

## Portfolio Strategy

The fund uses a combination of systematic screens and fundamental research to identify companies with above average quality, in terms of ROIC, industry positioning and ESG, and trading at below average valuation. The fund aims to deliver returns above the MSCI AC Asia ex Japan NR Index over a full market cycle. Strong focus on ESG integration as an alpha driver and risk management tool.

## Key Features

Asset Manager	Vontobel Asset Management S.A.
Net Assets Value	657 (Mn US Dollar)
Inception Date	17.11.2008
UCITS	Yes
Base Currency	US Dollar
Liquidity	Daily
Share Class*	US Dollar Acc
Management Fees* (%)	0.83%
Performance Fees	No
CH Registered	Yes

## Portfolio Style

Investment Process	Judgmental	Systematic
Style	Value	Growth
Market Cap	Large	Small
Alpha Driver	Bottom-Up	Top-Down
Portfolio Construction	Concentrated	Diversified
Investment Rationale	Core	Satellite

## Investment Rationale

The fund is a core investment to invest in Asia ex Japan equities with a distinctive fundamental, systematic and rules-based approach. Disciplined focus on leading quality companies, with attractive valuations to achieve portfolio stability and face the bouts of market volatility related with emerging markets.

## Investment Philosophy

- **Fundamental stock picking:** disciplined framework to identify attractively valued industry leaders. The bottom-up process rests on 4 pillars: corporate profitability (ROIC), strong business franchise (industry positioning), valuation (at least +25% upside) and ESG criteria.
- **Large cap:** requirements for industry leadership, barriers to entry, pricing power and cash generative companies skew the portfolio towards large/mega companies, exposure to SMID caps is usually below 5%.
- **Sources of alpha:** stock selection is 75% of the value-added, focused mainly on corporate profitability measured by ROIC, and industry leadership. ESG analysis acts as a tool to avoid idiosyncratic shocks.
- **Unconstrained:** fully benchmark agnostic, large deviation limits at the country, sector and stock level.
- **Portfolio construction:** 30-50 names, convictions concentrated in the top 10 holdings, usually above 40%. Low name turnover but active trading around existing positions. Strong valuation discipline with scenario analysis and in-depth financial modelling. Contribution to tracking error constraints at the stock level.
- **Biases:** nimble and opportunistic strategy, with no structural bias at the country or sector level. The fund retains a mega cap bias. Blend strategy, avoiding unintended factor concentrations.

## Fund Management Team

The fund is managed by Thomas Schaffner since 2013. The investment team comprises 28 professionals located in Zurich and Hong Kong with on average 15 years of experience. The PMs are organised by region, whilst the analysts are organized by sector. The team is complemented by 4 dedicated ESG analysts and 3 quant analysts. Strong interaction and team-based approach for investment decisions. Team's research capacity has been enlarged and strengthened to support the increase in AUMs and workload.

## Strengths

- **Process:** disciplined, transparent and repeatable framework to distinguish market leaders from laggards. Consistent and time-tested approach in EM equities since 2012, with ongoing improvements.
- **Valuation discipline:** low name turnover but active trading around existing positions based on solid valuation assessments, scenario analysis and in-depth financial modelling.
- **ESG policy:** ESG and financial assessment performed by the same sector specialist. Diversified set of external ESG data (Sustainalytics, MSCI, Hermes EOS) integrated within internal ESG analysis. Each company is scored on a range of 20-25 ESG factors considered the most material for each sector, allowing for an ESG deep dive and holistic assessment.
- **Performance:** top-half risk-adjusted returns within its Asia ex Japan peer group. The fund is not among the bests for downside protection, but it stands fairly well in market stress periods given its core, blend and diversified profile.

## Weaknesses

- **Systematic screening:** even if ROIC is a relevant metric to assess quality in GEM universe, we would have appreciated to complement it with other measures as it skews the portfolio towards some sectors/countries, i.e. China, South Korea, IT and financials.

	1M	YTD	2023	2022	2021	3Y (Ann.)	5Y (Ann.)	Sharpe Ratio 3Y	Volatility 3Y	Max Drawdown 3Y
Fund	2.10	2.78	5.58	-24.16	-4.22	-8.55	0.76	-0.48	20.56	-41.77
Index	2.54	2.38	5.98	-19.67	-4.72	-6.84	1.94	-0.43	19.36	-39.50

\*ISIN Code: LU0384410279. ISIN used for performance: LU0384410279 Performance data source: Morningstar Direct. Key Points provided by Wealth Solutions Partners SA. - Past performance should not be seen as an indication of future performance. Index: MSCI AC Asia Ex Japan NR USD. Data as of: 31.03.2024

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