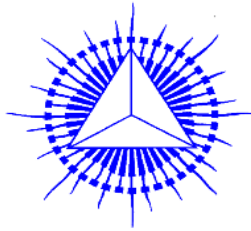


## **Beating the Indexes**

**Independent Research Supporting  
130 / 30 Investment Strategies**

**April 7, 2008  
Anne K. Anderson  
Atlantis Investment Co., Inc.**



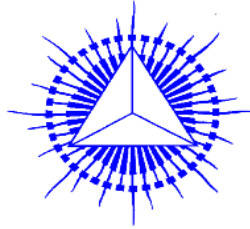
In the new investment approach adopted by pension funds and mutual funds known as 130 / 30 investing, portfolio managers seek to add to total portfolio return by hedging a portion of their long positions with short positions in contrasting securities.

**130% long  
(30%) short**

**100% net equity**

Extension of long positions to 130% of portfolio equity, offset by (30%) net short positions, maximizes return, assuming stock selection adequately reflects strong fundamental research.

Independent research has a key role to play in 130 / 30 investment strategies. Providing industry themes and stock choices to support both long and short positions, independent research steps outside traditional Wall St. research in taking an unbiased look at the full range of portfolio options.



Atlantis Investment Co. combines 3 research services that together provide incremental value for portfolio managers in beating the indexes:

**Atlantis Research Service**

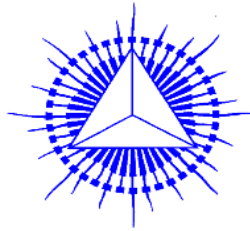
“Growth stocks LONG and SHORT”  
published since 1986

**REIT Growth and Income Monitor**

Comprehensive coverage of more than  
130 REITs providing income  
and long / short opportunities  
published since 1997

**130 30 Fundamentals**

Combining the “Best of the Best”:  
**analysis of growth sectors** for  
long/short combinations  
coupled with REITs for **income**  
to deliver differentiated **performance**  
vs target indexes



## **Recommended strategies:**

### 1) Add income to the portfolio

monitor top 50 Yields in S&P 500 Index  
contrast REITs vs Banks, Utilities and other high yield groups

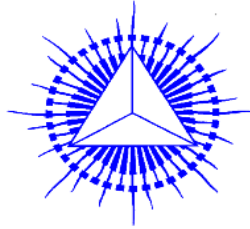
### 2) Use industry themes to target over weightings

selection of target industries based on fundamentals  
focus on multi-year trends

### 3) Combination positions - long / short contrasts

selection of stocks based on fundamental contrasts  
use of non-S&P 500 stocks long/short  
large cap Russell index stocks  
NASDAQ stocks  
selected ADRs

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## Add Income

Adding income to the portfolio through positions in dividend paying securities increases return on the long portion of the portfolio. Acting as a hedge against down markets, dividend portion of the total return calculation is less volatile than stock price action, supporting superior returns.

Low yield on the S&P 500 index provides an easy target to beat with judicious selection among S&P 500 dividend paying stocks. In particular, the 14 REITs in the S&P 500 Index provide relatively high yields for investors.

<b>S&amp;P 500 Index Yield</b>	<b>1.93%</b>	(Source: Standard & Poors)
<b>Average Yield of all 14 REITs included In S&amp;P 500 index</b>	<b>4.46%</b>	(Source: REITMonitor.net)

Also consider Total Return and volatility in analysis of Top 50 yields for S&P 500 Index:

### Average Yields for Top 50:

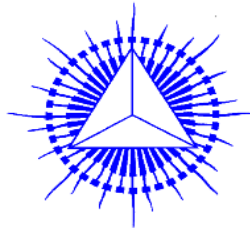
<b>Average Yield of Banks Top 50</b>	<b>7.20%</b>
<b>Average Yield of Utilities Top 50</b>	<b>5.56%</b>
<b>Average Yield of REITs Top 50</b>	<b>5.82%</b>

### 5 Year Average Cumulative Total Return

<b>Banks Top 50</b>	<b>10.44%</b>
<b>Utilities Top 50</b>	<b>57.57%</b>
<b>REITs Top 50</b>	<b>100.12%</b>

Data as of 03/31/2008

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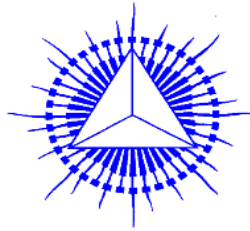


**Yields of 14 REITS included in S&P 500 Index:**

<b>REITS in S&amp;P 500</b>				
<b>Name</b>	<b>Ticker</b>	<b>Price 03/31/2008</b>	<b>Annualized Dividend</b>	<b>Yield</b>
Apartment Investment and Management	AIV	\$36	\$2.40	6.70%
AvalonBay Communities	AVB	\$97	\$3.57	3.70%
Boston Properties	BXP	\$92	\$2.72	2.95%
Developers Diversified	DDR	\$42	\$2.76	6.59%
Equity Residential	EQR	\$41	\$1.93	4.65%
General Growth	GGP	\$38	\$2.00	5.24%
HCP Inc.	HCP	\$34	\$1.82	5.38%
Host Hotels & Resorts	HST	\$16	\$0.80	5.03%
Kimco Realty	KIM	\$39	\$1.60	4.08%
Plum Creek Timber	PCL	\$41	\$1.68	4.13%
Prologis	PLD	\$59	\$2.07	3.52%
Public Storage	PSA	\$89	\$2.20	2.48%
Simon Property Group	SPG	\$93	\$3.60	3.87%
Vornado Realty Trust	VNO	\$86	\$3.60	4.18%
Average Yield for S&P 500 REITs				4.46%
S&P 500 Index	SPX	\$1,322.70	\$25.49	1.93%

Data 03/31/2008

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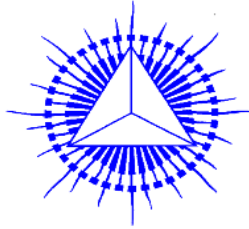
## Industry Themes

Selection of industry themes identifies certain sectors as benefiting from positive trends and others as facing long term secular decline. Factors impacting industry themes include demand trends, margin swings, regulatory change and recurring revenue, as well as economic environment.

### Recommended Industry Themes:

<b>EMS</b>	slowing revenue growth, international competition
<b>Health Care</b>	
<b>Hospitals</b>	long term price pressures impacting margins
<b>Pharmaceuticals</b>	changing investor sentiment, valuation impact
<b>PBMs</b>	3 year generic boom coming to an end regulatory and legal issues
<b>Managed Care</b>	steady growth impact of Medicare offsetting commercial enrollment decline
<b>Software</b>	positive demand trends, market share shifts
<b>Wireless Telecom</b>	positive demand trends, market share shifts
<b>REITs</b>	recession resistant, income with moderate growth

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## Combination Positions

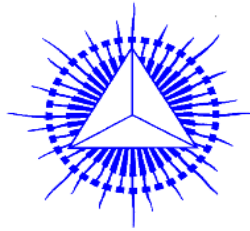
These are a brief sample of some combination positions reflecting our fundamental research recommendations with a brief comment on benefit for 130 / 30 strategies:

Industry:	SOFTWARE			
Recommendation:	LONG	Oracle	ORCL	included in S&P 500 Index
	SHORT	SAP	SAP	NOT included in S&P 500 Index
<p>Oracle is enjoying a period of exceptional growth relating to acquisitions of application software companies and expanding demand for middleware offerings as enterprise software investment shifts to Internet delivered models.</p> <p>SAP is losing market share as clients struggle to implement license commitments. SAP's status as an ADR implies currency impact from a weaker US dollar.</p>				

Industry:	WIRELESS TELECOM			
Recommendation:	LONG	Nokia	NOK	NOT included in S&P 500 Index
	LONG	Qualcomm	QCOM	included in S&P 500 Index
	SHORT	Motorola	MOT	included in S&P 500 Index
<p>Nokia is gaining market share and exceeding industry growth due to penetration of emerging markets. Nokia's status as an ADR implies currency benefit from a weaker US dollar.</p> <p>Qualcomm's position as licensor of CDMA technology enables high margins and long term growth due to technology penetration of US and international markets. Regulatory and patent issues impact investor perception.</p> <p>Motorola's market share loss in wireless telecom has been followed by \$ billions in financial losses. Impact of restructuring efforts is uncertain.</p>				

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## Combination Positions, contd.

These are a brief sample of some combination positions reflecting our fundamental research recommendations with a brief comment on benefit for 130 / 30 strategies:

Industry: HEALTH CARE

Recommendation:	LONG	Humana	HUM	included in S&P 500 Index
	SHORT	Tenet Healthcare	THC	included in S&P 500 Index

Humana is enjoying a period of exceptional growth as Medicare Rx drives enrollment for Medicare managed care products.

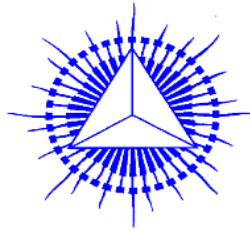
Tenet Healthcare faces shrinking managed care business as a strategy of maximizing daily revenues for hospital stays impacts patient census. Financial leverage hinders flexibility.

## Ranking Methodology:

BUY, SELL, and HOLD recommendations are provided with a ranking system of 1 to 5:

- 1 indicates expected total return of 50% within 18 months
- 2 indicates expected total return of more than 25%
- 3 indicates stock price performance in line with the market
- 4 indicates an expected stock price decline of more than 15%
- 5 indicates expected stock price decline of more than 25%

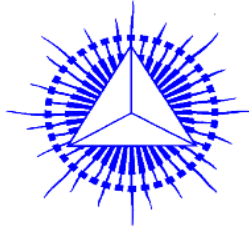
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## Rankings of Atlantis Research Service stocks included in S&P 500 Index:

S&P 500 Index ARS stocks:			RANK	since	direction
1	<b>AmerisourceBergen</b>	<b>ABC</b>	3	02/09/2004	flat
2	<b>Applied Biosystems</b>	<b>ABI</b>	2	10/27/2006	up
3	<b>Affiliated Computer Services</b>	<b>ACS</b>	3	07/25/2005	flat
4	<b>Aetna</b>	<b>AET</b>	2	01/04/2008	down
5	<b>Applied Materials</b>	<b>AMAT</b>	3	11/08/2007	down
6	<b>Amazon.com</b>	<b>AMZN</b>	3	10/24/2007	down
7	<b>Best Buy</b>	<b>BBY</b>	2	12/19/2005	up
8	<b>Cardinal Health</b>	<b>CAH</b>	2	08/24/2007	up
9	<b>CIGNA</b>	<b>CI</b>	3	06/19/2007	up
10	<b>Computer Sciences</b>	<b>CSC</b>	2	12/26/2007	up
11	<b>Coventry Health Care</b>	<b>CVH</b>	2	05/01/2007	up
12	<b>eBay</b>	<b>EBAY</b>	3	01/19/2006	up
13	<b>Electronic Data Systems</b>	<b>EDS</b>	4	02/08/2008	down
14	<b>Electronics Arts</b>	<b>ERTS</b>	3	01/23/2006	down
15	<b>Express Scripts</b>	<b>ESRX</b>	5	02/23/2006	down
16	<b>Corning</b>	<b>GLW</b>	1	11/13/2007	up
17	<b>Google</b>	<b>GOOG</b>	2	07/20/2007	down
18	<b>Humana</b>	<b>HUM</b>	1	08/20/2005	up
19	<b>Jabil</b>	<b>JBL</b>	2	06/22/2007	up
20	<b>KLA-Tencor</b>	<b>KLAC</b>	3	10/25/2006	down
21	<b>Southwest Airlines</b>	<b>LUV</b>	3	04/09/2007	down
22	<b>McKesson</b>	<b>MCK</b>	3	12/11/2007	down
23	<b>Medco Health Solutions</b>	<b>MHS</b>	4	10/31/2004	down
24	<b>Microsoft</b>	<b>MSFT</b>	2	07/23/2007	up
25	<b>Motorola</b>	<b>MOT</b>	3	02/01/2008	up
26	<b>Novell</b>	<b>NOVL</b>	3	12/14/2007	down
27	<b>Oracle</b>	<b>ORCL</b>	1	02/16/2006	up
28	<b>Qualcomm</b>	<b>QCOM</b>	2	01/25/2007	down
29	<b>Symantec</b>	<b>SYMC</b>	3	01/24/2008	up
30	<b>Tenet Healthcare</b>	<b>THC</b>	5	09/20/2005	down
31	<b>UnitedHealth Group</b>	<b>UNH</b>	3	10/19/2007	down
32	<b>VeriSign</b>	<b>VRSN</b>	3	02/15/2008	up
33	<b>WellPoint</b>	<b>WLP</b>	2	01/02/2008	up
34	<b>Yahoo!</b>	<b>YHOO</b>	3	01/30/2008	down

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**Rankings of REIT stocks included in S&P 500 Index:**

<b>S&amp;P 500 Index REITs:</b>		<b>Rank</b>	<b>since</b>	<b>direction</b>
Apartment Investment and Management	AIV	3	02/11/2008	down
AvalonBay Communities	AVB	2	11/22/2004	up
Boston Properties	BXP	2	04/26/2007	up
Developers Diversified Realty	DDR	2	02/01/2004	flat
Equity Residential	EQR	3	11/02/2006	down
General Growth Properties	GGP	2	06/27/2007	up
HCP	HCP	2	10/30/2006	up
Host Hotels & Resorts	HST	3	02/21/2008	down
Kimco Realty	KIM	1	08/05/2005	up
Plum Creek Timber	PCL	3	12/06/2004	up
ProLogis	PLD	1	02/16/2006	up
Public Storage	PSA	2	05/17/2007	up
Simon Property Group	SPG	2	02/01/2004	flat
Vornado Realty Trust	VNO	2	09/05/2006	up

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