

SPECIAL REPORT: OUTLOOK 2008

K. SEAN CLARK

Chief investment officer
Clark Capital Management Inc.
Philadelphia
Assets under management:
\$1.3 billion

Forecast:

The market will struggle early, but pick up toward the end of 2008, much as it almost always does in an election year, Mr. Clark said.

There is an election-year pattern in which the market proves jittery about who will be elected president but then comes to terms with the winner, he said.

There is no reason the market wouldn't follow the pattern this year, said Mr. Clark, who believes much of



the prevailing pessimism is overdone, especially regarding real estate.

"The more the information about the subprime mess comes out, the more the market will get comfortable with the idea that [the problem] has made its way through the system," Mr. Clark said. The market also will become more comfortable with the dollar, he predicted.

While the dollar has taken a beating, and many people expect the drubbing to go on if the Federal Reserve Board continues to cut rates, Mr. Clark said he doesn't read history that way. "Look at past examples of Fed rate cuts," he said. "The dollar has risen six months and 12 months later."

The finish line, 2008:

- **The Dow:** 16,000
- **The Nasdaq:** 3,121
- **The S&P 500:** 1,725

Tip sheet:

- **Favorite stock:** iShares Russell 1000 Growth Index ETF (IWF).
- **Favorite sectors:** Pharmaceuticals, energy services, large-cap growth and technology.
- **Next big thing:** Portfolios that include not only traditional asset classes, but alternative asset classes.
- **Biggest concern:** Recession.
- **Currently reading:** "Murdered by Mumia: A Life Sentence of Loss, Pain and Injustice" by Maureen Faulkner and Michael A. Smerconish (The Lyons Press, 2007).

— David Hoffman