

PM Spotlight: A World of Experience in Managing Portfolios

Alison Shimada, Senior Portfolio Manager, Total Emerging Markets



This issue of *PM Spotlight* profiles **Alison Shimada**, senior portfolio manager and head of the Total Emerging Markets team. Alison's diverse international background adds deep perspective to managing portfolios in the multi-faceted and growing asset class of emerging market equities.

Q: WHY DID YOU CHOOSE TO MANAGE EMERGING MARKET STRATEGIES?

A: I realized early in my career that I really enjoy the stock market—evaluating companies, talking to management, and thinking about macroeconomic issues. But I also wanted an international career. So, after returning to school for my MBA at Harvard Business School, I moved to Tokyo and worked as a senior analyst. That was in the early 1990s, which was a very interesting time for the markets. I covered a lot of sectors, from autos to pharmaceuticals to consumer staples. From there I went to Malaysia, where I worked as an equity analyst and portfolio manager. We helped design and run a Malaysian equity income portfolio right before the Asian Crisis. It passed the test, providing a good balance of risk management and upside opportunity.

Constructing and managing portfolios in different markets and at different times of the economic cycle has given me a deeper perspective into market dynamics. I've worked through some very challenging but ultimately very enlightening markets, from Black Monday to the dot-com bubble and the Asian Crisis. That also includes time that I spent on the investor side, working as an investment officer in global health care for my alma mater, The University of California's Board of Regents. I really value all of these experiences, and I encourage my colleagues to take advantage of as many different experiences as they can. You just never know how your path in life can open up until you start to explore it.

Q: DOES THAT AFFECT HOW YOU MANAGE THE TOTAL EMERGING MARKETS TEAM?

A: It definitely influences how I oversee the team. Elaine Tse, the co-manager, also has broad experience across different markets and throughout market cycles. That gives us greater insights to following a reasonable growth strategy regardless of the market environment and to plan for changes in market conditions. I think it's also pretty

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unusual to see co-fund managers who are female and minorities, but our entire team is very diverse culturally. Nearly all of us were born and raised in different countries, and that diversity of experience and perspective adds to our work environment and, I believe, to what we bring to managing portfolios.

Elaine and I share similar philosophies about managing the team, including that we believe the team is the most important component of managing the fund in the right direction. We've been very specific in looking for high-performing individuals who are from the region that they cover so that they understand the investing environment and the mindset of local investors. And we're very fortunate to have a team of people who are genuinely happy and motivated to do this work together.

We both place a priority on communication and coordination. That's a big part of what allows the team to function at a high level. We've always been committed to sharing as much information as we can but especially since the pandemic hit. Not seeing each other all the time has actually sharpened our ability to be more articulate and really emphasized the importance of that.

Q: DID THE PANDEMIC CHANGE HOW YOU WORK TOGETHER?

A: Absolutely, and I'll give you an example. Last year, we added a new team member who's based in our Hong Kong office until she moves to the U.S. hopefully later this year. When you have people overseas and with big time zone differences, you have to be more proactive in your communication. We've found that our style has become even more straightforward over the past couple of years from not being in the office all the time. The way we work together has changed in the sense that we come to the office or jump on a Zoom call to share information, talk about the portfolios, and talk about thematic issues. But we also find that working from home now can be very productive when we're doing research or other activities that require a lot of quiet focus. I don't think that's unique to our team. I see teams across Allspring doing the same thing. So that meshes well across the firm.

And, of course, the pandemic has affected our travel, just as with any other portfolio team. During the pandemic, we weren't able to go to certain countries like before—particularly to China. Fortunately, we started traveling again in 2022. We really like to be on the ground to gauge corporate and consumer sentiment, identify trends, and pick up signals for the next market catalysts. But when the situation changes and we can't be on the ground, this is where our experience comes in, helping us identify what's undervalued or overvalued when there is less information at hand.

Q: ARE THERE ANY COMMON MISCONCEPTIONS ABOUT EMERGING MARKETS?

A: Probably the key misunderstanding I see today is that either nothing is happening in emerging markets or that they're more worrisome than developed markets. Coming off a long period of underperformance, many investors have become very focused on the past, not realizing how much markets have regained. We like to say that the past 10 years are not the next 10 years. Markets are constantly evolving, and we must base decisions on forward-looking information.

The other misconception I hear is that emerging markets are behind in environmental, social, and governance standards. Most of these countries have made huge strides in infrastructure, and firms realize that they need to improve their operations because of sustainable investing. Emerging market companies are also improving their transparency and reporting, including their targets and transition to net-zero emissions. They're going down the same road and moving toward the direction of developed markets.

Q: COULD YOU SHARE A COUPLE OF OPPORTUNITIES YOU SEE GOING FORWARD?

A: We started increasing our allocation to China in November 2022 before the reopening when market consensus was very negative. We saw room for change then, and China is still part of our focus this year. We're looking into how the economy may be affected by the reopening in travel, entertainment, and other sectors. Across the emerging markets, there are some interesting industrial themes that we're exploring, including large-scale automation, because of the aging population and the infrastructure behind green energy. These things don't happen quickly, but we know the importance of balancing thorough analysis with getting in early to get the right portfolio exposure at the right price.

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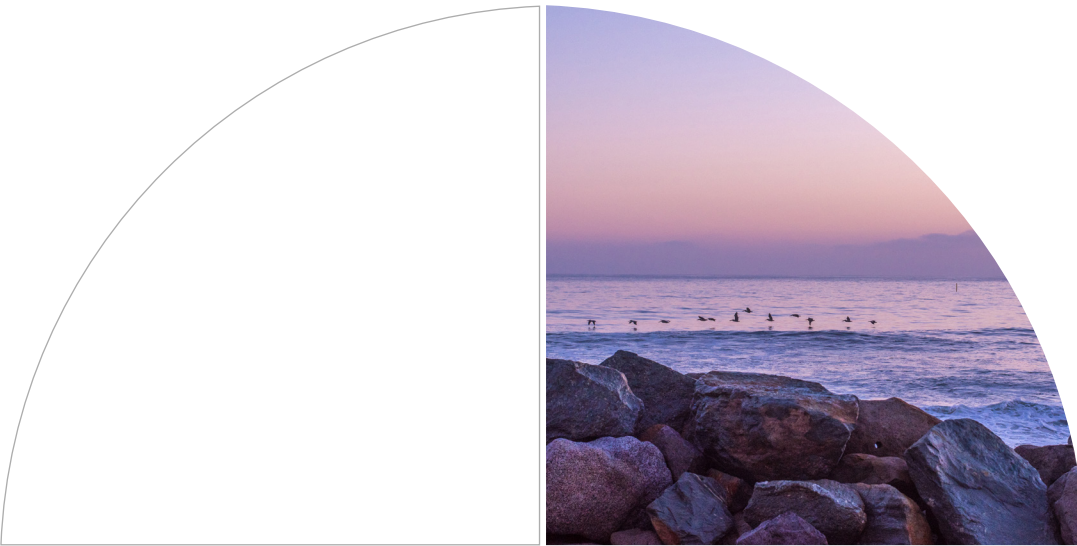
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