# The Emerging Markets Book

Key words / Phrases

* Viable markets for publicly-traded securities
* Astronomical public debt
* Government surpluses
* MSCI-Barras Emerging Market Index (MXEF)
* NASDAQ Index (CCMP)
* S&P 500 Index (SPX)
* MSCI EM ETF (EEM)
* iShares Emerging Market Index ETF (EEM)
* SPDR S&P 500 ETF (SPY)
* SPDR Dow Jones Industrial Average ETF Trust (DIA)
* Powershares NASDAQ ETF (QQQ) or (QQQQ)
* The consuming middle class within emerging markets has reached, or is reaching (depending on location), critical mass, is self-sustaining, and will continue to grow rapidly. This trend is irreversible.
* The banking, financial, legal and political infrastructure within emerging markets has improved significantly and generally continues to improve.

Emerging Markets

* An emerging, or developing, market (not controlled) economy
* Usually have low-to-middle per-capita income by world standards
* Best viewed as transitional – often moving from closed (centrally controlled) to open market systems.
* The governments have embarked on economic reforms to accomplish stronger economic performance, transparency and efficiency
* Reforms are sufficiently in place to attract foreign investment
* Moving forward to become developed countries
* Have embrace free market economic reforms
* The governments are eagerly trying to become – and stay – eligible to participate in world trade

Frontier Markets

* According to S&P, a frontier market is a step below an emerging market in its development
* Relatively stable economically and politically
* Has demonstrated a relative openness to and accessibility for foreign investors

Common Risks in Emerging market investing:

* Risk of nationalization or expropriation of assets or confiscatory taxation
* Social, economic and political uncertainty
* Dependence on exports and/or the corresponding importance o international trade and commodities prices
* Less liquidity of securities markets
* Potentially higher rates o inflation
* Government decisions to discontinue support for economic reform programs and imposition o centrally planned economies
* Less stringent laws regarding the fiduciary duties of officers and directors and protection of investors

ETFs to avoid generally (higher fees, underperformance):

* “Short” ETFs
* “Actively-managed” ETFs
* “Inverse” ETFs
* “Leveraged” ETFs

South America / Latin America

* 80% of the volume of publicly-traded companies in this region transacts on the BOVESPA Exchange in Sao Paulo, Brazil
* The BOVESPA index tracks stock performance on the Sao Paulo Exchange, but is really tracking all of Latin America

Brazil

* BOVESPA Exchange

India

* SENSEX Exchange