



### OUTLOOK

"Expecting a Short-term Bounce in the S&P 500"  
1/26/2010

As with Gold, we view the latest correction in the S&P 500 as a buying opportunity within a long-term uptrend. As long as its 50 day moving average remains above the 200 day moving average, the S&P 500 remains in an uptrend.



One indicator we can use to gauge the oversold condition of the market is the percentage of S&P 500 stocks above their 50 day moving average. In a strong uptrend, the \$SPXA50R (% of S&P 500 stocks above 50 dma) tends to signal oversold conditions when it drops below 50. However, the \$SPXA50R must reach much lower levels to signal oversold conditions in a downtrending market. An example of this can be seen in the graph in March of 2009 when the \$SPXA50R had to fall to near zero before signaling the bottom of the market's correction. With the \$SPXA50R recently dropping below 50 and the S&P 500 in an uptrend, we believe the probabilities favor a short-term bounce in the S&P 500.

Mark Yuan, CFA

*Investment Risks: All investments are subject to risk, including possible loss of principle. The views expressed in this commentary reflect those of the portfolio manager and YieldSafe Investments LLC as of the date of the commentary. Any views are subject to change at any time based on market or other conditions, and YieldSafe disclaims any responsibility to update such views. These views are not intended to be a forecast of future events, a guarantee of future results or investment advice. Because investment decisions are based on numerous factors, these views may not be relied upon as an indication of trading intent on behalf of any portfolio. The information contained herein has been prepared from sources believed to be reliable, but is not guaranteed by YieldSafe as to its accuracy or completeness. References to particular securities are intended only to explain the rationale for the portfolio manager's action with respect to such securities. Such references do not include all information about such securities, including risks, and are not intended to be recommendations.*