Barings Emerging EMEA Opportunities PLC

BARINGS

NOVEMBER 2024 / FACTSHEET

FUND FACTS

Net Assets[1]
£85.7m

Share Price[2]
627.50p

NAV per Share[1]
727.62p

Discount to NAV
13.76%

Dividend Yield[3]
2.71%

Structure
Closed Ended Investment Trust Company

Inception Date
18 December 2002

ISIN
GB0032273343

Bloomberg Ticker
BEMO LN

Base Currency
GBP

Benchmark[4]
MSCI EM EMEA

Management Fee (p.a.)
0.75%

Ongoing Charges (p.a.)
1.59%

PORTFOLIO MANAGERS

Matthias Siller, CFA
26 years of experience

Adnan El-Araby, CFA
14 years of experience

OBJECTIVE

Barings Emerging EMEA Opportunities PLC is an actively managed equity strategy. The Company's investment objective is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) securities markets.

STRATEGY

The Company aims to harness the long-term growth and income potential of Emerging EMEA. It is managed by one of the region's most experienced and best-resourced investment teams, using fundamental, bottom-up analysis.

MARKET OPPORTUNITY

- **Income diversifier:** the Company aims to deliver both income and long-term growth potential, accessing markets with compelling dividend prospects.
- **Undiscovered growth:** the broad investment focus provides exposure to a large opportunity set in high growth areas underrepresented in global portfolios.
- **High conviction:** concentrated exposure to 30 - 60 of the very best ideas we can find across the Emerging EMEA region - with a strong focus on environmental, social and governance (ESG) factors.

PERFORMANCE (%)	Ordinary Shares (Gross of Fees)	Ordinary Shares (Net of Fees)	Benchmark[4]
Year to Date	15.32	13.63	5.01
1 Year	21.36	19.42	9.25
3 Years	-2.52	-4.08	-4.74
5 Years	-0.57	-2.11	-2.91
10 Years	5.94	4.33	2.17
Since Inception	10.01	8.39	7.52

ROLLING 12 MONTH PERFORMANCE (%)	Ordinary Shares (Gross of Fees)	Ordinary Shares (Net of Fees)	Benchmark[4]
30/09/2023 - 30/09/2024	19.24	17.33	8.46
30/09/2022 - 30/09/2023	2.12	0.49	-3.40
30/09/2021 - 30/09/2022	-28.71	-29.85	-20.08
30/09/2020 - 30/09/2021	38.64	36.56	33.33
30/09/2019 - 30/09/2020	-21.14	-22.30	-22.58

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. An investment entails a risk of loss. Returns for periods greater than one year are annualized.

1. Net Asset Value is Shareholders' funds expressed as an amount per individual Ordinary Share. Shareholders' funds are the total value of all the Company's assets, at current market value, having deducted all liabilities and prior charges at their fair value.
2. Share price is the mid-market price at market close and is determined by stock market supply and demand.
3. Dividend Yield is calculated using the Company's latest full year dividend expressed as a percentage of the share price.
4. The benchmark is the MSCI EM EMEA Index. Prior to the 16 November 2020, the benchmark was the MSCI EM Europe 10/40 Index.

Baring Emerging Europe PLC was launched on the 18 December 2002. As of 16 November 2020, the Company changed its investment policy and objective and was renamed Barings Emerging EMEA Opportunities PLC. For further details please visit www.bemoplc.com

Barings Emerging EMEA Opportunities PLC

BARINGS

EQUITY PLATFORM[1]

Barings manages $431+ billion of equities, fixed income, real estate and alternative assets globally

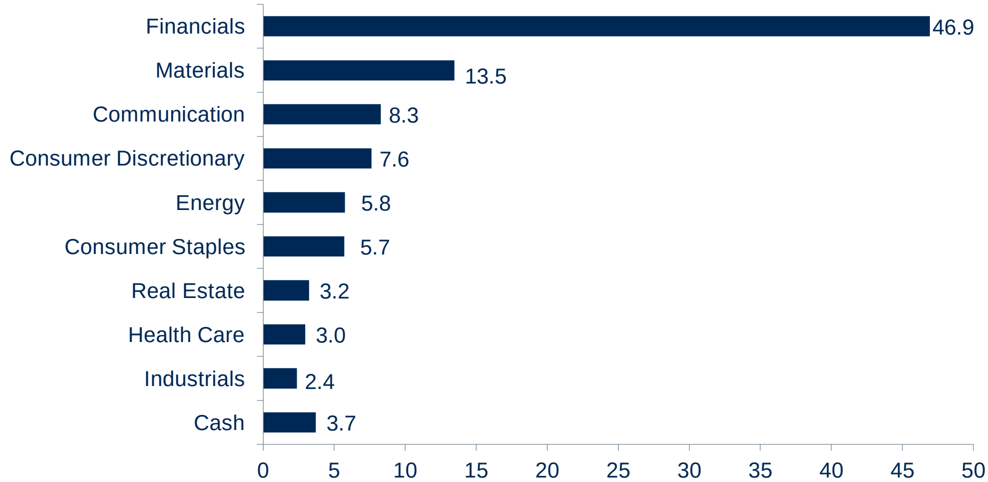
We focus on building high-conviction, research-driven equity solutions for our clients. We have a long history of being early investors in new and established markets

- Global Equities
- Emerging Markets Equities
- Small-Cap Equities

Equities investor base includes financial institutions, pensions, foundations and endowments and wholesale distributors

CHARACTERISTICS[2,3,4]	BARINGS EMERGING EMEA OPPORTUNITIES PLC
Number Of Holdings	55
Active Share (%)	43.55
Off Benchmark (%)	3.26
Tracking Error (%) (3Y Ann)	7.53
Information Ratio (3Y Ann)	0.40
Standard Deviation (3Y Ann)	16.46
Alpha (3Y Ann)	3.98
Beta (3Y Ann)	1.22
Av. Market Cap (USDb)	72.41

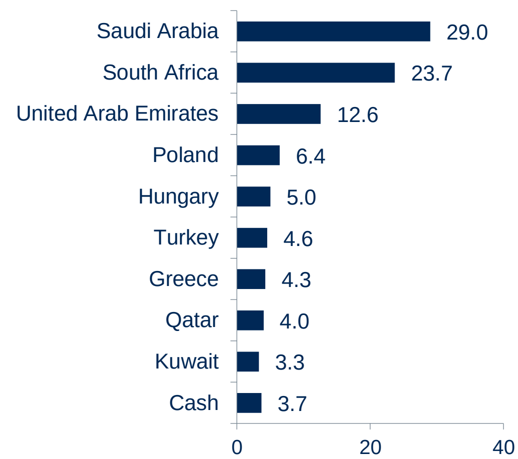
TOP SECTOR WEIGHTINGS (% OF MV)[3]



TOP HOLDINGS (% OF MV)[3]

AL RAJHI BANK	7.13
NASPERS LTD	5.25
CAPITEC BANK HOLDINGS LTD	4.40
FIRSTRAND LTD	4.33
QATAR NATIONAL BANK QPSC	3.43
OTP BANK NYRT	3.07
SAUDI NATIONAL BANK	2.97
ADNOC DRILLING CO PJSC	2.94
SAUDI BASIC INDUSTRIES	2.92
NATIONAL BANK OF KUWAIT	2.88

TOP COUNTRY WEIGHTING (% OF MV)[3]



1. Barings assets as of September 30, 2024.
2. Risk statistics based on gross performance.
3. As of 30 November 2024.
4. Refer to glossary on our website for definitions of terms. Characteristics are subject to change.

MANAGER'S COMMENTS
NOVEMBER 2024

PERFORMANCE SUMMARY

EMEA equities were down 1.7% in November and against this backdrop the portfolio outperformed the benchmark by 0.4% (in USD). The decisive outcome of the American presidential election significantly influenced global equity performance this month, with US markets markedly outperforming others worldwide.

Within the EMEA universe, the Turkish market rebounded from recent volatility and was the strongest performer, as the market once again enthused over the prospect of rate cuts amidst a deceleration in headline inflation that could potentially boost margins for the banks and reignite credit growth. Hungary, led by OTP bank, also performed well on the back of the bank's resilience to potential ECB rate cuts and at the prospect of a resolution to the Ukraine/Russia conflict.

The UAE also posted positive absolute returns as continued structural reforms and both tourism and population growth led to outperformance in the energy, real estate, and financials sectors.

South Africa was down the most, largely reflecting weakness in the materials sector. After touching an all-time high on the 30th October 2024, the gold price sold off on the back of a stronger dollar and higher bond yields impacting the precious metal players.

Sector wise, performance was relatively mixed with utilities the worst performing sector led almost entirely by Saudi Arabian ACWA followed by overall weakness in the materials sector. The materials sector was led down following the Trump presidential victory and the ensuing strong dollar in addition to a re-pricing of China trade and tariff risks. Weaker than expected production numbers reported by Goldfields exacerbated performance dragging its peers down whilst PGM player, Anglo American Platinum, sold off following an accelerated book build by its parent company.

Saudi Arabian IT companies continued to perform well as did the UAE real estate names, whilst energy was the strongest sector in absolute terms, led exclusively by ADNOC drilling.

Relative return for the portfolio was positive. On a country and sector basis, stock selection was the primary driver of relative returns.

Saudi Arabia, Greece and the UAE were the largest contributors to positive relative returns, partially offset by negative attribution from Poland and Kuwait. Sector wise, utilities and financials added to performance with materials and consumer discretionary detracting.

The largest contributor to performance was our underweight in Saudi utility and water company, ACWA Power (-20.9% in USD). The company significantly missed third quarter results and with already elevated valuation and no tangible guidance from management, the stock sold off aggressively.

Within financials, Abu Dhabi Commercial Bank (+12.1% in USD), another overweight position, continued its strong performance from October, as investors continue to reward the bank's medium term target guidance after posting solid third quarter earnings. In addition, the stock benefitted from reports of a potential bid for hospital operator, NMC and potential recoveries for this exposure, which the bank had historically provided losses against.

Our overweight in Hungarian lender OTP (+8.8% in USD) was a strong contributor as the stock approached all-time highs. Undemanding valuation for a bank offering low sensitivity to declining ECB rate, attractive valuation with a diversified portfolio and improving macroeconomic conditions, proved too difficult for investors to ignore.

In the UAE, ADNOC drilling (+4.3% in USD), an overweight position, continued to perform well on the back of management's strong execution in addition to the shale opportunity.

Our overweight in Saudi Arabian telecoms company, Etihad Etisalat (+6.5% in USD), was another notable contributor as the shares performed well on the back of the company gaining market share in the increasingly digitalized Saudi economy and the prospect of a formal dividend policy.

The materials sector detracted most from overall performance. Polish miner KGHM (-16.0% in USD) sold off on the expectation that potential international trade disputes would have a negative impact on global industrial production and investment. Additionally, KGHM, being a state-controlled and high-cost producer, is highly susceptible to fluctuations in global copper prices. These vulnerabilities are compounded by management's reluctance to optimize its operational portfolio and decrease investment in areas like renewable energy. Our overweight in South African gold miners, Goldfields (-13.6% in USD) and AngloGold Ashanti (-9.7% in USD) and PGM player Impala Platinum (-13.5% in USD) took away from returns on the back of the strong dollar.

We participated in the IPO of UAE based hypermarket operator, Lulu (-12.3% in USD), with operations across the GCC markets. Whilst the initial stock performance was underwhelming and took away from relative returns, we believe in the company's franchise value and the long-term structural investment case of store expansion across its key markets, particularly in Saudi Arabia.

MANAGER'S COMMENTS
NOVEMBER 2024

STRATEGY

We remain focused on unrecognised growth, and we continue to seek out bottom-up investment opportunities where the future earnings potential is not fully reflected in the current share price.

In the short term, the EMEA region will remain connected to shifts in global sentiment regarding the direction of interest rates, the fight against inflation and global growth prospects, nevertheless, the EMEA region has a range of unique companies and drivers.

OUTLOOK

The resounding victory for the Republican Party in the US elections, coupled with Donald Trump's assertive tariff policies, poses significant challenges for emerging markets reliant on global investment inflows and export-driven growth. Concurrently, escalating geopolitical tensions and increased defense expenditures are likely to strain US dependent economies, which are already coping with political instability and declining consumer confidence.

From a European perspective, nations such as Poland, Greece, and Turkey display favourable growth potential, robust public finances, and a steadfast commitment to defense expenditures and military capability. These countries often benefit from a more stable political climate and an independent monetary policy framework. In terms of Emerging Markets, we project that Emerging Europe will experience reduced impact from global trade conflicts while capitalizing on nearshoring opportunities. Furthermore, the new U.S. administration's diplomatic efforts towards Russia, aimed at addressing the conflict stemming from Russia's aggression in Ukraine, are expected to enhance the investment appeal of Emerging European equity markets and bolster the region's growth prospects.

The pace at which Turkey's rate of inflation declines will dictate the Central bank's interest rate policy which creates uncertainty over the outlook for the economy and Turkey's equity market.

The outlook for the GCC region continues to be clouded by the geopolitics and the volatility in the price of crude creating uncertainty around the pace of capital investments. Our focus will continue to be on researching and investing in companies with a compelling earnings profile that have a consistent track record in creating shareholder value regardless of the macroeconomic backdrop.

Finally, South Africa risk premium could fall further if the GNU can execute on its promises of structural reform and kick start a sustainable economic recovery.

We believe EMEA equity markets are well situated to benefit from an increase in investor attention against a backdrop of favourable domestic dynamics and a range of diverse company specific opportunities.

Key Risks:

- Regional Funds have a narrower focus than those which invest broadly across markets and are therefore considered to be more risky.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. Coupled with less developed regulation, this means your money is at greater risk
- Russia and the region pose special risks such as, economic and political unrest, lack of a transparent and reliable legal system, lower standards of corporate governance and an under developed process for enforcing legal ownership of investments
- Derivative instruments can make a profit or a loss and there is no guarantee that a financial derivative contract will achieve its intended outcome. The use of derivatives can increase the amount by which the Fund's value rises and falls and could expose the Fund to losses that are significantly greater than the cost of the derivative as a relatively small movement may have a larger impact on derivatives than the underlying assets
- Debt securities are subject to risks that the issuer will not meet its payment obligations (ie, default). Low rated (high yield) or equivalent unrated debt securities of the type in which the fund will invest generally offer a higher return than higher rated debt securities, but also are subject to greater risks that the issuer will default.
- Changes in exchange rates between the currency of the Fund and the currencies in which the assets of the Fund are valued can have the effect of increasing or decreasing the value of the Fund and any income generated

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TO LEARN MORE PLEASE CONTACT YOUR LOCAL BARINGS TEAM

EMEA based enquiries:
emea.info@barings.com

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