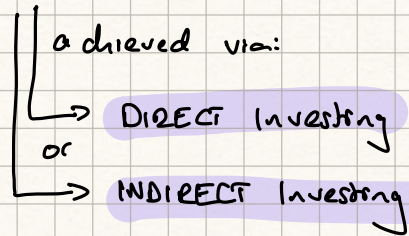


HOME ASSET BIAS

gaining NON-DOMESTIC exposure



DIRECT Investing

CONSIDERATIONS:

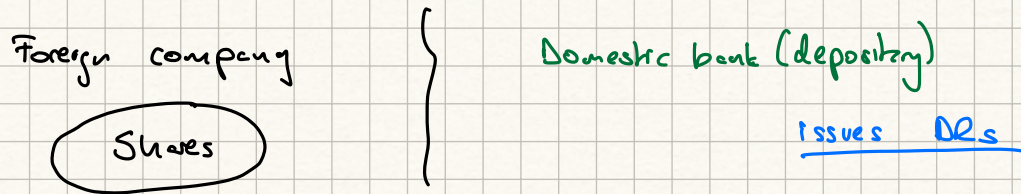
- language barriers
- level of disclosure may vary
- market liquidity issues

! ALL transactions conducted in LOCAL CURRENCY

- FX Risk
 - Capital restrictions
 - TAX implications
- } not easy to deal with by individual investors

Companies may list their shares outside of HOME MARKET
or opt for a

INDIRECT INVESTING in individual shares:



number and price of DRs
based on

Most common DRs

ADRs

EDRs

GDRs

Benefits of GDRs: NOT subject to restrictions regarding:

choice of exchange for GDR listing: based on investor familiarity with issuer
typical venues: London, Luxembourg

In theory: DR prices align with foreign share prices via

Typically subject to:

SPONSORED

foreign company DIRECTLY involved
in DR issuance

DRs

UNSPONSORED

foreign company NOT involved in
DR issuance

DUAL CLASS SHARES → mechanism for differentiating economic/voting rights

Default voting rights

BUT! separate share-class (typically non-traded) may have >1 vote per share.

→ typically held by founders + family. AIM:

! share classes with lower voting rights MAY offer better economic rights, e.g. higher dividends (as compensation)