

FUND FACTSHEET

Emerging Markets Equities Fund

31st October 2021

Investment Strategy: This Fund provides exposure to emerging markets including Eastern Europe, the Middle East, South America, Africa, and Asia including China. The major exposure of this fund is made up of China, Taiwan, and Korea. Emerging market funds are to capture the potential growth of countries in an emerging growth phase and offer high potential return with higher risks than developed markets. Kōura invests directly into an ETF listed in the US to provide this exposure.

Underlying asset: iShares ESG Advanced MSCI Emerging Markets ETF (\$21.9m fund size).

<https://www.ishares.com/us/products/316020/ishares-esg-advanced-msci-em-etf>

| | Fund performance | | | |
|------------------------|------------------|---------|----------|---------------|
| | 1 mth % | 6 mth % | 12 mth % | 24 mth % p.a. |
| kōura EM Equities Fund | (2.3%) | (0.5%) | 13.1% | 8.7% |

These performance numbers are calculated by kōura Wealth and are net of fees and gross of tax.

Monthly Commentary:

The Koura Emerging markets Fund fell (2.3%) in October but is up 13.1% over the year. The negative performance was driven by a strengthening NZ Dollar (this fund is unhedged), which reduced the value of the holding in NZ Dollar terms. The underlying ETF that we invest in grew by 1.4% during the month largely driven by a rebound in China.

Over the past 12 months, the fund has delivered a 13.1% return. Within the Emerging Markets category there are different themes at play:

- Taiwan continues to perform strongly with an economy and market highly leveraged to the technology and micro chip sectors
- South Korea is a strong market with a strong manufacturing base and trades broadly in line with the more developed international markets
- China continues to be impacted by regulatory uncertainty with and a crackdown in the property sector (which makes up 30% of GDP)

Valuation differences between Emerging Markets and developed markets have opened up to all time highs due to the nervousness around China and the potential impact of rising interest rates on Emerging Markets debt.

Top Ten holdings:

| Company | Sector | Weight % |
|------------------------------------|------------------------|----------|
| Taiwan Semiconductor Manufacturing | Information Technology | 5.3 |
| Meituan | Consumer Discretionary | 4.7 |
| Infosys Ltd | Information Technology | 2.6 |
| China Construction Bank Corp H | Financials | 2.2 |
| Nio American Depositary Shares Rep | Consumer Discretionary | 1.8 |
| Wuxi Biologics Cayman Inc | Health Care | 1.7 |
| Sk Hynix Inc | Information Technology | 1.6 |
| Mediatek Inc | Information Technology | 1.5 |
| Tata Consultancy Services Ltd | Information Technology | 1.4 |
| Naver Corp | Communication | 1.4 |

Top Country weightings market performance:

| Market | Portfolio weight | Performance % | | | |
|-------------|------------------|---------------|-------|--------|--------------|
| | | 1 mth | 6 mth | 12 mth | 24 mth (%pa) |
| China | 28.3% | 3.0 | -14.8 | -9.4 | 10.1 |
| Taiwan | 19.2% | 0.3 | -1.0 | 39.1 | 26.2 |
| India | 13.4% | 0.4 | 22.5 | 51.2 | 22.9 |
| South Korea | 8.6% | -3.6 | -9.2 | 28.5 | 19.9 |
| Brazil | 4.4% | -6.7 | -12.9 | 10.2 | -1.8 |

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