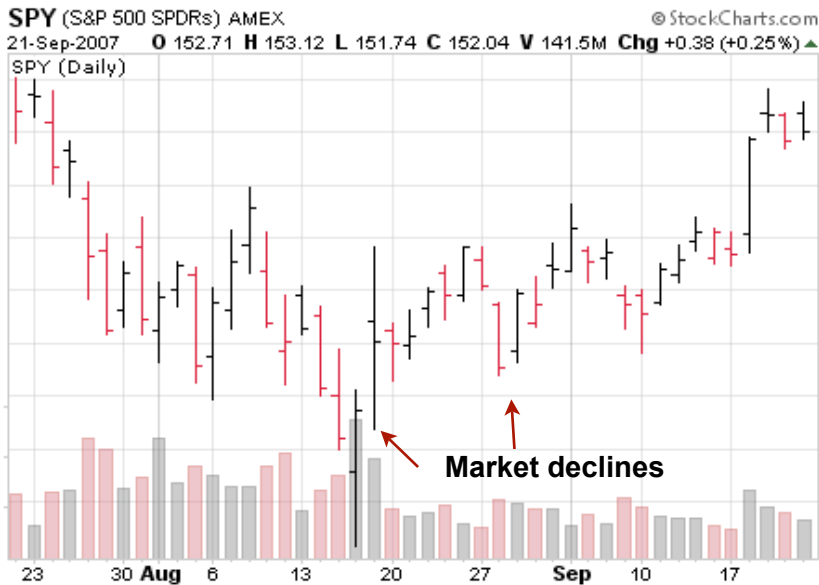


Investor Education

Newsletter Sentiment: Weekly Investors Intelligence Survey



Newsletter Sentiment The Weekly Investors Intelligence Survey

The *Weekly Investors Intelligence Survey* has been around over 40 years. It is a weekly survey of 140 investment newsletters and determines whether they are **bullish (blue line)**, **bearish (green line)** or neutral which means generally bullish but expecting a correction.

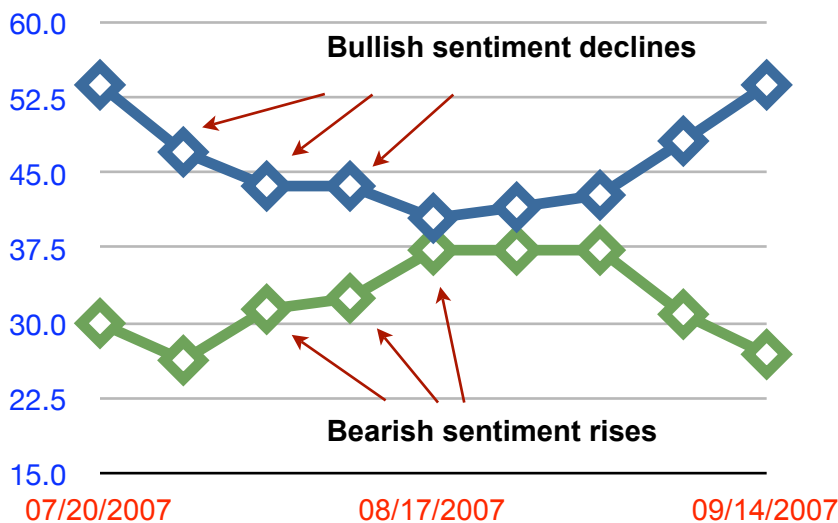
When the survey shows too many newsletters bullish on the market (55% or more), it can mean that the markets may struggle going forward because there is overwhelming bullish consensus. When there are too many bearish newsletters (50% or more), it can be bullish for stocks

because the crowd is usually wrong and people are panicking and selling at the lows. Plus, they do not like to go against the crowd. Investors are more willing to buy a newsletter and their recommendations when they and those around them are optimistic, as opposed to when most people are bearish. During the two plus year bear market which began in 2000, over 60 percent of the weeks recorded bullish readings over 60%, even though the S&P 500 fell more than 40%.

High levels of bearishness and low levels of bullishness occurred in late Summer 1998, October 2002 and March 2003 which were market bottoms. This indicator is better at signaling market bottoms because it is unusual for investors to be pessimistic for too long.

Since 2003, newsletter bullishness has tended to decline during corrections. This is healthy because it demonstrates investors no longer take it for granted that the markets will automatically rebound as they did throughout the 1990's.

Investor Sentiment Survey



- ◆ Bullish Sentiment
 - ◇ Bearish Sentiment
- 55% or higher bearish 50% or higher bullish
 35% or lower bullish 20% or lower bearish