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BARRON'S COVER

Buckle Up for 2010

By KOPIN TAN

A dozen market strategists offer their predictions of what 2010 will bring for investors -- and advice on how to profit.

IF 2008 CLOBBERED MOST INVESTORS and '09 enriched them, 2010 will be a year for guarding gains and managing risk. The new year -- and new decade -- begin with an amplified awareness not of what else investors might attain, but of what they stand to lose. The U.S. economy must grow enough to create jobs for at least some of the 8 million people who lost theirs to recession, but not so fast as to trigger inflation. Central banks must wean the markets off monetary life support, but without inducing withdrawal. Everything must go right. Anything can go wrong.

Against this backdrop, the dozen Wall Street strategists and investment managers surveyed by *Barron's* see the Standard & Poor's 500 gaining a modest 12% for the year, to finish 2010 at 1239, up from Friday's 1102. The rough consensus among this group is that stocks are good investments, what with cash earning nothing and Treasury yields pathetically low. But the case these strategists make for stocks is peppered with caveats and "buts," and their year-end targets range widely, from 1120 to 1350.

Curtis Parker for *Barron's*

No one expects a rip-roaring economic recovery, either. Their forecasts for gross-domestic-product growth lie between 2.3% and 4%, well below the average 6% rate of economic expansion historically seen in the year following a recession. By transferring debt from the private to the public sector, "the Fed has effectively managed the clock and delayed the day of reckoning until our financial system is better prepared," says Jeffrey Knight, head of Putnam Investments' capital-markets committee. "But managing that process is fraught with peril -- and it's a drag on the economy."

Many of the market seers we consulted predict gains in 2010 will be front-end loaded, which may be as close as they come to admitting they have no clear view of what will happen more than six months from now. The year could start strongly as companies spend the cash they had hoarded, replenishing depleted inventories and even starting to hire again as the government holds down borrowing costs. That could propel the stock market, which has rebounded 22% this year, and a stunning 63% since March, even higher into the spring.

AT SOME POINT NEXT YEAR, however, evidence of an improving economy could lead the Federal Reserve to begin raising short-term interest rates, thereby draining some of the great sea of money on which the markets have been floating. Unless the economy really kicks into higher gear, investors could be facing the worst of both worlds: tepid growth *and* higher borrowing costs, not to mention higher taxes.

2010 Forecasts

The first hint that the Fed is changing its generous ways could trigger a retreat from risky assets that sends the market sharply lower. Goldman Sachs, for example, sees a cyclical start but defensive finish to 2010, with the S&P 500 climbing to 1300 before it slides to 1250. Morgan Stanley thinks the benchmark could overshoot to 1220-1240 before pulling back.

Rising corporate profits and 10% unemployment is a combustible mix in a mid-term election year, especially with populist fervor and political rhetoric heaped against Wall Street. "I'm almost convinced the government is going to make a mistake, just because there are so many things it must manage perfectly," says Citigroup's chief U.S. strategist, Tobias Levkovich. He flags monetary, tax and trade-policy errors as three big risks in the new year.

The most bullish strategists see 3% to 4% growth in the economy next year. That's neither too hot nor too cool, though not quite the just-right Goldilocks economy of the late 1990s, either. Desultory trends like 15 million job seekers, five million vacant apartments and an economy running at 71% capacity, well below the four-decade average of 81%, will hold wages and prices down. As JPMorgan Chief Economist Bruce Kasman says, "3.5% growth never felt so bad."

Half the strategists expect the Fed to keep benchmark rates near zero through 2010. Stocks will continue to "enjoy the macro sweet spot of sustained GDP growth, low inflation and low interest rates," says John Praveen, Prudential International's chief investments strategist.

Aggressive government action and zero rates helped an economy that shrank 6.4% in 2009's first quarter to expand by 2.8% in the third -- a 9.2-percentage-point swing that few foresaw. Existing-home sales rose 24% from October 2008; manufacturing is expanding after an 18-month slump; monthly job cuts have shrunk to 11,000 and year-over-year retail sales turned positive last month for the first time since Lehman Brothers collapsed last fall. "We scared the business community into preparing themselves for a great depression," says James Paulsen of Wells Capital Management. "The result is companies have maximized their operating leverage." Paulsen expects the S&P 500 to rally 22%, to end next year near 1350.

Barry Knapp, Barclays Capital's U.S. equity strategist, is so bullish about the job market that he thinks employers might have started adding jobs in December. That could pressure the Fed to begin draining excess reserves from the financial system through mechanisms such as reverse repurchase agreements, interest on reserves and term-deposit facilities.

"If growth accelerates, the Fed will end the quantitative-easing program in March, as planned, leaving the market to absorb more than $2 trillion of net fixed-income supply in 2010," Knapp says. "If growth slows, stretched multiples and earnings expectations will likely prove overly optimistic."

A well-telegraphed move by the central bank would minimize the shock to investors, Knapp says. But he thinks any steps to drain the system of excess money could trigger a correction before stocks start to rebound. He expects the S&P to end 2010 flat, near 1120.

THE PERFORMANCE OF THE U.S. STOCK market will boil down to two questions: Will S&P 500 companies eke out the profits expected of them? And, will retail investors, burned by a decade of negligible returns and a year of financial distress, leap into stocks again, as institutions have done?

The strategists we surveyed expect S&P 500 companies to earn a collective $76, on average, in 2010, 24% higher than this year's anticipated operating profit of $61.33. Analysts have spent the fall upgrading their stock recommendations, so investors can't count on more upgrades to goose prices in the months ahead.

There is no shortage of other supports, however. Only a quarter of the $787 billion federal stimulus package approved early in 2009 has been spent so far, and the bulk will be deployed next year. When its impact fades in the second half, the government, wisely or not, can extend further aid. Goldman Sachs sees an additional $250 billion in stimulus in the next three years.

Goldman's economists hardly are oozing optimism; they expect below-consensus GDP growth of 2.3% next year, and unemployment to peak at 10.8% in 2011. Yet the firm expects S&P 500 revenue to grow by an above-consensus 8.9% in 2010, and by 7.4% in 2011, helped by expansion in overseas markets. U.S. companies earn a third of their sales abroad, with demand particularly strong in the BRIC economies of Brazil, Russia, India and China, where GDP could grow 9.2% in 2010.

The drag from bank losses also is dissipating, which could help the index. **Wells Fargo** (ticker: WFC) and **Citigroup** (C) both sold stock last week to repay federal bailout money, and roughly $161 billion of the $245 billion the government pumped into financial institutions has been repaid. By late 2010, "financials will have taken approximately $2 trillion, or 95% of the $2.1 trillion in total forecast write-downs and loss provisions," says Goldman strategist David Kostin.

While futures traders see the Fed hiking its interest-rate target to about 1% late next year, Goldman thinks slack capacity and sluggish growth will stay the central bank's hand. "Any risk of near-term rate hikes stems more from the potential for better-than-expected growth than higher-than-expected inflation -- a more benign scenario for stocks," Kostin says.

Chart: Up, Up and Away

Corporate cash also could provide ballast for the stock market. American corporations slashed capital spending by 16% in 2008 and another 32% this year. As a result, cash now makes up 9.7% of their assets, well above the historical norm near 6.2%. "The balance-sheet recession is ending in more sectors than just financials," says Michael Hartnett, BofA Merrill Lynch's chief global strategist. With the ratio of corporate profits to capital expenditure at a record 117%, cash increasingly will be steered toward mergers, capital spending and dividends, all of which support stocks.

CHRISTOPHER HYZY, CHIEF INVESTMENT OFFICER at U.S. Trust, thinks 2010 will bring "a pivotal transition from government-led repair to private-sector-led recovery."

Hyzy lumps this decade's bubbles -- dot-com, housing and credit -- under one heading, leverage, from which the public and private sectors both are recovering. As more Americans pay down debt and trade down in their spending habits, "consumer demand and excessive leverage are both being repaired slowly." At the same time, manufacturing growth, a weaker dollar and Asian consumption have helped shrink our trade deficit to $33 billion in the past year from $57 billion.

The rest of the world, too, is growing healthier after a global crisis. Untenable global imbalances, including excessive Western consumption and Asian production, are being corrected, with emerging markets shouldering the burden of global growth. Mortgage debt in the BRIC countries accounts for just 9% of GDP, compared to 73% in the U.S. "The emerging-market consumer is at the beginning, not end, of the credit cycle," says BofA Merrill's Hartnett.

Come 2010, only 16 cents of every dollar of global economic growth will come from the U.S., nearly half the level in 1980. While GDP is tied to the American consumer, S&P profits are boosted just as much by corporate spending and overseas growth.

If the S&P 500 can command a price/earnings multiple of 16 times expected profits -- hardly exorbitant in view of benign inflation and a resumption of global growth -- the index would trade above 1200. Bullish strategists like Paulsen of Wells peg the market at 17 times an estimated $80 of earnings, to arrive at a target price of 1350 (rounded down from 1360).

SO, WILL INVESTORS BITE? It's a troubling sign that this year's ferocious rally was met with doubt and indifference by average Americans. Even as stocks steadied, some $11 billion was withdrawn in 2009 from equity mutual funds. At the same time, investors plowed $357 billion into fixed-income funds. Reserves in money-market mutual funds and other cash accounts, which swelled by 30% in two years to nearly $10 trillion in May, have fallen just 2% since.

Our love affair with fixed income is a new twist, since American households historically had roughly 30% of their wealth in real estate, 25% in the stock market and less than 7% in bonds. "A stock rally may start with institutional buying, but will need broad retail participation to thrive, because that's where the savings pool is concentrated," says David Rosenberg, an economist and strategist at Gluskin Sheff.

Mistrust is greatest when betrayal is freshest, and what was the credit crisis if not a colossal betrayal of investors' faith in the financial system? No wonder everything that's up lately -- Chinese stocks, credit, commodities -- is called a bubble. The real bubble may be in bubble-calling.

Raking In the Green

Aggressive monetary policy helped lift all market sectors in 2009, with technology showing the strongest growth–and the biggest increase in cash on hand.

	2009 YTD*	2008	Sector Weight*	Cash as % of Assets**	Cash/Assets 20-Yr Average
S&P 500	20.90%	−38.50%	100.00%	9.70%	6.20%
Energy	8.4	−35.9	11.60%	6.4	4.7
Materials	40.6	−47.1	3.51	6.4	3.9
Industrials	16.8	−41.5	10.53	6.7	3.9
Financials	13.4	−57.0	14.03	N.A.	N.A.
Info Tech	52.5	−43.7	19.04	27.2	18.1
Consumer Discretionary	34.7	−34.7	9.65	11.2	5.8
Consumer Staples	11.9	−17.7	11.64	7.0	4.4
Health Care	15.1	−24.5	13.01	19.1	11.0
Telecom	1.7	−33.6	3.17	2.7	2.4
Utilities	4.9	−31.6	3.82	2.1	2.2

*As of 12/15/2009. **As of 10/31/2009. Source: Standard & Poor's; Goldman Sachs; Compustat

Still, stocks look like a better bet than the competition. They are more attractive "relative to credit, given their inherent greater leverage to GDP growth," says Thomas Lee, JPMorgan's U.S. strategist. Also, stocks have yet to recoup half their bear-market losses, despite their rebound since March, while fixed-income markets have been restored more fully to pre-recession levels.

BlackRock's chief investment officer, Robert Doll, thinks rising rates will limit the appeal of bonds, and that stocks could outperform commodities in a slow economy.

"Heading into 2010, the comfortable, heavily trafficked stuff is no longer offering compelling returns, and you have to trek further out" -- to non-government-agency mortgage-backed securities, or agency interest-only securities that benefit from rising interest rates, for example -- "to find more compelling risk-reward" situations, says Putnam's Knight.

"The critical issue isn't just the business cycle but the psychological cycle," says Laszlo Birinyi, founder of the independent research firm Birinyi Associates, who called the bottom of the market close to its March lows. "Most people are still in the denial phase, and haven't really turned the corner and accepted that we're in the early stages of a bull market."

Birinyi isn't the only independent strategist who thinks investors could make 20%, with shrewd stock picking. Tim Hayes, chief investment strategist at Ned Davis Research, thinks the S&P 500 could end 2010 near 1300. Bespoke

Investment Group is targeting 1260.

Of course, Wall Street's seers don't always get it right, and sometimes their calls are horribly wrong. But their 2009 forecasts were close to the money. A year ago, the dozen brokerage and money-manager strategists we surveyed expected the S&P 500 to scale sharp peaks and brave deep valleys to finish 2009 near 1045, or 18% above '08's close. They didn't miss by much, even if they failed to foresee the height of those peaks or depths of those valleys. A similar early-September poll of 10 strategists put the S&P 500 near 1056 by year-end -- again, just shy of the bullseye. Is conservative the new consensus?

A FLOOD OF CHEAP MONEY LIFTED all assets this year, but the strategists expect the market's advance to narrow as investors grow more selective. In 2009 the stock market's P/E swelled to 17.4 times forecast earnings from 10.8 times, before settling recently at 15.1. Come 2010, "the multiple-expansion phase of the market is done," says Henry McVey, Morgan Stanley Investment Management's head of global macro and asset allocation.

Chart: Higher Interest Rates Loom, But...

McVey expects multiples to contract 10% or so, with investors' focus shifting to earnings growth and the market rewarding companies that can boost revenue, such as **Schlumberger** (SLB), **Google** (GOOG) and Charles Schwab (SCHW).

McVey predicts the performance gap will narrow between sectors but widen between market-cap bets. Small companies will find it tougher to raise capital and increase prices in 2010, as large, established companies wield pricing power to crowd out weaker rivals. Large-cap growth stocks with the promise of dividend growth could do well, he says.

Fran[ccedil]ois Trahan of ISI Group sees highly cyclical shares running out of steam once economic series like manufacturing growth peak. That would signal investors to turn toward companies with more stable growth. Quality will begin to matter, with free cash flow overtaking beta, or economic sensitivity, as a key investment criterion.

Goldman's Kostin suggests leaning on companies with high operating leverage that now are scraping the bottom of their profit-margin cycles, and those that are growing in the BRIC countries. Also, "companies with high free-cash-flow yields are likely to pursue mergers or return cash to shareholders via buybacks and dividends," he says. Goldman's diversified basket of 50 such stocks includes **D.R. Horton** (DHI), **Teradyne** (TER), **Mylan Laboratories** (MYL), **GameStop** (GME), **Macy's** (M), **Cigna** (CI) and **International Paper** (IP).

THIS YEAR WILL BE REMEMBERED for the rally in risky assets and the dollar's decline, with the buck's swings providing a short-term referendum on monetary policy. "In 2010, we should root for this pattern to break," says Putnam's Knight. When the dollar stabilizes without stocks slipping, it will be a sign the market has made a successful transition from central-bank-administered life support to walking on its own, he says.

BofA Merrill expects the dollar to strengthen against the euro, and the Chinese renminbi to appreciate 5% against the buck. It also looks for continued commodity inflation to push oil toward $100 a barrel by late 2010, and gold toward $1,500 an ounce in the next 18 months. That will provide support for energy and gold stocks, but pressure industries

Exit Strategy

Commodity and cyclical sectors historically have done well in the six months leading up to the start of Fed tightening. Gains slow after that, though sometimes not by much.

Average 6-Month Returns Before/After 1st Rate Hike*	Before	After
S&P 500	3.56%	3.01%
Energy	9.09	4.23
Materials	5.44	4.33
Industrials	3.94	–0.47
Financials	1.69	0.72
Info Tech	6.14	5.67
Consumer Discretionary	3.41	1.20
Consumer Staples	5.57	2.40
Health Care	3.42	5.08
Telecom	2.58	–1.02
Utilities	2.11	–2.45
Crude Oil	16.22	16.97
Gold	3.15	2.96
Dollar Index	–0.30	–2.86
10-yr Treasuries	–2.55	–7.59
Small Stocks	6.37	5.14

*Since 1962. Source: Birinyi Associates

such as autos and airlines that lack pricing power but are susceptible to rising commodity costs.

Technology is beloved by nine of the 12 strategists, in part because tech companies have huge piles of cash and are sensitive to both global growth and capital spending. The fear is that tech quickly could become crowded trade. ISI's Trahan, for one, decided to nix tech from his 2010 picks.

Utility stocks, in contrast, are unloved and under-owned. The stocks in this defensive industry started to break out in December, perhaps as investors look ahead to improving power demand and easier funding for projects. Sure, utilities' fat yields become less alluring when rates rise, and there is a risk that will happen if the economy takes off.

THAT'S JUST ONE OF THE MANY risks ahead. If the past decade makes anything clear, our sense of entitlement -- to appreciating real estate, easy credit, steady stock gains -- needed correcting. As 2010 will remind us, there is no reward without risk.

The Dow's Decade: More Bubbles Than Bubbly

THE "POP!" HEARD AT THE START of this decade wasn't from a champagne cork; it was the stock market bursting from the tech bubble's hot air. Ten years later, the Dow hasn't fully recovered.

Many Wall Street hands had worked the technology pump, but investment bankers really put their shoulders into it, along with analysts like Merrill Lynch's Henry Blodget and Morgan Stanley's Mary Meeker. Those two, you'll remember, championed the $365 billion takeover of Time Warner by AOL with respective predictions of exactly $1.0033 billion in new/old media synergies and GAAP-flouting dollars-per-eyeball. The millennium-launching merger did accomplish at least one thing: It inspired government cases alleging that brokerage research was tainted, cases the industry settled in April 2003 for $1.4 billion and a restructuring of Wall Street securities analysis that hasn't benefited anyone. As for the

May-September marriage of AOL and TimeWarner, it was dissolved right as the decade was ending, with Time Warner valued at about $35 billion and AOL at less than $3 billion.

Chart: The Dow's Decade: More Bubbles Than Bubbly

The government apparently wasn't so motivated by a May 2001 article, in this investment tabloid, questioning the performance claims for the fund managed by Bernard Madoff. It took more than seven years for the Feds to arrest him, after he'd already admitted to running the biggest Ponzi scheme in history.

The 21st century's first bubble of its own started in the credit markets in 2003 as Fed Chairman Alan Greenspan dropped the rate for federal funds to 1%. Securitized lending began a mad expansion the next year, encouraged perhaps by the unexpected Boston Red Sox victory in the World Series. The nation's personal savings rate went negative in 2005, and institutions didn't betray any more prudence, as shown by Wachovia's purchase of mortgagor Golden West Financial just as home prices peaked in 2006. The subprime-credit meltdown began months later, ultimately sinking Bear Stearns and Lehman Brothers, while leaving AIG and Citi in need of bailouts.

Four years after the tech bubble popped, Google had its IPO, and the Internet started delivering on its promise -- and peril for old-school enterprises like newspapers. The 'Net's rise was abetted by the launch of the Apple iPhone in 2007.

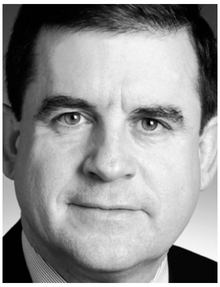
A typical experience in the 'aughts was that of Betty Cohen Gross, an individual investor on Long Island. When the decade began, she was day-trading tech stocks. "My daughter was turning 16," she recalls. "I bought Qualcomm in the morning and sold it in the afternoon when it rose 10 points. That's how I paid for her Sweet 16 party." Betty still buys stocks these days, but she's more into mutual funds, particularly exchange-traded funds. "I have become a big ETF person," she says.

-- *Bill Alpert*

E-mail comments to **editors@barrons.com**

2010 FORECASTS

▼ BUY-SIDE



Robert DOLL
BlackRock
2010 S&P 500 Target: 1,249
Profits '10: $77.50* **'10 GDP:** 3.25%*
Fed-Funds Rate: 1%
10-Yr Treasury Yield: 4.49%
Overweight: Health Care, Tech, Telecom
Underweight: Financials, Utilities

Christopher HYZY
U.S. Trust
2010 S&P 500 Target: 1,300
Profits '10: $75 **'10 GDP:** 3.5%*
Fed-Funds Rate: 0.75%*
10-Yr Treasury Yield: 3.5%
Overweight: Tech, Industrials, Materials, Energy
Underweight: Consumer Staples and Discretionary, Financials, Utilities

Jeffrey KNIGHT
Putnam Investments
2010 S&P 500 Target: 1,200
Profits '10: $75 **'10 GDP:** 2.5%
Fed-Funds Rate: 1%
10-Yr Treasury Yield: 4.25%
Overweight: Tech, Materials
Underweight: Energy, Utilities

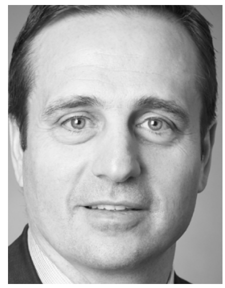
Henry McVEY
Morgan Stanley Investment Mgmt
2010 S&P 500 Target: 1,170*
Profits '10: $76.50 **'10 GDP:** 2.8%
Fed-Funds Rate: 1.5%
10-Yr Treasury Yield: 5.5%
Overweight: Tech, Health Care, Media
Underweight: Utilities, Financials

James PAULSEN
Wells Capital Mgmt
2010 S&P 500 Target: 1,350
Profits '10: $80 **'10 GDP:** 4%
Fed-Funds Rate: 1.5%
10-Yr Treasury Yield: 4.25%
Overweight: Industrials, Tech, Materials, Consumer Discretionary, Financials (large-cap)
Underweight: Consumer Staples, Utilities, Health Care

John PRAVEEN
Prudential International
2010 S&P 500 Target: 1,350
Profits '10: $80 **'10 GDP:** 3.3%
Fed-Funds Rate: 0.5%
10-Yr Treasury Yield: 4.5%
Overweight: Industrials, Materials, Tech, Financials
Underweight: Health Care, Consumer Staples, Utilities

▼ SELL-SIDE

Michael HARTNETT
BofA Merrill Lynch
2010 S&P 500 Target: 1,275**
Profits '10: $73 **'10 GDP:** 3.2%
Fed-Funds Rate: 0.125%*
10-Yr Treasury Yield: 4.25%
Overweight: Financials, Energy, Industrials
Underweight: Consumer Discretionary, Telecom, Health Care



Barry KNAPP
Barclays Capital
2010 S&P 500 Target: 1,120
Profits '10: $66 **'10 GDP:** 3.5%
Fed-Funds Rate: 1%
10-Yr Treasury Yield: 4.5%
Overweight: Tech, Industrials, Health Care
Underweight: Consumer Discretionary, Financials

David KOSTIN
Goldman Sachs
2010 S&P 500 Target: 1,250
Profits '10: $76 **'10 GDP:** 2.3%
Fed-Funds Rate: 0.125%*
10-Yr Treasury Yield: 3.3%
Overweight: Tech, Energy, Materials
Underweight: Health Care, Utilities, Consumer Discretionary, Telecom

Thomas LEE
JPMorgan
2010 S&P 500 Target: 1,300
Profits '10: $80 **'10 GDP:** 3.5%
Fed-Funds Rate: 0.125%*
10-Yr Treasury Yield: 4.5%
Overweight: Tech, Financials, Industrials
Underweight: Consumer Staples, Utilities

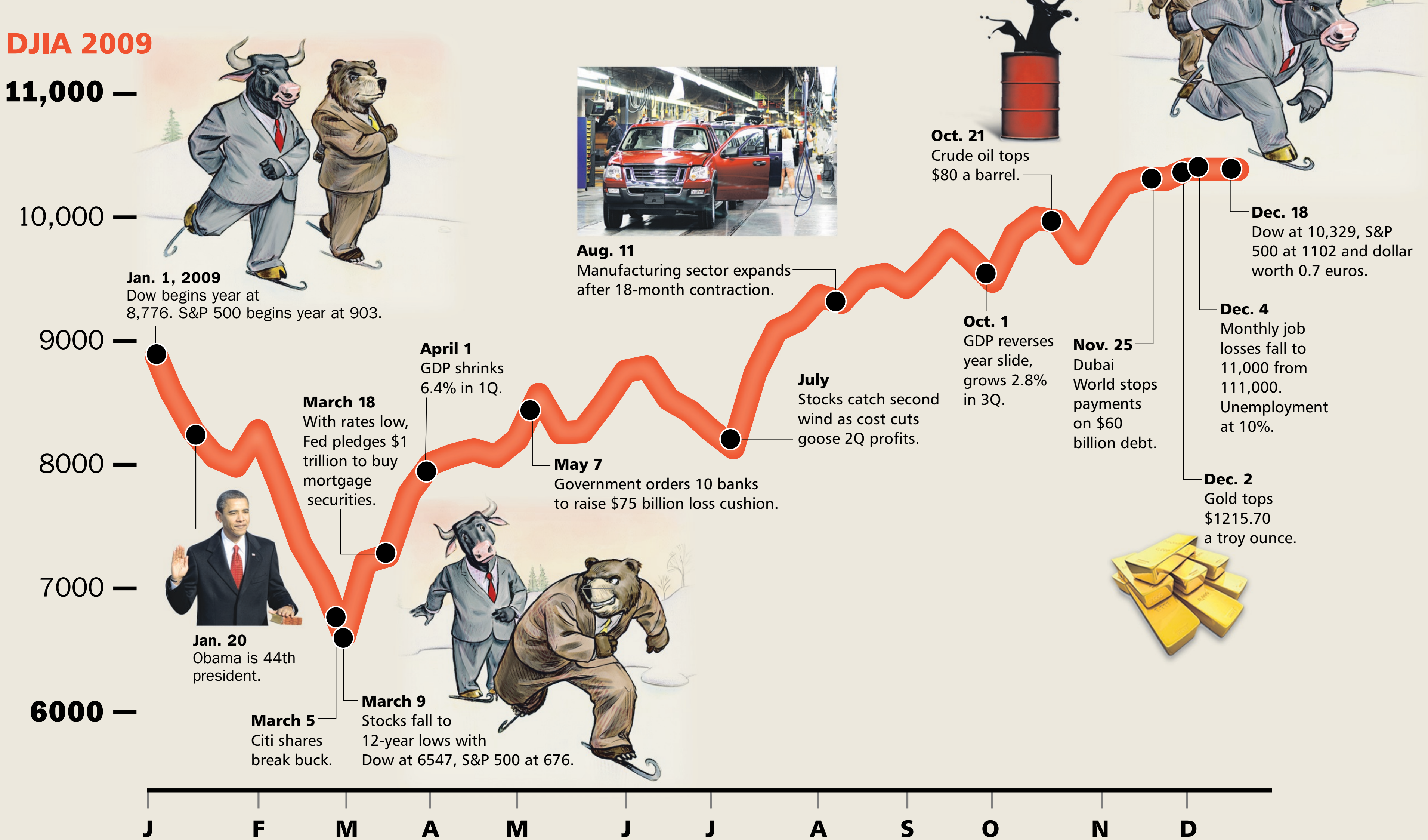
Tobias LEVKOVICH
Citigroup
2010 S&P 500 Target: 1,150
Profits '10: $72.50 **'10 GDP:** 2.7%
Fed-Funds Rate: 1%
10-yr Treasury Yield: 4.45%
Overweight: Consumer Discretionary, Energy, Industrials
Underweight: Telecom, Health Care

François TRAHAN
ISI Group
2010 S&P 500 Target: 1,150
Profits '10: $77.50* **'10 GDP:** 4%
Fed-Funds Rate: 0.125%*
10-Yr Treasury Yield: 3.5%
Overweight: Energy, Health Care
Underweight: Consumer Discretionary, Tech

*Mid-point of given range. **12-month forward target. Most GDP, rate views are from firms' economists, bond strategists. Fed-Funds Rate and 10-year Treasury Yield are year-end targets.

Up, Up and Away

Some say stocks hit the lows of a generation—or two or three—in March. The market has floated higher since, on a sea of ultra-cheap money and hope for a better economy.

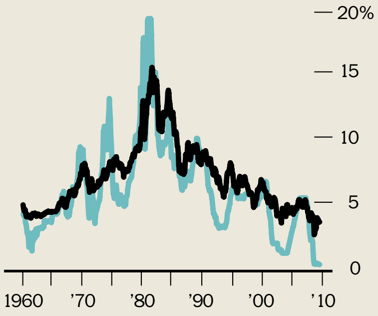


Illustrations by Matt Collins for *Barron's*; Photos from L to R: Dennis Brack/Bloomberg News; Joshua Lott/Bloomberg News; AP Photo/Brian Bohannon; Henrik Sorensen/Getty Images; Matthias Kulka/Corbis.Chart: Thomson Reuters

Higher Interest Rates Loom, But…

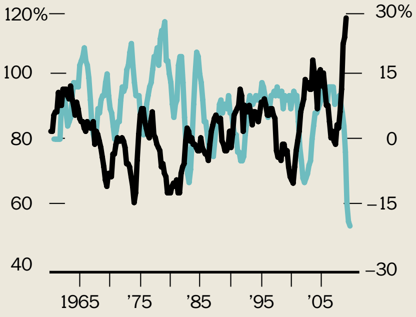
Long-term interest rates and short-term benchmark borrowing costs have nowhere to go but higher…

■ 10-Year Treasury Yield ■ Fed Target Rate



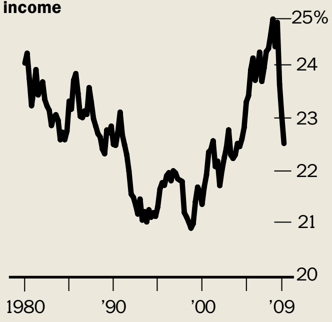
…though business spending is likely to pick up, given the ratio of U.S. corporate profits to expenditures already is at a record high.

■ U.S. Corporate Profits to Capex Ratio (left scale)
■ YoY Growth in Real Capital Spending (right scale)



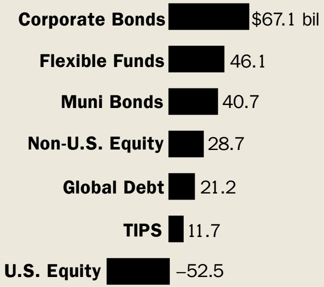
Households are paying down debt, but financial obligations have dipped with lower energy costs.

Household Financial Obligations, Including Energy, as % of Disposable income



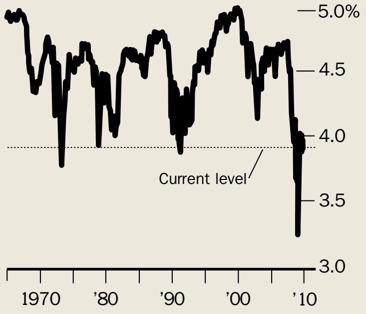
Retail investors have spurned stocks this year for the perceived safety of bonds…

2009 Fund Flows



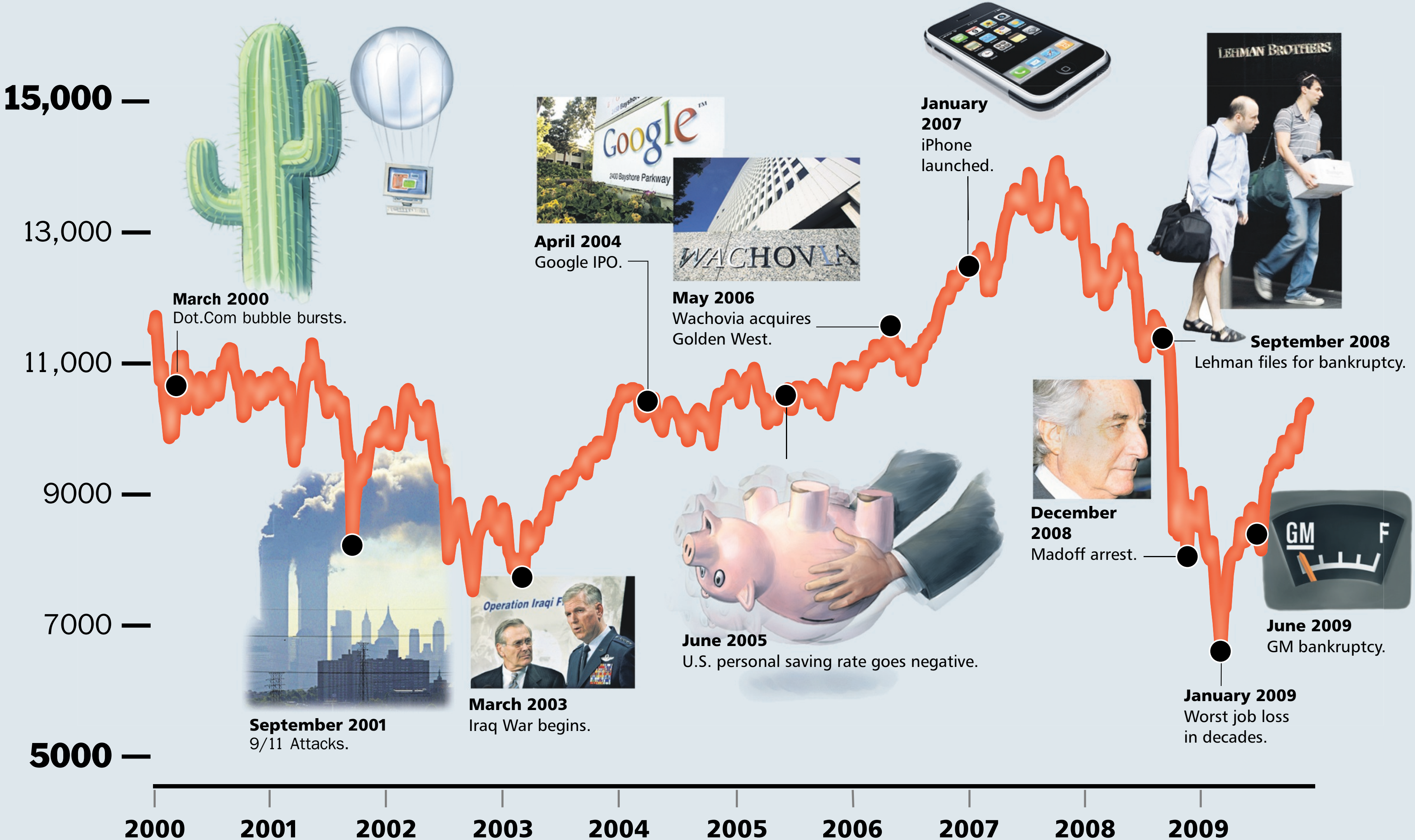
…but shattered consumer confidence still could improve with the economy.

Consumer Confidence



Sources: Chart 1: Federal Reserve Bank of St. Louis; Chart 2: BofA Merrill Lynch; Bloomberg; Bureau of Economic Analysis; Chart 3: Wells Capital; Chart 4: Lipper; BofA; Merrill Lynch; Chart 5: Conference Board

DJIA 2000-2009



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