

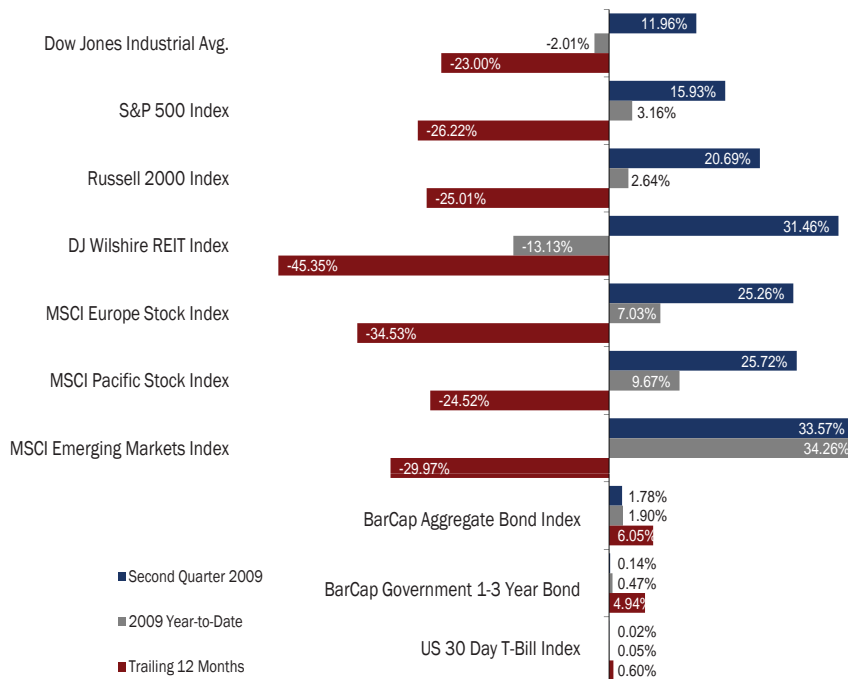
## WORLD MARKET SURVEY

### Green Shoots, the Fear Index and a Dash for Trash

Seeing “green shoots” appearing amid the wreckage of last year’s credit crisis, investors bid up stocks in the second quarter, continuing the powerful rally that began in early March. The Dow Jones Industrials advanced 11%, its best quarterly performance since 2003. The Dow is now up 28% from its March 9th low, although it is still negative for the year to date. The S&P 500 earned 15.9% in the three months ending June 30, a gain of 3% so far in 2009. Technology stocks registered a solid quarter, with the tech-oriented NASDAQ Index climbing 20.3%, for a gain of 17.0% for the year to date. Small stocks also rallied, with the Russell 2000 Index climbing 20.7%, closing up 2.6% for the first six months. The rally leveled off during the quarter’s final month, as doubts surfaced about the economy’s continued improvement, and whether recovering corporate profits would support the recent climb in stock valuations.

*(continued on page 6)*

### Index Returns: Second Quarter 2009, Year-to-Date, & Trailing 12 Months



## INVESTMENT BASICS: RATIONAL INVESTING AND ASSET ALLOCATION

Prior to the 1960’s, both institutional and personal investors tended to approach the portfolio construction problem from a similar perspective. Portfolios were built by combining various securities. Securities were selected based on return expectations and some rudimentary assessment of their underlying risk. While investors intuitively accepted the implied relationship between risk and return – truly low risk investments could not rationally be expected to generate consistently high returns – they lacked both the theoretical rationale and the necessary data to evaluate the risk and return implications of the complex interactions between the various securities comprising the portfolio. In the 1930’s, humorist and social commentator Will Rogers summarized the prevailing wisdom regarding

investment selection: “Don’t gamble; take all your savings and buy some good stock and hold it ‘till it goes up, then sell it. If it don’t go up, don’t buy it.” Given the uncertain nature of the Rogers approach, we refer to it as “hopeful” investing. Investors buy stocks hoping that they will go up.

While his advice was obviously facetious, he neatly summarized the nature of the investment problem. Since investors could not know how a stock would perform after they purchased it, stock investing was analogous to gambling. His comment encapsulated prevailing investor sentiment during the Great Depression of the 1930’s; similar opinions seem prevalent today following the market collapse of 2008.

During the 1950’s, an emerging social science called financial economics sought to better understand the behavior of capital markets. Building on insights derived from both theoretical and applied mathematics and statistics, as well as reams of newly available data on performance of individual securities and aggregate markets, researchers endeavored to explain why markets performed as they did. These academics hoped to develop a more rational approach to solving the portfolio construction problem. Over time, this research developed into a body of work that we know today as Modern Portfolio Theory (MPT). Using MPT, investors could develop a rational portfolio construction approach, in contrast to the prior hopeful portfolio construction approach.

*Institutional investors' greater scale and access to more sophisticated advisors made it easier for them to migrate to the rational approach.*

*The hopeful investor's planning approach is predicated on maximizing returns, with little emphasis on risk.*

## RATIONAL INVESTING AND ASSET ALLOCATION

Initially, the rational approach tended to be adopted by institutional investors, such as foundations, endowments, and pension plans, while individual investors continued to apply the traditional hopeful approach. Institutional investors' greater scale and access to more sophisticated advisors made it easier for them to migrate to the rational approach. Over time, many individuals also adopted the rational approach, partially due to the broad acceptance of MPT among the investment advisory community.

### Contrasting Hopeful and Rational Approaches

Of course, most institutional investors never fully migrated to the rational approach, while most individual investors never fully relied on the hopeful approach. Rather, we should think of the two approaches as representing a spectrum, with investors using elements of both approaches to formulate their portfolios. The table below illustrates the primary distinctions between the two approaches.

So far, we've seen that the rational investor bases decisions on best estimates of projected future needs, seeks to control risk, and adopts an asset allocation approach to guide portfolio design and investment selection. But why is this approach rational? To address this question, we first need to consider several topics:

1. What is the definition of asset allocation?
2. What is the purpose of asset allocation?
3. What is the relationship between asset allocation and risk control?

### Asset Allocation: A Definition

Asset allocation is the process of combining various asset classes into a portfolio so that its risk and reward characteristics are suitable for the investor's risk tolerance and investment objectives. Asset classes – rather than individual securities – are therefore the building blocks of the portfolio. An asset

| Portfolio Characteristic               | Hopeful Approach   | Rational Approach  |
|--|--|--|
| Definition of success                  | High returns.  | Portfolio returns sufficient to satisfy investor's financial objectives.   |
| Structure and organization             | Ad hoc, random collection of securities.                           | Asset allocation approach, targeted exposure to asset classes and risk factors.                                    |
| Approach to asset class representation | Bottom up approach, based on assessment of individual securities.  | Diversified, primarily seeking asset class exposure, with possible secondary objective of outperforming benchmark. |
| Approach to security selection         | Assess risk/return characteristics of each individual security.    | Gauge each security's contribution to portfolio's aggregate risk/return characteristics.                           |
| Type of advisory relationship          | Broker, serving in an agency capacity (facilitating transactions.) | Advisor, serving in a fiduciary capacity (advising on strategies and monitoring progress toward goals).            |

### Portfolio Planning Under the Two Approaches

The hopeful and rational investors take different approaches to portfolio planning. The hopeful investor's planning approach is predicated on maximizing returns, with little emphasis on risk. After all, if returns are high enough, risk should diminish over time, as the portfolio approaches, achieves, and eventually exceeds its goals. Conversely, the rational investor's planning approach is predicated on forecasting future needs and managing risk. The rational investor will only assume as much risk as is necessary to generate the portfolio's required rate of return.

class is a group of securities that share common legal, economic, and statistical characteristics. For example, the asset class of U.S. small stocks differs from the class of U.S. large stocks in several respects, including fundamental characteristics, such as market capitalization, and statistical characteristics, such as expected return volatility.

Rational investing prefers asset class building blocks, such as an index of large company stocks like the S&P 500, to individual securities, because a single security may be a poor representative of the class. Enron, for example, was not a typical energy stock. All

## RATIONAL INVESTING AND ASSET ALLOCATION

| Planning Step   | Hopeful Approach  | Rational Approach  |
|---|---|--|
| Establish baseline for portfolio management                     | <i>Current Determination:</i> Based on assets currently available for investment.   | <i>Forward Looking:</i> Based on estimate of the future assets required to achieve economic objectives.  |
| Set Investment Objectives                                       | Goal is to generate returns to achieve one or more economic objectives.   | Goal is to increase current value of investments so that it converges to the estimated required future assets.   |
| Determine required return                                       | More money is needed; more money is always better than less, therefore, seek as much return as possible.  | Required return is the rate at which current assets must grow in order to fund future goals.   |
| Determine risk policy   | The faster the portfolio grows, the greater the probability of achieving economic objectives.   | Estimate the risk associated with generating required return — the more risk, the greater the probability of a dollar shortfall.   |
| Align Portfolio risk characteristics with investment objectives | Risk diminishes as return increases, because as the portfolio grows, investment “cushion” becomes larger.   | Ensure that the portfolio maintains reasonable risk bounds — sufficient risk to generate required return, but not so much risk that return outcomes become uncertain.                      |
| Investment Selection  | Consider investments expected to generate a high rate of return (“...buy some good stock and hold it ‘till it goes up, then sell it. If it don’t go up, don’t buy it.”) | Only consider portfolio designs that can be reasonably expected to generate the required return: compare different portfolio designs to arrive at a prudent and suitable asset allocation. |

securities carry systematic risk (also known as market risk): they are affected by the same economic forces that influence the prices of all similar securities. But individual securities also exhibit unique, or unsystematic, risks that affect only one company. For example, the price of Union Carbide stock changed dramatically as a sudden result of the horrible industrial accident in Bhopal, India. The unique risk of individual securities stands in contrast to the tendency of relatively homogeneous groups of securities — asset classes — to exhibit predictably common exposures to similar sets of risk factors. Airline stocks differ from energy stocks, for example, because the two sectors respond quite differently to sudden changes in the price of oil. Over the long run, a diversified portfolio’s returns are primarily associated with exposures to systematic risk factors. Thus, the primary purpose of asset allocation is to set the investor’s exposure to systematic risks.

### A Graphical Approach to Understanding Risk and Asset Allocation

A phrase like ‘setting exposures to systematic risks’ sounds complicated, but graphically, it is easier to understand. Intuitively, most investors agree that the price volatility of a government-guaranteed, short-term T-Bill is considerably lower than that of the S&P

500. At least in the short run, T-Bills are a safer asset than stocks. Additionally, the expected behavior of a portfolio allocated 20% to T-Bills and 80% to stock should differ greatly from a portfolio allocated 80% to T-Bills and 20% to stock. The chart on the following page illustrates the possible range of annual returns generated by each portfolio.

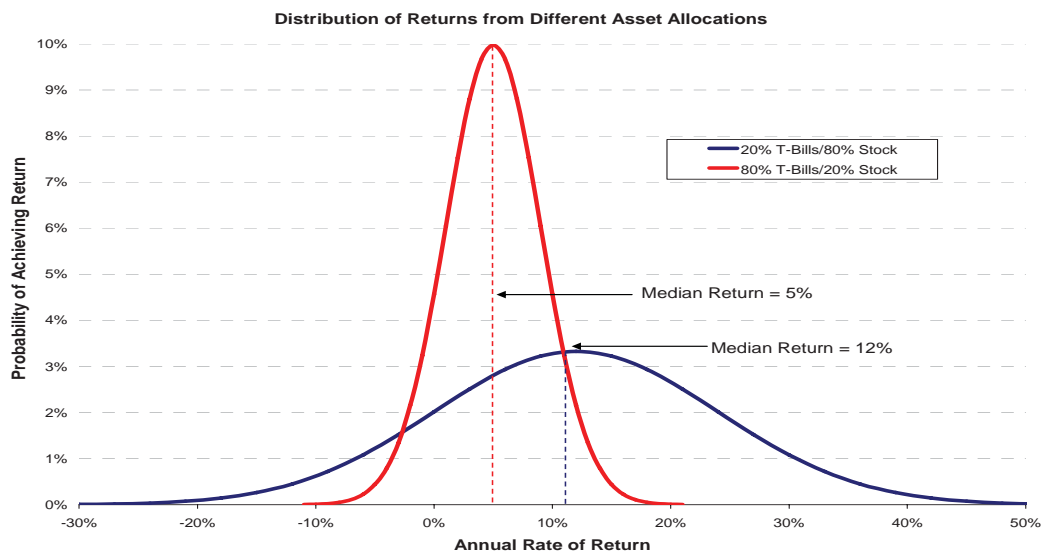
Risk can be described as the “shape” of returns. When return shapes are narrower, the final outcome is more certain. With wider return shapes, the range of possible returns is greater, and, consequently, the final outcome is less certain. Narrower shapes have lower expected returns and wider shapes have higher expected returns, because investors expect to be compensated for assuming risk. The shape of a whole portfolio’s return is determined by its asset allocation, which is therefore an investor’s primary risk control mechanism.

### Asset Allocation and the Risk/Return Tradeoff

Although investors cannot control returns, they can choose an asset allocation that produces a return shape with characteristics that are appropriate for the portfolio’s objectives. A basic tenet of Modern Portfolio Theory is that the relationship between systematic risk and expected long-term return is approximately linear. Simply put, if you diversify the

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## RATIONAL INVESTING AND ASSET ALLOCATION



portfolio to reflect market risk rather than unique company risk, then the portfolio's risk and reward should line up over the long run. In any particular period, your returns may come from the left side of the distribution – a bear market – or from the right side – a bull market. However, both bull and bear returns are in the distribution, and, if you maintain your asset allocation, ultimately you can expect to receive a return close to the long-term average. This logic explains the advice to “stay the course” if you are a long-term investor. It also explains why focused portfolios consisting of only a few stocks and bonds are not safe. The unique risk of each position overwhelms the systematic risk of the aggregate portfolio, making both the short-term and long-term risk/return alignment dangerously unpredictable.

The graph on page 5 illustrates the historical risk/reward tradeoff of various asset allocations. An allocation to 100% T-bills generated the lowest annualized return between 1973 and 2008. As risk (uncertainty of return) increases, long term reward to the investor becomes greater. A 100% equity allocation generated an annual return of 11.9% (before expenses), almost double the T-Bill return of 6.6 %.

### Asset Allocation and Preferencing Criteria

If the asset allocation decision focuses only on return expectations, it begins to look like nothing more than a more sophisticated version of the hopeful approach – using asset allocation to generate a high rate of return. But the rational approach does not define the best portfolio allocation as the one with the highest expected long-term return. Rather, it selects portfolios based on a lengthy list of preferencing criteria.

Let's suppose that we are evaluating six portfolios. The first criterion is to eliminate all portfolios that aren't expected to generate the required return. These portfolios may be very “safe,” but they are hardly prudent choices, because they cannot be expected to produce returns sufficient to fund the portfolio's investment goals. Let's assume that this required return preferencing criterion eliminates three of the six candidate portfolios.

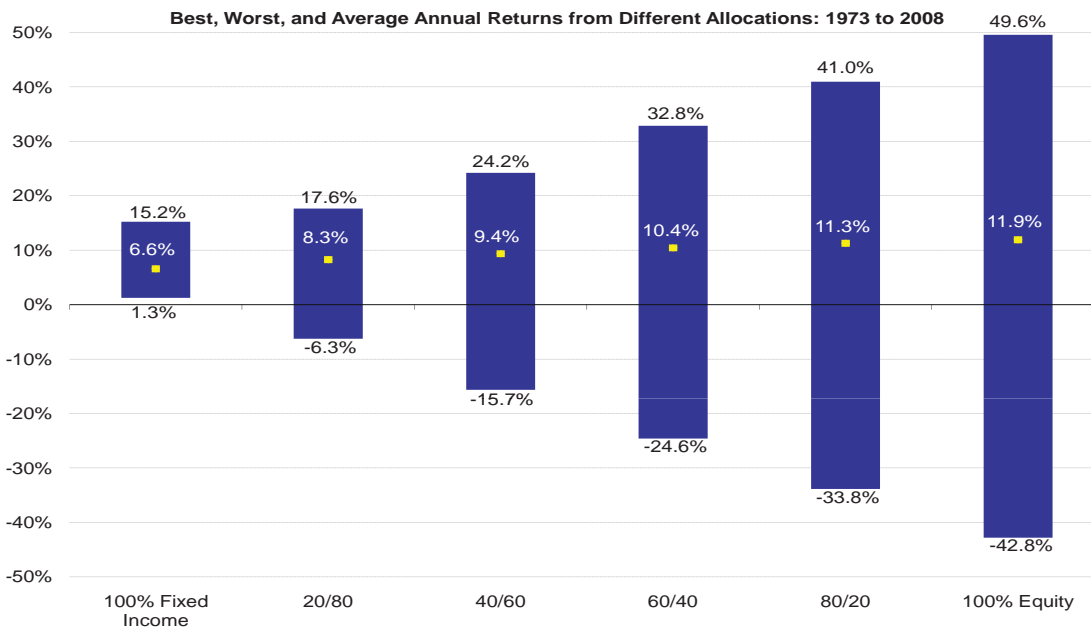
The second preferencing criterion is risk: we don't want to take more risk than is actually needed for long-term success. In this case, we can define risk in terms of the magnitude and likelihood of a portfolio's potential shortfall in actual future dollar wealth, despite the fact that the portfolio's expected future dollar wealth satisfies our funding requirements. For example, if we cannot accept more than a 20% risk of a probable future shortfall, we would apply this criterion to the three remaining candidate portfolios, and eliminate any portfolio that violates our risk tolerance guidelines.

Assume that two portfolios pass both our required return and risk preference tests. Of the remaining candidates, one consists of eight asset class building blocks, the other of ten. The first portfolio has a maximum exposure to the risks and returns of a single asset class of 25%; the second, 21%. Both portfolios have equal liquidity and marketability. Consequently, we might want to select the second candidate portfolio based on a diversification preferencing criterion.

Voila! By applying preferencing criteria, we have arrived at a portfolio that is appropriate for our economic objectives and personal preferences. Asset allocation has controlled risk and provided us with the best

*... we don't want to take more risk than is actually needed for long-term success.*

RATIONAL INVESTING AND ASSET ALLOCATION



opportunity for a successful long-term outcome. This is the good news. The bad news is:

1. Our perfect asset allocation is completely myopic.
2. Our asset allocation selection is only statistically valid if there are no cash flows into or out of the portfolio.

**Asset Allocation and Changing Circumstances**

Operating a strict stay-the-course asset allocation on a period-by-period basis is like an automobile driver who attempts to get to a destination by making decisions one street at a time. By contrast, a dynamic allocation is like an automobile driver who sees the interconnection of streets throughout the entire trip and plots a course accordingly. This driver will avoid dead ends, traffic lights, and other detriments to efficient travel that could plague the myopic driver.

The right asset allocation suggests that, “on average,” you should succeed in creating sufficient dollar wealth. However, whenever cash enters or leaves the portfolio, the concept of “average” disappears. This topic is very important because it highlights the most injurious mistake made by many investors.

Let’s say that an investor wants to design a portfolio that generates annual income of \$120,000. The portfolio is currently worth \$3,000,000. The investor makes the following calculations:

- The portfolio should be able to earn 8% after costs over the long term.

- Inflation should average 3% over the long term.
- Income withdrawals needed will be 4% (\$120,000 ÷ \$3,000,000) for income.
- 4% (portfolio withdrawal) + 3% (inflation adjustment) = 7%.
- 7% is less than 8%.
- The portfolio should be sufficient to fund the income target on an inflation-adjusted basis in perpetuity.

Unfortunately, the investor’s conclusion will only be correct if the portfolio earns exactly 8% each and every year, and inflation turns out to be exactly 3% each and every year.

The investor failed to consider the variability of future investment returns, future inflation, and the complex interactions between these factors. Withdrawals during periods when returns are below average compound their deleterious effects on dollar wealth. But withdrawals during periods when returns are above average vitiate their positive effects on dollar wealth. Constantly compounding the negative consequences of bad returns and limiting the positive consequences of good returns renders the concept of “average” return meaningless.

**Conclusion**

Asset allocation is a critical component of prudent portfolio design, but it is not the final step in the path towards investment success. The prudent investor cannot simply set an asset allocation and

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## RATIONAL INVESTING AND ASSET ALLOCATION

blindly stay the course. The missing ingredient is asset management – which includes the process of periodically evaluating whether current assets are likely to be sufficient to fund anticipated liabilities.

Substantial changes in wealth – positive or negative – may require a rethinking of goals and strategies.

One significant challenge to effective rational asset management is to move beyond a single-period asset allocation structure to a dynamic, multi-period structure that acknowledges changes in wealth and risk aversion. But that topic comes nowhere near falling into the category of “Investment Basics,” so we must leave it for another day.

## WORLD MARKET SURVEY

*(continued from page 1)*

The Chicago Board Options Exchange (CBOE) publishes a Volatility Index, a barometer of investor sentiment that tracks price movements in buy and sell options on the S&P 500 Index. This “fear index,” which normally trades in a range between ten and twenty, soared as high as 80 during last year’s market crisis (see the chart, below). The Index reflected the repeated stomach-churning daily swings of 3% or more in the value of the S&P 500 in late 2008, a level of volatility that caused some investors to flee the market altogether. The Volatility Index has trended downward in recent months, reaching a low of about 25, suggesting that markets are slowly moving back to normal.

International stocks generally enjoyed a strong second quarter. The MSCI Europe Index gained 13.41% in local currency. Pundits observed that the “flight to quality” had abated, as the global economy appeared to

stabilize and investors in European stocks moved from staid blue chips to riskier shares – a “dash for trash.” For U.S. investors invested in the U.K. and Europe, the results were even better, as a retreat from the dollar in favor of the pound and the Euro boosted the return on the Europe Index by almost 12%, for a quarterly total return in dollar terms of 25.3%. The dollar-adjusted Europe Index is now up 7% for the year to date.

Strong results in Japan pushed the MSCI Pacific Index up 19.3% in the last three months. The results jump to 25.7% when converted to the dollar. Pacific stocks are now up 9.7% for the six months ending June 30. Among emerging markets, India (+63%), Brazil (+41%) and China (+31%) were prominent leaders for the second quarter. The MSCI Emerging Markets Index jumped 34.7% for the period, up 36.0% for the year to date.

*(continued on page 8)*

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

|   | Second<br>Quarter<br>2009 | Total Return<br>12 Months | 3 Years<br>Ending<br>06/30/2009 | 5 Years<br>Ending<br>06/30/2009 | 10 Years<br>Ending<br>06/30/2009 |
|---|---------------------------|---------------------------|---------------------------------|---------------------------------|----------------------------------|
| <b>Inflation Index &amp; Risk Free Rate</b> |                           |                           |                                 |                                 |                                  |
| Consumer Price Index                        | 0.08                      | -1.92                     | 1.81                            | 2.42                            | 2.52                             |
| U.S. 3-Month Treasury Bills                 | 0.05                      | 0.78                      | 3.04                            | 3.02                            | 3.08                             |
| <b>U.S. Stock Market (Large Companies)</b>  |                           |                           |                                 |                                 |                                  |
| Standard & Poor's (S&P) 500 Index           | 15.93                     | -26.21                    | -8.22                           | -2.24                           | -2.22                            |
| S&P/Citigroup Large Cap Growth Index        | 14.60                     | -23.88                    | -5.06                           | -2.24                           | -3.81                            |
| S&P/Citigroup Large Cap Value Index         | 17.51                     | -28.64                    | -11.50                          | -2.40                           | -1.26                            |
| Average Large Cap Blend Fund ‡              | 16.79                     | -26.41                    | -8.34                           | -2.06                           | -1.50                            |
| <b>U.S. Stock Market (Small Companies)</b>  |                           |                           |                                 |                                 |                                  |
| Russell 2000 Index                          | 20.69                     | -25.01                    | -9.89                           | -1.71                           | 2.38                             |
| Dimensional U.S. Micro Cap Fund             | 24.76                     | -23.56                    | -11.80                          | -3.07                           | 5.84                             |
| Russell 2000 Growth Index                   | 23.38                     | -24.85                    | -7.84                           | -1.32                           | -0.89                            |
| Russell 2000 Value Index                    | 18.00                     | -25.24                    | -12.07                          | -2.27                           | 5.00                             |
| Average Small Cap Blend Fund ‡              | 22.27                     | -25.97                    | -10.78                          | -1.78                           | 4.25                             |
| <b>Real Estate</b>                          |                           |                           |                                 |                                 |                                  |
| DJ Wilshire REIT Index                      | 31.46                     | -45.35                    | -19.73                          | -3.28                           | 5.53                             |
| <b>Fixed Income (Bond) Markets</b>          |                           |                           |                                 |                                 |                                  |
| BarCap Government Bond Index                | -2.21                     | 6.63                      | 7.28                            | 5.41                            | 6.06                             |
| Avg. Intermediate Gov't Bond Fund ‡         | 0.16                      | 5.66                      | 5.70                            | 4.23                            | 5.00                             |
| BarCap Municipal Bond Index                 | 2.11                      | 3.77                      | 3.90                            | 4.14                            | 5.00                             |
| Average California Int./Short Muni Bond ‡   | 1.72                      | 1.64                      | 2.49                            | 2.71                            | 3.79                             |
| Credit Suisse High Yield Bond Index         | 20.23                     | -5.00                     | 1.40                            | 3.81                            | 5.08                             |
| Average High Yield Bond ‡                   | 18.13                     | -7.76                     | -0.41                           | 2.37                            | 2.91                             |
| Citigroup World Gov't Bond Index            | 3.48                      | 4.00                      | 7.77                            | 6.06                            | 6.53                             |
| Average World Bond Fund ‡                   | 7.83                      | 0.88                      | 4.68                            | 4.45                            | 5.58                             |
| <b>International Stocks</b>                 |                           |                           |                                 |                                 |                                  |
| MSCI EAFE Foreign Stock Index               | 25.43                     | -31.35                    | -7.98                           | 2.31                            | 1.16                             |
| Average Foreign Large Blend Stock Fund ‡    | 23.96                     | -32.42                    | -8.24                           | 2.09                            | 1.11                             |
| MSCI Europe Stock Index                     | 25.26                     | -34.53                    | -8.40                           | 2.31                            | 1.30                             |
| MSCI Pacific Stock Index                    | 25.72                     | -24.52                    | -7.34                           | 2.13                            | 0.79                             |
| MSCI Emerging Mkt Index (excl. dividends)   | 33.57                     | -29.97                    | 0.61                            | 11.99                           | 6.29                             |
| Average Emerging Markets Fund ‡             | 35.16                     | -31.52                    | 0.54                            | 12.56                           | 8.54                             |

‡ Source: Morningstar Principia 06/30/2009

## WORLD MARKET SURVEY

*(continued from page 6)***China and Commodities**

Oil prices have recently exerted an unusually strong influence on equity markets, because they are one indicator of global economic activity. Much of the action appears to be driven by China, where car sales surged 55% in May, triggering greater demand for oil. China has also been stockpiling oil, copper and zinc, as well as perishables such as soybeans. Anticipated growing demand for commodities as the global economy recovers contributed to the emerging markets rally.

**Role Reversal in the Bond Market**

Last year's credit crisis hammered investor confidence in all types of corporate bonds, while creating huge demand for U.S. Treasury securities. For 2008, the total return on intermediate Treasuries was 11.3%, and long-term Treasuries earned a whopping 24.0%, as reported by Barclays Capital. Corporate bonds recovered this past quarter, with total return of 7.5% on intermediate investment grade corporate bonds and 12.9% for long term corporate bonds. Meanwhile, intermediate and long-term Treasuries posted record declines of 2.1% and 7.1% respectively during the quarter.

**Dollar Suffers After Year Long Rally**

Last quarter the dollar declined 2.7% versus the yen, 5.3% relative to the Euro and a whopping 14.7% against the British pound. Low U.S. interest rates, the exploding federal deficit, and inflation

fears make the dollar seem less attractive to investors than it did in the throes of the crisis. Still, as one market observer commented, "if you don't believe in green shoots, you want to be in safer dollars."

Investors concerned about possible sharp increases in inflation due to the immense and historically unprecedented surge in projected Federal borrowing and spending can look for guidance to yield spreads between U.S. Treasury Inflation Protected Securities (TIPS) and traditional Treasuries of the same duration. At present, the spread indicates an expected annual inflation rate of 1.7% over the next ten years. At the end of 2008, by contrast, the spread indicated an expected inflation rate of almost zero.

**Securitized Real Estate**

Real Estate Investment Trusts (REITs) staged a record-breaking comeback last quarter, as fears of a total rout in the commercial real estate market abated. The perception that high debt levels and falling property values would drive some REITs to collapse proved unfounded, at least for the time being, and the Dow Jones REIT Index climbed 28.9% over the quarter. Still, the gain only partially offset the massive cumulative losses incurred by REITs during the fourth quarter of 2008 (-38.8%) and this year's first quarter (-31.6%).

Individual Country Returns  
Q2 2009

|                      | U.S.<br>Dollar | Local<br>Currency |
|----------------------|----------------|-------------------|
| <b>North America</b> |                |                   |
| United States        | 16.1           | 16.1              |
| Canada               | 29.1           | 19.2              |
| <b>Latin America</b> |                |                   |
| Brazil               | 41.1           | 20.1              |
| Chile                | 35.0           | 23.2              |
| Mexico               | 31.6           | 22.9              |
| <b>Africa</b>        |                |                   |
| South Africa         | 32.2           | 7.3               |
| <b>Europe</b>        |                |                   |
| Austria              | 30.8           | 23.9              |
| Belgium              | 22.8           | 16.3              |
| Denmark              | 34.0           | 26.8              |
| Finland              | 29.3           | 22.4              |
| France               | 18.9           | 12.6              |
| Germany              | 21.2           | 14.7              |
| Great Britain        | 25.5           | 9.2               |
| Ireland              | 34.9           | 14.9              |
| Italy                | 26.0           | 19.3              |
| Netherlands          | 25.0           | 18.3              |
| Norway               | 29.5           | 23.5              |
| Portugal             | 21.9           | 15.3              |
| Spain                | 31.7           | 24.7              |
| Sweden               | 31.3           | 23.1              |
| Switzerland          | 17.2           | 12.2              |
| <b>Asia</b>          |                |                   |
| Australia            | 28.5           | 10.5              |
| Hong Kong            | 37.3           | 37.3              |
| Indonesia            | 62.4           | 43.5              |
| Japan                | 23.1           | 20.2              |
| New Zealand          | 21.2           | 6.8               |
| Philippines          | 24.6           | 24.1              |
| Singapore            | 47.8           | 40.7              |
| South Korea          | 24.5           | 14.7              |
| Taiwan               | 27.5           | 23.3              |
| Thailand             | 45.8           | 40.0              |

Source: Dow Jones Global Indexes

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