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Global Emerging Markets

Raheel Altaf explains where he is seeing opportunities in the world's fastest-growing economies, why now is a good entry point and his view on investing in China.

2025

OUTLOOK



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Why should investors be interested in emerging markets?

Investors should be interested in emerging markets because these economies have a lot of potential growth – they're the **fastest-growing economies in the world**. They're also supported by monetary policy that we think is flexible enough to support this growth.

Within these fast-growing economies, there are lots of companies that offer great income and growth opportunities. Today you can get those opportunities at very **discounted valuations**. Emerging market assets are cheap relative to many other equities around the world. In summary, it's an asset class that's **cheap and unloved**, but where there are some great income and growth opportunities.

What are the potential risks for emerging markets?

There are also some risks investors should be keeping an eye on. Clearly, the Trump administration is proposing protectionist policies that could be detrimental to some parts of emerging markets. We think you always need to be mindful of geopolitical tensions, particularly at the moment in the Middle East. There is always the possibility of country-specific, political events that may cause volatility. So, having a **strict risk management approach**, through which you control how much you are exposed to each of these assets, is really important.

What is your view on China?

Our fund is quite **overweight China** relative to the index. This is because we're starting to see some **positive effects of the stimulus** that the government has enacted. This stimulus is acting as a backstop to the economy and supporting growth. We continue to see the second largest economy in the world, China, growing at a reasonable pace. And that presents a lot of great opportunities.

Furthermore, there's a lot of pessimism. People seem to think China is uninvestable, and that means good-quality businesses can be bought at very cheap valuations. As a result, we think **the risk reward pay-off is really quite favourable in China today**.

Why does an active approach work particularly well in emerging markets?

We think an active approach works in emerging markets because the **benchmark index is quite concentrated**. And there are thousands of companies to invest in. If you're focused on the businesses that are growing, where share prices are not reflecting the potential opportunity, we think you can add a lot of value.

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