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# U.S. Large Cap Stocks: Attractive Risk and Reward During Volatile Times

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## Current Environment

- Credit Markets constrained
- Global economy very weak
- Investors are scared



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# Investor Fear is Extreme

7/31/07 – 1/31/09

## CBOE Market Volatility Index (VIX)

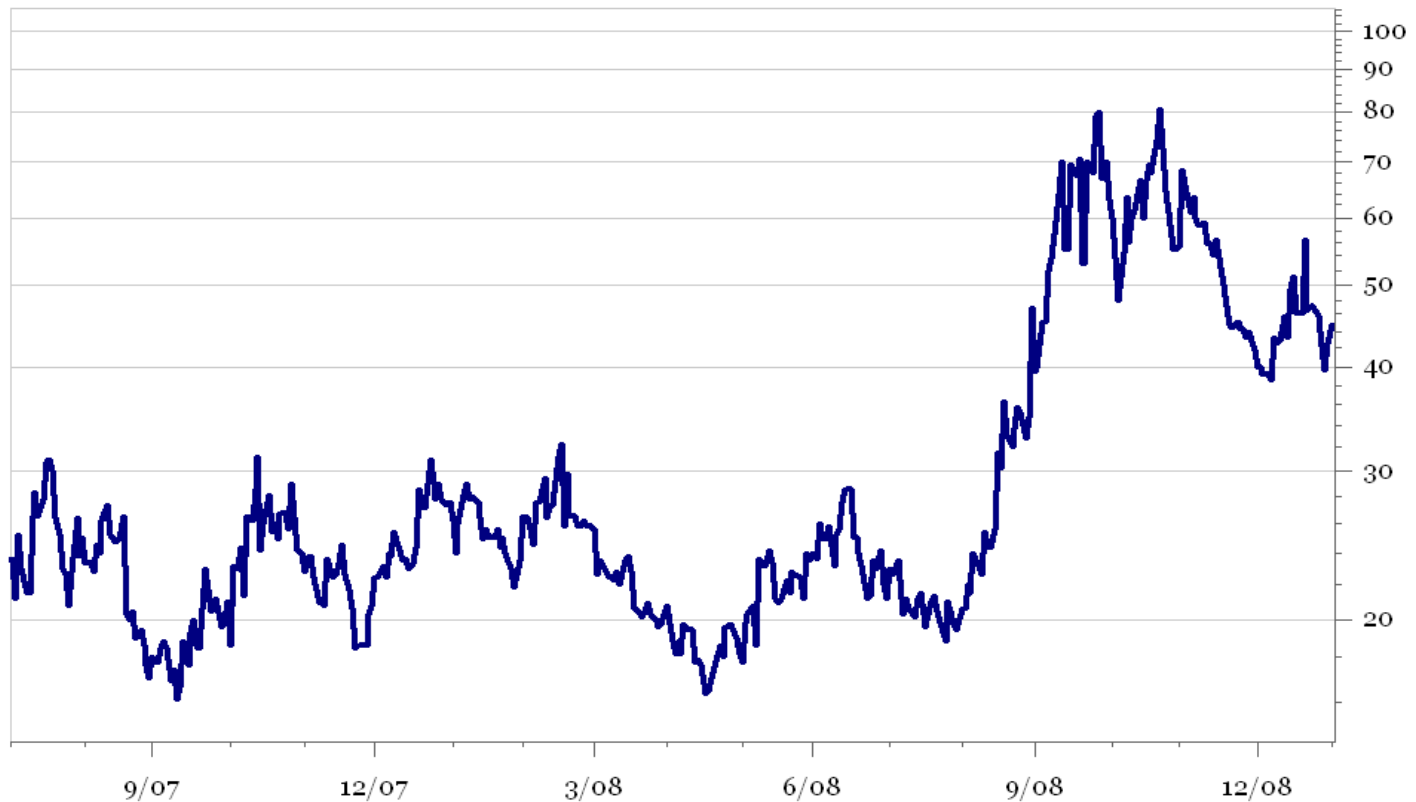
31-Jul-2007 to 30-Jan-2009 (Daily)

Local Currency

High: 80.860

Low: 16.120

Last: 44.840



Data Source: Prices / Exshare

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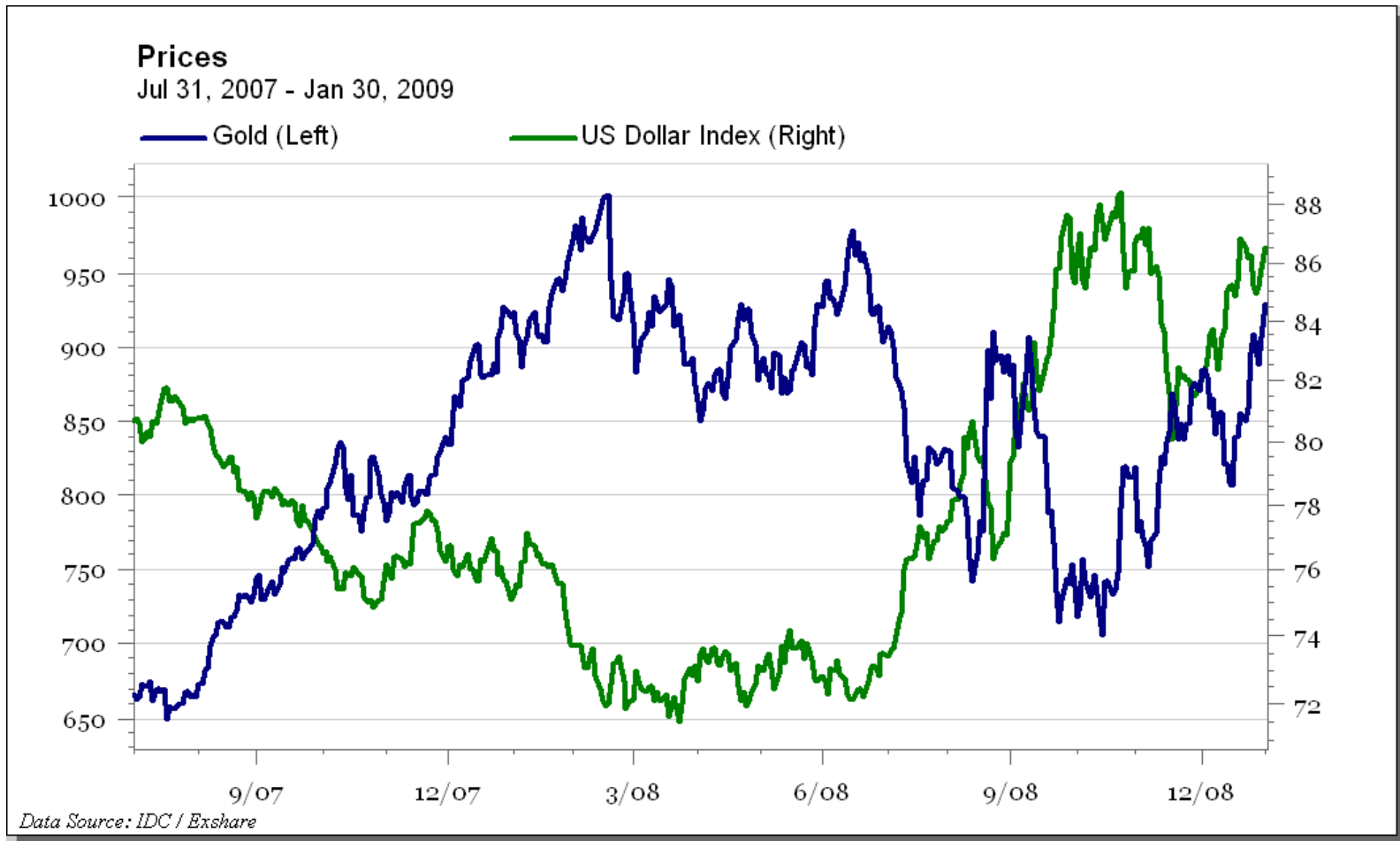
## What Do Investors Want Today?

- Safety and transparency
- Some assurance of return on investment
- Earnings visibility



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# Trade Weighted Dollar & Gold - Safe Havens





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# US Treasury Prices Have Rallied

7/31/07 – 1/31/09

## US 10 Year Treasury Yield

31-Jul-2007 to 30-Jan-2009 (Daily)

Local

High: 4.840

Low: 2.080

Last: 2.870



Data Source: FactSet Interest Rates

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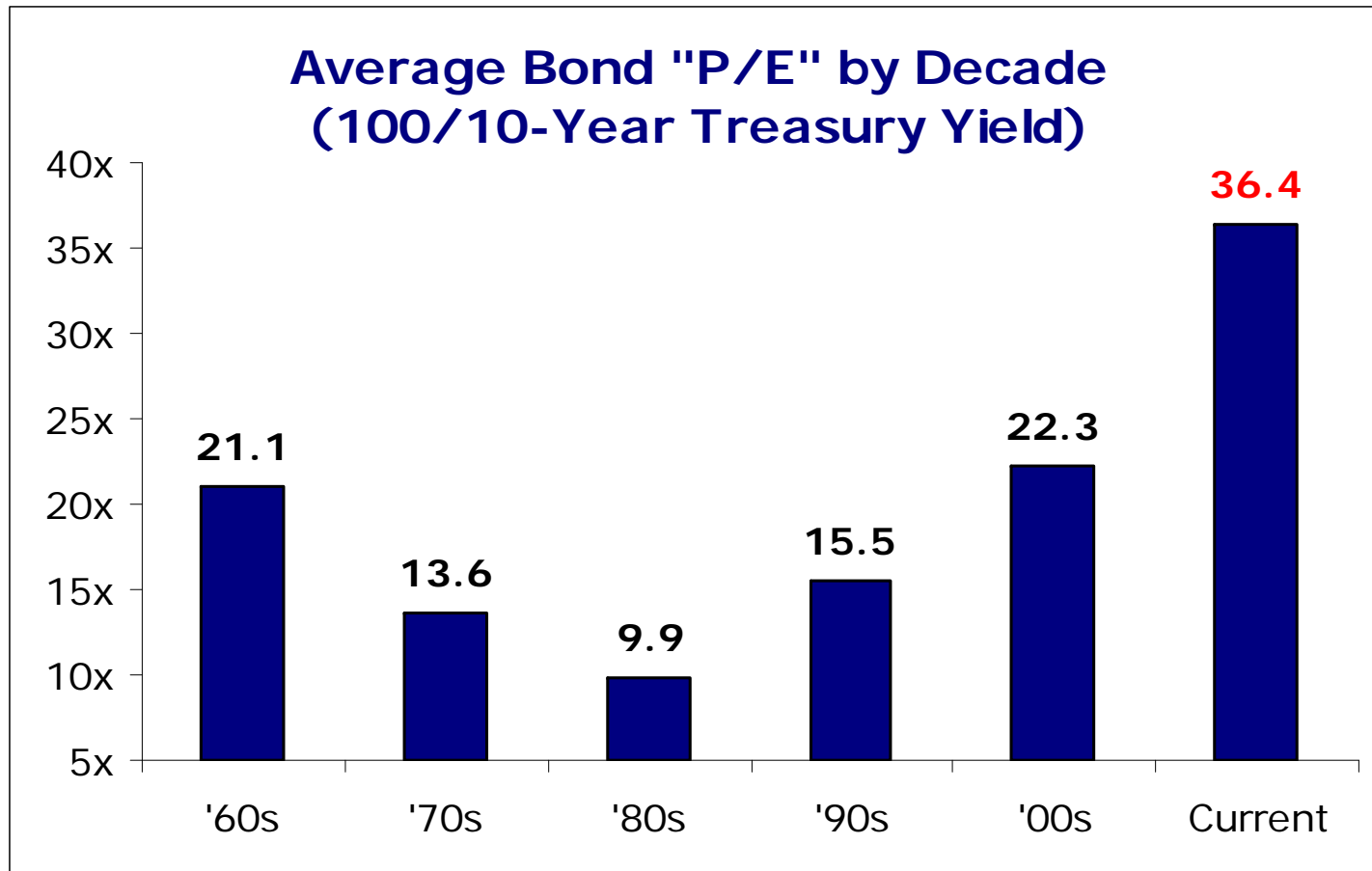
## What does U.S. LargeCap Offer?

- Reliability of well known companies that are high quality and heavily regulated
- Better access to capital
- More diverse end markets
- Safety of a U.S. Dollar denominated asset class
- Higher dividend yields
- Attractive relative valuation



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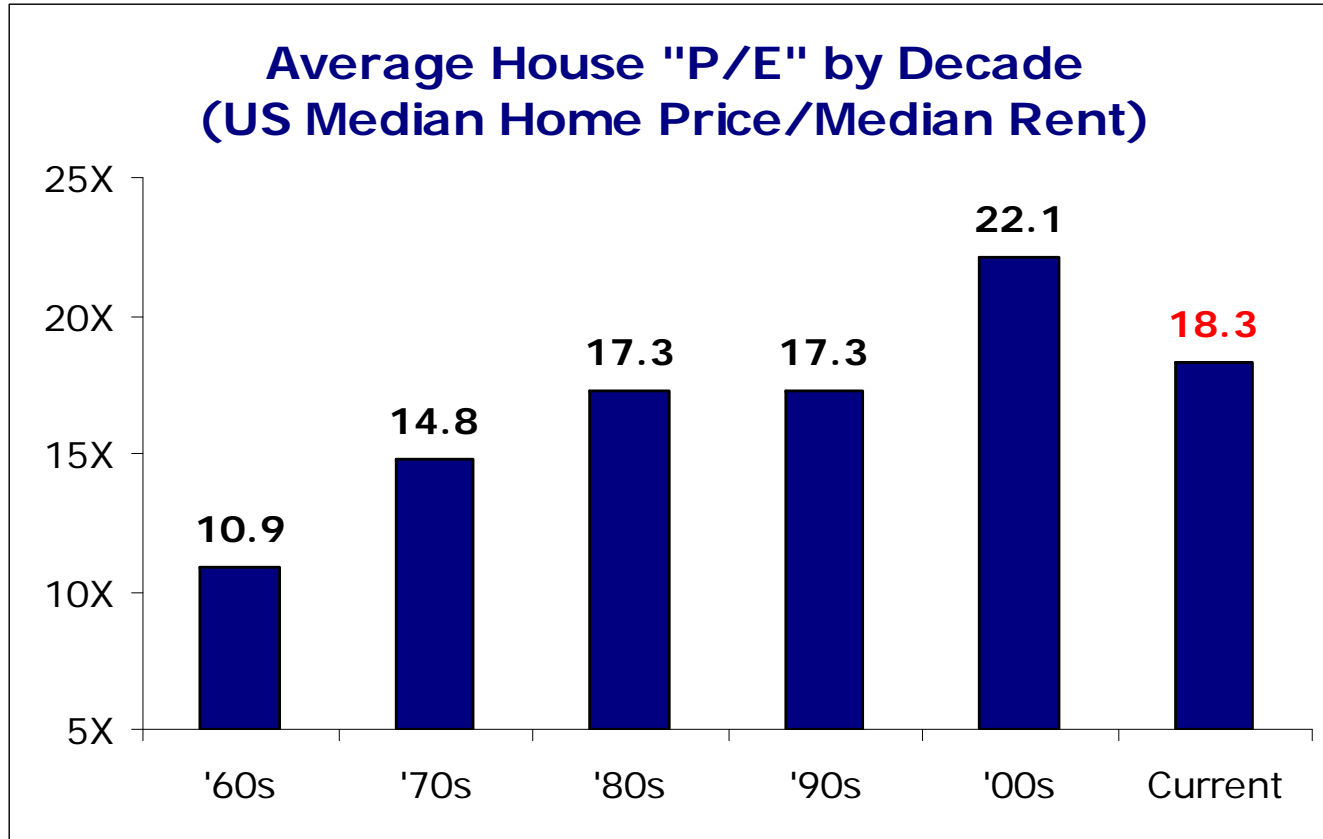
Bonds are Expensive





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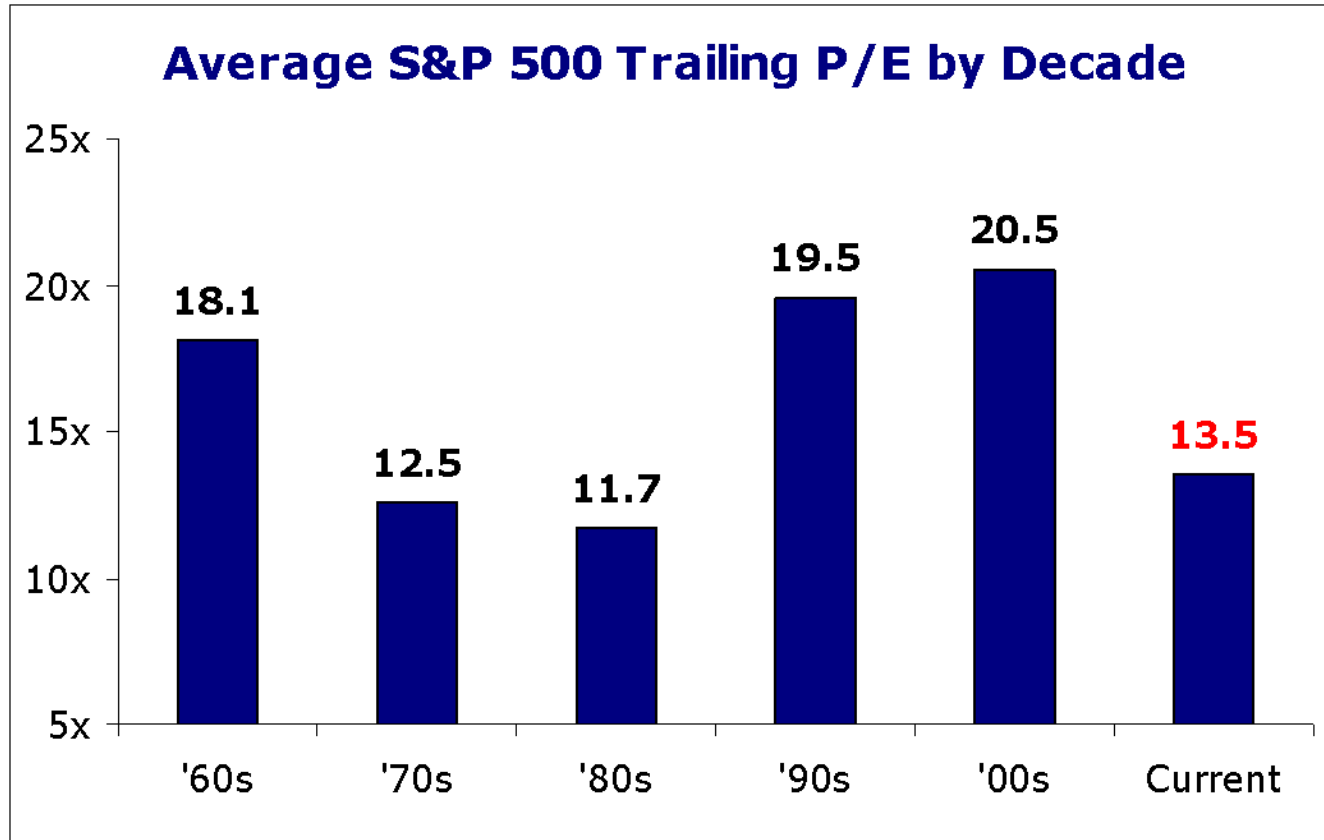
## Real Estate is Expensive





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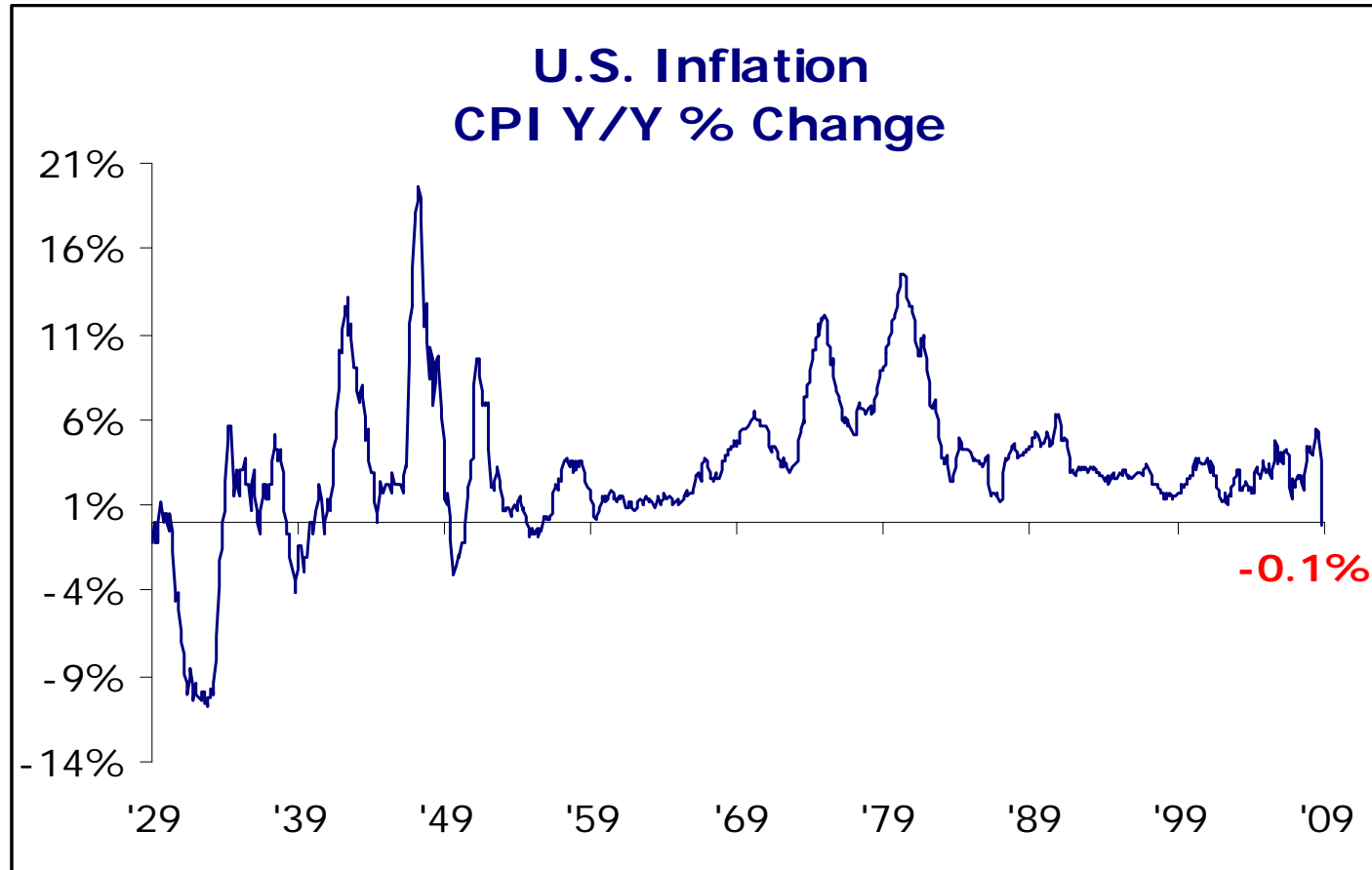
Stocks are Cheap





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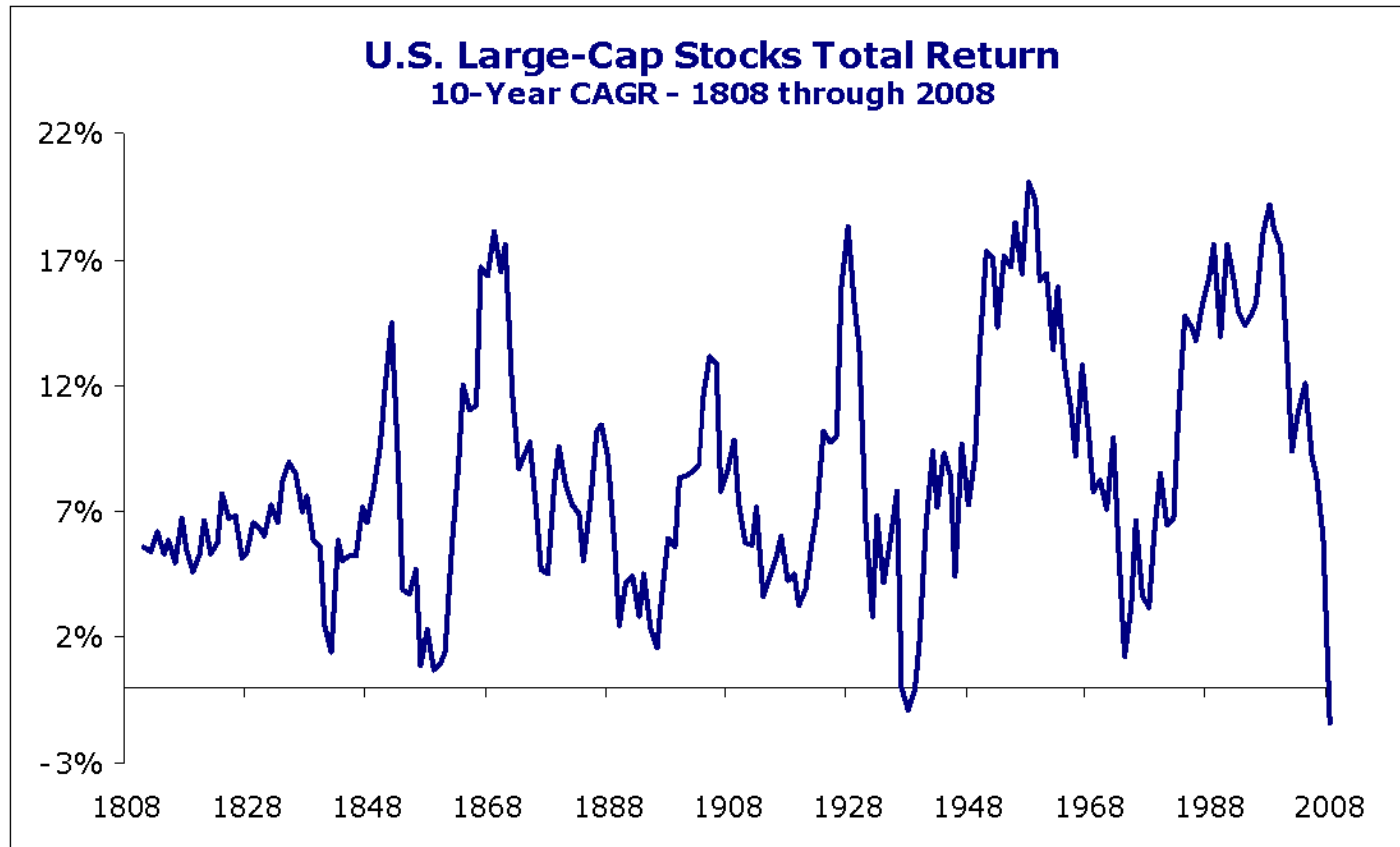
## Inflation is a Non-Factor





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Worst Ten Year Period Ever!





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## What has Worked the Best During this Downturn?

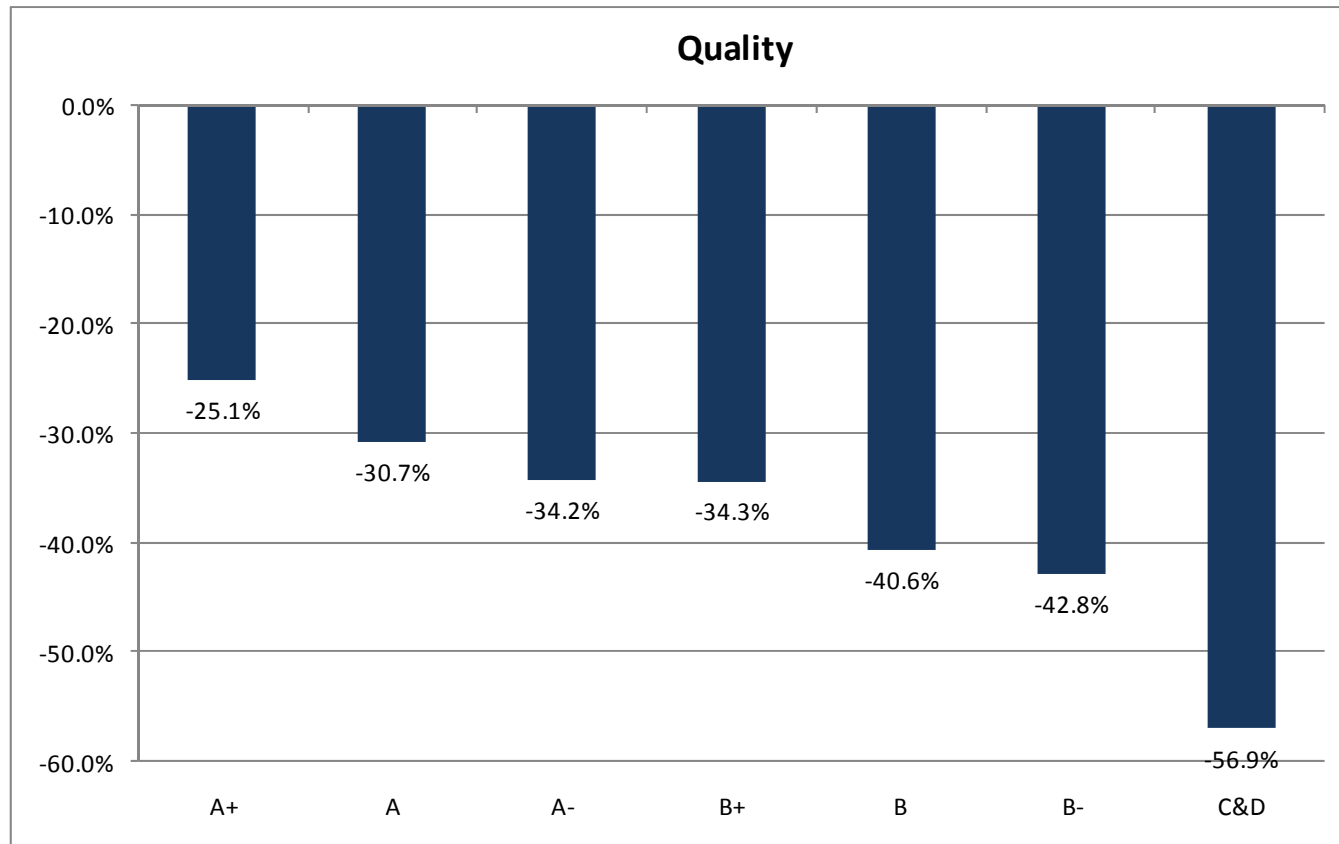
- High Quality
- High Dividend Yield
- Large Cap U.S. stocks



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# High Quality has Outperformed

Calendar year 2008

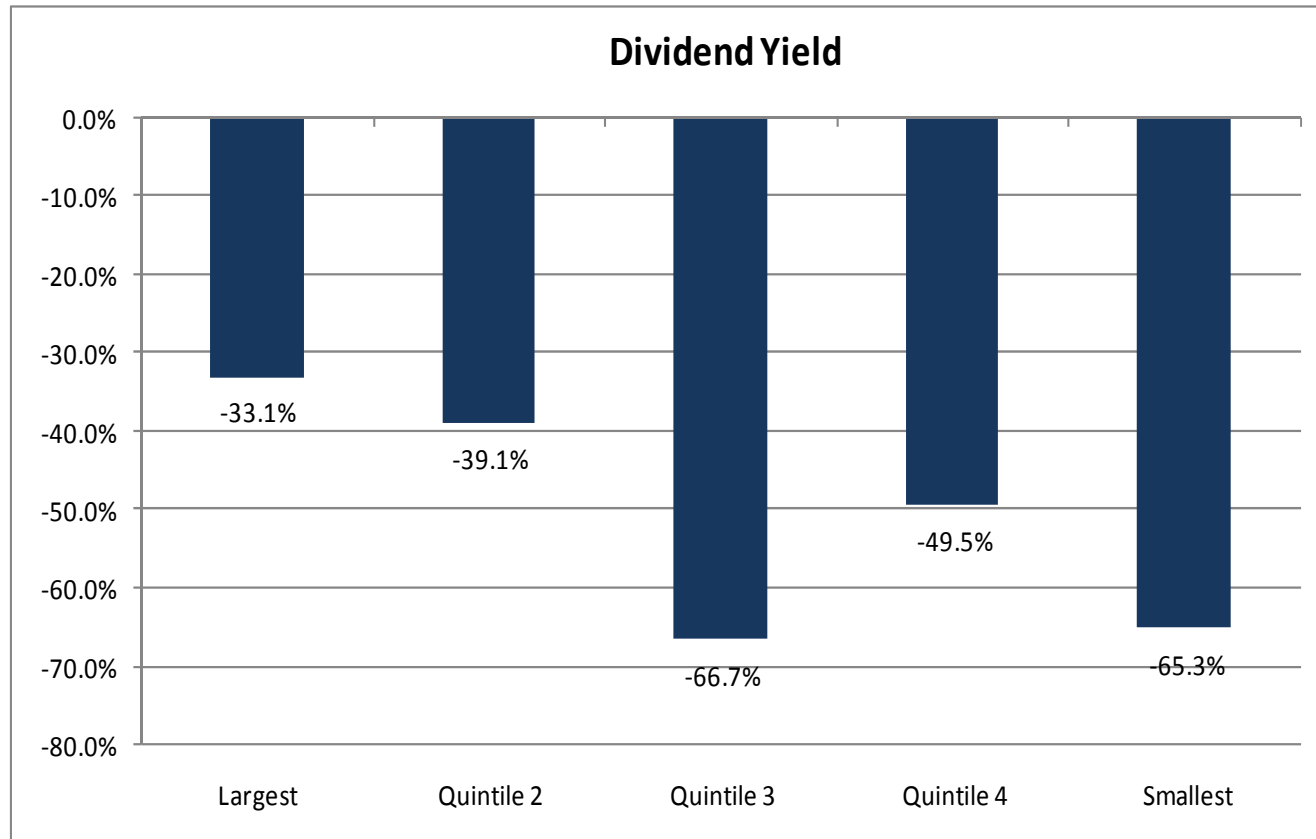




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# Higher Dividend Yields have Outperformed

7/31/07 – 1/31/09

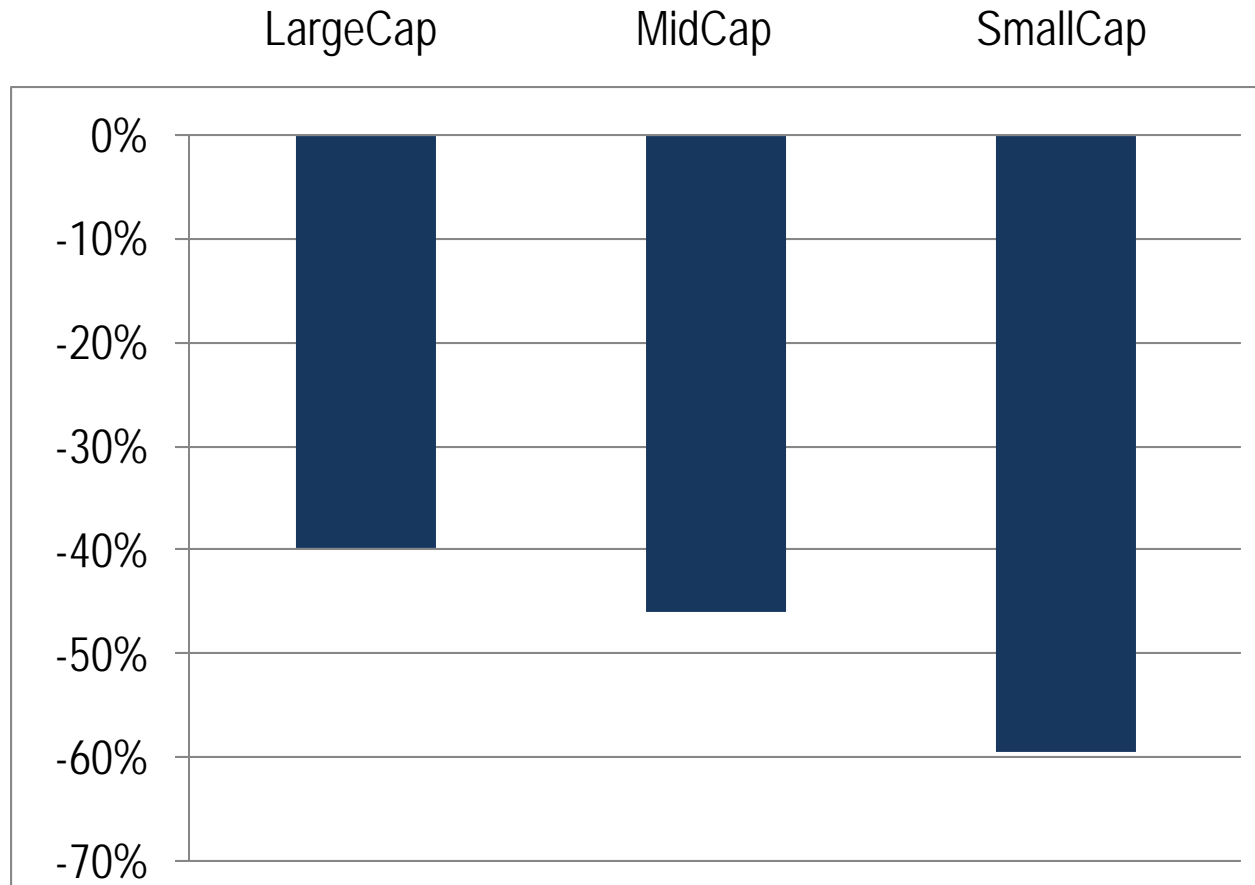




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# Performance of US Stocks By Market Cap

7/31/07 – 1/31/09





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## S&P 500 Sector Performance During Recessions

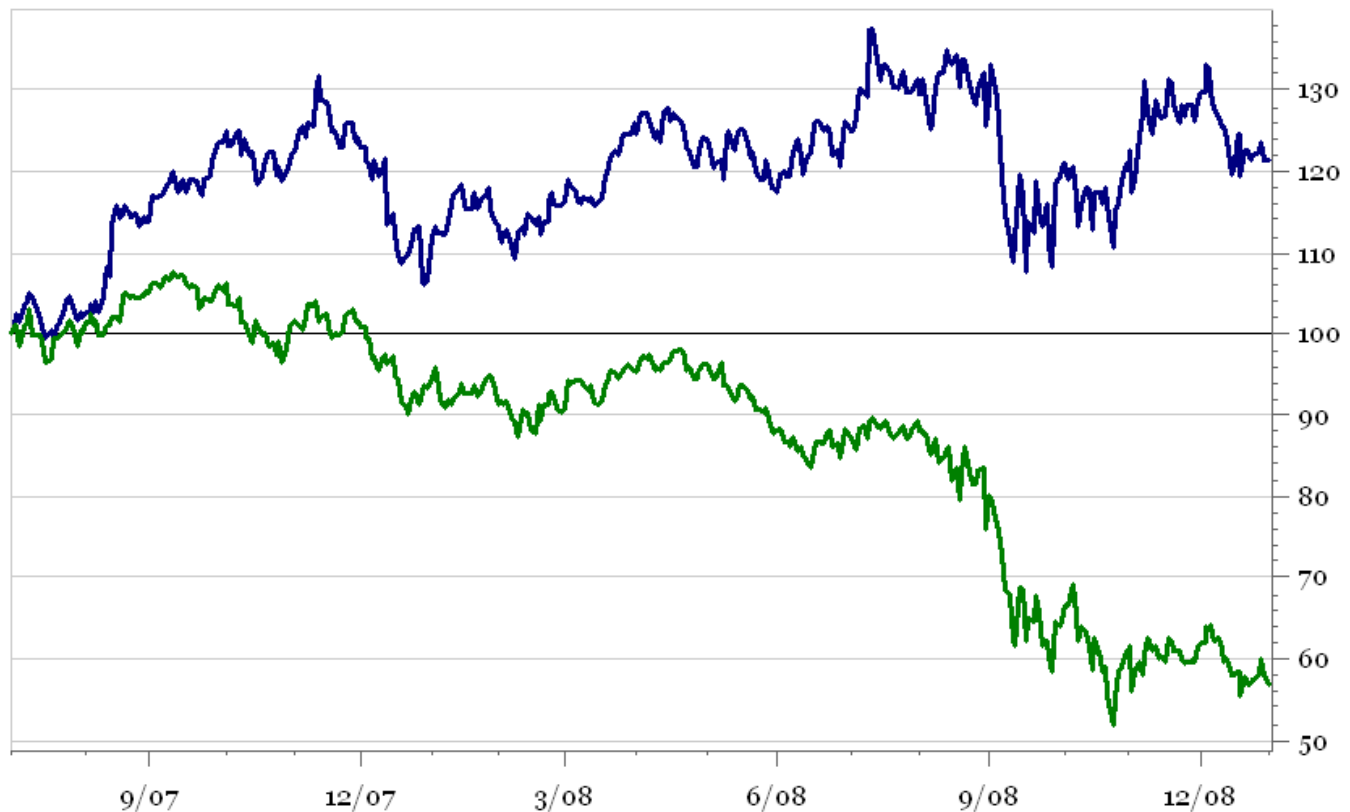
Best Performing Sectors		
1981/1982	1990/1991	2001
Consumer Staples Consumer Discretionary Health Care	Health Care Consumer Staples Energy	Materials & Processing Health Care Consumer Staples



## McDonald's vs. S&P 500

31-Jul-2007 to 30-Jan-2009 (Daily)

— McDonald's Corp. (MCD-US) 121.2    — S&P 500 (SP50) 56.8



Data Source: Prices / Exshare

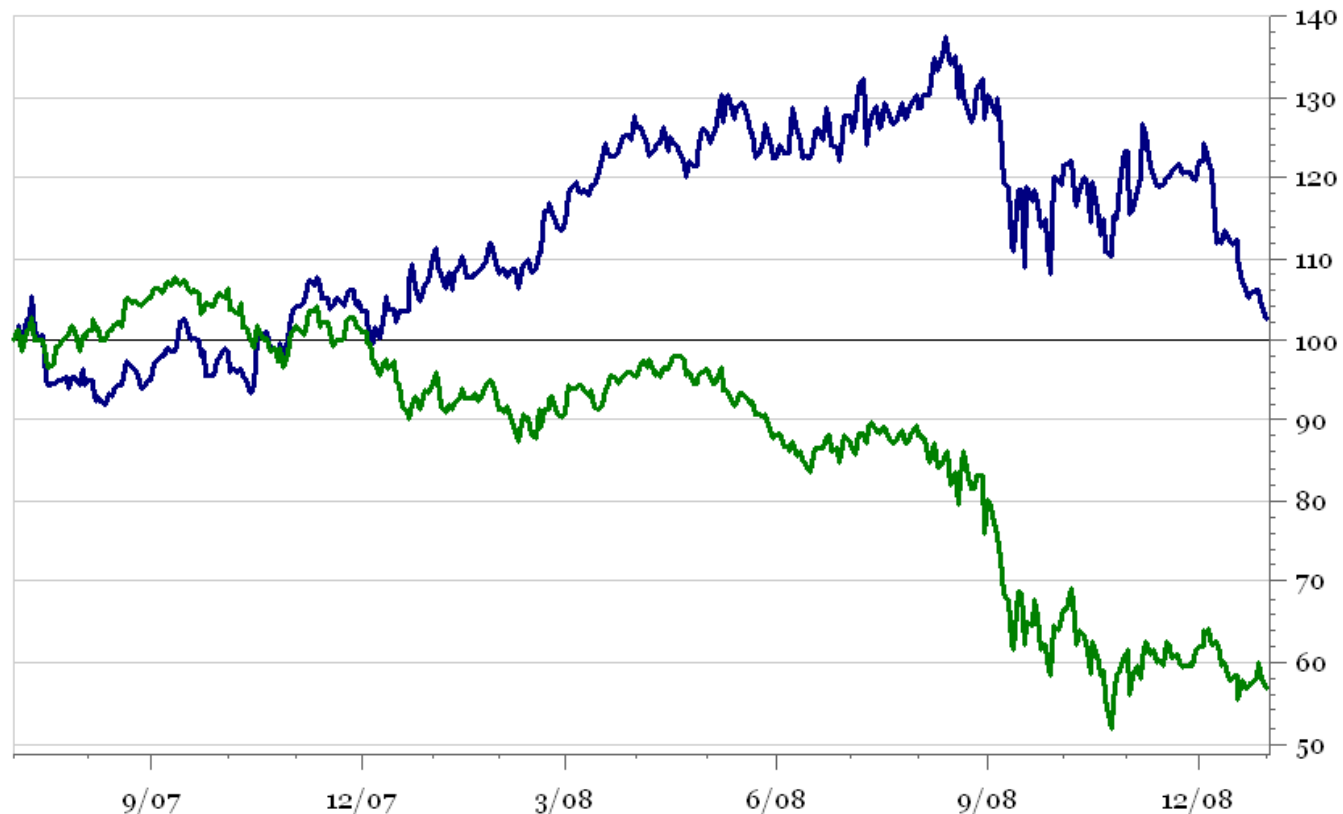
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## Wal-Mart vs. S&P 500

31-Jul-2007 to 30-Jan-2009 (Daily)

— Wal-Mart Stores Inc. (WMT-US) 102.5    — S&P 500 (SP50) 56.8



Data Source: Prices / Exshare

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