

A Snapshot Of Major Emerging Market Stock Indices

Y-T-D Total Returns, Earnings Growth Rates & Price-to-Earnings (P/E) Ratios For Major Emerging Market Equity Indices

Index	Y-T-D Total Returns (USD)	2015 EPS Growth Est.	2015 P/E Est.	3-Year Avg. P/E
MSCI Emerging Markets	-5.67%	11.59%	10.65	12.10
MSCI Emerging Markets Small Cap	-1.10%	20.00%	11.15	21.31
Ibovespa/Brazil	-19.84%	10.87%	9.75	49.62
Russian Trading System	-48.21%	-1.80%	3.70	5.36
S&P BSE 500/India	39.88%	23.43%	14.26	16.70
Shanghai Composite/China	41.03%	11.48%	11.23	11.30

Source: Bloomberg. EPS growth and P/Es are consensus estimates. As of 12/15/14.

View from the Observation Deck

1. Emerging markets have been a mixed bag in 2014. As indicated in the chart, economies steeped in natural resources (Russia and Brazil) have performed quite poorly, particularly in the second half of the year.
2. One of the biggest contributors to the downward pressure on commodity prices has been the strengthening U.S. dollar, especially with respect to the plunge in crude oil, in our opinion.
3. The U.S. Dollar Index (DXY), which was essentially unchanged in the first half of 2014, surged 10.9% in value from 6/30/14 to 12/15/14, according to Bloomberg.
4. India and China's equity markets, which tend to be grounded more in manufacturing and services, have performed quite well. The results of India's national election held earlier in the year were well-received by equity investors.
5. With the exception of Russia (oil-based economy), Bloomberg's consensus earnings growth rate estimates for 2015 forecast double-digit growth, while 2015 P/E ratio estimates indicate potential value relative to respective 3-Year average P/Es.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Small Cap Index includes small-cap representation across 23 emerging market nations. The Ibovespa Index is weighted by traded volume and is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange. The Russian Trading System Index is a cap-weighted composite index calculated based on prices of the 50 most liquid Russian stocks on the Moscow Exchange. The S&P BSE 500 Index is a free-float weighted index that represents nearly 93% of the total market capitalization on the BSE India exchange. The Shanghai Stock Exchange Composite Index is cap-weighted and it tracks the daily price performance of all A-shares and B-shares listed on the exchange. The U.S. Dollar Index (Symbol: DXY) indicates the general value of the U.S. dollar relative to other major world currencies.