CITY OF LONDON
Investment Management Company Limited

Emerging Markets Quarterly Outlook

January 2026*

Overview

Key Drivers in 2026

Emerging Markets (EM) delivered strong performance in 2025, and we expect supportive conditions to persist into 2026. Key drivers include a softer US dollar, sustained AI-related investment, and improving earnings momentum across the EM technology sector. Valuations remain attractive relative to developed markets. We continue to favour exposure to AI hardware (South Korea, Taiwan), supply-chain realignment beneficiaries (Mexico, Vietnam), and energy-transition plays (Chile), while maintaining selective exposure to China A-shares. This quarter, we upgraded the UAE to a small overweight.

2025 marked a strong year for Emerging Market (EM) equities, gaining 34% and outperforming the All Country World Index (ACWI) by 11 percentage points. Several macro drivers aligned well for EM equities – including USD weakness, Artificial Intelligence (AI) growth, and improving China sentiment – allowing most major markets to produce positive returns. However, chart 1 highlights key divergences within the EM benchmark. South Korea was the strongest market, supported by robust demand for memory chips. Taiwan also outperformed due to its semiconductor exposure. China marginally underperformed the benchmark, while India was a laggard.

Our main views are unchanged for 2026. AI remains a core theme. The debate surrounding the sustainability of US hyperscaler capex may persist, but we expect spending to continue rising over the coming quarters. The MSCI EM Index's large technology exposure is a tailwind, supporting the HATTS** (see chart 2) and the broader manufacturing supply chain. Our highest-conviction overweight remains South Korea. Demand for high-bandwidth memory (HBM) and legacy memory is likely to continue outpacing supply in 2026, and Korean memory exporter contract pricing is expected to continue rising (see chart 3).

The US dollar index (BBDXY Index) depreciated 8% in 2025 but traded flat in the second half of the year (see chart 4). If the Fed maintains a dovish stance, we expect rate differentials to drive further USD weakness in 2026. This is one factor underpinning our positive EM equity view and helps guide country allocation. Chart 5 shows that Gulf Cooperation Council (GCC) countries tend to underperform during USD bear markets. By contrast, South Korea should see some easing in local currency outflows, while China should be able to pursue easier monetary conditions as RMB pressures ease.

Stability in China remains an important factor for EM outperformance in 2026. The MSCI China Index slightly underperformed the MSCI EM Index in 2025 as US–China relations stabilised and Chinese earnings delivered modest single-digit growth. This backdrop allowed EM headline earnings growth to outpace DM, led by higher-growth markets such as South Korea and Taiwan. We expect these trends to persist, although China may surprise markets, as seen in September 2024 and January 2025. China's tech giants could have another "DeepSeek moment" in the AI race, further supporting the domestic AI ecosystem. In addition, large household savings could shift back into domestic equities if policymakers successfully lift domestic confidence (see chart 6). We continue to favour exposure to China A-shares.

What Might Change in 2026?

The US midterms are an important event for policy. The slim Republican majority in Congress may limit scope for a new fiscal package. However, the Trump administration already appears to be attempting to influence both the energy market and the Fed. US tariff rates could also fall to help stimulate growth and reduce inflation – both important factors for the upcoming election. Our preferred friend-shoring allocations remain Mexico and Vietnam.

Crude prices trended lower in 2025, driven by a net oil supply surplus (see chart 7). The US EIA projects another surplus in 2026. The recent US intervention in Venezuela is unlikely to materially affect oil supply in the short term – Venezuela currently only accounts for around 1% of global production – but longer-term implications may be more significant. Venezuela holds the world's largest proven oil reserves, and US firms could regain access to increase production. This represents an upside risk to future supply and potentially adds downward pressure to global oil prices.

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 2025 and macro events and data releases up to 8th January 2026 unless indicated otherwise.*
*** Hynix, Alibaba, Tencent, TSMC, and Samsung*

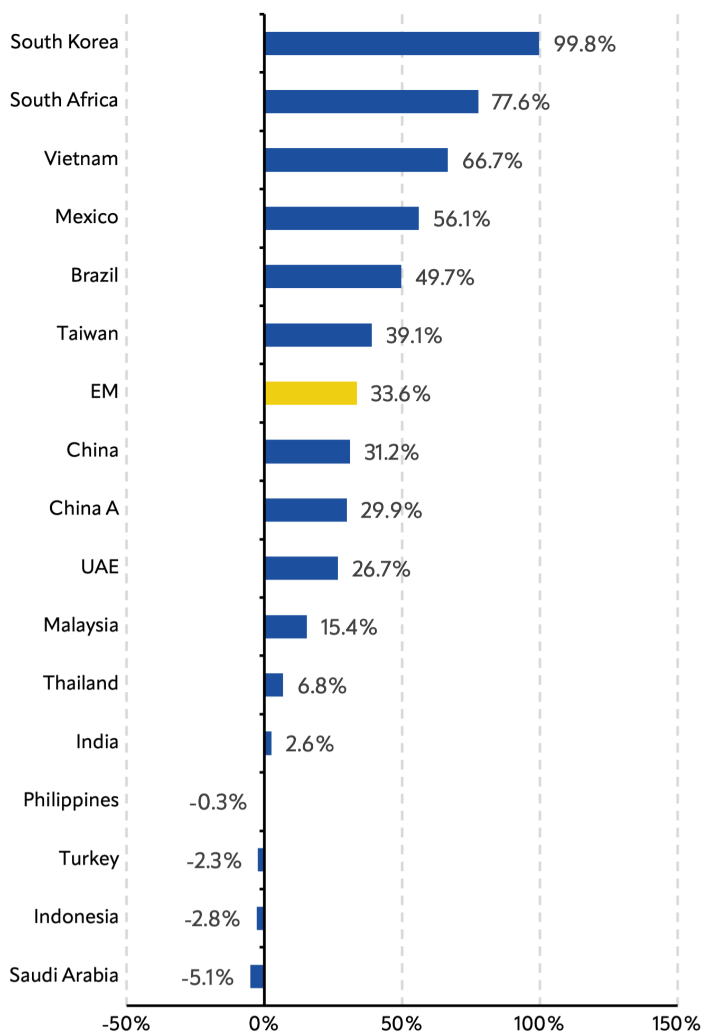
Market Strategy:

We expect 2025 themes to persist in 2026. We maintain exposure to AI hardware (via Taiwan and South Korea), supply-chain realignment beneficiaries (e.g. Mexico and Vietnam), and countries leveraged to the global energy transition (e.g. Chile). We also retain a preference for China A-shares as sentiment improves and policy remains supportive. This quarter, we made some adjustments.

We upgraded the **UAE** to a small overweight. We view the market as a compelling relative value opportunity versus other GCC markets that have a higher oil beta. The UAE is less vulnerable to oil downside and tends to be more pro-cyclical due to its openness to foreign capital. Strong property demand has supported the market, and we expect the UAE to outperform its GCC peers (see chart 8). We funded this shift through a reduction in Saudi Arabia.

*Justin Kariya***
January 8th, 2026
***The document includes contributions from Yasemin Engin and Tom Traill.*

Chart 1: MSCI EM 2025 Performance (USD Total Return)

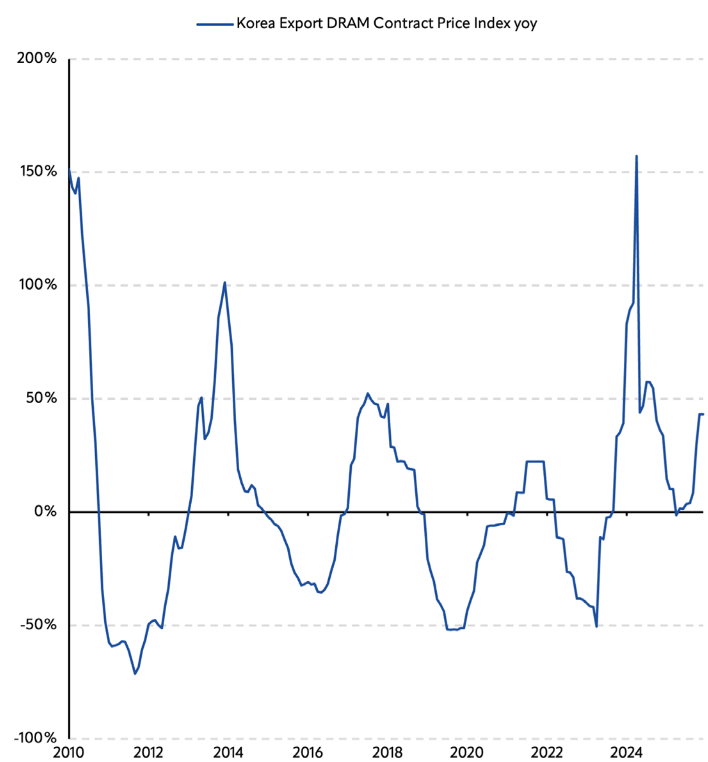


Source: Bloomberg

Chart 2: HATTS* and Mag 7 performance (100 = Dec 2024)

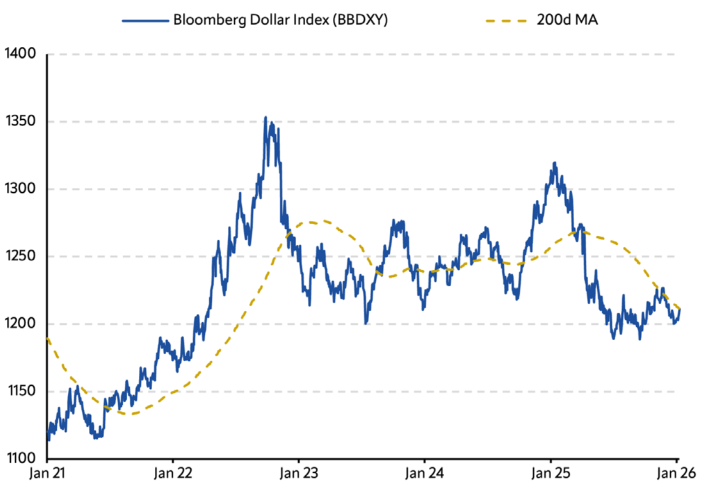
HATTS: Hynix, Alibaba, Tencent, TSMC, and Samsung—equally-weighted
Mag-7: Amazon, Alphabet, Microsoft, Meta, Tesla, Apple, and Nvidia
Source: Bloomberg, CLIM

Chart 3: Korean Memory Exporter Contract Prices



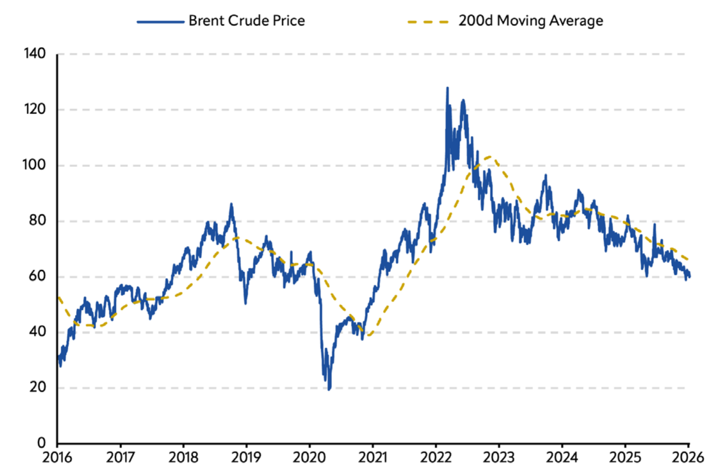
Source: Bloomberg

Chart 4: Bloomberg DXY Dollar Index (BBDXY)



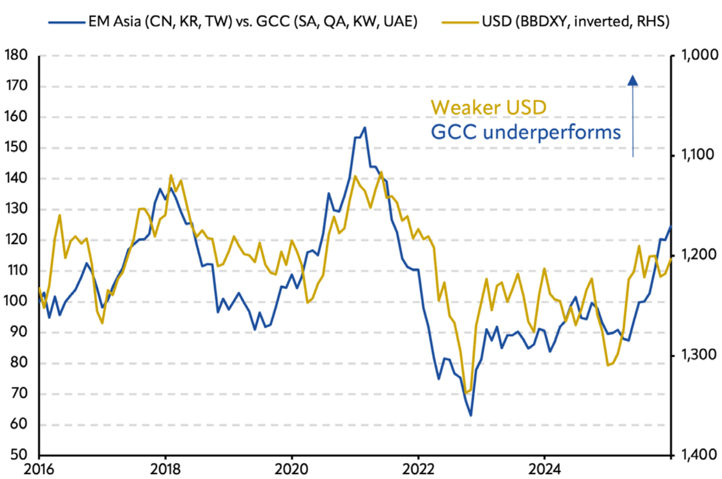
Source: Bloomberg

Chart 7: Brent Crude Prices (US$/bbl)



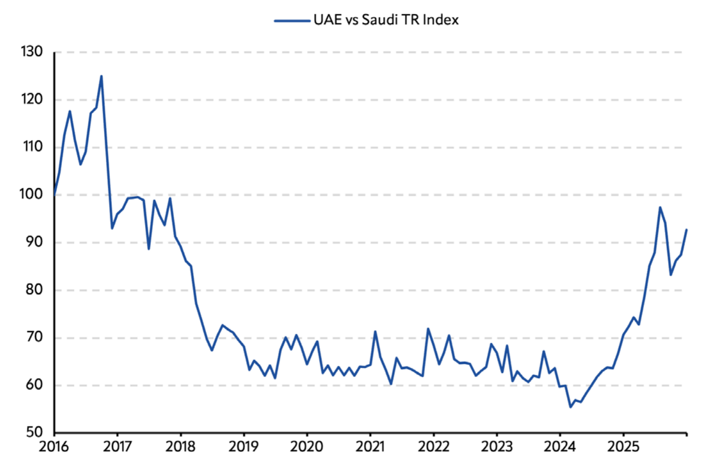
Source: Bloomberg

Chart 5: EM Asia versus GCC and USD (USD Total Return)



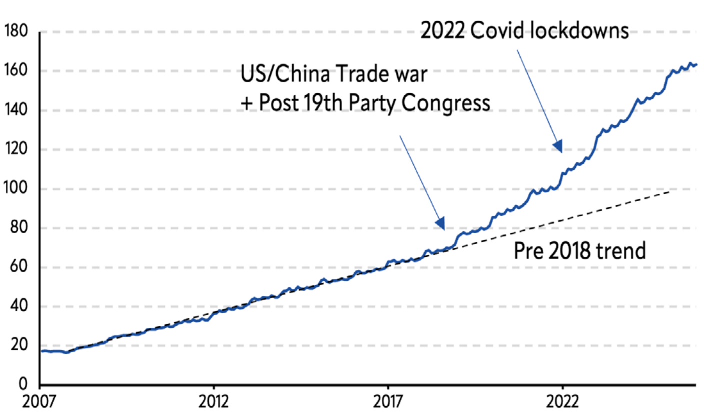
Source: Bloomberg

Chart 8: MSCI UAE relative to Saudi Arabia (USD, Total Return)



Source: Bloomberg

Chart 6: China Household Savings (tr, RMB)

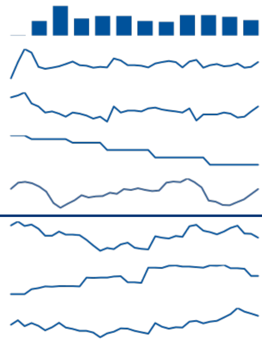


Source: Bloomberg

Asia

China

OW (OW A-shares and N offshore stocks)



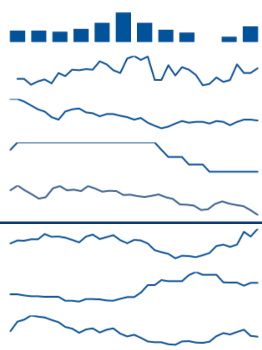
	3Y history	Latest	
GDP, % yoy		4.8	Q3
PMI, index		50.1	Dec
CPI, % yoy		0.7	Nov
Policy rate, %*		9.00	Dec
BIS NEER, index		106.58	Nov
MSCI China**		-12.1%	Q4
EPS, % yoy		3.4	Dec
12M Forward P/E		12.1	Dec

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

- Chinese equities slightly underperformed the EM benchmark in 2025. The 12-month forward P/E is trading broadly in line with its five-year average relative to the MSCI EM Index. Earnings growth is expected to recover in 2026, but to continue to lag the EM aggregate.
- China and the US appear to have reached a truce over trade, although tensions remain. The government's involution policies continue, and the economy is showing signs of weakness in some areas, though the composite PMI remains above 50. Policymakers are aiming to boost domestic consumption and stabilise the housing market.
- We remain *overweight* China via an overweight position in A-shares and a neutral position in offshore share classes. A-shares are more domestically owned and therefore less vulnerable to foreign outflows, and potentially more receptive to policy support.

South Korea

OW



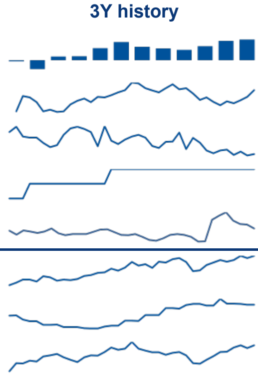
	3Y history	Latest	
GDP, % yoy		1.8	Q3
PMI, index		50.1	Dec
CPI, % yoy		2.3	Dec
Policy rate, %		2.50	Dec
BIS NEER, index		86.76	Nov
MSCI South Korea*		22.6%	Q4
EPS, % yoy		30.7	Dec
12M Forward P/E		9.5	Dec

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

- South Korea significantly outperformed, driven by robust demand in the memory space and ongoing progress from corporate Value-Up initiatives. It is a major manufacturer of advanced tech components, such as HBM, and is expected to remain a beneficiary of ongoing demand. The global supply shortage of DRAM and associated price rises are expected to remain a significant tailwind this year.
- Despite the recent strong performance, the market remains attractively valued and is trading at a P/E ratio below its five-year average relative to the EM aggregate. 2026 EPS growth is projected to exceed 40%. Won weakness has been a headwind, but policymakers are taking steps to manage capital outflows.
- We remain *overweight* South Korea. We believe that HBM demand remains in a structural growth trend, while Korean equities should also benefit from ongoing corporate governance reform. Korea may also be a prime beneficiary if advanced robotic developments accelerate later this year.

Taiwan

OW



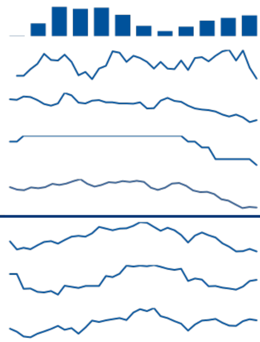
	3Y history	Latest	
GDP, % yoy		8.2	Q3
PMI, index		50.9	Dec
CPI, % yoy		1.3	Dec
Policy rate, %		2.00	Dec
BIS NEER, index		102.78	Nov
MSCI Taiwan*		5.7%	Q4
EPS, % yoy		33.7	Dec
12M Forward P/E		18.4	Dec

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

- Taiwan's equity market remains in a structural uptrend as it benefits from AI-led demand and related capex. The MSCI Taiwan Index's valuations have risen relative to the EM aggregate over recent months, and the P/E ratio is now above its five-year average. However, its valuation is consistent with a higher earnings growth market.
- Taiwan remains a focal point of geopolitics, particularly as China continues 'grey-zone' tactics around the island. This backdrop limits multiple expansion to levels more comparable to US tech, despite robust earnings growth.
- We remain *overweight* Taiwan due to ongoing demand for advanced semiconductors. While the prospect of Sino-Taiwanese conflict is likely to remain topical over the foreseeable future, we assess the risk as low this year.

India

N



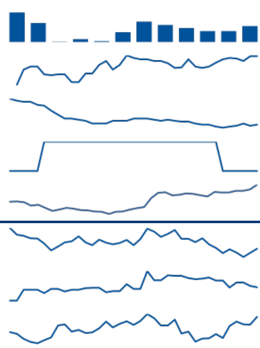
	3Y history	Latest	
GDP, % yoy		8.2	Q3
PMI, index		55.0	Dec
CPI, % yoy		0.7	Nov
Policy rate, %		5.25	Dec
BIS NEER, index		88.21	Nov
MSCI India*		0.1%	Q4
EPS, % yoy		12.4	Dec
12M Forward P/E		21.9	Dec

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

- India was one of the weakest markets in EM in 2025. We attribute this softness to a combination of factors including headwinds from previous policy tightening, elevated valuations, and better AI-related prospects in other EM markets such as South Korea, Taiwan, and China. The latter factor will likely remain important for India's relative performance this year.
- While the MSCI India Index may continue to lag its tech peers near-term, India's long-term prospects remain bright. Earnings are expected to improve in 2026 and valuations relative to the EM index are now below their five-year average. In addition, the policy backdrop is becoming more supportive as inflation has eased.
- While a potential positive catalyst may emerge later in the year, current trends are likely to persist over the coming months. We maintain our *neutral* position.

Malaysia

N



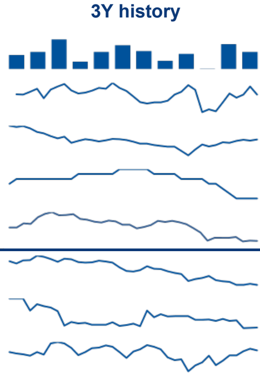
	3Y history	Latest	
GDP, % yoy		5.2	Q3
PMI, index		50.1	Dec
CPI, % yoy		1.4	Nov
Policy rate, %		2.75	Dec
BIS NEER, index		108.17	Nov
MSCI Malaysia*		3.5%	Q4
EPS, % yoy		0.4	Dec
12M Forward P/E		14.4	Dec

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

- Malaysia's domestic economy is projected to grow at a steady pace, benefiting from stable politics and supportive government policies for the semiconductor sector and data centres. Malaysia has the largest data centre pipeline among ASEAN countries. Malaysia's growing semiconductor sector leaves it vulnerable to US tariffs. Almost half of Malaysia's total global exports are electrical and electronic products.
- Inflation is expected to stay below 2%, allowing Bank Negara Malaysia to keep rates on hold amid stable growth. Budget 2026 aims to continue narrowing the fiscal deficit via subsidy rationalisation.
- Malaysia outperformed EM in Q4, widening its 12-month forward P/E premium to EM closer to its five-year average. Earnings growth projections are muted, and the introduction of tighter US controls on semiconductor exports remains a risk. As such, we maintain our *neutral* position.

Indonesia

UW



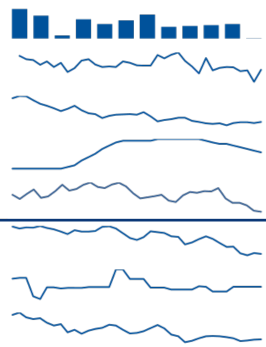
	3Y history	Latest	
GDP, % yoy		5.0	Q3
PMI, index		51.2	Dec
CPI, % yoy		2.9	Dec
Policy rate, %		4.75	Dec
BIS NEER, index		94.62	Nov
MSCI Indonesia*		-0.1%	Q4
EPS, % yoy		-23.7	Dec
12M Forward P/E		13.2	Dec

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

- Indonesia's worsening fiscal picture is the biggest risk to equities, as President Prabowo's ambitious social programs could push the deficit closer to the 3% cap. Sluggish growth and public discontent suggest that the fiscal stance will likely remain loose. Reflecting weaker sentiment, FDI in 2025 was soft.
- Inflation could come close to the Bank Indonesia's (BI) target; however, better-anchored core inflation should allow BI to continue cutting rates. The rupiah, which has been steadily depreciating, is at further risk if the current account deficit widens as projected.
- Indonesia's earnings growth projections are positive but are below the EM aggregate, while valuations continue to screen cheap. However, growing fiscal risks and lower rates implying weaker banks' earnings. Financials account for nearly half of the MSCI Indonesia Index. Therefore, we keep our *underweight.*

Philippines

N



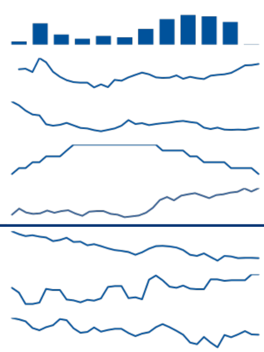
	Latest	
GDP, % yoy	4.0	Q3
PMI, index	50.2	Dec
CPI, % yoy	1.8	Dec
Policy rate, %	4.50	Dec
BIS NEER, index	91.80	Nov
MSCI Philippines*	-1.4%	Q4
EPS, % yoy	11.7	Dec
12M Forward P/E	9.9	Dec

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

- The growth outlook is tempered by weak public investment in light of the investigation into flood-control corruption. Falling government spending has dragged on business confidence. On a positive note, fewer infrastructure projects suggest a narrowing in the Philippines' twin deficit.
- Contained inflationary pressures should allow for the continuation of accommodative monetary policy, providing a partial offset to weaker investment. A narrowing policy rate differential with the US suggests a weaker peso, which could help the Business Process Outsourcing industry, which is at risk from AI.
- Valuations screen as cheap with the 12-month forward P/E for the MSCI Philippines Index trading at a discount to EM that is wider than its five-year average. Projected earnings growth lies in the middle of ASEAN. We stay *neutral* given the absence of a strong structural driver.

Thailand

UW



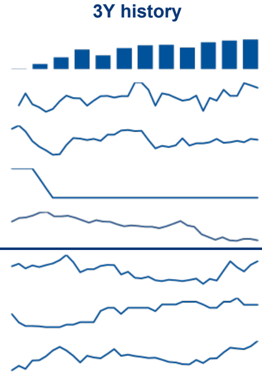
	Latest	
GDP, % yoy	1.2	Q3
PMI, index	57.4	Dec
CPI, % yoy	-0.3	Dec
Policy rate, %	1.25	Dec
BIS NEER, index	106.88	Nov
MSCI Thailand*	0.2%	Q4
EPS, % yoy	23.8	Dec
12M Forward P/E	15.3	Dec

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

- Domestic politics are set to be a key headwind to both sentiment and the stock market. Equities bounced back in September following the appointment of a new prime minister but have since stagnated after elections were called for February. The extended process of forming a new government suggests further policy paralysis.
- The economic outlook is therefore soft, with GDP forecasts for Thailand materially weaker than its ASEAN peers. Tourist arrivals remain below pre-pandemic levels, while high household debt could limit the impact of any pre-election stimulus. The latter issue will constrain the Bank of Thailand's space to cut rates despite very low inflation.
- Valuations appear attractive. However, ongoing domestic political instability and a weak economy suggest muted earnings growth, with projections for 2026 below other ASEAN markets. We remain *underweight.*

Vietnam

OW



	Latest	
GDP, % yoy	8.5	Q4
PMI, index	53.0	Dec
CPI, % yoy	3.5	Dec
Policy rate, %	4.50	Dec
Bbg NEER, index	93.81	Dec
MSCI Vietnam*	7.0%	Q4
EPS, % yoy	6.3	Dec
12M Forward P/E	16.5	Dec

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

- Following a strong 2025 on the back of resilient exports, the government is targeting growth of "at least 10%" in 2026 amid continued structural reforms. The 14th National Congress in January will set out the economic agenda for the next five to ten years.
- Domestic demand should be supported by infrastructure spending, tourism and FDI, offsetting the expected payback from previous export frontloading. Another risk facing the economy is elevated credit growth, which prompted the State Bank of Vietnam to tighten liquidity conditions in December.
- The post-Liberation Day equity rally has led to a re-rating in valuations. However, earnings projections are robust, and Vietnam is well positioned to benefit from friend-shoring. Accordingly, we stay *overweight.*

Latin America

Brazil

UW

	3Y history	Latest	
GDP, % yoy		1.8	Q3
PMI, index		47.6	Dec
CPI, % yoy		4.5	Nov
Policy rate, %		15.00	Dec
BIS NEER, index		126.97	Nov
MSCI Brazil*		2.3%	Q4
EPS, % yoy		1.2	Dec
12M Forward P/E		9.8	Dec

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

- The MSCI Brazil Index outperformed the EM aggregate in 2025. However, its performance masked some ongoing issues, and Brazil underperformed the LATAM aggregate over the past year. Domestic activity has been sluggish and high real rates remain a headwind. Rate cuts may eventually materialize, potentially boosting local equity returns, but the resulting currency weakness is likely to hurt USD-based returns.
- Earnings growth for 2026 is expected to be weak, and MSCI Brazil is currently trading at valuations significantly above its five-year average relative to the EM index. The country has a general election in October, which may shift the political landscape. For now, the incumbent Lula remains our baseline scenario.
- Government borrowing and high debt levels remain unresolved without meaningful structural reform. We continue to hold an *underweight* position.

Mexico

OW

	3Y history	Latest	
GDP, % yoy		-0.1	Q3
PMI, index		46.1	Dec
CPI, % yoy		3.8	Nov
Policy rate, %		7.00	Dec
BIS NEER, index		120.65	Nov
MSCI Mexico*		0.7%	Q4
EPS, % yoy		29.2	Dec
12M Forward P/E		13.1	Dec

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

- The trajectory of the July USMCA review will likely be the key driver of market sentiment this year. For its part, Mexico's introduction of tariffs on a handful of Asian countries, including China, can be viewed as an act of appeasement to the Trump administration. Mexico, with its geographical proximity and close trade ties with the US, is likely to benefit from friend-shoring.
- Economic activity is projected to hold up as US recession risks abate, while the narrowing budget deficit reduces fiscal risks. Sticky inflation will keep the Banxico on hold.
- Mexico's strong performance over 2025 has meant that the 12-month forward P/E discount to EM has narrowed and is now in line with its five-year average. Earnings projections for 2026 are below other major EMs, but we view the benefits of friend-shoring as a structural tailwind and therefore remain *overweight.*

Europe, Middle East and Africa

Turkey

UW

	3Y history	Latest	
GDP, % yoy		3.7	Q3
PMI, index		48.9	Dec
CPI, % yoy		30.9	Dec
Policy rate, %		38.00	Dec
BIS NEER, index		16.76	Nov
MSCI Turkey*		-8.2%	Q4
EPS, % yoy		-48.3	Dec
12M Forward P/E		6.1	Dec

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

- Double-digit inflation is a headwind to Turkey's outlook, with the pace of disinflation projected to slow as minimum wages are hiked and inflation expectations remain high. As such, the Central Bank of Turkey will likely temper its easing cycle, limiting its ability to support the economy.
- The opposition party remains under legal pressure, and any political developments could cause a market sell-off similar to that seen in March 2025. Reflecting cautious sentiment, foreign ownership of stocks is low at c.25%.
- The MSCI Turkey 12-month forward P/E is trading at a discount to EM that is close to its five-year average. Political noise and rate cuts amid high inflation suggest a weaker lira. We maintain our *underweight* allocation.

Saudi Arabia

UW

	3Y history	Latest	
GDP, % yoy		4.8	Q3
PMI, index		57.4	Dec
CPI, % yoy		1.9	Nov
Policy rate, %		4.25	Dec
BIS NEER, index		109.61	Nov
MSCI Saudi Arabia*		-12.4%	Q4
EPS, % yoy		9.3	Dec
12M Forward P/E		13.8	Dec

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

- Weaker oil prices due to ample supply will put pressure on Saudi Arabia's wide twin deficits, with lower prices offsetting the impact of higher crude output. Fiscal consolidation is therefore likely, perhaps via adjustments to "giga project" spending, which will weigh on the non-oil economy. Given the peg, a USD depreciation will drag down the Saudi riyal.
- The decision to lift restrictions on all foreign investors is a positive but is likely to have a limited effect. Further changes to foreign ownership limits are expected this year and could prove to be a tailwind, but the timing is unclear.
- Saudi equity underperformance has meant that the stock market screens cheap. However, with oil prices expected to stay soft this year and earnings projections trailing the EM aggregate, catalysts for a re-rating are limited. As such, we increase our *underweight* position.

South Africa

UW

	3Y history	Latest	
GDP, % yoy		2.1	Q3
PMI, index		47.7	Dec
CPI, % yoy		3.5	Nov
Policy rate, %		6.75	Dec
BIS NEER, index		101.19	Nov
MSCI South Africa*		9.3%	Q4
EPS, % yoy		32.9	Dec
12M Forward P/E		10.4	Dec

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

- There have been a few positive developments, from South Africa's removal from the FATF grey list to its improvement in the electricity and logistics sectors. The recent tick-up in business confidence could help boost ailing fixed investment. Fiscal consolidation is underway, but debt-to-GDP is expected to rise.
- Local elections later in the year pose a risk, as the GNU could be tested as parties compete for council control. Moreover, US-South Africa relations remain tense.
- South Africa's rally has been driven by the Materials sector as precious metals prices have surged, leading to a multiple re-rating. Further strength in precious metal mining stocks represents an upside risk; however, we expect South Africa's domestically oriented stocks to weigh on overall performance. We do not expect the current rally to broaden and remain *underweight*.

United Arab Emirates

OW (↑)

	3Y history	Latest	
GDP*, % yoy		4.8	2025
PMI, index		54.2	Dec
CPI, % yoy		0.7	Aug
Policy rate, %		3.65	Dec
BIS NEER, index		108.25	Nov
MSCI United Arab Emirates**		-1.7%	Q4
EPS, % yoy		4.0	Dec
12M Forward P/E		9.3	Dec

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

- The UAE's economic outlook remains healthy. The oil economy is supported by higher crude output, while construction, tourism and financial services should support the non-oil economy. In the property market, the delivery of new supply could lead to a moderation in price growth, albeit from an elevated pace.
- External and fiscal breakeven prices being comfortably below the current price of Brent crude suggests that the UAE can withstand lower oil prices. As such, the UAE is projected to maintain a twin surplus this year.
- Cheap valuations, stable earnings and a robust balance sheet indicate that the UAE presents an attractive way of gaining exposure to GCC economic diversification. We therefore take a relative value position and upgrade the UAE to a small overweight, funded via an increase in our *underweight* position in Saudi Arabia.

KEY ECONOMIC AND FINANCIAL INDICATORS

	Emerging Markets	Macroeconomic Data: % change on year ago: Annual GDP Growth	Industrial Production	Consumer Price Index	Latest 12 months: Trade Balance	Current Account Balance	Foreign Reserves 2025 Latest	Foreign Reserves 2024 Year Ago	Currency vs $ 2026 Latest	Currency vs $ 2025 Year Ago	Short-Term Interest Rates	Sovereign Rating S&P	Market Data: Performance: % 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	Forecast (Bloomberg)†: EBIT Margin 2025 Forecast	6 Month Stock Market Index Estimate (Front. Super Comp. BMI) US$	3 Month Currency vs $ +/-
		%	%	%	$ Bn	$ Bn	$ Bn	$ Bn			%		Dec 31, 2025	Dec 31, 2025	%	%		%		
Overweight	SOUTH KOREA	1.8	-1.4	2.3	78.0	112.0	403.9	391.7	1452.3	1460.5	2.7	AA	12.4	911.6	90.2	86.4	17.5	12.7	930.7	+
	MEXICO	-0.1	-0.4	3.8	0.2	-27.4	220.0	203.0	18.0	20.4	7.3	BBB	1.7	796.3	52.4	32.4	15.3	18.2	832.2	-
	CHINA*	4.8	4.8	0.7	1176.6	656.6	3343.3	3261.1	7.0	7.3	1.1	A+	27.4	1030.4	31.0	29.6	14.9	13.2	1063.6	-
	VIETNAM	8.5	10.1	3.5	18.9	32.7	82.2	82.3	26270.0	25380.0	3.5	BB+	0.4	364.9	71.3	76.8	21.2	14.4	374.8	-
	TAIWAN	8.2	16.4	1.3	143.7	146.2	602.6	576.7	31.6	32.9	1.7	AA+	19.0	959.6	36.1	30.5	23.1	14.1	1006.8	+
	CHILE	1.6	-0.8	3.5	20.8	-8.8	43.2	41.5	897.1	1002.4	5.4	A	0.5	666.8	70.3	54.4	17.4	14.7	682.3	-
	UAE	4.8	n.a.	0.7	79.0	48.0	256.9	216.6	3.7	3.7	n.a.	NR	1.4	244.9	18.8	18.8	9.8	n.a.	251.8	uc
Neutral	ARGENTINA	3.3	-13.3	31.4	11.0	-9.1	32.1	24.9	1460.7	1035.2	27.5	CCC+	0.9	1925.1	5.0	47.9	21.5	21.3	1982.9	-
	BAHRAIN	4.0	n.a.	1.1	n.a.	n.a.	4.2	4.2	0.4	0.4	4.4	B	0.0	459.1	30.8	30.7	n.a.	n.a.	467.8	uc
	COLOMBIA	2.7	1.1	5.3	-15.9	-9.4	60.6	57.7	3747.6	4327.0	8.7	BB	0.2	10309.3	92.4	65.5	9.3	33.3	10593.2	-
	CZECH REP.	2.8	-0.3	2.1	9.7	2.4	158.9	140.0	20.8	24.4	3.3	AA-	0.1	2720.9	68.3	42.5	18.5	n.a.	2840.6	+
	EGYPT	4.3	-10.1	12.3	-45.2	-15.4	32.3	33.7	47.2	50.6	20.0	B	0.1	2169.5	55.8	46.2	5.9	n.a.	2353.9	n.a.
	GREECE	2.0	6.4	2.4	-37.6	-16.4	4.1	4.1	1.2	1.0	0.0	BBB	0.6	103.8	74.1	54.8	11.6	24.1	108.0	+
	HUNGARY	0.6	-2.7	3.8	9.0	4.3	40.7	36.9	329.7	401.9	6.2	BBB-	0.3	1434.6	79.7	47.9	8.4	n.a.	1498.7	+
	INDIA	8.2	6.7	0.7	-299.8	-12.7	564.6	589.8	89.9	85.9	5.9	BBB	15.9	2318.4	1.0	6.0	25.8	14.3	2425.3	+
	MALAYSIA	5.2	6.0	1.4	35.2	9.6	112.1	107.8	4.1	4.5	2.0	A-	1.6	505.8	11.9	1.5	15.8	23.8	524.5	-
	MOROCCO	4.0	2.2	-0.3	-34.0	-2.0	41.3	32.8	9.2	10.1	2.7	BBB-	0.2	1107.1	41.1	27.0	14.7	23.9	1158.0	n.a.
	PERU	3.4	3.6	1.5	31.8	7.1	83.0	77.7	3.4	3.8	0.1	BBB-	0.3	4732.5	73.5	73.5	16.4	n.a.	4792.9	-
	PHILIPPINES	4.0	-1.5	1.8	-49.3	-17.4	88.7	95.2	59.2	58.6	4.5	BBB+	0.4	688.2	-3.9	-2.3	10.8	27.4	715.9	+
	POLAND	3.8	-1.1	2.4	-14.0	-7.9	185.0	173.0	3.6	4.1	4.0	A-	1.1	666.5	66.5	45.0	10.8	20.2	689.0	+
	ROMANIA	1.6	0.2	9.8	-37.4	-33.2	71.9	61.0	4.4	4.8	6.0	BBB-	0.2	467.4	67.8	51.4	11.1	26.0	479.7	-
Underweight	BRAZIL	1.8	-0.5	4.5	67.5	-77.7	313.5	329.7	5.4	6.1	9.2	BB	3.7	921.4	48.6	33.6	10.1	20.1	928.7	-
	SAUDI ARABIA	4.8	n.a.	1.9	-157.3	-37.2	425.0	431.9	3.8	3.8	5.1	A+	2.6	163.7	-9.2	-9.4	16.4	28.6	166.7	uc
	SOUTH AFRICA	2.1	-1.0	3.5	10.7	-12.1	48.4	45.0	16.5	18.9	6.5	BB	3.1	1321.7	60.0	40.5	17.2	22.4	1348.4	-
	THAILAND	1.2	-4.2	-0.3	22.9	17.2	236.0	210.9	31.5	34.6	1.6	BBB+	1.2	1230.4	1.6	-6.1	16.2	11.9	1233.6	-
	KUWAIT	-4.8	n.a.	2.4	n.a.	46.5	34.7	40.9	0.3	0.3	n.a.	AA-	0.7	184.1	24.1	23.8	19.0	n.a.	187.3	n.a.
	INDONESIA	5.0	1.7	2.9	40.6	-0.2	130.4	135.8	16811.0	16244.0	3.8	BBB	1.4	1443.9	7.5	11.4	15.9	23.0	1497.4	+
	QATAR	2.9	n.a.	1.4	61.6	33.4	38.3	42.9	3.6	3.6	n.a.	AA	0.6	356.5	8.7	8.7	11.4	n.a.	370.1	uc
	TURKEY	3.7	2.2	30.9	-91.5	-22.0	68.0	85.4	43.1	35.3	33.1	BB-	0.8	463.1	-3.4	17.3	11.6	6.7	464.7	-

Note: All data shown are as at 8 January 2026 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 98.9% of the S&P/EM Frontier Super Composite BMI on 31 December 2025. An additional 26 countries accounted for the remaining 1.1% 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). This is Stage Two of City of London's three-stage asset allocation process.*

Source: Bloomberg, CLIM

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