

Nedgroup Investments Global Emerging Markets Equity Fund

Brian Coffey

Portfolio Manager of the Nedgroup Investments Global Emerging
Markets Equity Fund

see money differently

Marketing
Communication

Portfolio performance



December 31, 2023	Portfolio A Class (%)	MSCI EM NR (%)
QTD	8.4	7.9
One Year	7.4	9.8
Annualized Since Inception (April 29, 2019)	0.9	1.3



Firm AUM

USD5.3bn; Strategy: USD2.3bn*

Firm update – NS Partners Ltd



Product update

Interest and flows to EM product



Personnel

No Changes

Q4 2023 Summary

September 2023

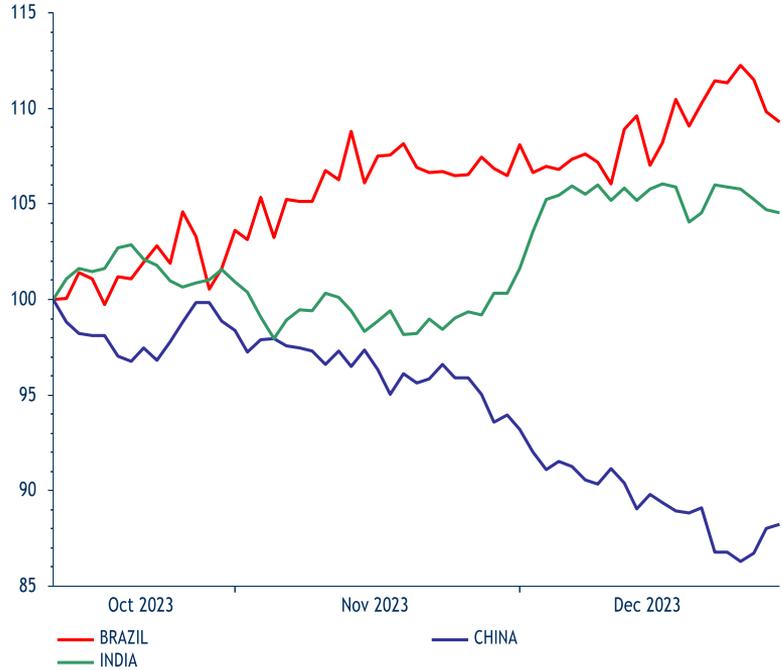


Performance	Q4 2023	Since Inception
Fund A Class	8.4%	0.9%
MSCI EM NR	7.9%	1.3%
What worked:	Underweight China and GCC; stock selection and overweight in India and South Korea; stock selection in Poland; stock selection and overweight in IT; stock selection in Consumer Staples, Industrials and Financials.	
What didn't work:	Stocks in China/HK; underweight Brazil; Mexico stock selection and overweight Communications; stock selection in Healthcare and Consumer Discretionary.	
The good:	Varun Beverages - new market opportunity in South Africa and continued strong execution in India Bank Pekao - improving macro, inflation data and politics in Poland a tailwind for the bank Meituan – timely exit on consumer weakness and competitive ecommerce environment	
The bad:	PDD Holdings – not owned in the portfolio, growing via an aggressive promotional marketing strategy Hong Kong Exchanges and Clearing – no stock specific news, stock down with market beta Wuxi Biologics Cayman - sold from the portfolio after an abrupt change of 2024 guidance by management, damaging credibility	
The changes over quarter:	Reduced China. Moved to overweight in South Korea and Taiwan. Added in Indonesia. Took profits in India. Added to cyclical technology names and AI sensitive securities.	

Performance by country

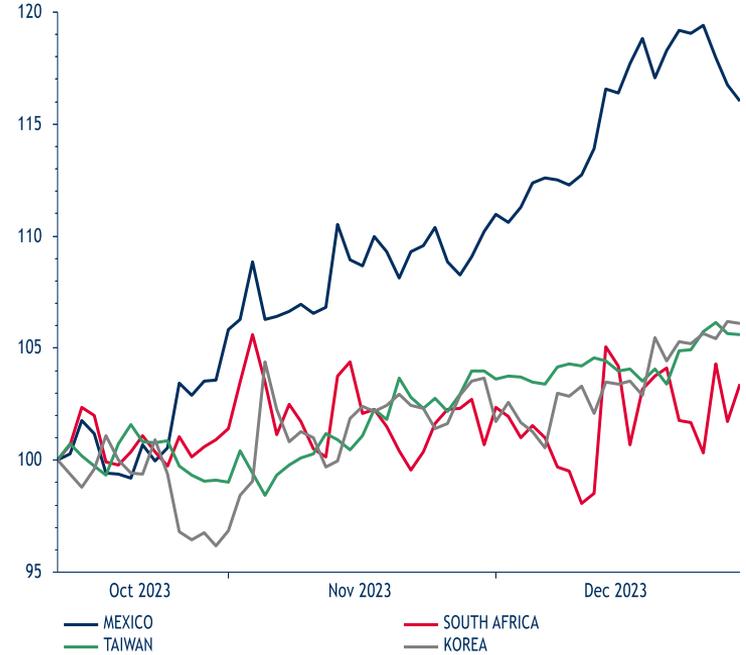
December 31, 2023

PERFORMANCE RELATIVE TO MSCI EM



Source: LSEG Datastream

PERFORMANCE RELATIVE TO MSCI EM



Source: LSEG Datastream

Attribution By Country (Q4)

December 31, 2023

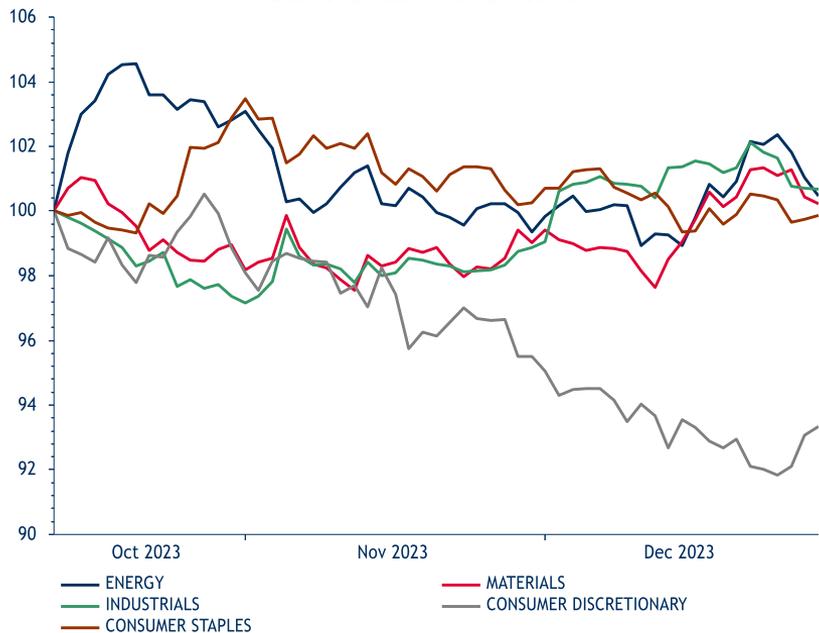


	Stock Selection (%)	Allocation (%)	Net Impact (%)
Emerging Market Asia	1.26	0.07	1.33
<i>China</i>	-0.21	0.32	0.11
<i>Hong Kong</i>	-0.11	-0.23	-0.34
<i>India</i>	0.65	0.14	0.80
<i>Indonesia</i>	0.11	-0.02	0.08
<i>Malaysia</i>	0.04	0.01	0.04
<i>Philippines</i>	-0.02	-0.01	-0.03
<i>South Korea</i>	0.85	0.13	0.98
<i>Taiwan</i>	0.00	-0.08	-0.08
<i>Thailand</i>	-0.15	-0.07	-0.22
Emerging Market Europe, Middle East and Africa	0.19	0.36	0.55
<i>Greece</i>	-0.11	0.08	-0.03
<i>Gulf Markets (Saudi Arabia, Qatar, UAE, Kuwait)</i>	0.00	0.21	0.20
<i>Hungary</i>	0.00	-0.02	-0.02
<i>Poland</i>	0.19	0.04	0.23
<i>South Africa</i>	0.10	-0.09	0.02
Emerging Market Latin America	-0.07	-0.41	-0.48
<i>Brazil</i>	0.00	-0.25	-0.25
<i>Mexico</i>	-0.06	-0.10	-0.16
<i>Chile</i>	-0.02	0.00	-0.02
Frontier Markets	0.00	-0.06	-0.06
Cash	0.00	-0.32	-0.32
Other	0.00	-0.05	-0.05
Total	1.37	-0.40	0.97

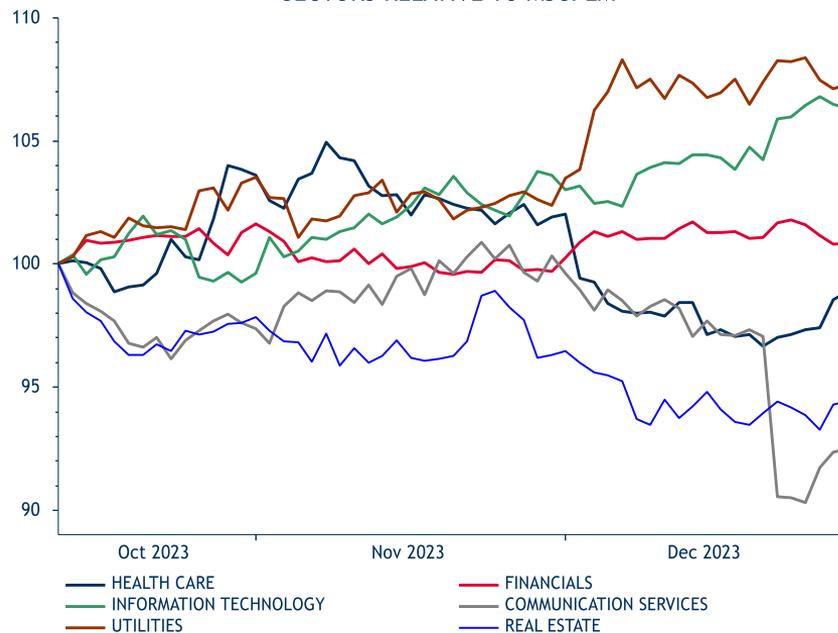
Performance by Sector

December 31, 2023

SECTORS RELATIVE TO MSCI EM



SECTORS RELATIVE TO MSCI EM



Sector Attribution (Q4)

December 31, 2023



	Stock Selection	Sector Allocation	Net Impact	Portfolio Returns	MSCI EM Returns	Average Active Weight
Energy	-0.31%	-0.01%	-0.32%	0.35%	6.78%	-1.49%
Materials	-0.05%	0.08%	0.03%	2.51%	6.78%	-7.12%
Industrials	0.26%	-0.06%	0.21%	9.19%	6.23%	0.73%
Consumer Discretionary	-0.42%	-0.02%	-0.45%	-1.51%	0.79%	0.55%
Consumer Staples	0.75%	-0.02%	0.73%	17.23%	6.22%	0.65%
Health Care	-0.28%	-0.07%	-0.35%	0.98%	7.40%	0.37%
Financials	0.53%	-0.01%	0.52%	11.22%	8.30%	-3.70%
Information Technology	0.62%	0.74%	1.36%	20.30%	17.80%	7.71%
Communication Services	-0.21%	-0.16%	-0.37%	-1.87%	0.04%	1.51%
Utilities	0.0%	-0.13%	-0.13%	-8.86%	12.91%	-2.62%
Real Estate	0.0%	-0.02%	0.06%	3.63%	-0.13%	0.22%
Cash	-0.06%	-0.26%	-0.32%			3.18%
Total	0.90%	0.07%	0.97%	8.85%	7.93%	

Security Attribution (Q4)

September 30, 2023

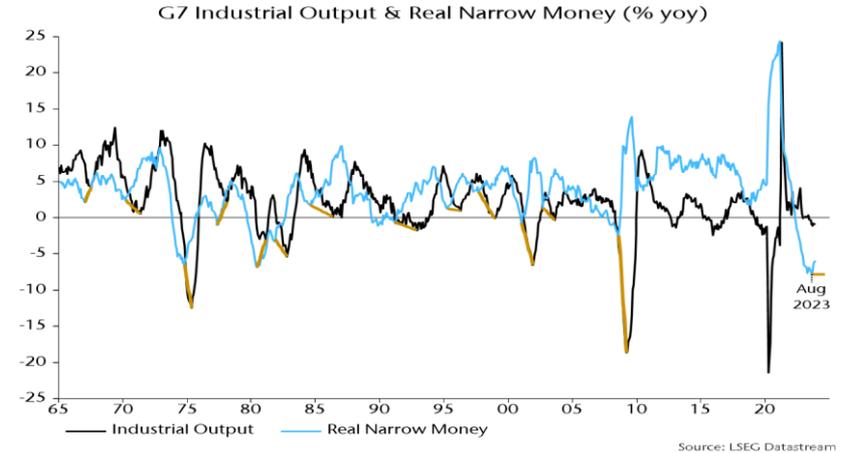


Name	Sector	Security Selection	Security Market Performance	End Active Weight
Top Contributors				
Varun Beverages	Consumer Staples	0.71%	30.52%	3.30%
Bank Pekao	Financials	0.45%	67.20%	1.23%
Meituan	Consumer Discretionary	0.38%	-28.32%	-0.75%
Max Healthcare Institute	Healthcare	0.30%	20.70%	2.46%
HPSP	Information Technology	0.25%	52.38%	0.77%
Bottom Detractors				
PDD Holdings	Consumer Discretionary	-0.49%	49.19%	-1.24%
Hong Kong Exchanges & Clearing	Financials	-0.30%	-8.13%	0.79%
Wuxi Biologics Cayman	Healthcare	-0.25%	-34.89%	-0.21%
Mediatek	Information Technology	-0.19%	45.25%	-0.71%
Ptt Exploration & Production	Energy	-0.19%	-6.73%	1.10%

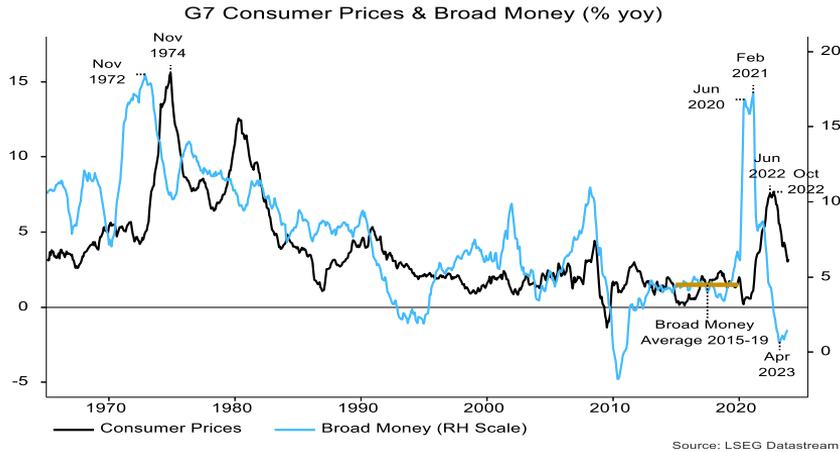
Fall in real money momentum through September suggesting PMI decline through end-Q1



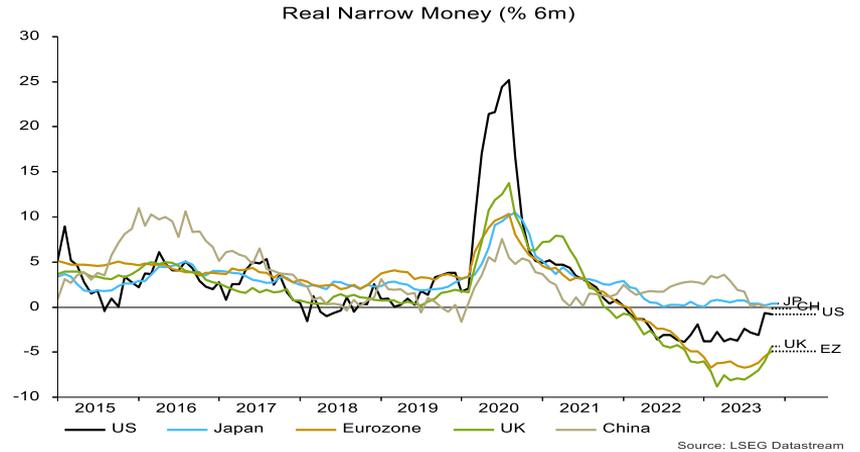
Forecast of 2024 weakness consistent with average historical lag (12 months)



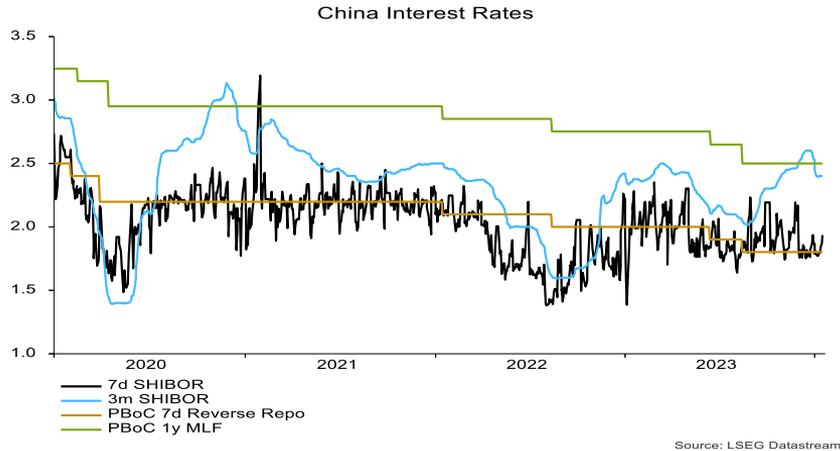
Inflation tracking 2021-23 money growth fall, suggesting return to targets by H2



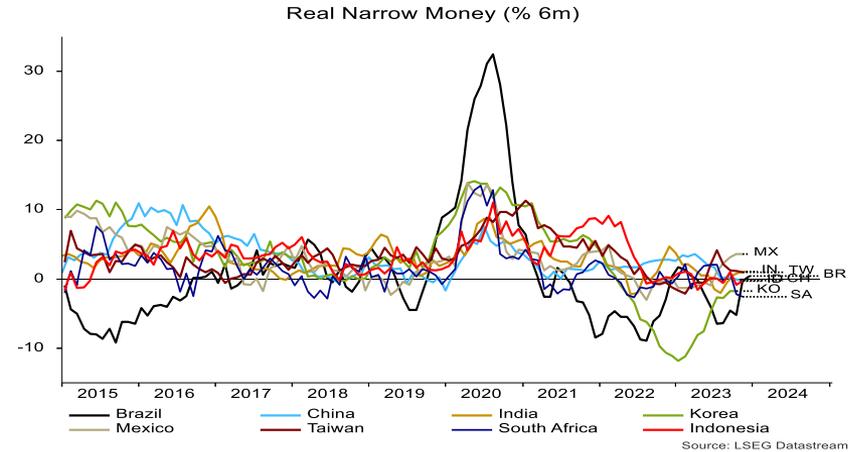
Real money momentum off lows in US / Europe, still weakening in China



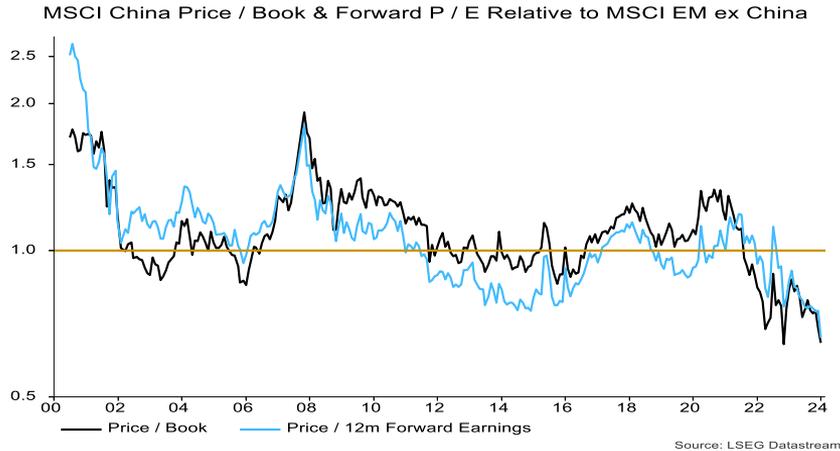
PBOC tightened August-December, policy pivot at year-end?



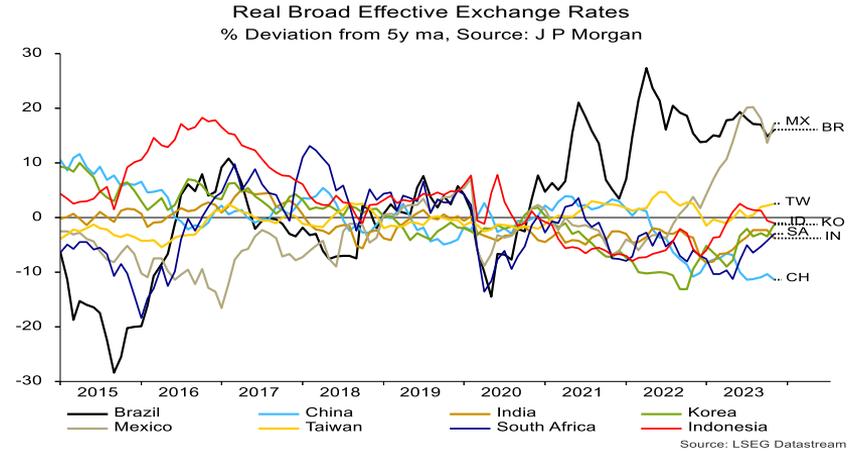
Chinese real money momentum still mid-range vs other EM



MSCI China at record discount to rest of EM

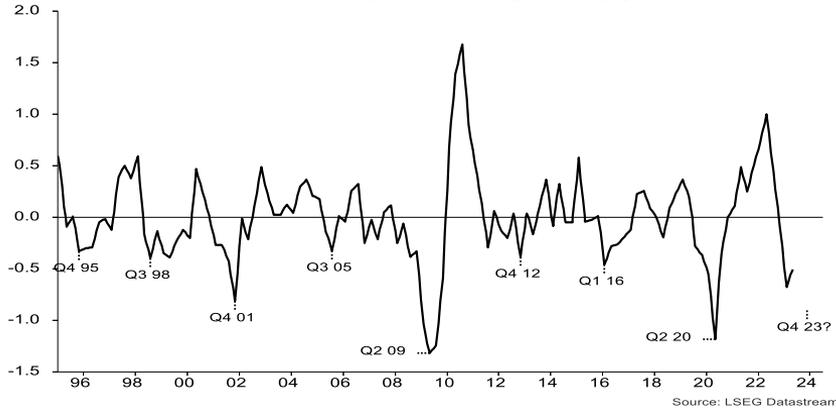


Chinese exporters competitive, MXN / BRL overvalued



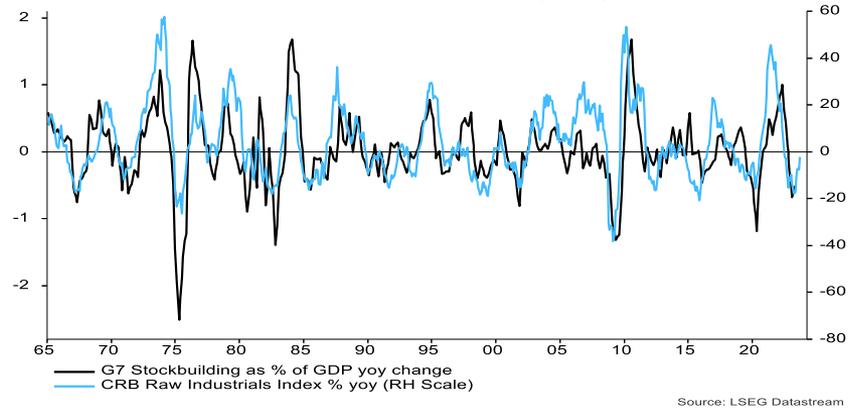
Stockbuilding cycle on course for H2 low

G7 Stockbuilding Cycle
G7 Stockbuilding as % of GDP (yoy change)

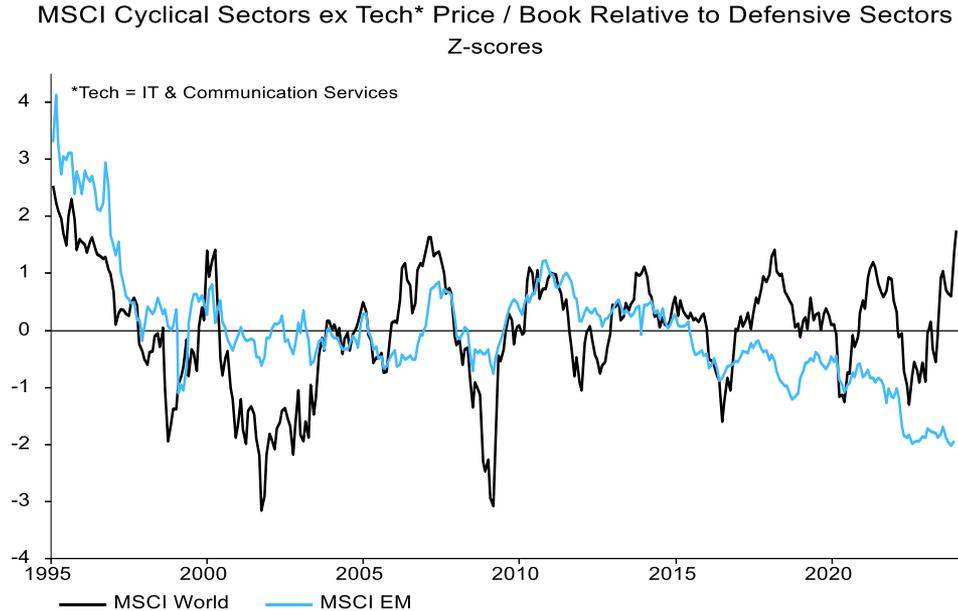


Commodity prices correlated with cycle – 2024 recovery?

G7 Stockbuilding as % of GDP (yoy change)
& Industrial Commodity Prices (% yoy)

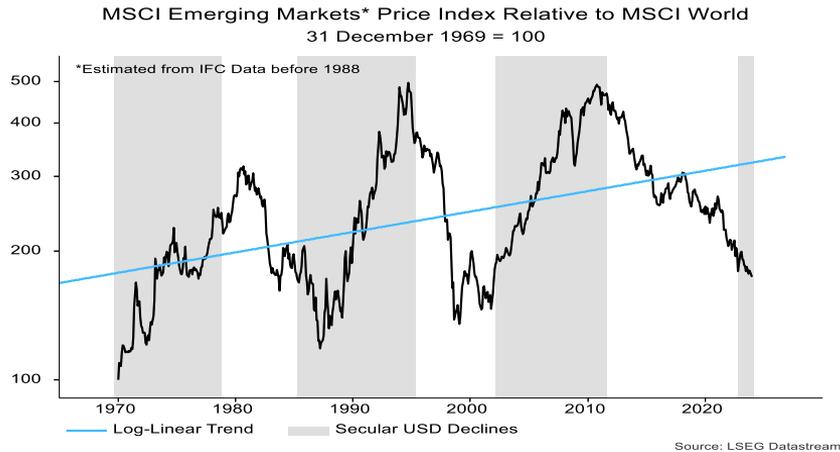


Em cyclical vs defensive sector valuation discounting economic weakness, unlike DM

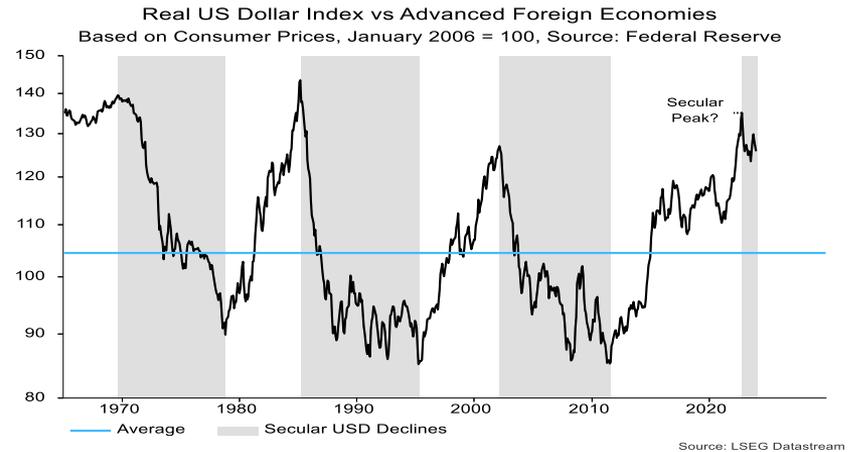


Source: LSEG Datastream

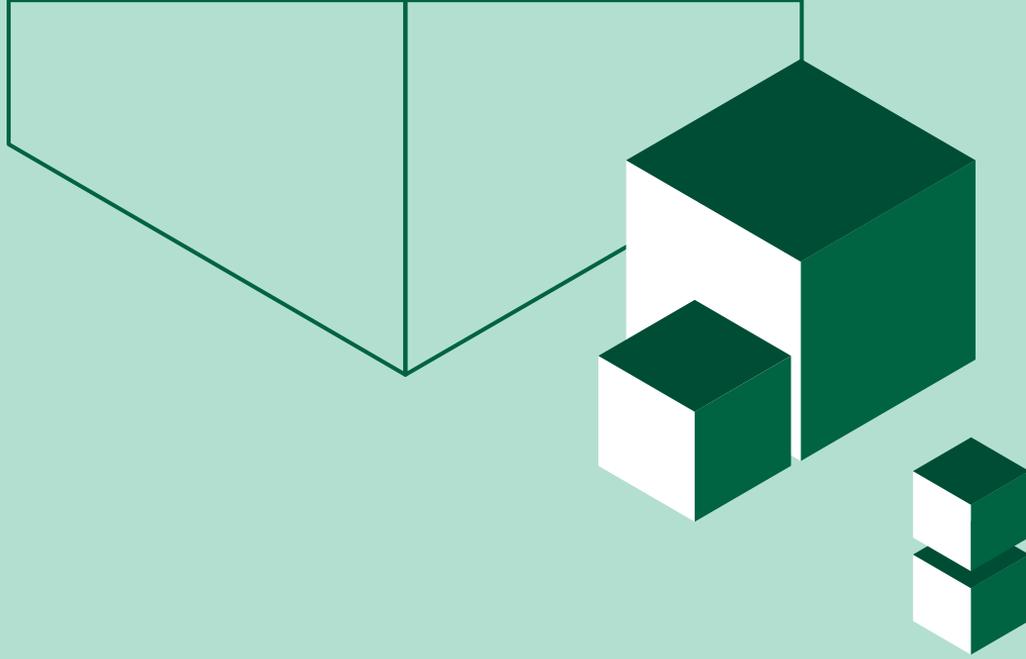
EM relative possibly bottoming if USD peak holds



USD holding below October 2022 high



- ▶ Peak economic impact of monetary weakness ahead
- ▶ Further inflation fall - late 2024 deflation scare?
- ▶ EM checklist mixed, improvement expected over 2024
- ▶ China record cheap vs. EM, awaiting monetary policy pivot
- ▶ CNY super-competitive, BRL / MXN expensive
- ▶ EM cyclical sectors discounting economic weakness



Appendix

see money differently

- Quality growth bias maintained
- Beta: 0.99
- Tracking Error: 3.88

Style Exposures



Top Transactions - Purchases (Q4)

December 31, 2023



Country	Name	Sector	Active Weight (%)	Comments
Top Purchases				
China	Shenzhou International Group	Consumer Discretionary	1.4	Sports apparel manufacturer for global brands, set to benefit from an end to inventory destocking
Taiwan	Wiwynn Corp	Information Technology	1.1	Designs and manufactures servers for large cloud customers
China	PetroChina	Energy	1.0	One of the lowest cost oil producers globally; management working to improve ROE and dividends
Taiwan	Lotes	Information Technology	0.8	Manufacturer of CPU socket pins, critical for high-speed data and power transfer in electronics
China	Wuxi Apptec	Healthcare	0.7	Top tier drug R&D outsourcer, boosted by a recovery in drug development funding

Top Transactions - Sales - (Q4)

December 31, 2023



Country	Name	Sector	Active Weight (%)	Comments
Top Sales				
China	Alibaba Group	Consumer Discretionary	1.4	Reduced to add to BYD in China
India	Varun Beverages	Consumer Staples	1.1	Profit taking in consumer staple winner in India
China	East Money Information	Financials	0.8	Underperformance of China market weighing on mutual fund sales; recycled into more defensive exposure
China	Meituan	Consumer Discretionary	0.8	Consumer weakness and competitive ecommerce environment
Hong Kong	Hong Kong Exchanges & Clearing	Financials	0.7	Reducing exposure, proxy for poor China sentiment

Top Transactions - Sales - (Q4)

December 31, 2023



Region	Portfolio (%)	Index* (%)	Deviation (%)
Emerging Markets Asia	85.3	77.9	7.4
<i>China</i>	22.9	26.5	-3.6
<i>Hong Kong</i>	2.6	0.0	2.6
<i>India</i>	20.2	16.7	3.5
<i>Indonesia</i>	2.8	1.9	0.9
<i>Philippines</i>	1.3	0.6	0.7
<i>South Korea</i>	14.7	13.0	1.8
<i>Taiwan</i>	16.2	16.0	0.2
<i>Thailand</i>	3.4	1.8	1.6
Emerging Markets: Europe, Middle East & Africa	5.4	12.7	-7.3
<i>Greece</i>	2.0	0.5	1.5
<i>Gulf Markets (Saudi Arabia, Qatar, UAE, Kuwait)</i>	0.4	7.1	-6.7
<i>South Africa</i>	1.3	3.1	-1.7
Emerging Markets Latin America	5.8	9.5	-3.7
<i>Brazil</i>	3.1	5.8	-2.7
<i>Chile</i>	0.9	0.5	0.4
<i>Mexico</i>	1.8	2.7	-0.9
Frontier	0.5	0.0	0.5
Markets Other	1.2	0.0	1.2
Cash	1.8	0.0	1.8
Total	100%	100%	

Sector Allocation - (Q4)

December 31, 2023



	Portfolio (%)	Index* (%)	Deviation (%)
Energy	3.7	5.1	-1.4
Materials	0.0	7.9	-7.9
Industrials	7.2	6.8	0.5
Consumer Discretionary	13.1	12.8	0.3
Consumer Staples	7.2	6.0	1.2
Health Care	4.2	3.8	0.5
Financials	18.7	22.3	-3.6
Information Technology	31.8	22.1	9.7
Communication Services	10.3	8.8	1.5
Utilities	0.0	2.7	-2.7
Real Estate	1.9	1.6	0.3
Cash	1.8	0.0	1.8
Total	100%	100%	

*MSCI Emerging Markets Net

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