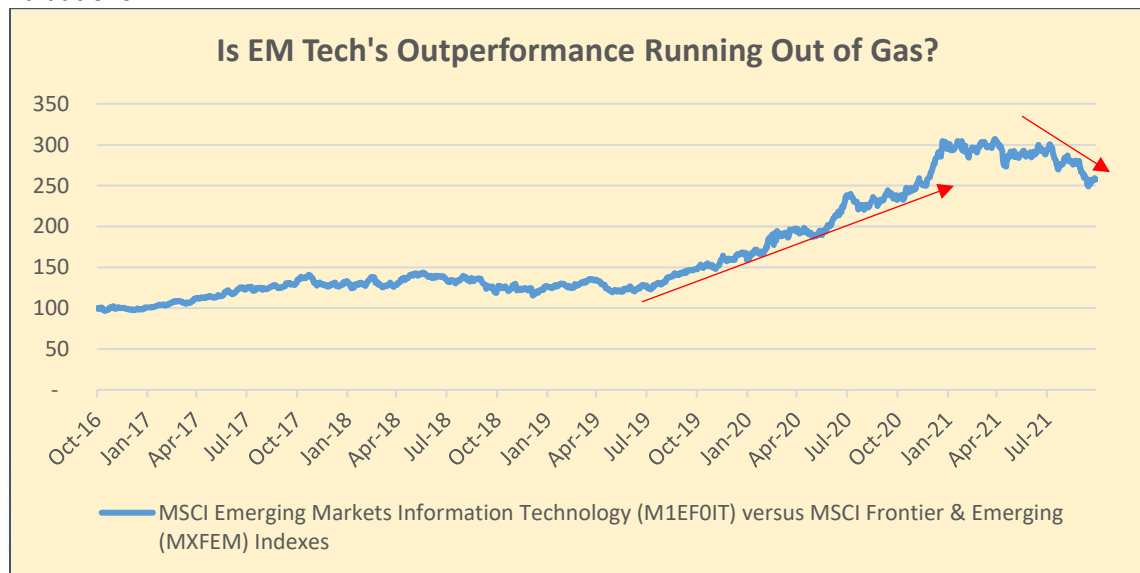


### OUTLOOK: Covid Still Going. Technology Sector? Not So Sure

***"A nice break from Covid."*** Livae Nanjikana, rescued after living on coconuts at sea for 29 days.

As we all know too well, Covid's worldwide swath of death and destruction continues. Somewhat counter-intuitive are the strong investment returns during the Covid period for most active Emerging and Frontier funds, and in particular our own. For us and for our markets, technology has been the top performing sector. We make no predictions on when this horrific pandemic shall end, but the associated tech rally is looking long in the tooth.

Technology companies in Emerging countries have outperformed their overall markets by a whopping 2.5 times in the past five years, mainly in the 2019-2020 Covid period (below). Providers of electronic devices, online services, and mobile communication services benefited from lockdowns and working-from-home. That global rally peaked early in 2021, however, due to headwinds from supply chain bottlenecks, regulatory action in China, spiking global inflation, and stretched valuations. Thanks to Kyklos's bottom-up stock-picking, our tech bets continued to perform well for most of this year, and our positions in a Pakistani IT services company, Vietnamese electronics distributor, Kazakh and Ghanaian fintechs, and a global Emerging markets e-commerce company, together account for more than one-half of our year-to-date portfolio returns, and amount to over one-third of our portfolio. Stock-by-stock, we see further upside for our positions, but our new bets are in other sectors offering more compelling valuations.



Charlie Gushee  
October 30, 2021

## Kyklos Capital

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