FRONT BARNETT ASSOCIATES LLC
INVESTMENT COUNSEL

May 15, 2007

To: Clients and Friends of the Firm

Subject: Presentation at the 55th Annual University of Chicago
Graduate School of Business Management Conference

Marshall Front will speak at the University of Chicago GSB Conference on Friday, May 18th. Attached is an outline of his prepared comments, which we believe you will find interesting.

* * * *

We are pleased to announce that Ann M. Marsh has joined our firm as fixed income portfolio manager. Ann has 15 years of prior investment experience. Her most recent assignment was in trust administration and portfolio management with Horizon Trust and Investment Management.

70 WEST MADISON STREET • SUITE 4920 • CHICAGO, ILLINOIS 60602-4208
(312) 641-9000 • FAX (312) 641-9009

University of Chicago GSB

55th Annual Management Conference

Mid-Year Economic Outlook

Marshall B. Front
Chairman

May 18, 2007

TALKING POINTS

MAY 2007 UPDATE -- MORE MIXED SIGNALS

A. The Economy -- Working Through a Sharp Decline in Housing, Weak Business Spending, and Manufacturing Inventory Liquidations

1. Recently released employment data shows for the first time the downturn in housing, weak business spending and inventory liquidations, particularly in autos, may be starting to spill over into the broader economy.

- **Only 88,000 new jobs were added in April and estimated job gains in the prior two months were reduced by 26,000.**
- **The slow pace of job gains reflects firings at retailers, construction companies, and manufacturers. Retailers cut 26,000 jobs while builders shed 11,000.**
- **While the 4.5% unemployment rate stands near a five-year low, we believe the current level of economic activity to be consistent with a rate closer to 5.0%.**
- **Average hourly earnings were weaker than expected and hours worked slipped, pointing to possible weakness in upcoming production and income reports.**
- **We expect the unemployment rate to rise toward 5.0% before year-end.**

A. <u>The Economy -- Working Through a Sharp Decline in Housing, Weak Business Spending, and Manufacturing Inventory Liquidations (continued)</u>

2. GDP growth has slowed sharply, falling to an estimated four-year low of 1.3% at an annual rate in the first quarter. The most prominent sign of weakness continued to be in housing with no upturn in new construction likely for months.

- **The National Association of Realtors index of pending home resales fell 4.9% in March, to the lowest level since March 2003 signaling the real-estate slump will linger as prospective buyers hold out for lower prices. At the same time, a wave of subprime mortgage defaults is throwing more homes back on the market, prompting banks to tighten lending standards.**

- **Housing starts are in their steepest decline since 1991 -- falling 35% since their peak.**

- **The glut of unsold homes, along with rising defaults on mortgages and falling prices have dimmed prospects for a quick recovery in housing. The supply of new houses left unsold at the end of March was 7.8 months, down from 8.1 months in February, a level that reached a 16 year high.**

3. Personal Consumption, which accounts for over two thirds of GDP, remained strong increasing 3.8% in the first quarter. Concerns about reduced job growth, higher gasoline prices and falling home values are likely to impact consumer spending this quarter. Reported growth is likely to come in toward the lower end of the ranges we previous forecast.

- **Our forecasts for second and third quarter GDP growth are 2.2% and 2.5% respectively. Fourth quarter GDP growth is expected to be closer to 2.75%.**

A. The Economy -- Working Through a Sharp Decline in Housing, Weak Business Spending, and Manufacturing Inventory Liquidations (continued)

4. While the foregoing data point to continued slow growth, we see no recession ahead. The first quarter will probably represent the trough in the current cycle. Much of the expected improvement in GDP growth will represent subtraction of current drags.

- **The drag from housing will fade as the year progresses.**
- **Unwanted manufacturing inventories are being worked down and the correction is nearing completion. The April Institute for Supply Management manufacturing survey signaled continued expansion with a reading of 54.7.**
- **New orders for manufactured goods increased 3.1% in March, up four of the last five months.**
- **Wage growth has accelerated and job creation remains a reasonably resilient underpinning for consumer spending which we expect to grow at a 3.5%+ rate this year.**
- **A weaker dollar and strong economies abroad will underwrite continued export growth.**
- **Consumer confidence remains stable despite blows from the subprime implosions and high energy prices.**
- **The services sector, which accounts for over 90% of the economy, shows no signs of slowing. The April ISM survey of service industries showed a reading of 56.4 supporting predictions for gathering business momentum.**

A. The Economy -- Working Through a Sharp Decline in Housing, Weak Business Spending, and Manufacturing Inventory Liquidations (continued)

- **As unemployment edges higher and inflation moderates, the Fed will begin to reverse course this fall.**

5. Inflation remains stubbornly above the Fed's preferable 1.0% to 2.0% range. Wariness on core inflation has kept the Fed on hold since last June despite the slowing economy.

- **The Central Bank is unlikely to change policy in near term as FOMC members appear to be torn between a pair of growing risks: weakening economic growth on the one hand and prolonged higher than preferred inflation on the other.**

- **Recent statements suggest the Fed has looked through monthly price increase fluctuations and instead is focused on the fact inflation has been at or above 2.0% for several years. In March, core inflation was 2.1% as measured by the Fed's preferred price index.**

- **We believe that inflation will drift lower over the next several quarters due to slackening pressure from home ownership costs and last year's run-up in energy costs. We also expect slower economic growth to open up spare production capacity and limit wage and price pressures paving the way for a Fed rate cut this fall as unemployment edges higher.**

- **But, there are risks to this forecast for moderating inflation and a Fed easing.**

  - **The gradual decline in unemployment over the past year, despite April's uptick, show labor markets to be tight and, as a result, wage gains have accelerated slightly.**

A. The Economy -- Working Through a Sharp Decline in Housing, Weak Business Spending, and Manufacturing Inventory Liquidations (continued)

- Productivity growth has also slowed, making it harder for firms to absorb wage increases without raising prices.

- Rising energy costs and a drop in the dollar may nudge up import prices.

FORECAST

B. While Growth Will Remain Below-Trend This Year, The Trough for This Cycle Has Passed and We Forecast Sequential Improvement in the Quarters Ahead

1. GDP growth of 2.2% is expected for the current quarter following only 1.3% (estimated) last quarter. GDP will grow at a 2.5% rate in the third quarter and closer to 2.75% in the fourth quarter.

2. Unemployment will drift higher toward 5.0% by year-end.

3. Core inflation will decline to the upper end of the Fed's "acceptable" 1.0% to 2.0% range over the next few months continuing its recent downward trend.

B. While Growth Will Remain Below-Trend This Year, The Trough for This Cycle Has Passed and We Forecast Sequential Improvement in the Quarters Ahead (continued)

4. The Fed will remain on hold until later this year until it is pressured either by gradually rising unemployment or a financial market hiccup.

5. S&P profits growth has been surprisingly robust -- stronger than Wall Street forecasts – and will remain so. We expect 6.0% to 8.0% growth over the next three quarters.

C. Fixed Income Strategy -- Stay Short for Now

1. The economy remains in a period of extended slower growth, which will eventually mute inflation. We expect the Fed to cut rates this fall. For now, yields on money market funds and very short-tern US Treasury bills remain above those of instruments with maturities of a year or more. We advise staying very short.

2. Bond investors are not being compensated adequately for inflations and market risks. Reserves for future bond purchases should be rolled over in very short term obligations. 10-year US Treasury bond yields, currently 4.67%, are likely to remain in a 4.5% to 5.0% range over the next twelve months. We would extend durations only if bonds approach the upper end of the forecast range.

3. Interest rate spreads, having widened a bit, remain too narrow to justify seeking higher returns on lower grade bonds.

D. Equity Investment Strategy -- Large Cap Stocks Are Attractive

1. Stocks are likely to provide returns in 2007 in line with the growth of US corporate profits -- 6.0% to 8.0%.

2. Equity performance has lagged corporate profit growth by a wide margin over the past few years. P/E's have fallen despite the market's recent advance (29x's in 2000 vs. 16x's currently).

3. Until recently, large cap stocks' absolute and relative valuations had been in a steady decline for 6+ years. As a result, their valuations remain near 20-year lows. The gradual tightening of global liquidity and prospects of slower US growth should enhance the attractiveness of this asset class.

4. *Risk is back.* The tightening of global liquidity has driven investors to unwind some speculative bets. Consequently, during the past six months, the most volatile asset classes have had sharp corrections while high quality, strongly capitalized large cap stocks, as measured by the S&P 500, have been relatively strong.

5. While not immune from random geopolitical and financial market shocks, US large cap equities remain extremely attractive from a valuation standpoint.

	S&P 500	Russell 2000
Estimated P/E Ratio	16x	19x
Dividend Yield	1.7%	1.0%

D. Equity Investment Strategy -- Large Cap Stocks Are Attractive (continued)

6. The Fed Valuation Model shows stocks to be 26.7% undervalued when compared with bonds.

7. The metrics of equity portfolios under our management remain compelling.

	2007 P/E	Estimated Future Growth Rate	Dividend Yield	ROE	P/E to Future Growth Rate
FBA Average Growth Stock	19x	13%	1.4%	26%	1.6x
FBA Average Value Stock	15x	10%	2.4%	18%	1.5x
FBA Total Portfolio	17x	12%	1.8%	22%	1.6x
S&P 500	16x	7%	1.7%	21%	2.0x

- **While earnings of the FBA stock portfolio are estimated to grow at a 12% per annum rate, S&P earnings are forecast to rise more slowly at 7% per year. Yet, the 17x's 2007 price earnings multiple of the FBA portfolio is only slightly above that of the S&P, underscoring the attractiveness of the portfolio and of large cap stocks in general.**

- **Equity portfolios now have 20% direct exposure to companies domiciled abroad.**

D. Equity Investment Strategy -- Large Cap Stocks Are Attractive (continued)

- **Speculation remains high in energy stocks. We recommend underweighting this sector and overweighting health care.**

- **Housing stock prices are approaching their book values representing on attractive entry point into the group.**

- **The US market has had an almost uninterrupted run since the China-induced pullback. A 5% to 10% correction can occur anytime.**

MBF
5/15/07

Front Barnett Associates LLC
Growth and Value Portfolio Characteristics

TICKER	COMPANY NAME	PRICE PER SHR	MRKT CAP (MILS)	EARNINGS ESTIMATES 2007	EARNINGS ESTIMATES 2008	ERN %CHG 07 VS 06	ESTIMATED P/E 2007	ESTIMATED P/E 2008	EST. FUTURE GR RATE	DIV YIELD	ROE	% OF LT DEBT TO CAPITAL	BETA SPX	PRICE TO BOOK	P/SALES LAST 4 QTRS	P/E TO FUTURE GR RATE
CSCO	CISCO SYSTEMS	$ 26.63	160,846	$ 1.33	$ 1.54	21%	20	17	15%	0.0%	29%	19%	1.33	6.1	4.8	1.3
DELL	DELL INC.	$ 25.81	58,630	$ 1.18	$ 1.49	3%	22	17	12%	0.0%	61%	14%	0.89	9.8	1.0	1.8
MOLX	MOLEX	$ 30.82	5,675	$ 1.49	$ 1.68	8%	21	18	15%	1.0%	12%	5%	1.55	2.3	1.7	1.4
MSFT	MICROSOFT	$ 30.89	302,485	$ 1.50	$ 1.71	18%	21	18	12%	1.3%	36%	0%	1.01	8.5	6.1	1.7
GE	GENERAL ELECTRIC	$ 36.97	380,167	$ 2.22	$ 2.49	12%	17	15	10%	3.0%	19%	71%	1.00	3.3	2.3	1.7
WMT	WAL-MART STORES	$ 47.78	199,148	$ 3.18	$ 3.54	10%	15	14	13%	1.8%	21%	33%	0.83	3.2	0.6	1.2
KSS	KOHLS	$ 72.60	23,742	$ 3.87	$ 4.55	17%	19	16	18%	0.0%	19%	16%	0.92	4.2	1.5	1.0
PEP	PEPSICO	$ 66.80	109,403	$ 3.34	$ 3.70	11%	20	18	11%	2.2%	33%	10%	0.75	7.1	3.1	1.8
WAG	WALGREEN	$ 44.14	44,177	$ 2.08	$ 2.35	22%	21	19	16%	0.7%	19%	0%	0.77	4.2	0.9	1.3
CL	COLGATE	$ 66.96	34,378	$ 3.33	$ 3.73	14%	20	18	11%	2.2%	-	65%	0.55	28.4	2.7	1.8
DEO	DIAGEO ADR	$ 84.08	56,145	$ 4.37	$ 4.84	22%	19	17	10%	2.9%	-	47%	0.39	7.7	3.3	1.9
JNJ	JOHNSON & JOHNSON	$ 62.27	180,215	$ 4.04	$ 4.30	8%	15	15	8%	2.7%	30%	5%	0.65	4.3	3.3	1.9
LLY	LILLY (ELI)	$ 58.43	66,262	$ 3.39	$ 3.72	7%	17	16	8%	2.9%	32%	31%	0.87	5.7	4.1	2.2
TEVA	TEVA PHARMACEUTICAL	$ 39.95	31,833	$ 2.22	$ 2.57	-4%	18	16	16%	0.9%	18%	0%	0.76	2.8	3.6	1.1
MDT	MEDTRONIC	$ 53.42	61,517	$ 2.36	$ 2.65	7%	23	20	14%	0.8%	24%	34%	0.53	5.6	5.1	1.6
ZMH	ZIMMER HOLDINGS	$ 89.97	21,338	$ 4.02	$ 4.58	17%	22	20	15%	0.0%	17%	2%	0.56	4.2	6.0	1.5
	AVERAGE GROWTH STOCK		**108,497**			**12%**	**19**	**17**	**13%**	**1.4%**	**26%**	**22%**	**0.84**	**6.7**	**3.1**	**1.6**
VIAB	VIACOM 'B'	$ 42.06	29,112	$ 2.28	$ 2.59	10%	18	16	14%	0.0%	18%	51%	0.85	3.9	2.5	1.3
DHI	HORTON (D.R.)	$ 22.30	6,998	$ 0.94	$ 1.42	-77%	24	16	10%	2.7%	12%	41%	1.66	1.1	0.5	2.4
ITW	ILLINOIS TOOL WORKS	$ 52.33	29,243	$ 3.34	$ 3.74	11%	16	14	13%	1.6%	20%	9%	1.05	3.2	2.0	1.2
UTX	UNITED TECHNOLOGIES	$ 68.39	68,102	$ 4.19	$ 4.75	15%	16	14	11%	1.5%	21%	28%	0.92	3.8	1.4	1.5
LOW	LOWE'S	$ 30.87	47,008	$ 2.02	$ 2.32	2%	15	13	15%	0.6%	20%	22%	1.24	3.0	1.0	1.0
TWX	TIME WARNER	$ 21.40	81,653	$ 0.99	$ 1.16	14%	22	18	13%	1.0%	6%	37%	1.05	1.4	1.8	1.7
AIG	AMER INT'L GROUP	$ 72.58	188,823	$ 6.39	$ 6.92	9%	11	11	13%	0.9%	17%	55%	1.30	1.8	1.7	0.9
BAC	BANK OF AMERICA	$ 50.95	227,864	$ 4.83	$ 5.29	3%	11	10	8%	4.4%	18%	52%	0.88	1.7	3.1	1.3
C	CITIGROUP	$ 53.11	260,372	$ 4.47	$ 5.04	5%	12	11	10%	4.1%	18%	72%	1.14	2.2	2.8	1.2
FNM	FANNIE MAE	$ 62.59	60,581	$ 5.13	-	-3%	12	-	11%	2.6%	24%	94%	0.97	2.0	4.2	1.1
JPM	JPMORGAN CHASE & CO	$ 52.15	181,135	$ 4.51	$ 4.75	19%	12	11	10%	2.9%	13%	59%	1.50	1.5	2.8	1.2
INTC	INTEL	$ 22.28	128,489	$ 1.08	$ 1.33	27%	21	17	13%	2.0%	14%	5%	1.46	3.4	3.6	1.6
VOD	VODAFONE GROUP ADR	$ 28.41	150,153	$ 2.37	$ 2.43	34%	12	12	5%	4.1%	-	16%	0.87	1.1	2.9	2.4
BP	BP AMOCO PLC - ADR	$ 66.60	213,218	$ 5.68	$ 6.28	-8%	12	11	5%	3.6%	23%	13%	0.88	2.5	0.8	2.3
CVX	CHEVRONTEXACO	$ 80.04	172,709	$ 7.51	$ 7.54	-5%	11	11	5%	2.9%	25%	8%	0.76	2.4	0.9	2.1
	AVERAGE VALUE STOCK		**123,031**			**4%**	**15**	**13**	**10%**	**2.3%**	**18%**	**37%**	**1.10**	**2.3**	**2.1**	**1.5**
	AVERAGE PORTFOLIO STOCK		**115,530**			**8%**	**17**	**15**	**12%**	**1.8%**	**22%**	**29%**	**0.96**	**4.6**	**2.6**	**1.6**
SPX	**S&P 500**	**1,505.85**	**102,489**	**$ 92.41**	**$ 97.67**	**6%**	**16**	**15**	**7%**	**1.7%**	**21%**	**33%**	**1.00**	**3.0**	**1.6**	**2.0**

Fed Valuation Model

The Fed stock market valuation model, which incorporates the yield on 10 year US Treasury Notes and estimated S&P 500 profits, shows stocks remain undervalued.

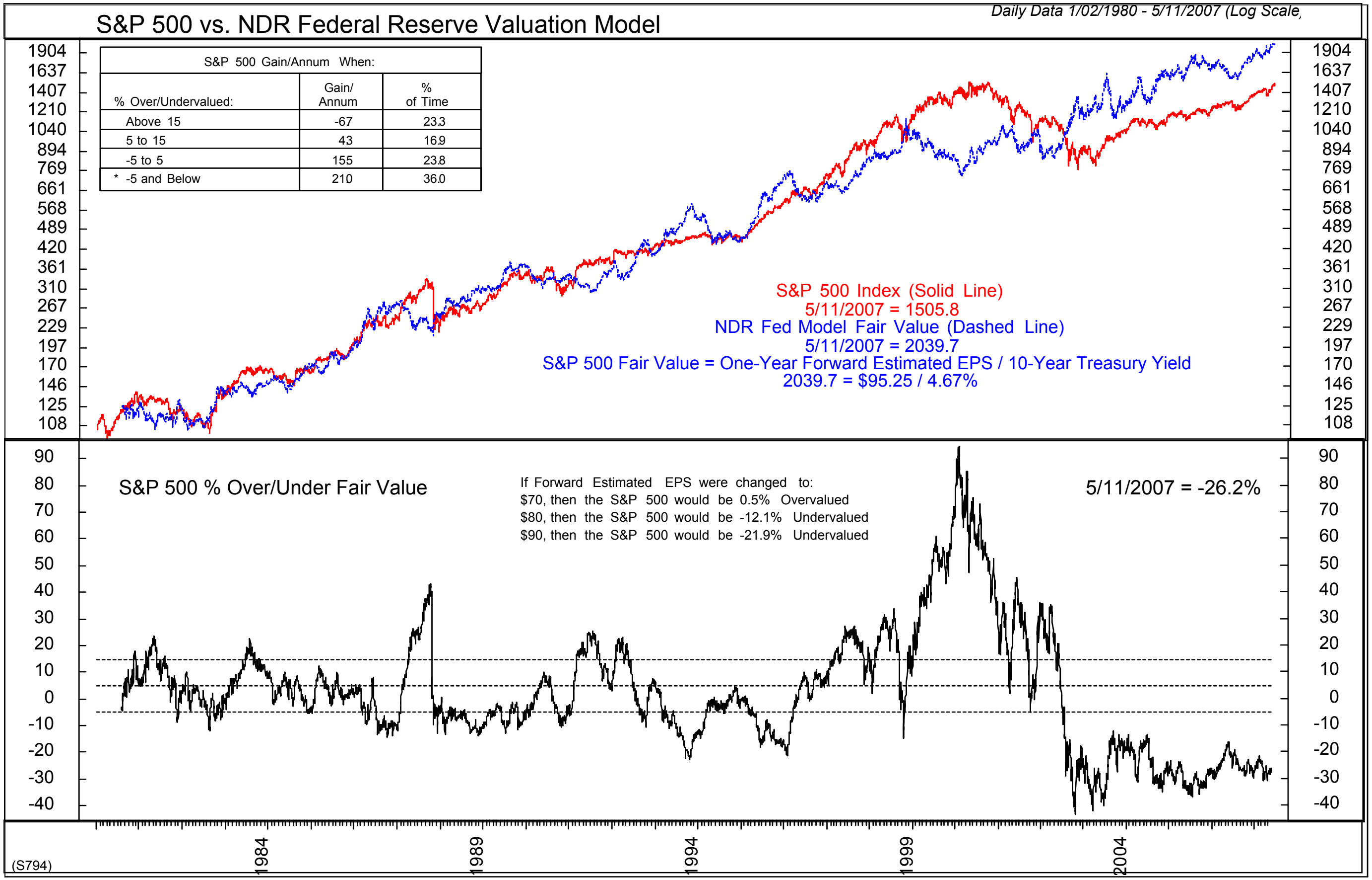


Chart Courtesy of Ned Davis Research

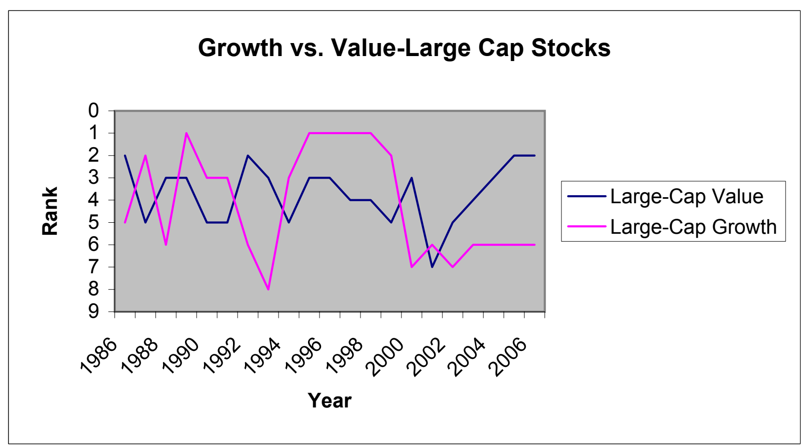
Ten Year Treasury Bond Yield

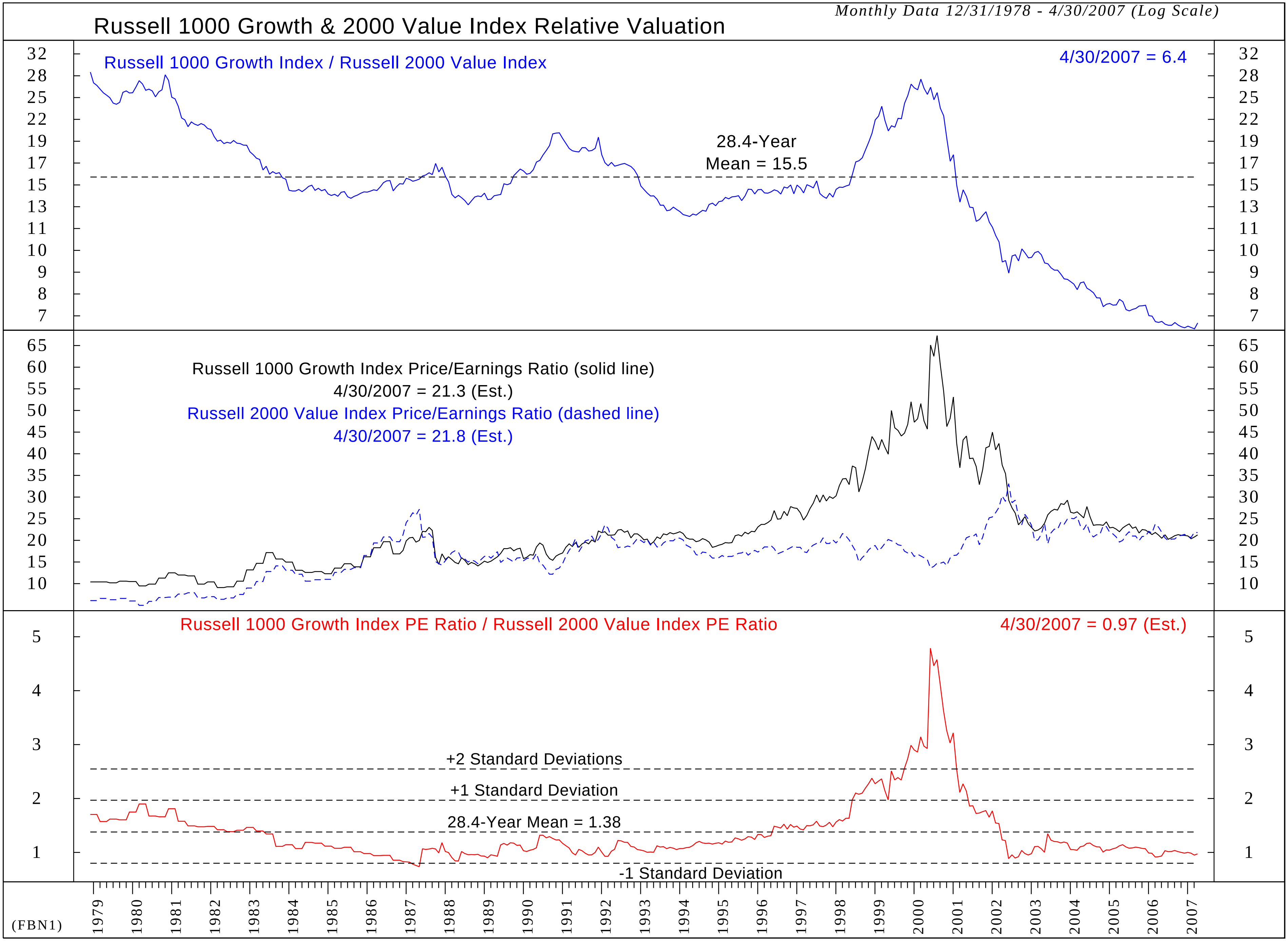
Investment Style Migration is Inevitable

Historical Returns Achieved by Various Asset Classes
Annual Returns Ranked in Order of Performance

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	YTD Thru 5/2
Int'l 69.44%	Int'l 24.64%	Small Cap Value 29.47%	Large Cap Growth 36.40%	Fixed Income 8.96%	Small Cap Growth 51.19%	Small Cap Value 29.14%	Int'l 32.56%	Int'l 7.77%	Large Cap Growth 38.12%	Large Cap Growth 23.97%	Large Cap Growth 36.53%	Large Cap Growth 42.16%	Small Cap Growth 43.10%	Small Cap Value 22.80%	Small Cap Value 14.02%	Fixed Income 10.26%	Small Cap Growth 48.20%	Small Cap Value 22.10%	Int'l 10.90%	Small Cap Value 23.00%	Int'l 7.10%
Large Cap Value 21.67%	Large Cap Growth 6.50%	Int'l 28.27%	Large Cap Core 31.68%	Cash 7.77%	Small Cap Value 41.70%	Large Cap Value 10.59%	Small Cap Value 23.84%	Cash 3.85%	Large Cap Core 37.58%	Large Cap Core 22.97%	Large Cap Core 33.37%	Large Cap Core 28.59%	Large Cap Growth 28.25%	Fixed Income 11.63%	Fixed Income 8.44%	Cash 1.78%	Small Cap Value 44.50%	Int'l 18.20%	Large Cap Value 5.70%	Large Cap Value 19.20%	Small Cap Growth 6.80%
Large Cap Core 18.67%	Cash 5.45%	Large Cap Value 21.67%	Large Cap Value 26.13%	Large Cap Growth 0.20%	Large Cap Growth 38.37%	Small Cap Growth 7.77%	Large Cap Value 18.60%	Large Cap Growth 3.13%	Large Cap Value 36.99%	Large Cap Value 21.99%	Small Cap Value 31.78%	Int'l 20.00%	Int'l 26.97%	Large Cap Value 6.08%	Cash 4.46%	Small Cap Value -13.20%	Int'l 35.30%	Large Cap Value 15.30%	Large Cap Core 4.80%	Int'l 17.70%	Large Cap Core 6.00%
Fixed Income 15.24%	Large Cap Core 5.27%	Small Cap Growth 20.37%	Small Cap Growth 20.17%	Large Cap Core -3.10%	Large Cap Core 30.47%	Large Cap Core 7.62%	Small Cap Growth 13.36%	Large Cap Core 1.31%	Small Cap Growth 31.03%	Small Cap Value 21.36%	Large Cap Value 29.98%	Large Cap Value 14.67%	Large Cap Core 21.04%	Cash 5.86%	Small Cap Growth -9.23%	Int'l -17.50%	Large Cap Value 30.30%	Small Cap Growth 14.40%	Small Cap Value 4.10%	Large Cap Core 15.60%	Large Cap Value 5.80%
Large Cap Growth 14.49%	Large Cap Value 3.68%	Large Cap Core 16.60%	Fixed Income 14.54%	Large Cap Value -6.85%	Large Cap Value 22.56%	Fixed Income 7.40%	Large Cap Core 10.07%	Large Cap Value -0.64%	Small Cap Value 25.75%	Small Cap Growth 11.26%	Small Cap Growth 12.95%	Fixed Income 8.67%	Large Cap Value 12.73%	Large Cap Core -9.10%	Large Cap Core -11.76%	Large Cap Value -22.50%	Large Cap Core 28.70%	Large Cap Core 10.70%	Large Cap Growth 4.00%	Small Cap Growth 13.20%	Large Cap Growth 5.10%
Small Cap Value 7.41%	Fixed Income 2.77%	Large Cap Growth 11.95%	Small Cap Value 12.43%	Small Cap Growth -17.41%	Fixed Income 16.00%	Large Cap Growth 5.14%	Fixed Income 9.75%	Small Cap Value -1.55%	Fixed Income 18.47%	Int'l 6.04%	Fixed Income 9.68%	Cash 4.80%	Cash 4.60%	Int'l -14.16%	Large Cap Growth -13.96%	Large Cap Core -23.40%	Large Cap Growth 24.70%	Large Cap Growth 5.80%	Small Cap Growth 4.00%	Large Cap Growth 10.10%	Small Cap Value 4.20%
Cash 6.16%	Small Cap Value -7.11%	Fixed Income 7.88%	Int'l 10.54%	Small Cap Value -21.78%	Int'l 12.13%	Cash 3.55%	Cash 2.94%	Small Cap Growth -2.43%	Int'l 11.21%	Cash 5.03%	Cash 5.14%	Small Cap Growth 1.23%	Fixed Income -0.83%	Large Cap Growth -22.08%	Large Cap Value -14.71%	Large Cap Growth -24.50%	Fixed Income 4.10%	Fixed Income 4.34%	Cash 3.10%	Cash 4.87%	Fixed Income 2.00%
Small Cap Growth 3.58%	Small Cap Growth -10.48%	Cash 6.38%	Cash 8.21%	Int'l -23.45%	Cash 5.61%	Int'l -12.17%	Large Cap Growth 1.68%	Fixed Income -2.92%	Cash 5.54%	Fixed Income 3.61%	Int'l 1.78%	Small Cap Value -6.45%	Small Cap Value -1.49%	Small Cap Growth -22.43%	Int'l -23.39%	Small Cap Growth -30.70%	Cash 1.14%	Cash 1.30%	Fixed Income 2.40%	Fixed Income 4.26%	Cash 1.70%

		CAGR 87-06	CAGR 97-06
Cash	90 Day Treasury Bills	4.55%	3.69%
Fixed Income	Lehman Aggregate Index	7.34%	6.23%
Small-Cap Value	Russell 2000 Value Index	13.23%	12.80%
Small-Cap Growt	Russell 2000 Growth Index	7.78%	4.77%
Large-Cap Value	S&P/Citi Value Index	11.50%	8.35%
Large-Cap Growt	S&P/Citi Growth Index	11.03%	6.65%
Large-Cap Core	S&P 500 Index	11.69%	8.21%
Int'l	Morgan Stanley Capital Int'l EAFE	7.10%	5.79%

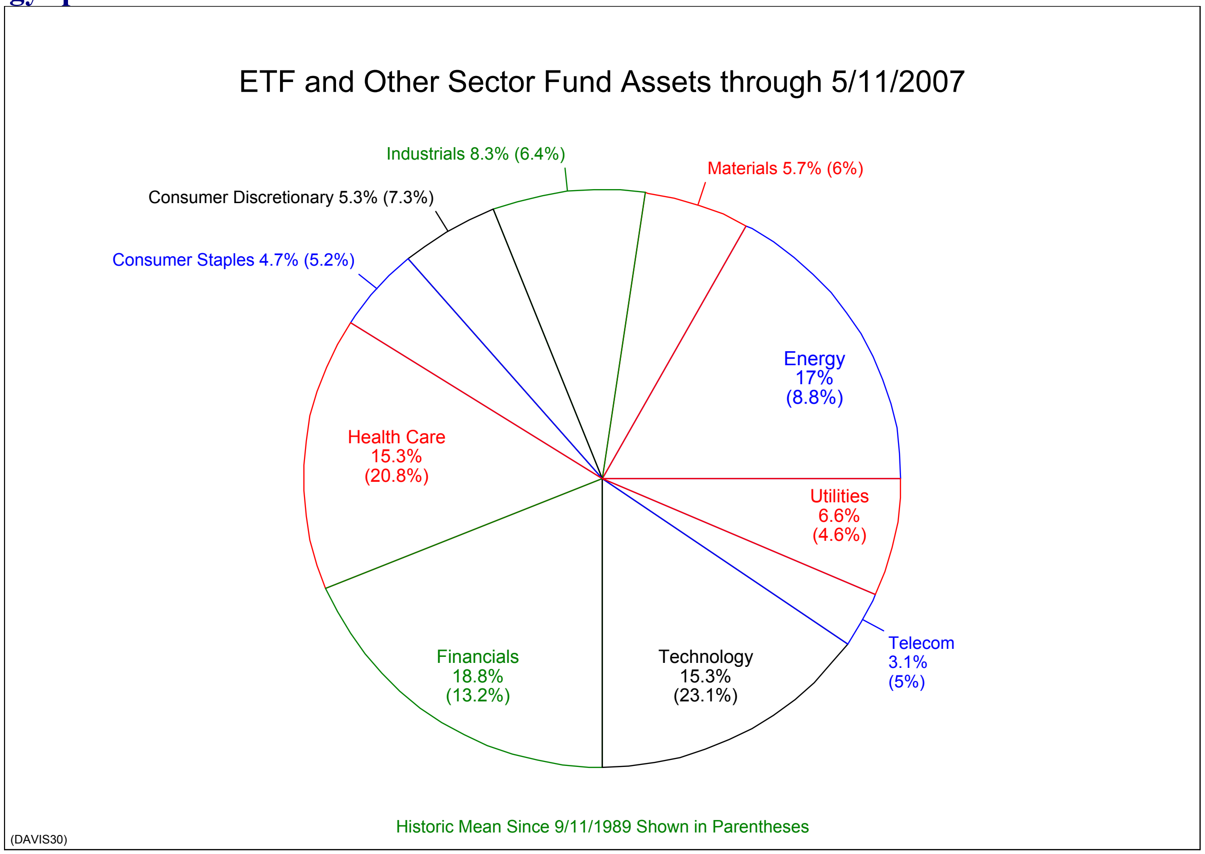




Monthly Data 12/31/1978 - 4/30/2007 (Log Scale)
Russell 1000 Growth & 2000 Value Index Relative Valuation
Russell 1000 Growth Index / Russell 2000 Value Index
4/30/2007 = 6.4
28.4-Year
Mean = 15.5
Russell 1000 Growth Index Price/Earnings Ratio (solid line)
4/30/2007 = 21.3 (Est.)
Russell 2000 Value Index Price/Earnings Ratio (dashed line)
4/30/2007 = 21.8 (Est.)
Russell 1000 Growth Index PE Ratio / Russell 2000 Value Index PE Ratio
4/30/2007 = 0.97 (Est.)
+2 Standard Deviations
+1 Standard Deviation
28.4-Year Mean = 1.38
-1 Standard Deviation
(FBN1)

Holdings of Speculative Sector Fund Traders

Below is an up-to-date pie chart of the percent holdings in the 10 popular market sectors calculated by totaling the ETFs, Rydex, and Fidelity group funds for each sector and then dividing by the total in all 10 sectors. Thus, for example, currently 17% of all the assets are in energy-related funds, the most crowded of all 10 sectors, and just 3.1% are in Telecoms, the least crowded sector. Nevertheless, it is important to put these into perspective; so, in parentheses by each sector, we have what our analysis shows to be the historical mean for each sector. Since all the series do not start on the exact same date, the numbers in parentheses add up to slightly more than 100%. Nevertheless, the messages provided are very useful. Not only is energy, at 17% of all assets, the most crowded sector, but it is also well above its mean at just 8.8%. A reversion to the mean would be very painful to energy speculators.



Courtesy of Ned Davis Research, Inc.