



National Council on
Teacher Retirement
88th Annual Convention

Prospects for Global Equities

Shawn Lytle
Managing Director
Head of Americas
UBS Global Asset Management

Warren Koontz, CFA
Vice President
CIO, Large Cap Value Strategy
Loomis, Sayles & Company

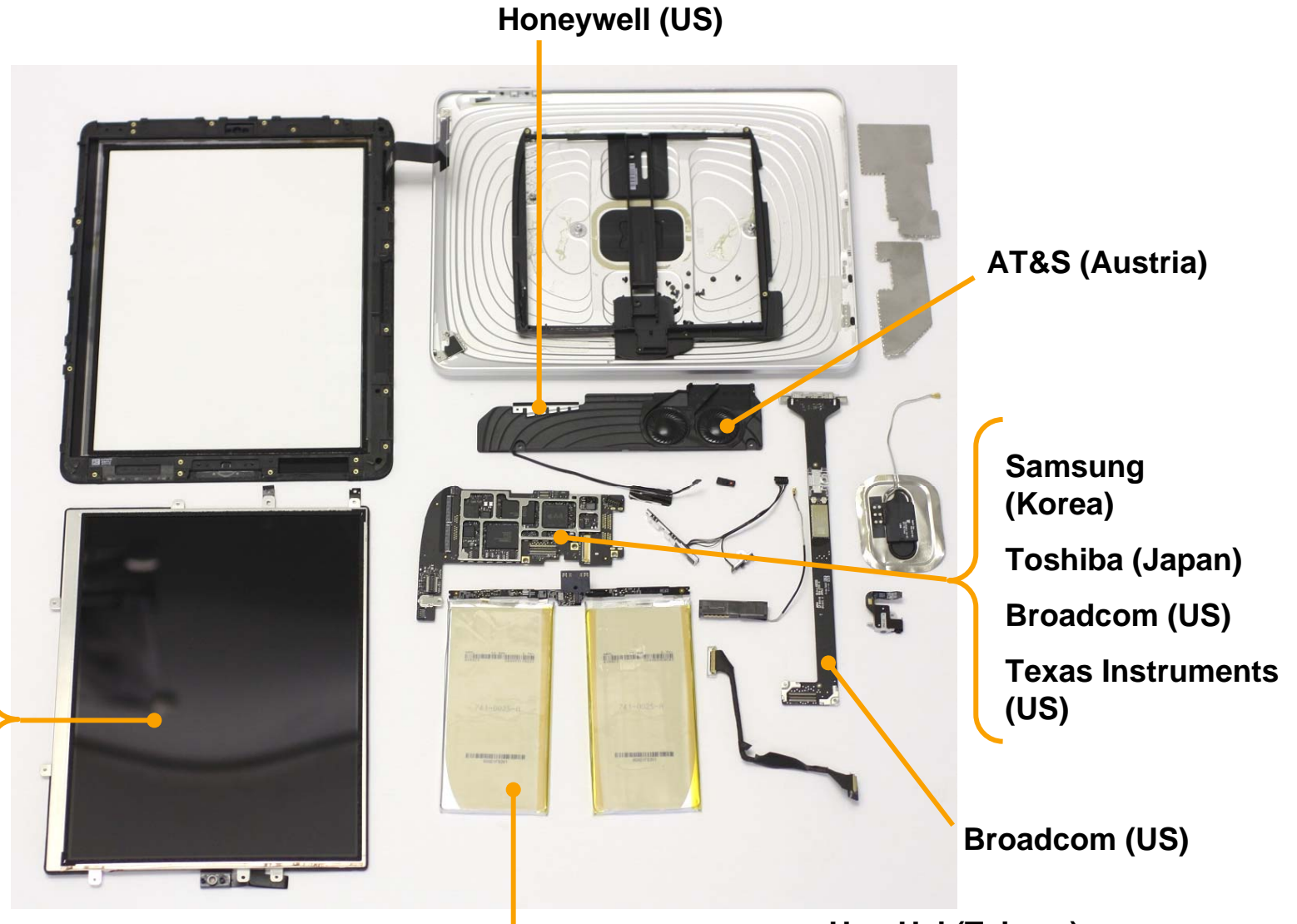
Moderator: Peter Thompson
CEO
Perkins Investment Management

October 11, 2010

A wide universe enables best idea portfolios



Apple (US)



Honeywell (US)

AT&S (Austria)

Samsung (Korea)

Toshiba (Japan)

Broadcom (US)

Texas Instruments (US)

Broadcom (US)

LG Display (Korea)

Epson (Japan)

Wintek (Taiwan)

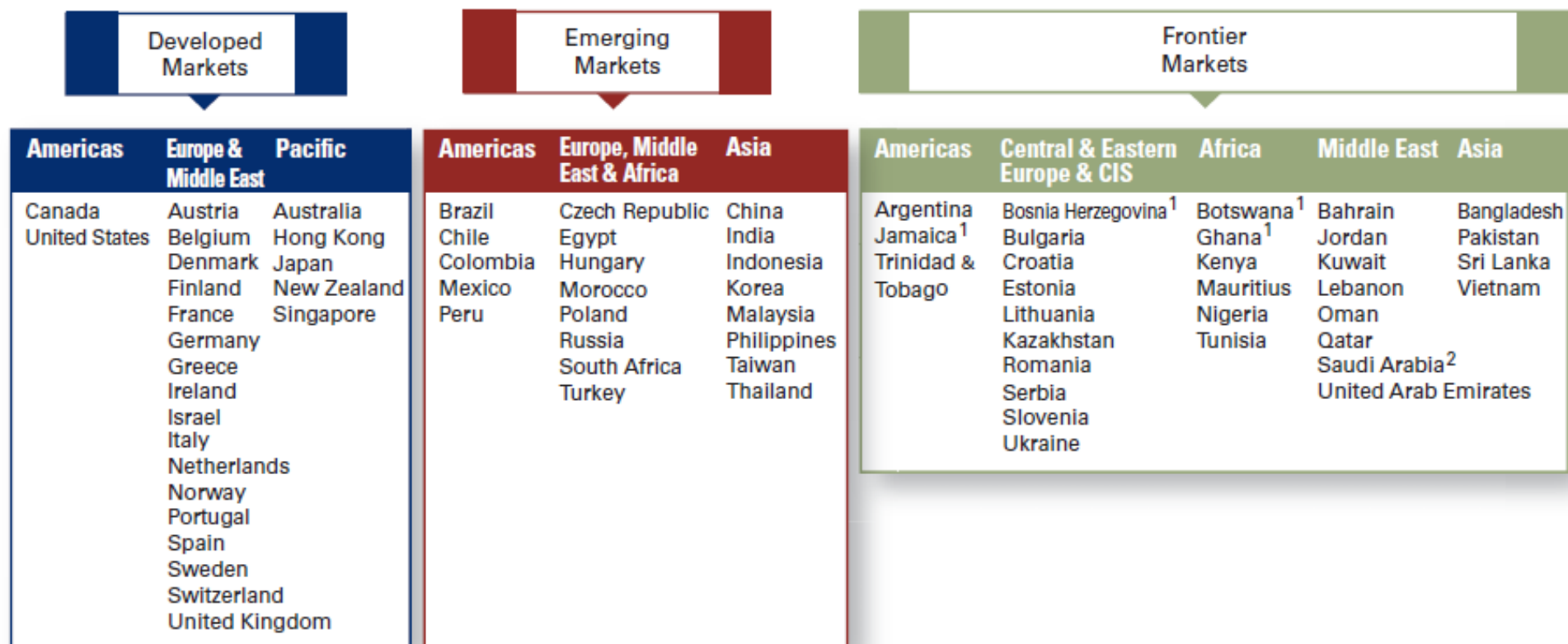
Compal (Taiwan)

Hon Hai (Taiwan)
Assembly

For illustrative purposes only.

Wide breadth of MSCI global investable market indices

Country & Market Coverage



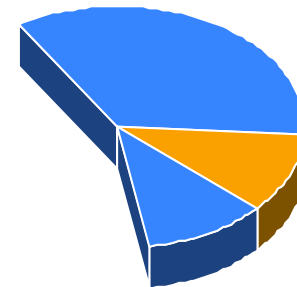
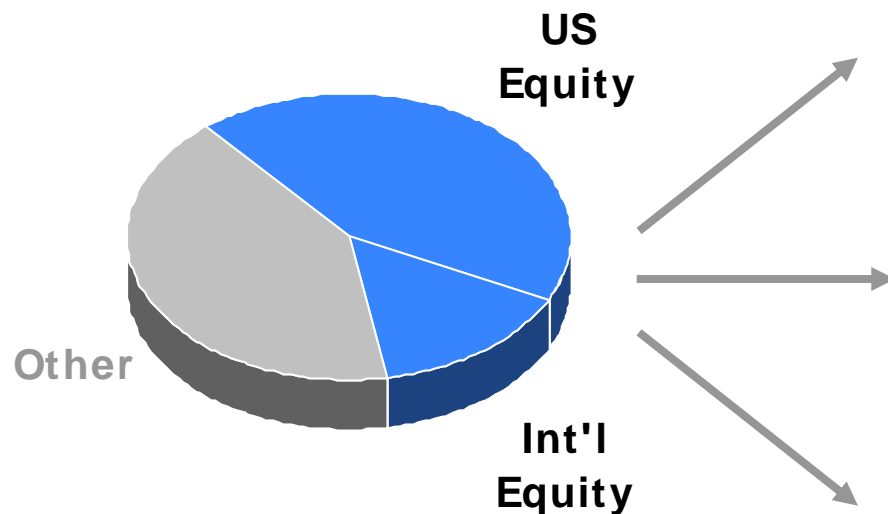
1. The MSCI Bosnia Herzegovina Index, the MSCI Botswana Index, the MSCI Ghana Index, and the MSCI Jamaica Index are currently stand-alone country indices and are not included in the MSCI Frontier Markets Index. The addition of these country indices to the MSCI Frontier Markets Index is under consideration
2. The MSCI Saudi Arabia Index is currently not included in the MSCI Frontier Markets Index but is part of the MSCI Gulf Cooperation Council (GCC) Countries Index.

Source: MSCI Barra

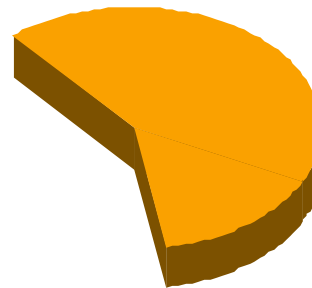
More than one valid approach to asset allocation

Different views on global equity:

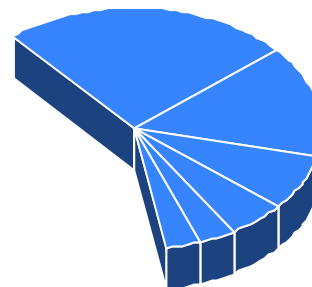
Typical allocation of public pension fund



◆ A portion is allocated from existing equity assets



◆ All equity assets are considered global



◆ Further carve-up of the equity allocation

For illustrative purposes only.

Removing constraints

- ◆ Plan sponsors have moved away from narrowly defined mandates
- ◆ More than half of our global/international mandates now include emerging markets
- ◆ EM is increasingly included in the benchmark
- ◆ The next move we see is toward All-Cap, All World mandates
- ◆ In parallel with the development of the MSCI IMI benchmarks

MSCI Developed

1,656
stocks

MSCI ACWI

2,411
stocks

MSCI ACWI IMI World

6,163
stocks

Source: Factset.
As of August 31, 2010.

Advantages of a global approach

- ◆ No stock is more than 1.22% of the total index, freeing the manager from index weight constraints
- ◆ A go-anywhere approach encourages creativity and unfettered valuation comparisons
- ◆ A global research platform can help managers take rewarding contrarian decisions
- ◆ A global platform gives single-stock decisions a full consideration of all the alternatives

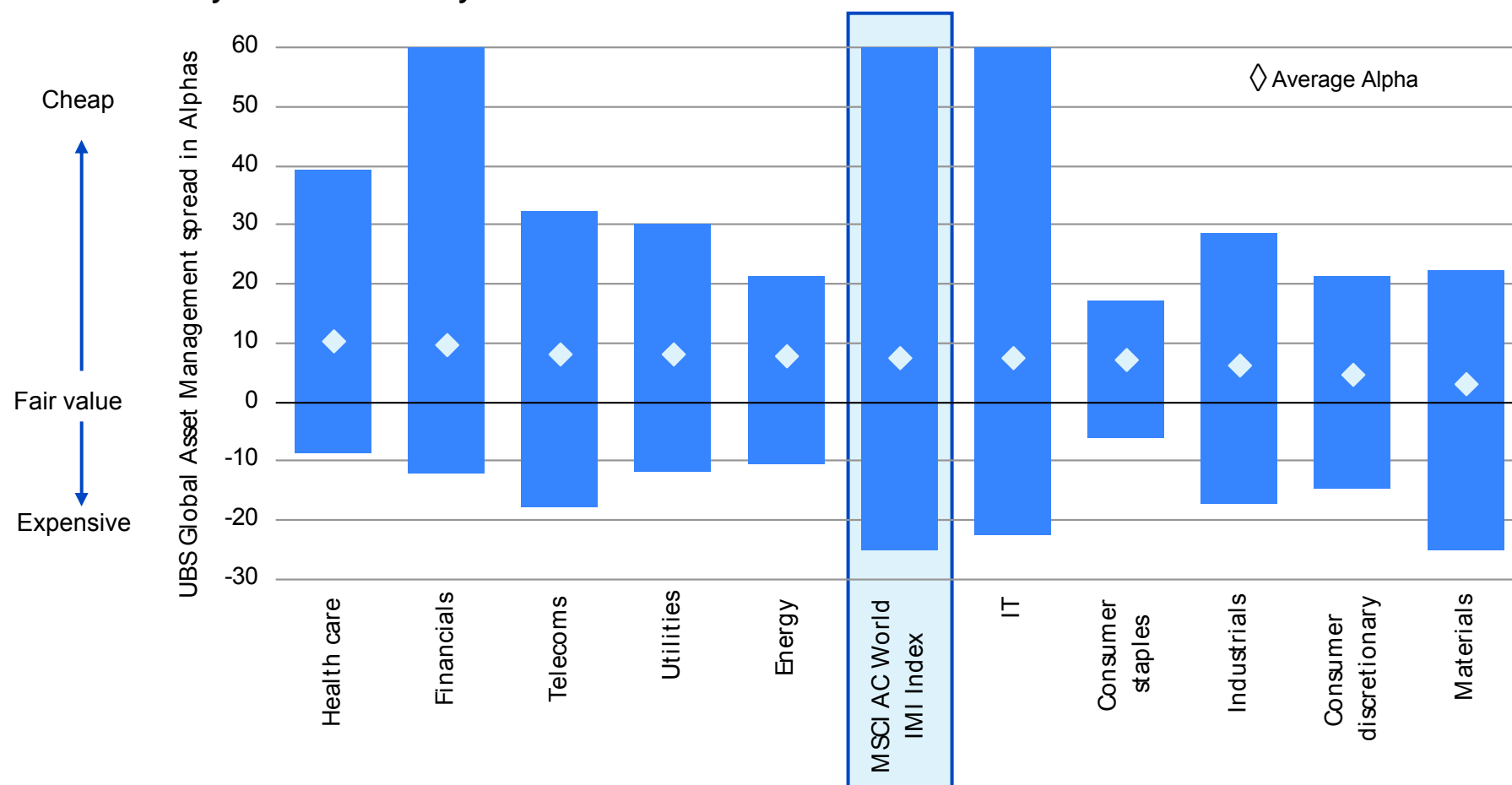
Top five index holdings

Company	MSCI ACWI World Weight	Company	S&P 500 Weight
Exxon Mobil	1.22%	Exxon Mobil	3.04%
Apple	1.00	Apple	2.51
Microsoft	0.75	Microsoft	1.80
Nestle	0.72	General Electric	1.68
HSBC	0.69	Johnson & Johnson	1.65

Source: Factset; As of September 30, 2010.

Stock picking opportunities exist across global sectors

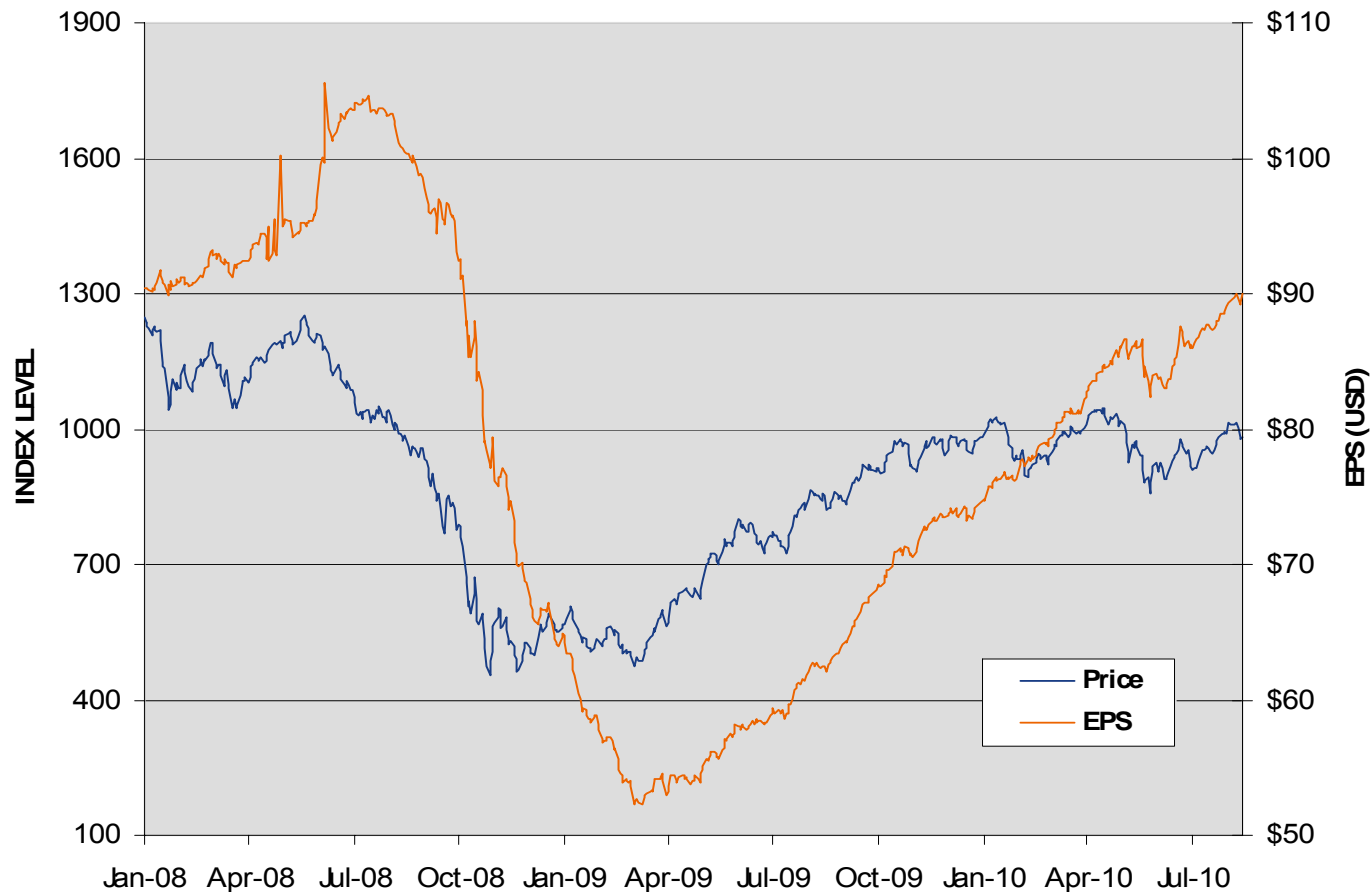
MSCI All Country World IMI Index by sector



Note: Alphas are a measurement of the gap between price/intrinsic value of a stock. Based on MSCI All Country World IMI Index data as at 30 June 2010.
 Source: UBS Global Asset Management

Opportunities may exist in Emerging Markets

MSCI Emerging Markets: Index price vs. blended forward 12 month EPS estimates



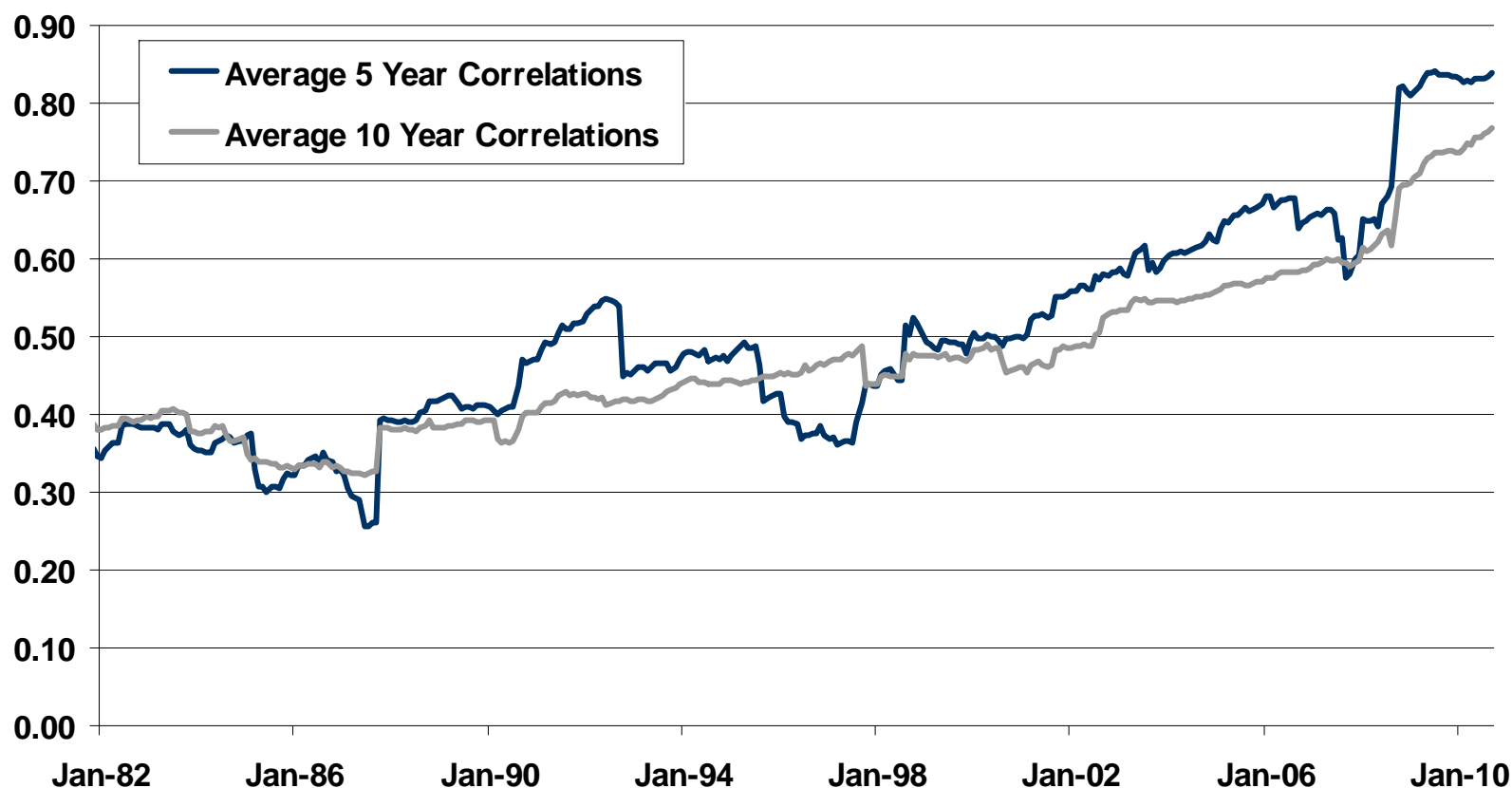
	12 Months Forward EPS Estimates	Price
MSCI EM on 8/13/2009	62.42 USD	855.64 USD
MSCI EM on 8/13/2010	90.02 USD	980.47 USD
% Change	44.22%	14.59%

Source: Bloomberg Finance LP
Data as of August 13, 2010

Global stock market returns have become more highly correlated over time

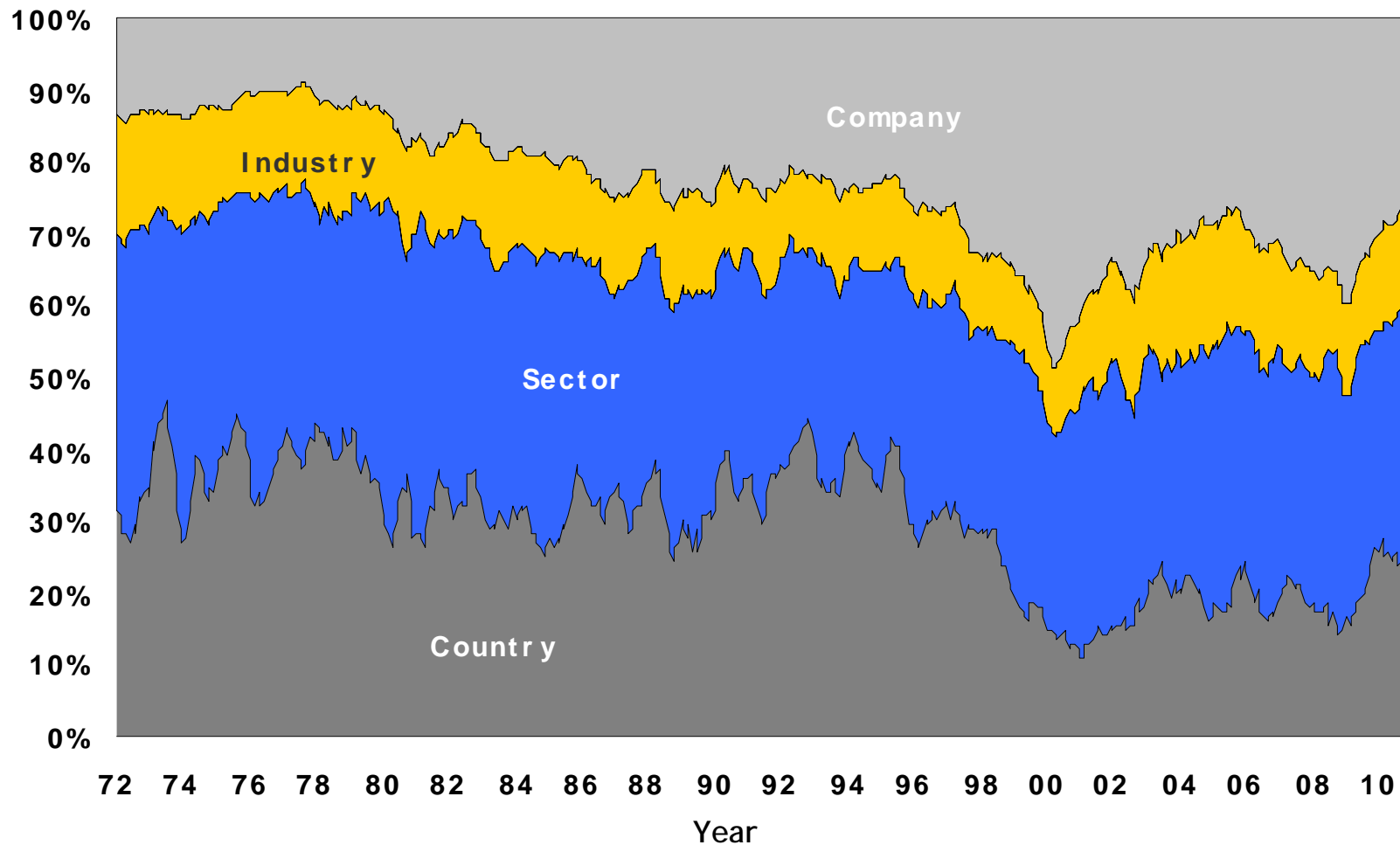
ROLLING 5 AND 10 YEAR PAIRWISE AVERAGE COUNTRY CORRELATIONS FOR MSCI WORLD COUNTRIES

Rolling 5 and 10 Year Pairwise Average Country Correlations for MSCI World Countries



Source: Loomis Sayles, data as of 9/30/2010

Relative impact of country factors has decreased



Source: IMS Consulting, MSCI and Bernstein Investment Research and Management, a unit of Alliance Capital Management. This chart is based on the cap-weighted MSCI World Index with returns hedged into US dollars. This chart isolates company, country and industry factors as a percent of the total for just those factors.