

Q1 2022 GBP

KBI Global Investors



KBIGI Emerging Markets Equity Strategy

Summary Details

Assets under Mgmt.	£580.6m
Inception Date	01 Aug 2010
Benchmark	MSCI Emerging Markets Net Return Index
Number of Stocks	97

Risk Characteristics

Beta (10 Yrs)	0.93
Information Ratio (10 Yrs)	-0.08
Volatility	13.28

Portfolio Statistics	Strategy	Index
Dividend Yield	4.0%	2.6%
Dividend Payout	45.1%	36.1%
Dividend Growth	19.4%	15.1%
Total Payout Yield	3.9%	1.8%
Price to Earnings (trailing)	8.2x	12.3x
Price to Book	1.3x	1.9x
Weighted Avg Mkt Cap.	\$81.0bn	\$115.4bn
ESG Score	6.1	5.4
Wtd Avg Carbon Intensity	126.8	324.4

Source: KBI Global Investors as of 31/03/22. The risk characteristics are calculated independently by KBI Global Investors using monthly gross returns of the composite over a 10 year period relative to the Index as at the 31/03/22. Portfolio and Benchmark Statistics are from a representative account managed to the same strategy and the benchmark respectively. KBI Global Investors independently estimate these statistics for both the portfolio and the benchmark. The AUM listed above is Global Equity Emerging Markets AUM excluding AUA from Q1 2022. Weighted Avg. Mkt. Cap figures are in US Dollars. KBI calculate the Weighted Average Carbon Intensity figure for the portfolio (representative account managed to the same strategy) quarterly. Index carbon intensity data is sourced from MSCI ESG Research. KBI calculate the ESG scores for the portfolio (representative account managed to the same strategy) quarterly. Index ESG ratings are sourced from MSCI ESG Research.

Investment Philosophy

We are "total return" investors.

Our conviction is that companies with the financial strength and discipline to maintain and grow their dividend commitments outperform.

Uniquely, we find such companies across all capitalisations, and in every sector and every region, even ones where dividends are low and not typically used as a method of analysis. By "looking where others don't look" we consistently find and exploit mispriced stocks.

The main reasons for outperformance are:

- Quality of information
- Better governance
- Plentiful positive earnings surprises
- Capital efficiency and financial discipline
- Lower volatility
- Better valuations

Annualised Performance (£)

	3Mths	YTD	1Yr	3Yrs	5Yrs	Since Incep
Fund (Gross)	-3.3	-3.3	-2.9	4.7	3.7	5.1
Benchmark	-4.3	-4.3	-7.1	4.6	4.9	5.2

Source: KBI Global Investors, Datastream, MSCI Emerging Markets Index as of 31/03/22

KBI calculate both composite returns and benchmark returns. Returns are gross of fees in GBP. Our firm claims GIPS compliance and is annually verified by an independent verification firm to be so. The verification report from our verifier and our GIPS composite presentation are available upon request. The performance record disclosed here is that of the firm's composite for this strategy. The Emerging Markets Equity composite is a well-diversified, all cap, strategy that invests across all 24 industry sub classifications of the global emerging markets as defined within the MSCI Emerging Markets benchmark. No active currency management is undertaken. The strategy invests purely in those companies that pay above average dividends relative to their industry peer group and is managed by a dedicated, specialist team of investment professionals in Dublin, Ireland. The material risks associated with the composite include market risk and stock-specific event risk. Share prices can decline and there is a risk that the composite may under-perform its benchmark. The benchmark is the MSCI Emerging Markets Index, inclusive of net income. The net index provides a better comparator for potential investors given the tax treatment on dividend income. The benchmark is designed to measure the equity market performance of emerging market countries. The benchmark is market-cap weighted. Sources of foreign exchange rates may differ between the composite and the benchmark, but not materially so. MSCI benchmark returns assume the reinvestment of dividends after the deduction of withholding taxes. See disclaimers for further information

Investment Process

We summarise our process into three steps

Step 1
<ul style="list-style-type: none"> • Create regional group segments from MSCI Index. • Eliminate stocks below segment average yield. • Lower yield stocks, countries, industries will qualify.
Step 2
<ul style="list-style-type: none"> • Eliminate stocks and segments that fail sustainability, quality and growth criteria. • Rank remaining stocks.
Step 3
<ul style="list-style-type: none"> • Create portfolio preferred financial criteria and highest ranked stocks.

Current Emerging Markets Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI EM Index	+/- %
<3 (small)	4.3	2.8	1.5
3-5 (mid-small)	19.3	6.1	13.2
5-10 (mid)	16.5	14.2	2.3
10-25 (mid-large)	18.7	23.3	-4.6
>25 (large)	41.2	53.6	-12.4

Source: KBI Global Investors as of 31/03/22. Market Cap figures are based on a representative account relative to the Index. Market Cap figures are in US Dollars.

Strategy Overview

Objective

Consistency. Downside protection. Lower risk.

Style

Relative value. High quality. Multi cap. Diversified.

Products

Global, EAFE, Emerging Markets, North America, ACWI, Eurozone.

Investment Team

Key People	Title	Investment Experience
CIO		
Noel O'Halloran	Chief Investment Officer	34yrs
Portfolio Management Team		
Gareth Maher	Head of Portfolio Management	35yrs
David Hogarty	Head of Strategy Development	31yrs
Ian Madden	Senior Portfolio Manager	21yrs
James Collery	Senior Portfolio Manager	21yrs
John Looby	Senior Portfolio Manager	32ys
Massimiliano Tondi	Senior Portfolio Manager	18yrs
Jeanne Chow Collins	ESG & Engagement Analyst	21yrs
Trading		
Ultan O'Kane	Trader	16yrs

Contact Details

Address:

KBI Global Investors Ltd.

3rd Floor, 2 Harbourmaster Place

IFSC

Dublin 1

Ireland

Phone:

+353 1 438 4400

Email:

info@kbigi.com

Web:

www.kbiglobalinvestors.com

Portfolio Positioning			
Sector Breakdown			
Sector	%	Sector	%
Information Technology	23.4	Consumer Staples	4.9
Financials	22.8	Industrials	4.3
Communication Services	11.9	Utilities	2.4
Consumer Discretionary	11.9	Health Care	2.3
Materials	8.8	Real Estate	2.2
Energy	5.1		

Geographical Breakdown	
Region	%
Emerging Asia	77.6
Emerging EMEA	12.8
Emerging Latin America	9.6

Top 10 Holdings		
Stock	Country	%
Taiwan Semiconductor Manufacturing	Taiwan	7.0
Samsung Electronics Company Limited	South Korea	5.1
China Construction Bank	China	2.6
Netease Inc	China	2.5
Banco do Brasil SA	Brazil	2.2
Home Product Center PCL	Thailand	2.1
Agricultural Bank of China Limited	China	2.1
Infosys Technologies Ltd	India	2.0
Industrial & Commercial Bank of China	China	1.9
China Medical System Holdings Limited	China	1.9

Source of all data: KBI Global Investors. Data as of 31/03/22

Overview

In Emerging Markets, Russian stocks became untradeable, were marked down to zero and removed from the benchmark on 9th March. China (-14.1%) suffered a resurgence of COVID-19 and regional lockdowns were contractionary. Regulatory tightening continued with additional restrictions imposed on Alibaba and Meituan.

More broadly however, Emerging market countries had a very positive quarters given the commodity and energy heavy nature of their economies and export profile. Latin America (+27.3%) was the key beneficiary of the new commodity world order as it has a similar supply of natural resources to the Russia/Ukraine bloc and can be an immediate beneficiary of its considerable export similarity. Brazil led from the front (+35.9%) with the Senate approving fuel tax cut bills. The energy exporting Middle East rallied on elevated oil prices (Saudi Arabia +17.3%, UAE +21.1%, Qatar +19.5%) while South Africa (+20.5%) reflected the commodity fuelled gains on the Rand.

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