

**SHINING A LIGHT ON THE.....
Alquity Asia Fund**

AT A GLANCE

Investment Objective	
The aim of the fund is long term capital appreciation by the investing of at least two-thirds of its net assets in-i) equity securities listed on the Regulated Markets of countries in Asia (the "Asian Region"); (ii) equity securities listed on the Regulated Market outside of the Asian Region whose issuers either have more than 50% of their revenue, net income and /or operating profit, in the Asian Region.	

Inception Date	31 March 2014
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000VA68

Management	
Manager Name	Start Date
Mike Sell	31 March 2014

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	10.72%
Large	35.40%
Medium	30.09%
Small	18.15%
Micro	5.64%

Top 10 Holdings		
Total number of holdings	38	
Assets in Top 10 Holdings	38.25	
Name	Sector	% of Assets
Xtep International Holdings Ltd	Consumer Cyclical	4.55%
Ping An Insurance (Group) Co. of Chin...	Financial Services	4.51%
V-Mart Retail Ltd	Consumer Cyclical	4.47%
Mahindra & Mahindra Financial Service...	Financial Services	3.87%
HeidelbergCement India Ltd	Basic Materials	3.79%
Yuzhou Properties Co Ltd	Real Estate	3.60%
Kasikornbank Public Co Ltd	Financial Services	3.42%
Shimao Property Holdings Ltd	Real Estate	3.41%
Metropolitan Bank & Trust Company	Financial Services	3.32%
Yes Bank Ltd	Financial Services	3.31%

Volatility Measurements	
3-Yr Std Dev (volatility)	15.15%
3-Yr Mean Return (average)	9.99%

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FUND PERFORMANCE

Performance from 31st March 2014 to 30th November 2018:

	2014	2015	2016	2017	2018
Alquity Asia Fund	11.88%	1.67%	13.80%	15.22%	-11.78%
iShares MSCI AC Far East ex JPN ETF	11.41%	-5.92%	27.34%	28.84%	-8.32%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
Alquity Asia Fund	-9.86%	21.58%	31.58%
iShares MSCI AC Far East ex JPN ETF	-6.57%	50.42%	57.64%

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.

UPDATE....

This is a fund we have followed for some time and have met the manager on several occasions. In terms of performance the fund has failed to deliver since launch although this started to turn during 2018. The reason why this fund might appeal to investors is the focus on domestic Asia and some frontier economies.

Mike started by outlining the opportunities in China, and the feeling that the market is not reflecting these. He believes the risk/reward is favourable and weighting towards China is now the highest since the portfolio was launched. India is another region they like, with improved macro data.

India is one of the strongest Asian economies and yet there seems to be a disconnect between the market and the messages on the ground. The Goods and Services tax has had a positive impact on Indian companies and has boasted profits for some. Growth is not just about urbanisation and demographics but also the move from unorganised to organised. Areas of growth include cement and auto components. There are many positives, and this is a region they continue to favour with valuations broadly in line with the 5 to 10-year average but the markets not truly reflecting what is happening within the companies.

Mike also likes Vietnam, with its trade surplus, inflation under control, strong manufacturing data and growing GDP. Indonesia is a wild card with a 10% discount to the markets. There are some signs of change and the election in 2019 is one to watch.

Thailand and Malaysia are two areas they don't like with little signs of any catalysts for growth.

The fund has around 65% in China and India, and 7% in Vietnam. The fund still has a bias to domestic structural growth with areas they like being banks, retail, real estate, materials, food and beverages. They don't have exposure to major tech names as they have valuation and governance concerns.

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In summary, Mike is positive about the region but feels there is a disconnect between fundamentals and reality. He feels where other Asia Funds have been driven by a few large cap stocks, this will reverse, and this fund is in the sweet spot moving forward. Investors need to be aware that this fund has significantly underperformed the benchmark. Mike believes this will reverse over the next five years and this is something investors will either believe or not!

The source of information in this note has been provided by Alquity and is correct as at November 2018. 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. We would also recommend that you receive advice before following up on any decision.