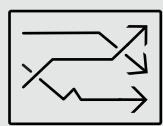


Fund performance



The Fund fell by 2.15% over the quarter, mainly due to negative stock selection in China and Taiwan, while selection effects in the United Arab Emirates added value. The portfolio transitioned to an emerging markets ex-China fund in February.¹

Despite tariff uncertainty, China started 2025 with a very strong quarter. Gains were fuelled largely by DeepSeek's announcement, which prompted a wave of AI-driven optimism and increased investor confidence in China's ability to innovate beyond tech sanctions. Not holding Xiaomi and BYD, which are seen by the market as indirect AI beneficiaries and beneficiaries of government policy, proved costly. Xiaomi is a direct beneficiary of the consumption trade-in programme put forward by the government. Additionally, our mainland-listed A-share companies trailed as both onshore and offshore investors rushed to invest in AI beneficiaries listed offshore in Hong Kong. As a result, we underperformed in China.

Semiconductor and tech hardware stocks came under pressure following the DeepSeek announcement as investors speculated that more efficient generative AI models might lead to lower demand and capex in the tech value chain and, ultimately, lower growth. Revisions in capex and earnings from some US companies have crystallised concerns. Consequently, our Taiwanese holdings in Chroma ATE, Accton Technology, Delta Electronics and Yageo Corp detracted, though not holding Hon Hai Precision Industry mitigated the losses.

Similarly, Vietnamese IT services provider FPT Corp was weighed down by concerns that the company could see weaker growth this year.

Performance

The latest available performance figures have been calculated net-of-fees in U.S. dollars for the period:

Cumulative and annualized total return as of 03/31/25 (%)

	NAV	Market Price	Benchmark
1 month	-0.64	-0.40	0.04
3 months	-1.30	-1.55	2.34
Year to date	-1.30	-1.55	2.34
1 year	3.96	6.94	7.47
3 years (p.a.)	-0.71	-2.46	1.25
5 years (p.a.)	5.97	6.27	7.82
10 years (p.a.)	3.21	2.82	4.09

Benchmark: MSCI Emerging Markets ex China Index (Net TR) from 02/24/2025. MSCI Emerging Markets Index (Net TR) from 04/28/2018 to 02/23/2025. MSCI Emerging Markets Latin America Index (Net TR) from 10/30/1991 to 04/27/2018.

Past performance is no guarantee of future results. Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance data quoted. NAV return data includes investment management fees, custodial charges, bank loan expenses, and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.

All performance information for the periods prior to April 30, 2018 are for the Aberdeen Latin American Equity Fund, Inc. ("LAQ"), the performance and accounting survivor of the reorganizations of seven closed-end funds into the Fund. Performance information for periods prior to April 30, 2018 do not reflect the Fund's current investment strategy.

The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

¹ The MSCI Emerging Markets Net Index is an unmanaged index considered representative of stocks of developing countries. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

For current holdings information, please visit [abrdn Emerging Markets ex-China Fund, Inc. - Portfolio Holdings](#)



Outside Asia, the position in Latin America-based IT services company Globant was another main drag on performance. The company's fourth-quarter results were in line with expectations, but the official 2025 guidance indicated a softening of expected demand in its core market, the US. In South Africa, gold miners rallied strongly as gold continued to touch new highs. Our lack of exposure to a number of these names was negative.

On the flip side, investments in the United Arab Emirates, Abu Dhabi Islamic Bank and Aldar Properties, contributed to relative returns.

There were also bright spots in Brazil, as sentiment improved following a bruising final quarter of 2024. Conglomerate Itaúsa and car rental company Localiza were among the standout performers.

Finally, in India, Cholamandalam Investment and Finance bucked the downtrend to close with double-digit gains. Several core holdings such as Power Grid Corporation of India, ICICI Bank and SBI Life Insurance rose sharply in March as the central bank's liquidity boosting measures and a well-received budget from the government seemed to lift sentiment.

Market review

Emerging market equities outpaced developed markets in the first quarter as the consensus around US exceptionalism began to unwind. The MSCI Emerging Markets Index rose by 3.01% in US dollar terms, led by gains in China, but the MSCI Emerging Markets ex China Index fared worse, falling by 1.62%.

Political developments in the wake of US President Donald Trump's inauguration in January dominated sentiment, particularly his tariff plans and the global fallout. The US Federal Reserve paused its interest rate cuts amid increased economic uncertainty. Concerns that tariffs could derail US growth also weighed on the US dollar, which boosted some markets.

In emerging Asia, Indian equities were dragged down by the slowing economy for most of the quarter. In March, the central bank's measures to add liquidity and improving economic indicators began to revive investor confidence.

Separately, Chinese artificial intelligence (AI) start-up DeepSeek released a model that was trained without the most advanced chips. Beijing also committed to more fiscal stimulus and set a 2025 growth target of around 5% during the annual parliamentary gathering.

Elsewhere, Gulf bourses closed mixed on concerns over oil prices. Latin America was buoyed by gains in Brazil and Mexico. Brazilian stocks rebounded amid sentiment that the market was oversold, while Mexico has thus far effectively navigated the tariff conflict with the US.

Activity

As mentioned above, the portfolio transitioned to an emerging markets ex-China fund in February.

In March, we bought India-based J.B. Chemicals and Pharmaceuticals, which makes pharmaceuticals, chemicals and agro-based products.

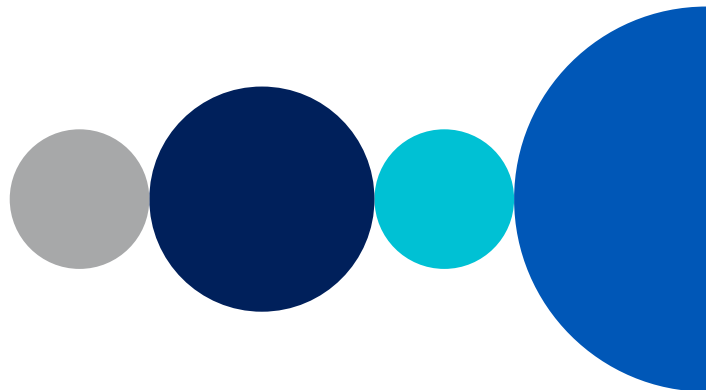
Outlook

Consensus heading into 2025 was one of US exceptionalism with tax cuts, deregulation and tech dominance leading US and global equities higher. However, with valuations as stretched as they had been heading into the year, there was scope for a downside surprise. The emergence of Chinese AI start-up DeepSeek, combined with a tariff-inclined Trump, appears to have provided the downside surprise. However, this environment still offers reasons for optimism for emerging market investors.

At the time of writing, Trump has announced his tariffs. They set a 10% baseline for all countries with more punitive reciprocal tariffs for identified nations, though most of the higher tariffs have now been pushed back, except for China, which has hit back at the US with levies of its own. Overall, the tariffs answer some key questions and suggest that Trump's goals of shifting manufacturing and raising revenue for tax cuts are prime and centre.

Tariffs on China were stacked but the outlook for the domestic environment remains positive, with further support likely in the coming months. This should help many of the country's key trading partners within emerging markets. India is well-positioned to navigate a more fractured global economy, backed by long-term structural drivers and IT service exports which are not currently under fire.

Emerging market valuations are still attractive, both historically and compared to the US. Our portfolio companies are delivering results, which we believe the market will reward. We remain confident in our holdings and their ability to navigate market crosswinds.



Important information

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International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging market investments.

Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

Dividends are not guaranteed and a company's future ability to pay dividends may be limited.

Please see the Fund's most recent annual report for more information on risks applicable to the Fund.

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