

GLOBAL EMERGING MARKETS EQUITIES

LEAVING NO STONE UNTURNED

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- As active investors, Comgest believes there is no substitute for on-the-ground research.
- Drawing upon four decades of investment experience, we have found that one of the clearest ways to identify quality growth companies is to visit their offices and speak directly with management, suppliers, clients and employees.
- While Comgest remains a boutique, our investment team is spread around the world.
- Close collaboration between our Paris headquarters and local offices fosters open debate and shared decisions so that nothing is overlooked in our research.

LEAVING THE CAVE

Plato's allegory of the cave, described in his seminal work *The Republic*, offers a warning about how effortlessly perception can be mistaken for reality. Socrates asks us to imagine a group of people trapped inside a darkened cave since childhood.

Chained by their necks and feet, the prisoners can only stare forward at the wall in front of them. Above them, a burning fire casts shadows on the wall. Silhouettes of animals, plants and humans from the outside world above dance along the wall. Having known nothing else in their lives, the prisoners accept these shadows as reality.

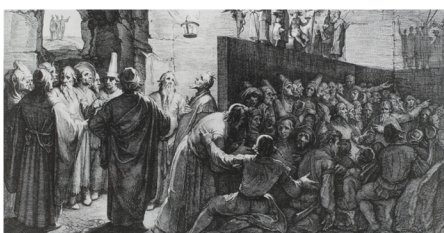
What would happen if the shackles came off and the prisoners were allowed to leave the cave? Socrates tells us that they would first be blinded by the sun, then gradually come to see the reality of what used to be shadows. He asks, *"Don't you think they would be baffled? That the shadows they formerly saw were truer than the objects that are now being pointed out to them?"*

AVOIDING JUDGEMENTS FROM AFAR

Despite being written centuries ago, Plato's story serves as a powerful reminder of what happens when we form judgements when our vision is impaired. This tension between perception versus reality is one of the cornerstones of investing. For us, the modern-day equivalent of Plato's cave would be an office-ridden analyst staring at

"Don't you think they would be baffled? That the shadows they formerly saw were truer than the objects that are now being pointed out to them?"

Socrates, Plato's The Republic



Source: Jan Pietersz Saenredam. [Plato's Cave](#). 1604. National Gallery of Art, Washington, DC. Accessed 20-May-2026.

their monitor watching the shadows of the market – news headlines, earnings calls, company press releases, broker reports – flash before their eyes. In our view, these secondary sources can prove useful for our investment research, but they are not sufficient for building long-term conviction.

Our quality growth investment approach, which focuses on companies with strong historical earnings growth, robust cash flows and disciplined management and determined leadership, demands more than just analysing financial statements. It requires a willingness to get to the bottom of what drives companies through both quantitative and qualitative research. For active investors, conviction is not built by analysts that remain behind their desks. We believe that establishing a deep confidence in our investment decisions requires conducting on-the-ground research to see the reality of the situation with our own eyes.

In practice, this means that we attend conferences, visit company headquarters and speak directly with company leadership. Drawing upon the perspective of colleagues spread across twelve offices around the world, our investment team blends local knowledge with a global frame of reference when adding companies to our portfolios. Anyone can form a view on a company from behind a desk in Paris. However, true long-term conviction requires us to leave our offices to verify our assumptions.

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GETTING UP CLOSE AND PERSONAL

Plato's allegory of the cave can be summarised more plainly by investor Peter Lynch's famous saying: "*know what you own and know why you own it*". Based on our experience, one of the best ways to understand a company in full is to see how they operate with our own eyes. Conversations with leadership and senior management and visits to local factories provide a more complete picture of a company than financial statements alone. In 2025, our investment team contributed to 1,686 bespoke events, conferences, corporate access days, road trips and non-deal roadshows.¹ We also conducted 145 environmental, social and governance (ESG) engagements with 93 companies.² This direct, on-the-ground engagement reinforces our investment approach rooted in long-term fundamentals rather than short-term noise.

Some of the elements of our quality growth investment approach can be accessed from the comfort of our desks, including historical earnings growth, cash flows and financial statements. Yet, the qualitative dimensions that often determine whether quality growth will endure – such as culture, leadership and discipline – are inherently difficult to capture in a spreadsheet. Even when these metrics appear concrete, they can sometimes mislead investors. Research and development (R&D) spending, for example, might signal ambition, but it does not by itself prove that company can sustain innovation over time. In many cases, the clearest insights come from direct observation and questioning.

¹ Source: Comgest Investment Team; supporting data available upon request.

² Source: Comgest ESG Team; supporting data available upon request.

DRIVING IMPROVEMENTS THROUGH ACTIVE OWNERSHIP

We believe that active ownership can be a lever for operational improvement, helping companies sustain competitive advantage and support earnings growth. Comgest invests for the long term, typically holds companies for at least five years, supported by deep research and engagement with senior management. We find that sustained dialogue can sharpen a company's strategy and strengthen sustainability practices, which in turn, will support durable outcomes for our clients.

This approach is reflected in our on-the-ground engagement with companies. In May 2025, Comgest analysts visited **Tencent's** headquarters, meeting with an investor relations representative to discuss recent developments. The conversation included the group's engagement with US authorities following its inclusion on a Department of Defense watchlist of Chinese military companies. Tencent has described the designation as a mischaracterisation. According to the representative, the company remains in dialogue with the relevant US authorities on this matter.

Our analysts also explored the implications of artificial intelligence for Tencent's operations. Management highlighted the importance of responsible deployment, particularly in relation to data privacy and the handling of financial information. The company reiterated its intention to balance user experience with the monetisation of its ecosystem, while maintaining a long-term strategic focus. We believe that these face-to-face engagements help us test what we hear against what we observe, adding nuance and conviction that is difficult to gain from disclosures alone.

CROSS-COLLABORATION FUELS DIALOGUE

Research trips are much more than a box-ticking exercise. They create conditions for collaboration and debate. Comgest's investment philosophy encourages open debate and shared decision making to ensure that investment ideas are rigorously tested. We do not rely upon star managers.

Everyone is expected to contribute – whether they have been here for two months or two decades. We want our people to speak up and test their investment ideas.

Our investment approach is based on discipline over impulse. In our view, our long-term perspective helps us avoid decisions based on the whims of a particular manager. Our investment meetings are rooted in the Socratic method³, where we question the reasoning behind investment decisions and look for throughlines across investment strategies. We believe that this arrangement reduces groupthink, avoids knee-jerk reactions and encourages team members to challenge what might be considered the dominant view of the market.

WHAT'S BEHIND THE NUMBERS?

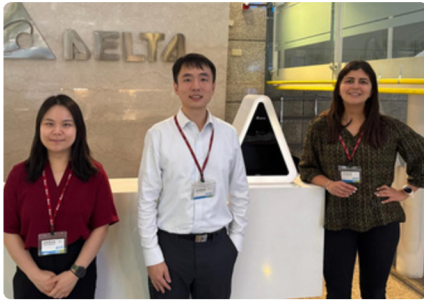
Our cross-team collaboration was on display during a recent research trip to Taiwan and mainland China. Analysts and portfolio managers from Comgest's Global, Emerging Markets, China and ESG teams, normally based in Paris, Hong Kong and Singapore, travelled together to Shanghai, Beijing, Shenzhen, Fujian, Foshan, Taipei and Hsinchu. They visited headquarters and factories to assess operations, leadership depth and innovation pipelines at companies including Trip.com, Tencent,



GEM Team members at DiDi
(left to right):

Xing Xu, ESG Analyst/PM
Abla Bellakhdar, Analyst/PM
Jimmy Chen, Analyst/PM
Adam Hakkou, Analyst/PM
Jimmy Yang, Analyst/PM
Baijing Yu, Analyst/PM

³ "[The Socratic Method](#)," University of Chicago Law School, 3 Dec. 2018.



Visiting **Delta Electronics**
(left to right):

Xing Xu, ESG Analyst/PM
Jimmy Yang, Analyst/PM
Abla Bellakhdar, Analyst/PM

TSMC, Anta Sports, Fuyao Glass and more. The aim was to test investment cases against conditions on the ground rather than rely solely on desk research.

For colleagues visiting China for the first time, the scale and speed of change are hard to miss. Electric vehicles are now a common sight, reflecting how domestic manufacturers have become global leaders in just a decade. Factory visits highlight the depth of automation and the vast industrial infrastructure underpinning this growth. What can seem abstract from Paris becomes tangible on the ground, giving our investment team a clearer, more complete perspective.

Pairing that outside perspective with our China team's local knowledge is also intended to find blind spots and test assumptions against our quality growth criteria. Differing perspectives and vantage points can bring about lively debates between analysts whether over meals or in transit between company visits. Among the companies that our analysts visited in Taiwan were Delta Electronics and E Ink Holdings.

Our analysts toured the campus of **Delta Electronics**, the Taipei-headquartered maker of power and thermal equipment whose components are used widely across technology supply chains with companies like Apple, Tesla and IBM using their products. Delta's products are used in everything from phone chargers to thermal management cooling systems and data-centre power infrastructure to electric vehicle charging stations.

The visit reinforced several "quality growth" attributes that are not always apparent from financial statements alone. Chief among them is a proud engineering culture, underpinned by the company's long-standing expertise in power conversion and sustained commitment to research and development. In our view, this combination helps explain Delta's positioning in structurally growing end-markets and its ability to compete on performance and reliability rather than price alone.

The team also visited **E Ink**, the Taiwanese company that has become the backbone of the global ePaper industry. Best known for powering eReaders, E Ink today sits at the core of a broader ecosystem spanning electronic shelf labels (ESL) and emerging signage applications.

Touring the company's Taipei headquarters helped us better understand where value is created. E Ink operates at the material layer, manufacturing the electrophoretic film that enables ultra-low-power displays. It supplies this critical component to module makers and system integrators, who in turn assemble and supply finished solutions to retailers and commercial customers. By controlling a critical component system, the company is able to sustain structurally strong gross margins while limiting exposure to commoditisation further down the value chain.

From a quality-growth perspective, three elements stood out to us during our trip. First, E Ink's durable competitive advantages. With more than 1,000 patents and decades of accumulated process expertise, E Ink has built layered barriers to entry.⁴ The long development cycle of colour ePaper (over ten years from lab to mass production) illustrates the capital intensity and technical complexity that, in our view, have deterred competitors.

Second, a long structural growth runway. ESL penetration remains low, colour innovation is expanding the consumer electronics opportunity and signage is emerging as a new growth vector as energy efficiency regulations reshape economics. We believe that ongoing capacity upgrades should further improve cost competitiveness and support adoption.



Visiting **E Ink**
(left to right):

Xing Xu, ESG Analyst/PM
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Abla Bellakhdar joined Comgest in 2014 and is a Paris-based Analyst and Portfolio Manager specialising in Global Emerging Markets equities. Prior to joining Comgest, Abla completed internships at Comgest, Morocco's Caisse de Dépôt et de Gestion (CDG) and Euro Latina Finance in Paris, which specialises in cross-border mergers and acquisitions in Latin America. Abla holds a Master's degree in Corporate Finance from the NEOMA Business School (France) and a Bachelor's degree from the Monterrey Institute of Technology (Mexico).

Baijing Yu joined Comgest in 2011 and is a Hong Kong-based Analyst and Portfolio Advisor specialising in Greater China equities. She is also a Managing Director of Comgest Far East Limited. Prior to joining Comgest, Baijing worked at Bank of America Merrill Lynch in Hong Kong from 2010 as a Senior Analyst and then Associate, covering the Asian TMT sector. She began her career in 2007 at the Royal Bank of Scotland in New York as an investment banking Analyst covering the TMT sector and, later in Hong Kong, covering global private equity firms in the Asia-Pacific region. Baijing holds a Bachelor's degree in Economics from the University of Michigan (Ann Arbor; US).

Despite its strong position, management emphasises ecosystem expansion over aggressive pricing. The focus is on scaling gross profit dollars and sharing efficiency gains with customers - an approach consistent with sustainable, long-term value creation.

The visit provided insights that are difficult to capture in financial statements alone - particularly around manufacturing complexity, technology realism and cultural discipline. Observing the products and engaging directly with leadership strengthened our conviction that E Ink's moat rests not just on intellectual property, but on execution and culture built over decades.

For long-term investors, distinguishing technological promise from commercial durability is essential. Our on-the-ground research helped us assess that distinction with greater clarity.

COVERING EVERY ANGLE

Markets offer no shortage of information, but they do not always offer clarity. Plato's allegory of the cave endures because the risk of mistaking shadows for reality is constant, particularly when judgement is formed at a distance. Financial statements, news headlines and company presentations are useful inputs, but we believe that they should be treated as clues rather than final conclusions.

At Comgest, we believe that research trips are one way to reduce the distance. In our view, seeing a company firsthand can help us test what the numbers appear to be saying against how the company truly operates. From the rhythm of decision-making to the strength of its culture, we believe that in-person interactions can reveal whether a company has the quality growth characteristics we seek as investors.

In practice, these visits help expose the gap between a narrative that reads well on paper and execution that holds up under scrutiny. For long-term investors, conviction is built by leaving the desk, challenging assumptions directly and weighing what we hear and observe against what the data implies. Our aim is simple: to ensure investment decisions are grounded in reality rather than projections.

⁴ ["Intellectual Property Management Plan."](#) E Ink. Accessed 19-May-2026.

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- Investing involves risk including possible loss of principal
- The value of all investments and the income derived therefrom can decrease as well as increase
- Changes in exchange rates can negatively impact both the value of your investment and the level of income received
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- The portfolio invests in limited number of securities and may therefore entail higher risks than those which hold a very broad spread of investments

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