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Harmonic Investment Advisors



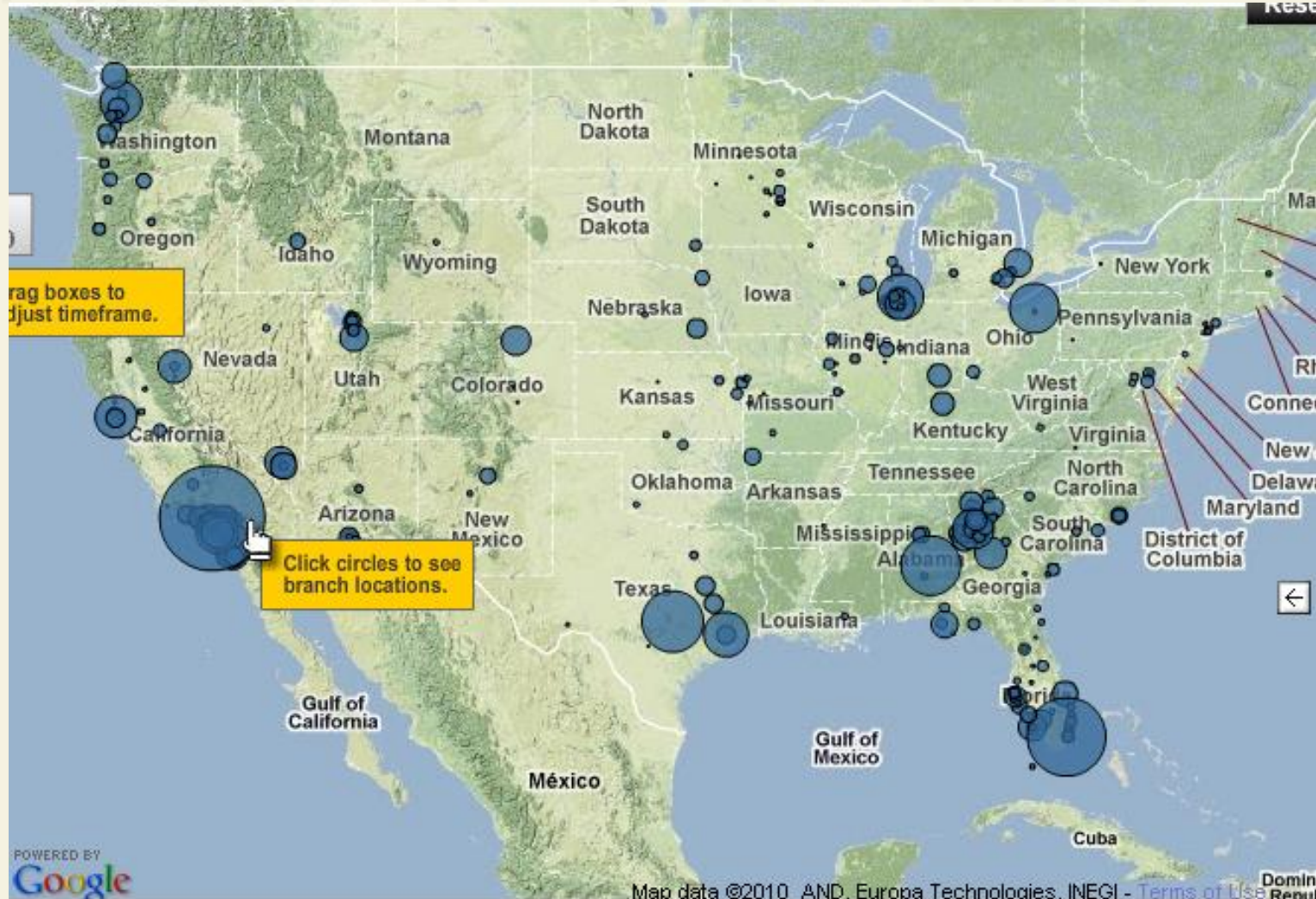
Integrity / Independence / Insight

WHAT GOT US HERE



SOURCE: DailyBail.com

THE AFTERMATH – BANK FAILURES



SOURCE: WSJ.com

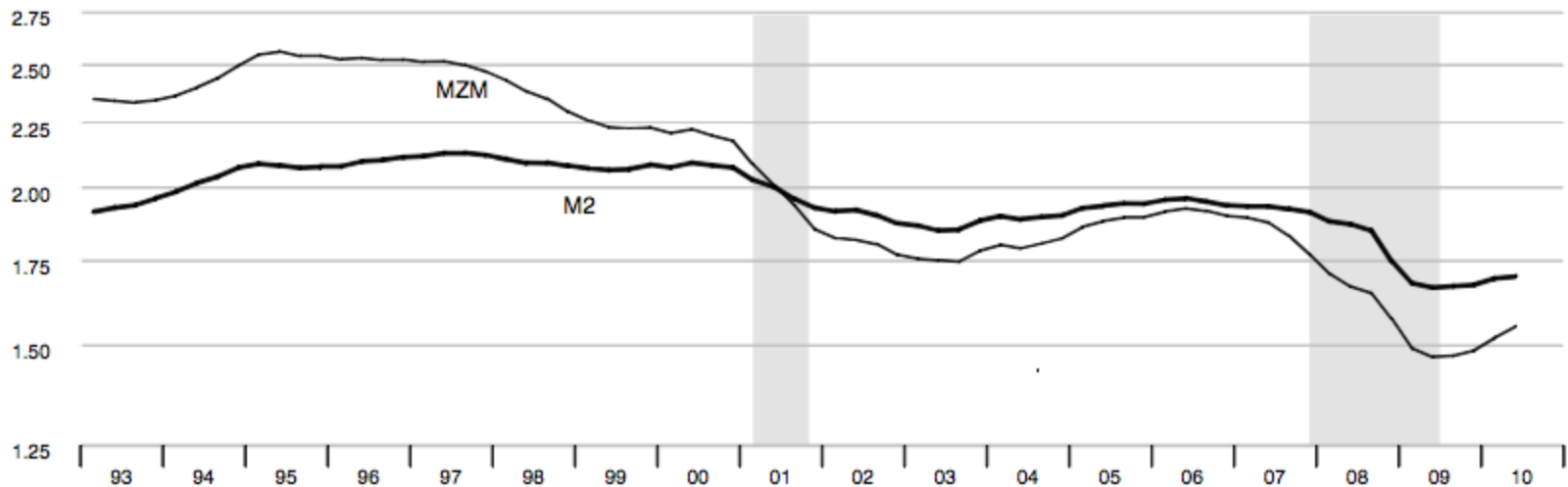
THE AFTERMATH – LOW ECONOMIC GROWTH

Monetary Trends

updated through
09/21/10

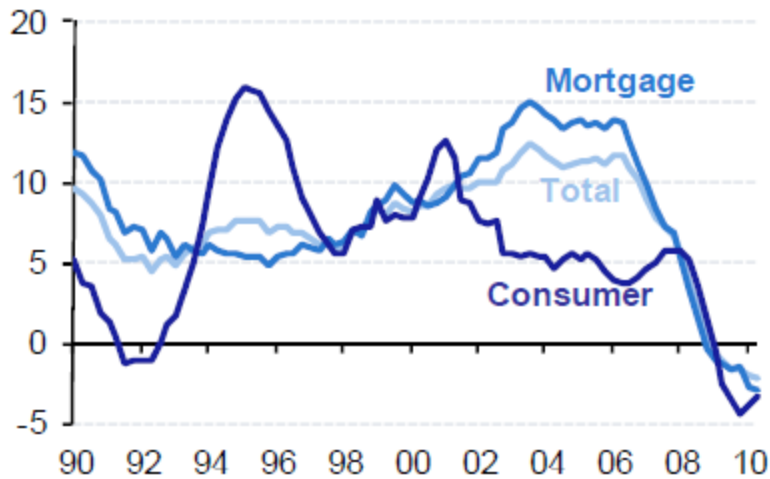
Velocity

Nominal GDP/MZM, Nominal GDP/M2 (Ratio Scale)



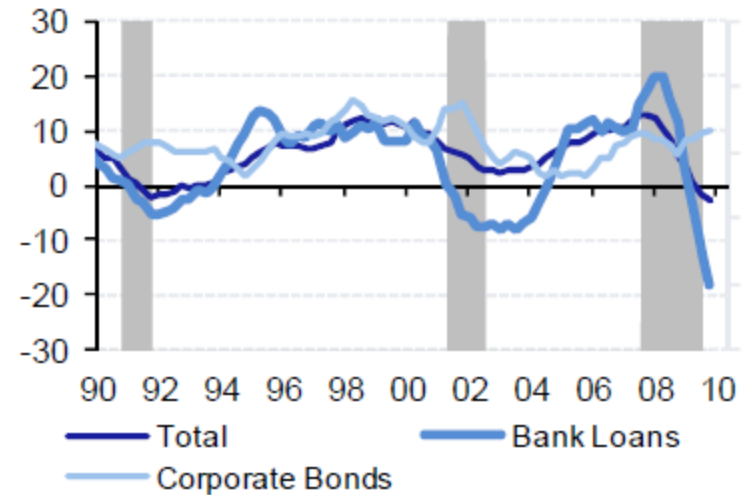
THE AFTERMATH – LOW ECONOMIC GROWTH

Household Debt (YoY % change)



Source: Federal Reserve

Nonfarm, Nonfinancial Corporate Credit Market Debt (YoY % change, shading = recession)



Source: Federal Reserve

THE AFTERMATH – LOW ECONOMIC GROWTH

<HELP> for explanation. Index ECFC
 <MENU> to return

Economic Projections of the Federal Reserve
Actual / Forecasts

Indicator	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Economic Activity										
1) Real GDP (yoy %)	2.50	3.60	3.10	2.70	1.90	0.00	-2.60	3.25	3.85	4.00
2) Composite								2.70	2.45	3.00
3) CPI (yoy %)	2.28	2.68	3.38	3.23	2.87	3.85	-0.35	1.05	1.35	1.35
4) Composite								1.60	1.50	2.00
5) Core PCE (yoy %)	1.53	2.09	2.26	2.29	2.35	2.35	1.52	0.90	1.10	1.25
6) Composite								1.40	1.20	1.40
7) Unemployment (%)	6.00	5.50	5.10	4.60	4.60	5.80	9.30	9.35	8.50	7.30
8) Composite								9.60	9.30	8.50

Figures shown are mid-points of the ranges on the central tendencies table on the Federal Reserve published economic projections.

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
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THE AFTERMATH - REAL ESTATE

CASE SHILLER HOME PRICE INDEX



SOURCE: MacroMarkets.com

THE AFTERMATH – INTEREST RATES

10 Yr US Treasury Yield



SOURCE: Bloomberg LLP

THE AFTERMATH – INTEREST RATES

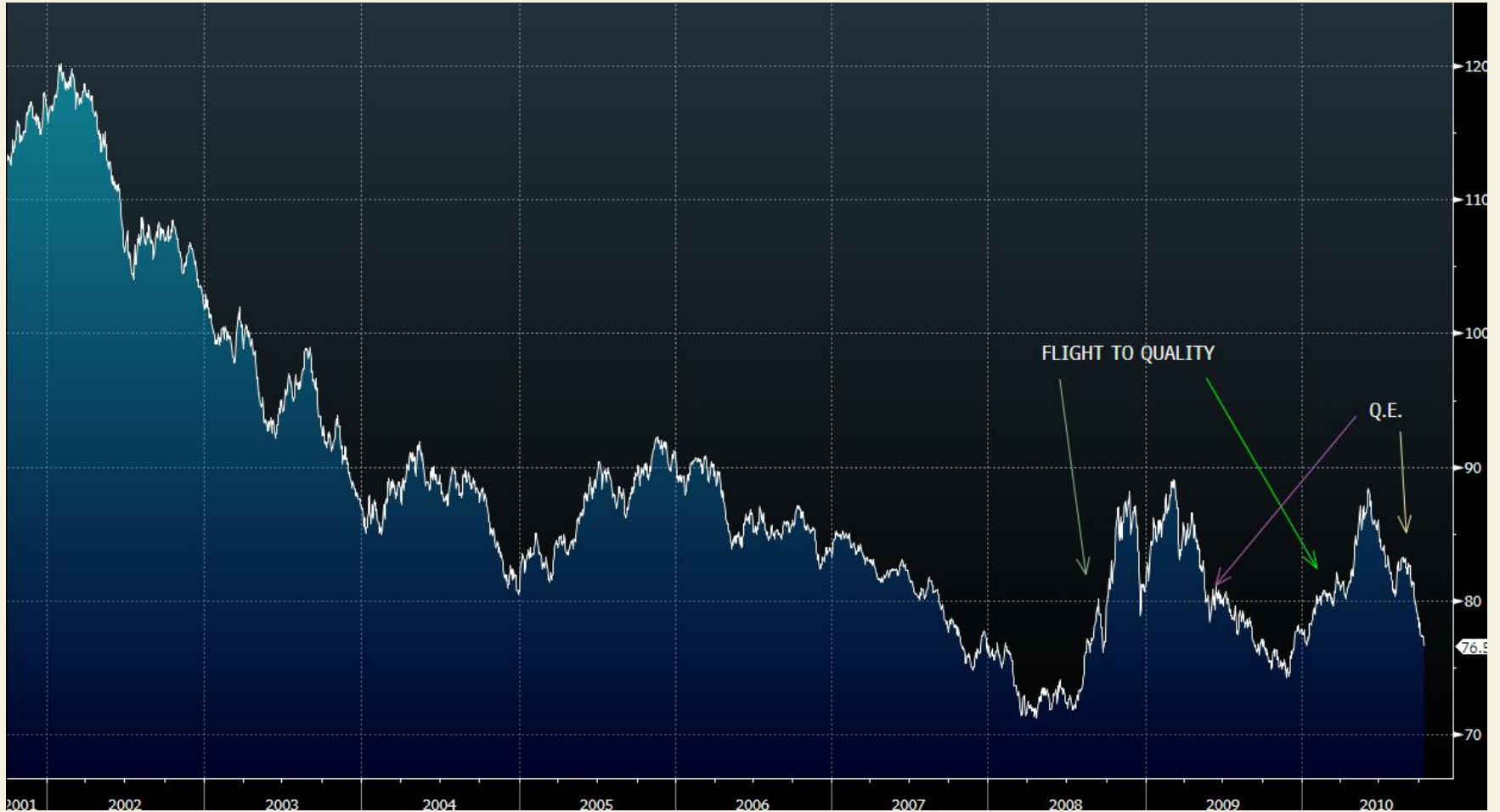
10 Yr US Treasury Yield, monthly



SOURCE: Bloomberg LLP

THE AFTERMATH - THE US\$

Dollar Index



SOURCE: Bloomberg LLP

THE AFTERMATH – THE US\$

Dollar Index



SOURCE: Bloomberg LLP

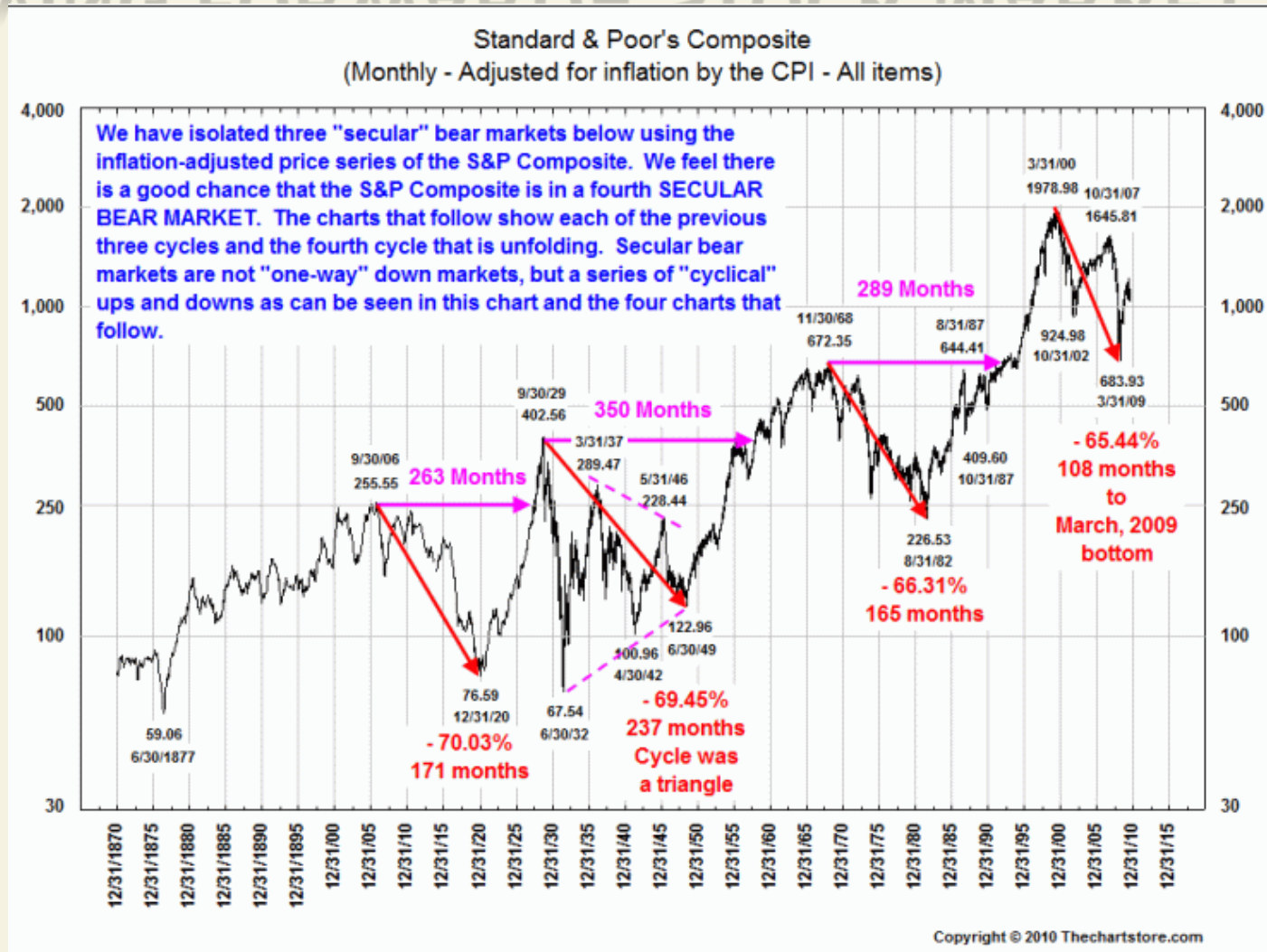
THE AFTERMATH – STOCK MARKET

S&P 500



SOURCE: Bloomberg LLP

MOVING FORWARD- STOCK MARKET



MOVING FORWARD- STOCK MARKET



SOURCE: Bloomberg LLP

MOVING FORWARD- STOCK MARKET



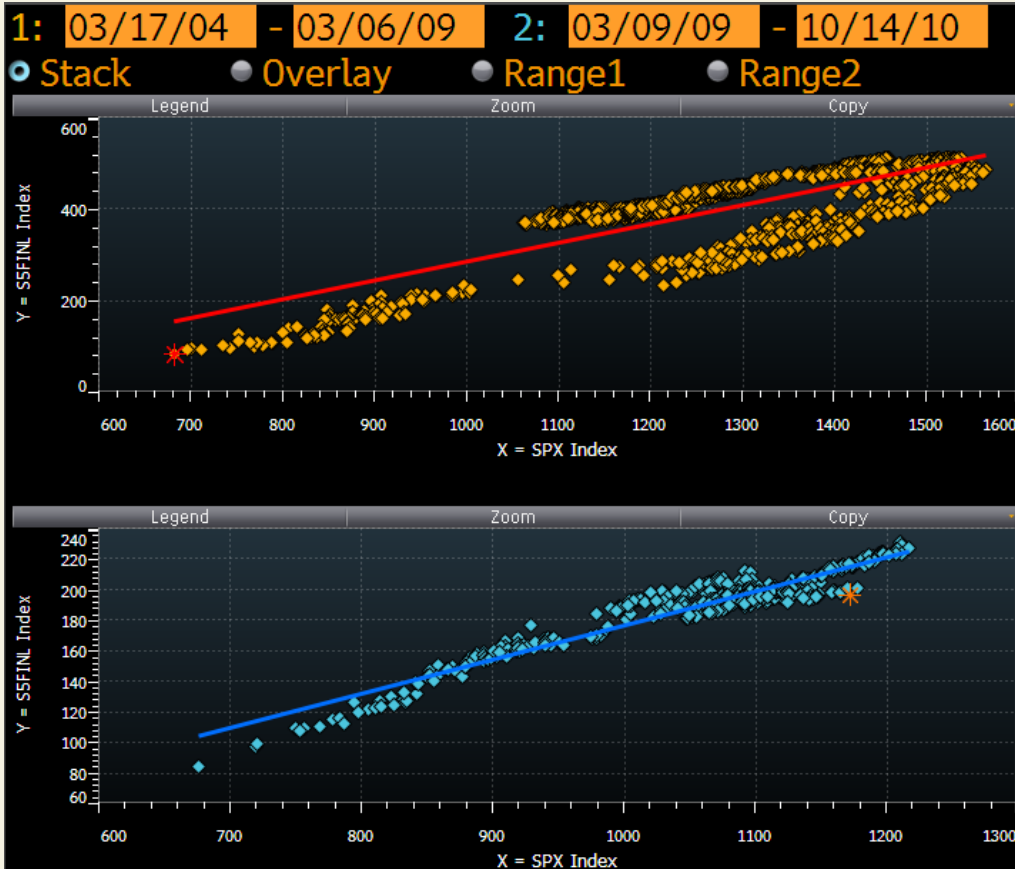
SOURCE: Bloomberg LLP

THE AFTERMATH – STOCK MARKET



SOURCE: Bloomberg LLP

MOVING FORWARD – WATCHING FINANCIALS



Y = S&P 500 FINANCIALS INDEX
X = S&P 500 INDEX

Item	Range1	Range2
Raw BETA	0.410	0.223
ALPHA(Intercept)	-126.755	-47.115
R ² (Correlation ²)	0.610	0.919
Std Dev Of Error	56.057	7.237
Std Error Of ALPHA	11.771	3.467
Std Error Of BETA	0.009	0.003
Number Of Points	1252	406

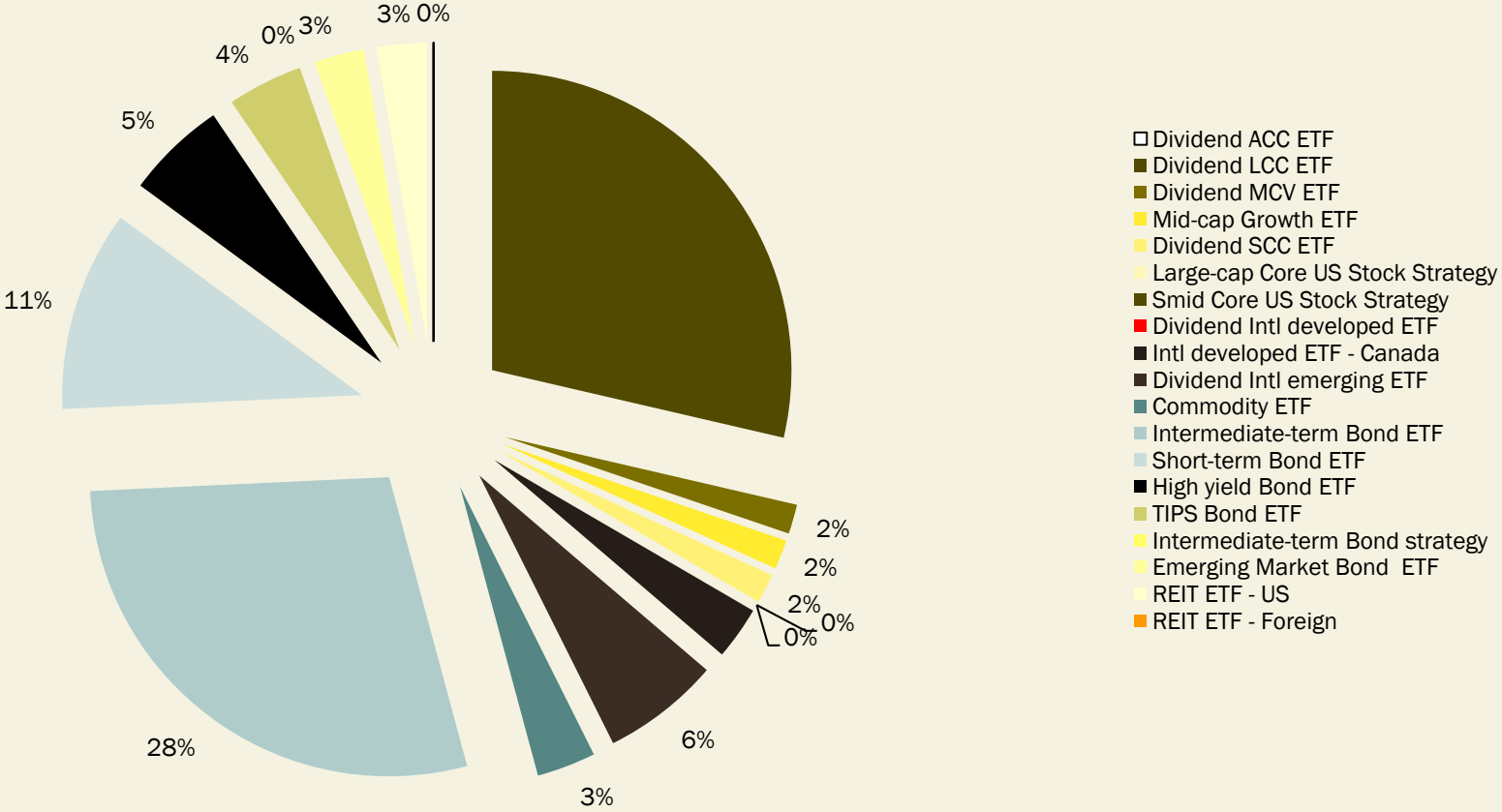
Item	Range1	Range2
Last Observation	*	*

SOURCE: Bloomberg LLP

HARMONIC'S POSITIONING

- Asset Allocation
 - Stocks -> Bonds
 - Treasury Bonds at very extended valuations
 - Some areas of corporate bond market more attractive
 - Foreign stocks -> US
 - Growth prospects
 - Falling US\$
 - Quality -> “junk”
 - Large company stocks -> small
 - Dividends
 - Foreign revenues
 - Earnings stability
 - Commodities & Real Estate
 - Still exposed but underweight

HARMONIC'S POSITIONING



HARMONIC'S POSITIONING

- Stock strategies
 - Overweight:
 - Consumer Staples
 - Energy
 - Healthcare
 - Technology
 - Underweight:
 - Consumer Discretionary
 - Materials & Processing
 - Utilities
 - Neutral:
 - Financials
 - Producer Durables

ABOUT HARMONIC INVESTMENT ADVISORS

ABOUT HARMONIC INVESTMENT ADVISORS

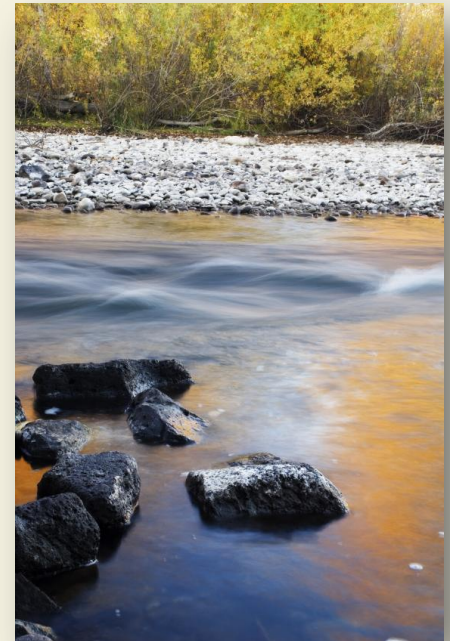
Harmonic Investment Advisors is a boutique, research-driven investment management firm creating customized solutions for institutions, private clients and non-profit organizations.



Harmonic Investment Advisors

SOLUTIONS

- Asset allocation strategies constructed from individual securities and exchange traded funds
- Long only, core-style US stock portfolios
 - Large-cap Core
 - Small/Mid-cap Core
 - All-cap Core
 - Socially Responsible
- Investment-grade US bond portfolios
 - Taxable Bond
 - Tax-exempt Bond



ORGANIZATION AND BACKGROUND

- Led by two Chartered Financial Analysts
- Over 40 years of combined experience
- Collectively managed over \$2 Billion in assets
- Contributors to national and local media:
 - Wall Street Journal, CNBC, Bloomberg, Idaho Statesman, Idaho Business Review, Boise State Public Radio
- Ranked #1 in the Large Cap Core Equity Universe for 2009*

*Informa Investment Solutions database

ORGANIZATION AND BACKGROUND

- Harmonic was founded November 2008 as an independent Registered Investment Advisor.
- HIA is operated by its two Principals:
 - Kevin A. Jones, CFA: Head of Equity Research
 - Kenn Lamson, CFA: Chief Strategist & Economist
- Harmonic's only business line is discretionary investment management using stocks, bonds and exchange-traded funds.
- Harmonic Investment Advisors is regulated by and registered with the Idaho Department of Finance.

ORGANIZATION AND BACKGROUND

- Kenn Lamson, CFA

- Professional

- Chief Investment Officer, Idaho Trust Bank
- Senior Portfolio Manager, US Bank Private Asset Management
- Senior Analyst, Financial Stocks Inc.
- Mutual Fund Manager, Star Funds

- Other

- Founder and Past President, CFA Society of Idaho
- Board member, Idaho Shakespeare Festival
- Board member, Boise State Public Radio
- Committee member, Treasure Valley YMCA
- Guest Lecturer, Boise State University
- Bachelor of Science, Jacksonville State University (AL)
- Contributor to local and national media, including Idaho Statesman, Idaho Business Review and Bloomberg



ORGANIZATION AND BACKGROUND

- Kevin A. Jones, CFA

- Professional

- Chief Investment Officer, DB Fitzpatrick & Co.
- Senior Portfolio Manager, ICM Asset Management

- Other

- Past President, CFA Society of Idaho
- Board of Directors Catholic Charities of Idaho
- Finance Council member, St. John's Parish
- Advisory Council member, Boise State University College of Business & Economics
- Guest Lecturer, Boise State University and Gonzaga University
- Bachelor of Arts, University of California at Santa Barbara
- Contributor to local and national media, including Idaho Business Review, Bloomberg, The Wall Street Journal and CNBC



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