

# HÉRENS QUALITY ASSET MANAGEMENT

Pioneer for Systematic Quality Investments

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Corporate Excellence Award 2021:  
In-Depth Analysis of Corporate Quality Distributions and  
Characteristics

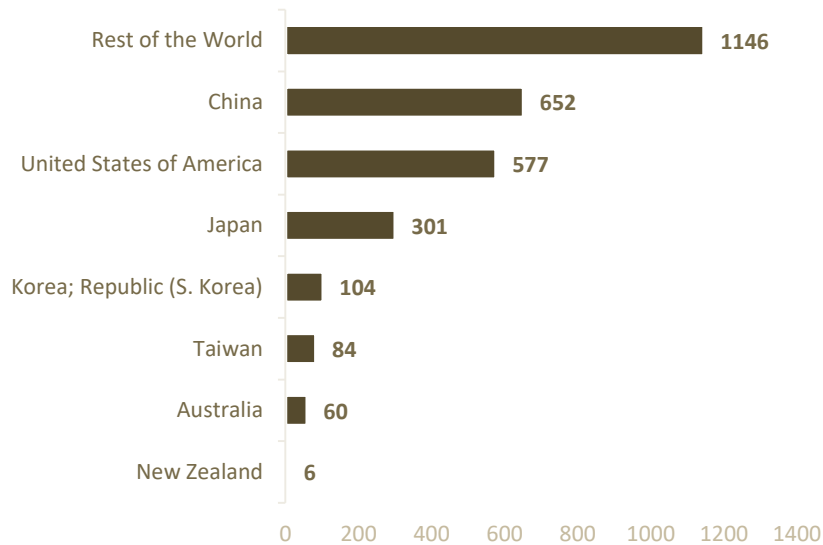
May 2021

# Corporate Excellence Award Analysis 2021: Universe and regional distribution



## World Winner

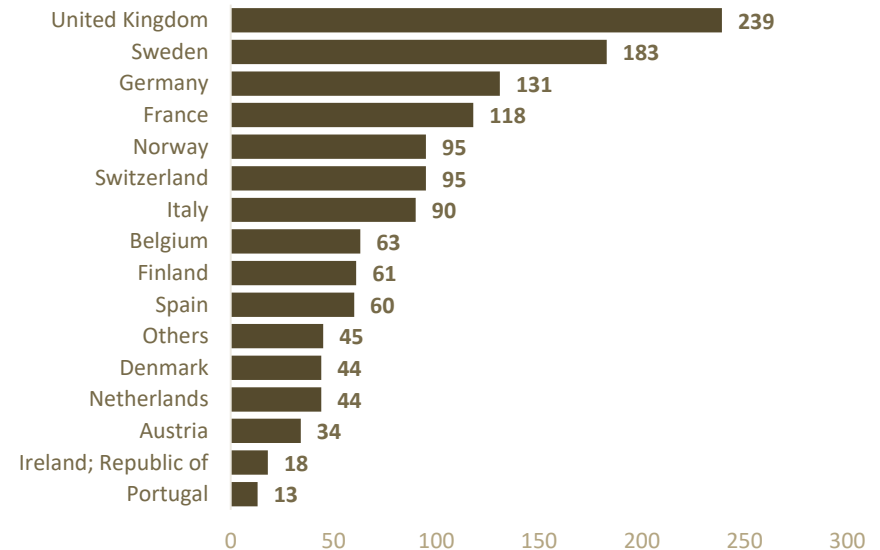
MSCI ACWI Index  
(2930 companies – regional distribution)



- World Winner
- USA, Australia & New Zealand , Japan, South Korea and China & Taiwan Winner

## European Winner

13 Stoxx European country indices  
(1333 companies – regional distribution)



- European Winner
- Single country winner in Europe

Sources: Hérens Quality Asset Management, MSCI, Stoxx, Thomson Reuters

# Analytical Background and Disclaimer



## **Analysis of the Winners:**

- In-depth Analysis of the Winners;
- Detailed Data and Quality check by Hérens Quality Asset Management and the Jury.

## **Analysis of the Top 100/Worst 100 and Worst exc. Financials:**

- Structural Quantitative Information;
- No in-depth Analysis by Hérens Quality Asset Management and the Jury.

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# Executive Summary: List of Excellence Award Winners 2021 (1)



Top European

AUSTRIA

BELGIUM

BRITAIN

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

Top World

TOP USA

TOP AUSTRALIA & NEW ZEALAND

TOP JAPAN

TOP SOUTH KOREA

TOP CHINA & TAIWAN

NEW

NEW

NEW

NEW

NEW

NEW

NEW

NEW

NEW

NEW

NEW

**2021**

BioGaia AB

Mayr-Melnhof Karton AG

Melexis NV

Games Workshop Plc

Chemometec A/S

eQ Oyj

Hermes International SA

Rational AG

Diasorin Spa

ASM International NV

Medistim ASA

Zardoya Otis SA

BioGaia AB

Ems-Chemie Holdings AG

Marketaxess Holdings Inc

Marketaxess Holdings Inc

Fisher & Paykel Healthcare

Shionogi & Co Ltd

NCSOFT Corp.

TSMC Ltd.

**2020**

Rational AG

Mayr-Melnhof Karton AG

Lotus Bakeries NV

Games Workshop Plc

Novo Nordisk A/S

Revenio Group OYJ

Hermes International SA

Rational AG

Moncler SpA

ASML NV

Medistim ASA

Zardoya Otis SA

BioGaia AB

Belimo Holding AG

SEI Investments Co

SEI Investments Co

Cochlear Ltd

Hoya Corp

NCSOFT Corp

TSMC Ltd

# Executive Summary (2)



## Global and European Quality Winners 2021

- Winners of the Quality Excellence Award 2021 share the following characteristics:
  - 1) focused and relatively resistant to COVID-19 crisis business models,
  - 2) mostly owned by family or management ,
  - 3) run by CEOs with relevant education and/or experience and by large long tenures,
  - 4) predominantly favor organic growth,
  - 5) address Corporate Social Responsibility issues,
  - 6) have better CO<sub>2</sub> Emission score than market.

## Global Quality TOP 100

- Countries: The highest number of Quality companies are domiciled in China, USA, Japan, Taiwan and Switzerland;
- Sectors: Most of Quality companies come from Health Care, Information Technology, Consumer Staples and Communication Services sectors;
- Size and Style: The vast majority of Quality companies have characteristics of Growth Companies, while size-wise most companies are Small Caps.

# Executive Summary (3)



## ***Excellence Award 2021 major changes vs. last year:***

- In Global Quality Top 100, China continue to improve their position (number of Quality companies), while position of Japan and Taiwan has deteriorated. In Global Worst 100, there was a spike in number of companies originating from United States;
- Looking by Market Cap, it can be seen that the Emerging Markets decreased their presence, while USA's increased in the Global Quality TOP 100;
- Denmark (Chemometec A/S), Finland (eQ OYJ), Switzerland (Ems-Chemie Holdings AG), Netherlands (ASM International NV), USA (Marketaxess Holdings Inc), Australia & New Zealand (Fisher & Paykel HealthCare), Japan (Shionogi & Co Ltd) have seen Winners change in their respective countries and none of them had prior history in the Winner's List;
- 55% of the Excellence Award winners managed to benefit from the pandemic, 23% of the companies were relatively resilient and demonstrated their ability to adapt, while 22% suffered from the effect of COVID-19. The companies from Information Technology (TSMC, Melexis NV, ASM International NV), Financials (Marketaxess Holdings Inc, eQ OYJ), Communication Services (NcSoft Corp) and Health Care (Fisher & Paykel Healthcare, Diasorin Spa) sectors benefited from the pandemic the most. On the other hand, the companies from the Materials (Ems-Chemie Holdings AG) and Industrials (Rational AG) sectors have suffered the most.

## ***Global Worst 100***

- Countries: The highest number of companies are domiciled in USA, China and Korea. In terms of dynamics, number of non-Quality companies coming from China has been lower this year, while their number grew in USA and Korea;
- Sectors: Most of the companies come from the Industrials, Consumer Discretionary and Information Technology.
- Worst 100 and Worst 100 excl. Financials had weaker fundamentals, higher Debt/Equity ratio, significantly lower ROE as well as Assets/Equity ratio if compared with Excellence Award Winners, Quality TOP 100 companies and MSCI World All Country index.



# Executive Summary (4)



## ***Major Trends of the Excellence Award 2021 (trend over years):***

- Among 2021 Winners, Health Care sector has significantly improved its position, while Information Technology and Consumer Discretionary companies have lost their ground;
- Already for 5 years within Global Quality Top 100 companies none are originating from Real Estate Sector;
- When looking into Countries, there was a considerable improvement among Chinese companies (in terms of total number). The number of US companies in the Worst 100 and Worst 100 excl. Financials has seen a significant increase;
- Majority of European Quality Winners have ownership structures that are dominated by family or management.

# Terminology



- **Quality Top 100** – the 100 highest ranked companies based on quantitative Quality criteria in Index.
- **Worst 100** – the 100 lowest ranked companies based on quantitative Quality criteria in Index.
- **Worst 100 excl Financials** – the 100 lowest ranked companies excluding Financials based on quantitative Quality criteria in Index.
- **Quality Winner / Excellence Award winner** – the top ranked company based on qualitative and quantitative Quality criteria from each representative region.
- **Distribution:** If not specified otherwise, the distribution is calculated by dividing the number of companies that are meeting a certain criteria by the overall number of companies.

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## Excellence Award Worldwide Winners and Winners of Key Regions (USA, Australia, Japan, Asia and Europe)

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# Winners of the Excellence Award Global and in Europe 2021



	REGION	WINNER
	World	Marketaxess Holdings Inc (NEW)
	Europe	BioGaia AB(NEW)
<hr/>		
	USA	Marketaxess Holdings Inc (NEW)
	Australia & New Zealand	Fisher & Paykel Healthcare (NEW)
	Japan	Shionogi & Co Ltd (NEW)
	South Korea	NCSOFT Corp
	China & Taiwan	TSMC Ltd

# Worldwide Winner and Winner in USA – Marketaxess Holdings Inc



## Executive Summary

- MarketAxess is the digital fixed-income trading pioneer, introducing its first platform at the time, when credit instruments were still traded using a telephone. Even today, only ~25% of transactions are made electronically, but the tendency is to catch up with equities and futures markets that have already transitioned to digital operations decades ago. Company services 85% of the dealer-to-consumer market and leads the US high-grade (22.8% market share), high-yield (17.1%), Emerging market bond and Eurobond markets. The business model also includes market data sales and fulfillment of the growing regulatory reporting obligations. Company's operations are concentrated in Americas (85%), but it expands internationally with EMEA headquarters located in the UK, the European (13%) financial capital. MarketAxess is focused on growing its international presence, especially in Asia, which currently stands just for 2% of company's revenues

## Milestones of Excellence

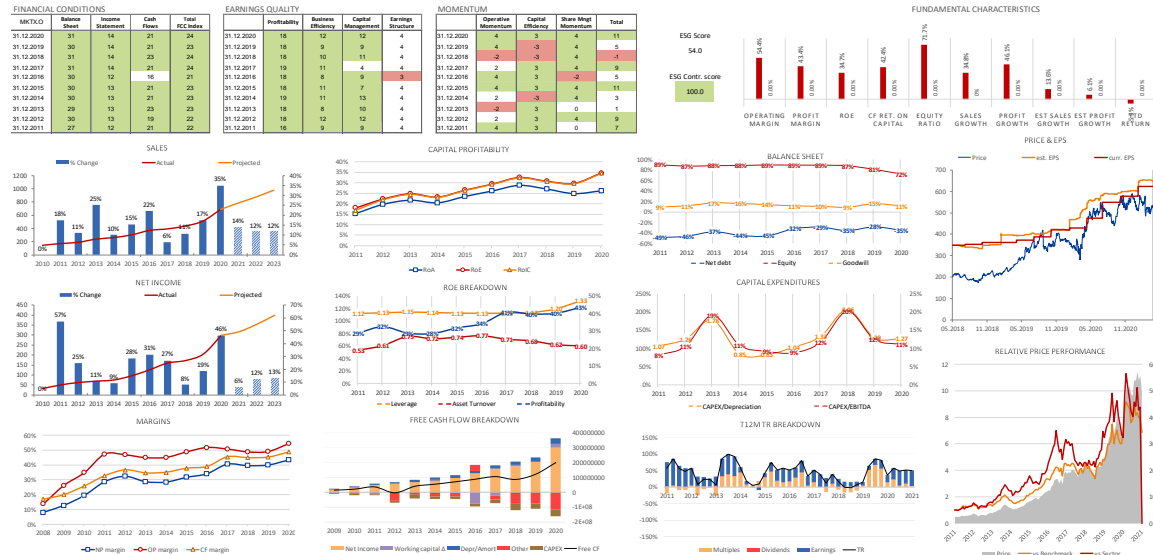
- MarketAxess is the dominant market player, led by a visionary founder who pioneered the space and introduced important innovations. One of them is the Open Trading platform that enables customers to trade between themselves, outside of the exchange, helping produce more than \$1.1 billion in savings for its customers in 2020. The electronic trade is essentially costless, leading to high margins (Gross 72%, Operating 55%, Net Profit 43%) on growing volumes, while bringing the costs halfway down relative to the classic ("over-the-phone") bond trading.
- Company posted 12 years of all-time highs for trade volume, revenue, and operating income and raised dividends for 11 years, maintaining a reasonable (25-30%) payout ratio.
- The unique Live Markets feature uses artificial intelligence models to price bonds in real time, significantly improving market visibility and the manual request-for-quote (RFQ) price discovery process. Company's systems and underlying technology managed to handle the record volatility of March 2020 avoiding major service disruptions.

Sources: Hérens Quality Asset Management, Thomson Reuters

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## Marketaxess Holdings Inc

Date of downloading: 14.04.2021 Next Earning Release: 22.04.2021



# Winner in Australia & New Zealand – Fisher & Paykel Healthcare



## Executive Summary

- Fisher & Paykel Healthcare (FPH) is a leading manufacturer of medical equipment used in respiratory care. Company supplies humidification equipment for hospitals (64% of revenue), which is used during invasive and non-invasive ventilation, nasal high-flow therapy (NHF) and surgeries. In the homecare segment (36% of revenue), Company's products include equipment for delivery of CPAP therapy, the main treatment to support patients with obstructive sleep apnea (OSA). A significant portion of Company's revenue (usually up to 65-85%) comes from consumables, which is recurring in nature.
- FPH has manufacturing bases domestically and in Mexico, while Company's products enjoy demand in over 120 countries, with North American region accounting for 45% of revenue, Europe – for 29% and Asia-Pacific – for 22%. Company's products help more than 10 million patients annually.

## Milestones of Excellence

- In the core humidification market, Company enjoys >70% market share and faces little competition, as FPH has achieved leading position through 50 years of pioneering innovation in the field of respiratory care.
- Spending around 9% of revenue on R&D annually, Company's know-how is supported by an IP portfolio of more than 1500 patents (average remaining life - 11.5 years). As a result of focus on innovation and accumulated industry expertise, Company is able to provide high-value-added medical solutions.
- Company's largest growth opportunities lie in further product penetration. FPH's equipment has already found broad application in intensive care units (ICUs) with ~70% penetration, yet the addressable market is much broader.
- Expansion of the installed base and vivid demonstration of NHF benefits during the pandemic, along with a growing clinical body of evidence, will serve as a long-term tailwind for increased adoption of the therapy and higher consumable sales. Company is also diversifying its product portfolio by pursuing emerging business opportunities within home respiratory care and surgical technologies.
- Thanks to ample growth opportunities, over the long-term, Company aspires to maintain 12% annual growth rate (in constant currency) and sustain gross margin around 65% and operating margin around 30%.

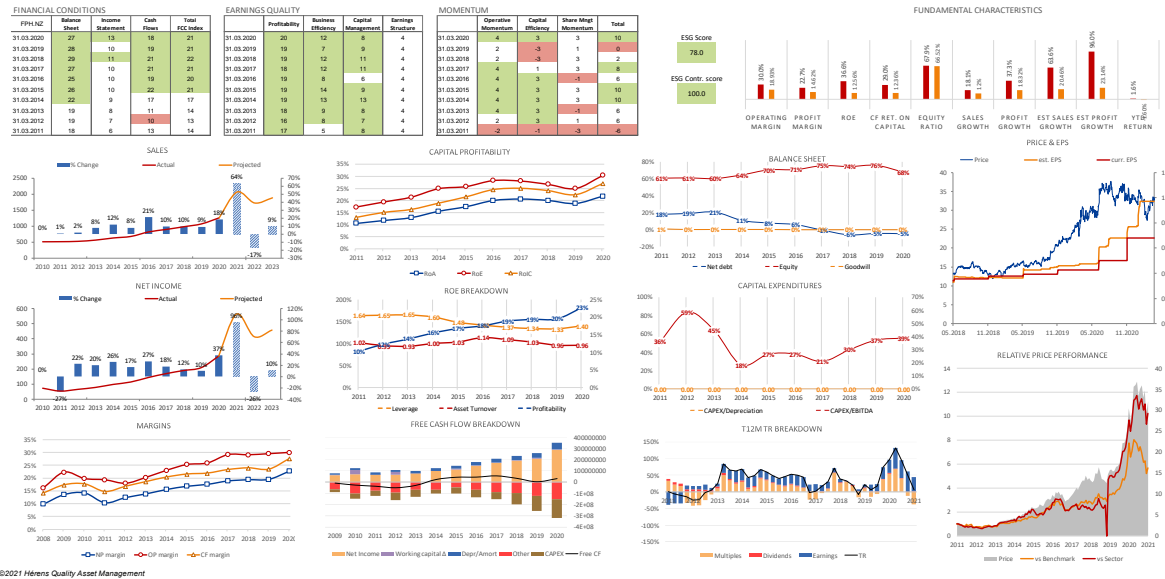
Sources: Hérens Quality Asset Management, Thomson Reuters

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## Fisher & Paykel Healthcare Corporation Ltd

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Next Earning Release 23.05.2021



# Winner in Japan – Shionogi & Co Ltd



## Executive Summary

- Shionogi is a Japanese pharmaceutical company with more than 100 years of innovation history. Company is one of the few remaining players in the infectious disease space with leading position in antivirals and antibiotics, which are used to treat HIV, flu and many other infections. The second core therapeutic area of focus for Shionogi is pain and diseases of the central nervous system, in which Company's product portfolio includes medicine for treatment of chronic back pain, cancer-related pain, ADHD, etc.
- To maximize the value of its products, Shionogi has established numerous partnerships with leading industry players globally and has adopted a licensing business model. As a result, royalty income makes up ~50% of revenue, resulting in industry-leading margins (gross margin >80%, net margin >35%). The majority of royalty income is provided by ViiV Healthcare, a specialist HIV company, in which Shionogi holds a 10% stake.

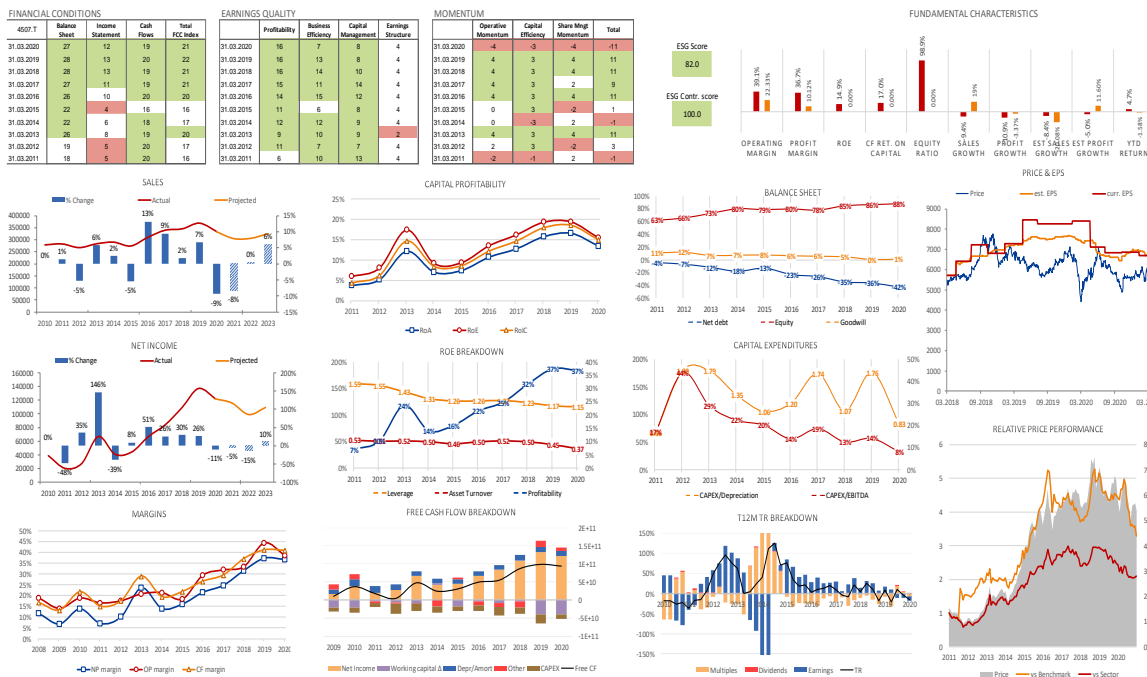
## Milestones of Excellence

- Shionogi's strength is focus on proprietary compound discovery, leveraging Company's research capabilities within small-molecule drugs. Shionogi's R&D leadership is evident by the fact that Company maintains 50-70% in-house pipeline ratio, twice as high as for the majority of peers. Moreover, in 2020, Shionogi was ranked 9th globally in IDEA Pharma's innovation index, highlighting Company's research efforts.
- Looking ahead, Shionogi has a broad development pipeline, including potentially game-changing compounds, such as redasemtide, an innovative tissue-regenerative medicine, which is being researched for treatment of stroke and epidermolysis bullosa, among other possible indications. Furthermore, Company has been diversifying its development capabilities: for example, in 2020, Shionogi acquired UMN Pharma, making a full-scale entry into the vaccine business.
- In addition to growth opportunities stemming from its development portfolio, Shionogi has embarked on a transformation path to become a healthcare-as-a-service company, aiming to provide comprehensive healthcare solutions, while also expanding overseas.

Sources: Hérens Quality Asset Management, Thomson Reuters

## Shionogi & Co Ltd

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# Winner in South Korea – NCSOFT Corp



## Executive Summary

- NCSOFT Corp is one of the largest mobile and PC online gaming developer in Korea, with main focus on the massively multiplayer online role-playing game (MMORPG) segment. Company is working in 3 segments: mobile games (69% of total sales), PC& Console (22%), royalties (9%). The company has focused on developing only a few titles (Lineage1/2, AION and Blade&Soul), but each is set in rich and expansive game universe. NCSOFT is presented in several regions: South Korea (92% of sales), USA and EU (4%), Japan (2%), Taiwan (2%).
- Since 2017 with the release of Lineage M has successfully opened a new era of mobile MMORPG. The Lineage 2M's and Lineage M large-scale update launched in January 2020 additionally helped the company to attract new players while enhancing the loyalty of existing players.
- NCSOFT is stable long-term market leader in South Korea with more than 20% market share, with the closest competitors in the market – NetMarble with ~11.7% market share and Nexon with ~5.1%.

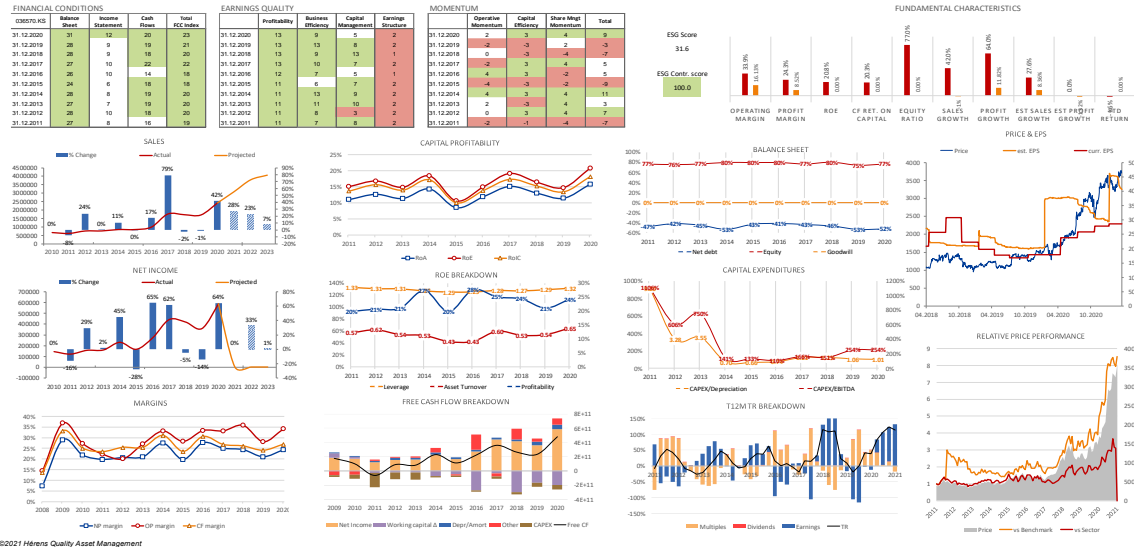
## Milestones of Excellence

- NCSOFT has market-proven IP assets accumulated over the past 18 years. These assets are working as a great advantage for diminishing marketing costs and attracting gamers in the early stage of launching.
- NCSOFT's mobile games, converted from its PC game franchises, is expected to become its most-reliable mid-term revenue and profit growth engines. The company is expected to gain further market share on the launch of its next titles (B&S 2, Aion 2) in 2021 by targeting mid- to lighter-core user base (vs. LM/L2M's hard-core users). The release of the Trickster M in 2Q2021 will help to attract younger generation user base.
- Given the popularity of mobile gaming in China and Southeast Asia, NCSOFT also plans to broaden the international appeal of Lineage 2M and further expand its presence in Asia.
- NCSOFT is also planning to expand into new territories, such as augmented and virtual reality, console platform gaming business.

Sources: Hérens Quality Asset Management , Thomson Reuters

## NCSOFT Corp

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# Winner in China and Taiwan – TSMC



## Executive Summary

- TSMC pioneered the pure-play foundry business model when it was founded in 1987 and has been the world's largest dedicated semiconductor foundry ever since (55.6% market share in 2020).
- TSMC manufactured 11 617 different products using 281 distinct technologies (from 2 micron to 7-nanometer) for 510 different customers in 2020.
- The TSMC products are used in a variety of end markets including mobile devices(51%), high performance computing(31%), automotive electronics(3%), the Internet of Things (7%), digital consumer electronics (4%) etc.
- Net revenue by geography, based mainly on the country in which customers are headquartered, was North America (62%), China (17%), Japan (5%), rest Asia Pacific region (11%), Europe, the Middle East and Africa (5%).

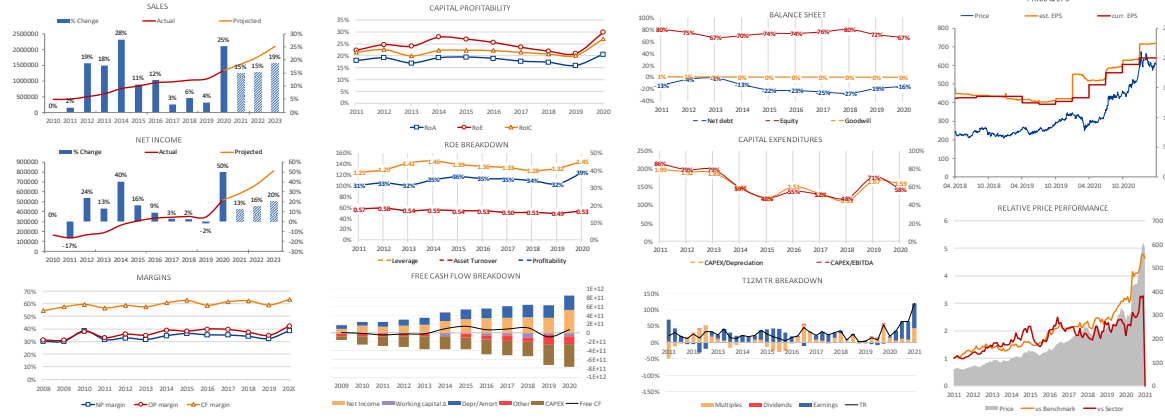
## Milestones of Excellence

- The Company distinguishes itself from the competition through its technology leadership, manufacturing excellence and customer trust.
- Company's strong market position largely stems from its leadership in advanced process technologies. In 2020, 58% of TSMC's wafer revenue came from those processes – defined as geometries of 16nm and smaller – up from 50% in 2019.
- Strong diversification helps to smoothen out fluctuations in demand, which, in turn, helps the company to maintain higher levels of capacity utilization and profitability.
- Innovation is a core component of all aspects of TSMC's business. As a technology leader, TSMC is consistently first among dedicated foundries to provide next generation, leading-edge technologies.
- In 2020, the company successfully ramped the industry-leading N5 technology, which helped further expand the customer product portfolio and increased the company's addressable markets. The next N3 technology will be another full node stride from N5 and offer the most advanced foundry technology in both PPA and transistor technology when it is introduced.
- Additionally, TSMC in April 2020 announced that it will invest US\$100bn over the next three years to increase capacity and support the manufacturing and R&D of advanced semiconductor technologies.

## Taiwan Semiconductor Manufacturing Co Ltd

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FINANCIAL CONDITIONS					EARNINGS QUALITY				MOMENTUM			
2330.TW	Balance Sheet	Income Statement	Cash Flow	Total FCC Index	Profitability	Business Efficiency	Capital Management	Earnings Retention	Operative Momentum	Capital Efficiency	Share Mgt Momentum	Total
31.12.2020	26	14	18	20	20	12	9	4	4	3	4	11
31.12.2019	29	14	18	21	17	9	8	4	2	-3	-2	-7
31.12.2018	29	14	22	23	18	7	10	4	0	-3	0	-3
31.12.2017	29	14	22	23	19	10	9	4	0	-3	4	1
31.12.2016	29	14	20	22	19	9	9	4	0	-3	0	-3
31.12.2015	28	14	20	24	18	13	10	4	2	1	4	7
31.12.2014	28	14	21	22	18	11	9	4	4	3	4	11
31.12.2013	28	14	17	20	16	11	11	4	-2	-3	-4	-7
31.12.2012	28	14	18	21	16	9	8	4	4	3	2	9
31.12.2011	28	14	20	22	16	9	11	4	-2	-1	0	-3



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# Winner in Europe (and Sweden) – BioGaia AB



## Executive Summary

- BioGaia is a Swedish biotech company that sells probiotics (live bacteria and yeasts that are good for your health, especially your digestive system), usually in the form of dietary supplements like drops, tablets and oral hydration solutions. Company holds patent to lactobacillus (lactic acid bacterium) and over 440 patents in 32 different chains of it.
- Company's activities are divided into two segments: Paediatrics and Adult Health, both of which include sales of drops, oral rehydration solution (ORS), gut health tablets and also cultures as an ingredient in a licensee's product, such as infant formula, either for children or adult people. In most of the markets BioGaia's products are recommended by doctors or other healthcare professionals.
- Company operates worldwide through a number of subsidiaries, such as Biogaia Biologics Inc, CapAble AB, TwoPac AB and Infant Bacterial Therapeutics AB.

## Milestones of Excellence

- Since its foundation in 1990, BioGaia has developed from a probiotics company offering dietary supplements and food for special medical purposes to a company that can work with the entire microbiome in all regulatory categories.
- BioGaia sells its products exclusively through well established nutritional and pharma companies (contracts 3-7 years), which enables company to leverage strong & well established distribution networks without high investment needs. In a cluttered market, BioGaia is one of the market leaders with 6% share (#6, Sanofi is #1 with close to 16% share). Despite such distribution structure, almost 70% of products are sold under BioGaia brand (own + co-branding) and this share is gradually increasing over time.
- Market trends are very supportive of Co's growth: total global probiotics market is expected to grow at a CAGR of 10.4 % from 2017 to 2027, corresponding to an increase in value from \$1.22bn to \$3.2 bn (transfer price). Gastro-intestinal health is main driver of the market with 64% of the total value as developing countries adopt a western diet. 29 % of all probiotic supplements sales are expected to happen online 2027, up from 22% in 2017, mainly through Amazon, online pharmacies or local web stores.

Sources: Hérens Quality Asset Management , Thomson Reuters

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## Biogaia AB

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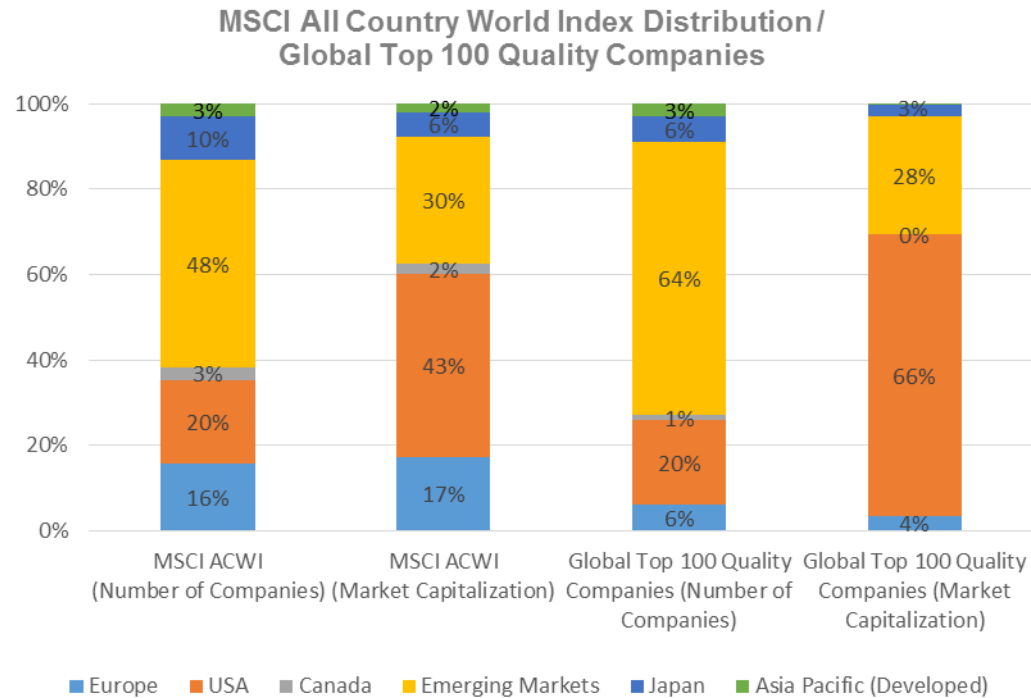
# Quality Tectonics

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# Global Quality TOP 100 Worldwide – Companies Come Mostly from Emerging Markets and USA



## MSCI World All Country Index Distribution/Global Top 100 Quality Companies



Majority of companies (number wise) both in MSCI All Country World Index and Global Quality TOP 100 were from Emerging Markets. If classified by Market Capitalization, then companies from USA account for the largest share of Global Quality TOP 100.

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## Structural Information on Global TOP 100, Worst 100 and Worst excl. Financials 100

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# Global Quality TOP 100 – China, United States, Japan and Taiwan were countries with the largest number of Quality Companies



## Distribution of Global TOP 100 Quality Companies vs. MSCI All Country World Index by Country 2021 (by Number of Companies)

Country	2021	2020	2019	2018	2017	2016	2015	2014	Country's % in MSCI ACWI in 2021
China	50	30	23	10	9	11	9	9	22.3%
United States of America	20	20	25	27	26	27	35	31	19.7%
Japan	6	13	18	16	10	7	5	8	10.3%
Taiwan	3	6	5	8	9	8	8	6	2.9%
Switzerland	3	2	2	3	4	3	4	3	3.2%
India	2	5	4	4	9	11	9	8	0.8%
Thailand	2	2	2	2	2	2	1	1	1.2%
Saudi Arabia	2	1	0	0	0	0	0	0	3.0%
New Zealand	2	0	0	1	0	0	0	0	1.5%
Denmark	1	1	3	2	2	2	3	2	1.4%
Canada	1	1	1	2	2	1	1	1	0.6%
Israel	1	1	1	1	2	2	0	0	1.7%
Pakistan	1	1	0	2	0	0	0	0	0.7%
Australia	1	1	0	0	0	2	1	0	3.0%
Malaysia	1	0	2	1	0	1	0	1	0.4%
Korea; Republic (S. Korea)	1	0	0	3	2	1	0	1	0.3%
Sweden	1	0	0	1	1	1	1	1	0.1%
France	1	0	0	0	1	2	1	0	2.7%
Poland	1	0	0	0	0	0	1	0	2.0%
Indonesia	0	4	3	3	6	6	7	11	0.1%
South Africa	0	4	2	2	3	3	5	5	0.7%
United Kingdom	0	2	3	3	2	1	0	0	1.2%
Brazil	0	1	2	3	4	3	3	3	1.3%
Singapore	0	1	2	2	1	1	1	1	0.9%
Finland	0	1	1	1	1	1	1	1	3.5%
Hong Kong	0	1	0	1	1	1	1	3	0.6%
Greece	0	1	0	0	0	0	0	0	1.3%
Russia	0	1	0	0	0	0	0	0	0.2%
Mexico	0	0	1	0	0	0	0	1	0.8%
Spain	0	0	0	1	2	2	2	2	2.0%
Italy	0	0	0	1	0	0	0	0	2.3%
Germany	0	0	0	0	1	1	1	1	0.4%
Total	100	100	100	100	100	100	100	100	93.3%

China, United States, Japan, Taiwan and Switzerland represent countries with the largest number of Quality companies in the MSCI All Country World Index. China managed to improve their positions in the Quality Top 100 from 2020 to 2021, while number of companies represented by Japan and Taiwan declined in TOP 100. Around 93.3% of countries from MSCI ACWI index were represented in Global TOP 100.

# Global Worst 100 (with Financials) –United States, China and Korea were countries with the largest number of Worst 100 Companies



## Distribution of Global Worst 100 Quality Companies vs. MSCI All Country World Index by Country 2021 (by Number of Companies)

Country	2021	2020	2019	2018	2017	2016	2015	2014	Country's % in MSCI ACWI in 2021
United States of America	31	17	20	14	18	16	16	13	22.3%
China	14	19	17	3	1	3	2	2	19.7%
Korea; Republic (S. Korea)	11	7	6	14	12	8	14	13	10.3%
Spain	5	3	4	2	3	3	2	2	2.9%
France	4	5	3	7	6	6	7	5	3.2%
Japan	4	3	4	6	9	22	23	26	0.8%
Canada	4	2	4	2	2	2	1	1	1.2%
Netherlands	4	0	1	3	1	1	1	2	3.0%
United Kingdom	2	9	7	8	6	6	6	5	1.5%
Brazil	2	8	7	7	4	3	2	0	1.4%
Germany	2	6	3	4	6	5	3	5	0.6%
Saudi Arabia	2	3	0	0	0	0	0	0	1.7%
Australia	2	2	3	2	3	2	1	1	0.7%
Thailand	2	2	0	1	1	1	0	1	3.0%
Israel	2	1	1	0	0	0	1	0	0.4%
Singapore	2	1	1	0	0	0	0	0	0.3%
Turkey	2	0	0	1	1	0	0	0	0.1%
India	1	1	1	0	3	2	1	4	2.7%
Taiwan	1	1	7	9	5	2	4	2	2.0%
Hong Kong	1	0	6	2	1	1	1	1	0.1%
Mexico	1	0	0	1	1	1	1	0	0.7%
Philippines	1	0	0	0	0	0	0	0	1.2%
Greece	0	2	0	3	0	0	0	0	1.3%
Indonesia	0	2	0	0	0	0	0	0	0.9%
Italy	0	1	0	2	4	7	6	7	3.5%
Switzerland	0	1	1	3	3	2	1	2	0.6%
Chile	0	1	1	2	1	1	0	0	1.3%
Finland	0	1	0	0	0	0	0	0	0.2%
Pakistan	0	1	0	0	0	0	0	0	0.8%
South Africa	0	1	1	0	0	0	0	2	2.0%
Malaysia	0	0	1	2	0	1	1	0	2.3%
Denmark	0	0	1	0	1	1	0	1	0.4%
Austria	0	0	0	1	3	1	2	1	0.0%
Ireland	0	0	0	1	2	0	1	1	0.0%
Qatar	0	0	0	0	1	0	0	0	0.0%
Belgium	0	0	0	0	1	0	1	1	0.0%
Russia	0	0	0	0	1	1	1	0	0.0%
Portugal	0	0	0	0	0	1	1	1	0.0%
Sweden	0	0	0	0	0	1	0	0	0.0%
Egypt	0	0	0	0	0	0	0	1	0.0%
TOTAL	100	100	100	100	100	100	100	100	93.28%

United States, China and Korea were countries with the largest number of Worst companies in the MSCI All Country World Index. China managed to reduce the number of companies in the Worst 100 from 2020 to 2021, while number of companies from United States and Korea in Worst 100 list increased. Around 93.28% of countries from MSCI ACWI index were represented in Worst 100.

# Global Worst 100 (ex Financials) – United States, China and Korea were countries with the largest number of companies



## Distribution of Global Worst 100 ex Financials Quality Companies vs. MSCI All Country World Index by Country 2021 (by Number of Companies)

Country	2021	2020	2019	2018	2017	2016	2015	2014	Country's % in MSCI ACWI in 2021
United States of America	32	20	17	16	18	12	14	13	22.3%
China	14	24	21	3	4	9	3	3	19.7%
Korea; Republic (S. Korea)	11	8	4	16	10	10	16	11	10.3%
Japan	5	2	13	10	21	27	29	40	2.9%
Spain	5	1	1	4	1	0	1	2	3.2%
Canada	4	3	5	0	2	1	1	2	0.8%
France	4	2	3	9	3	5	5	3	1.2%
Brazil	3	8	9	0	7	4	4	3	3.0%
United Kingdom	2	5	5	8	5	3	4	1	1.5%
Germany	2	5	2	0	4	3	1	4	1.4%
Saudi Arabia	2	5	0	0	0	0	0	0	0.6%
Thailand	2	2	2	1	2	2	2	1	1.7%
Mexico	2	1	1	1	1	1	2	1	0.7%
Singapore	2	1	1	0	0	0	0	0	3.0%
Israel	2	1	0	0	0	0	0	0	0.4%
Netherlands	2	0	0	3	1	0	0	1	0.3%
Turkey	2	0	0	1	1	0	0	0	0.1%
Hong Kong	1	2	5	2	1	1	1	0	2.7%
Australia	1	1	2	2	2	2	2	2	2.0%
India	1	1	1	0	3	3	2	3	0.1%
Philippines	1	0	0	0	0	0	0	0	0.7%
Taiwan	0	4	5	11	3	3	4	4	1.2%
Malaysia	0	1	0	2	1	1	1	0	1.3%
Indonesia	0	1	0	0	1	1	0	0	0.9%
Chile	0	1	0	0	1	1	1	0	3.5%
South Africa	0	1	0	0	0	1	1	2	0.6%
Italy	0	0	2	3	2	2	3	1	1.3%
Luxembourg	0	0	1	0	0	1	0	0	0.2%
Greece	0	0	0	3	0	1	1	0	0.8%
Ireland	0	0	0	2	1	1	0	0	2.0%
Russia	0	0	0	1	1	0	0	0	2.3%
Austria	0	0	0	1	0	0	0	1	0.4%
Poland	0	0	0	1	0	0	0	0	0.0%
Switzerland	0	0	0	0	3	3	1	1	0.0%
Sweden	0	0	0	0	1	1	1	0	0.0%
Belgium	0	0	0	0	0	0	0	0	0.0%
Denmark	0	0	0	0	0	1	0	0	0.0%
Portugal	0	0	0	0	0	0	0	0	0.0%
Egypt	0	0	0	0	0	0	0	1	0.0%
TOTAL	100	100	100	100	100	100	100	100	93.28%

United States, China and Korea were countries with the largest number of Worst companies in the MSCI All Country World Index. China managed to reduce the worst of companies in the Worst 100 excl.Financials from 2020 to 2021, while number of companies from United States and South Korea in Worst 100 list increased.



# Global Quality *TOP 100* – Health Care, Information Technology and Consumer Staples Sectors had the largest number of Quality Companies



Distribution of Global *TOP 100* Quality Companies vs. MSCI All Country World Index by Sector 2021  
(by Number of Companies)

GICS Segment	2021	2020	2019	2018	2017	2016	2015	2014	Sector's % in MSCI ACWI in 2021
<b>Health Care</b>	30	19	20	16	0	0	0	0	11.3%
<b>Information Technology</b>	19	22	27	20	17	20	20	15	9.5%
<b>Consumer Staples</b>	14	13	15	8	22	20	18	20	10.6%
<b>Communication Services</b>	14	5	2	6	11	10	11	12	8.6%
<b>Consumer Discretionary</b>	7	18	17	28	27	24	23	23	14.1%
<b>Financials</b>	6	9	7	8	8	9	8	5	16.3%
<b>Materials</b>	5	2	2	4	4	4	7	7	6.1%
<b>Industrials</b>	3	9	9	9	11	13	11	13	3.8%
<b>Energy</b>	1	3	1	1	0	0	2	4	9.1%
<b>Utilities</b>	1	0	0	0	0	0	0	1	5.5%
<b>Real Estate</b>	0	0	0	0	0	0	0	0	4.7%
<b>Total</b>	100	100	100	100	100	100	100	100	99.93%

Health Care, Information Technology, Consumer Staples and Communication Services had the largest number of Quality companies in the MSCI All Country World Index.

## Global Worst 100 (with Financials) – Industrials sector had the largest number of “Worst” companies



Distribution of Worst 100 Quality Companies vs. MSCI All Country World Index by Sector 2021 (by Number of Companies)

GICS Segment	2021	2020	2019	2018	2017	2016	2015	2014	Sector's % in MSCI ACWI in 2021
<b>Industrials</b>	27	12	14	10	13	13	20	18	16.3%
<b>Consumer Discretionary</b>	17	4	6	8	7	7	9	6	4.7%
<b>Information Technology</b>	12	6	4	6	0	1	0	0	14.1%
<b>Utilities</b>	8	13	9	8	12	13	14	9	8.6%
<b>Communication Services</b>	8	6	3	2	4	3	4	6	9.1%
<b>Financials</b>	7	35	46	50	46	44	42	49	11.3%
<b>Energy</b>	7	2	1	3	5	6	3	1	6.1%
<b>Health Care</b>	6	6	3	1	0	0	0	0	9.5%
<b>Materials</b>	3	7	7	6	8	6	5	6	10.6%
<b>Real Estate</b>	3	1	0	0	0	0	0	0	3.8%
<b>Consumer Staples</b>	2	8	7	6	5	7	3	5	5.5%
<b>Total</b>	100	100	100	100	100	100	100	100	99.93%

Industrials and Consumer Discretionary had the largest number of Worst 100 companies in the MSCI All Country World Index.

Sources: Hérens Quality Asset Management, Thomson Reuters

# Global Worst 100 (ex Financials) – Industrials, Consumer Discretionary and Information Technology had the largest number of companies



## Distribution of Global Worst 100 Quality Companies ex Financials vs. MSCI All Country World Index by Sector 2021 (by Number of Companies)

GICS Segment	2021	2020	2019	2018	2017	2016	2015	2014	Sector's % in MSCI ACWI in 2021
<b>Industrials</b>	28	20	32	21	19	26	28	33	14.1%
<b>Consumer Discretionary</b>	18	8	7	15	16	11	17	15	4.7%
<b>Information Technology</b>	12	8	7	6	3	1	1	1	9.1%
<b>Utilities</b>	8	18	18	17	16	20	19	18	8.6%
<b>Communication Services</b>	8	8	6	9	8	8	9	9	10.6%
<b>Energy</b>	8	3	2	8	17	11	4	3	11.3%
<b>Health Care</b>	7	8	4	5	0	0	0	0	6.1%
<b>Materials</b>	5	16	13	10	12	13	14	10	9.5%
<b>Consumer Staples</b>	3	9	9	9	9	10	8	11	3.8%
<b>Real Estate</b>	3	2	2	0	0	0	0	0	5.5%
<b>Financials</b>	0	0	0	0	0	0	0	0	16.3%
<b>Total</b>	100	100	100	100	100	100	100	100	99.93%

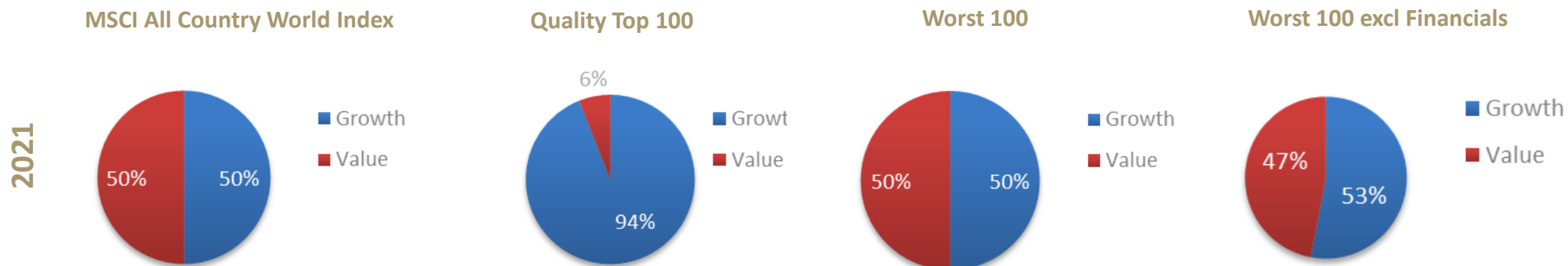
Industrials and Consumer Discretionary had the largest number of Worst 100 excl Financials companies in the MSCI All Country World index.

Sources: Hérens Quality Asset Management, Thomson Reuters

# Global Quality TOP 100, Worst 100 (with Financials) and Worst 100 (ex Financials) – Growth companies dominated over Value companies in Quality TOP 100



Distribution of Global Quality TOP 100, Worst 100 (with Financials) and Worst 100 (ex Financials) Quality Companies vs. MSCI All Country World Index by Style\*



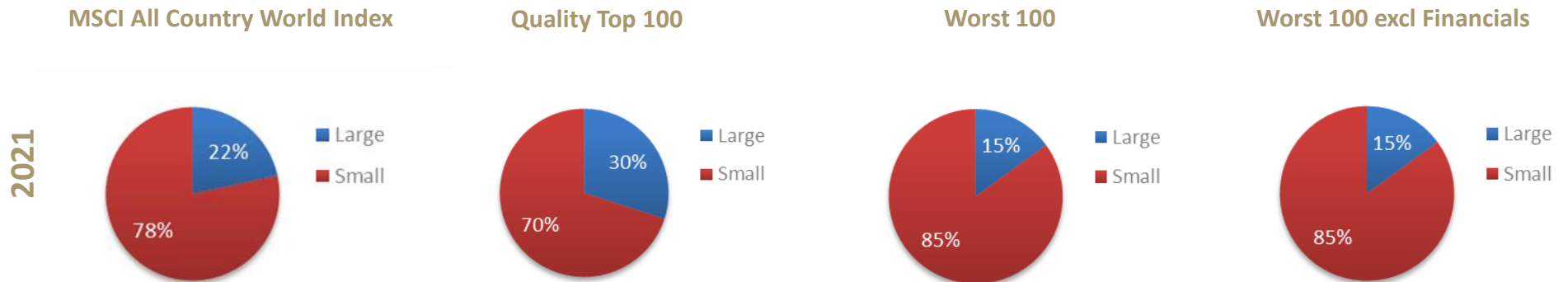
The share of Growth companies within Quality TOP 100 slightly decreased in 2021 in comparison with 2020. The share of Growth companies is higher within the Worst 100 ex Financials distribution vs the Worst 100.

\*Growth: Price/Book Value ratio of stocks larger than the median Price/Book Value ratio of the MSCI All Country World Index.  
 Value: Price/Book Value ratio of stocks smaller than or equal to the median Price/Book Value ratio of the MSCI All Country World Index.

# Global Quality TOP 100, Worst 100 (with Financials) and Worst 100 (ex Financials) – Number of Large Cap companies increased in Top 100



Distribution of Global Quality TOP 100, Worst 100 (with Financials) and Worst 100 (ex Financials) Quality Companies vs. MSCI All Country World Index by Size\*



The share of Large Cap companies within Quality TOP 100 increased in 2021 in comparison with 2020. The share of Small Cap companies is higher within the Worst 100 and Worst 100 ex Financials distribution.

\*Large: Market capitalization of stock larger than the median market capitalization of the MSCI All Country World Index.  
Small: Market capitalization of stock smaller than or equal to the median market capitalization of the MSCI All Country World Index.










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## Excellence Award Europe Winners

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# Winners of the European Excellence Award 2021 – Six New Names this year



	REGION	WINNER
	<b>Europe</b>	<b>BioGaia AB (NEW)</b>
	Austria	Mayr-Melnhof Karton AG
	Belgium	Melexis NV (NEW)
	Britain	Games Workshop PLC
	Denmark	Chemometec A/S (NEW)
	Finland	eQ OYJ (NEW)
	France	Hermes International SA
	Germany	Rational AG
	Italy	Diasorin Spa (NEW)
	Netherlands	ASM International N.V. (NEW)
	Norway	Medistim ASA
	Spain	Zardoya Otis SA
	Sweden	BioGaia AB
	Switzerland	Ems-Chemie Holdings AG (NEW)

# Winner in Europe (and Sweden) – BioGaia AB



## Executive Summary

- BioGaia is a Swedish biotech company that sells probiotics (live bacteria and yeasts that are good for your health, especially your digestive system), usually in the form of dietary supplements like drops, tablets and oral hydration solutions. Company holds patent to lactobacillus (lactic acid bacterium) and over 440 patents in 32 different chains of it.
- Company's activities are divided into two segments: Paediatrics and Adult Health, both of which include sales of drops, oral rehydration solution (ORS), gut health tablets and also cultures as an ingredient in a licensee's product, such as infant formula, either for children or adult people. In most of the markets BioGaia's products are recommended by doctors or other healthcare professionals.
- Company operates worldwide through a number of subsidiaries, such as Biogaia Biologics Inc, CapAble AB, TwoPac AB and Infant Bacterial Therapeutics AB.

## Milestones of Excellence

- Since its foundation in 1990, BioGaia has developed from a probiotics company offering dietary supplements and food for special medical purposes to a company that can work with the entire microbiome in all regulatory categories.
- BioGaia sells its products exclusively through well established nutritional and pharma companies (contracts 3-7 years), which enables company to leverage strong & well established distribution networks without high investment needs. In a cluttered market, BioGaia is one of the market leaders with 6% share (#6, Sanofi is #1 with close to 16% share). Despite such distribution structure, almost 70% of products are sold under BioGaia brand (own + co-branding) and this share is gradually increasing over time.
- Market trends are very supportive of Co's growth: total global probiotics market is expected to grow at a CAGR of 10.4 % from 2017 to 2027, corresponding to an increase in value from \$1.22bn to \$3.2 bn (transfer price). Gastro-intestinal health is main driver of the market with 64% of the total value as developing countries adopt a western diet. 29 % of all probiotic supplements sales are expected to happen online 2027, up from 22% in 2017, mainly through Amazon, online pharmacies or local web stores.

Sources: Hérens Quality Asset Management, Thomson Reuters

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## Biogaia AB



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# Winner in Austria – Mayr-Melnhof Karton AG



## Executive Summary

- Mayr-Melnhof Karton AG (MM Karton AG) is an Austria-based vertically integrated company engaged in carton business. Company's operations are divided into two business divisions, with first focused on carton production (MM Karton) and packaging business (MM Packaging).
- MM Karton AG with help of six mills located in four European countries produces and sells approximately 1.7 million tons of carton board with 70% of production from recycled fibers and 30% from virgin fibres.
- Assets of MM Packaging division include 44 facilities located in 18 countries in Europe, Northern Africa, Middle East, Latin America and Asia. In FY 2019 MM Group processed 785 thousand tons of carton board into printed folding cartons. Division produces carton packaging for food, tobacco products, detergents, hygiene products and confectionary.

## Milestones of Excellence

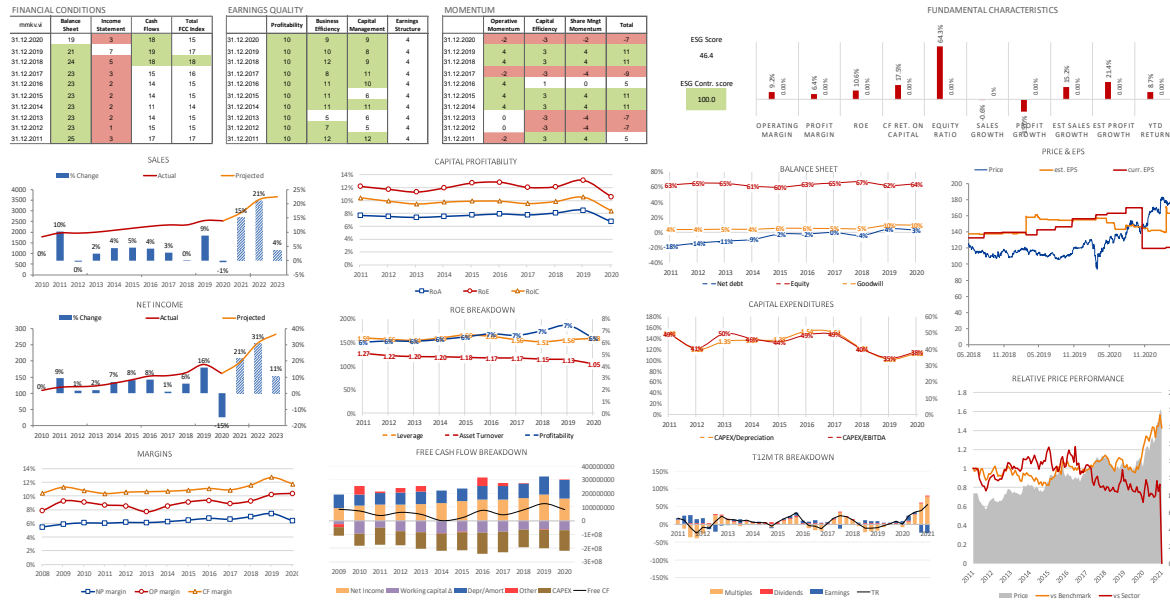
- Production capacity of MM Karton AG makes it Europe's largest producer of coated recycled carton board as well as largest producer of folding carton. MM Karton AG positively differentiates also in terms of financial conditions - sales margins and profitability approximately in line with peers' average level, while company is less leveraged in comparison to its peers.
- MM Karton AG has relatively equal split of sales between carton board production and packaging segments. From regional split perspective majority of sales are contributed by European countries, allocated between Western-European and Eastern-European countries. 20% of sales are contributed by countries outside Europe.
- Competitiveness of MM Karton AG is proved by its client's base. Company serves such global consumer brands as Mars, Nestle, P&G, Unilever and McDonalds. Cooperation with international consumer brands and favorable social trends like urbanization provide good opportunities for MM Group to expand its global footprint.
- Family ownership of the company (Mayr-Melnhof family is a major shareholder) supports stability and excellence of corporate governance.

Sources: Hérens Quality Asset Management, Thomson Reuters

## Mayr Melnhof Karton AG

Date of downloading: 21.04.2021

Next Earning Release: 18.05.2021



# Winner in Belgium – Melexis NV



## Executive Summary

- Melexis is a fabless chip company that designs, develops, tests and markets advanced integrated semiconductor devices for use mainly in automotive electronics systems. The company's advanced mixed-signal semiconductor sensor and actuator components address the challenges of integrating sensing, driving and communication into next-generation products and systems that improve safety, raise efficiency, support sustainability and enhance comfort. Company is well diversified globally – 55% of sales comes from Asia Pacific, 35% from EMEA and 10% from North and Latin America.

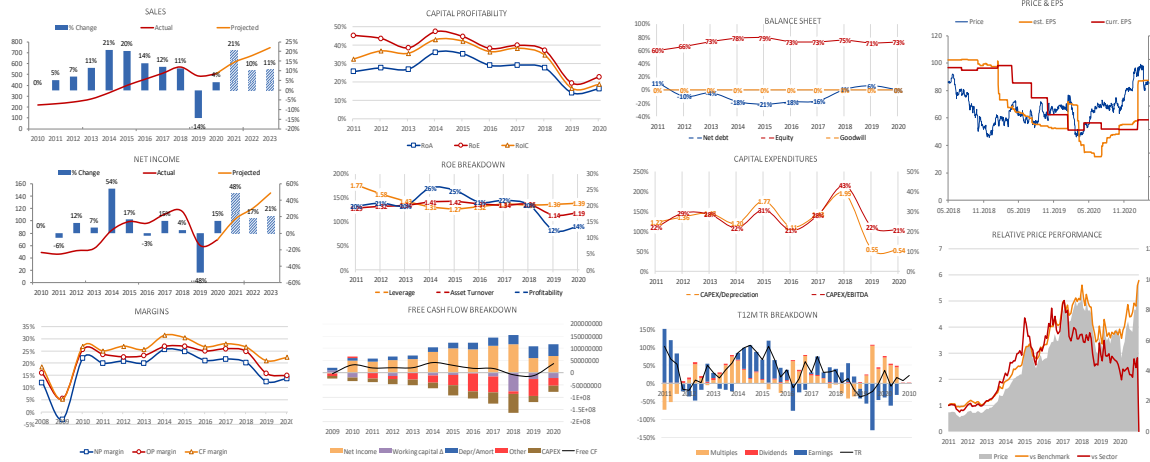
## Milestones of Excellence

- Melexis strength lies in creating and launching innovations and delivering zero-defect quality. Company is an expert in designing and developing smart integrated circuits and sensors for automotive electronics systems. In particular, it is recognized as a world leader for the magnetic sensor devices. Melexis operates in a quality-driven market and is thus able to demand a premium for its high-end products (margins historically at 15-20%).
- The growth in the electronic content of automobiles worldwide continues to demand increasingly capable ICs and IC sensors. Revenue growth will be supported by many new and existing products in various product lines such as magnetic sensors, inductive sensors, pressure sensors, temperature sensors, optical sensors, tire monitoring sensors, sensor interfaces, embedded drivers, embedded lighting and smart drivers. Consumer electronics, wireless and industrial applications and personal healthcare as additional potential areas for growth due to increasing internet-of-things popularity.

## Melexis NV

Date of downloading: 31.03.2021 Next Earning Release 28.04.2021

FINANCIAL CONDITIONS				EARNINGS QUALITY			MOMENTUM				FUNDAMENTAL CHARACTERISTICS													
Index	Balance Sheet	Income Statement	Cash Flows	Total FCF Index	Profitability	Business Efficiency	Capital Management	Earnings Structure	Operative Momentum	Capital Efficiency	Share Mgmt	Total												
31.12.2020	36	50	20	20	15	11	9	4	2	3	0	7												
31.12.2019	26	8	19	20	14	8	7	4	-4	-3	0	-7												
31.12.2018	28	11	15	19	19	5	6	3	-2	-3	-2	-7												
31.12.2017	32	12	19	23	18	6	11	4	4	3	0	7												
31.12.2016	32	12	20	23	18	5	10	4	2	-3	0	5												
31.12.2015	32	13	22	24	19	10	11	4	0	-3	4	1												
31.12.2014	32	13	22	24	18	12	11	4	4	3	4	11												
31.12.2013	30	12	21	23	18	12	9	4	0	-2	4	1												
31.12.2012	29	11	20	22	18	7	9	4	2	1	2	1												
31.12.2011	28	11	21	21	18	13	11	4	-2	-1	2	-1												



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Sources: Hérens Quality Asset Management, Thomson Reuters

# Winner in Britain – Games Workshop Plc



## Executive Summary

- Games Workshop has virtually created its own market as nothing similar existed in the board games segment before. The company that focuses on younger audience and family-oriented market, develops and produces fantasy miniatures, creating fantasy worlds with medieval specifics. Its sells through various sales channels, e.g. via 530 own retail stores in 23 countries (29% of total sales), wholesale to other specialized stores (52% of total sales) and through online as well (19% of total sales). The company also receives royalty payments, which makes up 19% of annual operating income and demonstrates significant growth. Its flagship product, which accounts for a bulk of profits, is Warhammer 40K - sprawling tabletop conflict game, in which two players fight with collectible armies. The company is very well diversified regionally. Producing its fantasy miniatures solely in UK, it sells across the globe: Europe (48%), North America (39%), Australia (6%), Asia (4%).

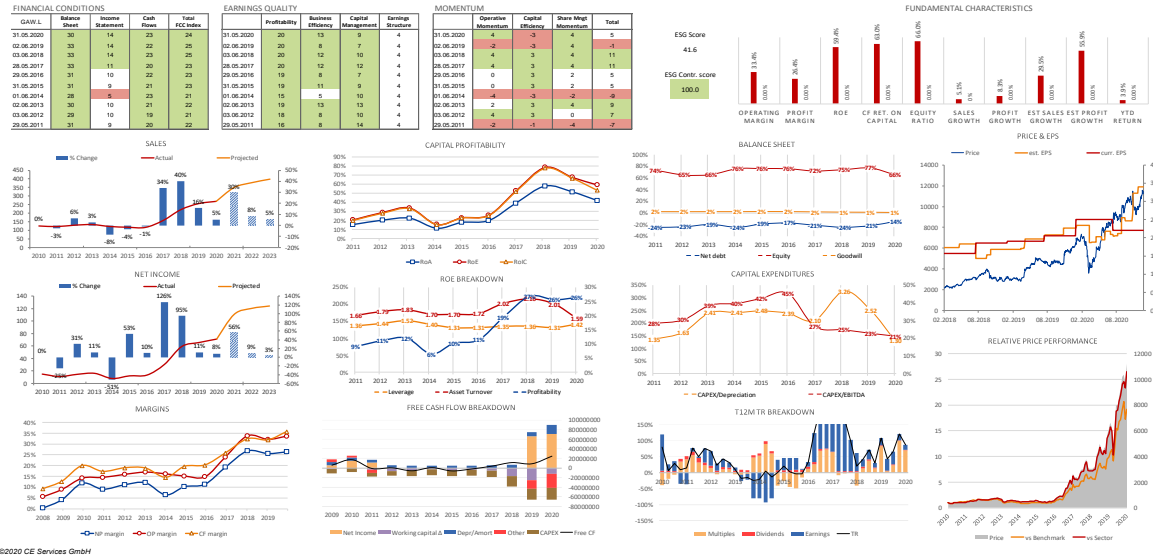
## Milestones of Excellence

- Fanatical dedication of customers is a major asset of the company – something that Games Workshop cares about and strives to keep on a very high level, giving credit to such aspects as products quality, marketing and active customers' engagement, and constant innovations.
- Indeed, the company is obsessed with product quality and, therefore, produces everything itself in UK. This factor, complemented by company's unique IP and constant innovations (400 new product lines, every three years – new edition of flagship games) make their products hard to replicate. Games Workshop also issues comics and magazines, which very well embed fantasy worlds the company creates.
- Global interest for table games and fantasy world increases, creating a strong tailwind for the company. Table miniature gaming is the fastest growing segment of non-digital games market. The interest in non-computer games is spurred by the development of online and social media, which is actively exploited by the company to increase customer engagement and to expand its audience. The company sees further growth in increasing royalty income, which is likely to become largest source of income, video games licensing and merchandise.

Sources: Hérens Quality Asset Management, Thomson Reuters

## Games Workshop Group PLC

Date of downloading: 06.01.2021 Next Earning Release: N/A



# Winner in Denmark – Chemometec A/S



## Executive Summary

- Chemometec is small Denmark-based company engaged in the production of high quality equipment used for counting and analyzing cells. The company sells its products to the following customer groups: 87% - life science market (cell-based immunotherapy, cancer and stem cells research, pharmaceuticals R&D), 10% - production and quality control of animal semen, 3% - production control of beer and quality control of milk. The company has truly global operations selling only 3% on the domestic market. Design, manufacturing and testing processes are organized in Denmark to ensure high quality of the end product.
- Thank to its patented cost-effective and user-friendly technology the company tends to be the first choice in the cell therapy field.

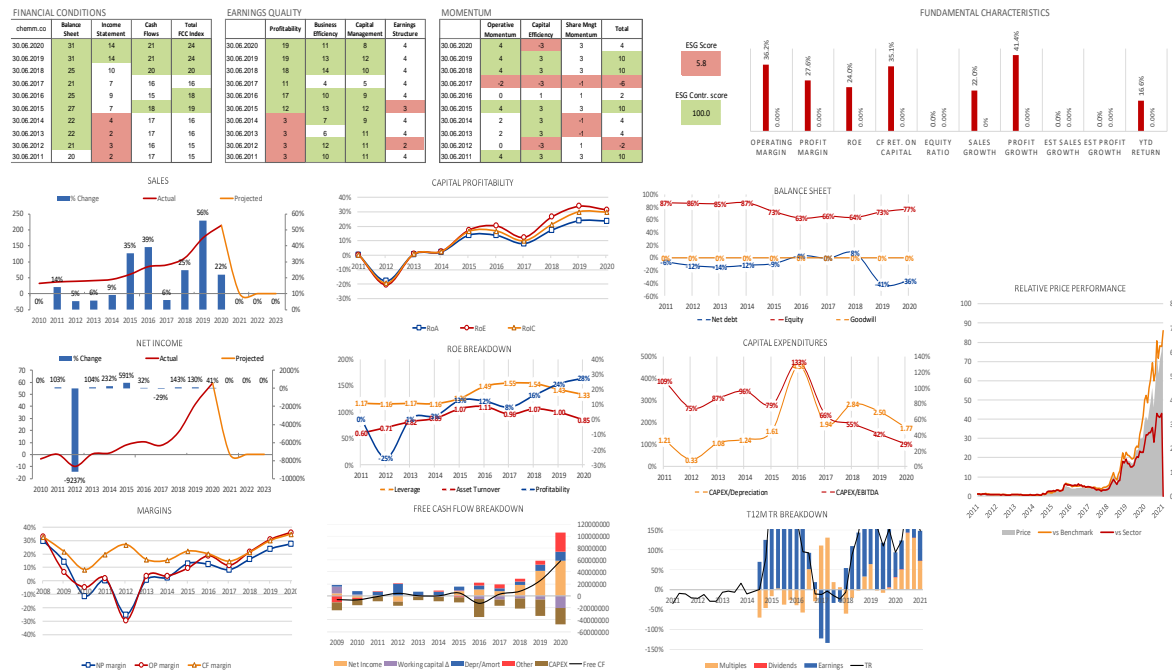
## Milestones of Excellence

- Putting product development as a priority, the company has unique patented technology approach in the center of its operations. Chemometec boasts of products being reliable, cost-efficient and user-friendly, adding that it offers more simple and more precise concept than the competing technology also thanks to the unique disposable cassette.
- The company constantly is engaged in the development of new products, being successful at launching them on a regular basis, and striving to serve companies across the entire value chain: research, product development, quality control etc. Chemometec has also tailwind from COVID and the increasing number of chronic diseases. The company also plans to penetrate bioprocessing area (e.g. enzymes research), which is a new lucrative business niche.
- Chemometec's direct competitors are private companies located primarily in Europe. According to the company, it is running in front of their competitors thanks to the superior and more user-friendly technology. The company is financially-sound having significant capacity to scale its operations and invest more in R&D.

Sources: Hérens Quality Asset Management, Thomson Reuters

## Chemometec A/S

Date of downloading: 03.05.2021 Next Earning Release: NULL



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# Winner in Finland – eQ OYJ



## Executive Summary

- eQ is a leading Finnish institutional asset manager, whose services are used by 66% of the largest Finnish institutional investors (back in 2015 - just 41%). Company offers traditional Asset Management funds, alongside with Real Estate funds and Private Equity (Asset Management accounts for 94% of revenue), but also Corporate Finance services (6% of sales), where eQ acts as an advisor in M&A space, real estate transactions and equity capital markets. Largest proportion of revenues are derived from management fees (87% & 72% are management fees from Real-estate and PE), while performance fees account for 13%.
- With EUR 9 bn of AuM as of the end of 2020, eQ has 47% exposure to Private Equity, 38% to Investment Funds and 15% to funds managed through Business Partners & Others. Company has a wide range of products, which offer diversified investment alternatives with different strategies and delivers competitive returns.

## Milestones of Excellence

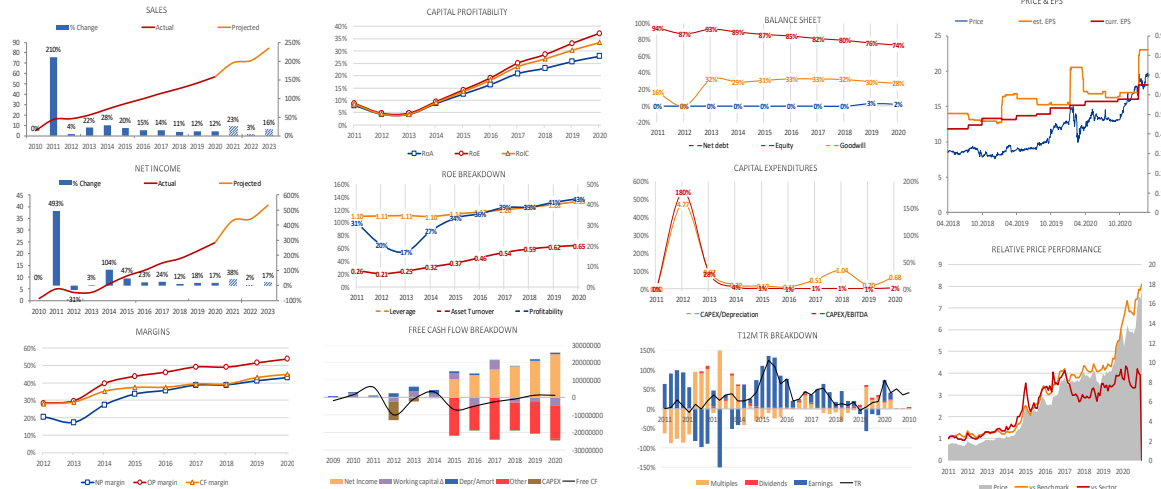
- Q4'20 marked a 27th consecutive quarters for eQ's profit growth and within traditional asset management, 71% of all eQ mutual funds registered in Finland that are managed by the company have surpassed their benchmark indices in 2020, with average Morningstar rating at 3.5.
- Although overall Co's AuM has been somewhat volatile over last 5 years, there has been strong AuM growth in key investment categories - eQ's own mutual funds (AuM increases by 79% from 2016 to 2020) and Private Equity (AuM has doubled in the last 5 years).
- Interest in alternative investment products have growth for several years, both in Finland and internationally, driven by low interest rates and wish to diversify investment portfolios. As eQ Asset Management is a clear market leader in Finland among providers of alternative investment products, it is well positioned to benefit from this trend.

Sources: Hérens Quality Asset Management, Thomson Reuters

## eQ Oyj

FINANCIAL CONDITIONS					EARNINGS QUALITY				MOMENTUM			
EQTY V. HE	Balance Sheet	Income Statement	Cash flows	Total FCC Index	Profitability	Business Efficiency	Capital Management	Earnings Structure	Operative Momentum	Capital Efficiency	Share Mgmt	Total
31.12.2020	26	14	19	21	18	10	9	4	4	3	4	11
31.12.2019	26	14	19	21	18	12	10	4	4	3	4	11
31.12.2018	24	14	19	20	17	9	12	4	0	3	-2	1
31.12.2017	25	14	19	20	17	14	12	3	4	3	4	11
31.12.2016	24	13	17	19	15	9	9	4	4	3	-2	5
31.12.2015	22	12	20	19	15	13	12	4	4	3	4	11
31.12.2014	19	10	19	17	11	10	9	4	4	3	4	11
31.12.2013	19	7	20	17	8	12	12	3	2	-1	4	5
31.12.2012	18	9	11	13	8	4	7	4	0	-8	-2	-7
31.12.2011	21	9	16	17	11	9	8	3	4	3	2	9

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# Winner in France – Hermès International SA



## Executive Summary

- Hermès International SA is a french luxury company that specializes in the design, manufacturing and marketing of authentic high-class products. Hermès is European 3rd largest luxury group after LVMH and Richemont and is a possessor of the extensive portfolio of more than 50,000 items, among which are leather & silk goods, textiles, jewelry & watches, shoes, tableware and others.
- Although present worldwide and having well balanced regional exposure, Hermès is focused on three major markets – France (10%), United States (15%) and Japan (13%). Despite that, company continues to open up new territories and expand global footprint by building up the retail network (owns 2/3 of distribution points that account for 70% of revenues).
- With over 175 years of experience in luxury segment, company derives significant proportion of its sales from the most profitable product category Leather Goods & Saddlery (50% of revenues) that has top-end price points.

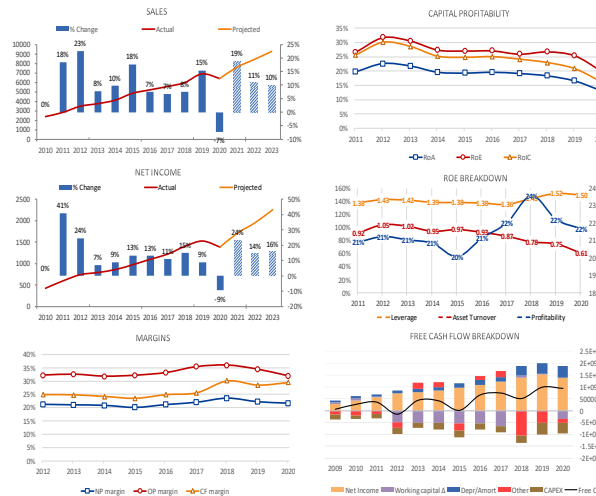
## Milestones of Excellence

- Hermès brand that blends precision manufacturing with traditional craftsmanship, has exceptional positioning which ensures high level of desirability (its evergreen products, the Kelly and Birkin bags, attract long waiting lists – more than 1 year on the most coveted bags), and historically has benefited company with the resilience towards demand swings.
- Workshop business model (Co does not have marketing department and does not test products before launch) and "preindustrial" thinking and approach to workflow (many things are done manually) make Hermès quite unique in the luxury space. Exclusive positioning of the company has been well demonstrated in China last couple of years – while peers were suffering from slowing demand from the region, Hermès managed to achieve double digit growth in the country.
- The company is expanding its leather goods and maroquinerie production capacities through to 2022 with new workshops in France (e.g. Normandy) in order to meet strong demand for its handbags (Co even ran low on inventory in 2017). Similar to rivals, Hermès is also trying to boost online sales, with revamped website version in Europe and own on-line channel in China, Japan and rest of Asia.

Sources: Hérens Quality Asset Management, Thomson Reuters

## Hermès International SCA

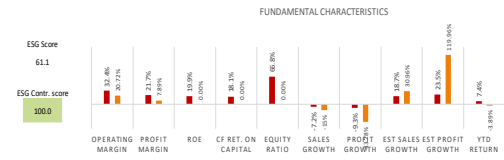
FINANCIAL CONDITIONS					EARNINGS QUALITY				MOMENTUM			
HERMES-PA	Balance Sheet	Income Statement	Cash Flows	Total FCC Index	Profitability	Business Efficiency	Capital Management	Earnings Structure	Operative Momentum	Capital Efficiency	Share Mgt Momentum	Total
31.12.2020	36	11	19	20	18	6	8	4	2	-8	2	-9
31.12.2019	30	13	23	24	20	9	10	4	-2	-3	2	-3
31.12.2018	32	13	22	23	20	10	11	4	4	-1	4	7
31.12.2017	32	13	21	24	20	12	11	4	4	-3	4	6
31.12.2016	32	13	21	24	20	12	14	4	4	-3	4	11
31.12.2015	32	12	20	23	20	12	12	4	0	-3	4	1
31.12.2014	32	12	21	24	20	10	8	4	2	-3	4	-1
31.12.2013	32	12	22	24	20	11	11	4	0	-9	4	1
31.12.2012	31	12	19	22	20	7	9	4	2	3	2	7
31.12.2011	32	13	21	24	20	11	14	4	4	3	4	11



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Date of downloading: 29.03.2021

Next Earning Release NULL





# Winner in Germany – Rational AG



## Executive Summary

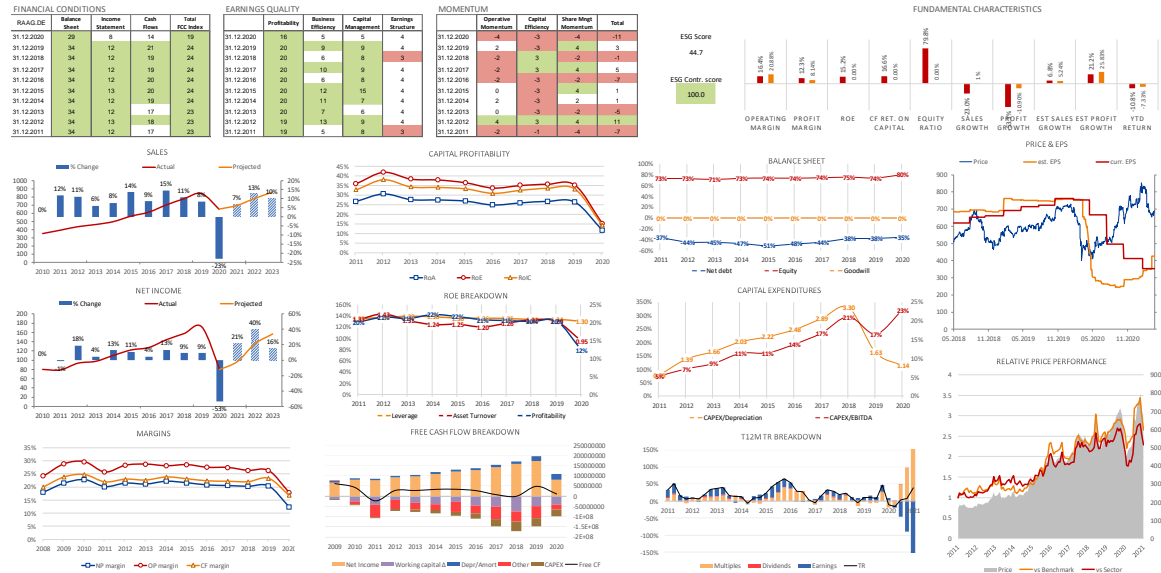
- Rational AG is a Germany-based global developer, producer and supplier of products for industrial and commercial kitchens worldwide.
- The Company's core competence is providing units for heating and cooking all types of food. The Company's products include the SelfCooking Center, an all-in-one appliance that is able to deal with almost all main cooking processes (baking, roasting, grilling, steaming, braising, blanching and poaching) and VarioCooking Center, which with help of automatic control cooks in liquids or in direct contact with heat, up to four times faster than comparable products. Rational is the world market and technology leader for the thermal preparation of food in professional kitchens. Products of Rational allow clients to improve operational process in all main perspectives: in quality, labor intensity, efficiency and expenses.
- The company, founded in 1973, employs more 2,100 people, of which more than 1000 are in Germany. Rational AG operates worldwide through independent distribution partners as well as numerous subsidiaries located in Europe, the Americas and Asia.

## Milestones of Excellence

- Company holds a leading position by far in terms of market position and technology in the field of hot food preparation in professional kitchens - it holds a world market share of around 50%. Company's products are market leaders in terms of technology and applications, even though prices are similar to those of competitors (e.g. SelfCookingCentre® whiteefficiency®, VarioCookingCenter® multificiency®).
- The potential global market comprises more than 3 million professional kitchens, and this number is increasing. Around the world, approximately 30 % of all potential customers currently use combi-steamer technology from rational or competitors; in other words, 70 % are still using traditional cooking equipment and are potential customers of Rational production.

Sources: Hérens Quality Asset Management , Thomson Reuters

## Rational AG



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# Winner in Italy – Diasorin Spa



## Executive Summary

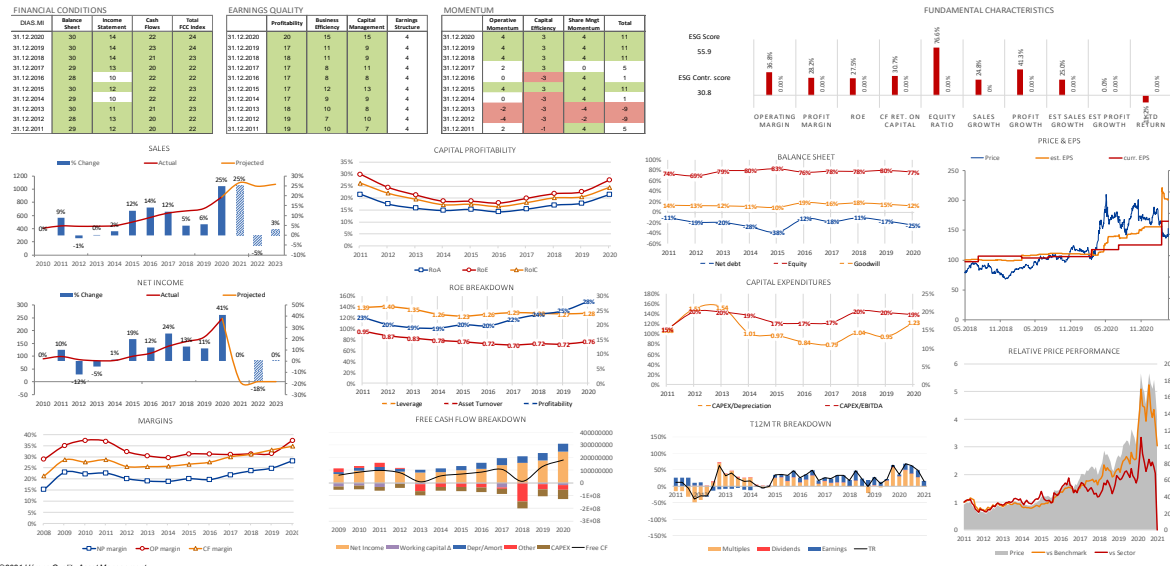
- Diasorin S.p.A. is engaged in the development, production, and commercialization of diagnostic tests that are designed for hospital and private testing laboratories for use in different clinical areas in the market of immunodiagnosics and molecular diagnostics. Diasorin is biotechnology company producing in-vitro diagnostics (IVD) offering immunodiagnostic and molecular diagnostics, being active in areas of infectious diseases, bone&mineral, endocrinology, hypertension, oncology etc. In immunodiagnosics the company offer semi-automated (ELISA) and fully-automated (CLIA) technology. The company targets main clients such as hospitals and laboratories. Diasorin constantly in-vests in new products to be able to offer broader set of clinical tests.
- The company sells its products directly, as well as through an international network of independent distributors and partnerships.

## Milestones of Excellence

- Investing about 6% of sales in R&D and having more than 10% of employees working in R&D, the company boasts of the high level of innovation. With its cutting edge technology and broad set of products, it has leading market share in immunodiagnosics (18%) and molecular diagnostics (12%) in the diagnostics market. Thanks to its flexibility, the company has also swiftly expanded within COVID testing (30% of sales) equipment area ensuring strong market position.
- The company's main growth driver is the availability of new products (~10 new products annually) and adding new tests to the existing products. Additionally, the growth is expected to come from new Liaison XS targeting smaller laboratories and from newly launched hepatitis testing in US. Short-term upside is seen from COVID testing providing significant to earnings growth. The company enjoys the tailwind from the favorable global trends such as ageing population, urbanization, health awareness.
- The company has an excellent balance sheet, great cash generation ability and high margins, which are still trending upward. Earnings momentum is expected to continue thanks to M&A of Luminex to expand COVID-testing capacity and penetration of smaller laboratories.

Sources: Hérens Quality Asset Management, Thomson Reuters

## Diasorin SpA





# Winner in the Netherlands – ASM International N.V.



## Executive Summary

- ASM International N.V. is a supplier of wafer processing equipment for the semiconductor manufacturing industry. ASM's broad portfolio of innovative technologies and products are being used by the most advanced semiconductor fabrication plants around the world (e.g. TSMC, Samsung, Intel). Within wafer processing equipment, the major segments include lithography, etch & clean, deposition, and process diagnostics. Company's focus is on deposition equipment, which comprises about a quarter of wafer fabric equipment. ASMI is a key player in the deposition equipment segments for atomic layer deposition and epitaxy, and a focused niche player for PECVD and vertical furnaces. ASM also provides maintenance service, spare parts, and process support (21% of sales).

## Milestones of Excellence

- Company has pioneered important aspects of many established wafer-processing technologies used in industry, including lithography, deposition, ion implant and single-wafer epitaxy. In recent years, it brought Atomic Layer Deposition and Plasma Enhanced Atomic Layer Deposition to mainstream production at advanced manufacturers' sites. Company has significantly improved its position in the semicap industry in the past couple of years. All major leading edge semiconductor manufacturers use its ALD tools for 10nm/7nm/5nm processes.
- Semiconductor demand is expected to be driven by key secular growth trends such as 5G, artificial intelligence, cloud and edge computing, and autonomous driving. Advanced semiconductor devices play a crucial role in enabling these multi-year industry drivers. 5G, for example, is expected to drive renewed growth in the smartphone market and new apps, driving a higher semiconductor content as compared to the 4G smartphones. Another example is artificial intelligence. With explosive growth in data, machine learning algorithms are ever more eager for faster, more powerful and power-efficient processors. Prospects for ASMI are very strong on a long-term basis.

Sources: Hérens Quality Asset Management, Thomson Reuters

### ASM International NV

Date of downloading: 31.03.2021 Next Earning Release: 20.04.2021







# Winner in Sweden – BioGaia AB



## Executive Summary

- BioGaia is a Swedish biotech company that sells probiotics (live bacteria and yeasts that are good for your health, especially your digestive system), usually in the form of dietary supplements like drops, tablets and oral hydration solutions. Company holds patent to lactobacillus (lactic acid bacterium) and over 440 patents in 32 different chains of it.
- Company's activities are divided into two segments: Paediatrics and Adult Health, both of which include sales of drops, oral rehydration solution (ORS), gut health tablets and cultures as an ingredient in a licensee's product, such as infant formula, either for children or adult people. In most of the markets BioGaia's products are recommended by doctors or other healthcare professionals.
- Company operates worldwide through the number of subsidiaries, such as Biogaia Biologics Inc, CapAble AB, TwoPac AB and Infant Bacterial Therapeutics AB.

## Milestones of Excellence

- Since its foundation in 1990, BioGaia has developed from a probiotics company offering dietary supplements and food for special medical purposes to a company that can work with the entire microbiome in all regulatory categories.
- BioGaia sells its products exclusively through well established nutritional and pharma companies (contracts 3-7 years), which enables company to leverage strong & well-established distribution networks without high investment needs. In a cluttered market, BioGaia is one of the market leaders with 6% share (#6, Sanofi is #1 with close to 16% share). Despite such distribution structure, almost 70% of products are sold under BioGaia brand (own + co-branding) and this share is gradually increasing over time.
- Market trends are very supportive of Co's growth: total global probiotics market is expected to grow at a CAGR of 10.4 % from 2017 to 2027, corresponding to an increase in value from \$1.22bn to \$3.2 bn (transfer price). Gastro-intestinal health is main driver of the market with 64% of the total value as developing countries adopt a western diet. 29 % of all probiotic supplements sales are expected to happen online 2027, up from 22% in 2017, mainly through Amazon, online pharmacies or local web stores.

Sources: Hérens Quality Asset Management, Thomson Reuters

## BioGaia AB

Date of downloading: 29.03.2021 Next Earning Release 06.05.2021



# Winner in Switzerland – Ems - Chemie Holdings AG



## Executive Summary

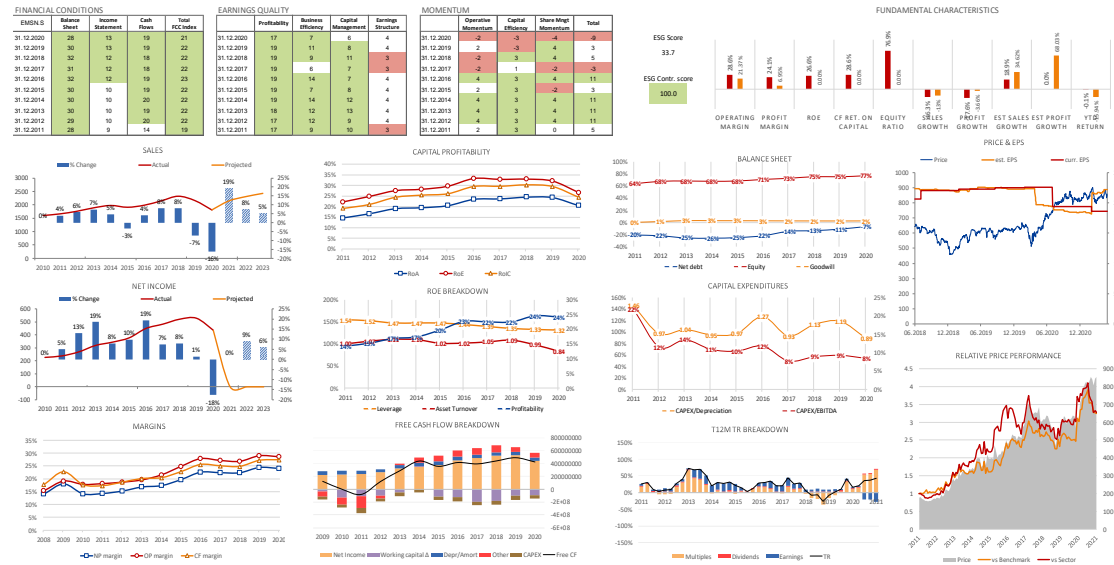
- Ems-Chemie is a globally active chemical company that offers the broadest range of polyamide materials worldwide. The company provides solutions for metal replacement through low weight and heat-resistant polymers, adhesives, sealants, coatings, and application engineering systems for the automotive (62%), mechanical engineering (15%), electronics (6%) and other industries.

## Milestones of Excellence

- EMS is global #3 in high-margin High Performance Polyamide (HPP) segment that serves eight major industries, where demand for those substances (that are remarkable for exceptional features) is growing at a high single digit annual pace.
- The versatility of company's specialty materials and short time-to-market of its R&D labs lead to continuous top line growth. Thanks to its strong innovation power, which has resulted in numerous new applications, the company has mostly outgrown the global light-vehicle market over the past decade and managed to maintain best-in-class margins even in times of end-market downturns (e.g. in 2020 EBIT margin was down just 40bps while sales dropped by 16%).
- With EV on the rise, EMS has managed to „reinvent“ itself, finding new applications beyond internal combustion engine (ICE), with content per vehicle in EV potentially c10% higher than in ICE applications.

### Ems Chemie Holding AG

Date of downloading: 10.05.2021 Next Earning Release: 16.07.2021

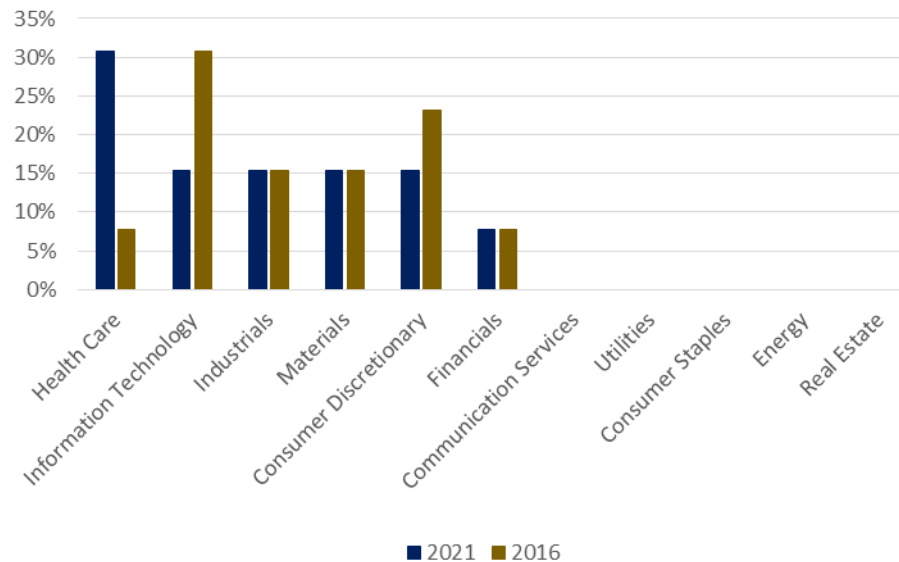


Sources: Hérens Quality Asset Management, Thomson Reuters

# European Excellence Award Winners 5 years trend – increase in Health Care but decrease in IT, Consumer Discretionary Sectors



## European Excellence Award Winners 5 Years Trend Based on Sectors



As compared to 2016, in 2021 there are more companies Health Care among European Excellence Award Winners, while less from Information Technology and Consumer Discretionary and none from Communication Services, Utilities, Consumer Staples, Energy and Real Estate. Sectors such as Industrials, Materials and Financials are unchanged.

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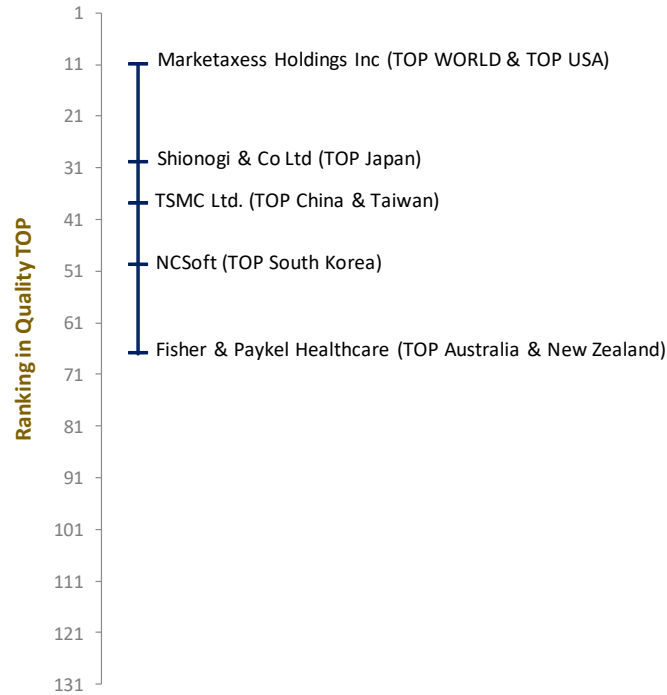
## Structural Information on Excellence Award Global Winners

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# Global Winners – The Excellence Award Winners from United States (TOP World) and Sweden (TOP Europe) were at the top of the Ranking in 2021



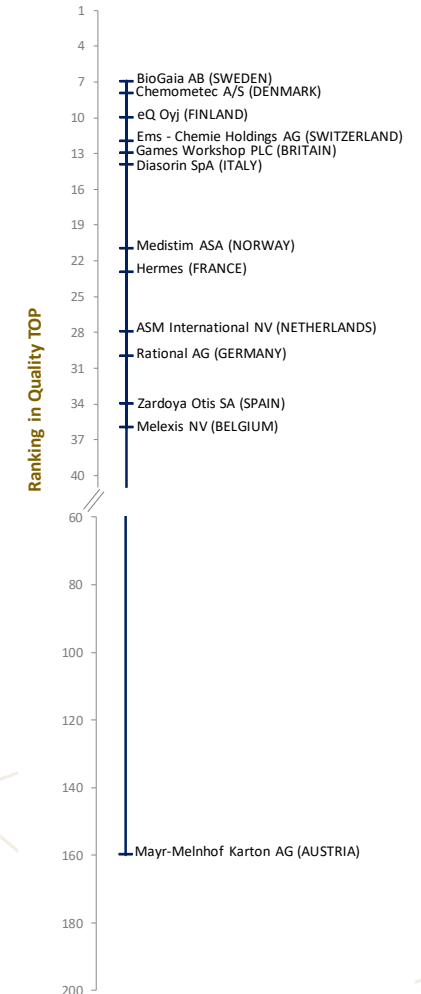
## Ranking of the Excellence Award Winners on a Global Level in 2021



The Excellence Award Global winners from USA and Japan were at the very top of the Ranking in 2021.

## Ranking of the Excellence Award Winners on a European Level in 2021

The Excellence Award Europe winners from Sweden, Denmark (Chemometec for the 1st time), Finland (eQ Oyj for the 1st time), Switzerland (Ems-Chemie Holdings for the 1st time), Britain and Italy were at the very top of the Ranking in 2021.





# Global Winners – Nine new companies have become Excellence Award Winners in 2021



Region	Company	2021	2020
<b>TOP World</b>	<b>Marketaxess Holdings Inc</b>	1	last year winner - SEI Investments Co
<b>TOP Europe</b>	<b>BioGaia AB</b>	1	last year winner - Rational AG
AUSTRIA	Mayr-Melnhof Karton AG	1	unchanged
BELGIUM	Melexis NV	1	last year winner - Lotus Bakeries NV
BRITAIN	Games Workshop Plc	1	unchanged
DENMARK	Chemometec A/S	1	last year winner - Novo Nordisk A/S
FINLAND	eQ Oyj	1	last year winner - Revenio Group Oyj
FRANCE	Hermes International SA	1	unchanged
GERMANY	Rational AG	1	unchanged
ITALY	Diasorin Spa	1	last year winner - Monclear SpA
NETHERLANDS	ASM International NV	1	last year winner - ASML NV
NORWAY	Medistim ASA	1	unchanged
SPAIN	Zardoya Otis SA	1	unchanged
SWEDEN	BioGaia AB	1	unchanged
SWITZERLAND	Ems-Chemie Holdings AG	1	last year winner - Belimo Holding AG
USA	Marketaxess Holdings Inc	1	last year winner - SEI Investments Co
AUSTRALIA & NEW ZEALAND	Fisher & Paykel Healthcare	1	last year winner - Cochlear Ltd
JAPAN	Shionogi & Co Ltd	1	last year winner - Hoya Corp
SOUTH KOREA	NCSOFT Corp.	1	unchanged
CHINA & TAIWAN	TSMC Ltd.	1	unchanged

Half of Excellence Award Winners of 2020 managed to secure their position in 2021, while 9 Excellence Award Winners were new (in Belgium, Denmark, Finland, Italy, Netherlands, Switzerland, USA, Australia & New Zealand and Japan).

# Global Winners – Most of the Excellence Award Winners addressed CSR issues



## Corporate Social Responsibility in the Context of Excellence

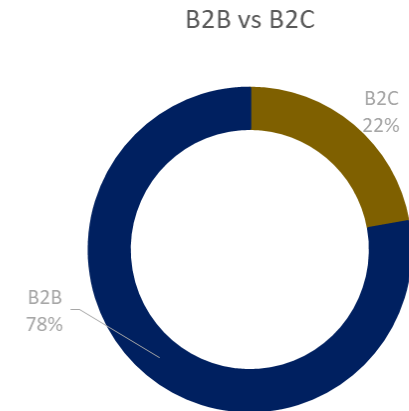
Region	Company	CSR Reporting
<b>TOP World</b>	<b>Marketaxess Holdings Inc</b>	Yes
<b>TOP Europe</b>	<b>BioGaia AB</b>	No
AUSTRIA	Mayr-Melnhof Karton AG	Yes
BELGIUM	Melexis NV	Yes
BRITAIN	Games Workshop Plc	Yes
DENMARK	Chemometec A/S	No
FINLAND	eQ Oyj	Yes
FRANCE	Hermes International SA	Yes
GERMANY	Rational AG	Yes
ITALY	Diasorin Spa	No
NETHERLANDS	ASM International NV	Yes
NORWAY	Medistim ASA	Yes
SPAIN	Zardoya Otis SA	Yes
SWEDEN	BioGaia AB	No
SWITZERLAND	Ems-Chemie Holdings AG	No
USA	Marketaxess Holdings Inc	Yes
AUSTRALIA & NEW ZEALAND	Fisher & Paykel Healthcare	Yes
JAPAN	Shionogi & Co Ltd	Yes
SOUTH KOREA	NCSOFT Corp.	Yes
CHINA & TAIWAN	TSMC Ltd.	Yes

Almost all Excellence Award winners addressed Corporate Social Responsibility issues. None of the winners were excluded from the investment universe of the Norwegian Government Pension Fund due to irresponsible business activities.

# Global Winners – Most of the Excellence Award Winners have focused business model



Region	Company	Number of industry groups focused on	Industry Group
<b>TOP World</b>	<b>Marketaxess Holdings Inc</b>	2	Capital Markets
<b>TOP Europe</b>	<b>BioGaia AB</b>	1	Biotechnology
AUSTRIA	Mayr-Melnhof Karton AG	2	Containers & Packaging
BELGIUM	Melexis NV	4	Semiconductors & Semiconductor Equipment
BRITAIN	Games Workshop Plc	1	Leisure Products
DENMARK	Chemometec A/S	1	Life Sciences Tools & Services
FINLAND	eQ Oyj	1	Capital Markets
FRANCE	Hermes International SA	1	Textiles, Apparel & Luxury Goods
GERMANY	Rational AG	1	Machinery
ITALY	Diasorin Spa	1	Health Care Equipment & Supplies
NETHERLANDS	ASM International NV	1	Semiconductors & Semiconductor Equipment
NORWAY	Medistim ASA	1	Health Care Equipment & Supplies
SPAIN	Zardoya Otis SA	1	Machinery
SWEDEN	BioGaia AB	1	Biotechnology
SWITZERLAND	Ems-Chemie Holdings AG	1	Chemicals
USA	Marketaxess Holdings Inc	2	Capital Markets
AUSTRALIA & NEW ZEALAND	Fisher & Paykel Healthcare	1	Health Care Equipment & Supplies
JAPAN	Shionogi & Co Ltd	1	Pharmaceuticals
SOUTH KOREA	NCSOFT Corp.	1	Entertainment
CHINA & TAIWAN	TSMC Ltd.	1	Semiconductors & Semiconductor Equipment



In 2021 more Winners having B2B model.

Most of the Excellence Award winners have focused business models and predominantly operate only in one industry group.

# Global Winners – Majority of the Excellence Award Winners operate in sectors, where regulatory environment is not very tight



Region	Company	Highly-regulated sector
<b>TOP World</b>	<b>Marketaxess Holdings Inc</b>	Yes
<b>TOP Europe</b>	<b>BioGaia AB</b>	No
AUSTRIA	Mayr-Melnhof Karton AG	Yes
BELGIUM	Melexis NV	No
BRITAIN	Games Workshop Plc	No
DENMARK	Chemometec A/S	No
FINLAND	eQ Oyj	Yes
FRANCE	Hermes International SA	No
GERMANY	Rational AG	No
ITALY	Diasorin Spa	Yes
NETHERLANDS	ASM International NV	No
NORWAY	Medistim ASA	Yes
SPAIN	Zardoya Otis SA	No
SWEDEN	BioGaia AB	No
SWITZERLAND	Ems-Chemie Holdings AG	No
USA	Marketaxess Holdings Inc	Yes
AUSTRALIA & NEW ZEALAND	Fisher & Paykel Healthcare	Yes
JAPAN	Shionogi & Co Ltd	Yes
SOUTH KOREA	NCSOFT Corp.	No
CHINA & TAIWAN	TSMC Ltd.	No

11 out of 18 Excellence Award winners are from sectors, where regulation is not especially tight; however, 7 of them - Mayr-Melnhof Karton AG (Paper Packaging) , eQ Oyj (Capital Markets), Diasorin Spa (Health Care Equipment & Supplies), Medistim ASA(Health Care Equipment & Supplies), Marketaxess Holdings Inc (Capital Markets), and Fisher & Paykel Healthcare (Health Care Equipment & Supplies) and Shionogi & Co Ltd (Pharmaceuticals) operate in highly-regulated sectors.

# Global Winners - The Excellence Award Winners were growing predominantly organically



## Growth Quality of the Excellence Award Winners 2021

Country	Company	Acquisition Costs in Relation to Capital Expenditures*
<b>TOP World</b>	<b>Marketaxess Holdings Inc</b>	<b>69.74%</b>
<b>TOP Europe</b>	<b>BioGaia AB</b>	<b>33.63%</b>
AUSTRIA	Mayr-Melnhof Karton AG	<b>35.60%</b>
BELGIUM	Melexis NV	<b>0.00%</b>
BRITAIN	Games Workshop Plc	<b>0.00%</b>
DENMARK	Chemometec A/S	<b>0.00%</b>
FINLAND	eQ Oyj	<b>0.00%</b>
FRANCE	Hermes International SA	<b>0.00%</b>
GERMANY	Rational AG	<b>0.00%</b>
ITALY	Diasorin Spa	<b>123.08%</b>
NETHERLANDS	ASM International NV	<b>0.00%</b>
NORWAY	Medistim ASA	<b>0.00%</b>
SPAIN	Zardoya Otis SA	<b>89.35%</b>
SWEDEN	BioGaia AB	<b>33.63%</b>
SWITZERLAND	Ems-Chemie Holdings AG	<b>11.98%</b>
USA	Marketaxess Holdings Inc	<b>69.74%</b>
AUSTRALIA & NEW ZEALAND	Fisher & Paykel Healthcare	<b>0.00%</b>
JAPAN	Shionogi & Co Ltd	<b>17.72%</b>
SOUTH KOREA	NCSOFT Corp.	<b>0.00%</b>
CHINA & TAIWAN	TSMC Ltd.	<b>0.00%</b>

The Excellence Award winners have predominantly favored organic growth, with exception of Marketaxess Holdings (USA), BioGaia AB (Sweden), Mayr-Melnhof Karton AG (Austria), Diasorin SpA (Italy), Zardoya Otis (Spain), Ems-Chemie Holdings (Switzerland), Shionogi & Co (Japan)

\*Average figure for the last 5 years

# Global Winners – More than half of the Excellence Award Winners CEOs were with their companies for 5 or more years



## Management Quality of the Excellence Award Winners 2021

Region	Company	CEO Level*	CEO Tenure (in years)	BoD Meeting Frequency (in a year)
<b>TOP World</b>	<b>Marketaxess Holdings Inc</b>	<b>1</b>	<b>21</b>	<b>7</b>
<b>TOP Europe</b>	<b>BioGaia AB</b>	<b>2</b>	<b>2</b>	<b>15</b>
AUSTRIA	Mayr-Melnhof Karton AG	1	1	8
BELGIUM	Melexis NV	1	16	10
BRITAIN	Games Workshop Plc	1	5	12
DENMARK	Chemometec A/S	2	1	5
FINLAND	eQ Oyj	1	9	9
FRANCE	Hermes International SA	1	7	8
GERMANY	Rational AG	2	7	11
ITALY	Diasorin Spa	1	15	7
NETHERLANDS	ASM International NV	1	1	8
NORWAY	Medistim ASA	1	11	No information provided
SPAIN	Zardoya Otis SA	1	9	9
SWEDEN	BioGaia AB	2	2	15
SWITZERLAND	Ems-Chemie Holdings AG	1	9	8
USA	Marketaxess Holdings Inc	1	21	7
AUSTRALIA & NEW ZEALAND	Fisher & Paykel Healthcare	1	5	8
JAPAN	Shionogi & Co Ltd	1	13	13
SOUTH KOREA	NCSOFT Corp.	1	24	7
CHINA & TAIWAN	TSMC Ltd.	1	8	4

Most of the Excellence Award winners are run by CEOs with relevant education and/or experience. 14 out of 18 have tenure of 5 or more years.

CEO classification based on "Hérens Quality CEO Study":

Level 1: Founder and/or relevant education and experience in Business core processes (e.g. product development, design)

Level 2: Deep industry experience in other core functions than the core processes (e.g. marketing, operations)

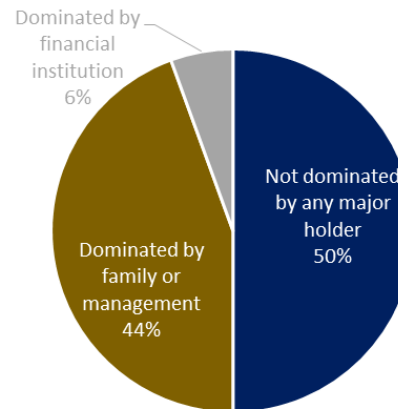
Level 3: Background in support functions (e.g. Legal, Finance, HR) or in different industry

Sources: Hérens Quality Asset Management, Thomson Reuters, Annual Reports of the companies

# Global Winners – Half of the Excellence Award Winners do not have dominant ownership structure



## Ownership Structure\* of Global Quality Winners 2021



The majority of the Excellence Award Winners have ownership structure that is not dominated by family members/management, government or financial institution (50%).

\* Dominated by family members or management: family members/management hold at least 25% of share capital/voting rights in the company.  
Dominated by financial institution: financial institution holds at least 25% of share capital/voting rights in the company.

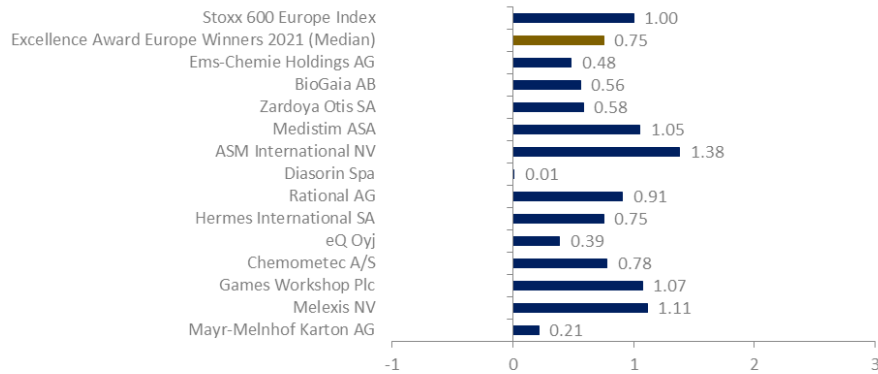
Sources: Hérens Quality Asset Management, Thomson Reuters, Annual Reports of the companies

# Global Winners – Excellence Award Global Winners have Beta below market median



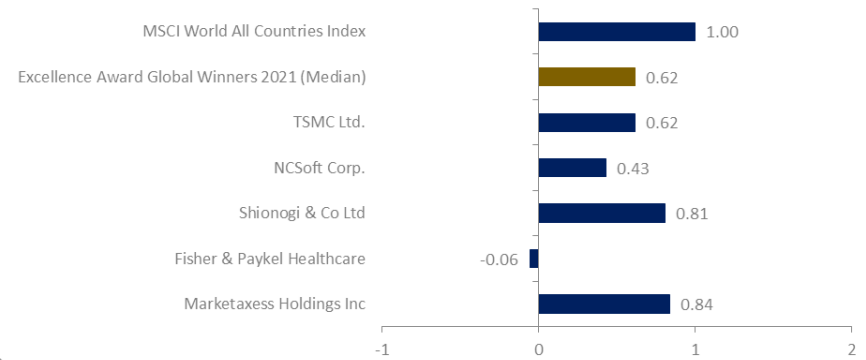
## Risks Metrics of the Excellence Award Winners 2021

Annualized Beta (EUR)\*



\* - Performance period March 31, 2021 - March 31, 2020  
Benchmark: Stoxx 600 Europe Index

Annualized Beta (EUR)\*



\* - Performance period March 31, 2021 - March 31, 2020  
Benchmark: MSCI ACWI Index

Beta of Excellence Award Global Winners (Median) and Excellence Award Europe Winners (Median) was below MSCI World All Countries Index and Stoxx 600 Europe Index (except for Medistim ASA, ASM International NV, Games Workshop and Melexis NV).

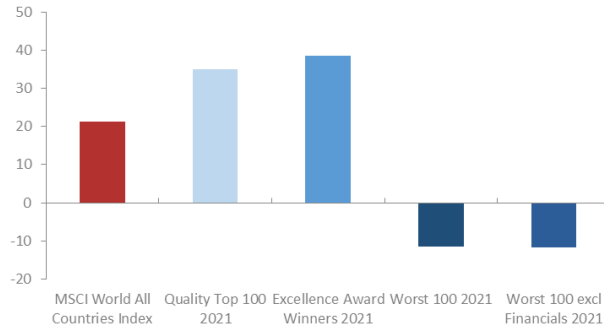


# Valuation Comparison of Global Companies vs. MSCI All Countries World Index



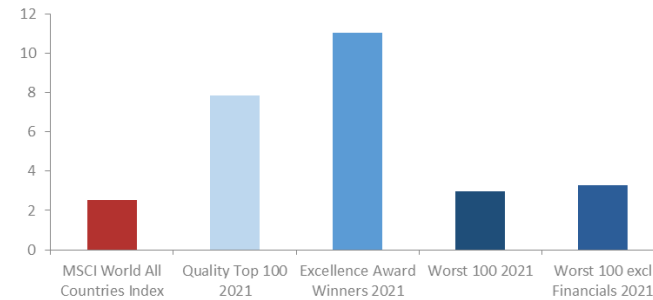
## Price to Earnings Comparison\*

Price to Earnings Comparison\*

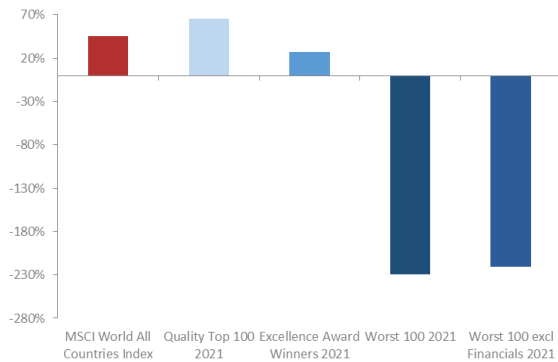


## Price to Book Comparison\*

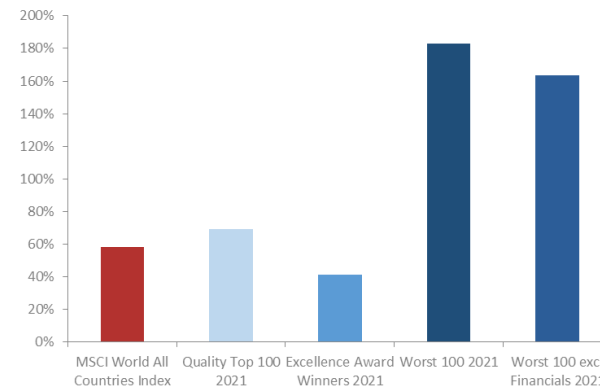
Price to Book Comparison\*



## Relative Changes in Price to Earnings from 31.03.2020 to 31.03.2021



## Relative Changes in Price to Book from 31.03.2020 to 31.03.2021



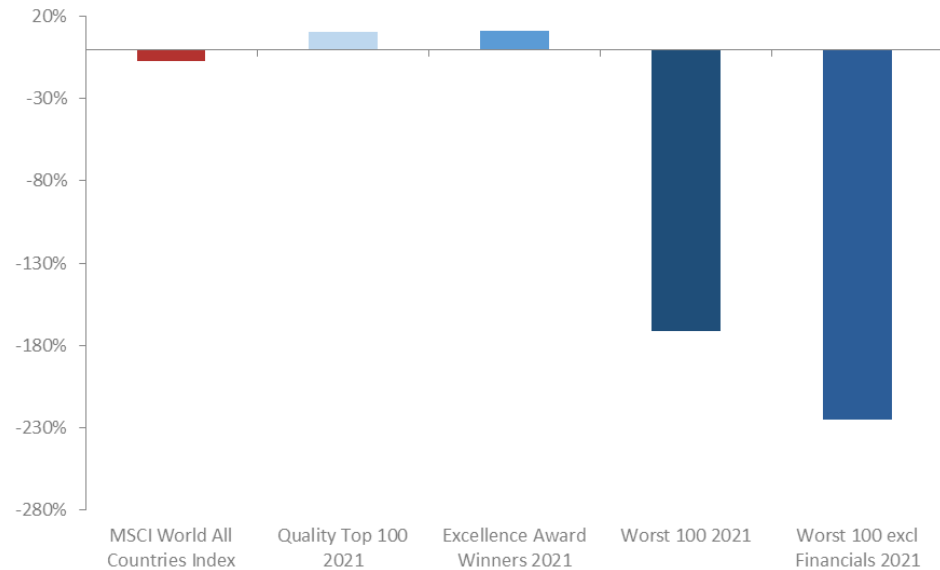
\* Median Value

Sources: Hérens Quality Asset Management, Thomson Reuters

# Comparison of Growth in Earnings per Share of Global Quality Companies vs. MSCI World All Countries Index



## Earnings per Share Growth Comparison from 31.03.2020 to 31.03.2021



Excellence Award Winners 2021 recorded slightly higher Earnings per Share growth both if compared to Quality Top 100 and the overall market. Growth in Earnings per Share of Quality Top 100 was also superior to the market.

Drop in Earnings per Share within Worst 100 companies was largely because of companies coming from the Industrials sector. When Financial sector is excluded, magnitude of the decline in Earnings per Share is even larger.

\* Median Value

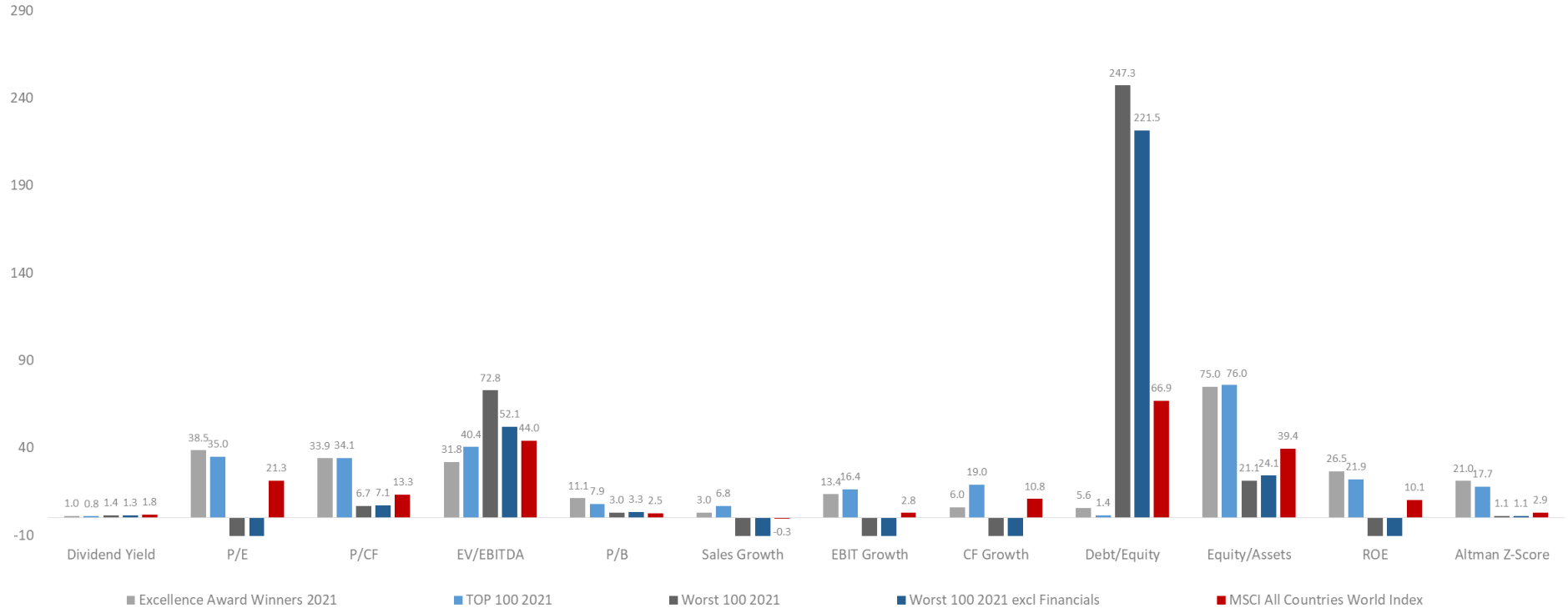
Sources: Hérens Quality Asset Management, Thomson Reuters

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# Global Fundamental Characteristics 2021



## Fundamental Characteristics as of 31.03.2021



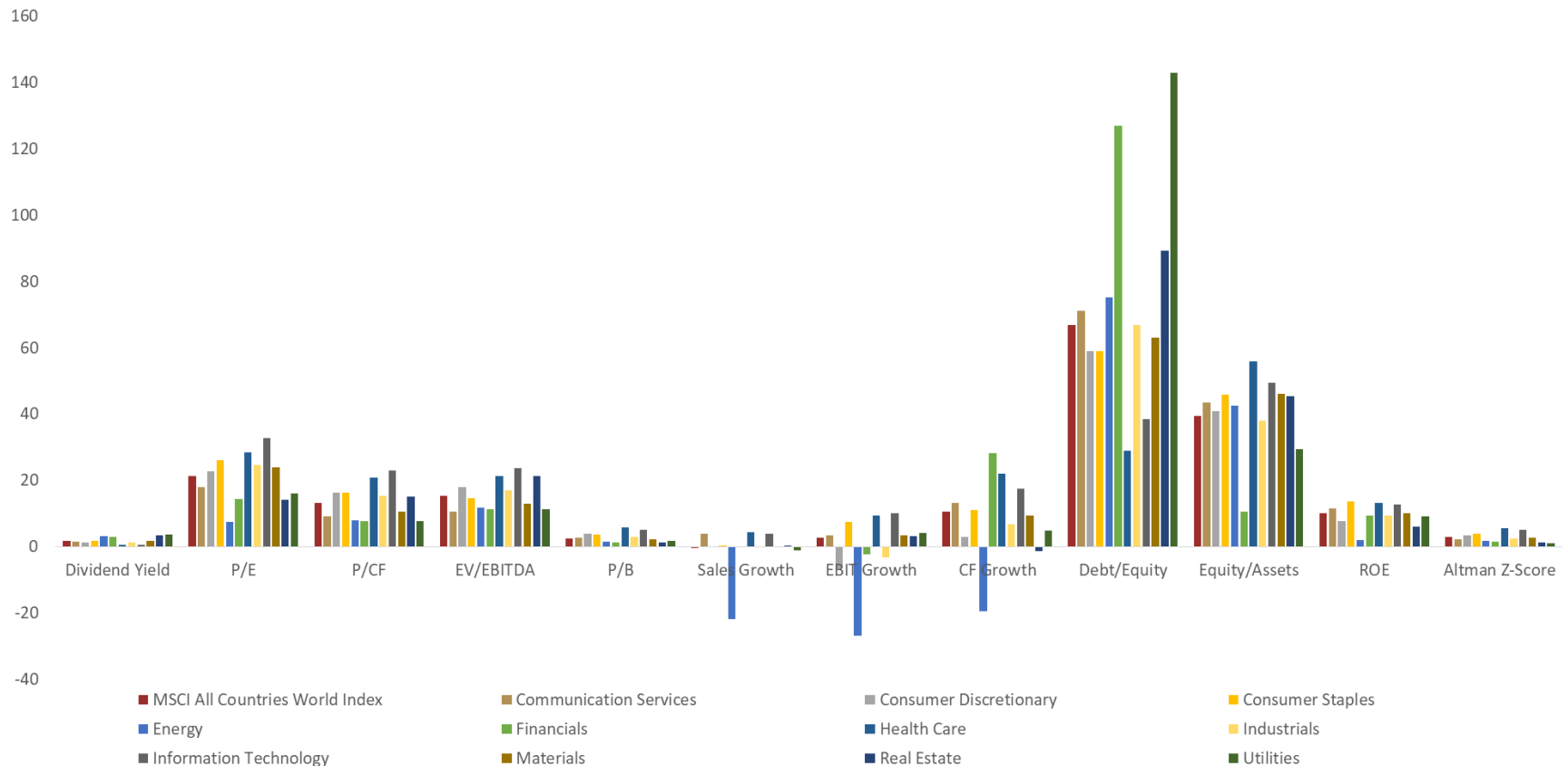
***These results DO NOT REPRESENT AND SHOULD NOT BE VIEWED AS INVESTMENT RECOMMENDATIONS since the Excellence Award is focused solely on corporate quality and as such does not take companies' valuations into consideration.***

Sources: Hérens Quality Asset Management, Thomson Reuters

# Global Fundamental Sector Characteristics 2021



## Fundamental Characteristics for MSCI ACWI Index Sectors as of 31.03.2021

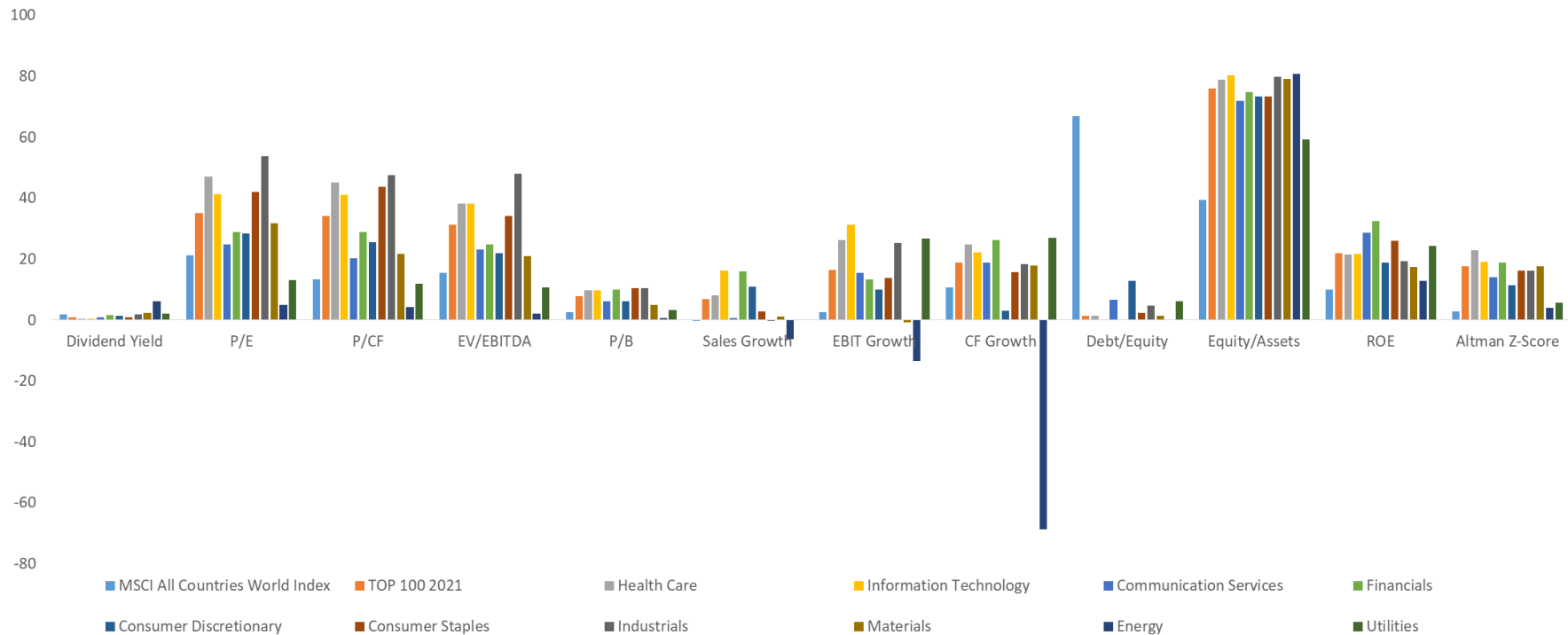


***These results DO NOT REPRESENT AND SHOULD NOT BE VIEWED AS INVESTMENT RECOMMENDATIONS since the Excellence Award is focused solely on corporate quality and as such does not take companies' valuations into consideration.***

# Global Fundamental Sector Characteristics 2021



## Fundamental Characteristics for Quality Top 100 Sectors as of 31.03.2021



Quality TOP 100 companies in 2021 were not represented in Real Estate Sector.

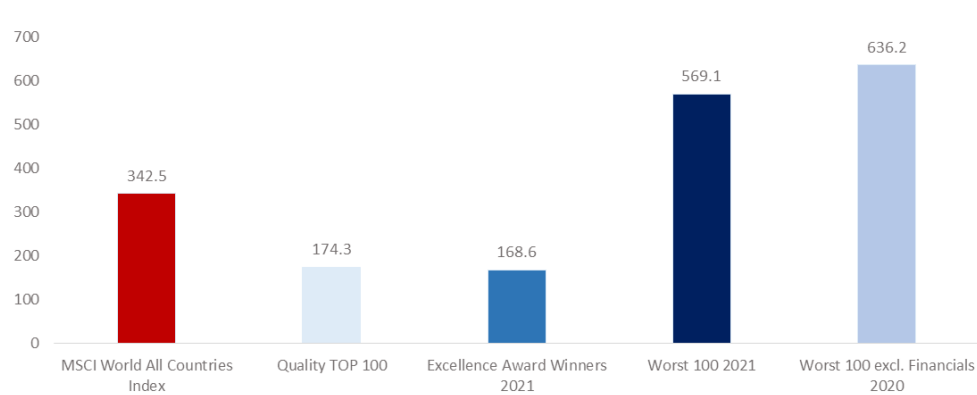
***These results DO NOT REPRESENT AND SHOULD NOT BE VIEWED AS INVESTMENT RECOMMENDATIONS since the Excellence Award is focused solely on corporate quality and as such does not take companies' valuations into consideration.***

# ESG Analysis of CO<sub>2</sub> Emission Exposure of Global Quality Companies vs. MSCI World All Countries Index

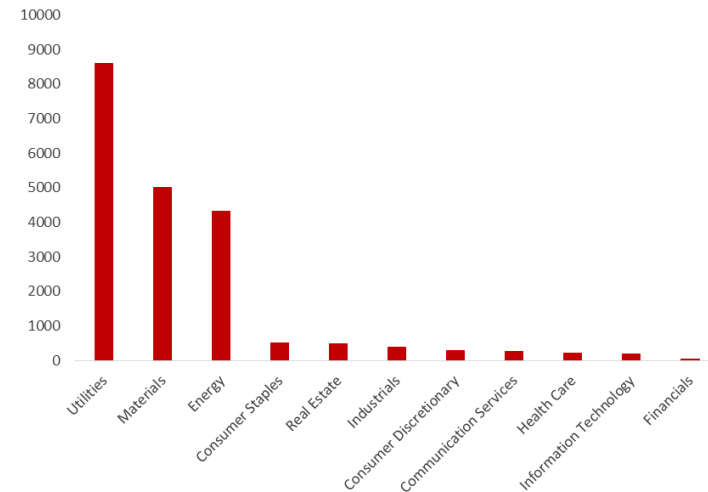


## Comparison of CO<sub>2</sub> – Intensity (CO<sub>2</sub> Emission in tons / Sales in mn USD) of the Excellence Award Winners 2021

CO<sub>2</sub> Emission (in tons) / Sales (in mn USD) Excellence Award 2021 Comparison\*



CO<sub>2</sub> Emission (in tons) / Sales (in mn USD) Comparison by MSCI ACWI Index Sectors\*



Excellence Award Winners 2021 had better CO<sub>2</sub> Emission score than market and Quality Top 100 companies. From market sector's perspective: sectors with best CO<sub>2</sub> emission score are Financials, Information Technology and Health Care, while the worst in Utilities, Materials and Energy.

\* Median Value

Sources: Hérens Quality Asset Management, Thomson Reuters

# Vast Majority Global and European Winners are Market leaders with strong market positions



## Global and European Winners Market Position

Region	Company	Comment
<b>TOP World</b>	<b>Marketaxess Holdings Inc</b>	Pioneer and worldwide leader in electronic fixed income trading, Holds largest shares in US high-yield, high-grade, EM and Eurobond markets and innovates with unique new services (OpenTrading, Data provider)
UNITED STATES	Marketaxess Holdings Inc	Pioneer and worldwide leader in electronic fixed income trading, Holds largest shares in US high-yield, high-grade, EM and Eurobond markets and innovates with unique new services (OpenTrading, Data provider)
AUSTRALIA & NEW ZEALAND	Fisher & Paykel Healthcare	World's leader in respiratory humidification with ~70% market share; 3rd largest player with ~15% market share in devices for sleep apnea therapy.
JAPAN	Shionogi & Co Ltd	Some drugs discovered by Company have leading market shares: Tivicay, in combination with other compounds from Shionogi-ViiV partnership, has >20% share of the HIV treatment market, Xofluza (flu treatment, discovered by Shionogi, but further developed and commercialized with Roche) has >60% market share
SOUTH KOREA	NCSOFT Corp.	NCSOFT Corp is one of the largest mobile and PC online gaming developer in Korea with more than 20% market share.
CHINA & TAIWAN	TSMC Ltd.	TSMC as the world's largest semiconductor foundry holds 55.6% market share. Company manufacturing 11 617 different products using 281 distinct technologies for 510 different customers in 2020.
<b>TOP Europe</b>	<b>BioGaia AB</b>	#6 with 6% share globally in dietary supplements;
AUSTRIA	Mayr-Melnhof Karton AG	World's largest producer of coated recycled cartonboard, Europe's largest producer of folding carton. Leading positions in local markets
BELGIUM	Melexis NV	~9% market share in automotive sensors
BRITAIN	Games Workshop Plc	Games Workshop competes with other table games' producers, but does not have a distinct competitor in the market, which it has actually created for itself. Leader in the relevant niche
DENMARK	Chemometec A/S	leading market share in its niche
FINLAND	eQ Oyj	Market leader in Finland among providers of alternative investment products
FRANCE	Hermes International SA	European 3rd largest luxury group after LVMH and Richemont
GERMANY	Rational AG	World market share around 50% in its niche.
ITALY	Diasorin Spa	18% in immunodiagnostics, 12% in molecular testing
NETHERLANDS	ASM International NV	Depends on segment, basically sole provider of ALD technology
NORWAY	Medistim ASA	Operates in very niche market with just two players globally, has 83% of market share.
SPAIN	Zardoya Otis SA	Absolute market leader in Spain and worldwide (~20%)
SWEDEN	BioGaia AB	#6 with 6% share globally in dietary supplements;
SWITZERLAND	Ems-Chemie Holdings AG	Global #3 in High Performance Polyamide (HPP) segment

Sources: Hérens Quality Asset Management, Thomson Reuters

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Hérens Quality Asset Management is the PIONEER of  
international Quality Investments

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Hérens Quality Asset Management is a highly entrepreneurial and solutions-oriented investment management boutique focused on Quality investments

## Hérens Quality ASSET MANAGEMENT Team



- Pioneer for systematic, international Quality Investments
- Disciplined, focused, transparent Quality investment approach
- All investment decisions are made solely by our Investment Committee
- Since inception, an annualized alpha has been achieved in every region
- Since 2008 we are regulated by FINMA (Swiss Financial Market Supervisory Authority) as an asset management for collective investment schemes

## Hérens Quality RESEARCH Team



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- Since 2004 operating own Research Center in Riga (Latvia), with an exclusive focus on fundamental Quality Research
- Analytical backbone of Hérens Quality AM and the research power behind customized investment solutions
- Stable and highly motivated team of 11 employees, specialized in the field of fundamental Quality research
- In addition to regular Corporate Excellence analysis the team also provides ad-hoc market research as well as various research projects and publications

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