



Redwheel Next Generation Emerging Markets

June 2022 Monthly Commentary

Next generation emerging market equities fell sharply in June on concerns of a looming global slowdown as the Federal Reserve showed a firm commitment to higher interest rates. The Redwheel Next Generation Emerging Markets Equity Fund was down -12.33% while the MSCI Frontier Emerging Markets Index fell -10.97%. Asia frontier markets were down on the back of recession fears in key export markets. Additionally, inflation continued to rise for the month of June. Vietnam fell -7.6% during the month while Indonesia and the Philippines fell -8.8% and -13.6%, respectively. In EMEA, Saudi Arabia and the UAE were down as Brent crude oil fell during the month. In Latin America, Colombia was down -29.0% following the election of another left-wing President in South America. Peru was down as the copper price fell during the month.

There were several single stock contributors to performance. In the UAE, Borouge was up +20.0% following a well participated IPO. Borouge enjoys a favourable position on the cost curve which drives strong free cash flow through the cycle, supporting both attractive dividends and future investment growth over the medium term. Abu Dhabi Ports rose +13.4% as the company's business model reflects a largely contracted revenue base resulting in long-term cash flow visibility. In Indonesia, Medikaloka Hermina rose +7.5% as hospital patient traffic for June was robust while the impact of inflation on costs should remain manageable.

The fund's copper exposure was a significant detractor to the fund's performance as the copper price declined during the month. As a result, First Quantum and Ivanhoe Mines fell -33.9% and -24.7%, respectively. The medium-term outlook for copper prices remains positive as new structural sources of demand accelerate, including renewable energy and electric vehicles, and supply remains tight. In Egypt, Energean fell -20.7% as energy prices declined during the month.

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