

MAGNA EMERGING MARKETS DIVIDEND FUND

GBP

FUND DETAILS

Structure	UCITS
Domicile	Ireland
Registrations	AT BE CH DE DK ES FI FR GB IE IT LU NL SE SG
Launch Date	28 Jun 2010
Income	Accumulated or distributed
Daily Dealing	12 noon (Dublin time)
Dealing Cut-off	T - 1
Number of Holdings	39
Cash Weight	4.7%
Volatility	12.1%
Active Money	87.5%
Information Ratio	0.00
Beta	0.92
Fund Size	GBP 243.2m
Portfolio Advisors	Mark Bickford-Smith Ian Simmons

Volatility, Information Ratio and Beta are calculated from the last 3 years monthly fund data.

DIVIDENDS

Historic Yield	Fund: 3.9%	Index: 3.1%
Payment Dates	Jun / Dec	

AWARDS & RATINGS



ELITE RATED
by FundCalibre.com

FUND OBJECTIVE

The Magna Emerging Markets Dividend Fund seeks to achieve a combination of income and long-term capital growth by investing in a diversified portfolio of higher yielding Global Emerging Market Securities. The Magna Emerging Markets Dividend Fund is a sub-fund of the Magna Umbrella Fund plc.

STRATEGY DESCRIPTION

We look to invest in quality companies, with strong management and sustainable growth prospects, at attractive valuations. Our approach to investing is bottom-up, stock-focused and research-driven. We focus on both quantitative and qualitative analysis and search for less well-understood opportunities. Regular management meetings are a key principle of our process. We like to find companies we can invest in for the long term. Belief in the sustainability of their growth and evidence of good shareholder relations are key drivers for us. Portfolios are built on the basis of our conviction; we are aware of any benchmark index but if we don't like a stock, we don't invest in it, regardless of its index weighting. This strategy invests in high dividend paying companies across emerging markets without restriction, aiming to provide a combination of income and long-term capital growth.

HIGHLIGHTS

- A portfolio of quality companies with a dividend paying culture
- Combination of capital growth and income
- Opportunities across all regions, sectors and market caps

GROSS FUND PERFORMANCE (%)

Period to 31 October 2018	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	SI
Magna Emerging Markets Dividend Fund	-6.85	-7.51	-8.95	-7.58	-5.79	3.25	13.57	4.76	NA	6.90
MSCI Emerging Markets Index	-6.83	-9.30	-10.02	-10.77	-9.08	2.64	13.46	5.51	NA	4.92
Added Value	-0.02	1.79	1.07	3.19	3.29	0.61	0.11	-0.74	NA	1.99

Calendar Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Magna Emerging Markets Dividend Fund	21.43	31.97	-10.82	0.86	4.93	21.17	-12.60	NA	NA	NA
MSCI Emerging Markets Index	25.40	32.63	-9.99	3.90	-4.41	13.03	-17.82	NA	NA	NA
Added Value	-3.97	-0.66	-0.83	-3.04	9.34	8.14	5.22	NA	NA	NA

Returns are presented gross of management fees, in GBP
SI Since Inception (30 June 2010)

GROWTH OF GBP 10,000



Performance is represented by the Magna Emerging Markets Dividend Composite comprising all share classes of the Magna Emerging Markets Dividend Fund. Composite performance figures are shown gross, ie before fees, in GBP. The Magna Emerging Markets Dividend Fund is not managed against a benchmark. Performance figures are annualized for periods in excess of one year. Past performance should not be seen as an indication of future performance. Fiera Capital claims compliance with the Global Investment Performance Standards (GIPS®) and has been independently verified for the period 1 Jun 2000 through 30 Jun 2018. A copy of the verification report and a presentation that adheres to GIPS standards are available upon request to the Marketing Department.

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TOP HOLDINGS

Company Name	Country
Chailease	Taiwan
China Construction Bank	China
China Mobile	China
CNOOC	China
Indiabulls Housing Finance	India
Ping An	China
Samsung Electronics	Korea
TSMC	Taiwan
<i>In alphabetical order</i>	
Combined weight of top 8	46%

SECTOR EXPOSURE (%)



Energy	10.0
Materials	5.4
Industrials	2.5
Consumer Discretionary	10.7
Consumer Staples	3.2
Health Care	1.4
Financials	37.9
Information Technology	12.1
Communication Services	7.1
Utilities	5.2
Real Estate	0.0
Cash	4.7
Total	100.0

COUNTRY EXPOSURE (%)



Brazil	9.0
China	31.8
India	9.0
Kenya	1.3
Korea	8.0
Mexico	4.0
Philippines	4.8
Russia	7.6
South Africa	3.6
Taiwan	11.1
Others (inc Cash)	9.9
Total	100.0

COMMENTARY

Global equity markets had their worst month since May 2012, with the US finally joining in the negativity that had affected other markets recently. The catalyst was arguably the sharp rise in US treasury rates at the start of the month, to levels well above 3%, the highest for seven years. Only two markets rose – both emerging markets, Brazil and Qatar. Commodities were also weak, oil falling as Russia and Saudi Arabia signalled an easing of supply in advance of the US tightening the pressure on Iran. As is usually the case when markets weaken, the US dollar strengthened, against both developed and emerging currencies, although the Brazilian real and the Turkish lira bucked the trend. Brazilian assets were driven by the election, which saw Jair Bolsonaro, a right wing pro-business populist, chosen as president. In the case of Turkey, it was a case of selling the rumour and buying the fact. Growth is falling and inflation is high – 25% and, for now, rising – but the current account is improving and analysts are starting to look to peak inflation in the first half of next year.

Meanwhile, the world awaits the next stage in Trump's trade war with China. Taiwan, Thailand and Malaysia – three of Asia's more trade-dependent economies – produced PMIs which were below expectations, suggesting the trade tensions are starting to affect business sentiment. Xi Jinping voiced his "unwavering" support for the country's private sector and detailed personal tax cuts to support the economy. This should add to economic growth but may push the country's current account into a deficit next year for the first time in decades.

Given the dramatic response to the Brazilian election result, it comes as no surprise that four names from that country led the way in the month's performance attribution. These included Brasil Bolsa Balcao, or B3, (formerly BM&F Bovespa, the stock exchange), CTEEP, the Sao Paulo based electric power operator, and Petrobras Distribuidora, the fuel distribution arm of the oil giant.

The fourth, OdontoPrev, a dental benefits company, is a recent purchase. The thesis rests on both rising average ticket and margin expansion, with costs rising lower than revenues. We expect the dividend payout ratio to return to 100% next year, which implies a yield of over 4%.

The worst stock, as the best, was a stock exchange, this time the Mexican one, Grupo BMV. Shares in a leading bank in the country, Banorte, and in OMA, the airport operator, also fell by more than 20% in the month. The Mexican market was hit by the decision of the incoming president, known by his acronym AMLO, to hold a selective referendum to decide the fate of Mexico City's new airport. Despite being 70% funded and already half built, AMLO has decided to scrap the project. More positively, news of the finalising the USMCA (US-Mexico-Canada Agreement), which replaces NAFTA, has removed a key uncertainty.

Matahari, the Indonesian department store operator, weakened following accusations against the chairman of the Lippo group (Matahari's largest shareholder). The company's fundamentals seem to be bottoming. The company has adjusted to slower demand by closing some stores in the third quarter, but it is likely to be expanding again going forward, with a mild acceleration in SSS growth. A 2019 PE ratio of 7x and a dividend yield of almost 10% looks good value to us.

Each market correction has similarities and differences from those that precede it. This time, while fundamentals are better than many bear markets (e.g. 1997-98, 2008-9), the trade conflict is a new distraction. Citibank states that the average EM equity correction since 1990 has been -22%, in line with the latest decline. They point out that, following a typical decline, the next 12 months' return averages 16% and markets have risen 70% of the time. These seem good odds to us.

SUBSCRIPTION INFORMATION

	B Acc Shares	B Dist Shares	N Acc Shares	R Acc Shares	R Dist Shares
Minimum Subscription	GBP 5,000	GBP 5,000	EUR 1,000,000	EUR 5,000	EUR 5,000
Additional Subscriptions	GBP 100	GBP 100	EUR 1,000	EUR 100	EUR 100
Annual Management Fee	1.00%	1.00%	1.25%	1.75%	1.75%
Performance Fee	No	No	No	No	No
Front-end Load	Up to 5%	Up to 5%	Up to 5%	Up to 5%	Up to 5%
WPKN Code	A110R6	A12DGT	A1CZJJ	A1CZMK	A1CZML
ISIN Code	CHF IE00BKX57Y42	IE00BKX57Z58		IE00BKX58072	IE00BKX58189
	EUR IE00BBPLSG61	IE00BBPLSJ92	IE00B3MQTC12	IE00B670Y570	IE00B671B485
	GBP IE00B826OR81	IE00B8QB4001	IE00B53FMY46	IE00B5910H59	IE00B4TFBZ51
	USD IE00BBPLSH78	IE00BBPLSK08	IE00B53GDK00	IE00B57ML554	IE00B58H2N45
Bloomberg Code	MEMDBAS	MEMDBDS	MAGEMNA	MAGEMRA	MAGEMRD
Valor Number EUR	22127774	22908944	11378786	11378804	11378813

N Class Distribution Shares also available. A full NAV history of all share classes is available on uk.fieracapital.com

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