

Equity Strategies

EQUITIES

Emerging Markets (EM) equities delivered positive returns during the second quarter of the year, with performance led by North Asian technology companies, and the broader semiconductor ecosystem. Against this backdrop, EM returned 24.1% and outperformed the MSCI World Index (13.8%) by +10.3%. Frontier Markets also saw strong absolute returns (8.3%) over the quarter.

During Q2 global oil prices came down (Brent oil -38%) which helped to contribute towards a relief rally in markets. The equity rally unfolded in three phases: an initial rebound in April after Iran signalled an openness to a negotiated settlement; a broader rally in May led by artificial intelligence and semiconductor names; and a volatile June, in which markets absorbed both an Iran-US Memorandum of Understanding (MoU), signed 17 June, and the hawkish debut of Kevin Warsh as Federal Reserve Chair.

Asia was the principal driver of EM market performance as South Korea (87.6%) and Taiwan (48.9%) were the largest contributors to index returns. In early 2026, Anthropic released Claude Opus 4.6. The model provided a considerable jump in capabilities, and doubts about the monetisation potential of Artificial Intelligence (AI) were seemingly put to rest as the company's revenues increased significantly, with a positive impact across the Taiwanese and Korean semiconductor ecosystem. Companies in both countries are key enablers for broader AI infrastructure development and have benefitted from a considerable increase in demand. Elsewhere in Asia, India also contributed positively, supported by resilient domestic demand and continued confidence in the country's medium-term growth outlook. Easing concerns around disruption in the Strait of Hormuz also helped reduce pressure for the energy-importing country. China (-6.6%) performed poorly, as weak economic data raised fresh concerns about the country's economic environment. However, policymakers announced the "Six Networks" framework — an infrastructure investment programme worth more than RMB 7trn — that signalled policymakers remain willing to backstop growth through state directed capex.

Latin America lagged the broader index and returned -3.4%. Brazil (-8.2%) was the principal detractor, as investor sentiment weakened amid concerns over fiscal slippage linked to the proposed debt relief bill and a widening lead for President Lula following a banking scandal involving Jair Bolsonaro. Peru and Colombia benefitted from political transition; Peru elected conservative candidate Keiko Fujimori and Colombia followed suit and elected Abelerdo de la Espriella. Both Presidents elect offer a more market and business friendly approach and are expected to develop closer alignment to the United States. Argentina, meanwhile, saw negative returns (-7.8%). However, the country continues to see positive economic momentum. Argentina's goods traded surplus widened considerably in recent months, state-controlled YPF announced a USD 25bn Vaca Muerta upstream program with over 1,100 wells planned, and the country expects a considerable increase in mining exports over the coming decade.

The Gulf Cooperation Council (GCC) saw mixed, but broadly stable returns. Saudi Arabia (-3.9%) and the UAE (8.7%) were supported by their comparatively positive domestic economies and energy infrastructure, including pipelines that bypass the Strait of Hormuz. This provided some insulation from regional shipping disruption. The U.A.E. also announced the acceleration of its West-East Pipeline expansion

project that is expected to double export capabilities by 2027 and left OPEC+ on May 1 to pursue national economic interests and increase oil exports. After positive returns in Q1, when investors sought safe-haven assets in the GCC, Oman saw negative (-11.1%) returns in Q2 as talks between the United States and Iran led to a more risk-on environment.

Frontier Africa was home to two of the top-performing countries in the Frontier asset class. Both Egypt (25.1%) and Kenya (22.0%) are energy importing countries that saw positive returns driven by progress in negotiations to end the US / Israel conflict with Iran. This improved investor sentiment and the future fiscal and external position of a number of countries across the continent and lowered FX volatility. Egypt also benefitted from a 62% increase in remittance inflows and the World Bank approved a USD 1bn program to finance private-sector job creation, fiscal resilience, green transition and State-owned enterprises (SEO) governance reform. Elsewhere in the region, Morocco's (+6.5%) Prime Minister Aziz Akhannouch continued to reinforce the macro-stability narrative ahead of September elections and highlighted recent growth in jobs created and public investment alongside a narrowing fiscal deficit.

Other notable economies include Vietnam (16.7%). After a series of structural reforms enacted in recent years, the World Bank lifted its 2026 Gross Domestic Product (GDP) growth forecast to 6.8% from 6.3%. The country also registered a surge in foreign direct investment (+42.9% yoy), and international arrivals reached 10.6m in the first five months of the year, a 15% increase from the previous year.

Outlook

EM equity outperformance relative to the Developed World accelerated in Q2 as EM returned 24.1% and outperformed Developed Markets (DM) by +10.3%. This continues an exceptionally strong period for the asset class. Since the beginning of 2025, the MSCI EM Index has returned 65.4% (+32.6% versus MSCI World) primarily driven by earnings growth. Expectations appear to remain strong, as consensus indicates a greater than 50% increase in earnings over the coming 12 months, in our view. At the end of June, forward PE was 11.3x, a -40% discount to DM.

Year-to-date EM returns have largely been driven by South Korea and Taiwan, and companies that are key-enablers of the AI infrastructure build-out. Global demand for compute has accelerated meaningfully, and supply remains constrained in the coming years. This has created an enviable backdrop where high quality companies that operate in entrenched ecosystem are able to maintain significant pricing power. However, in certain instances this has led to stock prices moving ahead of fundamentals. We expect volatility over the coming quarter, which we believe should provide opportunity for the dispassionate investor.

However, we believe Q3 will be defined by the broadening opportunity set across EM. In India, a series of recent structural reforms, including the country's overhaul of its Goods and Services Tax (GST) regime, and the liberalisation of foreign ownership limitations should support economic expansion. Meanwhile, valuations have improved after the stock market underperformance. China saw weak economic data in Q2 which has potential for greater government policy action in the coming months. Meanwhile, Latin America will benefit from a return to monetary / fiscal orthodoxy and commodity demand for AI,

electrification, and defence capex plans across the world. In Eastern Europe, Poland maintains low credit to Gross Domestic Product (GDP) and should undergo a period of economic expansion driven by strong loan growth.

A key risk to markets remains the ongoing conflict in the Middle East which we continue to closely monitor. In June, both sides signed a non-binding Memorandum of Understanding that provided hope for a negotiated settlement that would provide the framework for a permanent solution to the conflict in the coming months.

Overall, the risk-reward in EM remains positively skewed, in our view. Expectations for considerable earnings growth, and undemanding valuations provide an attractive entry point as investors continue to diversify their global portfolios.

Positioning: Ashmore SICAV Emerging Markets Active Equity Fund (the Fund)

Our EM Active Equity strategy follows a structured investment approach that is top down fundamentally driven with insights generated from multiple sources. This produces a live global, country and industry perspective enabling dynamic investing. It also focuses the team's analytical resources to carry out in-depth proprietary bottom-up stock research. The outcome is a high conviction stock portfolio that reflects our top-down views.

The Fund remains meaningfully exposed to North Asian technology, but with an increasingly selective stance. The Fund is meaningfully underweight the Taiwanese Semiconductor industry and we decreased our exposure by -7.1% over Q2. Principally, this was to reduce investment to a segment of the market that had seen exceptional returns, while investors were simultaneously raising concerns about the sustainability of demand. To achieve this, we brought down our investment in a power supply company. In South Korea we increased our exposure over the quarter but remain underweight. We primarily did this through the purchase of a holding company that retains significant ownership in a memory foundry but trades at a discount to NAV.

Other notable position changes include increasing our exposure to India Banks. We expect the industry to benefit from an acceleration in credit growth driven by the corporate sector. This was funded by a modest decrease in exposure to China. The strategy exited a position in a cosmetics company in the Household & Personal Products industry that reported below consensus revenue driven by weak skincare sales. However, we did initiate a position in a large video game company in the Media & Entertainment space that benefitted in recent months from momentum with newly launched games.

Finally, we initiated a position in two banks. The first, in Greece, should benefit for strong credit growth across the industry. The second, in Chile, reported strong earnings and is well positioned to expand earnings with a more business friendly administration.

Positioning: Ashmore SICAV Emerging Markets Equity Fund (the Fund)

Our Emerging Markets Equity strategy follows a bottom-up driven approach. We target companies with sustainable competitive advantages that are able to maintain above average rates of growth and

that are under-priced by the market. Top-down acts as a form of idea generation and risk control.

The Fund remains meaningfully exposed to North Asian technology, but with an increasingly selective stance. At the end of June, the strategy was modestly overweight South Korea (24.4% versus 23.7% for the benchmark) and underweight Taiwan (22.7% versus 27.3%). This reflects continued conviction in the structural growth of the tech industry whilst also retaining our valuation discipline. We exited a South Korean company focused on high-end market for Multilayer Ceramic Capacitors. We also reduced our investments in large memory producers, a fabless IC focused on ASIC and SoC design, and a supplier of precision test and measurement equipment.

Our reduction in exposure to South Korea and Taiwan has funded increased exposure to China as we are finding a great combination of steady growth profiles and attractive valuations. This includes a leading construction equipment producer that has seen a severe downturn in recent years as equipment demand evaporated. We also increased our exposures across a range of tech platform companies trading at what we viewed as attractive valuations. We continued to increase our investment in India, primarily added to our investment in a leading private sector bank that has significantly accelerated loan growth.

In Poland, we exited our position in a large fashion retailer that has been increasing store footprint at a slower than expected pace, whilst increasing our position in the leading e-commerce platform.

Frontier Markets

Positioning: Ashmore SICAV Emerging Markets Frontier Equity Fund (the Fund)

The Frontier strategy is invested in the team's highest conviction ideas and is diversified across companies in high value segments of supply chains that are often underpinned by structural growth drivers.

In response to easing tensions in the Middle East, and the United Arab Emirate's stated willingness to use fiscal resources to support the economy, we increased our investment in the country by +3.9% in Q2. This was primarily achieved through a large private bank that has a strong track record of growing their balance sheet, and by Abu Dhabi's indication of significant capex in the coming years. Elsewhere in the region, we added to an industrial company in Saudi Arabia that specializes in the manufacturing of steel pipes. The company reported record margins and is expected to increase capacity by 20% over the near term.

To fund these exposures, we liquidated our investment in an energy company in Argentina. This was primarily driven by easing tensions in the middle east and a more benign outlook for the energy sector. It should be noted, however, that we still retain significant exposure to energy investments across the fund, including companies in Romania and Argentina.

The largest new position over the quarter was our investment in a strategic investment fund in Uzbekistan that holds 13 large state-owned enterprises. The company trades at a discount to NAV, and the economy is attempting to enhance capital markets through significant reform.

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Risk Warning: Emerging Markets (EM) carry risks as well as rewards and may be more volatile than more mature markets. EM may suffer from liquidity problems; changes in rates of exchange between currencies may cause the value of any investment to decrease or increase; and operational risks of investing are higher than in more developed markets.