

# MAGNA EMERGING MARKETS DIVIDEND FUND

**Fund Launch Date**  
28 June 2010

**Performance Benchmark**  
MSCI Emerging Markets Index

**Currency**  
EUR

## 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.

## FUND DETAILS

<b>Structure</b>	UCITS
<b>Domicile</b>	Ireland
<b>Registrations</b>	AT CH DE DK ES FI FR GB IE IT LU NL NO SE SG
<b>Launch Date</b>	28 Jun 2010
<b>Income</b>	Accumulated or distributed
<b>Daily Dealing</b>	12 noon (Dublin time)
<b>Dealing Cut-off</b>	T - 1
<b>Number of Holdings</b>	51
<b>Cash Weight</b>	0.6%
<b>Volatility</b>	14.6%
<b>Active Share</b>	87.5%
<b>Information Ratio</b>	-0.10
<b>Beta</b>	1.14
<b>Fund Size</b>	EUR 198.5m
<b>Portfolio Managers</b>	Ian Simmons and team

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

## DIVIDENDS

<b>Historic Yield</b>	Fund: 3.5% Index: 2.3%
<b>Payment Dates</b>	Jun / Dec

## AWARDS & RATINGS



**ELITE RADAR**  
on our watchlist: FundCalibre.com



## 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 to identify durable compounders. 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 31 December 2020

	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	SI
<b>Magna Emerging Markets Dividend Fund</b>	6.03	19.03	23.72	0.96	0.96	11.96	4.89	8.96	5.96	6.87
<b>MSCI Emerging Markets Index</b>	4.95	14.72	20.38	8.54	8.54	14.41	5.50	10.15	4.59	5.82
<b>Added Value</b>	1.08	4.31	3.35	-7.57	-7.57	-2.45	-0.61	-1.20	1.38	1.05

## CALENDAR YEAR PERFORMANCE

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Magna Emerging Markets Dividend Fund</b>	24.17	-7.92	16.77	13.94	-6.09	8.12	2.30	24.79	-10.34	NA
<b>MSCI Emerging Markets Index</b>	20.61	-10.27	20.59	14.51	-5.23	11.38	-6.81	16.41	-15.70	NA
<b>Added Value</b>	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)

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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## TOP HOLDINGS

Company Name	Country
China Gas	China
ICTSI	Philippines
Ping An	China
Samsung Electronics	Korea
Sberbank	Russia
TSMC	Taiwan
Wuliangye Yibin	China
Xinyi Solar	China
<b>Combined weight of top 8</b>	<b>36%</b>

In alphabetical order

## SECTOR EXPOSURE (%)

Sector	Weight
Energy	0.7
Materials	2.3
Industrials	5.5
Consumer Discretionary	16.9
Consumer Staples	10.3
Health Care	1.0
Financials	30.5
Information Technology	20.5
Communication Services	4.5
Utilities	6.0
Real Estate	1.2
Cash	0.6
<b>Total</b>	<b>100.0</b>

## COUNTRY EXPOSURE (%)

Country	Weight
Brazil	7.2
Chile	1.6
China	30.9
India	2.5
Indonesia	4.4
Korea	10.3
Mexico	5.6
Philippines	4.8
Russia	11.1
Taiwan	14.1
Others (inc Cash)	7.4
<b>Total</b>	<b>100.0</b>

## COMMENTARY

The Fund generated a positive return of 6.0% in December, outperforming the index by 1.1% as the strong recovery continued. Benefiting from the reopening trade, vaccine prospects and a Biden victory, the Emerging Market Index was up by 19.0% in the fourth quarter of 2020. The Fund outperformed this rise by 4.3% as many companies impacted by lockdowns started to see investors look through to a more normal 2021.

China was the biggest positive contributor in the quarter as Alibaba, not owned in the Fund, suffered after the delayed Ant IPO and announcements of regulatory investigations. Among the stocks the Fund does own, Wuliangye Yibin and Xinyi Solar continued their strong performance on the back of a more favourable outlook for pricing in their products.

Performance from utilities was positive as China Gas, responsible for helping to convert millions of households from coal to gas, demonstrated an impressive turnaround in free cash flow generation after COVID-19 related impacts earlier in the year. POWERGRID in India indicated higher dividend potential and progressed with an asset monetisation programme that will allow more capital for growth.

The Indonesian, Mexican and Chilean markets all rose by 25% in the last quarter of 2020 and are well represented in the portfolio. With much more limited fiscal and monetary stimulus, the post-COVID-19 economic recovery has been slower than parts of North Asia, but these economies are now returning to normal with banks the primary beneficiary of this trend.

Other moderate growth but high ROE companies impacted by lockdowns performed well in the quarter with Banco Bradesco, Moneta Bank and HumanSoft all posting returns in excess of 30% in the quarter. Thus, demonstrating our view that high quality, well capitalised companies would survive the crisis and recover lost ground as we see normalisation.

Highlights in December at a stock level were overwhelmingly positive with China providing the main source of outperformance as evidenced by these two examples.

Xinyi Solar, the Chinese solar glass company, appreciated by 40% in December as they announced to the market that they expected full year 2020 earnings would surprise positively versus market expectations and are expected to increase by 75-95%. The company stated that this is primarily due to the significant increase in the net profit of the solar glass business due to a large increase in the sales volume of the company's solar glass products during the year. Consensus was estimating full year 2020 EPS growth of 53% whereas we had been assuming an annual growth of +66%. The difference reflects our more positive view on lower costs particularly from natural gas. In addition, a day later, Xinyi Solar announced a share placement. The use of the proceeds is intended primarily for solar glass capacity expansion and a new solar farm. We think the large-scale solar glass capacity expansions from the industry's two leading players is a direct response to an improved demand outlook. This demand is driven by solar power generation reaching grid parity, a reduced need for subsidisation in China and an increasing demand for clean energy due to climate change pressures. Xinyi Solar, as the largest, lowest cost solar glass manufacturer with sector leading returns, is a clear beneficiary of increasing penetration of solar power into the global energy mix.

Wuliangye Yibin, the Chinese spirits company, appreciated by 13% in December as the continued premiumisation and liquidity-driven economic recovery in the country continues at pace. The company's increasingly scalable supply chain uniquely positions it to satisfy growing demand for ultra-premium baijiu in the coming year, whilst its major competitors' high end production remains constrained.

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## SUBSCRIPTION INFORMATION

	B Acc Shares	B Dist Shares	N Acc Shares	R Acc Shares	R Dist Shares
<b>Minimum Subscription</b>	GBP 5,000	GBP 5,000	EUR 1,000,000	EUR 5,000	EUR 5,000
<b>Additional Subscriptions</b>	GBP 100	GBP 100	EUR 1,000	EUR 100	EUR 100
<b>Annual Management Fee</b>	1.00%	1.00%	1.25%	1.75%	1.75%
<b>Performance Fee</b>	No	No	No	No	No
<b>Front-end Load</b>	Up to 5%	Up to 5%	Up to 5%	Up to 5%	Up to 5%
<b>WPKN Code</b>	A110R6	A12DGT	A1CZJJ	A1CZMK	A1CZML
<b>ISIN Code</b>	CHF	IE00BKX57Y42	IE00BKX57Z58	IE00BKX58072	IE00BKX58189
	EUR	IE00BBPLSG61	IE00BBPLSJ92	IE00B670Y570	IE00B671B485
	GBP	IE00B8260R81	IE00B8QB4001	IE00B53FMY46	IE00B5910H59
	USD	IE00BBPLSH78	IE00BBPLSK08	IE00B53GDK00	IE00B57ML554
<b>Bloomberg Code</b>	MEMDBAS	MEMDBDS	MAGEMNA	MAGEMRA	MAGEMRD
<b>Valor Number</b>	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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Recapping the evolution of dividends paid by the Fund during 2020, the payment for the period May – November 2020 was almost identical to the same period in 2019 in GBP. Considering emerging market currencies have depreciated by 9% in the same period and huge parts of the benchmark have seen dividend cuts or delays, this demonstrates the resilience of the operational and balance sheet characteristics of the portfolio. The dividend paid by the Fund in May 2020, (always the smaller of the two payments made each year) as companies dealt with the worst of the pandemic and associated lockdowns, was down by 20% in GBP versus the 2019 payment but again emerging market FX had depreciated by 10% .

In combination the amount paid out for the year ending November 2020 was down by only 9% on the 2019 pay-out in GBP, more or less in line with the depreciation of emerging market currencies. Therefore, in local terms, a flat dividend in an environment where earnings and dividends have been reduced substantially should give a lot of credence to the resilience of the portfolio in these times. To give a bit more context, actual earnings for the MSCI Emerging Markets Index in the first 9 months of 2020, fell by 32% year on year in USD.

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Queensberry House, 3 Old Burlington Street  
London W1S 3AE

**Tel:** + 44 (0)20 7518 2100

**Fax:** + 44 (0)20 7518 2198

**Email:** [marketingeurope@fieracapital.com](mailto:marketingeurope@fieracapital.com)

**European Economic Area (EEA):** This document is issued by Fiera Capital (Germany) GmbH ("Fiera Germany").

Walther-von-Cronberg-Platz 13, 60594 Frankfurt, Germany.

**Tel:** +49 69 9202 075-0

**Email:** [marketingeurope@fieracapital.com](mailto:marketingeurope@fieracapital.com)

[fieracom](http://fieracom)

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