

# Redwheel Next Generation EM Equity Fund

## Monthly Commentary – July 2024

Global equity markets made modest gains in July 2024, peaking in the middle of the month but retreating in the second half as concerns over the durability of global growth pushed the 10-year Treasury bond yield from over 4.4% towards 4.0%. The MSCI Frontier Emerging Markets Index was one of the best-performing regional equity indices in July, rising 2.4%. The Redwheel Next Generation Emerging Markets Equity Fund returned +1.7% in the month, underperforming its benchmark index by 0.7%.

In Asia, the Philippines was up +4.4%, helped by the shift to the expectation of rate cuts as early as August, possibly pre-empting the US Federal Reserve. Vietnam's market continued its gradual fall that began in the spring, losing -0.6% in the month. The American government has deferred its decision to classify Vietnam as a 'market economy', leaving its designation as a 'non-market economy', and delaying the country's exporters easier access to the US market. Furthermore Nguyen Phu Trong, General Secretary of the Communist Party died in July and was succeeded by To Lam, former Minister of Public Security.

Although Eastern European equities generally performed well, Poland was an exception, down -4.3%, with rate cut expectations dashed by hawkish comments and worse inflation forecasts from the central bank governor. Turkey dropped -1.5% in July as the TRY weakened 1.2% against the USD. June inflation fell, with headline CPI easing to 61.8% year on year from 71.8%. Moody's also raised Turkey's credit rating by two notches, from B1 to B3, in line with the other two major rating agencies. It was Moody's first increase of Turkey's credit rating in more than ten years and reflects continued improvement in Turkish economic and financial performance. South Africa continued to move higher, up +5.2%, with a confluence of higher gold prices and improved sentiment surrounding the Government of National Unity (GNU). The GNU came into focus in July, with President Ramaphosa opening parliament with the traditional State of the Nation address focusing on service delivery, policy execution and the capable state.

Greek Banks were significant contributors to the Fund's performance in July with Piraeus Bank and the National Bank of Greece up +17.6% and +9.9%, respectively. Both banks reported better than expected results and raised full year guidance. In the UAE, Aldar Properties was up +18.1% on the back of robust growth in the first half of the year, increasing its revenues by 73% y/y, EBITDA by 61%, and net profit by 49%, capitalizing on strong development sales in 2023/24 and acquisitions of gross leasable area (GLA) in the UAE. SP Setia, one of Malaysia's largest property companies, rose +19.0% with expectations of new property launches in the second half of the year.

There were single stock detractors to the Fund's performance during the month. Thai oil producer, Bangchak Corp was down -13.5% on account of weaker energy prices while Kazakh airline operator, Air Astana, declined -13.6%. The latter fell because of market concerns around weak demand seen across some European airlines. However, Air Astana Group has not yet experienced declines in demand and fares. Demand for flying in Kazakhstan remains strong, and the company reiterated midterm guidance.

## CONTACT US

Please contact us if you have any questions or would like to discuss any of our strategies.

[E invest@redwheel.com](mailto:invest@redwheel.com) | [W www.redwheel.com](http://www.redwheel.com)

## Key Information

This document does not constitute investment advice and the information shown is for illustrative purposes only. No investment strategy can guarantee returns or eliminate risks in any environment. Past performance is not a guide to future results. The prices of investments and income from them may fall as well as rise and an investor's investment is subject to potential loss, in whole or in part. Forecasts and estimates are based upon subjective assumptions about circumstances and events that may not yet have taken place and may never do so.

## Disclaimer

Redwheel ® is a registered trademark of RWC Partners Limited ("RWC"). The term "Redwheel" may include any one or more Redwheel branded regulated entities including, RWC Asset Management LLP which is authorised and regulated by the UK Financial Conduct Authority and the US Securities and Exchange Commission ("SEC"); RWC Asset Advisors (US) LLC, which is registered with the SEC; RWC Singapore (Pte) Limited, which is licensed as a Licensed Fund Management Company by the Monetary Authority of Singapore; Redwheel Australia Pty Ltd is an Australian Financial Services Licensee with the Australian Securities and Investment Commission; and Redwheel Europe Fondsmæglerselskab A/S ("Redwheel Europe") which is regulated by the Danish Financial Supervisory Authority.

Redwheel may act as investment manager or adviser, or otherwise provide services, to more than one product pursuing a similar investment strategy or focus to the product detailed in this document. Redwheel and RWC (together "Redwheel Group") seeks to minimise any conflicts of interest, and endeavours to act at all times in accordance with its legal and regulatory obligations as well as its own policies and codes of conduct.

This document is directed only at professional, institutional, wholesale or qualified investors. The services provided by Redwheel are available only to such persons. It is not intended for distribution to and should not be relied on by any person who would qualify as a retail or individual investor in any jurisdiction or for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to local law or regulation.

This document has been prepared for general information purposes only and has not been delivered for registration in any jurisdiction nor has its content been reviewed or approved by any regulatory authority in any jurisdiction.

The information contained herein does not constitute: (i) a binding legal agreement; (ii) legal, regulatory, tax, accounting or other advice; (iii) an offer, recommendation or solicitation to buy or sell shares in any fund, security, commodity, financial instrument or derivative linked to, or otherwise included in a portfolio managed or advised by Redwheel; or (iv) an offer to enter into any other transaction whatsoever (each a "Transaction"). Redwheel Group bears no responsibility for your investment research and/or investment decisions and you should consult your own lawyer, accountant, tax adviser or other professional adviser before entering into any Transaction. No representations and/or warranties are made that the information contained herein is either up to date and/or accurate and is not intended to be used or relied upon by any counterparty, investor or any other third party.

Redwheel Group uses information from third party vendors, such as statistical and other data, that it believes to be reliable. However, the accuracy of this data, which may be used to calculate results or otherwise compile data that finds its way over time into Redwheel Group research data stored on its systems, is not guaranteed. If such information is not accurate, some of the conclusions reached or statements made may be adversely affected. Any opinion expressed herein, which may be subjective in nature, may not be shared by all directors, officers, employees, or representatives of Redwheel Group and may be subject to change without notice. Redwheel Group is not liable for any decisions made or actions or inactions taken by you or others based on the contents of this document and neither Redwheel Group nor any of its directors, officers, employees, or representatives (including affiliates) accepts any liability whatsoever for any errors and/or omissions or for any direct, indirect, special, incidental, or consequential loss, damages, or expenses of any kind howsoever arising from the use of, or reliance on, any information contained herein.

Information contained in this document should not be viewed as indicative of future results. Past performance of any

Transaction is not indicative of future results. The value of investments can go down as well as up. Certain assumptions and forward looking statements may have been made either for modelling purposes, to simplify the presentation and/or calculation of any projections or estimates contained herein and Redwheel Group does not represent that that any such assumptions or statements will reflect actual future events or that all assumptions have been considered or stated. There can be no assurance that estimated returns or projections will be realised or that actual returns or performance results will not materially differ from those estimated herein. Some of the information contained in this document may be aggregated data of Transactions executed by Redwheel that has been compiled so as not to identify the underlying Transactions of any particular customer.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from, or the tax consequences of, an investment in a Redwheel-managed fund.

This document expresses no views as to the suitability or appropriateness of the fund or any other investments described herein to the individual circumstances of any recipient.

The information transmitted is intended only for the person or entity to which it has been given and may contain confidential and/or privileged material. In accepting receipt of the information transmitted you agree that you and/or your affiliates, partners, directors, officers and employees, as applicable, will keep all information strictly confidential. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information is prohibited. Any distribution or reproduction of this document is not authorised and is prohibited without the express written consent of Redwheel Group.

The risks of investment are detailed in the Prospectus and should be considered in conjunction with your investment adviser. Please refer to the Prospectus, Key Investor Information Document (UCITS KIID), Key Information Document (PRIIPS KID), Summary of Investor Rights and other legal documents as well as annual and semi-annual reports before making investment decisions; these documents are available free of charge from RWC or on RWC's website: <https://www.redwheel.com/> and available in local languages where required. RWC as the global distributor has the right to terminate the arrangements made for marketing Redwheel Funds in certain jurisdictions and to certain investors. Redwheel Europe is the sub-distributor of shares in Redwheel Funds in the European Economic Area ("EEA") and is regulated by the Danish Financial Supervisory Authority. This document is not a solicitation or an offer to buy or sell any fund or other investment and is issued in the UK by RWC and in the EEA by RW Europe. This document does not constitute investment, legal or tax advice and expresses no views as to the suitability or appropriateness of any investment and is provided for information purposes only. The views expressed in the commentary are those of the investment team.

Funds managed by Redwheel are not, and will not be, registered under the Securities Act of 1933 (the "Securities Act") and are not available for purchase by US persons (as defined in Regulation S under the Securities Act) except to persons who are "qualified purchasers" (as defined in the Investment Company Act of 1940) and "accredited investors" (as defined in Rule 501(a) under the Securities Act).

This document does not constitute an offer to sell, purchase, subscribe for or otherwise invest in units or shares of any fund managed by Redwheel. Any offering is made only pursuant to the relevant offering document and the relevant subscription application. Prospective investors should review the offering memorandum in its entirety, including the risk factors in the offering memorandum, before making a decision to invest.

#### AIFMD and Distribution in the European Economic Area ("EEA")

The Alternative Fund Managers Directive (Directive 2011/61/EU) ("AIFMD") is a regulatory regime which came into full effect in the EEA on 22 July 2014. RWC Asset Management LLP is an Alternative Investment Fund Manager (an "AIFM") to certain funds managed by it (each an "AIF"). The AIFM is required to make available to investors certain prescribed information prior to their investment in an AIF. The majority of the prescribed information is contained in the latest Offering Document of the AIF. The remainder of the prescribed information is contained in the relevant AIF's annual report and accounts. All of the information is provided in accordance with the AIFMD.

In relation to each member state of the EEA (each a "Member State"), this document may only be distributed and shares in a Redwheel fund ("Shares") may only be offered and placed to the extent that (a) the relevant Redwheel fund is permitted to be marketed to professional investors in accordance with the AIFMD (as implemented into the local law/regulation of the relevant Member State); or (b) this document may otherwise be lawfully distributed and the Shares may lawfully be offered or placed in that Member State (including at the initiative of the investor).

Information Required for Offering in Switzerland of Foreign Collective Investment Schemes to Qualified Investors within

the meaning of Article 10 CISA.

This is an advertising document.

The representative and paying agent of the Redwheel-managed funds in Switzerland (the "Representative in Switzerland") FIRST INDEPENDENT FUND SERVICES LTD, Feldeggstrasse 12, CH-8008 Zurich. Swiss Paying Agent: Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich. In respect of the units of the Redwheel-managed funds offered in Switzerland, the place of performance is at the registered office of the Swiss Representative. The place of jurisdiction is at the registered office of the Swiss Representative or at the registered office or place of residence of the investor.

Tigris Investments LLC, incorporated under the laws of Florida, has been engaged by RWC to act as an introducer of certain Redwheel Funds ("Introducer") in Argentina, Brazil, Chile, Colombia, Mexico, Panama, Peru, Uruguay and United States (Non-Resident Channel) (in accordance with applicable laws), and is distributing this document in its capacity as Introducer.