

**The Markets are telling you
something...are you listening?**

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Presentation to PortfolioConstruction Conference 2008

The Investable Universe

- ~ 1500 companies in the developed markets with market cap > \$5b
- ~ 1500 companies in the emerging markets with market cap > \$1b
- How can investors find the winners?

Key messages - *are you listening?*

1. Momentum in prices

- results from human behaviour

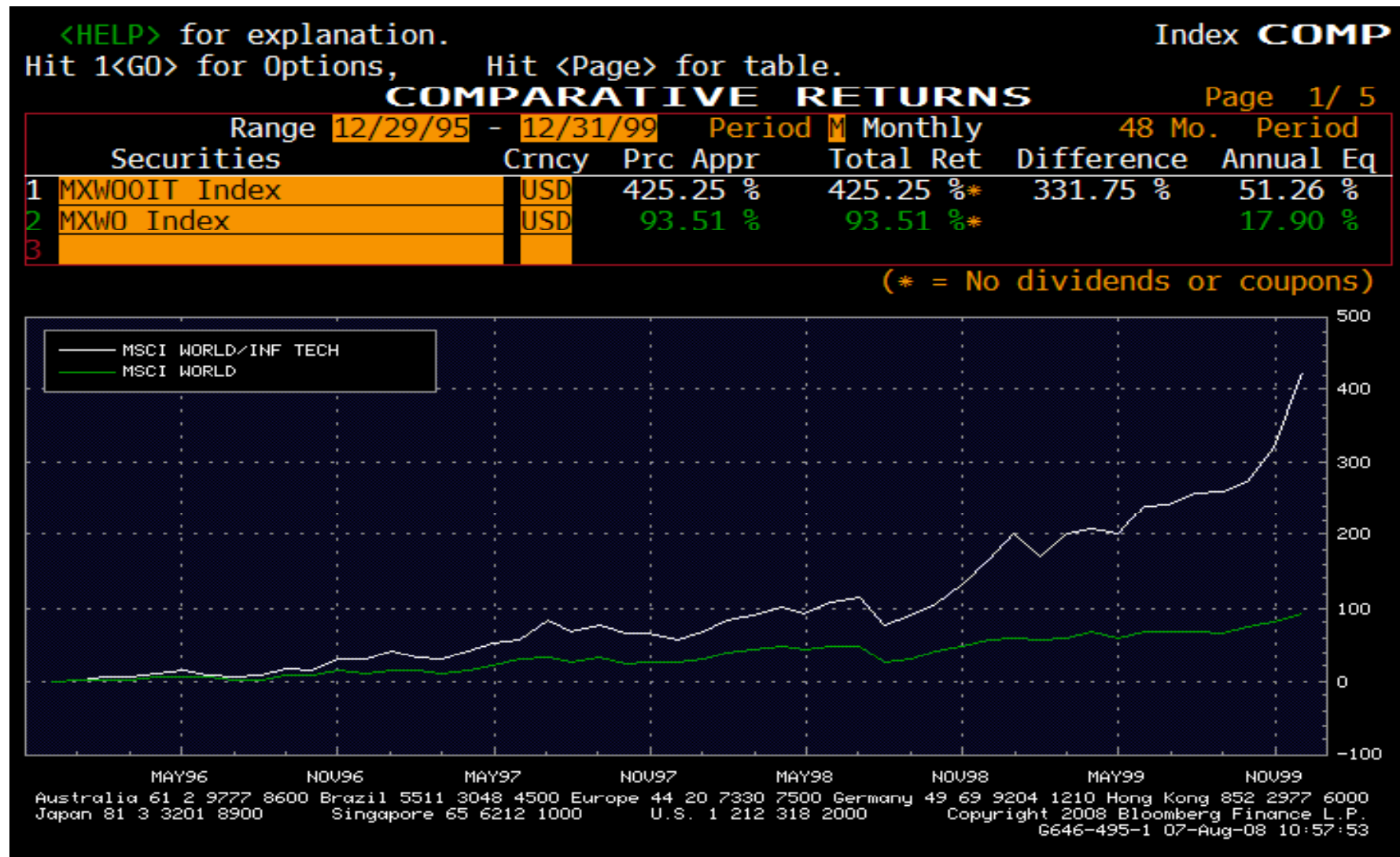
2. Identifiable trends

- Clearly occur in both markets & stocks

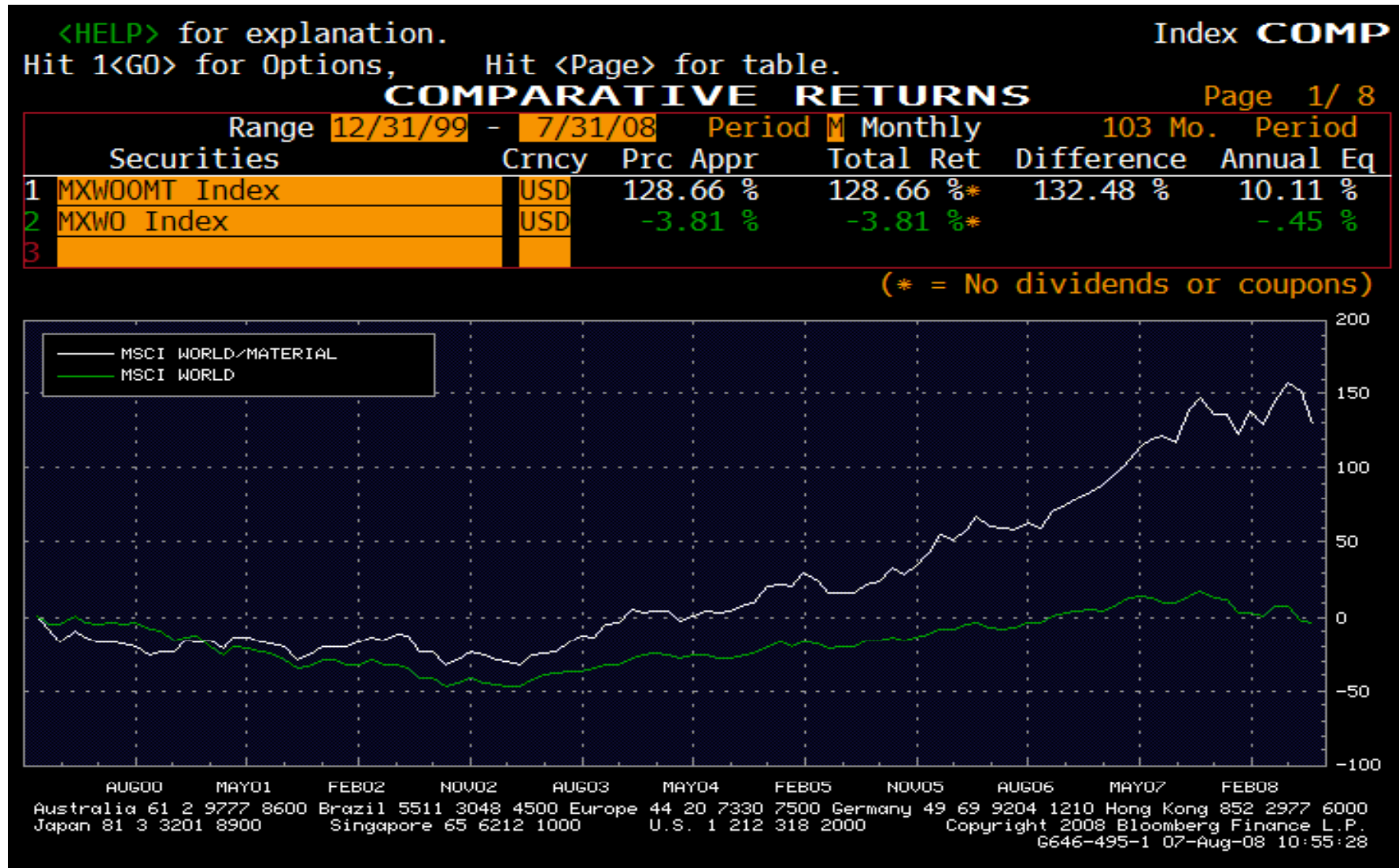
3. Leadership & quality matter

- Safer and more profitable

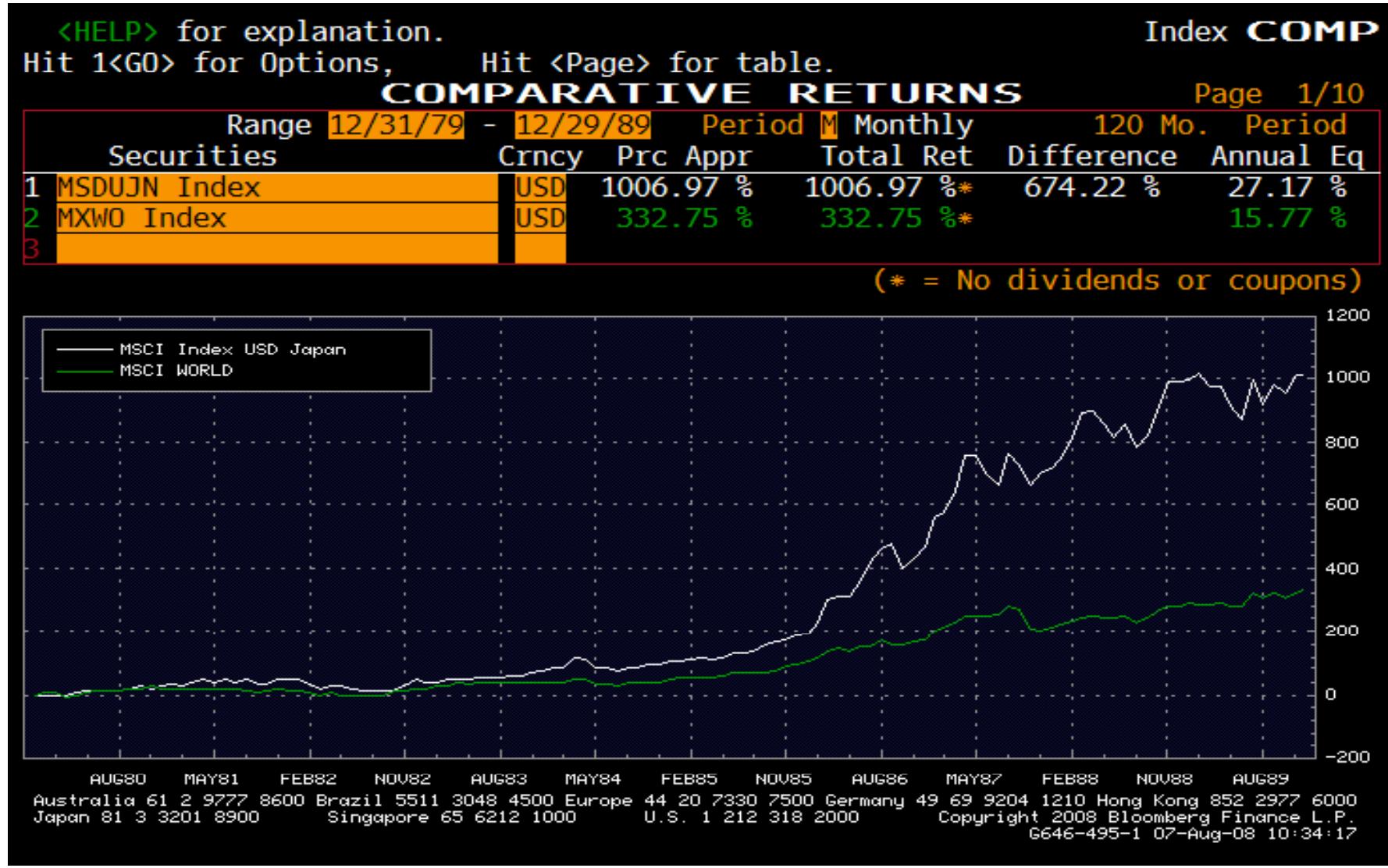
Technology outperformed the World by 331% during the second half of the 1990's



Materials have outperformed the World by 132% since 1999



Japan in the 1980's outperformed the World by 674%



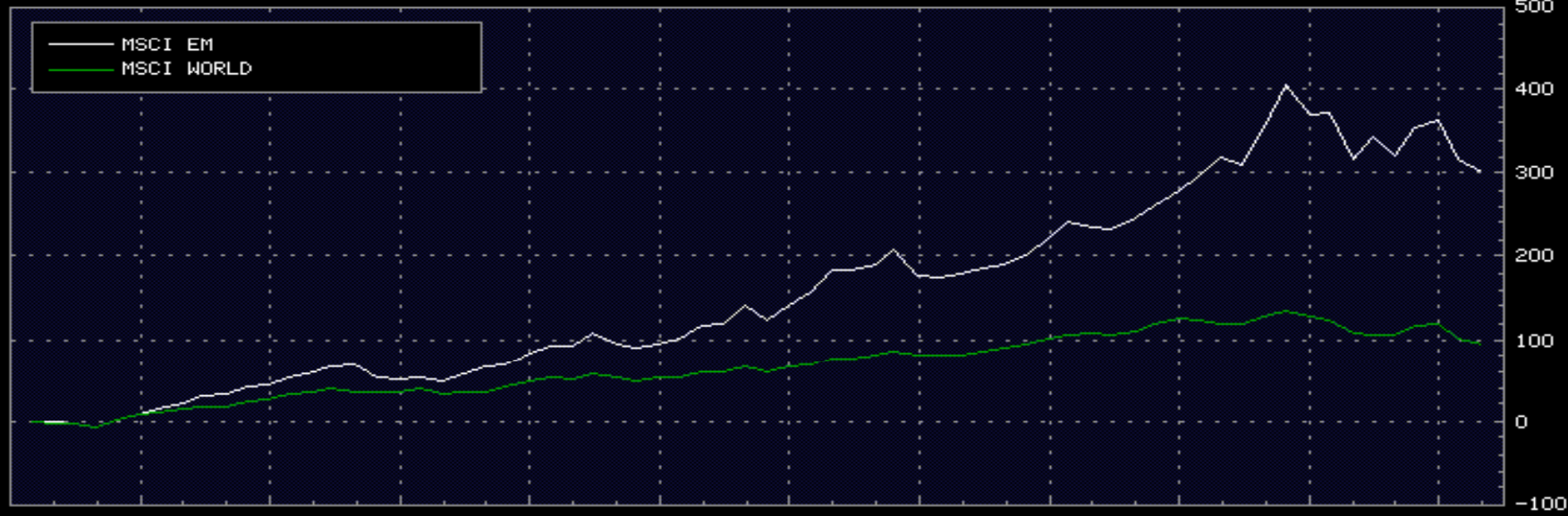
The Emerging Markets have outperformed the World by 204% since 2002

<HELP> for explanation. Index COMP
 Hit 1<GO> for Options, Hit <Page> for table. Page 1/ 6

COMPARATIVE RETURNS

Securities	Range	Crncy	Prc Appr	Period	Total Ret	Difference	67 Mo. Period Annual Eq
1 MXEF Index	12/31/02 - 7/31/08	USD	256.69 %	M Monthly	301.69 %	204.81 %	28.26 %
2 MXWO Index		USD	72.52 %		96.88 %		12.89 %
3							

(* = No dividends or coupons)



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
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But aren't markets efficient?

- Information is (generally) available to everyone **BUT** Information is:
 - Discovered at different times
 - Interpreted in different ways
 - Acted on in different ways

Momentum does exist

- Jagadeesh and Titman (1993)
- Jagadeesh and Titman (2001)
- The London School of Business (2008)

YOU CAN
EITHER RUN WITH
'EM OR AGAINST
'EM....

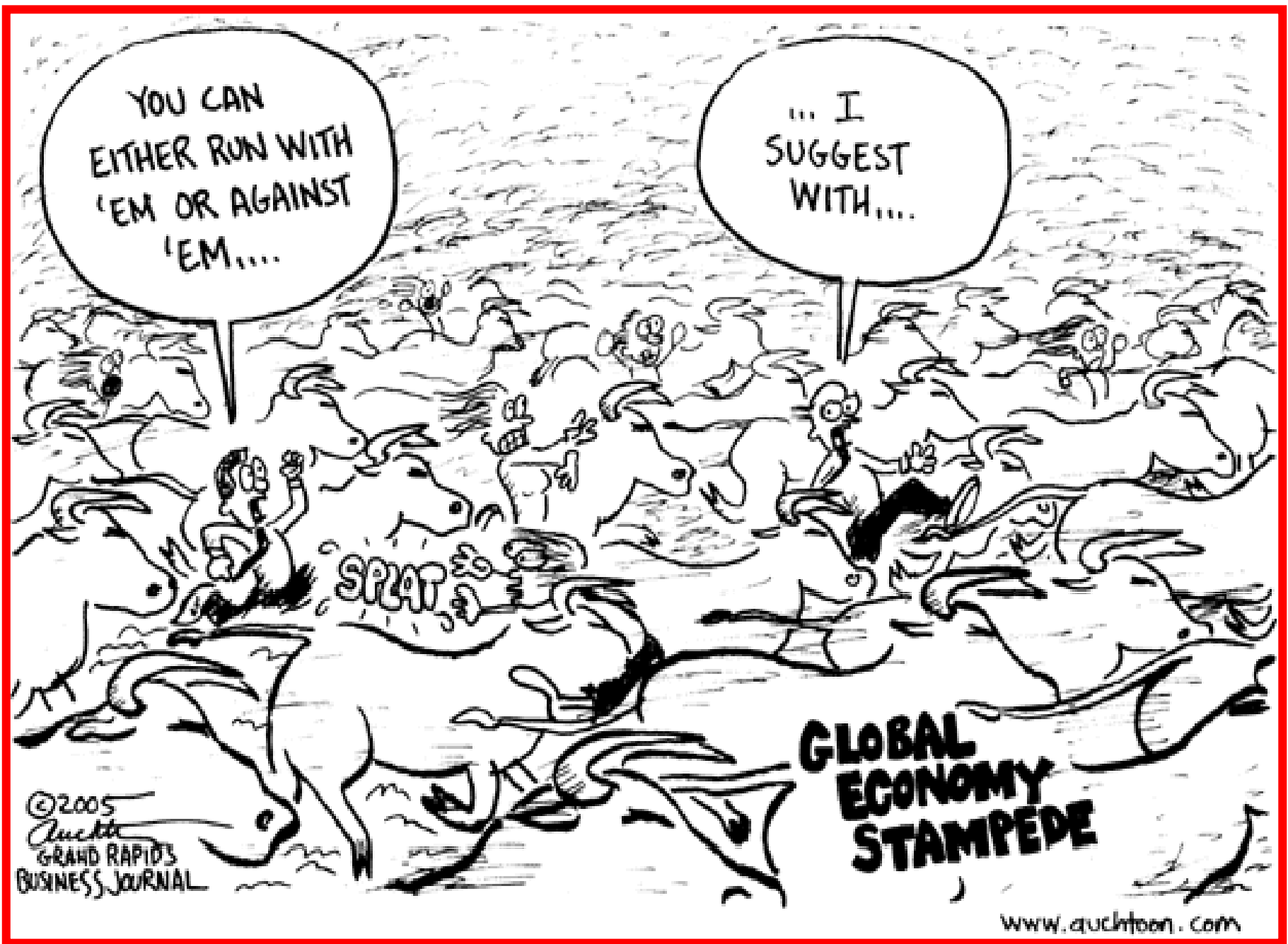
... I
SUGGEST
WITH....

SPLAT

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Momentum

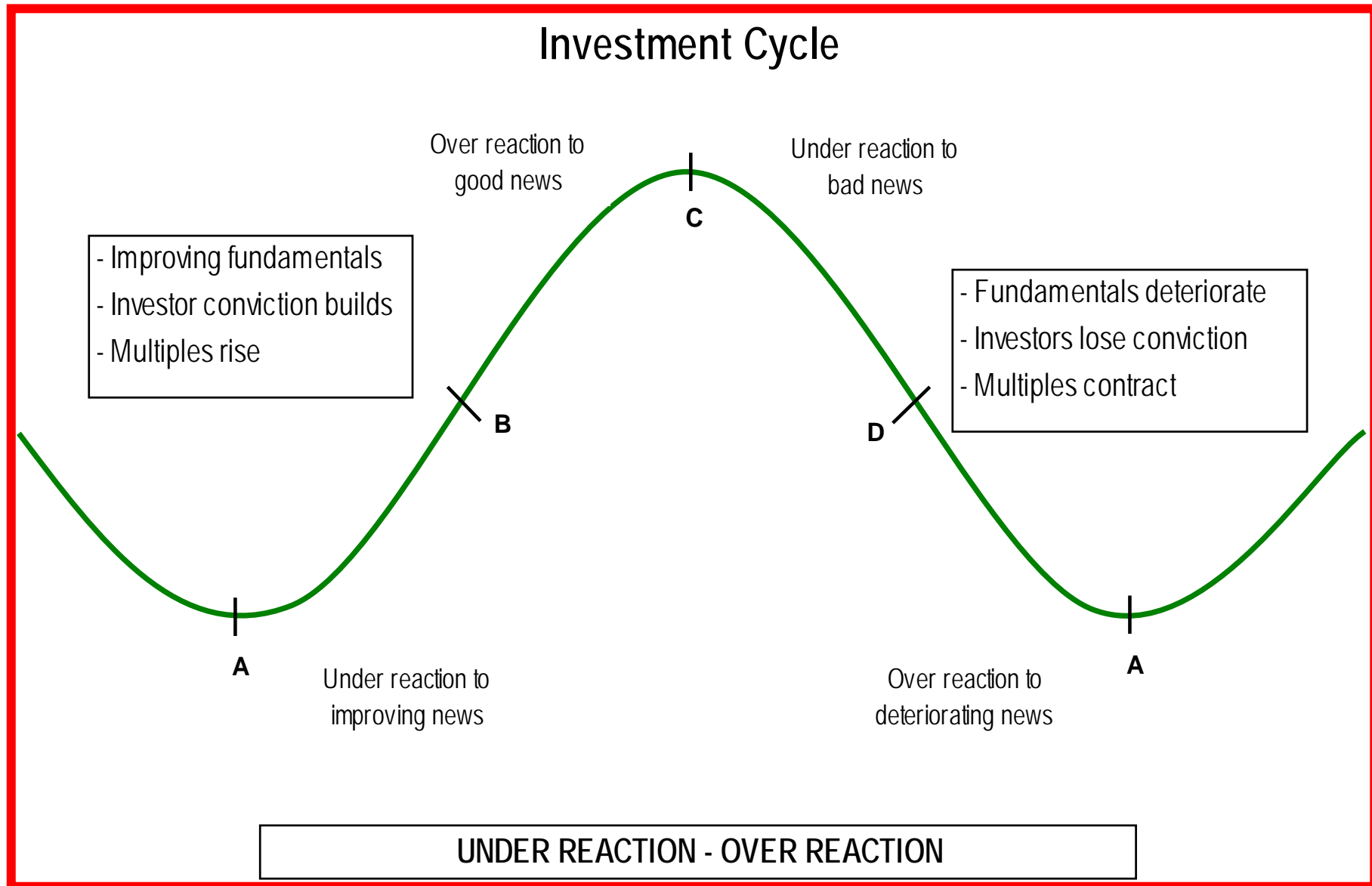
+ Fundamentals

+ Investor Behaviour

= Trends

- Momentum
 - Exists, but why?
- Fundamental Data
 - How investors discover, interpret & react to it
- Under-reaction and over-reaction
 - Develops, Builds and Reverses Trends

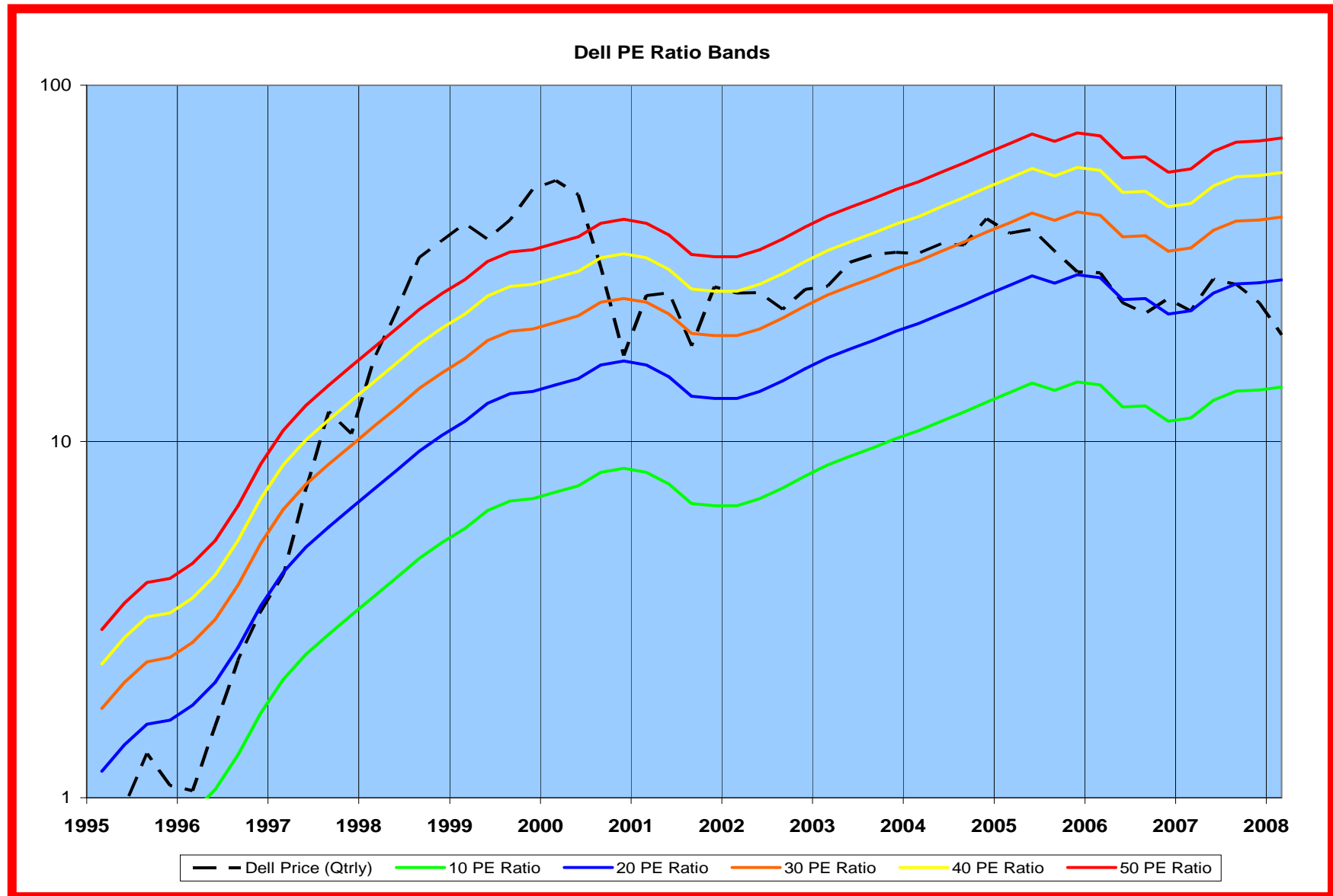
Investor Behavior



Leadership & Quality matter too!

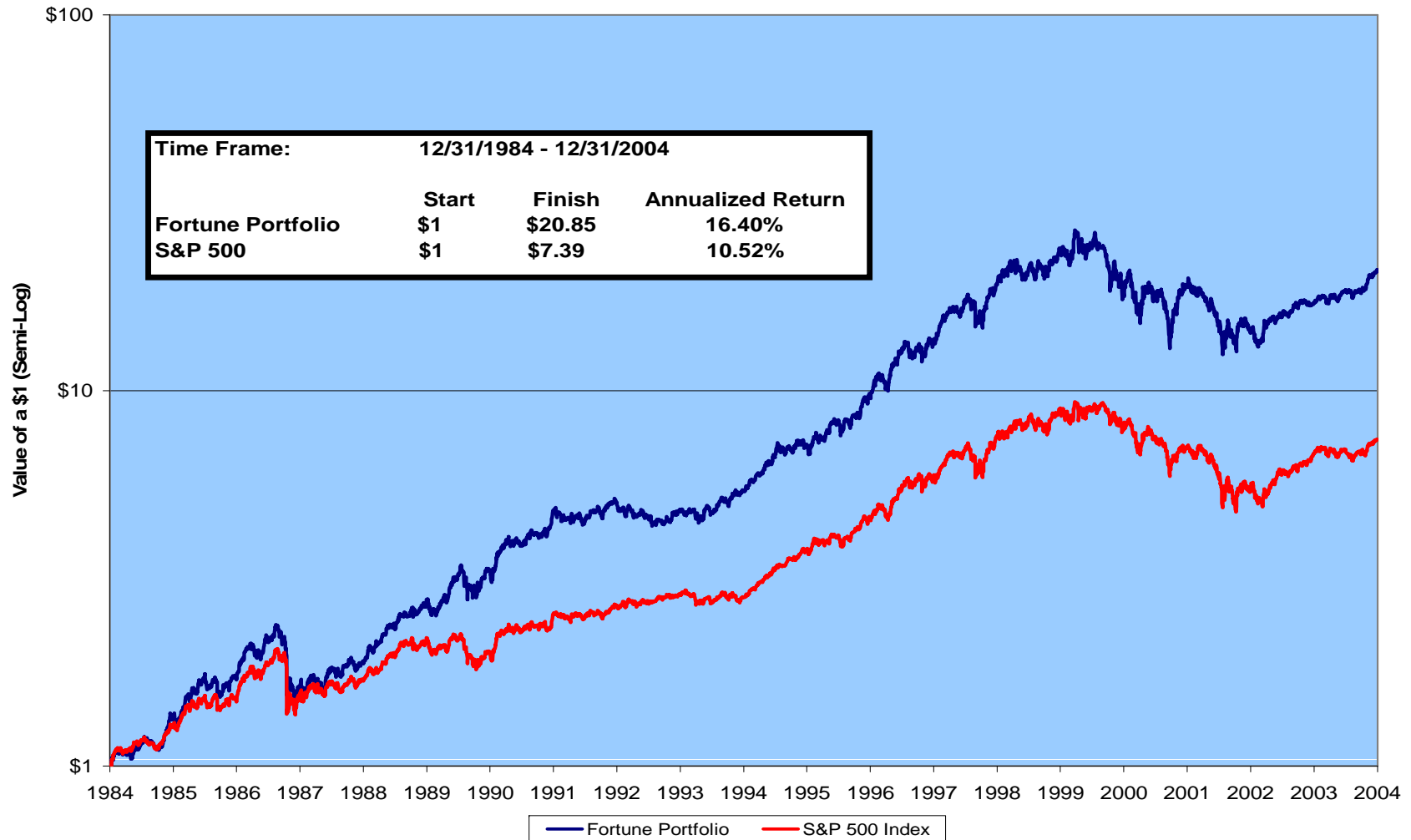
- Highest quality companies participate in- and often pioneer- developing trends
- Under-reaction tendencies more pronounced & last longer
- Higher multiples on the up-side

Market Leadership



Quality matters

Fortune Portfolio Versus S&P 500 (Value of a \$1)

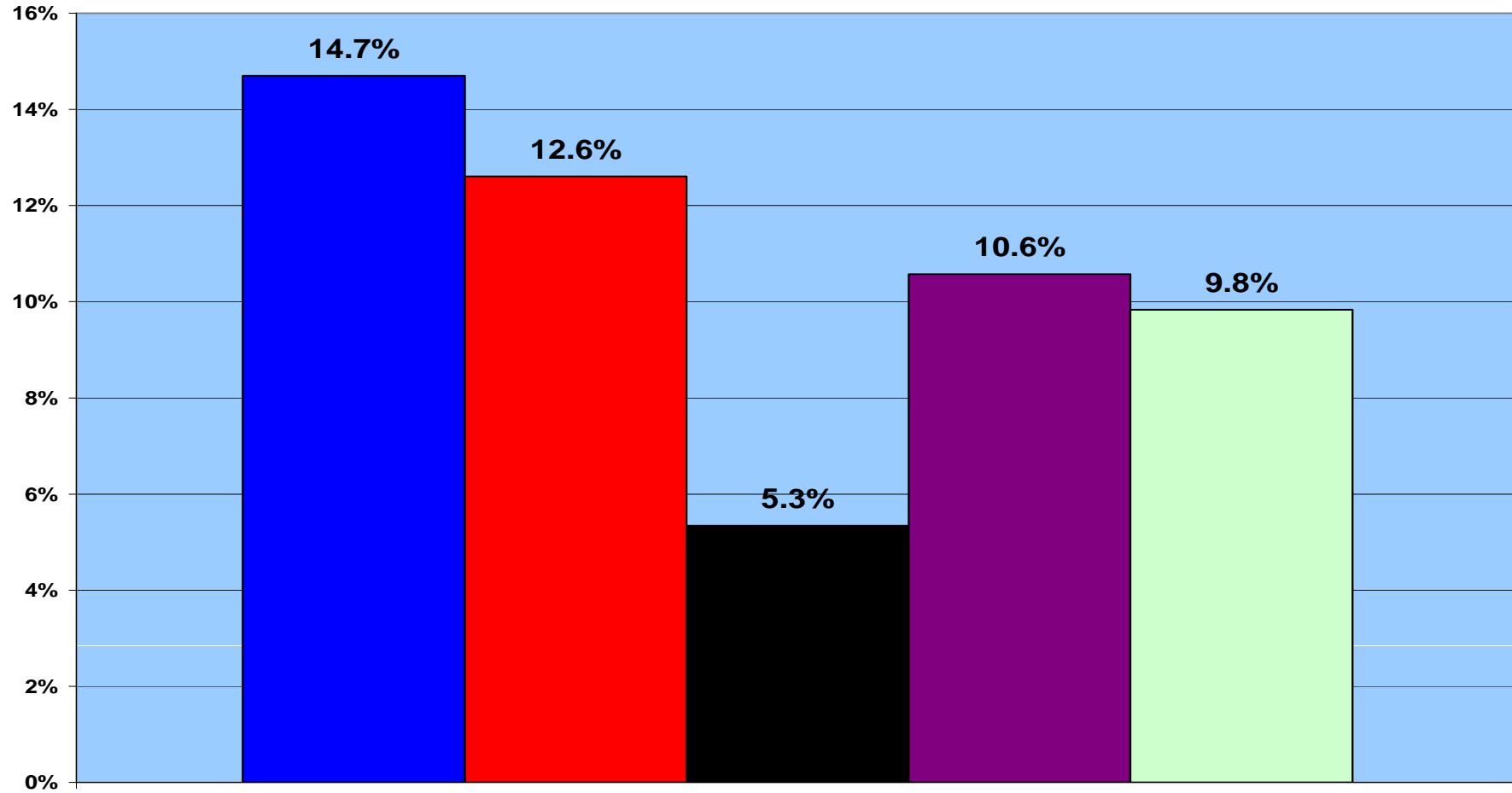


How do investors identify a Market Leader?

- Strength in management
- Strength in franchise
- Strength in balance sheet

Trends + Quality add alpha!

U.S. Annualized Returns By Rating - 19.75 Yrs (Cap. Weighted)



(19.75 Years - 9/30/1988 Thru 6/30/2008)

■ Fund A

■ Positive

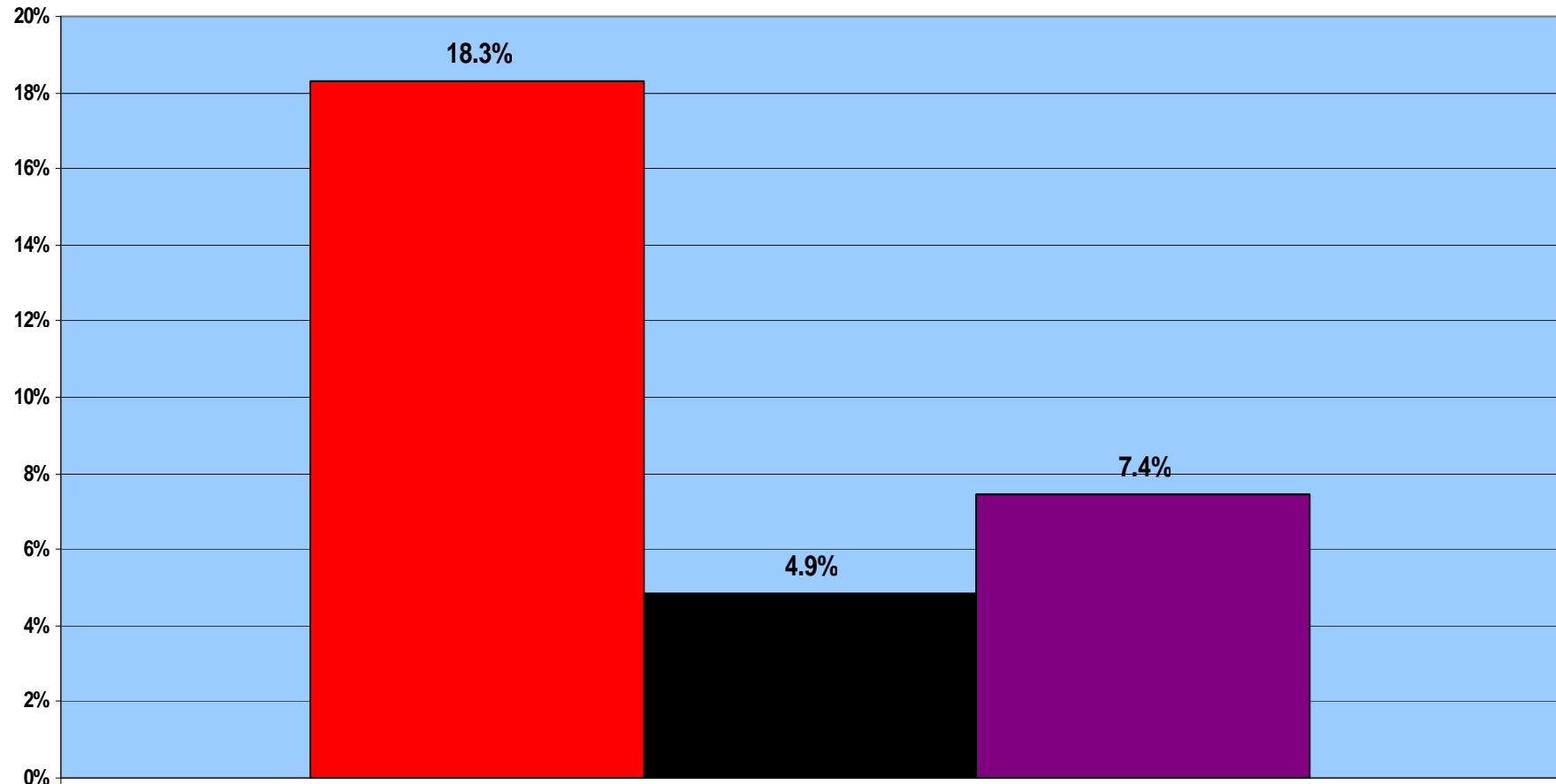
■ Negative

■ S&P 500 with Dividends

■ Russell 1000 Grw GD \$

Sectors trend

World Sectors Annualized Returns By Rating - 12.08 Yrs (Equally Weighted)



(12.08 Years - 3/29/1996 Thru 4/30/2008)

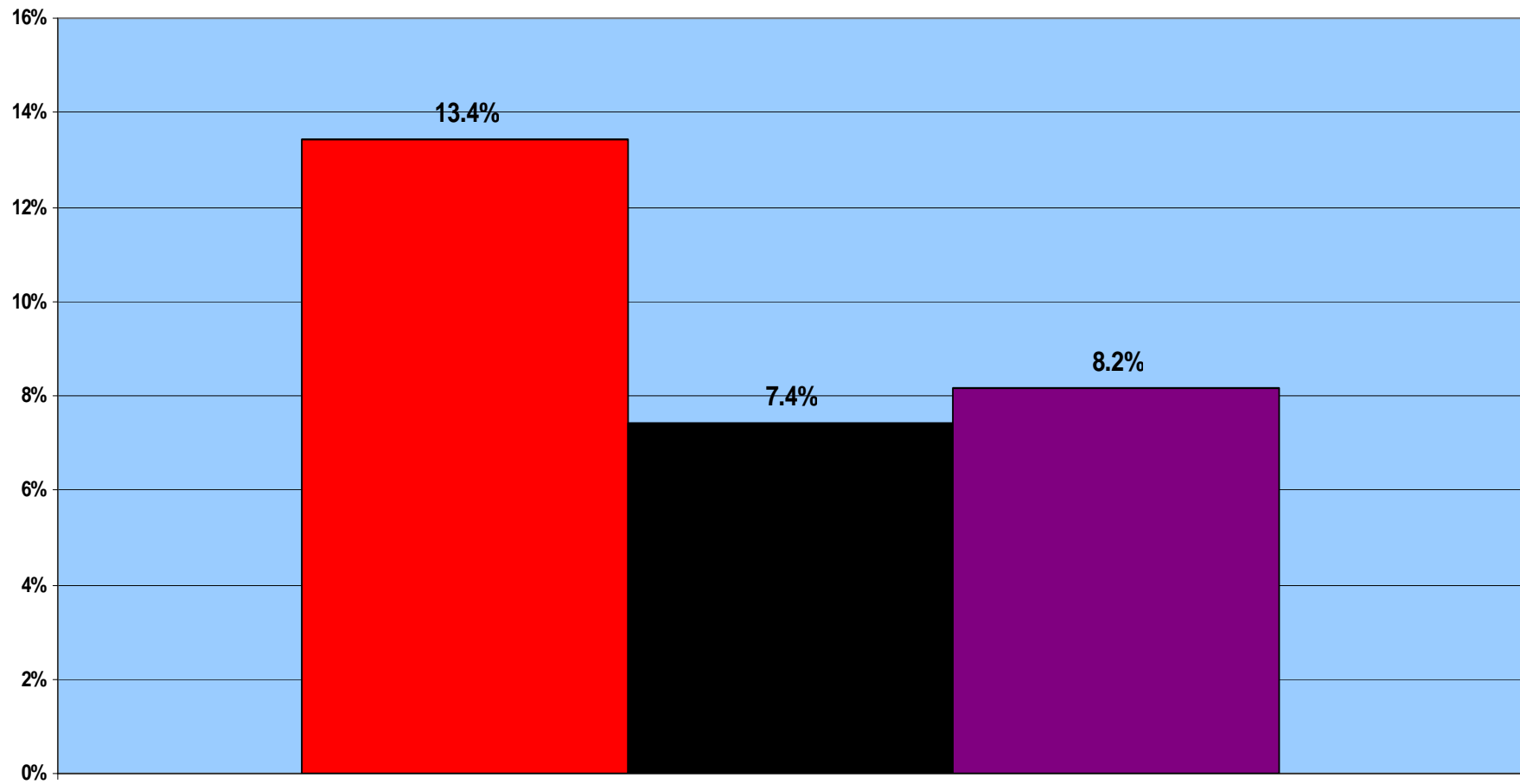
■ Positive

■ Negative

■ MSCI World Index

Countries trend

World Countries Annualized Returns By Rating - 19.58 Yrs (Equally Weighted)



(19.58 Years - 9/30/1988 Thru 4/30/2008)



Conclusions

- All investors are subject to human emotion
- Momentum is the result of human behaviour
- Investor reaction results in trends
- Trends combined with quality & leadership:
= results!

Markets are made up of investors
Investors are people
People have emotions



Q&A



In operation

1. EQT Marvin & Palmer Global Equity Trust
2. EQT Marvin & Palmer Global Emerging Markets Trust

“Top Down, High Quality, Large Cap, Growth”

Region → Country → Currency → Sector → Security

Let's start thinking about...

This session was:

- 1. awful**
- 2. mediocre**
- 3. good**
- 4. excellent**

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Time's Up!

Let's start thinking about...

This session was:

- 1. awful**
- 2. mediocre**
- 3. good**
- 4. excellent**

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