

EEM

iShares MSCI Emerging Markets ETF

Analyst Report

EEM is one of the most popular ETFs in the world, and is one of the oldest products on the market offering exposure to stock markets of emerging economies. Given this objective, EEM can be used in a number of different ways; this ETF can be equally useful as a short-term trade to increase exposure to risky assets or as a core holding in a long-term, buy-and-hold portfolio. EEM certainly qualifies as a portfolio "building block" given the importance of the asset class covered, but it also has some noteworthy flaws.

In terms of the exposure offered, there is a lot to like about EEM; the underlying portfolio includes hundreds of stocks from dozens of different emerging markets. Though there are some significant allocations to certain sectors, EEM is generally very well balanced. It should be noted that EEM consists almost entirely of large cap stocks; those looking to round out emerging markets exposure should like funds such as EEMS and EWX as complementary positions.

The biggest drawback is the significant expense ratio; EEM is considerably more expensive than VWO, a Vanguard fund that is linked to the exact same index. That means that this ETF is destined to lag behind that alternative in terms of bottom line performance. It should be noted, however, that EEM has a very active options market. So while VWO is generally a better choice for buy-and-holders, this iShares fund can be useful for those looking to implement more advanced strategies that include options.

There are a number of alternatives to both EEM and VWO. An equal-weighted fund from Rydex (EWEM) includes the same holdings as VWO but assigns an equivalent weight to each, making it potentially appealing for those seeking to avoid cap-weighted methodologies. WisdomTree's dividend-weighted DEM is another option for those who

ies, as is PXH from

ESG Themes and Scores

5.87/10

ESG Rate

34.56%

Global Percentile

29.67%

Peer Percentile

Performance Data

	EEM	ETF Database Category Average	Factset Segment Average
1 Month	2.31%	2.44%	2.15%
3 Month	2.91%	3.06%	2.89%
YTD Return	6.57%	7.19%	5.87%
1 Year Return	11.69%	12.89%	10.76%
3 Year Return	-4.87%	-0.85%	-1.14%
5 Year Return	3.26%	3.67%	2.40%

Top 5 Holdings

Symbol	Holding	% Assets
2330	Taiwan Semiconductor Manufacturing Co., Ltd.	9.00%
700	Tencent Holdings Ltd.	4.08%
005930	Samsung Electronics Co., Ltd.	3.25%
9988	Alibaba Group Holding Limited	2.04%
500325	Reliance Industries Limited	1.43%

Vitals

Issuer	BlackRock, Inc.
Brand	iShares
Structure	ETF
Expense Ratio	0.70%
Inception	Apr 07, 2003
Index Tracked	MSCI Emerging Markets Index

ETF Database Themes

Category	Emerging Markets Equities
Asset Class	Equity
Asset Class Size	Large-Cap
Asset Class Style	Blend
Region (General)	Emerging Markets
Region (Specific)	Broad

FactSet Classifications

Segment	Equity: Emerging Markets - Total Market
Category	Size and Style
Focus	Total Market
Niche	Broad-based
Strategy	Vanilla
Weighting	Market Cap

