

EquityCompass Strategies

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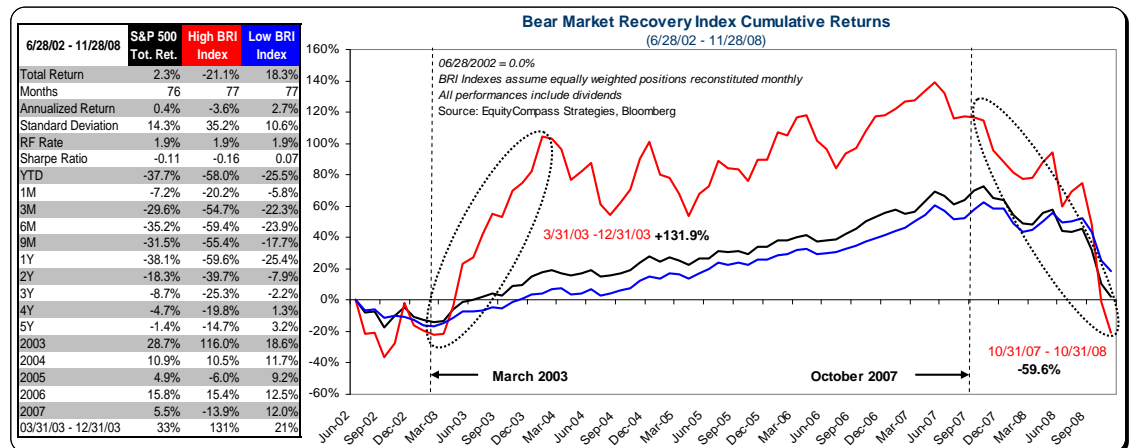
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The Battle for Investment Survival

- With a last week of record gains, November performances were not as uniformly bad as they were in the prior month. Three sectors—Energy, Telecom Services, and Utilities—actually had positive gains for the month. But otherwise, the average stock declined 13.2% in November after declining 23.2% in October, and 9.9% in September—extreme and extraordinary.
- The hardest task of investment decision-making is balancing all sides in the midst of a brutal bear market. However, good investment decision-making requires that we do so and we offer 10 reasons to balance the preponderance of negative news.
- Introducing the Bear Recovery Ranking (BRR) to identify stocks that are disproportionately expected to benefit from a market rally. The BRR is comprised of mostly risk attributes that suffer the most in a bear market and while these characteristics are not sustaining over a market cycle, they have their moments of stunning performances.
- The EquityCompass individual stock opinion has completed its sixth year of published ratings representing a fairly complete cycle and performances worthy of consideration.

Chart 1



A complete list of PPS, Redline and SVI ratings is available from your Stifel Nicolaus representative.

All relevant disclosures appear on page 23 of this report.

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You Decide

"Surviving has to be done by the use of intelligence, not through expecting miracles."

—Gerald M. Loeb, *The Battle for Investment Survival*

- The hardest task of investment decision-making is balancing all sides in the midst of a brutal bear market. However, good investment decision-making requires that we do so and we offer 10 reasons to balance the preponderance of negative news.
- The positive case for stocks has to rest on criteria that demonstrates value and opportunity.
- These are unprecedented times and uncertainty is high. Ultimately, investors have to weigh the risk and reward of stocks against their own self interest.

The case for investors to avoid stocks is easier to make. The three-headed monster of deleveraging, economic deterioration, and fear has decimated equity wealth in the last 14 months. Credit markets remain stressed, corporate earnings are declining, and volatility is incredible. The prudent course appears obvious—to stay defensive until some of the considerable economic pressures become less uncertain. But against this backdrop are the reasons to invest. The easier course in investing, as it is in most things in life, is to minimize the dissonance that comes from balancing all sides. In a bear market, this becomes more difficult as time horizons shorten and the risk of investing is accentuated rather than its rewards.

We have experienced a major bear market that by magnitude and length is among the worst in the last 100 years. Investors are disappointed, demoralized, and fearful. However, if the past tells us anything it is that periods of great pessimism are the conditions that create better future returns. Major bear markets have been followed by major recoveries because stocks offered good value and opportunity to grow wealth versus alternative investments. This is the threshold question that investors need to ascertain. Given the preponderance of negative news, we wanted to balance perspectives with 10 reasons why an investor, with a reasonable time horizon, should look at the stock market opportunistically. Whether these reasons are enough to counter the present uncertainty is something that every investor, with their unique circumstances, has to answer for themselves.

1) Massive Fiscal and Monetary Stimulus

Between the Treasury use of TARP funds and a \$500 billion package expected with the new administration, fiscal stimulus measures are expected well over \$1.2 trillion or close to 10% of GDP. The Federal Reserve is now fully engaged in "quantitative easing" or steps that will reduce interest rates on longer-maturity securities. The first beneficiary of these actions is likely to be mortgage-related GSE securities that will spark a significant wave of refinancing activity. All of these measures should help stimulate economic growth in 2009.

2) Valuation

Using forward 12-month consensus estimates of operating earnings, the P/E ratios for most of the broad stock market indices are around 11.0x. The average inflation-adjusted P/E ratio with CPI at 2.0% is 19.6x for the S&P 500 and the long-term average P/E ratio is 16.0x. Price to cash flow (P/CF), price to sales (P/S), price to book value (P/BV), enterprise value to EBITDA, and P/E to long-term estimated EPS growth (PEG) all paint a picture of depressed valuation. In bear markets, investors become fixated on near-term earnings and ignore the basis of intrinsic value for stocks. Intrinsic value places a greater emphasis on longer-term cash flows in determining investment value. Given the current high level of risk aversion, the future values of stocks are being significantly discounted.

3) Dividend Yield

The dividend yield on the DJIA is 3.7%, which is 100 basis points above the yield on 10-year Treasury bonds (2.7%). The last time the DJIA dividend yield exceeded 10-year Treasuries was in 1962 and was followed by a robust market rally. While certain DJIA constituents will likely reduce dividends (Citigroup, Bank of America, etc.) others will likely increase their payouts (Wal-Mart, McDonalds, Procter & Gamble, etc.). Assuming earnings and dividends grow at 5% per annum for the next 10 years (below the long-term average of 6%), and the DJIA sells at the same P/E as today (11.0x), the total return for the DJIA is 75% higher than current 10-year Treasury bonds.

4) Trailing Performances

The trailing 10-year performance of the DJIA is negative, which last happened in 1982 and 1974. Both periods were followed by major, multi-year bull markets. From a S&P 500 standpoint, trailing 10-year performances are into a second standard deviation below their historical mean.

5) Already Experienced a Major Bear Market

As measured by the DJIA, the stock market has experienced a bear market that is as deep as all except in the early 1930s. In each of the eight largest declining periods (DJIA down 47% or more), recoveries were a "V" shape, or a sharp rise, in percentage terms.

6) Negative Sentiment

The Ned Davis Crowd Sentiment survey is a compilation of short- and long-term sentiment readings from a range of investors. The current reading is lower than the three previous bear markets. At extremes, sentiment has been a reliable contrarian indicator. According to the latest equity mutual fund flow data, net redemptions have far surpassed the previous peak

at the bottom of the 2002 bear market. Like sentiment, record net inflows and outflows are telltale signs of market tops and bottoms.

7) **Cash on the Sidelines**

Cash in money market funds are almost half the value of the S&P 500 and are higher than in 1982, which was the beginning of a secular bull market. Free credit balances at NASD firms are also at an all-time high.

8) **Investment Alternatives**

The current investment environment is shunning almost all risk assets from stocks, to corporate debt, to real estate. While risk-less assets offer protection of principal, they offer little in the way of growing wealth to meet financial objectives. The stock/bond ratio measured with government bond yields is wildly positive for investors although corporate debt is a different matter.

9) **Economic Data is Often Lagging**

Stocks are mostly a leading indicator for the economy. Stocks in October 2007 peaked before the "official" recession began in December 2007, in advance of most investors' expectations that such conditions had occurred. Historically, the stock market bottoms before GDP turns higher, unemployment peaks, and consumer sentiment improves.

10) **Warren Buffett**

Warren Buffett is not someone who often offers market opinions. In 1974, when stocks were experiencing their worst bear market since the 1930s, Buffett described himself as a, "sex-starved sailor in a harem" in perusing the opportunities. In 1999, when the tech-inspired bullishness reached incredible heights, he warned that future returns would be far lower. In October 2008, Buffett said "Buy" knowing full well that near-term economic news would be lousy but "if you wait for the robins, spring will be over."

Richard E. Cripps, CFA
Chief Investment Officer

Extreme and Extraordinary

- The extreme and extraordinary bear market performances argue for a correction or rally from the 30% decline in the last three months.
- S&P 500 earnings estimates have declined 20% in the last several months commensurate with the decline in stocks. However, for investors waiting for fundamental improvement before investing, there are not likely to be any positive developments soon.
- The EquityCompass investment rating has completed six years of published opinions that cover the good, bad, and ugly of stock market performances.

At the end of 1999, when the NASDAQ had nearly doubled in price in a six-month period, many market observers recognized that conditions were frothy and due for a correction. However, contrary to the sense that stocks “should” correct, the NASDAQ proceeded to shoot straight up almost 25% before the inevitable occurred in late-March 2000. It was an extreme and extraordinary period of bullishness that had few historical parallels. We are reminded of this period in trying to rationalize the current equity market environment. The S&P 500 has lost 30% of its value in the last three months’ sell-off on the heels of a 17% market decline from its peak in October 2007. Assuming an unchanged December, the S&P 500 is on pace for one of its worst calendar years of performance on record. The 52% peak-to-trough decline is also the largest since S&P expanded the index to 500 stocks in 1957. These extreme and extraordinary performances are due for a “correction.” But as we are reminded, stocks will do what they are going to do and, in such volatile periods, are not bound to anyone’s notion of what they “should” do.

With a week of record gains, November performances were not as uniformly bad as in the prior month. Three sectors—Energy, Telecom Services, and Utilities—actually had positive gains for the month. There was also some discrimination developing with relative performance favoring stock attributes of higher quality, larger market-cap, and growth. But otherwise, the average stock declined 13.2% for the month after declining 23.2% in October, and 9.9% in September—extreme and extraordinary.

S&P 500 Earnings

The EquityCompass utilizes forward 12-month consensus earnings estimates as one of its valuation variables. This number is referred to as “bottom-up” and we use a service that “cleans” these estimates depending on how recently they have been updated and the accuracy of the provider in the past. Based on data at the end of November, the current forward 12-month consensus operating earnings estimate for the S&P 500 is \$81.10, which produces a P/E ratio of 11.0x. Forward estimates for the S&P 500 peaked in October 2007 at \$103.72 and steadily declined until September 2008, when it plunged from \$100 to the current level. There is little doubt that further declines are ahead. For perspective purposes, the largest decrement in earnings post-WWII occurred in 2001, when S&P 500 EPS declined 20% from the prior year. Before this period, the S&P 500’s largest earnings decline was 14% in 1974.

For investors seeking fundamental confirmation before initiating or adding to portfolio holdings, earnings growth can be a fairly reliable indicator. Table 2 on the next page shows the monthly estimates for the S&P 500 from 2002. From this data, we set a rule to fully invest when there have been two consecutive months of increases, and to sell whenever there have been two months of decreases. These tactics would have produced the following trades.

- 1) Long on 6/28/02 at SPX 989 (beginning of data)
- 2) Sold on 10/31/02 at SPX 885
- 3) Bought on 5/30/03 at SPX 963
- 4) Sold on 12/31/07 at SPX 1468
- 5) Bought on 6/30/08 at SPX 1280
- 6) Sold on 8/29/08 at SPX 1282

The total return on this strategy has been 36.7% versus –9.6% for Buy & Hold, and is now on the sidelines waiting for earnings to improve for two consecutive months. This approach missed the bottom of the market in 2002, but invested in 2003, and stayed long until the end of 2007.

EquityCompass Investment Rating

The EquityCompass investment rating reached its sixth year anniversary this month. The period from 2002 to 2008 encompasses a market cycle that includes a bull rise of 100% along with the bear market that started in October 2007. The EquityCompass Buy/Neutral/Sell ratings are derived by four quantitative models that include relative valuation, price momentum, over-/underreaction, and quality. These models have separate insights and are organized in a way that provides five intervals ranked to their favorability of expected stock performance. The intervals are referred to as the EquityCompass Risk/Reward Rating and range from 100% in which all of the models are indicating favorability, to 0% which are the most unfavorable. The top and bottom two intervals are combined to produce an overall EquityCompass Buy/Neutral/Sell opinion. Performances for each of the risk/reward and opinion categories are shown in Table 1.

Table 1

EquityCompass Investment Rating Annualized Performances from Inception

(11/29/02 – 11/28/08)

EC Risk/Reward Rating	Performance	EC Rating	Performance
100%	7.2%	Buy	6.7%
75%	5.3%		
50%	3.8%	Neutral	3.8%
25%	1.0%	Sell	-0.8%
0%	-2.6%		
Universe	3.5%	—	3.5%

All indices equally weighted, rebalanced monthly and include dividends
Source: EquityCompass Strategies

Table 2

S&P 500 Monthly Earnings Estimates with Signal Changes

Date	S&P 500 Index	Est. EPS (NTM EC Est.)	PE (NTM EC Est.)	MOM Change in EPS Est.	MOM Direction	2-Month Direction
6/28/02	989.82	\$57.50	17.2	--	--	--
7/31/02	911.62	\$56.60	16.1	-1.6%	Dn.	--
8/30/02	916.07	\$57.79	15.9	2.1%	Up	Dn. - Up
9/30/02	815.28	\$56.88	14.3	-1.6%	Dn.	Up - Dn.
10/31/02	885.76	\$56.28	15.7	-1.1%	Dn.	Dn. - Dn.
11/29/02	936.31	\$56.85	16.5	1.0%	Up	Dn. - Up
12/31/02	879.82	\$55.06	16.0	-3.1%	Dn.	Up - Dn.
1/31/03	855.70	\$53.10	16.1	-3.6%	Dn.	Dn. - Dn.
2/28/03	841.15	\$50.48	16.7	-4.9%	Dn.	Dn. - Dn.
3/31/03	848.18	\$49.71	17.1	-1.5%	Dn.	Dn. - Dn.
4/30/03	916.92	\$50.21	18.3	1.0%	Up	Dn. - Up
5/30/03	963.59	\$50.24	19.2	0.1%	Up	Up - Up
6/30/03	974.50	\$55.68	17.5	10.8%	Up	Up - Up
7/31/03	990.31	\$55.92	17.7	0.4%	Up	Up - Up
8/29/03	1008.01	\$58.19	17.3	4.0%	Up	Up - Up
9/30/03	995.97	\$58.67	17.0	0.8%	Up	Up - Up
10/31/03	1050.71	\$58.35	18.0	-0.5%	Dn.	Up - Dn.
11/28/03	1058.20	\$58.77	18.0	0.7%	Up	Dn. - Up
12/31/03	1111.92	\$58.85	18.9	0.1%	Up	Up - Up
1/30/04	1131.13	\$59.63	19.0	1.3%	Up	Up - Up
2/27/04	1144.94	\$62.00	18.5	4.0%	Up	Up - Up
3/31/04	1126.21	\$62.67	18.0	1.1%	Up	Up - Up
4/30/04	1107.30	\$64.11	17.3	2.3%	Up	Up - Up
5/28/04	1120.68	\$65.13	17.2	1.6%	Up	Up - Up
6/30/04	1140.84	\$65.58	17.4	0.7%	Up	Up - Up
7/30/04	1101.72	\$73.09	15.1	11.5%	Up	Up - Up
8/31/04	1104.24	\$71.88	15.4	-1.7%	Dn.	Up - Dn.
9/30/04	1114.58	\$73.23	15.2	1.9%	Up	Dn. - Up
10/29/04	1130.20	\$74.22	15.2	1.4%	Up	Up - Up
11/30/04	1173.82	\$75.85	15.5	2.2%	Up	Up - Up
12/31/04	1211.92	\$74.53	16.3	-1.7%	Dn.	Up - Dn.
1/31/05	1181.27	\$75.24	15.7	1.0%	Up	Dn. - Up
2/28/05	1203.60	\$76.01	15.8	1.0%	Up	Up - Up
3/31/05	1180.59	\$77.69	15.2	2.2%	Up	Up - Up
4/29/05	1156.85	\$78.41	14.8	0.9%	Up	Up - Up
5/31/05	1191.50	\$79.60	15.0	1.5%	Up	Up - Up
6/30/05	1191.33	\$80.16	14.9	0.7%	Up	Up - Up
7/29/05	1234.18	\$81.66	15.1	1.9%	Up	Up - Up
8/31/05	1220.33	\$82.76	14.7	1.3%	Up	Up - Up
9/30/05	1228.81	\$84.74	14.5	2.4%	Up	Up - Up
10/31/05	1207.01	\$85.53	14.1	0.9%	Up	Up - Up
11/30/05	1249.48	\$85.73	14.6	0.2%	Up	Up - Up
12/30/05	1248.29	\$86.75	14.4	1.2%	Up	Up - Up
1/31/06	1280.08	\$86.94	14.7	0.2%	Up	Up - Up
2/28/06	1280.66	\$87.89	14.6	1.1%	Up	Up - Up
3/31/06	1294.83	\$88.57	14.6	0.8%	Up	Up - Up
4/28/06	1310.61	\$90.37	14.5	2.0%	Up	Up - Up
5/31/06	1270.09	\$92.00	13.8	1.8%	Up	Up - Up
6/30/06	1270.20	\$91.26	13.9	-0.8%	Dn.	Up - Dn.
7/31/06	1276.66	\$93.04	13.7	2.0%	Up	Dn. - Up
8/31/06	1303.82	\$93.49	13.9	0.5%	Up	Up - Up
9/29/06	1335.85	\$93.94	14.2	0.5%	Up	Up - Up
10/31/06	1377.94	\$94.86	14.5	1.0%	Up	Up - Up
11/30/06	1400.63	\$93.98	14.9	-0.9%	Dn.	Up - Dn.
12/29/06	1418.30	\$95.34	14.9	1.4%	Up	Dn. - Up
1/31/07	1438.24	\$94.99	15.1	-0.4%	Dn.	Up - Dn.
2/28/07	1406.82	\$95.60	14.7	0.6%	Up	Dn. - Up
3/30/07	1420.86	\$95.40	14.9	-0.2%	Dn.	Up - Dn.
4/30/07	1482.37	\$97.76	15.2	2.5%	Up	Dn. - Up
5/31/07	1530.62	\$99.09	15.4	1.4%	Up	Up - Up
6/29/07	1503.35	\$100.69	14.9	1.6%	Up	Up - Up
7/31/07	1455.27	\$99.69	14.6	-1.0%	Dn.	Up - Dn.
8/31/07	1473.99	\$102.27	14.4	2.6%	Up	Dn. - Up
9/28/07	1526.75	\$103.73	14.7	1.4%	Up	Up - Up
10/31/07	1549.38	\$104.56	14.8	0.8%	Up	Up - Up
11/30/07	1481.14	\$103.23	14.3	-1.3%	Dn.	Up - Dn.
12/31/07	1468.36	\$102.76	14.3	-0.5%	Dn.	Dn. - Dn.
1/31/08	1378.55	\$99.87	13.8	-2.8%	Dn.	Dn. - Dn.
2/29/08	1330.63	\$100.58	13.2	0.7%	Up	Dn. - Up
3/31/08	1322.70	\$99.34	13.3	-1.2%	Dn.	Up - Dn.
4/30/08	1385.59	\$99.16	14.0	-0.2%	Dn.	Dn. - Dn.
5/30/08	1400.38	\$100.30	14.0	1.1%	Up	Dn. - Up
6/30/08	1280.00	\$101.43	12.6	1.1%	Up	Up - Up
7/31/08	1267.38	\$100.24	12.6	-1.2%	Dn.	Up - Dn.
8/29/08	1282.83	\$100.14	12.8	-0.1%	Dn.	Dn. - Dn.
9/30/08	1166.36	\$97.36	12.0	-2.8%	Dn.	Dn. - Dn.
10/31/08	968.75	\$87.60	11.1	-10.0%	Dn.	Dn. - Dn.
11/28/08	896.24	\$81.10	11.1	-7.4%	Dn.	Dn. - Dn.

Source: EquityCompass Strategies

Bear Recovery Ranking

- Introducing the Bear Recovery Ranking (BRR) to identify stocks that are disproportionately expected to benefit from a market rally.
- The BRR is comprised of mostly risk attributes that suffer the most in a bear market and while these characteristics are not sustaining over a market cycle, they have their moments of stunning performances.
- Stocks with the least risky attributes are at the bottom of BRR rankings and have had strong relative performance in the last year. For investors expecting a more subdued environment, relative weakness among these less-risky stocks may provide an attractive time to add or accumulate shares.

Bear market rallies are often powerful upside moves with limited duration. In these rallies, stock attributes such as low price, high beta, and lower quality lead performances. These attributes reflect risk and are the bleeding edge of the bear market. Given the worst bear market in a generation, the window is wide open for risk attributes to provide sizeable gains. Using a composite of EquityCompass attribute indices, we are introducing a Bear Recovery Ranking (BRR). The ranking is a composite of five attributes that include volatility, price level, price trend, extreme valuation, and quality. The rankings are from 0-100 for each of the 3,000 stocks in the EquityCompass coverage universe. The higher the ranking, the greater the presence of attributes that are likely to benefit from a market rally. The lowest rankings are the inverse and represent stocks that are the least risky. For a complete list of EquityCompass BRR rankings, contact your Stifel Nicolaus representative.

While risk attributes provide hefty rewards in bear rallies and when transitioning to a more normalized market environment, they are not characteristics that produce excess returns over a market cycle. Their

point of maximum risk/reward is when the overall market is suffering the most and investors' risk aversion is high. However, individual selection among these riskier stocks is also very high. As such, investors attempting to exploit the opportunities should do so in the context of a diversified portfolio and incorporate complementary insights such as fundamental research opinions.

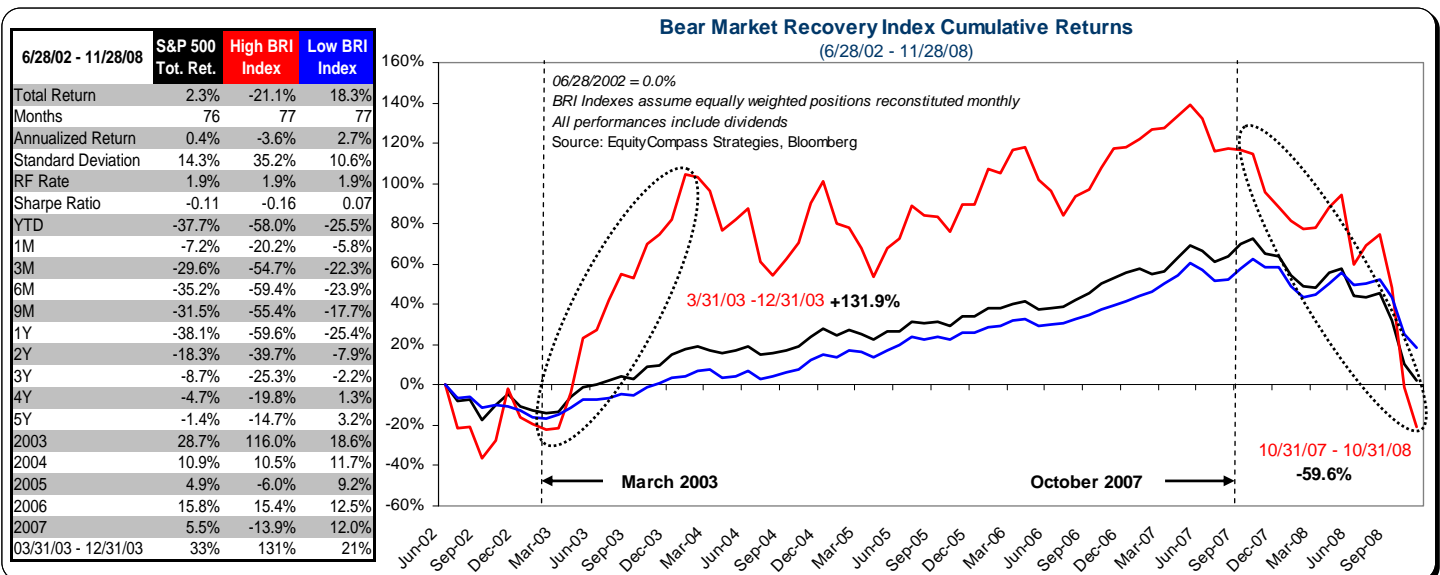
Bear Recovery Index

To demonstrate the risk and return properties of BRR, we created indices representing the top and bottom deciles of rankings. The top 10% of rankings are the riskiest and expected to outperform in a rally. The bottom 10% are the least risky and the stocks likely to underperform in a bear rally phase. Each of the Bear Recovery Index (BRI) components is equally-weighted and rebalanced monthly. Cumulative performance of the Bear Recovery Index from July 2002 is shown in **Chart 1** along with period performances.

The cumulative performance of the high and low BRI covers a market cycle. The high rankings outpaced the S&P 500 by about 5:1 in the market recovery in 2003, but beyond that period, underperformed the broader market and have been trampled in the last year (down 20.2% in November). As mentioned previously, the opportunity for higher risk stocks is limited and is the greatest when the market is at its worst. When the window is open, as it now appears to be, potential gains are significant.

The BRI low stocks are also at an interesting junction. These lower risk stocks have outperformed the S&P 500 in just about every period except in a market recovery. In the last year, the BRI low index has outperformed the S&P 500 by 1270 basis points and was a whopping 3570 basis points over the BRI high index. While buying stocks with lower risk attributes is a worthy tactic for long-term, risk-adjusted performance, their rewards in the last year have been extraordinary and well above their historical relative norm.

Chart 1 (from the cover)



Bear Recovery Rankings (BRR) for Stock Selection

Using the buy recommendations of Stifel Nicolaus equity research and BRR rankings at the end of November, we created two lists. The first list (Table 5) represents the 25 stocks with the highest BRR rankings that are Stifel Buy-rated. These stocks would be expected to outperform in a market rally for their risk attributes but also have an investment case for intrinsic value reasons. The second list (Table 6)

is the 25 Stifel Buy-rated stocks with the lowest BRR rankings. These less risky stocks likely underperform in a rally phase. However, investors looking past a rally to a more subdued market environment may wish to use whatever relative weakness as an opportunity to buy shares that are lower risk and underpinned with solid fundamental analysis.

Table 5 **Stifel Nicolaus Equity Research Buy Recommendations**
25 Highest Bear Recovery Rankings (BRR)

Symbol	Company Name	Price Nov. 28	52W High	52W Low	GICS Sector	BRR Rank
CBL	CBL & Associates Properties Inc.	\$4.07	\$29.23	\$2.53	Financials	97.9
SIRI	Sirius XM Radio Inc.	\$0.20	\$3.94	\$0.14	Consumer Discretionary	96.5
ACLI	American Commercial Lines Inc.	\$4.47	\$20.67	\$3.40	Industrials	95.5
LVS	Las Vegas Sands Corp.	\$5.17	\$122.96	\$2.89	Consumer Discretionary	95.1
MIC	Macquarie Infrastructure Co. LLC	\$4.66	\$40.98	\$2.02	Industrials	94.5
GRT	Glimcher Realty Trust	\$2.33	\$19.88	\$0.75	Financials	93.9
AMD	Advanced Micro Devices Inc.	\$2.36	\$10.49	\$1.62	Information Technology	92.6
ESC	Emeritus Corp.	\$6.82	\$27.00	\$5.00	Health Care	91.0
BEAV	BE Aerospace Inc.	\$8.18	\$54.09	\$5.37	Industrials	90.7
MTSN	Mattson Technology Inc.	\$1.80	\$9.02	\$1.16	Information Technology	90.4
XL	XL Capital Ltd. (CI A)	\$5.03	\$63.67	\$3.45	Financials	90.4
ADVNB	Advanta Corp. (CI B)	\$2.95	\$10.63	\$1.58	Financials	90.2
ISLE	Isle of Capri Casinos Inc.	\$3.36	\$18.13	\$2.25	Consumer Discretionary	89.4
CBI	Chicago Bridge & Iron Co. N.V.	\$10.17	\$63.50	\$5.12	Industrials	89.2
OWW	Orbitz Worldwide Inc.	\$2.43	\$10.00	\$2.07	Consumer Discretionary	87.9
AMR	AMR Corp.	\$8.78	\$22.66	\$4.00	Industrials	87.3
SGR	Shaw Group Inc.	\$18.40	\$69.25	\$11.47	Industrials	86.6
LSE	CapLease Inc.	\$2.09	\$10.39	\$1.50	Financials	86.0
RCL	Royal Caribbean Cruises Ltd	\$9.42	\$43.96	\$5.97	Consumer Discretionary	85.3
RTEC	Rudolph Technologies Inc.	\$3.30	\$12.59	\$2.03	Information Technology	85.3
LAMR	Lamar Advertising Co. (CI A)	\$14.87	\$52.70	\$8.69	Consumer Discretionary	84.9
TTEC	Teletex Holdings Inc.	\$8.82	\$26.88	\$6.72	Information Technology	84.5
CTV	CommScope Inc.	\$11.29	\$56.50	\$7.35	Information Technology	84.5
FCL	Foundation Coal Holdings Inc.	\$14.27	\$89.72	\$8.53	Energy	84.4
SHFL	Shuffle Master Inc.	\$4.28	\$13.38	\$2.50	Consumer Discretionary	84.2

Source: EquityCompass Strategies

Table 6 **Stifel Nicolaus Equity Research Buy Recommendations**
25 Lowest Bear Recovery Rankings (BRR)

Symbol	Company Name	Price Nov. 28	52W High	52W Low	GICS Sector	BRR Rank
MDT	Medtronic Inc.	\$30.52	\$56.97	\$28.33	Health Care	0.7
PRE	PartnerRe Ltd.	\$69.96	\$83.99	\$47.70	Financials	1.0
PRA	ProAssurance Corp.	\$54.59	\$65.00	\$37.24	Financials	1.7
TDY	Teledyne Technologies Inc.	\$40.62	\$66.21	\$33.90	Industrials	2.2
SAI	SAIC Inc.	\$17.80	\$21.90	\$16.25	Information Technology	2.2
CHCO	City Holding Co.	\$35.42	\$54.25	\$30.05	Financials	3.1
CHKP	Check Point Software	\$20.61	\$25.81	\$16.80	Information Technology	3.2
PNRA	Panera Bread Co. (CI A)	\$44.44	\$65.00	\$30.60	Consumer Discretionary	3.5
RTN	Raytheon Co.	\$48.80	\$67.49	\$41.81	Industrials	3.6
NSC	Norfolk Southern Corp.	\$49.47	\$75.53	\$41.36	Industrials	3.7
APOL	Apollo Group Inc. (CI A)	\$76.84	\$81.68	\$37.92	Consumer Discretionary	3.8
MO	Altria Group Inc.	\$16.08	\$24.55	\$14.34	Consumer Staples	4.3
DGICA	Donegal Group Inc. (CI A)	\$15.72	\$23.00	\$11.24	Financials	4.3
HD	Home Depot Inc.	\$23.11	\$31.08	\$17.05	Consumer Discretionary	4.4
MANT	ManTech International Corp.	\$54.42	\$62.06	\$36.60	Information Technology	4.5
MCD	McDonald's Corp.	\$58.75	\$67.00	\$45.79	Consumer Discretionary	5.1
QSII	Quality Systems Inc.	\$30.07	\$47.94	\$26.90	Information Technology	5.2
CPLA	Capella Education Co.	\$59.86	\$75.34	\$34.78	Consumer Discretionary	5.3
T	AT&T Inc.	\$28.56	\$42.79	\$20.90	Telecommunication Services	5.6
DV	DeVry Inc.	\$57.48	\$61.57	\$39.25	Consumer Discretionary	6.0
K	Kellogg Co.	\$43.43	\$58.51	\$40.51	Consumer Staples	6.3
GIS	General Mills Inc.	\$63.17	\$72.01	\$51.00	Consumer Staples	6.4
PM	Philip Morris International	\$42.16	\$56.26	\$33.30	Consumer Staples	7.1
UNP	Union Pacific Corp.	\$50.04	\$85.80	\$43.78	Industrials	7.2
HNZ	H.J. Heinz Co.	\$38.84	\$53.00	\$36.83	Consumer Staples	7.7

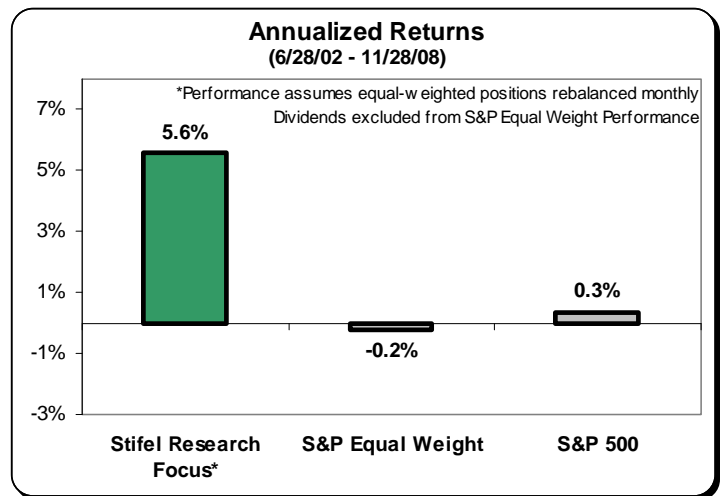
Source: EquityCompass Strategies

Stifel Research Focus

Selection Criteria:

The objective of the Stifel Research Focus is to combine a favorable opinion derived from fundamental research with the near-term opportunism identified by the **EquityCompass Redline** model. The Stifel Nicolaus Equity Research Department has over 60 senior analysts covering more than 700 individual companies. They perform rigorous and thorough analyses of industries and companies to produce investment recommendations. Each month, we screen the "Buy" recommendations from analysts for stocks that also have an extreme, and therefore potentially opportunistic, over-/underreaction (i.e., Redline Low). Beginning November 2007, stocks rated PPS 8 or 9 have been excluded. This list brings together two complementary, but independent, approaches to stock selection. The performance of this approach to stock selection is shown on the right.

Chart 2



Start date coincides with inception date for Redline model
Source: EquityCompass Strategies, Bloomberg

December Highlights:

- Stifel analyst John Guinee recently upgraded shares of SL Green Realty Corp. (SLG) from Hold to Buy. He believes the stock represents an attractive entry point, with Total Enterprise Value of \$346 per square foot at a 62% discount to his adjusted replacement cost, and that management is aggressively de-levering through unwinding joint ventures, asset sales and debt repurchase. His target price is \$18.
- Kirby Corp. (KEX) reported 3Q08 EPS of \$0.77, 20% higher than the same period last year and better than the \$0.75 analyst consensus estimate and the \$0.74 estimate of Stifel analyst John Larkin. The company's 4Q08 guidance projects year-over-year EPS growth of 20%-28%. Larkin raised his target price from \$55 to \$57.

Current Selections:

Symbol	Company Name	Price 11/28/08	Analyst	Dvd Yld (%)	PPS	SVI	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
SLG	SL Green Realty Corp.*	\$18.96	Guinee	16.61	7	B	20.6%	81.7%	-61.1%	Office REITs
BTU	Peabody Energy Corp.	\$23.43	Forward	1.02	5	C	20.0%	77.7%	-57.7%	Coal & Consumable Fuels
BUCY	Bucyrus International Inc.	\$19.53	Bannister	0.51	5	B	8.4%	66.0%	-57.6%	Constr. & Farm Mach.
FWLT	Foster Wheeler Ltd.	\$22.26	Bannister	--	6	B	10.3%	56.7%	-46.4%	Construction & Engineering
SAY	Satyam Computer Svcs. (ADS)	\$12.73	Price	0.93	7	C	27.2%	72.5%	-45.3%	IT Consulting & Other Svcs.
JOYG	Joy Global Inc.	\$23.29	Bannister	3.01	6	A	10.9%	56.0%	-45.1%	Constr. & Farm Mach.
CNX	Consol Energy Inc.	\$28.97	Forward	1.38	5	A	32.0%	76.3%	-44.4%	Coal & Consumable Fuels
FLR	Fluor Corp.	\$45.54	Bannister	1.10	5	A	14.9%	53.3%	-38.4%	Construction & Engineering
SGR	Shaw Group Inc.	\$18.40	Bannister	--	6	C	7.1%	44.3%	-37.2%	Construction & Engineering
ZMH	Zimmer Holdings Inc.	\$37.32	Simpson	--	5	B	26.0%	60.7%	-34.7%	Health Care Equip.
IGT	International Game Technology*	\$10.71	Wieczynski	5.42	7	A	44.6%	79.0%	-34.4%	Casinos & Gaming
MEE	Massey Energy Co.	\$15.62	Forward	1.54	5	A	3.7%	36.4%	-32.7%	Coal & Consumable Fuels
FCL	Foundation Coal Holdings Inc.	\$14.27	Forward	1.40	6	C	12.8%	45.3%	-32.5%	Coal & Consumable Fuels
OII	Oceaneering International Inc.	\$25.82	Vayda	--	7	B	19.0%	51.1%	-32.1%	Oil & Gas Equip. & Svcs.
AG	AGCO Corp.	\$24.62	Bannister	--	5	A	3.6%	33.1%	-29.5%	Constr. & Farm Mach.
PETD	Petroleum Development Corp.	\$19.20	Hall	--	6	C	13.3%	42.2%	-28.9%	Oil & Gas Exploration & Prod.
KEX	Kirby Corp.	\$25.43	Larkin	--	2	A	20.5%	47.9%	-27.4%	Marine
CAL	Continental Airlines Inc. (CI B)*	\$14.68	Keay	--	7	D	19.7%	46.9%	-27.2%	Airlines
KBR	KBR Inc.	\$13.77	Bannister	1.45	6	--	11.5%	38.7%	-27.2%	Construction & Engineering
URBN	Urban Outfitters Inc.*	\$18.17	Jaffe	--	2	A	48.2%	75.4%	-27.2%	Apparel Retail
DE	Deere & Co.	\$34.81	Bannister	3.22	7	A	23.9%	51.1%	-27.2%	Constr. & Farm Mach.
DRC	Dresser-Rand Group Inc.	\$16.71	Vayda	--	5	B	17.4%	44.4%	-26.9%	Oil & Gas Equip. & Svcs.
KRC	Kilroy Realty Corp.*	\$30.47	Guinee	7.61	5	B	62.5%	88.1%	-25.6%	Office REITs
MDT	Medtronic Inc.*	\$30.52	Simpson	2.46	2	A	48.1%	73.0%	-24.9%	Health Care Equip.
WRI	Weingarten Realty Investors*	\$14.26	Fick	14.73	5	A	33.4%	58.2%	-24.7%	Retail REITs
EBAY	eBay Inc.*	\$13.13	Devitt	--	7	A	26.4%	50.5%	-24.1%	Internet Software & Svcs.
WPZ	Williams Partners L.P.	\$14.04	Akyol	18.09	7	C	39.1%	62.5%	-23.4%	Oil & Gas Storage & Trans.
LSTR	Landstar System Inc.*	\$32.14	Larkin	0.50	3	C	60.0%	72.9%	-12.9%	Trucking

*Denotes new additions

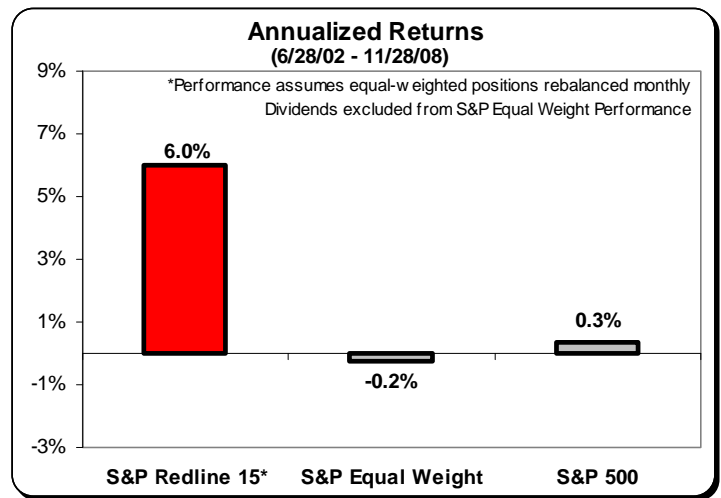
Source: EquityCompass Strategies, FactSet Research Systems Inc.

S&P 500 Redline 15

Selection Criteria:

The objective of the S&P 500 Redline 15 is to highlight stocks experiencing the most extreme over-/underreaction from within the S&P 500 index. Over-/underreaction occurs when changes in stock prices are disproportionate when compared to changes in underlying expectations (i.e., sales, earnings, cash flow and EBITDA estimates). We believe that this condition produces a short-term performance opportunity as the imbalance corrects. The **EquityCompass** Redline model utilizes a dynamic relative value ranking incorporating various measures of expectations (i.e., price-to: expected earnings, expected cash flow). The deviation in a stock's current relative value ranking compared to its 12-month average is the basis for Redline. Each month, we screen stocks in the S&P 500 over \$10/share. The 15 stocks with the greatest Redline Low condition are selected and shown below. To the right is a performance analysis of this selection method.

Chart 3



Start date coincides with inception date for Redline model
 Source: EquityCompass Strategies, Bloomberg

December Highlights:

- Stifel analyst Gregory Simpson stated in a recent note that while Zimmer Holdings (ZMH) had disappointing quarterly results and forward guidance, the reaction of the stock price put Zimmer at distressed valuations that could allow for significant gains if the company sees rebounding growth rates in the second half of 2009. He states that shares could see meaningful expansion from current levels if the company is able to rebuild confidence in the story. His target price is \$61.
- A Wall Street analyst recently reiterated a Buy rating on GameStop (GME), citing strong October sales and a 20.5% sales growth rate in the first two weeks of November year-over-year. The analyst also stated the belief that GameStop's annual "buy one get one free" promotion helped the company benefit from strong weekend sales of pre-owned video games over the Thanksgiving holiday. According to Bloomberg data, 14 of the 16 analysts covering GameStop have it rated Buy, and the average target price on the stock is \$30.46.

Current Selections:

Symbol	Company Name	Price 11/28/08	52W High	52W Low	Dvd Yld (%)	PPS	SVI Grade	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
FLS	Flowserve Corp.	\$50.33	\$145.45	\$37.18	1.99	1	A	12.6%	62.2%	-49.6%	Industrial Machinery
ERTS	Electronic Arts Inc.	\$19.06	\$60.35	\$16.56	--	7	B	32.5%	77.1%	-44.6%	Home Entertainment Software
CNX	Consol Energy Inc.	\$28.97	\$119.10	\$18.50	1.38	5	A	32.0%	76.3%	-44.4%	Coal & Consumable Fuels
WFT	Weatherford Int'l. Ltd.	\$12.77	\$49.98	\$9.27	--	7	B	17.6%	59.8%	-42.2%	Oil & Gas Equip. & Svcs.
CME	CME Group Inc. (CI A)*	\$211.95	\$714.48	\$155.49	2.17	7	A	44.3%	83.3%	-39.0%	Specialized Finance
FLR	Fluor Corp.	\$45.54	\$101.37	\$28.60	1.10	5	A	14.9%	53.3%	-38.4%	Construction & Engineering
WFR	MEMC Electronic Mats.	\$15.02	\$96.08	\$10.00	--	6	A	9.7%	47.1%	-37.4%	Semiconductor Equip.
SII	Smith International Inc.	\$29.24	\$88.40	\$21.00	1.64	6	B	16.6%	51.6%	-35.1%	Oil & Gas Equip. & Svcs.
ZMH	Zimmer Holdings Inc.*	\$37.32	\$80.92	\$34.10	--	5	B	26.0%	60.7%	-34.7%	Health Care Equip.
IGT	International Game Tech.*	\$10.71	\$49.41	\$7.03	5.42	7	A	44.6%	79.0%	-34.4%	Casinos & Gaming
APD	Air Products & Chemicals*	\$47.76	\$106.06	\$41.46	3.69	5	A	27.4%	61.6%	-34.2%	Industrial Gases
GME	GameStop Corp. (CI A)*	\$21.85	\$63.77	\$16.91	--	6	A	11.8%	45.7%	-33.9%	Computer & Electronics Retail
MEE	Massey Energy Co.	\$15.62	\$95.70	\$10.05	1.54	5	A	3.7%	36.4%	-32.7%	Coal & Consumable Fuels
HAL	Halliburton Co.	\$17.60	\$55.38	\$13.22	2.05	5	A	11.9%	42.8%	-30.8%	Oil & Gas Equip. & Svcs.
SYK	Stryker Corp.*	\$38.92	\$76.89	\$35.38	0.85	2	A	44.7%	75.0%	-30.3%	Health Care Equip.

*Denotes new additions

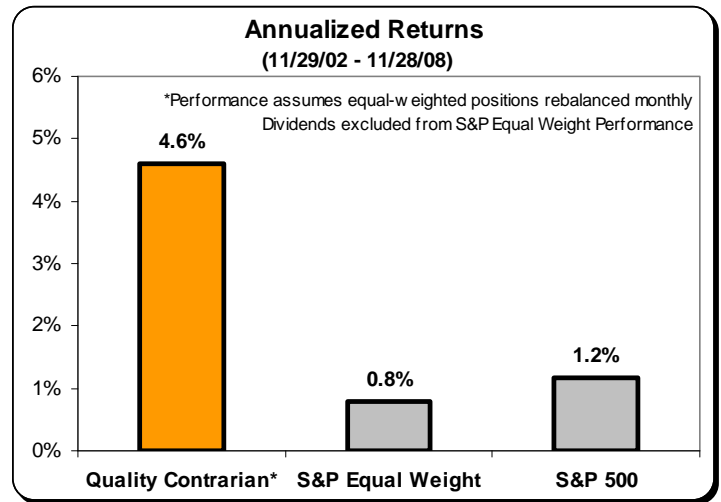
Source: EquityCompass Strategies, FactSet Research Systems Inc.

Quality Contrarian

Selection Criteria:

The objective of the Quality Contrarian is to identify high-quality value stocks that are currently out of favor, but we believe are "oversold" in the market. The **EquityCompass** measures for valuation by comparing stock prices to expectations (i.e., sales, earnings, cash flow and EBITDA estimates) to produce a relative ranking divided at the median between growth and value. The PPS model combines this relative valuation ranking with a positive or negative determination of long-term relative price strength. The SVI measures for quality in value creation (sales and operating margins) and shareholder rewards (dividend growth, share buybacks, and long-term debt levels). The Redline Low model identifies stocks experiencing an extreme over-/underreaction. Each month, we screen the S&P 500 for stocks over \$10 that have high quality (SVI A), low valuation, are out of favor (PPS 6-7), and have a Redline Low condition. Shown at the right is a performance analysis of the selection criteria since inception of all three models.

Chart 4



Start date coincides with inception date for SVI model
Source: EquityCompass Strategies, Bloomberg

December Highlights:

- Akamai Technologies (AKAM) announced plans to eliminate approximately 110 jobs, or 7% of its workforce, in an effort to reduce operating costs. Chief Financial Officer J.D. Sherman states the moves are to "ensure we can keep investing for growth even in the current economic climate."
- Honeywell International (HON) announced recently its International Turbine Engine Company had been awarded a contract to deliver its F124-GA-200 engines to Alenia Aermacchi to be used in its Advanced Jet Trainer M-346. The initial agreement has been valued at \$52 million.

Current Selections:

Symbol	Company Name	Price 11/28/08	52W High	52W Low	Dvd Yld (%)	PPS	SVI	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
CME	CME Group Inc. (CI A)	\$211.95	\$714.48	\$155.49	2.17	7	A	44.3%	83.3%	-39.0%	Specialized Finance
WFR	MEMC Electronic Materials Inc.	\$15.02	\$96.08	\$10.00	--	6	A	9.7%	47.1%	-37.4%	Semiconductor Equip.
IGT	International Game Technology	\$10.71	\$49.41	\$7.03	5.42	7	A	44.6%	79.0%	-34.4%	Casinos & Gaming
GME	GameStop Corp. (CI A)	\$21.85	\$63.77	\$16.91	--	6	A	11.8%	45.7%	-33.9%	Computer & Electronics Retail
DE	Deere & Co.	\$34.81	\$94.89	\$28.50	3.22	7	A	23.9%	51.1%	-27.2%	Constr. & Farm Mach.
AKAM	Akamai Technologies Inc.	\$12.27	\$40.90	\$9.25	--	7	A	38.8%	63.9%	-25.1%	Internet Software & Svcs.
EBAY	eBay Inc.	\$13.13	\$35.12	\$10.91	--	7	A	26.4%	50.5%	-24.1%	Internet Software & Svcs.
HON	Honeywell International Inc.	\$27.86	\$62.99	\$23.24	3.95	7	A	19.5%	42.9%	-23.4%	Aerospace & Defense

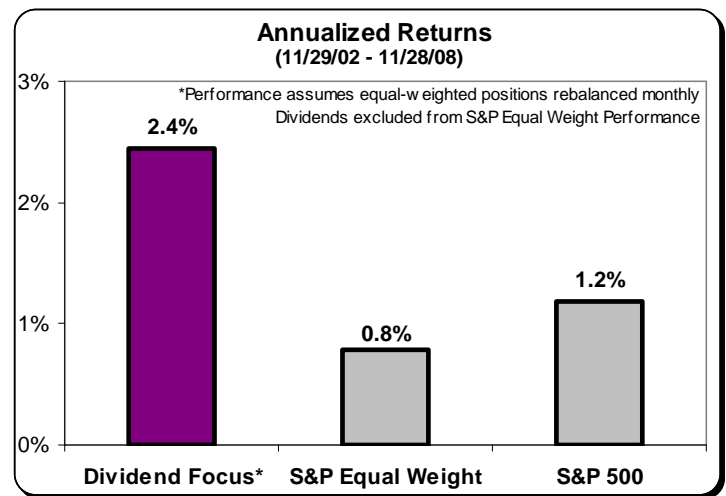
Source: EquityCompass Strategies, FactSet Research Systems Inc.

Dividend Focus

Selection Criteria:

The objective of the Dividend Focus is to identify high-yielding stocks that exhibit favorable quality and valuation attributes. A high level of current income compounded with modest appreciation has been shown to produce superior long-term performance. The Dividend Focus utilizes the **EquityCompass** relative valuation ranking and Shareholder Value Index (SVI) to select high-yielding, above-average quality stocks (SVI A–B) that are trading below their average 12-month relative valuation. Specifically, the Dividend Focus selects the 20 highest-yielding stocks meeting the above criteria, and also excludes from consideration stocks rated PPS 8–9. Sector and industry exposure are limited to 10 stocks per sector and five per industry. The current list of 20 stocks meeting the selection criteria is shown below. The performance of the selection criteria is shown to the right.

Chart 5



Start date coincides with inception date for SVI model
Source: EquityCompass Strategies, Bloomberg

December Highlights:

- Stifel analyst Steven Wieczynski states that while there is a continued softness in the domestic slot market, he believes management of International Game Technology (IGT) is taking a proactive approach in order to maintain margins. He feels cost cutting and restructuring efforts should allow IGT to turn revenues into profits at a swifter pace once the gaming environment improves. His target price is \$18.
- Stifel Analyst Nathan Isbee recently upgraded shares of Regency Centers Corporation (REG) shares to Buy and established a \$40 target price. He believes that Regency has ample liquidity to support its dividend, which currently produces a 9% yield, unless transaction markets remain frozen and it can't generate merchant building gains. Isbee also states that Regency's concentration of grocery anchored centers should allow it to fare better during consumer weakness than peers that are more focused on big-box anchored centers.

Current Selections:

Symbol	Company Name	Price 11/28/08	52W High	52W Low	Dvd. Yld (%)	PPS	SVI	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
VTR	Ventas Inc.*	\$22.98	\$52.00	\$17.31	8.92	3	B	70.9%	90.1%	-19.2%	Specialized REITs
HCP	HCP Inc.*	\$20.67	\$42.16	\$14.26	8.81	3	A	70.8%	84.2%	-13.4%	Specialized REITs
UDR	UDR Inc.*	\$15.13	\$28.50	\$10.00	8.72	4	A	91.4%	93.2%	-1.8%	Residential REITs
RRD	R.R. Donnelley & Sons Co.	\$12.76	\$39.02	\$9.53	8.15	6	B	4.6%	10.2%	-5.6%	Commercial Printing
REG	Regency Centers Corp.	\$35.61	\$82.43	\$23.36	8.14	5	A	71.3%	79.1%	-7.8%	Retail REITs
NHP	Nationwide Health Properties*	\$22.63	\$39.99	\$18.13	7.78	3	A	80.7%	83.6%	-2.9%	Specialized REITs
EXBD	Corporate Executive Board Co.*	\$23.06	\$69.98	\$18.79	7.63	7	A	48.6%	63.2%	-14.6%	Research & Consulting Svcs.
MCHP	Microchip Technology Inc.*	\$18.50	\$38.37	\$16.28	7.33	3	B	75.6%	83.4%	-7.9%	Semiconductors
TK	Teekay Corp.	\$16.39	\$60.47	\$10.95	6.96	6	B	8.2%	33.4%	-25.2%	Oil & Gas Storage & Trans.
LEG	Leggett & Platt Inc.*	\$14.60	\$24.60	\$12.03	6.85	2	A	28.5%	32.3%	-3.8%	Home Furnishings
OTTR	Otter Tail Corp.	\$18.79	\$46.15	\$14.99	6.33	2	B	45.2%	60.0%	-14.8%	Industrial Conglomerates
TXT	Textron Inc.	\$15.23	\$74.40	\$10.09	6.04	6	B	7.7%	31.8%	-24.1%	Industrial Conglomerates
MRK	Merck & Co. Inc.*	\$26.72	\$61.62	\$22.82	5.69	5	A	45.0%	47.8%	-2.9%	Pharmaceuticals
PBI	Pitney Bowes Inc.	\$24.71	\$39.98	\$20.83	5.67	5	B	37.8%	43.3%	-5.5%	Office Svcs. & Supplies
JWN	Nordstrom Inc.*	\$11.37	\$40.59	\$6.61	5.63	6	B	10.8%	28.5%	-17.7%	Department Stores
PII	Polaris Industries Inc.*	\$27.30	\$54.26	\$19.48	5.57	1	A	16.4%	24.4%	-8.0%	Leisure Products
LLY	Eli Lilly & Co.	\$34.15	\$57.52	\$28.62	5.51	2	A	34.6%	47.5%	-12.9%	Pharmaceuticals
IGT	International Game Technology*	\$10.71	\$49.41	\$7.03	5.42	7	A	44.6%	79.0%	-34.4%	Casinos & Gaming
MFC	Manulife Financial Corp.	\$17.18	\$41.95	\$12.70	5.18	5	A	1.6%	16.5%	-14.9%	Life & Health Ins.
CAG	ConAgra Foods Inc.*	\$14.75	\$26.22	\$13.54	5.15	2	B	46.3%	52.3%	-5.9%	Packaged Foods & Meats
Averages		\$20.16			6.77	4.2		42.0%	54.2%	-12.2%	

*Denotes new additions

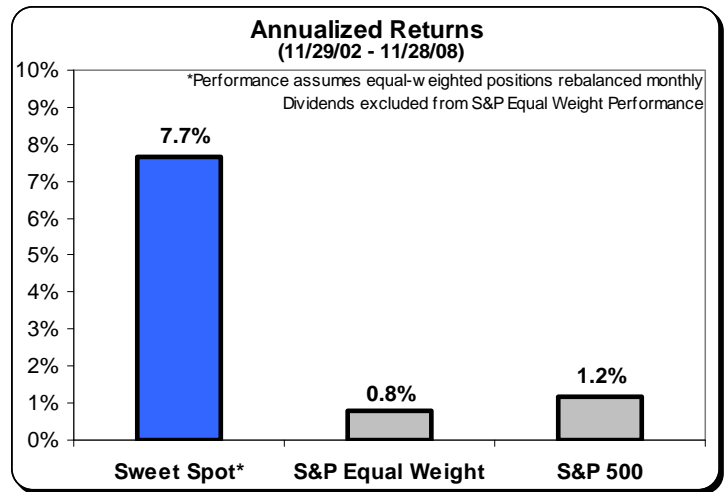
Source: EquityCompass Strategies, FactSet Research Systems Inc.

Sweet Spot

Selection Criteria:

The objective of the Sweet Spot is to identify stocks with superior risk-adjusted performance attributes. Stocks with high quality and positive long-term relative price strength exhibit lower volatility and tend to outperform passive market benchmarks. The Sweet Spot utilizes the quality measure of the Shareholder Value Index (SVI) and the indication of positive long-term relative price strength embedded in favorable Performance Probability Scores (PPS 1–4). Specifically, Sweet Spot selects the five highest-quality stocks above \$10 in each of the 10 S&P sectors from within the **EquityCompass** universe with a favorable PPS rating. The current list of 50 stocks meeting the selection criteria is shown below. The performance of the selection criteria is shown to the right.

Chart 6



Start date coincides with inception date for SVI model
 Source: EquityCompass Strategies, Bloomberg

Current Selections:

Symbol	Company Name	Price 11/28/08	Div. Yld (%)	PPS	SVI Score	SVI Grade
Consumer Discretionary						
DV	DeVry Inc.	\$57.48	0.28	4	100.0%	A
CMCSK	Comcast (CI A Spl)	\$16.77	1.49	3	99.5%	A
BKC	Burger King Hldgs.	\$21.51	1.16	3	98.8%	A
SJR	Shaw Comm. (CI B)*	\$17.09	3.76	4	98.6%	A
DWA	DreamWorks Anim.	\$23.10	--	4	98.3%	A
Consumer Staples						
KOF	Coca-Cola Femsa	\$34.80	1.39	3	98.1%	A
FLO	Flowers Foods Inc.	\$26.78	2.24	4	97.1%	A
CL	Colgate-Palmolive	\$65.07	2.46	4	95.2%	A
CLX	Clorox Co.*	\$59.16	3.11	4	94.2%	A
KO	Coca-Cola Co.	\$46.87	3.24	4	91.3%	A
Energy						
DO	Diamond Offshore	\$73.80	0.68	2	99.5%	A
EOG	EOG Resources Inc.	\$85.02	0.64	3	98.9%	A
XTO	XTO Energy Inc.	\$38.24	1.26	2	98.4%	A
RRC	Range Resources*	\$41.47	0.39	4	96.8%	A
APA	Apache Corp.	\$77.30	0.78	2	95.2%	A
Financials						
BLK	Blackrock Inc.	\$125.71	2.48	3	100.0%	A
RLI	RLI Corp.	\$58.32	1.78	3	99.8%	A
RNR	RenaissanceRe*	\$47.13	1.95	2	99.6%	A
ORH	Odyssey Re Hldgs.*	\$44.99	0.67	2	99.4%	A
SCHW	Charles Schwab	\$18.33	1.31	3	99.2%	A
Health Care						
GENZ	Genzyme Corp.	\$64.02	--	4	99.5%	A
SYK	Stryker Corp.	\$38.92	0.85	2	98.2%	A
VIVO	Meridian Bioscience	\$23.83	2.35	4	97.7%	A
BDX	Becton Dickinson	\$63.53	2.08	3	97.3%	A
CBST	Cubist Pharmaceut.*	\$24.56	--	3	96.8%	A
Industrials						
WGOV	Woodward Governor	\$21.24	1.13	2	99.4%	A
FLS	Flowserve Corp.	\$50.33	1.99	1	99.2%	A
ASR	Grupo Aero. del Sur.	\$27.80	6.94	2	98.9%	A
GMT	GATX Corp.*	\$28.15	3.84	2	98.6%	A
NSC	Norfolk Southern Cp.*	\$49.47	2.59	3	97.8%	A
Information Technology						
MA	MasterCard (CI A)	\$145.30	0.41	3	100.0%	A
SNDA	Shanda Interactive	\$21.46	--	2	99.8%	A
FDS	FactSet Research*	\$40.00	1.80	3	99.5%	A
SOHU	Sohu.com Inc.	\$48.54	--	2	99.3%	A
FLIR	Flir Systems Inc.*	\$31.00	--	4	98.8%	A
Materials						
POT	Potash Cp. of Sask.	\$61.64	0.65	2	100.0%	A
MON	Monsanto Co.	\$79.20	1.21	3	97.8%	A
CF	CF Industries Hldgs.	\$52.63	0.76	1	96.3%	A
SYT	Syngenta AG (ADS)*	\$36.02	2.17	3	95.6%	A
FMC	FMC Corp.*	\$43.70	1.14	2	94.9%	A
Telecommunication Services						
PTNR	Partner Commun.	\$15.60	8.12	2	98.4%	A
T	AT&T Inc.*	\$28.56	5.60	3	91.9%	A
TEF	Telefonica (ADS)	\$61.04	4.35	3	85.5%	A
NTLS	NTELOS Holdings	\$22.21	4.68	3	82.3%	A
TNE	Tele Norte Leste Part.	\$14.68	0.85	2	69.4%	B
Utilities						
D	Dominion Res. (VA)	\$36.82	4.29	3	97.7%	A
FE	FirstEnergy Corp.	\$58.58	3.76	3	96.6%	A
MDU	MDU Resources*	\$20.33	3.05	2	92.0%	A
NFG	National Fuel Gas	\$32.53	4.00	3	90.9%	A
DPL	DPL Inc.	\$20.82	5.28	3	89.8%	A

*Denotes new additions

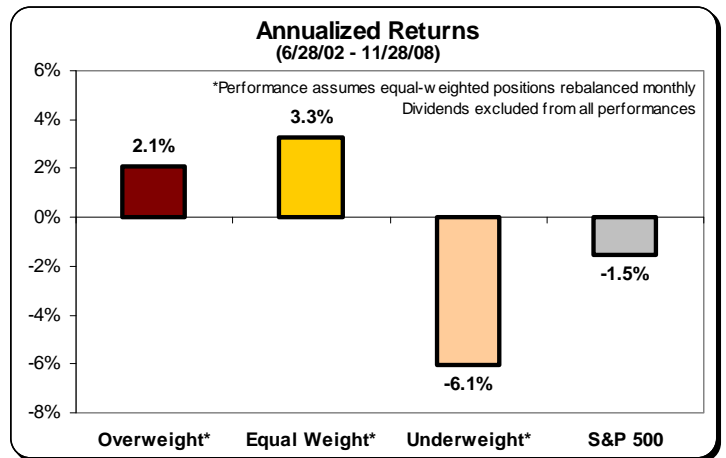
Source: EquityCompass Strategies, FactSet Research Systems Inc.

Sector Focus

Selection Criteria:

The objective of the Sector Focus is to provide near-term opinions for the 10 S&P economic sectors. Opinions reflect the amount of over-/underreaction in the value-weighted sector indices. Specifically, Overweight opinions are given to the three sectors with the greatest aggregate deviation of current relative valuation below their 12-month average. The three Underweight opinions are given to the stocks in the sectors with the greatest current relative valuation deviation above the 12-month average. The remaining four sectors are assigned Equal Weight opinions. Sector opinions are measured with their corresponding performance and are shown at the right.

Chart 7



Start date coincides with inception date for Redline model
 Source: EquityCompass Strategies, Bloomberg

December - Short-Term Sector Opinion		
S&P GICS Sector	*Average MVD	Opinion
Industrials	-4.5%	Overweight
Information Technology	-3.5%	Overweight
Health Care**	1.8%	Overweight
Materials	3.2%	Equal Weight
Consumer Discretionary	5.4%	Equal Weight
Consumer Staples**	5.9%	Equal Weight
Financials**	8.4%	Equal Weight
Energy**	11.3%	Underweight
Utilities**	12.4%	Underweight
Telecom Services	21.6%	Underweight

* Market cap weighted
 **Change since prior month
 Source: EquityCompass Strategies

Historical Short-Term Sector Opinions												
Month	Cons.		Energy	Fin'l	Health Care		Indus.	Info Tech	Mat.	Telecom Services		Utils.
	Disc.	Staples			Care	Util.				Services	Util.	
2005	January-05	E	E	O	E	E	U	O	O	E	E	U
	February-05	E	U	O	E	E	E	O	O	U	U	U
	March-05	O	E	U	E	U	E	O	O	E	U	U
	April-05	E	U	O	E	U	E	O	O	U	U	E
	May-05	E	E	O	E	U	E	O	O	U	U	U
	June-05	E	U	O	E	U	O	E	O	E	U	U
	July-05	E	E	O	U	U	O	E	O	E	U	U
	August-05	E	U	O	E	U	O	E	O	E	U	U
	September-05	E	U	O	O	E	O	E	E	U	U	U
	October-05	E	U	E	O	E	O	U	E	O	U	U
	November-05	E	U	O	U	E	O	E	E	O	U	U
	December-05	U	U	O	E	U	U	E	E	U	U	E
2006	January-06	U	U	O	U	E	E	E	E	O	O	U
	February-06	U	E	E	U	E	E	E	U	O	O	U
	March-06	U	E	E	U	E	E	O	U	O	O	U
	April-06	U	E	O	U	O	E	E	U	E	O	U
	May-06	U	E	E	U	O	E	O	U	E	O	U
	June-06	U	E	E	U	O	E	O	U	E	O	U
	July-06	E	U	E	U	E	E	O	U	E	O	U
	August-06	E	U	E	U	E	O	O	O	E	U	U
	September-06	E	U	O	E	U	O	E	O	E	U	U
	October-06	E	U	O	E	E	O	E	O	U	U	U
	November-06	U	E	O	E	O	O	E	E	U	U	U
	December-06	E	E	O	E	O	O	U	E	U	U	U
2007	January-07	E	E	O	E	E	O	U	O	U	U	U
	February-07	U	O	E	O	O	E	U	U	E	E	U
	March-07	E	O	E	O	O	E	U	U	U	U	U
	April-07	E	E	E	O	O	O	E	U	U	U	U
	May-07	E	O	E	O	O	E	E	U	U	U	U
	June-07	E	O	E	O	O	E	E	U	U	U	U
	July-07	E	O	U	O	O	E	E	U	U	U	E
	August-07	O	E	E	O	O	U	E	U	U	U	E
	September-07	O	E	E	O	O	E	E	U	U	U	U
	October-07	O	E	U	O	O	E	E	U	U	E	U
	November-07	O	E	U	O	O	E	E	E	U	U	U
	December-07	O	U	E	E	E	E	O	U	O	U	U
2008	January-08	O	U	U	E	E	O	E	E	O	U	U
	February-08	O	U	E	U	E	E	O	E	O	U	U
	March-08	O	U	U	E	E	E	O	U	O	E	U
	April-08	E	U	E	U	O	E	O	E	O	U	U
	May-08	E	U	E	U	O	E	O	E	O	U	U
	June-08	E	U	E	U	O	E	O	E	O	U	U
	July-08	O	E	U	E	O	E	O	U	O	U	U
	August-08	E	U	O	U	E	E	O	E	O	U	U
	September-08	E	U	O	U	E	E	O	E	O	U	U
	October-08	U	U	O	U	E	E	O	E	E	O	U
	November-08	E	U	O	U	E	O	E	E	U	U	E

O = Overweight; E = Equal Weight; U = Underweight
 Source: EquityCompass Strategies

Table 7

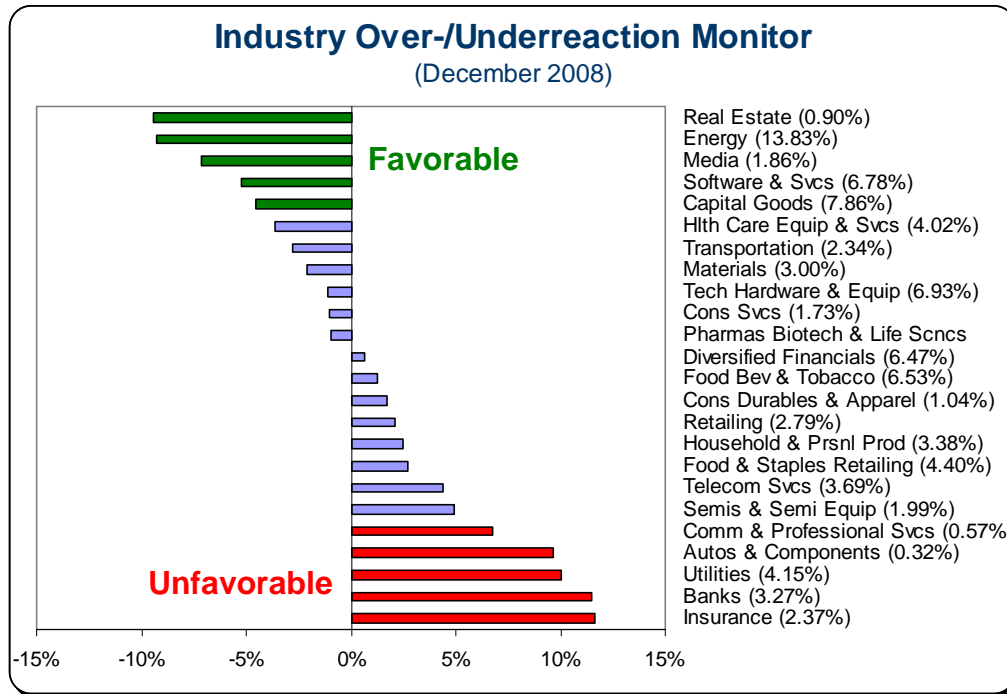
Aggregate Stock Selection List											Sweet Spot	Dividend Focus	Quality Contrarian	Research Focus	S&P 500 RL 15	
Symbol	Company Name	Price 11/28/08	52W High	52W Low	Yield (%)	Sector	Market Cap (Mil)	PPS	SVI	RL	Compass Rating					
AG	AGCO Corp.	\$24.62	\$71.95	\$20.25	--	Industrials	\$2,259	5	A	L	Buy					
APD	Air Products & Chem.	\$47.76	\$106.06	\$41.46	3.69	Materials	\$10,117	5	A	L	Buy					
AKAM	Akamai Technologies	\$12.27	\$40.90	\$9.25	--	Info. Tech.	\$2,075	7	A	L	Buy					
APA	Apache Corp.	\$77.30	\$149.23	\$58.00	0.78	Energy	\$25,870	2	A	--	Buy	●				
T	AT&T Inc.	\$28.56	\$42.79	\$20.90	5.60	Telecom.	\$168,304	3	A	H	Buy	●				
BDX	Becton Dickinson & Co.	\$63.53	\$93.24	\$58.14	2.08	Health Care	\$15,474	3	A	--	Buy	●				
BLK	Blackrock Inc.	\$125.71	\$233.90	\$94.78	2.48	Financials	\$14,737	3	A	--	Buy	●				
BUCY	Bucyrus International Inc.	\$19.53	\$79.50	\$13.66	0.51	Industrials	\$1,462	5	B	L	Buy				●	
BKC	Burger King Holdings Inc.	\$21.51	\$30.95	\$16.56	1.16	Cons. Disc.	\$2,836	3	A	--	Buy	●				
CF	CF Industries Holdings	\$52.63	\$172.99	\$37.71	0.76	Materials	\$2,993	1	A	--	Buy	●				
SCHW	Charles Schwab Corp.	\$18.33	\$28.75	\$14.28	1.31	Financials	\$21,166	3	A	--	Buy	●				
CLX	Clorox Co.	\$59.16	\$66.62	\$47.48	3.11	Cons. Staples	\$8,206	4	A	H	Buy	●				
CME	CME Group Inc. (CI A)	\$211.95	\$714.48	\$155.49	2.17	Financials	\$14,220	7	A	L	Buy			●		●
KO	Coca-Cola Co.	\$46.87	\$65.59	\$40.29	3.24	Cons. Staples	\$108,363	4	A	--	Buy	●				
KOF	Coca-Cola Femsa (ADS)	\$34.80	\$63.77	\$26.15	1.39	Cons. Staples	\$6,426	3	A	--	Buy	●				
CL	Colgate-Palmolive Co.	\$65.07	\$81.98	\$54.36	2.46	Cons. Staples	\$32,842	4	A	--	Buy	●				
CMCSK	Comcast Cp. (CI A Sp)	\$16.77	\$22.52	\$12.10	1.49	Cons. Disc.	\$13,587	3	A	--	Buy	●				
CAG	ConAgra Foods Inc.	\$14.75	\$26.22	\$13.54	5.15	Cons. Staples	\$6,594	2	B	--	Buy		●			
CNX	Consol Energy Inc.	\$28.97	\$119.10	\$18.50	1.38	Energy	\$5,275	5	A	L	Buy				●	●
CAL	Continental Air. (CI B)	\$14.68	\$31.25	\$5.91	--	Industrials	\$1,618	7	D	L	Buy				●	
EXBD	Corporate Exec. Board	\$23.06	\$69.98	\$18.79	7.63	Industrials	\$785	7	A	L	Buy		●			
CBST	Cubist Pharmaceuticals	\$24.56	\$25.98	\$16.25	--	Health Care	\$1,397	3	A	--	Buy	●				
DE	Deere & Co.	\$34.81	\$94.89	\$28.50	3.22	Industrials	\$14,864	7	A	L	Buy			●		
DV	DeVry Inc.	\$57.48	\$61.57	\$39.25	0.28	Cons. Disc.	\$4,109	4	A	--	Buy	●				
DO	Diamond Offshore Drilling	\$73.80	\$149.30	\$59.39	0.68	Energy	\$10,258	2	A	--	Buy	●				
D	Dominion Res. (Virginia)	\$36.82	\$49.38	\$31.26	4.29	Utilities	\$21,392	3	A	--	Buy	●				
DPL	DPL Inc.	\$20.82	\$31.00	\$18.52	5.28	Utilities	\$2,414	3	A	--	Buy	●				
DWA	DreamWorks Animation	\$23.10	\$32.73	\$20.39	--	Cons. Disc.	\$2,070	4	A	--	Buy	●				
DRC	Dresser-Rand Group	\$16.71	\$42.49	\$11.70	--	Energy	\$1,369	5	B	L	Buy				●	
EBAY	eBay Inc.	\$13.13	\$35.12	\$10.91	--	Info. Tech.	\$16,765	7	A	L	Buy			●		
ERTS	Electronic Arts Inc.	\$19.06	\$60.35	\$16.56	--	Info. Tech.	\$6,118	7	B	L	Buy					●
LLY	Eli Lilly & Co.	\$34.15	\$57.52	\$28.62	5.51	Health Care	\$38,827	2	A	--	Buy		●			
EOG	EOG Resources Inc.	\$85.02	\$144.99	\$54.42	0.64	Energy	\$21,220	3	A	--	Buy	●				
FDS	FactSet Research Sys.	\$40.00	\$67.96	\$31.15	1.80	Info. Tech.	\$1,919	3	A	--	Buy	●				
FE	FirstEnergy Corp.	\$58.58	\$84.00	\$41.20	3.76	Utilities	\$17,857	3	A	--	Buy	●				
FLIR	Flir Systems Inc.	\$31.00	\$45.49	\$23.68	--	Info. Tech.	\$4,303	4	A	--	Buy	●				
FLO	Flowers Foods Inc.	\$26.78	\$32.68	\$20.73	2.24	Cons. Staples	\$2,468	4	A	--	Buy	●				
FLS	Flowserve Corp.	\$50.33	\$145.45	\$37.18	1.99	Industrials	\$2,809	1	A	L	Buy	●				●
FLR	Fluor Corp.	\$45.54	\$101.37	\$28.60	1.10	Industrials	\$8,261	5	A	L	Buy				●	●
FMC	FMC Corp.	\$43.70	\$80.23	\$28.53	1.14	Materials	\$3,235	2	A	--	Buy	●				
FWLT	Foster Wheeler Ltd.	\$22.26	\$85.65	\$13.86	--	Industrials	\$3,183	6	B	L	Buy				●	
FCL	Foundation Coal Hldgs.	\$14.27	\$89.72	\$8.53	1.40	Energy	\$651	6	C	L	Buy				●	
GME	GameStop Corp. (CI A)	\$21.85	\$63.77	\$16.91	--	Cons. Disc.	\$3,579	6	A	L	Buy			●		●
GMT	GATX Corp.	\$28.15	\$51.53	\$21.05	3.84	Industrials	\$1,372	2	A	--	Buy	●				
GENZ	Genzyme Corp.	\$64.02	\$83.97	\$60.28	--	Health Care	\$17,319	4	A	--	Buy	●				
ASR	Grupo Aerop. Sureste	\$27.80	\$63.54	\$24.96	6.94	Industrials	\$834	2	A	--	Buy	●				
HAL	Halliburton Co.	\$17.60	\$55.38	\$13.22	2.05	Energy	\$15,734	5	A	L	Buy					●
HCP	HCP Inc.	\$20.67	\$42.16	\$14.26	8.81	Financials	\$5,207	3	A	--	Buy		●			
HON	Honeywell International	\$27.86	\$62.99	\$23.24	3.95	Industrials	\$20,234	7	A	L	Buy			●		
IGT	International Game Tech.	\$10.71	\$49.41	\$7.03	5.42	Cons. Disc.	\$3,282	7	A	L	Buy		●	●		●
JOYG	Joy Global Inc.	\$23.29	\$90.00	\$14.30	3.01	Industrials	\$2,510	6	A	L	Buy				●	
KBR	KBR Inc.	\$13.77	\$44.46	\$9.78	1.45	Industrials	\$2,224	6	--	L	Buy				●	
KRC	Kilroy Realty Corp.	\$30.47	\$59.69	\$20.76	7.61	Financials	\$1,008	5	B	L	Buy				●	
KEX	Kirby Corp.	\$25.43	\$61.65	\$19.54	--	Industrials	\$1,360	2	A	L	Buy				●	
LSTR	Landstar System Inc.	\$32.14	\$59.21	\$27.37	0.50	Industrials	\$1,684	3	C	L	Buy				●	
LEG	Leggett & Platt Inc.	\$14.60	\$24.60	\$12.03	6.85	Cons. Disc.	\$2,292	2	A	--	Buy		●			
MFC	Manulife Financial Corp.	\$17.18	\$41.95	\$12.70	5.18	Financials	\$25,633	5	A	--	Buy		●			

Table 7 (continued)

Aggregate Stock Selection List													Sweet Spot	Dividend Focus	Quality Contrarian	Research Focus	S&P 500 RL 15
Symbol	Company Name	Price 11/28/08	52W High	52W Low	Yield (%)	Sector	Market Cap (Mil)	PPS	SVI	RL	Compass Rating						
MEE	Massey Energy Co.	\$15.62	\$95.70	\$10.05	1.54	Energy	\$1,330	5	A	L	Buy						
MA	MasterCard Inc. (CI A)	\$145.30	\$320.30	\$113.05	0.41	Info. Tech.	\$18,778	3	A	--	Buy	●					
MDU	MDU Resources Group	\$20.33	\$35.34	\$15.50	3.05	Utilities	\$3,725	2	A	--	Buy	●					
MDT	Medtronic Inc.	\$30.52	\$56.97	\$28.33	2.46	Health Care	\$34,436	2	A	L	Buy					●	
WFR	MEMC Electronic Mat.	\$15.02	\$96.08	\$10.00	--	Info. Tech.	\$3,393	6	A	L	Buy			●		●	
MRK	Merck & Co. Inc.	\$26.72	\$61.62	\$22.82	5.69	Health Care	\$56,491	5	A	--	Buy		●				
VIVO	Meridian Bioscience Inc.	\$23.83	\$37.00	\$19.43	2.35	Health Care	\$957	4	A	--	Buy	●					
MCHP	Microchip Technology	\$18.50	\$38.37	\$16.28	7.33	Info. Tech.	\$3,364	3	B	--	Buy		●				
MON	Monsanto Co.	\$79.20	\$145.80	\$63.47	1.21	Materials	\$43,449	3	A	--	Buy	●					
NFG	National Fuel Gas Co.	\$32.53	\$63.71	\$27.01	4.00	Utilities	\$2,574	3	A	--	Buy	●					
NHP	Nationwide Health Ppty.	\$22.63	\$39.99	\$18.13	7.78	Financials	\$2,223	3	A	--	Buy		●				
JWN	Nordstrom Inc.	\$11.37	\$40.59	\$6.61	5.63	Cons. Disc.	\$2,449	6	B	--	Buy		●				
NSC	Norfolk Southern Corp.	\$49.47	\$75.53	\$41.36	2.59	Industrials	\$18,318	3	A	--	Buy	●					
NTLS	NTELOS Holdings Corp.	\$22.21	\$33.02	\$18.07	4.68	Telecom.	\$937	3	A	--	Buy	●					
OII	Oceaneering Int'l.	\$25.82	\$82.49	\$19.36	--	Energy	\$1,407	7	B	L	Buy					●	
ORH	Odyssey Re Holdings	\$44.99	\$47.99	\$31.55	0.67	Financials	\$2,704	2	A	H	Buy	●					
OTTR	Otter Tail Corp.	\$18.79	\$46.15	\$14.99	6.33	Industrials	\$665	2	B	L	Buy		●				
PTNR	Partner Commun. Ltd.	\$15.60	\$24.70	\$14.02	8.12	Telecom.	\$2,392	2	A	--	Buy	●					
BTU	Peabody Energy Corp.	\$23.43	\$88.69	\$16.00	1.02	Energy	\$6,344	5	C	L	Buy					●	
PETD	Petroleum Development	\$19.20	\$79.09	\$11.50	--	Energy	\$285	6	C	L	Buy					●	
PBI	Pitney Bowes Inc.	\$24.71	\$39.98	\$20.83	5.67	Industrials	\$5,094	5	B	--	Buy		●				
PII	Polaris Industries Inc.	\$27.30	\$54.26	\$19.48	5.57	Cons. Disc.	\$883	1	A	--	Buy		●				
POT	Potash Cp. of Saskat.	\$61.64	\$241.62	\$54.80	0.65	Materials	\$18,606	2	A	L	Buy	●					
RRD	R.R. Donnelley & Sons	\$12.76	\$39.02	\$9.53	8.15	Industrials	\$2,626	6	B	--	Buy		●				
RRC	Range Resources Corp.	\$41.47	\$76.81	\$23.77	0.39	Energy	\$6,428	4	A	--	Buy	●					
REG	Regency Centers Corp.	\$35.61	\$82.43	\$23.36	8.14	Financials	\$2,493	5	A	--	Buy		●				
RNR	RenaissanceRe Hldgs.	\$47.13	\$61.68	\$31.50	1.95	Financials	\$2,894	2	A	H	Buy	●					
RLI	RLI Corp.	\$58.32	\$72.10	\$44.00	1.78	Financials	\$1,249	3	A	H	Buy	●					
SAY	Satyam Computer Svcs.	\$12.73	\$29.84	\$10.80	0.93	Info. Tech.	\$4,273	7	C	L	Buy					●	
SNDA	Shanda Interactive Ent.	\$21.46	\$39.96	\$20.85	--	Info. Tech.	\$1,554	2	A	--	Buy	●					
SJR	Shaw Commun. (CI B)	\$17.09	\$25.39	\$14.52	3.76	Cons. Disc.	\$7,322	4	A	H	Buy	●					
SGR	Shaw Group Inc.	\$18.40	\$69.25	\$11.47	--	Industrials	\$1,537	6	C	L	Buy					●	
SLG	SL Green Realty Corp.	\$18.96	\$108.68	\$7.75	16.61	Financials	\$1,092	7	B	L	Buy					●	
SII	Smith International Inc.	\$29.24	\$88.40	\$21.00	1.64	Energy	\$6,399	6	B	L	Buy					●	
SOHU	Sohu.com Inc.	\$48.54	\$91.50	\$34.10	--	Info. Tech.	\$1,870	2	A	L	Buy	●					
SYK	Stryker Corp.	\$38.92	\$76.89	\$35.38	0.85	Health Care	\$15,712	2	A	L	Buy	●				●	
SYT	Syngenta AG (ADS)	\$36.02	\$66.78	\$26.94	2.17	Materials	\$17,058	3	A	L	Buy	●					
TK	Teekay Corp.	\$16.39	\$60.47	\$10.95	6.96	Energy	\$1,185	6	B	--	Buy		●				
TNE	Tele Norte Leste Particip.	\$14.68	\$28.14	\$10.17	0.85	Telecom.	\$5,612	2	B	--	Buy	●					
TEF	Telefonica S.A. (ADS)	\$61.04	\$103.50	\$46.69	4.35	Telecom.	\$97,125	3	A	H	Buy	●					
TXT	Textron Inc.	\$15.23	\$74.40	\$10.09	6.04	Industrials	\$3,672	6	B	--	Buy		●				
UDR	UDR Inc.	\$15.13	\$28.50	\$10.00	8.72	Financials	\$1,938	4	A	--	Buy		●				
URBN	Urban Outfitters Inc.	\$18.17	\$38.40	\$12.33	--	Cons. Disc.	\$3,037	2	A	L	Buy					●	
VTR	Ventas Inc.	\$22.98	\$52.00	\$17.31	8.92	Financials	\$3,293	3	B	--	Buy		●				
WFT	Weatherford International	\$12.77	\$49.98	\$9.27	--	Energy	\$8,698	7	B	L	Buy					●	
WRI	Weingarten Realty Inv.	\$14.26	\$40.00	\$8.27	14.73	Financials	\$1,198	5	A	L	Buy					●	
WPZ	Williams Partners L.P.	\$14.04	\$41.74	\$9.96	18.09	Energy	\$741	7	C	L	Buy					●	
WGOV	Woodward Governor Co.	\$21.24	\$48.62	\$15.88	1.13	Industrials	\$1,429	2	A	L	Buy	●					
XTO	XTO Energy Inc.	\$38.24	\$73.74	\$23.83	1.26	Energy	\$22,058	2	A	--	Buy	●					
ZMH	Zimmer Holdings Inc.	\$37.32	\$80.92	\$34.10	--	Health Care	\$8,382	5	B	L	Buy					●	

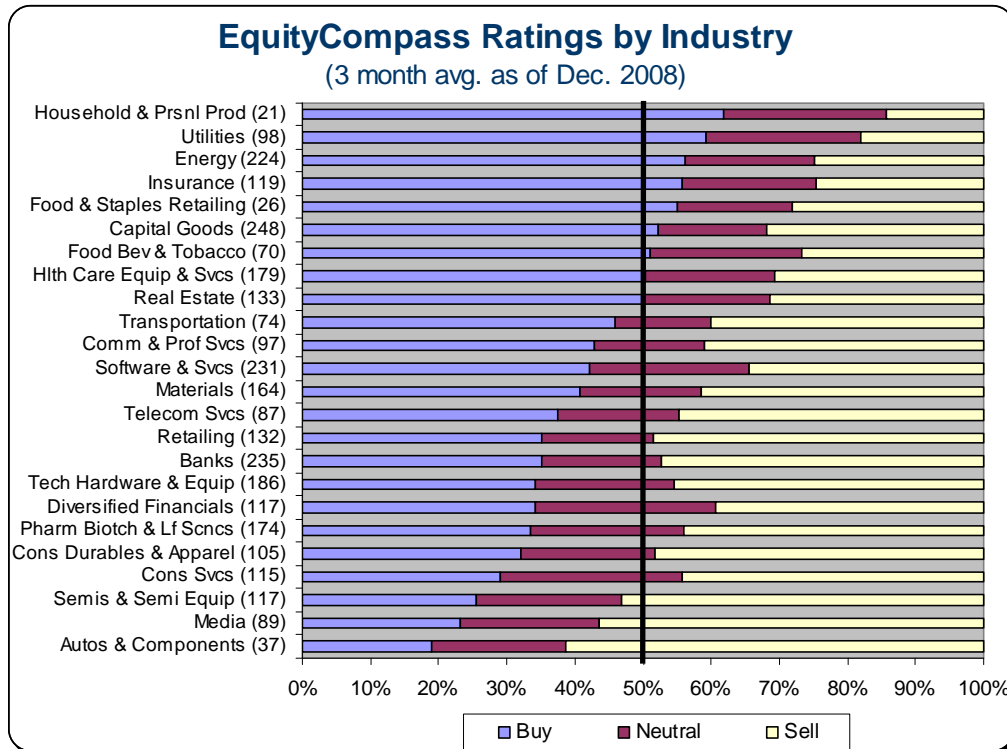
Source: EquityCompass Strategies

Chart 8



Source: EquityCompass Strategies
 Number in parenthesis () shows industry weight in S&P 500 as of 11/28/08

Chart 9



Source: EquityCompass Strategies
 Number in parenthesis () is the number of stocks in each industry group.

Table 8

New Share Repurchase Announcements

Announced Within the Preceding Month

Symbol	Company Name	Price 11/28/08	Div. Yield (%)	Compass Rating	PPS	SVI Grade	RL	Sub Industry	Market Cap (Mil)	Shares Out (Mil)	Ann. Date	Amount	% Out.
ACTU	Actuate Corp.	\$2.63	--	Sell	7	C	--	Application Software	\$158	60	11/3/08	60.000 Mln \$\$	37.94%
QLGC	QLogic Corp.	\$10.62	--	Buy	2	A	--	Computer Storage & Peripherals	\$1,389	131	11/11/08	300.000 Mln \$\$	21.60%
HIMX	Himax Technologies (ADS)	\$1.41	23.40	Neutral	6	B	--	Semiconductors	\$269	191	11/14/08	50.000 Mln \$\$	18.57%
RBCN	Rubicon Technology Inc.	\$4.56	--	Sell	9	--	--	Semiconductor Equip.	\$97	21	11/12/08	15.000 Mln \$\$	15.54%
ICON	Iconix Brand Group Inc.	\$8.47	--	Sell	8	C	--	Footwear	\$489	58	11/3/08	75.000 Mln \$\$	15.35%
IIIN	Insteel Industries Inc.	\$9.76	1.23	Buy	2	D	--	Building Products	\$171	18	11/18/08	25.000 Mln \$\$	14.63%
MHS	Medco Health Solutions Inc.	\$42.00	--	Buy	3	C	--	Health Care Svcs.	\$20,935	498	11/5/08	3.000 Bln \$\$	14.33%
LLL	L-3 Communications Holdings	\$67.17	1.79	Buy	2	A	L	Aerospace & Defense	\$7,388	110	11/24/08	1.000 Bln \$\$	13.54%
GSOL	Global Sources Ltd.	\$6.46	--	Neutral	7	A	--	Publishing	\$302	47	11/13/08	6.250 Mln Shares	13.38%
FARO	FARO Technologies Inc.	\$14.39	--	Sell	8	C	--	Electronic Equip. Manuf.	\$240	17	11/24/08	30.000 Mln \$\$	12.52%
HEW	Hewitt Associates Inc. (CI A)	\$28.58	--	Buy	2	C	--	Data Proc. & Outsourced Svcs.	\$2,693	94	11/14/08	300.000 Mln \$\$	11.14%
PCR	Perini Corp.	\$19.15	--	Sell	6	C	--	Construction & Engineering	\$964	50	11/13/08	100.000 Mln \$\$	10.38%
VISN	VisionChina Media Inc. (ADS)	\$6.77	--	Buy	3	--	--	Advertising	\$488	72	11/14/08	50.000 Mln \$\$	10.25%
ABC	AmerisourceBergen Corp.	\$31.35	1.28	Buy	1	C	--	Health Care Dist.	\$4,981	159	11/13/08	500.000 Mln \$\$	10.04%
EHTH	eHealth Inc.	\$10.97	--	Sell	8	--	--	Ins. Brokers	\$275	25	11/12/08	10.000 % shares	10.00%
SCI	Service Corp. International	\$5.82	2.75	Sell	8	A	--	Specialized Consumer Svcs.	\$1,501	258	11/12/08	150.000 Mln \$\$	10.00%
KFRC	Kforce Inc.	\$6.80	--	Buy	2	D	H	Human Resource & Emp. Svcs.	\$267	39	11/26/08	25.000 Mln \$\$	9.35%
GPC	Genuine Parts Co.	\$39.15	3.98	Buy	2	A	H	Dist.	\$6,286	161	11/17/08	15.000 Mln Shares	9.34%
UEPS	Net 1 U.E.P.S. Technologies	\$10.20	--	Neutral	6	D	L	Application Software	\$544	53	11/6/08	50.000 Mln \$\$	9.20%
ACXM	Acxiom Corp.	\$7.51	--	Neutral	6	B	--	IT Consulting & Other Svcs.	\$585	78	11/7/08	50.000 Mln \$\$	8.54%
MIR	Mirant Corp.	\$17.22	--	Sell	7	--	--	IPPs & Energy Traders	\$2,696	157	11/7/08	200.000 Mln \$\$	7.42%
NTG	Natco Group Inc. (CI A)	\$18.13	--	Sell	7	D	--	Oil & Gas Equip. & Svcs.	\$367	20	11/3/08	25.000 Mln \$\$	6.81%
TDS	Telephone & Data Systems	\$32.45	1.26	Sell	8	A	H	Wireless Telecom. Svcs.	\$3,735	115	11/5/08	250.000 Mln \$\$	6.69%
CXW	Corrections Corp. of America	\$18.09	--	Buy	3	B	--	Security & Alarm Services	\$2,272	126	11/14/08	150.000 Mln \$\$	6.60%
VAR	Varian Medical Systems Inc.	\$40.36	--	Buy	3	B	--	Health Care Equip.	\$5,040	125	11/17/08	8.000 Mln Shares	6.41%
XXIA	Ixia	\$6.14	--	Buy	3	B	--	Communications Equip.	\$390	64	11/21/08	25.000 Mln \$\$	6.41%
IXYS	IXYS Corp.	\$7.28	1.65	Buy	2	A	--	Semiconductors	\$229	31	11/14/08	2.000 Mln Shares	6.35%
NWY	New York & Co. Inc.	\$1.88	--	Sell	5	D	--	Apparel Retail	\$112	60	11/26/08	3.750 Mln Shares	6.28%
SMCI	Super Micro Computer Inc.	\$5.21	--	Buy	2	--	--	Computer Hardware	\$170	33	11/14/08	2.000 Mln Shares	6.12%
TLAB	Tellabs Inc.	\$4.17	--	Sell	8	D	--	Communications Equip.	\$1,660	398	11/13/08	100.000 Mln \$\$	6.03%
GDI	Gardner Denver Inc.	\$24.75	--	Neutral	5	B	--	Industrial Machinery	\$1,280	52	11/5/08	3.000 Mln Shares	5.80%
LBTYA	Liberty Global Inc. (CI A)	\$14.49	--	Sell	8	B	--	Cable & Satellite	\$4,324	298	11/5/08	250.000 Mln \$\$	5.78%
KCAP	Kohlberg Capital Corp.	\$4.10	34.15	Sell	7	--	--	Asset Mgmt. & Custody Bks.	\$87	21	11/3/08	5.000 Mln \$\$	5.72%
BFIN	BankFinancial Corp.	\$10.93	2.56	Neutral	4	--	--	Thriffs & Mortgage Finance	\$238	22	11/12/08	1.240 Mln Shares	5.68%
CYBI	Cyber International Inc.	\$1.26	--	Neutral	6	C	L	Leisure Products	\$22	18	11/3/08	1.000 Mln Shares	5.68%
EXLS	ExtService Holdings Inc.	\$7.10	--	Buy	7	A	L	Data Proc. & Outsourced Svcs.	\$205	29	11/6/08	10.000 Mln \$\$	4.88%
PETS	PetMed Express Inc.	\$17.93	--	Buy	3	B	H	Internet Retail	\$426	24	11/3/08	20.000 Mln \$\$	4.69%
RGR	Sturm Ruger & Co.	\$5.91	--	Sell	9	--	--	Leisure Products	\$115	19	11/26/08	5.000 Mln \$\$	4.35%
BIDU	Baidu.com Inc. (ADS)	\$135.88	--	Buy	4	A	--	Internet Software & Svcs.	\$4,659	34	11/3/08	200.000 Mln \$\$	4.29%
MELI	MercadoLibre Corp.	\$12.32	--	Sell	8	--	--	Internet Software & Svcs.	\$546	44	11/14/08	20.000 Mln \$\$	3.66%
STEC	STEC Inc	\$5.45	--	Buy	3	--	--	Computer Storage & Peripherals	\$273	50	11/17/08	10.000 Mln \$\$	3.66%
CUZ	Cousins Properties Inc.	\$10.78	9.28	Sell	5	D	--	Div. REITs	\$554	51	11/11/08	20.000 Mln \$\$	3.61%
MSW	Mission West Properties	\$7.54	10.61	Buy	3	A	--	Office REITs	\$149	20	11/24/08	5.000 Mln \$\$	3.36%
WRLD	World Acceptance Corp.	\$19.57	--	Buy	2	B	--	Consumer Finance	\$317	16	11/10/08	10.000 Mln \$\$	3.16%
RGC	Regal Entertainment Group	\$9.17	13.09	Sell	5	D	--	Movies & Entertainment	\$1,408	154	11/10/08	40.000 Mln \$\$	2.84%
FIX	Comfort Systems USA Inc.	\$8.35	2.16	Buy	1	B	--	Diversified Support Services	\$333	40	11/17/08	1.000 Mln Shares	2.51%
CYBS	CyberSource Corp.	\$9.28	--	Buy	3	B	--	Data Proc. & Outsourced Svcs.	\$645	70	11/21/08	15.000 Mln \$\$	2.32%
BKE	Buckle Inc.	\$18.86	4.24	Buy	1	B	L	Apparel Retail	\$876	46	11/21/08	1.000 Mln Shares	2.18%
BKMU	Bank Mutual Corp.	\$10.25	3.51	Buy	4	C	--	Thriffs & Mortgage Finance	\$496	48	11/7/08	1.000 Mln Shares	2.07%
PLT	Plantronics Inc.	\$12.71	1.57	Sell	5	D	--	Communications Equip.	\$621	49	11/10/08	1.000 Mln Shares	2.05%
SCHL	Scholastic Corp.	\$15.27	1.96	Neutral	7	A	--	Publishing	\$577	38	11/20/08	10.000 Mln \$\$	1.73%
AIZ	Assurant Inc.	\$21.77	2.57	Buy	5	A	--	Multi-line Ins.	\$2,555	117	11/6/08	30.000 Mln \$\$	1.17%
BDX	Becton Dickinson & Co.	\$63.53	2.08	Buy	3	A	--	Health Care Equip.	\$15,474	244	11/25/08	10.000 Mln \$\$	0.06%
CCL	Carnival Corp.	\$21.00	--	Buy	5	A	--	Hotels, Resorts & Cruise Lines	\$16,506	786	11/4/08	150000.000 Shares	0.03%
ORIT	Oritani Financial Corp.	\$16.87	--	Neutral	4	--	--	Thriffs & Mortgage Finance	\$663	39	11/21/08	10.000 % shares	0.00%

Source: EquityCompass Strategies

Table 9

Pending Acquisitions

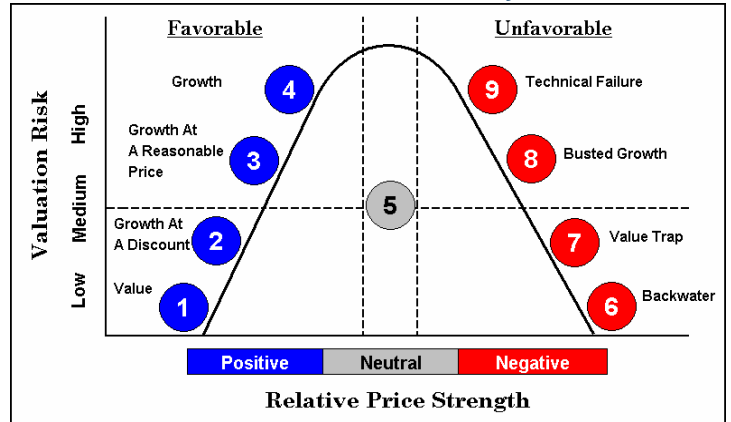
Symbol	Company Name	Price		Sub Industry	Acquirer	Ann. Date
		11/28/08				
AW	Allied Waste Industries Inc.	\$10.74		Environmental & Facilities Svcs.	Republic Services Inc	06/23/08
ANR	Alpha Natural Resources Inc.	\$22.19		Coal & Consumable Fuels	Cleveland-Cliffs Inc	07/16/08
ALO	Alpharma Inc. (CI A)	\$36.10		Pharmaceuticals	King Pharmaceuticals Inc	09/11/08
ACBA	American Community Bancshares Inc.	\$9.80		Regional Banks	Yadkin Valley Financial Corp	09/10/08
ATB	Arlington Tankers Ltd.	\$9.57		Oil & Gas Storage & Trans.	General Maritime Corp	08/06/08
ATML	Atmel Corp.	\$2.80		Semiconductors	Multiple acquirers	10/02/08
BRL	Barr Pharmaceuticals Inc.	\$65.39		Pharmaceuticals	Teva Pharmaceutical Industries Ltd	07/18/08
BFBC	Benjamin Franklin Bancorp Inc.	\$12.99		Thriffs & Mortgage Finance	Independent Bank Corp	11/07/08
BGCP	BGC Partners Inc	\$3.80		Inv. Banking & Brokerage	Tullett Prebon PLC	04/18/07
CPHL	Castlepoint Holdings Ltd.	\$10.26		ReIns.	Tower Group Inc	08/05/08
CYCL	Centennial Communications Corp. (CI A)	\$7.73		Wireless Telecom. Svcs.	AT&T Inc	11/07/08
CHIC	Charlotte Russe Holding Inc.	\$5.00		Apparel Retail	Multiple Acquirers	11/12/08
CEG	Constellation Energy Group Inc.	\$24.47		IPPs & Energy Traders	Berkshire Hathaway Inc	09/18/08
CPO	Corn Products International Inc.	\$27.40		Agricultural Products	Bunge Ltd	06/23/08
CYT	Cytec Industries Inc.	\$22.03		Specialty Chem.	Medtronic Inc	09/25/08
DSCP	Datascope Corp.	\$52.21		Health Care Equip.	Getinge AB	09/15/08
EPEX	Edge Petroleum Corp.	\$0.25		Oil & Gas Exploration & Prod.	Chaparral Energy Inc	07/15/08
EQ	Embarq Corp.	\$32.64		Integrated Telecom. Svcs.	CenturyTel Inc	10/27/08
EPIC	Epicor Software Corp.	\$4.10		Application Software	Elliott Associates LP	10/01/08
FDRY	Foundry Networks Inc.	\$15.49		Communications Equip.	Brocade Communications Systems Inc	07/21/08
GBTS	Gateway Financial Holdings Inc.	\$4.50		Div. Banks	Hampton Bankshares Inc	09/24/08
DNA	Genentech Inc.	\$76.60		Biotechnology	Roche Holding AG	07/21/08
GW	Grey Wolf Inc.	\$5.48		Oil & Gas Drilling	Precision Drilling Trust	06/10/08
HUN	Huntsman Corp.	\$7.15		Div. Chem.	Apollo Management LP	07/03/07
ITWO	i2 Technologies Inc.	\$8.30		Application Software	JDA Software Group Inc	08/11/08
LFG	LandAmerica Financial Group Inc.	\$0.10		Property & Casualty Ins.	Fidelity National Fin'l	11/07/08
LVN	Landry's Restaurants Inc.	\$11.59		Restaurants	Management Group	01/28/08
MER	Merrill Lynch & Co. Inc.	\$13.22		Inv. Banking & Brokerage	Bank of America Corp	09/15/08
NCC	National City Corp.	\$2.01		Regional Banks	PNC Financial Services Group	10/24/08
NFS	Nationwide Financial Services Inc. (CI A)	\$50.80		Life & Health Ins.	Nationwide Mutual Insurance Co	03/10/08
NRG	NRG Energy Inc.	\$23.69		IPPs & Energy Traders	Exelon Corp	10/20/08
OMRI	Omnix Biopharmaceuticals Inc.	\$24.88		Biotechnology	Johnson & Johnson	11/24/08
PHLY	Philadelphia Consolidated Holding Co.	\$61.45		Property & Casualty Ins.	Tokio Marine Holdings Inc	07/23/08
PSD	Puget Energy Inc.	\$24.48		Multi-Utilities	Puget Holdings LLC	10/26/07
RIV	Riviera Holdings Corp.	\$4.15		Casinos & Gaming	Multiple acquirers	05/11/07
ROH	Rohm & Haas Co.	\$68.41		Specialty Chem.	Dow Chemical Co/The	07/10/08
SINT	SI International Inc.	\$30.54		IT Consulting & Other Svcs.	Serco Group PLC	08/27/08
SOV	Sovereign Bancorp Inc.	\$2.47		Thriffs & Mortgage Finance	Banco Santander SA	10/13/08
OVEN	TurboChef Technologies Inc.	\$3.78		Industrial Machinery	Middleby Corp	08/12/08
UST	UST Inc.	\$68.75		Tobacco	Altria Group Inc	09/08/08
WB	Wachovia Corp.	\$5.62		Div. Banks	Wells Fargo & Co	10/03/08
ZIGO	Zygo Corp.	\$6.61		Electronic Manufacturing Svcs.	Electro Scientific Industries	10/16/08

Source: EquityCompass Strategies

Performance Probability Score (PPS)

PPS ratings represent our opinion of likely risk-adjusted performance over the next 12 to 18 months relative to our broader universe of covered stocks. Scores range on a scale of 1 to 9, whereby PPS-1 is “most favorable” and PPS-9 is “least favorable.” PPS ratings are derived from a combination of two independent models measuring relative valuation and relative price momentum. The relative valuation model ranks all covered stocks on a composite of up to six different measures such as price-to-earnings and price-to-book value, etc. These composite scores are then re-ranked and placed into four different tiers of valuation (Valuation Risk). See Illustration 1. The relative price momentum model is derived through an in-depth analysis of each stock’s price relative to its nine-month moving average on an absolute and relative basis. All stocks have either a positive, negative or undefined (neutral) price trend. PPS-1 rated stocks represent “cheap” stocks with positive momentum, while PPS-9 rated stocks represent “expensive” stocks with negative momentum. PPS-5 rated stocks can be of any valuation tier, but have either an unclear or undefined price trend.

Illustration 1 — Performance Probability Score

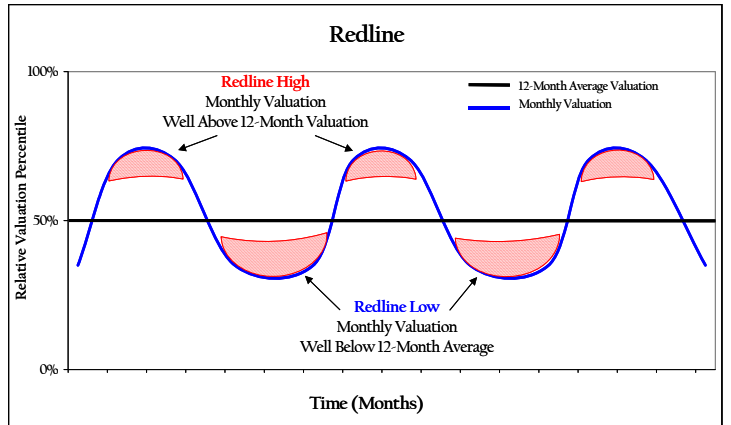


Source: EquityCompass Strategies

Redline (RL)

Redline ratings represent our opinion of likely performance over the next three to six months. Redline ratings are assigned to only 20% of our coverage universe in any given month. Ratings are derived in three steps. First, we evaluate each stock’s relative value percentile rank as described above. Second, each stock’s current ranking is compared to its 12-month average. Lastly, favorable ratings (Redline Low) are assigned to the 10% of our coverage universe whose relative valuation scores are most below their 12-month average. Unfavorable ratings (Redline High) are assigned to the 10% of our coverage universe whose relative valuation scores are most above their 12-month average. See Illustration 2.

Illustration 2 — Redline

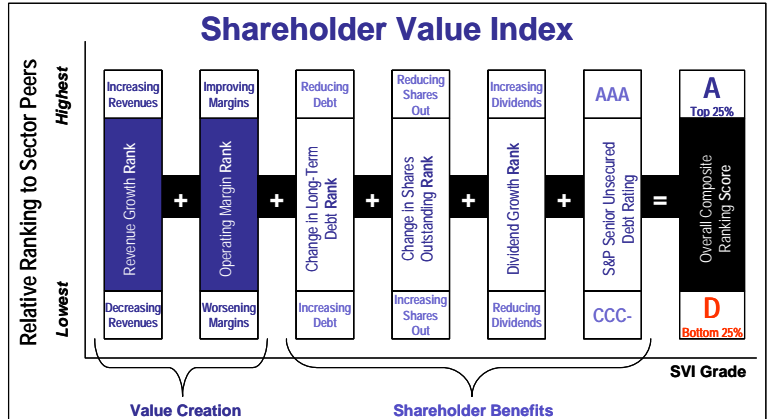


Source: EquityCompass Strategies

Shareholder Value Index (SVI)

The SVI rating represents our opinion of likely performance over a multiyear time horizon. Specifically, we believe that over long periods of time, companies that create and sustain the greatest level of shareholder value, will ultimately offer superior risk-adjusted returns for the patient investor. SVI ratings range on a scale of A (most favorable) to D (least favorable). See Illustration 3.

Illustration 3 — Shareholder Value Index



Source: EquityCompass Strategies

For an in-depth analysis on all three models, please ask your investment executive for the report titled “EquityCompass Model Guide.”

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BUY – Stifel Nicolaus expects this stock to outperform the S&P 500 by more than 10% over the next 12 months. For higher-yielding equities such as REITs and Utilities, we expect a total return in excess of 12% over the next 12 months.

HOLD – Stifel Nicolaus expects this stock to perform within 10% (plus or minus) of the S&P 500 over the next 12 months. A HOLD rating is also used for those higher-yielding securities where we are comfortable with the safety of the dividend, but believe that upside in the share price is limited.

SELL – Stifel Nicolaus expects this stock to underperform the S&P 500 by more than 10% over the next 12 months and believe the stock could decline in value.

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