

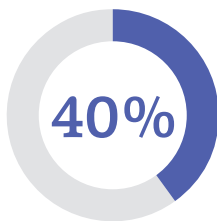
A SNAPSHOT OF GROWTH MARKETS ALLOCATION TRENDS



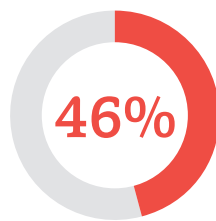
Mercer reports on asset allocation and investment trends on nearly US\$5 trillion¹ in assets under management (AUM) from corporate, government and mandatory pension schemes across Latin America, the Middle East, Africa and all of Asia.

AVERAGE ALLOCATIONS

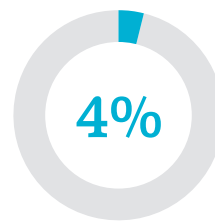
Equities



Fixed income



Alternatives



Cash/other



TRENDS ACROSS GROWTH MARKETS



Exposure to equities has been increasing at the expense of fixed income.

- Allocations rose **nearly 8%** over the measurement period.

Exposure to foreign assets increased.

- Foreign equities rose **from 45% to 49%** of total equity exposure.
- Foreign fixed income rose **from 16% to 23%** of total fixed income exposure.

Alternatives gained slight traction.

Portfolios still retain home market biases.

Pension plans continue to move toward defined contribution.

Great variation exists across countries and regions.

¹ Data as of the most recent date available for each country; please consult the full report for details.

REGIONAL TRENDS

LATIN AMERICA

Many countries hold high allocations to fixed income.

Brazil fixed income allocation

73%

Argentina fixed income allocation

65%

The region is generally moving toward broader asset exposure, due to regulatory changes and the need to generate higher returns as local market return expectations decline.

ASIA

Wide variation exists among jurisdictions

Thailand fixed income allocation

73%

Indonesia fixed income allocation

45%

There is a notable shift from domestic to foreign assets across the region.

MIDDLE EAST²

This region is seeing greater interest in alternative asset classes, like private markets. Influenced by oil prices, investors are looking to diversify with foreign assets.

SOUTH AFRICA

Portfolios increased their allocations to alternatives. Easing regulatory restrictions led to an increase in foreign equity holdings.

² Mercer was not able to obtain publicly available data for the Gulf Cooperation Council (GCC) region. The survey provides commentary based upon Mercer's experience with investors in the region.



LOOKING AHEAD

Markets are becoming more open as regulations align with global standards.

Investors are diversifying beyond domestic assets to improve portfolio outcomes.

We are seeing material pension reforms, including the launch of new systems and shifts from DB to DC.

Get a deep dive into the trends, including asset allocation breakdowns of 14 growth markets, in Mercer's inaugural issue of *Growth Market Allocation Trends*. Download the full survey [here](#).



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