

# WHY WE ARE CONTRARIAN AND EXCITED ABOUT EMERGING MARKETS IN 2025

*“When the world  
zigs, zag”*

*Alquity*



# A multidisciplined, stable, and experienced investment team



**Mike Sell**

Head of Global Emerging Markets

- 25+ years of experience investing in Emerging Markets
- 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



**Marnie Aragon-Uy**

Head of Quantitative Risk /  
Portfolio Manager

- 25+ years of experience in quantitative research
- Overseen assets of \$100bn+ as Global Head of Quantitative Analytics at Abrdn
- Since becoming a part of Alquity in 2019, Marnie has been involved in co-managing the Fund, setting and monitoring its risk framework



**Kieron Kader**

Associate Portfolio Manager

- 9+ years of experience investing in Emerging Markets
- 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 Emerging Markets
- Dan joined Alquity in 2018 as an analyst from Invesco



**Francisco Gala**

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



**Suresh Mistry**

Head of Sustainability

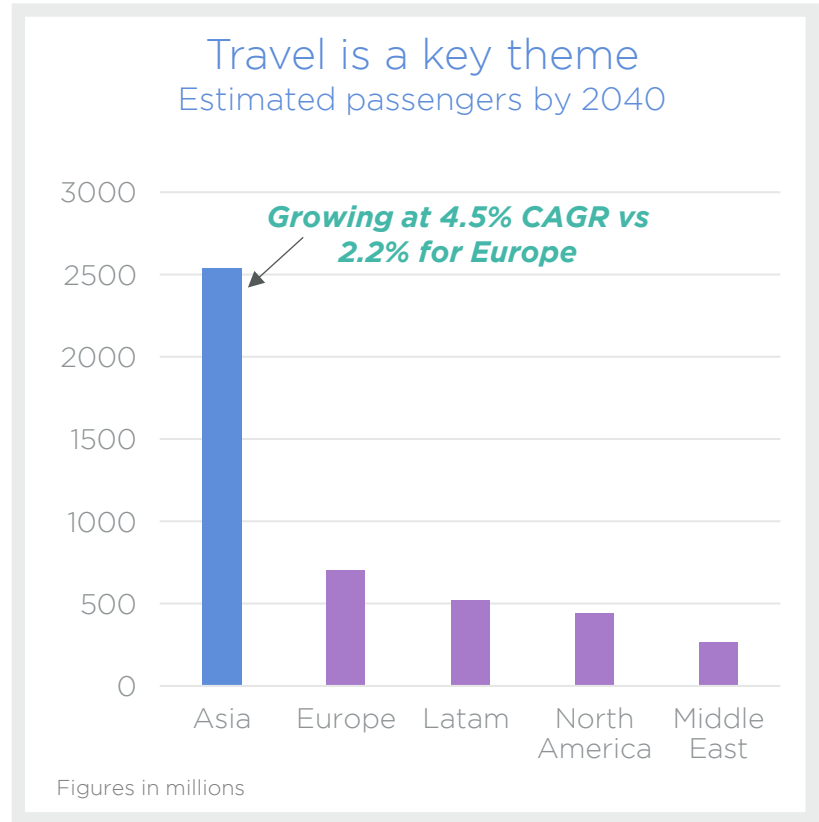
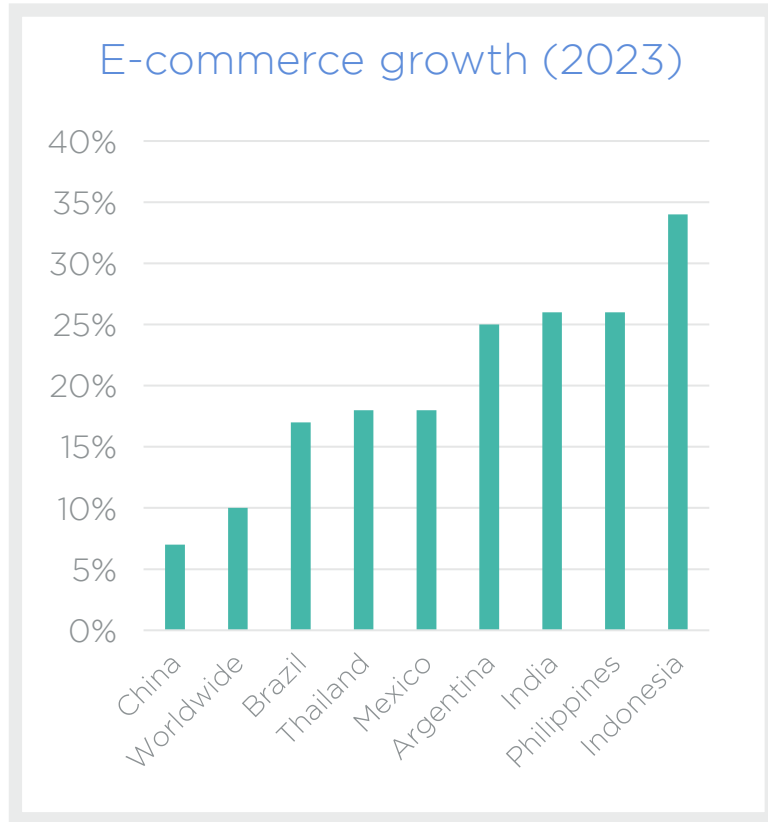
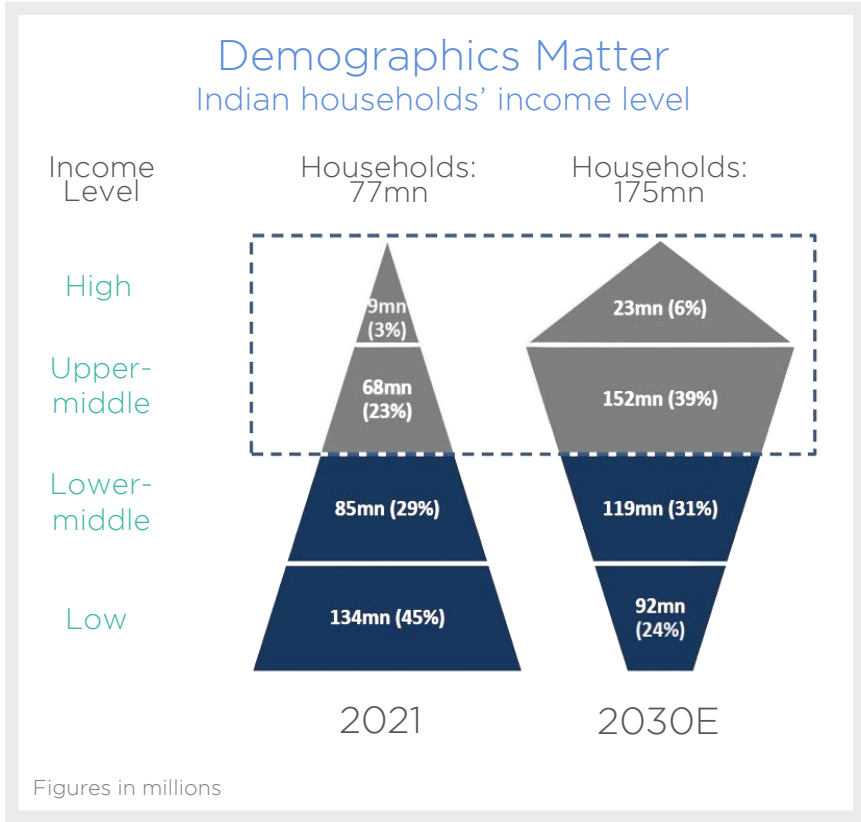
- 25+ years of experience
- Suresh was instrumental in establishing the Alquity business in 2010 and works alongside the team on Alquity's ESG development



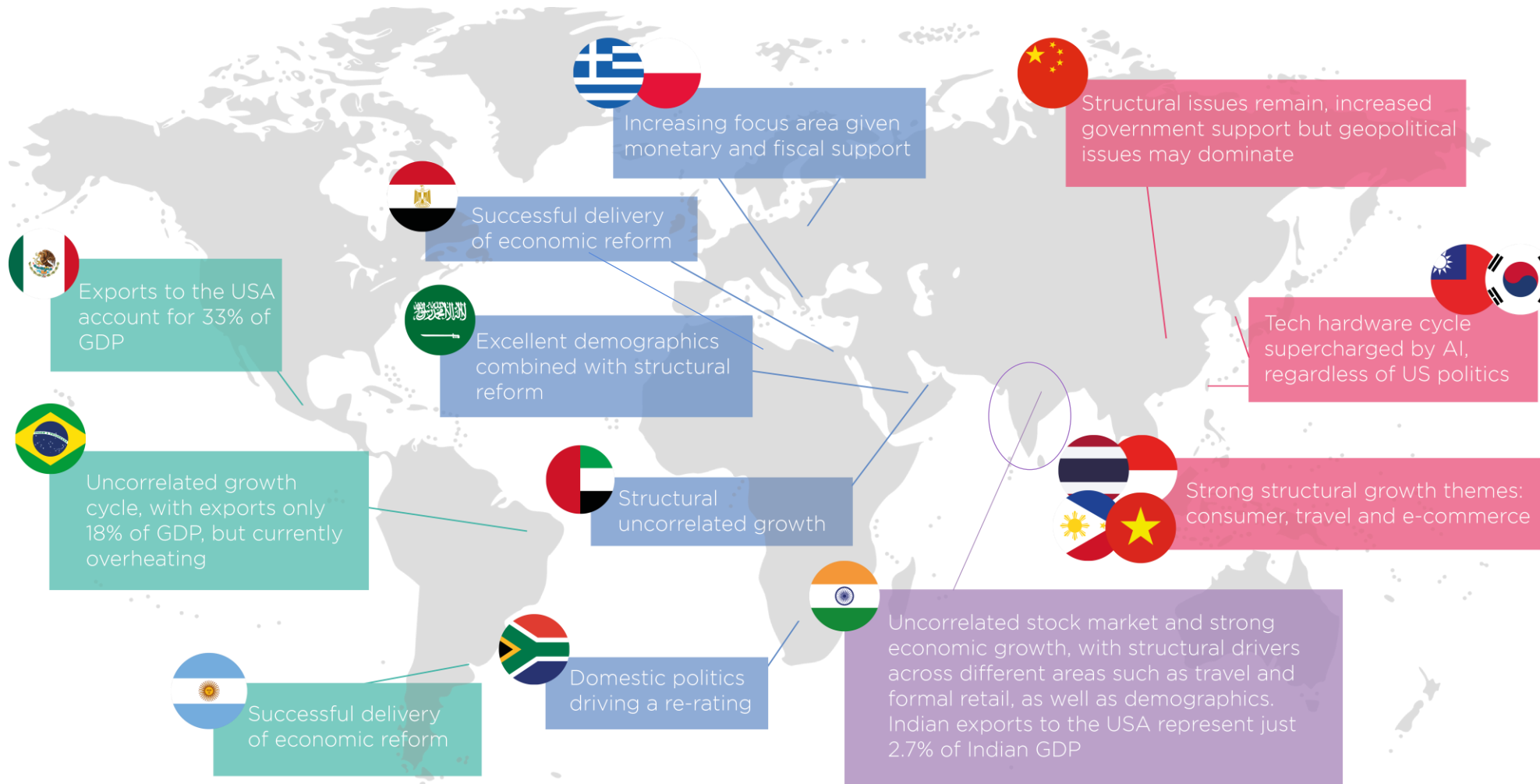


# INDIA AND EMERGING MARKETS IN A TRUMPIAN WORLD

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



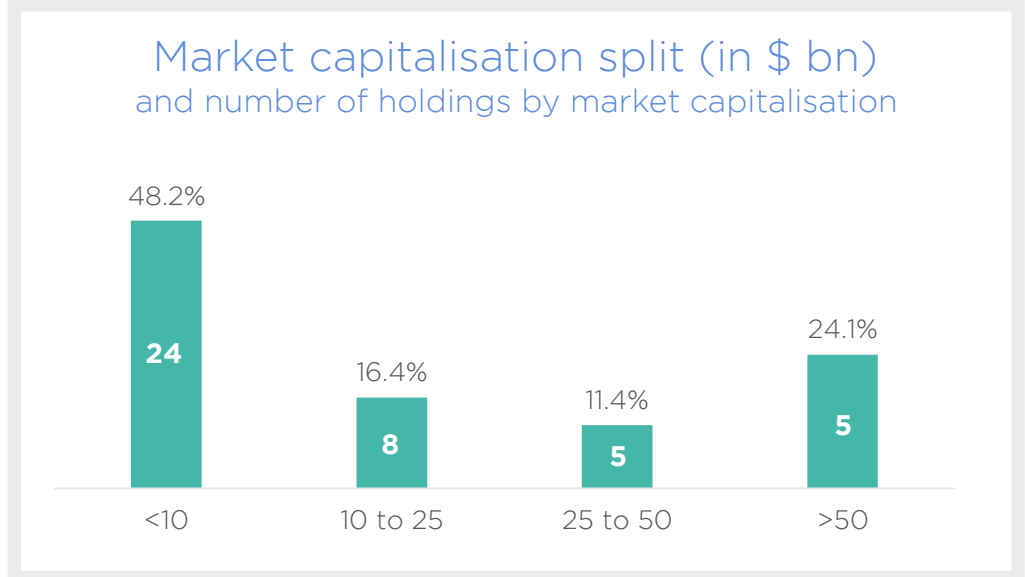
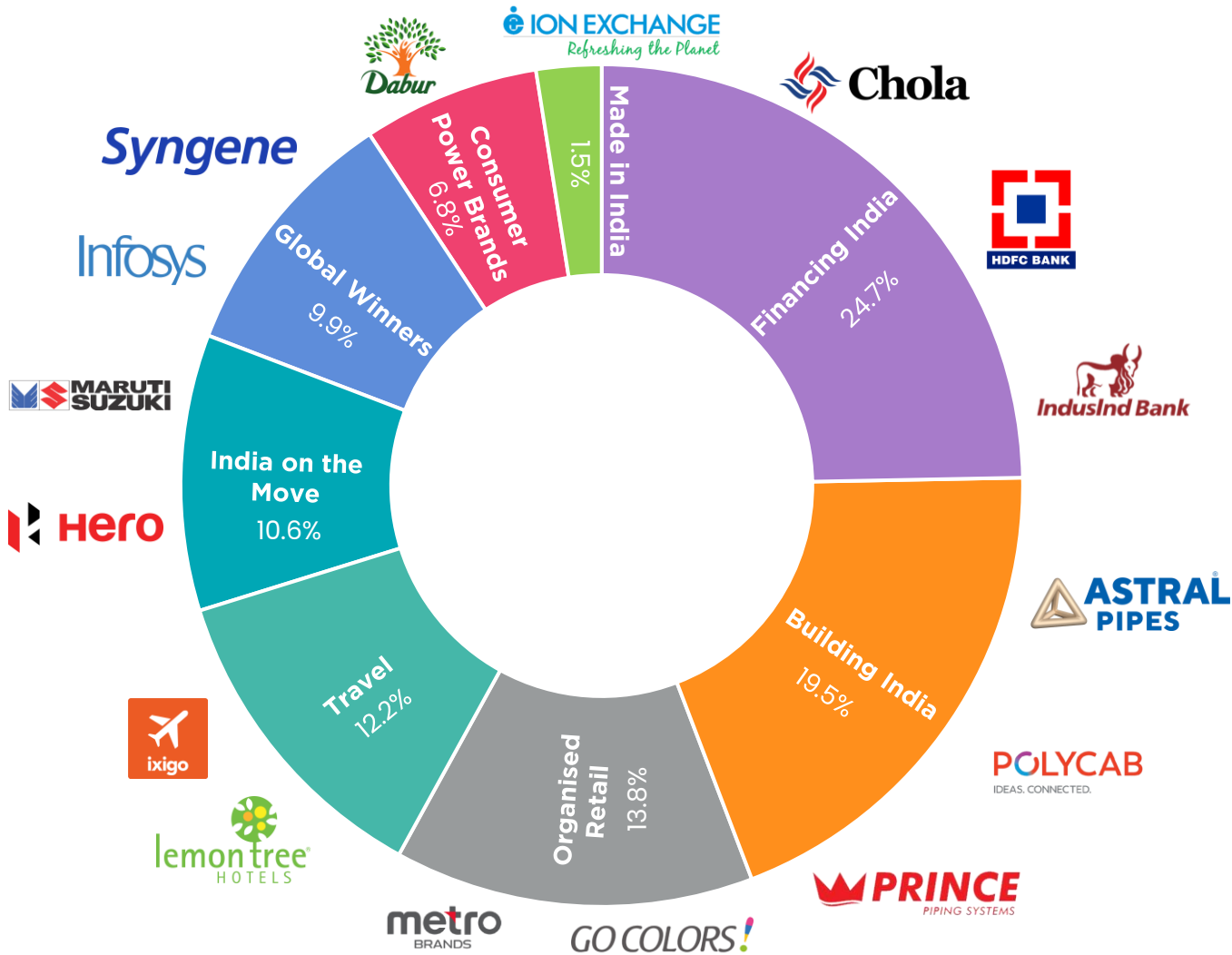
# We expect our portfolio to thrive during the Trump Presidency



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



# Alquity India Fund: a concentrated focus on India's dynamism and domestic growth



- **20/42** holdings are **out of index**
- **39/42** holdings are **domestically focused**
- Relatively **immune to US political noise**
- Exports to the USA represent just 2.7% of GDP\*

## Upcoming potential catalysts for India

- **Interest rate cuts** to commence imminently (February 2025)
- **Budget day** (February 1<sup>st</sup>, 2025)
- Increase in **foreign inflows** into the equity market
- **Acceleration in growth**
  - Confirmed by HSBC's 100 activity indicators, CLSA's 65 high frequency indicators
  - Phoenix Mills same store consumption growth accelerated from 6% YoY in 1H to 10% in Q3
  - Macrotech property pre-sales grew +32% YoY in Q3, vs +21% for 1H

# Emerging Markets have never been this cheap versus Developed Markets



Source: Alquity, Bloomberg, 31<sup>st</sup> December 2024. The valuations presented in this slide are for informational purposes only and should not be solely relied upon for investment or financial decisions. The performance shown is based on our Y class charging structure with an OCF of 1.9%. 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



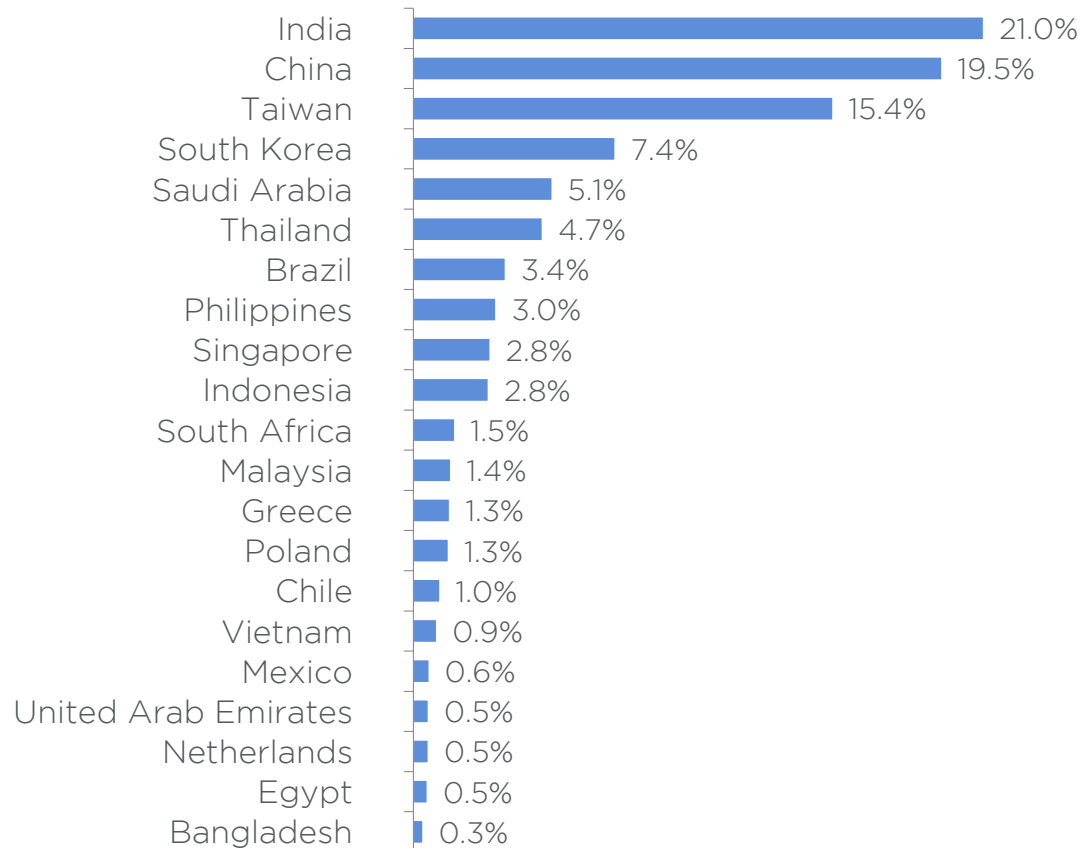
# Upcoming potential tailwinds for Emerging Markets

- **Interest rate cuts**
- **Dollar stabilisation**
- **Diversification away from USA** equities
- Increased **understanding of Emerging Markets' heterogeneity** and 2025 growth potential
- Valuations reflect **overly bearish sentiment?**

# Alquity Future World: a highly differentiated, attractively valued multi-cap portfolio

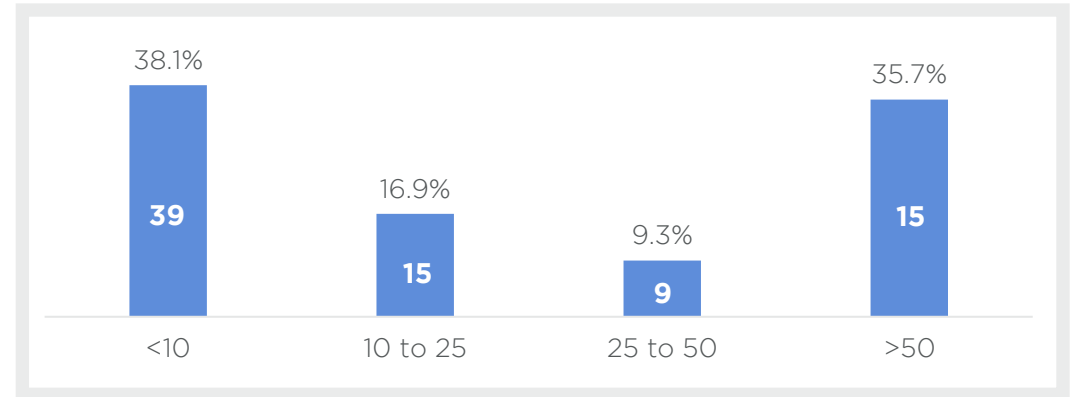
**33/78 holdings are out of index; 66/78 are domestically focused**

## Geographical Allocation



## Market Capitalisation (in \$ bn)

And number of holdings by market capitalisation

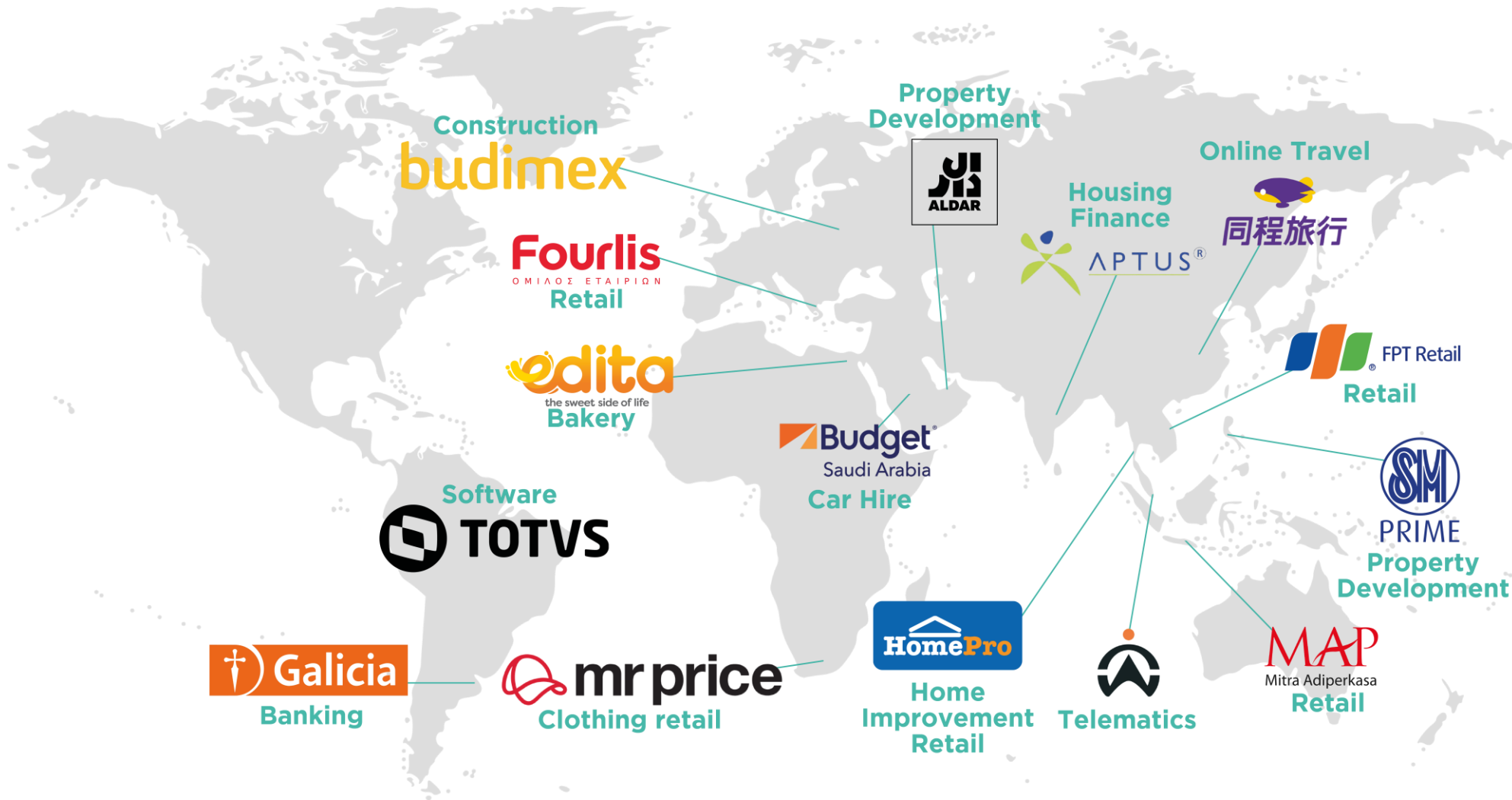


## Valuation Metrics

Alquity Fund vs Index\*

	Dividend Yield	2024 P/E ratio	2025 P/E ratio	2024 ROE	2025 ROE	Annual EPS growth (5yr avg)
<b>Fund</b>	1.9%	26.5x	21.5x	19.6%	20.5%	9.2%
<b>Index</b>	2.4%	29.5x	22.3x	17.7%	19.0%	7.5%

# Examples of domestic growth stories



# We do not compromise on ESG

EM Index – Top 10	
TSMC	10.5%
Tencent	4.6%
<b>Alibaba</b>	2.2%
<b>Samsung Electronics</b>	2.2%
HDFC Bank	1.5%
Meituan Dianping	1.3%
<b>Reliance Industries</b>	1.1%
<b>China Construction Bank</b>	1.0%
ICICI Bank	1.0%
Infosys	1.0%





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



## A solid track record in Emerging Markets and Asia

Performance (in USD)	1 year	3 years	Since 31/08/2020	Standard Deviation (3Y)
<b>Alquity Future World Fund</b>	<b>13.0%</b>	<b>-8.0%</b>	<b>10.9%</b>	<b>17.5%</b>
EM Index	7.5%	-5.7%	8.3%	17.8%
EM ETF	6.9%	-7.5%	4.7%	-
Quartile	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>2<sup>nd</sup></b>	<b>2<sup>nd</sup></b>

Performance (in USD)	1 year	3 years	Since 31/08/2020	Standard Deviation (3Y)
<b>Alquity Asia Fund</b>	<b>14.8%</b>	<b>-12.2%</b>	<b>10.1%</b>	<b>19.9%</b>
Asia ex Japan Index	12.0%	-4.7%	6.1%	19.6%
Asia ex Japan ETF	10.5%	-7.5%	1.3%	-
Quartile	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>

# The advantages of the Alquity India Fund

*A long-term perspective, combined with in-depth knowledge delivers results*



Performance (in USD)	Sep-Dec 2024	12M (Aug 24)	8M 23	2022	2021	2020	5 years	10 years	Standard Deviation (3Y)
<b>Alquity India Fund</b>	<b>-3.7%</b>	<b>22.8%</b>	<b>12.4%</b>	<b>-10.1%</b>	<b>44.5%</b>	<b>14.4%</b>	<b>97.4%</b>	<b>142.6%</b>	<b>13.3%</b>
Indian Index	-9.5%	39.7%	6.2%	-8.0%	26.2%	15.6%	80.4%	131.0%	15.3%
Indian ETF	-7.8%	31.9%	5.3%	-9.4%	22.4%	14.7%	62.9%	99.9%	-
Quartile	<b>2<sup>nd</sup></b>	<b>4<sup>th</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>

- A greater focus on New India, structural themes and domestic growth
- We look for the 'Best of India', regardless of capitalisation and index inclusion
- A portfolio with a lower environmental footprint
- ESG is a critical risk mitigation tool

# Conclusion

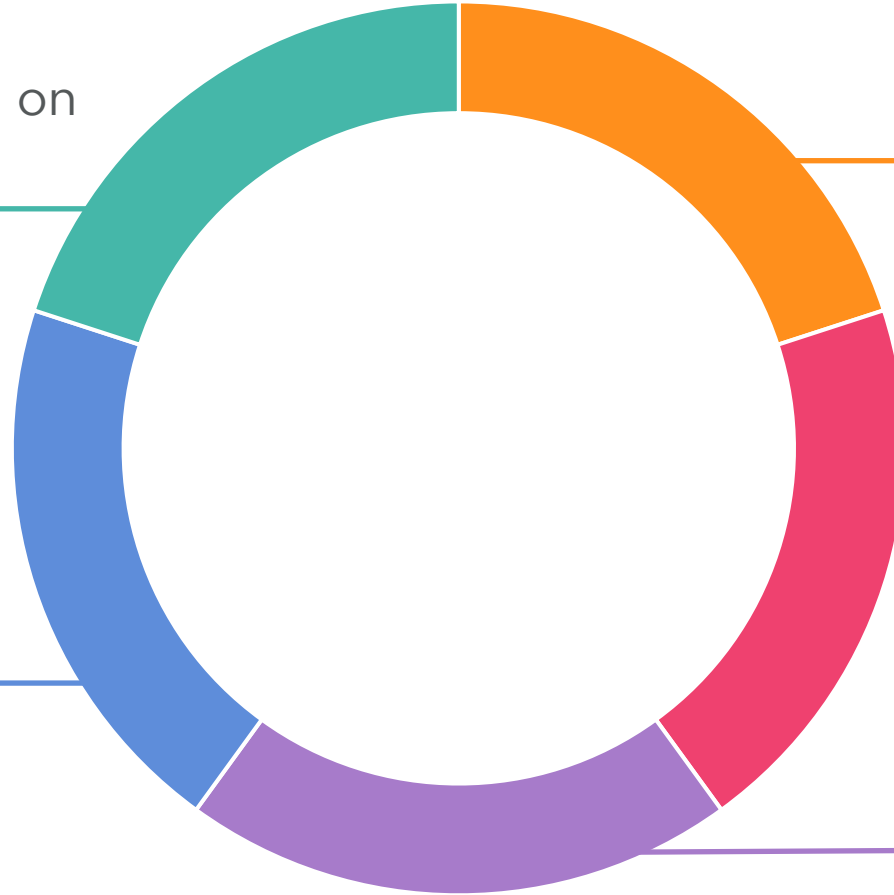
Sentiment is overly bearish on Emerging Markets / India

We focus on domestic structural growth (plus AI beneficiaries in GEM/Asia)

Our portfolios are all highly differentiated and multi-cap

ESG is a critical risk mitigation tool, plus we deliver tangible impact

Our strategies have consistent track records



***We are excited about the opportunities regardless of a Trump Presidency***

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