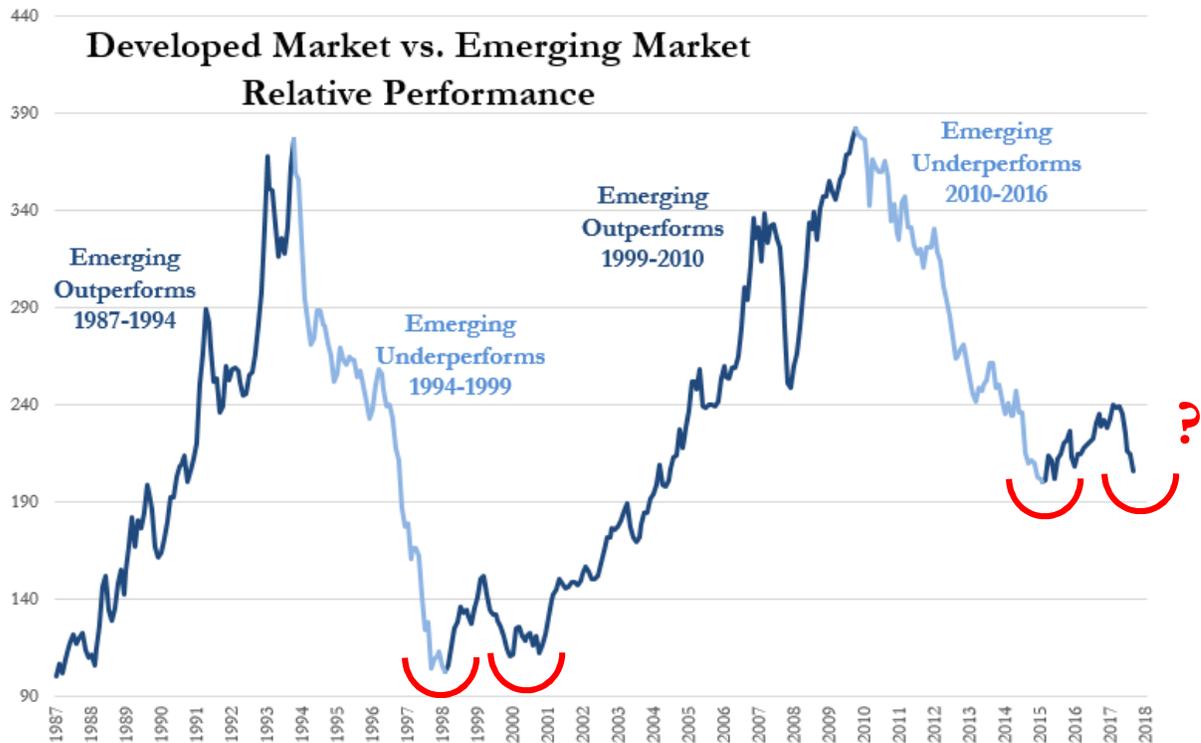


Emerging Opportunity?



Source: Bloomberg, MSCI and Todd Asset Management
Data as of 8/31/2018

Past performance does not guarantee future results. Relative performance calculated monthly by dividing the cumulative total return of the MSCI Emerging Market index by the MSCI World Index. Price levels were indexed to 100 on 12/31/1987, which is the first available data for the MSCI Emerging Market Index. The indexes are unmanaged, and not available for direct investment; they include reinvestment of dividends; they do not reflect management fees or transaction costs.

- Emerging market stress has dominated the headlines over the past few months as ongoing trade disputes and monetary tightening in the US have caused the US dollar to strengthen (and emerging market currencies to weaken).
- The current environment reminds us of the 1998-2000 period where emerging market currencies weakened, valuations were cheap and the stage was set for a prolonged recovery.
- What could start a recovery from here? Perhaps the Fed slows their tightening. Maybe trade deals are struck and reduce uncertainty. Fundamentals could remain intact as China aggressively stimulates their economy. We think some combination of the three could put downward pressure on the US Dollar and put a bottom in place for emerging markets.

The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US.



Todd's Chart of Interest

September 11, 2018

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