

# Oriflex BP Regeling

## Oriflex Emerging Markets

### Stichting Pensioenfonds Atos Origin

Tweede Kwartaal 2024

# BLACKROCK

#### Performance Overview:

The Fund underperformed its benchmark, the MSCI Emerging Markets Index, in 2Q, by -2% [D2 USD, net of fee]

MSCI EM showed strong resilience, gaining +5.0% in Q2 outperforming DM (+2.6%) by a decent margin after significantly lagging DM in Q1. Strong macro prints in China, rising commodity prices and a tilt towards Value helped lift sentiment early in the quarter. EM experienced a sharp correction in May as the market responded to stickier inflation prints in the US and lower expectations surrounding the number of Fed cuts this year. However, June was a strong month on the back of AI driven Tech rally (Taiwan, Korea) and post-election strength in South Africa and India.

#### Performance & Positioning

The long book contributed while shorts detracted.

The stock selection in and overweight to Brazil were the largest detractors, Overweight Philippines and net short Turkey also hurt relative performance. On the other side, underweight to and selection within Saudi Arabia contributed positively. Underweight to Mexico and selection in India were also additive.

Overweight Chinese solar energy manufacturer, Xinyi Solar Holdings, was the largest detractor as the stock declined due to reduced profits driven by a weakening Renminbi (RMB) and high financial costs. The sector has been under pressure, but we continue to see growth potential in the solar glass vertical. Philippines conglomerate Ayala also hurt. As part of the carry complex, the stock market has been under pressure from higher-for-longer rates. We believe Ayala is a robust company at compelling valuations and a good way to play an eventual recovery in the country as rates recede. Underweight Taiwanese foundry giant, TSMC, also hurt as the company has rallied >20% over the quarter, on AI-driven optimism.

On the positive side, our consumer discretionary shorts have contributed strongly to performance. Earnings downgrades in the EV sector are starting to reflect in valuations, and elsewhere, a weaker consumer in China is impacting global luxury spending and outlook. Our overweight position in Indian automobile manufacturer, Mahindra and Mahindra, performed strongly over the quarter, helped by firmer evidence of a strong SUV product cycle and market share gains.

We increased exposure to Qatar, purchasing Qatar National Bank which is an established middle-eastern franchise trading at multi-year lows. We exited our position in copper producer First Quantum as the stock has rallied significantly on copper strength. In India, we used the immediate weakness post elections to top up our existing holdings in Financials, though we remain underweight overall given the market's subsequent rally and enduring high valuations. We reduced China exposure (the market is up >7% over the quarter) and now maintain a small underweight to the market. We exited JD.COM in China and True Corp in Thailand to lock profits. We brought our Mexico positioning from underweight to neutral, building a position in Banorte Bank which looks compelling. We expect Mexico's newly elected President, Claudia Sheinbaum, to be pragmatic, and continue to view Mexico as a long term beneficiary of the "world in three". We have used this correction in the market and the currency as an opportunity to add.

The fund is most overweight Brazil, UAE, and Philippines, whilst being underweight Taiwan, India, and net short Turkey. At the sector level we are overweight industrials, real estate, and materials, whilst being most underweight consumer discretionary and financials. Gross exposure sits at 191.5%, net exposure is 101.3%. Beta is 1.11.

#### Omvang fonds

Waarde begin van de periode	€ 1,934,250
Waarde eind van de periode	€ 1,442,211

#### Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	6.42%	8.76%	-2.50%	4.79%	7.62%
Benchmark	7.63%	10.33%	-5.78%	2.85%	5.75%