



Stewart Investors

Q3

Stewart Investors Global Emerging Markets Sustainability Fund (Irish VCC)

1 July - 30 September 2024



Contents	
Portfolio overview	1
Performance	2
Commentary	3
Portfolio allocation and stock holdings	4
Stock contribution	5
Risk analysis	6
Disclaimer	7

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

30 September 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	01 October 2010
Fund size (€m)	525.5
Benchmark	MSCI Emerging Markets Net Index
Number of holdings	47
Fund manager(s)	Sujaya Desai/Jack Nelson
Research rating [^]	Morningstar®:Silver

[^] 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
IE000P5M9KF7	BQXP5W0	Stewart Investors Global Emerging Markets Sustainability Fund SGD Class I (Accumulation)
IE0007HM1I70	BQMPXS3	Stewart Investors Global Emerging Markets Sustainability Fund USD Class III (Accumulation)
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	BKTBJ3J	Stewart Investors Global Emerging Markets Sustainability Fund EUR Class VI (Distributing)

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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

30 September 2024

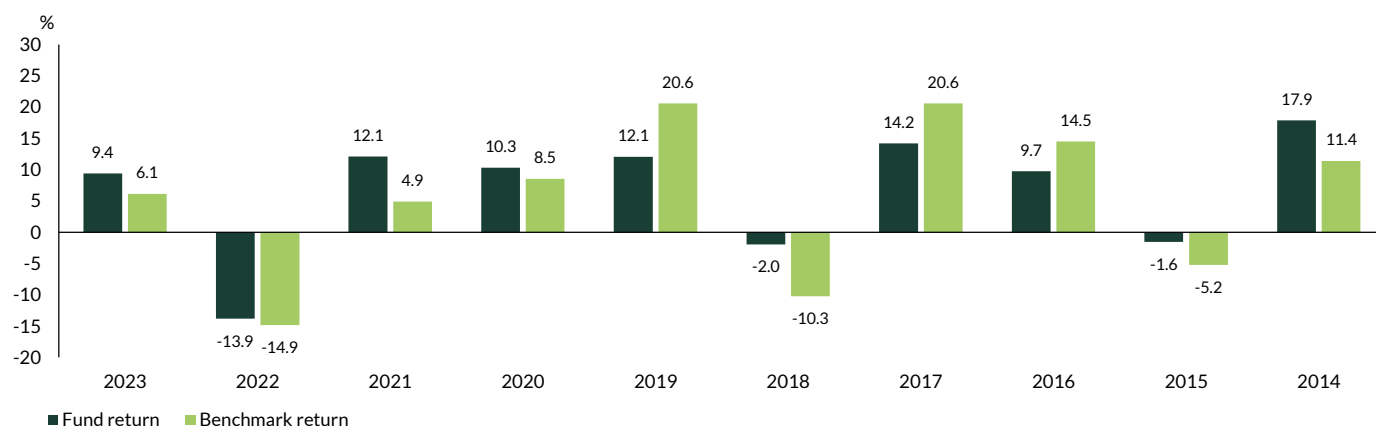
Annual performance (% in EUR) to 30 September 2024

	12 mths to 30/09/24	12 mths to 30/09/23	12 mths to 30/09/22	12 mths to 30/09/21	12 mths to 30/09/20
Stewart Investors Global Emerging Markets Sustainability Fund	11.2	0.6	-11.2	23.5	1.2
MSCI Emerging Markets Net Index	19.6	3.4	-15.0	19.6	2.8

Cumulative performance (% in EUR) to 30 September 2024

	Since inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
Stewart Investors Global Emerging Markets Sustainability Fund	154.3	65.5	24.0	-0.7	11.2	4.9	5.1	0.5
MSCI Emerging Markets Net Index	86.9	67.9	29.2	5.1	19.6	15.7	10.5	4.4

Calendar year performance (% in EUR) to 30 September 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 30 September 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.

Major Activity

Over the course of the quarter, we have sold out of one of our Indian banks. **RBL Bank** (India: Financials), which we purchased in December 2023. The new management team seemed determined to move the bank towards less risky (more secured) lending which at 1x price-to-book (P/B) appeared attractively priced. Unfortunately, the bank continued growing unsecured loans at over 30% suggesting that the path to a more balanced loan portfolio would be a lot longer than we had expected. Added to that, RBL Bank also faces an uphill path to strengthening their deposit base with a stronger public sector banking system as competitors and fiercer competition amongst private sector banks. With prospects for RBL looking riskier and with better ideas elsewhere, we decided to exit.

We exited **Yifeng Pharmacy Chain** (China: Consumer Staples) which was another name where we were becoming worried about increased regulatory oversight having a negative impact on profit margins. We are confident that they will continue to roll up the pharmacy sector in China – in much the same way that **RaiaDrogasil** (Brazil: Consumer Staples) is doing in Brazil – but we worry that Beijing could well impose price cuts on those drugs purchased through medical insurance plans.

We also fully sold out of **Clicks** (South Africa: Consumer Staples), another pharmacy chain. Growth has been phenomenal at this business with new store openings continuing apace and a better mix of basket driving profitability. However, with our focus on delivering strong absolute returns, we struggled to see Clicks growing into these valuations and decided to reallocate the capital into more attractively priced ideas elsewhere. We think Clicks remains a very high-quality business, one that we would look forward to owning again at more reasonable valuations.

Finally, we sold **Integrated Diagnostics** (Egypt: Health Care) due to liquidity risks and to fund higher conviction ideas elsewhere.

We did not make any new complete purchases in the quarter.

We continue to discuss our China holdings at length, especially in light of the recent market moves. But another area where we are doing a lot of thinking is Poland. Here we hold **Allegro** (Poland: Consumer Discretionary), **Dino Polska** (Poland: Consumer Staples) and **Jerónimo Martins** (Portugal: Consumer Staples), which is listed in Portugal but >50% of revenues are from its Biedronka business in Poland. They all experienced strong growth through 2022 and 2023 as inflation helped them increase profit margin but the opposite has now happened. Deflation in food prices and rising costs have squeezed profit margins considerably.

As always, we spend the bulk of our time continuing to better understand the quality attributes of the companies we invest in and finding similarly resilient ideas to add to the portfolio.

Comment

Most of the quarter's activity happened in September, as is often the case. It is in such moments, like the biggest market moves since 2009 in China and Hong Kong and rising geopolitical tensions in the Middle East, that we remain grateful for our long-term philosophy. It gives us the ability to step back in moments of such volatility and reminds us to focus on the more important, bottom-up drivers for the companies we own on your behalf.

Review & Outlook

The Fund provided a positive return over the 12 months to 30 September 2024 and was behind the MSCI Emerging Markets Index.

Positive contributors included family-owned, Indian conglomerate **Mahindra & Mahindra** (India: Consumer Discretionary), which continues to deliver attractive levels of growth and returns as it solidifies its position in the automotive and farm segments and also turns around underperforming subsidiaries, the world's largest independent semiconductor foundry **TSMC** (Taiwan: Information Technology), which continued to perform well and beat consensus expectations as the broad adoption of artificial intelligence (AI) fed through into results, and precision tube maker **Tube Investments** (India: Consumer Discretionary), which is reporting improving financial performance since it reiterated a focus on consistent profitability.

Detractors to performance included Eastern European IT services company **EPAM Systems** (United States: Information Technology), which saw weakening orders due to near-term budget concerns prompting customers to delay investments in the next generation of technologies, leading provider of construction software **Glodon** (China: Information Technology), which continued to face top-down concerns around economic growth and construction activity in China, and one of China's largest retail pharmacy chains **Yifeng Pharmacy Chain** (China: Consumer Staples), which is suffering from increased regulatory oversight in terms of pricing (see sells above).

We continue to focus on bottom-up analysis of the fundamental quality of stewards, 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.

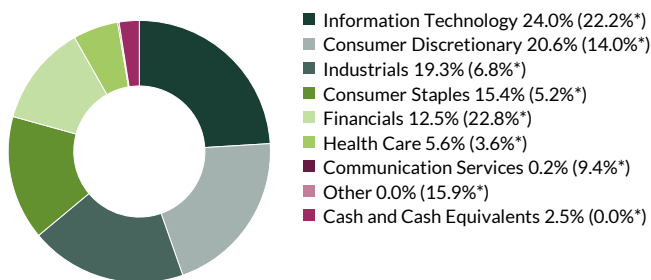
Portfolio allocation and stock holdings

30 September 2024

Ten largest holdings as at 30 September 2024

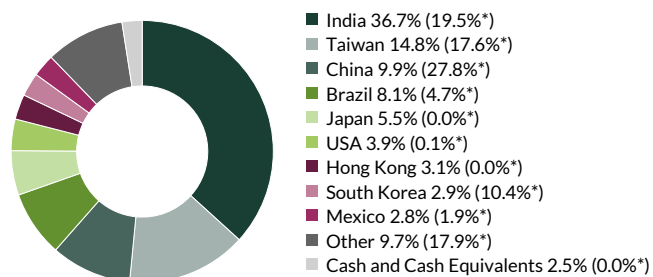
Stock name	Country	Sector	Portfolio weight (%)	Index weight (%)
Mahindra & Mahindra	India	Consumer Discretionary	8.2	0.4
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	6.0	9.0
Tube Investments of India Limited	India	Consumer Discretionary	5.3	0.1
HDFC Bank	India	Financials	5.1	1.1
Tata Consultancy Serv. Ltd	India	Information Technology	4.6	0.6
Weg S.A.	Brazil	Industrials	3.4	0.2
Unicharm Corporation	Japan	Consumer Staples	3.2	0.0
Raia Drogasil S.A.	Brazil	Consumer Staples	3.2	0.1
Voltronic Power Technology Corp.	Taiwan	Industrials	3.0	0.1
Jeronimo Martins, SGPS S.A.	Portugal	Consumer Staples	2.7	0.0

Sector breakdown



*Index weight

Country breakdown

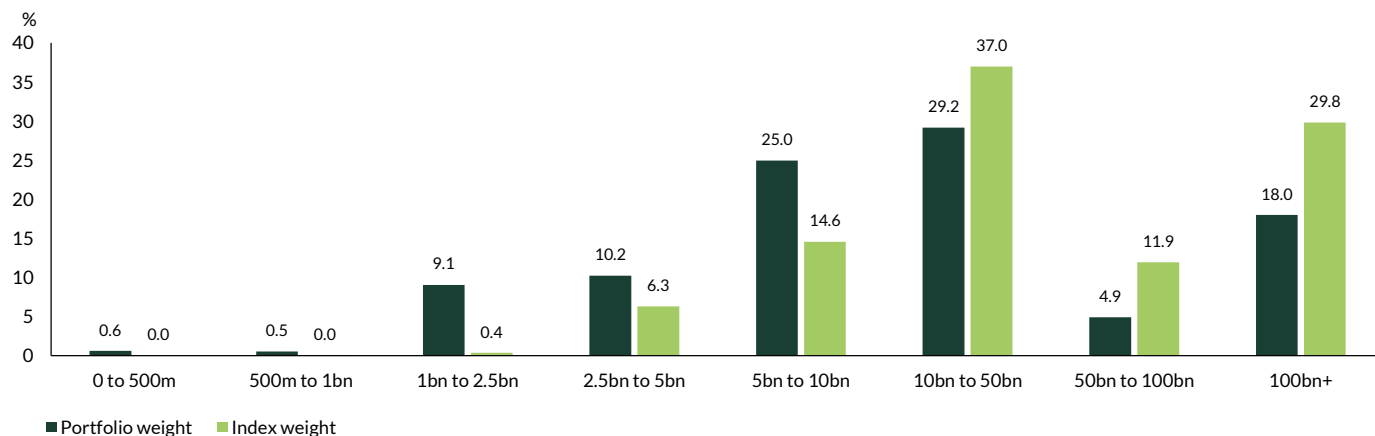


*Index weight

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

30 September 2024

Top 5 contributors to absolute performance

3 months to 30 September 2024

Stock name	Country	Sector	Value added (bps*)
Weg S.A.	Brazil	Industrials	91
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	70
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	70
Hoya Corporation	Japan	Health Care	39
Unicharm Corporation	Japan	Consumer Staples	39

12 months to 30 September 2024

Stock name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	480
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	339
Tube Investments of India Limited	India	Consumer Discretionary	191
Weg S.A.	Brazil	Industrials	115
MercadoLibre, Inc.	USA	Consumer Discretionary	104

Bottom 5 contributors to absolute performance

3 months to 30 September 2024

Stock name	Country	Sector	Value added (bps*)
Samsung Electronics Co., Ltd.	South Korea	Information Technology	-62
Qualitas Controladora S.A.B. de C.V.	Mexico	Financials	-52
Regional, S.A.B. de C.V. Class A	Mexico	Financials	-32
Yifeng Pharmacy Chain Co Ltd Class A	China	Consumer Staples	-21
RBL Bank Ltd.	India	Financials	-15

12 months to 30 September 2024

Stock name	Country	Sector	Value added (bps*)
EPAM Systems, Inc.	USA	Information Technology	-54
Glodon Company Limited Class A	China	Information Technology	-48
Yifeng Pharmacy Chain Co Ltd Class A	China	Consumer Staples	-47
Samsung Electronics Co., Ltd.	South Korea	Information Technology	-45
Vitasoy International Holdings Limited	Hong Kong	Consumer Staples	-44

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

30 September 2024

Portfolio risk analysis - ex-post 3 years annualised to 30 September 2024

Risk measure	Value	Risk description
Information ratio	-0.11	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	13.98%	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	17.38%	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	10.15%	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 30 September 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)	2.48%	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)	2.12	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)	15.48	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

30 September 2024

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