S&P 500 Financial Sector ETF

XLF

September 19, 2008

Presented by:
Ademiju Allen
Michael Percia

Portfolio Stats

(as of 6/30/08)

- P/E: 11.67 (as of 9/10/08)
- Dividend Yield: 4.24% (as of 07/31/08)
- Median Market Cap: 30.7B
- Beta:1.22
- Avg. Daily Volume: 126,000,000
- Correlation to S&P 500: .76
- Expense Ratio: .23%

Source: www.sectorspdrs.com

Industry Breakdown

Industry	Weighting
Insurance	24.7%
Diversified Financial Services	23.8%
Capital Markets	19.7%
Commercial Banks	15.6%
REIT’s	8.3%
Consumer Finance	4.6%
Thrifts and Mortgage Finance	3.1%
Real Estate Management & Development	0.2%

Source: www.sectorspdrs.com

Holdings and Weightings

(as of 9/10/08)

Name	Index Weight
Bank of America Corp.	8.85
JPMorgan Chase & Co.	8.15
Wells Fargo & Co.	6.27
Citigroup Inc.	6.09
Goldman Sachs Group Inc.	3.72
U.S. Bancorp	3.32
American International Group Inc.	2.82
American Express Co.	2.65
Bank of New York Mellon Corp.	2.64
MORGAN STANLEY	2.58
MetLife Inc.	2.43
Merrill Lynch & Co. Inc.	2.14
Prudential Financial Inc.	2.08
Wachovia Corp.	1.93
State Street Corp.	1.78
AFLAC Inc.	1.62
Travelers Cos. Inc.	1.6
Allstate Corp.	1.5
PNC Financial Services Group Inc.	1.47
CME Group Inc. Cl A	1.34
Charles Schwab Corp.	1.32
Simon Property Group Inc.	1.28

Name	Index Weight
Hartford Financial Services Group Inc.	1.17
Chubb Corp.	1.08
BB&T Corp.	1.03
Capital One Financial Corp.	1.02
Marsh & McLennan Cos.	0.99
Northern Trust Corp.	0.96
SunTrust Banks Inc.	0.95
Franklin Resources Inc.	0.91
T. Rowe Price Group Inc.	0.91
Loews Corp.	0.9
AON Corp.	0.83
VORNADO REALTY TRUST	0.82
Lincoln National Corp.	0.79
Boston Properties Inc.	0.74
Progressive Corp.	0.73
Principal Financial Group Inc.	0.72
EQUITY RESIDENTIAL	0.69
PROLOGIS	0.67
PUBLIC STORAGE	0.64
NYSE Euronext	0.61
Kimco Realty Corp.	0.57
Ameriprise Financial Inc.	0.57

Source: www.sectorspdrs.com

Holdings and Weightings

(as of 9/10/08)

Name	Index Weight
Hudson City Bancorp Inc.	0.57
INVESCO Ltd.	0.56
UNUM GROUP	0.53
FIFTH THIRD BANCORP	0.51
HCP Inc.	0.51
Plum Creek Timber Co. Inc. REIT	0.5
Discover Financial Services	0.48
Moody's Corp.	0.47
Host Hotels & Resorts Inc.	0.47
Regions Financial Corp.	0.47
Avalonbay Communities Inc.	0.46
Leucadia National Corp.	0.45
SLM Corp.	0.43
General Growth Properties Inc.	0.42
IntercontinentalExchange Inc.	0.41
Genworth Financial Inc. Cl A	0.4
Safeco Corp.	0.37
KEYCORP	0.37
Legg Mason Inc.	0.36
XL Capital Ltd. Cl A	0.35
M&T Bank Corp.	0.35
Assurant Inc.	0.33

Name	Index Weight
Torchmark Corp.	0.33
Lehman Brothers Holdings Inc.	0.3
Cincinnati Financial Corp.	0.29
Comerica Inc.	0.28
Marshall & Ilsley Corp.	0.26
AMERICAN CAPITAL LTD	0.26
Developers Diversified Realty Corp.	0.25
Sovereign Bancorp Inc.	0.24
National City Corp.	0.22
ZIONS BANCORP	0.21
Washington Mutual Inc.	0.21
Janus Capital Group Inc.	0.21
Apartment Investment & Management Co.	0.19
MBIA Inc.	0.18
CIT Group Inc.	0.18
Huntington Bancshares Inc.	0.18
Federated Investors Inc.	0.16
CB Richard Ellis Group Inc. Cl A	0.14
First Horizon National Corp.	0.12
E*TRADE Financial Corp.	0.1
MGIC Investment Corp.	0.05

Source: www.sectorspdrs.com

Performance

Market Value Total Returns as of 08/31/08

Select Sector SPDR Fund	One Month	Latest Quarter	Calendar YTD	One Year	Annualized		
					Three Year	Five Year	Inception to Date*
Materials (XLB)	-1.79%	-4.87%	-4.45%	3.10%	15.43%	13.86%	9.33%
Health Care (XLV)	1.90%	7.10%	-6.74%	-3.65%	2.61%	4.70%	4.23%
Consumer Staples (XLP)	2.67%	5.66%	-1.72%	6.35%	8.94%	8.53%	2.43%
Consumer Discretionary (XLY)	7.33%	7.60%	-6.89%	-16.56%	-1.95%	1.96%	3.12%
Energy (XLE)	-0.45%	-15.75%	-5.71%	8.08%	15.05%	26.36%	14.27%
Financials (XLF)	-1.02%	5.86%	-25.53%	-34.53%	-7.74%	-0.97%	1.67%
Industrials (XLI)	2.15%	3.41%	-9.40%	-8.72%	7.58%	9.68%	6.16%
Technology (XLK)	2.40%	0.22%	-14.27%	-11.29%	3.93%	5.43%	-2.24%
Utilities (XLU)	-1.34%	-7.48%	-10.29%	0.14%	8.30%	16.05%	6.18%

Source: www. Sectorspdrs.com/performance

Merits

RISK STATISTICS (08/31/08)

3 Years

Statistic	XLF	XLP	XLE	XLY	XLV	XLI	XLB	XLK	XLU
Beta (against Standard Index)	1.31	0.51	0.87	1.01	0.65	0.96	0.96	1.41	0.64
Mean Annual Return	-0.55%	0.63%	1.56%	-0.39%	1.90%	0.55%	1.21%	0.34%	0.79%
Standard Deviation	17.70%	7.86%	22.17%	12.44%	10.42%	11.85%	12.66%	15.70%	12.54%
Sharpe Ratio	-0.61	0.44	0.66	-0.71	-0.17	0.21	0.83	0	0.43

5 Years

Statistic	XLF	XLP	XLE	XLY	XLV	XLI	XLB	XLK	XLU
Beta (against Standard Index)	1.19	0.54	0.91	1.14	0.63	1.01	1.13	1.4	0.54
Mean Annual Return	0.01%	0.70%	2.26%	0.20%	0.33%	0.86%	1.25%	0.57%	1.35%
Standard Deviation	15.05%	7.91%	20.78%	12.87%	10.20%	11.48%	14.31%	14.96%	10.97%
Sharpe Ratio	-0.2	0.67	1.15	-0.06	0.08	0.62	0.83	0.25	1.18

Source: Yahoo Finance

Beta:	Measure of systematic risk based upon an asset's covariance (co-movement) with the market portfolio
Standard Deviation:	A measure of dispersion in the same units as the original data
Coefficient of Variation:	Risk per unit of mean return
Sharpe Ratio:	Excess return per unit of standard deviation of return.

Source: CFA Institute

Merits

5-Year Risk Profile (as of 8/31/08)

	BAC returns	JPM returns	WFC returns	C returns	GS returns	USB returns	AIG returns	AXP returns
Geometric Return (Annualized)	1.06%	6.40%	7.84%	-4.24%	14.42%	10.55%	-20.35%	0.37%
Std Deviation (Annualized)	25.36%	22.07%	19.79%	24.49%	25.29%	16.19%	26.33%	17.57%
Sharpe Ratio	0.10	0.32	0.40	-0.49	0.60	0.61	-0.77	0.02

	BK returns	XLF returns	PRU returns	WB returns	WM returns	FNM returns	MS returns
Geometric Return (Annualized)	7.16%	-0.92%	17.11%	-14.79%	-38.30%	-58.25%	0.39%
Std Deviation (Annualized)	18.57%	15.04%	20.45%	25.51%	48.25%	54.38%	23.54%
Sharpe Ratio	0.38	-0.09	0.81	-0.54	-0.74	-0.98	0.07

Source: Data calculated from Yahoo Finance historical prices

Concerns

- Limited international exposure
- No mid-cap, no-small cap exposure
- Average returns
- Concentration