



Barings Emerging EMEA Opportunities (BEMO)

BEMO’s differentiated approach is being sharpened after a strong year.

Update
15 May 2026

Overview

Barings Emerging EMEA Opportunities (BEMO) provides investors with access to the underappreciated markets of Emerging Europe, the Middle East and Africa (EMEA), where returns are increasingly shaped by commodity cycles, domestic reform backed by capital investment and global and regional political developments. This differentiated opportunity set, combined with relatively low correlation to broader global markets and diversification across a wide range of economies, has supported strong longer-term returns, with BEMO outperforming the MSCI EM EMEA Index by roughly 16 percentage points over three years. **Performance** over the past 12 months has been closer, with NAV and share price total returns of 26.0% and 32.7%, respectively, compared to 25.8% for the benchmark. Strong contributions came from South African resource companies, emerging European financials and selective investments across the Middle East, although the trust has experienced some volatility following the Iran conflict.

Following the 2025 continuation vote, both the board and managers have taken steps to sharpen BEMO’s overall proposition. One notable change comes via the **Portfolio**. The managers are now committed to running a more concentrated portfolio, with fewer holdings and greater emphasis on building higher-conviction positions. Additionally, the option to employ **Gearing** through index futures has been reintroduced. Although not yet deployed, this gives the managers greater flexibility to take advantage of periods where markets become materially dislocated from fundamentals.

BEMO is managed with a clear focus on capital growth rather than income generation, but dividends play a prominent role within the overall proposition. A new progressive **Dividend** policy commits the trust to annual dividend growth, funded through both portfolio income and capital. For FY2025, the board recommended a total dividend of 19.5p, an increase of 5.4% year-on-year.

At the same time, the board has introduced additional shareholder protections, including a revised tender offer mechanism, annual continuation votes and more active use of share buybacks. BEMO currently trades on a 12.3% **Discount**, narrower than its five-year average of 16.7%.

Analyst’s View

We think BEMO’s appeal lies in offering something genuinely different from both broader emerging market and global equity strategies, whereby the managers are finding exceptional companies in unexpected markets. Exposure to EMEA provides access to markets that are often overlooked, yet where valuations remain attractive and return drivers are less dependent on the same forces shaping the US or Asia-led emerging markets. In a market environment where diversification has become increasingly valuable, we think that differentiated profile matters.

The trust’s recent strategic changes also look sensible. Moving toward a more concentrated portfolio should improve the impact of successful stock selection and reflects greater conviction in where the managers see the strongest opportunities. The reintroduction of tactical gearing through index futures is also positive, in our view. Whilst it adds risk if used poorly, the flexibility to deploy gearing selectively during periods of market dislocation could be advantageous in a region where volatility is often driven by sentiment as much as fundamentals.

We also think the board delivered a supportive package of measures for shareholders alongside the October 2025 continuation vote. A progressive dividend policy broadens the appeal to a wider investor base, alongside more active buybacks, annual continuation votes and the potential of a meaningful tender offer in 2028. Taken together, these elements strengthen the investment case and introduce greater accountability. For investors, particularly with the revised 100% tender offer, these measures provide a degree of downside support if performance disappoints.

However, this remains a specialist trust. Geopolitical risk across the EMEA region can quickly dominate sentiment, regardless of underlying fundamentals, and periods of sharp volatility should be expected. For us, that complexity is also where the opportunity lies. For investors willing to accept that volatility, BEMO offers differentiated exposure with potential for both alpha and diversification.

The trust’s website address is www.bemopl.com and investors can receive updates directly by signing up at www.bemopl.com/preferencecentre.

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BULL

Offers attractive diversification to the typical exposure of a global or global emerging markets trust

The trust invests in under-researched markets that often have very small representation in the benchmark and ETFs

Enables dividend-seeking investors to capture the growth potential of emerging market equities

BEAR

Political and liquidity risks can be higher in regions such as Emerging EMEA

The small size of the trust may deter professional investors

Geopolitical headline risk can impact sentiment and economic outlook and may lead to weaker investor appetite for the EMEA region



Portfolio

Barings Emerging EMEA Opportunities (BEMO) is designed to capture the potential in one of the most under-researched and often misunderstood areas of global equity markets – Emerging Europe, the Middle East and Africa (EMEA). These regions offer exposure to a highly diverse set of opportunities, from dominant banks in Saudi Arabia and Greece to technology platforms in South Africa and Poland, through to miners benefitting from structural demand for gold and electrification metals. These markets can be volatile, politically complex and less efficiently priced than developed markets. However, for active managers, that inefficiency can create opportunity.

Managers Adnan El-Araby, Matthias Siller, and Alay Patel aim to find exceptional companies in unexpected markets. They follow a disciplined, bottom-up GARP (growth at a reasonable price) approach. They believe that this offers better long-term risk-adjusted returns, rather than adhering too rigidly to either growth or value styles. The focus is on identifying quality businesses with durable earnings growth, strong competitive positions and sensible valuations before the wider market fully recognises their value, rather than simply buying the fastest-growing companies or the cheapest stocks.

The starting universe is unconstrained across EMEA, but the first filter is liquidity, removing companies where position sizes would be difficult to build or exit efficiently. From there, the managers focus on businesses with clear routes to medium-term earnings growth, strong management teams, robust balance sheets and high standards of accounting transparency. Each company is assessed through three pillars: growth, quality and valuation. Growth analysis focusses on earnings delivery and forecasts; quality covers franchise strength, management alignment and capital discipline; and valuation is assessed using Barings’ proprietary five-year discounted earnings framework. Additionally, the cost of equity reflects both systematic and stock-specific risks. The team incorporate inflation expectations, country classification, political and regulatory risks, earnings volatility and balance sheet strength alongside **ESG** factors, ensuring sustainability considerations are integrated throughout the process.

Overall, this creates a relatively concentrated portfolio where position sizing is designed to maximise stock-specific risk rather than broad macro exposure. Sell discipline is equally clear: positions are reduced when the valuation gap closes, the investment case changes, or a better opportunity emerges elsewhere. Combined with the board’s progressive dividend policy, which supports a rising payout using income and capital where appropriate, this creates a strategy designed to deliver both long-term capital growth and an attractive income stream.

The objective of this approach is to build a portfolio with a stronger growth and quality profile than the benchmark, without paying a significant valuation premium. At present, the differences are relatively modest, with return on equity at 22.6% versus 22.0% for the MSCI EM EMEA Index and forecast twelve-month EPS growth of 21.5% compared to 20.2% for the index. This partly reflects a more challenging start to the year, particularly through March, which has affected both portfolio and market-level metrics. Even so, the portfolio continues to offer slightly stronger growth and quality characteristics, whilst trading on 10.8x forward earnings versus 10.1x for the index. In our view, this still demonstrates the managers’ discipline: they are not simply paying more for growth, but seeking businesses where stronger earnings potential is available at broadly comparable valuations. Moreover, it’s worth noting that whilst higher than the MSCI EM EMEA Index, BEMO’s valuation compares favourably to both developed and broader emerging markets.

Portfolio Characteristics

Characteristics	Portfolio	MSCI EM EMEA Index
P/E (x)	10.8	10.1
EPS Growth (%)	21.5	20.2
ROE (%)	22.6	22

Source: Barings, as of 31/03/2026

The managers have also been willing to evolve the portfolio as the opportunity set changes. Alongside the 2025 continuation vote, which passed, but where shareholder support was below 80%, both the board and managers sharpened the investment proposition. Along with the introduction of a revised tender offer mechanism and more active use of buybacks (see **Discount**), and an enhanced progressive **Dividend** policy, there have been some developments at the portfolio level: fewer holdings, higher conviction and the planned reintroduction of tactical gearing when markets become materially dislocated from fundamentals.

Whilst **Gearing** is yet to be used, we can see the other changes already evident in the underlying portfolio. At the end of September 2024, the portfolio held 57 stocks; by September 2025, this had fallen to 40, with the longer-term potential to move to 35. At the same time, the top ten holdings increased from roughly 38–39% of assets to around 41–42%. Whilst not a dramatic reset, it is a clear signal that the trust is becoming more focussed on where the managers see the strongest risk-adjusted opportunities.

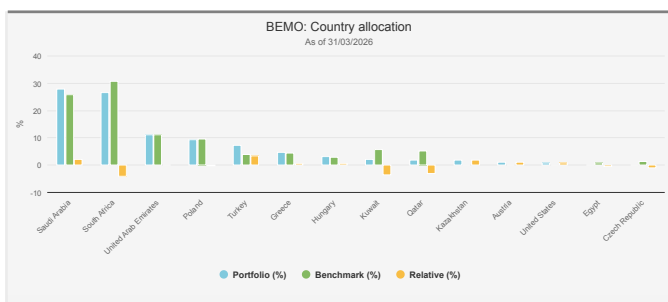
In our view, this adaptability is crucial in a region where discomfort is often part of the investment case. Emerging EMEA is rarely short of headlines, whether conflict in



the Middle East, political uncertainty in Turkey or fiscal concerns in other parts of Europe. The key question is not whether these risks exist, but whether they create lasting impairment or temporary mispricing. BEMO is trying to exploit the latter. The recent disruption around the Strait of Hormuz is a good example. Around a fifth of global oil consumption passes through the Strait, but the managers believe the market reaction has been driven more by sentiment and valuation compression than by fundamental deterioration. Higher oil prices can create short-term inflation concerns, but they can also support fiscal balances and earnings across parts of the Gulf, whilst volatility often creates better entry points into fundamentally strong businesses.

The Gulf remains a core allocation, despite ongoing geopolitical issues, but there has been a subtle yet important shift since the war in Iran: toward Saudi Arabia and away from parts of the UAE. Saudi Arabia continues to offer attractive opportunities across banks, healthcare and industrials, whilst the UAE has become an area for greater selectivity. The managers reduced exposure to Emaar, the Dubai real estate developer, where regional hostilities created more direct operational risk, but have become more constructive on Saudi industrial and fertiliser-linked businesses, where disruption to Iranian supply has improved earnings visibility. Saudi Arabia is now the largest country exposure, slightly above the benchmark.

Fig.1: Country Weighting



Source: Barings, as of 31/03/2026

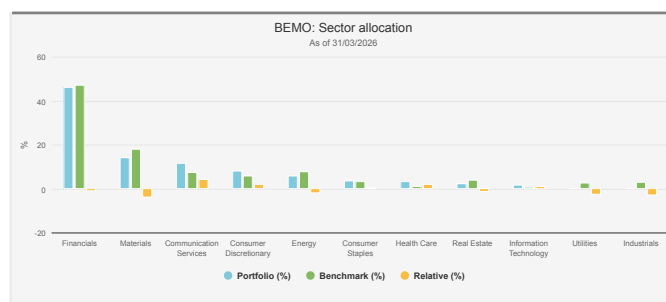
The managers also used recent volatility to initiate a position in Tüpraş, Turkey’s largest oil refiner. Higher refining margins, tighter oil product markets and its flexible crude sourcing strategy all support the investment case, whilst strong cash generation underpins the potential for sustained double-digit dividend yields. This is a useful example of the process in practice: they are not avoiding geopolitical risk, but looking for where volatility has created mispricing.

Central and Eastern Europe is another area where conviction has strengthened. Greece, once viewed as Europe’s perennial problem child, has become one of the region’s more compelling recovery stories. Improving fiscal credibility, renewed foreign investment and the return

of banks to normalised dividend payments have created attractive opportunities. Holdings such as Alpha Bank and Piraeus have benefitted from stronger asset quality, improving loan growth and a more supportive domestic backdrop following Greece’s return to investment-grade status.

From a sector perspective, financials remain the largest allocation at 46.2%. This allocation reflects the dominance of high-quality banks across the investable universe, but the portfolio is not simply a macro call on rates. The managers have also added to OTP, one of Emerging Europe’s leading banks, after the shares sold off alongside broader markets. The Budapest-headquartered lender remains well capitalised, conservatively provisioned and supported by both organic and acquisitive growth opportunities. They also argue that Hungary’s political backdrop could provide further upside, if relations with the EU improve and infrastructure funding is unlocked.

Fig.2: Sector Allocation



Source: Barings

Outside financials, the portfolio maintains meaningful exposure to communication services, consumer discretionary and materials. Holdings such as Naspers, Etihad Etisalat and CD Projekt provide access to digitalisation, AI infrastructure, gaming and changing consumer behaviour across the region. This helps diversify the portfolio beyond a simple banking or commodity story and gives exposure to structural growth themes often overlooked within EMEA. Materials exposure remains important too, particularly through South African gold producers such as Gold Fields and AngloGold Ashanti. Gold has benefitted from both cyclical geopolitical uncertainty and the longer-term trend of central banks diversifying reserves away from the US dollar. We think these positions provide a useful counterbalance to the more economically sensitive parts of the portfolio.

Gearing

BEMO is currently ungeared and does not have a traditional loan facility in place. However, the board and managers have recently decided to reintroduce gearing through the use of index futures. At the time of writing, no positions are yet in place, but the facility is now available.



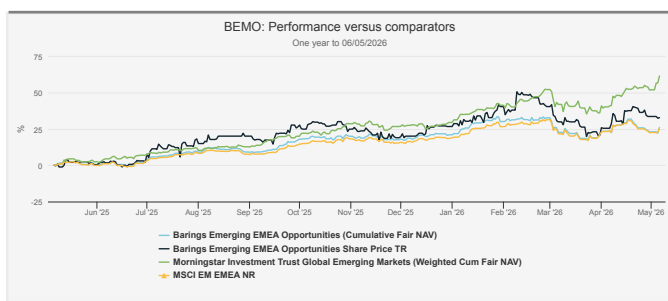
The managers have indicated that any use of gearing will be tactical rather than structural. It will be deployed selectively when they believe markets are trading at a meaningful discount to underlying fundamentals and where the balance of risk and return is favourable. This represents a measured approach, particularly given the volatility and idiosyncratic risks associated with the regions in which the trust invests.

In our view, using index futures provides a flexible and efficient way to implement this. Compared to traditional borrowing, futures can be introduced and removed quickly, with lower structural costs and without the need to maintain a permanent level of gearing. This allows the managers to respond dynamically to market opportunities, whilst limiting the risk of being locked into gearing during more uncertain periods. This adds another useful tool to the managers' toolkit, but its impact will ultimately depend on timing and execution. For now, the trust remains ungeared, but the introduction of this capability could enhance returns in stronger markets if used effectively, whilst, of course, also magnifying losses in weaker conditions.

Performance

Over the past year, to 06/05/2026, BEMO has delivered NAV and share price total returns of 26.0% and 32.7% respectively, compared to 25.8% for its benchmark, the MSCI EM EMEA Index. Stock selection was the primary driver of relative outperformance. South African miners were a notable source of alpha over the period, as gold and other precious metals rallied amid geopolitical tensions, trade uncertainty and a weaker US dollar. Overweight positions in Gold Fields, AngloGold Ashanti and Valterra Platinum performed particularly well.

Fig.3: One Year Performance



Source: Morningstar

Past performance is not a reliable indicator of future results.

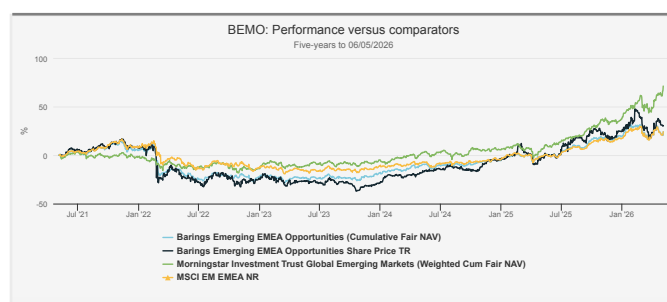
Financials were another major contributor, particularly across Emerging Europe, where banks, insurers and exchanges rallied strongly. Greece was especially notable, with Alpha Bank and Piraeus Financial benefitting from

improving asset quality, stronger loan growth and renewed investor confidence following the country's return to investment-grade status. In Hungary, OTP Bank reached an all-time high as inflation eased and sentiment improved, whilst Czech lender Komerční and Polish names such as PZU and PKO Bank also contributed positively through stronger earnings and improving governance expectations.

In the Middle East, Abu Dhabi Commercial Bank added to returns in the UAE, supported by robust results and ambitious medium-term targets. Positions in Saudi Arabia also contributed well, both through stock selection and select underweights to banks and utilities where the managers believed valuations looked stretched. More recently, however, both markets have come under greater pressure due to the conflict in the Middle East, giving up some of the positive gains. Turkey has also been a notable detractor, as political instability following the arrest of Istanbul Mayor Ekrem İmamoğlu weighed on sentiment, the lira weakened and inflation pressures persisted. That said, the managers have remained active through the volatility, initiating a position in Tüpraş, Turkey's largest oil refiner, where tighter oil product markets and higher refining margins have created a more attractive entry point.

Longer-term performance has been strong, but by no means linear. Over a five-year period, BEMO delivered NAV and share price total returns of 24.2% and 30.2%, respectively, compared to 24.1% for the MSCI EM EMEA Index. However, this period was materially distorted by Russia's invasion of Ukraine, which we discuss in more detail below. Looking at the more recent three-year period, which better reflects the current opportunity set and portfolio positioning, BEMO has outperformed the benchmark by roughly 16 percentage points. In our view, therefore, the chart below helps highlight an important feature of the strategy: returns are unlikely to follow a smooth path, given the trusts highly specialised opportunity set and exposure to idiosyncratic regional drivers, rather than broad global market beta.

Fig.4: Five-Year Performance



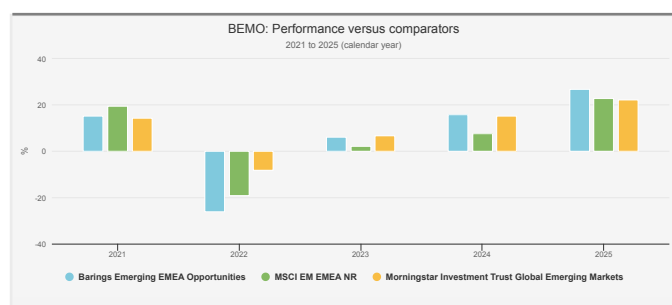
Source: Morningstar

Past performance is not a reliable indicator of future results.



Looking at discrete calendar years helps explain this more clearly. Whilst BEMO delivered a positive absolute return of 14.9% in 2021, it lagged the benchmark’s rise of 19.1% amid a sharp rebound across parts of the Middle East. In 2022, performance was materially impacted by Russia’s invasion of Ukraine, with Russian holdings written down to zero following sanctions, contributing to a 26.1% decline versus a 19.3% fall for the benchmark. Whilst clearly a major setback, we see this as an exceptional geopolitical event rather than a deterioration in the underlying investment process. Since then, performance has recovered meaningfully. The trust outperformed in 2023 and has continued to deliver strong relative returns through 2024 and 2025, supported by stronger stock selection and improving fundamentals across key markets including Greece, Poland, South Africa and the UAE.

Fig.5: Calendar-Year Performance



Source: Morningstar

Past performance is not a reliable indicator of future results.

For investors, we think the significance is not simply whether BEMO outperforms in any single year, but how those returns interact with a broader global portfolio. Exposure to the Middle East, Africa and Emerging Europe provides access to markets that are often underrepresented in global and broader emerging market indices, where returns are driven by very different forces to those shaping developed markets or Asia-led EM strategies. This creates the potential for a genuinely differentiated return stream and stronger diversification benefits.

This is reflected in the trust’s correlation profile. Over the last three years (excluding the impact of Russia), BEMO has shown a correlation of 0.57 to the broader MSCI EM Index and just 0.45 to the MSCI World Index, relatively low figures for equity markets. Whilst we would not expect negative correlation, this suggests returns are being driven more by local factors such as commodity cycles, domestic reforms and regional capital flows, rather than simply broader market sentiment.

Correlation to its own benchmark is naturally much higher at 0.91, but even here the relationship is less straightforward than it first appears. An R-squared of

around 0.83 suggests that whilst benchmark movements explain the majority of returns, a meaningful proportion is still driven by active positioning, including stock selection, sector tilts and country allocation, rather than simple benchmark exposure. In other words, BEMO is not simply delivering regional beta, but access to differentiated sources of return within a less efficiently priced part of the market.

Correlation

Investment	1	2	3	4
1 Barings Emerging EMEA Opportunities	1.00			
2 MSCI EM NR	0.57	1.00		
3 MSCI World NR	0.45	0.55	1.00	
4 MSCI EM EMEA NR	0.91	0.62	0.44	1.00

Source: Morningstar, as of 31/03/2026

Past performance is not a reliable indicator of future results

BEMO is unlikely to be a core holding in isolation, but it can be a valuable complement within a wider portfolio, particularly for investors already heavily exposed to the US or Asia-led emerging markets. Its value lies in accessing less researched markets where active management has greater scope to add alpha. That can lead to sharper periods of volatility, but it also creates a differentiated return stream that is difficult to replicate elsewhere. In our view, this lowly correlated and highly idiosyncratic profile is one of BEMO’s strongest attributes, with the potential to improve diversification and enhance risk-adjusted returns within a broader portfolio.

Dividend

BEMO is managed with a clear focus on capital growth rather than income generation. However, the board has recently placed greater emphasis on the role of dividends within the overall proposition, introducing a new progressive dividend policy. From the financial year ended 30/09/2025, the board has committed to increasing the dividend per share each year.

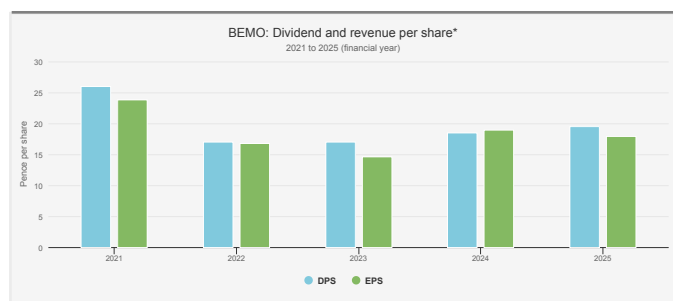
Importantly, this will be funded through a combination of income and capital from the portfolio, removing the previous constraint that limited capital distributions to 1% of NAV per annum. This new strategy gives the board greater flexibility to support and grow the payout over time. We think this is a meaningful development. For total return investors, it introduces a more consistent income component alongside capital growth. For income-focussed investors, it broadens the appeal of the trust by providing access to a growing dividend stream from regions not typically associated with income.



In the financial year to 30/09/2025, the trust generated revenue earnings of 17.88p per share, a slight decrease from 18.97p in 2024. However, the board recommended a total dividend of 19.5p for the year, an increase of 5.4% compared to the year prior. Under the new policy, the dividend is no longer constrained by portfolio income alone and can be supported through both revenue and realised capital reserves, giving the board far greater flexibility over distributions. At 30/09/2025, BEMO had total distributable reserves of £84.6m, the vast majority of which sat within realised capital reserves rather than revenue reserves alone, which equated to around £2m. Whilst paying dividends from capital can reduce part of the portfolio’s future compounding potential, it also makes the income stream more resilient and helps support a more consistent and progressive payout for shareholders.

Whilst the current yield of around 2.4% is modest relative to traditional income markets such as the UK, we think the income proposition is better viewed through the lens of diversification. BEMO provides exposure to the EMEA region, where dividend cultures are evolving as corporate governance improves and companies place greater emphasis on shareholder returns. Over time, we think this could support both income growth and capital appreciation, offering a differentiated complement to more conventional income hunting grounds.

Fig.6: DPS & RPS



Source: Barings. *New dividend policy takes effect from 30/09/2025.

Management

Adnan El-Araby, Matthias Siller and Alay Patel are the co-managers of BEMO, bringing a long-standing and well-established working relationship alongside extensive experience in emerging markets investing. Matthias, head of the EMEA Equities team, has managed the trust since 2008. Adnan joined as co-manager in March 2018, having worked within the EMEA team since 2010, whilst Alay, who joined Barings in 2014, was appointed co-manager in 2025.

The core EMEA investment team comprises five members, including the three co-managers, alongside Dr Ghadir Cooper, global head of equities, and Michael Levy, co-head

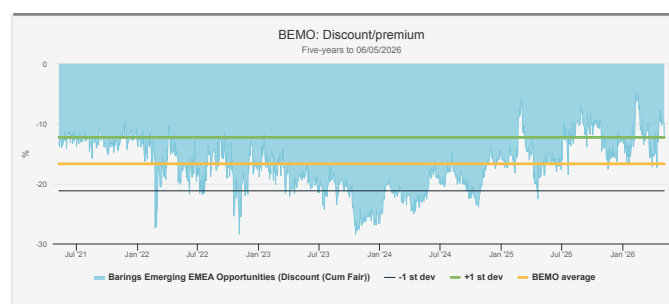
of the global emerging markets team with responsibility for EMEA and Latin America. This structure provides both continuity and oversight, with clear alignment across regional and global perspectives.

Beyond the immediate team, the managers are supported by Barings’ broader Emerging Markets Equities platform, which manages over \$5bn in assets, including around \$1bn in EMEA strategies. The broader global emerging market team is comprised of approximately 20 investment professionals covering around 500 companies, providing a deep research pool for idea generation and analysis. In our view, this on-the-ground presence across key regions is particularly valuable in an under-researched region like EMEA. Regular engagement with company management teams, combined with local market insight, helps strengthen stock selection and improves the managers’ ability to identify opportunities and manage risks in markets that are often overlooked or under-owned by global investors.

Discount

At the time of writing, BEMO trades on a 12.3% discount to NAV, narrower than its five-year average of 16.7%. Whilst this remains wide in absolute terms, it represents a notable improvement from the near 30% levels reached in 2022-23, following a challenging period for performance and sentiment toward the broader EMEA region, but we think still offers interesting value.

Fig.7: Discount



Source: Morningstar

The widening at that time was largely driven by external shocks, one being the invasion of Ukraine in February 2022. This had a material impact on the portfolio, when the implementation of sanctions led to the write down of BEMO’s Russian holdings to zero. This weighed heavily on performance and, in turn, investor sentiment. Since then, performance has recovered, with the trust outperforming both its benchmark and broader emerging markets indices over the past three calendar years, which we think has supported the subsequent narrowing in the discount.



More broadly, we think the trust's differentiated exposure has started to resonate more clearly with investors. BEMO provides access to the Middle East, Africa and Emerging Europe, regions that remain underrepresented in both global and broader emerging market allocations, yet offer distinct and often lowly correlated return drivers. In periods of market uncertainty, that diversification can become increasingly valuable, as seen in 2025 when US markets became more volatile and these regions delivered strong relative performance.

There are, of course, clear risks that could influence the discount going forward. Geopolitical tensions remain elevated, particularly across parts of the Middle East and Eastern Europe, and these can weigh on sentiment irrespective of underlying fundamentals. As a result, periods of volatility in the discount should be expected, especially given the specialist nature of the mandate.

However, in our view, the board has taken several positive steps to help address this. The adoption of a progressive dividend policy, funded from both income and capital, broadens the trust's appeal, particularly for investors seeking income alongside capital growth, which could help improve demand for the shares.

In addition, a revised tender offer mechanism has been introduced, under which shareholders will be offered a tender for up to 100% of the issued share capital if the trust's NAV total return does not exceed its benchmark over the period from 01/10/2025 to 30/09/2028. Alongside this, shareholders will vote annually on the continuation of the trust, starting from the AGM for the year ending 30/09/2026. We think these measures introduce a useful degree of accountability and provide some downside protection for investors should performance fail to deliver over the period.

Another notable development is the board's greater willingness to use share buybacks opportunistically, having previously been more restrained during periods of heightened uncertainty. This has already been evident. During the trust's latest financial year (ending 30/09/2025), the board bought back 74,861 shares, equivalent to roughly 0.6% of shares in issue at the start of the period. Since then (to 06/05/2026), a further 1.5% of shares have been repurchased.

The discount has already moved back inside its five-year average. Improved performance has clearly helped, but in our view these additional measures are also beginning to gain traction. Further progress could, therefore, support additional narrowing over time, although near-term sentiment remains highly sensitive to geopolitical developments, particularly in the Middle East.

Charges

BEMO's latest annual report (to 30/09/2025) states an ongoing charges figure (OCF) of 1.6%, compared to a simple average of around 1.2% for the AIC Global Emerging Markets sector (excluding one outlier). The impact of the OCF is already reflected in the NAV and is not an additional cost deducted from the share price. In our view, using the simple average provides a more representative comparison than a weighted average, which can be skewed by the largest trusts.

Even on this basis, however, BEMO sits at the higher end of the cost spectrum. The elevated OCF is largely a function of scale, with fixed costs spread across a relatively modest asset base of approximately £103m. This is a common feature among smaller trusts, and the board has indicated that costs should fall as assets grow. The OCF also includes a management fee of 0.75% of NAV, calculated monthly and allocated 20% to revenue and 80% to capital. There is no performance fee.

Whilst the headline cost is above average, we think the premium may be justified by the nature of the strategy and the distinctiveness of the opportunity set. BEMO provides access to a diverse and often under-researched EMEA universe spanning the Middle East, Africa and Emerging Europe, regions that feature only lightly in broader emerging market indices. Accessing these markets can be challenging, both in terms of the ability to invest and local understanding, but they also offer distinct and often idiosyncratic growth drivers. In our view, that differentiation can enhance diversification and improve risk-adjusted returns within a broader portfolio, making the higher cost easier to justify for investors seeking something genuinely different from mainstream emerging market exposure.

ESG

Whilst BEMO does not pursue an explicit ESG or sustainability objective, ESG considerations are fully integrated into the investment process and form a core part of its bottom-up fundamental research. Rather than acting as a separate overlay, ESG analysis is embedded within company assessment and carried out directly by the investment team, supported by regular engagement with management. This approach is designed to identify risks and opportunities that may not be captured through traditional financial analysis alone, with ESG insights feeding directly into both quality assessments and valuation decisions.

The framework is built around a proprietary, forward-looking scoring system that evaluates companies across



key ESG areas, with each scored from unfavourable to exemplary. These span a broad range of factors, from business sustainability and corporate governance to balance sheet risks and management quality. Each factor is assessed dynamically, allowing the team to capture improving or deteriorating trends over time rather than relying on static third-party ratings. This helps identify companies demonstrating positive change, as well as those where risks may be increasing beneath the surface.

Importantly, the managers favour active engagement over exclusion. By maintaining dialogue with management teams, they seek to influence corporate behaviour, improve disclosure and ultimately enhance long-term shareholder value. ESG analysis also has a direct impact on valuation, with company-specific scores feeding into the cost of equity used to discount future earnings, including additional adjustments where carbon-related costs are expected to be material.

As at 28/02/2026, BEMO was rated two out of five globes by Morningstar for sustainability, considering both open- and closed-ended funds in the Global Emerging Markets Equity sector. It's also been awarded Morningstar's Low Carbon designation, reflecting the trust's lower carbon intensity versus its peers.



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