



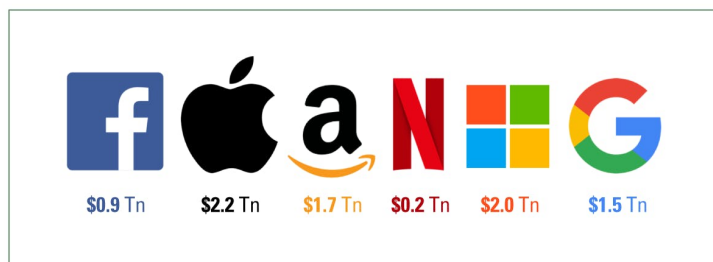
Are Emerging Markets leading the way of the Fourth industrial revolution?

Emerging Markets: Shaping the world of tomorrow

Published May 3, 2021 Length 3 minute(s) read

Emerging Markets move into top gear

In recent years, we have been experiencing a fourth industrial revolution – changing the way we interact, work, eat, exercise, pay and even the way we educate our children. The world has witnessed the rise of Facebook, Apple, Amazon, Netflix, Microsoft and Google (FAANMG) to name a few; these US tech giants have revolutionized our daily lives in just a few years. Is this about to change? What about Emerging Markets?



Source: Bloomberg, 21/04/2021.

More recently, lockdown measures have benefited players worldwide – including Emerging Markets, with an unprecedented boost in adoption of all sorts of digital services (eCommerce, Cloud, Internet of things (IoT)) and a change in consumer behaviour recentring towards living essentials (healthcare and environmental issues).

You might have heard about **Alibaba**, the world's biggest eCommerce company based in China, or **Mercado Libre**, the Argentine-based Latin American equivalent. But aside from these digital, high-profile companies, you may not have heard of many others. Yet, Emerging Markets are, and will continue to be, home to the big winners of this fourth industrial revolution, for the next decade and beyond.

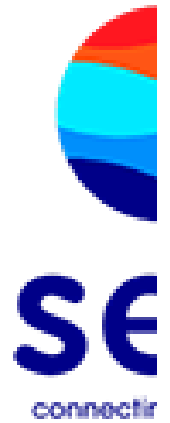
eCommerce giants are multiplying

In our flagship Emerging Market equity fund, we have been increasing our exposure to the digital world and to investment themes that will be the main beneficiaries of this revolution, including eCommerce companies:

- In Latin America with **Mercado Libre**, the leader in eCommerce and online payments.
- In Southern Asia with **Sea Ltd**, a gaming platform that has grown into a giant online commerce.
- In Russia with **Yandex**, the Russian search engine that takes market share from Google every year and has extended its ecosystem to taxis by merging with Uber in Russia.
- In Poland with **Allegro**, the "Polish Amazon".
- In China with e-commerce companies **JD.com** and **VIP Shop**.

A closer look at Sea Ltd

Sea Ltd is the 'Mercado Libre' or the 'Amazon' of South East Asia. Its main businesses are online games, eCommerce and e-wallet, with all three being leaders in their markets. At its core is an experienced and entrepreneurial management team, which draws on the strong support of giant Tencent as a major shareholder.



The world's semiconductor leaders are based in Asia

The 5G rollout, autonomous cars and the Internet of Things (IoT) all have a core component in common: semiconductors. It is no coincidence that the world's leading manufacturers of semiconductors, **Taiwan Semiconductor Manufacturing Co.** and **Samsung Electronics**, are both located in Asia.

We believe both companies have driven a rapid expansion within global technology markets and will continue to play a powerful and leading role in the digital innovation that transforms our everyday lives. As big innovators, they drive with their expertise, knowledge and firepower to invest in and develop these cutting-edge technologies.

Did you know?

Carmignac Emergents has held both Taiwan Semiconductor Manufacturing Co. and Samsung Electronics for more than 20 years, and they feature in the top three holdings as of 26/02/2021.



Samsung Electronics since 1999 and Taiwan Semiconductor Manufacturing & Co since 1998. These holdings may have been sold and bought again between their first entry in portfolio and today.

The Electric Vehicle phenomenon is accelerating

The Electric Vehicle (EV) industry has significant potential to grow and will accelerate further when EVs are adopted in the mass market. EV batteries are a high barrier-to-entry business and there are only a handful of battery makers of scale, including Korean-based LG Chem.

LG Chem is a leading global Electric Vehicle (EV) battery manufacturer with 20-25% global market share*. Technology-wise, LG Chem has a world leading and recognized expertise with expanding capacity. It is a key player in energy transition as it provides an essential component for electric cars and green technologies.

Focus on sustainability

LG Chem has a positive contribution to society and the environment: electric cars are helping reduce pollution in densely populated cities with a lot of traffic. The firm's governance is, overall, superior to most Korean companies and it is implementing major changes globally to ensure safety is the utmost priority for all its plants.



*Source: Company data, Bloomberg, official company quarterly reporting 31/12/2020.

2020 stock performance



How can investors take advantage of this growth?

(re)Discover Carmignac Emergents

Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. The analysis of financial instruments in this presentation was not prepared in accordance with applicable regulatory provisions regarding the independence of financial analysts. The Management Company is not subject to the prohibition of entering into transactions in connection with the relevant instruments before the presentation of this material. This material is presented for illustrative purposes only to point out certain instruments which are (or which were) in the portfolios of certain Carmignac Funds and it does not aim to promote a direct investment in the instrument mentioned herein. The portfolios of Carmignac Funds may change without previous notice. Copyright: The logos published in this presentation are the exclusive property of their owners.

Advertising material. For professional investors only. This document may not be reproduced, in whole or in part, without prior authorisation from the management company. This document does not constitute a subscription offer, nor does it constitute investment advice. Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). The return may increase or decrease as a result of currency fluctuations. Carmignac Emergents is a common fund in contractual form (FCP) conforming to the UCITS Directive under French law. Access to the Fund may be subject to restrictions with regard to certain persons or countries. The Fund is not registered in North America, nor is it registered in South America. The Fund has not been registered under the US Securities Act of 1933. The Fund may not be offered or sold, directly or indirectly, for the benefit or on behalf of a "U.S. person", according to the definition of the US Regulation S. The Fund presents a risk of loss of capital. The risks and fees are described in the KIID (Key Investor Information Document). The Fund's prospectus, KIIDs, NAV and annual reports are available in English at www.carmignac.com. The KIID must be made available to the subscriber prior to subscription. **In the United Kingdom**, the Fund's prospectus, KIIDs, NAV and annual reports are available in English at www.carmignac.co.uk, upon request to the Management Company or for the French Fund, at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 55 Moorgate, London EC2R. This material was prepared by Carmignac Gestion and/or Carmignac Gestion Luxembourg and is being distributed in the UK by Carmignac Gestion Luxembourg UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013). **In Switzerland**, the prospectus, KIIDs and annual report are available at www.carmignac.ch or through our representative in Switzerland, CACEIS (Switzerland), S.A., Route de Signy 35, CH-1260 Nyon. The paying agent is CACEIS Bank, Paris, succursale de Nyon/Suisse, Route de Signy 35, 1260 Nyon.