

I share class | GBP

PACIFIC NORTH OF SOUTH EM ALL CAP EQUITY

As at 31 July 2019

Pricing information

Nav price (31/07/19): 10.518
Pricing frequency: Daily
Yield: 3.2%

Fund manager

Manager name: Matt Linsey

Fund facts

Fund size (USD m): 273.0

Investment manager: Pacific Asset Management

Sub-investment manager: North of South Capital LLP

Launch date of class: 02/03/2018

Launch date of fund: 22/11/2017

Fund structure: Irish - UCITS

Fund type: Long only

Share class type: Accumulation

Base currency: USD

Currencies available: GBP, USD, EUR, CHF

Benchmark: MSCI Emerging Market Total Return Index

Dealing frequency: Daily

Subscription cut off: 12pm Irish Time

Auditors: Deloitte

Depository: Citi Depository Services Ireland Designated Activity Company

Administrators: Citibank Europe plc

Identifiers

ISIN: IE00BD9GKZ43

Bloomberg: PNSGIAU

SEDOL: BD9GKZ4

Charges

Initial Charge: NIL

AMC:* 0.75%

Ongoing Charges Figure: 1.00%

The Ongoing Charges Figure (OCF) is an estimate based on projected expenses and may vary from year to year. An estimate is used in order to provide the figure that will most likely be charged. For more information about charges please see the Key Investor Information Document (KIID) and "Fees and Expenses" of the Fund's Prospectus and Supplement.

* Included in the OCF

Investment objective

Long-term capital appreciation through investing in a diversified portfolio of emerging market equities. Combines top-down macroeconomic themes and bottom-up company analysis to identify undervalued stocks across the full market capitalisation spectrum. Aims to outperform MSCI EM Total Return index by 3-5% annually.

Fund manager commentary

During July the fund outperformed the MSCI Emerging Markets index by 1.7%.

The largest contribution came from Taiwan, driven primarily by stock selection as a number of positions that we had been adding to on weakness performed well. Stock selection in Brazil and Mexico also benefitted the portfolio thanks to domestic exposures. Additionally our Russian positions continued to outperform, while India where we have been cautiously positioned underperformed the market.

The main negative drag came from South Korea and China as these markets continued to suffer from trade related concerns.

The last few days have seen Argentina remind the world that it is not for the faint hearted. Our mantra on Argentina is that it is never as good as it looks but also never as bad as it looks. We had reduced exposure to Argentina over the past few months as the markets increasingly priced in a certain Macri victory. Overnight, following a preliminary vote the Argentine equity market dropped 48% in US\$ terms and fixed income moved to price in a 75% probability of sovereign default in the next five years. This outcome is not certain but certainly quite possible given Argentina's history and the build-up of foreign debt under Macri's leadership (from 26% in 2015 to 52% of GDP by end 2018 - this year's currency moves will exacerbate this further).

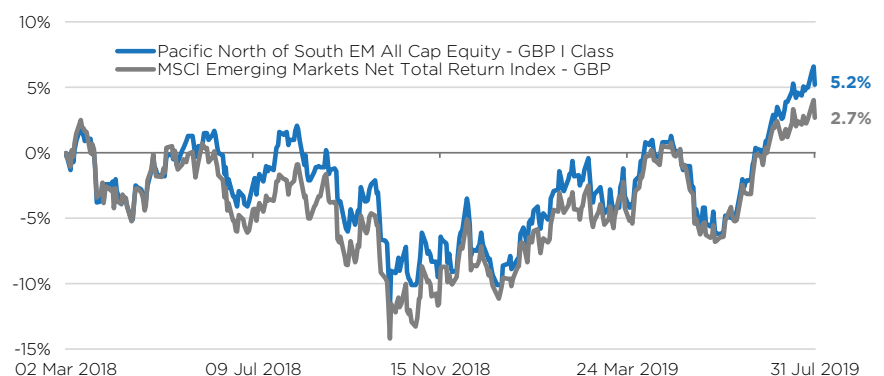
We note that this was not the actual vote and there are still months until the actual election. Some voters might now make the link between kicking out Macri and the immediate economic impact and vote for him while holding their noses. The other great unknown is the degree to which a Fernandez/Kirchner win will bring back unworkable policies such as price manipulation, currency controls and lying about statistics. For many Argentinian companies this will be a matter of life or death.

Currently we have one Argentinian stock in the portfolio, which is an oil company listed in Mexico and via ADRs. It is run by the former head of YPF - an appointee of Cristina Kirschner at the time. The company is developing the world-class Vaca Muerta shale deposits that have also been a priority for YPF. Its product is priced in dollars and it is therefore not as affected by domestic cost of capital. The oil it sells internationally will be a crucial source of dollars for the country and we believe the company is among the least likely to be targeted by future government price controls. Challenges may arise in funding the growth and access to equipment, although much of this has already been prudently secured. The stock is very inexpensive on all our metrics and we are comfortable with the position.

With our mantra in mind, that things are never quite as bad as they seem in Argentina we are interested in such significant declines in asset values and will be monitoring the situation very closely for opportunities when the market has become overly pessimistic. Given the extreme volatility in Argentina's cost of capital this will of course be a challenge for any businesses that are domestic earners.

Performance of I share class | GBP

From 2 Mar 2018 to 31 Jul 2019 (%)



I share class | GBP period returns

From 2 Mar 2018 (inception) to 31 July 2019 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-	-	-2.40	1.13	1.52	-3.09	4.53	-2.76	-1.11	-6.45	3.07	-2.76	-8.50
2019	5.79	-0.62	1.77	1.33	-4.13	5.99	2.73	-	-	-	-	-	15.0

Past performance is not necessarily a guide to future performance. Performance is shown net of fees.

The charts and tables on this document show the performance of the Pacific North of South EM All Cap Equity - GBP I Class from 2 Mar 2018 (inception of class) to 31 July 2019.

Source: Pacific Asset Management as at 31 July 2019.

Fund characteristics

Total no. securities held	94
Top ten position concentration	23.0%

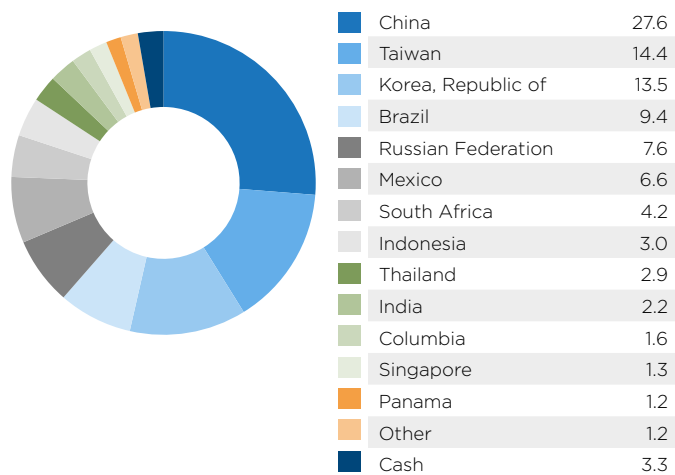
Market cap breakdown (% of nav)

Large cap (\$5bn plus)	42.7
Mid cap (\$500m to \$5bn)	46.2
Small cap (Up to \$500m)	8.8

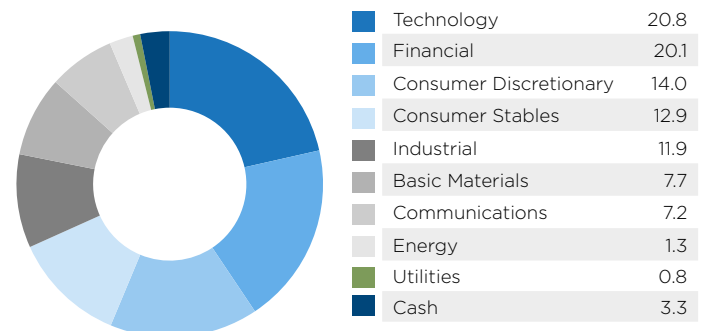
Top 15 holdings (%)

Name	Geographic	Industry	% of fund
Taiwan Semiconductor	Taiwan	Technology	3.9
Samsung Electronics	South Korea	Technology	3.5
Naspers	South Africa	Communications	3.2
Sberbank of Russia	Russia	Financials	2.2
China Construction Bank	China	Financials	1.9
Vista Oil & Gas	Mexico	Energy	1.8
Veon	Russia	Communications	1.7
Lenovo Group	China	Technology	1.7
Pao de Acucar	Brazil	Consumer Staples	1.6
China Taiping Insurance	China	Financials	1.5
China Overseas Land & Invest	China	Financials	1.5
China Meidong Auto	China	Consumer Discretionary	1.5
Ind & Comm Bank Of China	China	Financials	1.5
Construtora Tenda	Brazil	Financials	1.5
Elite Material	Taiwan	Industrial	1.5

Fund geographical weightings (%)



Fund industry weightings (%)



Pacific North of South EM All Cap Equity

Other shareclasses and currencies available

Share Class	Currency	ISIN	Bloomberg	SEDOL
Z Class Accumulating*	GBP	IE00BZOYL369	PNSGZAU	BZOYL36
Z Class Distributing*	GBP	IE00BFFF4C48	PNSGZDU	BFFF4C4
I Class Accumulating	GBP	IE00BD9GKZ43	PNSGIAU	BD9GKZ4
I Class Distributing	GBP	IE00BFZ4H223	PNSUIDU	BFZ4H22

Holdings and allocations are subject to change. Totals may not sum to 100% due to rounding.

Source: Pacific Asset Management as at 31 July 2019. *Share class closed to new subscriptions.

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