

PACIFIC NORTH OF SOUTH EM EQUITY INCOME OPPORTUNITIES

I SHARE CLASS | GBP

FACTSHEET | 29 Feb 2024

KEY FACTS

Pricing information

Nav price (29 Feb 24)	10.868
Pricing frequency:	Any Business Day
Yield:	7.42%*

Portfolio managers

Manager names:	Robert Holmes Matt Linsey Kamil Dimmich
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Fund facts

Fund size (USD m):	53.2
Investment manager:	Pacific Asset Management
Sub-investment manager:	North of South
Launch date of fund:	09 Jun 22
Launch date of class:	09 Jun 22
Fund structure:	Irish UCITS
Fund type:	Single Manager
Share class type:	Distributing
Base currency:	USD
Currencies available:	EUR, GBP, USD
Benchmark:	MSCI Emerging Market Total Return Index
Dealing frequency:	Any Business Day
Subscription cut off:	Noon the prior day
Auditors:	Deloitte
Depository:	Citi Depository Services Ireland
Administrators:	Citibank Europe Plc

Identifiers

ISIN:	IE0007YEKJH0
Bloomberg:	PNIGIDQ ID
SEDOL:	BM8HK06

Charges

Initial Charge:	None
AMC:*	0.85%
Ongoing Charges Figure:	1.21%

IMPORTANT INFORMATION

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 Funds Prospectus and Supplement. **Included in the OCF.

*The historic 12 month yield % is calculated by summing the trailing 12-months' income distributions and dividing the sum by the last quarter's ending NAV. This figure is updated on a quarterly basis and as such reflects the 12-month yield as at the most recent quarter end.

Investment objective

The investment objective of the Fund is to produce a consistent level of income through investment in high yielding emerging market equities while also growing the net asset value.

Fund manager commentary

After a soft start to the year the fund gained 71% in February, driven by strong performance from South Korea, Taiwan and China.

As mentioned last month, Korea has suddenly come to life through the 'Value-Up' reforms which now appear to have gained traction. Whilst starting as a political move ahead of the elections, it's proved popular with retail investors but has now also received the backing of the National Pension Service which is the third largest pension fund globally.

Similar to the moves in Japan, the plan is to construct indexes and commit funds to appropriately 'enlightened' companies, so these reforms are likely to persist whatever the outcome of the election. Amongst our holdings there's certainly support from the management teams we've spoken to, and are actively engaged with investors over the most appropriate ways to realise value and enhance returns to shareholders.

In that context, the two top performers this month were Hyundai Preference shares and Hana Financial. The discount on the Pref share has closed to around 35% from 50%, outperforming the ordinary which rallied 30% last month, but we believe there's still further to go. On the banking stocks however we're less optimistic and have been selling into strength. Last quarter most banks took additional provisions for real estate exposure, there's limited excess capital and Korean households are the most leveraged in our coverage. As a result, we've been recycling our exposure into insurance where we see better longer-term prospects.

We recently met with one such company that's accumulated significant excess capital, and which continues to grow. Recent changes to accounting standards helped increase headline earnings but more importantly also encouraged a focus on profitability over volume which is positive for the entire sector. The company has a number of ways to both increase earnings and cash returns to shareholders. We own the preference share which being at a 20% discount enhances yield and has the further possibility of being converted to ordinary shares.

We've also been enjoying the rally in Taiwan with further gains in 'AI' exposed names such as MediaTek. However, the more significant driver this year has been the emergence of local ETFs focused on higher yielding equities in a near 'copy-paste' of our investment approach. Recently these have attracted billions of dollars from retail investors and are driving some valuations beyond fair value. The impact of AI has triggered a supply squeeze in certain areas of the supply chain and earnings will follow suit, but we're actively selling into strength to recycle capital where we see price moves being more technical than fundamental.

One such new position is JNBY, a mid to high-end fashion designer, manufacturer and retailer catering to the style and quality conscious consumer in China. This is a remarkable company that's majority owned by the founders - a husband and wife team. It has a growing brand and strong customer loyalty which we were able to corroborate through one of our other holdings. It's paid dividends every year since IPO in 2017 (including over Covid) and currently has a 75% payout producing a double-digit yield. It's highly cash generative, has an ROE of 40% (even with net cash) and trades on single digit earnings. Their recent earnings beat estimates by a considerable margin, management announced a special dividend and gave a positive outlook resulting in a strong price reaction.

This is one of the better illustrations of the view we've maintained on China, that it's not all gloom and doom. There are still individual companies that are discounted by the broader malaise, but are still able to navigate challenging waters whilst growing the business and paying dividends to shareholders.

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From 09 Jun 2022 (inception) to 29 Feb 2024 (%)



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From 09 Jun 2022 (inception) to 29 Feb 2024 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022						-3.92	0.39	4.50	-2.53	-0.53	4.94	-2.75	-0.27
2023	3.06	-1.37	-0.29	1.25	-0.02	1.25	3.00	0.60	4.33	-1.13	2.74	4.51	19.20
2024	-1.41	7.07											5.57

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

Source: Pacific Asset Management as at 29 Feb 2024.

PORTFOLIO BREAKDOWN

Fund characteristics

Total no. securities held	68
Top ten position concentration	27.9%

Market cap breakdown (% of nav)

\$5bn plus	49.2
\$500m to \$5bn	39.5
Up to \$500m	4.7

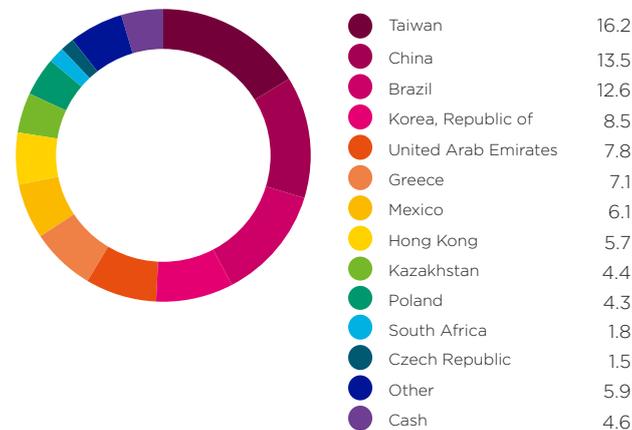
Rolling 12 month distributions

Record	Amount
29/12/2023	£0.103238
29/09/2023	£0.216591
30/06/2023	£0.366776
31/03/2023	£0.07224

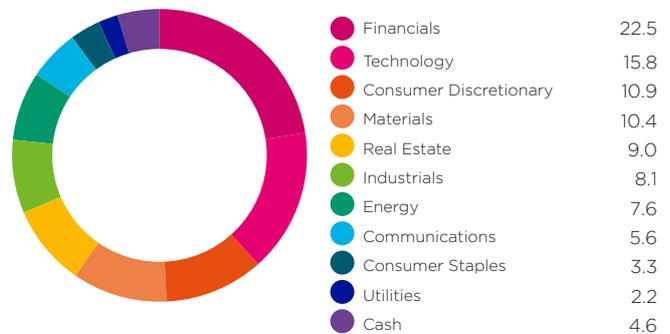
Top 10 holdings (%)

Name	Geographic	Industry	% of fund
EMAAR Development	United Arab Emirates	Real Estate	3.1
Macquarie Mexico Real Estate	Mexico	Real Estate	2.8
Petrobras	Brazil	Energy	2.7
Mediateck Inc	Taiwan	Technology	2.7
Swire Pacific LTD-CL B	Hong Kong	Consumer Staples	2.7
Opap SA	Greece	Consumer Discretionary	2.7
SK Telecom	Korea, Republic of	Communications	2.6
China Petroleum & Chemical-H	China	Energy	2.6
Banco Do Brasil	Brazil	Financials	2.4
Hyundai Motor Co Ltd	Korea, Republic of	Consumer Discretionary	2.2

Fund geographical weightings (%)



Fund industry weightings (%)



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

PLEASE GET IN TOUCH

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