# Factsheet

Global Equities

31 October 2022

## 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 31 Oct 2022) | $242 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 a contribution to the transaction costs incurred by the Fund, when the Fund is purchasing and selling assets. The buy-sell spread is generally incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

### Fees and costs

You should refer to the latest Product Disclosure Statement for full details of the ongoing fees and costs that you may be charged.

| | |
|---|---|
| Management fee[2] | 1.18% pa |

[2] This is the fee we charge for managing the assets and overseeing the operations of the Fund. The management fee is deducted from the Fund's assets and reflected in its unit price.

### Performance

| (%) | Total Returns (post-fee) | Total Returns (pre-fee) | Benchmark Return |
|---|---|---|---|
| 1 month | 0.72 | 0.82 | -2.57 |
| 3 months | 0.49 | 0.78 | -6.27 |
| 6 months | -2.23 | -1.65 | -10.71 |
| 1 year (pa) | -8.08 | -7.00 | -18.98 |
| 2 years (pa) | 0.73 | 1.92 | -5.88 |
| 3 years (pa) | 0.89 | 2.11 | -2.01 |
| 5 years (pa) | 1.58 | 2.89 | 0.49 |
| Since Inception (pa) | 7.13 | 8.57 | 5.70 |

### Country Allocation (as at 31 October 2022)

| | |
|---|---|
| China | 20.0% |
| India | 19.2% |
| Brazil | 13.6% |
| South Korea | 11.4% |
| Mexico | 10.2% |
| Indonesia | 4.9% |
| Taiwan | 4.9% |
| South Africa | 4.5% |
| United Arab Emirates | 4.1% |
| Other | 4.5% |
| Cash | 2.6% |

### Sector Allocation (as at 31 October 2022)

| | |
|---|---|
| Consumer Staples | 11.6% |
| Financials | 27.7% |
| Real Estate | 5.1% |
| Materials | 10.7% |
| Industrials | 7.1% |
| Energy | 4.8% |
| Utilities | 2.1% |
| Communication Services | 7.5% |
| Consumer Discretionary | 10.2% |
| Health Care | 0.0% |
| Information Technology | 10.4% |
| Cash | 2.6% |

### Top 10 Holdings (as at 31 October 2022)

| | |
|---|---|
| HDFC Bank Ltd | 4.0% |
| State Bank of India | 3.9% |
| Mahindra & Mahindra Ltd | 3.9% |
| Tencent Holdings Ltd | 3.8% |
| Samsung Electronics Co Ltd | 3.6% |
| Emaar Properties PJSC | 3.5% |
| Larsen & Toubro Ltd | 3.4% |
| Grupo Financiero Banorte SAB de CV | 3.1% |
| Ambev SA | 3.0% |
| Barrick Gold Corp | 2.9% |

**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.
- **Emerging markets risk** – The risk of asset price volatility and higher currency, default and liquidity risk from investments in emerging markets.
- **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 commentary**

Our investment process is designed to be alert not just to the level of market drivers, but also to change and trend, to positive and negative surprises, and to changing forecasts and surveys. So, with China having seen some major political changes this month, and with Chinese equities having aggressively derated in valuation terms, how, if at all, has our view on China changed?

This month saw President Xi Jinping appointed for an unprecedented third term, while the overhaul of the Politburo Standing Committee saw market-friendly reformers (including Premier Li Keqiang) removed and replaced with members seen as Xi loyalists. State media have also begun referring to Xi Jinping as 'Core' leader whilst establishing his political views (Xi Jinping Thought) as doctrine. This marks a move away from the 'Collective Leadership' system of Chinese politics that has been in place since the 11th Party Congress in 1978. However, the economic focus on technology and quality of life adopted at the 2017 Congress remains in place; the main changes at this Congress were on governance and national security, with emphases on international relations, geopolitics, and reunification with Taiwan.

Growth in China is weak by historic standards, with strong exports offset by poor domestic investment and consumption. 3Q GDP was up 3.0% YoY, with industrial production up 6.3% YoY and exports up 10.7% YoY, but retail sales were up only 2.5% YoY, and property sales (for the 31 main listed players) were -29% YoY (all to September). We take no strategic views, and, just as no market is an automatic overweight, so is no market automatically excluded. We do not think that Chinese equities, whether A-shares, H-shares or overseas listings, are 'uninvestable', and we remain alert to opportunities. It must be said, though, that Chinese policy and economic data have a long path to walk to make equities there attractive.

Brazil has been one of our favourite emerging markets from late 2020, since when it has delivered strong USD total returns despite a significant negative return from the MSCI Emerging Markets Index. October's election has returned Luiz Inacio Lula da Silva (Lula) as the president, a position he held from 2002-2010. As Lula is from the left-wing Workers' Party (PT), and given recent hostile market reactions to left-wing electoral successes in Chile, Colombia and Peru, how has our view on Brazil changed? We remain very positive in both an absolute sense and relative to other emerging markets. We do not see a Lula administration as a material risk to Brazil's economy or financial markets, and continue to find attractive investment opportunities there. In an emerging market-relative sense, and even in a global sense, Brazil's reasonably good conditions are extremely attractive. Net energy exports, a central bank that seems to have got on top of inflation, fiscal orthodoxy, moderate economic growth and attractive market valuations are conditions enjoyed by few countries anywhere. Given that, we think investors can live with a more left-wing government in Brazil. We certainly can.

For more information please call **1300 346 821**,
contact your key account manager or visit **pendalgroup.com**

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