


The Seven Rules of Wall Street

Sam Stovall, Chief Investment Strategist, S&P Equity Research



"The Seven Rules of Wall Street"

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Sage Investment Advice

**"A man's got to know his limitations."
-- Dirty Harry**


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Many Investors Are

- ★ Indecisive
- ★ Emotional
- ★ Impatient

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Sector Strategies Using "The Seven Rules of Wall Street"

- ★ Let Your Winners Ride, But Cut Your Losers Short
- ★ As Goes January, So Goes the Year
- ★ Sell in May, Then Go Away
- ★ No Free Lunch on Wall Street (Oh Yeah, Who Says?)
- ★ Don't Get Mad -- Get Even!
- ★ Don't Fight the Fed (At Least for Too Long)
- ★ There's Always a Bull Market Somewhere

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Rule #2: As Goes January, So Goes the Year

"Investors are like dieters – they look upon January as a new beginning."

S&P 500 January Performance	Rest of Year Change	Correct Forecast 1945-09
Up	11.6%	85%
Down	-0.6%	46%
All Years	7.1%	NA

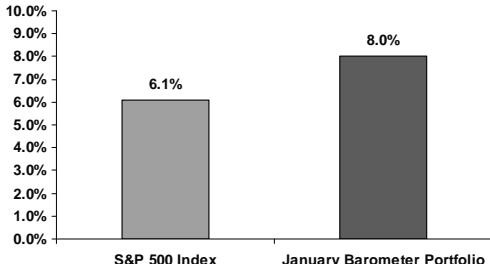
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Rule #2: As Goes January, So Goes the Year


Equal weightings of the three best performing sectors in January, held for 12 months (2/1/90-1/31/10).



Index	Return
S&P 500 Index	6.1%
January Barometer Portfolio	8.0%

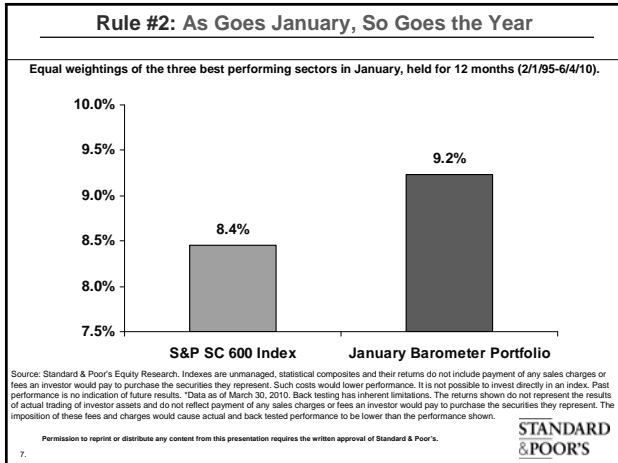
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Rule #3: Sell in May, Then Go Away

Cyclical & Defensive Six-Month Periods of the Year
(Data through 4/30/10 excludes reinvested dividends)

	S&P 500 % Change		Nov-Apr Beat May-Oct.
	Nov-Apr	May-Oct	
Since 1928	5.0%	1.9%	67%
Since 1945	6.7%	1.4%	71%
Since 1970	6.4%	1.0%	70%
Since 1990	6.3%	1.4%	65%

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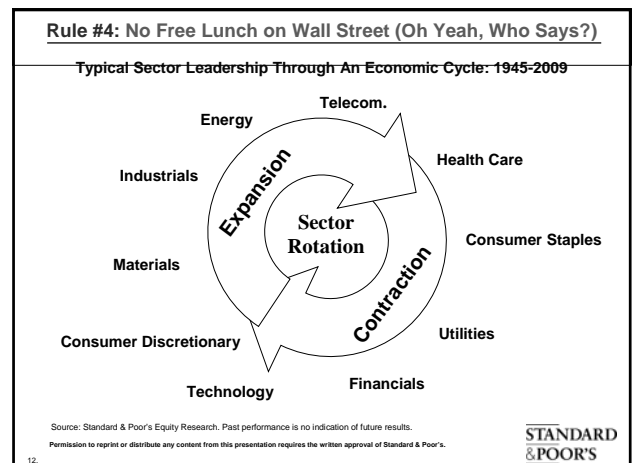
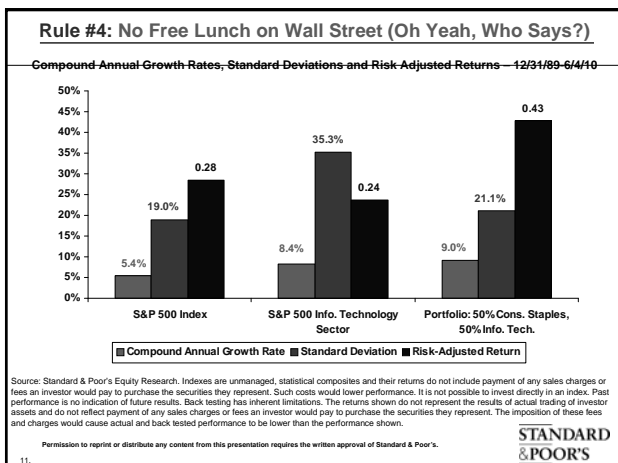
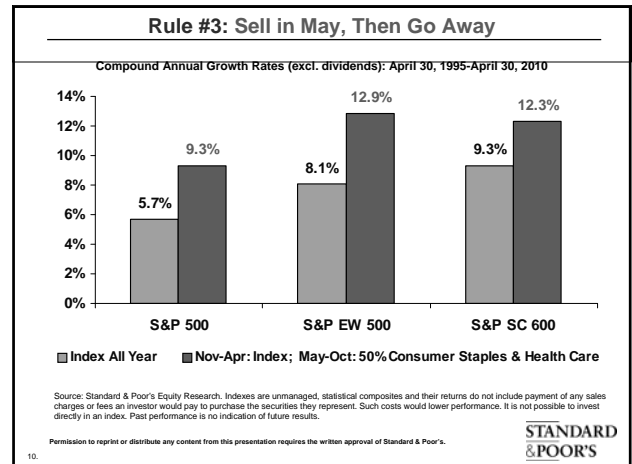
Rule #3: Sell in May, Then Go Away

S&P 500 Sector Average Performances (Price Only) and Frequencies of Market Outperformance: 4/30/90-4/30/10

Sector	Nov.-April		May-Oct.	
	% Chg.	F.O.	% Chg.	F.O.
Consumer Discretionary	10.2	55%	(1.1)	40%
Consumer Staples	4.0	50%	5.0	65%
Energy	7.5	45%	2.3	45%
Financials	7.3	65%	2.0	55%
Health Care	4.7	40%	5.0	60%
Industrials	8.9	75%	(0.4)	20%
Information Technology	8.8	60%	3.4	60%
Materials	10.0	75%	(2.6)	30%
Telecommunication Services	2.2	35%	0.6	55%
Utilities	2.8	35%	1.5	45%
S&P 500	6.3	NA	1.4	NA

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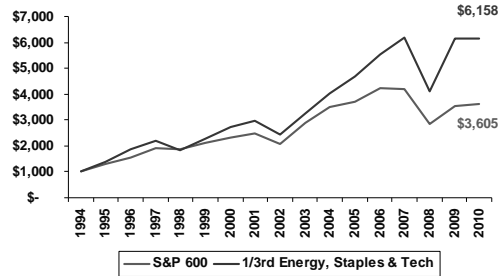


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Rule #4: No Free Lunch on Wall Street (Oh Yeah, Who Says?)

What \$1,000 on 12/31/94 would be hypothetically worth on 6/4/10 (excl. dividends reinvested):



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14.

Glossary

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A+	Highest	B-	Lower
A	High	C	Lowest
A-	Above Average	D	In Reorganization
B+	Average	NR	Not Ranked
B	Below Average		

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Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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