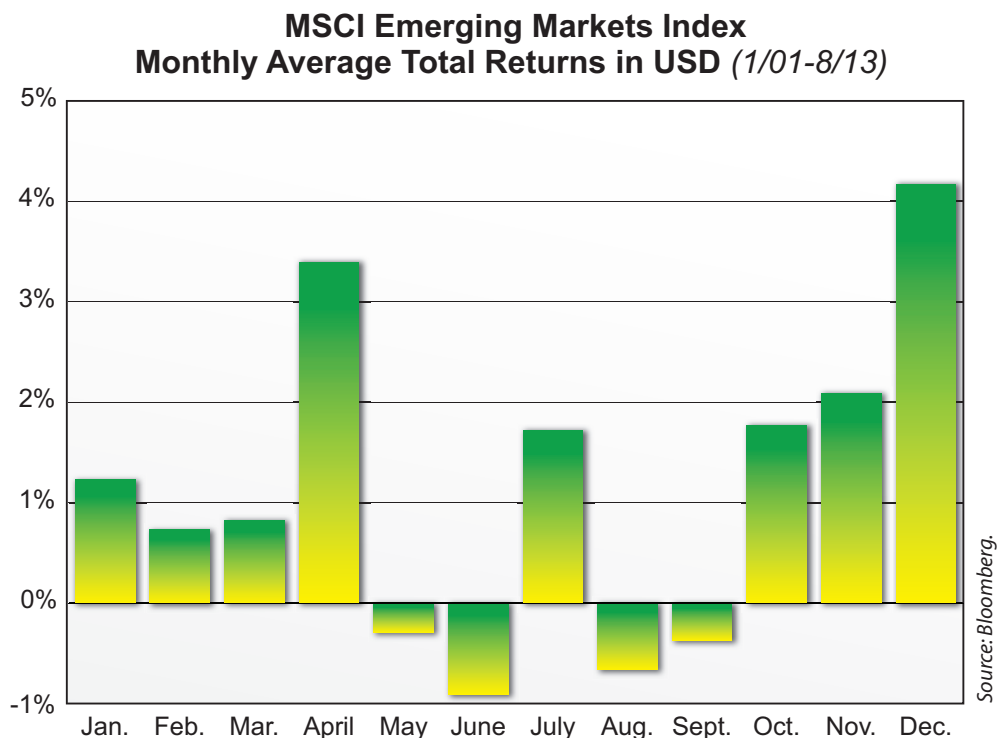


Emerging Market Equities Fit The GARP (Growth At A Reasonable Price) Profile



View from the Observation Deck

1. While U.S. stocks have set multiple all-time highs in 2013, emerging market equities stood 30.6% below their all-time high (10/29/07) at the close of August, as measured by the MSCI Emerging Markets Index.
2. After having posted a cumulative total return of 392.12% (USD) from 12/01-10/07 (all-time high on 10/29/07), the MSCI Emerging Markets Index declined 18.25%, on a cumulative basis, from 10/07-8/13.
3. The combination of commodity-fueled inflationary pressures in 2010 and 2011, tempering of growth in China, the world's biggest consumer of raw materials, and Europe's recession induced profit taking, in our opinion.
4. Those events as well as other geopolitical risks led to a rally in the U.S. dollar, which gained 7.2% against a basket of major currencies from 10/07-8/13, as measured by the U.S. Dollar Index (DXY).
5. The International Monetary Fund (IMF) estimates that "Emerging Market and Developing Economies" will grow by 5.0% in 2013 and 5.4% in 2014, compared to 1.2% and 2.1%, respectively, for "Advanced Economies."
6. Bloomberg estimates that the earnings growth rate for the MSCI Emerging Markets Index will be 10.43% in 2014, up from 7.58% in 2013 and -6.63% in 2012.
7. The 12-month forward-looking price-to-earnings ratio for the index is currently 9.92, well below its 13.44 average over the past 10 years, according to Bloomberg.
8. As the chart clearly shows, we are one month out from what has traditionally been the start of an opportunistic seven-month stretch for emerging market equities.
9. Here is the performance breakdown for October-April since 2001 (up months vs. down months): Oct (9 vs. 3); Nov (8 vs. 4); Dec (10 vs. 2); Jan (7 vs. 6); Feb (6 vs. 7); Mar (7 vs. 6); and Apr (10 vs. 3).
10. Here is the performance breakdown for May-September since 2001 (up months vs. down months): May (6 vs. 7); Jun (5 vs. 8); Jul (8 vs. 5); Aug (5 vs. 8); and Sep (8 vs. 4).

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.