

# ARTICO Sustainable Emerging Markets Fund

## Performance, sustainability and climate targets in one portfolio

### Key messages

- Emerging markets are attractively valued by historical standards.
- The focus is on quality companies with a solid growth profile and a reasonable valuation.
- The unique approach enables above-average sustainability scores and clear decarbonization targets.
- Excellent track record thanks to a systematic approach.

### Emerging markets are favorably valued by historical standards

Despite short-term turbulence, emerging markets should grow significantly faster than developed countries in the medium and long term. The past reluctance of many investors to invest in emerging markets has also led to an attractive valuation by historical standards, as seen in the chart below. This opens up an interesting opportunity to rebuild equity exposure in this area.

### Price-to-Sales Ratio Emerging Markets



Source: ARTICO / The price/sales ratio shown is the aggregate market capitalization divided by the aggregate sales of the companies in the investment universe (excluding stocks traded in mainland China). Chart: ARTICO

### Company Quality is becoming increasingly important

Years of supplying the global economy with "free" money have meant that too many bad companies have received too much credit for too long. At some point, these loans will have to be refinanced. This is where the wheat needs to be separated from the chaff. This refinancing problem could put poorer quality companies in trouble. It is therefore important, especially in the current environment, to pay particular attention to the aspect of quality

when selecting shares. At the same time, it should be ensured that the prices paid for quality are not too high.

### The ARTICO Sustainable Emerging Markets Fund invests in quality companies with solid growth profiles and reasonable valuations

Since 2011, our approach has been based on classic bottom-up fundamental analysis to identify the best companies. Our systematic selection favors companies with higher and more stable growth rates, with sustainable and above-average profitability, with a healthy balance sheet, and with a reasonable valuation.

### Portfolio characteristics:

#### ARTICO Sustainable Emerging Markets Fund

Factor	Portfolio	Benchmark
Price-earnings ratio (P/E ratio)	14.7	16.1
ROE	19%	11%
Growth in net income	16%	0%

Source: ARTICO / data as of 31<sup>st</sup> Oct. 2023

### Sustainability and climate targets are a major challenge for emerging markets

Our unique approach also allows us not only to ensure fundamental quality in the portfolio but also to achieve above-average sustainability scores and clear decarbonization targets. This is made possible by a systematic portfolio construction that takes the entire universe of listed equities in the investment segment as a starting point.

### The ARTICO Sustainable Emerging Markets Fund is classified as a type 9 fund (SFDR)

This makes it the only fund in its universe that produces excellent results in all categories. It is particularly important to find the right balance between high ESG scores, a low carbon footprint, and traditional fundamentals to avoid overvaluations or unattractive or unnecessarily risky investments.

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### Characteristics of the ARTICO Sustainable Emerging Markets Fund:

	MSCI EM ETF	MSCI EM ESG Leaders ETF	MSCI EM Paris-focused ETF	ARTICO Sustainable EM Fund
#Company	1'151	474	436	185
ESG quality evaluation	5.70	6.87	5.90	6.73
CO2 footprint	342	173	39	29
Implicit Temperature rise	2.94	2.41	2.00	1.78
Course profit Ratio (P/E ratio)	16.1	16.1	20.1	14.7
ROE	10.9%	11.3%	11.7%	18.9%
Growth of the Net income	0.4%	0.2%	8.8%	15.8%

Source: ARTICO / data as of 31<sup>st</sup> Oct. 2023, carbon footprint includes Scope 1&2 carbon emissions, ESG scores, and implied temperature rise based on MSCI individual company values, P/E ratio, return on equity (ROE), and net profit growth are median values.

### Performance since fund launch in 2011

The systematic approach in the relevant dimensions has led to an excellent performance.

### ARTICO Sustainable Emerging Markets Fund



Source: ARTICO / data as of 31<sup>st</sup> Oct. 2023, Chart: ARTICO

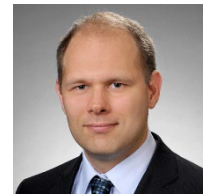
### ARTICO Team



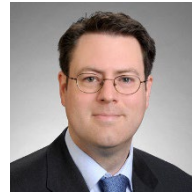
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For more information about the ARTICO Sustainable Emerging Markets Fund please visit our website:



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