



Stewart Investors

# Stewart Investors Global Emerging Markets Sustainability Fund(Irish VCC)

# Q1

1 January - 31 March 2023



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## Risk factors

This document is a financial promotion for the Stewart Investors Global Emerging Markets Sustainability Fund in the EEA and elsewhere where lawful. Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Currency risk:** The Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund and could create losses. Currency control decisions made by governments could affect the value of the Fund's investments and could cause the Fund to defer or suspend redemptions of its shares.

Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Reference to the names of any company is merely to explain the investment strategy and should not be construed as investment advice or a recommendation to invest in any of those companies.

For a full description of the terms of investment and the risks please see the Prospectus and Key Information Document.

**If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.  
If you are unsure of the terminology used in this report, please seek independent financial advice.**

# Stewart Investors Global Emerging Markets Sustainability Fund

## Portfolio overview

31 March 2024

### Investment philosophy

Our core investment principles

- Long term
- Absolute return mindset
- Bottom-up
- Sustainability
- Quality

### Investment objective and policy

The Fund aims to grow your investment over the long-term.

The Fund invests in shares of companies in emerging markets or where the majority of their activities take place in emerging markets and that are listed on exchanges worldwide.

The Fund invests in shares of high-quality companies which are positioned to contribute to, and benefit from, sustainable development. Investment decisions use a thematic sustainability approach and an assessment aiming to identify high quality companies based on three key points: (i) Quality of management. (ii) Quality of the franchise company including its social usefulness, their environmental impacts and efficiency and responsible business practices. (iii) Quality of the company's finances and their financial performance. Sustainability is a key part of the approach.

Pursuant to the EU Sustainable Finance Disclosure Regulation (EU 2019/2088), this Fund also has sustainable investment as its objective under Article 9.

### Fund information

Fund launch date	08 April 2009
Fund size (€m)	532.6
Benchmark	MSCI Emerging Markets Net Index
Number of holdings	56
Fund manager(s)	Sujaya Desai/Jack Nelson
Research rating <sup>^</sup>	Morningstar®:Silver

<sup>^</sup> This does not constitute an investment recommendation and is not indicative of future results. Methodology available on rating provider's website.

### Available share classes

ISIN	Sedol	Share class
IE00BFY85Q51	BFY85Q5	Stewart Investors Global Emerging Markets Sustainability Fund EUR Class I (Accumulation)
IE000AQHA357	BQMHN56	Stewart Investors Global Emerging Markets Sustainability Fund USD Class I (Accumulation)
IE00085WDIZ9	BQLSXQ1	Stewart Investors Global Emerging Markets Sustainability Fund JPY Class III (Accumulation)
IE00BFY85R68	RFGS123	Stewart Investors Global Emerging Markets Sustainability Fund EUR Class VI (Accumulation)
IE000UT9VQY4	BNYJX82	Stewart Investors Global Emerging Markets Sustainability Fund GBP Class VI (Accumulation)
IE00BF18T884	BF18T88	Stewart Investors Global Emerging Markets Sustainability Fund USD Class VI (Accumulation)
IE00BKTBJ34	BKTBJ34	Stewart Investors Global Emerging Markets Sustainability Fund EUR Class VI (Distributing)
IE0007HM1170	BQMPXS3	Stewart Investors Global Emerging Markets Sustainability Fund USD Class III (Accumulation)

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◆ **Absolute return:** a return provided by a share or portfolio which is not measured relative to another share or benchmark index.

▪ **Bottom-up:** analysis of a company focused principally on its management, franchise and financials rather than the broader industry in which it operates, or macroeconomic factors, such as economic growth.

# Performance

31 March 2024

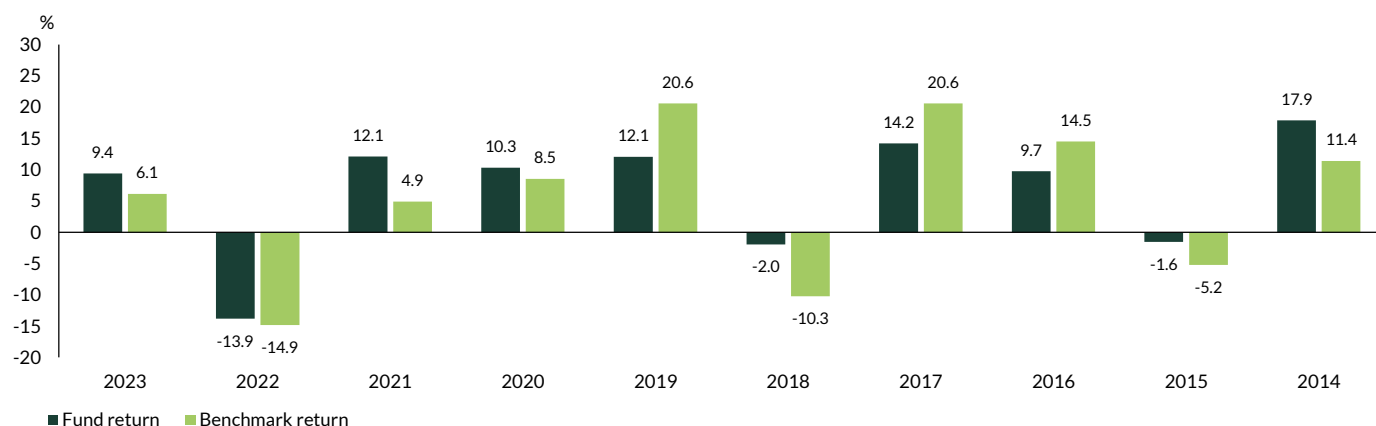
## Annual performance (% in EUR) to 31 March 2024

	12 mths to 31/03/24	12 mths to 31/03/23	12 mths to 31/03/22	12 mths to 31/03/21	12 mths to 31/03/20
Stewart Investors Global Emerging Markets Sustainability Fund	7.9	-4.9	-1.1	38.2	-12.4
MSCI Emerging Markets Net Index	8.8	-8.5	-6.4	47.9	-15.8

## Cumulative performance (% in EUR) to 31 March 2024

	Since inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
Stewart Investors Global Emerging Markets Sustainability Fund	141.9	84.7	22.8	1.4	7.9	-0.2	5.8	-0.2
MSCI Emerging Markets Net Index	69.2	70.6	16.0	-6.8	8.8	4.7	8.2	4.7

## Calendar year performance (% in EUR) to 31 March 2024



The share class launched on 18 February 2019. The fund performance shown in the tables above includes simulated performance based on actual performance between 1 October 2010 and 14 February 2019 for a representative account that has been run within the same parameters. From 18 February 2019, it shows the performance of Stewart Investors Global Emerging Markets Sustainability Fund, class VI Accumulation Euro a sub-fund of First Sentier Investors Global Umbrella Fund plc.

**These figures refer to the past. Past performance is not a reliable indicator of future results. For investors based in countries with currencies other than EUR, the return may increase or decrease as a result of currency fluctuations.** Since inception performance figures have been calculated from 01 October 2010. All performance data for the Stewart Investors Global Emerging Markets Sustainability Fund Class VI (Accumulation) EUR as at 31 March 2024. Source for fund - Lipper IM / Stewart Investors. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management fee and other fund expenses), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source for benchmark - MSCI, income reinvested net of tax.

# Commentary

31 March 2024

## Major Activity

Over the course of this quarter, we exited our positions in three holdings and initiated in one new company.

The first of the three exits was **Vinda International** (China: Consumer Staples), a Hong Kong listed tissues maker that was steadily offering higher quality hygiene products with higher pricing power. The company was stewarded by the combination of the Li family as owner-managers and Essity, the Swedish multinational. We exited our holding in the company after a bid to acquire the company was accepted by the majority shareholders.

We also exited **Komerční banka** (Czech Republic: Financials) and **Infosys** (India: Information Technology). Both companies remain high quality, well-run franchises but were getting closer to fairly valued rather than cheap. As such, we decided to use the proceeds to invest in ideas where we saw the potential for better returns.

One such example is **Allegro** (Poland: Consumer Staples), a dominant e-commerce platform in Poland with c.40% market share, nine times larger than their nearest competitor. Allegro has been able to steadily defend this market share against new entrants, even through a period of mismanagement. With a new CEO in place, Allegro is focused on improving their international operations and re-focusing on profitable growth.

We also took the opportunity as valuations have come off across several of our high-quality Chinese holdings to continue to build position sizes. A few of these include **Glodon** (China, Information Technology), **Milkyway Intelligent Supply Chain Service** (China: Industrials), and **Yifeng Pharmacy Chain** (China: Consumer Staples) – all well placed to be the leaders in their respective industries, aligned with the broader sustainable development of the economy, and remain on reasonable valuations for steady earnings growth. We remain nervous about binary political and regulatory risks in the region.

## Comment

Portfolio resilience is our main preoccupation, the focus of the top holdings remains on those businesses with resilience and growth. At times like this it seems especially important to remain focused on the long term, while always being ready to add to high-conviction positions at better valuations. We continue to focus on bottom-up analysis of the fundamental quality of stewards (stewards who are as prepared for risks as they are to capitalise on opportunities), franchises, and financials and the sustainable development tailwinds these businesses might enjoy. We believe this remains the best way to continue protecting and growing clients' capital in emerging markets.

## Review & Outlook

The Fund provided a positive return over the 12 months to 31 March 2024 but underperformed its benchmark index.

Positive contributors included family-owned, Indian conglomerate **Mahindra & Mahindra** (India: Consumer Discretionary) which continues to deliver attractive levels of growth alongside continued investment to build a more robust franchise, precisions tube maker **Tube Investments** (Consumer Discretionary) which reiterated a focus on consistent profitability, and the world's largest independent semiconductor foundry **TSMC** (Taiwan: Information Technology) which rose as markets began to anticipate the clearing of memory inventories and a restocking cycle to drive demand for logic chips. Their increased artificial intelligence (AI) segment revenues also benefitted from general enthusiasm for AI and chipmakers.

Detractors to performance included leading provider of construction software **Glodon** (China: Information Technology) which faced top-down concerns around economic growth and construction activity in China, consumer staples business **Vitasoy** (Hong Kong: Consumer Staples) which continues to experience stock price pressure relating to sales in China and some supply chain issues in the Australian market and personal hygiene and baby care products provider **Unicharm** (Japan: Consumer Staples) due to concerns around competition in the Southeast Asian disposable diaper market as birth rates decline plus a slowdown in growth in East and Southeast Asia in 2023, particularly stagnating consumption in China.

Falling rates should in theory help emerging markets as an asset class as the relative attractiveness of United States Dollar (USD) denominated assets fall and the USD currency weakens. Timing and pace of any such rate cuts are completely unknown and we make no attempt to try and forecast these. We may be confident about the companies we currently hold, but we never stop searching for companies that might improve overall portfolio risk-return characteristics.

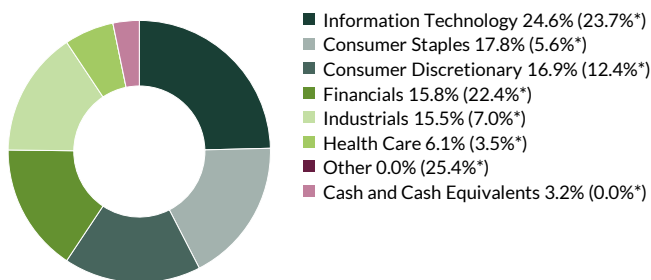
# Portfolio allocation and stock holdings

31 March 2024

## Ten largest holdings as at 31 March 2024

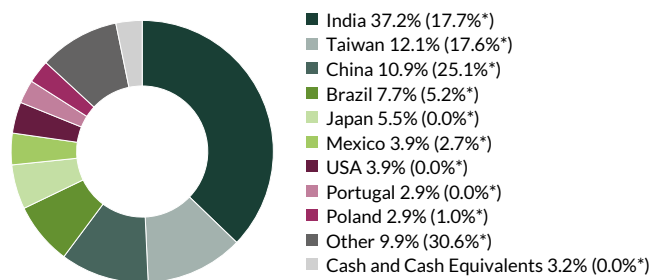
Stock name	Country	Sector	Portfolio weight (%)	Index weight (%)
Mahindra & Mahindra	India	Consumer Discretionary	5.4	0.3
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	5.1	8.3
Tube Investments of India Limited	India	Consumer Discretionary	4.9	0.1
HDFC Bank	India	Financials	4.6	0.7
Tata Consultancy Serv. Ltd	India	Information Technology	4.5	0.6
Unicharm Corporation	Japan	Consumer Staples	3.0	0.0
Kotak Mahindra Bank Limited	India	Financials	2.9	0.3
Jeronimo Martins, SGPS S.A.	Portugal	Consumer Staples	2.9	0.0
Weg S.A.	Brazil	Industrials	2.8	0.2
Qualitas Controladora S.A.B. de C.V.	Mexico	Financials	2.7	0.0

## Sector breakdown



\*Index weight

## Country breakdown

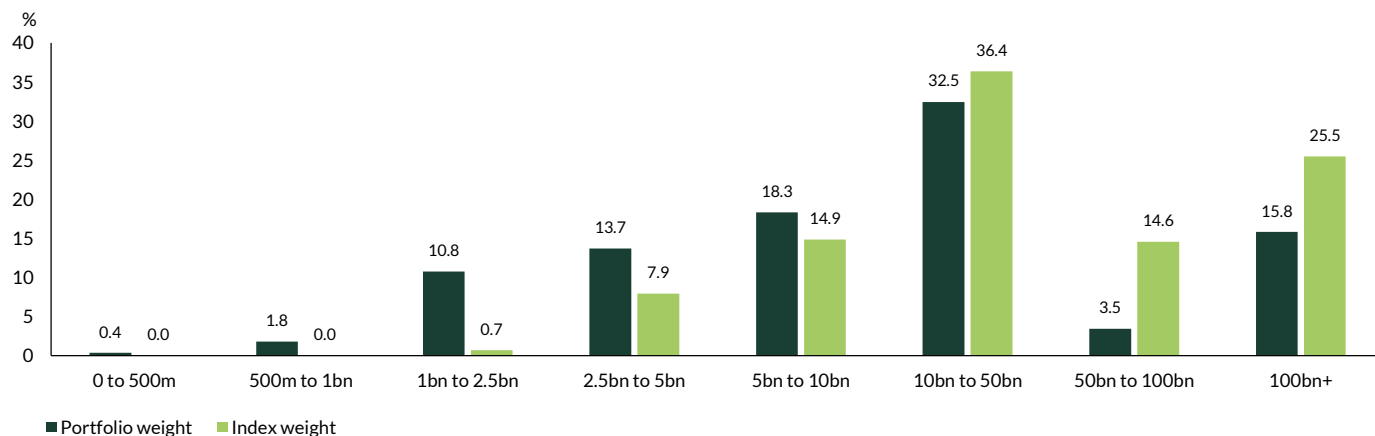


\*Index weight

Sector and Country classifications provided by Factset and Stewart Investors.

Cash equivalents may include T-Bills.

## Market capitalisation breakdown (EUR)



Data source: For illustration purposes only. Portfolio weights may not add up to 100% as cash holdings are excluded and full coverage of stocks is not always available. This information is calculated by Stewart Investors.



# Stock contribution

31 March 2024

## Top 5 contributors to absolute performance

3 months to 31 March 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	107
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	54
Qualitas Controladora S.A.B. de C.V.	Mexico	Financials	35
Tube Investments of India Limited	India	Consumer Discretionary	23
Godrej Consumer Products Limited	India	Consumer Staples	23

12 months to 31 March 2024

Stock name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	287
Tube Investments of India Limited	India	Consumer Discretionary	161
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	160
Qualitas Controladora S.A.B. de C.V.	Mexico	Financials	132
Tata Consultancy Services Limited	India	Information Technology	84

## Bottom 5 contributors to absolute performance

3 months to 31 March 2024

Stock name	Country	Sector	Value added (bps*)
HDFC Bank INR1	India	Financials	-85
Jeronimo Martins, SGPS S.A.	Portugal	Consumer Staples	-61
Unicharm Corporation	Japan	Consumer Staples	-40
Glodon Company Limited Class A	China	Information Technology	-39
Totvs S.A.	Brazil	Information Technology	-37

12 months to 31 March 2024

Stock name	Country	Sector	Value added (bps*)
Glodon Company Limited Class A	China	Information Technology	-139
Vitasoy International Holdings Limited	Hong Kong	Consumer Staples	-93
Unicharm Corporation	Japan	Consumer Staples	-91
HDFC Bank INR1	India	Financials	-44
Jeronimo Martins, SGPS S.A.	Portugal	Consumer Staples	-37

Stock Contributions show the impact of the individual stock's performance to the total fund performance. These stock contributions show the top 5 and bottom 5 contributors to the fund and are not representative of the performance of the fund as a whole.

**These figures refer to the past. Past Performance is not a reliable indicator of future results. For investors based in countries with currencies other than EUR, the return may increase or decrease as a result of currency fluctuation.**

This stock information does not constitute any offer or inducement to enter into investment activity.

Contributions are calculated at the investee company level before the deduction of any fees incurred at fund level (e.g. the management fee and other fund expenses) but after the deduction of transactional costs.

Stocks held/listed in non-index countries have economic activity > 50% from developing economies.

\* A basis point is a unit of measure used in finance to describe the percentage change in value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

Data source: This information is calculated by Stewart Investors.

# Risk analysis

31 March 2024

## Portfolio risk analysis - ex-post 3 years annualised to 31 March 2024

Risk measure	Value	Risk description
Information ratio	0.32	The fund's excess return divided by its tracking error. It is designed to assess a portfolio's performance relative to its level of benchmark risk. The higher the fund's information ratio, the more excess return it generates for each unit of tracking error.
Portfolio standard deviation	14.45%	A measure of how much the returns of the fund vary relative to the arithmetical average. The higher the fund's standard deviation, the more its returns tend to deviate from the mean.
Benchmark standard deviation	17.51%	A measure of how much the returns of the index vary relative to the arithmetical average. The higher the index's standard deviation, the more its returns tend to deviate from the mean.
Tracking error	10.52%	The standard deviation of the difference between the fund's returns and those of the index. The higher the fund's tracking error, the more its performance relative to the benchmark may vary.

## Portfolio risk analysis - ex-ante at 31 March 2024

Risk measure	Value	Risk description
Dividend yield (fund)	1.55%	The annual dividend yield paid per share divided by the share price. This factor measures the value of company shares according to the stream of dividend income resulting from share ownership.
Dividend yield (index)	2.80%	The annual dividend yield paid per share divided by the share price. This factor measures the value of company shares according to the stream of dividend income resulting from share ownership.
Price to book (fund)	4.17	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to book (index)	1.94	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to earnings (fund)	25.72	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.
Price to earnings (index)	14.14	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.

Data source: Ex-post information is calculated by Stewart Investors, ex-ante information is provided by FactSet.



# Disclaimer

31 March 2024

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The distribution or purchase of shares in the funds, or entering into an investment agreement with Stewart Investors may be restricted in certain jurisdictions.

Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. Place where the relevant documentation may be obtained: The Prospectus, Key Information Documents, the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

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