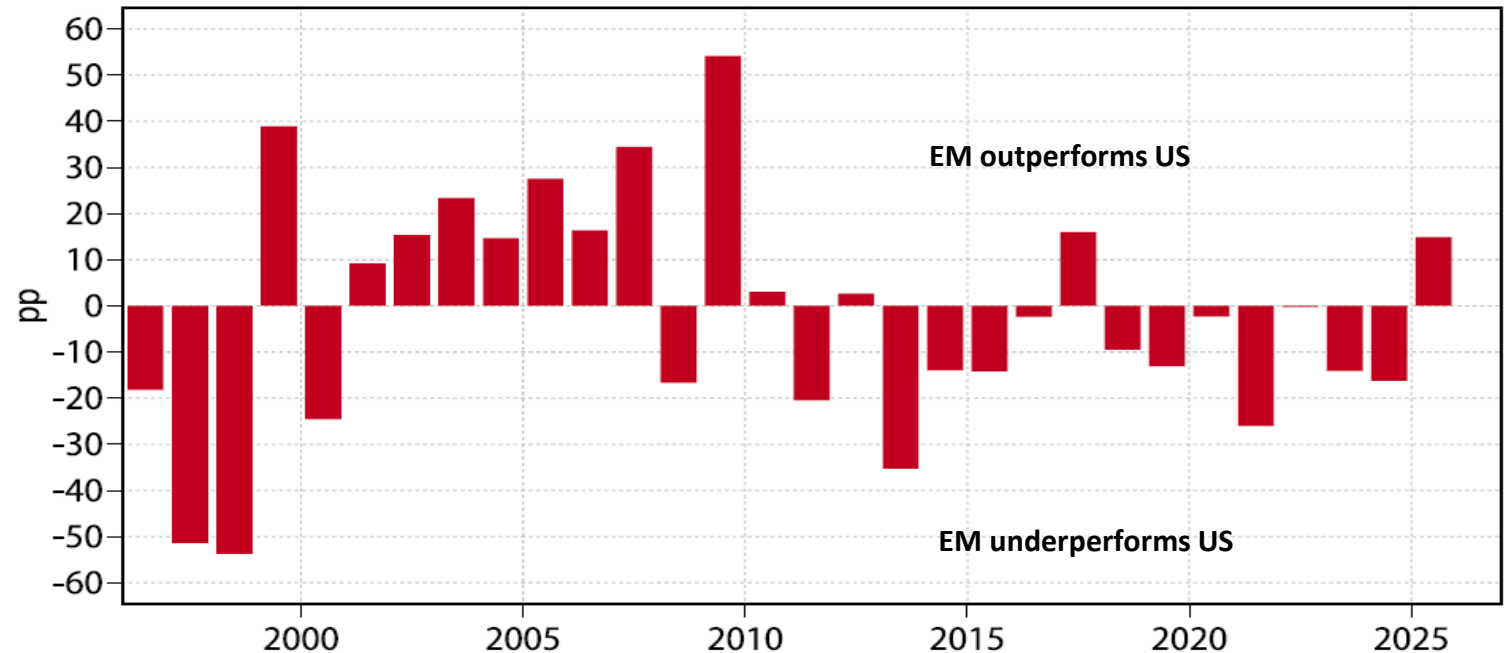


The stage is set for multi-year emerging market outperformance

- Even after international markets’ strong 2025 results, investors may have forgotten that there have been multi-year periods when US markets haven’t led the way.
- As this chart from Gavekal Research shows, there was a period in the 2000s when emerging markets consistently outperformed. Importantly, as Gavekal notes, there are many similarities with the current environment—sustained growth, liquidity, and attractive valuations.
- Emerging markets are also well-positioned for the transformative global impact of AI via exposure to the supply chain and implementation as users.
- These tailwinds, combined with favorable global liquidation conditions, make a compelling case for emerging markets.
- We believe EMs are at the early stages of a multi-year re-rating that could support continued outperformance for several years.

2025 outperformance: The start of something big for emerging markets? MSCI Emerging Markets Index less MSCI USA Index, Total Returns in USD



As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to the potential for greater economic and political instability in less developed countries.

Source: Gavekal Research/Macrobond. “Can Emerging Markets Do it Again?”, January 9, 2026. Indexes are unmanaged, do not include fees or expenses, and are not available for direct investment. The MSCI Emerging Market and MSCI USA indexes track the performance of large and mid cap emerging market and US equities, respectively. **Past performance is no guarantee of future results.**

Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. The views and strategies described may not be suitable for all investors. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations.