

MSCI Emerging Markets Option Premium Matrix



Definitions

- Floor:** Long Put Position
- Re-Entry:** Short Put Position
- Cap:** Short Call Position
- Option Premium:** Expressed as a percentage of portfolio value
- Option Strike:** Expressed relative to current index level

Published: 1/27/2012
iShares EEM: 42.36

Option Term	Strike	Put Option Premium							Call Option Premium						
		-35%	-30%	-25%	-20%	-15%	-10%	-5%	0%	0%	+5%	+10%	+15%	+20%	+25%
3-Month		0.27%	0.35%	0.56%	0.96%	1.45%	2.29%	0.75%	5.36%	5.34%	2.92%	1.34%	0.48%	0.13%	0.02%
6-Month		0.97%	1.28%	1.72%	2.40%	3.28%	4.40%	5.84%	7.74%	7.64%	5.04%	3.05%	1.63%	0.69%	0.30%
1-Year		2.60%	3.26%	4.13%	5.18%	6.43%	7.98%	9.82%	11.97%	10.48%	7.72%	5.73%	4.03%	2.63%	1.54%
2-Year		4.69%	5.75%	7.87%	9.38%	11.03%	12.91%	14.99%	17.77%	15.34%	13.08%	10.85%	8.94%	7.20%	5.69%

Example Hedge Structure: 1 year MSCI EEM Put Spread Collar: -10% Floor / -30% Re-entry / +10% Cap

Investor purchases a -10% Floor and sells a -30% Re-Entry and +10% Cap on the iShares EEM (ETF)

Cost of a one-year -10% Floor:	7.98%
Value of a one-year -30% Reentry:	-3.26%
Value of a one-year +10% Cap:	-5.73%
Net cost to investor as a % of portfolio value:	-1.01%

NOTE: Please see pages 2-3 for sample hedge profile.

For informational purposes only. Costs and protection levels are based on current market characteristics and assumptions which change over time. The protection levels and costs described are estimates which may not be achieved or achievable and The Clifton Group makes no guarantee in this regard. Option premiums are calculated using implied market volatility on index traded options. Option strike levels based on index price, not index total return. Source: Bloomberg

Historical Data available upon request: Info@TheCliftonGroup.com

MSCI Emerging Markets Put-Spread Collar

1-Year Term

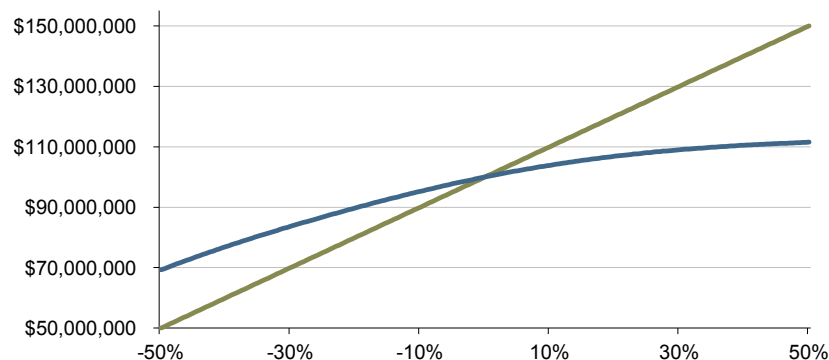
Hedge Profile - 01/27/2012

iShares EEM: 42.36
 Notional: \$100,000,000
 Hedge Term: 1/26/2013

<u>Hedge Structure</u>	<u>Position</u>	<u>Contracts</u>	<u>Option Type</u>	<u>Index</u>	<u>Strike</u>	<u>Term</u>		<u>Premium</u>	
Floor: -10.00%	Long	23,607	Put	iShares EEM	38.12	1/26/13	\$	7,976,670	7.98%
Reentry: -30.00%	Short	(23,607)	Put	iShares EEM	29.65	1/26/13	\$	(3,261,626)	-3.26%
Cap: +10.00%	Short	(23,607)	Call	iShares EEM	46.60	1/26/13	\$	(5,728,092)	-5.73%
Initial Premium:							\$	(1,013,048)	-1.01%

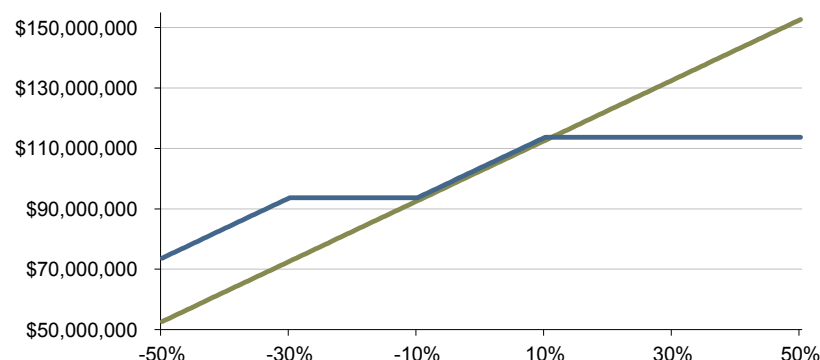
Portfolio Value - Instantaneous

1/27/2012



Portfolio Value - at Maturity

1/26/2013



— Unhedged Portfolio
 — Hedged Portfolio

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HYPOTHETICAL PERFORMANCE DISCLOSURES

Simulated performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between simulated performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of simulated performance results is that they are generally prepared with the benefit of hindsight. In addition, simulated trading does not involve financial risk, and no simulated trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of simulated performance results and all of which can adversely affect actual trading results. Because there are no actual trading results to compare to the simulated performance results, customers should be particularly wary of placing undue reliance on these simulated performance results.



Return Estimate Period:

1/27/12 - 1/26/13

Protection Strategy
Expected Return Profile

Equity Cash Index Return (excludes Dividends)		Total Return Index ¹		Hedge Value at Expiration	Protection Gain/Loss ²		Protected Equity Total Return ³	
%	\$	%	\$	\$	%	\$	%	\$
50%	50,000,000	52.68%	52,678,653	(40,000,000)	-38.99%	(38,986,952)	13.69%	13,691,701
45%	45,000,000	47.68%	47,678,653	(35,000,000)	-33.99%	(33,986,952)	13.69%	13,691,701
40%	40,000,000	42.68%	42,678,653	(30,000,000)	-28.99%	(28,986,952)	13.69%	13,691,701
35%	35,000,000	37.68%	37,678,653	(25,000,000)	-23.99%	(23,986,952)	13.69%	13,691,701
30%	30,000,000	32.68%	32,678,653	(20,000,000)	-18.99%	(18,986,952)	13.69%	13,691,701
25%	25,000,000	27.68%	27,678,653	(15,000,000)	-13.99%	(13,986,952)	13.69%	13,691,701
20%	20,000,000	22.68%	22,678,653	(10,000,000)	-8.99%	(8,986,952)	13.69%	13,691,701
15%	15,000,000	17.68%	17,678,653	(5,000,000)	-3.99%	(3,986,952)	13.69%	13,691,701
10%	10,000,000	12.68%	12,678,653	0	1.01%	1,013,048	13.69%	13,691,701
5%	5,000,000	7.68%	7,678,653	0	1.01%	1,013,048	8.69%	8,691,701
0%	0	2.68%	2,678,653	0	1.01%	1,013,048	3.69%	3,691,701
-5%	(5,000,000)	-2.32%	(2,321,347)	0	1.01%	1,013,048	-1.31%	(1,308,299)
-10%	(10,000,000)	-7.32%	(7,321,347)	0	1.01%	1,013,048	-6.31%	(6,308,299)
-15%	(15,000,000)	-12.32%	(12,321,347)	5,000,000	6.01%	6,013,048	-6.31%	(6,308,299)
-20%	(20,000,000)	-17.32%	(17,321,347)	10,000,000	11.01%	11,013,048	-6.31%	(6,308,299)
-25%	(25,000,000)	-22.32%	(22,321,347)	15,000,000	16.01%	16,013,048	-6.31%	(6,308,299)
-30%	(30,000,000)	-27.32%	(27,321,347)	20,000,000	21.01%	21,013,048	-6.31%	(6,308,299)
-35%	(35,000,000)	-32.32%	(32,321,347)	20,000,000	21.01%	21,013,048	-11.31%	(11,308,299)
-40%	(40,000,000)	-37.32%	(37,321,347)	20,000,000	21.01%	21,013,048	-16.31%	(16,308,299)
-45%	(45,000,000)	-42.32%	(42,321,347)	20,000,000	21.01%	21,013,048	-21.31%	(21,308,299)
-50%	(50,000,000)	-47.32%	(47,321,347)	20,000,000	21.01%	21,013,048	-26.31%	(26,308,299)

1 Total Return Index assumes a constant dividend yield of 2.68% that is independent of the return on the Cash Index.

2 Protection Gain/Loss is equal to Hedge Value at Expiration less the premium paid at initiation of hedge.

3 Protection Equity Total Return is equal to the sum of the Total Return Index and the Protection Gain/Loss.

Comment: The Protected Equity and Equity Total Return calculations above assume iShares MSCI EEM performance results. Actual performance will be higher or lower depending on actual manager results versus the iShares MSCI EEM over the protection term.

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