Event Voice: Your Questions answered by Causeway Capital Management

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Can you give an overview of the team running the fund and your investment process?

Causeway's Emerging Markets strategy is supported by an integrated team of 12 quantitative and 27 fundamental professionals, combining systematic discipline with deep market insight.

Our investment process is primarily quantitative, built on multiple, low-correlated alpha factors spanning valuation, growth, technicals, quality, and macro inputs. This multi-factor framework is designed to perform across a wide range of market environments, without relying on any single signal at any given time.

A key feature of the process is contextual weighting—measuring what matters most for each stock depending on how it scores across value, growth, and momentum dimensions, rather than applying a one-size-fits-all approach. We also continuously refine our alpha models to better capture real-world dynamics and to specialise for unique segments of the market.

Fundamental research plays a supporting role, helping identify unmodeled risks and enhance factor design. Risk management is central: our proprietary fundamental and statistical models work together to capture both visible and less obvious risks, while portfolio constraints keep the focus on stock selection.

The result is a flexible, evolving investment process designed to navigate changing market regimes and deliver more consistent outcomes over time.

What do you see as the big opportunities and risks for your fund for the rest of the year and moving into 2027? How are you positioned in this environment?

We see the current environment as one where structural growth opportunities are becoming more concentrated, but also more powerful—particularly around AI and global infrastructure investment.

A key theme is the buildout of AI infrastructure. We are gaining exposure through overweight positions in Korea and Taiwan, where companies play a central role in the memory and semiconductor supply chain. Demand is being driven by sustained increases in hyperscaler capex and the global expansion of data centres. Despite this strong growth outlook, valuations in Emerging Markets IT remain meaningfully discounted relative to the US, offering, in our view, an attractive entry point.

While market leadership has been relatively narrow, we view this as typical of early-stage structural cycles—similar to prior commodity-led expansions—and believe valuations provide support.

We are also positioned to benefit from the second-order effects of these trends. AI infrastructure is highly resource-intensive, supporting our current overweight in Metals & Mining, particularly aluminium, where supply remains structurally tight. Beyond this, the portfolio maintains exposure to complementary themes such as power infrastructure and global defence.

Key risks include geopolitical tensions—particularly in the Middle East—and higher energy prices, which can pressure Emerging Asia given its reliance on imported oil. However, we believe these risks are manageable and may accelerate longer-term structural adjustments, such as energy diversification.

Overall, our positioning emphasises diversified alpha sources, disciplined risk controls, and exposure to structural growth themes, designed to allow the portfolio to adapt as market leadership evolves.

Can you identify a couple of key investment opportunities you are playing at the moment in the portfolio?

We express our structural growth themes through stocks that rank highly within our multi-factor model, where different signals align to highlight attractive opportunities.

In AI infrastructure, SK Hynix—one of the portfolio's largest overweights—emerges as a top-ranked name driven by strong earnings growth, positive revisions, and supportive price trends, alongside still-attractive valuation relative to its outlook. The position reflects how our model captures where structural demand—such as AI and data centre buildout—is translating into measurable improvements across multiple alpha factors.

We also identify opportunities where cyclical dynamics are creating compelling factor signals. Evergreen Marine, for example, ranks well on valuation and earnings revisions, supported by improving freight rates and tight supply conditions. These dynamics are reflected quantitatively in the model, highlighting the stock despite broader market uncertainty.

Together, these examples illustrate our approach: stock selection is driven by a diversified set of quantitative signals, allowing us to better capture both structural growth and cyclical opportunities.

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