

**SHINING A LIGHT ON THE.....
Hermes Asia ex Japan Fund**

AT A GLANCE

Investment Objective	
The investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in a portfolio of equity securities and equity related securities (such a global depository receipts and American depository receipts), issued by companies in or deriving substantial revenues from emerging countries within the Asia ex-Japan region.	

Inception Date	5 th December 2012
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000OZCW

Management	
Manager Name	Start Date
Jonathan Pines	1 st October 2013

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	36.83%
Large	40.08%
Medium	21.22%
Small	0.74%
Micro	1.13%

Top 10 Holdings		
Total number of holdings	55	
Assets in Top 10 Holdings	38.24%	
Name	Sector	% of Assets
Alibaba Group Holding Ltd ADR	Consumer Cyclical	5.63%
ASE Technology Holding Co Ltd	Technology	4.94%
Samsung Electronics Co Ltd	Technology	4.62%
CK Hutchison Holdings Ltd	Industrials	4.32%
Taiwan Semiconductor Manufacturing Co...	Technology	3.75%
MediaTek Inc	Technology	3.51%
Kunlun Energy Co Ltd	Energy	2.95%
COSCO SHIPPING Ports Ltd	Industrials	2.95%
Beijing Enterprises Holdings Ltd	Industrials	2.93%
Beijing Capital International Airport...	Industrials	2.65%

Volatility Measurements	
3-Yr Std Dev (volatility)	13.96%
3-Yr Mean Return (average)	2.06%

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FUND PERFORMANCE

Performance from 1st January 2014 to 29th February 2020:

	2014	2015	2016	2017	2018	2019	2020
Hermes Asia ex Japan Equity Fund	14.69%	4.24%	30.65%	33.27%	-10.14%	9.58%	-10.61%
iShares MSCI AC Far East ex Jpn ETF	8.54%	-5.92%	27.34%	28.84%	-10.18%	13.60%	-5.23%

Performance over 12 months, 3 years, 5 years and since fund manager tenure:

	1 year	3 years	5 years	Fund Manager Tenure
Hermes Asia ex Japan Equity Fund	-7.30%	6.31%	51.13%	92.01%
iShares MSCI AC Far East ex Jpn ETF	2.43%	14.77%	42.47%	64.06%

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....

These updates have been written at the time of Coronavirus Pandemic in 2020 which has impacted the global financial markets in a way that has never been seen before.

When we last reviewed the fund we outlined how good the team were and their excellent track record. We also explained how the fund was soft closed and not open to new investors at this time. Over the last 12 months the performance has dropped away and we can see the figures over 12 months and 3 years are poor.

The fund has a tilt towards value, and this has underperformed growth stocks. Not holding stocks like Tencent has hurt the fund, and holding Petro chemicals and industrials has compounded that. Although the fund does have a value tilt it also has growth stocks, and the combination of the two is where the outperformance has come from in the past. However, value over the last few months has significantly underperformed and hence the poor returns.

In terms of the current markets, Jonathan is looking to China who seem to have been successful in controlling this. He sees this as temporary, although no expert he thinks it will die down soon. Looking at past events, economic activity will not be depressed forever and at some points markets will come back. This therefore provides opportunities.

He has therefore been adding to large mega cap companies like Alibaba, Samsung and TSMC. The market, he feels, has been unfair to some companies which he calls bombed out opportunities – in this area he has been adding to Beijing Enterprise Holding, Hyundai Steel, China Bluechem and Bangkok Bank.

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The other area of interest is Taiwanese Technology companies, and, in this space, he has added ASE Group.

They are aware the fund has underperformed but remain focused on the process and strategy. They have used the recent market volatility to add to the holdings. They believe the fund is well positioned should the thesis be correct, that this is a short-term economic setback.

In summary, the team have in the past shown their ability to outperform and clearly the tilt to value has hurt performance. With the downturn in markets they believe this has opened up opportunities which they are playing into.

The source of information in this note has been provided by Hermes and is correct as at March 2020. 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.