



Passive Pain, Active Gain

Emerging Markets Lunch Write-Up



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At a recent roundtable for UK intermediaries and institutional investors, Fiera Capital's OAKS investment team made the case for emerging markets in 2025. Senior Portfolio Managers Ian Simmons and Dominic Bokor-Ingram explained how their absolute return focus and disciplined stock selection allow them to uncover opportunities that others may overlook.

"The stars are finally aligning". So said Ian Simmons, repeating his contribution to the *Financial Times*' article on emerging markets's outperformance in 2025. Together with Dominic Bokor-Ingram, the pair opened a roundtable session for UK intermediaries and institutional investors with an open mind to the opportunity set. *"We are leaving no stone unturned",* said Dominic. *"There is a lot of excitement around emerging markets right now, but there isn't a shop in London that will take relative performance as currency. You need to generate absolute returns."*

A Flotilla of Experts: Kicking Off the Roundtable

Kicking off the roundtable in his usual perspicacious form, Chris Nicholas, Senior Vice President - Financial Intermediaries at Fiera Capital and moderator of the roundtable, likened Fiera Capital's OAKS strategies to a "flotilla of boats". Independent boutiques with "independent skippers and independent crews", was what Dominic later described as having "complete autonomy", with less time spent "out of the day job" and more to devote solely to stock-picking.

This set-up is true of both the OAKS Smaller Emerging Markets and Global Emerging Markets Strategies, which Dominic and Ian were representing, respectively. It is also apparent in the top-decile returns profile of OAKS' six current live strategies, which Dominic attributed to this "supporting infrastructure" in addition to an alignment of interest with investors that could only come from direct participation of the Founders – including Stefan Böttcher, who founded OAKS alongside Dominic. "We invest our own money", Dominic said in summary. "Your positions are ours, irrespective of which OAKS product you invest in."

Disciplined Selection and Risk Management

Explaining the nuances of each strategy, both Dominic and Ian homed in on differences in focus – as opposed to philosophy. "Every one of our strategies is seeking absolute risk-adjusted returns in emerging markets", said Ian. "Through an earnings or re-rating perspective – and often through both – we are maximising upside capture." Dominic added that the approach to risk is "ultimately the same", with the avoidance of permanent capital loss a priority and using leverage as a prime example. "Net debt to EBITDA is currently a maximum of zero across our strategies, he said. "This ensures a consistency throughout all our strategies and minimises the permanent loss of capital. Meaning to say that the guard rails are the same, but the companies we explore change dependent on the comparative universe we're screening for stocks."

At any one time both Dominic and Ian have around 35,000 stocks to select from, which is narrowed to roughly 2,800 after initial exclusions based on liquidity and ESG are applied.

"Of these, we will review about 1,000 and conduct a similar number of management meetings every year", said Ian. "The depth of the pool is what many people find attractive about emerging markets, but in the same way it is critical not to waste time and resources looking at companies that don't fit preliminary thresholds." It is an investment led approach which means we prefer our analysts to spend their time on finding money-making ideas rather than replicating sell side reports on sectors or companies we don't currently find compelling.

Because those initial 'thresholds' are often top-down assessments of macroeconomic orthodoxy and capital market rules, it is not unusual for a variety of countries to be on the OAKS exclusion list – including some that are considered by others to be promising emerging markets stories. When asked about Nigeria as a case in point, Dominic took the audience back to the 1990s, when Nigeria's stock market traded similar volumes to the exchange today and has not improved since. "Without capital market reforms and stable leadership, countries like Nigeria will not see long-term investment", he said.

Adapting to Trends and Tailwinds

On the durability of long-term trends, Ian was asked a similar question on the other side of popularity: that being the potential for an 'AI bubble' in the future. "The circular investment we have seen among the US AI related companies is certainly a yellow flag", he replied. "But this needs to be tallied against the fact that we've not yet seen any real pushback on the share price of the mega-cap AI investors, all have guided capex higher and we have good visibility on the next two years as next generation chips and equipment are rolled out.

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– Ian Simmons

Whether these investments make attractive returns or not, the flow of money will greatly benefit the Taiwanese and Korean supply chains.” Ian being a proponent of having a sufficient liquidity cushion, also commented that preserving the ability to ‘change our minds’ according to any flaws in the investment thesis is a key part of risk management.

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– Dominic Bokor-Ingram

To both Dominic and Ian, bottom-up considerations are what prompt them to “pull the trigger” on any investment and though they are not thematic investors per se, some of the companies where they see exceptional value and growth characteristics benefit from structural, top-down tailwinds but where these factors have not yet been correctly priced in the market. More recently, such as in the case of Korea, policy reform is complementary to the investment thesis. *“In Korea, Taiwan and Vietnam, we like companies that are fulfilling global technological and industrial change”,* said Ian. *“Hyundai Electric was a post-Covid pick for us on the global need for investment electricity production and transmission. This was before the introduction of the Value Up programme, but we expect this to correct some of the legacy governance issues of listed companies, which strengthens the investment case and reigniting domestic investor appetite for their home market.”*

Fielding a question on appetite to invest in South Africa, Dominic was presented with the opportunity to articulate what he described as the outcome of a best ideas approach where we have no obligation to be invested in any country or sector if there is no compelling reason to do so.



In contrast to Korea, where top-down themes help narrow the investment focus; and Nigeria, where the lack of capital reform is exclusionary, the OAKS team's approach to South Africa boils down to the fundamentals. *"We're just not excited by the fundamentals of the stocks we've been looking at"*, said Dominic. *"Sometimes it's as simple as that."*

In their seeming ubiquity, it would be only a matter of time until a question on tariffs surfaced, which prompted some country-level exploration of their effects. As two countries at the 'harsher' end of the reciprocal tariff regime, Dominic dealt with Vietnam and Indonesia as representative studies. *"Very little that Vietnam or Indonesia produce, the US would want to replicate on home-turf"*, he said. *"Even with different tariffs on the cards and some already in-play, the Vietnamese economic growth rate has increased from 7% to 8%, with much of its performance being driven by domestic reforms. Strong leadership has been proven to be crucial to the success of emerging market countries over the years."*

Ian added: *"Even in China, tariffs have prompted large exporters to develop new routes that serve to replace lost US*

trade. In fact, overall Chinese trade has continued to expand this year despite exports to the US dropping 27% YTD." This broadening of trade networks is a trend that Dominic saw occurring in Vietnam, too.

Undoubtedly, China has been the ultimate recipient of the brunt of changing US trade policy and without wishing to brush off its dilemma, more questions from the session followed. In particular, participants of the roundtable were interested to hear why the OAKS team decided to persist with investments in China even as tariffs were being introduced. *"The effect for us was that tariff and geopolitical uncertainty increased our discount rates and effectively raised the bar for investments in China at the time, but certainly didn't preclude us searching for ideas in what was a very diverse and cheap market. Ian said. "That doesn't mean that tariffs will have no net effect. But it does mean that some businesses with great bottom-up credentials have been unnecessarily discounted, even with no exposure to the US, which is true of other tariff recipients in the emerging markets universe."*



Conclusion: A Global Tour of Opportunity

In the spirit of completing a tour of the world, Brazil and Saudi Arabia capped off the roundtable, with Ian and Dominic taking both from a top-down, reforms-led perspective. In Ian’s eyes, Brazil has huge potential for 2026 with the twin catalysts of Central Bank rate cuts and an election that could see a return to a more market friendly leadership. With a long list of relatively cheap, quality domestic businesses, there is plenty of opportunity. For the rest of the continent political and macro developments are also moving in the right direction after a challenging four years. This contributes to our overall view that emerging markets fundamentals are improving just at the time we see attractive valuations and institutional interest returning.

Dominic, on the other hand, made the compelling case for a host of new investment opportunities stemming from liberalisation in Saudi Arabia and 2030 infrastructure plans supported by capex that has been so far “*transformational*” in driving growth.

In every strategy, position sizing ranged from an average of 1% to 10%, with a typical 50-60 stock portfolio representing diversification that facilitates dynamic changes in portfolio construction. “*We aren’t afraid to change course*”, Dominic

concluded, referencing back to the flotilla analogy made in the introduction to the roundtable. “*Having autonomy allows us to be unconventional and off-benchmark. It is what allows us to make compelling returns for our clients.*”

“*There is no new economic model for anyone to discover*”, Dominic added. Ian contributed: “*We’re extracting alpha in the way we know best. By digging deep into each geography and exploiting price inefficiencies, which stands the test of time.*”

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