



A new era for emerging markets | East Capital Q2 2026

Emerging and frontier markets delivered another strong quarter, led by South Korea and Taiwan, which overtook China to become the two largest markets in the MSCI Emerging Markets Index, marking something of a new era for emerging markets.

Highlights from Q2 2026:

- Emerging markets returned 24%, while frontier markets gained 11% during the quarter (in USD).
- South Korea and Taiwan led performance, supported by earnings upgrades, robust demand for AI-related hardware and continued strength across the semiconductor sector.
- We continued to rebalance portfolios by taking profits in selected AI-related holdings while identifying new investment opportunities, including K-Beauty and other overlooked sectors.
- Frontier markets delivered a solid quarter, with Nigeria among the strongest contributors and valuations remaining attractive.
- We believe the backdrop for emerging and frontier markets remains constructive, supported by attractive valuations, improving fundamentals and continued opportunities for stock picking.

[Read East Capital's full Q2 commentary for a deeper analysis of market developments, the impact of AI investments and our outlook for emerging and frontier markets.](#)

Watch the latest episode of Meet East Capital, where CIO Jacob Grapengiesser and Portfolio Manager David Nicholls discuss Q2 performance and the investment opportunities they currently see across emerging and frontier markets. [Watch the episode on YouTube.](#)



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About 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 with a focus on Central and Eastern Europe, Espiria - offering bespoke global and Nordic equities and fixed income strategies, and Adrigo - a Nordic long/short hedge fund. East Capital Group owns 49% of Cicero Fonder and 51% of Hjerta AB.

For more information, please visit www.eastcapital.group.