

Past, Present, and Future of Emerging Markets

Josh Rubin

Thornburg Investment Management
Managing Director
Portfolio Manager

Scott Whalen

Verus

Executive Managing Director
Senior Consultant

An Overview of Emerging Markets

Balancing opportunity and risk

Key Facts about Emerging Markets*:

24

Independent
Markets in
Index

4

of the World's
Top 10 Co.'s
by Market Cap

12%

of Global
Market Cap

58%

of Global GDP
(PPP basis)*

60%

of Incremental
GDP Growth

86%

of Global
Population*

70%

of the Global
Middle Class

4.3 Billion

Expected Size
of EM Middle
Class by 2030

80%

of Global
Middle Class
by 2030

Key Risks in Emerging Markets:

- Macroeconomic and Monetary
- Political/Regulatory
- Limited Institutional Investor Presence
- Abrupt Changes in Foreign Capital Flows

The Emerging Markets Index 24 independent markets across the world

AMERICAS

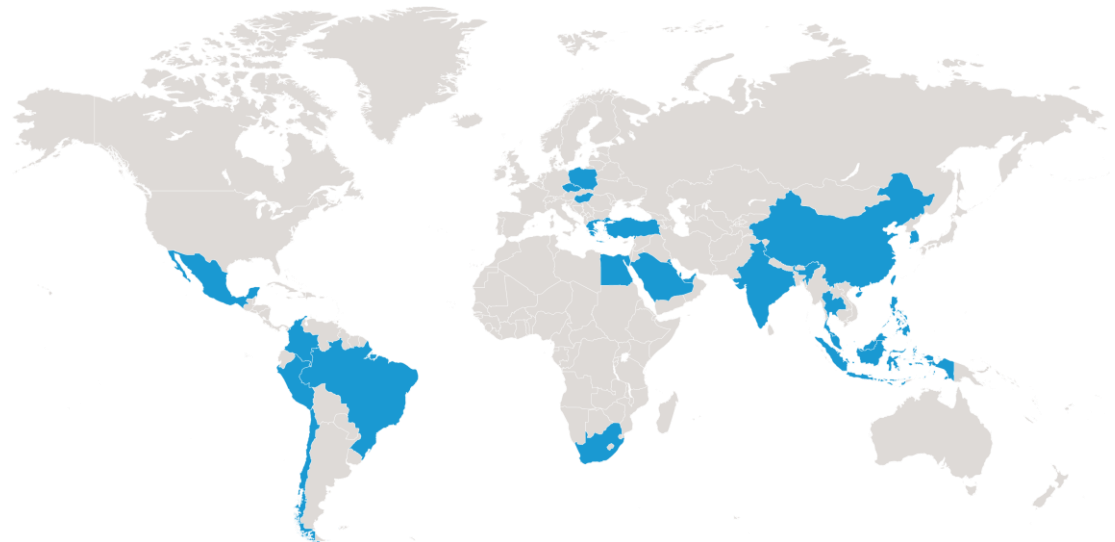
Brazil, Chile, Columbia,
Mexico, Peru

EMEA

Czech Republic, Egypt, Greece,
Hungary, Kuwait, Poland, Qatar,
Saudi Arabia, South Africa,
Turkey, UAE

ASIA

China, India, Indonesia, Korea,
Malaysia, Philippines, Taiwan,
Thailand

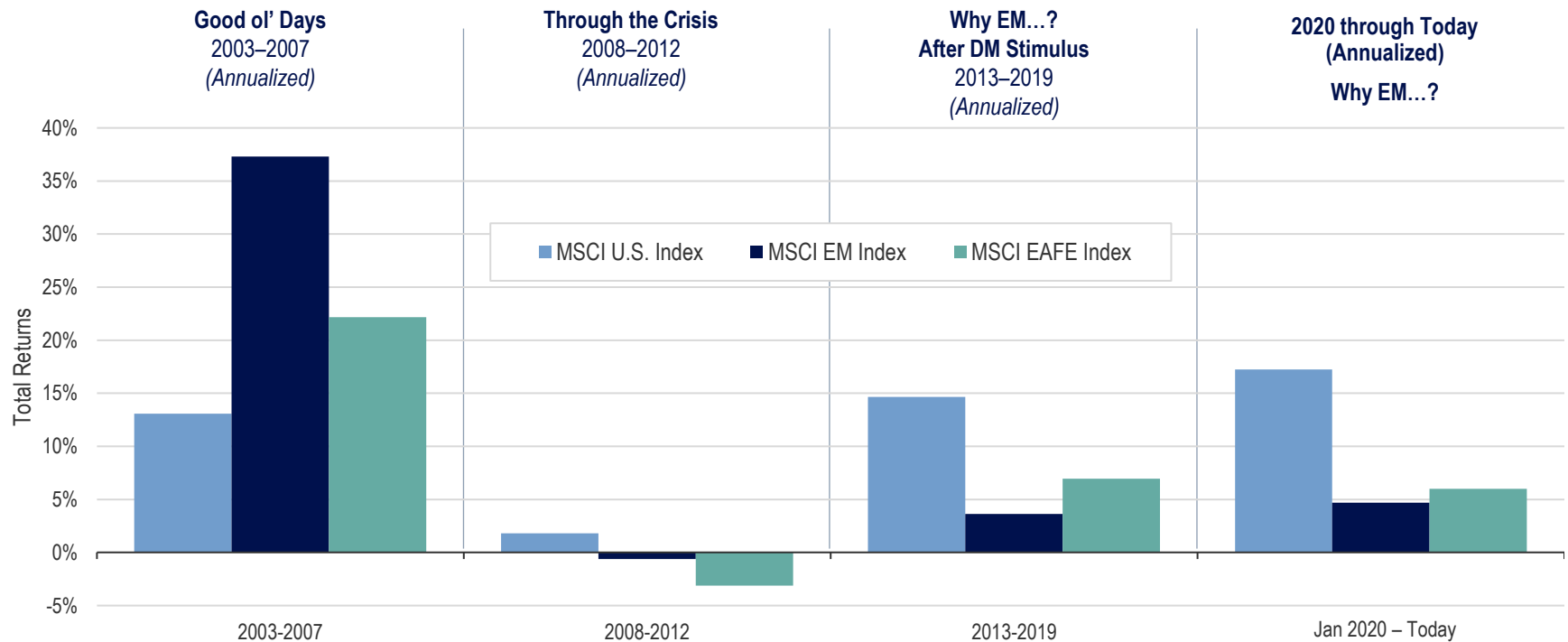


*Includes frontier and other developing markets

Source: IMF, Bloomberg, MSCI, FactSet, and Wolfensohn Center for Development at Brookings Institute, as of 12/31/2021

EMEA is Europe, Middle East and Africa.

Emerging Markets Can ‘Zig’ When the U.S. and Developed Markets ‘Zag’

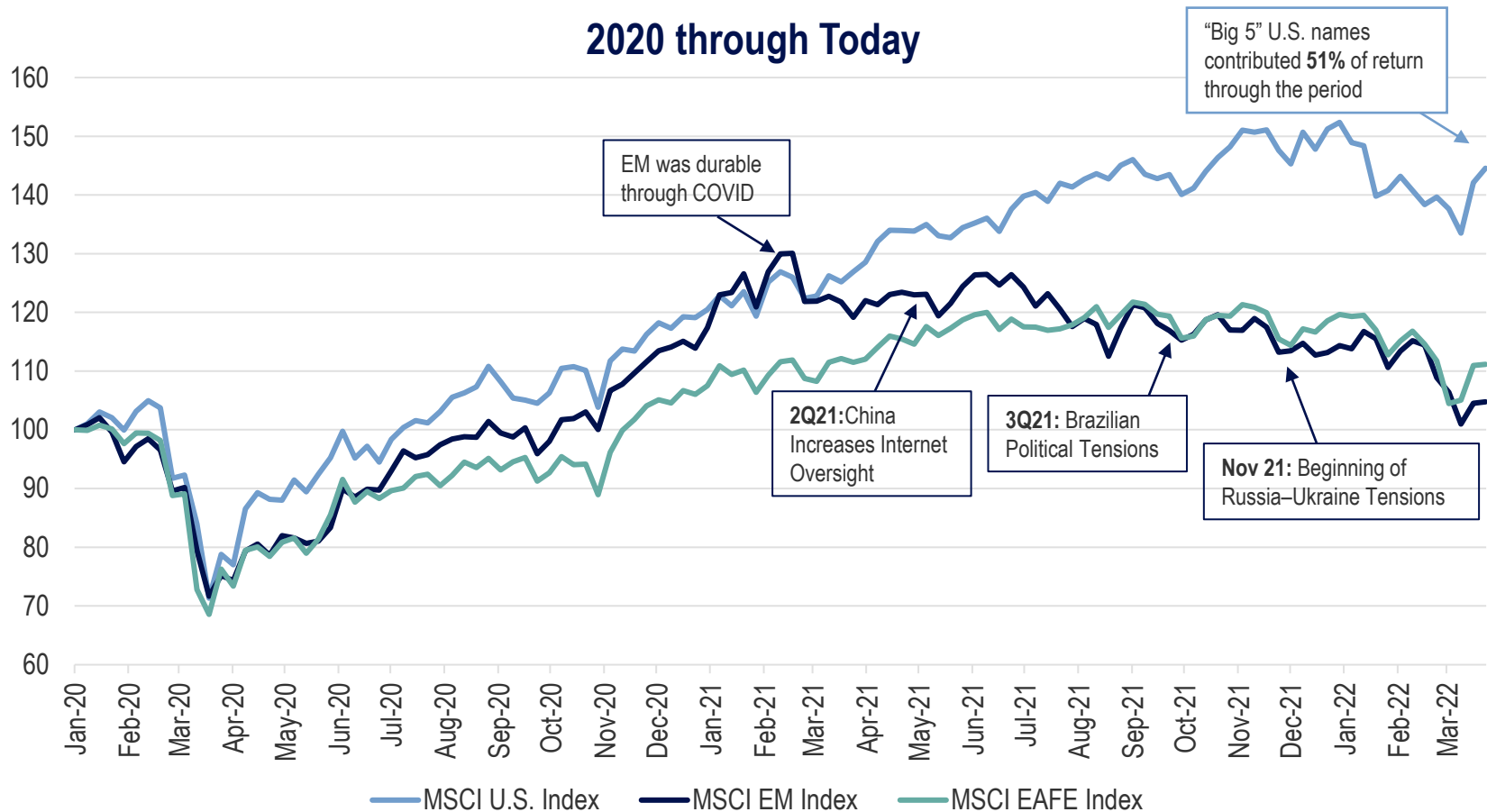


Past performance does not guarantee future results.

Source: Bloomberg, as of 02/28/22

...Why EM?

EM vs DM through Covid



Past performance does not guarantee future results.

Source: Bloomberg, as of 03/25/22

Returns indexed to 100

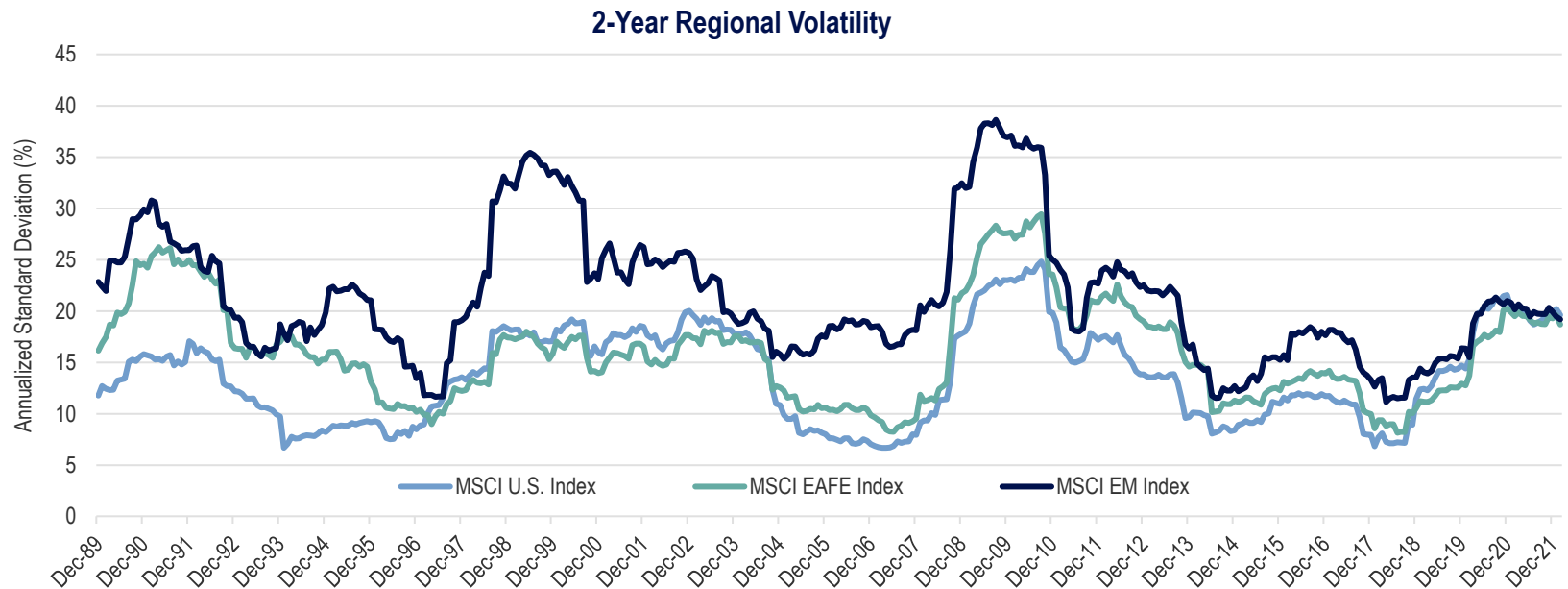
"Big 5" are the five largest weighted companies in the MSCI U.S. Index as of 3/25/22. The companies are Apple, Microsoft, Amazon, Tesla and Alphabet

You Can Have More of a Good Thing

EM is less volatile today than in the past

While inherently more volatile than developed markets, relative volatility has significantly declined since 2010.

A structural transformation has made EM less reliant on extractive, export-driven, industries that are prone to elevated volatility.



Past performance does not guarantee future results.

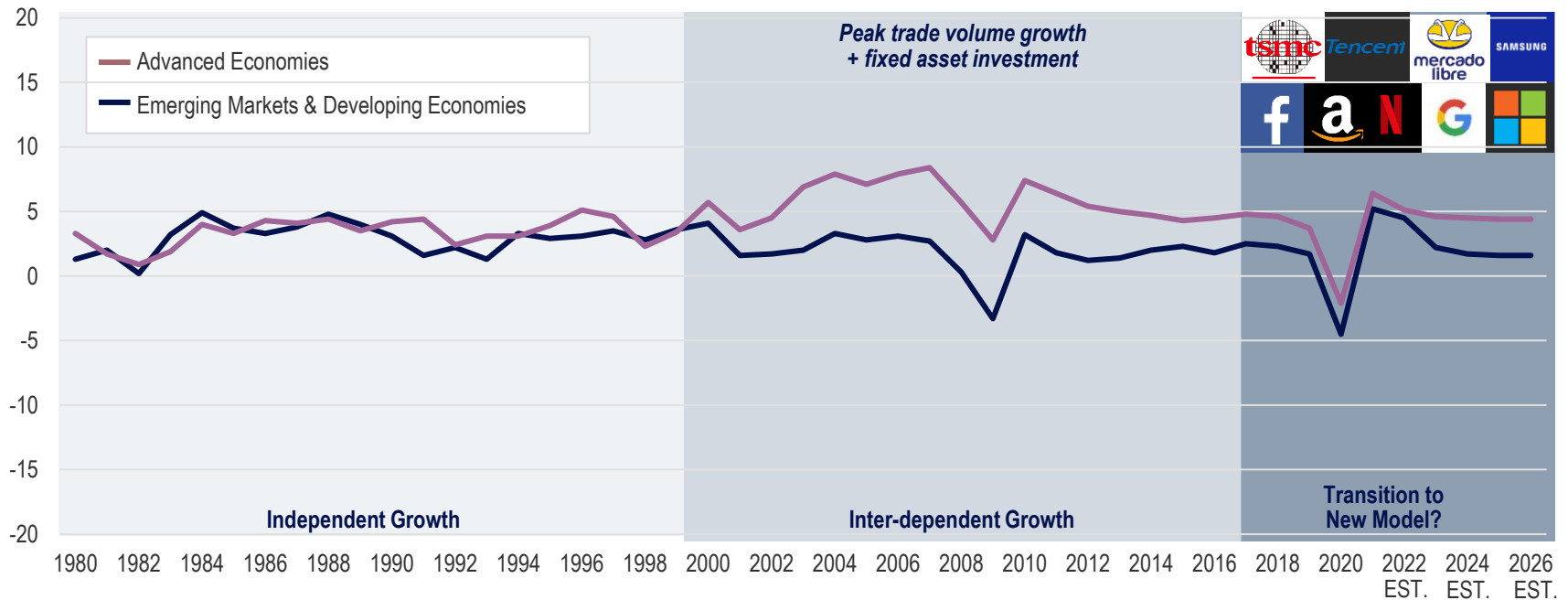
Source: Bloomberg, as of 28 February 2022

“Common Wisdom” is That EM is Still Dependent on Global Trade and External Investment...



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The Evolution of Economic Growth Drivers

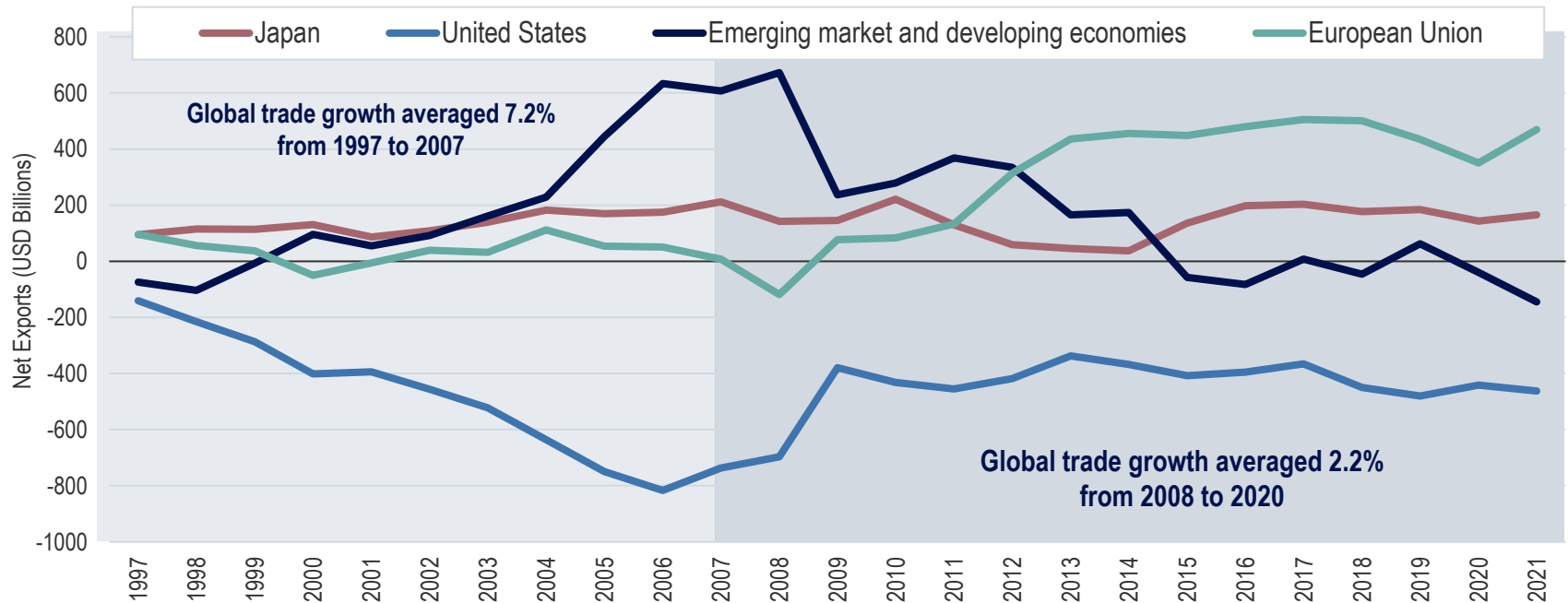


Source: IMF (OCT 2021)

Any securities, sectors, or countries mentioned are for illustration purposes only.

Under no circumstances does the information contained within represent a recommendation to buy or sell any security.

Net Exports Haven't Been a Key Emerging Markets Tailwind for Some Time

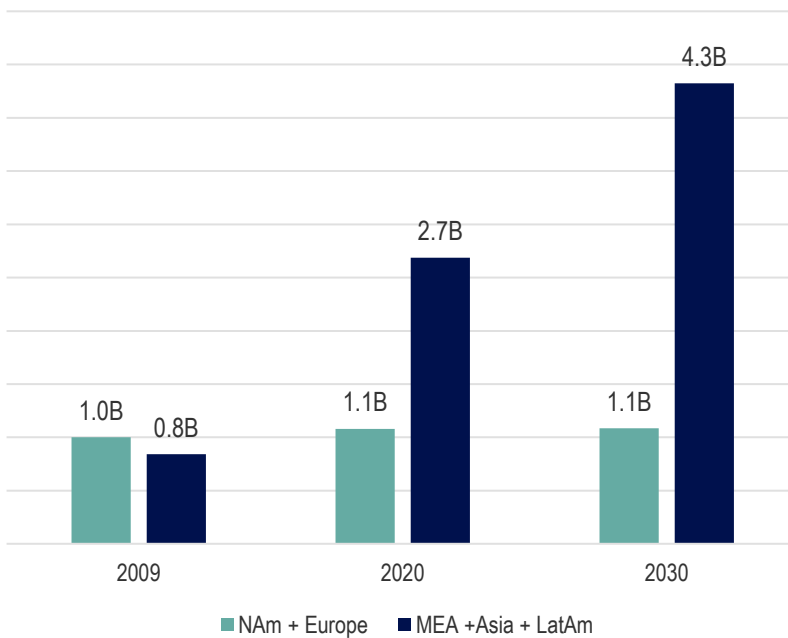


Source: IMF

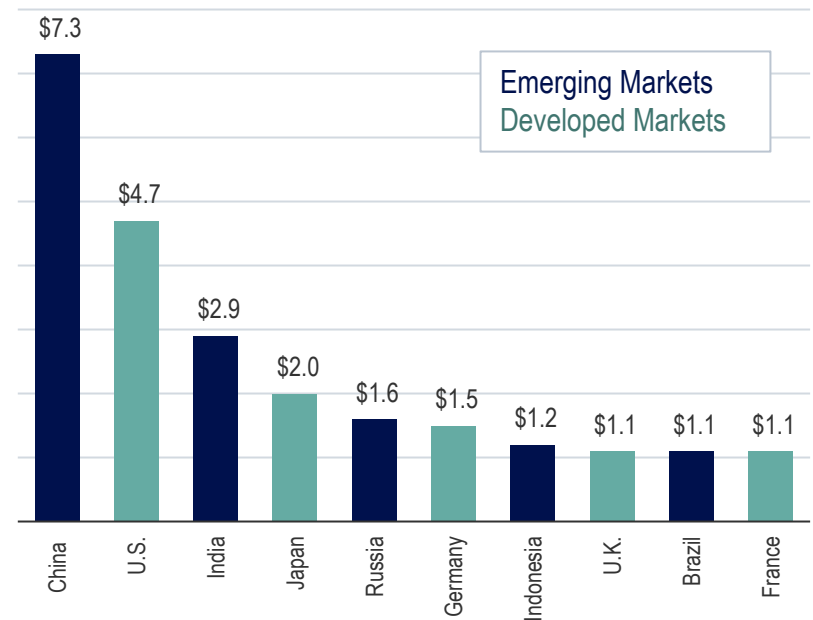
Rising Domestic Consumption is the New Growth Engine of Emerging Markets...

EM countries represent 5 of the top 10 middle class consumption bases

Rise of the Middle Class



Middle Class Consumption (Trillion USD, PPP)



Source: Bloomberg and Wolfensohn Center for Development at Brookings Institute

...the New Growth Model for EM Is Driven by Domestic Consumption– Not External Cycles



Economic Formalization



Rising Domestic Consumption



Deepening Capital Markets



Leapfrogging Legacy Technology

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The Current State of Emerging Markets

Things Are Never as Good (Or Bad) as Expected



Past performance does not guarantee future results.

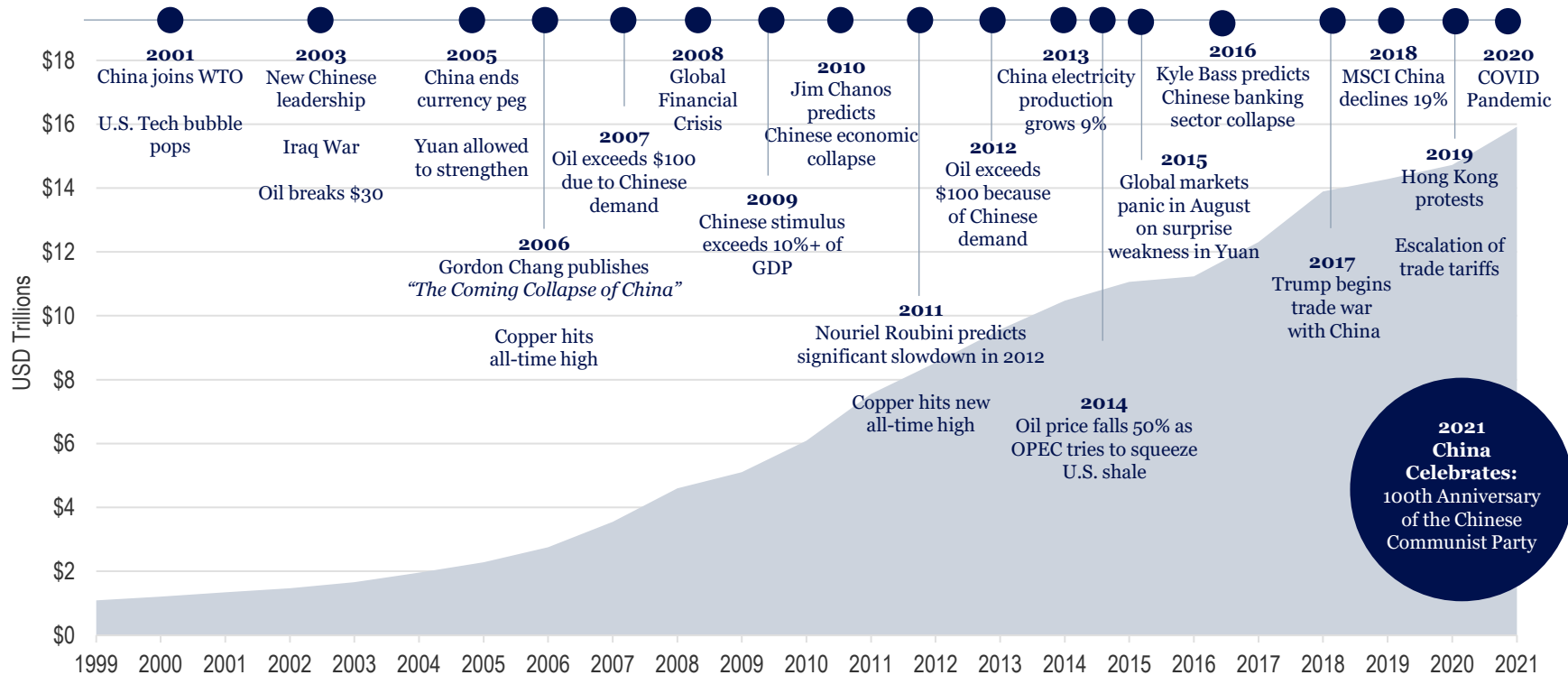
Source: Bloomberg and The Economist

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China GDP

"The rumors of my death have been greatly exaggerated."

- Mark Twain

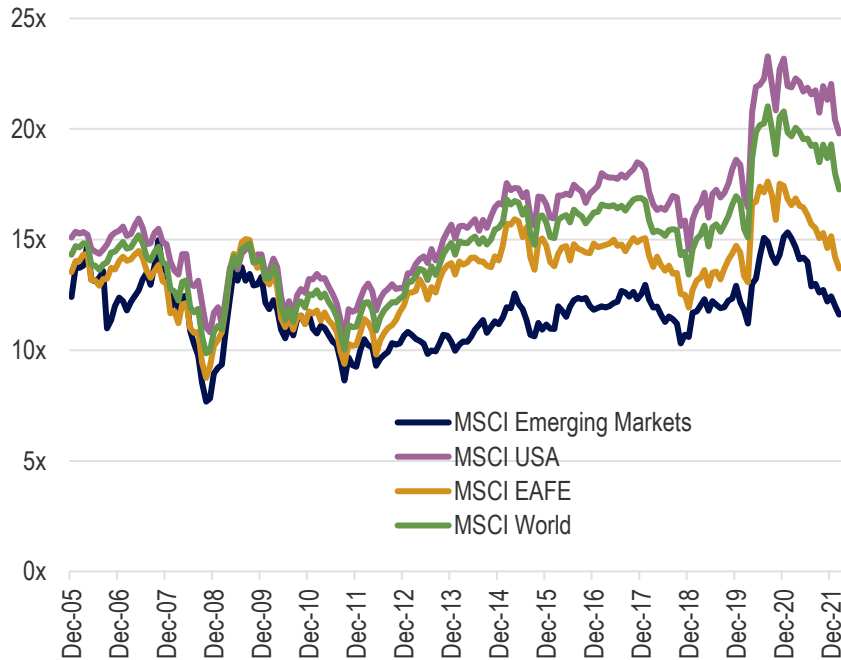


Source: Bloomberg,

Quotes are for information only and should not be considered an endorsement, testimonial or recommendation of any product or viewpoint.

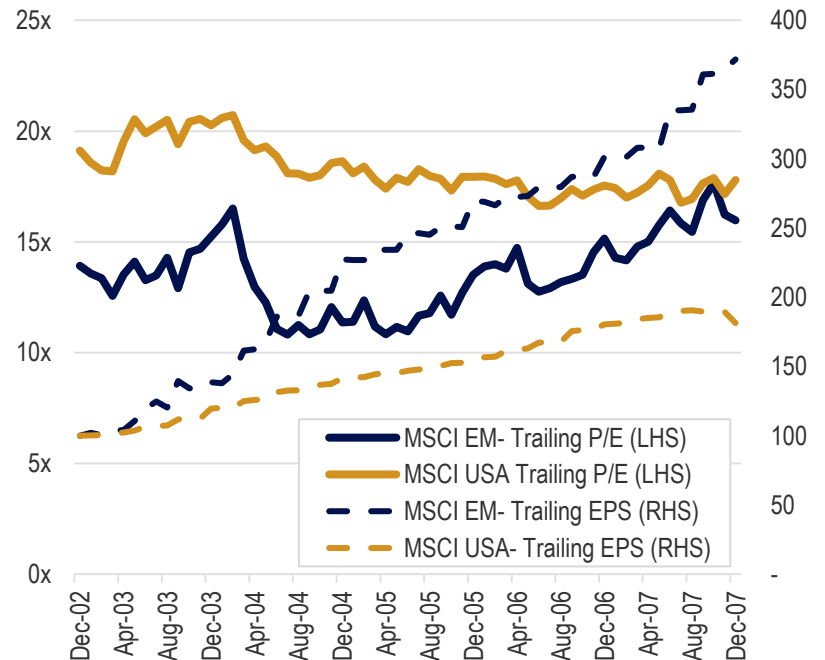
Relative Valuations across Geographies

P/E Ratio (Consensus Next 12 Months' Earnings)



Remember the Good 'Ol Days?

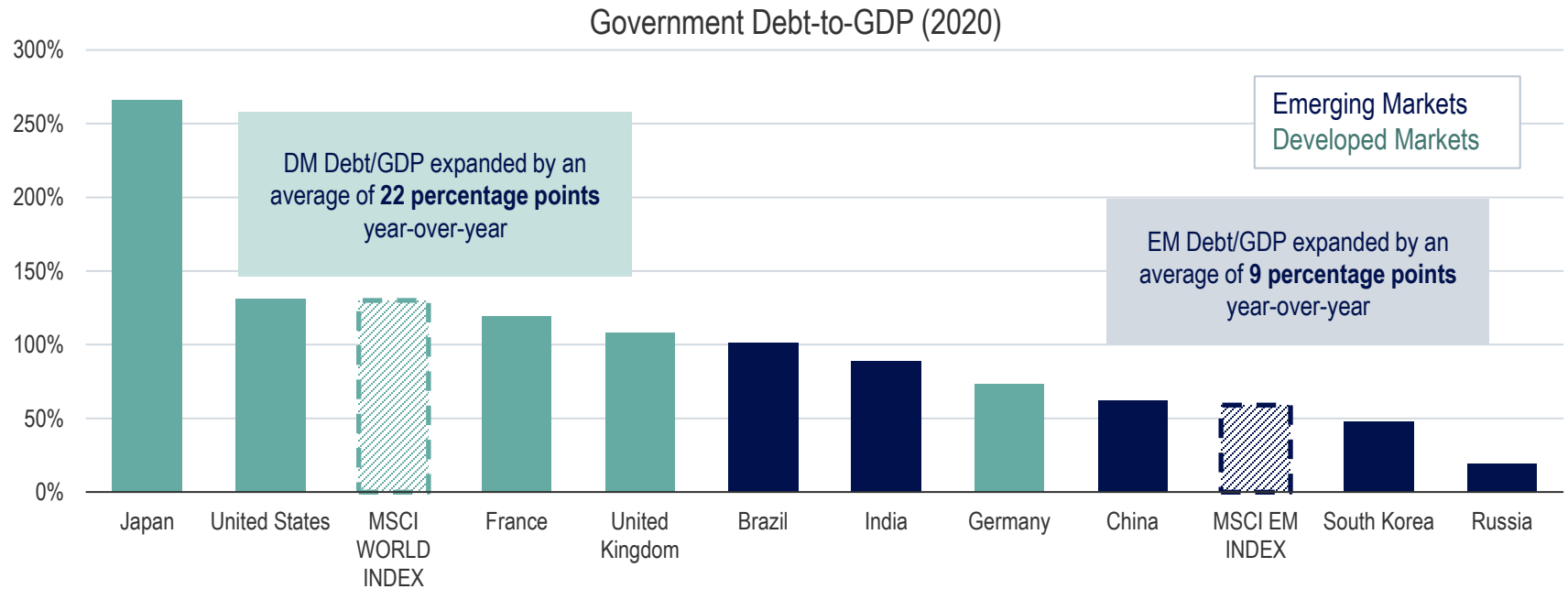
A valuation re-rate provides additional opportunity for EM performance



Source: Bloomberg as of 12/31/2021
Represented by MSCI Indices

Emerging Markets Exit 2020 Healthier Than Many Realize

Even after COVID, EM economies are less burdened by government debt than developed economies.



Source: IMF and FactSet as of 12/31/2020

Reasons We Remain Positive

Key Cyclical Factors Still Aligned for EM

Stable (likely-though-not-certain)



Visibility into “relatively” low Global Interest Rates



Accelerating and Synchronized GDP Growth (EM > DM)



Healthy Government Balance Sheets (EM > DM)

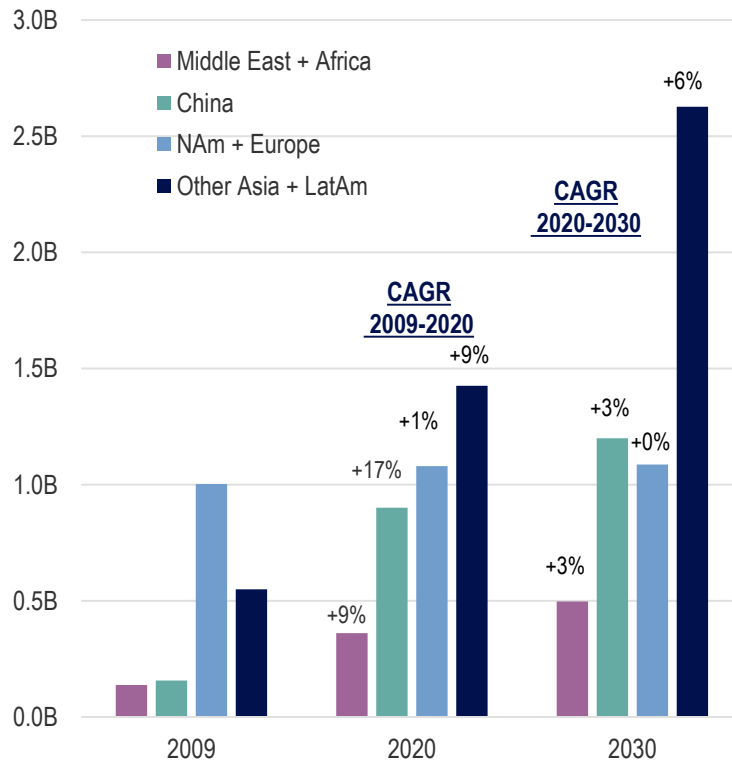


Faster Corporate Earnings Growth (EM > DM)

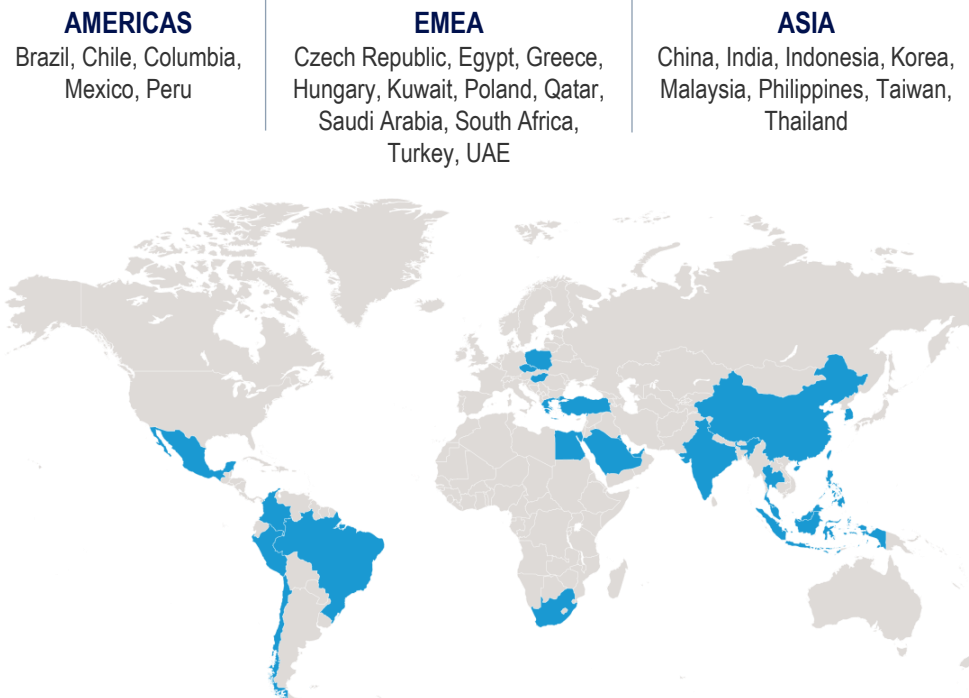


Emerging Markets are More than a Bet on China

Rise of the Middle Class



The Emerging Markets 24 independent markets across the world



Source: Bloomberg, MSCI, FactSet, and Wolfensohn Center for Development at Brookings Institute, as of 31/12/2020
EMEA is Europe, Middle East and Africa.

Disclosures

The performance data quoted represents past performance; it does not guarantee future results. Returns will fluctuate and current performance may be either lower or higher than data shown.

Investments in the strategy carry risks, including possible loss of principal. Special risks may be associated with investments outside the United States, especially in emerging markets, including currency fluctuations, illiquidity, volatility, and political and economic risks. Investments in small capitalization companies may increase the risk of greater price fluctuations. Carefully consider the strategy's investment objectives, risks, fees and expenses before investing. There is no guarantee that the strategy will meet its investment objectives.

Unless otherwise noted, source of all data, charts, tables and graphs is Thornburg Investment Management, Inc.

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The MSCI Emerging Markets Net Total Return USD Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 24 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The MSCI EAFE (Europe, Australasia, Far East) Net Total Return USD Index is an unmanaged index. It is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas developed markets on a U.S. dollar adjusted basis. The index is calculated with net dividends reinvested in U.S. dollars.

The MSCI USA Index is designed to measure the performance of the large- and mid-cap segments of the U.S. market.

Portfolio construction will have significant differences from that of a benchmark index in terms of security holdings, industry weightings, asset allocations and number of positions held, all of which may contribute to performance, characteristics and volatility differences. Investors may not make direct investments into any index.

Active Share - A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

EBITDA - Earnings before interest, taxes, depreciation, and amortization (EBITDA) is a metric that measures a company's overall financial performance.