

**SHINING A LIGHT ON THE.....**  
**Redwheel Next Generation Emerging Markets Equity Fund**

**AT A GLANCE**

Investment Objective
To provide long term capital appreciation by investing primarily in smaller emerging markets and frontier equity markets on a global basis.

Fund Factsheet Link
<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000013H7I">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000013H7I</a>

Management	
<b>Manager Name</b>	<b>Start Date</b>
James Johnstone	24 <sup>th</sup> April 2019

**FUND PERFORMANCE**

Performance from 24<sup>th</sup> April 2019 to 30<sup>th</sup> September 2022:

	2019	2020	2021	2022
<b>Redwheel Next Generation Emerging Markets Equity Fund</b>	0.20%	11.28%	37.68%	13.04%
<b>MSCI Frontier Emerging Market NR USD</b>	0.98%	-5.67%	5.25%	-9.05%

Performance over 12 months, 3 years, and since launch:

	1 year	3 years	Since launch
<b>Redwheel Next Generation Emerging Markets Equity Fund</b>	22.65%	72.20%	73.53%
<b>MSCI Frontier Emerging Market NR USD</b>	-7.70%	-10.33%	-8.81%

*You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
16.94	1.38	-	158.01	86.53	55.56	1.26	17.92	Mid/Blend

Volatility Measurements	
<b>3-Yr Std Dev (volatility)</b>	26.02%
<b>3-Yr Mean Return (average)</b>	19.86%

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Investment Style Details	
Giant	8.55%
Large	26.49%
Mid	43.18%
Small	15.27%
Micro	1.94%

Top 5 Holdings		
Emaar Properties PJSC	Real Estate	4.31%
Energiean PLC	Energy	3.64%
Halyk Savings Bank of Kazakhstan...	Financial Services	3.04%
First Quantum Minerals Ltd	Basic Materials	2.96%
Ivanhoe Mines Ltd Class A	Basic Materials	2.93%

Top 5 Sectors	
Financial Services	26.89%
Basic Materials	16.82%
Real Estate	16.65%
Energy	10.56%
Consumer Cyclical	9.62%

Top 5 Regions	
Philippines	12.55%
Indonesia	10.60%
Chile	7.54%
Greece	5.79%
Singapore	5.02%

<b>Fund Benchmark</b>	MSCI Frontier Emerging Market NR USD
<b>Fund size</b>	\$85.03 million
<b>Ongoing Charge (share class B)</b>	1.31%

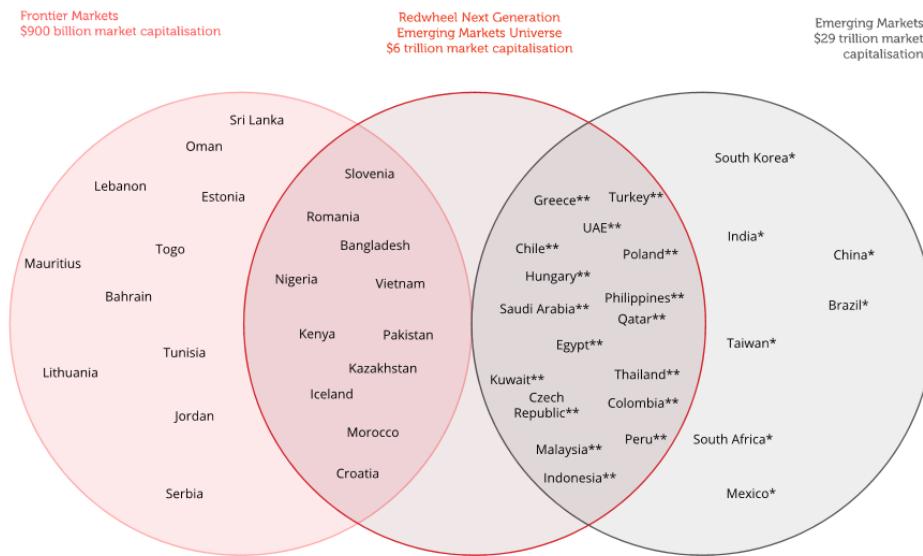
Bull points (pro)	Bear points (con)
<ul style="list-style-type: none"> <li>Very different emerging market strategy focusing on regions where they see future growth coming from</li> <li>No exposure to larger markets such as China and India</li> <li>Focus on old world as they transition to the new world, so themes are around commodities, travel and tourism and new factories of the world</li> <li>Long growth trajectories in terms of populations, the rise of the middle class and products and services they offer</li> </ul>	<ul style="list-style-type: none"> <li>Small / mid cap focus so underperforms in periods of extreme market volatility</li> <li>Likely to perform differently to other emerging market funds and might lag when countries such as China and India are in favour</li> <li>High charges</li> </ul>

## UPDATE....

The story of emerging markets is well trodden. The move to cities, the rise of the middle classes and more established economies. 86% of the MSCI Emerging markets Index lies in 7 countries and therefore most funds have a greater exposure to these regions. This means that there is a greater weighting to the likes of China and India, and in terms of sector exposure this tends to favour tech.

The premise behind this strategy is to effectively go back to emerging markets of old. These are markets which straddle both frontier and emerging markets, but have a greater focus around commodities, travel and tourism, and new factories of the world. The areas of focus are best demonstrated below.

## Redwheel Next Generation Emerging Markets Equity Fund The Next Generation of Emerging Markets



Source: Redwheel as at 6 February 2022. Ghana, Russia, Argentina, Lebanon and Panama sit in a MSCI standalone market indexes.

\* Large Emerging Markets. \*\* Small Emerging Markets. This is a marketing communication. Please refer to the Fund's Prospectus and KIID before making any investment decisions.

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Investing in any frontier or emerging market carries risk and therefore the process contains a mix of both top down, which considers the macroeconomic and geopolitical situation, and bottom up, which is the selection of companies.

In terms of macro positioning, they use a heat map to identify risks across growth, fiscal, external, inflation and monetary to give an overall score.

## Redwheel Next Generation Emerging Markets Equity Fund Frontier and Small Emerging Markets Macro Heatmap

The team assesses economic, political and social factors on a macro level to identify countries, sectors and themes with favourable return prospects.

The top-down process includes macro economic analysis to identify relative risk/reward at country level.



### Africa and Middle East

Saudi Arabia	2.7	0.3	0.4	0.6	1.0
UAE	2.4	0.5	0.3	1.3	1.1
Rwanda	0.7	2.7	1.4	0.3	1.3
Morocco	2.3	2.3	1.7	0.6	1.7
Kenya	1.0	2.4	1.9	2.7	2.0
Egypt	1.5	3.2	2.1	2.0	2.2
Ghana	1.2	3.4	2.3	2.1	2.2
Nigeria	2.7	1.5	1.8	3.8	2.4
Zambia	2.7	3.5	3.1	4.0	3.3

### Asia

Vietnam	1.0	0.7	0.3	0.8	0.7
Bangladesh	1.1	1.2	1.8	1.5	1.4
Kazakhstan	1.9	0.7	0.9	2.2	1.4
Indonesia	2.7	1.7	2.7	1.0	1.8
Philippines	2.0	3.0	1.8	1.6	2.0
Thailand	2.9	1.7	1.5	2.0	2.0
Malaysia	3.1	2.6	1.9	1.6	2.2
Pakistan	1.9	2.4	2.0	2.5	2.2
Sri Lanka	1.6	3.6	3.8	2.3	2.8

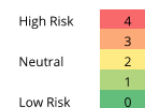
### Europe

Iceland	2.1	1.7	1.2	1.7	1.7
Romania	1.8	2.2	2.2	3.0	2.3
Turkey	2.0	0.9	3.2	3.0	2.4
Georgia	1.9	2.3	2.8	3.4	2.6
Hungary	0.8	3.9	3.7	2.6	2.7

### Latam

Peru	2.0	1.4	1.5	2.2	1.8
Ecuador	2.5	1.8	1.6	1.1	1.8
Colombia	2.5	3.3	3.0	1.8	2.5
Chile	1.3	2.3	3.4	3.1	2.6
Argentina	2.4	3.0	2.9	3.6	2.9

Growth Fiscal External Inflation & Monetary OVERALL



Source: Redwheel, as at 2 November 2021

Schematic represents typical approach but portfolio construction process may vary for specific investment opportunities. No investment strategy or risk management technique can guarantee returns or eliminate risks in any market environment. This is a marketing communication. Please refer to the Fund's Prospectus and KIID before making any investment decisions.

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In terms of stocks they are then focusing on the core three themes of commodities, travel and tourism and new factories of the world.

Examples would be the move away from factories in countries such as China to regions such as the Philippines, Thailand, and Vietnam; the need for metals in countries such as Peru and Chile; oil and the move to renewable sources of energy in countries such as the UAE and Saudi Arabia. The move away from more expensive tax hubs such as Singapore to countries such as the UAE where they have cut red tape and made it easier to set up businesses.

To break this down further and into the different holdings and where they sit, the fund can be split as follows:

Financial Inclusion – 21.5% - example holdings include Saudi National Bank, Military Commercial and Halyk Savings Bank

Urbanization – 13.3% - example holdings include EMAAR Properties, Ayala Land and Parque Arauco

Copper – 7.7% - example holdings include First Quantum Minerals, Solgold and Ivanhoe Mines

New Auto tech - 7.3% – example holdings include Livent, SRI Trang and Lithium Americas

Modern Retail & Malls – 5.9% - example holdings include Vincom Retail, Pakuwon Jati and Jumia Technologies

Disposable Income Growth – 5.4% - example holdings include Universal Robina, CT Capital and Alliance Global

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Technology Disruption – 4.2% - example holdings include GRAB Holdings, Airtel Africa and WAG Payment Solutions

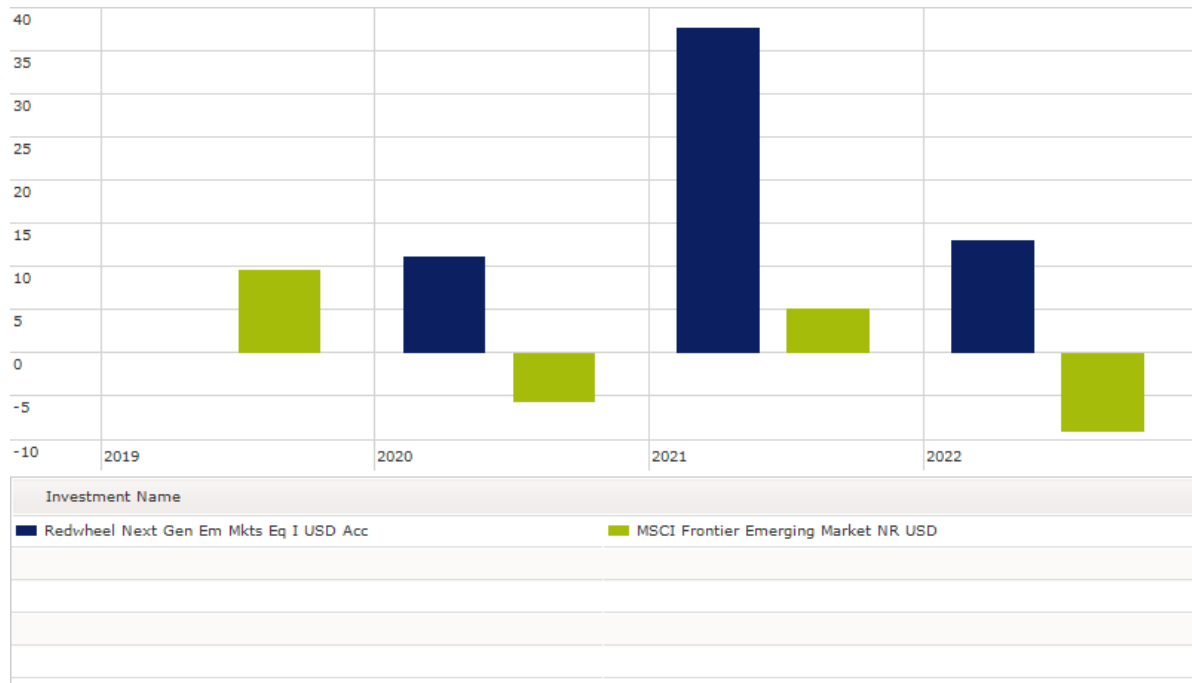
Health and Fitness – 3.3% - example holdings include Nahdi Medical and Medikaloka Hermina

Sustainable Energy – 3.2% - example holdings include Kazatomprom, Acen and Scatec

Rare Materials – 2.8% - example holdings include Saudi Arabian Mining, Endeavour Mining and Hochschild Mining

The team are active in both voting and engagement, especially around areas such as remuneration, corporate governance structure and management of environmental or social issues. No company is perfect and therefore engagement is there to ensure better disclosure as well as responsible and sustainable business practices.

The fund has just passed its three-year track record and performance has been strong.



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In summary, this does carry risk. It has a higher annual charge; it is investing in less mature regions of the world and has a bias towards small and mid-cap companies. Therefore, this might not suit the risk profile of every investor. However, it may be considered a good blend with other emerging market funds which have a bias to larger economies such as India and China, and sectors including tech. Investors should also be aware that the performance may lag when the focus turns to China and India.

*The source of information in this note has been provided by Redwheel and is correct as of October 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.*