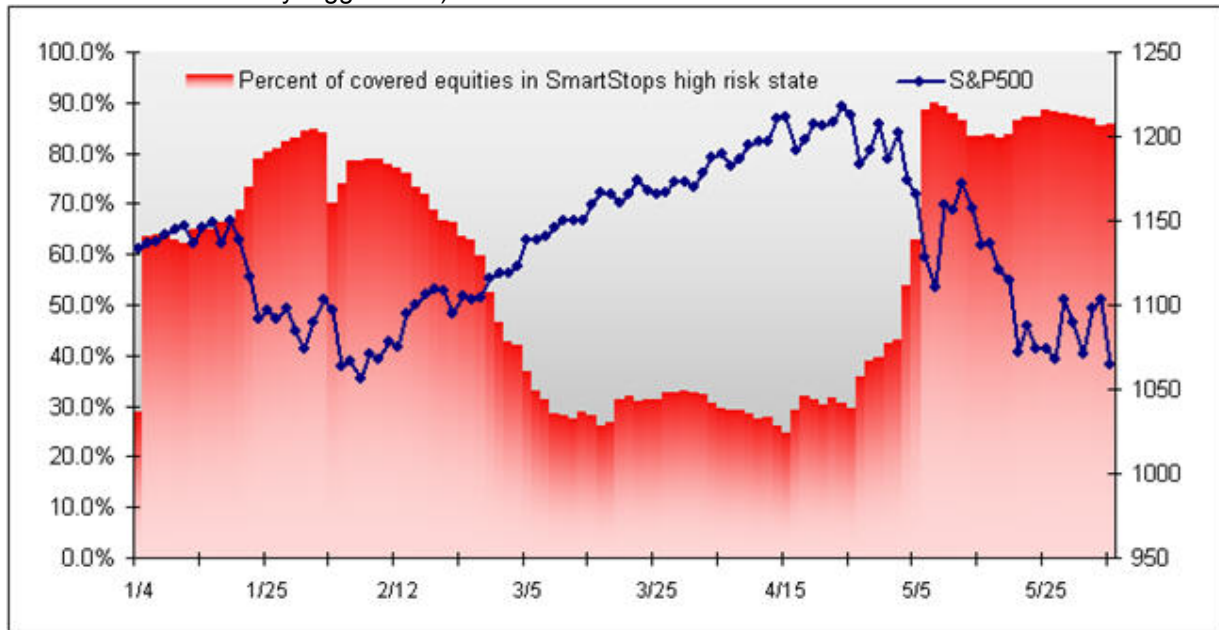


## SmartStops Market Risk Report - Week ending Friday, June 04, 2010

Market Risk: **Above Normal**

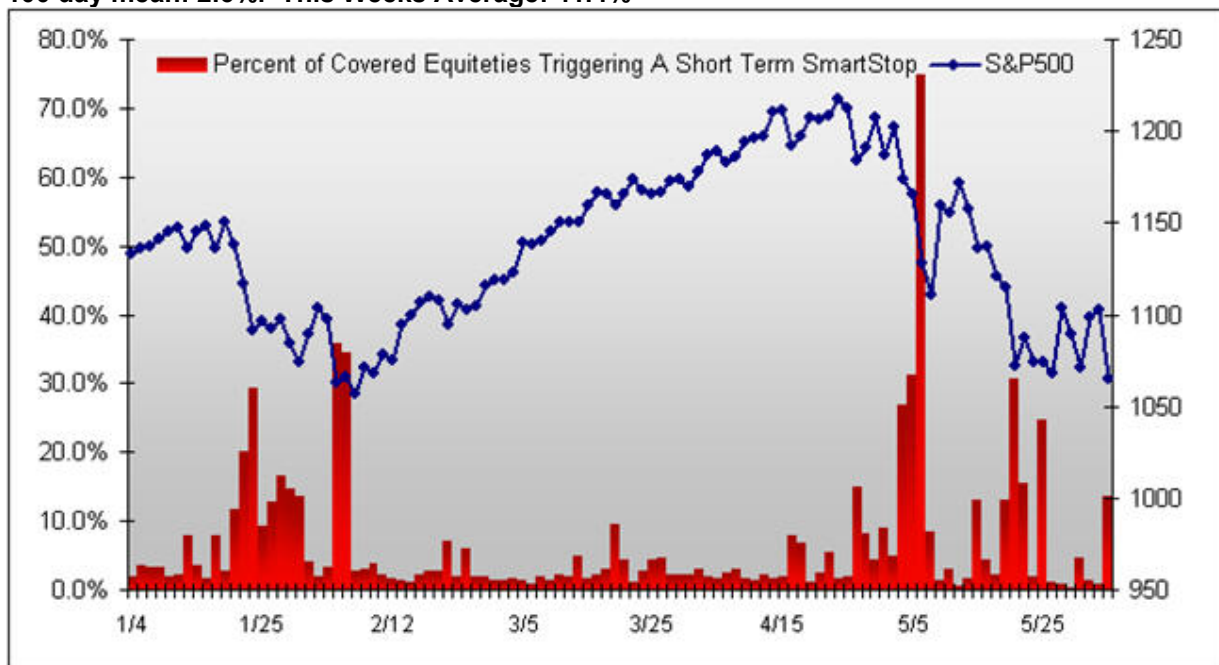
It is no surprise, SmartStop risk monitors continue to show above normal risk in the market. We ended the week with 85% of the 4,000+ covered equities in the above normal risk state.

Percent of covered equities designated by SmartStops to be in an above normal risk state day by day. (Equities are considered to be in an above normal state of risk from the first SmartStops exit trigger in a risk series until a reentry trigger is hit).



Percent of covered equities triggering their Short Term Exit (Risk Alert) day by day.

**100 day mean: 2.6%. This Weeks Average: 41.4%**

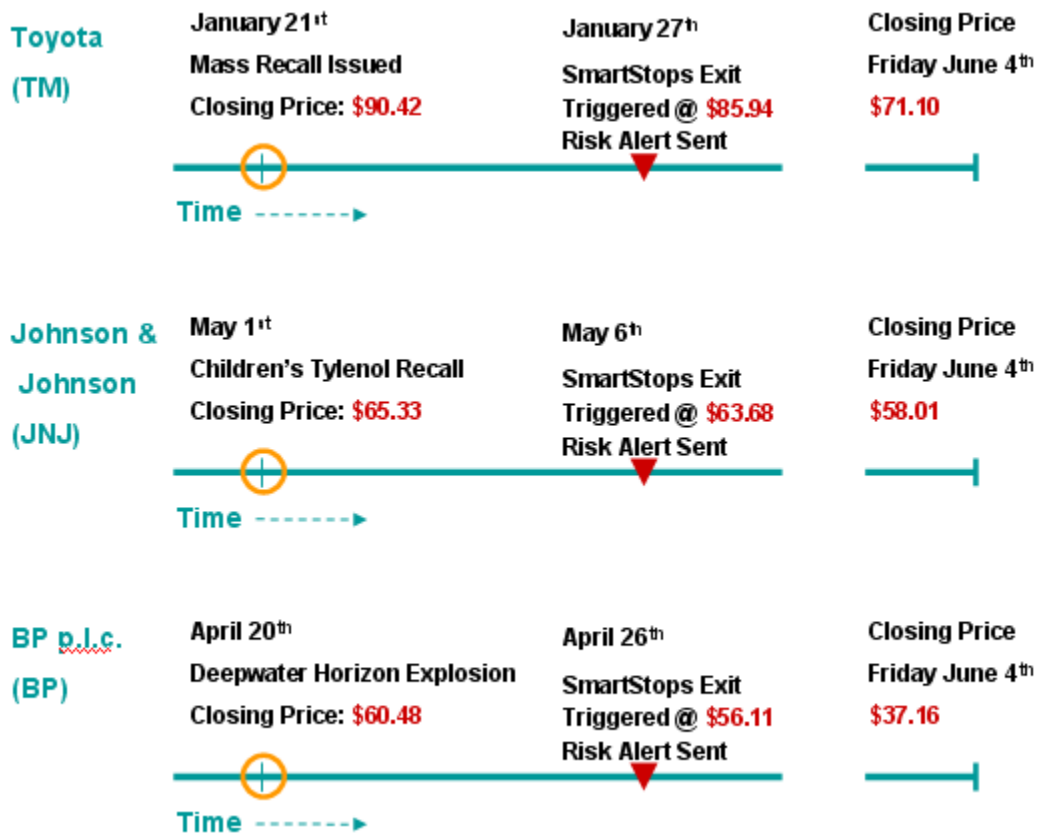




## Canary in the Coal Mine: How SmartStops Helps Alert You To Changes In Company Specific Risk

News is continually issued on the companies we own, but only a small fraction of this news significantly impacts the share price. How do we know when to pay attention? How do we know if a news event is having a negative impact on our stock or if we are just seeing a normal price swing? SmartStops QuickAlerts can help warn you when it is time take a closer look.

So far this year, we have watched three widely held companies, all industry leaders and part of many investors' long term core holdings, suffer operational issues that have severely impacted their business prospects and share price. On January 21<sup>st</sup>, **Toyota** issues a major recall, on May 1<sup>st</sup>, **Johnson and Johnson** issues a recall on Children's Tylenol and other medications, and on April 20<sup>th</sup> an explosion on the **BP** oil Platform Deepwater Horizon killed 11 people and initiated the massive oil spill that we are watching in horror today. In each of these instances, as the market began to digest the news and additional information was forthcoming, the shares began to trade abnormally. SmartStops detected this abnormal price movement and in each case issued a QuickAlert in the first few days of the crisis before the equity had lost significant value.



SmartStops Risk Alerts are often one of the first signs that a recent event is having a negative impact on a company's share price. For the most part, long term investors don't have to be watching their equities too closely each and every day. But if you receive a SmartStops Risk Alert, this is the day you should take a look at that one. Ask yourself, why is the equity trading abnormally? What news or event has occurred? Is it truly impactful or is it a red herring? Have the fundamentals and / or the company's prospects changed? Be alerted, educate yourself, and take protective action accordingly.