

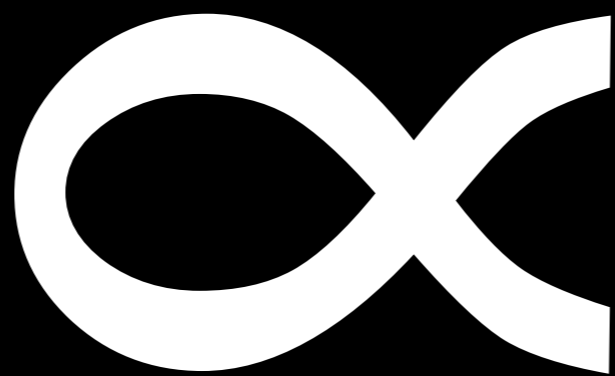
Behavior Gap

B E H A V I O R G A P



WHAT'S MY JOB

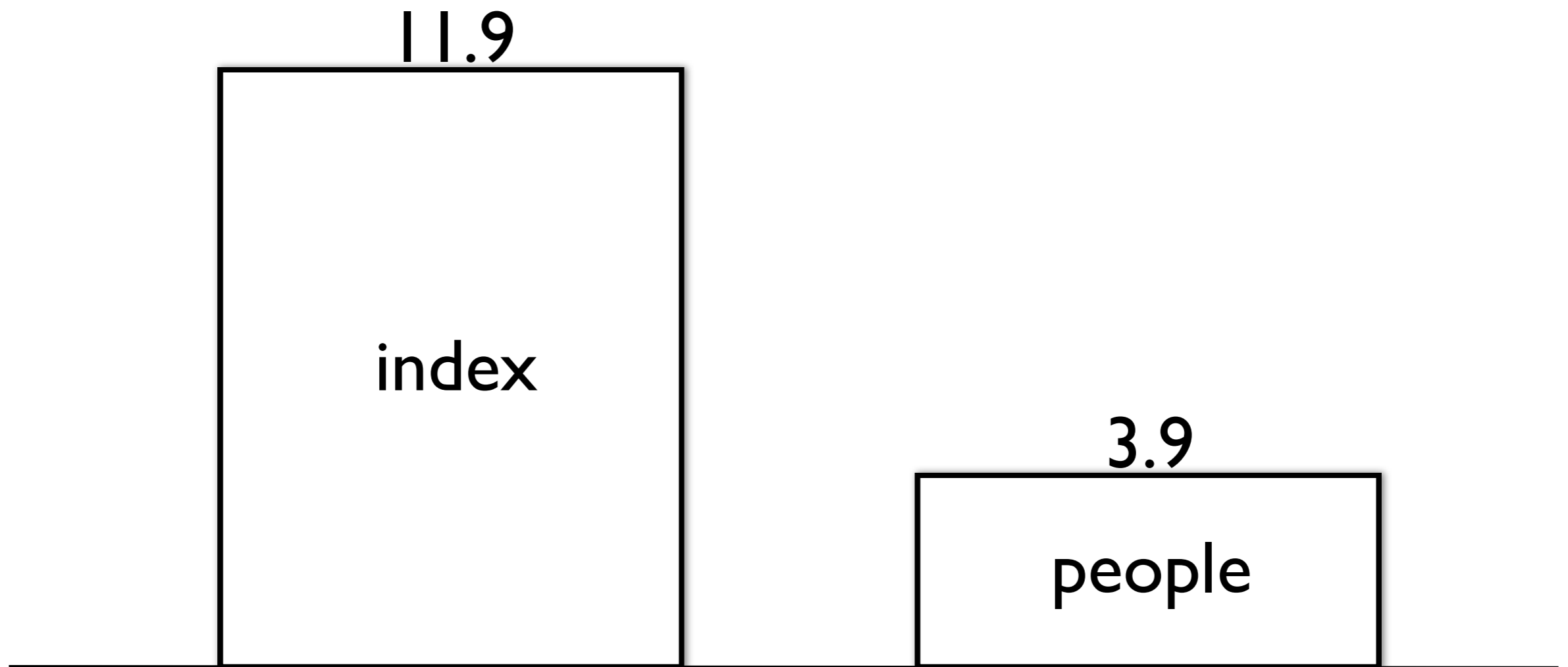




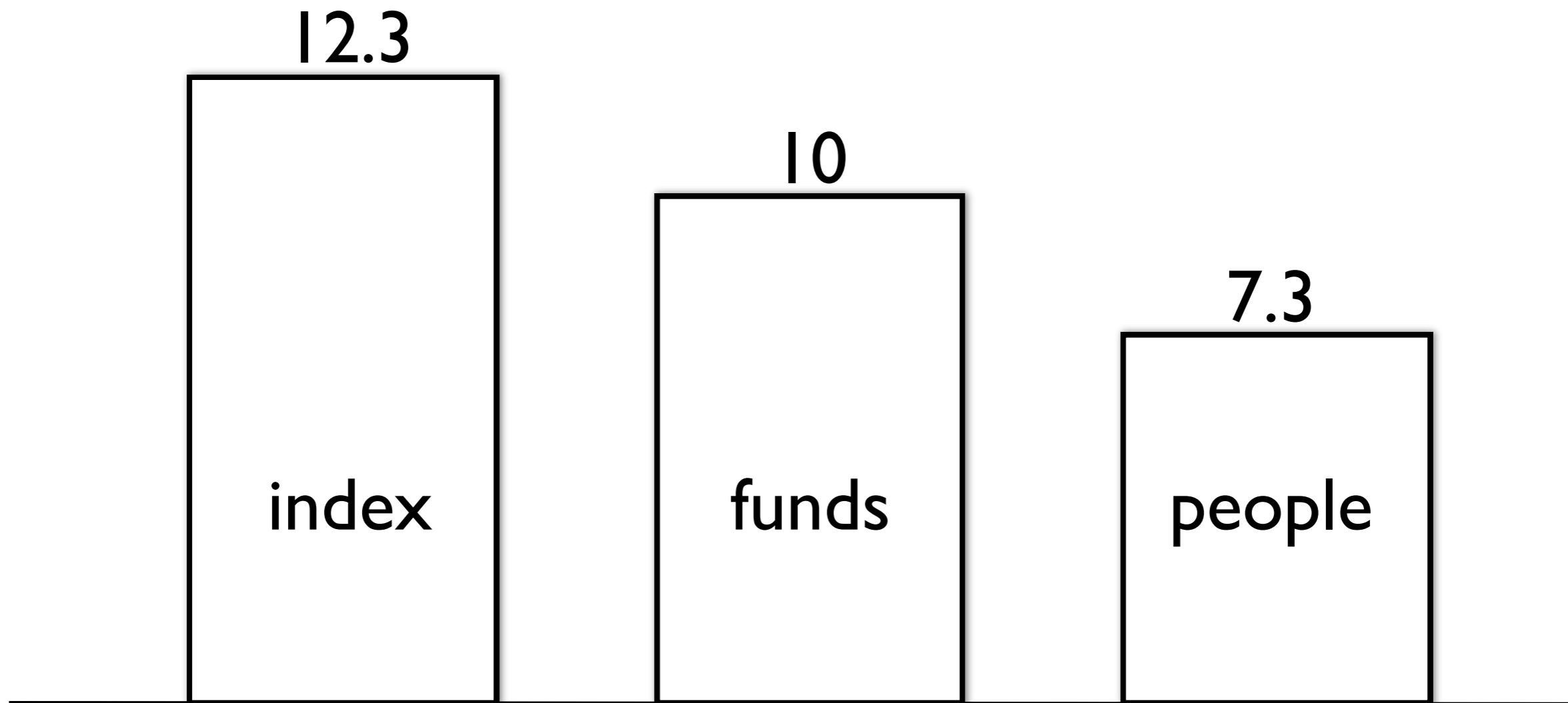


the Davis story

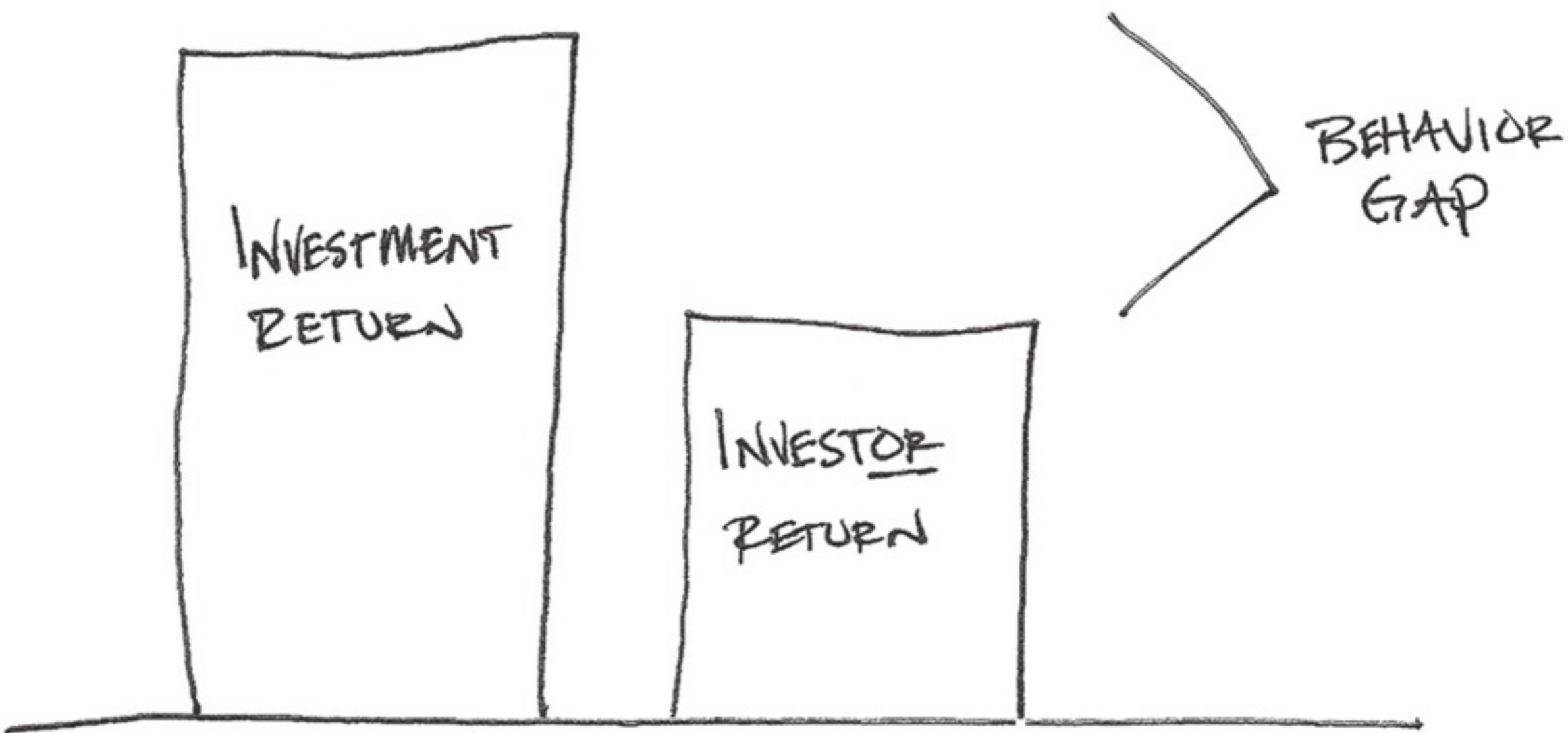
DALBAR



BOGLE

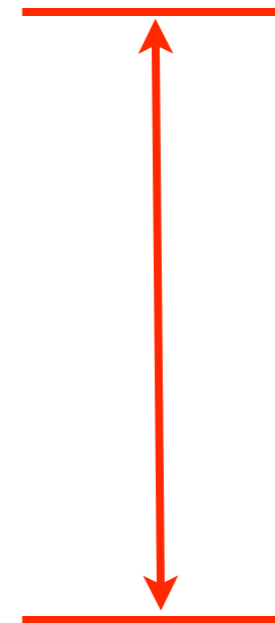
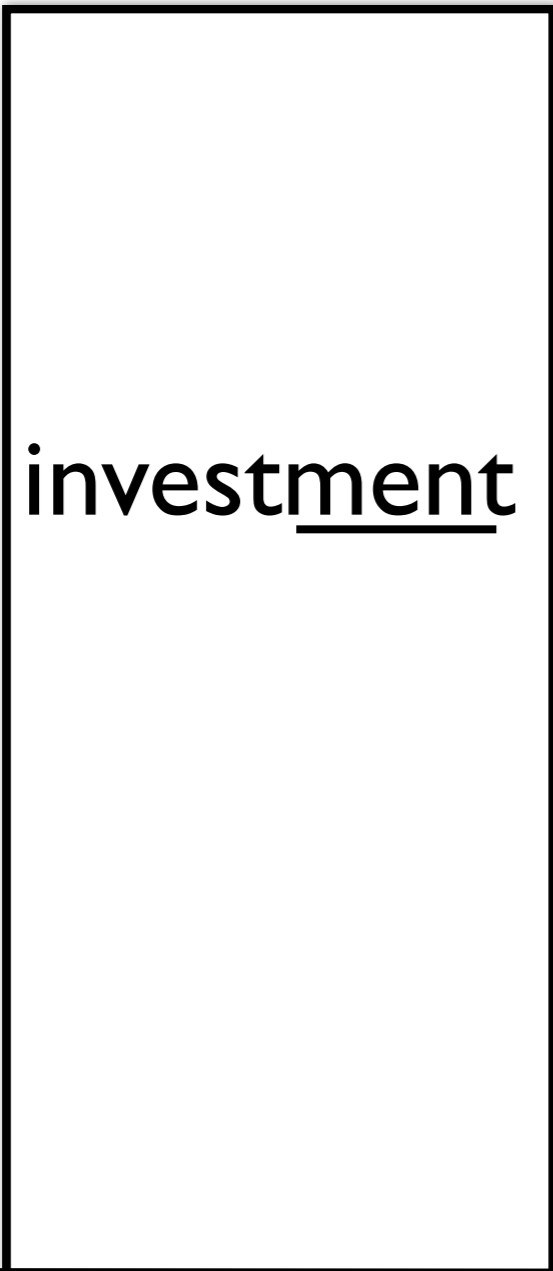


25 yrs ending 2005



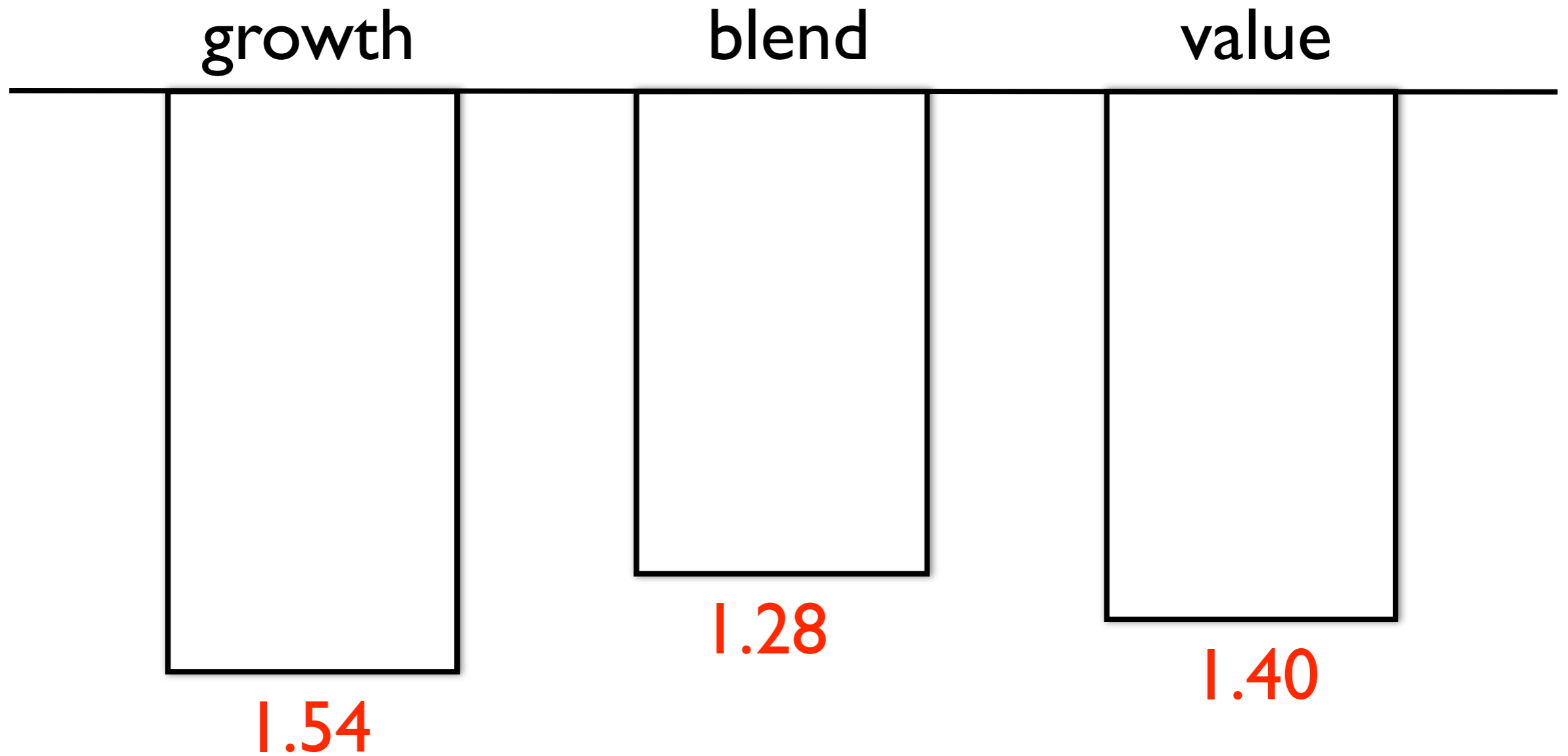
WE HAVE A PROBLEM





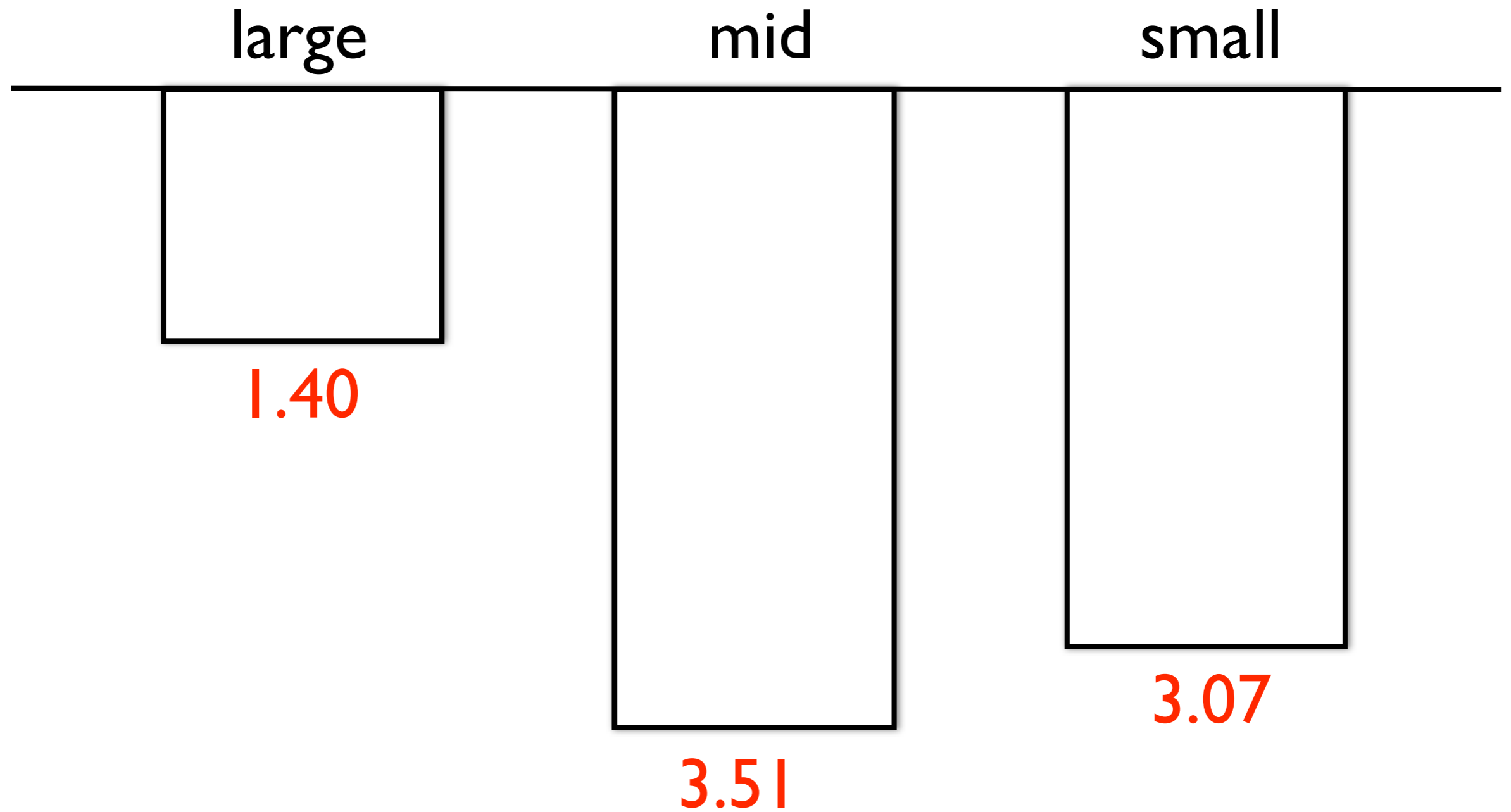
THE ADVISOR LAB

(large cap)



10 yrs ending 2008

THE ADVISOR LAB





february

55

january

44

march

39

**bond
funds**

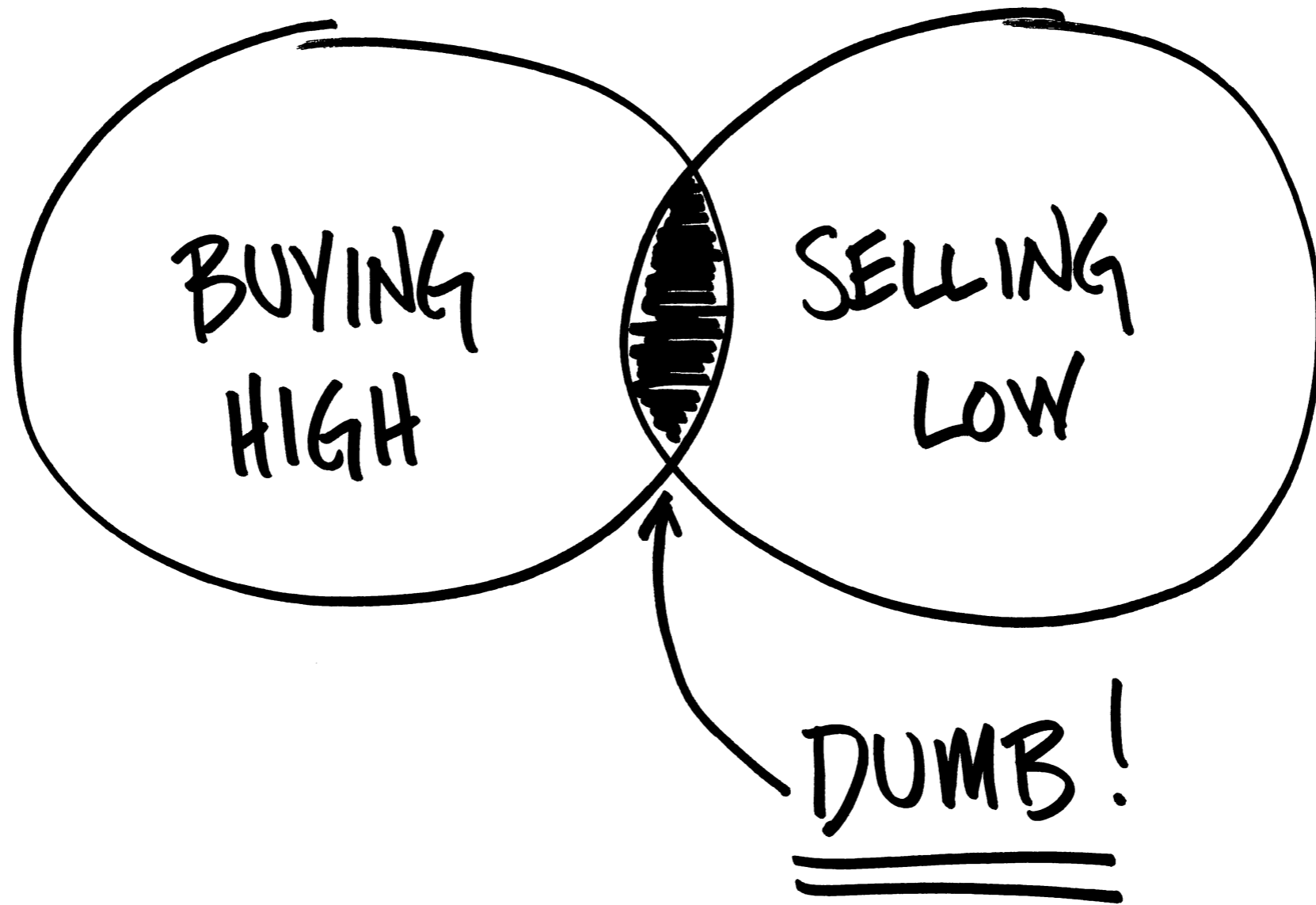
*october 2002 market low

*october: 5th month in a row of net outflows from equity funds

*october: that has never happened before

*october: bond prices at 46 year highs

*october: over \$140 billion net inflows into bond funds



IT'S NOT JUST YOUR GRANDMOTHER'S PROBLEM

CASE STUDY:

\$60 MILLION UNIVERSITY ENDOWMENT

— POLICY

100

75

50

25

97

98

99

00

01

02

03

04

05

06



— POLICY

100

75

50

25

97

98

99

00

01

02

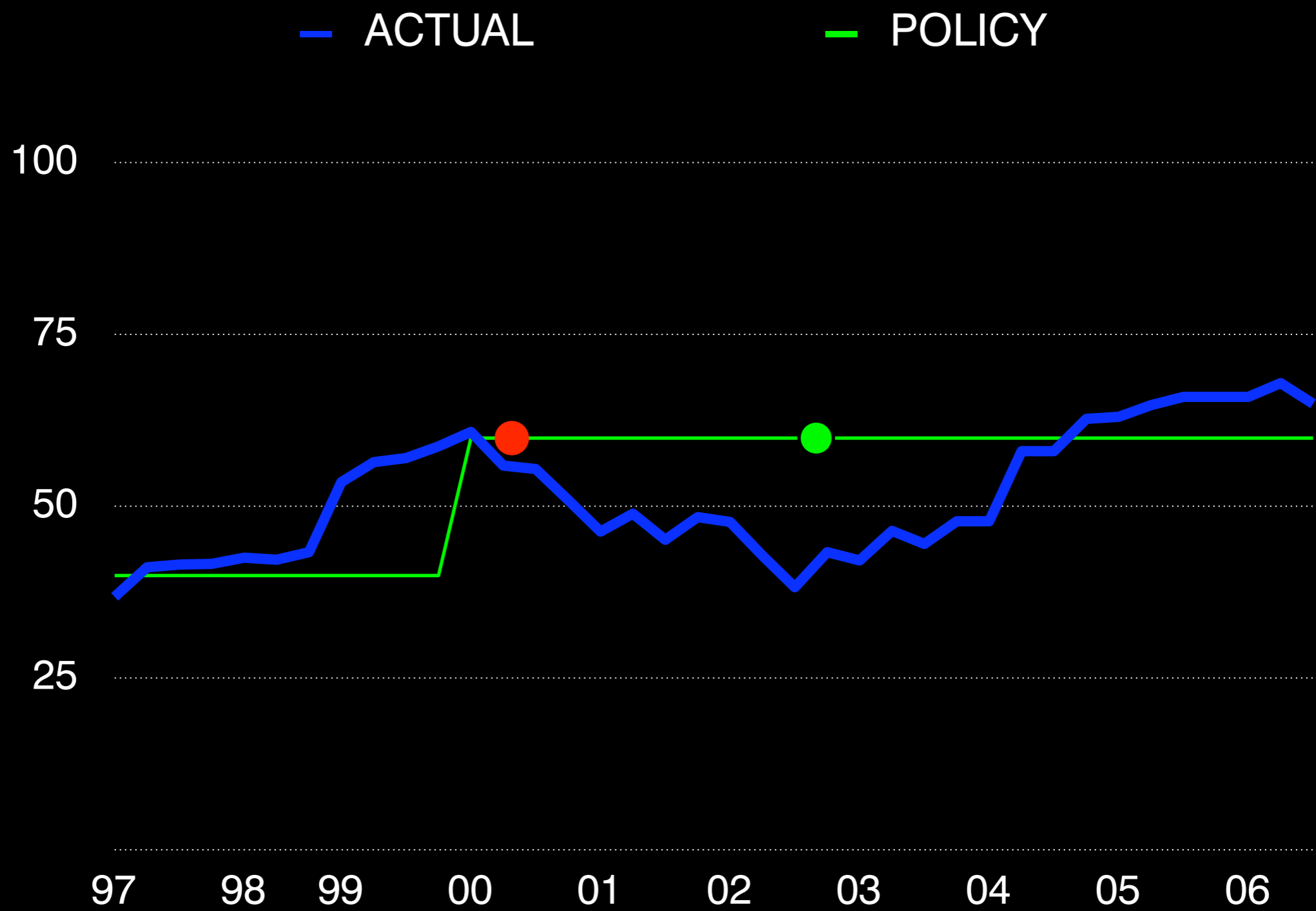
03

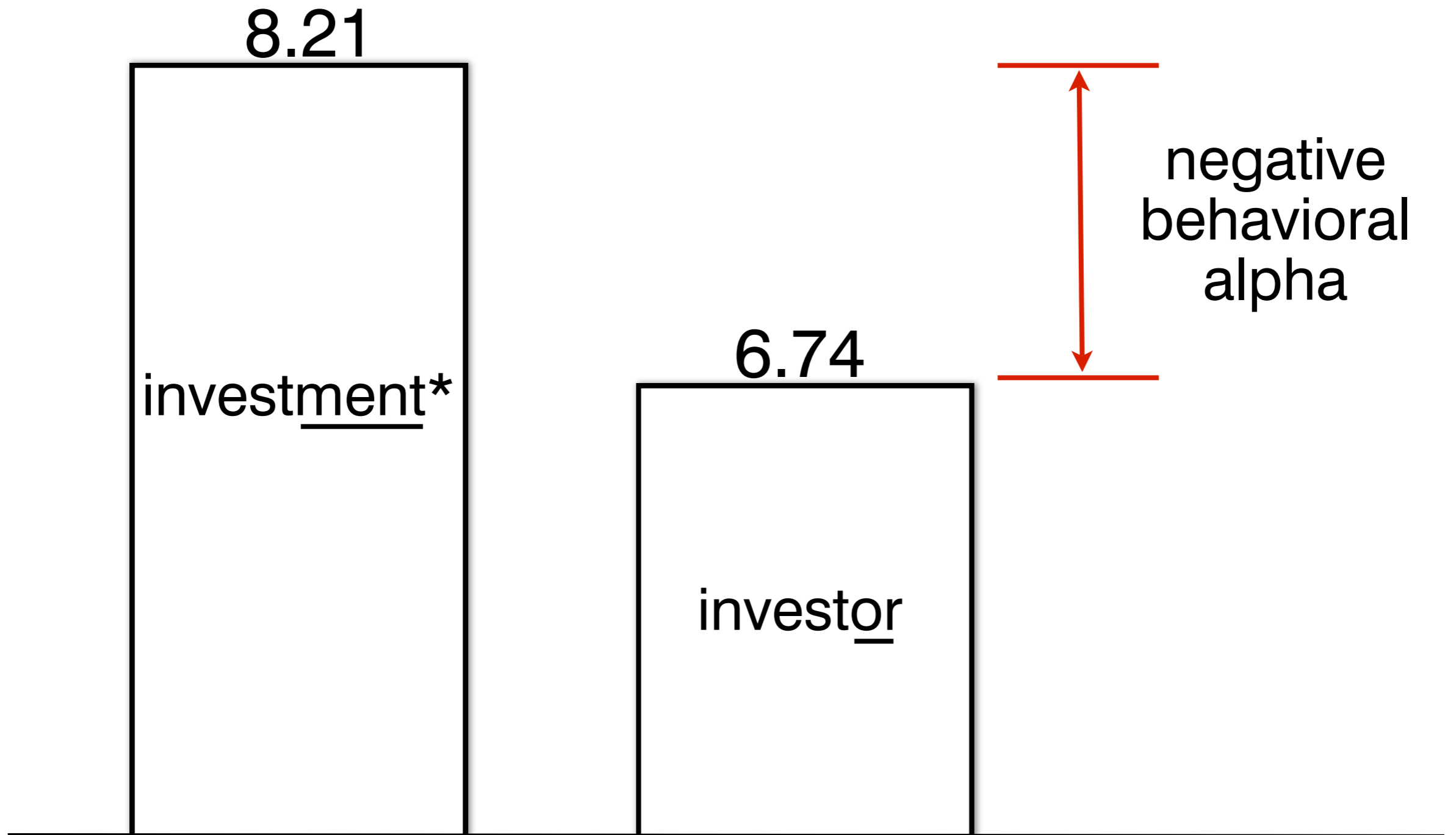
04

05

06







*maintain policy allocation (quarterly rebalancing) with S&P 500 & Lehman Agg

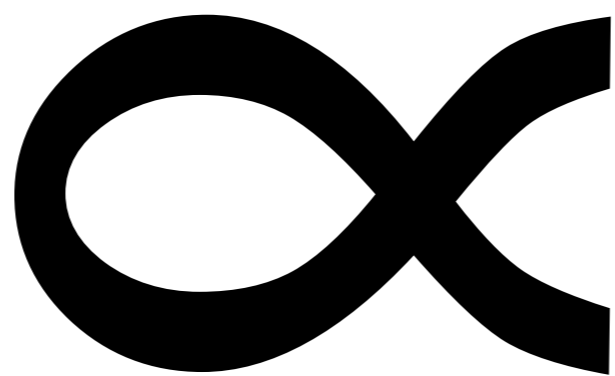


**ARE WE CREATING
THIS GAP?**



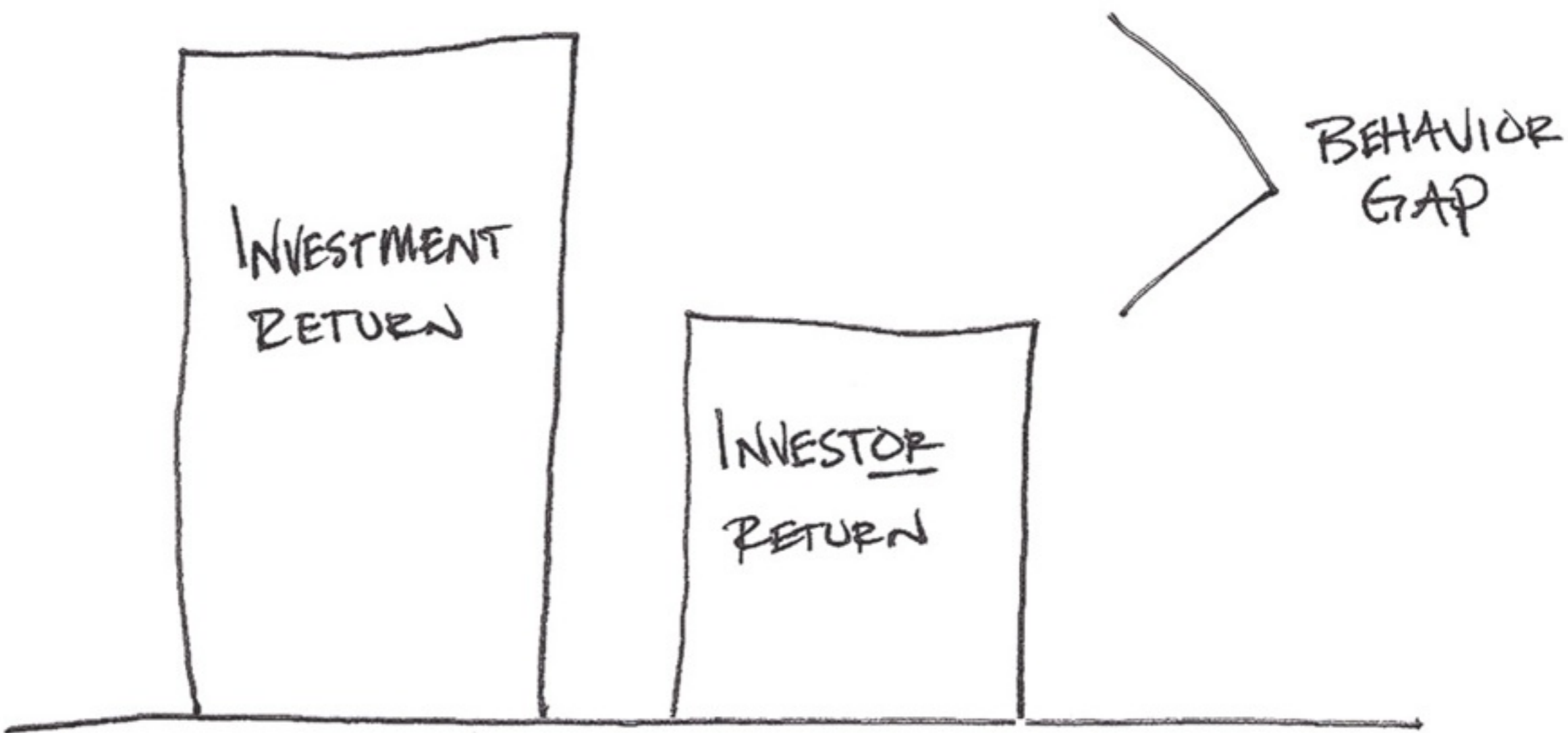


plus



[REDACTED]

[REDACTED]





WHAT'S MY JOB



close

the

GAP