

# **PACIFIC NORTH AMERICAN OPPORTUNITIES**

**Thinking differently in North America**

2<sup>nd</sup> May 2024

## **FOR PROFESSIONAL INVESTORS ONLY**

This presentation is confidential and intended solely for the use of the person to whom it is given or sent and may not be reproduced, copied or given, in whole or in part, to any other person.

# Portfolio Manager with long-term track record of outperformance

## **CHRIS FIDYK – PORTFOLIO MANAGER**

- 12+ years of experience at Findlay Park Partners LLP
- Partner and Portfolio Manager since 2015
- Evaluated and directed investments for a \$15bn long-only North American equity fund with a long-term track record of outperformance
- Resigned July 2021 and joined Pacific after non-compete period
- Prior to Findlay Park, multiple roles in investment management and investment banking focused on the healthcare sector



1. Consistent **idea generation**



2. Consistent **alpha generation**



3. Consistent **endorsement from peers**

# Snapshot

- > North American long-only equity strategy
- > Daily-dealing Irish UCITS
- > Benchmark agnostic
- > All-cap
- > Concentrated (typically 25-35 stocks)
- > Capacity constrained

## Goals and purpose

- > Create an investment strategy that **outperforms consistently**
- > Build **enduring partnerships** with our clients
- > **Have fun and compete fiercely**

# The reasons that funds underperform may be structural

> Index hugging

> Distracted by macro

> Overly diversified

> Reliant on sell-side

> Cannot manage scale

> Internal bureaucracy

> Trapped by philosophy or style bias

> Not a home for top talent

# Portfolio structured to maximise alpha



## **CONCENTRATED PORTFOLIO**

- Typically 25-35 investments
- Maximise the impact of differentiated research on performance
- Position sizes determined by risk-reward profile and scope of our competitive advantage
- Actively managed, turnover will likely be higher than peers
- Fully invested (5% maximum cash)



## **CAPACITY CONSTRAINED**

- Size is the enemy of investment managers
- Must be nimble and able to move quickly
- Smaller companies can be material to the portfolio
- Soft and hard close targets have been identified



## **INCENTIVE ALIGNMENT**

- Majority of PM's investable personal account will be invested in the fund
- TER caps for early-stage investors
- We want to be the best, not the biggest

The 'Non-Negotiables':  
We ask three questions of our inevitable names



# Our stock selection biases

- Simplicity
- Predictability
- Free cash flow
- Micro not macro
- Smaller rather than larger
- Dynamic corporate change
- There is a price for everything



“We will construct a portfolio of eclectic, off-the-run ideas that will look very different than the S&P 500.

Although our biases guide us towards certain types of companies, we will examine any compelling risk-reward opportunity that we come across.

The profiles of the companies will vary but we will adhere strictly to our investment process – every investment will meet our non-negotiable criteria.

We will not surprise you by deviating from this process.”

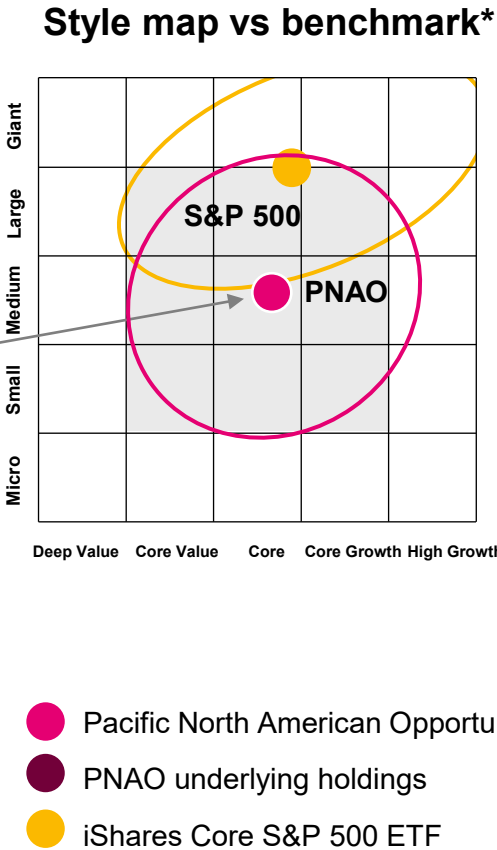
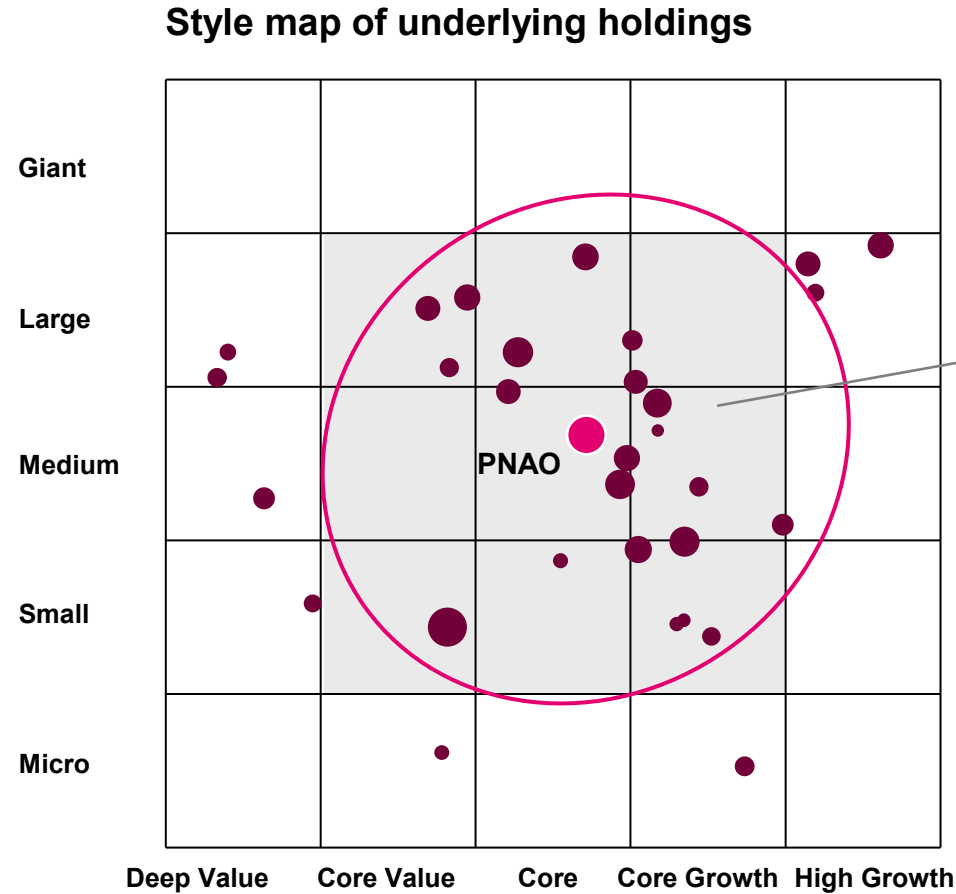


**CHRIS FIDYK**

*Portfolio Manager, Pacific Asset Management*



# Pacific North American Opportunities Strategy



\* Benchmark used for comparison = iShares Core S&P 500 ETF

Source: Pacific Asset Management and Morningstar, data as of September 2023

# Q&A

## FOR PROFESSIONAL INVESTORS ONLY

This presentation is confidential and intended solely for the use of the person to whom it is given or sent and may not be reproduced, copied or given, in whole or in part, to any other person.

# **APPENDIX**

# Aerospace Investment Thesis

**4**

Enhanced value of  
aircraft and spare parts

**3**

Demand for aircraft far  
greater than supply

**2**

Industry has absorbed  
*FIVE* Black Swan events

**1**

Well organised,  
growing industry

# Aerospace Investment Thesis



- ~6.5% holding
- \$9bn market cap
- Several monopoly positions
- Agent of change CEO
- Long runway for growth



- ~4.7% holding
- \$100bn market cap
- 50/50 engine JV with GE
- 'Tail wagging the dog'



- ~3.2% holding
- \$17bn market cap
- Largest aircraft lessor
- Excellent capital allocation
- Repurchased ~18% of shares in 2023

**> Three 'off the run' investments with complementary value drivers**

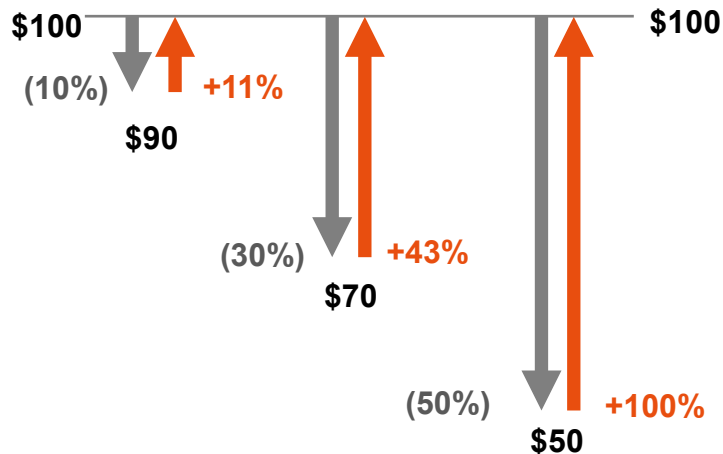
# Our Guiding Principles

## > **AVOID LOSSES**

## > **KEEP IT SIMPLE**

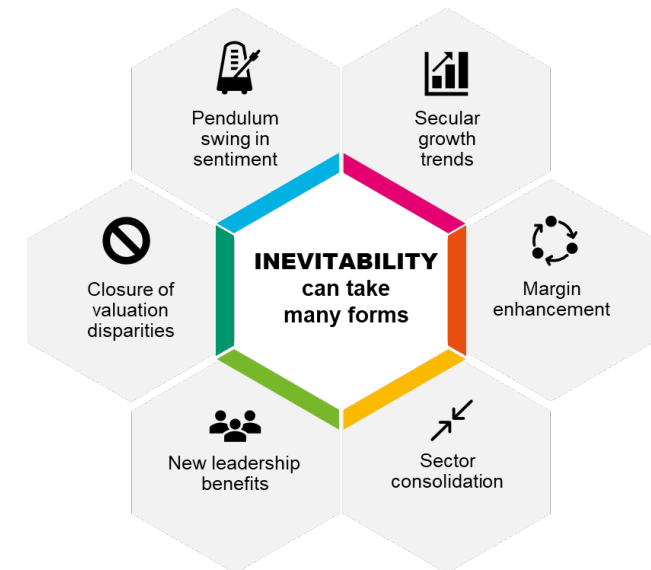
## > **SEEK INEVITABILITY**

**The larger the losses, the larger the gains needed to recover**

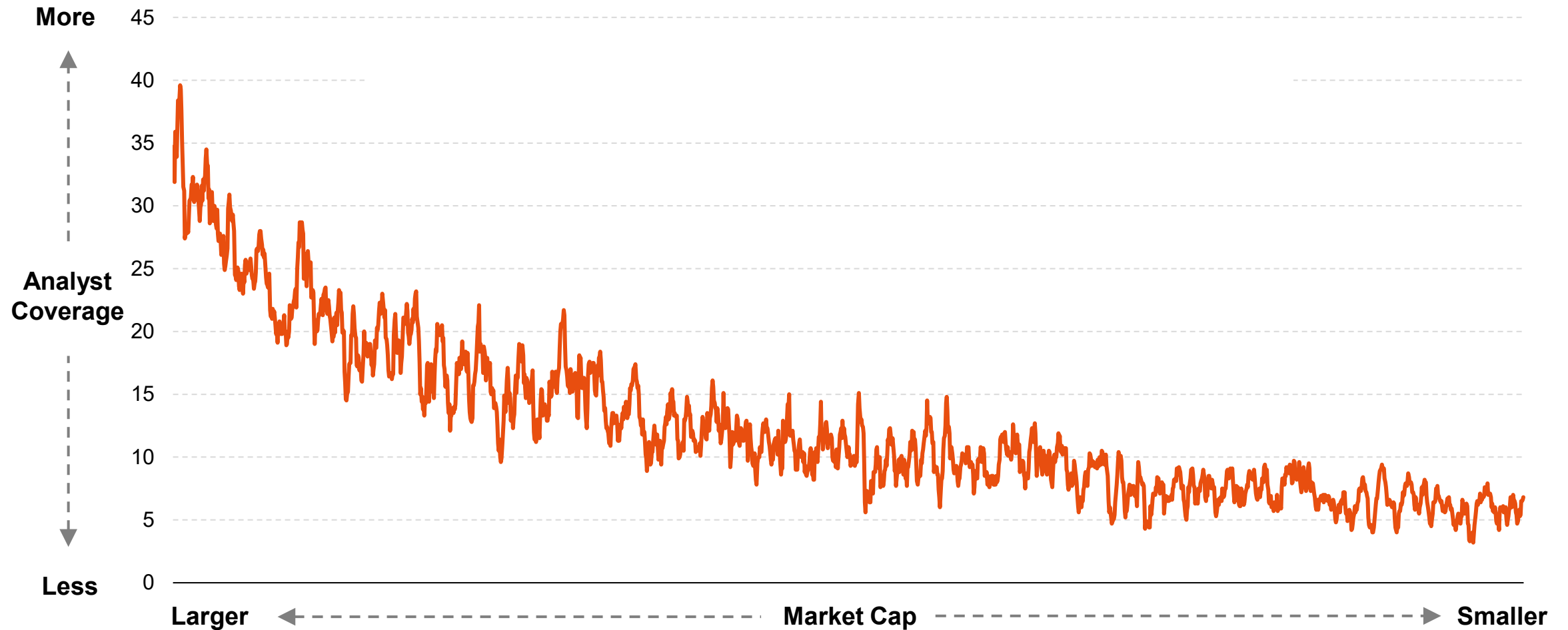


- Self-awareness
- Reduce the number of risk factors
- Accelerate decision-making
- Sleep well at night

- Risk mitigation (including ESG)
- Filtering mechanism
- Maintain long-term focus
- Simplify decision-making
- Provides valuation context
- Stabiliser in times of dislocation



# Discovery potential is greater in smaller companies

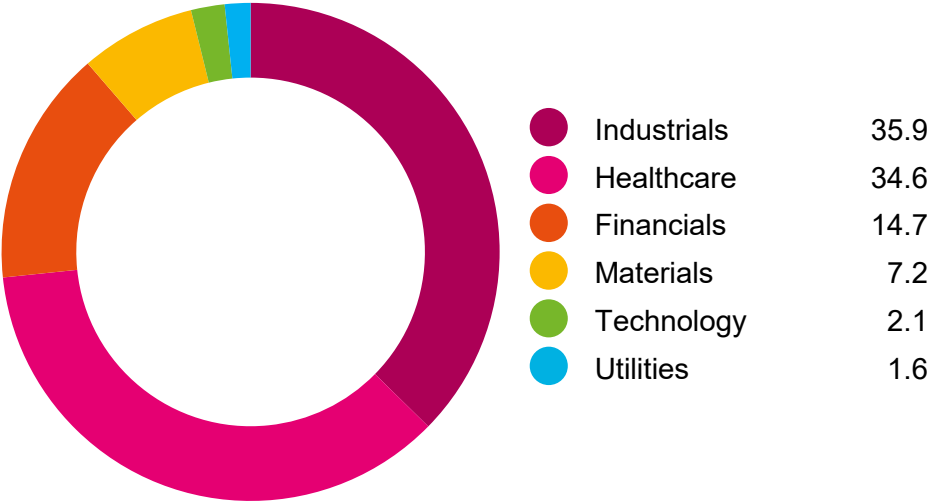


Source: Bloomberg, Pacific Asset Management, data as at 11 Jan 2023.  
Chart depicts the analyst coverage of the Russell 3000 constituents with a market cap greater than \$1 billion.  
Smoothing mechanism employed such that analyst coverage for AAPL (the largest market cap) is the average of 10 largest market caps in the index.

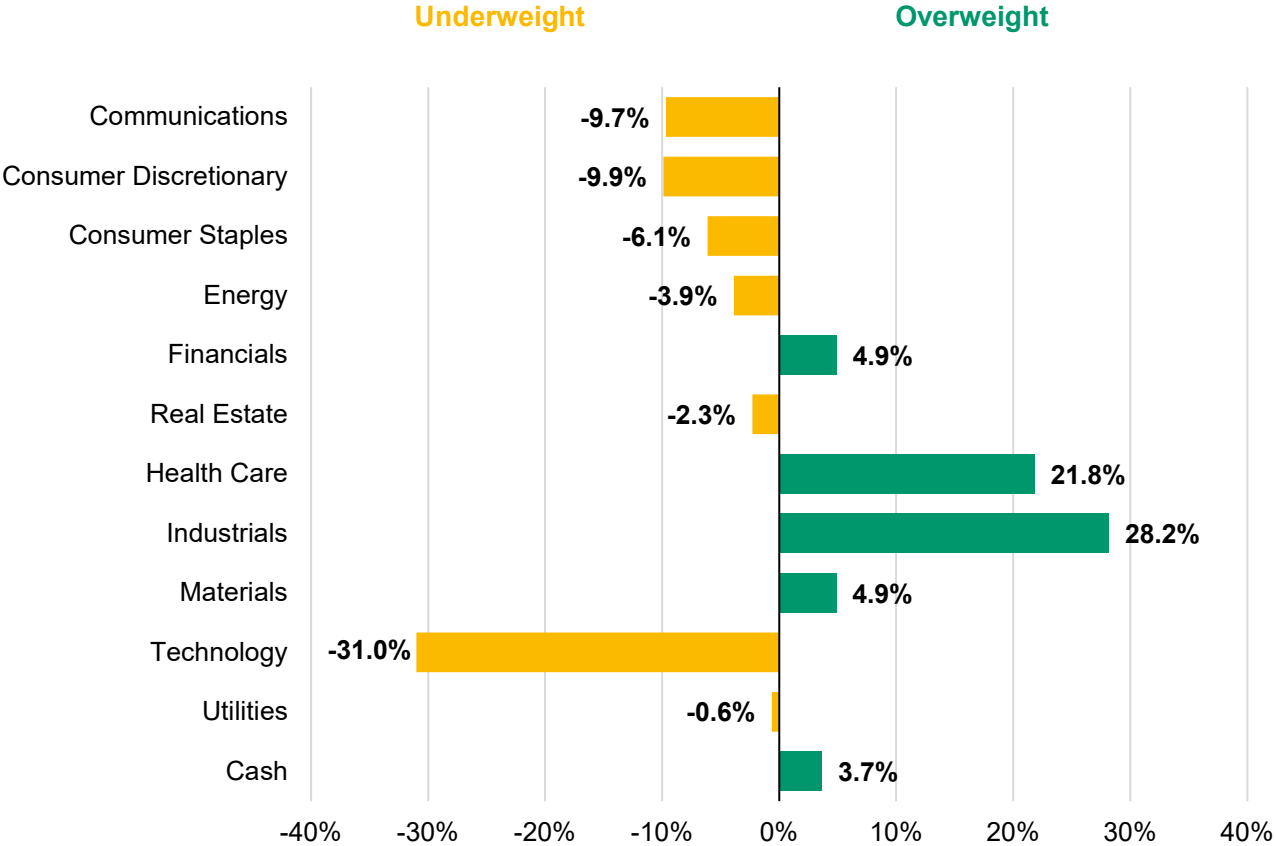
# Pacific North American Opportunities Strategy

Data as of January 2024

Portfolio industry weightings (%)



Portfolio industry weightings vs benchmark\*



\*Benchmark used for comparison = iShares iShares Core S&P 500 ETF  
Source: Pacific Asset Management and Morningstar.  
Allocations and holdings are subject to change. Totals may not sum due to rounding.



# Pacific North American Opportunities

Top Holdings as at 2024-03-26

## Fund characteristics

Total no. securities held	31
Top ten position concentration	54.4%
Active Share	98.4
Beta (Ex-Ante)	0.95

## Market cap breakdown (% of nav)

Micro <\$1.5bn	3.0
Small \$1.5bn-\$6bn	17.9
Medium \$6bn-\$40bn	42.5
Large \$40bn-\$150bn	29.6
Giant >\$150bn	4.4
Other/Cash	2.7
Wtd Avg Mkt Cap (\$m)	40,299.89

Name	Category	Weight
Avantor Inc	Health Care	7.1%
ICU Medical Inc	Health Care	6.7%
Woodward Inc	Industrials	6.5%
Crh Plc-Sponsored	Materials	5.2%
Cbiz Inc	Industrials	5.1%
Bwx Technologies	Industrials	4.8%
Elevance Health	Health Care	4.8%
Clean Harbors	Industrials	4.8%
Safran	Industrials	4.7%
Intercontinental Exchange	Financials	4.3%

# Why Pacific North American Opportunities ?

## Compelling reasons to invest

> Pure stock-picking

> Capacity constrained

> Clear investment process

> Alignment of interests

> All-cap

> Established track record

> Concentrated

> Cornerstone investors in place

# Key Facts and Performance

## Key Facts

ISIN (GBP I Acc): IE000QQ0VVK8

AuM (USD m)\*: 136.8

AMC: 0.75%

OCF: 1.00%

Fund Launch Date: 24 April 2024

Fund Structure: Irish UCITS

Currency Available: EUR, GBP, USD

Dealing Frequency: Any Business Day

## Summary Performance Data

	1Q 2024	PNAO Inception to date (1)
Pacific North American Opportunities	13.0%	14.9%
S&P 500 Total Return Index	10.6%	28.9%
S&P 500 Equal Weighted Index	7.4%	16.6%
S&P Midcap 400 Index	9.5%	21.9%
Russell 2000 Index	4.8%	18.8%

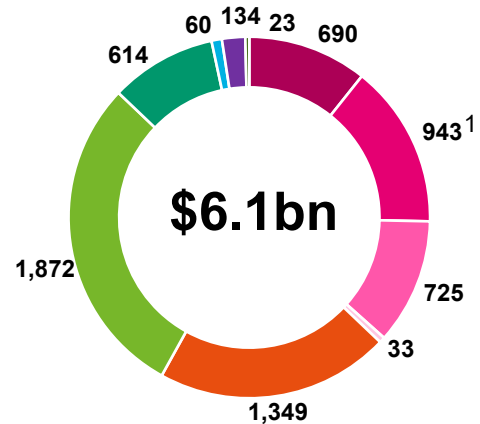
(1) As of 28 March 2024 – GBP Z Acc

# Pacific Asset Management (PAM)

Modern, highly diversified, technology driven asset manager



Assets Under Management,  
& Assets Under Influence (\$m)



- MA UCITS
- MA Discretionary
- MA Under Influence
- Alternative Risk Premia
- AM in a Box
- Emerging Markets
- G10 Rates
- L&S Change
- North American Opps
- Global Active Credit

## 1. TECHNOLOGY ENABLED ADVISER SOLUTIONS

AUM & AUI: \$3.4 billion

Tech Enabled Multi-Asset Adviser Solutions & ESG Principled Investment



### MULTI-ASSET FUNDS

Modern, blended unitised multi-asset strategies including sustainable offering



### ADVISER SOLUTIONS

Software enabled model-portfolio-as-a-service solutions



### ALTERNATIVE RISK PREMIA

Systematic non-directional factor investing: Isolating diversifying Risk Premia



### ASSET MANAGEMENT IN A BOX

Tech-enabled administration

RETAIL / INSTITUTIONAL CLIENTS

## 2. SINGLE MANAGER SOLUTIONS

AUM: \$2.7 billion

Craft-based High Conviction Active Management



### EMERGING MARKETS EQUITY

EM All Cap Value Equity strategy managed by highly experienced team.



### EMERGING MARKETS INCOME

EM All Cap Value Equity strategy managed by highly experienced team.



### LONGEVITY & SOCIAL CHANGE

Investing in the Longevity economy across DM and EM, with ESG criteria embedded throughout



### NORTH AMERICAN OPPORTUNITIES

Investing in North American equity securities supported by an experienced portfolio manager and team.



### G10 MACRO RATES

Blending experience, proprietary technologies and implementation efficiency to create alpha.



### GLOBAL ACTIVE CREDIT

Global active long-only credit opportunities fund

INSTITUTIONAL / WHOLESALE CLIENTS



Source: Pacific Asset Management as at 28 March 2024.

1. Includes \$344 million invested within PAM MA UCITS as part of model portfolios which is excluded from total figure of \$6.1bn.

# Disclaimer



This document has been issued and approved by Pacific Capital Partners Limited, a company registered in England and Wales with Registered Number: 02849777 whose registered office is at 124 Sloane Street, London SW1X 9BW, authorised and regulated by the FCA (Firm Reference No 171200). Pacific Asset Management ("PAM") is a trading name of Pacific Capital Partners Limited.

This document is for informational purposes only and is not intended to be, and should not be construed as, an offer to sell or the solicitation of an offer to buy any interest in any fund or product or a commitment by PAM to manage any investment portfolio.

None of the information in this document constitutes personal recommendations nor advice.

Funds or products detailed in this document are solely directed at persons who are investment professionals or who are exempt investors in accordance with the FSMA 2000 (Promotion of Collective Investment Schemes Exemptions Order 2005) and COBS4.12.4R; and are not intended to be offered to the general public in any jurisdiction.

This document is not designed for use in any jurisdiction or location where the publication or availability of the document would be contrary to local law or regulation. If you have access to the document it is your responsibility to be aware of and to observe all applicable laws and regulations of any relevant jurisdiction and it is recommended an investor first obtain appropriate legal, tax, investment or other professional advice prior to acting upon the document.

Product details should always be read in conjunction with the relevant Prospectus, as well as the Key Investor Information Document(s) or PRIIPS Key Information Document(s) and particularly the sections relating to risks, fees and expenses. It is recommended that an investor first obtain the appropriate legal, tax, investment or other professional advice and formulate an appropriate investment strategy that would suit their individual risk profile prior to acting upon such information.

Neither this document nor any information contained therein may be reproduced (in whole or in part), transmitted, modified or used for any public or commercial purpose without the prior written permission of Pacific Capital Partners Limited.

The information and analysis contained herein are based on sources believed to be reliable; however, no representation, warranty or undertaking, express or implied, is given as to their timeliness, accuracy or completeness and we accept no responsibility or liability for any loss or damage resulting from your use of this document or reliance upon any information, statement or opinion contained herein.

Any opinions expressed reflect our current judgment at the date of this document and are subject to change without notice.

Past performance is not necessarily a guide to future performance and investors may not recover the full amount invested. The value of your investment and any income from it can go down as well as up, and the return upon investment will therefore necessarily be variable. Any income from it may fluctuate in accordance with market conditions and taxation arrangements.