MIRAE ASSET
Global Investments

# Q&A with Ryan Coyle, CFA
## Portfolio Manager

### What is the investment philosophy underlying the Global Great Consumer Fund?

The Global Great Consumer Fund invests in high-quality companies with exposure to global consumption growth. The world population is growing, which means that more people are consuming products and services in the course of their daily lives. Emerging consumers tend to embrace global brands as their spending power increases. We look to invest in companies benefiting from this secular trend. The fund invests in companies with proven business models and strong market share positions. We look for companies that can keep growing earnings over time by staying relevant to consumers and their evolving needs in a fast-changing world.

### How is this strategy different from a strategy that targets the traditional consumer sectors?

There are different ways to invest in consumption trends. In our fund, we have significant exposure to pure-play consumer companies in the discretionary and staples sectors, but we acknowledge that the consumption story today is not limited to only these sectors. Companies are developing and delivering unique products and services, enabled by science and technology, which are fueling the consumption story from a different vantage point. We are researching and investing in companies with exposure to these trends as well.

### How is consumption different in developed markets from emerging markets?

Developed market consumers tend to be loyal to established brands so the growth comes from product innovation and changing lifestyle preferences. One example we see in the developed markets is an ongoing rise of "free from" products and a desire for minimally-processed natural and organic products in food and personal care. Consumers are willing to pay higher prices for products that suit their health and wellness concerns. In the emerging markets, on the other hand, consumption preferences are still being formed. Rather than relying on innovation and lifestyle aspects to sell products, global companies are investing in brand recognition, making sure that their products are available and attractive to local consumers who may not yet have their loyalties established. This has been a challenging task for the global brands in the emerging markets because many traditional advertising channels — such as in-store displays and sampling — have become less relevant due to the rise of mobile commerce. Companies must find new ways to connect with customers who visit physical stores infrequently.

### Since consumption is also the main focus for the Mirae Asset Emerging Markets Great Consumer Fund, is there any investment overlap between the two funds?

The consumption story can vary greatly across regions and countries. The Global Great Consumer Fund typically invests in global winners with a broad presence, so you would see more exposure to developed countries such as the United States, Germany, and Japan. Most of the companies in our portfolio will also benefit from consumption tailwinds in the emerging markets given their global operations. From time to time we invest in local emerging markets companies which fit into our investment strategy, but in general, the overlap in holdings between the Emerging Markets Great Consumer Fund and Global Great Consumer Fund is quite low.

### Can you give us an example of a consumption theme you're currently investing in?

One consumption theme that we're excited about is payment technology. Cash transactions will never go away completely but the continued development of mobile and digital payments is facilitating global consumption growth. One lateral implication of the development in payment technology is that companies will be able to analyze their sales data more effectively, which will in turn enable them to target ad spending to the right customers at the right time, thus driving profitable growth. That's a theme we invest in and continue to see happening.

### What key risks do you see for the consumption story going forward?

We are not concerned about the consumption story from a longer-term perspective because consumption will always be a key driver of economic growth, particularly as the world population grows. On the margin, the key shorter-term risks for the consumption story tend to be headlines highlighting weakness in a particular geography or industry. We are keen to stay nimble and focus on the relative winners in a dynamic global consumption environment. Also, we seek to avoid the established companies that are being disrupted by the advancement of technology or falling out of favor with consumers.

### Why use an active approach for this strategy?

An active approach makes a lot of sense in this strategy given the fact that a consumption-focused investment approach cuts across several different industries. Passive market indices take a simple approach to organizing industries. However, it may not be so easy to categorize a company when you dig into the details. Is Amazon (AMZN) a consumer company or an information technology company? Of course there are parts of Amazon that would fit nicely into either industry, but if you simply rely on the index industry definition then this can lead to missed investment opportunities. As an active manager, we take a bottom-up approach to focus our research on company fundamentals, competitive positioning, and valuation and we are confident that this approach will help continue to deliver alpha over the investment cycle.

IMPORTANT INFORMATION

**Mirae Asset Global Investments may or may not hold a position in the company discussed and this is not a recommendation to buy, hold, or sell these companies.**

**Alpha —** a measure of risk-adjusted return. Alpha measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk.

**Investment Risk —** There can be no guarantee that any investment strategy (risk management or otherwise) will be successful. All investing involves risk, including the potential of loss of principal.

**Emerging Markets Risk —** The risks of foreign investments are typically greater in less developed countries, which are sometimes referred to as emerging markets. For example, legal, political and economic structures in these countries may be changing rapidly, which can cause instability and greater risk of loss. These countries are also more likely to experience higher levels of inflation, deflation or currency devaluation, which could hurt their economies and securities markets. For these and other reasons, investments in emerging markets are often considered speculative. Similarly, investors are also subject to foreign securities risks including, but not limited to, the fact that foreign investments may be subject to different and in some circumstances less stringent regulatory and disclosure standards than US investments.