

GemEquity

SFDR Art.8



Sustainable Investors - Emerging Markets Equities

2023: Emerging Markets rising but underperforming !

PERFORMANCE

In December, emerging markets rose by 2.6% in € (+3.9% in \$) but kept underperforming the world index (+4.8% in \$). With falls in US interest rates (from 4.33% in November to 3.95% in December on the 10-year bond rate) and in the USD, international investors remained risk hungry. At the regional level, we roughly observed the same divergences as in the month before: rises in Latin America (+7% in \$), in Europe and Middle East (+5%), in India (+7.4%), in Korea (+8.5%) and in ASEAN (+5%). China kept disappointing with a further decline of 2%. **Over the year, emerging markets rose (+6% in €) but underperformed developed markets (+18%) driven by US equity (+20% in €). In this very volatile context, GemEquity gained 2.2% in € and underperformed by 388bp in 2023.** The fund benefited from the strong rise in its Latin American and Korean stocks but was negatively affected by the steep underperformance of Chinese and Saudi consumer stocks.

EURO

	1 Month	YTD	1 Year	3 Years	5 Years	Annualized since inception
I-share	+1.3%	+2.2%	+2.2%	-22.4%	+23.2%	+5.2%
R-share	+1.2%	+1.1%	+1.1%	-24.8%	+17.3%	+4.2%
Index	+2.6%	+6.0%	+6.0%	-5.3%	+24.0%	+4.0%
Category (*)	+2.6%	+6.1%	+6.1%	-10.3%	+17.9%	+2.6%

DOLLAR

	1 Month	YTD	1 Year	3 Years	5 Years	Annualized since inception
I-share	+2.6%	+5.8%	+5.8%	-29.9%	+18.8%	+4.3%
R-share	+2.5%	+4.7%	+4.7%	-32.1%	+13.1%	+3.5%
Index	+3.9%	+9.8%	+9.8%	-14.5%	+19.8%	+3.0%
Category (*)	+3.9%	+9.9%	+9.9%	-19.0%	+14.0%	+1.7%

Underperformance in 2023 : -3.88% o/w Stock selection : -2.83% and Country allocation : -1.05%

Past performances do not guarantee future performances. They should not be the central element of the subscriber's investment decision: the other elements appearing in the management reports associated with the UCITS and the risks to which the fund is exposed must be taken into consideration. Management fees are included in the performance.

FUND POSITIONING

In December, we further reduced our exposure to China to 24% of the fund. After a strong performance, we booked some profit in **PDD** and in **Kweichow Moutai** and cut our exposure to 1% and 0.5% of the fund respectively. We slightly cut our exposure in **Alibaba** to 2.6% of the fund, due to lack of short-term catalyst. Meanwhile, in Taiwan, after strong stock performance led us to book some profit in **Yageo** and **Mediatek** to 1% each. Visibility on better earnings performance led us to increase our position in **Unimicron** to 1.2% of the fund. Our exposure in India remains unchanged at 20% of the fund. Meanwhile, in MENA we cut our exposure in **Aramco** (0.5%) due to lack of near-term catalyst and switched to **Emaar Properties** (0.5%) due to better visibility on demand momentum for real estate in Dubai. In energy, we performed a tactical switch by reducing our exposure, in Thailand, in **PTTEP** (1.6%) and in Brazil, in **PRI0** (0.5%) by adding a new position in **Petrobras** (1.5% of the fund) due to attractive valuations and visibility on higher dividends.

MACRO VIEW

In December, Fed's decision to hold rates steady (5.25-5.5% for the 3rd consecutive meeting) have fueled bets on a faster pivot to rate cutting next year and driven global equity markets to new highs. With proactive central banks and elevated real rates, Latin America and Eastern Europe (Hungary), continued to cut rates this month. **Such monetary easing is expected to continue in 2024**, especially for these early and aggressive hikers (particularly Latam). **This prospect, supportive for both EM growth and equity valuation** should offset potential negatives related to elections (Taiwan, Indonesia, Russia, India, Mexico, US).

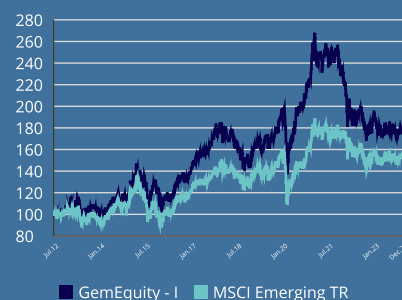
Within EM, **India** remains a bright spot with NIFTY having gained c.20% in \$ in 2023. The Indian economy is structurally stronger following its passed reforms and is currently in a strong dynamic (start of multi-year capex cycle, supportive property sector, robust consumption, financialization). GDP growth is likely to remain above 6% in FY03/25. Elsewhere in Asia, **Korea and Taiwan** are also back in full force (KOSPI +16%, TWSE +28% in \$), both benefiting from the recovery of technology sectors (semiconductor, smartphone & PC hardware, AI). While macro uncertainties cast some doubts on sustainability of the current cycle, we expect this cyclical recovery to last up until 2025 with market tops likely in 2H24.

On the other hand, **China continues to disappoint** after its strong rally post COVID. Despite the pro-growth stance adopted by the government, concerns around sustainability of recovery mounted because of local government (LGFV) debt, ongoing property crisis and weak consumption. Earnings surprises and guidance downgrades since 3Q23 further dragged down investors' already-poor sentiment. Overall, corporates remained cautious in this lackluster environment with no signs of imminent macro recovery (official PMI at its 3rd straight month of contraction at 49). However, new investment opportunities emerge in cross-border e-commerce, localization, and potential new replacement cycle in smartphone & PC. At below 10x forward PE, China remains one of the cheapest and most under-owned markets. Despite structural challenges, investment opportunities exist in this market where expectations are currently very low.



AUM
\$1082M

PERFORMANCE IN €



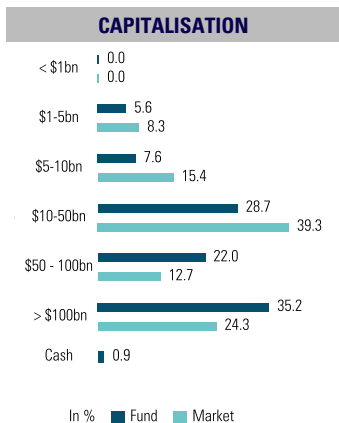
COUNTRY ALLOCATION

	Fund	Benchmark
China	24.0%	26.6%
Korea	14.1%	12.9%
Taiwan	12.3%	16.0%
India	20.0%	16.7%
Asean	4.1%	5.6%
Mexico	3.6%	2.7%
Brazil	8.0%	5.8%
Others - Latin America	2.8%	0.9%
Eastern Europe & Greece	0.0%	1.9%
Saudi Arabia	2.0%	4.2%
Others - Middle East	1.5%	3.6%
Africa	0.0%	3.1%
Global Emerging Companies	6.6%	0.0%
Cash	0.9%	0.0%

SECTOR ALLOCATION

	Fund	Benchmark
Energy	9.1%	5.1%
Basic Materials	0.9%	7.8%
Industrials	5.7%	6.9%
Banks	13.7%	16.9%
Other Financials	7.0%	5.5%
Real Estate	0.5%	1.6%
Technology	28.3%	22.1%
Media & Internet	3.8%	6.0%
Telecom	0.5%	2.8%
Consumer Durables	22.4%	12.8%
Consumer Non-durables	4.9%	6.0%
Healthcare Services	2.2%	3.8%
Utilities	0.0%	2.7%
Cash	0.9%	0.0%

ASSET ALLOCATION



	Fund	Benchmark
Asia	79.7%	77.8%
Latin America	14.4%	9.5%
EEMEA	3.5%	12.7%
Others	1.4%	0.0%
Cash	0.9%	0.0%

Median Market Capitalisation (M\$)	31,174
Total number of holdings	61

Thematic	Fund	Benchmark
Structural Growth	64.7%	49.8%
Cyclicals	34.4%	50.2%

	Fund	Benchmark
Samsung Elec. Korea	8.4%	4.7%
TSMC Taiwan	6.7%	6.8%
SK Hynix Korea	5.7%	0.8%
HDFC Bank India	4.6%	0.8%
Reliance Indus India	4.0%	1.3%
Tencent China	3.8%	3.5%
Banorte Mexico	3.0%	0.4%
Maruti India	3.0%	0.2%
Mercadolibre Latin America	2.8%	0.0%
AIA G.E.C**	2.7%	0.0%
Total	44.8%	18.6%

MAIN CONVICTIONS (STOCK)

Stock Active Share (Σ of stock overweights - stock by stock) : 69.9%

Positive Convictions				Negative Convictions			
		Fund	+/-			Fund	+/-
SK Hynix	Korea	5.7%	+4.8%	Infosys	India	0.0%	-0.9%
Samsung Elec.	Korea	8.4%	+3.8%	China Construction Bank	China	0.0%	-0.8%
HDFC Bank	India	4.6%	+3.8%	Vale SA	Brazil	0.0%	-0.8%
Mercadolibre	Latin America	2.8%	+2.8%	Hon Hai	Taiwan	0.0%	-0.6%
Banorte	Mexico	3.0%	+2.7%	Tata Consulting Services	India	0.0%	-0.6%

MAIN CONVICTIONS (COUNTRY/SECTOR)

Matrix Active Share (Σ of country/sector overweights) : 45.8%

Positive Convictions			Negative Convictions		
	Fund	+/-		Fund	+/-
Korea Technology	14.1%	+8.0%	Middle East Financial Services	0.6%	-3.4%
India Financial Services	8.5%	+4.1%	China Financial Services	0.9%	-3.3%
China Consumer Durables	12.0%	+4.0%	Taiwan Financial Services	0.0%	-2.2%
India Consumer Durables	4.6%	+2.7%	India Technology (IT Services)	0.0%	-2.2%
Latam Consumer Durables	2.8%	+2.6%	China Communication	3.8%	-1.4%

PERFORMANCE ATTRIBUTION YTD

Major Contributors					Major Detractors						
Stocks held			Stocks not held		Stocks held			Stocks not held			
SK Hynix	Korea	1.83	Adani Gas	India	0.15	Anta Sports	Chine	-1.08	Quanta	Taiwan	-0.21
Mercadolibre	Latam	1.59	China Merch. Bank	China	0.14	China Duty Free	Chine	-0.82	Posco	Corée	-0.18
Banorte	Mexico	0.93	Ecopro	Korea	0.14	Oriental Yuhong	Chine	-0.81	ITAU	Brésil	-0.17
Samsung Elect.	Korea	0.92	Impala Platinum	South Africa	0.10	Jinjiang Hotel	Chine	-0.62	Larsen & Toubro	Inde	-0.17
Hermès	G.E.C**	0.52	Samsung SDI	Korea	0.09	AIA	V.G.E**	-0.56	Femsa	Mexique	-0.15

STATISTICS (3 YEARS, €)

GemEquity Volatility :	17.0%	Beta :	0.92
Index Volatility :	15.1%	Alpha annualized :	-6.5%
Tracking Error :	5.5%	Information Ratio :	-0.99
		Sharpe Ratio :	-1.17

VALUATION

2022 PER (X) :	32.3	2022 EPS Growth (e) :	0.1%
2023 PER (X) :	19.8	2023 EPS Growth (e) :	45.7%
Dividend Yield :	2.0%		

Based on Bloomberg consensus

ESG COMMITMENTS - SRI LABEL

ESG investment is fully integrated into our investment process through a best-in-class approach.

Gemway Assets obtained French SRI Label for its entire range of equity funds including GemEquity. funds. The entire range of funds is classified SFDR Article 8. The company commits to outperform the two ESG criteria opposite.

ESG Report as well as SFDR Appendices 2, 4 and Article 10 are available at www.gemway.com.

ESG Indicators	GemEquity	Benchmark
Carbon intensity WACI , Tons of CO2/M euros of revenue % covered companies	263 100%	613 99%
Board feminization rate % covered companies	18.2% 100%	15.7% 98%

,Weighted Average of Carbon Intensit



Launch date :

31 July 2012

Legal form :

SICAV under French law
Compartment of GemFunds SICAV.

Benchmark :

MSCI Emerging Markets
(net dividends reinvested)

Quote currencies :

EUR and USD

NAV 29/12/2023:

€181.63 (I)

€163.20 (R)

€98.18 (N)

\$149.34 (I USD)

\$151.82 (R USD)

I-Share ISIN : FR0011274984

R-Share ISIN : FR0011268705

N-Share ISIN : FR0013519931

I USD-Share ISIN : FR0013082666

R USD-Share ISIN : FR0013082658

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(*) Bloomberg BAIF UCITS BBUJEQ EM Index : This index represents the average of emerging market equity funds. GEC (**): Global Emerging Companies. (***) Risk-free rate used in the Sharpe ratio: 10 years German Bund. GemEquity is UCITS compliant. The index is the MSCI Emerging Market Index (dividend reinvested). GemEquity is primarily invested in equities and presents a risk of capital loss. This document, intended for professional investors, is not of a contractual nature. It may not be reproduced, distributed or passed on to third parties in whole or in part without the prior written authorisation of Gemway Assets SAS. The purpose of this document, which is commercial in nature, is to inform investors of the fund's characteristics in a simplified way. For more information, please refer to the KIID or consult your usual contact. The Fund has appointed as Swiss Representative Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland, Tel: +41 21 311 17 77, switzerland@waystone.com. The Fund's Swiss paying agent is Banque Cantonale de Genève. In respect of the Shares offered in or from Switzerland, the place of performance is at the registered office of the Swiss Representative; the place of jurisdiction is at the registered office of the Swiss Representative, or at the registered office or domicile of the investor.



Data as of 29/12/2023. Sources: Gemway Assets, Bloomberg

