



# FIM Partners EM Frontier Fund

January 2024

**FIM Partners**



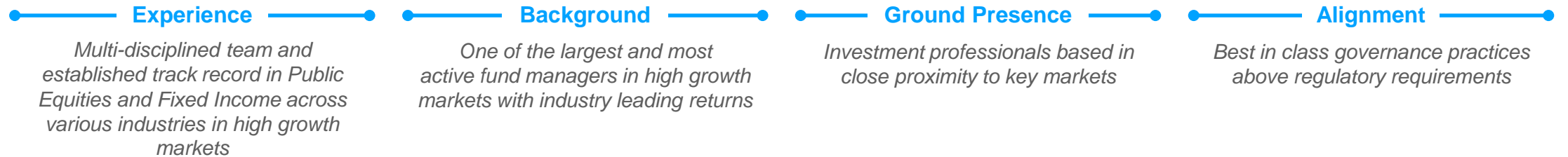
# Introduction

FIM EM Frontier Fund

**FIM Partners**

# Overview of FIM Partners

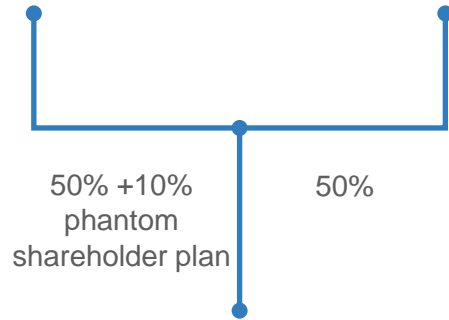
Established in 2008, FIM Partners is a Specialist Emerging Market investment manager with **\$3.3bn AUM** with offices in London, Dubai, Riyadh and Muscat, managing investments on behalf of large institutional investors across N. America, Europe and Asia



## Ownership Structure

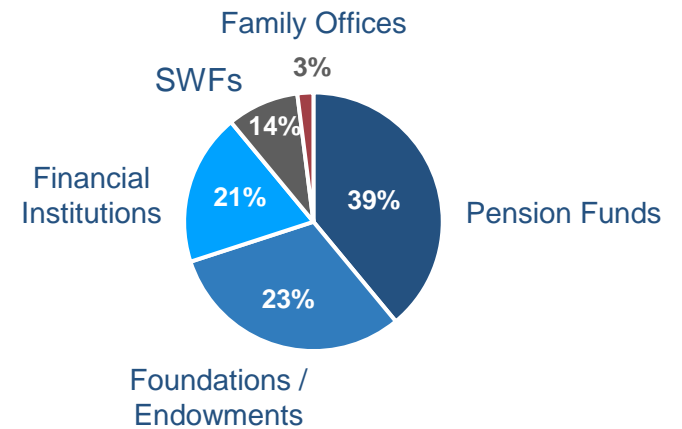
Founder and Employees

**EFG HERMES**  
المجموعة المالية هيرميس



**FIM Partners**

- Engaged in investment banking, asset management, securities brokerage, research and private equity
- Listed on the London Stock Exchange and Egyptian Stock Exchange
- Offices across 14 countries in Emerging Markets



## Authorized and Regulated by

FCA (UK)    DFSA (UAE)    CMA (KSA)    CMA (Oman)

## Registered as an investment advisor with

SEC (USA)

## UN PRI Signatory

Signatory of:



# Why FIM Partners?



## Small EM/Frontier Specialists

- 15+ years track record in Small EM/FM that display low correlation to large EM and remain highly under-researched
- Team presence in the Middle East facilitates frequent travel and network development in target markets
- Established contact network in target markets including corporates, regulators, policy makers, industry experts, etc.



## Our Approach

- Focus on domestically driven secular themes with sustainable long term growth trajectories
- Holistic 360-degree analysis of investments with a high-quality bias
- Benchmark agnostic, high conviction concentrated portfolios with low turnover targeting an absolute return of 15-20% US\$ IRR



## The Team

- Deep experience bench with 150+ years of combined experience
- Dedicated in-house macro strategist with proprietary macro assessment tools
- 6 EM nationals in the investment team
- Senior investment team has been together for 10+ years



## Track Record

- 10-year track record with +11.18% ITD annualized gross US\$ returns
- +9.4% ITD annualized outperformance to MSCI EM
- Strong upside and downside capture metrics combined with superior risk adjusted returns



## Sustainability

- Integral pillar of the Investment Process
- Proprietary ESG Integration Framework & KPI database of 100+ corporates
- Dedicated Sustainability Lead, ESG Team & ESG Board Committee
- 4 out 5 stars in the Listed Equity Active Fundamental category in our 2021 UN PRI assessment

# Strategy Overview

## Secular Themes

*Monetizing domestically driven secular themes in FEM via public listed equities that offer a unique avenue for diversified un-correlated returns*

## Bottom-Up Approach

*Bottom-up single security selection approach with an emphasis on deep fundamental on-ground research keeping ESG & macro factors in perspective*

## Return Target 15-20% p.a.

*Capacity constrained strategy (\$750mn) with an absolute US\$ return target of 15-20% p.a.*

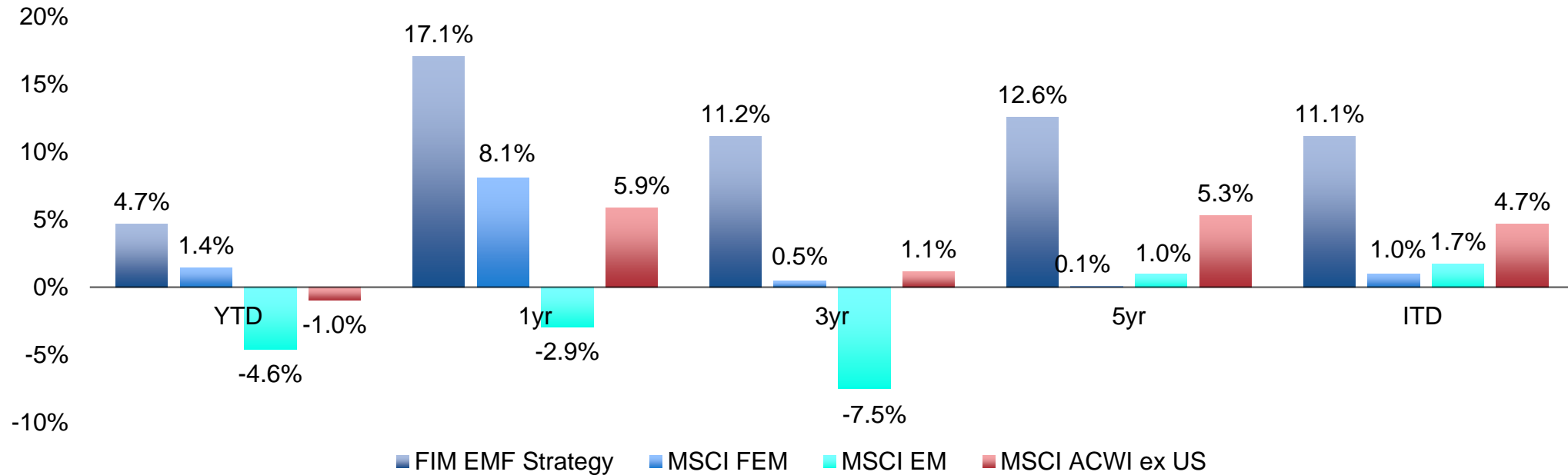
## Concentrated Portfolio

*Benchmark agnostic high conviction portfolio construction with a relatively concentrated portfolio of 25-30 investments with an active watchlist of 30-35 names*

## Liquid Portfolio

*Liquid portfolio that can be fully divested in 45 days assuming 33% ADTV*

# Track Record (as of January 2024)



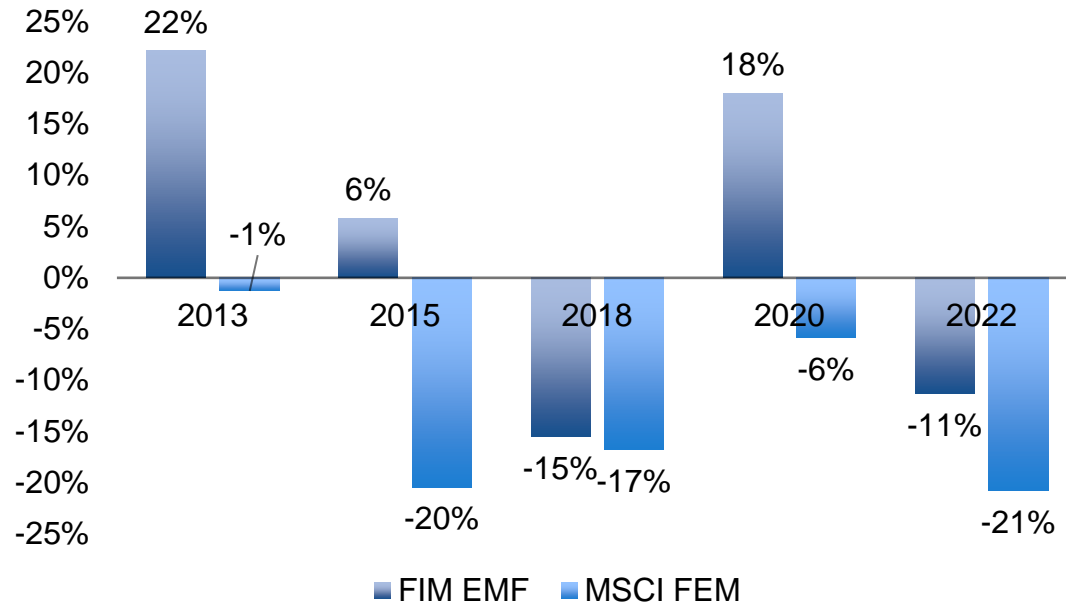
|                               | FIM EMF | MSCI FEM | MSCI EM | MSCI ACWI ex. US |
|-------------------------------|---------|----------|---------|------------------|
| Standard Deviation            | 14.3%   | 15.4%    | 16.8%   | 14.8%            |
| Sharpe Ratio                  | 0.54    | -0.16    | -0.11   | 0.08             |
| Max Drawdown                  | -26.6%  | -36.3%   | -36.0%  | -27.9%           |
| Up Capture (Fund vs. Index)   |         | 97.2%    | 74.9%   | 77.1%            |
| Down Capture (Fund vs. Index) |         | 46.1%    | 30.6%   | 35.0%            |

Sources: Bloomberg; FIM Partners

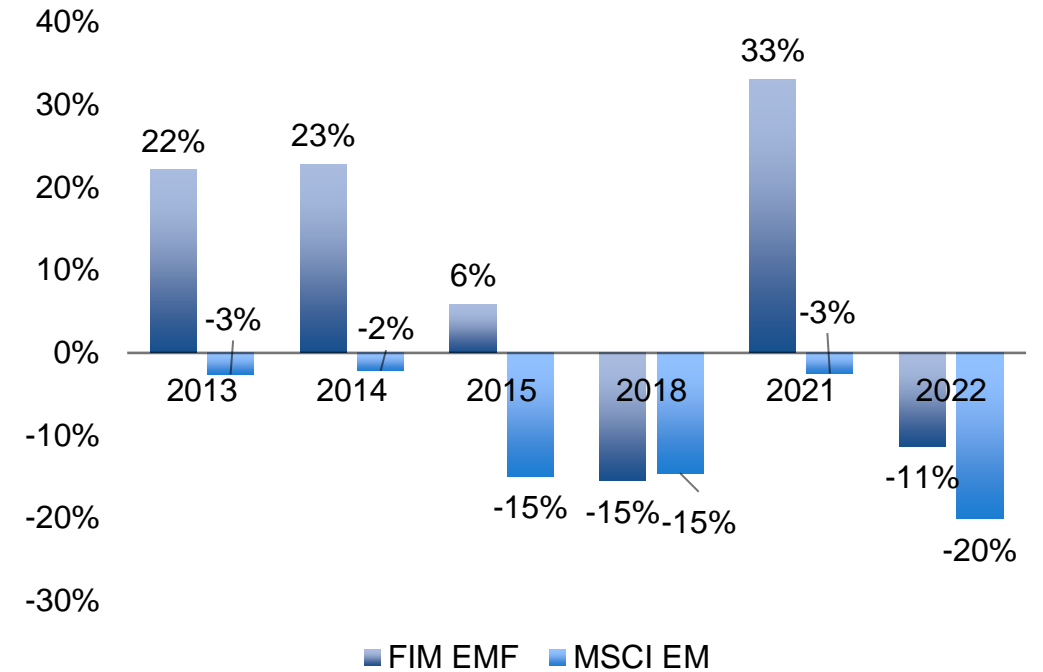
Notes: ITD Returns calculated from 06/01/2013 (FIM Frontier Fund inception date). All Fund returns in Gross Terms and indices returns on a Total Return Basis

# Track Record – Comparison

Performance in Index Negative Years (vs. MSCI FEM)



Performance in Index Negative Years (vs. MSCI EM)



Sources: Bloomberg; FIM Partners

Notes: ITD Returns calculated from 06/01/2013 (FIM Frontier Fund inception date). All Fund returns in Gross Terms and indices returns on a Total Return Basis



# Why Frontier Emerging Markets?

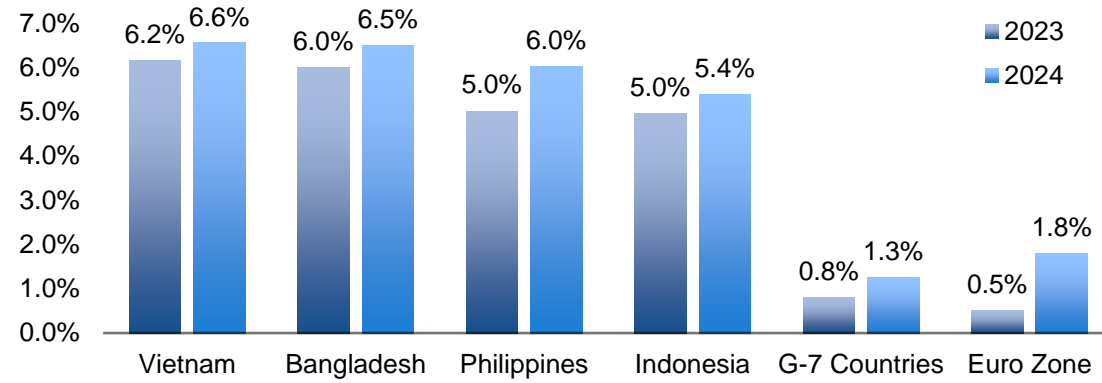
FIM EM Frontier Fund

**FIM Partners**



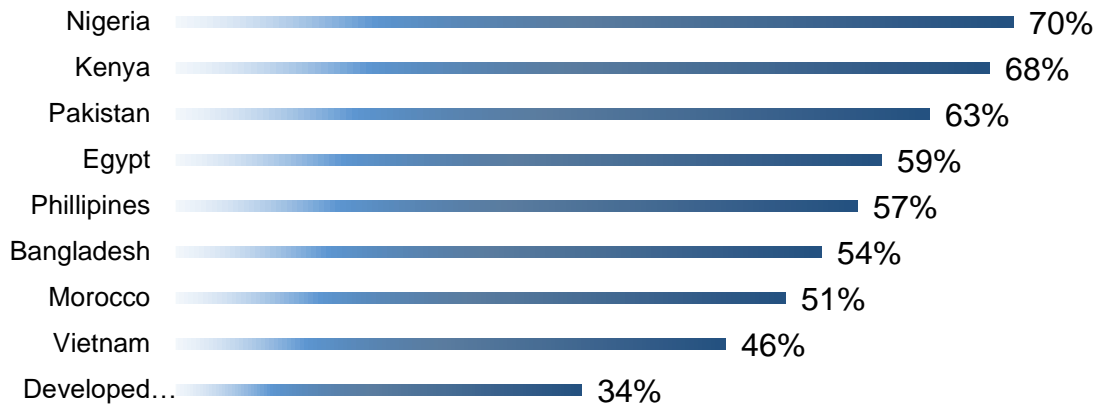
# The Big Picture

GDP Outlook



Source: World Bank

Population under 30 years old

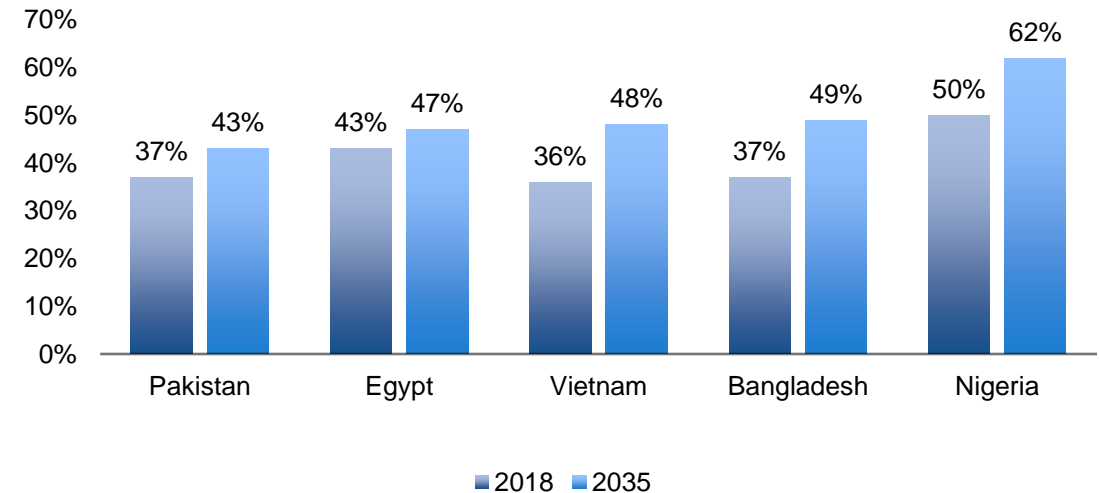


Sources: IMF & United Nations Population Division

**685mn**  
Population <30 years of age =  
Population of Europe

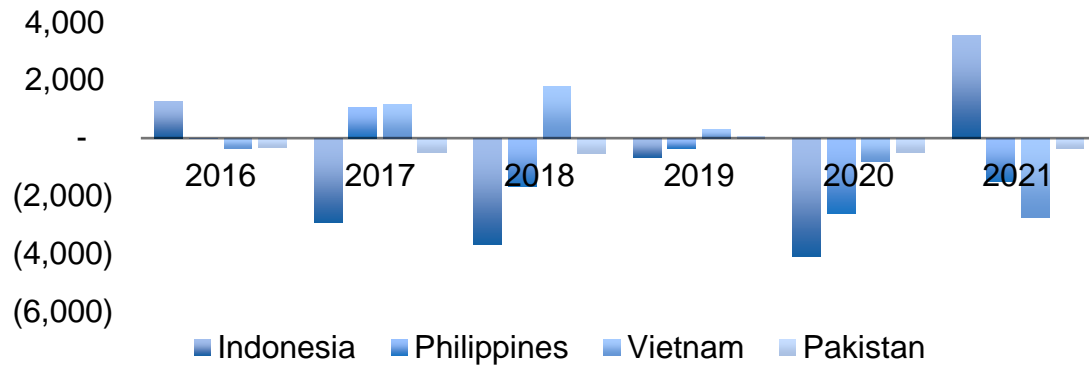
**257mn**  
Will move to urban  
cities by 2035

Rising Urbanization to Shape Consumption Patterns

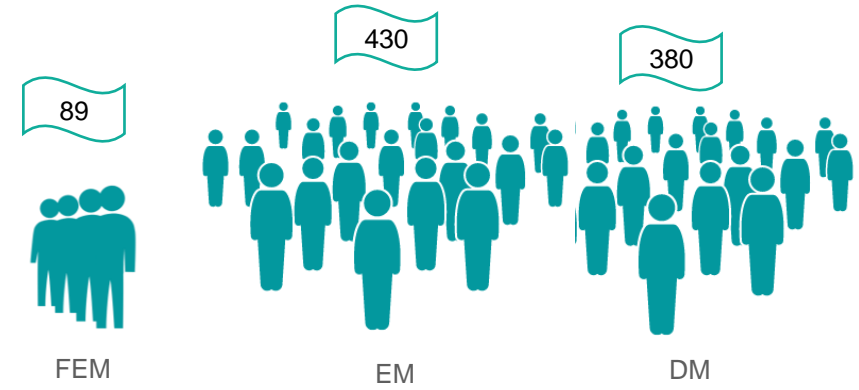


# Unique Investment Opportunity

Under-owned markets with cumulative net foreign outflows over the last 5 years (in US\$ mn)



Under-researched (# of analysts covering a Top 10 stock)



Avenue for Diversified Uncorrelated Returns

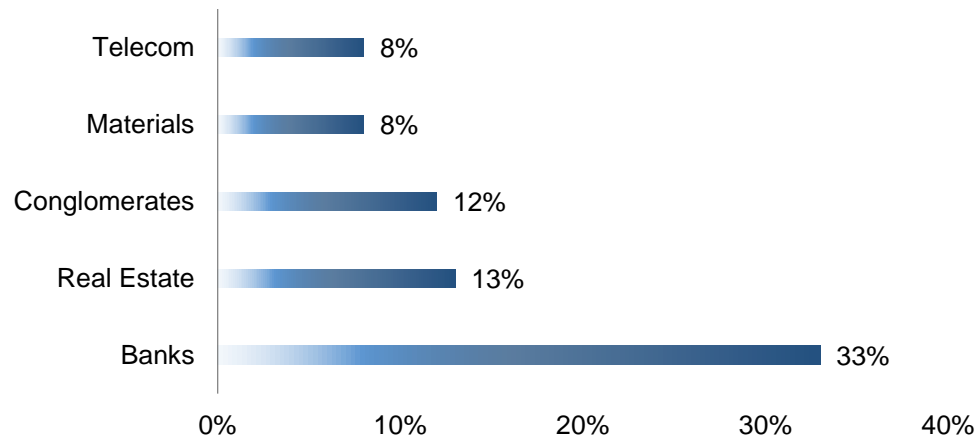
|             | DM         | Large EM |        |       |       |        |        |             | FEM       |          |            |         |       |         |       |           |          |      |  |
|-------------|------------|----------|--------|-------|-------|--------|--------|-------------|-----------|----------|------------|---------|-------|---------|-------|-----------|----------|------|--|
|             | MSCI World | China    | Taiwan | Korea | India | Russia | Brazil | Philippines | Indonesia | Pakistan | Bangladesh | Vietnam | Kenya | Nigeria | Egypt | Argentina | Colombia | Peru |  |
| MSCI World  | 100%       |          |        |       |       |        |        |             |           |          |            |         |       |         |       |           |          |      |  |
| China       | 63%        | 100%     |        |       |       |        |        |             |           |          |            |         |       |         |       |           |          |      |  |
| Taiwan      | 64%        | 69%      | 100%   |       |       |        |        |             |           |          |            |         |       |         |       |           |          |      |  |
| Korea       | 73%        | 71%      | 76%    | 100%  |       |        |        |             |           |          |            |         |       |         |       |           |          |      |  |
| India       | 61%        | 57%      | 61%    | 62%   | 100%  |        |        |             |           |          |            |         |       |         |       |           |          |      |  |
| Russia      | 63%        | 51%      | 52%    | 59%   | 49%   | 100%   |        |             |           |          |            |         |       |         |       |           |          |      |  |
| Brazil      | 63%        | 51%      | 53%    | 60%   | 55%   | 62%    | 100%   |             |           |          |            |         |       |         |       |           |          |      |  |
| Philippines | 54%        | 52%      | 56%    | 61%   | 56%   | 47%    | 54%    | 100%        |           |          |            |         |       |         |       |           |          |      |  |
| Indonesia   | 55%        | 52%      | 56%    | 60%   | 58%   | 49%    | 56%    | 66%         | 100%      |          |            |         |       |         |       |           |          |      |  |
| Pakistan    | 17%        | 22%      | 23%    | 20%   | 22%   | 15%    | 18%    | 25%         | 24%       | 100%     |            |         |       |         |       |           |          |      |  |
| Bangladesh  | 1%         | -6%      | 3%     | 8%    | 11%   | -5%    | -8%    | 8%          | 9%        | 23%      | 100%       |         |       |         |       |           |          |      |  |
| Vietnam     | 36%        | 31%      | 34%    | 30%   | 25%   | 33%    | 23%    | 28%         | 25%       | 27%      | 29%        | 100%    |       |         |       |           |          |      |  |
| Kenya       | 15%        | 16%      | 15%    | 14%   | 12%   | 13%    | 14%    | 25%         | 18%       | 20%      | -1%        | 19%     | 100%  |         |       |           |          |      |  |
| Nigeria     | 14%        | 13%      | 14%    | 12%   | 13%   | 15%    | 7%     | 16%         | 9%        | 23%      | 10%        | 22%     | 28%   | 100%    |       |           |          |      |  |
| Egypt       | 42%        | 40%      | 38%    | 43%   | 56%   | 38%    | 24%    | 45%         | 40%       | 27%      | 11%        | 40%     | 38%   | 100%    |       |           |          |      |  |
| Argentina   | 52%        | 36%      | 34%    | 37%   | 31%   | 40%    | 44%    | 30%         | 32%       | 13%      | 3%         | 21%     | 8%    | 10%     | 13%   | 100%      |          |      |  |
| Colombia    | 66%        | 46%      | 52%    | 59%   | 42%   | 55%    | 63%    | 54%         | 56%       | 13%      | 5%         | 30%     | 17%   | 11%     | 40%   | 35%       | 100%     |      |  |
| Peru        | 60%        | 50%      | 53%    | 55%   | 46%   | 51%    | 63%    | 50%         | 53%       | 24%      | 0%         | 30%     | 18%   | 9%      | 39%   | 38%       | 54%      | 100% |  |

Sources: Regus Partners, JP Morgan, Tellimer Research & Bloomberg

# GEM Funds – Unable to capture FEM Potential

- High concentration of Large EM in Active GEM Funds leads to low FEM exposure
- Active GEM Fund returns have historically mimicked index returns
- FEM exposure (if any) restricted to unattractive benchmark names which do not adequately capture high growth FEM secular themes

Top FEM Index Sector Weights

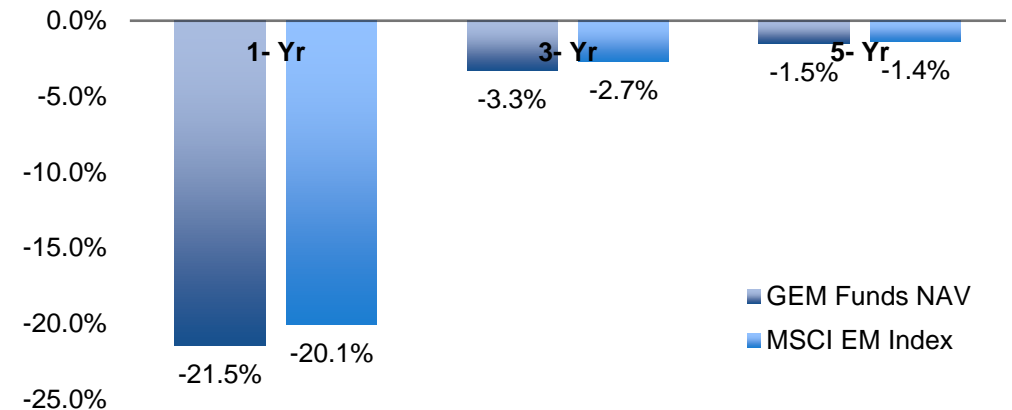


Sources: EPFR Global, Bloomberg, HSBC

Active GEM Fund Country Exposures vs. Index Weight

| Country         | Current     | 5 Year Average | Index Weight |
|-----------------|-------------|----------------|--------------|
| China           | 0.98        | 0.90           | 32%          |
| Taiwan          | 0.86        | 0.74           | 16%          |
| South Korea     | 0.99        | 0.84           | 12%          |
| India           | 1.02        | 1.17           | 13%          |
| Brazil          | 1.02        | 1.12           | 5%           |
| South Africa    | 0.78        | 0.94           | 3%           |
| Russia          | 1.35        | 1.46           | 3%           |
| <b>Large EM</b> | <b>1.00</b> | <b>1.03</b>    | <b>84%</b>   |
| Other EM        | 0.78        | 0.93           | 16%          |

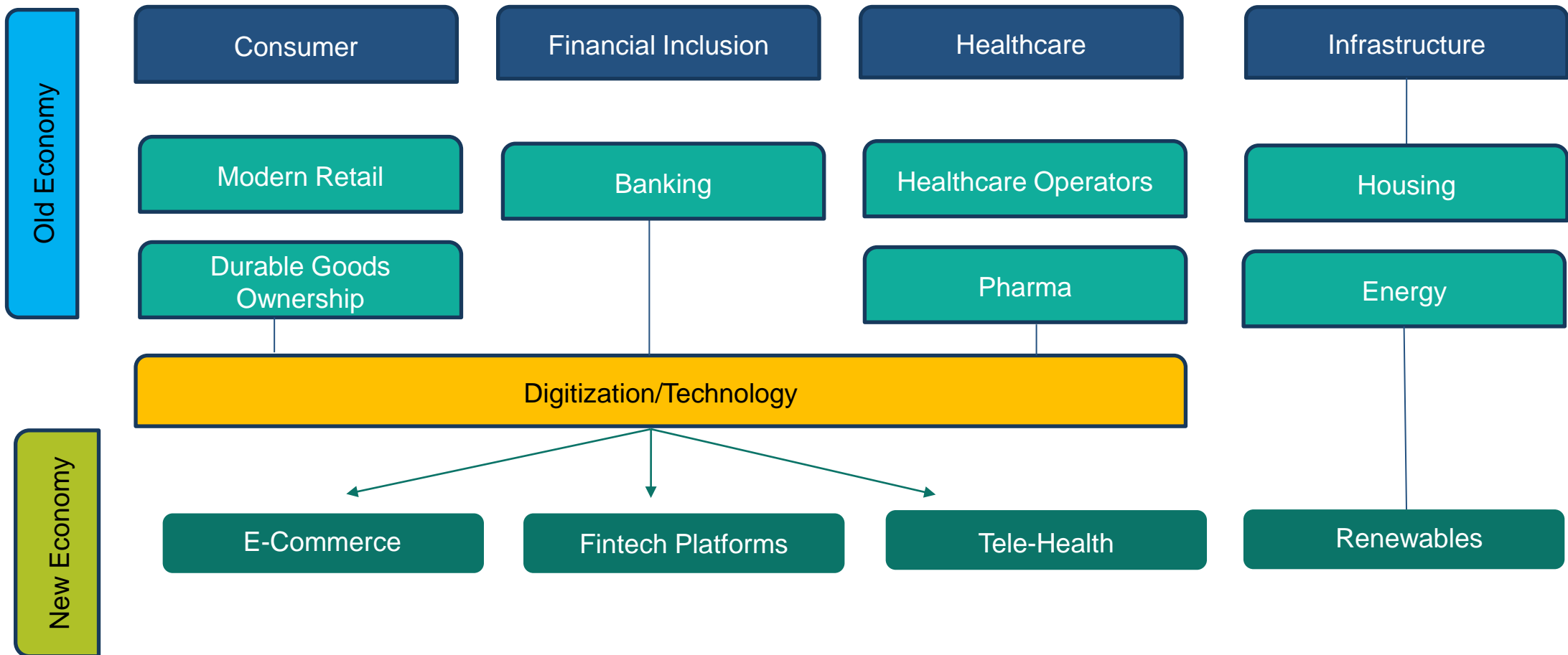
Active GEM Funds vs. MSCI EM Returns



Sources: HSBC Research

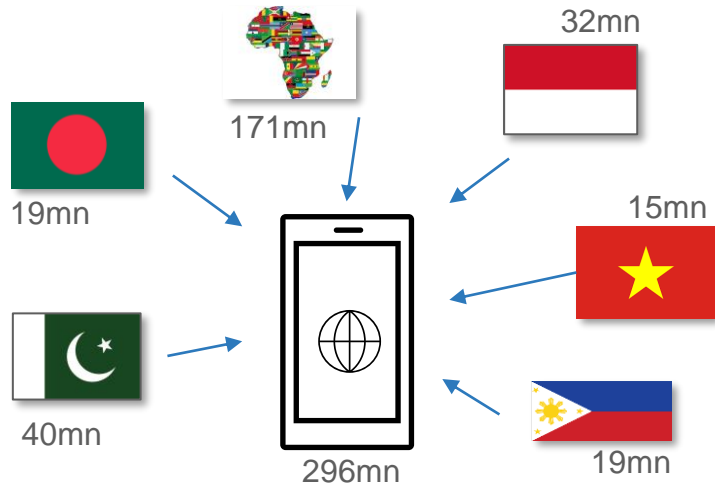
# Powerful Secular Domestic Themes

Traditional Economy themes offer strong growth prospects and are getting a boost from digitization and Sustainability Awareness

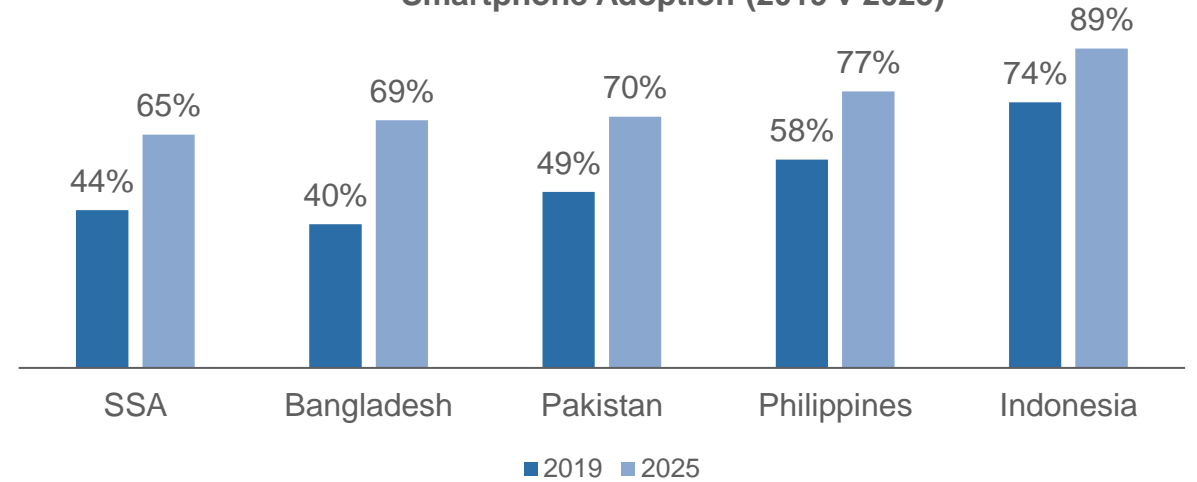


# Digitization – Rapid Adoption in Progress

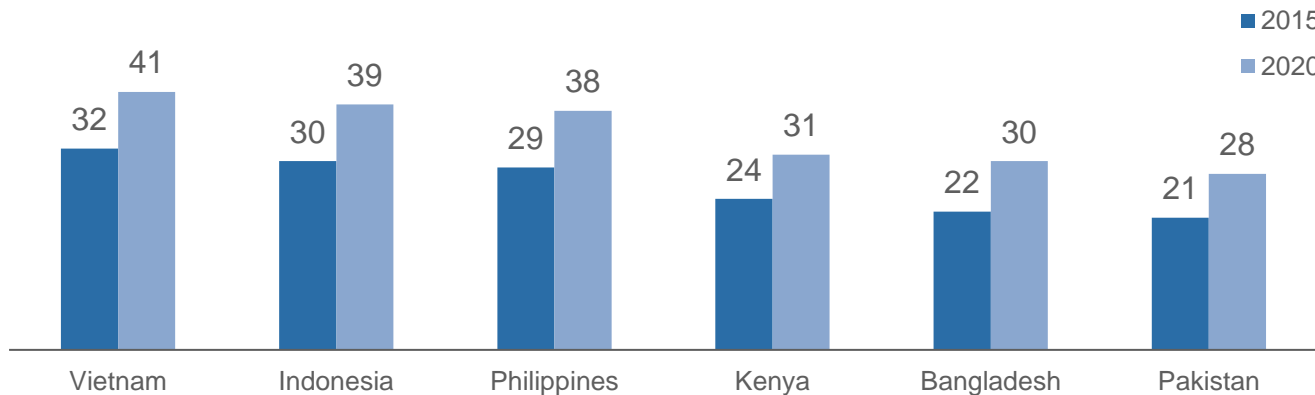
FEM New Mobile Internet Users by 2025



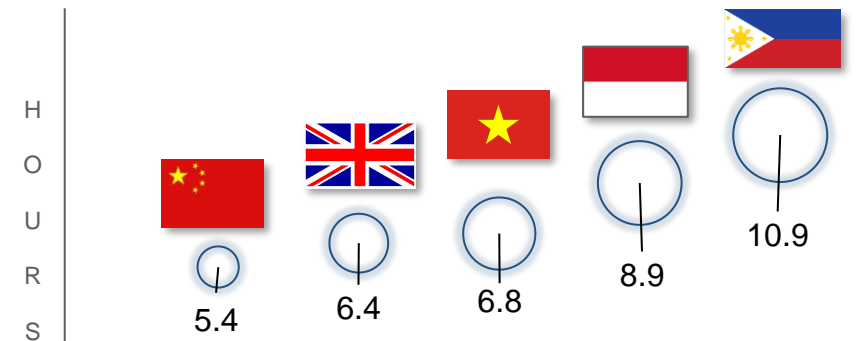
Smartphone Adoption (2019 v 2025)



Global Connectivity Index rankings



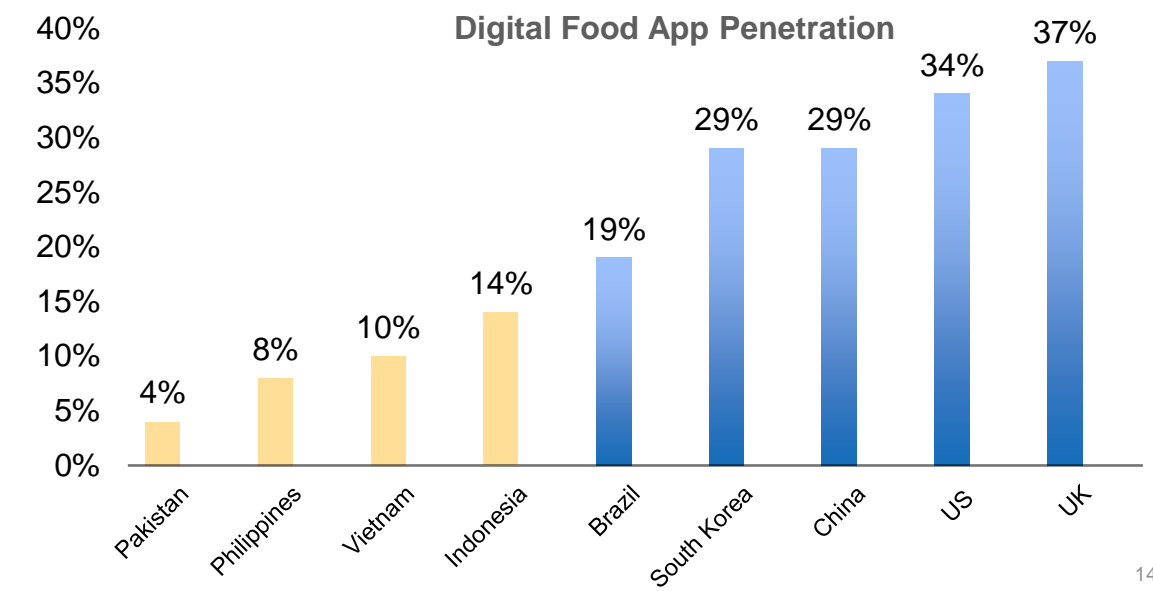
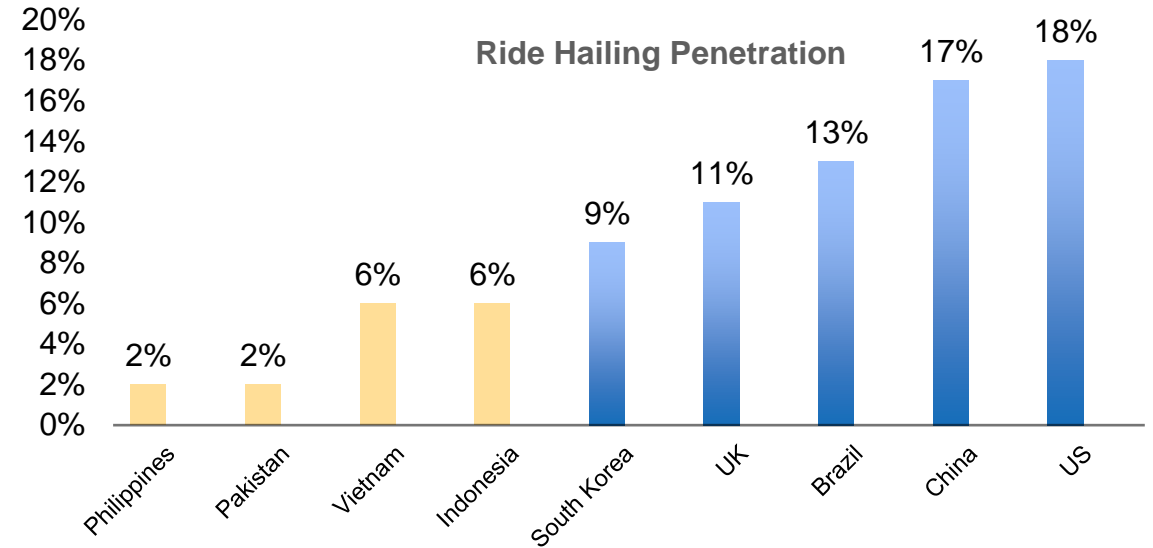
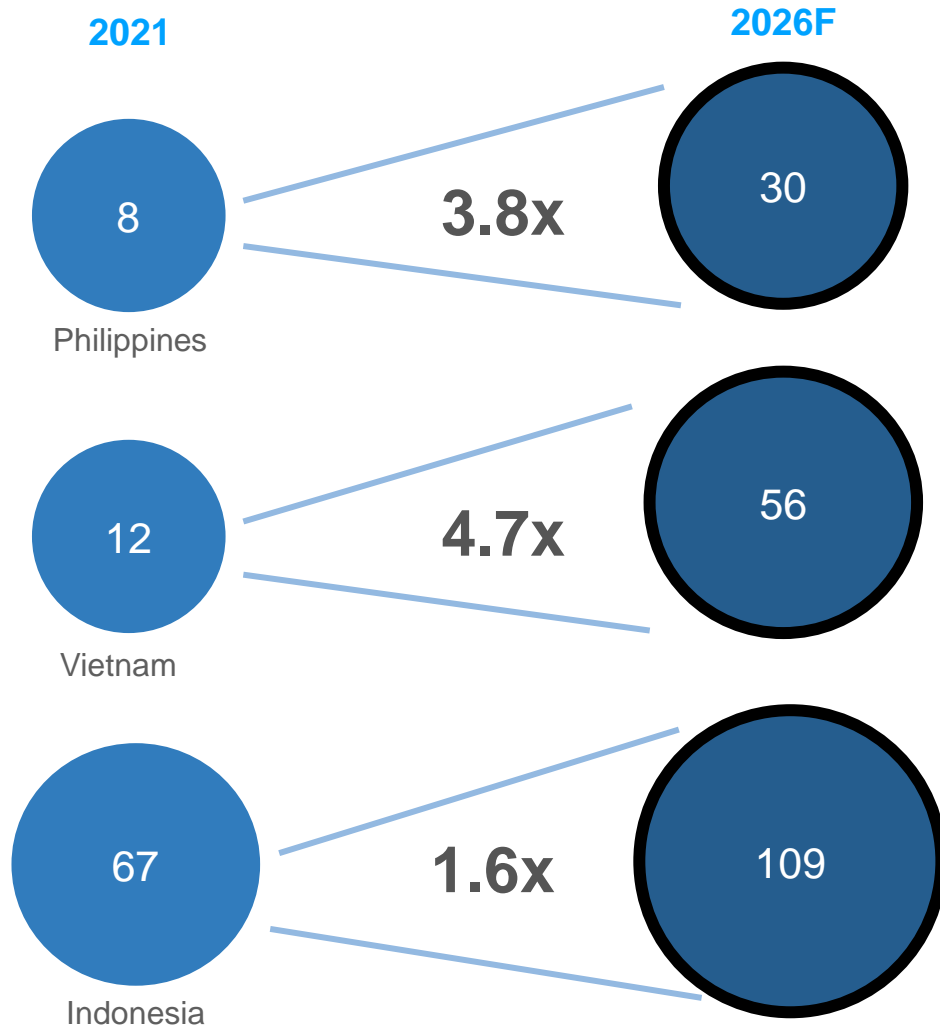
Daily Online Time (hours)



Sources: GSMA, DataReportal, GCI

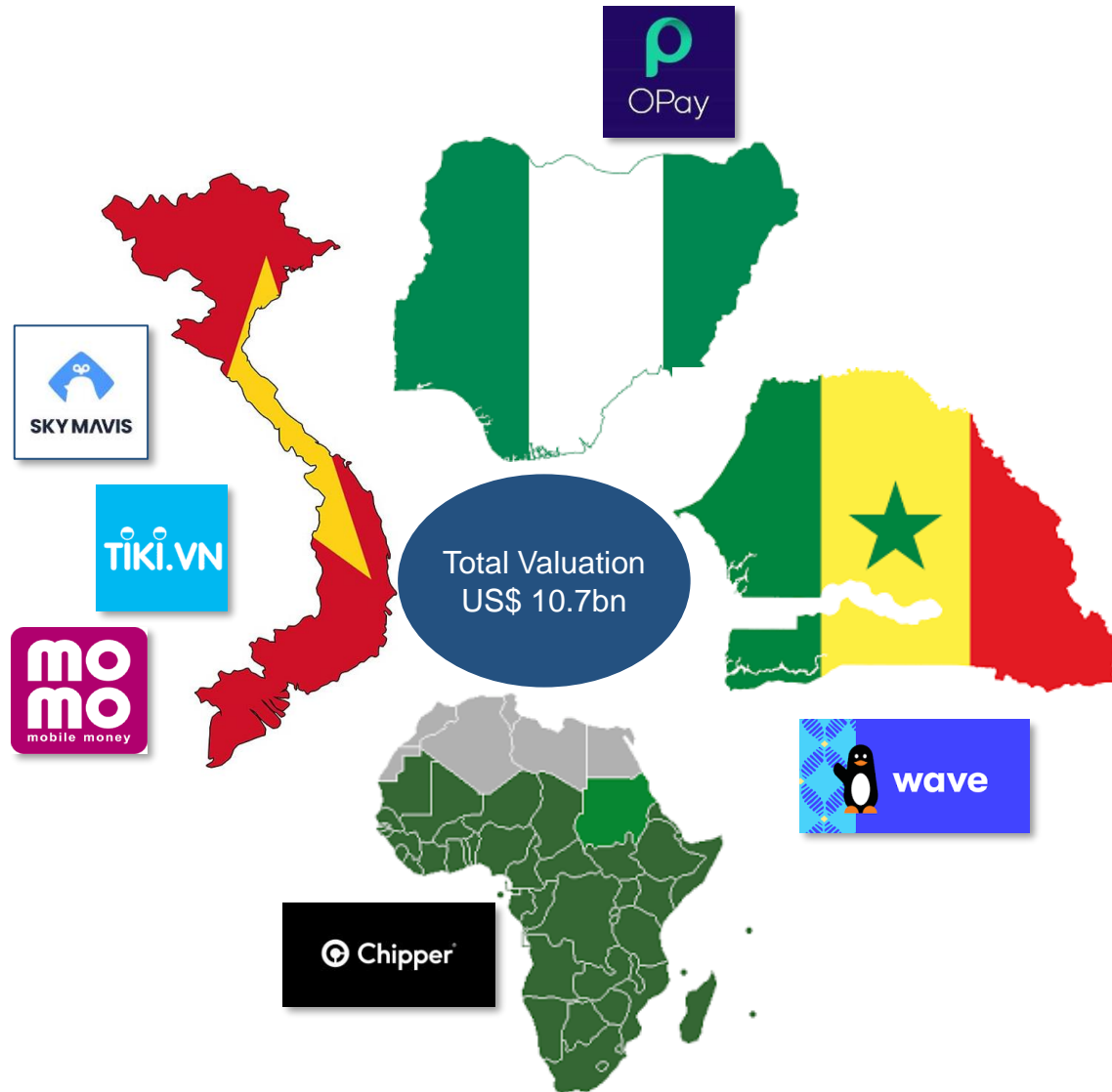
# Digitization – Improved Access to Drive Digital Lifestyle

E-Commerce GMV Outlook (US\$ bn)

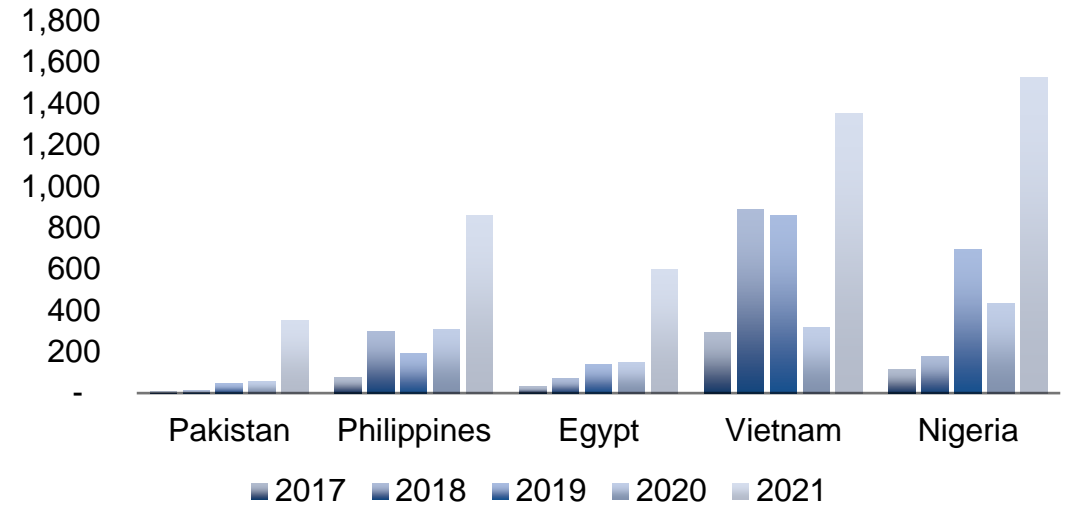


Sources: SEA e-Economy Report 2021, Data Reportal

# Digitization – Arrival of the Unicorns



Start-up Funding (US\$ mn)

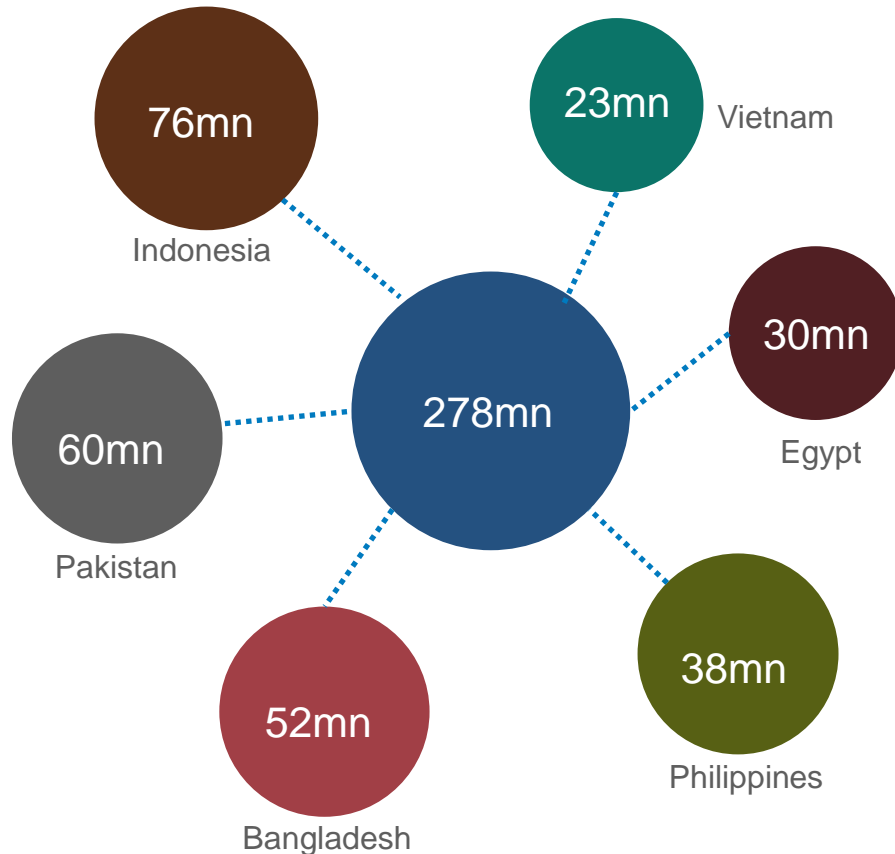


| Name              | Sector     | Latest Raise (US\$ mn) | Valuation (US\$ bn) |
|-------------------|------------|------------------------|---------------------|
| OPay              | Banking    | 400                    | 2.0                 |
| TIKI.VN           | E-commerce | 258                    | 1.0                 |
| MOMO mobile money | Banking    | 200                    | 2.0                 |
| wave              | Banking    | 200                    | 1.7                 |

# The Consumer

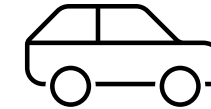
The FEM consumer story benefits from a growing youthful urban population whose increasing spending capacity and behavioral shift will increase the demand for modern goods and services with an emphasis on convenience

## New Middle-Class Consumers from 2020-30

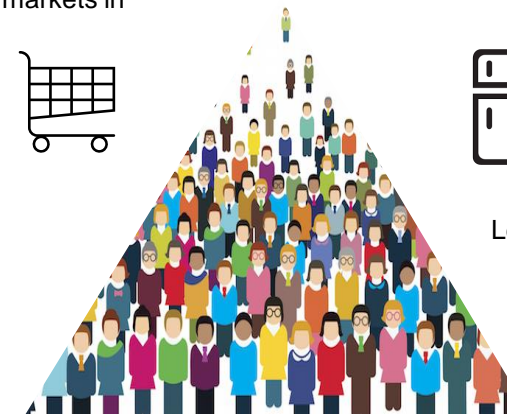


## Where will they be spending?

The Grocery industry will grow by USD 229bn over the next 5 years with 5 FEM countries amongst the 20 largest grocery markets in the world



FEM passenger car ownership at 33 per 1000 inhabitants vs. 470 for Developed Markets

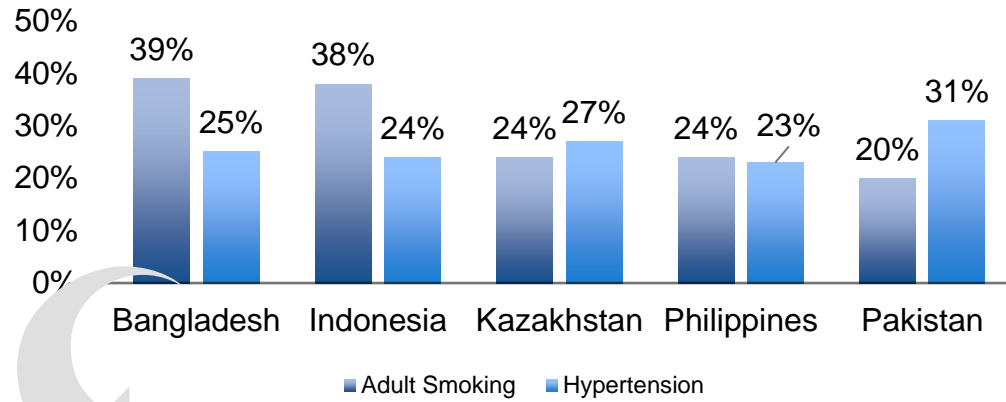


Less than 50% of FEM households own a refrigerator

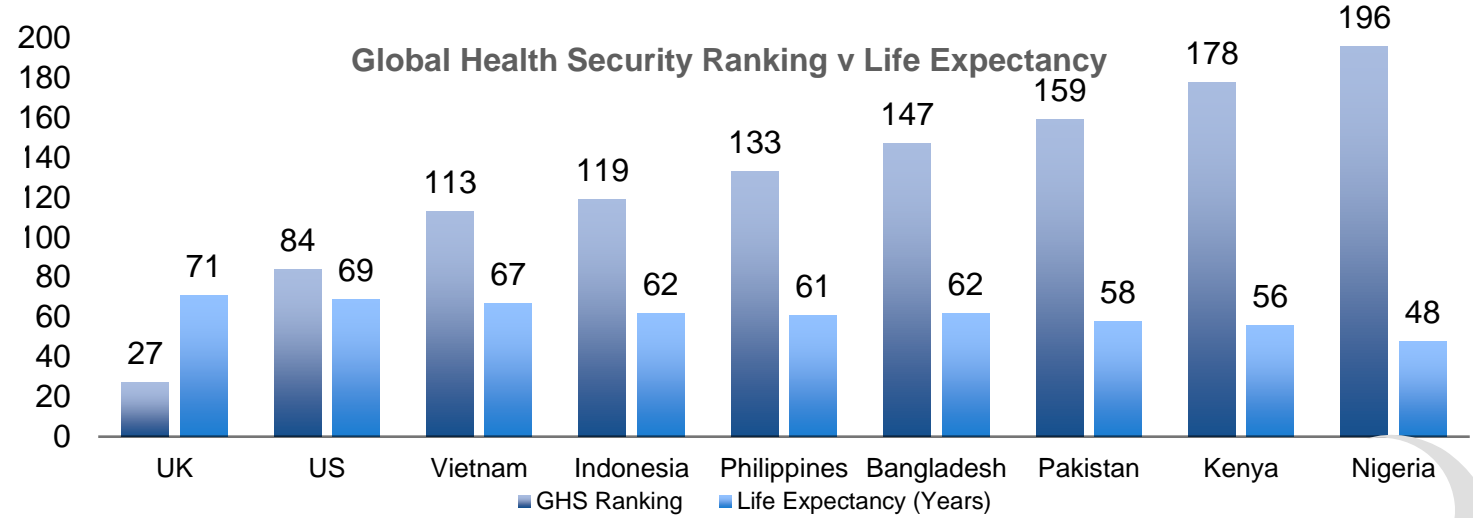


# Healthcare

Adult Smoking & Hypertension Prevalence

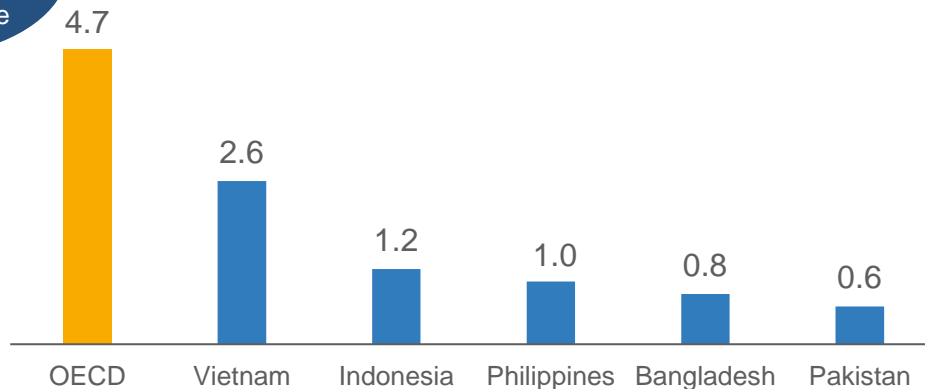


Global Health Security Ranking v Life Expectancy

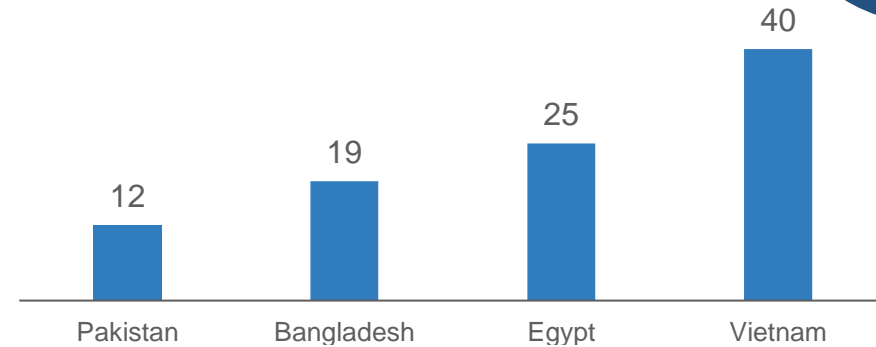


3.1mn additional hospital beds required to reach OECD Average

Hospital beds per 1000



Pharma Consumption / Capita (US\$)



FEM Pharma Consumption is a fraction of EM and DM

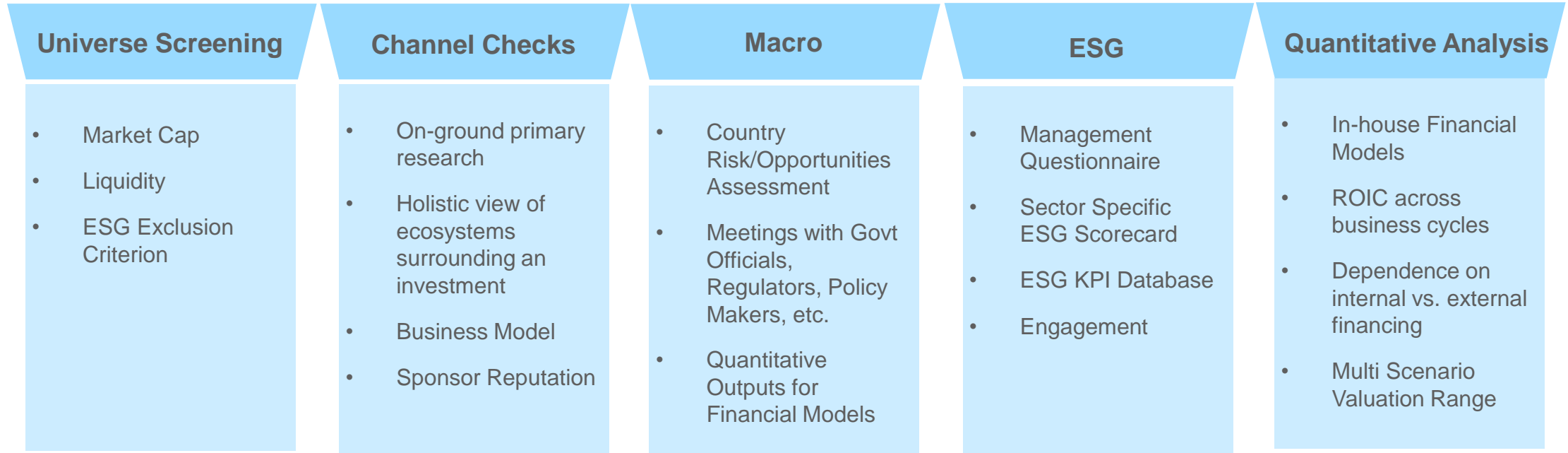


# Investment Process

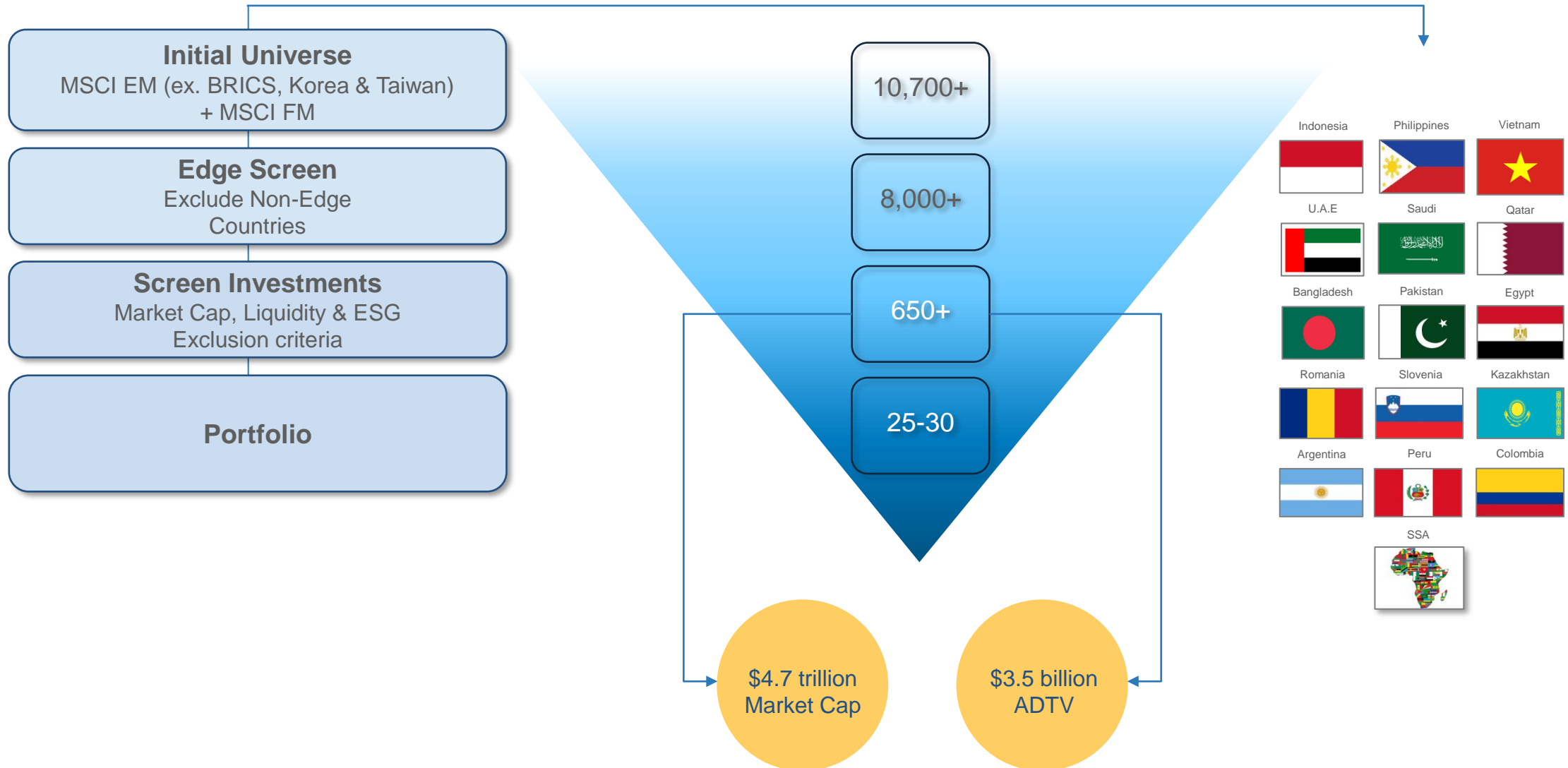
FIM EM Frontier Fund

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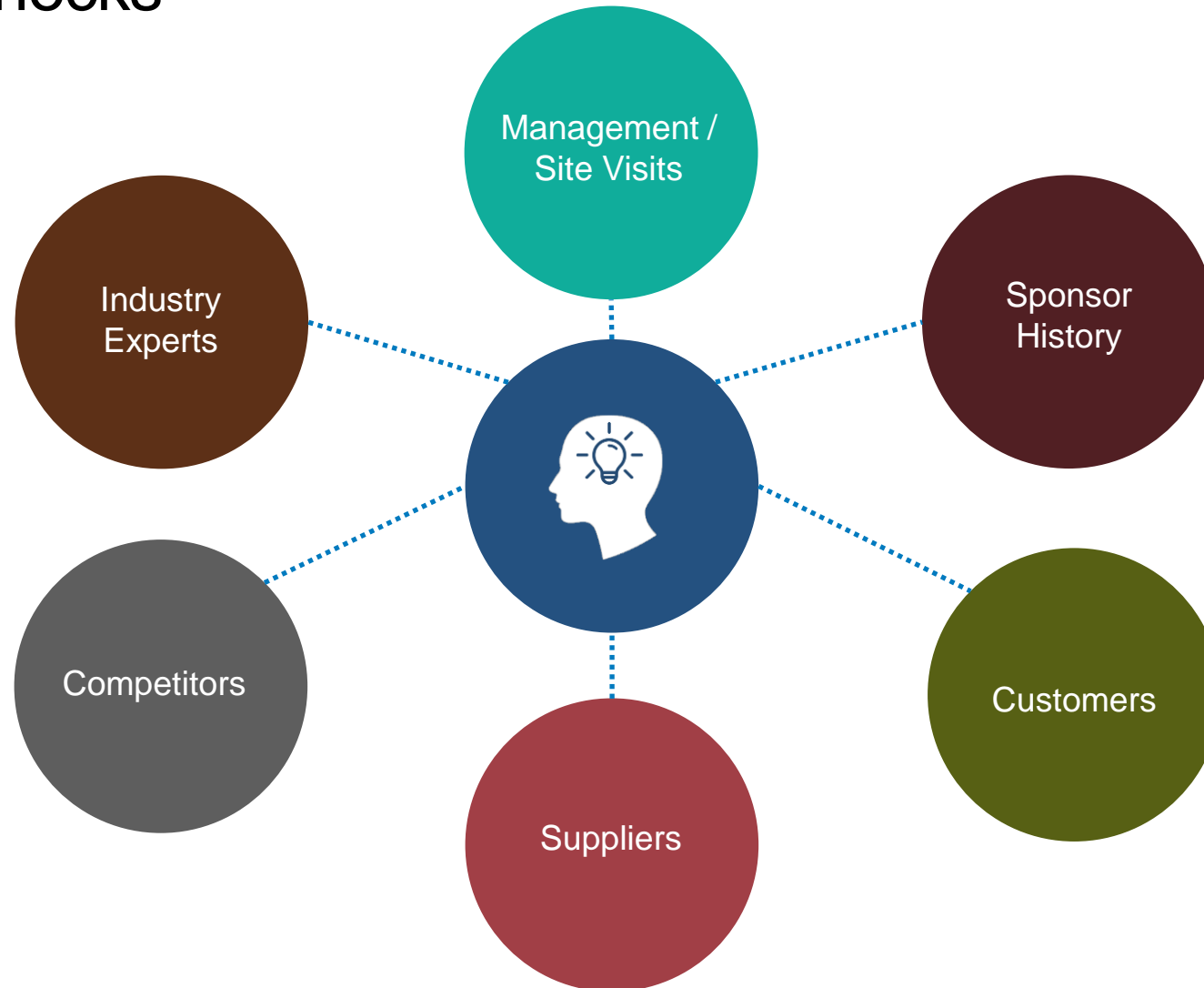
# Investment Process Overview



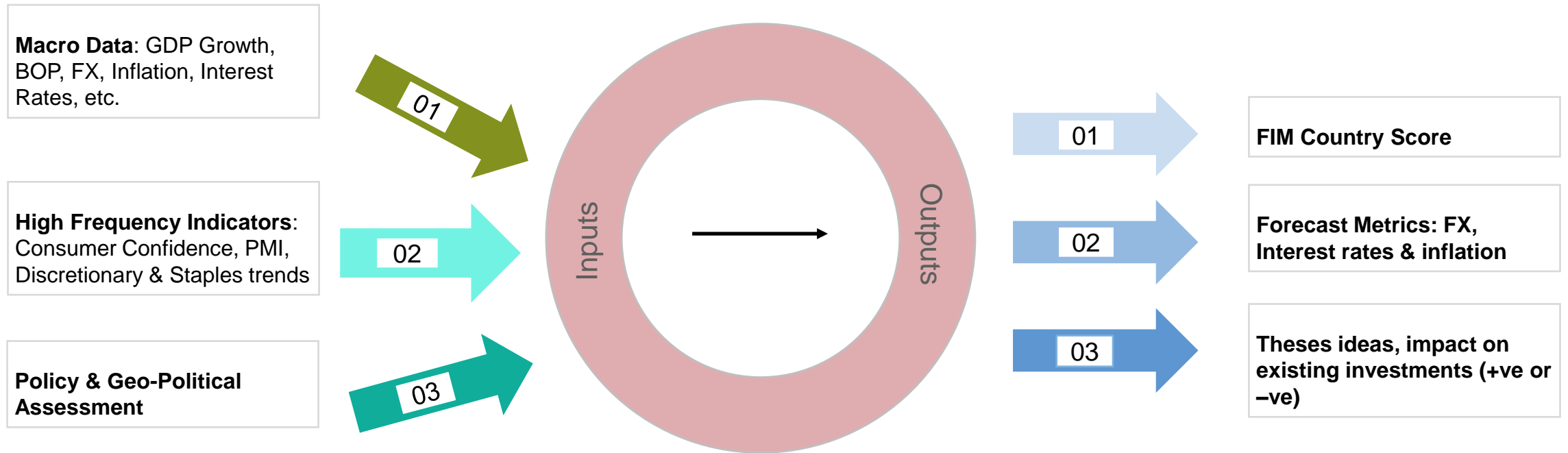
# Universe Screening



# Channel Checks

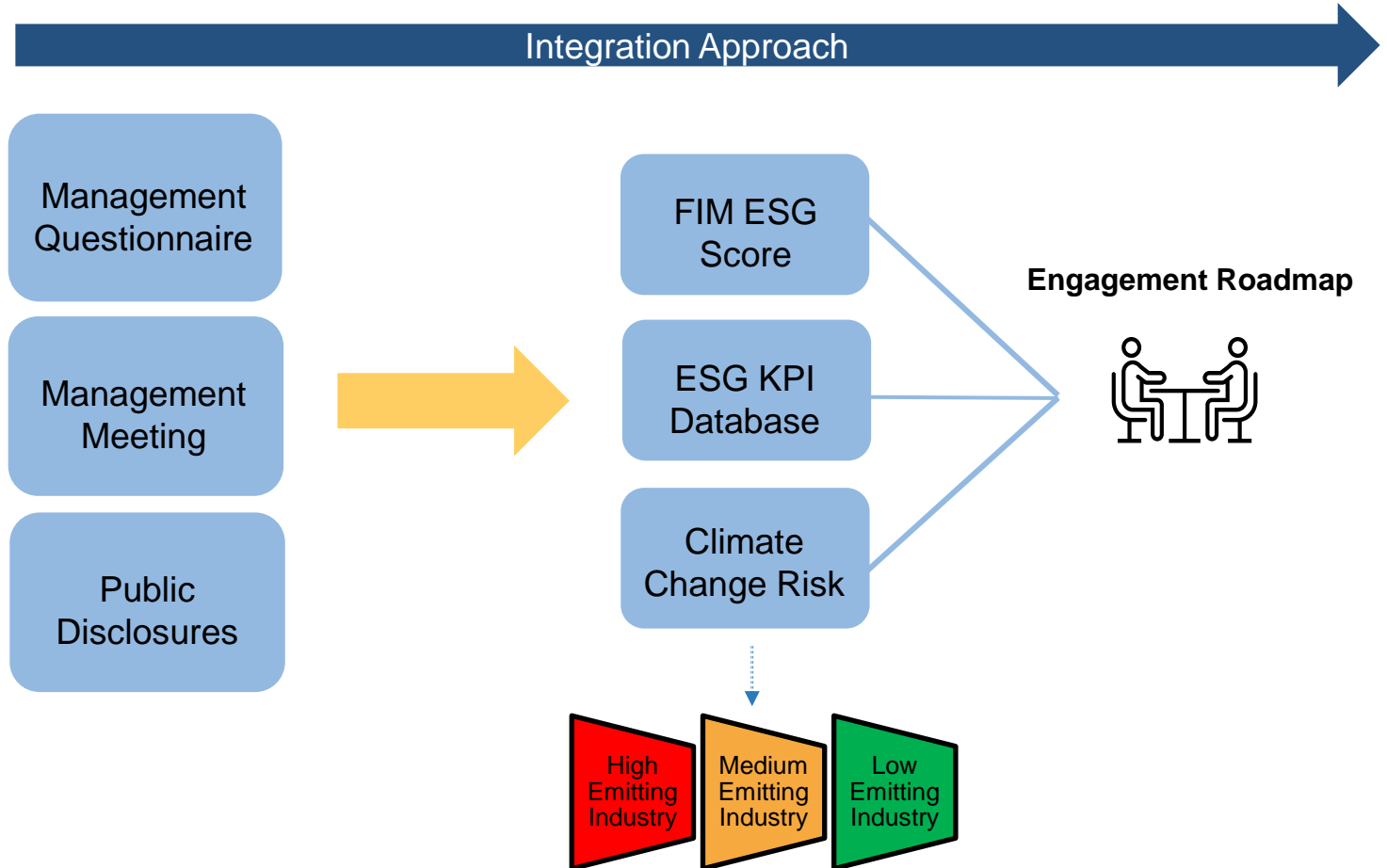
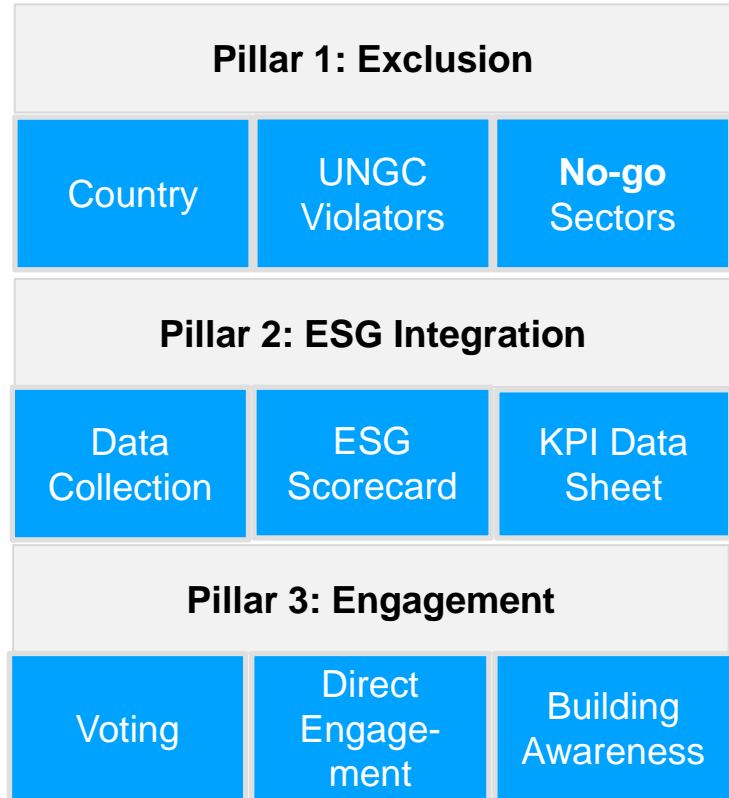


# Macro Analysis

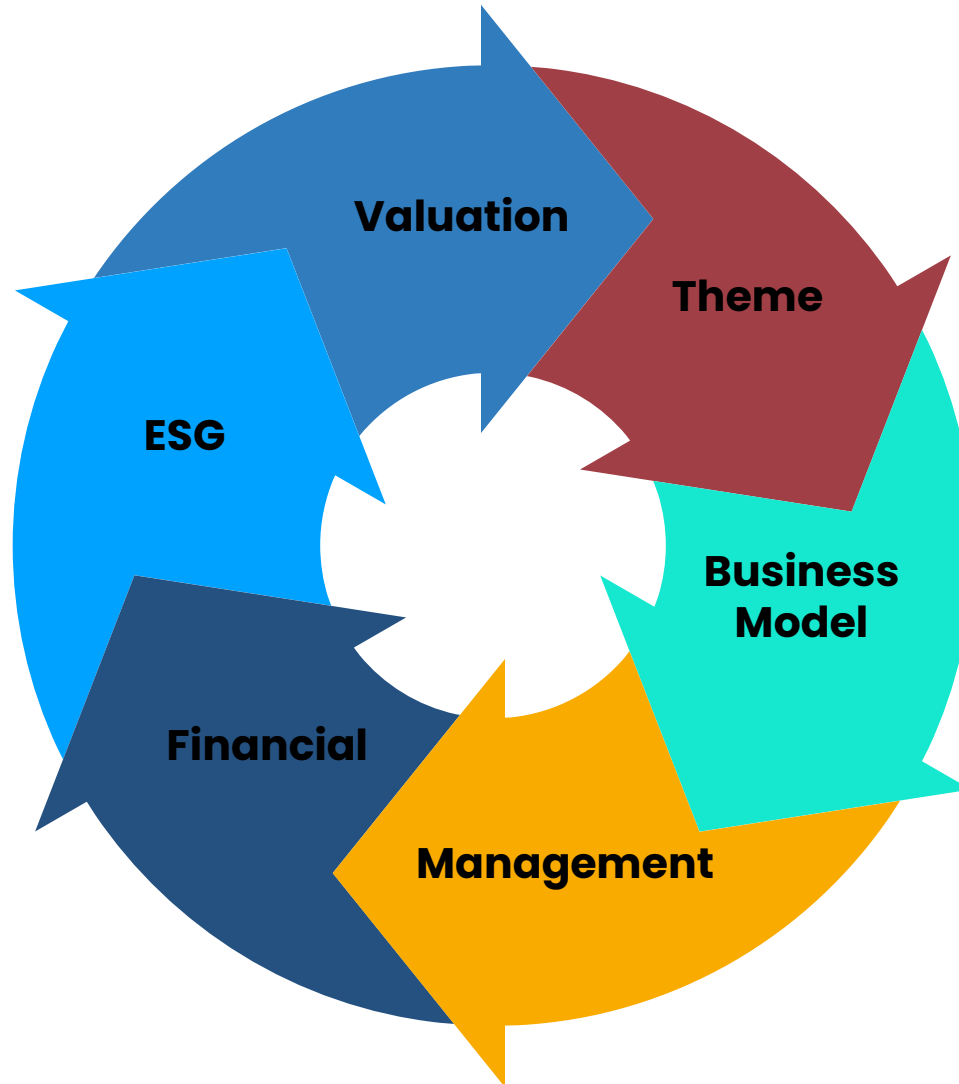


# ESG Integration

All investments are vetted via sector-specific ESG Scorecards with a Minimum Passing Score of 50/100



# Underwriting Criteria



- DCF Analysis
  - Relative Multiples
  - Scenario Analysis
- 

- FIM ESG Score
  - Sustainability Opportunities
  - Material ESG Risks
- 

- ROIC vs. Cost of Capital
- External Funding Reliance
- Earnings Quality & Volatility

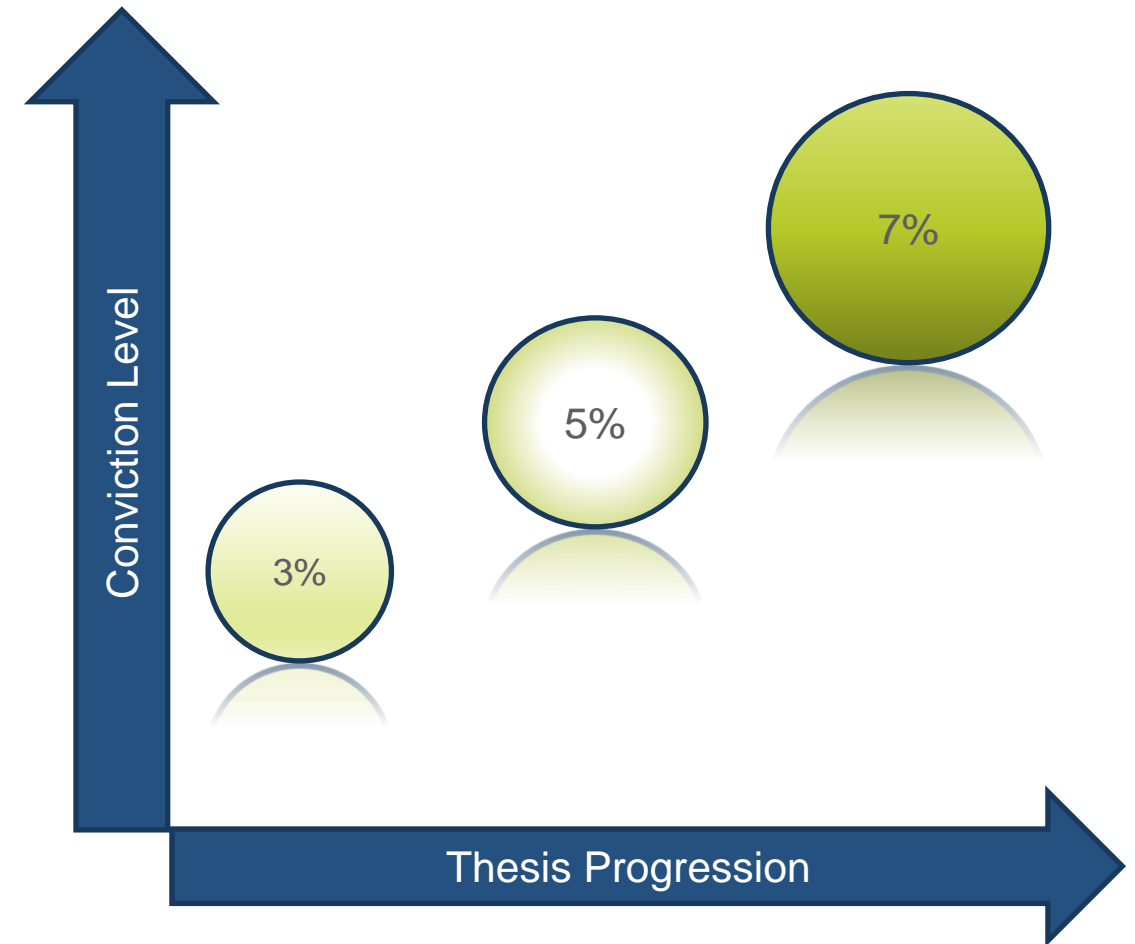
- Resilience
  - Portfolio Overlap
  - Disruption Threat
- 

- Durability
  - MOATS
  - Disruption Threat
- 

- Strategic Prowess
- Transparency
- Downcycle Test



# Portfolio Construction



# Sell Discipline

## Investment Team & Risk Committee Framework Guidelines

### Thesis

*Misunderstanding or change of Initial Thesis*

*Unanticipated Macro or Regulatory or Political Shock to the overall market that constrains thesis realization*

*Sector specific event*

### Valuation

*Price Target Achieved and Analyst does not see further upside*

*Watchlist Contender offering a better valuation proposition*

### ESG

*Significant ESG Risk has emerged which could have a material negative impact on the business*

*Engagement efforts over a reasonable period have proven unfruitful*

### Concentration Limit

*Close to reaching limit under Risk Management Guidelines and the position is trimmed (as long as our these and valuation upside remain intact)*



## Case Studies

FIM EM Frontier Fund

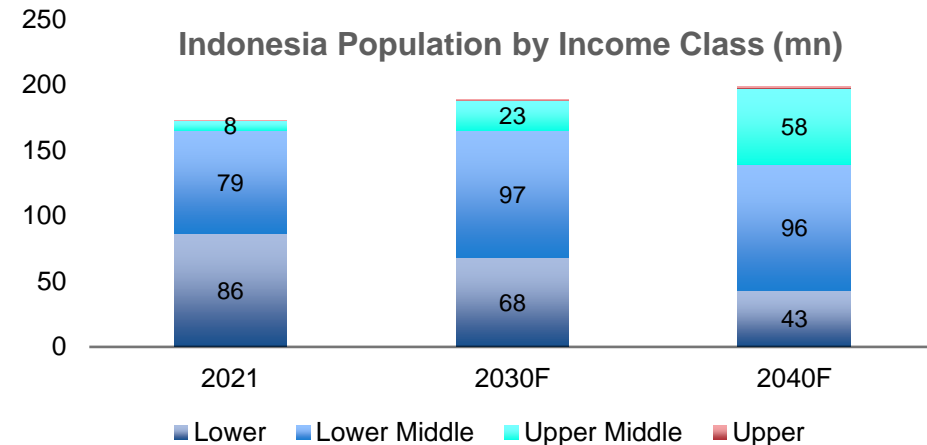
**FIM Partners**

# Cisaru Mountain Dairy

Cisaru Mountain Dairy is a rapidly growing Indonesian packaged food & dairy foods manufacturer.

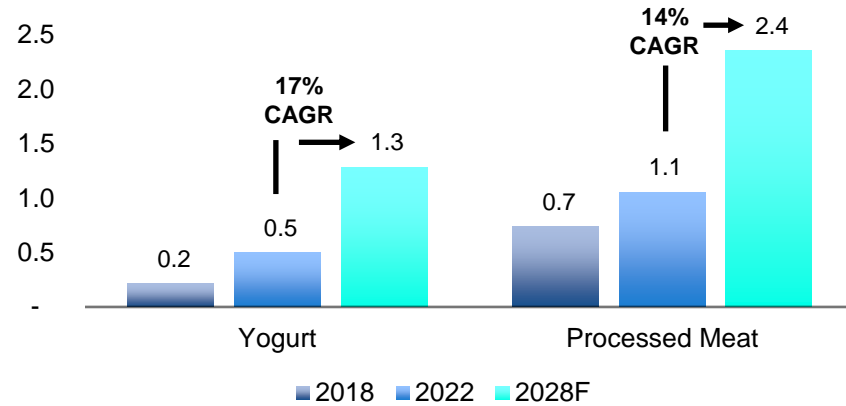
## Investment Attributes

- **Theme** – Rising middle class population which will accelerate product premiumization
- **Strategy:** Emphasis on being a category disrupter where they exploit unexplored product niches and rapidly establish themselves as the category leader
- **Growth:** Significant headroom to expand General Trade segment given competitors have a 3-5x higher distribution footprint
- **Brand Equity:** 100% digital marketing strategy to cater to their target 18-35 years age group & superior shelf placement to peers

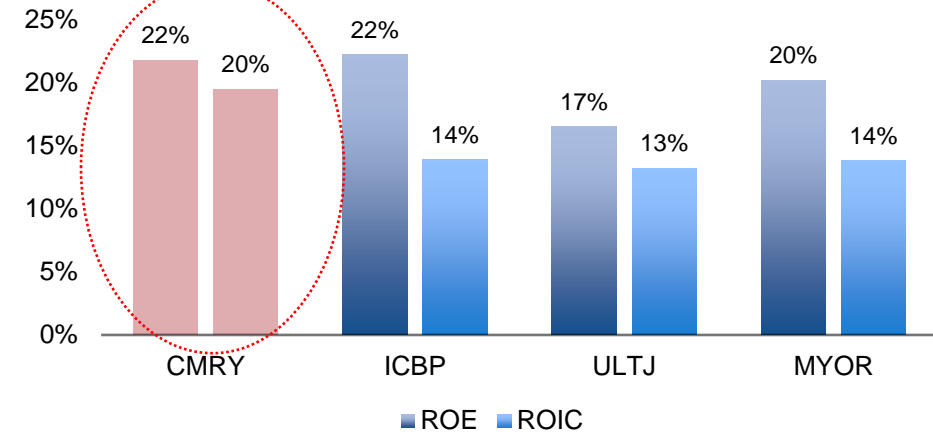


# Cisaru Mountain Dairy

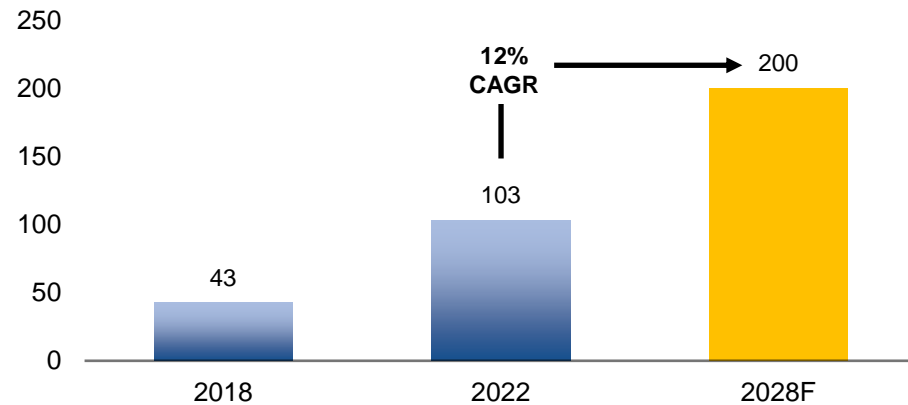
Industry Outlook (US\$ bn)



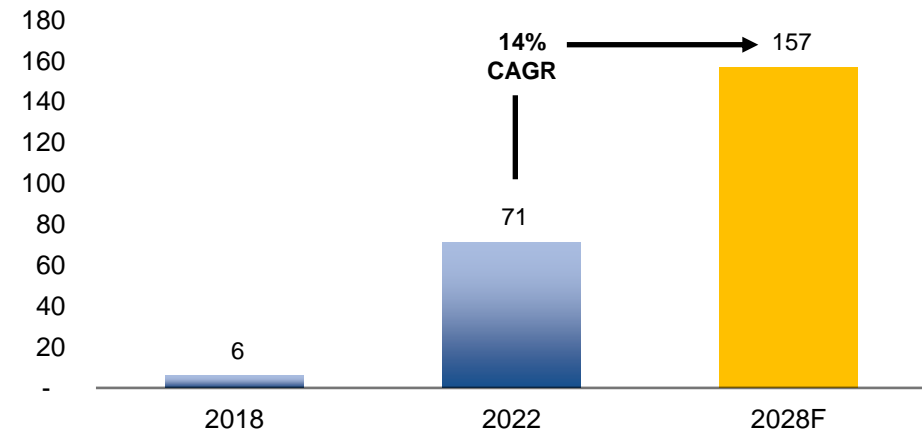
Competitor Returns Comparison (2022)



General Trade Outlets ('000)

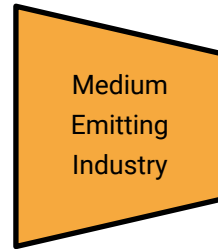


Earnings (US\$ mn)

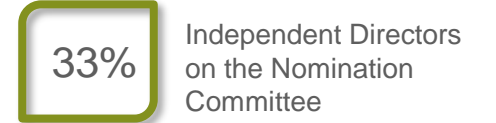
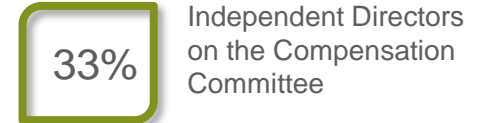
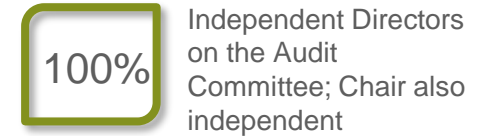
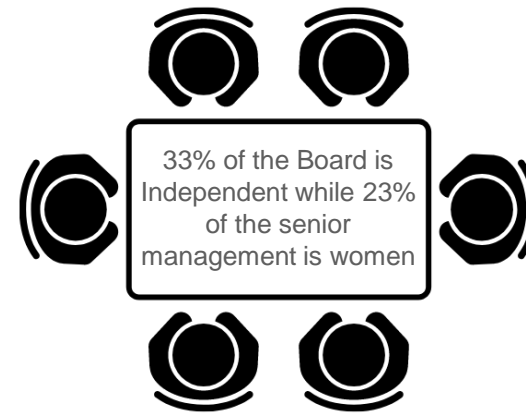
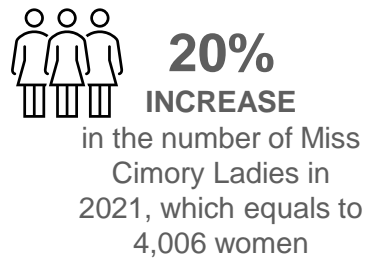


# Cisaru Mountain Dairy

## Company ESG Profile



### SDGs ALIGNMENT



More than 7,600 liters of milk donated to hospitals, clinics and community health centers

Launched a women empowerment program which aims to provide training workshops to female farmers about Good Dairy Farming Practices. It will be held in 6 locations through 40 sessions across 16 months



# Portfolio Update

FIM EM Frontier Fund

# Portfolio Overview – Q4 2023

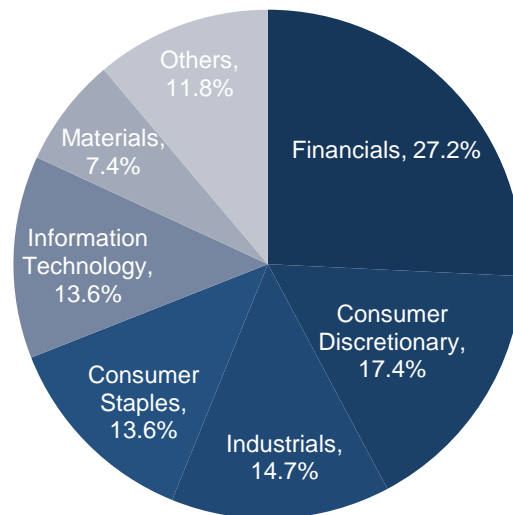
## Key Holdings

| Company                   | Sector                 | Country    |
|---------------------------|------------------------|------------|
| PHU NHUAN JEWELRY JSC     | Consumer Discretionary | Vietnam    |
| GEMADEPT CORP             | Industrials            | Vietnam    |
| FPT CORP                  | Information Technology | Vietnam    |
| KASPI BANK JSC            | Financials             | Kazakhstan |
| CISARUA MOUNTAIN DAIRY PT | Consumer Staples       | Indonesia  |

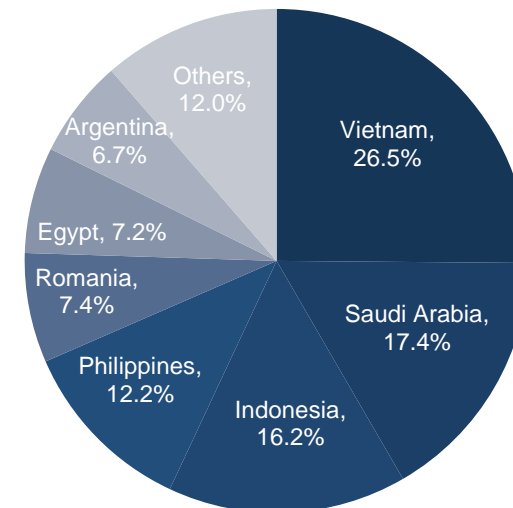
## Portfolio Attributes

|                        |            |
|------------------------|------------|
| Holdings               | 38         |
| Active Share           | 72.2%      |
| Weighted Avg. Mkt Cap  | US\$ 5,389 |
| P/E Ratio              | 14.2x      |
| ROE                    | 23.2%      |
| 3-yr fwd Earnings CAGR | 16.8%      |

## Sector Breakdown (ex-cash)

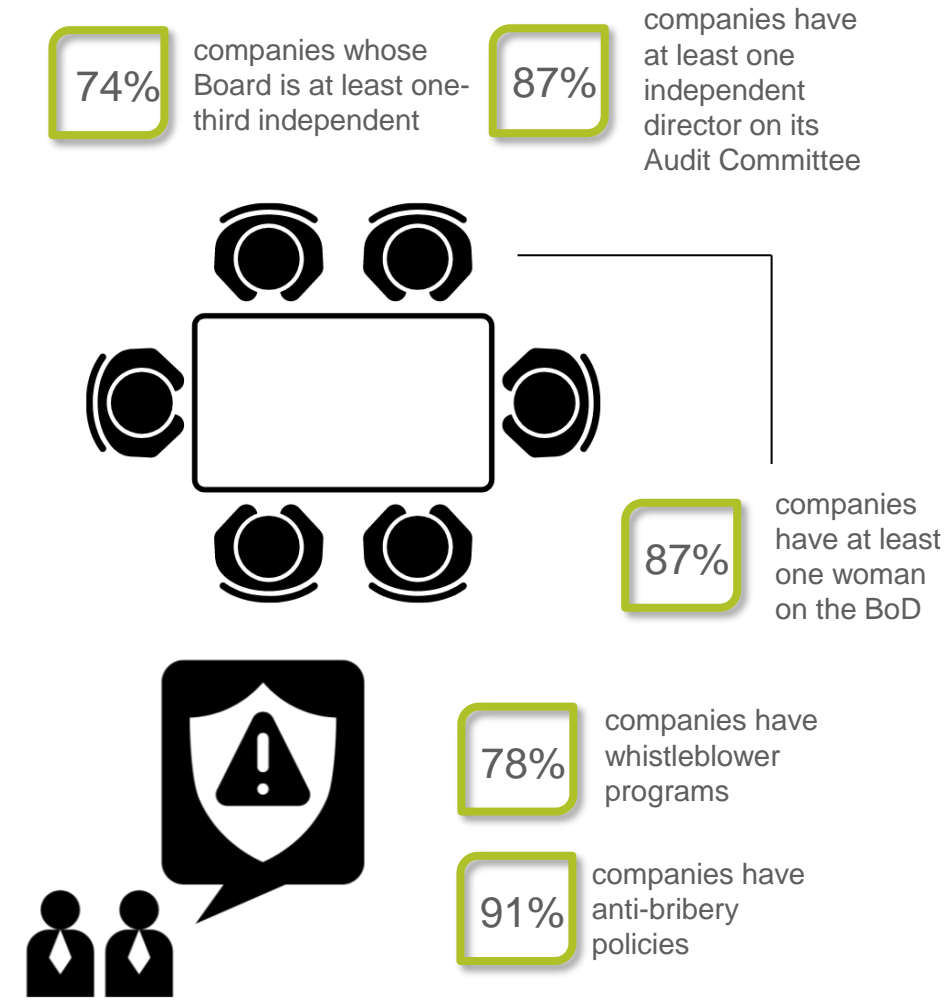
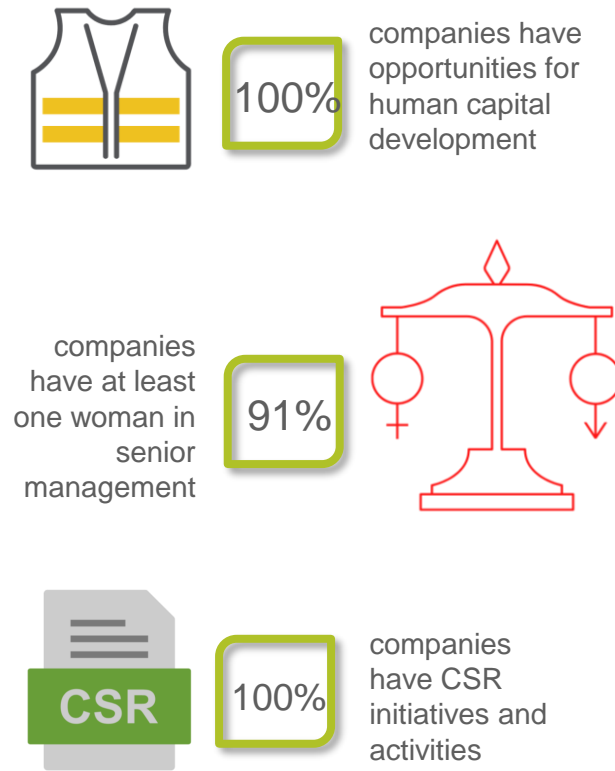
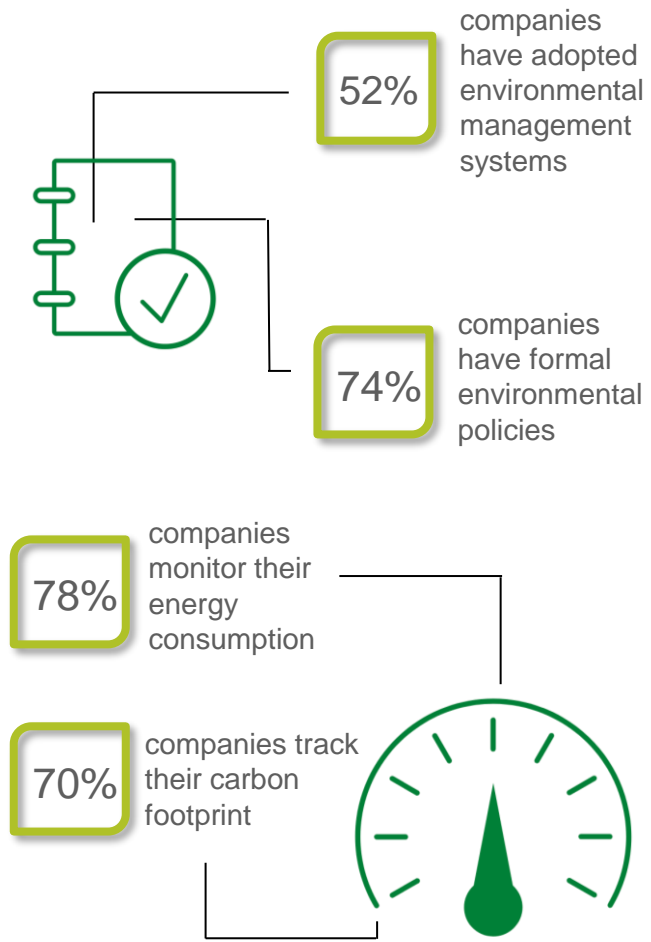


## Country Breakdown (ex-cash)





# Portfolio ESG Highlights



\* As of December 31, 2022



# Appendices

# Highly Experienced Team

## Investment Team



**Hedi Ben Mlouka**  
*Chief Investment Officer and  
Founder of FIM*

- Oversees all the investment activity of FIM in both the Frontier and MENA space
- Hedi is rated AAA on Citywire. The funds he manages and co-manages have won several awards and nominations including a top ranking on Citywire for the MENA fund's 3 Year Performance and a nomination at the Eurohedge Award for the EM Frontier Fund.
- Prior to FM Partners, Hedi was a Director at Merrill Lynch responsible for CEEMEA region for equity and equity derivatives where he was instrumental in developing the first structured transaction on frontier markets; before this, he worked at BNP Paribas



**Sandeep Srinivas, CFA**  
*Fund Manager*

- Responsible for identifying growth opportunities in companies with attractive valuations with a focus on financials and a primary geographical focus Asia FEM
- Actively researching MENA equities for 11 years
- Previously, was a key member of the 'Institutional Investor' ranked Real Estate, Construction and Utilities equity research team at Deutsche Bank.



**Ali Hussain**  
*Head of Research*

- Responsible for primary idea generation across Asia, Africa and Eastern Europe.
- Additionally, also oversees the implementation of the ESG framework for FIM Partners
- Previously, Ali worked at the largest private equity fund in Pakistan as a Senior Manager overseeing the Fund's healthcare and consumer investments
- Before this, he was with the Economic & Valuation Services practice of KPMG LLP in Chicago (USA)



**Junaid Farooq, CFA**  
*Fund Manager*

- Previously worked in EFG-Hermes Asset Management and before this, Mashreq Bank where he was the portfolio manager of the regional flagship fund
- Began career in 2003 in investment banking in Pakistan where he worked on a number of M&A privatizations and capital markets transactions at UBD Securities Pakistan Ltd



**Charlie Robertson**  
*Head of Macro Strategy*

- Responsible for top-down equities strategy in Frontier markets.
- Previously worked as Global Chief Economist with Renaissance Capital and was rated the top Frontier analyst in every year from 2016-2020 in the Extel survey.
- Prior to that, he worked at ING in the role of Head of EEMEA Research and Chief EEMEA Economist, where he was the top-rated analyst for eastern Europe for 2007-10.

# Highly Experienced Team

## Investment Team



**Ahmed El Naggar, CMA**  
*Senior Analyst*

- Based in Riyadh, responsible of fundamental equity analysis across consumer, healthcare and industrials
- Previously, Ahmed was a part of the portfolio management team at EFG-Hermes KSA



**Shankar Puthanveetil**  
*Senior Analyst*

- Shankar is a Senior Analyst at FIM Partners with over 10 years' experience in regional equities. Prior to joining FIM Partners, Shankar was part of HSBC's Emerging EMEA equity research team where he focused on consumer and healthcare sectors in Middle East, Africa as well as Eastern Europe.
- Shankar holds a master's in management from the Indian Institute of Management.



**Maryam Mughal**  
*Sustainability Lead*

- Oversees the implementation of sustainability initiatives across the firm's products
- Previously, Maryam was at a leading Scandinavian Asset Manager where she worked as a Sustainability Advisor for six years
- Before that, she was a Project Coordinator for the Anti-Fraud Hotline and Advocacy and Legal Advice Centre at Transparency International Pakistan and also an advisory board member for the Youth Movement for Transparency Asia-Pacific



**Nabil El Jamali**  
*Trader and Portfolio Analyst*

- Previously, Nabil was an Equity derivatives trader at Royal Bank of Scotland focusing on capital guaranteed products, with smart beta strategies as underlying
- Before that, he worked at BNP Paribas as an Equity Exotics trader

# Fund Facts

|                                     |   |
|-------------------------------------|---|
| <b>Objective</b>                    | The strategy targets USD net returns of 15-20% per annum with significant outperformance versus observable benchmarks and a comparable peer group |
| <b>Fund Currency</b>                | USD   |
| <b>Capacity</b>                     | USD 750 million   |
| <b>Domicile</b>                     | Cayman Islands  |
| <b>Country Exposure Limit</b>       | 30%   |
| <b>Single Stock Exposure Limit</b>  | 15%   |
| <b>Liquidity</b>                    | Quarterly   |
| <b>Portfolio Construction</b>       | 25-30 names   |
| <b>Prime Broker / Administrator</b> | Prime Broker HSBC / Administrator BNY Mellon  |
| <b>Inception Date</b>               | January 2013  |
| <b>Highwater Mark</b>               | Yes   |
| <b>Bloomberg Ticker</b>             | FIMEMFB KY Equity   |
| <b>ISIN</b>                         | KYG3430X1043  |

# Sustainability Reports

FIM Partners Annual Sustainability reports for 2020, 2021 and 2022 are available upon request



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