

CARNEGIE EMERGING MARKETS – the stock markets of the future



Why you should invest in emerging markets:

- Rapidly growing and developing regions
- Interesting companies with attractive valuations
- Markets favoured by increased globalisation
- Strong domestic demand reducing dependence on exports
- Greater liquidity on stock markets and better transparency of companies

Overview

Emerging markets are markets where the economy is growing more rapidly than on markets in the rest of the world. These include economies in Asia, Latin America, Eastern Europe, the Middle East and Africa. These markets include some 80% of the world's land mass and 85% of the world's population. In an increasingly global world, these countries have become important export and import nations, and their role in the world economy is growing all the time.

The BRIC economies

The dominant emerging markets are often referred to as the BRIC economies (Brazil, Russia, India and China). Even though all of these economies have experienced strong growth, they are not a homogeneous group. Russia, Brazil and South Africa, for example, have enormous natural resources, while China acts as the "world's factory" and consumes huge quantities of raw materials. But jointly, with over 3 billion inhabitants, these fast-growing countries will form an important part of the international political and economic arena.

Long-term investment themes

Optimal demographic

The majority of the world's population lives in emerging markets, and the majority are in an age range where they both work and consume (more than 75% of the population is below 40 years of age). This can be compared with developed countries, where around half of the population is older than 40. A young population favours growth, since there are many people of working age and many that are able to consume.

Domestic consumption

The strong economic growth of emerging markets has resulted in a rapidly expanding middle class, with entirely new consumption patterns. In China alone, the number of inhabitants counted as middle class is expected to more than double in the next ten years.

Low production costs

The cost of producing goods in emerging markets is still very low, particularly compared to costs in, for example, the USA or Europe. Even though production costs have increased somewhat in a historical perspective, it is expected to be favourable to relocate production to these countries for the foreseeable future.

Major investment in infrastructure

Infrastructure in emerging markets is often highly underdeveloped, and major investment is continuously being made. It will take a very long time for emerging markets to achieve an acceptable standard for simply managing their transport requirements.

Global demand for commodities

Emerging markets account for around 60% of the world's production of raw materials and their good access to these commodities has been a very important factor in the historically very good growth in many emerging markets. A prolonged period of rising prices for raw materials has generated enormous surpluses, which have in turn spread to the rest of the economy.

Carnegie Emerging Markets

The Carnegie Emerging Markets was started in 1996 and is suitable for investors requiring active management with our best stock picks in emerging markets. The fund invests in companies that are traded on a regulated market in Asia, Latin America, the Middle East, Africa and Eastern Europe, including Russia, or on another regulated market provided that the company's domicile or principal operating activities are located in these regions. The aim of the Carnegie Emerging Markets is firstly to generate a stable and positive return and secondly to outperform its benchmark index.

The fund is suitable for investors who:

- wish to participate in the rapid economic growth of emerging markets,
- have a long-term investment horizon, of at least five years,
- are willing to partly assume a higher level of risk in exchange for the possibility of higher returns,
- wish to invest in this fund as a complement to a portfolio with a lower risk profile.

FACTS ABOUT THE FUND

Date of inception:	March 25, 1996
Opening price:	SEK 10
Price listing:	Daily
Entry fee:	0%
Exit fee:	0%
Management fee/year:	1.7%
Minimum lump-sum deposit:	SEK 0
Minimum deposit for monthly savings:	SEK 0
Risk level	5 of 6
Fund managers:	Mona Stenmark (since 2010)
Benchmark index:	FTSE All Emerging Market (excluding Morocco and India)
Fund number PPM:	285 825
Bankgiro number:	5974-9887

RISK INFORMATION

An investment in the fund is associated with a high level of risk. Historical returns are no guarantee of future returns. Money invested in the fund may both increase or decrease in value and there is no guarantee that you will be repaid all of your invested capital. For more information please request the complete information sheet, fund statutes, simplified prospectus and annual report from the fund company by calling +46 08 696 1860 or by visiting www.carnegie.se/fonder