

Emerging Markets: Anchors of Growth in a Shifting World

As we mark the half year mark, global markets remain unsettled by tariff disruptions, U.S. growth concerns, and lingering foreign policy challenges. In this environment, with much of their revenue generated domestically or regionally, EM economies and companies are showing structural resilience and provide a compelling growth opportunity.

China and India stand out. Home to nearly 3 billion people, the real story lies in the transformative consumer and technological shifts underway. China is not only a massive consumer market but is a global technology leader, most notably in electric vehicles (EVs) and battery technology. Local champions such as CATL, which dominates the global EV battery market with a 40% share, and BYD with 15%, the world's leading EV manufacturer, highlight China's ambition.

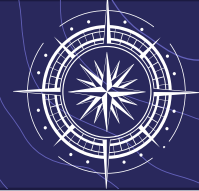
India, meanwhile, is emerging rapidly as a vast consumer market underpinned by sweeping reforms, infrastructure expansion, and digital inclusion. Domestic consumption drives 60% of GDP. The success of the Aadhaar identity system and the surge in affordable smartphones have propelled financial inclusion and e-commerce adoption. Companies like Indigo Airlines and Bharti Airtel are capitalising on India's infrastructure growth and ambitious middle class.

Latin America is navigating the current landscape well. The region is enjoying relative stability, buoyed by favourable trade dynamics, resilient currencies, and improving governance across key markets. At the forefront is MercadoLibre, the region's leading e-commerce platform and dominant force in digital payments - offering exposure to both consumer growth and financial inclusion.

Itaú Unibanco, Latin America's largest bank, is another standout. With over 55 million customers and a growing digital footprint, Itaú reflects both the maturity and ongoing transformation of financial services in the region. Meanwhile, LATAM Airlines, South America's largest carrier, is rebounding as regional mobility and tourism accelerate.

Interestingly, Sea Limited in Southeast Asia is replicating the MercadoLibre playbook: building an integrated ecosystem across e-commerce (Shopee), digital payments (Monee), but including entertainment (Garena). These integrated models are powerful because they generate cross-platform synergies, producing deep network effects and user retention. This is impactful in emerging markets where traditional infrastructure is lacking, banking penetration is low, and the rise of digitisation enables rapid adoption.

For investors, the message is clear: Emerging markets deserve a place in portfolios, but success requires careful stock selection. With over 2,500 investable companies, focusing on those delivering strong returns on equity, cash generation, and profit growth is key.



Biography

John Ewart | Investment Manager



John is a Director of Aubrey, and Investment Manager of the Global Emerging Markets Strategy. He joined the firm in 2012.

John is a graduate of the University of Strathclyde, with a BA in Economics and, additionally, is a member of the CFA Institute.

John has over 30 years' investment industry experience across global equity markets. He joined Glasgow-based FS Assurance in 1988, and managed equity portfolios in the UK retail and pension fund market. He then moved to First State Investments in 2000 to manage retail and segregated European client portfolios. In 2004, he moved to Alliance Trust PLC and was a member of the Global Equity Team and subsequently responsible for the Global Emerging Markets portfolio.

Further Reading

If you would like to read further articles, please select the following link - [Aubrey Research](#)

If you would like to receive more articles like this, [sign up to the Aubrey mailing list now.](#)

Important Information

This document has been issued by Aubrey Capital Management Limited which is authorised and regulated in the UK by the Financial Conduct Authority and is registered as an Investment Adviser with the US Securities & Exchange Commission. You should be aware that the regulatory regime applicable in the UK may well be different to your home jurisdiction. Aubrey Capital Management has taken reasonable care to ensure the accuracy of this information at the time of publication, but it is subject to change without notice and it does not in any way constitute investment advice or an offer or invitation to deal in securities.

Past performance is not a guide to future returns and may not be repeated. Aubrey Capital Management Limited accepts no liability or responsibility for any loss of any kind arising out of the use of this document or any part of its contents.