

**SHINING A LIGHT ON THE.....
Liontrust Asia Income Fund**

AT A GLANCE

Investment Objective	
The investment objective of Liontrust Asia Income Fund is to provide a high level of income with long term capital appreciation.	

Inception Date	5 th March 2012
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000NOQH

Management	
Manager Name	Start Date
Mark Williams	5 th March 2012
Carolyn Chan	5 th March 2012

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	16.72%
Large	36.43%
Medium	44.91%
Small	1.94%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	46	
Assets in Top 10 Holdings	28.65%	
Name	Sector	% of Assets
Xinyi Glass Holdings Ltd	Industrials	3.10%
Samsung Electronics Co Ltd Participat...	Technology	3.04%
Wistron Corp	Technology	2.99%
SITC International Holdings Co Ltd	Industrials	2.97%
SITC International Holdings Co Ltd	Industrials	2.56%
Lotes Co Ltd	Technology	2.93%
Transurban Group	Industrials	2.80%
LG Chem Ltd Participating Preferred	Basic Materials	2.73%
Taiwan Semiconductor Manufacturing Co...	Technology	2.72%
Industrial And Commercial Bank Of Chi...	Financial Services	2.69%

Volatility Measurements	
3-Yr Std Dev (volatility)	14.14%
3-Yr Mean Return (average)	0.71%

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FUND PERFORMANCE

Performance from 1 January 2014 to 31 May 2020:

	2014	2015	2016	2017	2018	2019	2020
Liontrust Asia Income Fund	7.88%	-2.76%	33.27%	16.69%	-8.28%	13.42%	-10.38%
iShares MSCI AC Far East ex Japan	8.54%	-5.92%	27.34%	28.84%	-10.18%	13.60%	-5.89%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Liontrust Asia Income Fund	-4.61%	2.13%	24.87%	76.39%
iShares MSCI AC Far East ex Japan	3.31%	7.84%	33.53%	65.80%

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 the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

We have followed this fund since it was launched and like the management team. The fund is looking to invest in companies that will grow and pay dividends. Where it started well, its performance has drifted for several years and it continues to underperform the benchmark. The update covered dividends, recovery and fund exposure.

In terms of the region, Asia has a pay-out ratio (those companies that pay dividends) of 37% and an average yield of 2.7%. Against the world index the average yield is 2.4% so it is slightly higher than the world index. But within Asia there are different opportunities. Taiwan has a ratio of 64.8% and average yield of 4.1%, and China is 27.6% with a yield of 2% although Hong Kong is 42.9% with a yield of 3.4%. They feel that there are many opportunities for them and although they think dividends will fall around 17%, they still think the yield on the strategy will be over 4%.

They have lower exposure to Australia where although the yields are higher, they do not believe these are sustainable and are overweight Taiwan and China/Hong Kong, where they believe there are better opportunities.

In terms of the market outlook Asia was first in and first out. They think markets are attractive and there is less public debt enabling economies to invest more in helping the recovery. Japan and Singapore have spent 20% of GDP on stimulating the economy, Australia, Hong Kong, India, Malaysia and Thailand over 10% and China around 11%. There are green shoots of recovery; Shanghai Disneyland reopened and although at 30% capacity sold out within minutes. In Hong Kong bars are busy and in Thailand most things are now open.

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In general terms Asian economies have managed the process well. In China 93% of the workforce was back by the end of April, industrial production is up 3.9% year on year after the March declines, and middle-bracket restaurants are 70-80% full but at 60% of original capacity.

Turning to the fund they are less exposed to the areas of the economy which were hardest hit (tourism, hospitality, consumer discretionary) and focused on companies less reliant on exports to the developed world. They are seeing opportunities in China (infrastructure and cyclical recovery), and Taiwan (technology).

As opportunities have opened up, they have added Huaxin Cement, Cifi, Downer, BHP and CNOOC. They have sold the following mainly due to COVID, interest rates and US/China trade tensions – JNBY, Cimic, BOC Aviation, DGB Financial and King Yuan.

In summary, we have met the management team and like them. The difficulty is the performance which has drifted for a few years. However, for investors searching for income this might be a consideration but there are other options to consider against this strategy.

The source of information in this note has been provided by Liontrust and is correct as at June 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.