



# East Capital Outlook 2026: Why invest in emerging and frontier markets in 2026?

2025 has been a fantastic year for emerging and frontier markets, which shrugged off trade tensions and geopolitics to deliver returns of 30% and 41% in USD terms respectively over the first 11 months. We believe that 2026 will likely be another good year, thanks to a relatively benign macro backdrop characterised by falling rates globally, a "softer for longer" USD and low investor positioning. Despite representing 11% of MSCI ACWI (and 40% of global GDP), only 5% of global equity AUM is invested in emerging markets for the time being, though plenty of investors are "doing their homework" on the asset class.

A central theme in this year's outlook is how the nature of emerging markets has changed. These markets are no longer defined primarily by consumption but by leadership in critical technologies and supply chains. Taiwan and Korea form the backbone of the global AI value chain, China continues to host world-leading companies across advanced industries and India offers a broad, resilient base of company-specific structural growth supported by rising competitiveness and strong domestic demand. Frontier markets contribute further depth, combining attractive valuations with low correlations that can strengthen a broader portfolio.

[Read the full outlook here »](#)

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## East Capital Group

East Capital Group is a global asset manager based in Sweden since 1997. We offer a range of investment solutions within equities, fixed income securities, real estate and alternatives. The essence of our business is not only to find attractive investment opportunities, but also to work to drive positive change, influencing industries around the world to become more sustainable. We have a broad range of international investors including leading institutions, companies and private individuals.

Within East Capital Group you will find East Capital - specialising in emerging and frontier market strategies, East Capital Real Estate - managing commercial real estate investments in Central and Eastern Europe, Espiria - offering bespoke global and Nordic equities and fixed income strategies, and Adrigo - a Nordic long/short fund strategy targeting absolute returns. East Capital Group owns 49% of Cicero Fonder and 49% of Hjerta AB, it also has a significant holding in the listed company Eastnine (OM:EAST), which owns, develops and manages modern and sustainable office premises in prime locations in the Baltics and Poland.

For further information please visit our website: [www.eastcapital.group](http://www.eastcapital.group)



**Risk information - East Capital**

Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested.

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Please read the Prospectus and the KID, which are available on the fund page at [www.eastcapital.com](http://www.eastcapital.com).

**Image Attachments**

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