



# Emerging Market Investments

J. Kurt Wood  
Partner

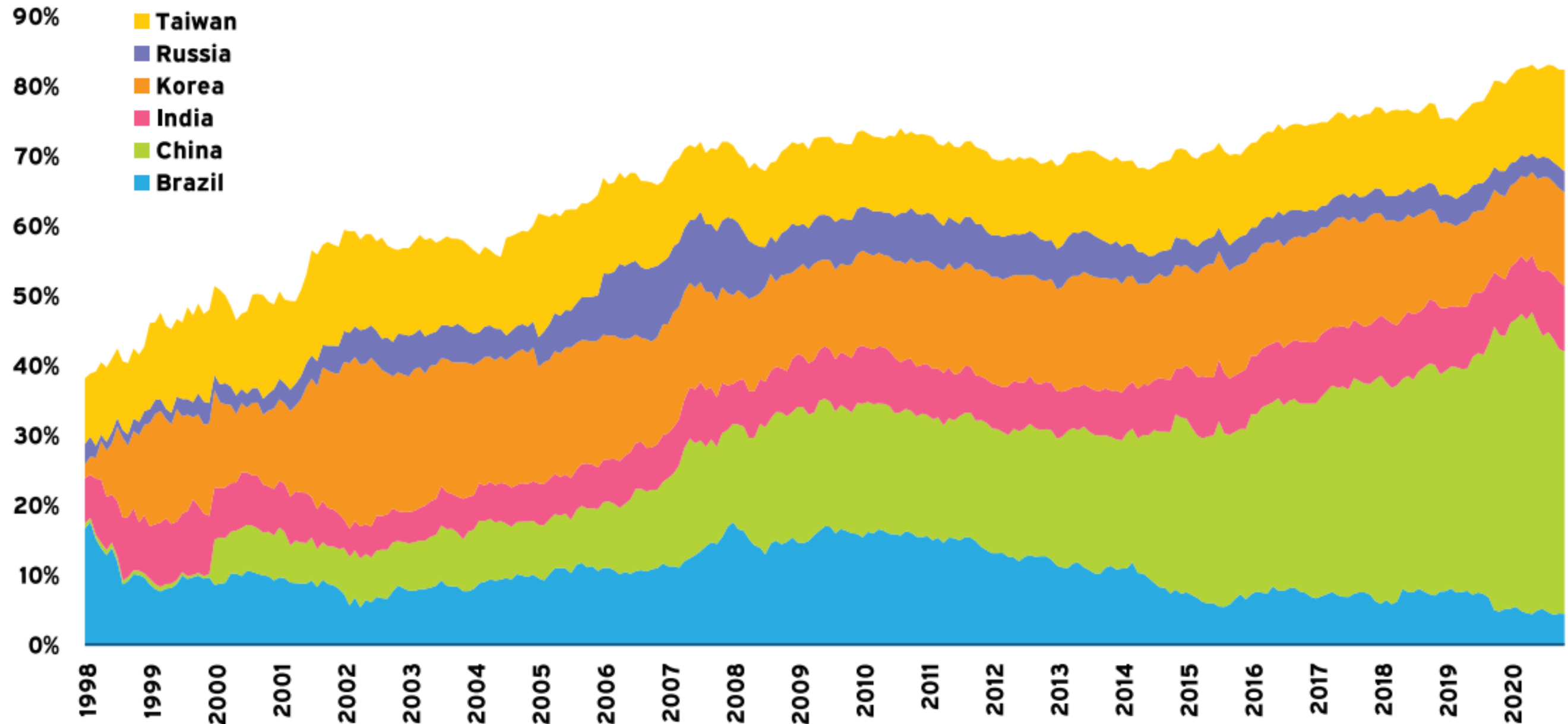


# What are Emerging Markets?

<b>Brazil</b>	<b>Greece</b>	<b>Malaysia</b>	<b>Saudi Arabia</b>
<b>Chile</b>	<b>Hungary</b>	<b>Mexico</b>	<b>South Africa</b>
<b>China</b>	<b>India</b>	<b>Peru</b>	<b>Taiwan</b>
<b>Colombia</b>	<b>Indonesia</b>	<b>Philippines</b>	<b>Thailand</b>
<b>Czech Republic</b>	<b>Korea</b>	<b>Poland</b>	<b>Turkey</b>
<b>Egypt</b>	<b>Kuwait</b>	<b>Qatar</b>	<b>United Arab Emirates</b>

# Emerging Markets

## MSCI EM Index Country Weights

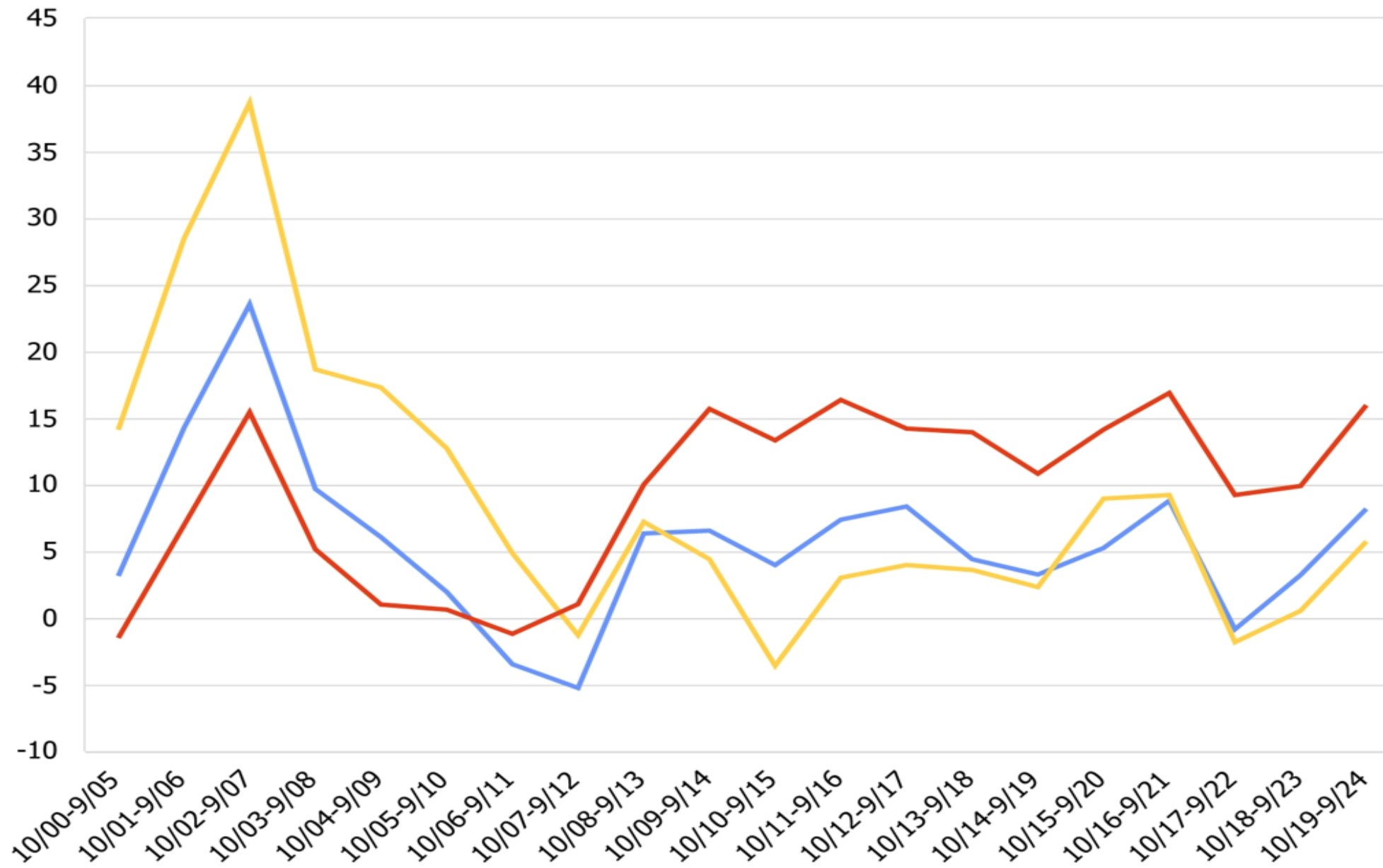


# Top 10 by GDP

Rank	Market	2023
1	U.S.	26.8
2	China	19.4
3	Japan	4.4
4	Germany	4.3
5	India	3.7
6	United Kingdom	3.1
7	France	2.9
8	Italy	2.1
9	Canada	2.0
10	Brazil	2.0

# Why Emerging Markets?

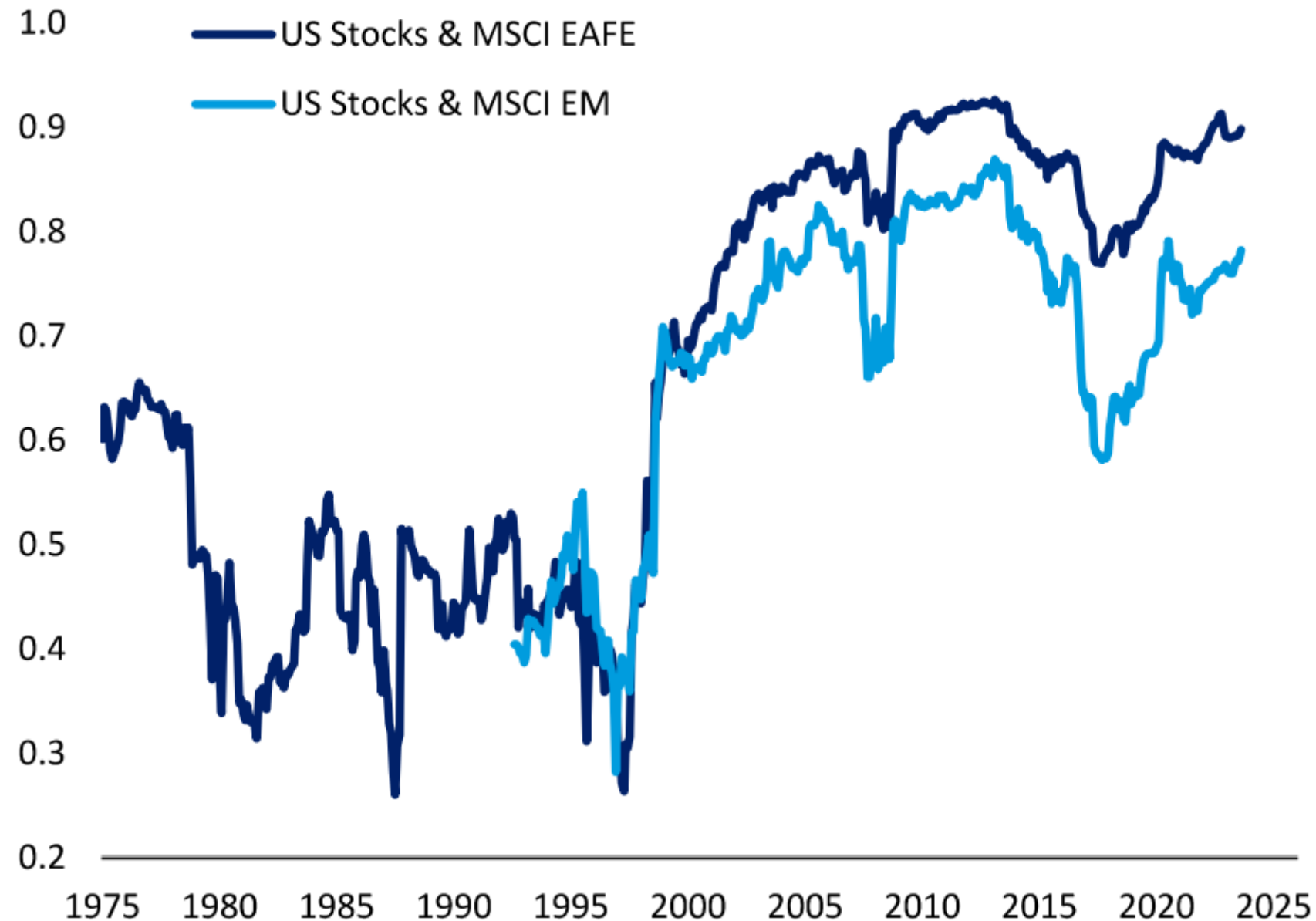
5 Year Rolling Returns of **S&P 500**, **EAFE** and **EM** Indices



Source: eVestment, 2000 – 2024, USD

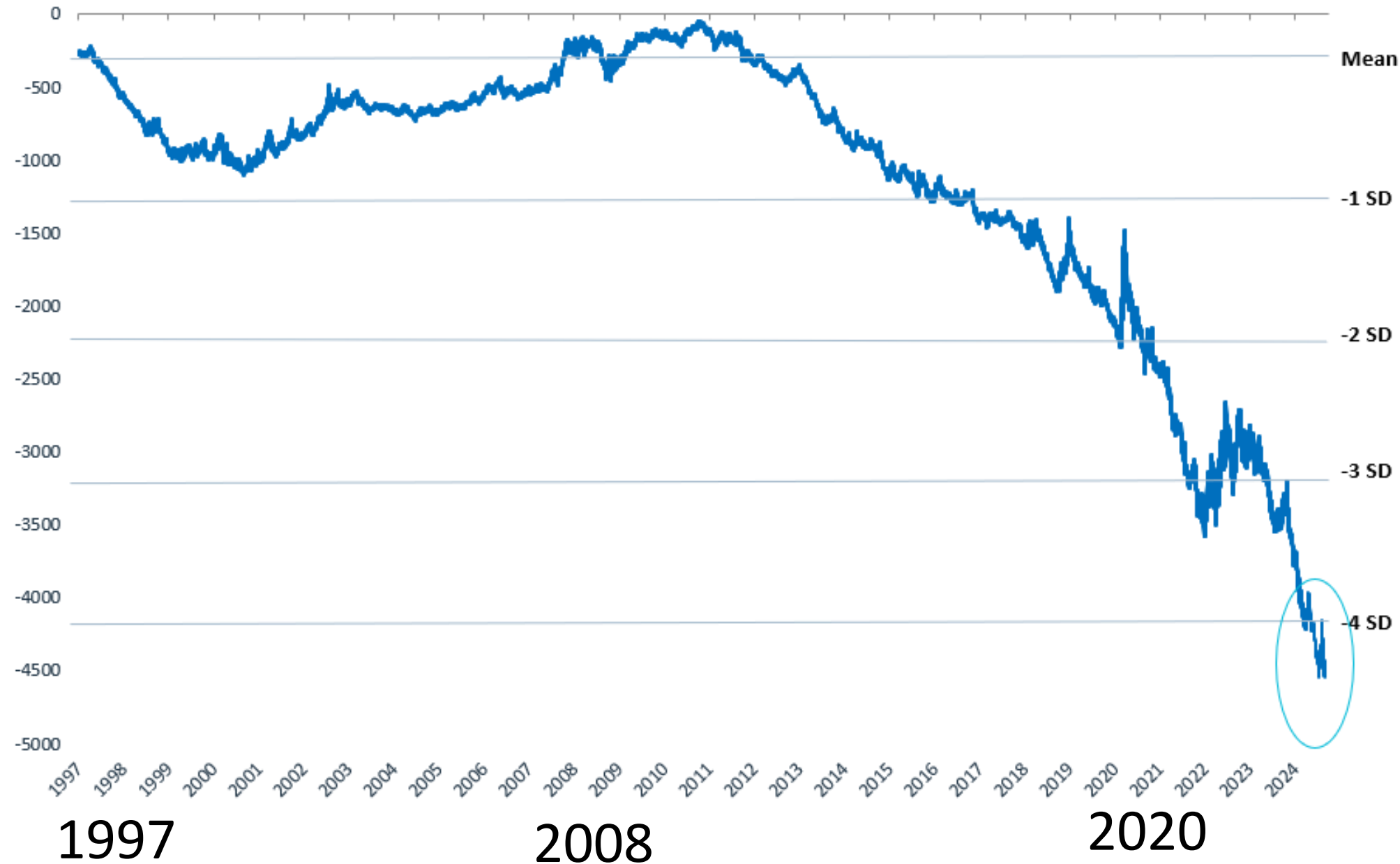
# Diversification

## 5 Year Rolling Correlation

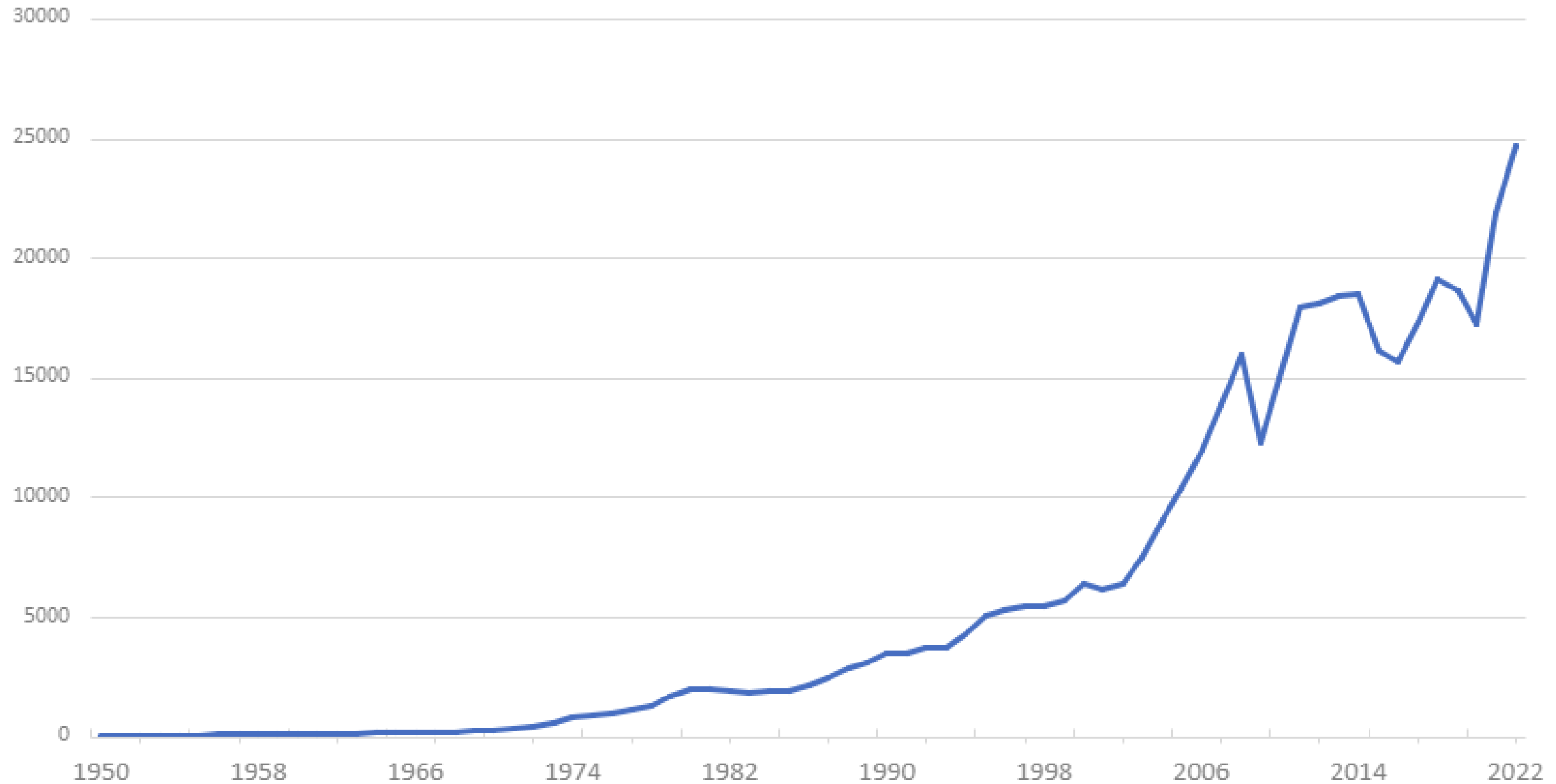


# Why Emerging Markets NOW?

## MSCI EM vs. S&P 500

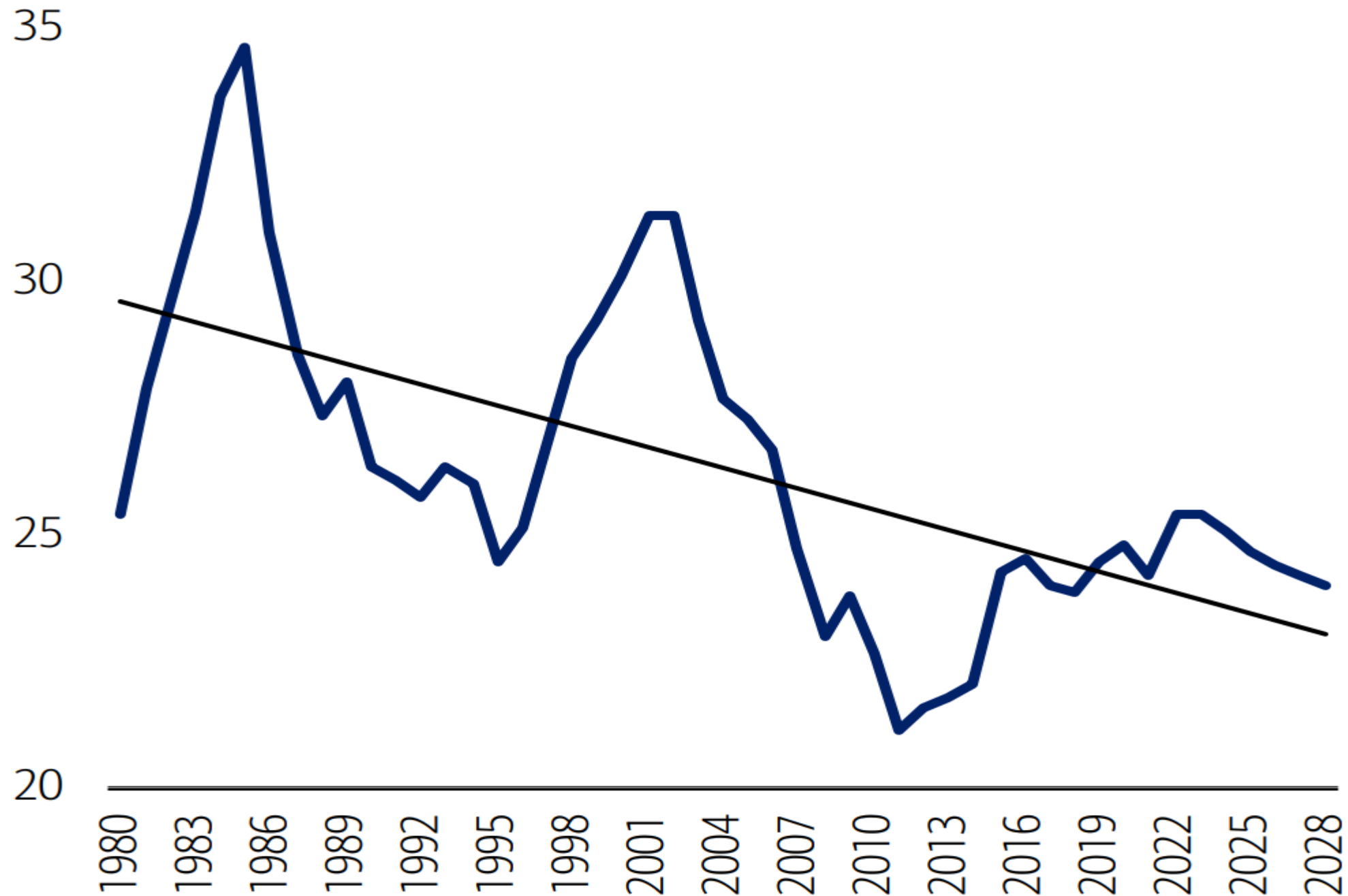


# Global Trade Increasing

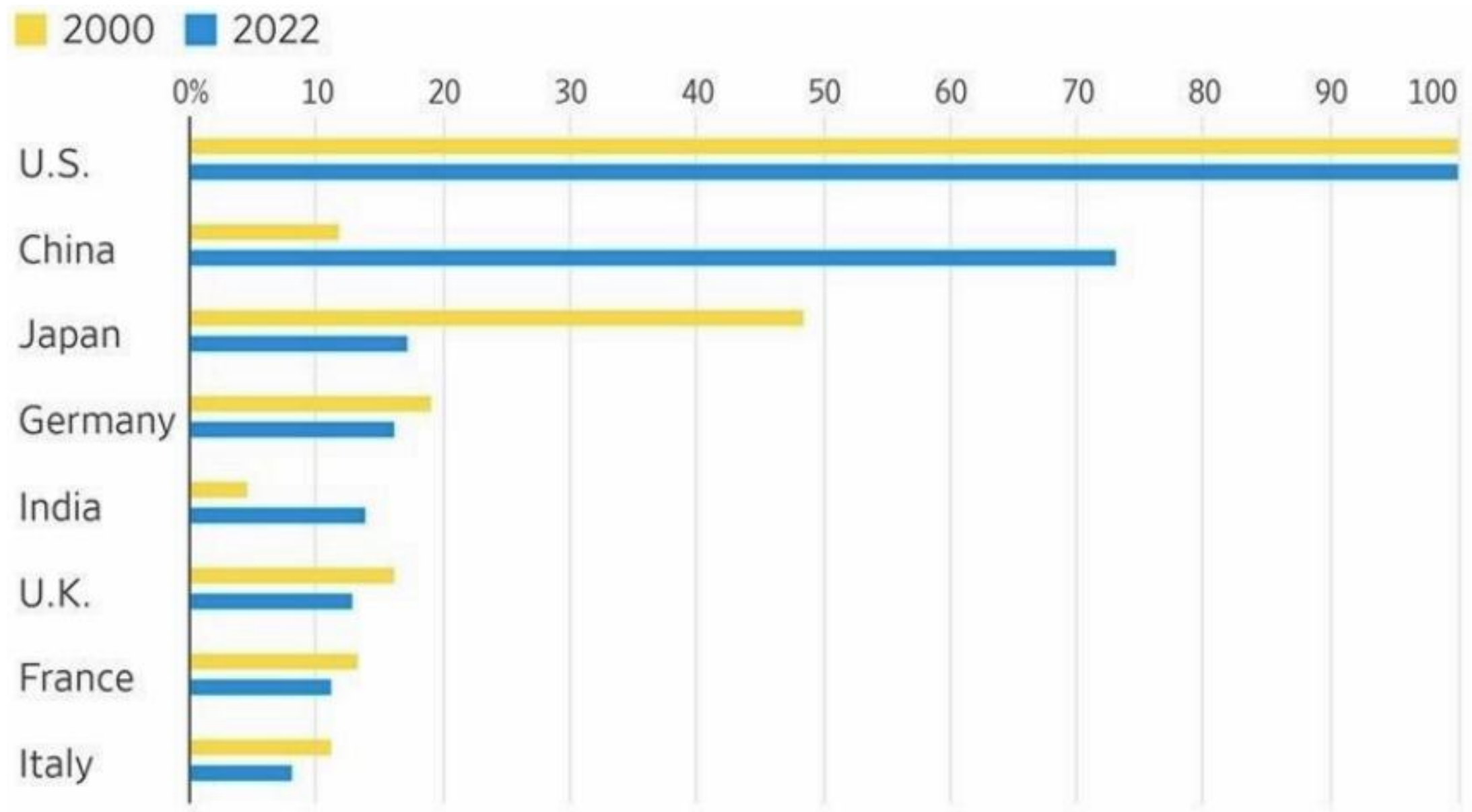




# US GDP Share of Global Economy

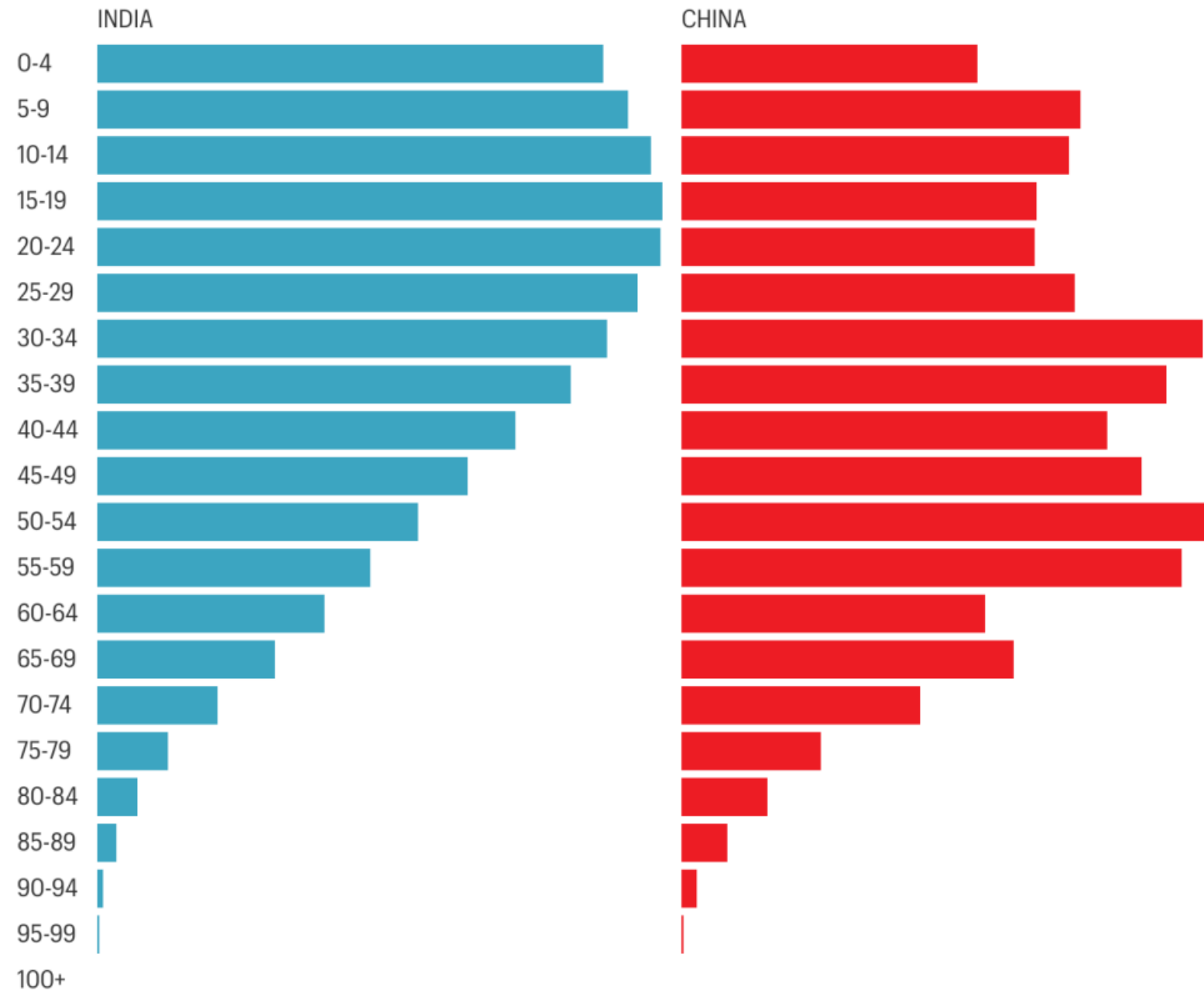


# Size of Economy Relative to US

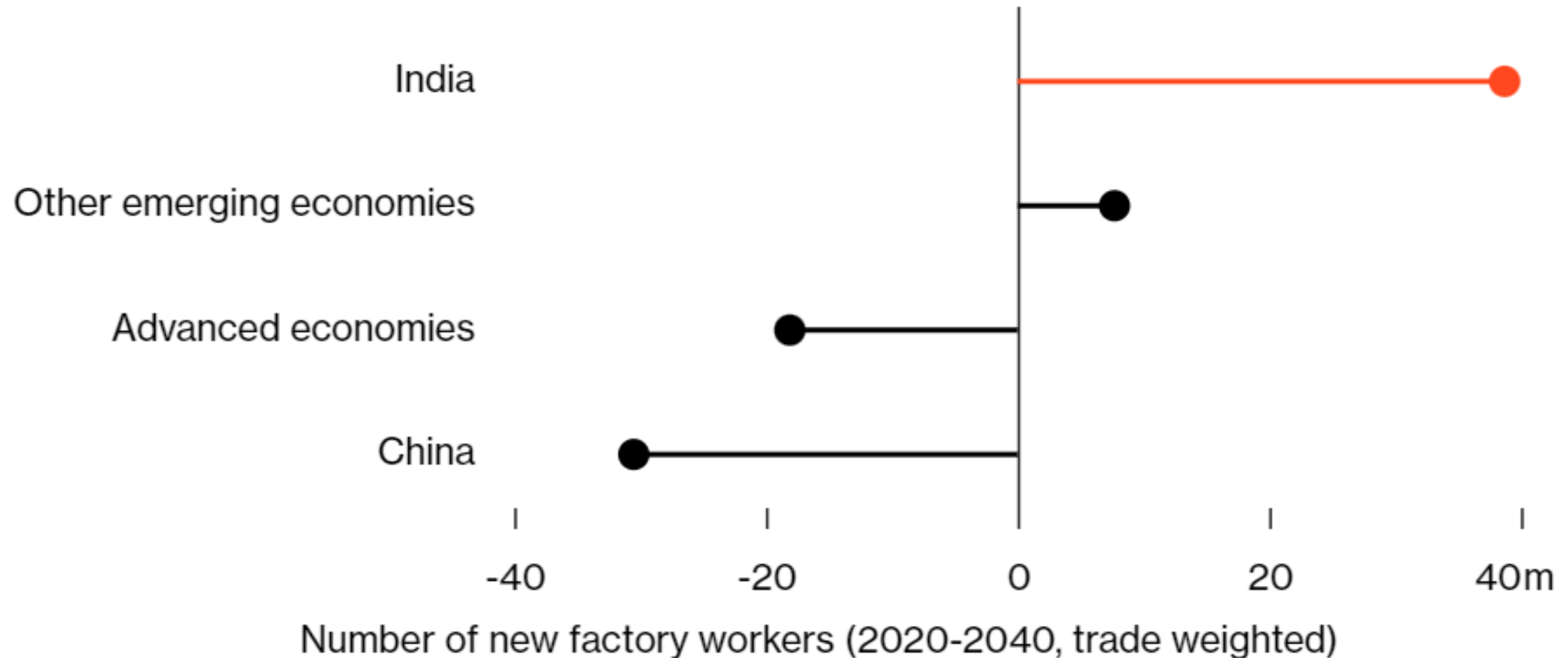


# Is India the New China?

Age  
Range

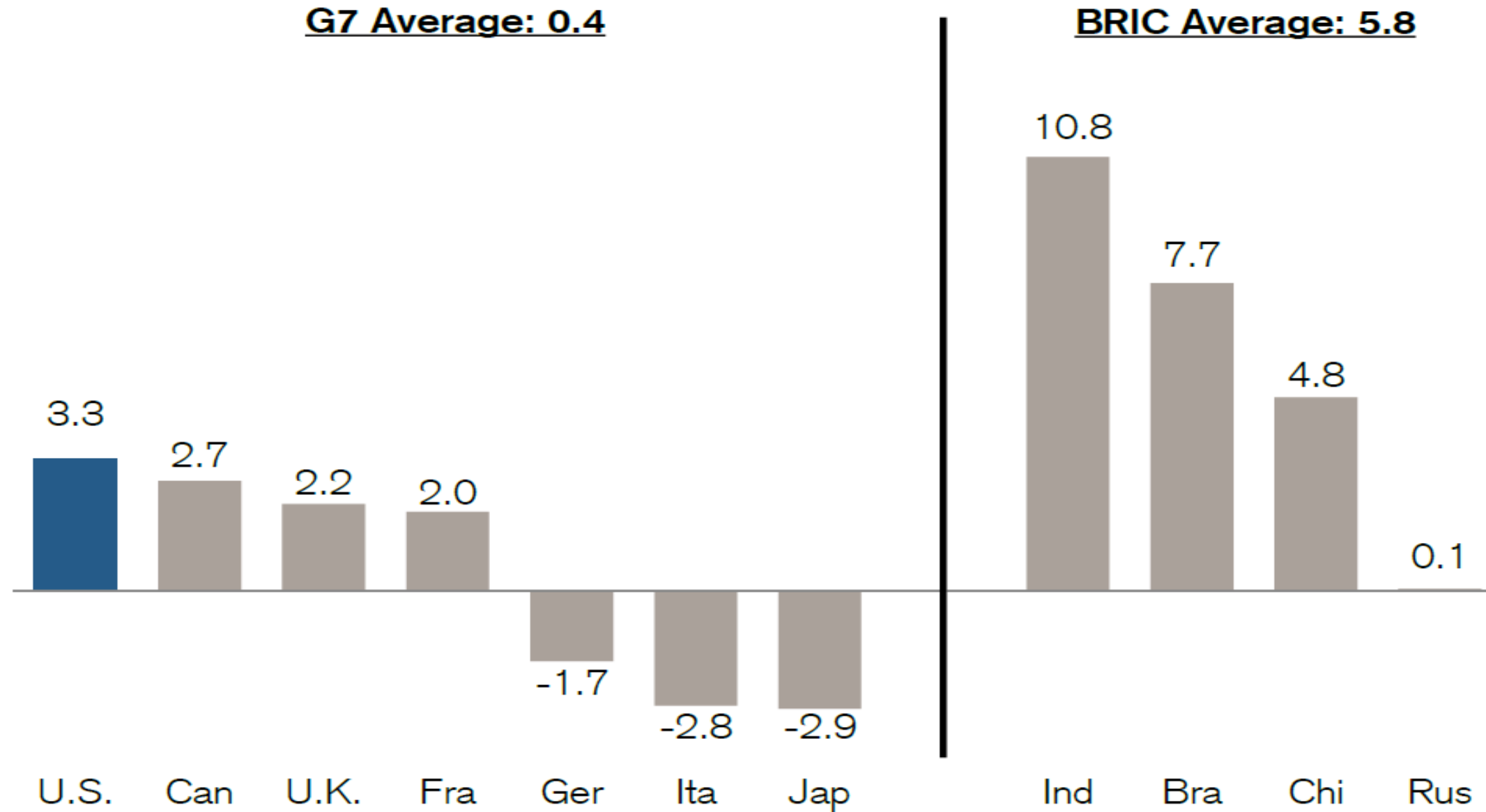


# India's Labor Advantage



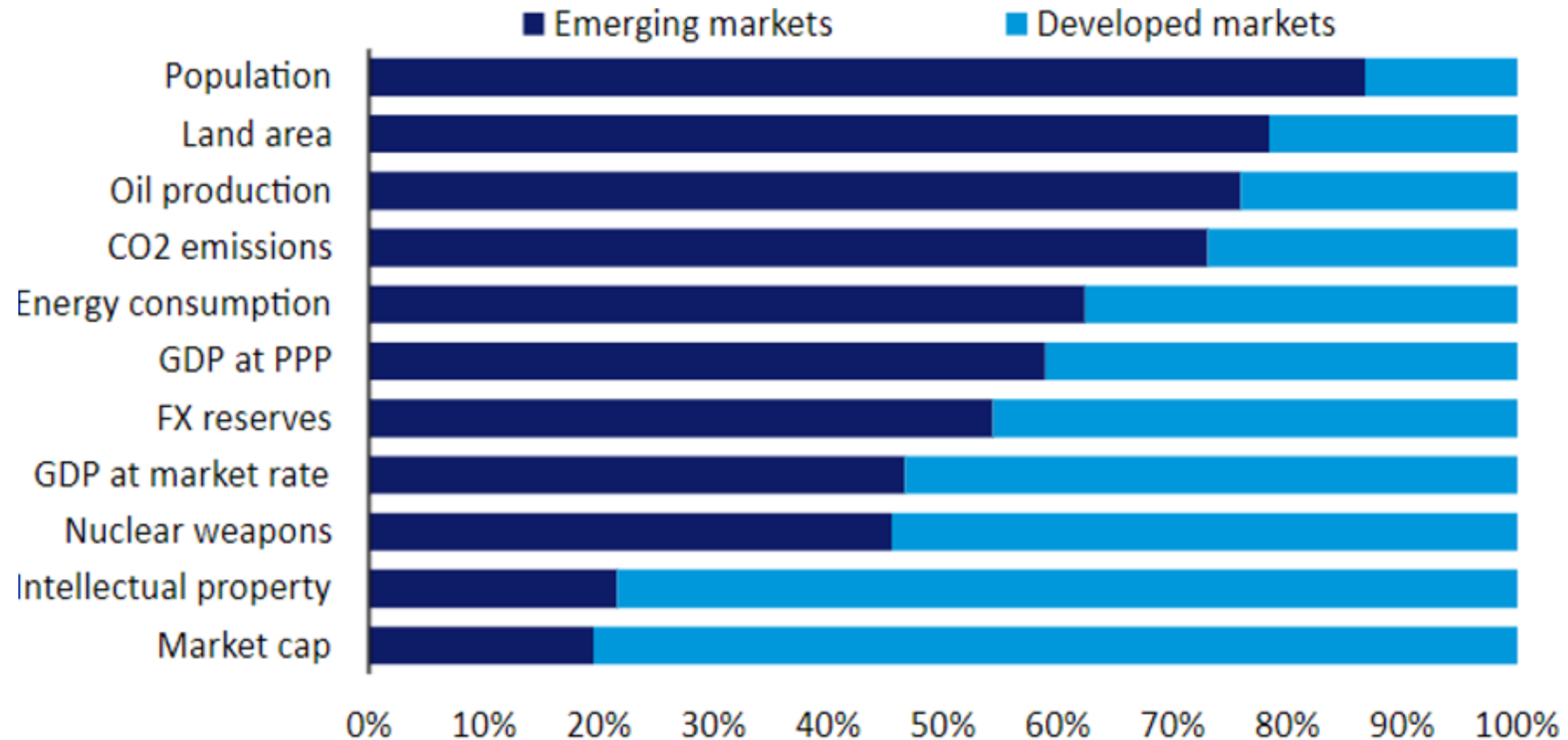
# Global Demographics

## Births Minus Deaths by Country

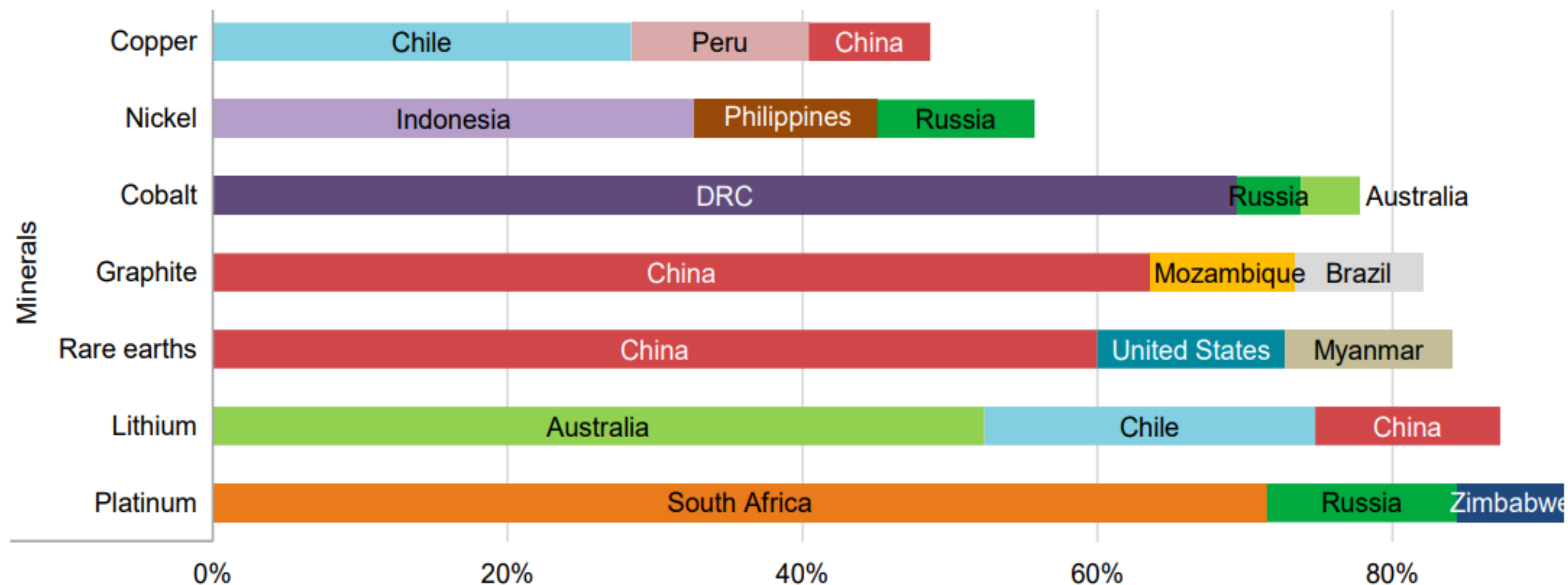


Source: United Nations, Haver Analytics, Credit Suisse

# Emerging vs. Developed Markets

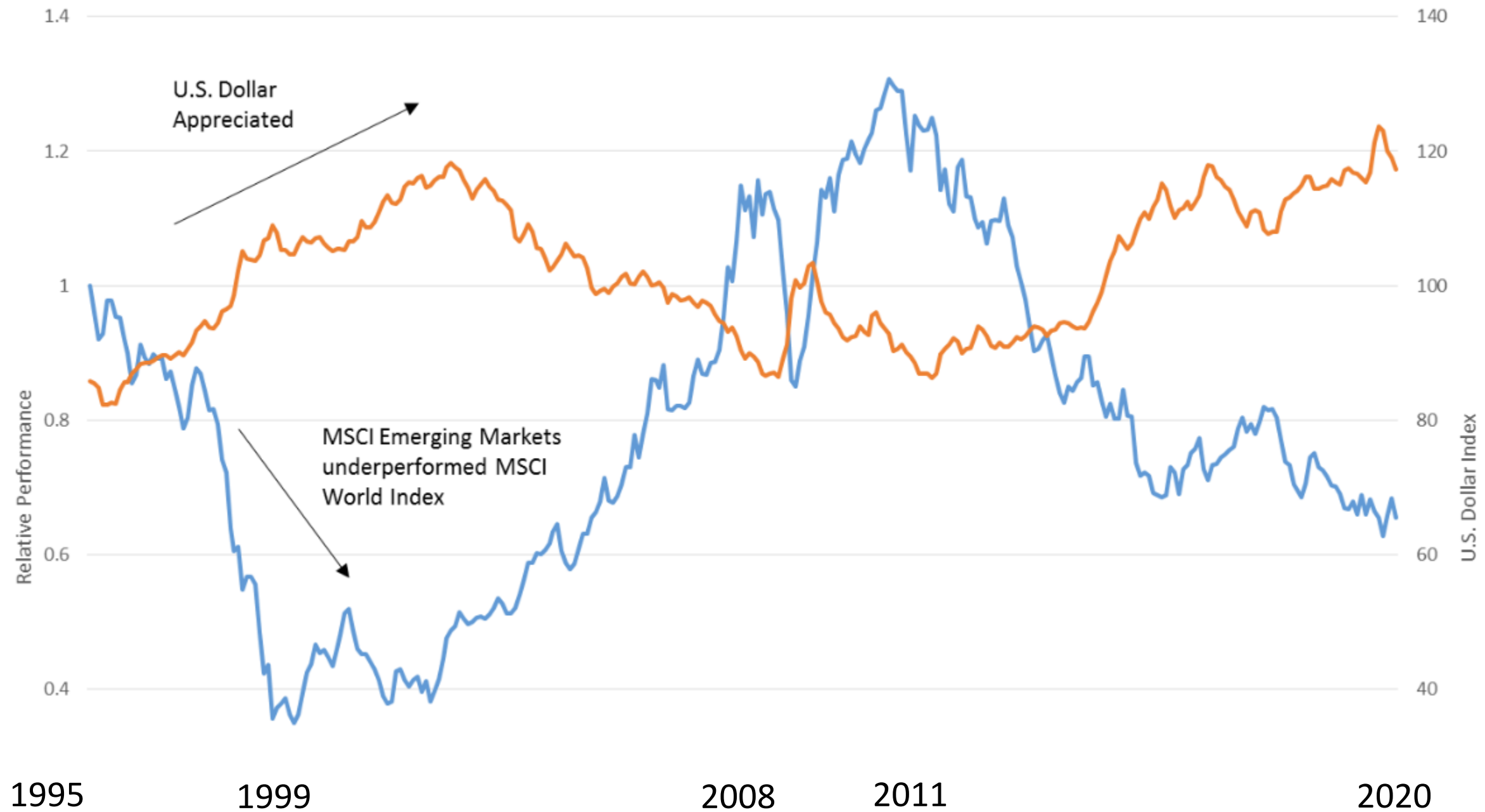


# Top 3 Mineral Producers



Source: IEA (2020b); USGS (2021)

# EM and the USD













# Currency Impact



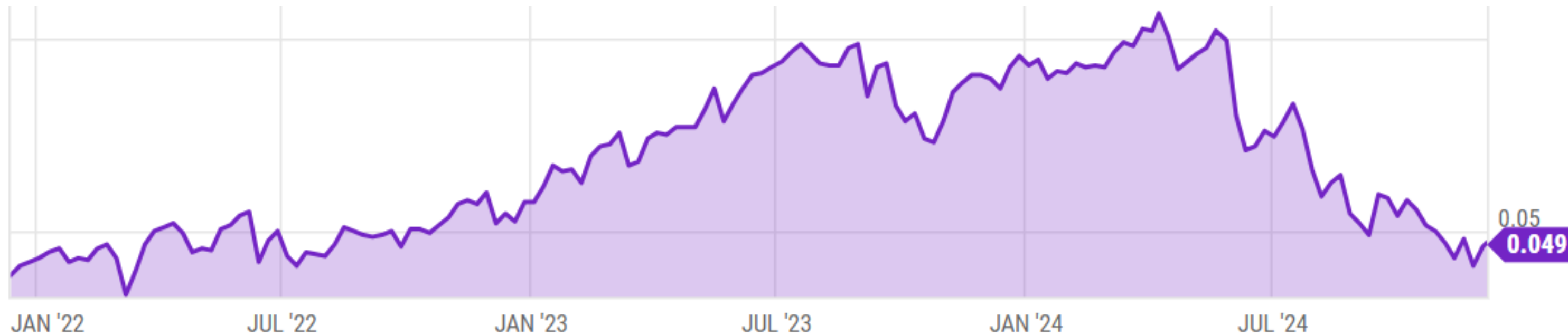
- Buy Becle
- Becle goes up 10%
- Peso falls 15% vs. U.S. dollar
- As a U.S. investor, you just **lost** 5% on that investment

- Buy Becle
- Becle goes up 10%
- Peso goes up 10% vs. U.S. dollar
- As a U.S. investor, you just **made 2x your return at 20%**

# 3 Year Currency Impact

<i>September 30, 2024</i>		3 Yr USD	3 Yr Local
US		7.6%	7.6%
China		-5.6%	-5.1%
India		11.6%	16.2%
Korea		-6.5%	-3.3%
Mexico		6.1%	4.5%
South Africa		5.6%	10.5%
Brazil		7.3%	7.4%
Taiwan		8.9%	13.6%

# 3 Year Currency Impact Mexican Peso to USD



# Investment Vehicles

## **Mutual Funds**

Daily Liquidity & Higher Expense

## **Exchange Traded Funds (ETF)**

Passive

## **Commingled Funds**

Monthly Liquidity - Long Term Investor

## **Separate Account**

\$20 million minimum

# All Indices are the same – right?

<b>MSCI Index</b>	<b>1 yr</b>	<b>3</b>	<b>5</b>	<b>10</b>	<b>20</b>
<b>EAFE</b>	<b>24.8%</b>	<b>5.5%</b>	<b>8.2%</b>	<b>5.7%</b>	<b>6.0%</b>
<b>ACWI ex-US</b>	<b>25.4</b>	<b>4.1</b>	<b>7.6</b>	<b>5.2</b>	<b>6.1</b>
<b>Emerging Market</b>	<b>26.1</b>	<b>0.4</b>	<b>5.8</b>	<b>4.0</b>	<b>7.3</b>

# All Indices are the same – right?

<b>MSCI Index</b>	<b>EM</b>	<b>Countries</b>	<b>Stocks</b>
<b>EAFE</b>	<b>0%</b>	<b>21</b>	<b>742</b>
<b>ACWI ex-US</b>	<b>29%</b>	<b>46</b>	<b>2159</b>
<b>Emerging Market</b>	<b>100%</b>	<b>24</b>	<b>1330</b>

Source: MSCI 7/29/24

# Why is the Index Important?

<b>Non-US Diversified Equity Universe</b>	<b>EM%</b>
<b>5<sup>th</sup> Percentile</b>	<b>33%</b>
<b>25<sup>th</sup></b>	<b>20</b>
<b>Median</b>	<b>7</b>
<b>75<sup>th</sup></b>	<b>0.2</b>
<b>95<sup>th</sup></b>	<b>0</b>
<b># of Observations</b>	<b>847</b>