

# Monthly Valuation Report

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## Summary

Information Technology – one of our top 3 recommended sectors in last month’s report – was the third best performing sector in the Russell 1000 within the last month. The Utilities and HealthCare Sectors were left behind as the investment community corralled into less defensive sectors with more Beta.

Of note, are the two sectors that performed better than the Information Technology, namely the Consumer Discretionary and Materials sectors. We believe the returns in these sectors were due more to Government intervention in the form of favorable policy announcements than the economic fundamentals of the companies comprising those sectors. For more discussion surrounding this topic, please see the sidebar entitled “Whew – what a month” below.

| Russell 1000 performance 2/25/09-3/30/09                          |                    |              |
|---|--------------------|--------------|
| Sector  | Russell 1000Weight | PriceReturn  |
| Consumer Discretionary  | 8.86               | 13.6         |
| Materials   | 3.39               | 11.46        |
| <b>Information Technology</b>                                     | <b>17.09</b>       | <b>7.26</b>  |
| Telecommunication Serv  | 3.74               | 5.6          |
| Industrials   | 9.89               | 3.08         |
| Financials  | 10.62              | 2.95         |
| Consumer Staples  | 12.31              | 0.84         |
| Energy  | 13.26              | 0.64         |
| <b>Utilities</b>  | <b>4.59</b>        | <b>-3.1</b>  |
| <b>Health Care</b>  | <b>16.24</b>       | <b>-3.73</b> |
| <b>BOLD PURPLE font = previous month's sector recommendations</b> |                    |              |

## Latest Sector Ranking

The Industrial Sector is once again back as a top ranked sector behind Health Care based on our proprietary Reward/Risk algorithm. Alternatively, using our DCF

| Sector Rankings by Average Reward / Risk Ratio |       | by Average CF Valuation Level        |             |
|--|-------|--------------------------------------|-------------|
| Average of Reward / Risk Ratio                 |       | Average of Rank Assignment for Color |             |
| SectorName                                     | Total | SectorName                           | Total       |
| <b>Health Care</b>                             | 13.48 | <b>Utilities</b>                     | <b>6.49</b> |
| <b>Industrials</b>                             | 10.16 | <b>Health Care</b>                   | <b>6.04</b> |
| Consumer Staples                               | 9.02  | Consumer Staples                     | 5.80        |
| Materials                                      | 4.76  | Industrials                          | 5.67        |
| <b>Information Technology</b>                  | 4.38  | Telecommunication Serv               | 5.56        |
| Energy   | 3.81  | Financials                           | 5.16        |
| Utilities                                      | 2.86  | Consumer Discretionary               | 5.12        |
| Financials                                     | 2.11  | Information Technology               | 4.87        |
| Telecommunication Serv                         | 2.05  | Materials                            | 4.86        |
| Consumer Discretionary                         | 1.95  | Energy                               | 4.30        |
| Average Ranking                                | 5.25  | Average Valuation                    | 5.29        |

Source: BRV Research

NOTE: Blue Bold=Current Top 2 sectors. Purple Bold=Prev. Month Top 2 (if not in current top 2)

|  |  |
|--|--|
| Sub-Industry Average of Color Indicator for Valuation between: 0.0 To 1.39 |  |
| Sub-Industry Average of Color Indicator for Valuation between: 1.4 To 2.79 |  |
| Sub-Industry Average of Color Indicator for Valuation between: 2.8 To 4.19 |  |
| Sub-Industry Average of Color Indicator for Valuation between: 4.2 To 5.59 |  |
| Sub-Industry Average of Color Indicator for Valuation between: 5.6 To 7.00 |  |

proxy CF valuation algorithm, Utilities and Health Care remain in their top positions, as they have in the last two reports, reflecting the relative attractiveness of their share price vis a vis their forecasted cash flows.

Healthcare also retained the top ranked position from a Reward/Risk ratio perspective. Moreover, Healthcare’s