

PACIFIC NORTH OF SOUTH EM ALL CAP EQUITY

Z ACC SHARE CLASS | GBP



FACTSHEET | 30 Aug 2024 | Share class closed to new subscriptions

KEY FACTS

Pricing information

Nav price (30 Aug 24)	14.616
Pricing frequency:	Any Business Day
Yield:	3.59%

Portfolio managers

Manager names:	Matthew Linsey, Kamil Dimmich
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Fund facts

Fund size (USD m):	1789.3
Strategy size (USD m):	2829.3
Investment manager:	Pacific Asset Management
Sub-investment manager:	North of South
Launch date of fund:	22 Nov 17
Launch date of class:	22 Nov 17
Fund structure:	Irish UCITS
Fund type:	Single Manager
Share class type:	Accumulating
Base currency:	USD

Currencies available:	CAD, EUR GBP, USD
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Benchmark:	MSCI Emerging Market Total Return Index
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Dealing frequency:	Any Business Day
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Subscription cut off:	Noon the prior day
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Auditors:	Deloitte
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Depository:	Citi Depository Services Ireland
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Administrators:	Citibank Europe Plc
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ManCo:	Waystone Management Company (IE) Ltd
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Identifiers

ISIN:	IE00BZ0YL369
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Bloomberg:	PNSGZAU ID
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SEDOL:	BZ0YL36
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Charges

Initial Charge:	None
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AMC:*	0.6%
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Ongoing Charges Figure:	0.75%
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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.

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

In August the fund underperformed the MSCI EM index by 1.2% during a highly volatile period.

The main negative contribution came from continued weakness in Korea and Mexico as well as some smaller markets in EMEA and Latin America while India where we are underweight continued to push higher. On the positive side, our Taiwanese holdings continued to do well, outperforming the market.

While not making significant changes to overall exposures, we have been using the volatility to take profits on individual stocks and shift into those that have lagged with higher upside.

We often talk about looking for stocks where management is willing to return surplus capital to shareholders. In Taiwan, the vast majority of companies pay out high proportion of their income through dividends and this has been part of the superior returns profile.

The other form of cash return is through share buybacks - historically much more popular in the US. Mathematically a buyback works in the same way as paying investors a dividend who then use it to purchase more shares of the same company. The investor's share of the company profits increases although in the case of the buyback that is reflected in higher earnings per share while with a reinvested dividend the share of ownership of the company increases.

Buybacks tend to be more efficient from a tax perspective for investors, but are not universally popular. It is true that a buyback may indicate a lack of growth options for management, but it also demonstrates capital discipline and a belief in their value of their business. In theory management have a better insight into their own company and should be able to exploit an informational advantage over the market. The risk is that companies overpay for their own shares when investors would be better off receiving cash. Around 90% of companies in the S&P have some form of share buybacks - it is implausible that all of these stocks are undervalued.

Nonetheless, studies by S&P shown that US companies running significant buybacks relative to their market cap have historically outperformed their peers ("Examining Share Repurchasing and the S&P Buyback Indices in the U.S. Market", March 2020). In recent years this has not been the case as growthy mega-cap stocks have led the charge.

In Emerging Markets, buybacks are much less common, however this has been changing. Around 1/3rd of the companies in our portfolio have announced buybacks in the last 12 months. This is more than double the proportion within the wider EM universe. Many of these buybacks are very significant - up to 10% of their market cap and typically funded out of net cash on the balance sheet and free cash flow. The companies range from Chinese internet giants via Korean Chaebols to small-cap Brazilian companies. What they all have in common is inexpensive shares mostly trading well below 10x P/E which suggests attractive returns on the repurchased shares.

The increase in buyback activity in our markets is definitely a positive development especially in the context of low valuations. We continue to watch this phenomenon closely.

Z Acc share class | GBP

From 22 Nov 2017 (inception) to 30 Aug 2024 (%)



Z Acc share class | GBP Period returns

From 22 Nov 2017 (inception) to 30 Aug 2024 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year		
2017													-4.53	3.27	-1.41
2018	3.20	-1.24	-3.47	1.11	1.60	-3.01	4.47	-2.68	-1.14	-6.42	3.10	-2.71	-7.53		
2019	5.82	-0.65	1.78	1.36	-4.01	5.95	4.39	-5.57	0.55	-0.63	-0.05	6.83	16.00		
2020	-4.18	-2.68	-15.57	7.04	5.36	6.54	2.66	-0.65	0.04	1.14	11.48	6.88	16.30		
2021	1.10	1.79	4.07	4.60	-1.86	5.01	-4.18	1.58	-2.46	-2.80	-1.53	0.98	5.93		
2022	0.29	-3.32	2.04	-1.16	1.95	-6.80	0.50	5.87	-5.49	-3.27	8.63	-2.20	-3.95		
2023	8.98	-3.70	-0.54	-2.19	2.72	2.80	4.82	-3.94	1.91	-3.25	2.98	4.30	14.95		
2024	-3.98	7.16	2.75	-0.45	0.07	1.10	-2.81	-1.81					1.61		

Past performance is not necessarily a guide to future performance.

Performance is shown net of fees.

Source: Pacific Asset Management as at 30 Aug 2024.

PORTFOLIO BREAKDOWN

Fund characteristics

Total no. securities held	80
Top ten position concentration	30.9%

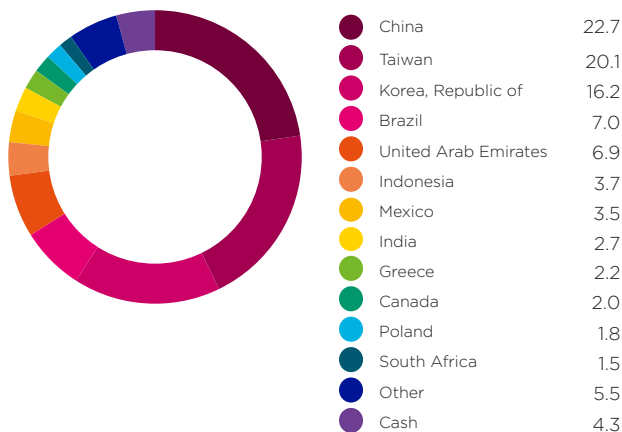
Market cap breakdown (% of nav)

\$5bn plus	65.7
\$500m to \$5bn	27.9
Up to \$500m	2.1

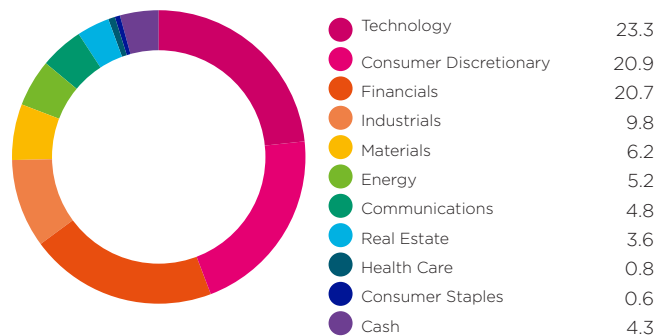
Top 15 holdings (%)

Name	Geographic	Industry	% of fund
Taiwan Semiconductor	Taiwan	Technology	7.4
Samsung Electronics	Korea, Republic of	Technology	4.8
Alibaba Group	China	Consumer Discretionary	4.7
Emaar Properties	United Arab Emirates	Real Estate	2.9
Mediatek Inc	Taiwan	Technology	2.4
Jd.com	China	Consumer Discretionary	2.0
State Bank Of India Citi Cfd	India	Financials	1.9
Powszechny Zaklad Ubezpiecze	Poland	Financials	1.8
Baidu Inc	China	Communications	1.8
Samsung Fire & Marine Ins	Korea, Republic of	Financials	1.8
Kt Corp	Korea, Republic of	Communications	1.7
United Microelectronics	Taiwan	Technology	1.7
Vipshop Holdings	China	Consumer Discretionary	1.6
Midea Group Co Ltd-a	China	Consumer Discretionary	1.6
Astra International	Indonesia	Consumer Discretionary	1.6

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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