EM WEEKLY KICKSTART

MSCI EM fell 2% amid Middle East re-escalation and Momentum Unwind for the 3rd consecutive week; Korea fell 8% while China rose 3%; 2Q profits expected to rise ~70% yoy led by Tech

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- **Performance:** MSCI EM fell -2% w/w, led by AI/Tech-heavy North Asia (Korea: -8%, Taiwan: -3%), while China (+3%) and Brazil (+2%), gained.
- **Earnings/valuations:** MXEF is trading at 10.7x fwd. P/E (-1.4 s.d, 10yr avg). EM 2026E EPS revised +0.4% w/w.
- **Flows:** EM equities saw foreign outflows of US$6.6bn w/w led by tech-heavy Taiwan (US$5.9bn) and Korea (US$2.3bn).
- **Macro:** Central banks were on hold in Peru, Egypt, Poland, and Malaysia. Based on dovish central bank comments in S. Africa, our economists shifted forward our cutting cycle forecast from Q2 to Q1 2027.

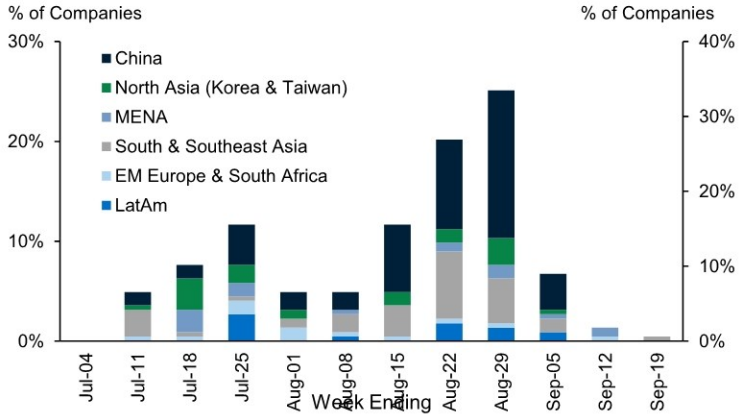
Focus: 2Q EPS Preview; Momentum unwind; Saudi Domestics

- **2Q Preview**: C2Q26 earnings season kicks off in the earnest in EM next week, with over 75% of the market cap reporting results in July. Consensus expects strong YoY EPS growth of 68% in 2Q, driven by strength in North Asia earnings. Ex-North Asia, EM earnings are expected to grow at ~8%, with strength in LatAm, set against softness in South Asia. Tech and Industrials are expected to be the strongest contributors to profit growth, while Discretionary and Utilities are expected to be the largest drags.
- **Momentum Unwind**. EM Momentum factor (M1EFMMT) has continued to drawdown for the 3rd consecutive week alongside US momentum, and is down ~15% since Jun 22nd. The sell-off has seen semis/AI pockets come under pressure — momentum drawdown has been steep in North Asia (Korea momentum: -22%; Taiwan: -8%). Similarly, the EM AI Infrastructure (-7%) and most popular Mutual Fund longs (-10%) sold off over the past three weeks. Sectorally, Tech and Industrials that have been the market leaders until recently have sold off about 15% each. Despite the sell-off in the AI/tech pockets, we continue to believe that memory fundamentals and profit growth are likely to remain strong, but expect EM market performance to continue to broaden going forward, as highlighted in our recent 2H report (2H: Broadening Gains).
- **Saudi Domestics**. We highlighted upside in domestic Saudi Arabia equities over the medium term as the Kingdom's renewed strategic spending plans materialize over the next few years.

Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html.

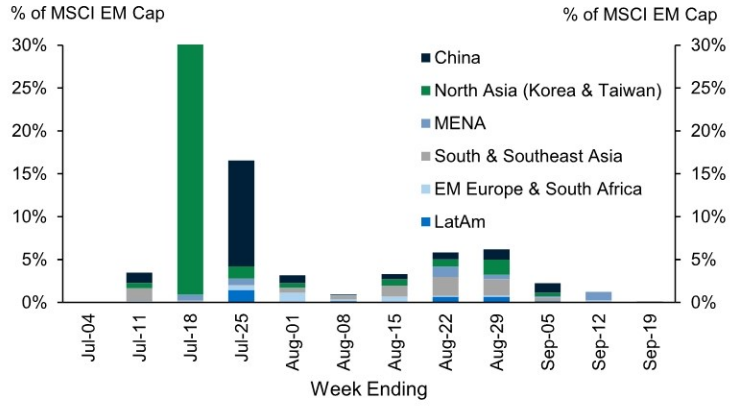
Focus: 2Q EPS Season kicks off in EM

Exhibit 1: 2Q reporting season is commencing in EM...



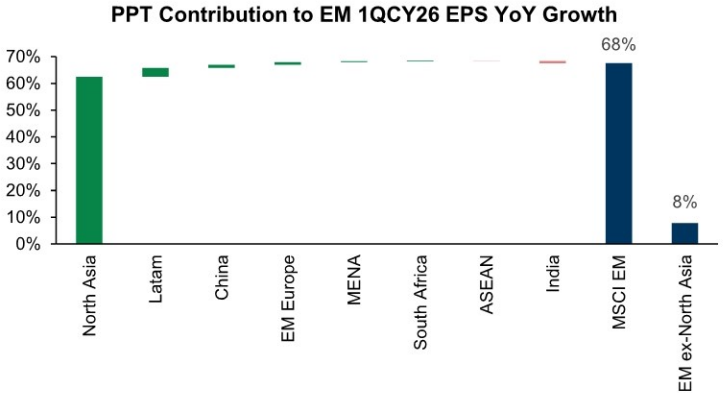
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 2: ...with a significant part of the market reporting over the next 4 weeks



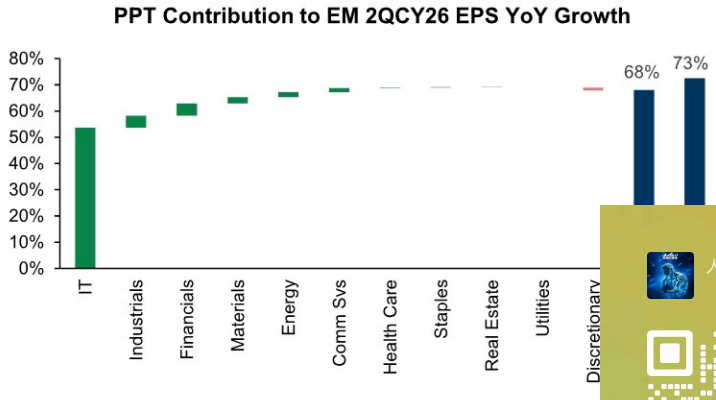
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 3: Consensus expects earnings to strongly grow at around 68% YoY led by North Asia. Growth outside North Asia is more modest at 8% YoY



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 4: Tech and Industrials are expected to be the strongest contributors to profit growth, while Discretionary and Utilities are expected to be the largest drags

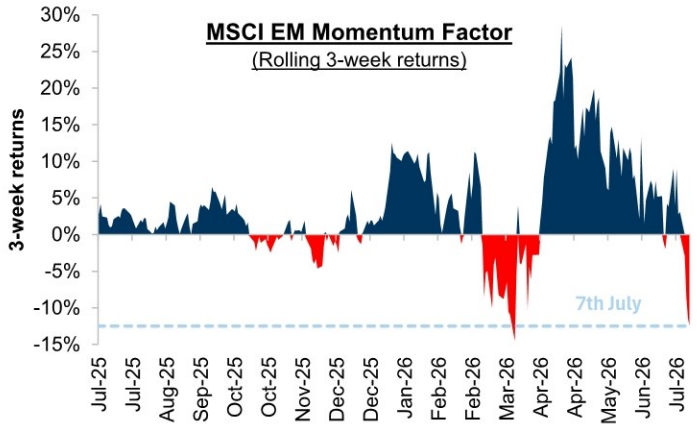


Source: FactSet, Goldman Sachs Global Investment Research

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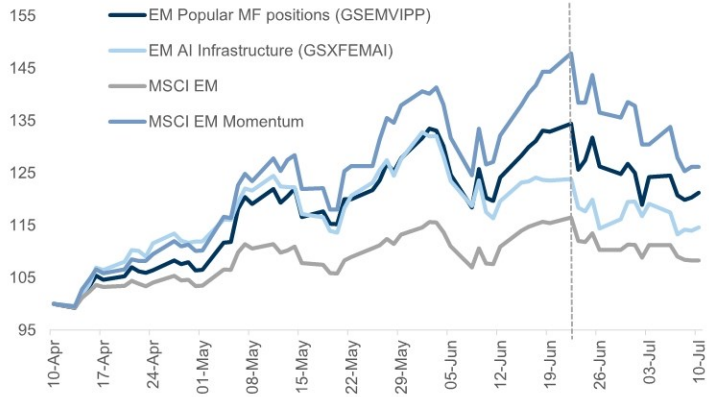
Focus: Momentum unwind continues

Exhibit 5: EM Momentum factor has come under pressure since June 22nd



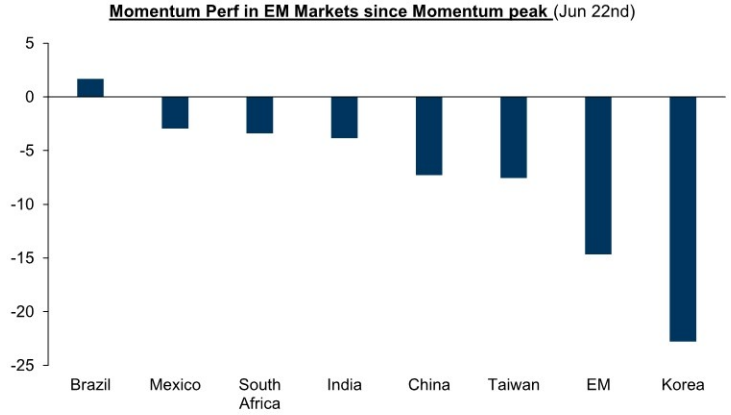
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 6: EM popular positions and AI stocks have come under pressure amid the momentum unwind



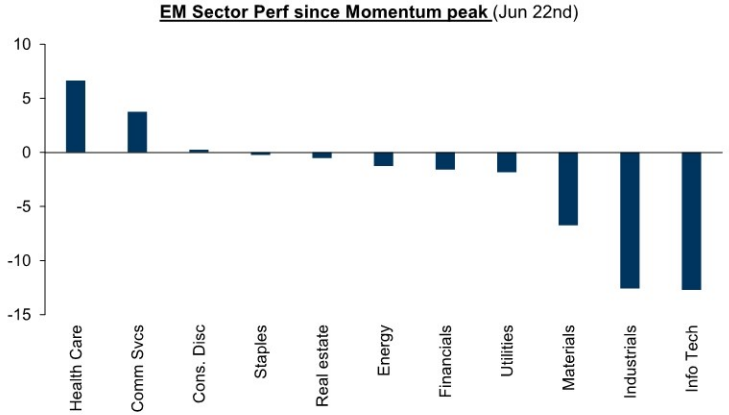
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 7: Momentum in North Asia has sold off the most, while Brazil momentum has gained modestly since June 22nd



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 8: Sectorally, Tech and Industrials have lagged, while Defensives (Healthcare, Telcos, Staples) have proved more resilient



Source: FactSet, Goldman Sachs Global Investment Research

Allocation and Key Market Views

Exhibit 9: Our market preferences emphasize diversification; We remain OW tech-heavy Taiwan, Korea, and idiosyncratic stories like Brazil, South Africa, Hungary and Greece

Allocation	Market	MSCI EM Weight (%)	Index	Index Level 09/07/2026	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	**Taiwan**	27.8%	TWSE	45,355	48%	30%	51,000	**12%**	2%	2%	**17%**
	Korea	21.1%	KOSPI	7,292	320%	35%	12,000	**65%**	3%	1%	**71%**
	Brazil*	3.9%	IBOV	172,742	20%	10%	215,000	**24%**	3%	6%	**28%**
	South Africa	2.9%	JSE 40	101,317	37%	9%	122,000	**20%**	4%	5%	**31%**
	Greece	0.5%	ASE	2,492	13%	9%	2,600	**4%**	-3%	5%	**6%**
	Hungary*	0.3%	BUX	142,613	13%	8%	150,000	**5%**	8%	3%	**14%**
Market-Weight	**China**	20.5%	MXCN	69	8%	12%	85	**23%**	1%	2%	**27%**
	India	11.3%	NIFTY	23,963	8%	13%	26,500	**11%**	-3%	1%	**9%**
	Saudi Arabia	2.5%	SASEIDX	10,808	9%	8%	12,000	**11%**	0%	4%	**16%**
	Mexico	1.7%	MEXBOL	66,107	11%	6%	72,000	**9%**	-3%	4%	**10%**
	UAE	1.2%	DFMGI	5,991	-1%	13%	6,300	**5%**	0%	5%	**10%**
	Malaysia	0.9%	FBMKLCI	1,678	8%	8%	1,820	**8%**	3%	3%	**15%**
	Chile*	0.5%	IPSA	11,025	-7%	6%	11,500	**4%**	8%	3%	**12%**
	Turkey	0.4%	XU100	14,105	40%	35%	15,000	**6%**	-13%	3%	**-5%**
	Colombia	0.2%	COLCAP	2,293	75%	10%	2,400	**5%**	3%	6%	**14%**
	Egypt	0.1%	EGX30	52,312	-1%	8%	54,000	**3%**	0%	4%	**8%**
Under Weight	**Poland***	1.1%	WIG	139,442	25%	3%	125,000	**-10%**	6%	4%	**-5%**
	Thailand	1.0%	SET	1,608	8%	6%	1,650	**3%**	2%	3%	**7%**
	Indonesia	0.5%	JCI	5,912	1%	8%	6,300	**7%**	1%	6%	**14%**
	Kuwait	0.5%	MSCI Kuwait	967	-5%	5%	950	**-2%**	0%	3%	**1%**
	Qatar	0.5%	DSM	10,091	-2%	8%	10,000	**-1%**	0%	5%	**4%**
	Philippines	0.3%	PCOMP	6,224	0%	8%	6,200	**0%**	0%	3%	**2%**
	Peru	0.4%	MSCI Peru	3,821	18%	3%	3,600	**-6%**	3%	3%	**0%**
	Czech Rep.	0.1%	PX	2,608	7%	-2%	2,350	**-10%**	5%	6%	**0%**
	EM (USD)		MSCI EM	**1,676**	**55%**	**20%**	**2,000**	**18%**	**1%**	**2%**	**22%**

*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

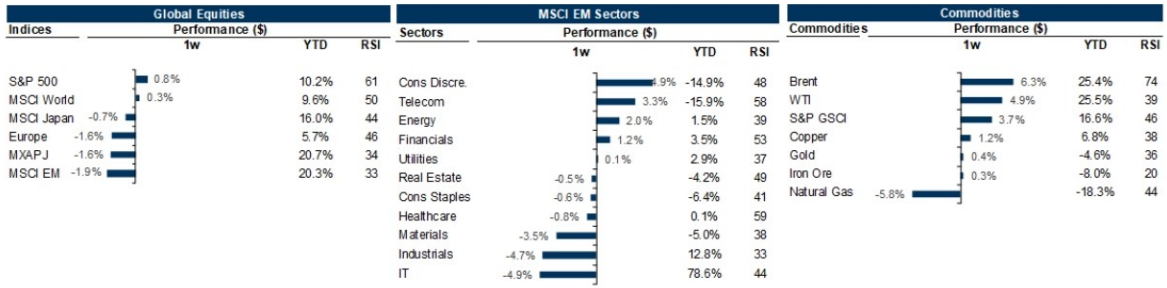
Exhibit 10: EM Sector Allocations: Our sector allocations are procyclical and emphasize our core themes; We are overweight Tech H/W, Banks, Cap Goods and Metals & Mining.

			Consensus estimates			Current Valuations			Performance
MSCI EM Sectors	GS Allocation	MSCI EM weight (%) Ascending	CY26E EPS growth (yoy)	CY27E EPS growth (yoy)	CY26-27 EPS CAGR (%)	NTM P/E (x)	LTM P/B (x)	PEG Ratio (2026 P/E / 2027 EPSg)	YTD returns (%, USD)
Tech Hardware & Semis	OW	42%	207	41	108	10.0x	7.0x	0.3	85%
Banks	OW ↑	14%	9	9	9	9.1x	1.2x	1.0	2%
Capital Goods	OW ↑	4%	94	16	50	12.3x	2.9x	0.8	2%
Metals & Mining	OW	3%	94	2	41	8.4x	2.2x	3.7	1%
Consumer Retail & Services	MW	14%	17	36	26	12.7x	2.0x	0.4	2%
Insurance & Other Financials	MW	5%	10	9	10	9.7x	1.6x	1.2	-20%
Internet/Media & Entertainment	MW ↓	3%	12	15	13	12.9x	2.7x	0.9	1%
Energy	MW ↓	3%	34	(8)	11	9.0x	1.4x	-1.0	1%
Consumer Staples	MW	3%	15	10	12	17.6x	3.3x	1.9	-7%
Telecommunication Services	MW	2%	19	14	17	15.9x	3.0x	1.2	2%
Utilities	MW	2%	13	11	12	13.4x	1.5x	1.3	2%
Chemicals & Other Materials	MW ↑	2%	130	20	66	16.2x	1.7x	0.9	-1%
Real Estate	MW	3%	(1)	18	8	10.2x	1.1x	0.6	-7%
Autos & Components	UW	3%	21	24	22	12.8x	1.7x	0.6	-7%
Health Care	UW	2%	14	20	17	26.1x	4.0x	1.5	-1%
Transportation	UW	1%	(4)	10	3	13.7x	1.9x	1.4	3%
Software & Services	UW	1%	7	10	9	19.1x	3.7x	2.0	-33%
Emerging Markets (MSCI EM)		**100%**	**63**	**24**	**42**	**10.7x**	**2.6x**	**0.5**	**19%**

Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Performance Snapshot: Regions, Markets, Commodities and FX

Exhibit 11: Price performance of MSCI market and regional indices
Updated on July 10, 14:15 PM GMT

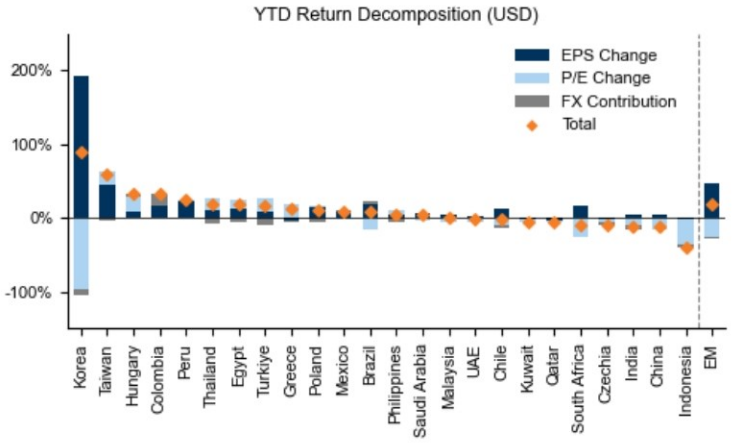


MSCI EM Markets

Indices		Equities Performance				Currency	
	Weight	1w	YTD	YTD ($)	RSI	Spot	1w Chg
	(%)	(loc)	(loc)	($)			(%)
Egypt	0.1%	4%	25%	20%	46	49.6	1.0%
Philippines	0.3%	3%	11%	6%	53	61.6	0.3%
China	20.4%	3%	-12%	-12%	45	6.8	0.2%
Poland	1.1%	3%	19%	12%	34	3.8	1.0%
Czech	0.1%	2%	-5%	-8%	52	21.2	0.4%
Indonesia	0.5%	2%	-36%	-40%	33	18075.0	0.7%
Brazil	3.9%	2%	11%	11%	54	5.1	-1.0%
Chile	0.5%	1%	0%	0%	39	929.5	0.8%
Colombia	0.2%	1%	32%	32%	49	3312.0	-0.8%
UAE	1.2%	1%	0%	-2%	43	3.7	0.0%
Malaysia	0.9%	1%	1%	1%	36	4.1	0.1%
Peru	0.4%	1%	28%	28%	40	3.4	0.2%
India	11.4%	0%	-4%	-10%	42	95.4	0.2%
Kuwait	0.5%	0%	-5%	-5%	27	0.3	-0.2%
Saudi Arabia	2.5%	0%	3%	3%	21	3.8	0.0%
Thailand	1.0%	0%	30%	23%	43	33.4	0.9%
Hungary	0.4%	-1%	31%	38%	49	312.3	1.1%
Greece	0.5%	-1%	18%	14%	42	0.9	0.1%
Qatar	0.5%	-1%	-7%	-7%	22	3.6	0.0%
Turkey	0.4%	-1%	27%	15%	34	46.9	0.2%
South Africa	3.0%	-2%	-8%	-6%	32	16.3	0.7%
Mexico	1.7%	-2%	8%	8%	28	17.5	0.4%
MSCI EM	-	-2%	20%	20%	33	-	-
Taiwan	27.4%	-3%	62%	58%	44	32.2	0.7%
Korea	21.3%	-8%	103%	95%	36	1506.1	-1.5%

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

Exhibit 12: MSCI EM returns since start of the year have been earnings-driven



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 13: EM Regional market performance

Annual Returns in USD	North Asia	EM Europe	LatAm	MENA	ASEAN	S. Africa	India	China
2015	(11%)	(31%)	(33%)	(24%)	(21%)	(27%)	(7%)	(10%)
2016	10%	(5%)	28%	4%	6%	15%	(3%)	(1%)
2017	36%	40%	21%	1%	24%	33%	37%	51%
2018	(18%)	(26%)	(9%)	12%	(10%)	(27%)	(9%)	(20%)
2019	20%	3%	15%	5%	3%	7%	6%	21%
2020	40%	(14%)	(16%)	(6%)	(9%)	(6%)	14%	27%
2021	6%	0%	(14%)	30%	(5%)	1%	25%	(23%)
2022	(32%)	(9%)	0%	(7%)	(3%)	(7%)	(9%)	(24%)
2023	24%	25%	25%	2%	(5%)	(2%)	20%	(13%)
2024	7%	1%	(30%)	1%	(2%)	4%	11%	16%
2025	55%	49%	46%	2%	1%	73%	3%	28%
1W	(2%)	(1%)	(1%)	1%	1%	(3%)	(2%)	5%
YTD	71%	13%	8%	0%	(7%)	(9%)	(11%)	(12%)

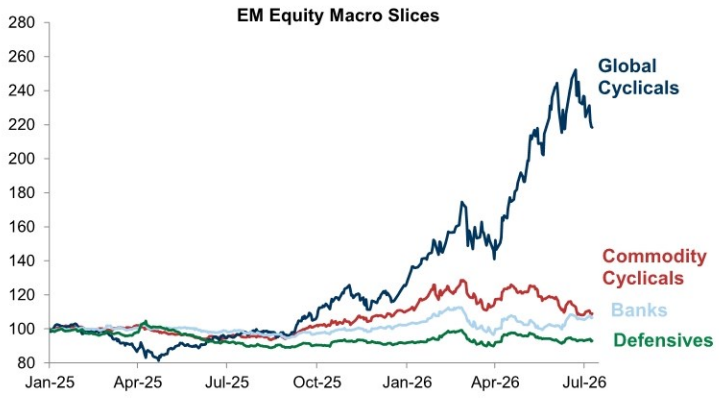
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 14: Cyclicals vs. Defensives



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

Exhibit 15: EM Macro Slices Performance



Source: FactSet, Goldman Sachs Global Investment Research

Leaders & Laggards

Exhibit 16: Relative price performance (US$) of MSCI EM markets vs. MSCI EM index

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

		Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	MTD
Cyclicals	Tech Hardware & Semis	6%	9%	12%	-4%	19%	20%	3%	-5%
	Software & Services	-1%	-8%	-21%	10%	-13%	-11%	-18%	6%
	Capital Goods	0%	4%	2%	-3%	11%	-8%	-6%	-6%
	Transportation	-1%	-5%	0%	4%	-11%	-10%	1%	3%
	Autos & Components	-1%	-4%	5%	-3%	-7%	-4%	-17%	4%
	Consumer Retail & Svcs	-5%	-4%	-13%	0%	-10%	-14%	-16%	12%
	Media & Entertainment	-4%	-6%	-20%	3%	-16%	-15%	-4%	10%
Commodi	Energy	-3%	-3%	-2%	14%	-8%	-17%	-9%	5%
	Chemicals & Other Materials	-2%	-4%	-1%	4%	-4%	-12%	-5%	3%
	Metals & Mining	6%	7%	3%	-6%	-12%	-8%	-13%	2%
Financials	Banks	-2%	-4%	-4%	5%	-11%	-11%	2%	4%
	Real Estate	-4%	-3%	-2%	-7%	-7%	-8%	-7%	5%
	Insurance and other Financials	1%	-4%	-3%	-1%	-6%	-8%	0%	3%
Defensives	Telecom Services	-3%	-7%	-1%	6%	-11%	-10%	-1%	3%
	Consumer Staples	-4%	-8%	-3%	4%	-11%	-12%	-8%	3%
	Utilities	-5%	-4%	0%	8%	-7%	-14%	-6%	3%
	Healthcare	-8%	-5%	-3%	4%	-11%	-12%	-4%	5%

Source: FactSet, Goldman Sachs Global Investment Research

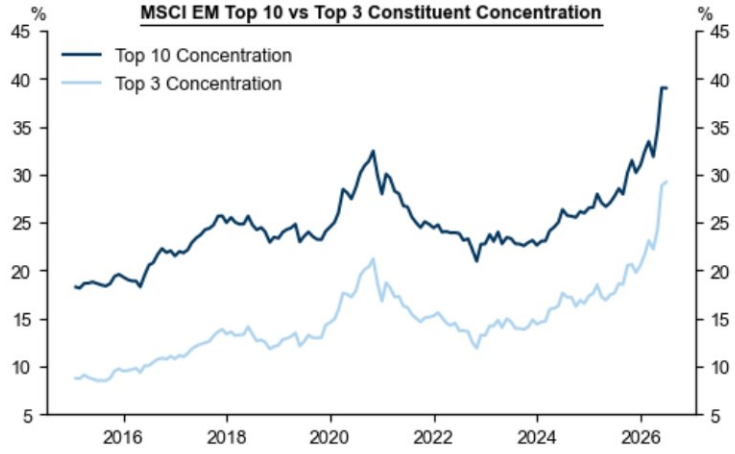
Exhibit 17: MSCI EM (MXEF) Market/Sector Performance (USD, ytd)

Market/Sector (Wgt in MXEF)	MSCI EM (MXEF) Market/Sector Performance (USD, ytd)											
	Energy (3%)	Materials (6%)	Industrials (6%)	Info Tech (43%)	Financials (19%)	Property (1%)	Cons Disc (8%)	Cons Stap (3%)	Comm Serv (6%)	Health Care (2%)	Utilities (2%)	Market (Loc)
China (20%)	4%	-20%	-1%	16%	-4%	-2%	-23%	-19%	-21%	-1%	-11%	**-12%**
India (11%)	-20%	-4%	2%	-34%	-11%	0%	-10%	-12%	-12%	5%	2%	**-5%**
Taiwan (27%)		71%	2%	64%	29%		-17%	1%	0%	77%		**62%**
Korea (21%)	7%	-17%	28%	156%	27%		25%	15%	-24%	-22%	-29%	**99%**
Brazil (4%)	40%	6%	0%		3%		42%	0%	14%	-7%	15%	**4%**
Saudi Arabia (2%)	12%	-1%	8%	-11%	3%	14%	20%	8%	-2%	-16%	12%	**3%**
South Africa (3%)		-18%	0%		5%	2%	-20%	-4%	29%			**-8%**
Mexico		9%	-5%		11%	9%		5%	25%			**5%**
Mexico (2%)		9%	-5%		11%	9%		5%	25%			**5%**
UAE (1%)	2%		-15%		2%	-13%	5%		7%		0%	**-2%**
EM ($)	**1%**	**-6%**	**10%**	**78%**	**2%**	**-4%**	**-16%**	**-7%**	**-15%**	**-1%**	**2%**	**22%**

Source: FactSet, Goldman Sachs Global Investment Research

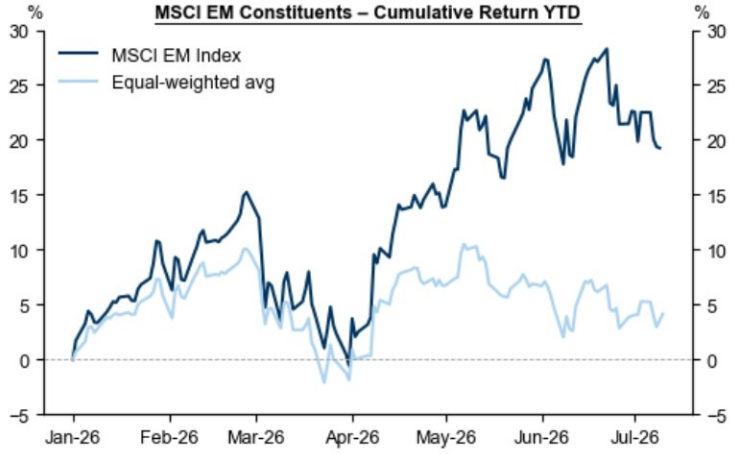
Market Breadth, Concentration and Volatility

Exhibit 18: MSCI EM Top 10 vs Top 3 Constituent Concentration



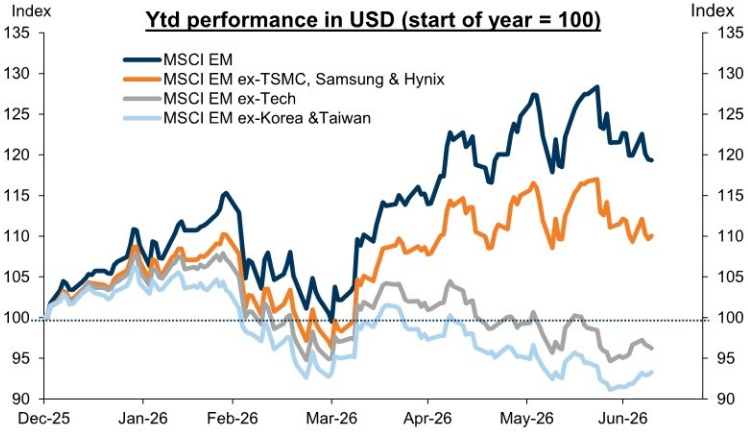
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 19: MSCI EM vs Equal-weighted average ytd return



Source: FactSet, Bloomberg, Goldman Sachs Global Investment Research

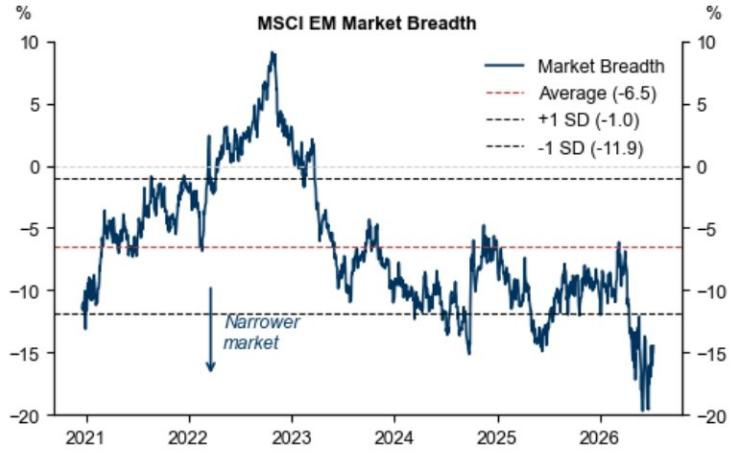
Exhibit 20: The narrow rally in AI/Tech pockets in EM is showing some signs of broadening



Source: FactSet, Goldman Sachs Global Investment Research

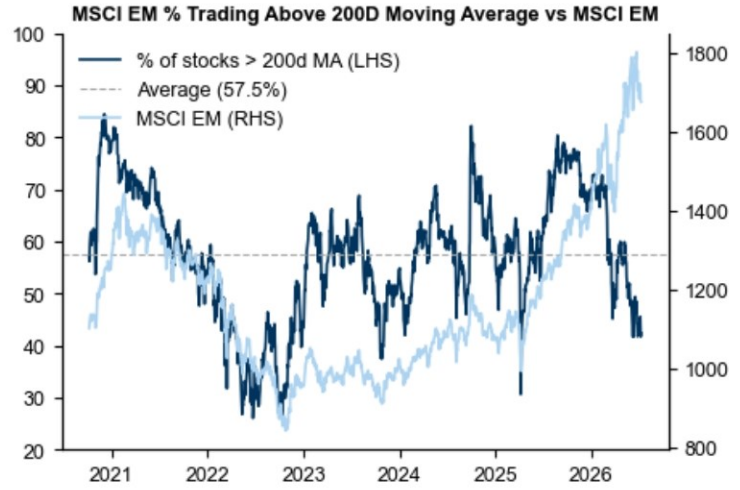
Exhibit 21: MSCI EM market breadth is narrow compared to its historical level

Market Breadth Calculated as the difference between the distance of the aggregate MSCI EM Index from its 52-week high and the distance of the median MECI EM constituent from 52-week high



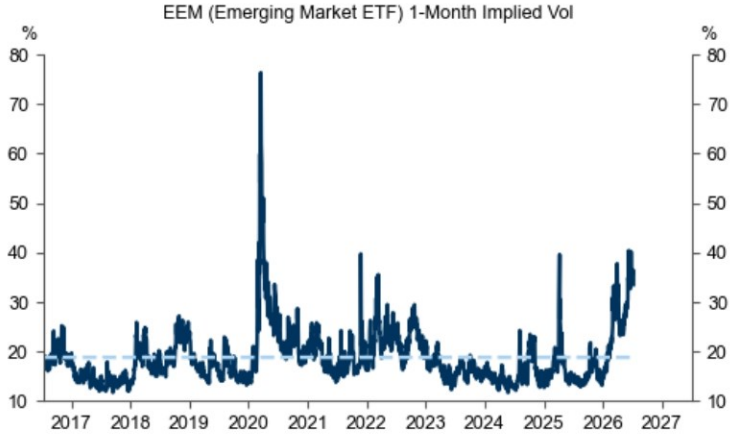
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 22: Share of stocks above 200d moving average is below 5-year average



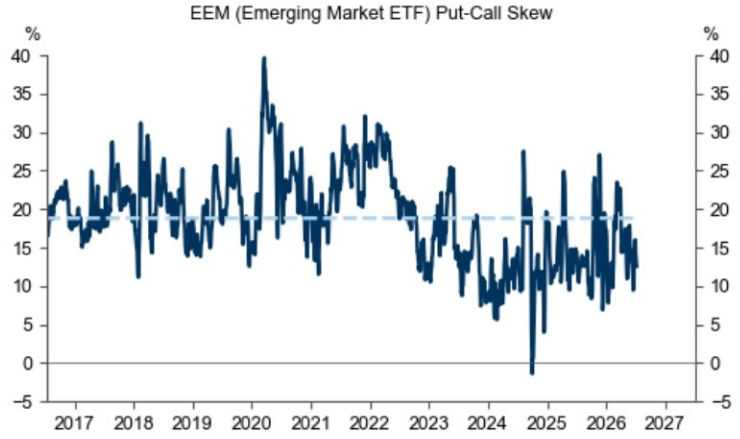
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 23: 1m Option Implied Vol for EEM (Emerging Market ETF)



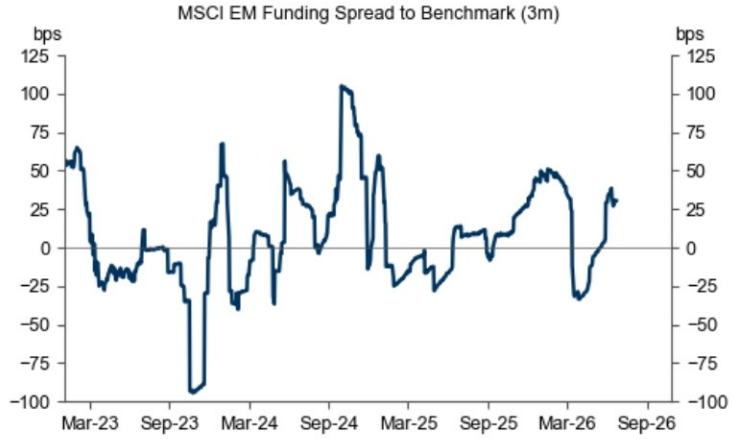
Source: Goldman Sachs Global Investment Research

Exhibit 24: Put-Call Skew for EEM (Emerging Market ETF)



Source: Goldman Sachs Global Investment Research

Exhibit 25: MSCI EM Funding Spread



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

Earnings Revisions

Exhibit 26: 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	34%	5%	-0.8%	-1.1%	-0.6%	-1.3%
Chile	-2%	6%	0.4%	0.4%	1.9%	0.4%
China	17%	17%	-0.2%	-0.2%	-0.4%	-0.4%
Colombia	23%	12%	0.0%	0.0%	-0.1%	0.9%
Czech Republic	9%	-2%	0.4%	0.8%	0.1%	1.4%
Egypt	-1%	14%	0.2%	1.3%	1.9%	1.8%
Greece	12%	13%	0.0%	0.5%	0.2%	0.9%
India	13%	16%	0.0%	0.0%	-0.2%	-0.2%
Indonesia	3%	9%	-0.1%	-0.2%	-0.7%	-0.8%
Korea	312%	37%	1.4%	2.3%	6.6%	12.3%
Kuwait	-3%	15%	-0.1%	0.0%	-2.3%	-0.1%
Malaysia	10%	5%	-0.1%	-0.1%	-0.4%	-0.4%
Mexico	13%	8%	0.2%	0.2%	0.9%	0.6%
Peru	24%	3%	0.0%	0.2%	0.0%	0.5%
Philippines	1%	10%	-0.2%	-0.2%	-1.0%	-0.5%
Poland	31%	8%	-0.5%	-0.1%	1.2%	1.8%
Qatar	-1%	14%	0.5%	0.0%	-0.6%	-0.1%
Saudi Arabia	13%	8%	-0.2%	-0.1%	0.0%	0.3%
South Africa	45%	10%	-2.0%	-2.1%	-6.1%	-4.4%
Taiwan	45%	28%	0.4%	0.7%	2.1%	3.6%
Thailand	11%	5%	0.1%	0.0%	0.6%	0.1%
Hungary	9%	10%	-0.5%	0.4%	-1.1%	0.0%
Turkiye	45%	41%	1.2%	0.7%	-2.0%	0.1%
UAE	-2%	13%	0.2%	0.1%	0.4%	-1.2%
MSCI EM	**63%**	**24%**	**0.4%**	**0.9%**	**2.2%**	**4.9%**

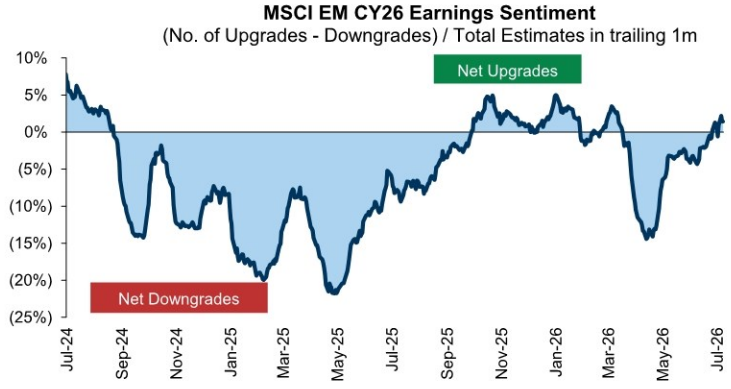
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 27: Headline index level EPS integer continues to be revised higher



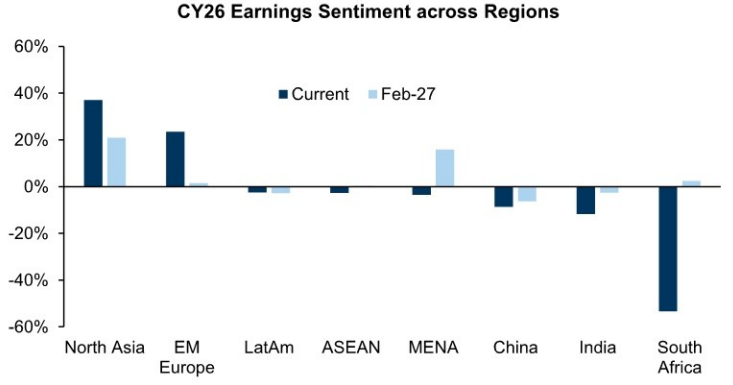
Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

Exhibit 28: CY2026 earnings sentiment has turned positive



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

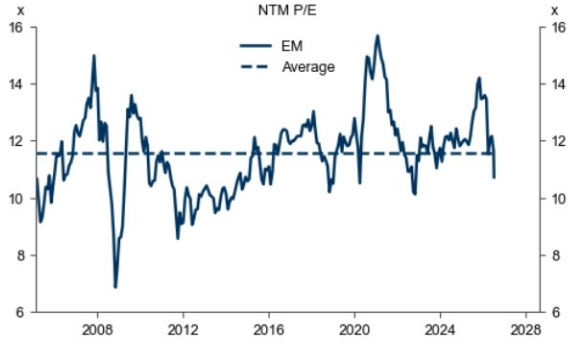
Exhibit 29: Earnings sentiment across regions



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

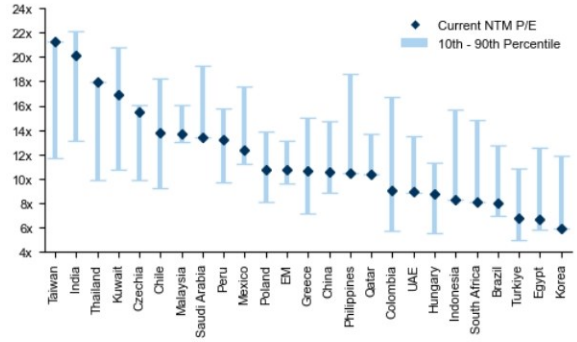
Valuations in Context

Exhibit 30: MSCI EM valuation has edged down recently



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 31: Valuation dispersion persists across EM markets



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 32: Valuation Z-score Markets

	Current			Z-Score [10-years]			
	PE	PB	DY	PE	PB	DY	Average
Indonesia	8.3	1.5	8.1	(3.3)	(2.8)	(3.6)	(3.2)
Philippines	10.5	1.7	3.2	(1.4)	(0.8)	(1.9)	(1.4)
Qatar	10.3	1.5	4.8	(1.3)	(1.1)	(1.3)	(1.2)
Egypt	6.6	2.3	4.2	(0.6)	(0.1)	(1.6)	(0.8)
China	10.6	1.4	2.3	(0.6)	(0.8)	(0.6)	(0.7)
Saudi Arabia	13.4	2.1	3.8	(1.4)	0.0	(0.6)	(0.7)
Malaysia	13.7	1.6	4.0	(0.8)	0.0	(1.0)	(0.6)
South Africa	8.1	2.2	3.7	(1.3)	0.6	(0.9)	(0.5)
Mexico	12.3	2.4	3.9	(0.6)	0.9	(1.3)	(0.4)
Brazil	8.0	1.8	5.8	(0.8)	(0.1)	0.0	(0.3)
UAE	8.9	1.8	4.8	(0.9)	1.0	(0.5)	(0.1)
India	20.1	3.2	1.2	0.0	(0.3)	(0.1)	(0.1)
Hungary	8.8	1.6	3.4	0.3	1.0	(0.9)	0.1
Kuwait	16.9	2.2	3.5	0.1	0.6	(0.3)	0.2
Greece	10.6	1.5	3.2	0.4	0.8	(0.4)	0.3
Turkiye	6.8	1.1	2.2	0.6	(0.5)	0.9	0.3
Thailand	17.9	2.2	3.1	1.1	1.0	(0.3)	0.6
Poland	10.7	1.8	4.1	0.2	2.5	(0.8)	0.6
Peru	13.2	3.3	3.3	0.4	2.5	(0.3)	0.9
Colombia	9.0	1.8	4.7	(0.1)	2.7	0.1	0.9
Czechia	15.5	2.2	5.5	1.0	1.3	0.5	0.9
Chile	13.8	2.3	2.9	0.2	2.7	0.5	1.1
Korea	5.9	2.9	0.7	(2.5)	4.2	2.8	1.5
Taiwan	21.3	6.1	1.4	2.6	4.4	2.3	3.1
EM	10.7	2.5	2.0	(1.4)	3.2	1.5	1.1

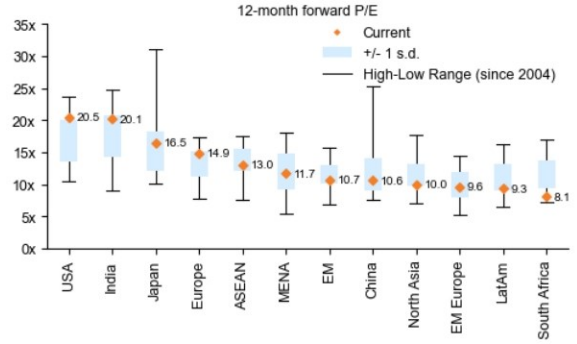
Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Exhibit 33: Valuation Z-score Sectors

	Current			Z-Score [10-years]			
	PE	PB	DY	PE	PB	DY	Average
Consumer Staples	17.6	3.3	3.3	(2.0)	(1.6)	(3.3)	(2.3)
Consumer Discretionary	12.8	1.8	1.5	(1.0)	(1.1)	(1.2)	(1.1)
Communication Services	13.8	2.7	1.9	(1.4)	0.0	0.2	(0.4)
Health Care	26.2	3.9	1.0	(0.3)	0.0	(0.6)	(0.3)
Real Estate	10.2	1.0	4.0	0.8	(0.3)	(0.1)	0.1
Utilities	12.1	1.4	3.5	0.5	0.9	(0.7)	0.2
Materials	10.0	1.9	3.0	(0.7)	1.4	0.5	0.4
Energy	9.0	1.4	4.4	0.2	1.3	0.5	0.6
Financials	9.2	1.3	3.8	1.0	1.3	(0.2)	0.7
Industrials	12.6	2.5	1.6	0.0	2.7	1.0	1.2
Information Technology	10.1	6.5	0.9	(2.4)	4.3	2.1	1.3

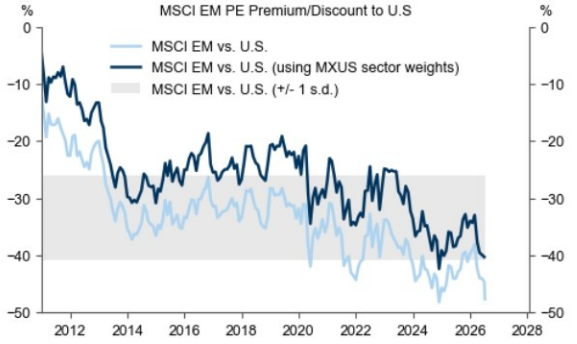
Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

Exhibit 34: 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

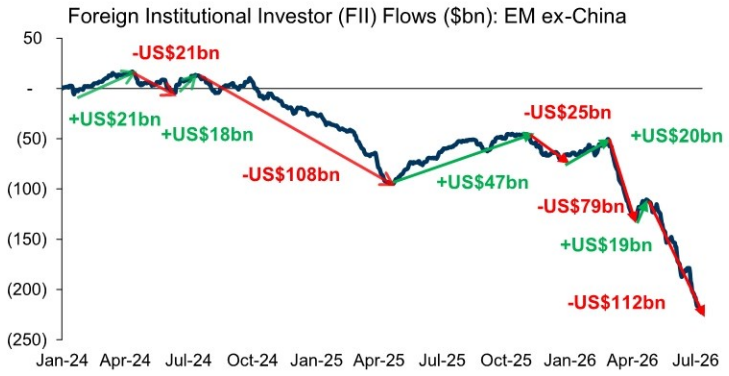
Exhibit 35: EM equities trade at a discount to US equities, even on a sector-adjusted basis



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

Fund Flows and Liquidity

Exhibit 36: FII flows cycle



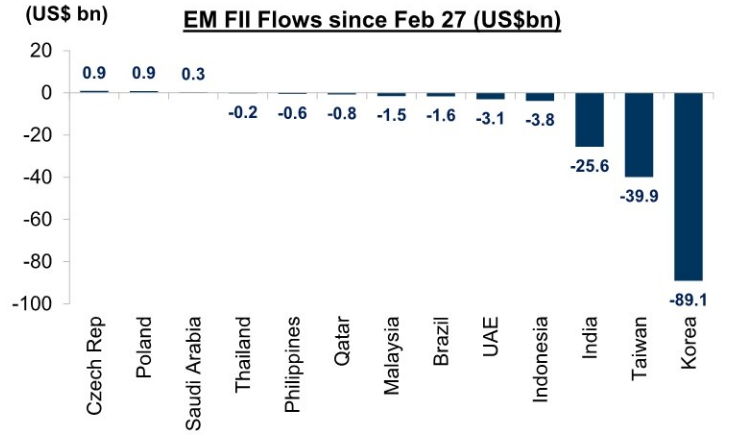
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 37: 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)	(102.3)	(23.7)	(2.3)
Indonesia	(3.2)	2.7	(0.3)	1.4	(1.1)	(4.4)	(0.5)	(0.1)
India	23.4	3.8	21.4	(0.8)	(18.8)	(27.2)	2.7	1.3
Philippines	(2.5)	(0.0)	(0.9)	(0.4)	(0.9)	(0.2)	0.0	0.0
Malaysia	(5.8)	(0.8)	(0.5)	(0.9)	(5.2)	(1.2)	(0.2)	0.0
Thailand	(8.3)	(1.6)	(5.5)	(4.4)	(3.2)	1.7	1.0	0.4
Taiwan	(16.0)	(15.3)	6.5	(19.7)	(7.6)	(31.9)	(16.9)	(5.9)
EMEA								
Poland	(0.4)	0.5	0.5	1.1	(4.1)	1.3	-	-
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	1.0	0.6	-
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	0.7	0.1	-
UAE	(0.4)	4.0	(1.9)	5.7	2.3	(1.8)	0.2	0.0
Qatar	0.2	1.6	0.4	(0.7)	0.2	(0.2)	(0.1)	(0.0)
LATAM								
Brazil	(9.7)	(1.2)	9.2	(6.6)	4.8	6.3	(0.8)	(0.1)
EM	(45.0)	(34.4)	36.7	(26.2)	(40.3)	(156.4)	(37.7)	(6.6)

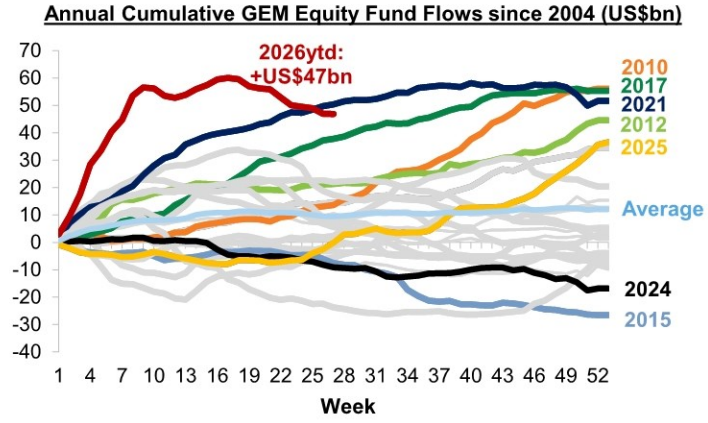
Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Exhibit 38: EM markets have seen significant foreign selling since the Iran war started



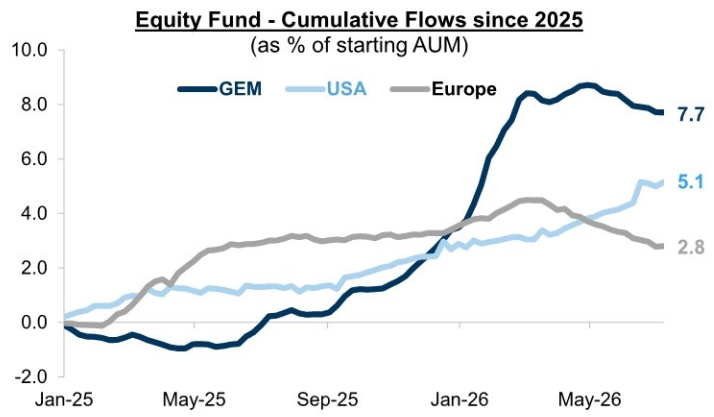
Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Exhibit 39: GEM funds marked the fastest annual pace of buying over the past two decades, but have seen outflows in recent weeks



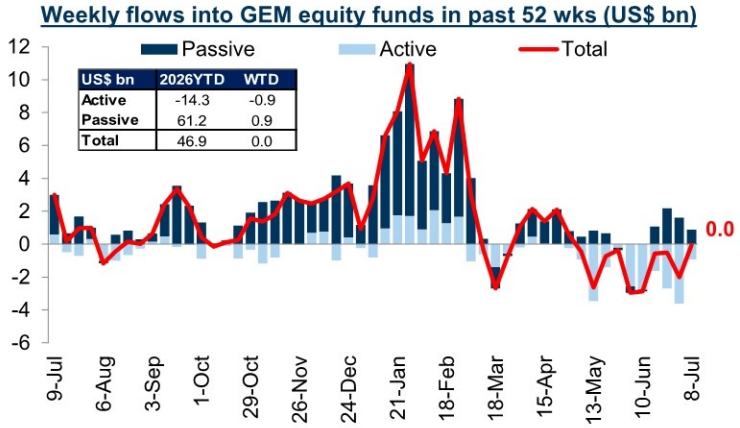
Source: EPFR, Goldman Sachs Global Investment Research

Exhibit 40: Cumulative funds flows



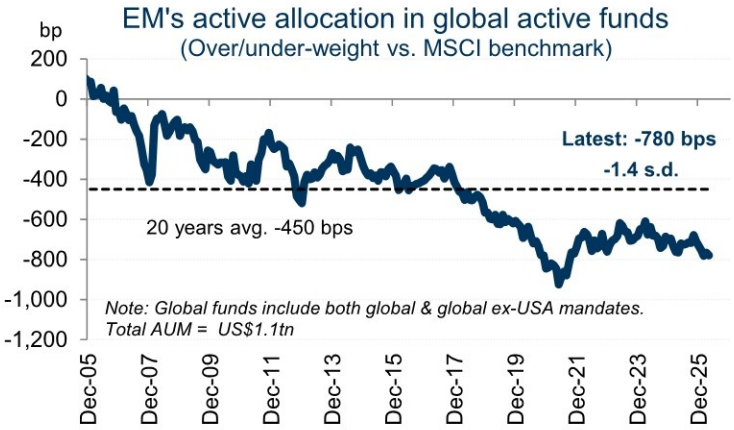
Source: EPFR

Exhibit 41: GEM equity funds flows (active vs passive)



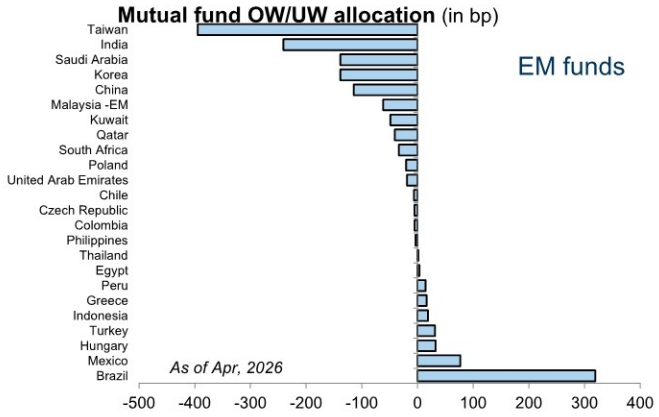
Source: EPFR

Exhibit 42: Global mutual funds still have large underweight allocations in EM



Source: EPFR, Goldman Sachs Global Investment Research

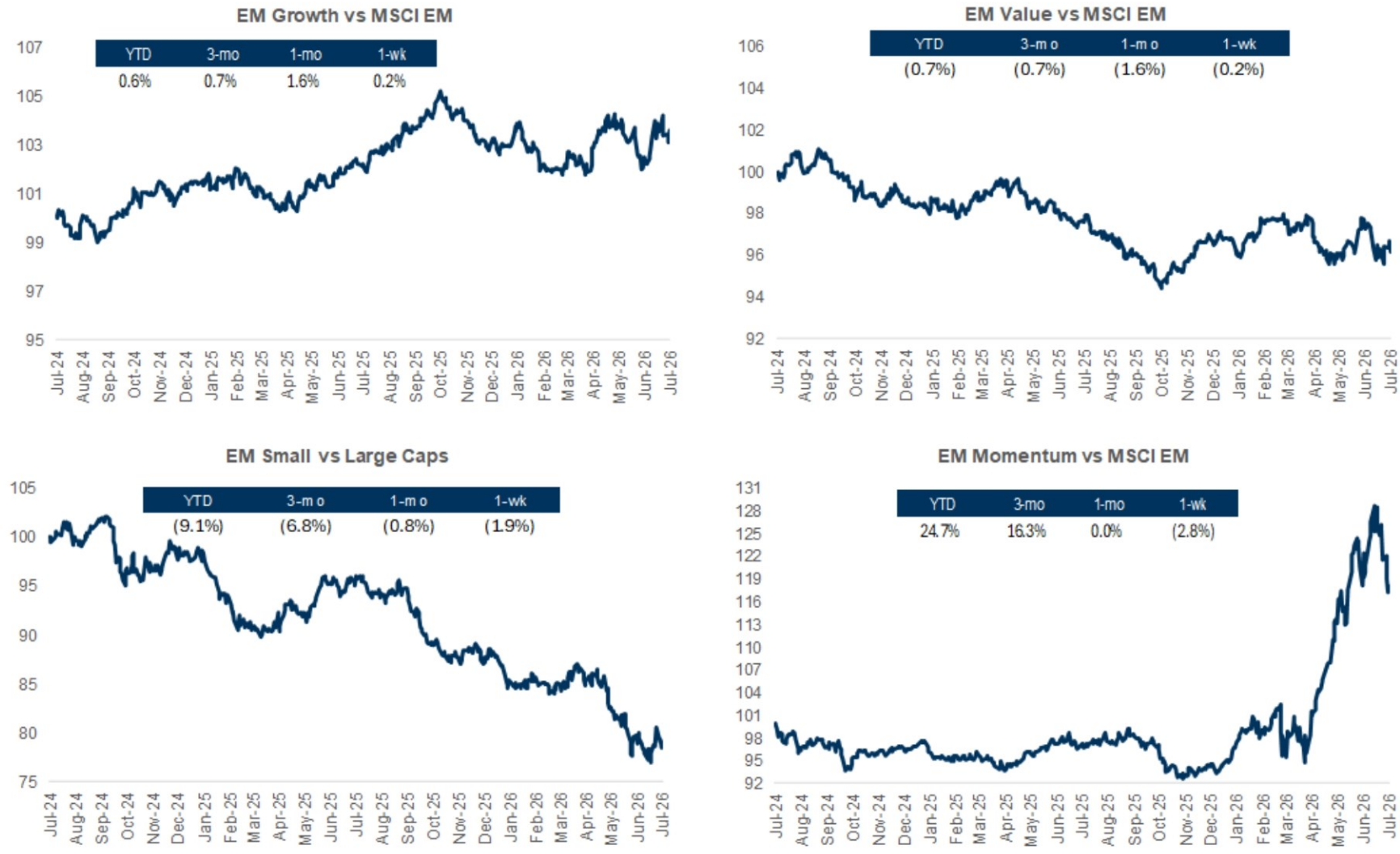
Exhibit 43: EM mutual funds are most UW Taiwan and India, and most OW Brazil and Mexico



Source: EPFR, Goldman Sachs Global Investment Research

Style Monitor

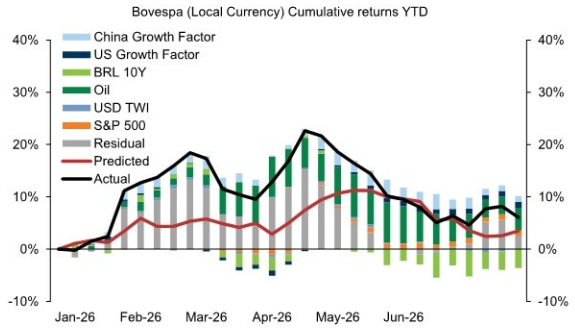
Exhibit 44: EM factor/Style performance



Source: FactSet, Bloomberg, Goldman Sachs Global Investment Research

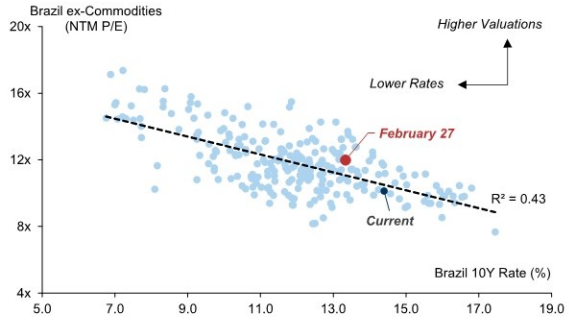
Brazil Rate Sensitivity

Exhibit 45: Bovespa returns decomposition



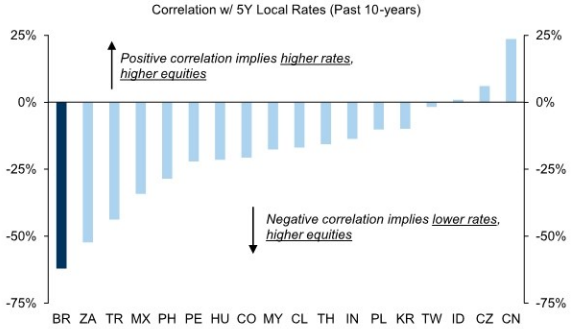
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 46: Equity valuations appear roughly fair relative to 10-year rates



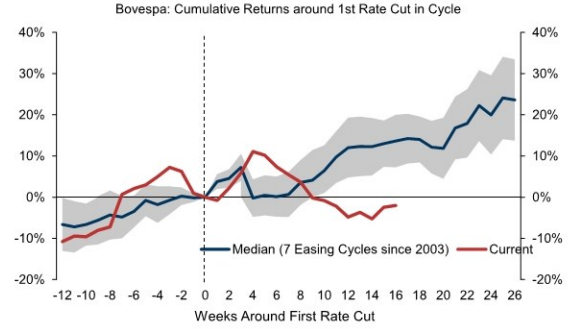
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 47: 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

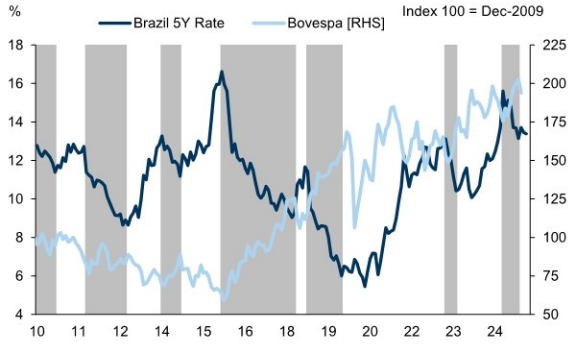
Exhibit 48: ...and have tended to rally strongly following the first rate cut in past cutting cycles



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

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 49: Brazilian equities have performed well during episodes of declining 5Y rates...



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 50: ...with rate-sensitive pockets and domestically exposed stocks outperforming the headline index (about 2-3x on average)

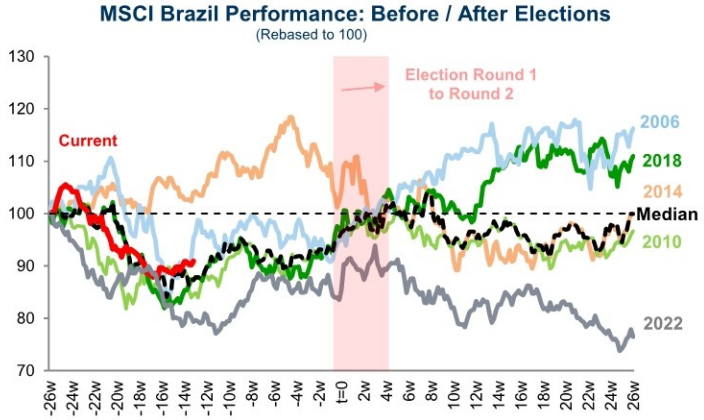
Period	Chg in 5Y [bp]	Bovespa	GSCBBZEN [ex-commodities]	Div Yield	GSBZRATE [rate sensitives]	Div Yield	BRL/USD
Jan-10 — Aug-10	-203	0%	1%	1%	0%	1%	6%
Jul-11 — Nov-12	-298	-2%	2%	3%	14%	3%	-36%
Jan-14 — Aug-14	-250	29%	24%	1%	18%	2%	8%
Dec-15 — Apr-18	-639	99%	59%	5%	84%	6%	12%
Sep-18 — Oct-19	-556	35%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

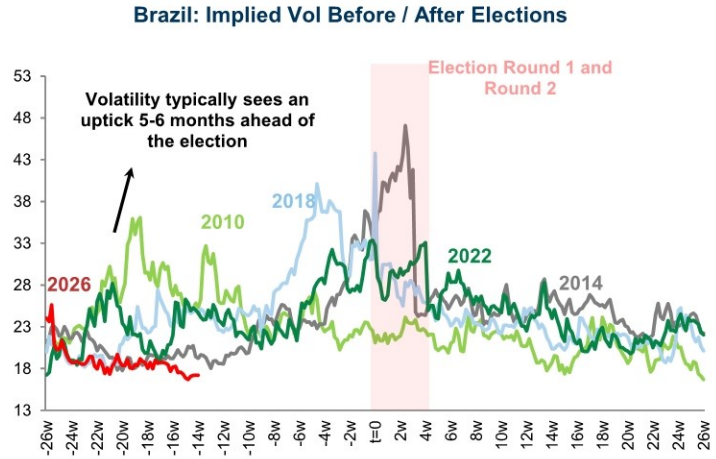
Brazil Election Playbook — How have Brazilian equities historically traded around elections?

Exhibit 51: 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 52: Election-linked volatility in Brazil starts to pick up 5-6 months ahead of the October event



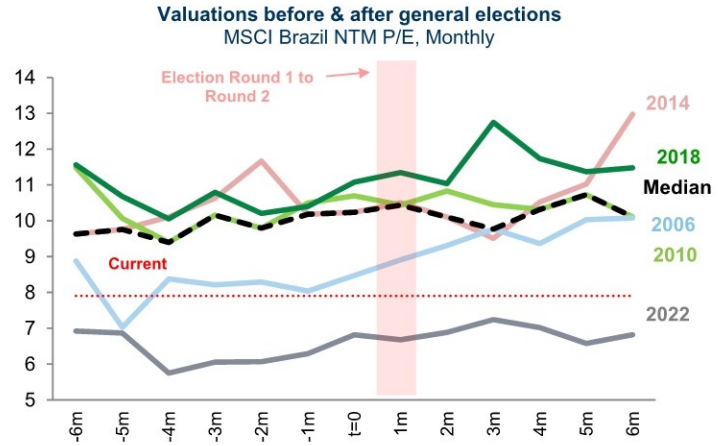
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 53: 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%**	

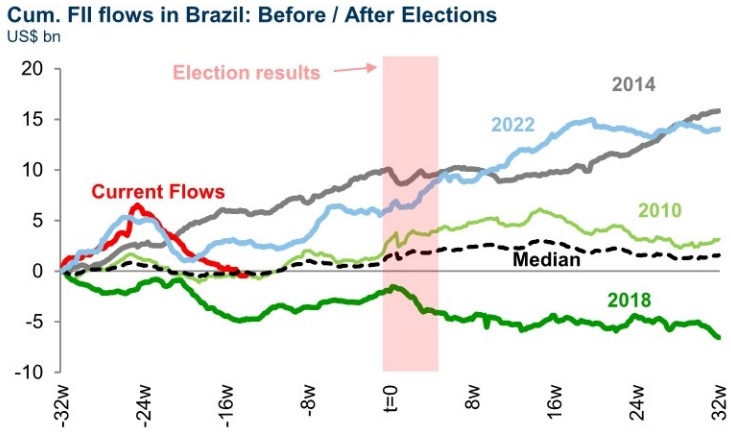
Source: Goldman Sachs Global Investment Research

Exhibit 54: Elections have tended to have modest impact on valuations overall, but current starting valuation levels look reasonable relative to past election cycles



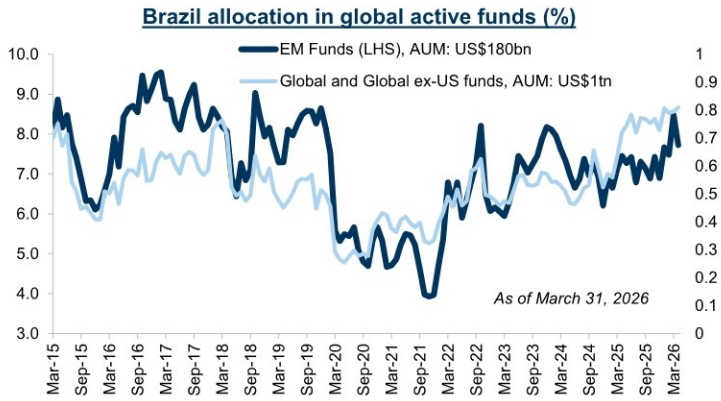
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 55: 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 56: While Brazil's allocation in global active funds has risen...



Source: EPFR, Goldman Sachs Global Investment Research

Exhibit 57: ...Foreign ownership of Brazilian equities remains close to longer-term average levels



Source: B3, Goldman Sachs Global Investment Research

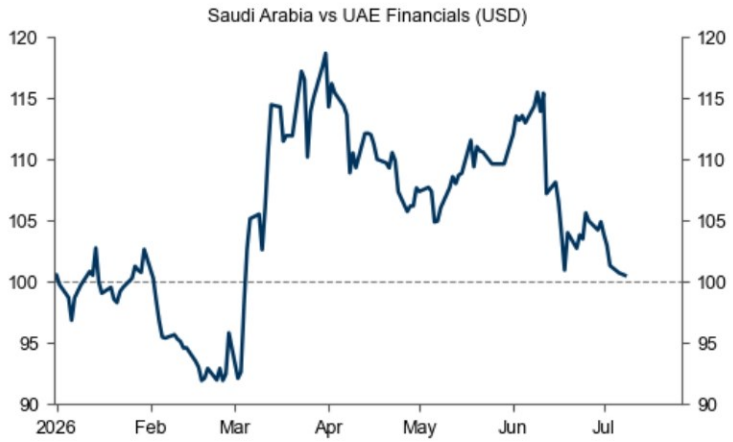
CEEMEA Implementations

Exhibit 58: Greece and Hungary banks vs. Polish banks



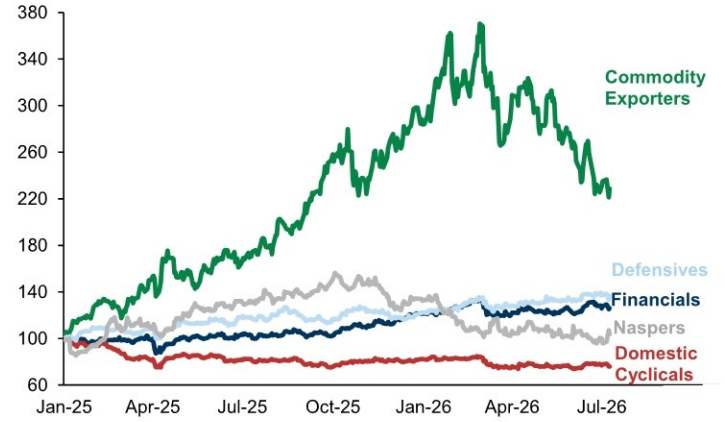
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 59: Saudi Arabia financials vs. UAE financials



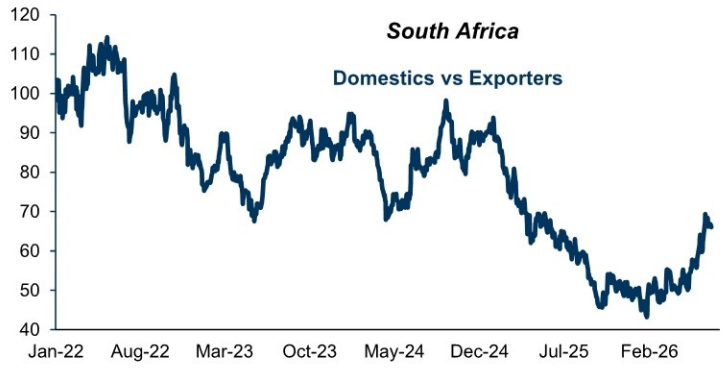
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 60: The rally in South African equities since 2025 has been led by Miners, while the domestic market has been largely flat



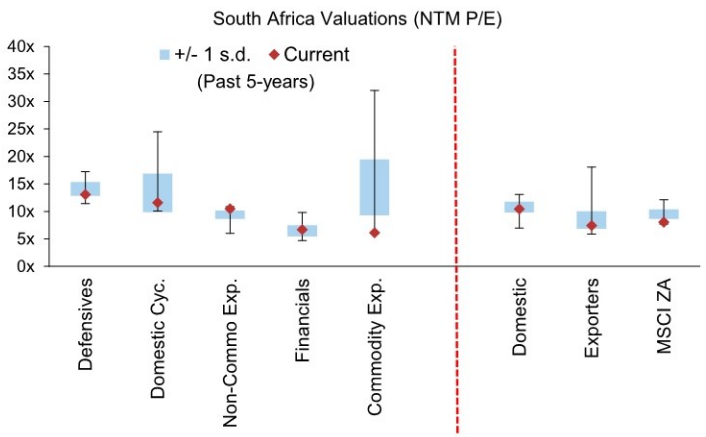
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 61: South Africa Domestics vs. Exporters



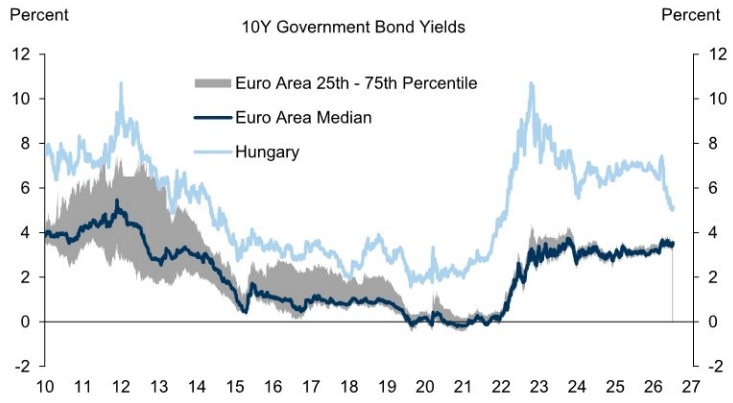
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 62: South Africa Macro Slice Valuations



Source: FactSet, Goldman Sachs Global Investment Research

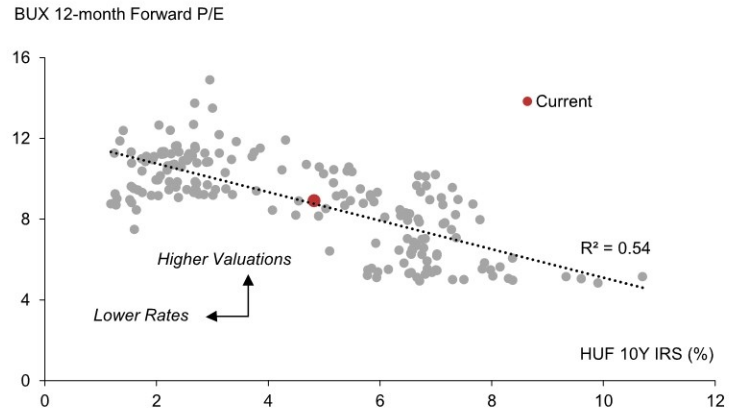
Exhibit 63: Hungarian rates remain elevated compared with Euro area members despite the recent rally, and will need to move lower to converge



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

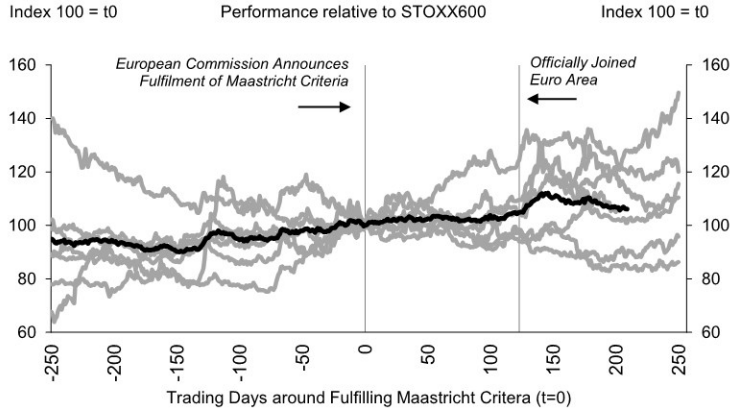
Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 64: 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 65: 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

Macro Forecasts

Exhibit 66: 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	1.9	1.6	1.8	4.3	5.1	4.7	4.2	4.0	14.2	14.0	13.4	12.0	11.4
Chile	2.5	1.6	1.7	2.6	2.6	3.4	4.0	3.6	2.9	3.2	4.5	4.5	4.6	4.2	4.6
China	5.0	4.7	4.6	4.7	4.4	0.1	1.0	1.2	1.0	1.1	1.5	1.4	1.6	1.3	1.4
Colombia	2.6	2.4	2.5	2.4	2.4	5.1	6.5	5.9	4.6	5.1	12.0	12.5	11.9	11.5	10.6
Czech Republic	2.7	2.2	2.2	2.5	2.4	2.4	2.0	2.4	2.0	2.6	3.8	3.8	3.6	3.0	3.5
Hungary	0.4	2.4	1.8	2.8	2.5	4.4	1.5	3.0	2.2	3.6	6.0	5.2	5.9	4.0	5.0
India	6.5	7.5	7.5	6.5	6.6	4.7	2.2	2.0	4.9	5.0	6.3	5.3	5.5	5.8	5.6
Indonesia	5.1	4.9	5.0	4.6	5.0	1.9	3.3	3.3	2.6	2.8	5.8	5.8	5.9	5.8	5.6
Israel	3.2	2.2	3.1	4.8	4.5	3.1	1.8	2.0	1.9	2.0	3.8	3.2	3.6	3.2	3.2
Malaysia	5.2	4.2	4.5	3.9	4.5	1.4	2.3	2.1	2.1	2.0	2.8	2.8	2.8	2.8	2.9
Mexico	0.5	1.2	1.1	1.7	1.8	3.7	4.4	4.1	3.7	3.8	6.5	6.5	6.5	6.5	6.5
Peru	3.4	3.4	2.9	2.5	3.0	1.5	3.9	3.2	2.4	2.4	4.2	4.2	4.3	4.2	4.5
Philippines	4.4	3.5	3.8	5.8	5.4	1.6	5.1	6.0	3.3	4.0	4.8	5.5	5.2	5.5	4.9
Poland	3.6	3.5	3.5	3.6	3.0	3.8	2.4	3.0	2.1	2.9	3.8	3.8	3.8	3.5	3.6
Romania	0.7	-0.7	0.2	2.6	2.4	7.3	8.3	8.1	3.5	4.2	6.5	6.5	6.3	4.5	5.2
Russia	1.0	0.9	0.8	1.8	1.3	8.7	5.5	5.5	4.2	4.5	14.2	12.0	13.0	8.0	9.5
South Africa	1.1	1.6	1.3	1.7	1.6	3.2	4.0	4.1	3.1	3.5	7.0	7.2	7.1	6.5	6.5
South Korea	1.1	2.7	2.7	2.3	2.1	2.1	2.6	2.7	2.2	2.1	2.5	3.0	3.0	3.2	3.1
Thailand	2.4	1.3	1.9	1.2	2.1	-0.1	2.0	2.6	1.7	1.5	1.0	1.0	1.2	1.0	1.1
Turkey	3.6	2.7	3.0	3.6	3.6	34.8	30.6	30.8	25.4	22.8	37.0	37.0	35.2	29.0	26.4

* 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

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