CITY OF LONDON
Investment Management Company Limited

Emerging Markets Quarterly Outlook

October 2025*

Overview

A Wind of Change

Emerging Markets (EM) have outperformed global equities this year, and we expect the conditions for this strength to continue into 2026. Key drivers include a weaker US dollar, sustained AI-related investment, and China's rebound from multi-year lows. Valuations remain attractive, with EM equities potentially breaking out of a decades-long range. We favour exposure to AI hardware (Taiwan, South Korea), supply-chain realignment beneficiaries (Mexico, Vietnam), and energy-transition plays (Chile), while maintaining exposure to China A-shares. This quarter, we downgraded Indonesia.

Emerging Markets (EM) have outperformed global equities (ACWI) year-to-date, and our indicators suggest this trend can persist going into next year. For several years, the common narrative for EM equities has been a cheap market, but a positive catalyst was elusive amid USD strength, US big-tech dominance (e.g. FAANGS and Mag-7), and China's slowdown. Some of these trends may persist; however, EM tailwinds are becoming more evident. Additionally, the MSCI EM Index also appears to be breaking out of a multi-decade range (see chart 1), while EM equities remain attractively valued (see chart 2). The three main catalysts supporting EM strength are 1) a weaker dollar, 2) AI growth, and 3) Chinese stocks recovering from 2024 lows.

The **US dollar index** (USTWBGD Index) is down 6.6% year-to-date. The downtrend has flattened in recent months, but we remain dollar bearish over the next six to 12 months as outlined in our Special Report *US Dollar Weakness: A Crowded Idea, Uncrowded Trade* (July 2025). Long term, we expect the greenback's rich valuation and some moderation in financial inflows into the US to weigh on the world's reserve currency. Currently, a dovish Fed is an important cyclical driver of USD depreciation (see chart 3). Historically, EM equities outperform in weaker USD environments.

Artificial Intelligence (AI) remains an important structural driver for EM. This year, IT became the largest sector in the MSCI EM Index (24.6% as of August 2025), overtaking Financials (23.4%). If US hyperscaler capex continues to expand (see chart 4), EM's large tech and AI-related hardware exposure will likely continue to benefit. The market debate is currently centred on the sustainability of large and growing AI-related capex. This publication does not focus on the future profitability of company-specific stocks. However, we expect US big tech capex expenditures to continue to support robust demand for advanced chips and hardware. Defending or disrupting existing 'moats' incentivises Mag-7 firms to continue spending. Also, US-China geopolitical competition provides a powerful incentive for sovereigns to supplement corporate spending. The US government's 10% stake in Intel is one example of growing state intervention, which is starting to resemble China's industrial policy investment in AI.

The **MSCI China Index** total return was 44% this year (in USD terms), supporting the overall EM index rebound. China is the largest country weight in EM, which was a material drag on overall EM performance over 2021-23. Since late 2024, Chinese stocks have rebounded, becoming one of the best performing countries over the past year. Supportive factors more recently include a China tech re-rating, anti-involution policies, looser monetary policy, and growing speculation of a US-China trade deal. There is still scope for disappointment on some of these fronts. However, the case for owning China has become stronger. Recent momentum may also draw in more participation from foreign investors or domestic households. Chinese households have accumulated excess savings since 2018, and their equity allocations are low, at around 10% (versus 10-15% historically).

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 30th September 2025 and macro events and data releases up to 3rd October 2025 unless indicated otherwise.*

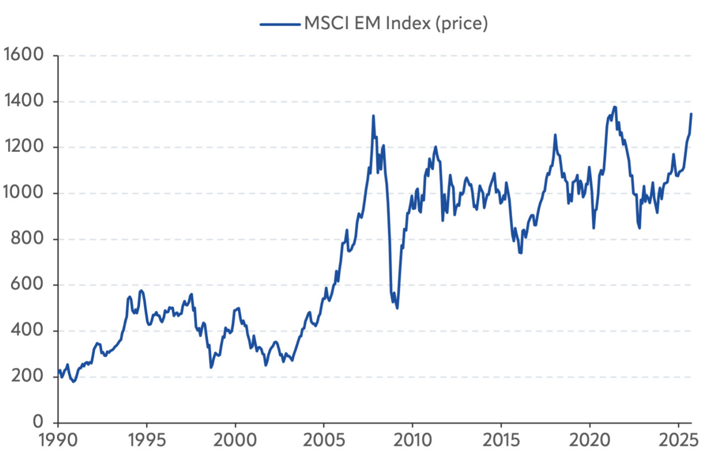
Market Strategy:

The market backdrop has become more favourable for EM stocks, while valuations continue to screen cheap. Within the index, we maintain exposure to AI hardware (via Taiwan and South Korea), supply-chain readjustment winners (e.g. Mexico and Vietnam), and countries expected to benefit from the global energy transition (e.g. Chile). We also maintain a preference for China A-shares as sentiment improves, and policy remains supportive. This quarter, we made the following adjustments:

- Upgraded **South Africa** to a smaller *underweight*. We maintain a negative view as rising debt levels will likely require fiscal austerity or some form of financial repression and currency weakness to stabilise debt. In addition, we are not optimistic the Government of National Unity (GNU) can implement meaningful structural reforms. However, our partial upgrade reflects reasonable risk that the MSCI South Africa Index can continue to outperform the benchmark given global gold miner stocks are leading the index higher.
- Downgraded **Indonesia** to *underweight*. A perfect storm has weighed on Indonesian stocks including weak earnings, a depreciating currency, and a shift to more populist policies. The index has cheapened, but we do not expect to see a positive catalyst over the next few months. Indonesia will likely continue underperforming the broader index.

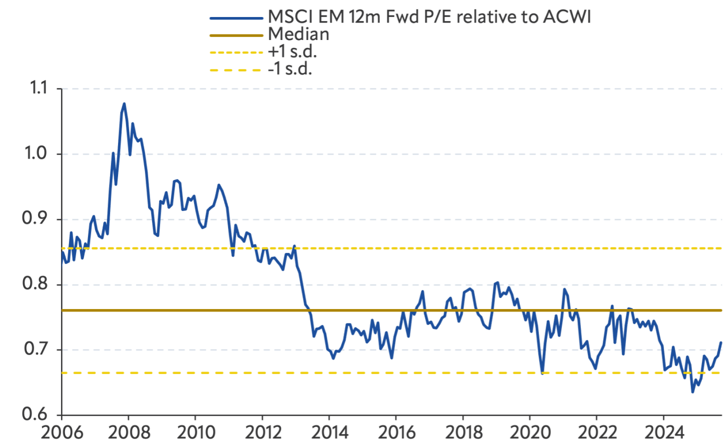
*Justin Kariya***
October 3rd, 2025
***The document includes contributions from Yasemin Engin and Tom Traill.*

Chart 1: MSCI EM Price Index



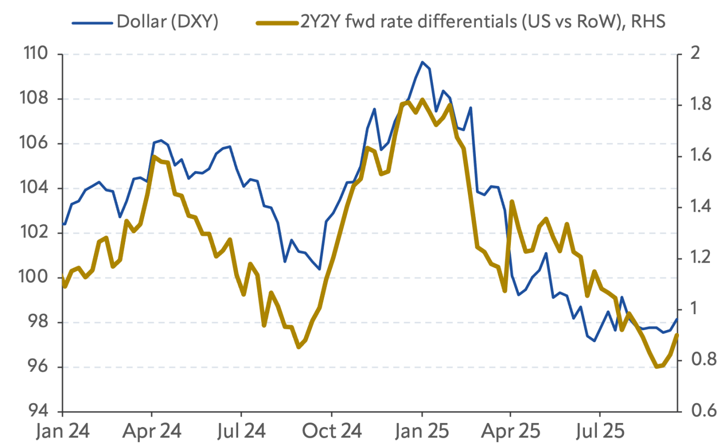
Source: Bloomberg

Chart 2: EM Forward P/E versus ACWI



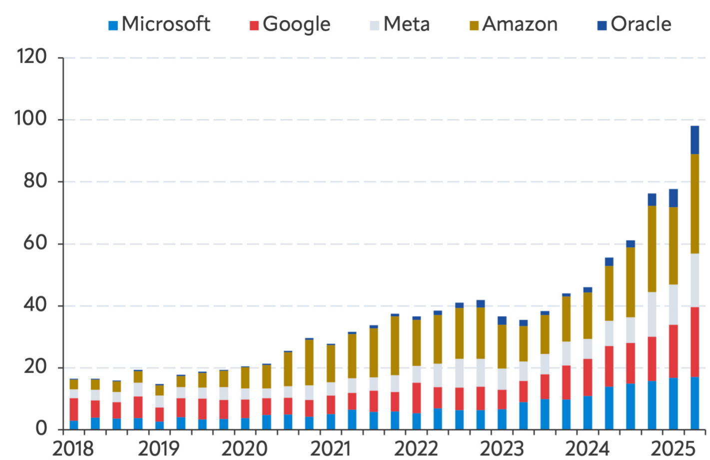
Source: Bloomberg

Chart 3: USD and Rate Differentials



Source: Bloomberg

Chart 4: US Big Tech Quarterly Capex ($bn)

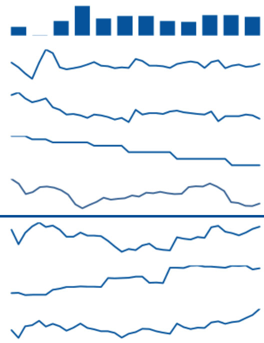


Source: Bloomberg

Asia

China

OW (OW A-shares and N offshore stocks)



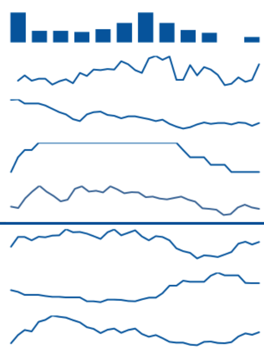
	3Y history	Latest	
GDP, % yoy		5.2	Q2
PMI, index		49.8	Sep
CPI, % yoy		-0.4	Aug
Policy rate, %*		9.00	Sep
BIS NEER, index		104.12	Aug
MSCI China**		10.1%	Q3
EPS, % yoy		11.5	Sep
12M Forward P/E		13.4	Sep

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

- Chinese equities have performed well this year and have re-rated accordingly. The market has been supported by strength in the technology sector and, more recently, by government initiatives aimed at reducing "involution" pressures. While earnings are expected to remain weak in 2025, a rebound is anticipated in 2026.
- Sino-U.S. tensions persist, although trade discussions are ongoing. There is a risk that China could face secondary sanctions related to its purchases of Russian energy. Recent data suggest Chinese growth has slowed on some measures, creating scope for additional policy stimulus. Chinese households hold substantial excess savings, which could, in theory, flow into domestic equities, further supporting the market.
- We remain *overweight* in China through A-shares and neutral on offshore share classes. A-shares benefit from a higher degree of domestic ownership, making them less vulnerable to foreign outflows.

South Korea

OW



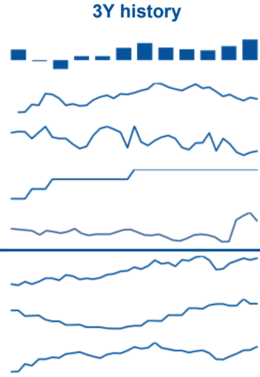
	3Y history	Latest	
GDP, % yoy		0.6	Q2
PMI, index		50.7	Sep
CPI, % yoy		2.1	Sep
Policy rate, %		90.65	Sep
BIS NEER, index		90.65	Aug
MSCI South Korea*		2.1%	Q3
EPS, % yoy		31.9	Sep
12M Forward P/E		10.4	Sep

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

- The MSCI Korea Index provides significant exposure to advanced technology, including high-bandwidth memory (HBM) production, which is benefiting as artificial intelligence remains a structural growth theme. Valuations are attractive, with the market trading below its five-year average P/E ratio, while earnings are forecast to grow strongly in 2025 and 2026.
- Political uncertainty has eased since the June presidential election, and a more stable government is making progress on the Value-Up program, which is supporting investor sentiment. A resolution of trade negotiations and visa issues with the U.S. should provide additional support.
- We maintain our *overweight* position. Two key drivers are the ongoing recovery in the memory cycle, supported by AI-driven demand; and a further re-rating from the government's Value-Up program, which aims to improve governance and capital efficiency.

Taiwan

OW



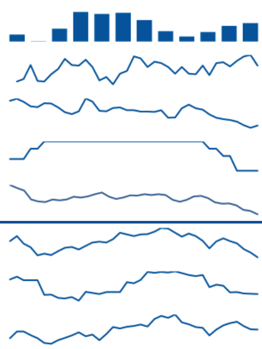
	3Y history	Latest	
GDP, % yoy		8.0	Q2
PMI, index		46.8	Sep
CPI, % yoy		1.6	Aug
Policy rate, %		2.00	Sep
BIS NEER, index		105.31	Aug
MSCI Taiwan*		3.7%	Q3
EPS, % yoy		37.1	Sep
12M Forward P/E		17.9	Sep

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

- Taiwan continues to benefit from strong global demand for semiconductors and advanced technologies. In addition to sustained demand from corporate hyperscalers, the UAE and Saudi Arabia have announced plans to purchase large volumes of semiconductors as they seek to position themselves as regional technology hubs.
- We view AI-driven technology demand as a long-term growth theme, with EM offering exposure at attractive valuations. While the U.S. administration's push to expand domestic semiconductor production presents a potential headwind, we expect advanced chips to receive exemptions.
- Geopolitical risks remain an ongoing consideration for Taiwan, but near-term threats appear limited. Earnings growth is forecast to outpace the EM aggregate in 2026. We maintain our *overweight* position.

India

N



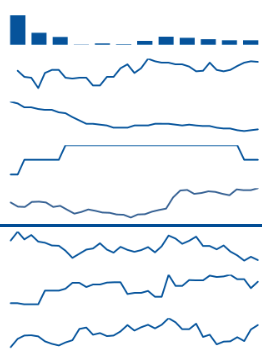
	3Y history	Latest	
GDP, % yoy		7.8	Q2
PMI, index		57.7	Sep
CPI, % yoy		2.1	Aug
Policy rate, %		5.50	Sep
BIS NEER, index		89.10	Aug
MSCI India*		-18.2%	Q3
EPS, % yoy		3.1	Sep
12M Forward P/E		21.4	Sep

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

- India's earnings and performance lagged the MSCI Emerging Markets index in Q3. This underperformance has made valuations more attractive relative to recent history. Earnings are expected to improve in 2026, though they are likely to remain broadly in line with the EM aggregate.
- India's PMIs remain strong, GDP growth is projected to be among the fastest globally, and the country is well positioned to capture manufacturing capacity shifting away from China. However, potential headwinds persist, including political and trade frictions with the US, particularly if secondary sanctions on Russia are extended. Monetary and fiscal policies remain restrictive, though early signs of easing have emerged.
- We remain optimistic about India's long-term prospects, but weak price momentum may persist. Accordingly, we maintain our *neutral* position.

Malaysia

N



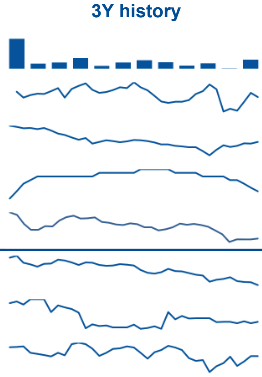
	3Y history	Latest	
GDP, % yoy		4.4	Q2
PMI, index		49.8	Sep
CPI, % yoy		1.3	Aug
Policy rate, %		2.75	Sep
BIS NEER, index		105.34	Aug
MSCI Malaysia*		-4.2%	Q3
EPS, % yoy		7.7	Sep
12M Forward P/E		14.1	Sep

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

- Malaysia's 19% US tariff rate aligns with that of the rest of the region; however, the threat of a 100% tariff rate on semiconductors poses a risk. Malaysia is one of the biggest suppliers of semiconductors to the US, with its chip exports to the US accounting for c.6% of its GDP. Beyond tariffs, Malaysia's semiconductor sector and data centres should benefit from supportive government policies.
- The domestic economy appears more resilient, as inflation is well-contained and investment growth is strong. Fiscal consolidation might take longer as petrol subsidies are introduced, likely in response to recent protests.
- Malaysia's equity market screens cheap, with the 12-month forward P/E premium to EM nearly two standard deviations below its five-year average. Earnings growth is muted, and semiconductor tariffs are a risk. We maintain our *neutral* position.

Indonesia

UW (↓)



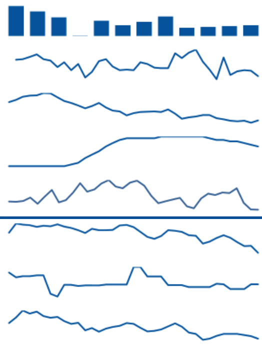
	3Y history	Latest	
GDP, % yoy		5.1	Q2
PMI, index		50.4	Sep
CPI, % yoy		2.7	Sep
Policy rate, %		4.75	Sep
BIS NEER, index		96.03	Aug
MSCI Indonesia*		-13.7%	Q3
EPS, % yoy		-2.0	Sep
12M Forward P/E		12.6	Sep

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

- The recent outbreak of political unrest is a key headwind to equities. The appointment of a new finance minister and expansion of social welfare spending are risks to the fiscal picture, putting pressure on the fiscal deficit cap.
- Inflation is within the central bank's target, allowing Bank Indonesia to further cut rates. In addition to exerting downward pressure on the rupiah, lower rates will weigh on banks' earnings. Financials account for nearly half of the MSCI Indonesia Index. Political uncertainty could also dampen FDI.
- Indonesia faces elevated currency risk, while cheap valuations are largely a reflection of weak earnings projections. As such, we downgrade our allocation to *underweight*.

Philippines

N



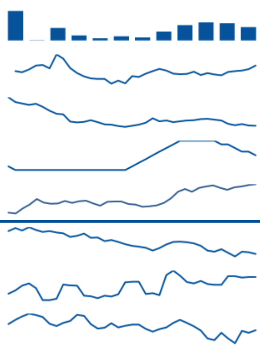
	3Y history	Latest	
GDP, % yoy		5.5	Q2
PMI, index		49.9	Sep
CPI, % yoy		1.5	Aug
Policy rate, %		93.54	Aug
BIS NEER, index		93.54	Aug
MSCI Philippines*		-18.4%	Q3
EPS, % yoy		11.6	Sep
12M Forward P/E		9.6	Sep

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

- Domestic consumption, the main driver of the economy, is set to remain strong. Inflation is cooling due to lower rice prices, supporting further monetary loosening. However, the reintroduction of rice tariffs is an upside risk to inflation.
- The Philippines continues to face a persistent twin deficit. Social programs and infrastructure spending have been expanded, and public unrest is likely to pressure the government into maintaining elevated spending levels. Combined with a narrowing policy differential with the US, the twin deficit will place downward pressure on the peso.
- The 12-month forward P/E for MSCI Philippines Index is trading at a discount to EM, nearly two standard deviations below its five-year average. Projected earnings growth is robust, but a lack of clear structural drivers and ongoing risks related to the twin deficit keeps us *neutral*.

Thailand

UW



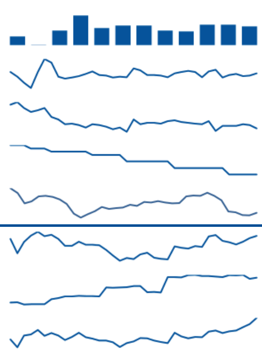
	3Y history	Latest	
GDP, % yoy		2.8	Q2
PMI, index		54.6	Sep
CPI, % yoy		-0.8	Aug
Policy rate, %		1.50	Aug
BIS NEER, index		105.50	Aug
MSCI Thailand*		6.8%	Q3
EPS, % yoy		13.5	Sep
12M Forward P/E		15.4	Sep

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

- The election of a new prime minister by parliament in September introduces political risk, as the appointment was contingent on a general election being called within the coming months. The approval of the 2026 Budget by the Senate helps mitigate some of the risk.
- Growth is projected to be soft as tourist arrivals continue to decline. With inflation low, the Bank of Thailand (BoT) has some space to cut rates; however, already low real rates and high household debt constrain the extent of easing.
- As a trade-dependent economy with exposure to the US, tariffs are likely to weigh on growth, while limited monetary support provides little offset. Valuations are attractive, and earnings growth is strong. However, given the recent political instability, we maintain our *underweight* allocation.

Vietnam

OW



	3Y history	Latest	
GDP, % yoy		5.2	Q2
PMI, index		49.8	Sep
CPI, % yoy		-0.4	Aug
Policy rate, %*		9.00	Sep
BIS NEER, index		104.12	Aug
MSCI China**		10.1%	Q3
EPS, % yoy		11.5	Sep
12M Forward P/E		13.4	Sep

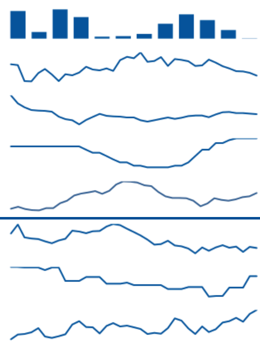
**US$ total return relative to MSCI EM.*
Source: Bloomberg

- Vietnam's economy held up in Q2, partly due to frontloading of exports. Vietnam faces US tariffs of 20%, with a 40% rate on transshipment goods. There is limited clarity on what would constitute transshipments and how it would be enforced. Semiconductor tariffs also pose a risk, given electronics are a major export to the US.
- The medium-term outlook is boosted by ongoing reform efforts, including infrastructure and private sector development. A revival in the property sector is underway, and while FDI has softened from recent highs, it remains robust. Vietnam also benefits from a growing middle class, educated labour force, geopolitical position, and stable politics, positioning it to gain from friend-shoring.
- The MSCI Vietnam Index has rebounded since tariffs were introduced in April. Earnings projections have kept pace, leaving valuations close to neutral. Trade in the near term provides less of a tailwind. However, we are positive on Vietnam's long-term prospects and therefore stay *overweight*.

Latin America

Brazil

UW



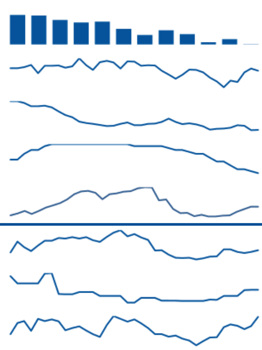
	3Y history	Latest	
GDP, % yoy		2.2	Q2
PMI, index		46.5	Sep
CPI, % yoy		5.1	Aug
Policy rate, %		15.00	Sep
BIS NEER, index		123.42	Aug
MSCI Brazil*		-2.4%	Q3
EPS, % yoy		-3.3	Sep
12M Forward P/E		9.2	Sep

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

- The Brazilian economy remains weak, with GDP growth expected to lag the broader EM average. Recent PMI data have been soft, and the 2026 election is beginning to weigh on sentiment. Political tensions have been highlighted after the United States imposed 50% tariffs on imports from Brazil, further dampening the outlook. Corporate earnings growth is also projected to remain subdued in 2026.
- Inflation, while more controlled than in previous periods, remains elevated. The central bank may consider cutting rates to ease borrowing costs, but its recent hawkish tone raises the risk of a delayed easing cycle, adding uncertainty. Meanwhile, Brazil's debt-to-GDP ratio is expected to continue rising, limiting fiscal flexibility and investor confidence.
- A weakening credit impulse suggests that growth could remain subdued. While rate cuts may eventually materialize, they could weaken the currency and hurt USD-based returns. Valuations remain in line with their five-year discount to the EM aggregate. Given these dynamics, we maintain an *underweight* position.

Mexico

OW



	3Y history	Latest	
GDP, % yoy		0.1	Q2
PMI, index		49.6	Sep
CPI, % yoy		3.6	Aug
Policy rate, %		7.50	Sep
BIS NEER, index		118.38	Aug
MSCI Mexico*		2.6%	Q3
EPS, % yoy		13.9	Sep
12M Forward P/E		13.2	Sep

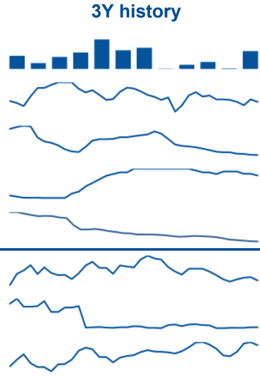
**US$ total return relative to MSCI EM.*
Source: Bloomberg

- Mexico continues to make progress with the US on trade, placing it in a better position than other EM. Mexico's 50% tariff rate on Chinese auto imports could help with the USMCA review. In the medium term, Mexico's close trade ties and geographical proximity to the US mean that friend-shoring should be a structural growth driver.
- Economic activity is set to soften due to a US slowdown, as evidenced by weaker remittance flows. As such, despite sticky core inflation, Banxico is projected to continue its easing cycle. A narrowing budget deficit also helps alleviate inflationary pressures.
- Mexico's stock market sustained its strong performance in Q3. Valuations screen cheap due to robust earnings projections. Given current valuations and Mexico's potential gains from friend-shoring, we remain *overweight*.

Europe, Middle East and Africa

Turkey

UW



	3Y history	Latest	
GDP, % yoy		4.8	Q2
PMI, index		46.7	Sep
CPI, % yoy		33.0	Aug
Policy rate, %		40.50	Sep
BIS NEER, index		17.27	Aug
MSCI Turkey*		-2.6%	Q3
EPS, % yoy		-44.3	Sep
12M Forward P/E		6.0	Sep

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

- The possibility of early elections or constitutional reform means that political risk continues to be the key headwind for the Turkish stock market. Activity is expected to soften as previous policy tightening and politics weigh on domestic demand.
- Since the sell-off in March, the Central Bank of Turkey (CBT) has replenished its reserves, strengthening its policy capacity. Inflation is elevated but continues to fall, allowing the CBT to resume its easing cycle. Easier policy could put downward pressure on the lira.
- Valuations for the MSCI Turkey Index are neutral, while double-digit earnings growth projections, if realised, would only offset 2024's large contraction. The elevated political risk premium continues to justify maintaining our *underweight* allocation.

Saudi Arabia

UW

	3Y history	Latest	
GDP, % yoy		3.9	Q2
PMI, index		56.4	Aug
CPI, % yoy		2.3	Aug
Policy rate, %		4.75	Sep
BIS NEER, index		108.89	Aug
MSCI Saudi Arabia*		-4.2%	Q3
EPS, % yoy		11.1	Sep
12M Forward P/E		15.1	Sep

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

- A softer US dollar and weaker oil prices suggest underperformance of Saudi Arabian equities relative to EM. Higher oil production supports GDP, but the decline in Brent crude oil prices has led to a twin deficit. Recalibration of projects under the "Vision 2030" initiative signals funding pressures.
- Reports that the cap on foreign ownership of listed local companies, currently 49%, might be relaxed, has provided a short-term lift to the equity market. A more sustained upturn will likely require improvements in the country's external and fiscal balances.
- The MSCI Saudi Arabia Index's 12-month forward P/E premium to EM is nearly two standard deviations below its five-year average. Nonetheless, earnings projections are soft. Combined with downside risks to the oil price and its implications for Saudi Arabia's balance sheet, we stay *underweight*.

South Africa

UW

	3Y history	Latest	
GDP, % yoy		0.6	Q2
PMI, index		50.1	Aug
CPI, % yoy		3.3	Aug
Policy rate, %		7.00	Sep
BIS NEER, index		97.73	Aug
MSCI South Africa*		9.8%	Q3
EPS, % yoy		27.9	Sep
12M Forward P/E		11.1	Sep

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

- The GNU reforms are gradually taking hold, with improvements in electricity supply and rail transport infrastructure. Nonetheless, business confidence measures have stagnated, and fixed investment is sluggish.
- The South African Reserve Bank (SARB) has shifted to targeting the lower end of 3% of its 3-6% target range. With inflation at 3.3%, the SARB may keep rates on hold in the near term. Ongoing fiscal consolidation could help ease inflationary pressures, but debt-to-GDP is still high due to weak economic growth.
- The rally in South Africa's equity market has been led by precious metals-linked stocks. While we still hold a negative view on South Africa's domestic outlook, a softer US dollar and further gains in gold prices are likely to continue supporting the materials sector. As such, with valuations close to neutral, we are trimming our *underweight* position.

United Arab Emirates

N

	3Y history	Latest	
GDP*, % yoy		3.8	2024
PMI, index		53.3	Aug
CPI, % yoy		1.9	Dec-23
Policy rate, %		4.15	Sep
BIS NEER, index		107.56	Aug
MSCI United Arab Emirates**		-8.7%	Q3
EPS, % yoy		3.8	Sep
12M Forward P/E		9.5	Sep

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

- The UAE is in a strong economic position, with both tourism and real estate remaining resilient. With a low fiscal and external breakeven oil price, the UAE can withstand the decline in Brent crude oil prices. It is projected to maintain a twin surplus this year.
- Due to the dirham's peg to the USD, the Central Bank of the UAE will likely lower rates in line with the Fed. Lower rates could compress banks' net interest margin, with Financials accounting for 42.3% of the MSCI Index.
- Recent underperformance has left the MSCI UAE 12-month forward P/E discount to EM trading below its five-year average. Earnings growth is robust, but market positioning appears stretched due to elevated foreign participation. We maintain our *neutral* position.

KEY ECONOMIC AND FINANCIAL INDICATORS

	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 $ +/-
		Macroeconomic Data											Market Data							
		% change on year ago			Latest 12 months								Performance				Forecast (Bloomberg)†			
		%	%	%	$ Bn	$ Bn	$ Bn	$ Bn			%		Sep 30, 2025	Sep 30, 2025	%	%		%		
Overweight	SOUTH KOREA	0.6	0.9	2.1	65.7	112.4	386.3	389.4	1409.8	1344.4	2.6	AA	10.4	740.2	54.4	47.4	14.4	12.0	724.5	+
	MEXICO	0.1	-2.7	3.6	-1.1	-42.3	215.9	201.5	18.4	19.3	7.7	BBB	1.7	753.4	44.2	27.7	16.3	17.9	720.9	-
	CHINA*	5.2	5.2	-0.4	1159.7	615.4	3317.4	3222.4	7.1	7.0	1.1	A+	30.3	1099.8	39.8	39.0	16.1	13.1	1114.0	+
	VIETNAM	8.2	13.6	3.4	19.5	28.5	79.8	84.1	26368.0	24852.0	3.5	BB+	0.4	320.5	50.4	56.0	19.9	14.4	331.5	-
	TAIWAN	8.0	14.4	1.6	114.5	125.0	597.4	579.1	30.6	32.2	1.7	AA+	18.0	876.2	24.3	15.6	20.8	12.4	888.8	+
	CHILE	3.1	-1.9	4.0	18.6	-7.6	42.2	40.0	962.2	925.4	5.4	A	0.5	535.9	36.9	32.4	13.7	14.0	546.9	+
Neutral	ARGENTINA	6.3	-13.3	33.6	9.9	-6.9	33.2	21.7	1429.7	974.2	50.2	CCC	1.0	1989.0	8.5	44.5	7.6	23.1	1914.4	-
	BAHRAIN	2.7	n.a.	-0.8	n.a.	n.a.	4.3	3.9	0.4	0.4	4.9	B+	0.0	411.7	17.3	17.3	n.a.	n.a.	415.6	uc
	COLOMBIA	2.3	2.9	5.1	-14.2	-8.7	60.2	57.7	3858.0	4209.7	8.7	BB	0.2	8819.8	64.6	46.6	8.6	36.6	8917.0	-
	CZECH REP.	2.6	4.9	2.3	8.2	1.9	153.9	145.0	20.8	23.1	3.3	AA-	0.1	2576.3	59.4	35.7	18.0	n.a.	2633.4	+
	EGYPT	2.4	-10.1	12.0	-44.3	-16.9	32.4	34.4	47.6	48.4	21.0	B-	0.1	1893.5	36.0	28.0	6.6	n.a.	2082.9	n.a.
	GREECE	1.7	-0.5	2.9	-38.7	-16.6	4.1	3.9	1.2	1.1	0.0	BBB	0.6	99.3	66.7	48.1	10.2	32.0	101.3	+
	HUNGARY	0.1	-1.0	4.3	11.0	4.5	41.8	41.8	332.3	366.2	6.4	BBB-	0.2	1216.7	52.4	27.2	7.5	n.a.	1254.9	-
	INDIA	7.8	4.0	2.1	-277.1	-17.0	582.6	589.3	88.7	83.9	5.9	BBB	15.9	2247.6	-2.1	1.5	24.5	14.6	2327.5	+
	MALAYSIA	4.4	4.2	1.3	33.3	7.1	111.4	106.9	4.2	4.3	2.0	A-	1.6	473.3	4.7	-1.5	15.3	23.8	487.6	+
	MOROCCO	5.5	7.0	0.3	-30.6	-2.0	39.8	33.0	9.1	9.8	2.6	BBB-	0.2	1145.9	46.1	31.2	14.3	23.7	1184.5	n.a.
	PERU	3.9	3.4	1.4	26.4	6.0	76.0	68.4	3.5	3.7	0.2	BBB-	0.3	4220.2	54.7	54.7	14.9	n.a.	4324.0	-
	PHILIPPINES	5.5	-1.1	1.5	-52.4	-19.4	87.0	91.9	58.3	56.8	5.0	BBB+	0.5	687.7	-4.0	-3.4	10.7	27.1	714.4	+
	POLAND	3.4	0.7	2.9	-14.1	-7.3	197.2	173.9	3.6	3.9	4.9	A-	1.0	595.5	48.8	30.7	9.9	19.8	618.9	+
	ROMANIA	0.3	2.3	9.9	-37.9	-35.2	72.4	66.3	4.4	4.5	6.4	BBB-	0.2	409.0	46.8	32.1	10.0	27.6	419.3	+
	UAE	3.8	n.a.	1.9	79.0	48.0	256.1	200.1	3.7	3.7	n.a.	NR	1.5	240.3	16.6	16.6	10.0	n.a.	242.9	uc
Underweight	BRAZIL	2.2	-0.7	5.1	63.4	-76.2	312.5	335.8	5.3	5.5	8.4	BB	3.8	875.6	41.3	23.9	9.5	20.5	866.5	-
	SOUTH AFRICA	0.6	-0.7	3.3	9.9	-13.0	49.7	46.2	17.2	17.4	6.9	BB-	2.9	1168.2	41.5	29.3	16.7	23.5	1183.1	-
	SAUDI ARABIA	3.9	n.a.	2.3	-154.6	-27.5	433.8	442.9	3.8	3.8	5.3	A+	2.9	179.5	-0.4	-0.6	18.7	29.2	179.4	uc
	THAILAND	2.8	-4.2	-0.7	26.1	19.1	234.5	210.1	32.4	33.4	1.6	BBB+	1.2	1185.2	-2.1	-7.0	16.5	11.6	1207.5	+
	KUWAIT	-4.8	n.a.	2.4	n.a.	46.5	38.1	41.6	0.3	0.3	n.a.	A+	0.7	184.5	24.4	23.3	18.8	n.a.	181.4	n.a.
	INDONESIA	5.1	-2.8	2.7	41.5	-6.5	135.0	130.9	16606.0	15719.0	3.9	BBB	1.3	1333.7	-0.7	2.8	13.2	23.8	1349.7	+
	QATAR	1.9	n.a.	0.7	63.2	37.3	41.3	42.9	3.6	3.6	n.a.	AA	0.6	364.4	11.2	11.2	9.6	n.a.	365.5	uc
	TURKEY	4.8	5.1	33.3	-87.6	-18.8	83.3	81.7	41.7	34.3	35.6	BB-	0.8	463.0	-3.4	13.5	15.0	6.9	483.1	-

Note: All data shown are as at 6 October 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 September 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, Slovak Republic, 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.
**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