Access hidden global growth with BEMO

If you're an investor looking to broaden your return potential, the younger markets of Eastern Europe, Middle East and Africa could be compelling with some unique attributes that make them an ideal portfolio diversifier

Sometimes it can feel challenging to find anywhere new to invest. Many markets can feel overanalysed and overcrowded, making it hard to find new opportunities. Equally, the level of correlation between developed stock markets, with their values often rising and falling in tandem, can sometimes make it feel like you're putting all your investment eggs in one homogenised global basket.

But new opportunities and genuine diversification do still exist. One place where they can be found is in "Emerging EMEA"–comprising the young markets of Eastern and Southern Europe, the Middle East and Africa. Not only are EMEA markets less correlated with developed markets, they are also well diversified internally, with distinct economic drivers and independent policy frameworks. In our view, these qualities allow EMEA markets to chart their own path, reducing their sensitivity to global shocks. This creates potential to find exceptional investment opportunities from under-appreciated markets, reinforcing EMEA's role as a distinctive source of diversification.

Hidden leaders

Companies in Emerging EMEA markets–from banks to retailers to telecoms–are often far less analysed than their peers in, say, the UK, Germany or France. And yet–they often enjoy strong homegrown demand, which can insulate them from events on the world stage.

In Poland, for example, shopping platform Allegro dominates e-commerce but you'd be forgiven for being unaware of it. OTP Bank Group is the largest commercial bank in Hungary–and it's also one of the largest independent financial service providers in Central and Eastern Europe.

Elsewhere under the Emerging EMEA umbrella, some of the biggest names can dominate their home market and beyond. South Africa-based Naspers is an internet, technology and multimedia giant whose vast global portfolio spans food delivery, fintech, classifieds, and e-commerce–including a long-standing equity stake in Chinese tech behemoth, Tencent.

Access EMEA markets via BEMO

Comprising a concentrated portfolio of around 35-70 stocks, Barings Emerging EMEA Opportunities (BEMO) looks to hold those companies in which its investment team have the highest conviction in terms of their quality, financial strength, and growth potential. Because these markets are less researched, it's a strategy where 'active' stock selection and portfolio construction can make a difference.

Preparing for peace

Of course, given Emerging EMEA's geographical make-up, conflict in the Middle East can affect investor sentiment. But as and when these conflicts are resolved, this could provide additional support to performance.

In short, in a world where true investment diversification can be hard to find, these less familiar markets, and Barings Emerging EMEA Opportunities, may be worth a deeper look.

To know more, sign up to BEMO News
www.bemoplc.com

Brought to you by
BARINGS