PENDAL

Factsheet

Global Equities

April 2019

Pendal Global Emerging Markets Opportunities Fund

ARSN: 159 605 811

About the Fund

The Pendal Global Emerging Markets Opportunities Fund (**Fund**) is an actively managed portfolio of global emerging market shares.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the MSCI Emerging Markets (Standard) Index (Net Dividends) in AUD over the long term. The suggested investment time frame is seven years or more.

Description of Fund

This Fund is designed for investors who want the potential for long-term capital growth, diversification across a broad range of global emerging market shares and are prepared to accept high variability of returns. The Fund can invest in shares in a range of emerging markets and may also hold cash.

As manager of the Fund, J O Hambro Capital Management (**JOHCM**) investment process for global emerging market shares aims to add value through a combination of country allocation as well as individual stock selection. JOHCM's country allocation process is based on analysis of a country's economic growth, monetary policy, market liquidity, currency, governance/politics and equity market valuation. The stock selection process focuses on buying quality growth stocks at attractive valuations.

The Fund has assets that are denominated in foreign currencies. This means that changes to the Australian dollar relative to foreign currencies may affect the value of the assets of the Fund. The Fund's foreign currency exposure will generally not be hedged to the Australian dollar but JOHCM may do so from time to time. JOHCM does not intend to use currency trading as an additional source of Fund returns.

Derivatives may be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying assets. Derivatives can also be used to gain exposure to assets and markets.

Investment Manager

The portfolio is managed by J O Hambro Capital Management Limited, a wholly-owned subsidiary within the Pendal Group.

Other Information

Fund size (as at 30 Apr 2019)	$334 million
Date of inception	November 2012
Minimum Investment	$25,000
Buy-sell spread[1]	0.60% (0.30%/0.30%)
Distribution frequency	Yearly
APIR code	BTA0419AU

[1] The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

Management Costs[2]

Issuer fee[3]	1.40% pa

[2] You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

[3] This is the fee we charge for overseeing the operations of the Fund and managing the assets of the Fund. The Issuer fee is paid from the assets of the Fund and is reflected in the unit price of your investment.

Performance

(%)	Total Returns		Benchmark
	(post-fee)	(pre-fee)	Return
1 month	0.89	1.01	3.05
3 months	7.79	8.16	6.90
6 months	12.12	12.90	14.55
1 year (pa)	3.11	4.55	1.84
2 years (pa)	10.12	11.67	10.82
3 years (pa)	14.88	16.49	14.29
5 years (pa)	10.81	12.36	9.92
Since Inception (pa)	10.67	12.21	9.87

Country Allocation (as at 30 April 2019)

China	27.9%
India	16.7%
South Korea	16.5%
Mexico	7.1%
Taiwan	6.8%
South Africa	6.7%
Russia	5.7%
United Arab Emirates	3.0%
Brazil	1.1%
Other	3.1%
Cash	5.4%

Sector Allocation (as at 30 April 2019)

Real Estate	11.8%
Energy	9.7%
Consumer Staples	7.4%
Utilities	2.5%
Industrials	4.6%
Consumer Discretionary	12.7%
Information Technology	13.5%
Communication Services	10.5%
Health Care	0.0%
Financials	19.8%
Materials	2.2%
Cash	5.4%

Top 10 Holdings (as at 30 April 2019)

Naspers Ltd-N Shs	6.6%
Samsung Electr-Gdr	5.3%
Walmart De Mexico Sab De Cv	3.6%
Icici Bank Ltd-Spon Adr	3.4%
Sberbank Pjsc -Sponsored Adr	3.3%
Hdfc Bank Ltd-Adr	3.3%
Samsung Electronics Co Ltd	3.1%
Grupo Financiero Banorte-O	2.8%
China Mobile Ltd-Spon Adr	2.8%
Sk Telecom	2.7%

Risks

An investment in the Fund involves risk, including:

- **Market risk** - The risk associated with factors that can influence the direction and volatility of an overall market, as opposed to security-specific risks. These factors can affect one country or a number of countries.
- **Security specific risk** - The risk associated with an individual asset.
- **International investments risk** – The risk arising from political and economic uncertainties, interest rate movements and differences in regulatory supervision associated with international investments.
- **Currency risk -** Currency exchange rate fluctuation risk arising from investing across multiple countries.
- **Regulatory risk -** The risk that a change in laws and regulations governing an investment or financial markets could have an adverse impact on an investment.

Please read the Fund's Product Disclosure Statement (**PDS**) for a detailed explanation of each of these risks.

Fund manager's commentary

Indian and Chinese stock selection can be viewed as the entire source of the underperformance in April. Some of these names (Indiabulls, CNOOC, Zhejiang Expressway) were in the top 10 positive contributors in Q1 2019, so there is a degree of mean reversion in this performance.

Indiabulls is a non-bank financial (non deposit-taking) focused on mortgages. The company announced in early April that it intends to merge with LV Bank, thereby gaining a banking licence and enabling it to take deposits. Whilst this would be a positive step, there is considerable uncertainty around whether the central bank and banking regulator will agree the transaction. The stock has performed very strongly since we purchased it in February, and the stock has sold off in April on the uncertainty regarding the possible banking licence. We remain positive on the company even if it remains a non-bank.

In China, the strong year-to-date performance in the domestic A-share market (and related move in H-shares) rolled over in April, seeing some higher beta names then underperform. This includes energy names CNOOC and China Petro & Chem, despite the rise on the crude oil price in the month. It also includes Zhejiang Expressway which, although it is a defensive toll road operator, owns an A-share stockbroking firm with significant exposure to the A-share market.

Finally, China Mobile surprised investors at the end of March with a 48% dividend payout ratio for 2018, and disappointing guidance on dividends: management now intends to maintain the payout level going forward rather than the "steadily increase the ratio" policy in recent years. Combined with higher capex for the 5G roll-out and the push into the corporate market, this implies a lower flow of dividends going forward. We remain positive on the development of the fixed-line/broadband business. We have reviewed the stock and are happy to hold it for now (at 3.0x EV/EBITDA it remains attractively valued compared with its peers and its history), but recognise the deterioration in the investment case.

For more information please call **1800 813 886**, contact your key account manager or visit **pendalgroup.com**

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