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## Lonsec reviews global EM sector

### **Growth sector for advisers**

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In its annual review of the global emerging markets and regional equities sector, Lonsec has awarded four funds out of 20 with its highest rating.

The Templeton Emerging Markets Fund, TAAM New Asia Fund, Aberdeen Emerging Opportunities Fund and the T Rowe Price Asia Ex-Japan Equity Fund were the four funds Lonsec ranked as highly recommended.

Six new funds were reviewed and included in Lonsec's recommended list this year, Lonsec senior investment analyst Steve Sweeney said.

"Emerging markets continue to grow in size, thereby supporting continued product development and investment choice, as evident in Lonsec's research coverage in this area which has increased from seven funds in 2007 to 20 funds today," he said.

"The addition of new funds reflects a combination of continued product development for retail investors in this category and a desire to increase product choice in a growth sector for advisers."

Emerging markets remain transitional economies, generally growing at rates above the global average, Sweeney said.

"Governments in these markets are generally implementing economic reform programs to attract a greater level of foreign direct investment, and in turn, promote increased local investment," he said.

"If an emerging economy reaches sufficient progress it can move towards developed status, as the likes of Singapore and Hong Kong have achieved.

"Israel is the most recently upwardly mobile economy to make the transition from developing to developed status."

There are 26 countries in the so-called frontier market index covering areas as diverse as Africa, the Baltics, the Balkans and the Middle East, Sweeney said.

"The majority of emerging markets managers do not invest in frontier markets within their core emerging markets funds," he said.

"However, some managers, such as Templeton and Schroder, have a considerable heritage as early entrants into these markets and offer institutional investors access to frontier markets."

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