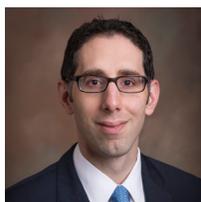




Cognitive Diversity Offers a Better Approach to Emerging Markets Investing

For Samy Muaddi, an investment professional at T. Rowe Price, identifying the best investment ideas in emerging markets requires a global group of analysts whose experiences and backgrounds help to inform their fundamental analysis. He calls this combination cognitive diversity. To find the best ideas to include in his emerging markets corporate bond strategy, Samy draws on a team of more than 60 T. Rowe Price professionals from 23 nationalities, who speak 27 languages. “When you’re investing in emerging markets, you’re not just investing in a business. You’re trying to understand complex challenges of commerce, society, culture, and politics,” he says. A team featuring cognitive diversity can put into proper context the relevance of an earnings miss, an economic sanction, a tax or trade policy, or a military coup. “You can’t just visit a country for three days and draw an investment conclusion based on an American-only point of view,” he adds. As a Palestinian-American, Samy is passionate about the struggles of developing countries and trying to figure out why they succeed or fail. While data-driven research is critical, he and his team take nearly 200 research trips a year to gain local knowledge that can create a competitive edge. They have traveled 150 miles off the coast of Brazil to an oil-pumping dock for deepwater drilling, visited a copper mine in Zambia 100 feet below the surface, and researched real estate properties in China. “In the 13 years that I’ve been here, I have traveled to more than 70 countries.”



Talking with
Samy Muaddi

Investment Professional, T. Rowe Price

Going Beyond the Numbers Reveals the Full Story

At T. Rowe Price, our investment approach is to go beyond the numbers when evaluating which companies offer the best future investment potential. By meeting with executives, employees, and customers, we can ask the right questions to get a deeper understanding of where a company stands and where it could go in the future. This rigorous research strategy is integral to Samy’s investment process.

Diverse Perspective in the Field Helps to Build Insight

On a recent trip to Brazil, Samy sought to understand why the country’s government reforms, which perplexed foreign business and economic leaders, were unpopular with disenfranchised Brazilians. He hired a local translator to escort him and his team through a favela, a low-income shantytown shoe-horned between the high hills of Rio de Janeiro, where he talked to residents about economic opportunity. They told him previous governments did little to address

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the entrenched legacy of inequality and that their participation in the formal economy was practically nil. “It was really eye-opening,” he says. “You can’t invest in a foreign country without understanding the implications. What typically goes wrong in emerging markets is that you make an investment and then the politics change. This is something that happens often through the election cycle.”

Getting Ahead of Change

Samy and his team understand that emerging markets countries are heavily

dependent on capital and that choosing the right companies with strong long-term potential is crucial. They are keeping a watchful eye on hundreds of companies to get ahead of change for investors. Combining fundamental analysis with on-site research seen through a variety of perspectives allows Samy to make better informed investment decisions and avoid the trap of groupthink. “That’s how you create value from opportunity. And that’s why I go beyond the numbers.”

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