra, Sandy and Maria **



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PORTFOLIO STRATEGY

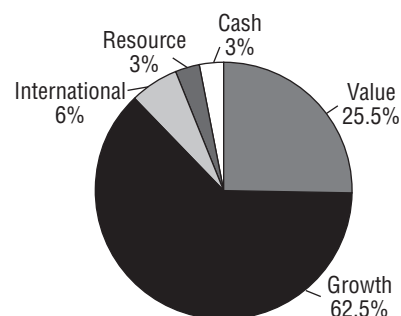
Vol09 Iss13

Safety-First Asset Allocation

DECEMBER 18, 2009

THE INVESTTECH MODEL PORTFOLIO is currently 97% invested with 25.5% in value securities, 62.5% in growth investments, 6% in international funds and 3% in resource stocks. The remainder of the portfolio (3%) is held in short-term Treasuries or a money market fund.

INSIDE THIS ISSUE: This has been a year of volatility and sharp contrasts in the stock market. While 2009 started in the midst of a bear market and recession, the S&P 500 is on track to finish the year with over a 20% gain. It's been a difficult period to navigate, and in this issue we look at the changes we made, the winners and losers in our portfolio, and our strategy heading into next year.



From Bear to Bull... 2009 in Perspective

As we look back at the past 12 months, this has indeed been a volatile period for the stock market. Yet from a performance standpoint, it has actually turned out to be a good year... a *very* good year!

As shown in the graph at right, 2009 started off on the wrong foot. January saw a relapse of the bear market that had ravaged investors for more than a year. As February progressed the retreat turned into a rush of panic selling, accompanied by spreading fear of a 1930s style depression. The S&P 500 tumbled 28% in just nine weeks before it hit bottom on March 9. Investors had a right to be fearful. This was only the third time since the Great Depression that Wall Street had experienced a 9-week loss of that magnitude – the two prior periods were the Stock Market Crash of 1987 and the October 2008 Credit Crisis. However, the dynamics changed dramatically in March. At that point, few would have guessed that the S&P 500 would be sitting on a healthy 25% year-to-date gain today.

With all the volatility, this has not been an easy year to navigate! The market rebounded sharply off the March low, yet we were able to adjust our strategy quickly, moving from 56% invested at the market bottom to 97% by June. Psychologically, this shift in focus away from a bear market defense was difficult for most investors. By the time the final market lows were in place, many were sitting on the worst bear market losses in 80 years and they'd already seen two failed bear market rallies since October. Moreover, the news was dismal, with increasing foreclosures in the housing sector and a spreading global credit crisis. The economy was mired deep in a recession and unemployment was rising with no end in sight. While new bull markets always climb a Wall of Worry, this one was particularly formidable. It's no surprise that many investors, and even professionals, remained on the sidelines.

For InvesTech, however, our technical analysis and the checklist we use to identify "best buy" opportunities were invaluable tools that kept us objective. Our portfolio changes were carefully orchestrated based on the weight of evidence as we quickly stepped up allocation from April through June. Now, as we approach year-end, the InvesTech Model Portfolio is up about 24% year-to-date – which is in line with gains in the major market averages, but with far less volatility. Most important, our portfolio has fully recovered 100% of its bear market losses.



We faced some tough decisions in increasing allocation last spring. As one might expect, the rally off the market bottom was led by speculation in battered financial stocks. As shown in the table below, which ranks the sectors in order of performance since the March 9 low, the Financial sector has gained a whopping 131% in spite of increasing bank failures and unrelenting credit market troubles. That's hardly a full recovery as this sector is still down 60% from its peak.

S&P Sector Performance Since the Market Bottom 3/9/09 - 12/11/09	
<u>S&P 500 Sector</u>	<u>Gain</u>
Financials	130.6%
Consumer Discretionary	85.6%
Industrials	84.6%
Materials	79.9%
Information Technology	78.9%
S&P 500	63.5%
Health Care	42.9%
Utilities	40.8%
Consumer Staples	39.3%
Energy	36.2%
Telecom Services	30.7%

DATA: Standard & Poor's

Other traditional early bull market sectors –including Consumer Discretionary, Industrials, Materials and Information Technology– have also outperformed the Index over the last 9 months. In stepping up our allocation, we were conservative with our sector choices. Financials seemed dirt cheap and enticing, but they were far too risky. Consequently, we kept our allocation to this sector at a minimum and focused additions on other traditional early bull market leaders. In addition, we increased allocation to small-cap and mid-cap growth ETFs and raised our commitment to Asian funds.

PERFORMANCE ATTRIBUTION

Our safety-oriented strategy has paid off. If you followed the Model Portfolio, you should have at least a 20% gain year-to-date, and more importantly you should be ahead of where you were at the market peak in October 2007. Meanwhile, the S&P 500 still has to rise another 34% to recover – a daunting task on top of this year's gain.

Taking a look at the top performing investments in our portfolio (shown at right), most coincide with our sector expectations, though there are a few surprises.

We would expect cyclical technology and industrial stocks, along with mid-cap growth funds, to be market leaders. Asian funds were also strong contributors (performance reflects the shift from T. Rowe Price New Asia to Matthews Asian Growth & Income this year). However, the top performers, Waters Corp. and Walgreen, come from the more defensive Health Care and Staples sectors.

Of course, no strategy bats 1000. There are always some miscues and laggards. For instance, we added two positions in early January in what turned out to be a bear market rally, and we were initially whipsawed in and out of a small-cap fund due to market volatility. Most positions in the portfolio have double-digit gains this year with only a few exceptions. Aflac tumbled in January, a victim of the spreading credit crisis. Although the stock has rallied 300% off its low, Aflac is up only 5% from January 1. Likewise, Devon Energy and Waste Management fell sharply in the first quarter and are just breaking even at this point. Even so, we have come very close to beating the market this year, while significantly reducing downside risk and volatility in the portfolio. That's the psychological key to surviving a bear market.

PORTFOLIO STRATEGY & UPDATE

Expect 2010 to be less volatile, but every bit as challenging and definitely more selective. The economy is stabilizing, but the recovery is not robust. And, as demonstrated by the recent Dubai credit problems, there are still residual risks in the global credit markets. Also, the massive U.S. stimulus has opened the door to rising deficits, a falling dollar and potential inflation. Nonetheless, this bull market still deserves every benefit of doubt as we navigate a fragile, but developing, recovery.

Our recommended plan of action at this point remains unchanged:

- Use a safety-first strategy, which includes maintaining a balance between higher growth or cyclical companies and core defensive stocks or sectors.
- Any additions or changes should focus on value. Look for companies with strong financial pictures, good growth opportunities and attractive valuations.
- Continue to avoid areas of higher risk, including financials and mortgage-related investments. These have rallied strongly off deeply depressed levels, but they are still vulnerable.

While we remain vigilant for any warning flags that would dictate a move to a more defensive position, the technical and fundamental picture at this stage is stable and changes to the portfolio will likely be minor sector or allocation adjustments.

InvesTech Model Portfolio Leaders Year-to-Date		
<u>Security</u>	<u>Sector</u>	<u>Total Return</u>
Waters Corp. (WAT)	Health Care	67.0%
Walgreen Company (WAG)	Staples	59.8%
Asian Funds (PRASX/MACSX)	Asia	59.7%
Microsoft Corp. (MSFT)	Technology	57.2%
United Technologies (UTX)	Industrial	51.0%*
iShares Russell MidCap Growth (IWP)	n/a	42.0%
S&P 500		25.3%

* UTX gain since purchase on 4/22/09

InvesTech Research

MODEL PORTFOLIO

NEXT ISSUE: January 15, 2010

CHANGES SINCE OUR LAST ISSUE: No changes have been recommended to the Model Portfolio since the last newsletter. Continue to monitor the Hotline and website at www.investech.com for critical updates between issues.

FOR NEW SUBSCRIBERS: Purchases after our initial recommendation must be made at your discretion. We generally advise bringing your portfolio in line with the following allocation as soon as possible.

CURRENT ADVICE	PERCENT	COMPANY	SYMBOL/EXCH	52 - WEEK Hi Low	INIT. RECOMMENDED Date Price	RECENT PRICE	P/E	YIELD
BUY/HOLD	6%	MATTHEWS ASIAN GROWTH & INCOME FUND Invests at least 80% of assets in dividend-paying equity securities and convertible securities of companies located in Asia.	MACSX —	15.69 9.88	5/8/09 @ 12.59	15.65	16	2.3%
BUY/HOLD	4%	AFLAC, INC. The world's largest underwriter of supplemental cancer insurance, with operations primarily in Japan and the U.S.	AFL nyse	47.88 10.83	1/3/03 @ 31.60	46.55	15	2.4%
BUY/HOLD	4%	AUTOMATIC DATA PROCESSING INC. One of the world's largest providers of transaction processing, data communications, and information services.	ADP nyse	44.50 32.03	5/5/03 @ 30.47	43.04	16	3.2%
BUY/HOLD	3%	DEVON ENERGY CORP. Largest U.S. independent oil & gas producer with annual reserve growth of 15% over the past 15 years.	DVN nyse	73.12 38.55	1/21/04 @ 30.10	63.89	22	1.0%
BUY/HOLD	4%	PEPSICO INC. The world's premier consumer product company focused on convenient foods and beverages.	PEP nyse	64.48 43.78	9/8/04 @ 49.70	61.27	18	3.0%
BUY/HOLD	8%	ISHARES DJ HEALTH CARE Exchange traded fund designed to track the Dow Jones Health Care Index.	IYH amex	64.34 43.99	1/25/06 @ 63.65	63.59	15	1.6%
BUY/HOLD	3%	DIAGEO PLC The world's largest producer and distributor of alcoholic drinks.	DEO nyse	70.00 40.93	5/26/06 @ 67.00	68.45	16	3.6%
BUY/HOLD	3%	WALGREEN CO. Nation's largest drugstore operating over 5700 stores. Company has over 34 consecutive years of earnings and dividend growth.	WAG nyse	40.69 21.39	6/1/07 @ 45.13	38.81	19	1.4%
BUY/HOLD	3%	WATERS CORP. A world leader in the design, manufacture and sales of high-performance liquid chromatography (HPLC) instruments and supplies.	WAT nyse	63.09 30.00	1/30/08 @ 58.23	61.21	19	0.0%
BUY/HOLD	4%	MICROSOFT CORP. World's largest software company with offices in over 100 countries. Best known for the Windows operating system and Office application suite.	MSFT nyse	30.37 14.87	5/14/08 @ 29.93	29.85	20	1.7%
BUY/HOLD	10%	ISHARES RUSSELL MIDCAP GROWTH INDEX Exchange traded fund that tracks the performance of the Russell Midcap Growth Index.	IWP amex	44.82 25.21	5/14/08 @ 56.33	44.10	18	0.9%
BUY/HOLD	4%	CHARLES SCHWAB CORP. Leading provider of financial services with more than 300 offices, 7.1 million brokerage accounts and \$1.4 trillion in client assets.	SCHW nasdaq	19.87 11.00	8/13/08 @ 22.08	18.43	22	1.4%
BUY/HOLD	4%	WASTE MANAGEMENT, INC. Largest waste disposal company in North America. Services include collection, transfer, recycling, disposal and waste-to-energy.	WM nyse	33.99 22.10	1/2/09 @ 33.78	33.21	18	3.5%
BUY/HOLD	4%	VF CORP. World's largest apparel manufacturer and distributor. Leading brands include Wrangler, Lee, North Face, Vans and Nautica.	VFC nyse	79.79 46.06	4/8/09 @ 62.79	73.38	16	3.3%
BUY/HOLD	4%	INTEL CORPORATION Leading manufacturer of integrated circuits. Main products include microprocessors (Pentium series), controllers and memory chips.	INTC nasdaq	21.27 12.05	4/22/09 @ 15.67	19.90	47	2.8%
BUY/HOLD	4%	UNITED TECHNOLOGIES CORP. Worldwide provider of technology products and services. Operations include Pratt & Whitney, Carrier, and Sikorsky helicopters.	UTX nyse	70.30 37.40	4/22/09 @ 46.89	69.40	17	2.2%
BUY/HOLD	4%	AIR PRODUCTS & CHEMICALS INC. One of the world's largest suppliers of atmospheric, process and specialty gases serving the industrial and technology industries.	APD nyse	85.44 43.44	5/1/09 @ 65.75	81.75	28	2.2%
BUY/HOLD	13%	ISHARES RUSSELL 2000 INDEX Exchange traded fund designed to track the performance of the Russell 2000 Index.	IWM amex	62.61 34.26	5/22/09 @ 47.79	60.17	16	1.4%
BUY/HOLD	4%	NIKE, INC. Largest seller of athletic footwear and apparel in the world. Nike products are sold in over 180 countries around the world.	NKE nyse	66.35 38.24	5/29/09 @ 57.05	63.86	21	1.7%
BUY/HOLD	4%	EQUIFAX, INC. A leading worldwide source of consumer and commercial analytics and information solutions.	EFX nyse	30.69 19.63	9/16/09 @ 27.76	30.26	16	0.5%

¹ Net dividend yield based on current exchange rate and adjusting for 15% foreign withholding tax.

ALTERNATE MUTUAL FUND PORTFOLIO

This portfolio is offered as an alternative to the Model Portfolio for those who wish to limit investments to mutual funds.

CHANGES SINCE THE LAST ISSUE: The Alternate Mutual Fund Portfolio remains **97% invested with no recommended changes at this time.** Entry prices for T. Rowe Price Equity-Income, Matthews Asian Growth & Income and Royce Pennsylvania Mutual Fund have been adjusted to reflect recent dividend payments. Additional distributions are expected before year-end and you may want to delay purchase in taxable accounts until after the ex-dividend date. Continue to monitor the Financial Hotline for critical strategy updates.

PERCENT	FUND	SYMBOL	52-WEEK Hi Low		INIT. RECOMMENDED Date	RECENT Price	RECENT PRICE	ALTERNATE FUNDS
3%	T-BILLS/ CASH/ MONEY MARKET							Money Market Fund
20%	T. ROWE PRICE MID-CAP GROWTH	RPMGX	46.85	27.28	5/5/03	24.86	46.24	Mid-Cap Growth or Blend funds below
15%	T. ROWE PRICE EQUITY-INCOME	PRFDX	20.87	11.68	4/12/04	18.24	20.82	Large-Cap Value funds below
18%	ARTISAN MID CAP VALUE	ARTQX	17.72	9.88	11/29/04	13.09	17.72	Mid-Cap Value funds below
3%	VANGUARD ENERGY FUND	VGEX	63.34	36.13	11/4/03	20.85	58.44	Specialty-Energy funds below
6%	MATTHEWS ASIAN GROWTH & INCOME	MACSX	15.69	9.88	5/8/09	12.59	15.65	International-Asia funds below
18%	ROYCE PENNSYLVANIA MUTUAL FUND	PENN	9.41	5.04	5/13/08	10.57	9.15	Small-Cap or Mid-Cap funds below
17%	JANUS PERKINS MID CAP VALUE	JMCVX	19.77	12.16	5/22/09	15.90	19.41	Mid-Cap funds below

THE TOP-RATED FUNDS

FUND	SYMBOL	OBJECTIVE	CURRENT PERF ¹		PAST PERF ¹			RECENT ² PRICE	NTF ³
			6wk	YTD	2008	3yr annl	5yr annl		
LARGE-CAP FUNDS									
VANGUARD EQUITY-INCOME	VEIPX	Large-Cap Value	+ 6.8%	+ 16%	- 31%	- 5%	+ 2%	18.15	F,S,A
➤ T. ROWE PRICE EQUITY-INCOME	PRFDX	Large-Cap Value	+ 6.6%	+ 25%	- 36%	- 6%	+ 1%	20.82	
➤ SOUND SHORE FUND	SSHFX	Large-Cap Value	+ 4.1%	+ 25%	- 36%	- 6%	+ 1%	28.25	
ISHARES RUSSELL 1000 VALUE (ETF)	IWD	Large-Cap Value	+ 7.0%	+ 19%	- 36%	- 9%	0%	57.45	
VANGUARD GROWTH (ETF)	VUG	Large-Cap Growth	+ 7.2%	+ 33%	- 38%	- 3%	+ 2%	52.15	
MID-CAP FUNDS									
ARIEL APPRECIATION	CAAPX	Mid-Cap Blend	+12.0%	+ 59%	- 41%	- 2%	+ 2%	34.64	F,S,A
➤ T. ROWE PRICE MID-CAP GROWTH	RPMGX	Mid-Cap Growth	+ 6.9%	+ 42%	- 40%	0%	+ 5%	46.21	F,S,A
➤ VANGUARD STRATEGIC EQUITY	VSEQX	Mid-Cap Blend	+ 7.9%	+ 28%	- 42%	- 10%	- 1%	14.95	
➤ ARTISAN MID CAP VALUE ⁴	ARTQX	Mid-Cap Value	+ 7.9%	+ 37%	- 28%	0%	+ 6%	17.72	
➤ JANUS PERKINS MID CAP VALUE	JMCVX	Mid-Cap Value	+ 4.0%	+ 28%	- 27%	0%	+ 5%	19.41	
ISHARES RUSSELL MIDCAP VALUE (ETF)	IWS	Mid-Cap Value	+ 8.1%	+ 30%	- 38%	- 7%	+ 2%	36.36	
➤ ISHARES RUSSELL MIDCAP GROWTH (ETF)	IWP	Mid-Cap Growth	+ 8.0%	+ 42%	- 45%	- 5%	+ 2%	44.10	
SMALL-CAP FUNDS									
➤ ROYCE PENNSYLVANIA MUTUAL FUND	PENNXX	Small-Cap Growth	+ 5.8%	+ 32%	- 35%	- 4%	+ 3%	9.15	
➤ ISHARES RUSSELL 2000 (ETF)	IWM	Small-Cap Blend	+ 6.8%	+ 23%	- 34%	- 7%	0%	60.17	
ISHARES RUSSELL 2000 VALUE (ETF)	IWN	Small-Cap Value	+ 6.6%	+ 16%	- 29%	- 9%	0%	56.35	
ISHARES RUSSELL 2000 GROWTH (ETF)	IWO	Small-Cap Growth	+ 6.9%	+ 29%	- 39%	- 6%	+ 1%	65.31	
SPECIALTY FUNDS									
AMER. CENT. GLOBAL GOLD FUND	BGEIX	Precious Metals	+12.4%	+ 46%	- 27%	+ 6%	+ 15%	20.71	F,S,A
FIDELITY SELECT GOLD	FSAGX	Precious Metals	+12.1%	+ 41%	- 20%	+ 12%	+ 21%	43.84	F
STREETTRACKS GOLD SHARES (ETF)	GLD	Precious Metals	+ 6.6%	+ 26%	+ 5%	+ 20%	+ 20%	109.32	F
FIDELITY SELECT NATURAL GAS	FSNGX	Energy	- 2.0%	+ 45%	- 57%	- 6%	+ 7%	29.29	
T. ROWE PRICE NEW ERA	PRNEX	Energy	+ 3.7%	+ 43%	- 50%	- 1%	+ 10%	41.85	
➤ VANGUARD ENERGY FUND	VGEX	Energy	+ 1.0%	+ 33%	- 43%	+ 1%	+ 13%	58.44	
VANGUARD ENERGY (ETF)	VDE	Energy	+ 0.9%	+ 22%	- 40%	- 1%	+ 11%	81.95	
➤ ISHARES DJ HEALTH CARE (ETF)	IYH	Health Care	+10.8%	+ 20%	- 23%	0%	+ 3%	63.59	
INTERNATIONAL FUNDS – ASIA									
➤ T. ROWE PRICE NEW ASIA	PRASX	Int'l – Asia	+12.4%	+102%	- 61%	+ 12%	+ 19%	16.17	F,S,A
➤ MATTHEWS ASIAN GROWTH & INCOME	MACSX	Int'l – Asia	+ 4.1%	+ 40%	- 32%	+ 6%	+ 11%	15.65	
FIDELITY SOUTHEAST ASIA	FSEAX	Int'l – Asia	+ 7.6%	+ 37%	- 52%	+ 2%	+ 15%	24.98	
ISHARES MSCI PACIFIC EX-JAPAN (ETF)	EPP	Int'l – Asia	+ 5.1%	+ 61%	- 48%	+ 4%	+ 12%	41.60	

➤ Preferred Selection

1 % Return with dividends & capital gains reinvested
2 Price – Net asset value/share (NAV)
3 No Transaction Fee (NTF)
4 Closed to new investment

F – Fidelity NTF
S – Schwab OneSource
A – TD Ameritrade

**Data Sources: Morningstar Principia Plus
Investors FastTrack**

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