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# PM Spotlight: A World of Experience in Managing Portfolios

**Alison Shimada**, senior portfolio manager and head of the Total Emerging Markets Equity team, has a diverse international background that adds deep perspective to managing portfolios in the growing asset class of emerging market (EM) equities.

| Authors | Date | Topic |
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| Alison Shimada | 4/14/2026 | PM Spotlight |

## Key takeaways

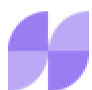
- Emerging markets have evolved structurally, actively driving global supply chains, semiconductor manufacturing, and artificial intelligence.
- Many EM countries rely less on foreign currency debt, have maintained fiscal health, and have greater policy flexibility than in past market cycles.
- Alison Shimada's team emphasizes quality businesses with strong balance sheets, consistent profitability, and a demonstrated commitment to shareholder returns.

## Q: Why did you choose to manage EM 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 financial crisis. It passed the test, providing a good balance of risk management and upside opportunity.

I've worked through some very challenging but ultimately enlightening markets, including Black Monday, the dot-com bubble, and the Asian financial crisis. That experience adds perspective—especially on how much emerging markets have changed over time.

What we're investing in today looks very different from earlier cycles. Emerging markets are no longer simply driven by leverage, commodity booms, or episodic globalization. Over the past decade, we've seen meaningful structural improvements—stronger balance sheets, better capital discipline, improved governance, and far greater use of technology. In many cases, innovation rather than capital intensity is now the primary driver of growth. That structural evolution—what we often describe as EM2.0—is a big part of why I continue to find this asset class so compelling.



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## Q. Does that affect how you manage the Total Emerging Markets Equity team?

A: Very much so. Our process is deeply rooted in experience—we believe portfolio managers need to have lived through multiple EM cycles to understand when risks are truly systemic versus when they're cyclical or sentiment-driven.

That experience helps us identify where structural improvements are real and durable. Many EM countries and companies now operate with stronger macroeconomic frameworks, better governance, and a much clearer focus on returns on capital. These changes represent a fundamentally better operating environment than what investors often remember from past cycles.

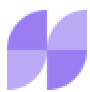
As a result, our emphasis is on quality businesses—companies with strong balance sheets, consistent profitability, and a demonstrated commitment to shareholder returns—rather than simply chasing headline growth.

## Q: Are there common misconceptions about emerging markets?

A: The biggest misconception is that emerging markets haven't changed—or that they remain inherently fragile relative to developed markets. Many investors are still anchored to events from decades ago and fail to appreciate how structurally different today's emerging markets have become.

Across much of the EM universe, infrastructure, transparency, and corporate discipline have improved significantly. Companies increasingly recognize that sustainable growth depends on profitability, efficient capital allocation, and balance sheet strength. In many cases, emerging markets are no longer price-takers at the margin—they are strategic participants in global supply chains, particularly in areas such as technology hardware, industrial metals, and energy transition materials.

Another misconception is that success in emerging markets comes from owning the fastest-growing companies. Historically, this has been a volatile asset class, and over long periods it has rewarded quality, cash generation, and shareholder yield far more consistently than pure revenue growth.



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## Q: Are you concerned that geopolitical risks—including wars, tariffs, and trade conflicts—dampen the EM outlook?

A: Geopolitical risk is something we constantly monitor, but we believe underweighting or avoiding emerging markets altogether is often the bigger risk. Recent disruptions have highlighted the importance of diversification and adaptability—areas where many emerging markets are far better positioned today than in the past.

Many EM countries rely less on foreign currency debt, maintain healthier fiscal balances, and have greater policy flexibility than they did in past cycles. While global trade has become more

fragmented, much of that risk is already reflected in valuations. Emerging markets have shown a growing ability to redirect trade flows, strengthen domestic demand, and adjust supply chains.

In some respects, these challenges may prove more difficult for developed markets with higher debt burdens and slower trend growth, while emerging markets continue to evolve within this new global framework.

## Q: What opportunities do you see going forward?

**A:** We see several powerful, long-term themes playing out across emerging markets. Technology is still a major theme. Emerging markets are no longer just manufacturing hubs—they have become central to global innovation and implementation, particularly in areas such as semiconductors, electronics, artificial intelligence (AI)–related hardware, and applied technologies. AI themes, including server infrastructure, AI at the edge, agentic AI, and physical AI, drive technology-heavy markets such as Taiwan and Korea.

Emerging markets also dominate key parts of the energy transition and AI supply chains. Semiconductor foundries in Taiwan manufacture critical chips, while materials producers in Latin America supply copper and other inputs essential for electrification and data centers. With large digital-native populations, deep engineering talent pools, and fewer legacy constraints, many emerging economies can adopt and scale new technologies more efficiently than developed markets.

From a portfolio perspective, emerging markets enter the current energy crisis with a solid macroeconomic backdrop, stronger fiscal health, and meaningfully improved governance compared with historical levels. Persistent underweighting to emerging markets may represent a perceived structural inefficiency rather than a conservative choice. Even with downward revision to estimates from the Iran war, we continue to expect double-digit earnings growth plus rising buybacks and dividends to drive returns.

As always, our approach remains grounded in disciplined stock selection within a macroeconomic framework—focusing on companies with strong balance sheets, high-quality earnings, and attractive shareholder returns. We believe that discipline allows us to participate in these structural opportunities while managing risk across full market cycles.

Diversification does not ensure or guarantee better performance and cannot eliminate the risk of investment losses.

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