



# EM Income: 2025 Wealth Allocation Shifts



November 2025



# GLOBAL WEALTH PORTFOLIOS

WHERE WE WERE VS WHERE WE ARE HEADING IN 2025

- **Shift from growth to income** — Portfolios rotate from equities toward stable yield assets.
- **Bonds regain core role** — Fixed income returns as the structural portfolio anchor.
- **Private credit rises** — Direct lending replaces parts of real estate and PE.
- **Cash used strategically** — Liquidity kept high to seize market opportunities.
- **Focus on yield stability** — Predictable coupons valued over volatile capital gains.
- **USD income bias grows** — Wealth favors dollar-denominated hard-currency exposure.
- **Long-term structural change** — Fixed income and liquidity redefine wealth allocation.

	2019 actual	2020 actual	2021 actual	2022 actual	2023 actual	2024 actual	2025 plan
Fixed income (developed markets)	11%	13%	11%	12%	16%	15%	17%
Fixed income (emerging markets)	6%	5%	4%	3%	3%	3%	2%
Equities (developed markets)	23%	24%	24%	25%	24%	26%	29%
Equities (emerging markets)	6%	8%	8%	6%	4%	4%	4%
Private equity (direct investments)	9%	10%	13%	9%	11%	11%	8%
Private equity (funds/funds of funds)	7%	8%	8%	10%	11%	10%	10%
Private debt	N/A	N/A	2%	2%	2%	4%	5%
Hedge funds	5%	6%	4%	7%	5%	4%	4%
Real estate	14%	13%	12%	13%	10%	11%	10%
Infrastructure	0%	0%	0%	0%	1%	1%	1%
Gold/precious metals	3%	2%	1%	2%	1%	2%	2%
Commodities	0%	1%	1%	1%	0%	0%	0%
Cash (or cash equivalent)	13%	10%	10%	9%	10%	8%	6%
Art and antiques	3%	1%	1%	2%	1%	1%	1%

\* UBS Global Family Office Report 2025

# DEVELOPED VS EMERGING:

## ALLOCATION DIFFERENCES & OPPORTUNITY

CROSS-BORDER BOOKING CENTER			GROWTH, 2023-2024		SIZE (\$T)		CAGR, '24-'29	Top source region, 2024
2019	2024	2029	\$billions	Percentage	2024	2029		
Switzerland			154	6.0	2.7	3.4	4.6%	Western Europe
Hong Kong			231	9.6	2.7	3.6	6.3%	Asia-Pacific <sup>1</sup>
Singapore			204	11.9	1.9	2.8	7.6%	Asia-Pacific <sup>1</sup>
US			144	10.9	1.5	1.8	4.2%	Latin America
UK mainland			73	8.1	1.0	1.1	3.2%	Western Europe
Channel Islands and Isle of Man			52	7.8	0.7	0.8	2.5%	Western Europe
United Arab Emirates			65	11.1	0.7	0.9	6.6%	Middle East and Africa
Luxembourg			44	8.1	0.6	0.7	3.3%	Western Europe
Cayman Islands			37	8.3	0.5	0.5	2.4%	North America
Bahamas			34	8.7	0.4	0.5	2.8%	North America
Others			119	6.9	1.8	2.3	4.2%	
<b>Total</b>			<b>1,157</b>	<b>8.7</b>	<b>14.4</b>	<b>18.4</b>	<b>5.0%</b>	

■ Mature markets    ■ Growth markets

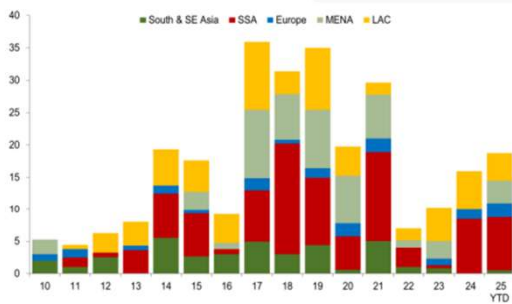
Source: BCG Global Wealth Market Sizing 2025.

- **Developed-market** family offices increased DM fixed-income allocations to ~22 %; EM exposure remains low (7-8 %).
- **MENA/UHNW investors** prefer USD-income products outside home markets; EM international bonds fit naturally.
- **EM paper** offers yield pick-up + liquidity + benchmark issuance just as DM yields decline.
- **EM allocation potential:** EM equities 4 %, EM bonds 3 % average (UBS p. 18).
- **Lower home bias** and greater credit selection will define 2026 portfolios.
- **Hong Kong** has the largest absolute growth as a booking Center, while **Singapore and the UAE** have the highest percentage growth

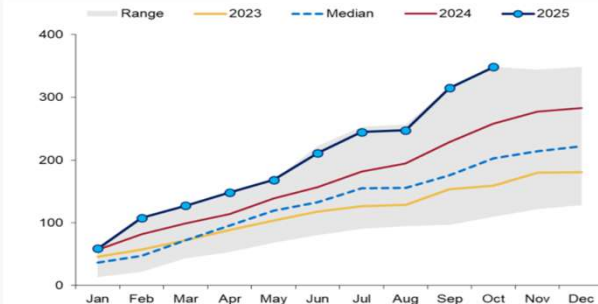
# EM BOND TRENDS:

ISSUANCE, LIQUIDITY & YIELD DRIVERS

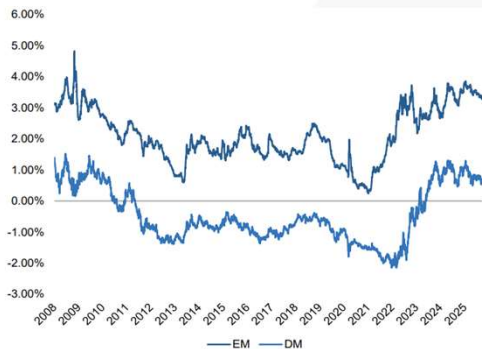
Frontier Sovereign Issuance by Region (USD billions)



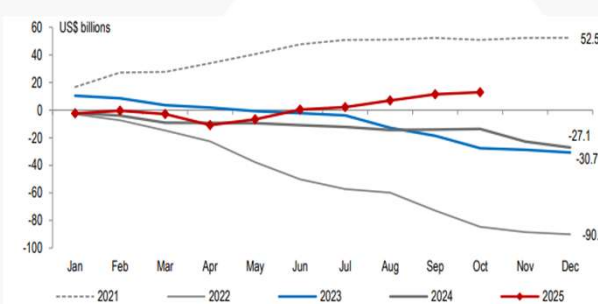
Pace of EM Sovereign and Corporate Issuance (USD bn)



EM-DM Real Yields (Using Inflation Forecasts)



Annual Cumulative Bond Flows US\$ billions



## Record EM Bond Issuance

EM sovereign and corporate issuance surpassed US \$350 billion YTD 2025, marking the strongest cycle since 2019 — led by Asia and GCC issuers.

## Broader Regional Participation

Issuance has become more diversified: GCC + Asia now account for over 40 % of EM hard-currency volumes, while LatAm remains stable.

## Tighter Spreads & Stronger Credit Quality

Average EM sovereign spreads narrowed by  $\approx 70$  bps YoY, supported by declining inflation, fiscal consolidation, and upgrades across Asia and CEE.

## Attractive Real-Yield Premium

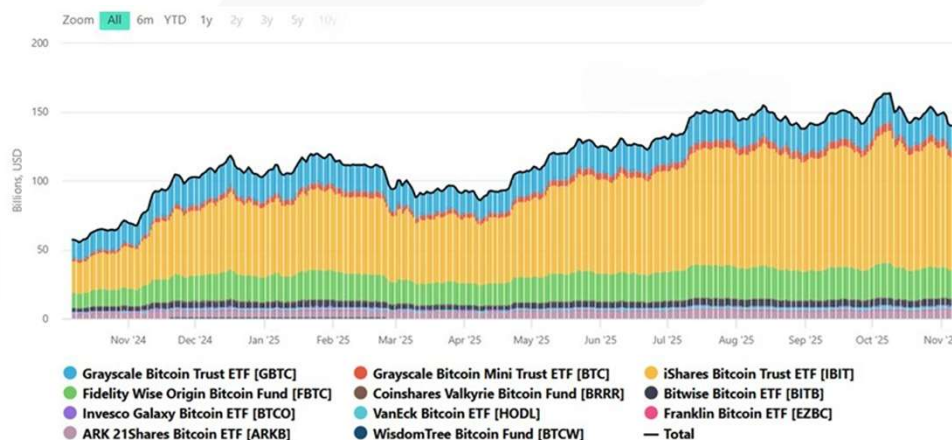
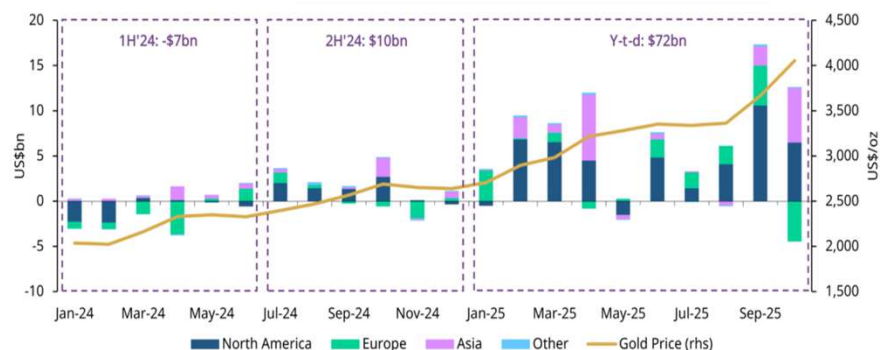
The EM-DM real-yield gap remains above +300 bps, offering one of the few positive carry trades in global fixed income.

## Sustained Inflows into EM Bond Funds

Investors added US \$20–25 billion to EM bond funds in 2025 — flows are balanced between local-currency and hard-currency segments, confirming renewed confidence in EM income markets.

# PORTFOLIO POSITIONING

## WHERE GOLD & CRYPTO FIT IN 2025



- **Global ETF Holdings Hit Record Highs.** Gold-backed ETF assets exceeded US \$500 billion in 2025, reflecting the strongest inflows since 2020 as investors returned to physical exposure.
- **MENA Gold Demand Accelerates.** Regional consumption rose about 15 % YoY, led by Turkey, Saudi Arabia, and the UAE — cementing the Gulf’s role as a global bullion-trading hub.
- **Historic Price Breakout Above \$4 000/oz.** A perfect storm of rate-cut expectations, central-bank buying, and haven flows pushed gold to new highs, transforming it from a hedge into a primary wealth store for many investors.

- **Family-Office Participation Broadens.** Roughly **three-quarters** of global family offices now invest in or consider crypto, typically allocating 1–3 % of portfolios.
- **IBIT Drives Institutional Legitimacy.** BlackRock’s **IBIT spot Bitcoin ETF** became one of the fastest-growing ETFs ever, surpassing **US \$70–90 billion AUM** within a year — marking crypto’s shift into mainstream wealth management.
- **Digital Assets Enter the Wealth Toolbox.** Crypto is evolving from an alternative experiment to a **strategic satellite allocation** for diversification and next-generation client demand.

# 2026 OUTLOOK

THE NEXT PHASE OF WEALTH ALLOCATION TOWARD EM INCOME

- EM Income as the Core Carry Trade**  
Emerging-market bonds remain the world's most attractive real-yield asset class. Income—not spread compression—will drive returns through 2026.
- Quality and Liquidity Lead Allocation**  
Institutional and family-office portfolios continue shifting toward large, investment-grade USD issuers and benchmark-size sovereign and quasi-sovereign bonds.
- Sustained Inflows to EM Bond Funds**  
Global investors keep adding exposure to both hard- and local-currency segments, reinforcing liquidity and supporting new issuance.
- GCC as the New EM Income Hub**  
China's USD bond placements in Saudi Arabia and the rapid growth of MENA money-market ETFs position the GCC as a bridge between Asian issuers and global yield demand.
- Dual Diversification Pillars — Gold and Digital Assets**  
With gold above \$4 000 and crypto ETFs expanding rapidly, both assets are becoming strategic diversifiers alongside EM income in wealth portfolios.

# CONTACTS

WE LOOK FORWARD TO WORKING WITH YOU

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