

# As geopolitical pressures build, Asia draws fresh attention



We look at how our Asia Pacific fund manager is navigating today's markets and why the team believe the region is entering a new phase of growth.

Ongoing geopolitical tensions, evolving trade patterns and uncertainty around global growth are prompting some investors to consider regions that may help diversify or soften these risks. Asia is one such region that's gaining attention.

Managed by Veritas Asset Management, the Omnis Asia Pacific (ex Japan) fund focuses on high-quality businesses with strong balance sheets, resilient cash flows and exposure to long-term structural trends.

Rather than trying to predict short-term market movements, Veritas looks for companies that can benefit from powerful themes shaping the global economy over many years. These include the build-out of artificial intelligence (AI) infrastructure, rising defence spending and the reshoring of manufacturing capacity in the US and Europe.

"We want to identify long-term structural growth and then find the leading companies in Asia that are benefiting from it," says lead manager Ezra Sun. "When markets are under stress, that is often when valuations become most attractive."

## A focused approach to investing in Asia

The fund has a strong emphasis on North Asia, especially Korea and Taiwan, where many of the region's leading technology and industrial businesses are based. These companies play a critical role in global supply chains, particularly in semiconductors, data servers, power equipment and shipbuilding.

This reflects Veritas's broader philosophy of protecting capital, focusing on quality and investing with a long-term mindset. The team combines thematic thinking with disciplined stock selection, aiming to identify businesses that can benefit from structural growth without paying too much for them.

The result is a portfolio built around companies the manager believes can deliver attractive returns over time, while remaining resilient through changing market conditions.

## At a glance

- Shifting trade patterns and uncertainty around global growth are prompting some investors to look toward Asia as a way to diversify risk.
- Long-term structural trends, including AI infrastructure, rising defence spending and the reshoring of manufacturing, are creating powerful drivers of growth across key Asian markets.
- Asian companies, particularly in areas like semiconductors, memory chips and power equipment, are increasingly central to global supply chains and well positioned to benefit from the next global investment cycle.

## Why Asia could benefit from the next global investment cycle

The team at Veritas believes the world is entering a period of heavier capital investment, driven by three powerful forces.

The first is AI. Building the infrastructure behind AI requires huge spending on chips, servers, data centres and power networks. The second is defence, with governments increasing military spending as geopolitical risks rise. The third is reshoring, as the US and Europe look to rebuild manufacturing capacity closer to home.

These trends matter for Asia because much of the world's manufacturing capacity is based there. As global investment increases, many Asian businesses are directly involved in supplying the equipment, components and expertise needed.

## Inside the portfolio

A few holdings from the portfolio show how the manager is putting this philosophy into practice.



**TSMC** is a Taiwanese semiconductor manufacturer. As demand for AI infrastructure grows, so does the need for advanced chips. TSMC plays a central role in that process, manufacturing the high-performance semiconductors used by many of the world's leading technology companies. In the manager's view, this places the business at the heart of a multi-year investment cycle.



**SK Hynix**, the South Korean memory chip specialist, highlights another part of the opportunity. AI servers require large amounts of high-bandwidth memory, and supply remains tight. This is supporting strong demand, improving profitability and increasing cash flows as the build-out of AI infrastructure continues.



**Hyundai Electric**, which makes transformers and switchgear, shows that opportunities extend beyond technology hardware. As electricity networks are expanded and upgraded to support data centres, industrial activity and broader infrastructure investment, demand for power equipment is rising. The manager believes the company is well positioned to benefit from this trend.

## From asset-heavy to cash-generative

The Veritas team believes the relationship between US and Asian businesses is starting to shift. For many years, large US technology companies were seen as highly scalable, asset-light businesses, while many Asian manufacturers were viewed as more cyclical and asset-heavy. Sun argues that this picture is changing:

“US technology giants are now investing heavily in physical infrastructure such as data centres, chips and power. At the same time, many Asian companies that have already built manufacturing capacity are beginning to generate stronger cash flows from those assets.”

“For investors, this distinction matters. The companies doing the spending may take time to see the benefits. The companies supplying the hardware, however, are often seeing stronger demand and cash flows today.”

## Real opportunities across the region

This pattern helps explain the fund's positioning. The portfolio has meaningful exposure to Korean and Taiwanese companies that Veritas believes are benefiting directly from global spending on AI, power infrastructure and industrial capacity.

South Korea has become an increasingly important area of focus. Veritas has increased investment into Korean businesses as the country benefits from global demand for semiconductors, power equipment, shipbuilding and defence-related manufacturing. The team also sees scope for improvements in corporate governance and more shareholder-friendly policies over time.

## Meet the manager

Veritas Asset Management is an independent investment boutique with a long-established focus on quality investing. Ezra Sun has managed Asian equities at Veritas since 2004 and has been running the Omnis Asia Pacific (ex Japan) Equity Fund since Veritas was appointed in 2018. He is supported by an experienced analyst team based mainly in Asia.

The team focuses on protecting capital, identifying long-term structural themes and investing in businesses with strong fundamentals, durable competitive advantages and disciplined management.

## Why we selected Veritas

Omnis chose Veritas to manage this fund due to:

- A clear philosophy: the team focuses on protecting capital and investing in high-quality businesses exposed to long-term growth trends.
- Experienced leadership: Ezra Sun has managed Asian equities for many years and brings a disciplined, research-led approach.
- A differentiated perspective: Veritas combines thematic thinking with bottom-up stock selection to identify opportunities across a complex and fast-changing region.

Veritas  
— Asset  
Management

China is approached more selectively. The team believes growth is likely to be slower than in the past, with ongoing weakness in the property sector and softer consumer demand. However, they also see opportunities in areas such as AI, semiconductors, electric vehicles, robotics and biotechnology. The fund's exposure therefore focuses on specific long-term winners rather than broad economic recovery.

India remains attractive over the long term, supported by population growth and economic development. However, Veritas is more cautious in the near term, as higher energy costs and a more challenging global trade environment may slow progress.

## Why Asia still matters

Asia can sometimes be seen as a region exposed to global uncertainty, but Veritas argues it is increasingly central to how the global economy works.

From semiconductors and memory chips to power equipment and industrial materials, many of the products needed for the next phase of global growth depend on Asian businesses. In Veritas' view, this growing importance should support profitability and improve returns over time.

Valuations also remain supportive. Compared with the US, many Asian markets still trade at a significant discount, even though parts of the region are positioned to deliver stronger growth over the next few years. For investors with relatively low exposure to Asia, this could be worth revisiting.

## Talk to your adviser

The Omnis Asia Pacific (ex Japan) Equity Fund is one of several building blocks used within the Omnis portfolios to create a diversified strategy that reflects each investor's goals and appetite for risk. This fund provides access to a region that is playing an increasingly important role in global manufacturing, technology and infrastructure.

Periods of uncertainty can test confidence, but they can also create opportunities to invest in strong businesses at more attractive valuations. A well-diversified portfolio should be designed to navigate different market conditions.

It may be a good time to speak to your financial adviser. They can help you review whether your investments remain aligned with your personal circumstances, time horizon and stage of life. Whether you are growing your wealth, preserving it or drawing an income, regular reviews can help you stay on track.

*These are the views and opinions of Ezra Sun from Veritas Asset Management.*

Approved by Omnis Investments on 25/03/2026.

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