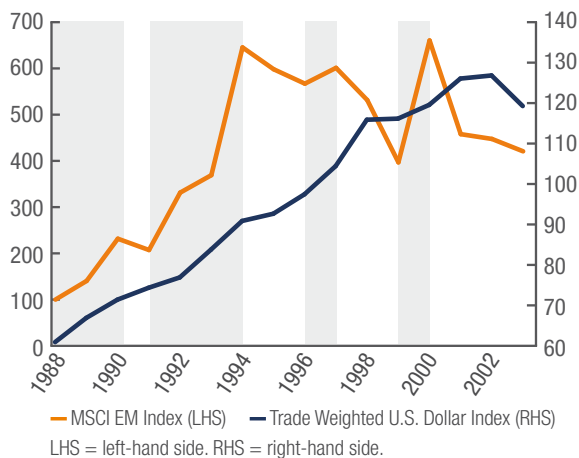


# Emerging Markets in a U.S. Growth Environment

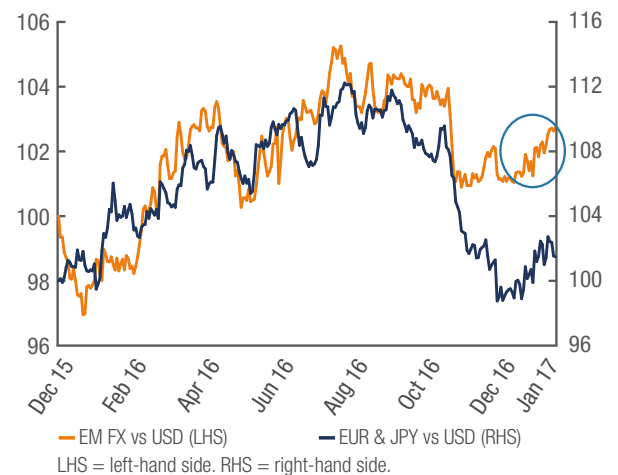
## U.S. Dollar Impact

- A strong(er) U.S. dollar environment is not always a negative for emerging markets. There were periods in the 1980s and 1990s where emerging market equities performed well despite a strengthening U.S. dollar.
- Emerging market currencies have been resilient and even appreciated against the U.S. dollar after the U.S. election.
- As the world's largest economy, strong economic performance in the U.S. should benefit global growth and have positive spillover effects on the emerging markets.

**EM EQUITIES VS THE U.S. DOLLAR<sup>1</sup>**



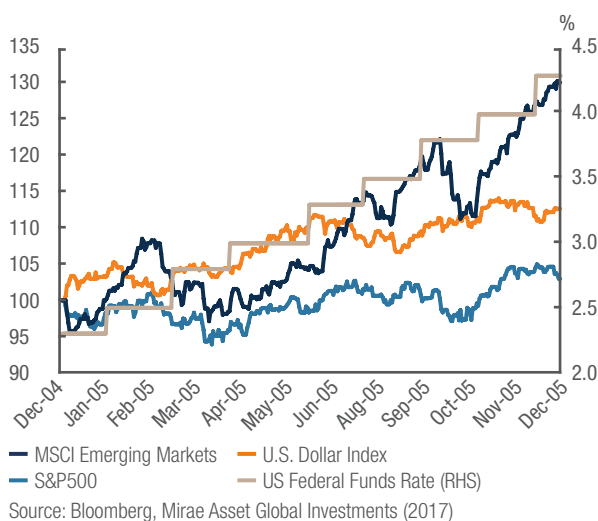
**SELECTED CURRENCIES VS THE U.S. DOLLAR<sup>2</sup>**



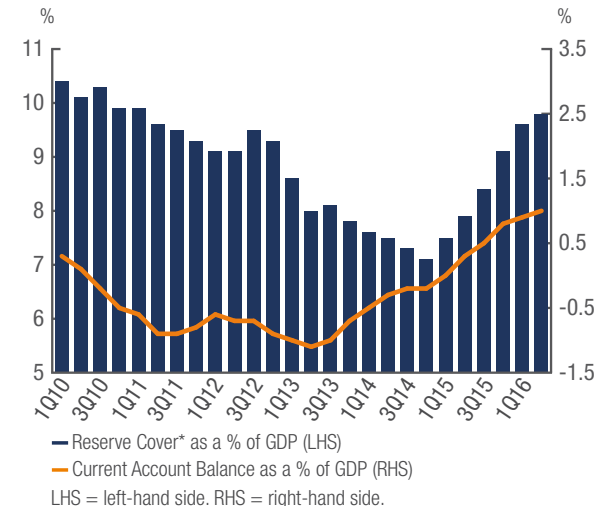
## Selectivity is Key

- Emerging market economies are more resilient to external shocks as foreign reserves and current account balances have broadly improved.
- Emerging market performance is likely to be split between cyclical and manufacturing countries. Cyclical countries such as Brazil, Russia and South Africa could benefit as low cost producers of raw materials for a growing U.S. economy.
- Mirae Asset continues to see compelling reasons to invest in the emerging markets including higher GDP growth rates, structural reforms and positive demographic trends. We believe investing in quality companies that have superior earnings growth and sustainable competitiveness is key to outperformance in the emerging markets.

**EQUITIES, U.S. DOLLAR AND FED RATE HIKES IN 2005**



**EM'S RESERVES AND CURRENT ACCOUNT BALANCE<sup>4</sup>**



Please refer to Sources and Disclaimers on the back page for details.

## MIRAE ASSET AT A GLANCE

### AN EXPERT IN EMERGING MARKETS

- Over \$90 billion in total AUM worldwide
- One of the world's largest emerging market equity managers\*

### EXTENSIVE RESEARCH CAPABILITIES

- 149 investment professionals based around the world
- On-the-ground research coverage of the emerging markets

### UNIQUE HERITAGE

- Founded in Asia, our roots are in the emerging markets
- Deep understanding of the cultures and dynamics of the markets in which we invest

\*Source: Investment & Pensions Europe, November 2016  
All figures as of December 31, 2016.

*Past performance is no guarantee of future results.*

**Gross Domestic Product (GDP)** is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

**The MSCI Emerging Markets Index (MSCI EM)** is a free float –adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

### SOURCES AND DISCLAIMERS

<sup>1</sup>Source: Trade Weighted U.S. Dollar Index (Broad): Federal Reserve Economic Data; MSCI EM Index: MSCI.

<sup>2</sup>Source: Goldman Sachs Investment Research.

<sup>3</sup>Source: Morningstar Direct.

<sup>4</sup>Source: Haver Analytics, Goldman Sachs Global Investments. \*Reserve cover is FX reserves less external debt. EM excludes China and the global commodity complex.

**Investment Risk** — There can be no guarantee that any investment strategy (risk management or otherwise) will be successful. All investing involves risk, including the potential of loss of principal.

**Emerging Markets Risk** — The risks of foreign investments are typically greater in less developed countries, which are sometimes referred to as emerging markets. For example, legal, political and economic structures in these countries may be changing rapidly, which can cause instability and greater risk of loss. These countries are also more likely to experience higher levels of inflation, deflation or currency devaluation, which could hurt their economies and securities markets. For these and other reasons, investments in emerging markets are often considered speculative. Similarly, investors are also subject to foreign securities risks including, but not limited to, the fact that foreign investments may be subject to different and in some circumstances less stringent regulatory and disclosure standards than US investments.

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