An Emerging Markets Knockout

July 31, 2026

As the World Cup concluded, the knockout stage demonstrated that every match had the potential to produce an unexpected outcome. Amid the excitement on the pitch, many may have missed a similar shake-up among global market heavyweights. Following a strong second quarter, Taiwan and South Korea have surged 104% and 181% over the past year,[1] respectively, vaulting into the ranks of the world's 10 largest stock markets.

Taiwan is now the world's third-largest stock market, overtaking the UK, while South Korea has climbed to sixth place. Much of this performance has been driven by semiconductor leaders such as TSMC, Samsung, and SK Hynix. Their remarkable returns are a reminder that strong outcomes can emerge unexpectedly anywhere in the world.

Diversified portfolios that include crowd favorites and underdogs can allow investors to participate in good fortune wherever and whenever it appears. By contrast, investors who pick and choose might find themselves caught offside when the big moment arrives.

Source: Dimensional. Market cap ranking within MSCI All Country World IMI Index. Indices are not available for direct investment. Holdings are subject to change. MSCI data © MSCI 2026, all rights reserved.

Sources:

Lipps, Matt, CFA. *An Emerging Markets Knockout*. Dimensional Fund Advisors

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