Goldman Sachs Research

Portfolio Strategy Research
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EM WEEKLY KICKSTART

MSCI EM rose 4% to fresh highs this week on Iran deal optimism; Tech-heavy North Asia continued to lead; We raised Hungary to OW; First round of Colombia elections this weekend

- **Performance:** MSCI EM gained 4% this week as optimism over a US-Iran deal supported positive market sentiment globally. AI-exposed North Asia (Korea: +10%, Taiwan: +6%), Greece (+6%) and select LatAm markets (Colombia, Peru: +5%) led while ASEAN lagged. Given strong gains in our North Asia (long KR, TW) vs. South Asia (short IN, PH, TH) trade this week (initiated on April 16 at 100, currently at 130), we raise the target/stop from 135/115 to 140/120 to protect gains.
- **Earnings/valuations:** MXEF is trading at 11.8x NTM P/E (-0.4 s.d, 10-yr avg). EM 2026E EPS was revised up 0.6% over the past week.
- **Flows:** EM equities saw US$2bn inflows w/w led by TW (+US$5.2bn), while KR (-US$2.7bn) saw outflows.
- **Macro / Events:** SARB hiked rates by 25 basis points, while the MNB and BOK kept rates unchanged. First round of Colombia presidential elections on May 31.

Focus: Hungary — Euro Area Convergence Could Drive a Structural Re-rating; Raise to OW

- We looked at implications for Hungarian equities over the medium-term given potential Euro Area Convergence. Our model estimates suggest that the BUX index valuations could re-rate by 16-18% given the scope for Hungarian long-end yields to converge to Euro area counterparts as per the Maastricht criteria.
- Beyond PE re-rating, we also think that deeper integration with Europe could unlock opportunities on the export side, which could boost company earnings.
- With these structural macro tailwinds, coupled with a strong micro outlook, we raised Hungary to overweight within our EM equity allocations and expect 16% local currency upside for the BUX index and about 25% USD total returns over the next 12-months.

Focus: 1QCY26 earnings better than expected

- As 1Q results season draws to a close — 86% of MSCI EM (94% of cap) has reported C1Q26 — earnings are tracking stronger than expected with EPS growth at 39% yoy vs 28% expected at the start of the season. Strong earnings delivery in North Asia has significantly contributed to beats. North Asia Tech, Greek Banks, and Brazil Energy have seen most upside revision to C1Q26 EPS growth, while China and Korea Domestic sectors were the biggest drags.

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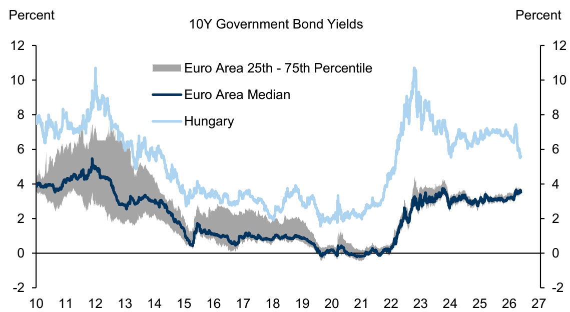
Focus: Hungary — Euro Area Convergence Could Drive A Structural Re-rating in Equities

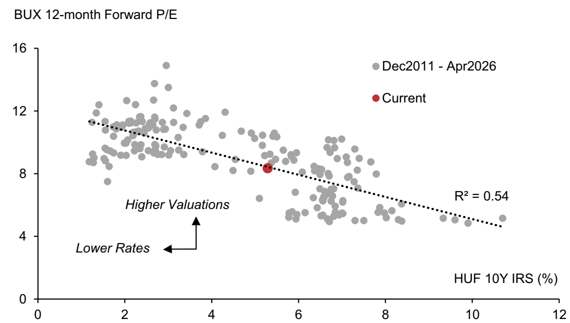
Exhibit 1: Hungarian rates remain elevated compared with Euro area members despite recent rally, and will need to move lower to converge



Note: The Euro area sample excludes Estonia, Luxembourg and Malta due to data availability.

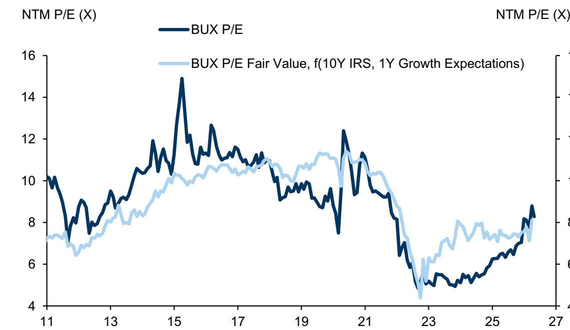
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 2: While equity valuations in Hungary appear to be trading roughly in line with current 10-year rates, further compression in rates supports higher valuations



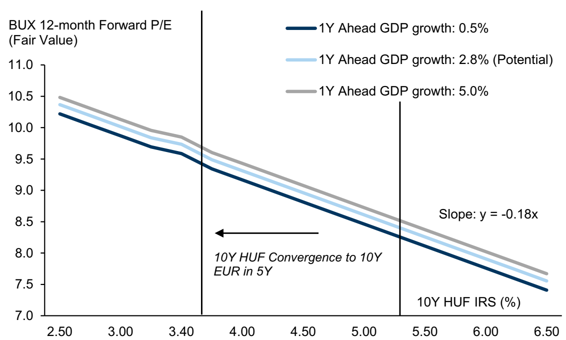
Source: FactSet, Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

Exhibit 3: Our P/E macro model suggests that the BUX index is currently trading close to 'fair' value based on current long-end rates and growth expectations...



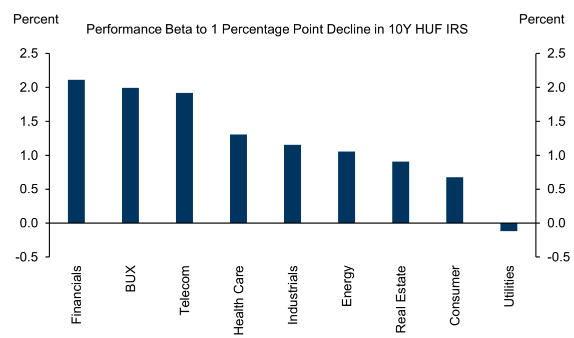
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 4: ...But could see meaningfully higher 'fair' value assuming HUF rates converge to Euro area rates and growth reaches potential by 2030



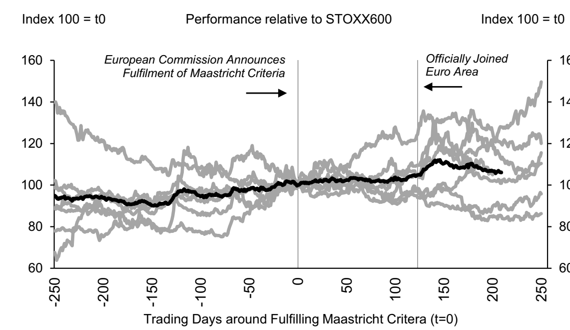
Source: Goldman Sachs Global Investment Research

Exhibit 5: Hungarian interest rate sensitive sectors including Financials and Telcos could outperform as rates decline further



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 6: History suggests a limited equity market effect from formal announcement of fulfilment of Maastricht criteria, but a positive and temporary boost after officially joining the Euro area

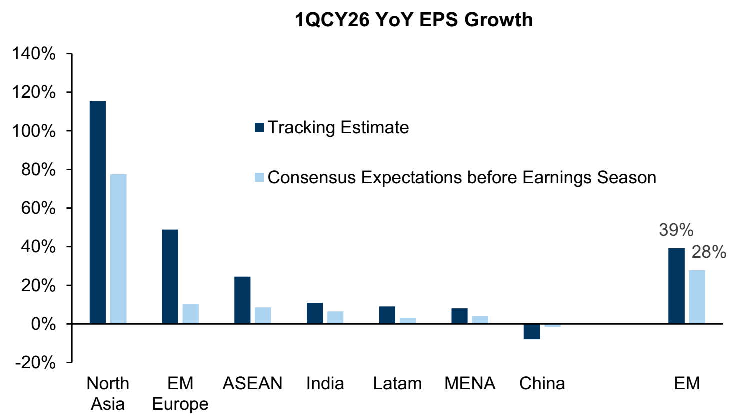


The sample of Euro area joiners include Malta, Slovenia, Estonia, Latvia, Lithuania, Croatia and Bulgaria

Source: Bloomberg, Goldman Sachs Global Investment Research

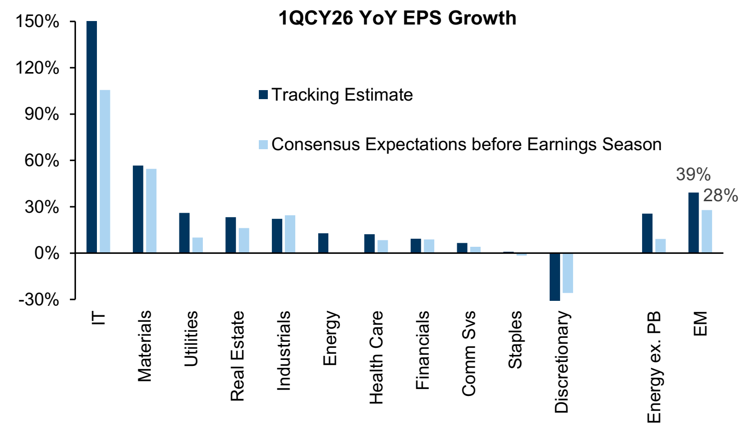
Focus: 1QCY26 earnings tracking better than expected so far

Exhibit 7: Overall 1Q EPS growth is tracking ahead of consensus expectations driven by strong earnings delivery in North Asia



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 8: Among sectors, Tech, Energy, Real Estate and Utilities earnings are tracking higher than initial consensus expectations...



Energy ex. PB is MSCI EM Energy ex. Petrobras

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 9: North Asia Tech, Greek Banks, and Brazil Energy are contributing most to the earnings growth upgrades for C1Q26

	C1Q26 EPS Growth (YoY,%)			
Sector	Earnings Weight	Start of Season	Current	Surprise contribution
Korea Info Tech	6.1%	278%	454%	10.8%
Taiwan Info Tech	12.1%	35%	45%	1.3%
Greece Fins	0.8%	5%	105%	0.8%
Brazil Energy	3.5%	-15%	-5%	0.4%
China Materials	0.7%	69%	116%	0.3%
India Fins	3.8%	5%	12%	0.3%
Korea Energy	-0.1%	-181%	-538%	0.2%
Poland Energy	0.4%	-3%	42%	0.2%
Taiwan Materials	0.0%	354%	835%	0.2%
Korea Fins	3.0%	12%	18%	0.2%
India Cons Disc	0.8%	4%	23%	0.2%
Brazil Cons Disc	0.1%	27%	163%	0.2%
Poland Materials	0.0%	651%	970%	0.1%
Saudi Arabia Energy	0.5%	-1%	27%	0.1%
Taiwan Fins	2.4%	19%	24%	0.1%

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 10: China and Korea Domestic sectors are the biggest drags on C1Q26 EPS growth since the start of earnings season

	C1Q26 EPS Growth (YoY,%)			
Sector	Earnings Weight	Start of Season	Current	Surprise contribution
China Cons Disc	6.8%	-35%	-53%	-1.2%
Korea Industrials	1.5%	106%	42%	-1.0%
China Fins	12.7%	9%	2%	-0.8%
India Materials	0.7%	69%	13%	-0.4%
Korea Materials	0.1%	36%	-113%	-0.2%
Korea Cons Disc	2.7%	-19%	-24%	-0.1%
China Staples	0.6%	2%	-21%	-0.1%
Korea Comm Svcs	0.5%	7%	-17%	-0.1%
Brazil Materials	1.5%	18%	12%	-0.1%
Saudi Arabia Materials	0.1%	142%	72%	-0.1%
Hungary Energy	0.2%	-40%	-82%	-0.1%
Brazil Fins	2.7%	22%	20%	-0.1%
China Energy	1.3%	22%	16%	-0.1%
Indonesia Industrials	0.1%	26%	-15%	-0.1%
Mexico Comm Svcs	0.2%	34%	9%	-0.1%

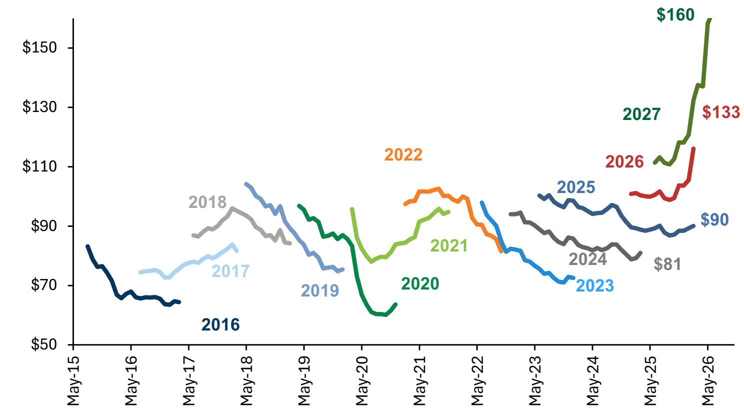
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 11: MSCI EM 2026/2027 EPS has been revised higher over the past month driven by Korea

	EPS Growth		EPS Revision (1 Week)		EPS Revision (1 Month)	
	2026	2027	2026	2027	2026	2027
Brazil	31%	9%	1.2%	0.6%	1.8%	0.4%
Chile	-3%	10%	-0.3%	-0.5%	-2.2%	-3.5%
China	17%	18%	0.5%	0.5%	-0.1%	-0.1%
Colombia	74%	11%	0.4%	0.2%	-1.9%	-0.4%
Czech Republic	9%	-4%	0.2%	0.3%	1.1%	1.4%
Egypt	2%	11%	0.0%	0.0%	1.8%	1.9%
Greece	12%	13%	0.0%	0.2%	-0.7%	0.8%
India	13%	16%	-0.4%	0.0%	-1.3%	-0.5%
Indonesia	4%	9%	-0.4%	-0.2%	-2.0%	-1.8%
Korea	275%	28%	1.2%	1.6%	13.7%	15.5%
Kuwait	0%	11%	-0.6%	-0.8%	0.2%	-2.7%
Malaysia	10%	6%	0.5%	0.2%	0.6%	0.4%
Mexico	11%	8%	0.3%	0.1%	1.9%	1.5%
Peru	22%	4%	1.4%	1.5%	5.4%	1.7%
Philippines	2%	9%	-0.5%	-0.6%	-3.1%	-3.2%
Poland	28%	7%	0.2%	-0.1%	4.2%	2.4%
Qatar	0%	13%	0.1%	0.2%	-1.3%	0.3%
Saudi Arabia	14%	7%	-0.2%	-0.2%	0.1%	-1.0%
South Africa	44%	10%	-0.5%	-1.0%	-0.5%	-0.2%
Taiwan	40%	25%	0.3%	0.4%	2.0%	3.2%
Thailand	10%	5%	0.5%	0.3%	2.2%	1.6%
Hungary	8%	10%	0.1%	0.2%	-0.7%	0.8%
Turkiye	18%	38%	0.4%	0.3%	-0.4%	-1.2%
UAE	-2%	14%	-0.3%	-0.4%	-2.3%	-2.8%
MSCI EM	**57%**	**19%**	**0.6%**	**0.7%**	**4.5%**	**5.5%**

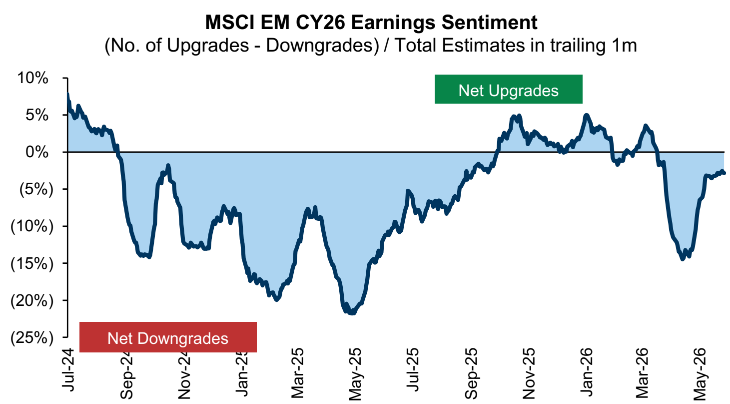
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 12: Headline index level EPS integer continues to be revised higher...



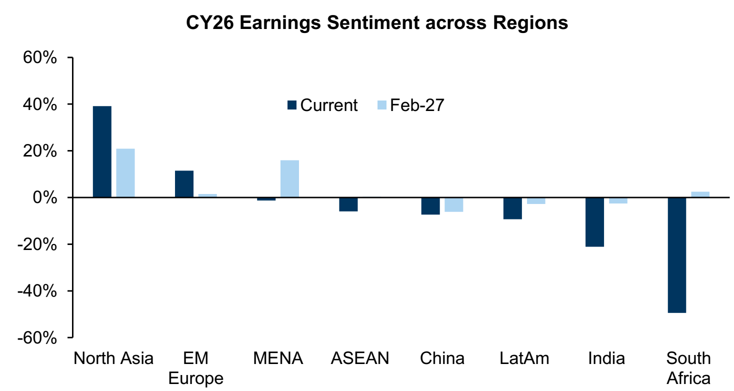
Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

Exhibit 13: CY2026 earnings sentiment has turned negative since the start of the US-Iran war...



Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

Exhibit 14: ...but continues to be positive in North Asia, and negative in rest of the EM markets



Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

Allocation and Key Market Views

Exhibit 15: Our market preferences emphasize diversification; We remain OW tech-heavy Korea, China and idiosyncratic stories like Brazil, South Africa, Hungary and Greece

Allocation	Market	MSCI EM Weight (%)	Index	Index Level 5/28/2026	EPS Growth (%) CY2026	EPS Growth (%) CY2027	GS Index Target (12m)	12m Total Return Forecast (%) Local Idx Return	FX Return	Div. Yield	USD Total Return
Overweight	China	20.6%	MXCN	77	12%	14%	95	23%	1%	2%	26%
	Korea	22.5%	KOSPI	8,185	130%	12%	9,000	10%	2%	1%	13%
	Brazil*	3.9%	IBOV	175,063	20%	10%	215,000	23%	1%	6%	24%
	South Africa	3.0%	JSE 40	107,235	33%	9%	122,000	14%	4%	4%	23%
	Greece	0.5%	ASE	2,348	13%	9%	2,500	6%	2%	5%	14%
	Hungary*	0.3%	BUX	131,453	13%	8%	150,000	14%	6%	4%	21%
Market-Weight	Taiwan	26.3%	TWSE	43,636	28%	22%	45,000	3%	2%	2%	7%
	India	11.0%	NIFTY	23,907	8%	13%	25,900	8%	-2%	1%	7%
	Saudi Arabia	2.4%	SASEIDX	11,028	5%	10%	12,000	9%	0%	4%	13%
	Mexico	1.8%	MEXBOL	68,866	11%	6%	72,000	5%	-4%	4%	5%
	UAE	1.1%	DFMGI	5,757	-2%	15%	5,800	1%	0%	5%	6%
	Malaysia	1.0%	FBMKLCI	1,685	8%	8%	1,800	7%	3%	4%	14%
	Chile*	0.4%	IPSA	10,897	-7%	6%	11,500	6%	4%	3%	10%
	Turkey	0.4%	XU100	13,663	18%	33%	13,500	-1%	-15%	4%	-13%
	Colombia	0.1%	COLCAP	2,183	2%	8%	2,300	5%	-3%	6%	8%
	Egypt	0.1%	EGX30	52,659	-1%	8%	49,500	-6%	0%	4%	-2%
Under Weight	Poland*	1.0%	WIG	136,224	3%	9%	113,000	-17%	2%	4%	-15%
	Thailand	1.0%	SET	1,569	-2%	6%	1,560	-1%	0%	3%	3%
	Indonesia	0.6%	JCI	6,130	6%	8%	7,200	17%	0%	5%	23%
	Kuwait	0.5%	MSCI Kuwait	992	-5%	5%	950	-4%	0%	3%	-1%
	Qatar	0.5%	DSM	10,592	-6%	6%	10,000	-6%	0%	5%	-1%
	Philippines	0.3%	PCOMP	5,860	2%	9%	6,200	6%	0%	3%	9%
	Peru	0.4%	MSCI Peru	3,649	18%	3%	3,300	-10%	4%	3%	-3%
	Czech Rep.	0.1%	PX	2,522	7%	-2%	2,350	-7%	3%	5%	1%
	EM (USD)		**MSCI EM**	**1,725**	**45%**	**19%**	**1,850**	**6%**	**1%**	**2%**	**10%**

*Total Return Index; FX return is the average of GS 12m FX forecast and 12m fwd pricing; sorted by MSCI EM weight (%)

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 16: EM Sector Allocations: Our sector allocations are procyclical and emphasize our core themes; We are overweight Tech H/W, Internet and commodity sectors and generally UW downstream and consumer-sensitive sectors

MSCI EM Sectors	GS Allocation	MSCI EM weight (%)	Consensus estimates: CY26E EPS growth (yoy)	Consensus estimates: CY27E EPS growth (yoy)	Consensus estimates: CY26-27 EPS CAGR (%)	Current Valuations: NTM P/E (x)	Current Valuations: LTM P/B (x)	Current Valuations: PEG Ratio (2026 P/E / 2027 EPSg)	Performance: YTD returns (%, USD)
Tech Hardware & Semis	OW	40%	190	31	95	10.9x	6.5x	0.4	93%
Internet/Media & Entertainment	OW	4%	14	16	15	13.2x	2.7x	0.9	-26%
Metals & Mining	OW	4%	99	4	44	10.5x	2.7x	2.6	5%
Energy	OW	3%	33	(3)	14	9.8x	1.6x	-3.1	8%
Banks	MW	14%	10	9	10	9.0x	1.2x	1.0	-1%
Consumer Retail & Services	MW	6%	18	36	27	14.4x	2.3x	0.5	-20%
Insurance & Other Financials	MW	5%	7	9	8	10.2x	1.7x	1.2	1%
Capital Goods	MW	6%	50	20	34	19.1x	3.4x	1.0	29%
Consumer Staples	MW	3%	15	12	13	19.0x	3.6x	1.7	-4%
Telecommunication Services	MW	2%	21	14	17	16.1x	3.0x	1.3	2%
Utilities	MW	2%	18	11	14	14.1x	1.6x	1.4	6%
Real Estate	MW	1%	(1)	18	8	10.8x	1.1x	0.6	-3%
Autos & Components	UW	3%	16	23	19	14.5x	1.9x	0.7	8%
Health Care	UW	2%	13	21	17	26.9x	4.0x	1.4	-5%
Chemicals & Other Materials	UW	2%	109	21	59	18.5x	1.7x	1.0	9%
Transportation	UW	1%	(4)	11	3	14.1x	1.9x	1.3	2%
Software & Services	UW	1%	8	11	9	21.5x	4.2x	2.0	-27%
Emerging Markets (MSCI EM)		**100%**	**57**	**20**	**37**	**11.8x**	**2.6x**	**0.6**	**23%**

Source: FactSet, MSCI, Goldman Sachs Global Investment Research

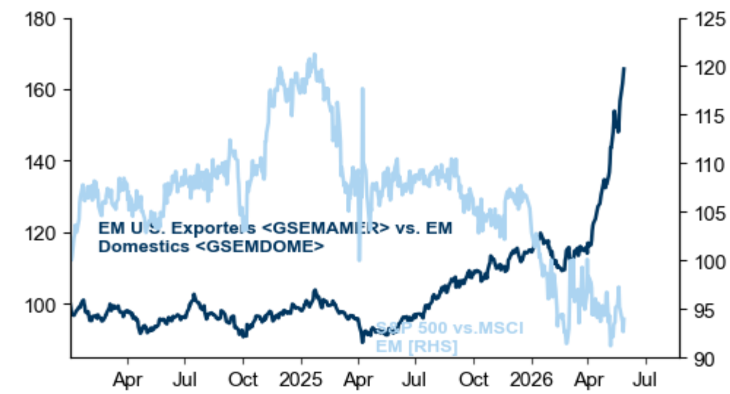
Exhibit 17: EM offers various attractive market-specific sub-themesor alpha generation

EM Cyclical and Quality Themes

Exhibit 18: Cyclicals vs. Defensives

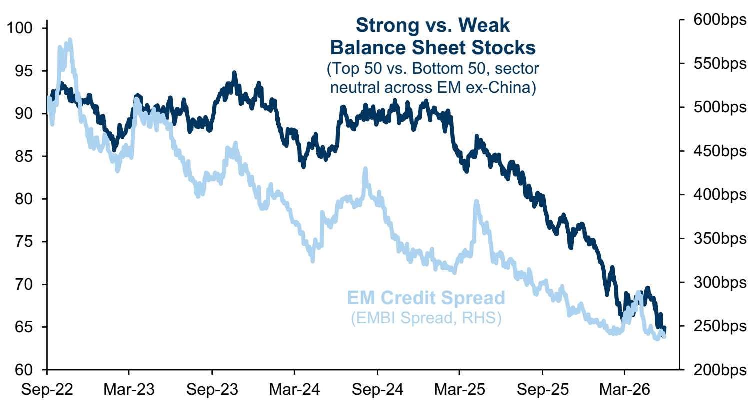
Source: FactSet, Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

Exhibit 19: US-exposed EM stocks have outperformed domestically exposed EM stocks



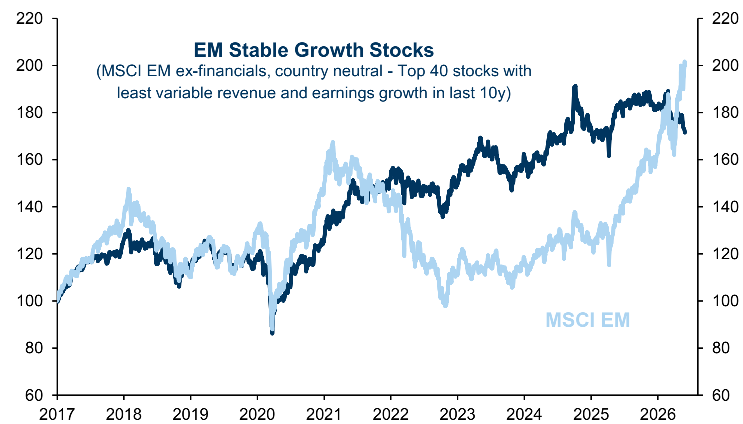
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 20: Weaker balance sheet stocks have outperformed amid tighter credit spreads



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 21: Stable Growers have outperformed the broader MSCI EM index over the long term and during past market drawdowns



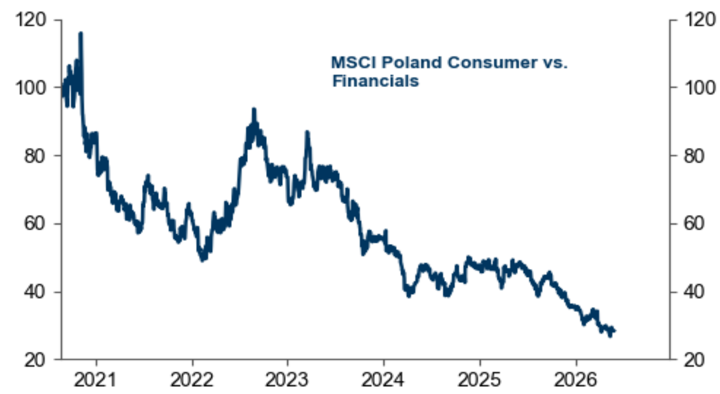
Source: FactSet, Goldman Sachs Global Investment Research

CEEMEA Implementations

Exhibit 22: Greece and Hungary banks vs. Polish banks

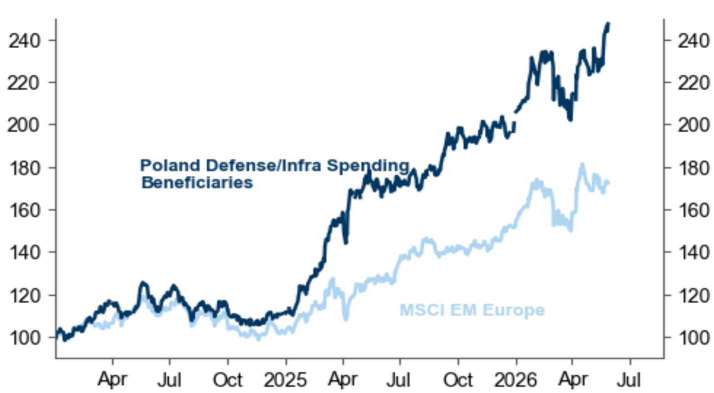
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 23: Poland Consumer Sectors vs. Financials



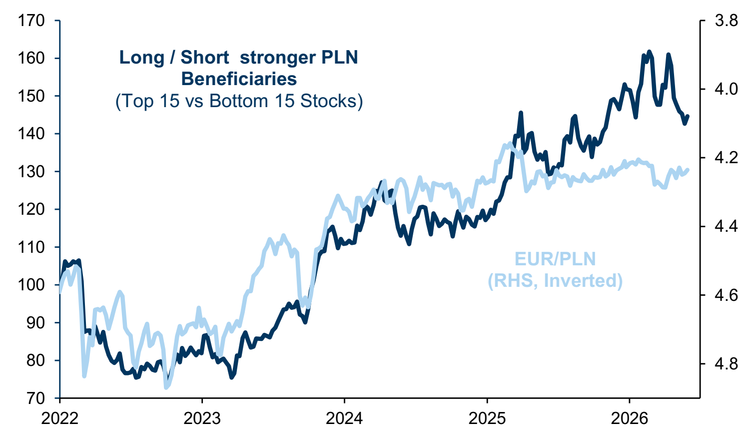
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 24: Poland Defense and Infrastructure stocks vs. MSCI EM Europe



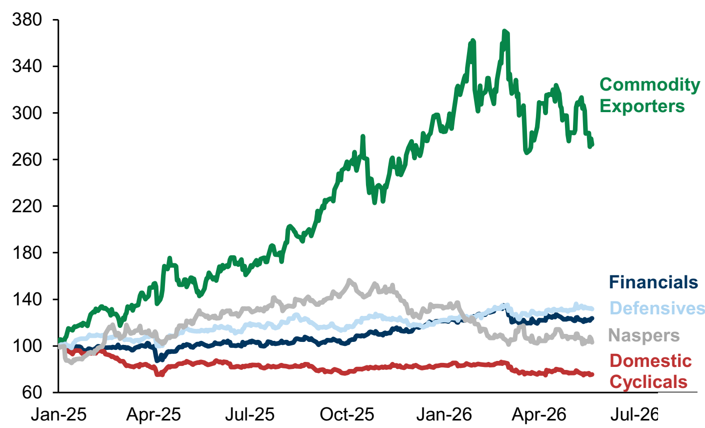
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 25: Polish FX-Sensitive Stocks



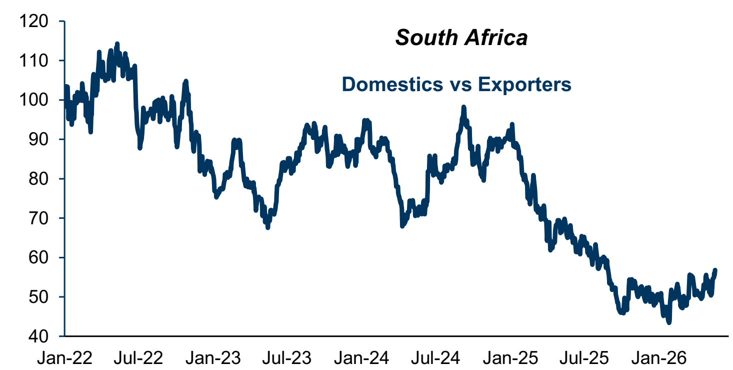
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 26: The rally in South African equities since 2025 has been led by Miners, while the domestic market has been largely flat



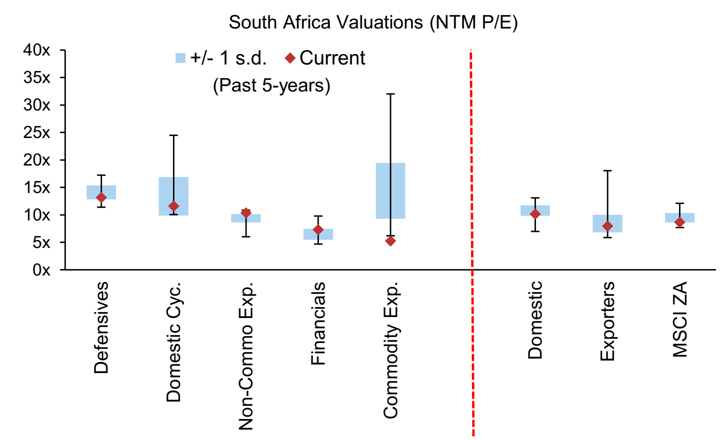
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 27: South Africa Domestics vs. Exporters



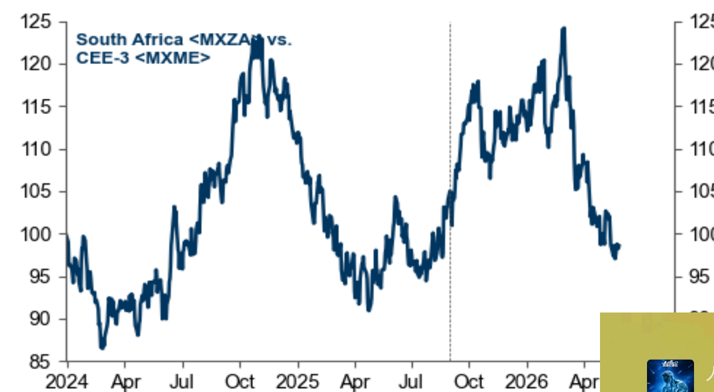
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 28: South Africa Macro Slice Valuations



Source: FactSet, Goldman Sachs Global Investment Research

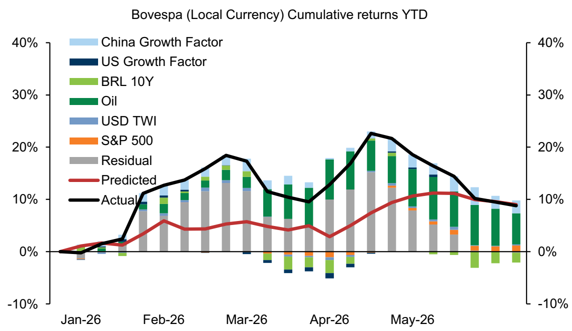
Exhibit 29: South Africa (MXZA) vs. CEE-3 (MXME)



Source: FactSet, Goldman Sachs Global Investment Research

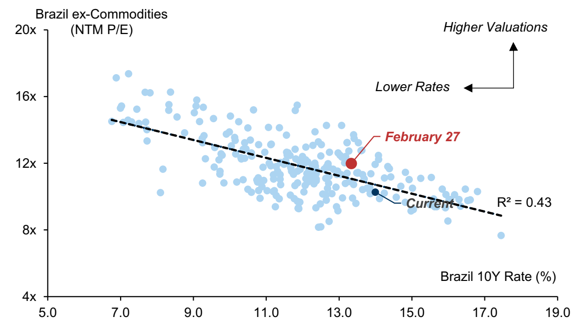
Brazil Rate Sensitivity

Exhibit 30: Bovespa returns decomposition



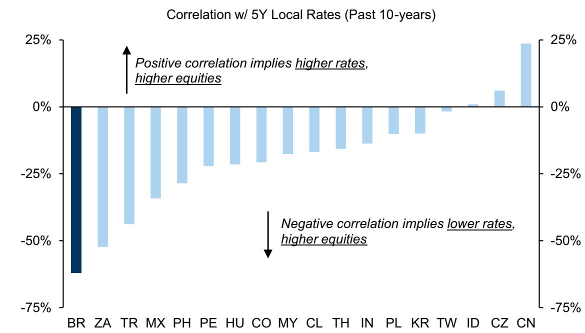
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 31: Equity valuations appear roughly fair relative to 10-year rates



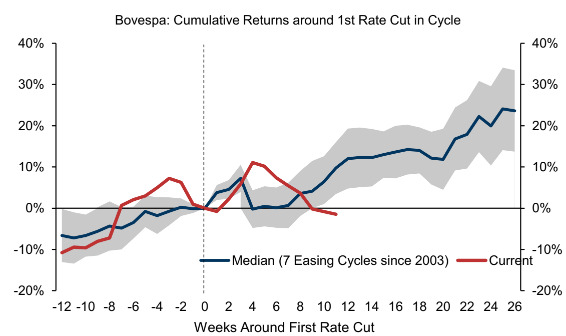
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 32: Brazil equities have the highest negative correlation to local rates in EM, with lower rates implying higher equities...



Source: FactSet, Goldman Sachs Global Investment Research

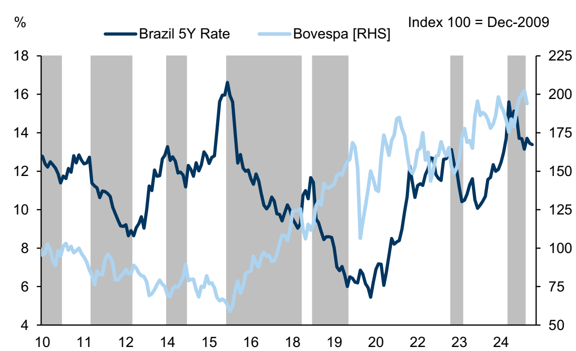
Exhibit 33: ...and have tended to rally strongly following the first rate cut in past cutting cycles



The grey area shows +/- 0.5 standard deviation bands.

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 34: Brazilian equities have performed well during episodes of declining 5Y rates...



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 35: ...with rate-sensitive pockets and domestically exposed stocks outperforming the headline index (about 2-3x on average)

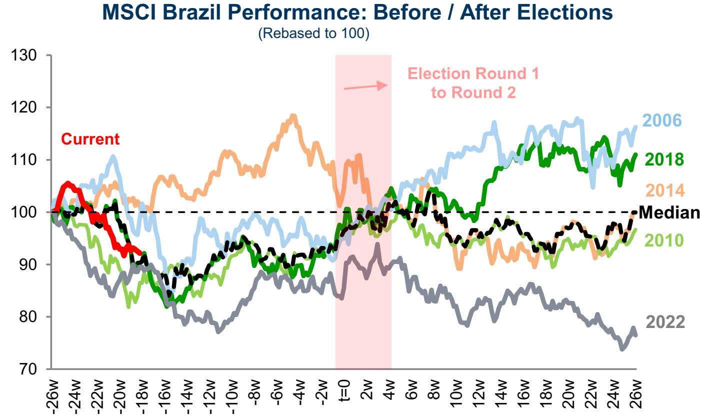
Period	Chg in 5Y [bp]	Bovespa	GSCBBZEN [ex-commodities]	Div Yield	GSBZRATE [rate sensitives]	Div Yield	BRL/USD
Jan-10 — Aug-10	-203	0%	1%	1%	0%	1%	6%
Jul-11 — Nov-12	-298	-2%	2%	3%	14%	3%	-36%
Jan-14 — Aug-14	-250	29%	24%	1%	18%	2%	8%
Dec-15 — Apr-18	-639	99%	59%	5%	84%	6%	12%
Sep-18 — Oct-19	-556	35%	63%	2%	79%	2%	-1%
Feb-23 — Jun-23	-270	13%	25%	1%	39%	1%	8%
Dec-24 — Jun-25	-170	15%	29%	1%	42%	2%	12%
Median	-270	15%	25%		39%		8%

GSCBBZEN and GSCBBZRATE developed by Goldmans Sachs Global Banking & Markets

Source: FactSet, Bloomberg, Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

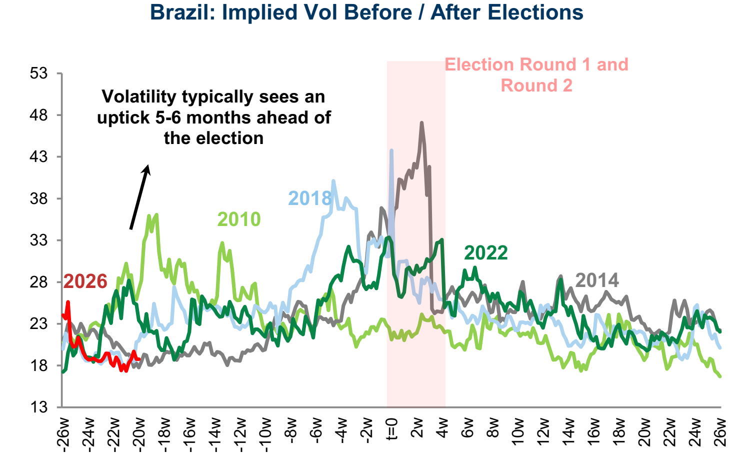
Brazil Election Playbook - How have Brazilian equities historically traded around elections?

Exhibit 36: Past election cycles have seen large dispersion in performance with markets rallying post elections in 2006 and 2018, correcting in 2014 and 2022



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 37: Election-linked volatility in Brazil starts to pick up 5-6 months ahead of the October event



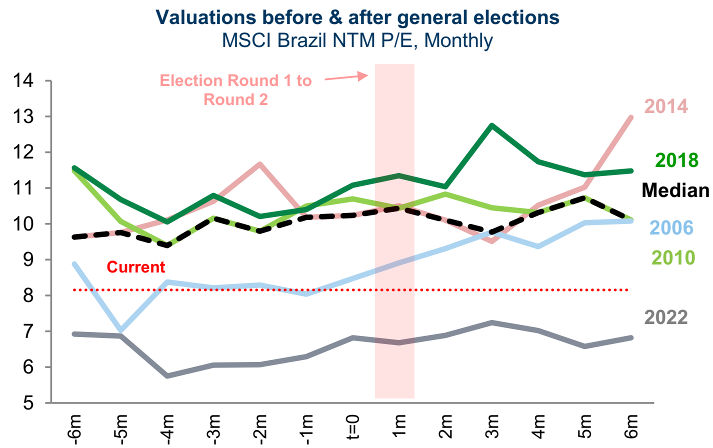
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 38: Domestic Cyclicals and Rate Sensitive pockets have been relative outperformers 6 months heading into the past election cycles

MSCI Brazil Performance 6m before election							
Sector	2006	2010	2014	2018	2022	Median	vs MSCI Brazil
Domestic Cyclicals	3%	11%	5%	-12%	-18%	3%	8%
Rate Sensitives	-2%	11%	7%	-10%	-8%	-2%	2%
Brazil ex-commodities	-3%	9%	6%	-12%	-11%	-3%	1%
Defensives	-4%	7%	2%	-16%	-15%	-4%	0%
Small Caps	3%	19%	-4%	-11%	-16%	-4%	0%
Financials	-5%	9%	9%	-10%	-5%	-5%	-1%
Brazil commodities	-7%	-14%	-3%	16%	-19%	-7%	-3%
MSCI Brazil	**-5%**	**-4%**	**3%**	**-4%**	**-14%**	**-4%**	

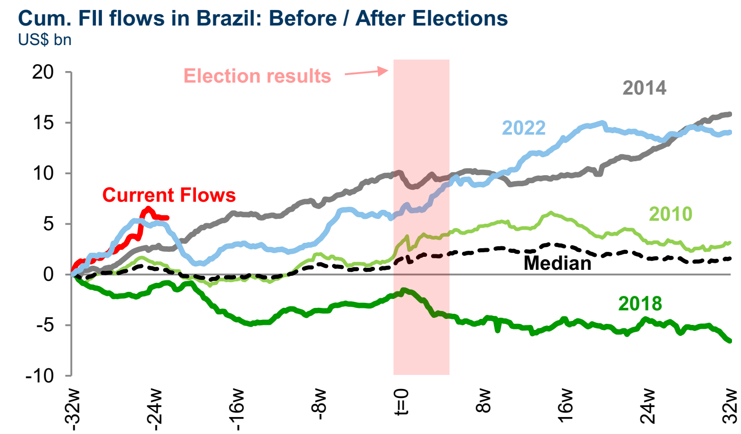
Source: Goldman Sachs Global Investment Research

Exhibit 39: Elections have tended to have modest impact on valuations overall, but current starting valuation levels are reasonable relative to past election cycles



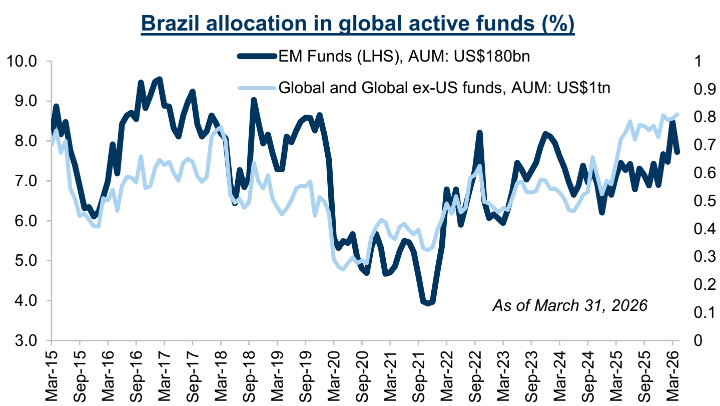
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 40: Foreign flows into Brazilian equities have generally been positive heading into the elections despite weak flows in the broader EM historically



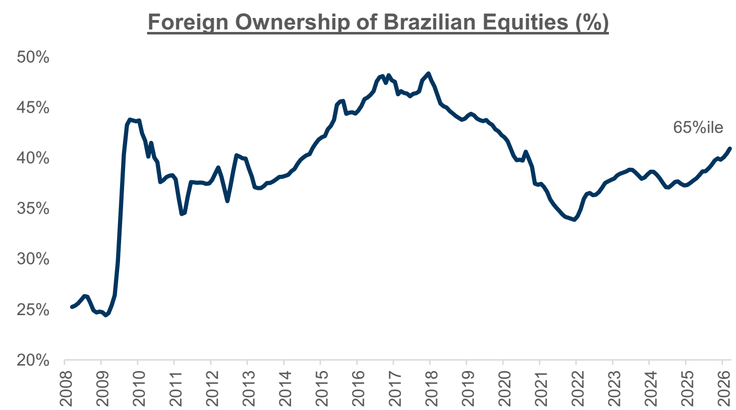
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 41: While Brazil's allocation in global active funds has risen...



Source: EPFR, Goldman Sachs Global Investment Research

Exhibit 42: Foreign ownership of Brazilian equities remains close to longer-term average levels



Source: B3, Goldman Sachs Global Investment Research

Performance Snapshot: Regions, Markets, Commodities and FX

Exhibit 43: Price performance of MSCI market and regional indices

Updated on May 29, 2:00 PM GMT

Global Equities			
Indices	Performance ($)		
	1w	YTD	RSI
MSCI EM	3.9%	24.8%	50
MXAPJ	3.7%	24.8%	51
MSCI Japan	1.9%	15.1%	49
S&P 500	1.2%	10.5%	71
MSCI World	1.1%	9.6%	63
Europe	0.5%	4.7%	53

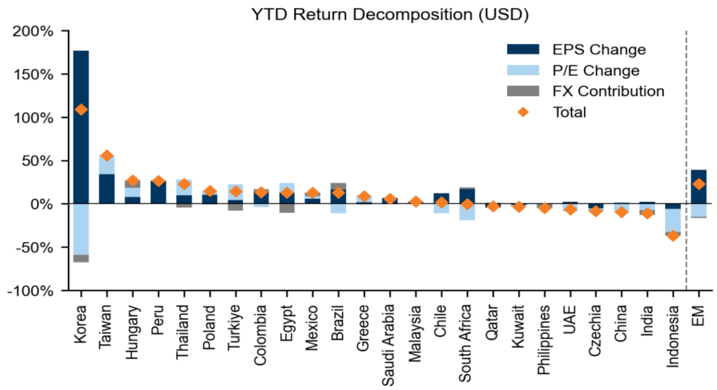
MSCI EM Sectors			
Sectors	Performance ($)		
	1w	YTD	RSI
IT	9.5%	88.9%	73
Materials	1.9%	5.8%	45
Utilities	0.9%	6.5%	37
Financials	0.5%	-0.2%	44
Industrials	0.4%	22.3%	52
Real Estate	0.2%	-3.0%	46
Healthcare	-0.6%	-3.4%	33
Telecom	-0.7%	-18.1%	32
Cons Staples	-0.8%	-3.6%	31
Cons Discre.	-0.9%	-8.0%	38
Energy	-1.6%	8.3%	29

Commodities			
Commodities	Performance ($)		
	1w	YTD	RSI
Natural Gas	13.0%	-10.9%	70
Copper	-0.2%	8.1%	56
Gold	-0.5%	3.6%	27
Iron Ore	-0.6%	1.8%	21
S&P GSCI	-3.9%	28.1%	41
WTI	-8.0%	54.8%	42
Brent	-9.5%	54.0%	74

MSCI EM Markets							
Indices		Equities Performance				Currency	
	Weight	1w	YTD	YTD ($)	RSI	Spot	1w Chg
	(%)	(loc)	(loc)	($)			(%)
Korea	22.6%	10%	127%	117%	60	1502.8	-0.9%
Taiwan	26.1%	6%	60%	60%	58	31.4	-0.3%
Greece	0.5%	6%	12%	9%	51	0.9	-0.4%
Colombia	0.1%	5%	13%	13%	56	3650.9	-0.3%
Peru	0.4%	5%	27%	27%	62	3.4	0.0%
Hungary	0.3%	4%	21%	31%	34	304.0	-1.7%
Chile	0.5%	4%	2%	2%	45	894.1	-0.8%
MSCI EM	-	4%	25%	25%	50	-	-
Qatar	0.5%	3%	-3%	-3%	41	3.6	0.0%
South Africa	3.1%	2%	-2%	0%	40	16.3	-1.0%
Thailand	1.0%	2%	28%	24%	57	32.7	0.1%
Poland	1.1%	2%	17%	16%	53	3.6	-0.7%
Kuwait	0.5%	1%	-3%	-3%	34	0.3	0.0%
UAE	1.1%	1%	-6%	-7%	28	3.7	0.0%
Mexico	1.8%	1%	13%	13%	42	17.3	0.0%
Egypt	0.1%	0%	24%	13%	35	52.2	-1.3%
Saudi Arabia	2.4%	0%	6%	6%	49	3.8	0.0%
India	11.1%	0%	-6%	-11%	37	95.7	0.0%
Indonesia	0.6%	-1%	-33%	-38%	0	17780.0	0.5%
Brazil	4.0%	-1%	12%	12%	28	5.0	0.4%
China	20.5%	-1%	-8%	-9%	18	6.8	-0.2%
Malaysia	1.0%	-2%	1%	3%	2	4.0	0.3%
Turkey	0.4%	-3%	22%	14%	24	45.9	0.4%
Czech	0.1%	-3%	-7%	-8%	46	20.8	-0.4%
Philippines	0.3%	-4%	-4%	-8%	27	61.6	-0.2%

Source: Bloomberg, FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 44: MSCI EM returns since start of the year have been earnings-driven



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 45: EM Regional market performance

Annual Returns in USD								
	North Asia	EM Europe	LatAm	MENA	S. Africa	ASEAN	China	India
2015	(11%)	(31%)	(33%)	(24%)	(27%)	(21%)	(10%)	(7%)
2016	10%	(5%)	28%	4%	15%	6%	(1%)	(3%)
2017	36%	40%	21%	1%	33%	24%	51%	37%
2018	(18%)	(26%)	(9%)	12%	(27%)	(10%)	(20%)	(9%)
2019	20%	3%	15%	5%	7%	3%	21%	6%
2020	40%	(14%)	(16%)	(6%)	(6%)	(9%)	27%	14%
2021	6%	0%	(14%)	30%	1%	(5%)	(23%)	25%
2022	(32%)	(9%)	0%	(7%)	(7%)	(3%)	(24%)	(9%)
2023	24%	25%	25%	2%	(2%)	(5%)	(13%)	20%
2024	7%	1%	(30%)	1%	4%	(2%)	16%	11%
2025	55%	49%	46%	2%	73%	1%	28%	3%
1W	5%	1%	0%	1%	3%	0%	(2%)	1%
YTD	77%	14%	13%	1%	0%	(5%)	(10%)	(11%)

Source: FactSet, Goldman Sachs Global Investment Research

Leaders & Laggards

Exhibit 46: Relative price performance (US$) of MSCI EM markets vs. MSCI EM index

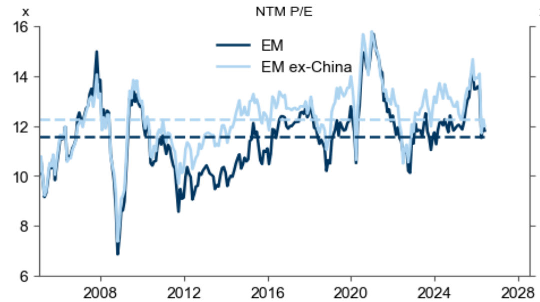
	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	MTD
Brazil	-4%	2%	-9%	8%	-2%	-3%	10%	-6%	8%	-2%	11%	-11%	-16%
Chile	-3%	0%	-7%	10%	-8%	3%	11%	4%	4%	-12%	5%	-10%	-8%
Colombia	-7%	2%	-1%	11%	-1%	5%	9%	-1%	19%	-18%	20%	-21%	-7%
Mexico	-1%	-4%	-2%	2%	3%	-5%	5%	0%	1%	2%	5%	-12%	-5%
Peru	0%	2%	0%	6%	6%	-1%	2%	7%	18%	2%	1%	-18%	1%
Czech Rep	0%	0%	-2%	4%	-5%	-3%	6%	0%	-10%	-9%	8%	-11%	-9%
Egypt	0%	-6%	10%	4%	-1%	1%	6%	-1%	16%	-7%	-8%	1%	-7%
Greece	7%	1%	4%	1%	-4%	-8%	7%	-2%	5%	-11%	1%	-6%	0%
Hungary	-3%	-2%	1%	3%	-8%	5%	8%	0%	10%	-7%	3%	9%	-10%
Poland	-2%	1%	-1%	-6%	-5%	0%	4%	5%	-1%	-4%	6%	-7%	-2%
South Africa	1%	-1%	-1%	5%	4%	-4%	6%	6%	-1%	4%	-6%	-12%	-6%
Turkey	-5%	5%	4%	1%	-8%	-8%	-1%	1%	15%	-6%	5%	-4%	-16%
China	-2%	-3%	3%	4%	3%	-8%	0%	-4%	-4%	-11%	6%	-11%	-12%
India	-3%	-2%	-7%	-4%	-6%	0%	3%	-3%	-14%	-4%	-2%	-5%	-8%
Indonesia	5%	-11%	-3%	-1%	-9%	0%	4%	-4%	-14%	-7%	-3%	-22%	-20%
Korea	4%	12%	2%	-3%	3%	19%	-6%	10%	19%	16%	-12%	24%	23%
Malaysia	-5%	-3%	-4%	3%	-4%	-4%	4%	3%	-2%	-6%	8%	-10%	-10%
Philippines	-3%	-7%	-6%	0%	-12%	-4%	5%	-2%	-4%	2%	-2%	-17%	-6%
Taiwan	9%	3%	3%	-2%	2%	6%	-3%	3%	2%	7%	0%	12%	6%
Thailand	-8%	-9%	13%	-2%	-4%	0%	0%	0%	-2%	14%	2%	-10%	-3%
Kuwait	-2%	0%	1%	-4%	-4%	-4%	0%	-2%	-12%	-6%	11%	-11%	-9%
Qatar	-3%	-3%	4%	-2%	-9%	-5%	-1%	-1%	-3%	-8%	5%	-12%	-7%
Saudi Arabia	-10%	-4%	-3%	-3%	2%	-4%	-6%	-3%	2%	-11%	17%	-16%	-9%
UAE	-1%	-1%	8%	-6%	-10%	0%	-4%	3%	-2%	-2%	-4%	-10%	-9%

		May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	MTD
Cyclicals	Tech Hardware & Semis	7%	6%	4%	0%	5%	11%	-4%	6%	9%	12%	-4%	19%	18%
	Software & Services	-2%	-2%	-11%	2%	-9%	0%	2%	-1%	-8%	-21%	10%	-13%	-11%
	Capital Goods	4%	5%	-1%	3%	-2%	6%	3%	0%	4%	2%	-3%	11%	-6%
	Transportation	4%	-3%	-2%	-2%	-8%	-3%	3%	-1%	-5%	0%	4%	-11%	-8%
	Autos & Components	-1%	-5%	-3%	3%	-4%	-4%	-3%	-1%	-4%	5%	-3%	-7%	-4%
	Consumer Retail & Svcs	-4%	-4%	1%	-1%	12%	-8%	-3%	-5%	-4%	-13%	0%	-10%	-13%
	Media & Entertainment	0%	-1%	4%	5%	5%	-9%	-2%	-4%	-6%	-20%	3%	-16%	-14%
Commods	Energy	-2%	0%	-2%	-2%	-4%	0%	4%	-3%	-3%	-2%	14%	-8%	-15%
	Chemicals & Other Materials	-5%	1%	4%	-3%	-8%	-2%	6%	-2%	-4%	-1%	4%	-4%	-12%
	Metals & Mining	-2%	4%	0%	10%	14%	-3%	11%	6%	7%	3%	-6%	-12%	-6%
Financials	Banks	0%	-1%	-2%	-2%	-5%	-2%	4%	-2%	-4%	-4%	5%	-11%	-10%
	Real Estate	-5%	1%	-2%	-2%	-7%	-6%	3%	-4%	-3%	-2%	-7%	-7%	-7%
	Insurance and other Financials	1%	1%	-4%	2%	-6%	-1%	4%	1%	-4%	-3%	-1%	-6%	-7%
Defensives	Telecom Services	-5%	-1%	-4%	0%	-6%	1%	3%	-3%	-7%	-1%	6%	-11%	-8%
	Consumer Staples	-5%	-6%	-3%	-1%	-7%	-6%	2%	-4%	-8%	-3%	4%	-11%	-11%
	Utilities	-5%	0%	-5%	-1%	-4%	-1%	4%	-5%	-4%	0%	8%	-7%	-12%
	Healthcare	-3%	-1%	8%	4%	-5%	-6%	5%	-8%	-5%	-3%	4%	-11%	-12%

Source: FactSet, Goldman Sachs Global Investment Research

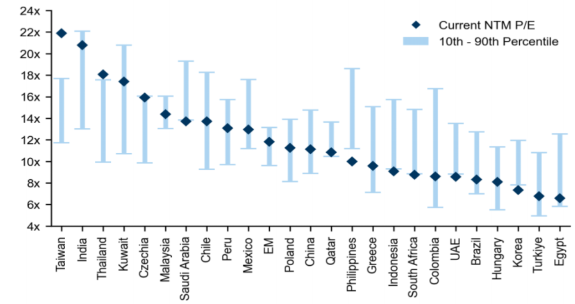
Valuations in Context

Exhibit 47: MSCI EM valuation has edged down recently



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 48: Valuation dispersion persists across EM markets



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 49: Valuation Z-score Markets

	Current			Z-Score [10-years]			
	PE	PB	DY	PE	PB	DY	Average
Indonesia	9.1	1.7	6.7	(3.1)	(2.5)	(2.9)	(2.8)
Philippines	10.0	1.6	3.3	(1.7)	(1.1)	(2.3)	(1.7)
Qatar	10.8	1.5	4.6	(0.9)	(1.0)	(1.1)	(1.0)
Egypt	6.6	2.4	4.2	(0.6)	0.0	(1.7)	(0.8)
Saudi Arabia	13.7	2.2	3.8	(1.3)	0.3	(0.5)	(0.5)
UAE	8.6	1.7	5.1	(1.1)	0.5	(0.9)	(0.5)
China	11.1	1.5	2.2	(0.3)	(0.6)	(0.2)	(0.4)
Malaysia	14.4	1.6	3.9	(0.3)	0.6	(0.7)	(0.2)
Hungary	8.1	1.4	3.3	(0.1)	0.5	(0.9)	(0.2)
Brazil	8.3	1.9	5.7	(0.6)	0.4	0.0	(0.1)
Mexico	13.0	2.5	3.7	(0.4)	1.3	(1.0)	0.0
South Africa	8.8	2.4	3.2	(1.1)	1.2	(0.2)	0.0
Greece	9.6	1.5	3.2	(0.1)	0.7	(0.4)	0.1
Kuwait	17.4	2.1	3.4	0.2	0.5	(0.1)	0.2
India	20.8	3.5	1.2	0.3	0.3	0.2	0.3
Turkiye	6.8	1.2	2.5	0.6	(0.2)	0.6	0.3
Colombia	8.6	1.6	5.1	(0.3)	2.1	0.0	0.6
Thailand	18.1	2.2	3.1	1.3	1.3	(0.4)	0.7
Chile	13.7	2.0	2.5	0.2	1.7	0.7	0.9
Poland	11.2	1.9	3.7	0.4	3.0	(0.5)	1.0
Czechia	15.9	2.3	5.6	1.3	1.6	0.5	1.2
Peru	13.1	3.5	2.9	0.3	3.2	0.1	1.2
Korea	7.4	3.3	0.7	(1.7)	7.6	3.2	3.1
Taiwan	21.9	5.8	1.4	3.2	5.0	2.5	3.6
EM	11.8	2.6	1.9	(0.4)	4.0	1.7	1.8

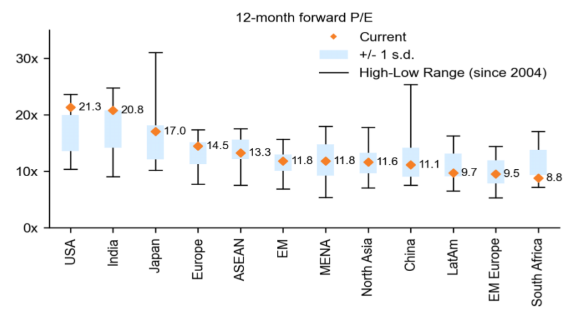
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 50: Valuation Z-score Sectors

	Current			Z-Score [10-years]			
	PE	PB	DY	PE	PB	DY	Average
Consumer Staples	18.6	3.4	3.1	(1.5)	(0.9)	(3.1)	(1.8)
Consumer Discretionary	14.2	2.1	1.4	(0.6)	(0.6)	(1.0)	(0.7)
Communication Services	13.4	2.6	1.9	(1.5)	(0.2)	0.2	(0.5)
Health Care	26.2	3.9	1.0	(0.3)	0.0	(0.7)	(0.3)
Real Estate	10.7	1.1	4.1	1.1	(0.2)	(0.2)	0.2
Financials	9.1	1.3	3.8	0.8	1.2	(0.3)	0.6
Utilities	12.4	1.6	3.4	0.7	2.0	(0.2)	0.8
Energy	9.5	1.5	4.1	0.5	2.1	0.5	1.0
Materials	11.3	2.2	2.5	0.1	2.4	1.0	1.2
Information Technology	11.7	6.8	0.9	(1.7)	6.0	2.2	2.2
Industrials	16.2	2.8	1.6	2.0	4.1	0.9	2.3

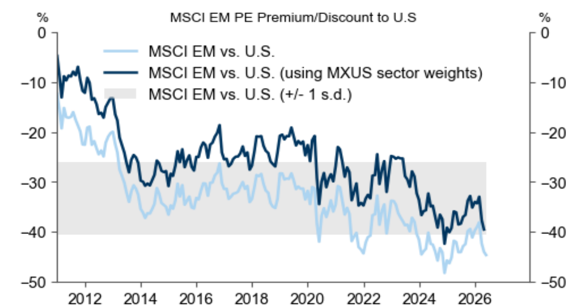
Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

Exhibit 51: EM valuations have reset to 10-year average levels and remain at a wide discount to US and other key DM regions globally



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 52: EM equities trade at a discount to US equities, even on a sector-adjusted basis



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 53: GEMunds marked theastest annual pace of buying over the past two decades

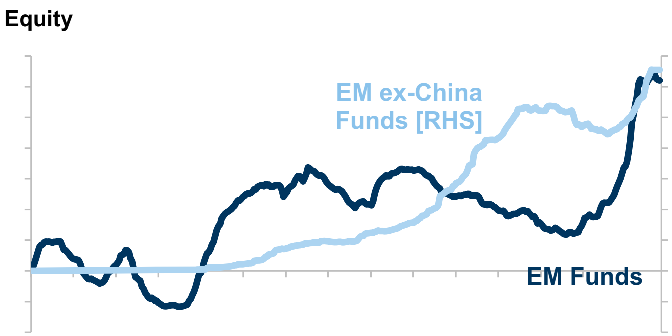
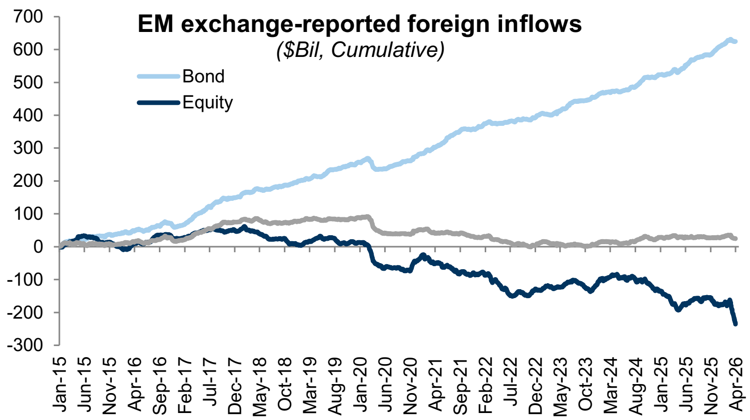


Exhibit 54: EM-Focused Equity Fund Flows

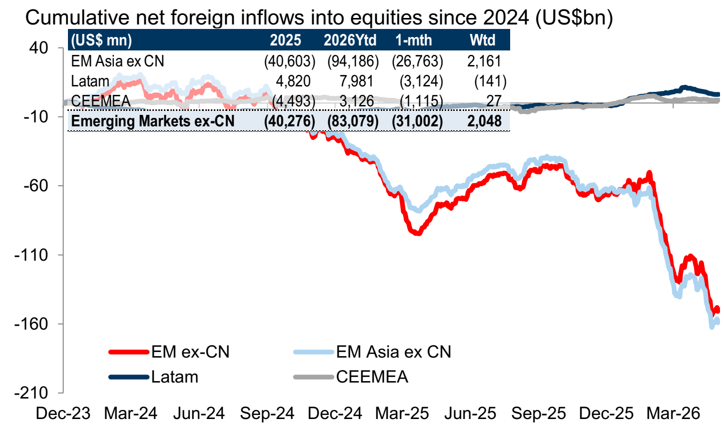
Fund Flows and Liquidity

Exhibit 57: EM exchange-reported foreign inflows



Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Exhibit 58: FII flows by region



Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

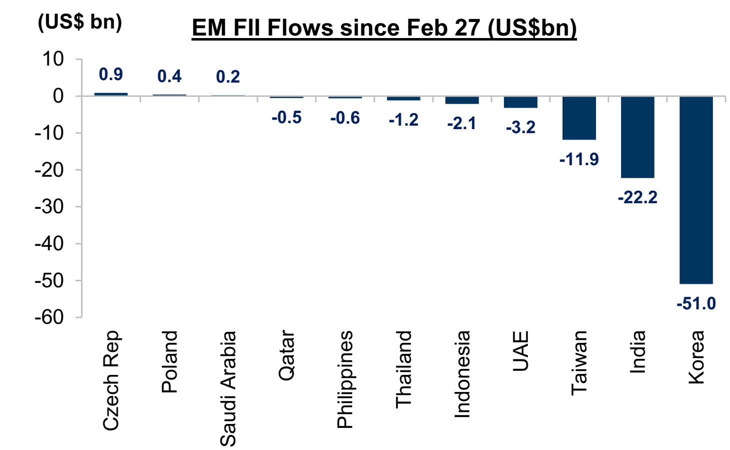
Exhibit 59: FII flows by market

FII flows (US$ bn)

Markets	2021	2022	2023	2024	2025	2026YTD	1m	1w
EM Asia								
Korea	(20.1)	(22.8)	10.1	1.7	(3.9)	(64.2)	(29.0)	(2.7)
Indonesia	(3.2)	2.7	(0.3)	1.4	(1.1)	(2.7)	0.2	(0.2)
India	23.4	3.8	21.4	(0.8)	(18.8)	(23.8)	(3.8)	0.1
Philippines	(2.5)	(0.0)	(0.9)	(0.4)	(0.9)	(0.2)	(0.2)	(0.1)
Malaysia	(5.8)	(0.8)	(0.5)	(0.9)	(5.2)	(0.2)	(0.6)	(0.2)
Thailand	(8.3)	(1.6)	(5.5)	(4.4)	(3.2)	0.7	0.2	0.0
Taiwan	(16.0)	(15.3)	6.5	(19.7)	(7.6)	(3.9)	6.4	5.2
EMEA								
Poland	(0.4)	0.5	0.5	1.1	(4.1)	0.9	-	-
Czech Rep	0.2	0.0	0.8	1.6	0.8	0.9	-	-
Turkiye	(0.2)	(1.4)	1.4	(2.6)	2.4	1.8	(0.5)	-
South Africa	(7.4)	(10.3)	(8.3)	(7.9)	(12.4)	0.8	-	-
Saudi Arabia	5.3	6.5	3.8	6.2	6.3	0.6	0.1	-
UAE	(0.4)	4.0	(1.9)	5.7	2.3	(1.9)	(0.6)	0.0
Qatar	0.2	1.6	0.4	(0.7)	0.2	0.1	(0.1)	(0.0)
LATAM								
Brazil	(9.7)	(1.2)	9.2	(6.6)	4.8	8.0	(3.1)	(0.1)
EM	(45.0)	(34.4)	36.7	(26.2)	(40.3)	(83.1)	(31.0)	2.0

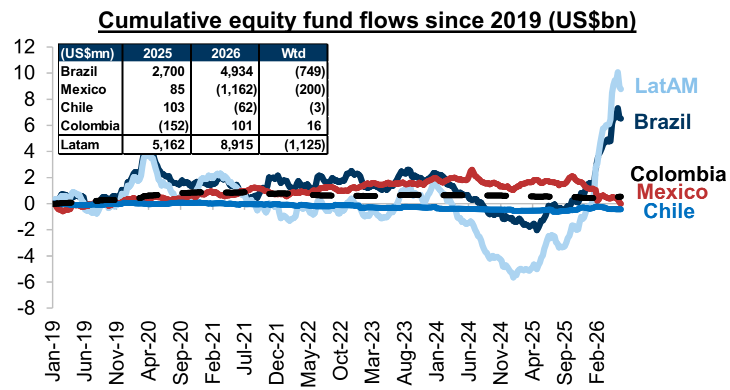
Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Exhibit 60: EM markets have seen significant foreign selling since the Iran war started



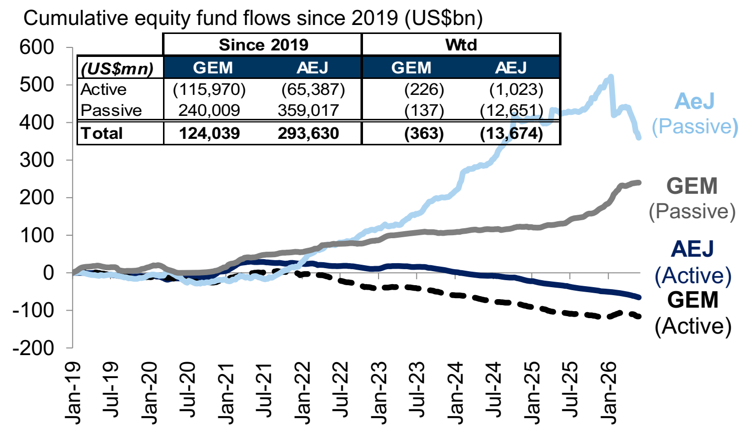
Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Exhibit 61: Cumulative Equity Fund Flows



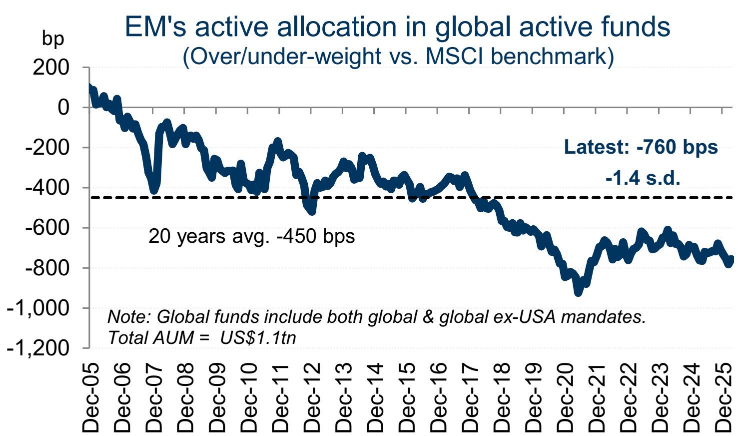
Source: Bloomberg, EPFR, HKEx, FactSet, Goldman Sachs Global Investment Research

Exhibit 62: Equity Fund Flows



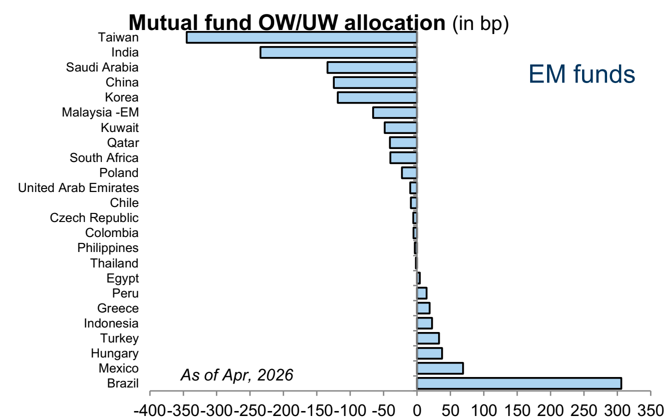
Source: EPFR

Exhibit 63: Global mutual funds still have large underweight allocations in EM



Source: EPFR, Goldman Sachs Global Investment Research

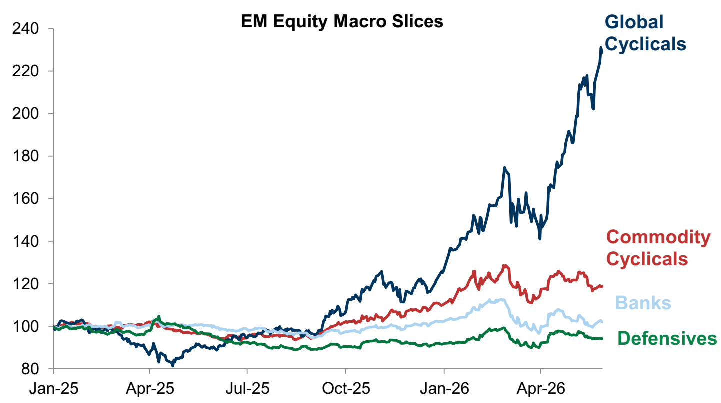
Exhibit 64: EM mutual funds are most UW Taiwan and India, and most OW Brazil and Mexico



Source: EPFR, Goldman Sachs Global Investment Research

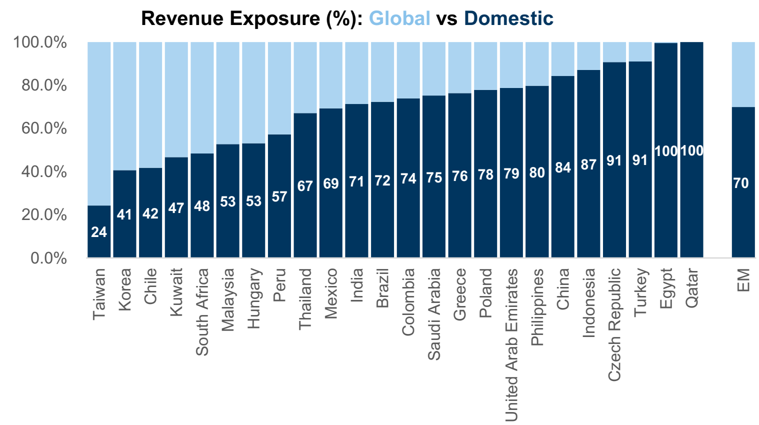
EM Macro Equity/Thematic Slices

Exhibit 65: EM Macro Slices Performance



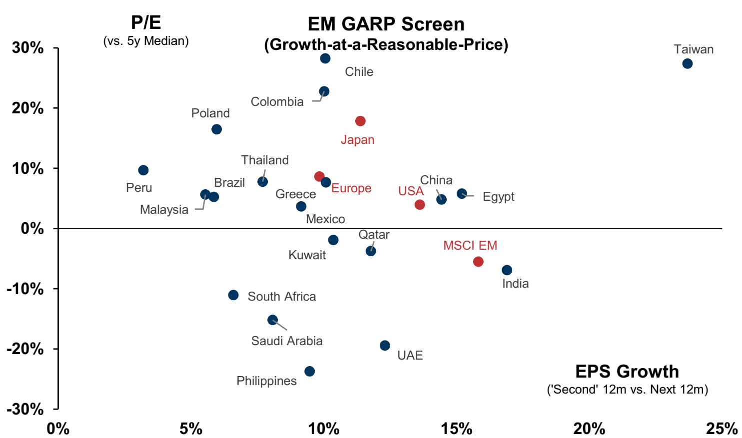
Source: Goldman Sachs Global Investment Research, FactSet

Exhibit 66: Revenue Exposure by Economy



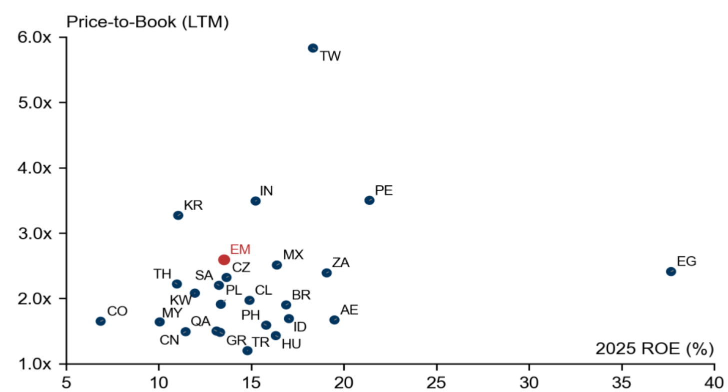
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 67: P/E vs Earnings Growth



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

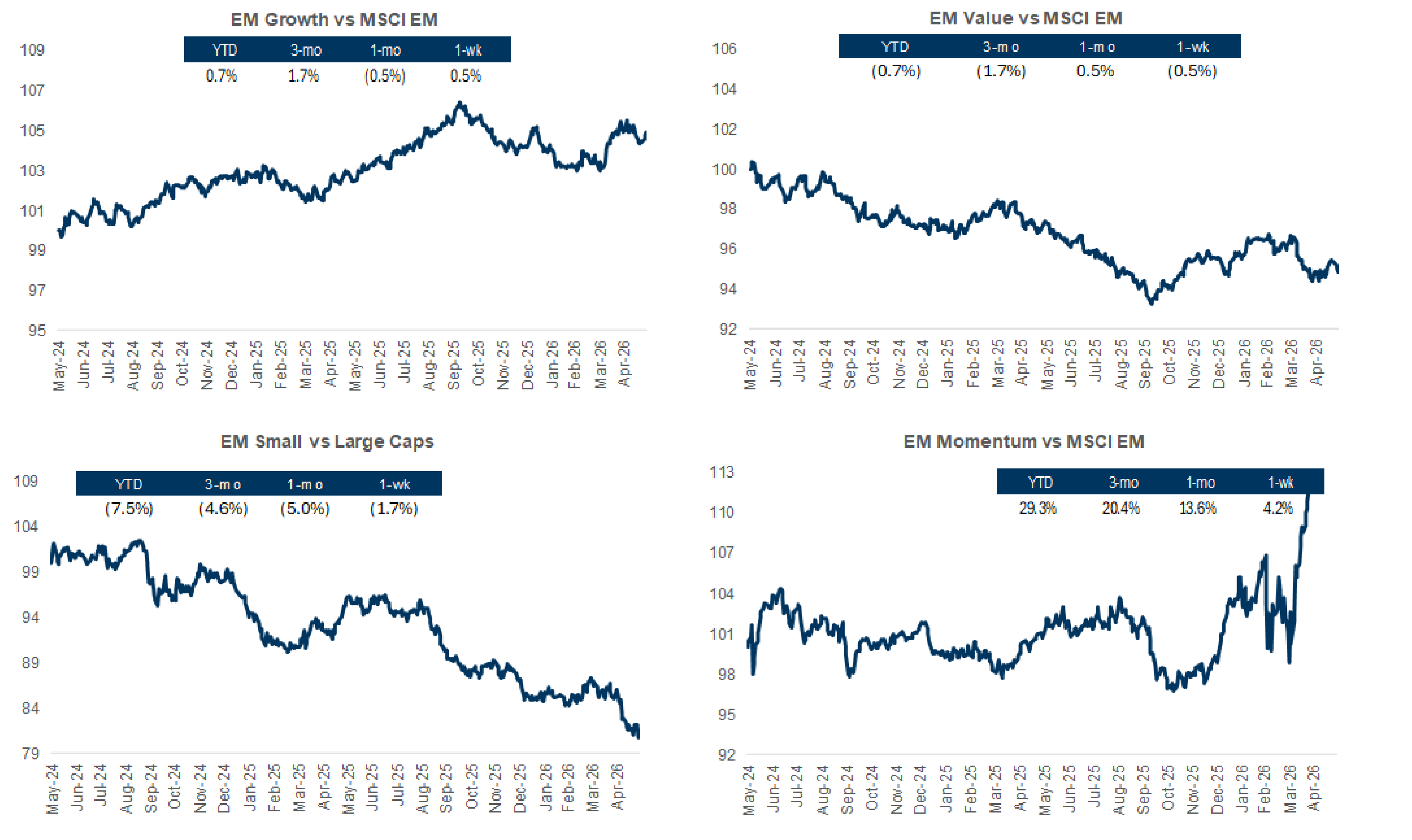
Exhibit 68: ROE vs P/B



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Style Monitor

Exhibit 69: EM factor/Style performance



Source: FactSet, Bloomberg, Goldman Sachs Global Investment Research

Macro Forecasts

Exhibit 70: GS Macro forecasts

	GDP growth					Inflation					Policy rate				
	2025	2026		2027		2025	2026		2027		Current	2026		2027	
	Actual*	GS	Cons	GS	Cons	Actual*	GS	Cons	GS	Cons		GS	Cons	GS	Cons
Brazil	2.3	2.2	1.8	1.8	1.8	4.3	5.0	4.5	4.0	4.0	14.5	13.2	13.0	10.8	11.1
Chile	2.5	1.6	2.0	2.6	2.5	3.4	4.1	3.6	2.8	3.2	4.5	4.5	4.5	4.2	4.4
China	5.0	4.7	4.6	4.7	4.4	0.1	1.0	1.0	1.0	1.1	1.4	1.4	1.6	1.3	1.4
Colombia	2.6	2.2	2.5	2.4	2.4	5.1	6.5	5.7	4.6	5.0	11.2	12.2	11.3	11.2	10.0
Czech Republic	2.6	2.0	2.2	2.4	2.4	2.4	2.4	2.4	2.1	2.5	3.5	3.5	3.6	3.0	3.5
Hungary	0.4	1.9	1.8	2.5	2.5	4.4	2.0	3.2	2.4	3.6	6.2	5.8	5.9	4.0	5.0
India	6.5	7.5	7.5	6.1	6.4	4.7	2.2	2.0	5.1	4.9	6.3	5.3	5.5	5.8	5.6
Indonesia	5.1	4.9	5.0	4.6	5.0	1.9	3.8	3.2	2.2	2.8	5.2	5.8	5.5	5.8	5.2
Israel	3.2	2.0	3.3	4.9	4.5	3.1	1.8	2.1	1.8	2.0	3.8	3.2	3.6	3.2	3.2
Malaysia	5.2	4.2	4.5	3.9	4.4	1.4	2.3	2.1	2.1	2.0	2.8	2.8	2.8	2.8	2.8
Mexico	0.5	1.2	1.2	1.7	1.8	3.7	4.5	4.1	3.7	3.8	6.5	6.5	6.5	6.5	6.6
Peru	3.4	3.3	2.9	2.5	3.0	1.5	3.7	2.6	2.4	2.2	4.2	4.2	4.2	4.2	4.3
Philippines	4.4	3.5	4.0	5.8	5.4	1.6	5.7	6.2	2.9	3.9	4.5	5.5	5.1	5.5	4.8
Poland	3.7	3.3	3.5	3.4	3.0	3.8	3.1	3.2	2.3	2.9	3.8	3.8	3.8	3.5	3.6
Romania	0.7	-0.2	0.2	2.6	2.4	7.3	8.1	8.0	3.5	3.9	6.5	6.5	6.3	4.5	5.2
Russia	1.0	0.9	1.0	1.8	1.3	8.7	6.1	5.6	5.1	4.5	14.5	12.0	12.6	8.0	9.1
South Africa	1.1	1.4	1.3	1.7	1.6	3.2	4.2	4.0	3.3	3.5	6.8	7.2	6.9	6.5	6.3
South Korea	1.0	2.5	2.5	1.7	2.0	2.1	2.4	2.6	2.1	2.1	2.5	3.0	2.8	3.0	2.8
Thailand	2.4	1.3	1.8	1.2	2.1	-0.1	2.6	2.5	2.1	1.5	1.0	1.0	1.0	1.0	1.1
Turkey	3.6	2.7	3.1	3.6	3.7	34.9	30.2	30.2	19.6	21.7	37.0	37.0	33.9	29.0	25.4

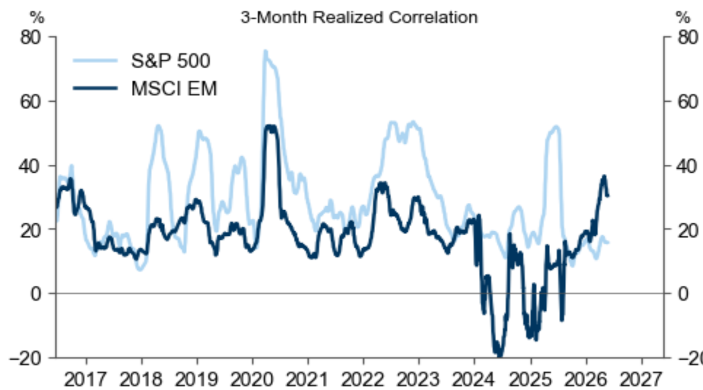
* We take GS forecast if actual not available.

Light blue cells indicate GS forecast above Bloomberg (median) consensus, grey cells indicate GS forecast below Bloomberg (median) consensus. For GDP and inflation, annual average data are used for GS forecasts and consensus. For India, GDP and inflation data are referred to fiscal year (2026 is India FY2026). For policy rates, end-of-year data are used for GS forecasts and consensus.

Source: Goldman Sachs Global Investment Research, Bloomberg

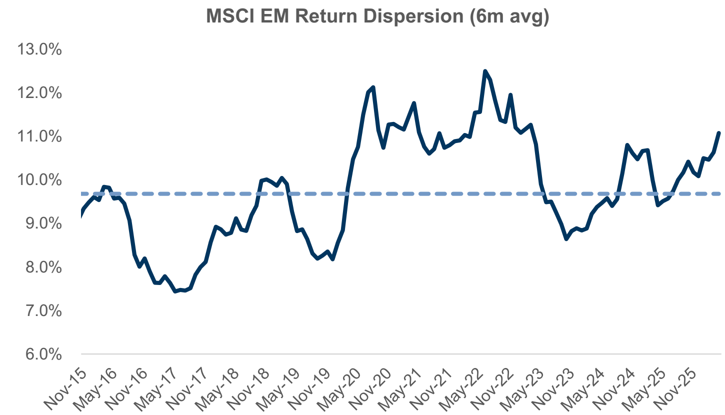
Equity Risk, Volatility and Correlation

Exhibit 71: 3m Realized Correlation



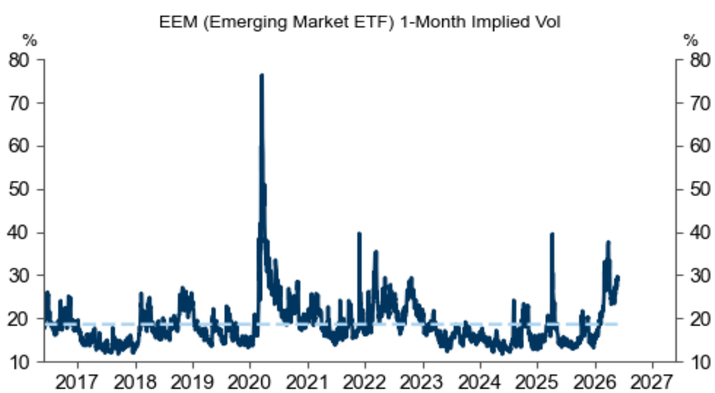
Source: Goldman Sachs Global Investment Research

Exhibit 72: Dispersion of Monthly Returns



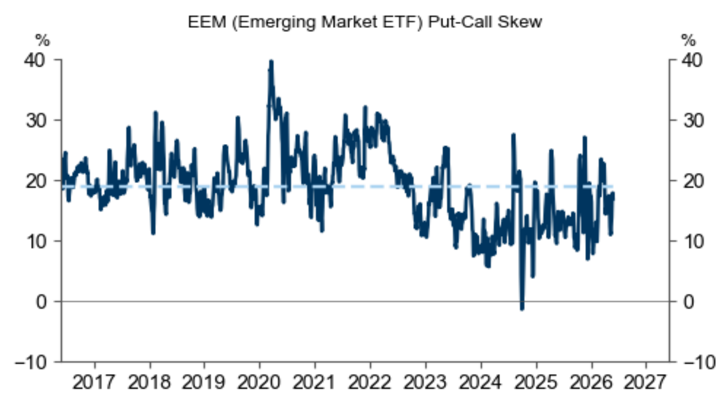
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 73: 1m Option Implied Vol for EEM (Emerging Market ETF)



Source: Goldman Sachs Global Investment Research

Exhibit 74: Put-Call Skew for EEM (Emerging Market ETF)



Source: Goldman Sachs Global Investment Research

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