



DMS

Discretionary Management Services, LLC

Insight: Sub-adviser Showcase – Matthews Emerging Markets Equity

By Tom Woolwine, President, March 2015

Our strategic outlook for equities suggests the U.S. stock market is fully valued. Earnings growth will slow as a strong dollar impacts domestic firms with global earnings. Emerging market stocks (especially Asian) are viewed favorably due to stronger economic growth and attractive valuations relative to developed nations.

The DMS Portfolio Management Team has tactically implemented part of their emerging market stock allocation using the Matthews Pacific Tiger Fund. The following is a brief summary of this sub-adviser's team and investment process.

The lead Portfolio Manager, Sharaf Shroff, and his team invest in companies located in the Asian (Ex Japan) region and performance is compared to the MSCI All Country Asia ex-Japan Index.

Matthews will invest at least 80% of assets in 13 countries they have identified as residing in The Pacific Tiger region (China, Hong Kong, Thailand, Taiwan, India, Singapore, Indonesia, Philippines, South Korea, Malaysia, Vietnam, Pakistan and Sri Lanka). Their bottom-up fundamental stock selection efforts focus on long-term growth prospects, strong business models, quality management teams and reasonable valuations. The team pays particular attention to firms that will benefit from rising income levels in Asia. While their investment process is influenced by top down macroeconomic themes, sector and country allocations are generally a residual of their stock selection process. Companies are of medium and large market capitalization and Matthews typically constructs the portfolio with 60 – 75 names.

If you would like to know more about either our Investment Outsourcing or GTAA Services, please contact Tom Woolwine, President, at (913) 981-1345 or email twoolwine@dms-demarche.com.

Disclaimer: The asset class and/or investment strategies described here may not be suitable for certain investors. We encourage you to work with your investment counsel to understand the risk characteristics and potential fit with your investment program.

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