CITY OF LONDON
Investment Management Company Limited

Emerging Markets Quarterly Outlook

January 2025*

Overview

The Day After Inauguration

The most prominent Emerging Market (EM) theme for 2025 appears to be US policy, and the coming months should provide more clarity on its future path. However, many of the major moves in 2024 were driven by domestic factors. Some idiosyncratic drivers may extend into 2025, while others will fade, leading to trend reversals. Our allocation changes are small this quarter (a downgrade of Malaysia to neutral) as we remain focussed on key strategic themes such as artificial intelligence (AI), US-China decoupling, and decarbonisation.

In our view, US politics will be an important theme for EM this year, with Trump returning to office having floated the prospect of disrupting global trade via tariffs. The MSCI Emerging Market (EM) Index has further underperformed US equities since the November election. An extension of the 'US exceptionalism' theme and a stronger US dollar are factors weighing on EM. Further dollar strength is a risk. However, as outlined in our recent report, The Art of Fading the Trump Trade (November 2024), EM and Chinese stocks performed relatively well over Trump's first term. His incoming administration will face constraints that will influence the timing, scope, and magnitude of some US policies (e.g. tax cuts and tariffs). EMs will likely be sensitive to these developments.

The initial months of a new president's term have historically provided a good indication of the future policy path. Our views and assumptions will adjust accordingly as the year progresses. Still, our core strategic themes (e.g. AI, US-China decoupling, and decarbonisation) and idiosyncratic domestic factors (e.g. Brazil's rising debt levels) will likely remain relevant over Trump's second term. On the latter point, it is worth noting that the bottom three EM equity indices in 2024 suffered from domestic factors (see Chart 1).

South Korea suffered from political instability culminating in former President Yoon's martial law declaration and subsequent impeachment. The lack of political stability delays some progress towards reducing the 'Korea discount'. However, demand for high-bandwidth memory (HBM) linked to AI growth is a structural tailwind for Korean semiconductor manufacturers. In addition, a recovery in traditional tech hardware (e.g., mobile phones) could further support the MSCI Korea Index, which trades at a depressed discount to EM (see Chart 2).

The other two laggards last year were Mexico and Brazil. Mexico has been negatively impacted by Trump's re-election (similar to 2016-17), but the MSCI Mexico Index had already fallen about 19% between Mexico's June 2024 election and the November US election. The initial decline was primarily due to domestic factors such as judicial reform. We expect further volatility going into the next United States-Mexico-Canada Agreement (USMCA) negotiations, but Mexico remains a likely beneficiary of US-China decoupling in the long term. In Brazil, domestic investors have been disappointed by growing debt levels, rising inflation expectations, and higher domestic interest rates. We think the path of least resistance for Brazil is higher inflation and a weaker currency, which would erode USD-based returns in 2025 (see Chart 3).

Two notable outperformers in 2024 were Taiwan and China. The strength of Taiwan was in line with the broader strength of global tech and advanced semiconductor manufacturers, given the country's large exposure to the sector. In China, the market re-rated in September following a policy shift, which we assessed as a clear effort to stabilise the property sector and improve equity market returns. Admittedly, progress towards further fiscal stimulus has been slow, resulting in recent weakness. In addition, the looming threat of US tariffs and other trade restrictions are also a headwind for China. As outlined in our last update, we prefer China A-shares because they 1) have a higher concentration of domestic ownership, 2) have lower exposure to foreign revenues, and 3) benefit more directly from policy stimulus and local capital market reforms.

EM Country Allocation

	Chg	-2	-1	0	+1	+2
Asia						
China†	-				■	
South Korea	-					■
Taiwan	-				■	
Malaysia	↓			■		
Indonesia	-				■	
Philippines	-		■			
Thailand	-		■			
Vietnam	-					■
India	-		■			
Latin America						
Brazil	-		■			
Mexico	-			■		
Europe, Middle East and Africa						
Turkey	-		■			
Saudi Arabia	-			■		
South Africa	-	■				
UAE	-			■		

Note: Up/down arrows indicate a positive/negative change in our asset allocation compared to the previous quarterly outlook. A dash indicates no change. The table shows the major Emerging Markets.
†Allocation is overweight China (via OW A-shares and N offshore stocks).
Source: CLIM

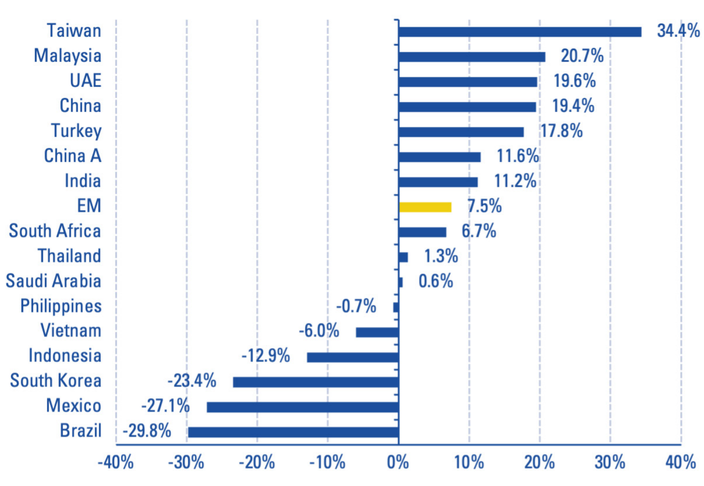
**The publication reflects asset performance up to 31 December 2024, and macro events and data releases up to 8 January 2025, unless indicated otherwise.*

Market Strategy: US policy is a major focus of the market as President Trump returns to office. Our views will adjust as the future policy path is outlined; however, our allocations continue to reflect strategic trends that will likely persist while Trump is in office. First, the demand for AI/semiconductors will benefit EM countries such as Taiwan and South Korea. Second, US-China decoupling should favour Vietnam and other attractively valued manufacturing hubs that can produce low-cost goods for US consumers. Mexico may also be due for a recovery once USMCA negotiations conclude. Third, industrial metals linked to electrification should also benefit from growing global energy needs. Indonesia and Chile are heavily exposed to this trend.

Relative to the previous quarter, we made one change to our country allocations. We downgraded **Malaysia** to *neutral*. The MSCI Malaysia Index has been strong relative to the EM Index over the past year. We attribute this strength to the growing demand for data centres and a relatively stable government under the current coalition. These trends may persist, but we prefer to recycle exposure into existing underperforming overweights (mainly South Korea and Indonesia).

Justin Kariya**
January 8th, 2025

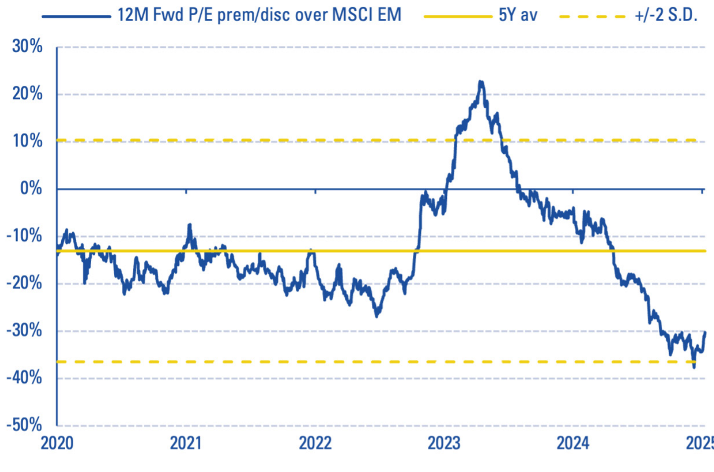
Chart 1: Net Total Return in USD, 2024



Source: Bloomberg

***The document includes contributions from Yasemin Engin and Tom Traill.*

Chart 2: South Korea forward P/E relative to EM



Source: Bloomberg

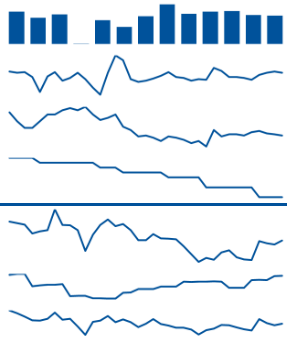
Chart 3: Brazilian Real versus USD

Source: Bloomberg

Asia

China

OW (OW A-shares and N offshore stocks)



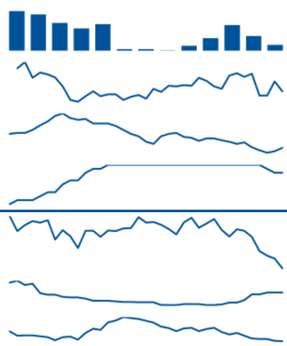
	3Y history	Latest	
GDP, % yoy		4.6	Q3
PMI, index		50.1	Dec
CPI, % yoy		0.2	Nov
Policy rate*, %		9.50	Dec
MSCI China**		0.3%	Q4
EPS, % yoy		13.0	Dec
12M Forward P/E		10.0	Dec

**Required Deposit Reserve Ratio for Major Banks.*
***US$ total return relative to MSCI EM.* *Source: Bloomberg*

- China is vulnerable to additional tariffs under the new Trump administration. The timing and severity of any policies remain uncertain, and Beijing will likely adjust fiscal stimulus measures to meet its 5% growth target.
- Markets reacted positively to China's policy signals in September, and the overall index outperformed the EM benchmark over 2024. However, recent stimuli have underwhelmed, and domestic consumption remains weak. A re-rating will likely require further signs of stabilisation in the property sector and additional fiscal measures to support the domestic economy.
- We remain *overweight* China A-shares, and neutral China off shore stocks. China A-shares 1) have a higher concentration of domestic ownership, 2) have lower exposure to foreign revenues, and 3) benefit more directly from policy stimulus and local capital market reforms.

South Korea

OW



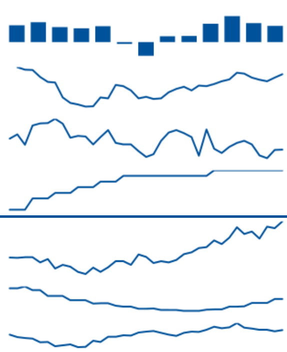
	3Y history	Latest	
GDP, % yoy		1.5	Q3
PMI, index		49.0	Dec
CPI, % yoy		1.9	Dec
Policy rate, %		3.00	Dec
MSCI South Korea*		-11.2%	Q4
EPS, % yoy		32.9	Dec
12M Forward P/E		7.8	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- The declaration of martial law in December caught investors off guard and raised concerns over Korea's political stability. However, South Korea's democratic institutions have so far proven robust, and Korea's multinational firms offer attractive value and exposure to rapidly growing demand for AI and HBM.
- The Value Up program has progressed slowly and the 'Korea discount' has become larger for the overall index. The MSCI Korea Index is trading well below its five-year average forward P/E ratio despite strong trailing and forward earnings.
- We remain *overweight* primarily to gain exposure to HBM growth. In addition, sentiment could turn more positive once legacy hardware (e.g., mobile phones) recovers and a new presidential election provides a political reset.

Taiwan

OW



	3Y history	Latest	
GDP, % yoy		4.2	Q3
PMI, index		52.7	Dec
CPI, % yoy		2.1	Dec
Policy rate, %		2.00	Dec
MSCI Taiwan*		11.3%	Q4
EPS, % yoy		24.1	Dec
12M Forward P/E		16.6	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- Taiwan's equity market is heavily weighted to advanced semiconductor manufacturing. Guidance from several important global tech companies indicates solid demand for advanced AI hardware, likely supporting Taiwan's earnings growth. In addition, some prominent tech CEOs hinted at new technological breakthroughs in artificial general intelligence (AGI) in 2025, potentially providing further support for Taiwan's tech sector.
- Tensions with China remain, though Beijing will likely remain focussed on reviving its domestic economy and managing US relations. The US and China are seeking to become more self-sufficient in semiconductor manufacturing, which may weaken Taiwan's position over time. Still, the technological and financial barriers to entry are high, and Taiwanese firms are diversifying their manufacturing to countries such as the US.
- We expect AI to support earnings growth and stay *overweight*.

India

UW

	3Y history	Latest	
GDP, % yoy		5.4	Q3
PMI, index		56.4	Dec
CPI, % yoy		5.5	Nov
Policy rate, %		6.50	Dec
MSCI India*		-3.3%	Q4
EPS, % yoy		27.9	Dec
12M Forward P/E		22.0	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- India's economic and earnings growth has started to decelerate. A restrictive fiscal stance and a rolling over of the credit impulse are material headwinds resulting in downward revisions to 2025 earnings.
- While headline growth remains strong, and the long-term out look is bright, India's equity market is priced optimistically. The MSCI India Index forward P/E trades at a significant premium to most EMs at 22x. Furthermore, options volume data indicates a large degree of retail speculation, leaving equities exposed to a deterioration in sentiment.
- In recent years, India has benefited from China's weakness, with the two markets often moving in opposing directions. A re--rating of Chinese stocks may translate into Indian weakness if this relationship continues to hold. We remain *underweight* Indian equities, as the current multiple does not reflect growing downside risks and less supportive drivers.

Malaysia

N (↓)

	3Y history	Latest	
GDP, % yoy		5.3	Q3
PMI, index		48.6	Dec
CPI, % yoy		1.8	Nov
Policy rate, %		3.00	Dec
MSCI Malaysia*		1.2%	Q4
EPS, % yoy		9.1	Dec
12M Forward P/E		14.2	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- Malaysia is vulnerable to an escalation in the US-China trade war given its high value-add in US-bound Chinese exports, large trade surplus with the US, very open economy and politically sensitive semiconductor sector. Tariffs would come at a time when Malaysia's electronic exports have been recovering.
- While robust domestic demand should partially support growth, there is limited policy space to offset the impact of tariffs. On the fiscal side, the government is committed to narrowing the fiscal deficit, mainly through fuel subsidy normalisation. As such, while inflation is contained, the risks are skewed to the upside. The Bank Negara Malaysia will, therefore, keep rates on hold.
- Despite its political stability and growing role in the global tech supply chain, the equity market has priced this improvement over the past year. We downgrade our allocation to *neutral*, given the risk of US tariffs.

Indonesia

OW

	3Y history	Latest	
GDP, % yoy		5.0	Q3
PMI, index		51.2	Dec
CPI, % yoy		1.6	Dec
Policy rate, %		6.00	Dec
MSCI Indonesia*		-7.6%	Q4
EPS, % yoy		7.7	Dec
12M Forward P/E		11.5	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- New President Prabowo Subianto is expected to continue with his predecessor's reforms of downstreaming and building out infrastructure. Indonesia is more insulated from a US-China trade war escalation as it has lower trade linkages with China, and its economy is more domestically oriented (household consumption makes up over half of GDP).
- The MSCI Indonesia Index was one of the weakest markets in 2024. However, we see some indications that the market is due for a rebound. The reappointment of the finance minister allayed some concerns that the fiscal deficit might breach the 3% cap amid ambitious spending plans. In addition, 2025 earnings forecasts have been revised higher over the past three months.
- We stay *overweight* as we think Indonesia is well placed to benefit from decarbonisation trends given its ample nickel reserves, a critical input in EV batteries.

Philippines

UW

	3Y history	Latest	
GDP, % yoy		5.2	Q3
PMI, index		54.3	Dec
CPI, % yoy		2.9	Dec
Policy rate, %		5.75	Dec
MSCI Philippines*		-5.9%	Q4
EPS, % yoy		8.1	Dec
12M Forward P/E		10.3	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- The Philippines, while insulated from tariff risks given that its exports are concentrated in services rather than goods, is still vulnerable to investor sentiment due to its current account deficit. Robust domestic demand means that the current account deficit is projected to stay wide. As such, despite moderating inflation, the PHP is vulnerable to higher US bond yields.
- The fiscal deficit is set to remain wide due to the government's infrastructure spending and fiscal incentives for firms. Midterm elections in Q2 could delay fiscal consolidation.
- The 12m forward P/E discount to EM widened in Q4, leaving the MSCI Philippines appearing cheap. The country's twin deficit is a vulnerability, leaving it exposed to Fed policy and investor sentiment, which could shift in the face of tariffs. Thus, we keep our *underweight* allocation.

Thailand

UW

	3Y history	Latest	
GDP, % yoy		3.0	Q3
PMI, index		51.4	Dec
CPI, % yoy		1.2	Dec
Policy rate, %		2.25	Dec
MSCI Thailand*		-2.1%	Q4
EPS, % yoy		4.1	Dec
12M Forward P/E		15.9	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- The economy is improving but continues to face multiple head winds. The biggest risk is hawkish US trade policy, given that Thailand is a very open economy with close trade ties to China. High household debt limits how much the BoT can ease to offset the impact of tariffs. As such, fiscal policy will do the heavy lifting, with a continuation of the government's Digital Wallet Scheme.
- Tourism remains a bright spot, with tourist flows from China yet to normalise back up to pre-pandemic levels, boosting the current account surplus. Also, there appears to be stability on the political front following the change in leadership in August.
- We maintain our *underweight* as tariffs pose a downside risk to an already sluggish economic outlook.

Vietnam

OW

	3Y history	Latest	
GDP, % yoy		7.6	Q4
PMI, index		49.8	Dec
CPI, % yoy		2.9	Dec
Policy rate, %		4.50	Dec
MSCI Vietnam*		0.0%	Q4
EPS, % yoy		14.3	Dec
12M Forward P/E		11.6	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

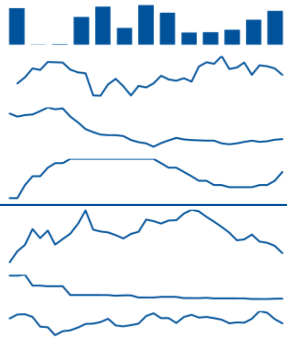
- The realignment of global supply chains will likely continue to favour Vietnam, but we are also cognizant of risks heading into President Trump's second term. Vietnam has been one of the biggest beneficiaries of the China Plus One strategy and is the US' third largest bilateral trade deficit. Therefore, while the US and Vietnam upgraded ties in 2023, Vietnam is still at risk of US tariffs, especially if the US focuses on rules of origin for Vietnam's exports.
- The State Bank of Vietnam is limited in responding to external shocks as it grapples with FX pressure. The central bank could resort to a rate hike or widening the FX trading band. Fiscal policy is more supportive, and the Land Law should help the property sector.
- Beyond the near term, we expect Vietnam to continue drawing in FDI and remain an attractive friendshoring partner. In addition, the government is focused on graduating to MSCI EM status and is implementing the appropriate reforms. Therefore, we stay *overweight*.

Latin America

Brazil

UW

3Y history



	Latest	
GDP, % yoy	4.0	Q3
PMI, index	50.4	Dec
CPI, % yoy	4.9	Nov
Policy rate, %	12.25	Dec
MSCI Brazil*	-11.4%	Q4
EPS, % yoy	-28.1	Dec
12M Forward P/E	7.1	Dec

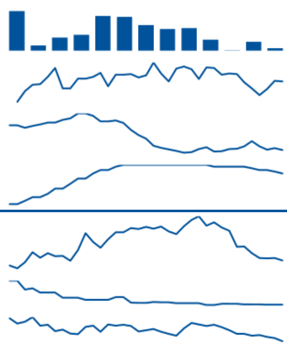
**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- Concerns over fiscal discipline have become more widespread, with debt projections and inflation expectations rising. Accordingly, interest rates are expected to increase further, an environment historically unfavourable for Brazilian equities.
- Brazil will benefit if commodities rebound; however, another supercycle similar to the early 2000 period is unlikely. The market is vulnerable to the ongoing fiscal situation, and running a primary surplus is politically challenging. We think higher inflation and a weaker currency are the path of least resistance to stabilising debt levels (see Chart 3).
- Brazil was the weakest EM equity market in 2024. This weakness has cheapened the market, but ongoing domestic woes suggest further underperformance is likely. We stay *underweight*.

Mexico

N

3Y history



	Latest	
GDP, % yoy	1.7	Q3
PMI, index	49.8	Dec
CPI, % yoy	4.6	Nov
Policy rate, %	10.00	Dec
MSCI Mexico*	-2.6%	Q4
EPS, % yoy	-18.6	Dec
12M Forward P/E	9.9	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

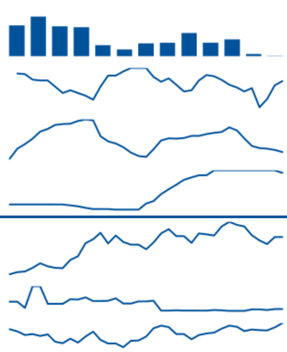
- A US slowdown and the prospect of more hawkish trade and migration policies under Trump 2.0 are the key risks to Mexico's economy. Additionally, there is a risk that the new Trump administration could target Chinese FDI into Mexico. US policy uncertainty will likely weigh on investment.
- On the domestic front, fiscal consolidation may be delayed as the deficit projections outlined in the 2025 Budget appear too optimistic. The stronger mandate of the ruling Morena government adds to concerns. The Banxico has signalled it will continue with its easing cycle, however core inflation remains sticky.
- The MSCI Mexico Index is trading at a discount to EM, significantly below its five-year average, suggesting a lot of negative sentiment is priced in. We think Mexico stands to gain from nearshoring due to its proximity to the US. However, a positive catalyst may be delayed closer to Q4 when the USMCA review starts. We, therefore, stay *neutral*.

Europe, Middle East and Africa

Turkey

UW

3Y history



	Latest	
GDP, % yoy	2.1	Q3
PMI, index	49.1	Dec
CPI, % yoy	44.4	Dec
Policy rate, %	47.50	Dec
MSCI Turkey*	4.8%	Q4
EPS, % yoy	-4.8	Dec
12M Forward P/E	6.0	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- Tighter financial conditions since the 2023 general election have led to a sharp narrowing in the current account deficit and inflation, which has almost halved from its peak of 85.5%. Also, lira deposits are higher, and activity indicators have started to turn.
- However, the December interest rate cut highlights the risk that the CBT abandons normalising policy before the years of built-up macro imbalances are fully addressed. Additionally, while narrowing, the fiscal deficit is inflationary. As such, the pace of disinflation will likely slow.
- Turkey's stock market rebounded in Q4, leaving the market looking expensive on a 12m forward P/E basis. We maintain our *underweight* as we think the CBT moving away from policy normalisation is a risk.

Saudi Arabia

N

	3Y history	Latest	
GDP, % yoy		-0.3	Q2
PMI, index		58.4	Dec
CPI, % yoy		2.0	Nov
Policy rate, %		5.00	Dec
MSCI Saudi Arabia*		6.5%	Q4
EPS, % yoy		5.8	Dec
12M Forward P/E		15.6	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- The Kingdom's near-term outlook continues to be clouded by lower oil prices and ongoing oil output cuts, raising the risk of a twin deficit. The IMF estimates breakeven oil prices of $90.9/bbl and $83/bbl for the budget and current account, respectively. Increased project spending under the Vision 2030 banner and lower oil production has raised the breakeven oil price.
- A robust non-oil economy and rising capital investment spending have put pressure on the current account balance, raising the risk that it tips into a deficit. Net FDI inflows are unlikely to fully cover the current account shortfall given high outward FDI.
- The structural story (diversification and positive demographics) is still intact. Moreover, low debt levels and a USD peg lend the Kingdom some stability compared to its peers. However, we stay neutral in a period of subdued oil prices and *neutral* valuations.

South Africa

UW

	3Y history	Latest	
GDP, % yoy		0.3	Q3
PMI, index		49.9	Dec
CPI, % yoy		2.9	Nov
Policy rate, %		7.75	Dec
MSCI South Africa*		-4.1%	Q4
EPS, % yoy		-2.3	Dec
12M Forward P/E		9.1	Dec

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- The formation of a government of national unity (GNU) and the absence of electricity cuts have led to optimism over much-needed structural reforms. However, further progress is required to expand electricity generation and address bottlenecks in ports and rail freight. Meanwhile, as a large commodity exporter, South Africa is vulnerable to trade disruptions from likely US tariffs.
- Domestic demand has improved as household spending benefits from lower inflation, easier monetary policy and the two-pot pension reform. The budget deficit is wide, albeit improving, while well-behaved inflation should allow the SARB to continue cutting the policy rate.
- The market rally on the back of GNU optimism has started to fade as the focus has shifted onto reform results, which will take time to show. We stay *underweight* given the challenges facing the GNU.

United Arab Emirates

N

	3Y history	Latest	
GDP*, % yoy		4.0	2024
PMI, index		55.4	Dec
CPI, % yoy		1.9	Dec-23
Policy rate, %		4.40	Dec
MSCI United Arab Emirates**		17.0%	Q4
EPS, % yoy		14.6	Dec
12M Forward P/E		9.0	Dec

** Annual series.*
***US$ total return relative to MSCI EM.* *Source: Bloomberg*

- The UAE should continue to benefit from its ambitious reform plans under the "We the UAE 2031" agenda, while its lower dependence on oil prices compared to its peers affords it stability. Both the fiscal and external breakeven price is estimated at $50/bbl and $33.7/bbl, respectively, comfortably below the current price of Brent crude. As such, the UAE should continue to enjoy a twin surplus.
- Meanwhile, both the oil and non-oil economy are robust. Hydrocarbon GDP is set to be boosted by a relaxation in oil production after the UAE was granted an exemption from OPEC+ limits. Price growth in the real estate market is moderating, albeit from double-digit growth rates.
- The MSCI UAE Index is trading at a discount to EM below its five-year average. The market provides a good way of gaining exposure to structural reforms in the Gulf. However, we are cautious about the oil price outlook, given tariff risks and continued tensions in the Middle East. Hence, we stay *neutral*.

KEY ECONOMIC AND FINANCIAL INDICATORS

		Macroeconomic Data											Market Data							
		% change on year ago			Latest 12 months								Performance				Forecast (Bloomberg)†			
	Emerging Market	Annual GDP Growth*	Industrial Production*	Consumer Price Index*	Trade Balance*	Current Account Balance*	Foreign Reserves 2024 Latest*	Foreign Reserves 2023 Year ago	Currency vs $ 2025 Latest*	Currency vs $ 2024 Year ago	Short-Term Interest Rates*	Sovereign Rating S&P*	% S&P/EM Frontier Super Composite BMI	Stock Market Index S&P/EM Front. Super Comp. BMI US$	Change since 12/29/23 US$	Change since 12/29/23 Local Currency	Trailing P/E	EBIT Margin 2024 Forecast*	6 month Stock Market Index Estimate (Front. Super Comp. BMI) US$*	3 month Currency vs $ +/-*
		%	%	%	$ Bn	$ Bn	$ Bn	$ Bn			%		Dec. 31, 2024	Dec. 31, 2024	%	%		%		
Overweight	SOUTH KOREA	1.5	0.1	1.9	51.8	85.5	391.7	388.9	1453.6	1313.3	3.1	AA	8.7	479.4	-21.8	-10.9	11.4	11.1	489.3	+
	VIETNAM	7.6	8.8	2.9	23.1	23.9	82.3	87.6	25374.0	24340.0	3.5	BB+	0.3	213.1	-5.6	-0.8	21.8	14.1	221.7	-
	INDONESIA	5.0	2.2	1.6	32.1	-9.2	135.8	119.8	16169.0	15502.0	4.2	BBB	1.7	1342.7	-6.3	-2.0	13.0	25.6	1385.8	+
	CHINA**	4.6	5.4	0.2	951.4	297.5	3265.9	3171.8	7.3	7.2	1.1	A+	26.2	786.4	16.5	17.1	11.4	13.9	813.6	-
	CHILE	2.3	1.1	4.2	22.1	-8.9	41.5	37.4	1004.4	906.1	5.4	A	0.4	391.4	-6.5	6.5	12.5	14.1	411.4	+
	TAIWAN	4.2	10.3	2.1	85.6	113.7	576.7	570.6	32.7	31.0	1.7	AA+	18.5	705.0	26.1	34.7	21.8	12.4	722.9	-
Neutral	BAHRAIN	2.1	n.a.	0.4	n.a.	n.a.	4.1	4.4	0.4	0.4	5.5	B+	0.0	351.0	8.2	8.3	n.a.	n.a.	357.3	uc
	COLOMBIA	2.0	-0.6	5.2	-9.9	-7.7	58.0	53.7	4347.0	3875.0	9.2	BB+	0.1	5358.6	3.6	17.5	5.6	34.8	5372.2	-
	CZECH REP.	1.4	-2.1	2.8	9.6	4.4	139.9	136.4	24.2	22.3	3.8	AA-	0.1	1616.5	4.5	13.6	13.1	n.a.	1657.1	-
	EGYPT	2.7	-10.1	25.5	-40.1	-20.8	33.7	24.7	50.7	30.9	27.3	B-	0.1	1392.8	-26.5	20.8	5.0	n.a.	1552.9	+
	GREECE	2.4	-2.9	2.4	-38.1	-15.7	3.8	4.1	1.0	1.1	0.0	BBB-	0.5	59.6	8.3	14.9	6.9	30.5	61.1	+
	HUNGARY	-0.8	-3.1	3.7	11.7	5.3	36.9	35.6	400.8	344.1	6.6	BBB-	0.2	798.2	15.7	32.8	5.6	n.a.	827.6	+
	KUWAIT	-3.6	n.a.	2.4	n.a.	51.4	40.9	39.9	0.3	0.3	n.a.	A+	0.8	148.4	11.3	11.6	17.1	n.a.	148.5	n.a.
	MALAYSIA	5.3	2.1	1.8	28.4	4.8	107.8	103.0	4.5	4.7	2.4	A-	1.9	452.1	24.1	20.8	15.5	20.6	477.1	-
	MEXICO	1.7	-2.2	4.6	-6.5	-25.1	203.0	183.6	20.3	16.8	10.2	BBB	1.5	522.5	-26.3	-10.1	13.0	17.8	518.2	-
	MOROCCO	4.3	9.2	0.8	-29.5	-2.0	32.8	31.1	10.0	9.9	2.9	BB+	0.2	784.3	19.8	23.0	n.a.	16.1	813.1	n.a.
	PERU	3.8	3.4	2.0	22.5	6.2	69.0	68.3	3.8	3.7	0.1	BBB-	0.2	2727.3	14.6	14.6	12.6	n.a.	2783.1	-
	POLAND	2.7	-1.5	4.8	-5.6	4.3	173.0	156.1	4.1	4.0	6.0	A-	0.8	400.2	-2.4	2.6	8.4	16.8	412.4	-
	QATAR	2.0	n.a.	0.8	63.5	36.7	42.4	43.0	3.6	3.6	n.a.	AA	0.7	327.8	6.5	6.5	9.0	n.a.	331.4	uc
	ROMANIA	1.1	-0.9	5.1	-35.9	-30.9	61.0	61.0	4.8	4.5	5.8	BBB-	0.1	278.6	11.3	18.7	8.0	36.0	288.0	-
	SAUDI ARABIA	2.8	n.a.	2.0	35.8	-8.8	410.8	401.5	3.8	3.8	5.5	A	3.6	180.3	2.1	2.3	19.1	31.9	183.3	uc
	UAE	4.0	n.a.	1.9	79.0	48.0	207.1	158.0	3.7	3.7	n.a.	n.a.	1.6	206.1	16.1	16.3	8.2	n.a.	210.5	uc
Underweight	INDIA	5.4	3.5	5.5	-274.4	-27.2	589.8	519.3	85.8	83.0	6.0	BBB-	20.0	2295.2	14.1	17.4	24.9	13.8	2408.1	+
	SOUTH AFRICA	0.3	0.8	2.9	9.1	-22.8	48.4	46.8	18.7	18.6	8.0	BB-	2.6	825.9	10.5	14.0	17.6	13.7	841.3	+
	BRAZIL	4.0	5.8	4.9	74.6	-52.4	329.7	316.7	6.1	4.9	7.8	BB	3.5	619.8	-27.8	-10.3	7.1	22.1	636.7	+
	THAILAND	3.0	-3.6	1.2	20.0	12.4	210.9	196.4	34.5	34.9	2.6	BBB+	1.6	1210.7	3.6	3.5	18.6	9.4	1229.5	-
	PHILIPPINES	5.2	-4.2	2.9	-54.2	-13.5	95.2	86.0	58.1	55.8	5.8	BBB+	0.6	716.2	-0.9	3.5	11.7	24.5	744.9	-
	TURKEY	2.1	-3.1	44.4	-79.4	-7.7	85.0	74.5	35.3	29.9	42.9	BB-	1.0	479.3	13.9	36.2	6.8	10.5	499.1	-
	ARGENTINA	-2.1	-13.3	166.0	18.2	2.5	24.9	17.5	1035.2	813.9	32.0	CCC	1.1	1832.7	27.2	62.2	9.0	29.8	1764.0	-

Note: All data shown are as at 7 January 2025 unless stated otherwise. UC is unchanged (currency versus US dollar). S&P sovereign rating shown is long-term foreign currency rating. Data for countries in the Middle East and North Africa region are the latest available, but in certain cases relate to periods more than one year ago. The 29 countries shown in the table accounted for 98.8% of the S&P/EM Frontier Super Composite BMI on 31 December 2024. An additional 26 countries accounted for the remaining 1.2% of the index on the same date. These countries, which can be accessed via City of London's Frontier Markets strategy, are: Bangladesh, Botswana, Bulgaria, Cote d'Ivoire, Croatia, Cyprus, Estonia, Ghana, Iceland, Jamaica, Jordan, Kazakhstan, Kenya, Latvia, Lithuania, Mauritius, Namibia, Oman, Pakistan, Panama, Slovakia, Slovenia, Sri Lanka, Trinidad & Tobago, Tunisia and Zambia.

†Any forecasts are based on Bloomberg consensus forecasts, where available, and assumptions. Actual results may vary from any such statements or forecasts. Past performance is no guarantee of future results.

**Key Criteria. **Allocation is overweight China (via OW A-shares and N offshore stocks)*

Source: Bloomberg, CLIM

CITY OF LONDON
Investment Management Company Limited

Contacts

Information/Queries

Philadelphia Office
17 East Market Street
West Chester, PA 19382
United States
Phone: 610 380 2110
Fax: 610 380 2116
E-Mail: usclientservicing@citlon.com

London Office
77 Gracechurch Street
London EC3V 0AS
United Kingdom
Phone: 011 44 20 7711 0771
Fax: 011 44 20 7711 0774
E-Mail: info@citlon.co.uk

City of London Investment Management (Singapore) Pte. Ltd. Office
20 Collyer Quay
10-04
Singapore 049319
Phone: 011 65 6236 9136
Fax: 011 65 6532 3997

Website

www.citlon.com

Important Notice