

The month that was December 2009

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In the Boyar Research Universe

Every December, Mark Boyar & Company, Inc. publishes the **Forgotten Forty**. It's our Christmas present to subscribers.



What is the **Forgotten Forty**? It's the list of the forty stocks in our research universe that we think have the best chance of performing well in the coming year. They're stocks our research team considers undervalued. Most have some trigger or catalyst that we believe may cause the share price to rise significantly over the next 12 months.

Want to learn more about this year's **Forgotten Forty**? Call Jonathan Boyar at (212) 995-8300 ext. 215 or email iboyar@boyarvalue.com.

By The Headlines

- December wrapped up the worst calendar decade for stocks since at least the 1820s, the earliest period for which there are reliable records. The Dow Jones Industrial Average's annualized rate of return was 1.3% for the decade.
- A year ago, nationalization of the major banks was being discussed as a serious policy option. What a difference a year makes. Citigroup, the last major Wall Street bank participating in TARP, announced plans to terminate the loss sharing agreement it made with the government on \$250 billion in problem real estate and credit card assets. It also paid back the \$20.5 billion bailout it received from the Treasury. Bank of America and Wells Fargo also repaid their bailouts in December.
- The recent success of some banks, such as Goldman Sachs and JP Morgan, presents a political problem very different from the one faced last year when the banking system appeared on the verge of collapse: the bonus pool is too large. Facing public outrage, Goldman Sachs scrapped cash bonuses for its top executives, who will instead receive company stock.
- President Obama announced that \$200 billion of the \$700 billion originally budgeted for TARP was unneeded, and proposed that it be redirected at a job stimulus program.
- AOL was spun off from Time Warner, marking an end to the most disastrous tie-up in corporate history. We remind readers that back in 2000, it was actually AOL that acquired Time Warner (not the other way around) in a deal valued at \$164 billion. Today, AOL's market capitalization is approximately \$2.4 billion. The combined market capitalization of Time Warner Inc and Time Warner Cable is about \$50 billion.
- The Senate passed a sweeping health care reform bill, but without a public option. Before the bill becomes law, it needs to be reconciled with a far more sweeping version passed by the House.
- President Obama ordered 30,000 additional troops to Afghanistan but pledged that the troops would begin coming home in 18 months.

By the numbers

	December	Full Year 2009
Dow Jones Industrial Average	↑ 0.8%	↑ 18.8%
S&P 500	↑ 1.8%	↑ 23.5%
NASDAQ	↑ 5.8%	↑ 43.9%

	Dec. 31, 2009	Nov. 30, 2009	Dec. 31, 2008
10-Year Treasury	3.84%	3.19%	2.24%
30 Year mortgage, fixed	5.48%	5.10%	5.01
Libor, 3-month	0.25%	0.26%	1.21%
Prime rate	3.25%	3.25%	3.25%
Money market, annual yield	0.92%	1.00%	0.94%
Euro	1.43	1.50	1.41
Pound	1.61	1.64	1.45
Yen	92.88	86.29	90.38
Crude Oil	79.28	77.30	44.60
Gold	1,092.50	1,180.50	833.30
Copper	3.33	3.18	1.41
Unemployment	(Unavailable as of press time)	10.0%	7.2%
US Deficit	\$12.2 trillion	\$ 12.1 trillion	\$10.6 trillion

Miscellaneous

Silvio Berlusconi may be Prime Minister of Italy and a media baron with a net worth estimated at \$9.4 billion, but he did not have a good 2009. First, Mr. Berlusconi, who faces numerous corruption charges, had his immunity from prosecution stripped from him by the Italian courts. Second, a newspaper published photos of wild parties at the Prime Minister's villa, and in the ensuing scandal, it emerged that Mr. Berlusconi, who is 73, attended the birthday party of an 18 year old girl who calls him "papi" and who was quoted as saying that the Prime Minister would take care of her career as a "showgirl or politician." The revelations caused his wife to leave him, declaring, "I cannot stay with a man who frequents minors." To top it all off, during a public appearance on December 12th, a deranged man threw a model of the Milan cathedral at Mr. Berlusconi, breaking his nose and two of his teeth. The Prime Minister is a survivor, however, and appears to be in good spirits.

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Quotable

"I did not run for office to be helping out a bunch of fat cat bankers on Wall Street They're still puzzled why it is that people are mad at the banks. Well, let's see. You guys are drawing down \$10, \$20 million bonuses after America went through the worst economic year that it's gone through in decades, and you guys caused the problem. And we've got 10% unemployment."

--President Obama, prior to meeting banking executives in December to persuade them to relax lending standards "in a responsible way"

"Bankers are getting mixed messages from the government, Congress and regulators. They are told to lend more, but on the other hand, here are existing policies and proposed policies that will inhibit lending."

--Ed Yingling, head of the American Bankers Association

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