

## ABSTRACT

The growing importance of investments outside the traditional asset classes of stocks and bonds, known as alternative assets, as well as emerging market equities, can hardly be ignored in the current financing and investment landscape. The unique characteristics that make them distinct from traditional and established security markets, respectively, require careful consideration by investors and risk managers who seek to take advantage of these asset classes. In this thesis, we determine the connectedness between alternative assets and emerging and frontier market equities across several geopolitical regions and establish the impact of risk aversion and investor sentiments along with market liquidity dynamics on the connectedness between these markets.

The Diebold-Yilmaz connectedness framework and several extensions thereof, along with partial and rolling-window wavelet correlation approaches are the methods employed in this study. The Diebold-Yilmaz framework measures market connectedness at both granular and aggregated levels using variance decompositions of a generalized VAR model to determine the contribution of each series to the forecast error variance of others in the system. With daily price data of selected alternative assets and a wide range of emerging markets around the world, we first investigate return and volatility dependence structure between emerging equity markets and novel alternative assets. We establish how technological assets relate with thinly traded African equity markets, and then how green bonds interact with large emerging equity markets under normal and extreme market conditions. Next, we investigate how risk aversion and investor sentiments impact emerging markets and alternative asset risk transmission mechanisms and finally explore the influence of liquidity freezes and gridlock risks within a network of emerging equity markets.

The clarity provided by this study is expected to attract more investors to emerging markets and assist policy makers with the necessary information needed to maintain resilient and growth-leading financial systems. Moreover, investors within these markets are provided with clear patterns of what to expect under various market conditions, forming a basis for modelling early warning systems and other predictive frameworks.