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March 2019
Emerging Markets to the Future
TCU Investment Strategies Conference
Fort Worth, Texas

Dr. Mark Mobius



Change!

Shanghai, China : About 25 Years Ago



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Shanghai, China : Now



Dubai, U.A.E. : About 25 Years Ago



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Dubai, U.A.E. : Now



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Kuala Lumpur, Malaysia : About 25 Years Ago



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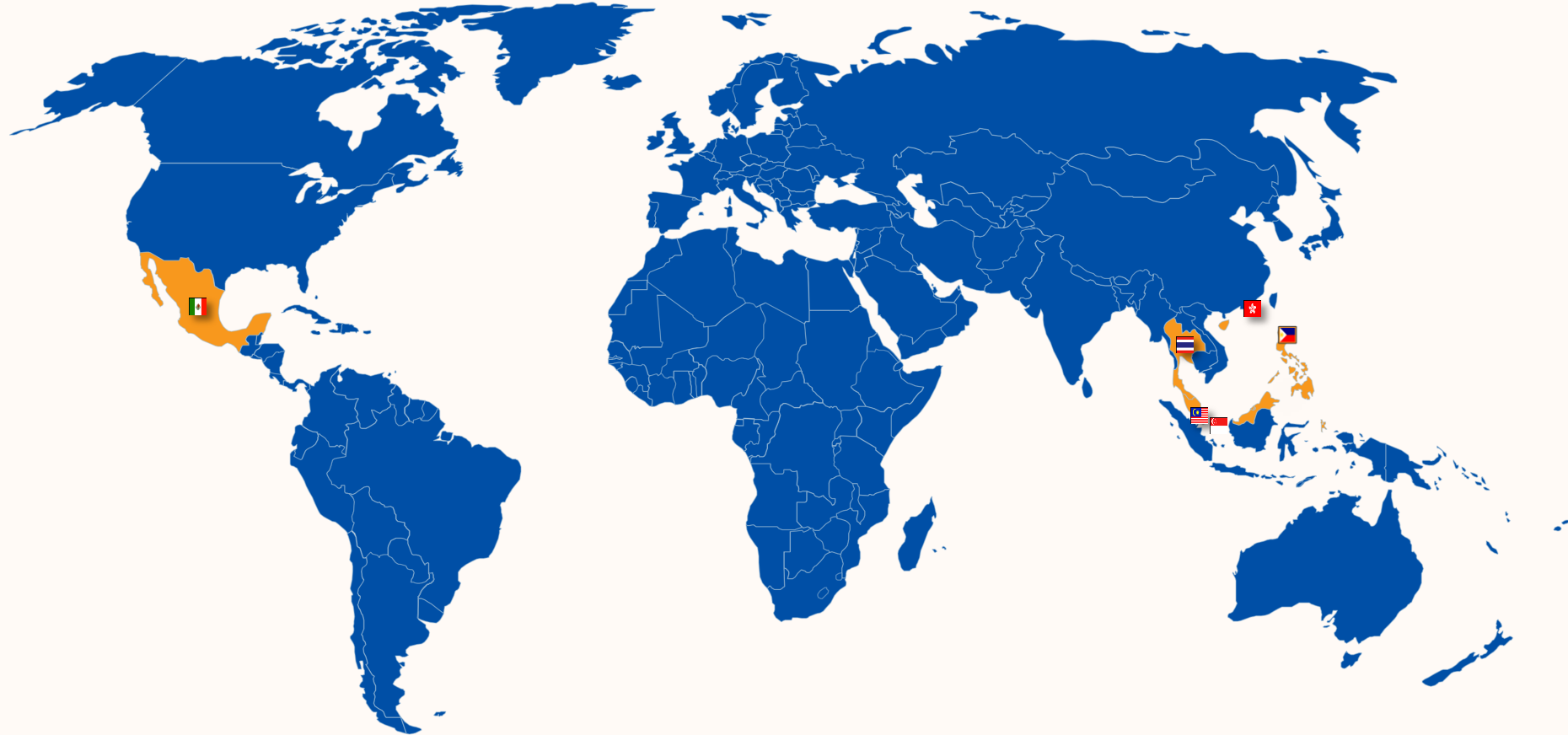
Kuala Lumpur, Malaysia : Today



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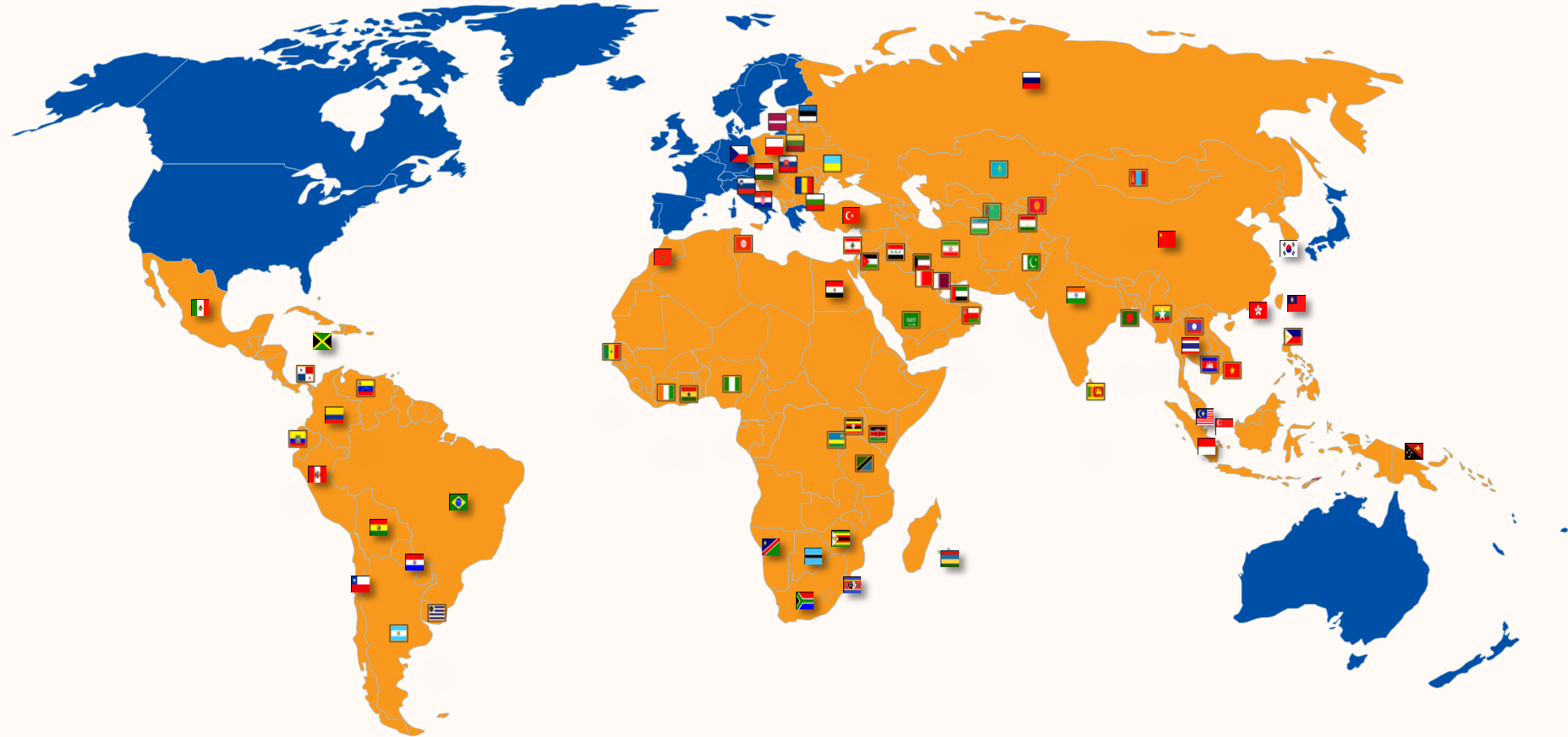
Emerging Markets - 1987



Investable Emerging Markets in 1987

- 6 markets : Mexico, Hong Kong, Philippines, Thailand, Malaysia and Indonesia

Emerging Markets - 2019



Investable Emerging Markets in Feb 2019 - > 70 markets

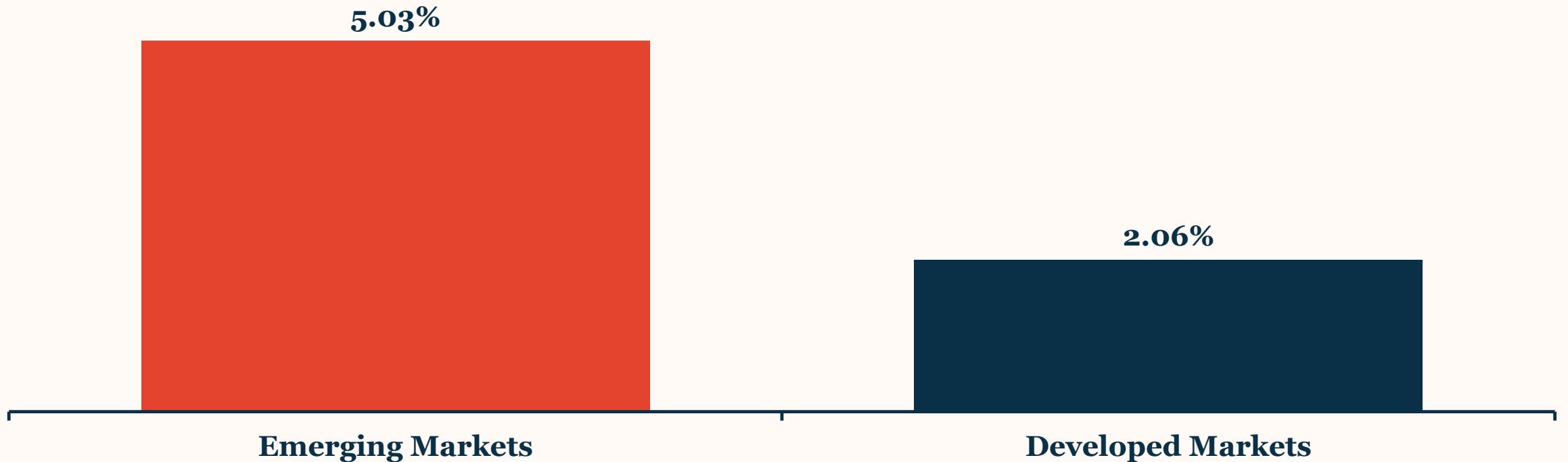


Why Emerging Markets?



Growth!

2018 GDP Growth: Emerging vs. Advanced



Emerging Markets: Younger Workforce

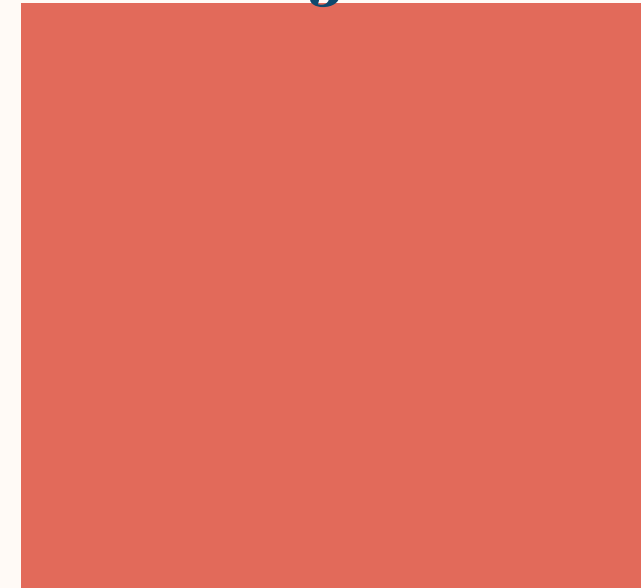
(Median Age)

42



Developed Markets

31



Emerging Markets



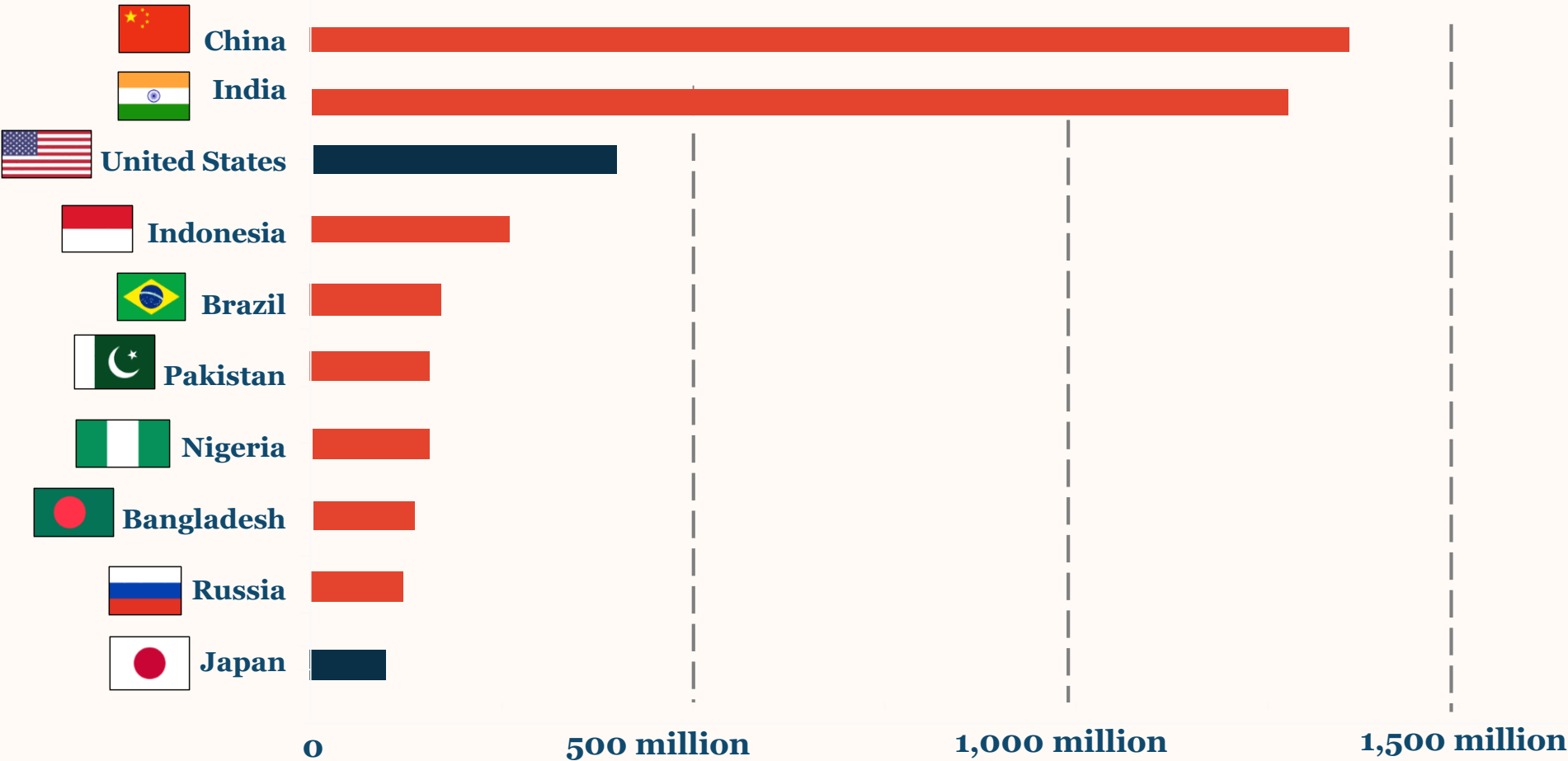
Size!

Emerging Markets
Becoming More Important

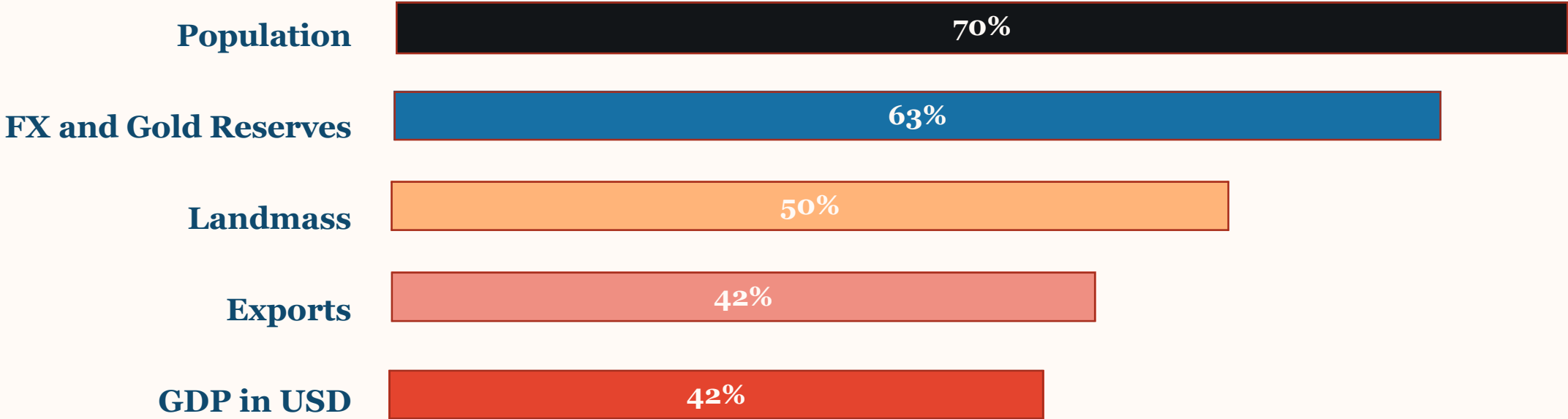
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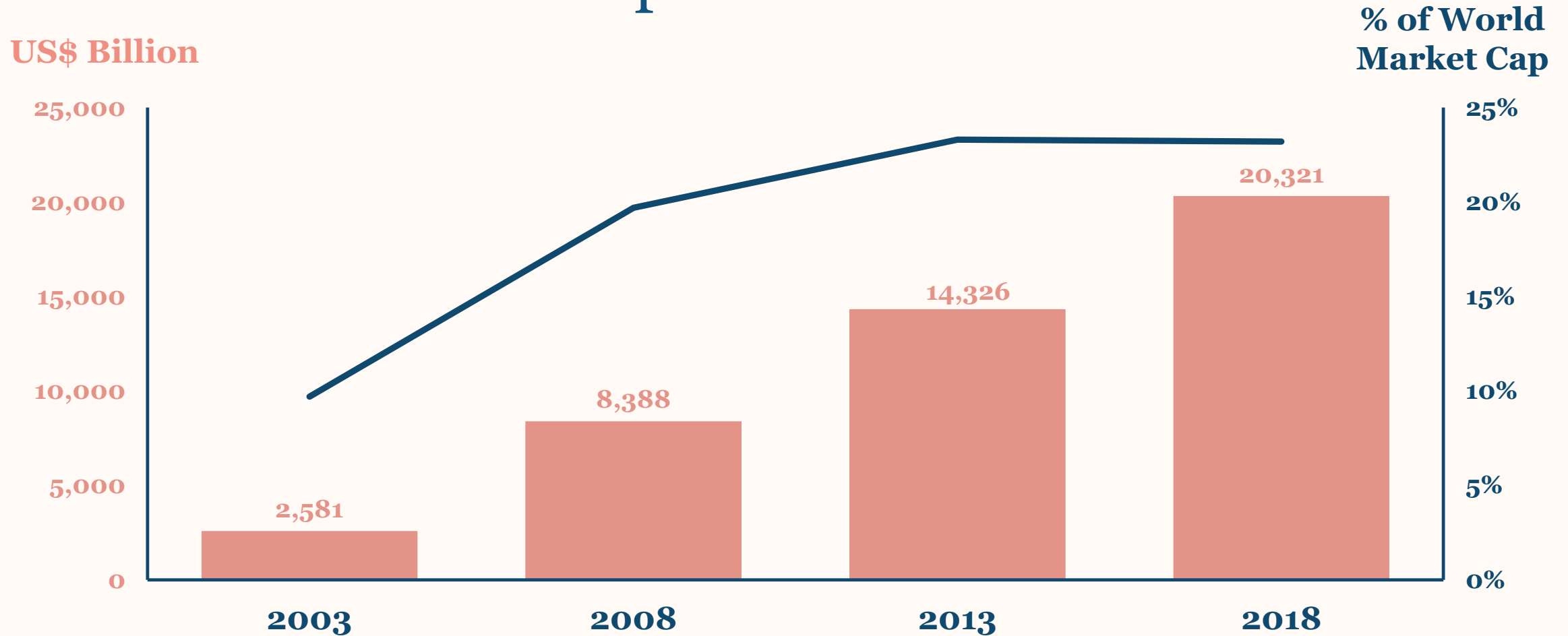
Top 10 Most Populous Countries, Jan 2019: 4.4 billion



Emerging Markets % of World



Rise in Emerging and Frontier Market Capitalisation

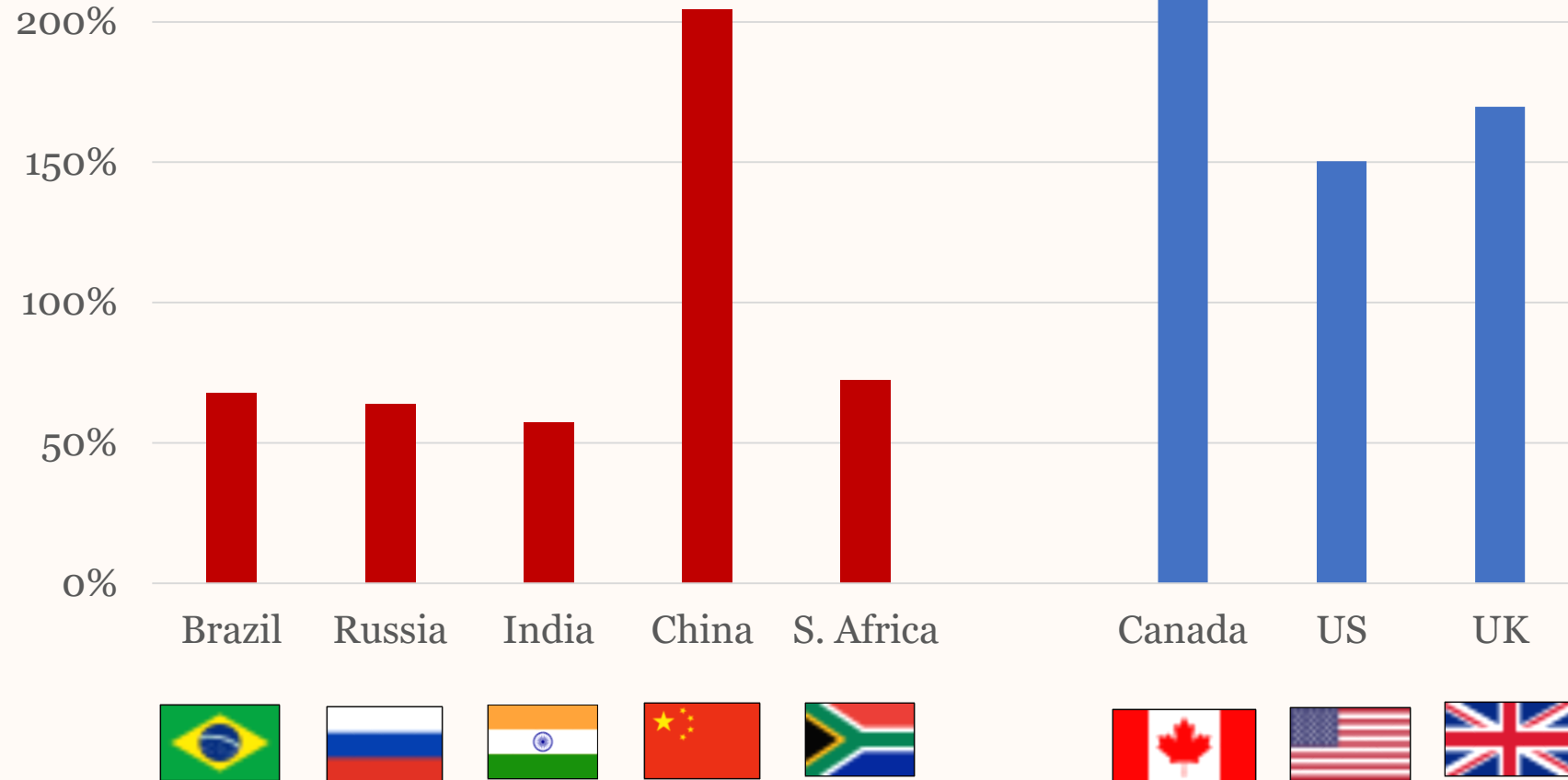


Risk!

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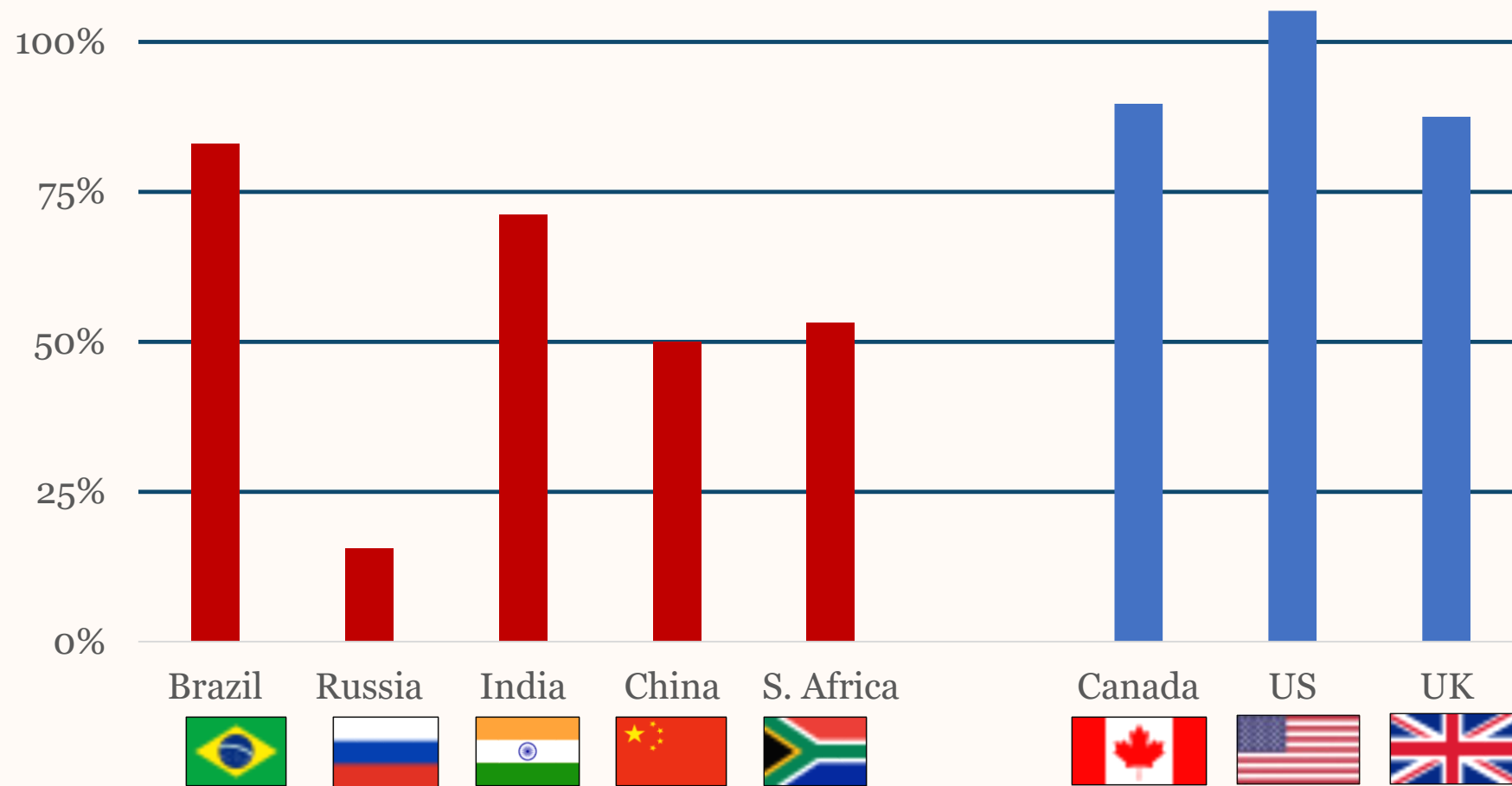
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Private Sector Debt to GDP, Q3 2018



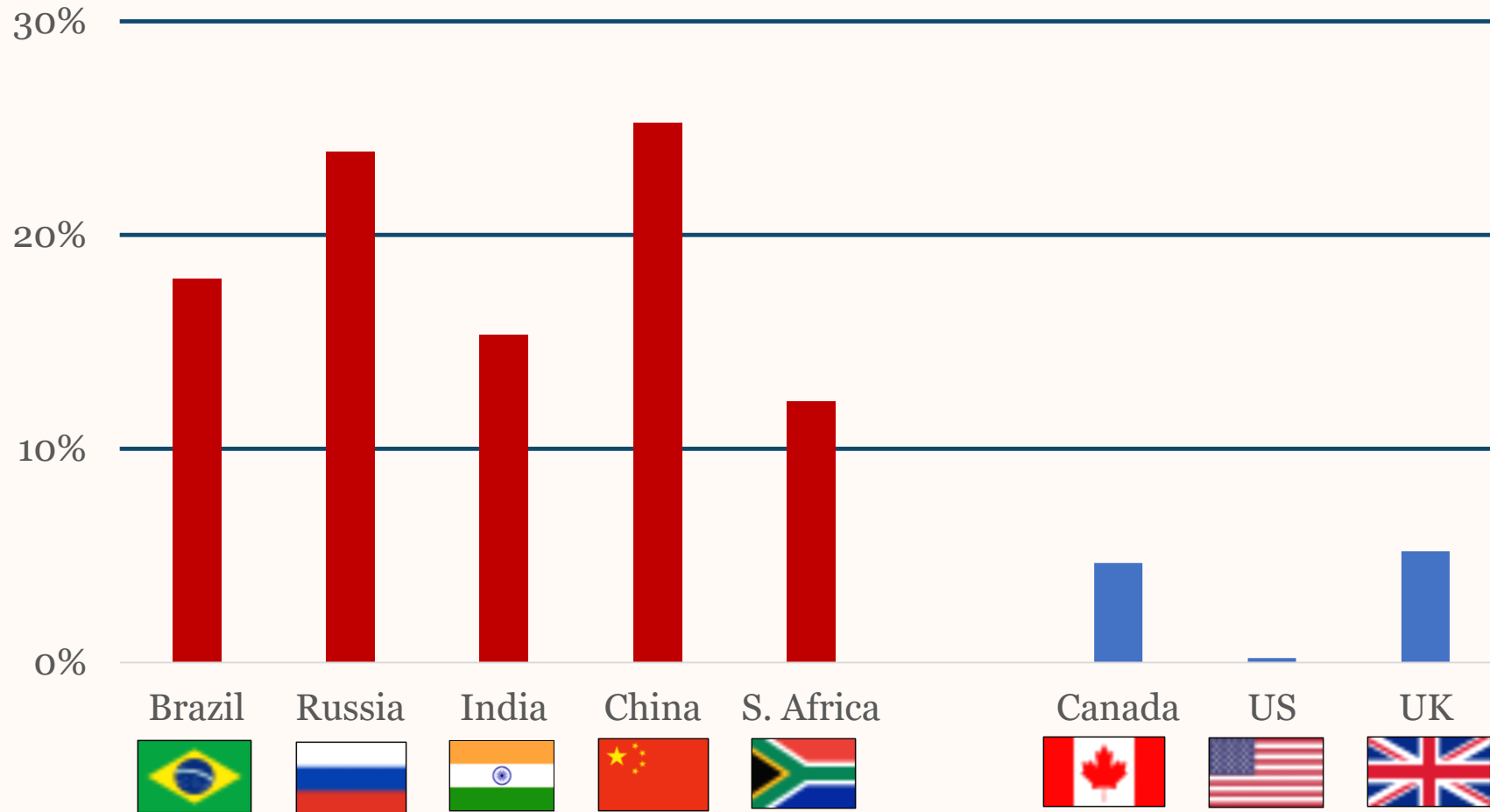
Source: BIS, Credit to Private non-financial sector from All sectors at Market value - Percentage of GDP

Government Debt to GDP, Q3 2018



Source: Bloomberg, IMF

Foreign Reserves to GDP, Q4 2018



Source: Bloomberg, IMF



Technology Impact

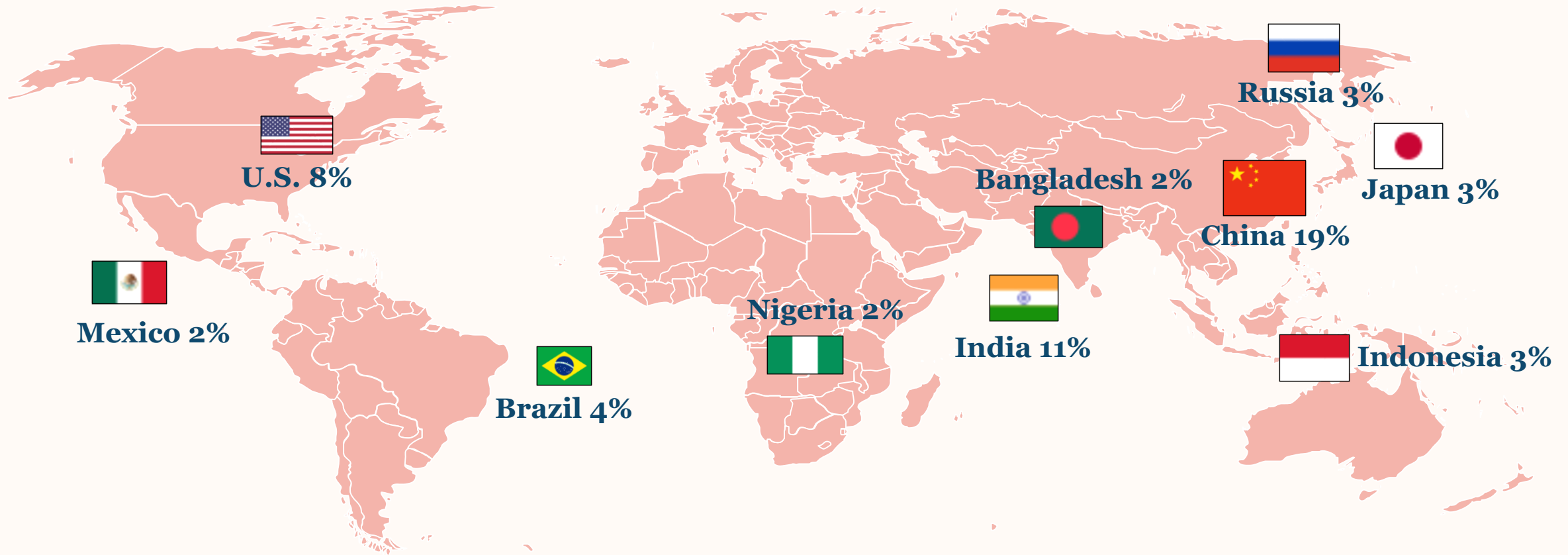
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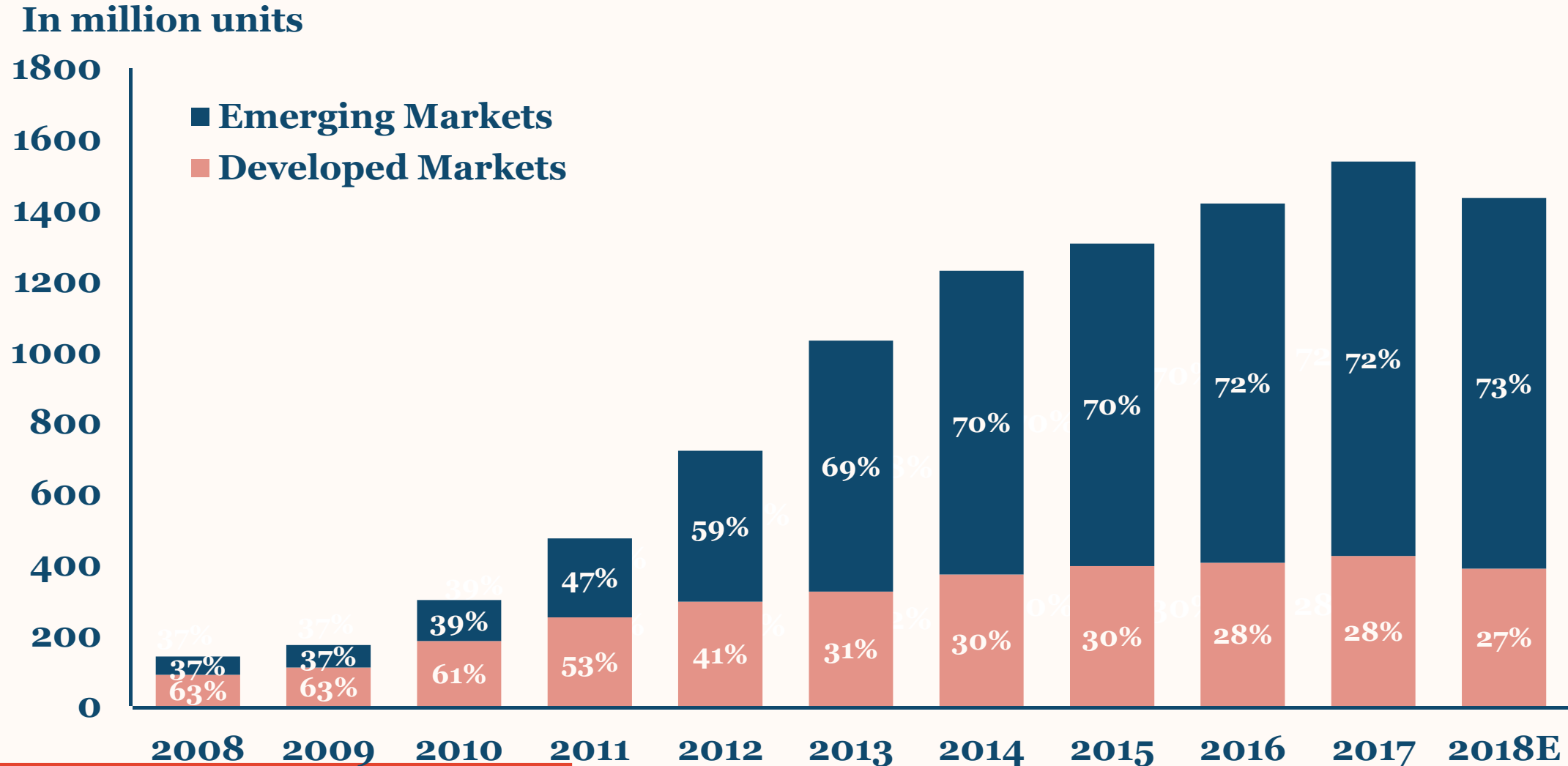
The Internet

Top 10 countries' share of world internet usage 2017

- Around 54% of the world's population has an Internet connection today; back in 2000, less than 6% did.
- The number of Internet users has increased 1,052% from 2000 to 2017

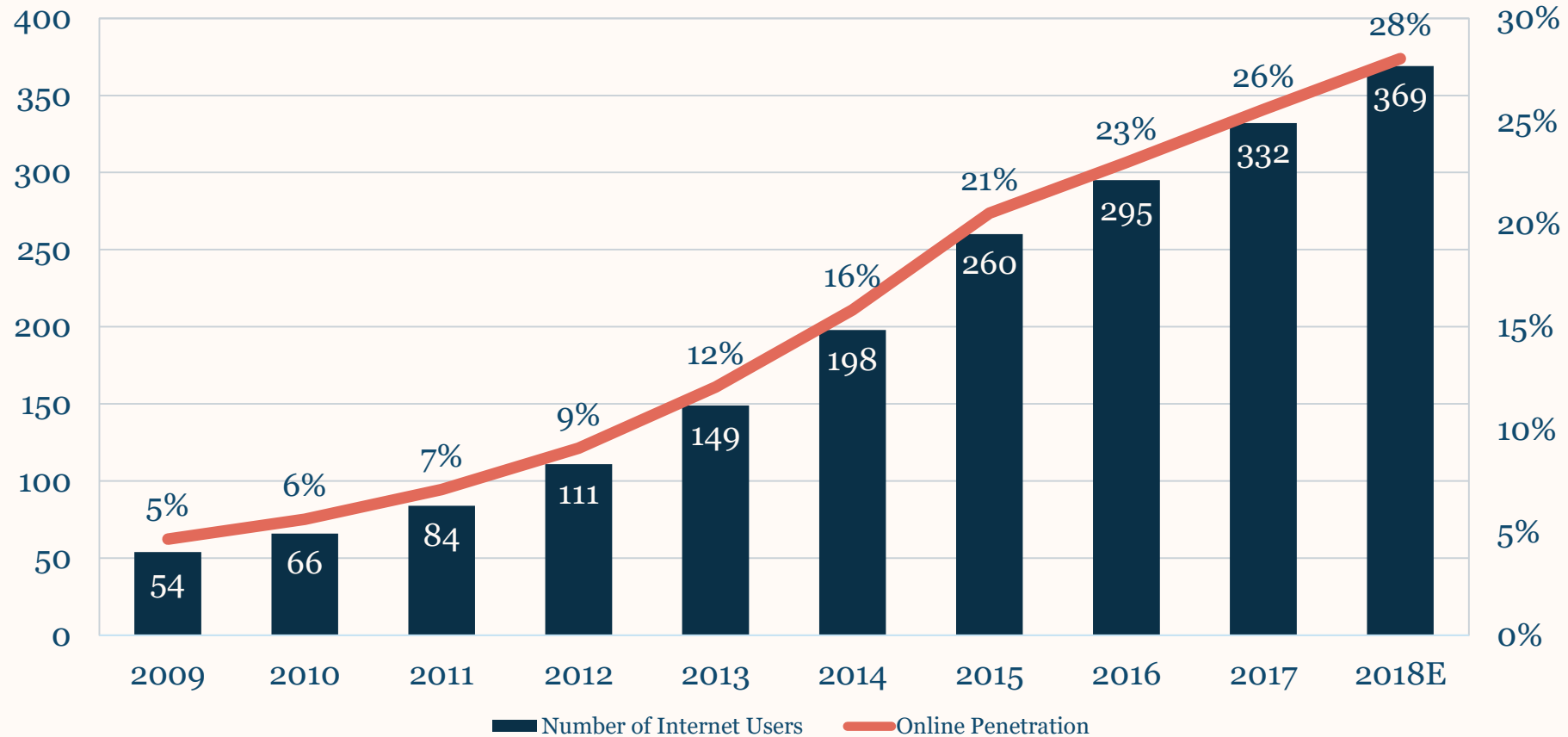


Global Smartphone Sales





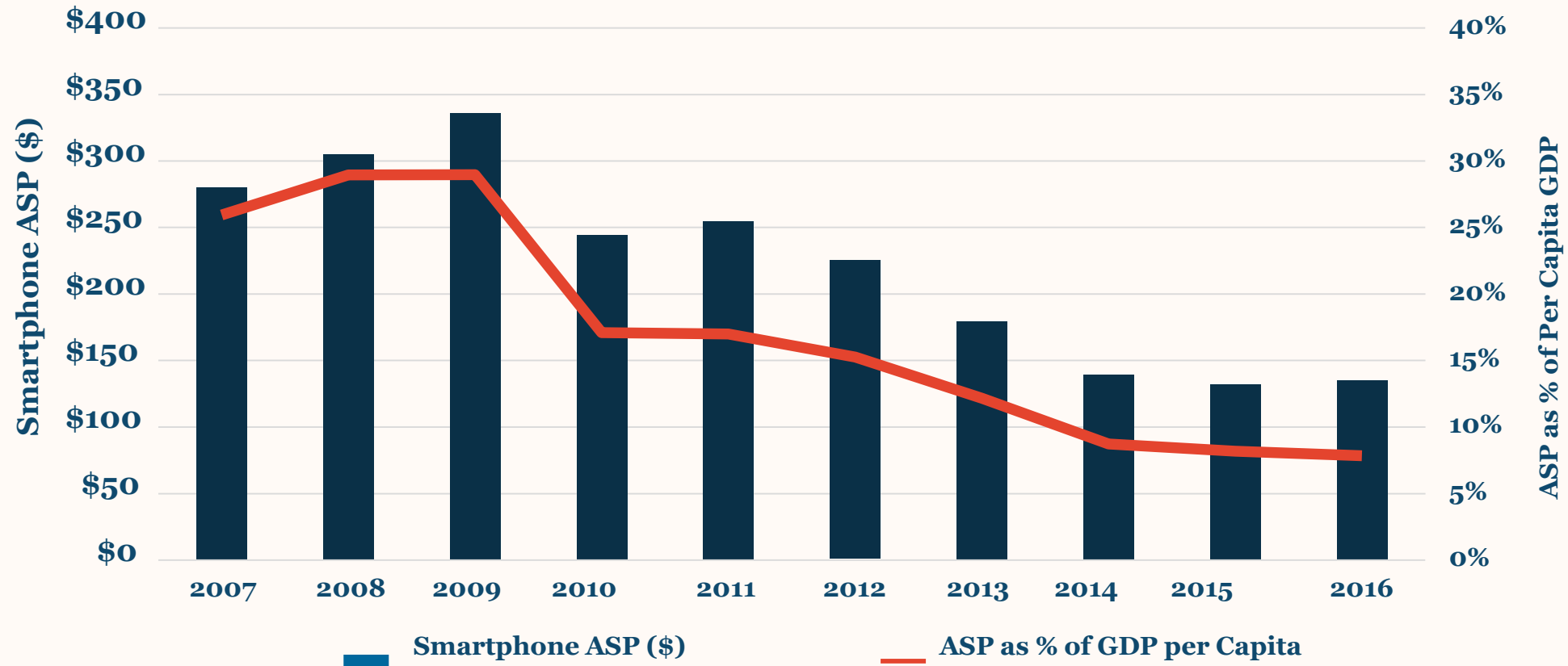
India Internet Users: 2009-2018



Source: IAMAI, UN Population Division, Worldometer, KPCB estimates based on IAMAI data. Uses mid-year figures.
*Note that “Monthly Active Users” are distinct from “Ever” users, which IAMAI defines as anyone who has ever accessed the internet. Owing to increasing activity levels, the number of “Monthly Active Users” may grow faster than “Ever” users.



India: Smartphone Average Cost & ASP as % of GDP per Capita



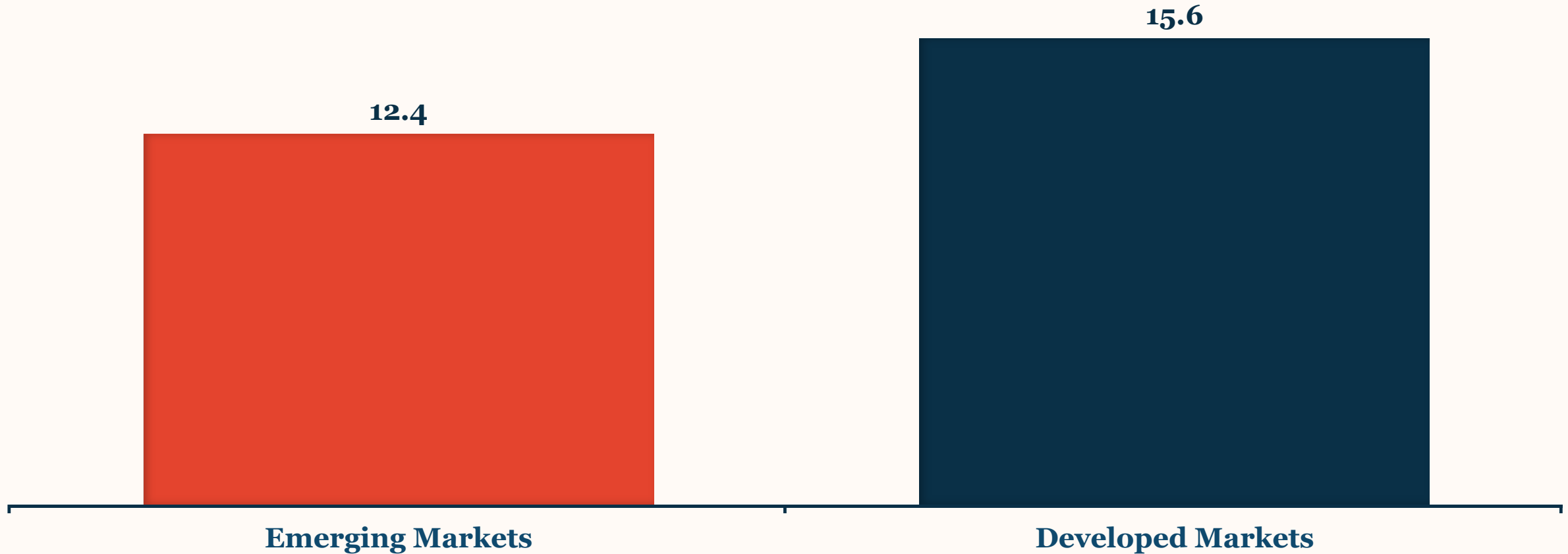
Source: Morgan Stanley, IDC. GDP per Capita data based on IMF, 4/17.



Value!

P/E: Emerging Vs. Developed Markets

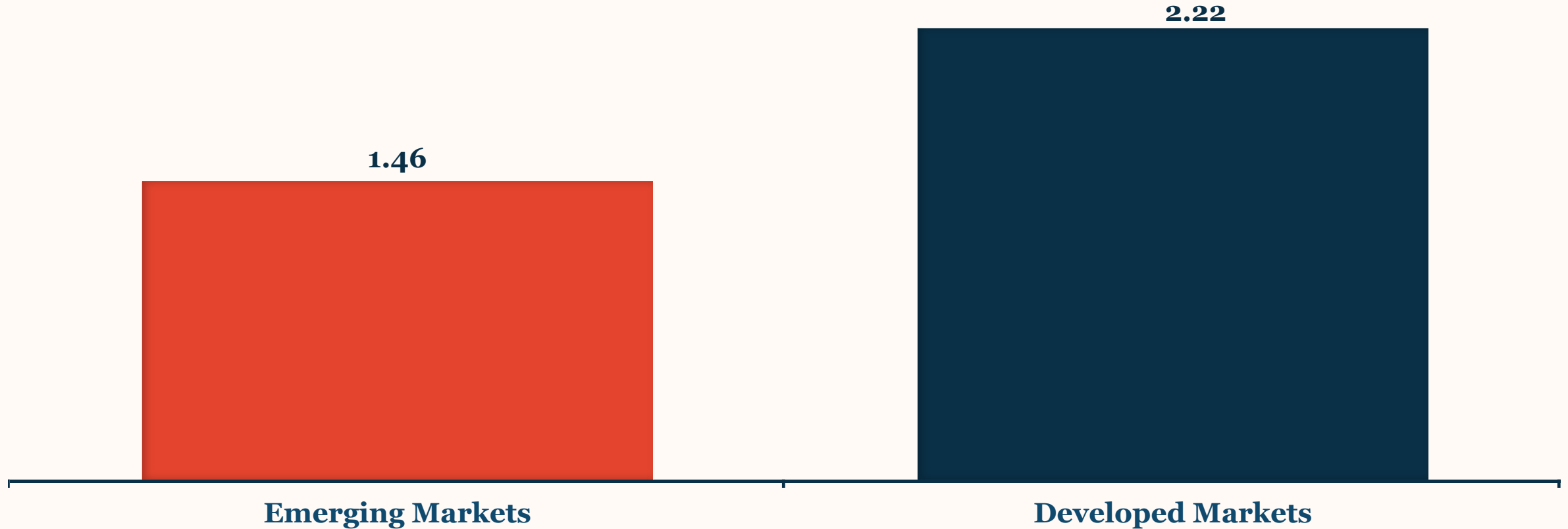
P/E - 12 Months Forward, March 2019



Source: MSCI; Developed Markets as represented by the MSCI World ; Emerging Markets as represented by MSCI Emerging Markets;
There is no assurance that any projection, estimate or forecast will be realized.

P/B: Emerging Vs. Developed Markets

P/B - 12 Months Forward, March 2019

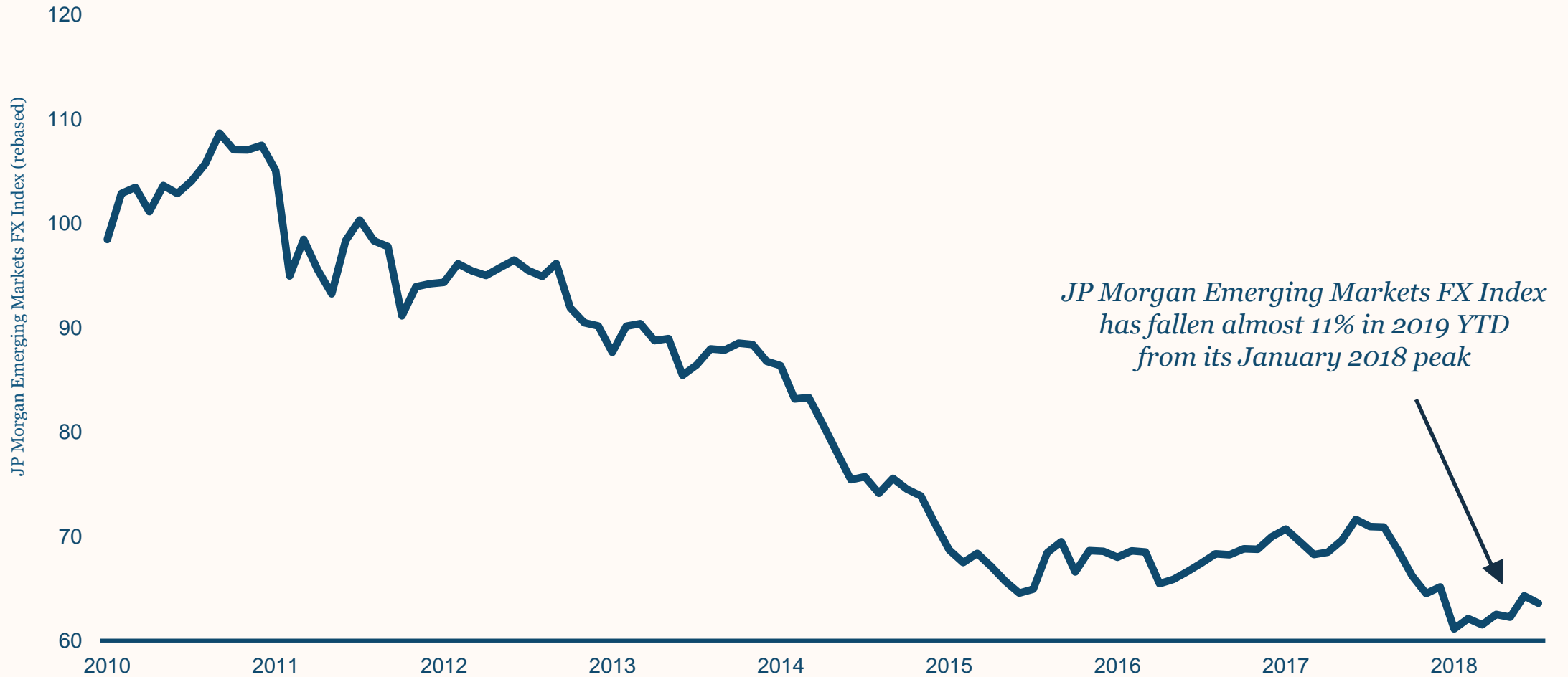


Source: MSCI; Developed Markets as represented by the MSCI World ; Emerging Markets as represented by MSCI Emerging Markets;
There is no assurance that any projection, estimate or forecast will be realized.



Currencies are Cheap

Emerging Market Currencies Close to All Time Low



10 Year Devaluations Against USD

to Mar 2019



-91%

Argentine Peso

Sep 2008



-74%

Turkish Lira

Sep 2008



-63%

Brazilian Real

Jul 2011



-58%

Russian Ruble

Apr 2011



-40%

Mexican Peso

Apr 2011



-36%

Indian Rupee

Jul 2011



-28%

Malaysian Ringgit

Apr 2011



-30%

Polish Zloty

Apr 2011



-10%

Chinese Renminbi

Jan 2014

Here defined as a low on a weekly basis
Source: Bloomberg, MCP



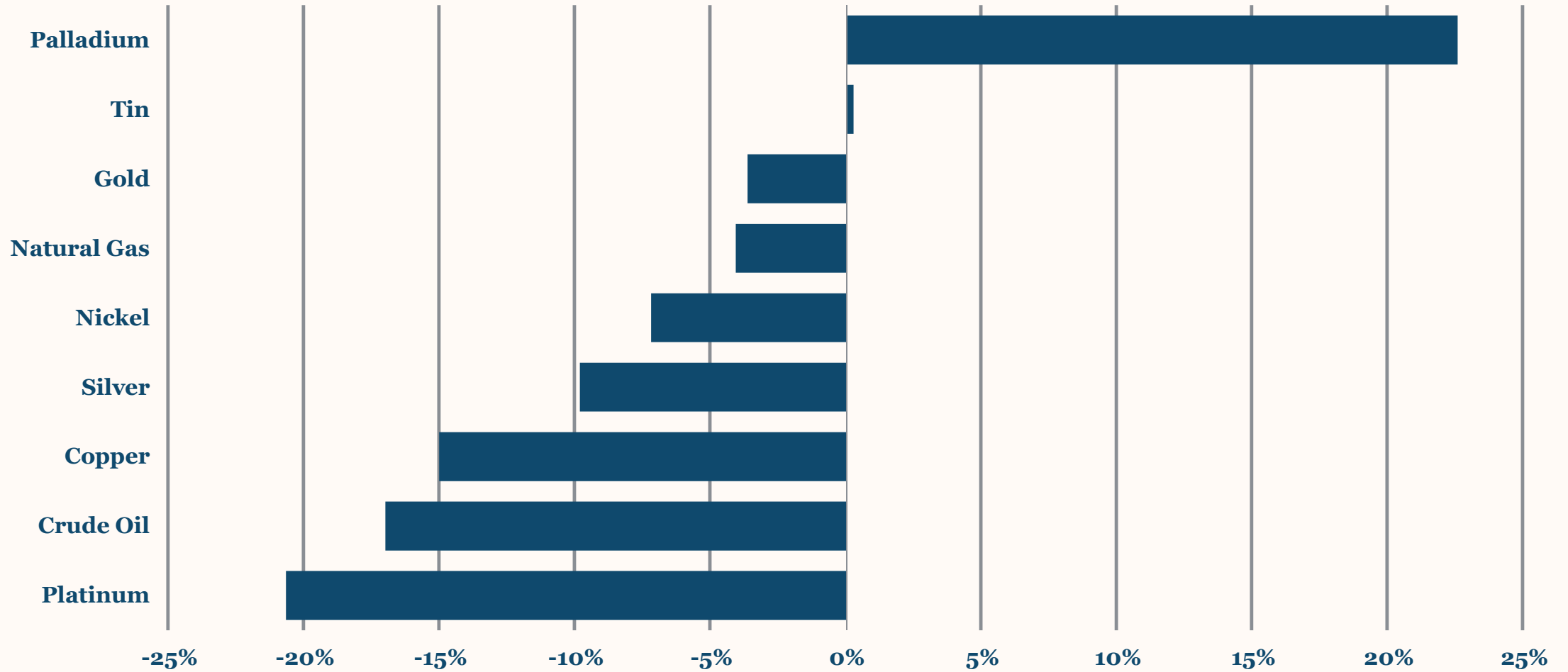
Commodities: Essential and Growing

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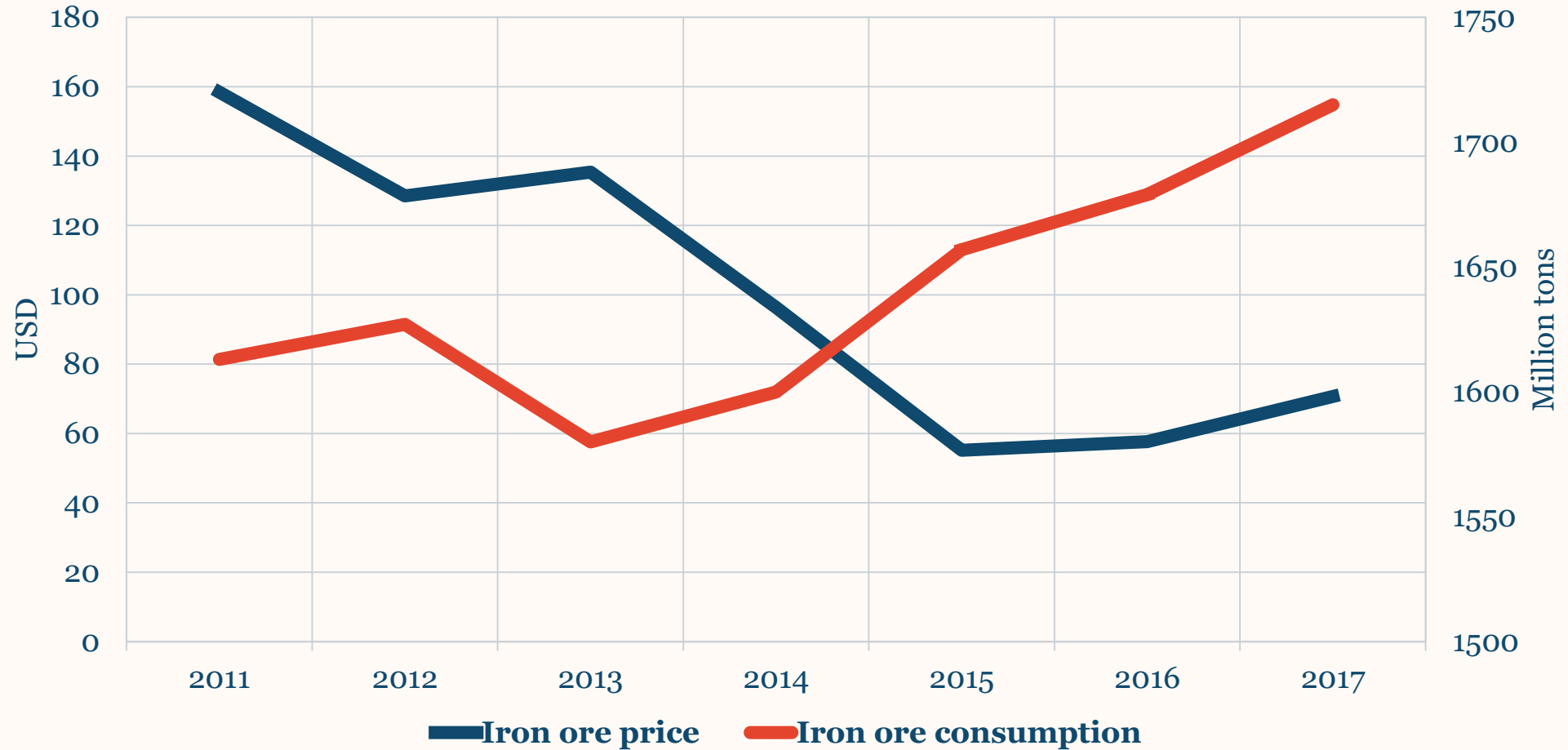
Commodity Prices

% Change from 2017 to 2019



Iron Ore – Global Consumption and Price

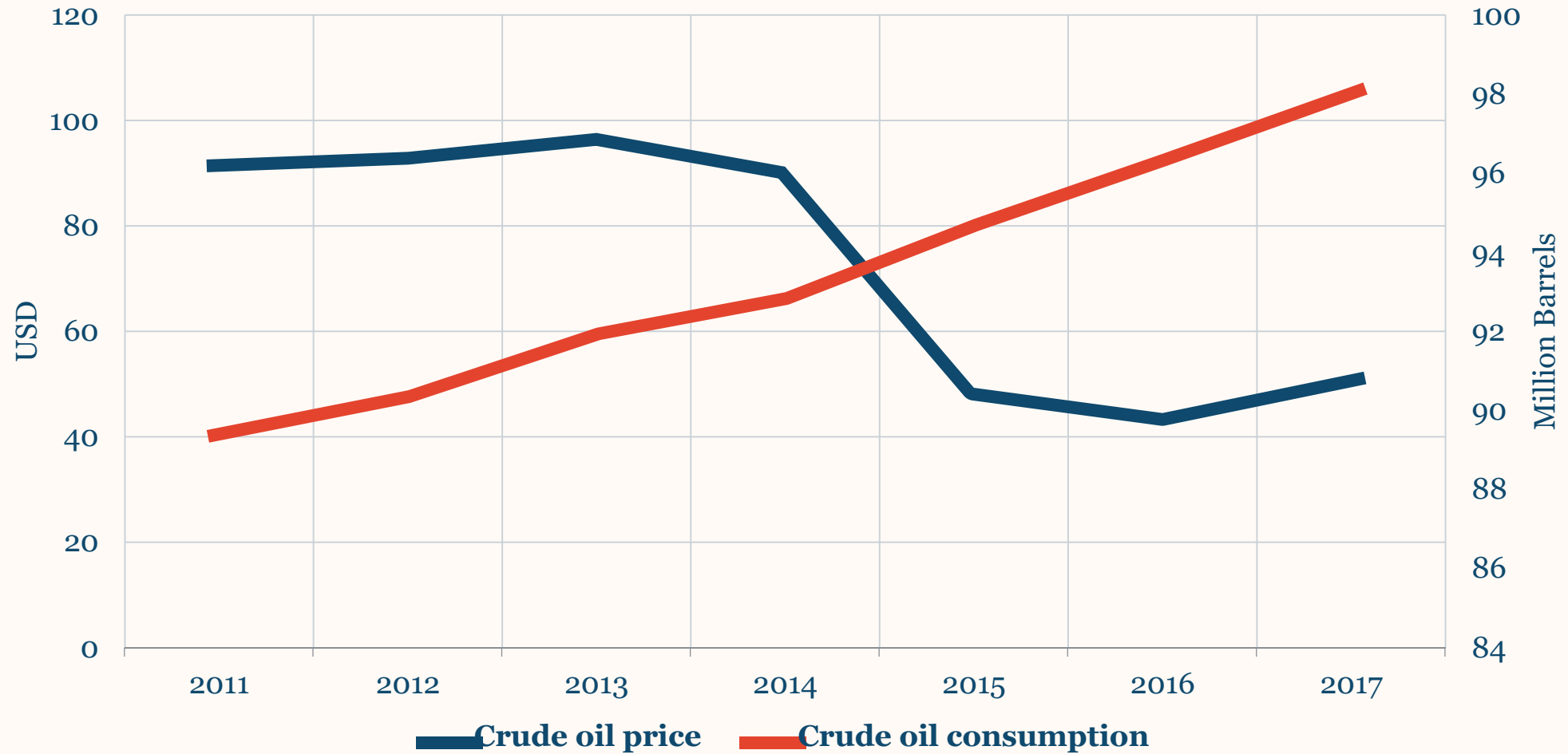
2011-2017



Source: Deloitte's Overview of Steel and Iron Market 2018, Bloomberg

Crude Oil – Global Consumption and Price

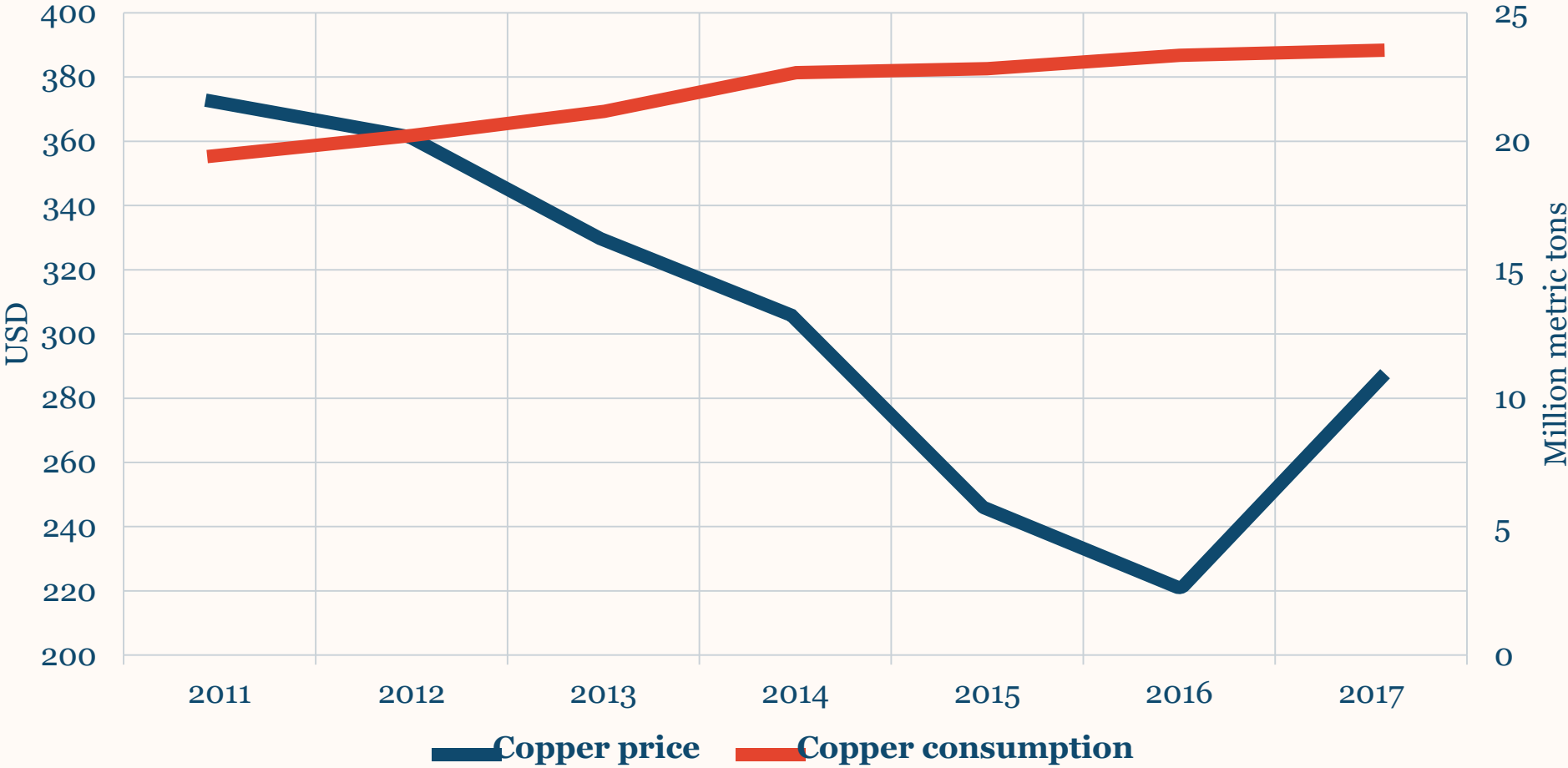
2011-2017



Source: BP's Statistical Review of World Energy 2018, Bloomberg

Copper – Global Consumption and Price

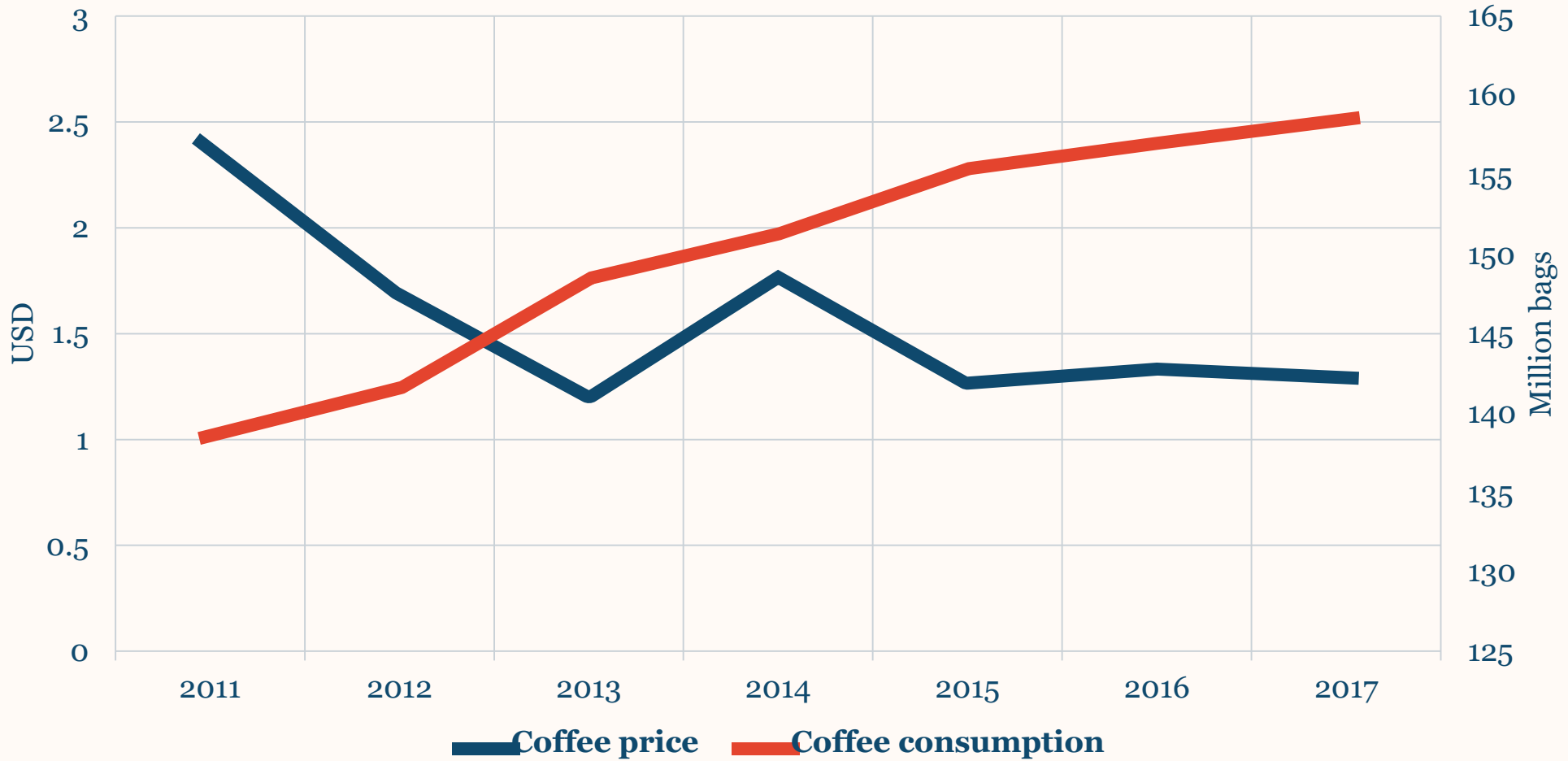
2011-2017



Source: ICSG - International Copper Study Group

Coffee – Global Consumption and Price

2011-2017

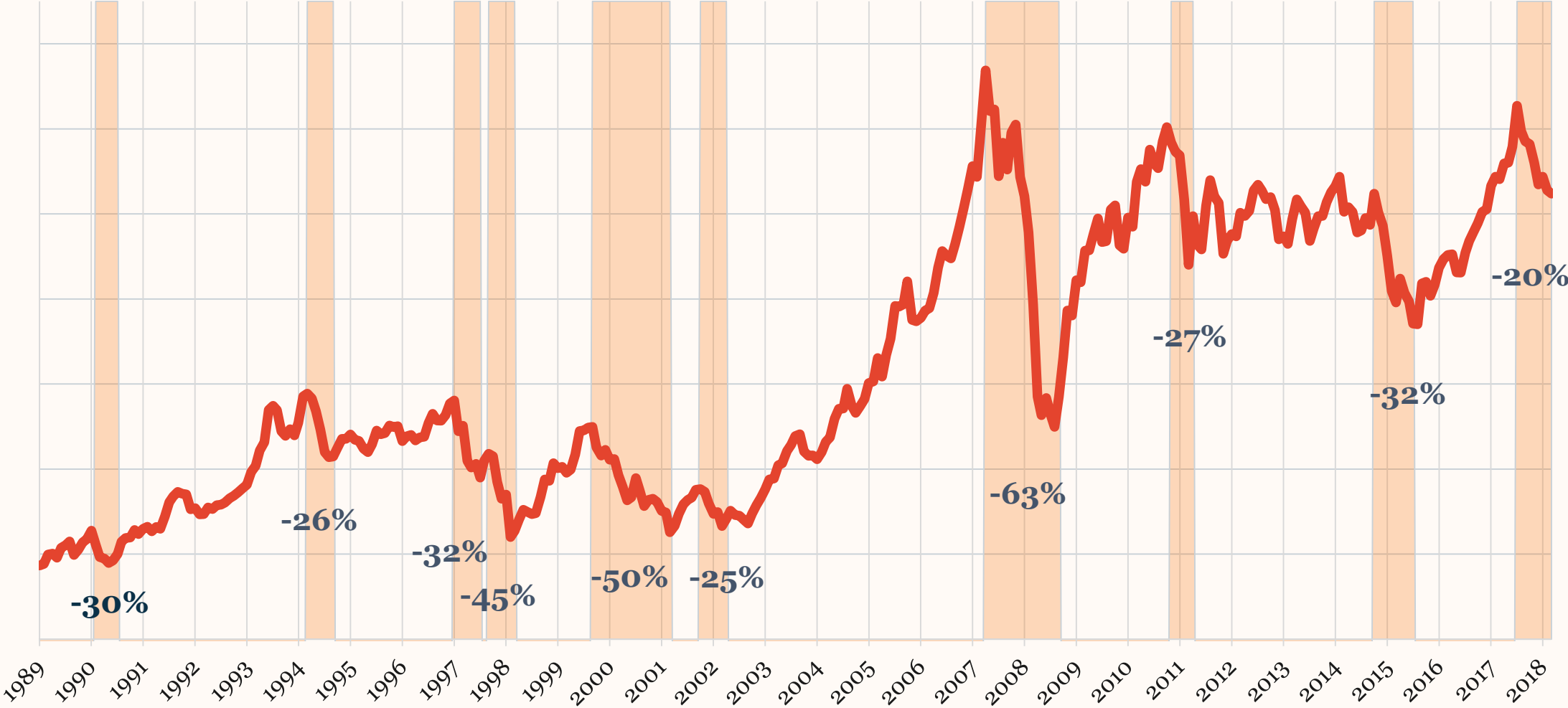


Source: ICO Annual Review 2012/13; ICO coffee market report 2018, Bloomberg



Performance

Bear Markets in MSCI EM – 1990 to 2019



*Here defined as a 20% drawdown from an index high on a monthly basis
Source: Bloomberg, MCP

EM Bear Markets

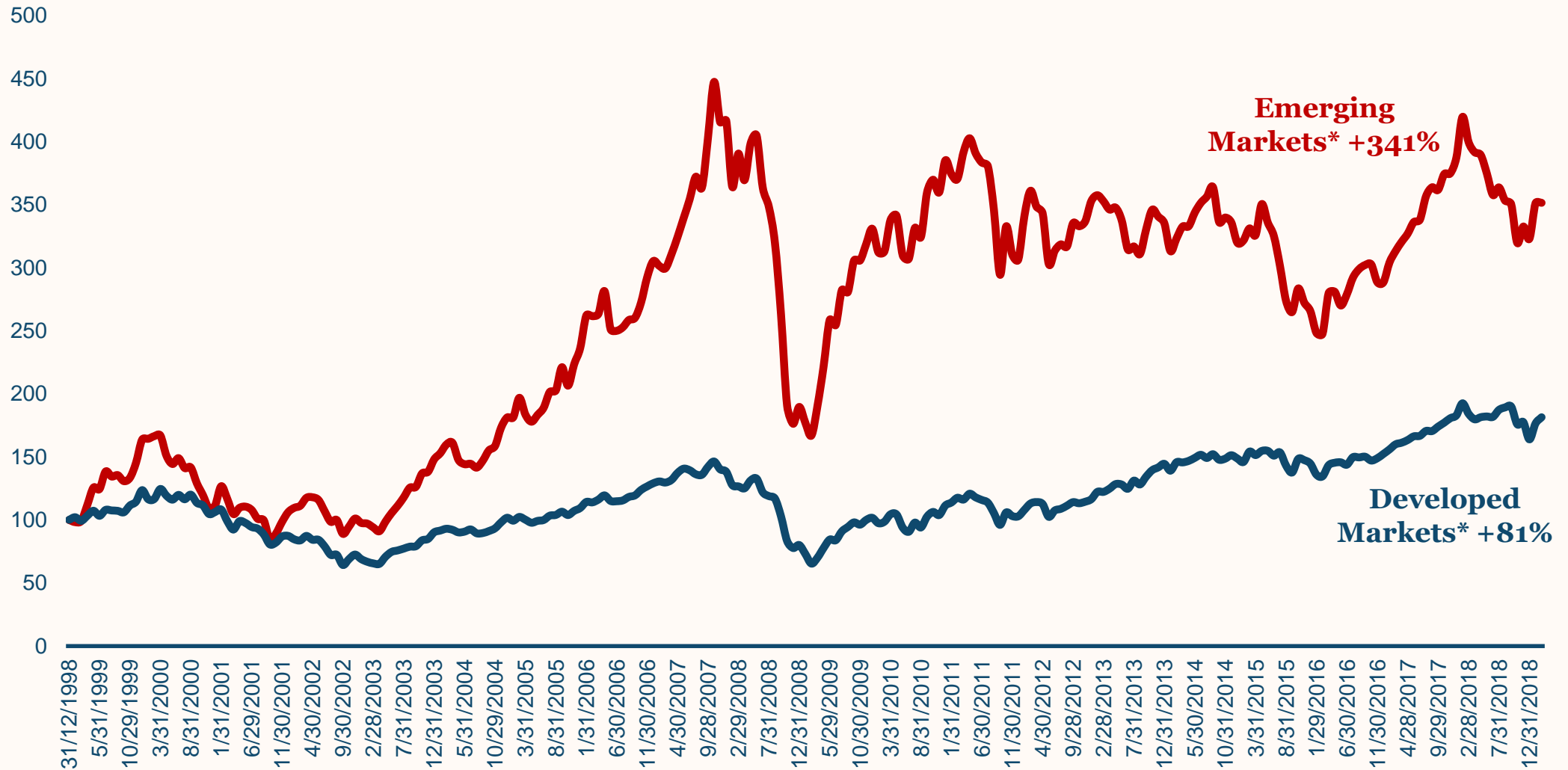
Average: 7 Months

Average Decline: -34%

Dates	% Fall	# of Months
Aug 1990 – Jan 1991	-31%	6
Sep 1994 – Mar 1995	-33%	7
Jul 1997 – Jan 1998	-38%	7
Mar 1998 – Sep 1998	-46%	7
Mar 2000 – Sep 2001	-54%	19
Apr 2002 – Oct 2002	-30%	7
Apr 2004 – May 2004	-20%	2
May 2006 – Jun 2006	-25%	2
Oct 2007 – Oct 2008	-66%	13
Nov 2008	-23%	1
Jan 2009 – Mar 2009	-22%	3
May 2011 – Oct 2011	-31%	6
Apr 2015 – Jan 2016	-36%	10
Jan 2018 – Oct 2018	-24%	10

*Here defined as a 20% drawdown from an index high on a daily basis
Source: Bloomberg, MCP

Performance: 31 Dec 1998 to 14 March 2019



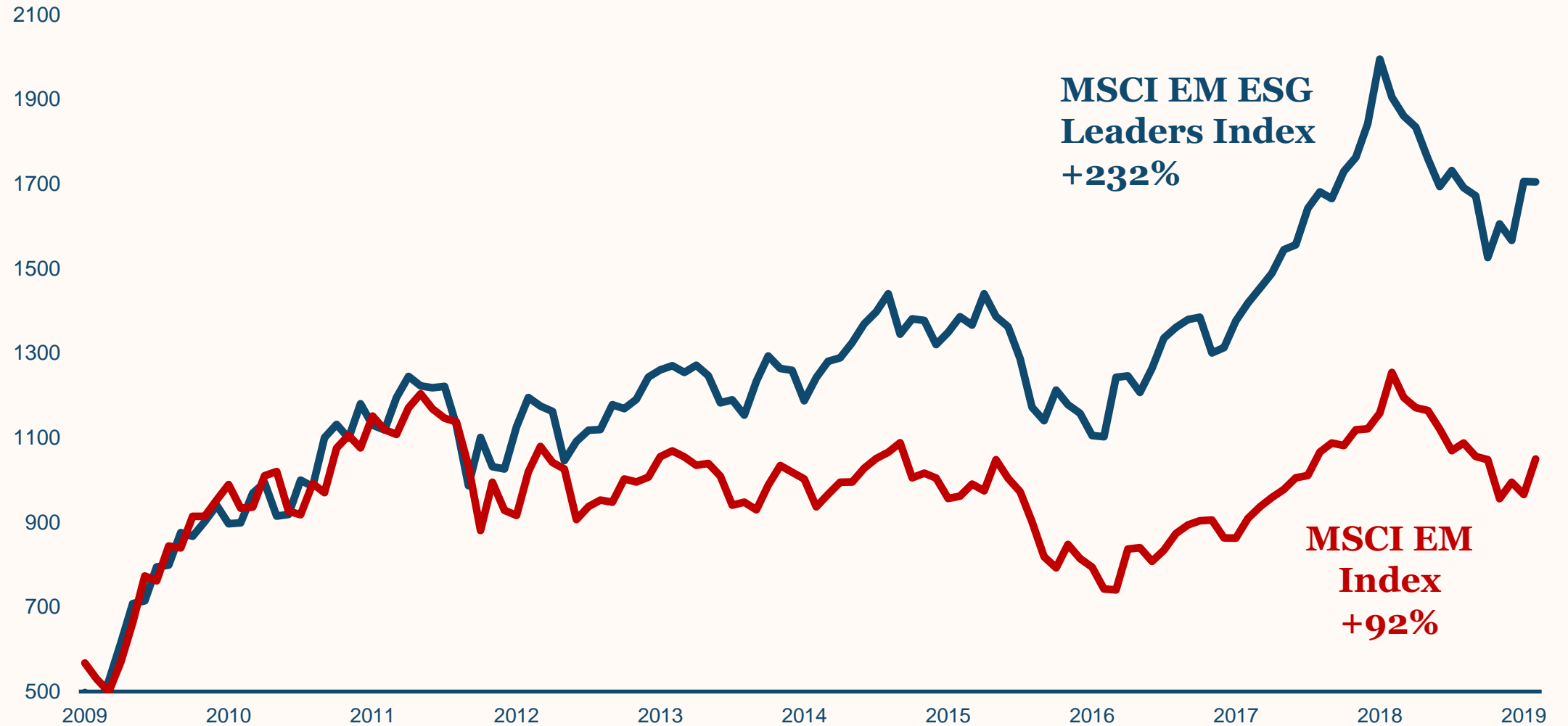


ESG – Environmental, Social and Governance – a New Era

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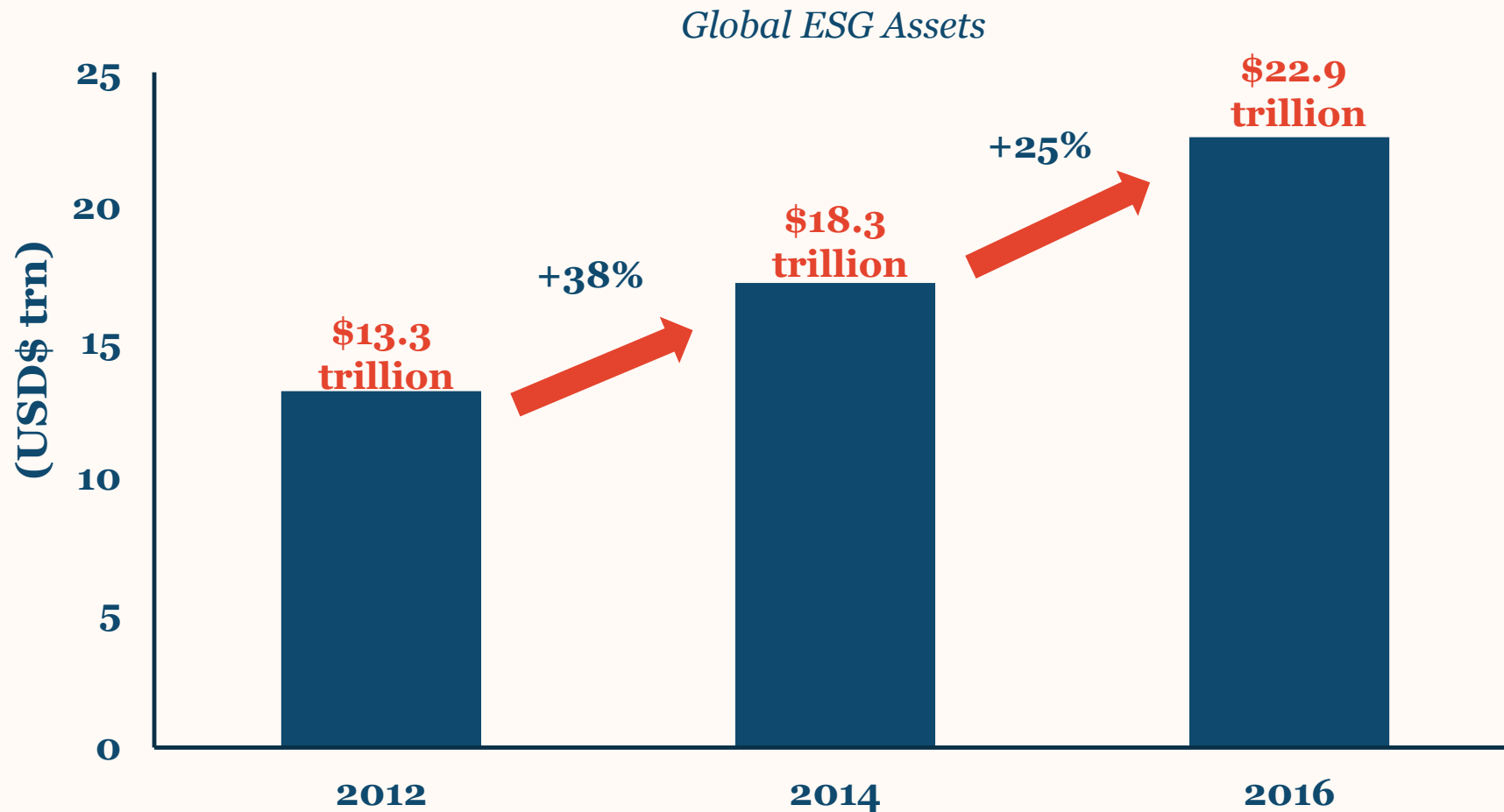
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Why ESG Matters: Performance

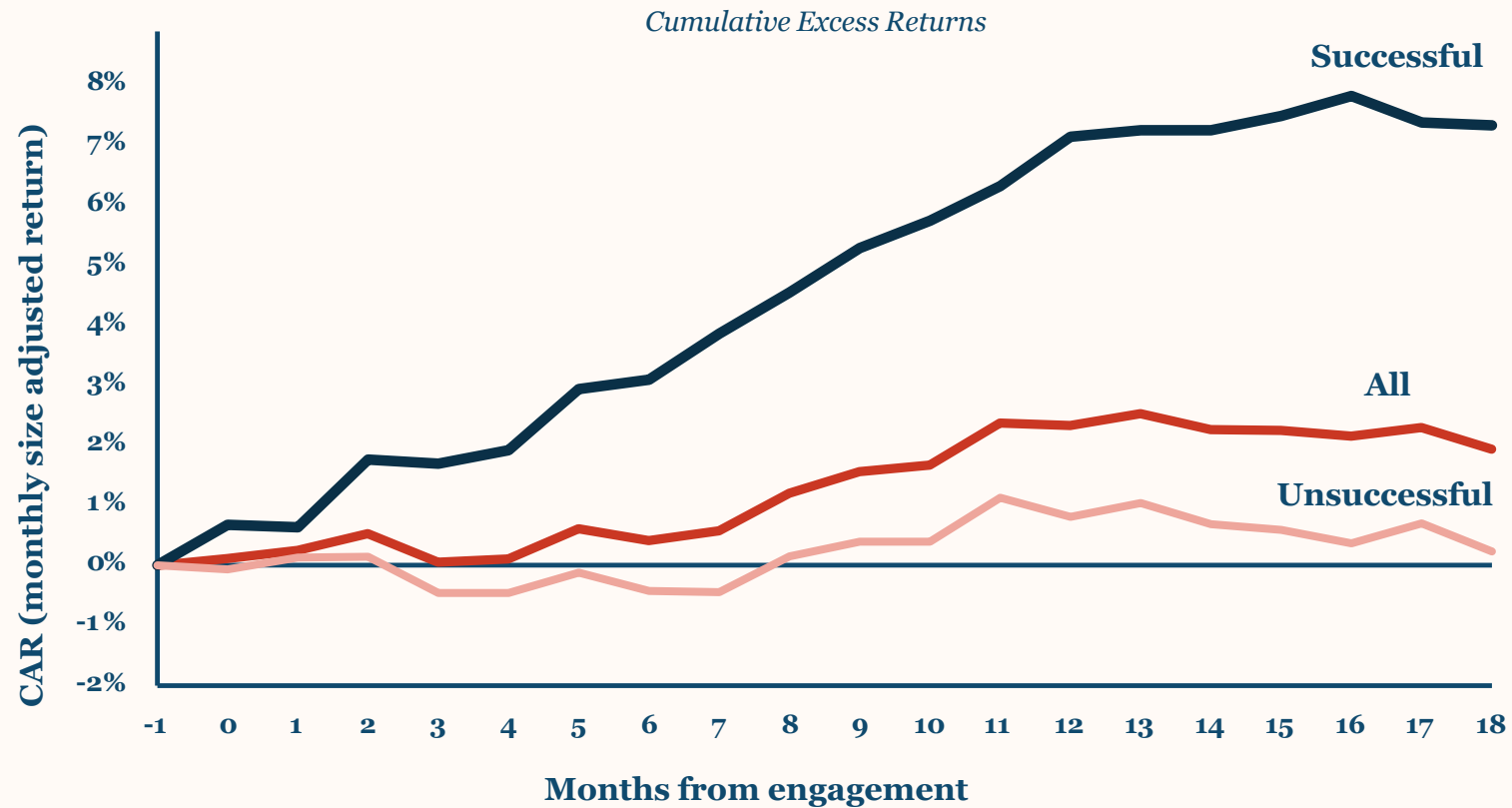


ESG Strategies Gaining Share

Institutional Investors Increasingly Focus on ESG



Company Engagements Produce Results



Out of over 600 US companies surveyed, companies that made changes, on average generated more than 7% of excess return after 18 months.

Thank you!