Genesis Investment Management, LLP

Emerging Markets Equity: MSCI EM Benchmark

For the month of: September 2020

Manager Performance Calculations

** Annualized returns*

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Genesis	-1.68%	8.97%	5.65%	4.00%	10.37%
MSCI EM	-1.58%	9.70%	10.91%	2.79%	9.37%

Country Allocation Comparison

Over-weight	Genesis	EM	Under-weight	Genesis	EM
Russia	6.78%	3.03%	China	30.16%	41.94%
Mexico	5.16%	1.64%	Taiwan	6.43%	12.78%
South Africa	6.20%	3.54%	Saudi Arabia	0.00%	2.78%

Performance Attribution & Strategy Comments

In September the portfolio marginally underperformed the MSCI EM Index by 0.1%. The leading contributors to the return of the portfolio were the large Asian tech stocks of Samsung Electronics (+9%), TSMC (+3%) and Alibaba (+2%). However, all have a higher index weight so some relative performance was lost. The two Indian IT services holdings in the portfolio were prominent with Infosys' share price rising by 10% and Cognizant's by 4%. Two health care holdings also featured with Mediclinic (South Africa) gaining 10% and Hikma Pharmaceuticals 6%. Detractors included several banks from a variety of markets including Axis Bank (India, -16%), OTP (Hungary, -11%) and Bank Central Asia (Indonesia, -15%). The two Indonesian cement companies in the portfolio, Semen Indonesia and Indocement, also dropped 15% after the government re-tightened social restrictions following a surge in COVID-19 cases. In China, CSPC Pharmaceutical (-13%) retreated after posting significant gains over the previous three months.Country gains were small, with some relative performance coming from China through a combination of stock selection and the portfolio's lower exposure, and through stock performance in Russia – online bank TCS Group climbed 8% following news of its potential buyout by another portfolio holding, Yandex. These gains were offset by small losses in Indonesia and through the underweighting in Taiwan and overweighting in Hungary. There was also minimal value gained or lost in any one sector – gains in consumer discretionary were matched by losses in consumer staples.In Q3 the portfolio underperformed the MSCI EM Index by 0.7%. The two largest holdings, representing more than 13% of the portfolio, were comfortably the standout contributors this quarter. Alibaba gained 36%, while TSMC rose 42% as it is expected to be a beneficiary of Intel's decision to outsource production of some of its next-generation chips. Unfortunately the cumulative weight of these companies in the index is over 14%, with Alibaba's alone approaching 9%, which is greater than the weight of the entire Indian market. Elsewhere, more tech companies impressed, including Infosys (India, +42%) and Yandex (Russia, +30%), while a number of smaller Chinese positions did well, including Country Garden Services (+38%) and hot pot chain Haidilao (+70%). Notable underperformers were largely concentrated in the weak South Asian markets of Indonesia (BCA and Semen Indonesia both -8%) and Thailand, with convenience store operator CP ALL retreating by 13% and hospital chain Bangkok Dusit by 16% as medical tourism continued to be affected. The pan-CEE bank, OTP (Hungary, -14%), also struggled as it upped provisioning due to the ongoing pandemic.Great performance from Yandex and the absence of any of the weak energy names in Russia added 70bps in relative terms. Despite the underweight position in Taiwan, a further 70bps was added from stock performance as the only portfolio holding there, TSMC, heavily outperformed its counterparts. Further gains from stock performance came in India as Cognizant (+23%) supported its tech company counterpart, Infosys. 50bps was lost in Thailand, and approximately 40bps in each of Indonesia and Hungary due to the overweight positions, while the return of COVID-19 restrictions impacted the share price of food service provider Bidcorp and led to similar sized losses in South Africa. By sector, 80 bps was gained from IT and 70bps from communication services, while having no investments in the weak energy sector was also beneficial, but all of this was given back in the consumer sectors, chiefly from the strong performance of the Chinese internet names of Alibaba and Meituan Dianping.

Manager Style Summary

Genesis utilizes a "bottom-up" investment approach, whereby security selection is primarily based on individual stocks rather than country or regional prospects. An unusual aspect of their style is that they will limit the countries within their selection set to the World Bank list of emerging markets (based on per capita GDP), rather than the standard emerging markets indices. Thus, some of the countries within the emering markets indices (i.e. Israel), are not a major focus of Genesis. Their unique style tends to keep Genesis out of fast-growing countries included in the emerging markets indices or country or regional successes rather than individual companies (i.e. Asia). Consequently, they can have periods of underperformance when these types of countries perform well.

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Portfolio Guideline Compliance September 2020

Portfolio Guideline:	Genesis	Compliance
B2. Country allocations <=15% of value at cost		ok
B3. EAFE securities <=10% of value at cost		ok
B4. Security position <=4% of the account at purchase		ok
B5. Number of Issues > 75	79	ok
C1. Currency or cross-currency position <= value of hedged securities		ok
No executed forward w/o corresponding securities position		ok
C2. Maximum forward with counterpart <= 30% of total mv of account		ok
F2. Annual Turnover <= 100%	33%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines	☑ Yes	☐ No

Manager Explanations for Deviations from Portfolio Guidelines

There were no deviations.

Organizational/Personnel Changes

The Genesis office will be accessible to staff from 5th October. While working from home is recommended, this option will offer flexibility to our staff to balance health and wellbeing, which remains our highest priority. This continues to be subject to evolving government advice on travel, office working and general COVID-19 guidance which we monitor closely.

Account Turnover

Gained:	Number of Accounts:	0	Total Market Value ($m):	$	-
Lost:	Number of Accounts:	0	Total Market Value ($m):	$	-
	Reason(s):				