

Starting at:

9 am EST

2 pm UK

3 pm Swiss

9 pm HK/SG



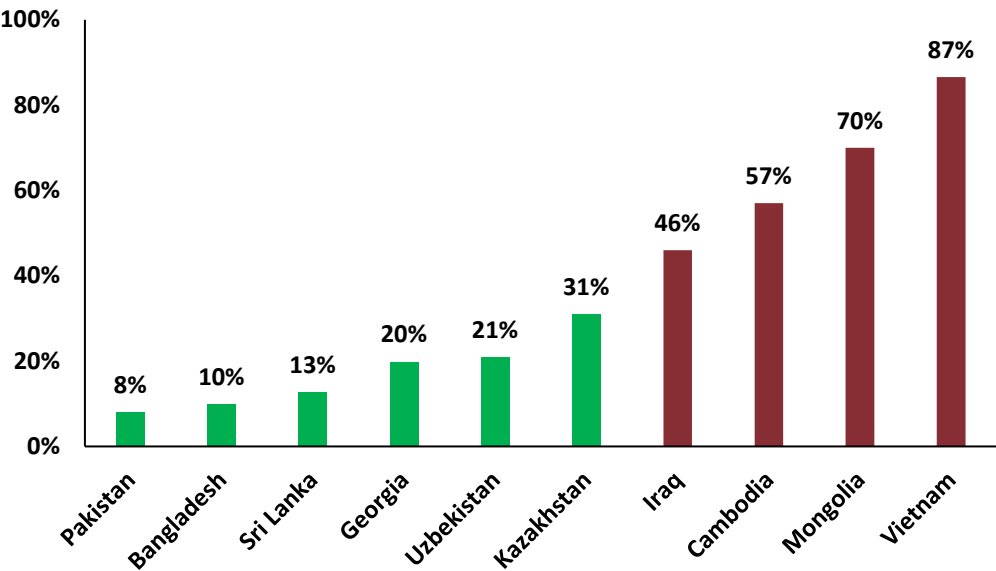
AFC Quarterly Webinar
May 2025



AFC Asia Frontier Fund

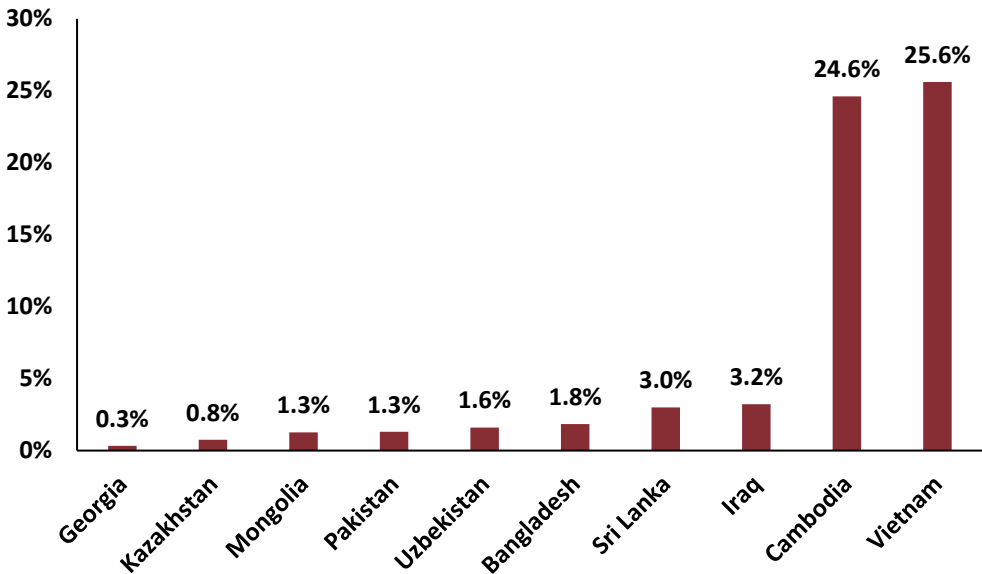
2025 Outlook - South Asian and Central Asian Frontier Markets Not Very Exposed to U.S. Trade

South Asian and Central Asian Frontier Markets are Not Dependent on Exports (Exports as % of GDP in 2024)



Source: International Monetary Fund, AFC Research

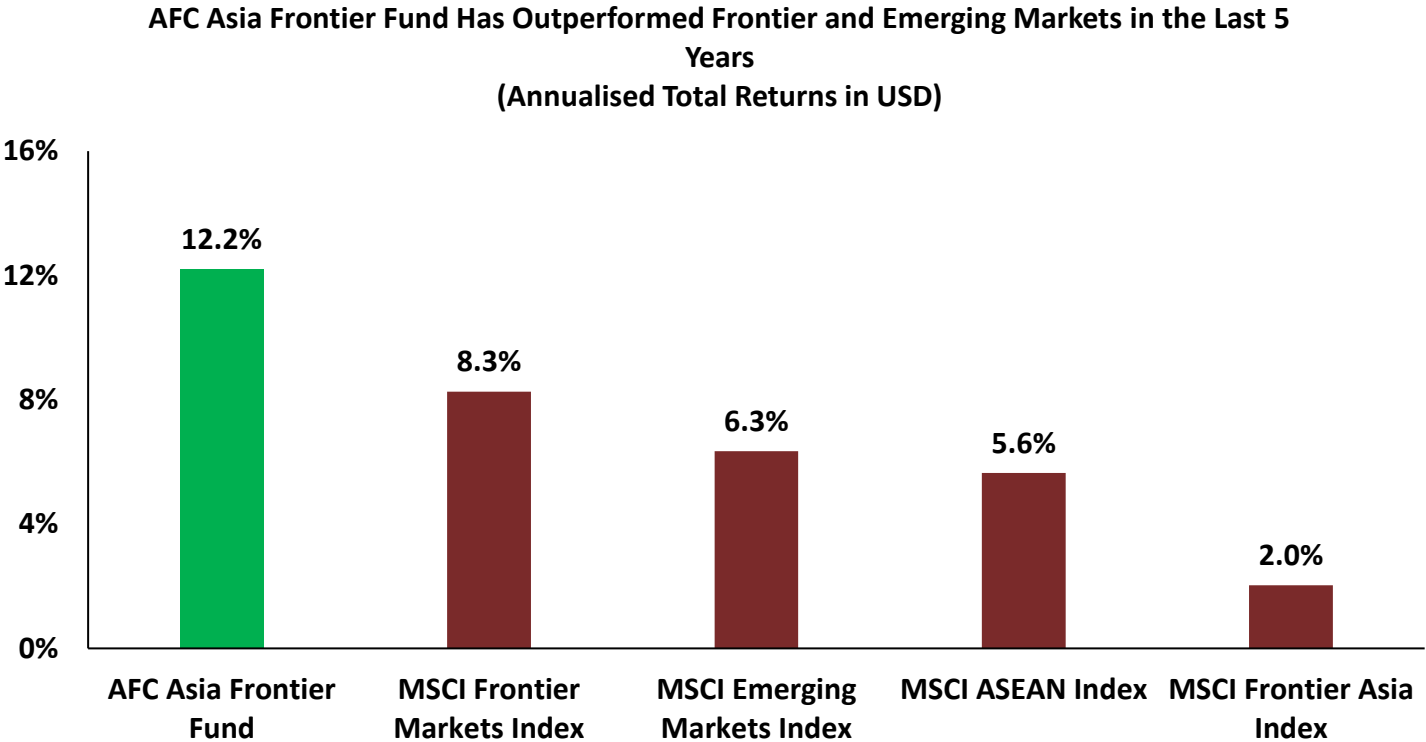
Most Asian Frontier Markets have a Low Exposure to U.S. Exports (Exports to U.S. as % of GDP in 2024)



Source: Bloomberg, AFC Research

- South Asian and Central Asian economies not very dependent on exports.
- These economies more dependent on their domestic economies and domestic policies.

AFC Asia Frontier Fund Outperforming in a Volatile and Uncertain Time



Source: Bloomberg, USD total returns between 30th April 2020 – 30th April 2025

- Very strong returns in the last 5 years despite a volatile and uncertain environment (pandemic, war in Ukraine, aggressive U.S. Fed).
- 2025 has seen positive returns from Iraq and Kazakhstan.

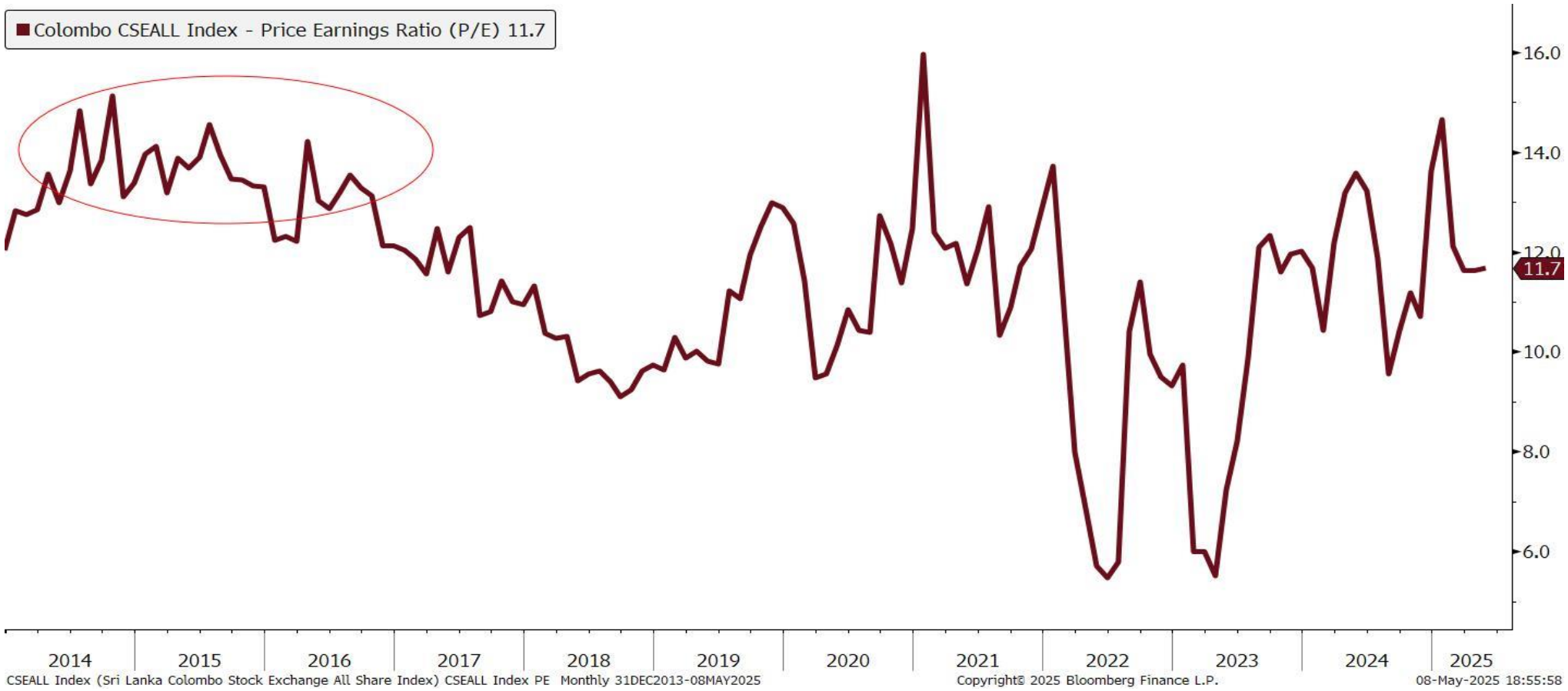
Our 2025 Calls – Compromise “If” Any in Ukraine – Positive for Central Asian Equities



Source: Bloomberg, % change in USD prices between 31st December 2024 – 7th May 2025

- Central Asian stocks have re-rated on talk of compromise in Ukraine.
- Central Asian equities have had a “geopolitical” discount.

Our 2025 Calls – Sri Lanka Can Lead Returns



Source: Bloomberg, as of 8th May 2025

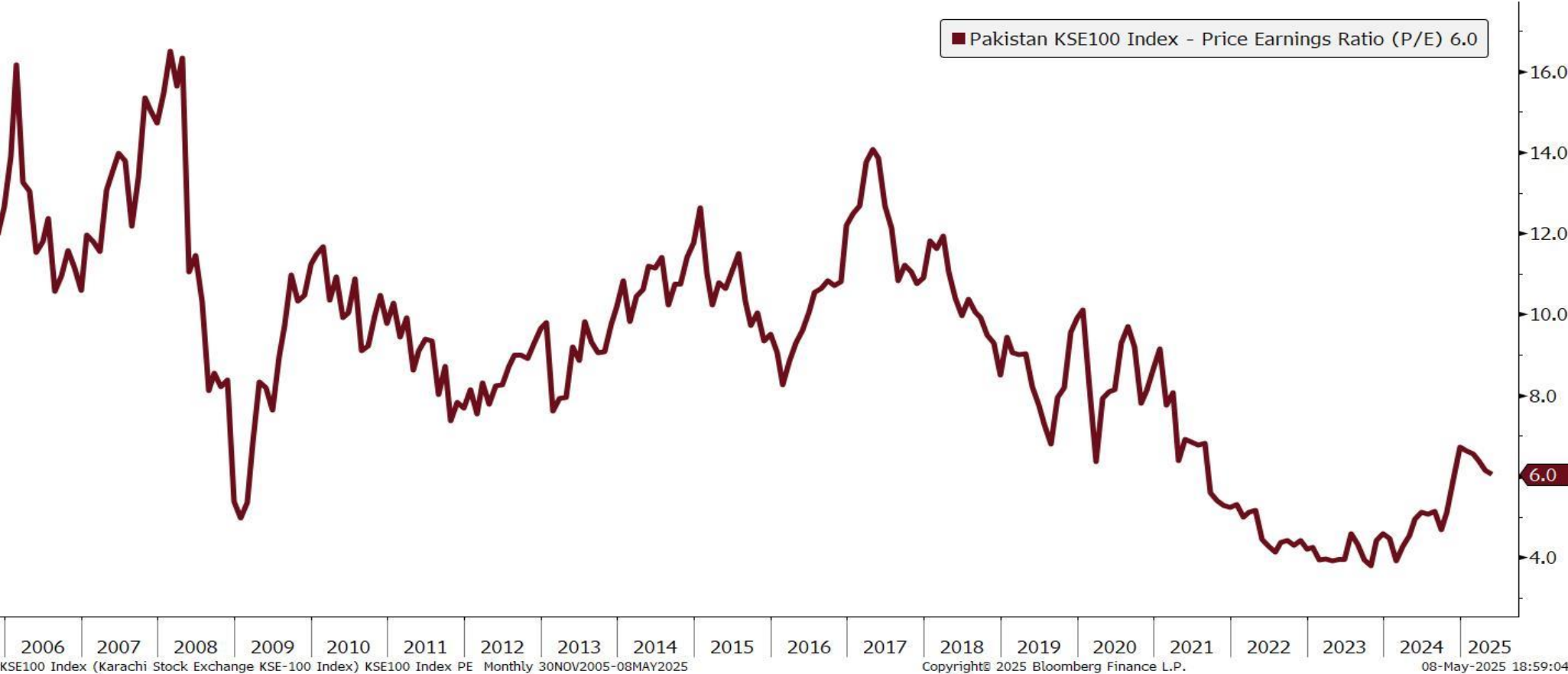
- Economic recovery to drive earnings further in 2025.
- Ongoing success of the IMF program and its policies.
- Sovereign credit rating upgrades adds to investor confidence.
- Most important – very strong political stability after a long time.

Our 2025 Calls – Bangladesh Can be the Dark Horse



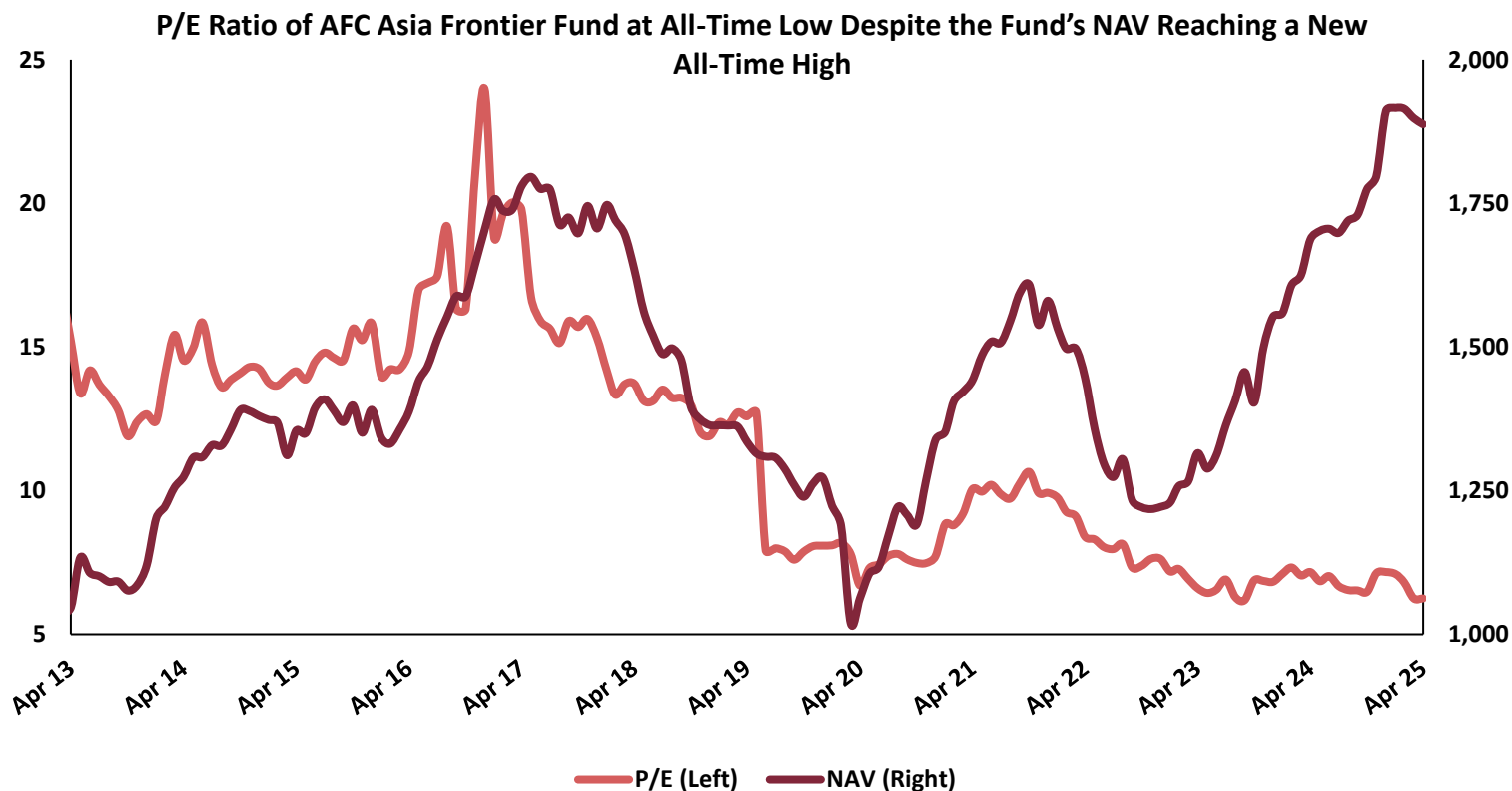
- Bangladesh now “too cheap” – similar story to Pakistan and Sri Lanka two years ago.
- We believe inflation and interest rates have peaked out.

Our 2025 Calls – Pakistan Valued Attractively Despite Geopolitical Tensions



- We believe there will be de-escalation from here.
- KSE-100 Index P/E ratio still well below historical average.
- Macro-stability gains have been made i.e., low inflation, lower interest rates, current account surplus.

2025 Outlook - Re-Rating to be Led by Valuation Multiples Expanding



Source: AFC Research, latest P/E ratio as of 30th April 2025

- With macro-economic and political stability in place we expect the next leg of higher re-rating to be led by valuation multiples expanding.
- Strong recovery in earnings growth in Pakistan and Sri Lanka should also support the ongoing momentum.

Key Message – Second Half of 2025 Should See Momentum for AFC Asia Frontier Fund

AFC Asia Frontier Fund Portfolio Fundamentals Well Placed to Continue Re-Rating

P/E	P/B	P/Cash Flow	Dividend Yield	Return on Equity	Debt/ Equity ratio	Historical 3 Year Earnings CAGR
6.3	1.2	6.3	3.8%	26.9%	0.5	22.0%

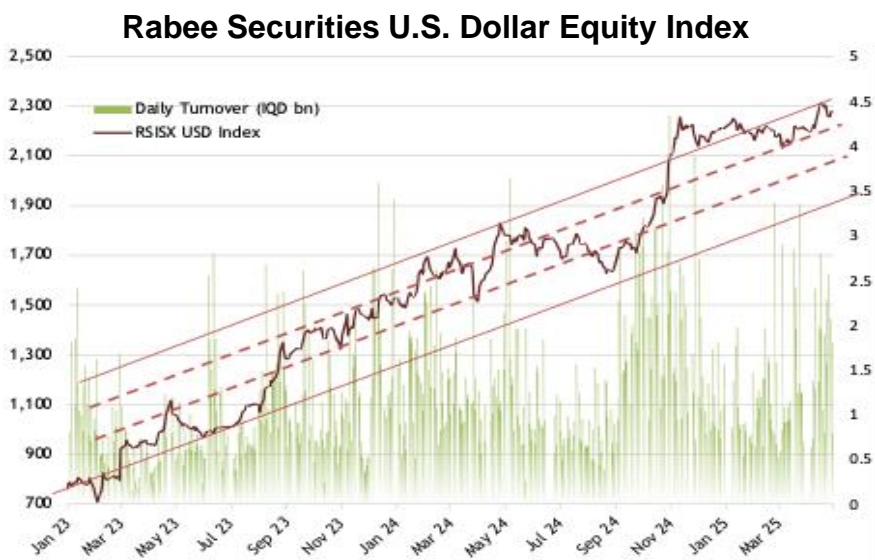
Source: AFC Research, Bloomberg, P/E is trailing 12 months, as of 30th April 2025

- Sri Lanka still one of the top country picks with a 3-5 year view.
- Expect Bangladesh to turn the corner in second half of 2025.
- Pakistan valuations looking quite attractive now.
- Central Asian stocks should continue having tailwinds.
- South Asian and Central Asian frontier markets more domestic driven stories and not very reliant on exports.
- Macro-economic cycle has turned positive for Bangladesh, Pakistan, and Sri Lanka.
- Valuations still discounted and can re-rate on the back of economic and political stability.
- ***Second half of 2025 should see momentum for the AFC Asia Frontier Fund.***

AFC Iraq Fund

Market at an All-time High in April 2025

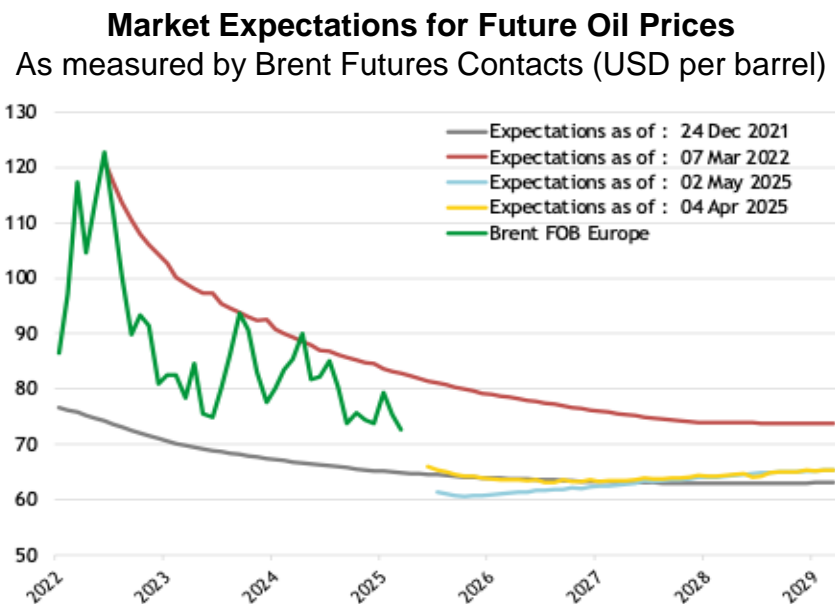
- The AFC Iraq Fund was up 3.7% at an all-time high for April 2025, Rabee Securities U.S. Dollar Equity Index (RSISX USD Index), which also closed at an all-time monthly high, with a 3.0% increase.
- The AFC Iraq Fund was up 43.5% for 2024, & up 110.4% for 2023, while RSISX USD Index was up 44.8% and 97.2% respectively
- Last peaked in January 2014, followed by a brutal seven-year bear market for a cumulative decline of 66.6%; and only surpassed the 2014 peak over a decade later



Sources: Rabee Securities, Iraq Stock Exchange, AFC Research, data as of 30/04/2025

But, Oil Prices are Crashing

- Direct impact on Iraq is almost zero, but impact will be indirect and felt through a lower global demand for oil
 - Negatives
 - Lower demand for Oil
 - OPEC+ unwinding of cutbacks
 - Positives
 - US tough action on Iran, to lesser extent on Venezuela
 - US shale high cost, less output
 - low global stocks
- Prices heading lower ... at four-year lows



Sources: Investing.com, U.S. Energy Information Administration (EIA), AFC Research, data as of 02/05/2025

IMF lowering outlook for 2025

- IMF, as part of lowering its global growth forecasts for 2025-2026 in response to the U.S.’s tariffs,
- lowered those for [oil exporters](#) even more reflecting the added effects of lower oil prices,
- with its forecasts for Iraq lowered more than those of its peers among oil exporter

	2023	2024	2025		2026
			new forecast	old forecast	
Real GDP growth	0.9%	0.3%	-1.5%	4.1%	1.4%
Real non-oil GDP growth	13.8%	-1.0%	0.5%	4.0%	1.5%
Real oil GDP growth	-7.5%	1.4%	-3.1%	4.1%	1.4%
Broad money growth	7.5%	-4.3%	4.3%	6.4%	5.1%
CPI	4.4%	2.6%	2.5%	3.5%	2.7%

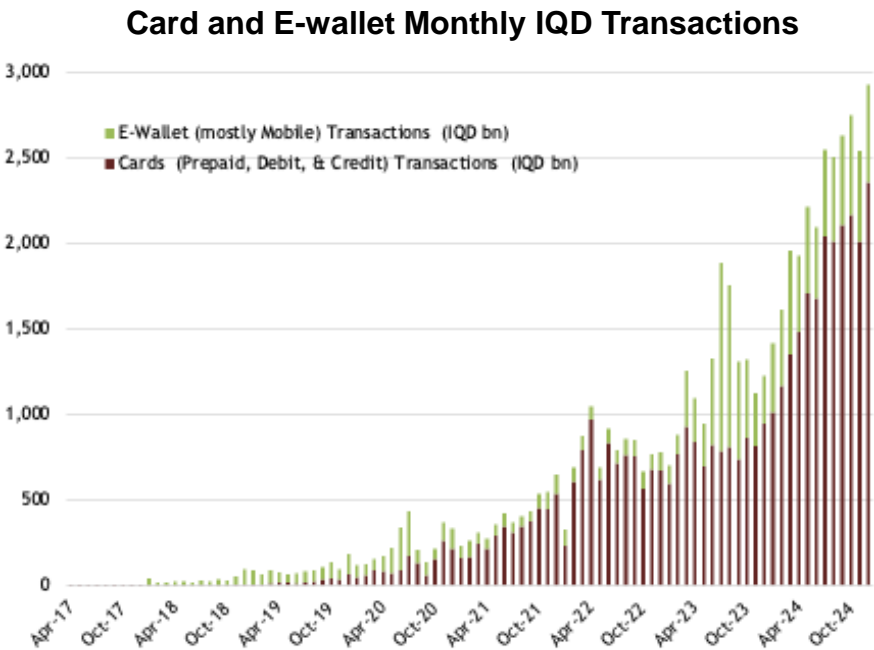
(Source: IMF May 2025 Regional Economic Outlook for the Middle East and Central Asia; old forecast refers to IMF's October 2024 forecast, while new forecast is that of May 2025)

So, What Gives?

- The answer made a year ago following a “Outlook for 2024, after gangbuster 2023”, and “Outlook for 2025 after two gangbuster years”
- Iraq’s economy is undergoing a significant structural transformation, following the country’s decades of conflict, driven by two key dynamics
 - the cumulative positive effects of the country’s relative stability
 - and the acceleration of banking adoption instead of cash and informality that dominated the economy, which is bringing about a transformation of the sector and its role in the economy
 - **that are in the early stages of their transformation of the economy.**
- But, lower oil prices are no a headwind, reversing the tailwind of last two-three years, but we believe secular positives of the economic transformation should overcome the drag from the cyclical negatives and thus continue to drive the market’s direction.

The Move Away From Cash

- Significant growth in the monthly values of transactions through cards and e-wallets
- These are at the early stages, and from a small base
- Stands out as a positive in the IMF’s updated forecasts, as seen through the figures for broad money growth.
 - lowered from 6.4% to 4.3%,
 - they still show solid growth
 - as a reflection of the increased adoption of banking and the role that banks play in the expansion of the money supply.



(Source: CBI, AFC Research, data as of the end of December 2024)

Long-term Outlook

- The over-arching theme is that the dynamics discussed here, are in the early stages of their transformation of the Iraqi economy,
- a process that would unfold over the next few years, bringing with it high economic growth that would feed into higher corporate profits, and ultimately higher stock market returns
- We believe that the fund's holdings stand to capture these returns in the next few years in the same way that they did in 2023 and 2024

AFC Uzbekistan Fund

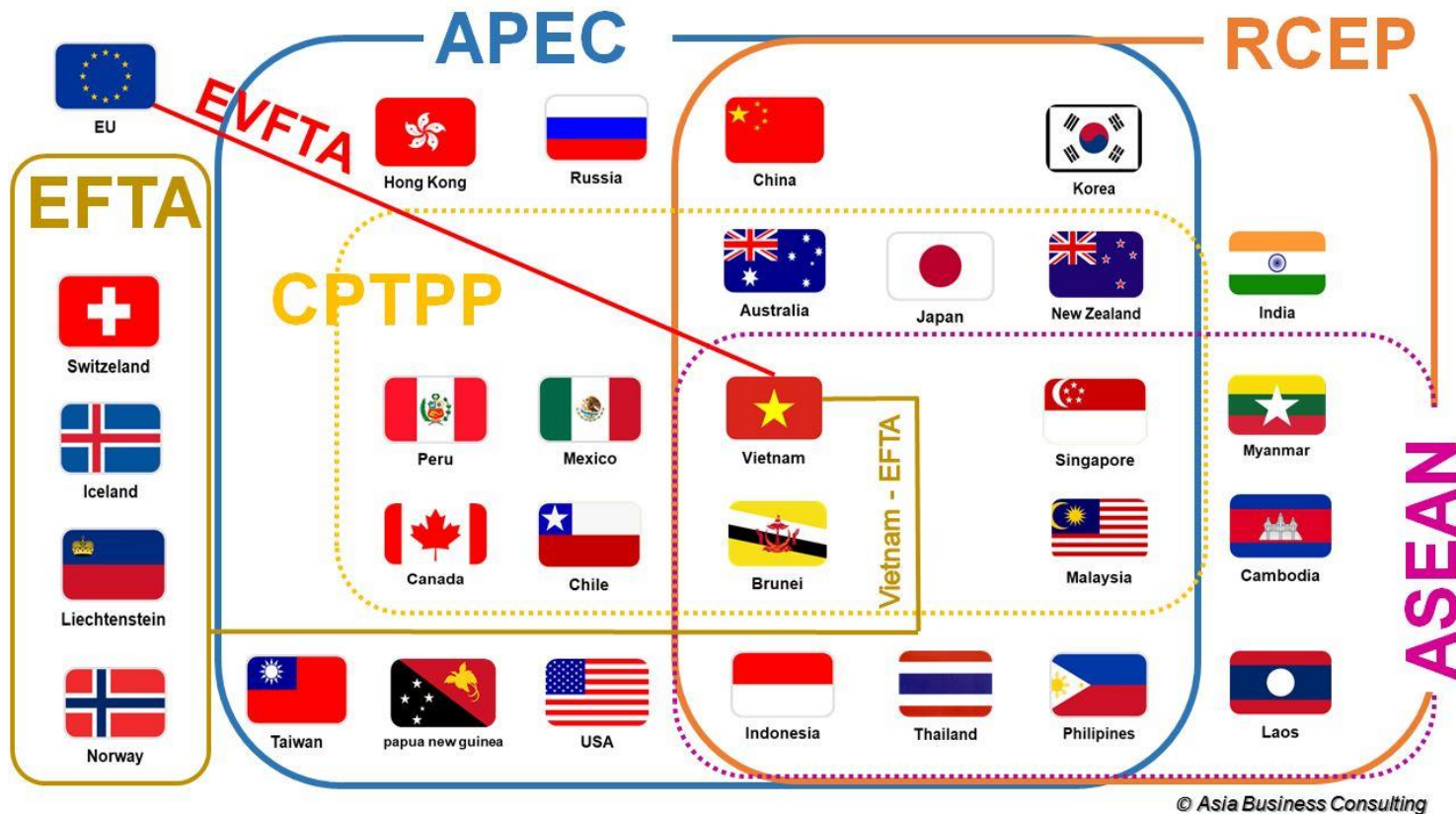
- Franklin Templeton issued trustee license by financial regulator to manage the National Investment Fund
- Oversee management of 18 SOEs valued at USD 1.7 billion
- Power plants, airports, and financial services companies
- Plans to list the vehicle on local and international exchanges in 2026

- **21st April 2025, President Mirziyoyev signed decree targeting the privatization of 29 SOEs, with plans for 12 of these to be dual-listed on both international and local stock exchanges.**
- **10-25% of companies to be floated, up from original 2-5%.**
- **International roadshows planned to properly market companies for IPO.**
- **Tenders for IPO process from 2026 to 2028, with Navoi Gold planned first, followed by National Investment Fund.**

AFC Vietnam Fund

IS VIETNAM STILL AN INVESTMENT DESTINATION?

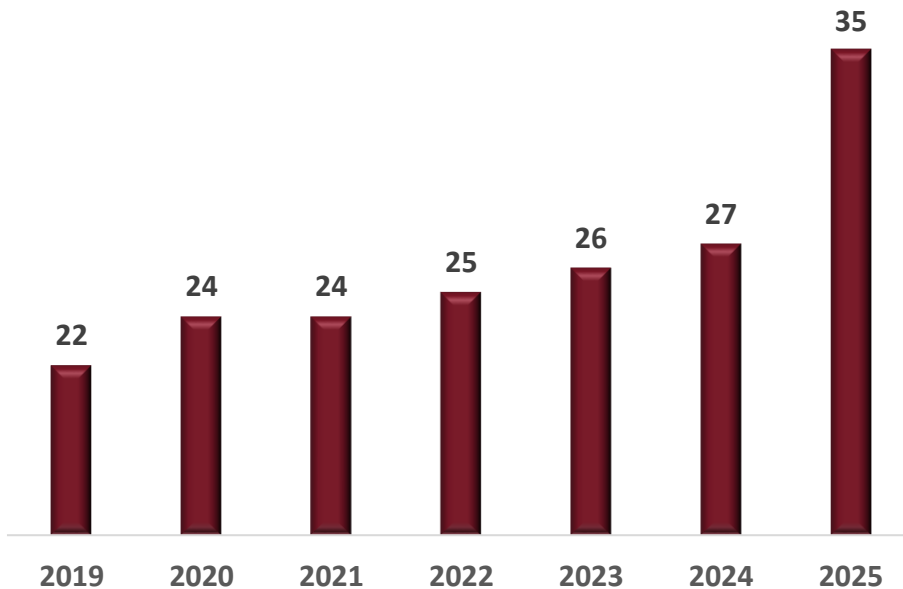
- Vietnam has series of free trade agreements with major economic area and strong countries
- Besides USA, Vietnam signed comprehensive and strategic partnership deals with 11 countries which represent more than 49% global GDP



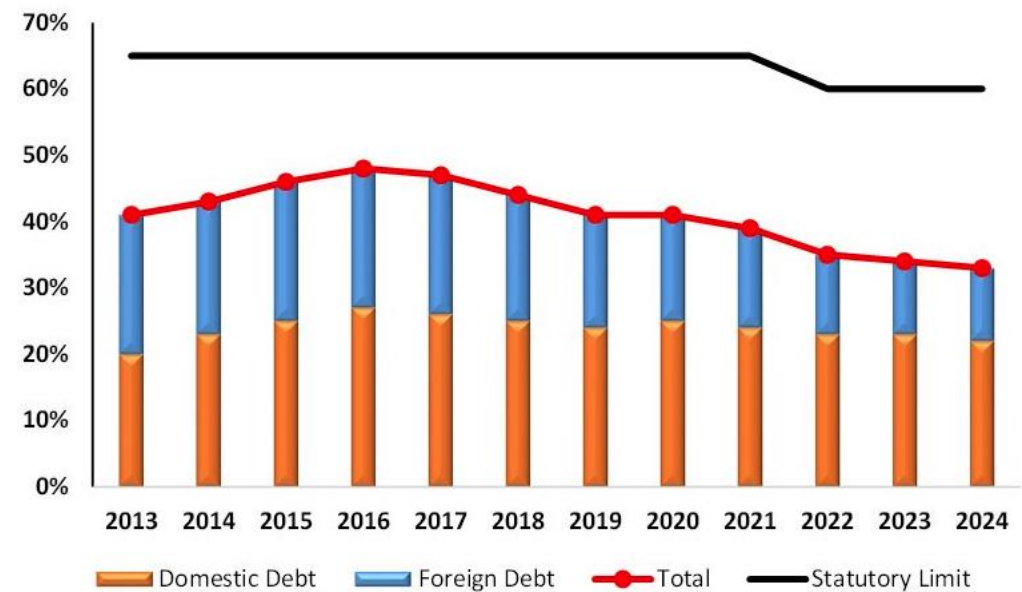
IS VIETNAM STILL AN INVESTMENT DESTINATION?

- Strong Government support by long term infrastructure investment plan
- In 2025, Vietnam plans to deploy USD 35 bn into infrastructure to push the economic growth

Investment plan (USD bn)

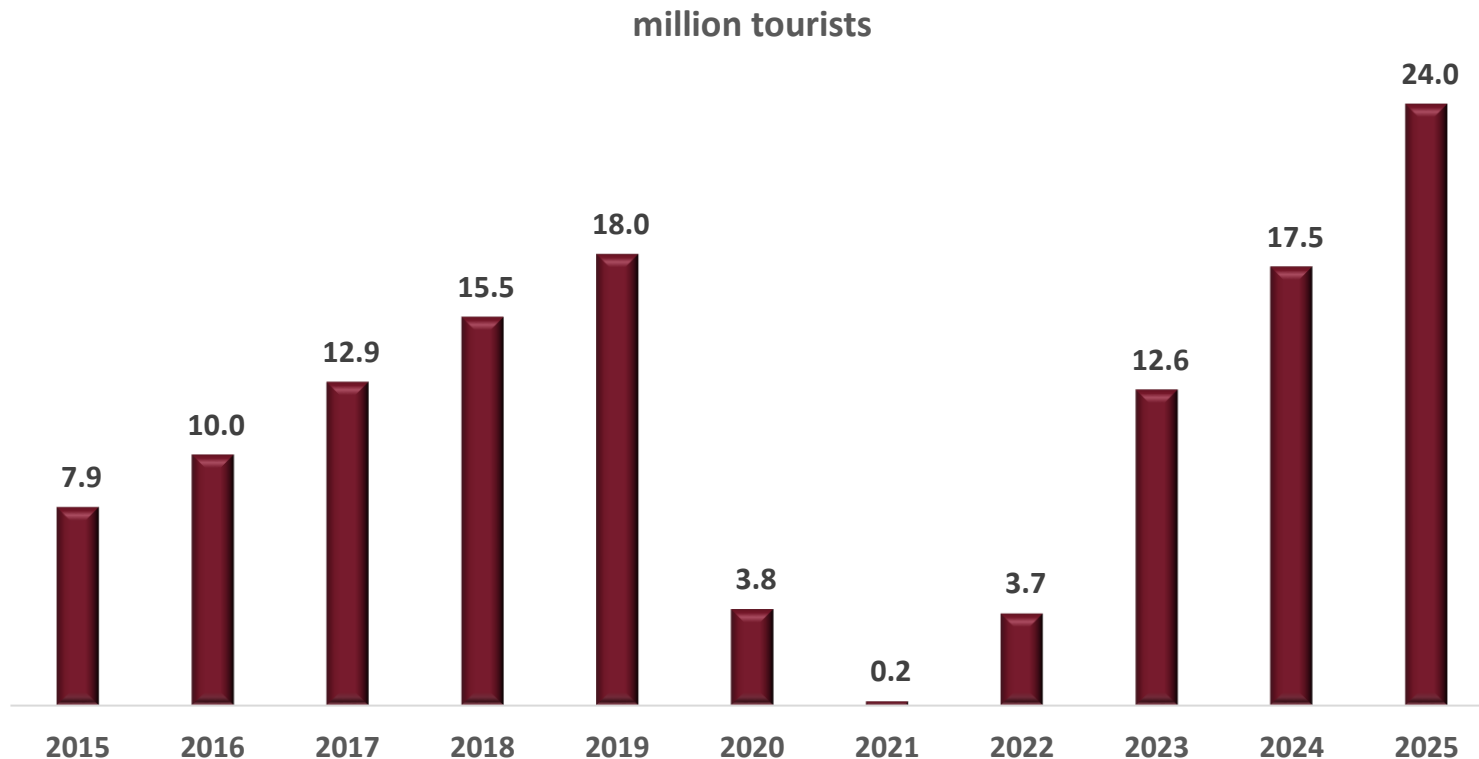


Low Government debt to GDP (%/GDP)



IS VIETNAM STILL AN INVESTMENT DESTINATION?

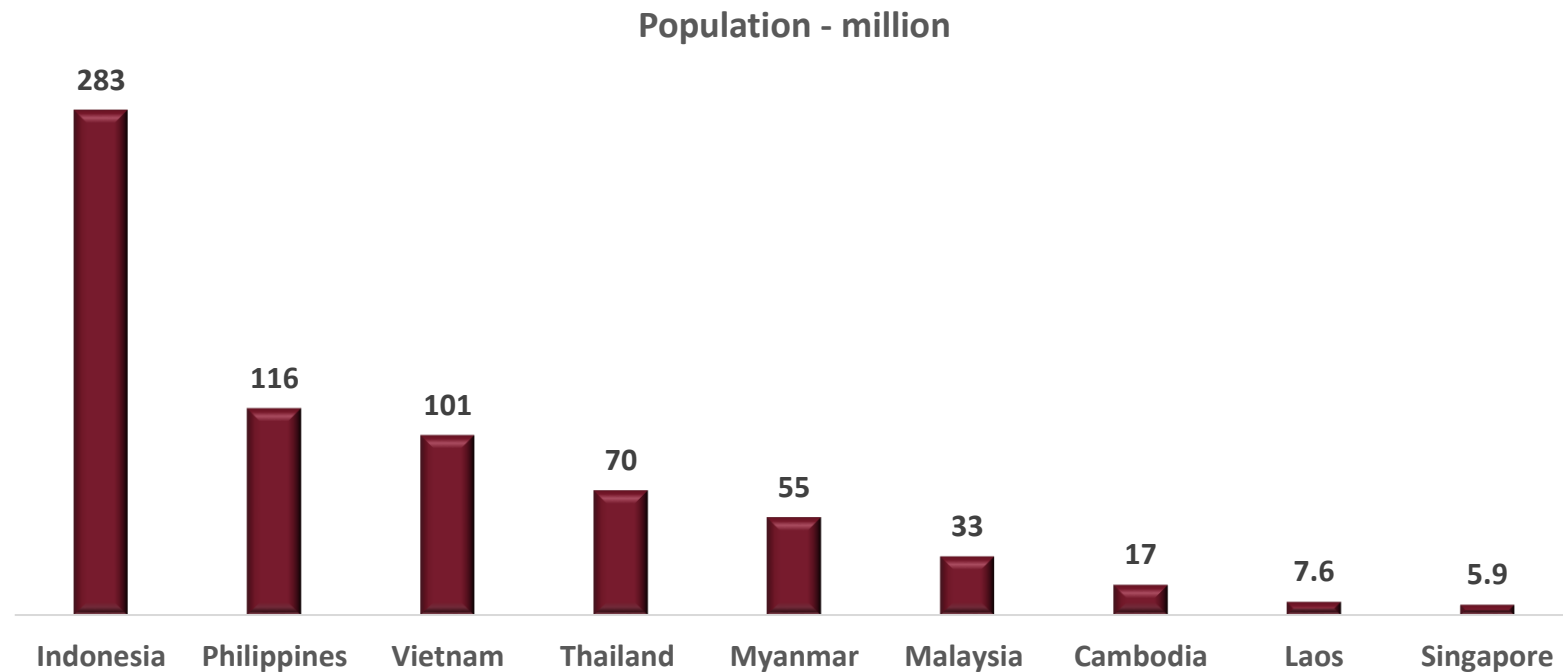
- Strong tourism growth
- Number of international tourist is expected to reach the record high in 2025 at 24 million tourists



GSO, AFC Research

IS VIETNAM STILL AN INVESTMENT DESTINATION?

- Vietnam has more than 100 habitants, top 16 in the world, top 3 in South East Asia
- Domestic consumption is a long term growth momentum
- In 2025, consumption is expected to grow at 9-10%



GSO, AFC Research

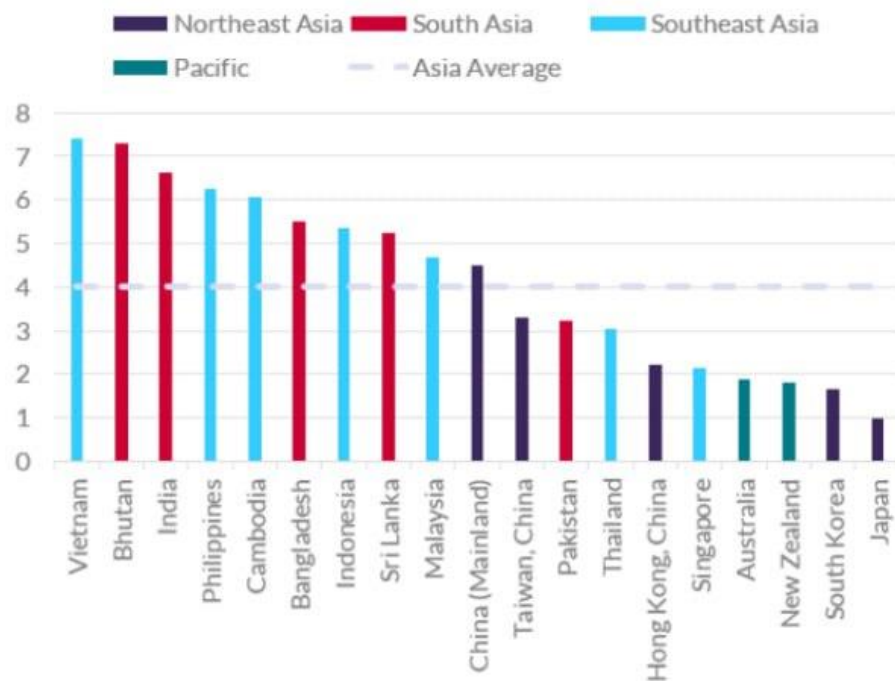
IS VIETNAM STILL AN INVESTMENT DESTINATION?

- Vietnam is still a fast growing country regardless of USA tariff policy

Downward Growth Revisions Across Asia

Weighted Average Growth Forecast Down From 4%...

Asia – Pre-April 2025 Real GDP Growth Forecasts, % chg

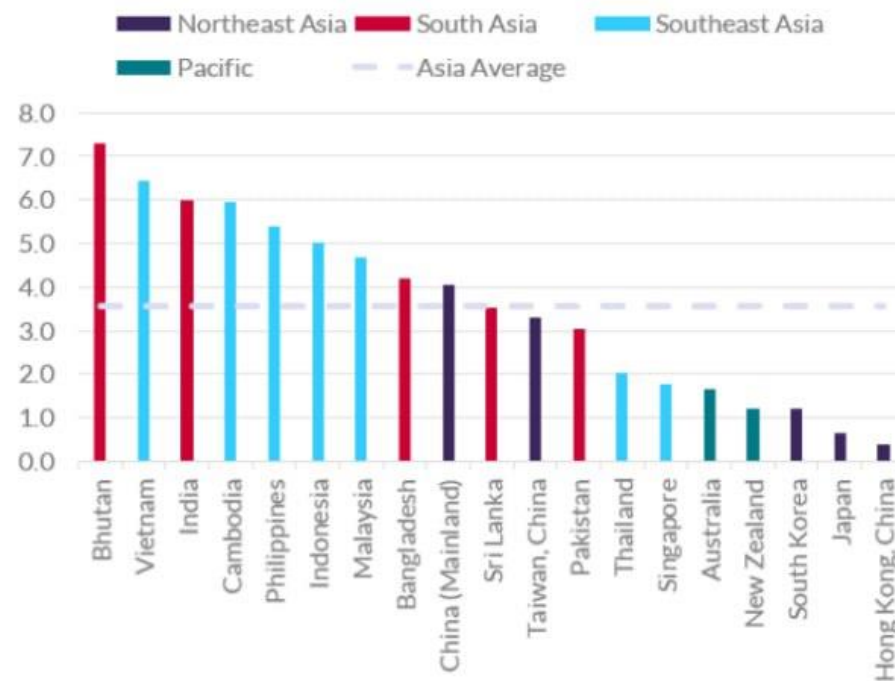


Source: BMI

GSO, AFC Research

...To 3.5%

Asia – Revised 2025 Real GDP Growth Forecasts, % chg



Source: BMI

INVESTMENT OPPORTUNITY - ATTRACTIVE VALUATION



Low valuations mitigate further downside risk



Source: Bloomberg, SSI Research

(*) The blended P/E is calculated as the average of the TTM P/E (trailing twelve months) and the forward P/E (estimated for the next 12 months), aiming to balance historical valuation data with future projections.

SSI Research

Why Asia Frontier Capital?

For further information on how to subscribe to our funds please contact our Marketing Director Peter de Vries at pdv@asiafrontiercapital.com

- The only investment firm which can offer pure listed equity exposure to Asian frontier markets.
- Focussed approach only on Asian frontier markets – not getting distracted by potential opportunities in other regional markets.
- Proven track record across all funds and all four funds have outperformed their benchmarks.
- No turnover in investment team has led to large and deep knowledge pool on Asian frontier companies and economies as well as on the ground connections.
- Conduct on the ground research and have AFC investment staff on the ground in Iraq, Uzbekistan, and Vietnam.
- Within the global frontier markets universe, Asian frontier markets offer the most attractive growth rates, demographics as well as liquidity.
- Structural shift of supply chains is expected to benefit Asian frontier markets more because of their close proximity to Asian supply links, free trade agreements and large young workforce.
- Benchmark agnostic approach which gives importance to on the ground research.

Learn More on Asian Frontier Markets!

Recent Media Appearances

[8th May 2025 - Peter Lewis' Money Talk: Ruchir Desai, Co-Fund Manager of the AFC Asia Frontier Fund Discusses Geopolitical Tensions in South Asia and the Impact of U.S. Reciprocal Tariffs on Asian Frontier Markets \(from 35'15"\)](#)

[23rd April 2025 - RTHK Money Talk – Ruchir Desai, Co-Fund Manager of the AFC Asia Frontier Fund Discusses the Impact of U.S. Reciprocal Tariffs on Asian Frontier Markets with Nitin Daldas](#)

[3rd April 2025 -Bloomberg TV: Ruchir Desai, Co-Fund Manager of the AFC Asia Frontier Fund Discusses the Impact of U.S. Tariffs on Asian Frontier Markets \(From 01:04\)](#)

[7th March 2025 - Alpha Uncovered: The Frontier Boom You Didn't See Coming ft. Ruchir Desai, AFC - interview with Alvin Fan, CEO of OPIM](#)

[25th October 2024 - CNBC Arabia: Ahmed Tabaqchali, Chief Strategist of the AFC Iraq Fund Discusses the Strong Performance of the Iraqi Stock Market](#)

[9th February 2024 - Bloomberg TV: Asia Frontier Capital's Desai on Pakistan Election](#)

[12th December 2023 - Bloomberg TV: Asia Frontier Capital's Desai on Vietnam Picks](#)

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