



**Permissible Equity Markets
Investment Analysis
and Recommendations**

**Prepared for
The California Public Employees'
Retirement System**

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Permissible Equity Markets Investment Analysis and Recommendations

Introduction

The purpose of this report is to review the various constraints, opportunities, and risks associated with investing in foreign capital markets. The specific goal of this analysis is to establish a framework for evaluating individual non-US public stock markets to assess their ability to support institutional investment. It is not intended to evaluate the current attractiveness of any individual market; that decision is delegated to the appropriate investment manager(s).

This analysis focuses on the emerging markets. An emerging country/market is classified by the World Bank as having a low or middle-income economy, regardless of its particular stage of development. Low and middle-income economies are currently defined as those with a 1999 gross national product (“GNP”) per capita below \$9,300.¹ While all countries that fit this economic profile are considered emerging, not all are considered investable. This analysis evaluates the “investable” markets and would pertain to any security traded in such a market. Therefore, American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) which are traded in approved markets are permissible investments, even if the home market is not permissible.² The rationale for this decision pertains to the fact that generally any security listed in a particular market must comply with the regulations of that market.

The Appeal of Emerging Markets Investing

Economic growth has constituted the reason for investing in the emerging markets, including superior relative expected returns and an expanding opportunity set for investment. Over time, many emerging markets have also undertaken wide-ranging institutional reforms, which have increased their appeal to foreign investors. These have included: stock exchange modernization; establishment of central clearing and settlement corporations and central depositories; establishment and empowerment of securities regulatory agencies; decreases in commission rates and other transaction charges; stricter accounting, auditing and information disclosure requirement; and, establishment of insider trading rules.

Progress towards political openness in many countries has created governments that are receptive to free market policies and increased foreign investment. Government officials realize that for the capital markets to develop, they must create an environment attractive to

¹ The World Bank

² ADRs and GDRs are "receipts" for securities of companies domiciled outside of the country where the securities are traded; i.e. Royal Dutch Shell, a Netherlands-based company, trades in the U.S. in ADR form.

both domestic and foreign investors with safeguards in place to guarantee property rights and proficient settlement arrangements. Further, these countries and markets have developed more enlightened labor practices. A productive workforce is a critical factor in economic growth and, ultimately, equity market success.

Wilshire believes that these markets provide an expanded opportunity set for investment and diversification. However, not all countries present meaningful opportunities for institutional investors. The potential for rapid growth is often offset by a high degree of risk associated with investing in developing countries.³

Developed and Emerging Markets

The developed and emerging markets are listed in Exhibits I and II. The list of developed countries has remained relatively stable over time. The most recent addition to this list is Greece, which was moved to “developed” status after its inclusion in the European Monetary Union last year. Markets that are classified as developed are also deemed to be permissible for the purposes of this analysis and are not discussed further.

Exhibit I
Developed Global Equity Markets

Australia	Japan
Austria	Luxembourg
Belgium	Netherlands
Canada	New Zealand
Denmark	Norway
Finland	Portugal
France	Singapore
Germany	Spain
Greece	Sweden
Hong Kong	Switzerland
Ireland	United Kingdom
Italy	United States

Emerging Markets

The list of emerging markets/countries reviewed in this report was drawn from the countries included in the emerging markets indices produced by the three major international equity market index publishers: Morgan Stanley Capital International, Standard & Poor’s and Financial Times. While all three publishers use some form of the

³ Wilshire made every effort to obtain current information, though this report is being prepared during a period of rapid change in many emerging markets.

World Bank definition of an emerging market, their emerging market country lists vary from each other slightly. Exhibit II shows the complete list of emerging markets countries analyzed in this report, which is an amalgamation of the three publishers' 2001 country lists.

Exhibit II
Emerging Global Equity Markets

Argentina	Israel	Russia
Brazil	Jordan	South Africa
Chile	Korea (South)	Sri Lanka
China	Mexico	Taiwan
Colombia	Malaysia	Thailand
Czech Republic	Morocco	Turkey
Egypt	Pakistan	Venezuela
Hungary	Peru	
India	Philippines	
Indonesia	Poland	

Evaluation Methodology

The permissible markets analysis has been conducted by Wilshire since 1987 and has been periodically updated. The updates have reflected more recent data and changes in relevant factors as these markets have continued to evolve. In 1999 the CalPERS Investment Committee commenced a complete review of the analysis and looked to expand it since more information regarding countries and markets has become available. The analysis still reflects the fact that many factors contribute to the opportunities and risks of investing in the emerging markets.

The most significant change from previous years is that the CalPERS Investment Committee has delineated two broad sources from which risks in the emerging markets derive: Country factors and market factors. Country factors pertain to the specific country as opposed to its capital markets. However, without strong country infrastructures to support the capital markets, the markets cannot truly be viable. The market factors pertain to market specific risks that determine whether the markets, themselves, can support institutional investment. Collectively, these factors are designed to evaluate the investability of these markets for institutional investors. The CalPERS Investment Committee, in recognition of the fast pace of change shall have this analysis completed annually.

There are eight broad categories of factors (macro-factors) used to evaluate the risks of each country and its equity market. They are shown in Exhibit III.

Exhibit III
Country and Market Macro-Factors

<u>Country</u>	<u>Market</u>
Political Stability	Market Liquidity and Volatility
Transparency	Market Regulation/Legal System/Investor Protection
Productive Labor Practices	Capital Market Openness
	Settlement Proficiency
	Transaction Costs

Compared to past analyses, the number of factors has increased to eight from seven. While the market factors have remained relatively constant, though with some modification of their definitions, the country factors have changed. The past analyses contained two of what would now be categorized as country factors: country development and a very narrowly-defined political risk factor. After its review, the CalPERS Investment Committee eliminated country development as a relevant factor and instead included a *Transparency* factor and a *Productive Labor Practices* factor, which it defined, as shown in this report. The CalPERS Investment Committee also expanded the political risk factor to encompass overall political stability of which political risk was a part.

Based on the factor definitions, Wilshire sought to identify credible third party sources that provided an evaluation of all or a specific part of a factor. In some cases, where appropriate, several sub-factors were identified and evaluated when the review of the third party sources indicated such to be most reflective of the intent of the factor definition.

To address the new or expanded country factors CalPERS in two cases commissioned original research. This original research was conducted to determine the extent of monetary and fiscal transparency and productive labor practices. Oxford Analytica, Ltd. of Oxford, England was selected to conduct the research on monetary and fiscal transparency, which is included as part of the broader *Transparency* factor. Verite of Amherst, MA, a

non-profit research organization, was selected to conduct the research on *Productive Labor Practices*.

Factor Descriptions

The definitions of the eight macro-factors are provided below along with the sub-factors used to further refine and evaluate each macro-factor, where appropriate.

Country Factors

- 1) Political Stability: Political stability, including progress towards the development of basic democratic institutions and principles, such as guaranteed elimination of human rights violations (such as torture), and a strong and impartial legal system, all of which are necessary to ensure political stability, support free market development, and attract and retain long-term sources of capital. This macro-factor shall include the following sub-factors:
 - a) **Civil Liberties**: The extent to which countries permit freedom of expression, association and organizational rights, rule of law and human rights, free trade unions and effective collective bargaining, personal autonomy and economic rights. A score of 3 (highest) means that a country has relatively good civil liberties and a score of 1 (lowest) means they are poor.
 - b) **Independent Judiciary and Legal Protection**: The extent to which countries have independent judiciaries, the degree to which or the absence of irregular payments made to the judiciary and the extent to which there is a trusted legal framework that honors contracts and clearly delineates ownership of and protects financial assets. A score of: 1 (lowest) to 3 (highest) is used where the higher score indicates greater overall legal protection.
 - c) **Political Risk**: The extent to which there exists government stability, a high quality of socioeconomic conditions, and a positive investment profile. Toward these ends this sub-factor evaluates the extent of internal and external conflict, corruption, the military and religion in politics, law and order, ethnic tensions, democratic accountability and bureaucratic quality. A score of 1 (lowest) to 3 (highest) is used where the highest score means less overall political risk exists in that country.
- 2) Transparency: Financial transparency, including elements of a free press necessary for investors to have truthful, accurate and relevant information on the conditions in the countries and companies in which they are investing. This macro-factor shall include the following sub-factors:

- a) Freedom of the Press: The structure of the news delivery system in a country and the laws and their promulgation with respect to their influence of the news, the degree of political influence and control, economic influences on the news and the degree to which there are violations against the media with respect to physical violations and censorship. A score of 3 means the press in a country is free and a score 1 means it is not free⁴.
 - b) Accounting Standards: The extent to which publicly traded companies in the country utilize either US GAAP (Generally Accepted Accounting Principles) or IAS (International Accounting Standards) in financial reporting, and whether the country is a member of the International Accounting Standards Council. A score of 1 to 3 is used where 1 means IAS or US GAAP standards are not used and 3 (highest) means either IAS or US GAAP is used for financial reporting.
 - c) Monetary and Fiscal Transparency: The extent to which governmental monetary and fiscal policies and implementation are publicly available in a clear and timely manner, in accordance with international standards. A score of 1 (lowest) to 3 (highest) is used where the higher score indicates the greatest transparency.
 - d) Stock Exchange Listing Requirements: This sub-factor evaluates the stringency of stock exchange listing requirements for public companies with respect to frequency of financial reporting, the requirement of annual independent audits and minimum financial viability. A score of 3 means the listing requirements are most stringent, and a score of 1 means they are the least stringent.
3. Productive Labor Practices: To facilitate economically-productive labor practices, markets shall be evaluated based on their ratification of and adherence to the International Labor Organization's (ILO) principles, which cover labor rights and prohibitions on abusive labor practices, and the degree of effectiveness of implementation through relevant laws, enabling regulations and their degree of enforcement through the judiciary process. This macro-factor shall have the following sub-factors⁵:
- a) ILO Ratification: The extent to which the country has ILO ratification for the eight core conventions. Each country will be graded on:

1) Ratified	2) Pending ratification
3) Not ratified	4) Denounced

⁴ Freedom House

⁵ Verite

- b) **Quality of Enabling Legislation:** Countries shall be evaluated on whether laws exist that explicitly protect the right described in the ILO Convention, or portions of it, or whether laws exist that explicitly prohibit the Convention right, or portions of it. The objective is to evaluate fundamentally, how well the right described in the convention is protected by law. For each law, in addition to identifying if the law exists, any shortcomings in its adequacy or completeness with reference to the relevant ILO convention shall be evaluated, along with information about the regulations that implement the relevant laws.
- c) **Institutional Capacity:** The governmental administrative bodies with enforcement responsibility for enforcing labor law that exists at the national, regional and local level.
- d) **Effectiveness of Implementation:** The procedures that exist for enforcement and monitoring of enforcement of laws in the convention areas and evidence that exists that these procedures are working effectively; the existence of a clear grievance process; evidence that workers and/or unions utilize this grievance process; the extent to which penalties provided for in the laws are levied; and the evidence that penalties have deterrence value.

The sub-factor scores total to a maximum of 40 points per country. The sub-factors are more heavily-weighted toward the quality of enabling legislation and the effectiveness of implementation. The *Productive Labor Practices* factor scores have been rescaled on a 1 (lowest) to 3 (highest) basis, where a score of 3 indicates the most effective labor practices.

Market Factors

- 4) ***Market Liquidity and Volatility:*** This segment measures the ability to buy or sell assets in a country in a timely manner without adversely affecting security prices. Also included in this category is an analysis of each country's stock market return volatility, including currency risk. Sub-factors under consideration for this category are listed below.
 - a) **Market Capitalization:** Market capitalization represents the overall size of a country's stock market. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting a higher level of market capitalization (i.e., larger market).
 - b) **Change in Market Capitalization:** This factor represents the growth of a country's stock market over the last five years. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting a higher level of market capitalization growth.

- c) **Average Monthly Trading Volume:** This factor represents the average dollar value of shares traded, relative to the size of each market (i.e., market capitalization). A score of one (lowest) to three (highest) is assigned, with higher scores reflecting a higher level of trading.
 - d) **Growth in Listed Companies:** This factor represents the number of companies in each country that are publicly traded and are listed on a local stock exchange and their growth over the last five years. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting the growth of listed companies.
 - e) **Market Volatility (as measured by standard deviation):** This factor represents the level of return volatility (risk) over the last five years in each country's stock market, attributable to both currency volatility and local market volatility. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting a lower level of volatility.
 - f) **Return/Risk Ratio:** This factor represents the percentage of total return achieved per percentage of risk in each market.⁶ This category was created so as not to penalize those markets that display a high level of positive volatility. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting a higher return/risk ratio.
- 5) ***Market Regulation/Legal System/Investor Protection:*** This category analyzes a broad set of factors that together comprise a large portion of the investment climate within a country. This category attempts to identify the degree of legal protection for foreign investors within a country, as well as shareholder and creditors' rights. The following sub-factors are analyzed:
- a) **Adequacy of Financial Regulation:** A score of one (lowest) to three (highest) is assigned, with higher scores reflecting greater financial regulatory and supervisory stringency.
 - b) **Bankruptcy/Creditors' Rights:** This segment reflects the adequacy of creditors' rights in each market, in the case of bankruptcy proceedings/reorganization. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting a higher level of creditors' rights.
 - c) **Shareholders' Rights:** This segment reflects the adequacy of shareholders rights in each market. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting stronger regulations regarding shareholders' rights.
6. ***Capital Market Openness:*** Openness to foreign investment is a critical barometer of a government's commitment to free market policies. Markets are viable if they have the ability to attract and retain long-term sources of capital. Further, markets are evaluated based on the level of restriction imposed on foreign investors. The following sub-factors are evaluated:

⁶ Risk is defined as the standard deviation of returns

- a) Trade Policy: This sub-factor measures the degree to which there is oppressive government interference in free trade through deterrents such as trade barriers and punitive tariffs.
- b) Foreign Investment: This sub-factor examines governmental barriers to the free flow of capital from foreign sources through the imposition of restrictions on foreign ownership of local assets, repatriation restrictions and un-equal treatment of foreigners and locals under the law.
- c) Banking and Finance: This sub-factor looks at undue government control of banks and financial institutions and measures such factors as government ownership of banks and allocation of credit and the degree of freedom financial institutions have to offer all types of financial services, securities and insurance policies. Protectionist banking regulations against foreigners are also evaluated.
- d) Stock Market Foreign Ownership Restrictions: This sub-factor examines the extent to which the local stock market restricts share ownership of public companies by foreigners.

A score of one (lowest) to three (highest) is assigned, with higher scores reflecting a higher level of market openness.

- 7. *Settlement Proficiency*: This segment illustrates whether a country's trading and settlement is automated and measures the success of the market in settling transactions in a timely, efficient manner. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting an automated, efficient operational process.
- 8. *Transaction Costs*: This segment measures the costs associated with trading in a particular market and includes stamp taxes and duties, amount of dividends and income taxed, and capital gains taxes. High trading costs tax the returns and increase the hurdle rate of managers investing in these markets. Markets that impose a high level of taxes, or have a high level of trading costs, receive a low score. A score of one (lowest) to three (highest) is assigned, with higher scores reflecting a lower level of transaction costs. *Please note that transaction costs relating to market impact associated with liquidity is reflected in the first category: Market Liquidity/Volatility.*

Scoring

The analysis has been conducted in a “relative” basis with a goal toward sorting the countries from the most able to support institutional investment to the least. In most cases the third party source utilized a specific scoring methodology that, too, yielded a relative rank. Where needed, Wilshire rescaled third party scores to a three point system, where a score of 1 represents the least established, least able to support institutional investment and

a score of 3 represents the most established, most able to support institutional investment. In this manner, factor scores were then comparable and ultimately combinable for weighting to a total country/market score.

The eight macro-factors and their sub-factors were equal-weighted, except where noted. Sub-factors that are weighted in a manner other than equal-weighted reflect the original weighting provided by the third party source. At the macro-factor level the only exception to equal weighting pertains to *Market Regulation/Legal System/Investor Protection* and *Transaction Costs*. The former has been modestly over-weighted and the latter under-weighted by a like amount to reflect the relative importance of market regulation and investor protection over the cost of transacting. This departure from equal weighting was based on Wilshire’s discussions with market participants: investment managers, custodial banks and brokerage firms. The weighted average sum of the macro-factor scores represents the overall evaluation of the country/market. The macro-factors and weights are listed in Exhibit IV.

Exhibit IV
Macro-Factor Weights

	Category	Assigned Weight
1	Political Stability	12.50%
2	Transparency	12.50
3	Productive Labor Practices	12.50
4	Market Liquidity and Volatility	12.50
5	Market Regulation/ Legal System/ Investor Protection	18.75
6	Capital Market Openness	12.50
7	Settlement Proficiency	12.50
8	Transaction Costs	6.25

Based on the weights shown in Exhibit IV a summary table that ranks the countries on a three point scale is shown in Exhibit V. The support for the evaluations presented in Exhibit V is provided in the Appendix. The Appendix provides the raw evaluations used by the third party sources for each sub-factor. The countries were each scored based on their relative attractiveness for that sub-factor. The sub-factors were then aggregated into macro-factor scores, which were then weighted to total scores for the countries in the analysis. Exhibit VI ranks the markets separately on their country scores and their market scores.

Exhibit VI
Separate Country Factor and Market Factor Ranks

Country Factor		Market Factor	
<u>Country</u>	<u>Subtotal</u>	<u>Country</u>	<u>Subtotal*</u>
1 Czech Republic	9	1 Israel	13.5
2 Hungary	9	2 Taiwan	13.5
3 South Korea	9	3 Turkey	13.5
4 Argentina	8	4 Argentina	13.0
5 Chile	8	5 Brazil	11.0
6 Poland	8	6 Chile	11.0
7 Peru	7	7 Mexico	11.0
8 Philippines	7	8 Peru	10.5
9 South Africa	7	9 Poland	10.5
10 Taiwan	7	10 South Korea	10.5
11 Brazil	6	11 Hungary	10.0
12 Israel	6	12 South Africa	10.0
13 Mexico	6	13 China	9.5
14 Egypt	5	14 Malaysia	9.5
15 India	5	15 India	9.0
16 Jordan	5	16 Jordan	9.0
17 Thailand	5	17 Pakistan	9.0
18 Colombia	4	18 Thailand	8.0
19 Sri Lanka	4	19 Colombia	7.5
20 Turkey	4	20 Czech Republic	7.5
21 Venezuela	4	21 Egypt	7.5
22 China	3	22 Indonesia	7.5
23 Indonesia	3	23 Morocco	7.5
24 Malaysia	3	24 Philippines	7.0
25 Morocco	3	25 Russia	6.5
26 Pakistan	3	26 Sri Lanka	6.5
27 Russia	3	27 Venezuela	6.5

* Market factor subtotal has been calculated using the same weighting schemes as Exhibit V.

Exhibit V has three lines of demarcation. The first is between scores of 2.00 and 1.99. The second is between scores of 1.70 and 1.69 and the third is between 1.60 and 1.59. These three break points represent three different levels of investability in Wilshire's view. The higher the line, the more investable is the market, according to this analysis. Exhibit VI shows that the markets rank differently on the total of their country factor scores versus the total of their market factor scores.

Recommendation

Wilshire recommends using the break-point in Exhibit V that lies between 1.60 and 1.59 and would permit 17 markets, as shown in Exhibit VII. Wilshire recommends this break point because it eliminates the least investable markets, while still permitting sufficient capitalization to allow for a diversified investment portfolio of emerging markets equities.

Exhibit VII
Recommended Permissible Markets

Argentina
Brazil
Chile
Czech Republic
Hungary
India
Israel
Jordan
Mexico
Peru
Philippines
Poland
South Africa
South Korea
Taiwan
Thailand
Turkey

The number of markets from the current permissible list would expand from 15 markets to 17 markets. Despite this the recommendation would cause the overall permissible market capitalization to decline. The most significant change is that several smaller markets like Jordan, Poland, and Hungary are elevated based on strong country factor scores even though they are less liquid and do not expand the overall opportunity set appreciably. These countries have low trading volume. Malaysia and Indonesia, two of the larger markets, would fall out, based on Wilshire's recommendation.

Alternative Scenarios

Alternative weighting schemes of the broad eight macro-factors have also been provided in Exhibits VIII(A) and VIII(B). These alternatives weight the country factors versus the market factors more or less heavily and then re-rank the countries/markets. The details for these scenarios are provided in the Appendix.

Exhibit VIII (A)
Scenario Descriptions

Scenario 1: Equal-weight of all macro-factors with an over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). Wilshire's recommendation.

Scenario 2: 50% weight to the Country Factors and a 50% weight to the Market Factors with an underlying **equal**-weight of all macro-factors.

Scenario 3: 50% weight to the Country Factors and a 50% weight to the Market Factors with an underlying over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). The rest of the underlying macro-factors are equal-weighted.

Scenario 4: 60% weight to Country Factors and a 40% weight to market factors with the underlying macro-factors equal-weighted.

Scenario 5: 60% weight to Country Factors and a 40% weight to Market Factors with an underlying over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). The rest of the underlying macro-factors are equal-weighted.

Scenario 6: 75% weight to Country Factors and a 25% to Market Factors with an underlying equal-weight of all macro-factors.

Scenario 7: 75% weight to Country Factors and a 25% to Market Factors with an underlying over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). The rest of the underlying macro-factors are equal-weighted.

Scenario 8: 25% weight to Country Factors and a 75% weight to Market Factors with an underlying equal-weight of all macro-factors.

Scenario 9: 25% weight to Country Factors and a 75% weight to Market Factors with an underlying over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). The rest of the underlying macro-factors are equal-weighted.

Scenario 10: Equal weight of all eight macro-factors.

Exhibit VIII (B) Scenario Results

<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>	<u>Scenario 5</u>
1 Argentina	1 Argentina	1 Argentina	1 Hungary	1 Argentina
2 Taiwan	2 Hungary	2 South Korea	2 South Korea	2 South Korea
3 Israel	3 South Korea	3 Taiwan	3 Argentina	3 Hungary
4 South Korea	4 Taiwan	4 Hungary	4 Poland	4 Chile
5 Chile	5 Poland	5 Chile	5 Czech Republic	5 Taiwan
6 Hungary	6 Chile	6 Poland	6 Taiwan	6 Poland
7 Poland	7 Israel	7 Israel	7 Chile	7 Czech Republic
8 Peru	8 Czech Republic	8 Czech Republic	8 Peru	8 Israel
9 Turkey	9 Peru	9 Peru	9 Israel	9 Peru
10 Brazil	10 Mexico	10 South Africa	10 South Africa	10 South Africa
11 Mexico	11 South Africa	11 Brazil	11 Mexico	11 Brazil
12 South Africa	12 Brazil	12 Mexico	12 Brazil	12 Mexico
13 Czech Republic	13 Turkey	13 Turkey	13 Philippines	13 Philippines
14 India	14 Philippines	14 Philippines	14 Turkey	14 Turkey
15 Jordan	15 Jordan	15 Jordan	15 Jordan	15 India
16 Philippines	16 India	16 India	16 India	16 Jordan
17 Thailand	17 Thailand	17 Thailand	17 Thailand	17 Thailand
18 China	18 Egypt	18 Egypt	18 Egypt	18 Egypt
19 Egypt	19 China	19 China	19 Colombia	19 Colombia
20 Malaysia	20 Malaysia	20 Malaysia	20 Malaysia	20 China
21 Pakistan	21 Colombia	21 Colombia	21 China	21 Malaysia
22 Colombia	22 Pakistan	22 Pakistan	22 Sri Lanka	22 Pakistan
23 Indonesia	23 Venezuela	23 Venezuela	23 Venezuela	23 Sri Lanka
24 Morocco	24 Sri Lanka	24 Sri Lanka	24 Pakistan	24 Venezuela
25 Sri Lanka	25 Morocco	25 Morocco	25 Indonesia	25 Indonesia
26 Venezuela	26 Indonesia	26 Indonesia	26 Morocco	26 Morocco
27 Russia	27 Russia	27 Russia	27 Russia	27 Russia
<u>Scenario 6</u>	<u>Scenario 7</u>	<u>Scenario 8</u>	<u>Scenario 9</u>	<u>Scenario 10</u>
1 South Korea	1 South Korea	1 Argentina	1 Taiwan	1 Argentina
2 Hungary	2 Hungary	2 Taiwan	2 Argentina	2 Hungary
3 Argentina	3 Argentina	3 Israel	3 Israel	3 South Korea
4 Czech Republic	4 Czech Republic	4 Turkey	4 Turkey	4 Taiwan
5 Poland	5 Chile	5 Hungary	5 South Korea	5 Israel
6 Chile	6 Poland	6 South Korea	6 Chile	6 Poland
7 Taiwan	7 Taiwan	7 Poland	7 Hungary	7 Chile
8 Peru	8 Peru	8 Mexico	8 Poland	8 Mexico
9 South Africa	9 South Africa	9 Peru	9 Peru	9 Peru
10 Israel	10 Israel	10 Chile	10 Brazil	10 Turkey
11 Mexico	11 Philippines	11 Brazil	11 Mexico	11 Brazil
12 Philippines	12 Brazil	12 South Africa	12 South Africa	12 Czech Republic
13 Brazil	13 Mexico	13 Czech Republic	13 Czech Republic	13 South Africa
14 Jordan	14 Jordan	14 Jordan	14 Jordan	14 Jordan
15 India	15 India	15 India	15 India	15 India
16 Turkey	16 Turkey	16 China	16 China	16 Philippines
17 Egypt	17 Thailand	17 Malaysia	17 Malaysia	17 China
18 Thailand	18 Egypt	18 Philippines	18 Philippines	18 Egypt
19 Colombia	19 Colombia	19 Egypt	19 Thailand	19 Malaysia
20 Sri Lanka	20 Sri Lanka	20 Thailand	20 Pakistan	20 Thailand
21 Venezuela	21 Venezuela	21 Pakistan	21 Egypt	21 Colombia
22 China	22 Malaysia	22 Colombia	22 Colombia	22 Pakistan
23 Malaysia	23 China	23 Indonesia	23 Indonesia	23 Indonesia
24 Pakistan	24 Pakistan	24 Morocco	24 Morocco	24 Morocco
25 Indonesia	25 Indonesia	25 Sri Lanka	25 Sri Lanka	25 Sri Lanka
26 Morocco	26 Morocco	26 Venezuela	26 Venezuela	26 Venezuela
27 Russia	27 Russia	27 Russia	27 Russia	27 Russia

APPENDIX

Appendix: Alternative Scenarios Overall Summary Tables

1. **Scenario 1:** Equal-weight of all macro-factors with an over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). Wilshire's recommendation.
2. **Scenario 2:** 50% weight to the Country Factors and a 50% weight to the Market Factors with an underlying **equal-weight** of all macro-factors.
3. **Scenario 3:** 50% weight to the Country Factors and a 50% weight to the Market Factors with an underlying over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). The rest of the underlying macro-factors are equal-weighted.
4. **Scenario 4:** 60% weight to Country Factors and a 40% weight to market factors with the underlying macro-factors equal-weighted.
5. **Scenario 5:** 60% weight to Country Factors and a 40% weight to Market Factors with an underlying over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). The rest of the underlying macro-factors are equal-weighted.

- 6. Scenario 6:** 75% weight to Country Factors and a 25% to Market Factors with an underlying equal-weight of all macro-factors.
- 7. Scenario 7:** 75% weight to Country Factors and a 25% to Market Factors with an underlying over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). The rest of the underlying macro-factors are equal-weighted.
- 8. Scenario 8:** 25% weight to Country Factors and a 75% weight to Market Factors with an underlying equal-weight of all macro-factors.
- 9. Scenario 9:** 25% weight to Country Factors and a 75% weight to Market Factors with an underlying over-weight of Factor 5 (Market Regulation/Legal System/Investor Protection) and a corresponding under-weight of Factor 8 (Transaction Costs). The rest of the underlying macro-factors are equal-weighted.
- 10. Scenario 10:** Equal weight of all eight macro-factors.

Overall Summary: Scenario 1

Factors Weights	Country Factors				Market Factors				Wishshare Score	Cumulative Mkt Cap as a % of Total Mkt Cap*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
	12.5%	12.5%	12.5%	12.5%	18.75%	12.5%	12.5%	6.25%		
Subtotal Weights			37.5%					62.5%	100%	
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Legal System/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score		
1	Argentina	2	3	2	3	3	2	3	2.63	0.95%
2	Taiwan	3	2	3	3	2	3	2	2.56	17.65%
3	Israel	2	1	2	3	3	3	2	2.44	21.48%
4	South Korea	3	3	3	1	2	3	2	2.44	35.53%
5	Chile	3	2	3	1	3	2	1	2.38	38.92%
6	Hungary	3	3	3	3	3	1	3	2.38	39.90%
7	Poland	3	2	3	3	3	2	2	2.31	41.85%
8	Peru	2	3	2	1	3	2	3	2.19	42.29%
9	Turkey	1	1	2	3	3	3	3	2.19	45.42%
10	Brazil	2	2	2	2	1	2	3	2.13	55.99%
11	Mexico	2	2	2	3	2	3	3	2.13	64.68%
12	South Africa	2	2	3	1	2	1	3	2.13	71.49%
13	Czech Republic	3	3	1	1	3	1	2	2.06	72.20%
14	India	2	2	3	2	1	1	2	1.75	78.83%
15	Jordan	2	1	2	1	2	2	3	1.75	78.83%
16	Philippines	2	3	2	1	1	1	2	1.75	80.12%
17	Thailand	2	1	2	1	2	3	1	1.63	81.81%
18	China	1	1	1	3	1	3	2	1.56	83.57%
19	Egypt	2	2	1	2	1	2	2	1.56	83.95%
20	Malaysia	1	1	1	2	1	2	3	1.56	92.70%
21	Pakistan	1	1	1	1	2	2	2	1.50	92.95%
22	Colombia	1	1	2	1	3	1	2	1.44	93.25%
23	Indonesia	1	1	1	1	2	2	2	1.31	94.45%
24	Morocco	1	1	1	2	2	1	2	1.31	94.98%
25	Sri Lanka	1	2	1	1	2	1	2	1.31	94.98%
26	Venezuela	1	1	2	1	2	1	2	1.31	95.26%
27	Russia	1	1	1	2	1	1	2	1.19	100.00%

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CalPERS' chosen emerging markets index.

Overall Summary: Scenario 2

Factors Weights	Country Factors			Market Factors					Cumulative Mkt Cap as a % of Total Mkt Cap	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
	17%	16%	17%	10%	10%	10%	10%	10%		
Subtotal Weights			50%					50%	100%	
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Legal System/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score	Willshire Score	
1	Argentina	2	3	3	2	3	2	3	2.63	0.95%
2	Hungary	3	3	3	3	3	1	3	2.60	1.93%
3	South Korea	3	3	3	3	2	3	2	2.60	15.98%
4	Taiwan	3	2	2	3	2	3	2	2.47	32.67%
5	Poland	3	2	3	3	3	2	2	2.44	34.62%
6	Chile	3	2	3	1	3	2	1	2.34	38.02%
7	Israel	2	1	3	2	3	3	2	2.31	41.85%
8	Czech Republic	3	3	3	1	3	1	2	2.30	42.56%
9	Peru	2	3	2	1	3	2	3	2.26	43.00%
10	Mexico	2	2	2	3	2	3	3	2.20	51.70%
11	South Africa	2	2	3	1	2	1	3	2.17	58.50%
12	Brazil	2	2	2	2	1	2	3	2.10	69.07%
13	Turkey	1	1	2	3	3	3	3	2.07	72.20%
14	Philippines	2	3	2	1	1	1	2	1.86	73.49%
15	Jordan	2	1	2	2	2	2	3	1.84	73.49%
16	India	2	2	1	3	1	1	2	1.73	80.12%
17	Thailand	2	1	2	1	2	3	1	1.64	81.81%
18	Egypt	2	2	1	2	1	2	2	1.63	82.19%
19	China	1	1	1	3	1	3	2	1.50	83.95%
20	Malaysia	1	1	1	2	1	2	3	1.50	92.70%
21	Colombia	1	1	2	1	3	1	2	1.47	93.00%
22	Pakistan	1	1	1	1	2	2	2	1.40	93.25%
23	Venezuela	1	1	2	1	2	1	2	1.37	93.53%
24	Sri Lanka	1	2	1	1	2	1	2	1.36	93.53%
25	Morocco	1	1	1	2	2	1	2	1.30	94.06%
26	Indonesia	1	1	1	1	2	2	2	1.30	95.26%
27	Russia	1	1	1	2	1	1	2	1.20	100.00%

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CalPERS' chosen emerging markets index.

Overall Summary: Scenario 3

Factors Weights	Country Factors			Market Factors					Cumulative Mkt Cap as a % of Total Mkt Cap	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
	17%	16%	17%	10%	15%	10%	10%	5%		
Subtotal Weights			50%					50%	100%	
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Legal System/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score	Willshire Score	
1	Argentina	2	3	3	3	3	2	3	2.63	0.95%
2	South Korea	3	3	3	1	2	3	2	2.55	15.00%
3	Taiwan	3	2	2	3	2	3	2	2.52	31.70%
4	Hungary	3	3	3	1	3	1	3	2.50	32.67%
5	Chile	3	2	3	1	3	2	1	2.44	36.07%
6	Poland	3	2	3	3	3	2	2	2.39	38.02%
7	Israel	2	1	3	1	3	3	2	2.36	41.85%
8	Czech Republic	3	3	3	1	3	1	2	2.25	42.56%
9	Peru	2	3	2	2	3	2	3	2.21	43.00%
10	South Africa	2	2	3	1	2	1	3	2.17	49.80%
11	Brazil	2	2	2	2	1	2	3	2.10	60.37%
12	Mexico	2	2	2	3	1	3	3	2.10	69.07%
13	Turkey	1	1	2	3	2	3	3	2.02	72.20%
14	Philippines	2	3	2	1	1	1	2	1.86	73.49%
15	Jordan	2	1	2	2	2	2	3	1.74	73.49%
16	India	2	2	1	3	1	1	2	1.73	80.12%
17	Thailand	2	1	2	1	2	3	1	1.64	81.81%
18	Egypt	2	2	1	2	1	2	2	1.58	82.19%
19	China	1	1	1	3	1	3	2	1.45	83.95%
20	Malaysia	1	1	1	2	1	2	3	1.45	92.70%
21	Colombia	1	1	2	1	3	1	2	1.42	93.00%
22	Pakistan	1	1	1	1	2	2	2	1.40	93.25%
23	Venezuela	1	1	2	1	2	1	2	1.32	93.53%
24	Sri Lanka	1	2	1	1	2	1	2	1.31	93.53%
25	Morocco	1	1	1	2	2	1	2	1.25	94.06%
26	Indonesia	1	1	1	1	2	2	2	1.25	95.26%
27	Russia	1	1	1	2	1	1	2	1.15	100.00%

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CalPERS' chosen emerging markets index.

Overall Summary: Scenario 4

Factors Weights	Country Factors			Market Factors					Cumulative Mkt Cap as a % of Total Mkt Cap		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
	20%	20%	20%	8%	8%	8%	8%	8%			
	60%			40%							
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score	Wishhire Score		
1	Hungary	3	3	3	3	1	3	1	3	2.68	0.98%
2	South Korea	3	3	3	3	1	2	3	2	2.68	15.03%
3	Argentina	2	3	3	2	3	3	2	3	2.64	15.98%
4	Poland	3	2	3	3	1	3	2	2	2.48	17.93%
5	Czech Republic	3	3	3	1	1	3	1	2	2.44	18.64%
6	Taiwan	3	2	2	3	3	2	3	2	2.44	35.33%
7	Chile	3	2	3	1	3	3	2	1	2.40	38.73%
8	Peru	2	3	2	1	2	3	2	3	2.28	39.17%
9	Israel	2	1	3	2	3	3	3	2	2.24	43.00%
10	South Africa	2	2	3	1	3	2	1	3	2.20	49.80%
11	Mexico	2	2	2	3	1	2	3	3	2.16	58.50%
12	Brazil	2	2	2	2	3	1	2	3	2.08	69.07%
13	Philippines	2	3	2	1	2	1	1	2	1.96	70.36%
14	Turkey	1	1	2	3	2	3	3	3	1.92	73.49%
15	Jordan	2	1	2	2	1	2	2	3	1.80	73.49%
16	India	2	2	1	3	2	1	1	2	1.72	80.12%
17	Thailand	2	1	2	1	1	2	3	1	1.64	81.81%
18	Egypt	2	2	1	2	1	1	2	2	1.64	82.19%
19	Colombia	1	1	2	1	1	3	1	2	1.44	82.49%
20	Malaysia	1	1	1	2	2	1	2	3	1.40	91.24%
21	China	1	1	1	3	1	1	3	2	1.40	93.00%
22	Sri Lanka	1	2	1	1	1	2	1	2	1.36	93.00%
23	Venezuela	1	1	2	1	1	2	1	2	1.36	93.28%
24	Pakistan	1	1	1	1	2	2	2	2	1.32	93.53%
25	Indonesia	1	1	1	1	1	2	2	2	1.24	94.73%
26	Morocco	1	1	1	2	1	2	1	2	1.24	95.26%
27	Russia	1	1	1	2	1	1	1	2	1.16	100.00%

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CalPERS' chosen emerging markets index.

Overall Summary: Scenario 5

Factors Weights	Country Factors			Market Factors					Cumulative Mkt Cap as a % of Total Mkt Cap	
	(1) 20%	(2) 20%	(3) 20%	(4) 8%	(5) 12%	(6) 8%	(7) 8%	(8) 4%		
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Legal System/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score		Wishire Score
Subtotal Weights			60%					40%	100%	
1	Argentina	2	3	3	2	3	2	3	2.64	0.95%
2	South Korea	3	3	3	3	2	3	2	2.64	15.00%
3	Hungary	3	3	3	3	3	1	3	2.60	15.98%
4	Chile	3	2	3	1	3	2	1	2.48	19.38%
5	Taiwan	3	2	2	3	2	3	2	2.48	36.07%
6	Poland	3	2	3	3	3	2	2	2.44	38.02%
7	Czech Republic	3	3	3	1	3	1	2	2.40	38.73%
8	Israel	2	1	3	2	3	3	2	2.28	42.56%
9	Peru	2	3	2	1	3	2	3	2.24	43.00%
10	South Africa	2	2	3	1	2	1	3	2.20	49.80%
11	Brazil	2	2	2	2	1	2	3	2.08	60.37%
12	Mexico	2	2	2	3	2	3	3	2.08	69.07%
13	Philippines	2	3	2	1	2	1	2	1.96	70.36%
14	Turkey	1	1	2	3	3	3	3	1.88	73.49%
15	India	2	2	1	3	1	1	2	1.72	80.12%
16	Jordan	2	1	2	2	2	2	3	1.72	80.12%
17	Thailand	2	1	2	1	2	3	1	1.64	81.81%
18	Egypt	2	2	1	2	1	2	2	1.60	82.19%
19	Colombia	1	1	2	1	3	1	2	1.40	82.49%
20	China	1	1	1	3	1	3	2	1.36	84.25%
21	Malaysia	1	1	1	2	1	2	3	1.36	93.00%
22	Pakistan	1	1	1	1	2	2	2	1.32	93.25%
23	Sri Lanka	1	2	1	1	2	1	2	1.32	93.25%
24	Venezuela	1	1	2	1	2	1	2	1.32	93.53%
25	Indonesia	1	1	1	1	2	2	2	1.20	94.73%
26	Morocco	1	1	1	2	2	1	2	1.20	95.26%
27	Russia	1	1	1	2	1	1	2	1.12	100.00%

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CalPERS' chosen emerging markets index.

Overall Summary: Scenario 6

Factors Weights	Country Factors			Market Factors					Cumulative Mkt Cap as a % of Total Mkt Cap	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
	25%	25%	25%	5%	5%	5%	5%	5%		
Subtotal Weights			75%					25%	100%	
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score	Wishhire Score	
1	South Korea	3	3	3	1	2	3	2	2.80	14.05%
2	Hungary	3	3	3	1	3	1	3	2.80	15.03%
3	Argentina	2	3	3	3	3	2	3	2.65	15.98%
4	Czech Republic	3	3	3	1	3	1	2	2.65	16.69%
5	Poland	3	2	3	3	3	2	2	2.55	18.64%
6	Chile	3	2	3	1	3	2	1	2.50	22.03%
7	Taiwan	3	2	2	3	2	3	2	2.40	38.73%
8	Peru	2	3	2	2	3	2	3	2.30	39.17%
9	South Africa	2	2	3	1	2	1	3	2.25	45.97%
10	Israel	2	1	3	2	3	3	2	2.15	49.80%
11	Mexico	2	2	2	3	2	3	3	2.10	58.50%
12	Philippines	2	3	2	1	1	1	2	2.10	59.79%
13	Brazil	2	2	2	2	1	2	3	2.05	70.36%
14	Jordan	2	1	2	2	2	2	3	1.75	70.36%
15	India	2	2	1	2	1	1	2	1.70	76.99%
16	Turkey	1	1	2	2	3	3	3	1.70	80.12%
17	Egypt	2	2	1	1	1	2	2	1.65	80.49%
18	Thailand	2	1	2	1	2	3	1	1.65	82.19%
19	Colombia	1	1	2	1	3	1	2	1.40	82.49%
20	Sri Lanka	1	2	1	1	2	1	2	1.35	82.49%
21	Venezuela	1	1	2	1	2	1	2	1.35	82.76%
22	China	1	1	1	3	1	3	2	1.25	84.52%
23	Malaysia	1	1	1	2	1	2	3	1.25	93.28%
24	Pakistan	1	1	1	1	2	2	2	1.20	93.53%
25	Indonesia	1	1	1	1	2	2	2	1.15	94.73%
26	Morocco	1	1	1	2	2	1	2	1.15	95.26%
27	Russia	1	1	1	2	1	1	2	1.10	100.00%

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CALPERS' chosen emerging markets index.

Overall Summary : Scenario 7

Factors Weights	Country Factors			Market Factors								Cumulative Mkt Cap as a % of Total Mkt Cap
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Wishire Score			
	25%	25%	75%	5%	7.5%	5%	5%	2.5%		25%		
Subtotal Weights												
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Legal System/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score				
1	South Korea	3	3	3	1	2	3	2	2.78	14.05%		
2	Hungary	3	3	3	1	3	1	3	2.75	15.03%		
3	Argentina	2	3	3	3	3	2	3	2.65	15.98%		
4	Czech Republic	3	3	3	1	3	1	2	2.63	16.69%		
5	Chile	3	2	3	3	3	2	1	2.55	20.08%		
6	Poland	3	2	3	1	3	2	2	2.53	22.03%		
7	Taiwan	3	2	3	3	2	3	2	2.43	38.73%		
8	Peru	2	3	2	2	3	2	3	2.28	39.17%		
9	South Africa	2	2	3	3	2	1	3	2.25	45.97%		
10	Israel	2	1	3	2	3	3	2	2.18	49.80%		
11	Philippines	2	3	2	2	1	1	2	2.10	51.09%		
12	Brazil	2	2	2	3	1	2	3	2.05	61.66%		
13	Mexico	2	2	2	1	2	3	3	2.05	70.36%		
14	Jordan	2	1	2	2	2	2	3	1.70	70.36%		
15	India	2	2	1	2	1	1	2	1.70	76.99%		
16	Turkey	1	1	2	2	3	3	3	1.68	80.12%		
17	Thailand	2	1	2	1	2	3	1	1.65	81.81%		
18	Egypt	2	2	1	1	1	2	2	1.63	82.19%		
19	Colombia	1	1	2	1	3	1	2	1.38	82.49%		
20	Sri Lanka	1	2	1	1	2	1	2	1.33	82.49%		
21	Venezuela	1	1	2	1	2	1	2	1.33	82.76%		
22	Malaysia	1	1	1	2	1	2	3	1.23	91.52%		
23	China	1	1	1	3	1	3	2	1.23	93.28%		
24	Pakistan	1	1	1	1	2	2	2	1.20	93.53%		
25	Indonesia	1	1	1	1	2	2	2	1.13	94.73%		
26	Morocco	1	1	1	2	2	1	2	1.13	95.26%		
27	Russia	1	1	1	2	1	1	2	1.08	100.00%		

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CALPERS' chosen emerging markets index.

Overall Summary: Scenario 8

Factors Weights	Country Factors				Market Factors				Cumulative Mkt Cap as a % of Total Mkt Cap
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
	9%	8%	8%	15%	15%	15%	15%	15%	
Subtotal Weights			25%					75%	100%
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score	Wilshire Score
1	Argentina	2	3	2	3	3	2	3	2.61
2	Taiwan	3	2	3	3	2	3	2	2.54
3	Israel	2	1	2	3	3	3	2	2.45
4	Turkey	1	1	3	2	3	3	3	2.43
5	Hungary	3	3	3	1	3	1	3	2.40
6	South Korea	3	3	3	1	2	3	2	2.40
7	Poland	3	2	3	3	3	2	2	2.32
8	Mexico	2	2	2	1	2	3	3	2.30
9	Peru	2	3	2	2	3	2	3	2.23
10	Chile	3	2	3	1	3	2	1	2.17
11	Brazil	2	2	2	3	1	2	3	2.15
12	South Africa	2	2	3	1	2	1	3	2.08
13	Czech Republic	3	3	3	1	3	1	2	1.95
14	Jordan	2	1	2	2	2	2	3	1.92
15	India	2	2	1	3	1	1	2	1.77
16	China	1	1	1	3	1	3	2	1.75
17	Malaysia	1	1	1	2	1	2	3	1.75
18	Philippines	2	3	2	1	1	1	2	1.63
19	Egypt	2	2	1	2	1	2	2	1.62
20	Thailand	2	1	2	1	2	3	1	1.62
21	Pakistan	1	1	1	1	2	2	2	1.60
22	Colombia	1	1	2	1	3	1	2	1.53
23	Indonesia	1	1	1	1	2	2	2	1.45
24	Morocco	1	1	1	2	2	1	2	1.45
25	Sri Lanka	1	2	1	1	2	1	2	1.38
26	Venezuela	1	1	2	1	2	1	2	1.38
27	Russia	1	1	1	2	1	1	2	1.30

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CALPERS' chosen emerging markets index.

Overall Summary: Scenario 9

Factors Weights	Country Factors				Market Factors				Cumulative Mkt Cap as a % of Total Mkt Cap*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
	9%	8%	8%	15%	22.5%	15%	15%	7.5%	
Subtotal Weights			25%					75%	100%
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Legal System/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score	Wishhire Score
1	Taiwan	3	2	2	3	2	3	2	2.62
2	Argentina	2	3	3	2	3	2	3	2.61
3	Israel	2	1	3	2	3	3	2	2.53
4	Turkey	1	1	2	3	3	3	3	2.36
5	South Korea	3	3	3	3	2	3	2	2.33
6	Chile	3	2	3	1	3	2	1	2.32
7	Hungary	3	3	3	3	3	1	3	2.25
8	Poland	3	2	3	3	3	2	2	2.25
9	Peru	2	3	2	1	3	2	3	2.16
10	Brazil	2	2	2	2	1	2	3	2.15
11	Mexico	2	2	2	3	2	3	3	2.15
12	South Africa	2	2	3	1	2	1	3	2.08
13	Czech Republic	3	3	3	1	3	1	2	1.88
14	Jordan	2	1	2	2	2	2	3	1.77
15	India	2	2	1	3	1	1	2	1.77
16	China	1	1	1	3	1	3	2	1.68
17	Malaysia	1	1	1	2	1	2	3	1.68
18	Philippines	2	3	2	1	1	1	2	1.63
19	Thailand	2	1	2	1	2	3	1	1.62
20	Pakistan	1	1	1	1	2	2	2	1.60
21	Egypt	2	2	1	2	1	2	2	1.55
22	Colombia	1	1	2	1	3	1	2	1.46
23	Indonesia	1	1	1	1	2	2	2	1.38
24	Morocco	1	1	1	2	2	1	2	1.38
25	Sri Lanka	1	2	1	1	2	1	2	1.31
26	Venezuela	1	1	2	1	2	1	2	1.31
27	Russia	1	1	1	2	1	1	2	1.23

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CalPERS' chosen emerging markets index.

Overall Summary: Scenario 10

Factors Weights	Country Factors				Market Factors				Wishshare Score	Cumulative Mkt Cap as a % of Total Mkt Cap*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%		
Subtotal Weights			37.5%					62.5%		100%
	Political Stability Score	Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Legal System/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency Score	Transaction Costs Score		
1	Argentina	2	3	2	3	3	2	3	2.63	0.95%
2	Hungary	3	3	3	1	3	1	3	2.50	1.93%
3	South Korea	3	3	3	1	2	3	2	2.50	15.98%
4	Taiwan	3	2	2	3	2	3	2	2.50	32.67%
5	Israel	2	1	3	3	3	3	2	2.38	36.50%
6	Poland	3	2	3	1	3	2	2	2.38	38.45%
7	Chile	3	2	3	3	3	2	1	2.25	41.85%
8	Mexico	2	2	2	1	2	3	3	2.25	50.55%
9	Peru	2	3	2	2	3	2	3	2.25	50.99%
10	Turkey	1	1	2	3	3	3	3	2.25	54.12%
11	Brazil	2	2	2	2	1	2	3	2.13	64.68%
12	Czech Republic	3	3	3	1	3	1	2	2.13	65.39%
13	South Africa	2	2	3	1	2	1	3	2.13	72.20%
14	Jordan	2	1	2	2	2	2	3	1.88	72.20%
15	India	2	2	1	3	1	1	2	1.75	78.83%
16	Philippines	2	3	2	1	1	1	2	1.75	80.12%
17	China	1	1	1	3	1	3	2	1.63	81.88%
18	Egypt	2	2	1	2	1	2	2	1.63	82.25%
19	Malaysia	1	1	1	2	1	2	3	1.63	91.01%
20	Thailand	2	1	2	1	2	3	1	1.63	92.70%
21	Colombia	1	1	2	1	3	1	2	1.50	93.00%
22	Pakistan	1	1	1	1	2	2	2	1.50	93.25%
23	Indonesia	1	1	1	1	2	2	2	1.38	94.45%
24	Morocco	1	1	1	2	2	1	2	1.38	94.98%
25	Sri Lanka	1	2	1	1	2	1	2	1.38	94.98%
26	Venezuela	1	1	2	1	2	1	2	1.38	95.26%
27	Russia	1	1	1	2	1	1	2	1.25	100.00%

* This information is based on the FTSE All World All Emerging Markets Index, as of December 31, 2001, CalPERS' chosen emerging markets index.

**Country and Market Factor Evaluations
By Country**

COUNTRY FACTORS
Factor 1: Political Stability

	(1a)	(1b)	(1c)	Total Score*	Wilshire Score**
	Civil Liberties Score	Independent Judiciary and Legal Protection Score	Political Risk Score		
1 Argentina	3	2	2	7	2
2 Brazil	2	2	1	5	2
3 Chile	3	3	3	9	3
4 China	1	2	1	4	1
5 Colombia	1	1	1	3	1
6 Czech Republic	3	2	3	8	3
7 Egypt	1	3	1	5	2
8 Hungary	3	3	3	9	3
9 India	2	3	1	6	2
10 Indonesia	1	1	1	3	1
11 Israel	2	3	1	6	2
12 Jordan	1	3	2	6	2
13 Malaysia	1	2	1	4	1
14 Mexico	2	2	2	6	2
15 Morocco	1	1	2	4	1
16 Pakistan	1	1	1	3	1
17 Peru	2	1	2	5	2
18 Philippines	2	2	1	5	2
19 Poland	3	2	3	8	3
20 Russia	1	1	1	3	1
21 South Africa	3	2	2	7	2
22 South Korea	3	2	3	8	3
23 Sri Lanka	1	2	1	4	1
24 Taiwan	3	3	3	9	3
25 Thailand	2	3	2	7	2
26 Turkey	1	2	1	4	1
27 Venezuela	1	1	1	3	1

* Total Score = sum of 3 sub-factor scores.

** Wilshire Score based on Total Score.

Factor 1A: Civil Liberties

Source: Freedom House

	Civil Liberties Score*	Wilshire Score**
1 Argentina	2	3
2 Brazil	3	2
3 Chile	2	3
4 China	6	1
5 Colombia	4	1
6 Czech Republic	2	3
7 Egypt	5	1
8 Hungary	2	3
9 India	3	2
10 Indonesia	4	1
11 Israel	3	2
12 Jordan	4	1
13 Malaysia	5	1
14 Mexico	3	2
15 Morocco	4	1
16 Pakistan	5	1
17 Peru	3	2
18 Philippines	3	2
19 Poland	2	3
20 Russia	5	1
21 South Africa	2	3
22 South Korea	2	3
23 Sri Lanka	4	1
24 Taiwan	2	3
25 Thailand	3	2
26 Turkey	5	1
27 Venezuela	5	1

* 1 = free (good civil liberties); 7 = not free (poor civil liberties).

** Wilshire Score based on Civil Liberties Score.

Factor 1B: Independent Judiciary and Legal Protection

Source: Global Competitiveness Report 2001-2002

	Judicial Independence*	Property Rights*	Favoritism in Decisions of Govt. Officials*	Organized Crime*	Contracts and Law Subindex**	Wilshire Score***
1 Argentina	2.7	5.1	2.7	4.5	3.75	2
2 Brazil	4.1	5.0	3.0	3.7	3.97	2
3 Chile	4.3	5.6	4.0	6.2	5.03	3
4 China	3.1	4.1	3.4	4.3	3.74	2
5 Colombia	3.3	4.3	2.3	1.9	2.96	1
6 Czech Republic	4.0	4.4	3.0	4.0	3.85	2
7 Egypt	5.2	5.6	3.8	6.0	5.15	3
8 Hungary	5.3	5.3	3.2	5.0	4.70	3
9 India	5.3	4.9	3.4	4.7	4.54	3
10 Indonesia	2.8	3.8	2.6	4.1	3.35	1
11 Israel	6.4	6.3	4.1	6.4	5.78	3
12 Jordan	5.5	5.8	3.8	6.0	5.27	3
13 Malaysia	3.6	5.2	3.0	4.6	4.10	2
14 Mexico	3.5	4.6	3.2	3.0	3.58	2
15 Morocco*****	1.0	1.0	1.0	1.0	1.00	1
16 Pakistan*****	1.0	1.0	1.0	1.0	1.00	1
17 Peru	2.0	4.1	2.9	3.6	3.16	1
18 Philippines	3.7	4.3	2.7	3.4	3.54	2
19 Poland	5.0	4.6	3.1	4.5	4.32	2
20 Russia	2.9	2.4	3.7	3.0	2.97	1
21 South Africa	5.7	5.3	3.1	2.5	4.17	2
22 South Korea	3.8	4.7	3.4	4.5	4.09	2
23 Sri Lanka	4.1	4.2	2.7	3.6	3.66	2
24 Taiwan	4.2	5.6	3.9	4.8	4.62	3
25 Thailand	4.7	5.0	3.5	4.9	4.53	3
26 Turkey	3.9	4.2	3.1	4.8	3.98	2
27 Venezuela	1.7	3.8	2.6	3.0	2.76	1

* 1 = Lower level of judicial independence/legal protection; 7 = Higher level of judicial independence/legal protection.

** Contracts and Law Subindex is an equal-weighted index of its four sub-components.

*** Wilshire Score based on Contracts and Law Subindex.

**** Due to the lack of accessible data, these countries have been assigned the lowest score.

Factor 1C: Political Risk

Source: International Country Risk Guide

	Current Rating*	Wishire Score**
1 Argentina	70.0	2
2 Brazil	65.5	1
3 Chile	79.5	3
4 China	62.0	1
5 Colombia	54.0	1
6 Czech Republic	79.5	3
7 Egypt	66.0	1
8 Hungary	77.0	3
9 India	56.0	1
10 Indonesia	49.5	1
11 Israel	64.0	1
12 Jordan	72.5	2
13 Malaysia	69.5	1
14 Mexico	72.5	2
15 Morocco	70.5	2
16 Pakistan	49.5	1
17 Peru	72.5	2
18 Philippines	68.0	1
19 Poland	78.0	3
20 Russia	62.0	1
21 South Africa	70.0	2
22 South Korea	77.5	3
23 Sri Lanka	55.0	1
24 Taiwan	77.0	3
25 Thailand	73.0	2
26 Turkey	57.5	1
27 Venezuela	60.5	1

* 0 = Politically unstable; 100 = Politically stable.

** Wishire Score based on Current Rating.

Factor 2: Transparency

	(2a) Freedom of the Press Score	(2b) Accounting Standards Score	(2c) Monetary and Fiscal Transparency Score	(2d) Stock Exchange Listing Requirements Score	Total Score*	Wilshire Score**
1 Argentina	3	2	3	3	11	3
2 Brazil	2	1	3	2	8	2
3 Chile	3	1	3	1	8	2
4 China	1	2	1	1	5	1
5 Colombia	2	2	2	1	7	1
6 Czech Republic	3	3	3	2	11	3
7 Egypt	1	3	1	3	8	2
8 Hungary	3	2	3	2	10	3
9 India	3	1	2	2	8	2
10 Indonesia	2	1	2	2	7	1
11 Israel	3	1	2	1	7	1
12 Jordan	2	3	1	1	7	1
13 Malaysia	2	2	2	1	7	1
14 Mexico	3	1	2	2	8	2
15 Morocco	2	1	2	1	6	1
16 Pakistan	1	2	1	2	6	1
17 Peru	2	3	2	2	9	3
18 Philippines	3	3	2	1	9	3
19 Poland	3	2	2	1	8	2
20 Russia	2	1	1	2	6	1
21 South Africa	3	2	2	1	8	2
22 South Korea	3	2	2	2	9	3
23 Sri Lanka	2	2	1	3	8	2
24 Taiwan	3	1	2	2	8	2
25 Thailand	3	2	1	1	7	1
26 Turkey	2	2	1	2	7	1
27 Venezuela	2	1	1	3	7	1

* Total Score = sum of 4 sub-factor scores.

** Wilshire Score based on Total Score.

Factor 2A: Freedom of the Press

Source: Freedom House

	Press Freedom*	Wilshire Score**
1 Argentina	F	3
2 Brazil	PF	2
3 Chile	F	3
4 China	NF	1
5 Colombia	PF	2
6 Czech Republic	F	3
7 Egypt	NF	1
8 Hungary	F	3
9 India	F	3
10 Indonesia	PF	2
11 Israel	F	3
12 Jordan	PF	2
13 Malaysia	PF	2
14 Mexico	F	3
15 Morocco	PF	2
16 Pakistan	NF	1
17 Peru	PF	2
18 Philippines	F	3
19 Poland	F	3
20 Russia	PF	2
21 South Africa	F	3
22 South Korea	F	3
23 Sri Lanka	PF	2
24 Taiwan	F	3
25 Thailand	F	3
26 Turkey	PF	2
27 Venezuela	PF	2

* F = Free; PF = Partially Free; NF = Not Free.

** Wilshire Score based on Press Freedom.

Factor 2B: Accounting Standards

Source: IASB Website

	Use IAS?	Description - Accounting Standards	Wishire Score*
1 Argentina	Maybe	May follow Argentine GAAP, or follow IAS	2
2 Brazil	No	All listed companies must follow Brazilian GAAP	1
3 Chile	No	Domestic companies must follow Chilean accounting principles; foreign companies must follow their own principles and reconcile to Chilean GAAP.	1
4 China	Maybe	B-shares (yes); H-shares may follow IAS; A-shares must following standards promulgated by the PRC Ministry of Finance.	2
5 Colombia	Maybe	IAS not formally adopted as Colombian standards but regarded as "stronger" than Superintendancy's rules.	2
6 Czech Republic	Yes	Domestic listed companies must follow IAS.	3
7 Egypt	Yes	Large foreign listed companies and Hungarian companies with cross-border activities must follow IAS; other listed companies may follow IAS.	3
8 Hungary	Maybe	Reporting requirements set out in the Companies Act.	2
9 India	No	Statements and Interpretations of the Indonesian Committee on Financial Accounting Standards.	1
10 Indonesia	No	Israeli GAAP.	1
11 Israel	No	Domestic companies must follow Malaysian GAAP; foreign companies may follow Malaysian GAAP or IAS.	1
12 Jordan	Yes	Mexican accounting principles	3
13 Malaysia	Maybe	Data not available.	3
14 Mexico	No	May follow IAS.	1
15 Morocco	N/A	ASC's policy is to review and adopt both existing and new IASC Standards as Philippine standards such that "compliance with Philippine GAAP would mean automatic compliance with IASC Standards.	1
16 Pakistan	Maybe	Domestic companies must follow Polish GAAP but if shares trade in foreign market they must reconcile to either IAS or US GAAP. Foreign companies may follow either IAS or US GAAP with a reconciliation to Polish GAAP.	2
17 Peru	Yes	"Programme for the Reform of Russian Accounting" based on IAS, rather than automatic adoption of IAS.	3
18 Philippines	Yes	Domestic companies must follow SA GAAP or IAS; foreign companies must follow "standards regarded by the Exchange as appropriate for listed companies."	1
19 Poland	Maybe	Foreign companies may use IAS or their own national GAAP with reconciliation to Korean GAAP.	2
20 Russia	No	Sri Lanka GAAP, small differences from IAS.	1
21 South Africa	Maybe	Domestic companies must follow Taiwanese accounting principles; foreign companies must follow their own principles with reconciliation to Taiwanese GAAP.	2
22 South Korea	Maybe	Domestic companies must follow Thai GAAP or IAS; foreign companies may follow Thai GAAP, IAS or US GAAP.	2
23 Sri Lanka	Maybe	Domestic companies must follow Thai GAAP or IAS; foreign companies may follow Thai GAAP, IAS or US GAAP.	1
24 Taiwan	No	Foreign listed companies may follow IAS.	2
25 Thailand	Maybe	Venezuelan GAAP; IAS is first alternative.	2
26 Turkey	Maybe		2
27 Venezuela	No		1

* 1 = does not follow IAS; 3 = follows IAS.

Factor 2C: Monetary and Fiscal Transparency

Source: Oxford Analytica

	Monetary Transparency Score*	Fiscal Transparency Score*	Total Score**	Wishire Score***
1 Argentina	4	4	8	3
2 Brazil	4	4	8	3
3 Chile	4	4	8	3
4 China	2	1	3	1
5 Colombia	4	3	7	2
6 Czech Republic	4	4	8	3
7 Egypt	2	2	4	1
8 Hungary	4	4	8	3
9 India	3	3	6	2
10 Indonesia	4	2	6	2
11 Israel	4	3	7	2
12 Jordan	3	2	5	1
13 Malaysia	3	3	6	2
14 Mexico	4	3	7	2
15 Morocco	3	3	6	2
16 Pakistan	2	1	3	1
17 Peru	4	3	7	2
18 Philippines	4	3	7	2
19 Poland	4	3	7	2
20 Russia	3	2	5	1
21 South Africa	4	3	7	2
22 South Korea	4	3	7	2
23 Sri Lanka	2	2	4	1
24 Taiwan	3	3	6	2
25 Thailand	3	2	5	1
26 Turkey	4	1	5	1
27 Venezuela	2	2	4	1

* 1 = least transparent; 5 = most transparent.

** Total Score = sum of 2 sub-components.

*** Wishire Score based on Total Score.

Factor 2D : Stock Exchange Listing Requirements

Source: Salomon Smith Barney Guide to World Equity Markets 2001 & IASB website.

	Annual*	Audited*	Semi-Annual*	Quarterly*	Periodic*	IAS*	Material Events*	Minimum Value of Assets/Equity*	Profitability*	Shareholder Distribution*	Total Score**	Weighted Score***
1 Argentina	1	0	1	1	1	0	1	1	1	1	8	3
2 Brazil	1	1	1	1	1	0	1	0	0	0	6	2
3 Chile	1	1	1	1	1	0	0	0	0	0	5	1
4 China	1	0	0	0	1	0	1	0	0	0	3	1
5 Colombia	1	0	0	0	1	0	0	0	0	0	2	1
6 Czech Republic	1	1	1	1	1	1	0	1	0	0	7	2
7 Egypt	1	1	1	1	1	1	1	0	0	1	8	3
8 Hungary	1	0	1	1	1	0	1	1	0	1	7	2
9 India	1	0	1	1	1	0	1	0	0	1	6	2
10 Indonesia	1	0	0	0	1	0	1	1	1	1	6	2
11 Israel	1	0	1	1	1	0	1	0	0	0	5	1
12 Jordan	0	0	0	0	1	1	1	1	1	0	5	1
13 Malaysia	1	0	1	1	1	0	1	0	0	0	5	1
14 Mexico	1	1	1	1	1	0	1	0	0	0	6	2
15 Morocco	1	0	1	0	1	0	0	1	0	1	5	1
16 Pakistan	1	0	1	0	1	0	1	1	0	1	6	2
17 Peru	1	0	1	1	1	1	1	0	0	0	6	2
18 Philippines	1	0	0	0	0	1	1	0	0	0	3	1
19 Poland	1	0	1	1	1	0	1	0	0	0	5	1
20 Russia	1	1	1	1	1	0	1	0	0	0	6	2
21 South Africa	1	0	1	1	1	0	1	0	0	0	5	1
22 South Korea	1	0	1	1	1	0	0	1	1	1	7	2
23 Sri Lanka	1	1	1	1	1	0	1	1	1	0	8	3
24 Taiwan	1	1	1	1	1	0	1	0	0	1	7	2
25 Thailand	1	0	1	1	1	0	1	0	0	0	5	1
26 Turkey	1	1	1	1	1	0	0	1	1	0	7	2
27 Venezuela	1	1	1	1	1	0	1	1	0	1	8	3

* 0 = not required; 1 = required.

** Total Score = sum of 10 sub-components.

*** Weighted Score based on Total Score.

Factor 3: Productive Labor Practices

Source: Verite

	(3a)	(3b)	(3c)	(3d)	Total Score**	W/ishire Score****
	(3a)	(3b)	(3c)	(3d)	Total Score**	W/ishire Score****
	Convention ILO Ratification*	Laws*	Institutional Capacity*	Effectiveness of Implementation*	Total Score**	W/ishire Score****
1 Argentina	4.0	9.7	4.4	14.2	32.3	3
2 Brazil	3.5	9.7	2.8	11.1	27.1	2
3 Chile	4.0	9.5	4.4	15.4	33.3	3
4 China	1.0	6.9	1.6	5.0	14.5	1
5 Colombia	4.0	6.2	2.4	12.2	24.8	2
6 Czech Republic	3.5	9.6	4.4	17.9	35.4	3
7 Egypt	3.5	7.8	0.4	5.9	17.6	1
8 Hungary	4.0	9.7	4.4	18.0	36.1	3
9 India	2.0	8.6	1.2	6.8	18.6	1
10 Indonesia	4.0	7.5	0.4	5.9	17.8	1
11 Israel	3.5	9.4	4.4	15.3	32.6	3
12 Jordan	3.5	8.0	2.0	13.3	26.8	2
13 Malaysia	2.5	5.1	2.0	8.9	18.5	1
14 Mexico	3.0	8.7	1.2	9.2	22.1	2
15 Morocco	3.5	6.9	2.4	8.4	21.2	1
16 Pakistan	3.5	5.5	0.8	6.2	16.0	1
17 Peru	4.0	8.4	1.2	10.0	23.6	2
18 Philippines	3.5	9.7	2.8	9.5	25.5	2
19 Poland	3.5	9.6	4.4	17.2	34.7	3
20 Russia	3.5	8.9	2.4	4.9	19.7	1
21 South Africa	4.0	10.0	2.8	14.4	31.2	3
22 South Korea	2.0	9.4	2.8	14.3	28.5	3
23 Sri Lanka	3.5	6.7	2.4	8.6	21.2	1
24 Taiwan	NA****	9.2	4.4	13.4	27.0	2
25 Thailand	2.5	8.9	2.8	11.0	25.2	2
26 Turkey	4.0	6.5	2.0	9.5	22.0	2
27 Venezuela	3.5	6.9	2.4	9.6	22.4	2

* Higher score = more productive labor practices.

** Total Score = sum of 4 sub-factor scores; Total Score is out of 40; 10% weighting to Convention, 25% weighting to Laws, 15% weighting to Institutional Capacity, and 50% weighting to Effectiveness of Implementation.

*** Taiwan is not eligible to ratify ILO conventions; not a member of U.N.; score based on 36 possible points.

**** W/ishire Score based on Total Score.

MARKET FACTORS

Factor 4: Market Liquidity and Volatility

	(4a)	(4b)	(4c)	(4d)	(4e)	(4f)	Total Score*	Wilshire Score**
	Market Cap Score	Change in Mkt Cap Score	Avg Monthly Trading Volume Score	Growth in Listed Companies Score	Market Volatility Score	Return/Risk Ratio Score		
1 Argentina	3	3	1	1	2	1	11	2
2 Brazil	3	2	1	1	2	1	10	2
3 Chile	2	1	1	1	3	1	9	1
4 China	3	3	2	3	1	1	13	3
5 Colombia	1	1	1	1	2	1	7	1
6 Czech Republic	1	1	2	1	2	1	8	1
7 Egypt	2	3	1	2	2	1	11	2
8 Hungary	1	3	2	2	2	3	13	3
9 India	3	2	3	2	2	2	14	3
10 Indonesia	2	1	1	2	1	1	8	1
11 Israel	2	2	1	1	2	3	11	2
12 Jordan	1	2	1	3	3	1	11	2
13 Malaysia	3	1	1	3	1	1	10	2
14 Mexico	3	2	1	1	2	3	12	3
15 Morocco	1	2	1	2	3	2	11	2
16 Pakistan	1	1	3	1	1	1	8	1
17 Peru	1	1	1	1	3	1	8	1
18 Philippines	2	1	1	2	2	1	9	1
19 Poland	2	3	1	3	2	1	12	3
20 Russia	2	3	1	2	1	2	11	2
21 South Africa	3	1	1	1	2	1	9	1
22 South Korea	3	1	3	3	1	2	13	3
23 Sri Lanka	1	1	1	2	2	1	8	1
24 Taiwan	3	2	3	3	2	1	14	3
25 Thailand	2	1	2	1	1	1	8	1
26 Turkey	2	3	3	3	1	2	14	3
27 Venezuela	1	3	1	1	1	1	8	1

* Total Score = sum of 6 sub-factor scores.

** Wilshire Score based on Total Score.

Factor 4A: Market Capitalization

Source: S&P Emerging Stock Markets Factbook 2001

	2000 Mkt Cap (\$ mil)	Wilshire Score*
1 Argentina	166068	3
2 Brazil	226152	3
3 Chile	60401	2
4 China	580991	3
5 Colombia	9560	1
6 Czech Republic	11002	1
7 Egypt	28741	2
8 Hungary	12021	1
9 India	148064	3
10 Indonesia	26834	2
11 Israel	64081	2
12 Jordan	4943	1
13 Malaysia	116935	3
14 Mexico	125204	3
15 Morocco	10899	1
16 Pakistan	6581	1
17 Peru	10562	1
18 Philippines	51554	2
19 Poland	31279	2
20 Russia	38922	2
21 South Africa	204952	3
22 South Korea	171587	3
23 Sri Lanka	1074	1
24 Taiwan	247602	3
25 Thailand	29489	2
26 Turkey	69659	2
27 Venezuela	8128	1

* Wilshire Score based on 2000 Mkt Cap.

Factor 4B: Change in Market Capitalization

Source: S&P Emerging Stock Markets Factbook 2001

	2000	1995	5-year	Wilshire
	Mkt Cap (\$ mil)	Mkt Cap (\$ mil)	% Change in Mkt Cap	Score*
1 Argentina	166068	37783	339.5%	3
2 Brazil	226152	147636	53.2%	2
3 Chile	60401	73860	-18.2%	1
4 China	580991	42055	1281.5%	3
5 Colombia	9560	17893	-46.6%	1
6 Czech Republic	11002	15664	-29.8%	1
7 Egypt	28741	8088	255.4%	3
8 Hungary	12021	2399	401.1%	3
9 India	148064	127199	16.4%	2
10 Indonesia	26834	66585	-59.7%	1
11 Israel	64081	36399	76.1%	2
12 Jordan	4943	4670	5.8%	2
13 Malaysia	116935	222729	-47.5%	1
14 Mexico	125204	90694	38.1%	2
15 Morocco	10899	5951	83.1%	2
16 Pakistan	6581	9286	-29.1%	1
17 Peru	10562	11795	-10.5%	1
18 Philippines	51554	58859	-12.4%	1
19 Poland	31279	4564	585.3%	3
20 Russia	38922	15863	145.4%	3
21 South Africa	204952	280526	-26.9%	1
22 South Korea	171587	181955	-5.7%	1
23 Sri Lanka	1074	1998	-46.2%	1
24 Taiwan	247602	187206	32.3%	2
25 Thailand	29489	141507	-79.2%	1
26 Turkey	69659	20772	235.4%	3
27 Venezuela	8128	3655	122.4%	3

* Wilshire Score based on 5-year % Change in Mkt Cap.

Factor 4C: Average Monthly Trading Volume

Source: S&P Emerging Stock Markets Factbook 2001

	Avg Monthly Trading Value (\$ mil)	2000 Mkt Cap (\$mil)	Avg Monthly Trading Value as % of Mkt Cap	Wiiishire Score*
1 Argentina	496	166068	0.3%	1
2 Brazil	8440	226152	3.7%	1
3 Chile	507	60401	0.8%	1
4 China	60128	580991	10.3%	2
5 Colombia	33	9560	0.3%	1
6 Czech Republic	549	11002	5.0%	2
7 Egypt	927	28741	3.2%	1
8 Hungary	1013	12021	8.4%	2
9 India	42484	148064	28.7%	3
10 Indonesia	1193	26834	4.4%	1
11 Israel	1950	64081	3.0%	1
12 Jordan	35	4943	0.7%	1
13 Malaysia	4875	116935	4.2%	1
14 Mexico	3778	125204	3.0%	1
15 Morocco	91	10899	0.8%	1
16 Pakistan	2748	6581	41.8%	3
17 Peru	127	10562	1.2%	1
18 Philippines	683	51554	1.3%	1
19 Poland	1219	31279	3.9%	1
20 Russia	1693	38922	4.3%	1
21 South Africa	6458	204952	3.2%	1
22 South Korea	88972	171587	51.9%	3
23 Sri Lanka	12	1074	1.1%	1
24 Taiwan	81958	247602	33.1%	3
25 Thailand	1938	29489	6.6%	2
26 Turkey	14934	69659	21.4%	3
27 Venezuela	57	8128	0.7%	1

* Wiiishire Score based on Avg Monthly Trading Value as % of Mkt Cap.

Factor 4D: Growth in Listed Companies

Source: S&P Emerging Stock Markets Factbook 2001

	2000	1995	% Change in Listed Companies	Wilshire Score*
1 Argentina	127	149	-14.8%	1
2 Brazil	459	543	-15.5%	1
3 Chile	258	284	-9.2%	1
4 China	1086	323	236.2%	3
5 Colombia	126	190	-33.7%	1
6 Czech Republic	131	1635	-92.0%	1
7 Egypt	1076	746	44.2%	2
8 Hungary	60	42	42.9%	2
9 India	5937	5398	10.0%	2
10 Indonesia	290	238	21.8%	2
11 Israel	654	654	0.0%	1
12 Jordan	163	97	68.0%	3
13 Malaysia	795	529	50.3%	3
14 Mexico	179	185	-3.2%	1
15 Morocco	53	44	20.5%	2
16 Pakistan	762	764	-0.3%	1
17 Peru	230	246	-6.5%	1
18 Philippines	230	205	12.2%	2
19 Poland	225	65	246.2%	3
20 Russia	249	170	46.5%	2
21 South Africa	616	640	-3.8%	1
22 South Korea	1308	721	81.4%	3
23 Sri Lanka	239	226	5.8%	2
24 Taiwan	531	347	53.0%	3
25 Thailand	381	416	-8.4%	1
26 Turkey	315	205	53.7%	3
27 Venezuela	85	90	-5.6%	1

* Wilshire Score based on 5-year % Change in Listed Companies.

Factor 4E: Market Volatility

Source: Wilshire Compass (MSCI Indices)

	<u>Risk*</u>	<u>Wilshire Score**</u>
1 Argentina	44.0%	2
2 Brazil	44.3%	2
3 Chile	27.5%	3
4 China	51.2%	1
5 Colombia	39.1%	2
6 Czech Republic	35.8%	2
7 Egypt	33.0%	2
8 Hungary	39.9%	2
9 India	32.9%	2
10 Indonesia	70.6%	1
11 Israel	30.8%	2
12 Jordan	13.6%	3
13 Malaysia	49.3%	1
14 Mexico	35.7%	2
15 Morocco	18.6%	3
16 Pakistan	49.5%	1
17 Peru	28.2%	3
18 Philippines	43.2%	2
19 Poland	40.1%	2
20 Russia	77.2%	1
21 South Africa	32.2%	2
22 South Korea	62.5%	1
23 Sri Lanka	41.5%	2
24 Taiwan	37.9%	2
25 Thailand	60.8%	1
26 Turkey	72.0%	1
27 Venezuela	49.2%	1

* Risk as measured by standard deviation of return on a US dollar basis over the five-year period ended December 31, 2001.

** Wilshire Score based on Risk.

Factor 4F: Return/Risk Ratio

Source: Wilshire Compass (MSCI Indices)

	<u>Return</u>	<u>Risk*</u>	<u>Return/Risk</u>	<u>Wilshire</u>
			<u>Ratio</u>	<u>Score**</u>
1 Argentina	-5.3%	44.0%	-0.12	1
2 Brazil	-1.1%	44.3%	-0.02	1
3 Chile	-2.9%	27.5%	-0.10	1
4 China	-23.9%	51.2%	-0.47	1
5 Colombia	-8.8%	39.1%	-0.23	1
6 Czech Republic	-4.0%	35.8%	-0.11	1
7 Egypt	-9.8%	33.0%	-0.30	1
8 Hungary	5.9%	39.9%	0.15	3
9 India	0.7%	32.9%	0.02	2
10 Indonesia	-34.6%	70.6%	-0.49	1
11 Israel	10.8%	30.8%	0.35	3
12 Jordan	-0.2%	13.6%	-0.01	1
13 Malaysia	-16.1%	49.3%	-0.33	1
14 Mexico	11.7%	35.7%	0.33	3
15 Morocco	0.1%	18.6%	0.01	2
16 Pakistan	-10.9%	49.5%	-0.22	1
17 Peru	-4.8%	28.2%	-0.17	1
18 Philippines	-27.9%	43.2%	-0.65	1
19 Poland	-7.9%	40.1%	-0.20	1
20 Russia	6.4%	77.2%	0.08	2
21 South Africa	-6.4%	32.2%	-0.20	1
22 South Korea	3.0%	62.5%	0.05	2
23 Sri Lanka	-7.6%	41.5%	-0.18	1
24 Taiwan	-7.1%	37.9%	-0.19	1
25 Thailand	-27.5%	60.8%	-0.45	1
26 Turkey	6.0%	72.0%	0.08	2
27 Venezuela	-7.1%	49.2%	-0.14	1

* Risk as measured by standard deviation of return on a US dollar basis over the five-year period ended December 31, 2001.

** Wilshire Score based on Return/Risk Ratio.

Factor 5: Market Regulation/Legal System/Investor Protection

	(5a) Adequacy of Financial Regulation <u>Score</u>	(5b) Bankruptcy/ Creditors' Rights <u>Score</u>	(5c) Shareholders' Rights <u>Score</u>	Total <u>Score*</u>	WiiShare <u>Score</u>
1 Argentina	3	3	3	9	3
2 Brazil	2	3	2	7	3
3 Chile	3	3	2	8	3
4 China	1	1	1	3	1
5 Colombia	1	2	1	4	1
6 Czech Republic	1	1	1	3	1
7 Egypt	1	2	1	4	1
8 Hungary	2	1	1	4	1
9 India	2	2	1	5	2
10 Indonesia	1	2	1	4	1
11 Israel	3	2	2	7	3
12 Jordan	2	1	1	4	1
13 Malaysia	2	2	2	6	2
14 Mexico	1	2	1	4	1
15 Morocco	1	1	1	3	1
16 Pakistan	1	2	3	6	2
17 Peru	2	2	2	6	2
18 Philippines	1	2	3	6	2
19 Poland	2	1	1	4	1
20 Russia	1	1	1	3	1
21 South Africa	3	3	3	9	3
22 South Korea	1	1	2	4	1
23 Sri Lanka	1	1	1	3	1
24 Taiwan	2	2	3	7	3
25 Thailand	1	1	2	4	1
26 Turkey	1	3	1	5	2
27 Venezuela	1	1	1	3	1

* Total Score = sum of 3 sub-factor scores.

** WiiShare Score based on Total Score.

Factor 5A: Adequacy of Financial Regulation

Source: Global Competitiveness Report 2001-2002

	Extent of Financial Regulations and Supervision*		Wilshire Score**
1 Argentina	5.5	3	
2 Brazil	5.3	2	
3 Chile	5.7	3	
4 China	3.7	1	
5 Colombia	4.1	1	
6 Czech Republic	3.5	1	
7 Egypt	4.1	1	
8 Hungary	5.1	2	
9 India	4.7	2	
10 Indonesia	3.1	1	
11 Israel	5.8	3	
12 Jordan	4.7	2	
13 Malaysia	4.8	2	
14 Mexico	3.9	1	
15 Morocco***	1.0	1	
16 Pakistan***	1.0	1	
17 Peru	4.8	2	
18 Philippines	4.3	1	
19 Poland	5.1	2	
20 Russia	2.8	1	
21 South Africa	5.7	3	
22 South Korea	3.7	1	
23 Sri Lanka	3.8	1	
24 Taiwan	4.6	2	
25 Thailand	4.1	1	
26 Turkey	3.6	1	
27 Venezuela	3.8	1	

* 1 = inadequate financial regulation; 7 = among the world's most stringent.

** Wilshire Score based on Extent of Financial Regulations and Supervision.

*** Due to the lack of accessible data, these countries were assigned the lowest score.

Factor 5B: Bankruptcy/Creditors' Rights

Source: National Bureau of Economic Research

	Bankruptcy/ Creditor Rights Score*	Wilshire Score**
1 Argentina	3	3
2 Brazil	3	3
3 Chile	4	3
4 China***	0	1
5 Colombia	2	2
6 Czech Republic***	0	1
7 Egypt	2	2
8 Hungary***	0	1
9 India	2	2
10 Indonesia	2	2
11 Israel	2	2
12 Jordan***	0	1
13 Malaysia	2	2
14 Mexico	2	2
15 Morocco***	0	1
16 Pakistan	2	2
17 Peru	2	2
18 Philippines	2	2
19 Poland***	0	1
20 Russia***	0	1
21 South Africa	3	3
22 South Korea	1	1
23 Sri Lanka***	0	1
24 Taiwan	2	2
25 Thailand	1	1
26 Turkey	4	3
27 Venezuela	1	1

* 0 = weaker rights; 4 = stronger rights.

** Wilshire Score based on Bankruptcy/Creditor Rights Score.

*** Due to the lack of accessible data, these countries have been assigned the lowest score.

Factor 5C: Shareholders' Rights

Source: National Bureau of Economic Research

	Shareholders' Rights Score*	Antidirector Rights Score*	Total Score**	Wishire Score***
1 Argentina	4	4	8	3
2 Brazil	2	3	5	2
3 Chile	2	3	5	2
4 China****	0	0	0	1
5 Colombia	0	1	1	1
6 Czech Republic****	0	0	0	1
7 Egypt	0	2	2	1
8 Hungary****	0	0	0	1
9 India	0	2	2	1
10 Indonesia	0	2	2	1
11 Israel	1	3	4	2
12 Jordan	0	1	1	1
13 Malaysia	2	3	5	2
14 Mexico	1	0	1	1
15 Morocco****	0	0	0	1
16 Pakistan	3	4	7	3
17 Peru	2	2	4	2
18 Philippines	2	4	6	3
19 Poland****	0	0	0	1
20 Russia****	0	0	0	1
21 South Africa	2	4	6	3
22 South Korea	1	2	3	2
23 Sri Lanka	0	2	2	1
24 Taiwan	3	3	6	3
25 Thailand	2	3	5	2
26 Turkey	0	2	2	1
27 Venezuela	0	1	1	1

* 0 = weaker rights; 5 = stronger rights.

** Total Score = sum of 2 sub-components.

*** Wishire Score based on Total Score.

**** Due to the lack of accessible data, these countries have been assigned the lowest score.

Factor 6: Capital Market Openness

	(6a) Trade Policy Score	(6b) Foreign Investment Score	(6c) Banking/ Finance Score	(6d) Stock Market Openness Score	Total Score*	Wishire Score**
1 Argentina	2	3	3	3	11	3
2 Brazil	1	2	2	2	7	1
3 Chile	3	3	2	3	11	3
4 China	1	1	1	2	5	1
5 Colombia	2	3	3	2	10	3
6 Czech Republic	3	3	3	3	12	3
7 Egypt	1	2	1	3	7	1
8 Hungary	3	3	3	3	12	3
9 India	1	1	1	1	4	1
10 Indonesia	2	2	1	3	8	2
11 Israel	3	3	2	3	11	3
12 Jordan	1	3	3	2	9	2
13 Malaysia	1	1	1	2	5	1
14 Mexico	3	2	2	2	9	2
15 Morocco	1	3	2	3	9	2
16 Pakistan	1	2	2	3	8	2
17 Peru	2	3	3	3	11	3
18 Philippines	2	2	2	1	7	1
19 Poland	3	3	2	2	10	3
20 Russia	1	2	1	2	6	1
21 South Africa	1	3	2	3	9	2
22 South Korea	2	3	2	2	9	2
23 Sri Lanka	2	2	2	2	8	2
24 Taiwan	3	2	2	1	8	2
25 Thailand	3	3	2	1	9	2
26 Turkey	3	3	2	3	11	3
27 Venezuela	1	2	2	3	8	2

* Total Score = sum of 4 sub-factor scores.

** Wishire Score based on Total Score.

Factor 6A: Trade Policy

Source: The Heritage Foundation's Index of Economic Freedom (WSJ)

	Trade Policy	
	Score*	Wishire Score**
1 Argentina	3	2
2 Brazil	4	1
3 Chile	2	3
4 China	5	1
5 Colombia	3	2
6 Czech Republic	2	3
7 Egypt	5	1
8 Hungary	2	3
9 India	5	1
10 Indonesia	3	2
11 Israel	2	3
12 Jordan	4	1
13 Malaysia	4	1
14 Mexico	2	3
15 Morocco	4	1
16 Pakistan	5	1
17 Peru	3	2
18 Philippines	3	2
19 Poland	2	3
20 Russia	4	1
21 South Africa	4	1
22 South Korea	3	2
23 Sri Lanka	3	2
24 Taiwan	2	3
25 Thailand	2	3
26 Turkey	2	3
27 Venezuela	4	1

* 1 = policies most conducive to economic freedom; 5 = policies least conducive to economic freedom.

** Wishire Score based on Trade Policy Score.

Factor 6B: Foreign Investment

Source: The Heritage Foundation's Index of Economic Freedom (WSJ)

	Foreign Investment	
	Score*	Score**
1 Argentina	2	3
2 Brazil	3	2
3 Chile	2	3
4 China	4	1
5 Colombia	2	3
6 Czech Republic	2	3
7 Egypt	3	2
8 Hungary	2	3
9 India	4	1
10 Indonesia	3	2
11 Israel	1	3
12 Jordan	2	3
13 Malaysia	4	1
14 Mexico	3	2
15 Morocco	2	3
16 Pakistan	3	2
17 Peru	2	3
18 Philippines	3	2
19 Poland	2	3
20 Russia	3	2
21 South Africa	2	3
22 South Korea	2	3
23 Sri Lanka	3	2
24 Taiwan	3	2
25 Thailand	2	3
26 Turkey	2	3
27 Venezuela	3	2

* 1 = policies most conducive to economic freedom; 5 = policies least conducive to economic freedom.

** Wishire Score based on Foreign Investment Score.

Factor 6C: Banking/Finance

Source: The Heritage Foundation's Index of Economic Freedom (WSJ)

	Banking/ Finance Score*	Wishire Score**
1 Argentina	2	3
2 Brazil	3	2
3 Chile	3	2
4 China	4	1
5 Colombia	2	3
6 Czech Republic	1	3
7 Egypt	4	1
8 Hungary	2	3
9 India	4	1
10 Indonesia	4	1
11 Israel	3	2
12 Jordan	2	3
13 Malaysia	4	1
14 Mexico	3	2
15 Morocco	3	2
16 Pakistan	3	2
17 Peru	2	3
18 Philippines	3	2
19 Poland	3	2
20 Russia	4	1
21 South Africa	3	2
22 South Korea	3	2
23 Sri Lanka	3	2
24 Taiwan	3	2
25 Thailand	3	2
26 Turkey	3	2
27 Venezuela	3	2

* 1 = policies most conducive to economic freedom; 5 = policies least conducive to economic freedom.

** Wishire Score based on Banking/Finance Score.

Factor 6D: Stock Market Openness

Source: Standard & Poor's Emerging Stock Markets Factbook 2001

	Description - Foreign Investment Ceiling	Wilshire Score*
1 Argentina	100% in general	3
2 Brazil	100% preferred stocks; 100% for common stock in general, except 0% for banks, 20% for air transport; 49% for cable television and 20% for highway cargo transport, 0% for newspaper, radio and TV broadcasting companies and 50% minus one share for Petrobras.	2
3 Chile	100% in general	3
4 China	100% only for B- and H-class shares and red chip stocks	2
5 Colombia	100% in general; some approval needed or regulations exist in specific sectors such as national defense, financial and mining	2
6 Czech Republic	100% in general	3
7 Egypt	100% in general	3
8 Hungary	100% in general	3
9 India	24% in general; 20% for banks; up to 40% with board of directors approval	1
10 Indonesia	100% in general	3
11 Israel	100% in general	3
12 Jordan	100% in general; 50% for construction, retail trade and mining sectors	2
13 Malaysia	100% in general; some restrictions at the corporate and sector level per the Foreign Investment Committee Guidelines	2
14 Mexico	100% in general; while there are some total ceiling limits by sectors according to Mexican Foreign Investment Law	2
15 Morocco	100% in general	3
16 Pakistan	100% in general	3
17 Peru	100% in general	3
18 Philippines	40% in general; in some cases can only own B class shares	1
19 Poland	100% in general; some restrictions in certain sectors such as banking	2
20 Russia	100% in general; 9% for Gazprom, 25% for UES; 12% or central bank approval for banks	2
21 South Africa	100% in general	3
22 South Korea	100% in general; telecommunications 49%, air transportation 50%, mining 49.99%, 15% for Korea Gas Corp., 35% for Korea Tobacco & Ginseng, 40% for KEPCO, 19.44% for Korea Telecom; 0% for Seoul Broadcasting; and 33% for other broadcasting	2
23 Sri Lanka	100% in general; 60% for banks; 90% for insurance companies; 40% for residential housing and mining companies	2
24 Taiwan	Limits to the maximum holdings of total shares outstanding by foreigners at both the individual and aggregate level. Sector foreign investment ceilings of 50% for cement; 0% for domestic transportation; 33% for aviation; 50% for aviation logistics, 20% for telecommunications, 50% for natural gas, 40-50% for some banks and insurance companies.	1
25 Thailand	10%-100% depending on company by-laws	1
26 Turkey	100% in general	3
27 Venezuela	100% in general	3

* 1 = lower level of market openness to foreigners; 3 = higher level of market openness to foreigners.

Factor 7: Settlement Proficiency

Source: The Salomon Smith Barney Guide to World Equity Markets 2001 & Brinson Partners, Inc.

	Trading Technology Score*	Trading Technology Description	Days to Settle Trades Score**	Days to Settle Trades (T + _)***	Total Score****	Wilshire Score*****
1 Argentina	2	Partially Automated: Open outcry/Continuous dealer trading/Computer-Assisted (SINAC)	3	3	5	2
2 Brazil	2	Partially Automated: Open outcry/Electronic, remote terminal trading	3	3	5	2
3 Chile	2	Partially Automated: Teleregon trading	3	2	5	2
4 China	3	Fully Automated: automated transfer and	3	3	6	3
5 Colombia	2	Partially Automated: BSE electronic system/Open outcry	2	3 to 6	4	1
6 Czech Republic	2	Partially Automated	2	3 to 5	4	1
7 Egypt	2	Partially Automated	3	1 to 2	5	2
8 Hungary	1	Not Automated: Multi Market Trading System (MMTS)	2	5	3	1
9 India	3	Fully Automated: BSE on-line trading (BOLT) system	1	3 to 14	4	1
10 Indonesia	3	Fully Automated: Jakarta Automated Trading	2	4	5	2
11 Israel	3	Fully Automated: Tel Aviv Continuous Trading (TACT)	3	0 to 1	6	3
12 Jordan	3	Fully Automated	2	3 to 5	5	2
13 Malaysia	3	Fully Automated: SCORE and WINSORE	2	4(S); 7(B)	5	2
14 Mexico	3	Fully Automated: BMV-SENTRA Capitates system	3	2	6	3
15 Morocco	1	Not Automated	1	1 (extendible)	2	1
16 Pakistan	3	Fully Automated: Karachi Automated Trading	2	2nd Tuesday	5	2
17 Peru	2	Partially Automated	3	2(B); 3(S)	5	2
18 Philippines	1	Not Automated	2	4	3	1
19 Poland	2	Partially Automated: Warsaw system	3	3	5	2
20 Russia	3	Fully Automated: Russian Trading System (RTS)	1	Determined in advance with broker	4	1
21 South Africa	2	Partially Automated: Johannesburg Equity Trading System	2	Next Tuesday	4	1
22 South Korea	3	Fully Automated: KSE Automated Trading System (KATS)	3	2	6	3
23 Sri Lanka	3	Fully Automated	1	7	4	1
24 Taiwan	3	Fully Automated: Fully Automated Trading System (FAST)	3	1	6	3
25 Thailand	3	Fully Automated: Automated System for the Stock Exchange of Thailand (ASSET)	3	3	6	3
26 Turkey	3	Fully Automated	3	2	6	3
27 Venezuela	3	Fully Automated: Integrated Electronic Trading	1	0 to 90	4	1

* 1 = not automated; 2 = partially automated; 3 = fully automated.

** 1 = slower trade settlement; 3 = quicker trade settlement.

*** (S) denotes only seller; (B) denotes only buyer; when not noted specifically the information refers to both buyer and seller.

**** Total Score = sum of 2 sub-component scores.

***** Wilshire Score based on Total Score.

Factor 8: Transaction Costs
Source: Brinson Partners, Inc.

	<u>Capital Gains Tax</u>	<u>Dividend Tax</u>	<u>Stamp Duty*</u>	<u>Other Charges**</u>
1 Argentina	0%	0%	0%	0.24% exchange levy; 0.005% year end tax
2 Brazil	0%	0%	0%	0.2% tax on cash in/out of country
3 Chile	10% - 42%	10% - 42%	0%	3% central bank tax (B); 18% VAT; 0.44% exchange tax
4 China	20% but currently waived by authorities	0%	0.15%	0.1% transfer/registration fee (Shanghai); 0.3% registratic (B) and 0.011% (Shenzhen)
5 Colombia	0%	0%	1%	16% VAT on FX purchases (S)
6 Czech Republic	0%	15%	0%	None
7 Egypt	0% - 2%**	0%	EGP 0.4 per broker's invoice	None
8 Hungary	0%	0%	0%	None
9 India	30%<1yr. - 10%>1yr.	0%	0.5%	None
10 Indonesia	0%	15%	0%	0.1% to 0.45%
11 Israel	0%	25%	0%	None
12 Jordan	0%	0%	0%	0.85% for repatriation of funds
13 Malaysia	0%	0%	0.3% (B)	Negligible registration fees
14 Mexico	0%	0%	0%	20% withholding on off-exchange trades
15 Morocco	0%	10%	0%	None
16 Pakistan	0%	15%	1.5% (B)	2.5% par value when registered at Ramadan
17 Peru	0%	0%	0%	0.18% stock exchange levy
18 Philippines	0%	25%	0.0025%	0.5% (S) & 0.0015% on remittance of funds
19 Poland	0%	15%	0%	0.2% turnover tax (S)
20 Russia	0%	10%	0%	None
21 South Africa	0%	0%	0%	0.5% securities tax (B)
22 South Korea	0%	16.5%	0%	0.3% (S)
23 Sri Lanka	0%	15%	0%	None
24 Taiwan	0%	20%	0%	0.3% transfer tax (S)
25 Thailand	15%	10%	0.1% (S) non listed	Negligible depository monthly fees
26 Turkey	0%	0%	0%	0.1% tax on FX sales
27 Venezuela	1% VAT	0%	0%	0.75% FX tax (B); 1% government tax (S)

* (B) denotes only buyer; (S) denotes only seller; when not noted specifically the information refers to both buyer and seller

** Capital gains tax for Egypt is 2% for capital gains arising from List A securities; 0% for gains coming from other securities

*** 1 = more transaction costs; 3 = less transaction costs.

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