

# PACIFIC NORTH OF SOUTH EM ALL CAP EQUITY

I DIST SHARE CLASS | USD

FACTSHEET | 29 Feb 2024

## KEY FACTS

### Pricing information

Nav price (29 Feb 24)	11.075
Pricing frequency:	Any Business Day
Yield:	3.79%

### Portfolio managers

Manager names:	Matthew Linsey, Kamil Dimmich
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### Fund facts

Fund size (USD m):	1342.8
Strategy size (USD m):	1,764.3
Investment manager:	Pacific Asset Management
Sub-investment manager:	North of South
Launch date of fund:	22 Nov 17
Launch date of class:	18 May 23
Fund structure:	Irish UCITS
Fund type:	Single Manager
Share class type:	Distributing
Base currency:	USD
Currencies available:	CAD, 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
ManCo:	Waystone Management Company (IE) Ltd

### Identifiers

ISIN:	IE0006VQ9SP0
Bloomberg:	PNSUIDQ ID
SEDOL:	BMXHKN4

### Charges

Initial Charge:	None
AMC:*	0.75%
Ongoing Charges Figure:	0.92%

### 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

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

The largest contribution to relative performance came from our value stocks in Korea, followed by strong performance in Taiwan and the UAE. For once, the Chinese market staged a rally and our portfolio slightly lagged this move. Our underweight position in India was also a small relative drag against the index.

During the month we were active taking profits in some strong performers where upside to fair value was more limited and added to new ideas in Korea, Greece and Mexico.

While we spend much time discussing the major markets such as China, Korea or Brazil, it is worth remembering that smaller economies can offer overlooked opportunity – often at very attractive prices. An example of this is Greece – a former basket case of an economy crippled by high debt and inefficiency. The Athens stock exchange has delivered almost double the returns of the S&P500 over the past three years, driven by the re-birth of its banking sector. The latest milestone is the sale of the entire government holding in Piraeus Bank driven by strong market demand for the stock. The Greek government also pays a lower interest rate on its 10 year bonds today than the US.

During the Eurozone banking crisis in the early part of the previous decade, Greek banks found themselves largely wiped out. As the economy contracted by 25% between 2008 and 2016, it became accepted practice that borrowers simply did not need to repay their loans. Banks were given little recourse and prevented from enforcing mortgage loans. Instead, the sector was quasi-nationalized and various creative mechanisms were instituted to keep the banks theoretically solvent. Typically, these involved the creation of accounting "assets" to offset the gaping holes left by writing down bad loans. These bad loans were gradually sold off by tranches, allowing the balance sheets to evolve back towards normality.

The silver lining of all this was a highly deleveraged economy – household debt to GDP fell from 80% in 2012 to 45% in 2023. This meant the Greek banks saw improving asset quality on their balance sheets – not only were bad loans being disposed of, but new lending was to increasingly creditworthy borrowers. Aided by cost-cutting measures and some normalization in interest rates, banks generated fresh capital and rely less on accounting tricks to show solvency. They have been able to resume cautious growth into a now underbanked market while resuming dividend payments. We have owned a Greek bank for over two years and have recently even added another one given the continuing attractive valuations and increasing normalization.

Greece has completed a full EM cycle of debt fuelled growth and bust, like Thailand, Korea, Malaysia, Turkey and many others before it. It is a cautionary tale for investors chasing growth but also a reminder of the opportunities arising when things look most bleak.

## PORTFOLIO BREAKDOWN

### Fund characteristics

Total no. securities held	<b>88</b>
Top ten position concentration	<b>30.7%</b>

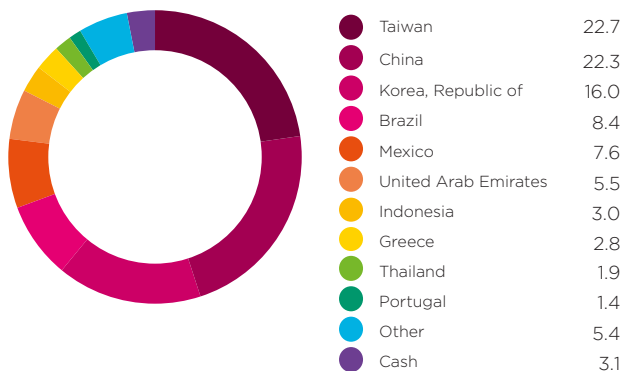
### Market cap breakdown (% of nav)

(\$5bn plus)	64.3
(\$500m to \$5bn)	30.3
(Up to \$500m)	2.3

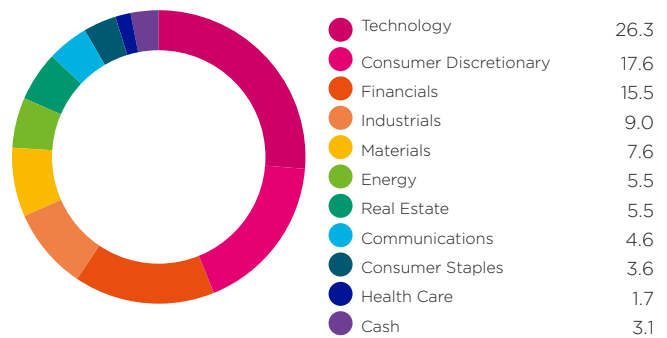
### Top 15 holdings (%)

Name	Geographic	Industry	% of fund
Taiwan Semiconductor	Taiwan	Technology	7.7
Alibaba Group	China	Consumer Discretionary	4.7
Samsung Electronics	Korea, Republic of	Technology	4.4
Emaar Properties	United Arab Emirates	Real Estate	3.0
ASE Technology Holding	Taiwan	Technology	2.2
Eurobank Ergasias Services	Greece	Financials	2.1
MEDIATEK INC	Taiwan	Technology	2.0
BAIDU INC	China	Communications	1.9
KT Corp	Korea, Republic of	Communications	1.9
HANWHA AEROSPACE CO LTD	Korea, Republic of	Industrials	1.9
Vipshop Holdings	China	Consumer Discretionary	1.7
KIA MOTORS	Korea, Republic of	Consumer Discretionary	1.6
Sintronix Technology Corp	Taiwan	Technology	1.6
China Construction Bank	China	Financials	1.5

### 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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