



June 2008

Positions Recently Added

None this month.

Existing Positions Increased

None this month.

Existing Positions Decreased

None this month.

Positions Eliminated

Preferred Stocks (diversified list as bond-equivalents for income-oriented investors)

Due to the continued heightened risks to inflation from rising food and energy prices we have entirely reduce positions in preferred stocks across income-oriented client accounts. The \$25 par value enhanced trust preferred securities ("preferred stocks") are hybrids by nature, with features of both bonds and stocks. The securities are structured and issued as long maturity bonds that are listed and traded on the New York Stock Exchange like stocks. Similar to the behavior and risk characteristics of long maturity bonds however, higher levels of inflation detract from the income generated from preferred stocks and increase the price risk. In order to manage these risks, we have removed allocations to preferred stocks for income-oriented investors.

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