

March 13, 2012

Equity Strategy

Latin America /
Emerging Markets

Latin America Model Portfolio

Still OW Brazil & Chile and UW Mexico; start to rotate from expensive domestics to exporters



Morgan Stanley & Co. Incorporated

Guilherme Paiva, CFA

guilherme.paiva@morganstanley.com

+1 (212) 761-8295

Cesar Medina

cesar.medina@morganstanley.com

+1 (212) 761-4911

Morgan Stanley México, Casa de Bolsa, S.A. de C.V. +

Nikolaj Lippmann

nikolaj.lippmann@morganstanley.com

+52 (55) 5282-6778

Morgan Stanley does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section at the end of this report.

+ = Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to NASD/NYSE restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Latin America
Strategy

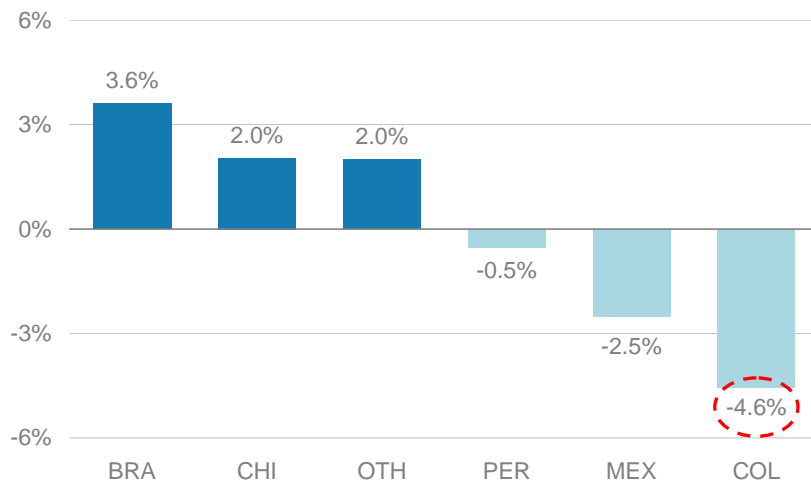
Latin America Model Portfolio – March 2012

We are Overweight Brazil & Chile, and still Underweight Mexico & Colombia...

- We remain overweight Brazil (core) and Chile in our Model Portfolio:
 - We favor Brazil because of a) stronger growth story in 1H 2012; b) defensive business models to local inflation and global risks and c) attractively valued exporting companies; and
 - We like Chile because of the country's a) improving macroeconomic background and b) the exposure that some liquid companies have to strong economic growth in Colombia and Peru.
- We dislike Mexico because of its a) current material premium to EM on a forward price-to-earnings basis and b) potential political noise ahead of the mid-year Presidential elections;
- Lastly, we have some exposure to Materials (gold) in Peru and an off-index airline company.

We recommend an Overweight position in Brazil and Chile at the country level...

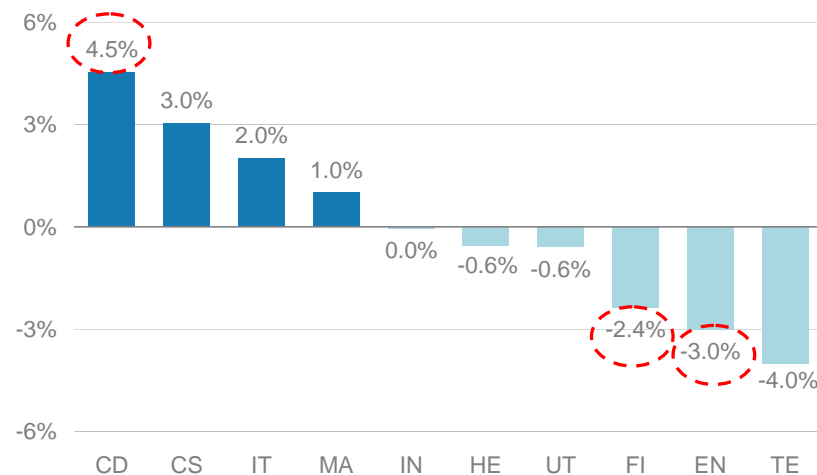
MS Model Portfolio vs. MSCI Latin America



Source: Bloomberg and Morgan Stanley Research

...and in Consumer Discretionary, Staples and Info Tech at the sector level

MS Model Portfolio vs. MSCI Latin America



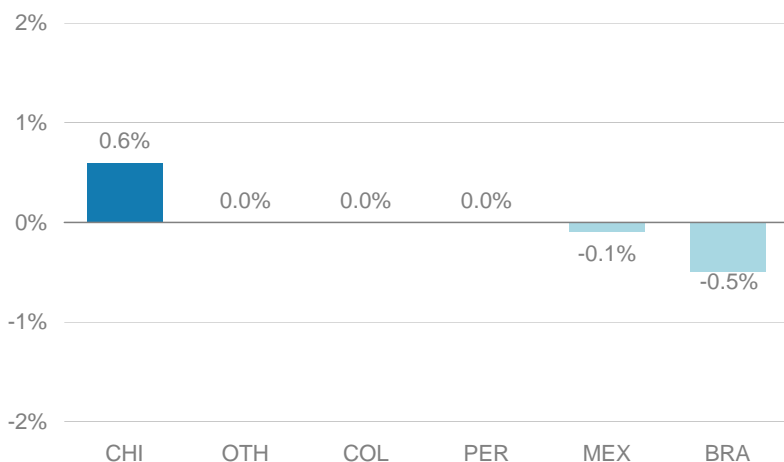
Source: Bloomberg and Morgan Stanley Research

Latin America Model Portfolio – Key Views and Recommendation Changes

...and we have added to commodity and non-commodity exporters

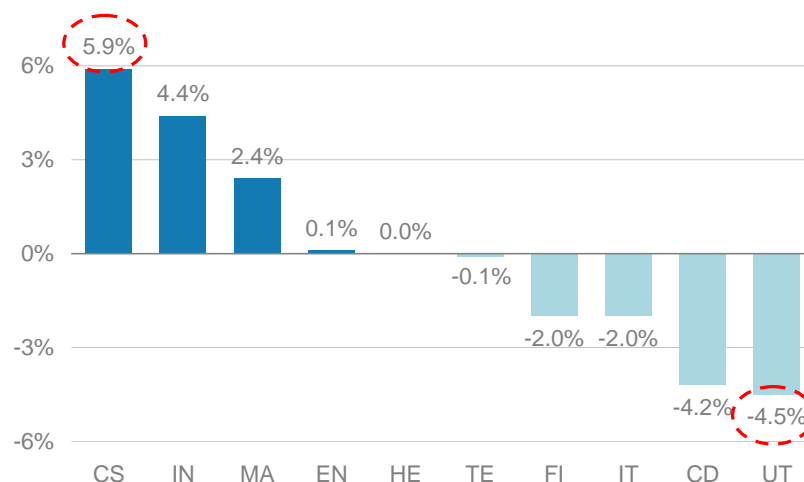
- We can break down our regional model portfolio in 3 investment themes:
 - 1) *Stronger domestic growth*: we still favor C. Discretionary (+4.5% in the previous slide) but we take some chips off the table (-4.2%) because of rich valuations (Hering in Brazil; Asur – to a smaller degree – in Mexico) after the recent strong performance;
 - 2) *Higher local inflation*: aggressive easing by the BCB could generate an inflation problem in 2H12. Therefore, it makes sense to remain cautious. We rotate from no longer cheap Utilities (-4.5%; -0.6% in the previous slide) in Chile (Endesa) to some defensive Consumer Staples (+5.9%; +3.0% in the previous slide) in Brazil (BRFoods); and
 - 3) *Global growth*: we are still underweight the commodity group (Materials plus Energy). However, we have started to cover our position (+2.4%; Gerdau) because commodity exporters should benefit from:
 - a) a weaker BRL driven by lower rates, b) policy easing by China and c) undemanding valuations.

MS Model Portfolio vs. MSCI LA – key country weight changes



Source: Bloomberg and Morgan Stanley Research

MS Model Portfolio vs. MSCI LA – key sector weight changes



Source: Bloomberg and Morgan Stanley Research

Latin America Model Portfolio – March 2012

03/09/12					MSCI	Over/				12-mth	Implied	Mkt Cap	EV/EBITDA		P/E		P/BV	Div Yld	EBITDA G.**	EPS G. **	ROE
Ticker	Company	Country	Sector	Rating	Weight	Latam	Under	Ccy	Price	PT/FV*	Return	(USDm)	2012E	2013E	2012E	2013E	2012E	2012E	CAGR 11-13	CAGR 11-13	2012E
ITUB.N	Itau Unib.	Brazil	FI	EW	11.0%	5.7%	5.3%	USD	20.9	24.0	18%	95,441	nm	nm	10.6	8.6	2.0	2.8%	nm	15%	21%
CAP.SN	CAP	Chile	MA	EW	5.7%	0.4%	5.3%	CLP	20,651	22,000	12%	6,387	7.9	7.6	16.0	14.7	3.3	3.1%	-4%	-1%	22%
CMIG4.SA	CEMIG	Brazil	UT	OW	5.9%	1.0%	4.9%	BRL	41.4	36.0	-8%	15,761	7.6	7.2	11.1	10.6	1.9	5.4%	1%	5%	18%
BBAS3.SA	B. do Brasil	Brazil	FI	EW	5.0%	1.1%	3.9%	BRL	28.7	33.0	21%	45,960	nm	nm	6.5	5.4	1.2	6.2%	nm	8%	20%
ERJ.N	Embraer	Brazil	IN	OW	4.4%	0.5%	3.9%	USD	29.3	41.0	42%	5,305	6.3	5.2	11.8	9.8	1.5	2.1%	11%	26%	13%
FAL.SN	Falabella	Chile	CD	EW	4.0%	0.4%	3.6%	CLP	4,691	5,000*	8%	23,649	14.6	11.5	22.1	17.0	3.9	1.5%	20%	21%	19%
BIMBOA.MX	G. Bimbo	Mexico	CS	OW	4.0%	0.4%	3.6%	MXN	29.2	34.0	17%	10,867	9.6	7.8	18.0	13.7	2.5	0.8%	20%	31%	15%
RDCD3.SA	Redecard	Brazil	IT	EW	4.0%	0.8%	3.2%	BRL	35.7	36.0	7%	13,398	9.9	9.5	14.7	14.0	13.7	6.5%	6%	6%	98%
GFNORTEO.	Banorte	Mexico	FI	OW	4.0%	0.8%	3.2%	MXN	57.3	67.0	18%	10,540	nm	nm	12.5	9.6	1.7	1.2%	nm	26%	15%
BRFS3.SA	Brasil Foods	Brazil	CS	OW	4.5%	1.5%	3.0%	BRL	36.5	42.0	17%	17,841	10.3	7.5	15.8	10.9	2.0	2.2%	26%	22%	13%
ABV.N	AmBev	Brazil	CS	EW	6.5%	3.6%	2.9%	USD	41.3	36.0*	-9%	128,044	15.4	13.8	22.4	20.3	8.7	3.8%	11%	11%	40%
GGBR4.SA	Gerdau	Brazil	MA	EW	3.6%	1.0%	2.6%	BRL	17.9	17.7	1%	16,999	7.2	5.7	11.4	8.5	1.1	2.0%	19%	28%	10%
GMODELOC	G. Modelo	Mexico	CS	EW	3.0%	0.5%	2.5%	MXN	86.7	84.0*	0%	22,164	9.2	8.0	25.1	21.4	3.5	3.6%	8%	6%	14%
CPA.N	Copa Holdings	Others	CD	OW	2.0%	0.0%	2.0%	USD	72.6	91.0	27%	3,266	8.3	6.8	9.5	8.0	1.9	1.7%	14%	15%	22%
ASR.N	ASUR	Mexico	CD	OW	2.0%	0.0%	2.0%	USD	69.3	76.0	13%	2,078	9.3	8.0	15.7	13.8	1.7	3.8%	13%	13%	11%
RENT3.SA	Localiza	Brazil	CD	OW	2.0%	0.2%	1.8%	BRL	33.7	37.0	11%	3,789	8.4	6.7	17.8	13.8	4.3	1.1%	18%	26%	28%
VALE.N	Vale	Brazil	MA	EW	10.0%	8.6%	1.4%	USD	22.5	29.2	38%	116,531	4.9	4.5	6.7	6.1	1.2	5.1%	-1%	-7%	20%
BVN.N	Buenaventura	Peru	MA	OW	2.2%	0.9%	1.3%	USD	39.3	57.0	47%	9,994	4.2	3.2	9.9	7.5	2.7	3.5%	29%	29%	29%
PBR.N	Petrobras	Brazil	EN	NC	12.3%	11.2%	1.1%	BRL	24.9	na	na	178,195	5.9	5.5	8.2	7.8	0.8	3.3%	14%	8%	11%
AMX.N	A. Movil	Mexico	TE	UW	3.9%	5.4%	-1.5%	USD	23.3	23.0	0%	86,351	5.3	4.8	11.7	11.3	3.4	1.3%	5%	7%	32%
Model portfolio											16%	8.3	7.4	12.4	10.9	3.1	3.5%	10%	9%	23%	
MS universe											12%	7.2	6.3	12.1	10.5	1.8	3.6%	10%	12%	15%	
Model portfolio vs MS universe											4%	15%	17%	3%	4%	72%	-4%	0%	-3%	9%	

* Fair value. ** CAGR Source: Morgan Stanley Research. Please note that all important disclosures including personal holdings disclosures and Morgan Stanley disclosures appear on the Morgan Stanley public website at www.morganstanley.com/researchdisclosures. For valuation methodology and risks associated with any price targets above, please email morganstanley.research@morganstanley.com with a request for valuation methodology and risks on a particular stock.

Latin America Model Portfolio – March 2012

MS Model Portfolio – weight changes

Ticker	Company	Country	Sector	Last Price	New Weight	Old Weight	Change
CAP.SN	CAP	Chile	MA	20651.0	5.7%	0.0%	5.7%
ITUB.N	Itau Unib.	Brazil	FI	20.9	11.0%	6.0%	5.0%
BRFS3.SA	Brasil Foods	Brazil	CS	36.5	4.5%	0.0%	4.5%
ERJ.N	Embraer	Brazil	IN	29.3	4.4%	0.0%	4.4%
GGBR4.SA	Gerdau	Brazil	MA	17.9	3.6%	0.0%	3.6%
BIMBOA.MX	G. Bimbo	Mexico	CS	29.2	4.0%	3.0%	1.0%
ABV.N	AmBev	Brazil	CS	41.3	6.5%	6.1%	0.4%
CMIG4.SA	CEMIG	Brazil	UT	41.4	5.9%	5.5%	0.4%
PBR.N	Petrobras	Brazil	EN	24.9	12.3%	12.2%	0.1%
GMODELOC.MX	G. Modelo	Mexico	CS	86.7	3.0%	3.0%	0.0%
CPA.N	Copa Holdings	Others	CD	72.6	2.0%	2.0%	0.0%
BVN.N	Buenaventura	Peru	MA	39.3	2.2%	2.2%	0.0%
GFNORTEO.MX	Banorte	Mexico	FI	57.3	4.0%	4.0%	0.0%
AMX.N	A. Movil	Mexico	TE	23.3	3.9%	4.0%	-0.1%
FAL.SN	Falabella	Chile	CD	4690.6	4.0%	4.2%	-0.2%
RENT3.SA	Localiza	Brazil	CD	33.7	2.0%	2.5%	-0.5%
VALE.N	Vale	Brazil	MA	22.5	10.0%	10.9%	-0.9%
ASR.N	ASUR	Mexico	CD	69.3	2.0%	3.0%	-1.0%
BBAS3.SA	B. do Brasil	Brazil	FI	28.7	5.0%	6.0%	-1.0%
RD3.SA	Redecard	Brazil	IT	35.7	4.0%	6.0%	-2.0%
HGTX3.SA	Hering	Brazil	CD	48.7	0.0%	2.5%	-2.5%
END.SN	Endesa	Chile	UT	857.8	0.0%	4.9%	-4.9%
CSNA3.SA	CSN	Brazil	MA	17.9	0.0%	6.0%	-6.0%
BBD.N	Bradesco	Brazil	FI	17.9	0.0%	6.0%	-6.0%

Source: Morgan Stanley Research.

Latin America Model Portfolio – March 2012

MS Model Portfolio – Stocks added

- *Cap: the Chilean metals & mining company provides clean exposure to a stronger global growth story;*
- *Brasil Foods: almost 50% of its 2012 revenues (exports) should benefit from a weaker BRL;*
- *Embraer: our transportation analyst Nic Sebrell believes a global commercial aircraft recovery is underway; and*
- *Gerdau: top pick of our metals & mining analyst Carlos de Alba which generates 35% of EBITDA from abroad.*

MS Model Portfolio – Stocks deleted

- *Hering: the stock has performed well and now trades at historically high forward looking EV/Ebitda and P/E ratios;*
- *Endesa: the stock has performed well and valuations are no longer a bargain;*
- *CSN: we prefer to gain exposure to global growth through an alternate name in Chile which has lower M&A headline risk; and*
- *BBD: we concentrate our position in banks in ITUB (cost cutting) and BBAS (valuation) which we prefer.*

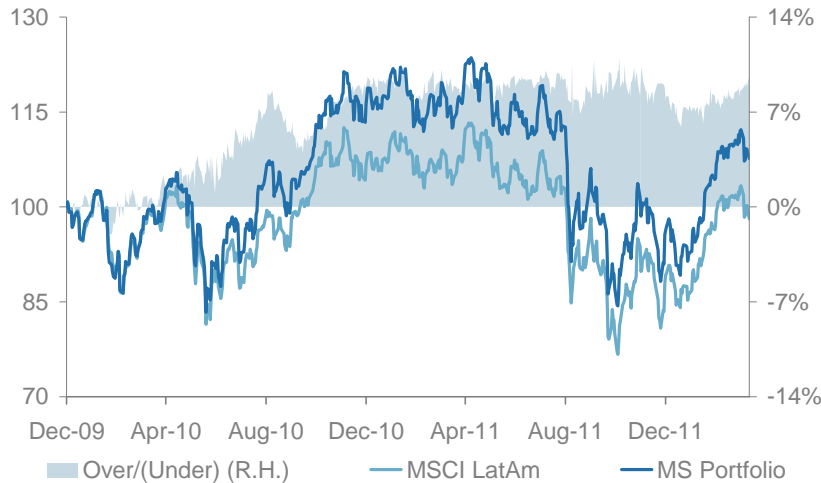
Latin America Model Portfolio – Performance Review

December 2009 to date

- Since its inception on December 1st, 2009, our Model Portfolio has returned +7.7% while the MSCI Latin America index has returned -1.8% – for an outperformance of 970bp during the period.

Our Model Portfolio is up 7.7% since its inception while MSCI Latam is down 1.8%...

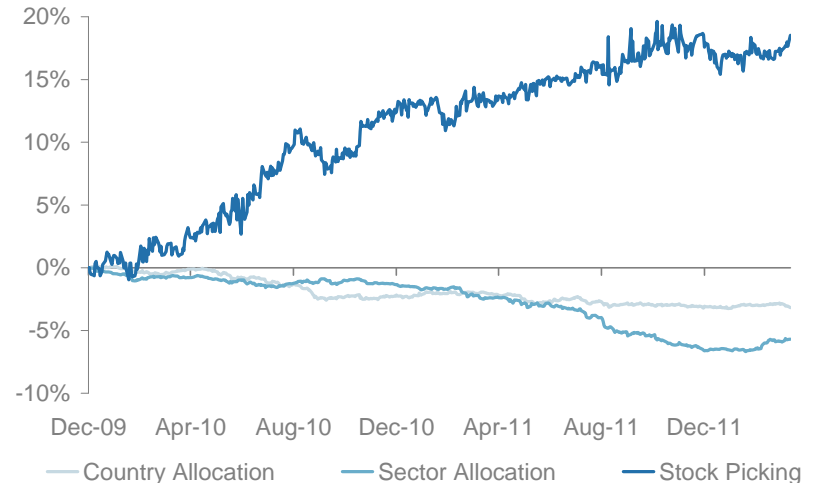
Performance versus MSCI Latin America



Source: Bloomberg and Morgan Stanley Research

...with stock picking being the key reason behind our (+9.7% relative) performance

Performance attribution



Source: Bloomberg and Morgan Stanley Research

This assumes the Model Portfolio constitutes a portfolio rebalanced every day; Results shown represent total absolute return (including dividends) and exclude brokerage commissions; These figures are not audited; Past performance is no guarantee of future results;

Disclosure Section

Mexican companies mentioned

Primary Analyst	GE name	Ticker	Party Names (legal entity)
Kuri, Jorge	Grupo Financiero Banorte	GFNORTEO.MX	Grupo Financiero Banorte, S.A de C.V.
Morin, Michel	America Movil	AMXL.MX	America Movil S.A.B. de C.V.
Lippmann, Nikolaj	Grupo Bimbo	BIMBOA.MX	Grupo Bimbo SAB de CV
Sebrell, Nicolai	ASUR	ASURB.MX	Grupo Aeroportuario del Sureste S.A.B. de C.V.
Serra, Lore	Grupo Modelo	GMODELOC.MX	Grupo Modelo, S.A.B. de C.V.

March 13, 2012

Latin America Equity Strategy
Latin America Model Portfolio

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V. and their affiliates as necessary.

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any price targets referenced in this research report, please email morganstanley.research@morganstanley.com with a request for valuation methodology and risks on a particular stock or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Guilherme Paiva.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictolicies.

Important US Regulatory Disclosures on Subject Companies

The following analyst or strategist (or a household member) owns securities (or related derivatives) in a company that he or she covers or recommends in Morgan Stanley Research: Nikolaj Lippmann - America Movil (common or preferred stock), ASUR (common or preferred stock). Morgan Stanley policy prohibits research analysts, strategists and research associates from investing in securities in their sub industry as defined by the Global Industry Classification Standard ("GICS," which was developed by and is the exclusive property of MSCI and S&P). Analysts may nevertheless own such securities to the extent acquired under a prior policy or in a merger, fund distribution or other involuntary acquisition.

As of February 29, 2012, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Brasil Foods, Copa Holdings, Redecard.

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Gerdau S.A., PETROLEO BRASILEIRO SA.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from America Movil, Brasil Foods, CSN, Embraer, Gerdau S.A., Grupo Modelo, Itau Unibanco Holding S.A., Vale, PETROLEO BRASILEIRO SA.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from AmBev, America Movil, ASUR, Banco Bradesco, Banco do Brasil, Brasil Foods, CAP S.A., Companhia Energetica de Minas Gerais, Companhia de Minas Buenaventura S.A., Copa Holdings, CSN, Embraer, Empresa Nacional de Electricidad SA/Chil, Gerdau S.A., Grupo Bimbo SAB de CV, Grupo Financiero Banorte, Grupo Modelo, Itau Unibanco Holding S.A., Localiza Rent A Car SA, S.A.C.I. Falabella, Vale, PETROLEO BRASILEIRO SA.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from America Movil, Banco Bradesco, Banco do Brasil, Brasil Foods, Copa Holdings, Empresa Nacional de Electricidad SA/Chil, Gerdau S.A., Grupo Financiero Banorte, Grupo Modelo, Itau Unibanco Holding S.A., Vale, PETROLEO BRASILEIRO SA.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: AmBev, America Movil, ASUR, Banco Bradesco, Banco do Brasil, Brasil Foods, CAP S.A., Companhia Energetica de Minas Gerais, Companhia de Minas Buenaventura S.A., Copa Holdings, CSN, Embraer, Empresa Nacional de Electricidad SA/Chil, Gerdau S.A., Grupo Bimbo SAB de CV, Grupo Financiero Banorte, Grupo Modelo, Itau Unibanco Holding S.A., Localiza Rent A Car SA, S.A.C.I. Falabella, Vale, PETROLEO BRASILEIRO SA.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: America Movil, Banco Bradesco, Banco do Brasil, Brasil Foods, Companhia de Minas Buenaventura S.A., Copa Holdings, Embraer, Empresa Nacional de Electricidad SA/Chil, Gerdau S.A., Grupo Financiero Banorte, Grupo Modelo, Itau Unibanco Holding S.A., Vale, PETROLEO BRASILEIRO SA.

Morgan Stanley & Co. LLC makes a market in the securities of AmBev, America Movil, ASUR, Banco Bradesco, Brasil Foods, Companhia Energetica de Minas Gerais, Companhia de Minas Buenaventura S.A., Copa Holdings, CSN, Embraer, Empresa Nacional de Electricidad SA/Chil, Gerdau S.A., Itau Unibanco Holding S.A., Vale, PETROLEO BRASILEIRO SA.

Disclosure Section (cont.)

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity and specialized trading, risk arbitrage and other proprietary trading, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of February 29, 2012)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			
	Count	% of Total	Count	% of Total IBC	% of Rating Category	
Overweight/Buy	1120	38%	461	44%	41%	
Equal-weight/Hold	1229	42%	449	42%	37%	
Not-Rated/Hold	105	4%	24	2%	23%	
Underweight/Sell	464	16%	124	12%	27%	
Total	2,918		1058			

Disclosure Section (cont.)

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Not-Rated (NR) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country MSCI Index on a risk-adjusted basis, over the next 12-18 months.

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Citi Investment Research & Analysis (CIRA) research reports may be available about the companies or topics that are the subject of Morgan Stanley Research. Ask your Financial Advisor or use Research Center to view any available CIRA research reports in addition to Morgan Stanley research reports.

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC, Morgan Stanley and Citigroup Global Markets Inc. or any of their affiliates, are available on the Morgan Stanley Smith Barney disclosure website at www.morganstanleysmithbarney.com/researchdisclosures.

For Morgan Stanley and Citigroup Global Markets, Inc. specific disclosures, you may refer to www.morganstanley.com/researchdisclosures and https://www.citigroupgeo.com/geopublic/Disclosures/index_a.html.

Each Morgan Stanley Equity Research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the Equity Research report on behalf of Morgan Stanley. This could create a conflict of interest.

Disclosure Section (cont.)

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of America Movil, Banco Bradesco, Banco do Brasil, CSN, Gerdau S.A., Grupo Bimbo SAB de CV, Itau Unibanco Holding S.A., Vale.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Client Link at www.morganstanley.com.

The recommendations of Nikolaj Lippmann in this report reflect solely and exclusively the analyst's personal views and have been developed independently, including from the institution for which the analyst works.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell any security/instrument or to participate in any trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The "Important US Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

To our readers in Taiwan: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. Information on any securities/instruments issued by a company owned by the government of or incorporated in the PRC and listed in on the Stock Exchange of Hong Kong ("SEHK"), namely the H-shares, including the component company stocks of the Stock Exchange of Hong Kong ("SEHK")'s Hang Seng China Enterprise Index is distributed only to Taiwan Securities Investment Trust Enterprises ("SITE"). The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. To our readers in Hong Kong: Information is distributed in Hong Kong by and on behalf of, and is attributable to, Morgan Stanley Asia Limited as part of its regulated activities in Hong Kong. If you have any queries concerning Morgan Stanley Research, please contact our Hong Kong sales representatives. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Disclosure Section (cont.)

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A.; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents); in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Smith Barney Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main and Morgan Stanley Private Wealth Management Limited, Niederlassung Deutschland, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that Morgan Stanley Research has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized and regulated by the Financial Services Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. Morgan Stanley Private Wealth Management Limited, authorized and regulated by the Financial Services Authority, also disseminates Morgan Stanley Research in the UK. Private UK investors should obtain the advice of their Morgan Stanley & Co. International plc or Morgan Stanley Private Wealth Management representative about the investments concerned. RMB Morgan Stanley (Proprietary) Limited is a member of the JSE Limited and regulated by the Financial Services Board in South Africa. RMB Morgan Stanley (Proprietary) Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided in accordance with a contract of engagement on investment advisory concluded between brokerage houses, portfolio management companies, non-deposit banks and clients. Comments and recommendations stated here rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P. Morgan Stanley bases projections, opinions, forecasts and trading strategies regarding the MSCI Country Index Series solely on public information. MSCI has not reviewed, approved or endorsed these projections, opinions, forecasts and trading strategies. Morgan Stanley has no influence on or control over MSCI's index compilation decisions. Morgan Stanley Research or portions of it may not be reprinted, sold or redistributed without the written consent of Morgan Stanley. Morgan Stanley research is disseminated and available primarily electronically, and, in some cases, in printed form. Additional information on recommended securities/instruments is available on request.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Morgan Stanley Research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities/instruments is available on request.

The Americas

1585 Broadway
New York, NY 10036-8293
United States
Tel: +1 (1)212 761 4000

Europe

20 Bank Street, Canary Wharf
London E14 4AD
United Kingdom
Tel: +44 (0)20 7425 8000

Japan

4-20-3 Ebisu, Shibuya-ku
Tokyo 150-6008
Japan
Tel: +81 (0) 3 5424 5000

Asia/Pacific

1 Austin Road West
Kowloon
Hong Kong
Tel: +852 2848 5200