Excerpts from content created for Ibbotson, a division of Morningstar:

From *View of Fixed Income Markets,* May 2008

As a rule, municipal bond yields are lower than those of Treasury bonds with similar characteristics. Yet muni yields currently trump Treasury yields. This turnabout has investors puzzled. Is it a symptom of infirmity in the bond market, or does it represent a robust investment opportunity in munis?

From *View of Commodities and Inflation,* June 2008

Commodities is the alternative asset class everyone seems to be talking about these days. Traditionally, its low correlation with the gains or losses of other investments has made it appealing. Its recent popularity is no mystery—handsome returns have earned this asset class an invitation to every A-list party in town. Many investors wonder whether now is the time to boost their commodities exposure, but some observers caution that princely returns and an all-too-familiar giddiness among investors may be signs of overvaluation.

Consumers have been hamstrung by these oppressive commodity prices. Journalists and politicians have been quick to point fingers and to propose remedies that amount to little more than placebos. Rather than look for scapegoats or silver bullets, in this document we will summarize the data so that you can draw more informed conclusions.

From *Quarterly Commentary,* March 2008

Timing the market is a tricky art. If an investor could do so, either with the gift of clairvoyance or with the aid of a very accurate econometric model, he or she would be immensely wealthy. It is fair to say that nobody possesses such acumen. We believe the investor is better off maintaining a low-cost, diversified bond portfolio rather than trying to outguess the market.

A study by Catherine Sanders, Julie Austin, and Michelle Swartzentruber of Morningstar, published in the 2007 Journal of Performance Measurement, finds that "average investor returns have generally lagged total returns over the past decade, suggesting that investors' trading habits have been hazardous to their financial health, particularly among higher-volatility funds." This means that more diversified funds (which have less volatility than concentrated funds) are more suitable for non-psychic investors because they suppress the temptation to jump in and out of specific market segments at the wrong time.

From *Quarterly Commentary,* June 2008

If trouble is just opportunity in disguise, as the saying goes, then the second quarter offered opportunity in spades. High-flying global equity markets belly-flopped in June (the S&P 500 is down 12% year to date and just under 20% from its peak in October 2007), dashing the gains that followed the Bear Stearns bailout in March. Equity-market volatility is likely to remain the order of the day in the short run. To make matters worse, the overall inflation rate clocked in at 4.2% on the May 2008 CPI-U. This uptick, propelled chiefly by surging energy costs, was compounded by the skidding dollar, forcing the Fed to turn its attention from easing interest rates to tethering inflation. Subdued inflation, of course, spells more robust bond yields, making bonds an increasingly beguiling alternative to stocks. However, for clients with a long-term perspective, we do not recommend diluting the equity allocation. Instead, we suggest that such clients rebalance their assets as necessary to reap the rewards of bear-market volatility. We believe the recent drain on equities has made valuations more attractive, perhaps representing an opportunity. Skittish investors would do well to remember another apt maxim: Good things come to those who wait.

From *Quarterly Commentary,* October 2008

Many a newsman has quipped that the most predictable thing about politics this year has been its sheer unpredictability. The same might be said of the economy. In our March 2008 commentary, we concluded that "a continued deep correction in the U.S. housing market is propelling the U.S. economy into recession." As accurate as this pronouncement seems to have been, we must confess that the unprecedented events of this September caught us by surprise. Our financial system was far more fragile than perhaps anyone realized.

We continue to witness the most violent convulsion of our financial system since the Great Depression. Regardless of what remedies are doled out now or in the future, the economy is sure to feel the pain. The prognosis is that waves of discomfort will impede economic recovery for some time.

Despite this baleful economic forecast, our outlook on equities is fairly bright. While not instantly efficient, the market adjusts quickly to the continuous flow of new information. As a result, it still offers the promise of foursquare returns for long-term, disciplined investors. We continue to believe that well-diversified asset-allocations portfolios simultaneously offer significant upside potential and downside protection. We repeat our mantra: diversify, diversify, diversify!

NOTE: The person at Morningstar who had hired me to prepare these quarterly reports and white papers was laid off in November 2008.