

Monthly Valuation Report

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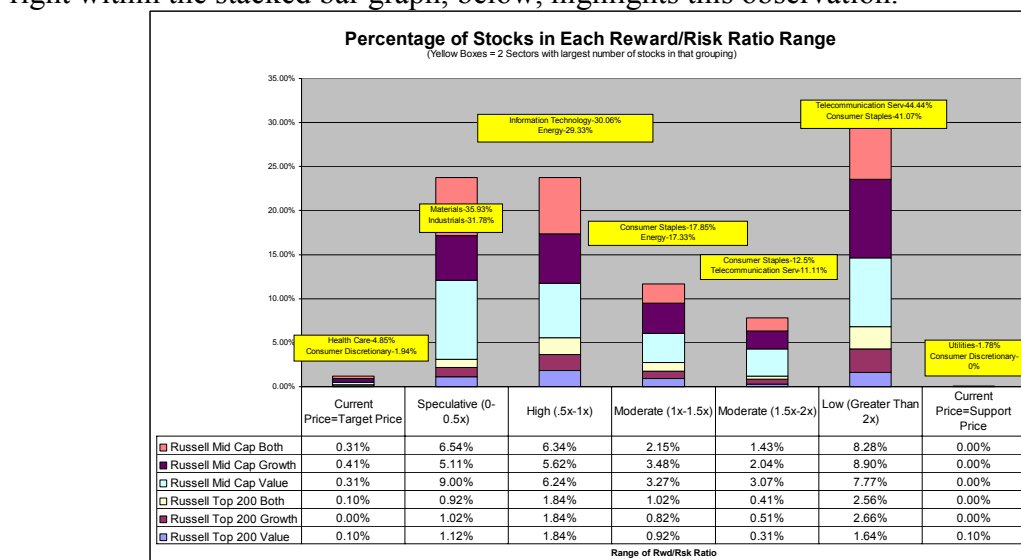
Key Takeaways:

- **We've beaten the Russell 1K by over +330bps for the first half of 2010** (-3.93% vs. -7.29% for the R1K).
- For the **2nd quarter of 2010**, we beat the Russell 1K by approximately **+60bps** (-11.28 vs. -11.87 for the R1K). On a monthly basis, **after seven straight months of beating the Russell 1K**, the index finally bested us last month by 81bps (-6.53% vs -5.72% for the R1K).
- **Walgreens** and **Walmart** warrant a closer look given their extremely attractive Reward/Risk values of 8.30 and 7.53, respectively, and are a key reason why Consumer Staples show up as the most attractive Sector.

Summary & Latest Sector Ranking:

Consumer Staples stands out with an extremely attractive 2.36 Reward/Risk ratio due to the attractive Walgreens and Walmart ratios highlighted above. The **Health care** Sector is the second **most attractive** sector based on our Reward/Risk metric on a market cap weighted basis.

Bargains currently exist in the **Telecom** and **Consumer Staples** Sectors given that 44.44% and 41.07% of the stocks in those Sectors, respectively, are deemed "Low" risk by our Reward/Risk metric. The second bar from the right within the stacked bar graph, below, highlights this observation.



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