

THE Asset Allocation ADVISOR

The following table shows the optimal asset allocation for a ten percent return portfolio according to the *Advisor's* expected returns, risk, and correlations from July 2008 for and among asset classes - assuming a 50% probability of a U.S. recession in 2008 and based on a 3 to 5 year return horizon.

Asset Allocations for Portfolios with an Expected Ten Percent Return July 2008		
Asset class	Portfolio without Venture Capital	Portfolio with Venture Capital
U.S. large-cap stocks	7.6%	not available
U.S. small-cap stocks	9.0%	
UK stocks	8.4%	
Euro area stocks	12.8%	
Japan stocks	8.5%	
Emerging-market stocks	7.2%	
Venture capital	n/a	
Real estate	10.6%	
Commodities	11.4%	
Intermediate-term Treasuries	0.0%	
Long-term Treasuries	1.0%	
TIPS (Treasury inflation-protected securities)	4.2%	
Long-term corporate bonds	3.7%	
High-yield bonds	0.0%	
Mortgage-backed bonds	8.8%	
Foreign investment-grade bonds	6.5%	
Emerging-market sovereign debt	0.3%	
Cash	0.0%	
Total	100.0%	
Expected return	10.0%	
Expected risk	11.9%	