Mobius
– INVESTMENT TRUST –

Q4 2024 MANAGER COMMENTARY

"In the middle of difficulty lies opportunity."
Albert Einstein

28 January 2025

Dear fellow MMIT* shareholder,

Since our inception, there has rarely been a dull moment, and 2024 was no exception. While a global election year would naturally bring a degree of unpredictability, many of the year's most significant surprises and sources of volatility stemmed from elsewhere, ranging from speculation around rate cuts and tech-driven market movements to Chinese stimulus measures, —alongside the backdrop of the US election. Amidst the turbulence, one of the more encouraging developments has been the ability of several developed and emerging markets to successfully steer towards what appears to be a soft landing, accompanied by the gradual (albeit occasionally uneven) normalisation of global inflation. While some fluctuations may still occur, the overall trend of easing inflation pressures, with only a few exceptions, seems clear.

For the MCP team, 2024 was a productive year, marked by extensive research trips to key markets (see section *How Research Trips Provide An Edge* below) resulting in several new additions to our portfolio. In-person meetings with companies, their competitors, local experts, politicians and economists informs our deep understanding of companies, and is an invaluable tool for conducting due diligence on investment ideas.
During these conversations—and in follow-ups afterward—we received positive updates from several companies in our portfolio that confirm our outlook. For example, Elite Material, a leading producer of semiconductor materials, is preparing to supply its upgraded M8 material for a US cloud service provider's ASIC (Application-Specific Integrated Circuit) in 2025, addressing the growing demand for AI processing and the need for customised solutions over NVIDIA's GPUs (Graphics Processing Unit). Similarly, Chroma has developed a unique device for its foundry client's advanced packaging processes, ensuring precise alignment of stacked chip components—an essential capability for manufacturing next-generation AI chips.

Over the year we were able to generate significant outperformance returning share price and NAV performance of 5.7% and 7.4% respectively in GBP. In Q4, MMIT's share price and NAV returned 3.8% and 5.2% respectively in GBP terms. In comparison, the MSCI EM Mid Cap Index Net TR GBP returned -2.3%.

The final quarter of 2024 has largely been defined by Donald Trump's election victory, prompting businesses and governments worldwide to prepare for the implications of his second presidency. Additional key developments influencing emerging markets this quarter include the Federal Reserve's second and third rate cuts of the year, the South Korean president's controversial attempt to impose martial law, and the announcement of further stimulus measures in China aimed at bolstering economic growth. Donald Trump's landslide victory and Republican control of Congress mark a pivotal shift for the US and global markets. While US equities and the dollar have strengthened in response, emerging markets face a more uncertain outlook due to Trump's aggressive tariff rhetoric.

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Yet, as Einstein suggested, within difficulties lie opportunities. Countries like India, Indonesia and Vietnam, are already benefiting from the "China+1" strategy and appear well-positioned to attract new manufacturing investments. Their competitive labour markets, improving infrastructure and supportive government policies make them increasingly appealing, as companies seek to diversify supply chains and reduce dependency on China. At the same time, the US's heavy reliance on imports, particularly from China, reduces the likelihood of sweeping tariffs, which could risk significant domestic disruption. Nevertheless, Trump's track record and rhetoric on trade raises the possibility of bold policy shifts that may reshape global trade dynamics in the years to come.

Emerging markets have previously responded to the above dynamics with increased trade diversification and reduced reliance on the US dollar. During the 2018 trade war, for example, China shifted imports like soybeans to Brazil, a move that fuelled record bilateral trade. This pattern could re-emerge under Trump's renewed tariff threats.

China-Brazil Trade Grows as China Diversifies from US

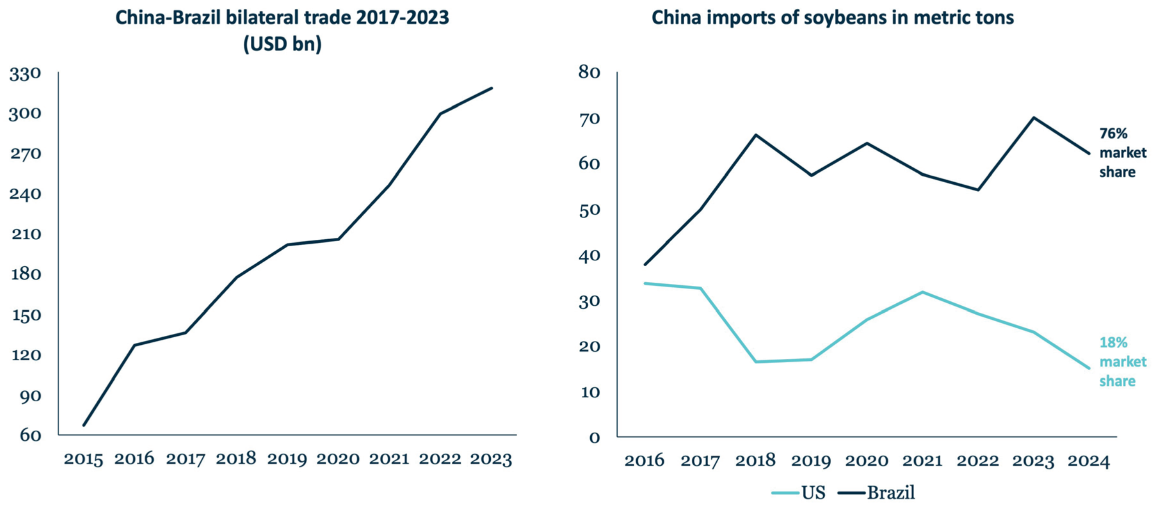

Chart 1: Source: Reuters, Statista. As of 31 December 2024

Additionally, nations such as India are advancing local currency trade agreements, fostering resilience against external shocks. Intra-EM trade, particularly within Asia, set to rise from $4.3 trillion in 2023 to $7.1 trillion in 2030[1], has also grown significantly and is poised to accelerate further, offering emerging markets the chance to deepen their autonomy and global influence. Monetary policy adds another layer to this evolving landscape. Inflation has moderated over the past year, following the Federal Reserve's earlier rate hikes. This created room for monetary easing in 2024, with a cumulative 75bps rate cut signalling a shift in policy. However, the strength of the US economy may slow the pace of future reductions, even if the overall direction seems clear. Lower rates provide emerging market central banks with room to ease monetary policy, enabling cheaper borrowing, improved consumer sentiment and increased corporate investment. At the same time, local conditions remain pivotal. Brazil, for example, continues to raise interest rates to combat inflationary pressures. Nevertheless, we believe the country still holds attractive long-term opportunities, particularly in quality companies with strong fundamentals.

Rising Intra-EM Trade Reduces Dependence on US Trade

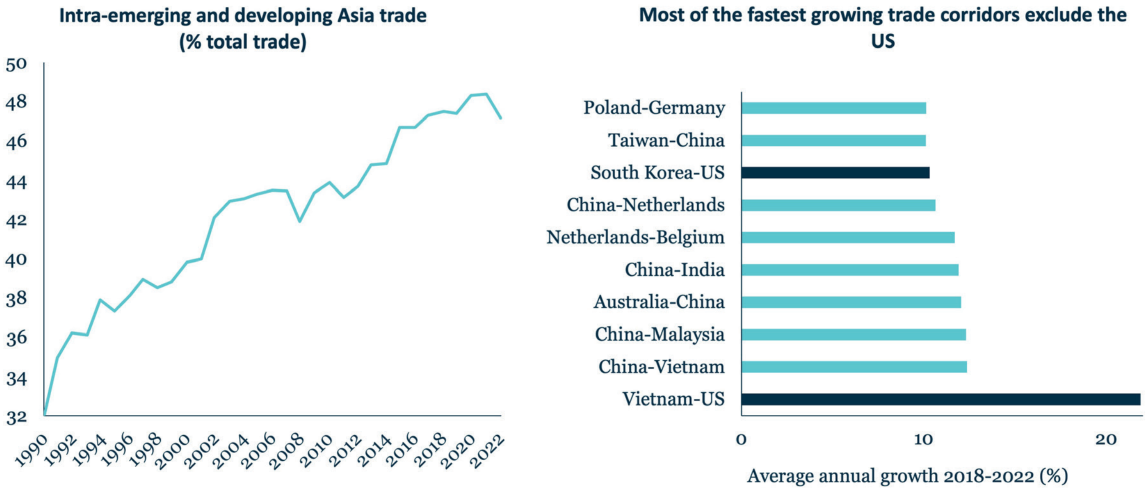

Chart 2: Source: Asia Regional Integration Centre, Economist Impact calculations, FT. As of 31 December 2024.

China, meanwhile, continues to grapple with significant economic challenges, including its property sector crisis, weak consumer sentiment and deflation. Early government inaction stalled growth, but recent stimulus measures, including a $1.4 trillion plan to address hidden debt and monetary easing, have provided short-term relief. However, deeper structural reforms remain essential. The Politburo's commitment to looser monetary policy and efforts to boost domestic demand and stabilise the property sector are positive signals, particularly in light of potential US tariff increases, but caution remains warranted.

Global Inflation is Normalising

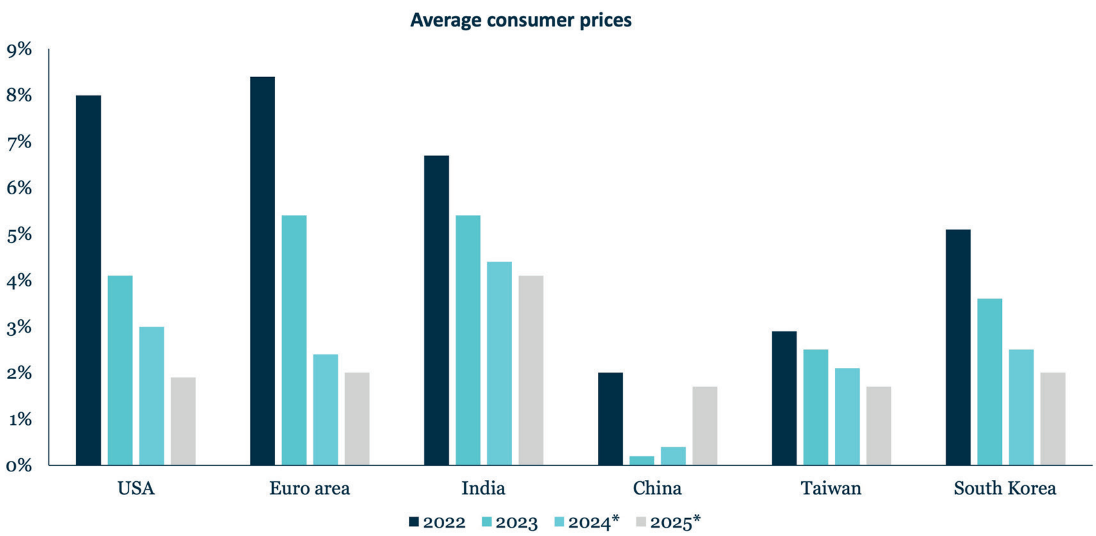

Chart 3: Source: IMF WEO October 2024, * indicates forecast

Geopolitics remains an ongoing risk, with tensions in the Middle East, the Russia-Ukraine war and China-Taiwan relations posing significant challenges. Our disciplined macro-overlay has been instrumental in negotiating these complexities. This approach will remain central as we navigate 2025. On the positive side, Trump's leadership may offer the potential to de-escalate conflicts and foster peace negotiations—a trend that may already be emerging in the Middle East at the time of writing.

Taken together, these interconnected factors paint a complex picture for 2025. While risks are evident, emerging markets could leverage this period of transition to strengthen resilience, diversify trade and attract investment, positioning themselves as key drivers of global growth in the years ahead. Furthermore, emerging markets are essential for diversification, offering strong growth potential, attractive valuations and innovative companies that play a key role in global supply chains. This is particularly important as the US market, with the S&P 500 heavily concentrated in just seven companies which were accounting for around 28% of its market capitalization at the end of 2024 and contributed over 50% of its returns during the year, poses significant concentration risks. Active investing in emerging markets allows for another layer of diversification by identifying lesser-covered companies, which may offer unique opportunities for long-term growth and the potential to outperform broader market trends.

Heading into 2025, we remain focused on our long-term strategy and the core fundamentals of our holdings. Conversations with our portfolio companies in recent months have reinforced our cautiously optimistic outlook for 2025 and beyond.

Performance

During Q4, MMIT's NAV and share price returned 5.2% and 3.8% respectively in GBP terms. In comparison, the MSCI EM Mid Cap Index Net TR GBP returned -2.3%. The top contributors to Q4 performance were Taiwanese specialist materials supplier Elite Material (+1.6%), Turkish software provider Hitit (+1.4%), and Taiwanese CPU sockets supplier Lotes (+1.1%). The main detractors to performance were Brazilian jewellery brand VIVARA (-1.1%), India digital maps and software provider CE Info Systems (-0.7%), and Korean medical device manufacturer Classys (-0.6%). During 2024, MMIT delivered a share price and NAV return of 5.7% and 7.4% respectively in GBP, while the MSCI EM Mid Cap Index Net TR returned 3.8% (GBP).

Investment Update

As of 31 December 2024, MMIT has invested 94.3% of capital, with 32 holdings across 12 countries. The largest geographic exposure was Taiwan (27.0%), followed by India (18.4%) and South Korea (13.2%). The team continues to find the most high-conviction ideas in Asia, with the region accounting for over 60% in the portfolio. The largest sector exposure was technology (60.5%), followed by health care (7.7%) and consumer discretionary (7.1%). MMIT's technology exposure is well diversified across asset-light businesses in the semiconductor space (10.4%), globally operating software companies (25.5%), and producers of niche, IP-protected hardware (24.6%).

Over Q4, MMIT sold Kangji Medical due to ongoing pricing pressure coming from value-based purchasing programs and their failure to launch new, competitive products at scale, going against a key part of our original investment thesis. Despite this, throughout our holding period, Kangji delivered stable operating performance and consistently achieved mid-teens topline growth annually.

Top 10 Holdings (%)	Country	% of MMIT's portfolio
Elite Material	Taiwan	5.7
Classys	Korea	5.0
E Ink	Taiwan	5.0
Hitit	Turkey	4.9
Persistent Systems	India	4.8
Park Systems	Korea	4.6
EPAM Systems	USA	4.6
360 One Wam	India	4.3
APL Apollo Tubes	India	4.0
TOTVS	Brazil	3.6
Total		**46.5**

Company Spotlight:
E Ink is an electronic display technology company and the clear market leader in the e-paper/e-ink market. MCP estimates that the company has a market share of almost 100% driven by its robust patent protections. These patents, combined with the unmatched production capabilities and a strong brand name, have deterred competition, allowing E Ink to create a near-monopolistic market position. E Ink's technology has many advantages due to lower power consumption, ease of installation and control, eye friendliness (free from blue light) and flexible displays. Additionally, E Ink is looking to enter the electronic shelf labelling market. With low saturation and strong growth potential, this market presents an attractive opportunity for E Ink to unlock new revenue streams in the coming years.

E Ink®

Country	Sector	Weight	Market Cap
TWN	Hardware	5.0%	$9.5bn

Chart 4: MCP, E Ink, Data as of investment date (2022). Weights and market cap as of 31 December 2024.

Engagement
Engagement remains a key pillar of our investment process and throughout the quarter, the MCP investment team held regular meetings and maintained close contact with portfolio companies, with a particular focus on improving governance. We are pleased to report that our companies have received a number of awards and recognition, reflecting the progress and impact of their efforts.

This quarter two of our portfolio companies' CEOs were awarded with prestigious awards recognising their first-class governance. At the 2024 Korea IR Awards, Sang-il Park, CEO of Park Systems, was honoured with the Chairman of Financial Supervisory Service Award, the highest accolade in the KOSDAQ category. This award highlights Park Systems' dedication to transparency, investor communication, and corporate governance. Meanwhile, Sandeep Kalra, CEO of Persistent Systems, was named the IT industry's Best CEO by Fortune India. The publication praised Kalra for "putting the IT services industry on steroids". Additionally, APL Apollo appointed Pankaj Sharma as Chief Human Resource Officer.

In Q4, FPT demonstrated a strong commitment to environmental and social responsibility with the launch of the 'Happy Giga Run 2024' campaign in honour of its 25th anniversary. This initiative aims to engage FPT's global workforce and their families in sustainability-focused activities, including beach cleanups, blood donation drives and tree planting. Furthermore, FPT's dedication to sustainability was recognised in 2024 with its French subsidiary achieving the EcoVadis Platinum rating, ranking it among the top 1% of companies worldwide for sustainability excellence, while its German subsidiary received the prestigious EcoVadis Gold rating. Meanwhile, Epam Systems was recognised by Great Place to Work™ as one of the Top 50 Best Workplaces™ in IT & IT-BPM 2024 in India.

How Research Trips Provide An Edge

For the MCP team, 2024 has been a productive year, highlighted by extensive research trips to key markets which we believe provide us with a competitive edge. Meetings with portfolio and pipeline companies, local experts, policy makers and private equity houses have provided invaluable insights into macroeconomic and geopolitical trends, businesses' operating conditions and corporate governance, as well as enabling in-person engagement. Additionally, in under-researched emerging markets, where stocks can be mispriced due to limited available information, these trips are essential for uncovering high-quality investment opportunities that have the potential to deliver alpha.

The Importance Of A Strong Network
We believe the key to successful research trips lies in having a trusted and extensive network. Our 25-year network is built on Portfolio Manager Carlos Hardenberg's decades of experience in emerging markets, complemented by the industry relationships built by MCP's analysts throughout their careers. We don't expect our analysts to be experts in everything, but we do expect them to know where to access relevant information, including identifying key contacts during research trips. Building these robust networks—and leveraging the valuable insights they offer—drives our commitment to frequent research trips, which in turn, creates further opportunities to engage with local experts and businesses, continually expanding our network.

We adopt a targeted approach to our research trips, customising each trip to align with the unique macroeconomic and geopolitical conditions of the region and the specific characteristics of the opportunity set. This allows us to gain a deeper understanding of both country- and

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sector-specific challenges. Furthermore, our priority is to visit regions where we hold a strong investment conviction and have a higher portfolio exposure, leading to the majority of our trips being concentrated in Asia.

For example, during a research trip to Taiwan in Q2 2024, our highest country exposure, the team prioritised meeting with portfolio companies' management teams and actively driving engagement. When the team continued to mainland China, they focused on conducting visits to manufacturing facilities of portfolio companies with operations in the region. In contrast, when the team visited Vietnam in Q3—where our exposure is just 3%— they prioritised exploring new opportunities through meetings with pipeline companies and local experts, which ultimately led to the addition of a new holding, FPT.

MCP Visiting Taiwanese Holdings

Looking Beyond The Sell-Side

In today's investment landscape, it is all too easy to believe you have all the information you need at the click of a finger. When investing in well-known highly liquid stocks, information is readily available through sell-side reports, online resources and advanced data platforms such as Bloomberg. However, the ubiquity of this information leaves little room for competitive knowledge advantage in what are highly efficient markets. Moreover, relying solely on sell-side information often overlooks the depth, nuance and context that can only be gained through on-the-ground research.

In contrast, our focus is on identifying and understanding lesser-known companies. By concentrating on mid-cap stocks in emerging markets, we operate in a universe that is often under-researched, with limited sell-side coverage, reduced visibility and minimal overlap with major benchmarks. This lack of broad market coverage often leads to mispricing, creating opportunities to generate alpha by identifying undervalued companies with strong fundamentals. However, investing in these types of lesser known stocks also demands rigorous, independent, in-person channel checks. While conducting this research, our team maps the competitive landscape, evaluates total addressable market (TAM) opportunities and stays informed about sector innovation and R&D trends. Therefore, for our investment strategy, conducting research trips is not just beneficial—it is essential. These trips allow us to uncover hidden opportunities, gain insights that others might overlook, and capitalise on market inefficiencies with the aim to generate additional sources of alpha.

Company Case Study: Chroma

The Greater China trip in Q2 2024 exemplifies how a well-structured research trip can profoundly enhance our understanding of a portfolio company. During this trip, the team focused on Chroma, a Taiwanese equipment supplier and a recent addition to the portfolio.
Spending several weeks immersed in Taiwan's vibrant semiconductor ecosystem, the team conducted comprehensive channel checks on Chroma. Traditionally a manufacturer of testing equipment for EV and battery applications, Chroma has leveraged its expertise in thermal management to establish a foothold in the niche market of systems-level testing for high performance computing chips (HPC).

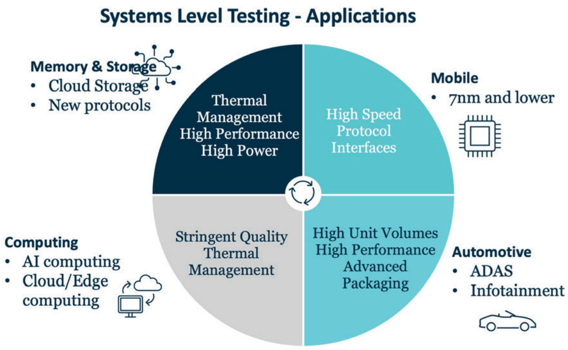
Through formal meetings, campus tours and discussions with technical experts, MCP gained deeper insights into the demand dynamics for Chroma's innovative products. A standout example of its innovation-driven approach is the development of a cutting-edge metrology tool designed for a leading foundry's advanced packaging process. This breakthrough positions Chroma to capitalise on the foundry's rapid capacity expansion, driven by the growing demand for CoWoS (Chip-on-Wafer-on-Substrate) technology as the AI/HPC boom accelerates.

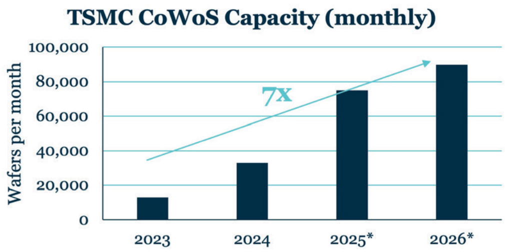
Chroma

Country	Sector	Weight	Market Cap
TWN	Hardware	3.3%	$5.3bn

Background

Taiwanese testing equipment manufacturer catering to various growing sectors and trends. In 2024, the semiconductor and photonics revenue outgrew revenues from EV/battery testing. Founder Leo Huang remains the largest shareholder.





HQ tour with Chroma management in Taiwan

Meeting with Chroma engineers at SEMICON 2024 Fair in Munich

Chart 5: Source: Chroma, Bloomberg, CLSA. As of 31 December 2024.

Enhancing Insights On Macroeconomics And Geopolitics

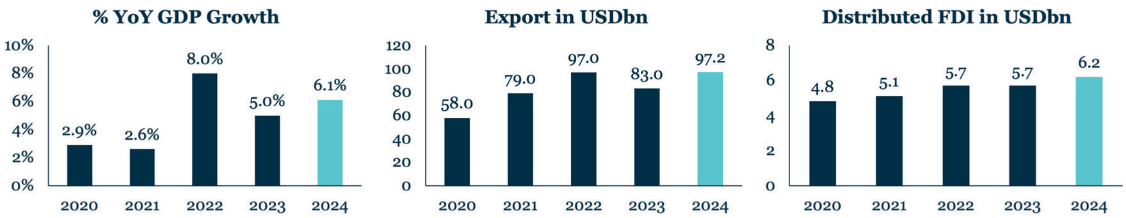
Over the past year, the MCP team has visited India on several occasions, Greater China— including Taiwan, Hong Kong, and mainland China—as well significant portions of ASEAN, including Vietnam, Malaysia, Thailand and Singapore. As well as providing company-specific insights, in-person visits help us to assess the broader environment and challenges that companies operate in by providing a deeply informative perspective on each country's macroeconomic landscape and enabling us to closely monitor risks, including regulatory changes and geopolitical tensions. Based on observations from recent on-the-ground trips to Greater China, we believe that the likelihood of a Chinese invasion of Taiwan in the short term appears low, given the substantial domestic economic challenges China is currently facing. However, we continue to monitor this situation very closely.

MCP in Vietnam

As we move into 2025, we do so with a strengthened bullish conviction in ASEAN, particularly in Vietnam, following the team's visit to the country in September. Leveraging Carlos' extensive network, the trip provided access to company founders, entrepreneurs, local private equity leaders, government officials, former colleagues and numerous businesses. The team also visited a local tech university and even test-drove the new VinFast car through the streets of Hanoi.

Opportunities in ASEAN: Example Vietnam

Trump Presidency may benefit lower-manufacturing cost countries like Vietnam



Macro indicators showing positive signs of recovery and re-acceleration

- **Prime Minister** To Lam is viewed as pro-business, focusing on economic growth, technology, private sector support, and boosting FDI. Recently, **Nvidia and the Vietnamese government signed an agreement** to boost artificial intelligence development.
- Vietnam is increasingly attracting companies away from China due to **lower manufacturing costs**, with an average hourly labour rate of US$3.10 in 2020 compared to $6.50 in China.
- **FDI** reached all-time high of US$23.2 billion in December 2023, with expectations of US$40 billion annually for next five years.
- Vietnam removed pre-funding for foreign investors, boosting market liquidity in a move **towards upgrading to emerging market status.**

Chart 6: Maybank Research, Bloomberg, local sources, IMF WEO October 2024, FTExport and FDI figures as of Q2 of each year.

These meetings and conversations, combined with Carlos' two decades of experience travelling to Vietnam, highlighted the country's remarkable pace of technological innovation and transformation—an insight that stood out as the trip's primary takeaway. Everyday observations further reinforced this perspective, from the widespread use of Grab (Asia's version of Uber) as the primary mode of transportation, to seamless digital payments via Apple Pay. Other takeaways included the scale of Vietnam's world-class infrastructure, including its airports, roads and bridges, as well as a business-friendly government and noticeable advancements in corporate governance. Together, these factors solidified our positive outlook on the country's positive growth trajectory, which in the long run should lead to an upgrade to emerging market status.

While we are excited about opportunities in Vietnam, our core convictions remain in India, Taiwan and South Korea. Research trips to these regions have reinforced our convictions, highlighting the innovation of local companies, strong corporate governance practices and supportive macroeconomic environments. India's well-educated, youthful population supports long-term growth, while Taiwan and South Korea lead in innovation, particularly in tech sectors such as AI, 5G and renewable energy, where we favour asset-light, IP-based businesses.
Although South Korean President Yoon Suk Yeol shocked the nation and global investors with his failed attempt to impose martial law in December, we believe the Constitutional Court's decision to impeach Yoon, leading to his arrest in January 2025, highlights the strength of the country's democratic framework which will allow the country to focus on its economic potential. Fundamentally, we remain confident in the country's stability and its promising investment opportunities, particularly in the export market.

Conclusion
In 2025, the team is excited to continue these on-the-ground research trips to both familiar and unfamiliar markets. Trips already planned include India, Taiwan and Latin America, with additional trips to follow later in the year. These visits will allow MCP to conduct in-depth channel checks on portfolio companies, perform rigorous due diligence on pipelines companies, stay attuned to evolving macroeconomic and geopolitical trends, and conduct in-person engagement.

Finally, we would like to thank you our shareholders for your continued support. Please contact Anna at anna@mcp-em.com or any of the team should you have any questions.

Best wishes,

The MCP Emerging Markets Team*

Footnotes
1 HSBC

* Please note that the investment manager has formally renamed to MCP Emerging Markets as of October 2024.

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Risks

- MMIT pursues a very active management style. Its performance may therefore deviate considerably from that of a comparable market return.
- Pronounced fluctuations in price are characteristic of emerging and frontier economies. Other characteristics include specific risks such as lower market transparency, regulatory hurdles, illiquidity of markets as well as political and social challenges.
- Focusing intentionally on stocks in small and medium cap companies may entail additional risks (e.g. lower liquidity).
- The risk calculation as per the UK KID calculation method is 5 out of 7. The risk of potential losses from future performance is classified as medium-high. In the event of adverse market conditions, it is possible that the ability to carry out your return request will be affected.
- MMIT is subject to various other risks. Please refer to the Company's Prospectus at www.mobiusinvestmenttrust.com which should be read to ensure a full understanding of the risks involved in investing in the Company.

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