

## press release

1 February 2011

### Emerging markets – the next frontier

**Andy Parsons, Advice team manager at The Share Centre looks at the next level of emerging market countries to present investment opportunities.**

“Over the past decade BRIC countries have been the main focus for investors seeking exposure to emerging markets, however there is the potential for these to now be considered established ‘developed’ emerging markets. As they become part of our everyday lives, investors are looking towards a new frontier of countries offering the investment potential and excitement previously afforded the BRICs.

“As the world becomes more developed, new markets open up and investment opportunities become greater. The BRIC story is by no means over and still offers significant potential; however investors may be looking for new opportunities.

“Whilst countries such as Taiwan, South Korea, South Africa, Mexico, and Turkey may have already crossed the investment radar, there are others that may have never previously been considered, such as Indonesia, Chile, Thailand and Malaysia, making it apparent that the world is becoming a diverse and investable asset.

“It comes as no surprise to investors that South Africa is still predominantly a play on natural resources such as gold and platinum.

“Despite regularly being in the news for tensions with neighbour North Korea, South Korea and Taiwan, both offer investment opportunities. South Korea is home to giant companies such as Samsung Electronics and the Hyundai group, and Taiwan has already undergone considerable industrialisation, which puts both countries ahead in terms of investment opportunity and choice.

“Elsewhere, due to its cultural diversity and because it is seen as the gateway where East meets West, Turkey is unique. Its importance as the key hub for oil and gas transportation from the Middle East cannot be underestimated, as well as the part it plays of bringing western consumer goods to eastern markets.

“In order for countries to help establish their economic growth it is important they are able to attract foreign direct investment and have political stability. For example, whilst Venezuela’s vast oil reserves may make it seem like an opportunity, its risk is far too great given its current political situation.

“Investors considering exposure to these new emerging markets need to appreciate that these markets will naturally exhibit high degrees of volatility and uncertainty in the short term, however the potential is there for a long term reward.

“In order to gain exposure to these countries we would recommend investors seek a global diversified emerging markets fund or a regional specific alternative. Listed below are two funds that we believe offer some degree of exposure to these new exciting countries.”

#### Aberdeen Emerging Markets fund

“The Aberdeen Emerging Markets fund is ideal for more adventurous investors who want broad emerging market exposure, with access to more than just the BRIC economies, in a well diversified portfolio.

“This fund has no single manager at the helm, instead it is managed on a ‘team’ basis by Aberdeen’s emerging market specialists. Its managers and analysts are involved with the participants of these markets on a daily basis, and apply a bottom up approach with an emphasis on absolute returns rather than the benchmark.

“In terms of performance, the fund is ranked number 1 in its sector over 5 years at 31 January 2011 with a cumulative return of 112.33%, and is also 1st quartile over 1 & 3 years with returns of 28.52% and 64.06% respectively.” (Source: Financial Express)

#### Fidelity South East Asia

“As already alluded to, Asia currently provides investors with an abundance of opportunities and this fund looks to offer all of those, wrapped up in a region specific style fund.

“The lure of the potential higher returns from the Pacific basin as a region are hard to ignore, however it is not for the fainthearted. Poor communication, poor regulation, lack of corporate governance and even corruption are just some of the difficulties faced by the region.

“The Fidelity South East Asia fund is an ideal way of investing within this region as its managers and analysts are involved with the participants of these markets on a daily basis. Allan Liu manages the fund from Hong Kong and is supported by a number of sector analysts who are also based throughout the South East Asia region.

“The fund provides broad diversification across many of the new and exciting next tier of emerging market countries. Also, in terms of performance, the fund is ranked first quartile over 1, 3 and 5 years on a cumulative return basis to 31 January 2011, returning 33.99%, 57.62% and 128.88% respectively.” (Source: Financial Express)

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#### **Notes to editors:**

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Performance figures are sourced from Financial Express.

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Investing in general, and the products and services mentioned above may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment. Past performance is not a reliable indicator of future performance.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

**About The Share Centre:**

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on [www.share.com](http://www.share.com). Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#)

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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