STABIHO
INVESTMENT PARTNERS

Stabiho Emerging Markets Action S

AUM: 16.55 M€

Share	ISIN	Bloomberg Ticker	NAV per share (in euro)
S share	FR001400GN92	STEMMAS:FP	113.15

SICAV Emerging Markets Equity

Register for sale in:

SFDR Classification: Article 8

INVESTMENT TEAM

Charles Biderman

Wojciech Stanislawski

INVESTMENT OBJECTIVE

The sub-fund is actively managed and aims to achieve a performance with a recommended 5-year investment horizon. The sub-fund invests in emerging markets equities of all size and economic sector and without any constraints related to an index.

INVESTMENT STRATEGY

★ **Mission** : Capture structural growth in emerging markets

★ **Primary scope :** country with GDP per capita < 20k USD

★ **Style** : Growth at Reasonable Price

★ **Philosophy** : contrarian, long-term, conviction-based

★ **Portfolio** : concentrated, very high active share, differentiated

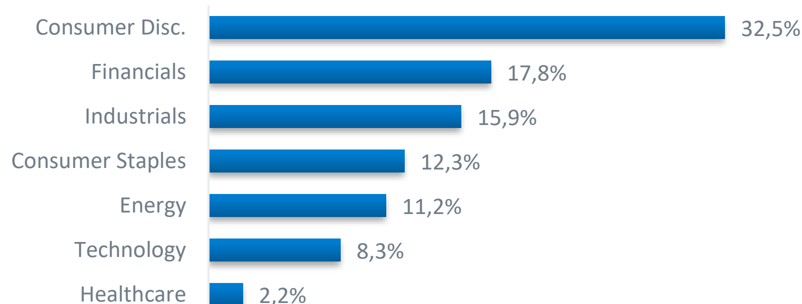
NET PERFORMANCE

	1 month	YTD	1 year	Since inception
Fund S share	-6.81%	-0.89%	10.93%	13.34%

TOP 5 HOLDINGS (%)

Companies:	%
ANTA SPORTS PRODUCTS LTD (XHKG)	5.0
TENCENT HOLDINGS LTD (XHKG)	4.6
SUMBER ALFARIA (XIDX)	4.4
SCHLUMBERGER LTD (XNYS)	4.2
AIA GROUP LTD (XHKG)	4.2

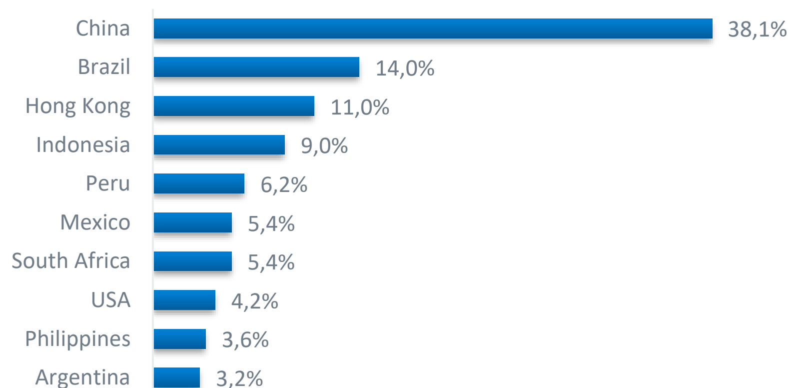
SECTOR BREAKDOWN (%)



PORTFOLIO CHARACTERISTICS

P/E NTM (x)	13.5
P/BV (x)	2.7
DY (%)	3.2
ROE (%)	16.5
Ebitda (%)	22.8
ND/Ebitda (x)	-0.2
EPS Growth 2026 (%)	12.3

COUNTRY BREAKDOWN (%)



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CUMULATIVE PERFORMANCES (%)

	1 month	YTD	1 year	Since inception
Fund	-6.81	-0.89	10.93	13.34
MSCI EM	-10.91	1.76	21.46	39.93
Relative perf.	+4.10	-2.65	-10.53	-26.59

1-YEAR RISK INDICATORS

Fund volatility (%)	14.8	**Tracking Error (%)**	14.3
Sharpe ratio	0.4	**Information ratio**	-3.8
Beta	0.6		

IMPORTANT INFORMATION

Portfolio characteristics

Currency	EUR (€)
Inception date	3 July 2023
AMF classification	International Equities
Cut off	10:30 am French time
Benchmark	MSCI Emerging Market Net return – EUR
Valuation	Each business day of the Paris Stock Exchange

Parties

Investment Manager	Stabiho Investment Partners
Depositary	CACEIS
Custodian	CACEIS
Auditor	PWC Audit
Fund Managers	Wojciech Stanislawski & Charles Biderman
Valuation frequency	Daily
NAV	Calculated using closing prices of D

Risk indicator

A Lower risk — Higher risk

1	2	3	**4**	5	6	7

Potentially lower return — Potentially higher return

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 4 out of 7 which is a medium risk class. This rates the risk of potential losses from future performance at a medium level.
In other words, the potential losses related to the future results of the product are at a medium level and, if the situation deteriorates on the markets, our ability to pay you may be affected. This product does not include any protection from future market performance so you could lose some or all of your investment.

Fees

Share	Allocation of distributable sums	Date of 1st NAV	Initial minimum investment	Management fees	Management fees + Operating fees**	Maximum subscription fees
Share S*	Capitalization	18 Sept. 2023	€50.000	0.75% inc. taxes	1.10%	-

* The S share is open to subscriptions over a limited period of time. Please see prospectus for further details.
** On top of these fees, in theoretical case where we would be mainly invested in UCITS, « indirect fees » can apply up to 0.3% max. Please see the prospectus and KID of each share for exhaustive details on fees applied by the sub-fund.

Quarterly comments (1/4)

In light of the strong performance of artificial intelligence, we continue to ask ourselves the same question: were we right not to participate?

At first glance, when comparing our performance to that of the MSCI EM index, it may be tempting to conclude that our positioning away from this major trend is a mistake. However, our investment approach is primarily based on facts and data. After nearly four years marked by the rise of the artificial intelligence theme, we observe that significant uncertainties remain, both regarding the actual use cases of these technologies and their effective contribution to companies' revenues and profitability.

Investment in AI is therefore largely based on a form of belief: the conviction that it will profoundly transform the world, disrupt our lifestyles, eliminate many jobs, redefine entire professions, and radically reshape business models across numerous sectors. AI would thus be indispensable, everywhere and immediately. At **Stabiho Investment Partners**, we do not wish to invest based solely on beliefs. This explains our reluctance to "jump on the bandwagon," especially at this stage of the cycle, where enthusiasm around AI often reaches excessive and indiscriminate levels.

Until recently, markets were mainly focused on infrastructure investments—particularly data centres—and on the development of language models. Asian companies directly exposed to these dynamics, such as TSMC, Samsung Electronics, and SK Hynix, have delivered remarkable performances. The new wave of AI-driven enthusiasm is now manifesting differently: it is translating into stock market pressure on certain sectors, with IT services currently being the most striking example.

We partly agree with the idea that certain segments of the economy will be deeply transformed as AI capabilities improve. Recent history offers several examples of industrial transitions: the near disappearance of printed newspapers with the advent of the internet, the transformation of retail through e-commerce, or the changes in the film industry with the emergence of streaming platforms. However, these transformations generally took a decade or more to fully materialize, and their impact on shareholders often occurred much later than markets initially anticipated.

Another aspect of this enthusiasm also deserves attention: the evolution of corporate leadership behaviour. Today, CEOs seem compelled to formulate and communicate an AI strategy. According to various surveys, nearly 50% believe that the stability of their position depends on their ability to successfully integrate AI into their operations. Around one-third of executives now allocate up to 40% of their investment budgets to AI, often without clear visibility on expected returns. This strongly resembles a FOMO (fear of missing out) phenomenon.

Finally, in light of recent geopolitical developments, it should not be forgotten that the expansion of computing capacity—particularly in data centres, which are essential for AI—requires enormous amounts of electricity. Yet, with the notable exception of China, no country has significantly invested in new power generation capacity, even as energy costs are rising.

In this context, it is legitimate to question whether a form of collective obsession around AI is emerging, potentially leading companies to make suboptimal investment decisions and markets to excessively penalize otherwise viable business models.

At the same time, capital expenditures related to AI continue to expand at a rapid pace. We are witnessing the emergence of an entire ecosystem that could be described as circular—and somewhat unhealthy. Companies such as Nvidia, Oracle, AMD, OpenAI, Google, Microsoft, and others are increasing cross-investments, signing extremely large contracts—sometimes worth tens or even hundreds of billions of dollars—and effectively financing each other to sustain this exceptional wave of investment. While this dynamic largely benefits its main participants, it becomes more concerning when considering that a growing share of these investments is now debt-financed.

This situation is reminiscent of certain historical episodes, notably Japan in the 1980s, where a system of cross-shareholdings between banks, real estate developers, insurance companies, and construction firms fuelled a major property bubble. This mechanism led to extreme valuation levels—the often-cited example being land around the Imperial Palace in Tokyo, whose value at one point rivalled that of all real estate in California. The outcome of that episode is well known…

Our fund has been exposed to the effects of the growing AI enthusiasm since its inception, and the first quarter of 2026 was no exception. Companies involved in infrastructure construction—particularly data centres—continued to rise, contributing to the outstanding performances of the Taiwanese and Korean markets in the first two months of the year, up +24% and +55% in euro terms, respectively.

Quarterly comments (2/4)

At the same time, our portfolio was penalized by what we consider excessive corrections in certain companies, such as Tencent Music Entertainment (TME) and Globant. Both have lost more than one-third of their value since the beginning of the year, despite solid financial results. The market has given neither TME nor Globant the benefit of the doubt, bringing their valuation multiples down to 9x and 7x respectively.

Globant—a technology services company employing around 30,000 people, mainly in Latin America—is multiplying initiatives to support clients in deploying AI-related projects. Its most notable initiative for 2026 is the launch of AI Pods, AI-augmented teams capable of executing end-to-end tasks with increased productivity. Unlike the traditional hourly billing model, AI Pods rely on a subscription-based model tied to outcomes. Globant estimates that this offering could generate up to $100 million in revenue as early as 2026, compared to total revenues of around $2.5 billion. With a backlog of $3.5 billion, the company also expects growth to accelerate in the second half of the year. While AI undeniably forces Globant to adapt its business model, its historical agility is a key strength during this transition phase. Admittedly, the current environment brings more uncertainty, tension, and reduced short-term visibility. However, this does not mean that Globant's business model is dead—contrary to what the market seems to be pricing in today.

The situation appears somewhat more complex in the case of **Tencent Music Entertainment**, and more broadly in music streaming. AI-generated music is now a reality. Even though we are still in the early stages of this trend, the market is already highly concerned about the potential impact of generative AI on music streaming.

It is worth briefly discussing the outlook for this sector. To do so, it is useful to introduce the notions of intelligence and emotion. AI is particularly effective in tasks related to intelligence, in the sense of data processing. Tasks relying purely on intelligence are therefore easily automated, and AI can become nearly autonomous after a learning phase. However, some activities are not limited to data processing and also involve an emotional dimension. Music lies precisely at the intersection of these two dimensions: pure intelligence on one side, and emotion on the other.

From a strictly technical standpoint, music is now relatively well modelled mathematically and is therefore, in theory, reproducible by machines with relative ease. Nevertheless, the emotional component remains essential. Many artists create major works driven by intense emotions, and audiences are particularly sensitive to this. This emotional dimension is often at the core of the relationship between artists and their audience. Moreover, identification with the artist—key to building a connection with fans—is something AI cannot replicate. This is evident, for instance, in Paris with the release of tickets for Céline Dion's concerts. While she is a global star, her personal story clearly transforms her concerts into exceptional events. This is why it is almost certain that AI-generated music cannot replace human-created music.

However, it is likely that we will see a significant increase in music supply, driven by the proliferation of automatically generated content. This abundance creates a new form of competition for companies like TME. Even if such content does not fully meet the expectations of demanding listeners, it may be more than sufficient for background music use cases, which represent a large share of total consumption. In other words, less demanding and more price-sensitive users may abandon TME subscriptions in favour of fully AI-based platforms, likely cheaper—at least initially (although we believe the cost of generating AI music could gradually increase under pressure from artists and labels).

That said, TME's strategy over the past two years has been to focus on premium customers: users who value the music experience and additional services such as concerts, private events with artists, and access to exclusive content. Revenues from these services are growing strongly. As for competition from Soda Music (TikTok), we believe that the peak of competitive pressure is now behind us, while TME's cash and investments represent roughly half of its market capitalization.

The quarter's performance was also negatively impacted by the South African insurer **Sanlam**. In March, Sanlam issued a mild profit warning, following a series of events that weighed on its recent results. First, for the 2024 financial year, the company recorded exceptional items that artificially boosted earnings, making comparisons with 2025 mechanically more difficult and less favourable. In addition, the company carried out several capital allocation adjustments. Notably, it reduced its stake in its Namibian operations to free up financial resources to strengthen its position in Shriram in India. These capital movements have a negative short-term impact on 2025 revenues, while the positive effects are only expected to materialize from 2026 onward, as the company obtained the necessary approval for the Indian transaction only at the beginning of this year.

Furthermore, recent acquisitions and restructuring operations have generated significant costs, weighing on current profitability.

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Quarterly comments (3/4)

This is compounded by an unfavourable contribution from investment results, notably due to the unexpected strengthening of the South African rand (ZAR). For example, while waiting to deploy capital in India, the company had implemented a hedging strategy to protect against a potential depreciation of the rand against the Indian rupee. However, this scenario did not materialize; on the contrary, the rand appreciated, making the hedge counterproductive and negatively impacting Sanlam's results.

Nevertheless, these elements do not appear to call into question the company's long-term prospects. From the second half of the year onward, Sanlam's results should gradually reflect the benefits of its new organization and the various initiatives implemented in recent years. These include increasing its stake in India, forming a joint venture with Allianz to cover the entire African market, and acquiring Assupol, which enables Sanlam to expand distribution to lower-income segments of the South African population.

The quarter's performance was also negatively affected by the decline in the Jakarta stock exchange, largely due to criticisms from MSCI regarding the governance and transparency of Indonesian companies. The market is also expressing concerns about the direction that the new president, Prabowo, intends to give to the Indonesian economy. While it is difficult to completely rule out the possibility of Indonesia being downgraded from the MSCI Emerging Markets index to MSCI Frontier Markets (although we believe the probability of such en event remains very low), the Indonesian economy does not appear fundamentally threatened at this stage.

Unlike TME, Globant, Sanlam, or our Indonesian holdings, we were satisfied with the performance of AIA (+7%) and Yum China (+6%), both of which reported strong quarterly results. Following the rise in oil prices, energy-related companies in the portfolio also performed well, including China Oilfield Services (+30%), SLB (+36%), and Petrobras (+50% since our purchases at the beginning of the year). Our Peruvian and Brazilian holdings also delivered solid performances, both in absolute and relative terms.

Overall, the NAV of **Stabiho Emerging Markets** declined by 0.9% over the quarter, while the benchmark index, **MSCI EM**, rose by 1.8%. It is important, however, to distinguish between the first two months of the quarter and March. The fund underperformed during the January–February rally, delivering 2.3% versus 6.3% for the index. However, it proved more resilient during the March correction, with a return of -6.8% compared to -10.9% for the index. It is also worth noting that during the correction phase, beyond downside protection, the fund's volatility remained relatively stable at 16.9%, significantly lower than that of the index, which surged to 33.5%.

During the quarter, we exited four investments. In Mexico, **Fibra Macquarie** was subject to a takeover bid by its competitor Fibra Prologis, and following the share price increase after the announcement, we decided to sell our position. In Chile, Empresas Copec was sold as its growth profile is no longer aligned with our target aggregate return (EPS growth + dividend yield) of 15%. We also sold the pan-Asian holding company **Jardine Matheson** following the strong performance of its Singapore-listed shares. Finally, after a significant appreciation, NetEase was removed from the portfolio due to concerns about intensifying competition in China's gaming sector, as the number of new titles approved by regulators in 2026 reached a record level.

Two new companies were added to the portfolio.

BDO Unibank (also known as Banco de Oro) is currently the largest bank in the Philippines in terms of total assets, loans, deposits, and asset management. It has the country's largest distribution network, with over 1,700 branches and around 5,800 ATMs across the archipelago. BDO is part of the powerful Philippine conglomerate SM. Thanks to its strong reputation, the bank easily attracts higher-quality depositors in a context where credit penetration remains among the lowest in the region. The Philippine economy has slowed in recent quarters, and we analysed its main causes in one of our podcasts. The ongoing conflict in the Middle East has increased pressure on a country that is a net importer of fuel. In this context, BDO Unibank's valuation is at historically low levels (0.9x P/B, 7x 2026 P/E for a 14% ROE), making it a contrarian investment.

Petrobras requires little introduction. The Latin American oil giant has made considerable progress in production and is moving toward daily output of 3 million barrels, making it one of the largest oil companies in the world. It is also a growth company. Petrobras benefits from low and well-controlled production costs, particularly due to the high concentration on its pre-salt fields. The company's governance, despite majority state ownership, has significantly improved, making government intervention more difficult. Nevertheless, this remains the main risk of the investment, which also benefits from rising hydrocarbon prices. In our view, the latter had been undervalued for some time compared to other commodities (see podcast). The Iranian conflict has merely accelerated what we considered an inevitable trend.

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Quarterly comments (4/4)

In conclusion, we almost feel a certain frustration regarding the performance of our fund. As observed in other areas—whether societal or geopolitical—markets today seem to lack critical thinking, discernment, and, more broadly, common sense: some themes are very highly valued, while others experience excessive declines, without fundamentals justifying such disparities.
Despite this frustration, we remain convinced that fundamentals will prevail over the long term. The intrinsic quality of the companies in the portfolio, our highly differentiated positioning, and the strong aggregate return prospects of our fund should ultimately assert themselves. Furthermore, the emerging markets asset class appears to be only at the beginning of its recovery after a prolonged period of underperformance. In our view, the average investor's exposure to emerging markets—and to Asia in particular—remains insufficient.
The correction triggered by the Middle East conflict—which we have not addressed here by choice, not omission—likely represents an attractive investment opportunity for investors able to look beyond short-term dynamics.

Wojciech et Charles

Past performance does not guarantee future performance. Performance is calculated net of management fees.
Past performance is reported when a full calendar year of performance is available.

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