

They generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries, changes in interest rates and other factors. Currency exchange rates can also be affected by intervention, or the failure to intervene, by U.S. and foreign governments or central banks, or by currency controls or political developments in the United States and abroad. The exchange rate between the currencies of various emerging market countries and the U.S. dollar has changed substantially in the last two decades and may fluctuate substantially in the future.

*Credit Risk.* An issuer or counterparty may fail to pay its obligations to a Fund when they are due. Financial strength and solvency (or the perceived financial strength or solvency) of an issuer are the primary factors influencing credit risk. Changes in the financial condition of an issuer or counterparty, changes in specific economic, social or political conditions that affect a particular type of security or other instrument or an issuer, and changes in economic, social or political conditions generally can increase the risk of default by an issuer or counterparty, which can affect a security's or other instrument's credit quality or value and an issuer's or counterparty's ability to pay interest and principal when due. The values of lower quality debt, including loans, tend to be particularly sensitive to these changes. The values of investments also may decline for a number of other reasons that relate directly to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods and services, as well as the historical and prospective earnings of the issuer and the value of its assets. In addition, lack or inadequacy of collateral or credit enhancements for a debt obligation may affect its credit risk. Credit risk of an investment may change over time, and securities or other instruments that are rated by ratings agencies may be subject to downgrade. Ratings are only opinions of the agencies issuing them as to the likelihood of payment. They are not guarantees as to quality and they do not reflect market risk. If an issuer or counterparty fails to pay interest, a Fund's income might be reduced and the value of the investment might fall, and if an issuer or counterparty fails to pay principal, the value of the investment might fall and the Direct Investment Fund could lose the amount of its investment.

*Concentration.* Certain Funds' portfolios are expected to be concentrated from time to time and/or have investments focused in particular countries, regions, sectors, companies or industries with high positive correlations to one another and the effect of this, together with its long-term approach to investment, could result in large movements in the portfolio value. A concentrated portfolio increases the importance of the selection of each stock, industry and/or country as a determinant of investment performance and also increases the volatility of a Fund. In addition, companies in an industry, country or region in which a Fund concentrates may fall out of favor with investors, causing the Fund to lose money or underperform the stock market or funds concentrated in other industries, countries or regions. Accordingly, to the extent the portfolio does concentrate in any of these ways, the overall adverse impact on a Fund of adverse developments in the business of such issuer, such industry or the government or affairs of such countries or regions, could be considerably greater than if it did not concentrate its investments to such an extent. Although the investment guidelines of a Fund are intended to help mitigate these risks of portfolio concentration, there is no assurance such guidelines will be effective in limiting the adverse effects.

*Settlement Risk.* Settlement and clearance procedures in certain foreign markets differ significantly from those in the U.S. Foreign settlement and clearance procedures and trade regulations also may involve certain risks (such as delays in payment for or delivery of securities) not typically associated with the settlement of U.S. investments. At times, settlements in certain foreign countries have not kept pace with the number of securities transactions. These problems may make it difficult for the Fund to carry out transactions. If a