

# Navigating the Global Emerging Market Opportunity

Presented by Glen Finegan, Managing Partner & Lead Portfolio Manager

September 2023



Skerryvore



# Who are Skerryvore?

## FAR-SIGHTED & FAIR-MINDED INVESTORS IN EMERGING MARKETS

- Employee owned – 8 founding partners, established in 2019
- Leaders in alignment-based investing with a long track record
- Global client base

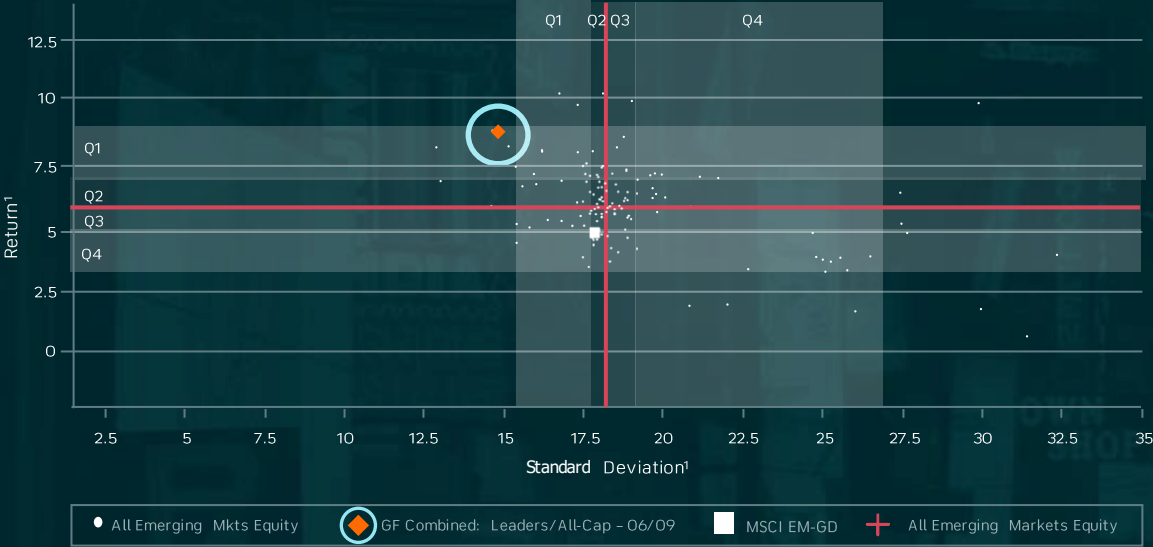




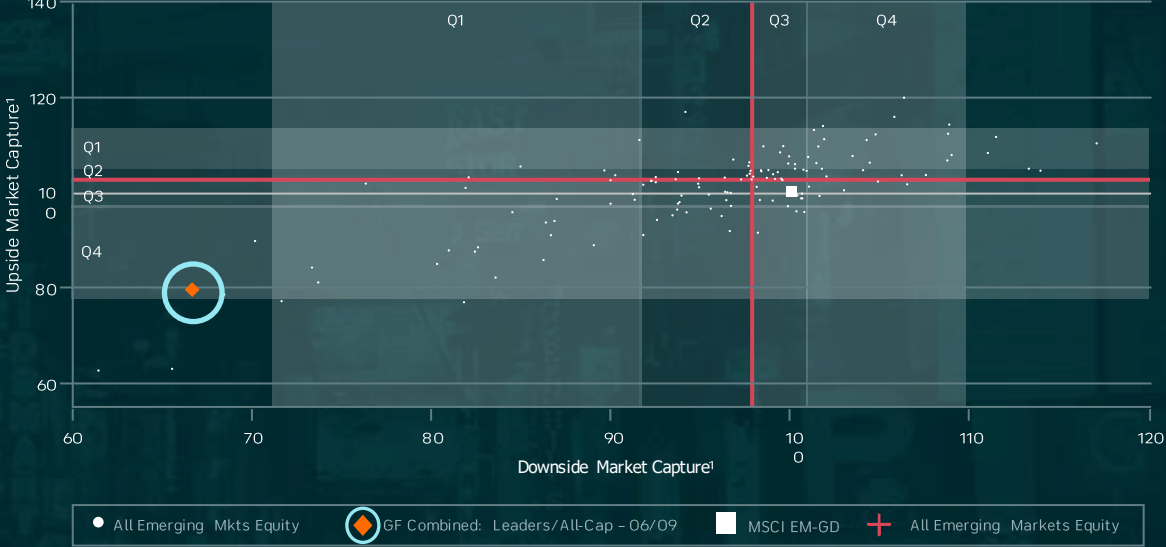
# How We Help Clients

## DIFFERENTIATED LONG-TERM TRACK RECORD IN EMERGING MARKETS INVESTING

RISK VS. REWARD (SINCE INCEPTION)



UPSIDE V DOWNSIDE (SINCE INCEPTION)

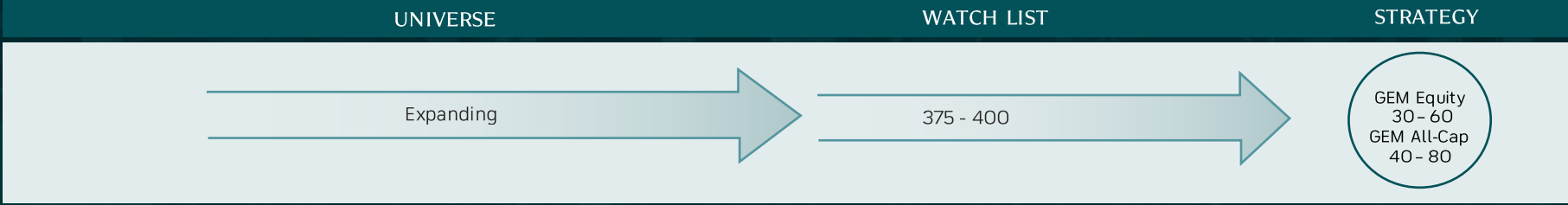


Source: eVestments database for June 2009 to June 2023 - Benchmark: MSCI Emerging Markets Index

The data used to plot these charts come from eVestment and is taken from the various strategies directly managed by Glen Finegan over his career from June 2009 – October 2013 at Stewart Investors, January 2015 to May 2019 at Janus Henderson Investors (Formerly Henderson Global Investors) and from January 2020 – June 2023 at BennBridge – Skerryvore. For the period November 2013 to December 2014, no performance data is available and MSCI Emerging Markets Index Data was used to cover this period (representing 14 out of 163 monthly data points in the sequence) to provide a continual time series. Past performance is no guarantee of future returns.



# Our Investment Process



# People & Alignment

WE SEEK INDIVIDUALS BEHIND BUSINESSES WITH LONG TRACK RECORDS OF INTEGRITY AND FINANCIAL DELIVERY



NATARAJAN CHANDRESAKARAN

Chairman of Tata Sons &  
Tata Consulting Services



CHARLENE DE CARVALHO-HEINEKEN

Executive Director of  
Heineken Holdings



JOSÉ ANTONIO FERNÁNDEZ CARBAJAL

Chairman of FEMSA



SAMINA HAMIED

Executive Vice Chairperson of  
Cipla



References made to individual securities should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase the security





# Quality of Franchise

WE LOOK FOR EVIDENCE OF STRONG PRICING POWER

## WE LIKE

- Building Brands
- Investing in IP
- Earning Trust

## WE AVOID

- Bribery and Corruption
- Abusing Monopolies
- Regulatory Arbitrage



# Not Staples

## GLOBAL LEADING CONSUMER-FACING FRANCHISES

- Strong Alignment
- Pricing Power
- Long Term Growth



# Not Commodities

## GLOBAL LEADING FRANCHISE BASED ON INTELLECTUAL PROPERTY

- Strong Alignment
- Pricing Power
- Long Term Growth





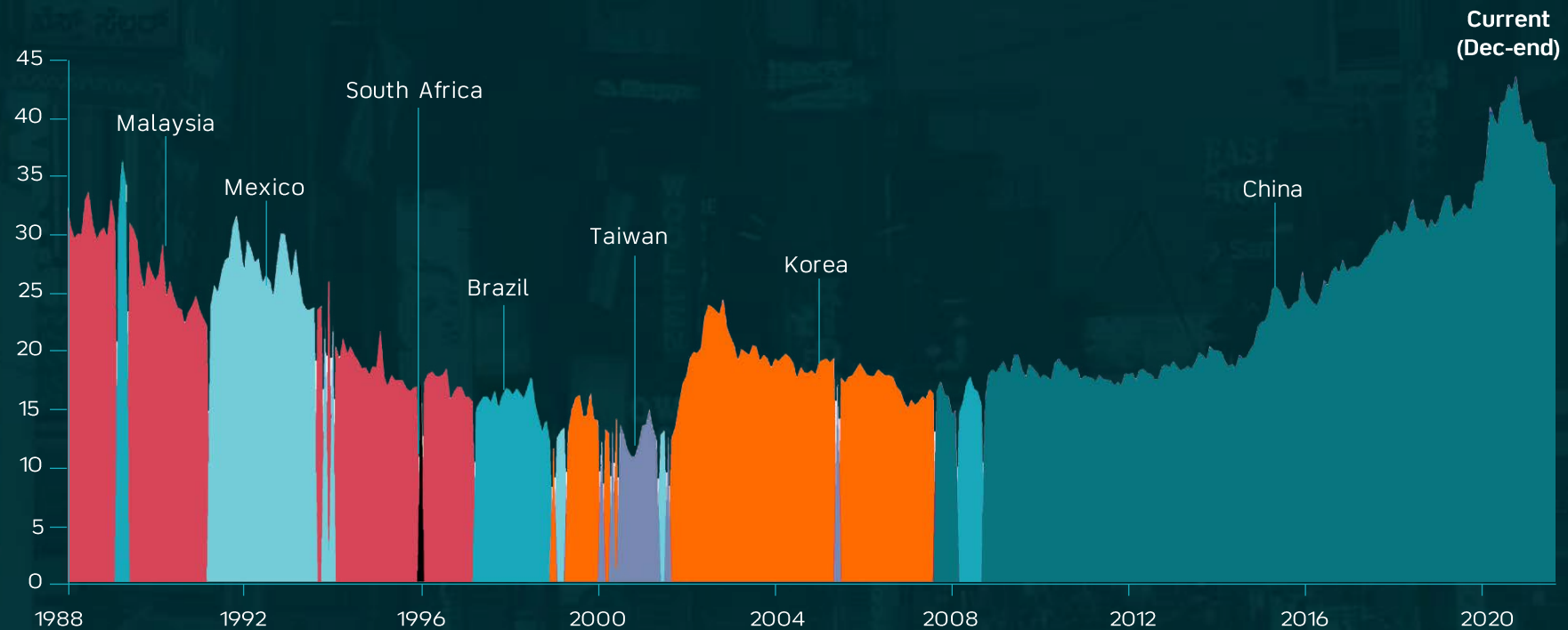
# What's the Alternative?

## CHASING YOUR TAIL



# Driven by Hindsight

## THE LARGEST WEIGHT IN MSCI EMERGING MARKETS INDEX



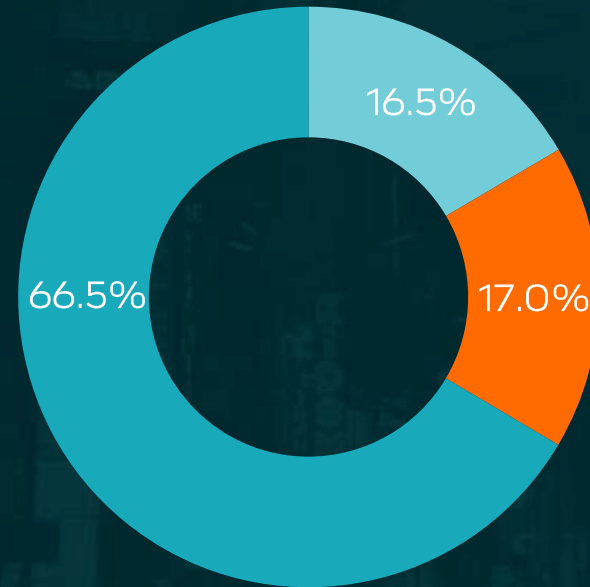
Source: FactSet, MSCI, Goldman Sachs Investment Research  
For illustrative purposes only



# Alignment Agnostic

## IMPLICIT AND EXPLICIT STATE INTERFERENCE AS AT 31 DECEMBER 2022

MSCI EM Index



■ VIE (Cayman Domiciled) ■ SOE ■ Other





# VIE - Alignment in Action

“VARIABLE INTERFERENCE EXPECTED”?

## Alibaba vows to give Rmb100bn towards China's 'common prosperity'

Pledge comes amid heavy pressure on tech sector, with regulators setting 'rectification' deadlines for Meituan and Didi

Edward White in Seoul 12 HOURS AGO



Alibaba has pledged to give away Rmb100bn (\$15.5bn), the equivalent of roughly two-thirds of its net income last year, to projects that support president Xi Jinping's call for more "common prosperity" as it seeks to defuse Beijing's scrutiny of the tech sector.

Source: Financial Times, 1 September 2021

INTERNATIONAL • CHINA

## China's Big Tech billionaires increase philanthropic giving as Beijing cracks down

BY YVONNE LAU

August 8, 2021 5:10 AM GMT+8

Source: Fortune.com, Forbes, 7 August 2021



# SOE - “Invisible” Hand of the State

INCREASED CAPITAL EXPENDITURE

LOWER FREE CASH FLOW PRODUCTION

CAPITAL APPEARS TO LEAK AWAY FROM  
MINORITY INVESTORS





# Integrity

## HIDDEN IN PLAIN SIGHT

THIRD Paytm TEST  
FROM NARENDRA MODI STADIUM, AHMEDABAD

CRAWLEY	0	7	ISHANT	0-0	1.1
SIBLEY	0	6	RELIANCE END		

CRAWLEY	0	6	BUMRAH	0-0	0
SIBLEY	0	0	ADANI END		





# Consequences

## VTB buys 29.1% stake in Russian retailer Magnit for Rbs138bn

Deal sees supermarket chain's founder Sergei Galitsky step down as chief



© Reuters

Max Seddon in Moscow FEBRUARY 16, 2018



Russian state bank VTB has bought 29.1 per cent of leading supermarket chain Magnit from founder Sergei Galitsky for Rbs138bn (\$2.45bn), the companies said on Friday.

The deal is a dramatic exit for Mr Galitsky, an outsider who built Magnit into one of corporate Russia's biggest success stories. Unusually among Russian oligarchs, he did so without significant help from the state.

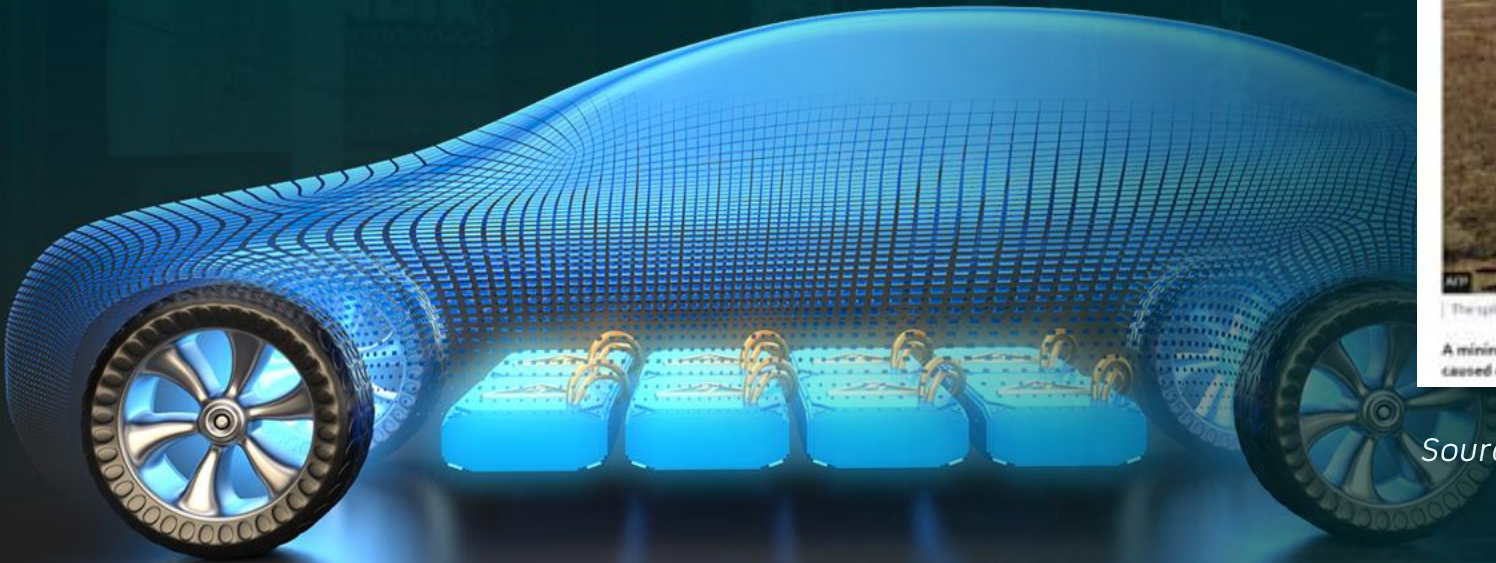
Source: Financial Times, 16 February 2018





# ESG

“THE ‘G’ IN ESG STANDS FOR GOVERNANCE NOT GAMBLING”



Source: BBC, 10 March 2021





# Global Emerging Markets Equity Strategy



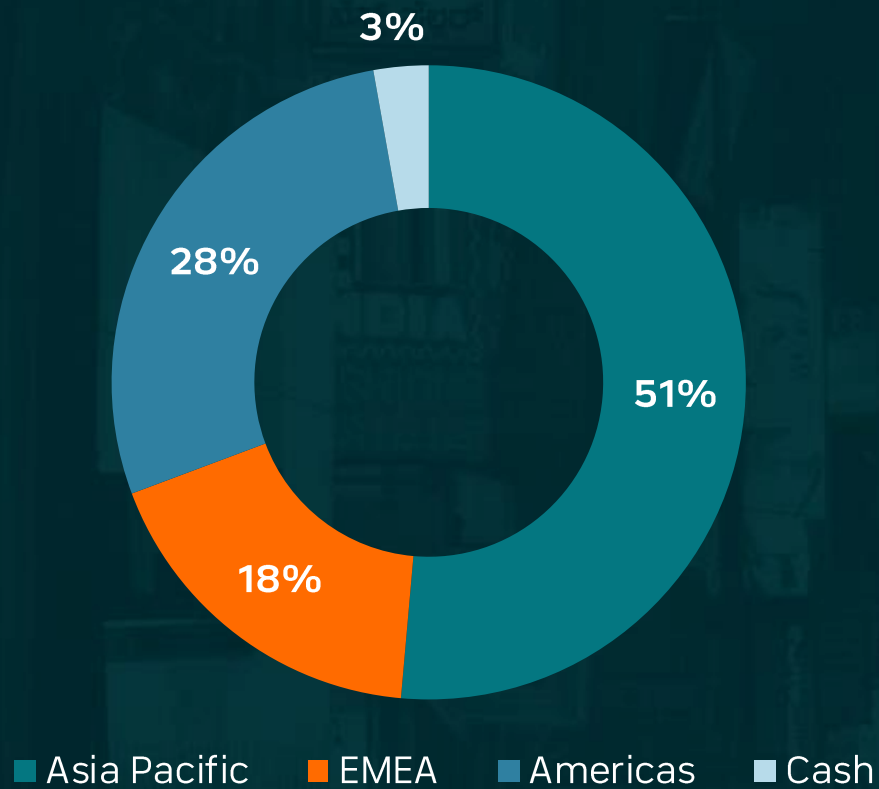
Skerryvore





# Global Emerging Markets Equity Strategy

REGIONS & COUNTRIES AS AT 30 JUNE 2023



Source: Skerryvore Asset Management, as at 30 June 2023

Benchmark: MSCI Emerging Markets Index

Note: Sector classifications follow the Global Industry Classification Standards (GICS). Totals may not sum to 100% due to rounding.



# Global Emerging Markets Equity Strategy

## TOP 10 HOLDINGS & SECTORS AS AT 30 JUNE 2023

### TOP 10 HOLDINGS

Name	Weight (%)
Fomento Economico Mexicano	7.4
Cipla	6.6
Housing Development Finance	6.0
Heineken Holding	4.9
Tata Consultancy Services	4.4
TSMC	4.3
Advantech	4.2
Raia Drogasil	4.0
Franco Nevada	3.9
Coca-Cola HBC	3.8

### SECTOR WEIGHTS \*

Sector	Portfolio (%)
Consumer Staples	45.6
Information Technology	14.2
Financials	12.1
Health Care	8.9
Consumer Discretionary	6.3
Materials	5.3
Communication Services	2.8
Industrials	2.0
Energy	0.0
Real Estate	0.0
Utilities	0.0
Cash	2.8

Source: Skerryvore Asset Management, as at 30 June 2023

Note: Sector classifications follow the Global Industry Classification Standards (GICS). Totals may not sum to 100% due to rounding

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# Global Emerging Markets Equity Strategy

## PERFORMANCE & KEY CHARACTERISTICS AS AT 30 JUNE 2023

### COMPOSITE PERFORMANCE (USD)

	Strategy (Gross) (%)	Strategy (Net)* (%)	Benchmark (%)
Since inception (Annualised)	3.6	2.8	-1.0
One year	18.6	17.7	1.8
Six months	9.7	9.2	4.9
Quarter to end June	4.0	3.8	0.9

### KEY CHARACTERISTICS

Number of holdings	36
Number of countries	19
Number of sectors	8
Number of industries	20
Active share (%)	90

Source: Landy Tech, Skerryvore as at 30 June 2023

\*Net Return based on highest representative share class fee (of 75 bps). This is supplemental to the GIPS composite performance report that can be found attached in Appendix A.  
Composite: Global Emerging Market Equity. Benchmark: MSCI EM Total Return Index. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Past performance does not predict future returns.  
Index Source: MSCI Copyright MSCI 2023. All Rights Reserved. Unpublished. PROPRIETARY TO MSCI.





# Conclusion

- Avoid indices as a guide to allocating capital – Be selective
- Alignment matters - Invest alongside owners and managers with a record of integrity and delivery
- Strong pricing power key to generating long term returns



A night scene on a busy street, likely in Asia, with many people riding motorcycles. The image is dark, with streetlights and building lights providing illumination. In the foreground, several people are riding motorcycles, wearing helmets and jackets. The background shows a dense crowd of more motorcycles and people, creating a sense of a busy, crowded environment. The text "Any Questions?" is overlaid on the left side of the image.

Any Questions?



# Skerryvore Team

## AN INDEPENDENT, EMPLOYEE-CONTROLLED INVESTMENT PARTNERSHIP

- Focus on long-term emerging market investing
- Average 17 years investment experience
- Alignment with client outcomes
- Shared experience and beliefs



Source: Skerryvore Asset Management, as at 30 June 2023

Note: Skerryvore assign their services to BennBridge Ltd. BennBridge is the appointed Investment Manager to funds and segregated accounts

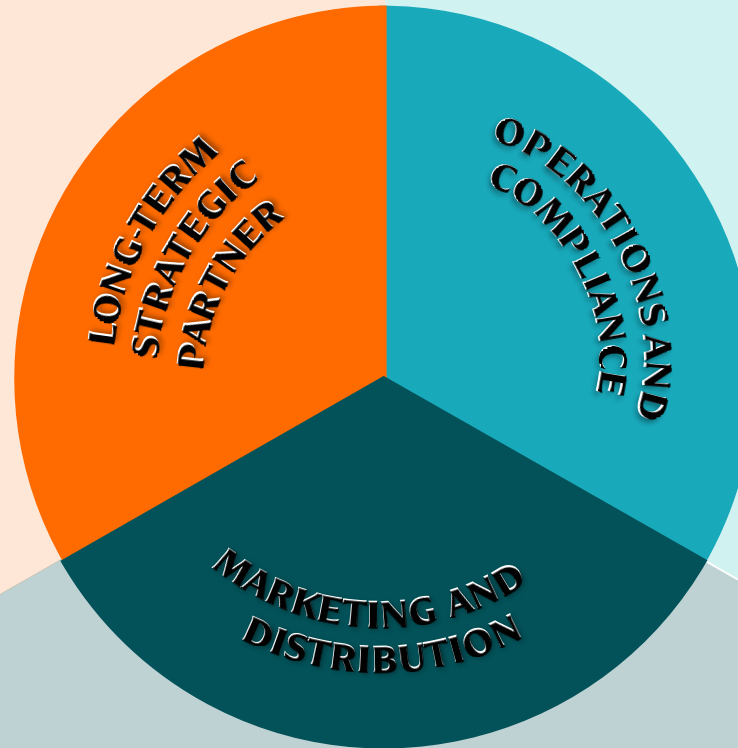




# Partnership with BennBridge

## HIGH-QUALITY PLATFORM WITH GLOBAL CAPABILITY

- Access to a network of investors
- Business planning, budgeting, strategic development
- Access to BennBridge's regulatory licence
- Equity participation



- Compliance and risk management
- Investment operations
- Introduction and negotiation with third party institutions (i.e. Brokers, Fund Administration, Legal)
- IT infrastructure
- Finance
- Human resources

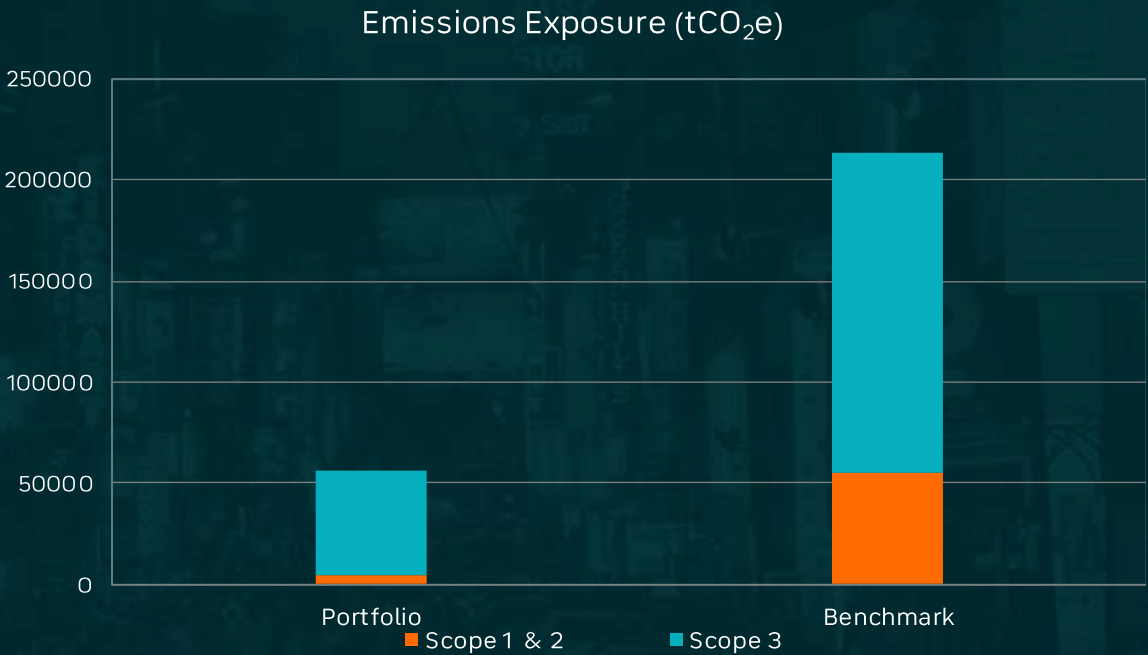
- Access to Australian, European and US Investor base
- Sales strategy and implementation
- Production and distribution of collateral
- Investor reporting support

# Sustainability - Climate change

HIGH QUALITY MANAGEMENT AND FAR-SIGHTED OWNERS MORE LIKELY TO LONGER TERM RISKS

## PORTFOLIO EMISSIONS EXPOSURE vs BENCHMARK

These are outputs and not inputs  
or targets of our investment process



Source: ISS & IEA ETP 2015 Climate Scenario Model & Skerryvore GEM Equity Strategy as of end June 2023

Benchmark: MSCI Emerging Markets Index

This is based on a representative account of the strategy and may vary for other accounts in the strategy due to asset size and other factors. Numbers may not sum to 100% due to rounding. The representative account is believed to most closely reflect the current portfolio management style.





Thank You



Skerryvore



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# Disclaimer

## RISK FACTORS

- Capital is at risk and there is no guarantee the Strategy will achieve its objective. Investors should make sure their attitude towards risk is aligned with the risk profile of the Strategy.
- Past performance does not predict future returns. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.
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- Investments in Emerging markets can involve a higher degree of risk.

