PENDAL

Factsheet

Global Equities

February 2020

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 29 Feb 2020)	$332 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]	1.18% 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 (post-fee)	Total Returns (pre-fee)	Benchmark Return
1 month	-2.18	-2.09	-1.64
3 months	2.30	2.64	1.81
6 months	3.78	4.48	7.56
1 year (pa)	8.14	9.64	8.27
2 years (pa)	4.51	5.97	3.37
3 years (pa)	11.00	12.55	11.23
5 years (pa)	5.96	7.44	6.79
Since Inception (pa)	9.83	11.37	9.29

Country Allocation (as at 29 February 2020)

China	28.6%
South Korea	18.0%
India	13.4%
Mexico	5.8%
Russia	4.2%
Taiwan	4.2%
Turkey	4.1%
United Arab Emirates	3.5%
South Africa	2.7%
Other	10.9%
Cash	4.6%

Sector Allocation (as at 29 February 2020)

Financials	16.9%
Information Technology	15.0%
Consumer Discretionary	12.8%
Real Estate	11.8%
Communication Services	11.6%
Energy	8.0%
Consumer Staples	5.9%
Industrials	5.6%
Materials	4.6%
Utilities	3.2%
Cash	4.6%

Top 10 Holdings (as at 29 February 2020)

Samsung Electronics	8.8%
Tencent	6.2%
Barrick Gold	3.5%
Sberbank	3.4%
CNOOC	3.3%
ENN Energy Holdings	3.1%
HDFC Bank	3.0%
Hyundai Motor	2.9%
Walmart Mexico	2.9%
Naspers	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

The Chinese economy has clearly taken a significant hit to both production and consumption as a result of Covid-19. We have been following various daily/weekly data signals (such as daily coal usage at major power plants), and these have vastly undershot previous recoveries from the Lunar New Year slowdown. The monthly data is now showing signs of the hardest landing in the economy: composite PMI at 27.5, car sales down 80% year-on-year, steel inventories up 55% in four weeks. There is some sign of a recovery in more industrial measures (such as coal consumption) but consumer metrics (car sales, cinema attendances) continue to look very weak. There will always be challenges around Chinese economic data but clearly H1 2020 will be significantly weak in economic terms.

It is hard to generalise around other emerging markets. South Korea has had the greatest number of Cov-19 cases in EM outside China and is seeing some impact on companies from closures at Chinese suppliers, as well as stress from very weak Chinese end-demand. Taiwan, by comparison, is still largely unaffected, but at some point Chinese factory closures and weak demand will bite into Taiwanese exports. Elsewhere, it is unclear what impact will be had on specific countries or companies, but it is clear that the broad tourism/travel/hospitality/leisure sector is being hit hard globally. This will hurt both emerging market companies in these industries as well as economies with high dependence on tourism.

Turning to markets, we have seen a substantially higher level of volatility in many areas and periods of very aggressive risk-off. The collapse in US Treasury yields, short-term US dollar strength and recent weakness in gold and gold miners is symptomatic of extreme risk-aversion. For now, the traditionally higher-beta markets, such as Turkey, Brazil, Russia and India, have been more volatile in US dollar terms; similarly the pattern of growth outperforming value is to be expected.

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

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