

WORLD MARKET SURVEY

Energy & Rising Interest Rates Zap First Quarter Returns

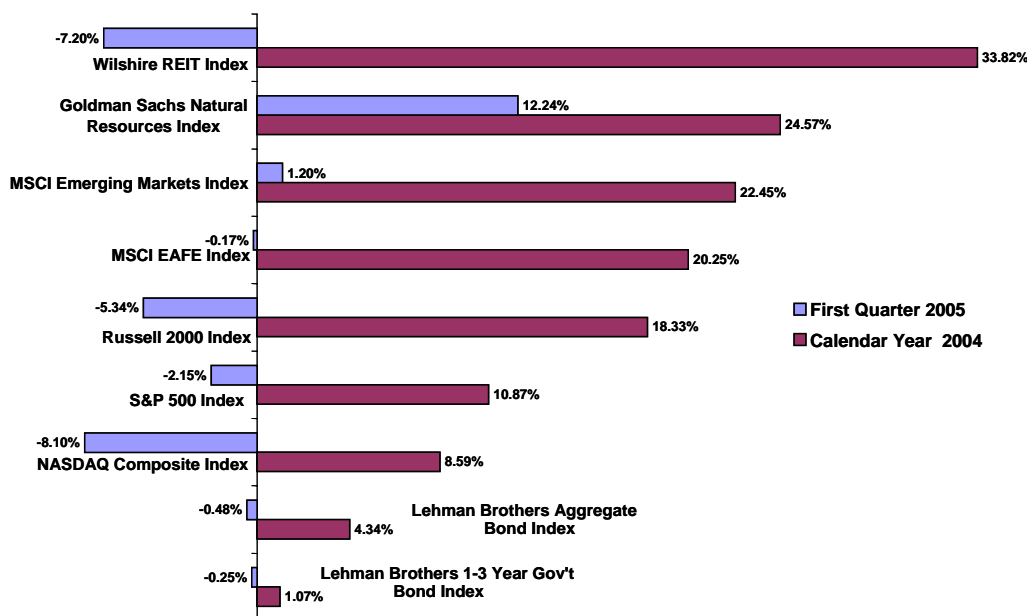
Following a spectacular fourth quarter of 2004, returns from most global equity categories languished in the first quarter of 2005. Rising interest rates and energy prices were generally acknowledged as the major threats to world stock valuations.

As interest rates rise, corporate profitability generally shrinks, since companies' borrowing costs increase. Further, as bond yields rise, fixed income securities look increasingly attractive compared to riskier, lower yielding equities.

Similarly, energy prices can have a doubly negative impact on stock prices. The prices of all goods and services include an embedded energy cost (e.g., transportation). Companies

(Continued on page 8)

Returns from Market Indices: First Quarter 2005 and Calendar 2004



THE PAINTED RED CANTALOUPE

A clever man once said: "The best way to win a contest for the largest tomato is to paint a cantaloupe red, and hope the judges don't notice." The investment world is notorious for its painted red cantaloupes—mutual funds or money managers that inflate their perceived performance through comparisons to an inappropriate index or other benchmark. [Our article, "Does Index Selection Matter?" (Investment Quarterly Q1 2003, Vol. 9, Issue 1) discussed this issue in greater detail, including a primer on how various indexes are constructed. Please call or e-mail if you would like a copy of this article.]

A Real World Example: The Schwab Equity Ratings

Following widespread publicity surrounding conflicted and inaccurate stock analyst reports issued during the technology stock crash, Charles Schwab, Inc., set out to build an equity rating system that would provide what it calls "objective, relevant, and useful research" to aid investors in the stock selection process. The Schwab Equity Ratings (SER) are based on a disciplined, systematic approach that evaluates each stock on the basis of investment criteria from four broad categories: Fundamentals, Valuation, Momentum, and Risk.

Schwab rates the largest 3000 US stocks on a scale from "A" to "F," then reports weekly on the trailing 52-week per-

formance of the average stock in each grade. To the best of our knowledge, the Schwab ratings do not consider market capitalization in assigning grades to the 3000 stocks—that is to say, if, in Schwab's opinion, the best investment opportunities are to be found in small cap stocks, small cap stocks would receive all the A ratings. No slots are reserved for stocks of any particular size. Similarly, in calculating the performance of the average stock in each grade, Schwab doesn't consider market capitalization, but takes the simple average of all similarly rated stocks — it "equally weights" them.

Schwab Equity Rating System Overview

Rating	% of Stocks	Recommendation
A	5%	Buy
B	25%	Buy
C	40%	Hold
D	25%	Sell
F	5%	Sell

In June 2004, Schwab reduced the number of stocks rated from 3300 to 3000, and narrowed the number of stocks receiving A or F ratings from 10% of the total to 5% of the total (increasing the size of the B and D categories).

... for the period ending
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Schwab's
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THE PAINTED RED CANTALOUPE

Schwab's outlook is that, "A rated stocks, on average, will strongly outperform, and F rated stocks, on average, will strongly underperform the equities market over the next 12 months." Schwab's ads claim that Schwab Equity Ratings are "the ultimate portfolio power tool" and maintain that its stock picking system consistently outperforms the broad equity market, as represented by the Dow Jones (DJ) Wilshire 5000 Index. Has Schwab created the holy grail of investing? They seem to think so. Schwab now uses its SER stock picking system to make investment decisions for seven of their 18 domestic equity funds.

But if the system is so good, why don't more of the Schwab Funds use the SER system? And why do the funds that use the SER system purchase both A and B rated stocks? Aren't the A stocks supposed to be the best of the best?

The table below reports the 52 week performance of each stock grade, through the end of the week closest to the close of each calendar quarter, for the past seven quarters. For each period, we've highlighted the top performing group of stocks in yellow. The SER system has accurately identified the best performing group of stocks across the past three periods, and across four of the past five periods. But for two of the seven periods, the F stocks were the best performers. And for the period ending September 29, 2003, Schwab's recommendations were almost perfectly backwards — the lower the rating, the better the performance.

Schwab notes that its stock picking system consistently beats the DJ Wilshire 5000 Index. That's true — the A and B stocks beat the Index in all seven periods. But the average SER stock also beats the Index in all seven periods. The D-rated (Sell) stocks beat the Index in all seven periods. Even the F stocks beat the Index in four of the seven periods.

And across all seven periods, the average SER stock beats the Index by almost 27% per year. How can that be?

Perhaps Schwab is not using an appropriate benchmark to evaluate its stock picking system. As we previously noted, Schwab's performance calculations weight each stock in each SER grade equally, while the DJ Wilshire 5000 Index is weighted by market capitalization, with the largest stocks dominating its performance. Over the last several years, small cap stocks have performed significantly better than large cap stocks. In this environment, Schwab's equally-weighted performance calculations would have given its SER stock picking system a significant advantage relative to the capitalization-weighted Index.

There is, however, an equally-weighted version of the DJ Wilshire 5000. Conceptually, the capitalization-weighted version tracks the performance of the total US stock market, while the equally-weighted DJ version tracks the performance of the average US stock.

How different is the performance of the two versions? Consider the bar chart on the bottom of the next page. When large cap stocks (which represent a larger portion of the capitalization-weighted Index) outperform — as they did from 1995 through 1998 — the cap-weighted version performs as well or better than the equally-weighted version. But when small cap stocks outperform — as they did from 1999 through 2004 — the equally-weighted version performs better. In some years (e.g., 2003), it performs *much* better.

The DJ Wilshire 5000 Equal Weighted (EW) Index represents a better benchmark for Schwab's stock picking abilities because, as with the Schwab grades, the performance of each stock is given equal weight, regardless of market capitalization. Across each evaluation period, the Schwab A stocks have underper-

Schwab Equity Rating Performance Results as Reported on the Schwab Website

52 Week Return as of:	A	B	C	D	F	Avg. Stock	DJ Wil- shire 5000
12/27/04	21.84	18.51	13.98	13.83	9.49	15.17	11.84
9/27/04	24.60	19.64	14.87	15.60	6.54	16.08	12.26
6/28/04	39.48	35.68	33.96	33.69	25.11	33.91	20.25
3/29/04	81.73	63.91	66.84	76.61	86.53	71.65	38.64
12/29/03	69.75	50.36	55.84	59.88	68.40	58.19	31.70
9/29/03	42.59	41.84	48.36	59.46	74.28	51.29	27.47
6/30/03	7.29	9.49	7.32	4.73	2.83	6.78	3.65

THE PAINTED RED CANTALOUPE

Annual Return as of:	DJ Wilshire 5000 Equal Weighted (%)	Schwab "A" stocks (%)
12/31/04	28.89	21.84
9/30/04	25.00	24.60
6/30/04	52.29	39.48
3/31/04	109.56	81.73
12/31/03	91.83	69.75
9/30/03	84.73	42.59
6/30/03	28.64	7.29

formed this more representative benchmark. Stated differently, Schwab's top stock picks have consistently underperformed the average stock in the market. However, in fairness to Schwab, we note that the DJ Wilshire 5000 EW Index contains thousands of stocks that are too small to be included in Schwab's evaluation. Many of these tiny stocks performed very well during these evaluation periods, placing the Schwab stock picking system at a disadvantage. Finding a perfect benchmark is difficult.

Barron's Calls Schwab's System the "Gold Standard"

Schwab advertises that, "We took the Barron's award twice for best three-year performance—demonstrating the true proficiency of Schwab Equity Ratings." Barron's reports that for the second year in a row, the Schwab Equity Model Portfolio performed best on its Brokerage Scorecard for the three-year period ending December 31, 2004. Based on an analysis by Zacks Investment Research, Schwab beat 12 other major brokerage firms. The table below presents the results as reported by Barron's in the January 24, 2005 issue.

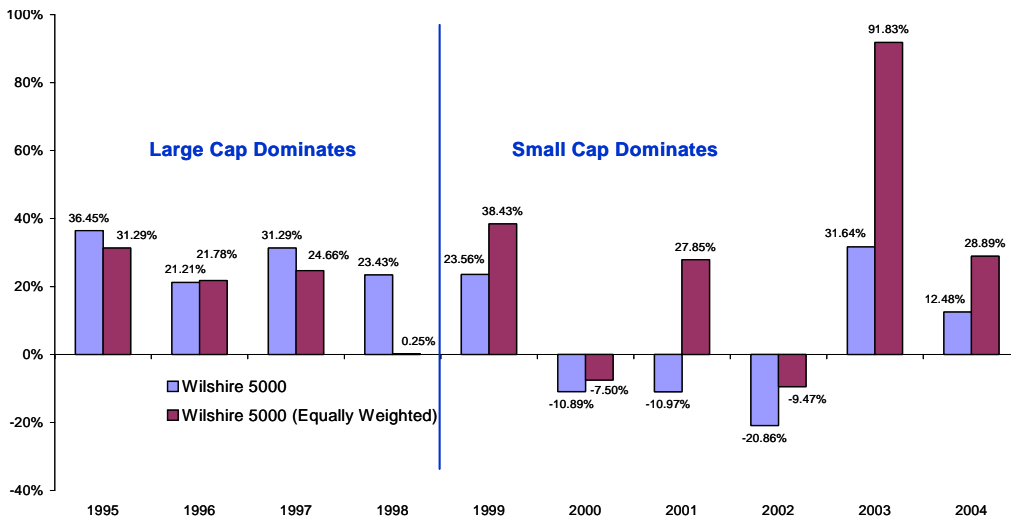
What was the secret to Schwab's recent success? According to Barron's, most brokerage firms typically keep just 10 to 50 stocks on their

Firm	3-Yr Return (%) ending 12/31/04
Charles Schwab	53.10
S&P 500 EW	34.89
Credit Suisse First Boston	30.91
Banc of America	29.70
Bear Stearns	27.55
Morgan Stanley	11.74
Raymond James	11.40
S&P 500	11.16
Lehman Brothers	10.77
Goldman Sachs	9.32
Edward Jones	8.85
A.G. Edwards	8.68
Smith Barney	5.73
Merrill Lynch	4.63
RBC Dain Rauscher	0.40

Schwab's top stock picks have consistently underperformed the average stock in the market.

"focus lists," and these stocks tend to be very large companies that are household names. Conversely, the Schwab Equity Model Portfolio invests in approximately 100 companies chosen from the top 1000 US companies, including numerous relatively small companies. Since Schwab generally researches smaller companies than the other brokerage firms, it makes sense that Schwab's Equity Model Portfolio would outperform those of other firms during a period of small cap dominance.

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This small cap effect may explain why Schwab's Equity Portfolio has beaten the other brokerage firms, but Schwab and Barron's both claim that the Schwab Equity Portfolio has outperformed the S&P 500 by a wide margin. Can this outperformance be explained by the small cap effect as well? We believe that it can. Like the Wilshire 5000, the S&P 500 Index is a capitalization-weighted index, while the Schwab Equity Portfolio is equally-weighted. In other words, the largest companies in the S&P 500 Index comprise a much larger portion of the Index than the largest companies in the Schwab Equity Portfolio. As Barron's notes, "each firm's return probably benefited from the equal-weighting approach, with small stocks pulling up their scores. So the results aren't 100% comparable to the S&P 500." Schwab's portfolio probably got the biggest boost from this methodology, since it included the smallest stocks overall, and the largest total number of stocks.

By definition, the top ten stocks in the S&P 500 Equally Weighted (EW) Index represent just 2% of the total Index (each position is 0.2% of the portfolio), while the top ten stocks in the standard S&P 500 Index comprise 21.23% of the portfolio as of December 31, 2004. These ten massive stocks dominate the performance of the cap-weighted Index, but have little impact on the performance of the equally-weighted Index.

Over the past three years, the cumulative performance of the S&P 500 EW Index was more than triple that of the standard S&P 500, 34.89% vs. 11.16%. While the Schwab Equity Portfolio outperformed the standard S&P 500 over the past three years, results are much closer when using the more relevant equally-weighted benchmark. For the twelve-month period ending December 31, 2004, Barron's reports that the Schwab Equity Portfolio

earned 18.47% and the S&P 500 returned 10.88%. The S&P 500 EW returned 16.95% over this period, quite similar to the Schwab Equity Portfolio.

Longer Term Results from Other Stock Picking Systems

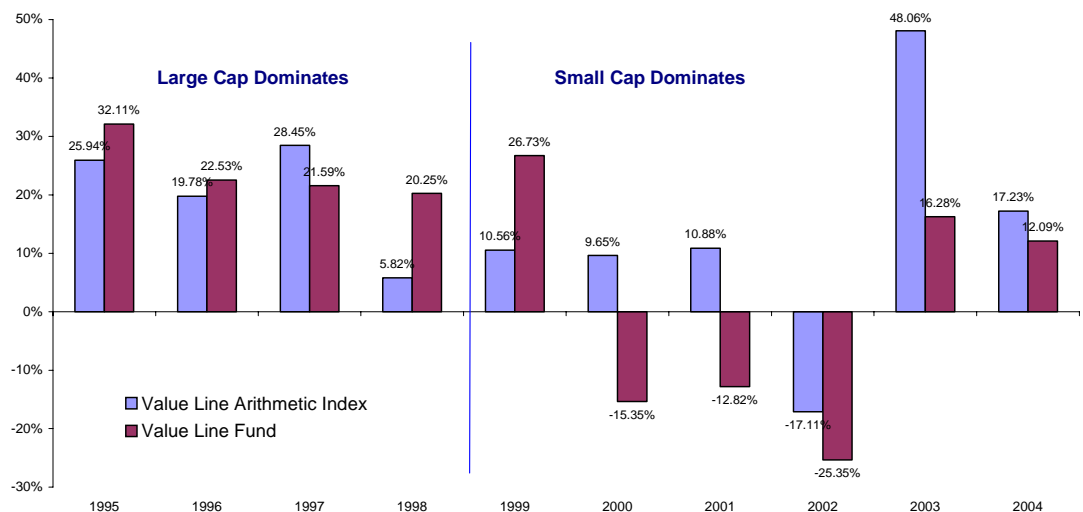
As a practical matter, it's virtually impossible to manage a large, real-world portfolio using an equal weighting approach. Differing performance of a portfolio's stocks, combined with the need for liquidity inherent in trading larger cap stocks, inevitably pushes it towards capitalization weighting, even if the manager's stated intent is to weight the portfolio equally.

While it's impractical to evaluate the real-world performance of the Schwab Equity Ratings, or the mutual funds based on the system — they are all too new — there is a similar stock rating system that's been around for decades, with a publicly available mutual fund designed to implement the rating system's recommendations. We thought it might be interesting to briefly review this organization, known as Value Line.

Value Line publishes an Investment Survey, billed as "... a comprehensive source of information and advice on approximately 1,700 stocks, more than 90 industries, the stock market, and the economy." They also manage mutual funds and publish indexes. The Value Line Arithmetic Index reports the performance of the average stock tracked by the company.

Launched in 1950, the Value Line Fund is one of the oldest public mutual funds. According to the Value Line website, the fund "will usually invest in those securities ranked 1 or 2 by the Value Line Ranking System." How has this fund performed relative to the Value Line Arithmetic Index? Consider the chart below.

As a practical matter, it's virtually impossible to manage a large, real-world portfolio using an equal weighting approach.



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Note that the chart looks very like its counterpart on page 3, which compared the DJ Wilshire 5000 against the DJ Wilshire 5000 EW. During periods of large cap dominance, the Value Line Fund generally outperforms the equally weighted Value Line Arithmetic Index, while the Index generally outperforms the fund during periods of small cap dominance. This indicates that the fund has probably become capitalization-weighted over time.

How does the Value Line Fund's performance compare to the S&P 500 — a more relevant benchmark if the fund has in fact become capitalization weighted? In eight of the ten years between 1995 and 2004, the fund underperformed the S&P 500, by an average of almost 4% per year. Although Value Line claims, "Over a 37 year period Value Line's Timeliness Ranking System has accurately anticipated stocks' subsequent relative price performance," it doesn't appear that the Value Line Fund has had much success beating the market over the past decade.

Index Selection Does Matter

Watch out for those painted red cantaloupes! While the Schwab Equity Ratings stock picking system has significantly outperformed the overall stock market over the past several years, these results have been achieved during a sustained period of small cap dominance. Compared to more relevant metrics, such as equally weighted versions of the S&P 500 and DJ Wilshire 5000 indexes, Schwab's advantage diminishes or disappears completely. While there is some evidence that Schwab's stock picking system has accurately identified more attractive stocks (i.e., A and B stocks have generally performed better than D and F stocks), over several periods, the best performance came from Schwab's lowest rated stocks. And while Schwab's Equity Model Portfolio has recently performed significantly better than stock picking systems marketed by other brokerage firms, the system is relatively new. Prudent investors may want to reevaluate the system following a period of large cap dominance before relying on Schwab's recommendations.

If a Stock Picking System Worked, Would You Use It?

By now you are probably wondering whether *any* stock picking system is likely to identify stocks that will consistently outperform the overall market. But let's briefly ponder a different question — if a stock picking system were demonstrably successful, would you want to use it? Your first reaction may be that this is a stupid question — of course you would want to use a system that helped you to identify stocks with good returns, and avoid

stocks with bad returns. But a more thorough review of the question may generate a different answer. Let's investigate.

One of the first questions to ask of any stock picking system is, how many stocks are needed to construct a reasonably well-diversified portfolio? This question would be moot if we had 100% confidence in the system — we'd simply invest our entire portfolio in the single stock it identified as having the highest future return. Of course, in the real world, we understand that investing our entire portfolio in a single stock is foolhardy. All individual stocks are subject to numerous risk factors that can't be predicted by any stock picking system: litigation, unexpected competition, management turnover, product obsolescence, natural disasters, etc. Economists call these company-specific risk factors "non-systematic" or "idiosyncratic" risks. Any prudently managed portfolio must include a sufficient number of stocks to reduce idiosyncratic risks to an acceptable level.

Conventional wisdom holds that the number of stocks required for a prudent and diversified portfolio is relatively low. In the classic 1949 text, "The Intelligent Investor," Benjamin Graham asserts that adequate diversification can be obtained with just 10 to 30 stocks. A December 1968 *Journal of Finance* article by Evans and Archer ("Diversification and the Reduction of Dispersion: An Empirical Analysis") concludes that a portfolio containing at least 15 randomly selected stocks is adequately diversified. Renowned Princeton economist Burton Malkiel's 1973 million-copy bestseller "A Random Walk Down Wall Street" reinforces these conclusions:

"By the time the portfolio contains close to 20 equal-sized and well-diversified issues, the total risk (standard deviation of returns) of the portfolio is reduced by 70 percent. Further increase in the number of holdings does not produce any significant further risk reduction."

Based on this research, both investors and investment professionals presumed that diversification was possible with a manageable number of stocks — making a successful stock picking system incredibly valuable.

However, more recent research by Professor Malkiel and others ("Have Individual Stocks Become More Volatile?" *Journal of Finance*, February 2001 — see IQ Vol. 9, No. 2 for a detailed review of this paper), finds that to achieve adequate diversification over the 1986 to 1997 period required a portfolio of at least 50 randomly selected stocks. The new research finds that the risk of the overall

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stock market has not changed significantly over time. However, the number of stocks in the market has increased, and the correlation between stocks has decreased, explaining the larger number of stocks needed for a portfolio to exhibit risk similar to the overall stock market.

The authors also note that a 50 stock portfolio will not always suffice to align portfolio and market risk during recessions: "These results provide strong evidence that market, industry and firm-level volatility are all higher in economic downturns ... Industry-level and firm-level variances roughly double in recessions." As market, industry and firm-specific risks increase, so does the number of stocks needed to reduce a portfolio's idiosyncratic risk. Depending on the severity of a recession, as many as 200 randomly selected stocks may be required to reduce a portfolio's risk to that of the market.

Rational investors generally don't want to incur more risk than the overall market (unless the incremental risk is attributable to a return enhancing strategy, such as factor loading). Because idiosyncratic risks such as natural disaster are inherently unpredictable, they cannot be accounted for by any stock picking system, including that most efficient stock picking system of all, the market as a whole. The market can't price what it can't predict, so by definition unknown idiosyncratic risks are not accounted for by securities prices. But this is just to say that such risks are not compensated, so any rational investor should avoid them to the extent possible. So, you would only want to use a stock picking system if it could identify between 50 and 200 randomly selected stocks, all of them mispriced.

Note that these two hurdles operate independently. The system must identify a large number of good stocks, and the stocks must be randomly selected. But by definition, if you've used a stock picking system, the stocks in your portfolio were not randomly selected. To keep portfolio risk under control, you will need to select even more than 50-200 stocks, or use several stock picking systems with different underlying assumptions, so that your aggregate stock portfolio is reasonably random.

Note that to use different stock picking systems to achieve an effectively random selection of more than 50 stocks has the net effect of buying the market — i.e., of not using a stock picking system to begin with. As a practical matter, the task of managing a portfolio of 50 to 200 individual stocks is beyond the capabilities of most individual investors. Simply running the portfolio holdings through the stock

picking system (or systems) periodically to determine whether the system recommends changes would represent a monumental task. Furthermore, commissions and other trading costs would cut into returns, making the system significantly less attractive.

Apparently, Schwab understands the danger of assuming that small cap dominance — a significant underpinning of its system's apparent success — will continue. In a press release issued earlier this year, Greg Forsythe, developer of the Equity Rating System, identified "Ten Stocks to Watch in 2005." This group of ten larger capitalization stocks was selected from the approximately 160 stocks receiving an A grade from Schwab. These bigger stocks "look attractive after four straight years of small-cap outperformance." Unlike the aggregate list of all 160 A stocks, which may be disproportionately concentrated in a small number of industries or sectors and therefore lack the randomness required for proper portfolio diversification, Forsythe's list of ten stocks "[represents] each of the market's ten broad economic sectors." And a portfolio of ten stocks seems reasonably easy to manage. Unfortunately, this portfolio doesn't begin to approach the level of diversification recommended by Professor Malkiel and his colleagues.

If You Used a Good Stock Picking System, Would it Work?

Notwithstanding all the foregoing, suppose a broker marketed a truly successful stock-picking system. Many investors would use it. But this would have the effect of increasing the demand for the system's A stocks, instantly increasing their prices to exactly the point at which they fully discounted the high rating. Only the first few traders who bought the A stocks would reap big profits — and it is at least arguable that their profits would derive more from increased demand arising out of the high rating, than from any inherent qualities of the stock. Thus to some extent the findings of a popular stock picking system are self-fulfilling, at least until the fundamentals reassert themselves. When that happens, those investors who were the last to heed the "buy" advice of the system will lose the most.

Is "successful stock-picking system" an oxymoron? Not necessarily. If someone devised a successful system, they could possibly keep it working for a while — i.e., until its analysis of the economy obsolesced — by keeping it secret. As soon as the success of a system becomes widely understood, the advantage of using it evaporates, because pretty much everyone is using it.

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SURVEY OF INDICES & FUND AVERAGES
PERIOD AND ANNUALIZED COMPOUND RETURNS IN PERCENT

	First Quarter 2005	12 Months Ending 3/31/05	3 Years Ending 3/31/05	5 Years Ending 3/31/05	10 Years Ending 3/31/05
Inflation Index & Risk Free Rate					
Consumer Price Index	0.79	2.35	2.37	2.31	2.39
U.S. 3-Month Treasury Bills	0.66	1.86	1.46	2.65	3.94
U.S. Stock Market (Large Companies)					
Standard & Poor's (S & P) 500 Index	-2.15	6.69	2.74	-3.16	10.79
S & P/Barra Large Cap Growth Index	-1.87	4.13	0.27	-8.16	10.19
S & P/Barra Large Cap Value Index	-2.43	9.24	5.14	1.93	10.94
Average Large Cap Blend Fund ‡	-2.02	5.79	2.19	-2.78	9.33
U.S. Stock Market (Small Companies)					
Russell 2000 Index	-5.34	5.41	8.05	4.01	10.43
Dimensional US Micro Cap Fund	-6.43	4.06	13.01	8.58	14.85
Russell 2000 Growth Index	-6.83	0.87	4.01	-6.60	5.80
Russell 2000 Value Index	-3.98	9.79	11.48	15.42	14.28
Average Small Cap Blend Fund ‡	-2.90	9.02	9.16	9.41	12.59
Real Estate					
Wilshire REIT Index	-7.20	10.81	17.33	20.13	14.62
Fixed Income (Bond) Markets					
Lehman Government Bond Index	-0.42	0.11	5.78	6.68	6.92
Average Intermediate Gov't Bond Fund ‡	-0.38	0.79	4.52	5.79	5.94
Lehman Municipal Bond Index	-0.04	2.67	6.10	6.58	6.33
Avg. California Inter/Short Muni Bond ‡	-0.58	1.08	4.08	4.77	4.84
CSFB High Yield Bond Index	-1.11	7.83	12.52	8.20	8.00
Average High Yield Bond Fund ‡	-1.54	6.34	9.61	5.04	6.07
Citigroup Non-Dollar World Gov't Bonds	-2.58	5.54	14.48	8.19	6.21
Average World Bond Fund ‡	-1.90	4.98	11.52	7.55	7.02
International Stocks					
MSCI EAFE Foreign Stock Index	-0.17	15.06	11.47	-1.14	5.41
Average Foreign Large Blend Stock Fund ‡	-0.38	12.48	8.76	-3.24	6.41
MSCI Europe Stock Index	0.46	20.37	11.19	0.15	9.93
MSCI Pacific Stock Index	-1.65	3.81	12.25	-3.97	-0.67
MSCI Emerging Markets Free Index	1.20	13.82	16.01	1.92	2.49
Average Emerging Markets Fund ‡	1.20	15.42	17.98	4.12	5.85

‡ Source: Morningstar Principia 3/31/05

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(Continued from page 1)

may not be able to pass on all their increased energy costs to consumers, and so may have to accept lower profits. Additionally, consumers have less remaining discretionary income when more of their earnings go to energy, reducing demand for many products.

US Equities & REITs

The Dow Jones Industrial Average dropped 2.06% and the S&P 500 lost 2.15% for the quarter. The Wilshire 5000, which tracks the aggregate US stock market, ended 2.39% lower. The small cap oriented Russell 2000 lost 5.34%, while the NASDAQ composite dropped 8.10%.

Mutual fund researcher Lipper Inc. reports that most mutual fund sectors registered negative returns in the first 90 days. The average diversified US equity fund lost 2.53%. Virtually all economic sectors declined during the quarter. The only sectors with positive returns were natural resources funds (including oil companies), earning 12.52%, and utility funds, which gained 2.68%.

Real Estate Investment Trusts (REITs) fell 7.2% on average during the first three months of the year, according to the Wilshire REIT Index. REITs performed tremendously in 2004, with average returns of 33.8%; some retrenchment is not perhaps too surprising.

International Stocks

The declining US dollar recovered moderately, posting its best quarter against the euro in four years. The dollar gained 4.4% against the euro, and 4.5% against the yen. Nonetheless, European stocks performed reasonably well. The MSCI Europe Index gained 0.46% in dollar terms, while the MSCI Pacific Index dropped 1.65%, less than most US stocks.

Emerging markets performed well up to early March, with the MSCI Emerging Markets Index reflecting a year-to-date gain of 8%. Emerging markets mutual funds set a record for net cash inflows in February (\$4.6 billion). However, the category experienced large outflows in March, and a sharp decline in emerging markets stock prices over the last three weeks of the quarter left the Index up just 1.2% for the quarter as a whole.

Fixed Income

Rising rates hurt fixed income investments. The Lehman Aggregate Index dropped 0.48% for the quarter. The Lehman 1-3 Year Government Index lost 0.25%, as its paltry short-term yield could not overcome small capital losses.

Individual Country Returns Year 2004

	U.S. Dollar	Local Currency
North America		
United States	-2.51%	-2.51%
Canada	3.10	4.11
Latin America		
Brazil	2.56	2.65
Chile	-1.12	4.21
Mexico	-1.86	-1.56
Venezuela	-14.32	-3.21
Africa		
South Africa	-8.99	0.54
Europe		
Austria	1.26	5.90
Belgium	1.69	6.36
Denmark	4.69	9.66
Finland	0.06	4.64
France	2.22	6.90
Germany	-2.08	2.42
Ireland	-9.93	-5.80
Great Britain	0.16	1.76
Italy	-0.54	4.02
Netherlands	2.09	6.77
Norway	3.97	8.39
Portugal	-2.47	2.00
Spain	-2.26	2.22
Sweden	-2.26	3.59
Switzerland	-0.38	4.42
Asia		
Australia	0.55	1.90
Hong Kong	-4.07	-3.74
Indonesia	6.80	8.96
Japan	-1.72	2.58
New Zealand	-3.30	-2.03
Philippines	8.14	5.83
Singapore	1.33	2.38
South Korea	11.10	8.99
Taiwan	-2.17	-2.74
Thailand	1.43	2.13

Source: Dow Jones Global Indexes

INVESTMENT QUARTERLY

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