

# Oriflex BP Regeling

## Oriflex Emerging Markets

### Stichting Pensioenfonds Atos Origin

Eerste Kwartaal 2024

# BLACKROCK

#### Performance Overview:

The Fund underperformed its benchmark, the MSCI Emerging Markets Index, in 1Q, by -5% [D2 USD, net of fee]

MSCI EM built on a solid February, gaining +2.5% in March although reverted to marginally underperform DM (+3.3%) by -0.8%. Positive inflation dynamics and resilient growth in the US led to more muted optimism for early easing, whilst AI optimism drove tech heavy markets. EM Asia (+2.6%) was the best performing region, driven by strong returns out of North Asia. LatAm lagged, finishing the month up slightly (+1.1%). Brazil (-1.8%) was the major driver of muted returns on softer economic data. EMEA was the worst performing region, ending the month flat +0.2%, with high degrees of dispersion across the region.

#### Performance & Positioning

The BSF Emerging Markets Equity Strategies Fund underperformed its benchmark, the MSCI Emerging Markets Index, in Q1 2024. Shorts contributed in aggregate but were more than offset by the long book. Taiwan, Thailand, and Panama were amongst the top contributors over the period, whilst China, Brazil, and Ukraine detracted. At the sector level, communication services, IT, and discretionary performed well. Industrials, real estate, and utilities weighed on relative returns.

Xinyi Solar was the top contributor following strong margin growth vs 1H23. It appears we may be at an inflection point in the solar glass cycle where capacity additions have decelerated and demand continues to surprise to the upside, with industry utilization steady at c85%. We were happy to build exposure early as Xinyi has a strong peer relative position and an turning point of supply/demand dynamics can be rather sharp, and have so far benefitted from this off consensus exposure. Thai telecom True Corp was also among the top performers as the merger with DTAC was finalised in March and investors remain optimistic on improving ARPU's and cost cutting/synergies. In aggregate, we've seen very strong performance from a couple short EV OEM positions as waning global demand meets more intense competition. One Chinese name in particular cut 1Q delivery guidance on an overestimation for two of their newer product launches. We've maintained the short position as still high valuations leave the stock vulnerable to further sales/delivery disappointment, but are paying close attention to any changes in management tone and central government policy that could support their outlook.

On the other hand, Chinese optical lens manufacturer Sunny Optical was the period's largest detractor as investors reacted to very conservative guidance from management, which we believe was driven by weaker 2023 earnings on irrational price competition that has since adjusted. Sunny has been gaining share with higher-end clients and the team hopes this in addition to improving ASPs will lead to margin expansion. We are happy to maintain exposure despite the recent weakness. An underweight to TSMC hurt relative returns, following increases in demand from AI excitement and recently raised prices. Ukrainian iron ore pellet producer Ferrexpo continued to weigh on performance in March. In addition to cancellation of the dividend announced in January, the company communicated that they needed more time to finalize FY results, following potential proceedings related to one of their mining units in Ukraine.

We've been active in China, more recently showing greater interest towards higher yielding stocks as the yield curve nears inversion, signaling the central bank being too slow to cut rates to stimulate the economy. We've subsequently added to our Sinopec position, which should also benefit from 'market value management' rhetoric looking to boost the market confidence surrounding SOEs. In March, we reduced gross consumer exposure across both sides of the book following strong performance. Conversely, we initiated a position in Kuaishou (cheap vs the growth it's delivered given steady top line growth in ads and ecommerce) to help manage China net/beta. Elsewhere we rotated exposure in Brazil, swapping Bradesco in for Cielo, and BRF for Minerva on the back of relative performance. We also initiated a position in Egypt's Commercial International Bank as our macro view on the market has improved post the currency devaluation and the stock should benefit from balance sheet growth as penetration in Egypt remains low.

The fund ended the quarter most overweight Hungary, UAE, and Philippines, whilst being underweight India, Taiwan, and Turkey. At the sector level we are overweight real estate, industrials, and materials, whilst being most underweight financials and consumer sectors. Gross exposure sits at 174.0%, net exposure is 99.0%. Beta is 1.01.

#### Omvang fonds

Waarde begin van de periode € 2,093,916

Waarde eind van de periode € 1,934,250

#### Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	4.96%	-0.05%	-4.05%	3.07%	7.59%
Benchmark	3.40%	-1.57%	-7.37%	0.90%	5.73%