MIRAE ASSET
Global Investments

2019 Emerging Markets Mid-Year Outlook

A Silver Lining Amid Global Uncertainty

2019 Emerging Markets Mid-Year Outlook

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Executive Summary

We believe that emerging market (EM) equities are in the midst of a multi-year recovery, continuing to take advantage of the current volatility to increase positions in high-conviction secular stories. We see favorable conditions in the form of a dovish US Federal Reserve (Fed), a weaker US dollar outlook, a Chinese economic stimulus and an eventual US-China trade resolution. We firmly believe that active management boasts unique advantages in the asset class, as analysis presents a wide range of risks and opportunities across the developing world. We continue to focus on finding quality management teams determined to build sustainable businesses that would benefit from an expanding middle class, market formalization and evolving consumption patterns.

In Latin America and the Eastern Europe, Middle East and Africa region (EEMEA) , we are encouraged by some of the key reforms across those countries, the evolution of data-driven management teams and dovish central bank policies. Both regions are coming from low earnings bases, which create the opportunity for strong year-over-year growth rates.

In Asia ex-Japan, given the uncertainties around the US-China trade dispute, policy action will be pivotal. We believe that policymakers have the necessary tools at their disposal to support growth should downside risks arise. Importantly, Asia ex-Japan valuations are currently at an attractive level, and we see potential compelling risk-reward opportunities.

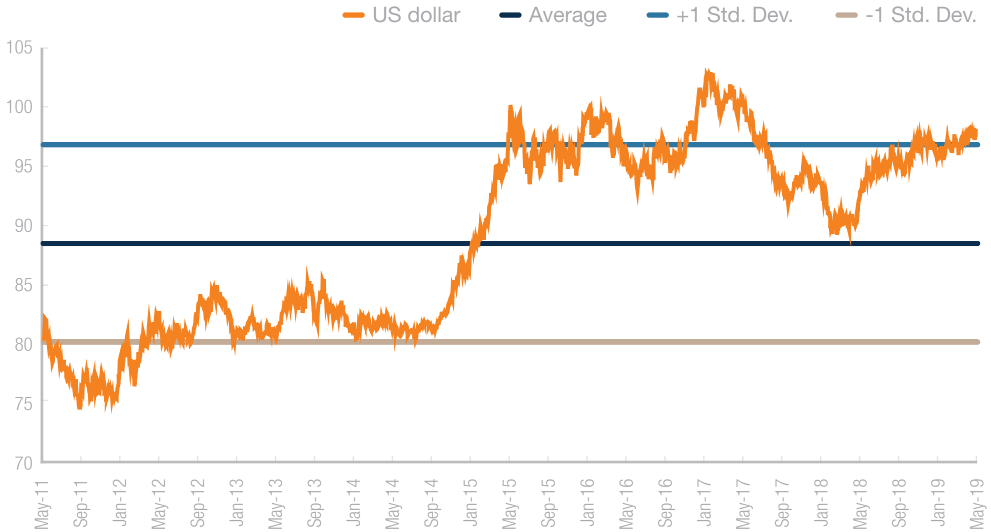
Key Events & Trends

▶ A Weaker US Dollar Outlook

We believe that the US dollar will weaken in the second half of 2019 as the United States enters the late stage of the economic cycle, which will create an attractive backdrop for EM equities. Our view is driven by the recent "Fed Pivot" in March toward a more dovish stance, weaker year-over-year US earnings, increasing US deficits and a potentially softer-than-expected Brexit. The Fed was proactive in shifting toward dovish policies amid slowing growth and weak inflation. The major shift in focus toward an inflation overshoot also suggests no additional rate hikes until 2020, with a bias for potential cuts before then. Furthermore, considering the heightened base from President Donald Trump's 2018 tax cuts, it is expected that global growth would exceed that of the United States, which will further support a weaker US dollar. US current and fiscal account deficits continue to expand with 2021 projections of -2.6% and -4.9% of GDP respectively.[1] Consolidating the argument, a softer Brexit outcome could see the euro strengthen, which would put downward pressure on the US dollar. Finally, the US dollar strength, derived from the recent escalation of the US-China tension is considered a temporary headwind, and we continue to believe the two sides will reach a long-term trade deal. Conclusively, it is our expectation that the aforementioned combination of a dovish Fed, a growing global-US growth differential, a trade resolution and a softer Brexit presents a unique opportunity for a weaker US dollar and strong EM equity performance.

US Dollar Trending above Historical Norms

Source: Bloomberg (May 2019)



US Interest Rate Probabilities

Source: Bloomberg (May 2019)

Meeting Date	Dec 2018		May 2019	
	Hike Probability	Cut Probability	Hike Probability	Cut Probability
6/19/2019	8%	1%	0%	6%
7/31/2019	8%	3%	0%	18%
9/18/2019	12%	3%	0%	42%
10/30/2019	12%	7%	0%	52%
12/11/2019	11%	13%	0%	71%
1/29/2020	9%	27%	0%	76%

[1] Bloomberg, as of May 2019

▶ The US-China Trade Dispute

On May 10, the United States increased tariffs on US$200 billion worth of Chinese exports from 10% to 25%. China retaliated and announced that it would hike tariffs on $60 billion of US goods up to 25%, effective June 1. Even during the period of the reescalation, it appears trade negotiations were expected to continue, and President Trump and President Xi likely met in sideline talks at the G20 in late June.

Even though the reescalation of the US-China trade tension is likely to be temporary, markets may experience higher levels of volatility due to the increased uncertainty and risk. From the US perspective, the recent strength in the US economy and stock market was perhaps viewed as an opportunity to add pressure on China. From a political standpoint, a tougher stance on China appears to have worked favorably for President Trump. Nevertheless, we expect China and the United States will likely continue to work toward an eventual trade deal, and the key areas of negotiation relate to Chinese intellectual property laws, China's purchases of US goods and the timing of US tariff removal in case of a trade deal.

As a result of the ongoing trade dispute, we expect Chinese policymakers to roll out further measures to support the domestic economy and anchor market expectations. This could include further infrastructure spending boosts, monetary easing, fiscal stimulus, as well as supportive policies to some targeted industries including automobiles and home appliances. Although trade concerns were a key driver behind the sentiment deterioration in the second half of last year, other contributing factors included the Chinese government's deleveraging effects and regulatory tightening in certain domestic sectors such as gaming, education and healthcare. As such, we believe that the latest round of tariff increases will not hit business sentiment as hard as it did last year.

▶ Need for Active Management in EM

We believe that active management in EMs is vital now more than ever. First, with 26 countries constituting the EM Index,[2] it is important to have a global manager that can identify the diverse and complicated set of risks and opportunities across different economies, political systems and demographics. Throwing a blanket over the asset class creates a significant disadvantage to any investor. Second, a key pillar of investing in EMs is the opportunity to buy a stake in a structural evolution, advancing from the baby boomer generation of the 20th century in the United States. We believe investors should look ahead, at new consumer-focused and technologically advanced companies that represent significant changes across these countries, not the commodity- and manufacturing-focused juggernauts that have historically dominated the EM indices. Last, with diverse standards of corporate governance, an investor may benefit from a manager that can identify management teams who align their interests with minority shareholders. This is especially true in EM countries where state-owned enterprises and multigenerational family businesses are the norm. All in all, today's global volatility reinforces the case for active management, both to identify alpha opportunities when prices dislocate from fundamentals, but also to protect on the downside during short-term corrections.

Headwinds and Tailwinds

Headwinds	Tailwinds
• Deterioration in trade negotiations	• US growth
• Hard Brexit	• Dovish Fed
• Rising US inflation	• Strong and stable commodity price environment
	• Policy support from governments and central banks
	• Better-than-expected outcome from US-China trade negotiations

[2] MSCI, as of May 29, 2019.

Asia ex-Japan

Asia ex-Japan equities witnessed a volatile period in the second half of 2018 as some of the key macro concerns on the US-China trade dispute, rising interest rates and a strong US dollar negatively affected investor sentiment. As a result, emerging Asian markets, particularly China, witnessed high selling pressure. As some of these macro headwinds receded in the beginning of the year, investor sentiment improved, supported by structural growth stories and attractive entry valuations.

The reescalation of US-China trade tension since May triggered higher levels of volatility and it is expected to persist in the near term. Although this issue remains the key downside risk to markets this year, we are of the view that the heightened trade tension will be temporary and that the United States and China will continue to work toward a trade deal. Additionally, Asian policy rates and currencies have normalized to a greater degree since 2013. This provides Asian central banks and policymakers room to confront potential downside risks to growth.

Asia ex-Japan valuations are currently attractive, close to the 1.3x P/B lows reached in October 2018. With a near-term market pullback, we could see opportunities for larger positions in high-conviction names.

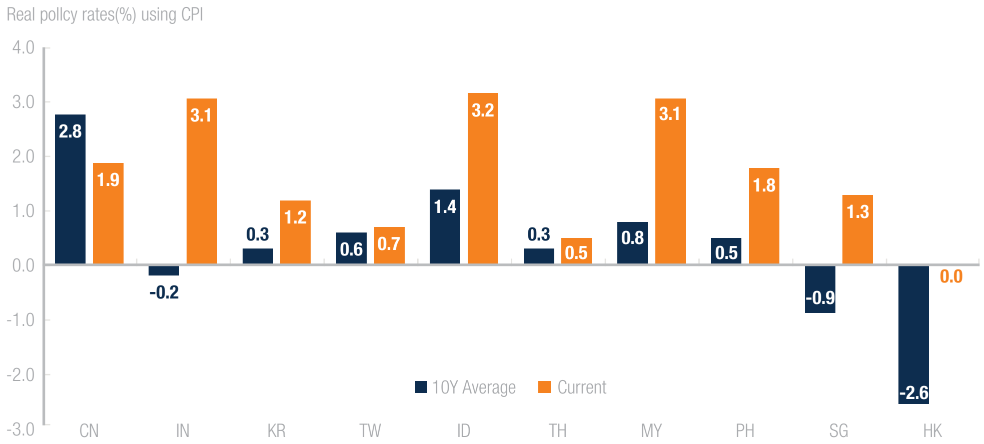
China

China remains an attractive structural story, despite the headline risks. Overall, headline macro data for China has shown signs of deceleration, but this was also due to lingering effects of the Chinese government's prior deleveraging efforts, as well as some regulatory changes that affected certain sectors.

It is estimated that the additional tariffs announced in May will only lower China's GDP growth by 30-40 basis points in the next 12 months. This takes into account the direct impact of weaker exports and indirect spillover effect on consumption and investment.

Asian Central Banks Have Room to Cut Rates

Source: Bloomberg, Mirae Asset Global Investments (May 2019)



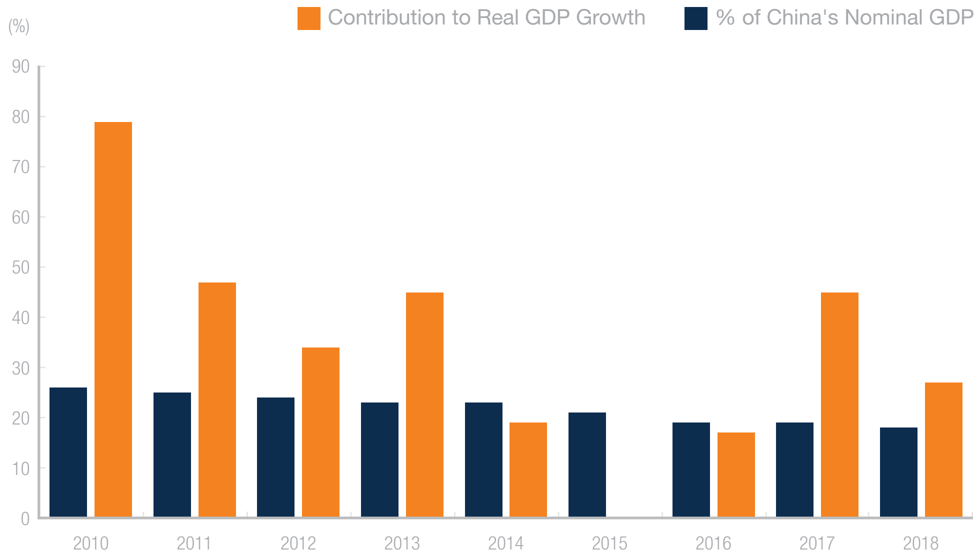
Asia ex-Japan Trailing P/B

Source: Credit Suisse (May 2019)

Chinese policymakers shifted toward policy stimulus when the trade relationship between the United States and China began to sour last year. Stimulus measures included personal and corporate tax cuts, monetary easing and fiscal spending. While policy support is set to continue as trade uncertainties persist, the Chinese government still has many levers it can utilize to stimulate the economy, particularly given that the stimulus, thus far, has been very measured.

Declining Export Contribution to China's GDP

Source: CEIC, Morgan Stanley, Mirae Asset Global Investments (May 2019)



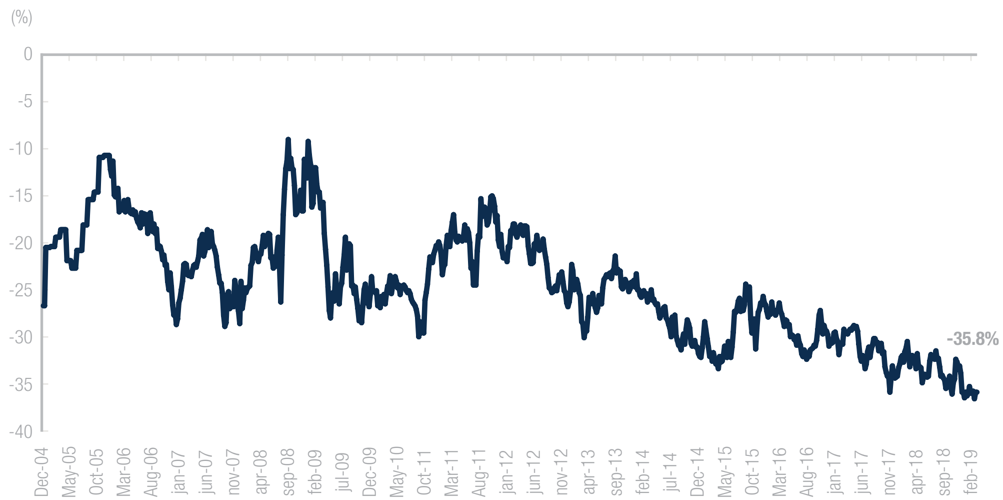
MSCI announced in February that it will raise the China A-share inclusion factor from 5% to 20% in three phases. The first phase was implemented on May 28, with the inclusion factor being raised from 5% to 10%. Since the initial inclusion of A-shares in June 2018, foreign investors have been increasing their exposure to China's onshore market. At the end of 2018, foreign investors accounted for approximately 6.7% of the free-float market cap of the onshore equity market.[3] This level is still low compared to other major markets in the region such as Taiwan, South Korea and Japan, where foreign ownership is in the 20%–35% range. We have been researching opportunities in the China A-share market since the Stock Connect program was first launched in November 2014, and we seek to further deepen and expand our capabilities in this space going forward.

Northeast Asia

Trade data for Taiwan and South Korea has trended weaker as the global cycle has slowed this year. This was largely attributable to cyclical weakness in the global IT sector and China's weaker domestic demand. Since Taiwan and South Korea are more export-oriented economies, the US-China trade dispute remains a downside risk for them. Worsening the current backdrop, domestic demand conditions remain subdued as employment and wage growth continues to be sluggish.

MSCI Korea 12-month Forward P/B Discount to MSCI Asia ex-Japan

Source: DataStream, Morgan Stanley, as of May 31, 2019



[3] People's Bank of China (2019)

In our view, despite the attractive valuations of South Korean equities, the policy direction going forward will be important. With some of the more leftist government policies, such as the minimum wage increase, now behind us, business sentiment should improve. On the positive side, corporate reforms seem to be moving in the right direction, particularly with the adoption of the stewardship code by the country's state-run National Pension Service.

India

Prime Minister Narendra Modi's Bharatiya Janata Party won reelection this May with a greater majority than what was achieved in 2014. Prime Minister Modi's win gives him another five-year term, which should be positive for the Indian equity market, as it provides stability and continuity for his development agenda.

In his first term, Prime Minister Modi achieved a great deal in many areas, but he also faced bureaucratic challenges. Though some of the reforms, such as the Goods and Services Tax and the Insolvency and Bankruptcy Code, negatively affected business confidence and economic growth in the short term, these initiatives laid the path for the country to move into the next stage of development. With these reforms now behind us, the main areas of focus for Modi's government in his second term will likely be on reviving growth, particularly the investment cycle, as well as improving productivity.

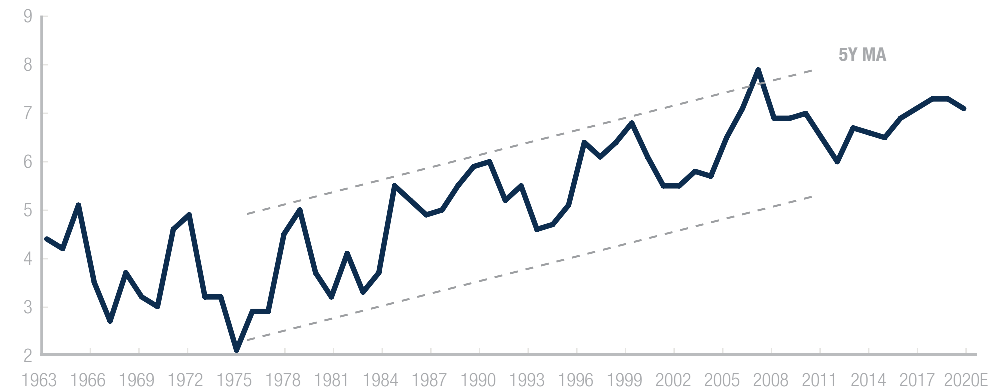
Substantial Upgrades Achieved in the First Term of Modi's Government

Source: Government of India (December 2018)

	Before 2014	After 2014
Rural Sanitation Coverage	38%	95%
Gas Connection Coverage	55%	90%
Habitations Connected by Rural Roads	55%	91%
Bank Accounts	50%	Almost all households have a bank account now
Electricity in Rural India	70% households	95% households

Long-Term Upward Trend in Real GDP Growth

Source: CEIC, Morgan Stanley, Mirae Asset Global Investments (2019)



Recent consumption-related indicators, including auto sales and imports, have softened, but we expect to see a policy response-led pick-up in the second half of the year. With global growth slowing, the Indian government's role in reviving domestic growth should be its top priority. It is our view that the government will need to be aggressive on infrastructure (extending the metro rail network and airports to the top 100 cities), sanitation and health, building rural roads and electrification. With inflation at fairly benign levels, the Reserve Bank of India has room for further policy easing following two rate cuts this year.

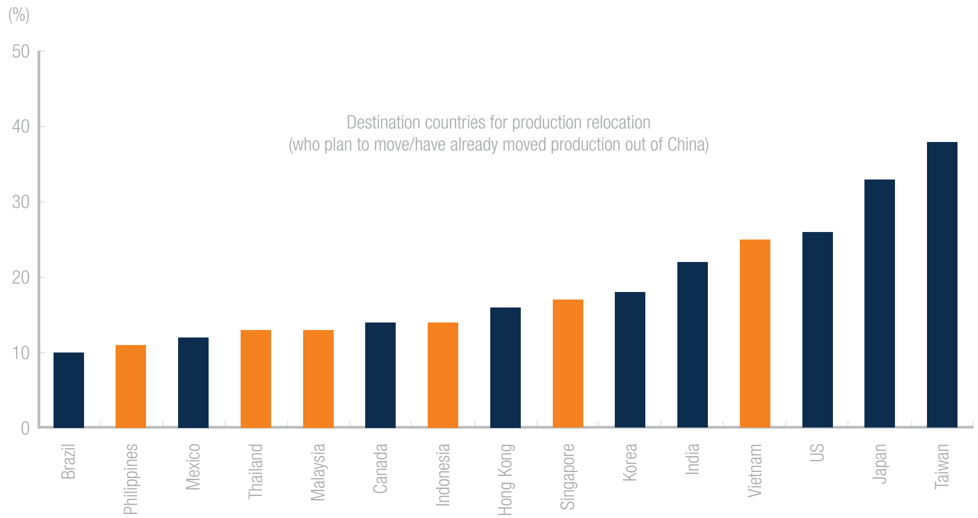
The Association of Southeast Asian Nations (ASEAN)

Recent inflation data in ASEAN economies has softened, and combined with a more dovish stance from the US Fed, Asian central banks should have room to cut rates this year. In Indonesia, President Joko Widodo won reelection in May by securing over 55% of the vote. This is a positive outcome for the Indonesian economy as it will provide policy continuity and stability.

From a medium- to longer-term perspective, some regional winners may arise from the US-China trade issues. Multinational companies have begun to explore shifting production facilities outside of China. This could benefit a number of emerging Asian economies including India, Vietnam and other parts of Southeast Asia. These economies will benefit if their governments can build up the capacity to capture export share, which would attract higher foreign direct investments and, most important, create jobs (a structural challenge facing governments globally).

North Asian CFO Survey: High Interest in India for Production Facilities

Source: UBS Evidence Lab (April 2019)



Global Investments

In Asia ex-Japan, we believe that policymakers have the necessary tools at their disposal to support growth should downside risks arise, with valuations currently at an attractive level for compelling risk-reward opportunities

Latin America & EEMEA

Though the global investment community continues to focus on headlines in China, we see significant and exciting opportunities across Latin America and EEMEA. With a particular highlight on the encouraging signals from key countries within these regions, we believe that our funds can continue to generate alpha through companies in some of the smaller, often overlooked, economies, as well.

From our perspective, Brazil, South Africa and Russia are poised to present attractive investment opportunities through the second half of 2019. All three will likely benefit from stimulus-driven growth seeping into the Chinese economy, along with any relief on the US-China trade front. The recent rise in oil prices and the newfound OPEC+ agreement should be a positive for both Brazil and Russia. We also remain optimistic that both countries will cut interest rates into the second half of the year and that Brazil will pass significant fiscal reforms. South Africa should benefit from the recent presidential election, where Cyril Ramaphosa reaffirmed his position and now boasts the political power to appoint his own cabinet and implement transparent market-friendly reforms.

The two regions also present technical and structural opportunities in their favor. On the structural side, countries like Peru, Hungary, Poland and the Czech Republic should continue to deliver robust year-over-year GDP growth. On the technical side, Argentina, Saudi Arabia and, to a lesser extent, Romania, will likely receive significant flows as they conclude or approach the MSCI inclusion process.

While some headwinds remain, we believe that the combination of a low base for earnings, attractive valuations and high growth rates creates strong prospects for both Latin America and EEMEA.

Latin America

Latin American countries are continuing to benefit from higher commodity prices and more market friendly leadership. After elections in many countries across the region last year, the focus has now shifted to policy implementation. Although rhetoric has largely remained positive, we are still waiting to see policies converted into tangible actions. Consequently, growth has remained lackluster despite growing consumer confidence, stronger currencies, lower inflation and monetary easing cycles. On the other hand, obstacles still linger in the shape of Mexican policy uncertainty, delays to Brazilian pension reform, Argentinian inflation and elections, and spillover from the turmoil in Venezuela.

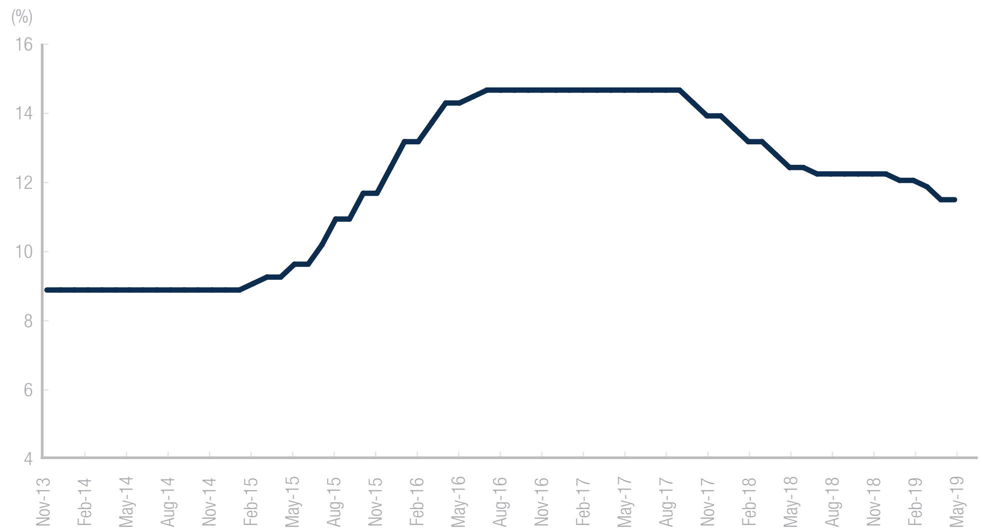
Aside from copper, which was recently affected by trade war sentiment, the region as a whole continues to benefit from commodity strength. Despite this, opportunities and challenges remain idiosyncratic across the region. In Brazil, since winning the October 2018 election, President Jair Bolsonaro and Economy Minister Paulo Guedes have worked on building a coalition in the National Congress to pass an ambitious pension reform agenda, which we believe will unleash the next stage of growth in the country. Chile's growth opportunities remain limited, but government policies have been encouraging. Colombia should continue to benefit from higher oil prices, which should help the country move forward with its necessary infrastructure program. In Mexico, a strong domestic consumer environment has overshadowed weakness in the corporate market, which we expect to weaken further. In Peru, market friendly policies and reduced political risk have helped drive a positive market outlook. Last, Argentina is set to join the MSCI EM Index despite recent market turmoil driven by the uncertain forthcoming presidential elections.

Brazil

We remain overweight in Brazil as we expect President Bolsonaro's market friendly government to pass meaningful pension reform later this year. Economy Minister Guedes has also shown diplomacy in navigating the complex political environment to make a clear case for pension reform. This will set the tone for potential future privatizations, tax reform and trade liberalization. So far, small delays have pushed back the timing of the pension reform, but we continue to expect a meaningful package of more than R$600 million over the next 10 years. On the monetary policy side, low inflation and a dovish central bank (the COPOM has cut rates from 14.5% to 6.5% since November 2016) further supports our outlook, as companies and individuals see the opportunity to reduce interest expenses and increase borrowing. In addition, the low rate environment has translated into positive flows from fixed income into equities. Brazil is coming from a low earnings base and valuations remain attractive, thus we see key catalysts for a near-term country re-rating.

Brazil's Declining Selic Rate

Source: Bloomberg, as of 5/21/2019



Mexico

Mexico has generated a better than anticipated performance this year, as the domestic consumer remained resilient and US economic growth provided tailwinds of support. Minimum wage hikes and other subsidies have supported consumer confidence in the short term, but will likely lead to a medium-term slowdown as investment and corporate hiring decline. After initial market antagonizing moves from President Andrés Manuel López Obrador and his Morena party, the government showed some rationality when adjusting bank laws. That said, we believe that his rather populist style of leadership leads to uncertainty over future policy proposals. The Mexico City airport and other minor referendums have shown greater than expected populism and potential corruption, which will remain a headwind for Mexico. For example, uncertainties surrounding spending on the state-owned energy company, Pemex, will continue to drive fiscal concerns, especially as social subsidies increase. Another reason to be concerned is President Trump's rhetoric showing that he is willing to use financial measures to push his social agenda at the border. As a result, we have a cautious outlook for the Mexican equity market. Though Mexican inflation has improved, opening the door to potential rate cuts in 2020, irrational leadership and fiscal concerns could serve as headwinds to potential green shoots in the economy.

Andean Region (Colombia, Peru, Chile, and Argentina)

Argentina finds itself in another binary situation ahead of October's presidential elections. The market would reward a reelection of incumbent President Macri, but is currently pricing in a sovereign default in the case of a loss to the former cabinet chief Alberto Fernandez or the Perronist party. Despite the backing of the International Monetary Fund, the inflation rate has remained stubbornly high at around 56%[4]. Combining this with a key borrowing rate north of 40%, subsidy cuts, and a currency that has depreciated 19% year-to-date[5], Macri faces an uphill battle in generating votes. President Macri's support has declined to the mid 30% range, reaching a similar rejection rate to former President Kirchner. Most recently, the

[4] Bloomberg, as of April 30, 2019 [5] Bloomberg, as of May 31, 2019

government has begun to try unorthodox policies (e.g. return to utility subsidies, freezing prices for key products, etc.) to solve these economic problems, which will probably not sit well with investors. On the positive side, Argentina joined the MSCI indices on May 29th, and will represent 2.3% in the MSCI Latin America Index and 0.26% in the MSCI EM Index[6], which will drive passive flows into its equity market.

Argentina 10 year CDS Price

Source: Bloomberg (May 2019)

Peru boasts the highest growth outlook in Latin America with a 3.8% GDP growth for 2019.[7] The positive outlook for continued economic reform has been hampered by the government's limited representation in Congress. That said, reforms aiming to reduce tax evasion may provide some tailwinds in the medium term. Peru's performance will likely also move with copper prices, which have recently retreated due to rekindled trade concerns with China.

Colombia has been supported by the 20% rally in oil prices year-to-date,[8] but its outlook still depends on a sustainable increase in oil prices, which would allow the country to move forward with its 4G infrastructure program. The government's 2019 financial plan, which was released in February, provides a roadmap to reach a total fiscal deficit of 2.4% of GDP. On the negative side, President Iván Duque's approval rating has declined to 30%, creating headwinds for greater reform.

In Chile, we do not find valuations and near-term growth prospects especially appealing. The US-China trade disputes can result in slower growth of global output and commodity prices, primarily copper and iron ore. Proposed changes to tax laws might not meet expectations, also adding to fiscal pressures. In addition, Chile suffers from the volatility in Argentina as spillover year-over-year spending continues to fall. On the bright side, though President Sebastian Piñera's approval rating has declined to the mid 30% range, it remains above former President Michelle Bachelet's rating during the same time in her presidency, and business confidence remains positive.

[6] Reuters, MSCI (2019) [7] World Bank, Global Economic Prospects, January 2019 [8] Bloomberg, as of May 31, 2019

EEMEA

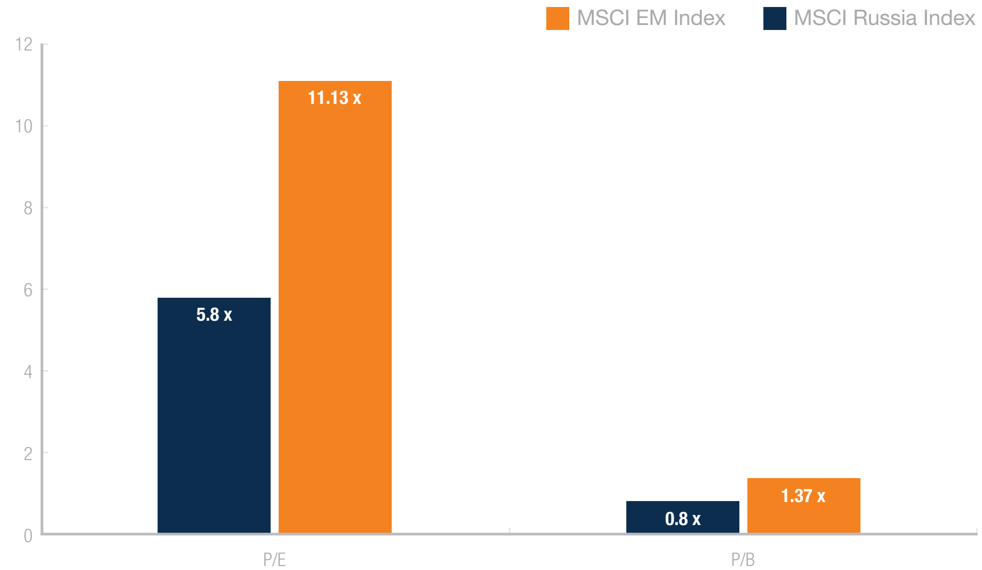
EEMEA presents a diverse opportunity set. Countries like Russia, Saudi Arabia and the United Arab Emirates should benefit from both higher oil prices and lower inflation, which could translate into key rate cuts. Elections in South Africa and Greece should lead to more market friendly policies. Turkey continues to face significant political and economic headwinds, but may benefit from low year-over-year comps and inexpensive valuations. Countries in Eastern Europe, which boast some of the best GDP growth rates in the region, should continue to grow but are vulnerable to a slowdown in Western Europe. Overall, valuations are attractive, political backdrops seem to be improving, and we believe that the region is set for a solid performance in the second half of the year.

Russia

Russian equities have performed well through the first half of 2019 and still remain, in our view, the cheapest market in EEMEA. Though economic fundamentals remain strong, investors have been surprised by the strong performance, as many remained on the sidelines fearing an escalation of Western sanctions. That said, sanction risk has dissipated with the release of the Mueller report and the lack of proof of collusion between President Trump and the Kremlin. Russia's cooperation with the Organization of Petroleum Exporting Countries (forming an OPEC+ agreement) has driven up oil prices, which, in turn, has helped the Russian economy. Additionally, the Russian central bank remains autonomous and vigilant, as inflation hovers in the mid single digits and interest rates remain stable. The country also boasts twin surpluses (budget and current account), which have stabilized the Russian market against external drivers. We remain positive on Russia due to the prospect for interest rate cuts, a formalization of the OPEC+ agreement and a less intense sanction environment. In our opinion, Russia's valuations and growth prospects are viewed as some of the best in emerging markets, and sanctions relief remains a major long-term positive catalyst.

Valuations: Russian equities vs. EM equities

Source: Bloomberg, as of May 31, 2019



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South Africa

South Africa, though facing difficult structural headwinds, could be poised for a relief rally going into the end of the year. As of early May, President Ramaphosa has solidified his position at the executive branch and as leader of the African National Congress (ANC) party. Thus far, President Ramaphosa's highlights include (1) removing the former President Jacob Zuma from the executive branch, (2) appointing market friendly finance and mining ministers, (3) gaining majority support in the ANC National Working Committee, (4) reconstituting the board of electricity public utility Eskom and other state-owned enterprises, (5) replacing the allegedly corrupt head of the South African Revenue Service, and (6) encouraging the National Prosecuting Authority to seize assets of those linked to state capture. These were dramatic, but necessary, reforms done before receiving full political support. This recent election provides President Ramaphosa with the legitimacy and power to appoint his own cabinet and address more meaningful reforms, which should include fiscal, energy and judiciary. Any signals of the president's progress in these matters should bring confidence to the market (reducing fears of credit downgrades). In addition, if China can continue to grow above 6%, we should see continued demand for South African products, which will likely boost both confidence and the economy

Turkey

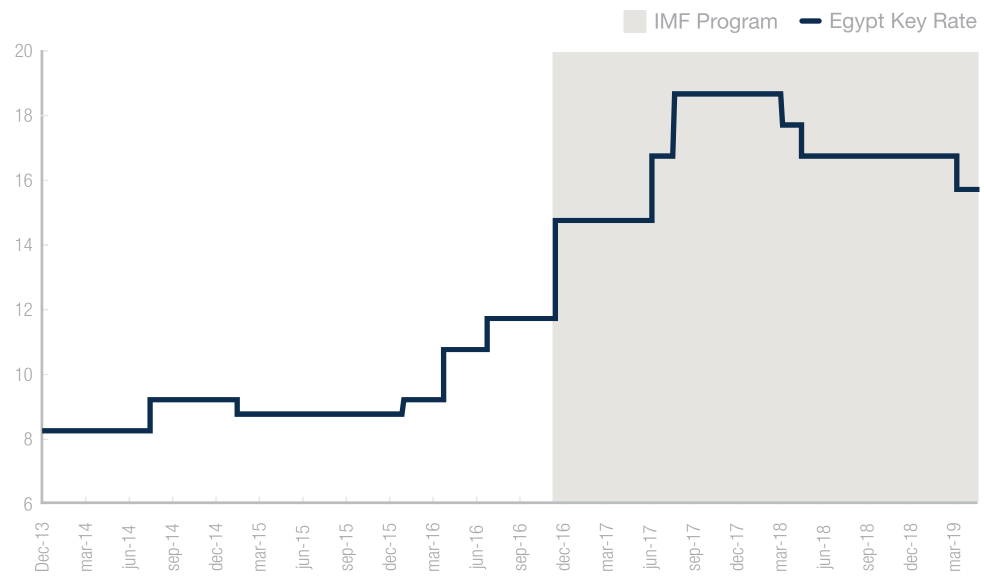
Though valuations and the demographic story in Turkey appear attractive, the country's political scenario and macroeconomic uncertainty are major concerns. Turkey has been one of the worst performing markets year-to-date and trades at a significant discount to its EM peers. As Turkey operates under twin deficits, its external shortfall makes the country particularly vulnerable to US dollar appreciation. In addition, the twin deficits are facing continued pressure from the rise in oil prices (Turkey is an importer of oil) and the increase in regional geopolitical tension (tourism is one of Turkey's greatest exports). President Recep Tayyip Erdogan now operates with the absolute power of an executive presidency. Counter to common economic theory, he has been vocal on his preferences to lower interest rates, strengthen the currency and reduce inflation all at the same time, which has hurt the market's confidence in regard to power and autonomy of the central bank. In addition, President Erdogan's party, the AKP (Justice and Development Party), lost power in Istanbul during recent midterm elections, which has led him to call for a re-vote for the municipality, leading one to question the rule of law there. The increase of absolute power and lack of checks and balances has the market concerned. With that said, Turkish valuations are extremely inexpensive, and the market could rally in the second half of the year due to lower inflation, easier year-over-year growth comps and continued dovishness from the US Federal Reserve.

Other EEMEA Countries

IIn the Middle East and Northern Africa, we remain optimistic on Egypt and Saudi Arabia. Egypt continues to perform well, as the government let its currency depreciate and has committed to fiscal austerity. This has led to improvements for the country's twin deficits, and stabilized inflation

Egypt's key rate

Source: Bloomberg (March 2019)



rates, and we are now witnessing the early stages of an impactful rate cutting cycle, which should translate into growth. The country's demographic story also translates into a strong long-term driver. Saudi Arabia is rallying on oil strength but is also benefiting from its recent inclusion in the MSCI EM Index (Saudi Arabia will represent 1.42% of the benchmark[9]). MSCI inclusion has brought flows to the country, opened its capital markets and provided investors with an extra layer of comfort around corporate governance. As a region, macroeconomic dynamics appear stable due to the rebound in oil prices, but geopolitical uncertainty remains prevalent.

In Greece, the first half of the year saw a rally off the completion of the third bailout program and an agreement on debt relief. This is an election year for the country and polls suggest that the investor-friendly New Democracy party should do well versus the Coalition of the Radical Left (mostly known as Syriza). Political risk should be marginal as both parties remain in favor of the European Union (EU) bailout programs. The economy looks stable with growth rates around 2% generating a primary surplus large enough to enable the government to proceed with fiscal loosening.

The CE4 countries (Poland, the Czech Republic, Romania and Hungary) continue to boast the highest growth figures in Europe, but recent weaker growth stemming from Brexit and the political uncertainty surrounding a wave of EU populism in Western Europe reduced some of the near-term optimism in the region. These countries have relatively educated population bases with attractive tax rates and low costs of labor, which should continue to attract investment through 2019, but the region does depend on Western European demand along with the divestment of EU infrastructure funds.

[9] Reuters, MSCI (May 2019)

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