

Navellier Applied Research Educational Series

1st Quarter 2009

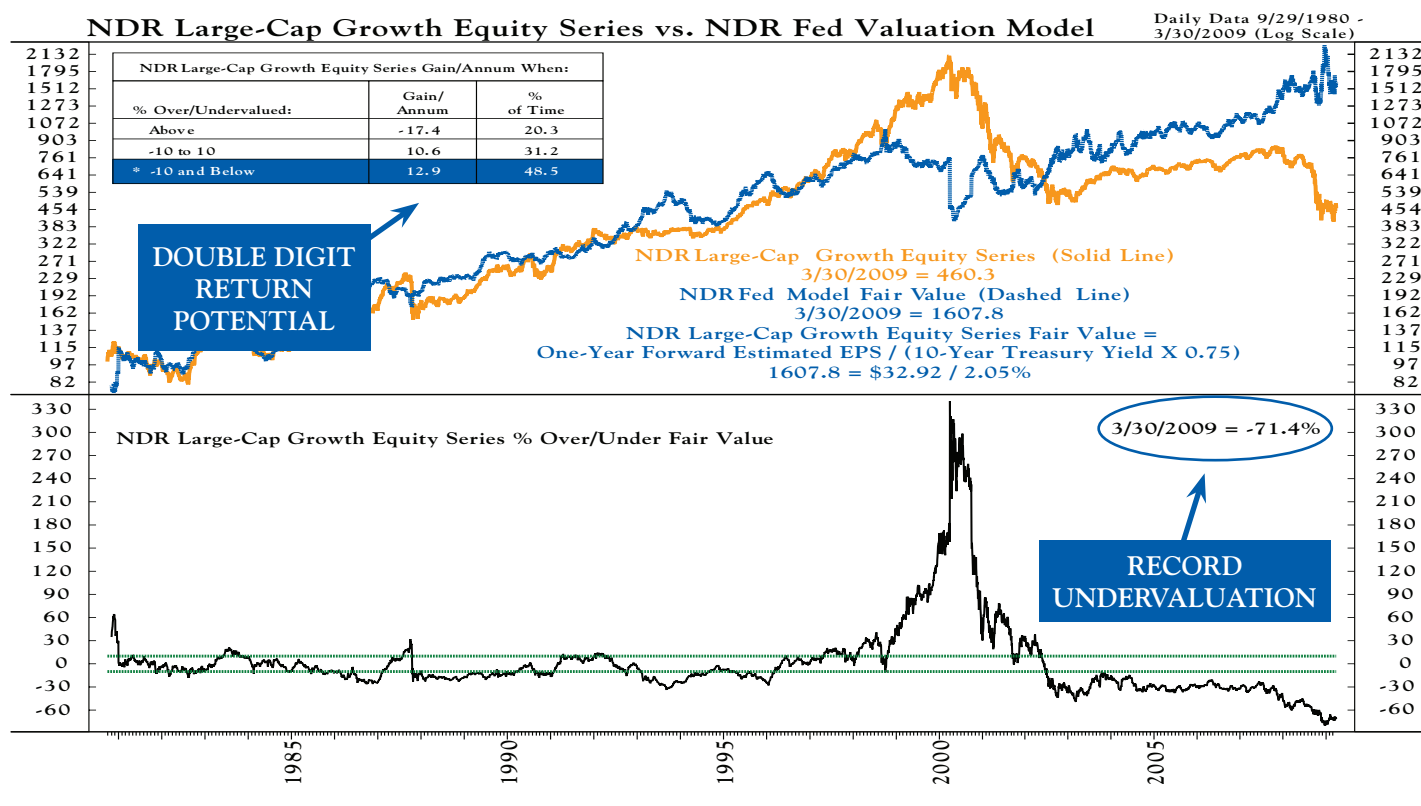
Bullish Bullets

by
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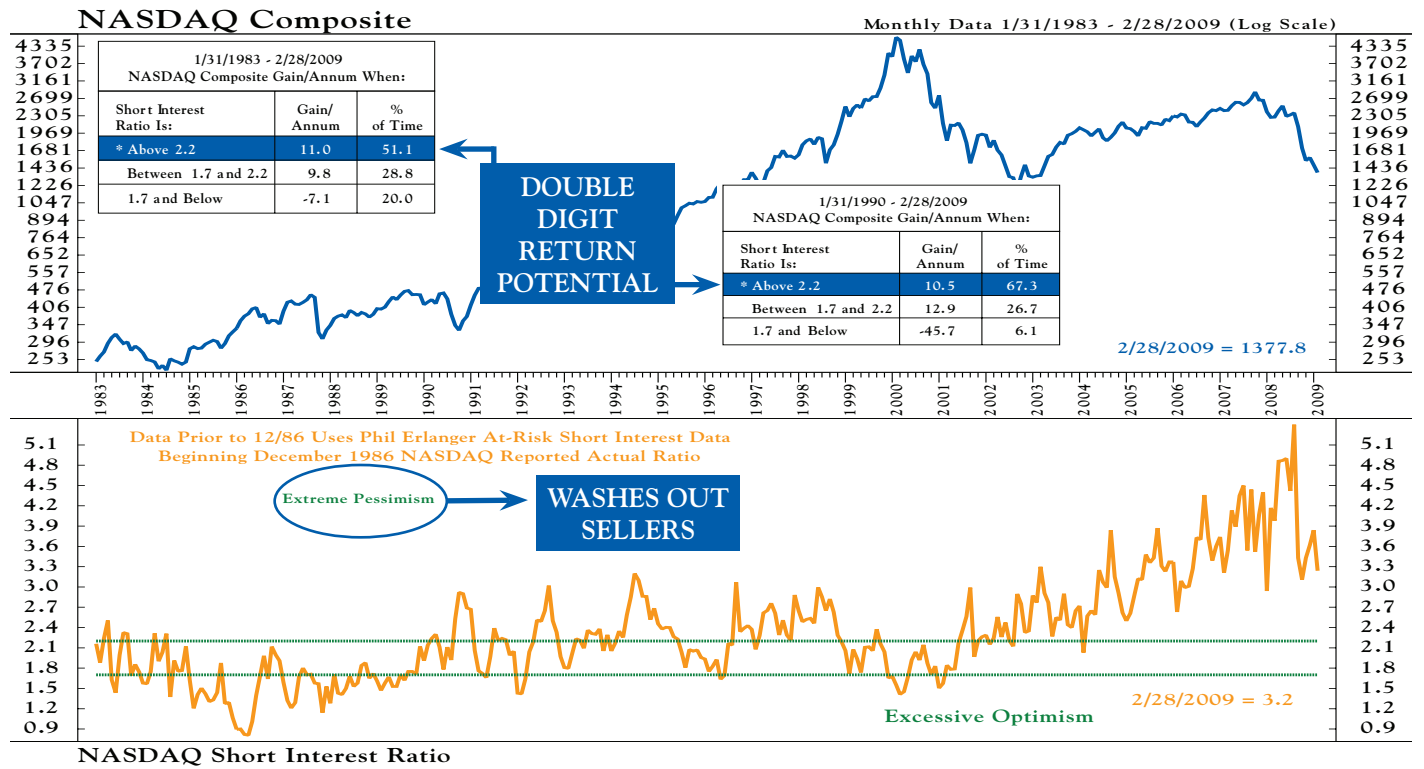
Summary

- Large Cap Growth Historic Undervaluation - Greatest in Nearly 3 Decades (Page 1)
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- Cash on Sidelines at Quarter Century High (Page 2)
- 4 to 6 Months Prior to Recession End Offers Great Market Entry Point (Page 3)

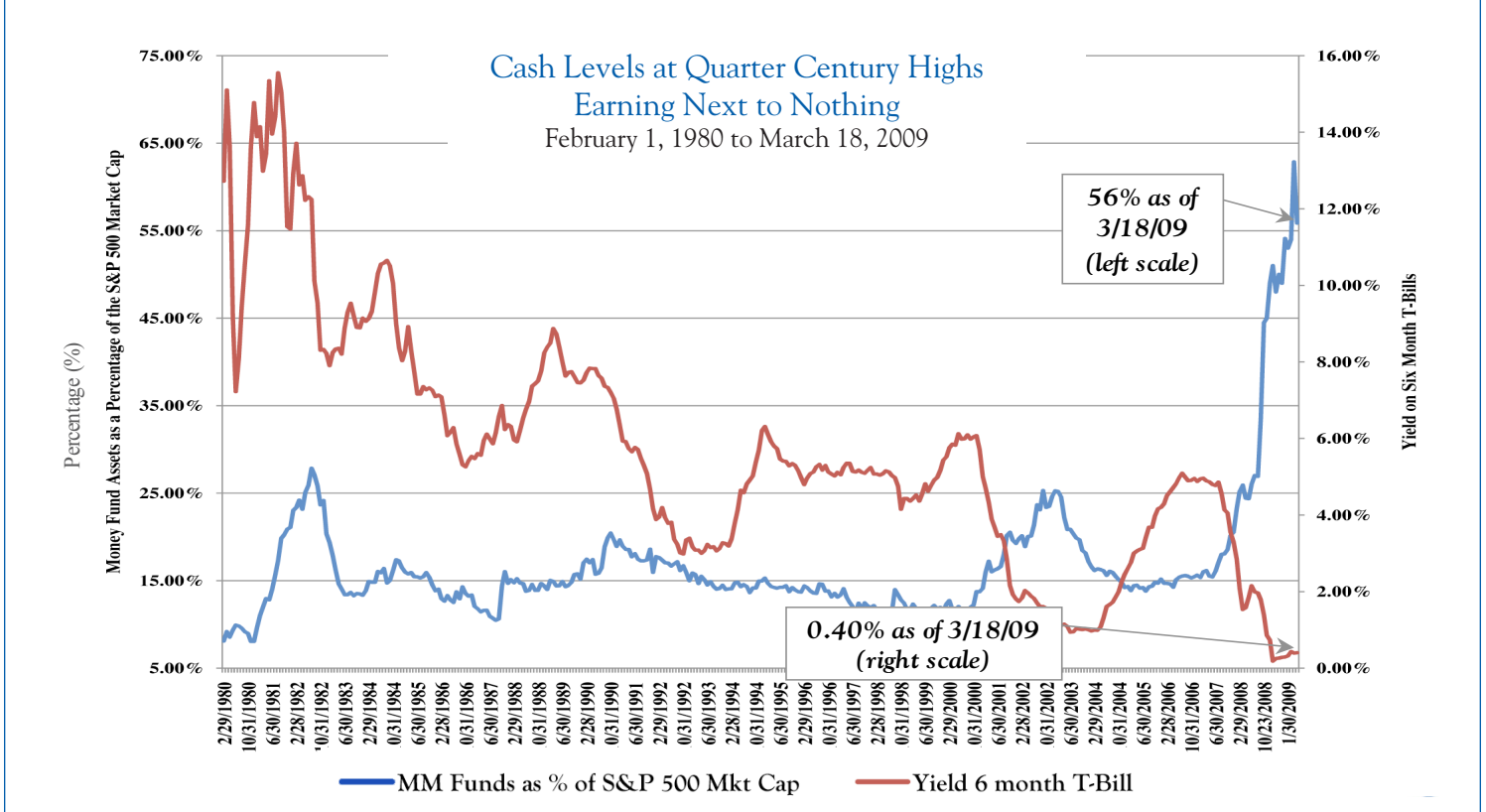
LARGE CAP GROWTH HISTORIC UNDERVALUATION - GREATEST IN NEARLY 28 YEARS



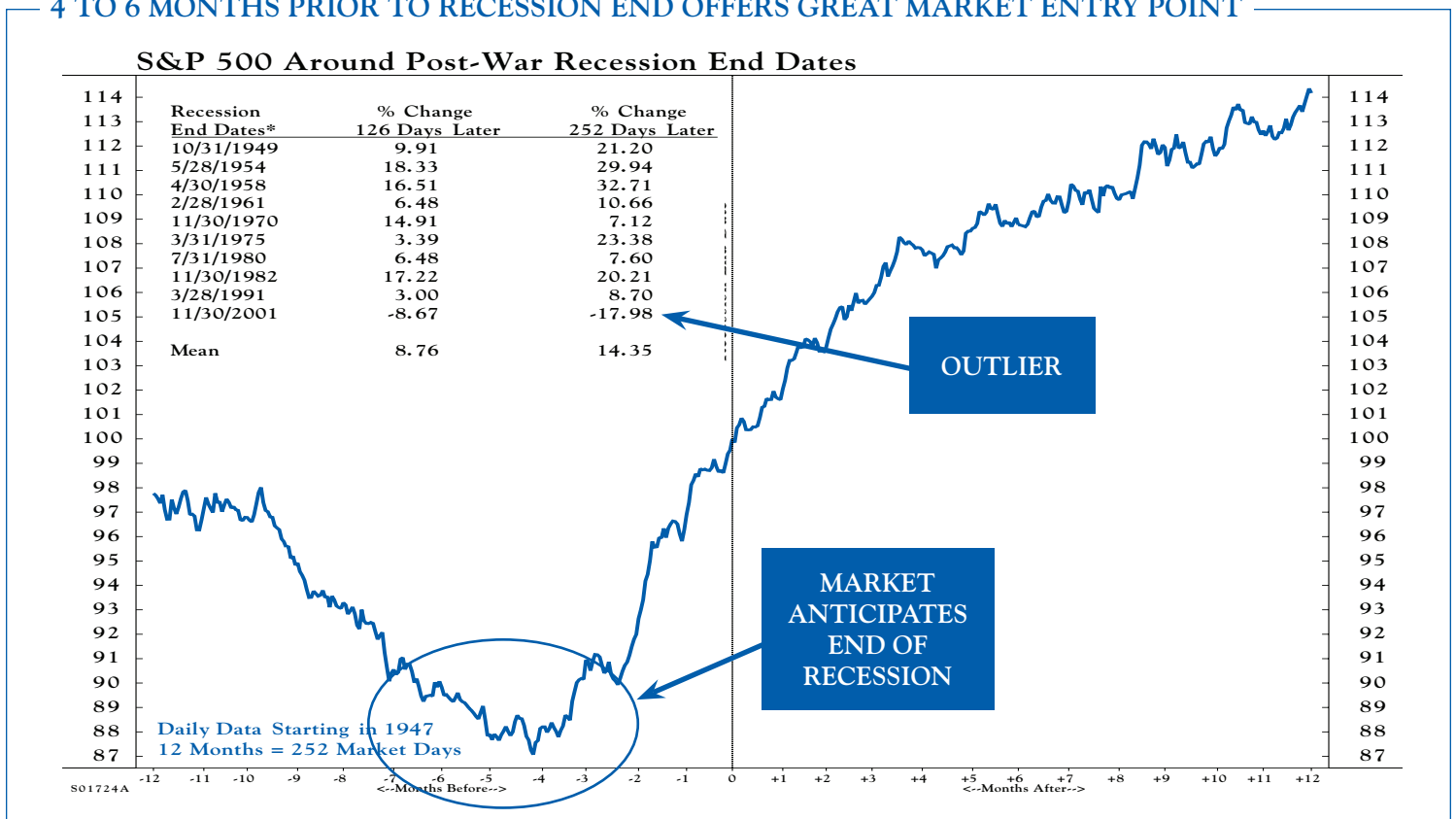
EXCESSIVE PESSIMISM OFFERS BULLISH OPPORTUNITY



CASH LEVELS AT QUARTER CENTURY HIGHS



4 TO 6 MONTHS PRIOR TO RECESSION END OFFERS GREAT MARKET ENTRY POINT



Take-Away Points

- Using the Ned Davis valuation technique as illustrated in Chart 1, the large cap growth sector is at a record undervaluation level for a period covering nearly three decades. When undervalued by 10% or more, historically large cap growth produces an annualized gain of 12.9% nearly 50% of the time!
- Pessimistic NASDAQ investors, as defined by short sellers have pushed the short interest level to such a point that historically the Index has produced double digit returns 67% of the time for the period 1/31/1990 – 2/29/2008. Over a longer period, 1/31/1983 – 2/29/2008, the index yielded annualized double digit returns 51% of the time when the ratio is above 2.2. As of 8/31/2008 the ratio stands at 3.2.
- Money market assets as a percentage of the S&P 500 market capitalization is at an unprecedented level offering ample fuel to sustain a major market rally.
- The four to six months prior to the end of a recession offers an attractive point in which to enter the stock market.

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