

Why Emerging Markets? Why EMC?



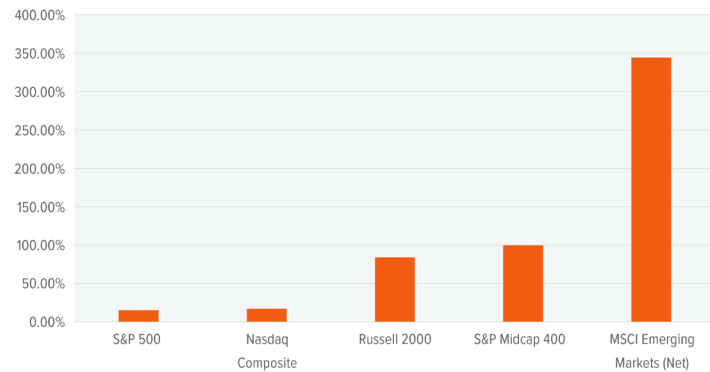
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Why Emerging Markets?

- **Dislocation:** Emerging markets (EMs) represent roughly 85% of the world's population, ~42% of global gross domestic product (GDP), and ~80% of GDP growth, but only ~11% of global market capitalization.^{1,2,3,4}
- **History:**
 - The MSCI Emerging Markets Index (Net) has only outperformed the S&P 500 Index in two out of the last 10 calendar years through 2023.⁵ Following a decade of U.S. exceptionalism, we believe emerging markets could now offer outsized growth potential at discounted valuations.
 - Note that during the last EM cyclical upswing, between 2001 and 2010, the MSCI Emerging Markets Index (Net) delivered a cumulative return of 344.40% versus 15.07% for the S&P 500 Index.⁶
- **Currency Hedge:** EM equities can provide a hedge against U.S. dollar (USD) weakness. A weaker USD can benefit EM countries and companies by reducing interest payments (in local currency terms) on USD-denominated debt and boosting commodity prices, a key pillar of many EM economies.
- **Diversification:** EM exposure has the potential to provide portfolio diversification and improve risk-adjusted returns.⁷

10 YEAR CUMULATIVE INDEX TOTAL RETURNS (JANUARY 1, 2001 TO DECEMBER 31, 2010)

Sources: Global X ETFs with information derived from: Bloomberg LP. Data accessed on April 1, 2024.



Index returns are for illustrative purposes only and do not represent actual Fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Why EMC?

- **The Opportunity:** Most Americans know the story of the baby boom. After WWII, birthrates in the U.S. surged, and eventually there was a significant expansion of our middle class. The U.S. benefitted from 76.4 million babies born from 1946 through 1964.⁸ Global X believes there will be various similar economic patterns across emerging markets, as roughly five billion people are expected to be in the consumer class by 2031.⁹
- **The Strategy:**
 - The Global X Emerging Markets Great Consumer ETF's investment strategy is a broad active EM equity strategy focused on finding growth opportunities in domestic consumption stories across emerging markets.
 - The fund is expected to consistently remain underweight materials and energy, which could reduce the risk of difficult-to-forecast moves in commodity prices, currencies, and trade rhetoric. All the while, this allows the investment team to focus on structural stories within the universe. We believe this approach could reduce volatility and improve risk-adjusted returns.
- **Expertise:** Global X is a wholly owned subsidiary of Seoul-based Mirae Asset – a pioneer in Asian active asset management with over USD 535bn under management (as of March 31, 2024). EMC's investment team sits across both Asia and the Americas. The team speaks 11 different languages and carries personal, academic, and professional experience across emerging markets.
- **Client Friendly Structure:** EMC offers bottom-up active management with a competitive fee, along with the liquidity and transparency of the ETF structure.
- **Investment Philosophy:** We look for companies that are likely to benefit from both bottom-up and structural tailwinds, with moats helping them stand out from competition, management teams aligned with minority shareholders, and clear near- and long-term catalysts, exhibiting growth at a reasonable price characteristics. At the end of the day, we search for companies that we believe can consistently earn and compound returns above their costs of capital.
- **Investment Process:** A strict investment process based on a quantitative screen, sector specialists' stock analysis, and risk-adjusted portfolio construction.



Related ETF

EMC – Global X Emerging Markets Great Consumer ETF

Click the fund name above to view current performance and holdings.
Holdings are subject to change. Current and future holdings are subject to risk.

FOOTNOTES

1. World Bank. Data accessed on April 1, 2024.
2. International Monetary Fund. Data accessed on April 1, 2024.
3. International Monetary Fund World Economic Outlook. October, 2023 update.
4. Global X ETFs analysis of data from Bloomberg LP. Data as of April 1, 2024.
5. Bloomberg LP. Data as of December 31, 2023 measured in calendar years.
6. Bloomberg LP. Data from January 1, 2001 through December 31, 2010. Data accessed on April 1, 2024.
7. New York Times. (2021, Dec 17). The Risk of Avoiding Emerging Markets.
8. Population Reference Bureau. (2014, Apr 16). Just How Many Baby Boomers Are There?
9. World Data Lab. (2023, Jul 26). How The World Consumer Class Will Grow From 4 Billion To 5 Billion People By 2031.

GLOSSARY

MSCI Emerging Markets Index The MSCI Emerging Markets Index seeks to capture large- and mid-cap representation across all 24 emerging market countries. As of April 30, 2024, the index held 1,375 constituents.

S&P 500 Index The S&P 500 index includes 500 of the largest public companies listed on the stock market.

Nasdaq Composite Index The Nasdaq Composite Index contains nearly all the stocks listed on the Nasdaq stock exchange.

Russell 2000 Index The Russell 2000 Index is a small-cap U.S. stock market index that contains the smallest 2000 stocks in the broader Russell 3000 Index.

S&P Midcap 400 Index The S&P Midcap 400 Index is a measure of the mid-cap segment of the U.S. stock market and holds 400 constituents.

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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 social, 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.

EMC is actively managed, which could increase its transaction costs (thereby lowering the fund's performance) and could increase the amount of taxes you owe by generating short-term gains, which may be taxed at a higher rate. As an actively managed fund, EMC does not seek to replicate a specific index. There can be no guarantee that active management strategies and processes will be successful.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Carefully consider the fund's investment objectives, risks, and charges and expenses before investing. This and other information can be found in the fund's full or summary prospectuses, which may be obtained at globalxetfs.com. Please read the prospectus carefully before investing.

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