

# Global Emerging Markets Equity Fund



April 2026 Commentary | ISIN for Class D USD: IE00BGPBQH85

MARKETING COMMUNICATION

## Our investment approach

- Country selection is crucial in EM as excess liquidity moves markets and stock returns by country have a high dispersion
- Stock selection adds value given the market often overlooks structural shifts and underestimates a firm's enduring competitive edge
- A sound investment process must consider the behavioural aspects of managing money

## Portfolio Management Team



**Ian Beattie**

34 years in the industry



**Brian Coffey**

33 years in the industry



**Luis Alves de Lima**

22 years in the industry



**Oliver Adcock**

18 years in the industry

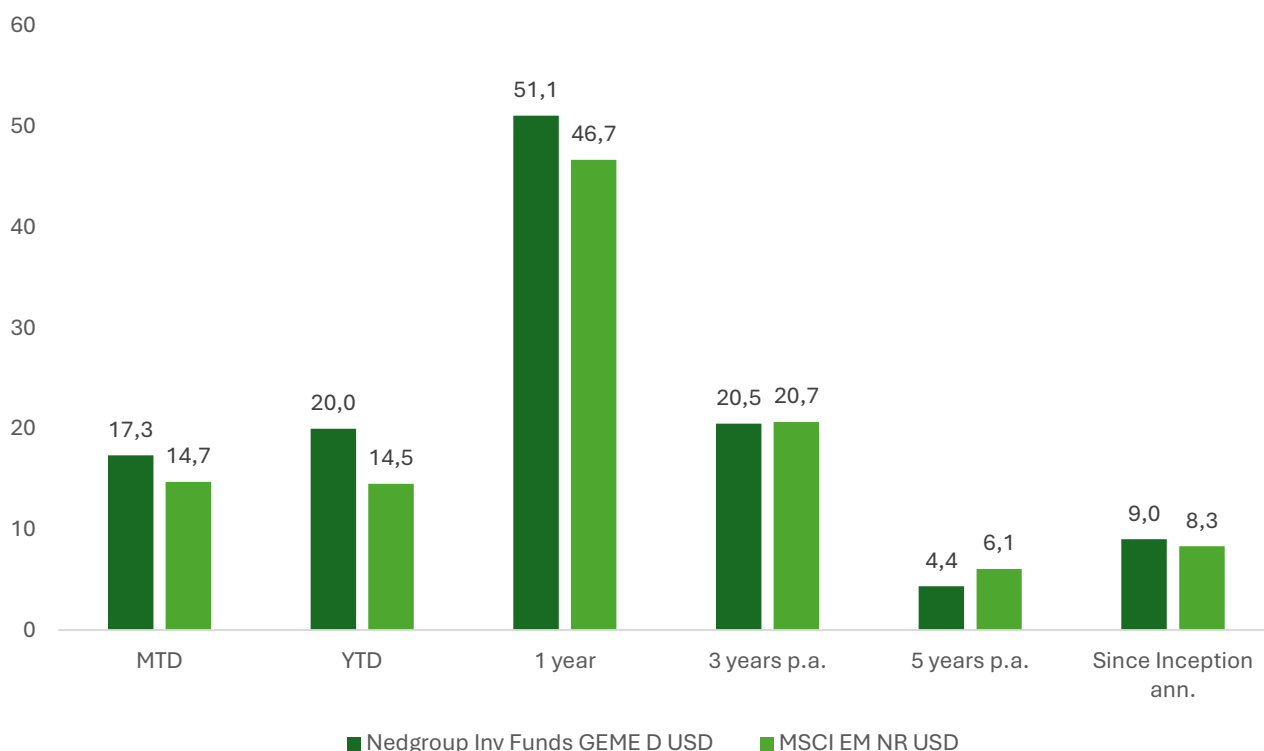


**Mazika Li**

9 years in the industry

## Fund Performance to 30th April 2026

*Past performance is not indicative of future performance and does not predict future returns*



*Class inception date May 2019. Source: Morningstar*

## Market Commentary

Emerging market equities have outperformed the rest of the world year to date. The asset class is decisively breaking out of a long-run trend of underperforming developed markets. What is driving the turnaround? Looking at contributions to return since 2023, earnings have been the clear driver for emerging market equities, with multiple expansion only a minor contributor.

In fact, for the year to date as at the end of April, valuation compression has been a headwind for the asset class. EM equities are now cheaper than they were at the beginning of 2025 despite strong returns.

We flagged previously that the signals we track suggested emerging market equities were positioned to outperform their developed market counterparts. Based on the headline numbers it appears this call has been vindicated (albeit over a short period) with the welcome combination of cheaper valuations and a strengthening earnings outlook.

What got us particularly excited was the potential for a US dollar bear market driving a new virtuous circle. We have had positive spurts in a number of markets which enjoyed easing currency pressure courtesy of a falling dollar and better liquidity. However, this has been overwhelmed by the US AI boom which is bleeding out into emerging markets with North Asia the clear winner.

It has been a narrow rally driven by US capex and the AI supply chain. This dramatic improvement in earnings and performance largely reflects a boom in South Korean and Taiwan tech companies. If you strip these markets out of EM, the return picture for the wider asset class is subdued. In other words, YTD outperformance of EM equities has largely been entirely due to Korea/Taiwan, with the rest of the asset class lagging DM.

The demand boom for key technologies that underpin the infrastructure needed to meet a massive build out of AI technologies and the flow through to earnings growth is swamping interest in other positive stories across the asset class.

We are modestly overweight AI supply chain leaders in South Korea and Taiwan, who control key supply bottlenecks across memory and logic chips, thermal cooling, signals and switching, electrification and data centre assembly. Earnings growth and margins for these companies are downstream of rising investment from US hyperscalers seeking vast amounts of compute power to develop cutting edge large language models.

Portfolio names in these areas have posted outstanding gains over the last 12 months. While we have been quick to trim positions when stock valuations exceed what we think is reasonable, we have not run away from the rally and have maintained the overweight as we can see the fundamentals accelerating. For example, the supply-demand mismatch for high bandwidth memory is so great that memory giants SK Hynix and Samsung Electronics are now among the most profitable companies in the world.

Earnings growth in South Korea has been so strong that valuations still look modest despite the market doubling. Samsung Electronics, Hynix and Micron are the only three companies in the world capable of producing HBM chips that are crucial components in Nvidia GPU clusters. And yet, Samsung and Hynix trade at a price to earnings multiples of less than 5x.

Optically cheap valuations reflect a market view that these remain deeply cyclical businesses in an industry with a history of violent booms and busts, and thus lack the durability in the earnings growth to award a higher multiple.

There may be a good argument that the DRAM giants are over-earning and will attract competitors. On the other hand, we are mindful that AI innovation represents a major technological shift and the possibility that this could structurally alter demand dynamics in an oligopolistic industry controlling essential and hard to replicate technologies.

We maintain our conviction with tight risk management. While the pace of capex spending by the US hyperscalers, and the cash flows going to hardware suppliers is extraordinary, the parabolic stock moves in a number of the names that we hold naturally make us twitchy. Major uncertainty remains over how LLM technologies will evolve and be monetised, the potential for competitor frameworks to LLMs gaining dominance, and real world bottlenecks in memory and energy may ultimately slow the pace of development.

We have been careful to trim winners and recycle profits elsewhere in emerging markets where we are seeing other opportunities that excite us. Equally, relatively modest valuations and earnings visibility on our time horizon represent a significant upside risk which leaves us happy to maintain our overweight to the AI supply chain.

## Key return drivers: April 2026

### Stock Contribution: Top 5 & Bottom 5

Winners	Contribution (%)	Losers	Contribution (%)
Delta Electronics Inc	0,36%	Mediatek Inc	-0,32%
ASE Technology Holding Co	0,36%	Vista Energy Sab De Cv	-0,24%
TSMC	0,35%	Bharat Electronics Ltd	-0,19%
Hyosung Heavy Industries	0,34%	Sungrow Power Supply Co	-0,18%
Allwyn AG	0,30%	Contemporary Amperex Technology	-0,15%

### Sector Contribution

Sector	Security Selection	Sector Allocation	Total
Information Technology	2,12%	-0,09%	2,03%
Industrials	0,39%	0,39%	0,78%
Consumer Staples	0,04%	0,31%	0,35%
Materials	-0,17%	0,46%	0,29%
Consumer Discretionary	0,06%	0,19%	0,25%
Financials	0,19%	-0,04%	0,15%
Utilities	0,04%	0,08%	0,11%
Other	0,07%	0,05%	0,11%
Real Estate	0,08%	-0,03%	0,05%
Health Care	-0,13%	0,09%	-0,04%
Communication Services	-0,14%	0,10%	-0,04%
Energy	-0,25%	-0,15%	-0,39%
Cash	-0,04%	-0,76%	-0,80%

### Country Contribution: Top 5 & Bottom 5

Country	Security Selection	Country Allocation	Total
Taiwan	1,83%	-0,19%	1,64%
Korea, Republic of	0,92%	0,33%	1,25%
China	0,02%	0,56%	0,58%
Greece	0,27%	0,05%	0,32%
Mexico	0,00%	0,25%	0,25%
Poland	-0,06%	-0,07%	-0,13%
Malaysia	-0,09%	-0,09%	-0,18%
Hong Kong	0,23%	-0,47%	-0,24%
Argentina	-0,05%	-0,41%	-0,46%
Cash	-0,04%	-0,76%	-0,80%

Source: NS Partners Ltd

## Portfolio Characteristics as at 30<sup>th</sup> April 2026

### Top 10 Holdings

Stock	%	Stock	%
TSMC	9,73%	Alibaba Group Holding Ltd	3,02%
Samsung Electronics Co Ltd	8,43%	Asia Vital Components	2,86%
SK Hynix Inc	4,72%	Wiwynn Corp	2,75%
Delta Electronics Inc	4,37%	Vista Energy Sab De Cv	2,62%
Tencent Holdings Ltd	4,30%	Accton Technology Corp	2,32%

### Sector Allocation

Sector	Portfolio	MSCI EM Index	Variation
Industrials	14,48%	7,51%	6,97%
Energy	5,47%	3,97%	1,50%
Information Technology	37,90%	36,74%	1,17%
Real Estate	2,15%	1,10%	1,05%
Cash	0,83%	0,00%	0,83%
Financials	20,17%	19,64%	0,53%
Other	-0,30%	0,00%	-0,30%
Health Care	2,28%	2,72%	-0,44%
Communication Services	6,41%	6,92%	-0,51%
Consumer Discretionary	6,90%	9,41%	-2,52%
Consumer Staples	0,29%	3,18%	-2,88%
Materials	2,19%	6,58%	-4,40%

### Country Allocation: Top 5 & Bottom 5

Country	Portfolio	MSCI EM Index	Variation
Hong Kong	3,83%	0,00%	3,83%
Argentina	2,62%	0,00%	2,62%
Korea, Republic of	20,91%	18,68%	2,22%
Egypt	1,39%	0,07%	1,31%
Poland	1,94%	1,07%	0,87%
Thailand	0,00%	1,03%	-1,03%
South Africa	1,69%	3,25%	-1,57%
Mexico	0,00%	1,86%	-1,86%
India	9,37%	12,00%	-2,63%
China	18,03%	23,04%	-5,01%

Source: NS Partners Ltd

## Attribution and Positioning Summary

April 2026

### What worked:

- Underweight in Mexico, China, and Saudi Arabia; stocks in Greece and Taiwan; stocks and overweight South Korea. Underweight Materials; stocks and overweight Industrials and Industrials; stocks and underweight in Consumer Discretionary; underweight Consumer Staples, Healthcare, and Communications; stocks in Financials, IT and Real Estate.

### What didn't work:

- Stocks in Argentina and India; underweight Taiwan; Vietnam exposure. Stocks and overweight Energy; stocks in Materials, Healthcare and Communications.

### The good:

- **Delta Electronics** - focused on data-centre electrification and overall system design that combines power conversion, thermal management and microgrid solutions which maximise energy efficiency
- **ASE Technology** - outsourced semiconductor assembly and testing provider, with leading capabilities in advanced packaging and testing that have become structural bottlenecks as AI, HPC and 2.5D/3D (CoWoS-linked) adoption accelerates
- **Hyosung Heavy Industries** - high-voltage transformers and switchgear, with leading market positions and fully utilised capacity benefiting from a sustained global upcycle in grid replacement, electrification

### The bad:

- **Mediatek** - stock continued to rally after we exited on what we thought was a rich valuation fuelled by enthusiasm for TPU wins
- **Vista Energy** – softer oil price a drag for the stock after a strong run in March
- **Bharat Electronics** – lost momentum on headlines of a potential US-Iran deal

### Changes over the month:

- Added to Argentina, Saudi Arabia, China, Egypt, Hungary, Peru, South Korea and Turkey; reduced HK, Mexico, Philippines and Taiwan; added to Industrials, Real Estate, Energy, Healthcare and Financials; reduced Materials, Staples, IT and Communications

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