# FSSA Global Emerging Markets Focus

Fund Research Centre
Recommended

## Why we recommend the fund

- This Recommended fund is managed by the well-resourced FSSA investment team, which is based in Hong Kong, Singapore and London. Lead manager, Rasmus Nemmoe, is an experienced and passionate global emerging markets equity investor.
- The FSSA team operates autonomously within the larger entity of First Sentier Group and is responsible for its own investment approach and decisions. This means that the managers have the freedom to express their investment preferences, including the ability to implement their distinctive approach, which is centred on being responsible stewards of capital and long-term investors in quality companies.
- "Quality" is a pre-eminent factor in their company research. Their high thresholds in this regard are deeply ingrained in their approach, as is their long-standing commitment to assessing environmental, social and governance factors.

## Key characteristics and expected outcome

- The managers do not label themselves as growth, value or core investors. That said, the approach results in a portfolio that is larger-cap and high-quality, and it exhibits a modest growth tilt.
- The fund is not aligned closely to a benchmark, and the team does not concern itself with the positioning or performance outcomes of competitor funds.
- They invest with an absolute return mindset, treating risk as the risk of losing client money, rather than the risk represented by deviations from any index. Its risk/return outcome is likely to be idiosyncratic.
- Typically, we would expect the fund to struggle when the market favours highly cyclical sectors, when lower-quality companies are in vogue, or when the market is driven by high momentum. Its quality bias can be helpful in times of distress.
- The fund is suited to long-term investors who are attracted to the distinctive investment style, together with the sustainability features, and are prepared for an investment journey that is likely to differ from the benchmark.
- *Please be aware that the fund does not have a label under the FCA's Sustainability Disclosure Requirements (SDR).*

## Risk commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 5. This is a regulatory measurement that is, where possible, calculated from the volatility of its weekly performance over a five-year period. A score of 5 means the fund's historic volatility is between 10% and 15%.

The fund's risk score of 5 is in keeping with that of peer group funds. At a more granular level, the fund has delivered a lower absolute risk outcome compared with the index and other emerging market equity funds, an outcome that is aligned with the investment philosophy. The fund's relative risk characteristics can be elevated, given the benchmark-agnostic approach. Different share classes could have differing SRRI scores.




## Key Fund Facts

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| **Inception Date:** | 28 September 2017 |
| **Manager(s) Since:** | Rasmus Nemmoe (Sep 17) |
| | Rizi Mohanty (Aug 25) |
| **Fund Domicile:** | United Kingdom |
| **Base Currency:** | £ Sterling |
| **Fund Benchmark:** | MSCI Emerging Markets |
| **IA Sector:** | Global Emerging Markets |

Formal documentation, including the fund prospectus and the KIID, should be sought directly from the asset manager. A link to the asset manager's website can be found on the relevant fund page at fundresearchcentre.co.uk.

## Fund Snapshot

A global emerging markets equity fund that is managed according to a highly distinctive style, with the principle of stewardship at its heart. The team invests with an absolute return mindset, focusing on high quality companies with sustainable and predictable growth. Within its sector, the fund features in our 'Larger-Cap, Blend' category.

## Investment Team

Rasmus Nemmoe is the lead manager and Rizi Mohanty is the co-manager. They are part of FSSA Investment Managers (FSSA), an affiliate investment team within the First Sentier Group. Mr Nemmoe joined the team in 2016 and has over twenty years of investment experience. Mr Mohanty has been with the firm since 2016 and focuses on Southeast Asian markets. The FSSA team consists of investment professionals based in Hong Kong, Singapore and London.

## Investment Philosophy

The team focuses on identifying quality companies, aiming to buy them at sensible prices and hold them for the long term. They strongly believe in the responsible stewardship of capital. The team's culture is also grounded in the principle of investing clients' money as if it were their own. They favour management teams with integrity and a long-term vision for growth and returns. They believe the most rewarding investments lie in companies that are particularly well positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate.

## Investment Process

At the heart of the investment process is detailed, bottom-up company fundamental analysis. The managers invest with an absolute return mindset, focusing not just on a company's long-term growth prospects, but also on the potential downside risk of an investment. They like companies that offer real growth potential, ideally between 5% and 10% p.a., and visible earnings, as well as management teams that are conscious of environmental, social and governance risks, among other factors. Investment ideas are generated through extensive company visits, research trips, industry contacts, ongoing debates within the investment team and broker research. Company reports are written for all potential investments and assess whether the owners and managers of the company possess the required standards on environmental, governance and stewardship issues. These reports are discussed in detail among team members before any investment takes place. The goal is to have a detailed picture of a company's strengths and weaknesses, together with its opportunities and threats.

Additional quantitative research is used to assess the company's financial strength, including its liabilities, capital structure, revenues, earnings, expenses, inventory and cash flow. Finally, the investment team uses a range of financial and non-financial metrics to estimate a fair market valuation for each potential investment. This is used to determine whether a company is undervalued or overvalued, and at what price they should buy or sell.

## Portfolio Construction and Risk Controls

This is a benchmark-agnostic, high-conviction fund featuring around 35-45 holdings. The portfolio construction process is built on three pillars: quality assessment, long-term earnings/cash flow visibility, and valuation. The fund may only invest in countries whose primary listing, incorporation, or majority economic activity is in Emerging Asia, Latin America, Emerging Europe, the Middle East, or Africa. There are country limits: a maximum exposure of 45% in China, of which 25% can be China Direct; a maximum of 30% in any of India, South Korea, Taiwan, Mexico, Brazil or South Africa; a maximum investment of 20% in any of Malaysia, the Philippines, Indonesia, Thailand, Argentina, Chile, Greece, Hungary, or Poland; a maximum of 15% in any of Egypt, Peru, or Turkey. The exposure to any other country not mentioned above is 10%. Position sizes are a function of the managers' assessment of quality, liquidity and valuation.



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