



Investment forum
on air

Next level thinking:
investing in a new era





Not all emerging markets are equal

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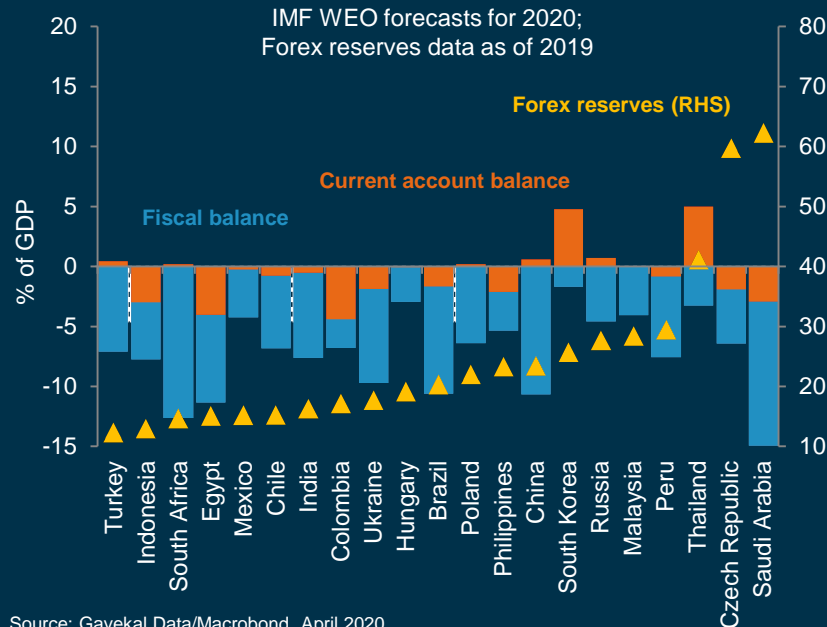
July 2020



Not all EMs are equal

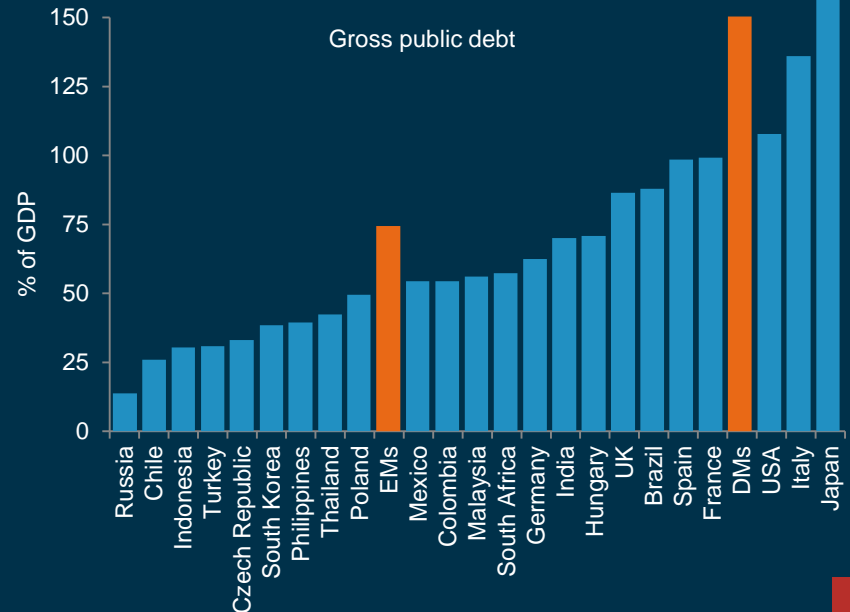
Varying levels of ability to cope with the economic fallout

Traditional vulnerability indicators do not capture the full gamut of risk



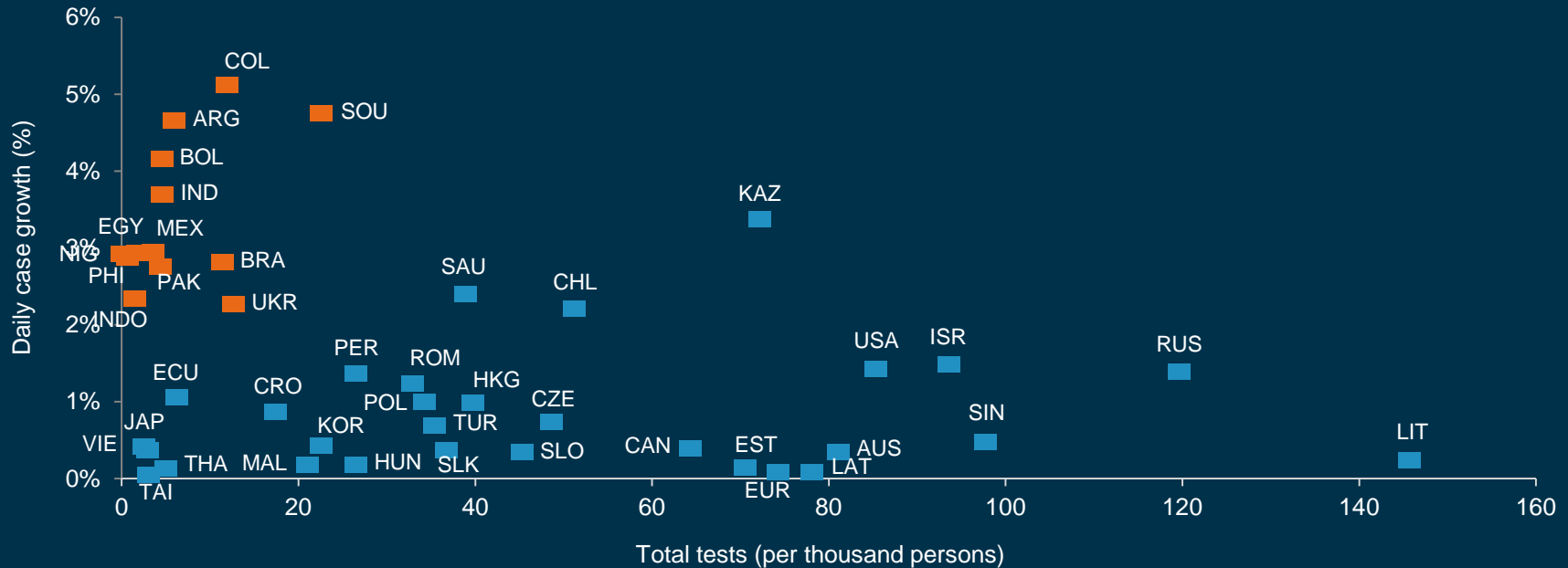
Source: Gavekal Data/Macrobond, April 2020

Lower debt ratios don't give EMs a blank cheque to stimulate



The COVID-19 health crisis is still developing across EM

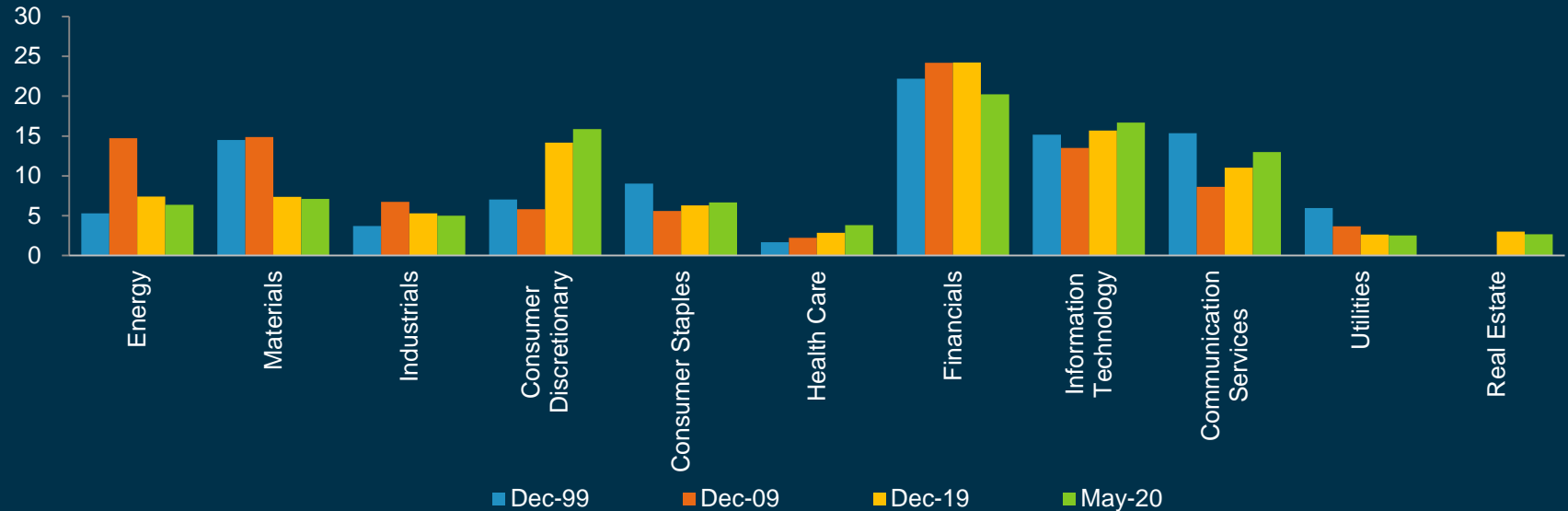
Test vs. case growth



A more broad-based index composition

Since 2000 we have seen a reduction in energy and materials, in favour of tech, consumer and healthcare names. This translates in a less cyclical earnings stream.

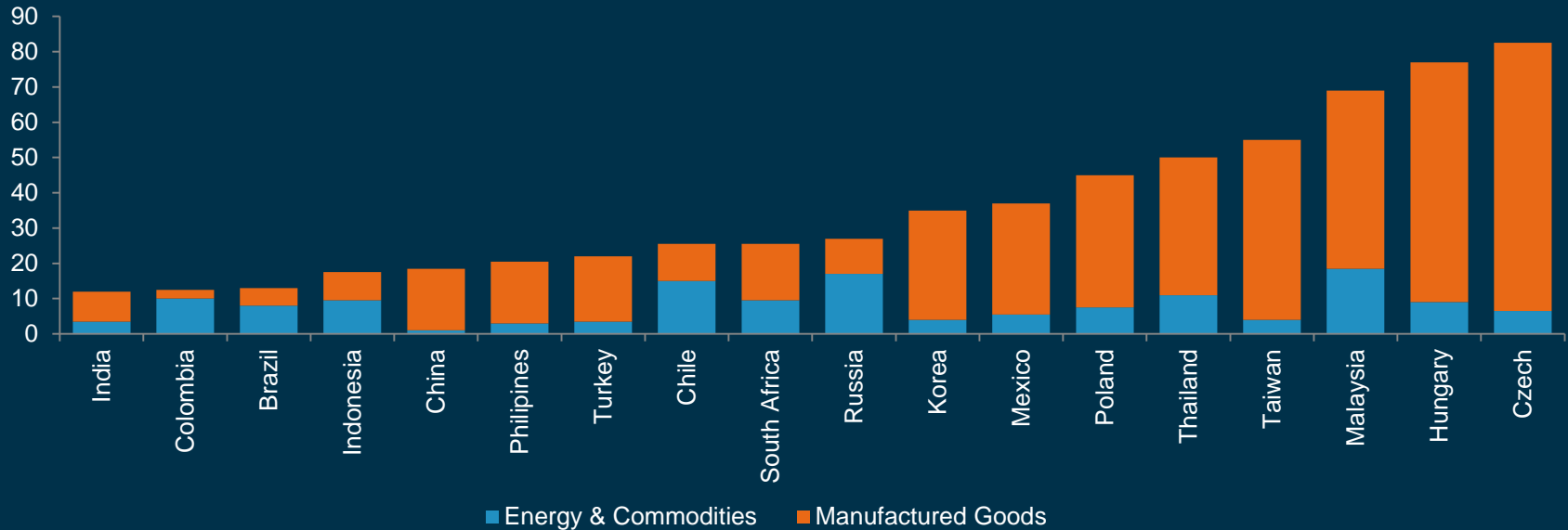
MSCI Emerging Markets Index composition



EM are home to most of the world's natural resources

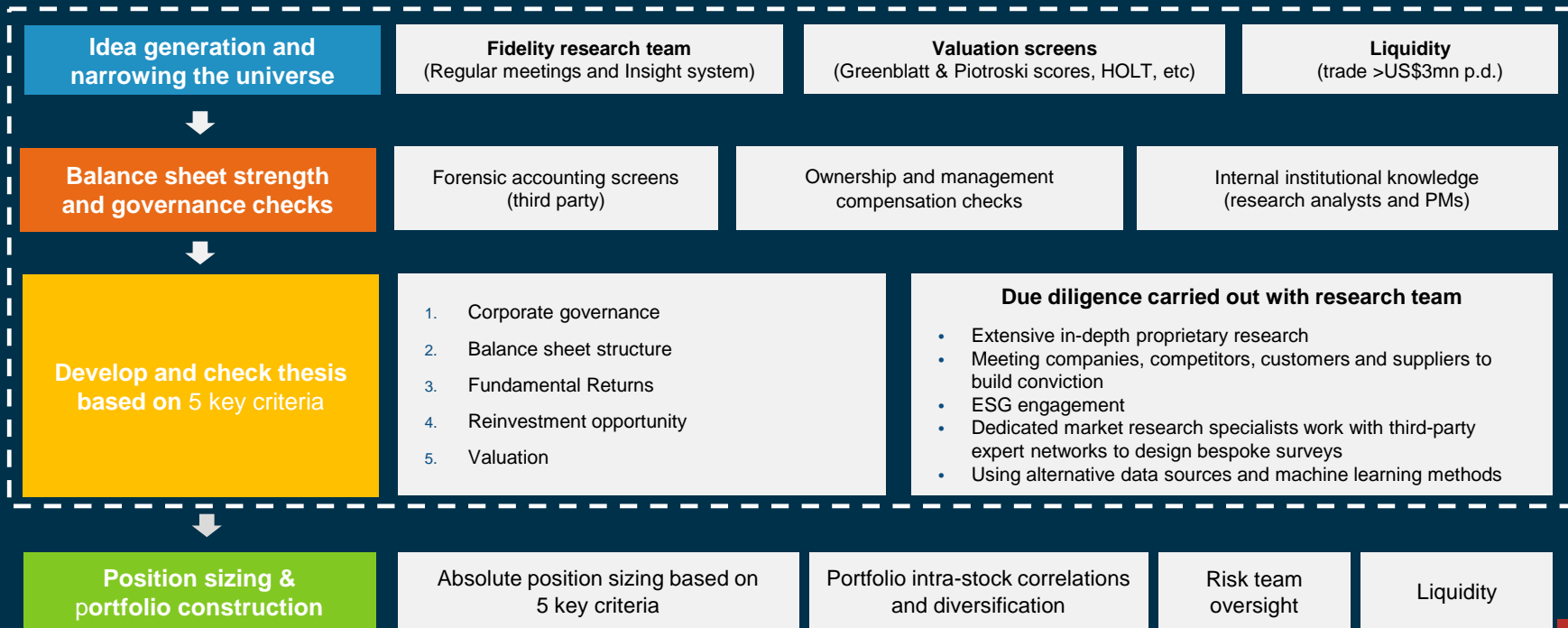
Access to the EMEA and LatAm regions can provide investors with a natural inflationary hedge

Export of manufactured goods, energy and commodity as % of GDP



Selectivity remains critical

Against the current backdrop, we are focussed on owning good businesses which we understand for as long as possible



Acceleration of disruptive trends

Creating opportunities and challenges for many names in the universe

LOJAS AMERICANAS

LI-NING

ADVANTECH

Alibaba Group

TTI

NASPERS



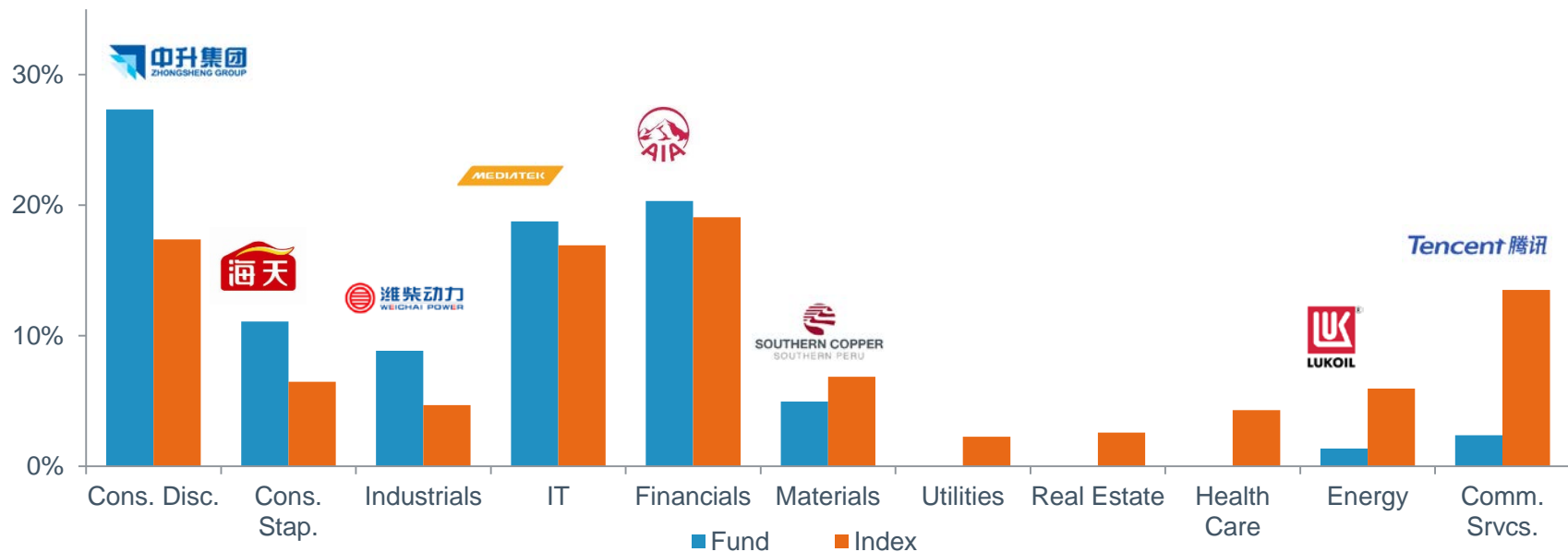
MEDIATEK

tsmc

唯品会
vip.com

Portfolio positioning

Sector breakdown (30 June 2020)



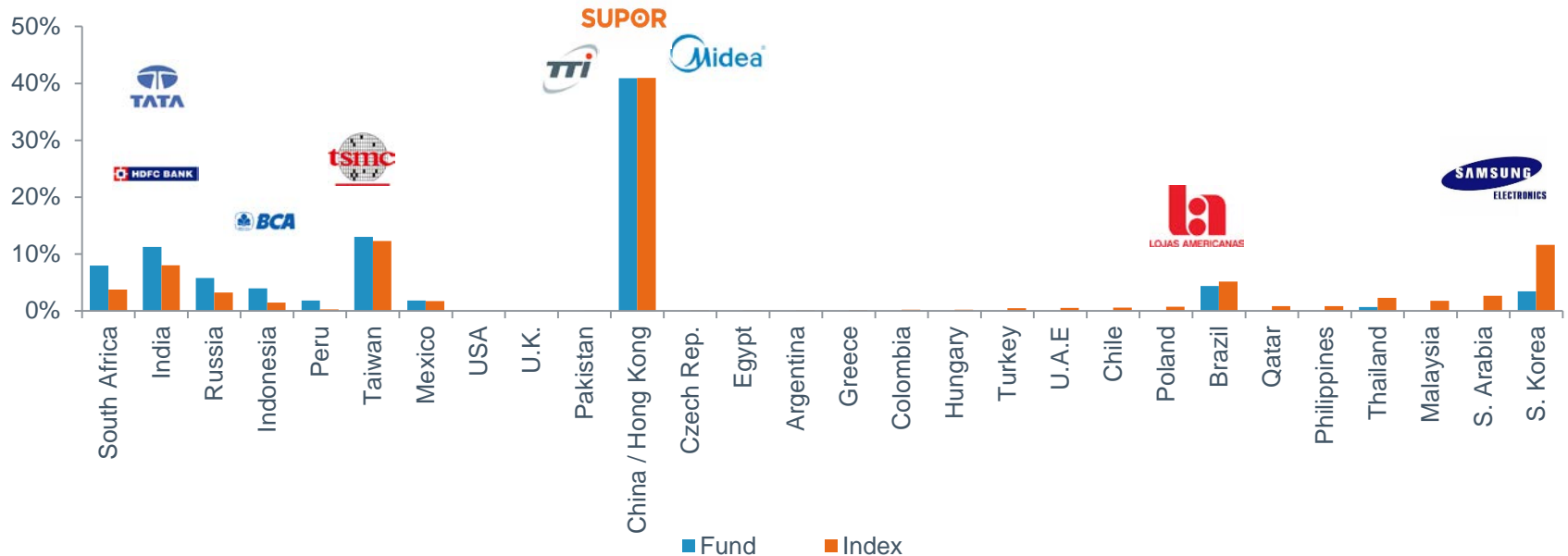
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Source: Fidelity International, 30 June 2020



Portfolio positioning

Country breakdown (30 June 2020)



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Source: Fidelity International, 30 June 2020



“ Key takeaways

- Not all EM are born equal
- A healthcare/service crisis has different implications and paths for recovery
- Certain structural trends will accelerate post this crisis; other areas may be structurally impaired
- Deflation vs inflation: implications for resource producers
- The asset class continues looking attractive, with the valuation gap between EM and DM trading at its widest in 15 years



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