Management commentary

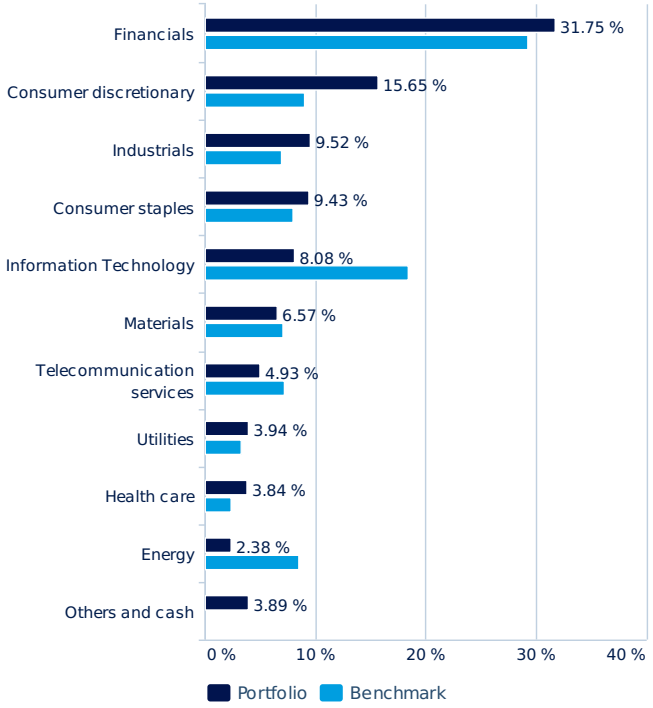
After a solid performance recorded in April, EM equity markets lost momentum in May to close the month down 4% in net USD terms. Hawkish comments by the Fed's Chairwoman Janet Yellen strengthened the US dollar and EM currencies were broadly under pressure. Indian equities rose 2.7% shrugging off some corporate earnings disappointment while expecting further interest rate cut on continued low inflation. After an impressive stock rally in the past weeks, MSCI China was down 3.9% despite the PBoC delivering yet another set of monetary easing measures by cutting the benchmark deposit and lending rates by 25bps.

This month, the fund outperformed its benchmark. Notable movements over the month included increase of the consumption sector in Thailand, with CP All, as the outlook for same store sales should improve. Conversely, we have taken profit out of some names such as Great Wall Motor, a Chinese car maker that we have hold for several years but also Brilliance China.

The expected interest rate hike in the US, when it happens, should be subdued and appears to have been already priced to a large extent in emerging markets, and thus does not represent a significant risk. We continue to see the need to differentiate between the countries and remain focused on companies which show growth potential, attractive valuation and remain committed to remunerate their shareholders.

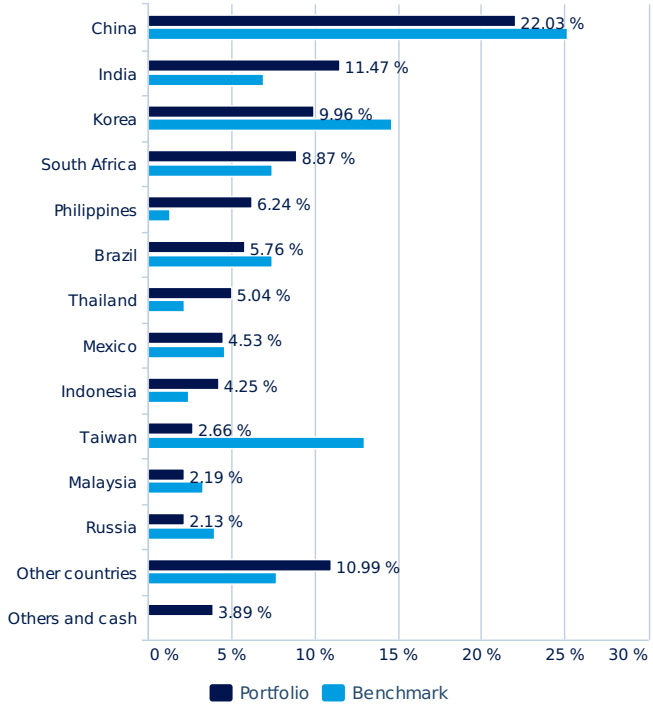
Portfolio breakdown

Sector breakdown



Excluding derivatives.

Geographical breakdown



Excluding derivatives.

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