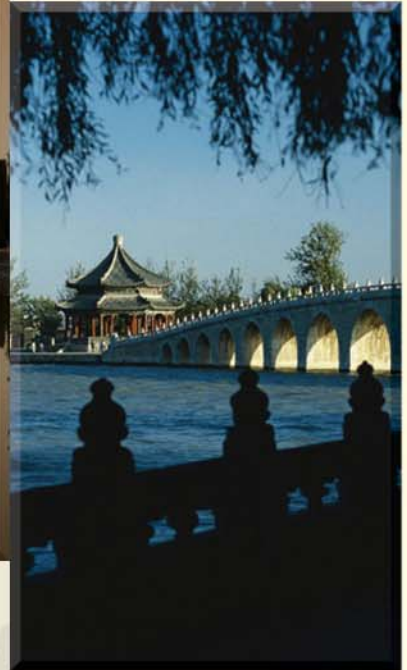
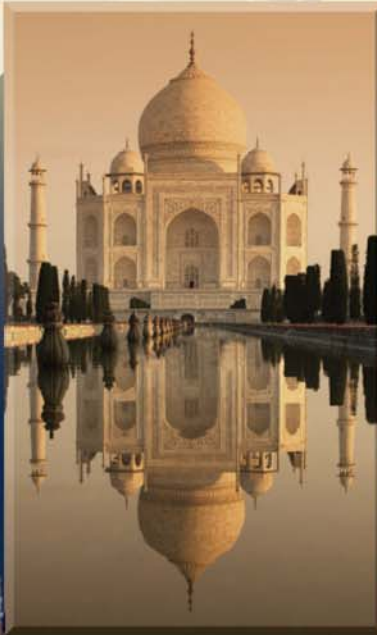




**NEWGATE**  
CAPITAL MANAGEMENT LLC



**EMERGING MARKETS**



## WHY INVEST IN EMERGING MARKETS

### THEY ARE:

- Increasing their national wealth
- Net exporters of goods
- Modernizing their economies

### THEY HAVE:

- Higher rates of economic growth
- Favorable demographic profiles

### THEY PROVIDE:

- Portfolio diversification
- Opportunity for superior returns

### WHAT ARE EMERGING MARKETS

*Emerging markets* are the stock markets of less developed countries as defined by the investment community and represented by the Morgan Stanley Capital International Emerging Markets Index. *Developed markets* include the United States, Canada, Western Europe and Japan. Emerging market countries have high, though sometimes volatile, economic growth rates. And many of them have less mature stock markets and legal systems than those in the developed world.

There is a difference between the developing countries that simply have less mature economies and those that are *investable*.

Emerging market countries that are suitable for investing need to have relatively stable legal and political systems. In practice, this means that emerging markets portfolios are comprised primarily of stocks from the larger countries in Asia, Latin America, South Africa and Eastern Europe.

### WHY EMERGING MARKETS

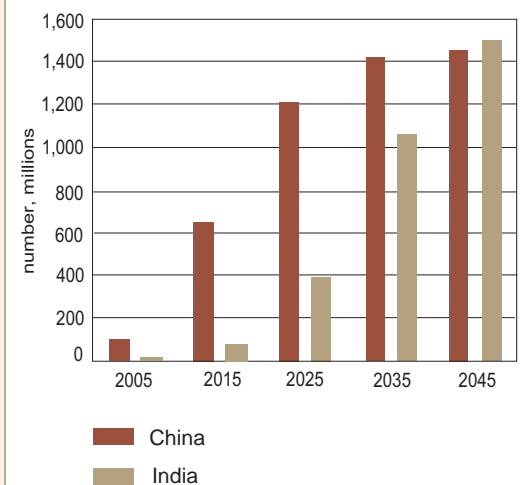
#### HIGH EXPECTED ECONOMIC GROWTH RATES.

The projected economic growth rates for emerging market countries are double those of the developed world. These robust projections are expected to generate portfolio gains for patient, long-term investors.

#### FAVORABLE DEMOGRAPHIC CONDITIONS.

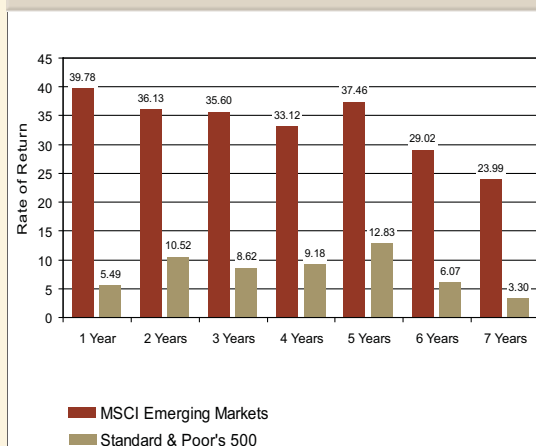
Emerging markets typically have a younger, better educated work force relative to the larger population. This is a great asset to emerging market countries as they develop in the global economy. These young people are just beginning the cycle of consumption, contribution and creation of wealth for their countries.

#### A DRAMATIC RISE IN THE MIDDLE CLASS OF CHINA AND INDIA



Source: Goldman Sachs, *The World and the BRICs Dream*, 2006

### PERFORMANCE



Source: Factset - Annualized performance to 12/31/07

#### IMPROVING POLITICAL AND LEGAL SYSTEMS.

Economic, political and legal developments in emerging market countries are interrelated. As wealth grows, people demand greater





protection for their prosperity. This inspires governments to create an environment to facilitate the growth and maintenance of wealth. As these protections occur, additional investments are made, increasing prosperity and continuing the cycle. Many emerging market countries are moving from closed or state controlled economies to more market-oriented systems. These transitions may be disruptive in the short-term but are catalysts for economic activity and wealth creation.

#### IMPORTANCE OF TOP-DOWN INVESTING

There are differences between emerging and developed markets investing. An important one is the role of top-down, macro-economic analysis of a country and its equity markets. Many managers that invest in developed markets, where economic activity falls within a relatively narrow range, focus on bottom-up stock picking. Given the volatility of emerging markets, including the volatility of their currencies,

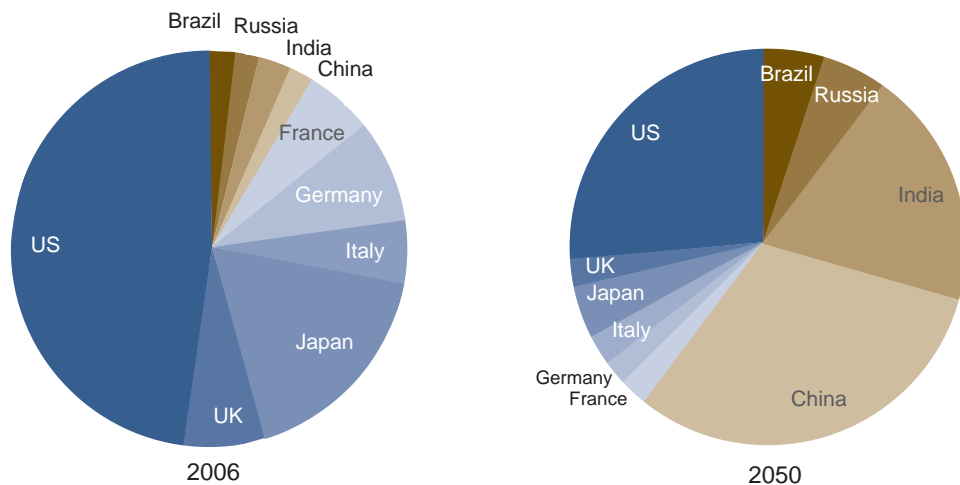
Newgate believes that top-down analysis is a vital first step. Emerging markets require constant evaluation of the economic and political events that take place in these dynamic countries.

#### WHY NEWGATE

Newgate has been investing in emerging markets since 1991. During this time we have developed proprietary tools and the experience necessary to successfully navigate these markets. Our work on top-down investing, using 15 years of experience, is crucial in establishing country allocations for client portfolios. Allocation decisions are then implemented using a value oriented stock selection process that has been able to protect clients' capital in these volatile markets. Emerging markets investing is the core of Newgate's work, and we are committed to staying a market leader. ♦

#### INCREASING IMPORTANCE OF EMERGING MARKETS

Emerging Markets are expected to be greater than 50% of global GDP by 2050



Source: Goldman Sachs BRICs report 10/1/2003 - GDP projections

#### EMERGING MARKET COUNTRIES

- Argentina
- Brazil
- Chile
- Columbia
- Mexico
- Peru
- Venezuela
- China
- India
- Indonesia
- Malaysia
- Philippines
- South Korea
- Taiwan
- Thailand
- Czech Republic
- Egypt
- Hungary
- Israel
- Jordan
- Morocco
- Pakistan
- Poland
- Russia
- South Africa
- Turkey



NEWGATE



# NEWGATE

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## CAPITAL MANAGEMENT LLC

### NEWGATE EMERGING MARKETS PORTFOLIO

#### INVESTMENT OBJECTIVE

The Emerging Markets Portfolio seeks long-term growth of capital through investments in companies operating in emerging markets or whose shares are listed on the stock markets of such countries.

#### INVESTMENT PROCESS

Newgate uses a top-down, relative value approach to country and sector allocation. The investment process begins with a quantitative country and sector analysis to identify undervalued economic regions, countries and sectors. Newgate uses fundamental analysis, investment experience and professional judgment to evaluate the impact of current geopolitical and macroeconomic factors in determining the levels of investment within each country. This approach takes into account social and political developments, demographic issues, market regulations and restrictions, shareholder protection and the impact of technological innovation.

Once the top-down regional, country and sector allocations have been determined, Newgate uses both quantitative and fundamental analyses for security selection. This rigorous, bottom-up approach focuses on a combination of relative valuation analysis and strategic business evaluation.

#### THE FIRM

Newgate Capital Management LLC is a privately held global investment advisor located in Greenwich, Connecticut. The firm provides investment management services to private, corporate and public funds, educational and charitable institutions, healthcare organizations and private clients.

Newgate's primary mission is to provide superior risk-adjusted performance for their clients. Founded in 1982 on the philosophy of top-down, value oriented investing, Newgate has grown to become one of the world's leading investment houses.

Any opinions expressed are subject to change without notice, and any statements of fact have been obtained from, or are based on, sources considered reliable, but no representation is made by Newgate as to their completeness or accuracy. This material does not constitute investment advice and should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy. Investing entails risks, including possible risk of principal. Past performance is no guarantee of future results. There are increased inherent risks involved with investing in emerging markets.

• *MINDING THE FUTURE TODAY*<sup>SM</sup> •