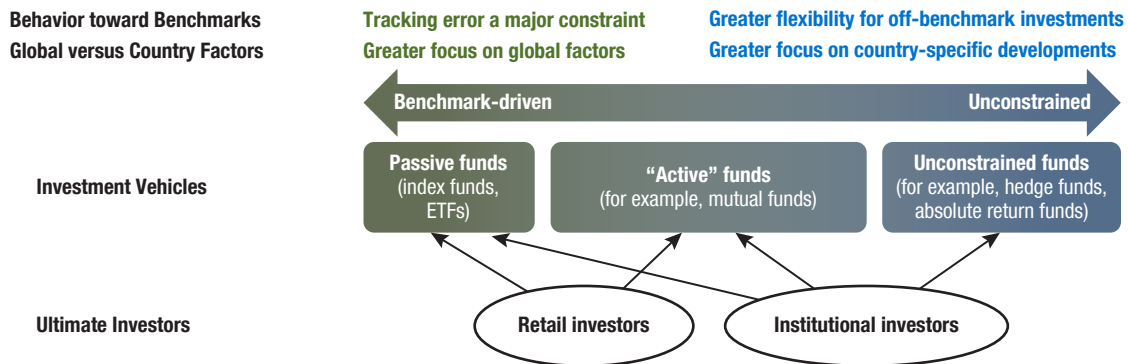


**Figure 1.22. Emerging Market Benchmark-Driven versus Unconstrained Investors**

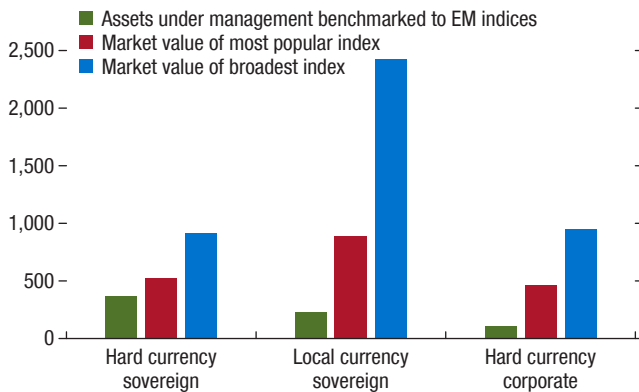
Benchmark-driven investors tend to treat EMs as an asset class.

**1. Schematic: EM Benchmark-Driven versus Unconstrained Investors**



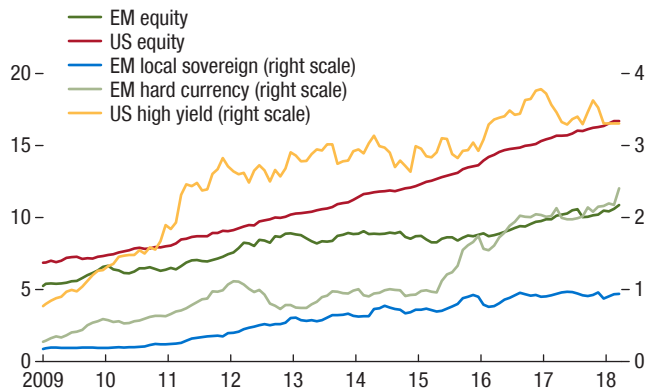
Benchmark-driven investors have a larger presence in hard currency debt than in local currency sovereign debt markets.

**2. Assets Benchmarked to JP Morgan EM Indices and Market Capitalization (Billions of US dollars)**



Passive investors are still only a small share of the overall asset class.

**3. Share of ETFs and Passive Funds as a Percentage of Asset Class (Percent)**



Sources: EPFR Global; JPMorgan Chase & Co.; and IMF staff estimates.

Note: In panel 2, "broadest index" refers to the version of the JPMorgan Index without the diversification weighting scheme and with the largest available issuer coverage. "Most popular index" refers to the version of the JPMorgan Index that is most widely followed in its asset class. EM = emerging market; ETF = exchange-traded fund.