2008 FINANCIAL MARKET INTEGRITY INDEX

UNITED STATES

CFA INSTITUTE

Centre for Financial Market Integrity

CFA Charterholders and Professional Integrity

With offices in Charlottesville, VA, New York, Hong Kong, and London, CFA Institute is the not-for-profit, professional association of 98,000 financial analysts, portfolio managers, and other investment professionals in 128 countries, of whom 84,000 hold the Chartered Financial Analyst® (CFA®) designation. The CFA Institute Centre for Financial Market Integrity is the research, policy, and advocacy arm of CFA Institute.

The CFA designation is widely recognized as the designation of professional excellence within the global investment community. CFA charterholders must pass three rigorous examinations that test their understanding of a number of financial disciplines, including ethics and professional standards, and must complete several years of qualifying financial work experience to earn the charter. To retain the designation, CFA charterholders also must annually renew their pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct.

In 2002, when CFA Institute and the United Kingdom Society of Investment Professionals partnered, UKSIP members were adopted into CFA Institute and holders of the corresponding FSIP and ASIP designations were accepted into CFA Institute membership based on the comparable level of rigor needed to obtain these designations. Although all CFA Institute members adhere to an ethical standard, only CFA, FSIP, and ASIP designees also have displayed a level of mastery in investment principles. Therefore, this research does not include responses from all CFA Institute members but, rather, only from those who are active members with CFA, FSIP, or ASIP designations; all will be referred to collectively as "CFA charterholders" throughout this report.

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Introduction
Value of the FMI Index

The Financial Market Integrity Index (the FMI Index) was developed by the CFA Institute Centre for Financial Market Integrity (the CFA Institute Centre) to gauge the perceptions investment professionals have about the state of ethics and integrity in six major financial services markets. Specifically, the index measures the level of integrity that investment practitioners experience in their respective markets—Canada, Hong Kong, Japan, Switzerland, the United Kingdom, or the United States—and the practitioners' beliefs in the effectiveness of regulation and investor protections to promote such integrity. This pragmatic input from working investment professionals will help raise awareness of leading issues in the capital markets and will inform the work of the CFA Institute Centre in conducting regulatory outreach and developing enhanced professional standards.

The Financial Market Integrity Index was developed to gauge the perceptions investment professionals have about the state of ethics and integrity in financial services markets.

The FMI Index is distinguished from other market surveys and is proprietary in that it capitalizes on our exclusive access to seek the opinion and perspective of the CFA Institute membership (see inside cover for details). CFA charterholders are investment professionals who have earned the CFA designation and are required to adhere to a stringent code of ethics. The informed opinion of this particular respondent group offers valuable insight into the current state of ethical practices and standards in select global markets and will help to inform regulators and other financial industry thought leaders concerning potential areas for improving the investment profession.

The CFA Institute Centre provides this report on the findings of the survey (the Report) to advance the cause of ethics and integrity in financial markets

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through the views and opinions of trained investment professionals so as to:

- Inform investors and regulators of the perceived ethics and integrity of practitioners and the effectiveness of regulatory systems in the market;
- Encourage investors to consider whether they are likely to be treated fairly and ethically if they invest in the market;
- Help assess whether a particular country or market has specific integrity issues that need to be addressed by regulators; and
- Inform practitioners in the market about how others perceive their actions and honesty, in general, and to stimulate remedial actions on their part where appropriate.

Each FMI Index Report measures the sentiments expressed by a cross section of survey respondents concerning ethical standards and investor protections of a particular market. The ratings discussed in this Report represent the opinions of a distinct group of professionals, CFA charterholders, responding to a series of questions about their experiences with practitioners, regulations, and investor protections in the United States. This survey was specifically designed to gather the perceptions of only the U.S. market. Because respondent populations differ significantly between markets, we believe it will be more valid and informative to assess each country's report independently of the others, rather than trying to make cross-country comparisons.

About the FMI Index Methodology

The FMI Index is constructed to give equal weight to two dimensions of evaluation: (1) the ethics of market participants and (2) the effectiveness of market systems in ensuring market integrity.

The CFA Institute Centre, in consultation with Harris Interactive, developed the FMI Index to specifically reflect the perspectives and opinions of investment professionals identified as being committed to the highest level of professional ethics. CFA charterholders and holders of the ASIP and FSIP designations were asked to evaluate and rate a number of financial "market participants," including sell-side analysts, hedge fund managers, board members, and others as well as "market systems," such as market regulation and investor protections, including corporate governance, shareowner rights, and transparency. The questions relate to how market participants and market systems contribute to financial market integrity. Respondents were asked to answer a number of questions that rate on a five-point scale the ethical behavior of these market participants and systems.[1]

FMI Index Questions and Rating Scales

Please rate the overall ethical behavior exhibited by the following groups in the United States.

1	2	3	4	5
Not Ethical at All	Slightly Ethical	Somewhat Ethical	Very Ethical	Completely Ethical

For each of the following, please rate the overall effectiveness of market systems for ensuring market integrity in the United States.

1	2	3	4	5
Not Effective at All	Somewhat Effective	Fairly Effective	Very Effective	Completely Effective

Figure 1

The ethical behavior of market participants and the effectiveness of market systems were the two dimensions of evaluation that produced the final FMI rating.

More than 2,000 professionals in six countries who hold the CFA, FSIP, or ASIP designations participated in the research by taking the survey either online or by scripted telephone interview between 2 April and 8 May 2008.

To provide the most statistically reliable opinions, this Report will use in-market ratings when referring to an index rating or score, unless otherwise noted.[2] Out-of-market ratings will be used for discussion and comparisons only where noted because these results are statistically less significant as a result of smaller sample sizes.

The FMI Index is constructed to give equal weight to two dimensions of evaluation: (1) the ethics of market participants and (2) the effectiveness of market systems in ensuring market integrity. Data gathered during phone interviews were transformed so that they could be integrated with online responses. This is an opinion-based survey, and CFA Institute makes no representations concerning accuracy or otherwise warrants use of the FMI Index for any purposes by readers.

For more comprehensive information regarding the overall FMI Index methodology, please refer to the separate appendix available on the Centre's website at www.cfainstitute.org/centre.

[1] One question dealing with severity of unethical behavior or ethical lapses was an exception and listed a score of 1 as not severe at all and 5 as extremely severe. This question did not figure in the final calculations of the FMI rating.

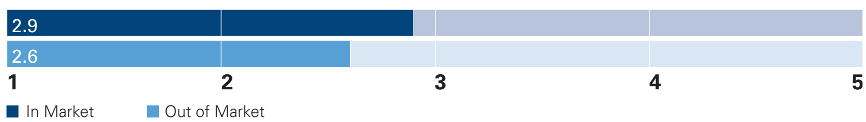
[2] In this Report, in-market ratings are those from respondents inside the United States and out-of-market ratings are those given by respondents outside the United States.

Executive Summary

Figure 2

Respondents inside the United States gave the U.S. market a higher overall FMI rating (2.9) than did those outside the United States (2.6).

FMI Index 2008 United States[3]



Given that the U.S. market is considered to have some of the highest regulatory and investor protection standards in the world, it is disappointing to see the final overall FMI Index rating for the United States come in at about the mid-range score of 2.9 on a five-point scale, see **Figure 2**.[4] This less-than-optimal rating is primarily caused by a low rating of U.S. market systems by respondents in the United States, who consistently rated these systems less than 3.0. The ratings this same group of respondents assigned to market participants are, for the most part, comfortably above 3.0. Based on respondent comments collected in the survey, conflicts of interest appears to be an area of primary concern, especially in the wake of the subprime crisis and concerns about conflicts at credit rating agencies. Meanwhile, respondents outside the United States were more critical of U.S. market integrity, rating overall ethical behavior of market participants and effectiveness of capital market systems 13 percent lower than did in-market respondents, at just 2.6.

Conflicts of interest appears to be an area of primary concern, especially in the wake of the subprime crisis and concerns about conflicts at credit rating agencies.

Conclusions

- The overall ranking of 2.9 that respondents assigned to market integrity signals the need for improvement primarily in the effectiveness of market systems, although a handful of market participant ratings could also use improvement. In a similar member survey conducted by the Centre in 2007, the overall trend was reversed: Respondents were much more positive about the effectiveness of market systems in the United States than they were about market participants. The four market systems looked at in both 2007 and 2008 (regulatory, legal protections, governance, and financial transparency) were all higher in 2007, with legal protections and financial transparency showing the biggest drop in respondent confidence.[5]

- Respondents generally rated the components of ethical behavior of financial professionals higher than they rated the components of the effectiveness of regulatory and investor protections. This result may reflect perceived weakness in regulations exposed by the subprime crisis.

- Based on ethics and integrity alone, 68 percent of in-market respondents were either very likely or likely to recommend investing in U.S. markets. Those outside the United States responded comparably, at 67 percent.

- Respondents provided open-ended comments in addition to their survey rankings that indicate conflicts of interest and questions about the adequacy of the country's current regulatory model are top areas of concern.

Based on ethics and integrity alone,

68%

of in-market respondents are likely to recommend investing in U.S. markets.

[3] A market's overall rating is composed of the 10 factors that make up the financial professionals rating and the 7 factors that make up the market systems rating. The final, overall rating for this market was created by taking the average rating or score from two sets of questions. The first question set contained 10 equally weighted components from a set of questions pertaining to investment professionals (i.e., market participants). The second question set contained 7 equally weighted components of questions pertaining to the effectiveness of capital market systems in ensuring market integrity. These two sets of questions were averaged as a set, and then each set carried equal weighting in the final determination of the FMI Index rating for this market.

[4] Final rating is based on in-market ratings.

[5] The CFA Institute Centre conducted a similar survey of the CFA Institute membership in 2007, but because the methodology and population sampling techniques were different, we will not make direct comparisons between the two years concerning specific questions; it is clear, however, that the overall sentiment of the survey participants in 2007 was markedly more upbeat than in 2008.

Key Findings

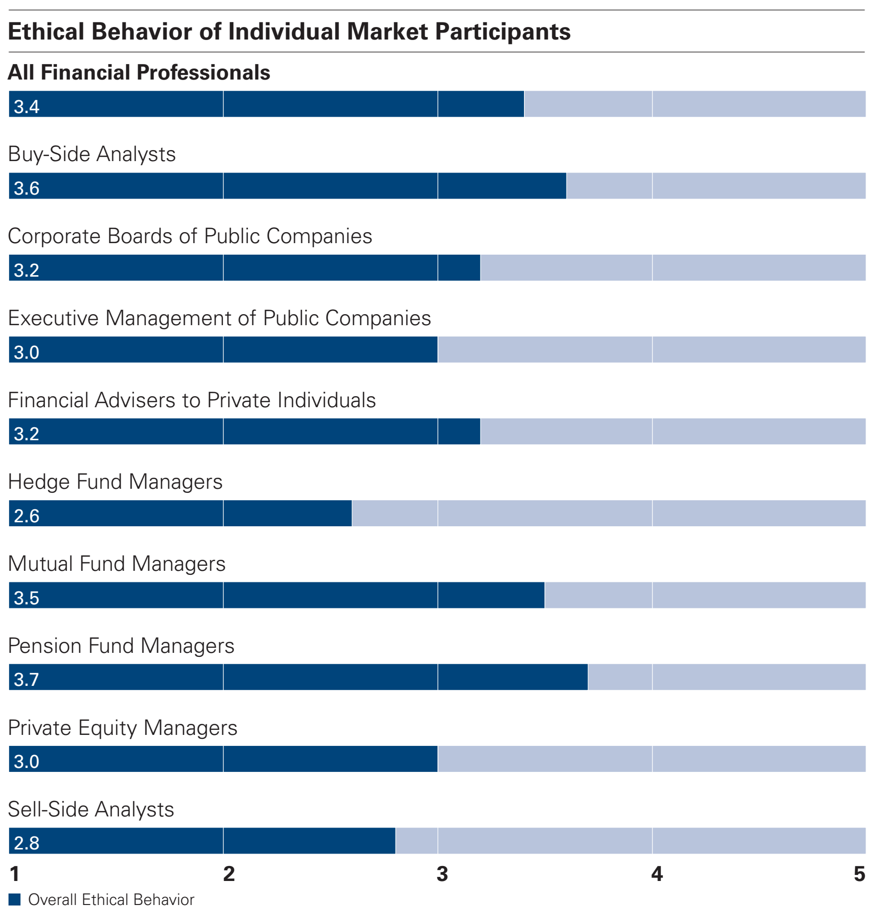
Ethical Behavior of Individuals

The first group of FMI Index questions asked respondents their opinions concerning the ethical behavior exhibited by various financial professionals—also referred to as "market participants"—in the market over the past year. All financial professionals, overall, received an above-average rating of 3.4. This rating is not simply an average of the nine ratings linked to the ethical behavior of specific professions but was asked separately as a control question. (The *average* of the ratings of the nine professions is 3.2.)

Of the nine professions listed in **Figure 3**, the ethical behavior of hedge fund managers rated lowest at 2.6 (although respondents who stated they work for a hedge fund rated hedge fund manag-

Figure 3

Respondents were asked to rate the ethical behavior of financial professionals as a whole, as well as the ethical behavior of specific financial professionals.



ers at 2.9) and pension fund managers received the highest marks at 3.7.

Respondents rated the integrity of pension fund managers, mutual fund managers, and buy-side analysts more highly than the control question of "all financial professionals." Private equity managers, executive management, sell-side analysts, and hedge fund managers all rated at or below a rating of 3.0 or "somewhat ethical." In particular, hedge fund managers continue to garner the lowest ranking among the professions in question, as was the case in the similar 2007 survey. Moreover, this profession holds the dubious distinction of being seen as least ethical in nearly all jurisdictions surveyed.

In the United States, a high proportion of CFA charterholders self-identify as being buy-side professionals, and 46 percent of survey respondents in the United States consider themselves buy-side professionals.[6] It is, therefore, important to note that buy-side respondents rated the buy-side analysts at 3.7. Sell-side analysts tended to concur with this relatively high rating; they rated the buy side at 3.6.

This minor difference is interesting to note when compared with the distinct difference in how each group rates sell-side analysts. Sell-side professionals gave their sell-side cohorts a rating of 3.2, yet their buy-side counterparts rated sell-side analysts at just 2.7. In the United States, 15 percent of those

[6]Please see demographic data at the end of this Report for more details about this survey.

Ethical Behavior of Individuals
(continued)

who answered this survey considered themselves sell-side professionals.

When given the opportunity to provide open-ended comments on issues or behaviors that they thought need to be addressed, respondents most often noted challenges related to conflicts of interest. Of the more than 350 comments respondents provided concerning the U.S. markets, nearly 15 percent addressed conflicts of interest. The topic of conflicts of interest was not specifically addressed in the survey, so it is particularly interesting that respondents cited this issue more than any other as a primary ethical consideration and concern without being prompted by the survey. This indicates a significant level of concern.

> *"In spite of many attempts at all types of regulation, obvious conflicts remain between investors and issuing corporations as well as most financial intermediaries."*
>
> — Survey Respondent

“*The interests of management and the shareholders of companies are not very well aligned. We have seen management engage in risky endeavors for quick personal payoffs without consideration to the long-term effects on shareholder wealth or…value of the organizations.*

— Survey Respondent”

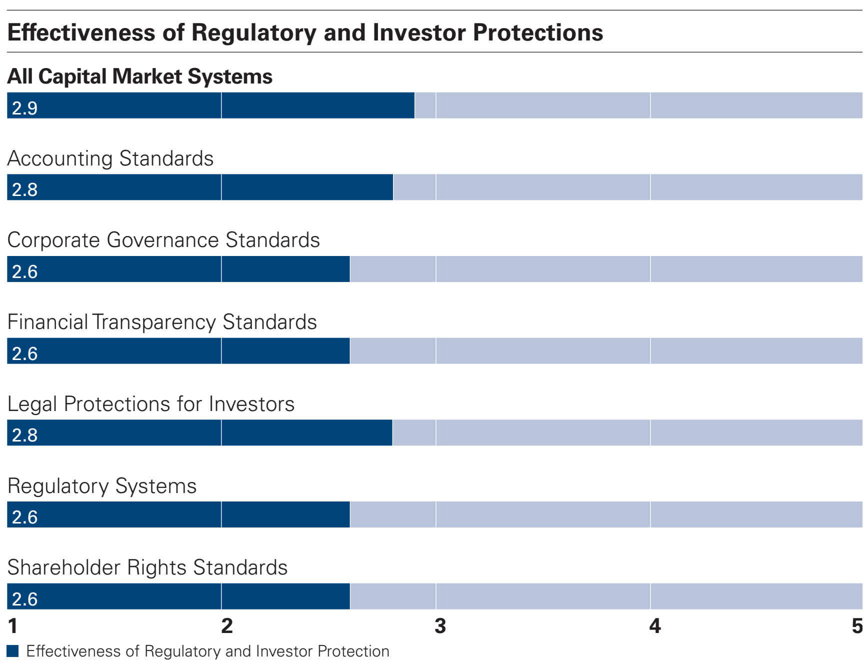
Effectiveness of Regulatory and Investor Protections

The second group of FMI Index questions asked the respondents their opinion concerning the effectiveness of regulatory and investor protections in the market (referred to as market systems) over the past year. In the control question seeking ratings of all capital market systems, this group of investor protections received a less-than-adequate rating of 2.9. This control question rating differed little from the *average* rating of 2.7 earned by the group, so in this instance, the control question does a suitable job of aggregating the ratings of the other market systems. It will be interesting to note how such a relationship holds, or does not hold, in the future.

It is troubling to note that each of the six individual market systems was ranked below a rating of 3.0, which itself is only an adequate rating (see **Figure 4**).

Regulatory systems is, by far, the topic related to investor protection that received the most comments from respondents. Fifty respondents commented on the state of regulation

Figure 4
Respondents were asked to rate the overall effectiveness of capital market systems as a whole, as well as the effectiveness of specific systems and standards.



> *"There is way too much check list regulation, as opposed to regulation designed to really instill ethical attitudes. In the end, the system needs to actually reward good behavior. Right now, the reward for good behavior is the same as not getting caught for bad behavior. In both cases, you keep your job."*
>
> — Survey Respondent

Effectiveness of Regulatory and Investor Protections
(continued)

in the United States, most of whom saw the current system as inadequate because of a lack of resources or ineffective enforcement.

A number of CFA charterholders also expressed concern about the state of transparency in the U.S. financial market. These concerns did not focus on just one type of transparency; rather, they addressed a number of different issues—financial transparency, a lack of transparency in executive compensation, a desire for more transparency about derivatives positions, and others. This broad range of comments concerning transparency in the U.S. markets may be a reflection of the turmoil and disruption being experienced because of the subprime crisis and the many actual/perceived ethical lapses and regulatory shortfalls contributing to that crisis. Respondents may believe that more and better information is one way to ensure that such problems are not repeated in the future.

Respondents also were asked two subquestions about capital market systems that were distinct from the final financial market integrity rating of 2.9 for the United States. These questions were designed to further illuminate some of the reasoning behind the individual scores given to the various market system components. The first subquestion asked about the effectiveness of capital market regulation policies themselves. Specifically, we sought respondents' perceptions on whether the regulations and investor protections available in the market represent industry standard or best

> *"Financial firms are still not very transparent, especially banks."*
>
> — Survey Respondent

practice and if implemented correctly, whether those market systems would offer a solid framework for investor rights. Respondents rated these regulations and policies as "good" by assigning an average rating of 3.0 out of 5.0.

The second subquestion focused on the effectiveness of implementation or enforcement of such regulations and policies. Respondents showed less confidence in effective enforcement of existing regulations and policies than they did in the adequacy and level of regulation and policies themselves. In 2007 and 2008, much has been written and discussed about the lack of enforcement of existing rules and procedures relating to accounting, corporate disclosures, securities regulation, and market manipulation in the context of the subprime crisis. It is little wonder that weak performance of regulatory agencies and enforcement of existing rules continue to be a concern in the U.S. markets; respondents rate the enforcement process in the United States 2.7 out of 5.0.

"*[There is a] lack of transparency regarding financial products, especially financially engineered 'structured' products.*

— Survey Respondent"

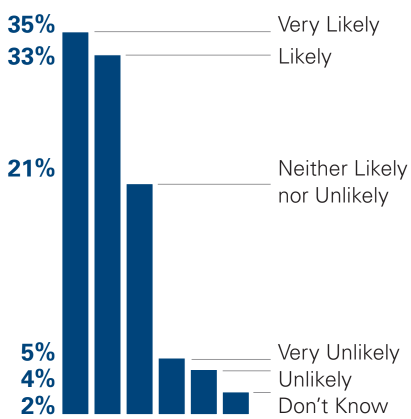
Willingness to Invest in the United States

With the subprime fallout in the United States and its subsequent effect on the U.S. economy, it is understandable that respondents gave the U.S. market a weak overall rating and a below-average rating for its market systems. Under normal market conditions, we might expect these rankings to be significantly higher on the five-point scale.

In particular, a number of scores seem lower than expected considering that the U.S. market arguably offers investors some of the world's strongest regulatory, enforcement, governance, and legal protections. Considering current market circumstances, investors may have lost confidence in the policies and enforcement procedures that are meant to ensure fair dealing in the capital markets. This raises the interesting question of whether bear markets or financial crises call into question the quality of, or expose weaknesses in, existing regulation that might otherwise go unnoticed in stable or bull markets. Are respondents' concerns about ethical lapses or regulatory weaknesses simply caused by the negative attention on troubled markets, or are those weaknesses real? Our FMI Index data will help assess these questions over time.

Figure 5

Likelihood of in-market respondents to recommend investing in the United States based solely on the ethical behavior of market participants and the effectiveness of capital market systems.



Based Solely on Ethical Behavior and Capital Market Systems, Would You Recommend Investing in the United States?

It is interesting to note, however, that despite this lower confidence in the effectiveness of systems, and to a lesser extent the behavior of individuals in the United States, investment professionals' willingness to recommend investing in the U.S. market has not yet significantly declined. To test the connection between confidence in market participants and systems and the willingness to invest in the United States, we asked respondents about their willingness to recommend investing in the U.S. markets based solely on the ethical behavior of financial professionals and the effectiveness of capital market systems. The results demonstrated in **Figure 5** allow us to compare respondents' willingness to invest against the ratings they assigned to the integrity of the market participants and systems in the United States.

Nearly 70 percent of respondents said either they were likely or very likely to make such a recommendation (67 percent of respondents outside the United States were likely or very likely to make such a recommendation). If we assume those views were based only on the two factors—ethical behavior and the effectiveness of capital market systems—in ensuring market integrity, it appears that the willingness to invest in the U.S. market is affected little. Only about 9 percent of respondents in the United States said they were unlikely or very unlikely to invest based on the same criteria.

Although not unexpected, these responses may be viewed as a slight disconnect. One obvious explanation is that although respondents fear the current turmoil and see a need for improvement in the ethical behavior of individuals and in the effectiveness of certain capital market control systems, these issues are not serious enough by themselves to prevent investment in what is generally considered to be the most liquid, stable, and diverse market in the world. Put more simply, respondents may believe that financial professionals in the United States need to behave better and policymakers need to make improvements to capital market systems, but despite that, exposure to U.S. markets remains an imperative for both domestic and global portfolios. Respondents remain confident about putting their capital into U.S. markets

> *“I do believe a large majority of corporate executives and financial professionals do exhibit honest and trustworthy behavior. Still, as a society, we have room for improvement.”*
>
> — Survey Respondent

Other Key Survey Considerations

In-Market vs. Out-of-Market Perceptions

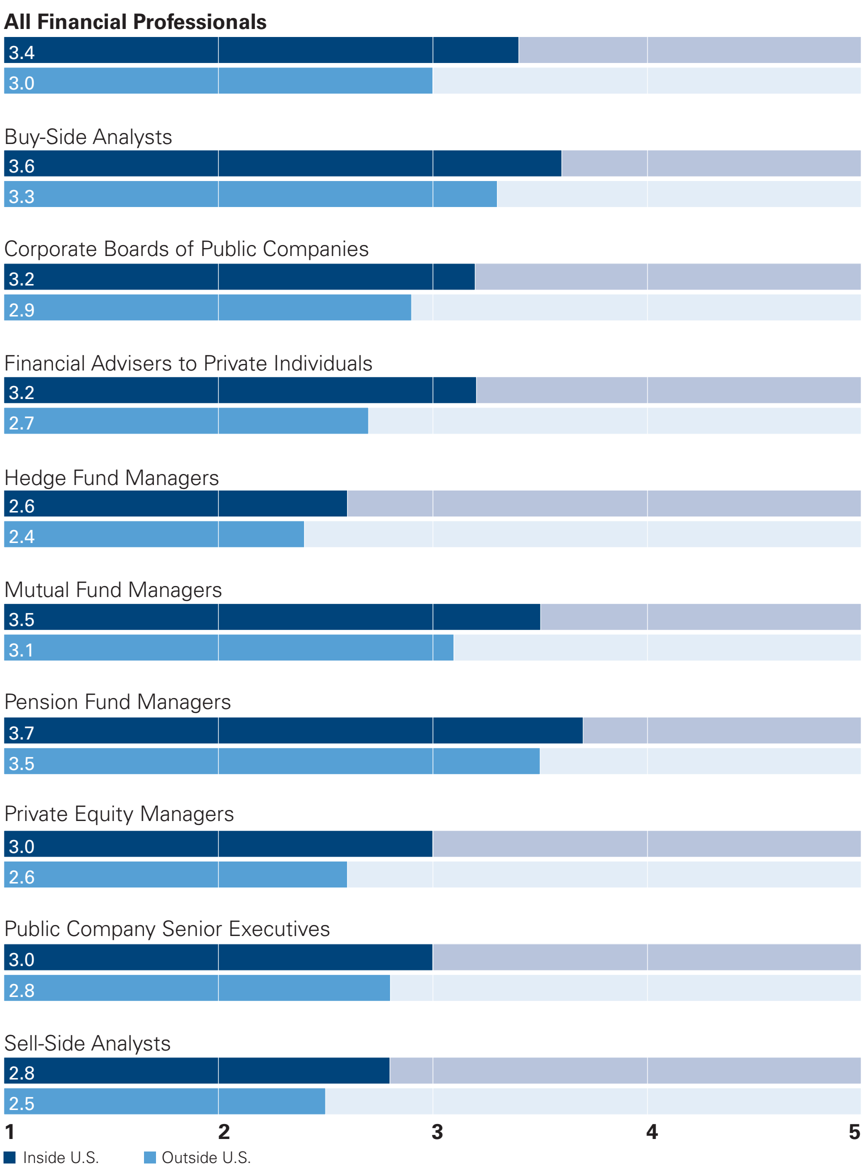
For purposes of this FMI Index, charterholders from five other markets we surveyed (Canada, Hong Kong, Japan, Switzerland, and the United Kingdom) were given the opportunity to rate and comment on both their own and the U.S. market. (Survey respondents were given the option to skip questions pertaining to any market about which they did not think they were knowledgeable.)

In the United States, respondents tended to rate the integrity of market participants higher than did respondents from outside the United States. Conversely, those outside the United States appear to have more faith in U.S. market systems to ensure market integrity than do their peers in the United States. Those in the United States may tend to have more confidence in the ability of individual practitioners to promote market integrity than they do in the ability of market systems to reform quickly in order to have such an impact. However, because of the limited data points in this time series (only one year's results), it is unclear if this is the case; trends in the movement of the FMI Index in future years may further indicate whether such a relationship truly exists.

Two categories dealing with money management responsibilities—financial advisers and mutual fund managers—showed the greatest difference in rankings between respondents in the United States and those outside the market. In addition to the rating for the control question about "all financial professionals," charterholders in the United States rated these professionals nearly half a point higher than did respondents outside the United States. This may represent a distinctly lower level of confidence in U.S. financial advisers and mutual fund managers by professionals in other markets. Data from FMI surveys in future years will confirm whether or not such a relationship is a true trend or simply a short-term blip in this year's data.

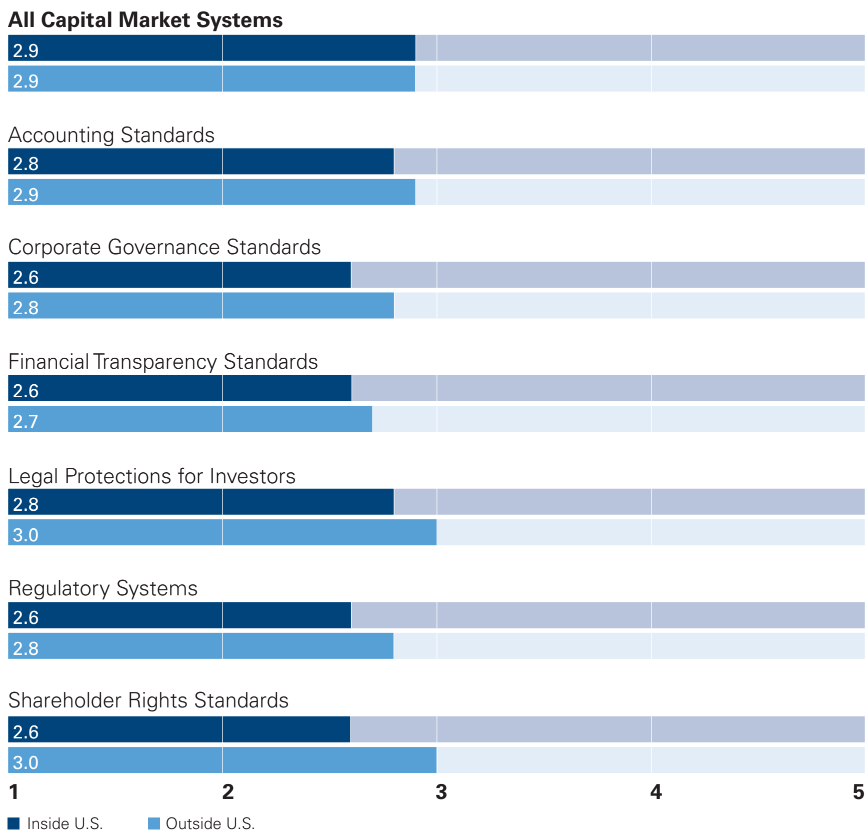
Ethical Behavior of Individual Market Participants

Figure 6



In-Market vs. Out-of-Market Perceptions
(continued)

Figure 7 **Effectiveness of Regulatory and Investor Protections**



In contrast to the in-market versus out-of-market comparison in **Figure 6** concerning the ethical behavior of individual market participants, **Figure 7** reveals that outside respondents appeared to be slightly more positive about the effectiveness of market systems in the United States than were in-market respondents. Charter-holders from outside the United States consistently rated each individual market system slightly higher than did in-market respondents.

An interesting result worth noting here is that the in- and out-of-market ratings assigned to shareholder rights in the U.S. market exhibited a material difference (0.4 points or greater).

Comments of Survey Respondents

More than 600 charterholders offered comments to expand on their opinions about the current state of financial market integrity in the United States. Respondents were given opportunities in connection with several of the survey questions to provide written comments about their thoughts and concerns. In particular, additional comments were solicited in the survey section concerning individual market participants and again after questions concerning market systems. At the completion of the survey, respondents also were asked what additional or specific issues investors should be concerned about and for any other comments.

More than 360 substantive comments were received; those responding with "no answer" or "nothing to add" types of remarks were excluded.

The various responses were examined and then categorized based on the main concern of each comment (e.g., corporate governance, transparency, fraud). The key areas of comment and the topics raised most often are highlighted in **Figure 8**. In instances where an individual raised more than one concern, we identified the primary concern for this Report and noted any secondary or tertiary concerns, although these do not appear in Figure 8.

Figure 8

Survey respondents commented most about advisers, conflicts of interest, regulations/regulatory systems, and transparency.

Issues Raised Most Frequently

Advisers	**24** comments
Conflicts of Interest	**54** comments
Regulation/Regulatory System	**50** comments
Transparency	**29** comments

Conflicts of Interest

The most prominent and consistent comment from respondents arose in response to the section asking for further issues of concern for investors. In particular, we received 54 comments that voiced concerns over conflicts of interest in the U.S. market, 47 of which indicated that such conflicts of interest are main issues of concern.

These concerns about conflicts were not concentrated on any one group of financial professionals or capital market regulations or systems. Rather, they reflect a broad concern among respondents that conflicts of interest need to be addressed more thoroughly in the U.S. market.

Regulation

We received 50 separate comments having to do with regulation or the current state of regulation in the United States. Although these comments are generally short on specific recommendations for regulatory reform, the main thrust of these comments was that the current regulatory system in the United States, broadly speaking, is inadequate because of a lack of resources or inadequate enforcement.

It is also clear that a number of the comments suggest concerns about conflicts and regulation that are, once again, a reflection of the ongoing turmoil and government response to the credit crisis.

It is important to note that in addition to the many concerns raised, there were some positive comments about the state of regulation. Many noted that for all its problems, the U.S. regulatory system is still one of the most highly regarded around the world for the level and extent of protections it offers investors.

> “*It is appalling that so much effort is placed on bailing out and adding more regulations for organizations and individuals that tried to take advantage of a free lunch and now don’t think they should bear the consequences. We need to enforce the regulations we have and hold people and organizations accountable for their failings.*”
>
> — Survey Respondent

Comments of Survey Respondents
(continued)

Transparency

We received nearly 30 comments concerning transparency of disclosures and financial information in the U.S. markets, with a number of these overlapping with specific comments on accounting systems (14 comments). The concerns about transparency were not generally focused on any particular market regulation or group of market participants. However, the tenor of these comments reflects on the disclosures expected of corporate issuers and investment advisers. Transparency issues included concerns over a lack of disclosure about conflicts of interest, sources of executive compensation, fees charged to investors/clients, and the level of risk to investors. Not surprisingly, a lack of transparency in the derivatives and structured products markets was raised as a concern.

> "*Conflict of interest issues, which are rampant within financial services and flow down to individual investors through financial advisers, need to be more transparent in marketing collateral and disclosures.*"
>
> — Survey Respondent

Financial Advisers

Although financial advisers as a group received a rating above the mid-point rating of 3.0, nearly 25 respondents expressed concerns about this important group of financial services providers. Again, conflicts of interest and adequate risk disclosure predominated.

> *"Financial advisers to private individuals need to ensure clients understand and agree with risks of investments and align their interests with their clients'."*
>
> — Survey Respondent

Demographics

The following figures indicate some of the key demographic information about the respondent base (please see complete methodology report at www.cfainstitute.org/centre for further details). It is interesting to note that of the overall group of respondents, a large number indicated that they were working or employed in some capacity other than one of the practitioner categories identified in the survey.

Respondent Profiles for U.S. Market

Buy/Sell Side

In Market (426 respondents)		Out of Market (286 respondents)
46%	Buy Side	48%
15%	Sell Side	14%
6%	Both	8%
34%	Neither	29%
0%	Decline to Answer/Not Sure	0%

Client Asset Base

In Market (426 respondents)		Out of Market (286 respondents)
29%	Institutional Entities	30%
28%	Private Individuals	31%
10%	Equal Institutional and Private Clients	9%
32%	Not Involved in Asset Management	31%
0%	Unknown	0%

Institutional Asset Client Type

In Market (426 respondents)		Out of Market (286 respondents)
7%	Bank/Investment Bank	7%
5%	Endowment/Foundation	0%
2%	External Corporation	0%
1%	Government/Municipal Entity	2%
4%	Hedge Fund	2%
4%	Insurance Company	3%
0%	Internal Corporation/Proprietary	1%
6%	Mutual Fund/Investment Company	6%
7%	Pension Fund	14%
0%	Private Equity Fund	1%
3%	Other	1%
32%	Not Involved in Asset Management	31%
28%	Private Individuals	31%
0%	Unknown/Decline to Answer/Not Sure	0%

Respondent Profiles for U.S. Market (continued)

Assets Under Management

In Market (426 respondents)		Out of Market (286 respondents)
4%	Less than US$250 Million	5%
5%	US$250 Million to Less than US$1 Billion	3%
6%	US$1 Billion to Less than US$5 Billion	5%
8%	US$5 Billion to Less than US$20 Billion	3%
3%	US$20 Billion to Less than US$50 Billion	3%
6%	US$50 Billion to Less than US$250 Billion	11%
5%	More than US$250 Billion	5%
4%	Not Applicable	3%
60%	Unknown/Decline to Answer	62%

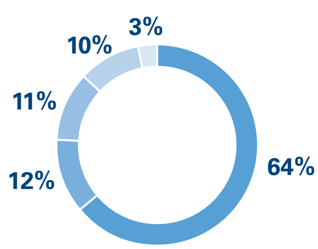
Years in the Investment Industry

In Market (426 respondents)		Out of Market (286 respondents)
11%	5 Years or Less	8%
45%	6 to 15 Years	57%
35%	16 to 30 Years	30%
9%	Over 31 Years	5%
0%	Unknown/None	0%

Overview of Out-of-Market Respondents

Market

64%	Canada
12%	Hong Kong
11%	United Kingdom
10%	Switzerland
3%	Japan



*May not add to 100% because of rounding.

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