

Monthly Commentary

MAY 6, 2009

INVESTING: EX-POST OR EX-ANTE

Bill Henderly, CFA, Nvest Wealth Strategies, Inc.

US stocks experienced one of their best months in history during April. The Dow climbed 7.3% for the month, the S&P 500 gained 9.4%, and the NASDAQ jumped 12.3%. Since March 9 (market low to this point), we are experiencing the 4th longest bear market rally in 110 years; we call it the "Spring Rally" wherein the S&P 500 has climbed 29.4% through April 30.

We still call this a bear market rally (a rally within a bear market) since the technical trends of the bear market have not been broken yet. Investors are still painfully aware of the damage of the third worst bear market, when on March 9 the S&P 500 created a total loss of 56.8% of its value from its peak in October 2007 (17 months). Bear markets are a function of time and price – the price decline has been severe, but the time (duration) of the decline is still shorter than average. Given the magnitude of current issues, many think this bear market should run at least the average duration of 21 months, if not longer. Thus, many investors are skeptical toward the prospects of a new bull market being underway at this point. Unfortunately, all this will be known ex-post when we can look back and point to the bear market low of March 9.

nvest
WEALTH STRATEGIES

Delivering financial
peace of mind.

Style	April	YTD	Client Objectives (Stocks/Bonds)	April	YTD
Small Value	+17.6%	-0.4%	20/80	+2.8%	+2.5%
Mid Value	+14.9%	+2.6%	35/65	+3.8%	+2.6%
Small Growth	+13.4%	+4.2%	50/50	+5.1%	+2.1%
Mid Growth	+12.2%	+7.9%	65/35	+6.2%	+1.7%
Foreign	+12.2%	+1.5%	80/20	+7.1%	+1.0%
Large Value	+9.8%	-4.7%	95/5	+9.5%	+2.8%
S&P 500	+9.6%	-2.5%	S&P 500	+9.6%	-2.5%
Large Growth	+9.5%	+5.4%			

Money is best managed ex-ante; it should be invested using a forward focus. The positioning of investments based upon the rationale of a bear market rally or new bull market is currently an unknowable conclusion. Sentiment data show bulls and bears converging; but bears still have the majority view.

The stock market rally is occurring despite continuing bad news because the credit markets are starting to function in a more normal manner, and numerous "green shoots" are appearing in the US and around the world to evidence the impact of global policy initiatives. Policy initiatives have been truly global and colossal, and their significance is starting to produce desired effects.

Client portfolios have advanced nicely despite holding a lot of cash. All client objectives show positive returns in April and for the year-to-date (the S&P 500 was still negative). We swapped a couple of mutual funds into new similar style funds with a history of attractive up-market capture. We are attempting to tactically position holdings to recover lost value (from the bear market) via owning mutual funds with greater up-market capture than the market. Our greatest risk at this point is too much cash, which holds back portfolio value advances as the rally develops. Our next step is to start to reinvest cash via a couple of steps back into stocks. *(continued on pg 2)*

CONTACT US:

2310 Home Road
Delaware, Ohio 43015
740.917.9234

WWW.NVESTWEALTH.COM
Email: info@nvestwealth.com

INVESTING: EX-POST OR EX-ANTE -CONTINUED-

We anticipate a pull-back in the current "Spring Rally", but do not anticipate re-testing the March 9 low. Such a pull-back will allow us to invest some cash back into the portfolio - stock holdings. We do believe the worst of the bear market and recession is behind us. Deleveraging takes time, however and investors should not expect a quick return to pre-bear market values.

As always, we remind investors that time in the market is their greatest ally. If you want to earn attractive long-term returns, it is imperative to be a time IN the market investor. Investing is best managed ex-ante.

ENCOURAGING THOUGHTS DURING CHALLENGING TIMES

*Happy people don't necessarily have the best of everything;
they just make the best of everything they have.*

*Life isn't about how to survive the storm (though one learns that);
but how to dance in the rain.*

Nvest Wealth Strategies, Inc. | *Delivering financial peace of mind.*

www.nvestwealth.com

2310 Home Road

Delaware, Ohio 43015

Ph: 740.917.9234

Fax: 740.917.9234

Email: info@nvestwealth.com