CITY OF LONDON
Investment Management Company Limited

Emerging Markets Quarterly Outlook

July 2025*

Overview

Navigating the New Trade 'Squid Game'

The current US administration is renewing a high-stakes game in global trade, with tariff rates expected to rise following the 90-day post-Liberation-Day pause. This is likely to produce relative winners and losers across Emerging Markets (EM). Meanwhile, broader macro themes - including dollar weakness, advances in Artificial Intelligence (AI), and geopolitical shifts - remain key drivers of EM performance. We expect South Korean equities to continue outperforming, supported by momentum in corporate governance reforms and robust demand for AI-related hardware. This quarter, our allocation adjustments include upgrading India and Argentina to neutral, and downgrading Vietnam to a smaller overweight and Saudi Arabia to underweight.

Emerging Market equities have outperformed global equities (ACWI) year-to-date. Trade negotiations continue to introduce volatility and uncertainty; however, we expect EM to maintain positive momentum as markets refocus on longer-term drivers. Three key factors for EM are the weaker USD trend, growth in AI, and investor diversification into non-US markets.

The US dollar remains the world's reserve currency but appears increasingly less exceptional. The trade-weighted dollar (Bloomberg DXY Index) has depreciated by 9% this year, and the US real broad effective exchange rate (REER) is still 14% above its long-term average (Chart 1). The short-term outlook for the dollar is difficult to predict, but our one-to-three-year view is negative. In addition to the President Trump's preference for a weaker currency, cyclical and structural forces are expected to maintain downward pressure on the greenback. The unpredictable policy environment in Washington also contributes to a discount. Furthermore, a narrower current account deficit will reduce US capital inflows. As the dollar's weaker trend becomes more entrenched, investors, FX reserve managers, and corporate hedgers have a stronger incentive to diversify away from the richly valued dollar. Historically, EM equities outperform in weaker USD environments.

AI continues to grow, both through large language model (LLM) development and capital expenditure on advanced hardware. China's DeepSeek release in January showed that China is a significant player in the LLM space, capable of competing with US tech giants. In hardware, US hyperscalers' capex continues to rise (2025 guidance from Meta, Alphabet, Amazon, and Microsoft is currently $327bn), supporting demand for Taiwanese and South Korean semiconductor and memory exports. Some sceptics argue this capex growth is unsustainable. We are agnostic about how US firms allocate R&D to maximize profits. However, the geopolitical rivalry between the US and China suggests an AI race will continue supporting chip orders. Sovereign AI demand is becoming a key factor. For example, the UAE recently agreed to purchase 500,000 Nvidia chips to build data centres. South Korea remains our preferred overweight given its exposure to tech hardware and AI. Additionally, its Value-Up initiatives further support the MSCI Korea index, which still trades at a discount to the EM benchmark (Chart 2).

Valuations are typically cited in support of EM equities. Since 2011, US equities have outperformed EM and other non-US stocks, leading to some fatigue around this argument. In our view, the US market still deserves a valuation premium due to factors such as stronger earnings growth. This is reflected in the MSCI US Index's roughly 10x forward P/E premium over EM. Nonetheless, the size of this gap leaves little room for US earnings disappointments or positive EM surprises, reinforcing the case for diversification into EM assets.

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 30 June 2025, and macro events and data releases up to 9 July 2025, unless indicated otherwise.*

A potential headwind for EM economies is the ongoing US trade negotiations. Our expectations are largely unchanged since our April publication. Our base case is that US tariffs will remain elevated through the end of President Trump's term, though there is still room for negotiation. Some checks and balances appear to be restraining the most aggressive tariff measures (e.g. the recent US court ruling on IEEPA). Initial agreements, such as those with the UK and Vietnam, provide a baseline. A 10% rate seems to be a target for 'good' deals, while 20% is a potential rate for 'friendly' countries with large US trade surpluses. The US also appears focused on curbing transshipments (from China), which should be a focus in ASEAN discussions. Sectoral tariffs driven by national security concerns will likely prove more persistent, but the UK deal shows there is scope for country-specific reductions. While the final outcomes remain uncertain, we believe the risk-reward favours Mexico. Its proximity to the US, historical business ties, and the existing USMCA trade deal position it well to regain market share (as a percentage of total US imports) from Asian nations.

Market Strategy:

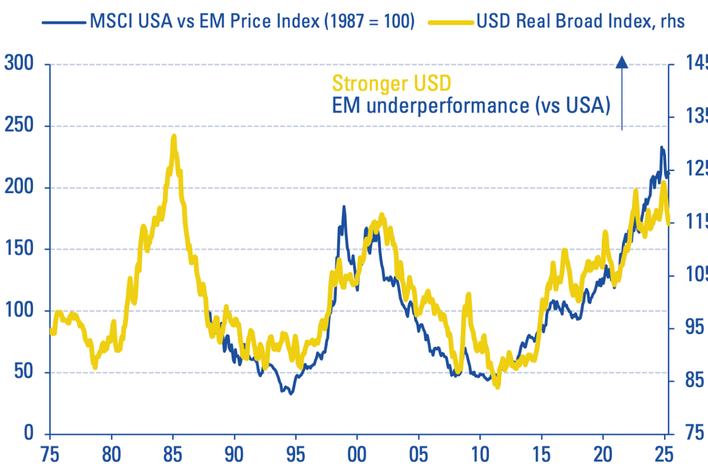
Market attention this year has shifted between US policy, dollar weakness, AI, and geopolitics. Although the current focus is on US tariffs again, we see the dollar trend and AI as longer-term themes that will continue to drive our asset allocation. We made the following changes this quarter:

- Upgraded **India** to *neutral*. A mix of high valuations, retail leverage, and policy tightening had kept us tactically underweight in recent years. More near-term weakness is possible. However, underperformance relative to EM since September 2024 has made valuations less stretched. Options froth, while still elevated, is less extreme. India is also well positioned to capture market share from global friendshoring. Additionally, the RBI is now cutting rates.
- Upgraded **Argentina** to *neutral*. This is a modest position shift but warranted as the Milei government has defied our earlier concerns, gradually removing capital controls and securing an IMF deal.
- Downgraded **Vietnam** to a smaller *overweight*. Vietnam remains our top ASEAN pick, but we are taking advantage of recent strength to trim exposure. It is still attractively valued and will continue exporting to the US despite tariffs. However, the case for significant FDI flows is weaker if Chinese transshipments decline. On the plus side, the weaker USD trend should give the central bank more room to ease policy and support the real estate sector.
- Downgraded **Saudi Arabia** to *underweight*. Saudi typically underperforms in periods of softer oil and a weaker USD, similar to other GCC markets. We expect both factors to remain headwinds. The recent oil spike was driven by geopolitical events in the Middle East. Renewed tensions are unlikely to benefit Saudi.

*Justin Kariya***
July 9th, 2025

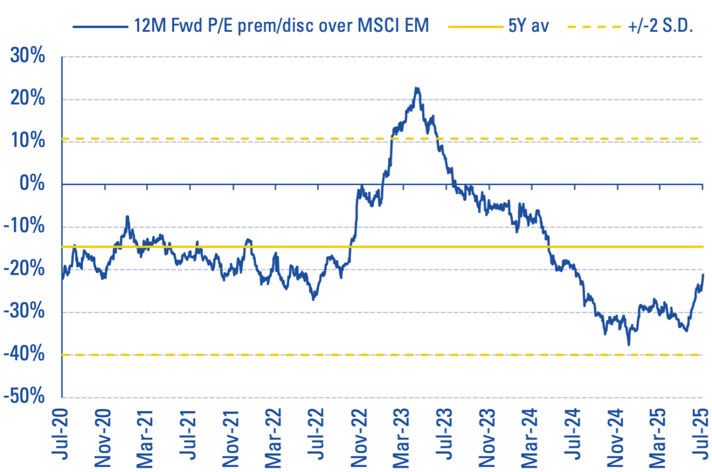
***The document includes contributions from Yasemin Engin and Tom Traill.*

Chart 1: US Equities relative to EM and the US REER



Source: Bloomberg

Chart 2: South Korea discount to EM (%)

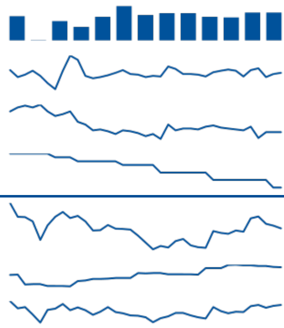


Source: Bloomberg

Asia

China

OW (OW A-shares and N offshore stocks)



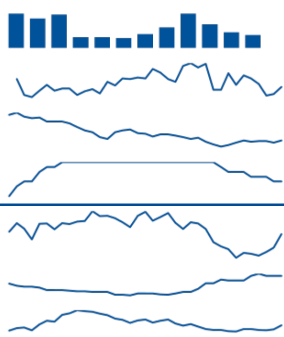
	3Y history	Latest	
GDP, % yoy		5.4	Q1
PMI, index		49.7	Jun
CPI, % yoy		-0.1	May
Policy rate, %*		9.00	Jun
MSCI China**		-10.0%	Q2
EPS, % yoy		12.3	Jun
12M Forward P/E		11.1	Jun

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

- China-US tensions were elevated in April as bilateral tariffs rose to over 100%, before an agreement to reduce them. It is unlikely that tariffs will reach such extreme levels again, but the future relationship is likely to remain complex given the competing interests of the US national security and business lobby - the latter favouring existing economic linkages.
- Chinese tech stocks have been a major contributor to the year-to-date strength, as they continue to innovate in the AI space. However, the MSCI China Index has underperformed recently, leaving the index more attractively valued, with a 12m forward P/E ratio of 11x.
- We are *overweight* China via the A shares and neutral the offshore share classes. The A shares have a higher degree of domestic ownership and are less vulnerable to foreign outflows. Additionally, Chinese households hold an estimated $6.5trn of excess savings, which could in theory be channelled back into domestic equities, supporting A-shares.

South Korea

OW



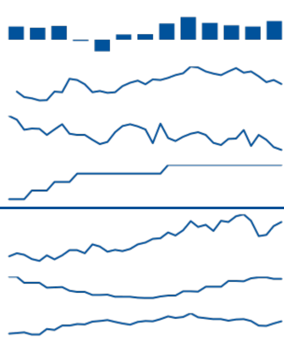
	3Y history	Latest	
GDP, % yoy		0.0	Q1
PMI, index		48.7	Jun
CPI, % yoy		2.2	Jun
Policy rate, %		2.50	Jun
MSCI South Korea*		20.7%	Q2
EPS, % yoy		66.7	Jun
12M Forward P/E		9.6	Jun

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

- The Korean presidential election in early June helped reduce political uncertainty and allowed the government to pass key reforms (e.g. the Commercial Code) aimed at improving corporate governance. The market rallied strongly (+32.7% over three months in USD terms) but remains inexpensive relative to its history. We see scope for further re-rating.
- The MSCI Korea Index offers significant exposure to advanced technology and high-bandwidth memory (HBM) production. AI remains a structural growth theme, and Korea is well positioned to benefit from this.
- We maintain our *overweight* position. Two key drivers are an improvement in the memory cycle and further momentum generated by the Value-Up program.

Taiwan

OW



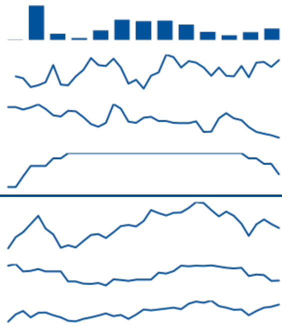
	3Y history	Latest	
GDP, % yoy		5.5	Q1
PMI, index		47.2	Jun
CPI, % yoy		1.4	Jun
Policy rate, %		2.00	Jun
MSCI Taiwan*		14.1%	Q2
EPS, % yoy		31.2	Jun
12M Forward P/E		15.8	Jun

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

- Taiwan's earnings are expected to see strong growth in 2025 and 2026. Company guidance remains upbeat on the future demand for advanced chips due to generative AI growth (e.g. LLMs) and optimism around robotics. The major US hyperscaler capex growth is a significant contributor to this growth. Additionally, sovereigns may become more important players as AI remains a key geopolitical and economic focus – for example the UAE recently agreed to purchase 500,000 Nvidia chips to build data centres.
- US trade policy and the current US administration's desire for more onshore manufacturing is a potential risk to Taiwan's profit margins – expanding US operations would raise costs for key semiconductor manufacturers. However, given Taiwan's moat in the sector, we do not expect these risks to derail earnings growth.
- The MSCI Taiwan premium to the Emerging Market aggregate has moderated back to its five-year average. We therefore maintain an *overweight* position in Taiwan.

India

N (↑)



	3Y history	Latest	
GDP, % yoy		7.4	Q1
PMI, index		58.4	Jun
CPI, % yoy		2.8	May
Policy rate, %		5.50	Jun
MSCI India*		-2.8%	Q2
EPS, % yoy		3.4	Jun
12M Forward P/E		23.2	Jun

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

- Valuations have become a less obvious headwind for the index. The MSCI India Index has been underperforming the EM aggregate for almost a year, as growth and corporate profits have begun to decelerate. Over this time the market has de-rated toward its average five-year premium relative to MSCI Emerging Markets.
- Previous monetary and fiscal policy tightening may still have some lagged effects on earnings. However, the RBI is now cutting rates. At the time of writing, the US and India have yet to agree on a new trade agreement. Regardless, we expect India to eventually reach a deal given its strategic geopolitical importance to the US. Also, India is well positioned to win manufacturing market share as an alternative to China.
- India has become less expensive over the past year, and there is some evidence of macro headwinds starting to abate. Further underperformance is possible, but we now view the risks as more balanced, as valuations and options froth have become less extreme. We therefore upgrade our position to *neutral*.

Malaysia

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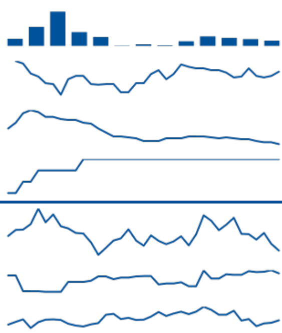


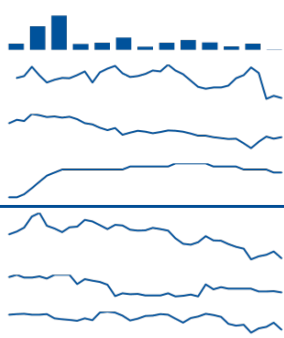
	3Y history	Latest	
GDP, % yoy		4.4	Q1
PMI, index		49.3	Jun
CPI, % yoy		1.2	May
Policy rate, %		3.00	Jul
MSCI Malaysia*		-5.3%	Q2
EPS, % yoy		11.4	Jun
12M Forward P/E		13.4	Jun

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

- Malaysia's open economy and role in the global tech supply chain make it vulnerable to US trade policy uncertainty, which will weigh on the near-term outlook. However, Malaysia's semiconductor sector and datacentres should continue to benefit from a competitive cost structure and supportive government policies.
- Inflation is contained, and fuel subsidies are expected to be rationalised gradually. The Malaysian ringgit could appreciate further given the country's net foreign portfolio assets, which may be repatriated away from the US in reaction to the current US policy environment. As such, the Bank Negara Malaysia has space to ease policy.
- The MSCI Malaysia's 12m forward P/E premium to EM is below its five-year average, but the market looks expensive relative to other ASEAN countries. Trade uncertainty and neutral valuations leads us to keep our *neutral* position.

Indonesia

N



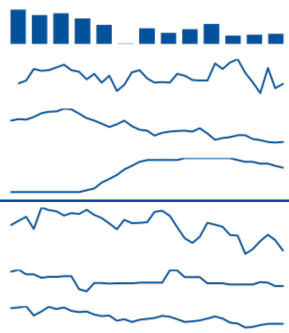
	3Y history	Latest	
GDP, % yoy		4.9	Q1
PMI, index		46.9	Jun
CPI, % yoy		1.9	Jun
Policy rate, %		5.50	Jun
MSCI Indonesia*		-4.0%	Q2
EPS, % yoy		-5.2	Jun
12M Forward P/E		10.8	Jun

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

- Fiscal support should help the slowing economy, with the government recently rolling out a $1.5bn stimulus package in addition to the measures announced in January. Moreover, Indonesia's domestically oriented economy provides some insulation from US tariffs. In the medium term, the government's downstreaming focus is a positive.
- The country's fiscal health is still a weak spot, with the fiscal deficit expected to breach this year's 2.5% target. The diversion of state-owned enterprise dividends to the new sovereign wealth fund, Danantara, will weigh on the budget. Low inflation and a steady rupiah pave the way for more Bank Indonesia rate cuts.
- The MSCI Indonesia Index appears cheap; however, forward earning projections are also weak. We maintain our *neutral* allocation while earnings are soft.

Philippines

N



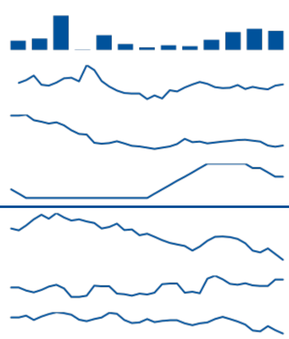
	Latest	
GDP, % yoy	5.4	Q1
PMI, index	50.7	Jun
CPI, % yoy	1.4	Jun
Policy rate, %	5.25	Jun
MSCI Philippines*	-6.7%	Q2
EPS, % yoy	5.4	Jun
12M Forward P/E	10.4	Jun

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

- The Philippines is more insulated from US reciprocal tariffs than its peers due to its domestically oriented economy and reliance on service exports. Meanwhile, cooling inflation and a stronger peso give the Bangko Sentral ng Pilipinas room for further rate cuts, which would support the household sector.
- The Philippines still has a twin deficit problem. Fiscal consolidation will likely be slow amid the Marcos administration's infrastructure agenda. While the peso has appreciated recently, the wide current account deficit remains a source of vulnerability for the currency.
- The 12m forward P/E for MSCI Philippines is trading at a discount to EM wider than its five-year average, while projected earnings growth is strong. However, the market lacks a clear structural driver and the peso remains vulnerable. We stay *neutral*.

Thailand

UW



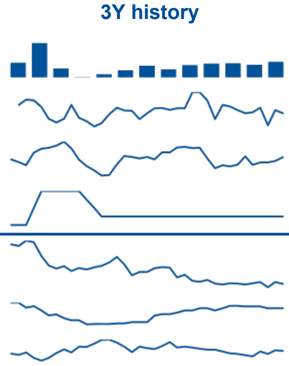
	Latest	
GDP, % yoy	3.1	Q1
PMI, index	51.7	Jun
CPI, % yoy	-0.3	Jun
Policy rate, %	1.75	Jun
MSCI Thailand*	-11.6%	Q2
EPS, % yoy	14.8	Jun
12M Forward P/E	13.4	Jun

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

- Thailand's equity market was the weakest among ASEAN peers in Q2, as the economy faces multiple headwinds. The trade-dependent economy remains vulnerable to US tariffs and heightened uncertainty. Additionally, tourist arrivals have been soft this year, largely due to fewer Chinese tourists.
- Meanwhile, the domestic economy is weak. The first phase of the Digital Wallet Scheme did not boost consumption as intended, with citizens using the cash instead to pay down debt. High household debt constrains the Bank of Thailand's ability to cut rates, despite deflation. The suspension of PM Paetongtarn Shinawatra is the latest domestic political instability.
- A less supportive external environment and constrained fiscal and monetary policy point to a soft economic backdrop. Therefore, despite cheap valuations, we maintain our *underweight* allocation.

Vietnam

OW



	Latest	
GDP, % yoy	8.0	Q2
PMI, index	48.9	Jun
CPI, % yoy	3.6	Jun
Policy rate, %	4.50	Jun
MSCI Vietnam*	-2.8%	Q2
EPS, % yoy	6.7	Jun
12M Forward P/E	11.9	Jun

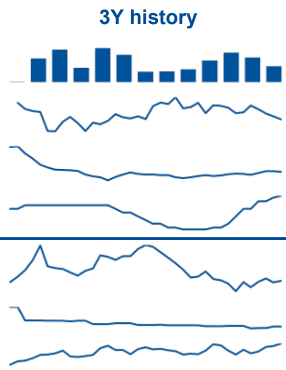
**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- Vietnam's US trade deal of 20% tariffs, with a 40% rate on transshipment, will weigh on activity. However, the agreement reduces some uncertainty and should therefore improve sentiment. The government is likely to continue stepping in by accelerating infrastructure investment and fiscal measures, while authorities appear to be weakening the dong to help offset tariffs.
- The medium-term outlook is still positive, as the government continues to elevate the private sector by reducing and streamlining public sector involvement. In addition, Vietnam's growing middle-class, educated labour force, geopolitical position and stable politics leave it well placed to benefit from friend-shoring.
- Vietnamese equities have recovered sharply following their "Liberation Day" selloff, driven primarily by domestic investors. Valuations screen closer to neutral, so we are trimming our *overweight* position. Vietnam remains our most preferred market within ASEAN.

Latin America

Brazil

UW



	Latest	
GDP, % yoy	2.9	Q1
PMI, index	48.3	Jun
CPI, % yoy	5.3	May
Policy rate, %	15.00	Jun
MSCI Brazil*	1.3%	Q2
EPS, % yoy	-34.8	Jun
12M Forward P/E	8.5	Jun

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

- Brazilian equities outperformed in Q2, despite some deterioration in underlying drivers. Concerns over profligate government spending continue, and the composite PMI data has weakened, remaining below 50 through the quarter.
- Inflation has begun to rise – breaching 5% yoy since the February data – and the central bank raised rates 75 basis points during the quarter. However, further hikes are now seen as unlikely. Valuations remain near their five-year averages.
- Fiscal discipline remains a problem. There seems to be little appetite for raising taxes in Congress, and although the deficit has improved, it remains wide. We expect the current and future governments to favour easier monetary policy and a weaker currency, eroding USD-based investor returns. We remain *underweight*.

Mexico

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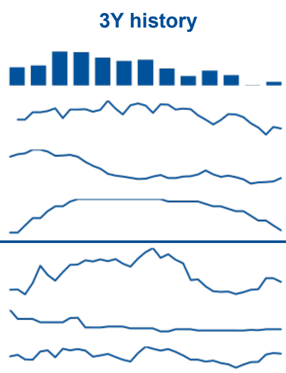

	Latest	
GDP, % yoy	0.8	Q1
PMI, index	46.3	Jun
CPI, % yoy	4.4	May
Policy rate, %	8.00	Jun
MSCI Mexico*	8.5%	Q2
EPS, % yoy	-9.6	Jun
12M Forward P/E	12.2	Jun

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

- The greatest uncertainties facing Mexico are US tariffs and the upcoming USMCA review. However, the Sheinbaum administration has so far been effective negotiators, and both the US and Mexico are incentivised to reach a deal given how intertwined their economies are.
- The positive structural story for Mexico is still intact. Mexico's proximity and trade links to the US mean that it stands to benefit from nearshoring. Moreover, the administration's "Plan Mexico" strategy aims to boost manufacturing and infrastructure. Inflation has been rising but a stronger peso and fiscal consolidation allow Banxico to cut rates further.
- Mexico's stock market has partially recovered following a sell-off from judicial reforms and President Trump's re-election. Valuations screen cheap while forward earnings projections are healthy. We remain *overweight*.

Europe, Middle East and Africa

Turkey

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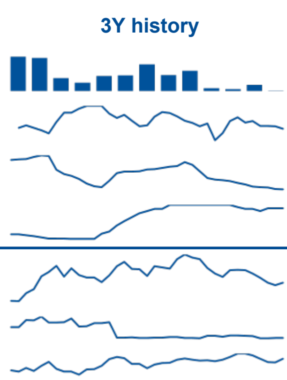


	Latest	
GDP, % yoy	2.0	Q1
PMI, index	46.7	Jun
CPI, % yoy	35.1	Jun
Policy rate, %	46.00	Jun
MSCI Turkey*	-9.1%	Q2
EPS, % yoy	-49.6	Jun
12M Forward P/E	5.4	Jun

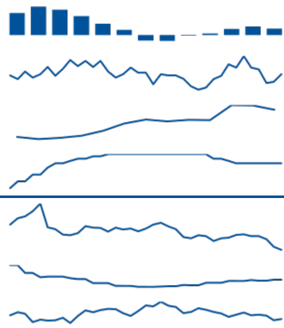
**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- Elevated domestic political risks cloud the outlook following the arrest of Istanbul's mayor in March. Turkish assets have stabilised as tighter policy from the Central Bank of Turkey (CBT) helped stem portfolio outflows and the drawdown in reserves; however, there is a possibility of elections taking place earlier than the scheduled 2028.
- The impact of tighter policy is feeding through into real activity, as the manufacturing PMI remains in contraction territory. Inflation has been gradually falling but if the CBT starts easing policy, as the market expects, then the disinflation process will prove even slower.
- Market pricing does not appear to fully account for heightened political risks. We maintain our *underweight*.

Saudi Arabia

UW (↓)

3Y history



	Latest	
GDP, % yoy	3.4	Q1
PMI, index	57.2	Jun
CPI, % yoy	2.2	May
Policy rate, %	5.00	Jun
MSCI Saudi Arabia*	-17.1%	Q2
EPS, % yoy	10.8	Jun
12M Forward P/E	14.7	Jun

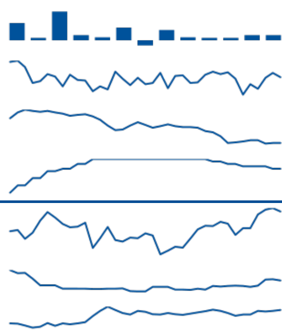
**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- The combination of weaker oil prices and a softer USD does not bode well for Saudi Arabian equities, which tend to underperform in such environments. While the recent Middle East tensions caused a spike in energy prices, Saudi Arabia is unlikely to benefit given the accompanying higher geopolitical risk premium and deterioration in sentiment.
- Lower oil prices have put pressure on Saudi Arabia's budget and external balance. The IMF estimates breakeven prices of $92.3/bbl for the budget and $85.4/bbl for the external balance, significantly higher than the current $70/bbl. As such, the government could temper some of the capital spending under the Vision 2030 initiative, which could weigh on sentiment and the non-oil economy.
- The risks to MSCI Saudi Arabia earnings are to the downside due to weaker oil prices. We therefore downgrade Saudi Arabia to *underweight*.

South Africa

UW

3Y history



	Latest	
GDP, % yoy	0.8	Q1
PMI, index	50.1	Jun
CPI, % yoy	2.8	May
Policy rate, %	7.25	Jun
MSCI South Africa*	1.6%	Q2
EPS, % yoy	17.8	Jun
12M Forward P/E	10.3	Jun

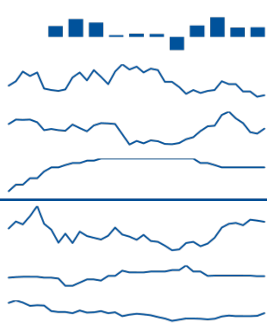
**US$ total return relative to MSCI EM.* *Source: Bloomberg*

- The fragility of the Government of National Unity (GNU) is a key headwind for growth, as evidenced by the delayed Budget, which only passed on the third iteration. The scrapping of the VAT hike makes reducing the debt-to-GDP ratio more challenging. Some reforms are bearing fruit, such as energy availability, but further improvement is needed for business sentiment to recover.
- In addition to domestic politics, South Africa faces a 30% US tariff rate and the expiry of the African Growth and Opportunity Act in September, which gives duty-free access to some products. South Africa's auto industry is particularly exposed.
- South African equities continued to rally in Q2, outperforming EM. As a result, valuations are starting to appear more expensive. We maintain our *underweight* position on the back of soft growth and ongoing domestic and external uncertainty.

United Arab Emirates

N

3Y history



	Latest	
GDP*, % yoy	3.8	2024
PMI, index	53.5	Jun
CPI, % yoy	1.9	Dec-23
Policy rate, %	4.40	Jun
MSCI United Arab Emirates**	3.2%	Q2
EPS, % yoy	18.2	Jun
12M Forward P/E	10.0	Jun

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

- Amid weaker oil prices, the UAE is in a stronger position compared to other GCC markets given that the IMF estimates fiscal and external breakeven oil prices at $50.4/bbl and $34.3/bbl respectively. As such, the UAE can maintain a twin surplus. The "We the UAE 2031" structural reform agenda is a long-term positive.
- However, the UAE's non-oil economy is very cyclical and therefore sensitive to tariffs. Moreover, the high level of foreign ownership in equities leaves it vulnerable to swings in market sentiment and geopolitical uncertainty. The market tends to underperform during periods of USD weakness.
- With the UAE stock market trading at a discount to EM close to its five-year average, we maintain our *neutral* position.

KEY ECONOMIC AND FINANCIAL INDICATORS

		Macroeconomic Data										Market Data							
		% change on year ago			Latest 12 months							Performance				Forecast (Bloomberg)†			
	Emerging Markets	Annual GDP Growth	Industrial Production*	Consumer Price Index*	Trade Balance*	Current Account Balance*	Foreign Reserves 2025 Latest*	Foreign Reserves 2024 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 12/31/24 US$	Change Since 12/31/24 Local Currency	Trailing P/E	EBIT Margin 2025 Forecast*	6 Month Stock Market Index Estimate (Front. Super Comp. BMI) US$*	3 Month Currency vs $ +/-*
		%	%	%	$ Bn	$ Bn	$ Bn	$ Bn			%		Jun 30, 2025	Jun 30, 2025	%	%		%		
Overweight	SOUTH KOREA	0.0	0.2	2.2	56.7	107.1	379.7	388.9	1377.3	1383.5	2.5	AA	10.7	671.1	40.0	28.7	12.1	12.0	656.9	+
	MEXICO	0.8	-4.0	4.4	-1.7	-11.1	217.0	197.7	18.6	17.9	8.2	BBB	1.7	671.3	28.5	17.1	16.9	17.7	642.3	-
	CHINA**	5.4	5.8	0.1	1117.8	542.1	3281.7	3200.8	7.2	7.3	1.1	A+	26.8	914.2	16.2	16.4	13.5	13.4	926.0	-
	VIETNAM	8.0	10.8	3.6	19.6	25.0	80.7	89.1	26132.0	25419.0	3.5	BB+	0.3	245.7	15.3	18.2	18.7	11.4	254.1	-
	TAIWAN	5.5	22.6	1.4	99.7	112.3	598.4	573.3	29.2	32.6	1.7	AA+	17.8	771.9	9.5	-2.4	18.0	12.6	782.9	-
	CHILE	2.3	4.7	4.1	20.5	-5.4	41.0	41.6	942.9	928.6	5.4	A	0.5	506.9	29.5	21.5	13.5	13.9	517.3	+
Neutral	ARGENTINA	5.8	-13.3	43.5	11.9	0.3	30.4	24.0	1254.6	917.2	31.9	CCC	1.3	2323.8	26.8	46.4	9.1	24.0	2236.6	+
	BAHRAIN	3.4	n.a.	-1.0	n.a.	n.a.	3.9	4.1	0.4	0.4	5.3	B+	0.0	377.5	7.6	7.6	n.a.	n.a.	381.1	uc
	COLOMBIA	2.7	-4.8	4.8	-11.9	-7.6	59.4	55.6	4047.8	4016.3	8.8	BB	0.1	7394.9	38.0	28.2	7.7	33.7	7476.4	-
	CZECH REP.	2.4	-0.9	2.9	9.4	5.4	146.5	140.9	21.0	23.4	3.4	AA-	0.1	2392.5	48.0	28.2	16.5	n.a.	2445.6	-
	EGYPT	2.4	-10.1	16.8	-42.5	-23.9	31.7	28.9	49.7	48.1	24.0	B-	0.1	1613.0	15.8	12.9	5.6	n.a.	1786.0	n.a.
	GREECE	2.2	-4.3	2.5	-38.4	-16.7	3.9	4.1	1.2	1.1	0.0	BBB	0.6	88.7	48.8	32.4	9.3	32.1	90.4	-
	HUNGARY	0.0	-2.6	4.6	12.0	3.8	37.6	42.0	341.8	364.4	6.4	BBB-	0.2	1153.1	44.5	23.8	7.2	n.a.	1189.3	-
	INDIA	7.4	1.2	2.8	-276.4	-23.3	584.9	572.6	85.7	83.4	5.9	BBB-	18.6	2407.2	4.9	5.1	27.2	15.2	2492.8	-
	INDONESIA	4.9	-2.8	1.9	33.4	-6.2	135.5	124.7	16251.0	16273.0	4.2	BBB	1.4	1273.0	-5.2	-4.4	13.0	24.6	1288.3	+
	MALAYSIA	4.4	2.7	1.2	29.8	8.0	108.7	103.8	4.3	4.7	2.3	A-	1.6	444.8	-1.6	-7.4	14.3	21.0	458.3	+
	MOROCCO	4.8	3.2	0.4	-30.6	-2.0	38.9	33.4	9.0	9.9	2.9	BB+	0.3	1100.6	40.3	24.9	17.8	24.4	1137.8	n.a.
	PERU	3.9	1.4	1.7	26.7	6.9	76.0	68.4	3.5	3.8	0.2	BBB-	0.2	3427.9	25.7	25.7	13.3	n.a.	3512.2	-
	PHILIPPINES	5.4	4.9	1.4	-53.3	-19.7	87.3	87.9	56.6	58.5	5.3	BBB+	0.6	754.3	5.3	2.5	11.4	27.7	783.6	+
	POLAND	3.2	3.9	4.1	-13.9	-6.6	181.8	172.6	3.6	3.9	5.2	A-	1.1	596.8	49.1	30.5	11.2	18.9	620.2	-
	ROMANIA	0.3	-2.4	5.5	-38.4	-36.1	59.3	66.9	4.3	4.6	6.6	BBB-	0.2	361.5	29.7	16.8	9.0	27.7	370.5	-
	UAE	3.8	n.a.	1.9	79.0	48.0	247.2	193.9	3.7	3.7	n.a.	NR	1.6	235.6	14.3	14.3	9.2	n.a.	238.1	uc
Underweight	SOUTH AFRICA	0.8	-6.3	2.8	10.1	-9.2	48.0	46.8	17.8	18.1	7.1	BB-	2.7	1008.2	22.1	15.0	17.9	24.0	1021.0	+
	BRAZIL	2.9	3.3	5.3	62.7	-69.4	304.3	323.4	5.4	5.4	8.4	BB	3.9	815.0	31.5	17.8	10.9	21.5	806.5	-
	SAUDI ARABIA	3.4	n.a.	2.2	35.8	-11.9	433.8	442.9	3.8	3.8	5.5	A+	3.0	171.1	-5.1	-5.3	17.6	29.4	171.0	uc
	THAILAND	3.1	1.9	-0.3	23.7	17.7	226.0	200.2	32.7	36.5	1.8	BBB+	1.2	1005.7	-16.9	-20.8	14.7	10.9	1024.6	+
	KUWAIT	1.9	n.a.	2.3	n.a.	46.5	42.5	43.8	0.3	0.3	n.a.	A+	0.8	179.0	20.6	19.6	18.9	n.a.	175.9	n.a.
	QATAR	3.7	n.a.	-0.1	62.3	38.1	41.0	43.0	3.6	3.6	n.a.	AA	0.6	346.4	5.7	5.7	9.2	n.a.	347.4	uc
	TURKEY	2.0	3.3	35.1	-86.9	-15.8	62.4	76.5	40.0	32.9	41.1	BB-	0.8	438.7	-8.5	2.9	16.1	7.2	457.7	-

Note: All data shown are as at 10 July 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 30 June 2025. 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