

Greece

A decade after Greece was teetering on the edge of a Eurozone exit, the country has defied critics and rebounded, delivering some of the strongest growth in Europe, supported by a business-friendly government and an appetite to modernise. Read on for your two-minute guide to this key market in Emerging EMEA...

Why we like it:

- Greece has staged a remarkable recovery, with inflation and unemployment falling and competitiveness improving, driving strong growth and stock market outperformance relative to the Euro area.
- Following intense efforts to reduce its debt burden, Greece's sovereign risk rating has been upgraded to investment-grade status by most major rating agencies, lowering the cost of borrowing and providing a stable funding base for the country's future needs.
- Pro-business and Harvard-educated prime minister Kyriakos Mitsotakis has a strong mandate to continue with his ambitious reform programme, from modernising the public health system to investing in digitization and a green energy transition.
- Tourism, which can account for up to a third of Greece's GDP, continues to boom post-Covid, and should be further supported by government plans to boost year-round revenues and improve infrastructure in key destinations.

Key themes:

INVESTMENT: Business-friendly regulation and lower taxes are helping to drive up foreign direct investment, which hit an all-time high of €8 billion in 2022. Although this fell to €4.7 billion in 2023, we anticipate Greece's new investment-grade rating will continue to see strong investment into its service-based economy.

FINANCIALS: The full reprivatization of banks bailed out during the financial crisis sees a return to normality for Greece's financial sector. ECB approval in mid-2024 for the four largest Greek banks to resume dividend payments should provide further strong investor support for the sector.

In short:

Although challenges such as falling birth rates, labour shortages and demands for higher wages remain, Greece's hard-fought economic recovery is bearing fruit. A focus on growth-focused companies with highly disciplined balance sheet management should hold investors in good stead during this period of recovery and renewed investment.

GREECE IN NUMBERS

Population:

10.4M

Global ranking by GDP:

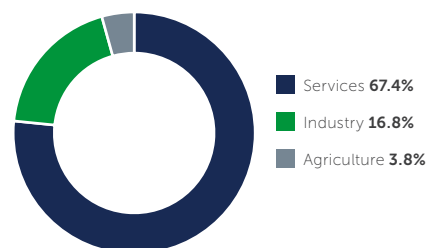
55th

Source: CIA World Fact Book, October 2024.

	2024	2025F	2026F
Economic growth (GDP)	2.0%	1.9%	1.7%
Inflation (CPI)	2.7%	2.1%	2.0%

Source: IMF, April 2024. F=forecast nominal GDP growth rate.

ECONOMIC PROFILE



Source: Statista, 2022.

Companies to watch:

NATIONAL BANK OF GREECE

The improving domestic macro-economic, a higher interest rate environment and healthy corporate loan growth have driven strong performance for NBG, modern Greece’s oldest financial institution. In autumn 2024, the Hellenic Financial Stability Fund placed a 10% stake in NBG on the market, marking an end to its public bail-out. Investor demand exceeded the number of offered shares by nearly 11 times overall and 12 times abroad.

JUMBO

Toy, stationery and homewares retailer Jumbo continues to see strong net profit growth thanks to its focus on offering a vast variety of stock at discount prices. Post-Covid, the company’s expansion of both its bricks and mortar and online presence continues to serve it well. A roll-out of ‘hyperstores’ over 2024-2026, adding to its existing 86 stores in Greece, Romania, Bulgaria and Cyprus, should help it dominate market demand for in-person shopping for budget family goods.

BARINGS EMERGING EMEA OPPORTUNITIES PLC

Finding quality companies from Emerging Europe, the Middle East and Africa

Barings Emerging EMEA Opportunities focuses on the under-researched markets of Emerging Europe, the Middle East and Africa. Managed by Barings’ highly-experienced EMEA Equity Team, located in London.

www.bemopl.com

To subscribe to monthly updates, news and views on the Trust, sign up at **bemopl.com/preferencecentre**



Matthias Siller, CFA
Head of EMEA
26 years of investment experience



Adnan El-Araby, CFA
Investment Manager, EMEA
14 years of investment experience

Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed. **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.** Changes in currency exchange rates may affect the value of investments. Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. Coupled with less developed regulation, this means your money is at greater risk. Any investment results, portfolio compositions and or examples set forth in this document are provided for illustrative purposes only and are not indicative of any future investment results, future portfolio composition or investments. The document is for informational purposes only and is not an offer or solicitation for the purchase or sale of shares in the Company. It is recommended that prospective investors seek independent advice as appropriate. The Key Information Document (KID) must be received and read before investing. This and other documents, such as the prospectus, latest fact sheet, annual and semi-annual reports, are available from www.bemopl.com Although every effort is taken to ensure that the information contained in this document is accurate, Barings makes no representation or warranty, express or implied, regarding the accuracy, completeness or adequacy of the information. Baring Asset Management Limited, 20 Old Bailey, London, EC4M 7BF, United Kingdom. Authorised and regulated by the Financial Conduct Authority. Date of issue: November 2024.