

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

AT A GLANCE

Investment Objective
The Fund aims to deliver a high level of income with potential for capital growth over the long term (5 years or more). The Fund is actively managed and will invest in companies which are incorporated, domiciled, listed or conduct significant business in the Asia Pacific region (excluding Japan). The Fund will typically invest at least 90% (minimum 80%) in equities or equity related derivatives, but may also invest in collective investment schemes (up to 10% of Fund assets) which may be collective investment schemes managed by the Manager or by third party managers, corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits. Exposure to the companies will typically be direct but the Fund may also have limited indirect exposure (through derivatives).

Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000PA6Y
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Management	
Manager Name	Start Date
Mark Williams	5 th March 2012
Carolyn Chan	5 th March 2012

FUND PERFORMANCE

Performance from 1st January 2016 to 28th February 2022:

	2016	2017	2018	2019	2020	2021	2022
Somerset Asia Income Fund	32.37%	16.69%	-8.28%	13.42%	13.44%	5.25%	-0.67%
MSCI AC Pacific Ex Japan NR LCL	7.96%	30.23%	-11.60%	19.86%	18.84%	-3.53%	-4.63%

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

	1 year	3 years	5 years	Since launch
Somerset Asia Income Fund	2.69%	27.89%	36.07%	133.29%
MSCI AC Pacific Ex Japan NR LCL	-12.82%	18.45%	42.37%	92.65%

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.

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Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
6.04	-	112.25	90.10	52.78	1.04	3.79	Value/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	14.39%
3-Yr Mean Return (average)	8.55%

Investment Style Details	
Giant	26.27%
Large	37.70%
Medium	25.49%
Small	4.39%
Micro	0.00%

Top 5 Holdings (48 holdings)		
Taiwan Semiconductor Manufacturi...	Technology	4.85%
Lotes Co Ltd	Technology	4.84%
SITC International Holdings Co Ltd	Industrials	4.37%
Samsung Electronics Co Ltd Parti...	Technology	3.81%
ASE Technology Holding Co Ltd	Technology	3.42%

Top 5 Sectors	
Technology	29.25%
Industrials	14.85%
Financial Services	14.15%
Real Estate	10.23%
Basic Materials	9.09%

Top 5 Regions	
China	32.63%
Taiwan	22.70%
South Korea	9.83%
Hong Kong	7.44%
Australia	6.64%

UPDATE....

This is a strategy we have held in the past and followed for many years. The fund was held with Liontrust and then moved to Somerset. It is the same team and fund, just a different fund management house. One of the advantages of this move is the strength and depth Somerset have within Emerging Markets and how this can be used as additional resource for the team.

The strategy is probably best seen as core rather than specifically growth or value. The fund tends to do well in falling or flat market but will underperform in a pure growth environment. It is therefore seen as more style neutral.

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The aim is to capture the growth within the region and deliver an increasing dividend yield. This is currently over 4%. There is no restriction on the level of yield a company pays.

In terms of quality, they look for companies with good capital allocation, strong earnings and cash flow growth, high and sustainable returns, and deep and durable competitive moats. Each company is expected to grow earnings over the long term and earnings growth should lead to dividend growth and capital appreciation.

They are aware of valuations; they will pay a higher price but they need to ensure that the company will not disappoint on the downside.

They believe that the last decade has all been about QE (Quantitative Easing where central banks purchase longer-term securities from the open market in order to increase the money supply and encourage lending and investment) and as countries end this Asia will be a beneficiary of this. Many Asian economies have positive real rates. Asia has suffered underperformance because of QE, when the fundamentals have been right. They like China but need to be aware of regulations and listen to what is happening.

With the events in Ukraine, they are checking all the companies they hold. They have sold Kazatomprom, a producer of uranium, which is sold to Europe, China and Russia. India is an area they feel could be vulnerable due to higher valuations and as an importer of oil.

In summary, we have always liked the team. The strategy did struggle during the period where growth was forefront. Entering this period that might reverse and this is certainly a strategy we will be watching closely.

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