

PACIFIC NORTH OF SOUTH EM EQUITY INCOME OPPORTUNITIES

I SHARE CLASS | GBP

FACTSHEET | 30 Aug 2024

KEY FACTS

Pricing information

Nav price (30 Aug 24)	10.643
Pricing frequency:	Any Business Day
Yield:	7.2%*

Portfolio managers

Manager names:	Robert Holmes Matt Linsey Kamil Dimmich
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Fund facts

Fund size (USD m):	94.8
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
ManCo:	Waystone Management Company (IE) Ltd

Identifiers

ISIN:	IE0007YEKJHO
Bloomberg:	PNIGIDQ ID
SEDOL:	BM8HK06

Charges

Initial Charge:	None
AMC:**	0.85%
Ongoing Charges Figure:	1.06%

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

Over August the fund gained 0.85%. Markets have been in a state of wind-against-tide for much of the summer - unsettled, rangebound and volatile.

Much of this can be attributed to the increased uncertainty over the global growth narrative, this last month illustrated by the divergent trajectory of US and Japanese rates which triggered an aggressive unwind of the Yen carry-trade.

Recent US economic data has been soft, which is how it should be at the top of an interest rate cycle, but compounded by weak loan demand, rising corporate defaults and a growing consensus that Chinese overcapacity is causing an intractable deflationary trend.

We now look to the long-heralded Fed rate cut, with the only debate being the size and more importantly the guidance. The 'optimistic' consensus has been for moderate global growth with limited rate cuts. Easing rates, combined with a weaker dollar and lower oil prices should probably be sufficient to avoid recession, all of which presents a decent backdrop for EM assets.

But over the summer there's been growing nervousness that the Fed is already too late, and markets have been pricing-in much larger defensive rate cuts. The 2-year note says it all, now at 3.6% down from 5% in late May.

In sharp contrast there's absolutely no evidence of credit stress in emerging corporates, in fact quite the opposite with defaults at a near all-time low. Whilst the deteriorating Chinese current account is used as evidence of weak output, it's not corroborated by customs data which remains healthy and points to China's increasing share of global exports. Unfortunately, there's a lot of smoke and mirrors in the data these days.

There's also a divergent trend in corporate profitability. More private sector companies are now making losses whilst the proportion of SOEs is actually improving. Entrepreneurialism is what's really under pressure.

What we know is that rates are coming down and global growth is weakening, but not recessionary. Easing US rates will be particularly welcome to some EM central banks that will be able to follow suit, particularly those with high real interest rates (eg South Africa) or those pegged to the dollar such as Hong Kong, UAE and Singapore.

All of this tilts us further towards bond-like equity allocations, with high-quality, high-visibility earnings that will be paid-out to investors in cash, combined with a growing relevance on buybacks. As rates come down these yield spreads will become more attractive and in theory lead to capital appreciation.

Some of the portfolio manifestations of this has been lighter exposure to Technology and further increases to Communications which can be less cyclically vulnerable than utilities. They also benefit from factors such as stronger pricing power from consolidation, easing capex cycles and an increasing exposure to datacentre demand from AI. We also continue to find attractive investments in the UAE and are drawn to Hong Kong where the pass-through of lower rates will be felt quite directly.

At the portfolio level we feel comfortable that we can maintain our forward yield at around the same level as our historic yield. The attraction of this real yield spread should increase further as yields on alternative asset classes continue to fall given the general easing rate environment.

I share class | GBP

From 09 Jun 2022 (inception) to 30 Aug 2024 (%)



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From 09 Jun 2022 (inception) to 30 Aug 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	3.11	-0.20	0.08	0.96	-3.03	0.85					7.35

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	74
Top ten position concentration	27.5%

Market cap breakdown (% of nav)

\$5bn plus	57.6
\$500m to \$5bn	32.0
Up to \$500m	2.5

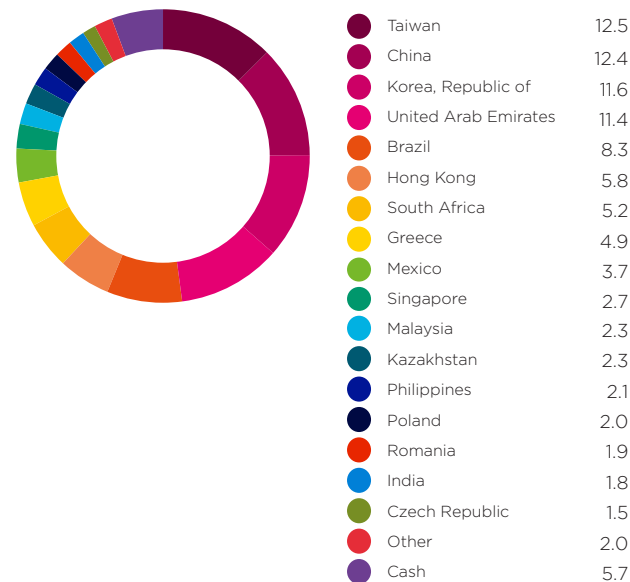
Rolling 12 month distributions

Record	Amount
28/06/2024	£0.322536
28/03/2024	£0.094033
29/12/2023	£0.103238
29/09/2023	£0.216591

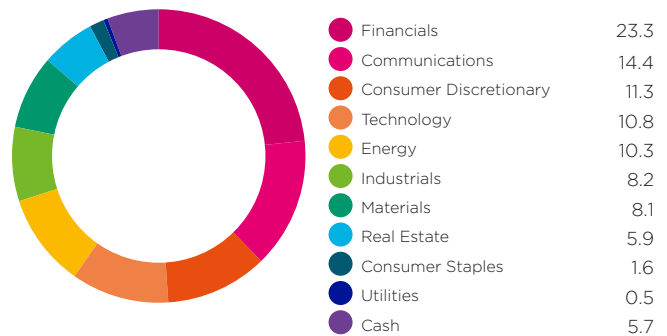
Top 10 holdings (%)

Name	Geographic	Industry	% of fund
Mediateck Inc	Taiwan	Technology	2.9
Sk Telecom	Korea, Republic of	Communications	2.8
China Petroleum & Chemical-h	China	Energy	2.6
Kt Corp-sp Adr	Korea, Republic of	Communications	2.6
Petroleo Brasileiro	Brazil	Energy	2.5
HKT Trust And HKT Ltd	China	Communications	2.1
Dbz Group	Singapore	Financials	2.1
Pldt Inc	Philippines	Communications	2.1
Opap Sa	Greece	Consumer Discretionary	2.1
Getac Technology Corp	Taiwan	Technology	2.0

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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