mcp

emerging markets

Introduction Mobius Emerging Markets Fund

March 2025

For Professional Investors only

Overview

Focus on a single strategy

Active engagement combined with an unconstrained approach across emerging and frontier markets, without conflicts of interest

Access to under-covered, lesser-known companies

98%+ active share without benchmark constraints, a well-differentiated portfolio and low correlation with peers

Concentrated portfolio with differentiated growth potential

25-35 innovative, niche businesses catering to: AI, machine learning, renewable energy, domestic consumption, and middle-class growth in EM

Leveraging vast network to conduct deep DD process

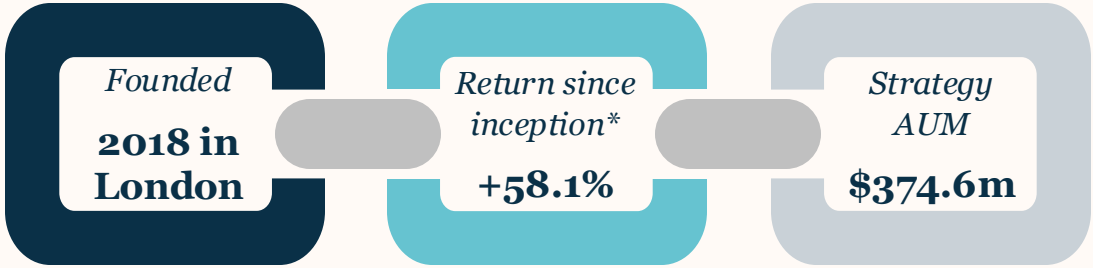
A private equity-like approach to public equities – utilising the founder's vast network built over 25+ years to conduct in-depth research

Risk management through engagement & macro-overlay

Differentiated risk/return profile through a rigorous country/sector overlay and engagement with senior stakeholders

Carlos von Hardenberg
Founding Partner & Portfolio Manager

- Portfolio manager of MEMF since inception in 2018, generating a return of +65.8% (EUR).
- 25+ years of investing experience, previously EVP and MD for the Templeton Emerging Markets Group overseeing >$27bn in AUM
- Appointed lead manager of the £2bn London-listed Templeton EM Investment Trust (TEMIT) in 2015
- Established and managed one of the largest frontier market funds for a decade – the Templeton Frontier Markets Fund, which grew to over $3.5bn in AUM
- Studied Investment Management at City University London, and economics in Germany, the UK and Pennsylvania, US.

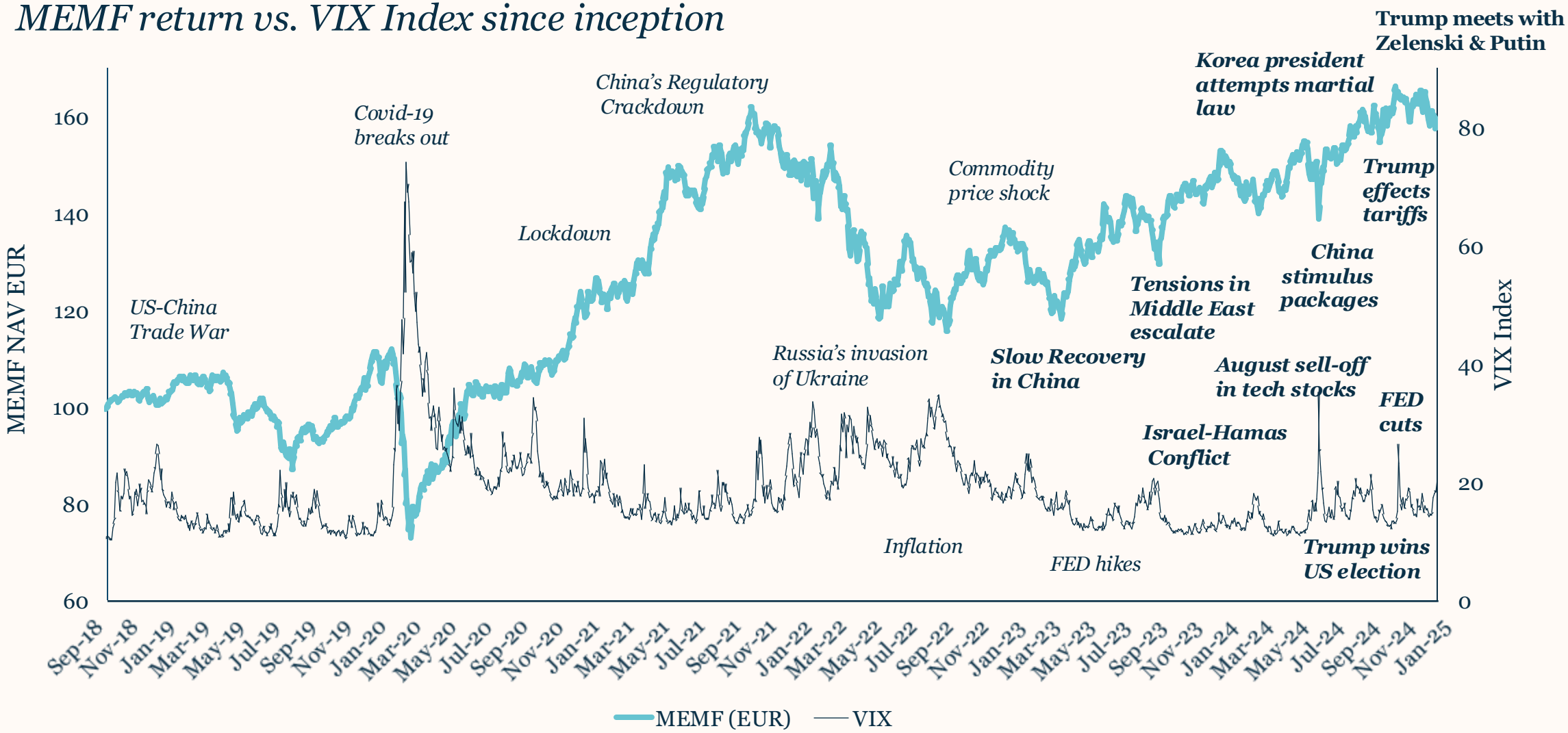


Source: Bloomberg, DZ Bank, MCP, as of 28 February 2025.
*MEMF Private C EUR Founders
Figures refer to past performance. Past performance is not a guide to future performance.

Investing Amid Volatility

As of 28 February 2025

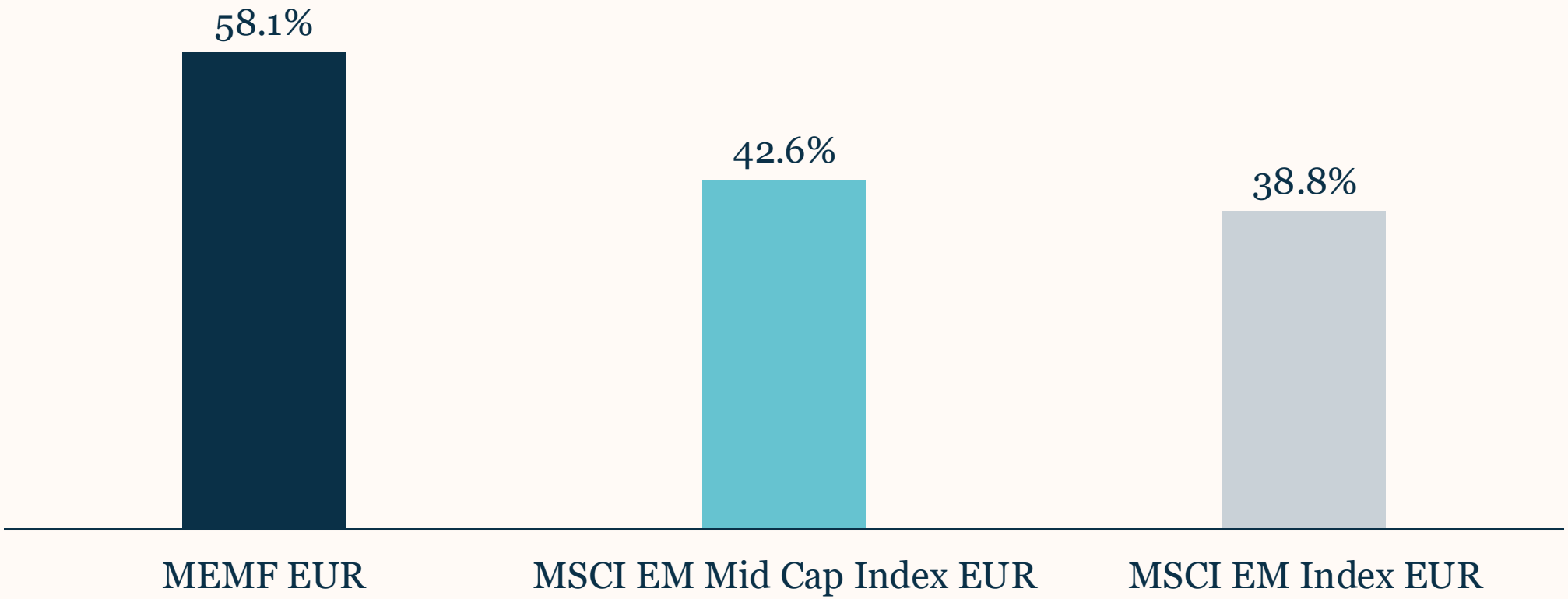
MEMF return vs. VIX Index since inception



Source: Bloomberg, MCP
*24 September (MEMF)
Figures refer to past performance. Past performance is not a reliable indicator for future performance.

As of 28 February 2025

Strong Returns Since Inception



MEMF Inception: 24 September 2018; Private C EUR Founders

Our Universe – Global Emerging and Frontier Markets

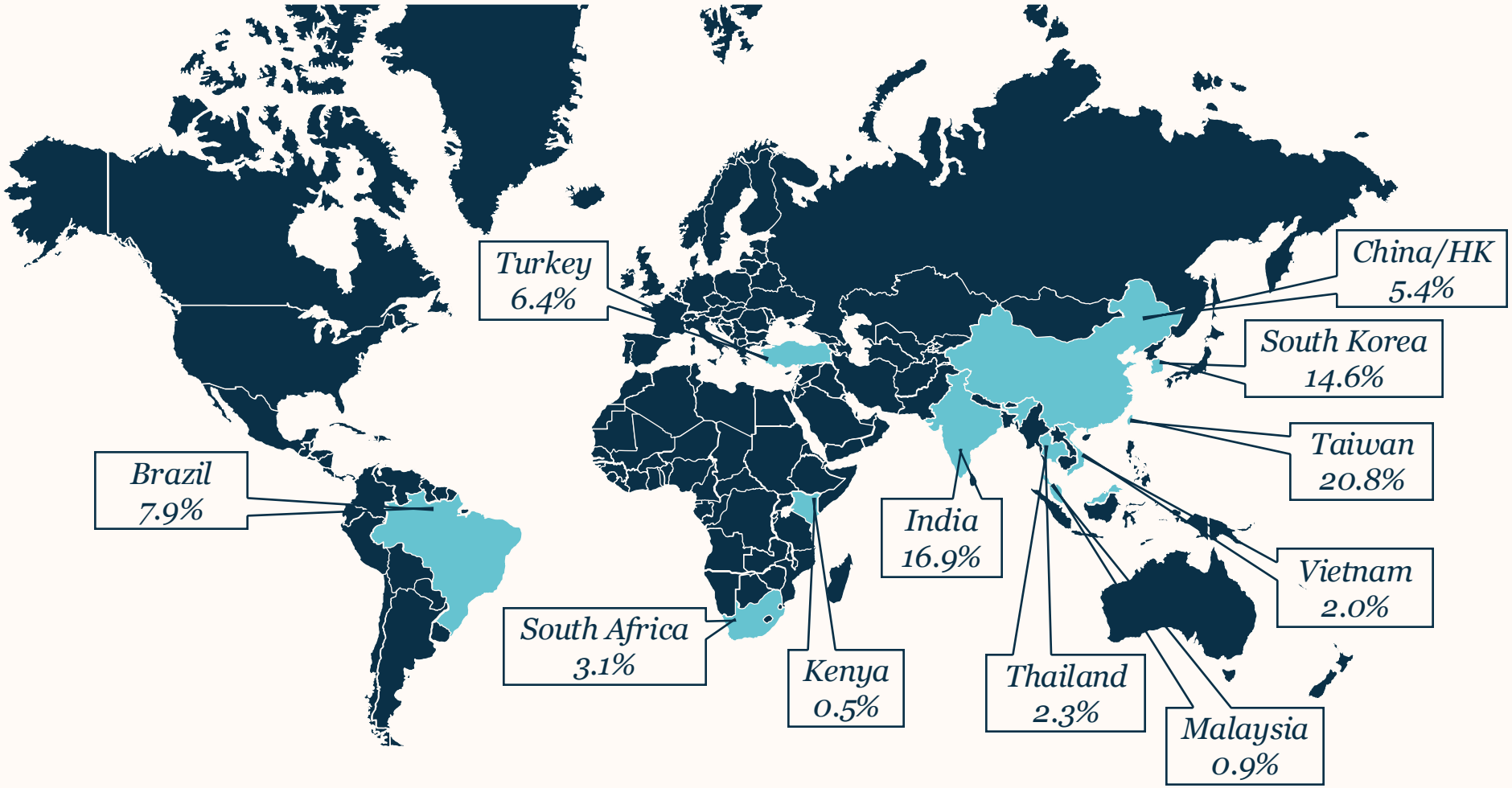
MCP finds the most interesting opportunities in Asia

Region
Global EM & FM
40,800 stocks

Market Cap
$500m - $10bn
11,400 stocks

ADTV (3m)
>$1m
8,500 stocks

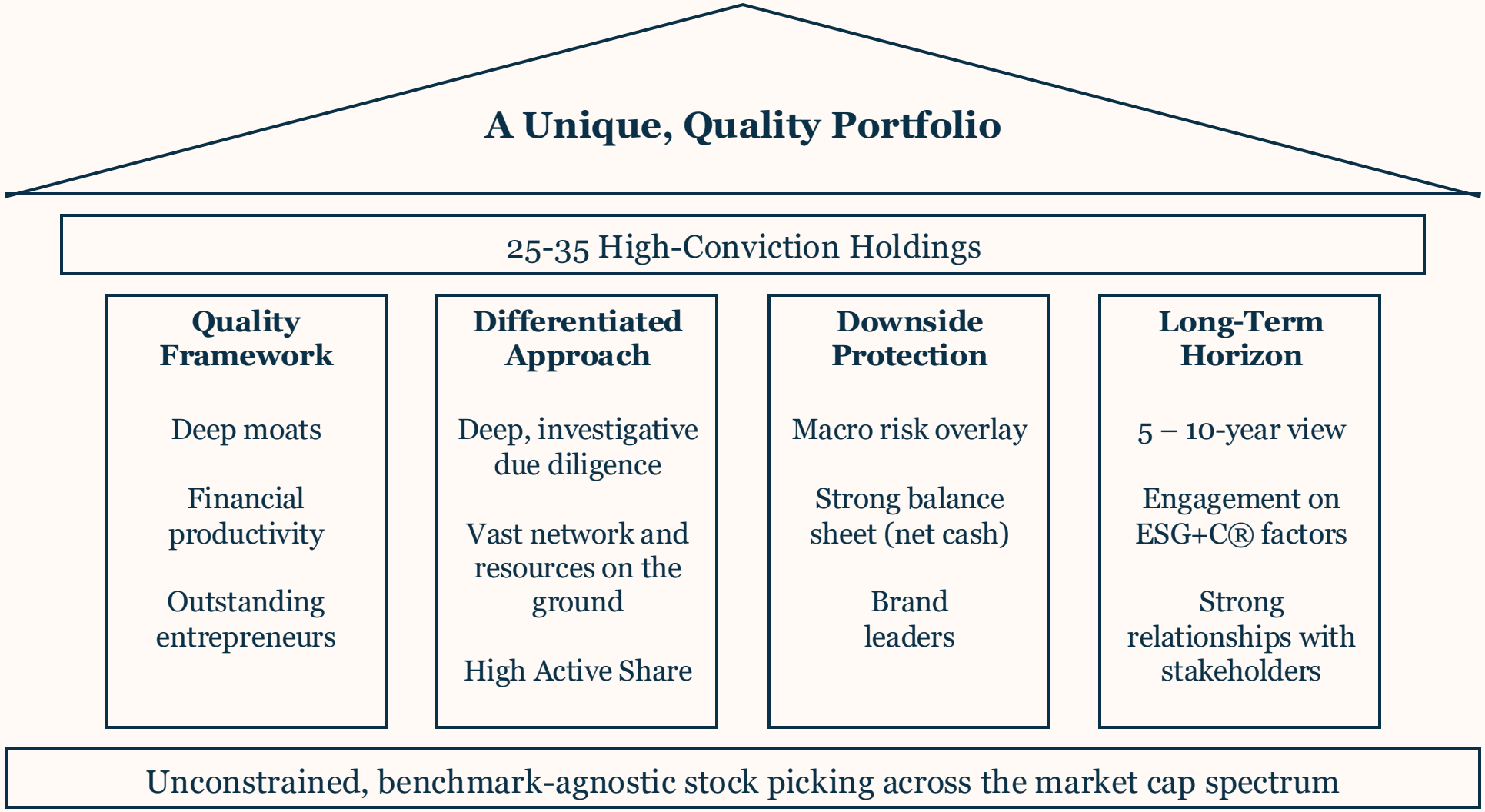
Sector Exclusion
"Sin sectors"
6,900 stocks



Source: Bloomberg, MCP, Bing
Allocation as of 28 February 2025, excl. US (9.0%) and Cash (10.2%)

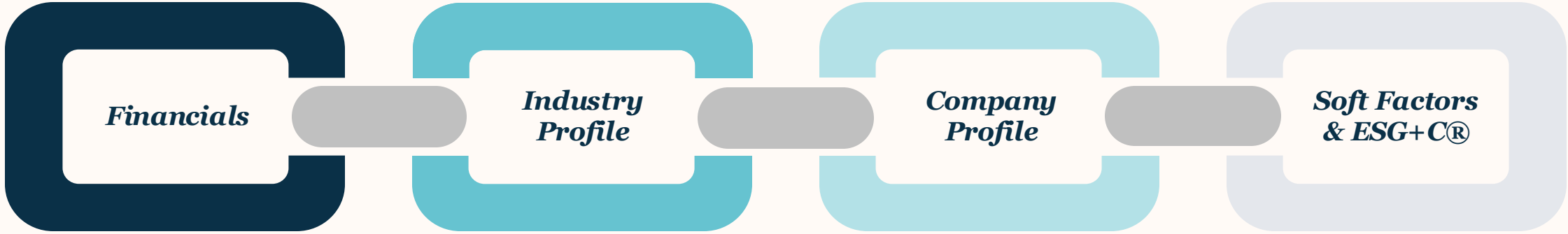
Active Investing in EM

Investment Philosophy



Source: MCP

What Does an MCP Stock Look Like?



Quality criteria

- Strong balance sheets (net cash) with strong returns on capital
- Profit Growth and increasing dividends
- Margin leaders

Top-down factors

- Expanding industry profit pools
- Benign regulatory and macro environment
- Control of profitability levers
- Industries with barriers to entry

Deep moats

- Sustainable competitive advantages
- Brand leaders with a diversified, sticky customer base
- Innovative business models
- Preference for disruptors

Governance & Culture

- Reputable entrepreneurs and strong capital allocation track record
- Well-aligned and incentivised workforce
- Independent, diverse boards
- Management transparency

Source: MCP

MCP Targets Lesser-Known, Innovative EM Companies

	Top 10 Holdings	Country	Sector	Weight (%)	Market Cap (USDm)	Earnings Growth '24 (%)	Earnings Growth '25 (%)	Net Debt / EBITDA
1	Classys	Korea	Health Care	6.7	2.8	32.1	39.5	-0.4
2	Yum China	China	C. Discretionary	5.4	18.6	10.3	9.7	0.3
3	Elite Material	Taiwan	Technology	5.2	6.6	74.4	41.5	0.2
4	Park Systems	Korea	Technology	5.1	1.0	59.6	25.4	-1.0
5	TOTVS	Brazil	Technology	5.1	3.6	32.5	17.8	-0.2
6	EPAM Systems	USA	Technology	4.9	11.7	5.4	33.3	-1.7
7	360 One	India	Financials	4.4	4.4	35.4	15.1	6.8
8	Mercado Libre	USA	C. Discretionary	4.1	10.8	25.2	40.6	-0.1
9	Persistent Systems	India	Technology	3.9	9.4	26.1	29.2	-0.5
10	Chroma ATE	Taiwan	Technology	3.8	4.4	30.3	33.9	0.0

Source: Bloomberg, MCP, DZ Bank, As of 28 February 2025
*Country of listing

Company Examples

CLASSYS is a leader for nonsurgical painless fat reduction instruments and fat freezing fat reduction instruments, with a global market share 30% that is expected to grow over the long-term.

Country	Sector
KOR	Health Care
Weight	**Market Cap**
6.7%	$2.8bn
Invested	**Contribution to Return**
Q1 2022	+10.4%

E Ink is an electronic display technology company and the clear market leader in the e paper/ e ink market with an estimated market share close to 100% protected by a patent.

Country	Sector
TWN	Hardware
Weight	**Market Cap**
3.2%	$9.6bn
Invested	**Contribution to Return**
Q2 2022	+1.8%

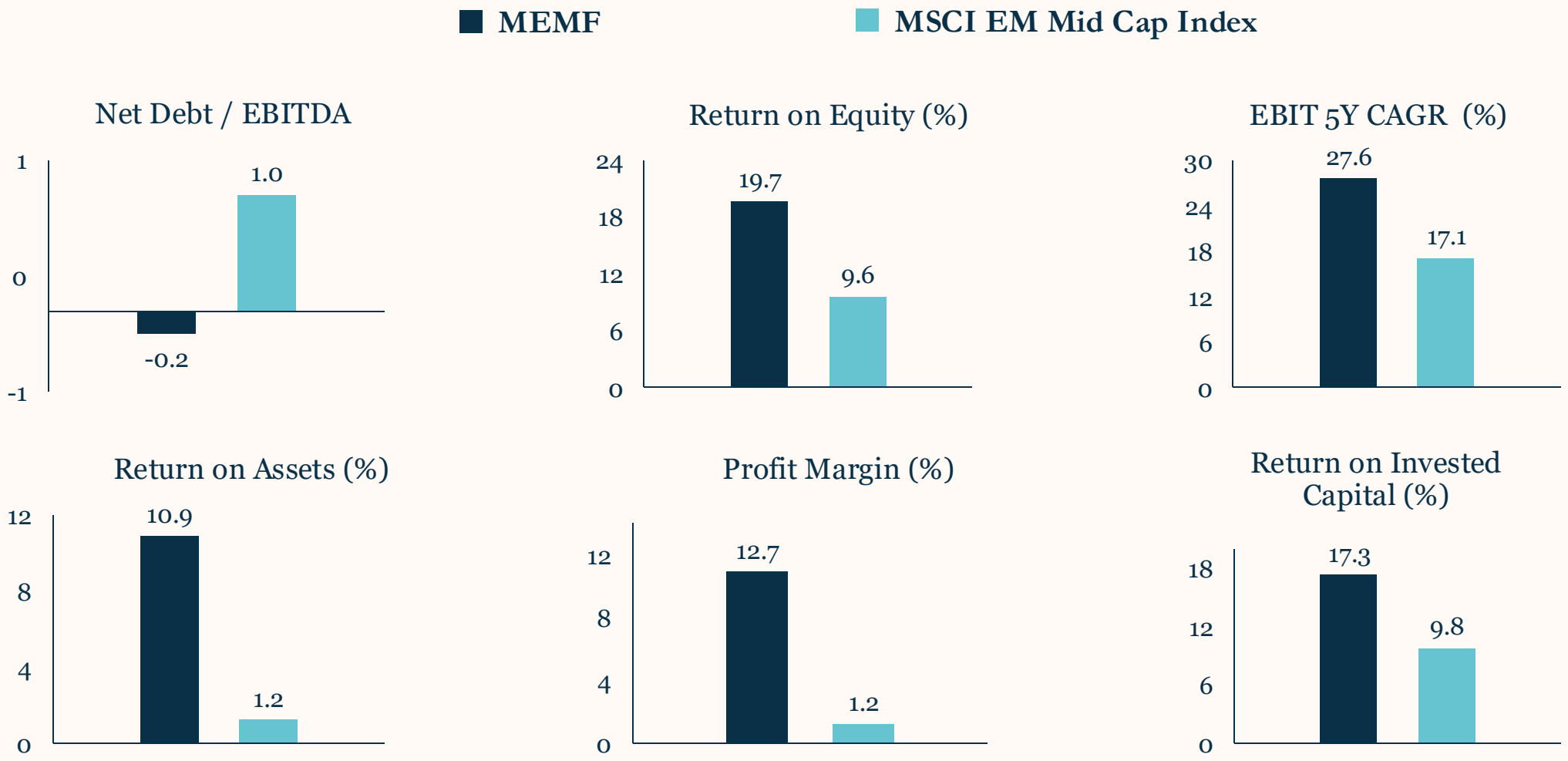
KPIT is a global leader in software-defined vehicle development, enabling the automotive and mobility ecosystem to leapfrog toward a cleaner, smarter, and safer future.

Country	Sector
IND	IT Services
Weight	**Market Cap**
3.1%	$3.8bn
Invested	**Contribution to Return**
Q1 2025	-0.6%

Source: Bloomberg, MCP, Classys, E Ink, KPIT
Contribution to Return since inception in EUR; as of 28 February 2025. Portfolio allocation may vary over time. Figures refer to past performance. Past performance is not a guide to future performance.

Portfolio Characteristics

As of 28 February 2025



Source: Bloomberg
All figures Portfolio/Index averages in USD as of 28 February 2025.
Portfolio data is based on available data for portfolio companies

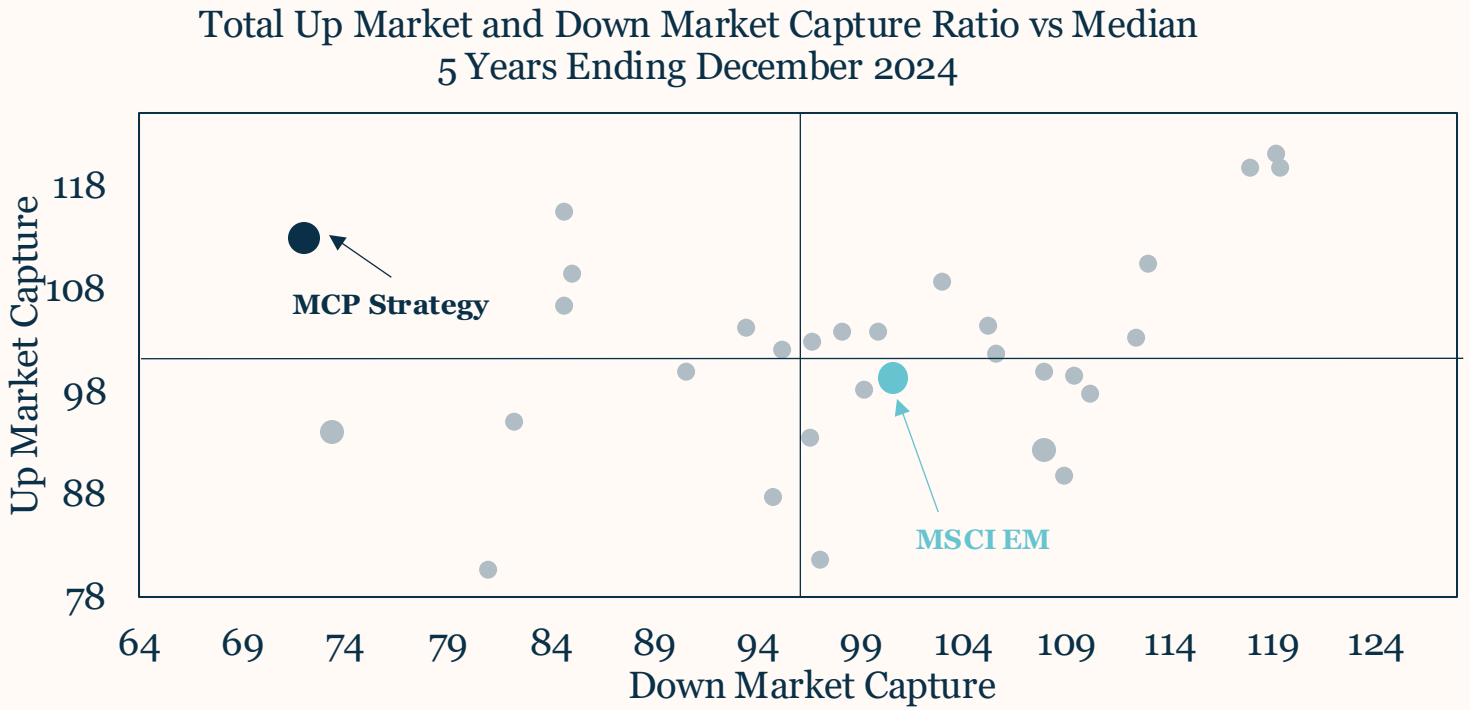
Performance

As of 28 February 2025

	1Y	2Y	3Y	5Y	Since inception*
MEMF Private C EUR Founder	4.9%	19.2%	5.5%	53.6%	58.1%
MSCI EM Mid Cap Index Net TR EUR	7.5%	18.3%	11.4%	40.9%	42.6%
Outperformance	(2.6%)	0.9%	(5.9%)	12.7%	15.5%

Source: DZ Bank, Bloomberg
*24 September 2018

MCP Strategy Excels in Up- and Stays Resilient in Down Markets

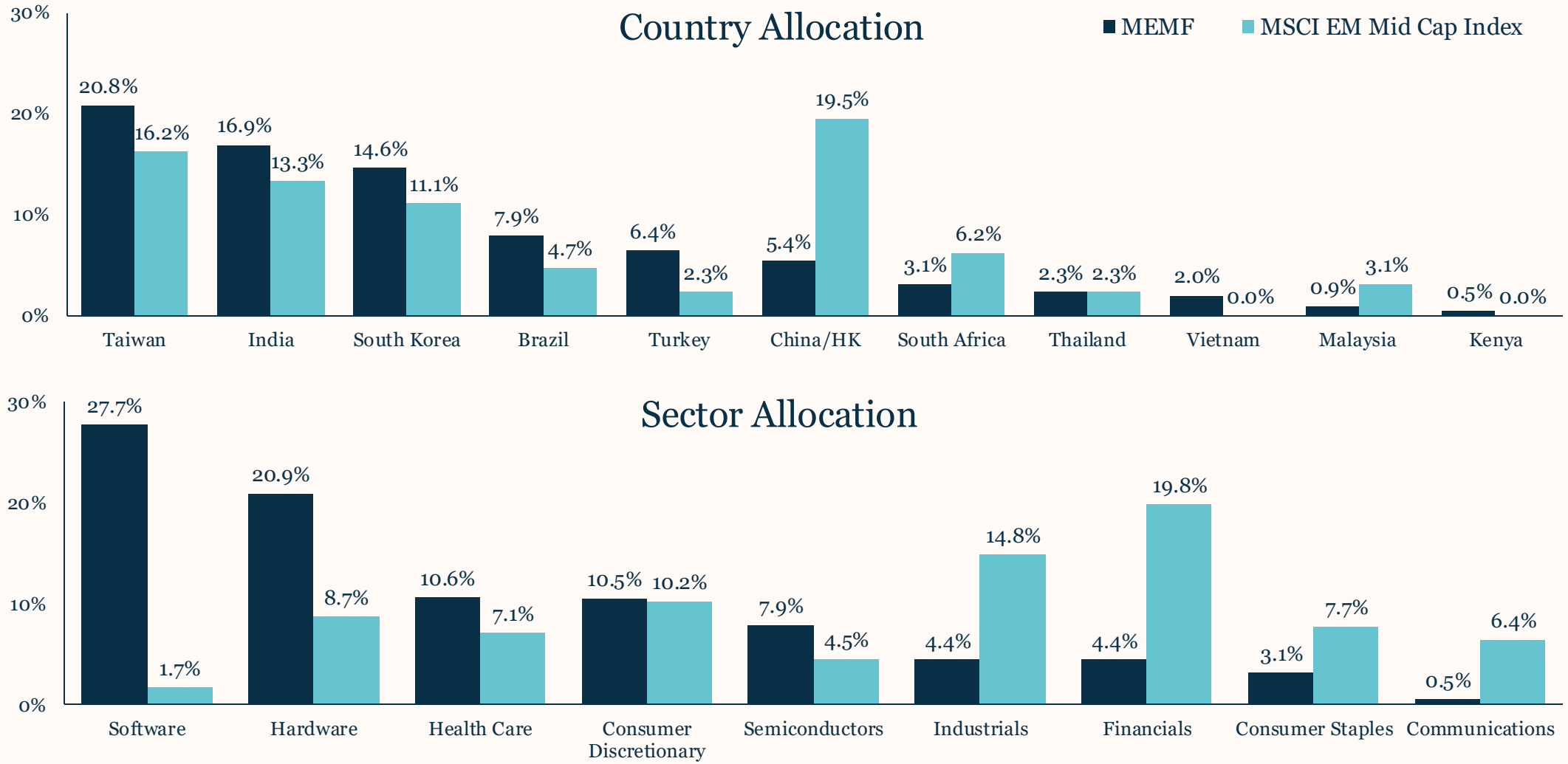


	Up Market Capture	Down Market Capture
MCP Strategy	113.98	72.58
MSCI EM	100.00	100.00
Median	102.16	96.34

Source: InterSec Research, as of 31 December 2024.
MCP strategy performance analysis based on USD returns, compared to the MSCI Emerging Markets Index and global universe of 97 EM equity managers. Dark blue dot = MCP Strategy, light blue dot = Index.

Country/Sector Allocation

As of 28 February 2025



Source: Bloomberg, MCP
Others (MEMF): Cash (10.2%), US (9.0%). China incl. HK, Industrials incl. materials

MCP's Intense On-The-Ground Research

Q2 2024 Taiwan & Greater China

Q3 2024 HK & Vietnam

Q1 2025 South Korea

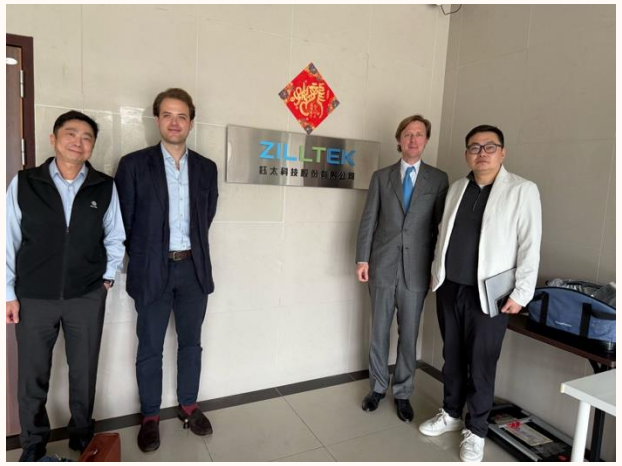
Q2 2024 SE Asia

Q3&4 2024 & Q1 2025 India

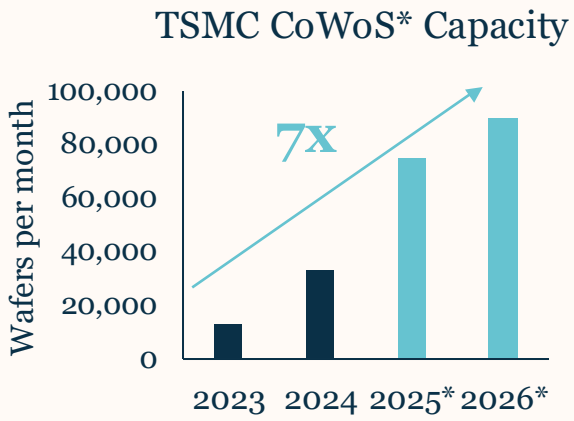
Q1 2025 Taiwan

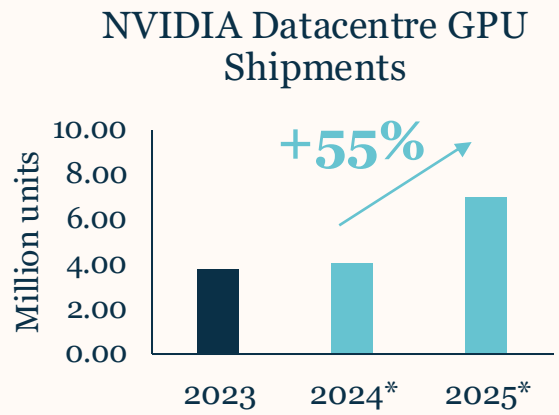
Source: MCP

Meeting Companies and Experts Taiwan



Key catalysts for the sector – TSMC & NVIDIA





30 company meetings

- All 7 of MCP's Taiwanese holdings
- Foundries
- IC design houses, incl. ASIC
- Silicon IP
- Server assemblers
- Material & component manufacturers
- Private companies looking to IPO soon

Conversations with

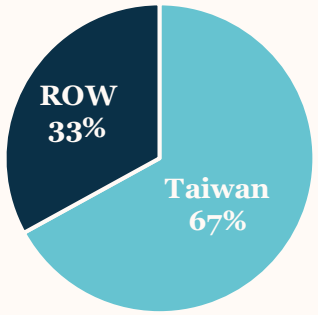
- Semiconductor analysts from 3 sell-side houses
- An independent researcher covering Taiwan technology
- A senior strategy executive at Taiwan's leading fabless company
- A serial entrepreneur in the local semiconductor ecosystem
- A high-ranking policy official

Source: MCP, Mizuho, CLSA
*chip on wafer on substrate

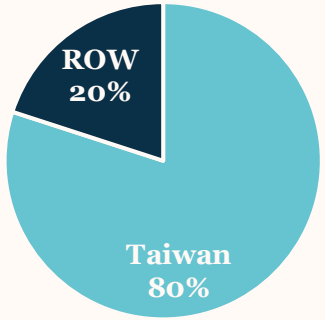
The Silicon Shield: Technology Leadership

*"Taiwan's **dominant position** in the global semiconductor industry, particularly companies like **TSMC**, acts as a **deterrent to a Chinese invasion**, as disrupting this supply chain would have **severe global economic consequences**."*

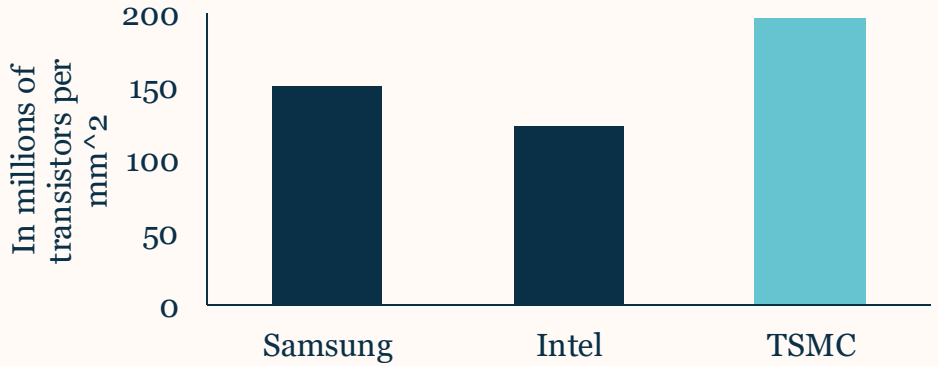
% Share of Global Chip Production



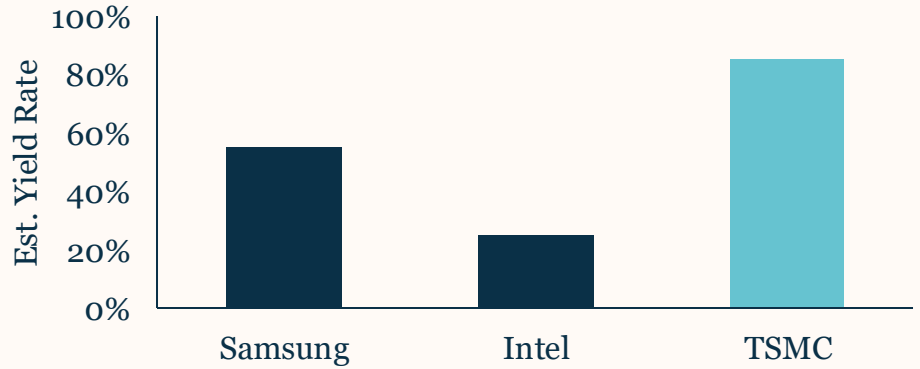
% Share of Leading-Edge Chip Production



TSMC – Transistor Density vs. Peers



TSMC – Yield Rates vs. Peers



tsmc

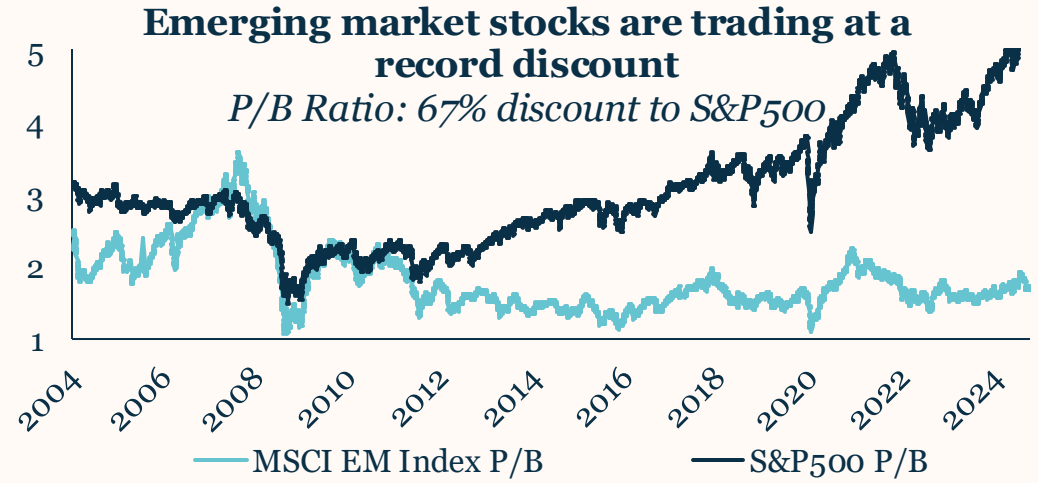
Customers

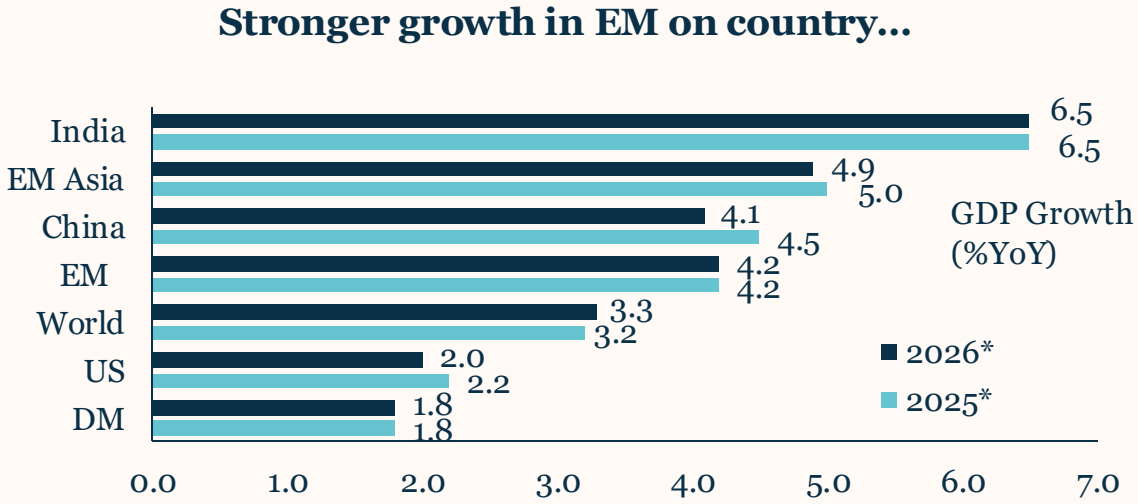
Apple
NVIDIA
AMD
Qualcomm
MEDIATEK
intel
BROADCOM

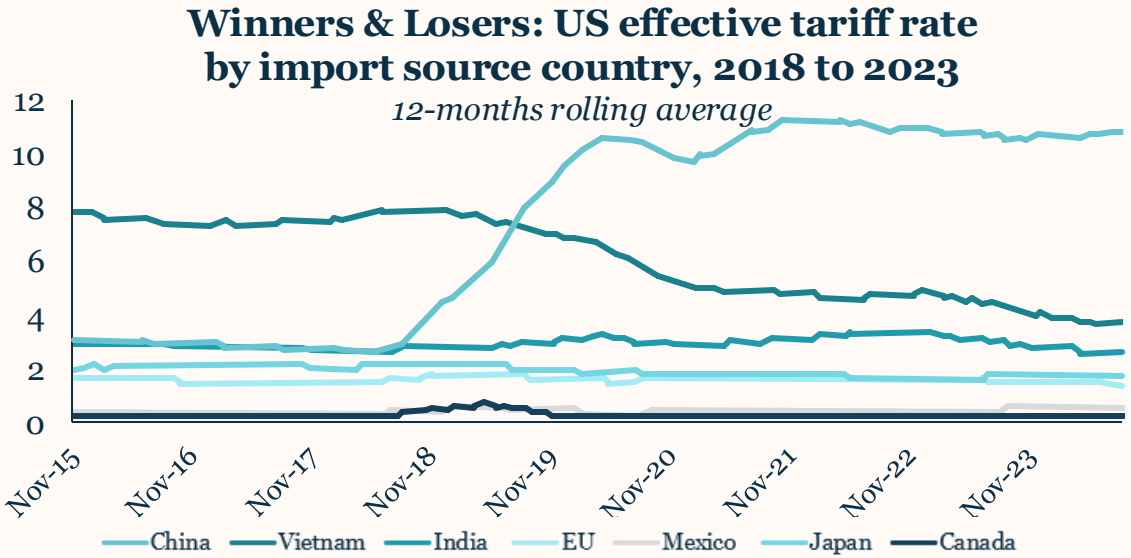
Source: Statista, Harding Loevner, news sources, MCP Research.
Transistor density and yield rate comparison based on TSMC N3E, Intel 18A, and Samsung SF3E nodes.
Leading edge defined as EUV-enabled processes.

Outlook

Strong Indicators Support EM, Even Amid U.S. Policy Shifts

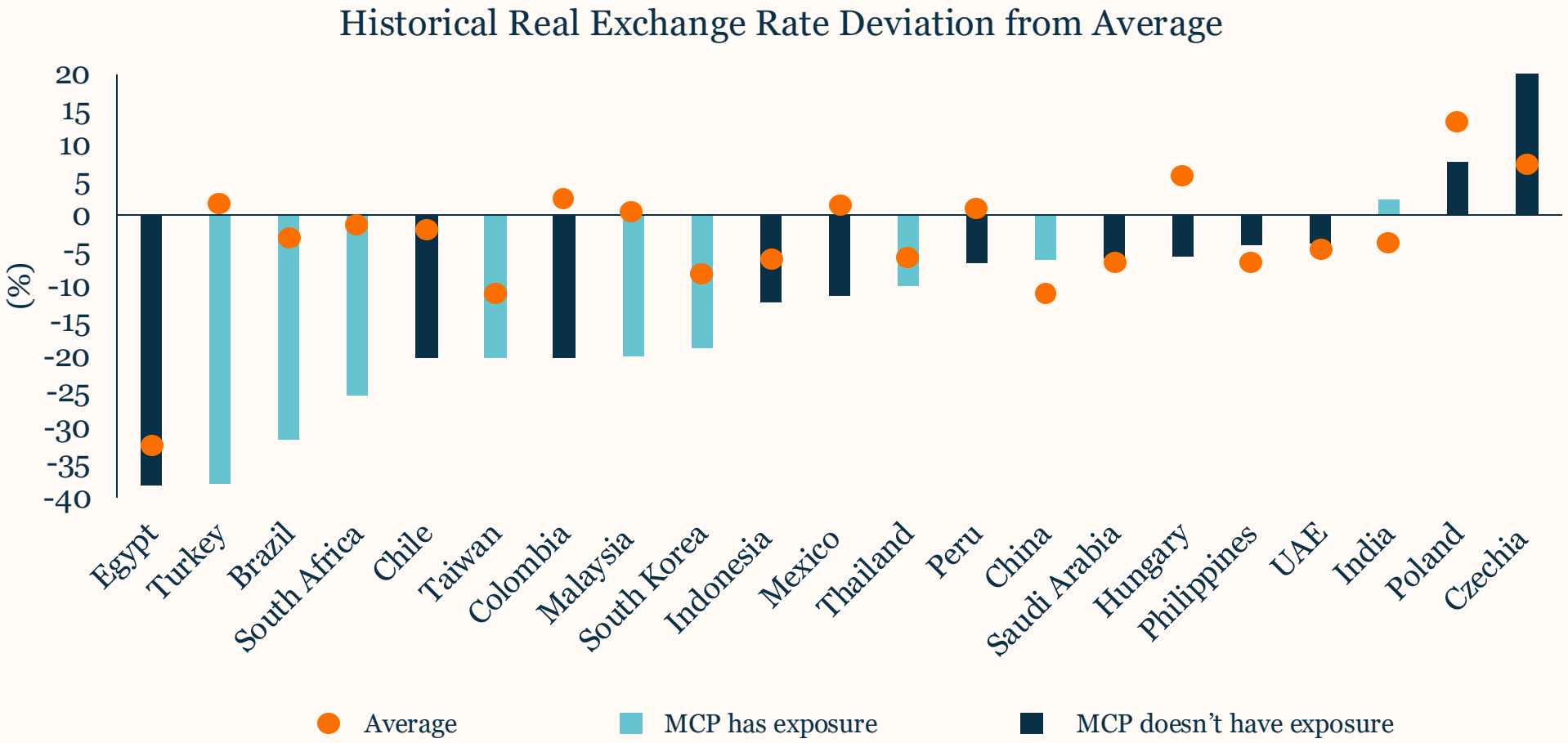






Source: Bloomberg, MCP, IMF WEO October 2024 Update, local central bank sources.
Annual interest rates as of the end of March of each year, 2024 Year End refers to December 2024. As of 28 February 2025

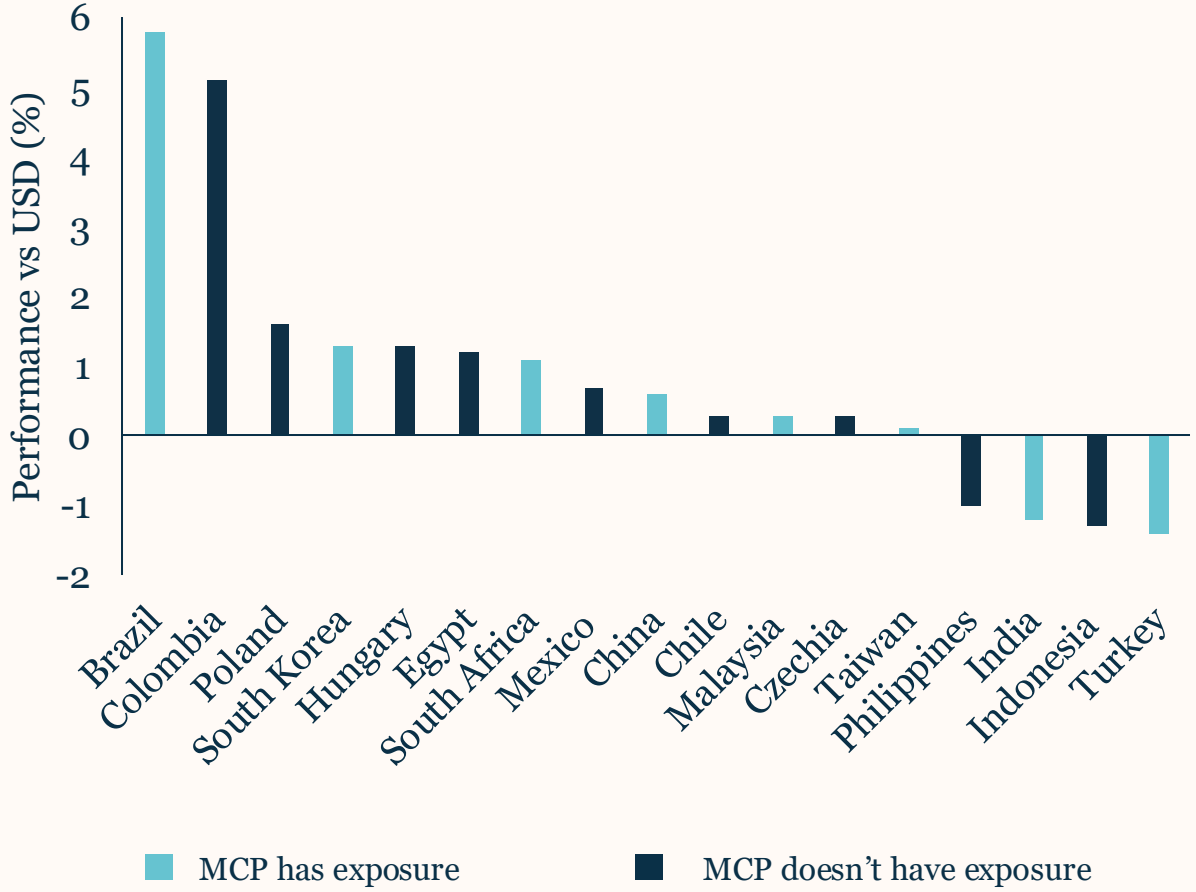
EM Currencies Undervalued, Potential for Re-Rating



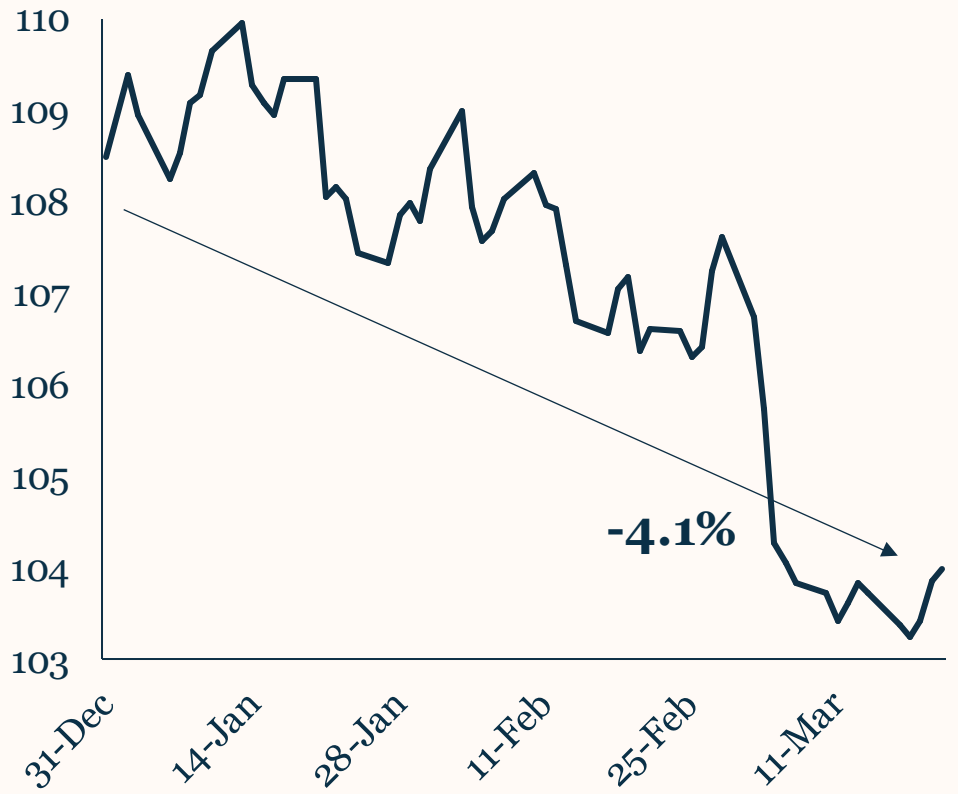
Source: Schroders; average is since January 1995.
As of 30 September 2024

USD is weakening as Trump Trades backfire

Across the board, EM currencies have strengthened against USD in January 2025



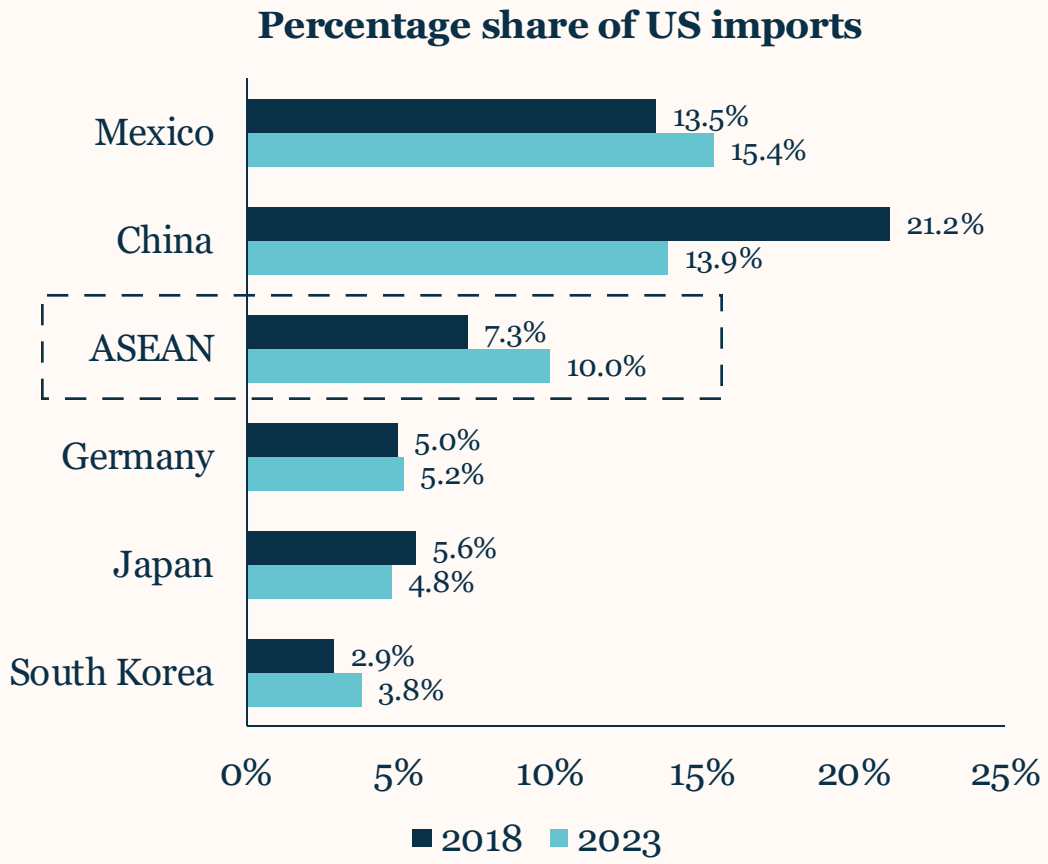
USD Spot Index YTD



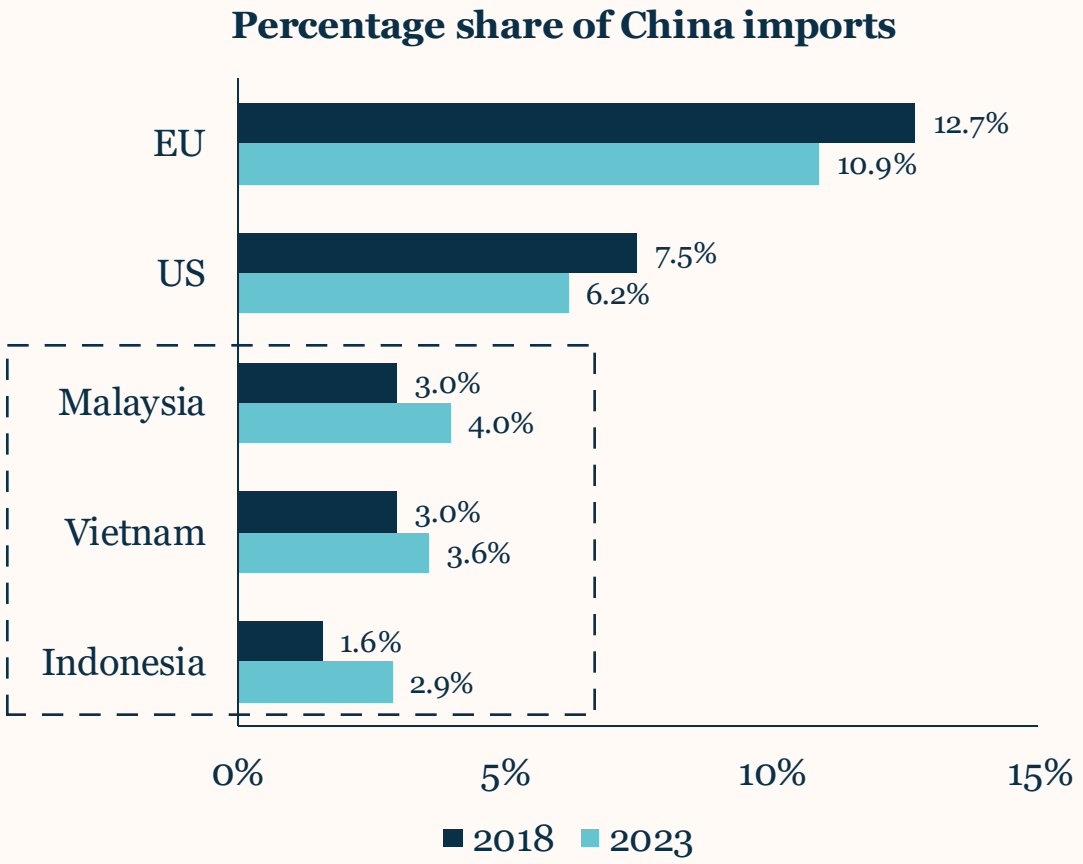
Source: Schroders, Bloomberg
EM currency chart as of 31 January; USD Spot Index as of 21 March 2025

ASEAN Might Be A Winner of Trade War

Share of US imports from China has fallen since the trade war, ASEAN gained visibly…



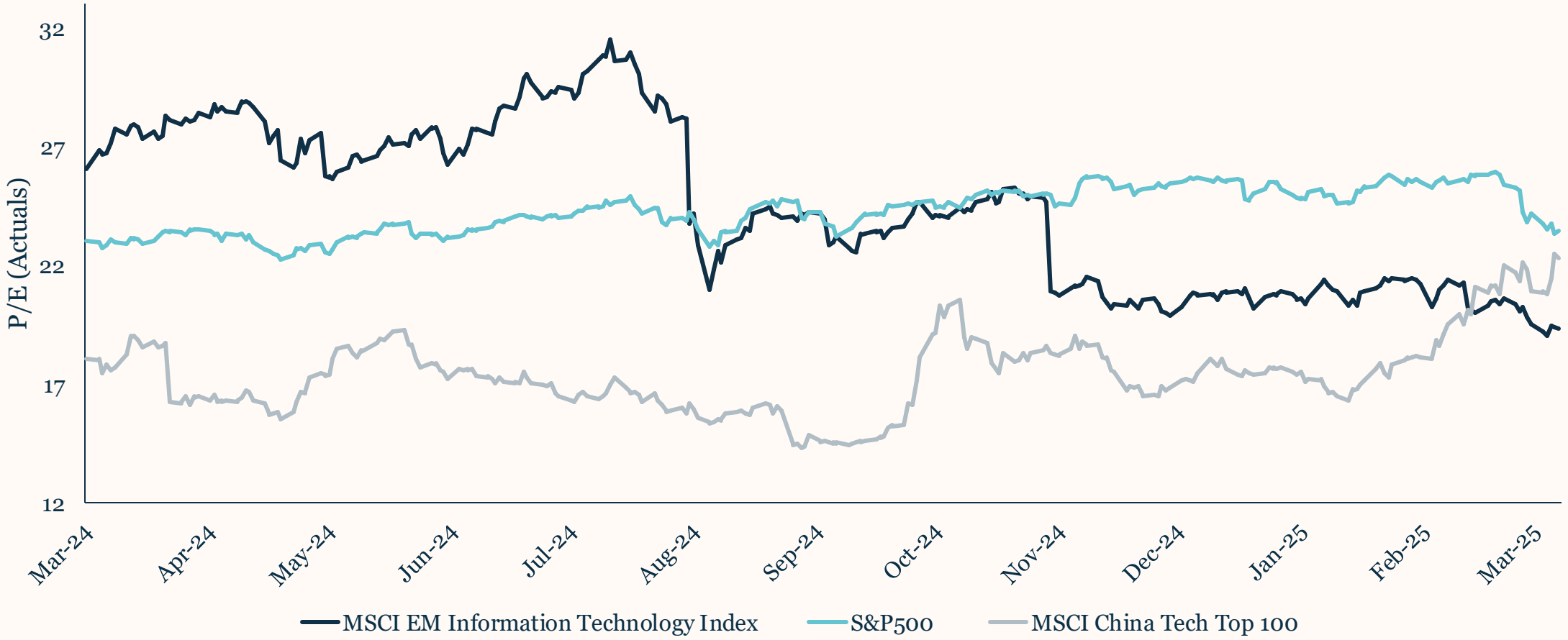
…while China is also increasingly relying on ASEAN nations



Source: Maybank Research, Bloomberg, local sources
As of 31 December 2024

China Bull? Chinese Tech, Already Priced-In

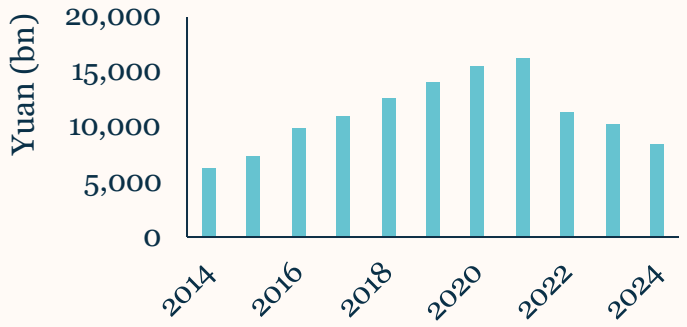
Chinese tech stocks are now trading at >20 P/E limiting further upside potential



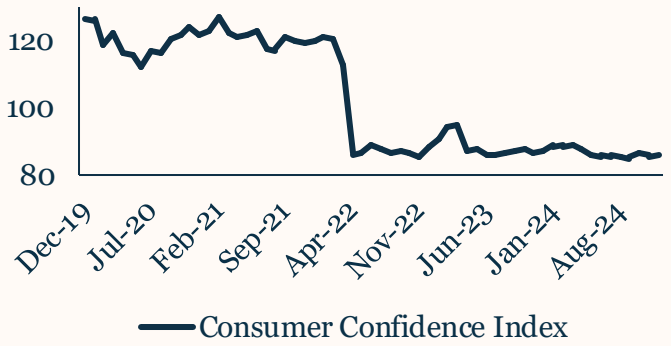
Source: Bloomberg
As of 7 March 2025

Structural Problems Remain in China

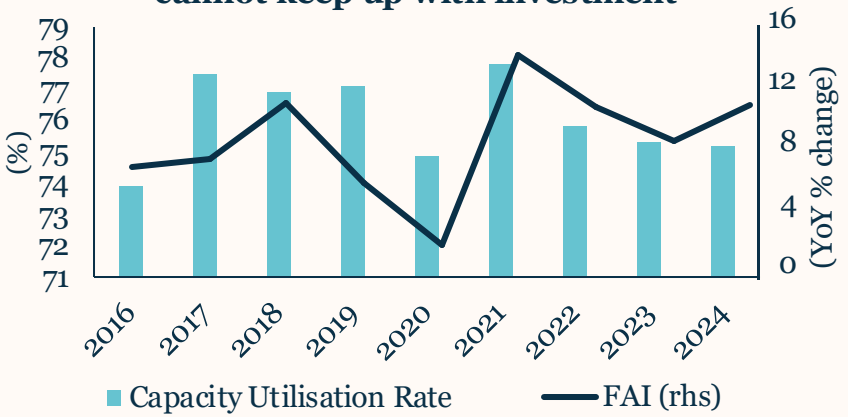
Revenue from residential real estate sold in China



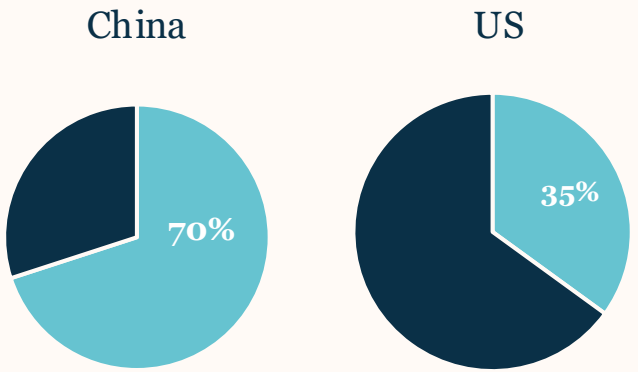
Consumer confidence in China yet to recover from pandemic



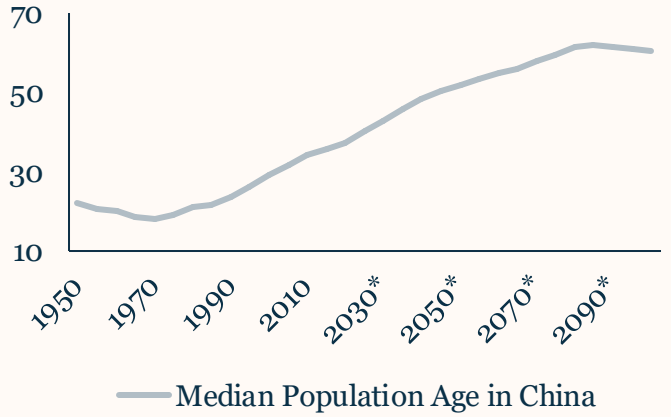
China manufacturing capacity utilisation cannot keep up with investment



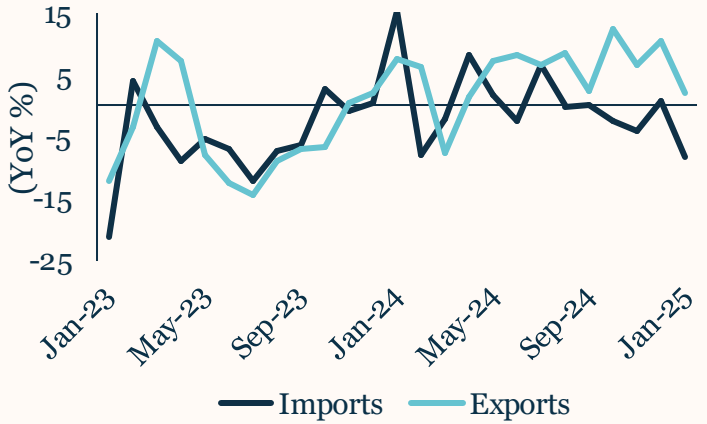
Real Estate as % of Household Wealth



With an aging population



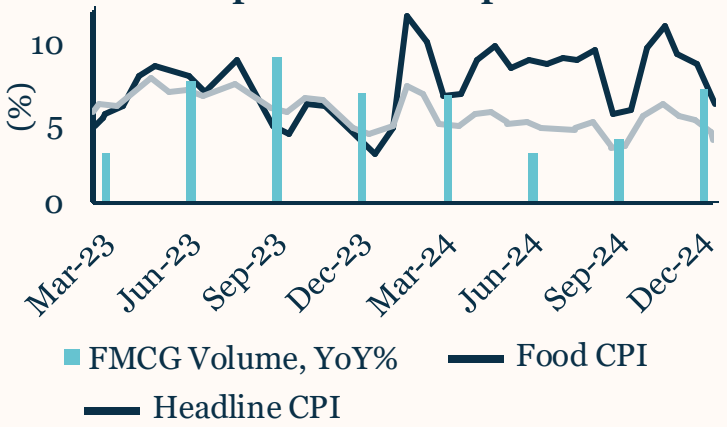
And imports and exports have fallen short of expectations in 2025



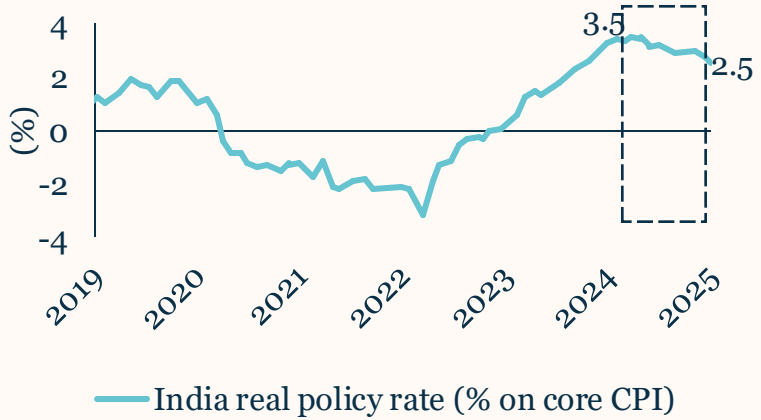
Source: Statista, Trading Economics, Reuters, NBS, China Bull research
* Indicates forecast

A Difficult Start to 2025 for India…

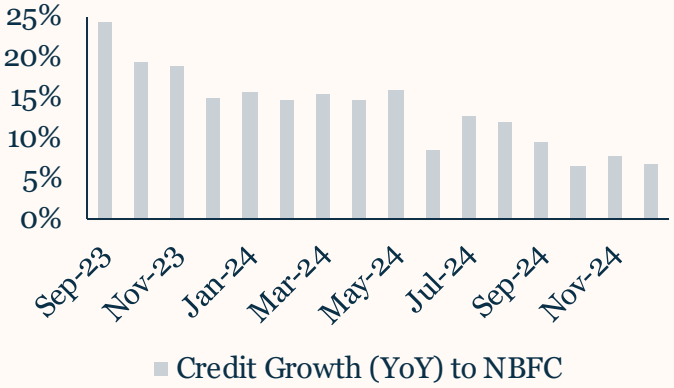
Rising food inflation adversely impacted consumption



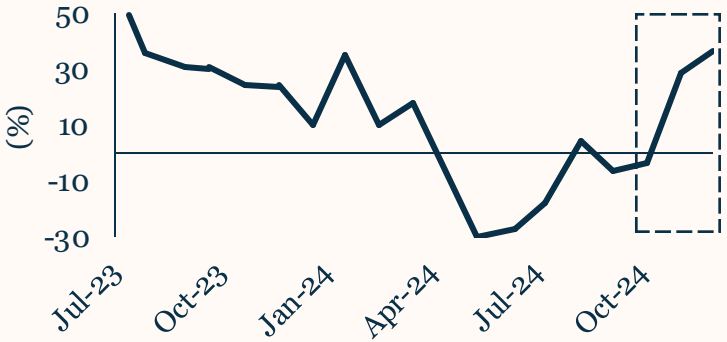
Leading to monetary tightening



And slowdown in banking system credit growth



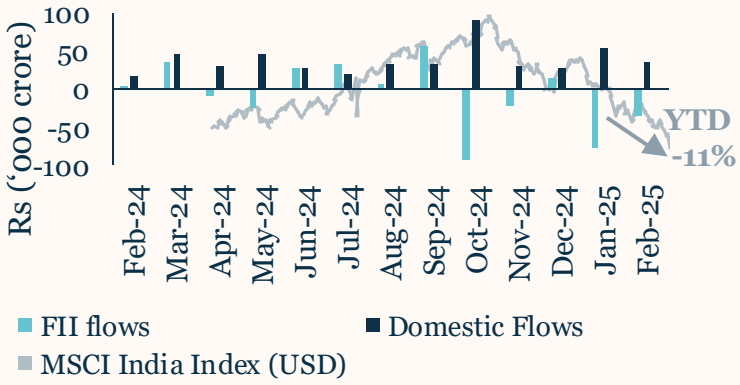
Govt. infra spend moderated after 3 strong years



Capital expenditure (%Y, 3M trailing sum)

Looming threat of US reciprocal tariffs

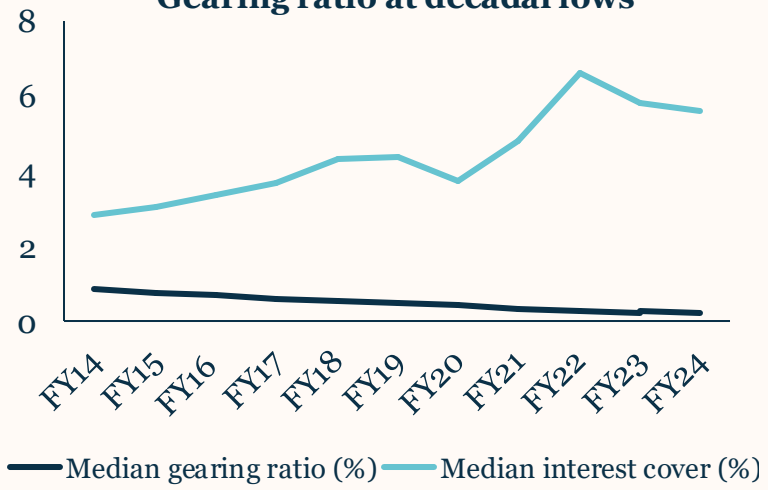
Record $20bn+ FII outflow with slowing domestic flows



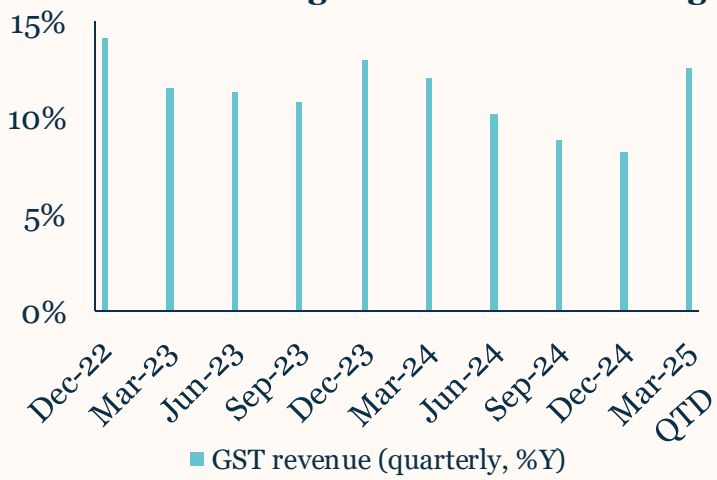
Source: RBI data, Macquarie Research, WITS, Ambit Capital research, I-sec research, ACE MF, Morgan Stanley Research, CEIC

..But We Remain Positive, See Signs Of Recovery

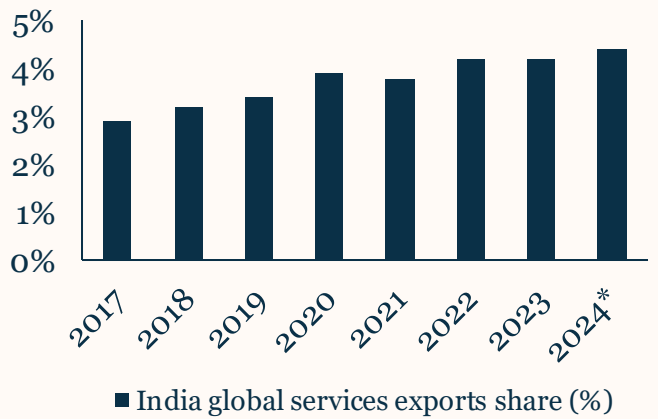
Gearing ratio at decadal lows



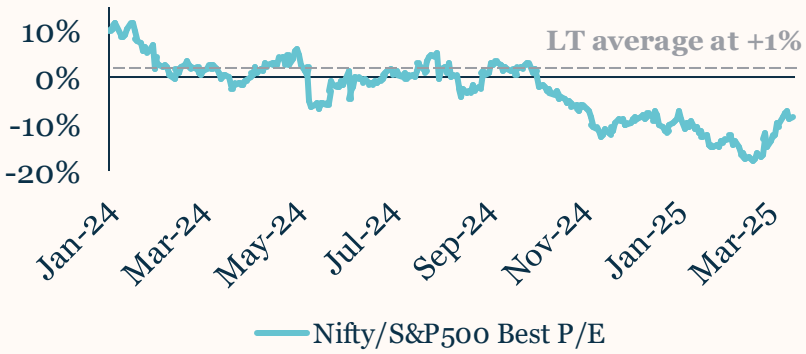
GST revenue growth is reaccelerating



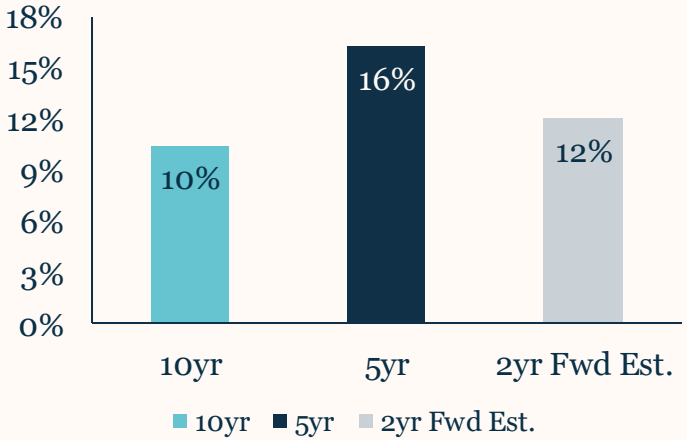
India's global services export share has further risen in 2024



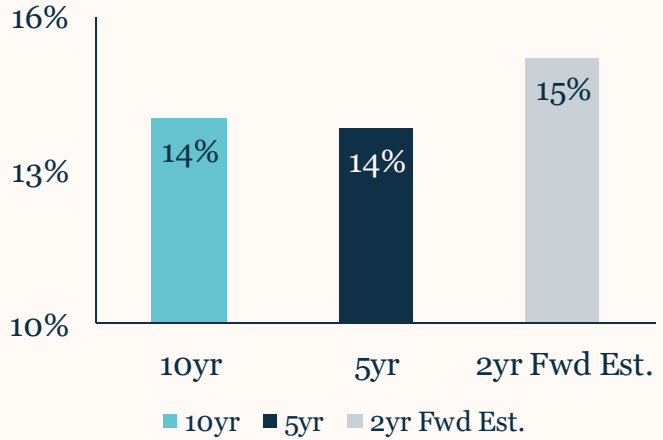
Nifty Prem/Disc to S&P 500
10% premium -> 10% discount



Steady earnings growth expected



With high returns on capital



Source: Bloomberg, Analyst Research, Quantix, Crisil, Morgan Stanley Research,
Gearing ratio based on 811 companies (barring BFSI companies)

Emerging Markets Outlook

While volatility may persist for some time, several key factors support the outlook for emerging markets

Earnings Growth

***Earnings growth** in EMs for 2025 and 2026 is forecasted at **14%** and **13%**, versus **8%** and **11%** in the World**

Higher GDP Growth

***EM GDP** is forecasted at **4.2%** for 2025 and 2026, compared to 2.2% and 2.0% in the US, and 1.6% and 1.7% in the EU.*

Favourable Demographics

*EMs account for **<80% world's population** and set to account for **<50% middle class** by 2030*

Monetary Policy Advantage

*Many EMs are ahead in the monetary easing cycle, improving **consumer sentiment** and **corporate spending**.*

Innovative Leadership

*EMs are leaders in cutting-edge sectors like **AI, 5G,** and **renewable energy***

Attractive Valuations

*MSCI EM Index trades at **43% discount** on a P/E and a **67% discount** on a P/B basis to the S&P500*

Source: Bloomberg, IMF, Thornburg
* EM forecast based on MSCI EM Index, World forecast based on MSCI World Index
As of 28 February 2025

Engagement

Uncovering High-Potential Leaders

"We are not looking for today's sustainability champions but are actively engaging with the sustainability leaders of tomorrow"

Excluded sectors


Genetic engineering


Nuclear energy


Gambling


Fossil fuels


Pornography


Tobacco


Alcohol


Weapons

Focus Areas

Environmental	*Social*	*Governance*	*Culture*	*Capital Allocation*
• *CDP Scores* • *Environmental Targets*	• *SDG Contribution* • *Employee Training*	• *Female Leadership* • *GRI Compliance* • *Board Independence*	• *Share Options* • *Glassdoor Scores* • *Employee Benefits*	• *High ROIC* • *Debt Service Metrics* • *Balance Sheet Quality*

Blended Process

Investment Process: Integration in Research Process	*Portfolio Monitoring: Active Ownership*
Material ESG factors are integrated both quantitatively and qualitatively into our investment process.	Engaging constructively with companies on ESG+C® factors to assist them to become leaders within their sector.

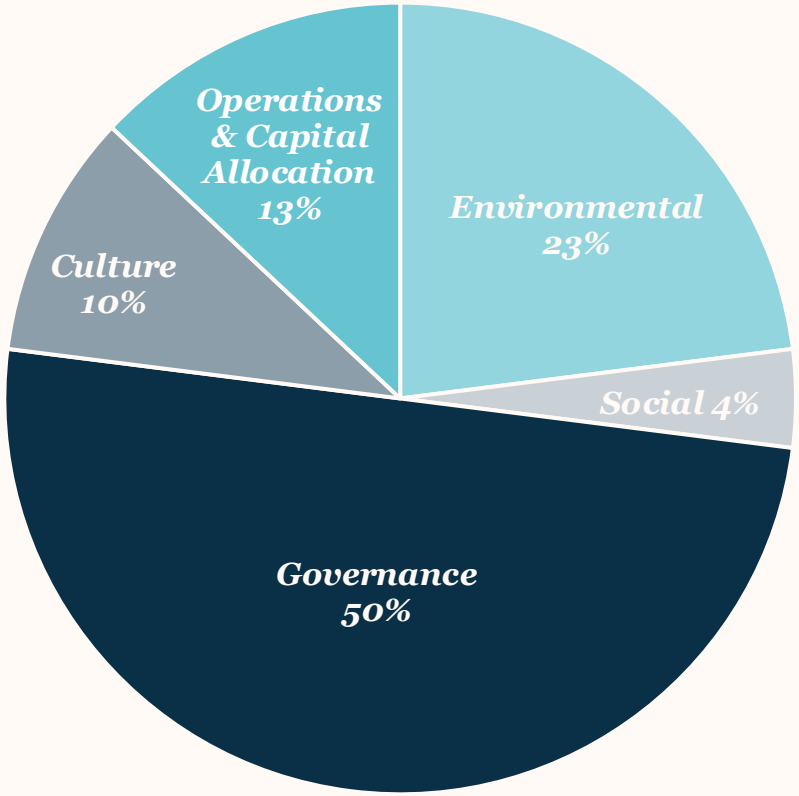
Given the limited data available in our investment universe, our unique approach relies on proprietary and customised research. With a focus on materiality, we compare companies while taking into account local customs and regulations. This distinctive methodology provides a nuanced and tailored understanding of companies that goes beyond standardised ratings.

Source: MCP

Engagement Summary

Points raised since Inception

189 Ongoing Engagement Points



Engagement Highlights

Vinamilk was recognised as a leader in sustainability, ranking in the top 5 in the dairy industry globally according to Brand Finance.

Safaricom joined the UN Global Compact's Forward Faster initiative, which aims to accelerate private sector action to deliver on the 17 SDGs and meet the 2030 Agenda.

Elite Material published a sustainability report compliant with GRI (Global Reporting Initiative) standards.

EPAM Systems has been recognised as a 'Best Place to Work' by Glassdoor and boasts a score of 4.1/5.

Persistent Systems appointed Anjali Joshi, with 13 years of experience at Google, as a new independent director. **APL Apollo** also added two new independent board members.

400+

Engagement letters sent to portfolio companies

2/week

Update calls & meetings with portfolio companies

3/week

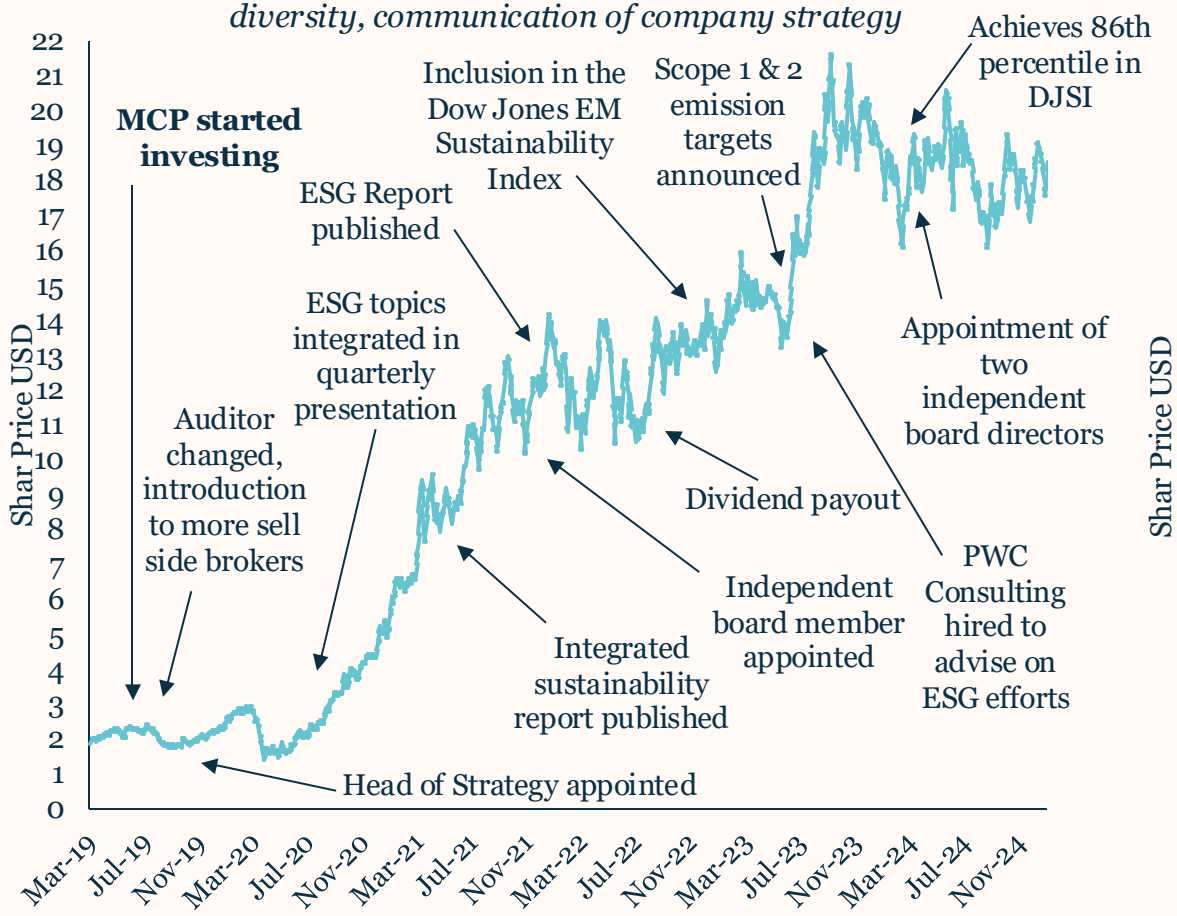
Introductory calls/meetings with pipeline companies

Source: MCP, Vinamilk, Safaricom, Elite Materials, EPAM, Persistent
As of Q4 2024

Engagement – What Worked and What Didn't

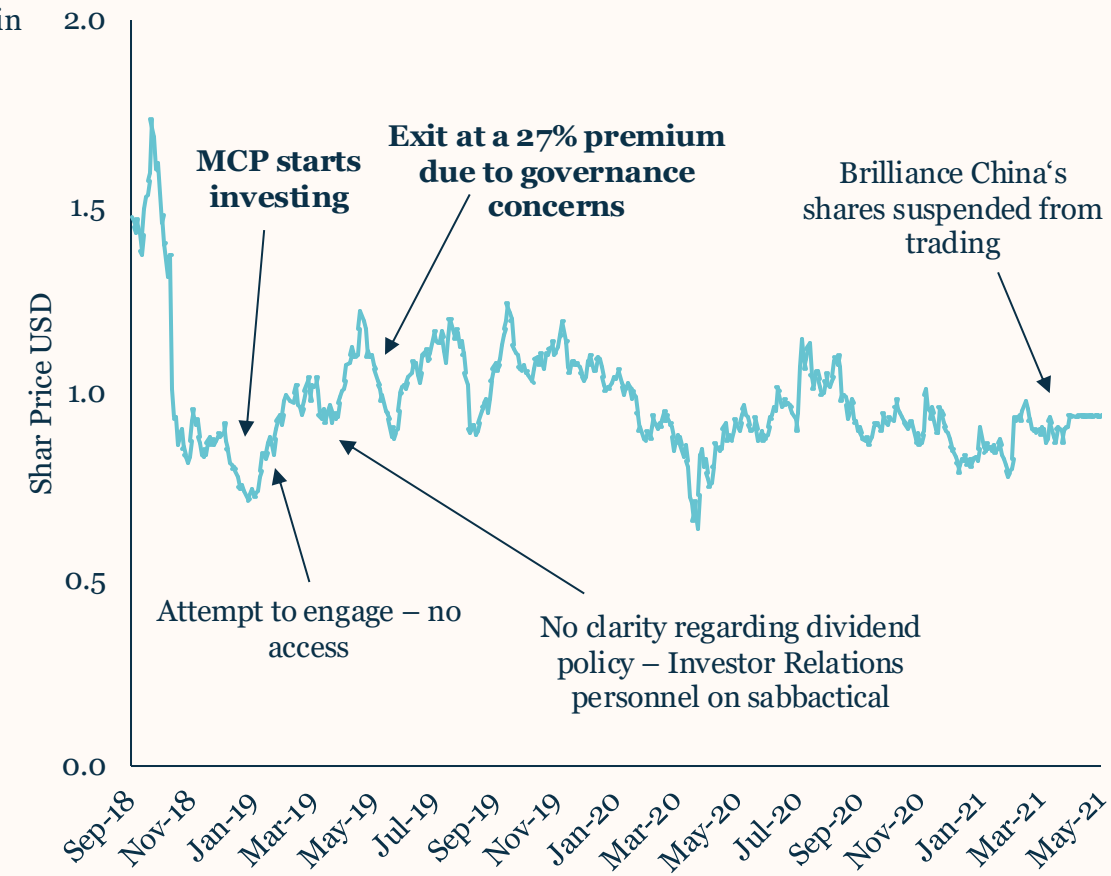
What worked: APL Apollo

Engagement Plan: ESG reporting and targets, improving IR, board diversity, communication of company strategy



What didn't work: Brilliance China

Engagement Plan: Improving IR, clarity around dividend policy, improve branding and communication



Source: S&P Capital IQ, MCP
As of 31 December 2024

Appendix

MEMF – Share Classes

Share Class	ISIN	Management Fee	Performance Fee
Private C USD Founder	LU1846740923	Up to 0.80%	15%*
Private C EUR Founder	LU1851963725	Up to 0.80%	15%*
Inst C USD	LU1846740766	Up to 1.00%	15%*
Inst Relative Performance Fee C EUR	LU1851963212	Up to 1.00%	20%**
Inst C EUR	LU2423897862	Up to 1.50%	-
Retail D USD	LU1846739750	Up to 1.20%	15%*
Retail D EUR	LU1846739917	Up to 1.20%	15%*
Retail C EUR	LU1846740097	Up to 1.20%	15%*

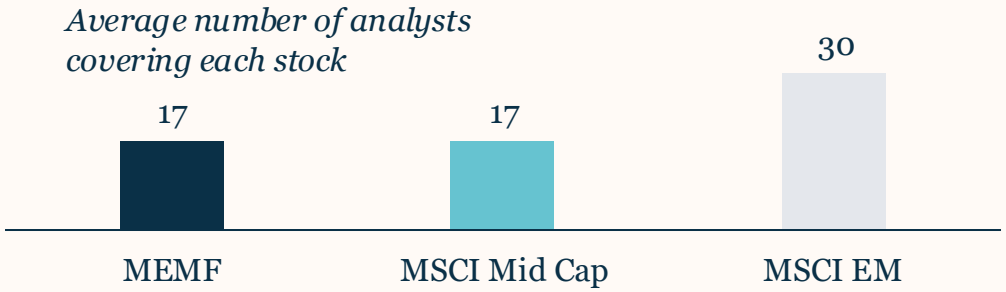
*with hurdle rate at 7%
**above the MSCI EM Mid Cap Index with HWM

Mid Cap Stocks Offer Potential to Generate Stronger Alpha

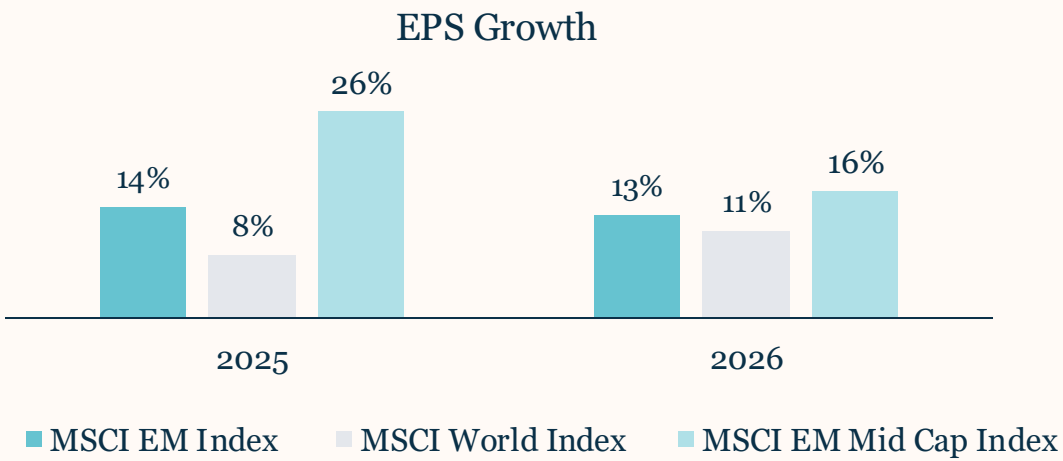
MCP invests in smaller, innovative quality companies that are less discovered by the market

Mid cap stocks offer a broader universe…

…with less analyst coverage…



…and significant growth potential!



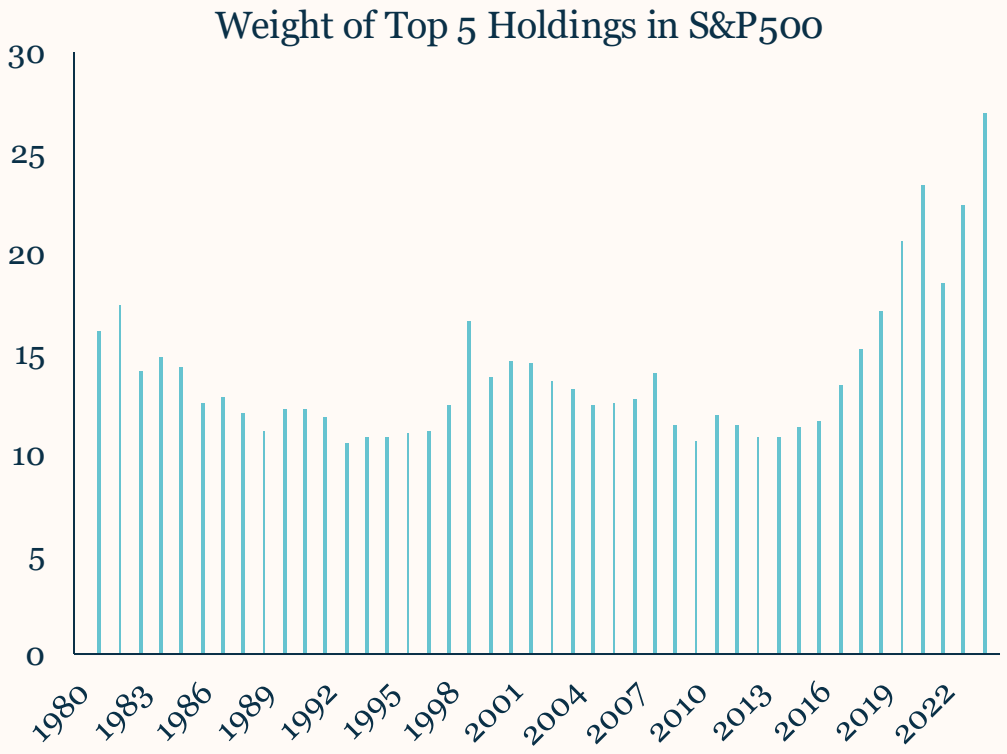
What we like

- *Driven by entrepreneurs and founding families*
- *Flexible business models with a "challenger / disrupter" mentality*
- *Less well owned and understood*
- *Market inefficiencies offer opportunities for active managers to generate alpha*

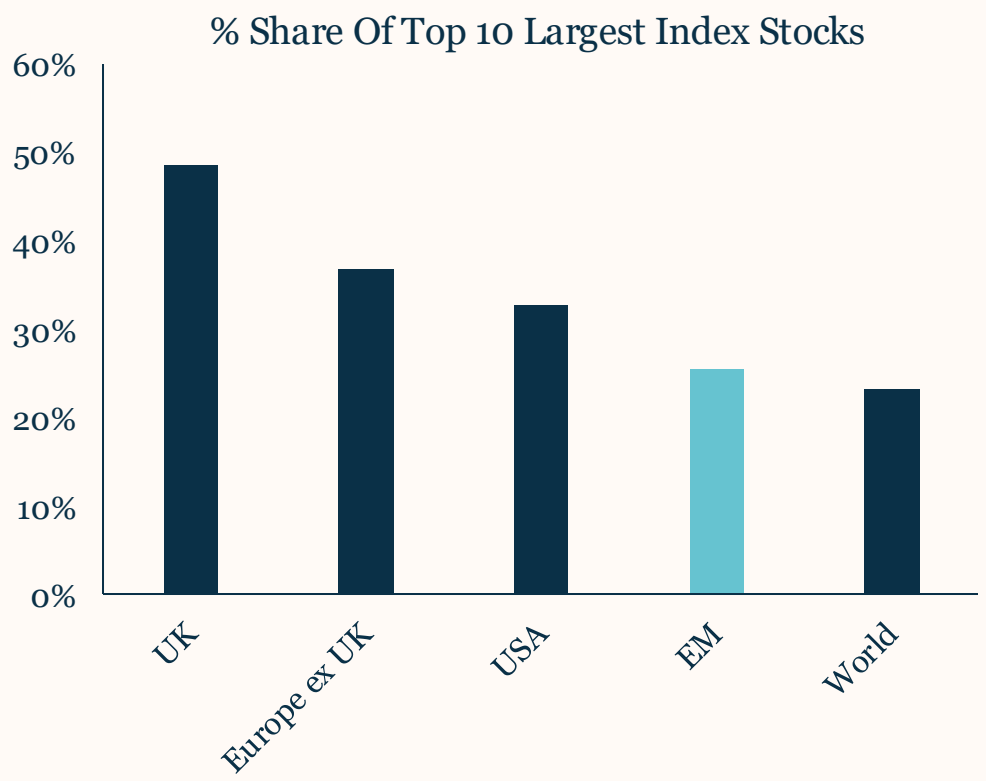
Source: Bloomberg
As of 31 December 2024
Mid cap companies listed / headquartered in global emerging and frontier markets

High Concentration in Equity Markets Calls For Diversification

Concentration of S&P500 at historic levels



Passive EM concentration remains a risk



Source: S&P Dow Jones, Schroders

EM Asset Managers Often Mirror Mega-Cap Index Exposure

There is little diversification between the index and major EM funds

MSCI EM Index 2015	MSCI EM Index 2025	Competitor A	Competitor B
Tencent	TSMC	TSMC	TSMC
Samsung Elec.	Tencent	SK Hynix	Tencent
TSMC	Alibaba	Tencent	Xiaomi
Alibaba	Samsung Elec.	Samsung Elec.	Meituan
China Mobile	HDFC	Naspers	Erste Group Bank
ICBC	Meituan	Meituan	Reliance
China Construction Bk.	Reliance	ICICI	China Construction Bk.
Petrobras	China Construction Bk.	Alibaba	Ping An
Naspers Ltd	PDD	NetEase	MediaTek
Ambev SA	ICICI	Bharti Airtel	Samsung Elec.

Source: Bloomberg
As of 31 January 2025

Performance Attribution – 2024

As of 31 December 2024

By Country

Top 3

Country	Contribution to Return*	Relative Contribution**
Taiwan	6.3%	5.6%
India	5.9%	1.6%
Turkey	4.7%	4.1%

Bottom 3

Country	Contribution to Return*	Relative Contribution**
Brazil	-4.5%	-2.5%
United States	-2.4%	-2.2%
Thailand	-0.5%	-0.4%

By Sector

Top 3

Sector	Contribution to Return*	Relative Contribution**
Information Technology	8.4%	8.6%
Financials	2.9%	-1.4%
Health Care	2.2%	1.3%

Bottom 3

Sector	Contribution to Return*	Relative Contribution**
Consumer Discretionary	-0.8%	-2.7%
Industrials	-0.5%	-2.5%
Materials	0.2%	1.1%

Source: Bloomberg, all figures in % and based on EUR gross returns
*Contribution to MEMF Return, ** Relative Contribution is against the MSCI EM Mid Cap Index EUR
Top/bottom contributors selected according to contribution to MEMF return.

Preferring Companies With Strong Business Moats

	E Ink®	eMemory	Park Systems
Market Position	Near-monopolistic position in the electronic paper market with 90%+ global market share	Global leader in logic-based non-volatile memory (silicon IP) for the semiconductor industry	First company to invent and commercialise atomic force microscopy systems
Business Model	Provides electronic ink/paper for e-readers (e.g. Amazon Kindle), now the technology is being adopted rapidly in ESLs (electronic shelf labels)	Increased adoption of hardware-based security requirements driving licensing/royalty revenues (charged to foundries on a per-wafer basis)	Growing need for surface inspection equipment in advanced semiconductor processes as components and transistors get smaller in size
Moat	Long-term patents, innovation track record and industry relationships (e.g. Walmart, Amazon)	Patents, sophistication and niche nature of the technology, R&D intensity, partnerships with ARM/TSMC	Founder's credibility as inventor of the technology, niche market, semiconductor industry relationships

Source: MCP, company sources, industry research

Risk Overlay

Bottom-Up Stock Selection Through a Risk-Aware Lens

Macroeconomic Dashboard

Economic Indicators

- Economic growth
- Inflation/Interest rates
- Trade
- Labour market
- Consumption

Currency

- Real effective exchange rate
- Current account
- Balance of payments
- Public debt

Banking Sector

- Banks
- NPLs
- Consumer credit cycle
- Loans to businesses

Historical analysis, monthly changes & forecasts

Governance Analysis

Qualitative Factors

- Ease of doing business
- Corruption perception index
- Bloomberg Country Risk Score
- Citi Early Warning Signal Risk Index

Politics/Regulation

- Political stability
- Fiscal policy
- Monetary policy
- Central bank governance
- Regulatory regime

Identifying political & regulatory environments supportive to business growth and entrepreneurial activity

Expert Advice

First-Hand Information

- International organisations
- Economists
- Policymakers & politicians
- Country experts & analysts

Access to renowned experts sourced through MCP's vast network, curated over 40+ years

Source: MCP
Each section only contains a selection of factors considered

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