Market Notes July 6, 2009

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Lowe *fs* trusts that you had a happy July 4th celebration with family and/or friends despite the 2.5+ % market pull back following the release of the June economic numbers (see Wall Street Journal) last Thursday. We do expect this trend to continue into this week.

The June unemployment report and the attending stock market reaction signal the beginning of an anticipated stock market correction in the opinion of Morris Segall of SPG Trend Advisors. It is our expectation that this market decline will be led by commodities and that the Dow (see index disclaimer) could retest the 8,000 level.

The question becomes "to short or not to short." *Shorting* (purchasing holdings that have the potential to move in the opposite direction of the market) is much more difficult and carries substantially greater risk than it did earlier this year.

We do not anticipate utilizing this strategy at this time, although shorting is a tool in our strategies arsenal. Our conclusion is based partially on our risk vs. potential reward analysis and partially on the fact that there is substantial money waiting on the sidelines. It is our belief that this money will flow into the market thus making any current decline relatively short in duration.

We remain overweight in cash in many of our allocations, which may provide a cushioning effect to any near term decline. Lowe *fs* remains bullish on stocks over the 2010-2012 period and we believe that the lows of this past March are indeed the low point of the current cycle.

Based on our outlook we do not anticipate any significant changes in our current allocations. While we may be early in some sectors, such as energy and materials, we remain confident in these sectors for the next 1 to 3 years.

Overall, we expect a 5% to 10% correction. The severity of any such correction will be driven largely by both corporate earnings and anticipated earnings for the remainder of 2009 and into 2010.

As we have been saying since April, the markets recovered very quickly and needed a breather. This is a normal and important component in the process of a longer term and sustainable market recovery.

Important Disclosures

Not all portfolios are actively managed. If you have a question about how your account is being managed please contact us.

No diversification can completely protect against market risk or other risk factors with investing. A diversified portfolio could still lose money.

An Index is a portfolio of specific securities (common examples are S&P, DJIA, NASDAQ), the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Indexes are unmanaged portfolios and investors cannot invest directly in an index. Past performance is not indicative of future results.

Foreign investing carries additional risk such as currency risk, political risk and different accounting standards.