

MISI AT A GLIMPSE

August 1 to August 31, 2008

The Massachusetts Investor Sentiment Index

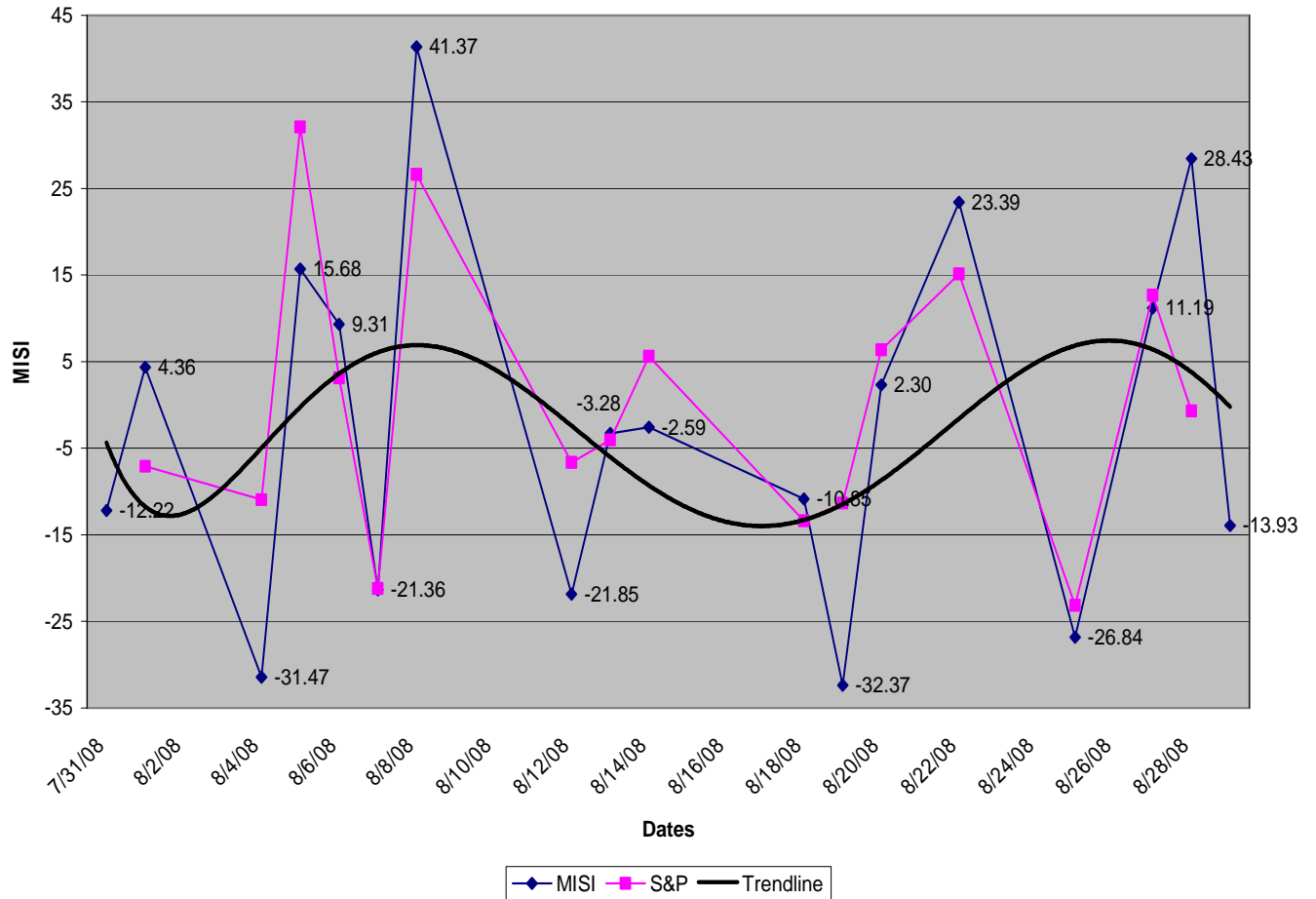
The Massachusetts Investment Sentiment Index (MISI) is a market-based measure of investor sentiment for firms that either are headquartered in Massachusetts or have a significant presence in the state. The MISI is constructed using firms that are in the [Massachusetts Bloomberg Index \(BBMX\)](#), which follows 240-250 firms which span more than 50 industries and range in size from \$2 million to \$42 billion in market capitalization. Daily returns for each of the securities in the BBMX and the average standard deviation of daily returns over the previous five days (the "historic volatility") are computed. The MISI is constructed every day using a correlation of the daily returns and the historic volatility.

The MISI can range from a low of -100 to a high of +100. For values between -10 to +10 the market is classified as risk-neutral, for values between -10 and -30 the market is labeled moderately risk-averse, and for values less than -30 the market is considered highly risk-averse. Similarly, if MISI falls between +10 and +30, the market is labeled moderately risk-seeking, and if the index exceeds +30, the market is considered highly risk-seeking.

Movements in the MISI capture both positive and negative news concerning Massachusetts firms and the region's economy. Also, changes in the MISI closely replicate changes in the BBMX. The MISI and the BBMX return for the same trading day has, on average, a significant correlation coefficient of about seventy-five percent.

Massachusetts Investor Sentiment Index (MISI) and the S&P Index from August 1, 2008 to August 31, 2008

MISI and S&P Performance



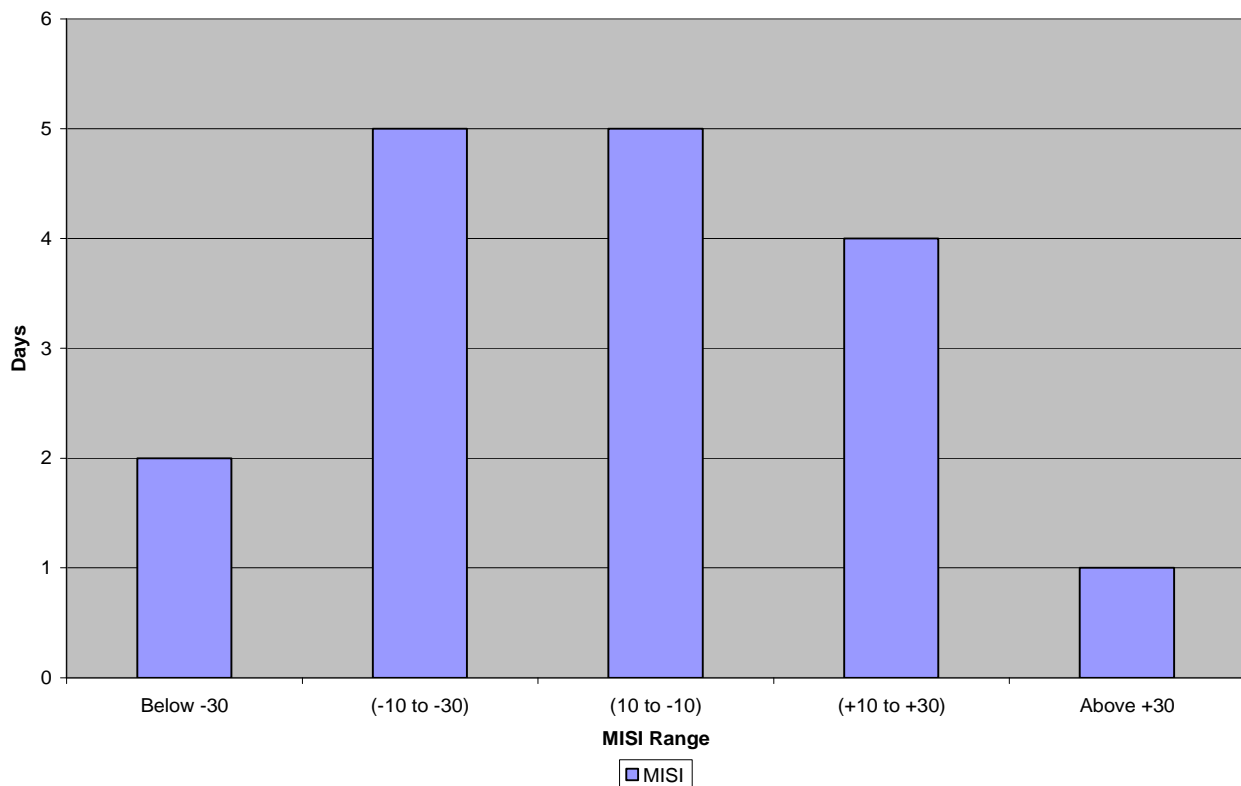
EXECUTIVE SUMMARY

Analysis based on Massachusetts Investor Sentiment Index (MISI) and the S&P Index from August 1 to August 31, 2008.

- The Massachusetts Investment Sentiment Index (MISI) is a market based measure of investor sentiment for firms that are either headquartered in Massachusetts or have a significant presence in the state.
- The MISI is constructed using firms that are in the Massachusetts Bloomberg Index (MBI).

In the last 30 days the market sentiment was:

MISI Performance



High:

- One day or 6% of the days the investors were highly risk seeking with an average of 41.37.
- Two day or 12% of the days, the market was highly risk-averse with an average score of -31.92.

Moderate:

- Four days or 24% of the days, it was moderately risk-seeking with an average score of 19.67.
- Five days or 29% of the days, it was of moderately risk-averse with an average score of -18.97.

Neutral:

- Five days or 29% of the days, the market's sentiment was risk-neutral with an average score of 2.02.

Conclusion:

- Daily price movements in MBI & S&P Index are significantly related to investor sentiment.
- This month, the market experienced a day when the investors were highly risk seeking. The MISI score on that day was 41.37, which is the highest risk seeking score in the last 6 months.
- The overall market sentiment throughout the month has been risk neutral as well as moderately risk-averse.
- The fluctuation in investor's sentiment continued to prevail this month. There has been some extreme rise and fall in investor's sentiments between August 4 and August 12. A similar trend is seen towards the end of the month.
- The Trend line continues to denote a decrease in the market sentiment.