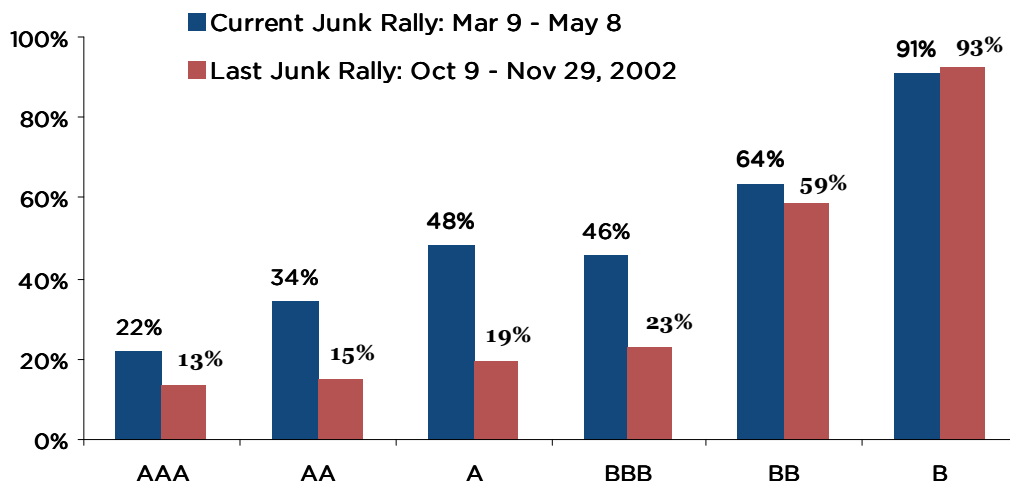


“The rally that began in March is concentrated in low quality companies”

**Average Price Change During Junk Rallies
S&P 500 Sorted By S&P Debt Rating**



Source: Factset, Compustat, S&P

We know your in-box gets inundated with market perspective pieces but thought you might find this look at the break out of returns in the recent market rally by S&P Credit Ratings pretty informative. Seldom do you see such perfectly linear patterns over such a short time period. The “Junk Rally” performance excuse can wear a bit thin at times, but it is definitely true this time around. The significant outperformance of lower quality stocks may be a reasonable response to improvements in the economy and credit markets but we do question the sustainability of such a market movement with this type of leadership.

You will notice that the last time we had a Junk Rally like this was at the bottom in October 2002. Rather than a predictor of a bottom it is more likely a function of a bottom.

Past performance is not indicative of future results. As with any investment vehicle, there is always a potential for profit as well as the possibility of loss. Nothing contained in this presentation should be construed as a recommendation to buy or sell a security or economic sector.