

Global Emerging Markets Leaders Sustainability Strategy



Stewart Investors

About Stewart Investors

We are an active, long-only equity investment business with stewardship and sustainability at the heart of our investment philosophy and culture since 1988. As a team, we have been managing explicit sustainability portfolios since 2005 and a Global Emerging Markets Sustainability All-Cap Strategy since 2009.

We launched the Global Emerging Markets Leaders Sustainability Strategy in April 2020. This strategy is now available to Australian clients. Leaders simply means that the strategy is focused on companies with a market cap over USD1 billion.

Investment aim

To generate long-term, risk-adjusted returns for our clients by investing in the shares of high-quality companies that are particularly well positioned to contribute to, and benefit from, sustainable development.

Key facts*

Lead portfolio manager	Jack Nelson
Investment team	13 analysts
Number of companies	25-60 (current 39)
Active share	84%
Investment horizon	5-10+ years
Name turnover (since launch)	23% p.a.
Market capitalisation	> USD1 billion
Comparator benchmark	MSCI Emerging Markets Index
Annual management charge	Standard fee: 0.65% Seed fee discount available

Investment philosophy

- > **We are stewards.** Our role is to allocate society's capital to productive uses, in accordance with our [Hippocratic Oath](#).
- > **We are long term.** Our time horizon is measured in years, not weeks, and we value companies accordingly.
- > **We invest only in companies contributing to a more sustainable future.** We engage constructively as owners to help companies on their sustainability journeys.
- > **We invest only in high-quality companies.** We invest in companies with exceptional cultures, strong franchises and resilient financials.
- > **We believe capital preservation is important for capital growth.** We define risk as the possibility of the permanent loss of client capital.

This philosophy is proven across strategies and business cycles for nearly four decades.

* Source: Stewart Investors as at 31 December 2024. Data shown for a representative Stewart Investors Global Emerging Markets Leaders Sustainability account. Since launch date for turnover: 24 November 2021. Key facts parameters shown are guidelines only and not hard risk limits.

Sustainability in emerging markets

We seek to invest in high-quality companies that produce necessary products and services in a responsible manner. We believe that incorporating [sustainability](#) considerations into our stock picking helps us in two ways.

- > Developing countries will not be able to follow the same resource-intensive and consumption-driven model of development taken by today's developed countries. We are looking for companies that are well positioned to meet the challenge of sustainable development. We have strong conviction that such companies face fewer risks and are better placed to deliver positive, long-term returns to shareholders.
- > Sustainability is a particularly useful approach to gauge the quality of companies. We believe managers and owners who treat their employees, the environment and society at large well are more likely to allow minority shareholders to participate in the success of the business; in contrast, we believe those who are willing to cut corners are likely to act in unscrupulous ways if given the opportunity. Incorporating sustainability in this way aids our bottom-up stock picking process. In emerging markets, insisting on robust governance is crucial to risk mitigation since corporate governance standards are often poor.

While we don't carry out negative screening, the output of our bottom-up approach means that we do not invest in companies with material exposure to harmful products, including weapons, tobacco, alcohol, gambling and fossil fuels. Nor do we believe we need to invest in such companies to deliver the long-term, sustainable returns our clients expect. Visit our [website](#) to view our position on harmful and controversial products and services, and our climate change statement.

Top 10 holdings - high conviction

We have a bottom-up approach and aim to invest only in well-stewarded, high-quality companies with sustainability at the heart of all investment considerations. Our portfolios are high conviction (top 10 holdings typically 30%-50%) and are completely benchmark agnostic.

Company	Country	Sector	Portfolio (%)	Index (%)
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	8.5	10.5
HDFC Bank	India	Financials	6.4	1.5
Mahindra & Mahindra	India	Consumer Discretionary	5.7	0.4
Tata Consultancy Services	India	Information Technology	4.5	0.6
Infosys	India	Information Technology	3.9	1.0
Samsung Electronics	South Korea	Information Technology	3.8	2.3
Delta Electronics	Taiwan	Information Technology	3.8	0.3
EPAM Systems	USA	Information Technology	3.7	-
Unicharm	Japan	Consumer Staples	3.7	-
Jerónimo Martins	Portugal	Consumer Staples	3.4	-
			47.3	16.6

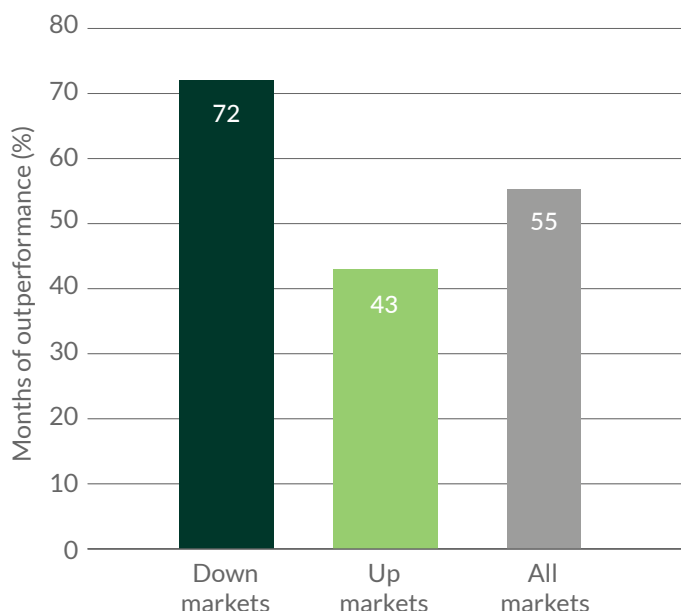
Source: Stewart Investors as at 31 December 2024. Data shown is for a representative Stewart Investors Global Emerging Markets Leaders Sustainability account and the MSCI Emerging Markets Index. This information is provided for illustrative purposes to demonstrate Stewart Investors' activity within the strategy for the period shown. It is not a recommendation or solicitation to purchase or invest in any fund. Differences between the representative account-specific constraints and those of a similarly managed fund or mandate would affect results. Numbers may not add to totals due to rounding. References to specific securities should not be construed as investment advice or a recommendation to buy or sell the same.

Performance objective – capital protection and growth

Our investment philosophy focuses on delivering strong absolute returns over cycles. This focus means that we define risk as the loss of clients’ capital rather than in terms of deviation from any benchmark index. As a result, our performance is likely to lag steeply rising markets, but deliver better results in falling markets. We believe this approach has served clients well over time and over cycles.

Performance over periods AUD - Composite performance gross of fees % p.a	Since launch	10 years	7 years	5 years	3 years	1 year	6 months	3 months
Stewart Investors Global Emerging Markets Sustainability	11.3	7.6	6.7	6.0	2.7	8.8	4.9	3.0
MSCI Emerging Markets Index (gross)	8.1	7.0	5.2	4.7	3.9	19.1	8.2	3.3
Relative (arithmetic)	3.2	0.6	1.5	1.3	-1.2	-10.3	-3.3	-0.3

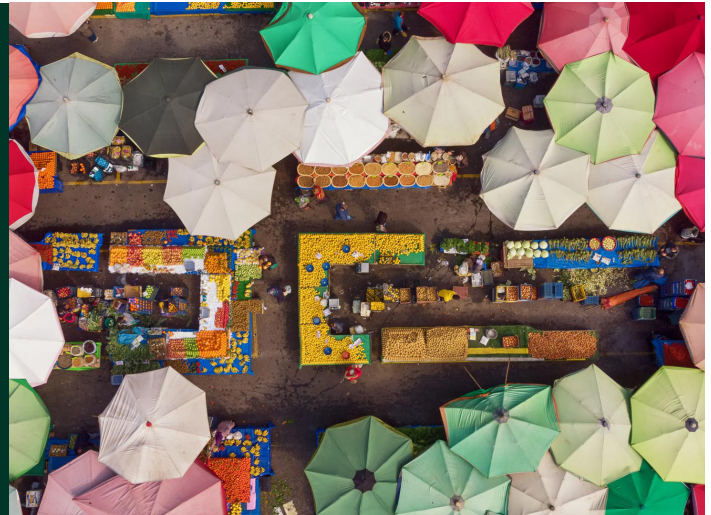
Stewart Investors Global Emerging Markets Sustainability
Investment style - downside protection
Composite outperformance since launch (AUD gross of fees)



Past performance is not a reliable indicator of future results.

Source: Stewart Investors and FactSet as at 31 December 2024 in AUD. Data shown for the Stewart Investors Global Emerging Markets Sustainability and Global Emerging Markets Leaders Sustainability Composites, and MSCI Emerging Markets Index. Investments in funds that make up the Composite may produce different performance returns to the Composite returns. Composite performance data is calculated on a total return basis and gross of tax. Performance figures do not reflect the deduction of investment fees and expenses. A client’s return will be reduced by the effect of investment fees and expenses. If a client placed AUD100,000 under management and a hypothetical gross return of 10% was achieved, the investment assets before the effect of fees and expenses would have grown to AUD259,374 in 10 years. However, if fees and expenses to the value of 1% were incurred, investment assets would have grown to AUD234,573, or an annual compounded rate of 8.9%. Outperformance shown versus the MSCI Emerging Markets Index. Index returns are shown on a total return basis and gross of tax. Since launch relates to inception of the composites on 1 March 2009 and 1 April 2020 respectively.

Our [Portfolio Explorer](#) tool allows you to explore strategies, companies, countries and sustainability issues of interest in four views – map, Sustainable Development Goals, climate solutions and human development pillars.



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