



CAMBRIDGE ASSOCIATES LLC

CAMBRIDGE ASSOCIATES RESEARCH REPORT

The Eye of the Storm

After the Bear Stearns' rescue in March 2008, many commentators thought the worst was over, believing equity markets were beginning a "bottoming phase" and arguing that markets would soon push higher. In this paper we outlined the factors that led us to identify the current calm in the markets as "the eye of the storm," with the hurricane of deleveraging far from over.

Our advice to clients included the following:

- Stay defensive.
- Rebalance wisely.
- Reassess the level of risk in the portfolio.
- Examine the portfolio to make sure the proper hedges are in place.
- Keep a modest amount of dry powder.
- Go slow in implementing distressed strategies.

Full report available only to clients of Cambridge Associates.

