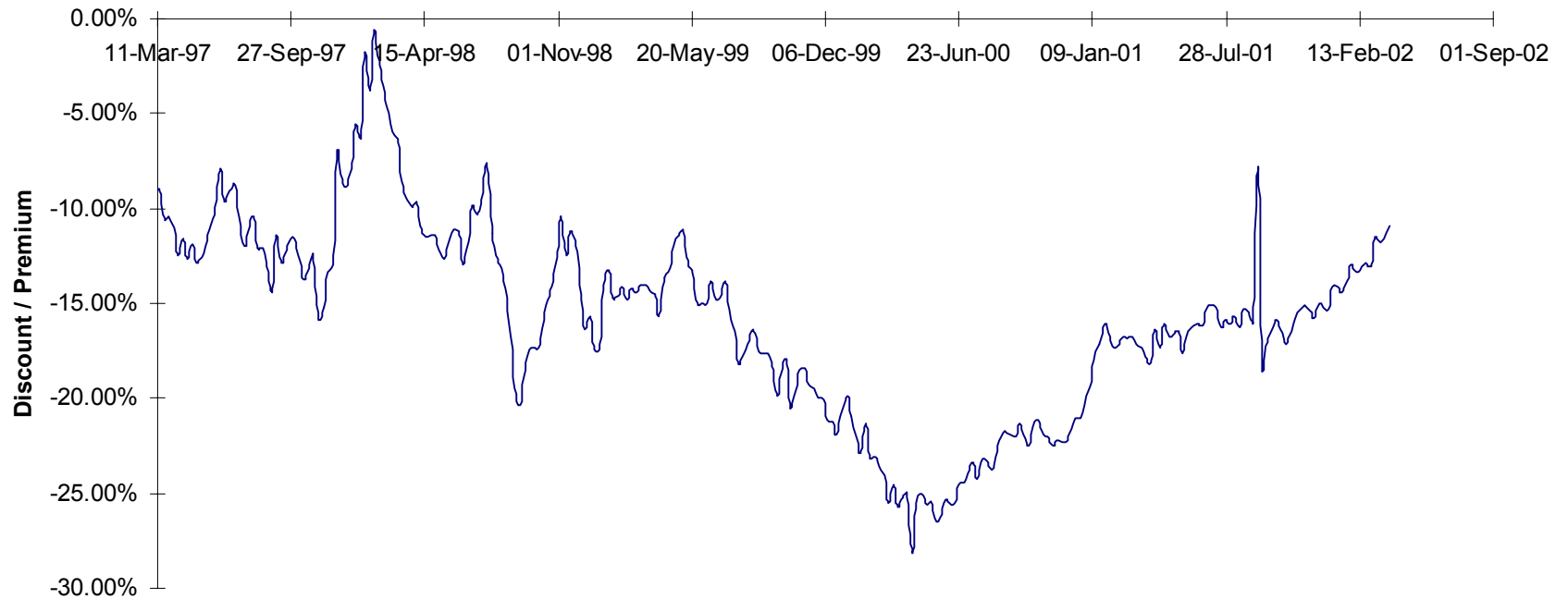


## *Outlook for the Latin Markets*

Saumya Banerjee, Ph.D. – JP Morgan Securities Ltd.

Country Funds: Valuable access or Value

Weighted Average Discount/Premium in US Listed Closed-end Funds



## ‘Country Funds’

- Sector still has assets of about US\$8.5bn
- Discounts have narrowed significantly, but liquidity has diminished significantly.
- With US equity markets continuing to drift we see increased demand for international diversification.
- Expect discounts to continue to narrow as a consequence of fundamental demand and shareholder/board action.
- Latin America has its problems and JPMorgan are relatively underweight the region within an emerging market portfolio.

Latin American Funds: A History of Strong Relative Performance

FundName	Net Assets US\$m	Discount/Premium	1 yr Average Disc/Premium	3 yr return (annualized)
Brazil Fund Inc	310.7	-14.0%	-18.8%	10.4%
Brazilian Equity Fund Inc	31.4	-7.1%	-18.8%	6.6%
Chile Fund Inc	139.0	-11.0%	-17.5%	-3.6%
Mexico Equity & Income Fund Inc	104.0	-5.9%	-7.2%	14.6%
Mexico Fund Inc	983.8	-7.3%	-14.1%	10.2%
Latin American Discovery Fund Inc	150.9	-14.7%	-18.1%	13.3%
The Latin America Equity Fund Inc	144.6	-15.3%	-19.2%	11.9%
FundName	Relative Return	Quarters of Outperformance	Beta's (3 yr NAV)	Correlation with S&P 500
Brazil Fund Inc	13.1%	8/12	0.79	0.40
Brazilian Equity Fund Inc	9.3%	8/12	0.84	0.45
Chile Fund Inc	-2.5%	5/12	1.07	0.46
Mexico Equity & Income Fund Inc	-3.9%	5/12	0.77	0.55
Mexico Fund Inc	-8.3%	5/12	0.86	0.66
Latin American Discovery Fund Inc	6.3%	9/12	1.03	0.63
The Latin America Equity Fund Inc	4.9%	7/12	0.83	0.64