

Genesis Investment Management, LLP

Emerging Markets Equity: MSCI EM Benchmark

For the month of: **August** **2021**

Manager Performance Calculations

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Genesis	2.41%	-4.12%	20.94%	12.20%	11.11%
MSCI EM	2.65%	-2.88%	21.49%	10.25%	10.80%

Country Allocation Comparison

<u>Over-weight</u>	<u>Genesis</u>	<u>EM</u>	<u>Under-weight</u>	<u>Genesis</u>	<u>EM</u>
South Africa	7.78%	3.23%	China	25.63%	33.94%
Russia	7.35%	3.57%	Taiwan	7.70%	14.82%
Mexico	4.55%	1.97%	India	6.66%	11.66%

Performance Attribution & Strategy Comments

The MSCI EM Index closed August +2.6% after rallying in the final week to recover losses from earlier in the month. For the seventh consecutive month, China (flat) was among the underperformers, joined this time by Brazil and South Korea which both fell 2%. All other index markets (with the exception of Pakistan) were in positive territory, including India (+11%), Taiwan (+5%) and the four from South East Asia - Indonesia, Malaysia, Philippines and Thailand - which each gained 8-12%. The portfolio underperformed by 0.2% after gaining 2.4%.

Banks from a variety of markets were among the notable contributors to the portfolio return. In Eastern Europe, the share prices of OTP (Hungary) and Sberbank (Russia) climbed 12% and 7% respectively while BCA's (Indonesia) rose 11%. HDFC Bank (+11%) was the most prominent of the two Indian banks in the portfolio, supported by ICICI Bank (+6%). Three internet companies, also from different markets, featured: recent introductions MercadoLibre (LatAm, +19%) and JD.com (China, +11%) rose following positive quarterly results that beat expectations while Yandex (Russia, +13%) agreed to acquire Uber's interest in their joint ventures in food/grocery delivery and self-driving technology businesses. In South East Asia, the Indonesian cement duo recovered last month's losses with Semen Indonesia gaining 22% and Indocement 30%. And in the Philippines, Universal Robina climbed 21% while broadband provider Converge was the top performing holding soaring 37% after posting strong results for H1.

Detractors included Chinese communication and consumer names Kuaishou (-23%) and Anta (-6%). Luxury goods owner Richemont (-14%) slipped back as China's government now turned their attention to the wealthiest citizens with rhetoric on the super-rich giving back to society more. Meanwhile slow vaccination rollouts in Heineken's emerging beer markets put a dampener on results and its share price fell 6%. Turkish ecommerce company Hepsiburada (-34%) saw the biggest share price decline this month, falling 25% on the day following the announcement of disappointing earnings results and high-level management changes.

Relative performance was lost due to stock selection in China and the underweight position in India, and also from the portfolio's exposure to Heineken and Richemont. These were partially offset by value being added in Russia, the Philippines and Indonesia through the performance of the holdings mentioned above and also from being underweight in the weak Korean market. Gains in materials could not claw back the loss in the consumer sectors.

Manager Style Summary

Genesis utilizes a "bottom-up" investment approach, where security selection is based on individual stocks rather than country or regional prospects. An unusual aspect of their style is that they limit the countries within their universe to the World Bank list of emerging markets (based on per capita GDP), rather than the standard EM indices. Thus, some of the countries within the EM indices are not a major focus. Their unique style tends to avoid fast-growing countries included in the EM 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.

Genesis Investment Management, LLP

Emerging Markets Equity: MSCI EM Benchmark

Portfolio Guideline Compliance

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	73	check
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%	23%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Manager Explanations for Deviations from Portfolio Guidelines

B5. Number of Issues: In line with Global EM portfolios managed by Genesis while taking into account Portfolio Guidelines.

Total Firm Assets Under Management (\$m) as of: Qtr 2 \$ 21,969

Organizational/Personnel Changes

Carey Zhang, Analyst, joined Genesis on 2 August. Carey's initial research responsibilities are focused on China. Previously, she was a lead China Research Analyst at Archegos Capital, and prior to that an M&A Associate at Evercore in New York and Rothschild in Beijing. She holds a Bachelor's in Finance from Peking University, a Master's in Finance from the London School of Economics and an MBA from the University of Chicago Booth School of Business. Carey speaks Mandarin. Genesis has moved to 16 St James's Street in London. Our email addresses and contact numbers remain the same.

Account Turnover

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