

Retirement Advisors of America Comments on Corporate Valuations and Country Level Debt Burdens

Dallas, TX, April 1, 2010 - On February 9, 2010 the Dow Jones Industrial Average closed at 10,058. On this date, Retirement Advisors of America moved their portfolios from neutral to a 5% equity overweight posture. This posture was re-established after the firm spent most of 2009 overweighting equities and then moved the portfolios back into a neutral posture in late November 2009.

According to the firm, most of the rationale behind this adjustment can be found within valuations. Jeremy Merchant, Vice President of Investments and Operations at Retirement Advisors of America says, "We believe corporate earnings are improving, which should translate directly into higher values for most general equity indices over the next 2-3 quarters. Also, as the general economy improves, the average investor is expected to slowly increase their risk appetite, which will eventually set the stage for higher interest rates. These higher interest rates are a near term (late 2010 and early 2011) headwind for intermediate and longer-term bonds in general."

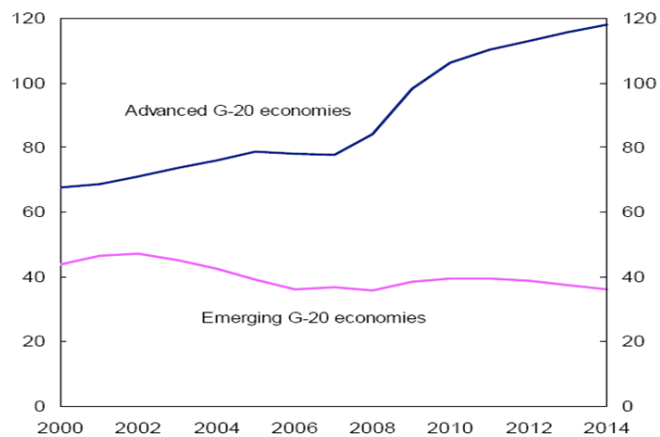
Stepping back from valuations and money-flow dynamics, Retirement Advisors of America is also monitoring general debt burden dynamics within countries. They point to a study by The International Monetary Fund ("IMF") completed in late 2009 that shows the debt burdens in advanced countries (U.S., France, Germany, the U.K, etc.) continue to rise, while emerging countries (China, Brazil, etc.) are on a path towards decreased debt burdens. One chart in the study summarizes general government debt burden projections for advanced G-20 economies and emerging G-20 economies. Its summary provides a snapshot of the projections from a 2007 (pre-crisis), 2009, 2010 and 2014 viewpoint.

General Government Debt (Gross)				
Country	2007 (Pre-Crisis)	2009	2010	2014
Argentina	67.9	60.5	58.1	46.4
Australia	9.8	16.9	22.7	27.8
Brazil	66.8	68.5	65.9	58.8
Canada				
China				
France				
Germany				
India				
Indonesia				
Italy				
Japan				
Korea				
Mexico				
Russia				
Saudi Arabia	18.5	14.5	12.5	9.3
South Africa	28.5	30.8	33.5	34.8
Turkey 4/	39.4	48.1	49.6	52.8
United Kingdom	44.1	68.7	81.7	98.3
United States	61.9	84.8	93.6	108.2
G-20 Countries (GDP PPP weighted)	62.0	75.1	80.2	85.9
Advanced G-20 economies	78.2	98.9	106.7	118.4
Emerging G-20 economies	37.4	38.9	39.6	36.2

Source: International Monetary Fund (IMF), Staff of the Fiscal Affairs Department. "The State of Public Finances Cross-Country Fiscal Monitor: November 2009." IMF Staff Position Notes (2009): 35.

A second chart notes the disparity between fundamental projections of advanced G-20 economies and emerging G-20 economies.

G-20 Countries: General Government Debt Ratios
(In percent of GDP)



Source: International Monetary Fund (IMF), Staff of the Fiscal Affairs Department.
"The State of Public Finances Cross-Country Fiscal Monitor: November 2009." IMF
Staff Position Notes (2009): 15.

Based on these developments, Merchant says, "In a portfolio's equity posture, we recommend nearly 25% of exposure to foreign equities. Within this foreign equity exposure a heavy emphasis should be placed on emerging markets where fundamentals continue to improve relative to advanced countries as defined by the IMF."

Disclaimers:

The information in this commentary is for general purposes only. Each investor has specific circumstances unique to their investment situation and as such should consult with their personal financial advisor before making any investment decisions. Investments in securities are volatile, subject to change, and any past performance in securities does not guarantee future results. The above charts and graphs are not recommendations for the purchase and sale of any security.