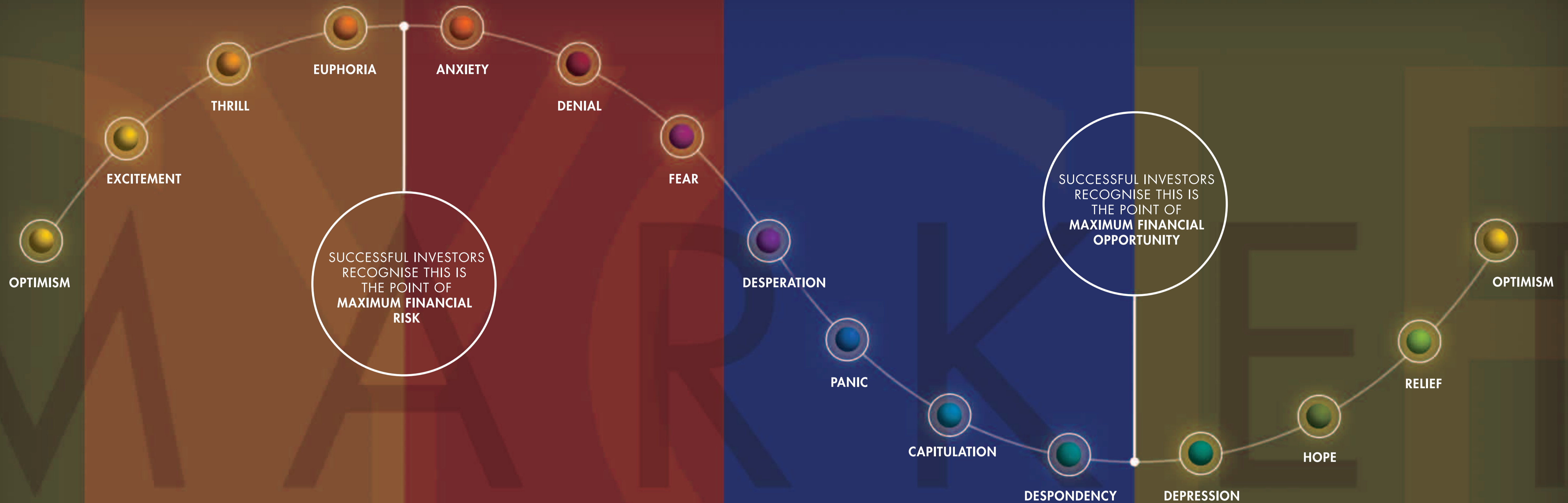


THE CYCLE OF MARKET EMOTIONS



	EXCITEMENT	THRILL	EUPHORIA	ANXIETY	DENIAL	FEAR	DESPERATION	PANIC	CAPITULATION	DESPONDENCY	DEPRESSION	HOPE	RELIEF	OPTIMISM
MARKET CYCLE 1	+31%	NOVEMBER 1971 – JANUARY 1973 Inflationary pressures. Productivity improvements. Rapid corporate earnings growth. Introduction of paperless technology.		-20%	JANUARY 1973 – NOVEMBER 1973 OPEC Oil crisis-crude oil prices tripled. Inflation. Credit squeeze. Property company failures.		-37%	MARCH 1974 – NOVEMBER 1974 Global recession. Extended bear market.		+46%	DECEMBER 1974 – JUNE 1975 Sharemarket recovery despite recession.			
MARKET CYCLE 2	+115%	JULY 1986 – SEPTEMBER 1987 Credit boom. Strong world economic growth.		-9%	SEPTEMBER 1987 – OCTOBER 1987 Irrational shareholder sentiment. Peak of overinflated share price values compared with historical PE's.		-44%	OCTOBER 1987 – NOVEMBER 1987 1987 Global stock market crash.		+48%	NOVEMBER 1987 – AUGUST 1988 Sharemarket recovery on basis of value hunters buying good quality stocks cheaply.			
MARKET CYCLE 3	+142%	APRIL 1997 – SEPTEMBER 2000 Tech boom. Investor exuberance. Emergence of "new economy" sectors.		-29%	NOVEMBER 2000 – SEPTEMBER 2001 Tech wreck. September 11 Terrorists Attacks.		-38%	MARCH 2002 – FEBRUARY 2003 Reduced global economic growth forecasts. Extended bear market. Corporate accounting scandals.		+56%	MARCH 2003 – AUGUST 2006 Geopolitical uncertainty; refocus on world economic fundamentals; rising interest rates and oil prices.			



RUSSELL INVESTMENT GROUP