

Ethical Emerging Markets Value

EQUITY

Solid tailwind for value

Help from commodities and US dollar

Market development Themes in the Emerging Markets have been the continuing decline of growth in China, and economic and political challenges in Brazil. Recently, Emerging Markets have had a boost from rising commodity prices, albeit from a low level, which gives some impetus for growth. In addition, the falling dollar tends to support those economies with dollar debt in particular, and the outlook for future interest rate rises in the United States also supports flows to Emerging Markets.

The big event has been Argentina's return to global debt markets with a \$15 billion bond issue. This has provisionally put an end to what has been a nearly 15-year long struggle between the country and its creditors, who are now repaid. This gives hope for a more positive outlook on this segment.

Brazil has continued to experience declining growth, with political chaos and corruption scandals still to play out. President Dilma Rousseff has her problems and, whilst the prospects that she will remain as president are limited, but raises on the other hand expectations for improvements.

Much better than benchmark

Performance April's performance 2.91% was significantly better than the benchmark that landed on 0.03%. This and fluctuations of more than 7% in the month underlined once again the nervousness in the market and the trend of risk on and off. So in short it is a completely extreme month, we have put behind us.

The last few months have given strong tail wind to value-segment, which is the case for the first time in several years.

The theme has been oil and raw materials, and the positive price trend has driven solid returns in the mining and oil industries, primarily in Brazil, Russia and Peru. By contrast, the IT sector has been hit by the uncertainty of future sales, which resulted in negative returns for the month, where primarily our hardware producing companies have been hit.

Compared to the benchmark, the fund has performed clearly better in virtually all sectors. The outperformance has been helped by strong returns in financials and materials (read: Mining companies). By contrast, the ethical guidelines strongly limited the fund's energy exposure, which has cost relative to the benchmark.

The volatility and outperformance relative to the benchmark has been extreme and we do not expect differences at that high level in the future.

Strategy

The fund invests in value stocks. Through careful fundamental analysis, the team strives to identify companies that trade at healthy discounts relative to intrinsic value. A risk-aware approach to portfolio construction ensures a well diversified portfolio. The Fund pursues an active value investment strategy, which is the reason why performance may deviate from benchmark.