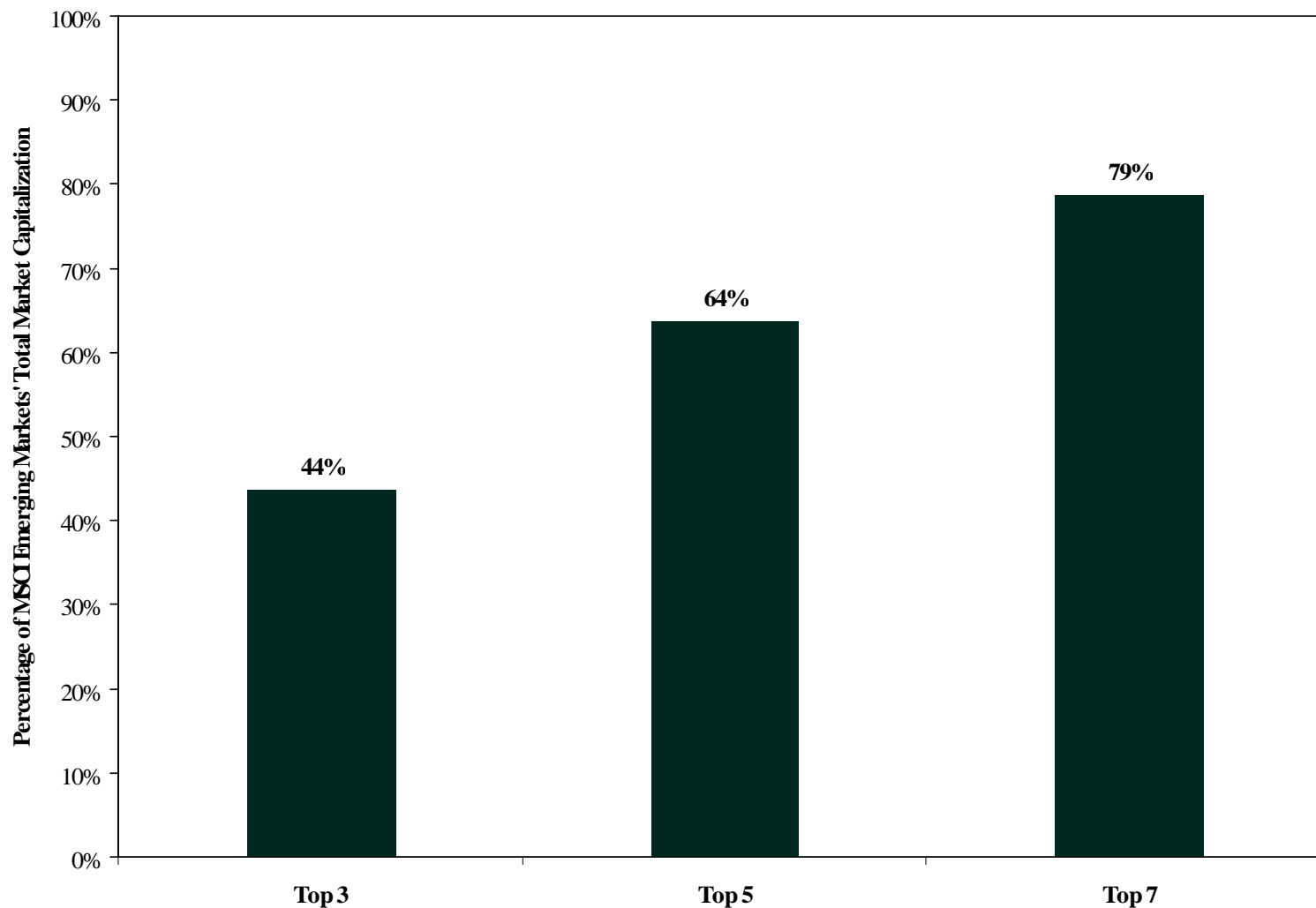


EMERGING MARKETS

COUNTRY CONCENTRATION: A FEW COUNTRIES MAKE THE MARKET

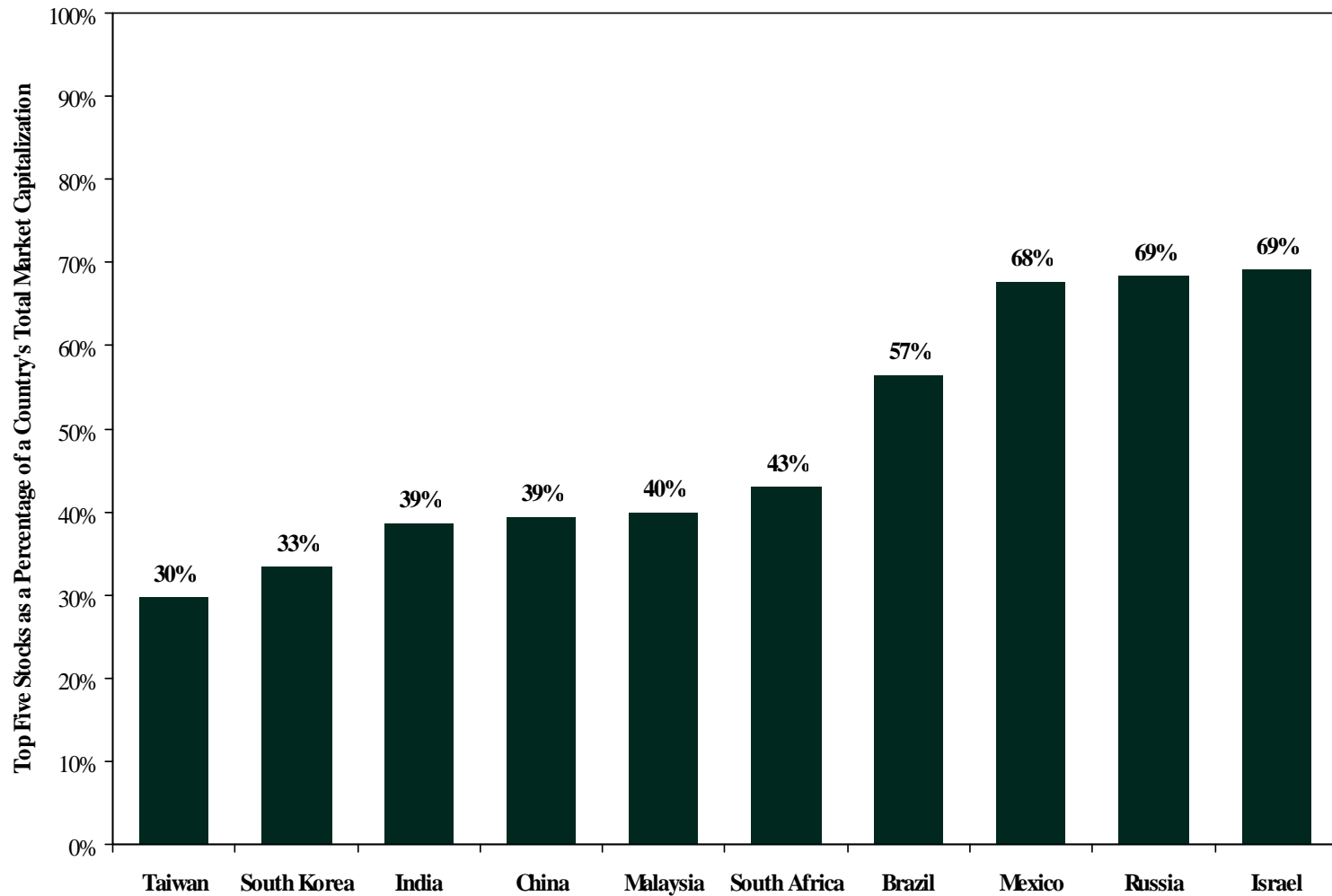


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Sum of the largest three, largest five and largest seven MSCI Emerging Markets index constituent countries by free float adjusted market capitalization as a percentage of total MSCI Emerging Markets index capitalization. As of 12/31/2007. Sources: Morgan Stanley Capital International & Thomson Financial Datastream.

EMERGING MARKETS

STOCK CONCENTRATION: FIVE STOCKS MAKE A COUNTRY



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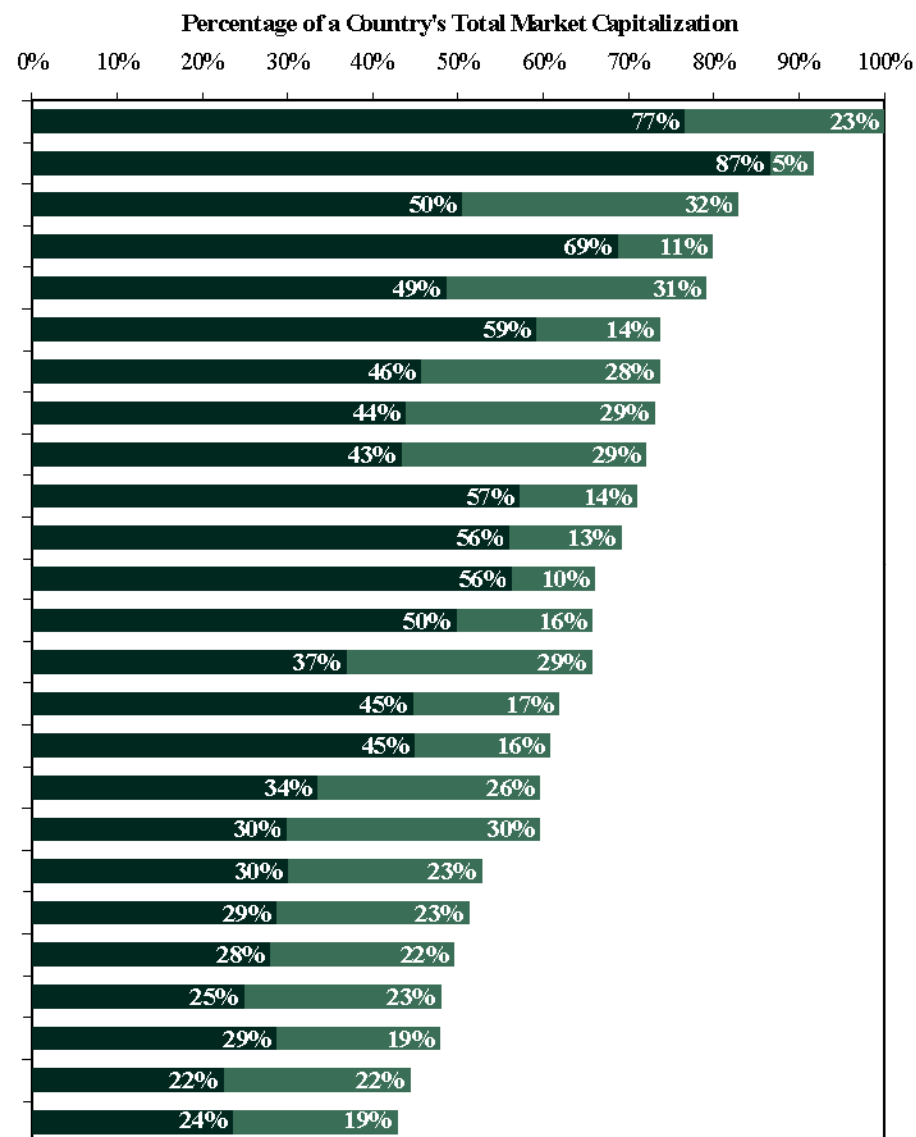
Sum of the largest five stocks within a given MSCI Emerging Markets index country by free float adjusted market capitalization. As of 12/31/2007. Sources: Morgan Stanley Capital International & Thomson Financial Datastream.

EMERGING MARKETS

SECTOR CONCENTRATION: A FEW SECTORS MAKE THE COUNTRY

MSCI EM Country: Largest Sector / Second Largest Sector

Peru: Materials / Financials
Jordan: Financials / Utilities
Pakistan: Financials / Energy
Argentina: Energy / Telecom Services
Hungary: Financials / Energy
Taiwan: Information Technology / Materials
Philippines: Financials / Telecom Services
Thailand: Energy / Financials
Colombia: Financials / Materials
Russia: Energy / Telecom Services
Czech Republic: Utilities / Financials
Turkey: Financials / Telecom Services
Poland: Financials / Energy
Egypt: Telecom Services / Industrials
Mexico: Telecom Services / Materials
Israel: Health Care / Financials
Morocco: Telecom Services / Financials
Brazil: Materials / Energy
Malaysia: Financials / Industrials
South Africa: Materials / Financials
China: Financials / Telecom Services
Chile: Industrials / Utilities
India: Financials / Energy
Indonesia: Financials / Telecom Services
South Korea: Industrials / Financials



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Largest two sectors of MSCI Emerging Markets index constituent countries by free float adjusted market capitalization. As of 12/31/2007. Sources: Morgan Stanley Capital International & Thomson Financial Datastream.

SECTOR ALLOCATION

MSCI EMERGING MARKETS VS. MSCI WORLD

Sector	Relative Weight	MSCI EM	MSCI World
Materials	7.1%	15.0%	7.3%
Energy	7.2%	17.7	10.5
Telecom Services	7.0%	11.9	4.9
Information Technology	-0.2%	10.3	10.5
Utilities	-1.2%	3.5	4.7
Financials	-1.6%	21.3	22.9
Industrials	-2.3%	9.1	11.4
Consumer Staples	-4.4%	4.5	8.9
Consumer Discretionary	-4.9%	5.0	9.9
Health Care	-7.4%	1.7	9.1

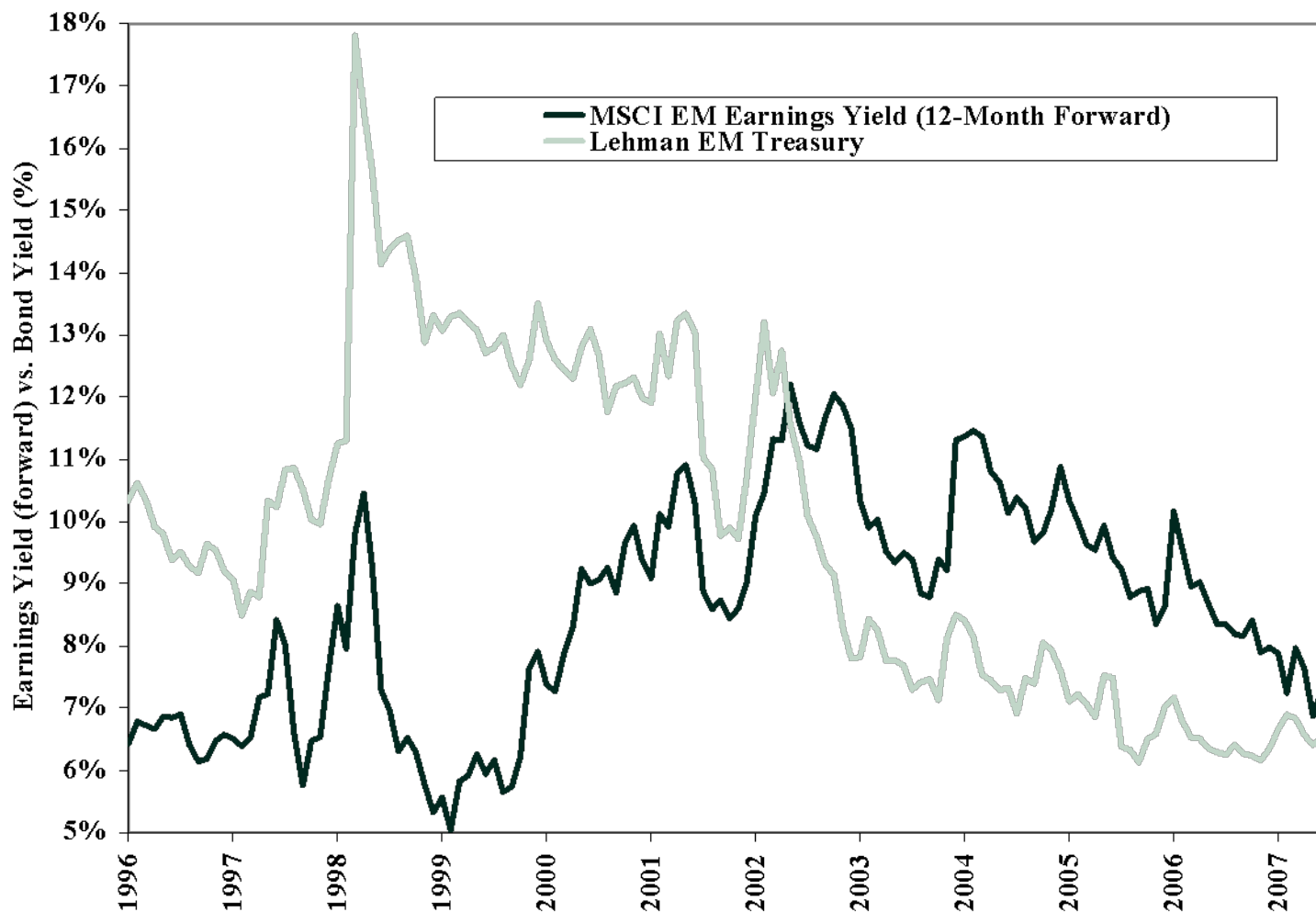
EQUITY EARNINGS YIELDS & MARKET RETURNS

EQUITY EARNINGS YIELDS

- “Earnings Yields” can be created by inverting P/E to E/P, or earnings-to-price ratio
- E/P assigns equities a value formatted similarly to other financial instruments like bonds and cash

<u>P/E</u>	→	<u>E/P</u>	=	<u>EY%</u>
33		1/33		3.0%
25		1/25		4.0%
20		1/20		5.0%
15		1/15		6.7%
10		1/10		10.0%
7		1/7		14.3%
5		1/5		20.0%

EMERGING MARKETS BOND YIELD VS. EARNINGS YIELD



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As of 12/31/2007. Datastream. Earnings Yield = Forward earnings-to-price ratio (E/P) of the MSCI Emerging Markets index. Bond Yield = Lehman EM World International Issue. Source: Thomson Financial

EMERGING MARKETS BOND YIELD VS. EARNINGS YIELD

	10 Year Gov't Bond Yield	Earnings Yield (Est 2008)	Yield Spread : Earnings Yield - Bond Yield
Poland	5.90%	9.45%	3.55%
Czech Republic	4.76%	8.29%	3.53%
Taiwan	4.82%	8.09%	3.27%
S. Korea	5.77%	8.05%	2.28%
Brazil	5.70%	7.86%	2.16%
Mexico	5.42%	6.95%	1.53%
Hungary	7.10%	8.29%	1.19%
South Africa	8.39%	8.14%	-0.25%
China	4.43%	3.80%	-0.63%
India	7.79%	4.79%	-3.00%
Indonesia	9.87%	6.08%	-3.78%