



## Chapter 3. Emerging Markets: Shaping the world of tomorrow

Why investors cannot afford to ignore Emerging Markets

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There is one main reason why you, as an investor, should consider Emerging Markets: Growth. People can be hesitant to invest in the region because of political, economic or social issues, but when approached in the right manner, with risk management and due diligence, investors can reap the rewards.

## DID YOU KNOW



China has now surpassed the Silicon Valley in number of tech 'unicorns' (start-up companies valued at more than a billion dollars).

**The EM tech space is expanding quickly, and on multiple fronts: internet, ecommerce, cloud and data centres.**

In Asia for example, we have seen JD.com, Sea Ltd and VIP Shop emerging as new giants competing with Amazon. Meanwhile, in Russia, a company named Yandex takes market share from Google every year and has extended its business to ride-sharing by merging with Uber in Russia.

## DID YOU KNOW



In 2010, only 17,000 electric cars were on the world's roads. By 2019, this number reached 7.2 million, 47% of which were being driven in China<sup>(2)</sup>.

**China is on track to becoming the world's leading market for electric vehicles (EV) and clean energy.**

The country currently invests 1.5% of its GDP annually to combat pollution and support clean energy industries such as solar, wind, and hydroelectricity. Government initiatives aim to have 7 million electric vehicles sold in 2025<sup>1</sup>.

## DID YOU KNOW



Carmignac has been invested in both Samsung Electronics and TSMC for more than 20 years, and they are currently in the top three holdings of Carmignac Emergents<sup>(3)</sup>.

**5G rollout, autonomous cars and the Internet of Things (IoT) require semiconductors, and the leading manufacturers are based in Asia.**

As big innovators, Taiwan Semiconductor Manufacturing Co. (TSMC) and Samsung Electronics are driving rapid expansion within global technology markets. Their expertise, knowledge and firepower are used to invest in and develop cutting-edge technologies that transform our everyday lives.



## DID YOU KNOW



In 2018, 50% of the Mexican population did not have a bank account<sup>(4)</sup>.

20 years ago, only 3% of the Chinese population had health insurance versus 95% in 2018<sup>(5)</sup>.

### **Emerging Markets structurally benefit from long-term demographic trends and improving living standards.**

We are convinced that underpenetrated sectors are a great source of growth stories.

For example, the banking and insurance penetration in Mexico is still very low compared to other countries, so is the car ownership penetration in India. So we are keen to invest respectively in financial and automobile companies there, as they have huge capacity for growth.

Another area of interest is innovation within healthcare, medicine and biotechnology, with the aim to lower medical costs and improve healthcare efficiency. This demand is mainly driven by Asian countries, including China, in the context of their ageing populations.

### **Want to know more?**

Discover our flagship EM equity fund Carmignac Emergents:

[Access the fund page](#)

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**Chapter 4 Coming soon** - The patient investor's approach to Emerging Markets

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<sup>1</sup>Source: Chinese State Council, Energy Saving and New Energy Auto Industry Development Plan (2020-2025).

<sup>2</sup>Source: International Energy Agency (IEA), Global EV Outlook 2020.

<sup>3</sup>Source: Carmignac 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.

<sup>4</sup>Source: IMF, 2018 data - "[Mexico, an opportunity for financial inclusion](#)" 29/05/2019.

<sup>5</sup>Ministry of Human Resources and Social Security (MOHRSS) of the PRC, 31/12/2018.

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