
March 2022

EMQQ GLOBAL RESEARCH

EMQQ GOES: ON THE GROUND RESEARCH

Latin America March 2022

Mexico, Colombia, Argentina, Uruguay, and Brazil



CONTACT US

 [EMQQglobal.com](https://emqqglobal.com)

 EMQQETFs@SEIC.COM

 (855) 888-9892

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EMQQ Goes: Latin America

In March we began our EMQQ GOES effort to visit all 46 Emerging and Frontier Markets to meet the founders, investors, employees, and customers that make up the EMQQ ecosystem. Latin America seemed like a great starting point due to its proximity with the U.S. and its stage of development in the EMQQ story. In many ways, this region best represents the elements of our story and the tech revolution taking place globally.

A Booming Tech Startup Ecosystem

The Latin American tech ecosystem is thriving. A virtuous cycle of founders (plenty of whom went to Stanford or other top-tier U.S. universities), increasing venture capital investment, wealth creation and exits, has created a tech ecosystem that is richer and broader than we appreciated before the trip. In 2021, Latin American startups raised \$144.88 billion, more money than the previous ten years combined.

Bogotá and the Rappi Experience

For several reasons, the most impactful stop on our trip was Bogotá, Colombia. The country's capital is home to Rappi, Colombia's first unicorn and the Latin American leader in food and grocery delivery. It is currently growing Rappi Turbo, a so-called "quick commerce" service based on dark stores that delivers fresh groceries, pharmacy items, beer and liquor in under 10 minutes. It was almost impossible to be on the street for more than 30 seconds without seeing one (or 10!) rappideros zip by in a blizzard of motorcycles, scooters, and bikes.

Fintech Leads the Way

Fintech dominates the Latin American EMQQ story as it does in all other EMQQ regions. The penetration of bank accounts, credit cards, and other financial products in Latin America is very low. Additionally, the region has the most expensive banking system in the world dominated by a small handful of legacy banks, famed for their high fees and poor service. About five main banks concentrate about 80% of all bank accounts in Brazil, which is no coincidence the country is home to the largest challenger bank in the world, Nubank. It has about 59.6 million customers, about 90% of them in Brazil.

The MSCI EM Index Sucks

Of the 16 Latin America technology companies in the EMQQ Index, only two are included in the MSCI Emerging Markets index which most ETFs use. MSCI EM does not include Latin American tech leaders and EMQQ holdings MELI, NU, XP or DLO. Even worse: the top two positions in the MSCI EM index are the convulsed state-owned oil company Petrobras, and Vale, a mining giant whose recent catastrophic dam collapses are to blame for some of Brazil's worst environmental disasters to date.

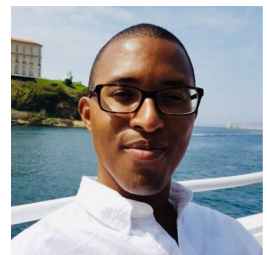
Latin America Is No Stranger to Remote Work

With Covid still a problem, many company offices were closed or only had skeleton work forces. We were able to visit Mercado Libre (NASDAQ: MELI), XP, Inc. (NYSE: XP), D Local (NYSE: DLO), Nubank (NYSE: NU) and B3, the Brazilian Stock Exchange.

On the Ground in Latin America



Kevin T. Carter
Founder & CIO
+1 415. 533. 2249
kcarter@EMQQglobal.com



Akeem Bailey
Director of Research
+1 929. 322. 5785
abailey@EMQQglobal.com



Kyle Parker
President
+1 805. 705. 7382
kparker@EMQQglobal.com

Lee G. Stapleton
Chief Marketing Officer
Chief Evolution Officer
+1 919. 428. 3886
lstapleton@EMQQglobal.com

Kira L. Benson
Director of Business Development
+1 415. 866. 5314
kbenson@EMQQglobal.com

Kalea Power
VP of Business Development
+1 310. 429. 3254
kpower@EMQQglobal.com

A Booming Tech Startup Ecosystem

In the months leading to our Latin America trip, I scheduled catch-up calls with three different venture capital investors who focus on seed and first round investments in emerging and frontier markets, including this region. One of these investors, Nazar Yasin, is the founder of RISE Capital. Nazar is the real deal. He was co-head of EMEA Internet at Goldman Sachs and then CEO of Russia's leading social network before it was acquired by mail.ru. He then went to Tiger Global Management, where he was one of three overseeing private investments in China, South Asia, EMEA, and Latin America.



Nazar Yasin, Founder of RISE Capital

I met Nazar eight years ago when I was prepping EMQQ's launch. At the time, he was also launching a fund to make seed and early-stage investments in emerging market internet companies. We quickly realized we both had our interests aligned; Nazar's goal was to find entrepreneurs that wanted to start, grow, and IPO companies –at which point EMQQ would become an investor.

I scheduled a catch-up Zoom call with Nazar in January and was surprised by plenty of what I heard from him. I began to see that our EMQQ story was just the tip of the iceberg; the pre-IPO unicorns, soonicorns, VC investors, angel investors, founders, and the region's entire entrepreneurial start up scene was much more developed than I thought. That call led to several others in which I came to realize that the Latin America tech ecosystem is significantly deeper, broader, and more robust than I appreciated even before I traveled to the region. The trip itself only strengthened that feeling. The Third Wave is big, and it is coming.

A Virtuous Cycle

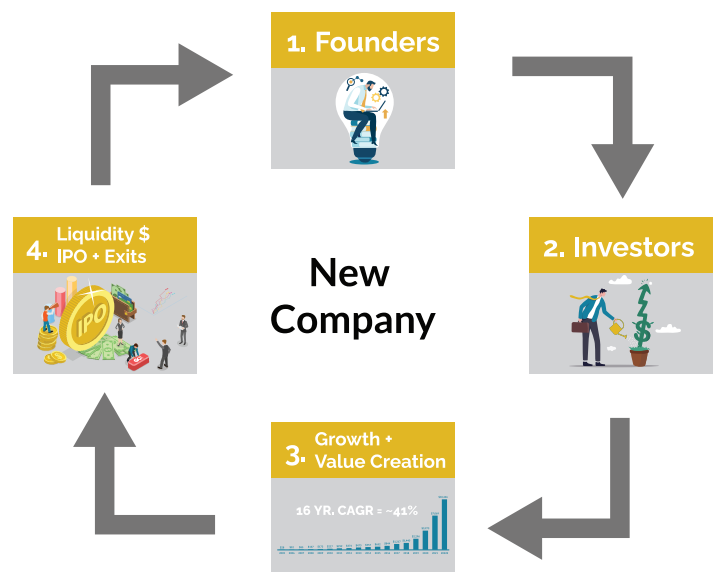
A virtuous cycle is a recurring series of events in which each cycle's ending increases the beneficial effect of the next one. It has a compounding effect, and what is happening in Latin America and other EMQQ regions is cascading of virtuous cycles that have produced a thriving tech scene. Endeavor, an organization that has been key to Latin America's entrepreneurial growth (and which I explain more of further down in this document), calls the ecosystem's virtuous cycles a 'multiplier effect'.

The Virtuous Cycle in EMQQ includes the following elements:

1. Founders with an idea
2. Investors willing to back new founders
3. Successful growth and value creation
4. Liquidity via IPOs or exit
- + Repeat

Each successful cycle creates tens, or even hundreds, of new cycles of founders, investors, growth, and wealth creation as the **ecosystem expands**. These pave the way for:

1. **More** Founders with ideas;
2. **More** Investors willing to back founders;
3. **More** Growth and value creation;
4. **More** Liquidity via IPOs or exits.
- + Repeat + **miracle of compounding**



Mercado Libre: Latin Tech's Big Bang

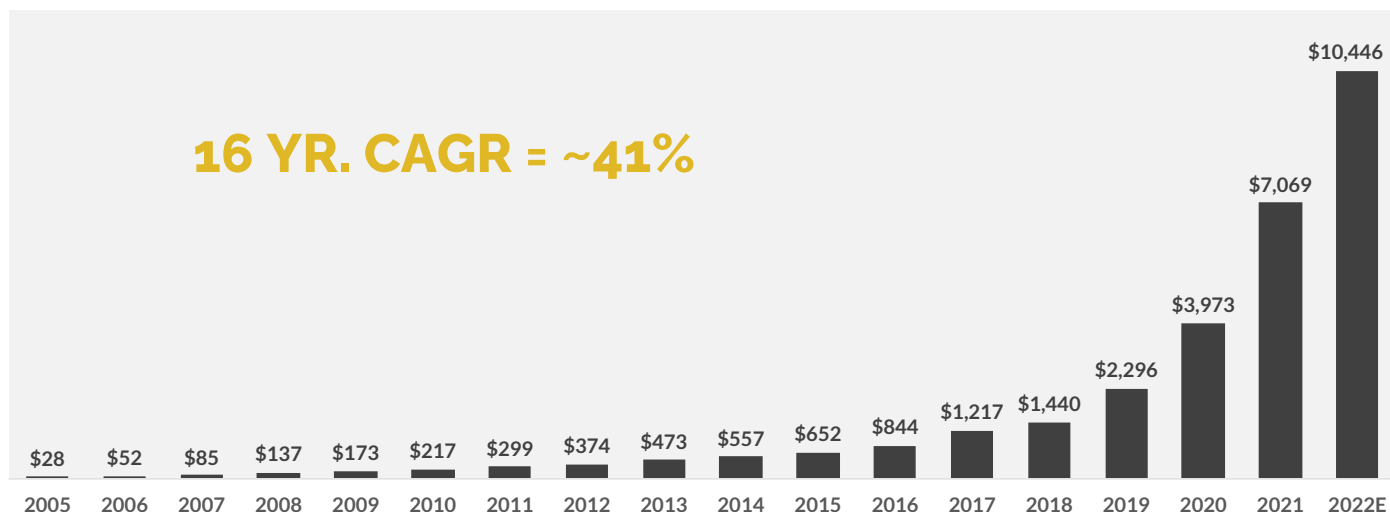
The first and most important of these cycles in Latin America –its “Big Bang”, if you will– was Mercado Libre, the region’s e-commerce leader and the company that most inspired the launch of EMQQ.

Here is a summary of the MELI virtuous cycle:

- 1. Founders with an idea.** In the spring of 1999, two Argentine students, Marcos Galperin and Hernan Kazah, were completing their Stanford MBAs and simultaneously writing the business plan for what would become Mercado Libre, the “Amazon.com of Latin America”, in the school library.
- 2. Investors willing to back founders.** The commencement speaker at Galperin and Kazah’s graduation was Texan VC investor John Muse, of HM Capital. Galperin was assigned the task of driving him to his plane after the event. During the trip, he successfully pitched his idea for MELI and got initial funding from Muse for it.
- 3. Successful growth and value creation.** After graduation, Mercado Libre’s founders returned to Buenos Aires, literally set up shop in a garage, and got started. It worked: over the past 22 years, MELI has grown to be one of the largest e-commerce companies in the world and the largest in Latin America. Not only was it the first Latin America-born tech company to trade on NASDAQ, but it also has become an important fintech player, encouraging innovation in both the region’s incumbent and emerging companies.

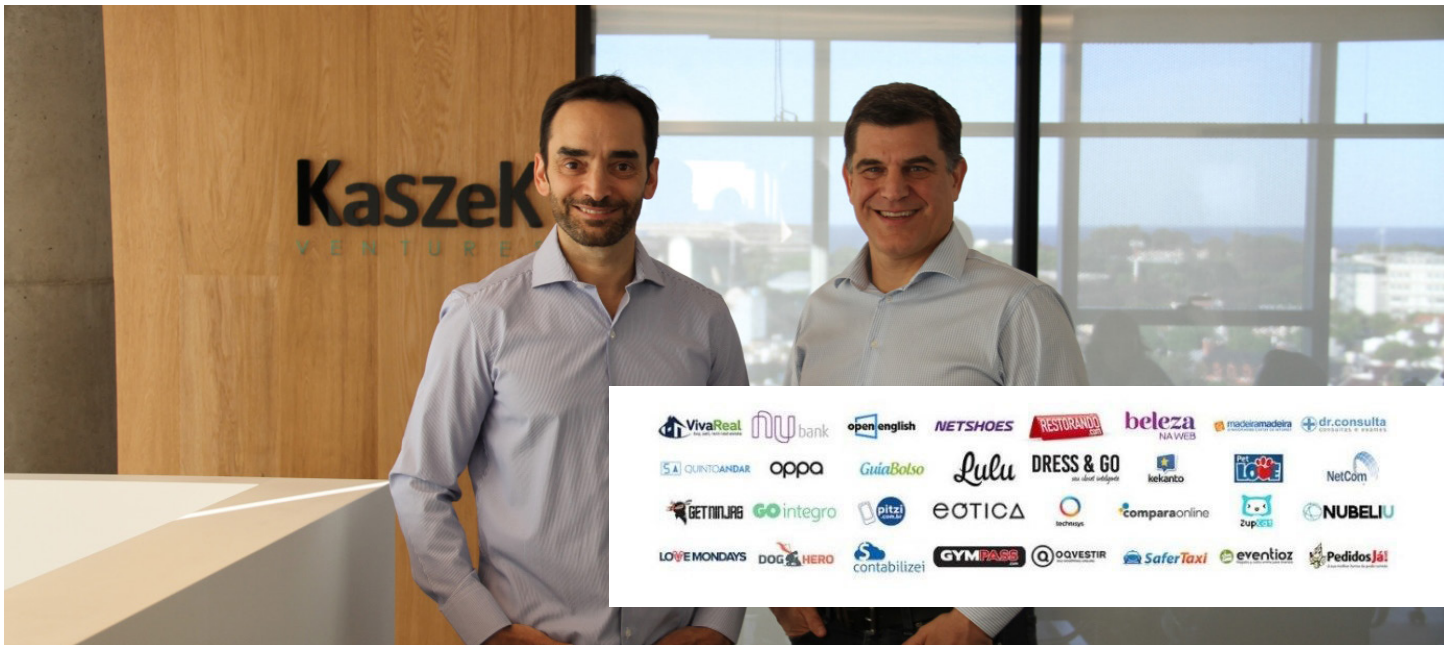


Mercadolibre Revenue
20005-2022E (\$MM)



Source: EMQQ Global LLC

4. **Liquidity via IPOs or exit.** MELI currently has a market capitalization of about \$33 billion USD, and has traded as high as \$100 billion USD.



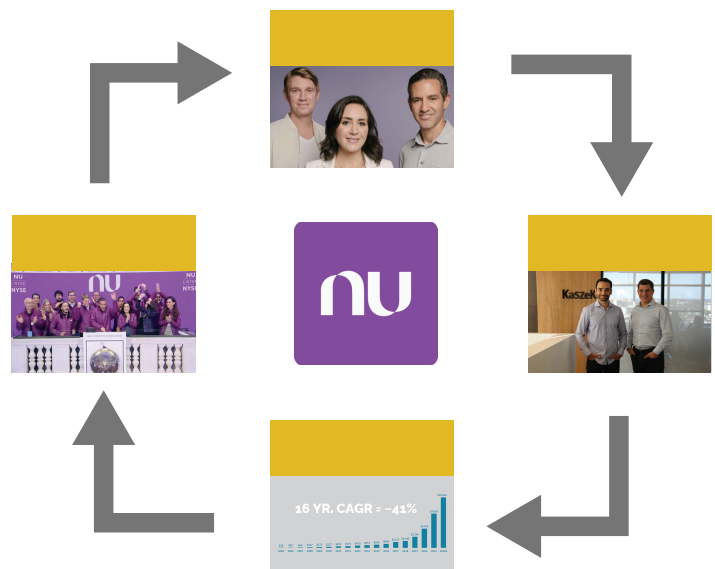
Left to right: Kaszek co-founders Hernán Kazah and Nicolas Szekasy / Kaszek

Kaszek Ventures

In 2011, MELI's co-founder Kazah and the company's original CFO Nikolas Szekasy left the company and founded the VC firm Kaszek (a portmanteau of their last names) to invest in other Latin American tech startups. The firm has since invested in nearly 100 companies, including 9 unicorns. Kaszek currently has over \$2 billion in assets under management. Szekasy also serves as the Chairman of the Latin America Venture Capital Association.

Kaszek is the embodiment of growth by compounding created by Latin America's virtuous cycles. Consider the example of Nubank.

- 1. Founders with an Idea.** After working as an analyst at Morgan Stanley between his bachelor and MBA degrees at Stanford, Colombian David Vélez began his career in the VC world. He was a senior associate at General Atlantic and then became partner at Sequoia, where he was responsible for all Latin American investments. Familiar with the inefficiencies of Brazil's legacy banks –including the



lack of bank branches in remote or underdeveloped areas–, he decided to create an online bank named Nubank. “Nu” means “nude” in Portuguese, Brazil’s official language, so Nubank was an apt name chosen by Velez and his cofounders, who wanted to create a more transparent and no-frills banking institution.

- 2. Investors willing to back founders.** Kaszek Ventures and others funds, including Warren Buffet’s Berkshire Hathaway, backed David and his partner Cristina Junqueira. She’s a Brazilian with an MBA from Northwestern University Kellogg School of Business, who worked at Itaú Unibanco, one of Brazil’s leading banks, before joining Nubank.
- 3. Successful growth and value creation.** David and Cristina created Nubank in Sao Paulo in 2013. In less than a decade, it now offers its online banking services to almost 33% of Brazil’s population. It launched in Mexico, the region’s second largest market by population, in 2020, where it now has over 2 million customers.
- 4. Liquidity vis IPOs or exit.** Nubank debuted on the NYSE in December of 2021 and currently has a market capitalization of nearly \$20 billion.

And the cycles continue into a compounding cascade of growth. David has become an active investor in over 20 new ventures across Latin America, including soonicorns (companies valued at over \$100 million) like Colombian proptech La Haus.

A Compounding Cascade of Growth

1. More Entrepreneurs Founding New Companies

There are 30 unicorns in Latin America and as detailed below, most of the Founders went to Stanford, Harvard, or MIT.

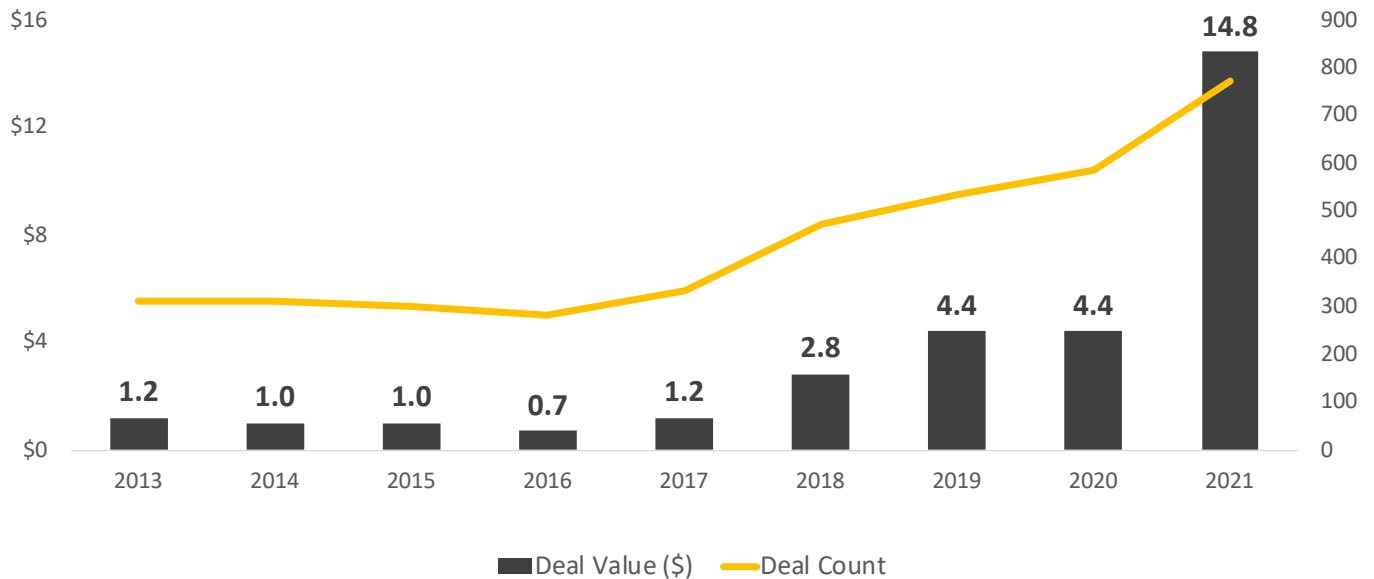
Unicorn Name	Country	Sector	Value (\$B)	Founder	College/MBA
EBANX	Brazil	Fintech	10	João Del Valle	Stanford
Kavak	Mexico	E-commerce	9	Carlos (Julio) Garcia Ottati	Oxford
Rappi	Colombia	Food Delivery	6	Simón Borrero	MIT
C6 Bank	Brazil	Fintech	5	Marcelo Kalim	MIT
Creditas	Brazil	Fintech	5	Sergio Furio	Cornell
QuintoAndar	Brazil	Real Estate	5	Gabriel Braga / Andre Penha	Stanford
frete.com	Brazil	Logistics tech	3	Federico Vega	University of Southampton
Hotmart	Brazil	E-commerce	3	João Pedro Resende	Fundação Getulio Vargas
Loggi	Brazil	Logistics tech	3	Fabien Mendez	Fundação Getulio Vargas
Nuvemshop	Brazil	Fintech	3	Alejandro Vázquez	Stanford
Uala	Argentina	Fintech	3	Pierpaolo Barbieri	Harvard
Unico	Brazil	Fintech	3	Diego Torres Martins	INSEAD
Wildlife Studios	Brazil	Gaming	3	Victor Lazarte	Harvard
Bitso	Mexico	Crypto	2	Daniel Vogel	Harvard
Clip	Mexico	Fintech	2	Adolfo Babatz	MIT
Cloudwalk	Brazil	Fintech	2	Luis Silva	Stanford
iFood / Movile	Brazil	Food Delivery	2	Fabricio Bloisi	Harvard
Loft	Brazil	Real Estate	2	Florian Hagenbuch	Wharton
Mercado Bitcoin	Brazil	Crypto	2	Roberto Dagnoni	Harvard
Mural	Argentina	SaaS	2	Mariano Suarez-Battan	Stanford
Clara	Mexico	Fintech	1	Gerry Giacomán Colyer	Stanford
Daki	Brazil	Delivery	1	Rafael Vasto	Stanford
Facily	Brazil	E-commerce	1	Diego Dzodan	Harvard
GymPass	Brazil	E-commerce	1	Cesar Carvalho	Harvard
Konfio	Mexico	Fintech	1	David Arana	MIT
Madeira Madeira	Brazil	E-commerce	1	Daniel Scandian	Stanford
Olist	Brazil	E-commerce	1	Tiago Dalvi	Uni Federal do Paraná
Prisma M de Pago	Argentina	Fintech	1	Martin Kaplan	IAE B School (Argentina)
Privalia	Brazil	E-commerce	1	Fernando Boscolo	IESE B School (Europe)

Source: EMQQ Global LLC

2. More Venture Capital Investment

The success of companies like MELI, NU and DLO have led to a significant increase of interest in venture capital investment. In 2021 Latin American startups raised \$15.5 Billion of venture capital, more than all previous decade combined.

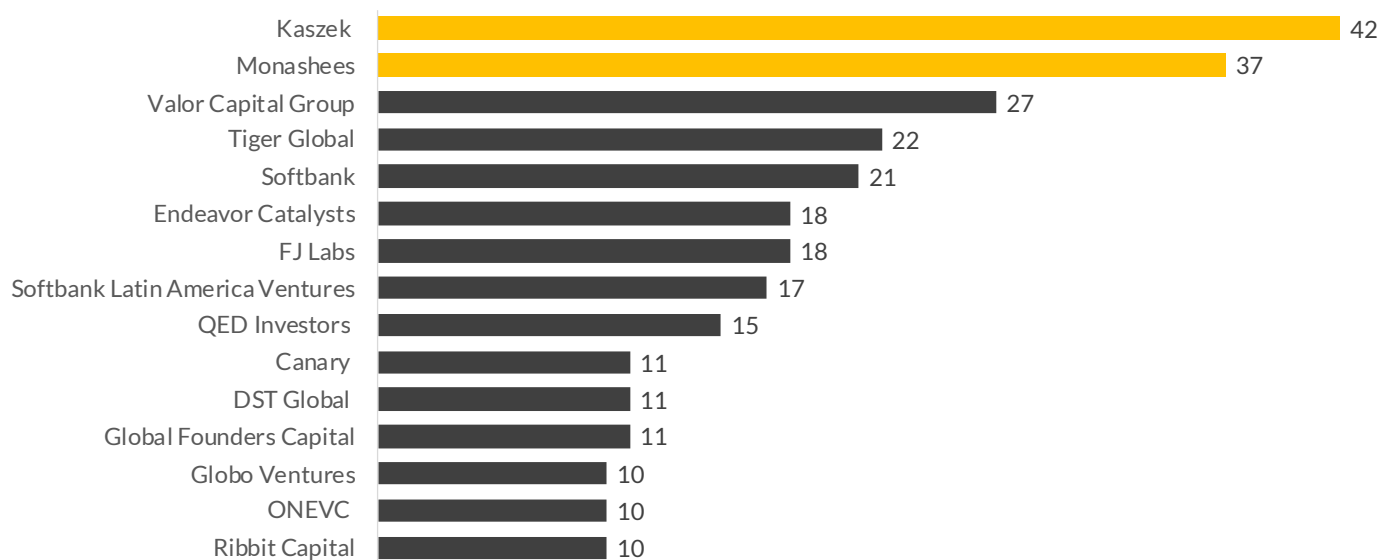
VC Deal Activity + Funding (2013-2021)



Source: EMQQ Global LLC

Kaszek Ventures was the most active fund in Latin America in 2021. Kaszek also raised an additional \$1 billion fund last summer.

Leading VC Investors in Latam (2021)



Source: EMQQ Global LLC

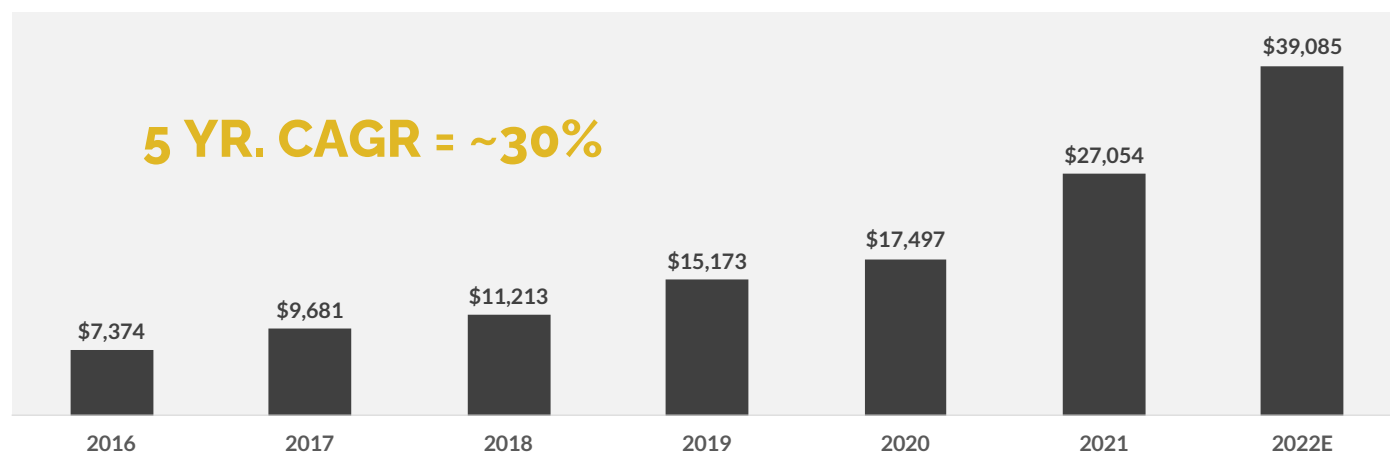
Other Key Latin Venture Investors

- Endeavor** – Endeavor is an amazing and important part of the EMQQ ecosystem. It's a U.S.-based non-profit created in 1997. Since then, it has become the leading global community of, by, and for high-impact entrepreneurs, driven by a belief that they transform economies through their innovative companies and a solid support network. Mercado Libre's growth was largely influenced by Endeavor, as Marcos Galperin was selected as an Endeavor Entrepreneur in 1999 and received the necessary support and mentoring to establish the foundations of the company it has become. Most entrepreneurs behind Latin American unicorns are part of Endeavor, including the founders of Rappi (profiled in the next section) and Mexican used car marketplace Kavak (currently the region's highest valued unicorn, at \$8.7 billion). The organization is literally "on a mission to build thriving entrepreneurial ecosystems in emerging markets".
- monashees** – Headquartered in Sao Paulo, monashees (stylized with a lowercase "m"), was founded in 2005 by Eric Acher, an alumnus from McKinsey and private equity giant General Atlantic, and Fabio Igel, heir to the Grupo Ultra fortune. One of their early investments and exits was 99, a Brazilian ridesharing company that Didi acquired to enter the Latin America market. Another prominent investment is Colombia's Rappi.
- Tiger Global Management** – New York City-based Tiger Global is the most prolific venture capital investor in all emerging markets and has been increasingly investing in Latin America. One of its most recent investments is Mexican freight forwarding unicorn Nowports, based in Mexico, and Colombian payment platform Bold. However, it remains to be seen how Tiger's recent performance woes will impact its VC investment. Tiger is also an investor in Rappi.
- SoftBank** – Masayoshi Son and SoftBank remain the world's largest venture investors –but as it happens with Tiger, they also face near-term challenges. SoftBank launched a dedicated Latin America fund in 2019 with \$5 billion; it then committed an additional \$3 billion for a second fund in 2021. However, since then Marcelo Claure, COO of SoftBank and the person behind the Latin America push, has left to create his own fund. SoftBank is also an investor in Rappi, having invested \$1 billion in 2019, and is present on most of the Series B, C and D+ rounds raised by startups in Mexico, Colombia, Brazil and Argentina between 2019 and 2022.

3. More Growth & Value Creation

The Latin American holdings in EMQQ have experienced rapid growth. In the past six years, revenues have grown at an average annual rate of 30% and are expected to accelerate to over 40% in 2022.

LAQQ Index Total Revenue
2016-2021 (\$MM)



Source: EMQQ Global LLC

4. Liquidity via IPOs or Exit

When we launched EMQQ 8 years ago, we had only two Latin America holdings. Today we have 16 Latin America, with 30 unicorns forming a potentially robust IPO pipeline if and when global IPO markets regain some life.



Source: EMQQ Global LLC

Bogotá, Quick Commerce and the Rappi Experience

Bogotá, Colombia was the most impactful stop on our trip. At an altitude of 8,600 feet, the city sprawls down from the base of the Monserrate Mountain, surrounded by lush jungle. The city is comprised of mostly red brick buildings whose burnt orange color contrasts with the green surroundings to give the city an earthy feel. The city is very vibrant, as it is home to 12 million people who, at least once in recent years, have topped the world happiness index despite a high poverty rate.

The main thing we hoped to see in Bogotá was Rappi, a Colombian on-demand delivery company and one of the region's most valuable unicorns, at \$5.25 billion. The company was created in 2015 by a team of Colombian entrepreneurs: Simón Borrero, Felipe Villamarín, and Sebastian Mejía; Borrero is an MIT graduate and Mejia has an MBA from Stanford. Rappi launched with a then-innovative, now omnipresent food and grocery delivery service that leveraged Colombia's high use of intercity bikes.



Bogotá, Colombia, March 2022 Images Owned by: EMQQ Global



Rappi “Tenderos”, Image sourced: Financial Times

Aided by its SoftBank and Endeavor Catalyst (Endeavor’s venture capital arm) investment rounds, Rappi quickly expanded to other countries; it is now the leading on-demand delivery service in Mexico, which also serves as its second largest operations headquarters due to this country’s size. (Colombia’s population is almost 51 million, while Mexico’s is 130 million).

Rappi is one of many startups around the world developing quick commerce, or Q-Commerce, business models that offer ultra-fast delivery of basic daily items and staples. Rappi Turbo offers 10-minute deliveries and averages about 8.3 minutes, and it is now one of the startup’s fastest-growing business verticals.

Globally, Q-Commerce is also experiencing fast growth. There are some of these companies in the U.S., including SoftBank-backed GoPuff, that operate primarily in the northeast and NYC-metro area as these regions may provide the density required to scale Q-Commerce. However, in emerging markets, densely populated megacities and low labor costs create a giant opportunity.

Latin America, with several megacities including São Paulo and Mexico City –each with over 20 million people in its metro areas–and very low labor costs are fertile ground for business models like Q-Commerce.

Rappi is headquartered in Bogotá, has offices in São Paulo and Mexico City, and is present in 9 countries (Colombia, Mexico, Costa Rica, Peru, Ecuador, Chile, Argentina, Uruguay, and Brazil). The company’s investors include, as mentioned, Endeavor, SoftBank and Tiger Global Management.

To say we “saw Rappi” would be a serious understatement, as you literally couldn’t not see Rappi. The delivery workers, all on bikes and motorcycles, were EVERYWHERE with their orange mustached bags. Standing on the curb in front of the hotel for one minute you might see a dozen rappitenderos (the delivery riders) bringing meals, sodas, bread, toilet paper, fruits –even cash!– to their customers with an average delivery time of 8 ½ minutes!

Most of the rappitenderos are young Venezuelans that have come to Bogotá seeking employment opportunities away from their country’s economic misery. They reported they were generally pleased with both the work and the ability to make a much higher income than they could make in their home country, plus the freedom and flexibility that comes with such gig economy roles.

Rappi’s Turbo service operates a network of dark stores that comprise the “hyper local” delivery infrastructure required for Q-Commerce.

Rappi, Virtuous Cycles and the Miracle of Compounding

The other main observation in Bogotá was the incredible, dynamic, entrepreneurial startup ecosystem and real-world elements of the “virtuous cycle”. We had lunch with two attorneys who serve many of Colombia’s leading tech startups, including Rappi. We learned that there are 1,078 funded startups in Colombia alone! We also had dinner with a Rappi executive from Ohio who previously worked at Facebook. The vibe from everyone was young and electric.

Rank	City	Population	Density (/KM)
4	Sao Paulo, Brazil	22,495,000	6,946
5	Mexico City	21,505,000	9,017
13	Buenos Aires, Argentina	16,216,000	15,046
19	Rio de Janeiro, Brazil	13,293,000	6,181
29	Bogota, Colombia	12,542,000	16,502
NA	Montevideo, Uruguay	1,947,000	6,726

Source: EMQQ Global LLC

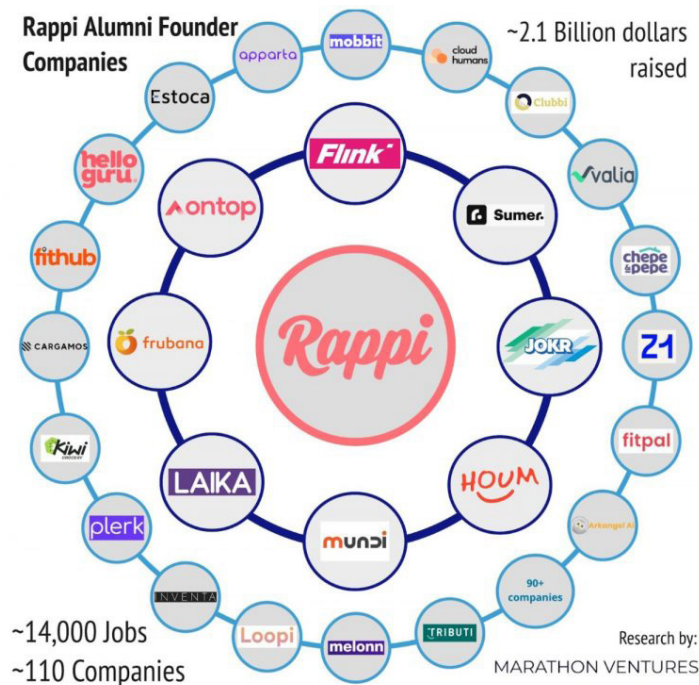


Top Left Image: Rappi Founders, Image sourced: slidebean.com

All other images are Rappi "Tenderos", taken in Bogotá, Colombia; March 2022 Images Owned by: EMQQ Global

Finally, as further evidence of the cascade of virtuous compounding cycles of growth discussed earlier, consider the so-called Rappi Mafia. This is the ecosystem of 110 startups founded by former Rappi employees that now have raised over \$2 billion and created over 14,000 jobs!

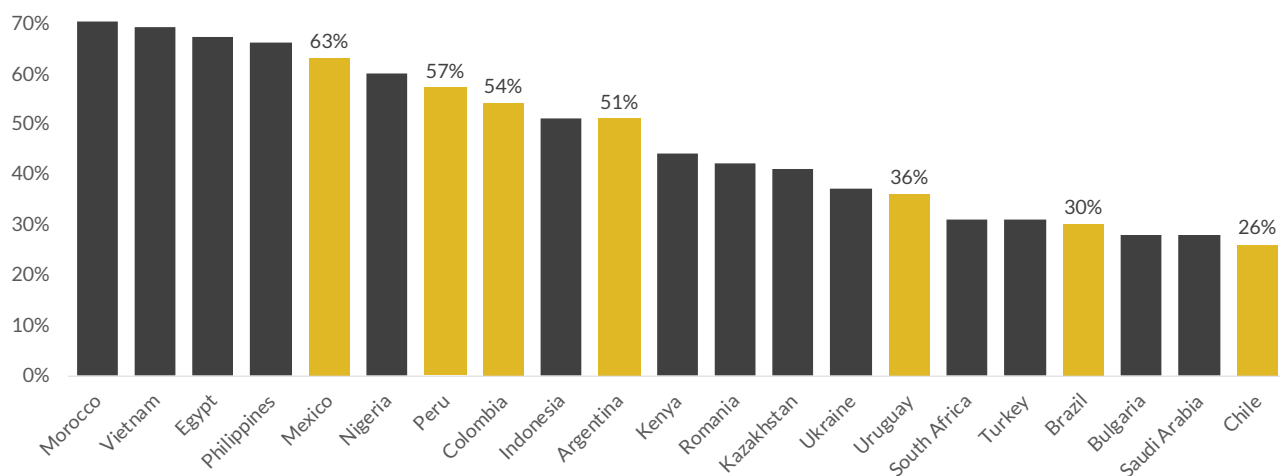
The Rappi Mafia



Fintech Leads the Way

As we repeat regularly, Fintech dominates the EMQQ story. In much of Latin America, and emerging markets broadly, plenty of people have never had a bank account or have access to credit. Furthermore, Latin America has the most expensive banking system in the world, dominated by a small handful of legacy banks notorious for their poor service –making the fintech opportunity ripe.

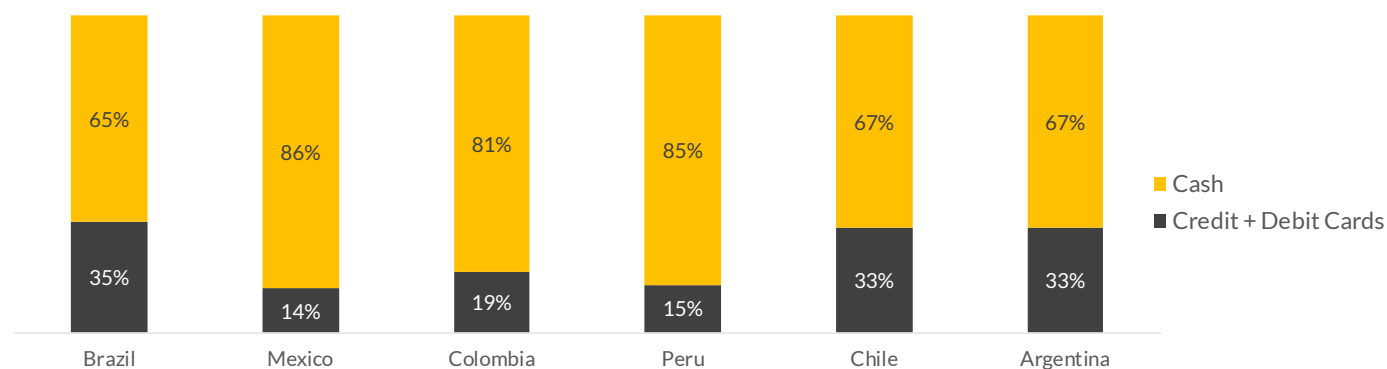
Percent of Population Without a Bank Account (2021)



Source: EMQQ Global LLC

Because most people in emerging markets do not have a bank account, they also lack credit and debit cards. The result is that most transactions in the developing world are still in cash. In every country in Latin America cash is still king for most purchases under \$100 as the table below details.

Card and Cash Penetration (2020)



Source: EMQQ Global LLC



Mercado Pago credit card readers, Buenos Aires, Argentina, March 2022 Images Owned by: EMQQ Global



Mobile Payments: The Gateway

As we have seen in China and Southeast Asia, mobile payments are the key to igniting the e-commerce fire. Until new consumers get some form of digital payments capability, they can become online consumers. And, once an app becomes the payments option for those new consumers, they might also evolve to offer other financial products, including banking, credit, insurance, and investments.

In addition to being Latin America's ecommerce leader, MercadoLibre also leads the way in fintech. Mercado Pago, which MELI developed to support its e-commerce business, has become possibly the most valuable part of the company. Consider that in Q4 2021, Pago generated more profits than the "core" ecommerce business. And you don't have to look far to see why: at every point of sale of any product you will find some version of MercadoPago.

Other EMQQ Latin American holdings include:

Pagseguro (PAGS)

Brazil's Pagseguro offers multiple digital payments solutions to SME-sized businesses, as well as banking and credit products and POS devices.



Stone Co (NYSE: STNE)

Brazil's Stone Co provides an end-to-end, cloud-based technology platform for merchants to conduct e-commerce using in-store, online, and mobile channels. The cloud-based platform helps its clients to connect, facilitate transactions, receive payments, and grow their businesses.



Nubank (NYSE: NU)

Nubank's primary offering is a credit card completely controlled by the user through a mobile app. It allows users to track transactions in real time, block their respective card, apply for a limit raise, and contact customer support.



Fintech companies dominate EMQQ's top 10 Latin American holdings.

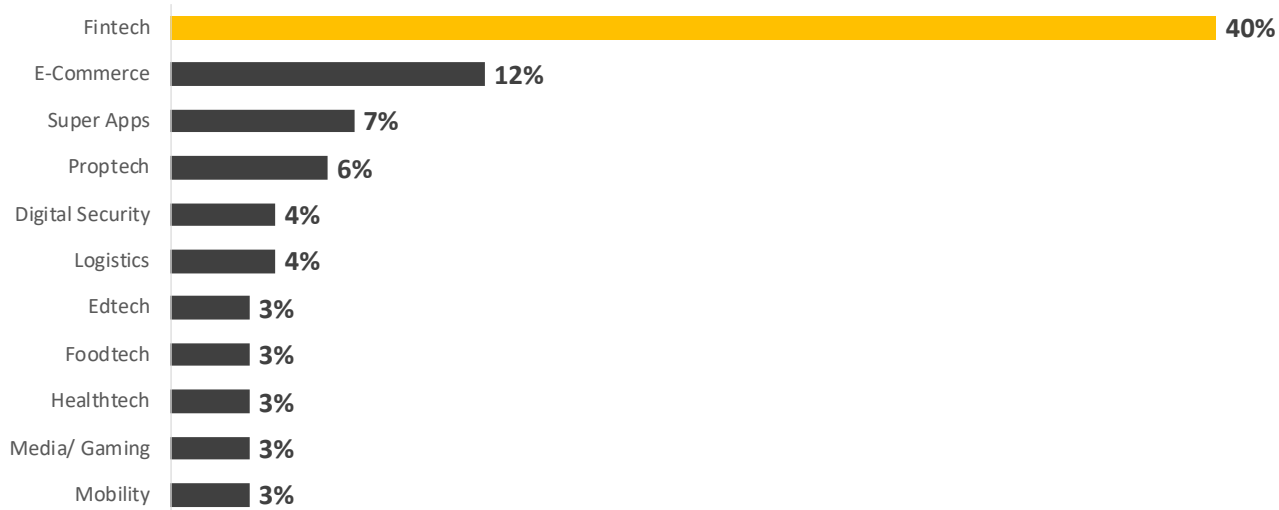
EMQQ	Name	Ticker	Country	Industry
1	MERCADOLIBRE	MELI US	ARGENTINA	Fintech + E-Commerce
2	XP INC	XP US	BRAZIL	Fintech
3	PAGSEGURO	PAGS US	BRAZIL	Fintech
4	DLOCAL	DLO US	URUGUAY	Fintech
5	STONECO	STNE US	BRAZIL	Fintech
6	MAGAZINE LUIZA	MGLU3 BZ	BRAZIL	E-Commerce
7	NU HOLDINGS	NU US	BRAZIL	Fintech
8	AMERICANAS SA	AMER3 BZ	BRAZIL	E-Commerce
9	GRUPO MODA	SOMA3 BZ	BRAZIL	E-Commerce
10	LOCAWEB	LWSA3 BZ	BRAZIL	E-Commerce

6 of Top 10 EMQQ Latin America Companies are Fintech

Source: EMQQ Global LLC

As in all EMQQ regions, Latin America venture capital goes largely to fintech startups at this stage.

VC Investment Per Segment (2020)



Source: EMQQ Global LLC

Flaws in the System: The MSCI EM Index Sucks

It continues to amaze us that most EMQQ companies are not included in the MSCI EM Index, which most ETFs track (EEM, IEMG, VWO, etc.). It remains unclear why these companies are missing, but it likely has to do with their listing in the United States on the NYSE or NASDAQ.

Of the 16 Latin America technology companies in the EMQQ Index, only 2 are included in the MSCI Emerging Markets index that most investors and ETFs use to track emerging markets.

EMQQ	COMPANY	TICKER	COUNTRY	INDUSTRY	MSCI
1	MERCADOLIBRE	MELI US	ARGENTINA	FINTECH + E-COMMERCE	NO
2	XP INC	XP US	BRAZIL	FINTECH	NO
3	PAGSEGURO	PAGS US	BRAZIL	FINTECH	NO
4	DLOCAL	DLO US	URUGUAY	FINTECH	NO
5	STONECO	STNE US	BRAZIL	FINTECH	NO
6	MAGAZINE LUIZA	MGLU3 BZ	BRAZIL	E-COMMERCE	YES
7	NU HOLDINGS	NU US	BRAZIL	FINTECH	NO
8	AMERICANAS SA	AMER3 BZ	BRAZIL	E-COMMERCE	YES
9	GRUPO MODA	SOMA3 BZ	BRAZIL	E-COMMERCE	NO
10	LOCAWEB	LWSA3 BZ	BRAZIL	E-COMMERCE	NO

ONLY 2 of EMQQ Latin America Companies are in the MSCI EM INDEX

Source: EMQQ Global LLC

In addition to missing the region's dynamic tech companies that represent the future of the region, the MSCI index top holdings represent the worst parts of Latin America's legacy economy. The largest holding is Brazilian mining giant Vale, which has been responsible for the country's two worst environmental disasters as catastrophic dam failures have twice flooded the Amazon with toxic mining waste in recent years.

The top ten holdings also include four of Brazil and Mexico's "old bank" giants, notorious for high fees and poor service. The "new banks" and fintech companies should continue to grow largely at the expense of these legacy institutions.

EMQQ INDEX

EMQQ	Name	Ticker	Country	Industry
1	MERCADOLIBRE	MELI US	ARGENTINA	Fintech + E-Commerce
2	XP INC	XP US	BRAZIL	Fintech
3	PAGSEGURO	PAGS US	BRAZIL	Fintech
4	DLOCAL	DLO US	URUGUAY	Fintech
5	STONECO	STNE US	BRAZIL	Fintech
6	MAGAZINE LUIZA	MGLU3 BZ	BRAZIL	E-Commerce
7	NU HOLDINGS	NU US	BRAZIL	Fintech
8	AMERICANAS SA	AMER3 BZ	BRAZIL	E-Commerce
9	GRUPO MODA	SOMA3 BZ	BRAZIL	E-Commerce
10	LOCAWEB	LWSA3 BZ	BRAZIL	E-Commerce

MSCI EM INDEX

MSCI	Name	Ticker	Country	Industry
1	VALE SA-SP	VALE US	BRAZIL	Mining
2	PETROBR-SP P	PBR/A US	BRAZIL	Energy
3	PETROBRAS SA	PBR US	BRAZIL	Energy
4	ITAU UNIBANC	ITUB US	BRAZIL	Banking
5	AMERICA MOVIL	AMXL MM	MEXICO	Telecom
6	BRABESCO	BBD US	BRAZIL	Banking
7	WALMART DE MEX	WALMEX* MM	MEXICO	Retail
8	B3 SA	B3SA3 BZ	BRAZIL	Exchange
9	GRUPO MEXICO	GMEXICOB MM	MEXICO	Banking
10	GRUPO F BANORT	GFNORTEO MM	MEXICO	Banking

Source: EMQQ Global LLC

Company Visits

We were able to visit several EMQQ companies on our trip. Unfortunately, as is the case in most places, the offices were largely empty since people have opted or are required to work remotely. It was, nonetheless, good to see, feel and touch the EMQQ story in person.

Mercado Libre (NASDAQ: MELI), Buenos Aires, Argentina

We were originally unable to schedule a visit to Mercado Libre's Headquarters, which I was bummed about. MELI is the company that most inspired me to create EMQQ 8 years ago. Unfortunately, because Brazil is 55% of MELI revenue, the investor relations team and much of the company leadership operates from São Paulo.

I gave a talk for the CFA Society Argentina. Fortunately, chapter President Santiago Padua (pictured below), offered to host us for a quick visit to Mercado Libre after lunch, which we gladly accepted. It was great to finally visit the place that in many ways started the EMQQ journey.



Left to right: Kevin T. Carter, Founder + CIO, EMQQ Global, and Santiago Padua, President of CFA Society Argentina meet for the EMQQ presentation in Buenos Aires, Argentina, March 2022 Images Owned by: EMQQ Global



Left to right: Lee G. Stapleton, Chief Marketing & Evolution Officer, EMQQ Global, and Kevin T. Carter, Founder + CIO, EMQQ Global, visit MercadoLibre headquarters in Buenos Aires, Argentina, March 2022 Images Owned by: EMQQ Global

d Local (NYSE: DLO), Montevideo, Uruguay

We took the ferry from Buenos Aires across the Río de la Plata river to Uruguay to see D Local (NYSE: DLO), an EMQQ holding that provides a B2C payments platform. D Local grants functionality for dozens of global brands, including Amazon, Nike and Uber, in 40 emerging and frontier markets.



Left to right: Lee G. Stapleton, Chief Marketing & Evolution Officer, EMQQ Global, and Kevin T. Carter, Founder + CIO, EMQQ Global, visit D Local headquarters in Montevideo, Uruguay, March 2022 Images Owned by: EMQQ Global

EMQQ and DLO have a lot in common. Per the wall below, they operate in the same place that EMQQ invests in: all emerging and frontier markets, which is 85% of the world's people. However, the database says they are in Uruguay – which they are technically – a country of 3 million people. This is another problem with databases and indexing.



Wall inside D Local headquarters in Montevideo, Uruguay, March 2022 Images Owned by: EMQQ Global

Nubank (NYSE: NU), Sao Paulo, Brazil

When I was scheduling our trip, one of the people I was looking forward to meeting the most was Federico Sandler, head of Investor Relations for Nubank. In addition to being head of IR for Nu, which recently launched its IPO, Fede had also been Head of Investor Relations for MELI. He had lived the EMQQ Latin America story as much as anyone. Unfortunately, Fede was (ironically) in San Francisco for a Morgan Stanley conference.



Left to right: Lee G. Stapleton, Chief Marketing & Evolution Officer, EMQQ Global, and Kevin T. Carter, Founder + CIO, EMQQ Global, Nubank headquarters in Sao Paulo, Brazil March 2022 Images Owned by: EMQQ Global



Nubank headquarters under construction in Sao Paulo, Brazil, March 2022 Images Owned by: EMQQ Global

Nubank's office was closed anyhow as they were finishing a major renovation. Nevertheless, we stopped by for the photo op. We actually saw them getting ready to put the new (nu?) signage on the wall. I kinda wanted to grab it and run.

XP, Inc. (NYSE: XP), Sao Paulo, Brazil

We visited XP, Inc. (NYSE: XP), which can best be thought of as “the Charles Schwab of Brazil”. While it offers individual brokerage accounts, XP’s main business is serving as a platform for the thousands of investment advisors in the country.



Left to right: Kevin T. Carter, Founder + CIO, EMQQ Global and Lee G. Stapleton, Chief Marketing & Evolution Officer, EMQQ Global visit XP, Inc., Sao Paulo, Brazil, March 2022 Images Owned by: EMQQ Global

We met with senior members of their investment team. I was most interested in learning about the Brazilian ETF market and how they approached asset allocation. We learned, as is happening everywhere, that ETFs are taking over. We also learned that XP has repackaged several US-listed ETFs for their client base in Brazil, including ARKK, which they indicated was regrettably taking up an inordinate amount of their time.



Pictured: XP, Inc. investment team meet with Kevin T. Carter, Founder + CIO, EMQQ Global, in Sao Paulo, Brazil, March 2022 Images Owned by: EMQQ Global

B3, (Brazilian Stock Exchange) São Paulo, Brazil

We visited B3, the Brazilian Stock Exchange formerly known as “BOVESPA”. Again, another relic of a bygone era: a large trading floor with only a few bodies. However, of all the exchanges in Latin America, B3 is by far the most robust and relevant. Six of EMQQ holdings trade on B3.

It has a booming ETF market, though the only real player thus far is iShares, who own the top 10 most used ETFs on B3. They also have a very robust BDR market, giving Brazilian investors access to major global companies. MELI is the largest, followed by TSLA.



Pictured: Kevin T. Carter, Founder + CIO, EMQQ Global visits B3 in Sao Paolo, Brazil, March 2022 Images Owned by: EMQQ Global



Left to right: Lee G. Stapleton, Chief Marketing & Evolution Officer, EMQQ Global, and Kevin T. Carter, Founder + CIO, EMQQ Global visit B3 in Sao Paolo, Brazil, March 2022 Images Owned by: EMQQ Global

Bolsa Mexicana de Valores, Mexico City, Mexico

We visited the Bolsa Mexicana de Valores (the Mexican Stock Exchange) with its beautiful rotunda of a trading floor. BMV is the second-largest stock exchange in Latin America after B3 in Brazil. However, like most physical stock exchanges, the BMV is a shell of its former self and has largely lost its relevance. It's had only a few IPOs in the past few years –and the reality is that the country's tech unicorns, when they do IPO, will almost certainly list on the NYSE or NASDAQ.



Left to right: Lee G. Stapleton, Chief Marketing & Evolution Officer, EMQQ Global, and Kevin T. Carter, Founder + CIO, EMQQ Global closing the tour in Rio de Janeiro, Brazil, March 2022 Images Owned by: EMQQ Global



Left to right: Lee G. Stapleton, Chief Marketing & Evolution Officer, EMQQ Global, and Kevin T. Carter, Founder + CIO, EMQQ Global visit Bolsa Mexicana de Valores, March 2022 Images Owned by: EMQQ Global



More information at [EMQQglobal.com](https://emqqglobal.com)