

Global Emerging Markets Equity Fund



January 2026 Commentary | ISIN for Class C USD: IE00BGPBQG78

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

Market commentary

We recently spoke with Benefits and Pensions Monitor about the short-term noise generated by Trump tariff headlines. We explored whether investors should be looking through the noise based on the TACO (Trump Always Chickens Out) view that the US president will retreat in the face of a market revolt.

Our argument was that, while amusing, TACO risks obscuring the unmistakable direction of travel. US trade policy signals a shift to a multipolar world, defined by a US centric economic sphere and a China centric one, each with competing supply chains, industrial priorities and strategic alliances. Tariffs are signals of tectonic shifts in global trade. Our view is that these shifts bring risks, but will also be a durable source of opportunity for EM investors.

Historically, sectors like shipbuilding, industrial machinery, energy logistics and specialty manufacturing have been deeply cyclical with limited pricing power. They lived and died by freight rates, commodity cycles and economic growth. But the combination of US reindustrialisation, reshoring and decoupling from China is transforming these industries.

Historically commoditised, price taking businesses are now at the heart of national security and industrial policy. Reindustrialisation and rebuilding supply chains have the potential to drive visibility, margins and returns on capital that would have been unthinkable a few years ago.

For example, the order books of Korean shipbuilders are increasingly less shaped by commercial shipping cycles, and increasingly by long cycle defence, LNG infrastructure and government aligned industrial programmes across the United States and its allies.

US-China decoupling has effectively removed Chinese yards from security sensitive projects, structurally elevating demand for non Chinese capacity. For countries aligned with US industrial and security priorities – Korea, Japan, India, and parts of ASEAN – select industries have the potential to enjoy rerating as increasingly strategic rather than cyclical businesses. This extends beyond shipbuilding. We are seeing it in components for AI data centres, grid and power equipment, strategic metals, defence, electronics, energy infrastructure and advanced manufacturing.

Many EM countries offer the scale, labour force depth and geopolitical neutrality that global supply chains now require. As the world bifurcates, EM manufacturers, suppliers and logistics operators are becoming essential nodes in both the US and China spheres. This creates a long pipeline of opportunities in markets that historically suffered from volatility and low returns.

Key return drivers: January 2026

Stock Contribution: Top 5 & Bottom 5

Winners	Contribution (%)	Losers	Contribution (%)
Cgn Mining Co Ltd	0,46%	Accton Technology Corp	-0,51%
Delta Electronics Inc	0,29%	Asia Vital Components	-0,24%
Chifeng Jilong Gold Mining Co	0,23%	Kb Financial Group Inc	-0,23%
AIA Group Ltd	0,21%	Opap Sa	-0,23%
Bharat Electronics Ltd	0,17%	Vivara Participacoes Sa	-0,21%

Sector Contribution

Sector	Security Selection	Sector Allocation	Total
Information Technology	0,57%	0,21%	0,78%
Energy	0,56%	0,15%	0,72%
Materials	0,50%	-0,07%	0,43%
Industrials	0,14%	0,10%	0,24%
Consumer Staples	0,02%	0,16%	0,18%
Other	0,12%	0,05%	0,16%
Utilities	0,07%	0,05%	0,12%
Financials	0,04%	0,06%	0,11%
Real Estate	0,03%	-0,01%	0,02%
Consumer Discretionary	-0,11%	0,11%	0,00%
Health Care	-0,29%	0,08%	-0,20%
Cash	-0,02%	-0,22%	-0,24%
Communication Services	-0,42%	-0,06%	-0,48%

Country Contribution: Top 5 & Bottom 5

Country	Security Selection	Country Allocation	Total
China	0,83%	0,34%	1,17%
South Korea	0,34%	0,53%	0,87%
Indonesia	0,00%	0,16%	0,16%
Mexico	0,14%	0,00%	0,14%
Taiwan	0,15%	0,00%	0,14%
Poland	-0,12%	-0,02%	-0,14%
Brazil	-0,16%	0,02%	-0,14%
Singapore	-0,11%	-0,09%	-0,20%
Greece	-0,24%	0,02%	-0,22%
Cash	-0,02%	-0,22%	-0,24%

Attribution analysis and positioning information as at 31 January 2026. Source: NS Partners Ltd

Portfolio Characteristics: as at 31 January 2026

Top 10 Holdings

Stock	%	Stock	%
TSMC	9,46%	Delta Electronics Inc	2,70%
Samsung Electronics Co Ltd	7,16%	HDFC Bank Limited	2,62%
Tencent Holdings Ltd	5,67%	ASE Technology Holding	2,54%
Alibaba Group Holding Ltd	4,43%	Accton Technology Corp	2,35%
SK Hynix Inc	3,86%	Samsung C&T Corp	2,02%

Sector Allocation

Sector	Portfolio	MSCI EM Index	Bet Size
Industrials	12,34%	7,14%	5,20%
Cash	2,13%	0,00%	2,13%
Information Technology	32,34%	30,33%	2,01%
Real Estate	1,65%	1,30%	0,34%
Financials	21,63%	21,50%	0,13%
Communication Services	8,88%	8,81%	0,07%
Energy	3,47%	3,76%	-0,29%
Other	-0,41%	0,00%	-0,41%
Materials	6,38%	7,33%	-0,95%
Utilities	1,12%	2,19%	-1,08%
Health Care	1,50%	2,95%	-1,45%
Consumer Staples	0,81%	3,46%	-2,65%
Consumer Discretionary	8,15%	11,22%	-3,07%

Country Allocation: Top 5 & Bottom 5

Country	Portfolio	MSCI EM Index	Bet Size
Hong Kong	4,09%	0,00%	4,09%
South Korea	18,91%	15,65%	3,26%
Poland	2,19%	1,10%	1,09%
Egypt	1,13%	0,09%	1,04%
Vietnam	0,94%	0,00%	0,94%
Indonesia	0,00%	1,02%	-1,02%
India	12,13%	13,34%	-1,22%
South Africa	2,47%	3,79%	-1,32%
Saudi Arabia	0,51%	2,90%	-2,38%
China	18,68%	26,59%	-7,91%

Attribution analysis and positioning information as at 31 January 2026. Source: NS Partners Ltd

Stock Spotlight: Tencent

- Weight at month-end: 5.7%
- Security Market Performance: 0.8%
- Rationale:
 - Dominant, cash-generative consumer tech ecosystem spanning social, gaming and fintech
 - Unmatched IP, distribution and monetisation advantages increasingly reinforced by AI integration
 - Trading at a historically undemanding valuation relative to its durable growth and returns

Stock Spotlight: Hyundai Heavy Industries

- Weight at month-end: 1.0%
- Security Market Performance: 38.3%
- Rationale:
 - Multi-year, policy-driven shipbuilding upcycle
 - Structurally tighter supply, rising LNG carrier and naval demand
 - Improving margins from a record orderbook

Stock Spotlight: Hanwha Aerospace

- Weight at month-end: 1.5%
- Security Market Performance: 13.1%
- Rationale:
 - Benefits from multi-year global rearmament cycle
 - Driving rising exports of company's industry-leading land systems and artillery
 - Shorter lead time than Western peers in manufacturing
 - Better margins with good earnings visibility

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