Godsey & Gibb Associates
Investment Actions
September 2007

Positions Recently Added

iShares MSCI EAFE Index (EFA)
EFA seeks to provide investment results that correspond to the price and yield of the MSCI EAFE Index, providing exposure to publicly traded securities in the European, Australasian and Far Eastern markets. Major country representation includes the United Kingdom, Japan, France, Germany and Switzerland. Top sectors weightings in the Index include Financials, Industrials, Consumer Discretionary, Energy, and Materials. We view EFA's focus on large capitalization, mature, dividend paying companies as positive characteristics. In addition, European equities maintain lower multiples than U.S. stocks, and could potentially benefit from the continent's ongoing restructuring story (lower taxes and a more flexible workforce). Moreover, EFA's top holdings maintain global exposure through industry leaders such as BP plc and Total SA in the Energy sector, GlaxoSmithKline plc and Roche Holdings AG in Healthcare and automobile manufacturer Toyota Motor Corporation. Given the attractive valuations and exposure to many globally oriented, mature, large-cap, dividend-paying companies based in developed markets, we have elected to increase positions in EFA across client accounts.

Existing Positions Increased

None this month.

Existing Positions Decreased

None this month.

Positions Eliminated

Citigroup (C)
Citigroup is a diversified financial services company with businesses across consumer and corporate banking, insurance, brokerage, investment banking and asset management. While Citigroup's attractive yield and its global exposure will likely continue to serve it well, the company faces several challenges in our analysis. A slowing U.S. mortgage sector, weaker housing prices, the potential for growing mortgage defaults and issues related to the recent credit market correction could weigh on its earnings over the next several quarters. Citigroup's loan portfolio maintains tremendous exposure to the U.S. consumer, which in our view, may be risky given forecasts for a slowdown in the U.S. economy. Moreover, with its broad exposure to all facets of the financial services industry, we believe Citigroup faces additional risks and potential write-downs from its $13 billion in sub-prime mortgages, its bridge loan commitments related to leverage buyout and private-equity deal-making, and its off-balance sheet commercial paper conduits. In addition, given the recent correction in the global credit markets, Citigroup could face deteriorating fundamentals in our analysis from a decline in mortgage origination, slower global transaction growth in its merger and acquisitions division, and less business activity related to fixed-income underwriting. Given the challenges to its growth and underlying fundamentals, we have removed shares of Citigroup from client portfolios.

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