



Partial Contribution Of Ten-Year Yields To U.S. Equities Decreasingly Negative

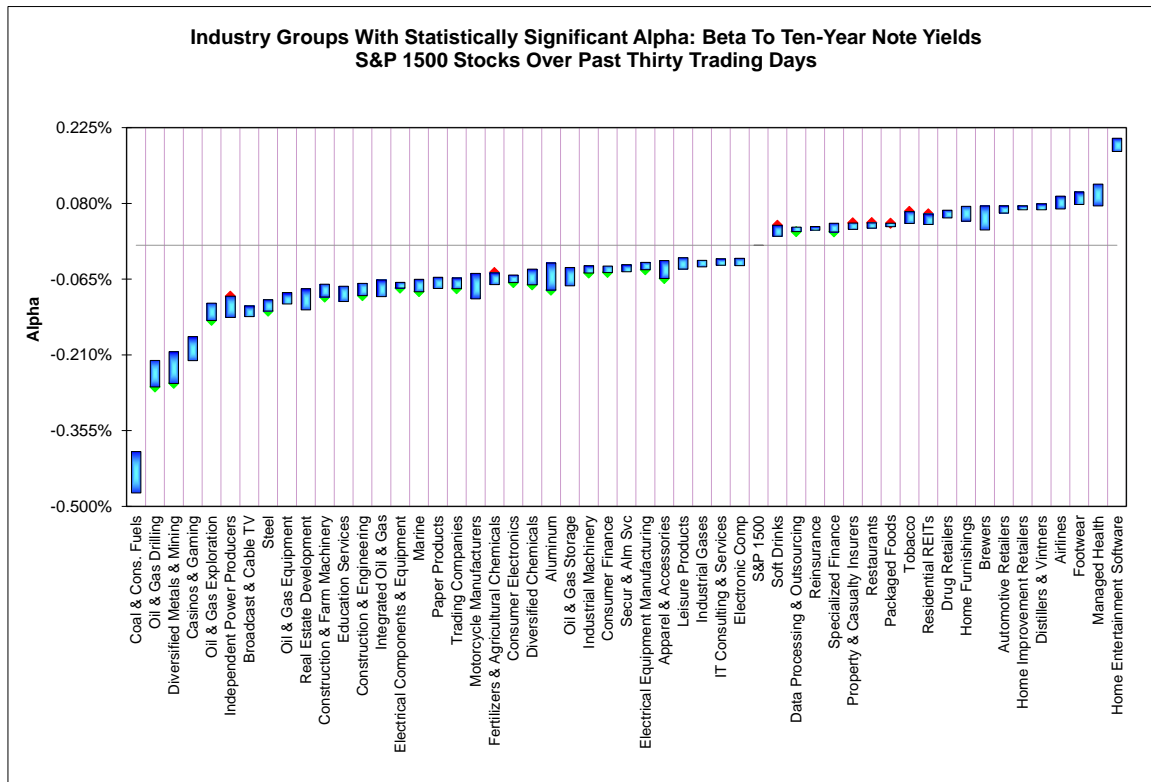
Twenty-four industry groups in the S&P 1500 accounting for 18.80% of market capitalization have a statistically significant negative relative performance beta to ten-year Treasury yields. The net weighted beta is -1.88%. The only particular concentrations are Utilities and REITs (green and canary yellow backgrounds, respectively).

Forty groups accounting for 21.59% of the S&P 1500 have a statistically significant positive relative performance beta; the net weighted beta here is 1.56%. Here the impact is concentrated in the Industrials, Basic Materials, Technology and non-REIT Financial sectors (pink, gray, purple and yellow backgrounds, respectively).

The net contribution is -0.32% as compared to -1.26% in September. Each 1% decrease in ten-year note yields, about 2.09 basis points at present, could be expected to lead to a 0.0032% increase in the S&P 1500, all else held equal.

Alpha Impact

Positive relative performance betas (green markers) are concentrated amongst negative-alpha groups while negative (red markers) relative performance betas are concentrated amongst positive-alpha groups. Higher yields would decrease the dispersion of returns and vice-versa.



Ten-Year Note Beta-Weighted Impact On S&P 1500

| | SPR | TY | Weighted | | SPR | TY | Weighted |
|--------------------------------------|--------|-------|----------|------------------------------------|--------|-------|----------|
| | Weight | Beta | Beta | | Weight | Beta | Beta |
| Electric Utilities | 1.69% | 0.219 | 0.004 | Diversified Banks | 4.41% | 0.123 | 0.005 |
| Multiline Utilities | 1.14% | 0.201 | 0.002 | Regional Banks | 15.7% | 0.141 | 0.002 |
| Integrated Telecommunications | 2.08% | 0.066 | 0.001 | Asset Management & Custodial Banks | 1.1% | 0.093 | 0.001 |
| Retail REITs | 0.78% | 0.173 | 0.001 | Oil & Gas Exploration | 15.4% | 0.066 | 0.001 |
| Soft Drinks | 1.72% | 0.077 | 0.001 | Data Processing & Outsourcing | 2.37% | 0.026 | 0.001 |
| Household Products | 1.62% | 0.072 | 0.001 | Application Software | 1.09% | 0.045 | 0.000 |
| Tobacco | 1.38% | 0.084 | 0.001 | Railroads | 0.73% | 0.052 | 0.000 |
| Specialized REITs | 0.88% | 0.129 | 0.001 | Consumer Finance | 0.74% | 0.045 | 0.000 |
| Residential REITs | 0.53% | 0.182 | 0.001 | Multiline Insurers | 0.65% | 0.050 | 0.000 |
| Packaged Foods | 1.60% | 0.052 | 0.001 | Industrial Machinery | 0.87% | 0.033 | 0.000 |
| Office REITs | 0.40% | 0.158 | 0.001 | Construction & Farm Machinery | 0.53% | 0.048 | 0.000 |
| Hypercenters & Superstores | 0.84% | 0.069 | 0.001 | Specialized Finance | 0.62% | 0.041 | 0.000 |
| Restaurants | 1.48% | 0.032 | 0.000 | Apparel & Accessories | 0.53% | 0.046 | 0.000 |
| Gas Utilities | 0.23% | 0.170 | 0.000 | Diversified Chemicals | 0.56% | 0.043 | 0.000 |
| Property & Casualty Insurers | 0.96% | 0.032 | 0.000 | Electrical Components & Equipment | 0.52% | 0.042 | 0.000 |
| Gold | 0.06% | 0.317 | 0.000 | Commodity Chemicals | 0.19% | 0.110 | 0.000 |
| Industrial REITs | 0.11% | 0.140 | 0.000 | Auto Parts & Equipment | 0.37% | 0.056 | 0.000 |
| Food Retailers | 0.27% | 0.053 | 0.000 | Oil & Gas Drilling | 0.14% | 0.115 | 0.000 |
| Environmental Services | 0.30% | 0.046 | 0.000 | Specialty Stores | 0.29% | 0.052 | 0.000 |
| Fertilizers & Agricultural Chemicals | 0.38% | 0.035 | 0.000 | Semiconductor Equipment | 0.28% | 0.052 | 0.000 |
| Diversified REITs | 0.09% | 0.143 | 0.000 | Construction & Engineering | 0.16% | 0.088 | 0.000 |
| Food Distributors | 0.14% | 0.056 | 0.000 | Construction Materials | 0.16% | 0.081 | 0.000 |
| Independent Power Producers | 0.07% | 0.105 | 0.000 | Computers & Electronics Retailers | 0.09% | 0.131 | 0.000 |
| Water Utilities | 0.03% | 0.145 | 0.000 | Trading Companies | 0.22% | 0.048 | 0.000 |
| | | | | Building Products | 0.22% | 0.042 | 0.000 |
| | | | | Thrifts & Mortgages | 0.13% | 0.070 | 0.000 |
| | | | | Steel | 0.16% | 0.053 | 0.000 |
| | | | | Diversified Metals & Mining | 0.08% | 0.106 | 0.000 |
| | | | | Technology Distributors | 0.12% | 0.063 | 0.000 |
| | | | | HR & Employment Services | 0.15% | 0.042 | 0.000 |
| | | | | Publishing & Printing | 0.09% | 0.069 | 0.000 |
| | | | | Aluminum | 0.08% | 0.079 | 0.000 |
| | | | | Electrical Equipment Manufacturing | 0.16% | 0.034 | 0.000 |
| | | | | Research & Consulting Services | 0.20% | 0.025 | 0.000 |
| | | | | Distributors | 0.13% | 0.039 | 0.000 |
| | | | | Consumer Electronics | 0.06% | 0.071 | 0.000 |
| | | | | Housewares & Specialty Stores | 0.12% | 0.033 | 0.000 |
| | | | | Marine | 0.03% | 0.069 | 0.000 |
| | | | | Commercial Printers | 0.04% | 0.044 | 0.000 |
| | | | | Heavy Electrical | 0.01% | 0.081 | 0.000 |
| Subtotal: | 18.80% | | -1.88% | Subtotal: | 215.9% | | 15.6% |
| | | | | Total: | 40.39% | | -0.32% |