

# MAGNA EMERGING MARKETS DIVIDEND FUND

## FUND DETAILS

Structure	UCITS
Domicile	Ireland
Registrations	AT BE CH DE DK ES FI FR GB IE IT LU NL 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	39
Cash Weight	6.0%
Volatility	12.4%
Active Money	89.9%
Information Ratio	-0.31
Beta	0.90
Fund Size	EUR 327.0m
Portfolio Advisors	Mark Bickford-Smith and team

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

## DIVIDENDS

Historic Yield	Fund: 3.6%	Index: 2.6%
Payment Dates	Jun / Dec	

## AWARDS & RATINGS



**ELITE RATED**  
by FundCalibre.com

## TOP HOLDINGS

Company Name	Country
Chailease	Taiwan
China Construction Bank	China
CTCI	Taiwan
Indiabulls Housing Finance	India
Ping An	China
POWERGRID	India
Samsung Electronics	Korea
Sands China	China
TSMC	Taiwan
Tupras	Turkey
<i>In alphabetical order</i>	
Combined weight of top 10	47%

## 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.

## 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

## PERFORMANCE (%)

Period to 30 June 2017	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	SI
Magna Emerging Markets Dividend Composite	-0.45	-0.72	9.27	9.27	17.06	3.47	6.20	7.80	NA	7.22
MSCI Emerging Markets Index	-0.41	-0.35	9.52	9.52	20.53	3.11	7.42	6.20	NA	4.93
Added Value	-0.04	-0.38	-0.25	-0.25	-3.48	0.36	-1.21	1.60	NA	2.29

Calendar Year	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Magna Emerging Markets Dividend Composite	13.94	-6.09	8.12	2.30	24.79	-10.34	NA	NA	NA	NA
MSCI Emerging Markets Index	14.51	-5.23	11.38	-6.81	16.41	-15.70	NA	NA	NA	NA
Added Value	-0.57	-0.87	-3.26	9.11	8.38	5.35	NA	NA	NA	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. Charlemagne Capital claims compliance with the Global Investment Performance Standards (GIPS®), as verified for the period 1 Jun 2000 through 31 Dec 2016 by Ashland Partners. A copy of the verification report and a presentation that adheres to GIPS standards are available upon request to the Marketing Department.

# MAGNA EMERGING MARKETS DIVIDEND FUND

## SECTOR EXPOSURE (%)



Energy	8.0
Materials	2.3
Industrials	6.1
Consumer Discretionary	15.9
Consumer Staples	1.2
Health Care	1.1
Financials	31.8
Information Technology	14.5
Telecommunication Services	5.9
Utilities	5.9
Real Estate	1.3
Cash	6.0
Total	100.0

## COUNTRY EXPOSURE (%)



Brazil	8.7
China	21.6
India	9.8
Indonesia	2.5
Korea	10.7
Malaysia	2.4
Mexico	6.3
Russia	4.7
Taiwan	14.9
Turkey	4.6
Others (inc Cash)	14.0
Total	100.0

## COMMENTARY

June was a mixed month for emerging markets as investors paused for breath after a strong first half to the year; China and Taiwan were among the winners, with South Africa and Russia among the heavyweight laggards. By sector, Information Technology has again been the standout performer this year while high dividend stocks have again underperformed.

The month welcomed Pakistan as the newest emerging market, having been upgraded from frontier status, though of greater relevance was MSCI's announcement that China's local 'A' shares would be included in their indices in stages from next year, and that Saudi Arabia might be in the not-too-distant future. From next year there will be over 1,000 companies in the MSCI Emerging Markets Index, a number set to rise once Saudi and, eventually, Argentina are included.

Activity in the portfolio centred around its financial holdings. Shares in Taiwan's Chailease, continue to perform well, mirroring the growth in the business: EPS for the first five months of the year gained 30% year-on-year. Mexico's Banorte also rose. We met the company during the month and revised up our numbers, based on increased net interest margins. By contrast, China Construction Bank fell, as liquidity in the country's banking system is tightened, while Indiabulls Housing Finance saw profit-taking after strong gains this year. The portfolio's Brazilian holdings understandably lagged, largely driven by country rather than stock-specific factors. Progress of reform is almost inevitably uneven. The nature of media is to focus on the negatives, hence the attention given to the setbacks faced by Brazil's president Temer rather than, for example, the more positive stories coming out of Korea, with the drive to reform the Chaebol groups and increase transparency; or the introduction of a goods and services tax in India.

Emerging market companies are increasingly cash rich and capital spending is subdued. With profits growth rising and companies typically focused on the payout ratio, it follows that dividend growth should broadly match earnings growth. This should be a positive environment for investing in this strategy.

Investors have not participated in any great extent in the rally to date. It has been more a case of climbing the wall of worry, or, if you prefer, a bear trap. Furthermore, the rise in stock prices has merely matched the expected growth rate in earnings for 2017. In other words, PE multiples have not started to expand. This suggests that, assuming fundamentals remain broadly supportive, emerging markets have further to go.

## 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	IE00BPLSH78	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 [www.charlemagnecapital.com](http://www.charlemagnecapital.com)

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