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# Looking Beyond GEM

## Optimizing Global Emerging Markets Equity Exposure Through Targeted Regional Allocations

*Over the past few years, investors have been increasingly keen to expose more of their portfolios to the emerging markets growth story. This has commonly been achieved by making a single allocation to global emerging market (GEM) equity strategies, broadly reflecting the MSCI Emerging Markets Index (EM Index), given the perceived geographic and sectoral complexity within this asset class.*

*However, we believe that as the importance of GEM equity strategies in overall portfolios increases, investors would benefit significantly from a more targeted GEM equity allocation methodology that is cognizant of the diverse set of risk and return drivers across global emerging markets, rather than simply approaching the asset class as a monolithic bloc.*

### Introduction

Emerging markets are more frequently a “core allocation” of increasing size as investors seek exposure to the attractive economic growth and expanding range of investment opportunities across diverse developing economies. However, many investors continue to allocate to emerging markets through a relatively narrow range of equity vehicles that do not reflect the more robust approaches applied elsewhere in their portfolios.

Investors may benefit to some extent from the exposure gained through their initial and continued allocations to emerging market equities, often achieved through GEM portfolios benchmarked to the EM Index. However, we believe a more nuanced evaluation of both the risks and opportunities that exist across emerging markets suggests that those benefits can be significantly enhanced through:

1. complementary allocations to strategies defined more narrowly by geography, and/or
2. allocations to additional and increasingly well established asset classes and sub-asset classes

Targeted allocations can provide incremental exposure to companies and sectors with particularly strong growth prospects, while diversifying risk away from certain globally-driven factors, such as commodity prices that wield relatively strong influence on broad-based GEM portfolios. Two such targeted allocations worth exploring are listed equity portfolios comprising Latin America small & mid cap (LatAm SMID) and India. In particular, we believe each can provide investors with valuable exposure to some of the most exciting return drivers available across emerging markets - extremely favorable demographic trends and strong domestically-driven growth. Without such exposure, investors risk missing out on some of the best emerging market opportunities.

In this paper, we begin by exploring some of the more heavily weighted countries and sectors within the EM Index and the implications for portfolios that broadly reflect its constituents. We then discuss the potential benefits of complementing broad EM Index-benchmarked exposure with targeted allocations within two specific listed equity market segments – LatAM SMID and India. We believe that these segments provide distinct and outsized opportunities relative to typical EM Index-benchmarked exposure, although we acknowledge that they are just an example of the many targeted strategies within GEM equity that may be of interest to investors.

## Disaggregating The Opportunities & Risks In Emerging Markets

Most investors would agree that the returns being sought through their (often single) emerging market equity allocation actually comprise multiple and distinct return drivers. These differ by market, but in aggregate would include:

- growth in demand for natural resources abundant in many emerging market countries
- growth in domestic consumption from growing middle classes
- urbanization and infrastructure development
- increasing competitiveness in manufacturing and service export sectors
- evolution of capital markets
- political and economic liberalization

Similarly, most investors would agree that the risks they are exposed to through their emerging market allocation also comprises multiple and distinct factors. These would include:

- commodity price volatility
- global macroeconomic cycle sensitivity
- local and/or regional economic cycles
- business and sector-specific risks
- currency risks
- political and security risks

The relative importance of each of these return drivers can differ significantly across countries, just as the dynamics associated with each factor can vary between countries along with performance under certain market conditions. Similarly, the risk factors can also differ drastically between emerging market countries and any discussion of GEM equity as a monolithic asset class overlooks the reality of its underlying diversity.

## Understanding The Composition Of EM Index-Benchmarked Portfolios

Previous research by JP Morgan<sup>1</sup> sheds an interesting light on the extent of exposure to various return drivers within the EM Index by assigning each constituent company to one of four categories: domestic demand, global price takers (i.e. commodity producers), global consumer, and global capital expenditure. As discussed above, each of these categories reflects a distinct driver of returns from emerging markets. However, some investors may be surprised by the relative leverage of the index to overall global growth that comes alongside the domestic growth-driven returns emanating from their portfolios. For example, in October 2011<sup>2</sup>, JP Morgan calculated that the EM Index was comprised of 41.5% exposure to the global economy via the latter three categories above and 58.5% to emerging market domestic demand.

Given the index weightings, GEM equity portfolios provide exposure to domestic growth in emerging markets, although a significant portion of their exposure is directly tied to companies who sell their products and services to the global economy. For example, the EM Index includes material exposure to global price takers, such as Russian energy companies who export to Western Europe, global consumer-oriented Taiwanese companies selling components used in tablet computers sold in North America, and global capital expenditure-linked South Korean firms building ships for mainly developed economies. Whilst the growth associated with such globally-driven trade is certainly attractive, this is a distinct exposure relative to participation in the domestic growth of emerging economies.

Another important return driver for emerging markets is demographics, which of course have a significant impact upon medium and long-term growth. Rising consumption drives economic growth and the corporate profits of companies satisfying expanding domestic demand. While consumption growth per se remains a key driver of most emerging market economies, variance in demographic profiles across emerging markets also represents an important factor to be considered in evaluating return drivers within a portfolio. For example, Chinese economic growth has been among the world's highest during the last decades but its demography is poised to change quite materially over the next 20 years. China's dependency ratio, here defined as the population aged 65 and older per 100 people aged 20 to 64, is expected to more than double from 12.7 in 2010 to 26.0 in 2030, according to the United Nations. Russia's population has already begun to shrink

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<sup>1</sup> JP Morgan Emerging Markets Equity Research, "Demand: Global or Domestic, The Source of Demand for Emerging Equity Markets." Adrian Mowat, Deanne Gordon, and Edward Cole, 28 June 2006.

<sup>2</sup> As of 13 October 2011.

and its dependency ratio is set to further deteriorate from its already high level of 19.3 in 2010 compared to the global average of 13.4<sup>3</sup>. The challenge such demographics will place on younger workers and the resulting impact on economic growth is significant. Adding further uncertainty in China are the social issues presented by gender imbalances that have arisen over past decades. Fewer working age women to working age men will likely slow new household formation – a key driver of consumption growth and a further complication for the economy.

China still has significant aggregate growth ahead due to the relatively low starting point in Chinese income levels and Russia will continue to benefit from its deep natural resource base. However, it is worth considering their demographic dimensions in the context of an emerging market portfolio as these two countries represent, on a combined basis, nearly 25% of the EM Index, which is comprised of 21 countries. In contrast, other emerging market countries present significantly stronger demographic trends with dependency ratios projected to be 9.1 in Africa, 13.9 in India, and 20.4 in Latin America in 2030.<sup>4</sup> See Figure 1.

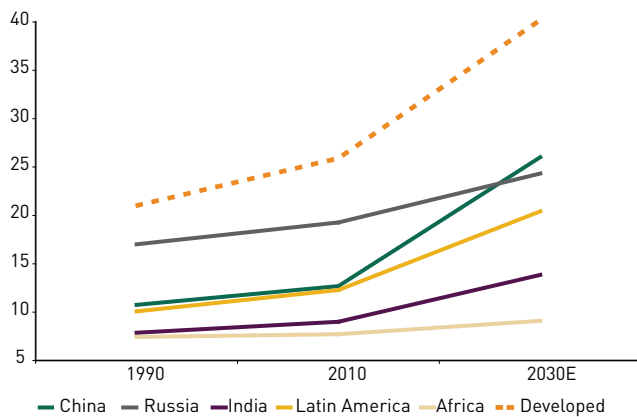
An additional consideration in evaluating the composition of an emerging market portfolio is the relative stage of development of the component countries. Despite common reference to countries being either “emerging” or “developed”, the reality is that emerging market countries lie along a spectrum of economic development. For example, before determining growth expectations for EM Index-benchmarked portfolios, investors should consider that the EM Index includes both South Korea and Taiwan. While these are attractive markets, many observers

increasingly deem them to be developed or “advanced” economies akin to Singapore and Hong Kong. With relatively high levels of GDP per capita (US \$20,600 and US \$18,500 for Korea and Taiwan in 2010, respectively) these countries will likely exhibit lower domestic consumption growth relative to other emerging market countries. In addition, these economies are heavily export-oriented, making them relatively sensitive to global economic cycles. See Figure 2.

Alongside return drivers across emerging markets, one must evaluate the risk factors present within a portfolio. While the risks associated with emerging markets in general have declined over past years, they remain distinct relative to developed markets - particularly with respect to political and regulatory factors. Importantly, for investors, such risks are difficult to predict but their impact can be significant. Beyond the impact of such risks on a country generally, their impact can be more pronounced on companies with greater levels of political and regulatory sensitivity, such as natural resource businesses.

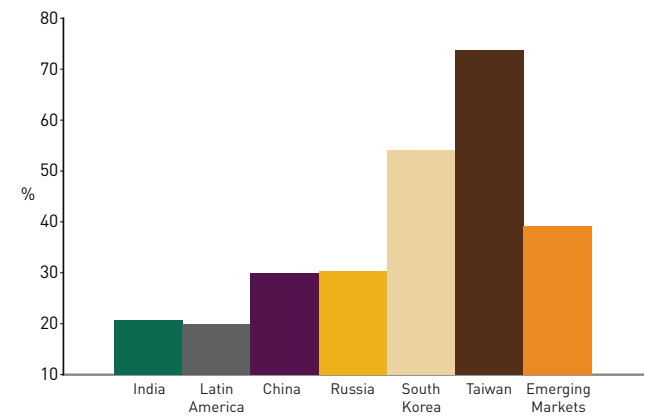
Given such dispersions in risk factors across companies and countries, investors should consider their relative presence within their emerging market portfolios. In the case of the EM Index and many GEM funds, there is a bias towards state-owned enterprises and government-influenced companies. In particular, as of October 2011 six of the ten largest EM Index weights were in companies with substantial government ownership: Gazprom, China Mobile, Petrobras, Vale, ICBC, and CNOOC. Firms with significant government ownership are often professionally managed. However, their commercial decisions are not

FIGURE 1 Old Age Dependency Ratio: Age 65+ Per 100 Age 20-64



Source: UN World Population Prospects: The 2010 Revision using medium-fertility variant 2010-2100.

FIGURE 2 Exports as % GDP: 2010



Source: Credit Suisse.

3 UN World Population Prospects: The 2010 Revision using medium-fertility variant 2010-2100.

4 Ibid.

always purely aligned with minority shareholder interests and political developments may have unanticipated implications. By way of comparison, none of the 20 companies with the largest weights in the MSCI Emerging Markets Small Cap Index as of October 2011 have direct home-country government ownership<sup>5</sup>.

Transparency of leadership succession, government contracting and internal political processes are also important risk factors within any GEM equity portfolio. As with sectoral and demographic exposures, these risks vary significantly across emerging market countries. For example, EM Index-benchmarked portfolios result in exposure to political risk factors with significant weightings to countries that are more difficult for investors to understand.

While we have seen a general positive trend with respect to political institutions across emerging markets in recent years, some view Russia and China as politically opaque, with both deemed “authoritarian regimes” by the 2010 Democracy Index published by the Economist Intelligence Unit (EIU). In contrast, all EM Index countries in Latin America are considered democratic by the EIU, as is India. Looking at economic liberalization more specifically, Russia and China also rank lower than India, Brazil, Chile, Colombia, Mexico and Peru on the Heritage Foundation’s 2011 Index of Economic Freedom. Accordingly, for investors sensitive to the idiosyncratic risk introduced by political factors, EM Index-benchmarked portfolios alone may be sub-optimal.

## Optimizing GEM Equity Exposure Through Targeted Regional Supplements

We are cognizant of the diversification benefits provided by GEM equity funds as well as the administrative efficiencies achieved in capturing GEM equity exposure through a single global allocation. However, as explored above, we believe investors would be well served to consider the diverse sources of return and risk within their GEM equity portfolios. Upon dis-aggregating these factors, an investor may determine that their current exposures do not fully reflect their own market views or risk appetite.

In such situations, we believe augmenting core GEM equity holdings with one or more targeted allocations can achieve an attractive balance between portfolio management efficiency and the customization required to meet an investors’ unique objectives and market outlook. Such

targeted allocations can be utilized in combination with a core GEM equity allocation to achieve one or more of the following:

- Gain incremental exposure to countries or regions with characteristics aligned with particular aspects of an investor’s desired sources of return from emerging markets
- Gain incremental GEM equity exposure in a manner that does not correspondingly increase unwanted risks or correlations with the rest of a portfolio
- Gain exposure to market segments less represented within major market indices, such as small or medium capitalization companies or sectors
- Benefit from local or more narrowly focused managers better positioned and more likely to provide off-benchmark exposures

Of course, as with any investment strategy, there are multiple vehicles and areas of investment through which an investor can express their investment strategy. However, we believe that actively managed strategies run by locally-based managers are generally best suited to capturing the types of opportunities sought through targeted GEM equity allocations. This is in contrast to “core” GEM equity exposure provided through funds that are often managed from a single (and often non-emerging market) location. While the latter may be sufficient to provide exposure to the larger and more obvious investment opportunities in a country or region, a local presence is beneficial in capturing the broader and more nuanced investment opportunities in a more narrowly defined strategy.

## Case Study: Complementing A GEM Equity Portfolio With Targeted Exposure To Latin America SMID And India Equity

To move from the conceptual to the practical, we explore ways in which targeted allocations can complement a GEM portfolio. To do so, we examine approaches that serve to enhance exposure to domestic and demographic-driven growth and simultaneously diversify exposures away from sectors heavily linked to global influences and also from certain political risks. Specifically, we believe targeted equity allocations to India and LatAm SMID strategies can help to achieve these goals.

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<sup>5</sup> Minority investors in BR Properties of Brazil include the Government of Singapore and in Radiant Opto-Electronics of Taiwan include the Saudi Arabian Monetary Agency.

While certainly distinct, India and Latin America do share several common traits that may appeal to an investor looking to supplement a core GEM equity allocation. These are both markets expected to continue to enjoy rapid economic expansion and strong population growth, while maintaining transparent political structures. Furthermore, allocations targeting these specific markets can provide more concentrated exposure to rising per capita income and robust infrastructure spending. With respect to India, this incremental exposure comes without the correlation to commodities so prevalent in other major emerging markets. With respect to Latin America, a targeted allocation to small and mid capitalization stocks can further accentuate the intended exposure to domestic growth factors, local consumption and less politically sensitive sectors. In short, these factors can be summarized across the “3Ds”: domestic growth, demographics, and democracy.

## Domestic Growth

Domestic growth in both India and Latin America is driven by local investment and consumption – investment is currently buoyed by the need and the resources required to build more modern infrastructure, while micro-level reforms are releasing vast amounts of pent-up consumer demand in a wide variety of products and services. Capital expenditures are on the rise, with fixed investment projected as a percentage of GDP to be 22.9% in 2012 for Latin America compared to an average of 19.8% over 2004-2008. In India, a 33.9% ratio of fixed investment to GDP is projected for 2012 versus an average of 31.2% in 2004-2008.<sup>6</sup> Catalysts for this infrastructure development within India include intense policy initiatives resulting from a widespread recognition that deficient infrastructure has been a major impediment to past growth. Within Latin America, near term support for infrastructure development includes efforts tied to preparations for the upcoming 2014 World Cup and 2016 Olympics in Brazil as well as extensive infrastructure expenditures planned in Mexico, Colombia and Peru for highways, ports, power generation and sanitation. We view these levels of infrastructure investment and their potential impact as reminiscent of development in the “Asian Tigers” from the 1960s through the 1990s.

## Demographics

Demographics in Latin America and India are favorable to economic growth, even relative to the emerging world, which is set to have faster population growth than Western Europe, Japan and North America. While population

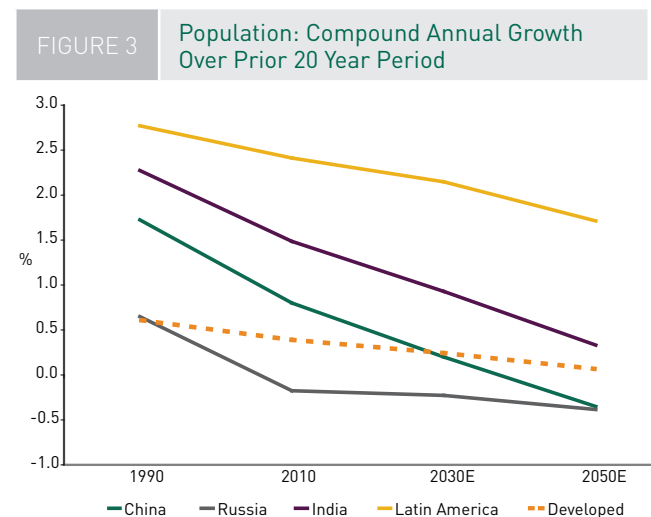
growth is set to slow over the coming years in Russia and China and many developed market countries, India and Latin America will continue to see growth. From 2010 to 2030, the United Nations sees a compound annual population growth rate of 1.1% in India and 0.9% in Latin America, whereas 0.2% is expected in China and -0.2% in Russia. See Figure 3.

## Democracy

Finally, both India and the countries in the MSCI Latin America Index benefit from functioning democracies that provide a higher level of medium-term government stability than some other emerging economies. Latin America’s return to democracy has been relatively more recent but a number of successful leadership transitions in Brazil, Peru, Colombia, Chile and Mexico provide evidence of continued stability. Unlike in Latin America, India’s democratic traditions were not interrupted and while internal debate in India leads to execution delays, democratic processes stabilize the overall political environment and typically lead to inclusive outcomes that support the overall investment climate. Unfortunately, corruption within India remains a point of friction within the economy, although the country’s strong democratic foundation provides a strong impetus for government to address the issue as it is expected to become increasingly important to the electorate.

## Local Market Factors To Consider

In considering the potential impact of adding either India or LatAm SMID through targeted allocations, we would identify the following specific local market factors as points of consideration:



Source: United Nations and PineBridge Investments.

<sup>6</sup> Credit Suisse Emerging Markets Quarterly: 2Q 2011.

## India

Relative to other emerging market countries, India presents a few distinct benefits as a complement to a diversified GEM equity portfolio. These include:

1. **Deep and Broad Equity Markets:** For an emerging market, India's stock exchanges are particularly well developed, offering both depth and breadth to investors. As the oldest stock market in Asia dating back to 1875, more than 5,000 companies are listed on two major exchanges. The depth of the market can also increase the value of engaging a locally focused active manager who can best identify and exploit opportunities, which may not be fully captured in the India portion of a GEM equity portfolio.
2. **Resilience to Global Downturns:** As a result of its economic structure, India is a net importer, which is distinct relative to other large emerging markets in the EM Index. This position allows India's economy to often perform relatively well during periods of slowing global growth. Lower commodity prices, which typically negatively affect several emerging market regions, actually allow India's economy to perform better than its more natural resource-dependent emerging market peers during weak economic periods. This is evidenced by India's relatively low correlation to commodity indices. For example, the MSCI India Index has only a 0.40 correlation to Thomson Reuters/Jeffries CRB<sup>7</sup>. In contrast, the broader EM Index has a correlation of 0.62 to this commodity benchmark over the same period. The reduced correlation reflects India's reliance on sectors such as construction, infrastructure, industrial and consumer goods and finance. Finally, India's large concentration in high-technology services - and not the more volatile technology products - as well as its strength in pharmaceuticals, further boosts Indian economic resilience during periods of global weakness.
3. **Technological Capabilities:** India's technological capabilities are well known; approximately half of all Fortune 500 companies have technology and back office operations within the country. However, India's technological expertise has broadened well beyond the IT outsourcing phenomenon as evidenced by the research and development (R&D) facilities that at least 100 of Fortune 500 companies have chosen to house in India. The robust IT sector within India presents its own distinct opportunities within the spectrum of emerging market countries.

<sup>7</sup> Calculated on a weekly basis over a 5-year trailing period to August 2011.

<sup>8</sup> As of 13 October 2011.

<sup>9</sup> International Monetary Fund World Economic Outlook Database, April 2011.

## Latin America SMID

Relative to other emerging market regions, Latin America offers a broad spectrum of compelling opportunities. Yet due to the nature of the typical market weighted-indices, we believe small and mid capitalization equities, in particular, can accentuate some of these benefits. For example:

1. **Modest Exposure to Commodities:** Although large capitalization companies in Latin America are notably oriented to commodities, including oil, iron ore and agricultural production, companies in the small and mid cap space are particularly focused on domestic growth throughout the region. The index composition reflects this internal orientation, with Materials and Energy companies comprising only 8.9% of the MSCI Latin America Small Cap Index, while representing 37.9% of the MSCI Latin America Index<sup>8</sup>. In fact, the largest sector weightings in MSCI Latin America Small Cap are Financials, Industrials, and Consumer-oriented firms. Examples of these domestically-oriented companies include a producer of heavy trucks in Brazil, a pharmaceutical marketer in Mexico, and an information technology consultant in Chile.
2. **Attractive Demographics:** Demographics in Latin America are attractive not only because of the low dependency ratio but also thanks to a baby boom generation that is just starting its lifelong consumption cycle. More stable political management is also giving many citizens greater confidence to spend.
3. **Middle Class Expansion:** Domestic growth in Latin America has been exceptional and is likely to continue as a result of growing economic activity among a broader segment of the population. Growth in per capita GDP increased 49% from 2000-2010 and the IMF expects further per capita income advances of 30% from 2010-2016<sup>9</sup>. Locally-derived growth has been fostered by a better educated workforce due to improved secondary and tertiary education as well as a growing middle class and diminished income inequality. Latin America has seen 50 million people join the middle class over the past decade, resulting in significant social mobility that translates into economic growth in areas such as housing and transportation.

## Hypothetical Impact Of Adding Targeted Allocations To An EM Index-benchmarked GEM Portfolio

To evaluate the potential impact of augmenting single GEM equity exposure with targeted allocations to India and LatAm SMID we looked at historical data over a five- and ten-year period to 30 September 2011<sup>10</sup>. On an annualized basis over five years, the MSCI India Index returned 5.1% and the MSCI Latin America Small Cap Index returned 12.4%. These compare to a 4.9% annualized return for the MSCI EM Index over the same period. On an annualized basis over ten years, the relative differential is even greater, with MSCI India and MSCI Latin America Small Cap returning 19.9% and 24.3%, respectively, versus an annualized return for the MSCI EM Index of 16.1% over the same period. We believe the relatively higher returns of India and LatAm SMID are driven by many of the return drivers discussed above, and that they will continue to be key drivers of strong performance going forward.

We also evaluated the potential impact of introducing targeted listed equity allocations of India and Latin America Small Cap to an EM Index-benchmarked portfolio. Moving from a GEM equity portfolio consisting of 100% MSCI EM to a portfolio that replaces 50% of the MSCI EM exposure with an even split of MSCI India and MSCI Latin America Small Cap also results in a boost to both overall returns and risk-adjusted returns as measured by the Sharpe Ratio over both a five- and ten-year period. See Figure 3.

## Conclusion

By increasing exposure to GEM equity, investors are positioning their portfolios to capture a greater share of the long-term emerging markets growth story. However, as we have seen, there are sometimes significant differences in the risk and return factors that drive the individual countries and sectors within the asset class. We believe that investors can benefit greatly by being cognizant of this diverse set of risk and return drivers across global emerging markets. Furthermore, we believe that rather than simply approaching GEM equity as a single bloc, the increasing prominence of the asset class in portfolios warrants a more targeted allocation methodology.

We believe that targeted allocations can provide a highly effective way to enhance a portfolio's return profile, while building upon existing "core" GEM equity allocations. In

FIGURE 3 Risk Reward Tables

Risk/Reward: 5-Years Ending 30 September 2011			
Performance	Annualized Return %	Standard Deviation	Sharpe Ratio
50% MSCI EM, 25% MSCI India, 25% MSCI LA SC	7.29	30.83	0.34
80% MSCI EM, 10% MSCI India, 10% MSCI LA SC	5.87	29.37	0.29
80% MSCI EM, 20% MSCI LA SC	6.50	29.38	0.31
80% MSCI EM, 20% MSCI India	5.18	29.55	0.27
MSCI EM Net USD	4.87	28.61	0.26

Risk/Reward: 10-Years Ending 30 September 2011			
Performance	Annualized Return %	Standard Deviation	Sharpe Ratio
50% MSCI EM, 25% MSCI India, 25% MSCI LA SC	19.63	25.55	0.76
80% MSCI EM, 10% MSCI India, 10% MSCI LA SC	17.53	24.55	0.71
80% MSCI EM, 20% MSCI LA SC	17.84	24.73	0.72
80% MSCI EM, 20% MSCI India	17.15	24.59	0.70
MSCI EM Net USD	16.07	24.14	0.67

Source: PineBridge Investments, Morningstar.

The financial indices referenced herein are not representative of any product and are for informational purposes. They are unmanaged, assume reinvestment of income, where applicable, and do not reflect the impact of any management or performance fees. There are limitations in using financial indices for comparison purposes because such indices may have volatility, credit and other material characteristics that are different from those of the product(s) offered through PineBridge and any of our affiliates. You cannot invest directly in an index.

particular, we believe that India and LatAm SMID are two areas within the GEM equity space that may be particularly useful to investors seeking to participate in some of the strongest areas of growth within the asset class.

Of course, the discussion above can only endeavor to touch on a broad range of topics worthy of consideration by emerging markets investors. We would welcome the opportunity to expand upon any of these concepts or specific investment ideas at greater length and discuss their specific application in achieving your own investment objectives. Please contact your PineBridge Relationship Manager or contact us via our website: [www.pinebridge.com](http://www.pinebridge.com) ■

<sup>10</sup> Morningstar Direct to 30 September 2011.


**Robin Thorn**

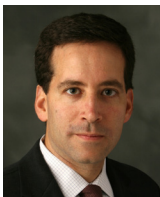
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Mr. Thorn joined the firm in 1998 and is now responsible for managing the firm's Active Developed and Emerging Markets Equity teams as well as the firm's Global Equity portfolios. Mr. Thorn joined PineBridge Investments as Co-Portfolio Manager of the Global/International portfolios and Portfolio Manager focused on the health care sector. In 2000, he became Global Head of Equity Research, followed by additional responsibilities as Head of European Equities (2003), Head of US Equities (2006) and assumed the role of Head of all Developed Markets in 2007. In the fourth quarter of 2010, the Emerging Markets Equities group was added to his responsibilities. During his tenure with the firm, Mr. Thorn helped develop and implement the firm's equity process and online knowledge-sharing tools for equity investing globally. Prior to joining the firm, Mr. Thorn was a global health care portfolio manager with SE Banken Fonder (SEB Asset Management) of Sweden. Mr. Thorn holds an MS in Economics and Business Administration from the Stockholm School of Economics with majors in Financial Economics and Economical Steering/Planning.


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Mr. Jones joined the firm in 2007 as a member of the Emerging Market Equities team. Prior to joining PineBridge Investments, Mr. Jones analyzed a variety of fixed income and equity investments as an Associate with GE Capital Corporation. Mr. Jones has also performed investment analysis for the Inter-American Investment Corporation in Montevideo, Uruguay and Washington DC, macroeconomic evaluation for A.T. Kearney's Global Business Policy Council, and liability management for ExxonMobil Corporation. Mr. Jones received a BA in Geography from Bucknell University, an MA in International Economics and Emerging Markets from the Johns Hopkins School of Advanced International Studies (SAIS), and an MBA from Cornell University. Mr. Jones is a CFA Charterholder.


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Mr. Stambler joined the firm in 2006 and is currently a member of the firm's corporate strategy group. In this capacity, he is responsible for a variety of initiatives spanning the firm's investment teams and functional groups. In addition, he contributes to efforts leveraging the firm's intellectual capital across markets for the benefit of clients through the development of whitepapers and other forums. Prior to assuming his current role, Mr. Stambler was responsible for product development and related activities for the firm's private equity, hedge fund and other alternative investment capabilities. Previously, Mr. Stambler was with the Citigroup Private Bank, where he developed private equity, real estate and hedge fund products for high-net-worth investors. Prior to focusing on alternative investment product development, Mr. Stambler was a consultant with McKinsey & Company where he worked with a variety of clients in financial services, private equity and other sectors on a broad range of strategic issues. Mr. Stambler began his career with finance and investment positions at Merrill Lynch and Advent International. He holds a BA in Economics from Northwestern University and an MBA in Finance and Strategy from Northwestern's Kellogg Graduate School of Management.

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