



# MAGNA EMERGING MARKETS DIVIDEND FUND

AS AT 29 MAY 2020

EUR

## FUND DETAILS

Structure	UCITS
Domicile	Ireland
Registrations	AT CH DE DK ES FI FR GB IE IT LU NL NO SE SG
Launch Date	28 Jun 2010
Income	Accumulated or distributed
Daily Dealing	12 noon (Dublin time)
Dealing Cut-off	T - 1
Number of Holdings	51
Cash Weight	0.1%
Volatility	14.5%
Active Share	87.3%
Information Ratio	-0.39
Beta	1.12
Fund Size	EUR 268.1m
Portfolio Managers	Ian Simmons and team

Volatility, Information Ratio and Beta are calculated from the last 3 years monthly fund data.

## DIVIDENDS

Historic Yield	Fund: 4.5%	Index: 2.5%
Payment Dates	Jun / Dec	

## AWARDS & RATINGS



## FUND OBJECTIVE

The Magna Emerging Markets Dividend Fund seeks to achieve a combination of income and long-term capital growth by investing in a diversified portfolio of higher yielding Global Emerging Market Securities. The Magna Emerging Markets Dividend Fund is a sub-fund of the Magna Umbrella Fund plc.

## STRATEGY DESCRIPTION

We look to invest in quality companies, with strong management and sustainable growth prospects, at attractive valuations. Our approach to investing is bottom-up, stock-focused and research-driven. We focus on both quantitative and qualitative analysis and search for less well-understood opportunities. Regular management meetings are a key principle of our process. We like to find companies we can invest in for the long term. Belief in the sustainability of their growth and evidence of good shareholder relations are key drivers for us. Portfolios are built on the basis of our conviction; we are aware of any benchmark index but if we don't like a stock, we don't invest in it, regardless of its index weighting. This strategy invests in high dividend paying companies across emerging markets without restriction, aiming to provide a combination of income and long-term capital growth.

## HIGHLIGHTS

- A portfolio of quality companies with a dividend paying culture
- Combination of capital growth and income
- Opportunities across all regions, sectors and market caps

## GROSS FUND PERFORMANCE (%)

Period to 29 May 2020	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	SI
Magna Emerging Markets Dividend Fund	-1.51	-13.72	-18.75	-22.37	-15.03	-6.14	-1.90	-0.52	NA	4.48
MSCI Emerging Markets Index	-0.78	-8.11	-10.48	-15.20	-4.21	-4.30	0.21	0.59	NA	3.57
Added Value	-0.73	-5.61	-8.27	-7.18	-10.82	-1.84	-2.11	-1.10	NA	0.92

Calendar Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Magna Emerging Markets Dividend Fund	24.17	-7.92	16.77	13.94	-6.09	8.12	2.30	24.79	-10.34	NA
MSCI Emerging Markets Index	20.61	-10.27	20.59	14.51	-5.23	11.38	-6.81	16.41	-15.70	NA
Added Value	3.55	2.35	-3.82	-0.57	-0.87	-3.26	9.11	8.38	5.35	NA

Returns are presented gross of management fees, in EUR  
SI Since Inception (30 June 2010)

## GROWTH OF EUR 10,000



Performance is represented by the Magna Emerging Markets Dividend Composite comprising all share classes of the Magna Emerging Markets Dividend Fund. Composite performance figures are shown gross, ie before fees, in EUR. The Magna Emerging Markets Dividend Fund is not managed against a benchmark. Performance figures are annualized for periods in excess of one year. Past performance should not be seen as an indication of future performance. Fiera Capital claims compliance with the Global Investment Performance Standards (GIPS®) and has been independently verified for the period 1 Jun 2000 through 31 Dec 2018. A copy of the verification report and a presentation that adheres to GIPS standards are available upon request to the Marketing Department.



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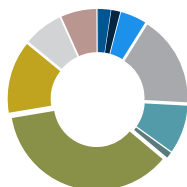
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## TOP HOLDINGS

Company Name	Country
Chailease	Taiwan
China Construction Bank	China
China Mobile	China
Ping An	China
POWERGRID	India
Samsung Electronics	Korea
TSMC	Taiwan
Wuliangye Yibin	China
<i>In alphabetical order</i>	
Combined weight of top 8	36%

## SECTOR EXPOSURE (%)



Energy	2.4
Materials	1.7
Industrials	4.9
Consumer Discretionary	16.9
Consumer Staples	9.1
Health Care	1.1
Financials	36.3
Information Technology	13.5
Communication Services	7.4
Utilities	6.7
Real Estate	0.0
Cash	0.1
Total	100.0

## COUNTRY EXPOSURE (%)



Brazil	7.2
China	34.8
India	3.5
Indonesia	3.3
Korea	7.1
Philippines	4.8
Mexico	5.1
Russia	10.5
South Africa	2.2
Taiwan	12.1
Others (inc Cash)	9.3
Total	100.0

## COMMENTARY

The Fund generated a negative return of 1.5% in May, as the follow through from April's bounce back continued to benefit global markets, most notably in the US and developed markets, and the tech sector specifically. The month of May in emerging markets was characterised by strong recovery in some of March's worst performing markets such as Brazil, Mexico and Russia, with April leaders China and Taiwan both falling. The Fund benefited from this trend as longstanding positions in the stock exchanges of Russia and Brazil, and airport operator OMA all posted gains. Recent additions Anta Sportswear and Xinyi Solar in China, as well as Bank Rakyat Indonesia all delivered strong returns from oversold positions in March, as investors focus on the re-opening of economies. Operationally we expect the worst is past as politicians appear to be taking the view that even a second COVID wave would not prompt a repeat of the strict nationwide lockdowns experienced earlier in the year.

The first five months of 2020 have not proven to be successful ones for our Global Emerging Markets Dividend Fund, as a number of factors have combined to make fundamental investing a short-term thankless task. The style backdrop continues to be a headwind for an income approach as despite the recent short-lived rotation, Growth and Large Cap continue to outperform Yield and SMID Cap by over 10% according to Morningstar. The valuation gap between the "new economy" and the traditional economy has reached a historical high. As an example, in the MSCI China Index, the banking, real estate, and capital goods industries representing the traditional economy are trading at 5.1x/5.1x/7.3x respectively, which are historical lows. However, industries representing the "new economy" such as software, services (59.2x), pharmaceuticals, biotechnology & life science (34.3x), as well as the retailing of food and major supplies among consumer staples (34.7x), are trading at historical highs and with negligible dividends. Our portfolio occupies a currently overlooked middle ground. We own companies with significantly higher returns and lower leverage than the benchmark, yet through our valuation anchor, we can access these at similar multiples.

Inevitably our preference for domestic demand stories has been unfavourable for returns, while consumers are unable to live their normal lives. However, considering the outperformance of perceived COVID beneficiaries, we see plenty of scope for earnings catch up as we emerge from the crisis. As globalisation unwinds and countries turn inward, then our focus on areas plugged into domestic demand, especially in parts of Asia already emerging from the pandemic, will prove beneficial. While we monitor the US-China tensions, the portfolio only has one company in China that could be considered as export focussed or a manufacturer for the West, but even there most of its products are sold to Asian consumers.

Dividend visibility remains low with companies continuing to delay payment decisions. However, for all our holdings we note such decisions are made in the interest of prudence rather than because of stressed balance sheets. Indeed, most intend to make up these dividends later in the year. With rates in the US now pegged at 0% and Central Banks around emerging markets still expected to cut, there is of course positive carry, and also the requirement for local savers to rotate from fixed income into equities. Markets have risen in the last few weeks even as the flow data shows ongoing withdrawals by foreigners. This suggests the search for real return by domestic savers is becoming a powerful force for emerging market equities, and one hopes the light positioning from foreigners will provide further support to the asset class as COVID-19 exits the headlines.

## SUBSCRIPTION INFORMATION

	B Acc Shares	B Dist Shares	N Acc Shares	R Acc Shares	R Dist Shares
Minimum Subscription	GBP 5,000	GBP 5,000	EUR 1,000,000	EUR 5,000	EUR 5,000
Additional Subscriptions	GBP 100	GBP 100	EUR 1,000	EUR 100	EUR 100
Annual Management Fee	1.00%	1.00%	1.25%	1.75%	1.75%
Performance Fee	No	No	No	No	No
Front-end Load	Up to 5%	Up to 5%	Up to 5%	Up to 5%	Up to 5%
WPKN Code	A110R6	A12DGT	A1CZJJ	A1CZMK	A1CZML
ISIN Code CHF	IE00BKX57Y42	IE00BKX57Z58		IE00BKX58072	IE00BKX58189
EUR	IE00BBPLSG61	IE00BBPLSJ92	IE00B3MQTC12	IE00B670Y570	IE00B671B485
GBP	IE00B826OR81	IE00B8QB4001	IE00B53FMY46	IE00B5910H59	IE00B4TFBZ51
USD	IE00BBPLSH78	IE00BBPLSK08	IE00B53GDK00	IE00B57ML554	IE00B58H2N45
Bloomberg Code	MEMDBAS	MEMDBDS	MAGEMNA	MAGEMRA	MAGEMRD
Valor Number EUR	22127774	22908944	11378786	11378804	11378813

N Class Distribution Shares also available. A full NAV history of all share classes is available on [uk.fieracapital.com](http://uk.fieracapital.com)



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