

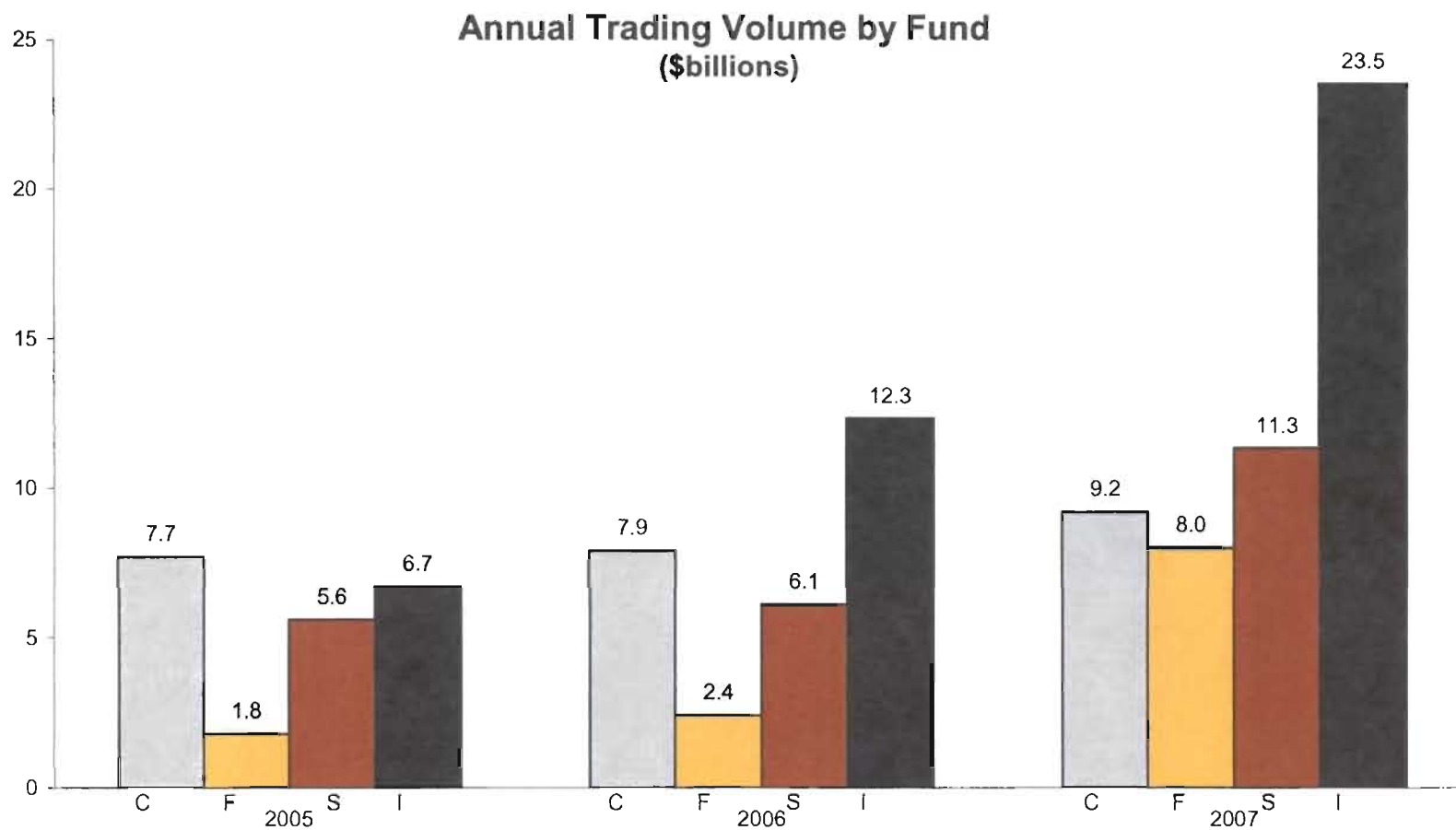


# **FRTIB Frequent Trading**

**November 19, 2007**

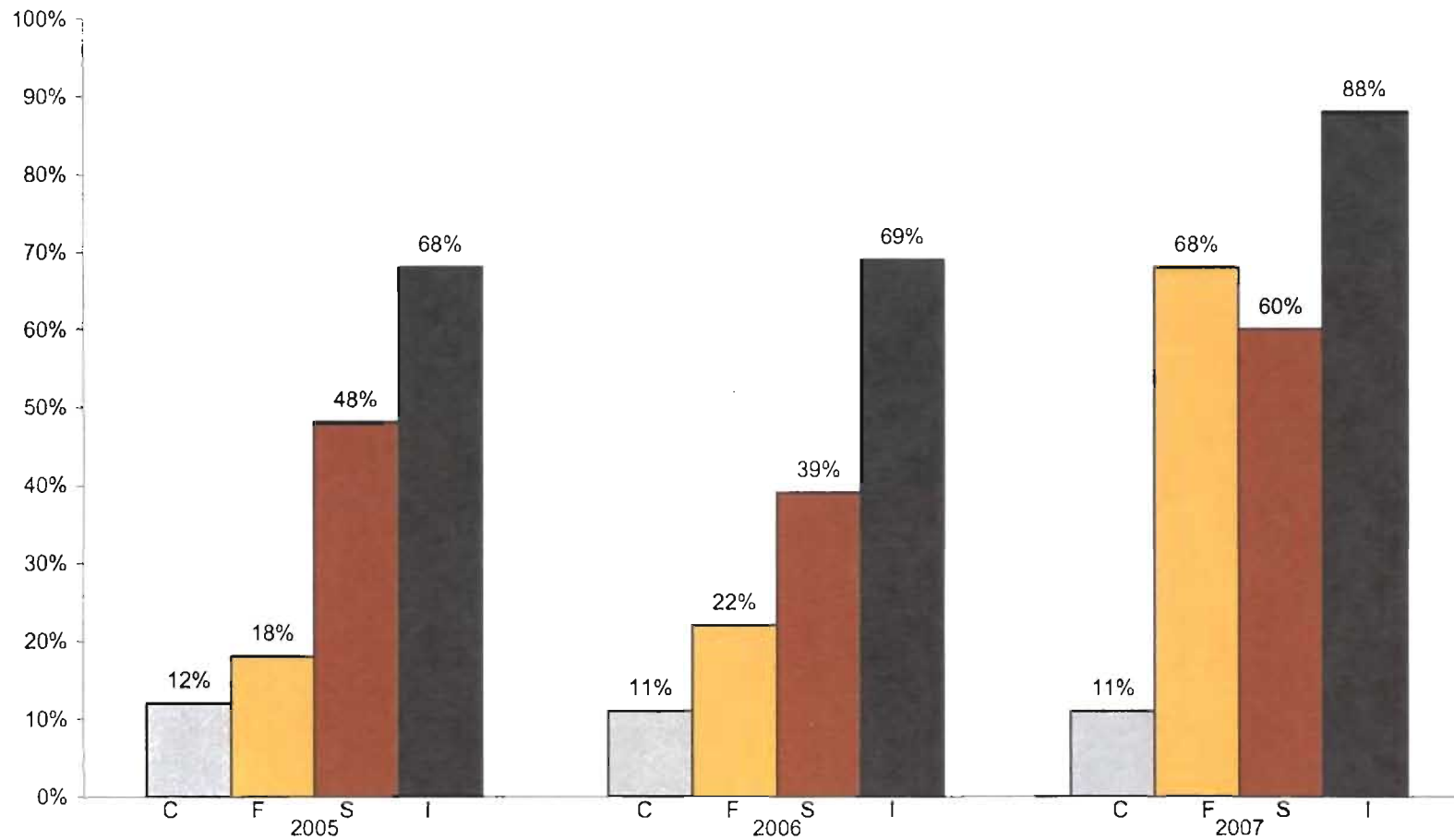
**By: Tracey A. Ray**  
**Chief Investment Officer**

# Trading volume in the C, F, S, and I Funds has grown substantially...

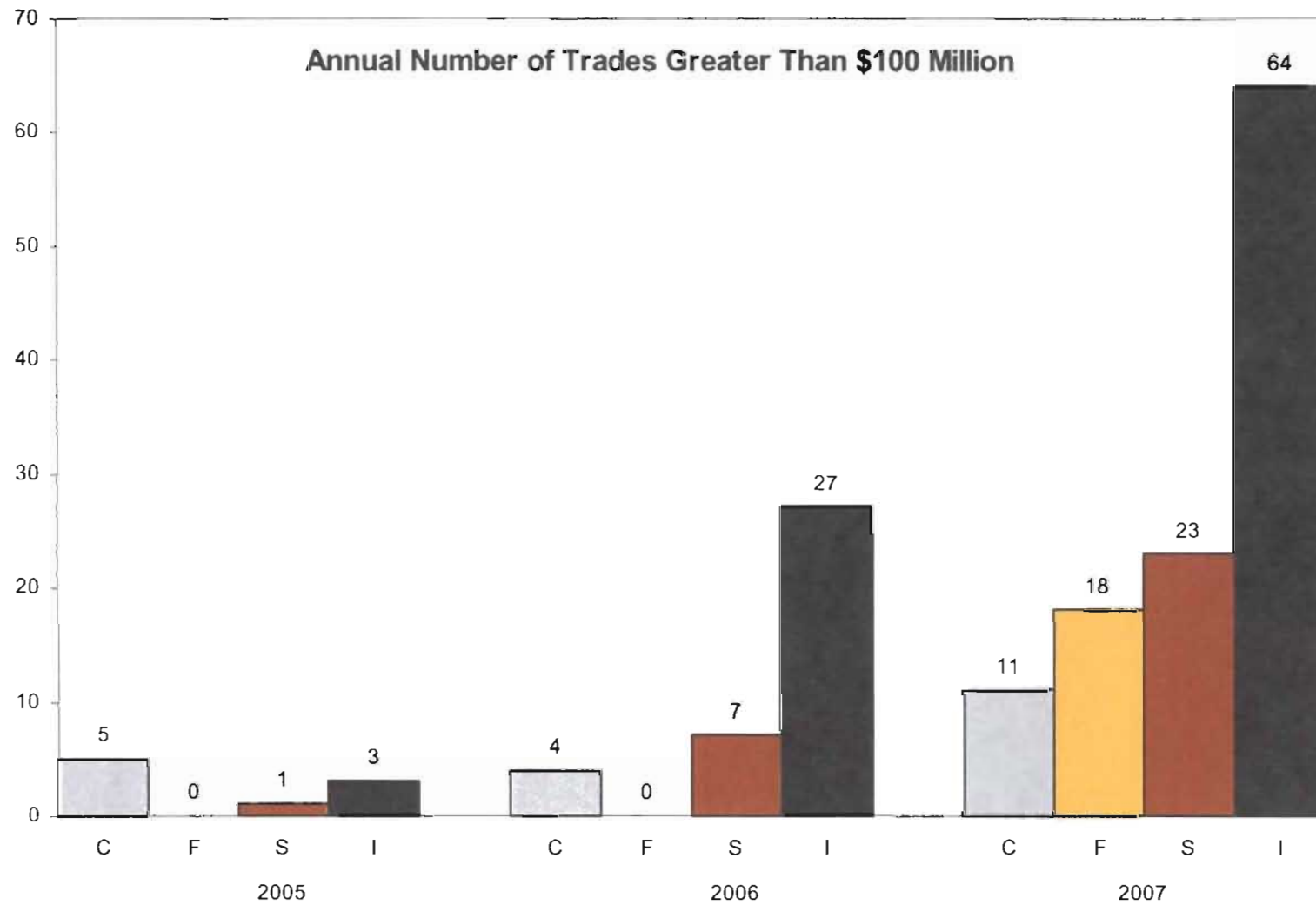


...and has expanded disproportionately to market value.

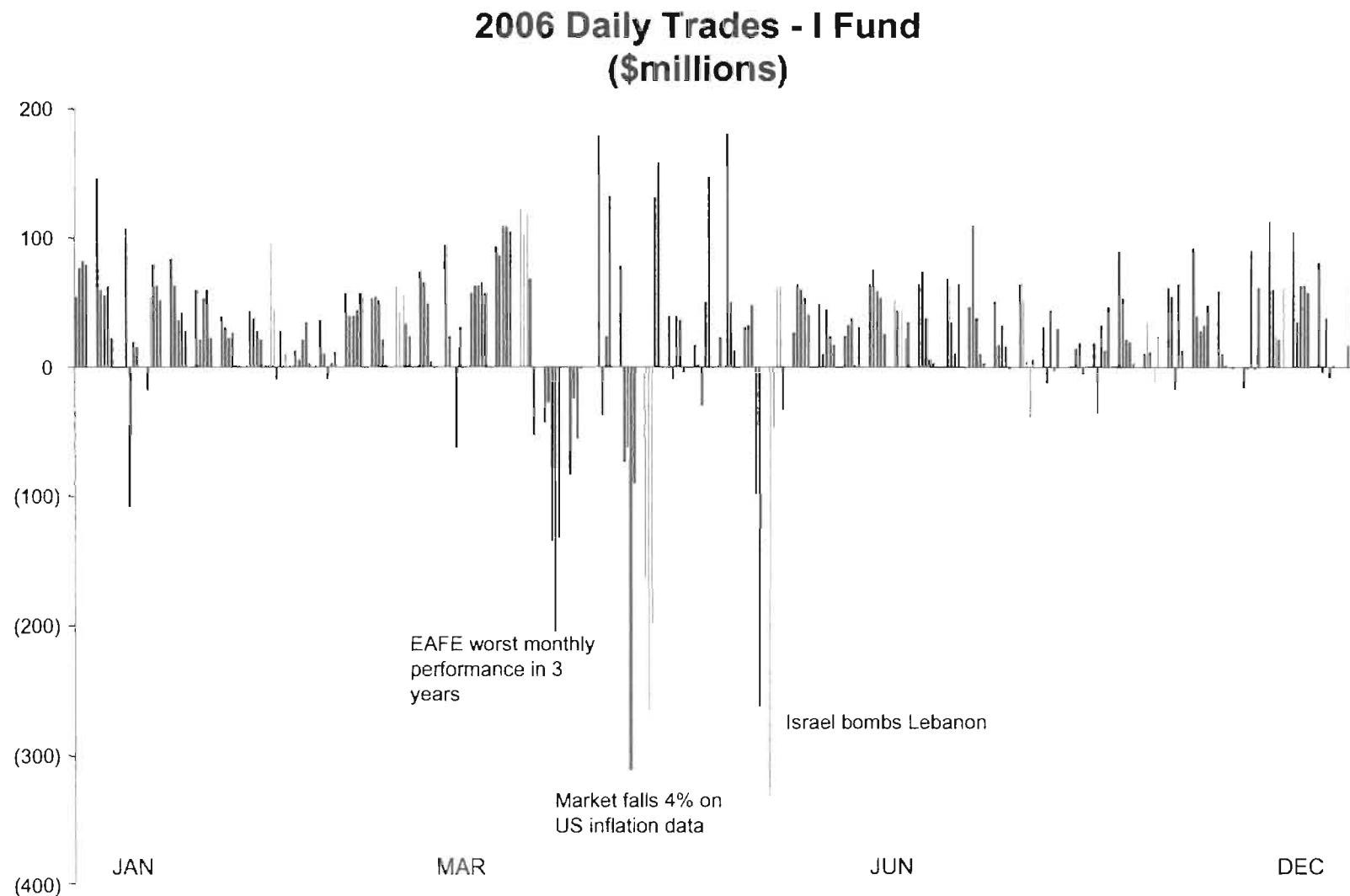
Trade Volume as a Percent of Average Market Value



## The number of large trades is also growing.

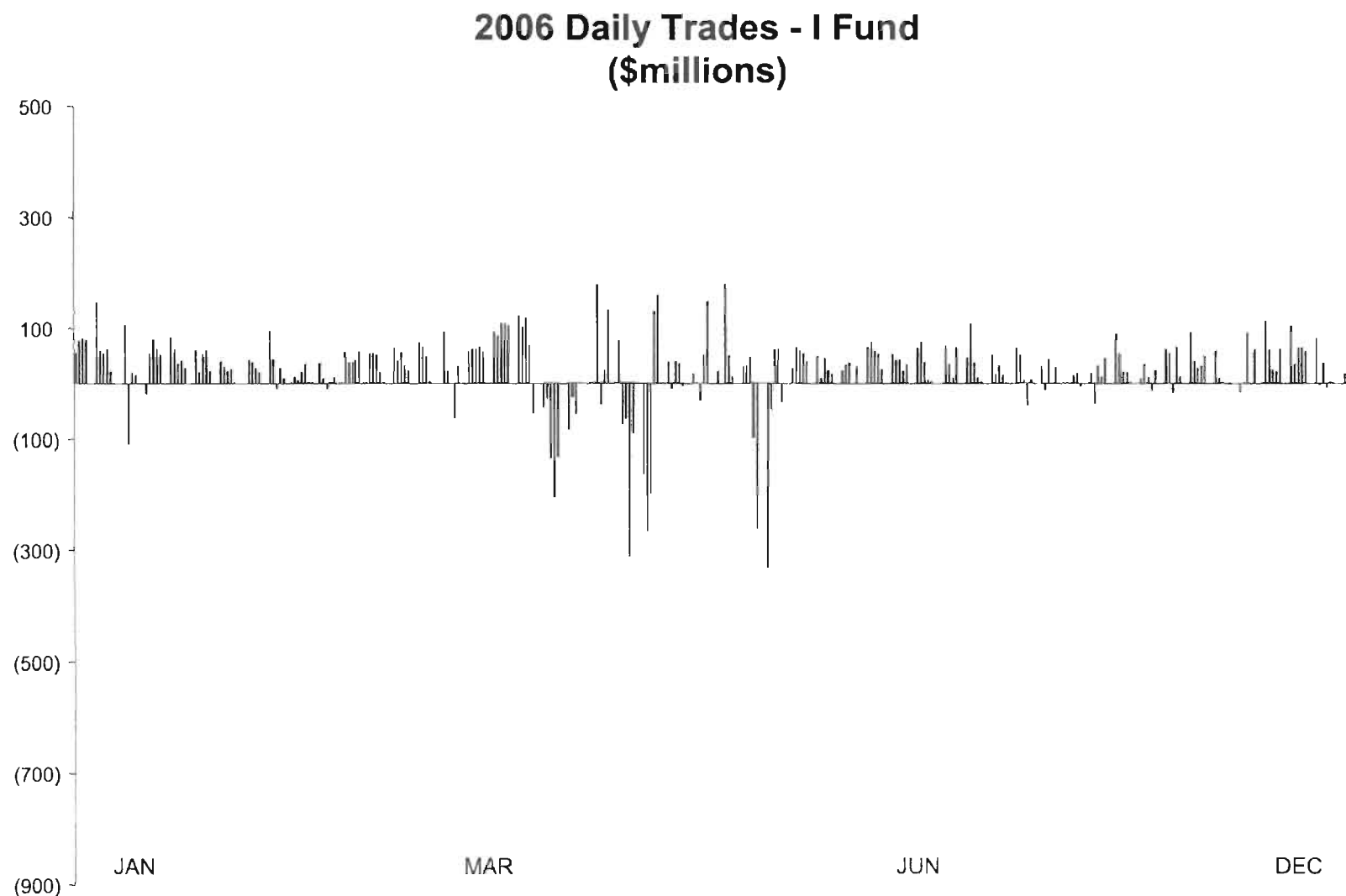


# Trading patterns have changed from steady accumulation, with periods of selling in times of distress...

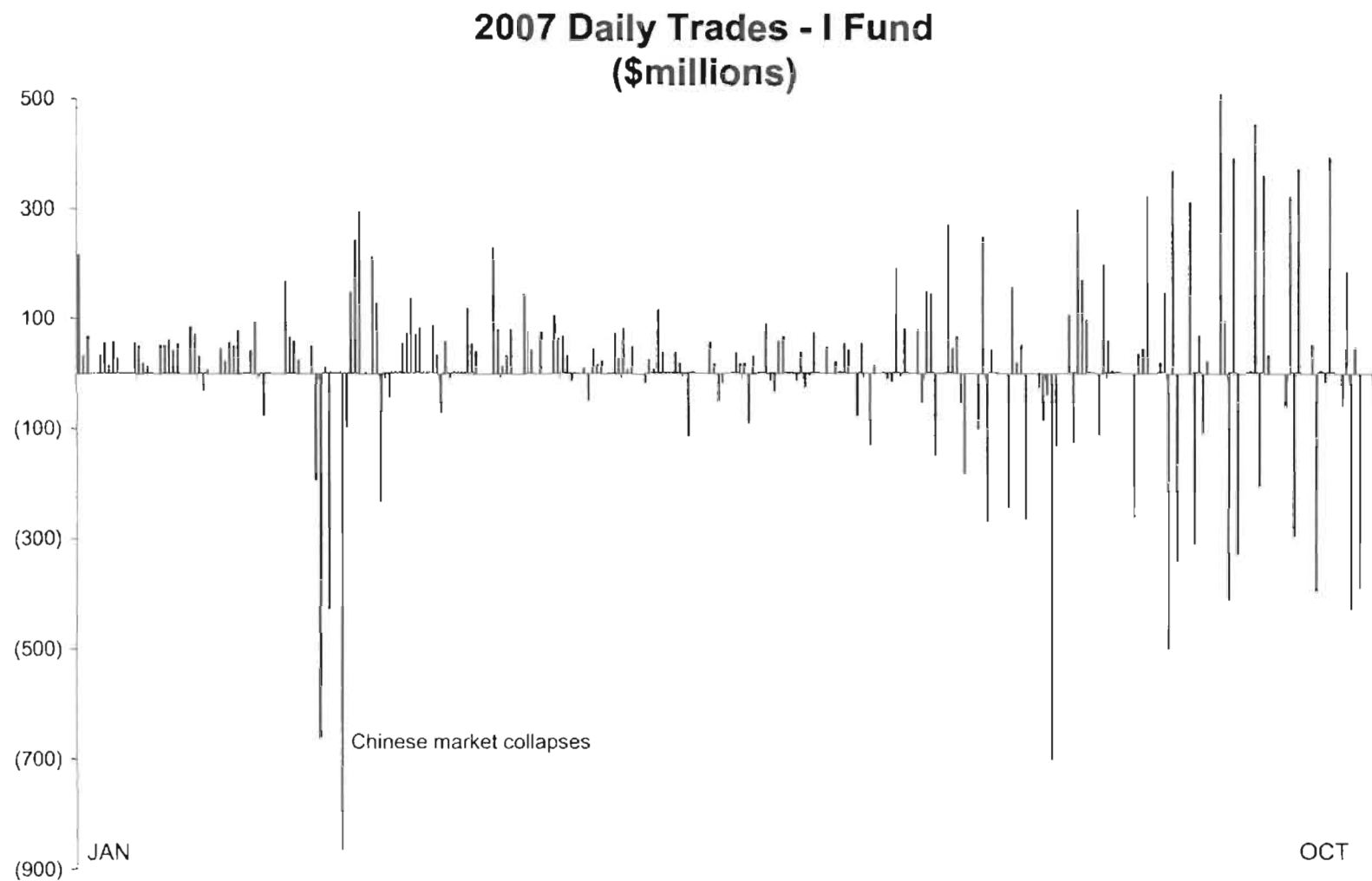




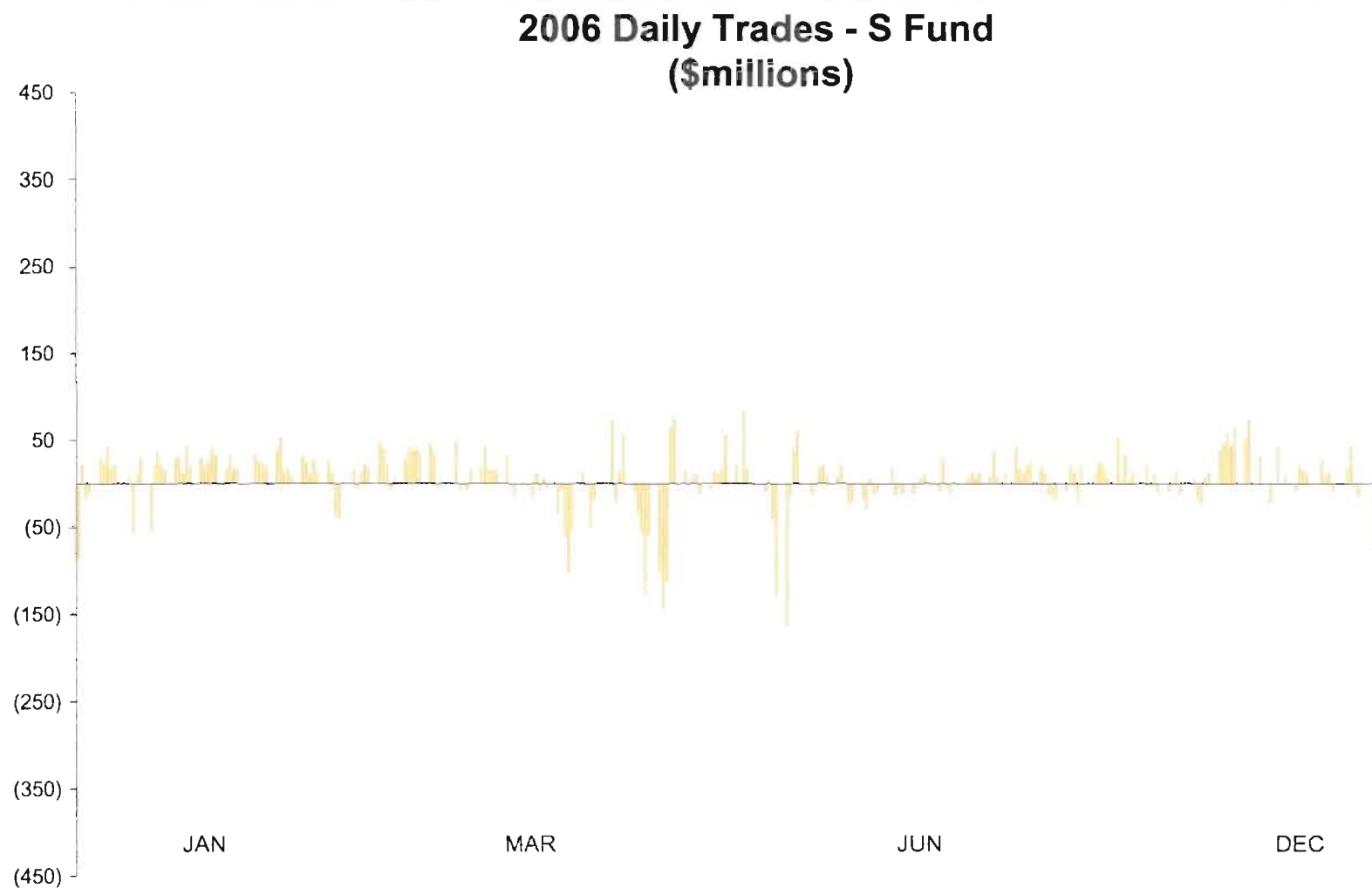
# Trading patterns have changed from steady accumulation, with periods of selling in times of distress...



...to rapid fire buying and selling.

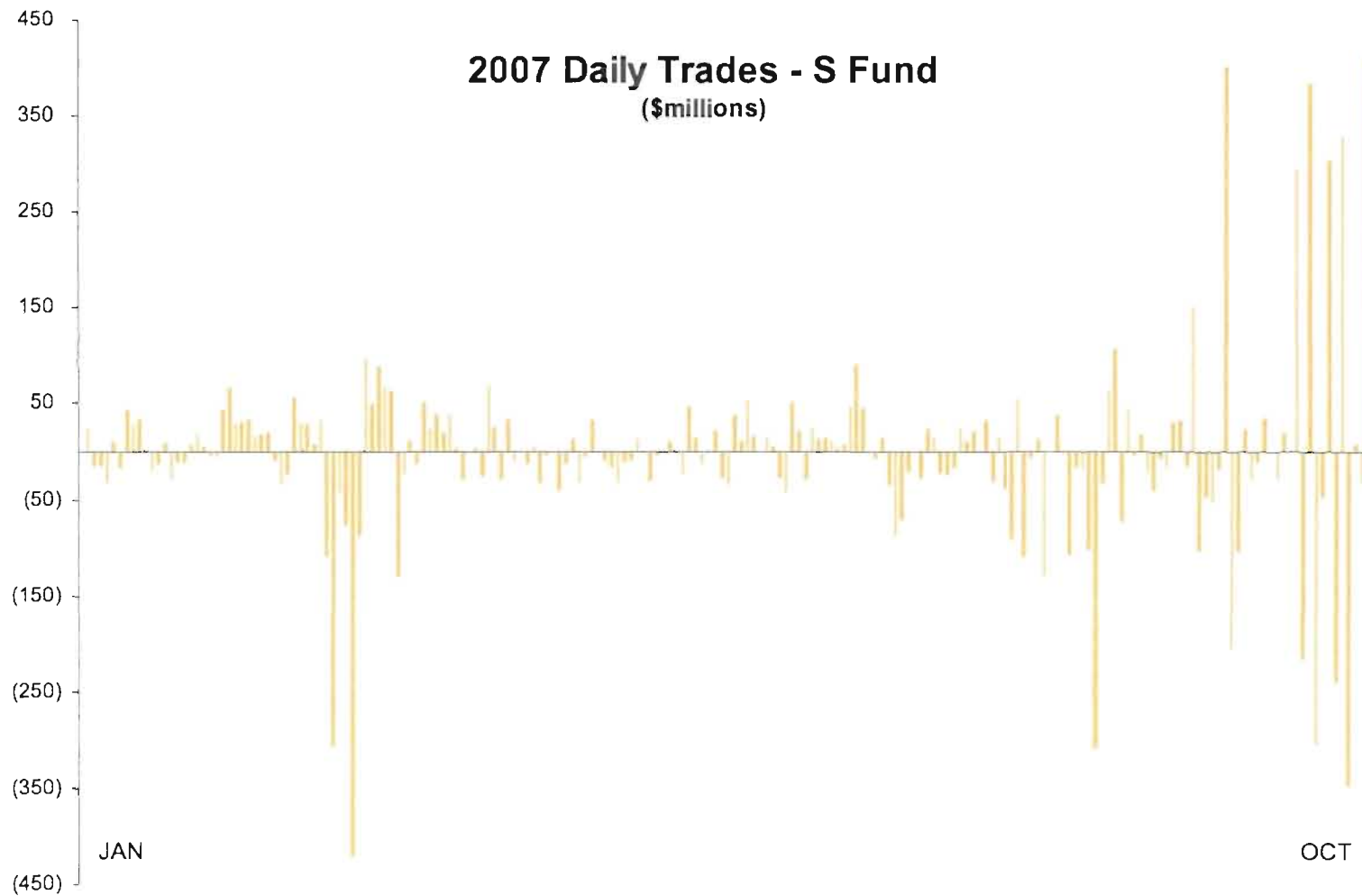


**The same pattern is evident in the S fund,  
steady accumulation...**

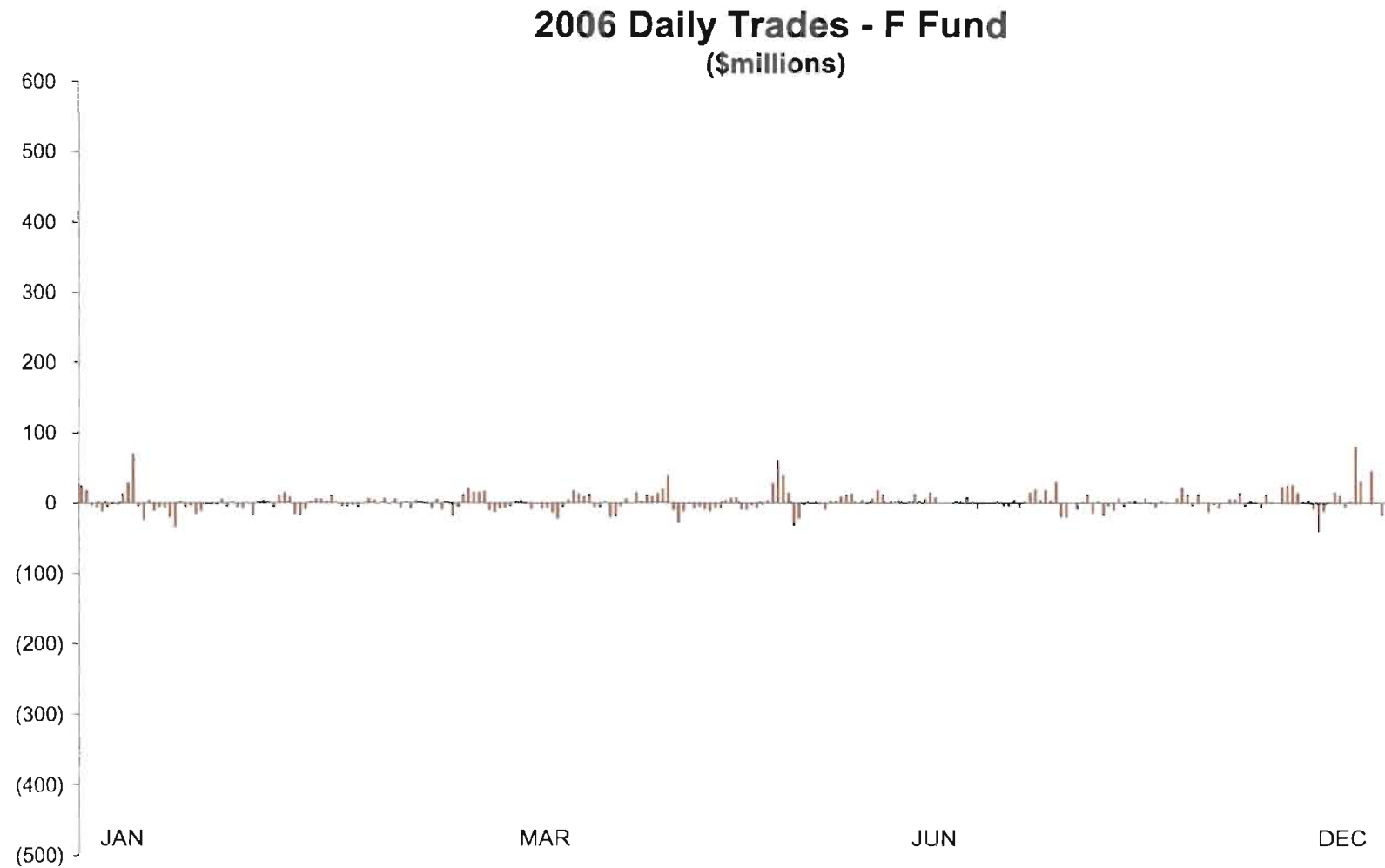




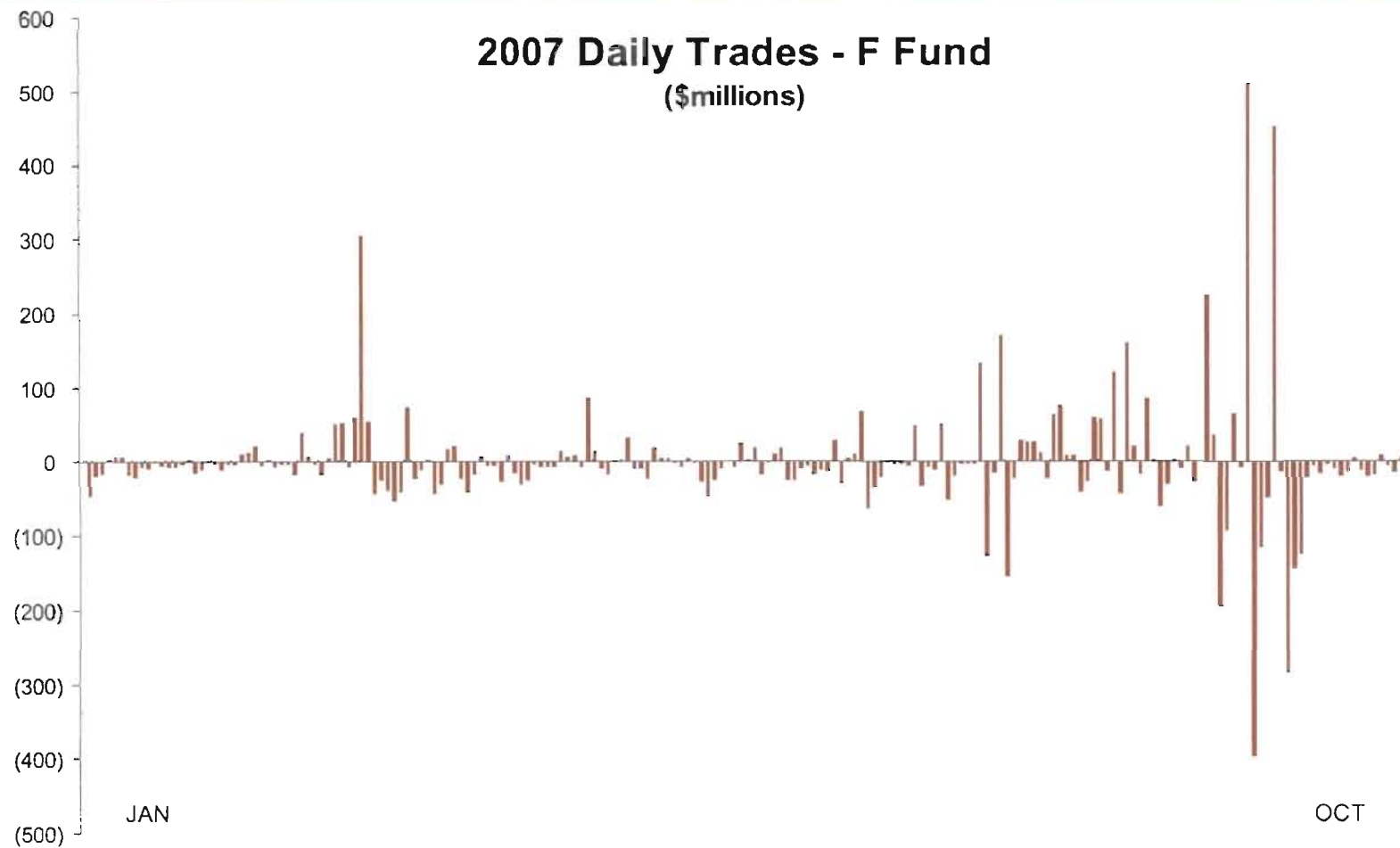
...giving way to excessive buying and selling.



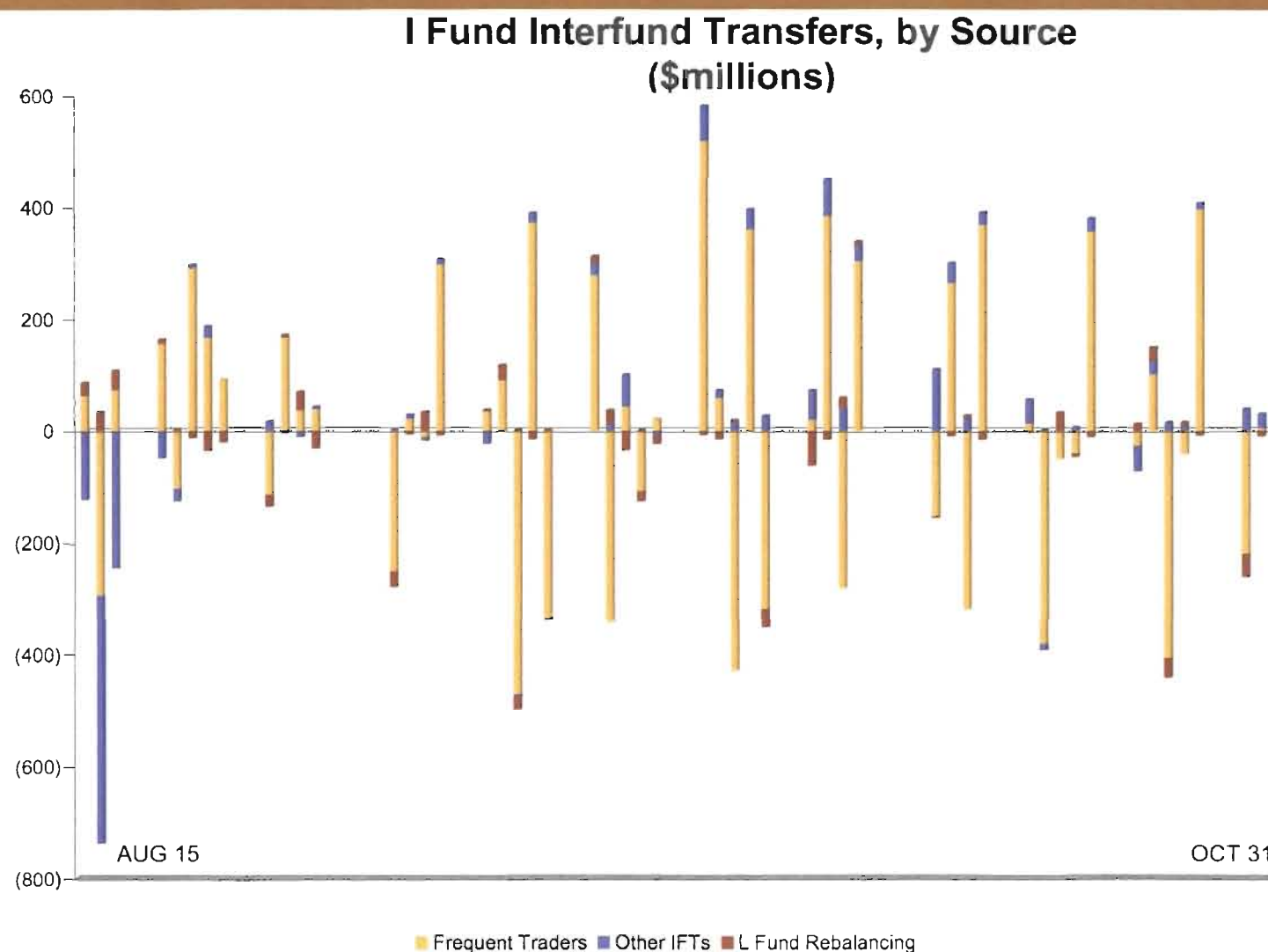
## And in the F Fund, 2006...



...and 2007.



# Examining the composition of the daily trade activity in the I Fund shows the predominance of the market timers.



## An Example of the Market Timing Activity...

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- On October 19, \$371 million was transferred into the I Fund
- On October 24, three business days later, \$391 million was transferred out of the I Fund
- 2,018 participants who redeemed on 10/24 had purchased on 10/19
- The dollar amount attributable to those traders was \$295 million
- 323 of these participants traded \$250,000 or more
- In the previous 60 days, these 323 traders completed 5,804 exchanges of the I Fund for a total trade amount of \$1.9 billion

