

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 (EM) Sustainability All-Cap Strategy since 2009.

Due to capacity constraints of the all-cap strategy and strong demand and desire to offer US clients an EM sustainability solution, on April 1, 2020, we launched the Global Emerging Markets Leaders Sustainability Strategy. 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*

Strategy launch	April 2020
Strategy size	USD 1,163 million [^]
Lead portfolio manager	Jack Nelson
Investment team	11 analysts
Number of companies	25-60 (current 47)
Active share	86%
Investment horizon	5-10+ years
Name turnover (since launch)	16% p.a.
Market capitalisation	> USD1 billion
Comparator benchmark	MSCI Emerging Markets Index
Annual management charge	0.65%

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 December 31, 2023. Data shown for a representative Stewart Investors Global Emerging Markets Leaders Sustainability account. Since launch date for turnover: April 1, 2020. Parameters shown are guidelines only and not hard risk limits. 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, currency or fees and those of a similarly managed fund or mandate would affect results. [^]Includes portfolios inherited from St Andrews Partners on April 1, 2022.

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 (%)
HDFC Bank	India	Financials	5.9	0.8
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	5.2	6.7
Tata Consultancy Services	India	Information Technology	4.6	0.6
Unicharm	Japan	Consumer Staples	4.4	-
Samsung Electronics	South Korea	Information Technology	4.2	4.1
Mahindra & Mahindra	India	Consumer Discretionary	4.1	0.3
Jerónimo Martins	Portugal	Consumer Staples	3.5	-
Infosys	India	Information Technology	3.4	0.9
EPAM Systems	USA	Information Technology	3.1	-
Hoya	Japan	Health Care	3.0	-
			41.4	13.4

Source: Stewart Investors as at December 31, 2023. 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 are included for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same. Any securities referenced may or may not form part of the holdings of our portfolios at a certain point in time, and the holdings may change over time.

Performance profile – 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.

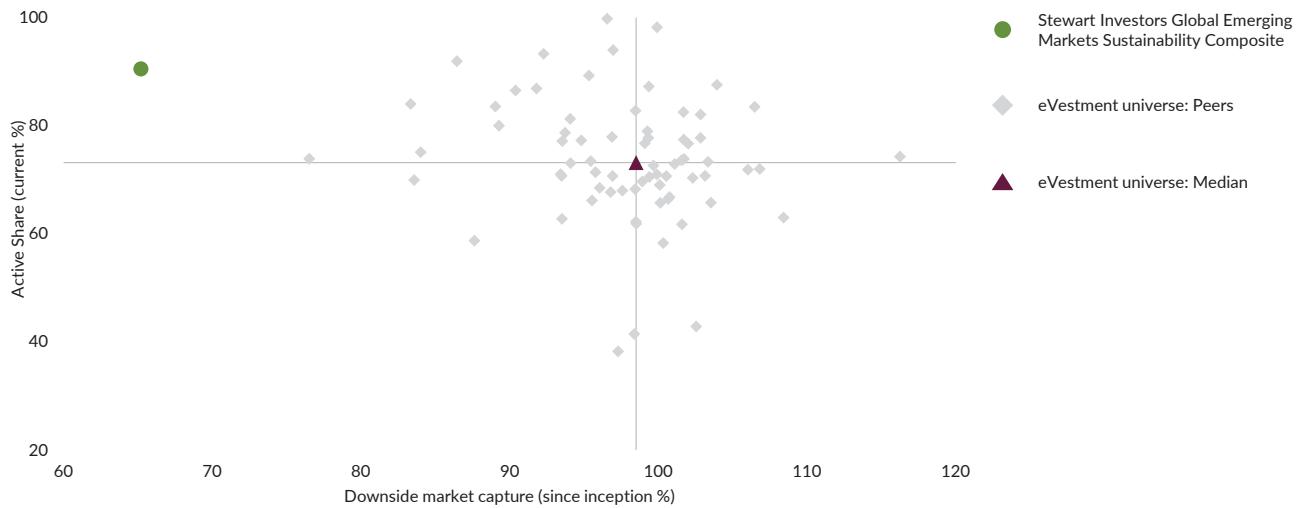
Annualised performance over periods USD - composite performance net of fees % p.a.	Since launch	10 years	7 years	5 years	3 years	1 year
Stewart Investors EM Sustainability All-Cap	11.0	4.3	6.5	5.0	-1.8	14.0
MSCI Emerging Markets Index	7.9	3.0	5.4	4.1	-4.7	10.3
Relative (arithmetic)	3.1	1.3	1.1	0.9	2.9	3.7

Annualised performance over periods USD – composite performance net of fees % p.a.	Since launch
Stewart Investors Global Emerging Markets Leaders Sustainability	10.1
MSCI Emerging Markets Index	8.2
Relative (arithmetic)	1.9

Past performance is not a reliable indicator of future results. Source for composite performance: Stewart Investors as at December 31, 2023. The composite performance shown is on a net of fees basis and reflects the reinvestment of dividends and other income, if any. Net performance figures are calculated by subtracting a model annual management fee (0.85%) from the gross composite performance. No other fund level expenses or costs have been taken into account when calculating the net performance. Source for benchmark: FactSet, total returns, gross of tax. Since launch relates to inception of the composite on March 1, 2009.

Long-term outperformance with capital preservation - peer comparison

eVestment universe: Global Emerging Markets All Cap Equity (USD net of fees)



Past performance is not indicative of future performance.

Source for all data: eVestment Alliance LLC as at December 31, 2023. Performance data is shown on a net of fees basis. Net performance figures for Stewart Investors are calculated by subtracting a model annual management fee of 0.85% from the gross performance figures. No other expenses or costs have been taken into account when calculating the net performance for Stewart Investors. Net performance figures and calculations for peers will vary. Downside market capture and excess return calculated using the MSCI Emerging Markets Index, on a total return basis and gross of tax. Downside market capture is the ratio between the strategy performance and the index performance when the index was down (negative). A downside market return less than 100 means that when the index went down the strategy/peer declined less than the index. Excess return is the relative return to the index and is calculated on an arithmetic basis. This data is provided for illustrative purposes to demonstrate the Stewart Investors strategy profile versus industry peers. It is not a recommendation or solicitation to invest in any fund. Since inception calculated from launch of the composite on March 1, 2009. Please see important information for eVestment disclaimer.

Our interactive [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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Any investment with us should form part of a diversified portfolio and be considered a long-term investment.

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