

JOHCM Global Emerging Markets Opportunities Fund

Fund overview

- Objective: to generate long-term capital growth through active management of a portfolio of equities listed on emerging stock markets
- For fund managers James Syme and Paul Wimborne, identifying the most attractive emerging markets in which to invest is the most important influence on investment performance
- Complementing their top-down view is a stock selection process that focuses on identifying quality growth stocks within their favoured countries

A USD Class

ISIN: IE00B4M6CN00

Fund details

Fund size	USD 479.90m
Strategy size	USD 1.94bn
Launch date	30 June 2011
Benchmark	MSCI Emerging Markets NR (12pm adjusted)
No. of holdings	53
Domicile	Ireland
Fund structure	UCITS
Tax status	UK reporting status
Denominations	GBP, EUR, USD
Valuation point	12pm Dublin time

Total strategy assets updated quarterly and shown as at 30 September 2019.

Fund managers



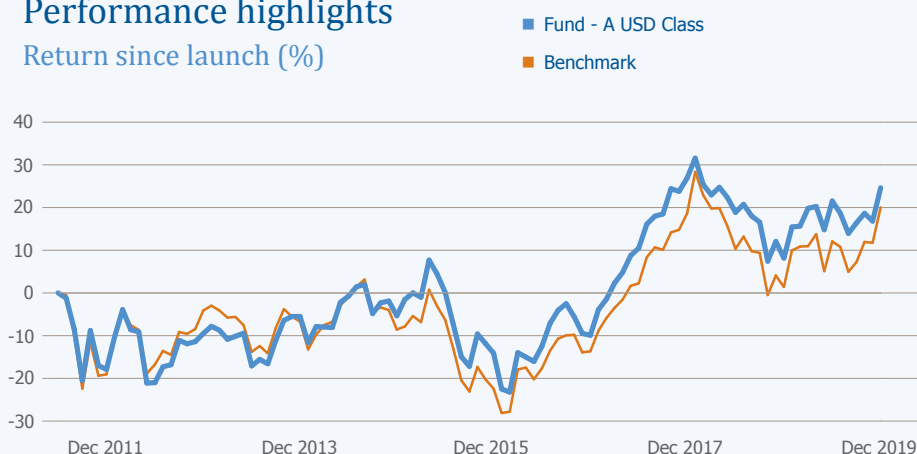
James Syme
Senior Fund Manager
James has managed the Fund since launch. He joined JOHCM in 2011 and has 25 years of industry experience.



Paul Wimborne
Senior Fund Manager
Paul has managed the Fund since launch. He joined JOHCM in 2011 and has 21 years of industry experience.

Performance highlights

Return since launch (%)



Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
A USD Class	6.67	7.06	15.20	38.30	31.65	-	24.62	2.62
Benchmark	7.42	11.95	18.37	39.04	31.31	-	20.04	2.17
Quartile**	3	4	3	2	2	-	1	-

Discrete 12 month performance to

	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
A USD Class	15.20	-14.76	40.83	4.91	-9.26

Past performance is no guarantee of future performance.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Investing in companies in emerging markets involves higher risk than investing in established economies or securities markets. Emerging Markets may have less stable legal and political systems, which could affect the safe-keeping or value of assets. The Fund's investment include shares in small-cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile. We recommend that you read the Prospectus and Key Investor Information Document available from the address overleaf or from our website.

Source: JOHCM/MSCI Barra/Bloomberg, NAV of Share Class A in USD, net income reinvested, net of fees. The A USD Class was launched on 30 June 2011. Benchmark: MSCI Emerging Markets NR (12pm adjusted). Performance of other share classes may vary and is available on request.

*Annualised since launch. **Sector quartile ranking: IA Global Emerging Markets, and Lipper Global Equity Emerging Markets Global domiciled in the UK, offshore Ireland, or offshore Luxembourg. Lipper ranking is from A GBP Class.

Contact details

OEIC Dealing & Investing
0845 450 1970 / 1972
+44 (0) 20 7747 5646
(international calls)
Fax
+353 1613 1132
Email info@johcm.co.uk



Portfolio analysis (%)

Data as at 31 December 2019

Top 10 holdings

	Absolute	Relative
Samsung	9.2	5.0
Tencent	5.5	1.1
Naspers	3.9	2.8
CNOOC Limited	3.7	3.2
Sberbank	3.6	2.9
HDFC Bank	3.4	3.4
Barrick	3.4	3.4
SK Telecom	2.9	2.8
ENN Energy	2.8	2.7
Walmart	2.7	2.5
Total	41.1	

Sector breakdown

	Absolute	Relative
Real Estate	11.9	8.9
Communication Services	12.9	1.9
Energy	8.8	1.4
Industrials	6.2	0.9
Utilities	2.9	0.3
Information Technology	15.2	-0.4
Consumer Staples	5.7	-0.6
Consumer Discretionary	12.9	-1.3
Health Care	0.0	-2.8
Materials	4.4	-3.0
Financials	16.7	-7.5
Cash	2.4	2.4

Active bets

Top 5	Relative
Samsung	5.0
HDFC Bank	3.4
Barrick	3.4
CNOOC Limited	3.2
Sberbank	2.9
Bottom 5	Relative
Alibaba	-5.8
Taiwan Semiconductor	-4.4
China Construction Bank	-1.3
Ping An	-1.1
HDFC	-0.9

Country breakdown

	Absolute	Relative
China	27.8	-6.5
South Korea	18.7	6.9
India	14.9	6.3
Taiwan	6.4	-5.3
Mexico	5.4	3.2
Russia	4.5	0.6
South Africa	4.1	-0.6
United Arab Emirates	3.8	3.2
Turkey	3.3	2.8
Other	8.8	-12.9
Cash	2.4	2.4

Market cap breakdown

	Absolute	Relative
Large (>USD 10bn)	70.2	13.3
Mid (USD 1 - 10bn)	25.2	-14.8
Small (<USD 1bn)	2.2	-0.9
Cash	2.4	2.4

Attribution & contribution (%)

Stock attribution

Top contributors	Relative return
Samsung	0.23
CNOOC Limited	0.21
Naspers	0.17
COLI	0.17
Longfor Properties	0.15
Top detractors	Relative return
Larsen & Toubro	-0.21
ENN Energy	-0.20
ITC	-0.18
Emaar Malls	-0.18
SK Telecom	-0.17

Sector attribution*

	Relative return
Information Technology	0.29
Energy	0.29
Materials	0.03
Health Care	0.02
Consumer Discretionary	0.02
Communication Services	-0.03
Real Estate	-0.07
Consumer Staples	-0.12
Financials	-0.13
Utilities	-0.15
Industrials	-0.37

*Excludes cash

Source: JOHCM/MSCI Barra/Bloomberg. Benchmark: MSCI Emerging Markets NR (12pm adjusted). Please note that due to rounding breakdowns may not add to 100.00%. All Attribution figures are as at end of day and are calculated on a gross basis. Other includes: Czech Republic, Brazil and non-benchmark countries.



Fund manager's commentary

- This update is mostly about things that didn't happen in 2019, specifically in China, and those non-events are important given what was expected by some investors and market commentators.

Chinese policymakers didn't stimulate in 2019. Hopes were raised at the start of the year, when the January all-system financing print came in at CNY 4.6trn, but subsequent growth in financing was much milder, and the average monthly increase in all-system financing in the first 11 months of 2019 was below CNY 2trn. Policymakers held back, partly because of a desire to control credit/GDP levels, and partly because economic growth was really okay: retail sales in January-November were 8.0% higher than a year before, industrial production for the same period was up 5.6%, fixed asset investment was up 5.2% in the year to November, and reported GDP has stabilised around 6.0% year-on-year. 2020 GDP growth forecasts have been mixed, with current consensus at 5.9%.

The Chinese banking system didn't collapse. Non-performing loans in H1 2019 for the major banks remained at about the 1.8% level they have been at in recent years, while estimated tier-1 capital ratios for the major banks are between 11% and 14%. From a liquidity viewpoint, the required reserve ratio for major banks was cut three times in 2019 (and again in the first few days of 2020), but liquidity coverage ratios for the major banks remain well above regulatory limits.

The renminbi did not undergo a massive devaluation, despite trading through CNY 7/USD 1 in August 2019. This relative stability was substantially made possible by the restrained credit creation. The Chinese current account is in a small but declining surplus, which, with stable terms of trade and moderate domestic growth, suggests to us that the currency is about fairly valued.

Chinese reformers were not able to make substantial progress towards extending the role of markets in the economy. The two-stage introduction of a more flexible loan prime rate (LPR) was intended to allow bank loans to be priced below the benchmark one-year lending rate. In reality, though, commercial banks have been slow to adopt the new loan pricing mechanism, and policymakers struggled to achieve monetary policy transmission in 2019, with banks remaining cautious to in the context of weak economic growth.

The protests in Hong Kong did not spread beyond Hong Kong, nor did China's repressive policies in its Western provinces have any consequence in its international relations, nor did the trade war between the US and China spiral out of control. Of all of these, only the trade war had any substantive effect on the Chinese economy, and the mid-year weakness in exports eased as Chinese exporters found new markets for their goods, such as Vietnam and other South-East Asian nations.

In the context of stable economics and politics, and a generally positive environment for emerging market equities, how did Chinese equities perform? The MSCI China index returned 23.7% in US dollar terms, slightly outperforming the MSCI Emerging Markets index, but within this the internet-heavy information technology and consumer discretionary sectors were very strong (+43.7% and +52.8% respectively), as was the real estate sector (+38.3%). A-shares also performed well, rising 37.5% in dollar terms, but this gain almost entirely came in the February-April period, after which A-shares drifted lower.

In terms of positioning, then, we do not see China as dramatically exciting in either a positive or negative sense. Without stimulus and credit growth, we do not see the potential for a pick up in the economy in 2020, and while China has some excellent companies in the internet and consumer space, we generally find these relatively expensive in valuation terms. We continue to find opportunity in the quality end of the real estate sector, in the SOE (state-operated enterprise) oil industry, and believe that the underperformance of Tencent relative to its US-listed peers is unjustified. Overall, we think China is a source of opportunities rather than an opportunity in and of itself.

Performance over 1 month	%
Fund - A USD Class	6.67
Benchmark	7.42

Statistics

	Annualised since launch
Active share* (%)	81.42
Fund volatility (%)	16.97
Benchmark volatility (%)	17.64
Alpha	0.56
R squared	0.92
Correlation	0.96
Tracking error (%)	4.84
Information ratio	0.09
Sharpe ratio	0.11

Source: JOHCM/MSCI Barra/Bloomberg (calculated weekly).

*The proportion of stock holdings in a fund's composition is different from the composition found in its benchmark. The greater the difference between the composition of the fund and its benchmark, the greater the active share.

Fund awards & ratings



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Country registration

	A GBP	B GBP	A EUR	B EUR	A USD	B USD
Austria	✓	✓	✓	✓	✓	✓
Denmark	✓	✓	✓	✓	✓	✓
Finland	✓	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓	✓
Germany	✓	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓	✓
Italy	X	X	✓	✓	X	X
Luxembourg	✓	✓	✓	✓	✓	✓
Malta	X	✓	X	✓	X	✓
Netherlands	✓	✓	✓	✓	✓	✓
Norway	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓
Spain	✓	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓	✓

Swiss representative and paying agent

Copies of the fund's current prospectus, key investor information document (KIID) and financial statements can be obtained free of charge from the Swiss Representative and Paying Agent, RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, 8027 Zurich.

Share class details (Further details on additional share classes are available on request)

	ISIN	SEDOL	Bloomberg	WKN	Initial charge	Annual charge	Ongoing charge	Minimum investment*
A USD Class	IE00B4M6CN00	B4M6CN0	JHGEMUI ID	A1JT21	Up to 5%	0.90%	1.01%	£1,000
B USD Class	IE00B4XXMP29	B4XXMP2	JHGEMUR ID	A1JT2Y	Up to 5%	1.50%	1.61%	£1,000

Performance fee: 15% on excess if Fund outperforms benchmark, calculated daily. Any underperformance carried forward.

Ongoing Charge is as at 31 December 2019.

*Other currency equivalents apply.

Important information

This document is for professional investors only. It should not be circulated to or relied upon by retail investors.

Sources for all data: JOHCM/FTSE International/Bloomberg (unless otherwise stated).

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