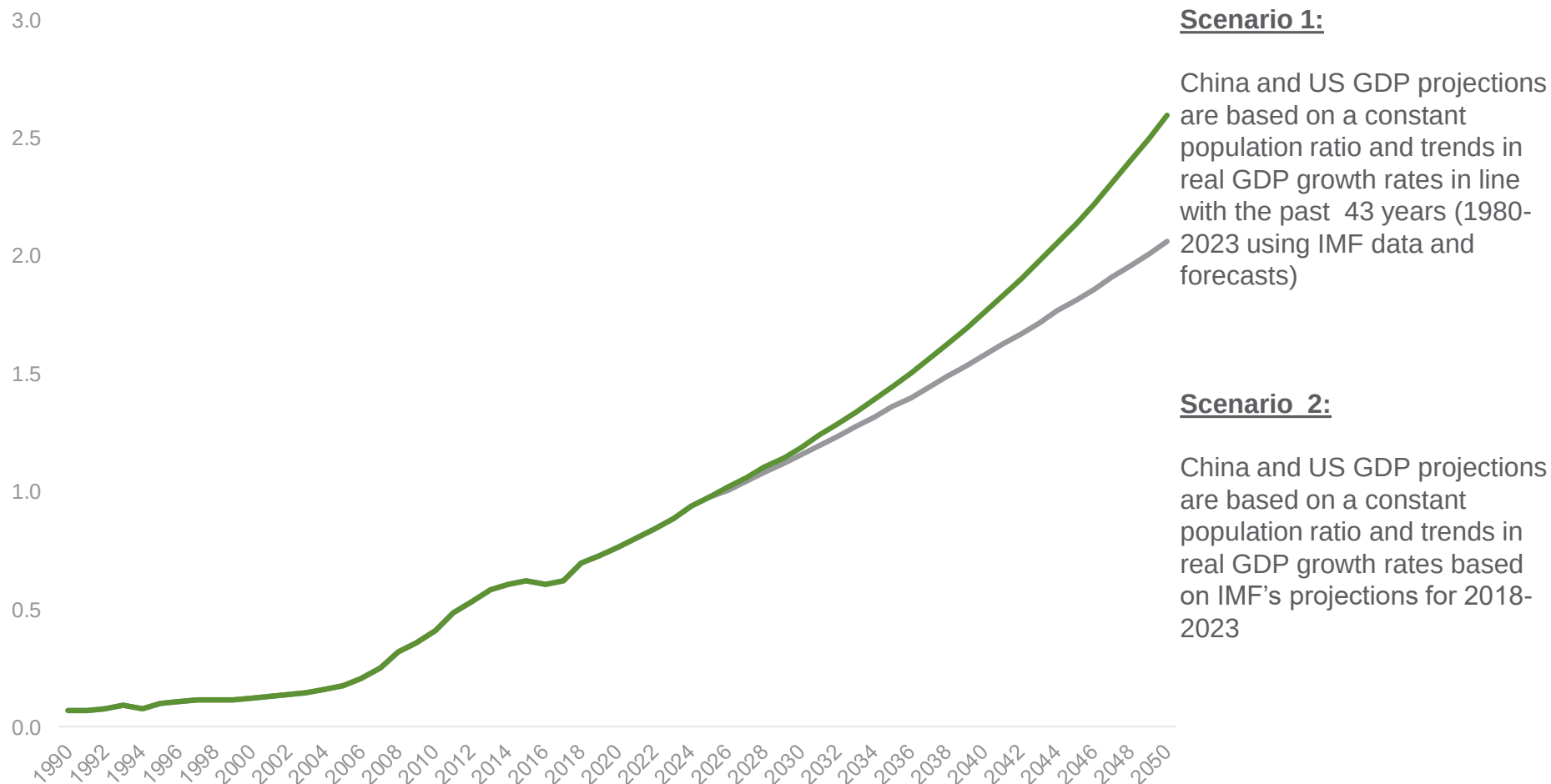


China Outlook

Jan Dehn, Global Head of Research

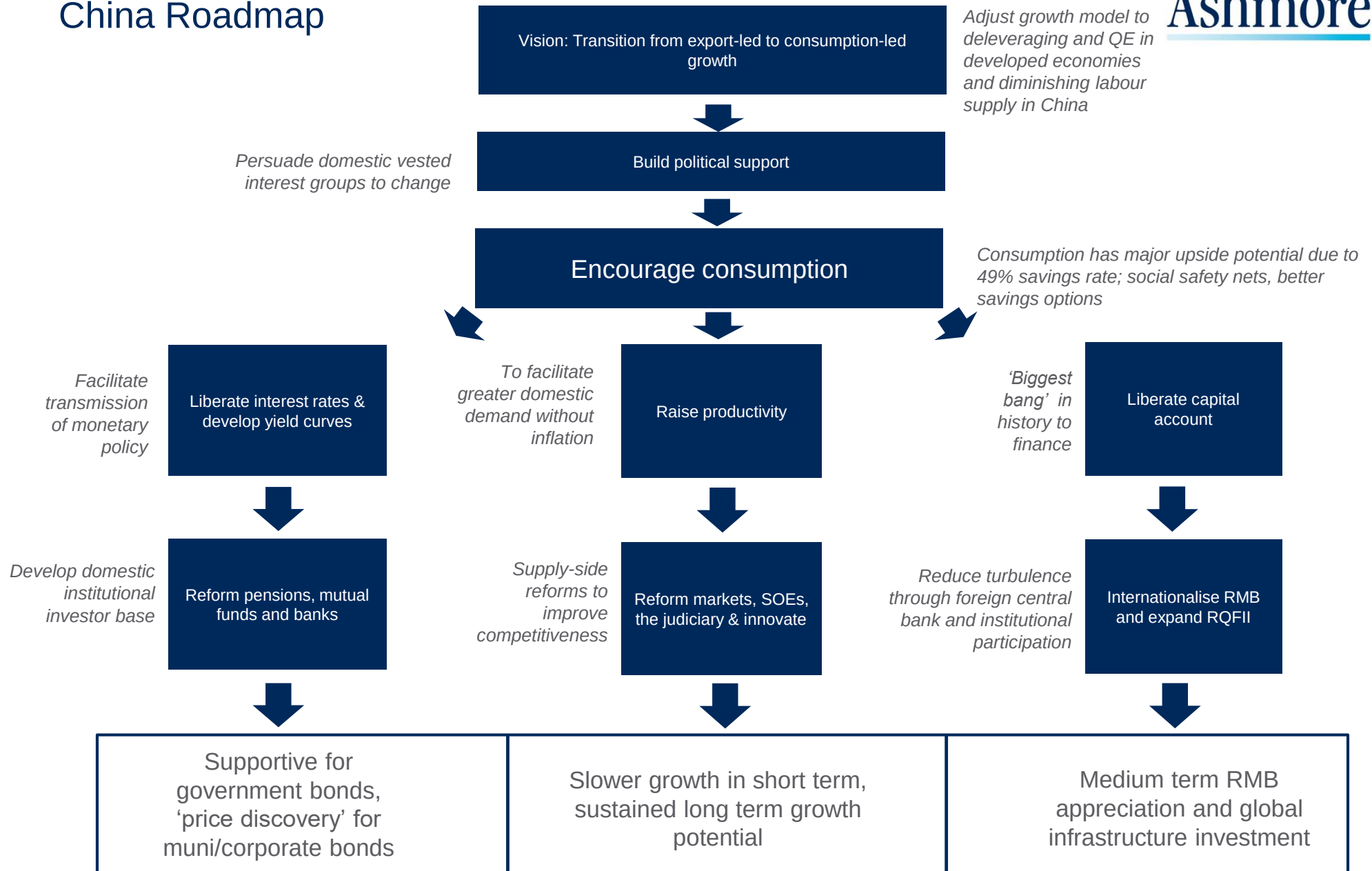
China is set to be 2-2.5 times larger than US by 2050

Ratio of China USD GDP to US USD GDP – scenarios (assuming constant exchange rates)



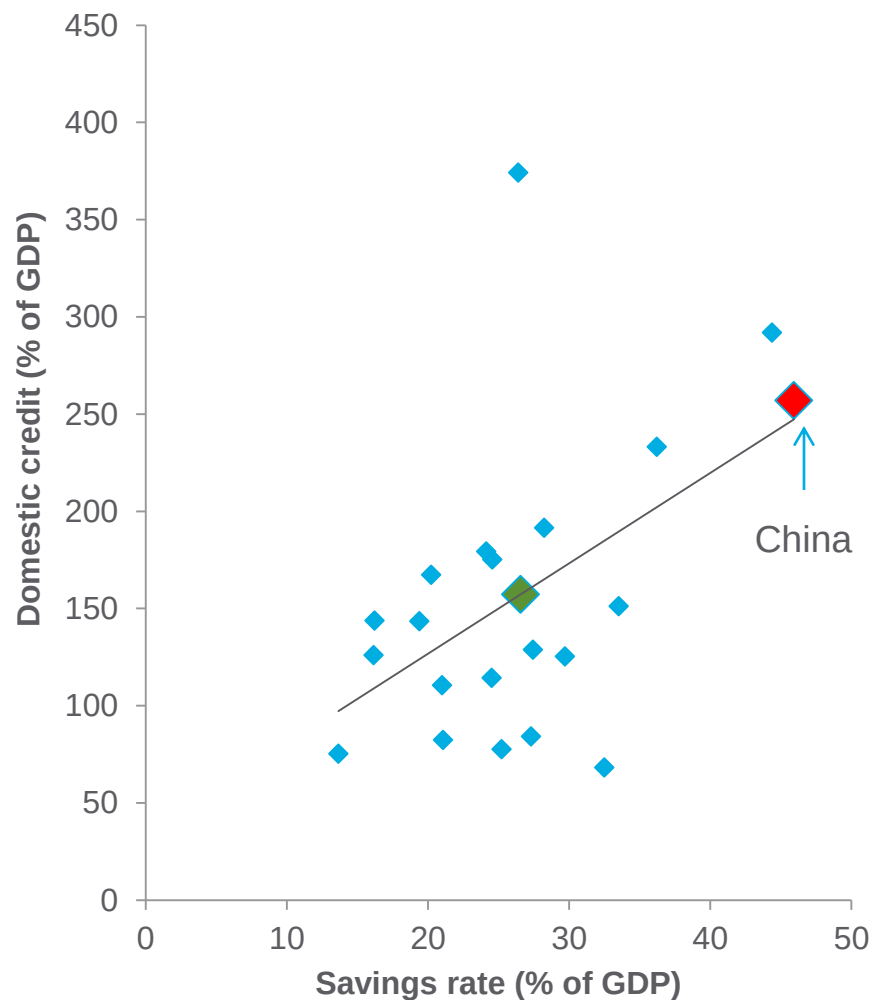
Source: IMF forecasts up to 2023. Ashmore projections from 2024 to 2050.

China Roadmap

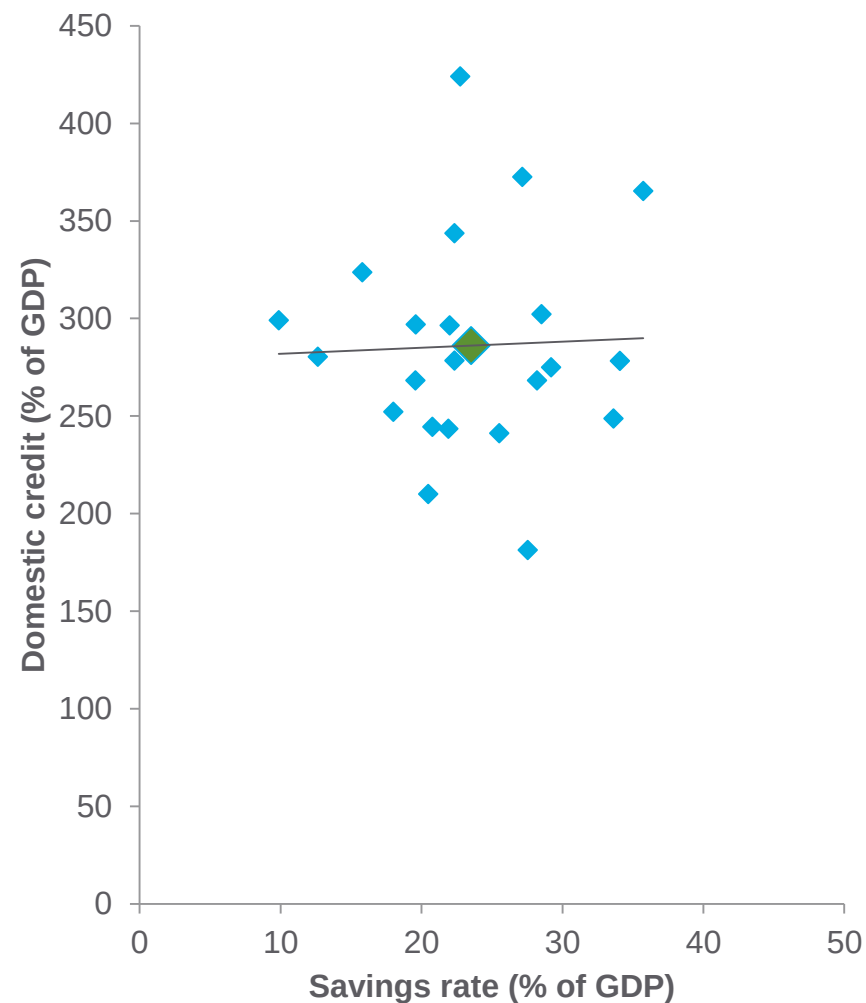


China's non-debt problem

Emerging Markets

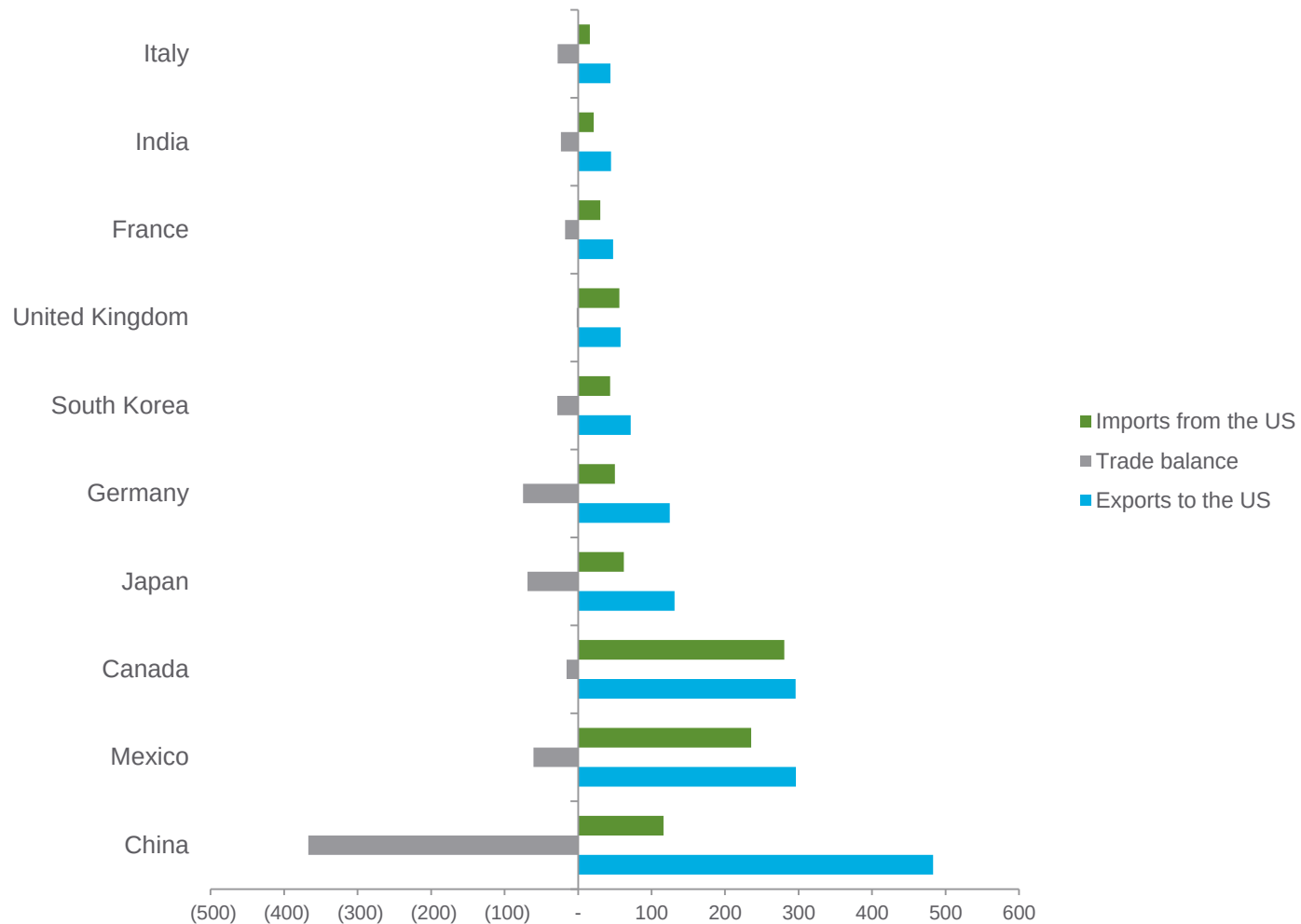


Developed Markets



Trade imbalances & trade wars

2015 trade imbalances: Top 10 countries



Source: Ashmore, www.tse.export.gov

Appendices



China is already the biggest market in EM

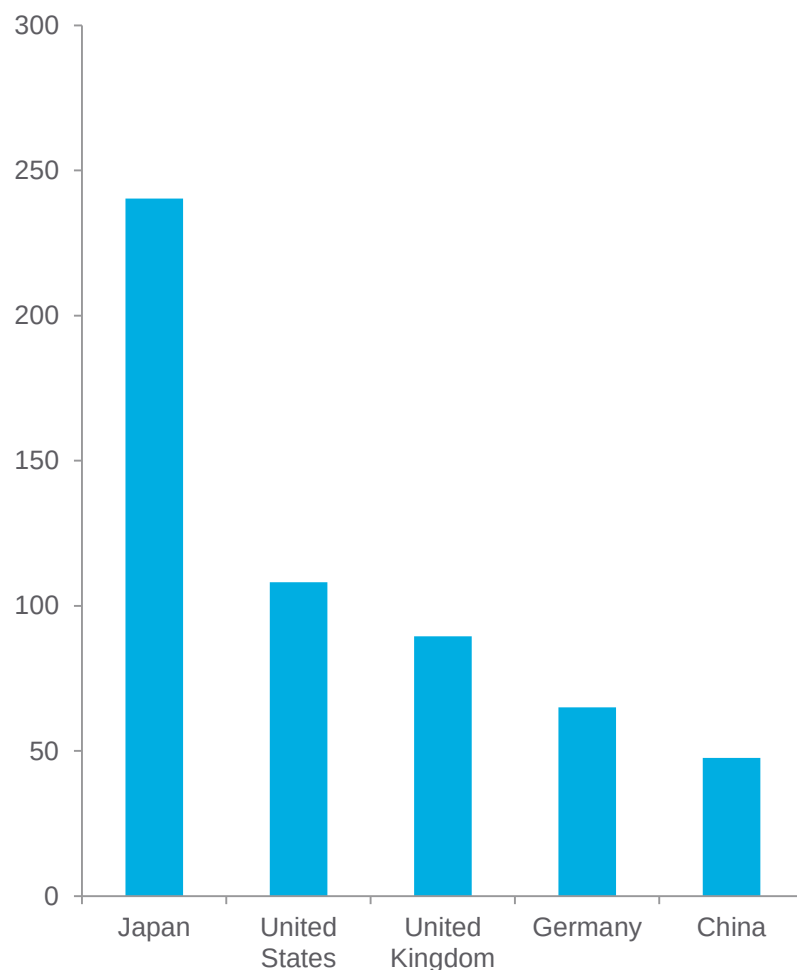
15 largest EM issuers

Rank	Country	Region	Size		Structure of market			
			USD trn	% of total EM	Local	External	Govt	Corp
1	China	Asia and Pacific	11.6	48%	11.4	0.2	4.3	7.3
2	Brazil	Latin America and Caribbean	2.3	9%	2.2	0.1	1.6	0.7
3	South Korea	Asia and Pacific	1.9	8%	1.7	0.2	0.6	1.2
4	India	Asia and Pacific	0.9	4%	0.9	0.0	0.9	0.0
5	Mexico	Latin America and Caribbean	0.8	3%	0.5	0.3	0.4	0.4
6	Hong Kong	Asia and Pacific	0.5	2%	0.4	0.0	0.1	0.3
7	Russia	Eastern Europe	0.4	2%	0.3	0.1	0.2	0.3
8	Singapore	Asia and Pacific	0.4	2%	0.3	0.1	0.1	0.3
9	Taiwan	Asia and Pacific	0.4	2%	0.4	0.0	0.2	0.2
10	Malaysia	Asia and Pacific	0.4	2%	0.3	0.0	0.2	0.2
11	Thailand	Asia and Pacific	0.4	2%	0.4	0.0	0.1	0.2
12	Poland	Eastern Europe	0.3	1%	0.3	0.1	0.3	0.1
13	Indonesia	Asia and Pacific	0.3	1%	0.2	0.1	0.2	0.1
14	Turkey	Middle East and Africa	0.3	1%	0.2	0.1	0.2	0.1
15	Argentina	Latin America and Caribbean	0.3	1%	0.2	0.1	0.2	0.1

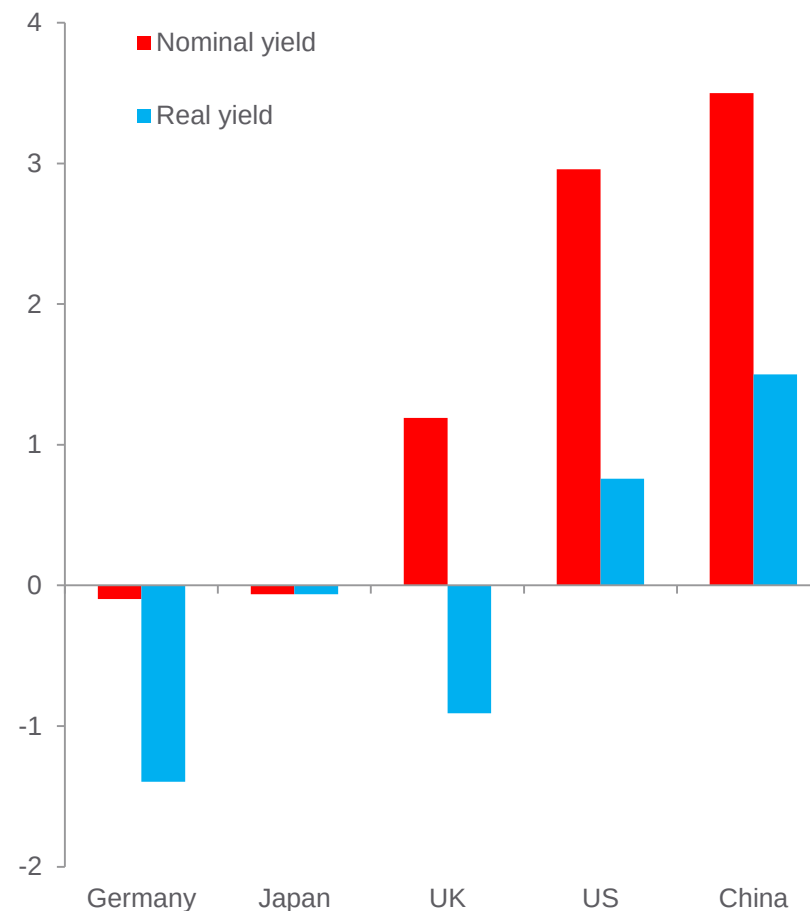
Source: Ashmore, BIS. "F" indicates Ashmore forecasts.

Debt and the compensation to taking exposure to debt

Gross government debt (% of GDP)



Real and nominal 5yr yields



Source: Ashmore, IMF (April 2017), Bloomberg (yields as of 20 August 2018).

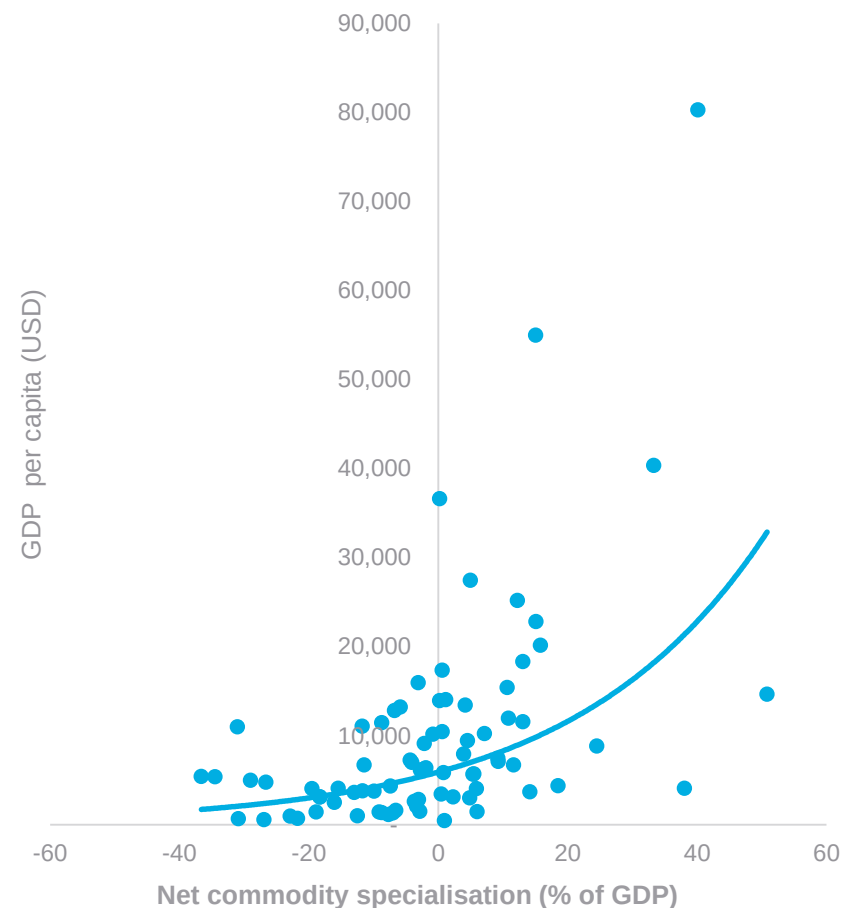
China in a EM local currency portfolio

Efficient allocations based on returns in USD terms

		EM	China	Correlation
Since 2004	Return	6.6%	5.4%	11.1%
	Volatility	10.0%	3.8%	
	Efficient weight	13.0%	87.0%	
10 years	Return	6.6%	4.8%	16.1%
	Volatility	10.7%	3.1%	
	Efficient weight	7.0%	93.0%	
5 years	Return	-1.0%	2.9%	24.0%
	Volatility	9.4%	3.3%	
	Efficient weight	0.0%	100.0%	
3 years	Return	5.8%	2.2%	28.6%
	Volatility	9.6%	3.6%	
	Efficient weight	27.0%	73.0%	
1 year	Return	15.9%	10.0%	24.0%
	Volatility	6.9%	3.9%	
	Efficient weight	30.0%	70.0%	

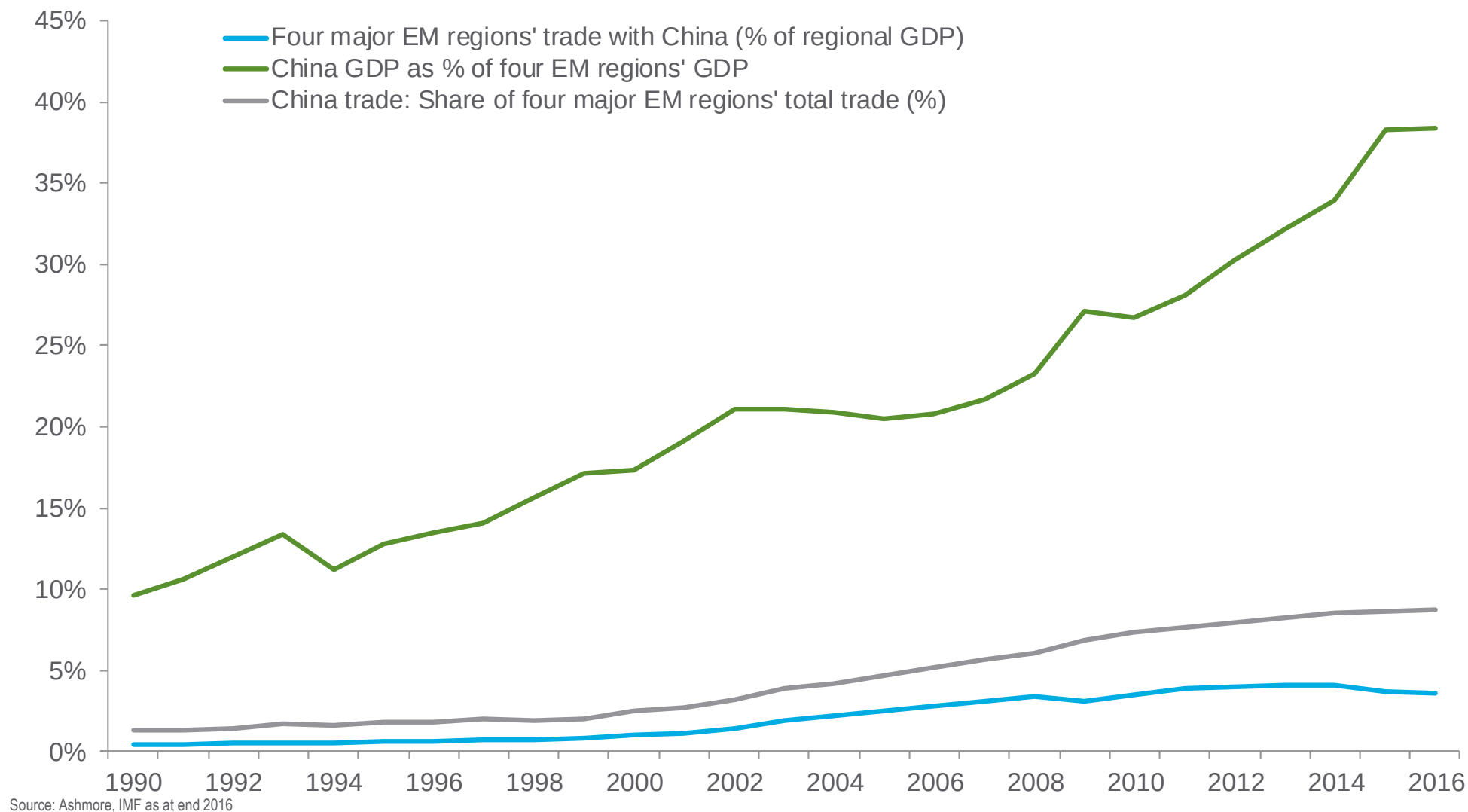
Appendix: linked to per capita GDP

	All commodities	Fuel	Food	Other
All EM countries				
All	5%	2%	1%	3%
Asia	-1%	-3%	1%	2%
Eastern Europe	2%	1%	0%	1%
Latin America	6%	0%	3%	3%
Africa	9%	2%	0%	7%
Middle East	10%	13%	-3%	1%
Specialist commodity exporters				
All	12%	7%	1%	5%
Asia	17%	1%	-1%	16%
Eastern Europe	21%	20%	0%	1%
Latin America	8%	1%	4%	4%
Africa	10%	2%	0%	7%
Middle East	24%	28%	-3%	2%
Non-specialists				
All	-5%	-5%	0%	0%
Asia	-4%	-4%	1%	-1%
Eastern Europe	-3%	-4%	1%	1%
Latin America	-3%	-4%	0%	0%
Africa	-8%	-8%	0%	0%
Middle East	-10%	-7%	-3%	0%



China in the world

China's share of EM trade



Central banks control +75% global FX reserves...

Region	Reserves (USD bn)	% of global reserves	GBI index weight (%)	GBI weighted reserves (USD bn)
World	11,457	100%		
Emerging Markets	8,726	76%		
GBI	2,212	19%	100%	159
Argentina	62	0.5%	1%	0.5
Brazil	384	3.3%	10%	38.4
Chile	38	0.3%	2%	0.9
Colombia	48	0.4%	7%	3.3
Czech Republic	148	1.3%	4%	5.8
Hungary	27	0.2%	5%	1.3
Indonesia	130	1.1%	10%	12.4
Malaysia	102	0.9%	6%	5.9
Mexico	173	1.5%	10%	16.7
Peru	64	0.6%	3%	1.7
Philippines	82	0.7%	0%	0.2
Poland	108	0.9%	9%	9.6
Romania	45	0.4%	3%	1.3
Russia	443	3.9%	8%	34.3
South Africa	46	0.4%	8%	3.8
Thailand	209	1.8%	8%	16.7
Turkey	89	0.8%	7%	6.4
Uruguay	16	0.1%	0%	0.0
Non-GBI	6,513	57%		
China	3,140	27.4%		
India	415	3.6%		
Egypt	37	0.3%		
Nigeria	41	0.4%		
Slovakia	1	0.0%		
Other EM	2,880	25.1%		
Developed economies	2,731	24%		
Japan, Switzerland	1,952	17.0%		
Other	779	6.8%		

Source: Ashmore, IMF, data as of 31-Jan-18.

Ashmore offices



Ashmore Head Office

61 Aldwych, London WC2B 4AE U.K.
T: +44 20 3077 6000

Ashmore Colombia

Calle 73 # 7 - 06 Piso 8, Bogotá, Colombia
T: +57 1 347 0649

Ashmore India

507A, Kakad Chambers
Dr. Annie Besant Road, Worli
Mumbai 400 018, India
T: +91 22 6269 0000

Ashmore Indonesia

Pacific Century Place
18th Floor SCBD Lot 10
Jalan Jendral Sudirman Kav 52-53
Jakarta 12190
T: + 62 21 2953 9000

Ashmore Japan

11F Shin-Marunouchi Building
1-5-1 Marunouchi, Chiyoda-ku, Tokyo, Japan 100-6511
T: +81 0 3 6860 3777

Ashmore Peru S.A.C

Av. Circunvalación Golf Los Incas No. 134
Torre 1, Oficina: 601, Surco
Lima, Perú
T: +(511) 3910396

Ashmore Investment Saudi Arabia

3rd Floor, Tower B, Olaya Towers,
Olaya Main Street, Riyadh, Kingdom of Saudi Arabia
T: + 966 11 483 9100

Ashmore Singapore

1 George Street #15-04
Singapore 049145
T: +65 6580 8288

Ashmore UAE

1st Floor, Gate Village 3,
Dubai, UAE
T: +971 440 195 86

Ashmore USA

475 Fifth Avenue 15th Floor
New York, NY 10017, USA
T: +1 212 661 0061

This confidential document is issued by Ashmore. The term "Ashmore" used in this document refers to Ashmore Group plc and its subsidiaries and associated entities, including Ashmore Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority and Ashmore Investment Advisors Limited, which is also authorised and regulated by the Financial Conduct Authority. Any information on or reference to "Unregulated Collective Investment Schemes" in this document are only suitable for use with Eligible Counterparties, Professional Clients or investors meeting the FCA's COBS 4.12 categories as the promotion of these Schemes either within the UK or from the UK is severely restricted by statute. Shares in any Unregulated Collective Investment Scheme are not available for sale in any jurisdiction in which such a sale would be prohibited and may only be purchased by persons with professional experience of participating in unregulated schemes, and who understand the high degree and variety of risk involved in Emerging Market investment. The information and any opinions contained in this document have been compiled in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Except where otherwise indicated, the information in this document is based on matters as they are believed to exist as of the date this document was prepared and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available or changes occurring after such date. Save to the extent (if any) that exclusion of liability is prohibited by any applicable law or regulation, Ashmore, its officers, employees, representatives and agents expressly advise that they shall not be liable in any respect whatsoever for any loss or damage, whether direct, indirect, consequential or otherwise however arising (whether in negligence or otherwise) out of or in connection with the contents of or any omissions from this document. This document does not constitute an offer to sell, purchase, subscribe for or otherwise invest in units or shares of any Fund referred to in this document. The value of any investment in any such Fund may fall as well as rise and investors may not get back the amount originally invested. Past performance is not a reliable indicator of future results. All prospective investors must obtain a copy of the appropriate offering documents relating to the relevant Fund prior to making any decision to invest in any such Fund. For Swiss Investors, the prospectus, the key investor information documents (KIIDs), the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland. The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. This document does not constitute and may not be relied upon as constituting any form of investment advice and prospective investors are advised to ensure that they obtain appropriate independent professional advice before making any investment in any such Fund. The distribution of this document in certain jurisdictions is likely to be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.