

Oriflex BP Regeling

Oriflex Emerging Markets

Stichting Pensioenfonds Atos Origin

Derde Kwartaal 2024

BLACKROCK

Performance Overview:

The Fund outperformed its benchmark, the MSCI Emerging Markets Index, in Q3, by 1.8% [D2 USD, net of fee]

MSCI EM Index rallied +8.7%, outperforming DM (+6.4%) driven primarily by sentiment surrounding US inflation and growth expectations, the anticipation around the Fed easing, and most recently a material shift in Chinese stimulus policy.

Risk-on sentiment improved throughout the quarter as the Fed began its easing cycle a 50bps cut, overcoming recession concerns following a weaker than expected jobs report. Whilst on the higher end of the range, confidence that inflation would continue its downward trend, and that the move was to help prevent a further softening of the job market was viewed positively. Continued US Dollar weakness provided a tailwind for much of EM.

Drivers of Performance:

The fund saw strong gains from the long book, whilst the short side detracted.

China was the standout performer following a dramatic change in PBoC stance following the September Fed cut, with the Politburo meeting highlighting the need for urgent policy action to combat economic weakness. The market surged +23.5% in September on shifting sentiment. Exposure in Taiwan and being net short Turkey were also net contributors to relative returns, whilst positioning in Hungary, Korea, and Brazil hurt performance.

At the sector level, industrials, real estate, and materials performed well, whilst exposure in the consumer discretionary, IT and utilities detracted.

Chinese developer, Sunac, was the month's largest contributor, rallying on news of Chinese stimulus aimed at easing the property sector.

Similarly, Alibaba and insurer, AIA, were also among the top performers, as the market rallied around stimulus expectations and fund flows.

Samsung was the period's worst performer as we observed rotation away from AI tech in Korea with retail investors showing a preference for EV-related names. Concerns over US recession and capex spend put pressure on the sectors, whilst lower than expected production yields for their high bandwidth memory chips also hurt the stock.

Our overweight to Hungarian airline, Wizz Air Holdings also hurt relative performance. The stock declined due to weakening demand and competitive pricing pressure, whilst leasing costs remain elevated as part of their fleet remains grounded for maintenance following issues with their P&W engines.

A short Thai electronic component manufacturer position weighed on returns as the company has done a good job innovating their product set to drive business and higher margins.

Changes:

Gross exposure sits at 191.1%, net exposure is 101.6%. Beta is 1.10.

We exited our position in YPF as our macro view on Argentina has weakened, particularly relating to concerns around President Milei's ability to push through reforms.

We initiated a position in India's Vodafone Idea. The company has been under pressure from a pending supreme court decision indicating whether there will be a deferral or reduction of AGR dues. Given very cheap valuations for their size and market share, we believe this trade has a strong asymmetric risk/return profile, with significant upside if either outcome is reached.

We bought back a position in Wiwynn following a pullback in the names on strong general server recovery and strong capex expectations from US hyperscalers.

Most recently, we scaled down some Chinese positions into strength post stimulus announcements.

We exited Chinese human resources company, Khanzhun, as well as Qatar lender, QNB, following strong returns.

Key Positioning:

The fund is most overweight, UAE, China, and Philippines, whilst being underweight India, Taiwan, and net short Argentina and Turkey.

At the sector level we are overweight industrials, IT, and real estate whilst being most underweight consumer discretionary and financials.

Omvang fonds

Waarde begin van de periode	€ 1,442,211
Waarde eind van de periode	€ 1,418,288

Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	3.72%	14.63%	-0.23%	5.13%	7.44%
Benchmark	6.95%	20.00%	-0.18%	4.27%	5.82%