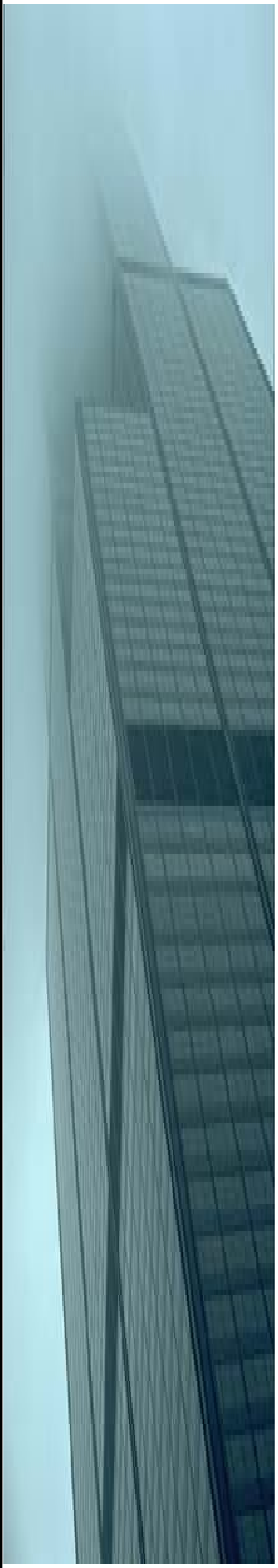
INTERMARKET FORECASTING

TOP DOWN INSIGHTS…BOTTOM LINE RESULTS



TRACK RECORD 2006

IFI delivered a mixed but generally favorable forecasting performance last year, correctly anticipating directional changes in 65% of the 148 variables that we predicted when the year began, down from our success rates of 70% in 2005 and 78% in 2004. We were more right on commodities, fixed income and foreign equities than on currencies or U.S. equities. Our forecasts in 2006 continued to focus on providing *practical* benefits to investors; most of the variables we forecasted were *investable assets*. IFI outperformed top Wall Street Strategists last year in forecasting U.S fixed income, but not U.S. stocks. Below are summaries of the key results for 2006:

- IFI's asset allocation advice generated solid absolute gains plus out-performance versus benchmarks. Our Global equity portfolio scored a gain of 18% and surpassed the S&P 500's gain (12%) by 6% points. We recommended over-weightings in the Latin America/Canada region, which beat the S&P 500 by 9% points. But we slightly underweighted the best-performing region (Europe/U.K.). Of the 38 foreign equity markets we covered, we correctly predicted 61% of them, including all those that beat the S&P 500 (and correctly forecasted three that underperformed it). In top markets (Germany, Japan, the U.K. and Canada) we enjoyed a 74% success rate (on local currencies, interest rates, stocks and bonds)

- Our U.S.-Specific portfolio delivered an absolute total return of just 5.7%, or 4.9% points below the benchmark return (an assumed portfolio weighting of 65% in stocks, 25% in bonds and 10% in bills). We expected the S&P 500 to decline by 5% in 2006, but it increased by 11.2%. We also didn't anticipate the strong returns seen on junk bonds. We initially advised a 15% portfolio share for U.S. stocks, compared to a 35% share (each) for U.S. bonds and bills. We also advised a 15% portfolio allocation to commodities, which generated the second-best returns among the major asset classes (after stocks).

- The total return registered in our model portfolio of U.S. Equity Styles was 15.8% in 2006, nearly 2% points in excess of the S&P 500's total return. We recommended that the greatest portfolio share be devoted to small-cap value stocks (35%); they returned 18.5% in 2006, the best of all the equity styles.

- The sectors which IFI expected to beat the S&P 500 in 2006 returned 12.4% on a weighted basis, versus a return of just 0.6% for those sectors that we expected to under-perform the broad index – a material performance differential of 11.8% points. We correctly forecasted relative performance in 60% of the sectors. On a weighted basis our sector portfolio outperformed the S&P 500 by roughly 1% point.

- IFI's model portfolio for U.S.-Specific Fixed Income returned 2.4% in 2006, versus a 3.8% return on the benchmark (LB Aggregate Government-Corporate Bond Index). For 2006 we advised material portfolio weightings (45% each) in T-Bonds and investment-grade corporate bonds; they returned 3.5% and 1.5%, respectively. Our performance on fixed income in 2006 would have benefited by more holdings in corporate bonds, especially junk bonds (which returned 10%). We accurately predicted the inversion of the U.S. Treasury yield curve and outperformed Wall Street competitors in forecasting T-Bond yields: we expected the 10-year yield to rise and to finish the year at 4.60%; it ended at 4.56%.

- We anticipated the appreciation of the U.S. dollar against the yen and Canadian dollar in 2006, but we didn't expect its depreciation against the euro, pound or Swiss franc. We correctly predicted the rise in commodity prices and that precious metals prices would rise much more than the oil price.

- We predicted the *decelerating* growth in U.S. output and capital spending, robust profit gains, higher price inflation, wider trade deficits and the lower jobless rate.

- In 2006 IFI outperformed all of our peers (Wall Street strategists) in forecasting U.S. interest rates and bond performance, but none of them (except one) on U.S. stocks (since we were mildly bearish).

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IFI's Market-Based Forecasting Method

IFI uses signals from forward-looking market prices to forecast the risk-adjusted returns on currencies, commodities, stocks, bonds and bills globally. We eschew the use of economic data, which are backward-looking, perpetually revised and inherently incapable of capturing the incentives faced by market-makers with their own capital (or clients' capital) at risk.

IFI uncovers quantitative, predictive relationships consistent with classical economics,[1] market-clearing price theory, market efficiency and history. The finance-investment literature upon which we most rely is Arbitrage Pricing Theory (APT).[2] The evidence shows that market prices reflect the combined, forward-looking wisdom of the most astute market-makers. As such, prices contain implicit forecasts. We "decode" the messages in prices by performing rigorous regression analyses on price data, scrupulously retaining only statistically significant explanatory factors. We employ no "gurus" and reject any resort to subjective "hunches," anecdotes or pop psychology.[3]

IFI's time horizon is *one-year*, primarily because here we find the most dependable forecasting success. In contrast, we have found that very short-term (or very long-term) forecasts are notoriously unreliable. Optimal use of IFI's forecasting system can be made by investors who deploy *tactical asset allocation* (with a year-ahead horizon), as opposed to those engaged in day trading, "market timing" or strategic asset allocation (multi-year horizons). The empirical record demonstrates that an investor's initial asset allocation explains more than 80% of the returns he ultimately achieves. Specific security selection and timing account for less than 20% of returns, while execution costs determine the balance. Thus in forecasting asset-class performance, IFI focuses on that element of investment decision-making which most influences ultimate, bottom-line results.

Today many practical means exist to profit by IFI's forecasts and asset-allocation recommendations; for many years, in fact, it's been unnecessary (if not dangerous) for an investor to play "stock picker" (or bond picker); it's far safer (and wiser) to profit from forecasts of broad asset classes and sub-classes.[4] Roughly 95% of the forecasted variables in this report represent investable assets. At IFI we don't spend a lot of time forecasting GDP, CPI, non-farm payrolls and sundry other "measures" provided by Washington, since no one can actually invest in such statistics and since they offer nothing but rear-view mirror hindsight about the market-based activity investors really care about.

For easy reference we provide a numbered list of the 48 research reports that we issued throughout 2006 (pages 12-13). The primary report upon which "Track Record 2006" is based is our "Outlook 2006," published a year ago. As market conditions (and thus the price signals we rely upon) changed during the year we altered our year-ahead forecasts; but to be strictly objective, "for the record" in 2006 we focus primarily on our year-ahead outlook from a year ago. We also include *all* of the variables we forecasted – the good, the bad and the ugly.[5]

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[1] See "Saysian Economics," *The Capitalist Advisor*, InterMarket Forecasting, Inc., December 31, 2003 (Part I) and January 5, 2004 (Part II).

[2] See "Arbitrage Pricing Theory," http://en.wikipedia.org/wiki/Arbitrage_pricing_theory. For technical articles on APT, see http://www.kellogg.northwestern.edu/faculty/korajczy/htm/aptlist.htm. For APT articles focused on investment applications and forecasting using the yield curve (or "the term structure of interest rates), see the work of Campbell Harvey, finance professor at Duke University (http://www.duke.edu/~charvey/research.htm).

[3] For more on our basic forecasting framework, see "Introducing the 'Policy Mix Index,'" *The Capitalist Advisor*, InterMarket Forecasting, Inc., April 23, 2002 and "The Basics of Inter-Market Forecasting," *The Capitalist Advisor*, InterMarket Forecasting, Inc., September 7, 2004. Also see the "Methodology" tab on our web site (www.intermarketforecasting.com).

[4] See "Exchange-Traded Funds: Asset Allocation Made Easy," *Investment Focus*, InterMarket Forecasting, Inc., April 11, 2003. Today there are roughly 160 exchange-traded funds tracking all sorts of asset classes; it's no coincidence that this number is close to the number of variables that IFI forecasts.

[5] It is common for forecasters to "cherry-pick" their track records and to emphasize only successes; IFI prides itself on presenting the *full* record, not a *partial* one. Of course, there's nothing magical about measuring forecasting success solely in the year after December; it is merely a convention in the field. The reports that we issued *during* the year can be consulted for our subsequent forecasting success.

Table One
Forecasted Variables in 2006 & IFI's Success Rates

Table	Page	Category	# of Variables	Correctly-Forecasted Number	Correctly-Forecasted Percent
Five	6	U.S. Dollar (Foreign Exchange Value)	5	2	40%
Five	6	Commodities	6	6	100%
Five	6	U.S. Interest Rates & Spreads	22	15	68%
Six	7	U.S. Equities - Broad & Styles	16	9	56%
Six	7	U.S. Equities - Sectors	20	8	40%
Seven	8	U.S. Earnings	12	11	92%
Eight	8	U.S. Economic Variables	7	7	100%
Two	3	Non-U.S. Global Regions (Equities)	3	1	33%
Nine	9	Major Foreign Markets (All Variables)	19	14	74%
Ten	10	Foreign National Markets (Equities)	38	23	61%
		Total	**148**	**96**	**65%**

- Table	Page	IFI vs 12 Other Strategists Category	# of Competitors	Out-Performed by IFI Number	Out-Performed by IFI Percent
Eleven	11	S&P 500 Price Index	12	1	8%
Eleven	11	10-Year U.S. Treasury Bond Yield	12	12	100%
		Average		**6.5**	**54%**

Table Two
Equity-Price Performance in Global Regions vs. S&P 500 (in U.S.$)
*Organized by IFI's Advised Weightings at the Beginning of 2006 **

Regions	Advised Weighting	Over/Under versus Global Market Cap	Absolute Performance Simple	Absolute Performance Weighted	Performance vs S&P 500 Simple	Performance vs S&P 500 Weighted
Latin America/Canada	9%	5% pts	21.5%	1.9%	9.3% pts	0.8% pts
U.S. (S&P 500)	53%	2	12.2%	6.5%	****	****
Europe/U.K.	27%	-3	29.0%	7.8%	16.8	4.5
Asia-Pacific/Japan	11%	-4	14.9%	1.6%	2.7	0.3
			-	-	-	-
			19.4% (average)	**17.9%** (sum)	**9.6% pts** (average)	**5.7% pts** (sum)

* "Outlook 2006," January 22, 2006.

Table Three

Relative Total Returns on Asset Classes in the U.S.

*Organized by IFI's Advised Weightings at the Beginning of 2006 **

U.S.-Specific Investor	Advised Weighting	Total Returns per Asset Class: Absolute	Weighted Avg.
3-Month Treasury Bills	35%	4.66%	1.63%
Bonds (Treas. & Corp.) (1)	35%	2.44%	0.85%
Commodities/Gold (2)	15%	5.28%	0.79%
Equities (3)	15%	15.80%	2.37%
	Sum of Weighted-Average Returns:		**5.65%**

1. See weighted-average calculation from "U.S.-Specific Bond Investor"
2. Half from the Goldman Sachs Commodity Index and half from gold
3. See weighted-average calculation from "U.S.-Specific Equity Investor"

U.S.-Specific Bond Investor	Advised Weighting	Total Returns per Asset Class: Absolute	Weighted Avg.
Inv.-Grade Corp. Bonds	45%	3.49%	1.57%
Long-Term Treasury Bonds	45%	1.53%	0.69%
Medium-Term T-Notes	5%	3.12%	0.16%
Inflation-Indexed T-Bonds	5%	0.49%	0.02%
	Sum of Weighted-Average Returns:		**2.44%**

U.S.-Specific Equity Investor	Advised Weighting	Total Returns per Asset Class: Absolute	Weighted Avg.
Small-Cap Value (in S&P 600)	35%	18.50%	6.48%
Large-Cap Value (in S&P 500)	30%	18.19%	5.46%
Small-Cap Growth (in S&P 600)	30%	10.98%	3.29%
Large-Cap Growth (in S&P 500)	5%	11.43%	0.57%
	Sum of Weighted-Average Returns:		**15.80%**

* "Outlook 2006," January 22, 2006.

Benchmarks

U.S.-Specific Investor: The typical U.S.-market benchmark allocates 65% to U.S. equities (the S&P 500), 25% to U.S. Treasury Bonds and 10% to U.S. Treasury Bills. In 2006 this "passive" portfolio returned 10.5%.

U.S.-Specific Bond Investor: The typical benchmark, the Lehman Brothers Aggregate Bond Index, returned 4.2% in 2006.

U.S.-Specific Equity Investor: As a benchmark we assume equal portfolio shares (one-fourth) in the four style bets covered. The weighted-average return on such a portfolio in 2006 was 14.8%.

Table Four

Relative Price Performance on S&P 500 Sectors in the U.S.

*Organized by IFI's Advised Weightings at the Beginning of 2006 **

Changes in averages: Dec. 2005 to Dec. 2006

	Advised		Absolute Price Change		Versus S&P 500:	
Sectors Over-Weighted	**Weighting**	**Over/Under**	**Simple**	**Weighted**	**Simple**	**Weighted**
Health Care	22%	8%	5.7%	1.3%	-6.5%	-1.4%
Consumer Staples	18%	8%	10.2%	1.8%	-2.0%	-0.4%
Energy	16%	7%	21.2%	3.4%	9.0%	1.4%
Materials	9%	6%	16.8%	1.5%	4.6%	0.4%
Financials	24%	3%	14.4%	3.5%	2.2%	0.5%
Utilities	6%	3%	16.1%	1.0%	3.9%	0.2%
			14.1%	**12.4%**	**1.8%**	**0.8%**
			(average)	(sum)	(average)	(sum)
S&P 500			12.2%			
Sectors Under-Weighted						
Telecommunications Services	1%	-2%	26.4%	0.3%	14.2%	0.1%
Consumer Discretionary	1%	-10%	15.3%	0.2%	3.1%	0.0%
Information Technology	2%	-13%	5.5%	0.1%	-6.7%	-0.1%
Industrials	1%	-10%	10.6%	0.1%	-1.6%	0.0%
			14.5%	**0.6%**	**2.2%**	**0.0%**
			(average)	(sum)	(average)	(sum)
		Spread: Outperforming versus	**-0.4%**	**11.8%**	**-0.4%**	**0.8%**
		All Sectors:		**13.0%**		**0.8%**

* "Outlook 2006," January 22, 2006.

Table Five
IFI Market Forecasts of the U.S. Dollar, Commodities & Interest Rates in 2006 vs. Actual Results

U.S. Dollar & Commodity Prices	Actual Dec 2005	Forecasts for Jun 2006	Forecasts for Dec 2006	Forecasted Change, Dec '05-Dec '06	Actual Jun 2006	Actual Dec 2006	Actual Change, Dec '05-Dec '06	Directionally Correct?
Value of U.S. $ in Yen	118.5	121.0	124.0	4.7%	114.6	118.6	0.1%	yes
Value of U.S. $ in Euro	0.843	0.855	0.870	3.2%	0.790	0.757	-10.2%	no
Value of U.S. $ in Swiss Francs	1.305	1.320	1.360	4.2%	1.232	1.210	-7.3%	no
Value of U.S. $ in Pound	0.573	0.580	0.600	4.7%	0.542	0.510	-11.1%	no
Value of U.S. $ in Canadian Dollar	1.162	1.130	1.100	-5.3%	1.114	1.153	-0.7%	yes
CRB Index (Spot)	302	318	328	8.8%	332	365	21.0%	yes
CRB Index (Futures)	344	358	378	9.9%	375	397	15.4%	yes
CRB Index (Precious Metals)	473	535	545	15.1%	573	613	29.5%	yes
Goldman Sachs Commodity Index (Spot)	433	465	448	3.5%	475	448	3.5%	yes
Gold (US$/ounce)	510	565	580	13.7%	597	629	23.4%	yes
Oil (US$/barrel)	59.4	65.0	63.0	6.0%	70.9	62.0	4.4%	yes
U.S. Money Market & Fixed Income								
Fed Funds Rate	4.16	5.00	5.00	84	4.99	5.25	109	yes
3-Mo. T-Bill Rate (b.e.y.)	3.97	4.93	4.87	90	4.92	4.97	100	yes
90-Day Commercial Paper Rate (AA)	4.32	5.33	5.37	105	5.29	5.19	87	yes
6-Mo. T-Bill Rate (b.e.y.)	4.33	4.95	4.84	51	5.17	5.07	74	yes
1-Yr. Treasury Note Yield	4.35	4.88	4.78	43	5.16	4.94	59	yes
2-Yr. Treasury Note Yield	4.40	4.84	4.71	31	5.12	4.67	27	yes
3-Yr. Treasury Note Yield	4.39	4.73	4.62	23	5.09	4.58	19	yes
5-Yr. Treasury Note Yield	4.39	4.69	4.61	22	5.07	4.53	14	yes
7-Yr. Treasury Note Yield	4.41	4.68	4.59	18	5.08	4.54	13	yes
10-Yr. Treasury Bond Yield	4.47	4.71	4.60	13	5.11	4.56	9	yes
20-Yr. Treasury Bond Yield	4.73	4.79	4.84	11	5.29	4.78	5	yes
30-Yr. Treasury Bond Yield	4.66	4.83	4.76	10	5.16	4.68	2	yes
10-Yr. Municipal Bond Yield (AAA)	4.02	4.19	4.13	11	4.18	3.83	-19	no
10-Yr. Corporate Bond Yield (Aaa)	5.37	5.67	5.66	29	5.89	5.32	-5	no
10-Yr. Corporate Bond Yield (Baa)	6.32	6.66	6.75	43	6.78	6.22	-10	no
10-Yr. Corporate Bond Yield (BB/Ba-C)	8.19	8.58	8.80	61	8.49	7.69	-50	no
Treasury Yield Spreads (basis points):								
10-Yr. T-Bond Yield vs. 3-Mo. T-Bill Rate	50	-22	-27	-77	19	-41	-91	yes
10-Yr. T-Bond Yield vs. 2-Yr. T-Note Yield	7	-13	-11	-18	-1	-11	-18	yes
10-Yr. T-Bond Yield vs. 5-Yr. T-Note Yield	8	2	-1	-9	4	3	-5	yes
Corporate Yield Spreads (basis points):								
Aaa Bond Yield vs. 10-Yr. T-Bond Yield	90	96	106	16	78	76	-14	no
Baa Bond Yield vs. 10-Yr. T-Bond Yield	185	195	215	30	167	166	-19	no
BB/Ba-C Bond Yield vs. 10-Yr. T-Bond Yield	372	387	420	48	338	313	-59	no

Table Six
IFI Market Forecasts for 2006 vs. Actual Results
U.S. Equities, Style Bets and Sectors (monthly averages)

U.S. Equities (Price Indexes) & "Style Bets"	Actual Dec 2005	Forecasts for Jun 2006	Forecasts for Dec 2006	Forecasted Change, Dec '05-Dec '06	Actual Jun 2006	Actual Dec 2006	Actual Change, Dec '05-Dec '06	Directionally Correct?
DJIA 30	10,826	10,800	10,450	-3.5%	10,998	12,378	14.3%	no
NASDAQ 100 (Large-Cap)	1,683	1,665	1,548	-8.0%	1,560	1,781	5.8%	no
NASDAQ Composite	2,246	2,190	2,025	-9.8%	2,137	2,432	8.3%	no
Large-Cap Stocks (S&P 500)	1,262	1,254	1,195	-5.3%	1,253	1,416	12.2%	no
Large-Cap Value Stocks (S&P 500/BARRA)	667	666	660	-1.0%	685	779	16.9%	no
Large-Cap Growth Stocks (S&P 500/BARRA)	611	600	576	-5.7%	587	664	8.6%	no
Large-Cap Value vs Growth (S&P 500/BARRA)				4.7% pts			8.2% pts	yes
S&P 500 P/E Multiple (trailing 12-mo. a/t EPS)	17.8	15.2	14.3	-19.4%	16.8	17.4	-2.2%	yes
Super-Cap Stocks (S&P 100)	577	573	546	-5.4%	574	658	14.0%	no
Mid-Cap Stocks (S&P 400)	743	755	760	2.3%	745	812	9.3%	yes
Small-Cap Stocks (S&P 600)	356	366	368	3.3%	365	402	12.8%	yes
Small-Cap (S&P 600) vs. Large-Cap (S&P 500)				8.6% pts			0.6% pts	yes
Small-Cap (Russell 2000)	683	698	700	2.4%	699	790	15.5%	yes
Small-Cap Value Stocks (Russell 2000)	1,003	1,032	1,050	4.7%	1,044	1,203	20.0%	yes
Small-Cap Growth Stocks (Russell 2000)	355	362	364	2.5%	357	398	12.0%	yes
Small-Cap Value vs. Growth (Russell 2000)				2.2% pts			8.1% pts	yes
U.S. Sectors (S&P 500)								
Absolute Performance								
Consumer Discretionary	262	253	234	-11.0%	261	303	15.3%	no
Consumer Staples	243	243	247	1.5%	245	268	10.2%	yes
Energy	382	385	374	-2.0%	399	462	21.2%	no
Financials	429	422	409	-4.5%	432	490	14.4%	no
Health Care	366	369	377	3.0%	350	387	5.7%	yes
Industrials	292	282	260	-11.0%	304	323	10.6%	no
Information Technology	340	322	296	-13.0%	309	359	5.5%	no
Materials	186	189	180	-3.5%	191	218	16.8%	no
Telecommunications Services	120	118	113	-6.0%	128	152	26.4%	no
Utilities	161	159	154	-4.5%	162	187	16.1%	no
Relative Performance (vs. S&P 500)								
Consumer Discretionary				-5.7% pts			3.0% pts	no
Consumer Staples				6.8			-2.1	no
Energy				3.3			8.9	yes
Financials				0.8			2.2	yes
Health Care				8.3			-6.5	no
Industrials				-5.7			-1.6	yes
Information Technology				-7.7			-6.7	yes
Materials				1.8			4.5	yes
Telecommunications Services				-0.7			14.2	no
Utilities				0.8			3.9	yes

Table Seven

IFI's Profit Forecasts for 2006 (S&P 500 & Sectors) vs. Actual Results

	% Change, Trailing Four Quarters, Through:					
U.S. Earnings	**Actual 4Q05**	**Forecasted 2Q06**	**Forecasted 4Q06**	**Actual 2Q06**	**Actual 4Q06**	**Direction-Correct?**
S&P 500 (net income per share)	20%	21%	15%	18%	16%	yes
S&P 500 (operating profit per share)	13%	11%	9%	13%	14%	yes
S&P 500 Sectors (1)						
Consumer Discretionary	-5%	-1%	-1%	6%	18%	no
Consumer Staples	3%	5%	9%	5%	5%	yes
Energy	43%	45%	19%	46%	25%	yes
Financials	6%	7%	6%	5%	17%	yes
Health Care	8%	4%	21%	12%	8%	yes
Industrials	24%	22%	4%	21%	15%	yes
Information Technology	20%	21%	5%	9%	1%	yes
Materials	16%	34%	12%	6%	26%	yes
Telecommunication Services	9%	17%	14%	-5%	16%	yes
Utilities	10%	11%	18%	14%	17%	yes

(1) Operating profits per share.

Table Eight

IFI's Economic Forecasts for 2006 vs. Actual Results

	% Change, Trailing Four Quarters, Through:					
U.S. Economic Variables	**Actual 4Q05**	**Forecasted 2Q06**	**Forecasted 4Q06**	**Actual 2Q06**	**Actual 4Q06**	**Directionally Correct?**
GDP (Real)	3.1%	2.9%	2.2%	3.5%	3.4%	yes
Industrial Production Index	3.6%	1.2%	0.2%	4.3%	3.0%	yes
Capital Expenditures	14.8%	2.2%	1.0%	19.7%	22.0%	yes
Consumer Price Index	3.4%	3.6%	3.8%	4.3%	2.6%	yes
Producer Price Index	5.7%	5.2%	6.0%	4.9%	1.2%	yes
Unemployment Rate (end of quarter)	4.9%	4.5%	4.6%	4.6%	4.5%	yes
U.S. Trade Deficit (in $ Billions)	$782	$820	$813	$830	$828	yes

Table Nine

IFI Forecasts of Major Foreign Markets in 2006 vs. Actual Results

Forecasts and Results in Japan, Europe-Germany, Britain and Canada

	Actual	Forecasts for		Forecasted Change,	Actual	Actual	Actual Change,	Directionally
Japan	**Dec 2005**	**Jun 2006**	**Dec 2006**	**Dec '05-Dec '06**	**Jun 2006**	**Dec 2006**	**Dec '05-Dec '06**	**Correct?**
Japan Yen in U.S.$	0.0084	0.0083	0.0081	-4.0%	0.0087	0.0083	-0.7%	yes *
3-Month T-Bill Rate (b.e.y.)	0.020	0.025	0.030	1	0.220	0.440	42	yes
10-Year T-Bond Yield	1.54	1.62	1.68	14	1.90	1.66	12	yes
Treasury Yield-Curve Spread (bps)	152	160	166	14	168	122	-30	no
Small-Cap Equities (JASDAQ) in Yen	120	117	111	-7.2%	99	86	-28.1%	yes
Large-Cap Equities (TOPIX) in Yen	1,611	1,563	1,515	-6.0%	1,533	1,646	2.2%	no
Small-Cap vs Large-Cap Equities				-1.2% pts			-30.2% pts	yes
TOPIX (in U.S.$) vs. U.S. S&P 500				-4.6% pts			-10.8% pts	yes **
Europe/Germany								
Euro in U.S.$	1.186	1.170	1.149	-3.1%	1.266	1.321	11.3%	no *
ECB Overnight Refinance Rate	2.25	2.50	2.75	50	2.75	3.50	125	yes
Euro Area 3-Month T-Bill Rate (b.e.y.)	2.54	2.80	3.10	56	2.99	3.65	111	yes
Euro Area 10-Year T-Bond Yield	3.36	3.45	3.48	12	3.96	3.73	37	yes
Treasury Yield-Curve Spread (bps)	82	65	38	-44	97	8	-74	yes
Germany Equities (DAX) in Euro	5,343	5,300	5,150	-3.6%	5,495	6,492	21.5%	no
DAX (in U.S.$) vs. U.S. S&P 500				-1.4% pts			20.6% pts	no **
Britain								
British Pound in U.S.$	1.746	1.724	1.667	-4.5%	1.844	1.963	12.4%	no *
3-Month T-Bill Rate (b.e.y)	4.82	4.75	4.50	-32	4.69	5.22	40	no
10-Year T-Bond Yield	4.21	4.25	4.35	14	4.65	4.62	41	yes
Treasury Yield-Curve Spread (bps)	-61	-50	-15	46	-4	-60	1	yes
British Equities (FTSE) in Pound	5,547	5,525	5,450	-1.8%	5,668	6,172	11.3%	no
FTSE (in U.S.$) vs. U.S. S&P 500				-1.0% pts			11.5% pts	no **
Canada								
Canadian Dollar in U.S.$	0.861	0.885	0.909	5.6%	0.898	0.867	0.7%	yes *
3-Month T-Bill Rate (b.e.y.)	3.57	3.75	4.00	43	4.43	4.16	59	yes
10-Year T-Bond Yield	4.03	4.28	4.25	22	4.45	4.05	2	yes
Treasury Yield-Curve Spread (bps)	46	53	25	-21	2	-11	-57	yes
Canada Equities (TSE) in Can. $	11,130	11,500	11,760	5.7%	11,347	12,853	15.5%	yes
TSE (in U.S.$) vs. U.S. S&P 500				16.6% pts			4.0% pts	yes *

* Not counted toward IFI's overall success rate, as these outcomes are counted in Table Five, page 6.

** Not counted toward IFI's overall success rate, as these outcomes are counted in Table Ten, page 6.

Table Ten

IFI Forecasts of Foreign Equity Performance Relative to the U.S. (S&P 500) in 2006 versus Actual Results

Thirty National Foreign Equity Markets vs. S&P 500 (in U.S.)
% Change from December 2005 (average) to December 2006 (average)

Expected Out-Performers (1)	Equity Performance vs. S&P 500 (in U.S.$)	Correct?
Argentina	49% pts	yes
Australia	13	yes
Austria	21	yes
Belgium	20	yes
Brazil	22	yes
Canada	5	yes
Chile	12	yes
Czech Republic	19	yes
Hungary	11	yes
Italy	15	yes
Malaysia	19	yes
Mexico	24	yes
Netherlands	14	yes
Poland	27	yes
Singapore	28	yes
Switzerland	13	yes
Taiwan	6	yes
Venezuela	50	yes
Average:	**20% pts**	

Expected Under-Performers (2)	Equity Performance vs. S&P 500 (in U.S.$)	Correct?
Finland	14% pts	no
Hong Kong	9	no
Indonesia	55	no
Ireland	29	no
Philippines	36	no
Russia	40	no
Thailand	5	yes
Average:	**27% pts**	

Expected Neutral Performers (3)	Equity Performance vs. S&P 500 (in U.S.$)	Correct?
Britain	13% pts	no
Denmark	25	no
France	17	no
Germany	20	no
Greece	20	no
Japan	-6	yes
New Zealand	-5	yes
Norway	25	yes
Peru	35	no
Portugal	32	no
South Korea	-1	yes
Spain	33	no
Sweden	27	no
Average:	**18% pts**	

(1) Out-performers were expected to beat the S&P 500 by 5% points or more.

(2) Under-performers were expected to trail the S&P 500 by 5% points or more.

(3) Neutral performers were expected to perform no more than 5% better or worse than the S&P 500.

Table Eleven

IFI's Forecasting Performance vs. Wall Street Strategists in 2006

	S&P 500 Price Index			
Forecaster/Firm	**Actual Dec. 2005**	**Forecasted Dec. 2006**	**Forecasted % Change**	**Actual % Change**
Ed Keon/Prudential Securities		1,530	21.2%	
S&P 500 Price Index (actual)	**1,262**	**1,416**		**12.2%**
Abby Joseph Cohen/Goldman Sachs		1,400	10.9%	
Tobias Levkovich/Citigroup		1,400	10.9%	
Henry McVey/Morgan Stanley		1,400	10.9%	
Liz Ann Sonders/Charles Schwab		1,385	9.7%	
Jason Trennert/ISI Group		1,380	9.4%	
Francois Trahan/Bear Stearns		1,350	7.0%	
Thomas McManus/Bank of America		1,335	5.8%	
Michael Ryan/UBS		1,320	4.6%	
Chip Dickson/Lehman Brothers		1,300	3.0%	
Richard Bernstein/Merrill Lynch		1,225	-2.9%	
Richard Salsman/IFI		**1,195**	**-5.3%**	
Abhijit Chakrabortii/J.P. Morgan		1,125	-10.9%	

	10-Year U.S. Treasury Bond Yield			
Forecaster/Firm	**Actual Dec. 2005**	**Forecasted Dec. 2006**	**Forecasted Change (bps)**	**Actual Change (bps)**
Richard Bernstein/Merrill Lynch		4.00%	-47	
Jason Trennert/ISI Group		4.00%	-47	
Tobias Levkovich/Citigroup		4.25%	-22	
Michael Ryan/UBS		4.50%	3	
10-Yr U.S. T-Bond Yield (actual)	**4.47%**	**4.56%**		**9**
Richard Salsman/IFI		**4.60%**	**13**	
Abby Joseph Cohen/Goldman Sachs		4.70%	23	
Liz Ann Sonders/Charles Schwab		5.00%	53	
Francois Trahan/Bear Stearns		5.00%	53	
Chip Dickson/Lehman Brothers		5.20%	73	
Thomas McManus/Bank of America		5.25%	78	
Henry McVey/Morgan Stanley		5.25%	78	
Abhijit Chakrabortii/J.P. Morgan		5.30%	83	
Ed Keon/Prudential Securities		na	na	

Appendix

IFI Research Reports in 2006

1. “The Fed Wants a Recession,” *Investor Alert*, January 6, 2006.
2. “Track Record 2005,” January 13, 2006.
3. “Outlook 2006,” January 22, 2006.
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Appendix (continued)

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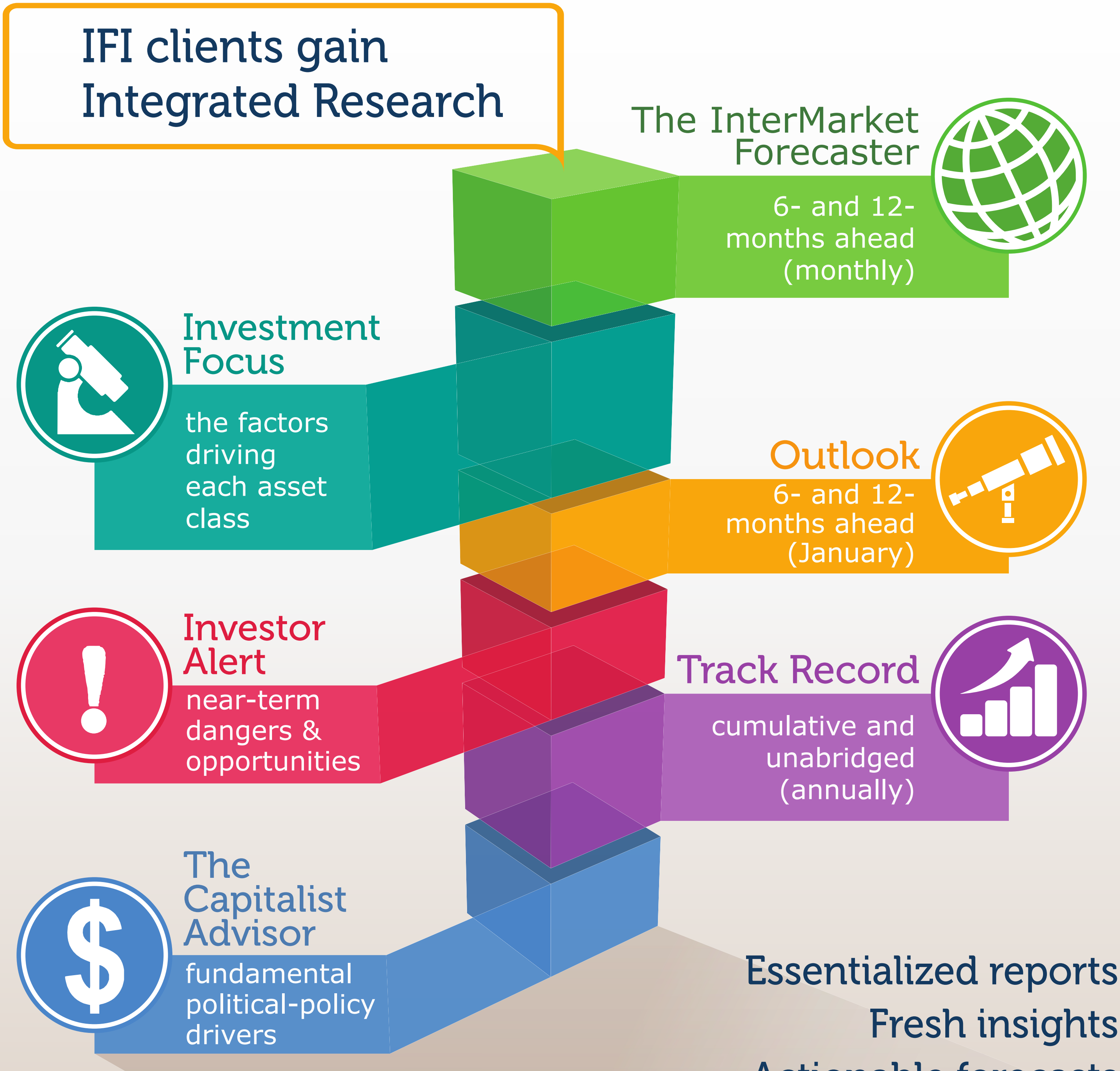

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