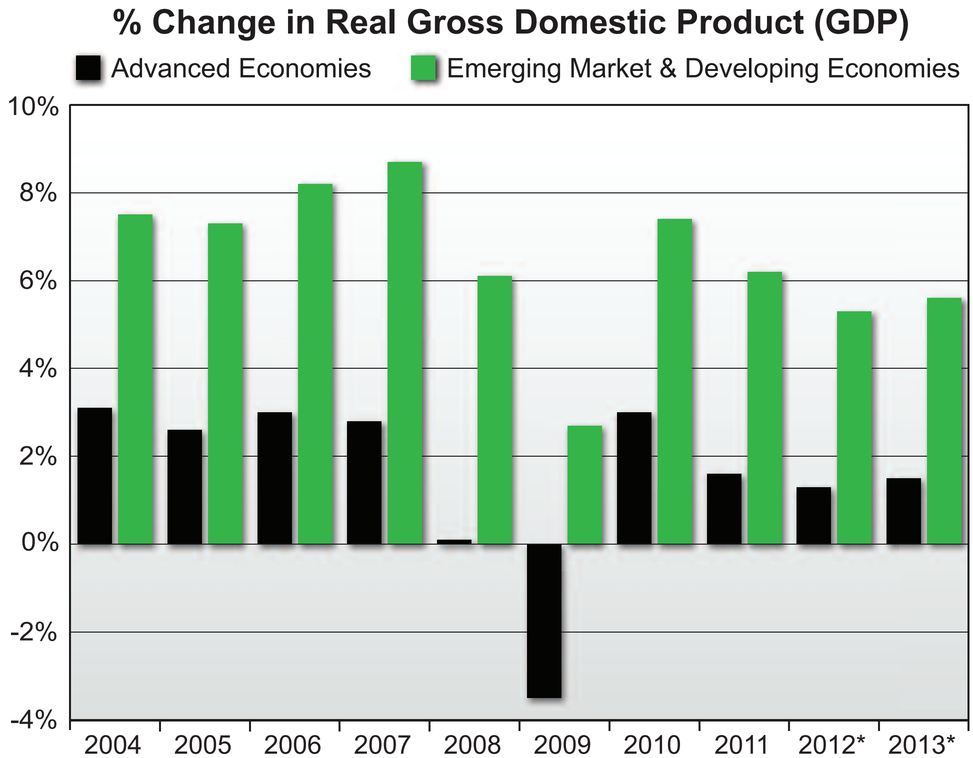
It's Not Even Close!



*Source: International Monetary Fund. *2012 and 2013 figures are estimates.*

View from the Observation Deck

1. Like it or not, we now live in a globalized marketplace, and the pace of GDP growth is clearly more robust in the emerging market/developing nations (see chart).
2. Advanced economies, also referred to as developed nations, include the U.S., Euro Area, Japan and others.
3. From 2004-2011, the average GDP growth rate for emerging market/developing nations was 6.8%, compared to 1.6% for developed nations. That is a 4.25-to-1 advantage.
4. From 1994-2003, the average GDP growth rate for emerging market/developing nations was 4.4%, compared to 2.8% for developed nations. Only a 1.57-to-1 advantage.
5. In 2013, the International Monetary Fund (IMF) estimates that emerging market/developing nations will enjoy a 3.73-to-1 advantage.
6. The IMF also estimates that emerging market/developing nations will account for 50% of global GDP for the first time ever in 2013.
7. The old philosophy of U.S. investors allocating a 5% or 10% weighting to foreign stocks in an attempt to boost returns and temper risk is no longer adequate, in our opinion.
8. We believe investors should consider allocating more capital to foreign markets, including emerging markets equities.
9. From 2004-2011 (see point #3), the MSCI Emerging Markets Index posted an annualized gain of 12.1% (USD), compared to 3.6% for the S&P 500, according to Bloomberg.

This chart is for illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. The S&P 500 is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.

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