

October 2008

Inside this issue:

Investment Commentary <i>Reality Check</i>	3-5
Market Monitor <i>Extremis!</i>	6-7
Performance Monitor	8
Valuation Profile	9
Portfolio Manager Insights <i>Sector Investing—More Risk than Opportunity?</i>	10-11
Stock Selection Focus	
<i>Stifel Research Focus</i>	12
<i>S&P 500 Redline 15</i>	13
<i>Quality Contrarian</i>	14
<i>Dividend Focus</i>	15
<i>Sweet Spot</i>	16
<i>Short-Term Sector Opinion</i>	17
Aggregate Stock Selection List	18-19
Market Monitor	20-25
Appendix <i>Abbreviated EquityCompass</i>	26

EquityCompass Strategies

Richard E. Cripps, CFA
rcripps@stifel.com
443.224.1321

Timothy M. McCann
tmmccann@stifel.com
443.224.1320

Michael S. Scherer
msscherer@stifel.com
443.224.1364

www.equitycompass.com

Extremis!

- Equity performance in September was as negative as the last month of the bear market in September 2002, which is to say stocks are experiencing extreme conditions
- The current financial market trauma is unprecedented to a generation of investors but is not unique in the stock market's long history
- Crying wolf on capitulation is getting tiresome to investors but the latest market sell-off has all the markings of climactic selling
- Amid the thick negative sentiment on equities, Warren Buffett is pouncing, and the performance of small stocks may be a sign that larger stocks are being oversold for deleveraging, rather than for fundamental reasons
- While ETFs have made the implementation of sector rotation strategies easier, achieving successful results remains a challenge

Table 1

Extremis!

Company Name	Symbol	August 29	Sept. 30	Sept. Decline	52 Week High
American Int. Group	AIG	\$21.49	\$3.33	85%	\$70.13
Fannie Mae	FNM	\$6.84	\$1.53	78%	\$68.60
Freddie Mac	FRE	\$4.51	\$1.71	62%	\$65.88
Morgan Stanley	MS	\$40.83	\$23.00	44%	\$69.23
Goldman Sachs	GS	\$163.97	\$128.00	22%	\$250.70
Wachovia	WB	\$15.89	\$3.50	78%	\$52.25
Washington Mutual	WM	\$4.05	\$0.82	80%	\$36.47

Source: EquityCompass Strategies

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

All relevant disclosures appear on page 27 of this report.

This page intentionally left blank.

Reality Check

- The current financial market trauma is unprecedented to a generation of investors but is not unique in the stock market's long history
- The wealth creation of the stock market is achieved despite spending the vast majority of its time in market correction and recovery from correction
- Based on historical Dow Jones performances, we offer a risk/reward matrix to gauge market return expectations

There have been 30 bear markets since 1900 in the Dow Jones Industrial Average (DJIA). That works out to about one every 3.6 years, with an average decline of 31.2% and average bear market duration of about 14 months. The worst DJIA decline was from 1929 to 1932, when the DJIA declined 89% in a period coinciding with an economic Depression. Removing this outlier period, the average bear market decline has been 29% and the median of all bear markets has been -26.0%. As of September 30, the DJIA has declined 27% from its October 2007 all-time high. Extrapolating average historical performances suggests a DJIA downside of about 6% from current levels and a market bottom sometime in the fourth quarter of the current year.

The current credit market dysfunction combined with the increase in unemployment claims increase the likelihood of recession. The average recession since 1947 has lasted 10 months and GDP declined 1.6% with the longest period of economic contraction lasting

16 months (1974–75). Historically, recessions have occurred approximately six months from a market peak, and stocks have bottomed about six months before recession end. Assuming a recession began at the beginning of the third quarter (July) and lasts 13 months, historical experience suggests a recession ending sometime around mid-year 2009. Counting back six months for a bear market bottom suggests a trough in stocks in early 2009.

Rationality Goes Only So Far

Looking at the stock market in a dispassionate and statistical manner can seem far from reality given the news headlines that are unprecedented to a generation of investors. However, the panorama of history provides examples in which economic and risk-taking excesses were painfully purged. And yes, it is not unprecedented for a public policy response and capitalism to coexist and thrive afterwards (**Exhibit 1**, page 5).

The reality of the stock market is that it has been a series of market corrections and recoveries rather than a persistent period of new highs. **Chart 1** from Ned Davis Research illustrates that in the vast majority of its history (77%) the DJIA is either in correction or recovery from a market correction. Less than 23% of the time has the DJIA been making new highs. Our point here is that market corrections (Bear) and recoveries (Bull) are very much part of the long-term wealth creation that stocks have historically provided. Even though the current bear market seems particularly frightful, our guess is that the prior markets carried their own set of challenges that engendered high levels of investor anxiety.

Chart 1



© Copyright 2008 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/.

Table 2

Performance Period	DJIA		DJIA (Optimal Allocation)	
	Total Return	Annualized Return	Total Return	Annualized Return
1915 - 1919	96.3%	14.4%	100.9%	15.0%
1920s	131.7%	8.8%	207.6%	11.9%
1930s	-39.5%	-4.9%	71.5%	5.5%
1940s	33.2%	2.9%	33.2%	2.9%
1950s	239.5%	13.0%	215.4%	12.2%
1960s	17.8%	1.7%	10.7%	1.0%
1970s	4.8%	0.5%	16.8%	1.6%
1980s	228.3%	12.6%	299.6%	14.9%
1990s	317.6%	15.4%	276.8%	14.2%
2000 - 9/18/08	-6.7%	-0.7%	-15.2%	-1.6%
12/31/14 - 9/18/08	19531%	5.79%	73484%	7.29%

Performances do not include dividends or hypothetical interest on cash balances.

Source: EquityCompass Strategies, Bloomberg

The current trauma is filling awareness with lots of big picture pronouncements—some of which give a renewed meaning to bearish. Armageddon scenarios are on the table and global anxiety has reached extreme levels that are discomfoting to anyone who has something to lose. The extraordinary times create emotional pressure to abandon long-term investment perspective, even though history has witnessed challenges as difficult as today. As hard as it may be, the focus for investors should be to remain rational, and even constructive, about current circumstances.

Equity Market Risk/Reward

Taking into account a history going back to when the DJIA expanded to 20 companies in 1914, we calculated an equity exposure matrix that would provide a 25% better return than a DJIA passive buy and hold strategy. The two variables utilized for determining the matrix were the percentage decline from a DJIA high and the percentage increase from a DJIA low (after a preceding high). These two variables make the equity exposure matrix dynamic in allocating

exposure as market performances change. The objective is to be fully invested in the primary or higher trend in the DJIA, while reducing exposure from a bear market.

Table 2 shows the DJIA's decade performance passively held and with the equity exposure matrix shown in Table 3. The optimal allocation strategy provided the best relative returns by being less exposed to the ravages of the Depression-era 1930s, while pretty much matching the return of the DJIA in the other decades. We should note that our illustration does not include dividends, which would have increased the total return to approximately 10.5% per annum over the study period. The optimal strategy was never less than 20% invested (12.6% of the time) and was 100% invested in 77% of the time periods.

The current exposure of the optimal strategy would be 20% of the normal equity allocation. If the DJIA would decline to a greater than 30% loss from its high, without an intervening rally of 10% or more,

Table 3

Recommended Investment Allocation - Maximize Total Return

		% From Low (After Most Recent All Time High)				
		DJIA	0 - 10%	10 - 20%	20 - 30%	30 - 40%
% From All Time High	0 - 10%	100%	100%	100%	70%	100%
	10 - 20%	20%	50%	30%	80%	100%
	20 - 30%	20%	20%	100%	100%	90%
	30 - 40%	100%	100%	100%	20%	100%
	> 40%	20%	100%	20%	80%	100%

Source: EquityCompass Strategies

the exposure would increase to 100% as historical performances suggest very favorable risk/reward. However, if the DJIA continued falling to greater than 40% without a correction, the exposure would drop back to 20% as the risk of a Depression-era decline becomes more statistically relevant. The important part of the matrix is that exposure will increase as the DJIA moves up from its low. While the matrix may lack big bullish or bearish pronouncements from experts, it has a lot of history behind its numbers and the strategy consistently captures the big primary moves in the DJIA.

Where Do We Go from Here?

The outlook is clearly uncertain with housing, consequences of deleveraging, and credit market dysfunction pressuring normalized economic activity. How much of this has been discounted is the important question for investors. The presumption of recession in the U.S. is likely to have increased, as well as the possible depth and length of an economic downturn. How much of what is currently transpiring is reflected in prices will likely determine the degree to which stocks may decline. Given that the S&P Banking Index (BIX)

has been declining since February 2007, with a 50% plus loss, suggests that expectations have been on a slippery slope for sometime.

Long-term market perspectives minimize the emotional pitfalls that investors experience. Investors have to survive and reducing equity exposure to maintain mental well-being inevitably occurs. However, we hope investors can recognize that the past strongly suggests the current turmoil will eventually end thereby suggesting that stocks will experience a robust period of recovery. Whether avoiding the difficulty of market timing or using our allocation matrix, we do hope investors can remember that stocks have generally doubled in ensuing recoveries. This isn't faith alone, but the reality of markets that have experienced many challenges — challenges as difficult as they are today.

Richard E. Cripps, CFA
Chief Investment Officer

Exhibit 1

Headlines at Financial Crisis Market Bottoms

1932	Depositors Hoard Cash and Buy Short-term Government Bonds
	Liquidity Squeeze on U.S. Banking System (4,190 banks fail)
	Unemployment Spikes to 23.6%
	Reconstruction Finance Corporation Established by Congress
	DJIA Bottoms With 89% Loss
1990/91	Drexel Burnham Investment Liquidated
	U.S. Banks Ordered to Write-Off Emerging Market Debt
	S&L Crisis Estimated to Cost \$500 Billion (169 banks, 211 S&Ls fail)
	Resolution Trust Corporation Established by Congress
	DJIA Bottoms With 21.2% Loss
2008	Subprime Mortgage Exposure Sinks Bear Stearns
	Government GSEs Fannie Mae and Freddie Mac Placed in Conservatorship
	Wall Street Investment Banking Giants Goldman Sachs and Morgan Stanley Convert to Bank Holding Companies
	Treasury Unveils \$700 Billion Mortgage Bailout Plan and Seeks Congressional Approval
	DJIA -27%

Extremis!

- Equity performance in September was as extremely negative as the last month of the bear market bottom in September 2002
- Crying wolf on capitulation is getting tiresome to investors, but the latest market sell-off has all the markings of climactic selling
- Amid the thick negative sentiment on equities, Warren Buffett is pouncing, and the performance of small stocks may be a sign that larger stocks are being oversold for deleveraging, rather than for fundamental reasons

The only way to describe market performances for September is a wipe-out. All S&P sectors, investment styles, market capitalization segments, foreign markets, and 40 EquityCompass monitored stock attributes (momentum, quality, etc.) declined. For the books, the S&P 500 declined 9.1% in September and was the worst month of performance since September 2002, when the S&P 500 declined 10.9%. The S&P 500 low on September 29 brought the peak-to-trough decline to 29% in the bear cycle that began in October of last year. As it turned out, September 2002 marked the bottom of a long bear market, and that is perhaps the most constructive point to focus commentary for the month.

Capitulation, Again

Investors have heard the call of capitulation several times this year, beginning in January with the global panic caused by a rogue equity trader, to the St. Patrick's Day massacre of Bear Stearns. However, these events were mere warm-ups for September's incredible headlines: Federal Government Takeover of Fannie Mae and Freddie Mac, Lehman Brother's Bankruptcy, AIG's Bailout, Merrill Lynch's Shotgun Wedding to BankAmerica, FDIC Action to Close the Nation's Largest S&L As Well As Sever Wachovia's Banking Business, and Wall Street's Heavyweights Goldman Sachs and Morgan Stanley Seeking Bank Charters. We dare say that given September's events

beforehand, most market watchers would estimate losses greater than what occurred, and would be astounded that the S&P 500 financial sector's decline was less than the overall market. If headlines make a capitulation in stocks, September has done the deed.

From a trading perspective, capitulation is associated with negative sentiment, high anxiety (VIX index), a large number of new 52-week lows, big net outflows from equity mutual funds, and record trading volume. All of these conditions have occurred in September. So once again, we will identify the 777 point decline in the Dow Jones on September 29 as the capitulation low. However, past capitulations suggest that a retest of lows is likely, albeit with less fanfare and lacking the intensity of the earlier sell-off.

As noted previously, the market decline in September is comparable performance-wise with the market bottom in September 2002. Table 4 compares EquityCompass indices in the two periods. The EC indices are designed to measure the 50 stocks with the most extreme condition of various stock attributes. The picture from September 2008 looks as stressed in these measures as in 2002, although there are notable differences. In 2002, the bear market had been in train for some time (about 30 months), and had established contra-bull trends in several sectors and industry groups (i.e., Consumer Staples). The market bottom was marked by sharp disparity between positive and negative momentum stocks. In the current period, momentum trends are indistinguishable, which could be a sign of a wider capitulation than in 2002. Also, the disparity of the Mega/Micro Quality index suggests more risk aversion now than in the earlier period.

The Warren Buffett Way

Warren Buffett is quick to say that investors should not interpret his recent activity as a call that a market bottom is at hand. However, he also says that the price is right for taking major stakes in Goldman Sachs and General Electric, as well as for entire companies such as

Table 1 (from the cover)

Extremis I

Company Name	Symbol	August 29	Sept. 30	Sept. Decline	52 Week High
American Int. Group	AIG	\$21.49	\$3.33	85%	\$70.13
Fannie Mae	FNM	\$6.84	\$1.53	78%	\$68.60
Freddie Mac	FRE	\$4.51	\$1.71	62%	\$65.88
Morgan Stanley	MS	\$40.83	\$23.00	44%	\$69.23
Goldman Sachs	GS	\$163.97	\$128.00	22%	\$250.70
Wachovia	WB	\$15.89	\$3.50	78%	\$52.25
Washington Mutual	WM	\$4.05	\$0.82	80%	\$36.47

Source: EquityCompass Strategies

Constellation Energy. With a war chest, or net current assets estimated at \$70 billion, Buffett has spent over \$19 billion in September buying stocks, which suggests, at the very least, he feels the current market drubbing is providing an attractive buying opportunity. Additionally, Buffett indicated he would take a 1% interest in the \$700 billion proposed Treasury bailout of mortgages. While most of us are reeling from an incredibly difficult month, the Oracle is pouncing.

Small-Caps Safe Harbor from Deleveraging?

The S&P Small Cap and Mid Cap indices are outperforming large stocks in 2008, declining 8.7% and 15.3%, respectively, versus the S&P 500, which is down 19.1%. Small stocks are usually a casualty in bear markets and their better relative performance has heads

scratching. From a P/E standpoint, the Russell 2000 is trading at 14.6x consensus estimated earnings for the next 12 months, versus 12.0x for the large-cap Russell 1000. Both indices are trading with similar P/Es to estimated long-term EPS growth (PEG) multiples. An explanation worth considering is that an over-arching condition to almost all investment markets is deleveraging by financial institutions and hedge funds. Small-caps are generally not an area that large hedge funds can engage for liquidity reasons, and therefore are not being subjected to the liquidation occurring in larger stocks. The implication in this view is that larger stocks are being more heavily liquidated for deleveraging rather than for fundamental reasons—something entirely consistent with a bear market bottom.

Table 4

Extremis II

Sept. 2002 vs. Sept. 2008

	Sept. 2002	Sept. 2008
EC Average Stock	-9.7%	-9.9%
S&P 500	-10.9%	-8.9%
Positive Momentum (PPS 1 - 4)	-6.4%	-10.5%
Negative Momentum (PPS 6 - 9)	-15.2%	-10.4%
Favorable Over-/Underreaction	-13.3%	-16.7%
Unfavorable Over-/Underreaction	-8.6%	-11.1%
Mega (Highest) Beta	-22.4%	-18.1%
Micro (Lowest Beta)	-4.9%	-10.0%
Mega (Largest) Market Cap	-10.7%	-8.9%
Micro (Smallest) Market Cap	-9.9%	-18.2%
Mega (Highest) Projected EPS Growth	-10.4%	-16.0%
Micro (Lowest) Projected EPS Growth	-9.9%	-10.6%
Mega (Highest) Quality	-10.7%	-3.6%
Micro (Lowest) Quality	-18.1%	-17.6%
Mega (Highest) Valuation	-8.2%	-9.2%
Micro (Lowest) Valuation	-13.0%	-7.8%
Mega (Highest) Short Interest	-13.9%	-4.8%
Micro (Lowest) Short Interest	-7.5%	-15.5%
Mega (Highest) Consensus Analyst Rating	-5.6%	-9.2%
Micro (Lowest) Consensus Analyst Rating	-14.9%	-5.3%
Mega (Highest) Price	-6.2%	-14.1%
Micro (Lowest) Price	-24.2%	-24.8%
ADRs	-13.9%	-15.9%

All indices equal-weighted except S&P 500

Source: EquityCompass Strategies

Table 5

EquityCompass Performance Monitor - October 2008 (Through 9/30/08)

Benchmark Indices	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2001 ¹	2002	2003	2004	2005	2006	2007
S&P 500	-20.6%	-9.1%	-8.9%	-11.8%	-20.6%	-23.6%	-8.9%	-1.7%	1.1%	3.2%	1.3%	-23.4%	26.4%	9.0%	3.0%	13.6%	3.5%
S&P 500 Total Return	-19.3	-8.9	-8.4	-10.9	-19.3	-22.0	-7.5	0.2	3.1	5.2	1.7	-22.1	28.7	10.9	4.9	15.8	5.5
S&P 500 Equal Weight	-19.1	-10.3	-8.4	-11.1	-19.1	-23.4	-10.9	-2.0	2.4	5.3	1.6	-19.4	38.7	15.2	6.4	14.0	0.0
Dow Jones Ind. Average	-18.2	-6.0	-4.4	-11.5	-18.2	-21.9	-6.0	0.9	1.9	3.2	0.7	-16.8	25.3	3.1	-0.6	16.3	6.4
S&P 500 Citigroup Growth	-19.4	-10.5	-11.8	-10.3	-19.4	-20.7	-6.3	-1.2	1.3	2.2	5.1	-24.5	23.9	4.7	2.5	9.4	7.7
S&P 500 Citigroup Value	-22.0	-7.8	-5.7	-13.7	-22.0	-26.7	-11.7	-2.4	0.9	4.1	-2.8	-22.5	29.0	13.3	3.5	18.0	-0.4
S&P 100	-20.7	-8.0	-6.5	-11.4	-20.7	-23.9	-8.1	-1.4	0.4	1.7	1.2	-23.9	23.8	4.5	-0.9	15.9	3.8
NASDAQ 100	-23.5	-14.8	-13.2	-10.5	-23.5	-23.7	-4.9	-0.1	3.1	4.1	7.3	-37.6	49.1	10.4	1.5	6.8	18.7
S&P SmallCap 600	-8.7	-6.9	-1.2	-1.1	-8.7	-14.8	-5.7	1.0	5.5	8.8	4.1	-15.3	37.5	21.6	6.7	14.1	-1.2
S&P MidCap 400	-15.3	-10.8	-11.2	-6.7	-15.3	-17.8	-6.8	0.5	5.2	7.3	2.9	-15.4	34.0	15.2	11.3	9.0	6.7
Russell 1000	-20.8	-9.8	-9.9	-12.1	-20.8	-23.8	-9.2	-1.8	1.5	3.5	1.2	-22.9	27.5	9.5	4.4	13.3	3.9
S&P 500 Financials	-31.0	-5.2	-0.1	-19.1	-31.0	-41.3	-25.1	-12.0	-8.3	-4.6	0.5	-16.4	27.9	8.2	3.7	16.2	-20.8
S&P 500 Info. Tech.	-23.9	-12.7	-12.1	-10.1	-23.9	-24.0	-5.5	-1.5	1.9	1.8	8.2	-37.6	46.6	2.1	0.4	7.7	15.5
S&P 500 Health Care	-13.5	-6.3	0.0	-1.7	-13.5	-13.9	-4.7	-0.9	1.5	1.8	2.2	-20.0	13.3	0.2	4.9	5.8	5.4
S&P 500 Industrials	-22.4	-12.2	-9.1	-18.7	-22.4	-26.4	-7.6	-0.4	1.0	4.7	1.9	-27.6	29.7	15.9	0.4	11.0	9.8
S&P 500 Energy	-18.9	-12.0	-24.9	-12.2	-18.9	-15.6	5.8	6.6	15.3	20.1	-3.0	-13.3	22.4	28.8	29.1	22.2	32.4
S&P 500 Cons. Disc.	-14.7	-7.9	-1.0	-9.1	-14.7	-23.7	-14.4	-4.8	-2.7	0.3	3.8	-24.4	36.1	12.1	-7.4	17.2	-14.3
S&P 500 Cons. Staples	-4.8	-1.6	4.1	-2.0	-4.8	-1.7	3.1	5.9	6.6	6.5	-0.1	-6.3	9.2	6.0	1.3	11.8	11.6
S&P 500 Telecom. Svcs.	-31.7	-12.7	-15.7	-20.0	-31.7	-35.6	-14.9	-1.1	-1.1	3.0	-5.4	-35.9	3.3	16.0	-9.0	32.1	8.4
S&P 500 Utilities	-22.3	-11.7	-18.7	-13.0	-22.3	-17.0	-7.1	-0.5	7.2	8.7	-15.4	-33.0	21.1	19.6	12.8	16.9	15.8
S&P 500 Materials	-22.8	-17.2	-22.9	-19.9	-22.8	-23.1	-6.8	5.8	4.3	8.2	-1.2	-7.7	34.8	10.8	2.2	15.7	20.0
Dow Jones SmallCap Value	-14.4	-6.5	0.6	-7.4	-14.4	-22.6	-14.4	-4.0	0.5	4.4	1.1	-5.1	39.8	15.9	4.5	18.3	-13.7
Dow Jones SmallCap Growth	-14.2	-12.6	-9.7	-4.2	-14.2	-17.4	-3.9	2.2	6.1	7.8	9.0	-38.9	47.8	14.7	8.0	8.5	11.8
Dow Jones MidCap Value	-19.4	-10.9	-7.7	-11.4	-19.4	-25.3	-15.4	-5.4	0.4	4.8	0.3	-9.0	31.3	22.2	8.4	14.3	-9.0
Dow Jones MidCap Growth	-22.5	-14.6	-17.0	-12.0	-22.5	-23.0	-7.0	0.8	6.4	7.8	4.9	-32.9	43.3	14.9	13.9	9.9	16.3
Dow Jones LargeCap Value	-20.2	-6.2	-5.6	-12.0	-20.2	-24.4	-9.9	-1.6	1.2	3.6	0.7	-19.4	22.1	10.3	2.3	19.0	-0.2
Dow Jones LargeCap Growth	-20.9	-11.7	-11.9	-10.6	-20.9	-21.6	-6.0	-1.3	0.7	1.9	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	-25.7%	-18.1%	-12.5%	-18.3%	-25.7%	-33.9%	-16.1%	-0.3%	2.2%	2.1%	--	--	138.2%	1.7%	-6.3%	28.1%	-1.9%
EC Micro Beta Index	-16.4	-10.0	-2.9	-5.5	-16.4	-15.7	-5.9	1.9	8.3	10.0	--	--	46.3	12.3	16.1	19.7	8.2
EC Mega Cap Index	-22.3	-8.9	-13.2	-13.1	-22.3	-20.8	-2.2	3.8	5.7	6.7	--	--	25.8	6.5	3.2	20.2	19.5
EC Micro Cap Index	-34.0	-18.2	-17.7	-27.8	-34.0	-41.1	-26.3	-15.0	-9.8	-4.9	--	--	95.5	14.4	-7.8	14.4	-16.5
EC Mega Growth Index	-34.5	-16.0	-21.5	-18.3	-34.5	-34.8	-12.8	-4.5	2.7	4.1	--	--	68.0	16.7	15.2	11.1	17.3
EC Micro Growth Index	-19.4	-10.6	-7.3	-10.0	-19.4	-22.3	-10.4	2.5	7.3	9.1	--	--	34.7	16.3	7.7	31.4	4.3
EC Mega Quality Index	-12.0	-3.6	2.3	-5.4	-12.0	-15.1	-3.6	2.4	4.5	6.2	--	--	21.7	10.4	5.4	12.9	5.2
EC Micro Quality Index	-33.9	-17.6	-16.3	-18.9	-33.9	-41.7	-22.6	-6.3	0.1	3.0	--	--	148.5	25.1	-5.1	29.8	-4.2
EC Mega Value Index	-26.0	-9.2	-6.0	-8.9	-26.0	-25.8	-12.1	-5.4	0.0	2.3	--	--	100.0	8.7	6.3	5.4	3.7
EC Micro Value Index	-4.3	-7.8	1.4	1.7	-4.3	-14.2	-6.5	2.3	9.3	14.3	--	--	70.2	34.4	12.5	16.4	-4.5
EC Div. Index	-14.2	-7.3	-2.6	-7.6	-14.2	-18.2	-7.2	2.4	6.4	9.7	--	--	37.3	21.1	9.5	18.9	2.7
EC Non Div. Index	-20.2	-12.5	-7.7	-8.7	-20.2	-24.5	-10.6	-0.3	5.2	6.8	--	--	67.0	14.7	8.5	17.0	3.2
EC Mega Short Interest Index	-23.2	-4.8	7.6	-12.6	-23.2	-27.4	-17.5	-8.3	-1.8	1.2	--	--	57.0	16.1	-4.0	19.3	-11.6
EC Micro Short Interest Index	24.5	-15.5	-18.2	-17.1	24.5	-25.6	-6.2	3.3	7.6	9.4	--	--	77.7	10.7	7.5	20.9	18.5
EC Mega Analysts' Rat. Index	-18.2	-9.2	-1.6	-5.4	-18.2	-18.7	-4.6	4.9	11.4	11.1	--	--	51.1	9.8	16.8	20.3	14.9
EC Micro Analysts' Rat. Index	-20.0	-5.3	-1.1	-11.6	-20.0	-27.5	-18.4	-5.2	-2.0	2.6	--	--	80.9	19.8	-4.0	21.6	-14.1
EC Mega Price Index	-24.4	-14.1	-20.5	-11.9	-24.4	-21.5	-5.6	3.7	8.9	11.2	--	--	28.2	17.1	16.2	18.7	22.4
EC Micro Price Index	-46.1	-24.8	-28.9	-37.4	-46.1	-52.4	-32.9	-17.0	-9.4	-5.6	--	--	180.9	17.9	-13.2	26.3	-13.1
EC Mega Price Momentum Index	-14.2	-6.5	-20.5	-14.2	-20.3	-21.1	-0.7	3.0	5.9	5.4	--	--	20.6	1.9	9.6	11.9	10.2
EC Micro Price Momentum Index	23.8	-17.3	-6.5	-25.6	-26.0	-33.0	-14.4	-8.7	-2.4	1.3	--	--	102.9	26.3	-7.4	17.1	-12.2
EC All Covered ADRs	-30.3	-15.9	-21.1	-22.2	-30.3	-30.2	-8.0	6.2	10.9	13.3	0.4	-15.7	50.8	19.0	15.9	34.2	22.8
EC Alpha Basket Index	-16.5	-15.6	-14.3	-12.8	-16.5	-18.0	-6.6	4.9	7.8	10.6	--	--	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	-23.9%	-15.9%	-17.1%	-14.3%	-23.9%	-23.5%	-8.5%	3.1%	9.4%	14.1%	-8.6%	-8.3%	46.9%	29.0%	18.0%	23.8%	13.9%
All PPS 2 Rated Stocks	-15.4	-12.0	-12.3	-7.6	-15.4	-15.5	-3.9	4.9	9.9	13.2	0.6	-3.7	36.6	23.0	15.9	18.7	12.1
All PPS 3 Rated Stocks	-16.0	-8.7	-7.6	-5.3	-16.0	-15.9	-3.2	3.7	7.9	9.9	5.0	-13.7	38.5	15.6	10.8	15.7	12.9
All PPS 4 Rated Stocks	-18.1	-7.7	-8.2	-5.1	-18.1	-19.1	-5.1	1.7	5.1	6.2	0.8	-31.4	66.1	8.9	7.0	12.4	10.6
All PPS 5 Rated Stocks	-12.3	-7.6	-1.0	-5.5	-12.3	-15.4	-7.0	3.0	6.4	7.9	9.9	-22.6	46.9	14.4	6.9	16.8	2.4
All PPS 6 Rated Stocks	-10.8	-10.8	-1.8	-7.4	-10.8	-22.5	-12.4	0.2	5.3	9.6	-2.9	-28.3	57.0	29.2	6.8	21.8	-10.6
All PPS 7 Rated Stocks	-18.9	-9.5	0.2	-9.1	-18.9	-26.7	-14.8	-1.4	2.3	6.0	2.7	-9.1	42.7	22.4	2.4	22.9	-7.1
All PPS 8 Rated Stocks	-20.6	-8.9	-1.8	-13.4	-20.6	-26.7	-14.9	-4.0	1.7	4.9	14.3	-35.4	51.6	21.3	3.3	19.0	-7.0
All PPS 9 Rated Stocks	-27.1	-13.6	-5.6	-14.8	-27.1	-32.6	-16.4	-7.8	-3.6	-3.4	16.3	-48.0	88.6	-2.5	-2.8	8.8	-2.1
All SVI A Rated Stocks	-15.9	-9.2	-7.0	-7.4	-15.9	-18.6	-6.5	2.4	5.7	8.5	--	--	32.1	18.6	9.2	15.6	6.4
All SVI B Rated Stocks	-13.8	-7.9	-2.2	-5.1	-13.8	-18.1	-6.7	2.0	5.6	8.3	--	--	38.3	17.0	7.3	15.8	3.2
All SVI C Rated Stocks	-14.3	-6.7	-0.6	-6.3	-14.3	-20.0	-9.7	0.4	5.7	8.7	--	--	45.4	20.8	11.8	16.6	-1.9
All SVI D Rated Stocks	-12.6	-7.2	2.9	-5.8	-12.6	-18.7	-9.7	0.7	5.7	8.2	--	--	57.2	19.5	5.5	19.0	-2.9
All Redline Low Stocks	-15.6	-16.7	-10.8	-8.8	-15.6	-22.9	-11.9	1.7	7.8	9.7	--	--	53.6	17.5	16.0	21.6	-4.3
All Redline High Stocks	-27.1	-11.1	-7.8	-15.5	-27.1	-29.0	-14.7	-4.5	0.0	3.6	--	--	64.4	14.4	2.9	16.4	2.0
All EC "Buy" Rated Stocks	-15.7	-10.3	-9.2	-6.8	-15.7	-17.3	-5.2	3.7	8.6	11.6	--	--	39.4	21.5	14.5	17.7	9.0
All EC "Neutral" Rated Stocks	-15.8	-9.7	-5.5	-6.8	-15.8	-21.1	-8.8	2.4	5.3	6.8	--	--	56.3	11.4	4.8	21.2	1.7
All EC "Sell" Rated Stocks	-18.2	-9.5	-1.3	-10.2	-18.2	-24.2	-12.6	-2.4	2.3	4.9	--	--	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	-16.7%	-12.5%	-13.8%	-10.9%	-16.7%	-13.8%	0.2%	6.5%	10.4%	13.2%	--	--	27.4%	21.3%	12.9%	15.0%	25.7%
Dividend Focus List	-17.9	-4.7	-1.0	-8.5	-17.9	-29.7	-15.7	-4.1	1.1	6.8	--	--	38.9	29.2	7.1	22.0	-13.0
Quality Contrarian List	-26.7	-22.7	-18.3	-22.4	-26.7	-33.4	-17.5	-2.6	1.2	8.3	--	--	43.1	40.4	9.3	21.5	-7.3
Research Focus List	23.3	20.5	-16.1	-12.0	23.3	-30.7	-12.0	1.5	8.8	13.9	--	--	73.2	26.0	28.6	16.4	5.5
Redline 15 List	-26.1	-24.1	-20.0	-20.0	-26.1	-33.6	-17.8	-6.8	1.3	6.5	--	--	58.1	31.9	14.4	8.1	-6.5
EC Coverage Universe ²	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2001	2002					

Table 6

EquityCompass Valuation Profile - October 2008

(as of 9/30/08)

Benchmark Indices ¹	Div (%)	Beta	Short Int. Rat.	EC Risk Rwd. Rat.	PPS	MVD	EV/E (NTM)	P/E (NTM)	P/CF (NTM)	P/S (NTM)	P/BV (MRO)	PEG Ratio
S&P 1500	2.30	0.87	1.8	71.0%	4.2	3.5%	8.3	12.1	8.2	1.0	2.1	1.1
S&P 500	2.40	0.87	1.8	71.2%	4.2	3.5%	8.4	12.0	8.2	1.1	2.1	1.1
S&P 100	2.75	0.85	1.7	72.3%	4.2	5.0%	9.2	11.9	8.8	1.2	2.2	1.1
S&P Mid Cap	1.61	0.99	5.6	69.5%	4.1	2.5%	6.8	12.7	7.9	0.8	1.9	1.0
Dow Jones Ind Avg.	3.29	0.82	1.5	70.4%	4.3	5.9%	9.3	11.5	8.7	1.1	2.2	1.2
Nasdaq 100	0.69	1.02	1.2	73.5%	4.4	-4.6%	8.4	14.9	11.8	2.0	3.5	0.8
S&P Citi Growth	1.64	0.82	1.6	77.3%	3.8	1.9%	7.6	12.1	7.9	1.1	2.7	1.0
S&P Citi Value	3.03	0.88	2.1	67.1%	4.5	5.7%	9.9	12.0	7.5	1.0	1.8	1.2
Russell 1000	2.28	0.88	1.8	70.2%	4.2	3.0%	8.7	12.0	7.9	1.0	2.1	1.0
Russell 2000	1.48	0.95	8.5	62.4%	4.3	6.5%	7.1	14.6	8.7	0.7	1.8	1.0
Russell 3000	2.21	0.88	1.8	69.6%	4.2	3.1%	8.6	12.1	7.9	1.0	2.1	1.0
Russell Mid Cap	1.88	0.98	3.9	64.2%	4.5	1.3%	7.4	12.3	7.1	0.8	1.8	0.9
S&P 500 Energy Index	1.72	0.99	1.5	97.1%	1.7	-4.6%	3.8	8.2	5.2	0.8	2.1	0.7
S&P 500 Materials Index	2.64	1.22	2.4	67.9%	4.1	3.1%	6.0	10.6	6.8	0.9	2.0	0.9
S&P 500 Industrials Index	2.73	0.97	1.6	55.7%	5.1	2.0%	9.4	11.8	8.7	1.0	2.4	1.0
S&P 500 Consumer Disc. Index	1.91	0.93	3.3	59.6%	4.9	12.6%	7.0	13.4	8.3	0.8	2.0	1.2
S&P 500 Consumer Staples Index	2.55	0.40	2.6	72.5%	3.7	12.8%	9.3	15.5	11.1	0.9	3.4	1.7
S&P 500 Health Care Index	2.12	0.41	1.8	77.8%	4.3	2.5%	8.0	12.4	10.1	1.3	2.9	1.1
S&P 500 Financials Index	3.68	1.23	2.3	53.9%	5.5	12.5%	17.2	12.7	9.3	1.3	1.1	1.9
S&P 500 Info. Tech. Index	0.99	1.03	1.2	76.2%	4.2	-4.9%	7.6	13.7	11.1	1.9	3.4	0.9
S&P 500 Telecom. Services Index	5.32	0.97	1.8	63.6%	6.1	-2.6%	4.8	10.4	4.1	1.1	1.5	0.8
S&P 500 Utilities Index	3.95	0.61	2.8	84.6%	3.4	-3.9%	6.9	12.2	6.0	1.0	1.8	1.5
Russell 1000 Val.	2.89	0.83	2.0	67.0%	4.4	5.6%	9.1	11.5	7.0	0.9	1.7	1.3
Russell 1000 Gr.	1.62	0.84	1.7	75.8%	3.9	1.6%	7.8	12.6	9.2	1.1	2.9	0.9
Russell Mid Val.	2.47	0.90	4.3	59.3%	4.7	4.5%	7.5	12.0	6.1	0.6	1.4	1.3
Russell Mid Gr.	1.18	1.03	3.4	68.4%	4.3	-0.4%	6.9	12.4	8.3	0.9	2.6	0.8
EquityCompass Indices ²	Div (%)	Beta	Short Int. Rat.	EC Risk Rwd. Rat.	PPS	MVD	EV/E (NTM)	P/E (NTM)	P/CF (NTM)	P/S (NTM)	P/BV (MRO)	PEG Ratio
EC Mega Beta Index	2.00	3.03	3.6	46.0%	5.4	-20.0%	19.6	7.5	3.7	0.6	1.5	0.3
EC Micro Beta Index	0.82	0.09	2.3	56.5%	4.7	5.5%	10.8	18.2	15.5	1.9	4.2	1.2
EC Mega Cap Index	2.54	0.80	1.8	77.0%	3.8	4.4%	8.6	13.0	9.6	1.6	2.9	1.2
EC Micro Cap Index	1.81	1.36	7.6	17.0%	7.4	-41.8%	4.3	-46.6	3.3	0.1	4.1	23.3
EC Mega Growth Index	0.57	1.18	3.4	63.5%	4.3	-8.2%	5.5	9.5	6.7	1.1	3.0	0.2
EC Micro Growth Index	3.42	1.11	5.4	28.5%	6.5	10.8%	16.5	17.6	4.7	0.4	1.2	-4.3
EC Mega Quality Index	2.10	0.92	2.8	73.0%	4.3	2.1%	11.5	14.7	11.6	1.9	2.9	1.3
EC Micro Quality Index	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
EC Mega Value Index	0.06	1.01	5.4	30.0%	6.5	0.4%	16.9	44.5	22.0	2.8	5.3	2.0
EC Micro Value Index	2.43	1.23	3.8	64.5%	4.3	-7.7%	2.8	6.5	3.5	0.5	0.9	0.5
EC Div. Index	3.83	0.95	3.4	60.5%	4.6	3.5%	8.2	11.8	7.5	0.8	1.9	1.1
EC Non Div. Index	0.00	1.06	3.9	46.2%	5.4	0.9%	9.5	14.8	9.3	0.9	2.1	0.9
EC Mega Short Interest Index	1.16	0.72	25.2	30.5%	6.0	20.0%	8.1	27.3	9.2	0.6	1.6	2.1
EC Micro Short Interest Index	2.48	1.22	1.0	75.0%	4.1	-17.9%	5.2	7.4	5.2	0.8	2.1	0.4
EC Mega AR Index	1.01	1.06	3.6	58.5%	4.9	-8.3%	6.1	10.3	7.1	1.2	2.5	0.5
EC Micro AR Index	3.30	1.43	5.6	44.5%	5.4	6.8%	20.3	31.5	5.2	0.3	1.1	3.1
EC Mega Price Index	1.37	1.02	1.9	75.5%	3.7	-0.1%	10.5	13.8	10.3	1.7	2.9	0.8
EC Micro Price Index	1.22	3.24	4.8	10.0%	7.9	0.6%	23.3	-1.3	0.2	0.1	0.1	-0.1
EC Mega Mom. Index	1.70	0.59	2.2	77.0%	3.3	14.7%	18.4	17.8	13.4	1.2	2.9	1.1
EC Micro Mom. Index	1.19	1.67	3.4	18.0%	7.5	-7.3%	16.8	11.2	2.2	0.4	0.8	0.9
All ADRs	2.80	1.06	3.6	49.1%	5.2	-4.9%	5.1	10.5	7.4	0.9	1.8	0.8
EquityCompass Ratings ²	Div (%)	Beta	Short Int. Rat.	EC Risk Rwd. Rat.	PPS	MVD	EV/E (NTM)	P/E (NTM)	P/CF (NTM)	P/S (NTM)	P/BV (MRO)	PEG Ratio
All PPS 1 Rated Stocks	1.68	1.29	2.4	98.4%	1	-9.3%	3.4	6.4	4.3	0.7	1.6	0.4
All PPS 2 Rated Stocks	1.59	1.05	3.2	98.1%	2	-2.4%	5.7	10.8	6.9	0.8	2.0	0.7
All PPS 3 Rated Stocks	1.74	0.81	3.4	88.0%	3	6.9%	8.8	15.8	11.4	1.3	2.8	1.2
All PPS 4 Rated Stocks	1.24	0.70	4.3	64.3%	4	7.2%	13.1	23.0	17.2	2.2	4.9	1.4
All PPS 5 Rated Stocks	2.09	0.94	3.0	39.7%	5	2.8%	6.5	11.9	7.6	0.7	1.9	1.0
All PPS 6 Rated Stocks	2.86	1.24	3.2	43.6%	6	-8.0%	4.4	7.4	4.3	0.4	1.0	0.6
All PPS 7 Rated Stocks	2.75	1.11	4.2	36.3%	7	-0.7%	11.6	11.3	6.0	0.5	1.3	1.1
All PPS 8 Rated Stocks	1.79	1.16	4.4	6.5%	8	10.2%	15.8	16.1	9.6	0.9	1.7	1.3
All PPS 9 Rated Stocks	0.77	1.09	3.0	1.0%	9	14.0%	53.6	61.7	27.5	0.8	2.0	5.7
All SVI A Rated Stocks	1.96	1.00	2.6	80.8%	4.1	-3.1%	7.0	11.9	8.2	1.2	2.3	0.8
All SVI B Rated Stocks	1.93	0.97	3.4	67.6%	4.6	3.3%	7.1	12.7	8.2	0.9	2.1	0.9
All SVI C Rated Stocks	2.16	0.97	4.1	49.6%	5.0	4.8%	9.8	12.9	7.9	0.6	1.8	1.0
All SVI D Rated Stocks	1.65	1.07	5.1	33.5%	5.7	7.4%	17.5	15.8	7.8	0.5	1.4	1.6
All Redline Low Stocks	2.28	1.39	3.2	76.6%	4.4	-34.1%	9.1	8.4	5.3	0.8	1.9	0.4
All Redline High Stocks	2.16	0.89	3.8	24.3%	6.0	29.1%	14.8	15.5	10.0	0.6	2.4	1.7
All EC "Buy" Rated Stocks	1.80	0.94	3.0	91.7%	2.9	-0.8%	6.3	12.4	8.4	1.1	2.3	0.8
All EC "Neutral" Rated Stocks	2.21	1.06	3.5	50.0%	5.3	3.0%	10.5	12.6	7.4	0.8	1.8	1.0
All EC "Sell" Rated Stocks	1.91	1.06	4.5	13.6%	7.1	7.7%	13.8	13.6	7.7	0.5	1.5	1.3
EquityCompass Focus Lists ²	Div (%)	Beta	Short Int. Rat.	EC Risk Rwd. Rat.	PPS	MVD	EV/E (NTM)	P/E (NTM)	P/CF (NTM)	P/S (NTM)	P/BV (MRO)	PEG Ratio
Sweet Spot Focus List	1.90	0.89	2.6	95.5%	2.5	-5.7%	8.0	12.2	9.1	2.4	3.8	0.7
Dividend Focus List	6.18	0.76	2.8	85.0%	4.4	-8.4%	4.3	8.2	5.0	0.7	1.3	1.1
Quality Contrarian Focus List	1.30	1.27	1.4	100.0%	6.6	-34.1%	6.5	8.3	7.1	1.1	2.0	0.5
Research Focus List	2.41	1.44	1.8	91.1%	4.2	-35.2%	6.1	9.8	7.3	0.8	2.3	0.5
Redline 15 Focus List	0.74	1.15	2.0	93.3%	3.9	-36.0%	5.5	9.8	5.3	1.8	2.3	0.5
EC Coverage Universe ²	1.92	1.00	3.5	53.3%	5.0	2.4%	8.4	12.7	8.1	0.8	2.0	1.0
EC Coverage Univ. (Ex ADRs) ²	1.83	1.00	3.5	53.8%	5.0	2.6%	8.6	12.7	8.1	0.8	2.0	1.0

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

Sector Investing: More Risk than Opportunity?

- ETFs made the implementation of sector rotations strategies easier, but that hasn't changed the difficulty of achieving successful results
- Price momentum or technical approaches have more evidence of successful sector-specific strategies than top-down approaches relying on macro business cycle forecasting
- However, using price momentum to target specific sectors may not be as ideal as confining momentum to individual stock selection within a sector balanced approach

Sector investing is an investment approach that narrows a focus from the broad market to stocks with similar business characteristics. Various research studies suggest that it is the sector or group performance that is a significant influence to individual stock performance. As such, investment approaches identifying targeted sectors attempt to capture excess returns without the company-specific risk of individual stocks. While the creation of low-cost ETFs made sector investing immensely easier to implement, they do not overcome the difficulties of achieving successful results. Indeed, strategies with a sector bias are just as likely to produce higher risk and lower return as strategies that are neutral or balanced to sector opportunities.

There are two basic approaches to sector investing: (1) macro analysis relying on monetary conditions or business cycle forecasting, and (2) technical analysis identifying momentum. In the case of the former, one approach seeks to synchronize sector allocation to various phases of the business or economic cycle that favors certain types of stocks. For example, the current environment is favoring the defensive qualities of Consumer Staples, as opposed to stocks in the more economically-sensitive Industrials sector. The difficulty with this approach is accurately predicting where particular sectors are in the business cycle. In a recent research paper, the authors used 20/20 hindsight to identify business cycle phases and the conventional view of selecting sectors poised to perform best during each phase.¹ Even with prescient knowledge of the future, a strategy of sector rotation synchronized with economic activity failed to appreciably outperform the broad market.

Technical approaches that identify momentum through relative price analysis are perhaps the most cogent of sector strategies. Sectors reflect their underlying constituent stocks and their amalgamation provides an overall context for comparison to other sectors or groups to determine relative price strength or weakness. The objective of these strategies is to be more invested in sectors with relative price strength, and less in those with relative price weakness. However, while momentum is a performance attribute at the individual stock level, translating this insight to form a specific sector bias is less compelling, in our view.

Price Momentum Strategies

The last 18 months have experienced a cresting bull market and plunging bear market. Price momentum is usually very divergent in a mature bull market, and less defining in the latter stages of a bear market characterized with capitulative selling—classic greed and fear inspired decision-making. Momentum strategies that orient to relative strength would be expected to work best when there are clearly defined and extended positive price trends, and less successful when the momentum forces abruptly change (i.e., transition to bear market), or when a broad decline overwhelms discrimination by momentum.

In the context of the last 18 months, we looked at three sector strategies that are momentum driven to see how their intended sector biases performed relative to a sector balanced approach. The Claymore/Zacks Sector Rotation Index and the Dorsey Wright Technical Leaders Index are the basis for ETFs utilizing a momentum methodology that embed a sector bias to their portfolio. Each index has 100 stocks selected on the basis of superior relative strength with a top-down consideration to specific sectors. In other words, the indices will over- or underweight sector representation relative to the market as an intended tactic to outperform the S&P 500. Both Zacks and Dorsey Wright substantiate their methodology with historical simulations that show compelling performances. For our purposes, we are studying the period from March 1, 2007, the inception of the publicly-traded ETF of the Dorsey Wright index.

The EquityCompass Sweet Spot index is a regular feature of our monthly Update & Review and has been continuously published since December 2002. The approach of this index is to select five stocks in each of the 10 sectors having positive price momentum and high quality. As such, the approach is sector balanced, with no bias to any one sector. This approach reduces the risk (and opportunity) of over- or underweighting specific sectors as an intended source of excess return and is different than the intended sector bias of the Zacks and Dorsey Wright methodologies. All three approaches, however, utilize price momentum as their core stock selection process.

Sector Performance Comparisons

Table 7 shows performance and other attributes from March 1, 2007 through September 2008. As earlier discussed, 2007 underwent the mature phase of a bull market when positive momentum was more easily identified, and 2008 has been a transition to a bear market, a time when these strategies generally underperform. Our intent is to study the tactic of using momentum to identify specific sectors that will outperform versus a strategy of having no bias to sector selection. The performances of the sector indices favor the EquityCompass Sweet Spot in raw performance, and significantly on a risk-adjusted basis. We believe the Sweet Spot performance differential is largely from bearing less risk of sector over-/underweighting. Our comparisons suggest that in a bull market, price momentum works

¹ *Sector Rotation Over Business Cycles*, Jeffrey Stangl, Ben Jacobsen, and Nuttawat Visaltanachot, March 1, 2008

without regard to sector bias, and in a bear market, sector bias is a form of excess risk that can significantly affect performance. While the last 19 month period may be too short to draw lasting conclusions, the transition of bull/bear represents a stress test that

experienced investors know is important in developing the fortitude to endure difficult performance periods.

Table 7

Sector Momentum Strategies Comparison

	*2008	*2007	Ann. Std. Dev.	Sharpe	Up Capture	Down Capture
Dorsey Wright Technical Leaders Index (PDP)	-28.8%	13.7%	20.4%	-0.93	124.0%	119.2%
Claymore/Zacks Sector Rotation Index (XRO)	-28.5%	13.0%	19.8%	-0.97	121.7%	118.6%
EC Sweet Spot Index	-16.7%	20.5%	16.6%	0.03	145.9%	83.9%
EC Sector Balanced Index	-17.2%	5.9%	15.6%	-0.79	118.6%	102.0%
EC Positive Momentum Index	-17.1%	10.2%	16.1%	-0.54	130.4%	98.2%
EC Negative Momentum Index	-18.7%	-9.6%	18.9%	-1.41	89.0%	124.1%
S&P 500 TR	-19.3%	4.8%	14.1%	-1.03	--	--

**2007 from March 1, 2007 (inception of PDP) through September 30, 2008*

All EC indices monthly rebalanced, equal weighted, includes dividends

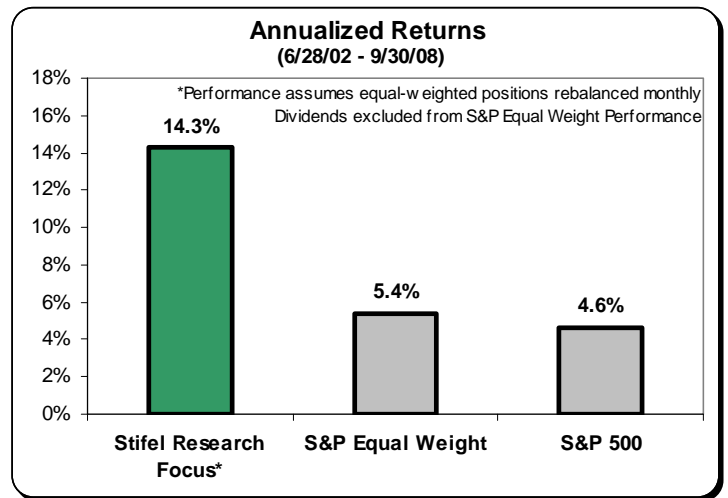
Source: EquityCompass Strategies, Bloomberg

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

Chart 2



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

October Highlights:

- Stifel analyst Sanjiv Wadhvani states that a consistent theme of recent discussions with industry contacts is that service provider business for Juniper Networks (JNPR) is trending well. He states that this contrasts to evidence of weaker trending for Cisco (CSCO), and that Juniper's service provider visibility and pipeline remain strong, particularly in Asia. His target price is \$28.
- Stifel analyst Cody Acree recently lowered his target price on Intersil (ISIL) to \$29 from \$33 due to his expectation that headwinds in computing and the consumer will weigh on multiples. However, he maintains his Buy rating as he feels that ISIL is well positioned to outgrow its end markets on an earnings and revenue basis over the long term.

Current Selections:

Symbol	Company Name	Price 9/30/08	Analyst	Dvd Yld (%)	PPS	SVI	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
WPZ	Williams Partners L.P.*	\$25.85	Akyol	9.67	7	B	19.5%	66.9%	-47.4%	Oil & Gas Storage & Trans.
MIC	Macquarie Infrastructure Co. LLC*	\$13.21	Mason	19.53	7	B	17.6%	65.0%	-47.4%	Airport Svcs.
BEAV	BE Aerospace Inc.	\$15.83	Lahr	--	6	A	2.4%	47.3%	-44.8%	Aerospace & Defense
BBG	Bill Barrett Corp.*	\$32.11	Hall	--	1	C	8.7%	52.4%	-43.7%	Oil & Gas Exploration & Prod.
CNX	Consol Energy Inc.	\$45.89	Forward	0.87	2	A	44.6%	85.4%	-40.8%	Coal & Consumable Fuels
BTU	Peabody Energy Corp.	\$45.00	Forward	0.53	2	D	48.4%	88.7%	-40.3%	Coal & Consumable Fuels
COG	Cabot Oil & Gas Corp.	\$36.14	Hall	0.33	2	A	29.9%	69.7%	-39.9%	Oil & Gas Exploration & Prod.
FWLT	Foster Wheeler Ltd.	\$36.11	Bannister	--	7	B	30.4%	69.0%	-38.5%	Construction & Engineering
SGR	Shaw Group Inc.	\$30.73	Bannister	--	5	C	18.2%	56.5%	-38.3%	Construction & Engineering
BRCM	Broadcom Corp.*	\$18.63	Acree	--	7	B	32.2%	69.7%	-37.6%	Semiconductors
BUCY	Bucyrus International Inc.*	\$44.68	Bannister	0.22	2	A	41.6%	78.4%	-36.8%	Constr. & Farm Mach.
ARLP	Alliance Resource Partners L.P.*	\$31.52	Forward	8.38	1	A	4.4%	41.1%	-36.7%	Coal & Consumable Fuels
XTO	XTO Energy Inc.*	\$46.52	Hall	1.03	2	A	23.4%	59.8%	-36.4%	Oil & Gas Exploration & Prod.
WDR	Waddell & Reed Financial (CI A)*	\$24.75	Hopson	3.07	2	B	32.0%	67.2%	-35.2%	Asset Mgmt.t & Custody Bks.
ISIL	Intersil Corp. (CI A)*	\$16.58	Acree	2.90	6	A	14.3%	49.0%	-34.7%	Semiconductors
SAY	Satyam Computer Svcs. (ADS)*	\$16.15	Price	0.79	7	A	47.7%	81.4%	-33.7%	IT Consulting & Other Svcs.
CBI	Chicago Bridge & Iron Co. N.V.*	\$19.24	Bannister	0.83	6	A	3.1%	36.2%	-33.1%	Construction & Engineering
HWAY	Healthways Inc.	\$16.17	Carroll	--	7	C	33.0%	65.0%	-32.0%	Health Care Svcs.
KBR	KBR Inc.*	\$15.27	Bannister	1.31	6	--	12.4%	44.3%	-31.8%	Construction & Engineering
DE	Deere & Co.*	\$49.50	Bannister	2.26	5	B	27.7%	58.6%	-30.9%	Constr. & Farm Mach.
PETD	Petroleum Development Corp.*	\$44.37	Hall	--	2	C	17.5%	48.1%	-30.7%	Oil & Gas Exploration & Prod.
GRT	Glimcher Realty Trust*	\$10.44	Fick	12.26	7	D	21.2%	50.7%	-29.5%	Retail REIT's
OII	Oceaneering International Inc.*	\$53.32	Vayda	--	2	C	31.8%	60.5%	-28.7%	Oil & Gas Equip. & Svcs.
FLR	Fluor Corp.*	\$55.70	Bannister	0.90	2	A	33.8%	62.4%	-28.6%	Construction & Engineering
JNPR	Juniper Networks Inc.*	\$21.07	Wadhvani	--	5	A	51.6%	79.7%	-28.1%	Communications Equip.
JEC	Jacobs Engineering Group Inc.	\$54.31	Bannister	--	2	B	33.5%	61.1%	-27.6%	Construction & Engineering
JOYG	Joy Global Inc.*	\$45.14	Bannister	1.55	2	A	35.8%	61.7%	-25.9%	Constr. & Farm Mach.
NWS	News Corp. (CI B)	\$12.15	Spring	0.99	6	A	9.6%	35.0%	-25.4%	Movies & Entertainment

*Denotes new additions

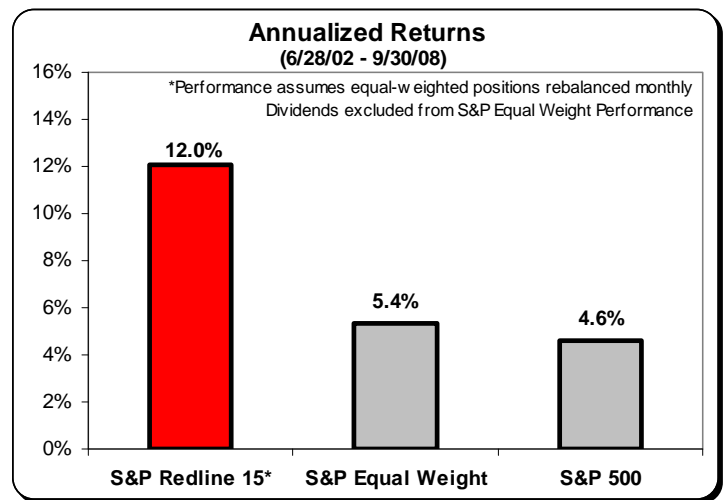
Source: EquityCompass Strategies, FactSet Research Systems Inc.

S&P 500 Redline 15

Selection Criteria:

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

Chart 3



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

October Highlights:

- Stifel analyst Cody Acree believes Broadcom's (BRCM) system levels solution is one of the best in the industry. While he recently reduced his target price to \$31 due to economic challenges and industry multiple contraction, he maintained his Buy rating on the shares.
- CA Incorporated (CA) was upgraded by two major Wall Street firms to an Outperform rating in September. One upgrading analyst cited that the relative stability of CA's business model, which is based on maintenance and mainframe revenue, should help protect it in the difficult economic environment. The average target price of analysts covering the stock is \$27 per share.
- Consol Energy (CNX) announced a plan to repurchase up to \$500 million worth of company shares over the next two years. Stifel analyst Paul Forward rates Consol Energy Buy with a target price of \$89.

Current Selections:

Symbol	Company Name	Price 9/30/08	52W High	52W Low	Dvd Yld (%)	PPS	SVI Grade	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
WFR	MEMC Electronic Materials Inc.	\$28.26	\$96.08	\$25.15	--	6	A	6.8%	57.4%	-50.7%	Semiconductor Equip.
AKAM	Akamai Technologies Inc.	\$17.44	\$41.45	\$14.60	--	7	A	22.7%	72.1%	-49.4%	Internet Software & Svcs.
CNX	Consol Energy Inc.	\$45.89	\$119.10	\$36.25	0.87	2	A	44.6%	85.4%	-40.8%	Coal & Consumable Fuels
COG	Cabot Oil & Gas Corp.	\$36.14	\$72.92	\$32.10	0.33	2	A	29.9%	69.7%	-39.9%	Oil & Gas Exploration & Prod.
BRCM	Broadcom Corp.*	\$18.63	\$43.07	\$16.38	--	7	B	32.2%	69.7%	-37.6%	Semiconductors
XTO	XTO Energy Inc.*	\$46.52	\$73.74	\$42.48	1.03	2	A	23.4%	59.8%	-36.4%	Oil & Gas Exploration & Prod.
CA	CA Inc.*	\$19.96	\$28.11	\$18.31	0.80	2	B	38.9%	72.5%	-33.6%	Systems Software
WMB	Williams Cos.	\$23.65	\$40.75	\$19.77	1.86	5	B	12.7%	46.0%	-33.3%	Oil & Gas Storage & Trans.
EMC	EMC Corp.*	\$11.96	\$25.47	\$11.22	--	7	A	29.2%	62.0%	-32.8%	Computer Storage & Peripherals
ERTS	Electronic Arts Inc.*	\$36.99	\$61.62	\$35.10	--	5	B	55.4%	86.9%	-31.5%	Home Entertainment Software
PXD	Pioneer Natural Resources Co.*	\$52.28	\$82.21	\$36.37	0.61	2	A	17.8%	49.3%	-31.5%	Oil & Gas Exploration & Prod.
EOG	EOG Resources Inc.	\$89.46	\$144.99	\$71.91	0.60	2	A	28.7%	60.1%	-31.4%	Oil & Gas Exploration & Prod.
STR	Questar Corp.	\$40.92	\$74.87	\$36.96	1.20	2	B	36.1%	67.2%	-31.1%	Gas Utilities
DE	Deere & Co.*	\$49.50	\$94.89	\$46.18	2.26	5	B	27.7%	58.6%	-30.9%	Constr. & Farm Mach.
EP	El Paso Corp.*	\$12.76	\$22.47	\$11.25	1.57	2	B	22.4%	51.1%	-28.7%	Oil & Gas Storage & Trans.

*Denotes new additions

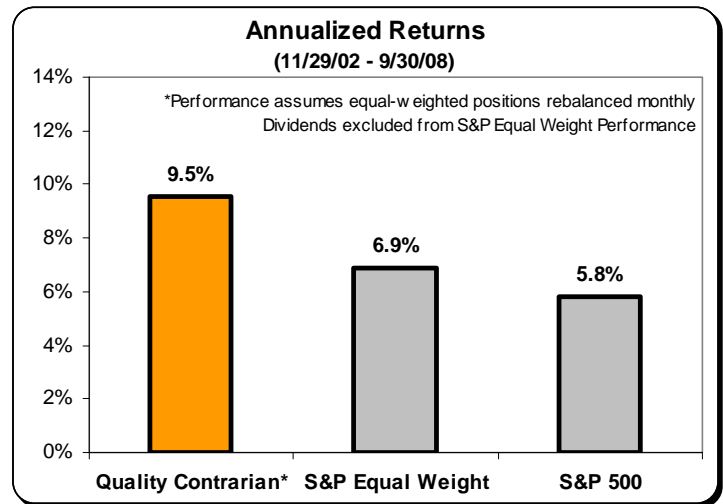
Source: EquityCompass Strategies, FactSet Research Systems Inc.

Quality Contrarian

Selection Criteria:

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

Chart 4



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

October Highlights:

- Stifel analyst Kit Spring wrote in September that for investors with a time horizon beyond this year, News Corp. (NWS) had sufficient upside potential to begin accumulating shares. He believes that significant multiple expansion after the current economic downturn is highly likely, and has a target price of \$20.
- Drugmaker Merck (MRK) announced an agreement with Japan Tobacco Inc. to develop its osteoporosis compound. Under the agreement, Merck will have the right to develop and market the drug for all markets except Japan, and Japan Tobacco will receive upfront and milestone payments.
- Precision Castparts' (PCP) Baa2 senior unsecured debt rating was recently placed under review by Moody's Investors Service for possible upgrade. Moody's cited recent strong performance, credit metrics suggestive of higher ratings, increased scale, and the likelihood that fundamental drivers in aerospace components and power generation, PCP's primary markets, will sustain further expansion over the intermediate term.

Current Selections:

Symbol	Company Name	Price 9/30/08	52W High	52W Low	Dvd Yld (%)	PPS	SVI	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
WFR	MEMC Electronic Materials Inc.	\$28.26	\$96.08	\$25.15	--	6	A	6.8%	57.4%	-50.7%	Semiconductor Equip.
AKAM	Akamai Technologies Inc.	\$17.44	\$41.45	\$14.60	--	7	A	22.7%	72.1%	-49.4%	Internet Software & Svcs.
EMC	EMC Corp.	\$11.96	\$25.47	\$11.22	--	7	A	29.2%	62.0%	-32.8%	Computer Storage & Peripherals
PCP	Precision Castparts Corp.	\$78.78	\$160.73	\$76.30	0.15	7	A	17.0%	45.3%	-28.4%	Aerospace & Defense
TXT	Textron Inc.	\$29.28	\$74.40	\$26.46	3.14	6	A	12.8%	39.7%	-26.8%	Industrial Conglomerates
NWS	News Corp. (CI B)	\$12.15	\$24.95	\$11.79	0.99	6	A	9.6%	35.0%	-25.4%	Movies & Entertainment
MRK	Merck & Co. Inc.	\$31.56	\$61.62	\$30.34	4.82	7	A	26.9%	52.2%	-25.3%	Pharmaceuticals

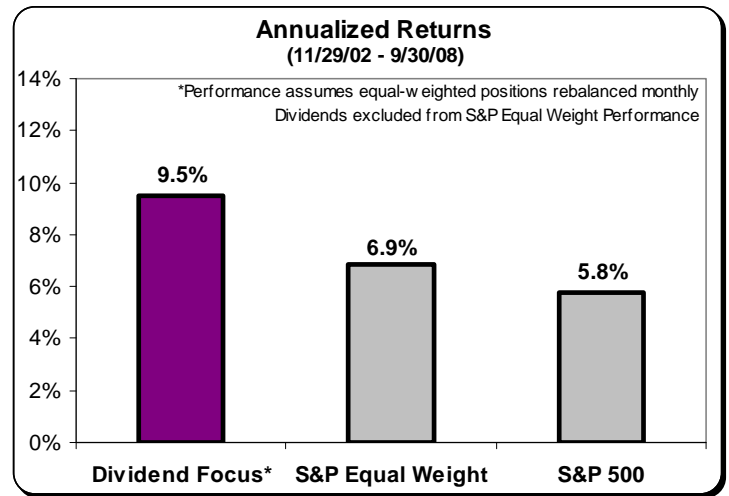
Source: EquityCompass Strategies, FactSet Research Systems Inc.

Dividend Focus

Selection Criteria:

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

Chart 5



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

October Highlights:

- Stifel analyst Chris King upgraded shares of AT&T (T) to Buy from Hold on September 4, citing valuation. King states that shares have been weak despite performing well operationally and seemingly winning market share in its wireless and enterprise businesses. He believes the company's low valuation and dividend yield, currently at approximately 5.5%, should provide support for the shares. His target price is \$38.
- Autoliv Inc. (ALV) recently completed its acquisition of Tyco Electronics' automotive radar sensors business for \$42 million. The company states the acquisition will enable Autoliv to leverage its existing customer relationships and safety system capability to build on its strong market position in automotive safety electronics.
- The *Wall Street Journal* reported that Eli Lilly (LLY) is in advanced talks to buy Imclone (IMCL) for about \$6.1 billion. Imclone Chairman Carl Icahn stated that the offer for Imclone was approximately \$70 per share.

Current Selections:

Symbol	Company Name	Price 9/30/08	52W High	52W Low	Dvd. Yld (%)	PPS	SVI	Valuation Percentile	12M Avg Valuation Percentile	Mean Valuation Deviation	Sub Industry
GCI	Gannett Co. Inc.*	\$16.91	\$46.18	\$14.62	9.46	6	B	6.9%	7.9%	-1.1%	Publishing
CODI	Compass Diversified Holdings*	\$13.94	\$17.39	\$9.51	9.33	1	A	7.5%	8.0%	-0.6%	Multi-Sector Holdings
TAL	TAL International Group Inc.*	\$20.82	\$28.35	\$19.78	7.93	1	A	15.2%	31.5%	-16.3%	Trading Companies & Dist.
DRE	Duke Realty Corp.*	\$24.58	\$35.40	\$20.50	7.89	5	B	57.4%	71.1%	-13.6%	Office REITs
SID	Companhia Siderurgica Nacional (ADS)*	\$21.26	\$52.46	\$18.42	7.46	2	A	42.1%	80.8%	-38.7%	Steel
CBS	CBS Corp. (CI B)	\$14.58	\$32.20	\$14.02	7.41	6	B	16.1%	26.4%	-10.3%	Broadcasting & Cable TV
LRY	Liberty Property Trust*	\$37.65	\$44.96	\$24.90	6.64	2	B	45.4%	55.7%	-10.3%	Div. REITs
O	Realty Income Corp.*	\$25.60	\$34.86	\$20.27	6.61	3	B	61.8%	72.0%	-10.3%	Retail REITs
IRC	Inland Real Estate Corp.*	\$15.69	\$16.97	\$10.84	6.25	2	B	41.5%	62.1%	-20.6%	Retail REITs
BP	BP PLC (ADS)*	\$50.17	\$79.77	\$48.35	6.20	5	A	1.0%	11.6%	-10.6%	Integrated Oil & Gas
WRI	Weingarten Realty Investors	\$35.67	\$45.00	\$26.77	5.89	5	A	53.0%	62.0%	-9.0%	Retail REITs
T	AT&T Inc.	\$27.92	\$42.80	\$27.51	5.73	7	A	16.7%	27.7%	-11.0%	Integrated Telecom. Svcs.
ALV	Autoliv Inc.	\$33.75	\$65.09	\$32.90	4.86	6	A	2.6%	5.3%	-2.8%	Auto Parts & Equip.
MRK	Merck & Co. Inc.	\$31.56	\$61.62	\$30.34	4.82	7	A	26.9%	52.2%	-25.3%	Pharmaceuticals
BTH	BLYTH Inc.*	\$11.34	\$24.49	\$10.89	4.76	6	B	16.5%	22.8%	-6.3%	Housewares & Specialties
RDSA	Royal Dutch Shell PLC (ADS CI A)*	\$59.01	\$88.73	\$56.10	4.61	5	B	2.0%	4.0%	-2.0%	Integrated Oil & Gas
MCHP	Microchip Technology Inc.	\$29.43	\$38.37	\$26.22	4.59	3	B	81.8%	83.7%	-2.0%	Semiconductors
BKH	Black Hills Corp.	\$31.07	\$45.41	\$30.10	4.51	5	A	39.9%	49.8%	-10.0%	Multi-Utilities
LNT	Alliant Energy Corp.*	\$32.21	\$43.41	\$31.19	4.35	5	A	24.7%	28.3%	-3.6%	Multi-Utilities
LLY	Eli Lilly & Co.*	\$44.03	\$59.82	\$42.88	4.27	5	A	47.6%	50.3%	-2.7%	Pharmaceuticals
Averages		\$28.86			6.18	4.4		30.3%	40.7%	-10.3%	

*Denotes new additions

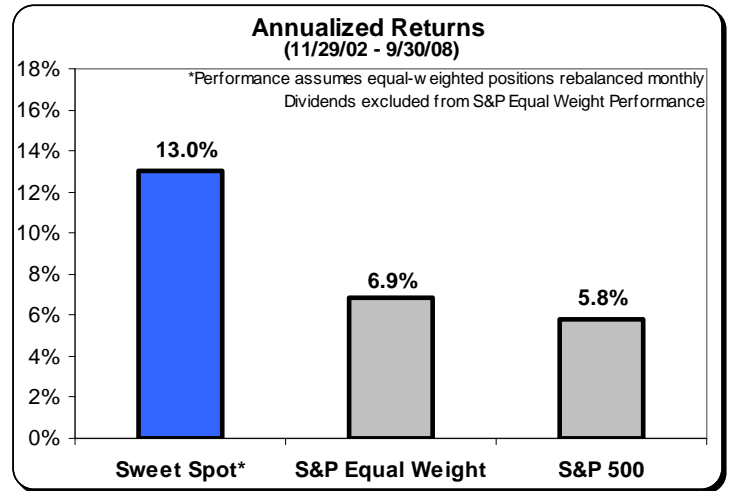
Source: EquityCompass Strategies, FactSet Research Systems Inc.

Sweet Spot

Selection Criteria:

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

Chart 6



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

Current Selections:

Symbol	Company Name	Price 9/30/08	Div. Yld (%)	PPS	SVI Score	SVI Grade
Consumer Discretionary						
DV	DeVry Inc.	\$49.54	0.24	3	100.0%	A
DWA	DreamWorks Anim.	\$31.45	--	3	98.6%	A
STRA	Strayer Education	\$200.26	0.75	4	97.3%	A
DIS	Walt Disney Co.	\$30.69	1.14	2	97.1%	A
CTRP	Ctrip.com Int'l. (ADS)*	\$38.61	0.58	4	96.9%	A
Consumer Staples						
KOF	Coca-Cola Femsa*	\$50.46	0.96	3	99.0%	A
HLF	Herbalife Ltd.	\$39.52	2.02	2	95.0%	A
FMX	Fomento Economico*	\$38.14	1.20	2	94.0%	A
CL	Colgate-Palmolive	\$75.35	2.12	4	93.0%	A
KO	Coca-Cola Co.	\$52.88	2.87	4	90.0%	A
Energy						
NE	Noble Corp.	\$43.90	0.36	1	100.0%	A
DO	Diamond Offshore	\$103.06	0.49	2	99.5%	A
NXY	Nexen Inc.*	\$23.23	0.86	1	98.9%	A
EOG	EOG Resources Inc.	\$89.46	0.60	2	98.4%	A
NBL	Noble Energy Inc.	\$55.59	1.30	1	97.4%	A
Financials						
BLK	Blackrock Inc.	\$194.50	1.60	3	100.0%	A
RLI	RLI Corp.	\$62.09	1.61	2	99.6%	A
SCHW	Charles Schwab	\$26.00	0.92	3	99.4%	A
IVZ	INVESCO Ltd.	\$20.98	2.67	3	99.2%	A
NLY	Annaly Capital Mgmt.	\$13.45	16.36	2	98.3%	A
Health Care						
SNN	Smith & Nephew*	\$53.09	1.16	4	99.6%	A
GENZ	Genzyme Corp.	\$80.89	--	4	99.3%	A
VIVO	Meridian Bioscience	\$29.04	1.93	4	98.1%	A
SYK	Stryker Corp.	\$62.30	0.53	3	97.8%	A
BDX	Becton Dickinson	\$80.26	1.42	3	97.4%	A

*Denotes new additions

Source: EquityCompass Strategies, FactSet Research Systems Inc.

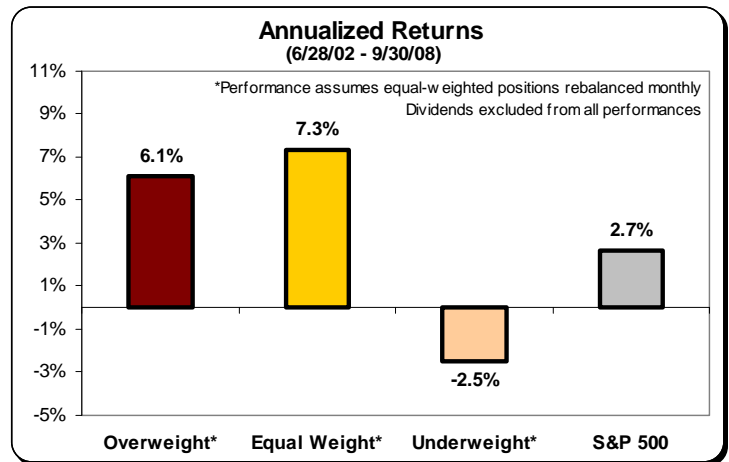
Symbol	Company Name	Price 9/30/08	Div. Yld (%)	PPS	SVI Score	SVI Grade
Industrials						
WGOV	Woodward Gov.	\$35.27	0.68	3	100.0%	A
ABB	ABB Ltd. (ADS)*	\$19.40	--	1	99.7%	A
BCO	Brink's Co.	\$61.02	0.66	2	99.4%	A
SNHY	Sun Hydraulics Cp.*	\$26.04	1.38	1	99.1%	A
ASR	Grupo Aero. del Sur.*	\$49.66	3.89	2	98.9%	A
Information Technology						
MA	MasterCard (CI A)	\$177.33	0.34	3	99.7%	A
SOHU	Sohu.com Inc.*	\$55.75	--	2	99.2%	A
QCOM	QUALCOMM Inc.	\$42.97	1.49	3	99.0%	A
SINA	SINA Corp.*	\$35.20	--	2	98.5%	A
FDS	FactSet Research	\$52.25	1.38	3	98.0%	A
Materials						
POT	Potash Cp. of Sask.	\$132.01	0.30	2	100.0%	A
CF	CF Industries Hldgs.	\$91.46	0.44	1	99.3%	A
BHP	BHP Billiton (ADS)	\$51.99	3.73	2	98.5%	A
MON	Monsanto Co.	\$98.98	0.97	3	97.8%	A
PX	Praxair Inc.	\$71.74	2.09	3	97.0%	A
Telecommunication Services						
PTNR	Partner Commun.	\$18.42	6.53	1	98.3%	A
TNE	Tele Norte Leste	\$17.46	0.72	1	85.0%	A
NTLS	NTELOS Hldgs.*	\$26.89	3.12	3	83.3%	A
WIN	Windstream Cp.*	\$10.94	9.14	3	76.7%	A
SBAC	SBA Commun.*	\$25.87	--	4	71.7%	B
Utilities						
FE	FirstEnergy Corp.	\$66.99	3.28	3	97.7%	A
DPL	DPL Inc.*	\$24.80	4.44	3	96.6%	A
D	Dominion Res.*	\$42.78	3.69	3	93.1%	A
SBS	CIA de Saneamento*	\$28.35	--	1	90.8%	A
NFG	National Fuel Gas*	\$42.18	3.08	2	89.7%	A

Sector Focus

Selection Criteria:

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

Chart 7



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

October - Short-Term Sector Opinion		
S&P GICS Sector	*Average MVD	Opinion
Utilities**	-5.0%	Overweight
Information Technology	-4.8%	Overweight
Energy	-4.6%	Overweight
Telecom Services**	-2.5%	Equal Weight
Industrials**	2.2%	Equal Weight
Health Care	2.5%	Equal Weight
Materials	3.0%	Equal Weight
Financials	10.5%	Underweight
Consumer Discretionary	12.0%	Underweight
Consumer Staples**	12.7%	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	O	E	O	E	E	O	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	E	U	U
	December-07	O	U	E	E	E	O	U	U	U	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

O = Overweight; E = Equal Weight; U = Underweight

Source: EquityCompass Strategies

Table 8

Aggregate Stock Selection List												Sweet Spot	Dividend Focus	Quality Contrarian	Research Focus	S&P 500 RL 15
Symbol	Company Name	Price 9/30/08	52W High	52W Low	Div. Yield (%)	Sector	Market Cap (Mil)	PPS	SVI	RL	Compass Rating					
ABB	ABB Ltd. (ADS)	\$19.40	\$33.39	\$17.57	--	Industrials	\$45,008	1	A	L	Buy	●				
AKAM	Akamai Technologies	\$17.44	\$41.45	\$14.60	--	Info. Tech.	\$2,946	7	A	L	Buy			●		●
ARLP	Alliance Resource Part.	\$31.52	\$58.00	\$28.74	8.38	Energy	\$1,154	1	A	L	Buy					●
LNT	Alliant Energy Corp.	\$32.21	\$43.41	\$31.19	4.35	Utilities	\$3,558	5	A	--	Buy		●			
NLY	Annaly Capital Mgmt.	\$13.45	\$21.20	\$11.50	16.36	Financials	\$7,243	2	A	--	Buy	●				
T	AT&T Inc.	\$27.92	\$42.80	\$27.51	5.73	Telecom.	\$164,533	7	A	--	Buy		●			
ALV	Autoliv Inc.	\$33.75	\$65.09	\$32.90	4.86	Cons. Disc.	\$2,427	6	A	--	Buy		●			
BEAV	BE Aerospace Inc.	\$15.83	\$54.09	\$14.11	--	Industrials	\$1,474	6	A	L	Buy					●
BDX	Becton Dickinson & Co.	\$80.26	\$93.24	\$76.02	1.42	Health Care	\$19,549	3	A	--	Buy	●				
BHP	BHP Billiton Ltd. (ADS)	\$51.99	\$95.61	\$49.36	3.73	Materials	\$144,672	2	A	L	Buy	●				
BBG	Bill Barrett Corp.	\$32.11	\$60.87	\$29.43	--	Energy	\$1,447	1	C	L	Buy					●
BKH	Black Hills Corp.	\$31.07	\$45.41	\$30.10	4.51	Utilities	\$1,193	5	A	--	Buy		●			
BLK	Blackrock Inc.	\$194.50	\$233.90	\$156.20	1.60	Financials	\$22,770	3	A	--	Buy	●				
BTH	BLYTH Inc.	\$11.34	\$24.49	\$10.89	4.76	Cons. Disc.	\$403	6	B	--	Buy		●			
BP	BP PLC (ADS)	\$50.17	\$79.77	\$48.35	6.20	Energy	\$157,242	5	A	--	Buy		●			
BCO	Brink's Co.	\$61.02	\$74.61	\$49.04	0.66	Industrials	\$2,892	2	A	--	Buy	●				
BRCM	Broadcom Corp.	\$18.63	\$43.07	\$16.38	--	Info. Tech.	\$9,451	7	B	L	Buy					●
BUCY	Bucyrus International Inc.	\$44.68	\$79.50	\$33.66	0.22	Industrials	\$3,345	2	A	L	Buy					●
CA	CA Inc.	\$19.96	\$28.11	\$18.31	0.80	Info. Tech.	\$10,248	2	B	L	Buy					●
COG	Cabot Oil & Gas Corp.	\$36.14	\$72.92	\$32.10	0.33	Energy	\$3,735	2	A	L	Buy					●
CBS	CBS Corp (CI B)	\$14.58	\$32.20	\$14.02	7.41	Cons. Disc.	\$9,783	6	B	--	Buy		●			
CF	CF Industries Holdings	\$91.46	\$172.99	\$68.30	0.44	Materials	\$5,167	1	A	--	Buy	●				
SCHW	Charles Schwab Corp.	\$26.00	\$28.75	\$17.86	0.92	Financials	\$29,936	3	A	--	Buy	●				
CBI	Chicago Bridge & Iron	\$19.24	\$63.50	\$15.90	0.83	Industrials	\$1,857	6	A	L	Buy					●
KO	Coca-Cola Co.	\$52.88	\$65.59	\$49.44	2.87	Cons. Staples	\$122,153	4	A	--	Buy	●				
KOF	Coca-Cola Femsa	\$50.46	\$63.77	\$39.84	0.96	Cons. Staples	\$9,318	3	A	--	Buy	●				
CL	Colgate-Palmolive Co.	\$75.35	\$81.98	\$66.21	2.12	Cons. Staples	\$38,107	4	A	--	Buy	●				
SBS	Companhia de Saneam.	\$28.35	\$57.46	\$25.63	--	Utilities	\$3,230	1	A	--	Buy	●				
SID	Companhia Siderurgica	\$21.26	\$52.46	\$18.42	7.46	Materials	\$16,359	2	A	L	Buy		●			
CODI	Compass Diversified	\$13.94	\$17.39	\$9.51	9.33	Financials	\$439	1	A	--	Buy		●			
CNX	Consol Energy Inc.	\$45.89	\$119.10	\$36.25	0.87	Energy	\$8,405	2	A	L	Buy					●
CTRP	Ctrip.com International	\$38.61	\$70.89	\$34.26	0.58	Cons. Disc.	\$2,574	4	A	--	Buy	●				
DE	Deere & Co.	\$49.50	\$94.89	\$46.18	2.26	Industrials	\$21,137	5	B	L	Buy					●
DV	DeVry Inc.	\$49.54	\$61.57	\$36.79	0.24	Cons. Disc.	\$3,536	3	A	--	Buy	●				
DO	Diamond Offshore Drill.	\$103.06	\$149.30	\$95.18	0.49	Energy	\$14,324	2	A	--	Buy	●				
D	Dominion Resources Inc.	\$42.78	\$49.38	\$38.63	3.69	Utilities	\$24,812	3	A	--	Buy	●				
DPL	DPL Inc.	\$24.80	\$31.00	\$22.28	4.44	Utilities	\$2,818	3	A	--	Buy	●				
DWA	DreamWorks Animation	\$31.45	\$34.99	\$21.25	--	Cons. Disc.	\$2,908	3	A	--	Buy	●				
DRE	Duke Realty Corp.	\$24.58	\$35.40	\$20.50	7.89	Financials	\$3,610	5	B	--	Buy		●			
EP	El Paso Corp.	\$12.76	\$22.47	\$11.25	1.57	Energy	\$8,965	2	B	L	Buy					●
ERTS	Electronic Arts Inc.	\$36.99	\$61.62	\$35.10	--	Info. Tech.	\$11,800	5	B	L	Buy					●
LLY	Eli Lilly & Co.	\$44.03	\$59.82	\$42.88	4.27	Health Care	\$50,060	5	A	--	Buy		●			
EMC	EMC Corp.	\$11.96	\$25.47	\$11.22	--	Info. Tech.	\$24,764	7	A	L	Buy			●		●
EOG	EOG Resources Inc.	\$89.46	\$144.99	\$71.91	0.60	Energy	\$22,257	2	A	L	Buy	●				●
FDS	FactSet Research Sys.	\$52.25	\$73.99	\$43.04	1.38	Info. Tech.	\$2,508	3	A	--	Buy	●				
FE	FirstEnergy Corp.	\$66.99	\$84.00	\$63.03	3.28	Utilities	\$20,421	3	A	--	Buy	●				
FLR	Fluor Corp.	\$55.70	\$101.37	\$46.19	0.90	Industrials	\$9,891	2	A	L	Buy					●
FMX	Fomento Economico	\$38.14	\$49.84	\$29.40	1.20	Cons. Staples	\$8,243	2	A	--	Buy	●				
FWLT	Foster Wheeler Ltd.	\$36.11	\$85.65	\$30.50	--	Industrials	\$5,207	7	B	L	Buy					●
GCI	Gannett Co. Inc.	\$16.91	\$46.18	\$14.62	9.46	Cons. Disc.	\$3,857	6	B	--	Buy		●			
GENZ	Genzyme Corp.	\$80.89	\$83.97	\$61.18	--	Health Care	\$21,731	4	A	--	Buy	●				
GRT	Glimcher Realty Trust	\$10.44	\$24.73	\$8.45	12.26	Financials	\$395	7	D	L	Buy					●
ASR	Grupo Aeroport. del Sur.	\$49.66	\$63.54	\$43.57	3.89	Industrials	\$1,490	2	A	--	Buy	●				
HWAY	Healthways Inc.	\$16.17	\$71.22	\$14.93	--	Health Care	\$543	7	C	L	Buy					●
HLF	Herbalife Ltd.	\$39.52	\$51.09	\$35.30	2.02	Cons. Staples	\$2,517	2	A	--	Buy	●				

Table 8 (continued)

Aggregate Stock Selection List												Sweet Spot	Dividend Focus	Quality Contrarian	Research Focus	S&P 500 RL 15
Symbol	Company Name	Price 9/30/08	52W High	52W Low	Div. Yield (%)	Sector	Market Cap (Mil)	PPS	SVI	RL	Compass Rating					
IRC	Inland Real Estate Corp.	\$15.69	\$16.97	\$10.84	6.25	Financials	\$1,036	2	B	--	Buy		●			
ISIL	Intersil Corp. (CI A)	\$16.58	\$34.78	\$15.56	2.90	Info. Tech.	\$2,050	6	A	L	Buy					●
IVZ	INVESCO Ltd.	\$20.98	\$32.25	\$18.97	2.67	Financials	\$8,114	3	A	H	Buy	●				
JEC	Jacobs Engineering Grp.	\$54.31	\$103.29	\$46.49	--	Industrials	\$6,648	2	B	L	Buy					●
JOYG	Joy Global Inc.	\$45.14	\$90.00	\$35.82	1.55	Industrials	\$4,865	2	A	L	Buy					●
JNPR	Juniper Networks Inc.	\$21.07	\$37.95	\$20.58	--	Info. Tech.	\$11,463	5	A	L	Buy					●
KBR	KBR Inc.	\$15.27	\$45.24	\$13.50	1.31	Industrials	\$2,593	6	--	L	Buy					●
LRY	Liberty Property Trust	\$37.65	\$44.96	\$24.90	6.64	Financials	\$3,499	2	B	--	Buy		●			
MAC	Macquarie Infrastructure	\$13.21	\$42.00	\$12.00	19.53	Industrials	\$594	7	B	L	Buy					●
MA	MasterCard Inc. (CI A)	\$177.33	\$320.30	\$143.15	0.34	Info. Tech.	\$22,897	3	A	--	Buy	●				
WFR	MEMC Electronic Mat.	\$28.26	\$96.08	\$25.15	--	Info. Tech.	\$6,455	6	A	L	Buy			●		●
MRK	Merck & Co. Inc.	\$31.56	\$61.62	\$30.34	4.82	Health Care	\$67,616	7	A	L	Buy		●	●		
VIVO	Meridian Bioscience Inc.	\$29.04	\$37.00	\$23.25	1.93	Health Care	\$1,166	4	A	--	Buy	●				
MCHP	Microchip Technology	\$29.43	\$38.37	\$26.22	4.59	Info. Tech.	\$5,429	3	B	--	Buy		●			
MON	Monsanto Co.	\$98.98	\$145.80	\$82.51	0.97	Materials	\$54,401	3	A	--	Buy	●				
NFG	National Fuel Gas Co.	\$42.18	\$63.71	\$38.04	3.08	Utilities	\$3,437	2	A	--	Buy	●				
NWS	News Corp. (CI B)	\$12.15	\$24.95	\$11.79	0.99	Cons. Disc.	\$9,702	6	A	L	Buy			●	●	
NXY	Nexen Inc.	\$23.23	\$42.71	\$20.56	0.86	Energy	\$12,318	1	A	--	Buy	●			●	
NE	Noble Corp.	\$43.90	\$68.99	\$39.89	0.36	Energy	\$11,816	1	A	--	Buy	●				
NBL	Noble Energy Inc.	\$55.59	\$105.11	\$50.22	1.30	Energy	\$9,617	1	A	L	Buy	●				
NTLS	NTELOS Holdings Corp.	\$26.89	\$33.02	\$18.47	3.12	Telecom.	\$1,134	3	A	--	Buy	●				
OII	Oceaneering Int'l.	\$53.32	\$85.88	\$49.00	--	Energy	\$2,943	2	C	L	Buy					●
PTNR	Partner Communications	\$18.42	\$24.70	\$16.31	6.53	Telecom.	\$2,856	1	A	--	Buy	●				
BTU	Peabody Energy Corp.	\$45.00	\$88.69	\$39.06	0.53	Energy	\$12,234	2	D	L	Buy					●
PETD	Petroleum Development	\$44.37	\$79.09	\$34.15	--	Energy	\$659	2	C	L	Buy					●
PXD	Pioneer Natural Res.	\$52.28	\$82.21	\$36.37	0.61	Energy	\$6,194	2	A	L	Buy					●
POT	Potash Corp. of Saskat.	\$132.01	\$241.62	\$97.36	0.30	Materials	\$40,474	2	A	L	Buy	●				
PX	Praxair Inc.	\$71.74	\$99.74	\$67.78	2.09	Materials	\$22,597	3	A	--	Buy	●				
PCP	Precision Castparts Cp.	\$78.78	\$160.73	\$76.30	0.15	Industrials	\$10,979	7	A	L	Buy			●		
QCOM	QUALCOMM Inc.	\$42.97	\$56.88	\$30.87	1.49	Info. Tech.	\$70,471	3	A	--	Buy	●				
STR	Questar Corp.	\$40.92	\$74.87	\$36.96	1.20	Utilities	\$7,095	2	B	L	Buy					●
O	Realty Income Corp.	\$25.60	\$34.86	\$20.27	6.61	Financials	\$2,594	3	B	--	Buy		●			
RLI	RLI Corp.	\$62.09	\$72.10	\$44.51	1.61	Financials	\$1,325	2	A	--	Buy	●				
RDSA	Royal Dutch Shell PLC	\$59.01	\$88.73	\$56.10	4.61	Energy	\$184,396	5	B	--	Buy		●			
SAY	Satyam Computer Svcs.	\$16.15	\$30.89	\$14.56	0.79	Info. Tech.	\$5,411	7	A	L	Buy					●
SBAC	SBA Communications	\$25.87	\$38.50	\$23.10	--	Telecom.	\$2,740	4	B	--	Buy	●				
SGR	Shaw Group Inc.	\$30.73	\$77.30	\$25.48	--	Industrials	\$2,562	5	C	L	Buy					●
SINA	SINA Corp.	\$35.20	\$59.27	\$31.80	--	Info. Tech.	\$1,954	2	A	L	Buy	●				
SNN	Smith & Nephew PLC	\$53.09	\$69.20	\$50.49	1.16	Health Care	\$9,510	4	A	--	Buy	●				
SOHU	Sohu.com Inc.	\$55.75	\$91.50	\$35.75	--	Info. Tech.	\$2,140	2	A	L	Buy	●				
STRA	Strayer Education Inc.	\$200.26	\$229.48	\$142.14	0.75	Cons. Disc.	\$2,858	4	A	--	Buy	●				
SYK	Stryker Corp.	\$62.30	\$76.89	\$58.45	0.53	Health Care	\$25,680	3	A	--	Buy	●				
SNHY	Sun Hydraulics Corp.	\$26.04	\$42.94	\$17.02	1.38	Industrials	\$432	1	A	L	Buy	●				
TAL	TAL International Group	\$20.82	\$28.35	\$19.78	7.93	Industrials	\$681	1	A	--	Buy		●			
TNE	Tele Norte Leste Particip.	\$17.46	\$28.14	\$13.30	0.72	Telecom.	\$6,672	1	A	--	Buy	●				
TXT	Textron Inc.	\$29.28	\$74.40	\$26.46	3.14	Industrials	\$7,277	6	A	L	Buy			●		
WDR	Waddell & Reed Fin'l.	\$24.75	\$41.00	\$21.25	3.07	Financials	\$2,134	2	B	L	Buy					●
DIS	Walt Disney Co.	\$30.69	\$35.69	\$26.30	1.14	Cons. Disc.	\$57,381	2	A	--	Buy	●				
WRI	Weingarten Realty Inv.	\$35.67	\$45.00	\$26.77	5.89	Financials	\$2,996	5	A	--	Buy		●			
WMB	Williams Cos.	\$23.65	\$40.75	\$19.77	1.86	Energy	\$13,693	5	B	L	Buy					●
WPZ	Williams Partners L.P.	\$25.85	\$45.79	\$22.77	9.67	Energy	\$1,364	7	B	L	Buy					●
WIN	Windstream Corp.	\$10.94	\$14.40	\$10.40	9.14	Telecom.	\$4,809	3	A	--	Buy	●				
WGOV	Woodward Governor Co.	\$35.27	\$48.62	\$24.50	0.68	Industrials	\$2,361	3	A	--	Buy	●				
XTO	XTO Energy Inc.	\$46.52	\$73.74	\$42.48	1.03	Energy	\$23,798	2	A	L	Buy					●

Source: EquityCompass Strategies

Table 9

EquityCompass Sector/Sub-Industry Performance Monitor (Through 9/30/08)

Index	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
S&P 500	-20.6%	-9.1%	-8.9%	-11.8%	-20.6%	-23.6%	-8.9%	-1.7%	1.1%	3.2%	-23.4%	26.4%	9.0%	3.0%	13.6%	3.5%
Dow Jones Industrial Average	-18.2%	-6.0%	-4.4%	-11.5%	-18.2%	-21.9%	-6.0%	0.9%	1.9%	3.2%	-16.8%	25.3%	3.1%	-0.6%	16.3%	6.4%
S&P 500 Citigroup Growth	-19.4%	-10.5%	-11.8%	-10.3%	-19.4%	-20.7%	-6.3%	-1.2%	1.3%	2.2%	-24.5%	23.9%	4.7%	2.5%	9.4%	7.7%
S&P 500 Citigroup Value	-22.0%	-7.8%	-5.7%	-13.7%	-22.0%	-26.7%	-11.7%	-2.4%	0.9%	4.1%	-22.5%	29.0%	13.3%	3.5%	18.0%	-0.4%
S&P SmallCap 600	-8.7%	-6.9%	-1.2%	-1.1%	-8.7%	-14.8%	-5.7%	1.0%	5.5%	8.8%	-15.3%	37.5%	21.6%	6.7%	14.1%	-1.2%
S&P MidCap 400	-15.3%	-10.8%	-11.2%	-6.7%	-15.3%	-17.8%	-6.8%	0.5%	5.2%	7.3%	-15.4%	34.0%	15.2%	11.3%	9.0%	6.7%

Sector / Industry ¹	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Consumer Discretionary	-15.0%	-7.9%	-1.0%	-8.9%	-15.0%	-24.1%	-14.8%	-5.5%	-2.8%	0.3%	-22.3%	37.0%	13.3%	-5.7%	14.8%	-14.5%
Auto Parts & Equipment	-21.0	-6.6	-2.3	-15.7	-21.0	-28.8	-7.6	-0.9	-4.4	-1.6	-10.5	44.6	-1.0	-21.5	3.4	19.8
Tires & Rubber	-45.8	-21.9	-14.1	-40.7	-45.8	-49.7	-22.5	-3.1	0.5	7.6	-47.9	22.1	36.4	-0.6	22.4	27.2
Automobile Manufacturers	-42.4	8.0	-1.2	-28.7	-42.4	-57.6	-31.9	-24.3	-25.0	-18.1	-30.8	57.0	-14.7	-46.1	20.2	-15.9
Motorcycle Manufacturers	-20.1	-6.2	2.9	-0.5	-20.1	-19.3	-24.8	-8.3	-11.0	-5.0	-14.9	2.9	27.8	-15.2	36.9	-33.7
Consumer Electronics	-50.9	-0.6	-13.6	-18.8	-50.9	-57.6	-38.7	-28.6	-23.3	-5.4	31.9	148.7	71.7	-23.0	2.1	-24.0
Home Furnishings	3.3	-0.5	7.9	2.2	3.3	-14.2	-15.3	-10.5	--	--	--	--	--	--	-0.5	-28.2
Homebuilding	1.2	2.3	24.0	-12.4	1.2	-5.7	-29.8	-29.9	-15.9	-6.5	-4.3	97.0	36.3	15.0	-20.2	-55.5
Household Appliances	-5.9	-6.1	8.9	-7.3	-5.9	-16.2	-8.4	-1.2	2.1	5.3	-14.3	20.9	18.6	3.4	1.4	-4.8
Housewares & Specialties	-25.1	-6.2	-4.9	-21.3	-25.1	-32.4	-17.0	-9.4	-4.6	-1.2	10.7	12.7	6.6	-0.8	12.6	-9.2
Leisure Products	0.8	-5.8	6.5	1.3	0.8	-13.2	-12.4	-2.5	-3.2	0.1	-7.8	26.3	13.9	-13.1	13.9	-19.6
Photographic Products	-29.7	-5.0	6.6	-13.0	-29.7	-42.5	-19.7	-14.2	-16.9	-6.8	17.8	-25.3	21.9	-27.4	10.3	-15.2
Apparel, Accessories & Luxury Goods	-5.7	-8.3	-2.0	-5.7	-5.7	-29.8	-18.8	-2.6	1.0	6.6	12.4	36.8	28.3	1.6	28.6	-26.1
Footwear	-8.2	7.7	7.0	-5.7	-8.2	-9.2	4.1	11.7	11.7	14.3	-14.2	52.3	27.9	1.4	16.9	22.8
Textiles	--	--	--	--	--	--	--	--	--	--	-19.4	-4.3	--	--	--	--
Casinos & Gaming	-52.6	-19.4	-24.8	-46.4	-52.6	-53.1	-30.7	-13.5	-9.8	-1.3	-0.6	56.7	31.6	-0.9	28.1	-1.8
Hotels, Resorts & Cruise Lines	-25.5	-10.3	-5.1	-24.4	-25.5	-38.1	-20.1	-7.7	-2.9	3.5	-11.8	47.3	45.4	0.2	13.4	-14.1
Leisure Facilities	-23.4	-7.1	2.6	-3.3	-23.4	-35.2	-22.4	-16.5	-11.9	-8.7	-34.8	20.0	2.5	-4.9	-2.6	-18.1
Restaurants	-7.3	-3.5	1.8	-1.9	-7.3	-9.2	-1.9	7.0	8.4	11.0	-17.7	41.1	29.3	3.3	20.9	1.5
Education Services	-8.1	-6.1	12.1	37.1	-8.1	-5.0	7.2	2.7	--	--	--	--	--	--	-16.5	44.6
Specialized Consumer Services	-9.1	-11.6	-1.8	-2.4	-9.1	-18.0	-8.5	-3.8	--	--	--	--	--	--	2.7	-6.9
Advertising	-18.7	-11.7	-12.8	-11.5	-18.7	-24.6	-17.4	-8.1	-3.3	-2.5	-40.6	27.6	-1.1	-7.2	17.4	-15.4
Broadcasting & Cable TV	-7.0	-11.2	-5.4	-4.9	-7.0	-22.9	-13.0	-2.8	-1.7	-3.6	-30.3	35.2	-10.2	-17.3	40.5	-23.7
Movies & Entertainment	-23.4	-12.9	-9.9	-15.8	-23.4	-27.5	-16.4	-5.0	-2.7	-2.0	-37.8	26.1	0.6	-12.3	27.4	-10.5
Publishing	-34.5	-15.3	-16.5	-21.7	-34.5	-39.0	-28.3	-18.9	-16.1	-12.0	4.9	16.3	-1.3	-15.2	9.7	-22.5
Distributors	-15.7	-6.1	-0.5	-7.7	-15.7	-18.4	-6.9	-4.5	0.8	4.3	-8.4	11.5	31.1	1.9	1.4	4.0
Catalog Retail	--	-24.8	--	--	--	--	13.2	-18.3	-14.0	-7.2	-44.8	80.8	11.3	2.7	-49.5	--
Internet Retail	-31.4	-12.2	-8.8	-11.6	-31.4	-33.3	5.2	0.3	-2.4	9.2	--	90.5	80.0	-25.3	-14.9	64.4
Department Stores	-18.4	-8.7	3.6	-9.0	-18.4	-35.4	-28.9	-9.5	-0.5	1.4	-27.5	25.2	20.2	15.1	34.2	-33.6
General Merchandise Stores	4.4	-6.7	6.4	1.4	4.4	-20.4	-8.9	0.2	1.5	1.8	-16.1	30.1	17.3	0.7	5.0	-14.5
Apparel Retail	-7.5	-10.5	-0.1	-5.6	-7.5	-15.5	-14.4	-3.3	0.3	3.9	-1.2	36.0	16.8	8.1	8.5	-20.0
Computer & Electronics Retail	-31.5	-17.2	-4.9	-16.3	-31.5	-26.6	-11.0	-3.9	0.6	3.3	-44.5	75.0	16.8	6.9	10.9	14.9
Home Improvement Retail	-0.4	-4.1	12.9	-2.1	-0.4	-17.8	-16.7	-10.2	-6.7	-2.3	-43.7	46.5	15.3	1.7	-1.4	-29.7
Specialty Stores	-14.4	-10.1	-5.2	-7.0	-14.4	-25.3	-19.5	-8.1	-2.6	-0.6	-12.1	37.1	7.2	10.0	16.0	-25.5
Automotive Retail	-13.9	-7.8	3.8	-8.1	-13.9	-15.8	-14.8	-2.0	--	--	--	--	--	--	17.1	-12.9
Homefurnishing Retail	4.7	0.0	12.6	9.5	4.7	-3.8	-10.5	-3.1	-6.1	-2.6	-5.4	10.6	18.2	-11.7	-4.9	-18.1

Sector / Industry	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Consumer Staples	-4.8%	-1.6%	4.2%	-2.0%	-4.8%	-2.0%	2.9%	5.9%	6.9%	6.8%	-6.0%	10.0%	6.6%	1.7%	12.1%	11.5%
Drug Retail	-15.5	-10.5	-10.0	-16.4	-15.5	-22.6	-5.4	-2.1	4.5	7.8	-14.3	29.1	10.8	16.2	8.1	5.0
Food Distributors	-1.2	-2.1	12.0	6.9	-1.2	-11.5	-2.8	-1.1	1.1	-0.9	2.7	27.4	3.3	-17.7	18.2	-13.8
Food Retail	-21.7	-3.4	-12.4	-11.0	-21.7	-24.8	-11.4	-3.0	4.3	3.3	-30.6	8.0	1.7	14.5	15.2	5.4
Hypermarkets & Super Centers	18.9	0.6	3.9	11.1	18.9	30.5	10.7	11.6	4.1	2.7	--	--	1.9	-9.4	0.1	8.0
Brewers	18.6	-4.0	1.9	27.9	18.6	23.6	13.1	13.9	6.2	5.5	7.4	8.0	-1.9	-15.3	14.3	8.6
Distillers & Vintners	-5.6	0.5	-0.1	13.4	-5.6	-7.1	1.4	0.9	7.9	10.1	6.3	41.6	18.4	26.7	3.3	-2.9
Soft Drinks	-11.5	2.6	6.5	-8.3	-11.5	-7.2	5.5	7.0	8.1	6.4	-8.0	12.3	-5.4	4.8	12.1	24.6
Agricultural Products	-49.0	-16.4	-34.9	-43.1	-49.0	-32.6	-17.6	-1.3	6.7	11.0	-13.4	22.0	44.3	6.6	33.0	40.5
Packaged Foods & Meats	2.9	1.0	10.4	5.1	2.9	-2.0	1.5	3.6	4.4	5.9	-1.0	8.0	15.5	-8.3	13.2	0.3
Tobacco	-9.9	-7.1	-1.0	-6.5	-9.9	-2.5	2.6	7.2	16.5	15.1	-11.7	32.6	13.6	19.3	17.1	14.6
Household Products	-5.2	0.3	13.3	-0.5	-5.2	-1.0	3.8	5.9	6.5	7.7	0.6	14.9	10.5	2.1	12.6	13.5
Personal Products	7.0	-1.6	11.4	5.6	7.0	7.9	3.6	13.5	13.3	16.4	-1.6	23.0	18.8	11.5	21.3	11.6

Sector / Industry	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Energy	-18.2%	-12.8%	-26.2%	-12.3%	-18.2%	-14.6%	6.1%	6.6%	15.6%	20.7%	-11.4%	22.1%	29.9%	31.7%	20.3%	32.7%
Oil & Gas Drilling	-16.7	-17.7	-34.1	-17.0	-16.7	-8.5	8.3	5.8	17.4	21.3	-3.6	6.7	36.6	53.5	-0.2	36.2
Oil & Gas Equipment & Services	-21.7	-22.4	-34.0	-14.6	-21.7	-24.6	7.2	11.2	18.8	23.9	-8.9	17.6	33.6	48.6	16.8	45.4
Integrated Oil & Gas	-16.4	-6.3	-16.9	-6.7	-16.4	-13.7	6.6	7.3	13.7	18.5	-14.5	23.2	25.5	15.2	31.9	27.3
Oil & Gas Exploration & Production	-9.7	-15.8	-34.6	-19.7	-9.7	3.6	12.1	8.2	22.1	27.7	0.4	25.5	34.8	61.0	3.0	42.2
Oil & Gas Refining & Marketing	-56.2	-13.6	-22.7	-37.2	-56.2	-55.0	-27.8	-19.6	3.3	15.7	-11.3	39.9	66.6	77.1	-2.7	30.8
Oil & Gas Storage & Transportation	-23.4	-18.9	-33.5	-16.7	-23.4	-20.3	-6.2	-2.8	--	--	--	--	--	--	16.7	12.4
Coal & Consumable Fuels	-26.2	-35.2	-55.6	-19.7	-26.2	5.7	11.5	2.1	--	--	--	--	--	--	-15.4	75.0

¹ Based on S&P 1500 Supercomposite indexes

Table 9 (continued)

EquityCompass Sector/Sub-Industry Performance Monitor (Through 9/30/08)

Index	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Financials	-28.4%	-4.1%	1.4%	-17.0%	-28.4%	-39.0%	-23.7%	-11.0%	-7.4%	-3.6%	-15.5%	28.3%	9.2%	3.8%	15.8%	-20.7%
Diversified Banks	-17.6	2.7	21.2	-7.7	-17.6	-30.6	-18.7	-7.7	-6.2	-1.3	-2.7	27.5	13.5	-1.2	12.0	-21.4
Regional Banks	-20.1	7.9	26.4	-12.0	-20.1	-35.2	-24.9	-13.8	-11.2	-6.1	--	--	9.7	-4.1	10.0	-29.7
Thriffs & Mortgage Finance	-76.9	-39.7	-58.4	-70.1	-76.9	-86.0	-65.2	-48.2	-40.8	-32.7	--	--	10.2	-11.4	11.6	-50.3
Other Diversified Financial Services	-13.1	14.3	35.7	-1.2	-13.1	-32.0	-19.7	-7.9	-6.6	-5.2	--	--	-1.0	1.5	16.3	-29.5
Multi-Sector Holdings	-3.5	-1.8	-3.2	0.5	-3.5	-5.8	26.7	28.2	24.5	29.2	--	23.6	50.7	2.5	18.8	67.0
Specialized Finance	-46.7	-0.9	-10.1	-24.7	-46.7	-45.6	-29.3	-15.0	-5.6	0.9	--	--	37.6	30.5	4.2	-6.3
Consumer Finance	-22.6	-7.2	-0.4	-13.0	-22.6	-41.7	-24.2	-15.6	-10.0	-5.3	--	--	22.7	2.2	5.5	-30.1
Asset Management & Custody Banks	-27.4	-10.5	-8.5	-16.5	-27.4	-23.6	-10.3	2.3	6.8	6.2	--	--	10.1	12.8	16.9	14.6
Investment Banking & Brokerage	-50.9	-23.9	-23.8	-33.2	-50.9	-55.6	-34.6	-15.4	-6.6	-5.2	--	--	3.9	16.9	39.1	-17.4
Diversified Capital Markets	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Insurance Brokers	4.7	-2.5	8.6	20.1	4.7	6.2	2.6	3.6	-2.1	-0.1	-20.1	6.8	-17.9	13.3	-2.9	0.6
Life & Health Insurance	-15.7	-1.2	5.2	-9.0	-15.7	-18.8	-6.3	3.0	7.9	11.7	-17.0	25.2	21.7	20.0	14.7	8.7
Multi-line Insurance	-76.8	-53.5	-59.3	-70.2	-76.8	-79.2	-54.3	-38.4	-30.7	-22.7	-27.1	16.4	3.0	8.2	7.0	-13.8
Property & Casualty Insurance	-14.7	1.8	5.1	-2.2	-14.7	-22.1	-13.3	-6.3	-0.4	2.4	-10.6	25.8	10.2	14.5	10.2	-15.8
Reinsurance	-13.8	5.4	8.6	-3.3	-13.8	-21.5	-5.7	-4.0	3.9	2.9	-28.9	53.0	5.9	12.0	-2.2	2.3
Diversified REIT's	7.1	-5.6	5.3	6.3	7.1	-16.3	-15.7	--	--	--	--	--	--	--	--	-31.1
Industrial REIT's	-29.3	-2.2	-18.7	-24.9	-29.3	-32.5	-17.9	--	--	--	--	--	--	--	--	1.3
Mortgage REIT's	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Office REIT's	3.3	-4.6	7.3	6.0	3.3	-9.2	-12.6	--	--	--	--	--	--	--	--	-21.0
Residential REIT's	15.4	1.8	12.3	4.6	15.4	-7.0	-9.5	--	--	--	--	--	--	--	--	-27.9
Retail REIT's	-7.5	-1.5	-0.8	-9.2	-7.5	-24.2	-18.3	--	--	--	--	--	--	--	--	-20.7
Specialized REIT's	6.9	3.9	13.3	5.3	6.9	-3.1	-7.4	--	--	--	--	--	--	--	--	-17.1
Real Estate Management & Development	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	-40.4
Sector / Industry	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Health Care	-13.0%	-6.3%	0.1%	-1.2%	-13.0%	-13.3%	-4.2%	-0.4%	2.2%	2.7%	-20.0%	16.0%	2.0%	6.0%	5.4%	6.4%
Health Care Equipment	-1.0	-6.2	0.8	1.0	-1.0	-2.3	3.2	5.1	4.3	7.7	-13.4	31.5	13.7	1.8	3.4	10.4
Health Care Supplies	-9.2	-2.9	7.8	7.2	-9.2	-6.7	6.6	4.0	8.7	12.4	-8.5	36.6	32.9	2.3	7.8	25.2
Health Care Distributors	-13.5	-7.6	-2.2	-3.0	-13.5	-13.9	-8.3	-1.4	8.4	3.3	-12.5	13.9	0.0	23.7	-0.6	5.8
Health Care Services	-8.1	-3.8	3.5	5.6	-8.1	-2.8	7.7	10.9	18.6	19.5	--	--	24.7	30.2	2.8	37.5
Health Care Facilities	-12.6	-10.4	-6.8	-1.4	-12.6	-8.9	-9.5	-4.5	1.9	1.2	-25.1	8.2	-8.1	12.8	1.7	1.0
Managed Health Care	-47.1	-14.1	-2.5	-13.6	-47.1	-42.2	-22.9	-15.4	0.1	7.0	5.2	42.3	50.5	43.6	-6.2	13.5
Health Care Technology	-22.1	-8.4	-7.9	1.7	-22.1	-34.6	-15.3	--	--	--	--	--	--	--	--	-0.7
Biotechnology	14.7	-6.3	4.2	10.9	14.7	5.0	7.3	3.9	8.2	6.7	-28.0	30.8	8.2	16.9	-1.9	-2.6
Pharmaceuticals	-15.3	-4.8	-0.5	-3.5	-15.3	-16.3	-7.0	-1.8	-2.0	-2.3	-21.7	8.0	-9.1	-5.5	12.4	1.2
Life Sciences Tools & Services	-9.5	-9.5	-3.5	-2.8	-9.5	-5.4	7.7	--	--	--	--	--	--	--	--	30.8
Sector / Industry	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Industrials	-21.1%	-12.6%	-9.4%	-17.0%	-21.1%	-24.9%	-6.8%	0.6%	2.3%	5.8%	-25.5%	29.9%	16.8%	2.0%	11.5%	10.8%
Aerospace & Defense	-23.2	-12.5	-6.6	-15.1	-23.2	-26.5	-5.7	5.2	7.7	12.3	-7.2	21.1	16.0	14.0	23.4	19.5
Building Products	-8.7	-7.6	11.6	-2.4	-8.7	-4.7	-9.7	-4.8	-1.4	5.0	-10.2	36.5	27.5	-4.0	4.7	-5.0
Construction & Engineering	-32.2	-27.2	-34.3	-17.5	-32.2	-30.4	3.0	13.6	21.6	18.7	-29.1	34.3	19.3	32.8	20.5	65.0
Electrical Components & Equipment	-24.7	-13.7	-12.3	-14.0	-24.7	-23.2	-4.7	4.1	8.2	10.8	-6.1	36.6	14.1	8.5	18.4	21.7
Heavy Electrical Equipment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Industrial Conglomerates	-29.6	-9.6	-5.5	-28.6	-29.6	-36.5	-13.3	-7.6	-6.2	-1.8	-41.6	31.7	16.7	-6.0	5.8	1.5
Construction & Farm Machinery	-33.0	-23.2	-24.4	-27.7	-33.0	-32.0	-6.3	5.9	9.0	11.9	-6.3	65.3	21.0	5.0	22.2	40.7
Industrial Machinery	-21.5	-17.1	-18.4	-12.4	-21.5	-23.3	-4.4	3.5	4.4	9.3	-6.8	36.9	18.4	-0.6	12.8	22.0
Trading Companies & Distributors	6.6	-5.6	5.8	6.2	6.6	-7.5	3.7	8.6	10.5	16.1	-1.2	12.1	36.4	15.8	0.7	6.4
Commercial Printing	-38.0	-12.4	-18.3	-21.4	-38.0	-38.7	-21.1	-14.7	-7.4	-2.8	-16.0	22.6	19.1	-5.7	4.7	5.5
Diversified Commercial & Professional	1.7	1.1	5.6	4.9	1.7	-2.7	-1.6	-1.5	0.9	2.7	-15.5	45.2	5.9	-5.3	4.6	-6.5
Human Resource & Employment Services	-9.9	1.0	1.2	-3.8	-9.9	-17.0	-18.7	-4.0	2.0	5.5	-25.4	49.3	19.5	14.5	18.9	-24.2
Environmental & Facilities Services	-0.6	-9.5	-6.7	1.1	-0.6	-9.0	1.4	8.4	8.6	8.0	-23.6	27.1	2.1	4.0	20.9	1.4
Office Services & Supplies	-16.2	-3.9	2.6	-6.0	-16.2	-23.2	-16.1	-7.4	-5.5	-1.0	-4.2	19.3	11.2	-1.9	9.1	-13.4
Air Freight & Logistics	-11.2	-2.9	-0.9	-14.0	-11.2	-17.9	-8.2	-1.0	-1.9	2.9	-8.4	20.7	24.2	-5.1	2.9	-5.3
Airlines	0.0	-5.7	14.7	4.6	0.0	-16.3	-12.8	-8.3	-4.3	-10.8	-39.8	6.3	-6.8	1.4	-7.7	-26.3
Marine	-17.0	-10.5	-13.5	-20.4	-17.0	-13.5	-2.1	2.4	11.4	14.5	-2.2	29.4	26.4	24.1	-0.4	26.1
Railroads	18.8	-13.8	-5.3	8.2	18.8	23.8	16.4	22.2	26.1	25.4	-3.9	19.8	23.0	31.0	13.6	19.5
Trucking	9.2	-9.7	-8.8	-4.7	9.2	-4.6	-8.1	0.3	2.4	6.0	13.4	19.8	36.3	1.6	-6.6	-11.5
Airport Services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Highways & Railroads	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Marine Ports & Services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Table 9 (continued)

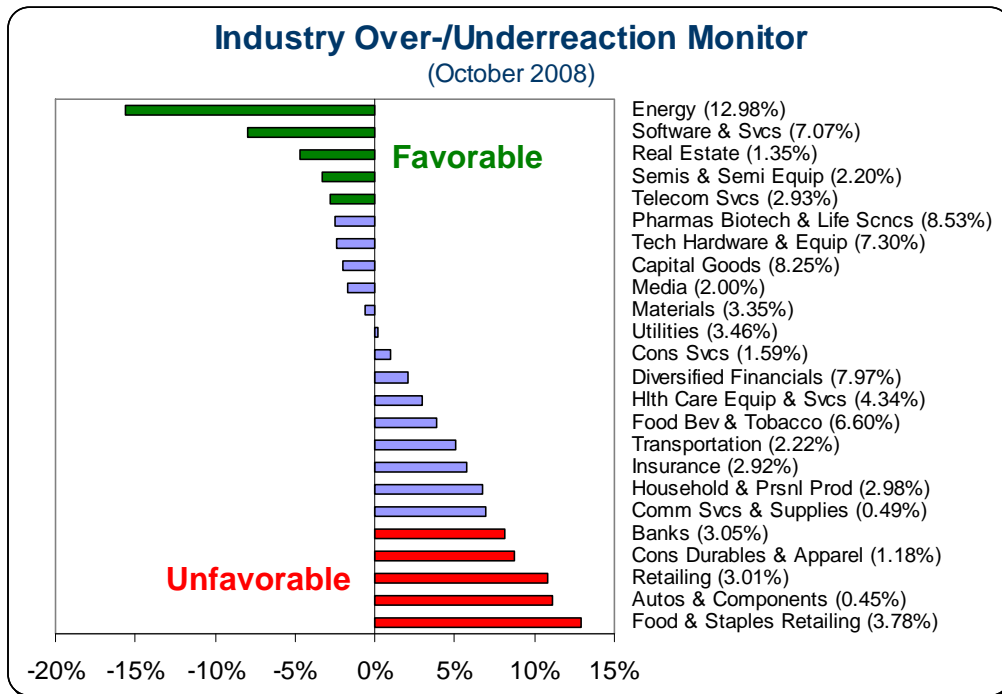
EquityCompass Sector/Sub-Industry Performance Monitor (Through 9/30/08)

Index	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Information Technology	-23.5%	-12.8%	-11.9%	-9.6%	-23.5%	-24.1%	-5.8%	-1.2%	2.2%	2.0%	-37.7%	47.2%	1.8%	1.0%	8.4%	14.7%
Internet Software & Services	-37.7	-13.0	-22.4	-19.3	-37.7	-33.3	-12.5	-9.3	-6.6	6.3	-24.2	140.6	59.6	5.1	-18.6	27.8
IT Consulting & Other Services	-14.9	-12.9	-11.1	-6.7	-14.9	-27.7	-17.9	-1.7	1.1	1.1	-45.5	41.7	9.4	-2.6	26.7	-16.1
Data Processing & Outsourced Services	-15.2	-10.9	-8.1	-2.7	-15.2	-16.8	-7.3	0.7	2.4	3.3	--	--	5.9	6.4	9.5	2.5
Application Software	-17.3	-8.6	-4.0	1.8	-17.3	-19.8	-5.6	0.9	8.2	5.9	-38.9	45.5	7.5	10.5	9.0	10.0
Systems Software	-19.6	-5.1	-3.4	-3.0	-19.6	-8.7	0.2	3.5	4.1	3.5	-25.0	16.5	8.3	-5.2	16.8	18.6
Home Entertainment Software	-31.6	-25.1	-23.8	-23.3	-31.6	-23.1	-7.9	-7.0	1.3	2.3	--	--	35.5	-9.6	3.7	23.4
Communications Equipment	-20.5	-13.8	-7.5	-9.0	-20.5	-30.7	-9.2	-3.0	0.7	3.2	-53.3	65.2	2.3	0.9	14.9	2.2
Computer Hardware	-19.1	-14.5	-12.3	-8.1	-19.1	-16.6	5.3	8.8	10.0	8.5	-29.9	26.0	13.7	-2.2	17.3	32.6
Computer Storage & Peripherals	-31.1	-18.0	-16.6	-12.9	-31.1	-39.9	-15.4	-7.7	-3.7	-2.8	-41.2	79.2	16.9	-2.8	5.7	0.2
Electronic Equipment Manufacturers	-12.3	-8.1	-8.7	3.3	-12.3	-9.4	2.7	7.1	8.0	8.6	-45.7	59.5	-2.6	6.8	13.9	16.8
Electronic Manufacturing Services	-25.0	-19.2	-22.8	-15.1	-25.0	-29.8	-16.3	-11.8	-9.9	-9.7	--	--	-14.5	-8.3	-5.1	-7.6
Technology Distributors	-24.4	-16.5	-8.2	-15.9	-24.4	-33.0	-11.4	-2.7	1.0	4.0	--	--	11.2	3.5	7.1	12.0
Office Electronics	-27.6	-16.3	-14.9	-22.1	-27.6	-32.2	-18.0	-6.4	-7.8	1.1	-18.2	72.3	24.3	-15.9	9.4	-3.9
Semiconductor Equipment	-35.0	-20.8	-26.9	-29.1	-35.0	-37.4	-17.8	-6.5	-2.6	-5.6	-39.3	71.8	-24.5	2.9	13.9	7.6
Semiconductors	-29.7	-16.2	-16.2	-13.5	-29.7	-34.7	-12.4	-11.1	-2.9	-5.9	-51.6	93.7	-21.2	10.2	-8.6	9.9
Sector / Industry	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Materials	-22.4%	-18.1%	-23.2%	-19.0%	-22.4%	-22.8%	-6.7%	5.7%	4.9%	9.3%	-9.5%	33.5%	14.3%	2.3%	16.6%	20.2%
Commodity Chemicals	-83.1	-25.8	-55.8	-75.2	-83.1	-81.1	-49.7	-36.6	-28.1	-14.5	-2.4	28.1	57.3	-22.7	-4.3	77.2
Diversified Chemicals	-13.6	-9.8	-8.8	-12.0	-13.6	-21.6	-11.0	-1.7	-3.1	1.4	-8.6	21.3	13.1	-12.1	7.9	-3.6
Fertilizers & Agricultural Chemicals	-14.3	-18.0	-24.2	-12.2	-14.3	12.2	33.4	42.5	46.9	48.5	6.8	34.7	82.3	37.6	33.6	108.2
Industrial Gases	-22.5	-21.7	-25.7	-17.2	-22.5	-19.8	3.2	12.1	11.1	14.5	-1.8	27.6	13.4	12.1	15.6	44.0
Specialty Chemicals	-8.2	-9.6	2.9	-4.6	-8.2	-12.3	-2.0	7.8	5.4	8.8	-0.8	18.5	14.2	-3.4	20.3	7.2
Construction Materials	-12.6	-3.2	12.5	4.4	-12.6	-21.0	-16.7	-1.3	11.2	15.9	-23.0	37.2	27.6	26.3	19.9	1.6
Metal & Glass Containers	-8.5	-8.9	-3.7	-7.3	-8.5	-16.5	-5.9	8.9	4.6	8.4	22.0	14.3	26.9	-8.4	27.5	-2.5
Paper Packaging	-8.3	-8.3	13.0	2.0	-8.3	-16.0	-14.5	0.0	0.4	4.1	-11.4	26.2	9.8	4.9	14.7	-14.3
Aluminum	-39.0	-30.6	-38.2	-38.9	-39.0	-42.8	-18.2	-1.9	-8.3	-1.6	-34.2	67.1	-15.9	-4.0	5.2	21.9
Diversified Metals & Mining	-45.7	-35.5	-49.4	-39.9	-45.7	-47.9	-6.7	14.8	23.5	30.6	-2.7	110.5	24.2	59.7	47.3	67.7
Gold	-20.6	-14.1	-25.7	-14.4	-20.6	-13.3	-7.3	-6.3	-3.9	-0.2	25.8	67.4	-8.6	20.2	-15.4	8.1
Precious Metals & Minerals	--	--	--	--	--	--	--	--	--	--	-71.1	--	--	--	--	--
Steel	-39.9	-37.0	-53.4	-42.1	-39.9	-39.0	-16.6	11.2	16.3	30.5	-24.1	57.5	61.5	23.8	58.2	32.0
Forest Products	-17.6	8.0	17.9	-5.4	-17.6	-18.0	-16.7	-6.6	-4.0	0.9	-8.5	39.1	11.0	-0.1	2.4	-0.8
Paper Products	-20.9	-5.0	8.7	-7.2	-20.9	-25.1	-15.5	-3.7	-7.5	-3.1	-18.8	30.9	7.1	-9.1	2.5	-5.7
Sector / Industry	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Telecommunication Svcs.	-31.8%	-12.6%	-15.8%	-19.9%	-31.8%	-35.7%	-15.0%	-1.1%	-1.1%	3.0%	-36.1%	3.5%	16.0%	-9.1%	32.3%	8.4%
Alternative Carriers	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Integrated Telecommunication Services	-30.3	-11.3	-14.0	-21.1	-30.3	-32.3	-12.1	4.2	2.4	4.8	-32.6	-4.2	9.2	-8.9	43.8	13.8
Wireless Telecommunication Services	-41.7	-21.8	-27.5	-8.7	-41.7	-54.2	-30.9	-22.3	-13.2	-3.0	-58.3	71.3	53.9	0.4	-1.1	-16.7
Sector / Industry	YTD	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	2002	2003	2004	2005	2006	2007
Utilities	-20.3%	-10.5%	-16.9%	-10.9%	-20.3%	-15.5%	-6.8%	-0.5%	6.8%	8.4%	-29.3%	21.2%	18.5%	11.2%	17.4%	13.0%
Electric Utilities	-19.3	-9.4	-16.0	-11.4	-19.3	-12.8	-4.5	2.1	8.7	9.8	-18.2	19.4	19.6	11.7	19.2	16.8
Gas Utilities	-14.9	-12.2	-25.1	-12.9	-14.9	-13.9	-3.3	0.5	6.2	7.4	-34.4	18.7	12.5	4.4	21.6	10.9
Multi-Utilities	-15.6	-7.0	-8.9	-1.1	-15.6	-11.8	-6.5	-1.7	5.8	8.2	-59.8	30.0	17.7	12.0	13.8	5.7
Water Utilities	-12.7	-2.7	11.1	-2.9	-12.7	-17.9	-9.4	-11.5	3.5	5.4	3.9	31.7	10.0	43.4	-11.2	-6.1
Independent Pwr Prod & Energy	-61.4	-44.4	-56.1	-54.8	-61.4	-58.9	-34.9	-18.5	--	--	--	--	--	--	24.0	24.2

All returns are annualized for periods greater than one year

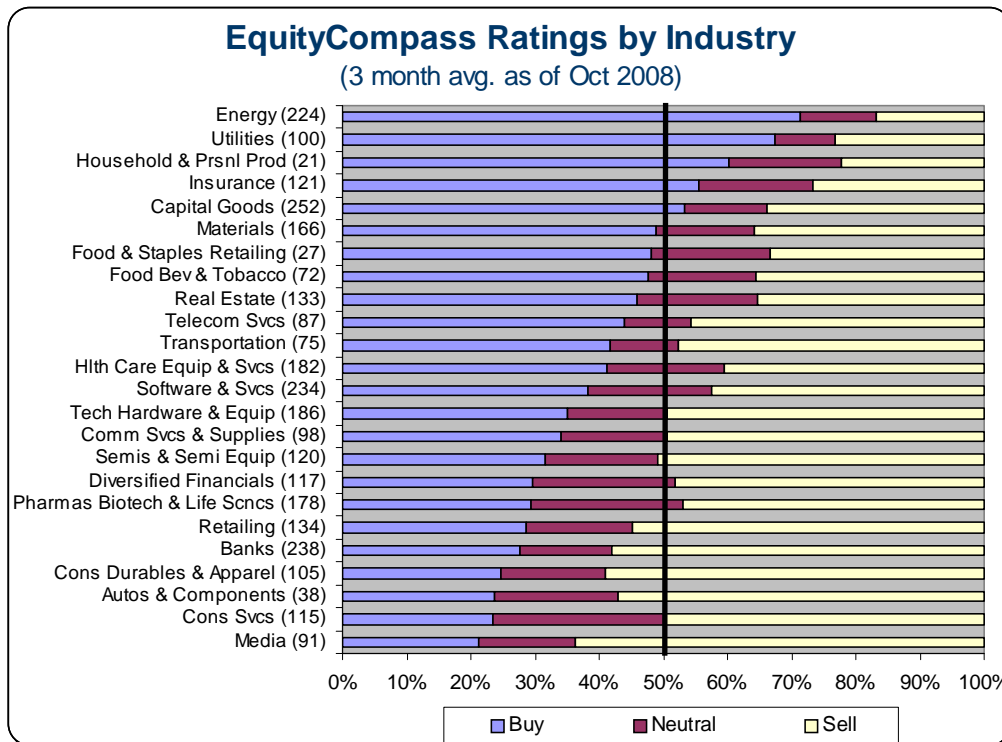
Source: Bloomberg, EquityCompass Strategies

Chart 8



Source: EquityCompass Strategies
 Number in parenthesis () shows industry weight in S&P 500 as of 9/30/08

Chart 9



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

Table 10

New Share Repurchase Announcements

Announced Within the Preceding Month

Symbol	Company Name	Price 9/30/08	Div. Yield (%)	Compass Rating	PPS	SVI Grade	RL	Sub Industry	Market Cap (Mil)	Shares Out (Mil)	Ann. Date	Amount	% Out.
TCM	Tongjitang Chinese Medicines (ADS)	\$2.48	--	Sell	8	--	H	Pharmaceuticals	\$83	33	9/9/08	20.000 Mln \$\$	23.97%
CNTF	China TechFaith Wireless Comm.	\$1.02	--	Sell	8	--	--	Communications Equip.	\$44	43	9/29/08	10.000 Mln \$\$	22.93%
JOYG	Joy Global Inc.	\$45.14	1.55	Buy	2	A	L	Constr. & Farm Mach.	\$4,865	108	9/10/08	1.000 Bln \$\$	20.55%
IBKR	Interactive Brokers Group Inc.	\$22.17	--	Buy	2	--	--	Specialized Finance	\$900	41	9/26/08	8.000 Mln Shares	19.70%
MSFT	Microsoft Corp.	\$26.69	1.95	Buy	5	A	--	Systems Software	\$244,240	9,151	9/22/08	40.000 Bln \$\$	16.38%
AHT	Ashford Hospitality Trust	\$4.05	20.74	Neutral	6	B	--	Specialized REIT's	\$485	120	9/5/08	75.000 Mln \$\$	15.47%
NKE	Nike Inc. (Cl B)	\$66.90	1.38	Buy	3	A	--	Footwear	\$32,855	491	9/22/08	5.000 Bln \$\$	15.22%
FWLT	Foster Wheeler Ltd.	\$36.11	--	Buy	7	B	L	Construction & Engineering	\$5,207	144	9/12/08	750.000 Mln \$\$	14.40%
SNDA	Shanda Interactive Ent. (ADS)	\$25.55	--	Buy	5	A	L	Home Entertainment Software	\$1,850	72	9/8/08	200.000 Mln \$\$	10.81%
NCTY	The9 Ltd. (ADS)	\$16.79	--	Sell	6	C	--	Home Entertainment Software	\$464	28	9/12/08	50.000 Mln \$\$	10.79%
COMS	3Com Corp.	\$2.33	--	Neutral	7	C	L	Communications Equip.	\$945	406	9/24/08	100.000 Mln \$\$	10.58%
MO	Altria Group Inc.	\$19.84	6.45	Neutral	4	C	H	Tobacco	\$40,861	2,060	9/8/08	4.000 Bln \$\$	9.79%
MMPI	Meruelo Maddux Properties Inc.	\$1.22	--	Sell	9	--	--	Real Estate Mgmt. & Dev.	\$106	87	9/15/08	10.000 Mln \$\$	9.46%
CKH	SEACOR Holdings Inc.	\$78.95	--	Buy	2	D	--	Oil & Gas Equip. & Svcs.	\$1,667	21	9/11/08	150.000 Mln \$\$	9.00%
STV	China Digital TV Hldg. Ltd. (ADS)	\$8.19	--	Neutral	6	--	L	Computer Storage & Peripherals	\$470	57	9/17/08	40.000 Mln \$\$	8.51%
MEI	Methode Electronics Inc.	\$8.94	3.13	Neutral	6	B	--	Electronic Manufacturing Svcs.	\$336	38	9/18/08	3.000 Mln Shares	7.98%
LMT	Lockheed Martin Corp.	\$109.67	2.08	Buy	3	A	H	Aerospace & Defense	\$43,468	396	9/25/08	30.000 Mln Shares	7.57%
ORH	Odyssey Re Holdings Corp.	\$43.80	0.68	Buy	2	A	--	ReIns.	\$2,798	64	9/3/08	200.000 Mln \$\$	7.15%
OI	Owens-Illinois Inc.	\$29.40	--	Neutral	5	C	L	Metal & Glass Containers	\$4,908	167	9/16/08	350.000 Mln \$\$	7.13%
HPQ	Hewlett-Packard Co.	\$46.24	0.69	Buy	2	A	--	Computer Hardware	\$113,103	2,446	9/22/08	8.000 Bln \$\$	7.07%
SONE	S1 Corp.	\$6.12	--	Buy	3	A	--	Internet Software & Svcs.	\$347	57	9/10/08	4.000 Mln Shares	7.06%
DDMX	Dynamex Inc.	\$28.46	--	Buy	2	C	--	Air Freight & Logistics	\$289	10	9/17/08	20.000 Mln \$\$	6.92%
ASIA	AsiaInfo Holdings Inc.	\$9.18	--	Buy	2	B	L	Internet Software & Svcs.	\$420	46	9/17/08	3.000 Mln Shares	6.56%
AZO	AutoZone Inc.	\$123.34	--	Buy	3	B	H	Automotive Retail	\$7,803	63	9/24/08	500.000 Mln \$\$	6.41%
LRCX	Lam Research Corp.	\$31.49	--	Sell	9	D	H	Semiconductor Equip.	\$3,942	125	9/8/08	250.000 Mln \$\$	6.34%
FCL	Foundation Coal Holdings Inc.	\$35.58	0.56	Buy	2	B	--	Coal & Consumable Fuels	\$1,622	46	9/29/08	100.000 Mln \$\$	6.16%
ESV	ENSOCO International Inc.	\$57.63	0.17	Buy	1	B	--	Oil & Gas Drilling	\$8,299	144	9/18/08	500.000 Mln \$\$	6.03%
CNX	Consol Energy Inc.	\$45.89	0.87	Buy	2	A	L	Coal & Consumable Fuels	\$8,405	183	9/12/08	500.000 Mln \$\$	5.95%
FSR	Flagstone Reinsurance Hldgs.	\$10.27	1.56	Sell	5	--	--	ReIns.	\$877	85	9/22/08	5.000 Mln Shares	5.86%
SJI	South Jersey Industries Inc.	\$35.70	3.03	Buy	3	D	--	Gas Utilities	\$1,061	30	9/22/08	5.000 % shares	5.00%
HSC	Harsco Corp.	\$37.19	2.10	Buy	5	A	--	Industrial Machinery	\$3,135	84	9/23/08	4.000 Mln Shares	4.74%
RHT	Red Hat Inc.	\$15.07	--	Buy	4	A	--	Systems Software	\$2,883	191	9/29/08	125.000 Mln \$\$	4.34%
OIIM	O2Micro International Ltd. (ADS)	\$3.63	--	Neutral	6	A	L	Semiconductors	\$136	37	9/8/08	1.500 Mln Shares	4.00%
FIF	Financial Federal Corp.	\$22.92	2.62	Buy	2	A	--	Specialized Finance	\$584	26	9/24/08	23.300 Mln \$\$	3.99%
EXC	Exelon Corp.	\$62.62	3.19	Buy	3	B	--	Electric Utilities	\$41,141	657	9/4/08	1.500 Bln \$\$	3.65%
NTES	Netease.com Inc. (ADS)	\$22.80	--	Buy	2	A	L	Internet Software & Svcs.	\$2,828	121	9/12/08	100.000 Mln \$\$	3.54%
SYU	Sysco Corp.	\$30.83	2.85	Buy	3	B	H	Food Dist.	\$18,536	601	9/22/08	20.000 Mln Shares	3.33%
ORIT	Oritani Financial Corp.	\$16.85	--	Neutral	4	--	--	Thriffs & Mortgage Finance	\$677	40	9/18/08	1.173 Mln Shares	2.92%
STLD	Steel Dynamics Inc.	\$17.09	2.34	Buy	1	C	--	Steel	\$3,387	198	9/22/08	5.000 Mln Shares	2.52%
NFG	National Fuel Gas Co.	\$42.18	3.08	Buy	2	A	--	Gas Utilities	\$3,437	81	9/9/08	8.000 Mln Shares	2.45%
BNCL	Beneficial Mutual Bancorp Inc.	\$12.65	--	Neutral	4	--	--	Thriffs & Mortgage Finance	\$1,041	82	9/22/08	1.824 Mln Shares	2.22%
TMO	Thermo Fisher Scientific Inc.	\$55.00	--	Buy	3	A	--	Life Sciences Tools & Svcs.	\$23,046	419	9/11/08	500.000 Mln \$\$	2.17%
BRC	Brady Corp. (Cl A)	\$35.28	1.93	Buy	2	C	--	Electrical Components & Equip.	\$1,896	54	9/30/08	1.000 Mln Shares	1.86%
TFSL	TFS Financial Corp.	\$12.52	1.60	Neutral	4	--	--	Thriffs & Mortgage Finance	\$4,089	327	9/16/08	5.000 Mln Shares	1.53%
CVA	Covanta Holding Corp.	\$23.94	--	Buy	4	B	--	Environmental & Facilities Svcs.	\$3,693	154	9/22/08	30.000 Mln \$\$	0.81%
WFC	Wells Fargo & Co.	\$37.53	3.62	Neutral	4	A	H	Div. Banks	\$124,298	3,312	9/23/08	25.000 Mln Shares	0.75%
ACL	Alcon Inc.	\$161.51	1.57	Buy	4	A	--	Health Care Supplies	\$48,291	299	9/8/08	1.000 Mln Shares	0.33%

Source: EquityCompass Strategies

Table 11

Pending Acquisitions

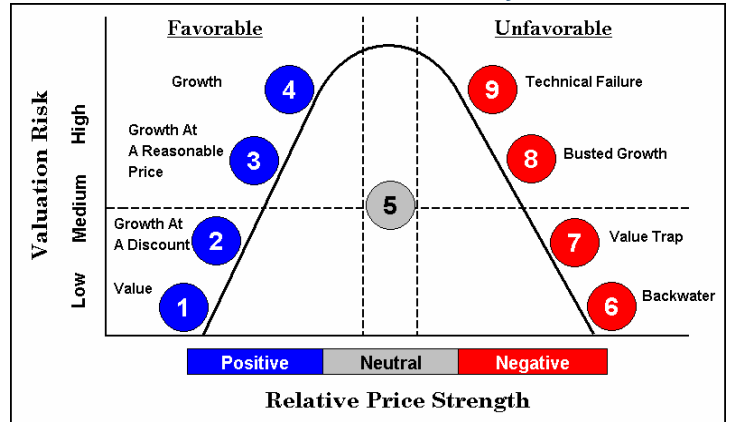
Symbol	Company Name	Price 9/30/08	Sub Industry	Acquirer	Ann. Date
AW	Allied Waste Industries Inc.	\$11.11	Environmental & Facilities Svcs.	Republic Services Inc	6/23/08
ANR	Alpha Natural Resources Inc.	\$51.43	Coal & Consumable Fuels	Cleveland-Cliffs Inc	7/16/08
ALO	Alpharma Inc. (CI A)	\$36.89	Pharmaceuticals	King Pharmaceuticals Inc	9/11/08
ACBA	American Community Bancshares Inc.	\$9.45	Regional Banks	Yadkin Valley Financial Corp	9/10/08
BUD	Anheuser-Busch Cos. Inc.	\$64.88	Brewers	InBev NV	6/11/08
ABI	Applied Biosystems Inc.	\$34.25	Life Sciences Tools & Svcs.	Invitrogen Corp	6/12/08
AHG	Apria Healthcare Group Inc.	\$18.24	Health Care Svcs.	Blackstone Group LP/The	6/19/08
ATB	Arlington Tankers Ltd.	\$15.38	Oil & Gas Storage & Trans.	General Maritime Corp	8/6/08
ASYT	Asyst Technologies Inc.	\$2.40	Semiconductor Equip.	Multiple acquirers	7/16/08
BRL	Barr Pharmaceuticals Inc.	\$65.30	Pharmaceuticals	Teva Pharmaceutical Industries Ltd	7/18/08
BGCP	BGC Partners Inc	\$4.29	Inv. Banking & Brokerage	Tullett Prebon PLC	4/18/07
CPHL	Castlepoint Holdings Ltd.	\$11.13	ReIns.	Tower Group Inc	8/5/08
CEG	Constellation Energy Group Inc.	\$24.30	IPPs & Energy Traders	Berkshire Hathaway Inc	9/18/08
CPO	Corn Products International Inc.	\$32.28	Agricultural Products	Bunge Ltd	6/23/08
CYT	Cytec Industries Inc.	\$38.91	Specialty Chem.	Medtronic Inc	9/25/08
DR	Darwin Professional Underwriters Inc.	\$31.11	Property & Casualty Ins.	Allied World Assurance Co.	6/30/08
DSCP	Datascope Corp.	\$51.63	Health Care Equip.	Getinge AB	9/15/08
DRS	DRS Technologies Inc.	\$76.75	Aerospace & Defense	Finmeccanica Spa	5/13/08
EGLT	Eagle Test Systems Inc.	\$15.31	Semiconductor Equip.	Teradyne Inc	9/2/08
EPEX	Edge Petroleum Corp.	\$1.80	Oil & Gas Exploration & Prod.	Chaparral Energy Inc	7/15/08
ENSI	EnergySouth Inc.	\$61.43	Gas Utilities	Sempre Energy	7/28/08
FDRY	Foundry Networks Inc.	\$18.21	Communications Equip.	Brocade Communications Sys.	7/21/08
GBTS	Gateway Financial Holdings Inc.	\$5.35	Div. Banks	Hampton Bankshares Inc	9/24/08
GEHL	Gehl Co.	\$29.43	Constr. & Farm Mach.	Manitou BF SA	9/8/08
DNA	Genentech Inc.	\$88.68	Biotechnology	Roche Holding AG	7/21/08
SRVY	Greenfield Online Inc.	\$17.40	Internet Software & Svcs.	Microsoft Corp	8/29/08
GW	Grey Wolf Inc.	\$7.78	Oil & Gas Drilling	Precision Drilling Trust	6/10/08
HPC	Hercules Inc.	\$19.79	Div. Chem.	Ashland Inc	7/11/08
HRH	Hilb Rogal & Hobbs Co.	\$46.74	Ins. Brokers	Willis Group Holdings Ltd	6/9/08
HLTH	HLTH Corp.	\$11.43	Health Care Technology	WebMD Health Corp	2/21/08
HUN	Huntsman Corp.	\$12.60	Div. Chem.	Apollo Management LP	7/3/07
ITWO	i2 Technologies Inc.	\$13.49	Application Software	JDA Software Group Inc	8/11/08
IKN	IKON Office Solutions Inc.	\$17.01	Office Svcs. & Supplies	Ricoh Co Ltd	8/27/08
IMCL	ImClone Systems Inc.	\$62.40	Biotechnology	Bristol-Myers Squibb Co	7/31/08
IRF	International Rectifier Corp.	\$19.02	Semiconductors	Vishay Intertechnology Inc	8/15/08
LNY	Landry's Restaurants Inc.	\$15.55	Restaurants	Management Group	1/28/08
LDG	Longs Drug Stores Corp.	\$75.64	Drug Retail	Walgreen Co	9/12/08
MER	Merrill Lynch & Co. Inc.	\$25.30	Inv. Banking & Brokerage	Bank of America Corp	9/15/08
NFS	Nationwide Fin'l. Svcs. Inc. (CI A)	\$49.33	Life & Health Ins.	Nationwide Mutual Insurance Co	3/10/08
NWA	Northwest Airlines Corp.	\$9.03	Airlines	Delta Air Lines Inc	4/14/08
PSPT	PeopleSupport Inc.	\$11.69	Office Svcs. & Supplies	Essar Group	8/4/08
PHLY	Philadelphia Consolidated Holding Co.	\$58.57	Property & Casualty Ins.	Tokio Marine Holdings Inc	7/23/08
PSD	Puget Energy Inc.	\$26.70	Multi-Utilities	Peuget Holdings LLC	10/26/07
RSG	Republic Services Inc.	\$29.98	Environmental & Facilities Svcs.	Waste Management Inc	7/14/08
RIV	Riviera Holdings Corp.	\$7.35	Casinos & Gaming	Multiple acquirers	5/11/07
ROH	Rohm & Haas Co.	\$70.00	Specialty Chem.	Dow Chemical Co/The	7/10/08
SCRX	Sciele Pharma Inc.	\$30.79	Pharmaceuticals	Shionogi & Co Ltd	9/1/08
SCUR	Secure Computing Corp.	\$5.48	Systems Software	McAfee Inc	9/22/08
SINT	SI International Inc.	\$30.05	IT Consulting & Other Svcs.	Serco Group PLC	8/27/08
OVEN	TurboChef Technologies Inc.	\$6.15	Industrial Machinery	Middleby Corp	8/12/08
UB	UnionBanCal Corp.	\$73.29	Regional Banks	Mitsubishi UFJ Financial Group Inc	8/12/08
UST	UST Inc.	\$66.54	Tobacco	Altria Group Inc	9/8/08
VITL	Vital Signs Inc.	\$73.90	Health Care Equip.	General Electric Co	7/24/08
WWY	WM. Wrigley Jr. Co.	\$79.40	Packaged Foods & Meats	Mars Inc.	4/28/08

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

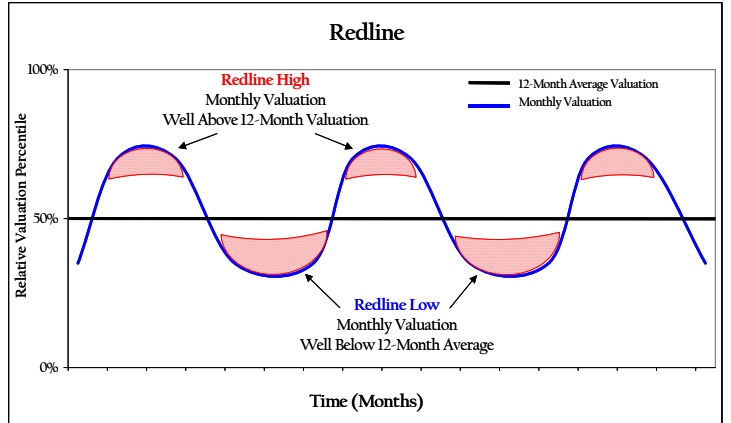


Source: EquityCompass Strategies

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

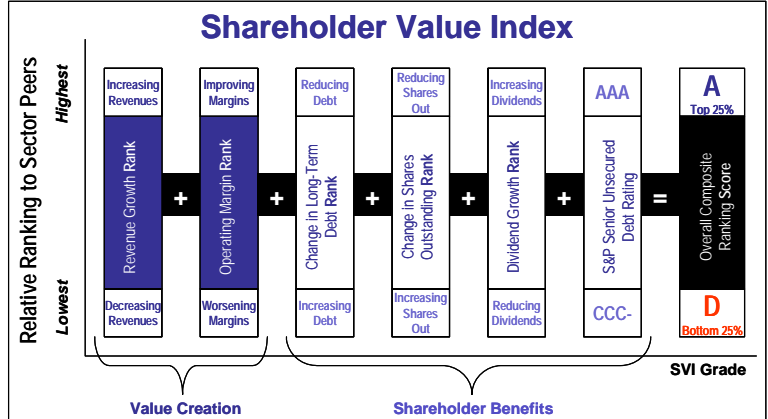


Source: EquityCompass Strategies

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.”

Important Disclosures

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by Stifel, Nicolaus & Company, Incorporated and is not a complete summary or statement of all available data nor is it considered an offer to buy or sell any securities referred to herein. Portfolios based on EquityCompass Strategies are available exclusively through Stifel, Nicolaus & Company, Incorporated. Choice Financial Partners, Inc. doing business as EquityCompass Strategies is a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. Affiliates of EquityCompass Strategies may, at times, release written or oral commentary, technical and quantitative analysis, or trading strategies that differ from the opinions expressed within. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass Strategies. Indices are unmanaged, and it is not possible to invest directly in an index. There is no guarantee that the figures or opinions forecasted in this report will be realized or achieved. Past performance is not indicative of future results. The opinions expressed in this report are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. The market risk associated with small-cap and mid-cap stocks is generally greater than that associated with large-cap stocks because small-cap and mid-cap stocks tend to experience sharper price fluctuations than large-cap stocks, particularly during bear markets.

Special Note for the Research Focus List

The opinions expressed in this report are based on a hybrid combination of quantitative/technical (EquityCompass) and fundamental (Stifel Nicolaus Equity Research) analyses, and do not take into account the particular investment objectives, financial situation, or needs of individual investors. EquityCompass quantitative/technical ratings and opinions can and do differ from Stifel Nicolaus fundamental research opinions. Access to fundamental research is available through Stifel, Nicolaus & Company, Incorporated. Choice Financial Partners, Inc. doing business as EquityCompass Strategies is a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. Performance prior to December 2005 reflects data from Legg Mason EquityCompass published by Legg Mason Wood Walker, Incorporated, the prior owner of part of the Stifel Nicolaus Capital Markets business, during the period of time that the research analysts covering those stocks were employed by Legg Mason Wood Walker, Incorporated. Performance prior to July 2008 reflects data from the Stifel Nicolaus EquityCompass published by the Portfolio Strategy Group, part of the Stifel Nicolaus Capital Markets business, during the period of time that the research analysts covering those stocks were employed by Stifel, Nicolaus & Company, Incorporated. Stifel, Nicolaus & Company, Incorporated's research analysts receive compensation that is based upon (among other factors) Stifel Nicolaus' overall investment banking revenues. For a copy of any Stifel Nicolaus report please contact your Stifel Nicolaus representative.

Our investment rating system is three tiered, defined as follows:

BUY – We expect 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 – We expect 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 – We expect 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.

For a discussion of risks to target price please see our standalone company reports and notes for all BUY-rated stocks. For applicable current research disclosures applicable to the companies mentioned in this publication that are within Stifel Nicolaus' coverage universe, please visit the Research Page at www.stifel.com or write to the Stifel Nicolaus Research Department at the following address:

Stifel Nicolaus Research Department
Stifel, Nicolaus & Company, Incorporated.
One South Street
16th Floor
Baltimore, MD 21202

Additional Information is available upon request.

© 2008 EquityCompass Strategies, 501 North Broadway, 9th Floor, St. Louis, MO 63102. All rights reserved.

EquityCompass Strategies

501 North Broadway

9th Floor

St. Louis, MO 63102

www.equitycompass.com

*Choice Financial Partners, Inc.
A subsidiary of Stifel Financial*