

**SHINING A LIGHT ON THE.....  
Aikya Global Emerging Markets Fund**

**AT A GLANCE**

Investment Objective
The Fund aims to achieve a total return in excess of the MSCI Emerging Markets Index (USD).

<b>Inception Date</b>	16 <sup>th</sup> October 2020
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000016CBN">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000016CBN</a>

Management	
<b>Manager Name</b>	<b>Start Date</b>
Ashish Swarup	16 <sup>th</sup> October 2020

**FUND PERFORMANCE**

Performance from 16<sup>th</sup> October 2020 to 31<sup>st</sup> January 2022:

	2020	2021	2022
<b>Aikya Global Emerging Markets Fund</b>	6.55%	5.02%	-0.06%
<b>MSCI Emerging Markets Index</b>	9.09%	-1.64%	-0.96%

Performance over 12 months, and since launch:

	1 year	Since Launch
<b>Aikya Global Emerging Markets Fund</b>	5.01%	11.84%
<b>MSCI Emerging Markets Index</b>	-5.05%	6.27%

*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	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	-	-	-	-	-	-	-	Blend/Large

Volatility Measurements	
<b>3-Yr Std Dev (volatility)</b>	-
<b>3-Yr Mean Return (average)</b>	-

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Investment Style Details	
Giant	32.32%
Large	45.12%
Medium	10.67%
Small	3.01%
Micro	0.00%

Top 5 Holdings – 35 Equity Holdings		
Uni-President Enterprises Corp	Consumer Defensive	5.80%
Unicharm Corp	Consumer Defensive	4.09%
Fomento Economico Mexicano SAB d...	Consumer Defensive	3.81%
AIA Group Ltd	Financial Services	3.80%
Marico Ltd	Consumer Defensive	3.79%

Top 5 Sectors	
Consumer Defensive	35.46%
Financial Services	18.25%
Technology	15.77%
Consumer Cyclical	9.50%
Industrials	8.23%

Top 5 Regions	
India	24.10%
Taiwan	18.27%
China	12.72%
Hong Kong	7.32%
Brazil	6.60%

## UPDATE....

This was our first introduction to the strategy. Aikya is not a name that is necessarily recognised by investors but the team behind it will be. The team spun out of Stewart Investors with the sole intention to focus on one strategy and limit the size of that fund to around \$5 billion. The lead manger is Ashish Swarup, who launched an EM Equity Portfolio in 2008, before joining Stewart Investors in 2014. Ashish was keen to emphasise that this fund is very much team based and everyone therefore brings something to the overall management and running of the strategy.

When investing they focus on four key pillars:

Stewardship – what the purpose of the company is, is at the heart of this. This approach ensures they keep away from trouble with exclusions like tobacco, gambling, and limited coal exposure. Environment and social stewardship are really important and one key question is what is it like to work for the company, and what is the culture

Quality of franchise – this looks at the business and asks questions around sustainable growth, durable competitive advantage, and low vulnerability to disruption

Quality of financials – they don't like debt or currency risk and therefore look for strong balance sheets

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Valuation – they are long term investors and are therefore looking to protect capital, so paying the right price is important when investing

We talked about businesses they don't own. Alibaba as an example is a quality business but weak on governance and accountancy, and as such are looking for consistency across all areas in which this falls out of their universe for investing. Samsung, they feel, is run for the interest of the family rather than investors, and therefore falls outside of the quality list.

They don't like state owned businesses and prefer owner run businesses, with a focus on knowing the management team. Centre Testing in China is an example of a business they like as they know the team, and they are hiring people from similar global businesses.

Having strong relationships across the world is important for the strategy and we discussed whether setting up a smaller business limited the flow of information. As they had built these over many years, they have been able to retain those relationships. From a team perspective, everyone is an analyst and a generalist. This means there is consistency and openness within the team.

They have currently identified 111 companies who have made their quality list and invest in 35 companies.

When we talked about benchmarks. They explained that they are not trying to outperform the index, but the style and approach naturally leads them to do this. The fund aims to offer investors lower volatility and in most market cycles this will outperform, but in times when there is exuberance in certain areas, this will likely lag.

In summary, there are many aspects of this fund which make it an interesting option for investors wanting to hold assets in emerging markets. These are long term investors looking at good quality companies at the right price. The temptation when setting up a new company and fund is to build assets and repeat what you have done in the past. Clearly in terms of performance and style this is the case, but they don't want to build multiple strategies, nor do they want to manage a portfolio that is too big. Many of the holdings they have held for many years. They have a strong network of people who can provide information for them, and although there is a lead manager this is more about the team and what everyone can bring to the table.

This is early days for the strategy and we would be happy to add it to our watch list to enable us to see how this develops overtime.

*The source of information in this note has been provided by Aikya and is correct as of January 2022. 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 decide 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.*