

# GuardCap Emerging Markets Equity Fund

Class: I (acc) USD



## Investment Objective

The investment objective of the Fund is to deliver a superior return to the MSCI Emerging Markets Index over the long-term by investing primarily in equity and similar securities issued by companies that have significant exposure to emerging market economies.

## Investment Approach

Philosophy: growth drives returns; quality protects against downside; valuation matters.

- Concentrated, long-only strategy with 25-30 high quality, sustainably growing companies
- In-depth fundamental analysis, bottom-up analysis of selected high-confidence stocks
- Benchmark agnostic, unconstrained portfolio construction; high active share
- Genuine long-term investing with low portfolio turnover
- Large / Mid-cap focus

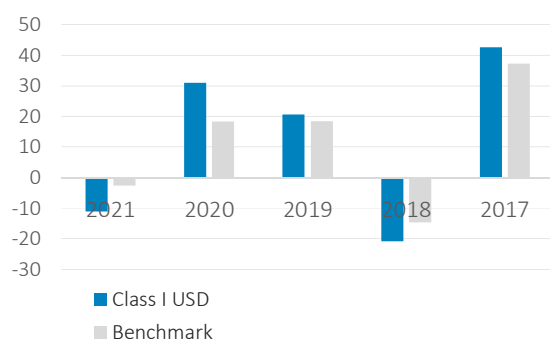
## Investment Team

	Joined GuardCap	Years of experience
Ed Wallace	2015	20
Joris Nathanson	2016	19
Alice Yin	2017	10
Dexu Qu	2020	8

## Performance\* (%)

	1 M	3 M	YTD	1 Y	Annualised		
					3 YR	5 YR	Inception
Class I USD	1.67	-1.95	-11.00	-11.00	12.05	9.70	9.80
Benchmark	1.88	-1.31	-2.54	-2.54	10.94	9.87	10.15
Relative return	-0.21	-0.64	-8.46	-8.46	1.11	-0.17	-0.35

## Calendar Year Performance\* (%)



	2021	2020	2019	2018	2017
Class I USD	-11.00	31.03	20.63	-20.77	42.55
Benchmark	-2.54	18.31	18.42	-14.57	37.28
Relative return	-8.46	12.72	2.21	-6.20	5.27

\*Past performance results are no indication of future results

## Fund Facts

Legal Status	UCITS
Fund launch date	19 December 2016
Class Inception	19 December 2016
Benchmark	MSCI Emerging Market Index (Net) USD
Fund Size	USD 54.2 million
Strategy Size <sup>1</sup>	USD 125.1 million
ISIN	IE00BSJCNT20
Bloomberg	GCEMEIU
WKN	A2DPJA

<sup>1</sup>Based on estimates and is not official

## Charges & Subscriptions

Annual management fee	0.80%
Ongoing charges <sup>2</sup>	0.96%
Minimum investment	USD 500,000

<sup>2</sup>As at 31 December 2021; including Annual management fee

## Portfolio Characteristics

Number of stocks	26
Active share	83.2%
Net exposure	98.6%

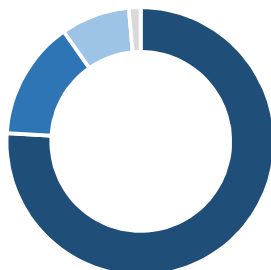
## Risk

	Fund	Index
Tracking error	6.39	
Standard deviation	17.34	16.49
Information ratio	-0.01	
Sharpe ratio <sup>3</sup>	0.50	0.52
Upside market capture	102.57	100.00
Downside market capture	102.69	100.00
Batting average	0.51	

<sup>3</sup>Sharpe ratio calculated using Bloomberg US Generic Govt. 3 Month Yield

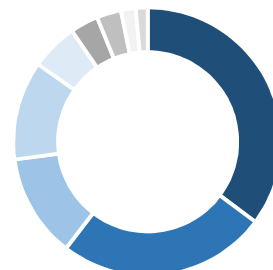
### Geographic Allocation (%)

Asia Pacific	75.99
Latin America	14.28
United States	8.30
Cash	1.43



### Sector Allocation (%)

Information Technology	35.18
Consumer Discretionary	25.23
Financials	12.48
Communication Services	11.91
Consumer Staples	5.68
Industrials	3.39
Real Estate	2.95
Health Care	1.75
Cash	1.43



### Top 5 Holdings

	% of assets
TSMC	8.82%
MercadoLibre	7.89%
Samsung Electronics	7.09%
Tencent	5.37%
HDFC Bank	5.11%

### Monthly Contributors / Detractors

	Contribution to return
+ MercadoLibre	1.09%
+ Samsung Electronics	0.65%
+ EPAM Systems	0.40%
- JD.com	-0.69%
- Sea Ltd.	-0.57%
- Alibaba	-0.32%

### Manager Commentary

The MSCI Emerging Markets Index returned +1.9% in December, taking total returns for the benchmark to -2.5% for 2021. Since the Index peaked in February 2021, it has declined by approximately 13% but is 69% above the pandemic-related low that it reached in March 2020. Latin America was the best performing region for the month (+5.9%) but the worst for the calendar year (-8.1%). The best performing region in 2021 was commodity-heavy EMEA, which returned +18.0% including +2.3% for December. Emerging Asia, the biggest region in the index, returned +1.5% for the month and -5.1% for the year. The largest constituent country in Emerging Asia is China, which was also the biggest detractor, returning -21.8% in 2021.

The top 3 performing sectors in December were utilities (+6.6%), IT (+6.3%) and energy (+4.3%). The bottom 3 sectors were healthcare (-6.0%), consumer discretionary (-4.6%) and real estate (-1.4%). A similar pattern applied for 2021 as a whole, with the top 3 sectors being energy (+20.9%), utilities (+12.4%) and IT (+9.9%) and the bottom 3 sectors being consumer discretionary (-29.1%), real estate (-21.8%) and healthcare (-19.8%).

Latin American e-commerce operator **MercadoLibre** was the largest contributor to performance in December, as its share price recovered somewhat from the previous month's weakness. Other contributors included consumer electronics giant **Samsung Electronics** and digital consultancy **EPAM**, whose share price benefited from peer company Accenture reporting strong quarterly results. Detractors from performance included Chinese e-commerce operator **JD.com**, after Tencent announced that it would be reducing its stake in the company, Southeast Asian e-commerce group **Sea Ltd**, whose share price has de-rated from its recent peak in October and digital services group **Alibaba**, following a challenging year and a low-key Investor Day.

### Share Class Ratings

Overall Morningstar Rating™




Quantalys Rating™



### ESG Fund Facts

ESG Integration	✓
Voting and Engagement	✓
ESG Exclusions	✓

### Fund ESG Ratings

Morningstar Sustainability Rating™	
Morningstar Low Carbon Designation™	

### ESG Integration

All companies under consideration are assessed against the team's ten Investment Criteria, including strong "Foundations for Sustainable Growth" (FSG), which ensures that a company's ESG practices align with its potential for long-term sustainable growth. The Fund's concentrated approach (25-30 stocks) enables a thorough understanding of the sustainability risks and opportunities relevant to each company and an analysis of a company's ESG issues forms a key part of every investment decision.

### Voting and Engagement

Active ownership is deeply embedded in our investment philosophy and where practical we vote on every resolution and corporate action proposed by our companies. If a company is engaged in a practice that concerns us, we will engage with the company on the issue, seek to learn more about it and encourage positive change.

### ESG Exclusions

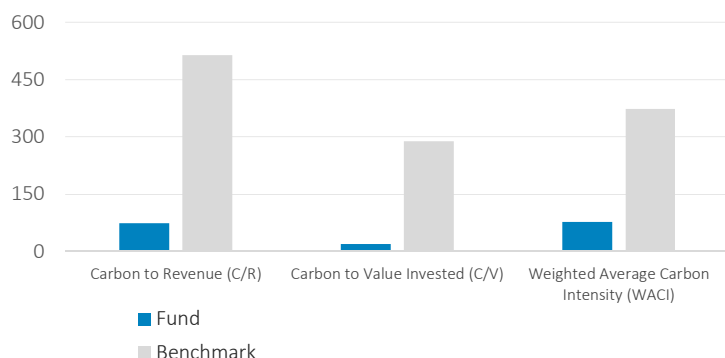
The Fund excludes direct investment in corporate issuers that are involved in the manufacture or production<sup>1</sup> of:

	Controversial weapons <sup>2</sup>		Extraction of fossil fuels and/or generation of power from them
	Firearms or small arms ammunition		Tobacco products

<sup>1</sup>Subject to a specific revenue threshold of 5%, based on a company's annual report

<sup>2</sup>Includes anti-personnel landmines, cluster munitions, biological weapons and chemical weapons

### Carbon Intensity

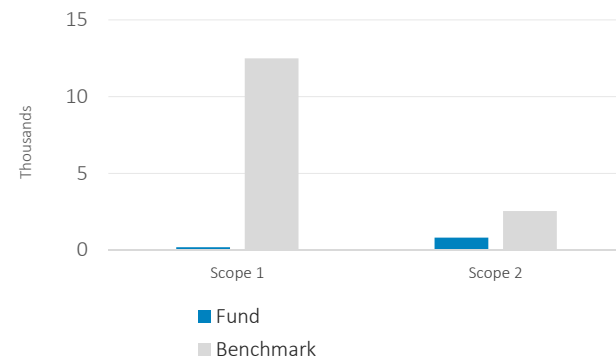


	Fund	Benchmark
Carbon to Revenue (C/R)	73.84	513.44
Carbon to Value Invested (C/V)	19.25	288.43
Weighted Average Carbon Intensity (WACI)	77.43	373.65

Source: Trucost; as at 31 December 2021. Carbon Intensity calculated in TCO<sub>2</sub>E/USD M. Includes Scope 1 and Scope 2 emissions.

The Carbon to Revenue (C/R) metric shows the intensity of the portfolio and benchmark using the absolute apportioned carbon emissions and apportioned revenues, calculated on an ownership basis (value of holdings divided by chosen apportioning metric), as at the analysis date. The Carbon to Value (C/V) Invested metric takes the carbon emissions (apportioned using either market capitalisation or enterprise value) divided by the value of holdings in a portfolio or benchmark. The Weighted Average Carbon Intensity (WACI) metric takes the carbon intensity (total carbon emissions divided by total revenue) of each holding and multiplies it by its investment weight (the current value of the holding relative to the current value of the whole portfolio).

### Carbon Apportioned by Scope



	Fund	Benchmark
Scope 1	192.07	12,488.72
Scope 2	833.16	2,561.57

Source: Trucost, as at 31 December 2021. Calculated in TCO<sub>2</sub>E. Greenhouse Gas (GHG) Protocol methodology.

This represents the absolute quantity of portfolio or benchmark emissions attributed from their underlying constituents on an ownership basis, as at the analysis date, based on the defined GHG methodology. Absolute carbon emissions are apportioned from a company to a portfolio based on equity ownership (market capitalisation) or share of financing (enterprise value). Scope 1 emissions are from directly emitting sources that are owned or controlled by a company. Scope 2 emissions are from the consumption of purchased electricity, steam, or other sources of energy generated upstream from a company's direct operations. Reference: GHG Protocol.

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Quantalys Rating™ is Quantalys' fund rating. For more information about Quantalys ratings and Quantalys' ratings methodology, please see <https://www.quantalys.com/espace/listeProduit/3480> and <https://quantalys.com/Whoarewe/Methodology>.

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