

July 11, 2008

“360 View” of Plausible Negative Scenario Analysis for:

- Countries & Regions
- US Market-Cap & Style
- US & Global Sectors
- Bonds
- Real Estate
- Commodities
- Currencies

Shows YTD total return, 3-yr mean return, 3-yr standard deviation of return, and plausible negative outcomes based on mean return less one, two and three standard deviations.

Theoretically, mean return plus or minus one standard deviation should account for about 67% of outcomes; plus or minus two standard deviations should account for about 97% of outcomes; and three standard deviations should account for about 99% of outcome.

Black Swans, basically events outside of three standard deviations, could have any outcome. The big question today is whether the confluence of adverse circumstances could push outcomes beyond three standard deviations.

Plausible Negative Scenarios Based on 3-Yr Mean Return and 3-Yr Standard Deviation

Countries & Regions	Symbol	YTD	3 Yr Mean Ret	3 Yr SD	Mean - 1SD	Mean -2SD	Mean - 3SD
Mid-East & Africa	TRAMX	2.25	---	---	---	---	---
Brazil	EWZ	1.88	51.25	31.01	20.24	(10.77)	(41.78)
Canada	EWC	(0.43)	20.18	17.52	2.66	(14.86)	(32.38)
Russia	RSX	(0.96)	---	---	---	---	---
Mexico	EWV	(3.52)	26.38	18.94	7.44	(11.50)	(30.44)
Japan	EWJ	(9.35)	6.31	13.33	(7.02)	(20.35)	(33.68)
Singapor	EWS	(10.29)	21.33	17.78	3.55	(14.23)	(32.01)
Taiwan	EWT	(10.45)	5.02	21.41	(16.39)	(37.80)	(59.21)
Switzerland	EWL	(10.47)	12.40	10.35	2.05	(8.30)	(18.65)
Chile	ECH	(10.73)	---	---	---	---	---
Austria	EWO	(12.23)	12.01	18.03	(6.02)	(24.05)	(42.08)
Australia	EWA	(12.35)	18.11	18.24	(0.13)	(18.37)	(36.61)
Emerging Markets	EEM	(13.15)	22.43	20.89	1.54	(19.35)	(40.24)
Total US	VTI	(13.61)	2.91	10.49	(7.58)	(18.07)	(28.56)
Total World ex US	VEU	(13.81)	---	---	---	---	---
South Africa	EZA	(13.88)	16.64	27.48	(10.84)	(38.32)	(65.80)
Europe, Australasia & Far East	EFA	(14.71)	10.45	12.19	(1.74)	(13.93)	(26.12)
Emerging Markets	VWO	(15.11)	22.87	21.02	1.85	(19.17)	(40.19)
Spain	EWP	(15.33)	17.62	15.48	2.14	(13.34)	(28.82)
Sweden	EWD	(15.57)	9.98	20.21	(10.23)	(30.44)	(50.65)
Germany	EWG	(16.12)	19.54	15.42	4.12	(11.30)	(26.72)
United Kingdom	EWU	(16.74)	7.19	12.07	(4.88)	(16.95)	(29.02)
France	EWQ	(17.01)	10.24	14.40	(4.16)	(18.56)	(32.96)
Italy	EWI	(17.32)	5.95	13.66	(7.71)	(21.37)	(35.03)
Netherland	EWN	(18.49)	11.76	15.38	(3.62)	(19.00)	(34.38)
Malaysia	EWM	(19.03)	16.70	16.92	(0.22)	(17.14)	(34.06)
China	FXI	(20.93)	34.93	32.80	2.13	(30.67)	(63.47)
Belgium	EWK	(21.92)	4.64	15.66	(11.02)	(26.68)	(42.34)
South Korea	EWY	(22.47)	15.22	23.71	(8.49)	(32.20)	(55.91)
Indonesia	IF	(23.48)	15.58	24.89	(9.31)	(34.20)	(59.09)
Hong Kong	EWH	(23.95)	12.38	18.64	(6.26)	(24.90)	(43.54)
Thailand	TTF	(25.20)	4.96	22.10	(17.14)	(39.24)	(61.34)
Israel	ISL	(26.44)	16.06	12.85	3.21	(9.64)	(22.49)
Russia	TRF	(29.29)	26.70	23.98	2.72	(21.26)	(45.24)
Turkey	TKF	(41.04)	3.71	36.30	(32.59)	(68.89)	(105.19)
India	IIF	(45.29)	14.08	30.56	(16.48)	(47.04)	(77.60)

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Plausible Negative Scenarios Based on 3-Yr Mean Return and 3-Yr Standard Deviation

Mkt-Cap & Style	Symbol	YTD	3 Yr Mean Ret	3 Yr SD	Mean - 1SD	Mean -2SD	Mean - 3SD
S&P MidCap 400 Growth	IJK	(3.88)	6.60	12.40	(5.80)	(18.20)	(30.60)
S&P SmallCap 600 Growth	IJT	(8.61)	2.79	12.84	(10.05)	(22.89)	(35.73)
S&P MidCap 400 Value	IJJ	(9.87)	2.70	12.46	(9.76)	(22.22)	(34.68)
S&P 500 Growth	IVW	(10.76)	3.47	10.28	(6.81)	(17.09)	(27.37)
S&P SmallCap 600 Value	IJS	(11.24)	(0.13)	13.14	(13.27)	(26.41)	(39.55)
S&P 500 Value	IVE	(18.48)	1.06	11.08	(10.02)	(21.10)	(32.18)
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Plausible Negative Scenarios Based on 3-Yr Mean Return and 3-Yr Standard Deviation

US Sector	Symbol	YTD	3 Yr Mean Ret	3 Yr SD	Mean - 1SD	Mean -2SD	Mean - 3SD
Energy	XLE	3.99	22.18	19.98	2.20	(17.78)	(37.76)
Utilities	XLU	(2.99)	11.28	11.86	(0.58)	(12.44)	(24.30)
Materials	XLB	(4.03)	14.84	12.62	2.22	(10.40)	(23.02)
Consumer Staples	XLP	(5.24)	7.53	7.84	(0.31)	(8.15)	(15.99)
Health Care	XLV	(11.69)	1.03	10.11	(9.08)	(19.19)	(29.30)
Industrial	XLI	(14.55)	5.35	11.99	(6.64)	(18.63)	(30.62)
Information Technology	VGT	(14.75)	3.92	16.48	(12.56)	(29.04)	(45.52)
Technology	XLK	(16.23)	3.38	15.90	(12.52)	(28.42)	(44.32)
Consumer Discretionary	XLY	(17.74)	(6.34)	12.92	(19.26)	(32.18)	(45.10)
Telecommunications	VOX	(20.27)	5.30	15.94	(10.64)	(26.58)	(42.52)
Financial	XLF	(34.09)	(12.23)	17.16	(29.39)	(46.55)	(63.71)

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Plausible Negative Scenarios Based on 3-Yr Mean Return and 3-Yr Standard Deviation

Bonds	Symbol	YTD	3 Yr Mean Ret	3 Yr SD	Mean - 1SD	Mean -2SD	Mean - 3SD
Lehman Intl Govt \$ bonds	BWX	5.40	---	---	---	---	---
Lehman TIPS	TIP	5.26	6.06	5.19	0.87	(4.32)	(9.51)
Lehman 7-10 Yr Treas	IEF	3.10	5.27	5.24	0.03	(5.21)	(10.45)
Lehman 3-7 Yr Treas	IEI	2.70	---	---	---	---	---
Lehman 1-5 Govt/Credit	BSV	2.19	---	---	---	---	---
Lehman 10-20 yr Treas	TLH	2.16	---	---	---	---	---
Lehman 1-3 yr Treas	SHY	2.07	4.74	1.80	---	---	---
Lehman 1-12 Month US Treas	SHV	1.59	---	---	---	---	---
Lehman Aggreg Bonds	AGG	1.36	4.04	2.85	---	---	---
Lehman 20+ yr Treas	TLT	1.30	3.84	8.32	---	---	---
Lehman 5-10 Gove/Credit	BIV	1.08	---	---	---	---	---
Lehman Aggreg Bonds	BND	0.39	---	---	---	---	---
S&P National Munis	MUB	(0.06)	---	---	---	---	---
Lehman LT Govt/Credit	BLV	(0.81)	---	---	---	---	---
Lehman High Yld Bonds	JNK	(5.25)	---	---	---	---	---

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Plausible Negative Scenarios Based on 3-Yr Mean Return and 3-Yr Standard Deviation

Real Estate Type	Symbol	YTD	3 Yr Mean Ret	3 Yr SD	Mean - 1SD	Mean -2SD	Mean - 3SD
US Residential REITs	REZ	2.83	---	---	---	---	---
US Equity REITs	VNQ	(5.89)	2.15	17.69	(15.54)	(33.23)	(50.92)
US Equity REITs	RWR	(6.41)	1.93	18.10	(16.17)	(34.27)	(52.37)
US Equity REITs	ICF	(6.52)	2.68	19.18	---	---	---
US Industrial REITs	FIO	(7.83)	---	---	---	---	---
US Equity REITs	IYR	(8.41)	(0.06)	17.40	(17.46)	(34.86)	(52.26)
North America REITs	IFNA	(8.87)	---	---	---	---	---
US Equity REITs	FTY	(8.91)	---	---	---	---	---
US Retail REITs	RTL	(9.93)	---	---	---	---	---
Europe REITs	IFEU	(15.57)	---	---	---	---	---
International Real Estate	RWX	(19.98)	---	---	---	---	---
Asia Real Estate	IFAS	(24.53)	---	---	---	---	---
US Mortgage REITs	REM	(30.84)	---	---	---	---	---

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Plausible Negative Scenarios Based on 3-Yr Mean Return and 3-Yr Standard Deviation

Commodity/Energy Type	Symbol	YTD	3 Yr Mean Ret	3 Yr SD	Mean - 1SD	Mean -2SD	Mean - 3SD
Solar	TAN	---	---	---	---	---	---
Platinum	PTM	---	---	---	---	---	---
Wind	FAN	---	---	---	---	---	---
Coal	KOL	---	---	---	---	---	---
Gasoline	UGA	---	---	---	---	---	---
Heating Oil	UHN	---	---	---	---	---	---
Crude Oil	USO	54.75	---	---	---	---	---
Natural Gas	UNG	53.52	---	---	---	---	---
DB Commodities Index	DBC	45.47	---	---	---	---	---
GS Commodities Index	GSG	42.81	---	---	---	---	---
Silver	SLV	26.82	---	---	---	---	---
DJ-AIG Commodities Index	DJP	26.05	---	---	---	---	---
Coal	BTU	24.93	42.95	43.80	(0.85)	(44.65)	(88.45)
Agriculturals	DBA	22.40	---	---	---	---	---
Base Metals	DBB	16.94	---	---	---	---	---
Gold	GLD	15.40	30.78	16.21	14.57	(1.64)	(17.85)
Uranium	CCJ	1.89	21.84	37.38	---	---	---
Uranium	NLR	(9.35)	---	---	---	---	---
Timber	CUT	(25.24)	---	---	---	---	---

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Plausible Negative Scenarios Based on 3-Yr Mean Return and 3-Yr Standard Deviation

Country of Currency	Symbol	YTD	3 Yr Mean Ret	3 Yr SD	Mean - 1SD	Mean -2SD	Mean - 3SD
China	CNY	---	---	---	---	---	---
India	INR	---	---	---	---	---	---
Brazil	BZF	---	---	---	---	---	---
Australia	FXA	13.99	---	---	---	---	---
Switzerland	FXF	12.28	---	---	---	---	---
EURO	FXE	11.08	---	---	---	---	---
Mexico	FXM	9.29	---	---	---	---	---
Japan	FXY	4.62	---	---	---	---	---
United Kingdom	FXB	2.38	---	---	---	---	---
Canada	FXC	(0.25)	---	---	---	---	---
Dollar Index (basket)	UUP	(6.07)	---	---	---	---	---

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