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Why Emerging Markets Now?

Insights to drive action

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Turn today's emerging market signals **into strategy.**

Backed by more than USD 1.4 trillion in assets under management,[1] the MSCI Emerging Markets Indexes are designed to provide a robust and broad representation of the market. By leveraging emerging markets index-linked products, investors can seek new opportunities with a more comprehensive view of this dynamic landscape.

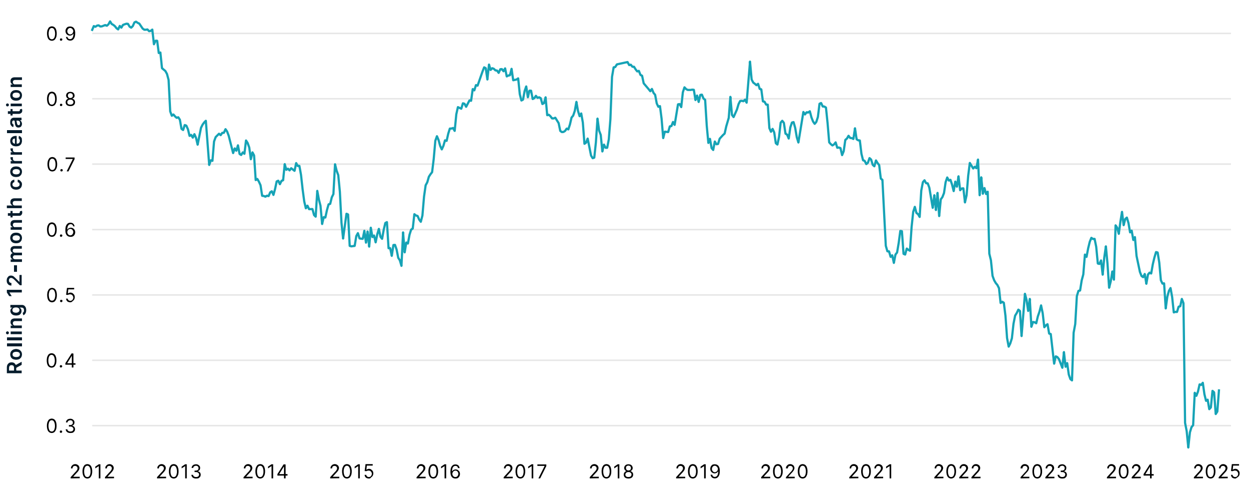
Explore three key insights on China vs. ex-China divergence, discounted EM stocks and tariff-aware revenue mapping.

Visit our Markets in Motion hub to explore more of our insights for index-driven strategies. Visit now

China and EM ex-China: No longer one story

China and EM ex-China have increasingly diverged, with correlations falling to historic lows. Could splitting them — treating them as separate building blocks — yield greater diversification benefits and sharper growth exposure? China's performance is driven by policy shifts and an AI rebound, while EM ex-China is benefiting from cyclical strength across Latin America, EMEA and small caps. Discover how these divergent paths could reshape diversification strategies: Rethinking EM Equity Investing as EM ex-China and China Diverge

Rolling 12-month correlation between MSCI China index and MSCI EM ex-China index

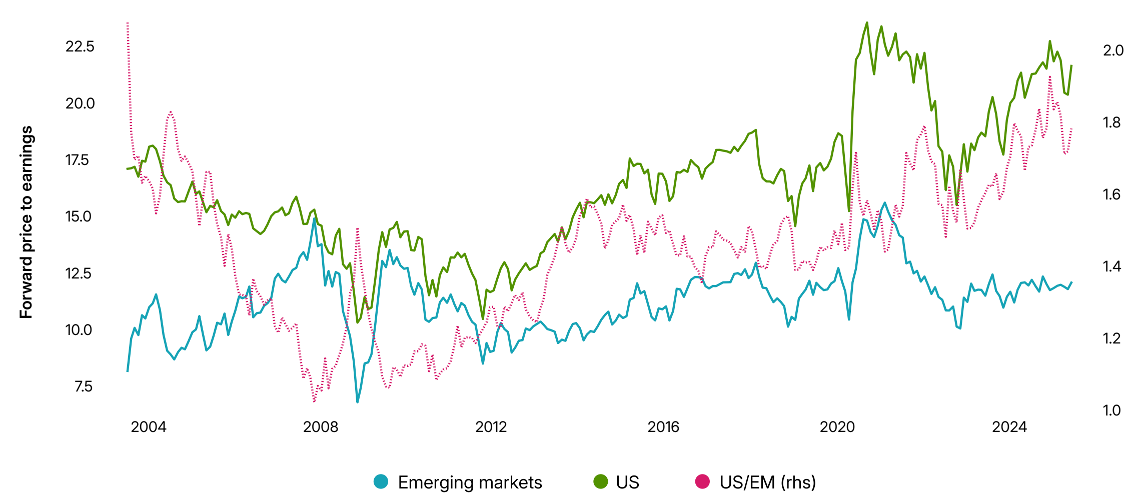


Source: MSCI. Based on weekly gross total returns in USD.

Why EMs are back in the **spotlight for investors**

As U.S. equities confront high valuations, policy uncertainty and slowing earnings, emerging markets have stepped into the spotlight. EM stocks have traded at steep discounts relative to the United States and offer revenue sources less tied to U.S. and China demand, providing investors with diversification potential when it's needed most. Explore how MSCI's Emerging Markets Index and economic exposure data help tell the story: Emerging Markets in a World Beyond US Exceptionalism

EM equities have been trading at a steep discount relative to the US



Source: MSCI. Data period from June 30, 2003, to May 30, 2025. EM is represented by the MSCI Emerging Markets Index, and US is represented by the MSCI USA Index. Relative valuation is based on the forward price-to-earnings ratio.

[1] As of June 30, 2025.

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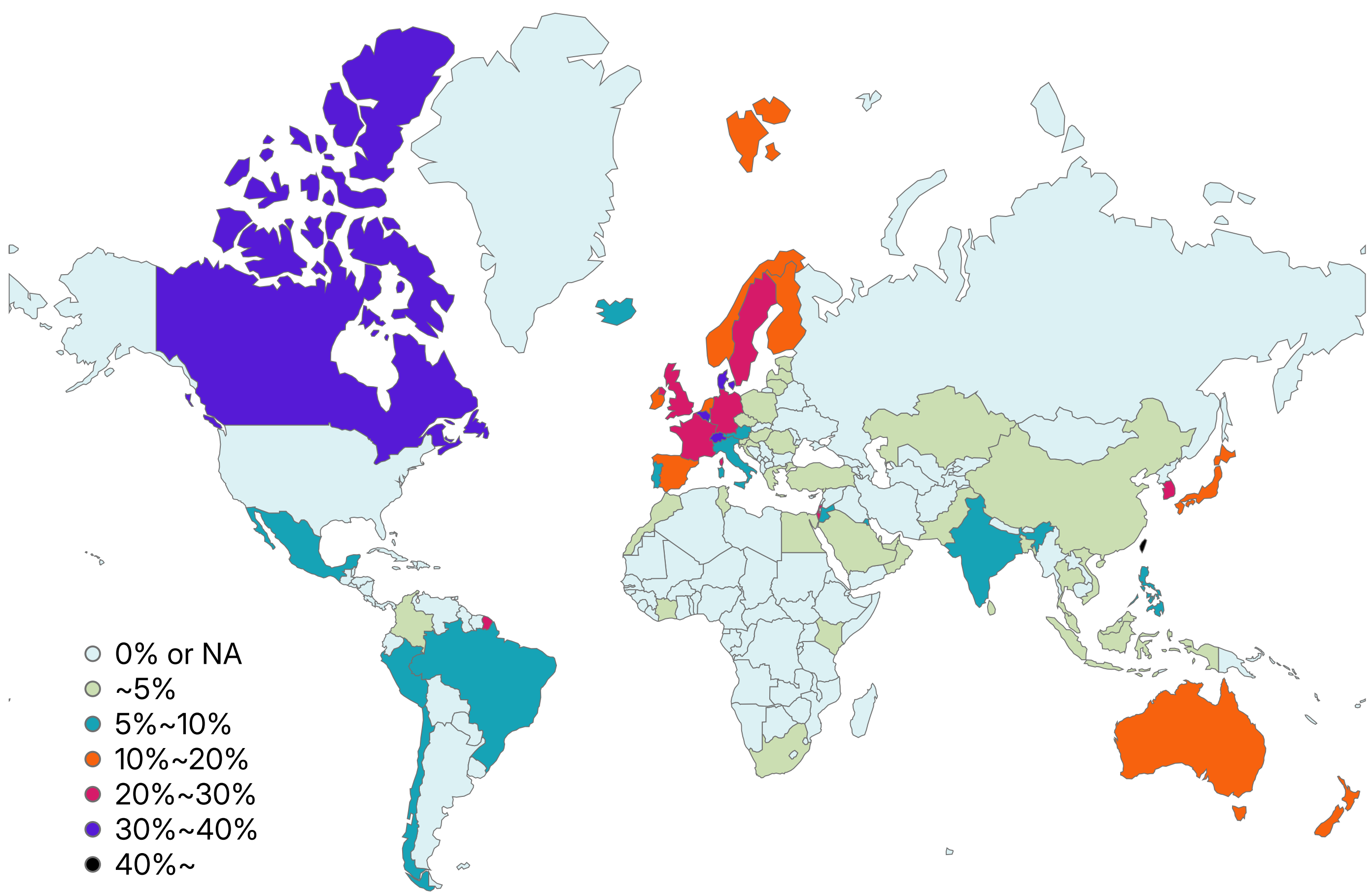
Viewing tariffs **through the revenue lens**

What if investors looked at where companies actually earned revenue rather than just where they're listed? It could mean a better view of geographical portfolio risk. With trade policy in flux, this lens offers a sharper way to assess both vulnerabilities and potential beneficiaries. An MSCI "economic exposure" lens can reframe tariff risk and opportunity across EM supply chains, helping to identify EM firms as well as domestic market suppliers with high U.S./EU end-market or limited exposure amid evolving tariff regimes. Which market segments are most exposed to potential tariff-related disruptions? See our insights here: Keeping Up with Evolving Trade Dynamics

Country exposure to U.S. tariff measures



Source: MSCI. Data as of July 31, 2025. Utilizing MSCI's Economic Exposure data to source revenue exposures to the U.S. of the MSCI IMI constituents for developed, emerging, frontier and standalone markets. For comparison purposes, U.S. exposure of MSCI USA IMI is set to 0.

Identifying opportunity in shifting markets

While uncertainty is a constant in markets, advisers and asset managers can still position for durable growth. With debt and equity emerging markets, investors gain exposure to a larger opportunity set — through a larger mix of countries and economies with unique social, political, demographic and economic traits that may contribute to improved long-term risk-adjusted returns.

Want to learn more about how MSCI Indexes can clarify your view?

Let us know

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About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

To learn more, please visit **www.msci.com**

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