

Emerging Markets Equity

INVESTMENT OBJECTIVES

Established in 1997, PanAgora's Emerging Markets Equity is a top-down country selection strategy investing in emerging markets equities around the globe. Its goal is to exceed the performance of the MSCI Emerging Markets Index, over the long term, within a risk-controlled framework. PanAgora manages over \$1,680 million in Emerging Markets assets.

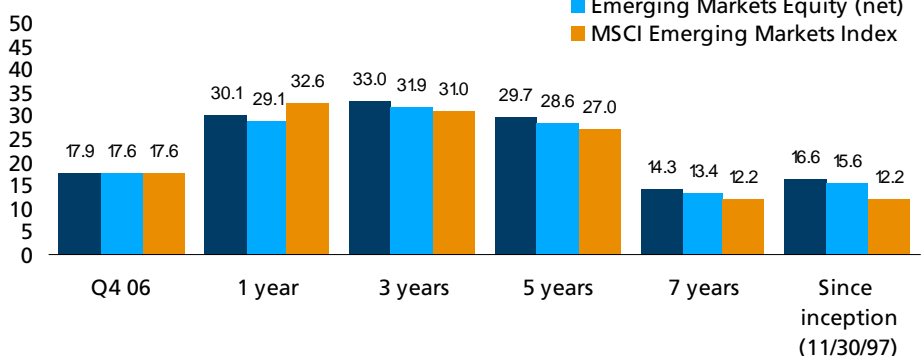
STRATEGY ADVANTAGES

PanAgora's strategy builds a broadly diversified portfolio that seeks to:

- » adapt to the current market environment; and,
- » employ disciplined research to combine macroeconomic, fundamental, and technical measures to determine relative country valuations.

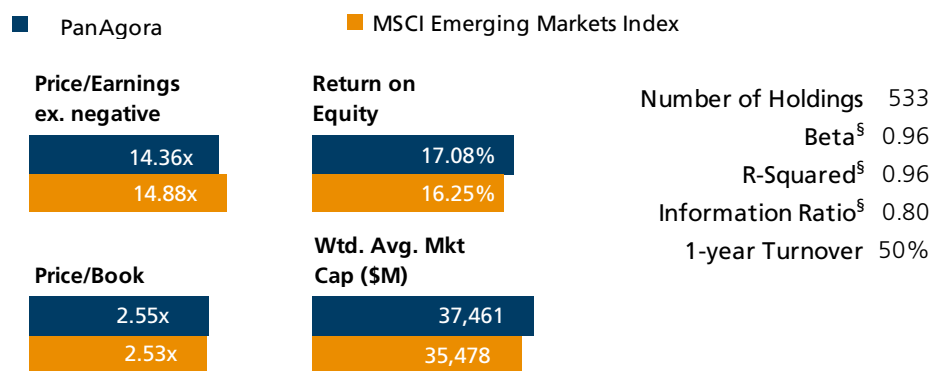
ANNUALIZED COMPOSITE PERFORMANCE AS OF 12/31/2006

Annualized results* (%)



| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|
| Gross | 30.14 | 39.82 | 29.34 | 59.52 | -2.35 | 0.68 | -30.87 | 67.92 | -6.45 |
| Net | 29.06 | 38.67 | 28.27 | 58.22 | -3.18 | -0.17 | -31.47 | 66.56 | -7.25 |
| MSCI EM Index | 32.59 | 34.54 | 25.95 | 56.28 | -6.00 | -2.37 | -30.61 | 66.41 | -25.34 |

PORTFOLIO CHARACTERISTICS AS OF 12/31/2006†

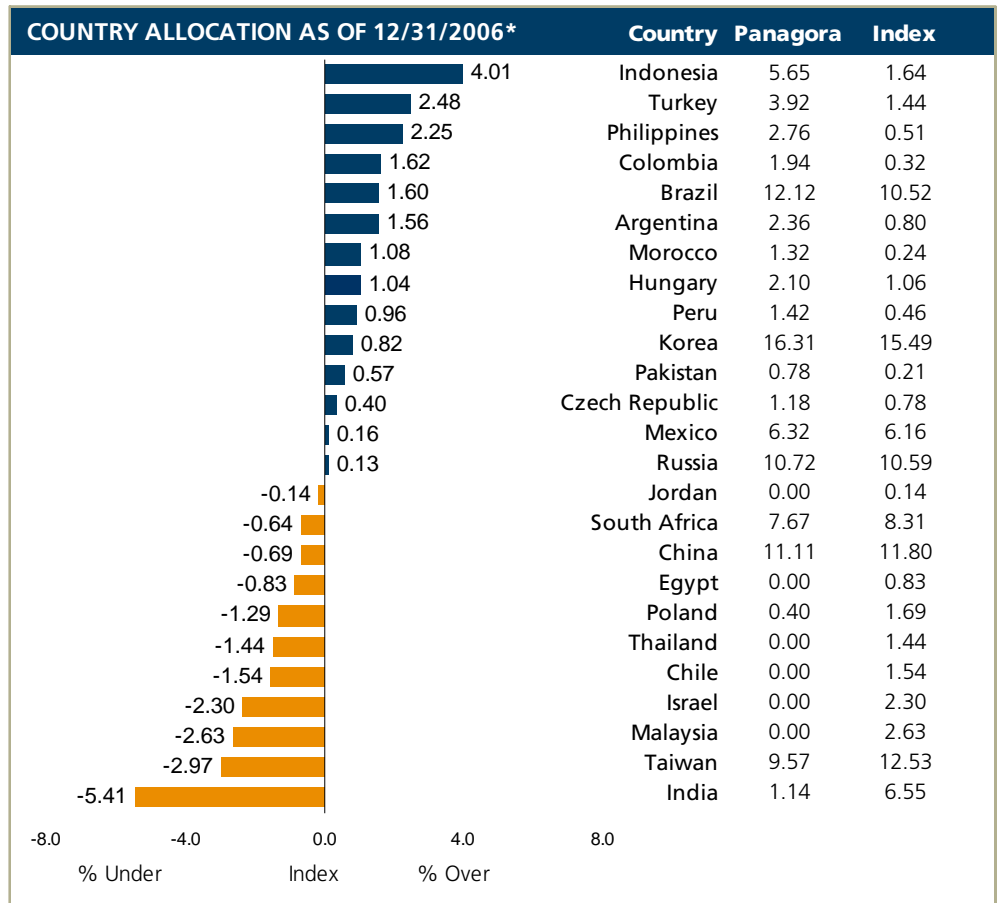


* Annualized for periods greater than one year. Past performance is no guarantee of future results.

† The above portfolio characteristics and risk statistics are for a representative account and are shown for illustrative purposes only. Each account is managed individually. Accordingly account characteristics may vary. Past performance is not a guarantee of future results.

§ 5-year

The performance notes on page 4 are an integral part of this presentation.



| SECTOR ALLOCATION AS OF 12/31/2006* | PanAgora | MSCI EM | Difference |
|-------------------------------------|----------|---------|------------|
| CONSUMER DISCRETIONARY | 5.76% | 6.20% | -0.44% |
| CONSUMER STAPLES | 5.27% | 5.44% | -0.17% |
| ENERGY | 18.74% | 17.29% | 1.45% |
| FINANCIALS | 21.66% | 20.89% | 0.77% |
| HEALTH CARE | 0.71% | 1.81% | -1.10% |
| INDUSTRIALS | 6.09% | 7.46% | -1.37% |
| INFORMATION TECHNOLOGY | 11.01% | 13.65% | -2.64% |
| MATERIALS | 13.34% | 12.78% | 0.56% |
| TELECOMMUNICATION SERVICES | 12.69% | 10.90% | 1.79% |
| UTILITIES | 3.53% | 3.58% | -0.05% |

* The holdings and characteristics are from a representative portfolio and are being shown for illustrative purposes only. Each account is managed individually. Actual account characteristics and holdings may differ due to individual account restrictions and limitations. The inclusion of holdings information in this presentation should not be interpreted as recommendations to buy or sell. Holdings are subject to change. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities mentioned in this profile.

All data as of 12/31/06.

The performance notes are an integral part of this presentation

FOR MORE INFORMATION:

260 Franklin Street, 22nd Floor
 Boston, Massachusetts 02110
 617.439.6300
 800.423.6041
 617.439.6675 fax
 www.panagora.com

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For institutional accounts in the United States

PanAgora advisory services offered through The Putnam Advisory Company, LLC. Securities offered through Putnam Retail Management, LP.

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INVESTMENT PHILOSOPHY

Our research has demonstrated that investors typically underreact to new information, while overreacting to well-known information. Because investors evaluate information incorrectly, they tend to misprice securities. PanAgora believes that its dynamic, adaptive approach is one of the most effective techniques to exploit these mispricing opportunities in the marketplace.

PanAgora's Emerging Markets Equity strategy tries to identify and exploit such opportunities across the emerging international equity markets. Our adaptive investment discipline seeks to identify, evaluate, and capitalize on these equity misvaluations through a dynamic combination of value and growth measures.

Our research has shown that significant portfolio returns are derived from country allocation decisions. Hence, we combine macroeconomic, fundamental, and technical measures to determine relative country valuations.

INVESTMENT PROCESS

The investment decision-making process forecasts returns for countries and then uses optimization and indexing techniques to invest in those markets. Tactical country decisions are driven by equity market forecasts generated by a valuation model that employs value, (price/book and purchasing power parity), growth, structural, and expectational measures. Country exposure is achieved using a stratified sampling process.

After the quantitative process has generated forecasts and evaluated countries, our portfolio managers review the recommendations for the consistency of forecasts, factor balance, and data errors. Portfolios are then constructed using a mean-variance optimizer.

RISK MANAGEMENT

Risk can be measured in many ways. Identifying, quantifying, and controlling risk are all important elements of PanAgora's investment strategy. Risk is controlled by measuring and evaluating risk exposure, targeting low relative risk levels, and assigning position limits. We continuously evaluate portfolios to ensure that there are limited exposures to unintended risk factors.

ABOUT PANAGORA

Established in 1989, PanAgora is dedicated to providing quantitative solutions designed to adapt to changing market environments.

- » Over \$22 billion in assets under management*
- » Sound investment infrastructure that blends the best of fundamental insights with systematic methods
- » Focused attention on risk management
- » Cutting edge research capabilities integrated within investment teams
- » Broad product line across regions, risk levels, and asset classes

PERFORMANCE DISCLOSURE
Emerging Markets Equity Composite

Composite: Emerging Markets Equity Composite (As of 12/31/2006)

Benchmark: MSCI Emerging Markets Index

| Date | Gross of Fees Return (%) | Net of Fees Return (%) | Annual Index Return (%) * | High Return** (%) | Low Return** (%) | Composite Assets (\$ Millions) | Percent of Firm Assets (%) | Number of Accounts | Out of Index Exposure*** | Percent of Composite which are Non-fee paying accounts | Total Firm Assets [§] (\$ Millions) | Assets Under Management ^{§§} (\$ Millions) |
|------------|--------------------------|------------------------|---------------------------|-------------------|------------------|--------------------------------|----------------------------|--------------------|--------------------------|--|--|---|
| 12/31/2006 | 30.14% | 29.06% | 32.59% | 30.01% | 29.56% | \$951.82 | 4.69% | 6 | 0.00% | 0.00% | \$20,285 | \$22,616 |
| 12/31/2005 | 39.82% | 38.67% | 34.54% | NA | NA | \$279.58 | 1.81% | <5 | 0.00% | 0.00% | \$15,411 | \$16,941 |
| 12/31/2004 | 29.34% | 28.27% | 25.95% | NA | NA | \$71.76 | 0.45% | <5 | 0.00% | 0.00% | \$16,054 | \$17,352 |
| 12/31/2003 | 59.52% | 58.22% | 56.28% | NA | NA | \$56.20 | 0.46% | <5 | 0.00% | 0.00% | \$12,113 | \$13,103 |
| 12/31/2002 | -2.35% | -3.18% | -6.00% | NA | NA | \$35.68 | 0.35% | <5 | 0.00% | 0.00% | \$10,065 | \$11,911 |
| 12/31/2001 | 0.68% | -0.17% | -2.37% | NA | NA | \$37.00 | 0.32% | <5 | 0.00% | 0.00% | \$11,641 | \$13,133 |
| 12/31/2000 | -30.87% | -31.47% | -30.61% | NA | NA | \$37.29 | 0.29% | <5 | 0.00% | 0.00% | \$12,647 | \$16,203 |
| 12/31/1999 | 67.92% | 66.56% | 66.41% | NA | NA | \$54.71 | 0.42% | <5 | 0.00% | 0.00% | \$13,033 | \$16,124 |
| 12/31/1998 | -6.45% | -7.25% | -25.34% | NA | NA | \$33.01 | 0.23% | <5 | 0.00% | 0.00% | \$14,275 | \$16,930 |

* Annual Index Returns were not examined by the Independent Accountant.

** "Out of Index Exposure" is the percentage of Composite Assets not included in countries or regions in the MSCI EM Index at December 31, based on a representative portfolio for the Composite.

*** High / Low Returns have not been provided for composites with less than two accounts in the composite for the entire year.

§ "Total Firm Assets" exclude the Firm's Total Overlay Assets.

§§ "Assets Under Management" includes both Total Firm and Total Overlay Assets.

Firm Overview

PanAgora Asset Management, Inc. (the "Firm") has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). A complete listing and description of all composites is available upon request.

For the purposes of compliance with GIPS, the Firm is defined as a broad based investment management organization that provides investment services to institutions through separately managed accounts, pooled funds and mutual funds. The Firm is an independent investment advisor registered under the Investment Advisers Act of 1940 specializing in quantitative investment strategies. For determination of firm wide compliance with GIPS, the Firm has currently defined assets under management as all assets that are managed by the Firm. Total Firm Assets are defined as all assets managed by the Firm that do not include overlay assets.

Composition of Composite

The accounts within the Emerging Markets Equity Composite (the "Composite") utilize a top-down country selection strategy structured to provide incremental returns above the MSCI Emerging Markets Index ("MSCI EM") of 3-5% per annum. The Composite has more risk than the MSCI EM. Portfolio turnover has historically ranged between 10-70%. The Composite inception date was January 1, 1997. The Composite is comprised of all discretionary institutional accounts managed by the Firm in this investment style. The creation date for the Composite was December 1, 2003. There is a minimum of \$2 million in assets for inclusion in this Composite.

New portfolios are added to a composite at the beginning of the first complete month after the portfolio is started. Terminated portfolios are included through the final full month of management. Composites may include portfolios with certain existing investment restrictions that the Firm believes do not materially impact the investment strategy.

Calculation of Composite

A composite's monthly return is computed by asset weighting the portfolio returns within the Composite, using the beginning of period market values. The quarterly return of a Composite is computed by geometrically linking the returns of each month

within the calendar quarter. The annual return of a Composite is computed by geometrically linking the returns of each quarter within the calendar year.

Investments held by all portfolios are valued on a trade-date basis using accrual accounting. Individual portfolio returns are calculated on a time-weighted basis using the Modified Deitz methodology. Performance is expressed in U.S. dollars. Additional information regarding policies for calculating and reporting returns is available upon request.

Returns are net of foreign withholding taxes on dividends, interest, and capital gains. The benchmark returns assume dividends are reinvested monthly and are presented net after withholding taxes assuming the most conservative tax perspective, that of a Luxembourg holding company.

Index Disclosure

The benchmark for this Composite is the Morgan Stanley Capital Emerging Markets Index ("MSCI EM"). The aforementioned widely used comparative index represents unmanaged financial assets that can be compared to the Composite's total returns for purposes of measuring relative performance. However, unlike the composite shown, the MSCI EM Index does not reflect transaction costs or incur fees.

Returns are net of foreign withholding taxes on dividends, interest, and capital gains. The benchmark returns assume dividends are reinvested monthly and are presented net after withholding taxes assuming the most conservative tax perspective, that of a Luxembourg holding company.

Gross of Fees Disclosure

Gross of Fee returns are net of transaction costs but do not include the deduction of management fees and other expenses that may be incurred in managing an investment account. A portfolio's return will be reduced by management and other fees. The impact of management fees can be material. Investment returns are reduced by advisory fees as in the following example: Over a five year period, if a \$100 portfolio had an annual return of 10%, it would grow to \$161.05. The net compounded effect of a 120 basis point annual investment management fee (without custody charges) would total \$9.43 and result in a portfolio value of \$151.62.

PERFORMANCE DISCLOSURE

Net of Fee Return results are calculated as the Gross of Fee Returns minus a model fee equal to the highest standard Separate Account management Fee that a client invested in this strategy would have paid during the performance period as described in Part II of the Firm's Form ADV for information on management fees.

Fee Schedule

The standard fee schedule, which is based on the market value of an account's assets under management and stated on an annual basis is stated below. Separate account management fees are for investment management services only. Custodial fees, which are not charged to an account, are not included in the Net of Fee Returns.

Separate Account Management

| | |
|----------------------|------------|
| Initial \$50 million | 0.85 of 1% |
| Next \$50 million | 0.75 of 1% |
| Over \$100 million | 0.65 of 1% |

The minimum annual fee is \$100,000.

**Past Performance is not a guarantee of future performance.
No assurance can be given as to future performance.**