

**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/snapshot/snapshot.aspx?id=F00000OZCW

Management	
Manager Name	Start Date
Jonathan Pines	1 st October 2013

FUND PERFORMANCE

Performance from 1st January 2015 to 31st October 2020:

	2015	2016	2017	2018	2019	2020
Hermes Asia ex Japan Equity Fund	4.24%	30.65%	33.27%	-10.14%	9.58%	-2.06%
iShares MSCI AC Far East ex Jpn ETF	-5.92%	27.34%	28.84%	-10.18%	13.60%	11.13%

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

	1 year	3 years	5 years	Since fund manager tenure
Hermes Asia ex Japan Equity Fund	2.05%	-2.61%	69.52%	110.37%
iShares MSCI AC Far East ex Jpn ETF	17.87%	15.18%	86.46%	92.39%

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.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
6.05	77.44	81.47	110.58	33.33	1.02	-5.65	Value/Large

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Volatility Measurements	
3-Yr Std Dev (volatility)	15.24%
3-Yr Mean Return (average)	-0.88%

Investment Style Details	
Giant	38.46%
Large	37.23%
Medium	21.01%
Small	3.29%
Micro	0.22%

Top 5 Holdings – 55 equity holdings		
Samsung Electronics Co Ltd	Technology	8.86%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	6.73%
ASE Technology Holding Co Ltd	Technology	5.71%
Taiwan Semiconductor Manufacturi...	Technology	4.86%
MediaTek Inc	Technology	4.27%

Top 5 Sectors	
Technology	34.70%
Consumer Cyclical	16.18%
Industrials	12.54%
Communication Services	8.87%
Healthcare	5.62%

Top 5 Regions	
China	39.16%
Taiwan	26.20%
South Korea	16.82%
Hong Kong	5.66%
Japan	3.63%

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.

This fund has an excellent reputation. However, recently it has underperformed and the manager explained that it has been a challenging year. This is due to the style which is contrarian, and the strategy tends to have more of a value bias. Also not holding some of the mega cap stocks has meant that they have missed out on the rally.

During this time, they have taken advantage of the uncertainty to buy more of the stocks that have fallen the most. Within this they have identified those companies that are unlikely to suffer financial distress but are mispriced by the market and more likely to bounce back relatively quickly. An example of this would be Naspers, who own 10% of Tencent but have not bounced back in the same way.

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Other areas they have been adding to include mispriced growth in Taiwan and yield stocks. Some examples of holdings include:

China Overseas Land and Investment which currently is trading at 5 times earnings and paying a yield of 5%.

CK Hutchison which has high quality underlying assets, strong cash flow, low gearing and a yield of 5%.

China South Publishing, a regulated business producing textbooks and study materials. It is cash generative and is seen as a defensive yield stock.

AP Thailand, one of the top 6 residential property developers in Thailand. They have a healthy balance sheet, strong sales, low valuation at 6 times earnings and a yield of 6%.

Asustek, a leading manufacturer of PC motherboards, notebooks, and graphic cards. There is also a turnaround story within the smart phone unit. The current valuation is the same as the cash on the books.

We discussed the recent action by the Chinese government and they believe the focus is more about anti competition, and that they will not go too hard against the tech giants.

In summary, this is an excellent fund manager, but the style is out of favour. If we start to see the world return to some sense of normality then the fund could be positioned to benefit from this change in sentiment.

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

