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Caution!

The following presentation is not intended to provide individual investment advice. Each individual's situation is unique and investment decisions should only be taken after careful consideration of the risks involved!

Major Challenge to 21st Investing: Understanding the Transformations in Global Business

[The Washington Post]

BUSINESS

THURSDAY, FEBRUARY 3, 2005

Surviving the Shift

Workers Have Had to Adapt as Global Trade, Technology Transform the Nation's Workforce

Labor Recovery

By the end of last year, U.S. employment was nearly where it was in March 2001, before the recession. An overview of the ups and downs:

Total non-farm employment
Seasonally adjusted

March 2001:
132.5 million

Date	Employment (million)
March 2001	132.5
August 2003	129.8
December 2004	132.3

December 2004:
132.3 million

The recent low point for the U.S. job count was August 2003, when the nation had 2.7 million fewer jobs than on the eve of the recession.

Jeannette Blanchfield and Charlotte Wenrich lost their manufacturing jobs at Black & Decker but now work for defense contractor SFA Inc. of Largo.

US Airways Orders Overtime

Airline Short on Staff For 50 New Flights

By KEITH L. ALEXANDER
Washington Post Staff Writer

After several rounds of layoffs, US Airways is severely understaffed. The airline's launch of 50 additional flights from its new National Airport on Wednesday demanded that baggage handlers work overtime to prevent service disruptions like those that angered customers in Philadelphia on Christmas week.

In a memo to workers, US Airways said it was short 95 baggage handlers. Full-time baggage handlers are working an additional 16 hours and part-timers are working 12 additional hours over the next several weeks, it said.

"Failure to sign up for overtime hours being assigned to you as an employee," the memo said.

US Airways announced that it would begin nonstop flights to several cities, including Detroit and Cleveland, and is trying to fill positions to serve those routes.


Understanding the Challenge



[The Washington Post]


BUSINESS

WEDNESDAY, JUNE 8, 2005




THE FINANCES | Chief Financial Officer John M. Devisse at General Motors' shareholders meeting yesterday. GM posted a \$1.1 billion first-quarter loss. Standard and Poor's Ratings Services reduced the company's bond rating to "junk" status last month.

BY WILLIAM THORNTON FOR THE POST



THE PLANS | General Motors chairman and chief executive G. Richard Wagoner Jr. announced that the company will cut 25,000 jobs and close more plants over the next three years.

BY WILLIAM THORNTON FOR THE POST



THE PRODUCTS | Robert A. Lutze, GM vice chairman of global product development, at the shareholders meeting. The company's U.S. market share dropped to 25.4 percent, from 27 percent a year ago.

BY GUY LAWRENCE FOR THE POST

GM Plans to Cut 25,000 Jobs

Automaker Will Also Close Plants to Re-Energize North American Unit

By Amy Jorace
Washington Post Staff Writer

General Motors Corp. announced yesterday that it will eliminate 25,000 jobs by 2008 and close an unspecified number of plants to trim costs and reinvigorate its North American auto business.

GM chairman and chief executive G. Richard Wagoner Jr. said at the company's shareholder's meeting yesterday in Washington, D.C., that the closings and job cuts should save about \$2.5 billion a year. GM now employs 110,000 hourly workers in the United States.

"The most challenging and important operating issue we face is

A Shrinking Workforce

Companies that have announced large-scale job cuts since September:

COMPANY	DATE	JOB CUTS
GM North America	Yesterday	25,000
IBM	May	10,000-13,000
Delphi	December 2004	8,500
SBC	November 2004	10,000
Visteon	November 2004	8,300
GM Europe	October 2004	12,000
Electronic Data Systems	September 2004	15,000-20,000

SOURCE: ENR Research

World's Financial Assets

\$140 trillion*
(and growing)!

(including bank deposits, government debt securities and corporate-debt securities, and equity securities)

(*118 Trillion Year end 2003.... Versus \$53 trillion in 1993, and \$12 trillion in 1980)

Financial Assets

Shift away from banks and toward market institutions as the primary financial intermediaries.

1980 banks represented 45 percent of financial assets, by 2003 they represented only 30 percent.

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World Markets

- US: \$50 trillion – dominated by private debt and equity.
- Europe: \$30 trillion Banks play a larger role in finance.
- Asia: (Japan - \$19.5 trillion) Financial markets are relatively isolated from one another and differ within the region.

Financial Market Trends

- Corporate debt is expanding in both the United States and Europe.
- Japan growth comes from a huge expansion of public debt.
- China and Eastern Europe all asset classes are growing quickly.

McKinsey Quarterly

- In 2005 Foreigners held
 - 12% of US equities
 - (4% in 1975)
 - 25% of US corporate bonds
 - (1% in 1975)
 - 44% of Treasury securities
 - (20% in 1975)

Cross Border capital flows have tripled since 1995 to upward of \$4 trillion annually.

Emerging Markets

Growth was widespread among emerging markets. China gained the most, with an increase of \$800 billion. Eastern Europe gained \$700 billion, as did emerging Asia (excluding China and India). Latin America gained \$500 billion, India \$300 billion. The remaining \$100 billion was spread across Africa and the Asia-Pacific region.

Trinidad & Tobago

Market Capitalization

1996 \$ 1.405 billion

2005 \$16.972 billion

37 listed firms

39th of 110 in terms of
average company size.

Emerging Markets

Over the past decade, 44 percent of the growth in the financial stock of emerging markets has been in bank deposits, 32 percent in equities, and 24 percent in government and private debt.

Emerging Markets

Emerging markets now account for 14 percent of global financial assets, up from just 7 percent a decade ago.

Global Market Integration

Roughly one in four debt securities and one in five equities is now owned by investors outside the local issuing markets (for instance, a US investor buying Thai equities or a German investor buying US bonds). National financial markets are increasingly integrating into a single global market for capital.

Financial Stock

In 1980 the global financial stock roughly equaled world GDP. By 1993 it was twice as big, and by the end of 2005 (the latest year when comprehensive data are available) it had risen to 316 percent—more than three times the size—of world GDP.

Exporting of Capital

Since 1999, emerging markets also have been net exporters of capital as their central banks aggressively build foreign-exchange reserve assets in rich countries.

Educational Gains

		1990	2005*
Ghana	Adult Lit	58.5	59.3
Ethiopia	Primary	31.8	93.4
Thailand	Secondary	30.8	71.8
Chile	Tertiary	21.3	47.8
Kuwait	Primary	60.2	97.9
	Secondary	42.9	94.9
	Tertiary	12.1	19.5

*World Bank (Ed Stats)

Developing Nations Now Constitute

40% of the World's 50 largest Economies

50% of the 50 Fastest Growing Economies

70% of the 20 Fast Growing in Industrial Output

5.5% Annual Growth in Higher Education Grads vs. 1%

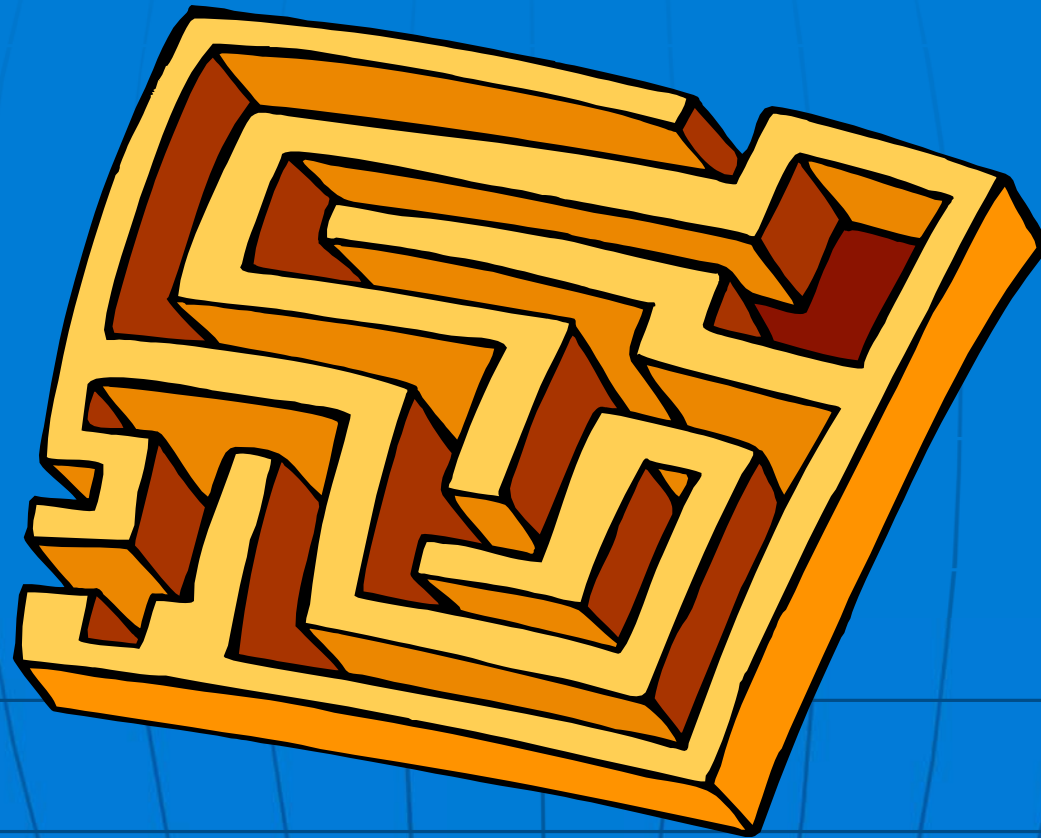
20% of the 50 Largest R&D Investors

A Global View



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Understanding the MAZE!



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Country Risk Factors

- Political Risk
- Economic Performance
- Debt Indicators
- Debt in Default or Rescheduled
- Credit Ratings
- Access to Bank Finance
- Access to short-term Finance
- Access to Capital Markets
- Forfeiting

International Diversification

The goal of international diversification is to benefit from the less-than-perfect correlation among various stock markets by forming a portfolio among various stock markets by forming a portfolio that has lower risk than an otherwise well-diversified portfolio of domestic stocks.

Foreign Stock Funds

Note: The average diversified international fund holds more than 10% of its assets in emerging markets names at the end of 2001, a bit less in 2002, and a bit more over the next four years.

2006 Emerging Market Winners

 Zimbabwe	921.9% *
 China	97.6
 Peru	97.4
 Venezuela	95.5
 Morocco	80.8
 Indonesia	73.5
 Russia	62.6
 Argentina	59.9
 Philippines	53.9
 Sri Lanka	48.6

* Fixed Foreign Exchange rate creates an artificial return

2007 Emerging Markets Winners*

Cote d'Ivoire	104.95%	75
Slovenia	94.53%	26
Bangladesh	90.97%	128
Peru	89.80%	75
Ukraine	85.40%	81
Nigeria	73.30%	118
Turkey	68.00%	70
Brazil	68.00%	66
China	66.60%	55
Botswana	62.72%	52

*as of 10/1/2007

2007 Losers

■ Zimbabwe	-90.20%	177
■ Sri Lanka	-12.70	88
■ Jamaica	-10.19	89
■ Trinidad & Tobago	- 3.20	53
■ Saudi Arabia	- 1.60	38
■ Jordan	+ 1.90	74
■ Estonia	+ 3.42	45
■ Russia	+ 4.00	66
■ Kenya	+ 4.06	109
■ Ecuador	+ 5.93	145

2008 Regions*

■ Latin America	- 6.6%
■ Asia	-13.7%
■ EMEA	-10.6%
■ Europe	-16.2%
■ E.Europe	-15.5%
■ ME & Africa	- 6.5%

*S&P/IFCG Indices – Total Return through January

Comparatives*

	Beta	Std Dev
U.S.	1.00	8.40
Canada	0.92	13.02
Europe	1.14	11.85
Emerging	1.07	17.87
Latin America	0.97	21.51

*As of 8/31/2007

Diversification - Correlations

- Transitions over Time: S&P 500

	Egypt	South Africa	Zimbabwe
1992-1997	0.00	0.13	+0.07
1998-2003	0.26	0.45	-0.07
2001-2006	0.09	0.35	-0.12

Trinidad & Tobago S&P 500 0.18 (2000-2005)

1998-2003	ME & Africa	0.52
2001-2006	UK	0.80

Case Example: Vietnam

- Opened 2000
- End of 2006: 50 listed firms
- Market Capitalization:
\$13.5 Billion

Over the Counter: 2,400 companies

Country Risk Analysis

Even though sectors may be more important than they were 10 years ago, countries have not evaporated as a significant explanatory element of multi-country portfolio returns for emerging markets. (In developed markets sectors are the dominant factor.)

Country vs. Sector Analysis

Current research indicates that country analysis dominates sector analysis in selecting investment options in emerging markets. – Although it is in a steady decline.

Sector Effects in Developed vs. Emerging Markets

Financial Analysts Journal

Nov/Dec 2006 p. 40

Chen, Bennett and Zheng

“Equity managers should emphasize sector-based approaches when investing in the developed countries but should continue country-based allocation strategies in emerging markets.”

International Accounting Standards

Accepting a valuation orientation to investment selection as investors search for emerging market opportunities the “quality” of accounting information is critical.

FOREX Issues

Research finds that when selecting emerging market funds it is important to select funds that do not hedge their foreign exchange risk. Many emerging markets do not have derivative markets for effective hedging.

Global Diversification

If investors are concerned about the classic definition of risk—the volatility of a portfolio – they can reduce risk by holding more bonds, not by changing the composition of their equity allocations.

Emerging Markets

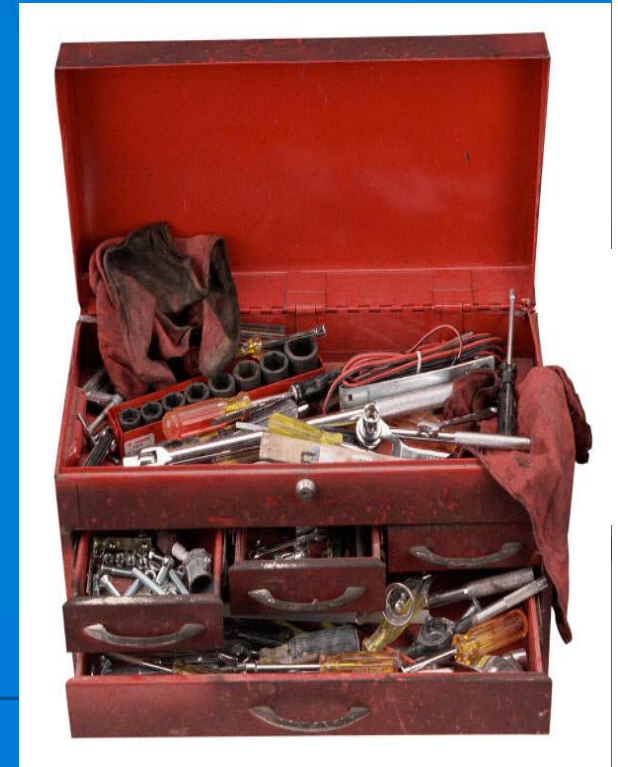
- **Transparency**
- **Legal and Regulatory Framework**
- **Liquidity**
- **Transparency**

.....Increasingly Integrated!

Questions?

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Conclusion.....



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Whatever their Objective....



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Investment Strategic Review



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