



# VALENS RESEARCH

## International, Emerging, and Frontier Markets Issues in Financial Reporting and Investing

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MSCI ACWI & FRONTIER MARKETS INDEX										
MSCI ACWI INDEX						MSCI EMERGING & FRONTIER MARKETS INDEX				
MSCI WORLD INDEX			MSCI EMERGING MARKETS INDEX			MSCI FRONTIER MARKETS INDEX				
DEVELOPED MARKETS			EMERGING MARKETS			FRONTIER MARKETS				
Americas	Europe & Middle East	Pacific	Americas	Europe, Middle East & Africa	Asia	Americas	Europe & CIS	Africa	Middle East	Asia
Canada United States	Austria Belgium Denmark Finland France Germany Ireland Israel Italy Netherlands Norway Portugal Spain Sweden Switzerland United Kingdom	Australia Hong Kong Japan New Zealand Singapore	Brazil Chile Colombia Mexico Peru	Czech Republic Egypt Greece Hungary Poland Qatar Russia South Africa Turkey United Arab Emirates	China India Indonesia Korea Malaysia Philippines Taiwan Thailand	Argentina	Croatia Estonia Lithuania Kazakhstan Romania Serbia Slovenia	Kenya Mauritius Morocco Nigeria Tunisia	Bahrain Jordan Kuwait Lebanon Oman	Bangladesh Pakistan <sup>3</sup> Sri Lanka Vietnam
MSCI STANDALONE MARKET INDEXES <sup>1</sup>										
				Saudi Arabia		Jamaica Trinidad & Tobago	Bosnia Herzegovina Bulgaria Ukraine	Botswana Ghana WAEMU <sup>2</sup> Zimbabwe	Palestine	

<sup>1</sup> The MSCI Standalone Market Indexes are not included in the MSCI Emerging Markets Index or MSCI Frontier Markets Index. However, these indexes use either the Emerging Markets or the Frontier Markets methodological criteria concerning size and liquidity.

<sup>2</sup> The West African Economic and Monetary Union (WAEMU) consists of the following countries: Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo. Currently the MSCI WAEMU Indexes include securities classified in Senegal, Ivory Coast and Burkina Faso.

<sup>3</sup> Pakistan will be reclassified from Frontier Markets to Emerging Markets effective May, 2017.

## For investors

- Incredible “growth” opportunities
- A virtuous cycle

## Emerging and frontier markets issues

- Illiquidity

## Emerging and frontier markets issues

- Illiquidity
- Fund flows
- Market manipulation

## Emerging and frontier markets issues

- Local/regional regulation (e.g. shariah compliance)
- Government Intervention

## Emerging and frontier markets issues

- Debt
- No shorting, less debt (e.g. convertibles in US 2008)
- No options

## Emerging and frontier markets issues

- Information Unavailability
- Information Availability – (ACE Indonesia)



## Emerging and frontier markets issues

- Corporate “corruption”
- Corporate governance
- Corston-Smith