

MISI AT A GLIMPSE

July 1 to July 31, 2008

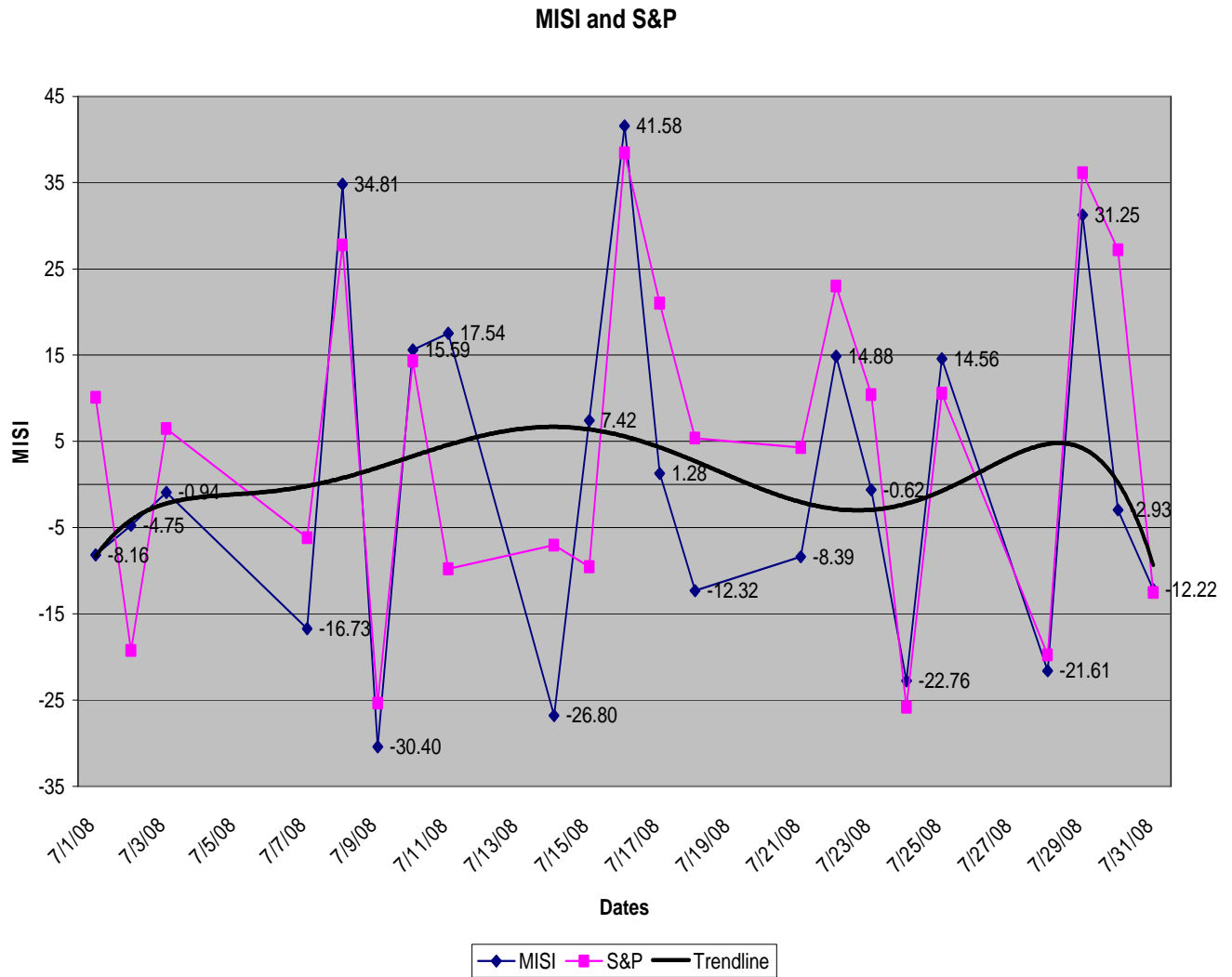
The Massachusetts Investor Sentiment Index

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 July 1, 2008 to July 31, 2008



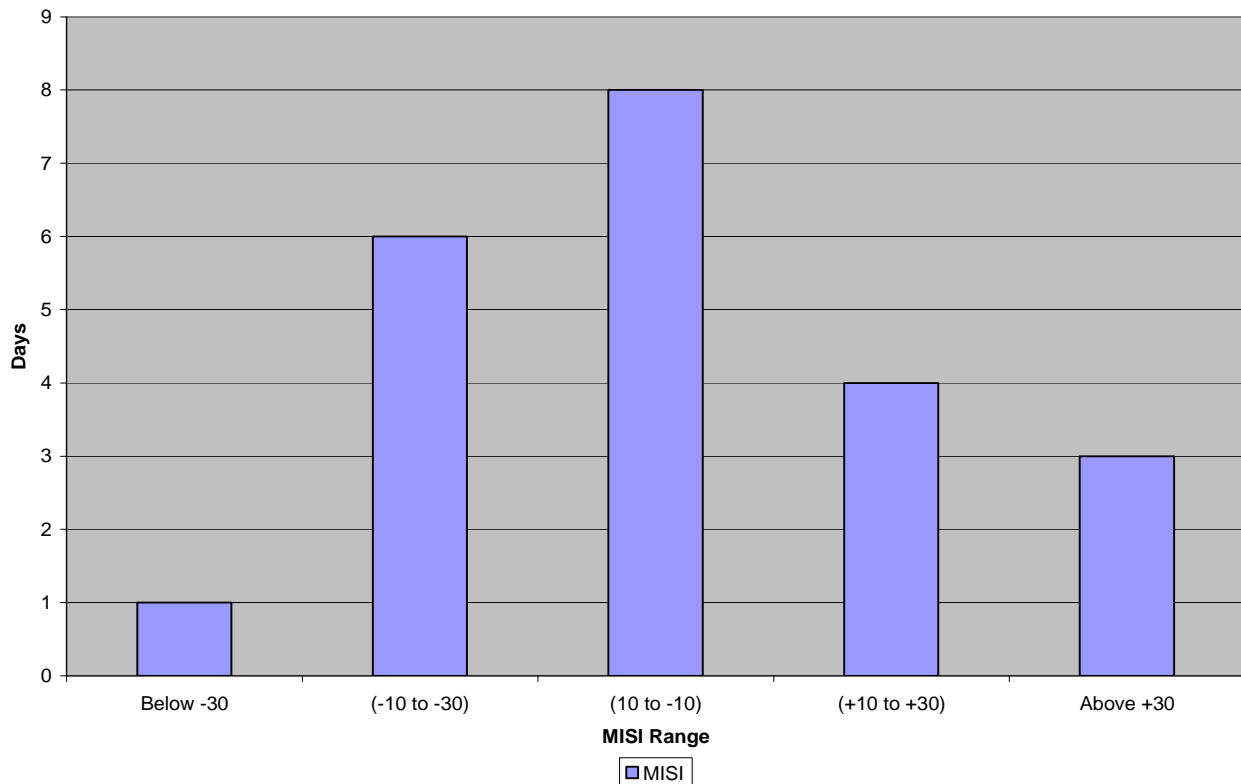
EXECUTIVE SUMMARY

Analysis based on Massachusetts Investor Sentiment Index (MISI) and the S&P Index from July 1 to July 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:

- Three days or 14% of the days the investors were highly risk seeking with an average of 35.88.
- One day or 5% of the days, the market was highly risk-averse with an average score of -30.40.

Moderate:

- Four days or 18% of the days, it was moderately risk-seeking with an average score of 15.64.
- Six days or 27% of the days, it was of moderately risk-averse with an average score of -18.74.

Neutral:

- Eight days or 36% of the days, the market's sentiment was risk-neutral with an average score of -2.14.

Conclusion:

- Daily price movements in MBI & S&P Index are significantly related to investor sentiment.
- Unlike the previous two months, this month the market experienced 3 days when the investors were highly risk seeking.
- Despite these highly risk seeking days, the overall market sentiment throughout the month has been risk neutral.
- This month, the market sentiment has also been highly erratic. There has been some extreme rise and fall in investor's sentiments for almost 10 days between July 7 and July 17. A similar fluctuation is seen towards the end of the month.
- The Trend line denotes a decrease in the market sentiment.