



Quoniam MinRisk EM Strategy

Participate in the opportunities of the emerging markets with reduced risk

Quoniam MinRisk emerging markets strategy

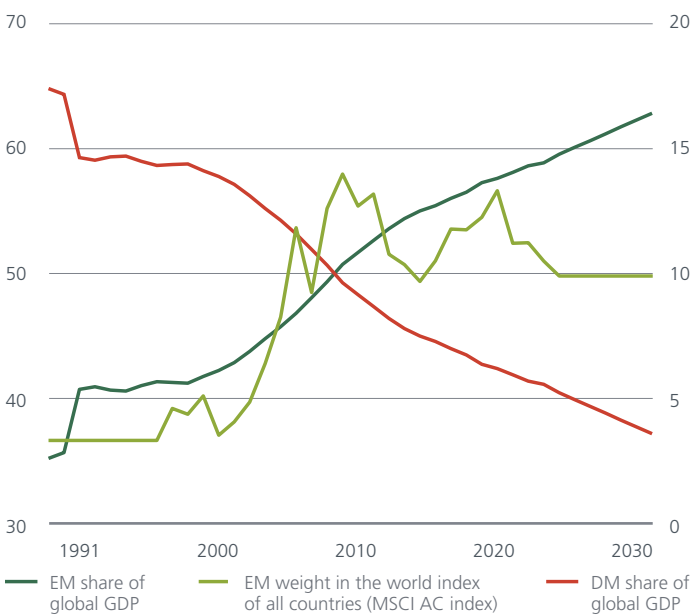
Investments in emerging markets (EM) are promising in the long term, but often volatile. The broadly diversified Quoniam MinRisk EM strategy offers investors a low-risk approach to emerging market investment opportunities that has proven to be strong relative to the index and peer group over the long term.

Many European investors are still mainly or exclusively invested locally in the major developed markets. However, not having exposure to emerging markets can be a missed opportunity for several reasons.

First, emerging markets have benefited greatly from globalisation in recent decades. Per capita incomes have risen with the expansion. On the other hand, positive demographic factors in most emerging markets point to their growing importance.

As a result, the share of emerging markets in global GDP is growing steadily. It is currently around 60% and rising. At the same time, the weight of emerging markets in the MSCI All Country World Index has only risen from under 5% to just over 10%. In the long run, this increase should be reflected in equity valuations.

The emerging markets' share of global GDP is rising steadily



Source: International Monetary Fund, Quoniam Asset Management GmbH, as of November 2025

The IBES earnings growth forecast also highlights the current attractiveness of investing in emerging markets. While the figure for the period 2019–2024 has been well below that of developed markets in recent years, earnings growth in emerging markets is forecast to match or exceed that of developed markets in the near future. According to the IBES calculation, it will be around 14% per year until 2027, which is above the expectation for industrialized countries as a whole. The IBES figure for Europe is significantly lower at 8%.

While developed markets have now reached very ambitious valuation levels, emerging markets are still very cheap relative to past and estimated earnings, as the Shiller P/E ratio shows.

Historically favourable valuations



Source: Datastream, IBES; as of November 2025

However, investors should be aware that investing in emerging markets can still be risky. Emerging markets are often characterised by political instability and have higher levels of inflation and currency volatility than developed markets. Share price volatility is generally higher than in developed markets.

This means: A risk mitigation approach is extremely important to benefit from an EM market environment with above-average risk.

The Quoniam solution

The main objective of the Quoniam MinRisk EM strategy, which was launched in 2010, is to reduce risk in terms of absolute risk, i.e. volatility. Therefore, not only the deviation relative to the market-capitalised benchmark is controlled, but also the absolute loss of an investment. This means that in the event of a stock market correction, risk reduction is the focus of risk management.

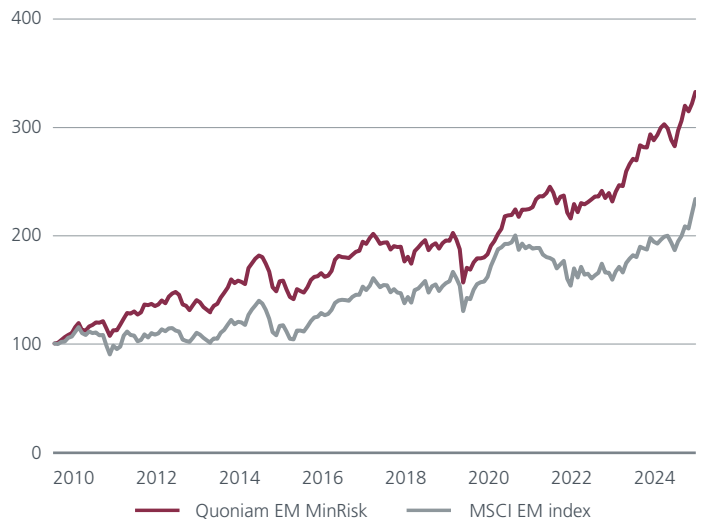
The MinRisk portfolio explained:

The investment process is systematic and data-driven. In principle, a defensive portfolio (MinRisk) is constructed irrespective of market capitalisation. Priority is given to stocks with favourable valuations, high quality and attractive sentiment.

The investment universe of the Quoniam strategy is significantly larger than the benchmark. While the MSCI EM index currently contains around 1,400 stocks, we analyse more than 3,000 emerging market companies for the MinRisk portfolio.

On average, the portfolio contains between 250 and 350 stocks. High concentration risks (e.g. in one industry) are avoided. For example, only 16% of the portfolio is invested in large-cap technology stocks (versus 31% in the MSCI EM), and only 14% in the top 10 stocks of the benchmark (versus 27% in the MSCI EM). The portfolio focuses instead on locally operating companies in emerging markets, while the major benchmark heavyweights predominantly include stocks from the technology sector.

The result is an asymmetric risk-return profile for the Quoniam fund relative to the overall market. Over the long term, this gives the fund clear advantages over the index.



The track record

Source: Quoniam Asset Management GmbH
Portfolio: Quoniam SICAV Emerging Markets MinRisk Portfolio
Index: MSCI Emerging Markets Index, Performance since inception in May 2010, monthly cumulative returns until October 2025, in EUR.

The strategy has significantly outperformed the benchmark over various time periods (1 year, 3 years, 5 years, since inception) and is currently rated five stars by Morningstar.

The strategy shows its strengths in sideways and downward phases. However, the MinRisk strategy offers added value during crises or market corrections.

A risk mitigation approach is extremely important to benefit from an EM market environment with above-average risk.

Conclusion

Attractive valuation: Emerging markets are currently attractively valued, are growing in economic importance over the long term and continue to offer diversification benefits.

Increased diversification: The diversified portfolio significantly reduces concentration risks compared to the index, offers a reduction in downside and allows investments in companies that participate in local growth.

Experienced management: Quoniam has more than 25 years of experience in managing systematic equity portfolios and has been managing emerging markets mandates since 2010.

Risk-reduced approach: For many investors, a risk-reduced investment approach, such as the Quoniam EM MinRisk strategy, may be an attractive entry point.

Strong track record: Since its inception in 2010, the strategy has generated solid absolute returns thanks to its defensive positioning, outperforming the benchmark both since inception and over a three-year period (source: eVestment, as of November 2025).

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