



## Changes in Asset Allocation

May 13, 2008

Approximately every 12 weeks we review changes in Asset Allocation in the Advisor Perspectives (AP) Universe. Previous analyses were done:

[February 19, 2008](#)

[November 15, 2007](#)

[August 15, 2007](#)

[May 27, 2007](#)

This week we look at changes from January 31, 2008 to April 26, 2008, a period of 12 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 1.8% over this period, through the addition of new RIAs and new accounts.

Some of the significant trends occurring during this period include:

- Over the last 12 weeks, asset allocation by asset class showed a 0.9% increase in the cash positions, continuing a trend that has been evident since August of 2007. Since that time, cash holdings have increased from 7.9% to 10.7% of total assets. Equity holdings (US and non-US) increased by 1.8% although, during this period, the Dow increased by 1.9%, from 12,650 to 12,892, so advisors did not proactively increase equity positions. Fixed income positions decreased by 3.4%, offsetting the increase in cash and equity allocations.
- Assets shifted out of US equity and fixed income markets (-2.6%), offset by the increase in cash positions (+0.9%) and an increase in non-US assets (+1.6%). More significantly, since our analysis began in May of 2007, there has been a marked shift in assets out of US markets (from 71.4% to 65.4%), as cash positions have increased from 8.4% to 10.7% and non-US assets have increased from 9.8% to 13.3%.



- Within the US equity markets, over the last 12 weeks there has been a small shift out of large cap (-1.1%) and into small cap (+1.0%), as well as out of blend (-2.0%) and into growth (+1.5%) and value (+0.5%).
- Within fixed income allocations, muni bond assets increased by 3.1% and taxable bond assets decreased by 2.0%. More significantly, within taxable bonds, maturities lengthened considerably, with short term assets decreasing by 8.3%, medium term assets increasing by 3.1% and long term assets increasing by 5.2%. Investment grade taxable bond holdings decreased by 4.5% and medium grade holdings increased by the same amount. This change may be due to ratings downgrades, rather than proactive decisions or rebalancing by RIAs. Muni bond holdings exhibited the same pattern, with investment grade holdings decreasing by 5.5% and medium grade holdings increasing by 6.0%.

The tables below show the complete data for the AP Universe for the periods from 5/27/07 to 8/15/07, 8/15/07 to 11/15/07, 11/15/07 to 1/31/08, and 1/31/08 to 4/26/08. The number in parentheses is the total AUM as of 4/26/08.

#### By Asset Class (\$40,502,862,888)

Asset Class	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Bonds</b>	27.7%	29.2%	28.9%	28.1%	24.8%	1.5%	-0.3%	-0.8%	-3.4%
<b>Cash</b>	8.4%	7.9%	9.0%	9.8%	10.7%	-0.5%	1.1%	0.8%	0.9%
<b>Equities</b>	63.5%	62.1%	60.9%	60.9%	62.7%	-1.4%	-1.2%	0.0%	1.8%
<b>Other</b>	0.4%	0.8%	1.2%	1.2%	1.8%	0.4%	0.4%	0.0%	0.6%

#### By Domicile (\$40,502,862,888)

Asset Class	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Cash</b>	8.4%	7.9%	9.0%	9.8%	10.7%	-0.5%	1.1%	0.8%	0.9%
<b>Foreign</b>	9.8%	11.5%	12.1%	11.7%	13.3%	1.7%	0.6%	-0.4%	1.6%
<b>Unknown</b>	10.4%	11.2%	11.3%	10.6%	10.6%	0.8%	0.1%	-0.7%	0.0%
<b>US</b>	71.4%	69.4%	67.5%	67.9%	65.4%	-2.0%	-1.9%	0.4%	-2.6%



### Non-US Assets (\$5,373,648,790)

Asset Class	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Foreign Developed Equities	88.4%	73.2%	75.1%	78.2%	77.6%	-15.2%	1.9%	3.1%	-0.5%
Foreign Emerging Equities	8.7%	23.9%	21.8%	18.6%	18.9%	15.2%	-2.1%	-3.2%	0.3%
Foreign Bonds	2.9%	2.9%	3.1%	3.3%	3.5%	0.0%	0.2%	0.2%	0.2%

### US Equities by Market Cap (\$18,559,193,400)

US Equities by Market Cap	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Large Cap	65.3%	65.2%	66.0%	65.0%	64.0%	-0.1%	0.8%	-1.0%	-1.0%
Mid Cap	21.1%	20.2%	20.1%	20.5%	20.4%	-0.9%	-0.1%	0.4%	-0.1%
Small Cap	13.6%	14.6%	14.0%	14.5%	15.6%	1.0%	-0.6%	0.5%	1.1%

### US Equities by Style (\$18,559,193,400)

US Equities by Style	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Value	13.8%	12.0%	7.1%	5.2%	5.7%	-1.8%	-4.9%	-1.9%	0.5%
Blend	55.7%	57.0%	58.9%	65.4%	63.3%	1.3%	1.9%	6.5%	-2.0%
Growth	30.5%	31.0%	34.1%	29.4%	31.0%	0.5%	3.1%	-4.7%	1.5%

### US Equities by Market Cap/Style (\$18,559,193,400)

US Equities by Cap/Style	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Large Cap Value	8.6%	7.4%	2.8%	1.7%	2.6%	-1.2%	-4.6%	-1.1%	0.9%
Large Cap Blend	39.4%	40.5%	41.7%	47.3%	43.3%	1.1%	1.2%	5.6%	-4.0%



<b>Large Cap Growth</b>	17.3%	17.3%	21.4%	16.0%	18.1%	0.0%	4.1%	-5.4%	2.1%
<b>Mid Cap Value</b>	2.3%	1.9%	1.5%	1.0%	1.1%	-0.4%	-0.4%	-0.5%	0.2%
<b>Mid Cap Blend</b>	9.5%	9.5%	10.1%	10.0%	11.6%	0.0%	0.6%	-0.1%	1.6%
<b>Mid Cap Growth</b>	9.3%	8.8%	8.4%	9.6%	7.7%	-0.5%	-0.4%	1.2%	-1.8%
<b>Small Cap Value</b>	2.9%	2.7%	2.8%	2.6%	2.0%	-0.2%	0.1%	-0.2%	-0.6%
<b>Small Cap Blend</b>	6.8%	7.0%	7.0%	8.1%	8.5%	0.2%	0.0%	1.1%	0.4%
<b>Small Cap Growth</b>	3.9%	4.9%	4.2%	3.9%	5.1%	1.0%	-0.7%	-0.3%	1.2%

### Foreign Developed Equities by Market Cap (\$4,171,598,582)

Foreign Developed Equities by Market Cap	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Large Cap</b>	92.0%	92.8%	93.2%	92.7%	92.7%	0.8%	0.4%	-0.5%	0.0%
<b>Mid Cap</b>	5.7%	4.4%	4.6%	5.9%	5.7%	-1.3%	0.2%	1.3%	-0.2%
<b>Small Cap</b>	2.2%	2.7%	2.2%	1.5%	1.6%	0.5%	-0.5%	-0.7%	0.1%

### Foreign Developed Equities by Style (\$4,171,598,582)

Foreign Developed Equities by Style	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Value</b>	20.2%	19.2%	18.5%	11.7%	11.5%	-1.0%	-0.7%	-6.8%	-0.1%
<b>Blend</b>	61.9%	64.4%	54.4%	65.3%	58.7%	2.5%	-10.0%	10.9%	-6.6%
<b>Growth</b>	17.9%	16.4%	27.1%	23.1%	29.8%	-1.5%	10.7%	-4.0%	6.7%

### Foreign Developed Equities by Market Cap/Style (\$4,171,598,582)

Foreign Developed Equities by Cap/Style	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Large Cap Value</b>	16.8%	15.5%	16.9%	9.5%	9.3%	-1.3%	1.4%	-7.4%	-0.2%
<b>Large Cap Blend</b>	59.0%	62.6%	50.1%	62.0%	55.6%	3.6%	-12.5%	11.9%	-6.5%
<b>Large Cap</b>	16.3%	14.7%	26.2%	21.2%	27.9%	-1.6%	11.5%	-5.0%	6.7%



<b>Growth</b>									
<b>Mid Cap Value</b>	2.2%	2.3%	1.4%	1.5%	1.3%	0.1%	-0.9%	0.1%	-0.2%
<b>Mid Cap Blend</b>	2.6%	1.4%	2.5%	2.6%	2.7%	-1.2%	1.1%	0.1%	0.1%
<b>Mid Cap Growth</b>	0.9%	0.8%	0.7%	1.8%	1.7%	-0.1%	-0.1%	1.1%	-0.1%
<b>Small Cap Value</b>	1.3%	1.5%	0.2%	0.7%	1.3%	0.2%	-1.3%	0.5%	0.6%
<b>Small Cap Blend</b>	0.3%	0.4%	1.9%	0.7%	0.4%	0.1%	1.5%	-1.2%	-0.3%
<b>Small Cap Growth</b>	0.7%	0.9%	0.2%	0.1%	0.2%	0.2%	-0.7%	-0.1%	0.1%

### Foreign Emerging Equities by Market Cap (\$1,013,550,339)

Foreign Emerging Equities by Market Cap	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Large Cap</b>	92.4%	97.4%	96.9%	97.9%	98.1%	5.0%	-0.5%	1.0%	0.2%
<b>Mid Cap</b>	3.1%	1.4%	2.2%	0.8%	0.7%	-1.7%	0.8%	-1.4%	-0.2%
<b>Small Cap</b>	4.6%	1.2%	1.0%	1.3%	1.2%	-3.4%	-0.2%	0.3%	0.0%

### Foreign Emerging Equities by Style (\$1,013,550,339)

Foreign Emerging Equities by Style	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Value</b>	9.6%	70.8%	5.9%	1.8%	1.6%	61.2%	-64.9%	-4.1%	-0.2%
<b>Blend</b>	60.4%	21.5%	86.6%	29.4%	89.5%	-38.9%	65.1%	-57.2%	60.1%
<b>Growth</b>	30.0%	7.8%	7.6%	68.7%	8.8%	-22.2%	-0.2%	61.1%	-59.9%

### Foreign Emerging Equities by Market Cap/Style (\$1,013,550,339)

Foreign Emerging Equities by Market Cap/Style	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Large Cap Value</b>	7.2%	70.3%	5.2%	1.4%	1.1%	63.1%	-65.1%	-3.9%	-0.2%
<b>Large Cap Blend</b>	59.8%	20.3%	85.7%	28.0%	88.3%	-39.5%	65.4%	-57.7%	60.3%



<b>Large Cap Growth</b>	25.4%	6.7%	6.0%	68.5%	8.6%	-18.7%	-0.7%	62.5%	-59.9%
<b>Mid Cap Value</b>	1.3%	0.1%	0.3%	0.1%	0.1%	-1.2%	0.2%	-0.2%	0.0%
<b>Mid Cap Blend</b>	0.5%	1.1%	0.3%	0.6%	0.4%	0.6%	-0.8%	0.3%	-0.2%
<b>Mid Cap Growth</b>	1.3%	0.3%	1.6%	0.1%	0.2%	-1.0%	1.3%	-1.5%	0.0%
<b>Small Cap Value</b>	1.0%	0.3%	0.3%	0.4%	0.4%	-0.7%	0.0%	0.1%	0.0%
<b>Small Cap Blend</b>	0.2%	0.1%	0.6%	0.8%	0.8%	-0.1%	0.5%	0.2%	0.0%
<b>Small Cap Growth</b>	3.3%	0.8%	0.0%	0.1%	0.0%	-2.5%	-0.8%	0.1%	0.0%

### Bonds by Type (\$10,028,043,774)

Bonds by Type	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Taxable</b>	45.8%	51.9%	47.5%	48.2%	46.2%	6.1%	-4.4%	0.7%	-2.0%
<b>Foreign</b>	1.0%	1.1%	1.3%	1.4%	1.9%	0.1%	0.2%	0.1%	0.5%
<b>Municipal</b>	32.4%	28.4%	29.1%	29.7%	32.8%	-4.0%	0.7%	0.6%	3.1%
<b>Unknown</b>	20.8%	18.6%	22.2%	20.7%	19.1%	-2.2%	3.6%	-1.5%	-1.6%

### Taxable Bonds by Maturity (\$4,630,402,082)

Taxable Bonds by Maturity	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Short Term</b>	53.0%	56.4%	48.7%	48.2%	39.9%	3.4%	-7.7%	-0.5%	-8.3%
<b>Medium Term</b>	26.2%	25.0%	30.0%	29.6%	32.7%	-1.2%	5.0%	-0.4%	3.1%
<b>Long Term</b>	20.8%	18.6%	21.3%	22.2%	27.4%	-2.2%	2.7%	0.9%	5.2%

### Taxable Bonds by Quality (\$4,630,402,082)

Taxable Bonds by Quality	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Investment Grade</b>	78.1%	81.7%	79.1%	77.9%	73.5%	3.6%	-2.6%	-1.2%	-4.5%
<b>Medium Grade</b>	21.1%	17.6%	20.4%	21.4%	25.9%	-3.5%	2.8%	1.0%	4.5%
<b>High Yield</b>	0.8%	0.6%	0.6%	0.7%	0.6%	-0.2%	0.0%	0.1%	0.0%



### Taxable Bonds by Maturity/Quality (\$4,630,402,082)

Taxable Bonds by Maturity/Quality	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Short Term Investment Grade	45.9%	50.6%	42.2%	41.2%	33.2%	4.7%	-8.4%	-1.1%	-7.9%
Short Term Medium Grade	7.1%	5.8%	6.5%	7.1%	6.6%	-1.3%	0.7%	0.6%	-0.4%
Medium Term Investment Grade	19.0%	18.8%	23.5%	23.6%	26.0%	-0.2%	4.7%	0.1%	2.4%
Medium Term Medium Grade	7.2%	6.2%	6.5%	6.0%	6.6%	-1.0%	0.3%	-0.5%	0.7%
Long Term Investment Grade	13.2%	12.3%	13.3%	13.2%	14.2%	-0.9%	1.0%	-0.1%	1.0%
Long Term Medium Grade	6.8%	5.7%	7.4%	8.4%	12.6%	-1.1%	1.7%	1.0%	4.3%
Long Term High Yield	0.8%	0.6%	0.6%	0.7%	0.6%	-0.2%	0.0%	0.1%	0.0%

### Muni Bonds by Maturity (\$3,291,864,455)

Muni Bonds by Maturity	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Short Term	27.8%	28.2%	30.0%	29.9%	31.3%	0.4%	1.8%	-0.1%	1.4%
Medium Term	30.2%	30.6%	29.5%	29.3%	28.3%	0.4%	-1.1%	-0.2%	-0.9%
Long Term	41.9%	41.2%	40.5%	40.9%	40.4%	-0.7%	-0.7%	0.4%	-0.5%

### Muni Bonds by Quality (\$3,291,864,455)

Muni Bonds by Quality	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Investment Grade	82.0%	83.7%	85.5%	85.0%	79.5%	1.7%	1.8%	-0.5%	-5.5%
Medium Grade	11.7%	10.7%	10.0%	9.5%	15.5%	-1.0%	-0.7%	-0.5%	6.0%
High Yield	6.3%	5.6%	4.5%	5.5%	5.0%	-0.7%	-1.1%	1.0%	-0.5%



### Muni Bonds by Maturity/Quality (\$3,291,864,455)

Muni Bonds by Maturity/Quality	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Short Term Investment Grade	23.6%	24.1%	25.1%	25.1%	24.6%	0.5%	1.0%	0.0%	-0.5%
Short Term Medium Grade	4.2%	4.2%	5.0%	4.7%	6.6%	0.0%	0.8%	-0.3%	1.9%
Medium Term Investment Grade	25.6%	26.4%	26.5%	26.2%	23.8%	0.8%	0.1%	-0.3%	-2.4%
Medium Term Medium Grade	4.6%	4.2%	3.0%	3.0%	4.5%	-0.4%	-1.2%	0.0%	1.5%
Long Term Investment Grade	32.8%	33.2%	34.0%	33.6%	31.0%	0.4%	0.8%	-0.4%	-2.6%
Long Term Medium Grade	2.9%	2.4%	2.0%	1.7%	4.4%	-0.5%	-0.4%	-0.3%	2.6%
Long Term High Yield	6.3%	5.6%	4.5%	5.5%	5.0%	-0.7%	-1.1%	1.0%	-0.5%

### Foreign Bonds by Maturity (\$188,499,869)

Foreign Bonds by Maturity	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Short Term	19.2%	14.8%	18.1%	25.3%	25.9%	-4.4%	3.3%	7.2%	0.7%
Medium Term	59.2%	68.8%	63.5%	67.5%	65.6%	9.6%	-5.3%	4.0%	-1.8%
Long Term	21.6%	16.4%	18.4%	7.3%	8.4%	-5.2%	2.0%	-11.1%	1.1%

### Foreign Bonds by Quality (\$188,499,869)

Foreign Bonds by Quality	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
Investment Grade	64.1%	75.4%	77.5%	87.7%	87.9%	11.3%	2.1%	10.2%	0.1%
Medium Grade	28.4%	13.4%	10.4%	9.4%	8.4%	-15.0%	-3.0%	-1.0%	-1.0%
High Yield	7.5%	11.3%	12.0%	2.9%	3.8%	3.8%	0.7%	-9.2%	0.9%



**Foreign Bonds by Maturity/Quality (\$188,499,869)**

Foreign Bonds by Maturity/Quality	5/27 2008	8/15 2007	11/15 2007	1/31 2008	4/26 2008	Change from			
						5/27 to 8/15	8/15 to 11/15	11/15 to 1/31	1/31 to 4/26
<b>Short Term Investment Grade</b>	19.2%	14.8%	18.1%	25.3%	25.9%	-4.4%	3.3%	7.2%	0.7%
<b>Medium Term Investment Grade</b>	33.7%	57.5%	53.1%	58.4%	57.7%	23.8%	-4.4%	5.3%	-0.6%
<b>Medium Term Medium Grade</b>	25.4%	11.2%	10.3%	9.1%	7.9%	-14.2%	-0.9%	-1.2%	-1.2%
<b>Long Term Investment Grade</b>	11.1%	3.0%	6.2%	4.1%	4.2%	-8.1%	3.2%	-2.1%	0.1%
<b>Long Term Medium Grade</b>	2.9%	2.2%	0.1%	0.3%	0.4%	-0.7%	-2.1%	0.2%	0.2%
<b>Long Term High Yield</b>	7.5%	11.3%	12.0%	2.9%	3.8%	3.8%	0.7%	-9.2%	0.9%

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