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Emerging Markets Equities in the New Era

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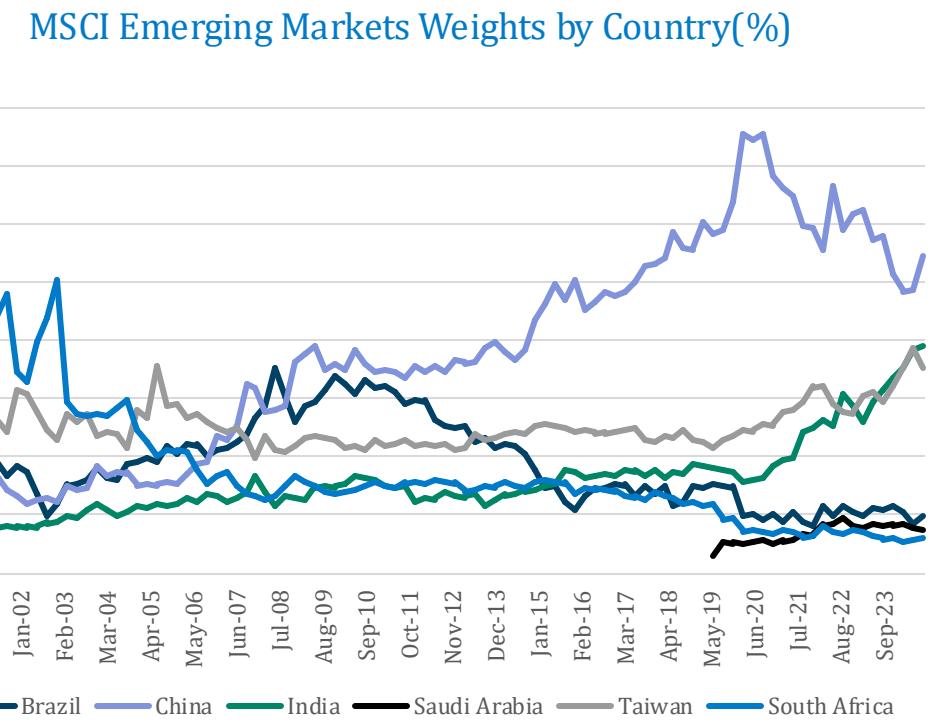
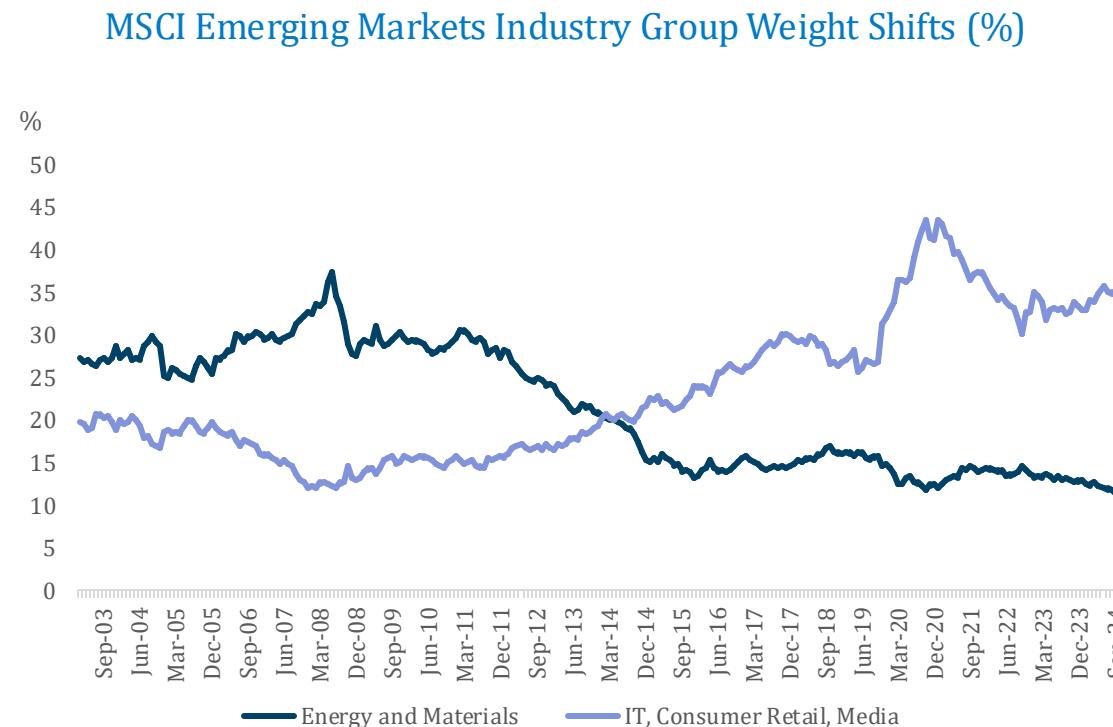
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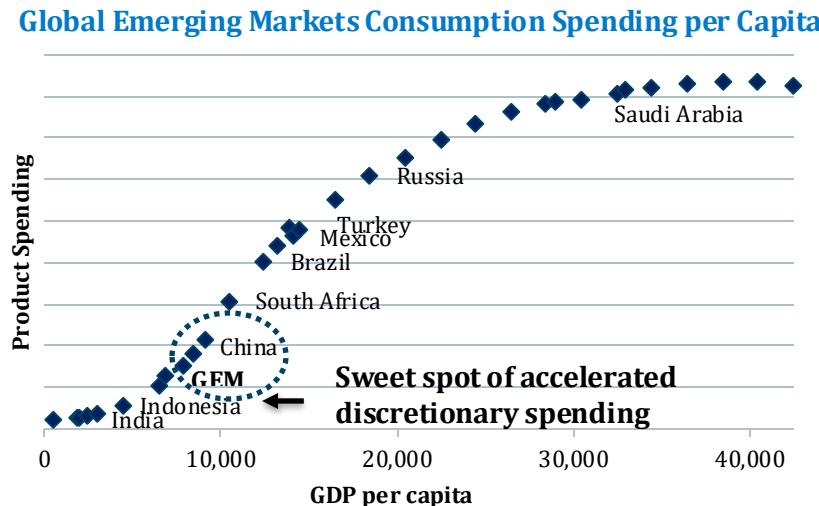
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Evolution of EM Equities

Emerging Markets opportunity set continues to evolve, broaden and deepen from sector and country perspective.



EM Investment Case (I): Rising Middle-Class Consumption

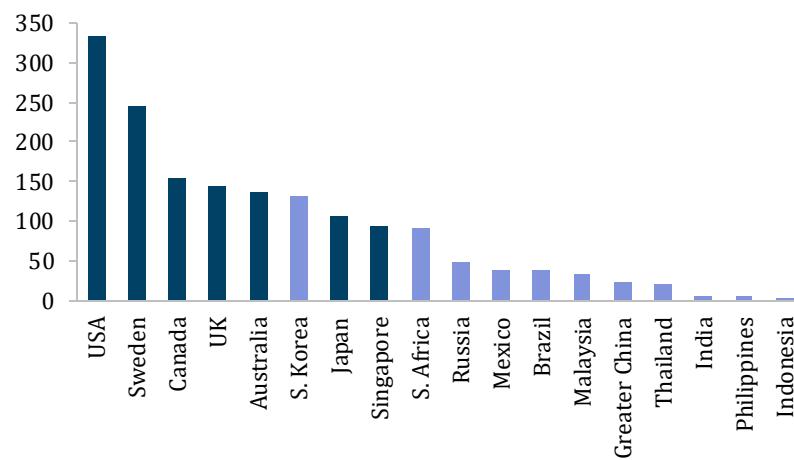


Per Capita Spending on Staple Products
(as % of G7 Capital Spending 2025)

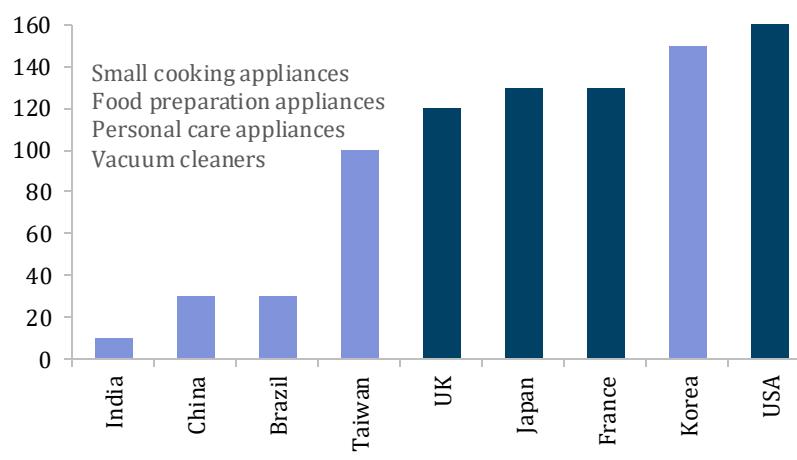
	Brazil	China	Indonesia	India	EM
Instant Coffee	15%	5%	30%	2%	19%
Beer	46%	16%	1%	1%	12%
Carbonated Drinks	40%	6%	3%	1%	12%
Baked Goods	42%	8%	4%	1%	10%
Spirits	14%	3%	0%	3%	9%
Yogurt	29%	14%	1%	1%	9%
Savory Snacks	12%	8%	3%	2%	6%
Chocolate	17%	2%	3%	1%	5%
Consumer Health	12%	10%	5%	1%	5%
Pet Food	21%	1%	0%	0%	3%
Ready Meals	4%	1%	0%	0%	1%

More Mature

Per Capita Spending on Sportswear (\$USD)

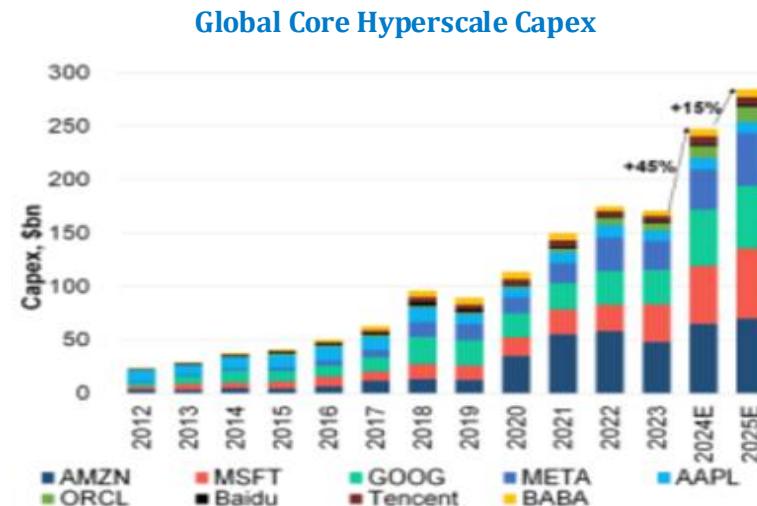


Per Capita Spending on Household Appliances (\$USD)



Data as of October 2019. Source: Credit Suisse, Goldman Sachs, Deutsche Bank, CSLA.

EM Investment Case (II): Increased Growth Opportunities in Tech Hardware

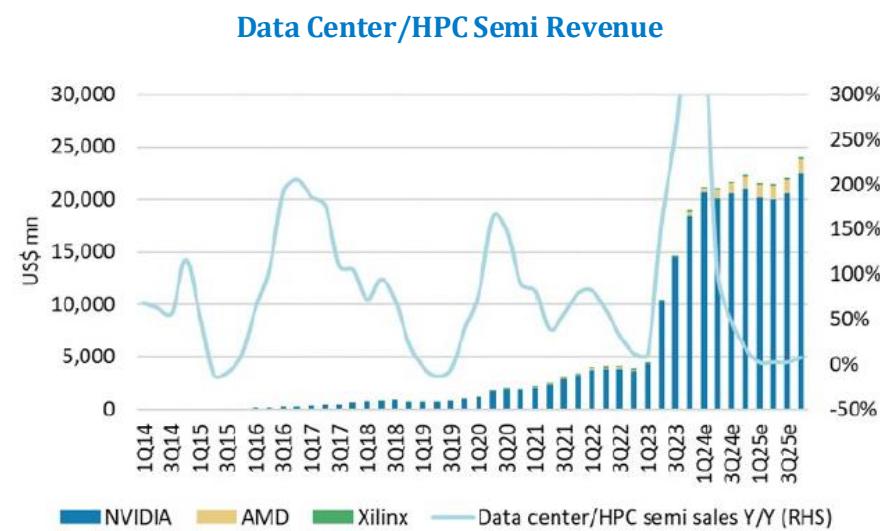


Capex Revisions



Bill of Materials (\$USD): Regular Server vs AI Server

BOM	Regular	DGXH100	Content Value DGX H100 vs Regular	
			H100	n.m.
GPU	-	\$157,420		
CPU	\$1,540	\$4,859	216%	
Memory/Storage	\$3,150	\$9,050	187%	
Network	\$523	\$8,726	1568%	
PCB	\$350	\$3,254	830%	
Power Supply	\$240	\$960	300%	
Assembly/Test	\$550	\$1,652	200%	
Design	\$826	\$2,478	200%	
Total	\$7,714	\$189,219	2353%	

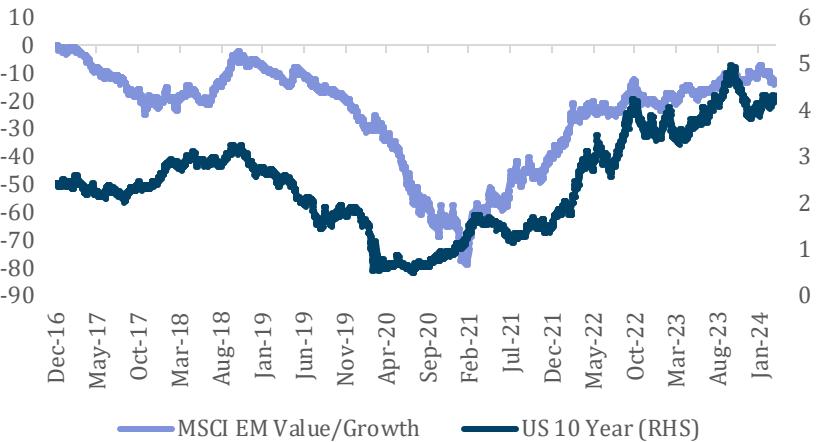


Data as of March 2024.

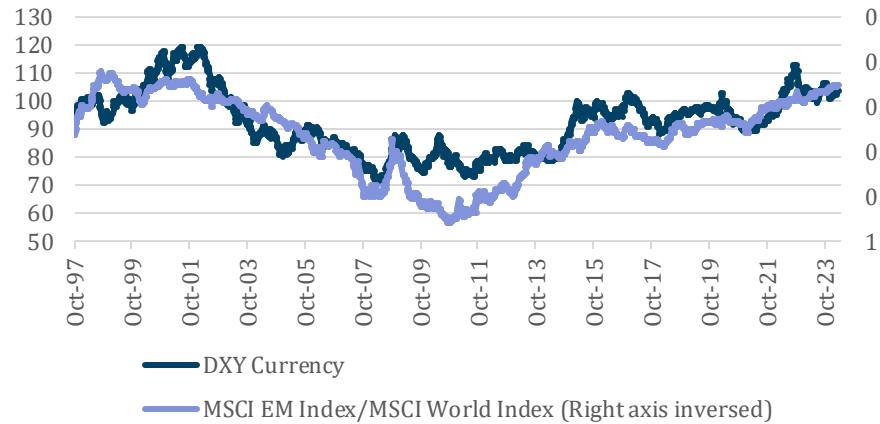
Source: Morgan Stanley. References to specific securities are provided for illustrative purposes only and should not be interpreted as investment advice or recommendations to buy or sell any security.

Near-Term Considerations for EM Equities

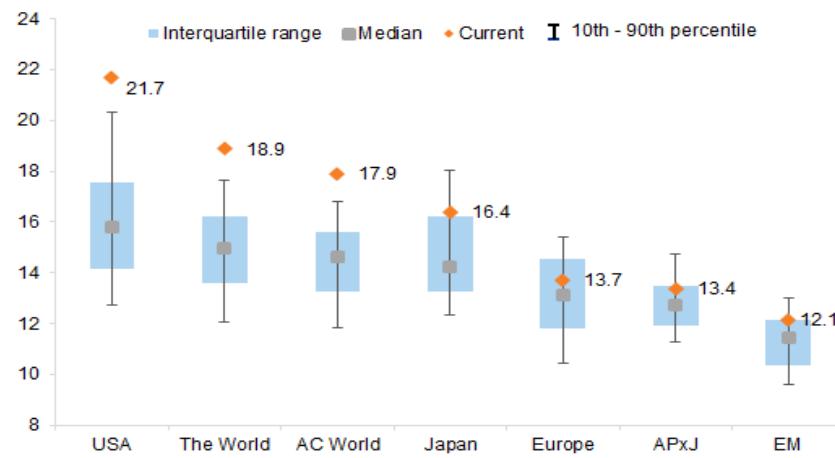
US 10 yr Yield and Value vs Growth in Emerging Markets



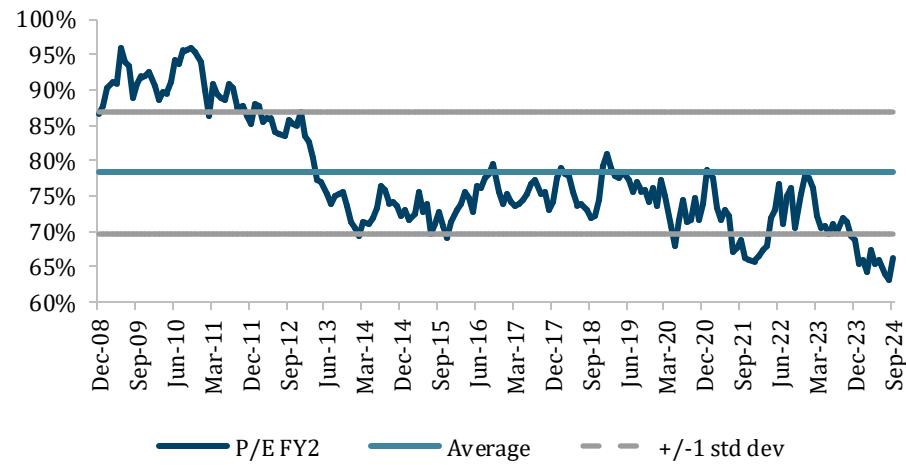
EM Has Historically Performed Well When Dollar Weakens



P/E NTM Ranges Over 20 Years

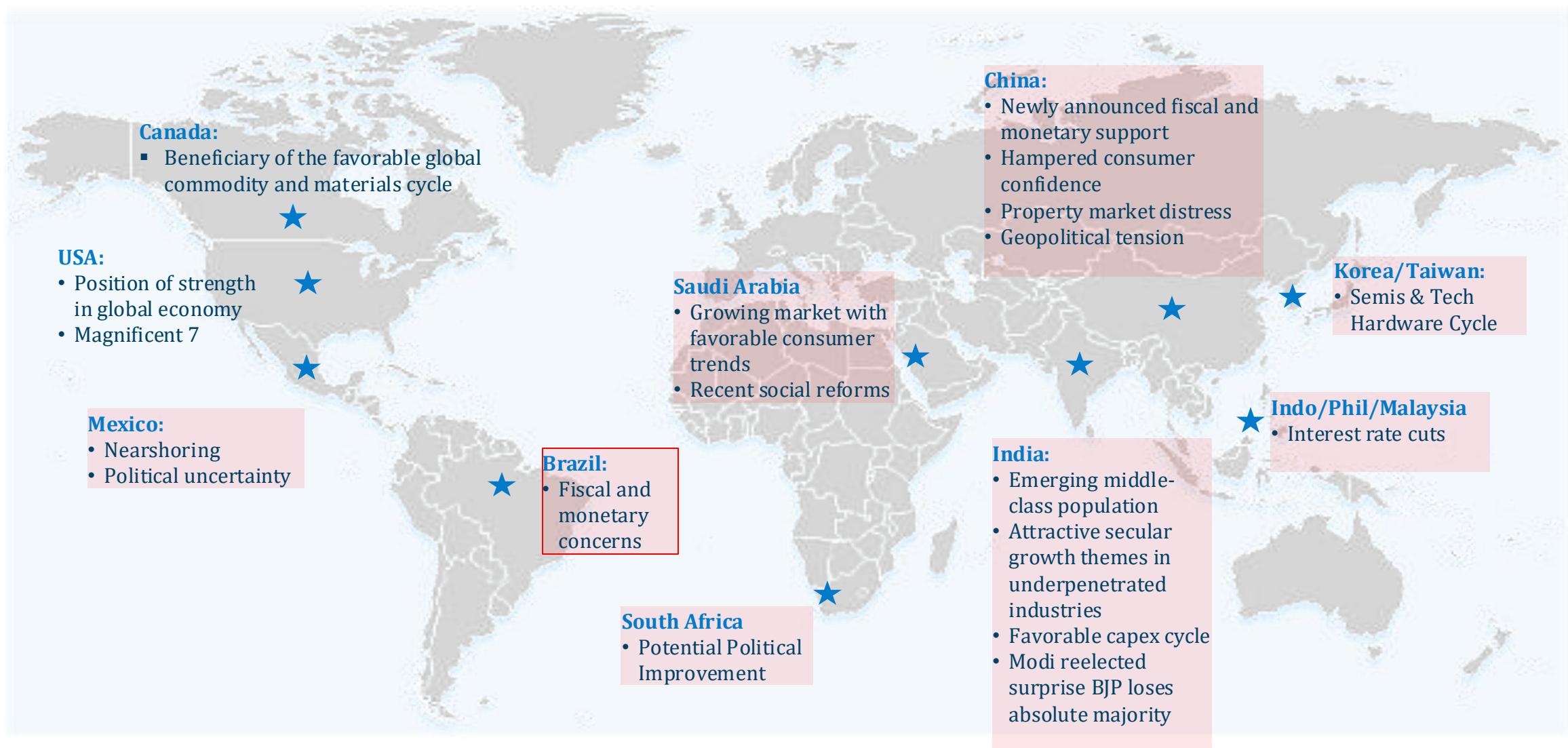


MSCI EM P/E FY2 - Relative to MSCI World



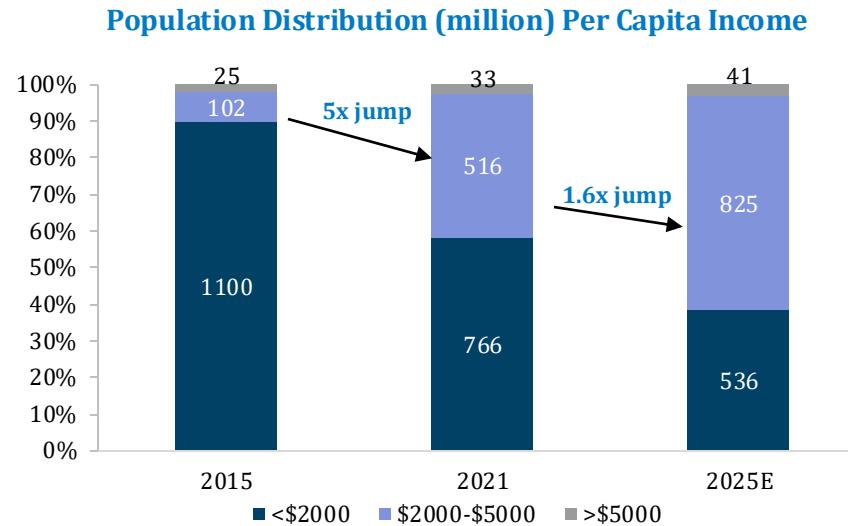
Data as of September 2024. Sources: MSCI, FactSet, Goldman Sachs. Source: CLSA, Credit Suisse. Past performance is not indicative of future returns. A direct investment in an unmanaged index is not possible.

Overview of Key EM Investment Opportunities and Risks



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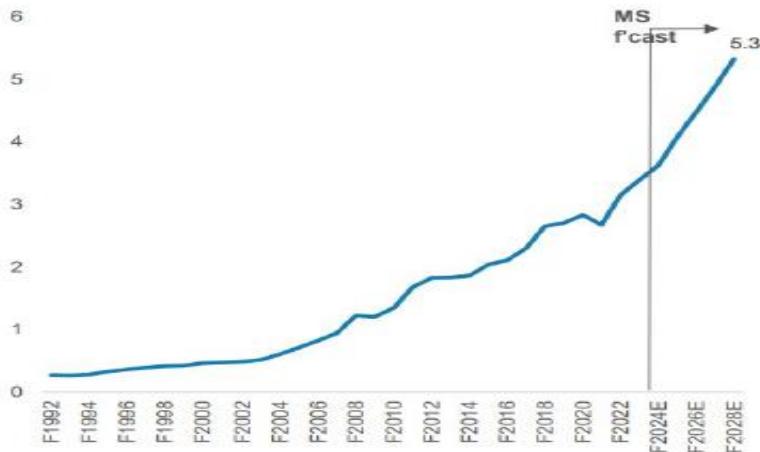
India Investment Case



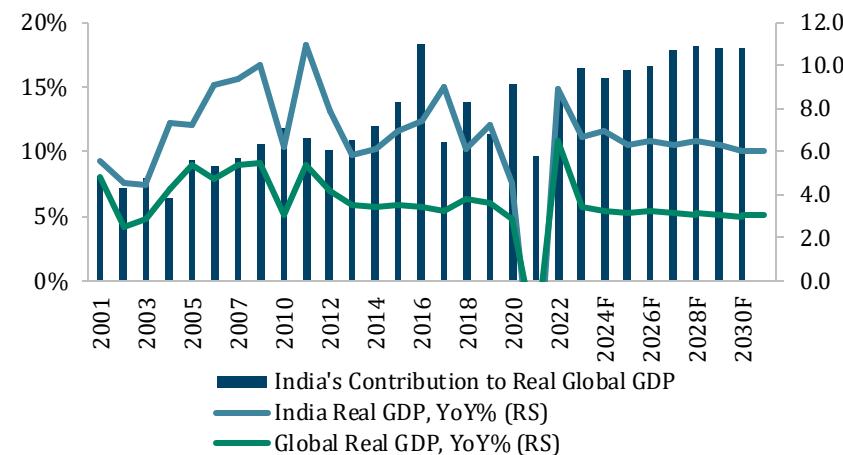
Data as of September 2024. Sources: Spark Capital, Morgan Stanley. Figures in the India Electronics Production chart represent the estimated market size for each industry in USD billion.

India Investment Case – Growth and Valuation

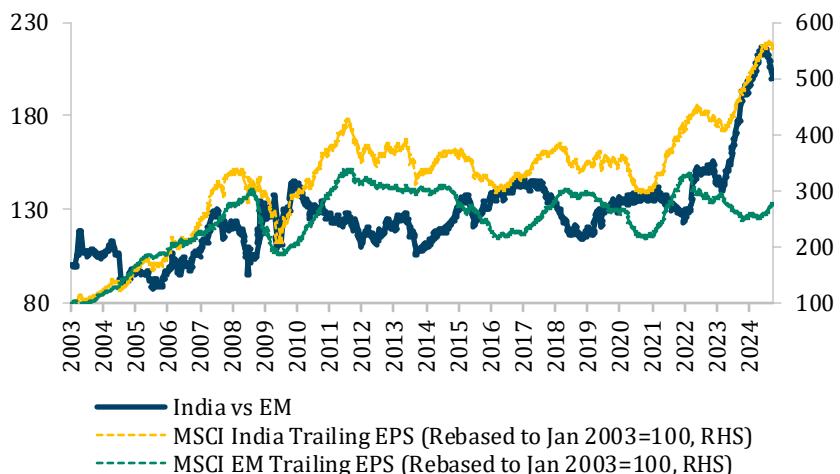
India Nominal GDP (US\$trn)



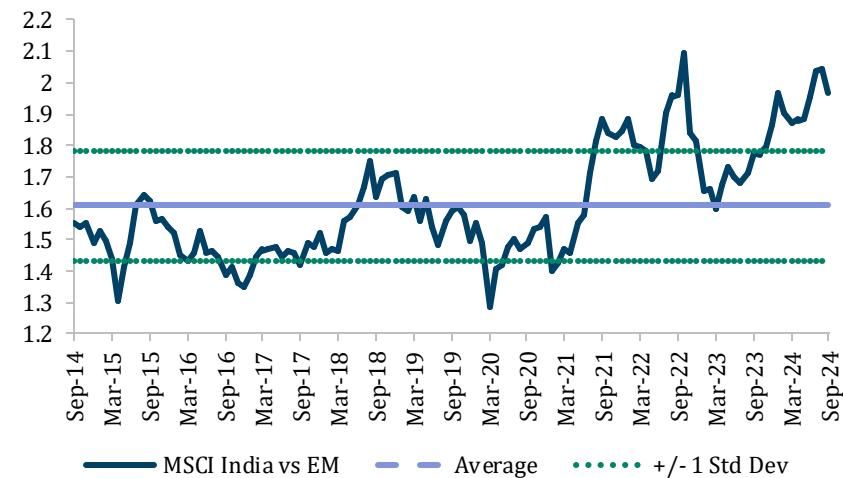
India's Share of Global Growth



India EPS Outperformance
(Rebased to 100 as of Jan 2003)

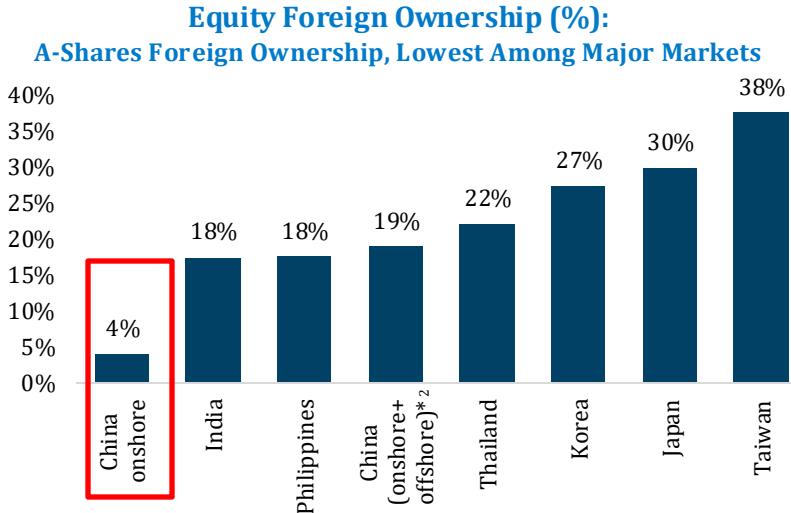


MSCI India Premium vs EM



Data as of September 2024. Sources: Morgan Stanley, Bloomberg. **Past performance is not indicative of future returns.** A direct investment in an unmanaged index is not possible.

China Investment Case – Structural and Near-Term Considerations



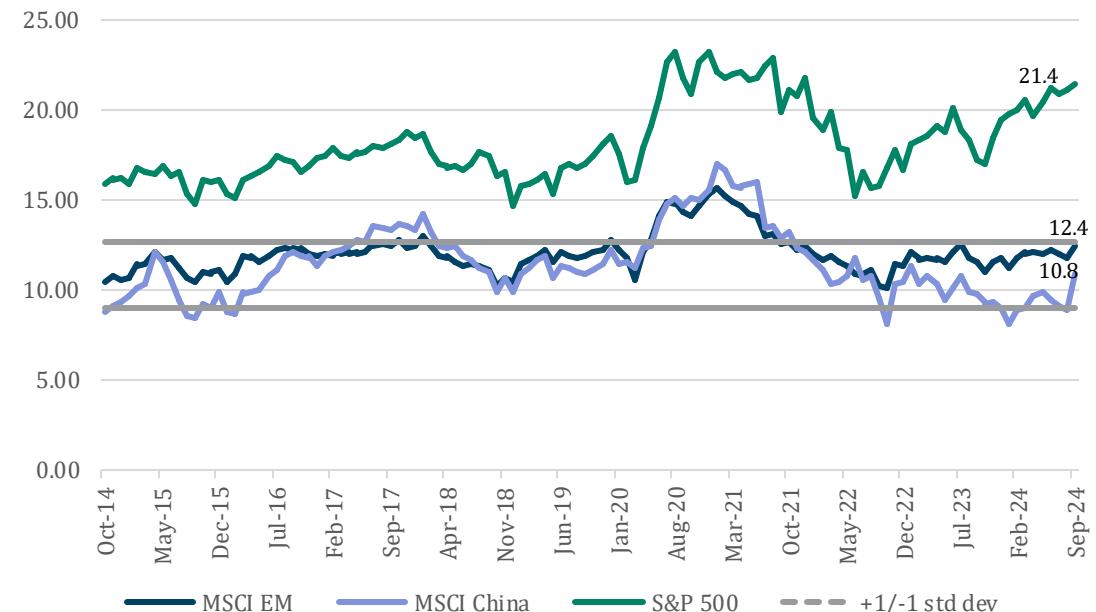
Data as of September 2024. Equity Foreign Ownership which is as of February 2023 and China Consumer Confidence which is March 2024. ²Calculated as sum of onshore foreign ownership and offshore free-float cap, divided by sum of onshore market cap and offshore free-float cap.

Sources: Brookings Institution, Bloomberg, Credit Suisse, World Bank, Euromonitor, Young China Group, William Blair, UBS. Citi. Bank of America Merrill Lynch, Goldman Sachs, Hong Kong Exchange.

China Investment Case – Recent Monetary and Fiscal Stimulus

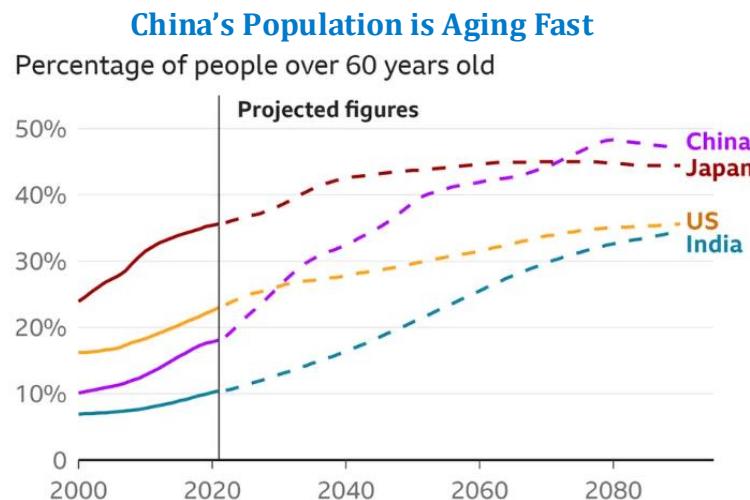
Recent Announcements		
Areas	Announced Measures	Implemented?
Monetary	50bps RRR cut and another 25-50bps RRR cut within 2024 20bps policy rate cut; forceful rate cut pledged by Politburo Outstanding mortgage rate cut to LPR – 30bps	50bps cut on Sep 27 20bps cut on Sep 27 Before Oct 31
Fiscal	Issue and use the bond proceeds well Ensure necessary fiscal expenditures Recapitalization of big 6 banks Stop property market decline and foster stabilization Tighten control of new property supply	~RMB 1.4trn issuance in Sep
Property	More credit support for “whitelist” developers Revitalization of idle land parcels Easing of purchase restrictions	Announced Sep 29
Equity Market	PBoC's new swap facility with NBFIs (RMB 500bn) PBoC's new relending facility of share buyback (RMB 300bn) Attract long-term capital into equity markets M&As of listed companies, mutual funds reform and investor protection	GZ, SZ & SH on Sep 29 Announced on Sep 29

MSCI China P/E FY2 – Relative to EM & S&P 500

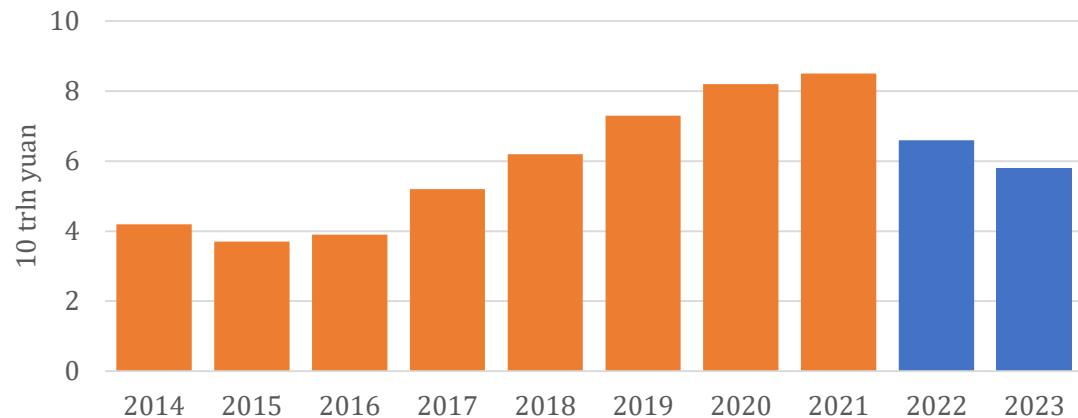


Data as of September 2024. Source: Citi, Gavekal, CLSA, Factset.

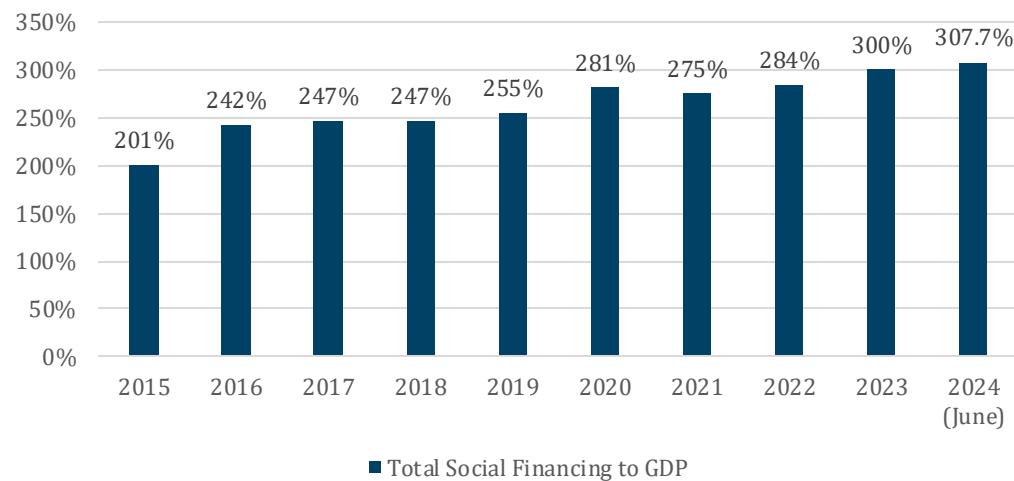
China Economy's Structural Challenges Remain



Local Governments' Land Sales Income Has Dropped



China's Debt-to-GDP Ratio



Key Political and Geopolitical Risks

Core Political & Economic Risks:

- US/China strategic competition
- Trade war
- National security concerns
- IP theft

Geopolitical Risks:

- Sovereignty issues related to Taiwan, HK, Tibet, South China Sea, etc.

Risks from Ideologies & Systems:

- Human rights issues in HK
- Xinjiang reeducation camps
- CCP's ruling
- Censorship

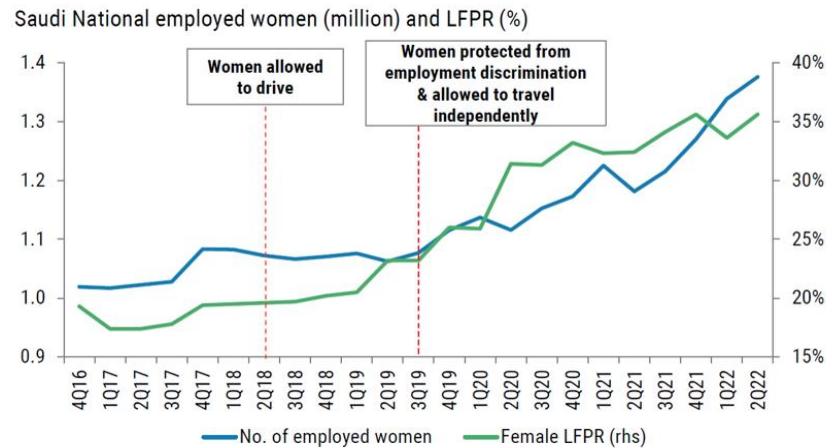
Other Risks:

- ADR delisting
- China investment bans

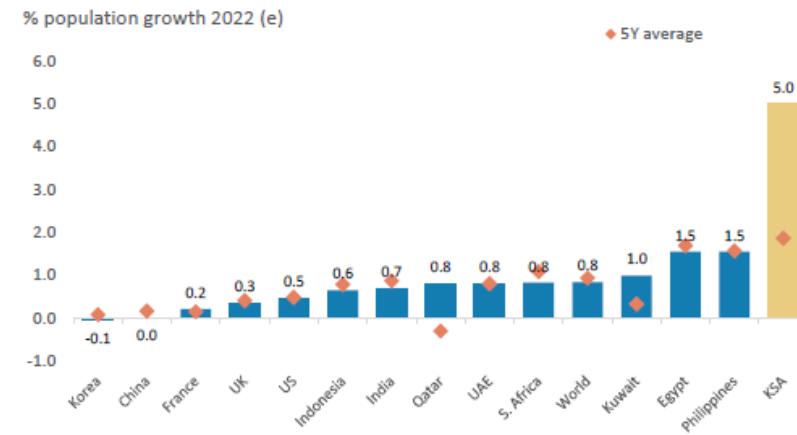
Data as of June 2024. Sources: UN Population Division, People's Bank of China and National Bureau of Statistics, Ministry of Finance, Breakingviews, William Blair.

New Investment Themes in EM – Saudi Arabia 2030 Vision

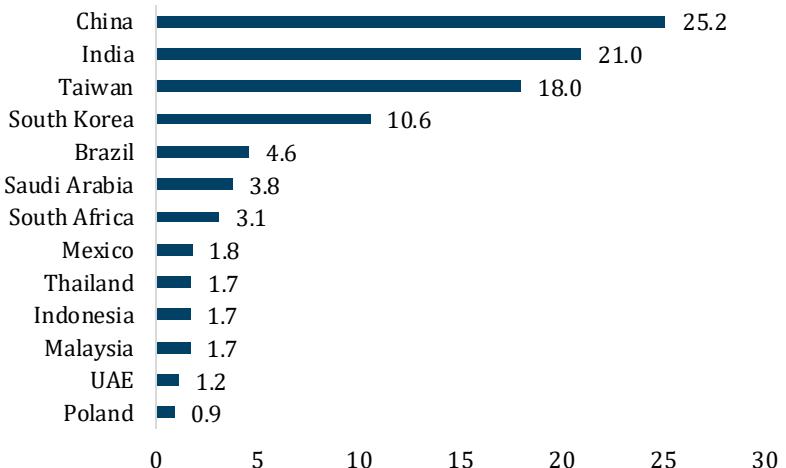
Saudi Women in Labor Force Participation



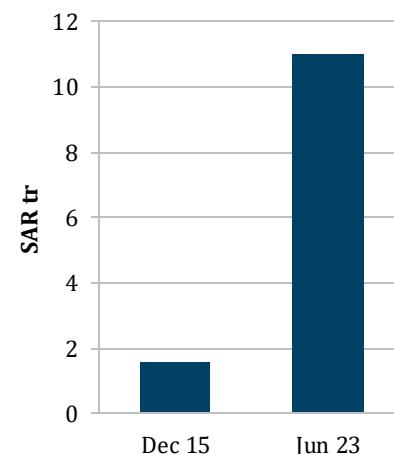
% Population Growth (2022E)



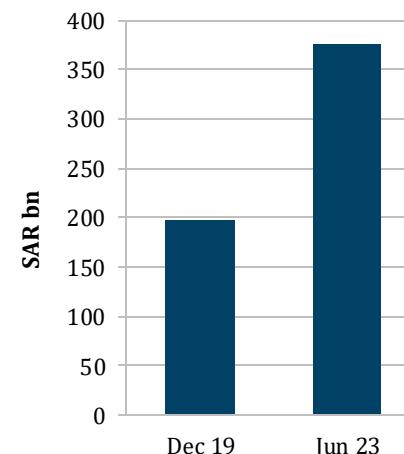
Saudi Arabia: Now the 6th Largest Country in MSCI EM IMI



Tadawul All Share Index Market Cap Growth



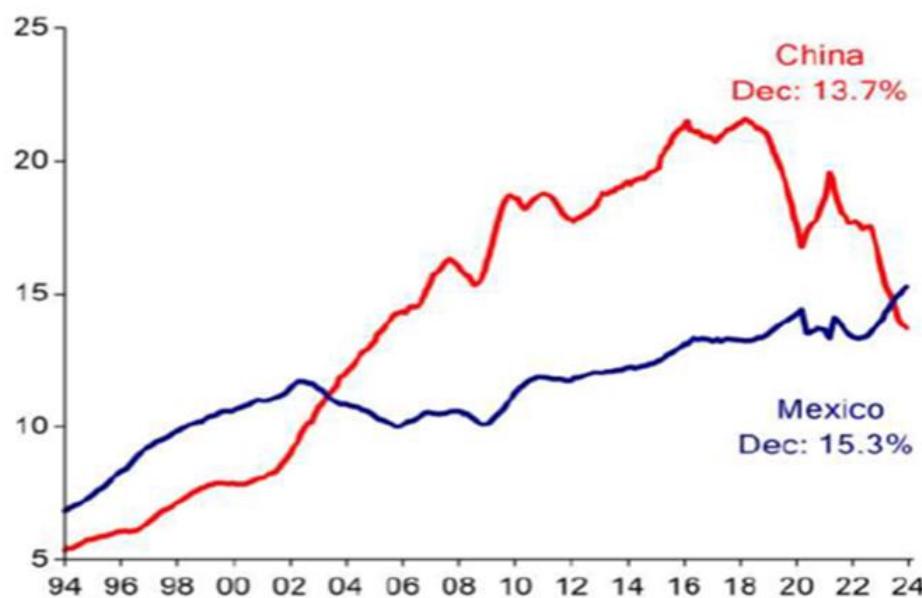
Foreign Ownership in Saudi Capital Market



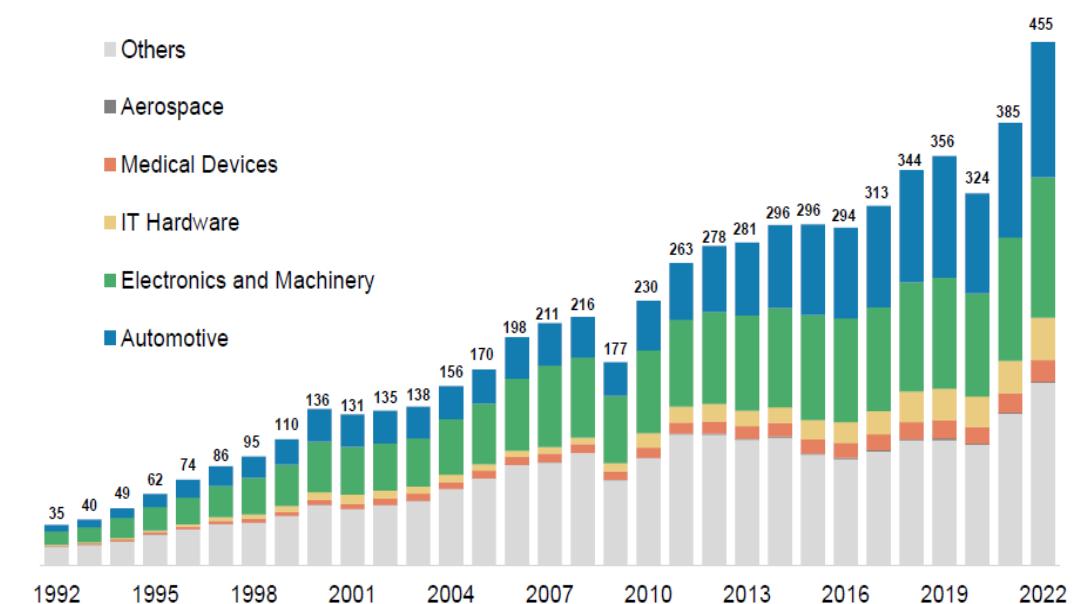
Top two graphs: Data as of March 2024. Bottom two graphs: Data as of September 2024. Sources: Morgan Stanley, Ipsos/Refinitiv, MSCI, Goldman Sachs.

New Investment Themes in EM – Mexico Near Shoring

US Good Imports (12mma) % Total Imports



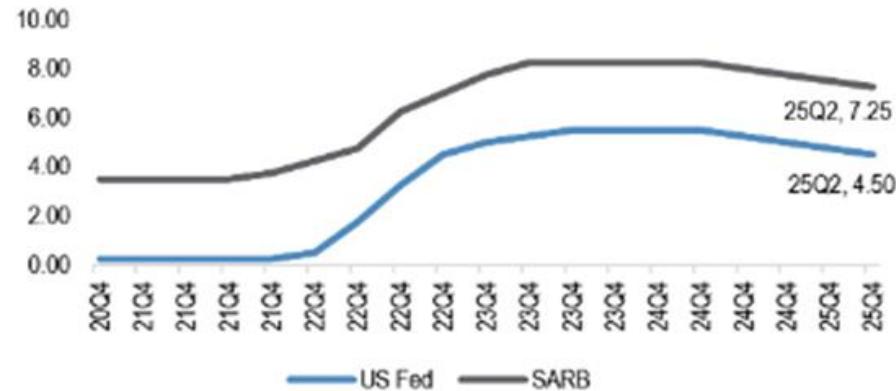
Mexican Exports to the US by Manufacturing Segment (US \$bn)



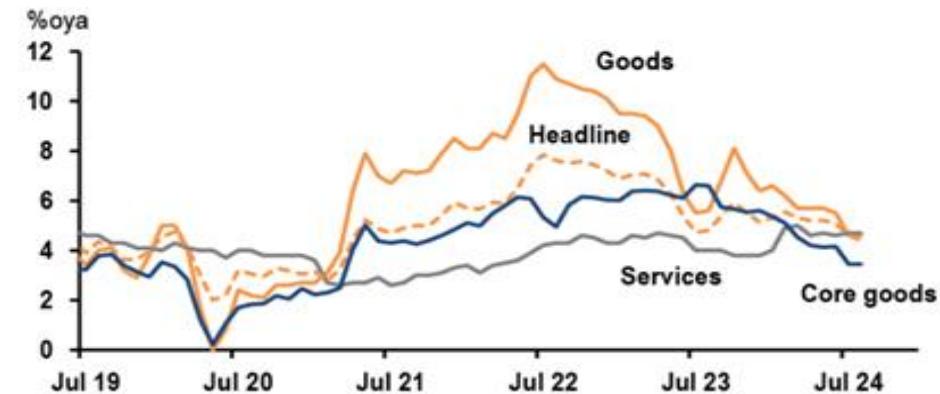
Data as of August 2023. Source: Morgan Stanley, JP Morgan, Citi.

New Investment Themes in EM – South Africa Recovery & Potential Structural Reforms

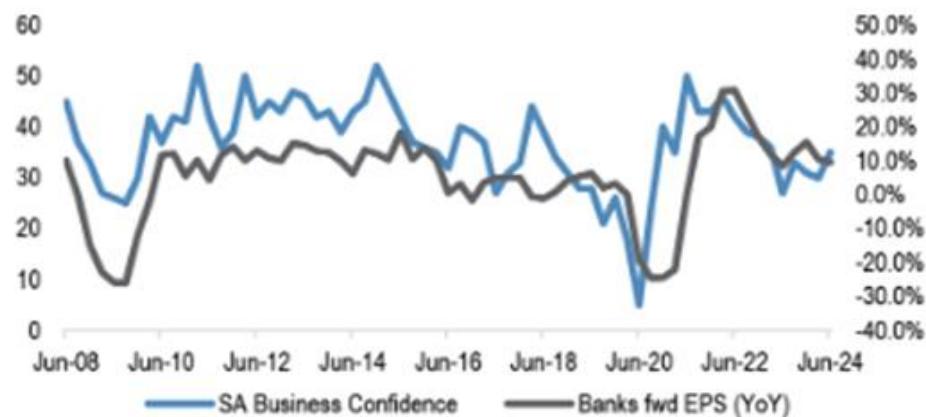
South Africa to Begin Cutting Starting Sept '24-June '25



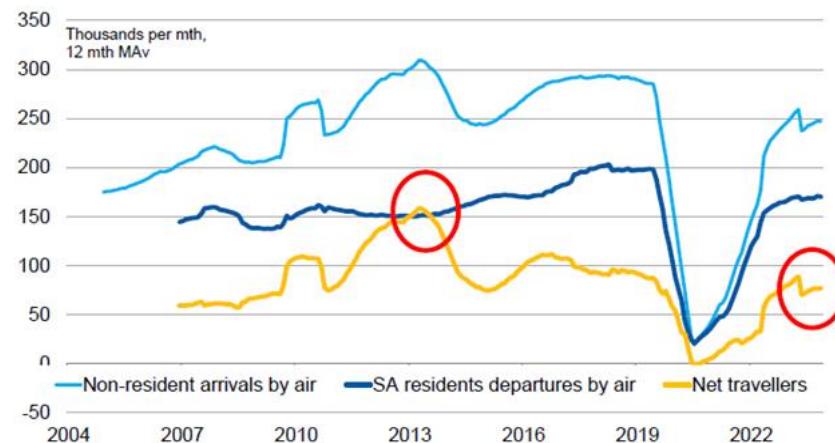
Headline, Services, Core Goods Inflation



Financials Earnings vs Business Confidence Index

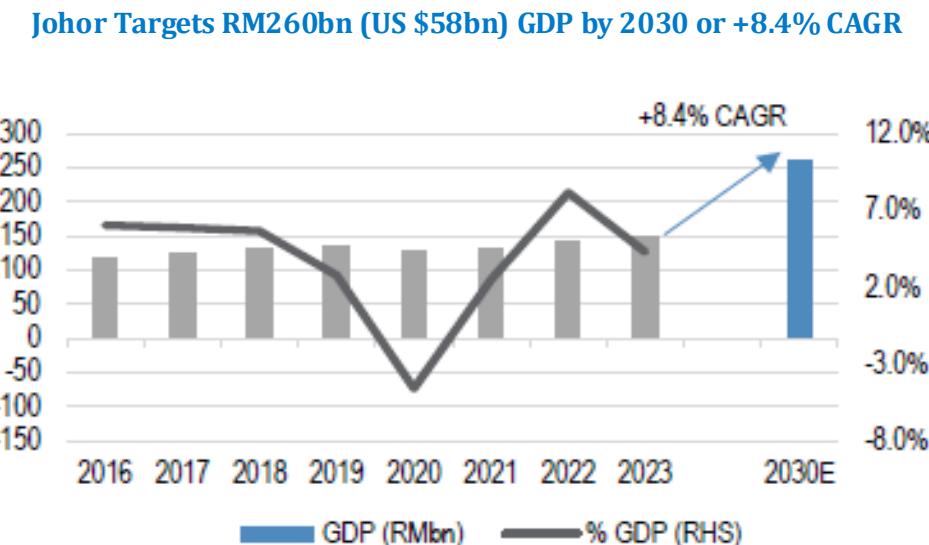
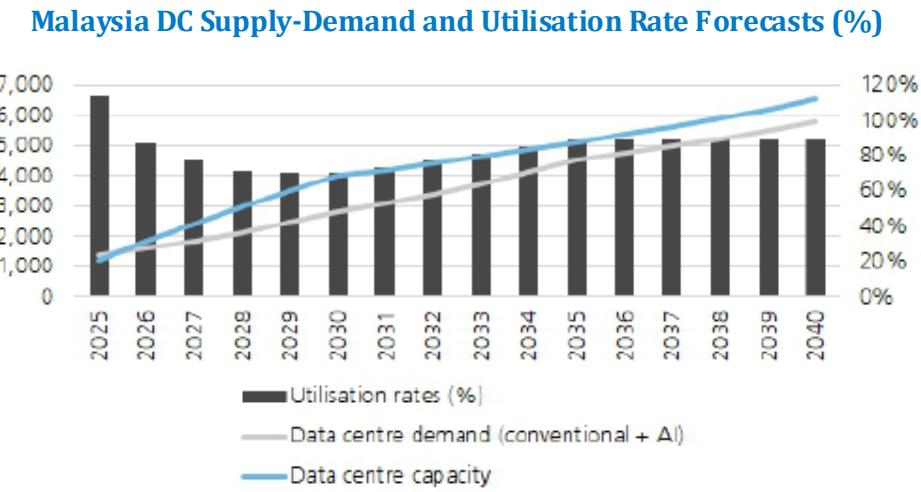
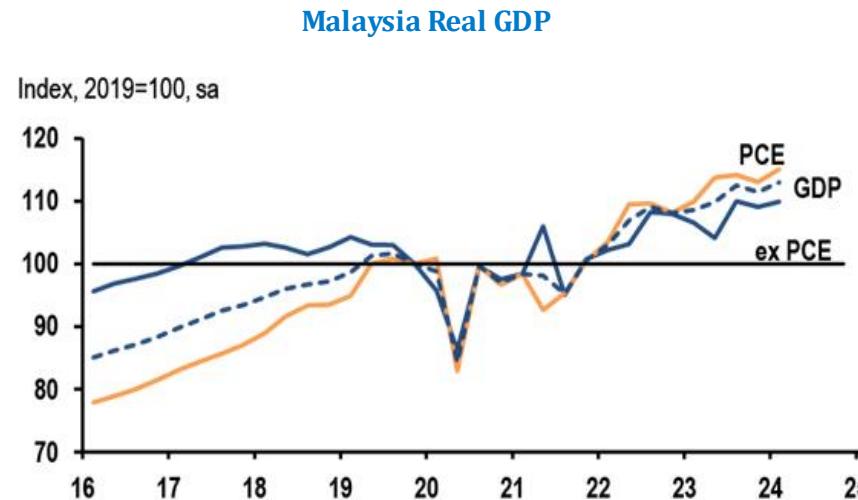


Tourist Arrivals Roughly Half the Rate of 2013



Data as of September 2024. Source: JP Morgan, Morgan Stanley.

New Investment Themes in EM – Malaysia Economic Recovery, Political Reforms and Data Center Boom



Data as of September 2024. Sources: DOS, UBS, CEIC, Google

Summary

- Structural growth of EM equities continues to strengthen, broaden and deepen. This may provide more abundant and diverse opportunities for investors.
- We believe the near-term outlook of EM equities is favorable overall, in light of FED rate cuts and idiosyncratic developments in various countries on both political and economic fronts, albeit certain divergence.
- Policy, political, and geopolitical risks remain key considerations in EM investing.
- In our view, EM valuation is attractive versus history and developed markets on an aggregate level.

Glossary – Indices

MSCI All Country World Index: an index designed to measure the performance of developed and emerging markets.

MSCI China Index: an index which captures large and mid cap representation across China H shares, B shares, Red chips, P chips, and foreign listing.

MSCI China A Onshore Index: free float-adjusted market capitalization weighted index that is designed to measure the performance of China A share securities listed on either the Shanghai or Shenzhen Stock Exchanges.

MSCI Emerging Markets Index: a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

MSCI USA Index: a free float-adjusted market capitalization index designed to measure the performance of the large and mid cap segments of the US market.

MSCI World Index: a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

MSCI World ex-USA Index: a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S.

S&P 500 Index: a market capitalization weighted index of 500 stocks designed to measure the performance of the broad U.S. economy.

Indexes are unmanaged and do not incur fees or expenses. A direct investment in an unmanaged index is not possible.