PACIFIC NORTH OF SOUTH EM ALL CAP EQUITY
I DIST SHARE CLASS | GBP

FACTSHEET | 31 Mar 2025

KEY FACTS

Pricing information

Portfolio managers

Fund facts

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Identifiers

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IMPORTANT INFORMATION

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Investment objective

Fund manager commentary

he Pacific North of South EM All Cap Equity Strategy outperformed the MSCI Emerging Markets index by %

Key contributions to relative outperformance in the portfolio came from a recovery in Brazilian holdings, a weak Indian market where we are still underweight, as well as European and Middle Eastern positions, especially in Financials. There was some drag from other Latin American and some South African holdings. During the quarter we continued taking profits on Taiwanese and UAE holdings that had performed well over the past years, as well as exiting Thailand and reducing Indonesia. We continued adding to Chinese domestic exposure and re-entered the Saudi market following a de-rating over recent years. In total, however, we have been avoiding making big calls on prospective US policy. We remain slightly overweight on China, with an emphasis on domestic consumption and fairly light on Southeast Asian exposure, while cautiously overweight on Latin America. Our Taiwanese exposure has been reduced but remains marginally overweight given the market's strong balance sheets and structural competitive advantages combined with modest valuations. Our continuing significant underweight on India remains balanced with Middle Eastern and selective Emerging European exposure, where valuations and fundamentals remain relatively good.

Although we focus on the bottom-up, there are occasions when the big picture has to be addressed. The truth is that even after "Liberation Day", nothing is certain. We doubt that we are anywhere close to the final word on tariff levels, with the launch representing more of an invitation to countries for presenting their best "offers". Many countries will be unable or unwilling to deliver "phenomenal" in the first instance, but the definition of that is sure to change over time, especially as the costs of the policy start to become apparent to the US electorate. Still, global policymakers largely remain bystanders to the moods in the White House.

It is extremely unlikely that the status quo results in any visible economic benefits to the US prior to the next mid-term or even Presidential elections. Inflation and weaker growth are almost mathematically certain while a putative manufacturing boom cannot happen immediately. Reconstructing wrecked supply chains domestically is going to take years, while ongoing uncertainty will limit corporates' ability to fully commit to the necessary investments. Paradoxically, the more successful tariffs are at making imports unaffordable, the more likely we are to see a crumbling of support for them and eventual likelihood of reversals at the ballot box. This risks making such domestic capacity investments redundant. Already, we are seeing buyers' remorse from certain noisy hedge fund MAGA supporters and even Elon Musk is mumbling about zero tariffs. The broader electorate will not feel the effects immediately as companies will only reluctantly raise prices while they have un-tariffed inventories. The next few months are therefore likely to see more tariff bravado than deals being struck. Taking a longer view, much like we did during the early days of the Covid pandemic, we are looking for countries and businesses that can weather a potentially difficult few months and years but thrive as things eventually settle. That is not to say we expect everything to revert - it is highly unlikely that global trade recovers fully and international relationships will be redefined permanently. A new world order is already upon us, but the pressure to remove the most damaging policy elements will eventually prevail.

As always, we have an eye on valuations and the cost of capital. While share prices are clearly lower across the board, EM bond yields have largely been stable or declining. Outside the US we are less likely to see inflationary pressures - in fact there is potential for deflation as surplus capacity looks for new homes. This ought to allow for lower rates, which could eventually become supportive for equities, although clearly concerns about earnings will dominate in the near-term.

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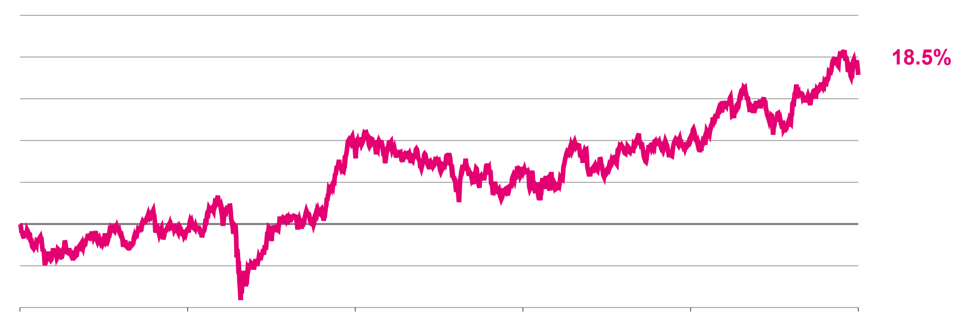

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year

Past performance is not necessarily a guide to future performance.
Performance is shown net of fees.
Source: Pacific Asset Management as at 31 Mar 2025.

PORTFOLIO BREAKDOWN

Fund characteristics

	85
	31.8%

Market cap breakdown (% of nav)

Top 15 holdings (%)

Name	Geographic	Industry	% of fund

Fund geographical weightings (%)

30.5
18.2
11.8
7.2
6.2
3.5
3.2
3.0
2.8
2.5
2.3
3.8
4.9

Fund industry weightings (%)

25.3
19.6
15.9
11.0
6.0
5.5
4.5
3.5
3.0
0.7
4.9

PLEASE GET IN TOUCH

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