

**SHINING A LIGHT ON THE.....
Morgan Stanley Asia Opportunity Fund**

AT A GLANCE

Investment Objective
The 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, and China A-Shares via Stock Connect. With a view to enhancing returns and/or as part of the investment strategy, the Fund may (in accordance with the investment powers and restrictions set out in Appendix A) make use of exchange traded and over-the-counter options, futures and other derivatives for investment or efficient portfolio management (including hedging) purposes.

Inception Date	31 st March 2016
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000X0MG

Management	
Manager Name	Start Date
Kristian Heugh	31 st March 2016
Anil Agarwal	13 th April 2020
Alastair Pang	7 th March 2022

FUND PERFORMANCE

Performance from 1st January 2017 to 31st July 2022:

	2017	2018	2019	2020	2021	2022
Morgan Stanley Asia Opportunity Fund	59.78%	-9.37%	36.19%	47.12%	-19.62%	-14.89%
MSCI AC Asia Ex Japan NR USD	29.45%	-9.05%	13.61%	21.16%	-3.84%	-7.95%

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

	1 year	3 years	5 years	Since launch
Morgan Stanley Asia Opportunity Fund	-16.77%	6.64%	45.69%	132.73%
MSCI AC Asia Ex Japan NR USD	-8.52%	7.73%	18.30%	74.22%

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	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
12.09	(0.03)	-	105.41	108.57	50.00	0.97	0.46	Growth/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	17.11%
3-Yr Mean Return (average)	2.17%

Investment Style Details	
Giant	59.84%
Large	29.79%
Medium	7.19%
Small	0.99%
Micro	0.00%

Top 5 Holdings – 35 holdings		
HDFC Bank Ltd	Financial Services	9.18%
ICICI Bank Ltd ADR	Financial Services	7.48%
Meituan Class B	Consumer Cyclical	6.37%
Coupang Inc Ordinary Shares - Cl...	Consumer Cyclical	5.69%
Trip.com Group Ltd ADR	Consumer Cyclical	4.64%

Top 5 Sectors	
Financial Services	28.42%
Consumer Cyclical	26.77%
Consumer Defensive	15.06%
Communication Services	12.20%
Technology	8.55%

Top 5 Regions	
China	49.48%
India	23.32%
South Korea	11.96%
Taiwan	6.54%
Singapore	4.29%

UPDATE....

This is a fund we hold within our portfolios. It is effectively a best ideas Asia strategy. It spun out of the global fund they run where they had a high weighting to Asia and wanted to develop a specific strategy. The fund will be concentrated with around 25 to 40 holdings.

It has a quality focus looking to invest in companies with a high return on capital, high growth, and low levels of debt. It looks to avoid capital intensive businesses so naturally has lower exposure to areas like energy, materials, and utilities. The holdings are split between defensive (consumer staples), sensitive (consumer discretionary, communication services, IT, and materials) and cyclical (materials, real estate and financials).

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The fund is overweight consumer discretionary, consumer staples, real estate, and financials. It is underweight IT, industrials, and materials.

In terms of regions, its two main ones are China and India, and compared to the index it is underweight South Korea and Taiwan. In terms of the top ten it provides diversification across banks, social commerce, property, travel, ecommerce, food products, social network and food, drink, and dining.

Some of the negative performers for the fund this year include Coupang, Grab Holdings, Naver Corp, KakaoBank and Silergy Corp. Contributors include TSMC, Kuaishou Technology, Trip.com, Tencent Holdings and Greentown Service.

The fund has struggled over the last 18 months, however they are long term holders and believe they are investing in high quality companies with sustainable business models. Often in market sell-offs there is no distinction between poor and good quality. Therefore they believe when the market turns and the focus is on quality, this fund will do well. They also believe that the best time to invest is in periods of underperformance.

In summary, this is a concentrated Asia strategy focused on high quality sustainable businesses. It has a high regional weighting to China and India. China has been out of favour this year and that will have impacted performance. However, the team are focused on long term investments and believe the strategy is well positioned when there is a positive correction in the market.

The source of information in this note has been provided by Morgan Stanley and is correct as of August 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 deciding. We would also recommend that you receive advice before following up on any decision.