



## Changes in Asset Allocation

We last reviewed changes in Asset Allocation in the Advisor Perspectives (AP) Universe [August 15, 2007](#), and prior to that on [May 27, 2007](#). This week we look at changes since August 15, a period of twelve weeks encompassing significant market volatility.

Our analysis looks at changes across the entire AP Universe. The AP Universe consists of assets from high net worth (HNW) and ultra-high net worth (UHNW) investors being managed by Registered Investment Advisors (RIAs). The AP Universe is divided into three tiers based on account size. In the tier containing the Largest Accounts, the average account size is approximately \$3.7 million (and this remained constant over the 12 week period). Approximately 94% of the assets (by market value) are in the Largest Accounts, so this analysis is primarily indicative of shifts in this account tier. The size of the AP Universe grew by 21.1% over this period, through the addition of new RIAs and new accounts.

Some of the significant trends occurring during this period include:

- Asset allocation by asset class showed a 1.2% decrease in the equity portion (including US and non-US equities), roughly offset by a 1.1% increase in the cash allocation. During this period the Dow rose by 1.9%, from 12,861 to 13,110. Although RIAs did not make any significant changes to overall asset allocations, by asset class, during this time period, the decrease in US equities and the increase in cash holdings is worthy of note.
- Approximately 1.9% of assets were shifted out of the US markets, and allocations to foreign markets grew by 0.6%, with cash holdings (as noted above) growing by 1.1%. This is a continuation of a trend that we noted in our previous two analyses. Within foreign equities, there was a shift out of foreign emerging markets (-2.1%) and into foreign developed markets (+1.9%). Within the foreign developed markets, there was a noticeable shift out of foreign blend (-10.0%) and into foreign growth (+10.7%), which was a continuation of a trend in the prior 12 week period.



- Within the US equity markets, there has been a significant trend out of value (-4.9%) and into blend (+1.9%) and growth (+3.1%). Since May 27, assets have shifted out of value (-6.7%) and into blend (+3.2%) and growth (+3.6%).
- In the taxable fixed income markets, the flight to quality we noted in our previous analysis (to higher rated and shorter maturity bonds) abated. Investment grade corporate/taxable allocations declined by 2.6%, while medium grade allocations grew by 2.8%. This may be due to downgrades from rating agencies rather than a shift in assets by RIAs. In the municipal markets the flight to quality continued, with investment grade allocations growing by 1.8%, medium grade allocations declining by 0.7% and high yield allocations declining by 1.1%. In the municipal markets, RIAs shortened their maturities, shifting out of medium and long term bonds and into shorter term bonds. However, in the taxable markets, RIAs moved out of short term bonds (-7.7%) and into medium term (+5.0%) and long term (+2.7%) bonds.

The tables below show the complete data for the AP Universe for the period from 8/15/07 to 11/15/07, as well as from 5/27/07 to 11/15/07.

Asset Class	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
<b>Bonds</b>	27.7%	29.2%	\$12,735,114,642	28.9%	1.2%	-0.3%
<b>Cash</b>	8.4%	7.9%	\$3,964,448,194	9.0%	0.6%	1.1%
<b>Equities</b>	63.5%	62.1%	\$26,856,073,074	60.9%	-2.6%	-1.2%
<b>Other</b>	0.4%	0.8%	\$533,161,483	1.2%	0.8%	0.4%
			\$44,088,797,393			

Domicile	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
<b>Cash</b>	8.4%	7.9%	\$3,964,448,194	9.0%	0.6%	1.1%
<b>Foreign</b>	9.8%	11.5%	\$5,354,956,963	12.1%	2.3%	0.6%



<b>Unknown</b>	10.4%	11.2%	\$4,999,223,630	11.3%	0.9%	0.1%
<b>US</b>	71.4%	69.4%	\$29,770,168,606	67.5%	-3.9%	-1.9%
			\$44,088,797,393			

<b>Non-US Assets</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Foreign Developed Equities</b>	88.4%	73.2%	\$4,020,436,312	75.1%	-13.3%	1.9%
<b>Foreign Emerging Equities</b>	8.7%	23.9%	\$1,166,783,327	21.8%	13.1%	-2.1%
<b>Foreign Bonds</b>	2.9%	2.9%	\$167,737,324	3.1%	0.2%	0.2%
			\$5,354,956,963			

<b>US Equities by Market Cap</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Large Cap</b>	65.3%	65.2%	\$13,206,731,488	66.0%	0.7%	0.8%
<b>Mid Cap</b>	21.1%	20.2%	\$4,015,356,844	20.1%	-1.0%	-0.1%
<b>Small Cap</b>	13.6%	14.6%	\$2,802,360,301	14.0%	0.4%	-0.6%
			\$20,024,448,633			



US Equities by Style	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
<b>Value</b>	13.8%	12.0%	\$1,416,082,969	7.1%	-6.7%	-4.9%
<b>Blend</b>	55.7%	57.0%	\$11,788,198,946	58.9%	3.2%	1.9%
<b>Growth</b>	30.5%	31.0%	\$6,820,166,718	34.1%	3.6%	3.1%
			\$20,024,448,633			

US Equities by Cap/Style	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
<b>Large Cap Value</b>	8.6%	7.4%	\$564,034,617	2.8%	-5.8%	-4.6%
<b>Large Cap Blend</b>	39.4%	40.5%	\$8,350,400,954	41.7%	2.3%	1.2%
<b>Large Cap Growth</b>	17.3%	17.3%	\$4,292,295,917	21.4%	4.1%	4.1%
<b>Mid Cap Value</b>	2.3%	1.9%	\$298,242,002	1.5%	-0.8%	-0.4%
<b>Mid Cap Blend</b>	9.5%	9.5%	\$2,031,504,993	10.1%	0.6%	0.6%
<b>Mid Cap Growth</b>	9.3%	8.8%	\$1,685,609,849	8.4%	-0.9%	-0.4%
<b>Small Cap Value</b>	2.9%	2.7%	\$553,806,350	2.8%	-0.1%	0.1%
<b>Small Cap Blend</b>	6.8%	7.0%	\$1,406,292,999	7.0%	0.2%	0.0%
<b>Small Cap Growth</b>	3.9%	4.9%	\$842,260,952	4.2%	0.3%	-0.7%
			\$20,024,448,633			



Foreign Developed Equities by Market Cap	5/27/07	8/15/07	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
Large Cap	92.0%	92.8%	\$3,745,911,809	93.2%	1.2%	0.4%
Mid Cap	5.7%	4.4%	\$185,091,288	4.6%	-1.1%	0.2%
Small Cap	2.2%	2.7%	\$89,433,215	2.2%	0.0%	-0.5%
			\$4,020,436,312			

Foreign Developed Equities by Style	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
Value	20.2%	19.2%	\$745,046,796	18.5%	-1.7%	-0.7%
Blend	61.9%	64.4%	\$2,187,372,691	54.4%	-7.5%	-10.0%
Growth	17.9%	16.4%	\$1,088,016,825	27.1%	9.2%	10.7%
			\$4,020,436,312			

Foreign Developed Equities by Cap/Style	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
Large Cap Value	16.8%	15.5%	\$680,308,165	16.9%	0.1%	1.4%
Large Cap Blend	59.0%	62.6%	\$2,013,082,920	50.1%	-8.9%	-12.5%
Large Cap Growth	16.3%	14.7%	\$1,052,520,724	26.2%	9.9%	11.5%
Mid Cap Value	2.2%	2.3%	\$57,632,391	1.4%	-0.8%	-0.9%
Mid Cap Blend	2.6%	1.4%	\$98,896,779	2.5%	-0.1%	1.1%
Mid Cap Growth	0.9%	0.8%	\$28,562,118	0.7%	-0.2%	-0.1%



<b>Small Cap Value</b>	1.3%	1.5%	\$7,106,240	0.2%	-1.1%	-1.3%
<b>Small Cap Blend</b>	0.3%	0.4%	\$75,392,992	1.9%	1.6%	1.5%
<b>Small Cap Growth</b>	0.7%	0.9%	\$6,933,983	0.2%	-0.5%	-0.7%
			\$4,020,436,312			

<b>Foreign Emerging Equities by Market Cap</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Large Cap</b>	92.4%	97.4%	\$1,130,449,375	96.9%	4.5%	-0.5%
<b>Mid Cap</b>	3.1%	1.4%	\$25,197,605	2.2%	-0.9%	0.8%
<b>Small Cap</b>	4.6%	1.2%	\$11,136,347	1.0%	-3.6%	-0.2%
			\$1,166,783,327			

<b>Foreign Emerging Equities by Style</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Value</b>	9.6%	70.8%	\$68,452,607	5.9%	-3.7%	-64.9%
<b>Blend</b>	60.4%	21.5%	\$1,010,220,765	86.6%	26.2%	65.1%
<b>Growth</b>	30.0%	7.8%	\$88,109,955	7.6%	-22.4%	-0.2%
			\$1,166,783,327			



Foreign Emerging Equities by Cap/Style	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
Large Cap Value	7.2%	70.3%	\$60,975,554	5.2%	-2.0%	-65.1%
Large Cap Blend	59.8%	20.3%	\$999,884,964	85.7%	25.9%	65.4%
Large Cap Growth	25.4%	6.7%	\$69,588,857	6.0%	-19.4%	-0.7%
Mid Cap Value	1.3%	0.1%	\$3,633,470	0.3%	-1.0%	0.2%
Mid Cap Blend	0.5%	1.1%	\$3,108,240	0.3%	-0.2%	-0.8%
Mid Cap Growth	1.3%	0.3%	\$18,455,895	1.6%	0.3%	1.3%
Small Cap Value	1.0%	0.3%	\$3,843,583	0.3%	-0.7%	0.0%
Small Cap Blend	0.2%	0.1%	\$7,227,561	0.6%	0.4%	0.5%
Small Cap Growth	3.3%	0.8%	\$65,203	0.0%	-3.3%	-0.8%
			\$1,166,783,327			

Bonds by Type	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
Corporate	45.8%	51.9%	\$6,044,955,950	47.5%	1.7%	-4.4%
Foreign	1.0%	1.1%	\$167,737,324	1.3%	0.3%	0.2%
Municipal	32.4%	28.4%	\$3,700,764,023	29.1%	-3.3%	0.7%
Unknown	20.8%	18.6%	\$2,821,657,345	22.2%	1.4%	3.6%
			\$12,735,114,642			



<b>Corporate Bonds by Maturity</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Short Term</b>	53.0%	56.4%	\$2,945,513,741	48.7%	-4.3%	-7.7%
<b>Medium Term</b>	26.2%	25.0%	\$1,814,284,728	30.0%	3.8%	5.0%
<b>Long Term</b>	20.8%	18.6%	\$1,285,157,481	21.3%	0.5%	2.7%
			\$6,044,955,950			

<b>Corporate Bonds by Quality</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Investment Grade</b>	78.1%	81.7%	\$4,779,431,444	79.1%	1.0%	-2.6%
<b>Medium Grade</b>	21.1%	17.6%	\$1,231,640,628	20.4%	-0.7%	2.8%
<b>High Yield</b>	0.8%	0.6%	\$33,883,878	0.6%	-0.2%	0.0%
			\$6,044,955,950			



Corporate Bonds by Maturity/Quality	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
Short Term Investment Grade	45.9%	50.6%	\$2,551,974,742	42.2%	-3.7%	-8.4%
Short Term Medium Grade	7.1%	5.8%	\$393,538,999	6.5%	-0.6%	0.7%
Medium Term Investment Grade	19.0%	18.8%	\$1,421,247,134	23.5%	4.5%	4.7%
Medium Term Medium Grade	7.2%	6.2%	\$393,037,594	6.5%	-0.7%	0.3%
Long Term Investment Grade	13.2%	12.3%	\$806,209,568	13.3%	0.1%	1.0%
Long Term Medium Grade	6.8%	5.7%	\$445,064,035	7.4%	0.6%	1.7%
Long Term High Yield	0.8%	0.6%	\$33,883,878	0.6%	-0.2%	0.0%
			\$6,044,955,950			

Muni Bonds by Maturity	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
Short Term	27.8%	28.2%	\$1,110,472,436	30.0%	2.2%	1.8%
Medium Term	30.2%	30.6%	\$1,091,006,019	29.5%	-0.7%	-1.1%
Long Term	41.9%	41.2%	\$1,499,285,568	40.5%	-1.4%	-0.7%
			\$3,700,764,023			

Muni Bonds by Quality	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Change from 8/15 to 11/15
Investment Grade	82.0%	83.7%	\$3,163,262,424	85.5%	3.5%	1.8%
Medium Grade	11.7%	10.7%	\$369,301,549	10.0%	-1.7%	-0.7%
High Yield	6.3%	5.6%	\$168,200,050	4.5%	-1.8%	-1.1%
			\$3,700,764,023			



<b>Muni Bonds by Maturity/Quality</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Short Term Investment Grade</b>	23.6%	24.1%	\$927,183,741	25.1%	1.5%	1.0%
<b>Short Term Medium Grade</b>	4.2%	4.2%	\$183,288,695	5.0%	0.8%	0.8%
<b>Medium Term Investment Grade</b>	25.6%	26.4%	\$979,014,475	26.5%	0.9%	0.1%
<b>Medium Term Medium Grade</b>	4.6%	4.2%	\$111,991,544	3.0%	-1.6%	-1.2%
<b>Long Term Investment Grade</b>	32.8%	33.2%	\$1,257,064,208	34.0%	1.2%	0.8%
<b>Long Term Medium Grade</b>	2.9%	2.4%	\$74,021,310	2.0%	-0.9%	-0.4%
<b>Long Term High Yield</b>	6.3%	5.6%	\$168,200,050	4.5%	-1.8%	-1.1%
			\$3,700,764,023			

<b>Foreign Bonds by Maturity</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Short Term</b>	19.2%	14.8%	\$30,412,900	18.1%	-1.1%	3.3%
<b>Medium Term</b>	59.2%	68.8%	\$106,495,798	63.5%	4.3%	-5.3%
<b>Long Term</b>	21.6%	16.4%	\$30,828,626	18.4%	-3.2%	2.0%
			\$167,737,324			

<b>Foreign Bonds by Quality</b>	<b>5/27/2007</b>	<b>8/15/2007</b>	<b>11/15/2007</b>	<b>11/15/2007</b>	<b>Change from 5/27 to 11/15</b>	<b>Change from 8/15 to 11/15</b>
<b>Investment Grade</b>	64.1%	75.4%	\$130,033,934	77.5%	13.4%	2.1%
<b>Medium Grade</b>	28.4%	13.4%	\$17,521,873	10.4%	-18.0%	-3.0%
<b>High Yield</b>	7.5%	11.3%	\$20,181,517	12.0%	4.5%	0.7%
			\$167,737,324			



Foreign Bonds by Maturity/Quality	5/27/2007	8/15/2007	11/15/2007	11/15/2007	Change from 5/27 to 11/15	Chang e from 8/15 to 11/15
<b>Short Term Investment Grade</b>	19.2%	14.8%	\$30,412,900	18.1%	-1.1%	3.3%
<b>Medium Term Investment Grade</b>	33.7%	57.5%	\$89,143,667	53.1%	19.4%	-4.4%
<b>Medium Term Medium Grade</b>	25.4%	11.2%	\$17,352,131	10.3%	-15.1%	-0.9%
<b>Long Term Investment Grade</b>	11.1%	3.0%	\$10,477,367	6.2%	-4.9%	3.2%
<b>Long Term Medium Grade</b>	2.9%	2.2%	\$169,742	0.1%	-2.8%	-2.1%
<b>Long Term High Yield</b>	7.5%	11.3%	\$20,181,517	12.0%	4.5%	0.7%
			\$167,737,324			

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