

EquityCompass Strategies

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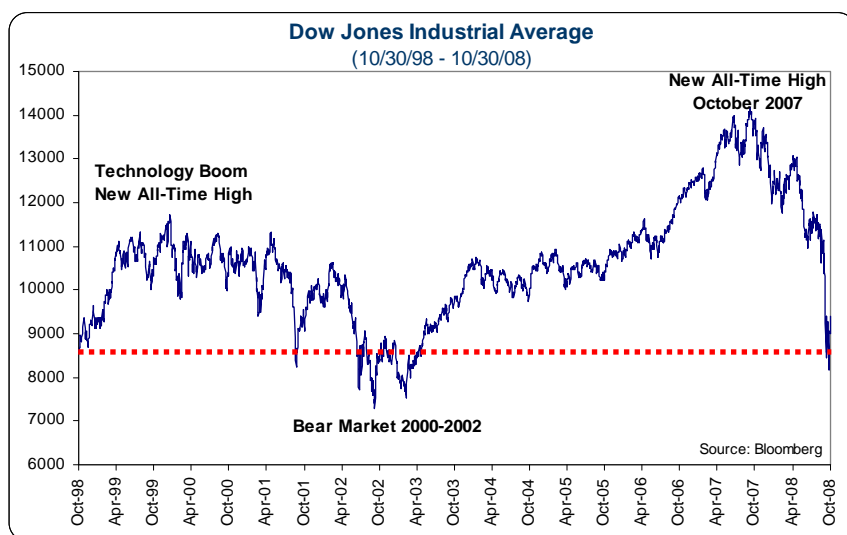
"When the panic is over, the voice of the investor is again heard."

— Samuel A. Nelson, author of Dow Theory

- The average stock in our EquityCompass universe declined 23.2% in October in a devastating month of performance across all market-caps, industry groups, investment styles, and global markets.
- By measures of past bear markets, the 44% decline in the DJIA is the ninth most severe. Outside of the experience in 1930s, the depth of the previous DJIA declines are suggestive that downside is limited.
- The DJIA is at the same levels as 10 years earlier despite the present constituents averaging a doubling in sales, earnings, and dividends.
- Major bear markets overshoot to the downside and create depressed valuation levels, which in hindsight, seem overly pessimistic. We study one of the 10 oldest stocks on the NYSE, Ingersoll Rand, in the last three major bear markets and in comparison to current valuation levels.
- Warren Buffett recently opined that now is a good time to be buying sound companies that might participate in the future prosperity of the U.S. economy. We identify candidates from the S&P 500 Dividend Aristocrats index that appear undervalued.

Time for Investors?

Chart 1



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

All relevant disclosures appear on page 24 of this report.

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Time for the Investor

"When the panic is over, the voice of the investor is again heard."

— Samuel A. Nelson, author of Dow Theory

- Market crashes make little sense with widespread and indiscriminate selling overwhelming the normal considerations for investing in stocks
- The DJIA is at the same level as 10 years earlier despite an impressive improvement in fundamentals
- With a peak-to-trough decline of 44%, the DJIA is reflecting a lot of uncertainty but, by measures of past bear markets, the discounting is likely to be nearing an end

There is not much to rationalize in a market crash. The sudden loss of investor confidence and need for liquidity overwhelm the longer-term perspective that gird a decision to invest in stocks. The fundamental considerations that are used for stock selection are swept aside by the more immediate realities of investor redemptions, margin calls, and selling what can be sold quickly. What differentiates stocks from other investment assets, is that a large part of their expected value lies in the future. Market crashes devalue the future in abrupt and indiscriminate fashion. As Sam Nelson, former editor of *The Wall Street Journal* observed more than 90 years ago and is still true today, market panics will end and then it will be time for investors, rather than forced and fearful sellers, to weigh the risks and opportunities of stocks.

From its peak last October, the DJIA has declined 44%, making the current bear market the ninth worst since 1900. With the exception of the 1930s, the average decline of these bear markets was 47%, and

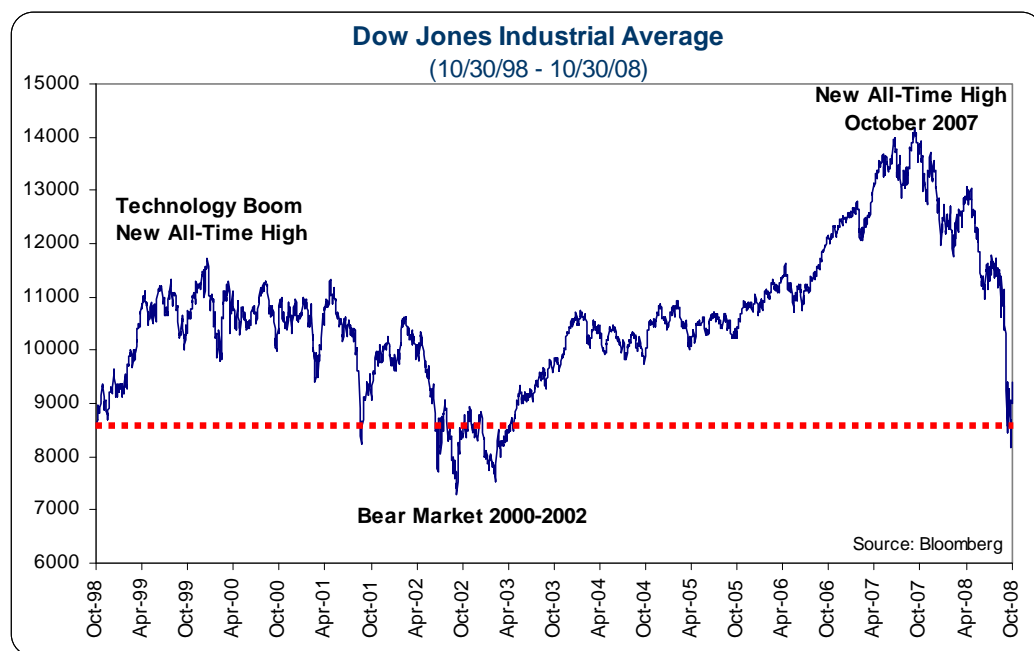
were followed by an average gain of 40% in the first 12 months of recovery. By this yardstick, the current bear is approaching its low and risk/reward for owning stocks is attractive. However, the elephant is the great crash that sent the DJIA 89% lower in 1932, in a period also characterized with a massive loss of confidence. Comparing the 1930s and today, the economic and financial markets landscape has more differences than similarities. In the six years prior to the 1929 crash stocks had risen a cumulative 400% in total return, and speculative excess, in terms of margin buying (10% equity), was far more feverish and a major contributor to the sudden and dramatic losses. Despite hedge fund excesses and the derivative leverage of today, the DJIA rose 50% in the six years prior to the October 2007 peak and about 100% from the bear low in 2002. In the current crash episode, stocks are more a casualty of speculative excess in other markets—real estate, mortgages, and commodities—than of its own doing.

The stock market crash in 1929 was exacerbated with monetary and fiscal policies that made a bear market turn into a decade of prolonged economic contraction. The measures enacted in the aftermath of the Depression to counteract these severe economic forces, as well as the aggressive actions recently taken by governments to stabilize confidence, are the chief differences between the early 1930s and today.

10 Year Perspective

At the lows in October, the DJIA traded below where it was 10 years earlier in October 1998. This is a rare occurrence that last happened

Chart 1 (from the cover)



in 1982 and prior to that in 1974—both very propitious times to buy stocks with the DJIA posting well-above average gains in the ensuing years. Taking a step back, the last 10 years have been among the most tumultuous in the DJIA's 116 year history. The DJIA has experienced two deep, and in the case of 2000–2002, long bear markets. However, the DJIA also had periods of new all-time highs on the heels of strong economic growth that supported the boom and bust in technology stocks and real estate. Wall Street finds itself in a much different state as financial innovation with derivatives and leverage have undone companies with long histories of surviving the vicissitudes of financial markets.

From a fundamental perspective the last 10 years has been a much different experience than the price performance of the DJIA. For the present index constituents and on average, sales and earnings have more than doubled from 10 years ago and this includes the poor profit performance from Financials (Citicorp, BankAmerica, JP Morgan) and the woeful General Motors (see **Table 1**, page 5). Cash dividends for the median stock in the DJIA have increased 178% from 1998 and highlight another rare occurrence. At the lows in October, the dividend yield on the DJIA surpassed the yield on 10-year Treasury bonds. The last time this occurred was in 1962, and also was followed by several years of strong market gains. In this current period of extreme risk aversion, the only bull market has been in U.S. Treasury securities and investors are willing to accept a guarantee of principal in 10 years with a fixed yield that, after taxes, equates to a return of about 2.5% per annum. Assuming dividends grow 6% per year, they will be about 80% higher in 10 years and if the overall DJIA index stays constant with a 3.6% yield, the total returns of the DJIA

(dividends and capital appreciation) will be more than double that of 10-year Treasury bonds.

Thinking like an Investor

When market panics subside, investors will pursue investment opportunity as they have in the past: weigh uncertainty with a margin of safety, and if opportunity is still attractive versus alternatives, decide whether or not to invest. Using the DJIA as a proxy for opportunity, investors are being offered a diversified portfolio of high quality stocks at the same price 10 years ago despite a marked improvement in the fundamentals as measured by sales, earnings, and dividends. From a timing standpoint, the DJIA has experienced a severe bear market that, in the past, has been followed by robust gains. As for alternatives, while government bonds offer safety, their after-tax and inflation returns offer little for building wealth to meet long-term financial objectives.

Opportunity at the bottom of a bear market rarely looks as such. Economic fundamentals like GDP and unemployment are typically 3–6 months away from improving, and news headlines highlighting uncertainty are much more prevalent. As Warren Buffett recently wrote in an editorial, the confounding part of investing is that the best opportunity comes when uncertainty is high and fear, rather than greed, is motivating decision-making. The question is if excess of opportunity is enough to overcome the uncertainty. Using the DJIA as an indication of the opportunity, we believe the answer is yes—for the investor.

Richard E. Cripps, CFA
Chief Investment Officer

Chart 2

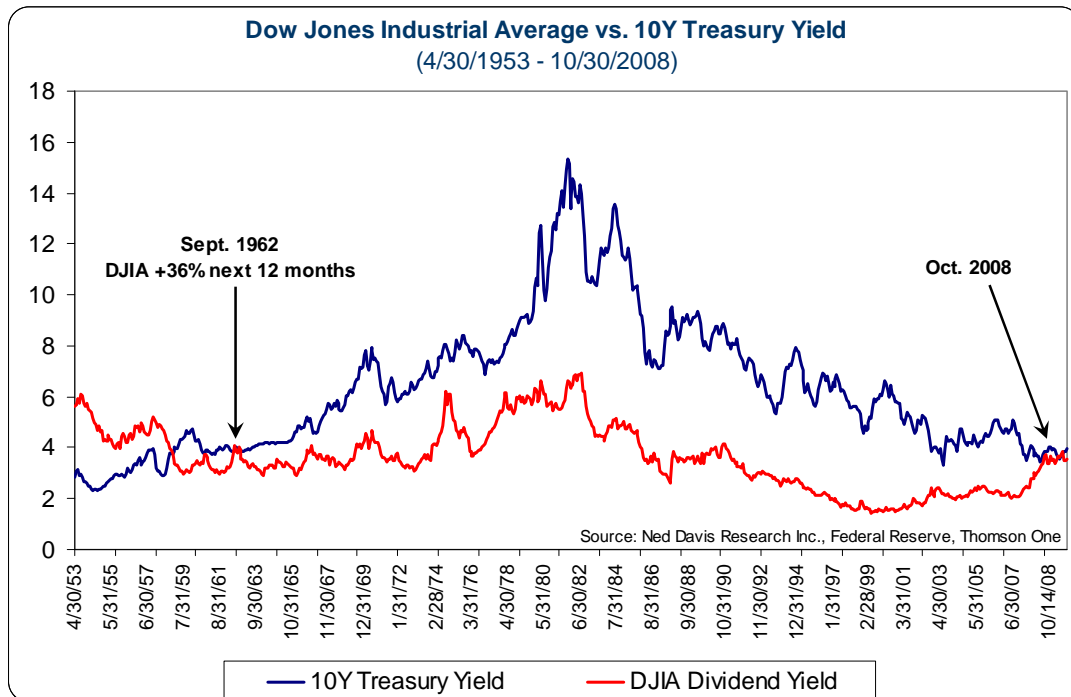


Table 1

Dow Jones Industrial Average Fundamental Company Comparison 1998 - 2008

Symbol	Company Name	Sales Per Share					Earnings Per Share					Dividends					Total Debt to Total Capital (%)				
		1998	2002	2008	'02-'08	'98-'08	1998	2002	2008	'02-'08	'98-'08	1998	2002	2008	'02-'08	'98-'08	1998	2002	2008	'02-'08	'98-'08
MMM	3M Co.	\$18.69	\$20.94	\$37.10	77%	99%	\$1.87	\$2.50	\$5.30	112%	183%	\$1.10	\$1.24	\$2.00	61%	82%	32.9	34.9	36.6	163	364
AA	Alcoa	\$20.91	\$23.99	\$36.25	51%	73%	\$1.21	\$0.92	\$2.10	128%	74%	\$0.38	\$0.60	\$0.68	13%	79%	31.7	43.1	36.3	-681	460
AXP	American Express	\$14.16	\$18.24	\$26.00	43%	84%	\$1.59	\$2.01	\$2.85	42%	79%	\$0.30	\$0.32	\$0.72	125%	140%	74.4	72.2	85.1	1289	1074
T	AT&T Inc.	\$14.69	\$15.60	\$21.35	37%	45%	\$2.08	\$1.07	\$2.85	166%	37%	\$0.94	\$1.07	\$1.60	50%	70%	47.3	39.9	40.6	66	-675
BAC	Bank of America	--	--	--	--	--	\$1.82	\$2.96	\$1.55	-48%	-15%	\$0.80	\$1.22	\$1.28	5%	60%	78.1	78.4	81.2	280	312
BA	Boeing Co.	\$59.87	\$67.61	\$97.15	44%	62%	\$1.15	\$2.82	\$5.00	77%	335%	\$0.56	\$0.68	\$1.60	135%	186%	36.1	65.2	46.6	-1857	1046
CAT	Caterpillar Inc.	\$29.36	\$29.27	\$84.15	187%	187%	\$2.06	\$1.15	\$6.00	422%	191%	\$0.58	\$0.70	\$1.68	140%	190%	70.8	76.4	77.2	80	635
CVX	Chevron Corp.	\$23.40	\$46.37	\$161.95	249%	592%	\$1.02	\$0.54	\$9.45	1650%	826%	\$1.22	\$1.40	\$2.60	86%	113%	29.0	33.8	7.5	-2630	-2150
C	Citigroup	--	--	--	--	--	\$1.33	\$3.00	-\$4.15	-238%	-412%	\$0.09	\$0.70	\$0.64	-9%	611%	82.4	82.9	89.1	625	673
KO	Coca-Cola	\$7.63	\$7.92	\$14.20	79%	86%	\$1.42	\$1.65	\$3.13	90%	120%	\$0.60	\$0.80	\$1.52	90%	153%	38.0	31.2	32.7	146	-532
DIS	Disney	\$11.21	\$12.40	\$20.55	66%	83%	\$0.90	\$0.55	\$2.35	327%	161%	\$0.20	\$0.21	\$0.35	67%	75%	37.6	38.6	28.5	-1004	-908
DD	Dupont	\$21.99	\$24.15	\$35.75	48%	63%	\$2.54	\$2.01	\$3.50	74%	38%	\$1.37	\$1.40	\$1.65	18%	20%	43.6	37.3	44.1	682	47
XOM	Exxon Mobil	\$20.74	\$26.70	\$91.00	241%	339%	\$1.31	\$1.61	\$9.24	474%	605%	\$0.82	\$0.92	\$1.60	74%	95%	20.6	12.2	7.2	-503	-1339
GE	General Electric	\$10.24	\$13.21	\$17.90	36%	75%	\$0.93	\$1.51	\$2.00	32%	115%	\$0.42	\$0.73	\$1.24	70%	195%	80.2	80.2	81.9	173	166
GM	General Motors	\$246.28	\$333.24	\$296.20	-11%	20%	\$5.24	\$3.35	-\$15.50	-563%	-396%	\$2.00	\$2.00	\$0.00	-100%	-100%	88.0	96.6	--	--	--
HPO	Hewlett-Packard	\$23.17	\$23.77	\$47.20	99%	104%	\$1.44	\$0.79	\$3.20	305%	122%	\$0.30	\$0.32	\$0.32	0%	7%	14.6	20.2	21.0	80	637
HD	Home Depot	\$13.65	\$25.40	\$43.50	71%	219%	\$0.71	\$1.56	\$1.68	8%	137%	\$0.08	\$0.21	\$0.90	329%	1025%	15.3	6.3	38.5	3220	2319
INTC	Intel	\$3.96	\$4.07	\$6.95	71%	76%	\$0.89	\$0.51	\$1.25	145%	40%	\$0.03	\$0.08	\$0.56	600%	1767%	3.6	3.7	5.7	200	216
IBM	Intl Business Mach.	\$44.10	\$47.14	\$83.85	78%	90%	\$3.29	\$3.95	\$8.48	115%	158%	\$0.44	\$0.59	\$2.00	239%	355%	60.2	53.3	55.6	225	-465
JNJ	Johnson & Johnson	\$8.80	\$12.23	\$23.50	92%	167%	\$1.34	\$2.23	\$4.42	98%	230%	\$0.49	\$0.80	\$1.84	130%	276%	24.2	15.4	23.1	765	-108
JPM	JPMorgan Chase	--	--	--	--	--	\$2.82	\$0.80	\$2.19	174%	-22%	\$0.96	\$1.36	\$1.52	12%	58%	86.9	87.9	84.4	-348	-251
KFT	Kraft Foods Inc.	\$18.77	\$17.17	\$28.70	67%	53%	\$1.12	\$2.02	\$1.93	-4%	72%	--	\$0.54	\$1.16	115%	--	3.8	34.4	43.8	942	3998
MCD	McDonald's Corp.	\$9.16	\$12.15	\$21.25	75%	132%	\$1.26	\$1.32	\$3.58	171%	184%	\$0.18	\$0.24	\$2.00	733%	1011%	41.4	47.9	43.1	-486	164
MRK	Merck & Co.	\$11.40	\$23.07	\$11.40	-51%	0%	\$2.15	\$3.14	\$2.10	-33%	-2%	\$0.95	\$1.41	\$1.56	11%	64%	18.9	27.0	18.4	-858	-48
MSFT	Microsoft	\$1.47	\$2.65	\$6.60	149%	349%	\$0.45	\$0.94	\$1.91	103%	324%	--	--	\$0.56	--	--	0.0	0.0	5.6	555	555
PFE	Pfizer Inc.	\$3.49	\$5.25	\$7.15	36%	105%	\$0.67	\$1.53	\$1.58	3%	136%	\$0.25	\$0.52	\$1.28	146%	412%	27.0	37.2	20.0	-1717	-697
PG	Procter & Gamble	\$13.89	\$15.47	\$27.53	78%	98%	\$1.28	\$1.80	\$3.75	108%	193%	\$0.51	\$0.76	\$1.65	117%	224%	42.2	50.3	37.9	-1239	-430
UTX	United Technol.	\$28.57	\$30.04	\$61.85	106%	116%	\$1.26	\$2.21	\$4.76	115%	278%	\$0.35	\$0.49	\$1.54	214%	340%	29.3	34.2	32.0	-221	274
VZ	Verizon	\$20.32	\$24.63	\$33.95	38%	67%	\$2.72	\$3.05	\$2.58	-15%	-5%	\$1.54	\$1.54	\$1.84	19%	19%	60.4	48.8	34.0	-1477	-2633
WMT	Wal-Mart Stores	\$30.71	\$55.64	\$107.70	94%	251%	\$0.99	\$1.81	\$3.35	85%	238%	\$0.16	\$0.30	\$0.93	210%	481%	31.7	38.3	39.3	94	763
Average					80%	135%				137%	134%				128%	286%	41.7	44.3	41.3	-118	120
Median					71%	90%				99%	136%				88%	178%	37.6	38.6	38.2		

Source: Bloomberg, Value Line, Stifel Nicolaus Equity Research

October 2008: Widespread and Indiscriminate Losses

- October was a devastating month of performance as the average stock declined 23% with widespread losses across sectors, geography, and valuation levels
- Among the various methods for calculating estimated earnings, stocks look to be about 25% cheaper than their longer-term average
- Taking Warren Buffett's advice that now may be a good time to buy sound companies that will participate in long-term U.S. prosperity, we peruse the S&P 500 Dividend Aristocrats index to identify stocks that appear undervalued

The average stock in our EquityCompass universe declined 23.2% in October in a devastating month of performance across all market-caps, industry groups, investment styles, and global markets. All of the S&P 500 sectors declined 10% or more with the overall index down 16.9% for the worst month of performance since the 1987 stock market crash. There was little discrimination in the selling based on stock attributes of expected earnings growth, valuation level, short interest, dividend versus non-dividend, and analyst opinion. The only sub-industry group showing a gain for the month was Educational Services as the apparent cost and difficulty of obtaining loans at conventional colleges is driving increased interest in distance learning (online) alternatives.

The relative performance advantage that was evident last month favored larger, higher quality, and lower beta stocks. These attributes are more characteristic of an index such as the DJIA which declined 14.1% in October versus the equal-weighted S&P 500 that declined 21.1%. This performance spread is abnormal and indicative of the collapsing breadth in the market. We should note that October's performances did show some emerging price momentum from the many broken trends of the last three months. The sub-industry groups with distinctly better relative price momentum include Biotechnology, Packaged Foods, and Educational Services.

Earnings Confusion

Depending on your perspective, there are different methods to analyze company earnings. For analysts assessing intrinsic value, future operating earnings or cash flow, are the major input for discounting back to present value. Other investors focus on trailing earnings inclusive of non-operating items for an apples-to-apples comparison to past valuation levels. And from here, there are still other variations that include operating earnings exclusive of writedowns, core earnings that exclude various adjustments such as pension expensing, cash or non-GAAP earnings that exclude non-cash amortization items, bottom-up earnings that aggregate analysts for a consensus estimate of earnings, and top-down using broader economic factors to generate earnings estimates. Given the financial crisis and downward earnings pressure, the various earnings calculations are producing widely different numbers.

The EquityCompass uses consensus analyst earnings estimates for the next 12 months. We do this for two reasons. The first is philosophical, based on the notion that stocks are an investment best analyzed looking forward rather than behind. Secondly, we believe it is the change in future earnings expectations that is a major driver in the change in stock prices. Full year earnings estimates for the S&P 500 for 2008 are anywhere from \$40 to \$85 depending on the version. The higher number is from operating earnings exclusive of what are considered non-operating write downs, which in the case of financial stocks and General Motors amount to big losses. Top-down estimates inclusive of write-downs are about \$72 for this year. As such, the S&P 500 is trading with a P/E ratio of 11.4x or 13.4x depending on whether or not you exclude or include non-operating write-downs. As for 2009, it looks like estimates are for a slight increase at best. As such, our view is that P/Es are somewhere in the 12x range for 2008 and 2009 earnings versus an 83 year average of about 16x. The S&P 500 were at a P/E of 7x in the late 1970s when inflation rates and U.S. Treasury yields were dramatically higher.

Identifying the Favorable Aristocrats

In his October 17 op-ed piece in *The New York Times* entitled "Buy America. I am.," Warren Buffett stated that he is buying American stocks for his personal account due to his investing rule that one should "be fearful when others are greedy, and greedy when others are fearful." According to Ned Davis Research, investor sentiment is as extremely negative as has been in the bear markets since the 1970s. Buffett qualifies his current purchasing, however, stating, "...investors are right to be wary of highly leveraged entities or businesses in weak competitive positions. But fears regarding the long-term prosperity of the nation's many sound companies make no sense." A key question for the average investor is, "How do you identify the sound companies?"

One school of thought looks at dividend policy, stating that a history of maintaining or increasing dividends is an excellent indicator of company stability over time. Standard & Poor's tracks an index of companies in the S&P 500 that have had a long history of increasing their annual dividend. The S&P 500 Dividend Aristocrats is an index of companies in the S&P 500 that have increased their dividend each calendar year for at least 25 consecutive years. The Aristocrats have increased dividends each year through this extended time period that has seen recessions, bear markets, September 11th, the '87 crash, and a myriad of other market shocks. The index is rebalanced to equal weight each quarter, and stocks are removed if they fail to increase their dividend or are removed from the S&P 500.

We have selectively filtered the S&P 500 Dividend Aristocrats index to reveal a more manageable list of stocks. **Table 2** displays members of the index that have a dividend payout ratio of less than 50%. We show the average EquityCompass valuation percentile ranking since inception of the models in August 2001, as well as the highest, lowest, and current valuation rankings for the company. The

six highlighted stocks have valuation rankings below their long-term average, but higher than they have been over the past six months. We view this as an indication that, while cheaper relative to other

stocks in the context of long term averages, rising relative valuations versus short-term averages demonstrate a vote of confidence in these stocks despite turbulent times.

Table 2

Select Stocks from the S&P 500 Dividend Aristocrats Index

Symbol	Company Name	Dvd. Yield (%)	Dividend Payout Ratio*	Average Valuation Percent	High Valuation Percent	Low Valuation Percent	Current Valuation Percent
NUE	Nucor Corp.	6.60	35.69%	16.68%	63.44%	0.31%	11.33%
ADM	Archer-Daniels-Midland	2.83	19.92%	25.95%	79.62%	4.20%	20.68%
PPG	PPG Industries	4.68	40.28%	29.21%	61.58%	7.41%	23.80%
STT	State Street Corp.	2.65	19.75%	62.98%	88.56%	11.22%	28.05%
SWK	Stanley Works	4.15	34.33%	30.06%	66.37%	8.69%	29.23%
MMM	3M Company	3.26	37.27%	67.01%	87.86%	32.35%	57.22%
SVU	Supervalu Inc.	5.18	24.39%	8.94%	27.49%	0.57%	6.07%
JCI	Johnson Controls	3.43	26.78%	12.77%	44.34%	0.31%	11.61%
AFL	AFLAC Inc.	2.53	21.37%	28.84%	67.14%	5.71%	17.28%
DOV	Dover Corp.	3.76	29.30%	43.76%	72.57%	13.20%	18.37%
CB	Chubb Corp.	2.81	22.85%	13.59%	59.63%	1.69%	18.98%
XOM	Exxon Mobil Corp.	2.33	20.19%	25.13%	62.91%	1.35%	25.21%
EMR	Emerson Electric	3.88	36.70%	58.27%	73.27%	35.98%	26.91%
VFC	V.F. Corp.	4.99	38.92%	23.33%	52.64%	4.69%	31.47%
WAG	Walgreen Co.	2.02	19.28%	66.99%	88.57%	26.72%	31.73%
PBI	Pitney-Bowes	6.38	45.72%	64.25%	84.56%	28.08%	33.07%
LLY	Lilly (Eli) & Co.	6.04	44.03%	78.33%	95.45%	39.81%	33.43%
STR	Questar Corp.	1.88	13.79%	47.21%	93.38%	4.56%	42.49%
MHP	McGraw-Hill	4.26	32.53%	67.63%	90.91%	36.62%	45.37%
TGT	Target Corp.	1.90	19.00%	36.64%	69.33%	13.76%	46.74%
FDO	Family Dollar Stores	2.00	28.93%	43.02%	80.43%	1.22%	47.12%
APD	Air Products & Chemicals	3.60	33.56%	56.37%	78.59%	38.68%	47.31%
SHW	Sherwin-Williams	2.61	32.00%	23.05%	58.65%	9.15%	52.56%
WMT	Wal-Mart Stores	1.87	25.43%	47.42%	80.71%	7.53%	55.81%
LOW	Lowe's Cos.	1.96	23.50%	35.33%	72.64%	5.16%	56.66%
GWW	Grainger (W.W.) Inc.	2.28	25.95%	43.02%	66.20%	20.22%	61.34%
ADP	Automatic Data Processing	3.66	47.80%	71.43%	88.30%	38.57%	64.87%
BDX	Becton, Dickinson	1.76	23.15%	59.64%	79.21%	29.52%	67.42%
JNJ	Johnson & Johnson	2.99	39.63%	65.59%	86.36%	45.00%	69.41%
SIAL	Sigma-Aldrich	1.43	18.89%	69.53%	88.48%	52.28%	79.07%
BCR	Bard (C.R.) Inc.	0.78	12.92%	69.73%	91.49%	37.99%	79.87%
ABT	Abbott Labs	2.67	39.74%	70.23%	87.65%	46.02%	82.72%
PEP	PepsiCo Inc.	3.23	43.52%	75.72%	91.56%	53.23%	85.55%
KO	Coca Cola Co.	3.62	46.53%	86.79%	97.86%	71.65%	87.82%
PG	Procter & Gamble	2.75	38.07%	72.50%	86.17%	45.12%	88.39%
CLX	Clorox Co.	3.37	47.90%	66.30%	90.00%	45.11%	89.30%
BUD	Anheuser-Busch	2.53	41.58%	72.34%	93.02%	58.73%	89.80%

Valuation as of 10/31/08

*Payout ratio based on 12-month forward consensus EPS estimates.

Source: EquityCompass Strategies, Standard & Poor's, StarMine, Thomson One

Table 3

EquityCompass Performance Monitor - November 2008

(Through 10/31/08)

Benchmark Indices	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2001 ¹	2002	2003	2004	2005	2006	2007
S&P 500	-34.0%	-16.9%	-23.6%	-30.1%	-29.7%	-37.5%	-17.4%	-7.1%	-3.8%	-1.6%	1.3%	-23.4%	26.4%	9.0%	3.0%	13.6%	3.5%
S&P 500 Total Return	-32.8	-16.8	-23.1	-29.3	-28.6	-36.1	-16.1	-5.2	-1.9	0.3	1.7	-22.1	28.7	10.9	4.9	15.8	5.5
S&P 500 Equal Weight	-36.2	-21.1	-27.3	-33.3	-33.2	-40.3	-21.1	-8.6	-4.1	-0.9	1.6	-19.4	38.7	15.2	6.4	14.0	0.0
Dow Jones Ind. Average	-29.7	-14.1	-18.0	-27.3	-26.3	-33.1	-13.1	-3.7	-1.8	-1.0	0.7	-16.8	25.3	3.1	-0.6	16.3	6.4
S&P 500 Citigroup Growth	-32.6	-16.4	-24.1	-29.1	-26.4	-35.1	-14.6	-6.4	-3.5	-2.2	5.1	-24.5	23.9	4.7	2.5	9.4	7.7
S&P 500 Citigroup Value	-35.5	-17.3	-22.9	-31.1	-33.1	-39.9	-20.2	-7.8	-4.1	-1.0	-2.8	-22.5	29.0	13.3	3.5	18.0	-0.4
S&P 100	-32.3	-14.6	-20.5	-27.6	-27.8	-35.9	-15.5	-5.9	-3.7	-2.2	1.2	-23.9	23.8	4.5	-0.9	15.9	3.8
NASDAQ 100	-36.0	-16.3	-27.8	-30.4	-27.5	-40.4	-13.2	-5.5	-2.7	-1.2	7.3	-37.6	49.1	10.4	1.5	6.8	18.7
S&P SmallCap 600	-27.2	-20.2	-22.7	-24.1	-23.4	-33.3	-16.4	-5.3	-0.8	2.3	4.1	-15.3	37.5	21.6	6.7	14.1	-1.2
S&P MidCap 400	-33.8	-21.8	-29.2	-32.2	-29.3	-37.4	-18.1	-6.7	-1.4	0.7	2.9	-15.4	34.0	15.2	11.3	9.0	6.7
Russell 1000	-34.7	-17.5	-24.7	-30.9	-30.4	-38.1	-17.9	-7.3	-3.6	-1.5	1.2	-22.9	27.5	9.5	4.4	13.3	3.9
S&P 500 Financials	-46.7	-22.7	-27.7	-41.2	-46.3	-53.8	-33.9	-20.0	-14.1	-10.5	0.5	-16.4	27.9	8.2	3.7	16.2	-20.8
S&P 500 Info. Tech.	-37.5	-17.8	-26.8	-30.9	-28.5	-41.7	-14.5	-7.1	-4.2	-3.6	8.2	-37.6	46.6	2.1	0.4	7.7	15.5
S&P 500 Health Care	-23.7	-11.8	-16.0	-14.6	-19.7	-25.4	-10.6	-3.9	-1.1	-0.8	2.2	-20.0	13.3	0.2	4.9	5.8	5.4
S&P 500 Industrials	-37.1	-18.9	-27.6	-35.0	-34.1	-39.9	-17.1	-6.7	-4.4	-0.7	1.9	-27.6	29.7	15.9	0.4	11.0	9.8
S&P 500 Energy	-33.5	-18.0	-28.5	-35.1	-25.3	-31.5	-6.9	3.1	9.5	15.3	-3.0	-13.3	22.4	28.8	29.1	22.2	32.4
S&P 500 Cons. Disc.	-31.2	-19.3	-20.4	-29.6	-30.3	-38.4	-22.8	-10.7	-8.7	-5.5	3.8	-24.4	36.1	12.1	-7.4	17.2	-14.3
S&P 500 Cons. Staples	-15.3	-11.1	-10.3	-12.6	-10.5	-14.0	-3.5	1.9	3.4	3.1	-0.1	-6.3	9.2	6.0	1.3	11.8	11.6
S&P 500 Telecom. Svcs.	-38.2	-9.5	-18.2	-30.3	-31.4	-40.9	-20.6	-3.6	-3.8	0.1	-5.4	-35.9	3.3	16.0	-9.0	32.1	8.4
S&P 500 Utilities	-31.5	-11.9	-23.6	-27.1	-26.4	-31.4	-14.5	-2.4	2.7	5.8	-15.4	-33.0	21.1	19.6	12.8	16.9	15.8
S&P 500 Materials	-39.9	-22.2	-37.4	-40.8	-37.4	-42.5	-18.4	-2.8	-1.8	1.2	-1.2	-7.7	34.8	10.8	2.2	15.7	20.0
Dow Jones SmallCap Value	-32.5	-21.2	-22.6	-29.3	-30.3	-39.4	-24.2	-10.5	-5.7	-1.9	1.1	-5.1	39.8	15.9	4.5	18.3	-13.7
Dow Jones SmallCap Growth	-32.0	-20.8	-28.8	-29.0	-26.9	-36.8	-15.3	-4.5	-0.4	1.1	9.0	-38.9	47.8	14.7	8.0	8.5	11.8
Dow Jones MidCap Value	-36.5	-21.2	-27.8	-33.1	-34.0	-41.0	-25.1	-11.5	-5.8	-1.4	0.3	-9.0	31.3	22.2	8.4	14.3	-9.0
Dow Jones MidCap Growth	-40.2	-22.9	-33.4	-37.3	-34.4	-42.4	-18.5	-6.8	-1.0	0.7	4.9	-32.9	43.3	14.9	13.9	9.9	16.3
Dow Jones LargeCap Value	-32.3	-15.2	-20.1	-28.3	-29.4	-36.1	-17.7	-6.1	-3.2	-0.5	0.7	-19.4	22.1	10.3	2.3	19.0	-0.2
Dow Jones LargeCap Growth	-34.2	-16.8	-25.0	-29.1	-27.2	-37.0	-14.4	-7.1	-4.1	-3.0	2.9	-32.0	28.4	4.3	1.6	6.5	11.0
EquityCompass Indices ²	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2001	2002	2003	2004	2005	2006	2007
EC Mega Beta Index	-49.3%	-31.8%	-40.1%	-48.9%	-44.5%	-55.1%	-31.7%	-12.0%	-8.1%	-8.3%	--	--	138.2%	1.7%	-6.3%	28.1%	-1.9%
EC Micro Beta Index	-34.0	-21.1	-28.6	-27.5	-30.1	-36.2	-16.7	-4.3	1.6	4.2	--	--	46.3	12.3	16.1	19.7	8.2
EC Mega Cap Index	-33.9	-15.0	-24.4	-30.6	-27.5	-36.2	-10.4	-1.2	1.1	2.4	--	--	25.8	6.5	3.2	20.2	19.5
EC Micro Cap Index	-53.9	-30.2	-41.8	-49.1	-51.1	-57.9	-37.8	-22.7	-17.3	-12.6	--	--	95.5	14.4	-7.8	14.4	-16.5
EC Mega Growth Index	-51.1	-25.4	-38.5	-42.5	-44.5	-54.5	-26.1	-12.0	-4.1	-3.1	--	--	68.0	16.7	15.2	11.1	17.3
EC Micro Growth Index	-38.2	-23.4	-28.7	-32.0	-37.0	-42.0	-22.6	-4.7	0.2	2.7	--	--	34.7	16.3	7.7	31.4	4.3
EC Mega Quality Index	-27.7	-17.9	-19.2	-25.3	-24.8	-32.0	-12.5	-3.8	-0.9	1.4	--	--	21.7	10.4	5.4	12.9	5.2
EC Micro Quality Index	-57.8	-36.2	-46.9	-51.3	-53.2	-62.7	-38.0	-17.4	-12.3	-7.8	--	--	148.5	25.1	-5.1	29.8	-4.2
EC Mega Value Index	-45.4	-26.2	-36.5	-35.8	-39.9	-47.5	-24.0	-13.7	-7.9	-5.8	--	--	100.0	8.7	6.3	5.4	3.7
EC Micro Value Index	-27.0	-23.7	-26.0	-26.3	-25.8	-33.8	-18.2	-5.0	2.0	6.6	--	--	70.2	34.4	12.5	16.4	-4.5
EC Div. Index	-32.4	-21.2	-25.1	-30.1	-29.5	-36.8	-18.2	-4.6	-0.2	3.3	--	--	37.3	21.1	9.5	18.9	2.7
EC Non Div. Index	-40.3	-25.2	-32.3	-34.8	-35.4	-45.5	-23.1	-8.5	-3.1	-1.0	--	--	67.0	14.7	8.5	17.0	3.2
EC Mega Short Interest Index	-40.2	-22.1	-22.9	-30.3	-35.4	-44.4	-26.9	-14.6	-8.1	-5.2	--	--	57.0	16.1	-4.0	19.3	-11.6
EC Micro Short Interest Index	-41.4	-22.4	-33.9	-40.2	-36.3	-45.6	-18.7	-3.4	0.2	1.8	--	--	77.7	10.7	7.5	20.9	18.5
EC Mega Analysts' Rat. Index	-36.9	-22.9	-28.7	-30.5	-31.1	-40.1	-17.1	-2.7	3.5	3.5	--	--	51.1	9.8	16.8	20.3	14.9
EC Micro Analysts' Rat. Index	-39.0	-23.8	-24.5	-34.4	-38.1	-45.5	-28.4	-12.7	-8.8	-4.1	--	--	80.9	19.8	-4.0	21.6	-14.1
EC Mega Price Index	-39.5	-20.0	-33.3	-36.7	-33.5	-41.9	-15.6	-2.5	2.9	4.6	--	--	28.2	17.1	16.2	18.7	22.4
EC Micro Price Index	-64.9	-34.9	-51.6	-61.0	-61.6	-69.0	-45.6	-26.2	-20.1	-15.0	--	--	180.9	17.9	-13.2	26.3	-13.1
EC Mega Price Momentum Index	-25.8	-13.6	-20.3	-30.0	-26.0	-35.1	-8.3	-1.4	1.6	1.4	--	--	20.6	1.9	9.6	11.9	10.2
EC Micro Price Momentum Index	-46.8	-28.6	-38.2	-46.9	-48.6	-52.4	-30.2	-17.0	-11.6	-6.5	--	--	102.9	26.3	-7.4	17.1	-12.2
EC All Covered ADRs	-47.6	-24.9	-38.9	-45.4	-43.0	-50.7	-21.6	-2.4	2.3	5.7	0.4	-15.7	50.8	19.0	15.9	34.2	22.8
EC Alpha Basket Index	-31.8	-18.4	-29.1	-33.0	-28.7	-35.0	-16.2	-1.6	2.0	4.4	--	--	48.0	14.5	10.3	25.4	5.4
EquityCompass Ratings ²	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2001	2002	2003	2004	2005	2006	2007
All PPS 1 Rated Stocks	-42.3%	-24.2%	-36.1%	-37.9%	-36.3%	-43.6%	-21.4%	-5.2%	2.0%	6.1%	-8.6%	-8.3%	46.9%	29.0%	18.0%	23.8%	13.9%
All PPS 2 Rated Stocks	-32.3	-19.9	-28.9	-30.3	-25.7	-34.9	-15.0	-1.5	3.7	6.7	0.6	-3.7	36.6	23.0	15.9	18.7	12.1
All PPS 3 Rated Stocks	-30.4	-17.1	-23.8	-25.1	-23.1	-33.4	-13.0	-1.5	2.4	4.1	5.0	-13.7	38.5	15.6	10.8	15.7	12.9
All PPS 4 Rated Stocks	-33.5	-18.8	-25.7	-26.3	-27.1	-38.2	-14.6	-4.1	-1.0	-0.2	0.8	-31.4	66.1	8.9	7.0	12.4	10.6
All PPS 5 Rated Stocks	-31.3	-21.6	-24.8	-28.8	-28.0	-35.2	-17.7	-4.6	-0.5	1.8	9.9	-22.6	46.9	14.4	6.9	16.8	2.4
All PPS 6 Rated Stocks	-37.1	-29.5	-33.8	-37.9	-36.9	-44.7	-27.0	-9.7	-3.8	0.9	-2.9	-28.3	57.0	29.2	6.8	21.8	-10.6
All PPS 7 Rated Stocks	-41.0	-27.3	-29.9	-35.7	-39.6	-46.6	-27.6	-10.6	-6.1	-1.6	2.7	-9.1	42.7	22.4	2.4	22.9	-7.1
All PPS 8 Rated Stocks	-42.0	-27.0	-29.2	-39.5	-40.2	-47.8	-27.1	-12.9	-7.2	-2.6	14.3	-35.4	51.6	21.3	3.3	19.0	-7.0
All PPS 9 Rated Stocks	-47.9	-28.5	-37.8	-41.3	-43.8	-52.5	-29.1	-16.6	-12.3	-11.0	16.3	-48.0	88.6	-2.5	-2.8	8.8	-2.1
All SVI A Rated Stocks	-33.2	-20.6	-26.7	-30.3	-29.1	-36.8	-17.1	-4.7	-0.8	2.4	--	--	32.1	18.6	9.2	15.6	6.4
All SVI B Rated Stocks	-33.6	-23.0	-26.4	-30.3	-29.1	-38.0	-18.6	-5.9	-1.6	1.2	--	--	38.3	17.0	7.3	15.8	3.2
All SVI C Rated Stocks	-34.8	-23.9	-26.4	-31.7	-32.2	-40.1	-21.6	-7.7	-1.8	1.6	--	--	45.4	20.8	11.8	16.6	-1.9
All SVI D Rated Stocks	-35.2	-25.8	-27.6	-32.4	-32.8	-41.0	-22.7	-7.6	-2.6	0.4	--	--	57.2	19.5	5.5	19.0	-2.9
All Redline Low Stocks	-36.6	-24.9	-34.4	-36.8	-33.9	-43.2	-24.0	-7.1	-0.7	2.2	--	--	53.6	17.5	16.0	21.6	-4.3
All Redline High Stocks	-43.4	-22.4	-27.2	-35.6	-39.4	-47.0	-25.3	-10.7	-6.8	-3.4	--	--	64.4	14.4	2.9	16.4	2.0
All EC "Buy" Rated Stocks	-32.6	-20.1	-27.6	-29.3	-26.8	-36.0	-16.1	-2.9	2.3	5.1	--	--	39.4	21.5	14.5	17.7	9.0
All EC "Neutral" Rated Stocks	-34.5	-22.3	-27.6	-31.0	-31.1	-40.1	-20.2	-5.1	-1.7	0.0	--	--	56.3	11.4	4.8	21.2	1.7
All EC "Sell" Rated Stocks	-40.3	-27.0	-30.8	-36.5	-38.3	-45.7	-25.4	-11.2	-6.3	-2.6	--	--	56.4	17.2	2.4	16.9	-4.0
EquityCompass Focus Lists ²	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2001	2002	2003	2004	2005	2006	2007
Sweet Spot List	-30.8%	-16.9%	-28.2%	-29.6%	-25.8%	-32.3%	-10.0%	1.3%	4.9%	7.9%	--	--	27.4%	21.3%	12.9%	15.0%	25.7%
Dividend Focus List	-35.5	-21.4	-22.6	-30.3	-34.4	-44.6	-25.6	-11.1	-4.9	0.7	--	--	38.9	29.2	7.1	22.0	-13.0
Quality Contrarian List	-39.8	-18.0	-30.7	-39.7	-36.5	-47.2	-25.5	-9.1	-5.9	2.7	--	--	43.1	40.4	9.3	21.5	-7.3
Research Focus List	-43.7	-26.6	-40.0	-43.3	-42.0	-48.2	-25.5	-8.7	0.5	6.1	--	--	73.2	26.0	28.6	16.4	5.5
Redline 15 List	-41.7	-21.2	-38.4	-39.3	-38.8	-47.8	-27.0										

Table 4

EquityCompass Valuation Profile - November 2008

(As of 10/31/08)

Benchmark Indices ¹	Short Int.							EV/E		P/CF		P/BV	
	Qty	Div (%)	Beta	Mkt. Cap	Rat.	PPS	MVD	(NTM)	P/E (NTM)	(NTM)	P/S (NTM)	(MRO)	PEG Ratio
S&P 1500	1456	2.66	0.88	\$70,696	1.5	4.1	4.4%	8.4	11.1	7.6	0.9	1.8	1.0
S&P 500	497	2.76	0.86	\$79,400	1.4	4.1	4.7%	8.6	11.1	7.7	0.9	1.9	1.0
S&P 100	100	3.06	0.79	\$118,439	1.3	4.1	7.0%	9.6	11.2	8.6	1.1	2.0	1.1
S&P Mid Cap	397	2.05	1.09	\$2,522	4.2	4.0	1.9%	6.7	11.2	6.3	0.7	1.5	0.9
Dow Jones Ind Avg.	30	3.53	0.73	\$164,388	1.3	4.0	9.0%	9.4	10.9	10.4	1.1	2.2	1.2
Nasdaq 100	97	0.84	0.87	\$70,235	1.1	4.2	-1.9%	7.3	13.4	10.1	1.7	3.1	0.8
S&P Citi Growth	312	1.95	0.78	\$86,038	1.4	3.8	1.8%	6.7	11.0	7.5	1.0	2.4	0.9
S&P Citi Value	341	3.41	0.89	\$67,832	1.6	4.4	6.8%	9.6	11.0	7.5	0.9	1.6	1.0
Russell 1000	971	2.64	0.89	\$70,490	1.5	4.2	4.2%	8.8	11.0	7.3	0.9	1.9	0.9
Russell 2000	1603	1.84	1.09	\$912	6.5	4.2	3.3%	7.1	14.0	7.0	0.6	1.4	0.9
Russell 3000	2574	2.58	0.90	\$64,971	1.5	4.2	4.1%	8.7	11.2	7.2	0.9	1.8	0.9
Russell Mid Cap	778	2.37	1.06	\$5,547	3.0	4.5	0.9%	7.2	10.9	6.1	0.7	1.6	0.8
S&P 500 Energy Index	40	2.09	0.94	\$166,153	1.3	2.3	1.4%	3.9	8.1	5.0	0.8	1.9	0.8
S&P 500 Materials Index	30	3.38	1.15	\$20,137	1.9	4.1	3.6%	6.2	11.4	6.8	0.8	1.7	0.8
S&P 500 Industrials Index	57	3.39	0.95	\$60,413	1.2	4.8	-2.6%	8.6	10.3	7.0	0.8	2.0	0.8
S&P 500 Consumer Disc. Index	79	2.10	0.92	\$25,268	2.5	4.5	7.5%	6.4	12.2	6.9	0.7	1.6	1.0
S&P 500 Consumer Staples Index	40	2.88	0.32	\$102,226	2.1	3.6	7.9%	8.4	13.8	9.9	0.8	3.2	1.3
S&P 500 Health Care Index	53	2.41	0.43	\$64,261	1.6	4.2	4.2%	7.2	10.9	9.0	1.1	2.7	1.0
S&P 500 Financials Index	84	3.96	1.60	\$54,804	1.6	5.3	16.5%	22.2	11.8	14.7	1.1	1.0	1.2
S&P 500 Info. Tech. Index	74	1.20	0.94	\$86,780	1.0	4.1	-2.8%	6.7	12.1	9.6	1.6	3.0	0.8
S&P 500 Telecom. Services Index	8	5.85	0.61	\$115,807	1.3	5.0	14.7%	5.0	10.2	3.7	1.0	1.4	1.1
S&P 500 Utilities Index	32	4.47	0.51	\$16,127	2.3	3.7	3.5%	6.6	11.0	5.4	0.9	1.5	1.4
Russell 1000 Val.	642	3.28	0.85	\$81,469	1.6	4.3	8.3%	9.6	10.8	6.7	0.8	1.5	1.1
Russell 1000 Gr.	628	1.91	0.82	\$73,498	1.4	4.0	0.9%	7.2	11.3	8.1	1.0	2.5	0.8
Russell Mid Val.	523	3.10	1.01	\$5,342	3.2	4.5	5.6%	7.7	10.6	5.4	0.6	1.2	1.1
Russell Mid Gr.	488	1.48	1.10	\$5,594	2.7	4.4	-3.1%	6.4	10.9	6.7	0.8	2.2	0.7
EquityCompass Indices ²	Short Int.							EV/E		P/CF		P/BV	
Qty	Div (%)	Beta	Mkt. Cap	Rat.	PPS	MVD	(NTM)	P/E (NTM)	(NTM)	P/S (NTM)	(MRO)	PEG Ratio	
EC Mega Beta Index	50	4.94	2.96	\$5,266	2.2	6.6	-10.7%	20.2	17.3	1.9	0.2	0.5	1.1
EC Micro Beta Index	50	2.10	0.17	\$24,303	2.2	4.2	10.8%	8.9	15.3	10.5	1.1	3.0	1.3
EC Mega Cap Index	50	2.95	0.73	\$92,052	1.5	3.8	5.8%	7.8	12.1	8.6	1.5	2.9	1.1
EC Micro Cap Index	50	2.93	1.30	\$255	8.5	7.5	-0.7%	27.6	-1.2	-2.6	0.0	0.1	-0.1
EC Mega Growth Index	50	1.11	1.34	\$2,446	4.0	5.2	-11.9%	4.5	11.0	6.6	1.0	2.8	0.2
EC Micro Growth Index	50	7.43	1.25	\$1,755	5.3	5.9	5.2%	6.6	12.3	4.9	0.4	1.0	6.6
EC Mega Quality Index	50	2.37	0.93	\$40,641	2.0	4.1	3.8%	9.8	13.7	10.8	1.5	2.8	1.1
EC Micro Quality Index	50	--	1.73	\$701	5.5	7.4	-6.6%	8.1	-4.2	4.8	0.2	0.8	-0.3
EC Mega Value Index	50	0.18	1.07	\$4,774	4.5	6.3	1.2%	17.3	-116.9	54.5	3.3	3.6	-3.8
EC Micro Value Index	50	3.39	1.59	\$4,646	2.3	5.3	-8.7%	2.9	4.7	2.5	0.2	0.7	0.3
EC Div. Index	1539	4.86	1.12	\$10,388	2.5	4.6	2.4%	7.8	10.7	6.6	0.7	1.6	0.9
EC Non Div. Index	1556	--	1.27	\$2,524	3.4	5.5	-2.3%	9.3	13.2	7.1	0.7	1.7	0.8
EC Mega Short Interest Index	50	1.58	1.02	\$1,481	22.0	6.1	1.4%	5.3	23.3	13.2	1.0	2.1	1.6
EC Micro Short Interest Index	50	5.25	1.42	\$18,647	0.8	4.9	-10.3%	10.0	7.0	5.0	0.6	1.4	0.6
EC Mega AR Index	50	0.96	1.08	\$977	5.3	4.3	-3.5%	6.2	11.4	8.2	0.8	1.9	0.5
EC Micro AR Index	50	3.30	1.43	\$1,407	4.1	5.2	8.0%	20.4	24.3	6.4	0.5	1.1	2.7
EC Mega Price Index	50	1.41	0.95	\$32,440	1.4	3.5	3.6%	6.4	13.4	9.6	1.8	2.5	0.9
EC Micro Price Index	50	2.29	2.45	\$155	2.5	7.8	-7.3%	21.3	-0.7	0.2	0.0	0.1	-0.1
EC Mega Mom. Index	50	1.28	0.46	\$5,426	4.2	3.3	17.4%	9.5	19.8	14.8	1.1	3.9	1.5
EC Micro Mom. Index	50	2.17	2.25	\$458	2.5	7.0	-11.4%	21.2	-12.1	1.3	0.1	0.3	-0.9
All ADRs	308	3.97	1.32	\$28,159	2.5	5.5	-6.8%	4.8	9.1	6.5	0.7	1.6	0.7
EquityCompass Ratings ²	Short Int.							EV/E		P/CF		P/BV	
Qty	Div (%)	Beta	Mkt. Cap	Rat.	PPS	MVD	(NTM)	P/E (NTM)	(NTM)	P/S (NTM)	(MRO)	PEG Ratio	
All PPS 1 Rated Stocks	103	1.58	1.38	\$7,824	2.1	1	-12.0%	3.2	6.3	3.8	0.4	1.3	0.4
All PPS 2 Rated Stocks	345	1.77	1.07	\$6,187	2.9	2	0.3%	5.0	9.8	5.9	0.7	1.7	0.7
All PPS 3 Rated Stocks	579	2.37	0.90	\$8,222	3.0	3	5.6%	7.6	14.1	9.8	1.2	2.4	1.0
All PPS 4 Rated Stocks	288	1.72	0.92	\$11,918	3.4	4	8.3%	14.5	20.5	17.3	2.6	3.2	1.3
All PPS 5 Rated Stocks	465	2.60	1.21	\$9,105	2.4	5	-2.5%	5.3	10.1	5.9	0.6	1.5	0.7
All PPS 6 Rated Stocks	326	3.97	1.52	\$2,431	2.7	6	-11.4%	4.3	5.8	3.1	0.2	0.8	0.4
All PPS 7 Rated Stocks	488	3.35	1.38	\$4,527	2.8	7	-5.9%	11.1	9.2	4.3	0.4	1.0	0.6
All PPS 8 Rated Stocks	325	1.80	1.48	\$2,706	3.6	8	6.5%	17.3	23.0	7.2	0.7	1.0	1.7
All PPS 9 Rated Stocks	176	0.64	1.55	\$3,370	2.4	9	11.4%	64.3	-23.3	63.6	0.9	1.2	-1.4
All SVI A Rated Stocks	630	2.53	1.10	\$13,669	2.1	4.2	-3.0%	6.4	10.7	7.1	1.1	2.0	0.7
All SVI B Rated Stocks	626	2.57	1.11	\$5,927	3.2	4.6	-0.1%	6.1	11.6	7.1	0.8	1.8	0.8
All SVI C Rated Stocks	627	2.54	1.23	\$4,051	3.2	5.0	0.4%	11.7	11.6	6.4	0.6	1.4	0.8
All SVI D Rated Stocks	624	1.92	1.37	\$1,891	3.6	5.6	3.8%	15.4	15.4	5.9	0.4	1.1	1.2
All Redline Low Stocks	288	2.12	1.42	\$4,372	2.4	5.1	-28.2%	5.3	8.1	5.7	0.6	1.7	0.5
All Redline High Stocks	289	2.14	0.81	\$7,851	3.3	4.5	24.1%	9.6	14.8	9.7	1.0	1.9	1.3
All EC "Buy" Rated Stocks	1295	2.31	1.06	\$8,827	2.6	3.1	-1.5%	6.2	11.2	7.3	0.9	2.0	0.8
All EC "Neutral" Rated Stocks	626	2.65	1.17	\$7,385	2.7	5.2	-0.3%	9.5	11.4	6.7	0.7	1.5	0.8
All EC "Sell" Rated Stocks	1174	2.41	1.44	\$2,427	3.4	7.0	3.0%	13.3	13.8	5.4	0.4	1.0	1.0
EquityCompass Focus Lists ²	Short Int.							EV/E		P/CF		P/BV	
Qty	Div (%)	Beta	Mkt. Cap	Rat.	PPS	MVD	(NTM)	P/E (NTM)	(NTM)	P/S (NTM)	(MRO)	PEG Ratio	
Sweet Spot Focus List	50	2.04	1.03	\$17,628	1.9	2.7	-4.3%	6.2	10.3	7.4	1.8	3.1	0.6
Dividend Focus List	20	6.55	1.24	\$17,873	2.9	4.8	-9.9%	4.3	7.7	4.5	0.6	1.2	0.8
Quality Contrarian Focus List	9	1.38	1.40	\$8,621	1.4	6.7	-27.3%	5.6	7.5	6.0	1.0	2.1	0.5
Research Focus List	30	2.21	1.57	\$4,201	1.6	4.8	-33.5%	5.5	8.0	5.3	0.6	1.9	0.4
Redline 15 Focus List	15	1.32	1.70	\$11,042	1.5	4.3	-37.6%	5.4	7.3	5.7	0.6	2.1	0.4
EC Coverage Universe ²	3095	2.42	1.19	\$6,604	2.9	5.0	0.1%	8.0	11.6	6.8	0.7	1.6	0.8
EC Coverage Univ. (Ex ADRs) ²	2787	2.24	1.19	\$5,979	2.9	5.0	0.3%	8.6	11.7	6.8	0.7	1.6	0.8

¹ Market-cap weighted averages of the underlying constituents in the EquityCompass Coverage Universe (excluding stocks with missing valuation metrics)

² Equal weighted averages (excluding stocks with missing valuation metrics)

Source: EquityCompass Strategies

View from the Bottom

- Macro analysis can obscure the opportunities that are available on a stock-by-stock basis
- Ingersoll Rand (IR) has been a survivor of the many bear markets and economic downturns in the last 100 years; we study how the stock is faring in the current environment
- IR's recent valuation appears to be discounting an outlook that is more dire than in the last three bear markets
- Major bear markets overshoot to the downside and create depressed valuation levels, that in hindsight, seem overly pessimistic

At a basic level, the stock market is about individual companies traded among investors. In the big picture, this activity is aggregated in linking performance of the stock market to other aggregated activity such as the economy. We draw investment inferences from this top-down perspective because it is easier to make sense of the overwhelming flow of information. However, macro analysis can obscure what is happening at lower stages, which can be more revealing in sizing the risk/reward investors are discounting. The market decline in the last year, and in particular the last few months, has savaged stock prices with indiscriminate selling. The valuation levels of some stocks suggest just how dire prospects are being discounted.

Ingersoll Rand

Ingersoll Rand (IR) traces its beginning to 1871 and is one of the 10 oldest issues continuously traded on the NYSE (since 1906). From its start with steam-driven shovels to its present business segments that include being a global leader in climate control technologies, golf carts, and security locks, Ingersoll Rand is an industrial company that has survived the many challenges a 137-year history can provide.

Despite bear markets, recessions, the Depression, and changing business profitability, IR has paid a dividend every quarter since 1916.

Ingersoll's stock price dipped below \$16 in October, and was just above its bear market bottom in 2002. The company announced its third quarter earnings and revised lower its outlook for the remainder of the year. The stock has declined 72% from its June 2007 high, which compares to the 43% drop in the S&P 500 over the same time period. Based on its revised outlook, IR is expected to have earnings of \$3.35–\$3.55 per share in 2008, which, at its low, produced a P/E ratio of 4.6x. The dividend yield on IR reached 4.5% and the stock price was below its tangible book value of approximately \$18.00. Under almost any measure of absolute and relative value, Ingersoll Rand's stock price is very cheap.

Bear Market Comparison

Bear market bottoms mostly occur before earnings trough, recessions end, and outlooks are positive. The three major bear market bottoms prior to the current period have been in 1974, 1982, and 2002. These three bears encompass the longest and deepest price decline in the S&P 500 and associated economic recessions since the 1930s (Table 5). While it is difficult to discern in real time when forces begin tipping bullish, it is a two-step process of lessening selling pressure and enticing investors with valuation that discount near-term difficulties and still provide favorable opportunity. In the present, it is hard to know if the deleveraging of financial institutions, hedge funds, and individuals have been satiated other than to recognize that the 45% peak-to-trough decline in the S&P 500 ranks this bear market alongside the two most severe declines since the 1930s. The next question to ponder is if stocks, such as Ingersoll Rand, have reached a level that discounts the expected earnings pressure and still represent opportunity.

Table 5

Bear Market Comparison Macro Conditions at Time of Low

	1974	1982	2002	2008*
Bear Market End	Dec. 1974	Aug. 1982	Oct. 2002	Oct 2008 (?)
P/T Decline (S&P 500)	-45.1%	-28.5%	-50.6%	-46.7% (?)
Length (months)	23	16	31	13 (?)
Associated GDP Contraction	2.80%	3.00%	1.00%	?
Fed Discount Rate	7.80%	10.70%	1.25%	2.25%
Unemployment Rate	7.2%	9.8%	5.7%	6.1%
CPI	12.1%	5.5%	2.3%	4.9%
10-Yr Treasury Yield	7.4%	13.6%	3.9%	3.6%

* As of 10/24/08

Source: Bloomberg, Ned Davis Research

Today's Ingersoll Rand, which is arguably less cyclical and without its legacy oil service business (Dresser), has suffered a much greater price decline and is demonstratively cheaper in terms of valuation than in prior bear market bottoms (Table 6). The real eye-catcher is the 4.6x P/E ratio, which is dramatically lower than the average of the past three bear markets. This abnormally low P/E is discounting expected earnings deterioration in 2009. Reverse engineering with an average P/E ratio of 13.3x (last three bear markets' average) implies a 65% decline in EPS for next year to \$1.19. In the last three bear markets, IR's earnings actually increased in 1975, plunged to a loss in 1983, and declined by 35% from trend earnings in 2003.

While our analysis is not meant as a substitute for fundamental analysis or a recommendation of IR, the valuation parameters

illustrate the risk/reward tradeoff that investors contemplate. IR's stock is discounting an earnings decrease that is larger than two out of the last three bear markets. The price to tangible book value is more attractive than in 1974 and 2002. The company in terms of sales per employee has vastly improved. Even assuming the 65% earnings decline, the dividend payout ratio is still safer than in 1982. As far as performance from a bear market bottom, IR has increased an average of 51% in the ensuing 12 months. Do these factors offset near-term uncertainty for the coming year? We won't know without the benefit of hindsight, but we do know that some savvy investors have been accumulating the stock. Warren Buffett's Berkshire Hathaway announced a quintupling of their holdings of IR and that was before the 50% decline in the last six weeks.

Table 6

Ingersoll Rand (IR) Valuations at Bear Market Lows

	1974	1982	2002	2008
Stock Price	\$4.19	\$2.37	\$14.91	\$15.91
P/T Decline	48%	55%	60%	72%
Sales (mln.)	\$1,415	\$2,775	\$8,951	\$13,700
Price/Sales	0.80x	0.29x	0.56x	0.36x
EPS	\$0.37	\$0.16	\$1.08	\$3.45
Price/Earnings	11.3x	14.8x	13.8x	4.6x
Book Value/Shr	\$2.58	\$4.07	\$10.28	\$18.00
Price/Book Value	1.6x	0.6x	1.5x	0.9x
Dividends	\$0.08	\$0.18	\$0.34	\$0.72
Yield	1.9%	7.6%	2.3%	4.5%
Dvd. P/O Ratio	22%	113%	31%	21%
Employees	45,582	34,854	55,000	63,000
Sales per Employee	\$30,900	\$79,500	\$162,700	\$277,460

2008 Sales, EPS, and Book Value (ex. Intangibles) are latest company estimates and/or projections from Value Line.

Stock prices split adjusted and low for year.

Price in 2008 is intraday low 10/24/08.

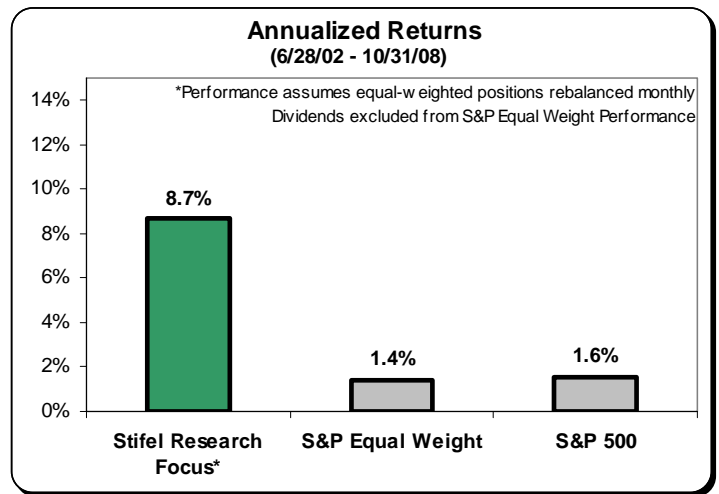
Source: Value Line, Bloomberg

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 3



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

November Highlights:

- IT services firm Satyam Computer Services (SAY) reported 2Q09 EPS of \$0.39, beating the \$0.34 consensus-matching estimate of Stifel analyst George Price. Price views Satyam's growth prospects and financial metrics as attractive, particularly at 10x his forward earnings estimate.
- Stifel analyst Barry Bannister upgraded shares of AGCO (AG) to Buy from Hold and established a \$47 target price. The company reported 3Q08 EPS of \$1.04, beating Bannister's \$0.80 estimate and the analyst consensus estimate of \$0.78. He states that the average EV/EBITDA for the stock since 1992 has ranged from 6x to 14x, and is now at 3.4x his 2009 estimate.

Current Selections:

Symbol	Company Name	Price	Dvd Yld	PPS	SVI	Valuation	12M Avg	Mean	Sub Industry	
		10/31/08	(%)			Percentile	Valuation	Valuation		
							Percentile	Deviation		
BUCY	Bucyrus International Inc.	\$24.13	Bannister	0.41	1	B	12.0%	71.8%	-59.8%	Constr. & Farm Mach.
CNX	Consol Energy Inc.	\$31.39	Forward	1.27	5	A	28.8%	80.7%	-52.0%	Coal & Consumable Fuels
BTU	Peabody Energy Corp.	\$34.51	Forward	0.70	2	C	34.3%	84.0%	-49.6%	Coal & Consumable Fuels
SGR	Shaw Group Inc.	\$17.89	Bannister	--	6	C	3.4%	50.2%	-46.8%	Construction & Engineering
FLR	Fluor Corp.	\$39.93	Bannister	1.25	1	A	11.7%	58.0%	-46.3%	Construction & Engineering
FWLT	Foster Wheeler Ltd.	\$27.40	Bannister	--	7	B	17.7%	63.1%	-45.4%	Construction & Engineering
HWAY	Healthways Inc.	\$10.10	Carroll	--	6	C	13.6%	58.6%	-45.0%	Health Care Svcs.
JEC	Jacobs Engineering Group Inc.	\$36.43	Bannister	--	5	B	13.4%	56.5%	-43.0%	Construction & Engineering
OII	Oceaneering International Inc.	\$28.17	Vayda	--	5	B	13.0%	54.8%	-41.7%	Oil & Gas Equip. & Svcs.
JOYG	Joy Global Inc.	\$28.98	Bannister	2.42	5	A	19.0%	59.6%	-40.6%	Constr. & Farm Mach.
BEAV	BE Aerospace Inc.	\$12.87	Lahr	--	6	B	5.0%	40.7%	-35.7%	Aerospace & Defense
SAY	Satyam Computer Svcs. (ADS)	\$15.73	Price	1.02	7	C	43.1%	77.7%	-34.5%	IT Consulting & Other Svcs.
DE	Deere & Co.	\$38.56	Bannister	2.90	7	A	21.8%	55.4%	-33.6%	Constr. & Farm Mach.
MIC	Macquarie Infrastructure LLC	\$10.15	Mason	25.42	7	B	27.9%	61.3%	-33.3%	Airport Svcs.
BBG	Bill Barrett Corp.	\$20.40	Hall	--	6	C	15.9%	48.7%	-32.8%	Oil & Gas Exploration & Prod.
MEE	Massey Energy Co.*	\$23.09	Forward	0.87	1	A	6.6%	38.8%	-32.3%	Coal & Consumable Fuels
FCL	Foundation Coal Holdings Inc.*	\$20.76	Forward	0.96	5	C	17.6%	48.0%	-30.4%	Coal & Consumable Fuels
MWE	MarkWest Energy Partners L.P.*	\$18.15	Akyol	14.10	5	A	41.9%	71.8%	-29.9%	Oil & Gas Storage & Trans.
AG	AGCO Corp.*	\$31.52	Bannister	--	1	A	9.9%	38.1%	-28.2%	Constr. & Farm Mach.
PETD	Petroleum Development Corp.	\$20.71	Hall	--	5	C	17.9%	45.1%	-27.2%	Oil & Gas Exploration & Prod.
CBI	Chicago Bridge & Iron Co. N.V.	\$12.39	Bannister	1.29	6	A	6.0%	32.3%	-26.3%	Construction & Engineering
KBR	KBR Inc.	\$14.84	Bannister	1.35	6	--	15.8%	41.4%	-25.6%	Construction & Engineering
DRC	Dresser-Rand Group Inc.*	\$22.40	Vayda	--	2	B	25.0%	47.1%	-22.1%	Oil & Gas Equip. & Svcs.
IMA	Inverness Medical Innovations*	\$19.15	Simpson	--	7	B	29.2%	50.5%	-21.2%	Health Care Supplies
MA	MasterCard Inc. (CI A)*	\$147.82	Brendler	0.41	3	A	65.4%	84.4%	-18.9%	Data Proc. & Outsourced Svcs.
WPZM	Williams Partners L.P.	\$21.11	Akyol	12.03	7	D	46.2%	64.9%	-18.7%	Oil & Gas Storage & Trans.
BRCM	Broadcom Corp.	\$17.08	Acree	--	7	B	48.1%	66.7%	-18.6%	Semiconductors
CTV	CommScope Inc.*	\$14.71	Beach	--	6	D	11.2%	29.3%	-18.1%	Communications Equip.
ZMH	Zimmer Holdings Inc.*	\$46.43	Simpson	--	5	B	44.8%	62.7%	-17.9%	Health Care Equip.
KEX	Kirby Corp.*	\$34.32	Larkin	--	2	A	34.9%	51.3%	-16.5%	Marine

*Denotes new additions

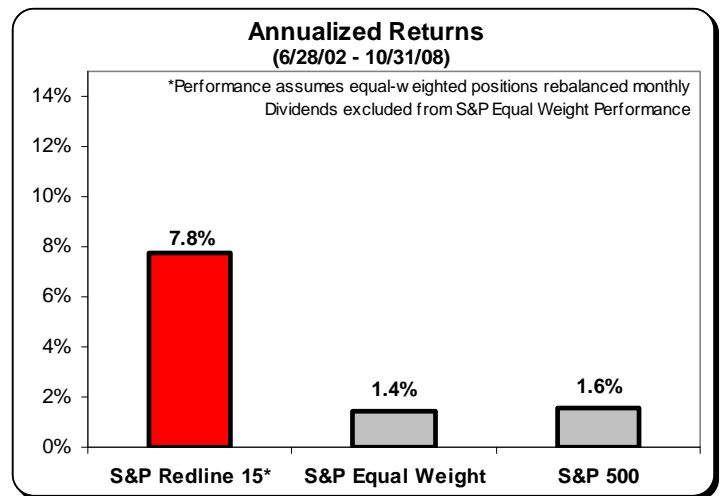
Source: EquityCompass Strategies, FactSet Research Systems Inc.

S&P 500 Redline 15

Chart 4

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.



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

November Highlights:

- Massey Energy (MEE) reported 3Q08 EPS of \$0.86, topping the consensus estimate of \$0.73 and Stifel analyst Paul Forward's estimate of \$0.50. Forward states the beat was driven by operating costs that were nearly \$4/ton below his estimate, due largely to a new mine development program in 2008. He feels the shares are attractively valued at only 2.9x his 2009 EPS estimate. His target price is \$48.
- Stifel analyst Paul Forward states that CONSOL Energy (CNX) deserves a premium to its peers because of several advantages that provide diversification and an ability to sustain margins in an extended downturn. These advantages include a dominant market position in Northern Appalachia, high metallurgical coal quality, its 81.7% ownership of CNX Gas, which contributes about 31% of CNX's EBITDA, and ownership of coal transportation assets. His target price is \$48.

Current Selections:

Symbol	Company Name	Price 10/31/08	52W High	52W Low	Dvd Yld (%)	PPS	SVI Grade	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
CNX	Consol Energy Inc.	\$31.39	\$119.10	\$20.28	1.27	5	A	28.8%	80.7%	-52.0%	Coal & Consumable Fuels
FLS	Flowserve Corp.*	\$56.92	\$145.45	\$41.35	1.76	1	A	16.0%	67.2%	-51.2%	Industrial Machinery
FLR	Fluor Corp.*	\$39.93	\$101.37	\$28.92	1.25	1	A	11.7%	58.0%	-46.3%	Construction & Engineering
WFR	MEMC Electronic Mat.	\$18.38	\$96.08	\$13.88	--	6	A	7.7%	52.7%	-45.1%	Semiconductor Equip.
ERTS	Electronic Arts Inc.	\$22.78	\$61.50	\$21.91	--	7	B	37.4%	82.2%	-44.9%	Home Entertainment Software
JEC	Jacobs Engineering Grp.*	\$36.43	\$103.29	\$28.25	--	5	B	13.4%	56.5%	-43.0%	Construction & Engineering
SII	Smith International Inc.*	\$34.48	\$88.40	\$26.23	1.39	2	B	17.1%	54.4%	-37.3%	Oil & Gas Equip. & Svcs.
WFT	Weatherford Int'l.*	\$16.88	\$49.98	\$11.08	--	5	B	27.2%	62.5%	-35.3%	Oil & Gas Equip. & Svcs.
DE	Deere & Co.	\$38.56	\$94.89	\$28.50	2.90	7	A	21.8%	55.4%	-33.6%	Constr. & Farm Mach.
MEE	Massey Energy Co.*	\$23.09	\$95.70	\$15.25	0.87	1	A	6.6%	38.8%	-32.3%	Coal & Consumable Fuels
TXT	Textron Inc.*	\$17.70	\$74.40	\$10.09	5.20	6	B	4.6%	36.0%	-31.3%	Industrial Conglomerates
BHI	Baker Hughes Inc.*	\$34.95	\$90.81	\$27.59	1.72	6	A	8.5%	39.2%	-30.7%	Oil & Gas Equip. & Svcs.
HAL	Halliburton Co.*	\$19.79	\$55.38	\$15.52	1.82	1	A	16.1%	44.4%	-28.3%	Oil & Gas Equip. & Svcs.
SLB	Schlumberger Ltd.*	\$51.65	\$111.95	\$42.01	1.63	5	A	45.3%	71.6%	-26.2%	Oil & Gas Equip. & Svcs.
AKAM	Akamai Technologies Inc.	\$14.38	\$40.90	\$11.69	--	7	A	42.2%	68.2%	-26.1%	Internet Software & Svcs.

*Denotes new additions

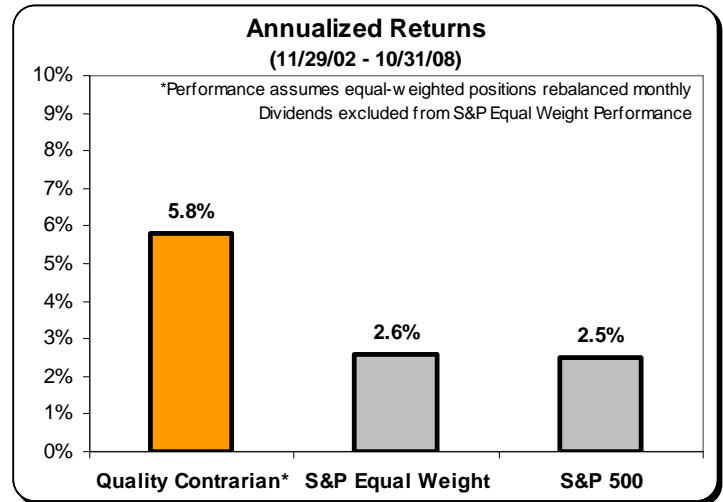
Source: EquityCompass Strategies, FactSet Research Systems Inc.

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 5



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

November Highlights:

- Stifel analyst Barry Bannister stated in a recent note that he believes a \$30 price for Deere & Co. (DE) prices in expectations of a 44% to 52% decline in earnings over the next 3-4 years. He believes that at those levels, the stock has an embedded call option without any premium on any outcome better than the average "recession effect" over the past 65 years. His target price is \$61.
- Akamai Technologies (AKAM) reported quarterly EPS of \$0.40, up from \$0.34 a year ago and topping consensus analyst estimates of \$0.39. Revenues increased 22% year over year to \$197.3 million.
- Total System Services (TSS) reported 3Q08 EPS of \$0.33 per share, with revenues growing 9.4% from the previous year to \$500.4 million. Chairman and CEO Philip Tomlinson reaffirmed the company's net income guidance of an increase of 5% to 7%.

Current Selections:

Symbol	Company Name	Price 10/31/08	52W High	52W Low	Dvd Yld (%)	PPS	SVI	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
WFR	MEMC Electronic Mat.	\$18.38	\$96.08	\$13.88	--	6	A	7.7%	52.7%	-45.1%	Semiconductor Equip.
DE	Deere & Co.	\$38.56	\$94.89	\$28.50	2.90	7	A	21.8%	55.4%	-33.6%	Constr. & Farm Mach.
BHI	Baker Hughes Inc.	\$34.95	\$90.81	\$27.59	1.72	6	A	8.5%	39.2%	-30.7%	Oil & Gas Equip. & Svcs.
AKAM	Akamai Technologies Inc.	\$14.38	\$40.90	\$11.69	--	7	A	42.2%	68.2%	-26.1%	Internet Software & Svcs.
PCP	Precision Castparts Corp.	\$64.81	\$154.50	\$47.23	0.19	6	A	15.7%	41.0%	-25.3%	Aerospace & Defense
AYE	Allegheny Energy Inc.	\$30.15	\$65.48	\$23.86	1.99	7	A	44.6%	68.9%	-24.3%	Electric Utilities
ADSK	Autodesk Inc.	\$21.31	\$51.22	\$20.27	--	7	A	34.5%	55.8%	-21.3%	Application Software
HON	Honeywell International Inc.	\$30.45	\$62.99	\$26.01	3.61	7	A	24.1%	45.1%	-21.0%	Aerospace & Defense
TSS	Total System Services Inc.	\$13.74	\$30.50	\$11.08	2.04	7	A	28.4%	46.2%	-17.8%	Data Proc. & Outsourced Svcs.

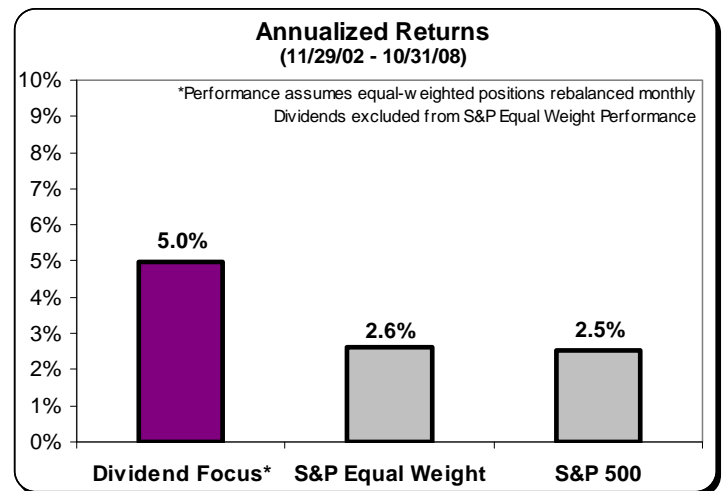
Source: EquityCompass Strategies, FactSet Research Systems Inc.

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 6



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

November Highlights:

- Oil-tanker owner Teekay Corp. (TK) announced in October that it's increasing its dividend by 15% and initiating a stock repurchase program. The plan authorizes the repurchase of up to \$200 million worth of the company's shares, which represents approximately 13% of the company's market capitalization.
- Stifel analyst Steven Wieczynski states that while the booking environment will continue to be sluggish, he believes shares of Royal Caribbean Cruises (RCL) are already pricing in significant yield deterioration for 2009 and represent a solid long-term investment. He feels cost cutting measures that have been implemented should help revenues boost profits more rapidly when cruise demand returns. His target price is \$21.
- Textron (TXT) was among six stocks highlighted by *The Wall Street Journal* on October 29th for heavy insider buying. The article stated TXT has a Price to Free Cash Flow ratio of 4.1, and a 6.8% dividend yield.

Current Selections:

Symbol	Company Name	Price 10/31/08	52W High	52W Low	Dvd. Yld (%)	PPS	SVI	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
BMR	BioMed Realty Trust Inc.*	\$14.05	\$29.50	\$12.87	9.54	3	B	55.4%	79.0%	-23.6%	Office REITs
UTR	Unitrin Inc.*	\$21.00	\$50.40	\$14.08	8.95	6	B	8.7%	17.6%	-9.0%	Multi-line Ins.
EXR	Extra Space Storage Inc.*	\$11.51	\$17.90	\$8.43	8.69	3	A	76.1%	78.7%	-2.7%	Specialized REITs
CPT	Camden Property Trust*	\$33.71	\$62.35	\$25.79	8.31	5	B	65.9%	78.5%	-12.6%	Residential REITs
ALV	Autoliv Inc.	\$21.36	\$63.80	\$19.58	7.68	6	A	4.9%	4.9%	0.0%	Auto Parts & Equip.
REG	Regency Centers Corp.*	\$39.46	\$82.43	\$30.50	7.35	3	A	71.6%	79.9%	-8.3%	Retail REITs
KRC	Kilroy Realty Corp.*	\$32.15	\$65.04	\$25.56	7.22	5	A	86.4%	90.6%	-4.2%	Office REITs
SHS	Sauer-Danfoss Inc.*	\$10.25	\$37.93	\$9.98	7.02	1	B	16.4%	42.0%	-25.6%	Constr. & Farm Mach.
BP	BP PLC (ADS)	\$49.70	\$79.77	\$37.57	6.65	5	A	9.9%	10.3%	-0.4%	Integrated Oil & Gas
RRD	R.R. Donnelley & Sons*	\$16.57	\$40.98	\$14.28	6.28	6	B	7.8%	11.0%	-3.1%	Commercial Printing
PBI	Pitney Bowes Inc.*	\$24.78	\$40.10	\$20.83	5.65	5	B	33.1%	44.8%	-11.7%	Office Svcs. & Supplies
LLY	Eli Lilly & Co.	\$33.82	\$57.52	\$29.25	5.56	5	A	33.4%	49.0%	-15.6%	Pharmaceuticals
BKH	Black Hills Corp.	\$25.25	\$45.41	\$22.00	5.54	5	A	41.1%	48.4%	-7.3%	Multi-Utilities
RCL	Royal Caribbean Cruises*	\$13.56	\$43.96	\$11.75	5.53	7	B	17.3%	22.8%	-5.6%	Hotels, Resorts & Cruise Lines
TK	Teekay Corp.*	\$21.35	\$60.47	\$15.75	5.34	7	B	25.4%	37.7%	-12.3%	Oil & Gas Storage & Trans.
BKS	Barnes & Noble Inc.*	\$18.88	\$39.52	\$16.16	5.30	6	B	9.6%	11.1%	-1.4%	Specialty Stores
WDR	Waddell & Reed Fin'l. (CI A)*	\$14.52	\$41.00	\$11.49	5.23	5	B	52.2%	66.0%	-13.8%	Asset Mgmt. & Custody Bks.
TXT	Textron Inc.*	\$17.70	\$74.40	\$10.09	5.20	6	B	4.6%	36.0%	-31.3%	Industrial Conglomerates
OTTR	Otter Tail Corp.*	\$23.48	\$46.15	\$19.29	5.07	2	B	50.0%	59.9%	-9.9%	Industrial Conglomerates
MFC	Manulife Financial Corp.*	\$20.09	\$46.93	\$16.46	4.93	5	A	3.1%	18.0%	-14.9%	Life & Health Ins.
Averages		\$23.16			6.55	4.8		33.6%	44.3%	-10.7%	

*Denotes new additions

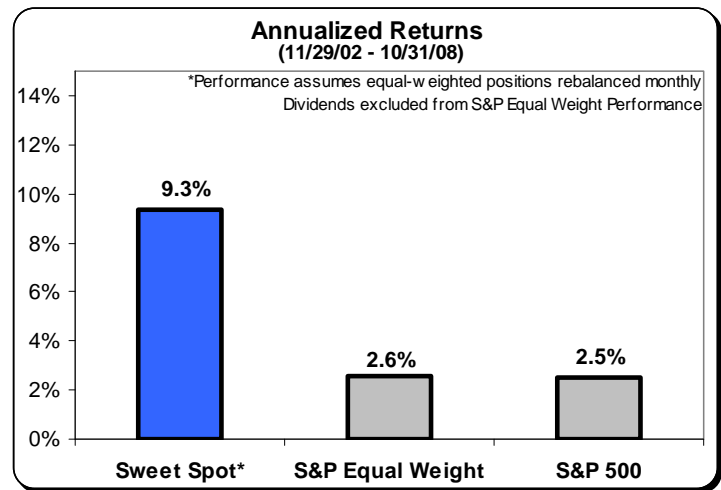
Source: EquityCompass Strategies, FactSet Research Systems Inc.

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 7



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

Current Selections:

Symbol	Company Name	Price 10/31/08	Div. Yld (%)	PPS	SVI Score	SVI Grade
Consumer Discretionary						
DV	DeVry Inc.	\$56.69	0.21	4	100.0%	A
CMCSK	Comcast (Cl A Sp)*	\$15.42	1.62	3	99.3%	A
DWA	DreamWorks Anim.	\$28.10	--	4	98.6%	A
BKC	Burger King Hldgs.*	\$19.88	1.26	3	97.9%	A
THI	Tim Hortons Inc.*	\$25.17	1.34	3	96.7%	A
Consumer Staples						
KOF	Coca-Cola Femsa	\$31.84	1.52	2	99.0%	A
FLO	Flowers Foods Inc.*	\$29.65	2.02	4	96.1%	A
HLF	Herbalife Ltd.	\$24.43	3.27	1	95.1%	A
KO	Coca-Cola Co.	\$44.06	3.45	4	94.2%	A
CL	Colgate-Palmolive	\$62.76	2.55	3	93.2%	A
Energy						
DO	Diamond Offshore	\$88.80	0.56	2	99.5%	A
EOG	EOG Resources Inc.	\$80.92	0.67	3	98.9%	A
PXD	Pioneer Natural Res.*	\$27.83	1.15	2	98.4%	A
XTO	XTO Energy Inc.*	\$35.95	1.34	2	97.9%	A
APA	Apache Corp.*	\$82.33	0.73	1	95.8%	A
Financials						
RLI	RLI Corp.	\$57.39	1.74	2	100.0%	A
BLK	Blackrock Inc.	\$131.34	2.38	3	99.6%	A
UMBF	UMB Financial Cp.*	\$45.33	1.54	3	99.4%	A
AXS	Axis Capital Hldgs.*	\$28.48	2.60	1	99.0%	A
SCHW	Charles Schwab	\$19.12	1.26	3	98.1%	A
Health Care						
SNN	Smith & Nephew	\$46.17	1.34	4	100.0%	A
GENZ	Genzyme Corp.	\$72.88	--	4	99.3%	A
SYK	Stryker Corp.	\$53.46	0.62	3	98.2%	A
VIVO	Meridian Bioscience	\$24.58	2.28	4	97.8%	A
BDX	Becton Dickinson	\$69.40	1.64	3	97.4%	A
Industrials						
TAL	TAL International*	\$16.56	9.96	2	100.0%	A
WGOV	Woodward Governor	\$32.10	0.75	3	99.7%	A
BCO	Brink's Co.	\$48.49	0.82	2	99.4%	A
ASR	Grupo Aero. Del Sur.	\$32.24	5.99	2	98.9%	A
FLS	Flowserve Corp.*	\$56.92	1.76	1	98.6%	A
Information Technology						
MA	MasterCard (Cl A)	\$147.82	0.41	3	100.0%	A
SNDA	Shanda Interactive*	\$27.65	--	2	99.8%	A
QCOM	QUALCOMM Inc.	\$38.26	1.67	4	99.5%	A
SOHU	Sohu.com Inc.	\$54.94	--	3	99.0%	A
SAP	SAP AG (ADS)*	\$35.33	1.72	3	98.3%	A
Materials						
POT	Potash Cp. of Sask.	\$85.26	0.47	2	100.0%	A
MON	Monsanto Co.	\$88.98	1.08	3	98.6%	A
CF	CF Industries Hldgs.	\$64.19	0.62	1	97.8%	A
PX	Praxair Inc.	\$65.15	2.30	4	97.1%	A
MOS	Mosaic Co.*	\$39.41	0.51	1	96.4%	A
Telecommunication Services						
PTNR	Partner Commun.	\$18.68	6.44	3	96.8%	A
NTLS	NTELOS Holdings	\$26.00	3.23	3	88.7%	A
TEF	Telefonica (ADS)*	\$55.49	4.29	2	85.5%	A
TNE	Tele Norte Leste	\$13.58	0.92	1	74.2%	B
AMT	American Tower Cp.*	\$32.31	--	4	61.3%	B
Utilities						
D	Dominion Res. (Va.)	\$36.28	4.36	3	97.7%	A
FE	FirstEnergy Corp.	\$52.16	4.22	3	94.3%	A
DPL	DPL Inc.	\$22.81	4.82	3	93.2%	A
NFG	National Fuel Gas	\$36.19	3.59	2	88.6%	A
OGE	OGE Energy Cp.*	\$27.30	5.09	3	86.4%	A

*Denotes new additions

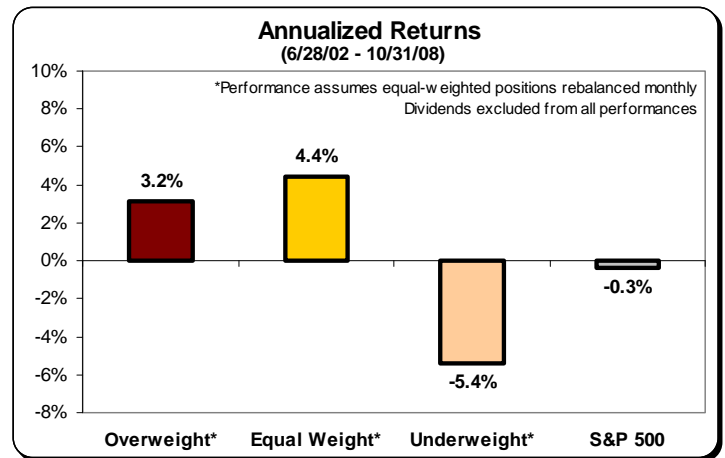
Source: EquityCompass Strategies, FactSet Research Systems Inc.

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 8



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

November - Short-Term Sector Opinion		
S&P GICS Sector	*Average MVD	Opinion
Information Technology	-2.9%	Overweight
Industrials**	-2.6%	Overweight
Energy	1.4%	Overweight
Utilities**	3.5%	Equal Weight
Materials	3.5%	Equal Weight
Health Care	4.2%	Equal Weight
Consumer Discretionary**	7.1%	Equal Weight
Consumer Staples	7.9%	Underweight
Telecom Services**	14.7%	Underweight
Financials	15.4%	Underweight

* Market cap weighted

**Change since prior month

Source: EquityCompass Strategies

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

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

Table 7

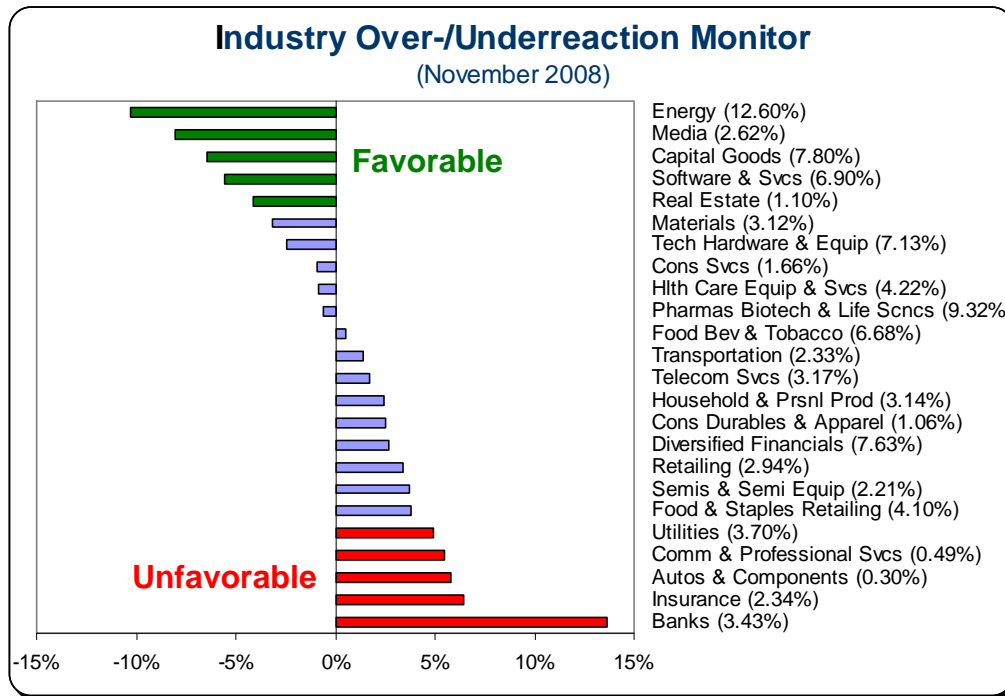
Aggregate Stock Selection List												Sweet Spot	Dividend Focus	Quality Contrarian	Research Focus	S&P 500 RL 15
Symbol	Company Name	Price 10/31/08	52W High	52W Low	Div. Yield (%)	Sector	Market Cap (Mil)	PPS	SVI	RL	Compass Rating					
AG	AGCO Corp.	\$31.52	\$71.95	\$21.98	--	Industrials	\$2,892	1	A	L	Buy					
AKAM	Akamai Technologies	\$14.38	\$40.90	\$11.69	--	Info. Tech.	\$2,430	7	A	L	Buy					
AYE	Allegheny Energy Inc.	\$30.15	\$65.48	\$23.86	1.99	Utilities	\$5,087	7	A	L	Buy					
AMT	American Tower Corp.	\$32.31	\$46.20	\$22.34	--	Telecom.	\$12,801	4	B	--	Buy	●				
APA	Apache Corp.	\$82.33	\$149.23	\$58.00	0.73	Energy	\$27,535	1	A	--	Buy	●				
ADSK	Autodesk Inc.	\$21.31	\$51.22	\$20.27	--	Info. Tech.	\$4,785	7	A	L	Buy					
ALV	Autoliv Inc.	\$21.36	\$63.80	\$19.58	7.68	Cons. Disc.	\$1,502	6	A	--	Buy		●			
AXS	Axis Capital Hldgs Ltd	\$28.48	\$43.35	\$20.00	2.60	Financials	\$3,977	1	A	--	Buy	●				
BHI	Baker Hughes Inc.	\$34.95	\$90.81	\$27.59	1.72	Energy	\$10,761	6	A	L	Buy					
BKS	Barnes & Noble Inc.	\$18.88	\$39.52	\$16.16	5.30	Cons. Disc.	\$1,022	6	B	--	Buy		●			
BEAV	BE Aerospace Inc.	\$12.87	\$54.09	\$7.50	--	Industrials	\$1,198	6	B	L	Buy					
BDX	Becton Dickinson & Co.	\$69.40	\$93.24	\$63.13	1.64	Health Care	\$16,904	3	A	--	Buy	●				
BBG	Bill Barrett Corp.	\$20.40	\$60.87	\$15.01	--	Energy	\$919	6	C	L	Buy					
BMR	BioMed Realty Trust Inc.	\$14.05	\$29.50	\$12.87	9.54	Financials	\$1,008	3	B	L	Buy		●			
BKH	Black Hills Corp.	\$25.25	\$45.41	\$22.00	5.54	Utilities	\$970	5	A	--	Buy		●			
BLK	Blackrock Inc.	\$131.34	\$233.90	\$99.39	2.38	Financials	\$15,376	3	A	--	Buy	●				
BP	BP PLC (ADS)	\$49.70	\$79.77	\$37.57	6.65	Energy	\$155,106	5	A	--	Buy		●			
BCO	Brink's Co.	\$48.49	\$74.61	\$37.22	0.82	Industrials	\$2,298	2	A	--	Buy	●				
BRCM	Broadcom Corp.	\$17.08	\$33.53	\$12.98	--	Info. Tech.	\$8,719	7	B	L	Buy					
BUCY	Bucyrus International Inc.	\$24.13	\$79.50	\$17.20	0.41	Industrials	\$1,807	1	B	L	Buy					
BKC	Burger King Holdings Inc.	\$19.88	\$30.95	\$16.56	1.26	Cons. Disc.	\$2,644	3	A	--	Buy	●				
CPT	Camden Property Trust	\$33.71	\$62.35	\$25.79	8.31	Financials	\$1,792	5	B	--	Buy		●			
CF	CF Industries Holdings	\$64.19	\$172.99	\$37.71	0.62	Materials	\$3,626	1	A	--	Buy	●				
SCHW	Charles Schwab Corp.	\$19.12	\$28.75	\$15.21	1.26	Financials	\$22,014	3	A	--	Buy	●				
CBI	Chicago Bridge & Iron	\$12.39	\$63.50	\$7.65	1.29	Industrials	\$1,196	6	A	L	Buy					
KO	Coca-Cola Co.	\$44.06	\$65.59	\$40.29	3.45	Cons. Staples	\$101,867	4	A	--	Buy	●				
KOF	Coca-Cola Femsa (ADS)	\$31.84	\$63.77	\$26.15	1.52	Cons. Staples	\$5,879	2	A	--	Buy	●				
CL	Colgate-Palmolive Co.	\$62.76	\$81.98	\$54.36	2.55	Cons. Staples	\$31,676	3	A	--	Buy	●				
CMCSK	Comcast Cp. (Cl A Sp)	\$15.42	\$22.52	\$12.10	1.62	Cons. Disc.	\$45,385	3	A	--	Buy	●				
CTV	CommScope Inc.	\$14.71	\$56.50	\$14.55	--	Info. Tech.	\$1,035	6	D	L	Buy					
CNX	Consol Energy Inc.	\$31.39	\$119.10	\$20.28	1.27	Energy	\$5,753	5	A	L	Buy					
DE	Deere & Co.	\$38.56	\$94.89	\$28.50	2.90	Industrials	\$16,465	7	A	L	Buy					
DV	DeVry Inc.	\$56.69	\$61.57	\$39.25	0.21	Cons. Disc.	\$4,052	4	A	--	Buy	●				
DO	Diamond Offshore Drilling	\$88.80	\$149.30	\$61.97	0.56	Energy	\$12,343	2	A	--	Buy	●				
D	Dominion Res. (Va.)	\$36.28	\$49.38	\$31.26	4.36	Utilities	\$21,079	3	A	--	Buy	●				
DPL	DPL Inc.	\$22.81	\$31.00	\$20.00	4.82	Utilities	\$2,591	3	A	--	Buy	●				
DWA	DreamWorks Animation	\$28.10	\$33.44	\$21.25	--	Cons. Disc.	\$2,518	4	A	--	Buy	●				
DRC	Dresser-Rand Group Inc.	\$22.40	\$42.49	\$17.05	--	Energy	\$1,912	2	B	L	Buy					
ERTS	Electronic Arts Inc.	\$22.78	\$61.50	\$21.91	--	Info. Tech.	\$7,267	7	B	L	Buy					
LLY	Eli Lilly & Co.	\$33.82	\$57.52	\$29.25	5.56	Health Care	\$38,452	5	A	--	Buy		●			
EOG	EOG Resources Inc.	\$80.92	\$144.99	\$54.42	0.67	Energy	\$20,132	3	A	--	Buy	●				
EXR	Extra Space Storage Inc.	\$11.51	\$17.90	\$8.43	8.69	Financials	\$948	3	A	--	Buy		●			
FE	FirstEnergy Corp.	\$52.16	\$84.00	\$41.20	4.22	Utilities	\$15,900	3	A	--	Buy	●				
FLO	Flowers Foods Inc.	\$29.65	\$32.68	\$20.13	2.02	Cons. Staples	\$2,733	4	A	H	Buy	●				
FLS	Flowserve Corp.	\$56.92	\$145.45	\$41.35	1.76	Industrials	\$3,176	1	A	L	Buy	●				
FLR	Fluor Corp.	\$39.93	\$101.37	\$28.92	1.25	Industrials	\$7,090	1	A	L	Buy					
FWLT	Foster Wheeler Ltd.	\$27.40	\$85.65	\$19.35	--	Industrials	\$3,951	7	B	L	Buy					
FCL	Foundation Coal Hldgs.	\$20.76	\$89.72	\$13.30	0.96	Energy	\$947	5	C	L	Buy					
GENZ	Genzyme Corp.	\$72.88	\$83.97	\$60.28	--	Health Care	\$19,579	4	A	--	Buy	●				
ASR	Grupo Aeroport. del Sur.	\$32.24	\$63.54	\$31.20	5.99	Industrials	\$967	2	A	--	Buy	●				
HAL	Halliburton Co.	\$19.79	\$55.38	\$15.52	1.82	Energy	\$17,692	1	A	L	Buy					
HWAY	Healthways Inc.	\$10.10	\$71.22	\$7.60	--	Health Care	\$339	6	C	L	Buy					
HLF	Herbalife Ltd.	\$24.43	\$51.09	\$19.70	3.27	Cons. Staples	\$1,556	1	A	--	Buy	●				
HON	Honeywell International	\$30.45	\$62.99	\$26.01	3.61	Industrials	\$22,115	7	A	L	Buy					
IMA	Inverness Med. Innovat.	\$19.15	\$65.00	\$14.81	--	Health Care	\$1,490	7	B	L	Buy					
JEC	Jacobs Engineering Grp.	\$36.43	\$103.29	\$28.25	--	Industrials	\$4,459	5	B	L	Buy					
JOYG	Joy Global Inc.	\$28.98	\$90.00	\$19.06	2.42	Industrials	\$3,124	5	A	L	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 10/31/08	52W High	52W Low	Div. Yield (%)	Sector	Market Cap (Mil)	PPS	SVI	RL	Compass Rating						
KBR	KBR Inc.	\$14.84	\$44.46	\$11.82	1.35	Industrials	\$2,520	6	--	L	Buy						●
KRC	Kilroy Realty Corp.	\$32.15	\$65.04	\$25.56	7.22	Financials	\$1,064	5	A	--	Buy		●				
KEX	Kirby Corp.	\$34.32	\$61.65	\$27.27	--	Industrials	\$1,855	2	A	L	Buy						●
MIC	Macquarie Infrastructure	\$10.15	\$42.00	\$8.53	25.42	Industrials	\$456	7	B	L	Buy						●
MFC	Manulife Financial Corp.	\$20.09	\$46.93	\$16.46	4.93	Financials	\$30,035	5	A	--	Buy		●				
MWE	MarkWest Energy Ptnrs.	\$18.15	\$38.50	\$13.61	14.10	Energy	\$1,028	5	A	L	Buy						●
MEE	Massey Energy Co.	\$23.09	\$95.70	\$15.25	0.87	Energy	\$1,865	1	A	L	Buy						●
MA	MasterCard Inc. (CI A)	\$147.82	\$320.30	\$120.02	0.41	Info. Tech.	\$19,087	3	A	L	Buy	●					●
WFR	MEMC Electronic Mat.	\$18.38	\$96.08	\$13.88	--	Info. Tech.	\$4,198	6	A	L	Buy			●			●
VIVO	Meridian Bioscience Inc.	\$24.58	\$37.00	\$19.43	2.28	Health Care	\$987	4	A	--	Buy	●					
MON	Monsanto Co.	\$88.98	\$145.80	\$68.02	1.08	Materials	\$48,814	3	A	--	Buy	●					
MOS	Mosaic Co.	\$39.41	\$163.25	\$23.96	0.51	Materials	\$17,507	1	A	L	Buy	●					
NFG	National Fuel Gas Co.	\$36.19	\$63.71	\$27.07	3.59	Utilities	\$2,949	2	A	--	Buy	●					
NTLS	NTELOS Holdings Corp.	\$26.00	\$33.02	\$18.07	3.23	Telecom.	\$1,096	3	A	--	Buy	●					
OII	Oceaneering Int'l.	\$28.17	\$82.49	\$21.05	--	Energy	\$1,555	5	B	L	Buy						●
OGE	OGE Energy Corp.	\$27.30	\$38.30	\$19.56	5.09	Utilities	\$2,533	3	A	--	Buy	●					
OTTR	Otter Tail Corp.	\$23.48	\$46.15	\$19.29	5.07	Industrials	\$707	2	B	--	Buy		●				
PTNR	Partner Communications	\$18.68	\$24.70	\$17.00	6.44	Telecom.	\$2,896	3	A	--	Buy	●					
BTU	Peabody Energy Corp.	\$34.51	\$88.69	\$24.08	0.70	Energy	\$9,382	2	C	L	Buy						●
PETD	Petroleum Development	\$20.71	\$79.09	\$15.71	--	Energy	\$308	5	C	L	Buy						●
PXD	Pioneer Natural Res.	\$27.83	\$82.21	\$20.59	1.15	Energy	\$3,297	2	A	L	Buy	●					
PBI	Pitney Bowes Inc.	\$24.78	\$40.10	\$20.83	5.65	Industrials	\$5,148	5	B	--	Buy		●				
POT	Potash Corp. of Saskat.	\$85.26	\$241.62	\$60.38	0.47	Materials	\$25,736	2	A	L	Buy	●					
PX	Praxair Inc.	\$65.15	\$99.74	\$50.00	2.30	Materials	\$20,092	4	A	--	Buy	●					
PCP	Precision Castparts Cp.	\$64.81	\$154.50	\$47.23	0.19	Industrials	\$9,032	6	A	L	Buy			●			
QCOM	QUALCOMM Inc.	\$38.26	\$56.88	\$30.87	1.67	Info. Tech.	\$62,746	4	A	--	Buy	●					
RRD	R.R. Donnelley & Sons	\$16.57	\$40.98	\$14.28	6.28	Industrials	\$3,508	6	B	--	Buy		●				
REG	Regency Centers Corp.	\$39.46	\$82.43	\$30.50	7.35	Financials	\$2,761	3	A	--	Buy		●				
RLI	RLI Corp.	\$57.39	\$72.10	\$44.00	1.74	Financials	\$1,229	2	A	H	Buy	●					
RCL	Royal Caribbean	\$13.56	\$43.96	\$11.75	5.53	Cons. Disc.	\$2,886	7	B	--	Buy		●				
SAP	SAP AG (ADS)	\$35.33	\$59.42	\$29.31	1.72	Info. Tech.	\$41,936	3	A	--	Buy	●					
SAY	Satyam Computer Svcs.	\$15.73	\$30.89	\$11.00	1.02	Info. Tech.	\$5,280	7	C	L	Buy						●
SHS	Sauer-Danfoss Inc.	\$10.25	\$37.93	\$9.98	7.02	Industrials	\$495	1	B	L	Buy		●				
SLB	Schlumberger Ltd.	\$51.65	\$111.95	\$42.01	1.63	Energy	\$61,782	5	A	L	Buy						●
SNDA	Shanda Interactive Entmt.	\$27.65	\$40.50	\$20.85	--	Info. Tech.	\$2,002	2	A	--	Buy	●					
SGR	Shaw Group Inc.	\$17.89	\$77.20	\$12.43	--	Industrials	\$1,494	6	C	L	Buy						●
SNN	Smith & Nephew PLC	\$46.17	\$69.20	\$36.61	1.34	Health Care	\$8,270	4	A	--	Buy	●					
SII	Smith International Inc.	\$34.48	\$88.40	\$26.23	1.39	Energy	\$6,935	2	B	L	Buy						●
SOHU	Sohu.com Inc.	\$54.94	\$91.50	\$35.75	--	Info. Tech.	\$2,109	3	A	--	Buy	●					
SYK	Stryker Corp.	\$53.46	\$76.89	\$45.37	0.62	Health Care	\$22,036	3	A	--	Buy	●					
TAL	TAL International Group	\$16.56	\$28.35	\$12.88	9.96	Industrials	\$542	2	A	--	Buy	●					
TK	Teekay Corp.	\$21.35	\$60.47	\$15.75	5.34	Energy	\$1,544	7	B	--	Buy		●				
TNE	Tele Norte Leste Particip.	\$13.58	\$28.14	\$10.21	0.92	Telecom.	\$5,191	1	B	--	Buy	●					
TEF	Telefonica S.A. (ADS)	\$55.49	\$103.50	\$46.69	4.29	Telecom.	\$88,294	2	A	--	Buy	●					
TXT	Textron Inc.	\$17.70	\$74.40	\$10.09	5.20	Industrials	\$4,267	6	B	L	Buy		●				●
THI	Tim Hortons Inc.	\$25.17	\$39.93	\$21.40	1.34	Cons. Disc.	\$4,611	3	A	--	Buy	●					
TSS	Total System Services	\$13.74	\$30.50	\$11.08	2.04	Info. Tech.	\$2,716	7	A	L	Buy			●			
UMBF	UMB Financial Corp.	\$45.33	\$69.60	\$34.95	1.54	Financials	\$1,855	3	A	--	Buy	●					
UTR	Unitrin Inc.	\$21.00	\$50.40	\$14.08	8.95	Financials	\$1,318	6	B	--	Buy		●				
WDR	Waddell & Reed Fin'l.	\$14.52	\$41.00	\$11.49	5.23	Financials	\$1,237	5	B	--	Buy		●				
WFT	Weatherford International	\$16.88	\$49.98	\$11.08	--	Energy	\$11,489	5	B	L	Buy						●
WPZ	Williams Partners L.P.	\$21.11	\$45.79	\$17.45	12.03	Energy	\$1,114	7	D	L	Buy						●
WGOV	Woodward Governor	\$32.10	\$48.62	\$24.26	0.75	Industrials	\$2,149	3	A	--	Buy	●					
XTO	XTO Energy Inc.	\$35.95	\$73.74	\$23.83	1.34	Energy	\$18,391	2	A	--	Buy	●					
ZMH	Zimmer Holdings Inc.	\$46.43	\$80.92	\$37.19	--	Health Care	\$10,456	5	B	L	Buy						●

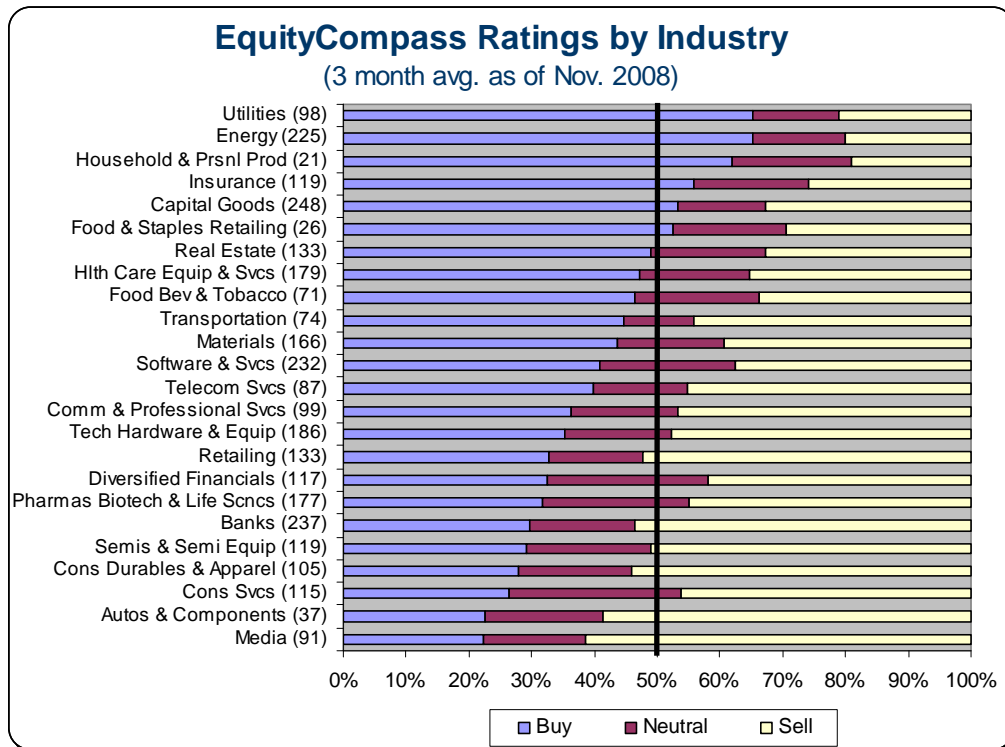
Source: EquityCompass Strategies

Chart 9



Source: EquityCompass Strategies
 Number in parenthesis () shows industry weight in S&P 500 as of 10/31/08

Chart 10



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 10/31/08	Div. Yield (%)	Compass Rating	PPS	SVI Grade	RL	Sub Industry	Market Cap (Mil)	Shares Out (Mil)	Ann. Date	Amount	% Out.
HLTH	HLTH Corp.	\$8.29	--	Sell	5	C	--	Health Care Technology	\$1,518	183	10/20/08	80.000 Mln Shares	43.69%
VIMC	Vimicro Int'l. Cp. (ADS)	\$1.99	--	Sell	8	D	H	Semiconductors	\$70	35	10/24/08	25.000 Mln \$\$	35.65%
QSFT	Quest Software Inc.	\$13.25	--	Buy	3	C	--	Application Software	\$1,396	105	10/8/08	400.000 Mln \$\$	28.66%
AAWW	Atlas Air Worldwide Hldgs.	\$19.32	--	Sell	6	D	--	Air Freight & Logistics	\$420	22	10/8/08	100.000 Mln \$\$	23.80%
ESIO	Electro Scientific Industries	\$8.37	--	Sell	8	D	--	Electronic Equip. Manuf.	\$226	27	10/22/08	50.000 Mln \$\$	22.13%
AATI	Advanced Analogic Technol.	\$3.01	--	Sell	8	B	--	Semiconductors	\$138	46	10/30/08	30.000 Mln \$\$	21.77%
BBSI	Barrett Business Services	\$11.00	2.91	Neutral	7	A	--	Human Res. & Emp. Svcs.	\$120	11	10/28/08	2.000 Mln Shares	18.36%
MXIM	Maxim Integrated Products	\$13.60	5.88	Sell	8	B	--	Semiconductors	\$4,360	321	10/13/08	750.000 Mln \$\$	17.20%
NTGR	NETGEAR Inc.	\$11.05	--	Sell	7	D	--	Communications Equip.	\$391	35	10/23/08	6.000 Mln Shares	16.94%
SONO	SonoSite Inc.	\$21.07	--	Buy	3	C	--	Health Care Equip.	\$355	17	10/30/08	60.000 Mln \$\$	16.88%
NRF	Northstar Realty Finance Cp.	\$5.75	25.04	Buy	5	A	--	Mortgage REITs	\$361	63	10/8/08	10.000 Mln Shares	15.91%
CF	CF Industries Holdings Inc.	\$64.19	0.62	Buy	1	A	--	Fertilizers & Agricultural Chem.	\$3,626	56	10/27/08	500.000 Mln \$\$	13.79%
KAI	Kadant Inc.	\$16.44	--	Sell	7	D	--	Industrial Machinery	\$227	14	10/22/08	30.000 Mln \$\$	13.23%
TK	Teekay Corp.	\$21.35	5.34	Buy	7	B	--	Oil & Gas Storage & Trans.	\$1,544	72	10/7/08	200.000 Mln \$\$	12.96%
ARGN	Amerigon Inc.	\$4.80	--	Sell	8	D	--	Auto Parts & Equip.	\$106	22	10/28/08	12.000 Mln \$\$	11.29%
ADVS	Advent Software Inc.	\$18.74	--	Neutral	5	A	--	Application Software	\$502	27	10/31/08	3.000 Mln Shares	11.19%
PLL	Pall Corp.	\$26.41	1.97	Buy	3	A	--	Industrial Machinery	\$3,149	119	10/21/08	350.000 Mln \$\$	11.11%
BGC	General Cable Corp.	\$17.08	--	Neutral	6	C	L	Electrical Components & Equip.	\$902	53	10/29/08	100.000 Mln \$\$	11.09%
FFIV	F5 Networks Inc.	\$24.82	--	Buy	3	C	--	Communications Equip.	\$1,963	79	10/22/08	200.000 Mln \$\$	10.19%
ATPG	ATP Oil & Gas Corp.	\$12.04	--	Sell	7	C	--	Oil & Gas Exploration & Prod.	\$431	36	10/27/08	3.500 Mln Shares	9.77%
AKS	AK Steel Holding Corp.	\$13.92	1.44	Buy	6	A	--	Steel	\$1,562	112	10/21/08	150.000 Mln \$\$	9.60%
KONG	KongZhong Corp. (ADS)	\$2.93	--	Sell	5	D	--	Application Software	\$104	36	10/27/08	10.000 Mln \$\$	9.58%
PWRD	Perfect World Co. Ltd.	\$18.63	--	Buy	3	--	--	Home Entertainment Software	\$1,062	57	10/13/08	100.000 Mln \$\$	9.42%
IRF	International Rectifier Corp.	\$15.44	--	Sell	8	D	H	Semiconductors	\$1,124	73	10/27/08	100.000 Mln \$\$	8.89%
BAS	Basic Energy Services Inc.	\$13.68	--	Buy	1	D	--	Oil & Gas Equip. & Svcs.	\$565	41	10/13/08	50.000 Mln \$\$	8.84%
RBN	Robbins & Myers Inc.	\$20.40	0.74	Buy	2	A	L	Industrial Machinery	\$708	35	10/27/08	3.000 Mln Shares	8.64%
ORCL	Oracle Corp.	\$18.29	--	Buy	3	A	--	Systems Software	\$94,267	5,154	10/20/08	8.000 Bln \$\$	8.49%
PKI	PerkinElmer Inc.	\$17.94	1.56	Buy	3	B	--	Life Sciences Tools & Svcs.	\$2,130	119	10/23/08	10.000 Mln Shares	8.42%
INT	World Fuel Services Corp.	\$21.43	0.70	Sell	7	--	--	Oil & Gas Refining & Marketing	\$625	29	10/13/08	50.000 Mln \$\$	8.00%
SIAL	Sigma-Aldrich Corp.	\$43.86	1.19	Buy	3	A	--	Specialty Chem.	\$5,526	126	10/22/08	10.000 Mln Shares	7.94%
FMC	FMC Corp.	\$43.54	1.15	Buy	2	A	--	Div. Chem.	\$3,257	75	10/27/08	250.000 Mln \$\$	7.68%
SOHU	Sohu.com Inc.	\$54.94	--	Buy	3	A	--	Internet Software & Svcs.	\$2,109	38	10/27/08	150.000 Mln \$\$	7.11%
RNOW	RightNow Technologies Inc.	\$6.58	--	Neutral	5	B	--	IT Consulting & Other Svcs.	\$221	34	10/20/08	15.000 Mln \$\$	6.78%
LTD	Limited Brands Inc.	\$11.98	5.01	Sell	5	C	--	Apparel Retail	\$4,061	339	10/13/08	250.000 Mln \$\$	6.16%
ABT	Abbott Laboratories	\$55.15	2.61	Buy	3	A	--	Pharmaceuticals	\$85,016	1,542	10/13/08	5.000 Bln \$\$	5.88%
KCI	Kinetic Concepts Inc.	\$24.21	--	Neutral	7	B	--	Health Care Equip.	\$1,756	73	10/22/08	100.000 Mln \$\$	5.69%
DNEX	Dionex Corp.	\$53.83	--	Neutral	5	B	--	Life Sciences Tools & Svcs.	\$976	18	10/29/08	1.000 Mln Shares	5.52%
PSEC	Prospect Capital Corp.	\$12.58	12.80	Buy	3	B	--	Asset Mgmt. & Custody Bks.	\$371	30	10/9/08	20.000 Mln \$\$	5.39%
TYL	Tyler Technologies Inc.	\$13.59	--	Buy	3	A	--	Application Software	\$514	38	10/27/08	2.000 Mln Shares	5.29%
TNB	Thomas & Betts Corp.	\$23.75	--	Neutral	6	B	--	Electrical Components & Equip.	\$1,373	58	10/23/08	3.000 Mln Shares	5.19%
FSTR	L.B. Foster Co.	\$27.50	--	Neutral	5	B	--	Industrial Machinery	\$292	11	10/28/08	15.000 Mln \$\$	5.14%
CE	Celanese Corp. (Series A)	\$13.86	1.15	Neutral	6	B	--	Commodity Chem.	\$1,988	143	10/24/08	100.000 Mln \$\$	5.03%
ROL	Rollins Inc.	\$17.57	1.42	Buy	3	B	--	Environmental & Facilities Svcs.	\$1,772	101	10/28/08	5.000 Mln Shares	4.96%
SYMM	Symmetricom Inc.	\$4.45	--	Neutral	3	--	H	Communications Equip.	\$200	45	10/1/08	2.000 Mln Shares	4.45%
ALOG	Analogic Corp.	\$44.16	0.91	Buy	2	A	--	Health Care Equip.	\$594	13	10/13/08	25.000 Mln \$\$	4.21%
VAL	Valspar Corp.	\$20.45	2.74	Buy	3	B	H	Specialty Chem.	\$2,037	100	10/15/08	4.000 Mln Shares	4.02%
BEBE	bebe Stores Inc.	\$8.86	2.26	Sell	8	B	H	Apparel Retail	\$788	89	10/21/08	30.000 Mln \$\$	3.81%
APOG	Apogee Enterprises Inc.	\$9.86	3.31	Buy	6	A	--	Building Products	\$281	29	10/8/08	1.000 Mln Shares	3.51%
TDG	TransDigm Group Inc.	\$30.14	--	Sell	5	C	--	Aerospace & Defense	\$1,457	48	10/27/08	50.000 Mln \$\$	3.43%
ECOL	American Ecology Corp.	\$17.54	4.10	Buy	3	A	--	Environmental & Facilities Svcs.	\$320	18	10/28/08	600000.000 Shares	3.29%
PCL	Plum Creek Timber Co.	\$37.28	4.51	Buy	4	C	--	Specialized REIT's	\$6,397	172	10/21/08	200.000 Mln \$\$	3.13%
PTP	Platinum Underwriters Hldgs.	\$31.74	1.01	Buy	1	A	--	ReIns.	\$1,514	48	10/22/08	46.000 Mln \$\$	3.04%
CA	CA Inc.	\$17.80	0.90	Buy	3	B	--	Systems Software	\$9,139	513	10/29/08	250.000 Mln \$\$	2.74%
GD	General Dynamics Corp.	\$60.32	2.32	Buy	2	A	L	Aerospace & Defense	\$23,967	397	10/2/08	10.000 Mln Shares	2.52%
EAC	Encore Acquisition Co.	\$31.15	--	Buy	2	C	--	Oil & Gas Exploration & Prod.	\$1,631	52	10/15/08	40.000 Mln \$\$	2.45%
TRN	Trinity Industries Inc.	\$16.88	1.90	Sell	5	C	--	Constr. & Farm Mach.	\$1,379	82	10/3/08	1.994 Mln Shares	2.44%
MOGA	Moog Inc. (CI A)	\$35.12	--	Buy	2	C	--	Aerospace & Defense	\$1,516	43	10/30/08	1.000 Mln Shares	2.32%
MCRL	Micrel Inc.	\$7.35	1.90	Buy	3	B	--	Semiconductors	\$520	71	10/7/08	10.000 Mln \$\$	1.92%
IIVI	II-VI Inc.	\$28.09	--	Buy	3	A	--	Electrical Components & Equip.	\$839	30	10/23/08	500000.000 Shares	1.67%
EBF	Ennis Inc.	\$11.77	5.27	Sell	5	--	--	Commercial Printing	\$302	26	10/21/08	5.000 Mln \$\$	1.65%
SYK	Stryker Corp.	\$53.46	0.62	Buy	3	A	--	Health Care Equip.	\$22,036	412	10/23/08	250.000 Mln \$\$	1.13%

Source: EquityCompass Strategies

Table 9

Pending Acquisitions

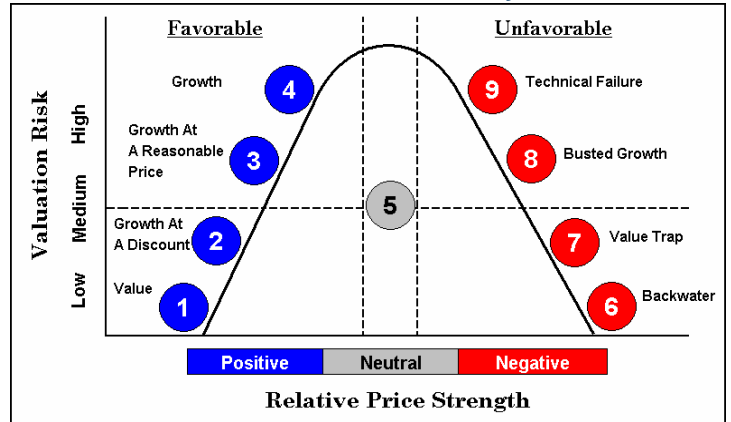
Symbol	Company Name	Price		Acquirer	Ann. Date
		10/31/08	Sub Industry		
AW	Allied Waste Industries Inc.	\$10.42	Environmental & Facilities Svcs.	Republic Services Inc.	06/23/08
ANR	Alpha Natural Resources Inc.	\$35.77	Coal & Consumable Fuels	Cleveland-Cliffs Inc.	07/16/08
ALO	Alpharma Inc. (CI A)	\$31.31	Pharmaceuticals	King Pharmaceuticals Inc.	09/11/08
ACBA	American Community Bancshares Inc.	\$8.75	Regional Banks	Yadkin Valley Financial Cp.	09/10/08
BUD	Anheuser-Busch Cos. Inc.	\$62.03	Brewers	InBev NV	06/11/08
ABI	Applied Biosystems Inc.	\$30.83	Life Sciences Tools & Svcs.	Invitrogen Corp.	06/12/08
ATB	Arlington Tankers Ltd.	\$9.72	Oil & Gas Storage & Trans.	General Maritime Corp.	08/06/08
ATML	Atmel Corp.	\$4.15	Semiconductors	Multiple acquirers	10/02/08
BRL	Barr Pharmaceuticals Inc.	\$64.26	Pharmaceuticals	Teva Pharmaceutical Industries	07/18/08
BGCP	BGC Partners Inc	\$4.09	Inv. Banking & Brokerage	Tullett Prebon PLC	04/18/07
CPHL	Castlepoint Holdings Ltd.	\$9.02	ReIns.	Tower Group Inc.	08/05/08
CEG	Constellation Energy Group Inc.	\$24.21	IPPs & Energy Traders	Berkshire Hathaway Inc.	09/18/08
CPO	Corn Products International Inc.	\$24.32	Agricultural Products	Bunge Ltd.	06/23/08
CYT	Cytec Industries Inc.	\$28.32	Specialty Chem.	Medtronic Inc.	09/25/08
DSCP	Datascope Corp.	\$50.17	Health Care Equip.	Getinge AB	09/15/08
EGLT	Eagle Test Systems Inc.	\$15.14	Semiconductor Equip.	Teradyne Inc.	09/02/08
EPEX	Edge Petroleum Corp.	\$0.60	Oil & Gas Exploration & Prod.	Chaparral Energy Inc.	07/15/08
EQ	Embarq Corp.	\$30.00	Integrated Telecom. Svcs.	CenturyTel Inc.	10/27/08
EPIC	Epicor Software Corp.	\$7.05	Application Software	Elliott Associates LP	10/01/08
FDRY	Foundry Networks Inc.	\$14.85	Communications Equip.	Brocade Communications Sys.	07/21/08
GBTS	Gateway Financial Holdings Inc.	\$5.44	Div. Banks	Hampton Bankshares Inc.	09/24/08
DNA	Genentech Inc.	\$82.94	Biotechnology	Roche Holding AG	07/21/08
GW	Grey Wolf Inc.	\$6.42	Oil & Gas Drilling	Precision Drilling Trust	06/10/08
HPC	Hercules Inc.	\$16.81	Div. Chem.	Ashland Inc.	07/11/08
HUN	Huntsman Corp.	\$10.10	Div. Chem.	Apollo Management LP	07/03/07
ITWO	i2 Technologies Inc.	\$14.25	Application Software	JDA Software Group Inc.	08/11/08
IKN	IKON Office Solutions Inc.	\$17.23	Office Svcs. & Supplies	Ricoh Co Ltd.	08/27/08
IMCL	ImClone Systems Inc.	\$68.76	Biotechnology	Eli Lilly & Co.	10/06/08
LNy	Landry's Restaurants Inc.	\$12.55	Restaurants	Management Group	01/28/08
MER	Merrill Lynch & Co. Inc.	\$18.59	Inv. Banking & Brokerage	Bank of America Corp.	09/15/08
NCC	National City Corp.	\$2.70	Regional Banks	PNC Financial Services Grp.	10/24/08
NFS	Nationwide Financial Services Inc. (CI A)	\$47.31	Life & Health Ins.	Nationwide Mutual Insurance	03/10/08
NRG	NRG Energy Inc.	\$23.25	IPPs & Energy Traders	Exelon Corp.	10/20/08
PSPT	PeopleSupport Inc.	\$12.24	Office Svcs. & Supplies	Essar Group.	08/04/08
PHLY	Philadelphia Consolidated Holding Co.	\$58.49	Property & Casualty Ins.	Tokio Marine Holdings Inc.	07/23/08
PSD	Puget Energy Inc.	\$23.43	Multi-Utilities	Peuget Holdings LLC	10/26/07
RIV	Riviera Holdings Corp.	\$4.29	Casinos & Gaming	Multiple acquirers	05/11/07
ROH	Rohm & Haas Co.	\$70.35	Specialty Chem.	Dow Chemical Co/The	07/10/08
SCUR	Secure Computing Corp.	\$5.66	Systems Software	McAfee Inc.	09/22/08
SINT	SI International Inc.	\$28.80	IT Consulting & Other Svcs.	Serco Group PLC	08/27/08
SOV	Sovereign Bancorp Inc.	\$2.93	Thriffs & Mortgage Finance	Banco Santander SA	10/13/08
OVEN	TurboChef Technologies Inc.	\$5.03	Industrial Machinery	Middleby Corp.	08/12/08
UB	UnionBanCal Corp.	\$73.42	Regional Banks	Mitsubishi UFJ Financial Group	08/12/08
UST	UST Inc.	\$67.59	Tobacco	Altria Group Inc.	09/08/08
WB	Wachovia Corp.	\$6.41	Div. Banks	Wells Fargo & Co.	10/03/08
ZIGO	Zygo Corp.	\$8.59	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

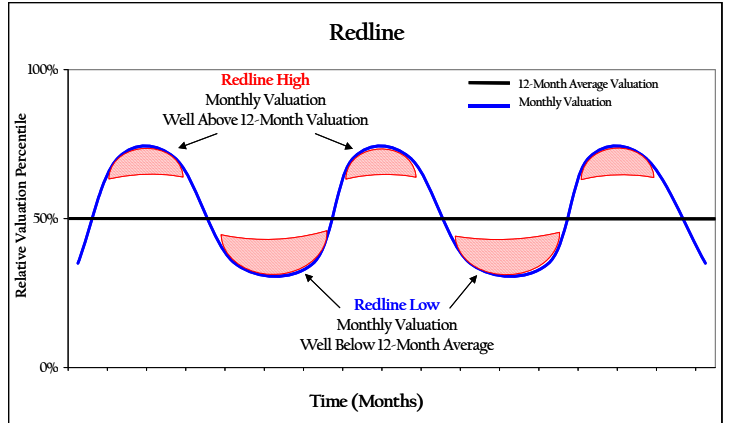


Source: EquityCompass Strategies

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

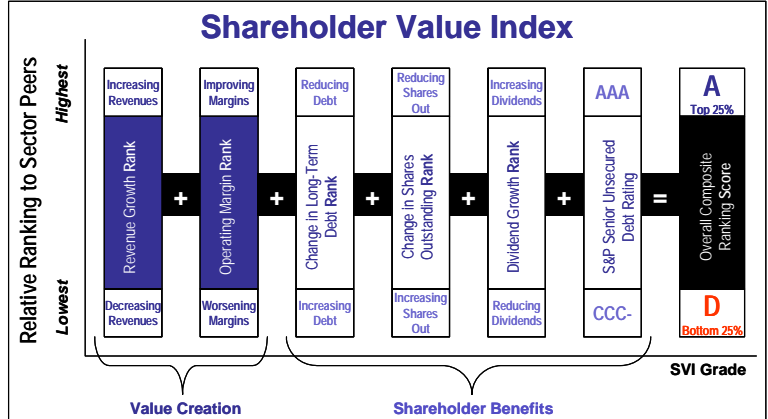


Source: EquityCompass Strategies

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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