Oriflex BP Regeling
Oriflex Emerging Markets
Stichting Pensioenfonds Atos Origin

Tweede Kwartaal 2025

BLACKROCK

Performance Overview:

- The fund underperformed its benchmark, the MSCI Emerging Markets Index, over the quarter. The investor experience will vary based on the share class.
- MSCI EM gained +7.0% in September, ending 3Q25 up +10.1%. This marked the third consecutive quarter of EM outperformance (+3.9%/+3.1% vs MSCI DM and +3.5%/+2.3% vs MSCI US over those respective periods). Notably, this is the first time this has happened since the start of Trump's first term in 2017. Tariffs remained a key driver over the period as markets responded to the effective date of reciprocal tariffs being pushed out, with particular attention on developments with China, India, and Brazil. Whilst the Trump administration's rhetoric against Fed Chair Jerome Powell intensified over the pace of easing, markets welcomed the expected 25bps rate cut in September, as the central bank looks to balance a desire to lower still-high inflation and provide support for a weakening jobs market. All EM regions ended the quarter in positive territory, individually outpacing both DM and the US. Precious metals sored over the quarter, with Silver gaining c30% to end the period at $46.7/oz and Gold up +16.8% amid continued central bank demand and Fed independence concerns.

Drivers of Performance:

- Long book performance was strong, outperforming the broader market, whilst the short book detracted in aggregate
- At the country level, stock selection in China and a heavy underweight to India were clear areas of strength, whilst our overweight to Brazil, ASEAN, and a collection of DM-listed exposure weighed on relative returns.
- At the sector level, outperformance was concentrated within industrials. Selection across consumer discretionary and utilities detracted.
- Chinese auto positioning was a dominant driver of performance in 3Q, with long and short exposures topping the tables. Nio shares soared on excitement around their Onvo L90 launch which attracted consumer attention for large front and back storage capacity and was priced lower than expected. Similarly, our short positioning in a relatively new entrant, also benefitted the Fund as hype around their new model launches has died down and growing customer complaints surrounding delivery timelines. We continue to believe this area of the market will be a strong source of alpha going forward amid high competition and quick shifts in sentiment on a product-by-product basis.
- Sieyuan Electronics, an electrical solutions and services provider has also performed well. We have observed continued tight supply demand dynamics whilst ASEAN/EU/ME regions are all seeing growth. September performance was boosted by a resumption in northbound trading as foreign ownership in the name fell below the 26% threshold mid-month.
- Elsewhere, a short LatAm consumer discretionary position also benefitted the fund. The company has fallen under competitive pressure from Amazon resulting in a number of marketing and discounting actions that will put pressure on margins.
- A lack of positioning in Tencent as well as a large underweight to Alibaba over the quarter were among the largest detractors. Both names surged on AI-related excitement, specifically optimism surrounding Alibaba's cloud business and expectations of Tencent's ad tech upgrade and launch of in-app AI agent in WeChat linked to transaction fulfilment.
- Philippines conglomerate Ayala Corp was amongst 3Q25's worst performers, underperforming the already challenged market amid macro headwinds and foreign outflows.
- Argentine IT Services firm, Globant, was the period's worst performer. Whilst 2Q25 earnings were in line with market expectations, the stock sold off after the company lowered guidance. We topped up on weakness.

Changes:

- Gross ended the quarter relatively in line with where it started at the end of June at c166%, however, we reduced gross quite significantly in August following a very strong month and added risk back into the portfolio in September. Net exposure moved up to 98.6%. Beta was 0.91 at the end of the period.
- Korea net is now 15% (+4.1% active), following strong returns in Samsung Electronics and SK Hynix, as well a new position in Kia. We believe their current model cycle should see good adoption in Europe and the US, and the company has guided no change in ASP despite tariff uncertainty, in an effort to take market share. Lower rates and better than expected USMCA tariffs could also provide additional upside surprise.
- We added Mexico back into the portfolio by initiating a position in Walmex, taking advantage of the share price weakness following their 2Q earnings release as we believe the market had overreacted.
- We also reduced our underweight in India at the margin, adding a position in utility, Gail India, on expectations the company can benefit from the PNGRB approved reforms to Natural Gas Pipeline Tariff regulations. The position was funded by an exit of Mahindra & Mahindra to manage broader exposure to India.
- We have been active in the IT hardware space, taking advantage of outsized market moves to reduce risk and take profits and rotate capital across names as the market opportunities present themselves

Key Positioning:

- The fund is most overweight Turkey, Brazil, and Korea, whilst being underweight Taiwan, India and net short Greece.
- At the sector level we are overweight industrials, real estate, ad staples, whilst being most underweight financials and IT.

Omvang fonds

Waarde begin van de periode	€ 1,289,164
Waarde eind van de periode	€ 1,142,002

Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	2.32%	6.25%	3.50%	5.23%	4.74%
Benchmark	4.29%	11.11%	4.20%	3.94%	3.57%