

Stabiho Emerging Markets Action P

AUM: 15.18 M€

Share	ISIN	Bloomberg Ticker	NAV per share (in euro)
P share	FR001400GNA84	STEMMAP:FP	103.50

SICAV Emerging Markets Equity

 Register for sale in: 

SFDR Classification: Article 8

INVESTMENT TEAM



Charles Biderman



Wojciech Stanislawski

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

TOP 5 HOLDINGS (%)

Companies:	%
ANTA SPORTS PRODUCTS LTD (XHKG)	5.5
BANK CENTRAL ASIA TBK PT (XIDX)	5.0
SANY HEAVY INDUSTRY S.A (XSSC)	5.0
Sumber Alfaria (XIDX)	5.0
MIDEA GROUP CO LTD-A (XSEC)	4.3

PORTFOLIO CHARACTERISTICS

P/E NTM (x)	10.6
P/BV (x)	2.3
DY (%)	3.8
ROE (%)	16.8
Ebitda (%)	22.2
ND/Ebitda (x)	-1.1
EPS Growth 2026 (%)	12.6

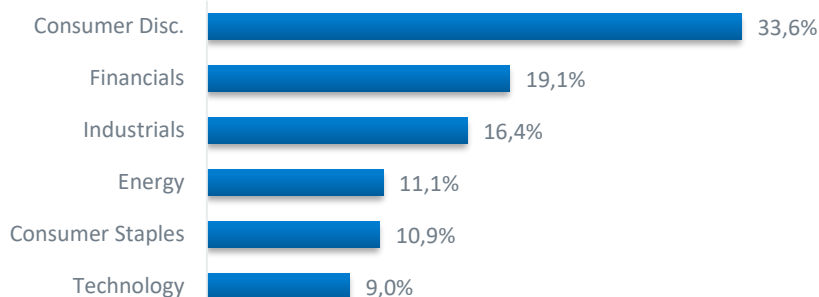
INVESTMENT OBJECTIVE

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.

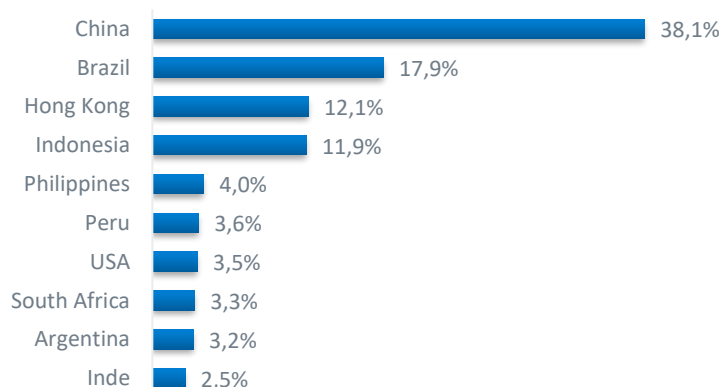
NET PERFORMANCE



SECTOR BREAKDOWN (%)



COUNTRY BREAKDOWN (%)



CUMULATIVE PERFORMANCES (%)

	1 month	YTD	1 year	Since inception
Fund	-2.86	-7.6	-6.55	4.15
MSCI EM	1.69	27.58	33.67	74.46
Relative perf.	-4.55	-35.17	-40.22	-70.37

1-YEAR RISK INDICATORS

Fund volatility (%)	12.3	Tracking Error (%)	24.3
Sharpe ratio	-0.9	Information ratio	-21.7
Beta	0.2		

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
Depository	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 P	Capitalization	5 Sept. 2023	1 share	1.25% inc. Taxes	1.60%	3.25%

* 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 (1/5)

Markets remain largely dominated by two major themes which, incidentally, are intertwined: AI and geopolitics.

AI can be considered from two distinct angles.

First, from a philosophical or sociological standpoint, one may ask whether AI is genuinely good for us. Do we want this new technology, which is still in its infancy, to control our lives and those of future generations? Do we agree to the various AI models using everything humanity has created to date, and doing so free of charge? If so, should the citizens of the world not be able to access these models without having to pay in return, on an "open source" basis, rather than having to remunerate a handful of individuals who have appropriated this new technology?

We raise these questions without seeking to answer them, as that is not the purpose of this management report. Nevertheless, we believe it is very important to reflect on these questions, as well as on other considerations relating to what is unanimously described as one of humanity's greatest inventions, particularly in the age of ESG.

Second, from a financial or economic standpoint, we are unable to say what impact AI will have on corporate productivity. At this stage, we do not share the over-excitement surrounding AI. AI will probably become a good, even a very good, product one day. But today, and not without having tried to understand the phenomenon, nor without having tried to prove the opposite, we do not consider AI to be a technology ready for widespread adoption by companies. It is not reliable enough and still lacks the credibility required to be entrusted with business-critical tasks.

Admittedly, AI is an extraordinary internet search engine and a formidable text editor and, more generally, it handles, compares and analyses texts with remarkable speed and efficiency. But what we are talking about here is the automation of tasks that are, ultimately, fairly simple. We can in no way yet speak of an intelligence that genuinely thinks and understands what it is doing.

At this stage, everything comes down to embedded memory, computing power and data centres. The latter are indeed springing up like mushrooms, since the prevailing working assumption is that AI is extraordinary, that it can do everything, and that it will replace everything, including us humans.

But have we not already experienced similar situations, in which a product still under development was sold to us by its manufacturers as already poised to revolutionise our lives? Remember the electric vehicle ten years ago: very limited range, a complete lack of charging infrastructure and a price twice that of a combustion-engine vehicle. Or renewable energy technologies, which were initially marketable only thanks to massive subsidies. Not to mention the World Wide Web, the public internet, whose use in the 1990s was complicated to say the least, and which only became widespread after a bubble phase and, above all, after the bubble burst, which brought about a massive fall in the cost of its deployment.

As is often the case, investors are putting the cart before the horse...

However, the financial and strategic stakes behind AI are immense. Heavyweights of the technology industry have invested massively in it and will certainly not want to give up any time soon. Governments have also placed AI at the heart of the confrontation playing out between the world's major powers. They will not give up either unless forced to. After all, they are politicians, aren't they?

In this context, it is indeed difficult to predict when this frenzy will end, and most observers have therefore decided to join in, without really thinking about the why and the how, and above all without dwelling on the questions raised at the outset. For our part, we have decided not to take part in this first, poorly understood wave of AI, at our own risks and perils.

What could stop the speculation?

The end of the "yen carry trade"? Given its size, estimated at several trillion dollars, it is the proverbial whale. But the US and Japanese authorities would still have to jointly allow it. For the time being, they are keeping the casino under fairly effective control, but for how much longer?

A rise in interest rates that would make financing data centres impossible? Yes, of course. Even the largest players can no longer finance the trillions that need to be put on the table to stay in the race. Off-balance-sheet commitments have risen dangerously.

Quarterly comments (2/5)

The collapse of the circular economy that has been built around the AI theme? Like any Ponzi scheme, this one will not escape self-destruction.

Or perhaps, more simply, an admission by potential users that the product needs a little more time before it is truly good? Rather like the internet in the 1990s?

Pending that inevitable moment, AI has been the undisputed winner on the stock market podium since the beginning of the year, as if that still needed to be pointed out. But beware: last quarter sounded a first warning. In July, AI-related stocks collapsed. In the emerging world, this sizeable move translated into a very sharp correction in the Korean and Taiwanese equity markets.

The IT sector lost 29.1% between 22/06/2026 and 30/07/2026. The MSCI EM index, for its part, fell 13.5% in euro terms over the same period.

Inevitably, in the face of this massive selling, the laggards of the first half of the year caught up: China, Indonesia, the consumer sectors...

During this correction, the NAV of the [Stabiho Emerging Markets](#) fund rose by 6.3%, demonstrating the contrarian and counter-cyclical nature of our strategy. At the same time, these movements, which can be quite violent, considerably increase market volatility. The volatility of the **MSCI EM** thus rose to 22% over the summer. As that of the portfolio remained stable at around 12%, the Beta fell from 0.67x over one year to 0.34x over the last three months.

Geopolitics is the other major theme affecting markets. Its immediate importance for our lives is in fact far greater than that of AI.

The conflict in Ukraine between Russia and NATO could escalate at any moment. All it would take is for nerves to snap on one side or the other. Nobody today knows any longer what a real war means, nor the enormity of the human losses and misery it causes. Let us hope it stays that way.

That being said, Europe is already paying a very high price for this never-ending conflict, with its two "engines", France and Germany, on the brink, both economically and politically.

Why did the United States deem it necessary to reopen the front in the Middle East? Is it simply a dictator's whim? Was pressure put on him? Or is this an operation targeting the strategic interests of America's main competitor? We are not really sure.

But one has to acknowledge that the most vulnerable consumers, particularly those in emerging regions, are deeply affected by rising fuel prices. First there was Covid. Then the inflationary episode, which restricted access to credit. And now it is energy prices that are putting households under pressure.

As a result, companies exposed to consumption in emerging countries are running at a slower pace, and even the finest franchises are struggling to generate double-digit growth.

Whereas the war in Ukraine had no significant impact on developing economies, the conflict with Iran does. South-East Asia and South Africa are feeling its effects through higher fuel prices. China is slowing its domestic economy to avoid running short of oil. In Brazil, agriculture is suffering from the sharp rise in fertiliser prices.

The combination of the AI frenzy and military conflicts means that investment flows are directed first and foremost towards semiconductors and their data centres, towards energy and, to a lesser extent, towards defence.

A large part of so-called "traditional" economic activity is thus deprived of resources, which very probably explains the weak economic growth and the bear market in emerging countries, excluding Korea and Taiwan, which can hardly be classified as emerging.

Indeed, if Korea and Taiwan were excluded from the MSCI EM index, its performance since the beginning of the year would be very significantly lower.

Over the past quarter, the NAV of the [Stabiho Emerging Markets fund](#) (P share) rose by 3.8%, compared with 0.3% for the **MSCI EM index** (Net Return Euro).

Quarterly comments (3/5)

Petrobras was the main positive contributor to performance. The company benefited from the rise in the oil price while maintaining an attractive growth profile, thanks to the discoveries made and the investments in production carried out over the last decade. Its 8% dividend yield is an additional asset.

SLB also rose on the back of the higher oil price, supported by the promising growth outlook announced by management.

Sany Heavy, the Chinese leader in hydraulic excavators, posted good quarterly results, driven in particular by strong export activity. Sany is gradually establishing itself as a key player in construction equipment, particularly in emerging countries, where the company generates higher margins. After an initial positive reaction to the results, rumours of new US tariffs on hydraulic pumps weighed on the stock at the end of the quarter.

Globant, the Argentina-based IT services company, rebounded along with the rest of the IT services sector, which had been severely depressed by the conviction that AI will sweep the sector away. We do not share this excessive pessimism and believe, on the contrary, that the forthcoming development of SLMs (Small Language Models) and AI agents will create attractive opportunities for companies such as Globant.

Localiza, the leader in car rental in Brazil, suffered despite the good figures reported during the quarter. The conflict with Iran has raised fears of a return of inflation in Brazil, which dampened the market's enthusiasm about the prospect of lower interest rates, historically very high in Brazil. Localiza is sensitive to the cost of credit, given a business model based on bank financing of its fleet and then on the resale of its used vehicles, often on credit.

China Resources Beer, China's number one beer company, declined following disappointing half-year results. The company is being hit by sluggish consumption, which translates into fewer outings to bars and restaurants. At the same time, the Iranian conflict is putting pressure on costs, notably through raw material inflation, while pricing power is absent on mass-market brands. The success of the premiumisation strategy, notably with its flagship Heineken brand, is not enough to offset these weaknesses, which we believe to be mostly, but not entirely, cyclical. Our level of confidence in CRB has declined, but its historically low valuation, at 10x 2027 P/E, together with its dividend yield of more than 6%, leads us to retain the position at this stage.

The same applies to **Sanlam**, the South African insurance champion, which detracted from performance during the quarter. Sanlam is in the process of putting its portfolio in order after a period of intense M&A activity. The company was affected by weaker stock market performance in its investment portfolio, as well as by the depreciation of the Indian rupee against the South African rand, notably through the acquisition of Shriram Insurance. The property and casualty insurance business was also hit by several weather anomalies that affected the continent. Management expects the situation to stabilise in the second half of 2026 and a return to growth from 2027. As in the case of China Resources Beer, the 6% dividend yield and a valuation of 8x 2027 P/E allow us to wait fairly comfortably.

We do not fully understand the underperformance of **Sumber Alfaria** over the quarter. Indonesia's leading convenience store operator reassured the market by publishing figures in line with expectations. Modern retail is gradually regaining market share from traditional retail in Indonesia after a few weak quarters. Consumption in Indonesia is not yet buoyant, but is beginning to show signs of recovery. At 12x 2027 P/E, we have not seen Alfaria this cheap in ten years. If you want to buy a fine franchise at a reasonable price, you must do so against the tide, during a temporary period of weakness for the company or its environment.

This is exactly what we are doing with **HDFC Bank**, India's largest commercial bank. HDFC Bank has recently suffered from two factors. First, the merger with mortgage giant HDFC Corp weakened the bank's balance sheet and its prudential ratios, which had to be rebuilt by slowing lending activity. Second, the same merger caused friction within management, a situation that is typical all things considered, but which always has a negative impact on operations. A new management team will be announced shortly, which will remove this uncertainty, while the quality of HDFC's assets remains intact and its market share remains high. The company has never been so cheap: 12x 2027 P/E and 1.8x 2027 P/B. It is very rare to find this kind of valuation in India.

We used the corrections to add to our positions in **Bank Central Asia** in Indonesia, GPS in Brazil, and Sany Heavy and BYD in China.

We sold **Bidvest** in South Africa, whose business remains affected by the sluggish domestic economy and by the Iranian crisis.

Credicorp, in Peru, was sold following a strong rise in its share price. According to our valuation model, there was no upside potential left.

Quarterly comments (4/5)

We also exited our investment in **Alibaba**, as we are no longer able to understand the company's strategic direction, given its sharp pivot towards AI and semiconductors.

Tencent was trimmed due to the lack of visibility on its AI strategy.

The portfolio is concentrated (28 positions), mainly around quality consumer, industrial and financial franchises. We maintain a strong exposure to China, Brazil and Indonesia - three countries with large populations and heavily discounted stock markets. By buying, with discipline, quality companies whose popularity is currently low, we believe we can generate superior returns on investment. There nevertheless remains a possibility that AI, that super-magnet for capital, will calm down, allowing fundamentals to re-emerge.

In the first half, our portfolio delivered solid earnings growth of 12.9% despite headwinds. At less than 11x 12-month forward P/E, with a dividend yield of 3.8% and estimated 2026 EPS growth of 12.6%, our portfolio looks very attractive to us.

MSCI EM: performance by sector

Sectors in EURO	YTD	MTD
MSCI EM Information Technology	88,5%	6,0%
MSCI EM Industrials Index	14,6%	-1,1%
MSCI EM Health Care Index	13,1%	1,8%
MSCI EM Energy Sector Index	10,9%	0,4%
MSCI EM Financials Index	10,1%	0,8%
MSCI EM Utilities Sector Index	4,7%	2,2%
MSCI EM Materials Sector Index	3,3%	-6,8%
MSCI EM Consumer Staples Index	-6,0%	-2,6%
MSCI EM Consumer Discretionary	-17,1%	-6,0%
MSCI Emerging Markets Commun	-17,7%	-2,1%

MSCI EM: performance by country

Indexes in EURO	YTD	MTD
MSCI Korea Net Return KRW Inde	104,6%	5,3%
MSCI Taiwan Net Total Return U	76,2%	6,7%
MSCI Peru Net Total Return USD	44,0%	2,2%
MSCI Thailand Net Total Return	23,0%	-0,9%
MSCI Brazil Net Total Return U	22,4%	5,7%
MSCI Mexico Net Total Return U	9,0%	-4,5%
MSCI Saudi Arabia Net Return U	8,0%	-3,5%
MSCI Malaysia Net Total Return	6,3%	-1,3%
MSCI Philippines Net Total Ret	-0,7%	-1,3%
MSCI South Africa Net Total Re	-0,8%	-6,7%
MSCI Chile Net Total Return US	-1,5%	-5,2%
MSCI CHINA Net Total Return US	-8,8%	-2,2%
MSCI India Net Total Return US	-12,0%	-4,6%
MSCI INDONESIA Net Total Retur	-37,7%	-5,3%

Quarterly comments (5/5)

Currencies performances vs. Euro

Currencies vs. Euro	YTD
EURO/JAPANESE YEN	-3,1%
US DOLLAR/EURO	3,7%
BRITISH POUND/EURO	2,0%
EURO/SOUTH KOREAN WON	-9,3%
EURO/TAIWAN DOLLAR	-2,0%
EURO/HONG KONG DOLLAR	-2,7%
EURO/SINGAPORE DOLLAR	-4,2%
EURO/CHINA RENMINBI	-7,3%
EURO/PHILIPPINES PESO	2,7%
EURO/THAI BAHT	3,0%
EURO/MALAYSIAN RINGGIT	-2,7%
EURO/INDONESIAN RUPIAH	3,9%
EURO/INDIAN RUPEE	3,2%
EURO/SOUTH AFRICAN RAND	-4,3%
EURO/NIGERIA NAIRA	-11,3%
EURO/HUNGARIAN FORINT	-4,7%
EURO/POLISH ZLOTY	3,5%
EURO/TURKISH LIRA	10,0%
EURO/BRAZIL REAL	-9,2%
EURO/MEXICAN PESO	-3,2%
EURO/CHILEAN PESO	4,5%
EURO/PERUVIAN SOL	-1,4%
EURO/COLOMBIAN PESO	-15,2%
EURO/ARGENTINE PESO	1,2%

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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