

Global Sector Investing

S&P Indices

Updated October 15, 2009

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Global Sectors Matter

Do Global Sectors matter?

- In the three years to July 31, 2009 the Consumer Staples sector in the S&P Global 1200 returned +3.66% annually while the Financials sector returned -16.22%.
- Why not stay home? Per annum returns over the three year period ending July 31, 2009 were not positive in the US (S&P 500 -6.16%). Indices from other areas of the globe such as S&P Latin 40 (+12.77%) and S&P Asia 50 (+7.08%) had better performance during this time period.

So allocation across global sectors makes a difference. Please take a look at the information in this presentation to see more.

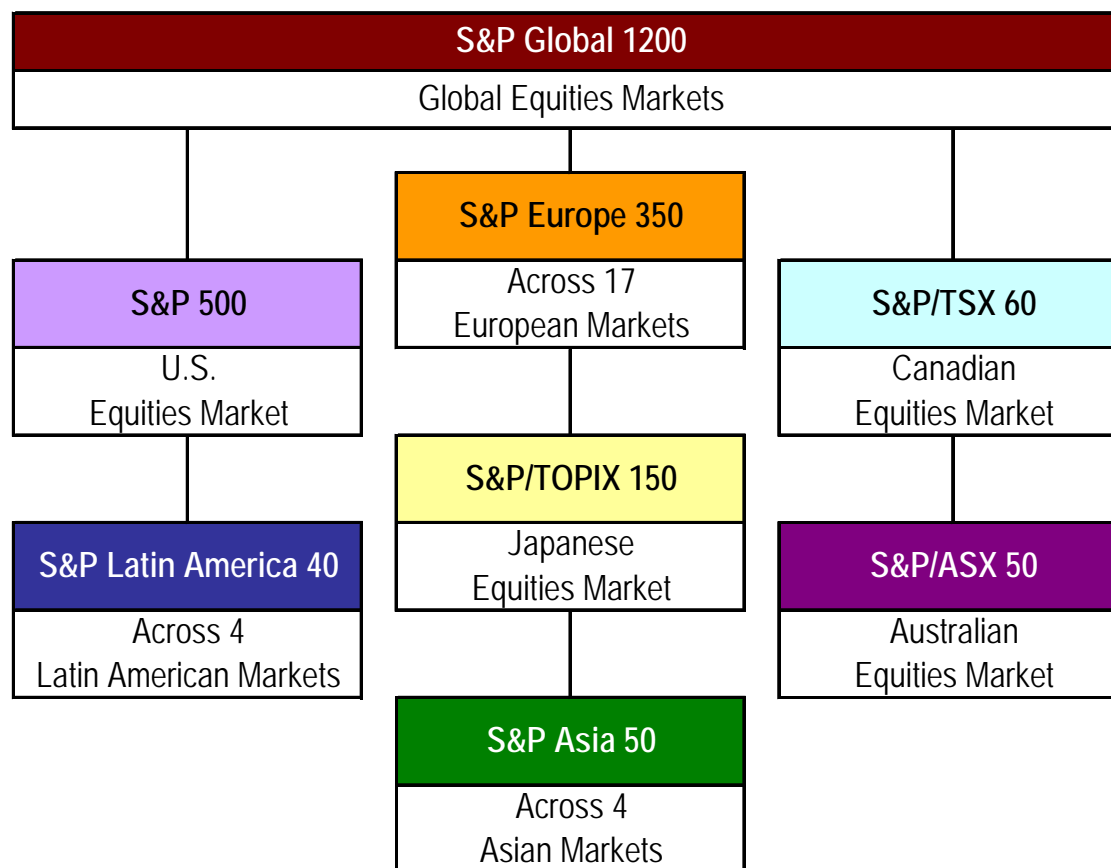
Unless specifically noted, all returns in this presentation are in U.S. dollars and cover the three years ending July 31, 2009

The S&P Global 1200

S&P Global 1200 is S&P's large cap investable global index, covering 70% of the major global markets

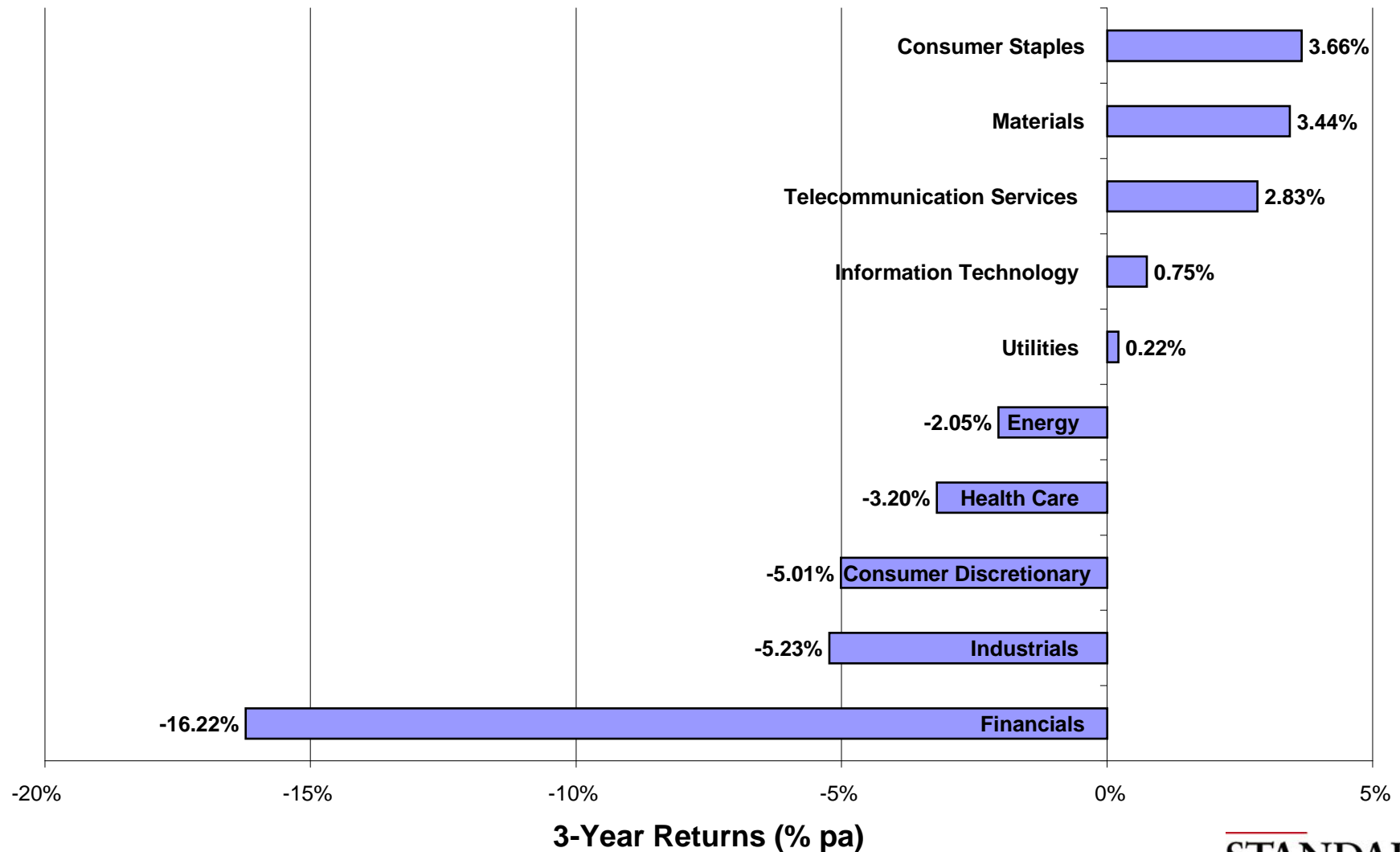
✓ This index is a composite containing the seven index components shown here

✓ The companies in the S&P 1200 can be classified by GICS into 10 sectors



Why Global Sectors Matter I

S&P Global 1200 Sector Performance



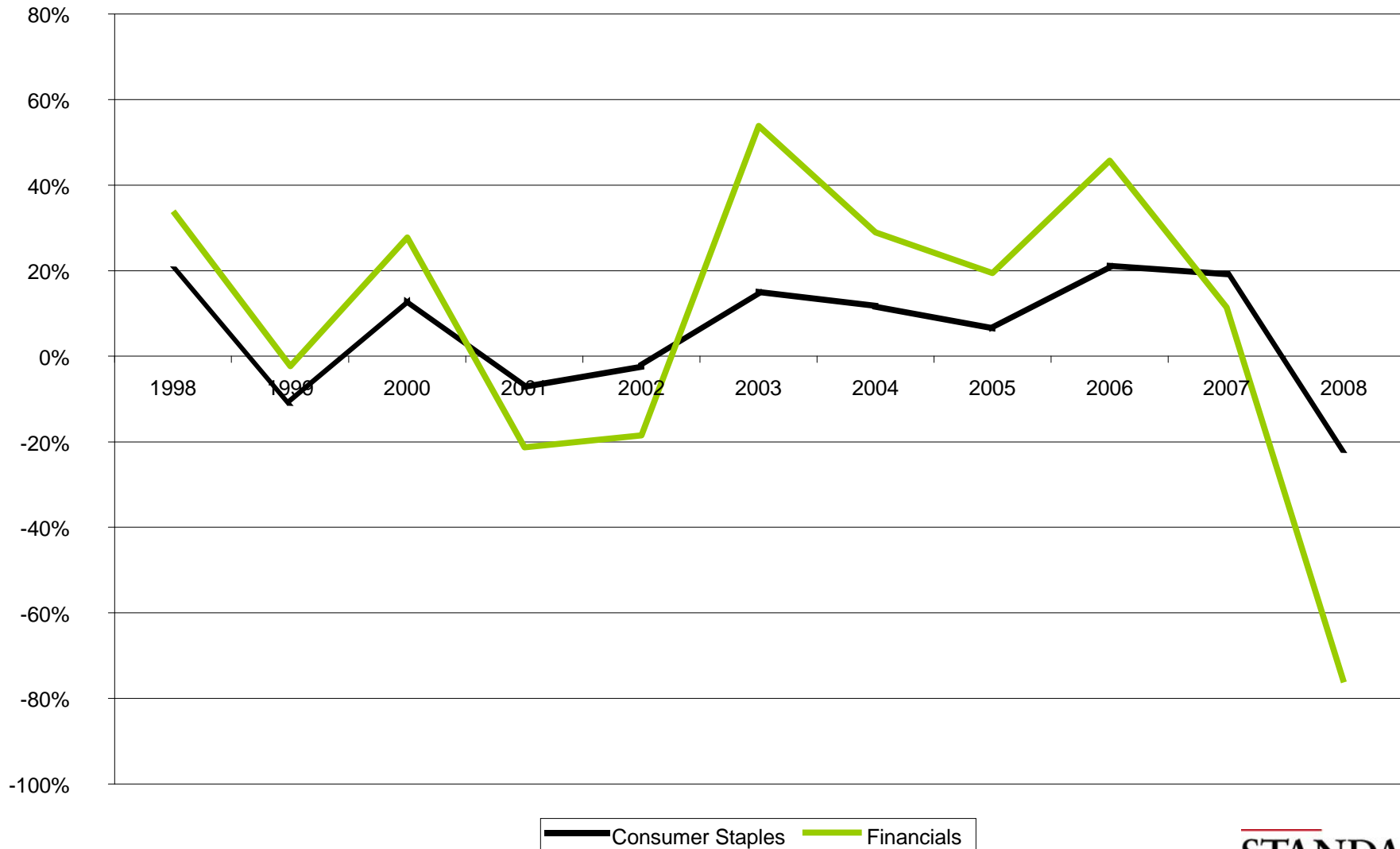
Source: Standard & Poor's. As of July 31, 2009.

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Why Global Sectors Matter II

S&P Global 1200 Sectors: Annual Returns



Source: Standard & Poor's. As of July 31, 2009.

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Global Sector Investing I

- **For a global investor, a stock's performance depends on:**
 - What country or region of the world the stock is in
 - What economic sector it does business in
 - Stock-specific factors and risks
- **Investors diversify their portfolio to eliminate the stock-specific risks**
- **Some investors prefer to index their overall portfolio and accept the market's averaging of geographic regions and sectors**
- **Other investors choose to focus on sectors or regions or both in building their portfolios**

Global Sector Investing II

- **Both country and sector matter to investment performance**
- **Research shows that since the early 1990s, sectors are growing in importance and are now as or more significant than countries.***
- **Sectors matter more with large cap stocks than small cap stocks.**
- **Sectors matter more in developed markets than emerging markets.**

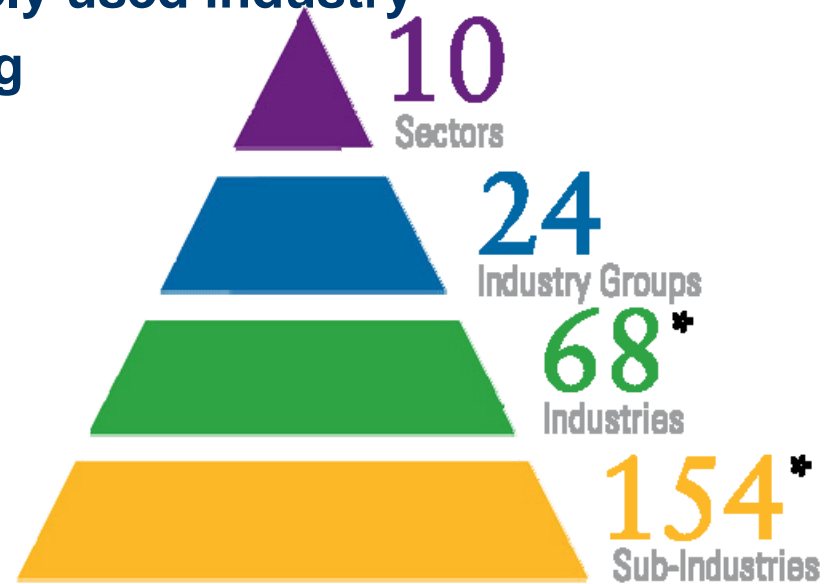
* Anton V. Puchkov, et al., "Sources of Return in Global Investing," *Journal of Portfolio Management*, Winter 2005.
Credit Suisse Asset Management, "The Importance of a Sector Based Approach in International Investing," Spring-Summer 2003.
Summary of Sandra Yaeger, "Do Countries Still Matter in Global Investing," *Canadian Investment Review*, Summer 2001.

Market Cap Distribution Across Sectors and Indices

S&P Global 1200 Sectors	S&P 500	S&P ASIA 50	S&P EUROPE 350	S&P LATIN 40	S&P/ASX All Australia 50	S&P / TOPIX 150	S&P / TSX 60	S&P GLOBAL 1200
Consumer Discretionary	4.19%	0.20%	2.41%	0.06%	0.04%	1.72%	0.17%	8.79%
Consumer Staples	5.44%	0.10%	3.73%	0.19%	0.35%	0.47%	0.11%	10.39%
Energy	5.54%	0.28%	3.42%	0.32%	0.25%	0.08%	1.26%	11.15%
Financials	6.38%	1.44%	7.48%	0.41%	1.48%	1.54%	1.58%	20.30%
Health Care	6.32%	0.00%	3.31%	0.00%	0.10%	0.39%	0.01%	10.13%
Industrials	4.59%	0.25%	2.80%	0.07%	0.15%	1.69%	0.22%	9.78%
Information Technology	8.62%	1.02%	0.89%	0.02%	0.02%	1.19%	0.20%	11.96%
Materials	1.56%	0.34%	2.59%	0.40%	0.92%	0.74%	0.76%	7.31%
Telecommunication Services	1.57%	0.46%	2.30%	0.29%	0.18%	0.38%	0.22%	5.40%
Utilities	1.82%	0.15%	2.17%	0.12%	0.03%	0.44%	0.04%	4.77%
Grand Total	46.03%	4.24%	31.08%	1.89%	3.51%	8.67%	4.58%	100.00%

How to Track Sectors: GICS®

- GICS® is the Global Industry Classification Standard, jointly developed and maintained by Standard & Poor's and MSCI Barra.
- It is the broadest and most widely used industry classification standard, covering virtually all investable equity securities.
- GICS has four levels, ranging from 10 Economic Sectors to 154 Sub-Industries.
- GICS is global and is used throughout S&P's Indices.



*Effective August 29, 2008

What is GICS®?

- **Because GICS covers all stocks across all countries in all of Standard & Poor's equity indices, it is a key tool for sector analyses.**
- **The sectors in the S&P Global 1200 follow GICS.**
 - S&P Global Consumer Discretionary
 - S&P Global Consumer Staples
 - S&P Global Energy
 - S&P Global Financials
 - S&P Global Health Care
 - S&P Global Industrials
 - S&P Global Information Technology
 - S&P Global Materials
 - S&P Global Telecommunication Services
 - S&P Global Utilities

How Are GICS® Assigned?

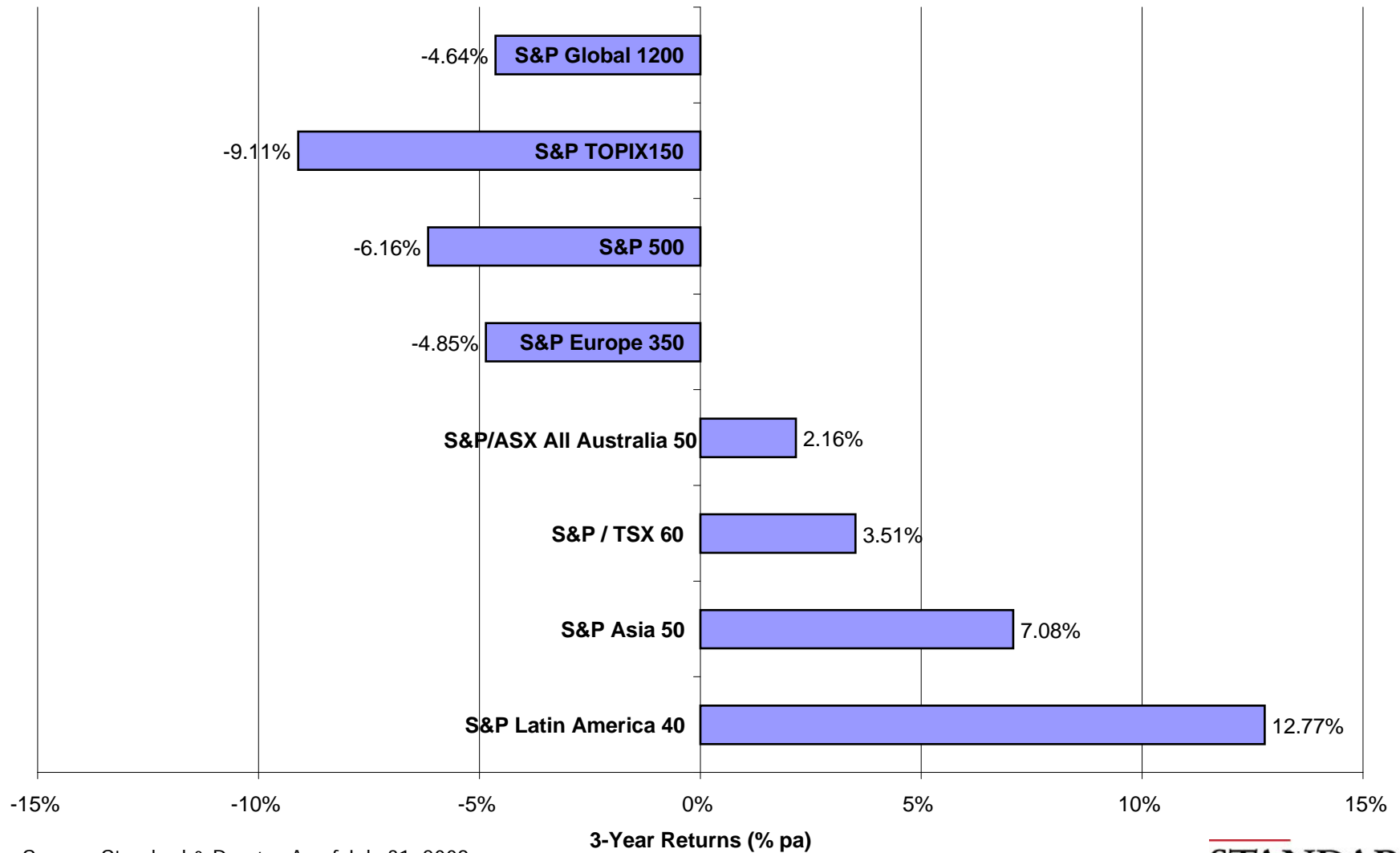
- **GICS are assigned at the company level by a dedicated team of S&P and MSCI analysts.**
- **GICS assignments begin with where a company's revenues are generated, and consider the source of earnings and the way securities analysts track the company.**
- **The GICS structure and the definition of the sectors and industries are reviewed annually by Standard & Poor's and MSCI Barra to assure that GICS are up-to-date.**

Why Use GICS®?

- **Compared to alternative classification systems...**
 - GICS has broad coverage with over 38,000 companies
 - At Standard & Poor's, GICS based indices have a long and consistent history since 1989
 - GICS is continuously maintained to be up-to-date
 - GICS is designed for investment analysis by investment analysts

Why Not Stay Home?

S&P Global 1200 Performance



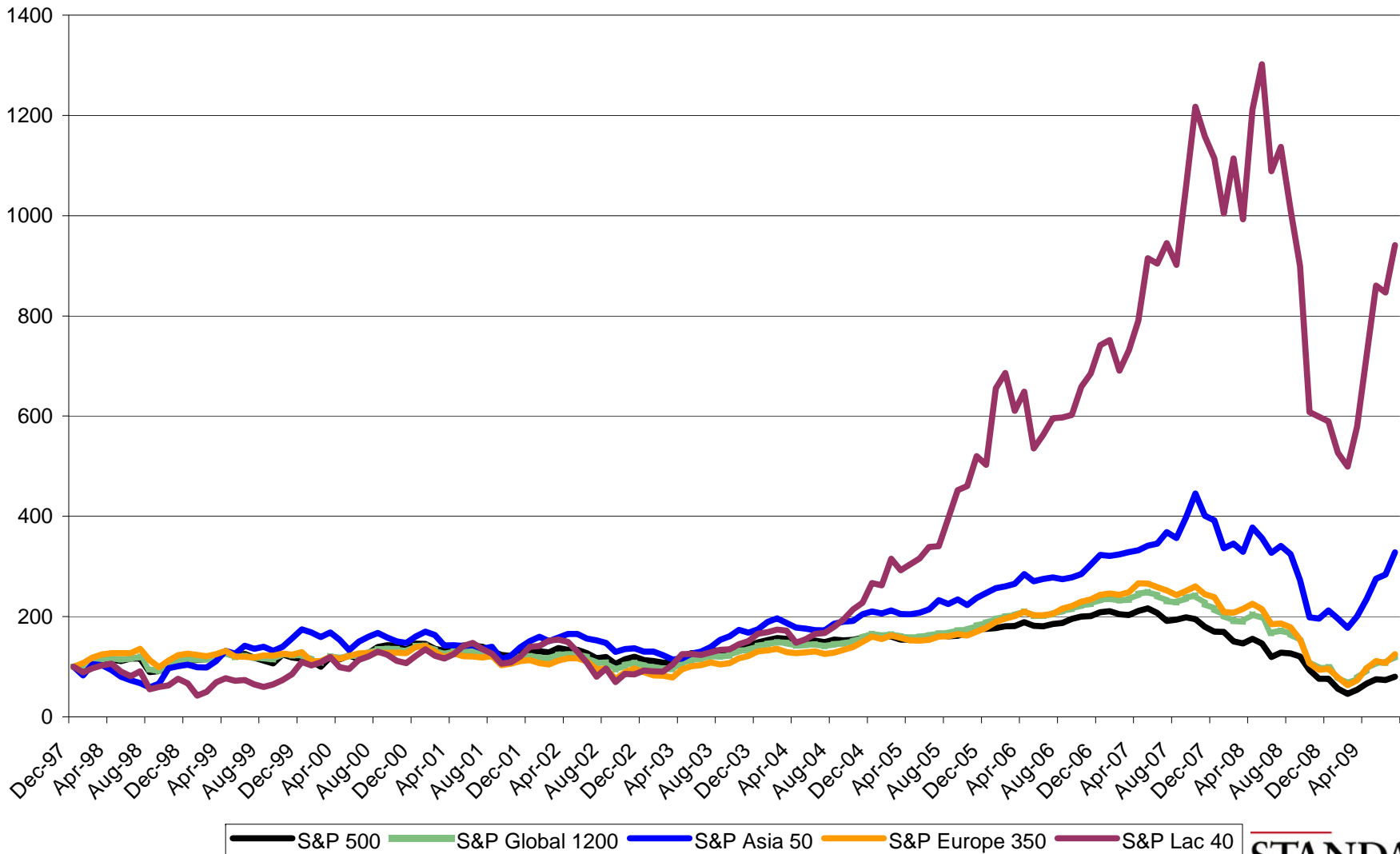
Source: Standard & Poor's. As of July 31, 2009.

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Sectors Mix with Countries II

Financials Performance



Source: Standard & Poor's. As of July 31, 2009. Index Values rebased to 100 at December 1997

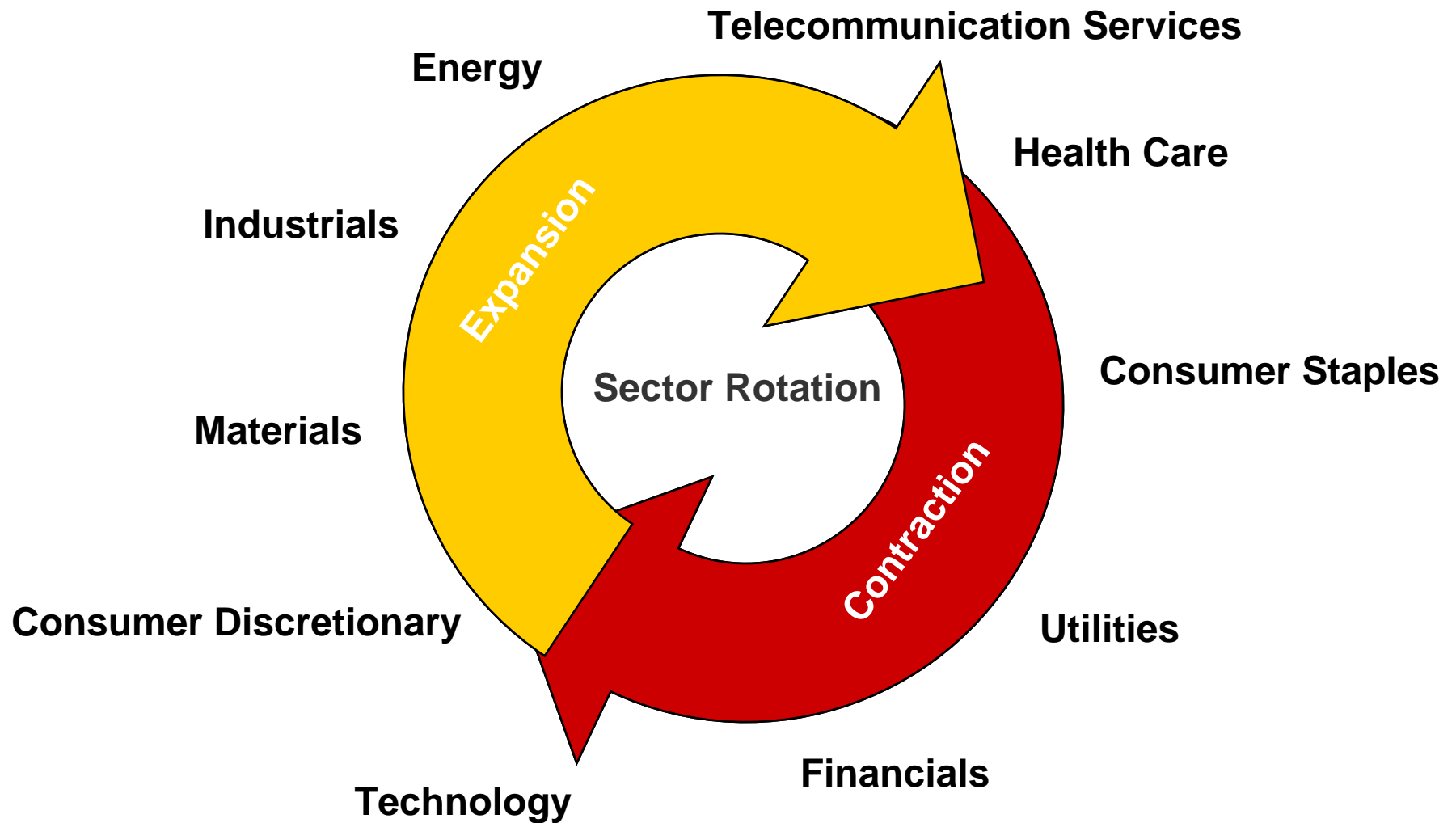
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Choosing Sectors

Sector	Identifiers	Sector	Identifiers
Consumer Discretionary	Consumer sentiment, Income	Industrials	Economic conditions, Wage rates
Consumer Staples	Economic conditions, Unemployment	Information Technology	Economic conditions, Hot new technologies
Energy	Oil prices	Materials	Housing, Industrial production
Financials	Interest rates, Monetary policy	Telecommunication Services	Inflation, Technological change, Regulation
Health Care	Regulatory changes, Inflation	Utilities	Energy prices, Economic conditions

Sector Rotation



Summary

- **In global investing, economic sectors matter as much as or more than countries do.**
- **You can shape your portfolio with global sector investing to focus on strong sectors or avoid weak sectors.**
- **Investing beyond America's borders offers:**
 - Increased diversification
 - Opportunity to participate in the growth of countries and regions outside the U.S.

For More Information

- For more information, visit Standard & Poor's Index Services Web site at: www.indices.standardandpoors.com
- For Global Sector Data, see S&P Indices Index Data Platform (IDP) on the Web at www.sp-indexdata.com/idp/LoginAction.do

Thank You

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