



# BRIC

## Four Unique Countries, a Collective History of Economic Growth and Progress

For several years, BRIC countries— an acronym for the emerging market countries of **Brazil, Russia, India and China**— have gained increased attention by risk-tolerant investors for their growth potential and increasing global presence.

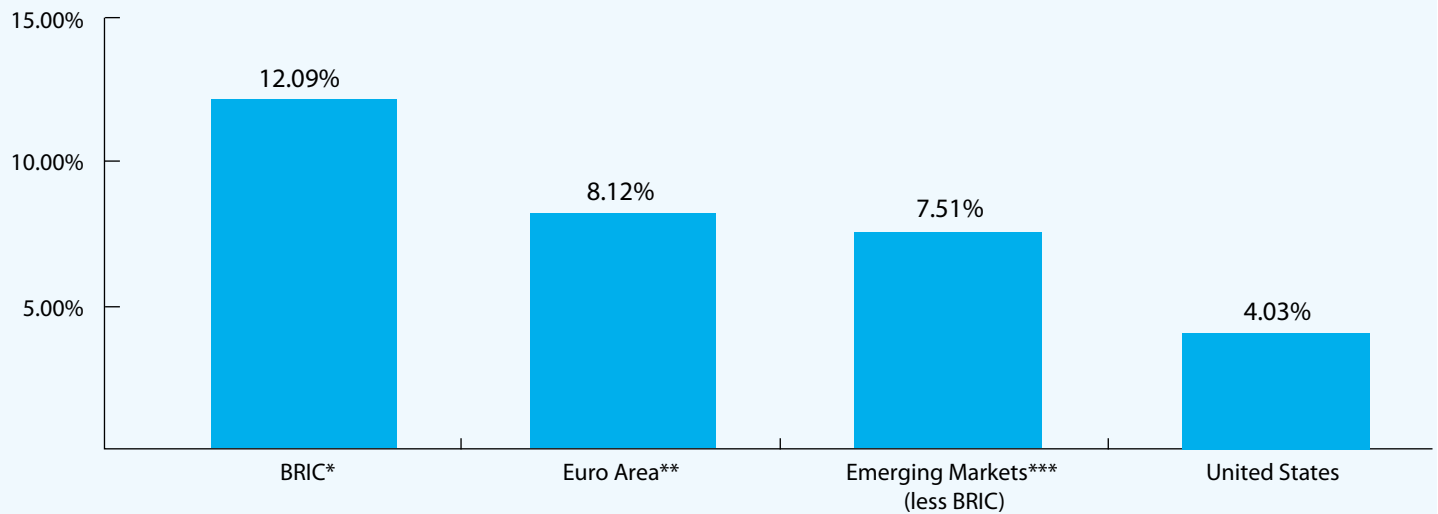
Recently, BRIC countries have not been immune to the global credit and financial crisis and they each face specific political and/or economic challenges. However, we believe there may be an opportunity for growth over the long term in these emerging countries based upon their unique resources, the growth prospects of their economies, and political transformations. In fact, as shown in the graph below, over the past ten years, the combined average Gross Domestic Product (“GDP”) for BRIC countries outpaced other emerging countries as well as developed countries including the U.S. and Euro nations. Of course, past performance is no guarantee of future results.

Collectively, it is estimated that these countries account for 42% of the world’s population (as of July 2008) and 35% of foreign exchange reserves and gold (as of December 2008)<sup>1</sup>—resources that provide the human and monetary capital that may help contribute to continued development and growth. These factors combined with the economic growth noted above help to demonstrate the potential for these countries to become leading players in the global economy. Please see page two for specific information about the economic, demographic and political influences in each BRIC country.

**There is no guarantee that the trends and projections noted above will continue or come to fruition, and they are subject to change.**

### ECONOMIC GROWTH OF BRIC COUNTRIES HISTORICALLY OUTPACED BOTH DEVELOPED AND OTHER EMERGING ECONOMIES

Average Annual GDP Growth - 10 Yrs (12/31/98 -12/31/08)



© International Monetary Fund (IMF). Source: World Economic Outlook (October 2008).

**Past performance is no guarantee of future results.** The chart above is for illustrative purposes only; it is not meant to forecast, imply or guarantee the future performance of any Claymore product.\*Due to unavailable data, some figures are estimated for 2007-2008. Brazil figures are estimated for 2006-2008. China figures are estimated for 2008 and Russia and India figures are estimated for 2007-2008. \*\* Euro Area countries include Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovenia, and Spain. Due to unavailable data, figures are estimated for 2008. \*\*\*Emerging Markets less BRIC include: Argentina, Chile, Colombia, Czech Republic, Egypt, Hungary, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, South Africa, Taiwan, Thailand, and Turkey. Due to unavailable data, some figures are estimated for 2005-2008. Morocco figures are estimated for 2005-2008. Argentina, Columbia, Egypt, Mexico and Peru are estimated for 2007-2008, with the figures for the remaining Emerging Markets less BRIC countries estimated for 2008.

<sup>1</sup> Source: The Central Intelligence Agency’s The World FactBook, as of January 22, 2009 for Reserves data and December 18, 2008 for all other data. X.U.S. Glenn E. Curtis, ed. Russia: A Country Study. Washington: GPO for the Library of Congress, 1996.

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# The Individual Strengths and Challenges of BRIC Countries

Country & World Population Rank*	Economic Growth	Favorable Government Policy/ Reforms	Resources	Challenges
<b>Brazil</b> 6th	<ul style="list-style-type: none"> <li>• Since 2004, economic growth has led to increased employment and real wages</li> <li>• With the leading economy in South America, the country has an expanding global presence</li> </ul>	<ul style="list-style-type: none"> <li>• A commitment by current leaders to fiscal responsibility including the reduction of debt, increased international reserves, and efforts to reduce inflation</li> <li>• Economic reforms aimed at reducing taxes and increasing investment in infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Large and well developed agricultural, mining, oil, manufacturing and service sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Inflationary pressures present as a result of the government's dual focus on growth and debt reduction</li> <li>• The economy's commodity-driven current account surplus vulnerable to fluctuations in demand and prices</li> </ul>
<b>Russia</b> 10th	<ul style="list-style-type: none"> <li>• As of year-end 2007, the country experienced nine straight years of growth that averaged 7% annually</li> <li>• Since 2003, consumer demand and investment have accounted for much of the country's growth, delivering 12% and 10% average annual gains respectively</li> </ul>	<ul style="list-style-type: none"> <li>• Under government reforms in tax, banking, labor and land codes, foreign direct investment in the country increased over 200% between 2005 and 2007</li> <li>• Federal budget surpluses were achieved between 2001 and 2007, with a 3% surplus of GDP at the end of 2007</li> </ul>	<ul style="list-style-type: none"> <li>• Plentiful natural resources including oil and natural gas (the country produces 20% of the global supply of both)<sup>2</sup> as well as, metals and timber</li> <li>• As of December 2008, the country had an estimated \$435 billion dollars of foreign exchange reserves and gold<sup>^</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Outdated infrastructure could hamper economic growth</li> <li>• Corruption impacting investor confidence</li> <li>• Lacks the rule of law necessary to become a modern market economy</li> </ul>
<b>India</b> 2nd	<ul style="list-style-type: none"> <li>• Economic growth has averaged 7% since 1997</li> <li>• Poverty in the country has decreased by approximately 10% since 1997</li> </ul>	<ul style="list-style-type: none"> <li>• Employed an economic reform program aimed at developing basic infrastructure and improving economic performance</li> </ul>	<ul style="list-style-type: none"> <li>• A large, well-educated population</li> <li>• English-speaking workers and a major exporter of software services</li> </ul>	<ul style="list-style-type: none"> <li>• Privatization of government-owned industry currently on hold</li> <li>• Foreign access to the country's markets impaired by tariff increases and slow economic reform</li> </ul>
<b>China</b> 1st	<ul style="list-style-type: none"> <li>• Over past 25 years, developed a market-oriented economy that boasts a rapidly growing private sector with a major global presence</li> <li>• GDP increased tenfold since 1978</li> </ul>	<ul style="list-style-type: none"> <li>• A 30-year history of reforms which include a move away from collectivized agriculture, fiscal decentralization, increased autonomy for state enterprises, development of stock markets and opening the country to foreign trade and investment</li> </ul>	<ul style="list-style-type: none"> <li>• As of December 2008, the country had an estimated \$2.0 trillion dollars of foreign exchange reserves and gold<sup>^</sup></li> <li>• World's leader of hydropower potential</li> </ul>	<ul style="list-style-type: none"> <li>• Economy highly dependent on foreign exports</li> <li>• Long-term environmental problems including air pollution and a decreasing water table</li> <li>• Population of country is among the most rapidly aging in the world</li> </ul>

\*Estimates as of 7/08.

<sup>^</sup>During challenging economic times, Governments may use excess foreign exchange reserves to support economic growth.

Source: Except where noted, all country information came from The Central Intelligence Agency's The World FactBook, as of January 22, 2009 for Reserves data and December 18, 2008 for all other data. <sup>2</sup>U.S. Glenn E. Curtis, ed. Russia: A Country Study. Washington: GPO for the Library of Congress, 1996.

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