



## Global Multi Cap: Flash Report

**Update 11/30/09: Reduced exposure to Small/Mid Cap Growth and Value. Eliminated the Small Cap Value ETF. Increased allocation to US Large Cap Core, eliminating tactical underexposure.**

Small cap companies have led the strong returns in the market from the March lows. As investors adjust their expectations regarding economic growth around the world, the next leg up should be driven by companies with strong balance sheets and strong earnings growth. As a result, we have decided to take some profits in both our small cap growth and small cap value allocations, and re-invest the proceeds into US large cap equities with strong brand equity and which generate significant revenues outside the United States.

Small companies are finding it difficult to access growth capital in this environment, and valuations have become less attractive. The decision to increase our large cap allocation is also due to the lack of overseas exposure within the small and mid cap universes. Economic growth is likely to be stronger outside the U. S., which should benefit those companies with significant international presence. In addition, the negative trend in the US dollar is not likely to reverse soon, although it will likely moderate over time. The comparative advantages of US large cap stocks in the current environment include higher growth expectations, an overdue bounce for the large cap cycle which has already begun this quarter, and more reasonable growth-adjusted valuations.

|                        | November 30, 2009              | <u>Strategic Allocation</u> | <u>Tactical Allocation</u> | <u>Shift</u> | <u>Relative</u> |
|------------------------|--------------------------------|-----------------------------|----------------------------|--------------|-----------------|
| <b>US Equities</b>     |                                |                             |                            |              |                 |
|                        | <i>US Large Cap Core</i>       | 55.0%                       | 55.0%                      | <b>8.0%</b>  | 0.0%            |
|                        | <i>US Small/Mid Growth</i>     | 10.0%                       | 8.0%                       | <b>-4.0%</b> | -2.0%           |
|                        | <i>Small/Mid Value</i>         | 10.0%                       | 10.0%                      | <b>-4.0%</b> | 0.0%            |
|                        | <b>TOTAL</b>                   | <b>75.0%</b>                | <b>73.0%</b>               |              | -2.0%           |
| <b>Non-US Equities</b> |                                |                             |                            |              |                 |
|                        | <i>International Large-Cap</i> | 15.0%                       | 14.0%                      |              | -1.0%           |
|                        | <i>International Small-Cap</i> | 3.0%                        | 6.0%                       |              | 3.0%            |
|                        | <i>Emerging Markets</i>        | 5.0%                        | 5.0%                       |              | 0.0%            |
|                        | <b>TOTAL</b>                   | <b>23.0%</b>                | <b>25.0%</b>               |              | 2.0%            |
| <b>Other</b>           |                                |                             |                            |              |                 |
|                        | <b>Cash</b>                    | <b>2.0%</b>                 | <b>2.0%</b>                |              | <b>0.0%</b>     |
| <b>GRAND TOTAL</b>     |                                | <b>100.0%</b>               | <b>100.0%</b>              |              | <b>100.0%</b>   |