

Why Argentina? Why ARG?



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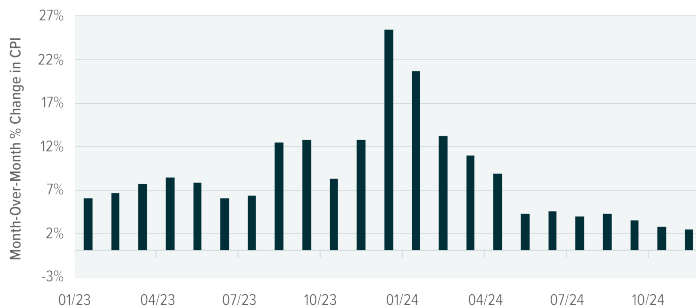
Why Argentina?

The Transformational Power of President Javier Milei's Leadership

- **Milei Driving Change:** After decades of Peronist leadership, which saw five sovereign debt defaults from 1982 to 2020 and eroded international investor confidence in the country, Argentines voted decisively for change in 2023.¹ Milei represents a return to economic orthodoxy for Argentina, with him implementing sustainable policies aimed at empowering the muted private sector, reducing the size of the government, and potentially paving the way for long-term sustainable growth.
- **Impressive First Year in Office:** Despite his coalition's minority in the Lower House, Milei has moved quickly to implement his agenda. Since taking office in December 2023, he has devalued the currency; cut irresponsible government spending; introduced an incentive program for large investments known as the RIGI framework to attract foreign direct investment (FDI); made market friendly appointments to key government positions; reached multiple deals with the International Monetary Fund (IMF); produced the country's first quarterly fiscal surplus since 2008; and passed the Laye de Bases Bill, an important piece of pro-business legislation laying the foundation for Milei's economic vision for the country.
- **Economic Fundamentals Appear Set to Improve:** We believe Milei's austerity measures greatly improved the country's long-term fundamentals, but they also uncovered the true weakness in the underlying economy stemming from decades of Peronist economic policies, pushing real (inflation-adjusted) wages lower in 2024 and weighing on the day-to-day life of the average Argentine.² Looking ahead, we see real gross domestic product (GDP) growth accelerating while inflation is expected to continue slowing, likely representing a stark year-over-year macroeconomic improvement.

CONSUMER PRICE INDEX SLOWED SHARPLY AFTER DECEMBER 2023 PESO DEVALUATION SPIKE

Source: Global X ETFs with information derived from: Bloomberg LP. Month-over-month change in CPI. Data as of November 30, 2024.



Helping Unlock the Country's Long-term Potential

- **Attracting Foreign Investment:** After decades of Peronist policies eroded investor confidence and pushed FDI to low levels, Milei's policies appear set to provide stability and certainty to foreign businesses looking to invest in Argentina.³ Milei has already taken steps to attract large scale investments by introducing the RIGI framework, which provides tax, currency, and other incentives for companies that invest more than \$200mn in the country.⁴
- **The Potential to Become a Commodity Powerhouse:** Argentina is home to a large amount of natural resource wealth. It is home to the largest shale gas field outside the U.S., Vaca Muerta.⁵ Its natural resource base is also very well positioned to benefit from the electrification trend, with Argentina being home to the sixth largest copper reserves globally, while also sitting in the "lithium triangle".⁶ Despite this abundance of natural resource riches, Argentina remains a net energy importer, while copper production is almost non-existent. Therefore, we believe the economic normalization plan put in place by Milei will be key to attracting the FDI needed to develop these industries, which could allow Argentina to finally capitalize on these undeveloped riches.
- **Demographics:** Argentina's has a large and well-educated population, with the working age population set to expand over the coming decades.⁷ This demographic backdrop should allow the country to capitalize on Milei's economic turnaround.
- **Valuation:** Despite ARG returning +53.66% in 2023 and +63.25% in 2024 based on NAV, we believe valuations remain at very attractive levels.⁸ Based on the MSCI Argentina Index, price-to-earnings ratios are below the Macri-era peak seen in October of 2017.⁹

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. High short-term performance, when observed, is unusual and investors should not expect such performance to be repeated. For standard performance and performance current to the most recent month-end, visit <https://www.globalxetfs.com/funds/arg/>



Why ARGT?

- **Leadership:** The Global X MSCI Argentina ETF (ARGT) is the first and only ETF to directly target Argentina.¹⁰
- **A Client Friendly Structure:** ARG T offers the liquidity and transparency of the ETF structure for a total expense ratio of 0.59%.
- **Sector Exposure:** ARG T offers exposure to 25 companies that operate within nine different sectors of the Argentine economy (as of December 31, 2024).
- **Expertise:** While ARG T is a passive product, Global X's active team of experienced Emerging Market investors provides research and client support.

FOOTNOTES

1. Bloomberg News. (2019, Sep 11). One Country, Nine Defaults: Argentina is Caught in a Vicious Cycle.
2. Bloomberg LP. Data as of November 26, 2024.
3. Our World in Data. Foreign Direct Investment, Net Inflows, as Share of GDP. Data as of May 20, 2024.
4. S&P Global. (2024, Jun 4). Milei's RIGI Program Provides Big Incentives for Argentine mining.
5. Reuters. (2024, Oct 23). In Argentina's Vaca Muerta Shale Lands, its Drill Baby Drill!
6. Fastmarkets. (2024, Sep). Argentina's Mining Renaissance: Key Takeaways From our Recent Copper and Lithium Market Webinar.
7. The CIA World Factbook. Explore All Countries – Argentina. Data accessed on November 12, 2024.
8. Bloomberg LP and Global X ETFs. Data accessed on January 2, 2025.
9. Bloomberg LP. Data as of December 9, 2024.
10. Ibid

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Investing involves risk, including the possible loss of principal. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Securities focusing on a single country may be subject to higher volatility. ARG T is non-diversified.

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