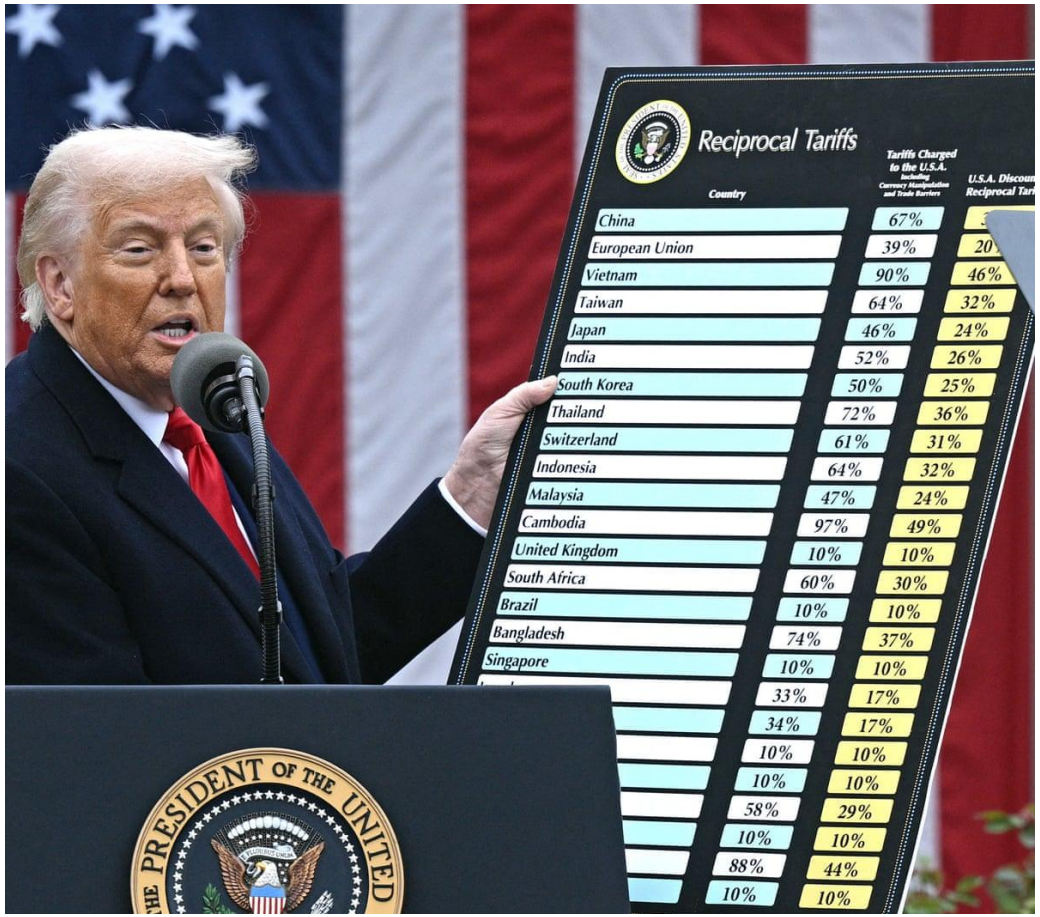
ABS GLOBAL INVESTMENTS

EMERGING MARKETS AMID GEOPOLITICAL UNCERTAINTY

FPPTA FALL TRUSTEE SCHOOL: SEPTEMBER 29, 2026

2025 TO 2026: TARIFFS, CONFLICT AND VOLATILITY

Tariffs Announced, Delayed and Revised



Trade war a bigger challenge for emerging market central banks than Covid, says IMF's Gita Gopinath

Panic Grips World's Factory Hubs After Trump Tariff Whiplash

Emerging markets set to become battlegrounds in trade war

Headlines from a variety of news sources including The Financial Times, The New York Times and Bloomberg

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Regional Tensions Flared, Eased & Unresolved in 2025

Russia hits Ukraine with biggest air attack of the war

Israel Launched an Attack in Qatar, Targeting Hamas Leaders

India-Pakistan Conflict Escalates in a Changing World Order

US bombs nuclear sites in Iran

Kremlin Says Russia-Ukraine Negotiations Are on 'Pause'

Headlines from a variety of news sources including The Financial Times, The New York Times and Bloomberg

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And a New Escalation in the Middle East 2026

Iran fires on its Gulf neighbors, retaliating for U.S. strikes after a monthlong lull

Iran War, April 14, 2026: U.S. Enforces Blockade, Sends Tankers Back to Iran

Oil prices jump as US, Iranian attacks stoke fears of escalation

"Hormuz closure strands almost 1,200 cargo ships with $125bn worth of goods"

Two More Oil Tankers Are Attacked in the Strait of Hormuz

Oil prices fall after report of breakthrough in US-Iran talks

Oil prices surge, stocks slide after Trump says Iran ceasefire is 'over'

WAR WITH IRAN

Iran continues firing missiles, drones at neighboring states, with multiple interceptions reported

Headlines from a variety of news sources including The Financial Times, The New York Times, BBC, Fox, and Bloomberg

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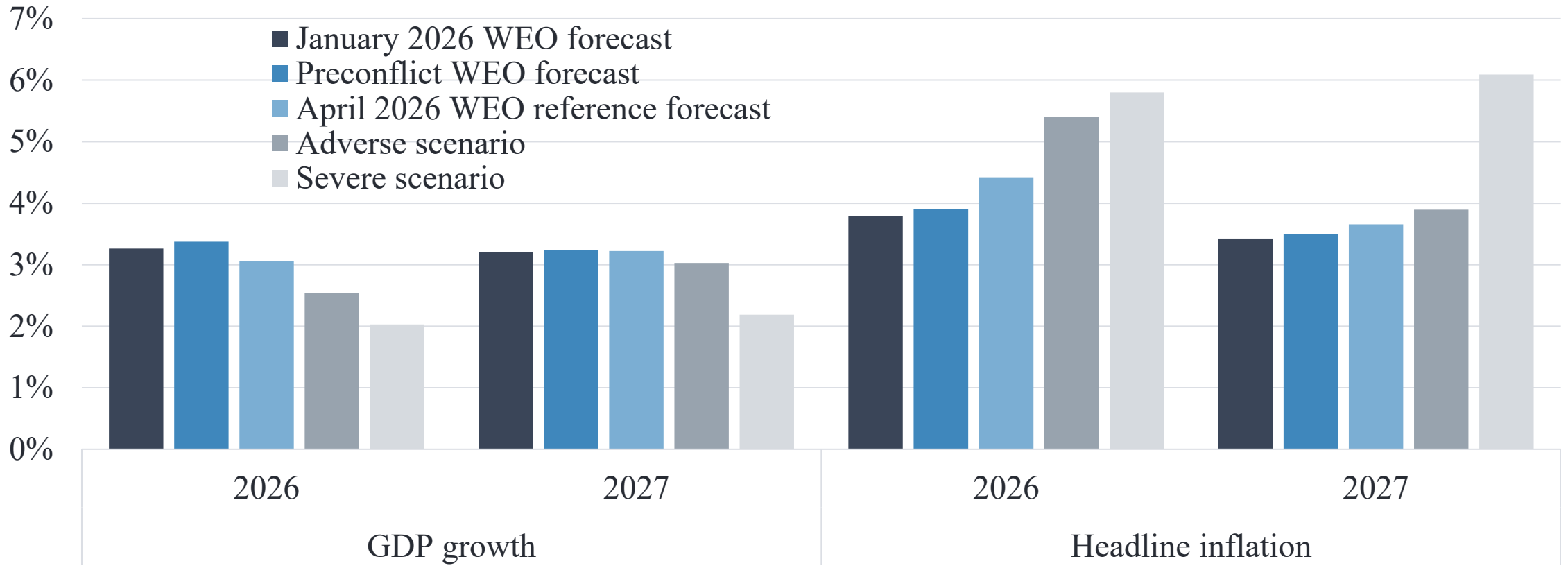
Geopolitics Weighed on the Global Economic Outlook…

World Bank Global Economic Forecasts & Revisions



Economic Outlook data source: IMF staff estimates as of April 1, 2026 as stated in the World Economic Outlook Report: Global Economy in the Shadow of War. https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026 See end notes for further details. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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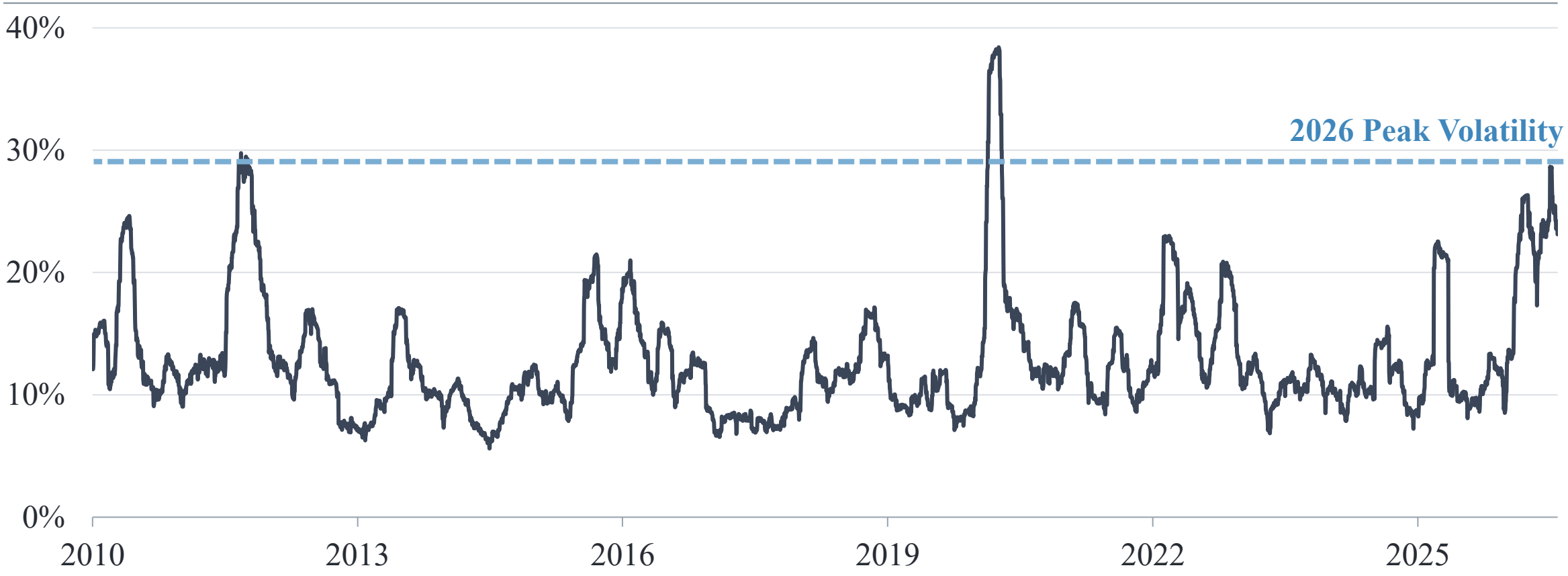
And Markets Agreed: Volatility Surged

60 day Rolling Volatility: MSCI Emerging Markets Index



Source: Bloomberg and MSCI as of August 31, 2026. The indices above reflect the following indices: MSCI Emerging Markets Index (USD) (ticker: NDUEEGF). Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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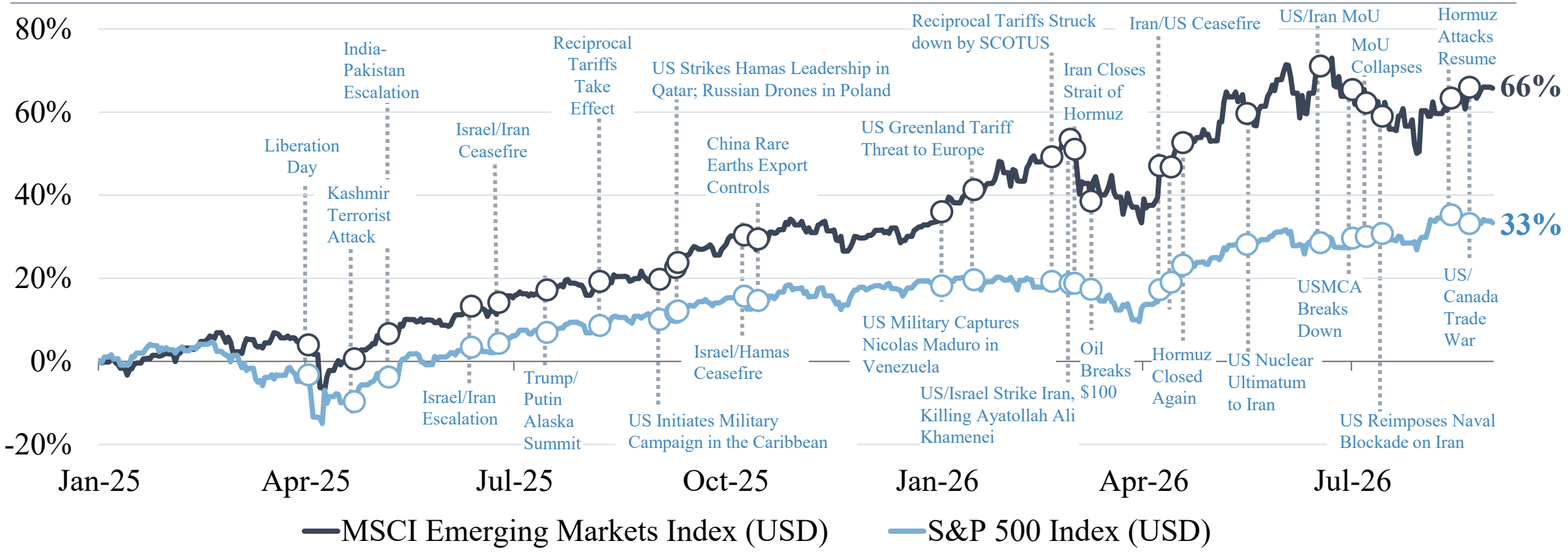
Yet, Emerging Markets Have Remained Resilient

Performance: Emerging Markets vs US Equity



Source: Bloomberg and MSCI as of August 31, 2026. The indices above reflect the following indices: MSCI Emerging Markets Index (USD) (ticker: NDUEEGF), S&P 500 Index (USD) (ticker: SPXT). Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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WHERE DO EMERGING MARKETS STAND IN TERMS OF GEOPOLITICS?

Geopolitical Assessment

Exposure in the MSCI EM Index

Taiwan	27%
Korea	21%
China	21%
India	11%
Brazil	4%
South Africa	3%
Southeast Asia	3%
Eastern Europe	3%
Saudi Arabia	3%
Other Middle East	2%
Mexico	2%
Other Latam	1%

1. **Aligned with the US?**
   Security ties, sanctions posture, voting record

2. **Key Trade Partner?**
   Export concentration, supply chain dependence, trade agreements

3. **How Volatile is the Relationship?**
   Frequency of escalation and de-escalation

But Performance is Not Determined by Political Alignment

Source: MSCI exposure from MSCI as of August 31, 2026. The indices above reflect the following indices: MSCI Emerging Markets Index (USD) (ticker: NDUEEGF). Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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SO, WHY ARE EMERGING MARKET EQUITIES SO RESILIENT?

Where the Opportunities Sit in Emerging Markets

Energy & Materials

10% of MSCI EM

CYCLICAL

Producers of the commodities the world was short of.

- Oil and gas producers
- Copper and base metals
- Petrochemicals
- Precious metals

Technology

34% of MSCI EM

STRUCTURAL

The hardware layer beneath the global AI build-out.

- Foundries and advanced chips
- Memory and components
- Hardware assembly
- Data centre supply chain

Domestic

54% of MSCI EM

STRUCTURAL

Economies transforming as they develop.

- Financial deepening
- Consumption growth
- Infrastructure
- Corporate reform

Source: MSCI. MSCI EM Index reflects the average exposure of the following sector groupings from January 1, 2025 to August 31, 2026. The indices above reflect the following indices: MSCI Emerging Markets Index (USD) (ticker: NDUEEGF). Energy & Materials reflects the energy and materials sector of the MSCI Emerging Markets Index. Technology reflects the technology sector of the MSCI Emerging Markets Index. Domestic reflects all other sectors in the MSCI Emerging Markets Index. Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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Energy & Materials: A Cyclical Beneficiary

+63%
Total return, 2025–2026

CONCENTRATION



10% of the MSCI EM Index

STOCKS ABOVE 1%
Reliance (1%)

STOCKS BELOW 1%
233 stocks

CHARACTER
Cyclical — driven by commodity prices

PERFORMANCE DRIVER
Geopolitics lifted oil prices and commodities. Metals & mining further supported by AI boom

RECENT PERFORMANCE



VALUATION ATTRACTIVENESS



Source: MSCI as of August 31, 2026. MSCI EM Index exposure and concentration data reflects the average exposure of the following sector groupings from January 1, 2025 to August 31, 2026. The indices above reflect the following indices: MSCI Emerging Markets Index (USD) (ticker: NDUEEGF). Energy & Materials reflects the energy and materials sector of the MSCI Emerging Markets Index. Recent Performance and valuation attractiveness ratings reflect ABS views and may change at any time. Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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Oil Prices Climbed, Eased & Climbed Again

Crude Oil's Rollercoaster Ride



Oil price data source: Bloomberg and MSCI as of August 31, 2026. The indices above reflect the following indices: Crude Oil Prices (ticker: CL1 Comdty). Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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Technology: A Structural Transformation

+175%

Total return, 2025–2026

CONCENTRATION



30% of the MSCI EM Index

STOCKS ABOVE 1%

TSMC (12%) SK Hynix (2%)
Samsung (4%) Xiaomi (1%)

STOCKS BELOW 1%

219 stocks

CHARACTER

Structural — powering through geopolitics

PERFORMANCE DRIVER

In EM the AI trade is all about infrastructure. Demand has continued to steadily outpaces supply

RECENT PERFORMANCE



VALUATION ATTRACTIVENESS



Source: MSCI as of August 31, 2026. MSCI EM Index exposure and concentration data reflects the average exposure of the following sector groupings from January 1, 2025 to August 31, 2026. The indices above reflect the following indices: MSCI Emerging Markets Index (USD) (ticker: NDUEEGF). Technology reflects the technology sector of the MSCI Emerging Markets Index. Recent Performance and valuation attractiveness ratings reflect ABS views and may change at any time. Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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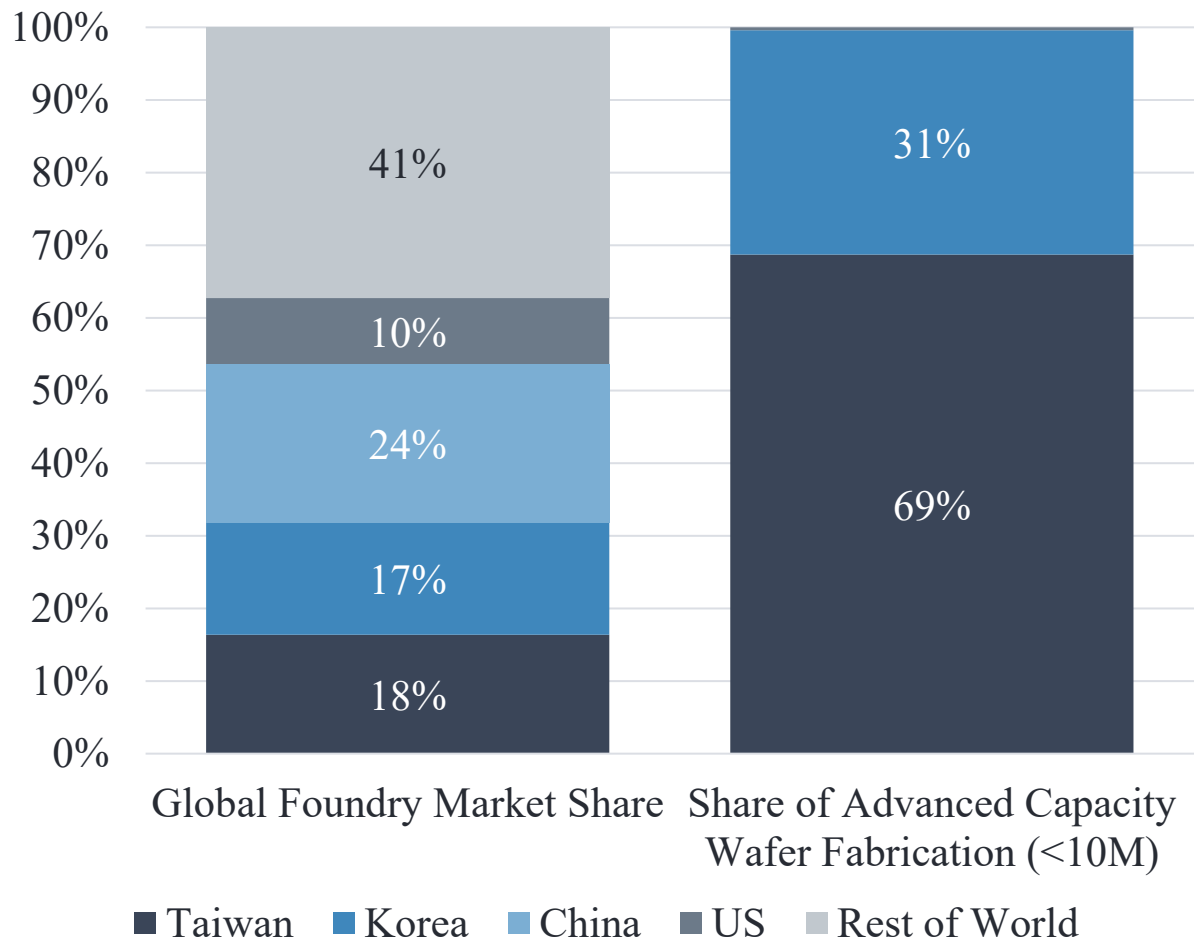
AI Boom: Designed Globally, Built in Emerging Markets



100% of advanced chips are made in Taiwan & Korea



Sources: Semiconductor Industry Association and BCG Report "Emerging Resilience in the Semiconductor Supply Chain" published on May 2024. All data as as of 2022. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision. Past performance is not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision. Past performance is not a guarantee of future results.

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Domestic Themes: Structural but Temporarily Muted

+31%

Total return, 2025–2026

CONCENTRATION



60% of the MSCI EM Index

STOCKS ABOVE 1%

Tencent (4%) HDFC (1%)
Alibaba (3%) China Const. Bk (1%)

STOCKS BELOW 1%

998 stocks

CHARACTER

Structural — transformation as economies develop

PERFORMANCE DRIVER

Delayed by politics, not derailed. Domestic structural themes remain largely intact, but now at better entry prices

RECENT PERFORMANCE



VALUATION ATTRACTIVENESS



Source: MSCI as of August 31, 2026. MSCI EM Index exposure and concentration data reflects the average exposure of the following sector groupings from January 1, 2025 to August 31, 2026. The indices above reflect the following indices: MSCI Emerging Markets Index (USD) (ticker: NDUEEGF). Domestic reflects the all sectors of the MSCI Emerging Markets Index except energy, materials and technology, Recent Performance and valuation attractiveness ratings reflect ABS views and may change at any time. Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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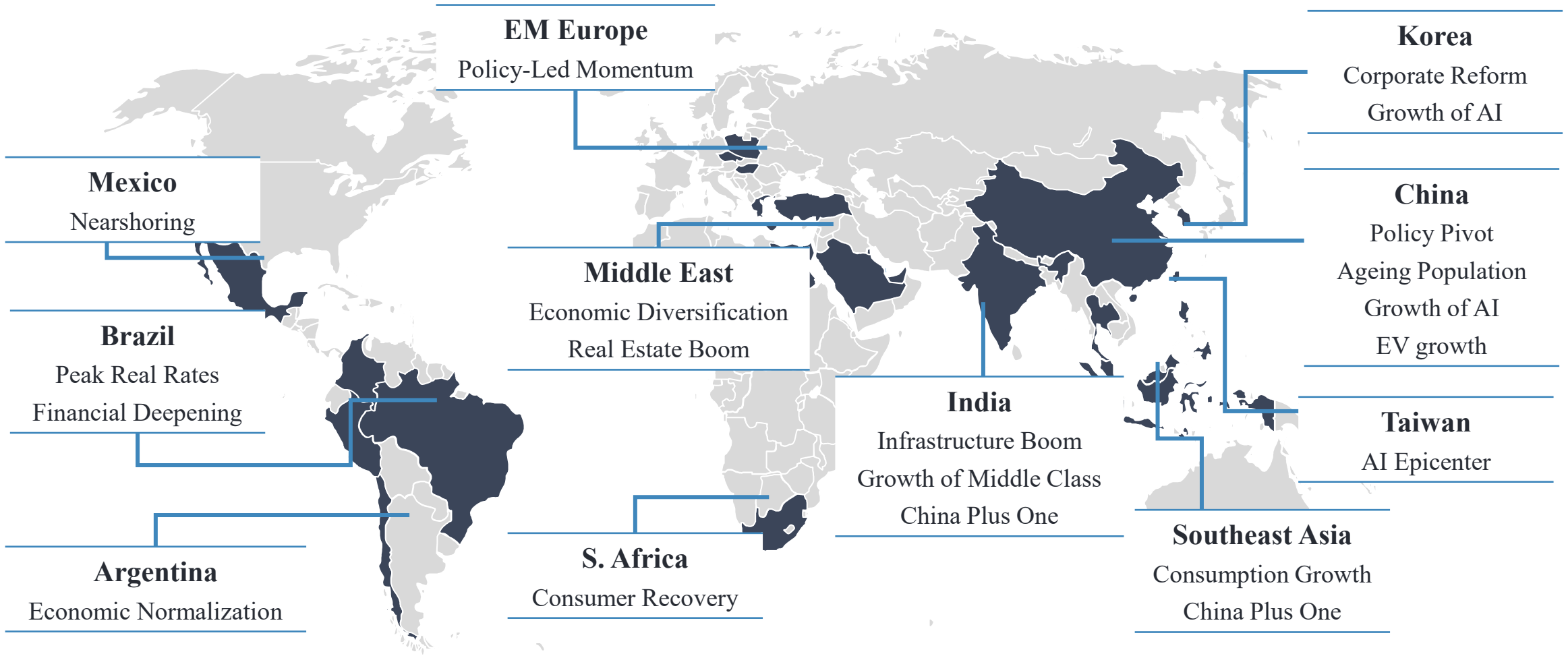
Diversity in Country-Specific Structural Opportunities



Source: ABS. Reflects ABS views as of the date of this presentation and may change as opportunities evolve.

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Indonesia: Transformation of the Grocery Retail Market

Traditional Markets



76% of grocery sales in Indonesia vs.
25% for Asian Developed Markets

Modern Markets



Sources: USDA, Euromonitor International as of October 3, 2024. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision. Past performance is not a guarantee of future results.

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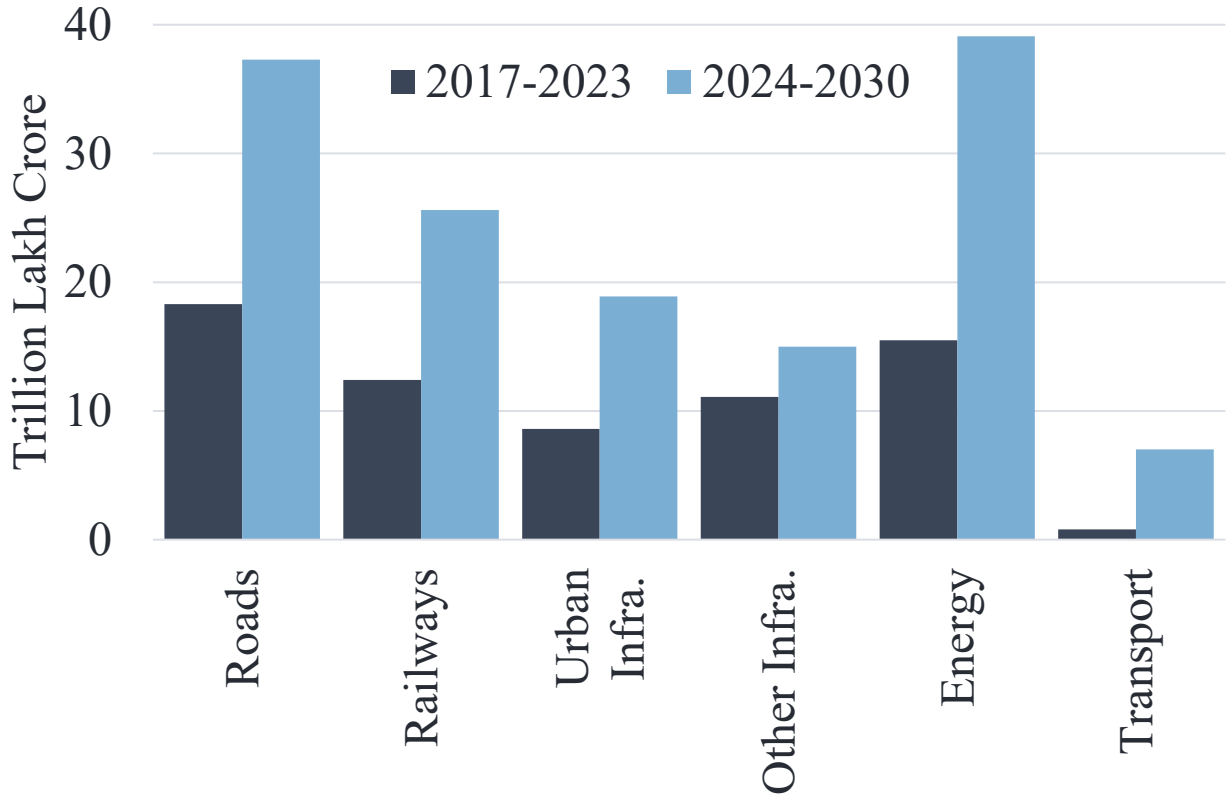
India: Infrastructure Boom

India's Infrastructure Investment





Infrastructure spending to double to approximately US $1.7 trillion by 2030

Source: World Bank as of 2023 as access on on April 16, 2025. https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS https://data.worldbank.org/indicator/NE.CON.TOTL.CD. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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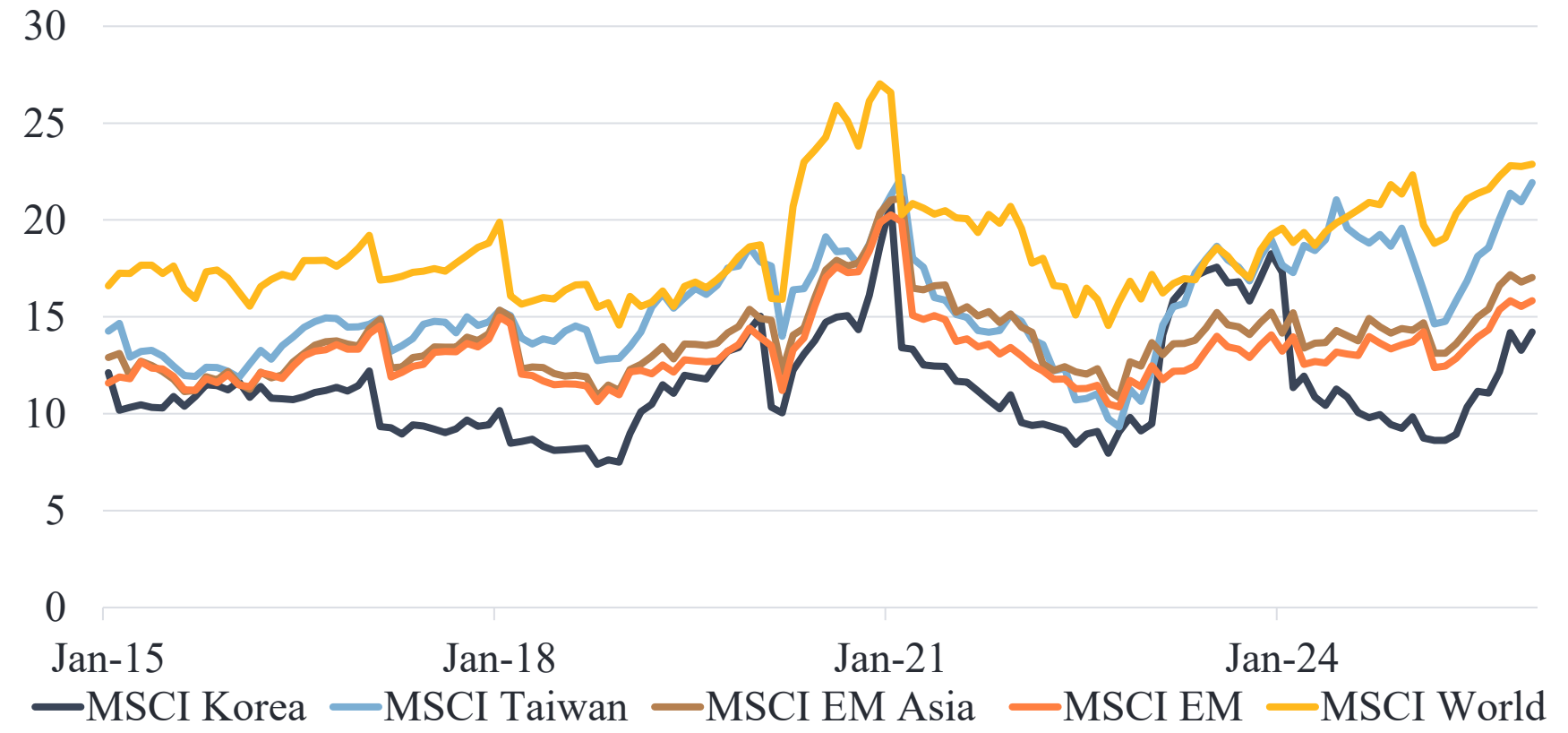
Korea: Unlocking Value Governance Reform

The Korea Discount



Improved Shareholder Returns

Increased Transparency & accountability

Simpler Chaebol Structures

Source: Bloomberg as of December 31, 2025. The indices above reflect the following indices: MSCI Korea Index (USD) (ticker: NDEUSKO), MSCI Taiwan Index (USD) (ticker: NDEUSTW), MSCI EM Asia Index (USD) (ticker: DUEEGFA), MSCI Emerging Markets Index (USD) (ticker: NDUEEGF), MSCI World Index (USD) (ticker: NDDUWI), Past returns are not a guarantee of future results. Graphs are presented for illustration purposes only and should not be relied on to make an investment decision.

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CLOSING THOUGHTS

Closing Thoughts

- Emerging markets have proved to be **resilient**
- The opportunity and recent returns are driven by **transformational structural** themes, not political alignment
- **Diversity** is a strength: no single region, no single trade

Emerging markets are diverse enough, and transforming deeply enough, to deliver even when geopolitics are not.

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Additional Notes & Disclosures

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Note regarding data on page 6: The three WEO forecasts are constructed bottom-up from individual country projections before and after the outbreak of the Middle East conflict. The two scenarios are model-based top-down estimates. The adverse scenario assumes that oil (gas) prices increase by 80 (160) percent starting in 2026:Q2, relative to the January 2026 WEO Update, with the increase mostly unwinding in 2027, one-year-ahead inflation expectations increase by 50 (90) basis points in advanced economies (emerging markets excluding China), and corporate premiums rise by 50 (100) basis points in advanced economies plus China (emerging markets excluding China), while sovereign spreads in emerging markets excluding China increase by 50 basis points, with the tightening in financial conditions fading in 2027. The severe scenario is calibrated to larger and more persistent shocks. First, oil (gas) prices are assumed to be 100 (200) percent higher than the January 2026 WEO Update, starting in 2026:Q2 and staying at that level in 2027, while food commodity prices increase by 5 (10) percent in 2026 (2027). Second, one-year-ahead inflation expectations increase by 100 (130) basis points in advanced economies (emerging markets excluding China) by 2027. Third, corporate risk premiums rise by 100 (200) basis points in advanced economies plus China (emerging markets excluding China) in 2026–27, while sovereign spreads increase by 100 basis points in emerging markets excluding China over the same period. WEO = World Economic Outlook.

Submission ID: 5899429

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