

Aristea - New Frontiers Equity Fund

Commentary 31 December 2021

KALLISTO PARTNERS

Via Flaminia 21,
00196, Roma

Eagle House,
108-110 Jermyn Street,
SW1Y 6EE, London

www.kallistopartners.com

The resilience of Frontier Markets in 2021 has been remarkable. In the face of events such as the intensifying of China regulators' grip on the country's leading sectors and rising global inflation, Frontier Markets have kept following their own uprising and smooth trend, thanks to a gradual supply chain shift taking place from larger Emerging Markets, and a constantly improving digitalisation process that have supported local growth. In an environment of political uncertainty worldwide, Frontier Markets keep attracting new investment flows.

The Aristea New Frontiers Equity fund has gained +20.49% during 2021, compared to the broader Emerging Markets universe, which remained flat over the year.

Exhibit 1: Aristea New Frontiers Equity performance vs FTSE Emerging Index TR in 2021



Source: Bloomberg

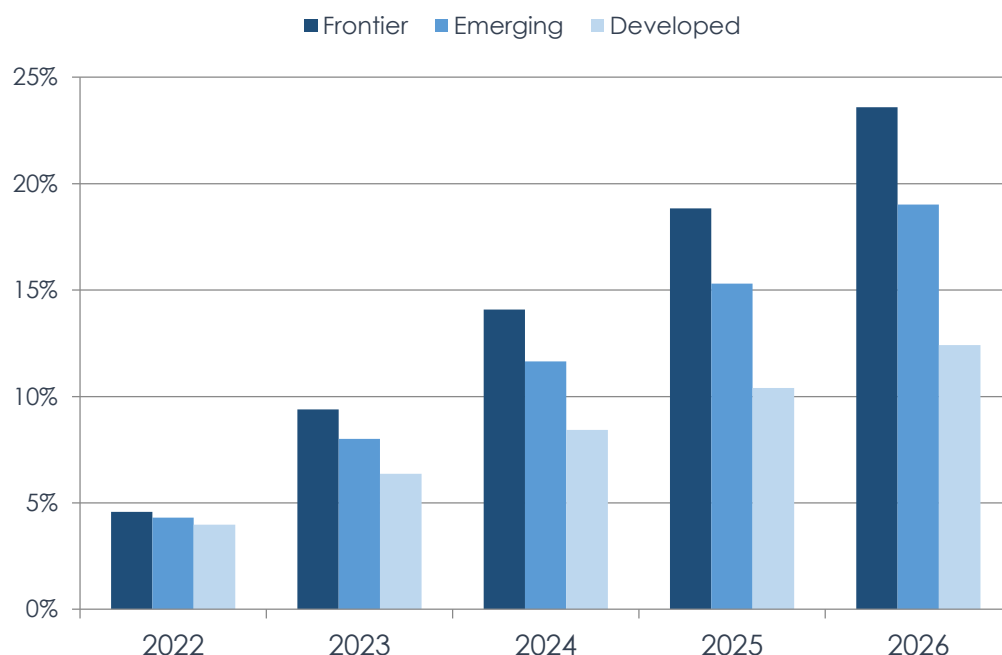
Moreover, our portfolio's valuations are still significantly attractive, compared not only to the valuations of developed stock markets, but also to the average historical valuations of our fund. In fact, our fund's price-to-earnings ratio stands now at 10.8x versus its historical average of 11.9x. Considering the excellent year the fund has had in terms of price increment, a P/E this low must be only explained by an equally staggering earnings-per-share growth.

Estimates of the IMF still confirm Frontier Markets as the fastest growing economies in the world in the coming years.

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Exhibit 2: IMF cumulative growth estimates for Frontier, Emerging and Developed Markets



Source: IMF, Kallisto Partners

We believe that the market climate in the coming years for Frontier Markets will set the stage for indisputable long-term growth for Frontier economies.