

SHINING A LIGHT ON THE.....
Morgan Stanley Investment Funds – Asia Opportunity Fund

AT A GLANCE

Investment Objective	
The Asia Opportunity Fund's investment objective is to seek long term appreciation, measured in US Dollars. The Fund will seek to achieve its investment objective by investing primarily in equity securities, including depositary receipts (including American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs)), of issuers Located in Asia, excluding Japan.	

Inception Date	31 March 2016
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps-hot/snapshot.aspx?id=F00000XOMG

Management	
Manager Name	Start Date
Krace Zhou	30 September 2016
Kristian Heugh	31 March 2016

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	65.61%
Large	28.73%
Medium	5.66%
Small	0.00%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	26	
Assets in Top 10 Holdings	48.80%	
Name	Sector	% of Assets
TAL Education Group ADR	Consumer Defensive	7.50%
HDFC Bank Ltd	Financial Services	6.69%
Meituan Dianping	Consumer Cyclical	6.22%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	6.19%
Trip.com Group Ltd ADR	Consumer Cyclical	5.14%
Taiwan Semiconductor Manufacturing Co	Technology	4.41%
AIA Group Ltd	Financial Services	4.29%
China Resources Beer (Holdings) Co Ltd	Consumer Defensive	4.24%
Tencent Holdings Ltd	Communication Services	4.12%

Volatility Measurements	
3-Yr Std Dev (volatility)	16.71%
3-Yr Mean Return (average)	21.79%

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FUND PERFORMANCE

Performance from 31 March 2016 to 29 February 2020:

	2016	2017	2018	2019	2020
MS INVF Asia Opportunity Fund	17.25%	59.78%	-9.37%	36.19%	0.68%
iShares MSCI AC Far East ex JPN ETF	20.32%	28.84%	-10.18%	13.60%	-5.23%

Performance over 12 months, 3 years, and since launch:

	1 year	3 years	Since launch
MS INVF Asia Opportunity Fund	26.40%	80.67%	132.79%
iShares MSCI AC Far East ex JPN ETF	2.43%	14.77%	42.90%

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.

We have only recently spoken to the team behind this strategy and now are talking to them at a time when the markets are significantly down. The fund itself is down -3.66% this year against the index which is down -13.93%.

The call was less about the fund but understanding more about what is happening and how this is impacting the team and the strategy.

They started by explaining that people have been working from home and this has been really positive with less time commuting and more time focusing on work and communicating between each other. They are not looking to change the portfolio but can start to see trends emerging.

They can see more companies encouraging people to work from home and this in turn benefits cloud business companies like Alibaba. Ecommerce is another area where things are likely to accelerate, perhaps more domestic travel vs international travel, people staying at home to eat rather than going out, a growth in online education and entertainment at home.

In terms of what they hold they are not looking to make changes; they have already done the work. These tend to be cash rich businesses; they are market leaders and are likely to grow market share in this environment.

In Asia as a whole, they see a lot of opportunities. They are in the later part of the Coronavirus Cycle whereas Europe and the US are at the start. In China it started at the end of 2019 and now we are seeing a pickup in the country as people slowly return to work and travel. Asia has experience of these

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outbreaks, such as SARS, and have always adopted a war footing. The West is less used to this type of disruption.

There will be a recession and it will hurt companies, but it goes back to the quality that they focus on. These are companies that will be winners at the end. The team remain positive and hard working and they see the volatile markets as an opportunity to optimise the portfolio, whether that is increasing current positions or discovering and investing in new emerging trends.

In summary, this is more of an overview at a difficult time. The fund has held up well with the focus on quality and the team have adapted well to the changing environment and even seeing the potential opportunities going into the future.

The source of information in this note has been provided by Morgan Stanley 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.