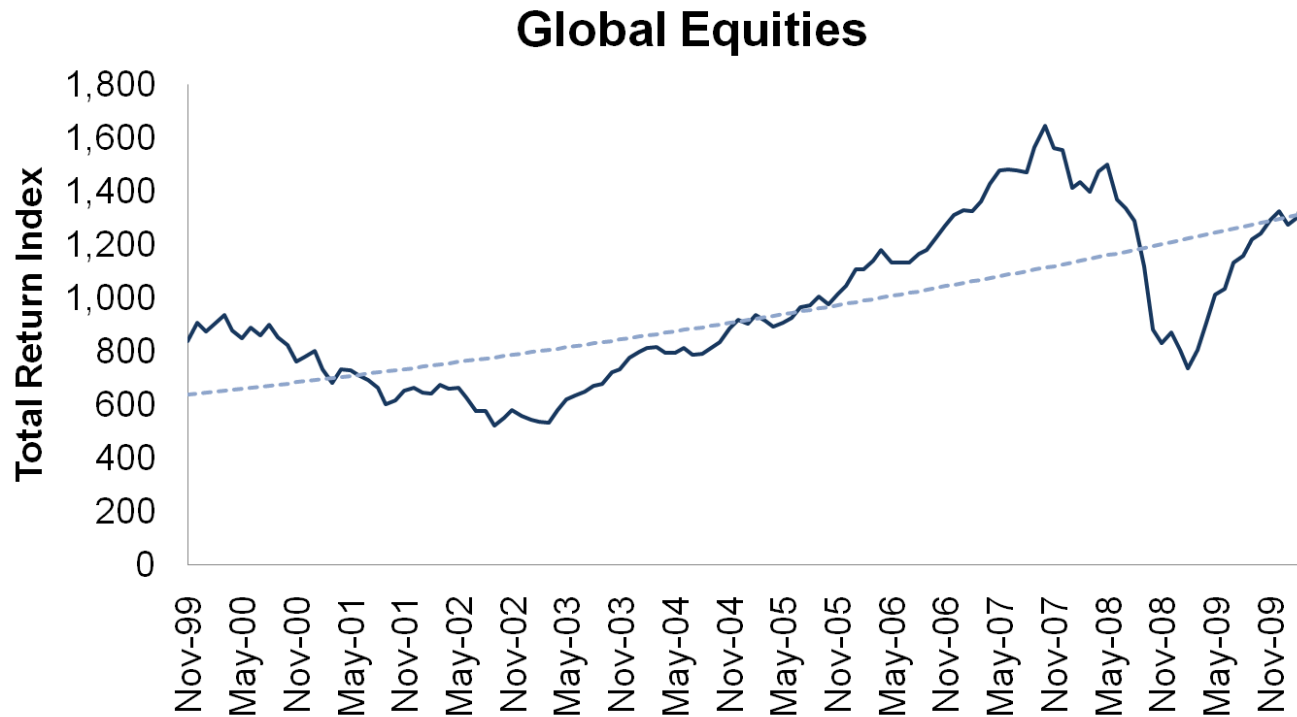


Global Equities: Opportunities & Risks

W. George Greig
Portfolio Manager & Global Strategist
May 3, 2010

William Blair & Company[®]
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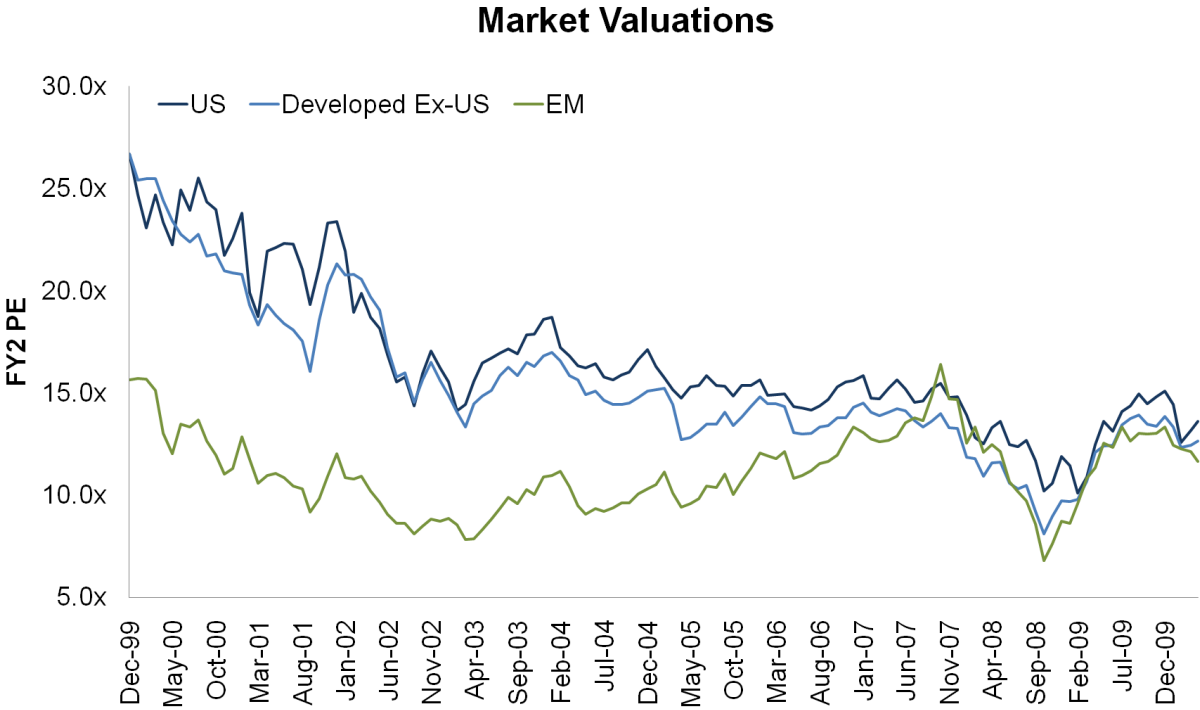
Global Equities: Return to Trend



- Led by emerging markets, world equities have recouped most of the ground lost since the 2007 top
- Does this pattern establish a new upcycle?

Source: FactSet

Global Valuations Still Attractive

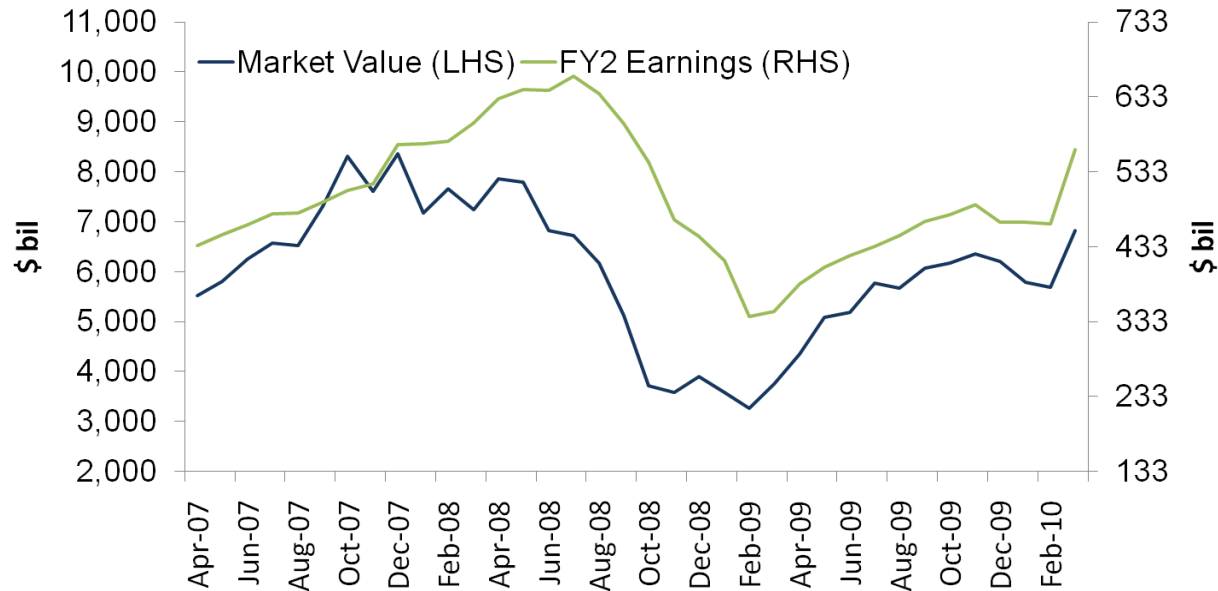


...even as credit spreads have narrowed

Source: FactSet

Emerging Markets Have Led the Upcycle

Emerging Markets

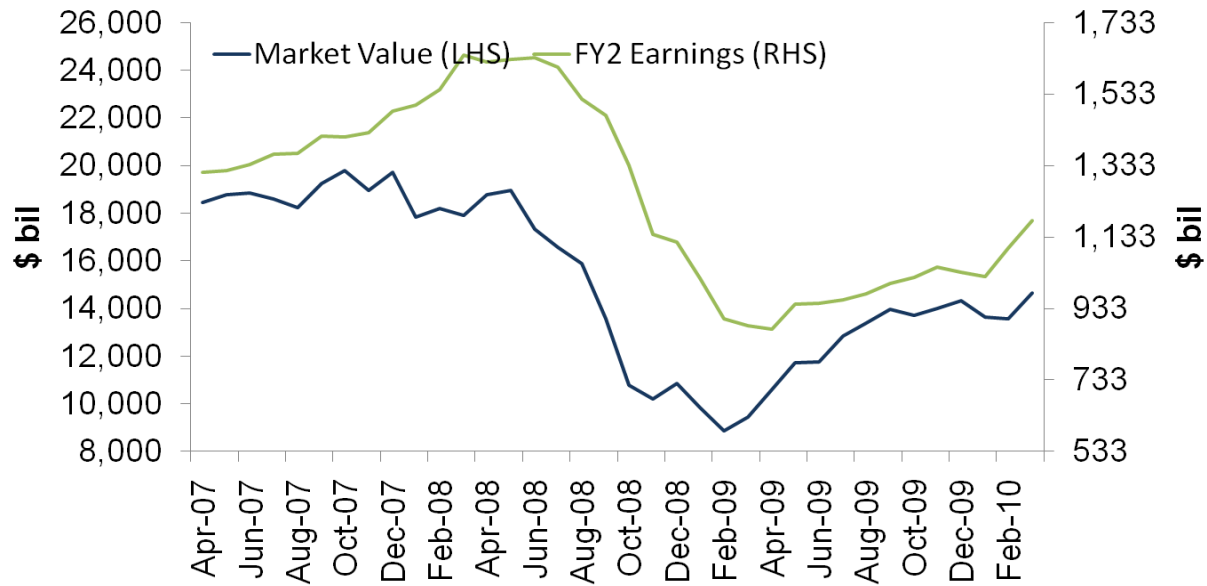


...and equity values have been a leading indicator for earnings expectations

Source: FactSet

Valuations Remain Reasonably Well Supported

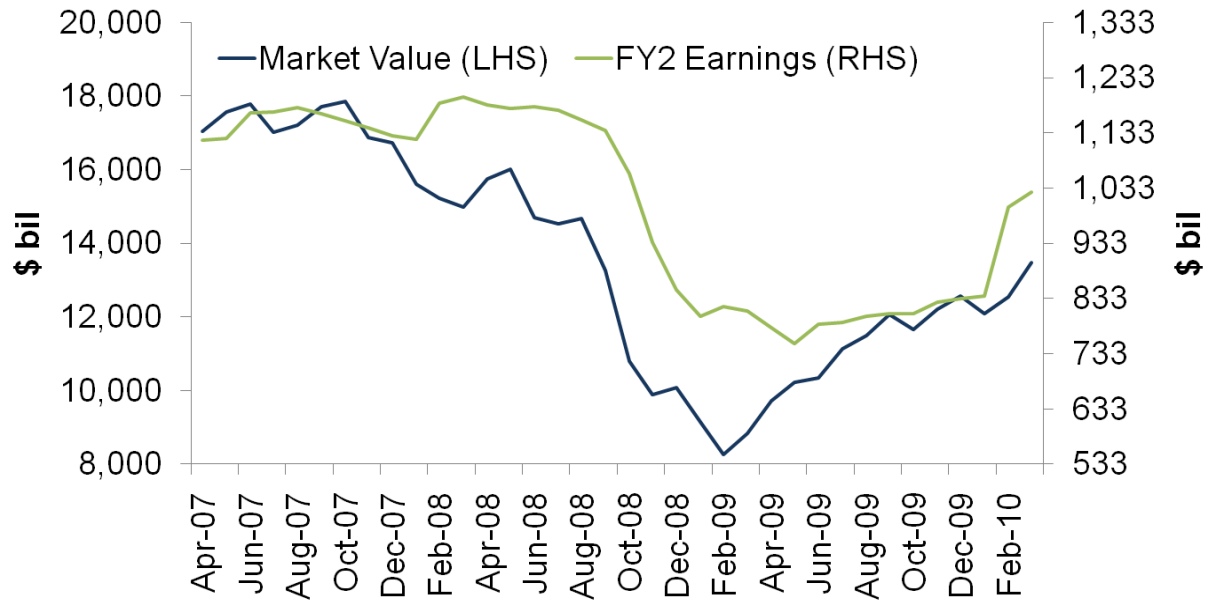
Developed Ex-US



Source: FactSet

A New Boom in Earnings

US



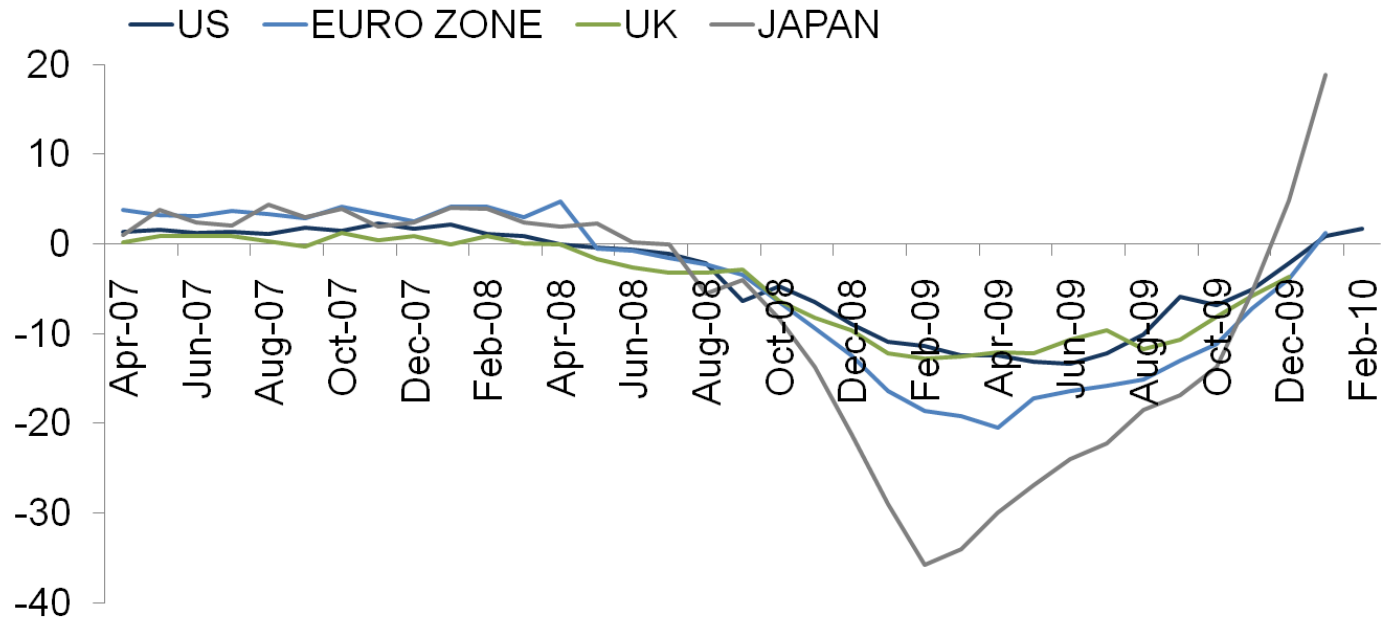
- Expected earnings rising at an accelerated pace

Source: FactSet

The Recovery is Transitioning to Expansion



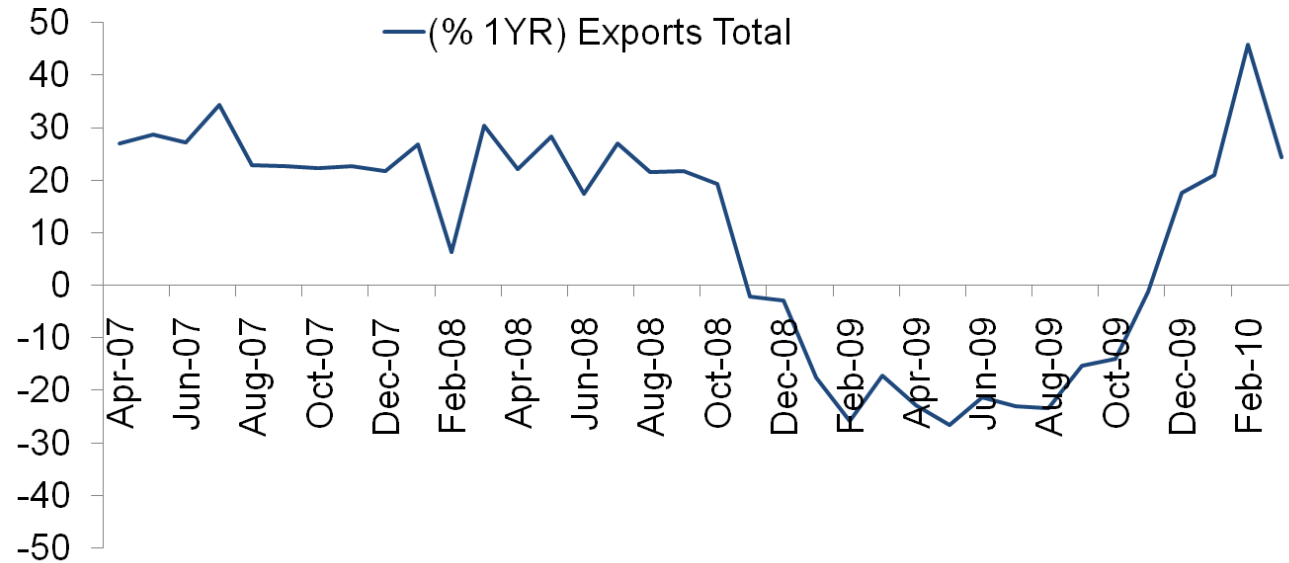
Industrial Production (% Chg YoY)



Source: FactSet

The Expansion is Going Global

China Exports



- World trade growth has reaccelerated, led by technology

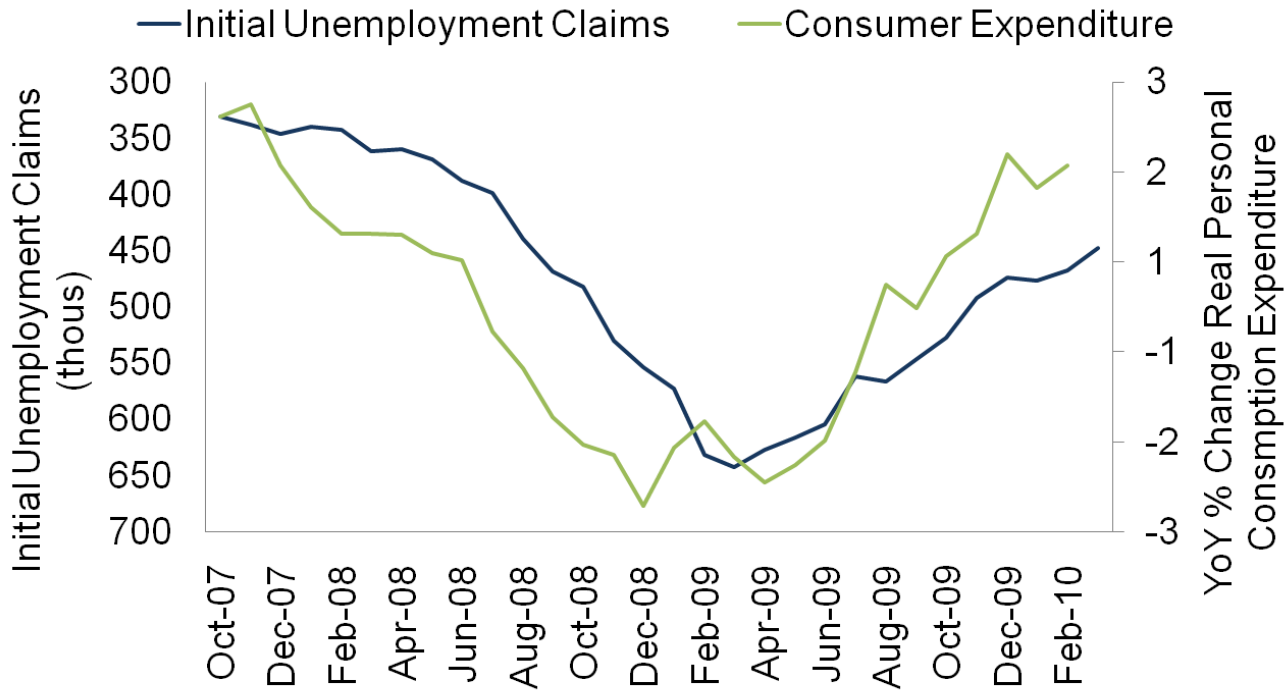
Source: FactSet

China's Consumer Spending Accelerates



Source: FactSet

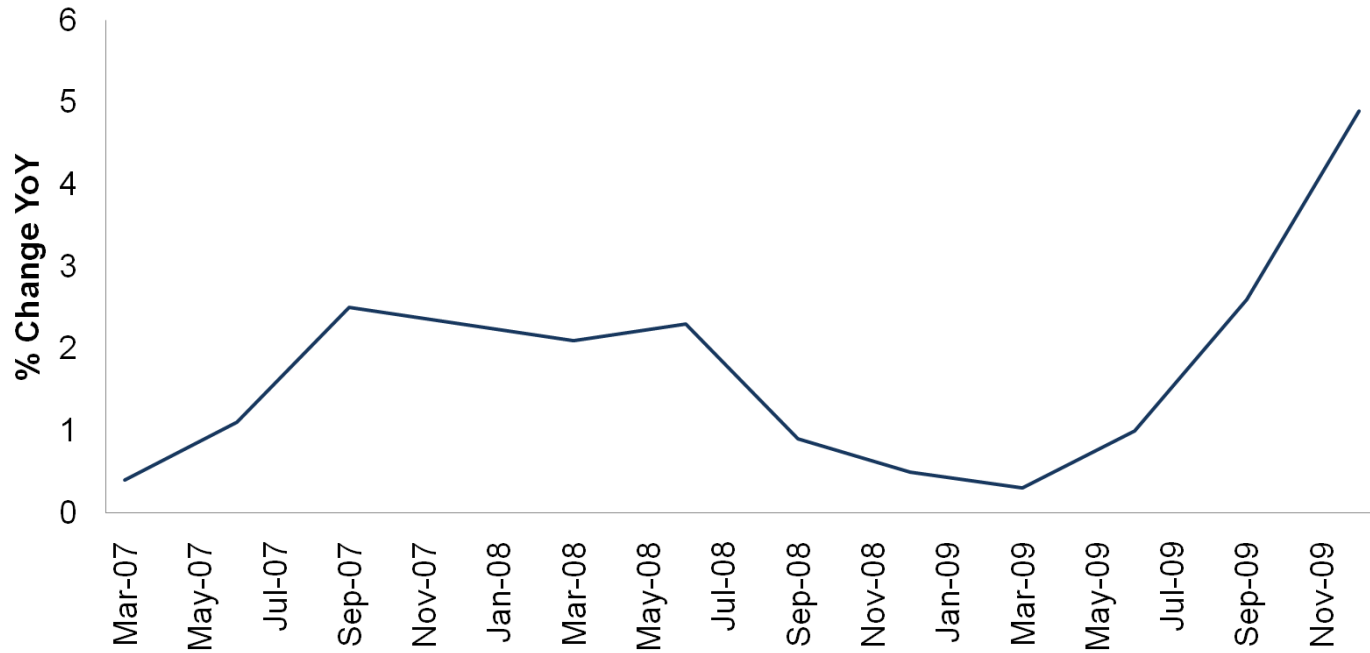
US Consumer Spending Rebounds



Source: FactSet

Corporate Performance Remains Strong

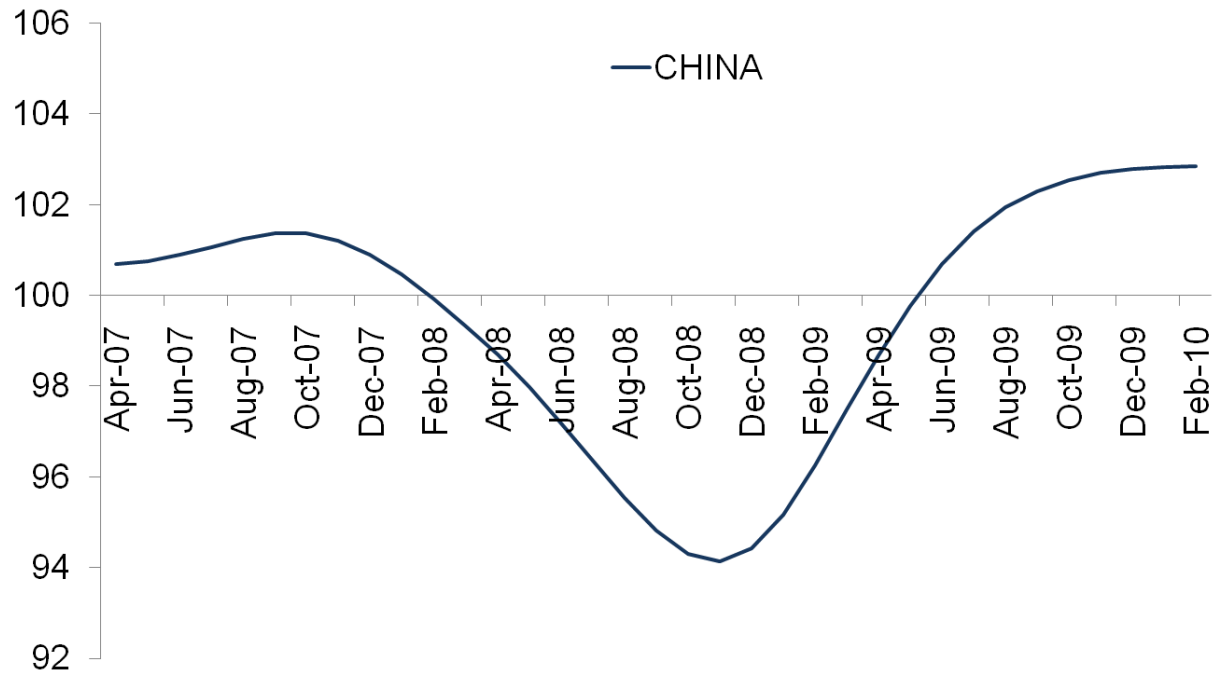
Nonfarm Business Productivity



Source: FactSet

How Durable the Expansion?

Composite Leading Indicators



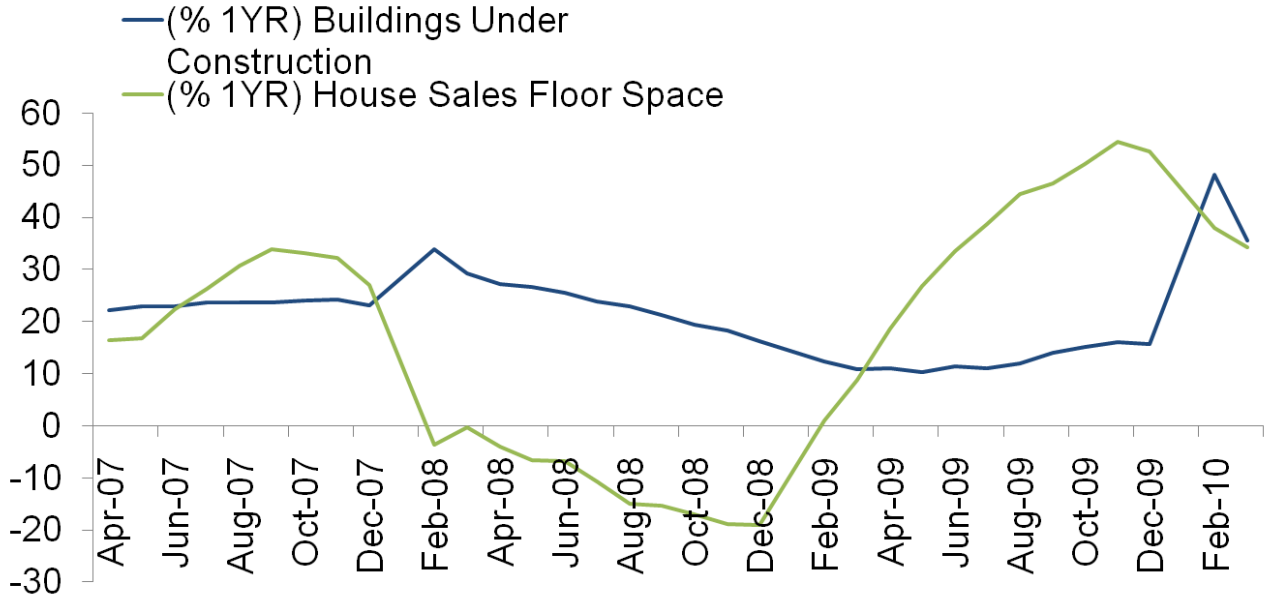
- How smoothly will China engineer a moderation in investment growth?

Source: FactSet

Slowdown Ahead?

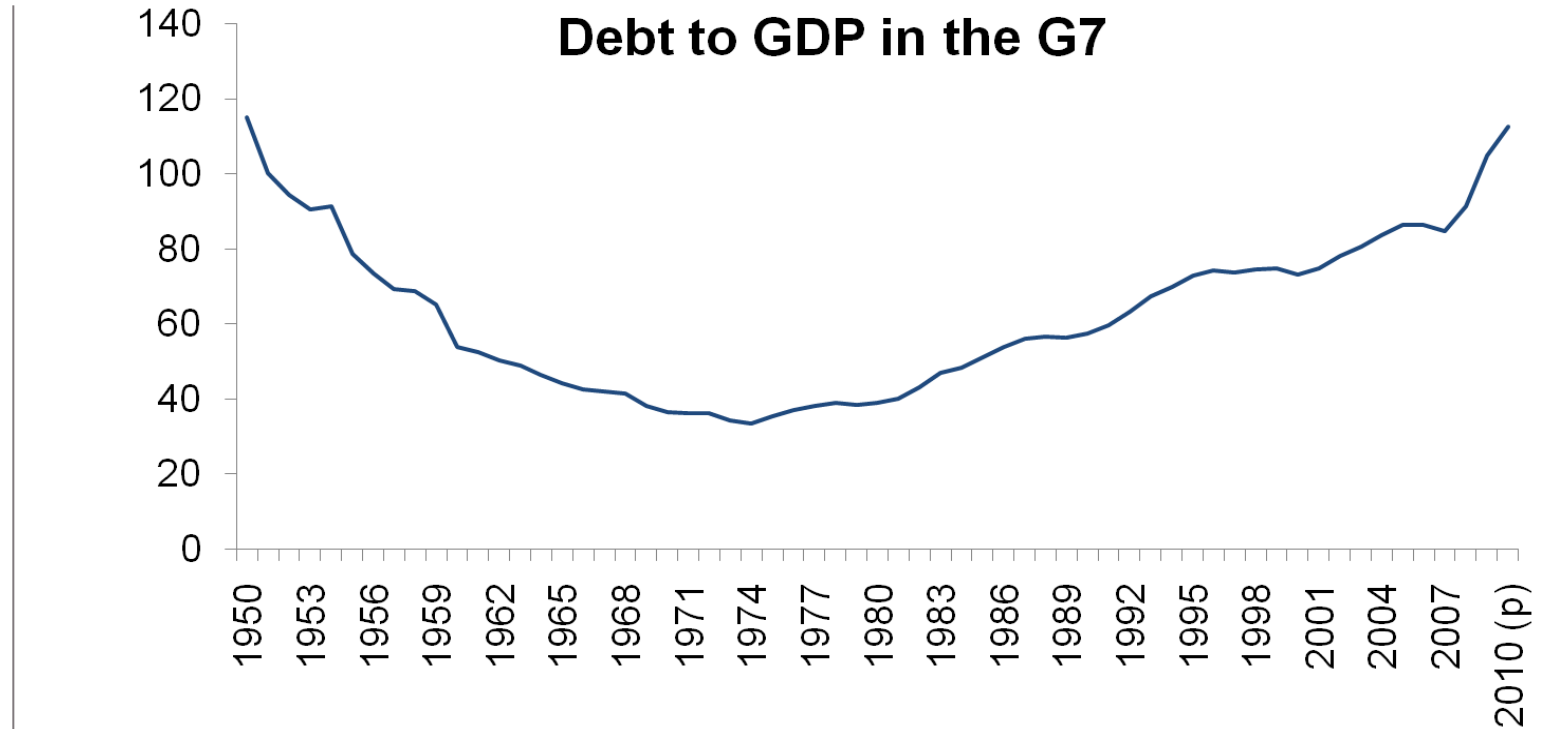


China Commercial Residential Property



Source: FactSet

How Durable the Expansion?

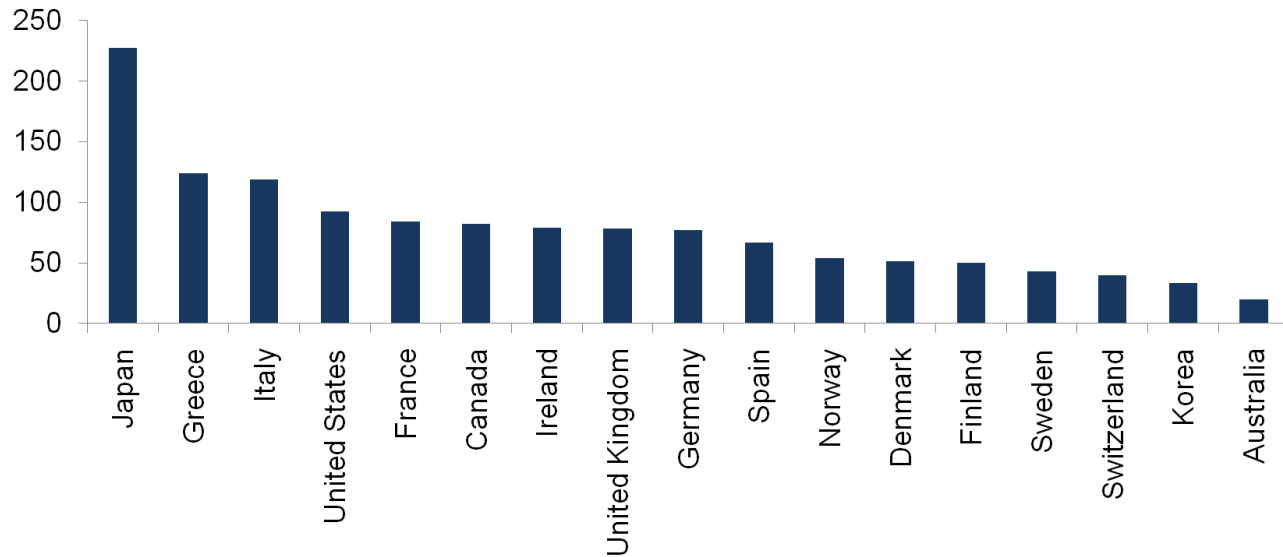


•How sustainable is the global balance sheet?

Source: IMF

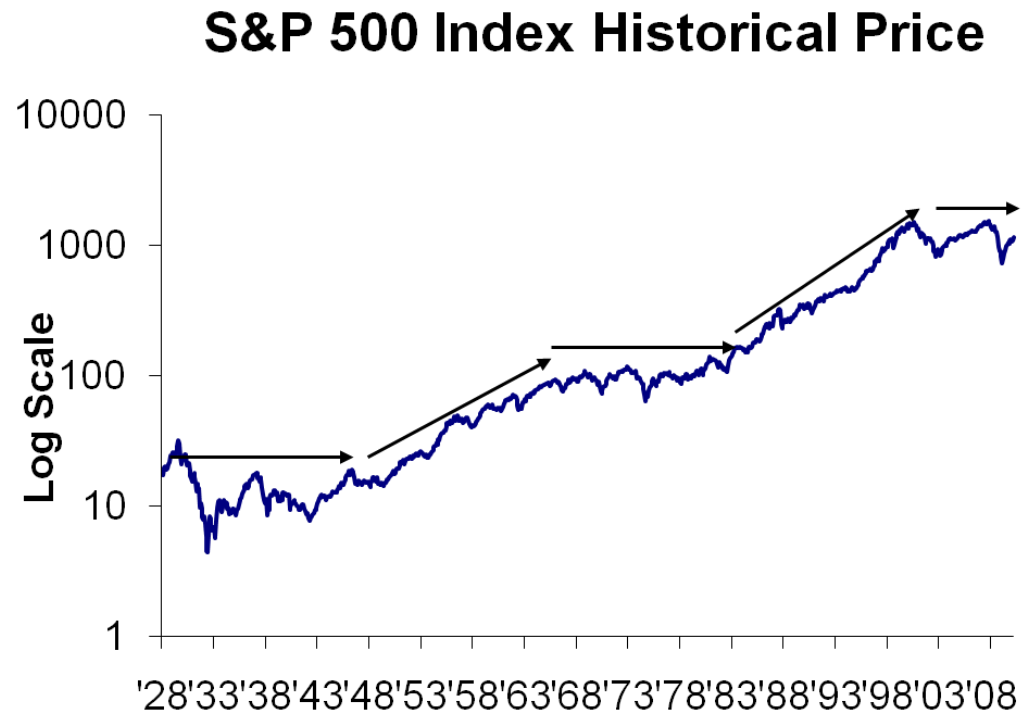
Fiscal Risk – How Manageable?

Gross General Government Debt as Percent of GDP



Source: IMF

Long Run Generational Cycles



Source: FactSet

Disclosures



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