



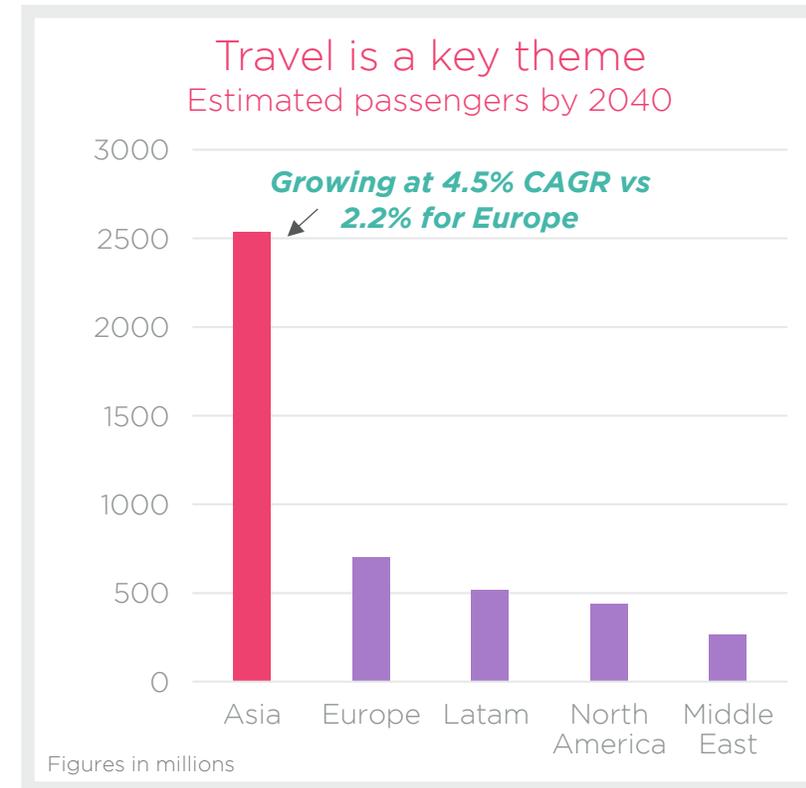
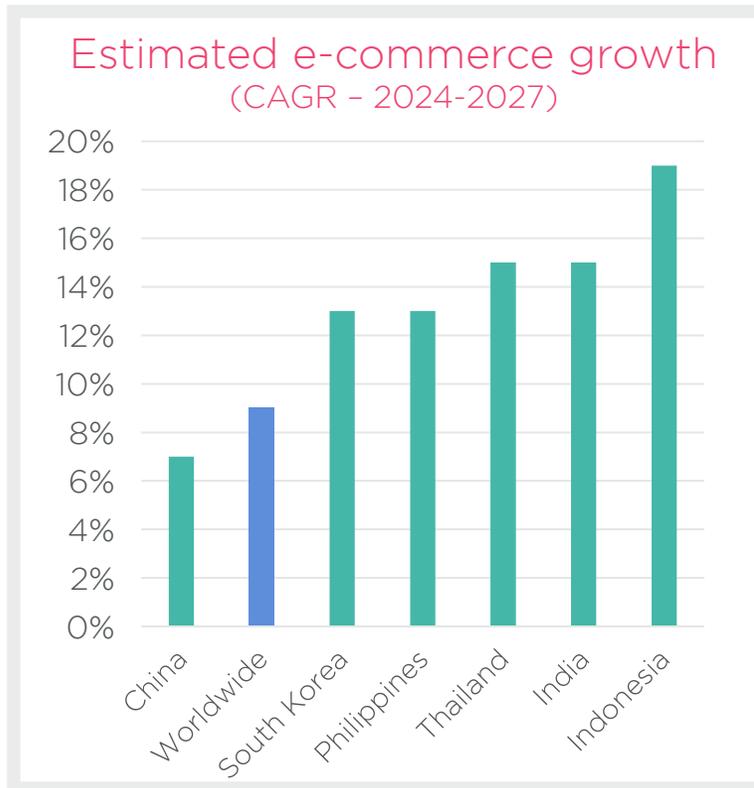
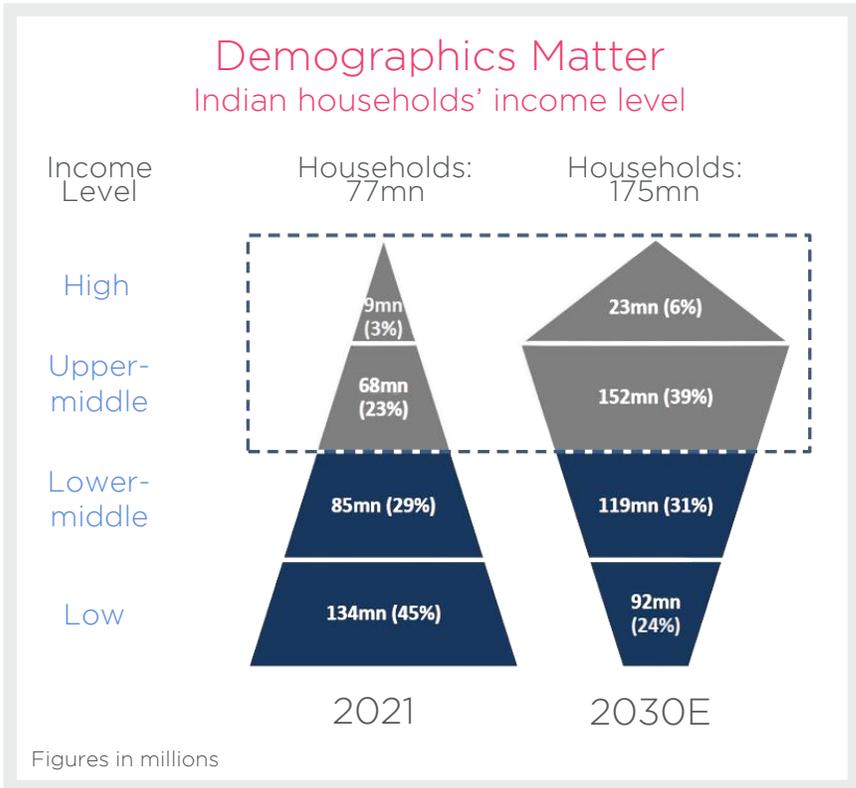
# WHY ALQUITY ASIA?

## THE INVESTMENT CASE

March 2025



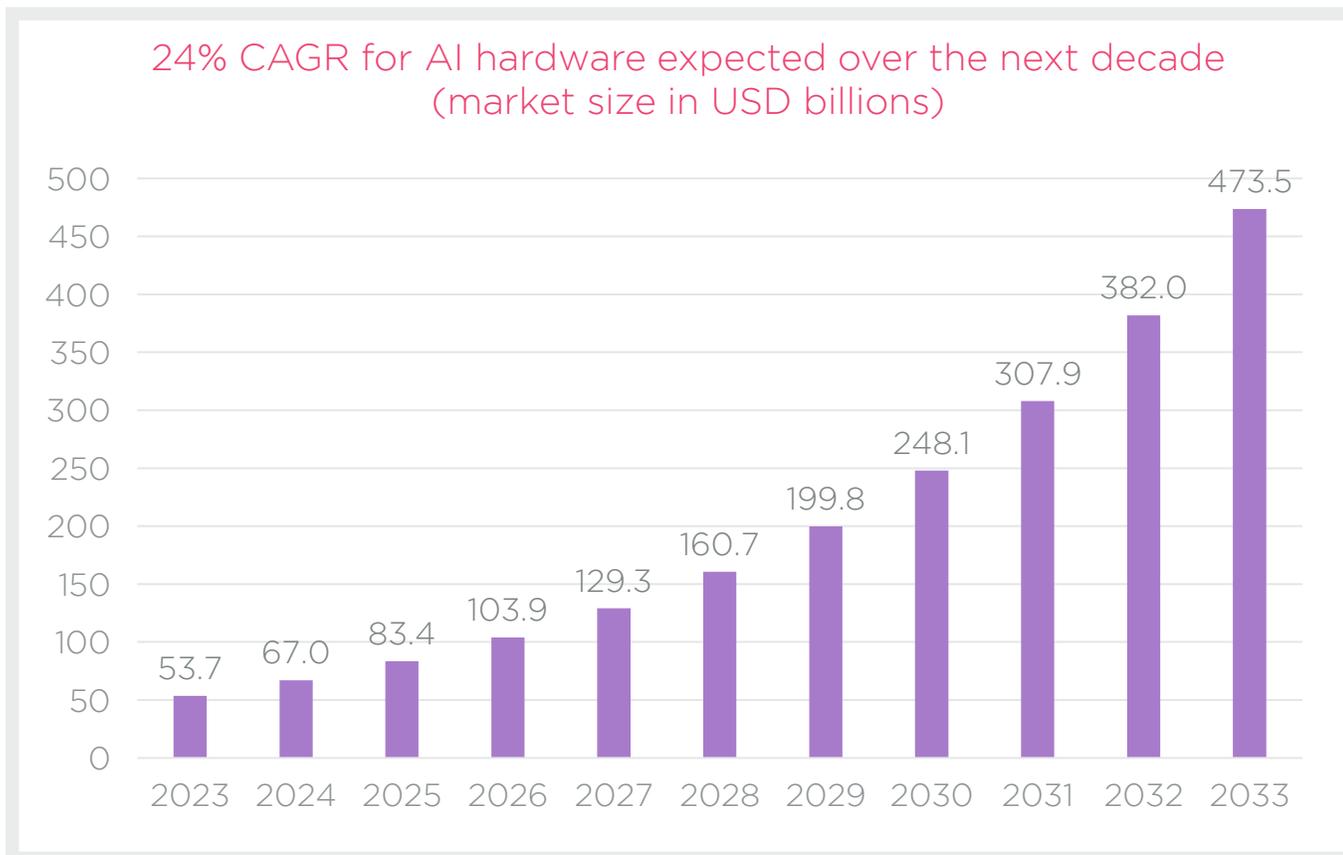
# We believe Asia funds should primarily focus on beneficiaries of domestic structural growth



Sources: Macquarie Research (average age of population, August 2023); Lodha (Indian households income level, January 2024, annual household income in INR millions: >2.8: high; 0.5-2.8: upper-middle; 0.2-0.5 lower-middle; <0.2 low); PCMI, as of January 2025; IATA, 2023 (with own estimates for Brazil and Colombia, as well as including Mexico in the Latin American region from North America). The securities discussed above are provided for information only, are subject to change and are not a recommendation to buy or sell any specific company.

...but global trends can also be powerful

### AI is very meaningful for Korea and Taiwan



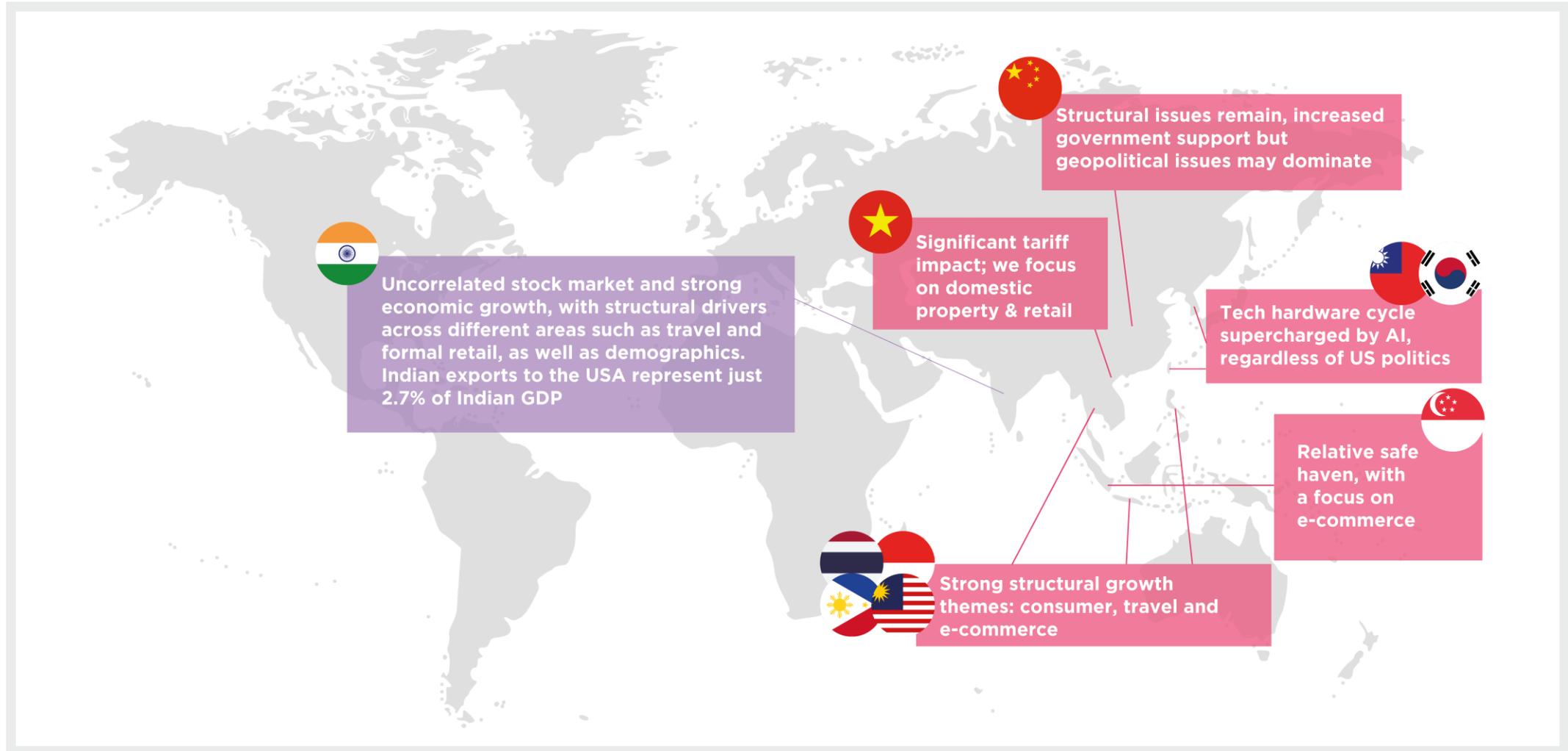
- NVIDIA frequently dominates headlines as the primary beneficiary of the AI surge...
- ...however, suppliers like **TSMC and SK Hynix** are crucial to NVIDIA's success. All are **substantial market leaders** as a result of their **sustainable competitive edge** versus peers
- **Undiscovered winners:** such as Leeno Industrial and Park Systems in Korea - testing equipment makers who supply to the major foundries and which have significant moats

## Asia has never been this cheap versus Developed Markets



Source: Alquity, Bloomberg, 31<sup>st</sup> March 2025. The valuations presented in this slide are for informational purposes only and should not be solely relied upon for investment or financial decisions.

# Domestic growth, non-traditional markets and AI beneficiaries drive the portfolio

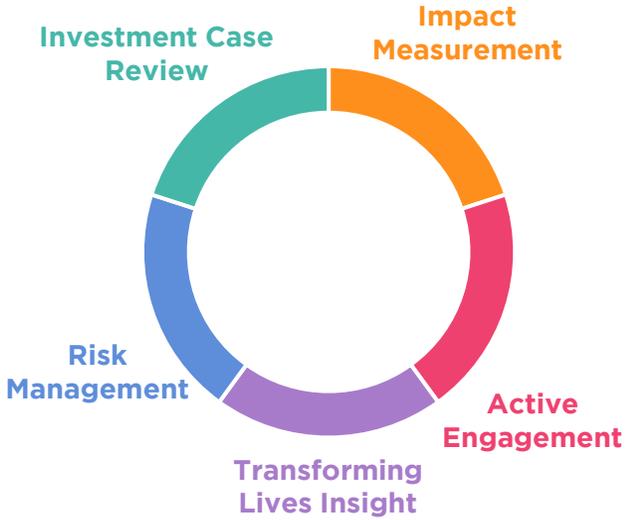
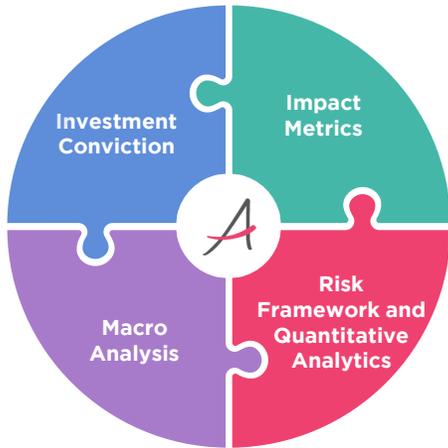


Source: Alquity, March 2025. The companies discussed above are provided for information only, are subject to change and are not a recommendation to buy any particular security.

# HOW WE DELIVER ALPHA



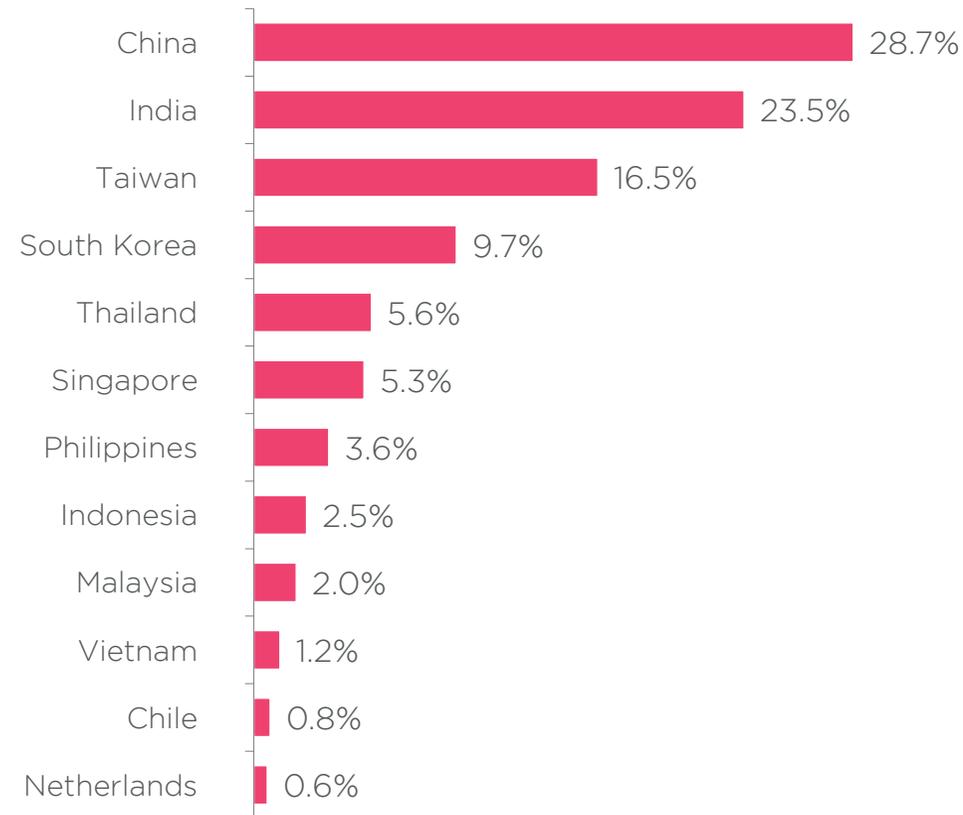
# A robust and differentiated investment process



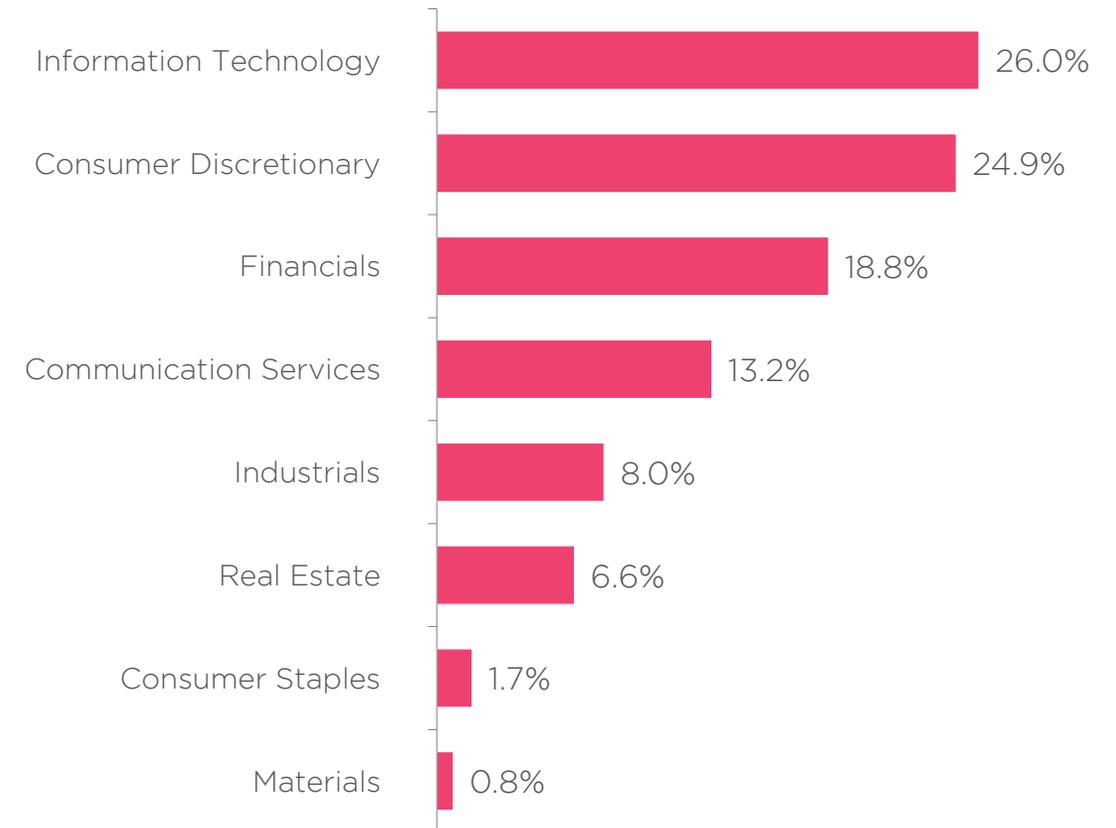
# Diversified allocation focused on domestic growth

**23/62 holdings are out of index**

## Geographical Allocation



## Sector Allocation



Source: Alquity, Bloomberg, as of 31<sup>st</sup> March 2025.

For the purposes of reporting, the unrealised capital gains have been removed from the portfolio calculations, however, remain part of the NAV calculation.

## Top 10 holdings – We do not compromise on ESG

Alquity Asia	
Tencent	9.1%
TSMC	8.7%
SK Hynix	3.9%
MediaTek	3.3%
Lemon Tree Hotels	3.1%
Delta Electronics	2.6%
HDFC Bank	2.5%
Meituan Dianping	2.5%
Tongcheng Travel	2.1%
Public Bank	2.1%

Index	
TSMC	9.8%
Tencent	6.0%
<b>Alibaba</b>	3.9%
<b>Samsung Electronics</b>	2.7%
HDFC Bank	1.8%
<b>Xiaomi</b>	1.5%
Meituan Dianping	1.4%
<b>Reliance Industries</b>	1.3%
<b>China Construction Bank</b>	1.2%
ICICI Bank	1.1%

Companies marked in red are a fail in Alquity's ESG rating methodology

# Company example: Lemon Tree

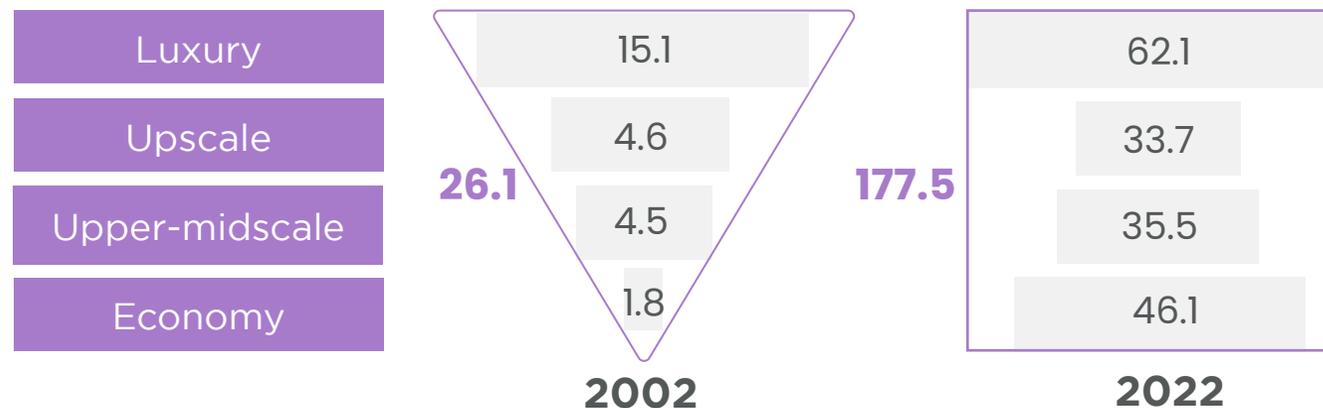


**Market Cap (USD):** 1.2bn  
*Out of index*

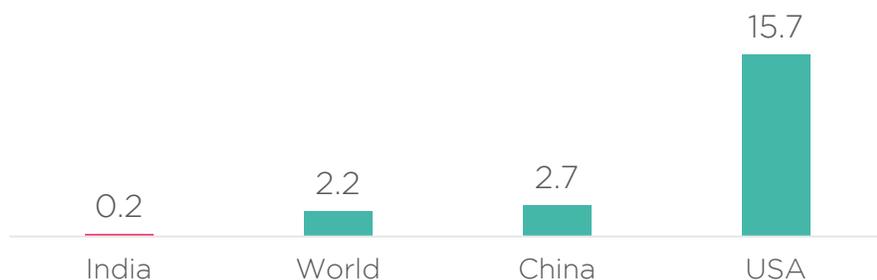
## INVESTMENT CASE

- Aspirational shift towards branded hotels, and away from unorganised sector
- Secular growth in domestic travel, aided by higher disposable incomes and improving transportation. Demand growth of 9.7% to outstrip supply growth of 5.9% over the next 5 years
- Hotel supply penetration in India is very low

## Number of branded rooms per segment in India (in thousands)



## Hotel supply penetration (number of rooms per 1,000 people)



## Midscale/economy hotel rooms increased 24x over the last 20yrs

### ESG HIGHLIGHTS

- One of India's largest employers of disadvantaged people (targeting 30% of staff by 2026)
- **ESG rating: B**

### VALUATION

- 151% upside in our bull case
- 79% upside in our base case
- 34% upside in our bear case

# Differentiated, attractively valued multi-cap portfolio

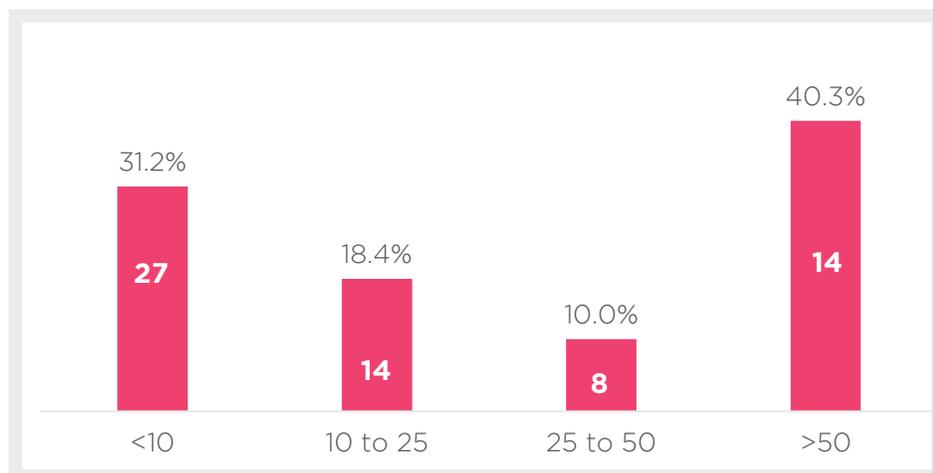
## Portfolio Characteristics

Alquity Fund vs Index\*

	# Holdings	Active Share	Annual Turnover	3Y Volatility
<b>Fund</b>	62	71.8%	13.9%	19.8%
<b>Index</b>	1,043	-	-	19.9%

## Market Capitalisation (in \$ bn)

And number of holdings by market capitalisation



## Valuation Metrics

Alquity Fund vs Index\*

	Dividend Yield	2025 P/E ratio	2026 P/E ratio	2025 ROE	2026 ROE	Annual EPS growth (5yr avg)
<b>Fund</b>	2.1%	21.7x	17.0x	19.1%	19.1%	9.2%
<b>Index</b>	2.6%	24.6x	17.3x	17.7%	18.0%	7.2%

## Performance (in USD)

Alquity Fund vs Index\*

	1 year	3 years	Since 31/08/2020
<b>Alquity Asia Fund</b>	<b>7.9%</b>	<b>-7.9%</b>	<b>6.7%</b>
Asia ex Japan Index	11.3%	5.5%	8.0%
Asia ex Japan ETF	11.3%	4.6%	4.2%
<b>Quartile</b>	<b>2<sup>nd</sup></b>	<b>4<sup>th</sup></b>	<b>1<sup>st</sup></b>

Source: Alquity, Bloomberg, Lipper, as of 31<sup>st</sup> March 2025. The performance shown is based on our I class charging structure with an OCF of 1%. I class is active in GBP. Past simulated performance is neither an indicator nor a guarantee of future returns. Actual results will vary from the analysis. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, expressed or implied is made regarding future performance. The index used is the iShares AC Asia ex Japan ETF. Performance data from the iShares ETF and the relevant Asia Pac ex Japan index. The quartile numbers provided herein pertain to the Asia Pac ex Japan universe from within the Lipper Asia Pacific ex Japan classification. The volatility displayed is gross and based on portfolio data, not specific to the NAV of the USD I share class. Valuation metrics, market capitalisation and portfolio characteristics data as of 31<sup>st</sup> March 2025

# Our impact model transforms lives and provides investment insights



Makes grants and provides seed funding for social enterprises and innovative charities in the areas where Alquity invests.

Our Consumer Panels give us **unique insight into the consumption habits** and aspirations of a huge, but under-researched segment of the population.



**SHIVIA**  
LIVELIHOODS WITH DIGNITY

Empowering  
**200 women**

Shivia provides women with a 'toolkit' so that they can earn money from raising chickens and selling the produce.

This is the first opportunity they have to earn their own money. Alquity will support the first year of Shivia's Poultry Development Services in Chhattisgarh.

Lives transformed:

**65,679**

Donations generated:

**\$2,600,000**

# OUR TEAM AND FIRM



# A multidisciplined, stable, and experienced investment team



**Mike Sell**  
Head of Global Emerging  
Markets

- 25+ years of experience investing in Asia
- Prior experience includes managing funds at Barings, Nevsky Capital and F&C
- Since joining Alquity in 2014, Mike has driven the development of our ESG investment process across EM



**Kieron Kader**  
Associate Portfolio Manager

- 9+ years of experience investing in Asia
- Kieron became a part of Alquity in 2019, joining from BP - one of the largest pension funds in the UK



**Dan Billis**  
Associate Portfolio Manager

- 6+ years of experience investing in Asia
- Dan joined Alquity in 2018 as an analyst from Invesco



**Marnie Aragon-Uy**  
Head of Quantitative Risk

- 25+ years of experience in quantitative research
- Managed assets of \$100bn+ as Global Head of Quantitative Analytics at Abrdn
- Marnie became a part of Alquity in 2019, assisting the team in refining the risk profile and volatility of the Asian fund



**Francisco González**  
Business Analyst

- 5+ years of experience in business analysis
- Francisco joined Alquity in 2020 and contributes to the team through ESG analysis and engagement activities



**Vikas Kumar**  
Business Analyst

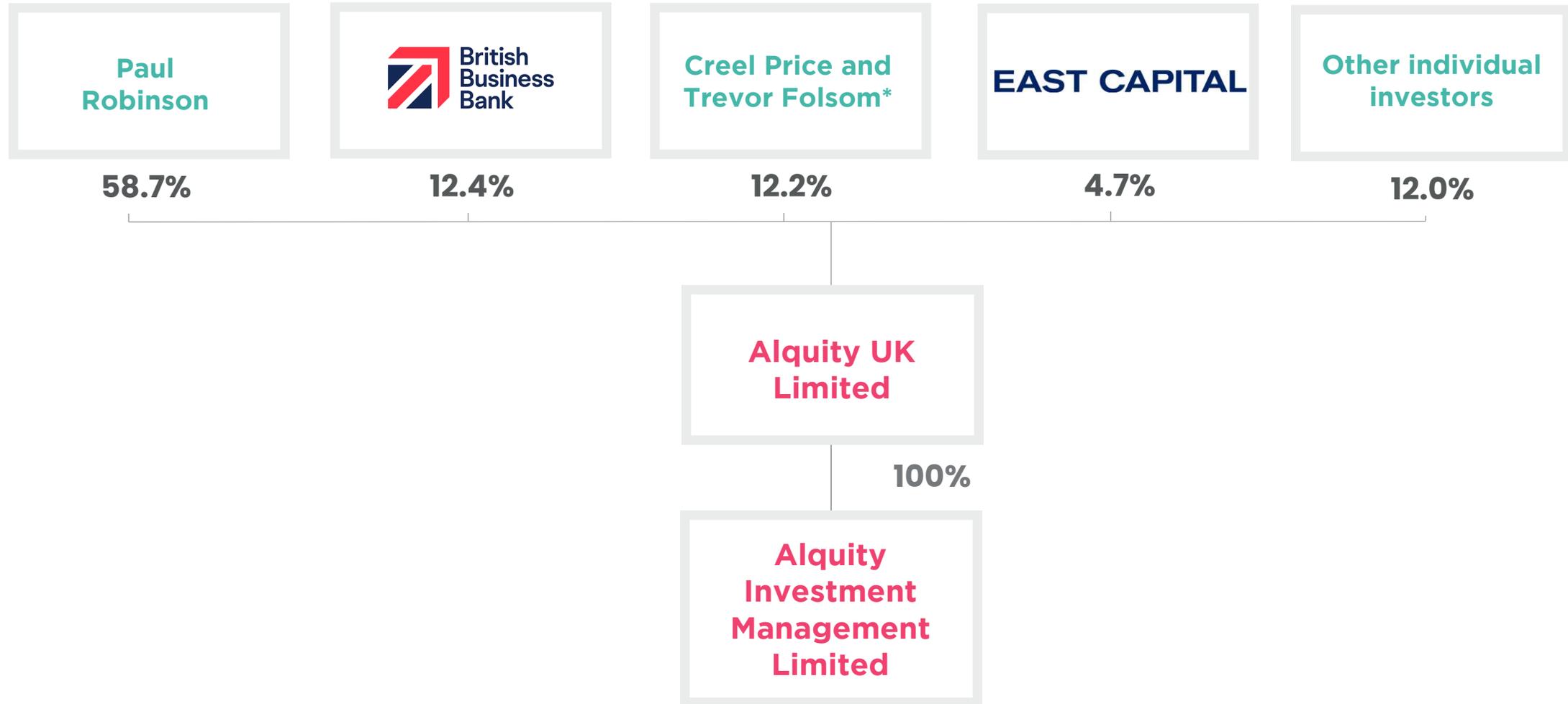
- Joined VAM in 2010 and assists with on the ground research in India
- Vikas also has extensive knowledge in AI/automation that we are using to enhance efficiency within the investment team



**Suresh Mistry**  
Head of Sustainability

- Suresh was instrumental in establishing the Alquity business in 2010 and works alongside the team on Alquity's ESG development

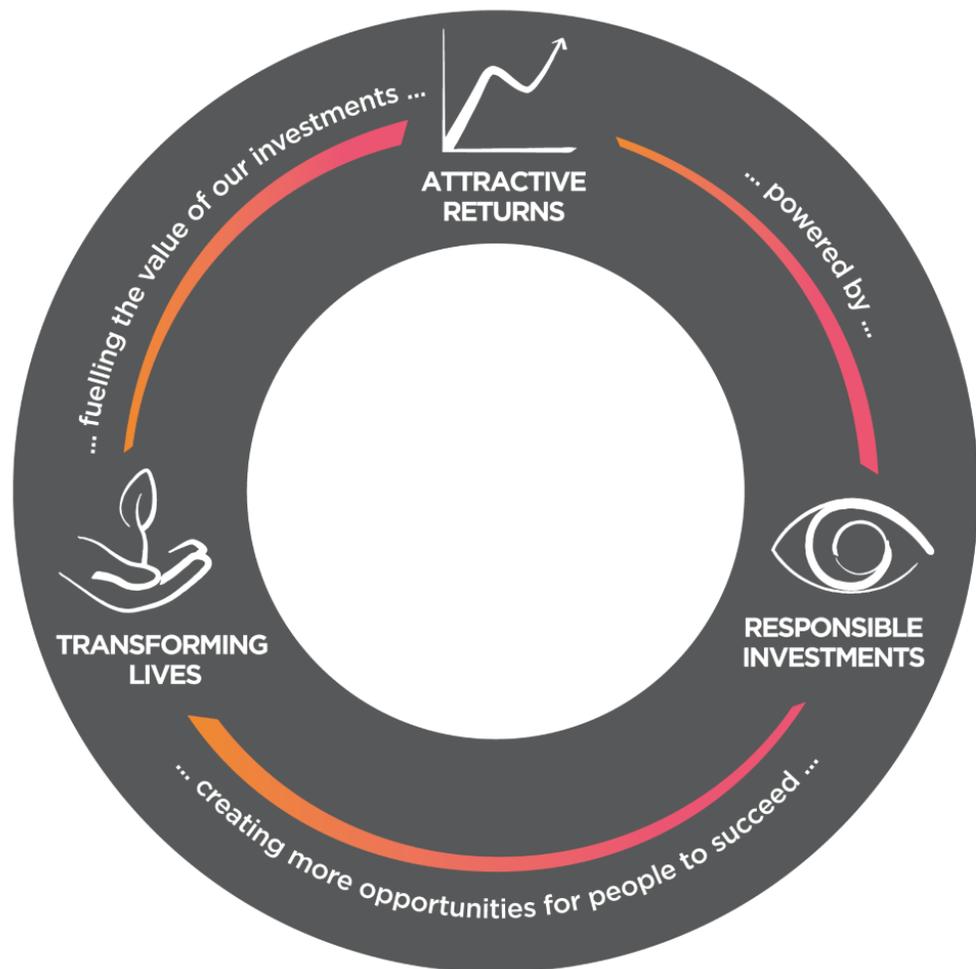
# Alquity's shareholder base



Source: Alquity, 31<sup>st</sup> March 2025. Non-diluted (excludes options held by employees).

\*Investible founders.

# Our unique Virtuous Circle underpins our Investment Philosophy



**Attractive Returns** across 3 dimensions



**Responsible Investments:** portfolios that you can be proud to own



**Transforming Lives:** a hand up not a hand-out

## Conclusion

A **highly experienced team**, with in-depth knowledge and a long-term perspective

**Differentiated, domestically focused growth** portfolio focusing on **quality** companies across Asia ex Japan

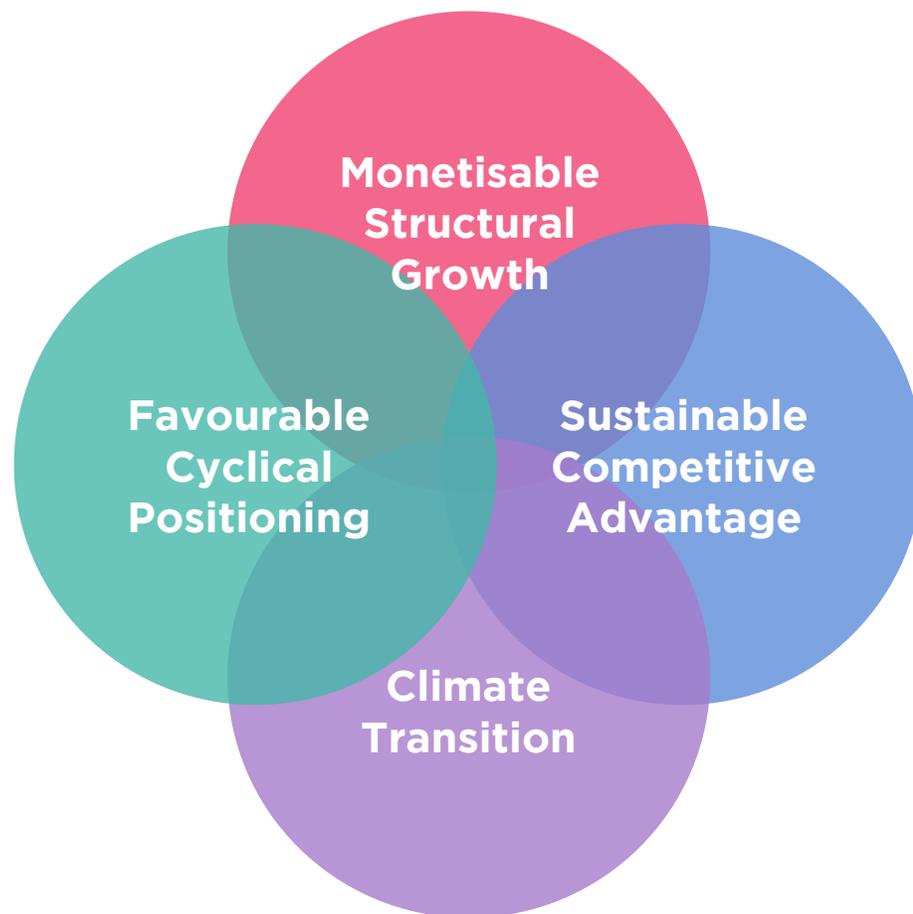
**Direct impact** both from our portfolio and our Transforming Lives Foundation

Fully **integrated ESG** process

# APPENDIX



## Step I: Finding firms that are well positioned – Our core themes



# Step I: ESG exclusions and Green Flags

## Exclusions “Red Flags”

We exclude companies\* within the following sectors:

- Tobacco
- Alcohol (including beer)
- Narcotics
- Non-renewable power utilities
- Nuclear power
- Adult entertainment
- Fur trade
- Armaments (zero tolerance for controversial weapons)
- Gambling
- Gas/oil exploration and production
- Coal mining
- Hydrogen power (unless green hydrogen)
- Fast fashion
- Palm oil (unless demonstrably sustainable)
- Commercial fishing (unless demonstrably sustainable)
- Financial institutions engaging in abusive lending practices\*\*

## ESG Positive Inclusion Criteria “Green Flags”



- ✓ Companies with a pro-active approach to engaging with investors and arrange regular open-access calls with management
- ✓ Companies that provide transparency on identity of majority shareholders
- ✓ For high-risk industries, we only select companies that publicly disclose critical practices such as Health and Safety policies
- ✓ For non-pharmaceutical companies, we only select those that ban animal testing (unless it is required by law and must be a substantial minority (<20%) of overall sales)
- ✓ For companies that use significant natural resources such as water in their operations or production processes, we only select companies that have a pro-active approach to management and disclose usage and/or conservation levels
- ✓ For high-risk industries we only select companies that publicly provide or disclose when requested GHG emissions data



Only companies with a clean bill of health and without ongoing ESG controversies and unresolved scandals

\*Companies with 5% of its revenue attributed to the production of these products (0% for hydrocarbon production and extraction). Suppliers, distributors, lenders and retailers of these are not excluded, providing these sectors are non-core to the overall business purpose and represent a minority of their revenue. \*\*Such as excessively high interest rates, excessive penalty fees, misleading marketing, and illegal debt collection practices should be excluded. Excessive interest rates are defined as rates that exceed fair compensation taking into account the target borrower's risk profile as well as the lenders funding costs and operational expenses.

## Step II: Proprietary ESG rating methodology

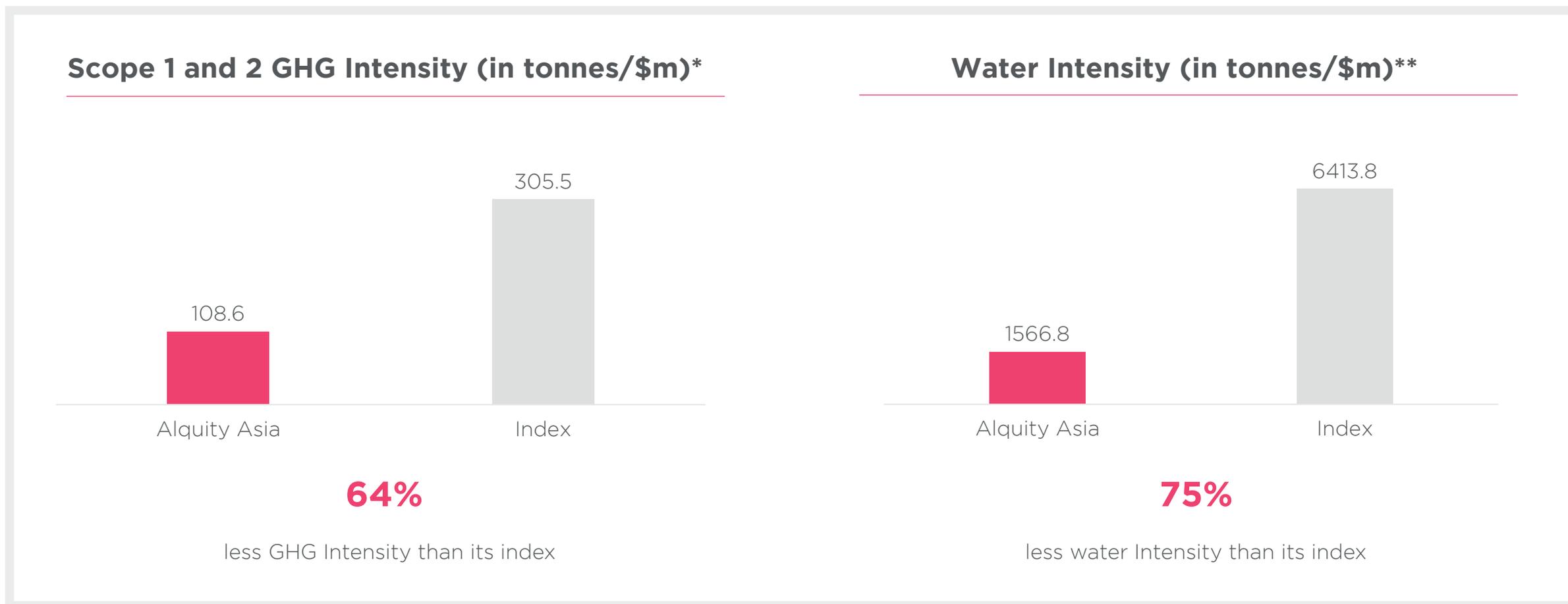
- Deep fundamental financial analysis with a long-term perspective
- Market and site visits help verify our analysis and management claims through first-hand experience
- Forward-looking, qualitative ESG assessment
- DCF valuations influenced by the ESG scoring

ESG Rating	Description of company achieving this rating
<b>A</b>	High risk industry demonstrating global best practice performance in ESG Lower risk industry demonstrating regional best practice in ESG
<b>B</b>	High risk industry demonstrating regional best practice in ESG Lower risk industry with satisfactory ESG performance better than regional peers; or in-line with regional peers but with a demonstrable intention to improve on material KPIs
<b>C</b>	High risk industry with satisfactory ESG performance, in line with regional peers, but demonstrating a meaningful commitment to improve on material KPIs Lower risk industry with satisfactory ESG performance in-line with or better than regional peers, but with no demonstrable intention to improve on material KPIs
<b>FAIL</b>	

## Step III: Portfolio construction – Holistic, risk-managed and impact driven



## Step III: Prioritising material impact outcomes across the portfolio



Source: Alquity, as of 31<sup>st</sup> December 2024. \*100% coverage, including 86% reported data and 14% estimated. \*\*100% coverage, including 81% reported data and 19% estimated. The Index used is the iShares Asia ex Japan ETF

## Step III: Portfolio construction – Our risk guidelines

### Construction Guidelines

Country: Maximum concentration of 65%; Typically +/- 20% vs Asia ex Japan index

Sector: Maximum concentration of 40%; Typically +/- 20% vs Asia ex Japan index

Typically 25% invested in Small Caps ( $\pm 5\%$ )\*\*

Numbers of holdings: Approximately 60

Position size: 0.5% to 10%

Maximum 4% stock overweight versus Asian index

No underweight limit

All holdings over 5% do not total more than 40%

### Liquidity

33% of the portfolio within 5 working days

90% of the portfolio within 90 working days

Minimum \$100m market cap

### Expected Portfolio Characteristics

Portfolio turnover: 20% - 33%

Holding period average: 3-5 year

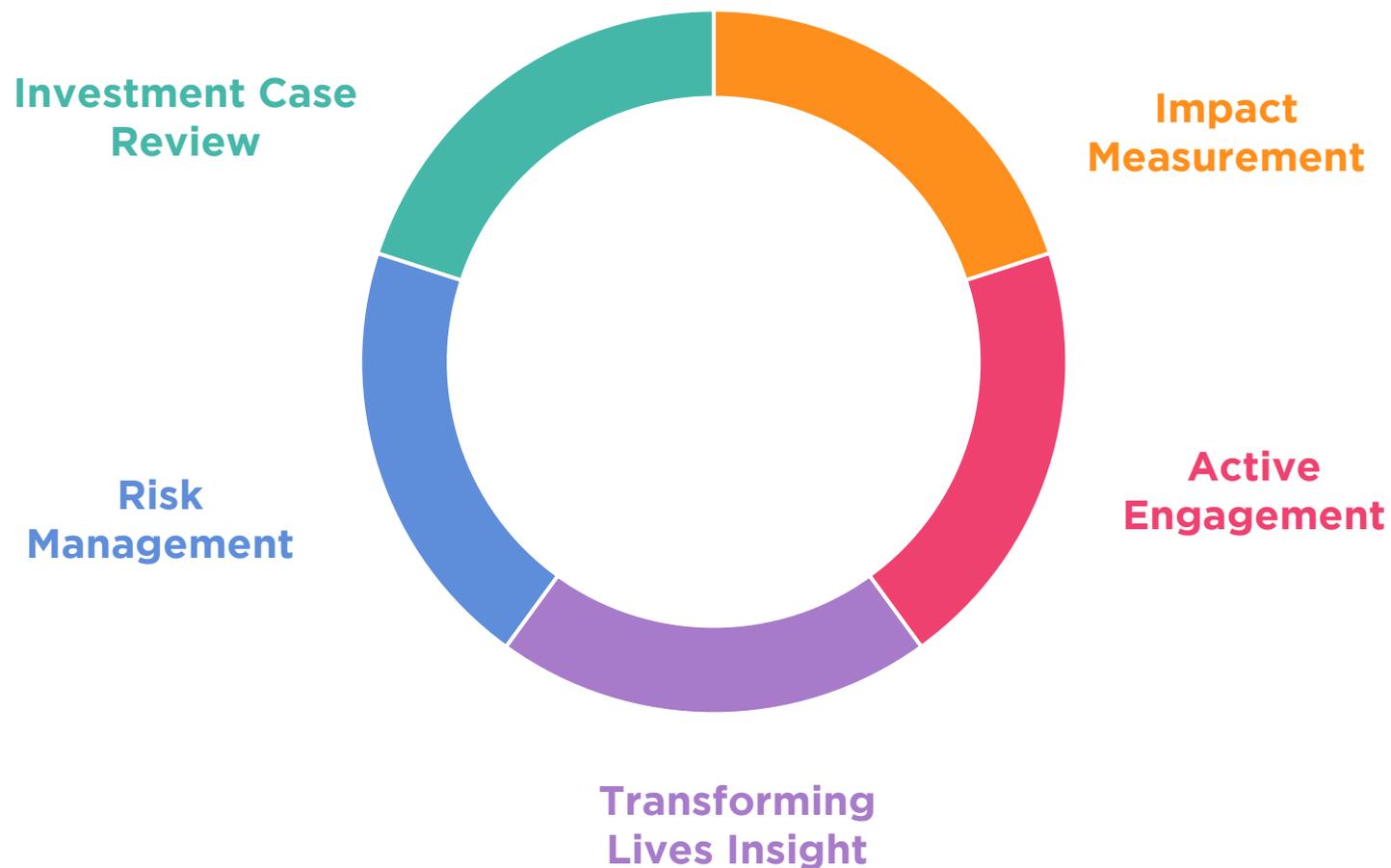
TE vs Asia ex Japan Index: 5% to 8%

Active share: >80%

Beta: 0.9 to 1.1

\*Liquidity based upon 33% of 3 month average daily volume; small caps: <USD 2Bn. \*\* Out of index

## Step IV: Portfolio management – Ongoing risk control and stewardship

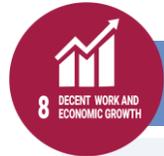


# Step IV: Portfolio management – active ownership and influence



## ENVIRONMENTAL

- ✓ Emissions and/or climate impact disclosure (inc. Scope 3)
- ✓ Water usage and mitigation efforts disclosure
- ✓ Production of waste material disclosure
- ✓ Defined targets to reduce environmental impact
- ✓ Prevention of biodiversity loss actively considered in the strategic plan and/or TNFD reporting
- ✓ Reporting in line with TCFD recommendations



## SOCIAL

- ✓ Health & Safety policy
- ✓ Equal Opportunities Policy
- ✓ Staff training policy in place
- ✓ Staff turnover data disclosure
- ✓ 'Lost Time Injury' rates available
- ✓ Gender diversity policy at senior management and board level
- ✓ Cybersecurity policy in place



## GOVERNANCE

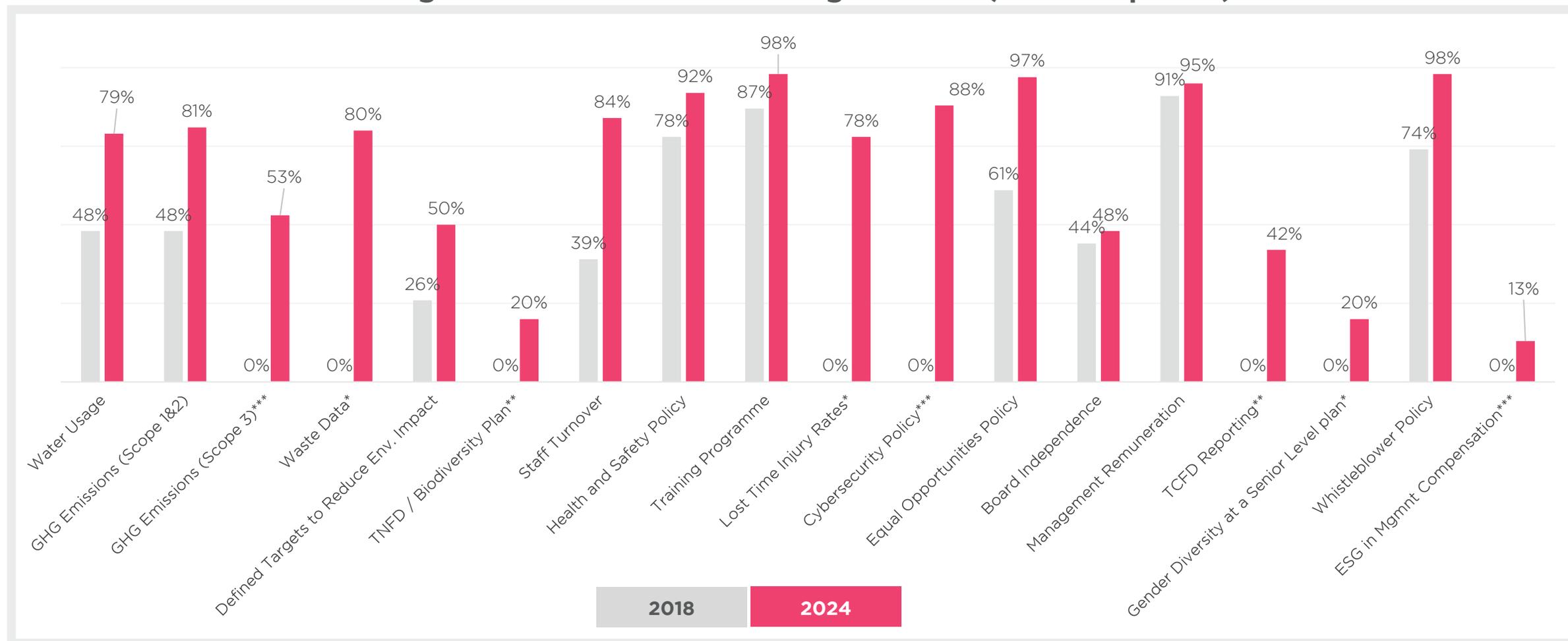
- ✓ Whistleblowing policy available to all employees
- ✓ Percentage of independent directors on the board  $\geq$  than the free-floating share percentage of the holding
- ✓ Management remuneration packages disclosure
- ✓ Delivering on ESG factors as part of management compensation



- Voting and engagement driven by materiality and KPIs
- Impact measurement clearly defined against the SDGs

## Step IV: Portfolio management - The evolution of our KPIs

Holdings of the Asia Fund disclosing each KPI (% of companies)



Source: Alquity, as of 31st of December 2024. \*KPIs launched in 2019. \*\* KPIs introduced in 2020. \*\*\* KPIs introduced in 2024.

## Step IV: Portfolio management – Alquity’s ESG advocacy

We aim to engage with all our companies on a range of E, S and G issues. We engaged with 53 companies during 2024

 **LG Energy Solution**

*South Korea*

Engagement on  
nickel supply

**ROBAM老板**

*China*

Engaged on GHG reduction  
targets and gender diversity  
at a board level

  
**mandiri**

*Indonesia*

Engagement on  
gender diversity and  
GHG reductions

**FAIRR**  
A COLLER INITIATIVE

Collaborative initiatives,  
such as the ones led by  
FAIRR and the Investors  
Coalition for a Global  
Plastics Treaty

### Alquity led group engagement

 **ICICI Bank**

*India*

on ESG disclosures and the  
phase-out of financing for  
carbon-intensive projects

ICICI has greatly improved its  
disclosures (e.g. Scope 3)

**MEDIATEK**

*Taiwan*

on governance and auditor tenure

## Step IV: Portfolio management – Voting in 2024

- Alquity fund managers review 100% of resolutions, in line with both ISS recommendations and our own Principles of Governance
- We will vote against elections of all directors if zero board gender diversity exists
- Maximum 1% employee share grant issuance p.a., with suitable vesting and maximum 10% discount
- Maximum 9-year tenure for independent directors and maximum 6 other public, external directorships
- We will always vote for actions that support our KPIs

*Examples of companies where we voted contrary to the ISS view include:*

**mahindra** FINANCE

**SINGER**<sup>®</sup>  
Bangladesh Limited



## Fund details and contacts

Fund	Alquity Asia Fund
Structure	SICAV, UCITS V
Domicile	Luxembourg
SFDR Classification	Article 8
Liquidity	Daily
Fund Inception Date	28 March 2014
ISIN / Bloomberg GBP	LU1070051708 / ALQASGY
ISIN / Bloomberg EUR	LU1070051880 / ALQASEY
ISIN / Bloomberg USD	LU1070051617 / ALQASUY
Type	Institutional
Management fee	0.9% p.a.
Performance fee	None

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