




Are Emerging Markets leading the way of the Fourth industrial revolution?

Emerging Markets: Shaping the world of tomorrow

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Emerging Markets move into top gear

In recent years, we have been experiencing a fourth industrial revolution – changing the way we interact, work, eat, exercise, pay and even the way we educate our children. The world has witnessed the rise of Facebook, Apple, Amazon, Netflix, Microsoft and Google (FAANMG) to name a few; these US tech giants have revolutionized our daily lives in just a few years. Is this about to change? What about Emerging Markets?



Source: Bloomberg, 21/04/2021.

More recently, lockdown measures have benefited players worldwide – including Emerging Markets, with an unprecedented boost in adoption of all sorts of digital services (eCommerce, Cloud, Internet of things (IoT)) and a change in consumer behaviour recentring towards living essentials (healthcare and environmental issues).

You might have heard about **Alibaba**, the world's biggest eCommerce company based in China, or **Mercado Libre**, the Argentine-based Latin American equivalent. But aside from these digital, high-profile companies, you may not have heard of many others. Yet, Emerging Markets are, and will continue to be, home to the big winners of this fourth industrial revolution, for the next decade and beyond.

eCommerce giants are multiplying

In our flagship Emerging Market equity fund, we have been increasing our exposure to the digital world and to investment themes that will be the main beneficiaries of this revolution, including eCommerce companies:

In Latin America with **Mercado Libre**, the leader in eCommerce and online payments.

In Southern Asia with **Sea Ltd**, a gaming platform that has grown into a giant online commerce.

In Russia with **Yandex**, the Russian search engine that takes market share from Google every year and has extended its ecosystem to taxis by merging with Uber in Russia.

In Poland with **Allegro**, the "Polish Amazon".

In China with e-commerce companies **JD.com** and **VIP Shop**.

A closer look at Sea Ltd

Sea Ltd is the 'Mercado Libre' or the 'Amazon' of South East Asia. Its main businesses are online games, eCommerce and e-wallet, with all three being leaders in their markets. At its core is an experienced and entrepreneurial management team, which draws on the strong support of giant Tencent as a major shareholder.



The world's semiconductor leaders are based in Asia

The 5G rollout, autonomous cars and the Internet of Things (IoT) all have a core component in common: semiconductors. It is no coincidence that the world's leading manufacturers of semiconductors, **Taiwan Semiconductor Manufacturing Co.** and **Samsung Electronics**, are both located in Asia.

We believe both companies have driven a rapid expansion within global technology markets and will continue to play a powerful and leading role in the digital innovation that transforms our everyday lives. As big innovators, they drive with their expertise, knowledge and firepower to invest in and develop these cutting-edge technologies.

Did you know?

Carmignac Emergents has held both Taiwan Semiconductor Manufacturing Co. and Samsung Electronics for more than 20 years, and they feature in the top three holdings as of 26/02/2021.



Samsung Electronics since 1999 and Taiwan Semiconductor Manufacturing & Co since 1998. These holdings may have been sold and bought again between their first entry in portfolio and today.

The Electric Vehicle phenomenon is accelerating

The Electric Vehicle (EV) industry has significant potential to grow and will accelerate further when EVs are adopted in the mass market. EV batteries are a high barrier-to-entry business and there are only a handful battery makers of scale, including Korean-based LG Chem.

LG Chem is a leading global Electric Vehicle (EV) battery manufacturer with 20-25% global market share*. Technology-wise, LG Chem has a world leading and recognized expertise with expanding capacity. It is a key player in energy transition as it provides an essential component for electric cars and green technologies.

Focus on sustainability

LG Chem has a positive contribution to society and the environment: electric cars are helping reduce pollution in densely populated cities with a lot of traffic. The firm's governance is, overall, superior to most Korean companies and it is implementing major changes globally to ensure safety is the utmost priority for all its plants.



*Source: Company data, Bloomberg, official company quarterly reporting 31/12/2020.

2020 stock performance



+172%



+355%



+130%



+60%



+95%



How can investors take advantage of this growth?

(re)Discover Carmignac Emergents

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