



# Emerging Markets Repriced: Dispersion, Reform and the Return of Alpha



**Mathieu Bortot**  
Portfolio Manager,  
Emerging and Frontier Markets

**The experience of 2025 marked a decisive shift. Emerging markets no longer behaved as a single macro trade driven by global liquidity, commodity cycles or single-country dominance. Instead, they became a collection of distinct national and sectoral drivers, shaped by domestic policy, reform momentum, corporate balance-sheet quality and exposure to global capital-spending cycles.**

This level of dispersion, while challenging for benchmark-driven investors, is precisely the environment in which active management thrives. These country-specific opportunities sit within a powerful global backdrop for emerging markets. Emerging and frontier economies now account for roughly 42 percent of global GDP and continue to grow materially faster than developed markets, where trend growth remains structurally subdued. Corporate earnings across emerging markets are expected to grow around one and a half times faster than in developed markets across large, mid and small-capitalisation companies, yet emerging market equities still trade at a valuation discount of around one-third to developed markets.

At the same time, sovereign balance sheets in emerging markets are, on average, materially healthier, with debt-to-GDP ratios more than a third lower than in developed economies, providing greater macro stability and reducing the risk of currency and capital-account stress. This combination of superior growth, stronger balance sheets and depressed valuations creates a compelling foundation for sustained emerging market equity re-rating as global capital gradually rotates back toward faster-growing and better-positioned economies.

## Global Emerging Market Leaders Anchored in Structural Growth

Across Asia, leading companies in China, Taiwan and Korea continued to demonstrate why emerging markets remain essential to the global economy. Firms at the core of semiconductor manufacturing, battery technology, advanced materials and industrial automation benefited from accelerating global investment in artificial intelligence, electrification and energy transition. Their earnings and cash flows were driven far more by global supply-chain positioning and capacity constraints than by local economic conditions, reinforcing emerging markets' role as providers of critical industrial infrastructure to the world.



## Smaller Markets Delivered Structural Re-Ratings

At the same time, a separate and equally powerful opportunity emerged in smaller emerging economies undergoing long-term institutional normalisation. Greece completed its transition back to financial credibility as banking systems repaired balance sheets, funding costs declined and capital returns resumed. Poland and parts of Central Europe continued to produce high-quality private-sector champions, benefiting from rising real incomes, deepening capital markets. Vietnam represents a particularly important case, as its steady progress toward FTSE Emerging Market status is reshaping the investor base. The anticipated upgrade is expected to trigger large passive and institutional inflows, encouraging greater transparency, governance discipline and capital-market depth, while creating a multi-year re-rating opportunity for well-run Vietnamese companies. These developments reflect structural capital-market integration rather than short-term cyclical rebounds.

## Frontier Markets Are Entering an Early-Cycle Recovery Phase

Beyond the smaller emerging markets, a new set of frontier economies is beginning to re-emerge after a decade of macroeconomic instability. Argentina, Pakistan and Sri Lanka are all in the early stages of rebuilding policy credibility following currency resets, IMF-supported reform programs and external financing realignment. While political and execution risks remain, the direction of travel is shifting from crisis management toward stabilisation and reintegration into global capital markets. In these environments, banking systems, exporters and domestically focused service companies typically become the first beneficiaries as funding costs fall, liquidity returns and credit cycles restart. Valuations in these markets continue to reflect deep scepticism, but history shows that the transition from financial stress to policy credibility often brings powerful multi-year re-rating opportunities for disciplined investors positioned early in the recovery cycle.

## Temporary Dislocations Created Opportunity in India and the Middle East

India experienced a valuation-led correction following several years of strong performance as liquidity tightened and regulation became more assertive. This reset has created attractive entry points in mid-cap financials and renewable-energy platforms that continue to benefit from the formalisation of credit, infrastructure investment and India's long-term decarbonisation agenda. Brazil also stands at a potential inflection point as one of the world's most restrictive real interest-rate regimes begins to ease and the political environment becomes more pragmatic. Historically, Brazilian equities have re-rated strongly during monetary easing cycles, particularly in banks, consumer franchises and infrastructure, and current valuations still reflect scepticism rather than a normalisation scenario. In the Middle East, softer oil prices and more cautious fiscal planning weighed on equity valuations despite largely unchanged corporate fundamentals. Structural reforms, including foreign ownership liberalisation, privatisation and capital-market deepening, continue to improve the investment landscape, setting the stage for renewed confidence as fiscal visibility improves.

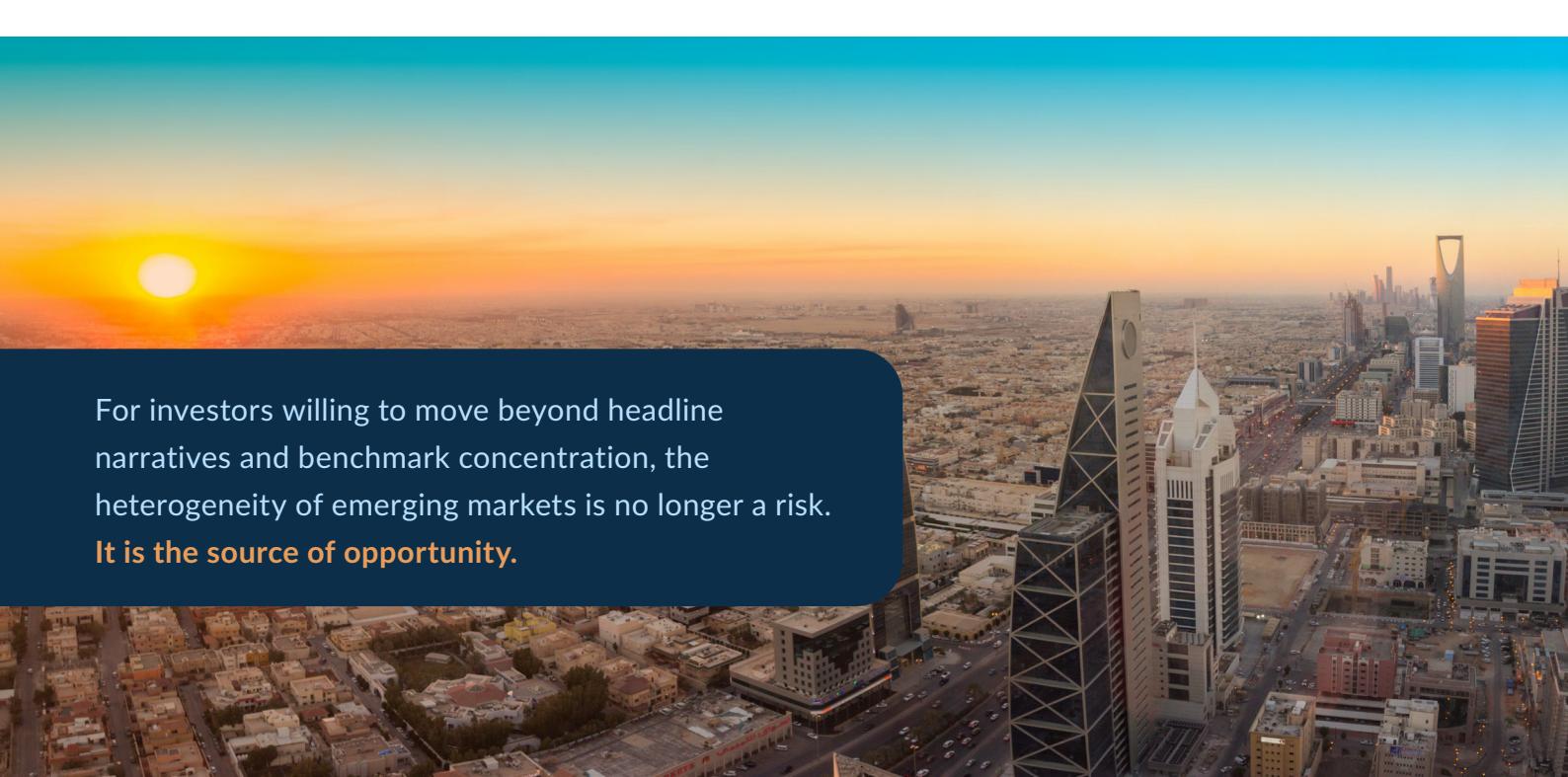
## Why 2026 Looks Even More Compelling

Looking ahead, the opportunity set across emerging and frontier markets is broadening. Global industrial and technology supply chains remain in the early stages of a multi-year investment cycle driven by artificial intelligence, electrification and energy infrastructure. India's domestic investment cycle is poised to re-accelerate from more reasonable valuation levels. Saudi Arabia's ongoing market reforms are steadily increasing institutional participation. Frontier markets are regaining macroeconomic credibility, opening the door to sustained capital inflows and valuation normalisation.

What unites these themes is dispersion. Unlike developed markets, which remain heavily concentrated in a narrow group of mega-cap technology companies, emerging and frontier markets offer a wide range of business models, policy regimes and valuation starting points. Differences in balance-sheet quality, governance standards and reform progress create a rich environment for active investors focused on fundamentals rather than index weights.

With valuations still reflecting scepticism rather than improving realities, the combination of reform momentum, global capital-spending cycles and widening dispersion makes emerging and frontier markets one of the most compelling areas for long-term capital deployment in 2026 and beyond.

For investors willing to move beyond headline narratives and benchmark concentration, the heterogeneity of emerging markets is no longer a risk. **It is the source of opportunity.**



## uk.fieracapital.com

### Contact Details

Internationaldistribution@fieracapital.com

### Important Disclosure

Fiera Capital Corporation ("Fiera Capital") is a global independent asset management firm that delivers customized multi-asset solutions across public and private classes to institutional, financial intermediary and private wealth clients across North America, Europe and key markets in Asia and the Middle East. Fiera Capital trades under the ticker FSZ on the Toronto Stock Exchange. Fiera Capital does not provide investment advice to U.S. clients or offer investment advisory services in the US. In the US, asset management services are provided by Fiera Capital's affiliates who are investment advisers that are registered with the U.S. Securities and Exchange Commission (the "SEC") or exempt from registration. Registration with the SEC does not imply a certain level of skill or training. Each affiliated entity (each an "Affiliate") of Fiera Capital only provides investment advisory or investment management services or offers investment funds in the jurisdictions where the Affiliate and/or the relevant product is registered or authorized to provide services pursuant to an exemption from registration.

This document is strictly confidential and for discussion purposes only. Its contents must not be disclosed or redistributed directly or indirectly, to any party other than the person to whom it has been delivered and that person's professional advisers.

The information presented in this document, in whole or in part, is not investment, tax, legal or other advice, nor does it consider the investment objectives or financial circumstances of any investor. The source of all information is Fiera Capital unless otherwise stated.

Fiera Capital and its Affiliates reasonably believe that this document contains accurate information as at the date of publication; however, no representation is made that the information is accurate or complete and it may not be relied upon. Fiera Capital and its Affiliates will accept no liability arising from the use of this document.

Fiera Capital and its Affiliates do not make recommendations to buy or sell securities or investments in marketing materials. Dealing and/or advising services are only offered to qualified investors pursuant to applicable securities laws in each jurisdiction.

**Past performance of any fund, strategy or investment is not an indication or guarantee of future results. Performance information assumes the reinvestment of all investment income and distributions and does not account for any fees or income taxes paid by the investor. All investments have the potential for loss. Target returns are forward-looking, do not represent actual performance, there is no guarantee that such performance will be achieved and actual results may vary substantially.**

This document may contain "forward-looking statements" which reflect the current expectations of Fiera Capital and/or its Affiliates. These statements reflect current beliefs, expectations and assumptions with respect to future events and are based on information currently available. Although based upon what Fiera Capital and its affiliates believe to be reasonable assumptions, there is no guarantee that actual results, performance, or achievements will be consistent with these forward-looking

statements. There is no obligation for Fiera Capital and/or its Affiliates to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

Strategy data such as ratios and other measures which may be presented herein are for reference only and may be used by prospective investors to evaluate and compare the strategy. Other metrics are available and should be considered prior to investment as those provided herein are the subjective choice of the manager. The weighting of such subjective factors in a different manner would likely lead to different conclusions. Please note it is not possible to invest directly in an index.

Strategy details, including holdings and exposure data, as well as other characteristics, are as of the date noted and subject to change. Specific holdings identified are not representative of all holdings and it should not be assumed that the holdings identified were or will be profitable.

Certain fund or strategy performance and characteristics may be compared with those of well-known and widely recognized indices. Holdings may differ significantly from the securities that comprise the representative index. It is not possible to invest directly in an index. Investors pursuing a strategy like an index may experience higher or lower returns and will bear the cost of fees and expenses that will reduce returns, whereas an index does not. Generally, an index that is used to compare performance of a fund or strategy, as applicable, is the closest aligned regarding composition, volatility, or other factors.

Every investment is subject to various risks and such risks should be carefully considered by prospective investors before they make any investment decision. No investment strategy or risk management technique can guarantee returns or eliminate risk in every market environment. Each investor should read all related constituting documents and/or consult their own advisors as to legal, tax, accounting, regulatory and related matters prior to making an investment.

The ESG or impact goals, commitments, incentives and initiatives outlined in this document are purely voluntary, may have limited impact on investment decisions and/or the management of investments and do not constitute a guarantee, promise or commitment regarding actual or potential positive impacts or outcomes associated with investments made by funds managed by the firm. The firm has established and may in the future establish, certain ESG or impact goals, commitments, incentives and initiatives, including but not limited to those relating to diversity, equity and inclusion and greenhouse gas emissions reductions. Any ESG or impact goals, commitments, incentives and initiatives referenced in any information, reporting or disclosures published by the firm are not being promoted and do not bind any investment decisions made in respect of, or stewardship of, any funds managed by the firm for the purposes of Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures, in the financial services sector.

Any measures implemented in respect of such ESG or impact goals, commitments, incentives and initiatives may not be immediately applicable to the investments of any funds managed by the firm and any implementation can be overridden or ignored at the sole discretion of the firm. There can be no assurance that ESG policies and procedures as described herein, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process will continue; such policies and procedures could change, even materially, or may not be applied to a particular investment.

The following risks may be inherent in the funds and strategies mentioned on these pages.

**Equity risk:** the value of stock may decline rapidly and can remain low indefinitely. **Market risk:** the market value of a security may move up or down based upon a change in market or economic conditions. **Liquidity risk:** the strategy may be unable to find a buyer for its investments when it seeks to sell them. **General risk:** any investment that has the possibility for profits also has the possibility of losses, including loss of principal. **ESG and Sustainability risk** may result in a material negative impact on the value of an investment and performance of the portfolio. **Geographic concentration risk** may result in performance being more strongly affected by any conditions affecting those countries or regions in which the portfolio's assets are concentrated. **Investment portfolio risk:** investing in portfolios involves certain risks an investor would not face if investing in markets directly. **Currency risk:** returns may increase or decrease as a result of currency fluctuations. **Operational risk** may cause losses as a result of incidents caused by people, systems and/or processes. **Projections and Market Conditions:** We may rely upon projections developed by the investment manager or a portfolio entity concerning a portfolio investment's future performance. Projections are inherently subject to uncertainty and factors beyond the control of the manager and the portfolio entity. **Regulation:** The manager's operations may be subject to extensive general and industry specific laws and regulations. Private strategies are not subject to the same regulatory requirements as registered strategies. **No Market:** The LP Units are being sold on a private placement basis in reliance on exemptions from prospectus and registration requirements of applicable securities laws and are subject to restrictions on transfer thereunder. Please refer to the Confidential Private Placement Memorandum for additional information on the risks inherent in the funds and strategies mentioned herein. **Meteorological and Force Majeure Events Risk:** Certain infrastructure assets are dependent on meteorological and atmospheric conditions or may be subject to catastrophic events and other events of force majeure. **Weather:** Weather represents a significant operating risk affecting the agriculture and forestry industry. **Commodity prices:** Cash flow and operating results of the strategy are highly dependent on agricultural commodity prices which can be expected to fluctuate significantly over time. **Water:** Water is of primary importance to agricultural production. **Third Party Risk:** The financial returns may be adversely affected by the reliance on third party partners or a counterparty's default.

For further risks we refer to the relevant fund prospectus.

**United Kingdom:** This document is issued by Fiera Capital (UK) Limited, an affiliate of Fiera Capital Corporation. Fiera Capital (UK) Limited is authorized and regulated by the Financial Conduct Authority and is registered with the US Securities and Exchange Commission ("SEC") as investment adviser. Registration with the SEC does not imply a certain level of skill or training.

**Abu Dhabi Global Markets:** This document is issued by Fiera Capital (UK) Limited, an affiliate of Fiera Capital Corporation. Fiera Capital (UK) Limited is regulated by the Financial Services Regulatory Authority.

**United Kingdom – Fiera Real Estate UK:** This document is issued by Fiera Real Estate Investors UK Limited, an affiliate of Fiera Capital Corporation. Fiera Real Estate Investors UK Limited is authorized and regulated by the Financial Conduct Authority.

**European Economic Area (EEA):** This document is issued by Fiera Capital (Germany) GmbH ("Fiera Germany"), an affiliate of Fiera Capital Corporation. Fiera Germany is authorized and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

**United States:** This document is issued by Fiera Capital Inc. ("Fiera U.S.A."), an affiliate of Fiera Capital Corporation. Fiera U.S.A. is an investment adviser based in New York City registered with the Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

**United States - Fiera Infrastructure:** This document is issued by Fiera Infrastructure Inc. ("Fiera Infrastructure"), an affiliate of Fiera Capital Corporation. Fiera Infrastructure is registered as an exempt reporting adviser with the Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

**United States - Fiera Comox:** This document is issued by Fiera Comox Partners Inc. ("Fiera Comox"), an affiliate of Fiera Capital Corporation. Fiera Comox is registered as an investment adviser with the Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

## Canada

**Fiera Real Estate Investments Limited ("Fiera Real Estate")**, a wholly owned subsidiary of Fiera Capital Corporation is an investment manager of real estate through a range of investments funds.

**Fiera Infrastructure Inc. ("Fiera Infra")**, a subsidiary of Fiera Capital Corporation is a leading global mid-market direct infrastructure investor operating across all subsectors of the infrastructure asset class.

**Fiera Comox Partners Inc. ("Fiera Comox")**, a subsidiary of Fiera Capital Corporation is a global investment manager that manages private alternative strategies in Private Credit, Agriculture, Private Equity and Timberland.

**Fiera Private Debt Inc. ("Fiera Private Debt")**, a subsidiary of Fiera Capital Corporation provides innovative investment solutions to a wide range of investors through two distinct private debt strategies: corporate debt and infrastructure debt.

Please find an overview of registrations of Fiera Capital Corporation and certain of its subsidiaries here:

<https://www.fieracapital.com/en/registrations-and-authorities>

Version STRENG004