

Pendal Global Emerging Markets Opportunities Fund

ARSN: 159 605 811

Global Equities

October 2020

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 31 Oct 2020)	\$311 million
Date of inception	November 2012
Minimum Investment	\$25,000
Buy-sell spread ¹	
For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
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 Costs²

Issuer fee ³	1.18% pa
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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 Return
	(post-fee)	(pre-fee)	
1 month	3.16	3.26	4.17
3 months	3.65	3.96	4.82
6 months	8.07	8.72	12.77
1 year (pa)	1.23	2.50	6.20
2 years (pa)	6.75	8.16	10.55
3 years (pa)	2.16	3.54	4.97
5 years (pa)	6.21	7.66	8.26
Since Inception (pa)	8.80	10.30	8.82

Country Allocation (as at 31 October 2020)

China	37.0%
South Korea	19.5%
India	11.5%
Taiwan	4.3%
Mexico	4.1%
South Africa	2.3%
United Arab Emirates	2.1%
Russia	1.7%
Turkey	1.7%
Other	12.9%
Cash	3.0%

Sector Allocation (as at 31 October 2020)

Real Estate	9.7%
Communication Services	18.4%
Industrials	6.2%
Utilities	3.9%
Materials	9.3%
Information Technology	18.0%
Energy	3.8%
Consumer Staples	3.9%
Financials	12.7%
Consumer Discretionary	11.0%
Cash	3.0%

Top 10 Holdings (as at 31 October 2020)

Tencent Holdings	9.5%
Samsung Electronics	9.1%
Prosus	4.7%
HDFC Bank Limited	4.4%
SK Telecom	4.1%
Xinyi Solar	4.0%
Barrick Gold Corporation	4.0%
ENN Energy Holdings	3.8%
SK Hynix	2.6%
Longfor Properties	2.6%

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 portfolio underperformed the benchmark over the period with the portfolio's holdings in gold miners Centamin and Barrick Gold with main source of weakness as the gold price dipped. Our South Korean holdings also hampered relative returns with SK Telecom amongst the key laggards.

One of our largest aggregate portfolio positions is in the related companies of Naspers (a South African holding company), its subsidiary Prosus (a Dutch media conglomerate focused on the internet in emerging markets), and Prosus' largest investment, Tencent (one of the Chinese internet giants). All three added value over the month.

One of the oddities about the listings of these three is that Naspers trades at a discount to the market value of its shares in Prosus, and Prosus trades at a discount to the market value of its stake in Tencent (let alone the value of Tencent and Prosus' other listed and unlisted investments).

At the December 2019 capital markets day, Prosus management indicated a desire to create at least US\$100bn in shareholder value over the medium term. As a step towards achieving that, in October 2020 Prosus announced a US\$5bn buyback, consisting of US\$1.37bn of Prosus shares and US\$3.63bn of Naspers shares. This sits alongside a commitment to increase Prosus' free float by reducing Naspers' stake to below 70%. The really big step, however, would be Prosus selling some of its stake in Tencent in order to do further buybacks. Although there are no immediate indications that this is about to happen, it should be noted that the last such sale (in March 2018) followed a very strong share price run in Tencent, as we have seen year-to-date.

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

PENDAL

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PFSL is the responsible entity and issuer of units in the Pental Global Emerging Markets Opportunities Fund (Fund) ARSN: 159 605 811. A product disclosure statement (PDS) is available for the Fund and can be obtained by calling 1800 813 886 or visiting www.pentalgroup.com. You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of units in the Fund. An investment in the Fund is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested.

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If market movements, cash flows or changes in the nature of an investment (e.g. a change in credit rating) cause the Fund to exceed any of the investment ranges or limits specified, this will be rectified by PFSL as soon as reasonably practicable after becoming aware of it. If PFSL does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified are accurate as at the date of this factsheet and PFSL reserves the right to vary these from time to time.