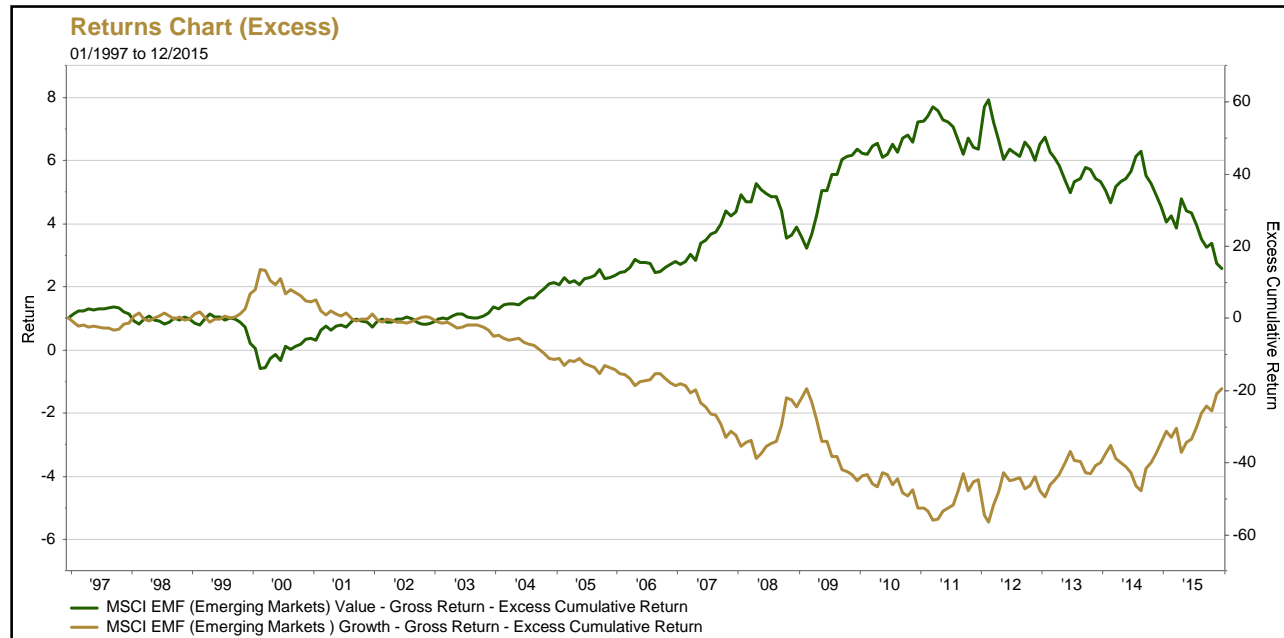


# DOES VALUE WORK IN EMERGING MARKETS? BARROW HANLEY EMERGING MARKETS TEAM APRIL, 2016

## CAN VALUE INVESTING GENERATE LONG-TERM OUTPERFORMANCE IN EMERGING MARKET EQUITIES?

As practitioners of the value discipline, we on the Barrow Hanley emerging markets (EM) team field this question with surprising frequency. While our research indicates that the answer to this question is a resounding yes, a number of longstanding misperceptions about the drivers of equity returns in emerging markets have fostered a false bias against the value approach. Five straight years of underperformance by the MSCI EM Value Index further reinforced these misperceptions (see Chart 1). The end result of this anti-value/pro-growth bias is a deeply-engrained variant perception that signals opportunity for value-focused active managers.

**CHART 1: MSCI EM Value Index and MSCI EM Growth Index Excess Returns  
(1997 - Present)**



Source: FactSet.

## THE PRO-GROWTH BIAS IN EMERGING MARKETS

The emerging market asset class is, at its core, an index-derived linkage of economies and underlying companies with prospects that are often quite disparate. For example: while the profitability of Malaysian bicycle manufacturers may be sputtering, it may be the case that, at the same time, Colombian bicycle manufacturers are experiencing a full-fledged renaissance in shareholder returns. An inevitable consequence of this sort of prospect polarity within the EM asset class is crowding: investors crowd into the assets that appear to have the best prospects, thereby pushing valuations higher and higher into “growth-like” multiples that eventually exceed both the asset’s intrinsic value and its future cash generative prospects. Losses and underperformance tend to follow.

Across EM equities, we see three different manifestations of the pro-growth bias:

1. Multiple premiums for businesses that exhibit high topline growth, as those businesses are perceived to be the most natural beneficiaries of the higher GDP and population growth rates often associated with emerging market economies due to the effects of urbanization and importation of western technology.
2. Multiple premiums for businesses with high-quality management teams, as those businesses are perceived to be rare due to the lower density of both management quality and transparent corporate governance practices in EM relative to developed markets (DM).
3. Multiple premiums for businesses located in countries with favorable policy regimes, as those businesses are also perceived to be rare due to the inherent policy disparities across EM.

While each of these pro-growth biases is predicated on a sound premise, each bias is nevertheless rooted in a fundamental misunderstanding of the drivers of equity returns and risk in emerging markets.<sup>1</sup>

<sup>1</sup> We do not refute the existence of sporadic periods in which growth does indeed outperform value within the emerging markets; rather, we refute that growth outperforms value in emerging markets over the long-term.

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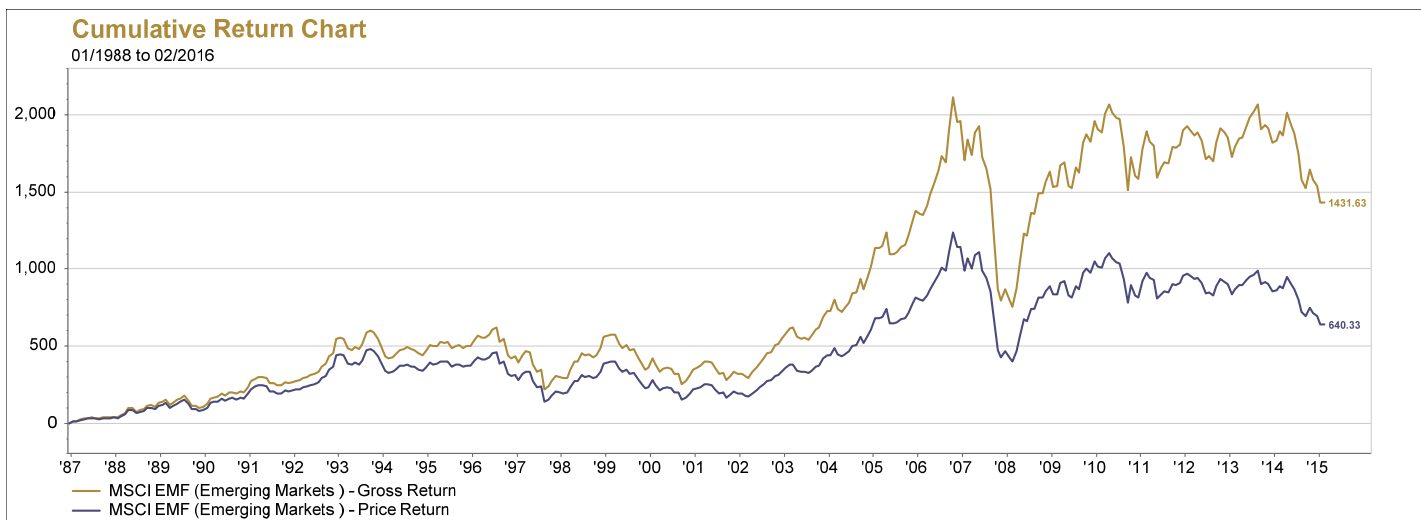
**RISK AND THE DRIVERS OF RETURNS IN EMERGING MARKETS**

There is little difference between valuing EM and DM businesses: regardless of its domicile, a company's intrinsic equity value is the sum of the present value of all its future cash flows, less any outstanding liabilities. However, if there is one material difference between EM and DM valuation, it is that future cash flows for emerging market businesses are translated into present value at discount rates that are at least equal to, but more often higher than their developed market peers. Thus, the range of potential earnings and cash flow multiples for an emerging market business is wider than that of a developed market business, particularly on the downside; or, stated in less academic terms: sell-offs in emerging market tend to be deeper and more violent, thereby creating much cheaper stocks.

A direct consequence of emerging markets' wider valuation dispersion is that, contrary to the expectations of the pro-growth consensus, emerging markets offer value investors an equally fertile hunting ground for cheap stocks relative to developed markets. This is an important observation because, in conjunction with dividend income, cheap entry points are a primary driver of value-oriented returns. We see three specific traits unique to emerging markets that drive value-oriented outperformance over the long-term:

1. Country-specific risks such as geopolitics, fund flow reversals from international investors, and greater foreign exchange volatility materialize frequently, leading to dramatic multiple compression and attractive entry points for value investors.
2. Company-specific risks related to suboptimal corporate governance, complicated corporate structures, government interference, and conflicts of interest with controlling shareholders are pervasive, which can also lead to dramatic multiple compression and attractive entry points for value investors.
3. Roughly 85% of emerging market companies pay a dividend. Furthermore, our research indicates that approximately 50% of historical returns in emerging market equities has been derived from dividend payments; given their predilection for higher dividend paying stocks, value-focused investors are uniquely positioned to capture this critical driver of returns in emerging market equities (see Chart 2).

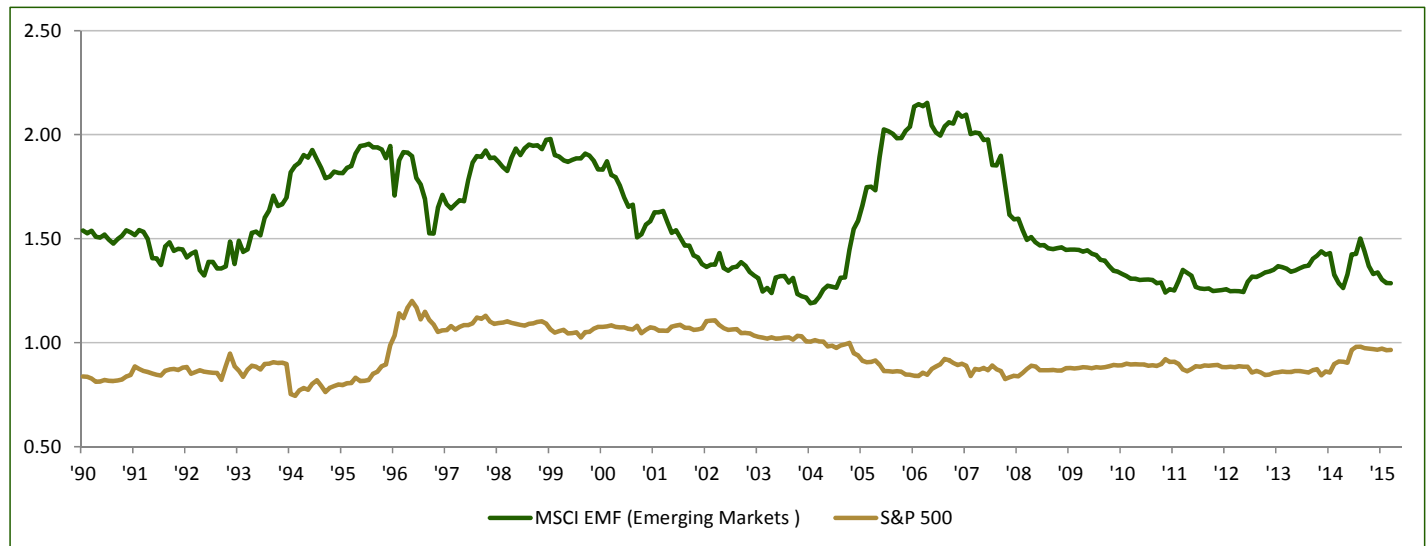
**CHART 2: MSCI EM Index Cumulative Returns with Dividends (gross) and ex-Dividends (price)  
(1987 - Present)**



Over a sufficiently long time horizon, all emerging market equities are subject to bouts of dramatic multiple compression, including the "darlings" that receive premium multiples due to their perceived conformity with pro-growth biases. These bouts of multiple compression can affect an entire country, sector, or just a specific company. Whether the risks driving these multiple compressions are real or perceived is immaterial; it is their mere occurrence that provides the opportunity for value investors to outperform (see Chart 3 on the following page).

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**CHART 3: 36-Month Rolling Relative Standard Deviation (vs. MSCI AC World Index)  
(1990 - Present)**



Source: FactSet.

**THE QUANTITATIVE EVIDENCE FOR VALUE INVESTING IN EMERGING MARKETS**

In response to numerous client conversations and requests, the Barrow Hanley emerging markets team decided to share some of our internal quantitative analysis that utilizes our firm's value parameters to build a back-tested portfolio of emerging market stocks. But before we get into the back test results, it would be helpful to provide some additional detail on Barrow Hanley's definition of value.

Barrow Hanley defines value companies as those that exhibit both low P/E and P/B multiples, and high dividend yields on an absolute basis versus the market. We are aware that emerging market participants may define it differently. For example, some EM managers like to segregate a pool of companies they believe to be "quality companies," based on their internal qualitative framework. After separating out the "quality companies," they employ a relative value approach inside this sub-segment – regardless of absolute valuation versus the broader market. Under such an approach even expensive companies like Hindustan Unilever Ltd. can be considered "value," despite trading at a clean 30x P/E ratio. This is a radical departure from our approach to defining value.

The Barrow Hanley approach is to start with stocks that are cheap on a P/E, P/B, and dividend yield basis relative to the MSCI Emerging Market Index, and then to make pure, bottom-up assessments of those businesses. Each company is evaluated on its own merits and we do not prejudge its "quality." This is not to say that we do not focus intently on buying quality assets – to the contrary, we absolutely do – but rather that our definition of "quality" is benchmarked relative to what valuation the market is asking to be paid for that particular asset. Characteristics of quality that we look for in companies include: balance sheet strength, cash generative capacity, efficient capital allocation, minority shareholder consideration, and a coherent strategic vision. A careful risk assessment is also performed, encompassing unique industry, sector, company, and country-specific aspects of the potential investment.

In our experience, stock upside usually comes from one of four key value silos: sales growth, margin expansion, multiple expansion, and capital efficiency. We expend a lot of our due diligence getting comfortable with a prospective company's trends in these areas and, more specifically, what assumptions and/or judgments we need to make about the future for those value silos to be unlocked. Thus, our ideal purchase is to buy a business when it is trading at a trough valuation on trough margins with depressed sales growth accompanied by a sustainable, above-market dividend yield which pays us to wait for the fundamental catalysts to materialize.

With that explanation of the Barrow Hanley approach to value in mind, let's now consider our quantitative analysis supporting value investing in the emerging markets. As you will see, our back test is not over-reliant on complex rebalancing assumptions that would otherwise be difficult to replicate in practice. Instead, our back test performs an annual buy-and-hold on the cheapest 20% of stocks within each individual country component of the MSCI EM index. Our definition of the "cheapest" stocks is comprised of a balanced ranking across a number of metrics, including P/E, P/B, and dividend yield.<sup>2</sup>

The model portfolio is then rebalanced only once per year within each country while simultaneously maintaining fixed country weights. This latter point is crucial, as currency fluctuations are a meaningful contributor to emerging market portfolio performance due to the index being U.S. dollar-based; consequently, we wanted to avoid any back test methodology that relied heavily on active rotation between a few "cheap" countries as their underlying multiples contract and expand.<sup>3</sup>

<sup>2</sup> Please note that this ranking is proprietary, and therefore includes other metrics beyond those disclosed.

<sup>3</sup> Active managers can certainly add value this way, however for the purposes of this analysis we wanted to match the index country weight and measure returns in local terms in order to provide a very broad and unbiased sense of value investing's effectiveness in the emerging markets.

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In the interest of conveying the broadest and least-biased version of our output, the table below displays a mean and median of the results across 18 EM countries over 10 years, irrespective of index weight or number of investable stocks. Individual country tables are provided within the appendix.<sup>4</sup> It should be noted that our approach does not work in every year and that it seems to work better in certain countries relative to others.

| Emerging Markets |                                      |   |               |                                    |  |            |             |                                 |
|------------------|--------------------------------------|---|---------------|------------------------------------|--|------------|-------------|---------------------------------|
| Year             | <u>Equal Weighted BHMS Country %</u> | <u>Equal Weighted MSCI EM Country %</u> | <u>Spread</u> | <u>% of countries Outperformed</u> | <u>Avg % Premium/Discount % to MSCI EM Index</u> |            |             | <u>Annual Backtest Turnover</u> |
|                  | <u>Return</u>                        | <u>Return</u>                           |               |                                    | <u>FY1 P/E</u>                                   | <u>P/B</u> | <u>DYLD</u> |                                 |
| 2005             | 45.1%                                | 40.5%                                   | 4.6%          | 50.0%                              | -13.2%   | -27.3%     | 11.3%       | 57.6%                           |
| 2006             | 28.2%                                | 28.5%                                   | -0.3%         | 33.3%                              | -12.9%   | -34.0%     | 25.2%       | 58.7%                           |
| 2007             | 38.8%                                | 37.2%                                   | 1.5%          | 33.3%                              | -8.5%  | -39.1%     | 27.5%       | 63.1%                           |
| 2008             | -44.2%                               | -45.9%                                  | 1.7%          | 44.4%                              | -34.3%   | -51.1%     | 12.6%       | 34.3%                           |
| 2009             | 120.4%                               | 64.0%                                   | 56.5%         | 94.4%                              | -10.5%   | -37.2%     | 8.8%        | 57.1%                           |
| 2010             | 25.8%                                | 19.1%                                   | 6.7%          | 55.6%                              | -17.1%   | -37.7%     | 13.4%       | 59.1%                           |
| 2011             | -17.6%                               | -14.9%                                  | -2.7%         | 50.0%                              | -20.3%   | -49.2%     | 10.5%       | 52.3%                           |
| 2012             | 20.8%                                | 21.9%                                   | -1.1%         | 44.4%                              | -23.6%   | -47.5%     | 0.7%        | 51.9%                           |
| 2013             | 9.0%                                 | 7.1%                                    | 1.9%          | 38.9%                              | -23.6%   | -40.3%     | 60.4%       | 50.5%                           |
| 2014             | 12.2%                                | 8.7%                                    | 3.6%          | 44.4%                              | -18.9%   | -35.9%     | 4.8%        | 53.5%                           |
| 2015             | -7.2%                                | -11.0%                                  | 3.8%          | 72.2%                              | -8.9%  | -22.4%     | 36.3%       |                                 |
| Average          | 21.0%                                | 14.1%                                   | 6.9%          | 51.0%                              | -17.4%   | -38.3%     | 19.2%       | 53.8%                           |
| Median           | 20.8%                                | 19.1%                                   | 1.9%          | 44.4%                              | -17.1%   | -37.7%     | 12.6%       | 55.3%                           |

*\*\*All returns are in local FX terms*

*Source: BHMS; Capital IQ.*

We believe the output above speaks for itself, illustrating the effectiveness of Barrow Hanley's bottom-up value approach to equity investing in the emerging markets. That being said, there are two specific rigidities embedded in this analysis that give us great excitement as active equity managers. The first rigidity is that the above results were generated with fixed country weights, whereas our mandate provides us with the flexibility to over- or under-weight countries based on the relative abundance of value opportunities within a particular domicile.

The second rigidity is that the results of our analysis are inclusive of the emerging markets' many potential value traps. Augmented by a stock selection process that differentiates between businesses that are temporarily under-earning and those whose earnings power are permanently impaired, we believe a price disciplined portfolio manager can further improve upon the already substantial baseline of outperformance afforded by value investing in the emerging markets. Three characteristics unique to our firm, funds, and EM-focused team indicate that our investment management DNA is embedded with this sort of outperformance-driving price discipline:

1. Throughout its 37 years in existence, Barrow Hanley has maintained a rare culture of consistency, wherein low employee turnover has led to consistent application of the firm's core value investing principles, irrespective of market conditions or asset class.
2. Our long-term commitment to value has led to the development of proprietary investment systems and processes that generate a superior pool of potential investments.
3. Our five-person, multinational EM investment team draws upon 68 years of collective investment industry experience, enabling passionate, thoughtful, and consistent analysis of the value landscape in the emerging markets.

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<sup>4</sup> Please note that in any particular market one or more of the valuation metrics may indicate a premium, however the balance of the aggregates will nevertheless dictate inclusion within the cheapest 20<sup>th</sup> percentile bucket; the 10yr averages for Brazil stand out as a notable example of this anomaly. Furthermore, our investable universe is broader than the MSCI universe, as it includes all listed EM equities, subject to certain liquidity and capitalization constraints (see footnote 5).

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**APPENDIX: INDIVIDUAL COUNTRY DATA<sup>5,6,7</sup>**

**Emerging Markets Country Backtest Data**

| Year    | Country Index Return |             | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|-------------|---------------------|---|--------|--------|------------------------|
|         | Brazil               | MSCI Brazil |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 27.0%                | 38.1%       | 24                  | -92.3%                                      | -40.3% | 25.9%  | 38.3%                  |
| 2006    | 29.6%                | 33.3%       | 21                  | 23.6%                                       | -24.2% | -1.3%  | 58.6%                  |
| 2007    | 24.5%                | 50.1%       | 21                  | 32.9%                                       | -20.9% | -2.5%  | 68.1%                  |
| 2008    | -23.2%               | -42.4%      | 25                  | -14.6%                                      | -49.5% | -23.7% | 45.9%                  |
| 2009    | 178.7%               | 70.9%       | 37                  | -4.6%                                       | -13.4% | -14.7% | 51.4%                  |
| 2010    | 18.4%                | 1.7%        | 37                  | -3.8%                                       | -8.8%  | -17.8% | 52.2%                  |
| 2011    | -23.7%               | -11.9%      | 39                  | 11.4%                                       | -29.5% | -26.0% | 52.3%                  |
| 2012    | 11.9%                | 10.1%       | 41                  | -32.3%                                      | -50.2% | -34.3% | 59.9%                  |
| 2013    | -16.3%               | -3.0%       | 38                  | -28.7%                                      | -37.8% | 7.7%   | 34.4%                  |
| 2014    | -15.8%               | -2.8%       | 37                  | -23.0%                                      | -20.5% | -25.5% | 52.6%                  |
| 2015    | -25.7%               | -12.5%      | 35                  | -17.2%                                      | -72.3% | -2.8%  | 0.0%                   |
| Average | 16.8%                | 12.0%       | 32                  | -13.5%                                      | -33.4% | -10.4% | 46.7%                  |
| Median  | 11.9%                | 1.7%        | 37                  | -14.6%                                      | -29.5% | -14.7% | 52.2%                  |

| Year    | Country Index Return |            | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|------------|---------------------|---|--------|--------|------------------------|
|         | Chile                | MSCI Chile |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | -7.0%                | 12.1%      | 9                   | 6.2%  | -18.9% | 13.0%  | 39.8%                  |
| 2006    | 15.9%                | 34.4%      | 9                   | -24.1%                                      | -22.3% | 54.3%  | 50.0%                  |
| 2007    | 11.8%                | 15.7%      | 10                  | -30.4%                                      | -32.5% | 40.1%  | 61.9%                  |
| 2008    | -20.1%               | -17.3%     | 10                  | -24.3%                                      | -48.5% | 81.3%  | 66.0%                  |
| 2009    | 80.7%                | 48.6%      | 10                  | -25.9%                                      | -31.1% | 36.2%  | 79.2%                  |
| 2010    | 14.6%                | 33.6%      | 10                  | -21.7%                                      | -42.4% | 36.6%  | 20.9%                  |
| 2011    | 0.9%                 | -11.2%     | 10                  | -12.7%                                      | -59.4% | -8.5%  | 57.2%                  |
| 2012    | 0.6%                 | -0.1%      | 12                  | -37.7%                                      | -52.1% | 5.4%   | 35.5%                  |
| 2013    | -14.0%               | -13.7%     | 14                  | -22.5%                                      | -58.8% | 10.0%  | 53.1%                  |
| 2014    | -4.4%                | 1.4%       | 12                  | -6.8%                                       | -68.9% | 108.7% | 34.3%                  |
| 2015    | 2.2%                 | -2.9%      | 11                  | -33.3%                                      | -69.4% | 80.6%  | 0.0%                   |
| Average | 7.4%                 | 9.1%       | 11                  | -21.2%                                      | -45.8% | 41.6%  | 45.3%                  |
| Median  | 0.9%                 | 1.4%       | 10                  | -24.1%                                      | -48.5% | 36.6%  | 50.0%                  |

| Year    | Country Index Return |            | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|------------|---------------------|---|--------|--------|------------------------|
|         | China                | MSCI China |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | -18.3%               | 19.5%      | 28                  | -41.6%                                      | -43.2% | 20.0%  | 28.3%                  |
| 2006    | 84.4%                | 83.4%      | 28                  | -19.7%                                      | -53.3% | 6.6%   | 70.3%                  |
| 2007    | 103.1%               | 66.7%      | 33                  | -36.7%                                      | -55.4% | 4.9%   | 62.3%                  |
| 2008    | -55.6%               | -51.1%     | 42                  | -46.6%                                      | -61.9% | -14.4% | 25.6%                  |
| 2009    | 126.0%               | 62.7%      | 64                  | -12.3%                                      | -40.5% | -11.3% | 62.3%                  |
| 2010    | 7.5%                 | 5.1%       | 67                  | -10.6%                                      | -32.3% | -22.7% | 59.5%                  |
| 2011    | -28.0%               | -18.3%     | 76                  | -37.8%                                      | -46.6% | -11.3% | 71.4%                  |
| 2012    | 25.6%                | 22.9%      | 82                  | -7.0%                                       | -33.4% | -24.9% | 57.3%                  |
| 2013    | 29.1%                | 4.0%       | 75                  | -14.9%                                      | -32.5% | 7.8%   | 57.9%                  |
| 2014    | 25.2%                | 8.3%       | 81                  | -10.7%                                      | -27.1% | -11.2% | 66.6%                  |
| 2015    | -1.3%                | -7.7%      | 100                 | 1.7%  | -34.0% | 4.5%   | 0.0%                   |
| Average | 27.1%                | 17.8%      | 61                  | -21.5%                                      | -41.8% | -4.7%  | 51.0%                  |
| Median  | 25.2%                | 8.3%       | 67                  | -14.9%                                      | -40.5% | -11.2% | 59.5%                  |

Source: BHMS; Capital IQ.

<sup>5</sup> The mean of each country's average firm market capitalization within the analysis is USD 4.325bln; the average daily turnover is USD 6.6mm.

<sup>6</sup> Please note that Hungary and the Czech Republic were not included in the analysis due to having too few listings, while Saudi Arabia and Qatar were omitted

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| Year    | Country Index Return |               | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|---------------|---------------------|---|--------|--------|------------------------|
|         | Colombia             | MSCI Colombia |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 153.6%               | 101.7%        | 3                   | -0.7%                                       | -31.9% | 13.0%  | 66.7%                  |
| 2006    | 47.5%                | 11.4%         | 3                   | n/a   | -63.8% | -14.2% | 100.0%                 |
| 2007    | 0.4%                 | 3.6%          | 2                   | n/a   | -40.3% | 57.2%  | 66.7%                  |
| 2008    | -17.1%               | -16.5%        | 3                   | -20.2%                                      | 20.4%  | 40.3%  | 71.1%                  |
| 2009    | 60.9%                | 67.5%         | 2                   | -16.6%                                      | 49.1%  | 48.7%  | 0.0%                   |
| 2010    | 51.4%                | 34.8%         | 2                   | -8.7%                                       | -21.7% | -47.7% | 100.0%                 |
| 2011    | 3.9%                 | -4.1%         | 2                   | n/a   | -29.2% | -25.3% | 100.0%                 |
| 2012    | 12.3%                | 23.9%         | 6                   | 37.2%                                       | -49.7% | 2.8%   | 46.4%                  |
| 2013    | 10.0%                | -13.8%        | 5                   | -34.5%                                      | -16.3% | 12.1%  | 59.5%                  |
| 2014    | -3.4%                | -1.3%         | 5                   | -24.6%                                      | 30.5%  | 25.6%  | 35.1%                  |
| 2015    | -17.8%               | -22.3%        | 5                   | -5.8%                                       | 28.9%  | 18.3%  | 0.0%                   |
| Average | 27.4%                | 16.8%         | 3                   | -9.2%                                       | -11.3% | 11.9%  | 58.7%                  |
| Median  | 10.0%                | 3.6%          | 3                   | -12.7%                                      | -21.7% | 13.0%  | 66.7%                  |

| Year    | Country Index Return |            | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|------------|---------------------|---|--------|--------|------------------------|
|         | Egypt                | MSCI Egypt |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 148.3%               | 147.3%     | 2                   | 27.4%                                       | 27.4%  | -16.1% | 50.0%                  |
| 2006    | 13.6%                | 16.5%      | 2                   | 6.9%  | -56.5% | 31.7%  | 75.0%                  |
| 2007    | 40.5%                | 53.2%      | 4                   | -21.1%                                      | -15.7% | 159.8% | 63.0%                  |
| 2008    | -52.5%               | -52.4%     | 5                   | -17.2%                                      | -61.7% | -24.1% | 30.3%                  |
| 2009    | 51.9%                | 39.2%      | 7                   | -19.5%                                      | -49.1% | 40.9%  | 57.1%                  |
| 2010    | 36.4%                | 18.5%      | 7                   | -23.3%                                      | -32.9% | 29.7%  | 85.7%                  |
| 2011    | -40.7%               | -44.9%     | 7                   | 38.3%                                       | -10.2% | -4.7%  | 30.7%                  |
| 2012    | 47.7%                | 54.7%      | 7                   | -21.0%                                      | -26.8% | 97.7%  | 47.6%                  |
| 2013    | 2.2%                 | 17.3%      | 5                   | -38.2%                                      | -30.8% | 3.4%   | 19.1%                  |
| 2014    | 48.9%                | 33.1%      | 5                   | -38.8%                                      | -37.9% | 100.0% | 50.9%                  |
| 2015    | -38.3%               | -16.2%     | 6                   | -51.3%                                      | -65.5% | 156.5% | 0.0%                   |
| Average | 23.4%                | 24.2%      | 5                   | -14.3%                                      | -32.7% | 52.3%  | 46.3%                  |
| Median  | 36.4%                | 18.5%      | 5                   | -21.0%                                      | -32.9% | 31.7%  | 50.0%                  |

| Year    | Country Index Return |             | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|-------------|---------------------|---|--------|--------|------------------------|
|         | Greece               | MSCI Greece |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 37.0%                | 33.8%       | 12                  | -23.6%                                      | -59.2% | 37.7%  | 72.7%                  |
| 2006    | 37.7%                | 20.8%       | 14                  | -9.7%                                       | -49.8% | -7.6%  | 57.0%                  |
| 2007    | 1.8%                 | 19.9%       | 17                  | -1.8%                                       | -53.9% | 43.6%  | 54.6%                  |
| 2008    | -60.4%               | -64.2%      | 18                  | -34.7%                                      | -56.1% | 116.6% | 26.7%                  |
| 2009    | 43.7%                | 21.4%       | 19                  | -14.8%                                      | -29.9% | -19.5% | 47.1%                  |
| 2010    | -32.2%               | -40.9%      | 12                  | -40.5%                                      | -54.2% | -29.4% | 39.8%                  |
| 2011    | -68.1%               | -61.4%      | 9                   | -17.4%                                      | -64.3% | 274.3% | 17.6%                  |
| 2012    | 75.6%                | 4.1%        | 8                   | -47.2%                                      | -69.7% | 27.4%  | 40.5%                  |
| 2013    | 116.9%               | 46.1%       | 6                   | -24.9%                                      | -31.8% | 911.6% | 57.1%                  |
| 2014    | -9.0%                | -31.6%      | 7                   | 5.4%  | -23.6% | -87.2% | 69.4%                  |
| 2015    | -19.7%               | -56.8%      | 8                   | -4.6%                                       | 384.3% | 55.8%  | 0.0%                   |
| Average | 11.2%                | -9.9%       | 12                  | -19.4%                                      | -9.8%  | 120.3% | 43.9%                  |
| Median  | 1.8%                 | 4.1%        | 12                  | -17.4%                                      | -53.9% | 37.7%  | 47.1%                  |

Source: BHMS; Capital IQ.

due to insufficient estimate coverage.

<sup>7</sup> Country returns are defined as the total shareholder return gross of taxation.

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| Year    | Country Index Return |                | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|----------------|---------------------|---|--------|--------|------------------------|
|         | Indonesia            | MSCI Indonesia |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 15.3%                | 22.7%          | 7                   | -10.1%                                      | -23.8% | -34.2% | 56.9%                  |
| 2006    | 23.0%                | 59.8%          | 6                   | -35.1%                                      | -44.4% | 4.3%   | 30.2%                  |
| 2007    | 62.5%                | 61.9%          | 7                   | -28.3%                                      | -65.4% | -13.4% | 44.4%                  |
| 2008    | -59.4%               | -49.2%         | 9                   | -63.3%                                      | -80.8% | -66.4% | 20.8%                  |
| 2009    | 109.0%               | 96.2%          | 10                  | -11.5%                                      | -66.4% | -59.5% | 58.3%                  |
| 2010    | 56.7%                | 29.1%          | 12                  | 4.2%  | -64.2% | -41.8% | 70.1%                  |
| 2011    | -14.9%               | 7.2%           | 15                  | -29.1%                                      | -68.2% | -22.5% | 41.0%                  |
| 2012    | -3.9%                | 11.8%          | 20                  | -35.6%                                      | -79.3% | -68.7% | 49.0%                  |
| 2013    | -17.5%               | -2.9%          | 22                  | -49.3%                                      | -70.2% | -24.9% | 36.0%                  |
| 2014    | 23.2%                | 29.5%          | 25                  | -22.5%                                      | -61.2% | -33.1% | 54.5%                  |
| 2015    | -37.8%               | -9.9%          | 22                  | -49.8%                                      | -82.6% | 40.0%  | 0.0%                   |
| Average | 14.2%                | 23.3%          | 14                  | -30.0%                                      | -64.2% | -29.1% | 41.9%                  |
| Median  | 15.3%                | 22.7%          | 12                  | -29.1%                                      | -66.4% | -33.1% | 44.4%                  |

| Year    | Country Index Return |            | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|------------|---------------------|---|--------|--------|------------------------|
|         | India                | MSCI India |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 38.7%                | 42.4%      | 23                  | 2.4%  | -34.2% | 95.2%  | 71.2%                  |
| 2006    | 25.9%                | 48.5%      | 21                  | -41.3%                                      | -44.1% | 76.2%  | 60.7%                  |
| 2007    | 53.5%                | 54.2%      | 30                  | -32.3%                                      | -26.6% | 34.7%  | 64.1%                  |
| 2008    | -48.8%               | -56.3%     | 39                  | -41.1%                                      | -49.5% | 68.7%  | 30.5%                  |
| 2009    | 148.1%               | 93.7%      | 41                  | -36.0%                                      | -39.0% | -9.9%  | 63.3%                  |
| 2010    | 4.1%                 | 16.2%      | 54                  | -30.9%                                      | -49.0% | -6.5%  | 62.6%                  |
| 2011    | -49.9%               | -25.4%     | 71                  | -56.6%                                      | -71.7% | 63.3%  | 23.8%                  |
| 2012    | 39.3%                | 30.0%      | 67                  | -49.7%                                      | -61.6% | 37.1%  | 54.7%                  |
| 2013    | -13.5%               | 8.6%       | 53                  | -55.5%                                      | -71.2% | 108.9% | 44.0%                  |
| 2014    | 53.3%                | 26.4%      | 55                  | -45.2%                                      | -71.2% | 13.0%  | 66.5%                  |
| 2015    | 1.3%                 | -1.6%      | 73                  | -40.6%                                      | -78.4% | 32.6%  | 0.0%                   |
| Average | 22.9%                | 21.5%      | 48                  | -38.8%                                      | -54.2% | 46.7%  | 49.2%                  |
| Median  | 25.9%                | 26.4%      | 53                  | -41.1%                                      | -49.5% | 37.1%  | 60.7%                  |

| Year    | Country Index Return |            | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|------------|---------------------|---|--------|--------|------------------------|
|         | Korea                | MSCI Korea |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 57.0%                | 54.3%      | 36                  | -15.3%                                      | -28.0% | 10.7%  | 73.5%                  |
| 2006    | -10.6%               | 4.1%       | 56                  | -11.5%                                      | -6.5%  | 9.2%   | 59.6%                  |
| 2007    | 31.3%                | 33.4%      | 61                  | -14.9%                                      | -10.1% | -15.7% | 72.3%                  |
| 2008    | -47.3%               | -39.5%     | 86                  | -32.3%                                      | -25.0% | -22.5% | 27.4%                  |
| 2009    | 89.2%                | 59.1%      | 73                  | -24.7%                                      | -45.6% | 62.8%  | 58.4%                  |
| 2010    | 16.4%                | 23.9%      | 69                  | 10.7%                                       | -25.4% | 21.1%  | 65.5%                  |
| 2011    | -8.8%                | -10.4%     | 77                  | -18.1%                                      | -42.8% | 59.9%  | 59.5%                  |
| 2012    | 3.5%                 | 12.9%      | 95                  | -6.9%                                       | -28.1% | 20.3%  | 62.6%                  |
| 2013    | 0.2%                 | 2.7%       | 82                  | 26.2%                                       | -12.2% | -21.3% | 62.8%                  |
| 2014    | 6.5%                 | -7.0%      | 99                  | -3.0%                                       | 13.0%  | -33.2% | 62.3%                  |
| 2015    | 25.5%                | 0.0%       | 109                 | 38.5%                                       | 15.3%  | -37.7% | 0.0%                   |
| Average | 14.8%                | 12.1%      | 77                  | -4.7%                                       | -17.8% | 4.9%   | 54.9%                  |
| Median  | 6.5%                 | 4.1%       | 77                  | -11.5%                                      | -25.0% | 9.2%   | 62.3%                  |

Source: BHMS; Capital IQ.

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| Year    | Country Index Return |             | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|-------------|---------------------|---|--------|--------|------------------------|
|         | Mexico               | MSCI Mexico |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 14.5%                | 42.3%       | 10                  | -18.1%                                      | -46.2% | 45.1%  | 80.0%                  |
| 2006    | 42.0%                | 44.0%       | 10                  | -14.1%                                      | -39.3% | -23.6% | 40.0%                  |
| 2007    | 36.8%                | 13.1%       | 10                  | -5.0%                                       | -46.7% | -10.4% | 65.7%                  |
| 2008    | -37.8%               | -27.6%      | 11                  | -43.1%                                      | -71.3% | -56.6% | 30.0%                  |
| 2009    | 110.1%               | 47.7%       | 11                  | -2.4%                                       | -39.6% | 4.7%   | 50.0%                  |
| 2010    | 12.7%                | 20.6%       | 10                  | -17.7%                                      | -48.8% | -1.8%  | 41.5%                  |
| 2011    | -18.3%               | -0.6%       | 10                  | -43.1%                                      | -65.8% | -61.7% | 35.2%                  |
| 2012    | -3.8%                | 20.1%       | 12                  | -53.8%                                      | -68.5% | -53.0% | 58.1%                  |
| 2013    | -9.6%                | 1.1%        | 11                  | -17.4%                                      | -46.9% | 8.0%   | 59.5%                  |
| 2014    | 11.4%                | 2.2%        | 12                  | 10.8%                                       | -29.0% | -41.7% | 58.9%                  |
| 2015    | 6.0%                 | 0.5%        | 15                  | 2.6%  | -45.0% | -34.5% | 0.0%                   |
| Average | 14.9%                | 14.8%       | 11                  | -18.3%                                      | -49.7% | -20.5% | 47.2%                  |
| Median  | 11.4%                | 13.1%       | 11                  | -17.4%                                      | -46.7% | -23.6% | 50.0%                  |

| Year    | Country Index Return |               | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|---------------|---------------------|---|--------|--------|------------------------|
|         | Malaysia             | MSCI Malaysia |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | -11.4%               | 1.7%          | 24                  | -36.6%                                      | -48.3% | 14.4%  | 64.9%                  |
| 2006    | 56.9%                | 28.0%         | 20                  | -19.3%                                      | -29.3% | 38.7%  | 57.9%                  |
| 2007    | 35.3%                | 36.9%         | 19                  | -30.4%                                      | -45.2% | 8.2%   | 47.8%                  |
| 2008    | -39.9%               | -38.5%        | 20                  | -56.6%                                      | -60.2% | -33.0% | 34.8%                  |
| 2009    | 81.7%                | 50.5%         | 22                  | -44.1%                                      | -60.5% | -1.8%  | 53.0%                  |
| 2010    | 34.6%                | 23.4%         | 23                  | -29.1%                                      | -49.5% | 5.7%   | 64.4%                  |
| 2011    | 0.4%                 | 2.9%          | 25                  | -41.8%                                      | -61.0% | -0.8%  | 66.5%                  |
| 2012    | 3.7%                 | 10.2%         | 30                  | -57.2%                                      | -55.6% | 18.0%  | 57.8%                  |
| 2013    | 23.2%                | 15.3%         | 29                  | -18.6%                                      | -55.2% | -15.6% | 47.6%                  |
| 2014    | -7.5%                | -4.6%         | 33                  | -26.4%                                      | -55.2% | -8.6%  | 44.7%                  |
| 2015    | 3.3%                 | -1.8%         | 38                  | -11.8%                                      | -59.5% | 11.9%  | 0.0%                   |
| Average | 16.4%                | 11.3%         | 26                  | -33.8%                                      | -52.7% | 3.4%   | 49.0%                  |
| Median  | 3.7%                 | 10.2%         | 24                  | -30.4%                                      | -55.2% | 5.7%   | 53.0%                  |

| Year    | Country Index Return |           | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|-----------|---------------------|---|--------|--------|------------------------|
|         | Peru                 | MSCI Peru |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 66.8%                | 38.1%     | 2                   | 53.2%                                       | 8.3%   | 72.4%  | 100.0%                 |
| 2006    | 57.7%                | 57.8%     | 2                   | 15.9%                                       | -23.5% | -56.7% | 51.8%                  |
| 2007    | 90.2%                | 90.8%     | 2                   | 132.0%                                      | -80.2% | 13.0%  | 100.0%                 |
| 2008    | -34.5%               | -38.9%    | 4                   | 9.9%  | -52.1% | 46.9%  | 39.9%                  |
| 2009    | 148.4%               | 69.0%     | 4                   | 165.2%                                      | -83.8% | 107.3% | 100.0%                 |
| 2010    | 46.0%                | 53.3%     | 3                   | -20.4%                                      | -78.9% | 115.8% | 50.0%                  |
| 2011    | -8.2%                | -21.4%    | 4                   | -52.9%                                      | -58.0% | -2.8%  | 73.0%                  |
| 2012    | -24.8%               | 19.7%     | 5                   | -38.0%                                      | -65.6% | -45.5% | 20.0%                  |
| 2013    | -40.1%               | -29.8%    | 5                   | -34.9%                                      | -53.2% | 45.2%  | 42.0%                  |
| 2014    | -9.1%                | 10.5%     | 4                   | -41.5%                                      | -66.7% | 75.3%  | 70.5%                  |
| 2015    | -48.3%               | -31.7%    | 4                   | -23.5%                                      | -75.3% | 236.6% | 0.0%                   |
| Average | 22.2%                | 19.8%     | 4                   | 15.0%                                       | -57.2% | 55.2%  | 58.8%                  |
| Median  | -8.2%                | 19.7%     | 4                   | -20.4%                                      | -65.6% | 46.9%  | 51.8%                  |

Source: BHMS; Capital IQ.



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| Year    | Country Index Return |                  | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|------------------|---------------------|---|--------|--------|------------------------|
|         | Philippines          | MSCI Philippines |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 32.3%                | 17.1%            | 3                   | -8.5%                                       | -28.3% | 44.9%  | 25.0%                  |
| 2006    | 47.2%                | 47.5%            | 4                   | -9.2%                                       | -45.3% | -16.5% | 50.0%                  |
| 2007    | -1.8%                | 19.3%            | 4                   | -18.9%                                      | -47.3% | 1.1%   | 20.0%                  |
| 2008    | -46.9%               | -44.6%           | 5                   | -62.1%                                      | -75.1% | -10.2% | 32.7%                  |
| 2009    | 144.7%               | 63.3%            | 7                   | -41.5%                                      | -71.8% | -38.5% | 62.5%                  |
| 2010    | 84.9%                | 28.4%            | 8                   | -19.8%                                      | -54.0% | 42.2%  | 66.7%                  |
| 2011    | 3.4%                 | 0.2%             | 9                   | -21.9%                                      | -93.3% | -2.1%  | 60.1%                  |
| 2012    | 42.9%                | 38.2%            | 10                  | -30.2%                                      | -42.7% | -5.3%  | 66.7%                  |
| 2013    | -0.9%                | 5.9%             | 12                  | -35.9%                                      | -56.8% | -22.0% | 57.2%                  |
| 2014    | 35.5%                | 27.4%            | 13                  | -25.7%                                      | -62.1% | -48.3% | 54.0%                  |
| 2015    | 4.9%                 | -1.4%            | 13                  | -41.4%                                      | -68.1% | -26.9% | 0.0%                   |
| Average | 31.5%                | 18.3%            | 8                   | -28.6%                                      | -58.6% | -7.4%  | 45.0%                  |
| Median  | 32.3%                | 19.3%            | 8                   | -25.7%                                      | -56.8% | -10.2% | 54.0%                  |

| Year    | Country Index Return |             | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|-------------|---------------------|---|--------|--------|------------------------|
|         | Russia               | MSCI Russia |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 124.9%               | 74.2%       | 6                   | 0.4%  | -8.5%  | 0.7%   | 85.7%                  |
| 2006    | 36.6%                | 54.3%       | 7                   | -43.0%                                      | 6.9%   | 269.5% | 66.7%                  |
| 2007    | 44.2%                | 23.1%       | 9                   | 6.5%  | 32.0%  | -48.7% | 80.0%                  |
| 2008    | -71.5%               | -72.2%      | 10                  | -31.8%                                      | -56.8% | -31.4% | 16.6%                  |
| 2009    | 252.8%               | 85.2%       | 13                  | -19.1%                                      | -30.6% | -85.4% | 61.9%                  |
| 2010    | 41.8%                | 20.3%       | 14                  | 6.6%  | -5.3%  | 50.2%  | 93.3%                  |
| 2011    | -10.3%               | -15.5%      | 15                  | 41.6%                                       | 1.5%   | -58.9% | 65.8%                  |
| 2012    | 3.6%                 | 9.7%        | 17                  | 28.4%                                       | -22.2% | -54.8% | 56.3%                  |
| 2013    | -2.2%                | 7.5%        | 15                  | 7.5%  | -28.2% | -37.9% | 54.6%                  |
| 2014    | -16.4%               | -12.1%      | 14                  | -17.3%                                      | -25.0% | 76.1%  | 28.2%                  |
| 2015    | 36.2%                | 22.9%       | 13                  | -8.9%                                       | -28.9% | 104.0% | 0.0%                   |
| Average | 40.0%                | 17.9%       | 12                  | -2.6%                                       | -15.0% | 16.7%  | 55.4%                  |
| Median  | 36.2%                | 20.3%       | 13                  | 0.4%  | -22.2% | -31.4% | 61.9%                  |

| Year    | Country Index Return |               | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |       | Annualized<br>Turnover |
|---------|----------------------|---------------|---------------------|---|--------|-------|------------------------|
|         | Thailand             | MSCI Thailand |                     | FY1 P/E                                     | P/B    | DYLD  |                        |
| 2005    | 15.8%                | 15.2%         | 13                  | -33.3%                                      | -27.5% | -1.0% | 60.5%                  |
| 2006    | -10.3%               | -1.6%         | 12                  | -9.5%                                       | -5.4%  | 28.8% | 53.3%                  |
| 2007    | 41.6%                | 36.6%         | 12                  | -34.0%                                      | -78.9% | 12.1% | 92.9%                  |
| 2008    | -45.6%               | -46.6%        | 14                  | -40.8%                                      | -62.4% | 83.1% | 24.1%                  |
| 2009    | 117.9%               | 70.0%         | 16                  | -20.4%                                      | -39.7% | 40.8% | 66.7%                  |
| 2010    | 35.1%                | 41.3%         | 15                  | -30.1%                                      | -45.5% | 49.6% | 42.1%                  |
| 2011    | 16.8%                | 2.1%          | 19                  | -18.8%                                      | -55.9% | -0.3% | 79.1%                  |
| 2012    | 27.2%                | 30.8%         | 23                  | -8.0%                                       | -42.9% | -2.6% | 62.4%                  |
| 2013    | -5.2%                | -8.0%         | 23                  | -12.0%                                      | -20.5% | -1.4% | 52.6%                  |
| 2014    | 35.3%                | 17.0%         | 29                  | -4.1%                                       | -15.7% | 16.8% | 51.8%                  |
| 2015    | -7.9%                | -16.1%        | 29                  | -0.5%                                       | -16.8% | 11.9% | 0.0%                   |
| Average | 20.1%                | 12.8%         | 19                  | -19.2%                                      | -37.4% | 21.6% | 53.2%                  |
| Median  | 16.8%                | 15.2%         | 16                  | -18.8%                                      | -39.7% | 12.1% | 53.3%                  |

Source: BHMS; Capital IQ.

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| Year    | Country Index Return |             | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|-------------|---------------------|---|--------|--------|------------------------|
|         | Turkey               | MSCI Turkey |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 40.9%                | 57.3%       | 7                   | -12.7%                                      | -41.8% | -55.1% | 58.8%                  |
| 2006    | -2.9%                | -2.5%       | 7                   | -24.4%                                      | -41.7% | -20.1% | 72.3%                  |
| 2007    | 17.6%                | 44.7%       | 10                  | -26.6%                                      | -42.1% | 132.4% | 64.3%                  |
| 2008    | -48.1%               | -50.1%      | 14                  | -43.6%                                      | -56.8% | 98.0%  | 21.2%                  |
| 2009    | 195.6%               | 92.8%       | 15                  | -2.9%                                       | -21.9% | -2.5%  | 46.7%                  |
| 2010    | 31.0%                | 24.5%       | 15                  | 3.9%  | -25.2% | -7.5%  | 51.1%                  |
| 2011    | -20.5%               | -20.4%      | 16                  | -19.7%                                      | -43.4% | 34.1%  | 32.3%                  |
| 2012    | 57.3%                | 55.8%       | 19                  | -24.5%                                      | -42.7% | 35.9%  | 66.7%                  |
| 2013    | -6.1%                | -11.5%      | 18                  | -8.4%                                       | -30.6% | 38.1%  | 48.6%                  |
| 2014    | 28.5%                | 29.6%       | 19                  | -17.0%                                      | -46.9% | -23.3% | 56.2%                  |
| 2015    | -2.3%                | -14.5%      | 18                  | -2.4%                                       | -46.4% | 15.8%  | 0.0%                   |
| Average | 26.5%                | 18.7%       | 14                  | -16.2%                                      | -40.0% | 22.3%  | 47.1%                  |
| Median  | 17.6%                | 24.5%       | 15                  | -17.0%                                      | -42.1% | 15.8%  | 51.1%                  |

| Year    | Country Index Return |             | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |        | Annualized<br>Turnover |
|---------|----------------------|-------------|---------------------|---|--------|--------|------------------------|
|         | Taiwan               | MSCI Taiwan |                     | FY1 P/E                                     | P/B    | DYLD   |                        |
| 2005    | 19.3%                | 11.2%       | 69                  | -28.3%                                      | -39.2% | 17.5%  | 59.4%                  |
| 2006    | 36.2%                | 20.0%       | 65                  | -21.6%                                      | -26.7% | 1.6%   | 63.1%                  |
| 2007    | 2.3%                 | 8.6%        | 71                  | -18.8%                                      | -32.6% | -16.3% | 65.9%                  |
| 2008    | -55.7%               | -45.2%      | 84                  | -43.3%                                      | -48.7% | 14.2%  | 23.6%                  |
| 2009    | 186.3%               | 75.7%       | 109                 | -15.6%                                      | -20.8% | -1.7%  | 61.8%                  |
| 2010    | 7.3%                 | 11.9%       | 102                 | -20.8%                                      | -15.1% | 7.2%   | 54.7%                  |
| 2011    | -33.3%               | -17.1%      | 115                 | -29.2%                                      | -44.9% | 10.6%  | 36.4%                  |
| 2012    | 8.4%                 | 12.8%       | 125                 | -19.1%                                      | -37.1% | 25.2%  | 53.7%                  |
| 2013    | 21.4%                | 12.7%       | 112                 | -23.3%                                      | -35.2% | 26.2%  | 59.3%                  |
| 2014    | 14.8%                | 16.7%       | 116                 | -2.9%                                       | -33.9% | -4.5%  | 53.6%                  |
| 2015    | -11.2%               | -7.5%       | 134                 | 13.1%                                       | -41.5% | 5.1%   | 0.0%                   |
| Average | 17.8%                | 9.1%        | 100                 | -19.1%                                      | -34.2% | 7.7%   | 48.3%                  |
| Median  | 8.4%                 | 11.9%       | 109                 | -20.8%                                      | -35.2% | 7.2%   | 54.7%                  |

| Year    | Country Index Return |          | BHMS Stock<br>Count | % Premium/Discount to MSCI EM Country Index |        |         | Annualized<br>Turnover |
|---------|----------------------|----------|---------------------|---|--------|---------|------------------------|
|         | UAE                  | MSCI UAE |                     | FY1 P/E                                     | P/B    | DYLD    |                        |
| 2005    | 57.7%                |          | 3                   | -6.8%                                       | -8.2%  | -100.0% | 5.5%                   |
| 2006    | -22.6%               | -47.4%   | 6                   | 16.8%                                       | -41.8% | 71.7%   | 39.1%                  |
| 2007    | 102.0%               | 38.2%    | 15                  | -16.0%                                      | -41.5% | 94.8%   | 41.2%                  |
| 2008    | -30.9%               | -72.7%   | 17                  | -12.7%                                      | -23.7% | -39.4%  | 50.8%                  |
| 2009    | 41.9%                | 37.9%    | 19                  | -41.6%                                      | -35.3% | 61.2%   | 47.6%                  |
| 2010    | -1.9%                | -1.9%    | 21                  | -55.6%                                      | -26.2% | 58.1%   | 43.0%                  |
| 2011    | -16.8%               | -17.6%   | 22                  | -36.7%                                      | -43.4% | -28.5%  | 39.0%                  |
| 2012    | 47.7%                | 27.4%    | 20                  | -22.1%                                      | -27.0% | 31.5%   | 38.8%                  |
| 2013    | 84.4%                | 90.0%    | 21                  | -39.9%                                      | -37.3% | 31.3%   | 63.2%                  |
| 2014    | 3.4%                 | 13.7%    | 19                  | -47.0%                                      | -45.2% | -12.8%  | 52.7%                  |
| 2015    | 1.5%                 | -17.9%   | 21                  | 74.0%                                       | -47.3% | -17.6%  | 0.0%                   |
| Average | 24.2%                | 5.0%     | 17                  | -17.1%                                      | -34.3% | 13.7%   | 38.3%                  |
| Median  | 3.4%                 | 5.9%     | 19                  | -22.1%                                      | -37.3% | 31.3%   | 41.2%                  |

Source: BHMS; Capital IQ.

**DISCLOSURE**

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