

## SHINING A LIGHT ON..... LIONTRUST ASIA INCOME FUND

### Update....

We have followed this fund since it was launched in 2012 and during that time it has outperformed the index we use. Mark established the fund and has managed since launch. His argument from the start is that Asia offers great opportunities and as an example he explained that \$100 invested in 2002 would now be worth \$405 with dividends re-invested.

The fund itself is paying just over 5% p.a. in income with the focus to grow this over time. He added that 52% of the fund is invested in companies with 15% plus earnings growth, and 80% where the dividends are growing at 4.5% plus.

Mark then turned to China which seems uppermost in people's minds. He explained that although growth seems to be stalling this is important because it cannot grow in double digit terms moving forward and so this displays a move to a more normal figure. Turning to debt he indicated that although this is rising and might be seen as worrying it is coming from a low base and therefore he feels this is slightly overplayed.

The other area to spook the market was the sudden drop in FX Reserves which dropped \$108 billion, the reality is that this is small compared to the reserves of over \$3 trillion plus. In summary he feels the China story is being overplayed. He explained about one company which he doesn't own, Wanda, they are the largest Cinema chain in China and did an IPO in January last year. They have seen a 40% growth in ticket sales and this has been a fantastic IPO for investors. The reason the fund doesn't hold it is because it doesn't pay an income but it demonstrates that despite all the gloom there are good companies growing in China.

Turning to Asia as a whole Mark explained that valuations are cheap and many Asian economies have greater monetary flexibility than western counterparts as they have higher interest rates and in the main many are benefiting from lower oil prices. Although some economies are commodity based a reduction in commodity prices is good for Asia.

Some of the areas of value include consumption plays especially in countries like China, Thailand, Malaysia, New Zealand, Hong Kong, Singapore, Philippines and Australia. Another area is infrastructure, in China for example there is massive investment in sea ports to create better maritime routes as well as land routes. In Thailand the tube is set to grow and it is areas like this that Mark can find value.

The fund has a bias towards mid to large companies and currently holds just under 60 stocks. There is no stock bias meaning that it provides some downside protection.

In summary this continues to be a well-managed fund delivering performance above the benchmark. For investors looking to gain exposure to Asia this should be a fund to consider. One downside which is important is the total expenses of the fund which is expensive and may deter investors.

# LWM Consultants Ltd

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## Fund performance

Performance from launch (5 March 2012 to 15 March 2016)

	2012	2013	2014	2015	2016
<b>Liontrust Asia Income Fund</b>	6.04%	9.31%	7.88%	-2.76%	2.85%
<b>iShares MSCI AC Far East ex-Japan</b>	0.71%	-1.21%	6.63%	-7.98%	2.03%

Performance over 1 year, 3 years and since launch:

	1 year	3 years	Since Launch
<b>Liontrust Asia Income Fund</b>	-7.39%	3.18%	25.06%
<b>iShares MSCI AC Far East ex-Japan</b>	-10.84%	-5.99%	-0.41%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

*The source of information in this note has been provided by Liontrust and is correct as at March 2016. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision.*