

# MONEYWATCH

## ADVISORS

March 3, 2010

### Newsletter to Clients

Many of you will remember the first time the Dow Jones Industrial Average hit 10,000 nearly eleven years ago (March 1999). Just in case you don't remember, 1999 was the year of years for the stock market. Nasdaq was on its way to 5,000 and two brilliant financial wizards published a book entitled Dow 36,000. At that time the total stock capitalization (the value of all publicly traded companies in the U.S) as a percentage of U.S. gross domestic product (GDP) was approaching 180%, having risen from the 80% level four years earlier. Total stock market capitalization is the value of all publicly traded companies in the United States. Gross domestic product represents the total sales of the country.

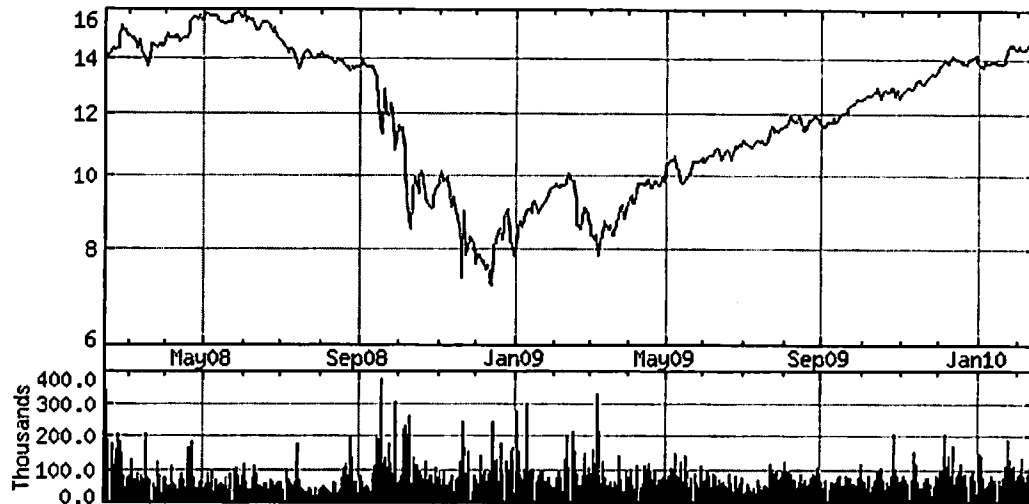
Fast forward to the present...The Dow Jones is 10,400 and total stock market capitalization is only 79% of gross domestic product, nowhere near the dizzying heights of 1999-2000. GDP has risen considerably in the past decade, to a level over \$14-trillion, while total stock market capitalization is only \$11-trillion. One would conclude that the stock market is not overpriced as compared to ten years ago. How much higher it goes will depend on how well the economy does and how well companies do now that the recovery is under way, or at least with many sectors recovering. It is sad that housing has not begun to recover and probably won't until the inventory is cleared. Consumer spending is sluggish and it will remain so until the unemployment rate drops back to a respectable level.

As we have stated in the past we are on the road to recovery, which is what is important. The rise in the stock market reflects (predicts) the improved outlook for the economy and the whole financial system.

BlackRock (BGT) is steadily rising in price, we believe in anticipation of higher short-term interest rates which will necessarily result in higher income. As you know this fund must payout 90% of their earnings so when the higher income comes in, the distributions will be increased. The only reason someone would buy a stock selling at a 10% premium to its net asset value and only a 5.5% current yield, is because they believe 1. The net asset value is understated and/or 2. The expectation for higher income is strong.

Thanks for your continuing confidence.

BLACKROCK GLB FLT RATE INCH TR  
as of 12-Feb-2010



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