

GUGGENHEIM

ECONOMIC DIVERSIFICATION IN INTERNATIONAL COMMERCIAL REAL ESTATE

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GUGGENHEIM REAL ESTATE

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<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
I. Introduction to Guggenheim Real Estate's International Fund Series	2
II. Introduction to Economic Diversification	3
III. Countries and Economic Factors Considered	4
IV. The Result: Seven Economic Groups	5
V. Risk Ceilings	14
Appendix A: Pair Wise Correlations	16

January 2011

I. INTRODUCTION TO GUGGENHEIM REAL ESTATE'S INTERNATIONAL FUND SERIES

Guggenheim Real Estate LLC (“Guggenheim Real Estate” or “GRE”) has formed an international fund series (“International Fund Series”) to pursue a diverse portfolio of non-U.S. real estate investments. Building off of our experience in the U.S., GRE seeks to provide investors with an international real estate portfolio well diversified by manager, strategy, property type and economic geography.

The International Fund Series invests in real estate funds, real estate related assets, and public real estate related securities outside the United States. The investment strategy of the first fund in the International Fund Series focuses on the following key themes: (i) developed markets where recent economic and real estate capital market weakness have created attractive acquisition opportunities and a compelling risk/return profile; (ii) emerging markets exhibiting positive potential economic growth trends, rapid urbanization and a rising consumer class; (iii) niche strategies with proven operators in target markets and property types; and (iv) strategies poised to take advantage of capital market evolution or mispricing.¹

GRE believes that the International Fund Series provides investors with the following attractive characteristics:

- Diversified international real estate allocation with active strategic management oversight.
- Access to multiple top-tier managers and local execution across the international marketplace.
- Utilization of GRE’s rigorous investment research.
- GRE’s proven ability to identify, evaluate and monitor real estate investments and real estate investment managers.
- Constant monitoring of public and private real estate markets to capitalize on compelling pricing discrepancies.
- Representation by an experienced real estate investor without the conflicts inherent in larger organizations serving multiple constituencies.
- Quality oversight and structuring by top-tier advisory services to address international tax and legal issues faced by U.S. investors.

This paper examines an important feature of the International Fund Series risk management strategy – in particular economic diversification.² In managing exposures and allocations for the portfolio, the Guggenheim Real Estate team conducts in-house research and categorizes countries by economic drivers, rather than just by geographic region, to ensure portfolio diversification and to properly manage risk.³

¹ For more information please see the Confidential Private Offering Memorandum for Guggenheim Real Estate International Fund L.P.

² Other risks are considered in the relative return forecast.

³ For an important aspect of potential alpha, please see the companion paper, “Global Commercial Real Estate Appreciation Returns Forecast,” by David K. Guilkey, PhD, and Mike E. Miles, PhD.

January 2011

II. INTRODUCTION TO ECONOMIC DIVERSIFICATION

The idea of economic diversification is an extension of the methodology GRE utilizes for grouping metropolitan statistical areas (“MSAs”) in the United States into diversification categories.⁴ The logic for portfolio diversification using economic geography is both simple and compelling. The fundamental idea of the work we have done in the United States is that a portfolio should be diversified across groups of MSAs that are arranged by similar demographic and economic characteristics and not by physical geography. For example, New York, New York and Los Angeles, California are grouped together along with three other MSAs to form our domestic Global cities diversification category since they share many stable characteristics such as sensitivity to immigration and population density. Globally, the basic idea is the same: countries that share several long run stable characteristics can be expected to perform similarly in varying economic climates. Just as a wise investor in the stock market can lower the overall risk in his portfolio faster by acquiring stocks that have lower (or negative) correlations with securities already held in the portfolio, the investor in international commercial real estate can more effectively diversify across countries by investing in countries where the future return correlations will be lowest.

Building a diversification model has never been simple even in the most straight forward situation. For example, in the domestic bond market where the Barclays Capital Aggregate Bond Index (formerly the Lehman Aggregate) is the most quoted index. The Securities Industry and Financial Markets Association reports that the total capitalization of the domestic bond market is approximately \$36.0 trillion as of December 31, 2010, however, the Barclays Capital Aggregate Bond Index (formerly the Lehman Aggregate) has a total capitalization of just \$15.1 trillion⁵. The easy reconciling items are municipal bonds and money market funds, which are not covered in the Barclays Capital Aggregate Bond Index. Municipal bonds and money market funds have a total capitalization of \$2.9 trillion each⁶, leaving \$15.1 trillion still unaccounted for. What is the explanation? When calculating a naive domestic weighting across asset classes, what capitalization number should be used for bonds? What should be included in a bond index? As is often the case, it depends on what one is trying to accomplish and thus what “counts”. In the case of domestic bonds, the questions are whether to include a) floating rate debt; b) below investment grade bonds; c) shorter maturities; d) smaller issues; e) convertible bonds; f) registered 144a notes; g) fixed rate bonds with a step up; h) a myriad of other possibilities.

Given all these considerations on the most basic of domestic asset classes, we feel good about the judgment calls enumerated below that have been used in the production of our international real estate diversification model. Diversification is terribly important. The work must be taken very seriously even if there are challenges inherent in the effort.

⁴ “Economic Diversification in Commercial Real Estate: Taking Advantage of MSA-Level Heterogeneity,” David K. Guilkey, PhD, Mike E. Miles, PhD, and Kathleen E. Milheim.

⁵ Source: Bloomberg.

⁶ Source: Securities Industry and Financial Markets Association (www.sifma.org).

January 2011

III. COUNTRIES AND ECONOMIC FACTORS CONSIDERED

Countries Considered. The 50 major countries in the world included in our analysis of economic diversification are the same 50 countries (including the United States) included in our in-house global top-down appreciation forecasting model⁷. Ideally, we would like to utilize all non-U.S. countries in the analysis, however, we are limited to 49 major non-U.S. countries based on the availability and quality of data from public sources and our third-party data providers. As in the United States, we look well beyond the geographies in which we expect to invest in order to obtain a better perspective on the most important locations.

Economic Factors Considered. The choice of variables to consider was guided by our domestic work where a total of 13 economic factors such as population, percent government employment, percent of the population in the workforce, and percent of the population with at least a bachelor's degree were used. Similar global factors were augmented by three risk variables assessed by IHS Global Insight, one of the demand-side data providers in GRE's in-house global top-down appreciation forecasting model. Those three risk variables include security, political and operational risk. Clearly, cross country risk would not be a factor for diversification within a single country. However, various aspects of risk are clearly important in global diversification. The specific factors we considered in correlating countries (all variables measured in 2006 unless indicated otherwise) are as follows:

1. Per capita GDP (1997-2006).
2. Average annual change in GDP (1997-2006).
3. Average annual employment growth (1997-2006).
4. Variability in employment growth (1997-2006).
5. Average annual inflation (1997-2006).
6. Average annual population growth (1997-2006).
7. Percent of the population 0 to 14 years of age.
8. Percent of total land area that is agricultural.
9. Share of GDP from agriculture.
10. Share of GDP from industrial.
11. Average population density for up to five major cities.
12. Percent of energy that is imported (net).
13. Security risk.
14. Political risk.
15. Operational risk.

Note that the data that is used to define the diversification categories is current through 2006, which was the latest data available when the original version of this paper was written. Just as in our domestic work, which involves grouping cities, the goal is to use mainly stable, long-term characteristics of the countries to define groups with the idea that the groupings will be updated approximately every five years or earlier as necessary. This is why 10 year averages are used for

⁷ "Global Commercial Real Estate Appreciation Returns Forecast," David K. Guilkey, PhD and Mike E. Miles, PhD.

January 2011

the economic variables. Therefore, this update to the paper does not make any changes to the groupings. It updates the risk controls using up-to-date GDP and population forecasts through 2015 for each country.

IV. THE RESULT: SEVEN ECONOMIC GROUPS

Statistics for the 15 variables across the 50 countries are reported in Table 1 (as a point of reference, we have included the United States). We report standardized variables (variables normalized to have a mean of zero and a standard deviation of one) to make it easy to see which countries are above or below average with respect to each economic factor and by how many standard deviations. A negative number indicates the country is below average; a positive number indicates that the country is above average with respect to a given variable. A number that is greater than “1” in absolute value indicates that the country is either substantially above or below average.⁸ Some of the data is at first surprising, but upon reflection is quite obvious. Why does the United Kingdom have such a low industrial share? Because like the United States, much of the work force is now involved in the service sector. Why does Egypt have a security risk equal to the United States? Certain terrorists are more interested in the United States than a Middle East neighbor.

⁸ Occasionally, we discover that historical data has been misreported. We report here the best available data; but the recent major offender – Greece – may have higher risk than is currently measured in our statistics.

January 2011

Table 1. Standardized Means by Country

Country	Per Capita GDP	GDP Growth	Emp Growth	Emp Growth Variability	Inflation Rate
Argentina	-0.93	-1.44	-1.52	5.77	0.00
Australia	0.85	0.11	0.48	-0.58	-0.37
Austria	0.98	-0.86	-0.74	-0.71	-0.48
Belgium	0.91	-0.69	-0.69	-0.56	-0.46
Brazil	-0.91	-0.72	0.63	-0.14	0.25
Canada	0.94	0.45	0.57	-0.72	-0.44
Chile	-0.73	0.28	0.43	0.04	-0.22
China	-1.12	1.97	-0.45	-0.91	-0.49
Colombia	-1.06	-0.72	0.44	0.46	0.56
Costa Rica	-0.95	0.05	0.48	-0.58	0.74
Czech Republic	-0.45	0.90	-1.70	-0.24	-0.16
Denmark	1.61	-0.59	-0.95	-0.46	-0.43
Egypt	-1.15	-0.33	1.20	0.06	-0.09
Finland	1.01	-0.33	-0.08	-0.26	-0.52
France	0.80	-0.75	-0.35	-0.47	-0.49
Germany	0.75	-1.35	-1.02	-0.44	-0.51
Greece	0.35	0.43	0.00	0.08	-0.20
Hong Kong	0.30	-1.41	-0.35	0.18	-0.65
Hungary	-0.60	1.15	-0.72	-0.32	0.51
India	-1.19	0.84	0.70	-0.81	0.01
Indonesia	-1.14	0.80	-0.04	-0.64	1.02
Ireland	1.74	1.67	2.44	0.03	-0.31
Israel	-0.03	-0.97	1.10	-0.12	-0.22
Italy	0.56	-0.70	-0.24	-0.69	-0.40
Japan	0.68	-2.09	-1.58	-0.57	-0.69
Malaysia	-0.88	-0.39	0.95	-0.28	-0.38
Mexico	-0.80	1.11	0.70	0.29	0.68
Netherlands	0.64	-0.20	0.08	0.24	-0.42
New Zealand	0.21	-0.25	0.41	-0.20	-0.43
Norway	2.83	0.49	-0.44	-0.13	-0.44
Peru	-1.05	-0.37	0.67	0.26	-0.18
Philippines	-1.16	-0.68	1.03	0.54	0.03
Poland	-0.73	0.62	-2.62	1.21	0.18
Portugal	-0.20	-0.28	0.07	0.23	-0.33
Russia	-0.84	1.99	-0.77	0.28	2.44
Saudi Arabia	-0.46	0.76	-0.47	-0.53	-0.67
Singapore	0.44	-0.73	0.19	0.48	-0.59
South Africa	-0.92	0.28	1.39	1.95	0.01
South Korea	-0.20	-0.04	-0.38	0.90	-0.26
Spain	0.42	0.42	2.74	-0.41	-0.33
Sweden	1.15	-0.76	-0.55	-0.16	-0.56
Switzerland	1.71	-1.14	-0.74	-0.46	-0.58
Taiwan	-0.33	-1.20	-0.37	-0.43	-0.56
Thailand	-1.05	-1.30	-0.38	0.13	-0.28
Turkey	-0.93	0.99	-0.97	0.29	4.94
United Arab Emirates	0.73	2.28	-0.47	-0.53	-0.25
United Kingdom	1.00	0.30	-0.41	-0.85	-0.49
United States	1.23	-0.32	-0.20	-0.45	-0.37
Venezuela	-0.85	1.56	1.72	0.65	3.04
Vietnam	-1.18	1.17	0.78	-0.43	-0.15

January 2011

Table 1. Standardized Means by Country (continued)

Country	Population Growth	Pop Age 0-14	Ag Land	Ag Share GDP	Ind Share GDP
Argentina	0.06	0.57	0.70	0.83	-0.29
Australia	0.05	-0.36	6.70	-0.52	-0.42
Austria	-0.83	-0.96	-0.21	-0.76	0.18
Belgium	-0.74	-0.84	-0.30	-0.86	-0.72
Brazil	0.31	0.80	0.10	0.83	-0.29
Canada	-0.04	-0.63	0.32	-0.74	0.26
Chile	0.15	0.50	-0.05	1.22	0.27
China	-0.30	0.07	-0.21	1.18	1.81
Colombia	0.62	1.22	-0.04	1.22	0.34
Costa Rica	1.08	1.03	-0.13	0.50	-0.43
Czech Republic	-1.08	-1.01	-0.21	-0.64	0.98
Denmark	-0.64	-0.67	-0.19	-0.53	-0.61
Egypt	0.87	1.63	-0.33	1.59	0.55
Finland	-0.76	-0.74	-0.20	-0.52	0.00
France	-0.54	-0.67	-0.19	-0.72	-1.32
Germany	-0.91	-1.11	-0.27	-0.93	-0.29
Greece	-0.72	-1.14	-0.10	-0.32	-1.66
Hong Kong	0.02	-0.99	-0.34	-1.10	-2.66
Hungary	-1.24	-0.92	-0.15	-0.49	-0.11
India	0.65	1.40	-0.29	2.30	-1.29
Indonesia	0.33	0.87	-0.28	1.40	1.62
Ireland	0.27	-0.28	-0.01	-0.66	1.08
Israel	0.83	0.65	-0.31	-0.80	-1.16
Italy	-0.86	-1.25	-0.26	-0.63	-0.47
Japan	-0.82	-1.21	-0.33	-0.89	-0.58
Malaysia	1.01	1.38	-0.24	0.54	1.83
Mexico	0.33	1.32	-0.03	1.61	0.05
Netherlands	-0.45	-0.69	-0.30	-0.63	-0.60
New Zealand	0.05	-0.14	0.98	0.54	-1.31
Norway	-0.46	-0.49	-0.27	-0.87	1.59
Peru	0.52	1.44	-0.10	1.22	0.27
Philippines	0.91	1.85	-0.30	1.65	-0.10
Poland	-1.02	-0.65	-0.20	-0.56	0.29
Portugal	-0.52	-0.98	-0.22	-0.53	-0.76
Russia	-1.38	-0.80	0.14	-0.17	0.67
Saudi Arabia	1.69	2.13	-0.31	-0.53	1.95
Singapore	0.98	-0.30	-0.34	-1.10	0.34
South Africa	-0.26	1.36	0.32	-0.59	-0.19
South Korea	-0.40	-0.41	-0.33	-0.48	0.79
Spain	-0.52	-1.20	-0.12	-0.57	-0.38
Sweden	-0.80	-0.71	-0.23	-0.78	-0.48
Switzerland	-0.61	-0.84	-0.27	-0.87	-0.57
Taiwan	-0.41	-1.15	-0.33	-0.81	-0.55
Thailand	-0.14	0.26	-0.24	0.86	1.35
Turkey	0.36	0.90	-0.17	0.72	-0.11
United Arab Emirates	4.97	0.09	-0.31	-0.53	1.95
United Kingdom	-0.66	-0.64	-0.25	-0.93	-0.93
United States	0.01	-0.28	0.10	-0.93	-1.16
Venezuela	0.69	1.32	-0.09	1.22	0.27
Vietnam	0.34	1.26	-0.33	2.58	1.05

January 2011

Table 1. Standardized Means by Country (continued)

Country	Population Density	Net Energy Imports	Security Risk	Political Risk	Operational Risk
Argentina	0.19	-0.17	0.25	1.65	1.37
Australia	-1.41	-0.69	0.25	-0.85	-0.92
Austria	-0.34	0.55	-1.29	-0.14	-0.92
Belgium	-1.15	0.60	-0.36	-0.85	-0.60
Brazil	0.76	0.23	0.87	0.58	0.71
Canada	-1.06	-0.27	-1.60	-0.85	-0.92
Chile	0.95	0.53	-0.36	-0.49	-0.27
China	1.53	0.08	0.25	0.93	1.37
Colombia	1.63	-0.98	2.10	1.65	2.02
Costa Rica	-0.53	0.45	-0.36	-0.49	0.39
Czech Republic	-0.53	0.25	-0.36	0.22	-0.27
Denmark	-1.21	-0.09	-0.98	-0.85	-1.25
Egypt	1.11	-0.12	0.25	0.93	1.04
Finland	-1.03	0.46	-1.60	-1.20	-0.92
France	-0.63	0.41	-0.06	-0.85	-0.27
Germany	-0.53	0.49	-0.36	-0.85	-0.60
Greece	0.32	0.51	0.25	-0.49	0.06
Hong Kong	1.61	0.76	-0.98	-0.14	-1.25
Hungary	-0.75	0.45	-0.36	-0.49	-0.27
India	2.02	0.19	1.18	0.93	1.04
Indonesia	1.27	-0.33	1.18	0.93	2.02
Ireland	-0.54	0.64	-1.60	-0.85	-0.60
Israel	0.22	0.73	1.49	0.58	0.39
Italy	-0.49	0.64	-0.06	-0.85	-0.27
Japan	0.16	0.62	-0.36	-0.85	-0.60
Malaysia	-0.65	-0.34	0.25	-0.49	0.06
Mexico	0.83	-0.29	0.87	0.93	1.37
Netherlands	-0.78	0.20	-0.67	-0.85	-1.25
New Zealand	-1.10	0.21	-1.29	-0.85	-1.25
Norway	-1.10	-5.17	-0.98	-1.20	-0.60
Peru	1.43	0.22	1.49	2.00	1.37
Philippines	1.28	0.43	1.18	0.93	0.39
Poland	-0.05	0.14	-0.06	0.22	-0.27
Portugal	-0.74	0.65	-1.29	-1.20	-0.27
Russia	0.36	-0.36	1.79	0.93	1.70
Saudi Arabia	-0.38	-2.15	1.18	0.93	0.39
Singapore	0.94	0.76	-0.98	-0.85	-1.58
South Africa	-0.56	-0.11	1.18	0.22	-0.27
South Korea	1.93	0.64	0.25	0.58	0.06
Spain	0.22	0.58	-0.06	-1.20	-0.60
Sweden	-0.67	0.32	-1.60	-0.49	-0.92
Switzerland	-0.53	0.47	-1.60	-0.85	-0.92
Taiwan	1.29	0.69	-0.06	0.93	-0.27
Thailand	0.57	0.38	0.87	1.29	0.71
Turkey	0.69	0.52	1.18	0.58	0.39
United Arab Emirates	-1.12	-2.04	-0.36	-0.85	-0.27
United Kingdom	0.04	-0.02	0.25	-1.20	-1.25
United States	-0.90	0.25	0.25	-0.85	-0.92
Venezuela	-0.53	-1.83	1.49	2.72	2.35
Vietnam	-2.04	-0.10	-0.67	1.29	1.37

January 2011

In order to identify relationships between countries, we next calculated the correlations for each of the 15 measures between each pair of countries. Before calculating the correlations, all variables were standardized to a mean of zero and standard deviation of one, as was done in Table 1. Appendix A lists each country (in alphabetical order) paired with the countries with which it has a correlation of 0.3 or higher (listed from highest correlation to the lowest correlation).

As previously discussed, we believe that grouping the countries by common characteristics allows an investor to achieve diversification most efficiently. As such, our strategy was to first define groups based on dominant countries in each group. Other countries in each group were chosen on the basis of their correlation with one or other dominant group members. This allowed us to classify the majority of countries. However, some countries, such as Thailand, were hard to classify on the basis of their correlations. In these cases, we turned to Table 1 to see if they were close to one or more standard deviations above or below the mean in any one economic factor. For Thailand, the share of GDP from agriculture was meaningfully greater than the average and so it was included in the Agricultural category. Some countries simply did not classify well – Israel and South Korea, for example. These countries were grouped together in an “Other” category.

In the sections that follow, we present the specific economic groups and each country’s and economic group’s share of the total population and GDP across the 49 countries (we exclude the United States). In calculating the percentages, we use forecast population and GDP in 2015. We chose 2015 given that the expected duration of the funds in the International Fund Series is five years. The forecast population and GDP are an average of the forecasts provided by IHS Global Insight and Economy.com⁹, where available. In the cases where there was only one data point available, that one was used.

1. CYCLICAL GROWTH

The dominant countries in this group are the United States and the United Kingdom which have a correlation of 0.78 across the 15 economic factors considered. The countries in this group tend to be relatively wealthy with above average GDP per capita, diversified economies and the potential for additional substantial growth in a positive environment. Note that the population and GDP percentages in this table and the tables that follow do not include the United States given that the GRE International Fund Series invests only outside the United States. However, to illustrate the continuing major presence of the United States in the global economy, the percentages in the row for the United States show the percent population and percent of GDP for the United States compared to the other 49 countries.

⁹ IHS Global Insight and Economy.com are the two demand-side data providers for GRE’s in-house global top-down appreciation forecasting model. Please refer to “Global Commercial Real Estate Appreciation Returns Forecast,” David K. Guilkey, PhD and Mike E. Miles, PhD.

January 2011

Table 2. Cyclical Growth

Country	Population Percent	GDP Percent
Canada	0.72	2.88
Finland	0.11	0.44
Greece	0.24	0.53
Hong Kong	0.16	0.49
Ireland	0.09	0.40
Portugal	0.23	0.41
Singapore	0.10	0.53
Spain	0.92	2.64
Taiwan	0.50	0.93
United Kingdom	1.32	4.92
Group Sums	4.40	14.15
United States	6.27	21.88

2. MATURE

The dominant countries in this group are Germany and Japan which have a correlation of 0.76. The countries in this group are characterized as historically having relatively stable, slow economic growth with a similar outlook for the intermediate time horizon.

Table 3. Mature

Country	Population Percent	GDP Percent
Austria	0.18	0.70
Belgium	0.23	0.83
Denmark	0.12	0.64
France	1.37	4.81
Germany	1.78	5.93
Italy	1.27	3.59
Japan	2.76	8.91
Netherlands	0.36	1.41
Sweden	0.20	0.92
Switzerland	0.16	0.99
Group Sums	8.43	28.71

3. NATURAL RESOURCES

The dominant countries in this group are Russia and Saudi Arabia, both of which have had and/or will have an increasing importance in supplying oil to the rest of the world. This group is defined by the existence of material natural resources and their influence on the countries' economic outlook. Referring to Table 1, one can see that a majority of these countries are significantly below average in net energy imports, i.e., they have significant exports. While Russia's standing in this category is not quite as compelling, we believe that this will increase over time as they become an increasingly important exporter of oil and natural gas.

January 2011

Table 4. Natural Resources

Country	Population Percent	GDP Percent
Norway	0.10	0.96
Russia	3.04	4.50
Saudi Arabia	0.56	1.13
South Africa	1.06	0.77
United Arab Emirates	0.10	0.57
Venezuela	0.60	0.66
Group Sums	5.46	8.59

4. MANUFACTURING

This is a three country group that accounts for over one-third of the population for the 49 countries (excluding the United States). China obviously dominates this group and represents an economy with high expected growth potential. The correlation between China and Indonesia is a very high 0.82. While Malaysia is not highly correlated with either China (<0.30) or Indonesia (0.39), referring to Table 1, its share of GDP from industrial is 1.83 standard deviations above the mean, which is greater than both China and Indonesia. Malaysia is not a large part of the global economy, but Indonesia is large enough to at times be a logical substitute for China.¹⁰

Table 5. Manufacturing

Country	Population Percent	GDP Percent
China	29.03	20.24
Indonesia	5.16	1.92
Malaysia	0.58	0.57
Group Sums	34.77	22.73

5. AGRICULTURAL

This group of countries is characterized by a significant presence of agriculture in the countries' economies. The dominant countries in this group are Australia and Brazil. The remaining countries in the group have a high correlation to one of the dominant countries (many are highly correlated with Brazil) or, referring to Table 1, are close to one standard deviation or greater above the mean in percent of total land area that is agricultural or share of GDP from agriculture. Note that this group is growing rapidly due to many nations with populations expanding more rapidly than their food support systems.

¹⁰ Please see the companion paper, "Global Commercial Real Estate Appreciation Returns Forecast," by David K. Guilkey, PhD, and Mike E. Miles, PhD.

January 2011

Table 6. Agricultural

Country	Population Percent	GDP Percent
Argentina	0.88	0.84
Australia	0.46	2.63
Brazil	4.28	4.71
Chile	0.36	0.46
Colombia	0.98	0.65
Costa Rica	0.10	0.08
Egypt	1.69	0.51
New Zealand	0.09	0.27
Peru	0.63	0.34
Philippines	2.05	0.47
Thailand	1.41	0.75
Vietnam	1.94	0.23
Group Sums	14.88	11.93

6. OUTSOURCE

This group is dominated by India and Mexico which have a correlation of 0.83 and both have a correlation of over 0.60 with Turkey. India is the largest portion of this group and is becoming the leading destination for information technology and business process outsourcing. Mexico, the second largest market, is benefiting from continued integration with the United States and its outsourcing of production and distribution processes. Turkey benefits as a source of outsourced production for the economic activity throughout parts of Europe.

Table 7. Outsource

Country	Population Percent	GDP Percent
India	25.54	4.90
Mexico	2.38	2.20
Turkey	1.66	1.74
Group Sums	29.59	8.84

7. OTHER

The Other group captures the small set of countries that do not fit anywhere else. Perhaps the poster child for the group is Israel which has low correlations with all other countries except for a fairly anomalous 0.58 with Brazil even though it is almost one standard deviation below average in its share of GDP from agriculture. Fortunately this group represents a very small portion of world GDP so that these countries will not be hugely important in any global portfolio.

January 2011

Table 8. Other

Country	Population Percent	GDP Percent
Czech Republic	0.22	0.46
Hungary	0.22	0.30
Israel	0.16	0.49
Poland	0.83	1.13
South Korea	1.05	2.68
Group Sums	2.47	5.06

After creating the seven economic groups, it is a good check to examine the statistics for the 15 variables across the economic groups, which is illustrated in Table 9. As one can see, the different economic groups produce the expected significant difference between groups, which is the essential feature in efficient diversification.¹¹

Table 9. Standardized Means by Economic Group

Country	Per Capita GDP	GDP Growth	Emp Growth	Emp Growth Variability	Inflation Rate
Cyclical Growth	0.63	-0.09	0.42	-0.19	-0.44
Mature	0.98	-0.91	-0.68	-0.43	-0.50
Natural Resources	0.08	1.23	0.16	0.28	0.69
Manufacturing	-1.05	0.79	0.15	-0.61	0.05
Agricultural	-0.76	-0.35	0.39	0.44	-0.01
Outsource	-0.97	0.98	0.14	-0.08	1.88
Other	-0.40	0.33	-0.87	0.29	0.01

Table 9. Standardized Means by Economic Group (continued)

Country	Population Growth	Pop Age 0-14	Ag Land	Ag Share GDP	Ind Share GDP
Cyclical Growth	-0.21	-0.76	-0.14	-0.75	-0.58
Mature	-0.72	-0.90	-0.25	-0.76	-0.55
Natural Resources	0.87	0.60	-0.08	-0.24	1.04
Manufacturing	0.34	0.78	-0.24	1.04	1.75
Agricultural	0.40	0.84	0.58	1.04	0.08
Outsource	0.45	1.21	-0.16	1.54	-0.45
Other	-0.58	-0.47	-0.24	-0.59	0.16

¹¹ Note that several of the statistics individually are far from perfect. For example, employment growth numbers are not highly reliable when a significant percentage of the population is still rural. For this reason, it is important to use all the series, not a single variable in doing the diversification groupings.

January 2011

Table 9. Standardized Means by Economic Group (continued)

Country	Population Density	Net Energy Imports	Security Risk	Political Risk	Operational Risk
Cyclical Growth	0.01	0.46	-0.67	-0.72	-0.77
Mature	-0.62	0.42	-0.73	-0.74	-0.76
Natural Resources	-0.56	-1.94	0.72	0.46	0.55
Manufacturing	0.72	-0.20	0.56	0.46	1.15
Agricultural	0.24	0.03	0.38	0.64	0.58
Outsource	1.18	0.14	1.08	0.81	0.93
Other	0.16	0.44	0.19	0.22	-0.07

V. RISK CEILINGS

Consistent with our approach in the United States, we do not believe that international portfolio diversification and risk control are best measured in terms of physical geography. We utilize the economic diversification groups described in this paper to track the overall level of diversification in each of the funds in the International Fund Series and to limit the size of any overweights that might result from our pursuit of higher returns. Building off of the tables provided for each of the economic diversification groups, we plan to keep each fund's allocation to any one economic group at less than 150% of that group's pro rata share of forecast 2015 GDP as shown below in Table 10. We have chosen GDP as the measure closest to the value of all commercial property in the country. We would prefer to use commercial real estate value, as we do in the United States, but it is not available across the globe. The year 2015 is chosen as the best match to the expected duration of the investments in the first fund of the International Fund Series. As the series of funds rolls out, we will use weighting for future funds that fit the expected duration of those funds. Note that there is no minimum in any category so that we are never forced to invest where prospects are relatively unattractive.

Percent of the total population is shown as a reference with the GDP percentage setting the risk ceiling. The total 2015 forecast population and GDP is the summation of forecast population and GDP for the 49 countries included in our analysis, i.e., excluding the United States.¹²

Table 10. Risk Ceilings

Group	Population Percent	GDP Percent	Risk Ceiling
Cyclical Growth	4.40	14.15	21.23
Mature	8.43	28.71	43.07
Natural Resources	5.46	8.59	12.88
Manufacturing	34.77	22.73	34.09
Agricultural	14.88	11.93	17.89
Outsource	29.59	8.84	13.26
Other	2.47	5.06	7.59

¹² Note that the use of 2015 GDP figures increases the relative importance of the BRICs (Brazil, Russia, India and China).

January 2011

We believe that these groupings of countries with similar characteristics are likely to perform similarly in varying economic climates. Therefore, practical risk reduction in international commercial real estate investing may be achieved by avoiding excess exposure to any one group. The 150% risk ceiling parallels our United States target allowing room to move toward better values (alpha) without sacrificing the major benefits of diversification.

APPENDIX A: PAIR WISE CORRELATIONS

January 2011

**PAIR WISE CORRELATIONS BETWEEN COUNTRIES FOR THE 15 CHARACTERISTICS LISTED
IN “ECONOMIC FACTORS CONSIDERED”**

Country	Correlated Country	Correlation
Argentina	Poland	0.52
Argentina	South Africa	0.44
Argentina	Colombia	0.37
Argentina	South Korea	0.33
Argentina	Thailand	0.33
Australia	New Zealand	0.50
Australia	Canada	0.42
Australia	United States	0.39
Austria	Sweden	0.88
Austria	Germany	0.79
Austria	Finland	0.76
Austria	Denmark	0.74
Austria	Belgium	0.70
Austria	Switzerland	0.67
Austria	Italy	0.62
Austria	Japan	0.56
Austria	Netherlands	0.53
Austria	Canada	0.52
Austria	France	0.44
Austria	Ireland	0.40
Austria	Singapore	0.38
Austria	United States	0.36
Austria	United Kingdom	0.36
Austria	Portugal	0.36
Austria	Taiwan	0.33
Austria	Czech Republic	0.33
Belgium	France	0.88
Belgium	Germany	0.86
Belgium	Italy	0.85
Belgium	Denmark	0.83
Belgium	United States	0.81
Belgium	Sweden	0.75
Belgium	Finland	0.72
Belgium	Austria	0.70
Belgium	Netherlands	0.70
Belgium	Switzerland	0.63
Belgium	United Kingdom	0.61
Belgium	Japan	0.56
Belgium	Portugal	0.51
Belgium	Canada	0.42

January 2011

Country	Correlated Country	Correlation
Belgium	Greece	0.41
Belgium	Ireland	0.32
Brazil	Philippines	0.91
Brazil	Peru	0.89
Brazil	Colombia	0.83
Brazil	Egypt	0.82
Brazil	India	0.77
Brazil	Mexico	0.67
Brazil	Thailand	0.61
Brazil	Israel	0.58
Brazil	Indonesia	0.52
Brazil	Costa Rica	0.47
Brazil	Turkey	0.42
Brazil	Venezuela	0.41
Brazil	Chile	0.39
Canada	Ireland	0.90
Canada	Finland	0.80
Canada	Netherlands	0.64
Canada	Sweden	0.62
Canada	Denmark	0.62
Canada	Austria	0.52
Canada	Spain	0.49
Canada	Portugal	0.46
Canada	Norway	0.46
Canada	New Zealand	0.45
Canada	United States	0.42
Canada	Australia	0.42
Canada	Belgium	0.42
Canada	Switzerland	0.40
Canada	United Arab Emirates	0.38
Canada	United Kingdom	0.37
Chile	Egypt	0.57
Chile	India	0.55
Chile	Philippines	0.55
Chile	Costa Rica	0.47
Chile	Mexico	0.43
Chile	Brazil	0.39
Chile	China	0.39
Chile	Malaysia	0.33
China	Indonesia	0.82
China	Russia	0.63
China	Mexico	0.59
China	Turkey	0.52

January 2011

Country	Correlated Country	Correlation
China	India	0.44
China	Vietnam	0.40
China	Hungary	0.40
China	Chile	0.39
China	Thailand	0.38
China	Egypt	0.38
China	Peru	0.37
China	Colombia	0.36
China	South Korea	0.34
China	Venezuela	0.33
China	Saudi Arabia	0.33
China	Czech Republic	0.30
Colombia	Peru	0.90
Colombia	Brazil	0.83
Colombia	Egypt	0.74
Colombia	Philippines	0.73
Colombia	Mexico	0.73
Colombia	Indonesia	0.71
Colombia	Thailand	0.67
Colombia	Venezuela	0.64
Colombia	India	0.63
Colombia	Turkey	0.48
Colombia	Saudi Arabia	0.45
Colombia	Israel	0.40
Colombia	Argentina	0.37
Colombia	China	0.36
Colombia	Russia	0.34
Costa Rica	Egypt	0.58
Costa Rica	Malaysia	0.56
Costa Rica	Vietnam	0.54
Costa Rica	Philippines	0.51
Costa Rica	India	0.47
Costa Rica	Brazil	0.47
Costa Rica	Chile	0.47
Costa Rica	Mexico	0.45
Costa Rica	New Zealand	0.35
Czech Republic	Poland	0.66
Czech Republic	Hungary	0.64
Czech Republic	Russia	0.47
Czech Republic	Japan	0.42
Czech Republic	Switzerland	0.41
Czech Republic	Taiwan	0.40
Czech Republic	Austria	0.33

January 2011

Country	Correlated Country	Correlation
Czech Republic	Singapore	0.33
Czech Republic	China	0.30
Denmark	Sweden	0.86
Denmark	Belgium	0.83
Denmark	Finland	0.80
Denmark	Netherlands	0.76
Denmark	United States	0.75
Denmark	Austria	0.74
Denmark	Germany	0.70
Denmark	Switzerland	0.66
Denmark	France	0.66
Denmark	Canada	0.62
Denmark	United Kingdom	0.59
Denmark	Italy	0.55
Denmark	Ireland	0.43
Denmark	Japan	0.42
Denmark	Norway	0.37
Denmark	New Zealand	0.36
Denmark	Portugal	0.35
Egypt	Philippines	0.88
Egypt	Brazil	0.82
Egypt	Peru	0.81
Egypt	Mexico	0.77
Egypt	Colombia	0.74
Egypt	India	0.71
Egypt	Indonesia	0.64
Egypt	Costa Rica	0.58
Egypt	Chile	0.57
Egypt	Malaysia	0.57
Egypt	Thailand	0.55
Egypt	Venezuela	0.53
Egypt	Vietnam	0.52
Egypt	China	0.38
Egypt	Saudi Arabia	0.37
Egypt	Turkey	0.33
Finland	Sweden	0.87
Finland	Netherlands	0.81
Finland	Denmark	0.80
Finland	Canada	0.80
Finland	Austria	0.76
Finland	Ireland	0.74
Finland	Belgium	0.72
Finland	Portugal	0.71

January 2011

Country	Correlated Country	Correlation
Finland	Switzerland	0.69
Finland	Germany	0.60
Finland	Italy	0.57
Finland	United States	0.49
Finland	France	0.48
Finland	Singapore	0.43
Finland	United Kingdom	0.41
Finland	Spain	0.40
Finland	Japan	0.36
Finland	New Zealand	0.36
France	Belgium	0.88
France	United States	0.85
France	Italy	0.81
France	Germany	0.73
France	Denmark	0.66
France	Greece	0.66
France	United Kingdom	0.65
France	Netherlands	0.59
France	Sweden	0.58
France	Switzerland	0.52
France	Japan	0.52
France	Hong Kong	0.49
France	Finland	0.48
France	Portugal	0.47
France	Austria	0.44
France	Israel	0.36
France	Spain	0.33
Germany	Belgium	0.86
Germany	Italy	0.85
Germany	Austria	0.79
Germany	Japan	0.76
Germany	France	0.73
Germany	Sweden	0.71
Germany	Denmark	0.70
Germany	Switzerland	0.64
Germany	Finland	0.60
Germany	United States	0.56
Germany	Netherlands	0.51
Germany	United Kingdom	0.48
Germany	Portugal	0.38
Germany	Taiwan	0.37
Germany	Singapore	0.35
Germany	Hong Kong	0.33

January 2011

Country	Correlated Country	Correlation
Greece	France	0.66
Greece	United Kingdom	0.57
Greece	Hong Kong	0.57
Greece	Italy	0.57
Greece	Spain	0.46
Greece	Portugal	0.46
Greece	United States	0.44
Greece	Belgium	0.41
Greece	Hungary	0.38
Greece	Netherlands	0.37
Hong Kong	Greece	0.57
Hong Kong	France	0.49
Hong Kong	Taiwan	0.45
Hong Kong	Israel	0.41
Hong Kong	South Korea	0.40
Hong Kong	Sweden	0.39
Hong Kong	United Kingdom	0.34
Hong Kong	United States	0.34
Hong Kong	Japan	0.34
Hong Kong	Netherlands	0.34
Hong Kong	Germany	0.33
Hong Kong	Singapore	0.31
Hong Kong	Portugal	0.30
Hungary	Czech Republic	0.64
Hungary	Russia	0.60
Hungary	Poland	0.52
Hungary	China	0.40
Hungary	Greece	0.38
Hungary	Portugal	0.36
India	Mexico	0.83
India	Brazil	0.77
India	Philippines	0.74
India	Peru	0.72
India	Egypt	0.71
India	Colombia	0.63
India	Turkey	0.62
India	Indonesia	0.56
India	Chile	0.55
India	Costa Rica	0.47
India	China	0.44
India	Venezuela	0.42
India	Israel	0.31
Indonesia	China	0.82

January 2011

Country	Correlated Country	Correlation
Indonesia	Mexico	0.71
Indonesia	Colombia	0.71
Indonesia	Peru	0.68
Indonesia	Egypt	0.64
Indonesia	Thailand	0.63
Indonesia	India	0.56
Indonesia	Turkey	0.55
Indonesia	Russia	0.54
Indonesia	Venezuela	0.53
Indonesia	Brazil	0.52
Indonesia	Saudi Arabia	0.49
Indonesia	Vietnam	0.46
Indonesia	Philippines	0.42
Indonesia	Malaysia	0.39
Ireland	Canada	0.90
Ireland	Finland	0.74
Ireland	Spain	0.70
Ireland	Netherlands	0.67
Ireland	Portugal	0.55
Ireland	Sweden	0.53
Ireland	Denmark	0.43
Ireland	Austria	0.40
Ireland	New Zealand	0.38
Ireland	United Kingdom	0.35
Ireland	Norway	0.33
Ireland	Belgium	0.32
Ireland	United States	0.32
Israel	Brazil	0.58
Israel	Philippines	0.49
Israel	Peru	0.45
Israel	Hong Kong	0.41
Israel	Colombia	0.40
Israel	South Africa	0.37
Israel	France	0.36
Israel	United States	0.33
Israel	India	0.31
Italy	Belgium	0.85
Italy	Germany	0.85
Italy	France	0.81
Italy	Austria	0.62
Italy	United States	0.59
Italy	United Kingdom	0.59
Italy	Greece	0.57

January 2011

Country	Correlated Country	Correlation
Italy	Finland	0.57
Italy	Sweden	0.56
Italy	Denmark	0.55
Italy	Japan	0.54
Italy	Netherlands	0.52
Italy	Portugal	0.51
Italy	Spain	0.49
Italy	Switzerland	0.46
Japan	Switzerland	0.84
Japan	Taiwan	0.77
Japan	Germany	0.76
Japan	Singapore	0.70
Japan	Austria	0.56
Japan	Belgium	0.56
Japan	Italy	0.54
Japan	France	0.52
Japan	Denmark	0.42
Japan	Sweden	0.42
Japan	Czech Republic	0.42
Japan	Finland	0.36
Japan	Hong Kong	0.34
Japan	United States	0.30
Malaysia	Saudi Arabia	0.62
Malaysia	Egypt	0.57
Malaysia	Costa Rica	0.56
Malaysia	Vietnam	0.51
Malaysia	Philippines	0.41
Malaysia	Indonesia	0.39
Malaysia	United Arab Emirates	0.34
Malaysia	Chile	0.33
Malaysia	Thailand	0.32
Mexico	India	0.83
Mexico	Egypt	0.77
Mexico	Venezuela	0.76
Mexico	Colombia	0.73
Mexico	Peru	0.72
Mexico	Indonesia	0.71
Mexico	Philippines	0.67
Mexico	Brazil	0.67
Mexico	Turkey	0.62
Mexico	China	0.59
Mexico	Vietnam	0.59
Mexico	Costa Rica	0.45

January 2011

Country	Correlated Country	Correlation
Mexico	Chile	0.43
Mexico	Saudi Arabia	0.40
Mexico	Russia	0.39
Mexico	Thailand	0.31
Netherlands	Finland	0.81
Netherlands	Denmark	0.76
Netherlands	Sweden	0.76
Netherlands	United States	0.71
Netherlands	Belgium	0.70
Netherlands	Ireland	0.67
Netherlands	Portugal	0.66
Netherlands	Canada	0.64
Netherlands	United Kingdom	0.60
Netherlands	France	0.59
Netherlands	Austria	0.53
Netherlands	Spain	0.53
Netherlands	Italy	0.52
Netherlands	Switzerland	0.51
Netherlands	Germany	0.51
Netherlands	New Zealand	0.47
Netherlands	Singapore	0.40
Netherlands	Greece	0.37
Netherlands	Hong Kong	0.34
New Zealand	Australia	0.50
New Zealand	Netherlands	0.47
New Zealand	Canada	0.45
New Zealand	Portugal	0.41
New Zealand	United States	0.38
New Zealand	Ireland	0.38
New Zealand	Sweden	0.37
New Zealand	Denmark	0.36
New Zealand	Finland	0.36
New Zealand	Costa Rica	0.35
Norway	United Arab Emirates	0.49
Norway	Canada	0.46
Norway	Saudi Arabia	0.41
Norway	Denmark	0.37
Norway	Ireland	0.33
Peru	Colombia	0.90
Peru	Brazil	0.89
Peru	Philippines	0.84
Peru	Egypt	0.81
Peru	Thailand	0.74

January 2011

Country	Correlated Country	Correlation
Peru	Mexico	0.72
Peru	Indonesia	0.68
Peru	Venezuela	0.57
Peru	Turkey	0.55
Peru	Israel	0.45
Peru	China	0.37
Peru	Saudi Arabia	0.31
Philippines	Brazil	0.91
Philippines	Egypt	0.88
Philippines	Peru	0.84
Philippines	India	0.74
Philippines	Colombia	0.73
Philippines	Mexico	0.67
Philippines	Chile	0.55
Philippines	Thailand	0.54
Philippines	Costa Rica	0.51
Philippines	Israel	0.49
Philippines	Turkey	0.49
Philippines	Indonesia	0.42
Philippines	Malaysia	0.41
Philippines	Venezuela	0.37
Philippines	South Africa	0.34
Poland	Czech Republic	0.66
Poland	Russia	0.56
Poland	South Korea	0.53
Poland	Hungary	0.52
Poland	Turkey	0.52
Poland	Argentina	0.52
Portugal	Finland	0.71
Portugal	Netherlands	0.66
Portugal	Sweden	0.57
Portugal	Ireland	0.55
Portugal	Belgium	0.51
Portugal	Italy	0.51
Portugal	Spain	0.51
Portugal	France	0.47
Portugal	Canada	0.46
Portugal	Greece	0.46
Portugal	New Zealand	0.41
Portugal	Switzerland	0.40
Portugal	Germany	0.38
Portugal	Hungary	0.36
Portugal	Austria	0.36

January 2011

Country	Correlated Country	Correlation
Portugal	Denmark	0.35
Portugal	Hong Kong	0.30
Portugal	Singapore	0.30
Russia	China	0.63
Russia	Hungary	0.60
Russia	Poland	0.56
Russia	Indonesia	0.54
Russia	Turkey	0.49
Russia	Czech Republic	0.47
Russia	Venezuela	0.44
Russia	Mexico	0.39
Russia	Colombia	0.34
Russia	South Korea	0.31
Saudi Arabia	Malaysia	0.62
Saudi Arabia	Venezuela	0.55
Saudi Arabia	Indonesia	0.49
Saudi Arabia	United Arab Emirates	0.48
Saudi Arabia	Colombia	0.45
Saudi Arabia	Norway	0.41
Saudi Arabia	Mexico	0.40
Saudi Arabia	Egypt	0.37
Saudi Arabia	China	0.33
Saudi Arabia	Vietnam	0.32
Saudi Arabia	Peru	0.31
Saudi Arabia	Turkey	0.31
Singapore	Switzerland	0.79
Singapore	Japan	0.70
Singapore	Taiwan	0.65
Singapore	Finland	0.43
Singapore	Netherlands	0.40
Singapore	Austria	0.38
Singapore	United Arab Emirates	0.37
Singapore	Germany	0.35
Singapore	Sweden	0.33
Singapore	Czech Republic	0.33
Singapore	Hong Kong	0.31
Singapore	Portugal	0.30
South Africa	Argentina	0.44
South Africa	Israel	0.37
South Africa	Venezuela	0.37
South Africa	Philippines	0.34
South Korea	Poland	0.53
South Korea	Taiwan	0.42

January 2011

Country	Correlated Country	Correlation
South Korea	Thailand	0.40
South Korea	Hong Kong	0.40
South Korea	China	0.34
South Korea	Argentina	0.33
South Korea	Russia	0.31
Spain	Ireland	0.70
Spain	Netherlands	0.53
Spain	Portugal	0.51
Spain	Italy	0.49
Spain	Canada	0.49
Spain	Greece	0.46
Spain	United Kingdom	0.45
Spain	Finland	0.40
Spain	France	0.33
Spain	United States	0.32
Sweden	Austria	0.88
Sweden	Finland	0.87
Sweden	Denmark	0.86
Sweden	Netherlands	0.76
Sweden	Belgium	0.75
Sweden	Germany	0.71
Sweden	Switzerland	0.67
Sweden	Canada	0.62
Sweden	France	0.58
Sweden	Portugal	0.57
Sweden	Italy	0.56
Sweden	United States	0.53
Sweden	Ireland	0.53
Sweden	Japan	0.42
Sweden	United Kingdom	0.40
Sweden	Hong Kong	0.39
Sweden	New Zealand	0.37
Sweden	Singapore	0.33
Switzerland	Japan	0.84
Switzerland	Singapore	0.79
Switzerland	Finland	0.69
Switzerland	Austria	0.67
Switzerland	Sweden	0.67
Switzerland	Denmark	0.66
Switzerland	Germany	0.64
Switzerland	Belgium	0.63
Switzerland	Taiwan	0.58
Switzerland	France	0.52

January 2011

Country	Correlated Country	Correlation
Switzerland	Netherlands	0.51
Switzerland	Italy	0.46
Switzerland	United States	0.43
Switzerland	Czech Republic	0.41
Switzerland	Canada	0.40
Switzerland	Portugal	0.40
Switzerland	United Kingdom	0.37
Taiwan	Japan	0.77
Taiwan	Singapore	0.65
Taiwan	Switzerland	0.58
Taiwan	Hong Kong	0.45
Taiwan	South Korea	0.42
Taiwan	Czech Republic	0.40
Taiwan	Germany	0.37
Taiwan	Austria	0.33
Thailand	Peru	0.74
Thailand	Colombia	0.67
Thailand	Indonesia	0.63
Thailand	Brazil	0.61
Thailand	Egypt	0.55
Thailand	Philippines	0.54
Thailand	South Korea	0.40
Thailand	China	0.38
Thailand	Turkey	0.35
Thailand	Argentina	0.33
Thailand	Malaysia	0.32
Thailand	Mexico	0.31
Turkey	Mexico	0.62
Turkey	India	0.62
Turkey	Peru	0.55
Turkey	Indonesia	0.55
Turkey	China	0.52
Turkey	Poland	0.52
Turkey	Russia	0.49
Turkey	Philippines	0.49
Turkey	Colombia	0.48
Turkey	Brazil	0.42
Turkey	Thailand	0.35
Turkey	Egypt	0.33
Turkey	Saudi Arabia	0.31
United Arab Emirates	Norway	0.49
United Arab Emirates	Saudi Arabia	0.48
United Arab Emirates	Canada	0.38

January 2011

Country	Correlated Country	Correlation
United Arab Emirates	Singapore	0.37
United Arab Emirates	Malaysia	0.34
United Kingdom	United States	0.78
United Kingdom	France	0.65
United Kingdom	Belgium	0.61
United Kingdom	Netherlands	0.60
United Kingdom	Denmark	0.59
United Kingdom	Italy	0.59
United Kingdom	Greece	0.57
United Kingdom	Germany	0.48
United Kingdom	Spain	0.45
United Kingdom	Finland	0.41
United Kingdom	Sweden	0.40
United Kingdom	Switzerland	0.37
United Kingdom	Canada	0.37
United Kingdom	Austria	0.36
United Kingdom	Ireland	0.35
United Kingdom	Hong Kong	0.34
United States	France	0.85
United States	Belgium	0.81
United States	United Kingdom	0.78
United States	Denmark	0.75
United States	Netherlands	0.71
United States	Italy	0.59
United States	Germany	0.56
United States	Sweden	0.53
United States	Finland	0.49
United States	Greece	0.44
United States	Switzerland	0.43
United States	Canada	0.42
United States	Australia	0.39
United States	New Zealand	0.38
United States	Austria	0.36
United States	Hong Kong	0.34
United States	Israel	0.33
United States	Spain	0.32
United States	Ireland	0.32
United States	Japan	0.30
Venezuela	Mexico	0.76
Venezuela	Colombia	0.64
Venezuela	Vietnam	0.62
Venezuela	Peru	0.57

January 2011

Country	Correlated Country	Correlation
Venezuela	Saudi Arabia	0.55
Venezuela	Egypt	0.53
Venezuela	Indonesia	0.53
Venezuela	Russia	0.44
Venezuela	India	0.42
Venezuela	Brazil	0.41
Venezuela	South Africa	0.37
Venezuela	Philippines	0.37
Venezuela	China	0.33
Vietnam	Venezuela	0.62
Vietnam	Mexico	0.59
Vietnam	Costa Rica	0.54
Vietnam	Egypt	0.52
Vietnam	Malaysia	0.51
Vietnam	Indonesia	0.46
Vietnam	China	0.40
Vietnam	Saudi Arabia	0.32