

Unlocking Emerging Markets

May 23, 2013

Brian Faleiro

Senior Vice President

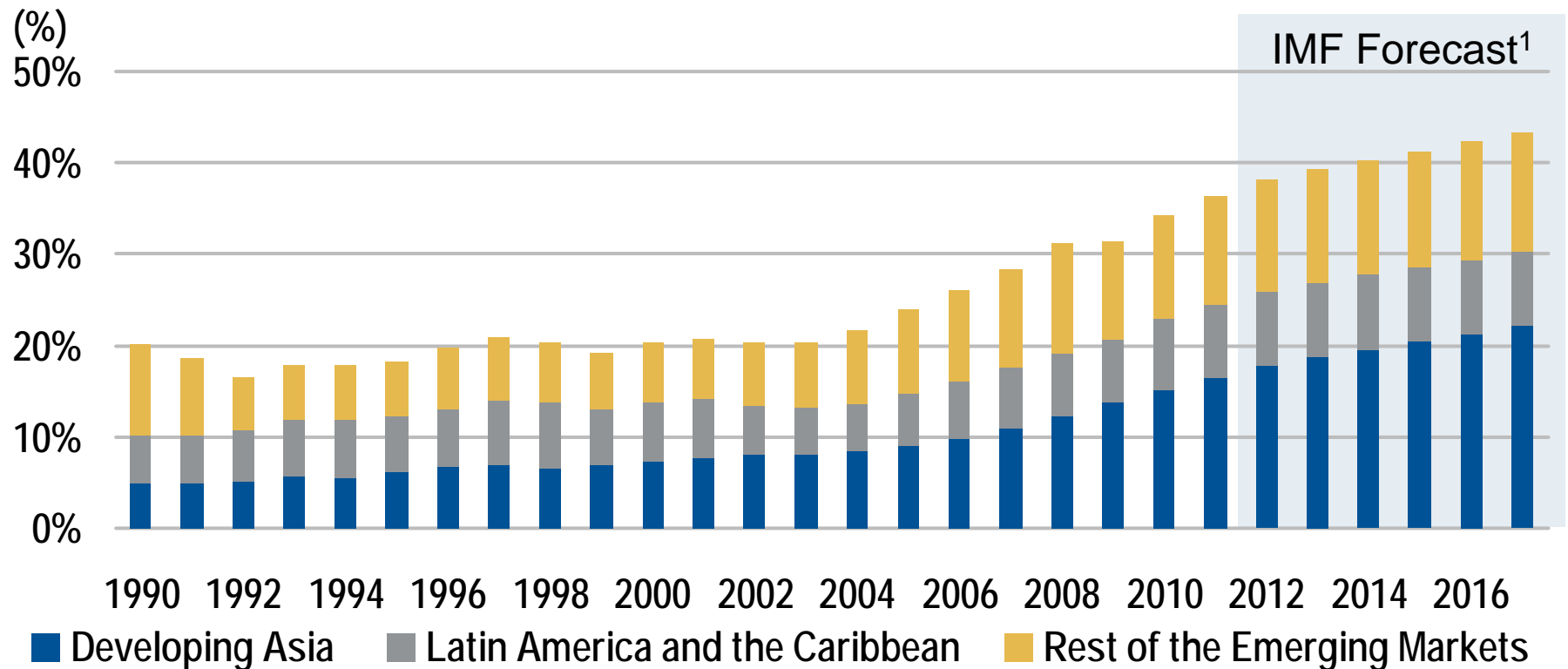
Global Equities Product Specialist

Neuberger Berman

Emerging Markets have become a Larger Share of Global GDP

Emerging market's share of global GDP has grown from 21–36% in the last decade, and it is estimated to reach 40% by 2015

EM SHARE OF GLOBAL GDP



1. World Economic Outlook, April 2012.

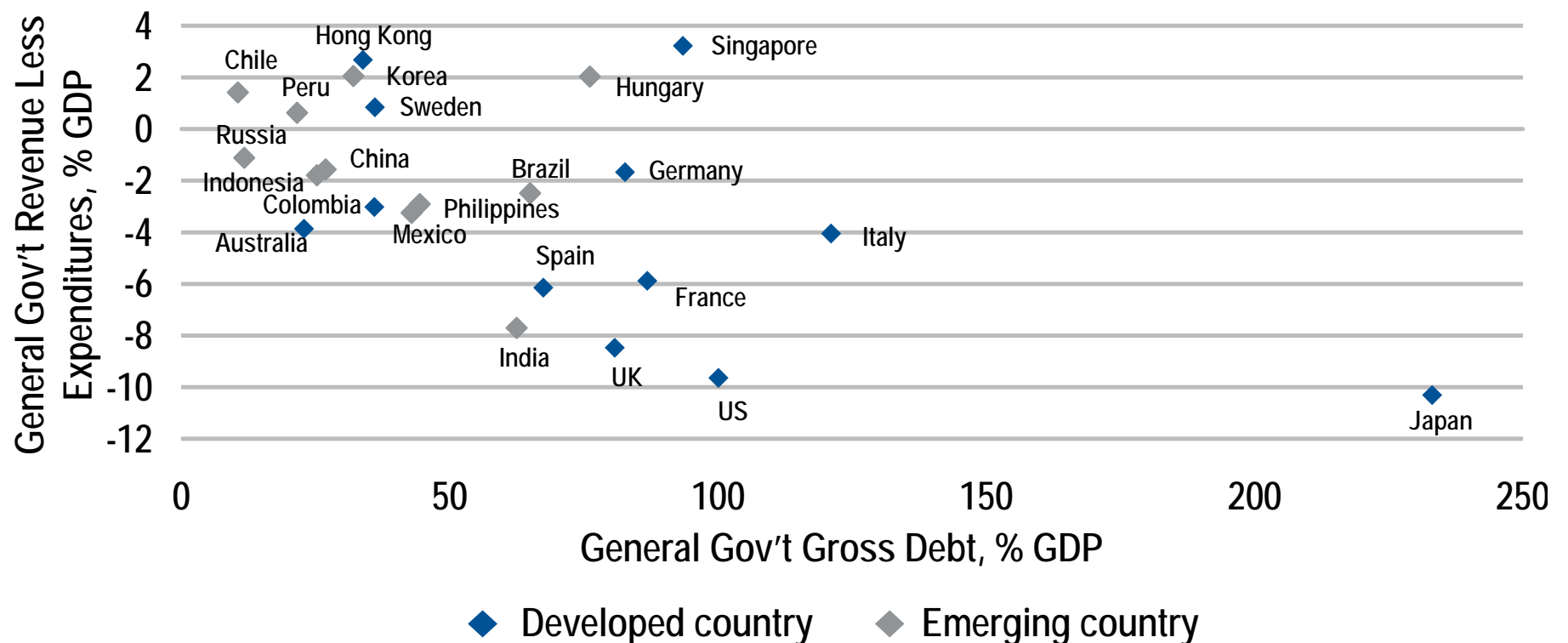
Source: IMF World Economic Outlook, Neuberger Berman.

Third-party economic or market estimates discussed herein may or may not be realized and no representation is being given regarding such estimates. See Additional Disclosures at the end of this presentation, which are an important part of this presentation.

Emerging Markets have Lower National Debts and Deficits

Emerging markets are enjoying better fiscal positions than developed markets

GENERAL GOVERNMENT REVENUES LESS EXPENDITURES VS. GENERAL GOVERNMENT GROSS DEBT



Source: IMF. 2011 annual data used.
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Emerging Markets Priced Attractively – with Superior Growth Prospects

2013 GDP growth, current MSCI Index EPS growth rate and P/E

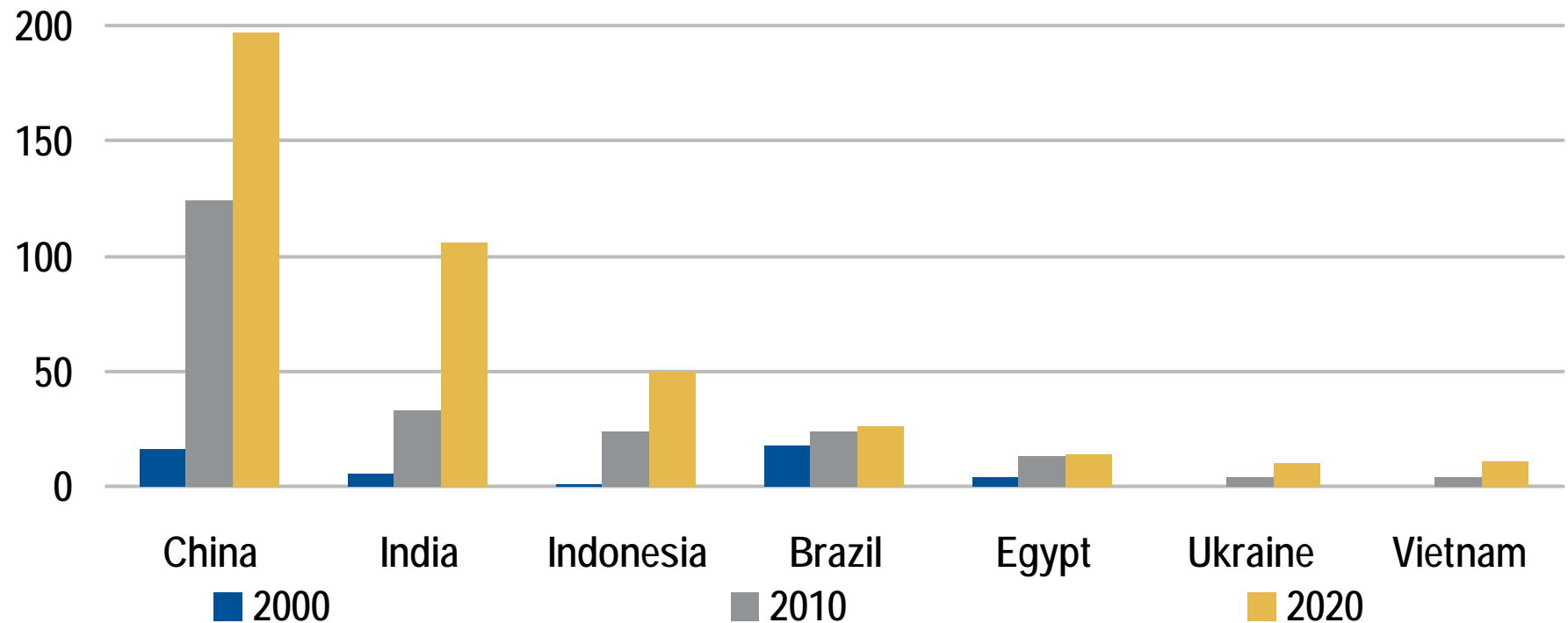
Region / Country	GDP Growth 2013E (%)	Long-Term Growth EPS (%)	P/E
Emerging Markets	5.3	12.6	11.1
Brazil	3.0	13.0	11.2
China	8.0	12.2	10.2
India	5.7	16.2	15.2
Indonesia	6.3	12.9	15.8
Developed Markets	1.2	10.5	13.8
US	1.9	10.8	14.2
Euro Area	-0.3	8.8	11.8

Sources: GDP: IMF World Data book, April 2013. MSCI Index EPS and P/E: FactSet as of March 28, 2013.
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Rising Disposable Incomes Support Greater EM Consumption

Rapid growth in the number of households with annual disposable income of \$5,000–15,000

MILLIONS OF HOUSEHOLDS WITH USD \$5,000–15,000 DISPOSABLE INCOME IN SELECTED COUNTRIES

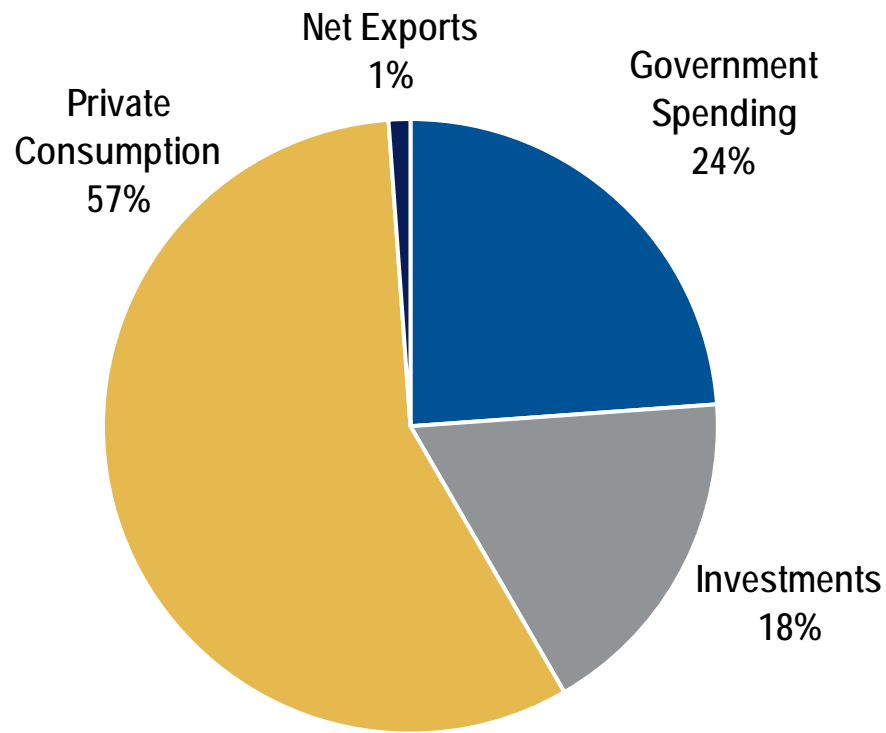


Source: Euromonitor International. Data for 2010 and 2020 are forecasts.
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Stock Market is not Always Representative of the Underlying Economy

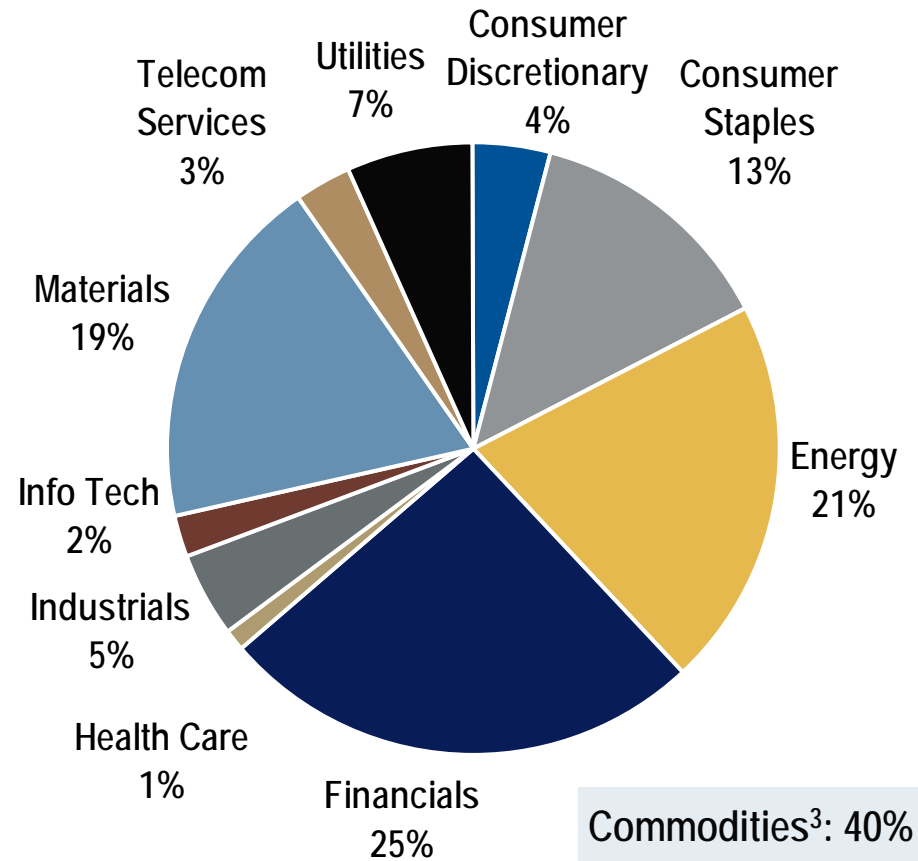
Brazil Example

GDP COMPONENTS¹



Gross Exports: 12%

STOCK MARKET SECTOR WEIGHTS²



1. Source: Bloomberg. Estimates for 2011. Represents a percentage of GDP.

2. Source: MSCI. 2011. MSCI Brazil Index.

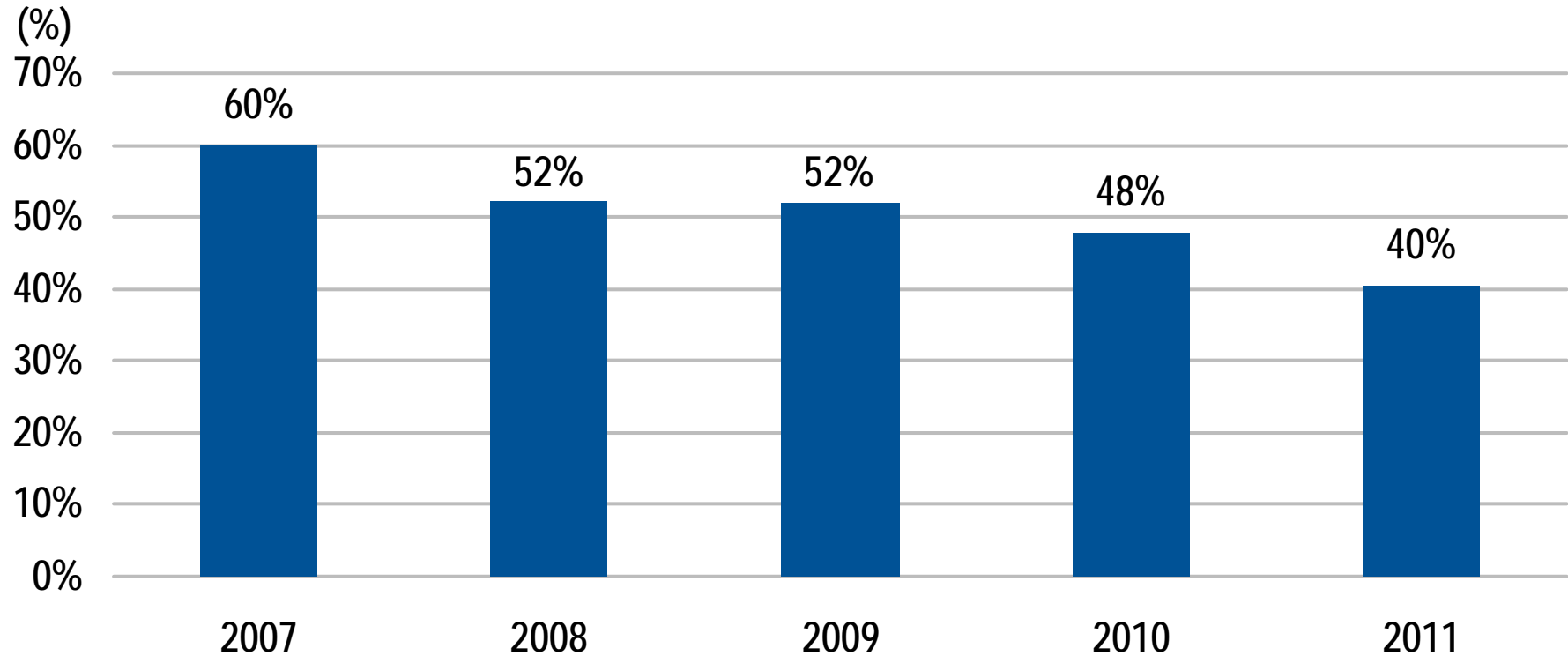
3. Commodities includes Energy and Materials.

See Additional Disclosures at the end of this presentation, which are an important part of this presentation.

EM Commodities Sector Weight Declining

Cyclical extractive industry giants being displaced by secular domestically-driven businesses

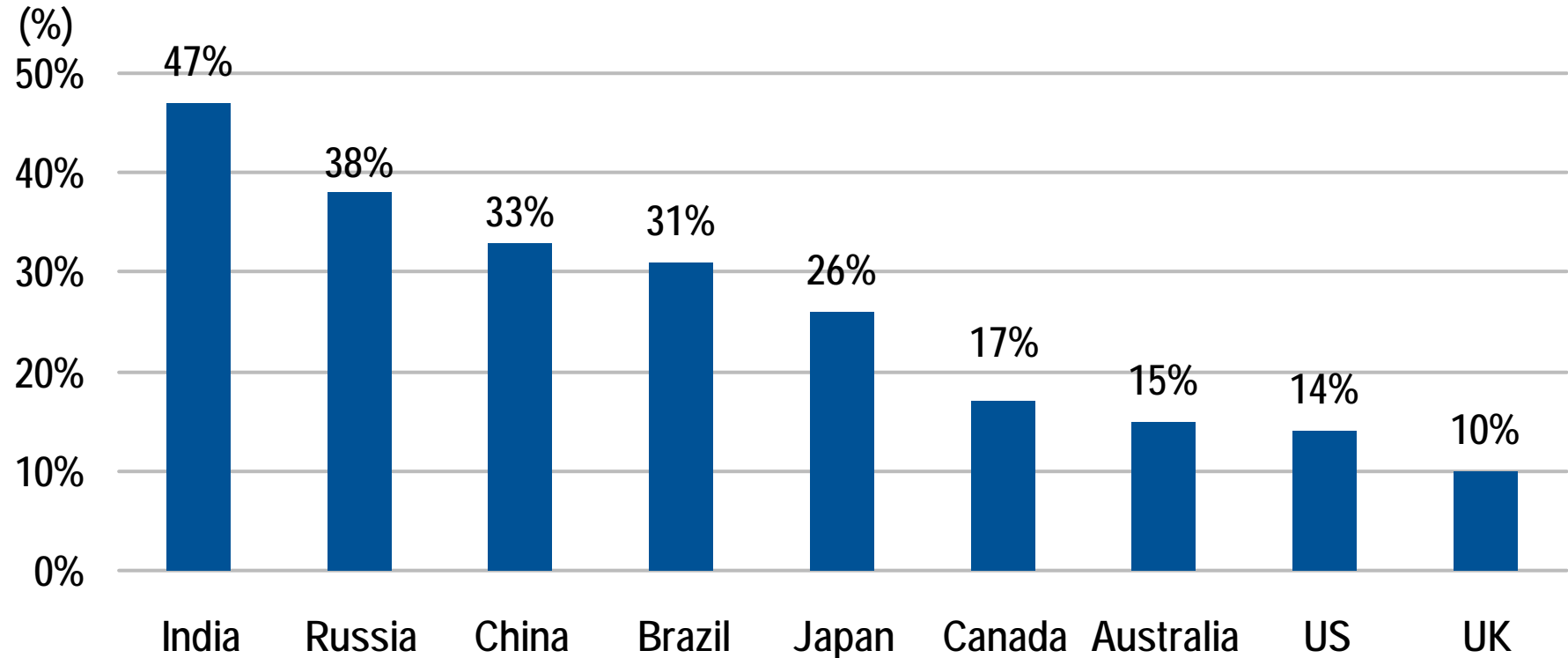
MSCI BRAZIL ENERGY AND MATERIALS SECTOR %



Source: MSCI data in FactSet.
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EM Inflation: Always a Risk to EM Market

FOOD WEIGHT IN THE CPI¹



1. Source: Strategas Research Partners, LLC, as of January 2011.
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Summary

- Emerging Markets (EM) presence in world economy is growing
- EM countries in relatively better fiscal condition than their Developed Market peers
- Growth of EM consumption part of domestic EM opportunity
- Despite lower growth vs. its recent history, EM attractive on absolute and relative basis
- Indices not representative of underlying economy
- Inflation is a bigger risk to EM than Developed Markets

Additional Disclosures

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