INVESTMENT STRATEGY NOTES

VOLUME 14, ISSUE 6
AUGUST 6, 2010

Watching Grass Grow

We are not talking literally about our lawn; it has been so hot, the grass isn't growing at all. We are talking figuratively about the painful wait for the economy to generate positive job growth. We have noted previously that the decline in jobs had ended, but a "pick-up", while we think it is close at hand, has not yet materialized. To carry this metaphor a bit further, the "green shoots" of new jobs should come from those areas of the economy that are rebounding from depressed levels. The Federal Reserve and the Administration continue to contemplate a range of policy options that would act like a sprinkler to sustain the nascent job recovery.

The jobs dilemma is complicated by actions taken by state and local governments, which are having to address their budget deficits through a variety of measures, including jobs attrition.

The Earnings Season

At the end of each calendar quarter, we enter a period of several weeks when corporations report their earnings results. Eagerly awaited by analysts and the "talking heads" on financial news shows, corporate results provide a look not just at one company's results, but also, through comments by management, insight into industry and general business conditions. In this regard, we have seen a predominance of positive results and "earnings surprise" from S&P 500 corporations. The best results have come from economically sensitive areas such as industrials, technology, and consumer discretion. Within these sectors, special areas of strength have been demonstrated by the likes of Apple, Inc. which continues to ride the wave of technology innovation and mobility in computing and communications. Even the auto industry has rebounded from depressed levels, as leaner corporate structures in the U.S. have produced promising results.

The International Scene

The fiscal problems of Greece surfaced during the second quarter of 2010. As analysts looked at other countries in Europe with fiscal woes, markets became skittish, and we saw global equity markets weaken, corporate bond quality spreads widen, and U.S. Treasuries rally (a safe haven bid). In recent weeks, however, some of these trends reversed, as the European Union took actions to stabilize markets and restore confidence in long term fiscal discipline. Most recently, the results of bank stress tests were released to further reassure nervous markets that European financial institutions were fundamentally sound.

ABOUT JAMISON:

Founded in 1972

Independent Investment Firm

Manage assets for Individual and Corporate Investors, Retirement Plans, Foundations, Endowments and Taft-Hartley Funds

8 Investment Professionals

INVESTMENT STRATEGY GROUP:

Ernest Cruikshank, III
Executive Vice President
Chief Investment Officer
Director

William F. Gadsden, CFA
Senior Vice President
Director

Robert H. Bucher
Senior Vice President

Alan Moucha, CFA
Senior Vice President – Investments

Bedminster One
135 Route 202/206, Suite 10
Bedminster, NJ 07921-2608
(973) 635-6700

821 Alexander Road, Suite 120
Princeton, NJ 08540
(609) 945-1400

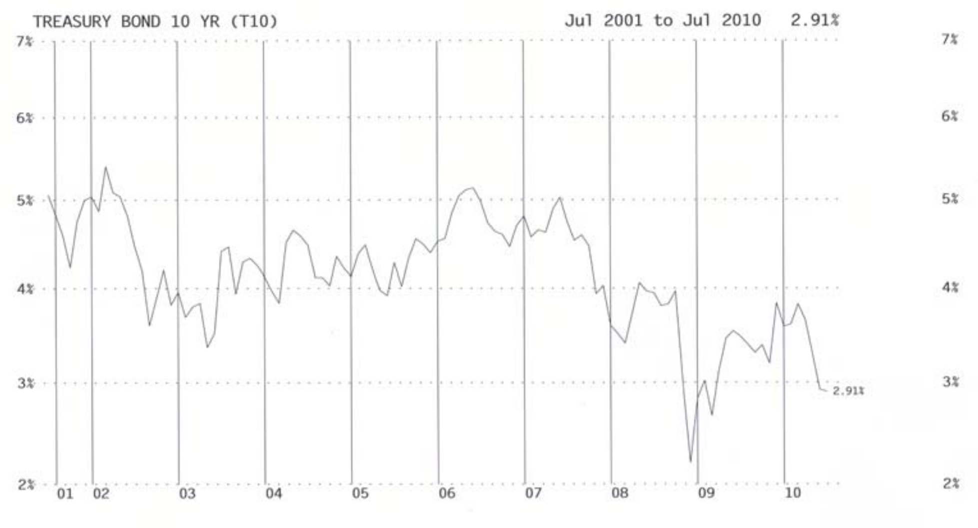
www.jamisonfirst.com

INVESTMENT STRATEGY NOTES

VOLUME 14, ISSUE 6
AUGUST 6, 2010

Reviewing Asset Allocation for Balanced Accounts

The recent rally in U.S. Treasuries has driven ten year yields below 3% and five year yields below 1.60%. Despite a rebound in equity prices in July, we still find attractive yields available in many of the quality large cap growth stocks on our Focus List. It is possible to sell Treasuries and pick up yield into equities, in addition to the likely prospect of an increasing dividend over time. We believe that this warrants reexamining the stock/bond mix, since the easier returns of the fixed income markets are behind us.



To receive Investment Strategy Notes by email, please send an email to starr@jamisonfirst.com.

Year-to-Date Total Returns July 31, 2010

Stock Market Indices		Bond Market Indices	
S&P 500	-0.27%	Barclays Intermediate Government	5.19%
Dow Jones	1.95%	Barclays Intermediate Government Credit	5.70%
Russell Growth	-0.81%	Barclays Government Credit	6.68%
S&P Mid-Cap	5.45%	Barclays Aggregate	6.46%
EAFE	-4.67%	Barclays Quality Intermediate Municipal	4.24%

If further information is required, please feel free to contact us at (973) 635-6700 or marketing@jamisonfirst.com.