



State of Montana
Emerging Markets Education and Manager Search

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- At the last meeting, several asset classes were identified as potential additions to the 401a and 457 plans
- Vanguard's 2011 report, "How America Saves" provides some indication of how broadly these asset classes are utilized across defined contribution plans
 - Dedicated Emerging Markets – 22% of plans
 - High Yield Fixed Income – 18%
 - REITs – 26%
 - Inflation Protected Fixed Income – 27%
 - Sector Funds – 32% (at least one sector offered)
 - Self-Directed Brokerage – 11%

Emerging Market Exposure

				Benchmark		
Montana 401(a)		6/30/2012	12/31/2011	% EM	% US	Benchmark
ANWPX	American Funds New Perspective	7.2%	6.7%	10.2%	47.3%	MSCI AC World
OAKIX	Oakmark International	0.4%	0.5%	0.9%	0.0%	MSCI EAFE
VGTSX	Vanguard Total Int'l Stock Index	16.3%	16.2%	21.5%	0.0%	MSCI ACWI ex-US

				Benchmark		
Montana 457		6/30/2012	12/31/2011	% EM	% US	Benchmark
RNPEX	American Funds New Perspective	7.2%	6.7%	10.2%	47.3%	MSCI AC World
MDISX	Mutual Discovery	0.0%	0.0%	0.3%	54.0%	MSCI World
ARTIX	Artisan International	9.4%	7.6%	0.9%	0.0%	MSCI EAFE
DODFX	Dodge & Cox International Stock	18.8%	18.4%	0.9%	0.0%	MSCI EAFE

- To filter through the **emerging markets** mutual fund universe, the follow criteria were applied:
 - Open to new assets
 - Minimum 5-year track record
 - Outperformance of the MSCI Emerging Markets Index for both 3- and 5-year periods ending June 30, 2012
 - Sharpe ratio above the MSCI Emerging Markets for both 3- and 5-year periods ending June 30, 2012
 - Portfolio manager tenure of 3 years or longer
 - Total strategy assets > \$500 MM
 - Portfolio constructed without high concentration (# of holdings to be > 50)
 - Overall Morningstar rating of 3 stars or more

Aberdeen – Emerging Markets Equity

- Aberdeen Asset Management's emerging markets strategy is attractive for those seeking exposure to emerging markets through a standalone manager. The strategy is reasonably diversified, but very bottom-up in its approach, leading to large country/sector bets. The firm has been rather successful in adding value from security selection over the years, with considerable repeatability of value added. The strategy remains closed to new separate account mandates; however, its mutual fund remains open for the time being. According to Aberdeen, there is a good possibility they may announce a soft close in the mutual fund within the next by mid-2012.

DFA – Emerging Markets Portfolio

- The Dimensional Emerging Markets Core Equity strategy adheres to a stable, team-driven investment approach. Any adjustments to the model are carefully researched and thoroughly reviewed by committee prior to implementation. This process prevents rash decision making in regards to changing an investment process that has had strong success historically. The process results in broad exposure to the emerging markets universe, with moderate tilts to small cap and value stocks to take advantage of the size and value premiums. The firm is also able to display an impressive ability to add value through their patient trading process.

Oppenheimer – Developing Markets

- The Emerging Markets strategy is a suitable investment option for clients seeking exposure to emerging markets equities through a diversified growth oriented investment style. Oppenheimer employs a low turnover strategy, and constructs a portfolio of roughly 100-125 securities. The team has improved its portfolio construction process during the past several years, and has demonstrated an impressive level of alpha from security specific selection. Lead portfolio manager Justin Leverenz has recently bolstered his team to now include a second generalist analyst, bringing the team's total to three investment professionals. Worth noting is the level of assets, which stand at approximately \$25 billion as of December 31, 2011 with no explicit capacity target. The manager, however, continues to actively monitor the fund's liquidity on an ongoing basis to assess the impact of size on management of the portfolio and performance, as does Wilshire Manager Research.

Wells Capital – Emerging Markets Equity

- The Emerging Markets Equity team is led by Jerry Zhang, PhD, CFA, who is supported by seven dedicated investment professionals. This team has experienced some change and growth during the past several years, but employs a clear and disciplined forecasting approach in emerging markets. Specifically, the team emphasizes discounted cash flow analysis as part of its valuation analysis. The team constructs rather diversified portfolios with roughly 90-120 securities, and maintains considerable latitude with respect to country and sector relative bets. It has clear and defined sell criteria, and also leverages Wells Capital's independent, internal risk team, offering far more insight and oversight to the portfolio than many peers.

Qualitative Scores by Wilshire's Manager Research Group



Manager	OVERALL	Organization (20%)	Information (20%)	Forecasting (20%)	Portfolio Construction (20%)	Implementation (10%)	Attribution (10%)
Aberdeen	4.25	4.50	4.75	4.75	3.50	4.00	3.50
DFA	3.25	3.75	2.00	3.75	2.50	4.75	3.75
Oppenheimer	3.10	3.00	3.50	4.00	2.50	2.00	3.00
Vanguard	N/A	--	--	--	--	--	--
Wells	3.45	3.00	3.50	4.00	3.50	3.00	3.50

Score Legend: 5 Excellent, 4 Good, 3 Above Average, 2 Below Average, 1 Unacceptable.

Comparative Information



Manager/Product	Morningstar Rating	Product Inception	Product AUM (\$MM)	Firm AUM (\$MM)	Firm Inception	Firm Location	Manager Tenure
Aberdeen EM	★★★★★	2007	\$7,000	\$295,000	1983	Aberdeen, Scotland	5 Years
DFA EM	★★★★	1994	\$2,500	\$245,100	1981	Santa Monica, CA	14 Years
Oppenheimer Dev Markets	★★★★★	1996	\$24,500	\$183,833	1960	New York, NY	5 Years
Vanguard EM Index	★★★★	2006	\$63,884	\$1,700,000	1975	Valley Forge, PA	4 Years
Wells Fargo EM	★★★★	1994	\$2,700	\$325,770	1996	San Francisco, CA	6 Years

Manager/Product	# of Holdings	Avg Market Cap (\$MM)	% Emg Mkts	% Dev Mkts	3-yr Sharpe Ratio	5-yr Sharpe Ratio	Stated Expense Ratio*	Minimum Initial Investment	Mandate/Product Assets**
Aberdeen EM	65	\$21,621	80%	20%	0.83	0.27	0.95%	\$1,000,000	0.00%
DFA EM	927	\$18,896	74%	26%	0.48	-0.01	0.61%	\$0	0.04%
Oppenheimer Dev Markets	122	\$13,926	72%	28%	0.65	0.12	1.00%	\$0	0.00%
Vanguard EM Index	915	\$19,997	74%	26%	0.41	-0.04	0.20%	\$10,000	0.00%
Wells Fargo EM	124	\$18,588	75%	25%	0.55	0.04	1.47%	\$1,000,000	0.04%

MSCI Emerging Markets Index 810 \$17,207 100% 0% 0.42 -0.04

* Category average = 1.35% / Average of the four actively managed funds = 1.01%

** Mandate size based on \$1.0MM

Comparative Performance – Calendar Year



Annual Calendar Year Returns - Absolute										
Manager	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Aberdeen EM	-11.03	27.59	76.52	-40.36	--	--	--	--	--	--
DFA EM	-17.43	21.83	71.75	-49.20	36.02	29.17	29.86	29.93	60.17	-9.45
Oppenheimer Dev Markets	-17.88	27.40	82.10	-47.84	34.30	25.70	--	--	--	--
Vanguard EM Index	-18.66	19.02	76.16	-52.76	39.10	--	--	--	--	--
Wells Fargo EM	-13.99	22.52	73.26	-47.48	33.79	46.72	32.89	18.10	58.17	-3.41
MSCI - Emerging Markets Idx (\$ N)	-18.42	18.87	78.50	-53.33	39.38	32.17	33.99	25.55	55.81	-6.18

Annual Calendar Year Returns - Excess (versus MSCI Emerging Markets Index)										
Manager	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Aberdeen EM	7.39	8.72	(1.98)	12.97	--	--	--	--	--	--
DFA EM	0.99	2.96	(6.75)	4.13	(3.36)	(3.00)	(4.13)	4.38	4.36	(3.27)
Oppenheimer Dev Markets	0.54	8.53	3.60	5.49	(5.08)	(6.47)	--	--	--	--
Vanguard EM Index	(0.24)	0.15	(2.34)	0.57	(0.28)	--	--	--	--	--
Wells Fargo EM	4.43	3.65	(5.24)	5.85	(5.59)	14.55	(1.10)	(7.45)	2.36	2.77

Comparative Performance – Cumulative



Annualized Cumulative Periods
as of June 30, 2012

Absolute Returns	Quarter	YTD	1 year	2 years	3 years	5 years	7 years	10 Years
Aberdeen EM	-4.38	10.07	-3.59	11.54	17.51	8.07	--	--
DFA EM	-8.11	4.42	-14.95	5.35	11.12	0.70	10.44	14.85
Oppenheimer Dev Markets	-5.86	8.18	-9.99	8.25	14.34	4.26	--	--
Vanguard EM Index	-8.40	4.42	-15.81	4.14	9.86	-0.16	--	--
Wells Fargo EM	-8.32	0.61	-14.34	5.65	11.08	2.05	13.43	15.55
MSCI - Emerging Markets Idx (\$N)	-8.90	3.93	-15.95	3.64	9.77	-0.09	10.05	14.08

Excess Returns (v. MSCI EM Index)	Quarter	YTD	1 year	2 years	3 years	5 years	7 years	10 Years
Aberdeen EM	4.52	6.14	12.36	7.90	7.74	8.16	--	--
DFA EM	0.79	0.49	1.00	1.71	1.35	0.79	0.39	0.77
Oppenheimer Dev Markets	3.04	4.25	5.96	4.61	4.57	4.35	--	--
Vanguard EM Index	0.50	0.49	0.14	0.50	0.09	(0.07)	--	--
Wells Fargo EM	0.58	(3.32)	1.61	2.01	1.31	2.14	3.38	1.47

3 - Year as of 6/30/12 (versus MSCI Emerging Markets Index)				
Manager/Product	Excess Risk	Excess Return	Sharpe Ratio*	Info Ratio
Aberdeen EM	5.49	7.05	0.83	1.28
DFA EM	3.27	1.23	0.48	0.38
Oppenheimer Dev Markets	4.63	4.16	0.65	0.90
Vanguard EM Index	3.25	0.08	0.41	0.02
Wells Fargo EM	5.32	1.19	0.55	0.22

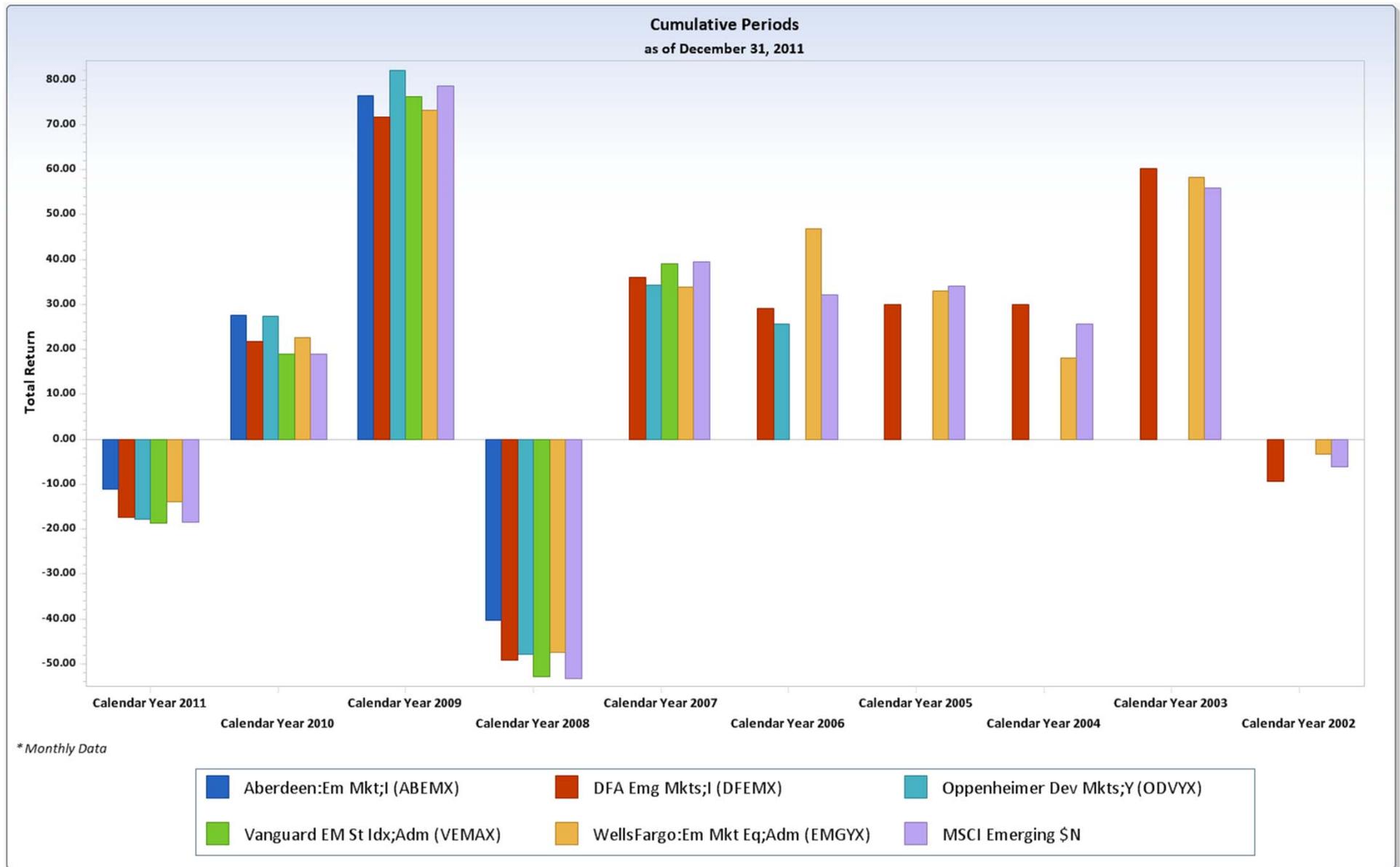
* Category average = 0.27, median = 0.29

5 - Year as of 6/30/12 (versus MSCI Emerging Markets Index)				
Manager/Product	Excess Risk	Excess Return	Sharpe Ratio*	Info Ratio
Aberdeen EM	7.57	8.17	0.27	1.08
DFA EM	5.01	0.79	-0.01	0.16
Oppenheimer Dev Markets	6.06	4.35	0.12	0.72
Vanguard EM Index	3.45	-0.07	-0.04	-0.02
Wells Fargo EM	5.89	2.14	0.04	0.36

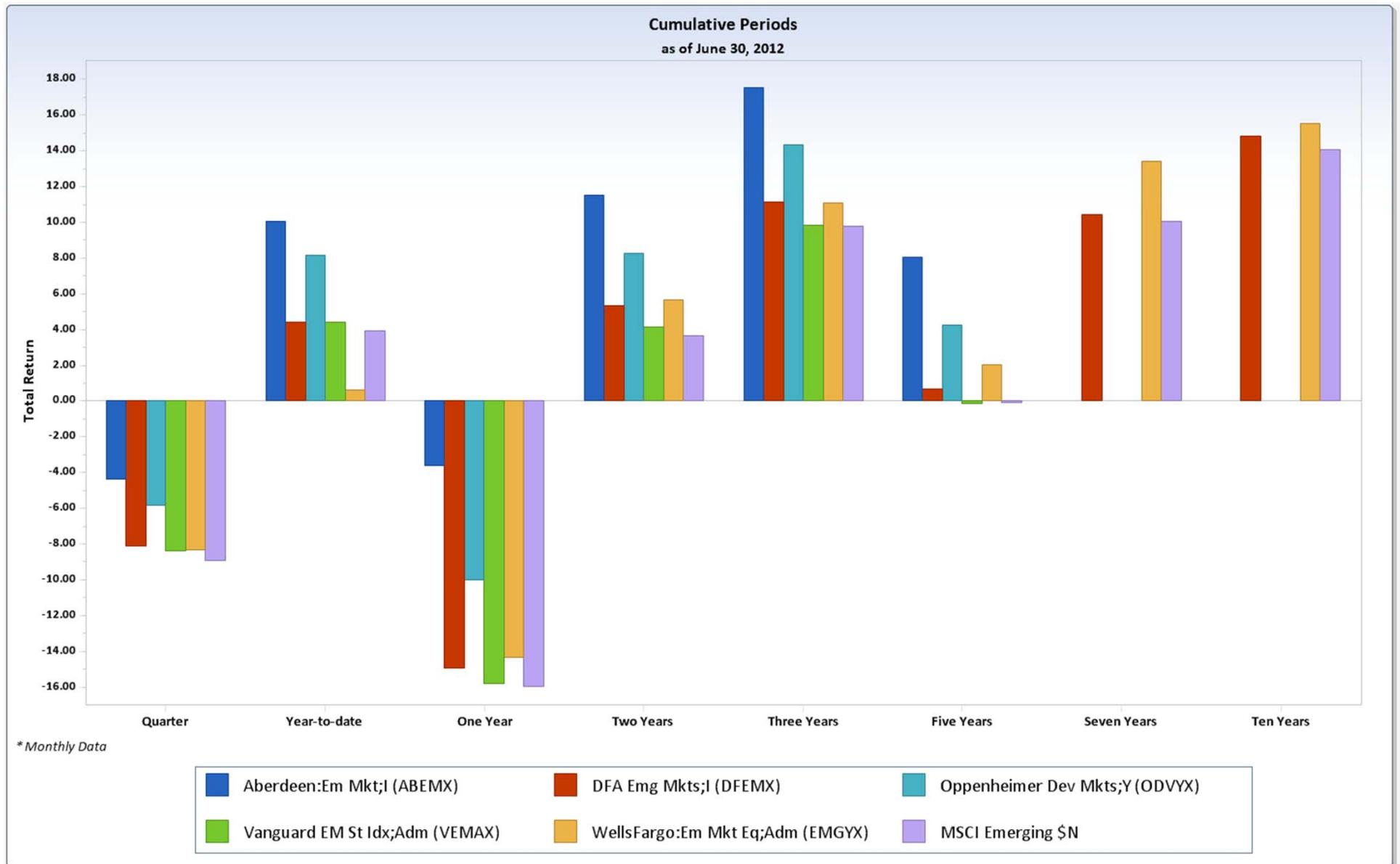
* Category average = -0.12, median = -0.11

- Excess Risk = Standard deviation of excess returns
- Excess Return = Returns greater than those produced by the benchmark
- Sharpe Ratio = Excess return over the risk-free rate per unit of deviation (divided by excess risk)
- Information Ratio = Excess Return divided by Excess Risk

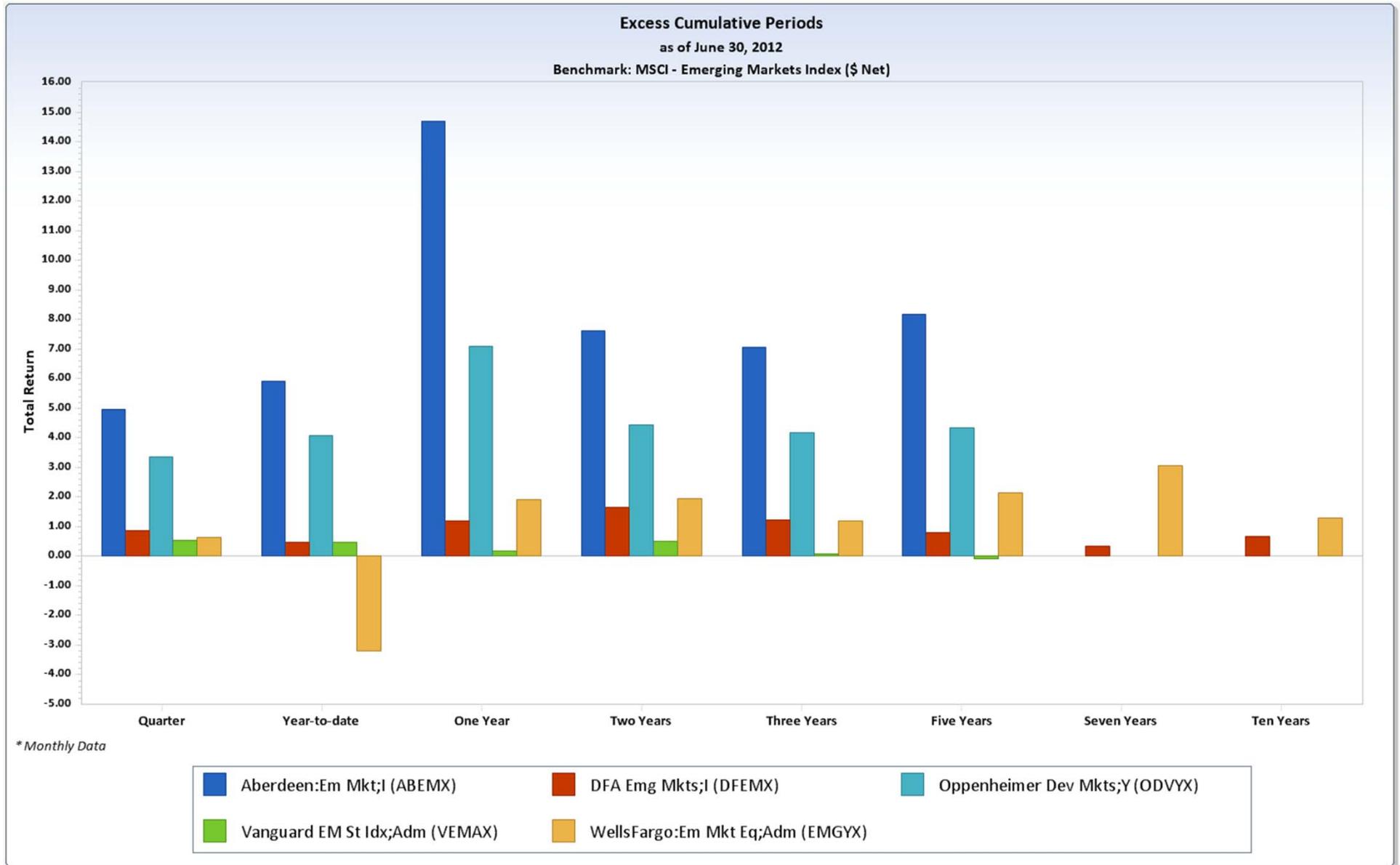
Calendar Year Returns



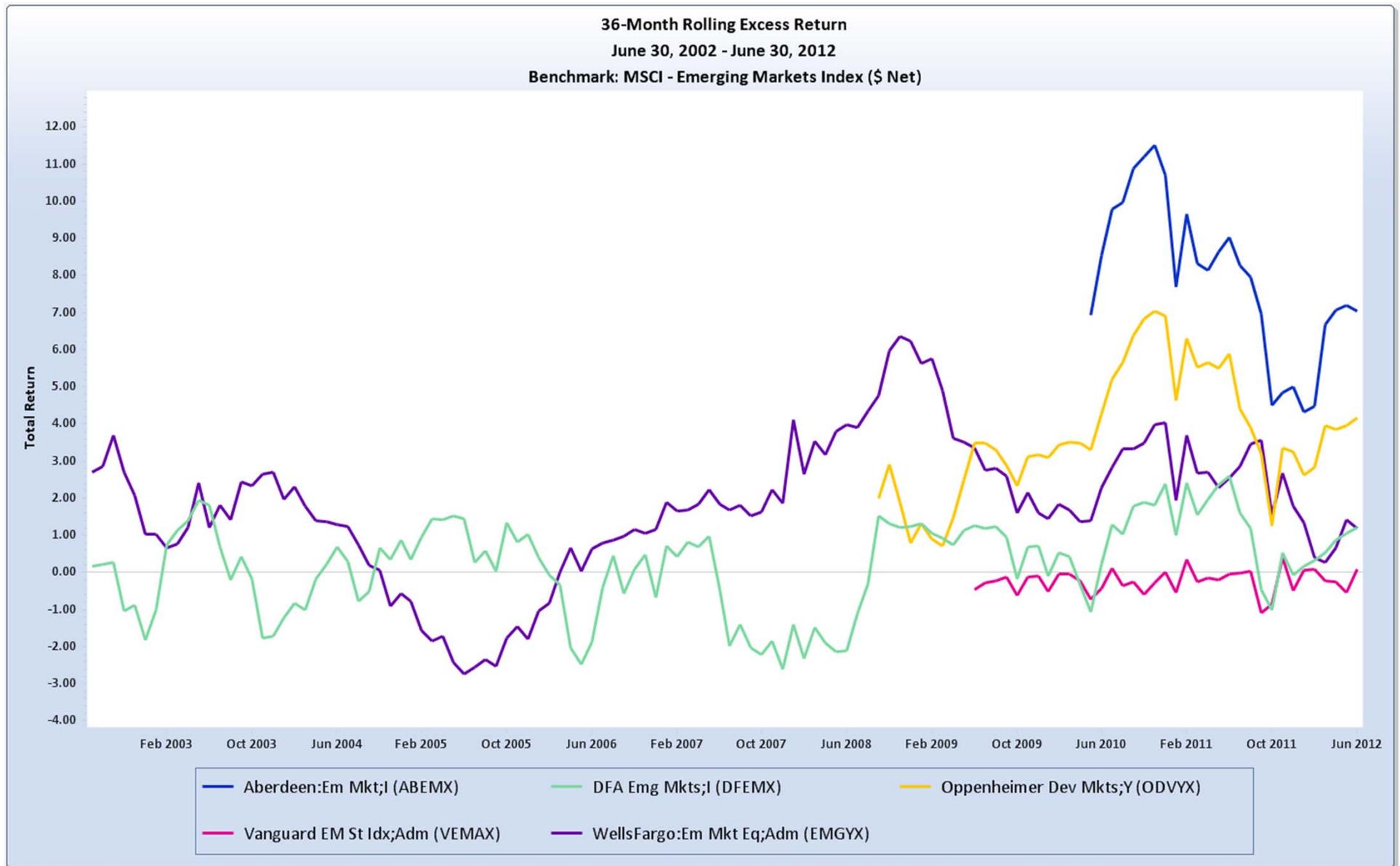
Cumulative Year Absolute Returns



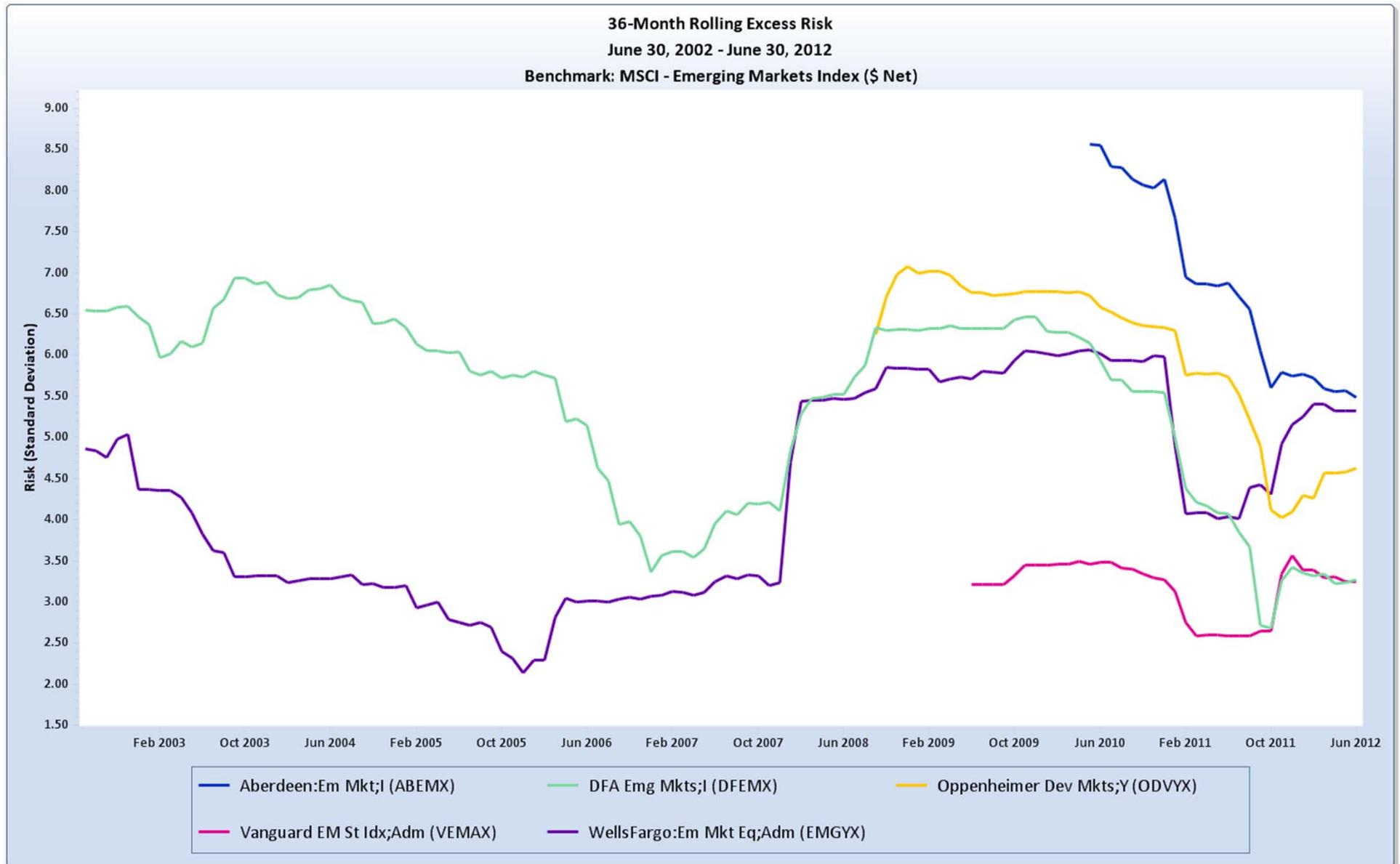
Cumulative Year Excess Returns



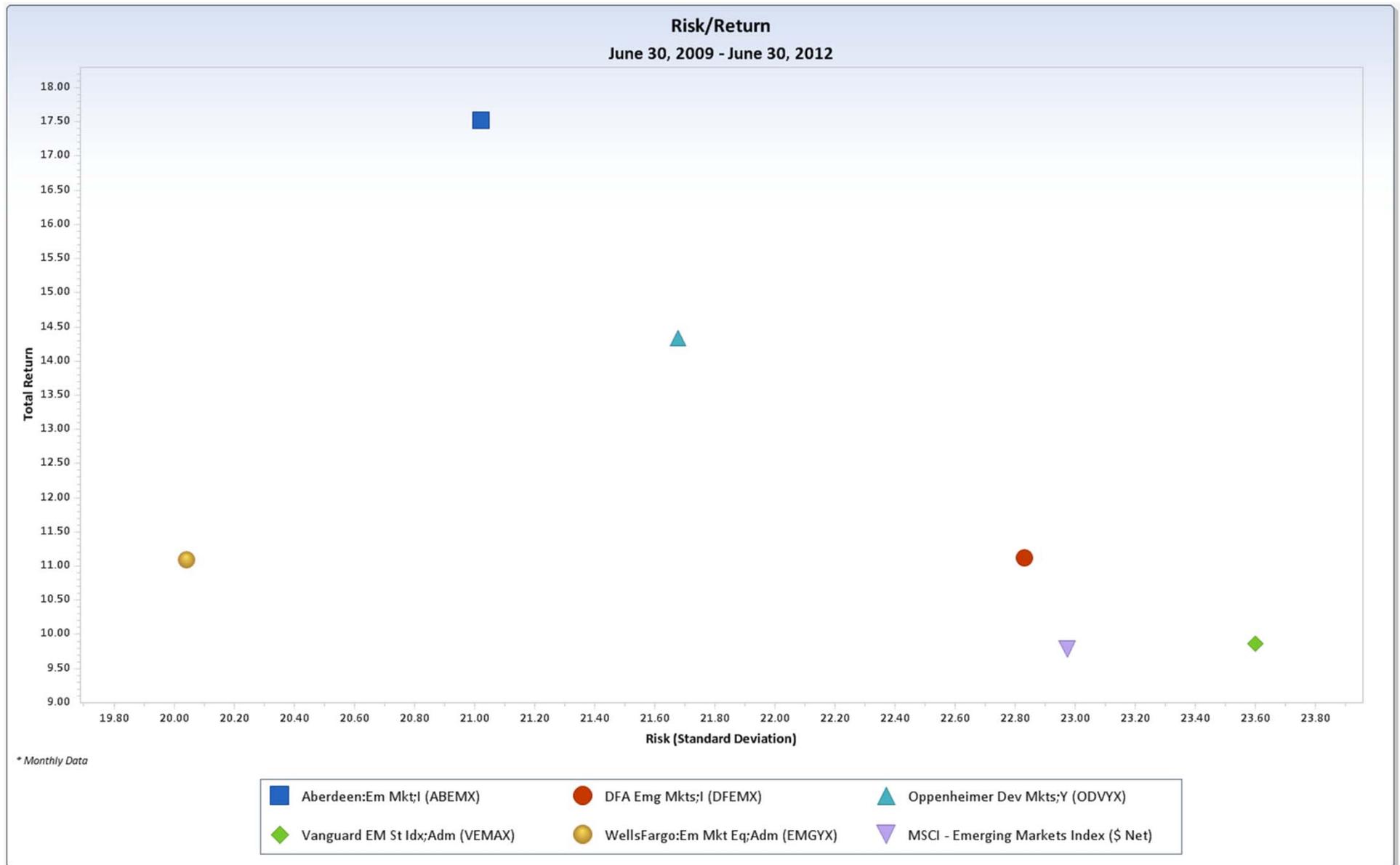
36-Month Excess Rolling Return v. MSCI EM Index



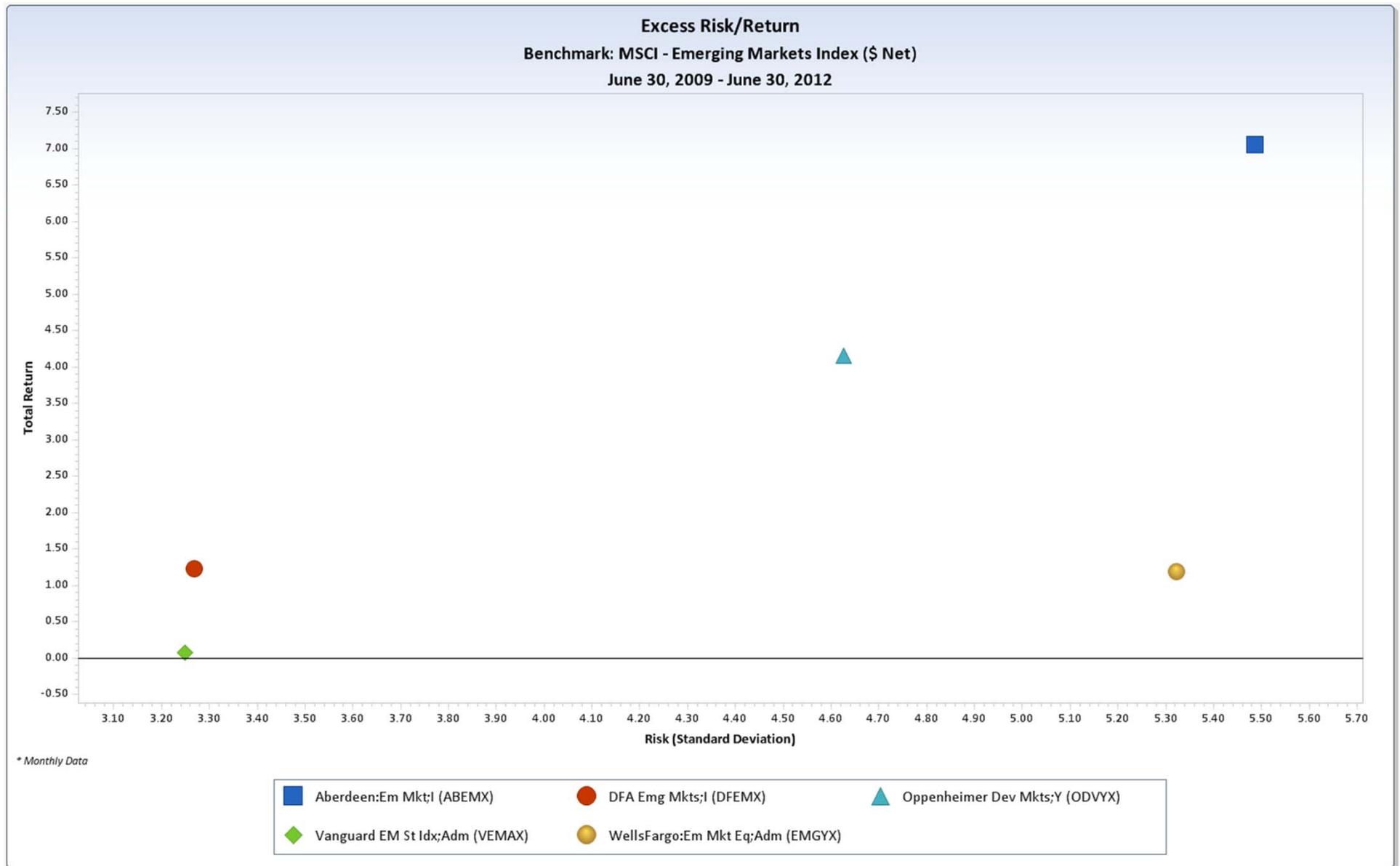
36-Month Tracking Error v. MSCI EM Index



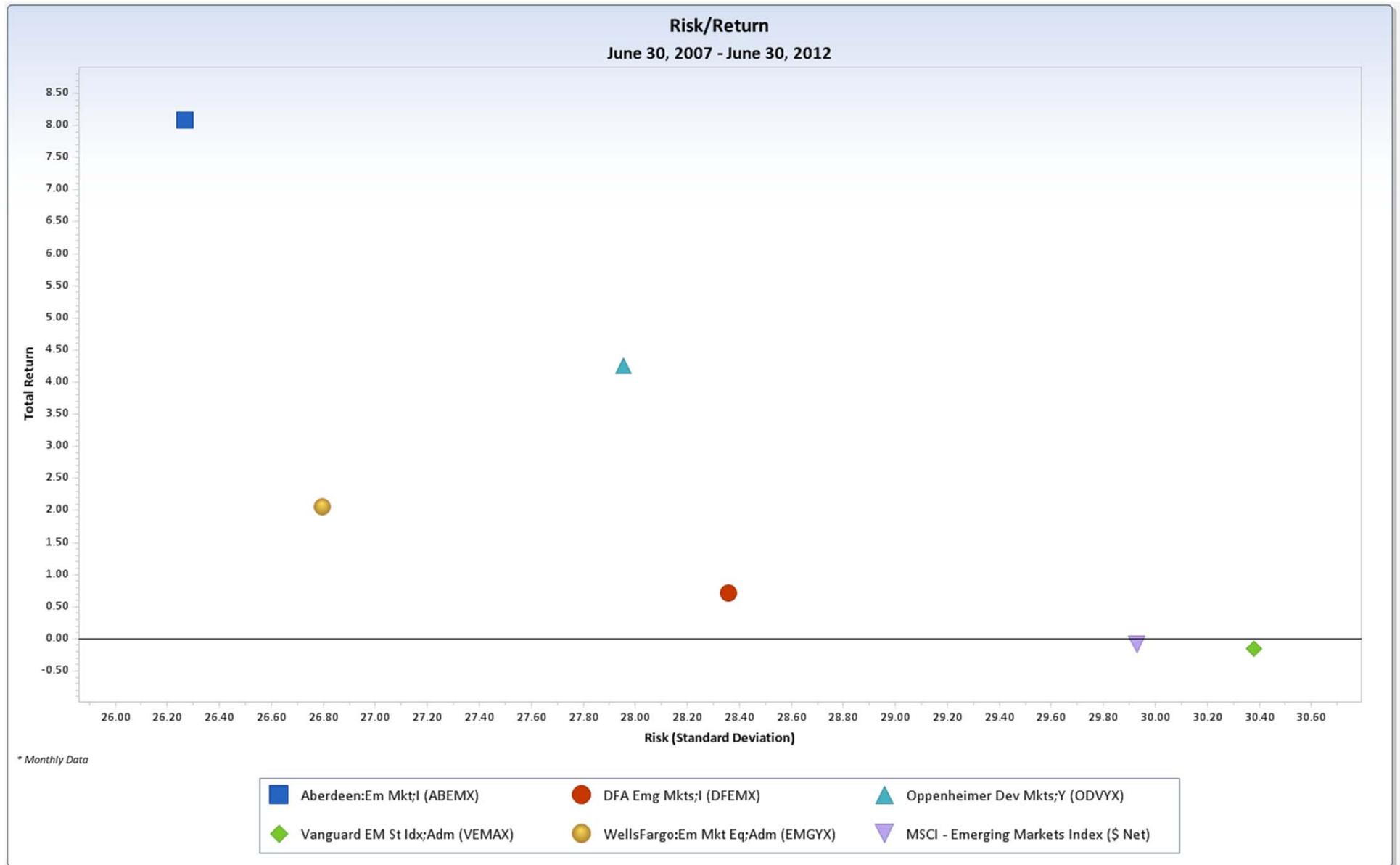
3-Year Risk/Return



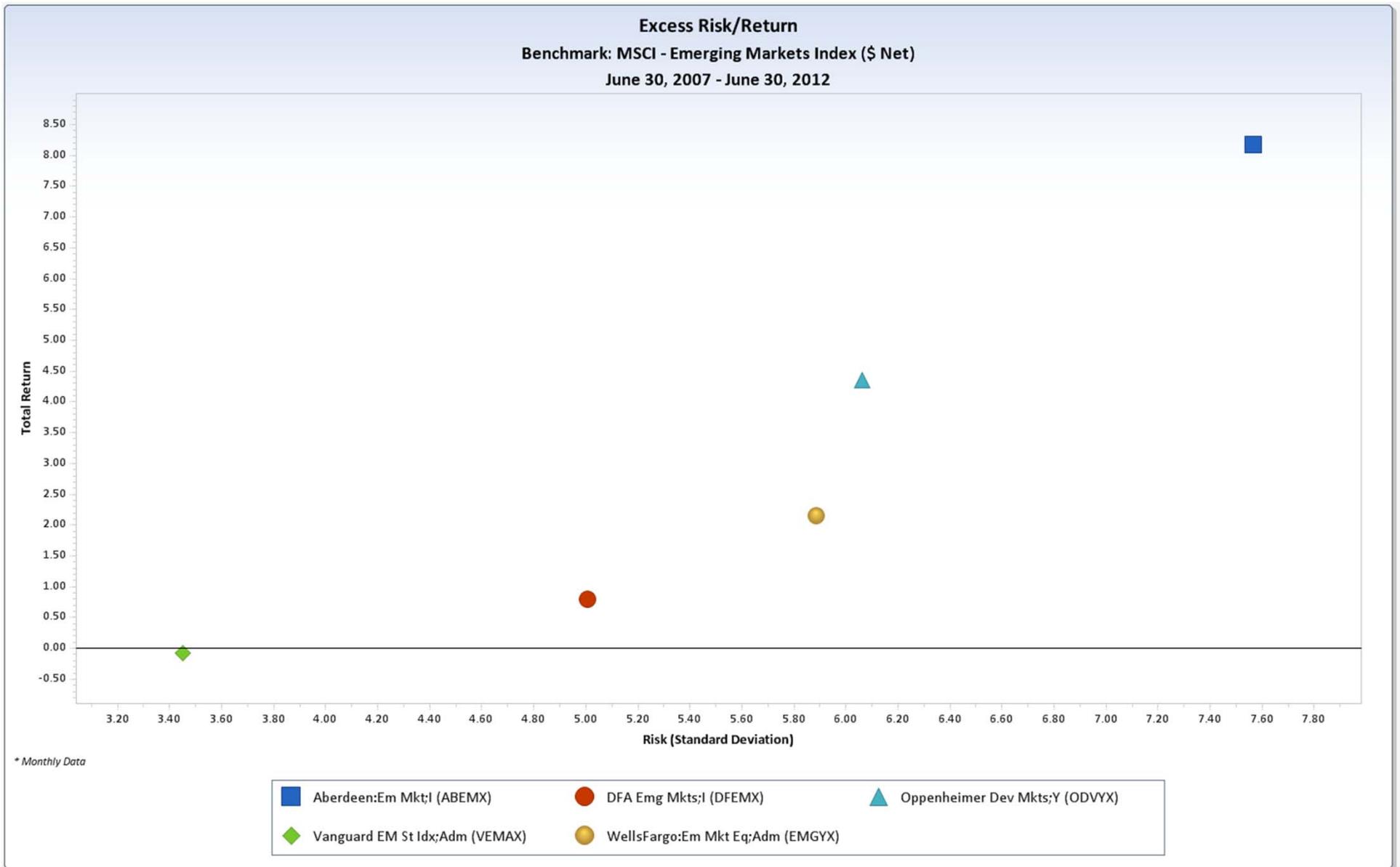
3-Year Excess Risk/Return



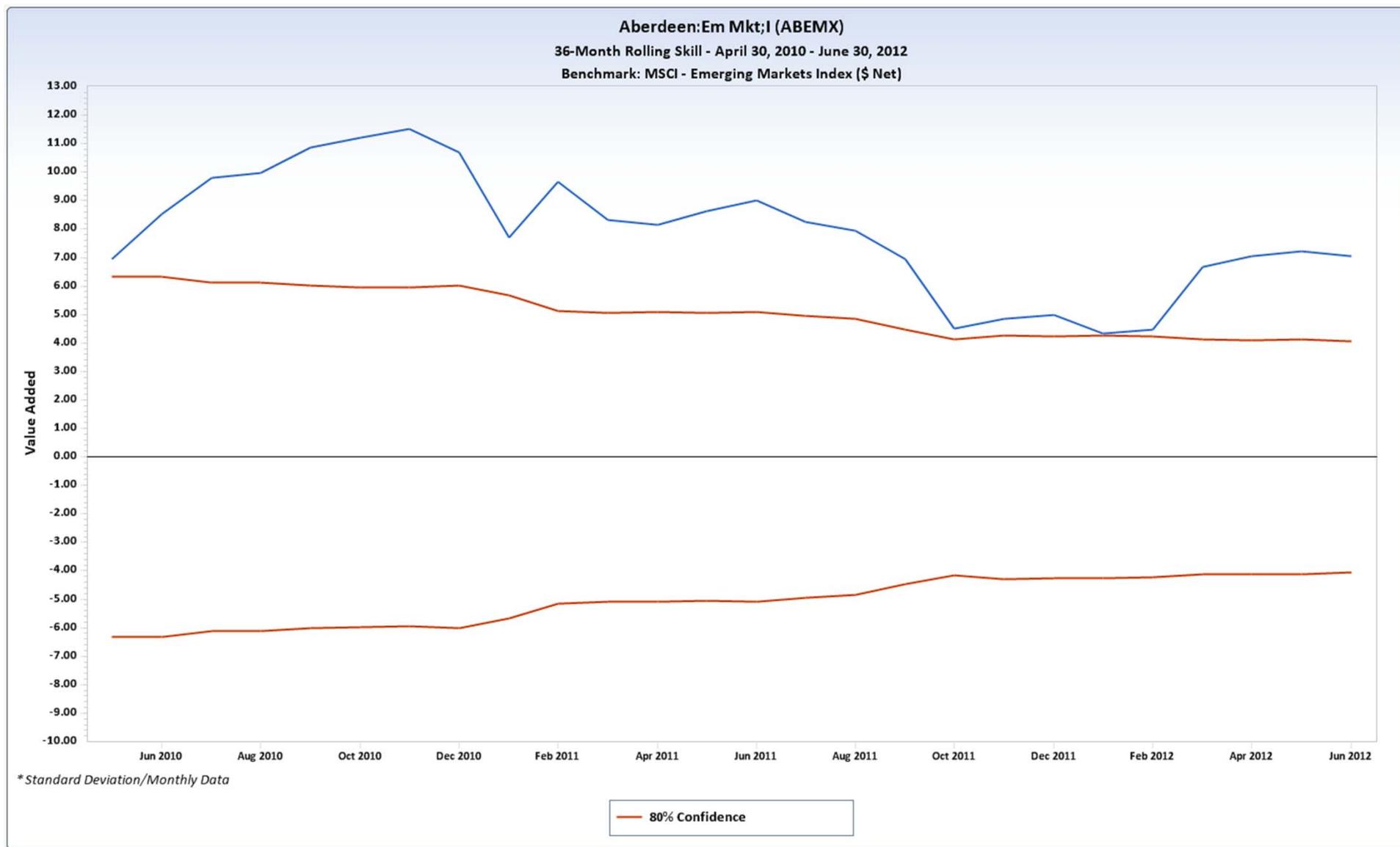
5-Year Risk/Return



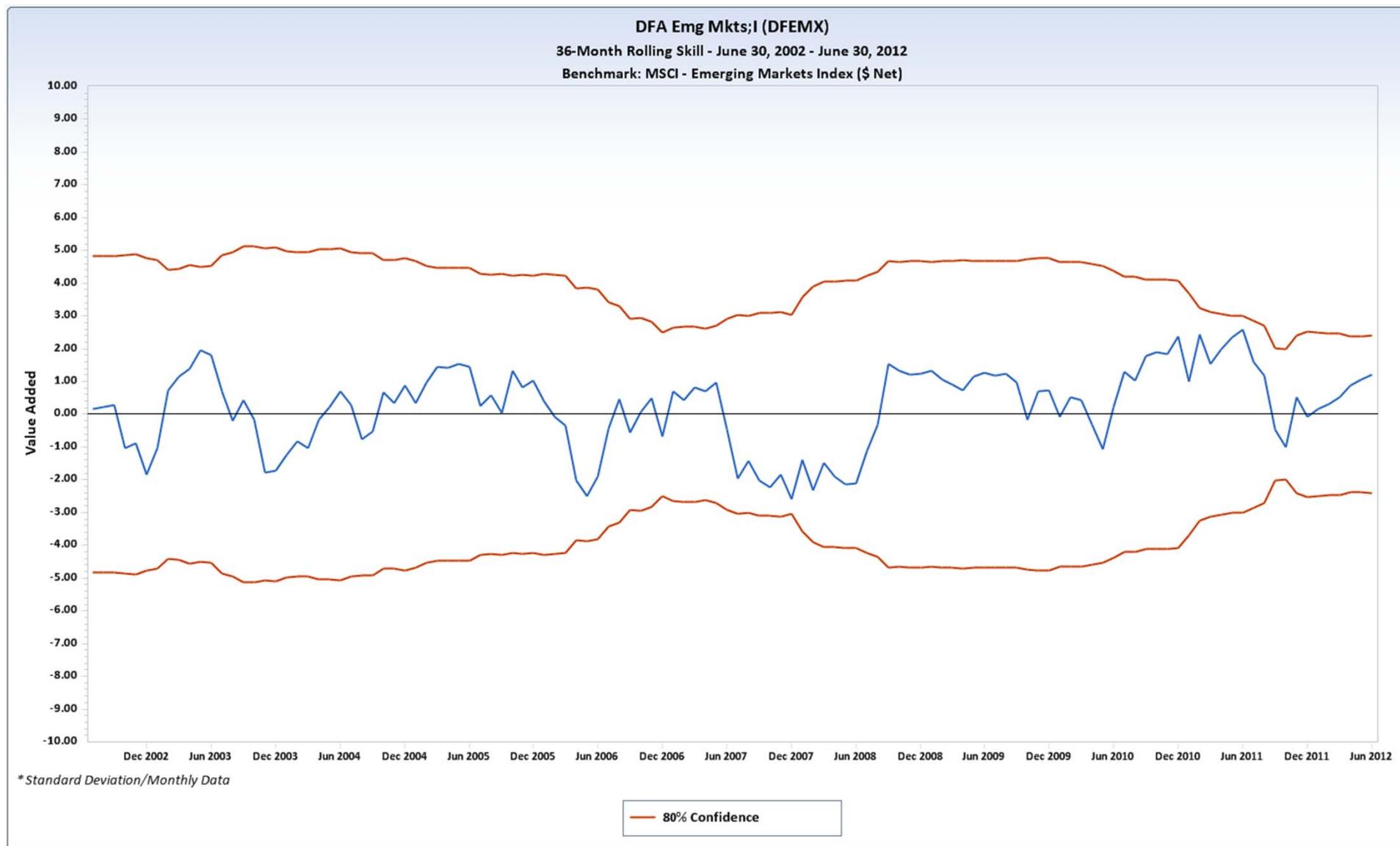
5-Year Excess Risk/Return



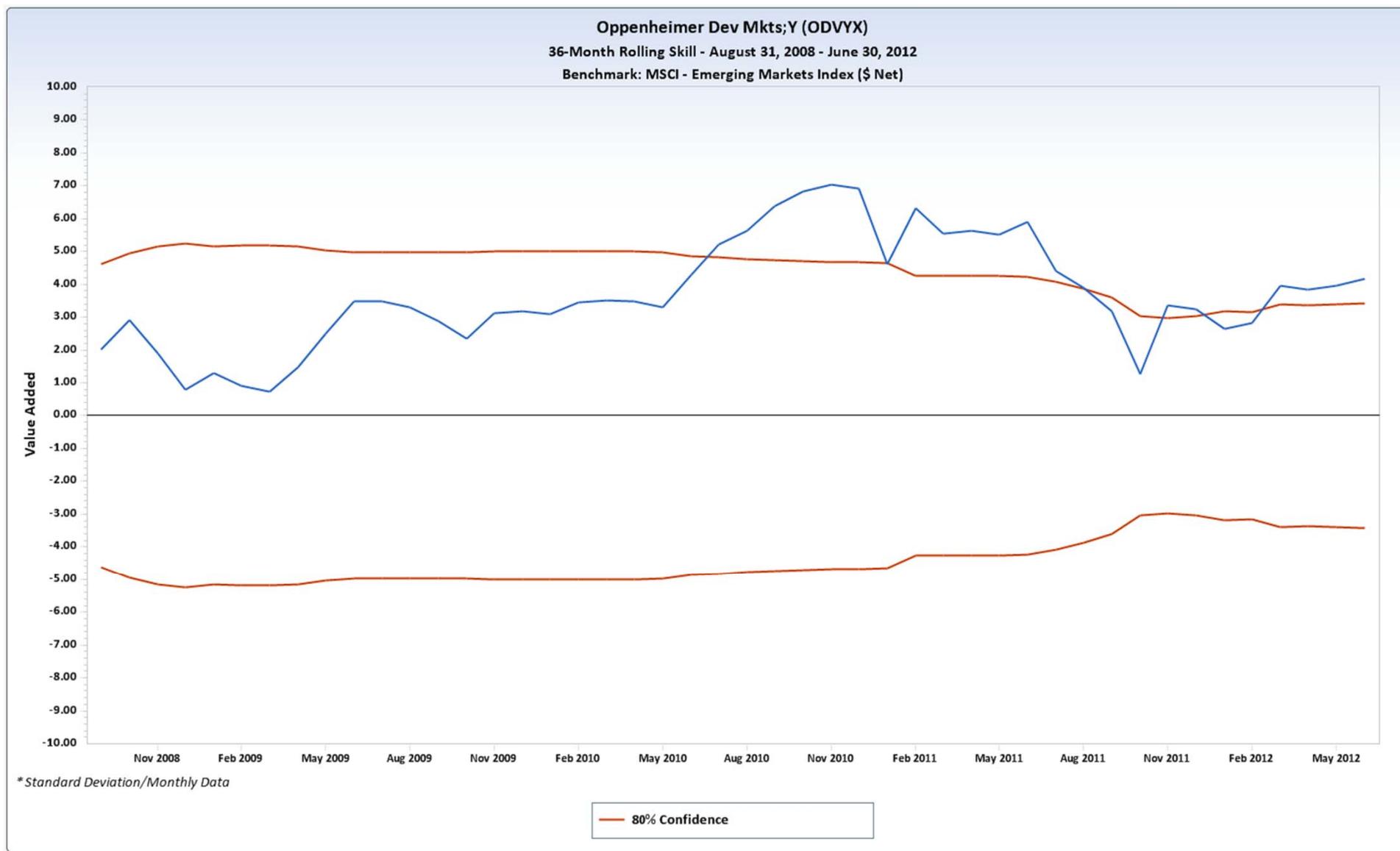
36-Month Rolling Skill – Aberdeen



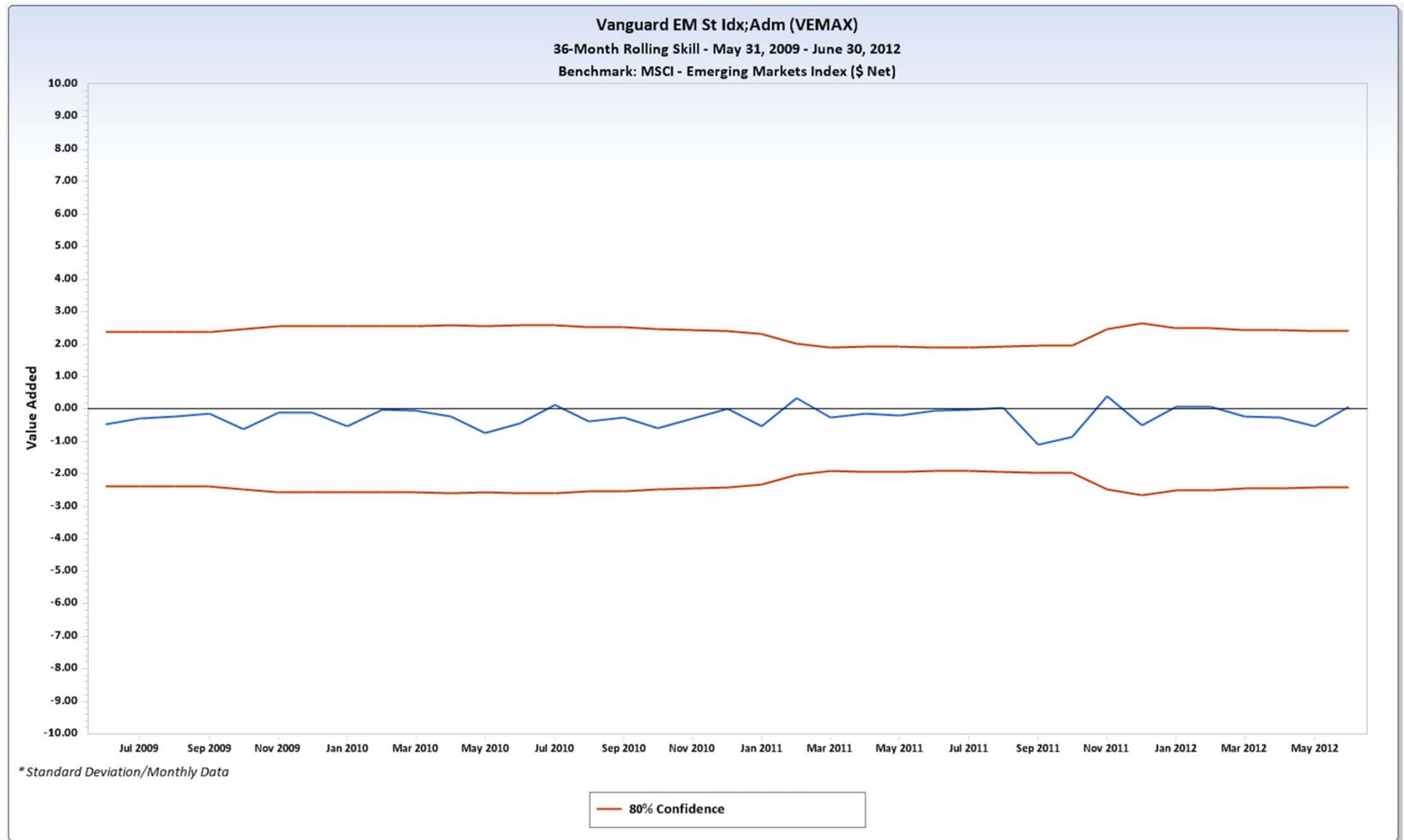
36-Month Rolling Skill – DFA



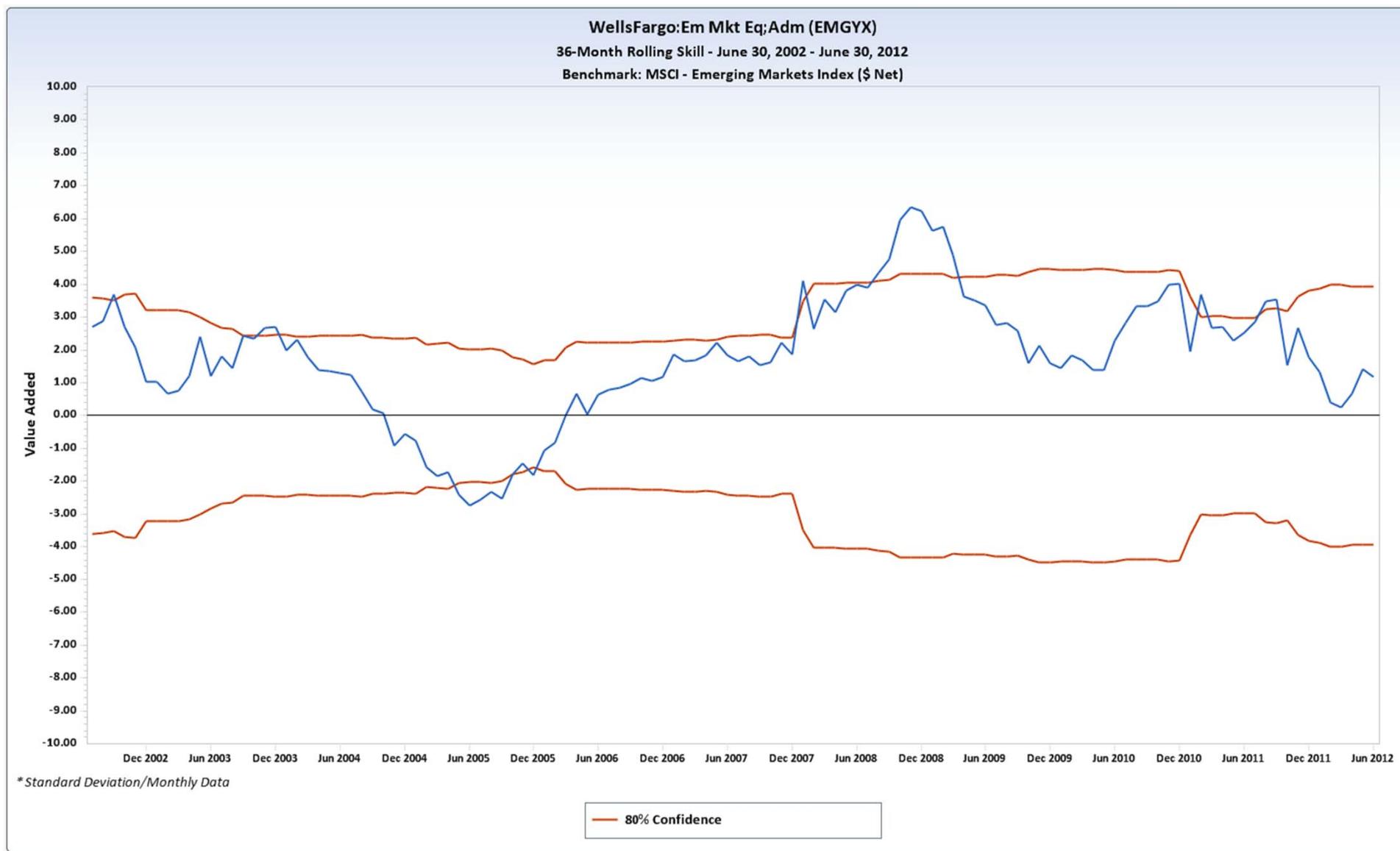
36-Month Rolling Skill – Oppenheimer



36-Month Rolling Skill – Vanguard



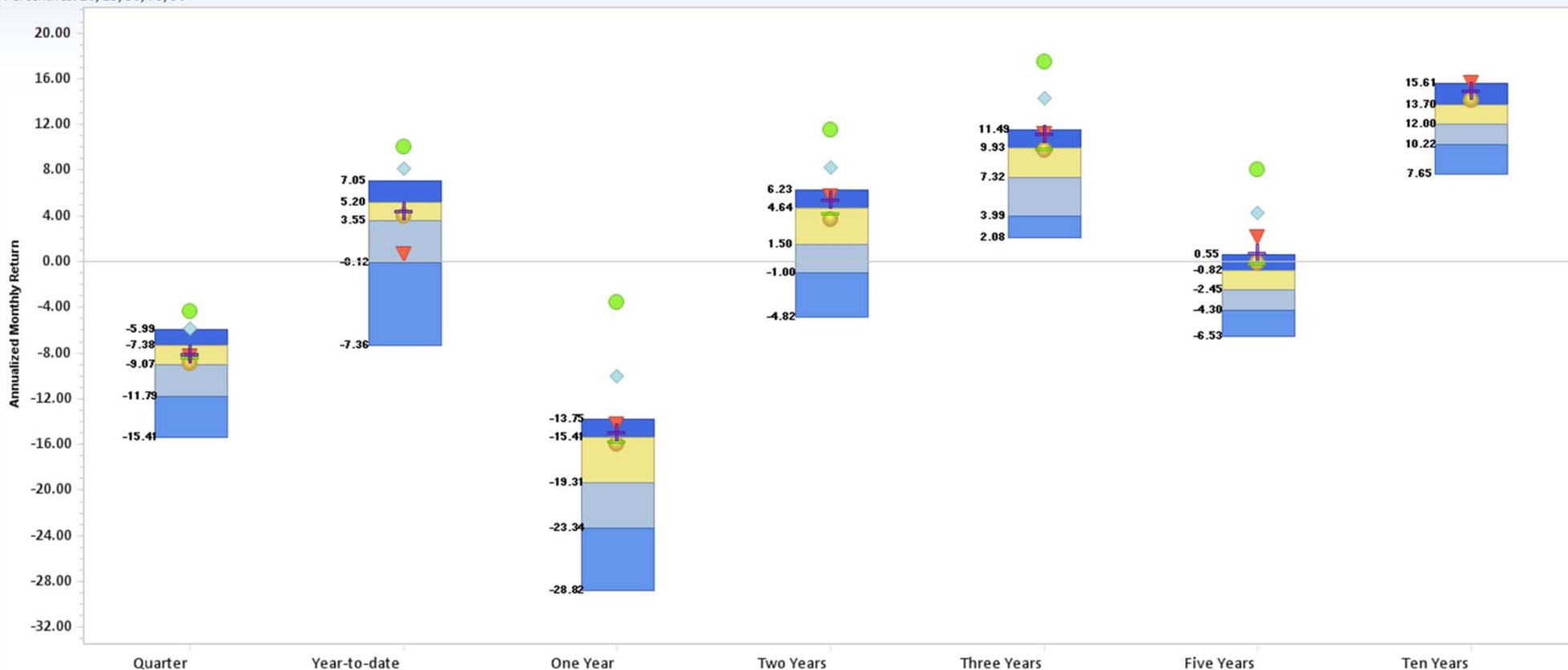
36-Month Rolling Skill – Wells



Peer Group Ranking

Universe Analysis Period as of June 30, 2012

Universe: Wilshire Non U.S. Emerging Markets
Percentiles: 10, 25, 50, 75, 90



	Quarter	Year-to-date	One Year	Two Years	Three Years	Five Years	Ten Years
● Aberdeen:Em Mkt;l (ABEMX)	-4.38 (1%)	10.07 (3%)	-3.59 (1%)	11.54 (1%)	17.51 (1%)	8.07 (1%)	
+ DFA Emg Mkts;l (DFEMX)	-8.11 (33%)	4.42 (36%)	-14.95 (21%)	5.35 (18%)	11.12 (13%)	0.70 (9%)	14.85 (14%)
◆ Oppenheimer Dev Mkts;Y (ODVYX)	-5.86 (10%)	8.18 (6%)	-9.99 (2%)	8.25 (4%)	14.34 (3%)	4.26 (1%)	
● Vanguard EM St Idx;Adm (VEMAX)	-8.40 (39%)	4.42 (36%)	-15.81 (29%)	4.14 (31%)	9.86 (27%)	-0.16 (16%)	
▼ WellsFargo:Em Mkt Eq;Adm (EMGYX)	-8.32 (37%)	0.61 (71%)	-14.34 (15%)	5.65 (15%)	11.08 (13%)	2.05 (4%)	15.55 (10%)
● MSCI Emerging \$N	-8.90 (47%)	3.93 (46%)	-15.95 (30%)	3.64 (34%)	9.77 (27%)	-0.09 (15%)	14.08 (19%)
# of Products	623	623	623	465	405	294	148

- Wilshire believes an ideal emerging markets mutual fund candidate should exhibit the following desired characteristics:
 - Stable tenure with its investment management team
 - Consistent tracking error relative to stated benchmark
 - The ability to add value over time while following a consistent strategy
 - Favorable risk-adjusted performance
 - Strong ranking relative to universe peers
 - Competitive fee rate relative to universe peers
- Based on the above mentioned evaluation criteria, both the Aberdeen Emerging Markets Equity Fund (ABEMX) and Oppenheimer Developing Markets Y Fund (ODVYX) are good options. The Oppenheimer fund is more diversified and is recommended. If Montana is looking for a more concentrated emerging markets manager, then Aberdeen is appropriate.

Form ADV Regulatory Disclosure Review



Wilshire reviewed the SEC Form ADV Part I and IIA (as posted on the SEC investment advisor search website at <http://www.adviserinfo.sec.gov>) of each investment manager in the table below only to determine whether the manager had made any disclosures in the listed categories. If the manager disclosed information in a category, it is the client's responsibility to review and assess the provided information. The information was collected as of the date(s) indicated and may change. Wilshire assumes no responsibility for the accuracy of the information provided by a manager.

Investment Manager	Date of Review	ADV Part I		ADV Part IIA		
		Item 11: Disclosure Information		Item 9: Disciplinary Information	Item 19 (D): Requirements for State-Registered Advisors	
		Form ADV Part I Date	Disclosure (Yes or No)	Disclosure (Yes or No)	Form ADV Part IIA Date	Disclosure (Yes or No)
Aberdeen	5/31/12	4/25/12	No	No	4/25/12	N/A
DFA	5/29/12	3/30/12	No	No	3/30/12	N/A
Oppenheimer Funds	7/13/12	3/13/12	Yes	Yes	3/13/12	N/A
Vanguard Group	7/13/12	3/29/12	Yes	No	3/29/12	N/A
Wells Capital	10/24/11	8/3/11	No	No	5/20/11	N/A

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*Wilshire Manager Research Evaluations
&
Morningstar Fund Reports*

Manager Research

Aberdeen Asset Management PLC

Emerging Markets Equity

Summary

Aberdeen Asset Management's emerging markets strategy is attractive for those seeking exposure to emerging markets through a standalone manager. The strategy is reasonably diversified, but very bottom-up in its approach, leading to large country/sector bets. The firm has been rather successful in adding value from security selection over the years, with considerable repeatability of value added. The strategy remains closed to new separate account mandates; however, its mutual fund remains open for the time being. According to Aberdeen, there is a good possibility they may announce a soft close in the mutual fund within the next by mid-2012.

Qualitative Score

4.25

Key Criteria

I. Organization

Score

Wtg.

4.50

20%

Aberdeen Asset Management PLC is a 100% publicly-traded entity. Aberdeen has built a solid equity investment platform in London and Edinburgh, and also maintains offices in the United States, Asia, South America, and Australia. The firm is entirely dedicated to asset management, and most investment personnel are granted direct equity and/or options participation (c. 8% employee ownership) in addition to salary and bonus pay. Due to the team investment approach, discretionary pay is based much more on product performance than on quantifiable individual contributions.

The Emerging Markets strategy is led by Devan Kaloo, who has been with the firm since 2000. He is supported by Joanne Irvine, Head of Emerging Markets ex-Asia, and Hugh Young, Managing Director of Asia, who has been with the firm for many years and has helped build a competitive investment organization. The three are further supported by approximately 20 investment professionals across the firm's offices in London, Singapore, Kuala Lumpur, Bangkok, Sao Paulo, and Hong Kong. The firm experienced a notable departure when Peter Hames, Head of Asia, left the firm in mid 2010 for a life style change, but Wilshire is comfortable with this team given prior stability and the strength of his bench. Aberdeen prefers to hire graduates and promote from within, and the members of the investment team have generally spent most or all of their careers in the firm or its predecessors. Overall, the firm scores above average in organization.

II. Information

Score

Wtg.

4.75

20%

90% of information-gathering is done internally, with a bias towards bottom-up research. A strong emphasis is placed on visits to companies; the team conducts over 1,500 visits per year and will not buy the stock of any company it has not visited. All team members are both analysts and portfolios managers, so there is no need to "repackage" information between different functional groups, and company visit responsibilities are rotated so that numerous team members can form firsthand judgments on a single company. Overall, the team demonstrates a comprehensive understanding of the companies in the portfolio and has exhibited competitive depth and breadth of the emerging markets universe.

Aberdeen Asset Management PLC

Emerging Markets Equity

III. Forecasting

Score	Wtg.
4.75	20%

The primary emphasis of the investment process is on quality, defined in a number of ways: franchise, management skill, cash flow recurrence, balance sheet clarity, corporate governance. Only after a stock passes all the quality criteria (and less than 20% do) are fairly common valuation criteria applied using conservative estimates of future earnings potential. There is no explicit top-down process, though macro considerations will often enter into the assessment of corporate quality. All decisions are made on a team basis. The performance has been very consistent and strong, serving as a proof statement to the repeatability of the process. The consistency of its process is evident throughout the team, with every member exhibiting a commitment to the quality driven philosophy. Ultimately, an investment professional will assign a rating to a stock to communicate his or her conviction. The associate research template and rating scheme is consistent across the entire firm and offers a common language for discussion and debate. The firm has been rather successful in adding value from security selection over the years.

IV. Portfolio Construction

Score	Wtg.
3.50	20%

There are fairly wide bands (+/- 20%) for sector and country representation; although marginal risks are measured and monitored, the primary risk Aberdeen seeks to mitigate is absolute risk on a stock-by-stock basis. Positions are typically built very gradually and reduced in the same manner; there are no absolute price targets used. A single model portfolio of 50-60 names is used as the basis for all client portfolios, which can vary by specific mandate. According to Wilshire's proprietary risk analysis, the realized 12 month tracking error risk has been often moderate to high in the past. Given the absolute return orientation of the investment process, Aberdeen places little emphasis on benchmark relative construction, but does have a sound understanding of where risk is present in the portfolio.

V. Implementation

Score	Wtg.
4.00	10%

The portfolio is traded by investment professionals in Singapore and in London, most of who maintain considerable experience. Charles River trade management systems are used, with post-trade operations mostly outsourced to BNP Paribas. Charles River provides pre and post trade compliance and straight through processing. Due to very low portfolio turnover, impact costs tend to be low. Overall, the firm's resources are sufficient, but provide no significant competitive advantages.

VI. Attribution

Score	Wtg.
3.50	10%

Risk and attribution reports are assessed monthly using a range of multi-factor models by a dedicated performance and risk team. The primary emphasis is on confirming the role and success of alpha sources; there is no explicit targeted tracking error. The firm demonstrates an above average effort in risk and performance attribution but falls short of a number of more quantitatively oriented managers.

Score Legend	
5 Excellent	2 Below Average
4 Good	1 Unacceptable
3 Above Average	

Aberdeen Asset Management PLC

Emerging Markets Equity

Firm Information

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Manager Research

Dimensional Fund Advisors

Emerging Markets Core Equity Portfolio

Summary

The Dimensional Emerging Markets Core Equity strategy adheres to a stable, team-driven investment approach. Any adjustments to the model are carefully researched and thoroughly reviewed by committee prior to implementation. This process prevents rash decision making in regards to changing an investment process that has had strong success historically. The process results in broad exposure to the emerging markets universe, with moderate tilts to small cap and value stocks to take advantage of the size and value premiums. The firm is also able to display an impressive ability to add value through their patient trading process.

Qualitative Score
3.25

Key Criteria

I. Organization

Score	Wtg.
3.75	20%

Founded in 1981, Dimensional Fund Advisors, Inc. (DFA) is a privately held company primarily owned by employees and directors. David Booth, Founder & co-CEO, runs the firm from a strategic perspective while Eduardo Repetto, co-CEO & CIO, manages the firm on a day-to-day basis. Eduardo is a co-owner of DFA and is expected to take over when David decides to retire. In September 2010 Gerard O'Reilly was appointed Head of Research allowing Eduardo, former Head of Research, to focus on his co-CEO & CIO role. The transition, which was communicated well in advance, appears to be part of the firm's succession plan.

The firm is moved its headquarters from Santa Monica, CA to Austin, TX in January 2009 and has investment operations in Austin, London, Santa Monica and Sydney. As of March 31, 2012, the firm had over \$245 billion of assets under management, with \$7.6 billion in the Emerging Markets Core Equity portfolio. Compensation is tied to the financial success of the firm as well as performance.

The firm's investment strategies are team managed by the Investment Committee, International Portfolio Managers, and Investment Policy Committee, which meet on a quarterly basis. The investment committee has 11 members comprised of senior management and the senior portfolio manager of the firm's various investment strategies. Graham Lennon, who is based in the firm's Sydney office, is the Head of International Equity Portfolio Management. Mr. Lennon has been with DFA for over 16 years. In early 2012, Dave Schneider, the head of the firm's North American Institutional Group, announced his retirement. His role was filled internally by Steve Clark, who previously served as the Head of Portfolio Management. Joe Chi and Jed Fogdall replaced Mr. Clark and currently serve as co-heads of the Portfolio Management group. Both have been with DFA for over six years.

The firm has had fairly little employee turnover but the team investment approach paired with the quantitative process protects the portfolio if they were to have a period of increased turnover. The organization scores highly due to independence, quality of the investment professionals, and the relative stability of the senior professionals.

II. Information

Score	Wtg.
2.00	20%

DFA's research covers over 15,000 international securities, and the firm analyzes data from a variety of sources including, but not limited to, IDC, Bloomberg, Instinet Analytics, Compustat, OneSource, and Bridge Information systems. Specifically, the firm analyzes market capitalization, book-to-market value, and a number of company specific filters, price discovery filters, and liquidity filters. In addition, qualitative filters are employed to screen out companies that are government held or have a tightly held ownership structure, companies in extreme financial distress, and investment companies. Information is gathered through relationships with local brokers, electronic data sources, country visits, and meetings with heads of the local exchanges. The investment committee reviews information gathered during country visits to assess country selection criteria such as quality of the legal system, treatment of foreign ownership, financial statement accounting rules and the settlement system. These trips are used for country allocation decisions including identifying countries that will be added to or removed from the funds investable universe. While DFA may not have superior security specific information they do perform significant research on the factors behind the investment thesis.

Dimensional Fund Advisors

Emerging Markets Core Equity Portfolio

III. Forecasting

Score	Wtg.
3.75	20%

DFA employs a clear and disciplined forecasting approach. The Emerging Markets Core Equity strategy seeks to invest across the size spectrum, with moderate tilts to small cap and value stocks to take advantage of the size and value premiums. Country selection is the first component of the process. The team applies minimum investment criteria including regulation, liquidity, and treatment of foreign investors to countries within the universe. The next step is then grouping the eligible stocks in the approved markets by size and book-to-market characteristics. The desired size exposure is achieved by increasing the target weight of small cap stocks relative to their market weight and decreasing large cap exposure relative to their market weight. The value tilt is achieved by increasing the weights of stocks with the highest book-to-market ratios and decreasing the weights of those with the lowest book-to-market ratios. Exclusion rules prevent investments in REITs, investment companies, and highly regulated utilities. The fund will also not invest in most recent IPOs, merger or acquisition targets, and companies in distress or bankruptcy. Trading is halted in these securities as the team researches the situation and makes an investment decision.

Professors from universities across the country are employed as consultants, board members and investment committee members. This research is used to help refine the strategy but since they are not full time employees their contributions are limited. Eugene Fama and Kenneth French produced the research that influenced the fund's tilt towards small cap and value stocks.

In 2005, the firm introduced a momentum factor. Looking at midterm trends (from 1-2 months to 6-12 months) DFA research found that stocks with a large positive risk-adjusted return would continue to have positive returns in the next period. Momentum is taken into account when making buy and sell decisions but the factor will not automatically trigger trade instructions. The research staff is continuing to monitor momentum as well as other factors in the model for effectiveness. When there is evidence that a factor is no longer in favor of the market they will review discontinuing its use.

IV. Portfolio Construction

Score	Wtg.
2.50	20%

The Emerging Markets Core Equity strategy holds between 2,500 and 3,000 securities. The strategy's country allocations are driven by target weights that are based on market capitalization and liquidity. Exposure to catastrophic country risk is limited by capping exposure to the largest emerging markets as opposed to following an unconstrained market cap weighting scheme. Target country weights are limited to a maximum of 15% at the time of purchase. The strategy is not managed to any specific benchmark and thus, the firm does not have a specific targeted tracking error. The team generally limits individual security weights to 5% of the portfolio at the time of purchase. Sector weights are a byproduct of security selection; however, industries are generally limited to a maximum weight of 25%. The portfolio is typically at least 99% invested at all times.

The fund is able to exclude some of the smaller, less liquid countries in the benchmark as well as those that do not meet the investment committee's criteria. When building positions in countries that have increased risks or that DFA previously deemed uninvestable, the fund will invest in ADRs, GDRs and foreign shares but not local market shares. This provides access to the market with a reduced exposure to risks associated with those countries.

Although the firm has systems in place to monitor the portfolio's risk exposures, including fundamental factor attribution, such systems do not appear to play an active role in portfolio construction. The Emerging Markets Core Equity strategy is highly diversified, which reduces company and country specific risk in the portfolio however, the strategy maintains some fundamental factor exposure.

V. Implementation

Score	Wtg.
4.75	10%

The trading platform was developed in-house and is an integral part of the firm's investment process. The firm's proprietary trading system was designed specifically for its investment strategy, and incorporates extensive compliance procedures, including eligibility, capacity, and trading entry. DFA has 24 hour trading capability through its global offices. They have recently started a cross-training program so that traders are able to operate in markets outside of their primary coverage when needed. This helps provide more seamless coverage in the situations ranging from heavy trading volume in any single market to contingency plans for disaster recovery. A virtual desk system has been put in place that allows trade instructions to be placed either with a specific person or to the entire desk where it can be assigned out based on capacity. Team members can also use this system to remotely access their workstation.

They were late adopters of the Charles River system but have since built out a highly customized version of the tool. Efforts are being made to increase the quantitative aspect of the trading process. According to third party analysis, the firm adds value through its patient trading process. Soft dollar relationships are maintained; however, they represent only a small portion of the firm's total commissions.

Dimensional Fund Advisors

Emerging Markets Core Equity Portfolio

VI. Attribution

Score	Wtg.
3.75	10%

DFA has sufficient systems in place to monitor portfolio performance attribution. The firm employs a proprietary four-factor model which attributes performance along size, style, industry, and region. Each strategy has a portfolio advocate that regularly reviews the portfolios to ensure they are in compliance. The firm also has additional systems in place provided by external vendors to measure performance and multi-factor attribution. The addition of the momentum screen indicates that they are using these tools to identify areas of potential improvement.

Score Legend	
5 Excellent	2 Below Average
4 Good	1 Unacceptable
3 Above Average	

Dimensional Fund Advisors

Emerging Markets Core Equity Portfolio

Firm Information

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OWNERSHIP:

Other - Explain below
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Manager Research

OPPENHEIMERFUNDS INC

Oppenheimer Developing Markets Fund

Summary

Qualitative
3.10

The Emerging Markets strategy is a suitable investment option for clients seeking exposure to emerging markets equities through a diversified growth oriented investment style. Oppenheimer employs a low turnover strategy, and constructs a portfolio of roughly 100-125 securities. The team has improved its portfolio construction process during the past several years, and has demonstrated an impressive level of alpha from security specific selection. Lead portfolio manager Justin Leverenz has recently bolstered his team to now include a second generalist analyst, bringing the team's total to three investment professionals. Worth noting is the level of assets, which stand at approximately \$25 billion as of December 31, 2010 with no explicit capacity target. The manager, however, continues to actively monitor the fund's liquidity on an ongoing basis to assess the impact of size on management of the portfolio and performance, as does Wilshire Manager Research.

Key Criteria

I. Organization

Score	Wtg.
3.00	20%

OppenheimerFunds, Inc. was formed in 1960 as an affiliate of Oppenheimer & Co., Inc., a securities brokerage now known as CIBC Oppenheimer Corporation. The firm is owned by Oppenheimer Acquisition Corporation ("OAC"), a holding company consisting of three groups of shareholders. The controlling shareholder is Massachusetts Mutual Life Insurance Company which owns a significant majority interest. As of December 31, 2010, employees of OAC and its subsidiaries currently own approximately 3% of the outstanding shares of OAC common stock. With respect to compensation, the firm's philosophy is to "pay for performance" and the most important factors they consider when evaluating compensation for investment professionals are returns relative to competitors (peer group ranking) and relative to client benchmarks. Incentive compensation is driven primarily by alpha generation over the 1-, 3- and 5-year periods. As such, investment professional compensation is driven by investment performance, not asset growth as a result of sales to new investors.

The global equity team is headed by George Evans, Director of International Equities, who is also responsible for management of the International Growth strategy. Portfolio manager, Justin Leverenz is responsible for the management of the emerging markets strategy within the Global Equity group, replacing Mark Madden as lead portfolio manager early in 2007. Mr. Leverenz has 15 years of experience in emerging markets experience. During his tenure at Oppenheimer since 2004, Mr. Leverenz was a senior analyst for the Oppenheimer Global Fund working with Rajeev Bhaman, who used to manage the emerging markets strategy before Mark Madden took it over in August of 2004. Currently, he is supported by two dedicated generalist analysts for management of the portfolio; John Paul Lech and Igor Tishin who recently joined in 2010 and 2011, respectively, to bolster the team's research effort. Overall, the organization scores well for the quality of the organization and talent. Wilshire harbors concern over the key person risk with Mr. Leverenz, however.

II. Information

Score	Wtg.
3.50	20%

The team employs a thematic approach referred to as "MANTRA": Mass Affluence, New Technologies, Restructuring, and Aging. Within this thematic framework, the team focuses on bottom-up fundamental analysis and conducts on-site visits with management. The team seeks to understand each company's financials, management structure, operations, product development, and industry dynamics. The portfolio manager has demonstrated a comprehensive knowledge of each holding in his portfolio, while uncovering unique investment opportunities across the international universe.

OPPENHEIMERFUNDS INC

Oppenheimer Developing Markets Fund

III. Forecasting

Score	Wtg.
-------	------

4.00	20%
------	-----

The team seeks to invest in companies within industries that fall within the thematic MANTRA categorization scheme. The team looks for themes or market and industry trends that will fuel long-term growth worldwide and focus their research on companies that are positioned to benefit from such trends. When trends are identified, they seek to invest in companies that have faster than average revenue growth (relative to their respective industry/sector), sustainability of margins, and efficient use of capital. The team uses these criteria to arrive at a justified multiple relative to the index and a resulting price target. Although the company specific forecasting approach is not unique and its success is highly dependent on the team's assumptions, the MANTRA framework is a notable differentiating factor, and the team has been increasingly successful in adding value from security selection. Also important to note has been the downside protection in 2008 unlike most peers. As a result, the team scores high in forecasting.

IV. Portfolio Construction

Score	Wtg.
-------	------

2.50	20%
------	-----

The emerging markets strategy typically holds between 100-125 securities. This represents a notable reduction in holdings since Mr. Leverenz has assumed management of the strategy (May 2007). The portfolio holdings had gradually drifted higher while Mark Madden was managing the portfolio, and as assets grew. Mr. Leverenz's decision to reduce the holdings was driven by his desire to manage a higher conviction portfolio. The team incorporates scenario analysis for the portfolio's underlying securities to gauge the overall portfolio's performance. Individual securities are weighted based on conviction and risk/reward potential, and are not allowed to exceed 5% of the fund's assets. The strategy is very absolute return oriented and not very benchmark aware, with significant latitude around country and sector exposures. No explicit maximums by sector or country are imposed. The portfolio manager will take considerable country and sector bets, and while management provides risk analysis reports it does not appear as though Mr. Leverenz pays considerable attention to quantitative risk management and/or portfolio optimization.

V. Implementation

Score	Wtg.
-------	------

2.00	10%
------	-----

Oppenheimer employs four traders who are dedicated to the global equity team. The firm utilizes the Macgregor Order Management System for automated pre-trade compliance with post trade compliance through Charles River. The firm reviews trading costs on a quarterly basis, but does not retain any external, independent sources of trading cost measurement. The firm does maintain some soft dollar relationships. Worth noting is the size of assets, which is concerning. The product has approximately \$21 billion in mutual funds and another \$4 billion in non-mutual fund vehicles (i.e., separate accounts) as of December 31, 2010. The manager has not established a capacity constraint at this point, but tracks liquidity of the fund on an ongoing basis. Wilshire continues to monitor the strategy's capacity and though the size of the fund brings in question the manager's ability to be flexible and nimble in volatile markets, Mr. Leverenz has been able to successfully navigate the portfolio through the present time.

VI. Attribution

Score	Wtg.
-------	------

3.00	10%
------	-----

Performance attribution analysis is conducted using internally-developed and vendor-supplied software. Analysis is conducted on a regular basis in order to monitor risk and performance factors, and is conducted on a quarterly basis for portfolio commentary purposes. This analysis allows the team to distinguish performance disparity relative to the benchmark due, for instance, to stock selection versus sector allocation decisions.

Score Legend

- | | |
|-----------------|-----------------|
| 5 Excellent | 2 Below Average |
| 4 Good | 1 Unacceptable |
| 3 Above Average | |

OPPENHEIMERFUNDS INC

Oppenheimer Developing Markets Fund

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Manager Research

Wells Capital Management

Berkeley Street Emerging Markets Equity

Summary

The Emerging Markets Equity team is led by Jerry Zhang, PhD, CFA, who is supported by seven dedicated investment professionals. This team has experienced some change and growth during the past several years, but employs a clear and disciplined forecasting approach in emerging markets. Specifically, the team emphasizes discounted cash flow analysis as part of its valuation analysis. The team constructs rather diversified portfolios with roughly 90-120 securities, and maintains considerable latitude with respect to country and sector relative bets. It has clear and defined sell criteria, and also leverages Wells Capital's independent, internal risk team, offering far more insight and oversight to the portfolio than many peers.

Qualitative Score
3.45

Key Criteria

I. Organization

Score	Wtg.
3.00	20%

Founded in 1996, Wells Capital Management is a wholly-owned subsidiary of Wells Fargo that is structured as a multi-boutique asset management firm. The firm has grown through a series of acquisitions, including Evergreen Investments in 2009 (as part of Wells Fargo's acquisition of Evergreen parent Wachovia), Strong Capital Management in 2005 (eight teams and assets), Benson Associates in 2003, and Montgomery Asset Management in 2002 (three teams).

Employee compensation is comprised of base salary and bonus. Incentive bonuses are based, in part, on one-, three-, and five-year performance against the relevant benchmarks and peer groups, with an emphasis on three- and five-year performance. The Berkeley Street Emerging Markets team also have a revenue sharing component to its compensation pool.

The Emerging Markets Equity team is led by Jerry Zhang, PhD, CFA, who is supported by seven dedicated investment professionals (1-PM/Sr. Analyst, 2-Sr. Analysts, 2-Analysts, 1-Research Associate and 1-Portfolio Specialist). Most recently, in August 2011, Derrick Irwin was promoted to Portfolio Manager, while Stefan Scigalla and David Brenninkmeyer were added as Analysts to the team. Mr. Irwin's promotion does not change his day to day responsibilities in any meaningful way, but should definitely provide needed support to Mr. Zhang. Mr. Zhang still remains the ultimate decision maker, but will now have someone to engage in more discussion regarding portfolio decisions, which is a positive in Wilshire's opinion. More or less, it was more a method of recognition for his contribution and development.

Mr. Zhang joined the firm in 2004, and worked with the previous portfolio manager, Lui-Er Chen until his departure to Delaware Investments in late 2006. While it is nice to see Mr. Zhang is being afforded the resources to grow his team, it is important to note that between external hires and internal transfers, this is a very "new" team. Additionally, despite Mr. Irwin being promoted to Portfolio Manager, it is Wilshire's opinion this strategy's success is heavily and almost exclusively dependent on Mr. Zhang. Recent investment team defections from Wells Capital create some uncertainty. Mr. Zhang's and his team's importance as a product offering to the Well's line-up must be recognized by Wells Capital, and to this point, from conversations with Mr. Zhang, it would appear that he is relatively happy with the arrangement.

II. Information

Score	Wtg.
3.50	20%

The team's employs rigorous bottom-up fundamental research as part of its investment process. The universe of securities in the MSCI Emerging Markets index is screened for various valuation and liquidity factors. Among valuation factors, the screen emphasizes cash flow. Analysts then conduct in-depth analysis while leveraging the insights of internal and external sources, including but not limited to the views of market strategists and other equity and fixed income portfolio managers at the firm. Despite the team's emphasis in conducting bottom-up analysis, it is somewhat short staffed when compared other emerging market teams/strategies. Nonetheless, it demonstrates a comprehensive understanding of the companies in its portfolios.

Wells Capital Management

Berkeley Street Emerging Markets Equity

III. Forecasting

Score	Wtg.
4.00	20%

The Emerging Markets team employs a clear and disciplined forecasting approach in emerging markets. Specifically, the team emphasizes discounted cash flow analysis as part of its valuation analysis. Other quantitative metrics include strong profit margins, return on equity, good free cash flow generation, and balance sheet strength. Qualitative research emphasizes aspects related to the clarity of the business model, consistent operating history, favorable long-term prospects for growth in the business, and a strong shareholder mentality on behalf of management. The analysts maintain discretion with respect to the use of discount rates and various accounting practices based on where each company is domiciled. Furthermore, no target expected return is required, but rather the team seeks to invest in those companies which demonstrate the largest discount, while still maintaining quality and growth. The team's portfolio manager will incorporate top-down insights as part of the investment process, but the approach is primarily bottom-up. The team employs a sound investment approach, and has been successful in adding value over time.

IV. Portfolio Construction

Score	Wtg.
3.50	20%

The team constructs rather diversified portfolios with roughly 90-120 securities, and maintains considerable latitude with respect to country and sector relative bets. Specifically, the portfolio can hold 50% - 150% of larger sectors on a benchmark relative basis. Tracking error, typically around 5% on an ex-post basis, is not managed during the portfolio construction process. The team maintains the ability to employ currency hedging, but does not typically take advantage of such flexibility. Portfolio risk management is performed largely through the stock selection process and existing portfolio constraints. It has clear and defined sell criteria, and also leverages Wells Capital's independent, internal risk team, offering far more insight and oversight to the portfolio than many peers.

V. Implementation

Score	Wtg.
3.00	10%

Trade order management and execution are managed through the employment of the Charles River Development order management system, which features an internal pre- and post-trade compliance functionality. Trading is executed by a team of four that operates 24/7. The firm monitors trading costs internally, but also retains Abel Noser for independent external trading cost analysis. In 2010, tangible soft dollar relationships were linked to 10% of transactions, while unbundled soft dollar arrangements were associated with 68% of transactions.

VI. Attribution

Score	Wtg.
3.50	10%

The team uses Factset for performance attribution. Although FactSet is a useful tool for attribution and provides useful insight into performance, it is limited in the level of depth of fundamental factor exposure attribution that it provides. As a result, the firm also employs Barra for additional risk attribution at the portfolio level. Much of this information is delivered to the team by Wells Capital's internal risk team. This can occur through formal and informal meetings that take place between the Mr. Zhang, the team, the internal risk team, and the equity and investment leaders of the firm.

Score Legend	
5 Excellent	2 Below Average
4 Good	1 Unacceptable
3 Above Average	

Wells Capital Management

Berkeley Street Emerging Markets Equity

Firm Information

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Aberdeen Emerging Markets Instl ABEMX

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- 4** Stewardship
- 5** Portfolio (Equity)
- 7** Portfolio History (Equity)
- 8** Performance
- 10** Risk
- 11** Operations

Aberdeen Emerging Markets Instl ABEMX

Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
13.71	↓-0.20 -1.44	1.26	7.0	Open	\$1 mil	None	0.95%	★★★★★	Diversified Emerging Mkts	Large Growth

Growth of 10,000 05-11-2007 - 07-12-2012



Investment Strategy

The investment seeks long-term capital appreciation. The fund invests primarily in common stocks, but may also invest in other types of equity securities, including preferred stocks, convertible securities, depositary receipts and rights and warrants to buy common stocks. It may invest in securities denominated in major currencies, including U.S. dollars, and currencies of emerging market countries in which it is permitted to invest. The fund typically has full currency exposure to those markets in which it invests.

Performance 07-12-2012

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Fund	7.87	2.70	-4.25	18.07	6.28	—
+/- MSCI EAFE NR USD	7.64	0.36	9.05	11.55	13.34	—
+/- Category	5.99	2.24	12.04	8.78	10.17	—
% Rank in Cat	7	6	2	2	1	—
# of Funds in Cat	553	582	506	353	243	148
Growth of 10,000	10,787	10,270	9,575	16,462	13,562	—

Top Holdings 05-31-2012

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Samsung Electnc Pfd	4.07	— USD	0.00 ↓	—
⊕ Vale SA ADR	4.03	19.34 USD	2.65 ↑	—
⊕ China Mobile Ltd.	4.01	85.45 USD	0.83 ↑	68.20 - 89.85
⊕ Taiwan Semiconductor Manufacturing	3.84	— USD	0.00 ↓	—
⊕ Bank Bradesco ADR	3.37	14.65 USD	1.21 ↑	13.17 - 19.61
% Assets in Top 5 Holdings	19.31			

⊕ Increase ⊖ Decrease ✱ New to Portfolio

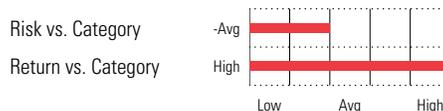
Top Sectors 05-31-2012

	Fund	3 Yr High	3 Yr Low	Cat Avg	
Financial Services	28.46	28.46	25.61	21.39	■ Fund ▼ Cat Avg
Energy	16.68	16.68	14.55	12.39	
Consumer Cyclical	11.49	15.48	11.49	10.45	
Consumer Defensive	9.93	9.93	7.50	11.41	
Basic Materials	8.22	10.69	8.22	10.86	

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
2011-12-20	12.58	0.1229	0.0000	0.0000	0.1776	0.3005
2010-12-17	14.13	0.0000	0.0000	0.0000	0.1263	0.1263
2009-12-18	11.21	0.0000	0.0000	0.0000	0.2168	0.2168
2008-12-30	6.66	0.0000	0.0000	0.0000	0.0529	0.0529
2008-12-18	6.73	0.1322	0.0226	0.0000	0.0000	0.1548

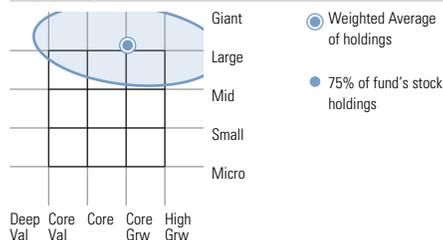
3 Year Average Morningstar Risk Measures



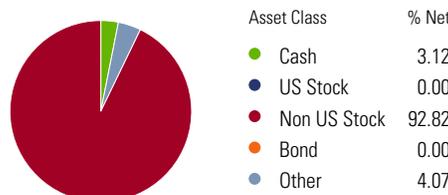
Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊖ Neutral
Price	⊕ Positive
Rating	Silver

Style Map



Asset Allocation



Management

	Start Date	Tot Assets Mgd
Mark Gordon-James	2007-04-13	53.9 bil
Joanne Irvine	2007-04-13	95.7 bil
Devan Kaloo	2007-04-13	113.6 bil
Hugh Young	2007-04-13	123.9 bil
Fiona Manning	2008-02-28	53.9 bil

Aberdeen Emerging Markets Instl ABEMX

Analysis

A real contender.

By Karin Anderson 2/7/2012

Aberdeen Emerging Markets Institutional has plenty of attractive traits.

Emerging-markets funds were generally pummeled in 2011, but this offering fared better than most. Its 11% loss on the year, while painful in absolute terms, bested the category norm by 8.6 percentage points. Strong gains by consumer staples stocks FEMSA and Souza Cruz, as well as Indonesian conglomerate Astra International, helped temper losses. A tilt toward larger-cap stocks such as China Mobile and Taiwan Semiconductor also provided an edge; smaller-cap fare suffered sharper declines last year.

The fund's recent performance pattern aligns with its longer-term showing. Deft stock-picking by managers Devan Kaloo and Joanne Irvine, whose patient approach focuses on firms with strong franchises and healthy balance sheets, have resulted in a fund that plays effective defense. Between June 2007 and January 2012, it suffered less than three fourths of the category's declines.

The fund plays effective offense, too; its annualized since-inception gain of 9.9% surpasses the category norm and the MSCI Emerging Markets Index by wide margins. Kaloo and Irvine, moreover, have produced enviable risk/reward profiles for this fund's European- and Australian-domiciled counterparts since 2003 and 2004, respectively.

The strategy's success raises capacity concerns, however. Aberdeen manages over \$20 billion in diversified emerging-markets strategies and roughly the same amount in Asia-focused offerings. With substantial inflows persisting despite outsize market volatility, the managers' low-turnover style, which helps mitigate the risk of asset bloat, ranks high among the fund's notable features. Noteworthy, too, is Aberdeen's prudent decision to close this fund's strategy to European institutional investors.

Whether that will be enough to keep the fund nimble remains to be seen. For now, a skilled team, a time-tested process, and reasonably priced institutional shares make a compelling case for this fund.

Process Pillar: Positive

Using strict quality and valuations requirements, managers Devan Kaloo and Joanne Irvine pick stocks from the MSCI Emerging Markets Index and beyond. Their straightforward, bottom-up approach centers on quality businesses. Balance sheet strength, earnings transparency, and treatment of minority shareholders are key criteria. The duo also prizes clear business models, franchise power, and proven management teams. Understanding how managers have traditionally generated and deployed free cash flows, the team believes, reveals much about their aptitude.

Valuation work consists of analyzing each firm against its peers on price/earnings, price/cash flow, dividend yield, and net asset value. Companies are also compared across industries and regions in an effort to expose pricing anomalies.

The result is a compact portfolio of 50 to 60 names. And given the manager's long-term investment horizon, it's more common for them to trim and add to existing positions than dive into new names. Turnover has remained under 15% since the fund's 2007 inception, a small fraction of the typical emerging-markets fund's churn.

Managers Devan Kaloo and Joanne Irvine's focus on firms they deem high quality leads primarily to large-cap firms. As a result, the fund's recent \$21 billion average market cap clocks in well above the typical peer's and the MSCI Emerging Markets Index's. The managers invest with conviction, too: Their relatively compact portfolio bears little resemblance to the benchmark's sector or country weightings.

As of Dec. 31, 2011, financials soaked up nearly a third of assets versus a 25% stake for the index. In addition to meeting the team's strict valuation and

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Neutral
Price		Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	7.87	5.99
2011	-11.05	8.81
2010	27.58	8.32
2009	76.55	2.74
2008	-40.36	14.08

Analyst Favorites by Category

	YTD Return %
American Funds New World A	4.14
Diversified Emerging Mkts	1.87

Aberdeen Emerging Markets Instl ABEMX

Analysis

fundamental criteria, the sector includes many firms the managers' think are poised to benefit from rising middle-class wealth and the low penetration of financial products in emerging-markets countries.

Meaningful divergence from the index at the country level is underscored by a longtime overweighting in India where the team has found many well-run firms with healthy balance sheets. (Its 13.5% stake as of December 2011 doubled the benchmark's.) The fund's 7.7% stake in Chinese firms, however, clocked in at less than half the index's. Owing to the region's more-proven managers and better accounting standards, the team typically favors Hong Kong-domiciled firms instead.

Performance Pillar: + Positive

This fund's cautious approach means that it fares best in bear markets. That might not be evident given its cumulative 48.9% loss during the October 2007 to March 2009 downturn; however, the fund's typical peer declined by roughly 60%. Turbulent market conditions in 2011 savaged emerging-markets stocks, but this offering performed as expected given its conservative approach. In fact, for the trailing year through Jan. 30, 2011, the fund managed a gain of 2.8%; its typical rival sank by 9.4%.

The team's quest for steadier, dividend-paying companies means that it won't generate such eye-popping relative results during market rallies. In the turbocharged March through December 2009 period, for instance, the fund's 101.6% gain was actually on par with the category average and slightly behind the MSCI Emerging Markets Index's showing.

The team has shown that good defense goes a long way toward producing enviable returns, though. This fund's 9.8% annualized gain from its May 2007 inception through Jan. 30, 2011, trounced the benchmark and group averages of 2.6% and 1.0%, respectively. The team has delivered similarly impressive results, not to mention topnotch risk profiles, over longer time periods at

the Europe- and Australia-sold versions of this fund.

People Pillar: + Positive

Devan Kaloo is head of emerging markets at Aberdeen and chiefly responsible for this fund's strategy. Kaloo joined the firm in 2000 after a five-year stint at Martin Currie. Comanager Joanne Irvine, who joined the firm in 1996, serves as head of global emerging markets ex-Asia. The duo has skillfully steered this fund since its 2007 inception; since 2003 and 2004, respectively, they've enjoyed similar success at its European- and Australian-domiciled counterparts. Managing Director Hugh Young, one of Aberdeen's 1992 co-founders, provides input on portfolio construction.

Based in London, Kaloo and Irvine's team is supported by an analyst team whose 30-plus members are located in Singapore, Hong Kong, Bangkok, Kuala Lumpur, and Sao Paulo. Half the analyst group has more than a decade of experience, with most of those years spent at Aberdeen. Since 2008, the firm has aggressively expanded the group, bringing on 18 additional analysts. Early-career hires, these analysts are being trained in the firm's approach.

Team members rotate through sector and regional responsibilities, aiming to cultivate a comprehensive understanding of the fund's holdings. They support the firm's entire emerging-markets lineup, which includes several single-country and regionally focused offerings, too.

Parent Pillar: ○ Neutral

Aberdeen Asset Management started from humble beginnings, launching a GBP 50 million investment trust in its namesake Scottish town in 1983. The firm is now a truly global asset manager with investment offices in Europe, Asia, and the United States and with more than \$270.3 billion in assets under management as of December 2011. The firm has grown organically and through a number of acquisitions, including recent property-fund purchases. Sensible, strategic acquisitions have diversified Aberdeen's investment base; it now com-

prises 15% in property, 30% in fixed income, and the remainder in equity and alternative products.

Aberdeen is particularly prominent in Asia, and a majority of its equity exposure is invested in the region. Furthermore, the investment process developed by Asian team head Hugh Young was adopted firmwide in 2002. Portfolio decisions are made in a collegial manner in order to avoid cultivating so-called star fund managers. Aberdeen's fund managers' compensation encompasses a largely subjective element, rather than being tied primarily to investment performance.

Although fundholders' interests would be better served if the managers were rewarded by long-term performance-linked pay, the firm's incentive structure and general approach to investing have served investors well for nearly 30 years.

Price Pillar: + Positive

This fund's institutional share class levies 0.95% annually, a fee lower than 85% of similarly distributed options. Investors accessing the fund through the advisor share class aren't getting such a good deal. That version's 1.78% expense ratio is above median compared with similar options.

The fund assesses a 2.00% redemption fee on shares bought and sold within 90 days, a fee that long-term investors should embrace.

Aberdeen Emerging Markets Instl ABEMX

Morningstar Stewardship Grade

Morningstar Rating™

★★★★★

Morningstar Category™

Diversified Emerging Mkts

Net Assets \$ Mil

6,983,184,873.00

(USD)

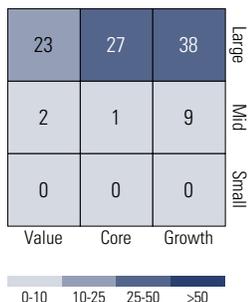
At this time, We have not yet assigned a Stewardship Grade to this mutual fund, We will be adding more Stewardship Grades over the next several months, So be sure to check back in the future.

If you would like to learn more about how we assign Stewardship Grades and what they mean, check out our [Stewardship Grade Methodology](#)

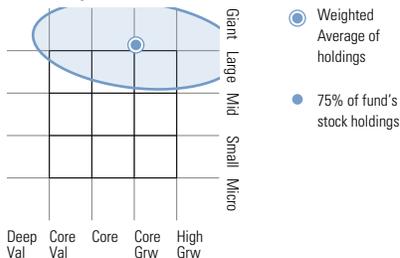
Aberdeen Emerging Markets Instl ABEMX

Portfolio

Holding Style



Ownership Zone



Style Details

Avg Market Cap USD	Benchmark Market Cap USD	Category Avg Market Cap USD
21,621 mil	17,207 mil	15,271 mil

Market Capitalization (size)	% of Portfolio	% Bmark	% Cat Avg
Giant	57.94	46.40	47.42
Large	30.03	40.56	29.61
Medium	12.01	12.71	18.70
Small	0.00	0.31	3.76
Micro	0.02	0.02	0.51

Value Measures

Value Measures	% of Stock Portfolio	% Bmark	% Cat Avg
Price/Prospective Earnings*	12.54	10.09	10.77
Price/Book*	1.71	1.34	1.44
Price/Sales*	1.27	0.85	0.95
Price/Cash Flow*	6.81	4.33	5.78
Dividend Yield %*	2.73	3.01	2.76

Growth Measures

Growth Measures	% of Stock Portfolio	% Bmark	% Cat Avg
Long-Term Earnings %	10.20	12.81	14.96
Historical Earnings %	5.70	10.97	8.02
Sales Growth %	8.25	-0.19	4.85
Cash-Flow Growth %	7.89	5.50	3.44
Book-Value Growth %	12.52	12.58	-25.92

* Forward-looking based on historical data Style and Market Cap Breakdown and Value and Growth Measures are calculated only using the long position holdings of the portfolio.

Investment Style History 05-31-2012

Year	Style	% Equity
2012	Value	92.86
2011	Value	92.46
2010	Value	92.85
2009	Value	93.16
2008	Value	92.14

Style Box Detail calculations do not include the fund's short positions (if any).

Morningstar Category™
Diversified Emerging Mkts

Total Assets \$ Bil
7.0

Benchmark
MSCI EM NR USD

Asset Allocation 05-31-2012

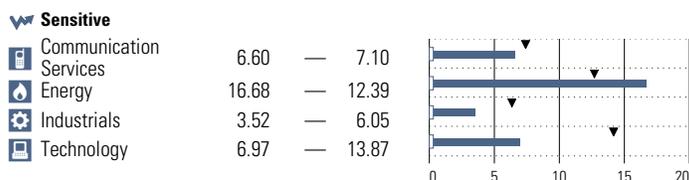
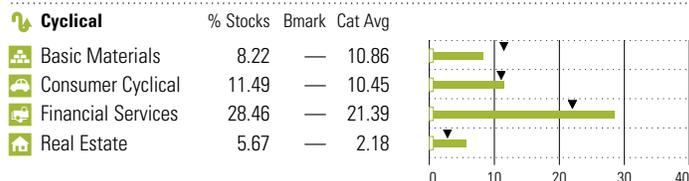


Equity Portfolio Financial Metrics

Metric	% of Portfolio	% Bmark	% Cat Avg
ROIC	21.74	—	18.77
Wide Moat Coverage	6.45	1.51	12.05
Narrow Moat Coverage	85.45	83.87	81.09
No Moat Coverage	8.10	14.63	6.86
Financial Health	37.63	36.09	36.27
Profitability	28.49	30.68	32.83
Growth	41.10	42.76	40.52
Cash Return %	-29.10	—	—
Free Cashflow Yield Ex-financials	0.04	—	—

Sector Weightings 05-31-2012

■ Fund Weight □ Bmark Weight ▼ Cat Avg Weight



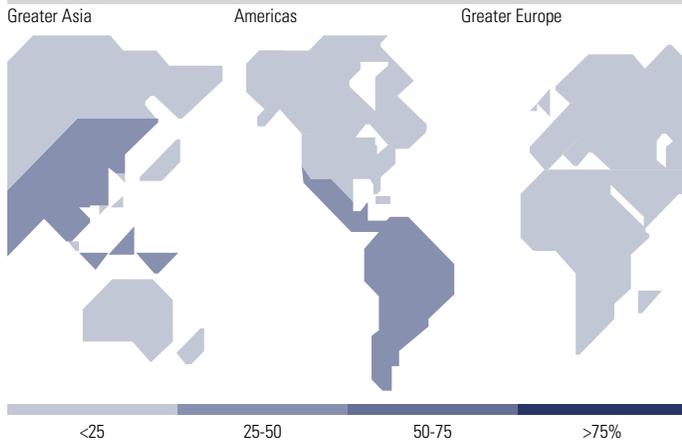
Sector data is calculated only using the long position holdings of the portfolio.

Aberdeen Emerging Markets Instl ABEMX

Portfolio

Morningstar Category™ Diversified Emerging Mkts
Total Assets \$ Bil 7.0
Benchmark MSCI EM NR USD

World Regions 05-31-2012



	% Stocks	Bmark	Cat Avg
Americas	28.92	—	24.18
North America	0.00	—	1.62
Latin America	28.92	—	22.55
Greater Europe	22.11	—	21.85
United Kingdom	3.92	—	1.76
Europe-Developed	2.15	—	1.32
Europe-Emerging	12.03	—	10.13
Africa/Middle East	4.01	—	8.64
Greater Asia	48.98	—	53.97
Japan	0.00	—	0.19
Australasia	0.00	—	0.23
Asia-Developed	14.34	—	21.35
Asia-Emerging	34.64	—	32.20

Market Classification

% Developed Markets	20.41	—	27.34
% Emerging Markets	79.59	—	72.66

Region breakdown data is calculated only using the long position holdings of the portfolio.

Equity View 05-31-2012

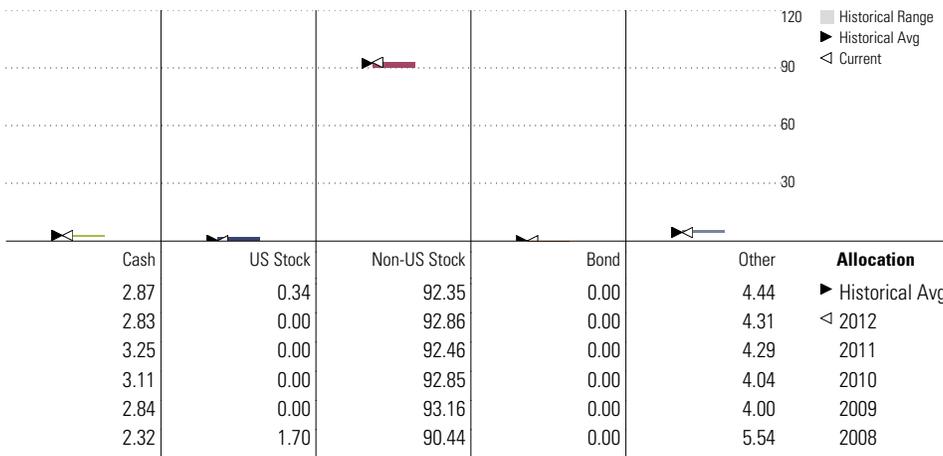
Top 25 Holdings	% Portfolio Weight	Shared Owned	Shares Change	Sector	Style	Ticker	Market Value	Country	YTD Return %	P/E
⊕ Samsung Electnc Pfd	4.07	426,693	19,800	—	—	—	257,046,145	South Korea	—	—
⊕ Vale SA ADR	4.03	14,060,000	2,430,000	🏭	🏠	VALE.P	254,767,200	Brazil	-3.50	—
⊕ China Mobile Ltd.	4.01	25,068,600	1,176,100	📱	🏠	00941	253,565,927	China	13.96	11.22
⊕ Taiwan Semiconductor Manufacturing	3.84	85,160,117	4,010,308	🏭	🏠	2330	242,801,053	Taiwan	3.03	15.41
⊕ Bank Bradesco ADR	3.37	14,551,260	2,150,080	🏦	🏠	BBD	213,030,446	Brazil	-12.22	10.79
⊕ Fomento Economico Mexicano SAB de CV ADR	3.32	2,664,566	75,566	🏭	🏠	FMX	210,047,738	Mexico	26.49	27.93
⊖ Cash & Cash Equivalents	3.12	197,050,474	-10,450,947	—	—	—	197,050,474	—	—	—
⊕ Petroleo Brasileiro SA Petrobras ADR	3.06	10,249,954	1,412,954	🔥	🏠	PBR.A	193,724,131	Brazil	-20.67	6.32
⊕ Ultrapar Holdings Inc	2.94	9,051,877	1,307,877	🔥	🏠	UGPA3	185,586,680	Brazil	44.83	29.07
⊕ LUKOIL Oil Company JSC ADR	2.88	3,493,000	427,000	🔥	🏠	LKOD	182,320,628	Russia	3.97	3.92
⊕ Astra International Tbk	2.87	26,552,000	2,190,000	🏭	🏠	ASII	181,626,947	Indonesia	-6.52	—
⊕ PetroChina Co Ltd H Shares	2.80	139,669,200	6,887,200	🔥	🏠	00857	176,727,157	China	-2.04	10.29
⊕ Grupo Financiero Banorte SAB de CV	2.78	39,211,895	1,797,695	🏦	🏠	GFNORTE O	175,527,243	Mexico	61.85	8.35
⊕ Housing Devel Fin	2.57	13,915,000	1,415,000	🏦	🏠	HDFC	162,212,642	India	5.34	22.27
⊕ Infosys Ltd	2.56	3,741,515	147,000	🏦	🏠	INFY	161,856,407	India	-17.03	13.62
⊕ Truworths International Limited	2.31	15,185,671	803,934	🏦	🏠	TRU	145,855,810	South Africa	28.22	19.38
⊕ Akbank TAS	2.28	47,182,334	8,354,001	🏦	🏠	AKBNK	144,309,695	Turkey	14.58	—
⊕ Standard Chartered PLC	2.18	6,844,875	352,125	🏦	🏠	STAN	137,906,938	United Kingdom	4.80	11.33
⊕ Hang Lung Group Ltd.	2.11	23,049,000	1,199,000	🏠	🏠	00010	133,348,946	Hong Kong	11.94	40.65
⊕ AIA Group Ltd.	2.02	39,265,000	1,876,000	🏦	🏠	01299	128,002,155	Hong Kong	12.45	26.81
⊕ Tenaris SA ADR	1.99	4,040,700	193,600	🔥	🏠	TS	125,989,026	Italy	-5.86	13.99
⊕ Swire Pacific Ltd. Shs -A-	1.82	10,655,000	355,000	🔧	🏠	00019	114,913,240	Hong Kong	-2.13	4.18
⊕ Banco Santander Chile ADR	1.80	1,524,693	128,693	🏦	🏠	BSAC	113,498,147	Chile	5.09	17.15
⊕ Siam Cement Public Company Limited	1.79	9,064,800	464,900	🏭	🏠	SCC-F	113,114,133	Thailand	3.36	18.55
⊕ Siam Commercial Bank Public Company Limited	1.75	25,082,500	5,382,500	🏦	🏠	SCB-F	110,768,247	Thailand	34.13	15.41

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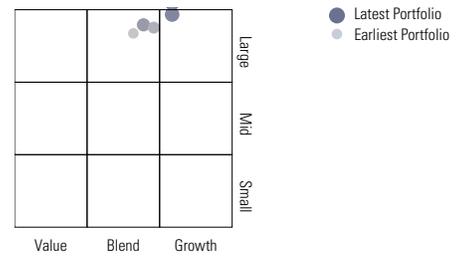
Aberdeen Emerging Markets Instl ABEMX

Portfolio

Asset Allocation History

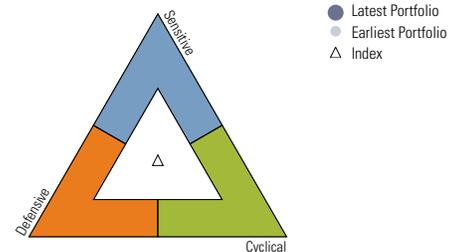
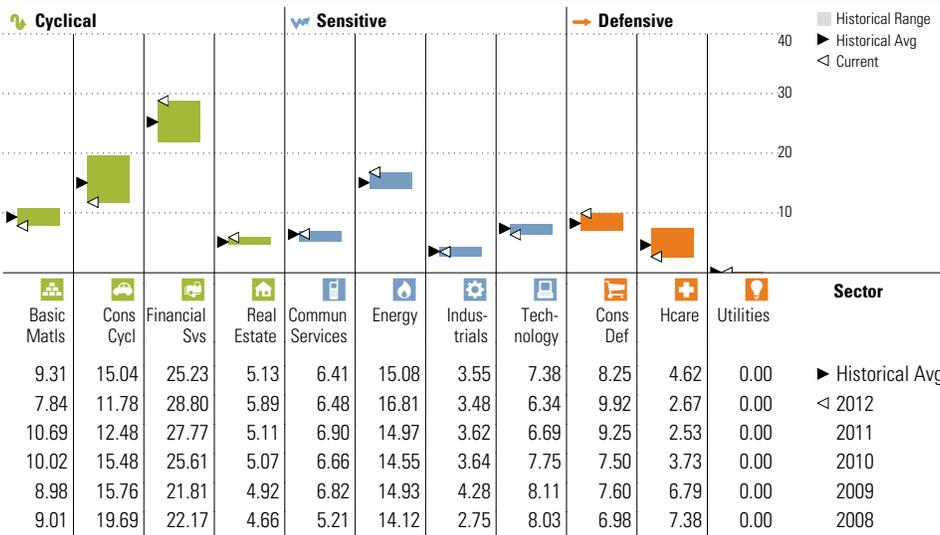


Equity Style History



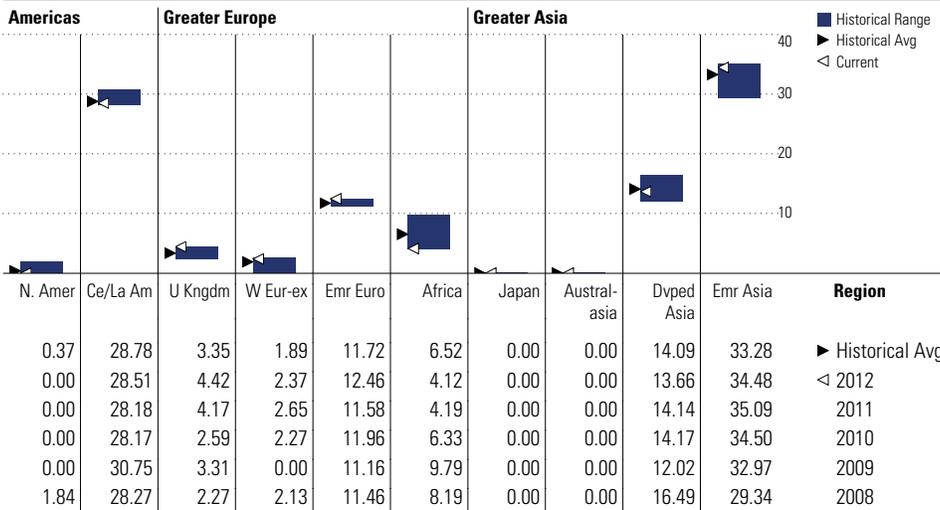
Market Cap (size)	USD
Historical Average	17,896.08
2012	22,120.24
2011	20,940.35
2010	20,307.70
2009	17,319.62
2008	8,792.51

Stock Sector History



Super Sector	Cyclical	Sensitive	Defensive
Historical Avg	54.71	32.43	12.87
2012	54.31	33.11	12.58
2011	56.04	32.18	11.78
2010	56.18	32.60	11.22
2009	51.47	34.14	14.40
2008	55.53	30.11	14.36

World Regions History

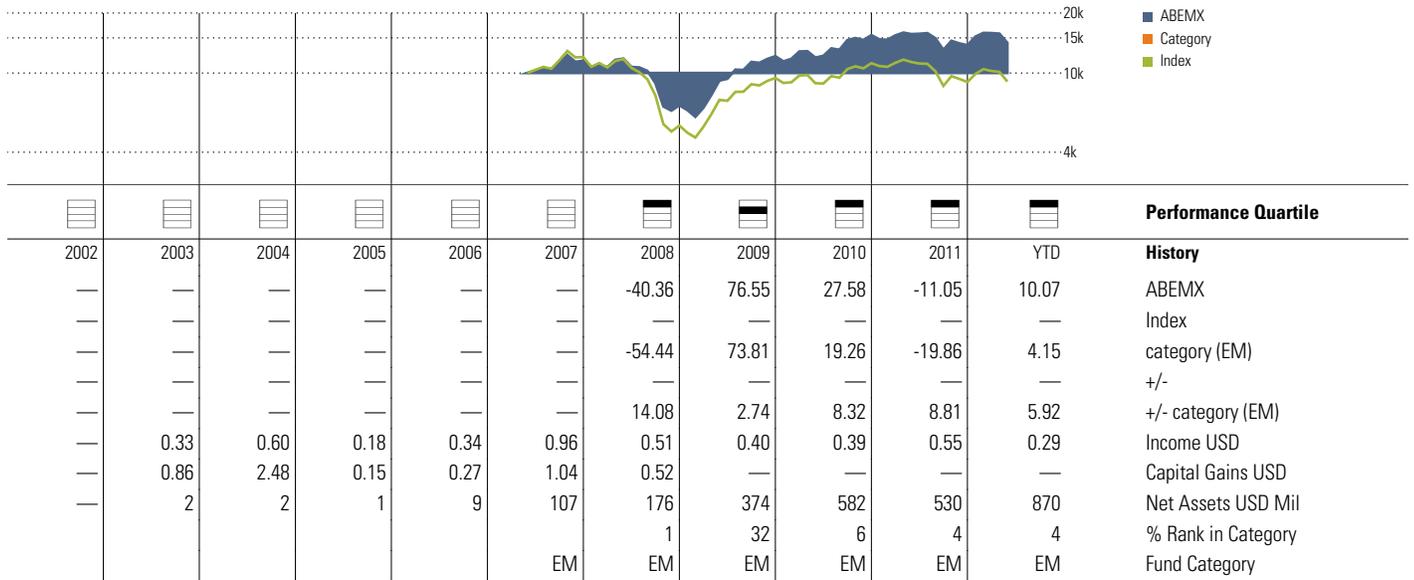


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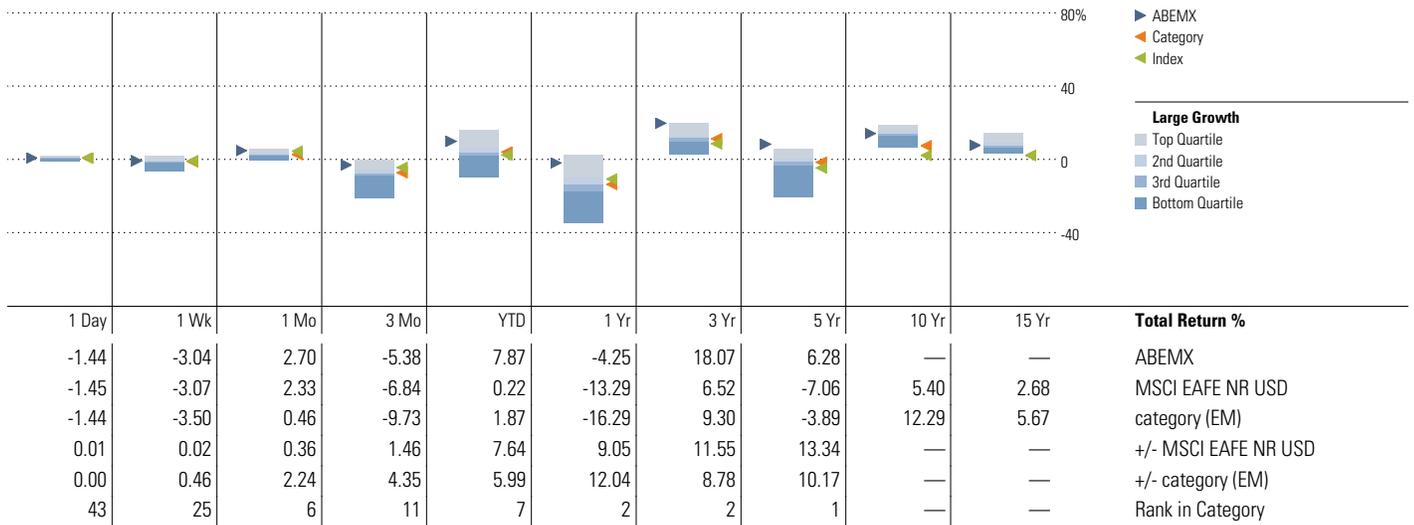
Aberdeen Emerging Markets Instl ABEMX

Performance

Growth of 10,000 06-30-2012



Trailing Total Returns 07-12-2012



Tax Analysis 06-30-2012

	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Incpt.
Pretax Return	7.04	-4.38	10.07	10.07	-3.61	17.51	8.07	—	—	9.07
Tax-adjusted Return	4.90	-4.38	10.07	10.07	-4.21	16.88	7.40	—	—	8.42
% Rank in Category	11	4	3	3	3	2	1	—	—	—
Tax Cost Ratio	—	—	—	—	0.63	0.53	0.62	—	—	—
Potential Cap Gains Exposure %	8.81									

Aberdeen Emerging Markets Instl ABEMX

Performance

Quarterly Returns					Trailing Investor Returns 06-30-2012					
		ABEMX	MSCI EAFE NR USD	Cat (EM)		1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
2012	Q2	-4.37	-7.13	-8.20	Investor Return %	-1.94	9.07	8.61	—	—
	Q1	15.11	10.86	13.59	Total Return %	-3.61	17.50	8.07	—	—
2011	Q4	5.46	3.33	4.22	% Rank in Category (Inv Rtn)	4	40	1	0	0
	Q3	-16.96	-19.01	-22.81						
	Q2	1.85	1.56	-0.87						
	Q1	-0.27	3.36	0.44						
2010	Q4	5.89	6.61	7.11						
	Q3	19.97	16.48	18.59						
	Q2	-4.91	-13.97	-8.87						
	Q1	5.62	0.87	2.84						

Aberdeen Emerging Markets Instl ABEMX

Risk

Morningstar Risk & Rating Statistics 06-30-2012

ABEMX	3 Yr	5 Yr	10 Yr	Overall
Morningstar Return	High	High		High
Morningstar Risk	Below Average	Low		Low
Morningstar Rating	★★★★★	★★★★★	—	★★★★★

Rating, risk, and return values are relative to each fund's Morningstar Category.

3 Year Volatility Measures 06-30-2012

	Standard Deviation	Mean	Sharpe Ratio	Sortino Ratio	Bear Market Percentile Rank
Fund	21.03	17.51	0.87	1.53	—
Index	20.44	5.96	0.38	0.58	—
Category	22.96	8.96	0.49	0.78	—

3 Year MPT Statistics 06-30-2012

ABEMX	Index	R-Squared	Beta	Alpha	Treynor Ratio	Currency
vs. Best-Fit Index	MSCI EM NR USD	94.84	0.89	7.73	—	USD
vs. Standard Index	MSCI EAFE NR USD	75.46	0.89	11.35	19.48	USD
Category	MSCI EAFE NR USD	77.36	0.99	3.45	9.23	USD

Upside & Downside Capture Ratio 06-30-2012

	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
Fund	118.55 ↑	97.69 ↑	116.76 ↑	— ↑	— ↑
	84.87 ↓	57.87 ↓	74.52 ↓	— ↓	— ↓
Category	111.98 ↑	97.18 ↑	121.35 ↑	— ↑	— ↑
	112.55 ↓	85.87 ↓	104.76 ↓	— ↓	— ↓

Aberdeen Emerging Markets Instl ABEMX

Operations

Overview	
Closed to All Investors	No
Closed to New Investors	No
Share Class Net Assets (Bil) 07/12/2012	6.3 USD
Fund Size (Bil) 06/29/2012	7.0 USD
Primary Prospectus Benchmark	MSCI EM NR USD
Turnover Ratio 10/31/2011	1.5%
Prospectus Objective	Diversified Emerging Markets
Initial Investment	1,000,000 USD
Additional Investment	—

Management	
Current Manager	Mark Gordon-James
Manager Tenure (Average/Longest)	5.080/5.250

Other Fees/Expenses	
Net Expense Ratio: Annual Report 10/31/2011	0.95%
Net Expense Ratio: Prospectus 05/21/2012	1.03%
Management Actual	0.90%
Management Maximum	0.90%
12b-1 Actual	—
Administrative Maximum	0.10%
Expense Waivers	—

Total Cost Projections	
	Per 10K
3 Years	328
5 Years	569
10 Years	1,259

Fees	
Initial	—
Deferred	—
Redemption	—
0 - 90 Days	2.00 %
More Than 90 Days	0.00 %

Expense Relative to Category								
						■ Fund	■ Category	■ Fee Level Comparison Group Median
2008	2009	2010	2011	2012				
0.95	0.95	0.95	0.95	—				
1.69	1.74	1.67	1.63	1.73				
—	—	—	1.35	1.35				
Fee Level Comparison Group						Emerging Markets Stock Institutional Fee Level		

History	
Expense Ratio	—
Morningstar Category Average	—
Fee Level Comparison Group Median	—

Investment Objective and Strategy	
<p>The investment seeks long-term capital appreciation. The fund invests primarily in common stocks, but may also invest in other types of equity securities, including preferred stocks, convertible securities, depositary receipts and rights and warrants to buy common stocks. It may invest in securities denominated in major currencies, including U.S. dollars, and currencies of emerging market countries in which it is permitted to invest. The fund typically has full currency exposure to those markets in which it invests.</p>	

Advisor Information	
Fund Inception	05/11/2007
Name of Issuer	Aberdeen
Fund Advisor(s)	Aberdeen Asset Management Inc.
Subadvisor(s)	Aberdeen Asset Management Asia Limited Aberdeen Asset Managers Ltd

Minimum Investments		Contact Information	
	USD	Address	Aberdeen Funds 1735 Market Street, 32nd Floor Philadelphia, PA 19103 United States
Initial	1,000,000	Telephone	866-667-9231
Additional	—	Website	www.aberdeen-asset.us
Initial IRA	—		
Additional IRA	—		
Initial AIP	—		
Additional AIP	—		

Aberdeen Emerging Markets Instl ABEMX

Operations

Brokerage Availability

CommonWealth PPS	CommonWealth Universe
DailyAccess Corporation FRIAG	DailyAccess Corporation MATC
DailyAccess Corporation Matrix	DailyAccess Corporation Mid-Atlantic
DailyAccess Corporation RTC	DailyAccess Corporation Schwab
Fidelity Institutional FundsNetwork	Fidelity Retail FundsNetwork
JP MORGAN NO-LOAD TRANSACTION FEE	JPMorgan
Morgan Stanley - Ntwk/Rdm Only-Brokerage	Pershing FundCenter
Raymond James	Raymond James WRAP Eligible
RBC Wealth Management-Network Eligible	Schwab Institutional
Schwab Institutional Only	Schwab RPS All
Schwab RPS SDE	Scottrade TF
TD Ameritrade Institutional	TD Ameritrade Trust Company
Thrivent – Advisory Eligible	WFA Fdntl Choice/PIM Updated 7/2/12
WFA MF Advisory Updated 7/2/12	

Aberdeen Emerging Markets Instl ABEMX

Operations

Manager(s)	
Mark Gordon-James 04/13/2007 -	Mark Gordon-James is a senior investment manager on the global emerging markets equities team. Mark joined Aberdeen in 2004 from Merrill Lynch Investment Managers where he worked with the emerging markets team. Mark graduated with a BSc in Geography and Economics from the London School of Economics. Mark is a CFA Charterholder.
Joanne Irvine 04/13/2007 -	Joanne Irvine is head of emerging markets ex. Asia on the global emerging markets equities team in London. Joanne joined Aberdeen in 1996 in a group development role. Previously, Joanne worked in corporate finance specialising in raising development capital finance for private businesses. Joanne is a qualified Chartered Accountant.
Devan Kaloo 04/13/2007 -	Devan Kaloo is head of global emerging markets, responsible for the London based GEM team, which manages Latin America and EMEA equities, and also has oversight of GEM input from the Asia team based in Singapore, with whom he works closely. Devan joined Aberdeen in 2000 on the Asian portfolio team before becoming responsible for the Asian ex Japan region as well as regional portfolios within emerging market mandates and technology stocks. Previously, Devan worked for Martin Currie on the North American desk before transferring to the global asset allocation team and then Asian portfolios.
Hugh Young 04/13/2007 -	Hugh Young is Managing Director of Aberdeen Asset Management Asia Limited, Group Head of Equities as well as a member of the executive committee responsible for the Aberdeen Group's day-to-day running. He co-founded Singapore-based Aberdeen Asia in 1992, having been recruited in 1985 to manage Asian equities from London. Since then he has built the company into one of the largest managers of such assets globally. Singapore employs over 100 staff and there are 34 investment managers stationed across the Asian region, with research/investment offices also in Australia, Hong Kong, Japan, Malaysia and Thailand. Hugh is a regular commentator for the financial media. His early career included positions at Fidelity International and MGM Assurance. Hugh graduated with a BA (Hons) in politics from Exeter University.
Fiona Manning 02/28/2008 -	Fiona Manning is an investment manager on the global emerging markets equities team. Fiona joined Aberdeen in 2005 via the acquisition of Deutsche Asset Management's London and Philadelphia fixed income businesses. Fiona graduated with a BA (Hons) in History with French from Durham University. Fiona is a CFA Charterholder.
Mark Butler 04/13/2007 - 02/27/2008	Mark has 12 years' experience investing in emerging markets. Prior to joining Coronation's emerging markets unit in 2008, he was based in London where he spent eight years with Aberdeen Asset Management (Feb 2000) as a senior portfolio manager and two with Baring Asset Management (1997) as an investment analyst. He qualified as a chartered accountant serving his training contract with Deloitte's in Johannesburg. Butler was a member of the UK Society of Investment Professionals. He qualified as a chartered accountant (South Africa) in 1996 and holds the Chartered Financial Analyst designation.
Peter Hames 04/13/2007 - 03/01/2010	Peter has principal responsibility for day-to-day management of all Asian regional portfolios. He has oversight of a team of nine on Asian ex-Japan equities, with a further 14 investment managers who provide local market input, as well as running specialist country portfolios from offices across the region. Peter joined Aberdeen in 1990 as a European investment manager and then transferred to the Asian equity desk, co-founding AAMAL's office in 1992. Previously, Peter worked for the Guinness family as an investment manager specialising in overseas investment. Prior to that, Peter worked for National Westminster Bank. Peter graduated with a BA in Economics and Accounting from Bristol University.

DFA Emerging Markets I DFEMX

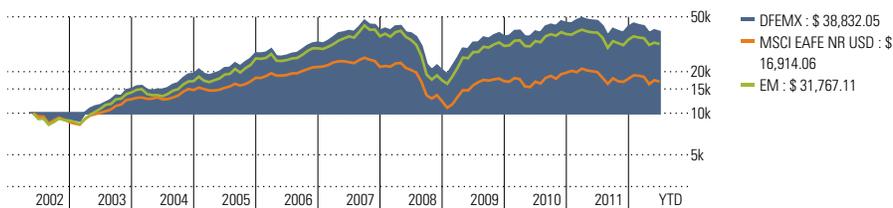
- 1** Snapshot
- 2** Analyst Report
- 3** Stewardship
- 4** Portfolio (Equity)
- 6** Portfolio History (Equity)
- 7** Performance
- 9** Risk
- 10** Operations

DFA Emerging Markets I DFEMX

Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
24.01	↓-0.41 -1.68	2.05	2.5	Open	\$0	None	0.61%	★★★★	Diversified Emerging Mkts	Large Blend

Growth of 10,000 07-13-2002 - 07-12-2012



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks to achieve long-term capital appreciation. The fund pursues its investment objective by investing substantially all of its assets in the Emerging Markets Series. The Emerging Markets Series purchases a broad market coverage of larger companies associated with emerging markets, which may include frontier markets, authorized for investment by the Advisor's Investment Committee. The Emerging Markets Series may gain exposure to companies associated with Approved Markets by purchasing equity securities in the form of depositary receipts, which may be listed or traded outside the issuer's domicile country.

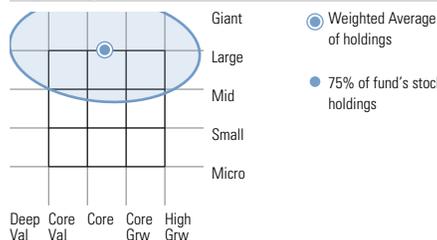
Performance 07-12-2012

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Fund	1.65	0.63	-15.28	11.11	-1.15	14.53
+/- MSCI EAFE NR USD	1.43	-1.71	-1.99	4.59	5.91	9.13
+/- Category	-0.22	0.17	1.00	1.82	2.74	2.24
% Rank in Cat	49	43	45	24	14	17
# of Funds in Cat	553	582	506	353	243	148
Growth of 10,000	10,165	10,063	8,472	13,718	9,440	38,832

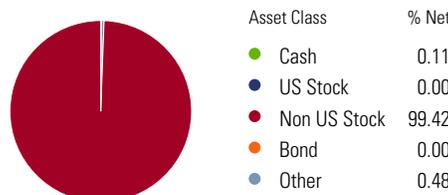
Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—
Rating	—	—

Style Map



Asset Allocation



Top Holdings 04-30-2012

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Samsung Electronics Co Ltd	3.05	— USD	0.00 ↓	—
⊕ Taiwan Semiconductor Manufacturing	2.03	— USD	0.00 ↓	—
⊕ Gazprom OAO ADR	1.76	9.30 USD	0.52 ↑	2.87 - 14.87
⊕ America Movil, S.A.B. de C.V.	1.62	— USD	0.00 ↓	—
⊕ China Mobile Ltd. ADR	1.59	55.53 USD	1.74 ↑	44.23 - 57.29
% Assets in Top 5 Holdings	10.03			

⊕ Increase ⊖ Decrease ✱ New to Portfolio

Top Sectors 04-30-2012

	Fund	3 Yr High	3 Yr Low	Cat Avg	
Financial Services	21.06	21.06	19.77	21.48	
Technology	14.04	15.67	13.89	13.68	
Basic Materials	12.81	14.09	12.81	10.71	
Energy	12.47	13.32	12.47	12.44	
Consumer Cyclical	9.63	9.93	9.10	9.97	

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
2012-06-08	23.74	0.0000	0.0000	0.0000	0.1510	0.1510
2011-12-13	23.61	1.0410	0.0000	0.0000	0.1620	1.2030
2011-09-08	27.28	0.0000	0.0000	0.0000	0.2140	0.2140
2011-06-08	30.63	0.0000	0.0000	0.0000	0.1750	0.1750
2010-12-09	29.55	1.7690	0.0010	0.0000	0.1420	1.9120

Management

	Start Date	Tot Assets Mgd
Karen E. Umland	1998-12-31	76.3 bil
Joseph Chi	2010-02-28	138.7 bil
Stephen A. Clark	2010-02-28	142.2 bil
Jed S. Fogdall	2010-02-28	138.7 bil
Henry Gray	2012-02-28	118.6 bil

DFA Emerging Markets I DFEMX

Analysis

Morningstar's Take

Morningstar Analyst Rating —

Morningstar Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Fund Performance

	Total Return %	+/- Category
YTD	1.65	-0.22
2011	-17.41	2.44
2010	21.82	2.56
2009	71.77	-2.04
2008	-49.20	5.24

Analyst Favorites by Category	YTD Return %
American Funds New World A	4.14
Diversified Emerging Mkts	1.87

We do not currently publish an Analyst Report for this company.

DFA Emerging Markets I DFEMX

Morningstar Stewardship Grade

Morningstar Rating™

★★★★

Morningstar Category™

Diversified Emerging Mkts

Net Assets \$ Mil

2,534,295,152.00

(USD)

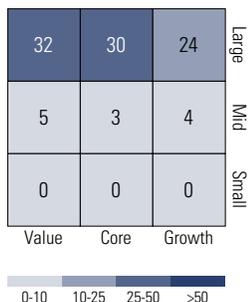
At this time, We have not yet assigned a Stewardship Grade to this mutual fund, We will be adding more Stewardship Grades over the next several months, So be sure to check back in the future.

If you would like to learn more about how we assign Stewardship Grades and what they mean, check out our [Stewardship Grade Methodology](#)

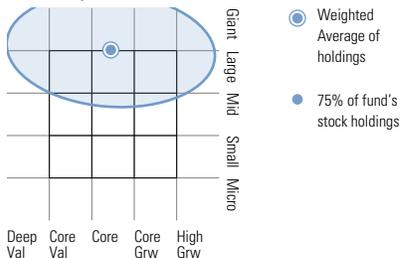
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Portfolio

Holding Style



Ownership Zone



Style Details

Avg Market Cap USD	Benchmark Market Cap USD	Category Avg Market Cap USD
18,896 mil	17,207 mil	15,271 mil

Market Capitalization (size)	% of Portfolio	% Bmark	% Cat Avg
Giant	45.97	46.40	47.42
Large	40.59	40.56	29.61
Medium	12.96	12.71	18.70
Small	0.23	0.31	3.76
Micro	0.26	0.02	0.51

Value Measures	% of Stock Portfolio	% Bmark	% Cat Avg
Price/Prospective Earnings*	11.22	10.09	10.77
Price/Book*	1.46	1.34	1.44
Price/Sales*	0.85	0.85	0.95
Price/Cash Flow*	5.14	4.33	5.78
Dividend Yield %*	2.50	3.01	2.76

Growth Measures	% of Stock Portfolio	% Bmark	% Cat Avg
Long-Term Earnings %	12.70	12.81	14.96
Historical Earnings %	5.33	10.97	8.02
Sales Growth %	17.62	-0.19	4.85
Cash-Flow Growth %	20.22	5.50	3.44
Book-Value Growth %	-18.87	12.58	-25.92

* Forward-looking based on historical data Style and Market Cap Breakdown and Value and Growth Measures are calculated only using the long position holdings of the portfolio.

Investment Style History 04-30-2012	Style	% Equity
2012		99.42
2011		99.44
2010		99.49
2009		99.58
2008		99.66

Style Box Detail calculations do not include the fund's short positions (if any).

Morningstar Category™ Diversified Emerging Mkts
Total Assets \$ Bil 2.5
Benchmark MSCI EM NR USD

Asset Allocation 04-30-2012

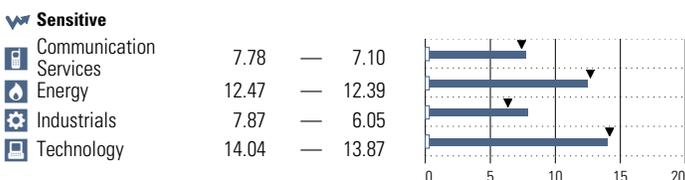
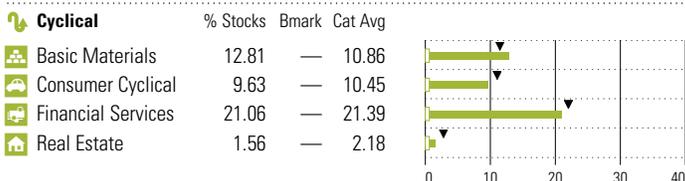


Equity Portfolio Financial Metrics

	% of Portfolio	% Bmark	% Cat Avg
ROIC	17.75	—	18.77
Wide Moat Coverage	5.57	1.51	12.05
Narrow Moat Coverage	81.21	83.87	81.09
No Moat Coverage	13.22	14.63	6.86
Financial Health	36.18	36.09	36.27
Profitability	29.86	30.68	32.83
Growth	42.23	42.76	40.52
Cash Return %	—	—	—
Free Cashflow Yield Ex-financials	—	—	—

Sector Weightings 04-30-2012

■ Fund Weight □ Bmark Weight ▼ Cat Avg Weight



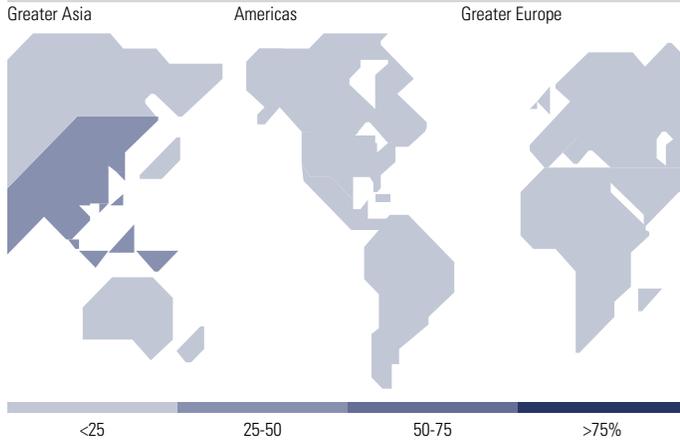
Sector data is calculated only using the long position holdings of the portfolio.

DFA Emerging Markets I DFEMX

Portfolio

Morningstar Category™ Diversified Emerging Mkts
Total Assets \$ Bil 2.5
Benchmark MSCI EM NR USD

World Regions 04-30-2012



	% Stocks	Bmark	Cat Avg
Americas	22.89	—	24.18
North America	0.00	—	1.62
Latin America	22.89	—	22.55
Greater Europe	16.80	—	21.85
United Kingdom	0.00	—	1.76
Europe-Developed	0.03	—	1.32
Europe-Emerging	8.36	—	10.13
Africa/Middle East	8.42	—	8.64
Greater Asia	60.30	—	53.97
Japan	0.00	—	0.19
Australasia	0.00	—	0.23
Asia-Developed	26.10	—	21.35
Asia-Emerging	34.20	—	32.20

Market Classification

% Developed Markets	26.13	—	27.34
% Emerging Markets	73.88	—	72.66

Region breakdown data is calculated only using the long position holdings of the portfolio.

Equity View 04-30-2012

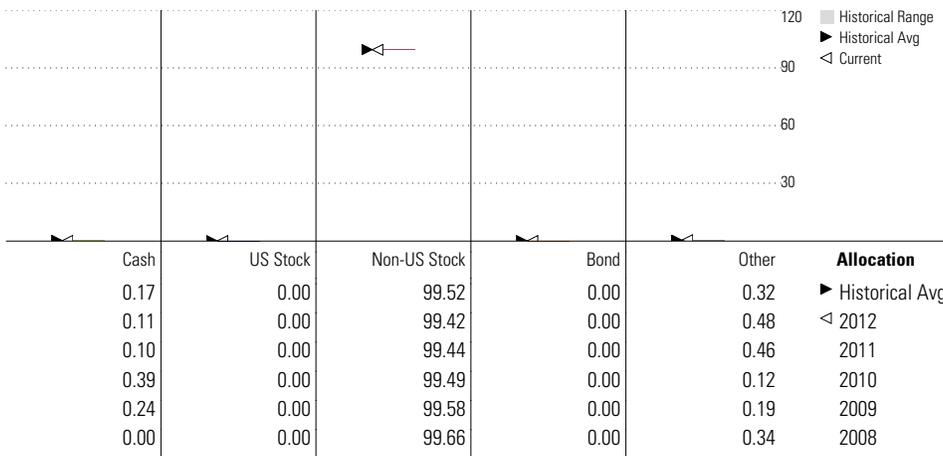
Top 25 Holdings	% Portfolio Weight	Shared Owned	Shares Change	Sector	Style	Ticker	Market Value	Country	YTD Return %	P/E
⊕ Samsung Electronics Co Ltd	3.05	66,280	93	📱	📊	A005930	81,124,333	South Korea	3.12	—
⊕ Taiwan Semiconductor Manufacturing	2.03	18,211,069	25,574	📱	📊	2330	53,825,300	Taiwan	3.03	15.41
⊕ Gazprom OAO ADR	1.76	4,031,742	5,662	🔥	📊	OGZD	46,695,885	Russia	-13.23	2.63
⊕ America Movil, S.A.B. de C.V.	1.62	32,137,803	45,131	📱	📊	AMX L	42,929,519	Mexico	10.96	15.53
⊕ China Mobile Ltd. ADR	1.59	761,009	1,068	📱	📊	CHL	42,114,250	China	16.73	11.42
⊕ Petroleo Brasileiro SA Petrobras ADR	1.29	1,544,250	109,047	🔥	📊	PBR.A	34,220,590	Brazil	-20.67	6.32
⊕ Vale SA Pfd Shs -A-	1.10	1,347,592	1,893	🏭	📊	VALE5	29,162,529	Brazil	3.63	—
⊕ Samsung Electronics Co Ltd GDR	1.08	47,097	66	📱	📊	SMSN	28,740,328	South Korea	2.04	14.31
⊕ Sasol, Ltd. ADR	1.06	592,569	832	🔥	📊	SSL	28,105,557	South Africa	-11.56	8.01
⊕ Itau Unibanco Holding S.A.	0.99	1,684,333	2,365	🏦	📊	ITUB4	26,429,405	Brazil	-16.19	—
⊕ Mtn Group Limited	0.98	1,511,617	2,123	📱	📊	MTN	25,968,562	South Africa	1.90	13.06
⊕ China Construction Bank Corp H Shares	0.97	33,232,210	1,089,741	🏦	📊	00939	25,832,361	China	-7.05	5.78
⊕ Bank Bradesco Pfd Shs	0.95	1,580,291	2,219	🏦	📊	BBDC4	25,203,084	Brazil	-1.05	—
⊕ Petroleo Brasileiro SA Petrobras ADR	0.94	1,062,845	97,750	🔥	📊	PBR	25,019,375	Brazil	-22.84	6.51
⊕ Companhia de Bebidas das Americas Ambev ADR	0.94	593,374	833	🏭	📊	ABV	24,909,854	Brazil	4.39	27.70
⊕ Hyundai Motor Co Ltd	0.91	102,068	143	🚗	📊	005380	24,095,291	South Korea	2.58	—
⊕ Industrial And Commercial Bank Of China Ltd. H Shares	0.89	35,510,735	49,868	🏦	📊	01398	23,548,989	China	-8.08	5.50
⊕ LUKOIL Oil Company JSC ADR	0.83	358,979	504	🔥	📊	LKOD	22,084,856	Russia	3.97	3.92
⊕ CNOOC, Ltd. ADR	0.79	99,494	140	🔥	📊	CEO	21,057,834	China	15.14	8.03
⊕ Tencent Holdings Ltd.	0.79	668,315	938	📱	📊	00700	20,924,589	China	41.67	33.67
⊕ PetroChina Co Ltd ADR	0.75	134,703	189	🔥	📊	PTR	20,046,469	China	-1.83	10.50
⊕ Bank Of China Ltd. H Shares	0.73	46,455,911	65,238	🏦	📊	03988	19,345,251	China	3.50	5.04
⊕ Reliance Industries Ltd.	0.73	1,366,265	1,919	🔥	📊	RELIANCE	19,271,253	India	5.30	11.21
⊕ Hon Hai Precision Ind. Co., Ltd.	0.69	6,084,182	8,544	📱	📊	2317	18,267,660	Taiwan	5.07	12.76
⊕ Vale SA ADR	0.67	795,828	33,553	🏭	📊	VALE	17,667,386	Brazil	-7.58	3.10

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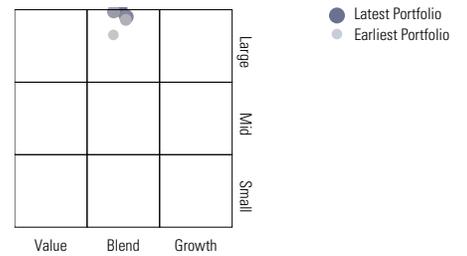
DFA Emerging Markets I DFEMX

Portfolio

Asset Allocation History



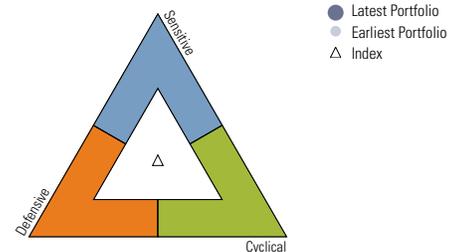
Equity Style History



Market Cap (size) USD

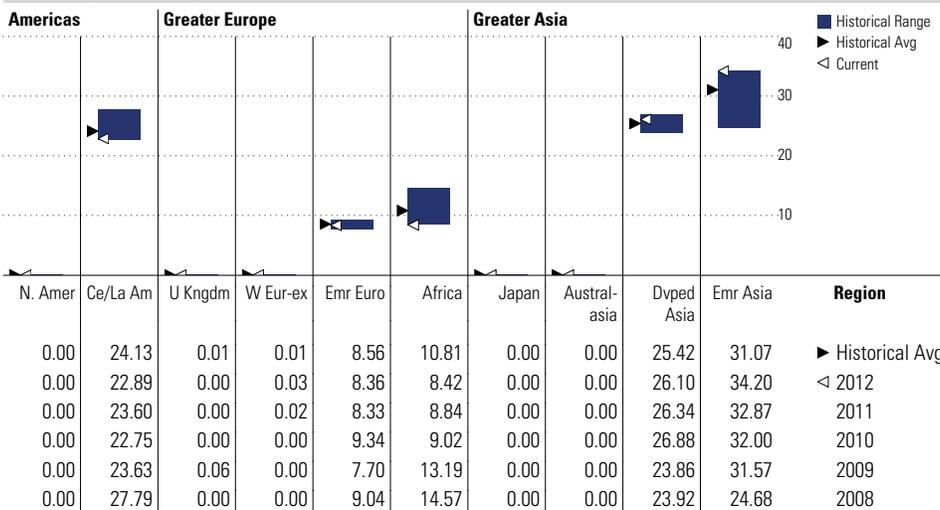
Year	Market Cap (USD)
Historical Average	17,919.23
2012	18,895.51
2011	18,076.32
2010	23,633.36
2009	20,542.37
2008	8,448.58

Stock Sector History



Super Sector	Cyclical	Sensitive	Defensive
Historical Avg	42.41	43.96	13.63
2012	45.05	42.15	12.80
2011	45.31	42.32	12.37
2010	43.58	45.35	11.07
2009	41.02	45.05	13.94
2008	37.10	44.93	17.97

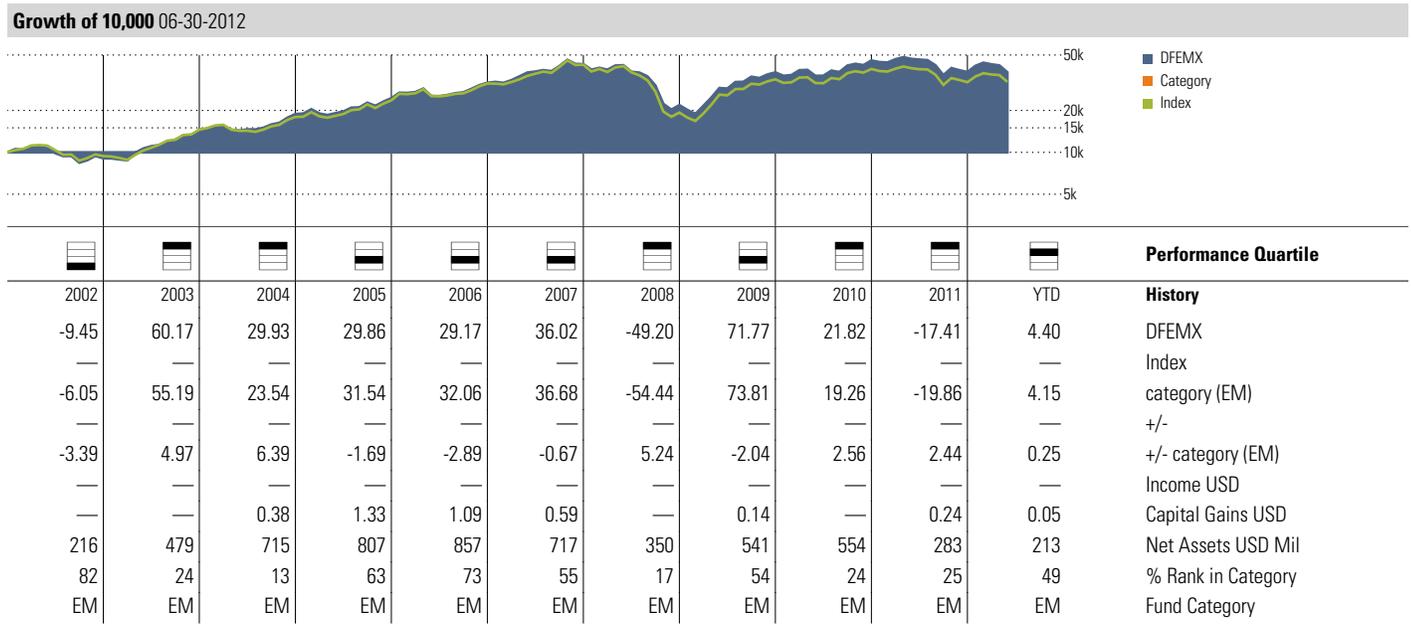
World Regions History



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DFA Emerging Markets I DFEMX

Performance



Tax Analysis 06-30-2012

	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Incpt.
Pretax Return	4.89	-8.12	4.40	4.40	-14.96	11.12	0.70	14.85	7.32	7.79
Tax-adjusted Return	4.66	-8.32	4.17	4.17	-16.11	9.79	-0.50	13.73	6.43	7.03
% Rank in Category	15	41	45	45	42	28	18	15	22	—
Tax Cost Ratio	—	—	—	—	1.35	1.19	1.19	0.98	0.82	—
Potential Cap Gains Exposure %	34.02									

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DFA Emerging Markets I DFEMX

Performance

Quarterly Returns					Trailing Investor Returns 06-30-2012					
		DFEMX	MSCI EAFE NR USD	Cat (EM)		1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
2012	Q2	-8.12	-7.13	-8.20	Investor Return %	-14.60	10.46	-1.34	13.73	9.81
	Q1	13.63	10.86	13.59	Total Return %	-14.96	11.11	0.70	14.85	7.32
2011	Q4	5.32	3.33	4.22	% Rank in Category (Inv Rtn)	38	30	31	23	12
	Q3	-22.66	-19.01	-22.81						
	Q2	-0.62	1.56	-0.87						
	Q1	2.02	3.36	0.44						
2010	Q4	8.81	6.61	7.11						
	Q3	18.28	16.48	18.59						
	Q2	-8.67	-13.97	-8.87						
	Q1	3.64	0.87	2.84						

DFA Emerging Markets I DFEMX

Risk

Morningstar Risk & Rating Statistics 06-30-2012

DFEMX	3 Yr	5 Yr	10 Yr	Overall
Morningstar Return	Above Average	Above Average	Above Average	Above Average
Morningstar Risk	Average	Below Average	Below Average	Below Average
Morningstar Rating	★★★★	★★★★	★★★★	★★★★

Rating, risk, and return values are relative to each fund's Morningstar Category.

3 Year Volatility Measures 06-30-2012

	Standard Deviation	Mean	Sharpe Ratio	Sortino Ratio	Bear Market Percentile Rank
Fund	22.83	11.12	0.57	0.93	—
Index	20.44	5.96	0.38	0.58	—
Category	22.96	8.96	0.49	0.78	—

3 Year MPT Statistics 06-30-2012

DFEMX	Index	R-Squared	Beta	Alpha	Treynor Ratio	Currency
vs. Best-Fit Index	MSCI EM NR USD	98.05	0.98	1.39	—	USD
vs. Standard Index	MSCI EAFE NR USD	80.67	1.00	5.25	10.98	USD
Category	MSCI EAFE NR USD	77.36	0.99	3.45	9.23	USD

Upside & Downside Capture Ratio 06-30-2012

	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
Fund	120.16 ↑	103.83 ↑	122.14 ↑	131.96 ↑	125.97 ↑
	115.15 ↓	86.48 ↓	98.09 ↓	99.81 ↓	110.03 ↓
Category	111.98 ↑	97.18 ↑	121.35 ↑	131.03 ↑	127.07 ↑
	112.55 ↓	85.87 ↓	104.76 ↓	107.86 ↓	117.33 ↓

DFA Emerging Markets I DFEMX

Operations

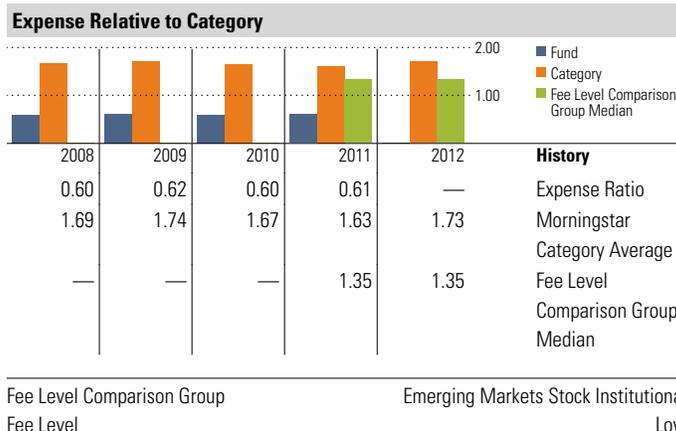
Overview	
Closed to All Investors	No
Closed to New Investors	No
Share Class Net Assets	07/12/2012
Fund Size	06/29/2012
Primary Prospectus Benchmark	MSCI EM NR USD
Turnover Ratio 10/31/2011	16.0%
Prospectus Objective	Diversified Emerging Markets
Initial Investment	0 USD
Additional Investment	—

Management	
Current Manager	Karen E. Umland
Manager Tenure (Average/Longest)	4.250/13.580

Other Fees/Expenses	
Net Expense Ratio: Annual Report 10/31/2011	0.61%
Net Expense Ratio: Prospectus 07/09/2012	0.61%
Management Actual	0.50%
Management Maximum	0.50%
12b-1 Actual	—
Administrative Maximum	0.40%
Expense Waivers	—

Total Cost Projections	
	Per 10K
3 Years	195
5 Years	340
10 Years	762

Fees	
Initial	—
Deferred	—
Redemption	—



Investment Objective and Strategy

The investment seeks to achieve long-term capital appreciation. The fund pursues its investment objective by investing substantially all of its assets in the Emerging Markets Series. The Emerging Markets Series purchases a broad market coverage of larger companies associated with emerging markets, which may include frontier markets, authorized for investment by the Advisor's Investment Committee. The Emerging Markets Series may gain exposure to companies associated with Approved Markets by purchasing equity securities in the form of depositary receipts, which may be listed or traded outside the issuer's domicile country.

Advisor Information	
Fund Inception	04/25/1994
Name of Issuer	Dimensional Fund Advisors
Fund Advisor(s)	Dimensional Fund Advisors LP
Subadvisor(s)	—

Minimum Investments		Contact Information	
	USD	Address	DFA Investment Trust Co
Initial	0		6300 Bee Cave Road, Building One
Additional	—		Austin, TX 78746
Initial IRA	—		United States
Additional IRA	—	Telephone	(512) 306-7400
Initial AIP	—	Website	www.dfafunds.com
Additional AIP	—		

DFA Emerging Markets I DFEMX

Operations

Brokerage Availability

Bear Stearns	Bear Stearns No-Load Transaction Fee
DailyAccess Corporation FRIAG	DailyAccess Corporation MATC
DailyAccess Corporation Matrix	DailyAccess Corporation Mid-Atlantic
DailyAccess Corporation RTC	DailyAccess Corporation Schwab
DATALynx	Diversified 401(k)
Fidelity Institutional FundsNetwork	Invest n Retire
JP MORGAN NO-LOAD TRANSACTION FEE	JPMorgan
LPL SAM Eligible	Matrix Financial Solutions
Met Life Resources MFSP Alliance List	MSSB Diversified
Nationwide Retirement Flexible Advantage	Pershing FundCenter
Protected Investors of America	Raymond James WRAP Eligible
Schwab Institutional	Schwab RPS All
Schwab RPS SDE	Scottrade TF
Standard Retirement Services, Inc.	SunGard Transaction Network
TD Ameritrade Institutional	TD Ameritrade Trust Company

DFA Emerging Markets I DFEMX

Operations

Manager(s)

Duane F. Kelly
06/07/2006 -

Duane F. Kelly, Principal of Vanguard. He has been with Vanguard since 1989; has managed investment portfolios since 1992; and has co-managed the Fund since 2009. Education: B.S., LaSalle University.

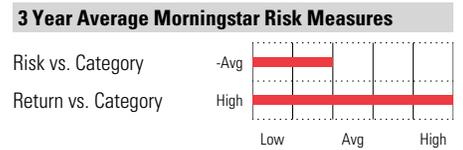
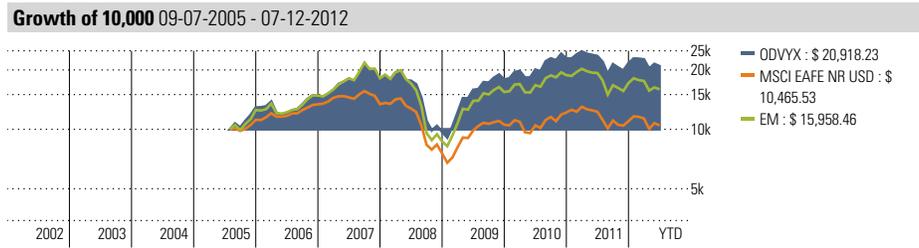
Oppenheimer Developing Markets Y ODVYX

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- 13** Risk
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Oppenheimer Developing Markets Y ODVYX

Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
30.54	↓-0.43 -1.39	2.15	24.5	Open	\$0	None	1%	★★★★★	Diversified Emerging Mkts	Large Growth



Investment Strategy

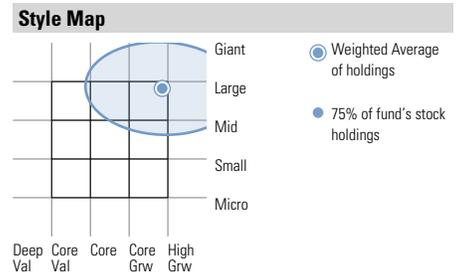
The investment seeks capital appreciation aggressively. The fund mainly invests in common stocks of issuers in emerging and developing markets throughout the world and may invest up to 100% of total assets in foreign securities. It normally invests at least 80% of net assets, plus borrowings for investment purposes, in equity securities of issuers whose principal activities are in at least three developing markets. The fund primarily invests in companies with high growth potential.

Pillars

Process	Positive
Performance	Positive
People	Positive
Parent	Neutral
Price	Positive
Rating	Silver

Performance 07-12-2012

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Fund	5.42	1.66	-9.54	14.78	2.23	17.49
+/- MSCI EAFE NR USD	5.19	-0.67	3.76	8.26	9.29	12.09
+/- Category	3.55	1.20	6.75	5.49	6.12	5.20
% Rank in Cat	16	21	9	2	3	1
# of Funds in Cat	553	582	506	353	243	148
Growth of 10,000	10,542	10,166	9,046	15,123	11,168	50,111



Top Holdings 05-31-2012

	Weight %	Last Price	Day Chg %	52 Week Range	
⊖ Oppenheimer Institutional Money Market E	4.59	— USD	0.00 ↓	—	
⊕ America Movil, S.A.B. de C.V. ADR	3.73	26.62 USD	2.54 ↑	20.65 - 28.47	
NHN Corp.	3.32	— USD	0.00 ↓	—	
Infosys Ltd	3.10	— USD	0.00 ↓	—	
Fomento Economico Mexicano SAB de CV ADR	2.58	87.50 USD	0.03 ↑	59.93 - 91.57	
% Assets in Top 5 Holdings		17.32			

⊕ Increase ⊖ Decrease ✱ New to Portfolio

Asset Allocation

	% Net	% Short	% SLong	Bench mark	Cat Avg
● Cash	4.59	0.00	4.59	0.00	0.45
● US Stock	0.00	0.00	0.00	—	1.30
● Non US Stock	92.69	0.00	92.69	—	93.89
● Bond	0.00	0.00	0.00	0.00	3.48
● Other	2.72	0.03	2.75	2.68	0.88

Management

	Start Date	Tot Assets Mgd
Justin Leverenz	2007-05-01	53.1 bil

Top Sectors 05-31-2012

	Fund	3 Yr High	3 Yr Low	Cat Avg
🏠 Consumer Defensive	25.60	25.60	15.76	11.41
💻 Technology	18.93	21.20	18.02	13.87
🏦 Financial Services	15.25	15.25	10.05	21.39
🛒 Consumer Cyclical	13.14	13.60	6.62	10.45
⚡ Energy	8.19	12.33	8.18	12.39

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
2011-12-09	29.56	0.0000	0.0000	0.0000	0.6750	0.6750
2010-12-21	35.02	0.0000	0.0000	0.0000	0.1433	0.1433
2009-12-07	28.20	0.0000	0.0000	0.0000	0.1757	0.1757
2008-12-08	14.85	8.0128	0.3087	0.0000	0.7889	9.1105
2007-12-10	49.82	5.1154	1.1126	0.0000	0.6171	6.8451

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Oppenheimer Developing Markets Y ODVYX

Analysis

Playing good defense is one of this fund's pluses.

By Karin Anderson 1/19/2012

Once again, Oppenheimer Developing Markets is playing good defense.

This fund's 12% loss for the trailing year through Jan. 18, 2012, stings in absolute terms but is certainly a step up from the typical emerging-markets stock fund's 15% stumble. Manager Justin Leverenz's careful steering also preserved more capital than most peers in the late 2007 to early 2009 downturn, a stretch in which the fund bested the MSCI Emerging Markets Index too.

Leverenz took the reins in May 2007 using the same theme-based approach that has delivered topnotch results since the fund's 1996 inception. The process hinges on buying companies with competitive advantages and healthy free cash flows that can generate high returns on capital throughout the market cycle.

This tack has resulted in an outsized stake in consumer-staples stocks and far less cyclical exposure than most peers, giving the fund an edge in rough-and-tumble 2011. A few of Leverenz's most prominent picks in that space, including Mexican holding company FEMSA and Taiwanese food company Tingyi, even managed to post double-digit gains for the trailing year through Jan. 3. Having less than half the index's and typical peer's exposure to the hard-hit Chinese equity market, and being light on financials, has also helped.

The portfolio's positioning highlights the manager's willingness to chart his own path, and investors should expect more of the same. Leverenz's deft execution of the fund's strategy thus far has resulted in strong showings in both up and down markets, but no fund is invincible. Its ample exposure to more-defensive stocks means it could significantly lag peers during a sharp recovery. And although performance here has been less volatile than the fund's typical peer, investors still need strong stomachs. Emerging-markets stocks remain prone to swift and steep sell-offs.

Process Pillar: Positive

Justin Leverenz aims to buy companies with competitive advantages and healthy free cash flows that can generate high returns on capital throughout the market cycle. Often these stocks fit into an investment theme such as the retail migration from mom-and-pop shops to supercenters in emerging-markets countries.

Within these themes, Leverenz seeks stocks he can hang onto for several years. This tack has kept the fund's turnover well below the category norm, a trait illustrated by long-term winners Indian IT firm Infosys and Mexican holding company FEMSA, which have ranked among the fund's top 10 positions for years.

Leverenz does not hedge currency exposure and pays no heed to the sector and regional weights of the MSCI Emerging Markets Index. His hunt for consistent earners keeps the fund light on cyclical fare such as financials and materials stocks. He'll also avoid industries or regions where he sees nosebleed valuations. For instance, he kept the fund's China exposure below 5% in the second half of 2007--a level well below the group norm--due to valuation concerns. That move proved fortuitous as Chinese stocks suffered greatly in 2008.

Going its own way has been a winning recipe for the fund so far, but investors can count on it trailing the pack at times due to its unique profile.

Justin Leverenz's theme-based, benchmark-agnostic approach has resulted in a big focus on consumer defensive stocks. At just over 20% of assets, that stake is twice the size of the typical rival's and the MSCI Emerging Markets Index's. That exposure helped the fund stave off loss better than most peers in 2011's rough markets, with prominent individual picks such as Mexican holding company FEMSA and Taiwanese food company Tingyi even posting double-digit gains for the trailing year through Jan. 17.

The portfolio's regional weights can also vary widely from the benchmark and category norm.

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process	 Positive
Performance	 Positive
People	 Positive
Parent	 Neutral
Price	 Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

 Gold  Silver  Bronze Neutral Negative

Fund Performance

	Total Return %	+/- Category
YTD	5.42	3.55
2011	-17.85	2.01
2010	27.39	8.13
2009	82.10	8.28
2008	-47.84	6.60

Analyst Favorites by Category

	YTD Return %
American Funds New World A	4.14
Diversified Emerging Mkts	1.87

Oppenheimer Developing Markets Y ODVYX

Analysis

China, for instance, has been a perennial underweight due in part to Leverenz's valuation work and highly selective approach to cyclical stocks.

Leverenz won't use cash tactically, but he has let the fund's stake drift up to 7% at times as money flooded into the fund in 2009 and 2010. In both years, the fund's asset base grew by more than 50% from flows alone. While Leverenz steered the fund well throughout that period, this still raises concerns about capacity constraints. Now the second-largest fund in the category, another big surge in flows could swamp the number of ideas that meet his investment criteria. Not only would an unwieldy asset base make it harder to keep the fund invested in his best ideas, but it would also be more difficult to trade less liquid small- and mid-cap stocks.

Performance Pillar: + Positive

Manager Justin Leverenz took over in May 2007, roughly one year before the global financial crisis resulted in a huge sell-off among emerging-markets stocks. Early on, his theme-based and benchmark agnostic approach led him to tread lightly on Chinese and Russian stocks, which were some of the hardest hit in the October 2007 to March 2009 downturn. The fund's cumulative 53% loss during that stretch was gut-wrenching but still 5 percentage points less severe than the group norm.

Leverenz's process hinges on buying companies with competitive advantages and healthy free cash flows that can generate high returns on capital throughout the market cycle. Lately, this has resulted in an outsized stake in consumer-staples stocks and far less cyclical exposure than most peers', again helping the fund hold up better than the typical rival and the MSCI Emerging Markets Index in 2011's market swoon.

The fund's relatively defensive profile hasn't necessarily held it back in rallies, however. Good stock-picking helped the fund race ahead of most peers in the mid- to late-2009 rally. Through strong downside and upside performances, the fund has amassed an impressive risk/reward profile since

Leverenz took over in May 2007. Through Jan. 18, 2012, the fund's 5.8% annualized gain landed well ahead of the index's and typical peer's 2.6% and 1.0% respective showings.

People Pillar: + Positive

Justin Leverenz joined Oppenheimer's international equity team in July 2004. He has 18 years of investment experience, having previously worked as director of Pan Asian technology research for Goldman Sachs. He also worked at Martin Currie Investment Management where he ran offshore China and Taiwan funds and at Barclays de Zoete Wedd (now Credit Suisse) as an analyst.

Upon joining the team in 2004, Leverenz worked as an analyst for Rajeev Bhaman on world-stock fund Oppenheimer Global OPPAX. He took over this fund in May 2007 and has a solid support system in the team's six other international equity managers, all of whom use similar low-turnover, theme-based approaches. On average, the seven portfolio managers have more than 20 years of investment experience, more than half of it at Oppenheimer. Leverenz's two dedicated analysts, however, have little investment experience. Since joining the firm in 2008 and 2011, Leverenz has been training them in the team's distinctive approach.

While Leverenz has done a great job steering this fund so far, it's disappointing that he doesn't have a larger monetary investment in it to reflect his commitment to shareholders' best interests. (He invests between \$100,000 and \$500,000 in the fund.)

Parent Pillar: ○ Neutral

OppenheimerFunds avoided any involvement in the mutual fund scandals of 2003 and 2004 and has not had any serious regulatory or ethical problems. However, the financial crisis of 2008 hit Oppenheimer much harder than most major fund shops, resulting in waves of changes that are still reverberating.

The problems stemmed from hidden risks that led

to catastrophic losses in Oppenheimer Core Bond OPIGX and other fixed-income funds, and in many asset-allocation portfolios where Core Bond is a key holding. A new team led by veteran Krishna Memani took over Core Bond in early 2009, part of a broader attempt to rein in risk and improve performance under new CEO Bill Glavin and chief investment officer Art Steinmetz. This effort resulted in new management teams for the Main Street MSIGX and Capital Appreciation OPTFX funds and contributed indirectly to the departure of International Small Company OSMAX manager Rohit Sah, whose fund posted great returns but was very risky.

Glavin and other top Oppenheimer executives have said all the right things as the firm works to repair its reputation, and for the most part the changes they've introduced look like positive ones. But the road has not been entirely without bumps. Fund managers often invest alongside shareholders but not as robustly as many competitors. There's also room for fees to come down.

Price Pillar: + Positive

This fund's annual expense ratio of 1.30% is cheaper than 80% of all diversified emerging-markets options, and it looks even more reasonably priced compared with other broker-sold options in the category. The fund's institutional shares levy 1.00% annually, which is also relatively inexpensive within that distribution channel.

Oppenheimer Developing Markets Y ODVYX

Morningstar Stewardship Grade

Morningstar Rating™
★★★★★

Morningstar Category™
Diversified Emerging Mkts

Net Assets \$ Mil
24,502,567,964.00
(USD)

Morningstar Overall Grade	Ⓒ
Morningstar Corporate Culture	Ⓒ
Morningstar Manager Incentives	Ⓓ
Morningstar Fees	Ⓒ
Morningstar Regulatory History	NEUTRAL
Morningstar Board Quality	Ⓒ
Range: A B C D E F Neutral Negative	

This horrendous performance resulted from heavy exposure to risky mortgage-related securities that blew up in the crisis, exposure that was magnified by economic leverage via swaps. What's worse, because most of this leverage came via off-balance-sheet derivatives, it wasn't apparent even to investors who took the time to look at the funds' financial statements. Oppenheimer didn't violate any rules or appear to intentionally mislead investors, but the funds' disclosure clearly was inadequate.

Morningstar Stewardship Analysis

Summary:

OppenheimerFunds avoided any involvement in the mutual fund scandals of 2003 and 2004 and has not had any serious regulatory or ethical problems. However, the financial crisis of 2008 hit Oppenheimer much harder than most major fund shops, resulting in waves of changes that are still reverberating.

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Corporate Culture: C

The Oppenheimer funds are putting back the pieces after 2008's spectacular breakdown.

The financial crisis of 2008-09 took a harsh toll on Oppenheimer, spawning major problems that still reverberate today. The main problem was the catastrophic collapse of most of the firm's bond funds. The flagship Oppenheimer Core Bond OPIGX lost 36% in 2008, and Oppenheimer Champion Income OPCHX, the shop's main high-yield offering, lost 79%, making both funds among the worst performers in their categories that year. Overall, 21 of the 25 Oppenheimer bond funds ranked in their category's bottom 10% in 2008, as did other Oppenheimer funds that use Core Bond for one of their sleeves, such as Oppenheimer Capital Income OPPEX and Balanced. The collapse of Core Bond also caused big losses at several 529 college-savings plans run by Oppenheimer, as well as in the firm's Transition series of target-date funds.

The 2008 fixed-income funds' meltdown caught many off guard, including Morningstar, because Oppenheimer's stewardship profile had been fairly solid. The family traces its roots back to 1959, when it was organized as the mutual fund subsidiary of brokerage firm Oppenheimer & Co. Since 1990 it has been majority-owned by life insurer MassMutual, and it no longer has any connection to Oppenheimer & Co. or to Oppenheimer Capital, an institutional money manager now owned by Alliaz.

Under MassMutual's ownership, OppenheimerFunds grew significantly in the 1990s and early 2000s, both through acquisitions (the Quest for Value funds, the Rochester municipal-bond funds) and by launching new funds, not all of which lasted. As of early 2012, Oppenheimer's lineup included 70 funds, but the firm treats them as a collection of boutiques--growth funds, value funds, global funds, Main Street funds, taxable-bond funds, Rochester muni funds, and so forth--each with a fair amount of autonomy.

During its period of expansion, Oppenheimer launched some trendy funds, such as a technology fund launched in April 2000, right at the peak of the market. In other ways, though, it was a reasonably responsible steward of shareholders' capital, avoiding any major scandals or regulatory issues. The firm was not involved in any of the market-timing and late-trading scandals that rocked the mutual fund world in 2003 and 2004, but even so it took steps to strengthen its compliance in the wake of the scandals. It hired a chief compliance officer and extended the number of funds that charge a 2% redemption fee for shares held fewer than 30 days, thus discouraging market-timing.

Since 2008, however, the firm has gone through a housecleaning. It began in December 2008 with the departure of Angelo Manioudakis, lead manager of Oppenheimer Core Bond and Oppenheimer Champion Income, and a general shakeup of Oppenheimer's fixed-income management. Oppenheimer hired industry veteran Krishna Memani as Manioudakis' replacement on Oppenheimer Core Bond and the firm's government-bond funds, and it promoted Joseph Welsh to be head of high-yield investing and manager of Oppenheimer Champion Income. Memani and Welsh have reshaped Core Bond and Champion Income into more-conservative offerings with more risk controls than before, but the poor results of 2007 to 2009 are still a drag on the funds' long-term returns. In addition, Ron Fielding retired as lead manager of the Oppenheimer Rochester municipal-bond funds, which also got hammered in 2008 for their similarly risky bets on mortgage-related securities.

Oppenheimer Developing Markets Y ODVYX

Morningstar Stewardship Grade

Morningstar Rating™

★★★★★

Morningstar Category™

Diversified Emerging Mkts

Net Assets \$ Mil

24,502,567,964.00
(USD)

Oppenheimer also has new senior leadership. Bill Glavin became CEO of OppenheimerFunds on Jan. 1, 2009, after the retirement of John Murphy. Glavin previously was co-chief operating officer of OppenheimerFunds' parent, MassMutual, and before joining MassMutual he was CEO of Babson Capital Management and an executive with several other fund companies and asset managers. While Glavin has plenty of industry experience, he comes from a marketing and distribution background, rather than from the investment side. He has since surrounded himself with people who know how to handle the investment side of things.

Glavin's main deputy on the investment side is chief investment officer Art Steinmetz, who assumed his current role after serving as director of fixed income in the immediate wake of the 2007-09 crisis. Serving under Steinmetz are Krishna Memani of Core Bond as director of fixed-income funds, and George Evans, manager of Oppenheimer International Growth OIGAX, as director of equity funds. Steinmetz, Memani, and Evans all continue to be active portfolio managers in addition to their executive roles, so they're plugged into the firm's investment culture and are affected by any changes to that culture. (The three of them now manage Oppenheimer Global Allocation QVGIX, in which they tactically allocate among asset classes.)

Glavin and his deputies have tried to get Oppenheimer back on track in a number of ways. For one thing, they've tried to rationalize the fund lineup and shake things up in an effort to boost performance. In addition to all the fixed-income changes, they have merged away some underperforming or redundant funds (including MidCap, Convertible Securities, and Balanced) and made management changes in others. In 2009 they replaced the quantitative team behind the Main Street funds with a team led by Mani Govil, who had put up great results at RS. The following year Julie Van Cleave, formerly of DWS, took over the \$5 billion Oppenheimer Capital Appreciation OPTFX after it became too risky and economically sensitive under the previous manager. In late 2011, the managers of Oppenheimer Quest Opportunity Value QVOPX and Oppenheimer Quest International Value QIVAX were replaced internally after those funds dramatically underperformed their category peers.

Hand in hand with these management changes has been a new emphasis on risk controls, designed to prevent a recurrence of the 2007-09 debacle and to reassure investors. Oppenheimer's biggest move on this front was the December 2008 hiring of Geoff Craddock as chief risk officer, reporting directly to Glavin. Craddock oversees a team of 22 people who keep track of various types of risk (investment risk, counterparty risk, enterprise risk) across the Oppenheimer fund lineup. They have put in place soft limits, so-called "rumble strips," where a violation prompts a conversation between the portfolio manager and the chief investment officer, and hard limits, or "guard rails," where violations are referred to the Investment Risk Management Committee. Craddock has tried to create consistent risk controls that still allow portfolio managers enough freedom to outperform their peers, a balancing act that can

sometimes be tricky to execute well. There was some initial pushback--the new risk controls were a factor in Oppenheimer International Small Company OSMAX manager Rohit Sah's departure for TCW in early 2011--but for the most part Oppenheimer fund managers have accepted the new focus and work within the new structure.

For the most part, Glavin, Craddock, Steinmetz, and the other people now guiding OppenheimerFunds have been saying the right things, and the changes they've implemented have mostly been positive. On the other hand, the problems that led to the 2008 crisis were serious, and the firm now is attempting to rebuild its culture and reputation during a period of volatile market returns. Competitors who have faced similar problems often have found that such turn-arounds take years and sometimes never meaningfully materialize. Oppenheimer deserves a nod for the steps it has taken so far, but it will take time to show that those changes are here to stay and having the desired effect.

Board Quality: C

The Oppenheimer funds are governed by two boards of trustees. The "New York Board" (formerly known as Board I) oversees 52 funds, including most of the equity funds and the Rochester municipal-bond funds, while the "Denver Board" (formerly known as Board II) oversees 25 funds, including most of the taxable-bond funds and the Main Street funds. Each board has nine trustees and an independent chair and includes three committees: Audit, Review, and Governance. The only interested trustee on either board is OppenheimerFunds CEO Bill Glavin, who is on the Denver Board but does not serve on any of its committees. Each board also has separate outside legal counsel, and all the trustees have substantial investments in the funds they oversee. Previously there was also a third board (Board III), but in 2011 it was merged into the New York Board, at which time the Denver Board was also reorganized.

The Oppenheimer fund boards have done a reasonable job of looking out for the interests of shareholders, though with room for improvement. Oppenheimer's fund lineup has been constantly changing over the past 25 years, during which time the firm has launched many new funds and merged away others. The boards have gone along with these moves, including the launch of trendy funds that didn't last long, such as Emerging Technologies (launched in April 2000 near the market peak and merged away in 2007) and Baring China (launched in 2007 and merged away in 2009). On the plus side, after several Oppenheimer bond funds delivered catastrophic losses in the 2008-09 financial crisis, the fund boards worked with Oppenheimer executives to quickly replace the management of those funds and several other key funds in the lineup. Since then, they've also replaced the managers of other underperforming funds, such as Oppenheimer Quest Opportunity Value QVOPX.

The Oppenheimer fund boards historically have been reluctant to close funds to new investors when they get too big, preferring instead to raise the minimum investment to slow down inflows. In 2007, Boards I and III (now the New

Oppenheimer Developing Markets Y ODVYX

Morningstar Stewardship Grade

Morningstar Rating™

★★★★★

Morningstar Category™

Diversified Emerging Mkts

Net Assets \$ Mil

24,502,567,964.00
(USD)

York Board) did vote to close Oppenheimer International Small Company OSMAX and Oppenheimer Small & Mid Cap Value QVSCX after their asset bases grew rapidly, though they later reopened both funds when the financial crisis caused their asset bases to shrink. As of early 2012, no Oppenheimer funds were closed to new investors, though this is not much of an issue since most of the funds have suffered outflows in recent years. The one big exception is Oppenheimer Developing Markets ODMAX, which had more than \$13 billion in inflows from February 2009 through February 2012; all other Oppenheimer funds had collective outflows of \$10 billion during that time.

These boards have not been particularly vigilant about pressing for lower expenses on the funds, but they also haven't been totally lax. Some of the funds in the lineup are quite cheap relative to their peers, such as Developing Markets and Main Street, while others are quite expensive, such as the Transition target-date funds and several of the Rochester municipal-bond funds. As of February 2012, the average fee percentile for the Oppenheimer lineup was 56, meaning that the average share class was slightly more expensive than its peer group.

Manager Incentives: D

A fund family's Manager Incentives grade is mainly driven by the extent to which the family's managers invest meaningfully in the funds they run. Managers who make big investments in their funds signal conviction in the investment process and in the fees charged, as well as aligning their own financial interests with fundholders'. Funds are required to disclose manager ownership to the Securities and Exchange Commission annually in ranges, the highest of which is more than \$1 million. Such an investment in fund shares is the gold standard for aligning managers' own financial interest with those of shareholders.

As of February 2012, only five out of Oppenheimer's 71 open-end mutual funds had at least one manager with more than \$1 million invested in the fund. However, these are all among Oppenheimer's largest funds, including the \$12.5 billion Oppenheimer International Bond OIBAX and the \$8.4 billion Oppenheimer Global Strategic Income OPSIX, in each of which comanager Art Steinmetz has more than \$1 million invested. Other Oppenheimer managers with investments exceeding \$1 million include Rajeev Bhaman of Oppenheimer Global OPPAX, George Evans of Oppenheimer International Growth OIGAX, and Julie Van Cleave of Oppenheimer Capital Appreciation OPTFX. Altogether, these funds account for just under 30% of Oppenheimer's mutual fund assets. Oppenheimer does get partial credit for having at least 20% of its assets in funds where at least one manager invests more than \$1 million, but not as much credit as families where industry-leading manager ownership levels are more widespread.

Morningstar also considers the structure of a fund family's manager compensation plan to see whether it rewards long-term fund performance as opposed

to such things as asset growth. Oppenheimer fund managers are paid a base salary plus an annual discretionary bonus and are eligible for long-term awards of options and appreciation rights in the common stock of OppenheimerFunds' parent company, MassMutual. Senior portfolio managers may also participate in OppenheimerFunds' deferred-compensation plan. The majority of the annual bonus is based on one-, three-, and five-year pretax fund performance versus an appropriate benchmark, with longer periods weighted more heavily; assets under management are not a factor. Below-median performance can result in an extremely low, and in some cases no, performance-based bonus.

Tying a portion of the bonus to three-year performance is a common practice in the fund industry, but the fact that Oppenheimer's plan also considers five-year performance is a positive factor. Incentives based on long-term performance make it less likely that a manager will take excessive risks for short-term gains. However, much of the language in Oppenheimer's description of its pay plan is vague, making it hard to judge the extent to which it really aligns the interests of fund managers with those of shareholders. Compensation plans only affect a firm's manager incentives grade if they're particularly good or particularly bad, and this plan doesn't fall into either of those categories.

Fees: C

Morningstar calculates a fund family's Fees grade based on the average fee-level percentile for all the family's funds. These percentiles compare each fund share class with similar share classes of funds in the same fee-level group, ranging from 1 (for the cheapest funds in each group) to 100 (for the most expensive). To find a family's overall fee-level percentile, Morningstar takes the straight average of the fee-level percentiles for all the funds in the family, counting each share class separately.

Oppenheimer's average fee-level percentile is 56, meaning that its funds are somewhat more expensive, on average, than their peers. However, that number still lands close enough to the median that Oppenheimer earns a C for its overall Fees grade.

Regulatory History: NEUTRAL

In September 2005, two Oppenheimer subsidiaries settled with the SEC over revenue-sharing deals that put Oppenheimer funds on brokers' preferred lists of mutual funds. As is customary, the firm neither admitted nor denied the SEC's charges, but it did agree to make changes in the way it handles such matters, to be censured, and to cease and desist from future revenue-sharing violations. The previous year, OppenheimerFunds reimbursed \$15.8 million of revenue-sharing payments to the affected funds. There was no fine levied, indicating the violations were minor, but the reimbursement and agreement to be censured suggest violations did in fact occur.

These are the only regulatory problems that OppenheimerFunds or its affili-

Oppenheimer Developing Markets Y ODVYX

Morningstar Stewardship Grade

Morningstar Rating™

★★★★★

Morningstar Category™

Diversified Emerging Mkts

Net Assets \$ Mil

24,502,567,964.00

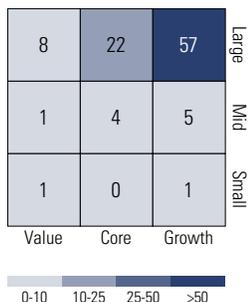
(USD)

ates have had in the past decade. (The firm was the target of numerous lawsuits stemming from the collapse of several of its bond funds in 2008-09, and the resulting losses suffered by its 529 college-savings plans and other Oppenheimer funds of funds, but these lawsuits were settled and did not result in any sanctions by regulators.) Given that the infractions in the 2005 settlement were relatively minor and the firm has not had any regulatory problems since then, the Oppenheimer funds get full credit for Regulatory History, which is expressed as a Neutral rating.

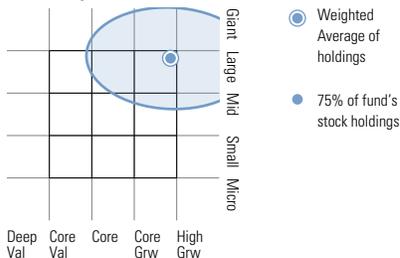
Oppenheimer Developing Markets Y ODVYX

Portfolio

Holding Style



Ownership Zone



Morningstar Category™
Diversified Emerging Mkts

Total Assets \$ Bil
24.5

Benchmark
MSCI EM NR USD

Asset Allocation 05-31-2012



Equity Portfolio Financial Metrics

	% of Portfolio	% Bmark	% Cat Avg
ROIC	22.12	—	18.77
Wide Moat Coverage	9.88	1.51	12.05
Narrow Moat Coverage	77.55	83.87	81.09
No Moat Coverage	12.57	14.63	6.86
Financial Health	42.76	36.09	36.27
Profitability	32.90	30.68	32.83
Growth	41.24	42.76	40.52
Cash Return %	25.24	—	—
Free Cashflow Yield Ex-financials	0.05	—	—

Style Details

Avg Market Cap USD	Benchmark Market Cap USD	Category Avg Market Cap USD
13,926 mil	17,207 mil	15,271 mil

Market Capitalization (size)	% of Portfolio	% Bmark	% Cat Avg
Giant	43.06	46.40	47.42
Large	44.03	40.56	29.61
Medium	10.46	12.71	18.70
Small	2.43	0.31	3.76
Micro	0.02	0.02	0.51

Value Measures	% of Stock Portfolio	% Bmark	% Cat Avg
Price/Prospective Earnings*	15.46	10.09	10.77
Price/Book*	2.04	1.34	1.44
Price/Sales*	1.45	0.85	0.95
Price/Cash Flow*	9.59	4.33	5.78
Dividend Yield %*	2.18	3.01	2.76

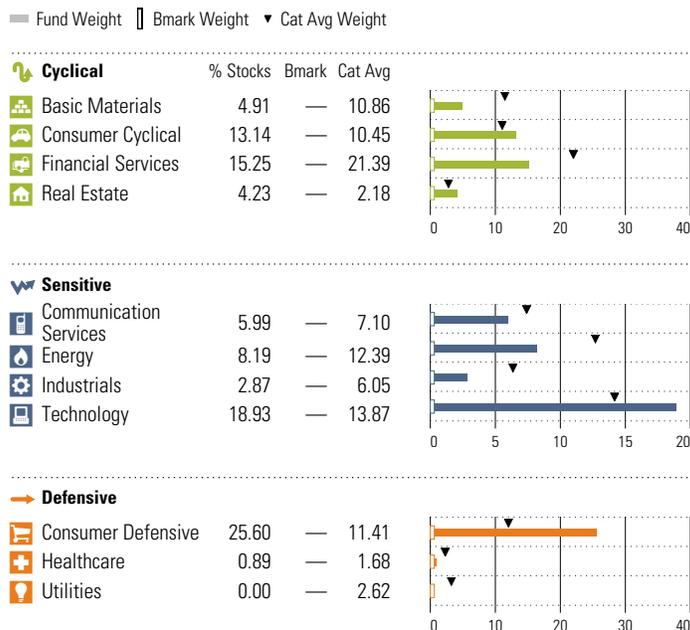
Growth Measures	% of Stock Portfolio	% Bmark	% Cat Avg
Long-Term Earnings %	13.37	12.81	14.96
Historical Earnings %	6.80	10.97	8.02
Sales Growth %	2.57	-0.19	4.85
Cash-Flow Growth %	-2.23	5.50	3.44
Book-Value Growth %	10.04	12.58	-25.92

* Forward-looking based on historical data Style and Market Cap Breakdown and Value and Growth Measures are calculated only using the long position holdings of the portfolio.

Investment Style History 05-31-2012	Style	% Equity
2012	Value	92.69
2011	Value	97.07
2010	Value	87.04
2009	Value	96.33
2008	Value	99.90

Style Box Detail calculations do not include the fund's short positions (if any).

Sector Weightings 05-31-2012



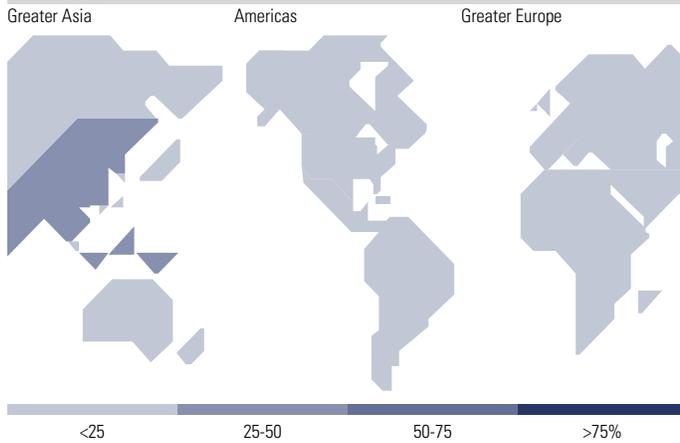
Sector data is calculated only using the long position holdings of the portfolio.

Oppenheimer Developing Markets Y ODVYX

Portfolio

Morningstar Category™ Diversified Emerging Mkts
Total Assets \$ Bil 24.5
Benchmark MSCI EM NR USD

World Regions 05-31-2012



	% Stocks	Bmark	Cat Avg
Americas	23.87	—	24.18
North America	0.00	—	1.62
Latin America	23.87	—	22.55
Greater Europe	29.36	—	21.85
United Kingdom	6.02	—	1.76
Europe-Developed	6.79	—	1.32
Europe-Emerging	10.07	—	10.13
Africa/Middle East	6.48	—	8.64
Greater Asia	46.77	—	53.97
Japan	0.00	—	0.19
Australasia	0.00	—	0.23
Asia-Developed	14.26	—	21.35
Asia-Emerging	32.51	—	32.20

Market Classification

% Developed Markets	27.88	—	27.34
% Emerging Markets	72.12	—	72.66

Region breakdown data is calculated only using the long position holdings of the portfolio.

Equity View 05-31-2012

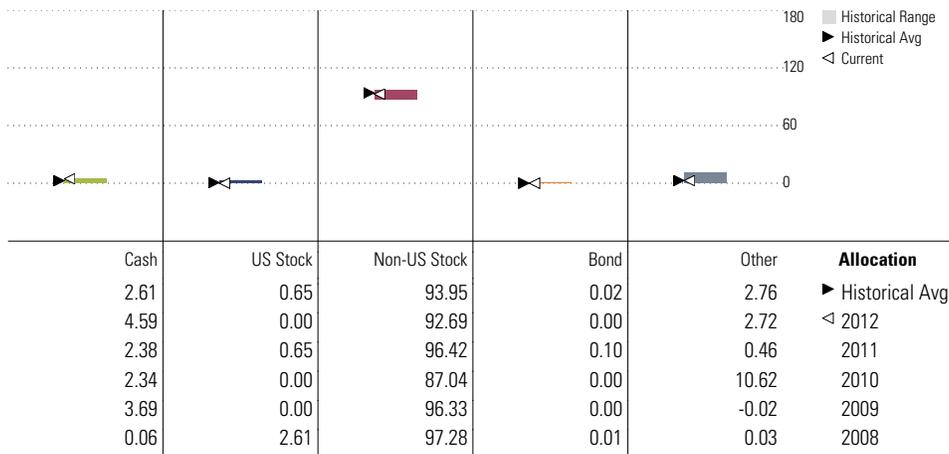
Top 25 Holdings	% Portfolio Weight	Shared Owned	Shares Change	Sector	Style	Ticker	Market Value	Country	YTD Return %	P/E
⊖ Oppenheimer Institutional Money Market E	4.59	1,052,754,816	-69,118,848	—	—	IOEXX	1,052,754,816	United States	—	—
⊕ America Movil, S.A.B. de C.V. ADR	3.73	36,256,772	134,988	☑	☑	AMX	854,209,536	Mexico	14.87	15.53
NHN Corp.	3.32	3,710,329	0	☑	☑	035420	762,342,528	South Korea	20.38	—
Infosys Ltd	3.10	16,494,884	0	☑	☑	INFY	709,965,440	India	-18.53	13.62
Fomento Economico Mexicano SAB de CV ADR	2.58	7,517,559	0	☑	☑	FMX	592,609,152	Mexico	26.49	27.93
⊕ Baidu, Inc. ADR	2.21	4,302,100	575,060	☑	☑	BIDU	506,658,304	China	-7.09	32.36
Carlsberg AS	2.09	6,416,942	0	☑	☑	CARL B	479,938,624	Denmark	15.79	12.99
Magnit JSC	2.04	4,741,774	0	—	—	—	466,857,952	Russia	—	—
Fomento Economico Mexicano SAB de CV	1.89	55,070,344	0	☑	☑	FEMSA UBD	432,881,408	Mexico	21.85	27.86
⊕ Tullow Oil PLC	1.87	19,285,676	970,320	☑	☑	TLW	427,779,136	United Kingdom	2.14	30.77
⊕ SM Prime Holdings, Inc.	1.78	1,395,340,544	275,442,432	☑	☑	SMPH	408,611,392	Philippines	28.37	—
⊖ Tencent Holdings Ltd.	1.70	14,213,200	-2,021,800	☑	☑	00700	390,784,928	China	43.72	32.68
Housing Development Finance Corp Ltd.	1.63	32,149,400	0	☑	☑	HDFC	374,778,176	India	5.36	22.27
BMF Bovespa SA Bolsa Valores Merc Fut	1.60	76,533,696	0	☑	☑	BVMF3	366,189,952	Brazil	15.75	—
⊕ E-Mart Co., Ltd.	1.52	1,556,710	107,814	—	—	—	348,207,104	South Korea	—	—
SABMiller PLC	1.50	9,305,674	0	☑	☑	SAB	344,599,584	United Kingdom	16.48	15.58
Mtn Group Limited	1.43	20,602,276	0	☑	☑	MTN	327,437,184	South Africa	1.90	12.76
⊕ Novatek OAO GDR	1.39	3,338,834	238,200	☑	☑	NVTK	319,494,560	Russia	-14.32	8.63
Taiwan Semiconductor Manufacturing	1.37	110,525,432	0	☑	☑	2330	315,120,416	Taiwan	3.17	14.93
Haci Omer Sabanci Holding A.S.	1.33	77,072,672	0	☑	☑	SAHOL	305,377,952	Turkey	40.09	3.05
HDFC Bank Ltd ADR	1.30	10,657,063	0	☑	☑	HDB	297,971,488	India	25.69	28.82
⊕ Tingyi (Cayman Islands) Holding Corp.	1.30	125,234,000	1,894,000	☑	☑	00322	297,210,016	China	-16.82	22.27
Brazilian Distribution Company ADR	1.20	7,165,104	0	☑	☑	CBD	274,566,784	Brazil	5.15	27.10
⊕ Want Want China Holdings Limited	1.19	238,276,992	11,380,992	☑	☑	00151	272,920,032	China	24.20	38.61
Anglo American PLC	1.16	8,717,113	0	☑	☑	AAL	267,037,568	United Kingdom	-14.30	6.39

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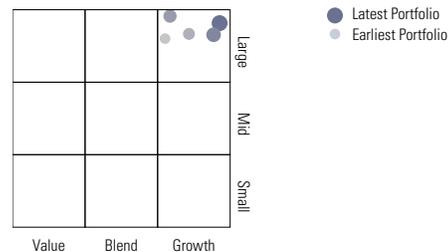
Oppenheimer Developing Markets Y ODVYX

Portfolio

Asset Allocation History

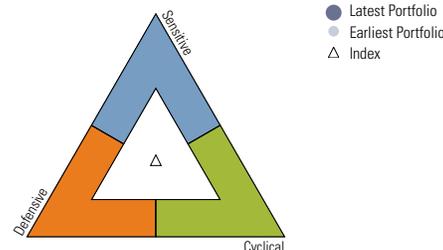
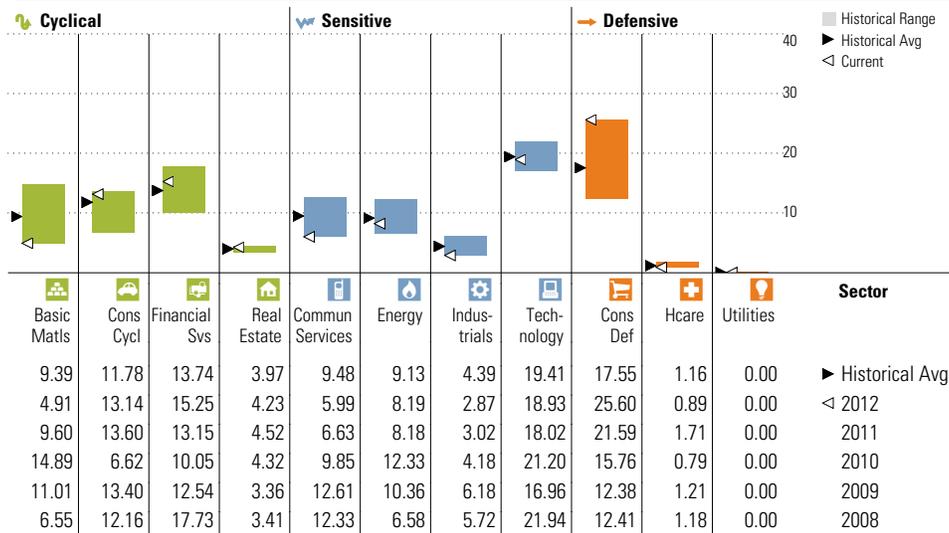


Equity Style History



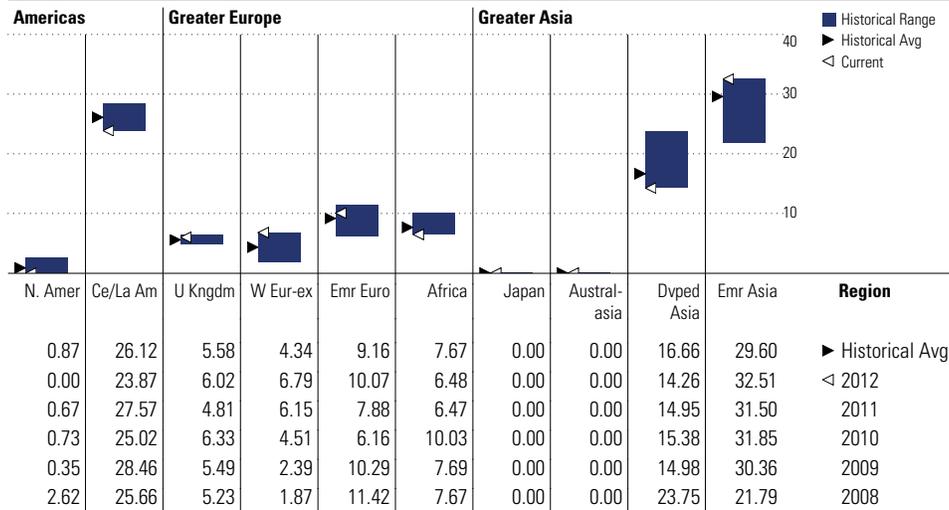
Market Cap (size)	USD
Historical Average	14,530.67
2012	13,926.28
2011	13,764.96
2010	21,626.54
2009	15,137.99
2008	8,197.56

Stock Sector History



Super Sector	Cyclical	Sensitive	Defensive
Historical Avg	38.89	42.41	18.70
2012	37.52	35.99	26.49
2011	40.86	35.84	23.30
2010	35.88	47.57	16.55
2009	40.31	46.11	13.59
2008	39.85	46.56	13.58

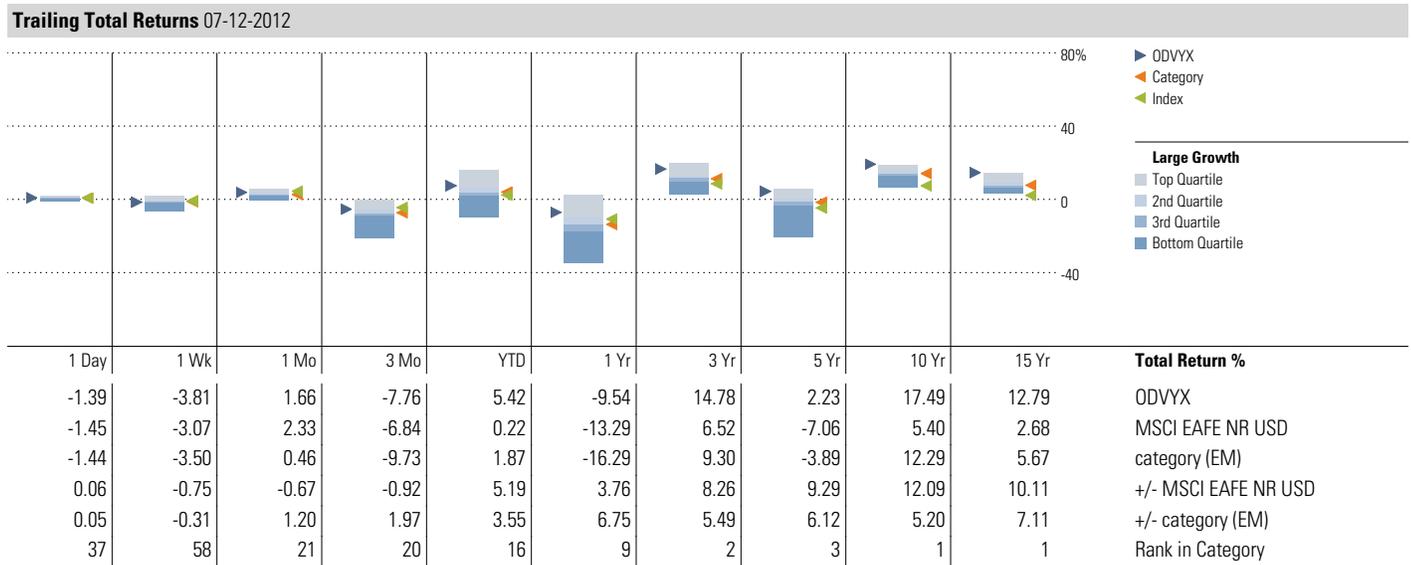
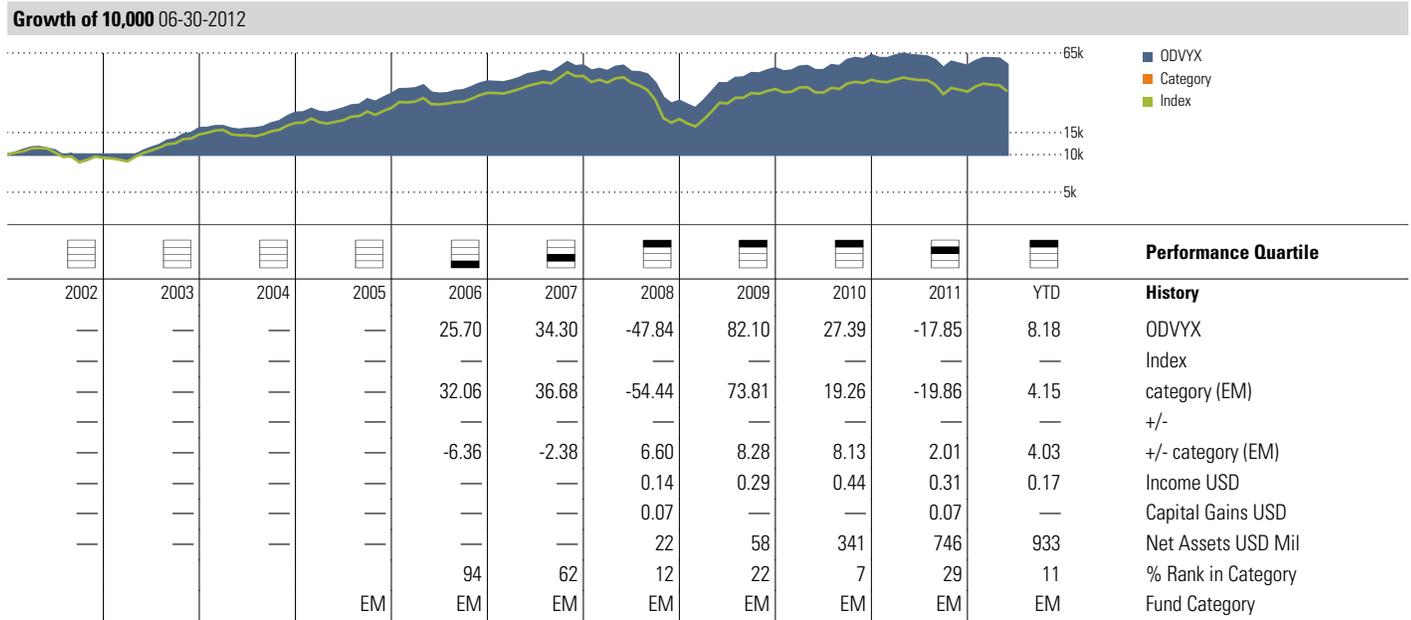
World Regions History



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Oppenheimer Developing Markets Y ODVYX

Performance



Tax Analysis 06-30-2012

	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Incpt.
Pretax Return	5.66	-5.86	8.18	8.18	-9.98	14.35	4.26	—	—	11.87
Tax-adjusted Return	5.66	-5.86	8.18	8.18	-10.69	13.92	2.11	—	—	9.62
% Rank in Category	4	13	9	9	10	3	3	—	—	—
Tax Cost Ratio	—	—	—	—	0.78	0.38	2.07	—	—	—
Potential Cap Gains Exposure %	5.55									

Oppenheimer Developing Markets Y ODVYX

Performance

Quarterly Returns					Trailing Investor Returns 06-30-2012					
		ODVYX	MSCI EAFE NR USD	Cat (EM)		1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
2012	Q2	-5.86	-7.13	-8.20	Investor Return %	-9.38	—	—	—	—
	Q1	14.91	10.86	13.59	Total Return %	-9.98	14.35	4.26	—	—
2011	Q4	4.01	3.33	4.22	% Rank in Category (Inv Rtn)	12	0	0	0	0
	Q3	-19.99	-19.01	-22.81						
	Q2	-0.61	1.56	-0.87						
	Q1	-0.67	3.36	0.44						
2010	Q4	9.16	6.61	7.11						
	Q3	20.83	16.48	18.59						
	Q2	-6.18	-13.97	-8.87						
	Q1	2.95	0.87	2.84						

Oppenheimer Developing Markets Y ODVYX

Risk

Morningstar Risk & Rating Statistics 06-30-2012

ODVYX	3 Yr	5 Yr	10 Yr	Overall
Morningstar Return	High	High	High	High
Morningstar Risk	Below Average	Below Average	Average	Below Average
Morningstar Rating	★★★★★	★★★★★	★★★★★	★★★★★

Rating, risk, and return values are relative to each fund's Morningstar Category.

3 Year Volatility Measures 06-30-2012

	Standard Deviation	Mean	Sharpe Ratio	Sortino Ratio	Bear Market Percentile Rank
Fund	21.68	14.35	0.72	1.23	—
Index	20.44	5.96	0.38	0.58	—
Category	22.96	8.96	0.49	0.78	—

3 Year MPT Statistics 06-30-2012

ODVYX	Index	R-Squared	Beta	Alpha	Treynor Ratio	Currency
vs. Best-Fit Index	MSCI EM NR USD	96.18	0.93	4.71	—	USD
vs. Standard Index	MSCI EAFE NR USD	79.54	0.95	8.33	15.07	USD
Category	MSCI EAFE NR USD	77.36	0.99	3.45	9.23	USD

Upside & Downside Capture Ratio 06-30-2012

	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
Fund	117.27 ↑	101.75 ↑	123.53 ↑	136.36 ↑	135.71 ↑
	100.17 ↓	73.10 ↓	89.66 ↓	94.09 ↓	98.37 ↓
Category	111.98 ↑	97.18 ↑	121.35 ↑	131.03 ↑	127.07 ↑
	112.55 ↓	85.87 ↓	104.76 ↓	107.86 ↓	117.33 ↓

Oppenheimer Developing Markets Y ODVYX

Operations

Overview	
Closed to All Investors	No
Closed to New Investors	No
Share Class Net Assets (Bil) 07/12/2012	10.5 USD
Fund Size (Bil) 06/29/2012	24.5 USD
Primary Prospectus Benchmark	MSCI EM NR USD
Turnover Ratio 08/31/2011	34.0%
Prospectus Objective	Diversified Emerging Markets
Initial Investment	0 USD
Additional Investment	—

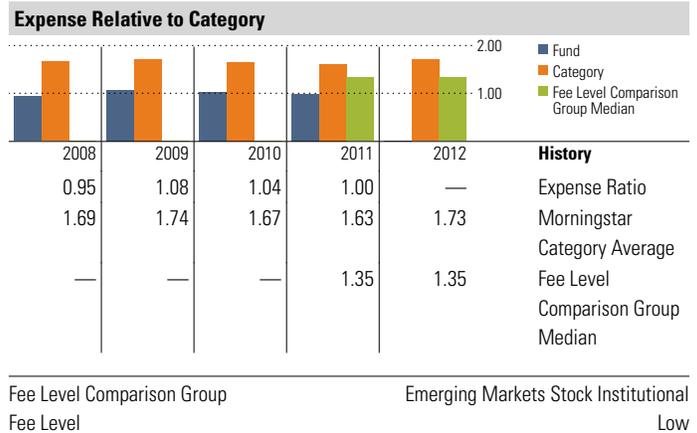
Management	
Current Manager	Justin Leverenz
Manager Tenure (Average/Longest)	5.170/5.170

Other Fees/Expenses	
Net Expense Ratio: Annual Report 08/31/2011	1.00%
Net Expense Ratio: Prospectus 02/29/2012	1.00%
Management Actual	0.79%
Management Maximum	1.00%
12b-1 Actual	—
Administrative Maximum	—
Expense Waivers	—

The Fund's transfer agent has voluntarily agreed to limit its fees to 0.35% of average daily net assets per fiscal year for all share classes. That undertaking may be amended or withdrawn after one year from the date of this prospectus.

Total Cost Projections	
	Per 10K
3 Years	320
5 Years	555
10 Years	1,231

Fees	
Initial	—
Deferred	—
Redemption	—



Investment Objective and Strategy

The investment seeks capital appreciation aggressively. The fund mainly invests in common stocks of issuers in emerging and developing markets throughout the world and may invest up to 100% of total assets in foreign securities. It normally invests at least 80% of net assets, plus borrowings for investment purposes, in equity securities of issuers whose principal activities are in at least three developing markets. The fund primarily invests in companies with high growth potential.

Advisor Information	
Fund Inception	09/07/2005
Name of Issuer	OppenheimerFunds
Fund Advisor(s)	OppenheimerFunds, Inc.
Subadvisor(s)	

Minimum Investments		Contact Information	
	USD	Address	6803 South Tucson Way
Initial	0		N/a
Additional	—		Centennial, CO 80112-
Initial IRA	—		3924
Additional IRA	—		United States
Initial AIP	500	Telephone	800-225-5677
Additional AIP	—		303-671-3200
		Website	www.oppenheimerfund.com

Oppenheimer Developing Markets Y ODVYX

Operations

Brokerage Availability

ADP Access OFA	Ameriprise Brokerage
Ameriprise SPS Advantage	Bear Stearns
Bear Stearns No-Load Transaction Fee	CommonWealth Core
CommonWealth PPS	CommonWealth Universe
DailyAccess Corporation FRIAG	DailyAccess Corporation MATC
DailyAccess Corporation Matrix	DailyAccess Corporation Mid-Atlantic
DailyAccess Corporation RTC	DailyAccess Corporation Schwab
Diversified 401(k)	DWS Retirement Sevs Investment Offerings
E-Plan Services, Inc.	Fidelity Institutional FundsNetwork
Financial Network PAM and Prime Approved	HDVest - Wells Fargo
ING Financial Partners Inc.	ING Financial Ptnrs PAM and PRIME Approv
JP MORGAN NO-LOAD TRANSACTION FEE	JPMorgan
LPL SAM Eligible	Matrix Financial Solutions
Met Life Resources MFSP Alliance List	Morgan Stanley - Ntwk/Rdm Only-Brokerage
Morgan Stanley Consulting Group Advisor	Morgan Stanley Portfolio Management
MSSB Diversified	MSSB DWS
MSSB Fidelity Advisor 401(k)	MSSB MassMutual
MSSB Oppenheimer Pinnacle	MSSB Oppenheimer RKP
MSSB PlanPremier	MSSB PlanPremierTPA
Multi-Financial Sec PAM and PRIME Approv	Nationwide Retirement Clear Adva
Nationwide Retirement Flexible Advantage	NYLIM 401(k) Complete
Pershing FundCenter	Pershing FundVest NTF
Protected Investors of America	Raymond James
Raymond James Recommended	Raymond James WRAP Eligible
RBC Wealth Management-Advisory Eligible	RBC Wealth Management-Network Eligible
RBC Wealth Management-Wrap Eligible	SB Fidelity Advisor 401(k)
Schwab Institutional	Schwab Institutional Only
Schwab RPS All	Schwab RPS SDE
Scottrade TF	Securities America Advisors
Securities America Advisors Top Rated	Smith Barney Advisor/Portfolio Mngt
Smith Barney Portfolio Manager	SunGard Transaction Network
TD Ameritrade Institutional	TD Ameritrade Trust Company
Thrivent – Advisory Eligible	TIAA-CREF Brokerage Services
TIAA-CREF NTF	WFA Fdntl Choice/PIM Updated 7/2/12
WFA MF Advisory Updated 7/2/12	

Oppenheimer Developing Markets Y ODVYX

Operations

Manager(s)	
Justin Leverenz 05/01/2007 -	Justin Leverenz serves as manager of Oppenheimer Developing Markets Fund and related strategies. He joined OppenheimerFunds in July 2004 as Senior Research Analyst supporting Oppenheimer Global Fund. Prior to joining OppenheimerFunds, Justin was the Director of Pan-Asian Technology Research for Goldman Sachs in Asia, where he covered technology companies throughout the region. Justin also held equity research positions at Martin Currie Investment Management and Barclays de Zoete Wedd Inc. Justin holds a B.A. in Chinese studies and political economy and an M.A. in international economics from the University of California, San Diego, and also holds the Chartered Financial Analyst designation.
Mark H. Madden 08/16/2004 - 04/30/2007	Mr. Madden is a Portfolio Manager for TCW Emerging Markets Equities and TCW Worldwide Opportunities. Prior to joining TCW in 2009, Mr. Madden was a partner at Ninth Wave Capital Management, an Emerging Markets hedge fund. From 2004 to 2007, he was the sole manager of \$14 billion in EM dedicated assets at OppenheimerFunds. Mr. Madden started the Emerging Markets research effort at Pioneer Investments in 1993 and was instrumental in developing Pioneer's overseas research efforts in Warsaw, Prague, Chennai, Taipei and Moscow. Mr. Madden holds a BS from Trinity College, an MBA from University of Virginia and is a CFA charterholder.
Rajeev Bhaman 11/18/1996 - 12/01/2004	Rajeev Bhaman serves as manager of Oppenheimer Global Fund and Oppenheimer Global Securities Fund/VA and related strategies. He also contributes to the stock selection of the other Oppenheimer global equity funds. Prior to managing Oppenheimer Global Fund, Rajeev served as manager of Oppenheimer Developing Markets Fund for eight years. Before joining OppenheimerFunds at the beginning of 1996, Rajeev was employed at Barclays de Zoete Wedd Inc., concentrating in Asian research and research sales. Rajeev holds a B.A. and M.B.A. from Cornell University and an M.B.A. in international business.
Frank V. Jennings 11/18/1996 - 12/29/1998	Before joining OppenheimerFunds in 1995, Frank was Managing Director of global equities for Paine Webber Mitchell Hutchins. At Paine Webber, he managed a global fund, a global growth and income fund, a global small-cap fund and a European growth fund. Prior to that, he was a Portfolio Manager with AIG Global Investors, a Senior International Economist for Prudential Insurance Company, and an Investment Strategist for Gulf and Occidental Investment Company in Geneva, Switzerland.

Vanguard Emerging Mkts Stock Idx Adm VEMAX

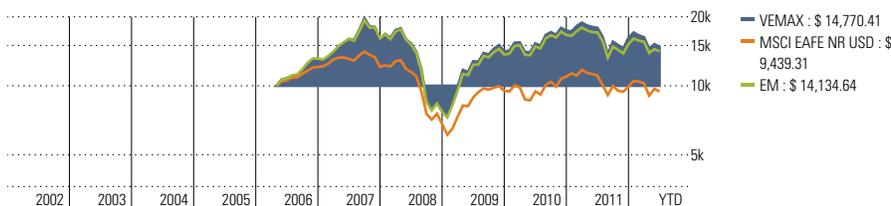
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- 10** Performance
- 12** Risk
- 13** Operations

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Morningstar Analyst Rating
Silver

NAV \$	NAV Day Change %	Yield %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
32.12	↓-0.57 -1.74	2.27	63.9	Open	\$10,000	None	0.2%	★★★★	Diversified Emerging Mkts	Large Blend

Growth of 10,000 06-23-2006 - 07-12-2012



3 Year Average Morningstar Risk Measures



Investment Strategy

The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries. The fund employs an indexing investment approach by investing substantially all (normally about 95%) of its assets in the common stocks included in the MSCI Emerging Markets Index, while employing a form of sampling to reduce risk. The MSCI Emerging Markets Index includes approximately 820 common stocks of companies located in emerging markets around the world.

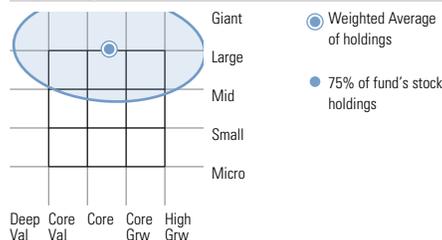
Performance 07-12-2012

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Fund	1.45	0.28	-16.31	9.96	-2.26	13.22
+/- MSCI EAFE NR USD	1.23	-2.05	-3.02	3.43	4.80	7.82
+/- Category	-0.42	-0.18	-0.03	0.66	1.63	0.93
% Rank in Cat	52	54	50	45	33	33
# of Funds in Cat	553	582	506	353	243	148
Growth of 10,000	10,145	10,028	8,369	13,294	8,920	34,611

Pillars

Process	Positive
Performance	Neutral
People	Neutral
Parent	Positive
Price	Positive
Rating	Silver

Style Map



Top Holdings 03-31-2012

	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Samsung Electronics Co Ltd GDR	2.25	499.80 USD	6.32 ↑	351.50 - 626.25
⊕ China Mobile Ltd.	1.80	85.45 USD	0.83 ↑	68.20 - 89.85
⊕ Gazprom	1.55	— USD	0.00 ↓	—
⊕ America Movil S.A.B. de C.V.	1.34	— USD	0.00 ↓	—
⊕ Taiwan Semiconductor Manufacturing ADR	1.29	12.92 USD	0.94 ↑	10.75 - 16.15

% Assets in Top 5 Holdings: 8.24

⊕ Increase ⊖ Decrease ✱ New to Portfolio

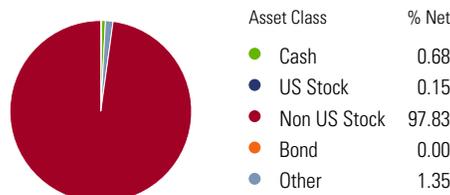
Top Sectors 03-31-2012

	Fund	3 Yr High	3 Yr Low	Cat Avg
Financial Services	22.89	23.32	22.82	21.54
Technology	14.51	14.51	13.28	14.01
Basic Materials	13.20	15.97	13.20	11.51
Energy	12.52	12.88	12.52	12.49
Consumer Cyclical	8.28	8.28	8.07	10.24

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
2011-12-20	31.40	0.0000	0.0000	0.0000	0.7520	0.7520
2010-12-21	38.91	0.0000	0.0000	0.0000	0.6530	0.6530
2009-12-23	33.36	0.0000	0.0000	0.0000	0.4450	0.4450
2008-12-23	18.84	0.0000	0.0000	0.0000	0.9690	0.9690
2007-12-21	43.27	0.0000	0.0000	0.0000	0.8200	0.8200

Asset Allocation



Management

	Start Date	Tot Assets Mgd
Michael Perre	2008-08-29	176.2 bil

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Analysis

It's been a tough year for shareholders of this fund.

By Gregg Wolper 11/15/2011

In one sense, shareholders of Vanguard Emerging Markets Stock Index have reason to be disappointed this year, but in another way, they can be satisfied that they're getting what they wanted.

This fund has plunged 23.6% for the year to date through Sept. 23, 2011. The trouble has been spread widely across markets. Of the biggest emerging markets, China (top-ranked in this fund, with 17.3% of assets at the end of August) has been held back by fears of slowing growth and rising inflation, while Brazil (second at 15.2%) has investors concerned about that country's new government as well as a potential decline in exports if China does slow down. Other prominent emerging markets such as India and Russia also have fared poorly this year. Smaller ones, notably Thailand and Indonesia, have held up better, but play far lesser roles in this portfolio.

While this year's decline isn't pleasant for shareholders, the fund is meeting its goal. Its 23.6% loss is exactly the same as the decline in its benchmark, the MSCI Emerging Markets Index. Matching the index as closely as possible is this fund's mission, so shareholders can't complain if it achieves that aim. Moreover, it has come close to mirroring its benchmark over the long term as well, although that is tougher to measure because to adjust for limited liquidity in some places, Vanguard used a customized MSCI benchmark until 2006 rather than the standard MSCI Emerging Markets Index it now uses.

This fund, therefore, has merit. Moreover, its Admiral shares and exchange-traded fund shares are very cheap, with expense ratios of 0.22% each. Its slightly more costly Investor shares, at 0.35%, are also far less expensive than actively managed alternatives as well as prominent rival ETFs. (The Admiral shares have a \$10,000 minimum, while the Investor shares' minimum is \$3,000.) If emerging markets return to favor, this fund should reliably deliver their gains. But it will provide no cush-

ion when things go sour.

Process Pillar: Positive

This fund tracks the MSCI Emerging Markets Index, a capitalization-weighted benchmark of stocks in countries deemed by MSCI to sit one rung below the developed-markets group but whose securities markets are advanced than those of "frontier" markets. Earlier in its history, this fund's benchmark was different. Vanguard worked with MSCI to create a customized version of the MSCI Emerging Markets Index that excluded countries such as Russia where trading was more difficult or presented other concerns. Countries were added over time as they qualified for inclusion in Vanguard's view, until in late 2006 the fund adopted the standard MSCI Emerging Markets Index.

Overall, the fund owns mainly large- and giant-cap stocks as defined by Morningstar, with some mid-caps. Its portfolio usually lands in the large-blend part of the Morningstar Style Box. In sector terms, its largest weightings are usually in financial services and basic materials, which is similar to actively managed funds in the category. There's great diversification by issue, with around 900 names and with individual positions generally small, though a couple of stocks will get 2% or 3% of assets at times. But in country weightings, there's more concentration: The top four often get nearly 60% of assets combined.

The fund has very low turnover and does not hedge its currency exposure. It uses fair value pricing at times.

At the end of August 2011, this portfolio had China and Brazil as its top two country weightings, as usual. With both suffering more than most emerging markets in 2011, each has a smaller percentage of the fund's assets than they did one year earlier. Currently, China has 17.4% of assets, down from 18.7% in August 2010, while Brazil had fallen to 15.2%, a drop of nearly a percentage point. The two other markets with double-digit weightings are South Korea and Taiwan, which helps explain why Asia is by far the biggest re-

Morningstar's Take

Morningstar Analyst Rating



Morningstar Pillars

Process		Positive
Performance		Neutral
People		Neutral
Parent		Positive
Price		Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

			Neutral	Negative
-------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------	---------	----------

Fund Performance

	Total Return %	+/- Category
YTD	1.45	-0.42
2011	-18.67	1.19
2010	18.99	-0.27
2009	76.18	2.37
2008	-52.76	1.68

Analyst Favorites by Category

	YTD Return %
American Funds New World A	4.14
Diversified Emerging Mkts	1.87

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Analysis

gional weighting in this fund.

At the other end of the spectrum, investors need not worry about Middle East and North African political turmoil having a direct impact on this fund. Egypt has just 0.2% of assets, Morocco even less, and no other markets from the region are represented in the fund.

The fund continues to be heavily tilted toward big companies, with 85% of the portfolio in large- or giant-cap companies at the end of August and nearly all of the remainder in mid-caps. Energy giants Petrobras, Gazprom, and CNOOC remain in the top 10, but the overall energy-sector weighting, at 13% of assets, is right in line with the category average. As with many emerging-markets funds, basic materials and financials are the largest sector weightings here.

Performance Pillar: ○ Neutral

The year 2011 has not been kind to this fund. Although global markets overall have taken a beating, many emerging markets have been hit hardest of all. That includes China and especially Brazil, this fund's two most-heavily weighted countries. The fund has lost 23.6% through Sept. 23 this year. If it finished 2011 with a loss in that range it would mark the fifth calendar year since 1997 that it suffered a loss of more than 15%.

This year's showing is in line with the performance of its benchmark, the MSCI Emerging Markets Index. So in that sense, the fund is having an acceptable year. Over the long term, as well, the fund has matched its benchmark very closely (although that is more difficult to tell over the longest periods because until 2006 the fund used a customized benchmark.) Although index-fund investors want to make money like anyone else, they also expect their fund to track its index as closely as possible, and this fund has done that.

The fund has also had a reasonable amount of success beating most peers in the diversified emerging-markets category, though it hasn't been dominant. It's in the top half over the three-, five-,

and 10-year periods; over the five years, in fact, it beats about three fourths of the group. Over the 15-year stretch, judged against the roughly 30 funds with histories that long, the fund is in the middle of the pack.

People Pillar: ○ Neutral

Contrary to popular belief, management does matter at index funds. Passive fund managers have to be familiar with a wide variety of trading techniques and situations--from securities lending and futures to index rebalancings and corporate takeovers--to ensure their funds stay close to their benchmarks.

The manager of this fund, Michael Perre, has been with Vanguard since 1990 and has worked on this fund since 2008. Perre also manages several other index funds at the firm, including Vanguard Total International Stock Index VEIEX and the equity component of Vanguard Balanced Index VBINX.

Perre has good backup, too. Vanguard's quantitative equity group, which runs more than \$700 billion in indexed assets, has 19 other members with an average experience of 12 years focused on the firm's passive funds.

Parent Pillar: ⊕ Positive

Vanguard has become one of the world's largest money managers by giving fund owners a fair deal and straight talk. Its challenge is not forgetting what got it there.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. In the United States, the family's fund shareholders own Vanguard through their funds, which compels the firm to operate at cost, rather than for profit, and put investors' interests first. It also boasts traits that foster stewardship, such as above-average manager retention, a strong compliance culture, and an independent board.

Vanguard looks out for fund owners in many ways. It shares the economies of its scale via lower fees;

has closed actively managed funds when inflows have jeopardized strategies; publishes clear and concise shareholder reports, investing education, commentary, and research; and avoids trendy fund launches.

The family didn't get to the top on altruism alone, though. It has aggressively expanded its lineup--especially exchange-traded funds--and assertively advertised its wares in recent years. It has added subadvisors to some big active funds rather than closing them, which courts mediocrity. Still, Vanguard improves the global fund industry by inciting price competition. If it remembers its roots as it spreads its branches, Vanguard will remain a reliable steward.

Price Pillar: ⊕ Positive

This fund's Admiral shares and exchange-traded shares are very cheap, with expense ratios of 0.22% each as of February 2011. Its slightly more costly Investor shares, at 0.35%, are also far less expensive than actively managed alternatives as well as prominent rival ETFs. (The Admiral shares have a \$10,000 minimum, while the Investor shares' minimum is \$3,000.) By comparison, the expense ratio of iShares MSCI Emerging Markets Index EEM, a large exchange-traded fund, was 0.66%, annualized, for the most recent semiannual period through February 2011.

The fund also charges a 0.5% purchase fee and a 0.25% redemption fee no matter how long shareholders have owned the shares. Both go into the fund's asset base, not to Vanguard.

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Morningstar Stewardship Grade

Morningstar Overall Grade	A
Morningstar Corporate Culture	A
Morningstar Manager Incentives	C
Morningstar Fees	A
Morningstar Regulatory History	NEUTRAL
Morningstar Board Quality	A

Range: A B C D E F Neutral Negative

Morningstar Rating™
★★★★

Morningstar Category™
Diversified Emerging Mkts

Net Assets \$ Mil
63,884,271,231.00
(USD)

dustry assets is nearly 17%. Its next largest rival, American Funds, has 11%.

Good fortune has much to do with the family's popularity. More than a decade of volatile and often unfruitful markets has made professional and do-it-yourself investors more amenable to the virtues of indexing, which is Vanguard's forte. The family's rise has coincided with the rise of passive investing.

The family's dominance is more than a happy accident, though. It spent decades establishing itself as the go-to shop for low-cost index and actively managed funds, and it defends its turf as fiercely as anyone in the industry. In recent years it has gotten more assertive, advertising more aggressively, launching a steady stream of new exchange-traded funds and mutual funds--including some with more-esoteric strategies, such as market-neutral and endowment-style offerings--and bolstering its salesforce to win over more fee-only financial advisors. The family is hiring 50 salespeople in 2012 to work regional territories like traditional fund wholesalers rather than serve clients from Vanguard's Malvern, Pa., headquarters. This is perhaps a natural evolution because Vanguard has been trying to make inroads with advisors for several years, but it still could be tricky for a family whose foundation has been selling funds via phone, mail, and Internet directly to retail investors. Vanguard also has reinvigorated its international expansion, adding offices and personnel in Canada and Hong Kong to go along with its outposts in London and Australia. Globalization has introduced a host of logistical and cultural issues, such as making sure investment processes are consistent across markets.

Vanguard's ETF push has been complicated, as well. Vanguard's founder, Jack Bogle, has railed against how some investors use ETFs, which, unlike mutual funds, can be bought and sold throughout the day, to rapidly trade. Yet, in the past decade Vanguard has gone from late entrant to front-runner in the field. Vanguard's ETFs have been hoovering up most of the ETF industry's sales in recent years. It led the industry in ETF flows in 2010 and 2011 and may soon usurp State Street as second-largest ETF shop in terms of market share.

The family's decades-long evolution from upstart to global juggernaut has prompted some investors and industry contemporaries to wonder if Vanguard along the way has sacrificed some of the idealism that animated it when Bogle launched the first--and still only--mutually owned mutual fund company nearly 40 years ago. There's no doubt that the family that challenged the industry's status quo with the first index mutual fund in 1976 is now part of the status quo. But even a cursory look at Vanguard's behavior since reaching its industry's pinnacle should alleviate worries that it has sold out.

Its marketing budget is larger than ever in absolute terms but smaller as a percentage of assets. No matter what you think of the linguistic license of the firm's "Are you Vanguarding?" ad slogan, its promotional campaigns stress low fees and diversified buy-and-hold investing rather than short-term performance or hot funds.

Morningstar Stewardship Analysis

Summary:

Vanguard has become one of the world's largest money managers by giving fund owners a fair deal and straight talk. Its challenge is not forgetting what got it there.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. In the United States, the family's fund shareholders own Vanguard through their funds, which compels the firm to operate at cost, rather than for profit, and put investors' interests first. It also boasts traits that foster stewardship, such as above-average manager retention, a strong compliance culture, and an independent board.

Vanguard looks out for fund owners in many ways. It shares the economies of its scale via lower fees; has closed actively managed funds when inflows have jeopardized strategies; publishes clear and concise shareholder reports, investing education, commentary, and research; and avoids trendy fund launches.

The family didn't get to the top on altruism alone, though. It has aggressively expanded its lineup--especially exchange-traded funds--and assertively advertised its wares in recent years. It has added subadvisors to some big active funds rather than closing them, which courts mediocrity. Still, Vanguard improves the global fund industry by inciting price competition. If it remembers its roots as it spreads its branches, Vanguard will remain a reliable steward.

Corporate Culture: A

"Uneasy lies the head that wears the crown," lamented Shakespeare's King Henry IV as he brooded on the cares that came with ruling a fractious 15th-century England. Vanguard hasn't made as many enemies as the monarch who deposed Richard II, but it has had its share of concerns since capturing the mutual fund industry's throne. Paramount among those is maintaining its culture as it grows.

Vanguard sets no explicit asset growth goals, yet it has gathered a prodigious sum of assets nonetheless. The family has ranked first or second in cash inflows in each of the past 10 calendar years and hasn't seen outflows in a calendar quarter since December 1987. As of January 2012 it had nearly \$1.8 trillion under management. Morningstar estimates its share of mutual fund in-

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Morningstar Stewardship Grade

Morningstar Rating™
★★★★

Morningstar Category™
Diversified Emerging Mkts

Net Assets \$ Mil
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(USD)

Most of its recent new fund launches have been cheap, broad-based index, target-date, and multimanaged active funds, and ETFs. When it has rolled out more-sophisticated strategies like its Market Neutral or Managed Payout funds, it has set minimum investments between \$25,000 and \$250,000—high enough to discourage misuse by retail investors. Vanguard subjects the new salespeople it's hiring to months-long cultural indoctrination before sending them into the field. And the firm sees its forays overseas almost like missions to spread the gospel of low-cost investing to markets where high-priced active management is the norm. Indeed, Vanguard has introduced price competition to the markets it has entered. HSBC, for example, slashed its U.K. index fund fees days after Vanguard entered the United Kingdom in 2009.

Even ETFs have thus far not been antithetical to Vanguard's long-term investing ethos. Vanguard ETFs are often the cheapest and most broadly diversified options among their peers. Because they are share classes of traditional index funds, the ETFs also help non-ETF investors by improving the mutual funds' economies of scale and tax efficiency. In fact, Vanguard considers ETFs just another way of distributing the index funds it has always sold and delivers them with the same message about costs, diversification, and patience.

Overall for an industry titan, Vanguard runs a pretty lean operation that retains many of the attributes common to a good steward. Headcount has increased by about 8% to 13,000 in the past decade while assets have nearly quadrupled. Vanguard attracts qualified, ethical people and retains most of them. Its five-year manager-retention rate is more than 90%. Most of its funds have seasoned managers, follow sober strategies, and rank in the top half of their respective categories over the trailing three-, five-, and 10-year periods on an absolute and risk-adjusted basis. Shareholder communications are clear and concise and supplemented by thorough articles, white papers, videos and other media that stress balanced, low-cost, long-term investing.

No matter how big it gets, Vanguard has a unique cultural anchor. Its mutual ownership structure reduces many of the conflicts inherent in the money management industry. Virtually every other fund family has to balance making money for itself and its shareholders with serving fundowners. Vanguard's shareholders are its fundowners, so it has a structural incentive to operate at-cost and put investors first. The average 0.22% expense ratio of its funds is a fraction of the industry average, and Vanguard has consistently sought ways to preserve and widen that gap. It, for example, expanded access to its low-cost Admiral mutual fund share class in 2010 and frequently shaves individual fund fees as assets grow. Vanguard Convertible Securities VCVSX and Vanguard Wellington VWELX, for instance, lowered expenses in March 2012.

Even a mutually owned company that provides services at cost, however, can become ossified, bureaucratic, and self-serving as it grows. Vanguard chairman and CEO Bill McNabb, who keeps a well-thumbed copy of management guru Jim Collins' book *How the Mighty Fall* close at hand in his office, ac-

knowledges this. Shortly after he became CEO in August 2008, McNabb and his management team consulted Collins as they set Vanguard's strategic priorities, which included guarding its low-cost leader market position and preserving the family's cultural core as it grows and it develops. That led to initiatives such as the Admiral share expansion, which cut expenses for 2 million fund owners in one swoop. Vanguard will need to keep challenging itself to come up with similar innovations as it continues to evolve.

Board Quality: A

Vanguard's board is solid. It does not have an independent chairman; Vanguard CEO Bill McNabb holds that position as did his two predecessors, John Brennan and founder Jack Bogle. But the other 10 directors, or more than 90% of the board, are noninterested, which far exceeds the current regulatory requirements and best practices for director independence. (The Investment Company Act of 1940, which governs mutual funds, requires 40% of a fund's board to be independent, though proposals to increase the level to as much as 75% have been thwarted by litigation.) This is important because an independent board is more likely to defend shareholders' interests than a panel full of directors with ties to the management company.

The trustees also invest amply in the funds they oversee. All of Vanguard's independent trustees, save two new members, have at least \$100,000 invested in Vanguard funds. Most of them have significantly more on the line with fund owners than what they received in compensation last year for serving on the board, which as of October 2011 ranged from \$210,000 to \$240,000.

There has been some turnover on the board in recent years. Notable investing figures like author and Princeton University economics professor Burton Malkiel and consultant and author Charles Ellis have retired, but other accomplished professionals have stepped to the fore. They include former Xerox executive Emerson Fullwood, University of Pennsylvania president Amy Gutmann, former Rohm & Haas CEO Rajiv Gupta, and Harvard finance professor Andre Perold. In the first quarter of 2012 Vanguard appointed two new directors with impressive credentials: Former IBM CFO Mark Loughridge and Notre Dame University endowment CIO Scott Malpass.

More important, the trustees have served shareholders' well. They've approved fee cuts, such as the 2010 decision to lower Admiral share investment minimums, and OK'd fund restructurings when warranted. In 2011, for example, it agreed to merge the poor performing Vanguard Asset Allocation into Vanguard Balanced Index VBINX when it became clear that Vanguard's LifeStrategy funds of funds were Asset Allocation's largest shareholders and they would be better off without a fund that tried to make big moves between stocks, bonds, and cash. Vanguard subadvisors routinely volunteer that the family's directors are among the most engaged and demanding with whom they interact. It's in their interest to say so, but the board has kept the interests of shareholders at the forefront of its concerns—where it belongs—and

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Morningstar Stewardship Grade

Morningstar Rating™

★★★★

Morningstar Category™

Diversified Emerging Mkts

Net Assets \$ Mil

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(USD)

deserves strong marks.

ager incentives.

Manager Incentives: C

Based on what it discloses, Vanguard's manager incentives are weak. Just 13% of the fund's assets at the end of March were in funds in which at least one manager had more than \$1 million of his own money invested alongside fundholders. And while the bonuses of many of the family's in-house managers and some external subadvisors depend on their performance versus appropriate benchmarks, the measurement periods are often about three years, which is less than the four or more years that Morningstar likes to see. Furthermore, the compensation plans for many of the firm's outside managers are subjective, not tied to performance over long-term periods, and sometimes linked to firm ownership and revenues. Vanguard could help its case by revealing how much its managers invest across all the funds in the family, but besides the SEC-mandated disclosures, it only says its employees had a total of about \$2.8 billion invested in Vanguard funds at the end of 2011--about \$215,000 per worker--which still isn't enough to earn a decent manager-incentive grade.

There are, however, mitigating circumstances. One reason Vanguard's ownership statistics look poor is because more than half of its assets are in index funds, many of which are run by the same manager and/or have niche benchmarks. Index fund managers should show confidence in their firm's benchmark-tracking capabilities and in the idea of passive investing in general by investing in the index funds they run. But they understandably may not invest substantial sums in every benchmark tracker they operate, especially more narrowly focused sector and regional options like Vanguard Information Technology Index or Pacific Stock Index. Those funds may not fit the managers' risk profiles and goals.

Another reason for the apparent lack of ownership is Vanguard's subadvisors often choose to invest in their own funds and separate accounts. Kalmar Investments' Ford Draper, for example, doesn't invest in Vanguard Explorer VEXPX or Vanguard Morgan Growth VMRGX, but he does have more than \$1 million invested in Kalmar Growth-With-Value Small Cap KGSCX. Overseas subadvisors, such as U.K.-based Baillie Gifford and Schroder Investment Management, can't legally invest in U.S. funds.

Other Vanguard practices also ensure its managers' and shareholders' interests are aligned. The family adjusts the fees it pays to subadvisors up or down based on performance versus a benchmark, usually over three years. So, even outside firms that base their managers' bonuses on the revenues have an incentive to do well for fund owners. Vanguard's long-term incentive plan for its own employees, including investment personnel, also bases its payouts, in part, on how cheaply and efficiently the firm operates. So, employees' pecuniary interests are tied to preserving and extending Vanguard's low-cost advantage. This unique compensation structure helps Vanguard earn a C for man-

Fees: A

Vanguard funds are often the cheapest funds that retail investors can buy in their categories. Vanguard also has lowered fund expense ratios as assets have grown. The firm's unique ownership structure--wherein Vanguard provides its services at cost--has helped keep expenses to a bare minimum. What's more, many of Vanguard's actively managed funds are run by managers who trade infrequently, thereby keeping hidden costs--such as brokerage commissions, market-impact costs, and bid-ask spreads--low.

The firm's practice of not levying additional expenses on funds of funds, such as the Vanguard LifeStrategy and Vanguard Target Retirement series of funds, is also laudable. Vanguard also has launched lower-cost Admiral share classes for its funds to cater to investors who have large sums to invest or have been longtime clients, and Vanguard has not hiked fees on its conventional fund share classes as it did so. In 2010, it even lowered the Admiral share minimum investments for several index and actively managed funds to \$10,000 and \$50,000, respectively.

That said, investors with a small kitty to invest should be mindful of the various administrative and account-maintenance fees that Vanguard levies on account balances under a specified level. On the whole, though, it's hard to match Vanguard's low fees.

Regulatory History: NEUTRAL

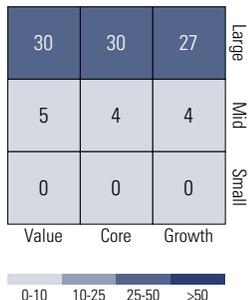
Vanguard has kept its nose clean with regulators. Its sole infraction in recent years involved a minor \$10,000 fine (and \$9,443 restitution) that Vanguard's brokerage arm paid in 2004 to settle claims that the brokerage paid below-market-value prices to customers who sold municipal bonds. The citation had nothing to do with Vanguard's municipal-bond funds, and the family has since taken steps to ensure that clients get fair market value for their securities.

This is a minor infraction, and Vanguard is not docked points for the regulatory portion of the Stewardship Grade. The firm has a strong compliance culture that includes a strict employee trading policy, annual compliance conferences, and designated compliance liaisons in every business unit. Vanguard personnel are expected to do the right thing or face grave consequences, including possible dismissal.

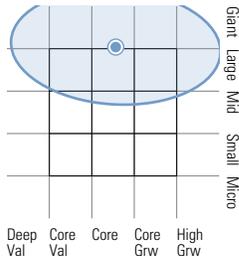
Vanguard Emerging Mkts Stock Idx Adm VEMAX

Portfolio

Holding Style



Ownership Zone



Morningstar Category™

Diversified Emerging Mkts

Total Assets \$ Bil

63.9

Benchmark

MSCI EM NR USD

Asset Allocation 03-31-2012



Equity Portfolio Financial Metrics

	% of Portfolio	% Bmark	% Cat Avg
ROIC	18.42	—	18.77
Wide Moat Coverage	3.52	1.51	12.05
Narrow Moat Coverage	82.51	83.87	81.09
No Moat Coverage	13.98	14.63	6.86
Financial Health	36.56	36.09	36.27
Profitability	31.22	30.68	32.83
Growth	42.91	42.76	40.52
Cash Return %	—	—	—
Free Cashflow Yield Ex-financials	—	—	—

Style Details

Avg Market Cap USD	Benchmark Market Cap USD	Category Avg Market Cap USD
19,997 mil	17,207 mil	15,271 mil

Market Capitalization (size)

	% of Portfolio	% Bmark	% Cat Avg
Giant	47.57	46.40	47.42
Large	39.43	40.56	29.61
Medium	12.17	12.71	18.70
Small	0.31	0.31	3.76
Micro	0.52	0.02	0.51

Value Measures

	% of Stock Portfolio	% Bmark	% Cat Avg
Price/Prospective Earnings*	11.03	10.09	10.77
Price/Book*	1.51	1.34	1.44
Price/Sales*	0.89	0.85	0.95
Price/Cash Flow*	4.89	4.33	5.78
Dividend Yield %*	4.80	3.01	2.76

Growth Measures

	% of Stock Portfolio	% Bmark	% Cat Avg
Long-Term Earnings %	11.82	12.81	14.96
Historical Earnings %	7.92	10.97	8.02
Sales Growth %	4.73	-0.19	4.85
Cash-Flow Growth %	7.26	5.50	3.44
Book-Value Growth %	-25.51	12.58	-25.92

* Forward-looking based on historical data Style and Market Cap Breakdown and Value and Growth Measures are calculated only using the long position holdings of the portfolio.

Investment Style History 03-31-2012

	Style	% Equity
2012		97.98
2011		95.34
2010		97.23
2009		97.48
2008		93.60

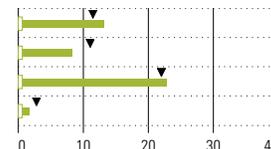
Style Box Detail calculations do not include the fund's short positions (if any).

Sector Weightings 03-31-2012

■ Fund Weight □ Bmark Weight ▼ Cat Avg Weight

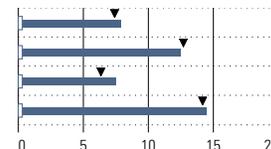
Cyclical

	% Stocks	Bmark	Cat Avg
Basic Materials	13.20	—	10.86
Consumer Cyclical	8.28	—	10.45
Financial Services	22.89	—	21.39
Real Estate	1.65	—	2.18



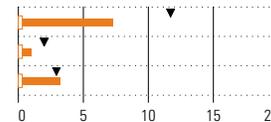
Sensitive

	% Stocks	Bmark	Cat Avg
Communication Services	7.93	—	7.10
Energy	12.52	—	12.39
Industrials	7.50	—	6.05
Technology	14.51	—	13.87



Defensive

	% Stocks	Bmark	Cat Avg
Consumer Defensive	7.29	—	11.41
Healthcare	0.98	—	1.68
Utilities	3.26	—	2.62



Sector data is calculated only using the long position holdings of the portfolio.

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Portfolio

Morningstar Category™ Diversified Emerging Mkts
Total Assets \$ Bil 63.9
Benchmark MSCI EM NR USD

World Regions 03-31-2012

Greater Asia	Americas	Greater Europe	% Stocks	Bmark	Cat Avg
Americas			22.77	—	24.18
North America			0.15	—	1.62
Latin America			22.62	—	22.55
Greater Europe			18.07	—	21.85
United Kingdom			0.13	—	1.76
Europe-Developed			0.00	—	1.32
Europe-Emerging			10.06	—	10.13
Africa/Middle East			7.89	—	8.64
Greater Asia			59.16	—	53.97
Japan			0.00	—	0.19
Australasia			0.00	—	0.23
Asia-Developed			25.97	—	21.35
Asia-Emerging			33.19	—	32.20
Market Classification					
% Developed Markets			26.24	—	27.34
% Emerging Markets			73.76	—	72.66

Region breakdown data is calculated only using the long position holdings of the portfolio.

Equity View 03-31-2012

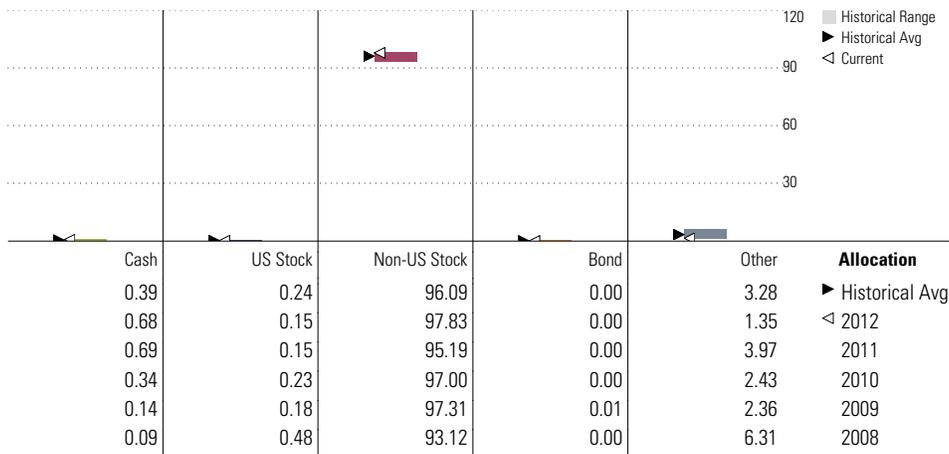
Top 25 Holdings	% Portfolio Weight	Shared Owmed	Shares Change	Sector	Style	Ticker	Market Value	Country	YTD Return %	P/E
⊕ Samsung Electronics Co Ltd GDR	2.25	2,716,548	338,537	📱	📊	SMSN	1,533,982,850	South Korea	2.04	13.66
⊕ China Mobile Ltd.	1.80	111,387,667	10,637,500	📱	📊	00941	1,226,553,990	China	14.88	11.22
⊕ Gazprom	1.55	86,564,883	8,576,930	🔥	📊	81JK	1,058,681,109	Russia	—	38.91
⊕ America Movil S.A.B. de C.V.	1.34	733,790,500	61,582,004	📱	📊	AMX L	913,667,766	Mexico	10.90	15.50
⊕ Taiwan Semiconductor Manufacturing ADR	1.29	57,717,403	7,657,929	📱	📊	TSM	881,921,918	Taiwan	2.26	15.15
⊕ China Construction Bank Corp	1.26	1,110,038,857	104,353,000	🏦	📊	00939	856,749,361	China	-6.49	5.57
⊕ Samsung Electronics Co., Ltd.	1.14	685,378	21,051	📱	📊	A005930	773,143,944	South Korea	7.66	—
⊕ Industrial And Commercial Bank Of China Ltd.	1.06	1,121,893,003	105,929,000	🏦	📊	01398	723,713,389	China	-7.43	5.37
⊕ CNOOC, Ltd.	0.99	330,532,152	31,469,600	🔥	📊	00883	676,590,388	China	12.67	7.81
⊕ Hon Hai Precision Ind. Co., Ltd.	0.94	163,875,846	18,136,920	📱	📊	2317	637,995,815	Taiwan	4.95	12.36
⊕ Petroleo Brasileiro SA Petrobras ADR	0.93	24,869,158	3,528,620	🔥	📊	PBR.A	635,655,678	Brazil	-20.67	6.32
⊕ Vale SA ADR	0.89	26,589,276	3,469,656	🏭	📊	VALE.P	603,310,672	Brazil	-3.50	—
⊕ Itau Unibanco Holding SA ADR	0.87	31,015,804	3,936,659	🏦	📊	ITUB	595,193,279	Brazil	-24.41	9.40
⊕ Hyundai Motor Company Ltd. GDR	0.87	2,852,405	309,281	🚗	📊	005380	589,016,589	South Korea	6.10	—
⊕ Mtn Group Limited	0.81	31,220,300	2,921,727	📱	📊	MTN	550,517,150	South Africa	1.90	12.76
⊕ PetroChina Company, Ltd.	0.81	390,781,679	37,420,000	🔥	📊	00857	550,276,384	China	-2.15	10.29
⊕ Lukoil Company ADR	0.78	8,768,006	957,268	🔥	📊	LKOD	529,140,667	Russia	3.97	3.92
⊕ Tencent Holdings Ltd.	0.77	18,726,172	1,803,800	📱	📊	00700	522,731,295	China	43.72	32.68
⊕ Bank Of China Ltd.	0.73	1,235,383,277	117,003,000	🏦	📊	03988	498,707,658	China	4.20	4.93
⊕ Sasol, Ltd.	0.72	10,103,237	984,644	🔥	📊	SOL	490,195,698	South Africa	-11.36	7.92
⊕ Petroleo Brasileiro SA Petrobras ADR	0.70	17,997,245	2,582,446	🔥	📊	PBR	478,006,827	Brazil	-22.76	6.52
⊕ Taiwan Semiconductor Manufacturing	0.66	155,449,045	5,354,000	📱	📊	2330	446,912,295	Taiwan	3.17	14.93
⊕ Infosys Ltd	0.66	7,954,978	847,368	📱	📊	INFY	446,714,252	India	-18.28	13.62
⊖ Sberbank of Russia OJSC	0.64	132,842,072	-1,495,196	🏦	📊	SBER	432,874,314	Russia	—	—
⊕ Bank Bradesco ADR	0.62	24,176,940	3,420,715	🏦	📊	BBD	423,096,450	Brazil	-12.22	10.79

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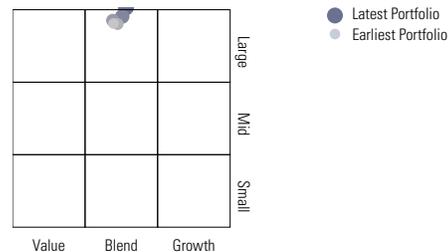
Vanguard Emerging Mkts Stock Idx Adm VEMAX

Portfolio

Asset Allocation History

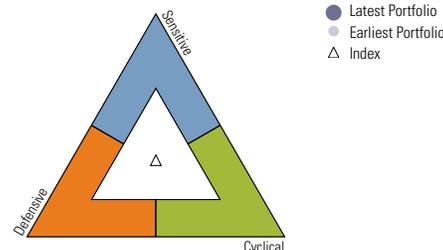
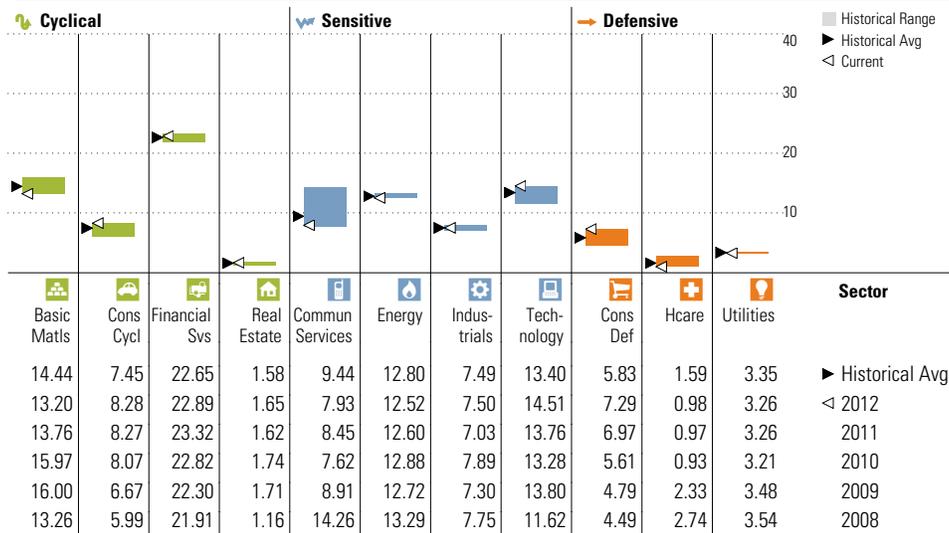


Equity Style History



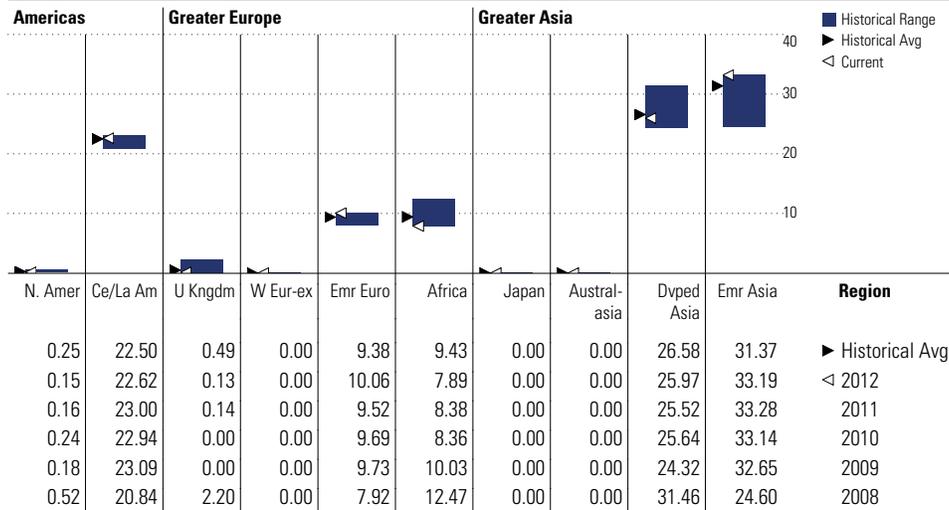
Market Cap (size)	USD
Historical Average	17,354.90
2012	19,997.30
2011	17,273.26
2010	20,003.09
2009	18,830.37
2008	10,670.48

Stock Sector History



Super Sector	Cyclical	Sensitive	Defensive
Historical Avg	46.11	43.12	10.77
2012	46.03	42.46	11.52
2011	46.96	41.85	11.19
2010	48.60	41.66	9.75
2009	46.67	42.73	10.60
2008	42.31	46.93	10.77

World Regions History

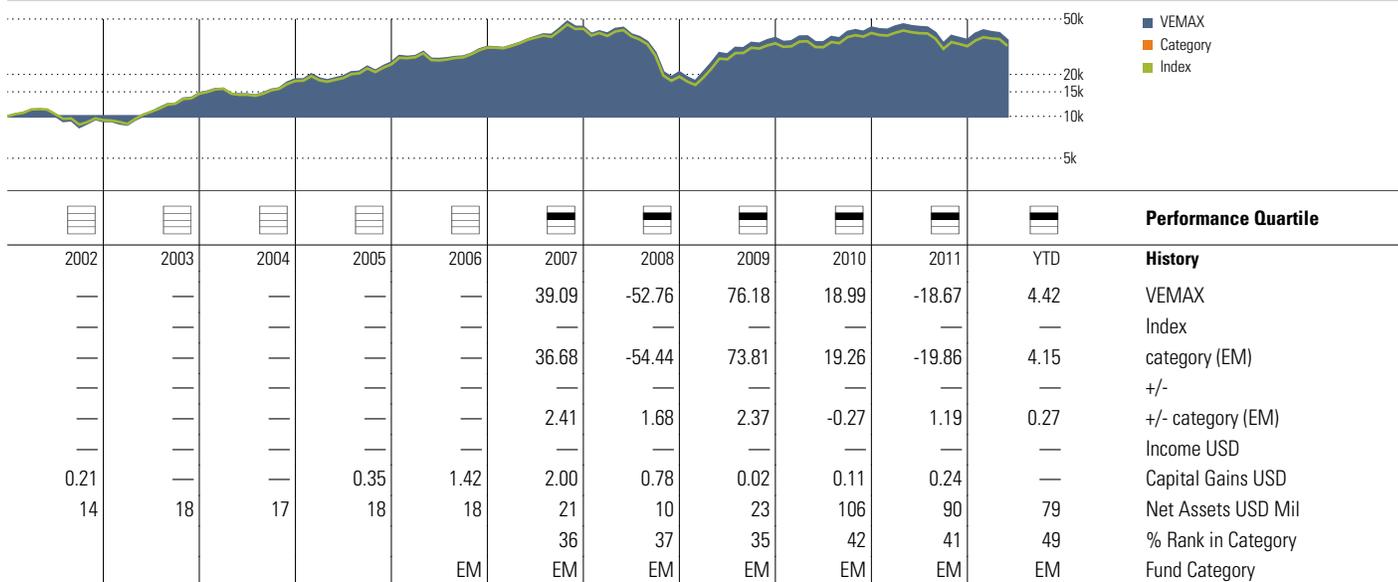


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Vanguard Emerging Mkts Stock Idx Adm VEMAX

Performance

Growth of 10,000 06-30-2012



Trailing Total Returns 07-12-2012



Tax Analysis 06-30-2012

	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Incpt.
Pretax Return	4.79	-8.40	4.42	4.42	-15.81	9.85	-0.17	—	—	7.21
Tax-adjusted Return	4.79	-8.40	4.42	4.42	-16.26	9.40	-0.71	—	—	6.69
% Rank in Category	13	44	41	41	44	35	23	—	—	—
Tax Cost Ratio	—	—	—	—	0.53	0.41	0.55	—	—	—
Potential Cap Gains Exposure %	-3.57									

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Performance

Quarterly Returns					Trailing Investor Returns 06-30-2012					
		VEMAX	MSCI EAFE NR USD	Cat (EM)		1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
2012	Q2	-8.40	-7.13	-8.20	Investor Return %	-16.28	2.00	-2.93	—	—
	Q1	13.99	10.86	13.59	Total Return %	-15.81	9.85	-0.17	—	—
2011	Q4	6.01	3.33	4.22	% Rank in Category (Inv Rtn)	52	78	43	0	0
	Q3	-23.95	-19.01	-22.81						
	Q2	-0.96	1.56	-0.87						
	Q1	1.86	3.36	0.44						
2010	Q4	7.50	6.61	7.11						
	Q3	18.78	16.48	18.59						
	Q2	-9.11	-13.97	-8.87						
	Q1	2.52	0.87	2.84						

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Risk

Morningstar Risk & Rating Statistics 06-30-2012

VEMAX	3 Yr	5 Yr	10 Yr	Overall
Morningstar Return	Average	Above Average	Average	Above Average
Morningstar Risk	Average	Average	Average	Average
Morningstar Rating	★★★	★★★★	★★★	★★★★

Rating, risk, and return values are relative to each fund's Morningstar Category.

3 Year Volatility Measures 06-30-2012

	Standard Deviation	Mean	Sharpe Ratio	Sortino Ratio	Bear Market Percentile Rank
Fund	23.60	9.85	0.51	0.82	—
Index	20.44	5.96	0.38	0.58	—
Category	22.96	8.96	0.49	0.78	—

3 Year MPT Statistics 06-30-2012

VEMAX	Index	R-Squared	Beta	Alpha	Treynor Ratio	Currency
vs. Best-Fit Index	MSCI EM NR USD	98.27	1.02	0.01	—	USD
vs. Standard Index	MSCI EAFE NR USD	79.07	1.03	4.10	9.50	USD
Category	MSCI EAFE NR USD	77.36	0.99	3.45	9.23	USD

Upside & Downside Capture Ratio 06-30-2012

	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
Fund	125.62 ↑	104.00 ↑	129.84 ↑	138.25 ↑	132.41 ↑
	120.71 ↓	91.01 ↓	106.37 ↓	110.92 ↓	120.31 ↓
Category	111.98 ↑	97.18 ↑	121.35 ↑	131.03 ↑	127.07 ↑
	112.55 ↓	85.87 ↓	104.76 ↓	107.86 ↓	117.33 ↓

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Operations

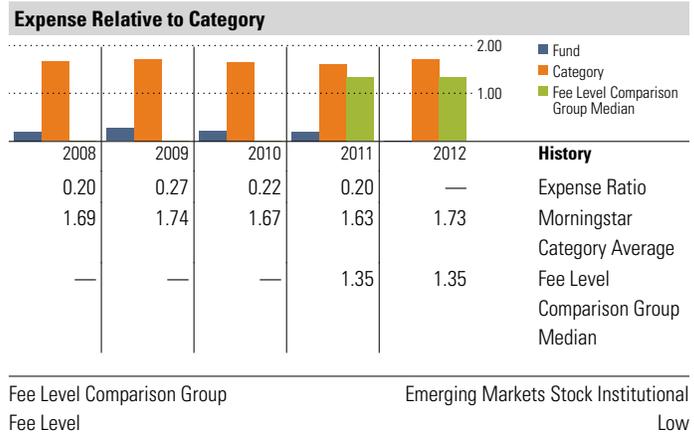
Overview	
Closed to All Investors	No
Closed to New Investors	No
Share Class Net Assets (Bil) 06/30/2012	6.5 USD
Fund Size (Bil) 06/29/2012	63.9 USD
Primary Prospectus Benchmark	MSCI EM NR USD
Turnover Ratio 10/31/2011	10.0%
Prospectus Objective	Diversified Emerging Markets
Initial Investment	10,000 USD
Additional Investment	100 USD

Management	
Current Manager	Michael Perre
Manager Tenure (Average/Longest)	3.920/3.920

Other Fees/Expenses	
Net Expense Ratio: Annual Report 10/31/2011	0.20%
Net Expense Ratio: Prospectus 05/23/2012	0.20%
Management Actual	0.12%
Management Maximum	0.12%
12b-1 Actual	—
Administrative Maximum	—
Expense Waivers	—

Total Cost Projections	
	Per 10K
3 Years	64
5 Years	113
10 Years	255

Fees	
Initial	—
Deferred	—
Redemption	—



Investment Objective and Strategy

The investment seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries. The fund employs an indexing investment approach by investing substantially all (normally about 95%) of its assets in the common stocks included in the MSCI Emerging Markets Index, while employing a form of sampling to reduce risk. The MSCI Emerging Markets Index includes approximately 820 common stocks of companies located in emerging markets around the world.

Advisor Information	
Fund Inception	06/23/2006
Name of Issuer	Vanguard
Fund Advisor(s)	Vanguard Group, Inc.
Subadvisor(s)	

Minimum Investments		Contact Information	
	USD	Address	PO Box 2600
Initial	10,000		Valley Forge, PA 19482
Additional	100		United States
Initial IRA	—	Telephone	—
Additional IRA	—		
Initial AIP	—	Website	www.vanguard.com
Additional AIP	—		

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Operations

Brokerage Availability

DailyAccess Corporation FRIAG	DailyAccess Corporation Matrix
DailyAccess Corporation Mid-Atlantic	DailyAccess Corporation RTC
JP MORGAN NO-LOAD TRANSACTION FEE	JPMorgan
Matrix Financial Solutions	NYLIM 401(k) Complete
Robert W. Baird & Co.	Schwab Retail
Sterne, Agee & Leach, Inc.,	Trade PMR Transaction Fee
Vanguard NTF	

Vanguard Emerging Mkts Stock Idx Adm VEMAX

Operations

Manager(s)	
Michael Perre 08/29/2008 -	Michael Perre, Principal of Vanguard. He has been with Vanguard since 1990; has managed investment portfolios since 1999; and has co-managed the Fund since 2009. Education: B.A., Saint Joseph's University; M.B.A., Villanova University.
Duane F. Kelly 12/31/1994 - 12/12/2010	Duane F. Kelly, Principal of Vanguard. He has been with Vanguard since 1989; has managed investment portfolios since 1992; and has co-managed the Fund since 2009. Education: B.S., LaSalle University.
George U. Sauter 05/04/1994 - 12/30/1994	Sauter is chief investment officer and managing director of Vanguard, responsible for the oversight of Vanguard's Quantitative Equity and Fixed Income Groups. Since joining Vanguard in 1987, he has been a key contributor to the development of Vanguard's stock indexing and active quantitative equity investment strategies.

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

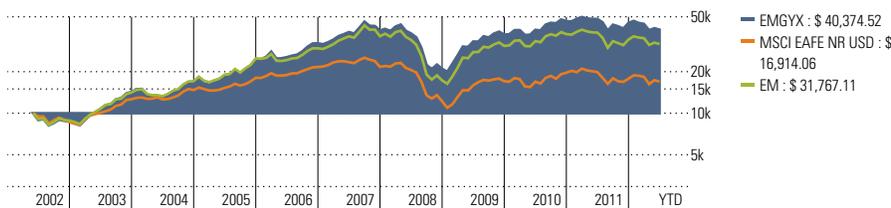
- 1** Snapshot
- 2** Analyst Report
- 3** Stewardship
- 4** Portfolio (Equity)
- 6** Portfolio History (Equity)
- 7** Performance
- 9** Risk
- 10** Operations

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Morningstar Analyst Rating

NAV \$	NAV Day Change %	Yield %	Total Assets \$ Bil	Status	Min. Inv.	Load	Expenses	Morningstar Rating™	Category	Investment Style
19.76	↓-0.28 -1.40	0.95	2.7	Open	\$1 mil	None	1.47%	★★★★	Diversified Emerging Mkts	Large Blend

Growth of 10,000 07-13-2002 - 07-12-2012



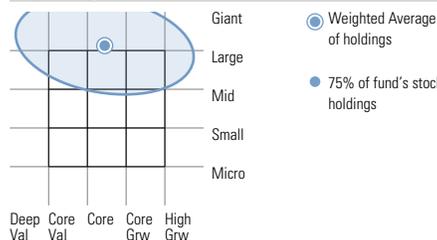
3 Year Average Morningstar Risk Measures



Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—
Rating	—	—

Style Map



Investment Strategy

The investment seeks long-term capital appreciation. The fund normally invests at least 80% of its net assets in emerging market equity securities. It considers emerging market companies to include companies that are traded in, have their primary operations in, are domiciled in or derive a majority of their revenue from emerging market countries as defined by the MSCI Emerging Markets Index. The fund may use futures to manage risk or to enhance return. It may have exposure to stocks across all capitalizations and styles and will be diversified across countries and sectors.

Performance 07-12-2012

	YTD	1 Mo	1 Yr	3Yr Ann	5Yr Ann	10Yr Ann
Fund	-1.84	-0.15	-14.47	11.11	0.05	14.98
+/- MSCI EAFE NR USD	-2.06	-2.49	-1.18	4.59	7.11	9.58
+/- Category	-3.71	-0.61	1.81	1.81	3.94	2.69
% Rank in Cat	86	67	37	24	7	13
# of Funds in Cat	553	582	506	353	243	148
Growth of 10,000	9,816	9,985	8,553	13,716	10,026	40,375

Top Holdings 05-31-2012

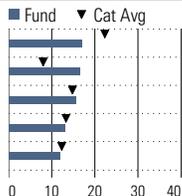
	Weight %	Last Price	Day Chg %	52 Week Range
⊕ Wfa Cash Inv Mm Fund Par 3800	8.99	— USD	0.00 ↓	—
⊕ Samsung Electronics Co Ltd	4.25	— USD	0.00 ↓	—
China Mobile Ltd. ADR	3.68	55.53 USD	1.74 ↑	44.23 - 57.29
⊕ Taiwan Semiconductor Manufacturing ADR	2.50	12.92 USD	0.94 ↑	10.75 - 16.15
⊕ Bank Bradesco ADR	2.43	14.66 USD	1.31 ↑	13.17 - 19.61

% Assets in Top 5 Holdings 21.84

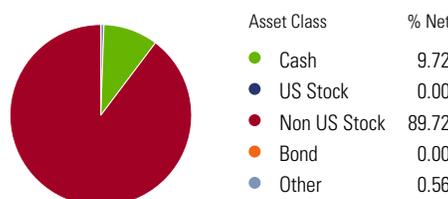
⊕ Increase ⊖ Decrease ✱ New to Portfolio

Top Sectors 05-31-2012

	Fund	3 Yr High	3 Yr Low	Cat Avg
Financial Services	16.87	16.87	13.85	21.39
Communication Services	16.54	19.10	16.54	7.10
Technology	15.67	15.67	14.07	13.87
Energy	13.13	13.95	13.09	12.39
Consumer Defensive	11.96	11.96	7.22	11.41



Asset Allocation



Management

	Start Date	Tot Assets Mgd
Yi (Jerry) Zhang	2006-09-08	2.6 bil
Derrick Irwin	2011-10-01	3.0 bil

Dividend and Capital Gains Distributions

Distribution Date	Distribution NAV	Long-Term Capital Gain	Long-Term Short Gain	Return of Capital	Dividend Income	Distribution Total
2011-12-15	19.75	0.0000	0.0000	0.0000	0.1953	0.1953
2011-12-09	20.90	0.2224	0.0000	0.0000	0.0000	0.2224
2010-12-16	23.22	0.0000	0.0000	0.0000	0.0210	0.0210
2010-07-14	19.43	0.0000	0.0000	0.0000	0.0435	0.0435
2008-12-10	11.03	0.0000	0.0000	0.0000	0.1863	0.1863

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Analysis

Morningstar's Take

Morningstar Analyst Rating —

Morningstar Pillars

Process	—	—
Performance	—	—
People	—	—
Parent	—	—
Price	—	—

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

 Gold
  Silver
  Bronze
  Neutral
  Negative

Fund Performance

	Total Return %	+/- Category
YTD	-1.84	-3.71
2011	-14.00	5.86
2010	22.52	3.26
2009	73.25	-0.56
2008	-47.47	6.97

Analyst Favorites by Category	YTD Return %
American Funds New World A	4.14
Diversified Emerging Mkts	1.87

We do not currently publish an Analyst Report for this company.

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Morningstar Stewardship Grade

Morningstar Rating™
★★★★

Morningstar Category™
Diversified Emerging Mkts

Net Assets \$ Mil
2,696,364,225.00
(USD)

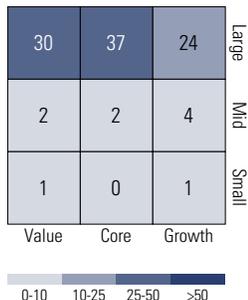
At this time, We have not yet assigned a Stewardship Grade to this mutual fund, We will be adding more Stewardship Grades over the next several months, So be sure to check back in the future.

If you would like to learn more about how we assign Stewardship Grades and what they mean, check out our [Stewardship Grade Methodology](#)

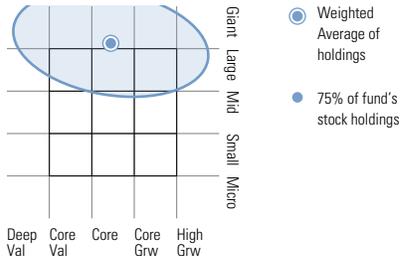
Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Portfolio

Holding Style



Ownership Zone



Morningstar Category™

Diversified Emerging Mkts

Total Assets \$ Bil

2.7

Benchmark

MSCI EM NR USD

Asset Allocation 05-31-2012



Equity Portfolio Financial Metrics

	% of Portfolio	% Bmark	% Cat Avg
ROIC	15.29	—	18.77
Wide Moat Coverage	7.47	1.51	12.05
Narrow Moat Coverage	81.33	83.87	81.09
No Moat Coverage	11.20	14.63	6.86
Financial Health	34.73	36.09	36.27
Profitability	28.76	30.68	32.83
Growth	42.71	42.76	40.52
Cash Return %	-17.12	—	—
Free Cashflow Yield Ex-financials	0.07	—	—

Style Details

Avg Market Cap USD	Benchmark Market Cap USD	Category Avg Market Cap USD
18,588 mil	17,207 mil	15,271 mil

Market Capitalization (size)

	% of Portfolio	% Bmark	% Cat Avg
Giant	49.15	46.40	47.42
Large	40.79	40.56	29.61
Medium	8.41	12.71	18.70
Small	1.14	0.31	3.76
Micro	0.51	0.02	0.51

Value Measures

	% of Stock Portfolio	% Bmark	% Cat Avg
Price/Prospective Earnings*	11.20	10.09	10.77
Price/Book*	1.44	1.34	1.44
Price/Sales*	1.13	0.85	0.95
Price/Cash Flow*	5.44	4.33	5.78
Dividend Yield %*	2.83	3.01	2.76

Growth Measures

	% of Stock Portfolio	% Bmark	% Cat Avg
Long-Term Earnings %	9.37	12.81	14.96
Historical Earnings %	6.98	10.97	8.02
Sales Growth %	-5.95	-0.19	4.85
Cash-Flow Growth %	-2.51	5.50	3.44
Book-Value Growth %	9.67	12.58	-25.92

* Forward-looking based on historical data Style and Market Cap Breakdown and Value and Growth Measures are calculated only using the long position holdings of the portfolio.

Investment Style History 05-31-2012

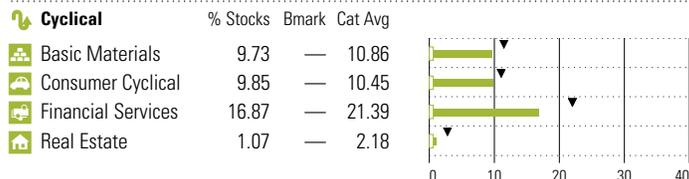
	Style	% Equity
2012		89.72
2011		88.37
2010		90.12
2009		89.76
2008		95.68

Style Box Detail calculations do not include the fund's short positions (if any).

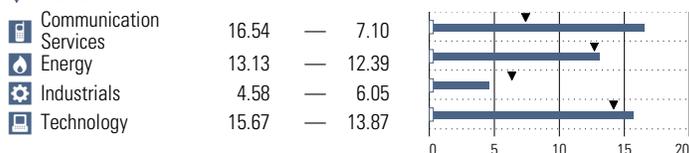
Sector Weightings 05-31-2012

■ Fund Weight □ Bmark Weight ▼ Cat Avg Weight

Cyclical



Sensitive



Defensive



Sector data is calculated only using the long position holdings of the portfolio.

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

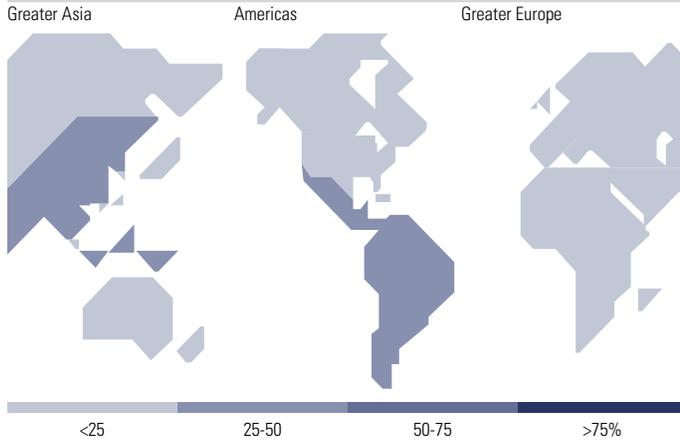
Portfolio

Morningstar Category™
Diversified Emerging Mkts

Total Assets \$ Bil
2.7

Benchmark
MSCI EM NR USD

World Regions 05-31-2012



	% Stocks	Bmark	Cat Avg
Americas	26.60	—	24.18
North America	0.00	—	1.62
Latin America	26.60	—	22.55
Greater Europe	15.55	—	21.85
United Kingdom	0.32	—	1.76
Europe-Developed	0.00	—	1.32
Europe-Emerging	5.72	—	10.13
Africa/Middle East	9.51	—	8.64
Greater Asia	57.85	—	53.97
Japan	0.00	—	0.19
Australasia	0.00	—	0.23
Asia-Developed	23.72	—	21.35
Asia-Emerging	34.14	—	32.20

Market Classification

% Developed Markets	24.98	—	27.34
% Emerging Markets	75.02	—	72.66

Region breakdown data is calculated only using the long position holdings of the portfolio.

Equity View 05-31-2012

Top 25 Holdings	% Portfolio Weight	Shared Owned	Shares Change	Sector	Style	Ticker	Market Value	Country	YTD Return %	P/E
⊕ Wfa Cash Inv Mm Fund Par 3800	8.99	229,849,511	13,120,099	—	—	—	229,849,511	—	—	—
⊕ Samsung Electronics Co Ltd	4.25	105,836	4,000	📱	📊	A005930	108,593,430	South Korea	7.66	—
China Mobile Ltd. ADR	3.68	1,853,333	0	📱	📊	CHL	94,019,583	China	14.65	11.22
⊕ Taiwan Semiconductor Manufacturing ADR	2.50	4,654,952	160,000	📱	📊	TSM	63,912,491	Taiwan	2.26	15.15
⊕ Bank Bradesco ADR	2.43	4,234,535	150,000	🏦	📊	BBD	61,993,592	Brazil	-12.22	10.79
⊕ SINA Corporation	2.41	1,154,817	50,000	📱	📊	SINA	61,517,102	China	-4.00	-9.95
Grupo Televisa, S.A. ADR	2.34	3,145,000	0	📺	📊	TV	59,723,550	Mexico	3.05	0.48
⊕ ICICI Bank Ltd ADR	1.83	1,664,295	80,000	🏦	📊	IBN	46,849,904	India	26.92	-3.01
⊕ KT Corporation ADR	1.82	3,982,900	100,000	📱	📊	KT	46,400,785	South Korea	-9.91	6.18
⊕ Infosys Ltd ADR	1.67	1,016,615	148,015	📱	📊	INFY	42,799,492	India	-23.47	12.92
⊕ China Life Insurance Co Ltd ADR	1.65	1,194,186	75,000	🏦	📊	LFC	42,059,231	China	6.09	29.24
⊕ America Movil, S.A.B. de C.V. ADR	1.58	1,715,400	20,000	📱	📊	AMX	40,414,824	Mexico	14.87	15.53
⊕ CNOOC, Ltd. ADR	1.55	220,600	14,000	🔥	📊	CEO	39,564,610	China	12.36	7.84
KT&G Corp	1.54	590,491	0	📱	📊	A033780	39,324,374	South Korea	3.81	—
⊕ New Oriental Education & Technology Group Inc. ADR	1.49	1,431,672	50,000	📱	📊	EDU	37,953,625	China	-5.78	26.95
⊕ AngloGold Ashanti Limited ADR	1.43	1,012,742	10,000	🏠	📊	AU	36,519,477	South Africa	-22.86	8.62
⊕ Lojas Americanas S.A. Pfd Shs	1.43	6,061,304	1,601,560	🏪	📊	LAME4	36,514,783	Brazil	16.49	—
Petroleo Brasileiro SA Petrobras ADR	1.33	1,731,400	0	🔥	📊	PBR	33,866,184	Brazil	-22.76	6.52
Buenaventura Mining Company Inc. ADR	1.29	845,100	0	🏠	📊	BVN	33,077,214	Peru	-3.20	11.10
Petroleo Brasileiro SA Petrobras ADR	1.29	1,741,535	0	🔥	📊	PBR.A	32,915,012	Brazil	-20.67	6.32
Tsingtao Brewery Co., Ltd. H Shares	1.28	5,202,000	0	🏠	📊	00168	32,606,541	China	7.61	27.32
⊕ PetroChina Co Ltd ADR	1.25	252,900	4,000	🔥	📊	PTR	31,883,103	China	-3.03	10.38
⊕ Banco do Brasil SA BB Brasil	1.22	3,155,000	50,000	🏦	📊	BBAS3	31,286,412	Brazil	-18.39	4.01
⊕ Tiger Brands Limited	1.12	1,003,733	145,000	🏠	📊	TBS	28,551,079	South Africa	4.28	15.90
Reliance Industries Ltd. ADR	1.08	1,142,387	0	🔥	📊	RIGD	27,668,613	India	-2.95	10.92

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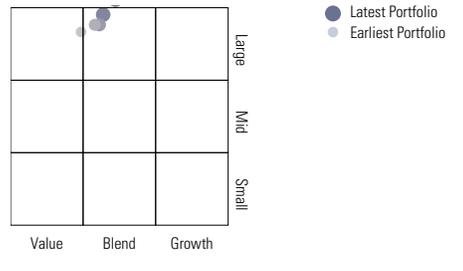
Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Portfolio

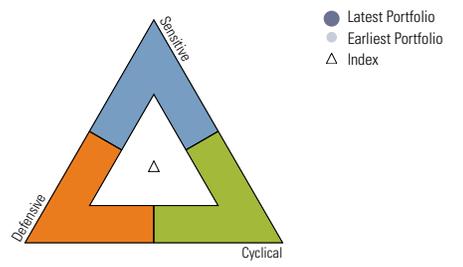
Asset Allocation History



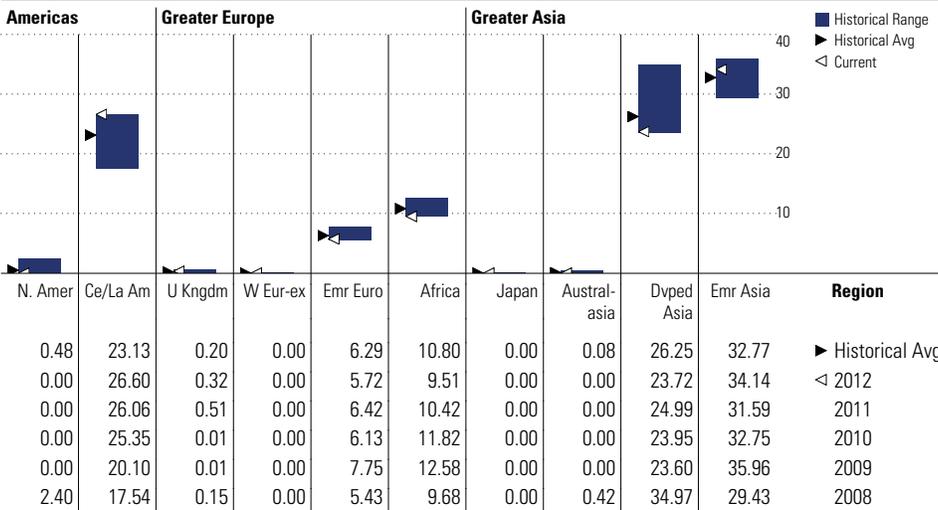
Equity Style History



Stock Sector History



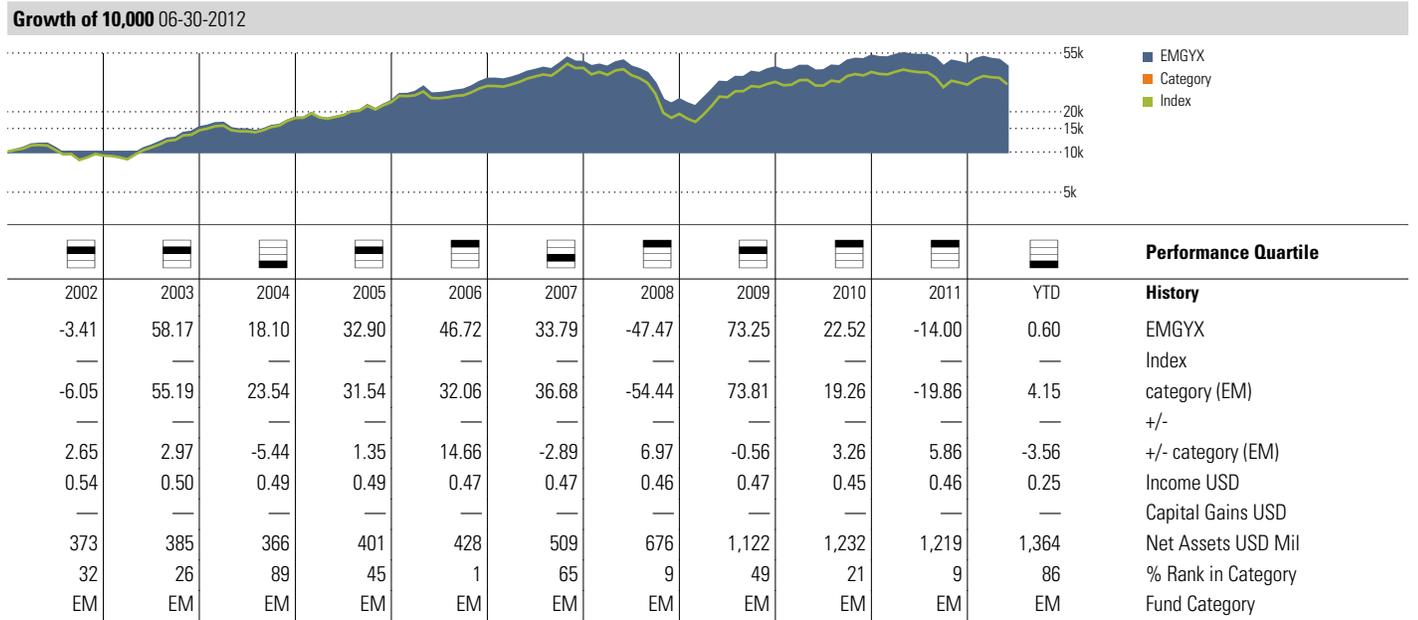
World Regions History



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Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Performance



Tax Analysis 06-30-2012

	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Incpt.
Pretax Return	3.69	-8.33	0.60	0.60	-14.35	11.07	2.05	15.54	8.70	7.92
Tax-adjusted Return	3.69	-8.33	0.60	0.60	-14.78	10.85	0.83	14.23	7.82	7.16
% Rank in Category	42	41	75	75	32	15	6	11	6	—
Tax Cost Ratio	—	—	—	—	0.50	0.20	1.19	1.13	0.81	—
Potential Cap Gains Exposure %					0.04					

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Performance

Quarterly Returns					Trailing Investor Returns 06-30-2012					
		EMGYX	MSCI EAFE NR USD	Cat (EM)		1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
2012	Q2	-8.33	-7.13	-8.20	Investor Return %	-13.34	—	—	—	—
	Q1	9.74	10.86	13.59	Total Return %	-14.35	11.07	2.05	15.54	8.70
2011	Q4	3.61	3.33	4.22	% Rank in Category (Inv Rtn)	29	0	0	0	0
	Q3	-17.82	-19.01	-22.81						
	Q2	-0.21	1.56	-0.87						
	Q1	1.21	3.36	0.44						
2010	Q4	8.99	6.61	7.11						
	Q3	18.35	16.48	18.59						
	Q2	-7.38	-13.97	-8.87						
	Q1	2.56	0.87	2.84						

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Risk

Morningstar Risk & Rating Statistics 06-30-2012

EMGYX	3 Yr	5 Yr	10 Yr	Overall
Morningstar Return	Above Average	High	Above Average	Above Average
Morningstar Risk	Below Average	Low	Below Average	Below Average
Morningstar Rating	★★★★	★★★★★	★★★★	★★★★

Rating, risk, and return values are relative to each fund's Morningstar Category.

3 Year Volatility Measures 06-30-2012

	Standard Deviation	Mean	Sharpe Ratio	Sortino Ratio	Bear Market Percentile Rank
Fund	20.04	11.07	0.62	1.02	—
Index	20.44	5.96	0.38	0.58	—
Category	22.96	8.96	0.49	0.78	—

3 Year MPT Statistics 06-30-2012

EMGYX	Index	R-Squared	Beta	Alpha	Treynor Ratio	Currency
vs. Best-Fit Index	MSCI EM NR USD	95.89	0.85	2.29	—	USD
vs. Standard Index	MSCI EAFE NR USD	75.98	0.86	5.78	12.84	USD
Category	MSCI EAFE NR USD	77.36	0.99	3.45	9.23	USD

Upside & Downside Capture Ratio 06-30-2012

	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
Fund	98.27 ↑	92.04 ↑	116.88 ↑	132.68 ↑	126.44 ↑
	100.36 ↓	72.74 ↓	90.40 ↓	98.10 ↓	105.20 ↓
Category	111.98 ↑	97.18 ↑	121.35 ↑	131.03 ↑	127.07 ↑
	112.55 ↓	85.87 ↓	104.76 ↓	107.86 ↓	117.33 ↓

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Operations

Overview

Closed to All Investors	No
Closed to New Investors	No
Share Class Net Assets (Mil) 07/11/2012	604.3 USD
Fund Size (Bil) 06/29/2012	2.7 USD
Primary Prospectus Benchmark	MSCI EM GR USD
Turnover Ratio 10/31/2011	5.0%
Prospectus Objective	Diversified Emerging Markets
Initial Investment	1,000,000 USD
Additional Investment	—

Management

Current Manager	Yi (Jerry) Zhang
Manager Tenure (Average/Longest)	3.290/5.830

Other Fees/Expenses

Net Expense Ratio: Annual Report 10/31/2011	1.47%
Net Expense Ratio: Prospectus 04/02/2012	1.54%
Management Actual	1.04%
Management Maximum	1.10%
12b-1 Actual	0.00%
Administrative Maximum	0.10%
Expense Waivers	

The Adviser has committed through July 18, 2013 to waive fees and/or reimburse expenses to the extent necessary to cap the Fund's Total Annual Fund Operating Expenses After Fee Waiver, excluding certain expenses, at 1.60% for Administrator Class. After this time, such cap may be changed or the commitment to maintain the cap may be terminated only with the approval of the Board of Trustees.

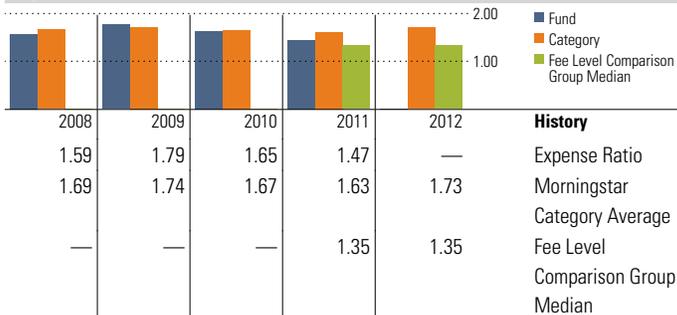
Total Cost Projections

	Per 10K
3 Years	486
5 Years	839
10 Years	1,834

Fees

Initial	—
Deferred	—
Redemption	—

Expense Relative to Category



Fee Level Comparison Group
Fee Level

Emerging Markets Stock Institutional
Above Average

Investment Objective and Strategy

The investment seeks long-term capital appreciation. The fund normally invests at least 80% of its net assets in emerging market equity securities. It considers emerging market companies to include companies that are traded in, have their primary operations in, are domiciled in or derive a majority of their revenue from emerging market countries as defined by the MSCI Emerging Markets Index. The fund may use futures to manage risk or to enhance return. It may have exposure to stocks across all capitalizations and styles and will be diversified across countries and sectors.

Advisor Information

Fund Inception	09/06/1994
Name of Issuer	Wells Fargo Advantage
Fund Advisor(s)	Wells Fargo Funds Management LLC
Subadvisor(s)	Wells Capital Management Inc.

Minimum Investments

	USD
Initial	1,000,000
Additional	—
Initial IRA	—
Additional IRA	—
Initial AIP	—
Additional AIP	—

Contact Information

Address	Wells Fargo Funds Trust 525 Market Street San Francisco, DE 94163 United States
Telephone	800-222-8222
Website	www.wellsfargo.com/advantagefunds

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Operations

Brokerage Availability

ADP Access OFA	Ameriprise Brokerage
Ameriprise SPS Advantage	Bear Stearns
Bear Stearns No-Load Transaction Fee	CommonWealth PPS
CommonWealth Universe	DailyAccess Corporation FRIAG
DailyAccess Corporation MATC	DailyAccess Corporation Matrix
DailyAccess Corporation Mid-Atlantic	DailyAccess Corporation RTC
DailyAccess Corporation Schwab	E-Plan Services, Inc.
Federated TrustConnect	Fidelity Institutional FundsNetwork
Fidelity Institutional FundsNetwork-NTF	Fidelity Retail FundsNetwork
Firstrade	HDVest - Wells Fargo
JP MORGAN NO-LOAD NTF	JP MORGAN NO-LOAD TRANSACTION FEE
JP MORGAN NTF	JPMorgan
JPMorgan INVEST	LPL SAM Eligible
Matrix Financial Solutions	Merrill Lynch
Met Life Resources MFSP Alliance List	Mony Securities Corp
Morgan Stanley - Ntwk/Rdm Only-Brokerage	Morgan Stanley Select UMA
Morgan Stanley TRAK Fund Solution	MSSB Fidelity Advisor 401(k)
Northwestern Mutual Inv Svc, LLC	Pershing FundCenter
Pershing FundVest NTF	Protected Investors of America
Raymond James	Raymond James WRAP Eligible
RBC Wealth Management-Advisory Eligible	RBC Wealth Management-Network Eligible
RBC Wealth Management-Wrap Eligible	Royal Alliance
Schwab Institutional	Schwab Institutional NTF
Schwab Institutional Only	Schwab RPS All
Schwab RPS SDE	Scottrade NTF
Securities America Advisors	Smith Barney Advisor/Portfolio Mngt
Smith Barney Portfolio Manager	Smith Barney Select UMA
Smith Barney TRAK	Standard Retirement Services, Inc.
Sterne, Agee & Leach, Inc.,	SunAmerica Securities Premier / Pinnacle
SunGard Transaction Network	TD Ameritrade Institutional
TD Ameritrade Institutional NTF	TD Ameritrade Retail
TD Ameritrade Retail NTF	TD Ameritrade Trust Company
Thrivent – Advisory Eligible	TIAA-CREF Brokerage Services
TIAA-CREF NTF	Trade PMR Transaction Fee
UBS Financial Services Inc.	

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Operations

Manager(s)	
Yi (Jerry) Zhang 09/08/2006 -	Jerry is a Managing Director, Senior Portfolio Manager, and Head of Emerging Markets Equity. Jerry has been with Evergreen since 2004. Previously, he served as a Vice President at Oppenheimer Asset Management (1999-2004). Jerry has been working in the investment management field since 1999. He received a BA in Finance from Nankai University (1993) and a PhD in Economics from Vanderbilt University (1999). Jerry has been awarded the use of the Chartered Financial Analyst (CFA) designation by the CFA Institute, and he is a member of the Boston Securities Analysts Society.
Derrick Irwin 10/01/2011 -	Mr. Irwin is a Portfolio Manager and senior analyst at Wells Capital Management. He joined Wells Capital from Evergreen Investments, where he served in a similar role since 2005. Earlier, he served as an analyst with Advest Inc. and as a portfolio manager with Goldman Sachs & Co. He began his investment industry career in 1993 as an analyst with Merrill Lynch & Co. Mr. Irwin earned a bachelor's degree in economics from Colgate University and a master's degree in business administration with an emphasis in finance from the University of Pennsylvania. He has earned the right to use the CFA designation and is a member of the Boston Security Analysts Society.
Liu-Er Chen 05/01/1999 - 02/28/2007	Liu-Er Chen heads the firm's global Emerging Markets team, and he is also the portfolio manager for the Delaware Healthcare Fund, which launched in October 2007. Prior to joining Delaware Investments in September 2006, he spent nearly 11 years at Evergreen Investment Management Company, where he most recently served as managing director and senior portfolio manager. He co-managed the Evergreen Emerging Markets Growth Fund from 1999 to 2001, and became the Fund's sole manager in 2001. He also served as the sole manager of the Evergreen Health Care Fund since its inception in 1999. Chen began his career at Evergreen in 1995 as an analyst covering Asian and global healthcare stocks, before being promoted to portfolio manager in 1998. Prior to his career in asset management, Chen worked for three years in sales, marketing, and business development for major American and European pharmaceutical and medical device companies. He is licensed to practice medicine in China and has experience in medical research at both the Chinese Academy of Sciences and Cornell Medical School. He holds an MBA with a concentration in management from Columbia Business School.
Francis X. Claró 05/01/1999 - 03/01/2000	Francis is a senior portfolio manager and managing director who heads Evergreen's International Small Cap Equity team. He joined Evergreen in 1994. Prior to joining Evergreen, he served as an investment officer with Inter-American Investment Corporation from 1992 to 1994, where he was responsible for making private equity and debt investments. Francis holds the Chartered Financial Analyst designation.
Antonio T. Docal 05/01/1999 - 04/27/2001	Docal is a Senior Vice President of Investment Counsel. He provides research and advice on the purchases and sales of individual securities, and portfolio risk assessment. Docal joined Franklin Templeton Investments in 2001. He holds the Chartered Financial Analyst designation.
Eleanor H. Marsh 05/01/1999 - 03/01/2001	Marsh is a vice president of SSgA, and a principal of SSgA FM. She joined the firm in 2004 as an Equity Analyst. Prior to joining SSgA in 2004, Marsh was a portfolio manager for International Equities at State Street Research; a portfolio manager for International Equities at Evergreen Investments; and a senior analyst at S.G. Warburg Securities in Tokyo. She has been working in the investment management field since 1987.
David F. Marvin 09/06/1994 - 05/01/1999	Marvin is chairman of Marvin & Palmer Associates, the company he cofounded in 1986. Previously, he spent 11 years as a vice president and portfolio manager with DuPont Corporation, and seven years as a portfolio manager with Investors Diversified Services. Marvin also served as a securities analyst with Chicago Title & Trust. Marvin holds the Chartered Financial Analyst designation and a member of the Financial Analysts Federation.
Todd D. Marvin 09/06/1994 - 05/01/1999	Marvin is a vice president and portfolio manager with Marvin & Palmer Associates, his employer since 1991. Previously, he was an investment analyst with Oppenheimer & Company.

Wells Fargo Advantage Emerg Mkts Eq Adm EMGYX

Operations

Terry B. Mason

09/06/1994 - 05/01/1999

Mr. Mason manages equity investments in Europe and the Pacific Region. Prior to joining the firm as a Portfolio Manager in 1990, he spent 14 years with the DuPont Company, the last six of those years as an International Equity Analyst and International Trader with the DuPont Pension Fund. Mr. Mason holds an M.B.A. from Widener University and a B.A. from Glassboro State College. He is a member of the Phi Beta Kappa Honor Society.

Jay F. Middleton

09/06/1994 - 05/01/1999

Mr. Middleton manages global equity investments. He joined the firm in 1989 as a Global Analyst and became a Portfolio Manager in 1992. Mr. Middleton holds a B.A. from Wesleyan University. He is a member of the Phi Beta Kappa Honor Society.

Stanley Palmer

09/06/1994 - 05/01/1999

Before he formed Marvin & Palmer Associates with Dave Marvin in 1986, he worked at the DuPont Pension Fund as International Equity Portfolio Manager from 1978 through 1986. Prior to this, he was a portfolio manager and analyst at Investors Diversified Services from 1971 through 1978. He was an analyst at the Harris Trust & Savings Bank from 1964 through 1971. Mr. Palmer holds an M.B.A. from the University of Iowa and a B.S. from Gustavus Adolphus College. He is a CFA charterholder, a member of the CFA Institute and a member of the Financial Analysts of Philadelphia.

Richard Wagoner

09/06/1994 - 05/01/1999

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