

**SHINING A LIGHT ON THE.....
Hermes Global Emerging Markets Fund**

AT A GLANCE

Investment Objective	
The investment objective of the fund is to achieve long-term capital appreciation by investing primarily in a diversified portfolio of equity securities and equity related securities with an emerging markets bias, quoted or traded on regulated markets worldwide.	

Inception Date	1 st February 1993
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000PNTR

Management	
Manager Name	Start Date
Gary Greenberg	1 st July 2011

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	49.72%
Large	27.57%
Medium	22.69%
Small	0.02%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	34	
Assets in Top 10 Holdings	33.10%	
Name	Sector	% of Assets
Tencent Holdings Ltd	Technology	7.99%
Taiwan Semiconductor Manufacturing Co..	Technology	5.43%
Samsung Electronics Co Ltd	Technology	5.41%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	5.11%
Techtronic Industries Co Ltd	Industrials	3.01%
KB Financial Group Inc	Financial Services	2.76%
ICICI Bank Ltd	Financial Services	2.74%
AIA Group Ltd	Financial Services	2.74%
HDFC Bank Ltd	Financial Services	2.51%
Bank Rakyat Indonesia (Persero) Tbk C..	Financial Services	2.88%

Volatility Measurements	
3-Yr Std Dev (volatility)	13.70%
3-Yr Mean Return (average)	18.90%

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FUND PERFORMANCE

Performance from 1st January 2014 to 28th February 2019:

	2014	2015	2016	2017	2018	2019
JOHCM Global Opportunities Fund	8.35%	-1.32%	30.06%	34.64%	-10.88%	5.22%
iShares MSCI World ETF	2.62%	-11.15%	33.56%	24.43%	-9.25%	3.36%

Performance over 12 months, 3 years, 5 years and since fund manager tenure:

	1 year	3 years	5 years	Fund Manager Tenure
JOHCM Global Opportunities Fund	-7.16%	63.64%	87.04%	75.28%
iShares MSCI World ETF	-7.08%	55.68%	50.78%	25.52%

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.

UPDATE....

Hermes have an excellent reputation for managing money in Asia and Emerging Markets. Although the performance over 3 years is average, over the longer-term investors can see the benefits of this strategy. We have to highlight that nearly £6 billion is invested in this strategy and larger funds can struggle to outperform. Potential investors would need to consider this when looking at the fund.

In terms of 2018, the highlights included technology, industrials and financials. Consumer discretionary was negative for the fund and exposure to auto components. Taiwan was negative due to exposure to supply chain for Chinese technology. Being underweight, Energy and in particular Russia and Qatar were negative.

China, Indonesia, Mexico, Peru and UAE were positive for the fund, and small/mid cap helped. Currency, especially Chinese currency, dragged down the performance.

In terms of where we are now, emerging markets are showing better earnings growth, multiples are cheaper and below long-term discount to developed markets (21% discount vs 18% historical discount).

Main regions are China (35%), India (14%), Taiwan (11%), Korea (10%) and Brazil (8%). They have reduced down exposure to China. They still like India and think it is attractive but have concerns going into the elections. In China they are adding to positions and recently added an e-commerce company.

They like UAE where they hold a hospital company and bank, Hungary where there is a healthcare company and Peru which has a financial services company. In terms of sectors they like consumer discretionary especially auto components, technology across hardware, software and semi-conductors and financials especially those focusing on mortgages and credit cards.

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Overall, they feel that emerging markets have a positive story. They feel there is stable macro picture across many economies, commodity prices are improving, economic growth favours EM, currency is recovering, valuations are supportive, the trade wars is calming down and investors are underweight. There are challenges particularly if the trade war escalates, withdrawal of dollar liquidity, China slowdown and election uncertainty.

In summary, although in the short term the performance has slightly slowed, the long term performance remains strong. They have a strong team and have a good reputation. The size of the fund might be a concern for some investors, and it may be worth comparing to other funds in the market.

The source of information in this note has been provided by Hermes and is correct as at March 2019. 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 make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.