

A DIFFERENTIATED APPROACH TO GEM

HOW TO PICK UNDER-PRICED ASSETS IN EMERGING MARKETS

With global emerging markets (GEM) back in vogue, we believe the best way to outperform the current rally is with a disciplined value approach. In other words, the most attractive opportunities lie in those areas of the market neglected by the 'wisdom' of crowds.

But how do you find them?

As a team of valuation-driven stock pickers in GEM equities, we look for companies whose shares have compelling

valuation signals. The key to quantifying this is to first understand the drivers of sustainable earnings.

Through rigorous research, we estimate and relate our view of a company's value back to the market price today. Importantly, our approach is to build high conviction in our understanding of the most likely drivers of returns for a company over the longer term.

By identifying the most mispriced

assets, we are looking to be more than compensated for the risks associated with a company's ability to generate longer term sustainable trend earnings. For example, we test a company's ability to fund its longer-term operations; changes in its level of capital efficiency; its ability focus on parts of the business that are core to the future drivers of profitability; and the ability and willingness of management to respond in a competitive market environment.

The result of this process is a focused collection of 40-60 of our very best ideas from across GEM – well positioned to take advantage of the opportunities in emerging market equities over time. By building attractively valued positions in stocks others are avoiding underpins our ability to deliver longer-term performance and differentiates us from the crowd.



Don't pick the crowd favourite

Click here to find out more



Disclaimer

This document is solely for information and may not be published, circulated, reproduced or distributed in whole or part to any other person without the prior written consent of Eastspring Investments (Singapore) Limited ("Eastspring Singapore") (Company Reg. No: 199407631H). This information is not an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such an offer or solicitation. It should not be construed as an offer, solicitation of an offer, or a recommendation to transact in any securities mentioned herein. The information contained herein does not have any regards to the specific investment objectives, financial situation or particular needs of any person. Investors may wish to seek advice from a financial adviser before making any investment decision. In the event that investor chooses not to seek advice from a financial advisor, he should consider carefully whether the fund in question is suitable for him. Past performance is not necessarily indicative of future performance. Any prediction, projection, or forecast on the economy, securities markets or the economic trends of the markets is not necessarily indicative of the future performance of Eastspring Singapore or any funds managed by Eastspring Singapore. The value and any income accruing to the investments, if any, may fall or rise. An investment is subject to investment risks, including the possible loss of the principal amount invested. Whilst we have taken all reasonable care to ensure that the information contained in this document is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness. Any opinion or estimate contained in this document is subject to change without notice. Eastspring Singapore is an ultimately wholly-owned subsidiary of Prudential plc of the United Kingdom. Eastspring Singapore and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.