



AMBROSE
WEALTH MANAGEMENT

[Partners in Managing, Protecting,
and Distributing Wealth.]

1st Quarter 2010 Market & Economy Review

Hosted by: Thomas K. Ambrose & Peter N. Blok

Housekeeping

In consideration of others, please mute your phones.

In the interest of time, this is an informational webcast, with questions to be asked “offline”.

A recorded playback of this call will be available by dialing: (712) 432-1285 code: 762457#

A digital recording can be emailed to participants upon request.

Agenda

- Financial Market Review
- State of Economy
- 2010 Condensed Expert Forecasts
- Current Strategic Positioning within Ambrose-advised portfolios

2008 & 2009 Financial Markets

	<u>2008</u>	<u>2009</u>
S&P 500	-38.49%	23.45%
MSCI All Cap World xUS	-45.09%	27.75%
MSCI Emerging Mkts	-54.48%	74.50%
Lehman US Agg. Bond	7.90%	3.01%
DJ Wil. US Real Estate	-39.20%	28.60%
Gold	2.96%	25.29%
Natural Gas (\$/mcf)	-31%	Flat

State of the Economy

After a brief improvement, home sales may face further headwinds

- Foreclosures still imminent due to unemployment and deleveraging
- According to Boston Fed Reserve Bank President, mortgage rates expected to climb by 0.75% as the Fed's 12-month plan to buy \$1.25trillion mortgage-backed securities comes to a close after March.

Retail sales temporarily increased in October and November

- Unemployment and declining wage increases should place pressure on sustainability

GDP increased by 5.7% in 4th quarter 2009

- Increasing exports due to weakening dollar as well as a rebuild of inventories

Corporate balance sheets are strengthening

- Increasing liquidity and potential opportunity for investment

Small business pressures (account for over 50% of US employment)

- weak demand, declining profits, unwillingness to borrow, Small Business Optimism below 90 6 consecutive quarters (happened once in 1980-82)

Expert Forecasts & “Evidence”

Effects of Government stimulus

- investor & consumer confidence
- front-loaded spending (soon-to-exhaust)
- delayed deleveraging

Evidence of a Market Ceiling

Market Valuation

At forecasted earnings and current P/E of 19...
...markets are at the TOP of their range

Market Volatility

Since March 2009, breadth of volatility widened and direction of trending flattened...market correction imminent

Trading Volume and Breadth

Narrow trading volume across few stocks
indicates a risky, vulnerable market

Ambrose Wealth Management Strategic Positioning

How are individual portfolio strategists
positioned?

How are we positioning overall portfolios by
strategy?

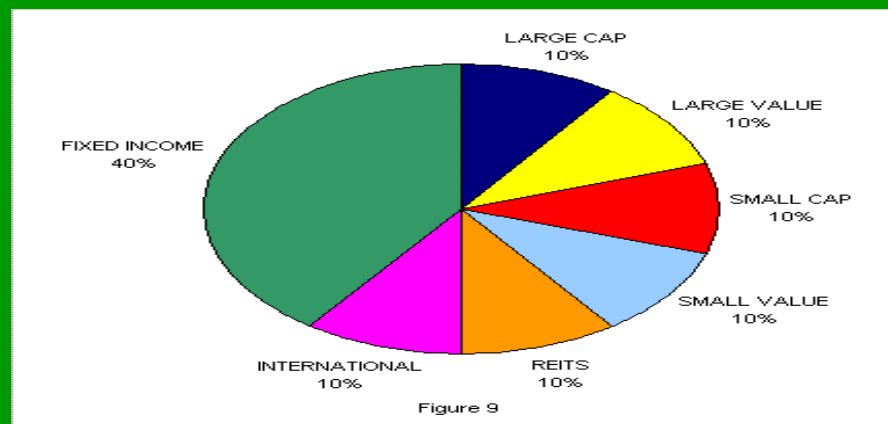
Asset Allocation Terminology

Constrained Strategy

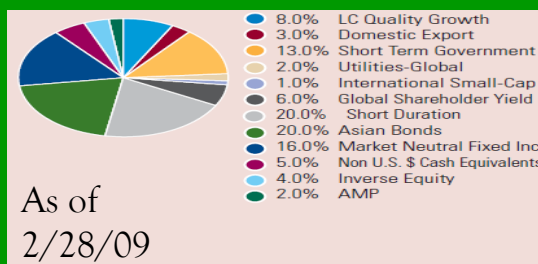
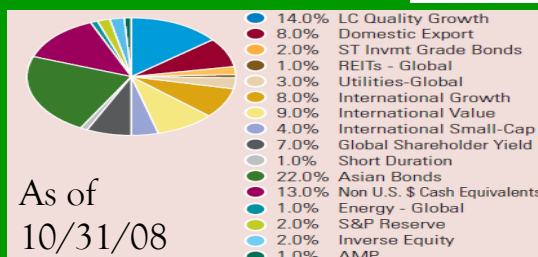
Investment Process: Manage a pre-defined allocation of equity-to-fixed income securities, with an option to tactically shift within equity or fixed allocation.

Investment Objective:

Make more or lose less than the market index



Unconstrained Strategy



Investment Process: Managed without any pre-defined allocation of equities and fixed income. Tactically shift across an unlimited selection of asset classes.

Investment Objective:

Reduce volatility and provide consistent returns

Market Opportunities & Threats

Genworth

Unconstrained “top down”

Opportunities:

- S-T Invest-Grade Bonds
- Market-neutral Fixed Income
- Emerging Market Currency
- Floating Rate Fixed Income
- Put Options over Equities

Manning Napier

Unconstrained “bottom up”

Opportunities:

- Healthcare
- Information Technology
- Semiconductor Equip
- Transportation
- High Yield Bonds
- 10-30 Yr Muni Bonds

Litman Gregory

Tactical Constrained

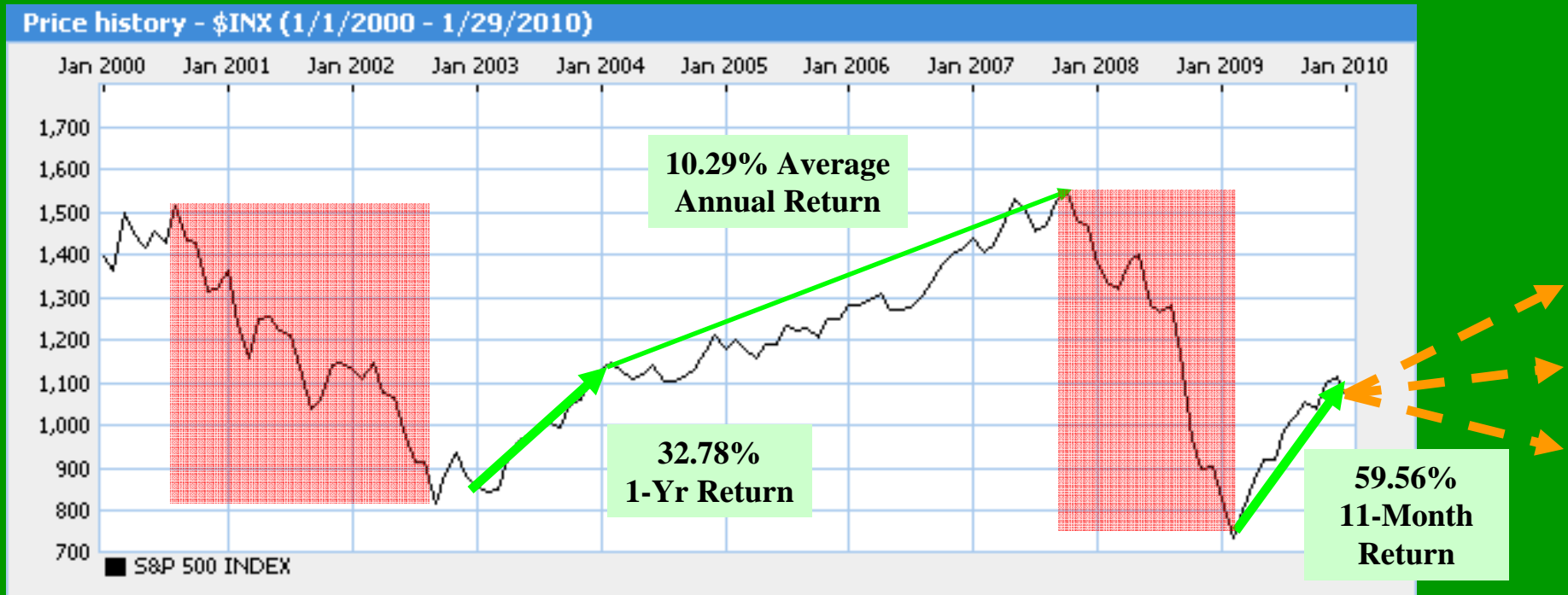
Opportunities:

- Corp/Hi Yield Bonds

Threats:

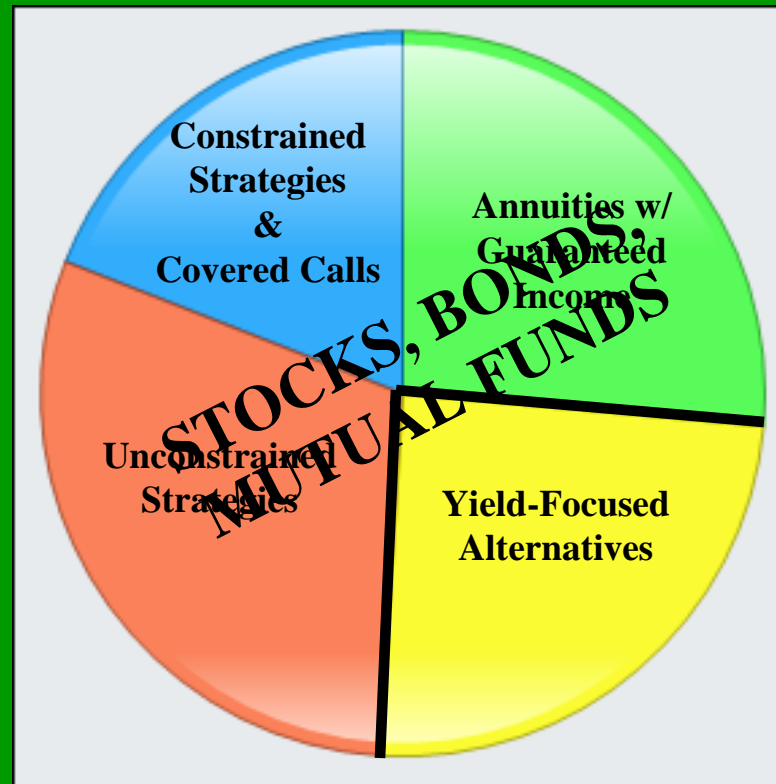
- Global equities overvalued
- US Gov't Bonds priced to underperform next 5 yrs.
- Traded REIT's overvalued based on yields under 4%

Balancing Risk & Return



- Where are we now?
- Where are we going?
- What are the risks?

Strategic Positioning



Thank You

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