

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 May 2011)

	Current Level ¹	Strategists' Predictions
STOCK MARKET (Dow Jones Industrials)	11010	10393
BOND MARKET (10-Year Treasury Note)	2.4%	3.1%
ECONOMIC GROWTH (Annual Growth of Real GDP)	1.7%	2.2%
INFLATION (Annual Increase in CPI)	1.1%	1.7%
SHORT-TERM RATES (Three-Month Treasury Bills)	0.12%	0.4%

(1) As of 10/11//10

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
50.2%	38.0%	11.8%	0%	0%	0%

RANGE OF CURRENT ALLOCATIONS			12-MONTH TRENDS IN COMPOSITE ALLOCATIONS			
	LOW	HIGH		LOW	HIGH	CURRENT
STOCKS	10%	60%	STOCKS	50.2%	56.3%	50.2%
BONDS	20%	80%	BONDS	31.3%	38.8%	38.0%
CASH	1%	20%	CASH	10.1%	12.3%	11.8%



GAIL DUDACK
Dudack Research Group
STOCKS 60%
BONDS 20%
CASH 20%
(no change)



GARY SHILLING
A. Gary Shilling & Co.
STOCKS 10%
BONDS 80%
CASH 10%
(no change)

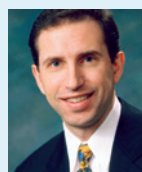
CASH HOLDINGS BELOW PANEL AVERAGE



SAM STOVALL
Standard & Poor's
STOCKS 60%
BONDS 25%
CASH 15%
(no change)



JEFFREY KLEINTOP
LPL Financial
STOCKS 53%
BONDS 32%
CASH 15%
(no change)



MARK BALASA
The Alpha Group
STOCKS 58%
BONDS 41%
CASH 1%
(no change)

Portfolio strategists polled 9/27/10-10/1/10

Behind the Numbers, with Jeffrey Kleintop



WE EXPECT THE economy and markets will stay on the course for growth in 2010. We are maintaining our forecasts for the year, which include: The U.S. economy will grow between 3% and 4%, with growth slowing in the second half of the year to a below average of 2% and 3%; stocks post modest single-digit gains on solid earnings growth, accompanied by high volatility; bonds post flat-to-mid single-digit gains as rates begin slowly to rise. Volatility will remain elevated, presenting risks to be side-stepped, as well as potential opportunities. Investors may benefit from a tactical approach to investing in the latter half of 2010 in order to find attractive opportunities when offered and successfully take profits when appropriate.

—LPL Financial