

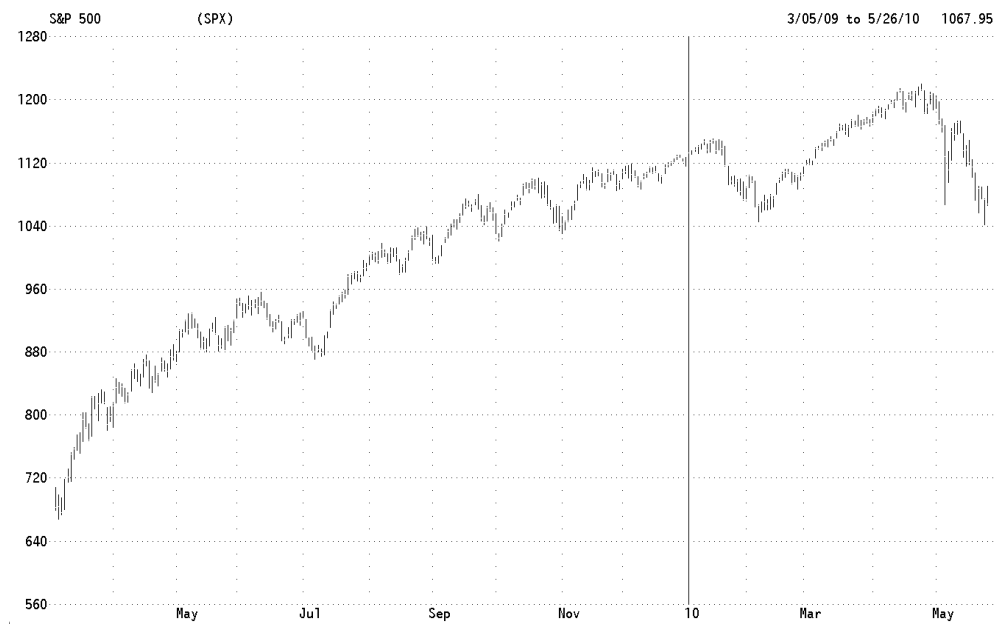
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Just a Correction

A painful month, but not unusual given the rise from last year's low

The big question in May has been whether the 10% drop in stock prices is a normal correction within a bull market or the beginning of a more serious drop. Leaning heavily on the research groups we employ, we continue to think this is a correction and therefore a buying opportunity---or at least a "holding" opportunity.



This chart puts the recent nasty market in perspective. Owning stocks since last spring has still been a very rewarding activity despite the hit we've taken in May. If we're right about the nature of this move, then we stand a good chance of getting back to the peak set in April before the end of the year. That would still make 2010 a decent, though unspectacular, year for stock investors.

In recent days a number of indicators that track investor panic have hit levels normally associated with market low points. While not infallible, these signs of panic have a good track record when they occur in periods when profits are growing and the economy is expanding.

Then there's this from Lowry Research, our most mechanical of market analysts:

"None of the signs of a market top were present in April when the current correction began. The odds favor a standard correction of 10 to 15 percent followed by a resumption of the bull market which began in March of 2009."

If they change their tune in the next few days or weeks we will let you know and take action needed to protect the value of your portfolio. But until that happens

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we will continue to look for ways to direct your holdings into the growth we see in a number of industries and specific companies.

Best regards,



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