



Asset Allocation: Time is More Important than Timing

Selected Charts | US Capital Markets

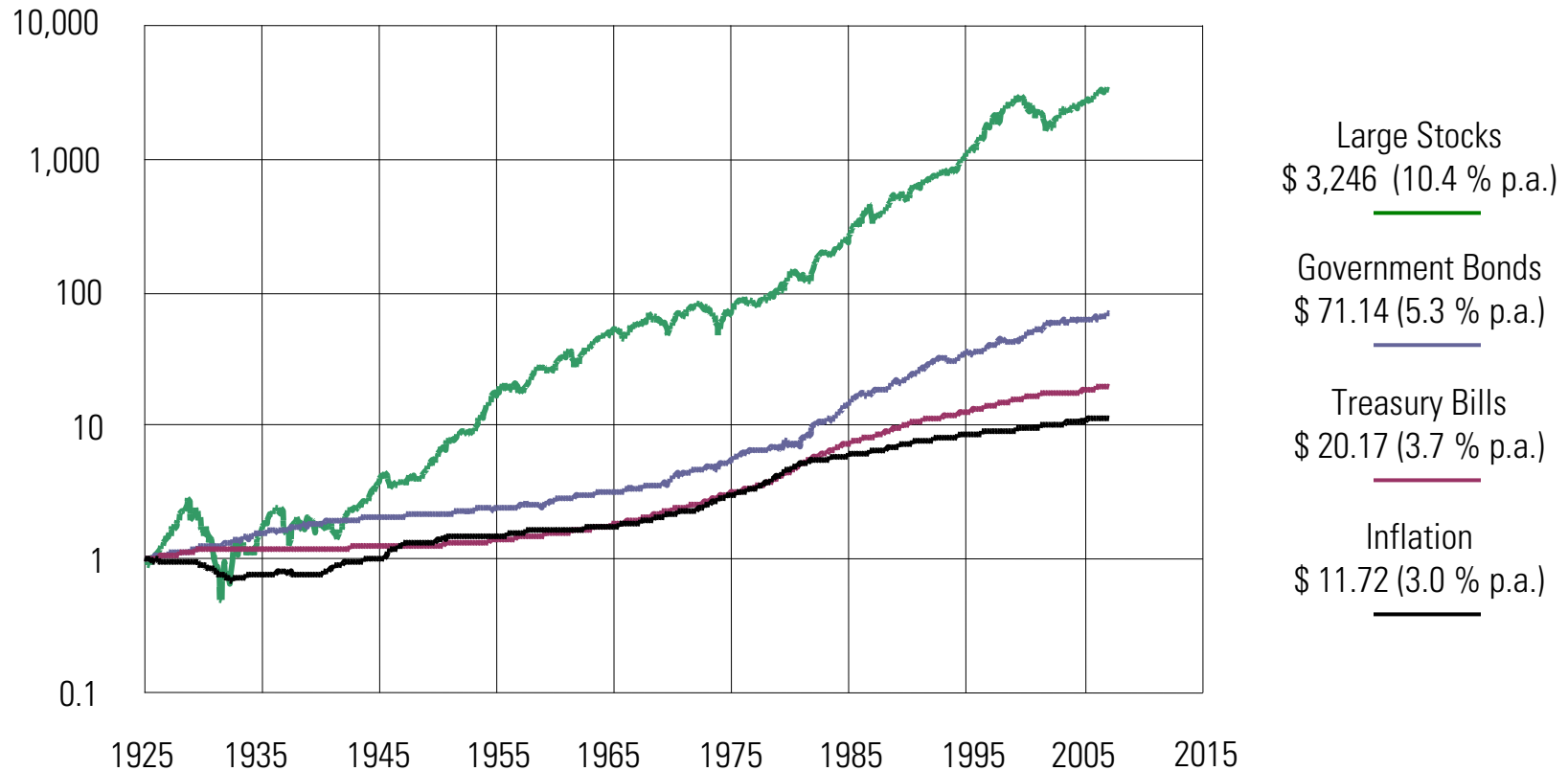
1926-2007

August 6, 2008

KEPPLER ASSET MANAGEMENT INC.

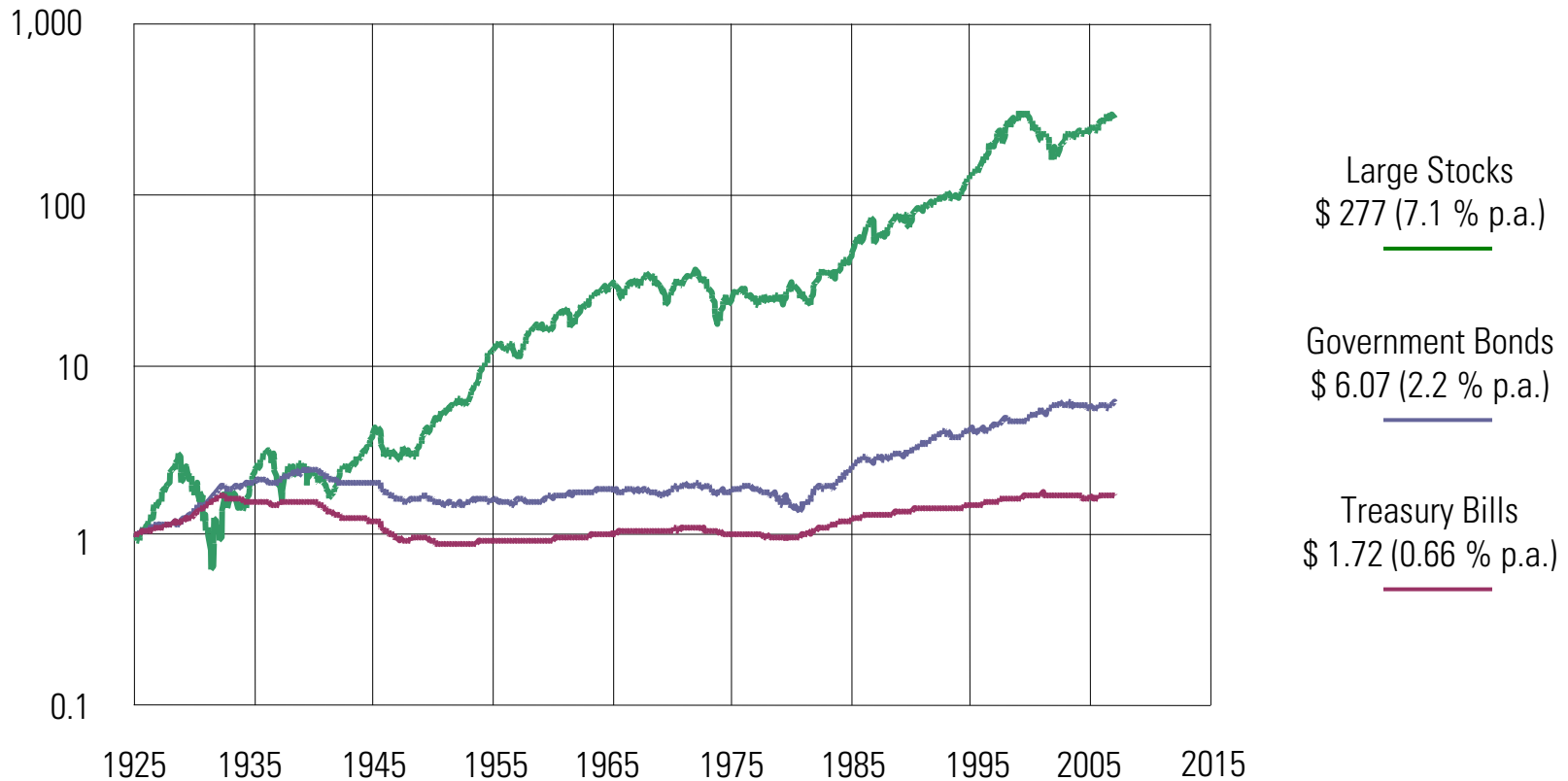
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Wealth Indices of Investments | U.S. Capital Markets 1926-2007



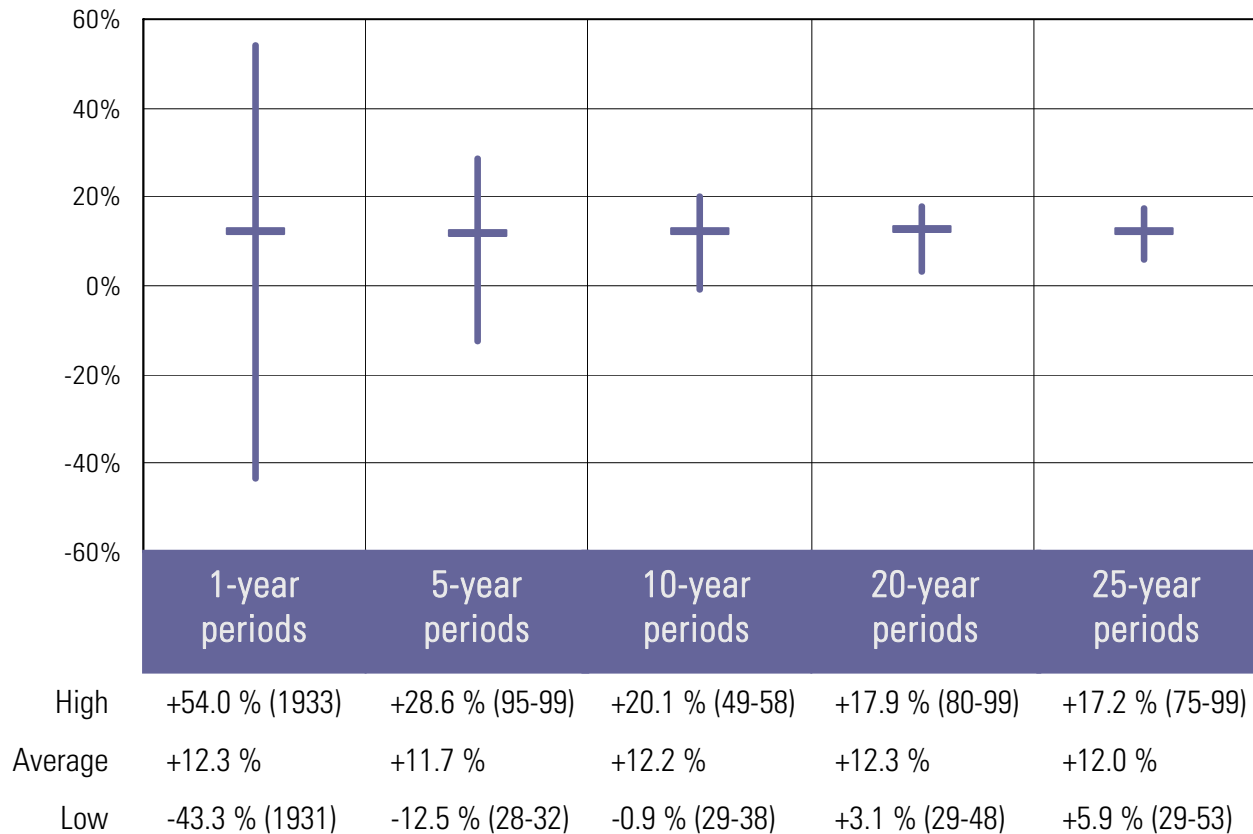
Source: Stocks, Bonds, Bills, and Inflation 2008 Yearbook, Ibbotson Associates, Chicago

Wealth Indices of Investments | U.S. Capital Markets (inflation adjusted) 1926-2007

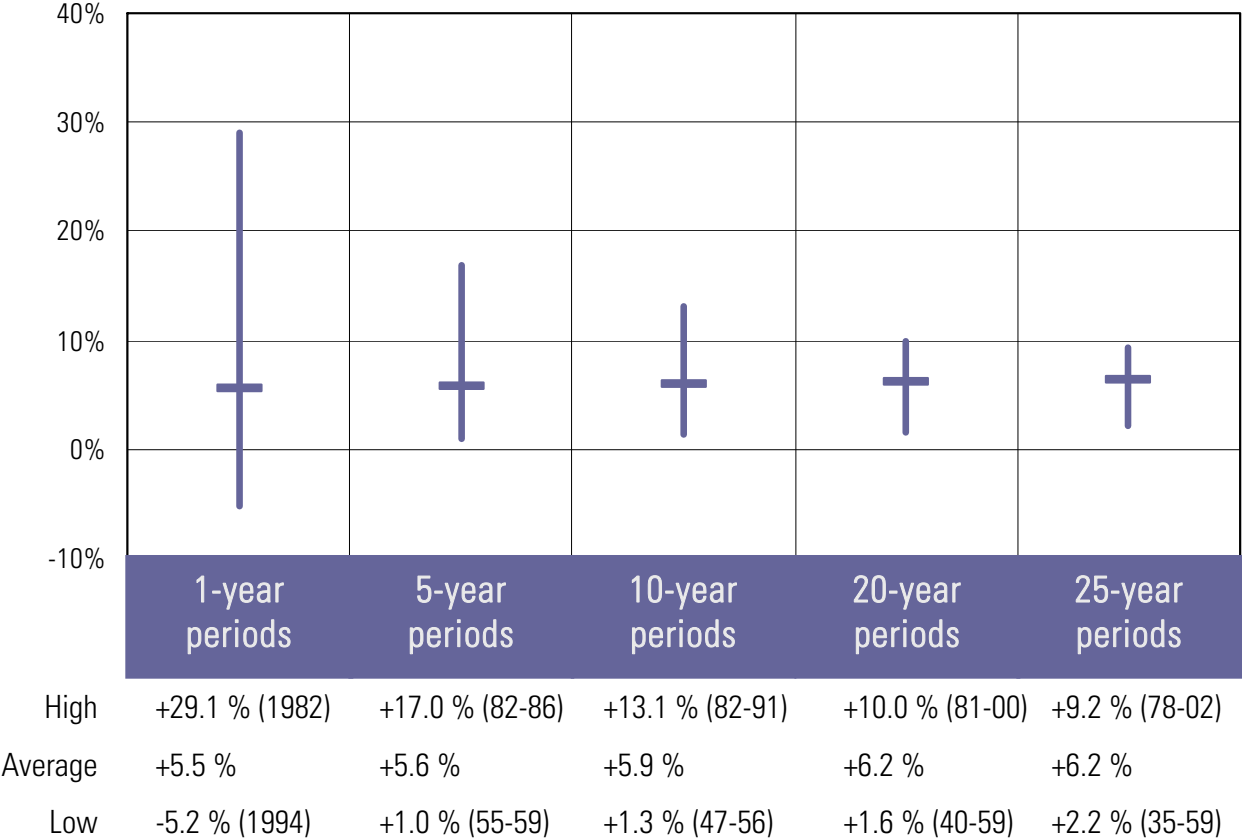


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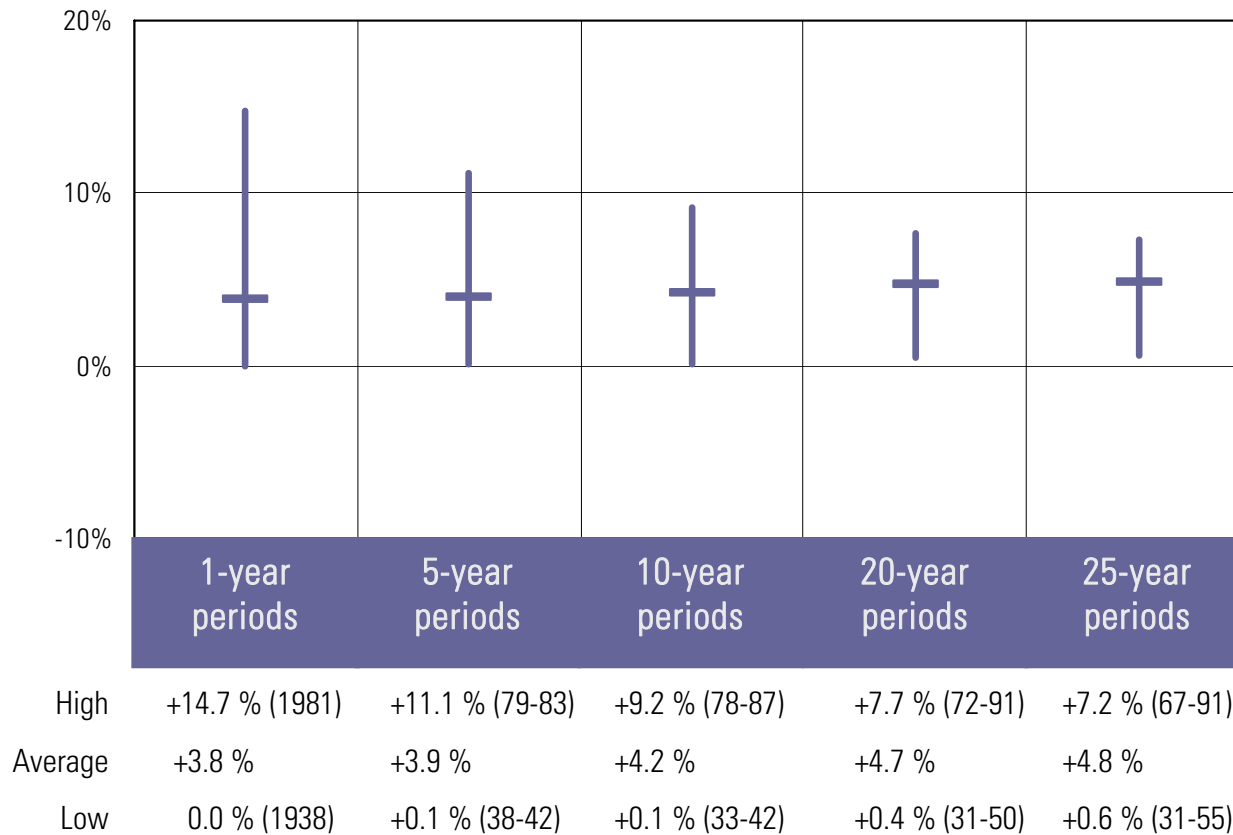
Performance of U.S. Large Stocks over Different Holding Periods 1926-2007



Performance of U.S. Government Bonds over Different Holding Periods 1926-2007



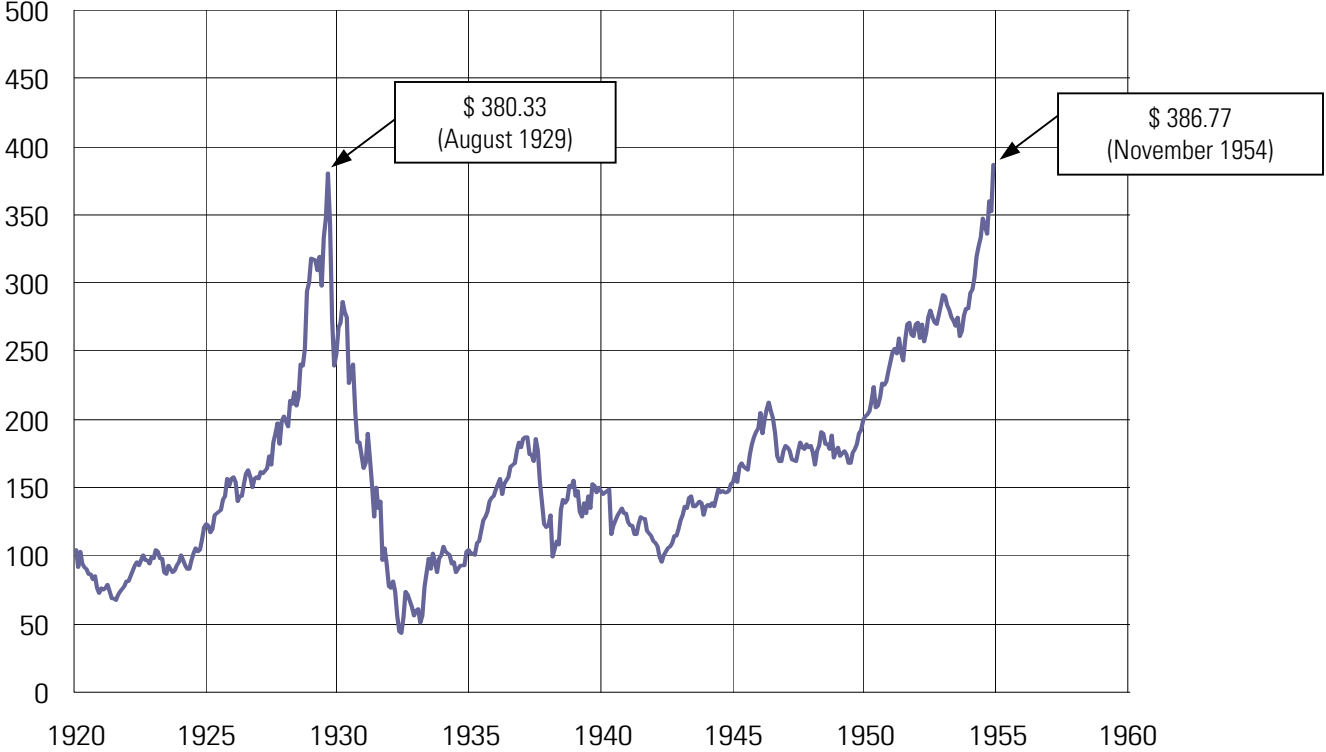
Performance of U.S. Treasury Bills over Different Holding Periods 1926-2007





25 Years Required to Reach Previous High?

Dow Jones Industrial Average 1920-1954

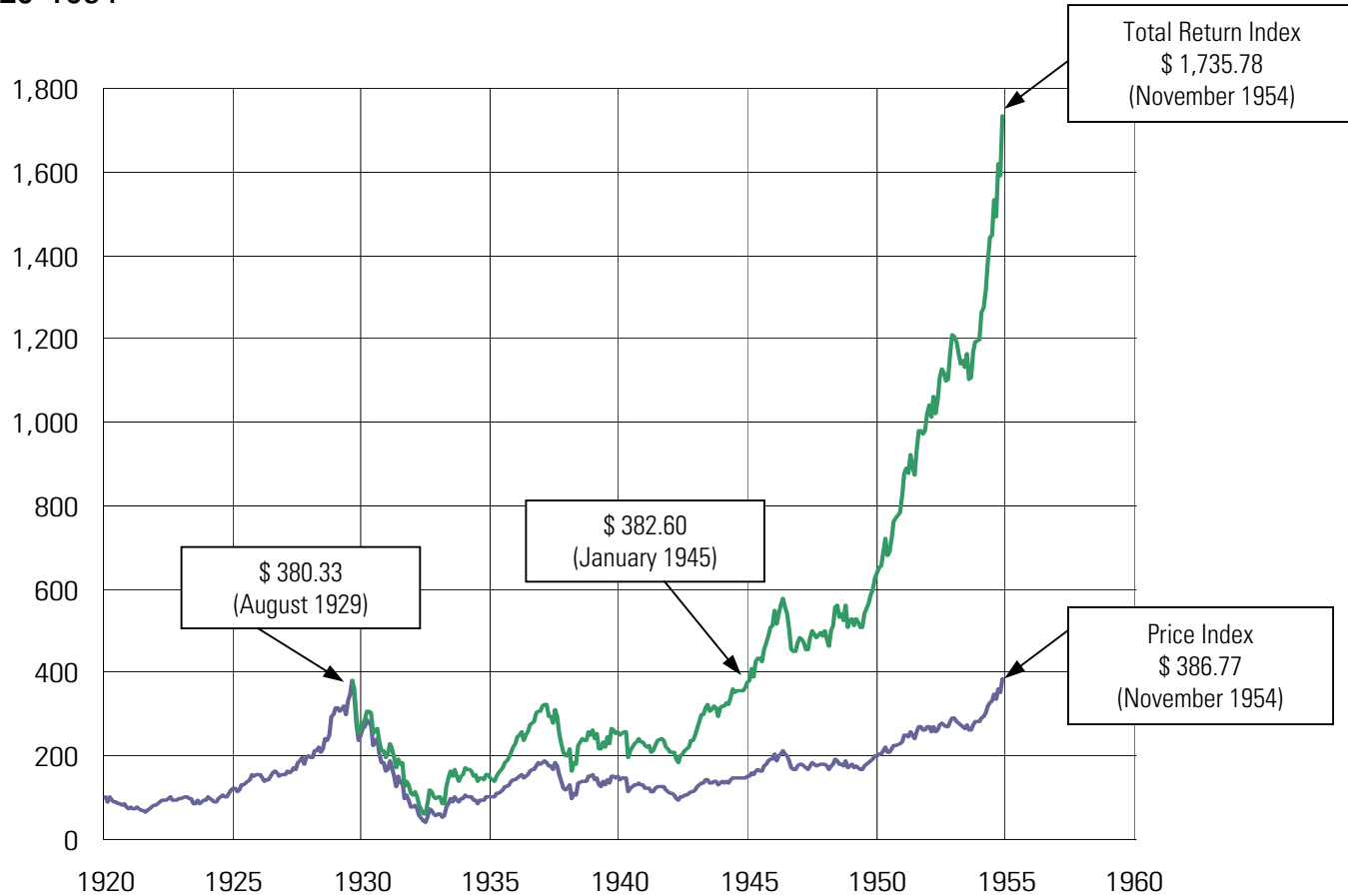


Source: The Dow Jones Averages 1885-1990, Phyllis S. Pierce ed.



25 Years Required to Reach Previous High?

Dow Jones Industrial Average 1920-1954



Price Index = \$ 380.33 August 1929
Total Return Index = \$ 380.33 August 1929



Probability of a Positive Return
Based on 82 Years of U.S. Capital Markets History
1926-2007

Holding Period (Years)	Large Stocks %	Government Bonds %	Treasury Bills %
1	75	91	97
2	82	99	98
3	84	100	99
5	88	100	100
14	98	100	100
15 or more	100	100	100
Compound Annual Return	10.4	5.3	3.7

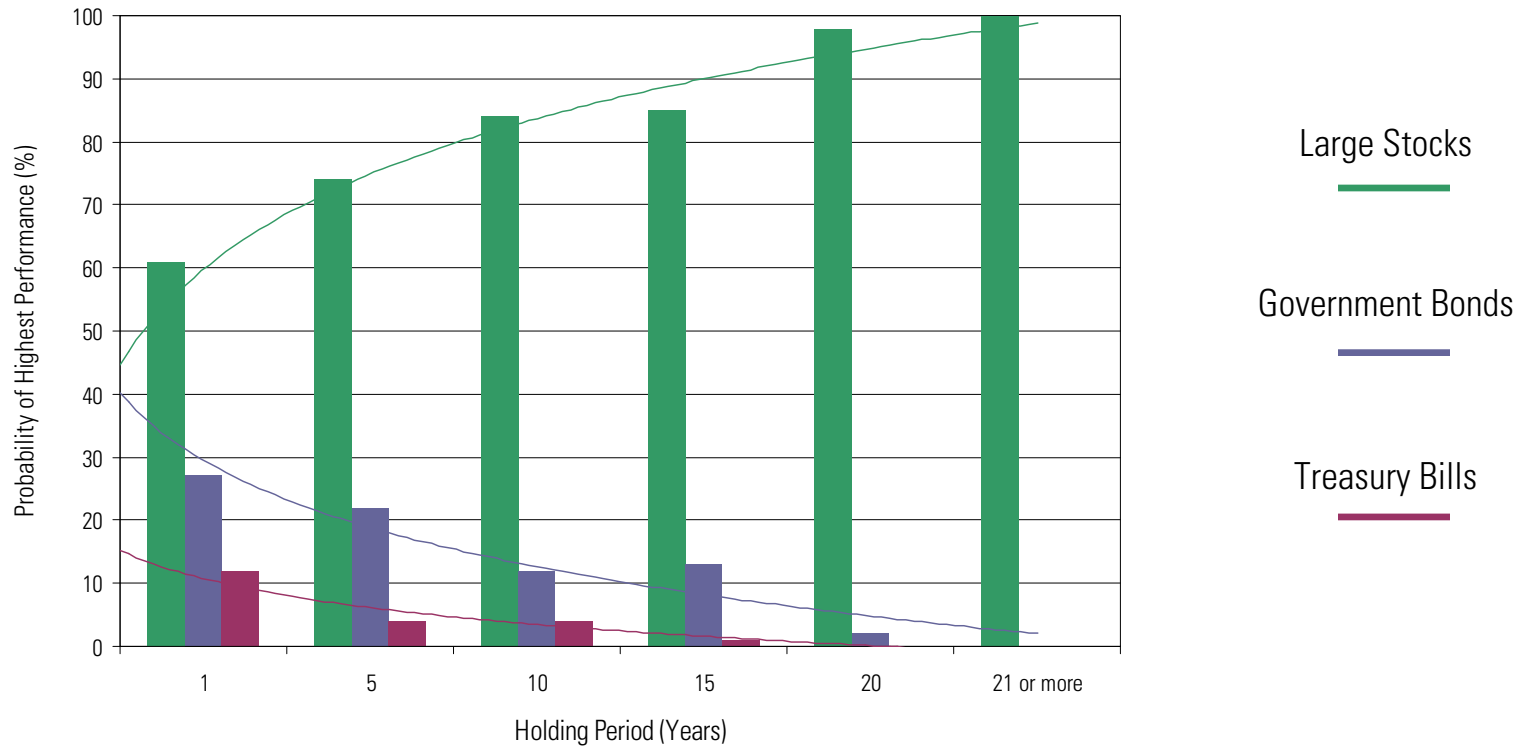
Probability of Highest Performance
 Based on 82 Years of U.S. Capital Markets History
 1926-2007



Holding Period (Years)	Large Stocks %	Government Bonds %	Treasury Bills %
1	61	27	12
5	74	22	4
10	84	12	4
15	85	13	1
20	98	2	0
21 or more	100	0	0
Compound Annual Return	10.4	5.3	3.7

Probability of Highest Performance

Based on 82 Years of U.S. Capital Markets History
1926-2007

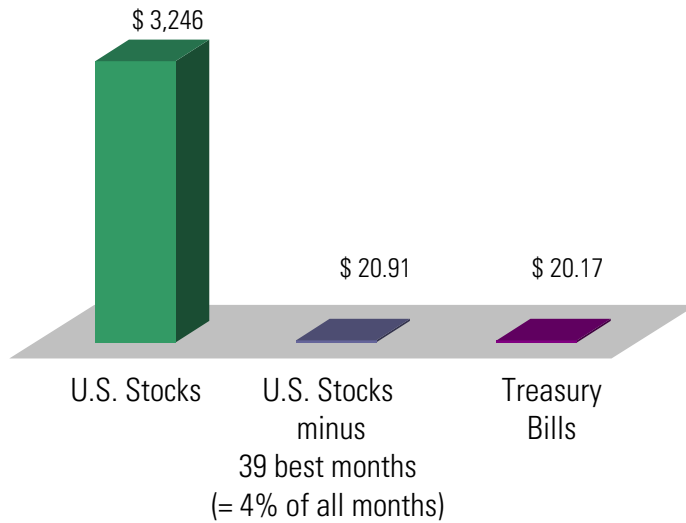


The Dangers of Market Timing



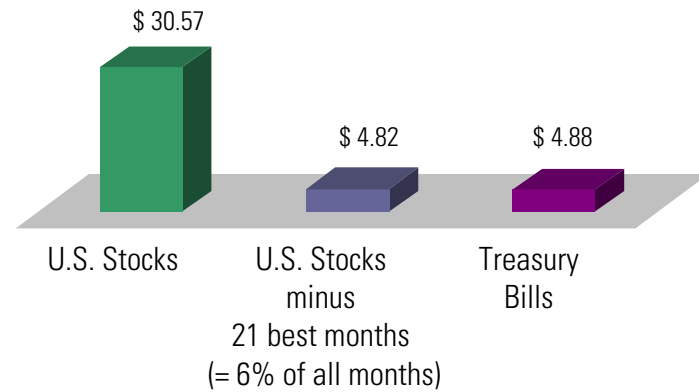
1926-2007

Value of \$1 Invested at
Year-End 1925



1980-2007

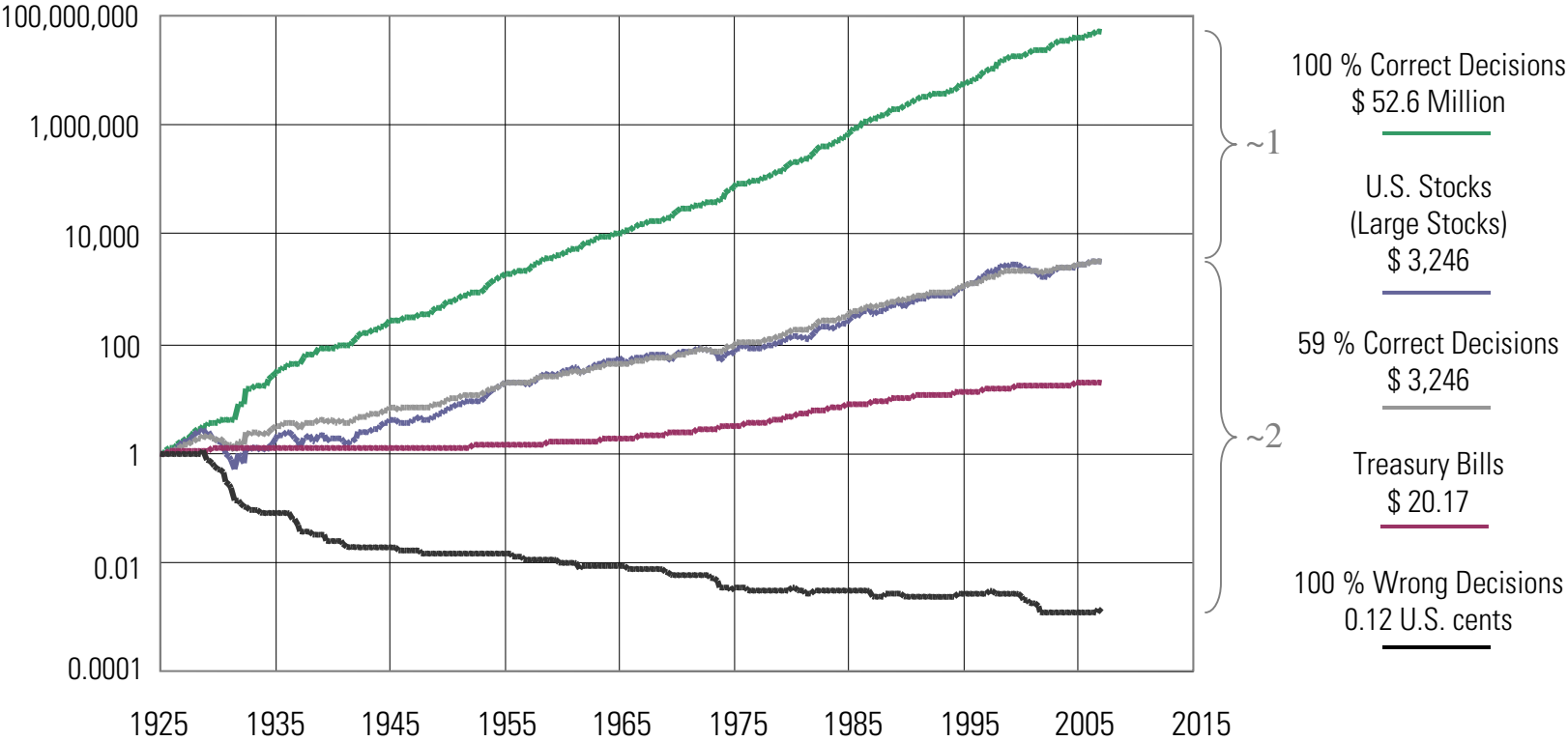
Value of \$1 Invested at
Year-End 1979





The Dangers of Market Timing

Robert Jeffrey's Example based on Quarterly Decisions (Stocks or Treasury Bills)
before Transaction Costs
1926-2007



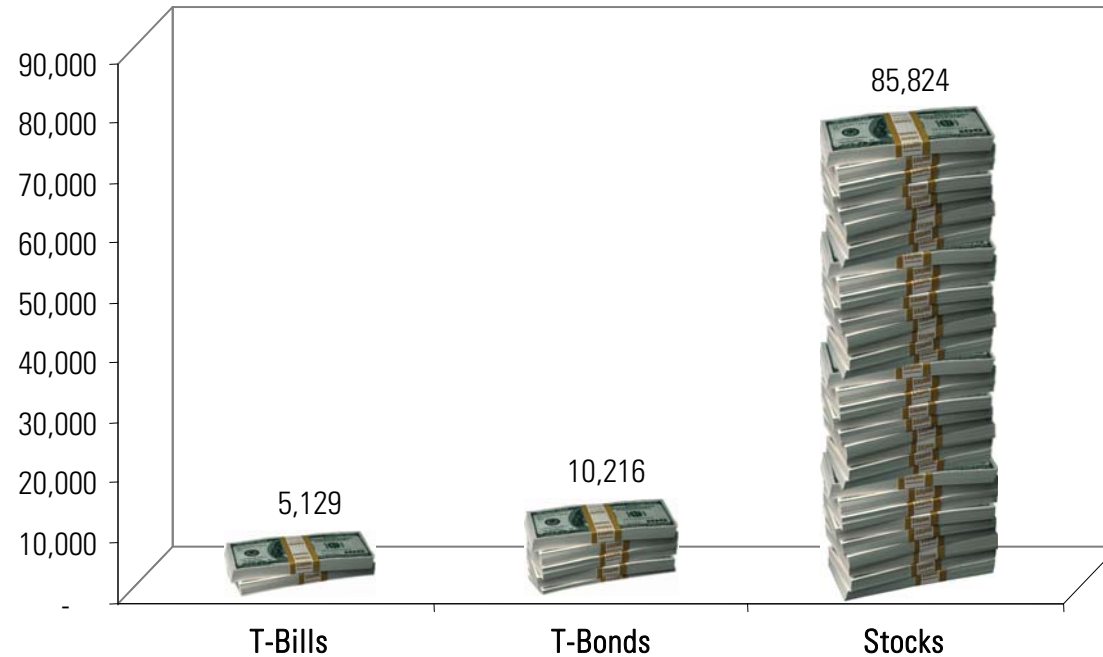
Source: The Folly of Stock Market Timing, Harvard Business Review, July/August 1984

Time is More Important than Timing | The Power of Compounding

Value of Initial Investment of \$1,000 after 45 Years



Without
Additional
Savings



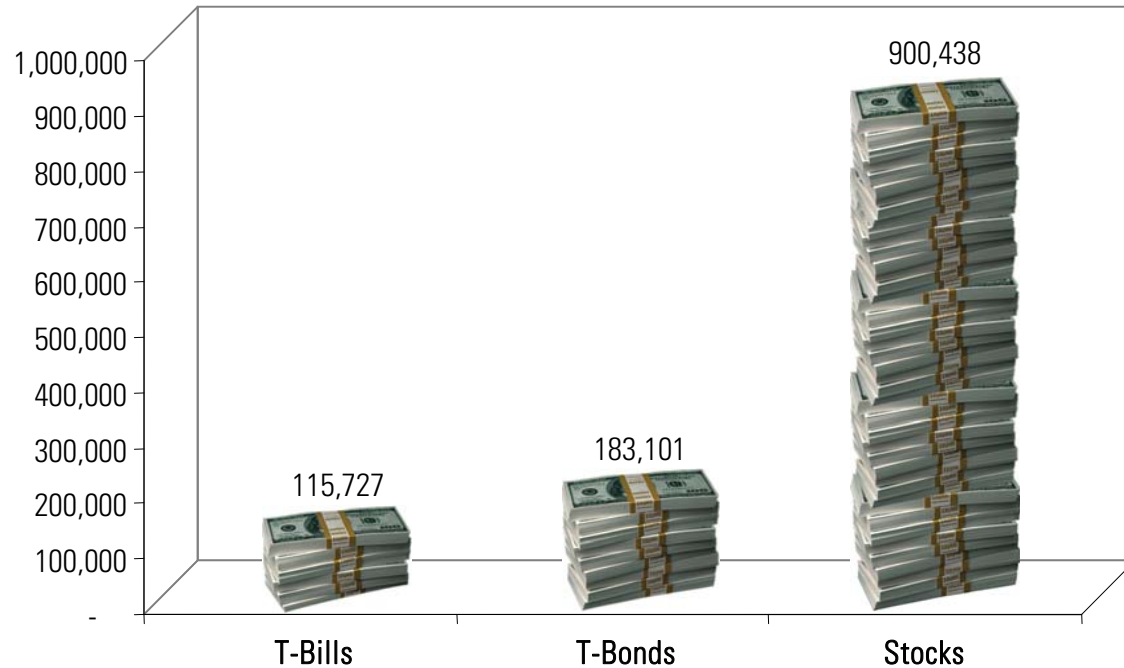
	T-Bills	T-Bonds	Stocks
Initial Investment (\$)	1,000	1,000	1,000
Annual Follow-up Investment (\$)	-	-	-
Total Investment (\$)	1,000	1,000	1,000
Expected Total Annual Return (%)	3.7	5.3	10.4
Value after 45 Years	5,129	10,215	85,824

Time is More Important than Timing | The Power of Compounding

Value of Initial Investment of \$1,000 after 45 Years



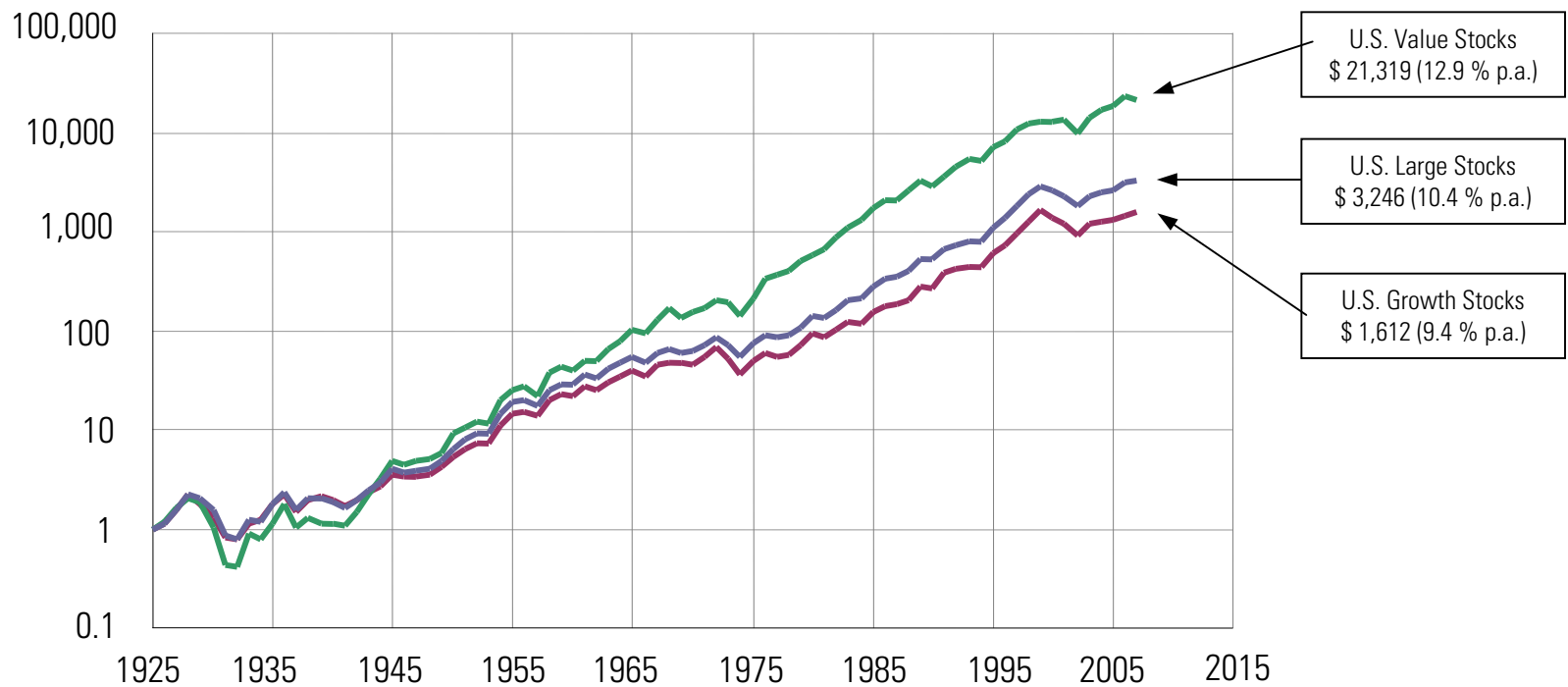
With Additional
Annual Savings
of \$1,000



	T-Bills	T-Bonds	Stocks
Initial Investment (\$)	1,000	1,000	1,000
Annual Follow-up Investment (\$)	1,000	1,000	1,000
Total Investment (\$)	45,000	45,000	45,000
Expected Total Annual Return (%)	3.7	5.3	10.4
Value after 45 Years	115,727	183,101	900,438

Value Stocks vs. Growth Stocks | (U.S. Capital Markets)

1926-2007



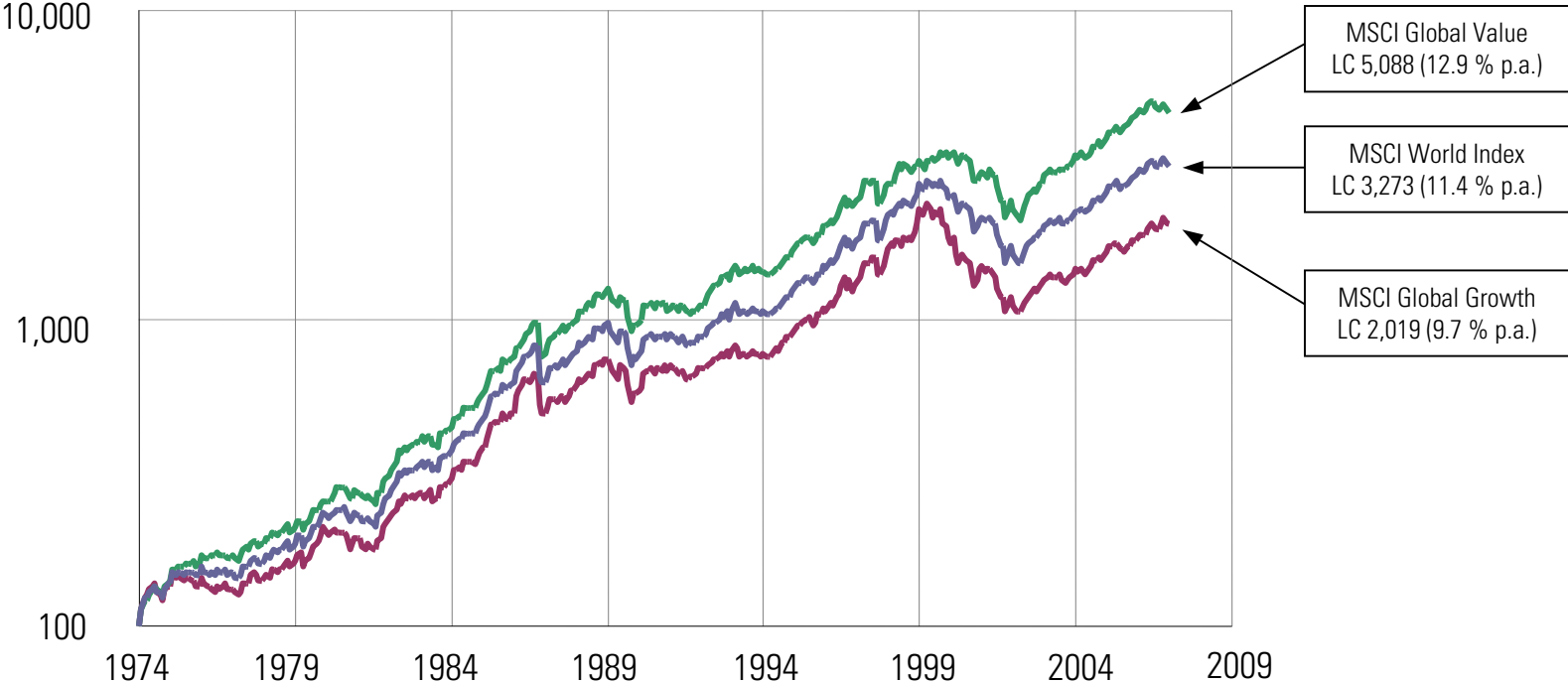
Source: Stocks, Bonds, Bills, and Inflation 2008 Yearbook, Ibbotson Associates, Chicago
See Appendix: Definitions of Data Series

Summary: Risk & Return Characteristics | (U.S. Capital Markets) 1926-2007



	Large Stocks	Small Stocks	Growth Stocks	Value Stocks	Government Bonds	Treasury Bills
Number of Years	82	82	82	82	82	82
Average Annual Return (%)	12.3	17.1	11.3	16.3	5.5	3.8
Compound Annual Return (%)	10.4	12.5	9.4	12.9	5.3	3.7
Number of Winning Years	59	57	60	58	74	80
Highest Annual Return (%)	54.0	142.9	50.1	119.9	29.1	14.7
Probability of Annual Gain (%)	72.0	69.5	73.2	70.7	90.2	97.6
Average Gain in Winning Years (%)	21.9	32.2	20.7	29.0	6.2	3.9
Expectation of Annual Gain (%)	15.8	22.4	15.1	20.5	5.6	3.8
Number of Losing Years	23	25	22	24	8	2
Lowest Annual Return (%)	-43.3	-58.0	-35.8	-57.2	-5.2	-0.04
Probability of Annual Loss (%)	28.0	30.5	26.8	29.3	9.8	2.4
Average Loss in Losing Years (%)	12.6	17.4	14.2	14.5	1.6	0.03
Expectation of Annual Loss (%)	3.5	5.3	3.8	4.2	0.2	0.00
Longest Losing Streak (# of years)	4	4	4	4	2	1
Largest Drawdown from Previous High (%)	64.2	85.7	64.7	80.1	5.2	0.05
Standard Deviation of Annual Returns (%)	20.0	32.6	19.9	27.3	5.7	3.1
Risk-adjusted Return (Kepler Ratio)						
Return per Unit of Expectation of Loss	3.47	3.23	2.96	3.84	N/A	N/A
Volatility-adjusted Return (Sharpe Ratio)						
Return per Unit of Standard Deviation	0.61	0.52	0.57	0.60	N/A	N/A

MSCI Global Value Index vs. MSCI Global Growth Index (Standard) 1975-2007 (33 Years)



Source: Based on MSCI total returns in local currencies with net dividends reinvested.

Appendix: Definitions of Data Series



Large Stocks	Standard & Poor's 500 Index (with dividends reinvested)
Small Stocks	1926–1981: Fifth capitalization quintile of stocks on the NYSE 1982–March 2001: Performance of the Dimensional Fund Advisors (DFA) Small Company Fund April 2001–Present: Performance of the DFA Micro Cap Fund
Value Stocks	1926-1927: Keppler Asset Management Inc. estimate. As no 1926 and 1927 return data exists for this series, we have estimated the returns of Value Stocks for these years as 4.18% higher than the returns of Large Stocks. This difference represents the average difference between the returns of Value Stocks and Large Stocks in the period from 1928 to 2004 (see below). 1928-2004: Bottom 30 percent of stocks ranked by Price/Book Value (NYSE, AMEX and NASDAQ) 2005-2008: All NYSE, AMEX and NASDAQ stocks with a Price/Book Value ratio lower than the 70 th percentile of NYSE stocks and a market-capitalization larger than the median of NYSE stocks
Growth Stocks	1926-1927: Keppler Asset Management Inc. estimate. As no 1926 and 1927 return data exists for this series, we have estimated the returns of Growth Stocks for these years as 1.01% lower than the returns of Large Stocks. This difference represents the average difference between the returns of Growth Stocks and Large Stocks in the period from 1928 to 2004 (see below). 1928-2004: Top 30 percent of stocks ranked by Price/Book Value (NYSE, AMEX and NASDAQ) 2005-2008: All NYSE, AMEX and NASDAQ stocks with a Price/Book Value ratio higher than the 30 th percentile of NYSE stocks and a market-capitalization larger than the median of NYSE stocks
Government Bonds	Average Maturity: 5 Years
Treasury Bills	Average Maturity: 30 Days
Inflation	CPI—All Urban Consumers, not seasonally adjusted