Oriflex BP Regeling
Oriflex Emerging Markets
Stichting Pensioenfonds Atos Origin

Vierde Kwartaal 2024

BLACKROCK

Performance Overview:

The fund overperformed its benchmark, the MSCI Emerging Market Index, over the quarter.

MSCI EM had a difficult quarter to finish the year, down 8% and underperforming MSCI World which finished flat. In the aftermath of President Trump winning his second presidential term, EM headwinds intensified on the back of tariff threats and a stronger US Dollar.

Drivers of Performance:

- The short book was up in aggregate however it was not enough to offset weakness on the long side.
- At the country level, UAE, Ukraine and Taiwan were the quarter's top contributors, whilst Brazil and Thailand weighed on returns as did a collection of EM through DM-listed names on both the long and short sides of the book.
- At the sector level, real estate, materials and utilities performed best, whilst financials, consumer discretionary, and communication services detracted.
- UAE developer Emaar Properties was the top contributor after reporting strong 3Q24 results, exceeding EPS expectations by 25%. Additionally, Seasonal factors around the holidays have been a tailwind as the company holds some of the most renowned properties such as the Dubai Mall.
- Ferrexpo, a Ukrainian iron ore pellet producer was also among the top contributors in 4Q reflecting investors assigning a higher probability for some form of resolution to the Russia/Ukraine conflict under a Trump administration.
- Taiwanese IT names continue to benefit from excitement surrounding the AI trade. Taiwanese networking and communications solutions company, Accton, was a top contributor, supported but posted robust revenue growth amid accelerating technological advancements in their hyperscale data centre networking technologies.
- Indusind Bank was among the largest detractors . The stock's share price fell as a result of disappointing earnings for the quarter ended September 2024, profitability significantly declined due to a drawdown in the microfinance lending book, with higher credit losses as asset quality weakened.
- An overweight Brazilian integrated healthcare operator, Hapvida, was continued to hurt relative returns as widespread judicialization of the healthcare sector is leading to increased provisions for lawsuits and ha negatively impacted Hapvida's financial results.
- Short EV related names also dragged on returns.

Changes:

- Gross exposure sits at 186.2%. Net exposure was 106.6%, driven by some short covering. Beta was 1.21 at the end of the period. All metrics ended the month at the higher end of their respective ranges indicating a robust opportunity set on both sides of the book. Tracking error remains at 10.6%, within our target range.
- We took advantage of extreme price moves in China over the period (both in reaction to stimulus announcements and concerns over US elections to right size exposure). This led to taking profits in names like Luxshare and Sunac following strong returns, whilst also adding risk into Topsports and Prudential which have lagged. In November we again bought into the volatility, initiating positions in Sany Heavy on the view that local government disbursements will help release some of the pent up project demand for yellow goods, as well as Ningbo Ronbay, the main supplier of high nickel cathodes in EV batteries sold by CATL.
- Elsewhere we initiated a position in Raifeissen Bank. The lender had a meaningful portion of its profitability driven by Russia, which was effectively written off by the market post Russia's invasion of the Ukraine and subsequent sanctions. We believe the stock provides asymmetric risk/reward, whereby some form of ceasefire/resolution to the conflict could see the market reassign some value back to the company's operations.
- More recently we trimmed winners to book profits (ie Emaar, Topsports, and Guangdong Investment). We also exited Wiwynn which has rallied sharply, continued to expand its global production capacity and benefited from growing demand for data center technologies.

Key Positioning:

- The fund is most overweight China, UAE, and Brazil, whilst being underweight India, Taiwan, Saudi Arabia, and net short Argentina and Turkey.
- At the sector level we are overweight industrials, real estate and consumer staples, while being underweight consumer discretionary and financials.

Omvang fonds

Waarde begin van de periode	€ 1,418,288
Waarde eind van de periode	€ 1,258,783

Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	1.95%	18.12%	1.04%	4.00%	6.99%
Benchmark	0.76%	19.93%	-0.09%	2.59%	5.43%