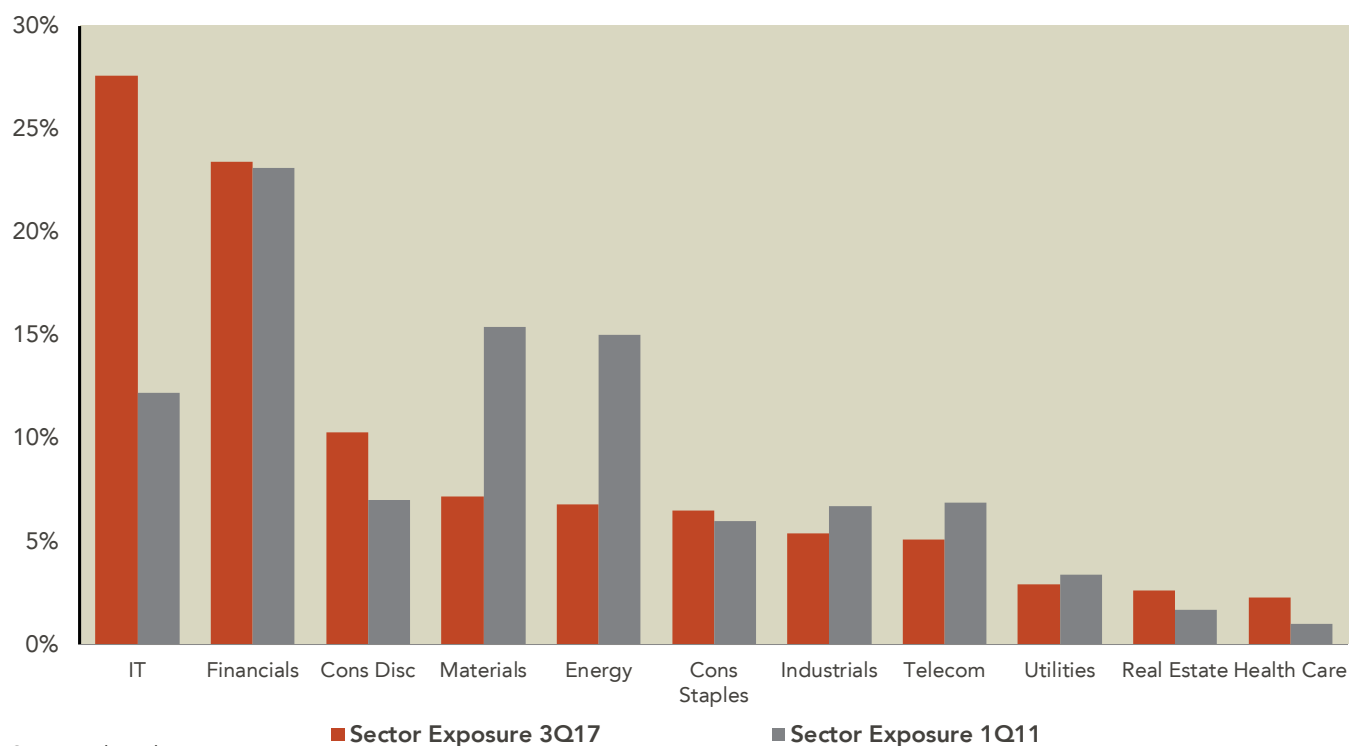


Chart of the Week

October 26, 2017

THE EMERGING SECTOR IN EM EQUITY

DAVID HERNANDEZ, CFA, SENIOR RESEARCH ANALYST, INTERNATIONAL EQUITIES



This week's COW examines how investment opportunities in emerging markets have changed over the last seven years. Historically investors have associated emerging markets with commodities but this view is becoming outdated. In 2011, Financials, Energy and Materials were the three largest sectors within the MSCI Emerging Markets (EM) Index. The Information Technology (IT) sector constituted 12% of the benchmark. Fast forward to present day and IT has now more than doubled to 27% while Energy and Materials have both halved.

This evolution speaks to the economic developments several emerging countries have experienced over the last two decades, with increases in population and income. This can be especially seen in China where companies like Alibaba, Tencent, and Baidu have capitalized on the expanding middle class. Investors have taken notice of the growth potential and the IT sector within EM has led the way in 2017 returning just over 50% through September. Investors can debate whether these stocks have gotten ahead of themselves but the shift in investment opportunity over the last decade is unquestionable.

PREPARED BY MARQUETTE ASSOCIATES

180 North LaSalle St, Ste 3500, Chicago, Illinois 60601 **PHONE** 312-527-5500
CHICAGO | BALTIMORE | PHILADELPHIA | ST. LOUIS **WEB** marquetteassociates.com

The sources of information used in this report are believed to be reliable. Marquette Associates, Inc. has not independently verified all of the information and its accuracy cannot be guaranteed. Opinions, estimates, projections and comments on financial market trends constitute our judgment and are subject to change without notice. This material is not financial advice nor an offer to purchase or sell any product. References to specific securities are for illustrative purposes only and do not constitute recommendations. Past performance does not guarantee future results.

About Marquette Associates

Marquette Associates is an independent investment consulting firm that guides institutional investment programs with a focused client service approach and careful research. Marquette has served a single mission since 1986 – enable institutions to become more effective investment stewards. Marquette is a completely independent and 100% employee-owned consultancy founded with the sole purpose of advising institutions.

For more information, please visit www.marquetteassociates.com.