ATTENTION CONTRARIANS—TIME TO LOOK AT EMERGING MARKETS

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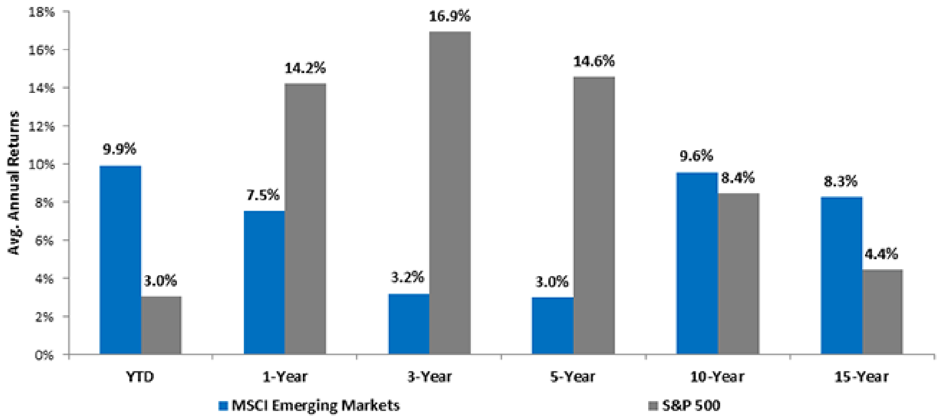
It's been difficult to talk about emerging markets lately. With the enormous depreciation of the Russian ruble and the steep decline in oil prices toward the end of 2014, it was hard to find the silver lining. That said, often when it becomes difficult to even consider discussing—much less investing in—particular markets, it might be time to take another look. History is full of examples of investors with strong stomachs making out quite well by buying some of the most unloved markets, sectors or companies in the world. **Surprise! Russian Ruble a Top-Performing Currency of 2015**[1] Conditions can change quickly, and while Russia's Government leadership is by no means any easier to predict, Brent Crude has come from below $50 to hit above $66. Through May 1, the ruble is up nearly 17%. But since many would never consider allocating strictly to the ruble, we think that the performance of the MSCI Emerging Markets Indexrelative to the S&P 500 Index is even more interesting, as at the end of 2014 we were hearing another question more and more: **"Why should I invest in emerging markets at all?"** When the S&P 500 is performing strongly, many wonder why they don't just put all of their eggs into the U.S. equities basket—especially when it looks like international and emerging markets are underperforming. But global diversification is important, and thus far in 2015 we can see why: **Head-to-Head Comparison—S&P 500 Index vs. MSCI Emerging Markets Index**



Source: Bloomberg, with periods measured as of 5/1/2015. Past performance is not indicative of future results. You cannot invest directly in an index.

• **MSCI Emerging Markets Index Flirts with Double Digits in 2015:** As of May 1, the MSCI Emerging Markets Index was flirting with a double-digit year-to-date return. As shown in the chart above, the S&P 500 had delivered less than one-third that. • **One-, Three- and Five-Year Periods Create the "U.S.-Centric" Mentality:** Think about the five-year period ending May 1, 2015—you need to multiply the returns of the MSCI Emerging Markets Index by a factor of five to get ahead of the S&P 500 Index. When people see that kind of gap, it's no wonder that, in hindsight, they wished they'd gone "all-in" on U.S. equities. Of course, there is no way to know what the future will bring or what the next five years will look like. • **The Need for a Long Memory:** The 10-year and 15-year periods show that the MSCI Emerging Markets Index is no stranger to outperforming the S&P 500 Index—it's just been a while. If year-to-date 2015 is another start of such a trend, we just think it's important to remember this asset class. ***Unless otherwise stated, data source is Bloomberg.*** [1]*Source: Bloomberg, 5/1/15.*

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MSCI Emerging Markets Index : *a broad market cap-weighted Index showing performance of equities across 23 emerging market countries defined as "emerging markets" by MSCI.*

S&P 500 Index : *Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.*