

# EM Has Changed. Should You?



The COVID-19 crisis has ravaged returns globally. EM provides the return potential that investors need. But the world has changed and successful EM investing needs the right approach for now.

## Decades of Evolution.

Opportunities have evolved tremendously over last 3 decades

Strong, sustained economic growth

Increased breadth, depth and maturity

Liquidity and access improved significantly

**27%**

of global equity market cap\*

**60%**

EM now over half of global growth

**\$3.5tn**

increase in portfolio flows since 2005 as EM excess return potential continues.

## And 2021 May Bring Even More.

**3.9%**

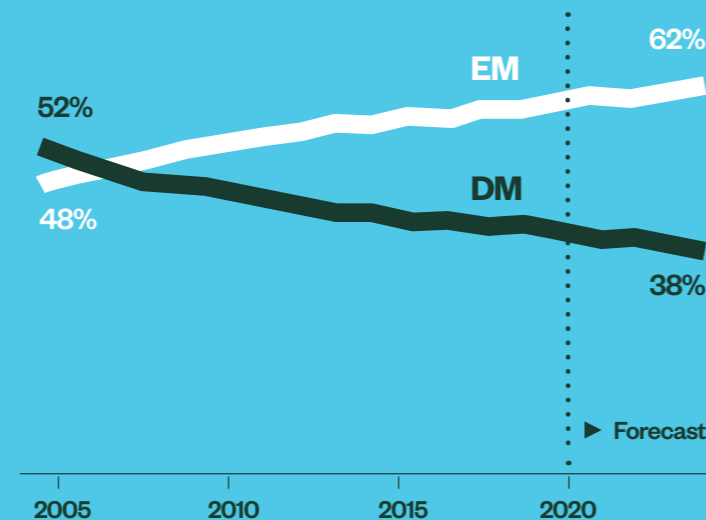
DM forecast

**5.3%**

EM forecast

We forecast that EM economic growth will be more than 35% greater than that of DM in 2021.

### Increasingly Powering Global Growth.



## EM Equity. Powerful Potential.

Average returns of EM equities when DM equity returns are negative are modestly (about 1.1 times) worse. But, when DM returns are positive, the EM/DM return ratio has been a considerably higher 1.5 times.

**1.5x stronger**

## EM Debt. Growing for a Reason.

In a low (and increasingly negative) global yield environment, EM debt offers significant potential. With inflation at low levels in most EM countries, central banks have the necessary flexibility to ease monetary policy – a key support for EM bond yields.

**2%**

of the global bond market in 2000

**25%+**

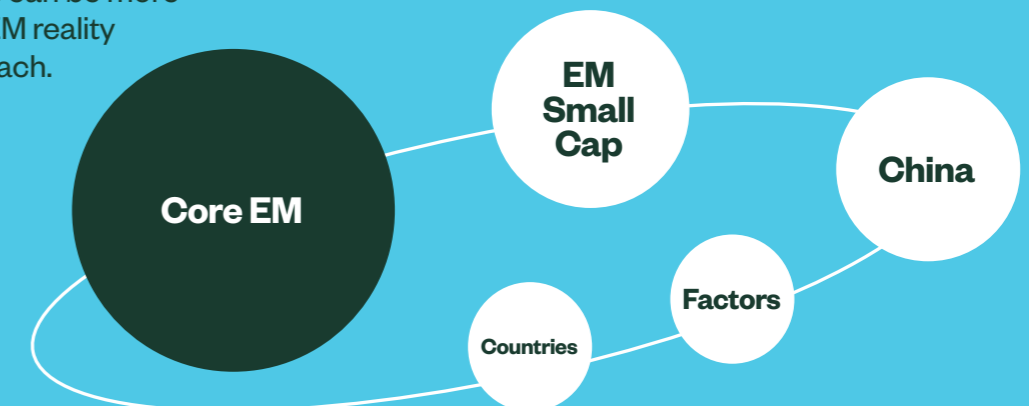
in 2020

## Is It Time for You to Re-Look at EM?

Traditionally investors have made heavy use of Active in EM. But all-active can be problematic and modern approaches can be more cost-effective. The new EM reality demands a better approach.

SSGA research can help you find the right asset mix and investment approach for today's EM environment.

We Can Help Build the Right Core and Satellite Themes to Transform Your Portfolio



\* Represented by MSCI ACWI full market capitalisation. All sources SSGA as at July 2020, unless otherwise specified. Examples for illustrative purposes only. Past performance is not a reliable indicator of future performance.

→ Discover how to build today's optimal EM portfolio at [ssga.com/emergingmarkets](https://ssga.com/emergingmarkets)

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