Change!
Shanghai, China: About 25 Years Ago
Shanghai, China: Now
Dubai, U.A.E. : About 25 Years Ago
Dubai, U.A.E. : Now
Kuala Lumpur, Malaysia: Today
Emerging Markets - 1987

Investable Emerging Markets in 1987
- 6 markets: Mexico, Hong Kong, Philippines, Thailand, Malaysia and Indonesia

Source: MSCI, S&P & IFC, EIU World Bank
Emerging Markets - 2019

Investable Emerging Markets in Dec 2017 - > 70 markets

© Mobius Capital Partners LLP 2019  Source: MSCI, S&P & IFC, EIU World Bank
Why Emerging Markets?
Growth!
2019 GDP Growth: Emerging vs. Advanced

Developed Markets: 1.6%
Emerging Markets: 4.5%

Source: World Bank 2019
Size!

Emerging Markets Becoming More Important
Top 10 Most Populous Countries, Jan 2019: 4.4 billion

1. China
2. India
3. United States
4. Indonesia
5. Brazil
6. Pakistan
7. Nigeria
8. Bangladesh
9. Russia
10. Japan

Source: US Census Bureau
Emerging Markets % of World

Population: 70%
FX and Gold Reserves: 63%
Landmass: 50%
Exports: 42%
GDP in USD: 42%

Source: MSCI list of emerging and frontier markets; CIA World Factbook (Population, FX and Gold Reserves, Landmass) Exports: compares the total US dollar amount of merchandise
Source: World Bank (Equity Market Cap); IMF (PPP based GDP, GDP in USD)
Risk!
Private Sector Debt to GDP; Q4 2018

Source: BIS, Credit to Private non-financial sector from All sectors at Market value - Percentage of GDP
Government Debt to GDP; 2018

Source: Bloomberg, IMF
Foreign Reserves to GDP; 2018

Source: Bloomberg, MCP
Technology Impact
China’s 805mln web users are more than that of the EU and US combined, but represents only 55% of the country.
India: Smartphone Average Cost & ASP as % of GDP per Capita

Source: Morgan Stanley, IDC. GDP per Capita data based on IMF, 4/17.
How Common are Crypto Currencies Around the World?

<table>
<thead>
<tr>
<th>Country</th>
<th>Emerging market</th>
<th>Developed market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Share of respondents who say that they used or owned crypto currencies (%)

Source: Statista How Common is Crypto? Jun 12 2019

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AI is shaping the workforce of the future

- AI technologies are expected to boost the world’s GDP by 14% by 2030 – the equivalent of an additional US$15.7 trillion – by improving labour productivity and spurring consumption, according to PwC.

- Growth of AI is expected to create 133m new roles but cause 7m to be displaced by 2022.

- EY predicts that by 2022 around 46% of the global workforce will be engaged in entirely new jobs that do not exist today.

- AI skills are among the fastest-growing skills on LinkedIn, witnessing a 190% increase from 2015 to 2017.

Source: EY-Mint Emerging Technologies Report 2019, Emerging Technologies: Changing how we live, work and play
Value!
P/E: Emerging Vs. Developed Markets

P/E - 12 Months Forward, January 2019

Emerging Markets: 12.2
Developed Markets: 16.5

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, January 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
Value in Emerging Markets

Emerging market currencies are close to an all time low
## 10 Year Devaluations Against USD to August 2019

<table>
<thead>
<tr>
<th>Currency</th>
<th>10 Year Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentine Peso</td>
<td>Sep 2008</td>
</tr>
<tr>
<td>Turkish Lira</td>
<td>Sep 2008</td>
</tr>
<tr>
<td>Brazilian Real</td>
<td>Jul 2011</td>
</tr>
<tr>
<td>Russian Ruble</td>
<td>Apr 2011</td>
</tr>
<tr>
<td>Mexican Peso</td>
<td>Apr 2011</td>
</tr>
<tr>
<td>Indian Rupee</td>
<td>Jul 2011</td>
</tr>
<tr>
<td>Malaysian Ringgit</td>
<td>Apr 2011</td>
</tr>
<tr>
<td>Polish Zloty</td>
<td>Apr 2011</td>
</tr>
<tr>
<td>Chinese Renminbi</td>
<td>Jan 2014</td>
</tr>
</tbody>
</table>

Source: Bloomberg
ESG – Environmental, Social and Governance – a New Era
Available Now

For more information visit bloomsbury.com/business

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Why ESG Matters: Performance

MSCI EM ESG Leaders Index
+232%

MSCI EM Index
+92%

*Net Total Return Indices: 22 January 2009 – 22 January 2019
Source: Bloomberg, MSCI

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ESG Strategies Gaining Share
Institutional Investors Increasingly Focus on ESG

Global ESG Assets

- **2012**: $13.3 trillion, +38%
- **2014**: $18.3 trillion, +25%
- **2016**: $22.9 trillion

Source: 2016 Global Sustainable Investment Review
Source: Morgan Stanley Sustainable Signals Report
Source: MSCI ESG Research based on Q2 2016 global and country assets data from the Investment Company Institute
Performance
How do you anticipate your institution will alter its allocations to the following categories of equities over the next two years? July 2019 State Street Global Advisers Survey

<table>
<thead>
<tr>
<th>Category</th>
<th>Decrease Allocation</th>
<th>No Change in Allocation</th>
<th>Increase Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>North American equities</td>
<td>10%</td>
<td>56%</td>
<td>34%</td>
</tr>
<tr>
<td>Asia-Pacific equities</td>
<td>5%</td>
<td>58%</td>
<td>37%</td>
</tr>
<tr>
<td>European equities</td>
<td>4%</td>
<td>58%</td>
<td>38%</td>
</tr>
<tr>
<td>Emerging market equities</td>
<td>1%</td>
<td>75%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: State Street Global Advisors, Survey Findings Global Active Equity, ‘Seeking Opportunity at the Top of the Cycle’ (March 2019). The survey interviewed 200 senior institutional asset allocators working for pensions, foundations, endowments, and insurance companies in North America and Europe ($3.4 Trillion AUM by survey respondents)
"My institution would benefit from greater exposure to emerging market equities"

Source: State Street Global Advisors, Survey Findings Global Active Equity, ‘Seeking Opportunity at the Top of the Cycle’ (March 2019). The survey interviewed 200 senior institutional asset allocators working for pensions, foundations, endowments, and insurance companies in North America and Europe ($3.4 Trillion AUM by survey respondents)
...And the short-term

MSCI Emerging Markets Index VS MSCI World Index Rebased

Index Price

04/10/2019  
Source: Bloomberg

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Performance: 31 Dec 1998 to 22 Jan 2019

Emerging Markets* +441%

Developed Markets* +151%

*Emerging Markets here defined as the MSCI Emerging Markets Net Total Return Index, Developed Markets here defined as the MSCI World Net Total Return Index.
Source: Bloomberg, MSCI
Thank you!
EM State Led Initiatives to Artificial Intelligence – Andrew MacDonald
3 August 2019

This presentation is drawn from materials from PwC, EY, Accenture and various other sources