



## Emerging markets: on the road to Asia

### Chapter 1

---

Published

February 22, 2023

Length

🕒 4 minute(s) read

---

**5.3%: this is the growth rate forecast for Asian markets<sup>1</sup> in 2023, versus 4.0% for all emerging countries combined and 1.2% for developed countries, according to the International Monetary Fund (IMF)<sup>2</sup>.**

After a particularly turbulent year for financial markets, a global economic slowdown is taking shape in 2023, driven largely by the weak growth outlook of developed countries. In contrast, emerging countries appear well positioned to recover and hence boost global activity.

Aided by better macroeconomic fundamentals, a more favourable inflationary environment than in developed countries and China's reopening, some emerging countries offer attractive returns today **for investors seeking sources of diversification.**

## Asia: a fertile ground for equity investors

The lifting of Covid-19 restrictions is set to open up new investment opportunities in **Asian equity markets**. **Chinese and Korean equities**, for example, offer particularly attractive valuations today compared with global equities.

A selective and rigorous approach is required to seize these opportunities, however. At Carmignac, we have identified a number of key themes with strong and sustainable growth potential in these markets: **industrial and tech innovation, healthcare, the ecological transition and an upscaling of consumer spending**.

## China's comeback





**After a two-year drop in the Chinese stock market, indicators are turning positive again. The country has ended moves to tighten its regulation, introduced aid measures for the real estate sector and finally lifted its “zero-Covid” policy, a sign of renewal for its domestic demand, strongly supported by Beijing’s policy.**

The excess savings built up by Chinese consumers over three years of lockdowns and the recovery in the job market, which was severely affected by the health situation, should contribute to the consumer spending recovery.

And China has many companies geared towards domestic consumption, such as:

**Anta Sports**, the national sports equipment brand, which is gaining market share from multinational sports brands;

**Miniso**, the low-cost retail chain specializing in Chinese household and consumer goods, which is not well known by investors despite having more than 5,000 stores across the world<sup>3</sup>.

Did you  
know?

**Carmignac Portfolio China New Economy**, our equity Fund for the new Chinese economy, has held Anta Sports and Miniso in its portfolio since its inception in 2021.

[Visit the Fund’s webpage](#)

## South Korea's technological firepower



**The impact of China's reopening will spread beyond its borders. Hit by the global economic slowdown in 2022, South Korean equities are also trading today at attractive valuations, especially in the new technologies and semiconductors sectors.**

For several decades, South Korea has stood out for its innovation in the electronics industry and new technologies. The country is home to a number of world leaders that are suppliers of consumer goods, such as screens for smartphones, and other high value-added electronic components, such as semiconductors<sup>4</sup>:

**Samsung Electronics**, the world's leading producer of technological components (mobile communication equipment, semi-conductors, new screens and consumer electronics and household appliances), has had a number one position in memories for telephones since 1993<sup>5</sup>;

**LG Chem**, one of the world's leading producers of batteries for electric vehicles (EV) with a share of more than 20% of the global market<sup>6</sup>, thus playing a key role in the energy transition.



Did you  
know?

**FP Carmignac Emerging Markets**, our UK-domiciled emerging equity Fund seeking to invest in current and future global technological leaders, has held Samsung Electronics and LG Chem among its principal positions since its inception in 2019.

Visit the Fund's webpage

Besides the Chinese and Korean markets, economic conditions are also generally improving in other Asian and South-East Asian countries, such as India, Vietnam and Malaysia. While we remain cautious about India in the short term in view of high valuations and the deterioration of its macroeconomic fundamentals resulting from the energy crisis, some opportunities may prove attractive over the coming months.

**In Asia, we think equity markets offer more potential than bond markets, where we identify principally tactical opportunities, such as in Malaysia. Latin American markets contain far more attractive opportunities to invest in emerging debt, in our view. Next month, discover the second article in our series on emerging markets to find out more about this region.**

<sup>1</sup>Emerging Asia

<sup>2</sup>World Economic Outlook, updated. International Monetary Fund, January 2023.

<sup>3</sup>Source : Miniso, company data : <https://www.miniso.com/EN/Brand/Intro>.

<sup>4</sup>French Ministry of the Economy, Finance and Industrial and Digital Sovereignty – General Directorate of the Treasury: <https://www.tresor.economie.gouv.fr/Pays/KR/indicateurs-et-conjoncture>.

<sup>5</sup>Samsung Electronic, about us: <https://www.samsung.com/us/about-us/our-business/device-solutions/>.

<sup>6</sup>Sources: Statista and SNE Research via Visual Capitalist, 2021: <https://fr.statista.com/infographie/26562/parts-de-marche-fabricants-batteries-pour-voitures-electriques/>.

Do you want to find out more about our sustainable approach to emerging markets?

Contact us

## Carmignac Portfolio China New Economy A EUR Acc

ISIN: LU2295992320

Recommended  
minimum  
investment horizon



### Main risks of the Fund

**EQUITY:** The Fund may be affected by stock price variations, the scale of which is dependent on external factors, stock trading volumes or market capitalization.

**EMERGING MARKETS:** Operating conditions and supervision in "emerging" markets may deviate from the standards prevailing on the large international exchanges and have an impact on prices of listed instruments in which the Fund may invest.

**CURRENCY:** Currency risk is linked to exposure to a currency other than the Fund's valuation currency, either through direct investment or the use of forward financial instruments.

**LIQUIDITY:** Temporary market distortions may have an impact on the pricing conditions under which the Fund might be caused to liquidate, initiate or modify its positions.

The Fund presents a risk of loss of capital.

## FP Carmignac Emerging Markets A GBP ACC

ISIN: GB00BK1W2P36

Recommended  
minimum  
investment horizon



### Main risks of the Fund

**EQUITY:** The Fund may be affected by stock price variations, the scale of which is dependent on external factors, stock trading volumes or market capitalization.

**EMERGING MARKETS:** Operating conditions and supervision in "emerging" markets may deviate from the standards prevailing on the large international exchanges and have an impact on prices of listed instruments in which the Fund may invest.

**CURRENCY:** Currency risk is linked to exposure to a currency other than the Fund's valuation currency, either through direct investment or the use of forward financial instruments.

**DISCRETIONARY MANAGEMENT:** Anticipations of financial market changes made by the Management Company have a direct effect on the Fund's performance, which depends on the stocks selected.

The Fund presents a risk of loss of capital.



**MARKETING COMMUNICATION. Please refer to the KIID/prospectus of the fund before making any final investment decisions.**

This material was prepared by Carmignac Gestion and/or Carmignac Gestion Luxembourg and is being distributed in the UK by Carmignac Gestion Luxembourg UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013). This material may not be reproduced, in whole or in part, without prior authorisation from the Management Company. This material does not constitute a subscription offer, nor does it constitute investment advice. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. This material has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in any securities or interests referred to herein or for any other purposes. The information contained in this material may be partial information and may be modified without prior notice. They are expressed as of the date of writing and are derived from proprietary and non-proprietary sources deemed by Carmignac to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Carmignac, its officers, employees or agents. Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication. The portfolios of Carmignac funds may change without previous notice. The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. The recommended investment horizon is a minimum and not a recommendation to sell at the end of that period. Access to the Funds may be subject to restrictions regarding certain persons or countries. This material is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the material or availability of this material is prohibited. Persons in respect of whom such prohibitions apply must not access this material. Taxation depends on the situation of the individual. The Funds are not registered for retail distribution in Asia, in Japan, in North America, nor are they registered in South America. Carmignac Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Funds have not been registered under the US Securities Act of 1933. The Funds may not be offered or sold, directly or indirectly, for the benefit or on behalf of a «U.S. person», according to the definition of the US Regulation S and FATCA. Company. The risks, fees and ongoing charges are described in the KIID (Key Investor Information Material). The KIID must be made available to the subscriber prior to subscription. The subscriber must read the KIID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital. The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in English on the following link at section 6: [https://www.carmignac.com/en\\_US/article-page/regulatory-information-1788](https://www.carmignac.com/en_US/article-page/regulatory-information-1788).

In the United Kingdom, the Carmignac Funds' respective prospectuses, KIIDs and annual reports are available at [www.carmignac.co.uk](http://www.carmignac.co.uk), or upon request to the Management Company, or for the French Funds, at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 55 Moorgate, London EC2R.

**FP CARMIGNAC ICVC** (the "Company") is an Investment Company with variable capital incorporated in England and Wales under registered number 839620 and is authorised by the Financial Conduct Authority (the "FCA") with effect from 04/04/2019 and launched on 15 May 2019. FundRock Partners Limited is the Authorised Corporate Director (the "ACD") of the Company and is authorised and regulated by the Financial Conduct Authority. Registered Office: Hamilton Centre, Rodney Way, Chelmsford, England, CM1 3BY (Registered in England and Wales under No 4162989). Carmignac Gestion Luxembourg SA, UK Branch has been appointed as the Investment Manager and distributor in respect of the Company.