

LWM FUND SPOTLIGHT
MS INV F ASIA OPPORTUNITY FUND

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	https://www.trustnet.com/factsheets/b/pbot/morg-stnly-asia-opportunity

MANAGEMENT

Manager Name	Start Date
Krace Zhou	30 th September 2016
Kristian Heugh	18 th March 2016

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
-9.78	1.58	-53.02	19.13	-19.72	79	77	16.47

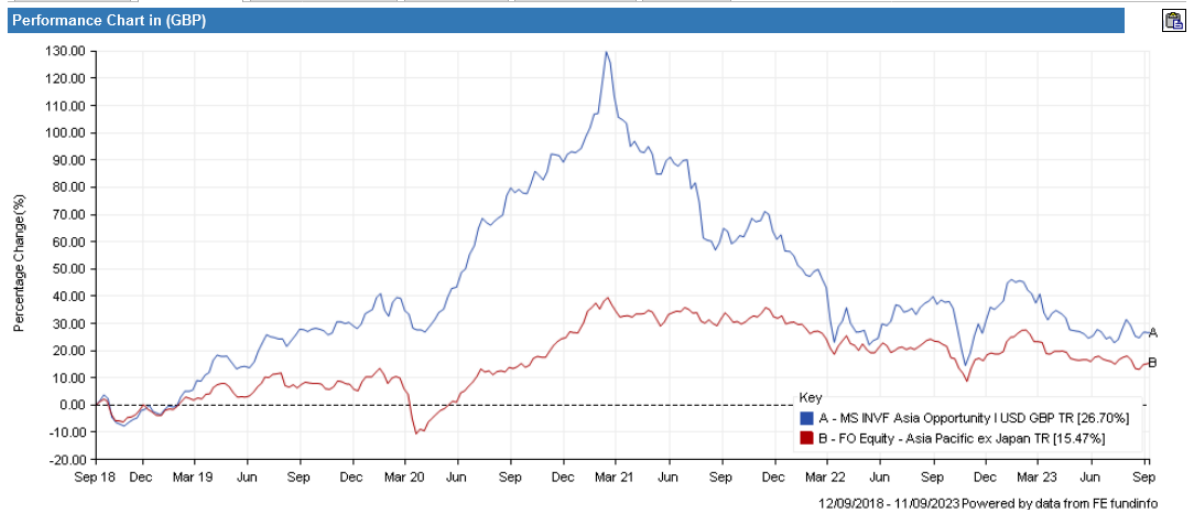
OTHER DATA

Benchmark	MSCI AC Asia ex Japan
Fund Size	\$4,262.8 Million
Fees	0.99% (I Share Class)

MS INVF – Asia Opportunity Fund – September 2023

BULL POINTS (PRO)	BEAR POINTS (CONS)
<ul style="list-style-type: none"> • High active share class so expect to be different to the benchmark. • Concentrated portfolio. • Stable investment team with strategy coming out of their successful global strategy. • High quality companies – low levels of debt, high growth, and high return on capital. • Focus on best ideas. 	<ul style="list-style-type: none"> • High tracking error reflected in higher volatility with recent performance not necessarily rewarding investors for the degree of risk taken. • High weighting to China. • More expensive growth companies.

FUND PERFORMANCE



Cumulative Performance (GBP)					
	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	-0.41%	-4.44%	-8.75%	-29.62%	25.42%
Sector	-1.78%	-2.94%	-6.53%	0.31%	15.22%
Relative to Sector	1.39%	-1.55%	-2.37%	-29.84%	8.84%
Rank in Sector	41 / 170	117 / 167	116 / 165	144 / 145	32 / 136
Fund Quartile	1	3	3	4	1

Performance by Calendar Year in (GBP)					
	YTD	2022	2021	2020	2019
Fund	-7.36%	-12.62%	-19.54%	46.80%	37.22%
Sector	-3.34%	-8.44%	1.98%	17.17%	12.83%
Relative to Sector	-4.16%	-4.56%	-21.11%	25.28%	21.62%
Rank in Sector	139 / 165	105 / 162	150 / 150	4 / 141	1 / 139
Fund Quartile	4	3	4	1	1

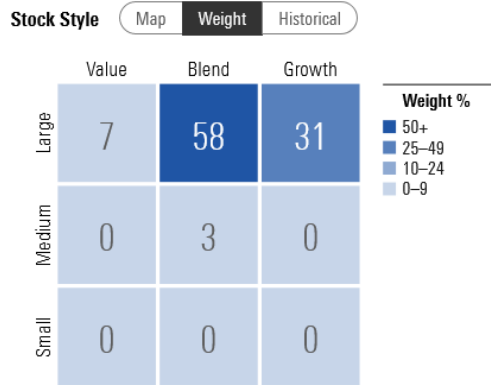
Discrete Annual Performance to Last Quarter End (GBP)					
	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	-6.88%	-30.35%	20.84%	29.58%	4.55%
Sector	-3.94%	-11.78%	25.72%	0.22%	3.17%
Relative to Sector	-3.06%	-21.04%	-3.88%	29.29%	1.34%
Rank in Sector	118 / 165	157 / 158	112 / 144	2 / 140	60 / 136
Fund Quartile	3	4	4	1	2

Fund Price Movement (GBP)	
12 Month High	44.94 (Pounds Sterling)
12 Month Low	33.35 (Pounds Sterling)

Annualised Ratios Over 36 Months					
	Alpha	Beta	Sharpe	r ²	Volatility
Fund	-11.09	0.76	-0.03	0.07	22.07
Fund Quartile	N/A	N/A	N/A	N/A	N/A

Please 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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Country	Investment %	Category %
China	49.65	34.99
India	23.96	16.12
South Korea	11.59	13.68
Taiwan	5.93	13.60
Singapore	5.56	3.35
Hong Kong	2.60	7.76
Indonesia	0.70	3.42

Holdings

Current Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	% Assets in Top 10 Holdings	Reported Turnover %
31 Jul 2023	37	0	3	53	-125.78

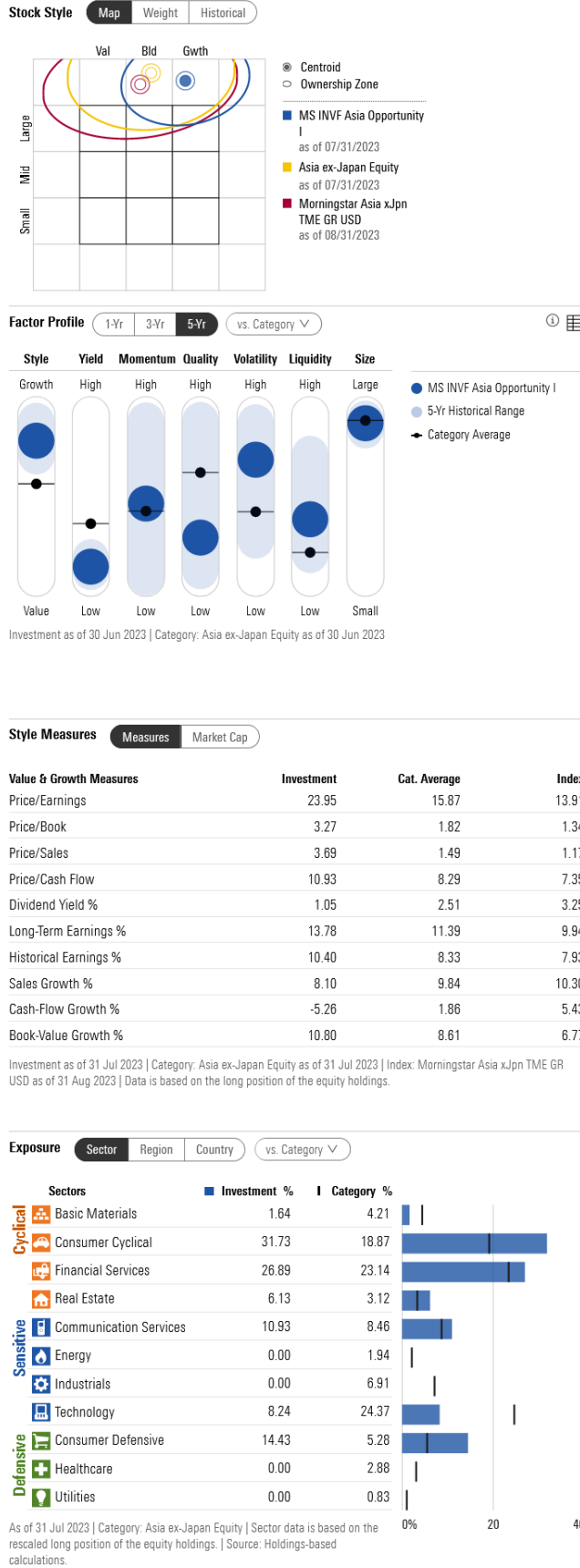
Active Share ⓘ

82.63

Holdings	% Portfolio Weight	First Bought	Market Value USD as of 31 Jul 2023
HDFC Bank Ltd	7.78	31 Oct 2021	374,498,762
Meituan Class B	6.46	30 Sept 2018	311,266,378
ICICI Bank Ltd ADR	5.99	30 Apr 2020	288,561,255
Coupang Inc Ordinary Shares - Class A	5.77	31 Mar 2021	277,686,492
Kweichow Moutai Co Ltd Class A	4.94	30 Jun 2017	238,044,842
Haidilao International Holding Ltd	4.94	30 Sept 2018	237,889,771
Trip.com Group Ltd ADR	4.82	30 Sept 2018	232,086,345
Tencent Holdings Ltd	4.43	30 Jun 2017	213,474,197
KE Holdings Inc ADR	4.36	31 Aug 2021	209,946,503
Grab Holdings Inc Class A	3.65	31 Dec 2021	175,609,134

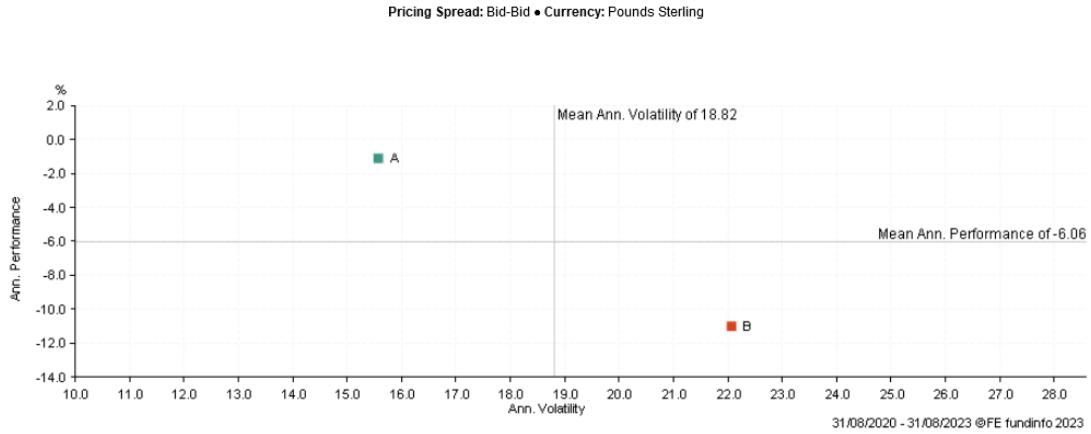
Holdings as of 31 Jul 2023 | The top 10 largest holdings are available for display across Equity, Bond and Other. Active Share as of 31 Jul 2023. Active Share index: iShares MSCI All Country Asia ex Jpn ETF

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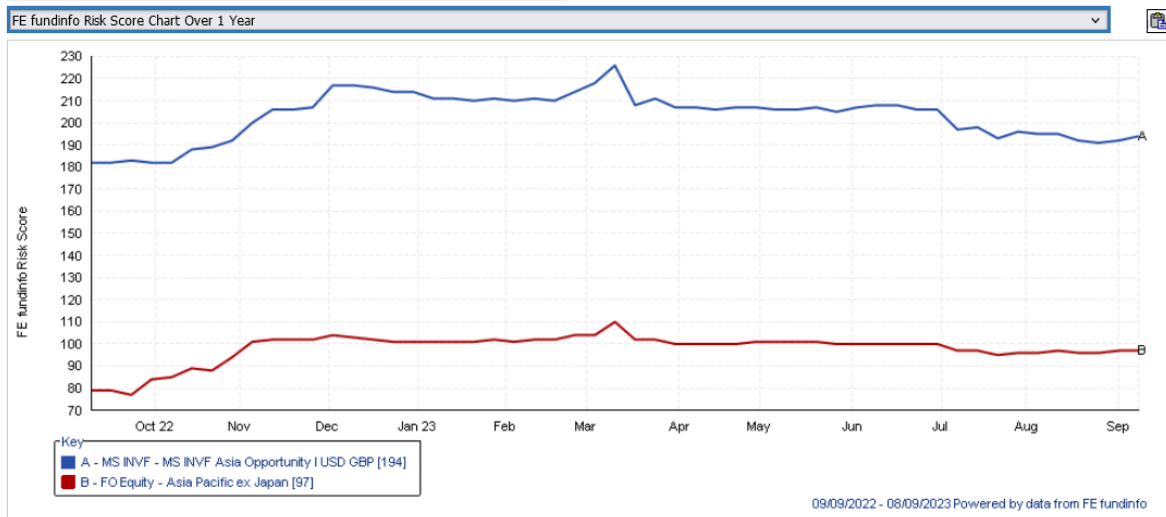


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Volatility



Key	Name	Annualised Performance	Annualised Volatility
A	MSCI AC Asia ex Japan TR in GB	-1.12	15.57
B	MS INVF - Asia Opportunity I USD GBP in GB	-11.00	22.07



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LWM FUND ANALYSIS

The strategy spun out of their Global Opportunity Strategy which has a high weighting to Asia. The strategy is summed up below:

We Believe:

Intrinsic value is created and protected by strong **competitive advantages, growth, disruptive change, financial strength** and **ESG¹**

Alpha is most easily derived from investments purchased at a **large discount to intrinsic value** that are subsequently sold when the price is no longer attractive in comparison to the value

Our Philosophy Emphasizes:

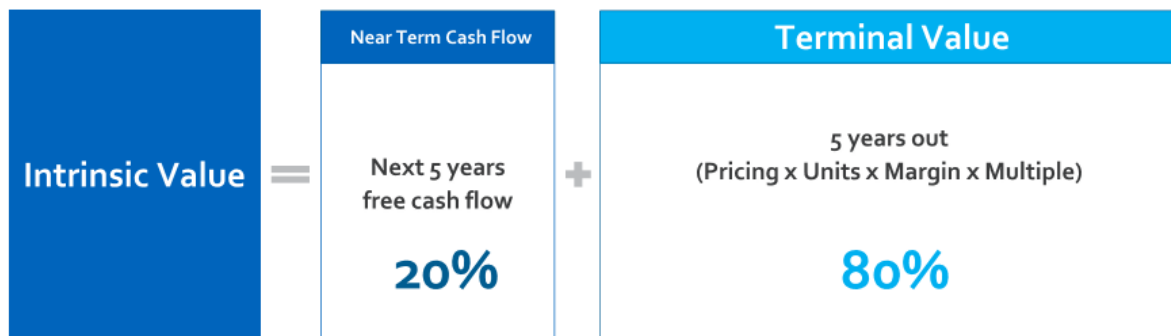
Understanding change and the development of insights

Long-term ownership mindset

Focus on bottom-up and industry analysis

Concentration in best ideas

Intrinsic Value is largely driven by the Terminal Value



Our Core Values

Intellectual Curiosity

Our culture encourages independent thinking and creativity, which we believe helps team members identify differentiated investment opportunities

EXAMPLE: READING NETWORK

Perspective

The structure of our team and our investment process emphasize broad-based knowledge and, along with an understanding of our individual qualities and interactions, helps to enhance investment decisions

EXAMPLE: OUT OF OFFICE REQUIREMENT

Partnership

We believe a collaborative team effort yields stronger investment results

EXAMPLE: LOW INVESTOR TURNOVER

We have shown the chart below in terms of performance as it shows the strong recovery coming out of COVID and then this dropping away. This really reflects the recent poor performance.

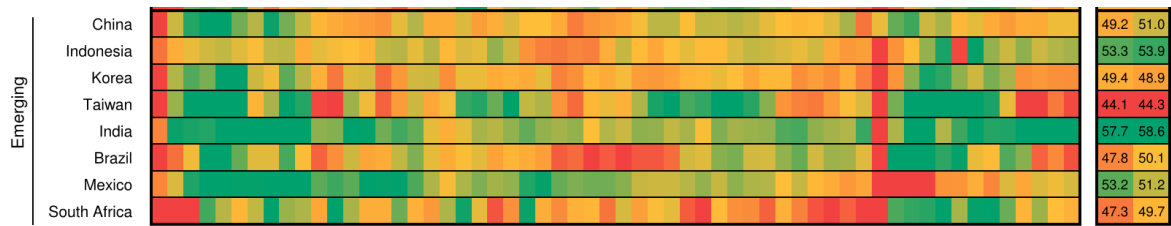
Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



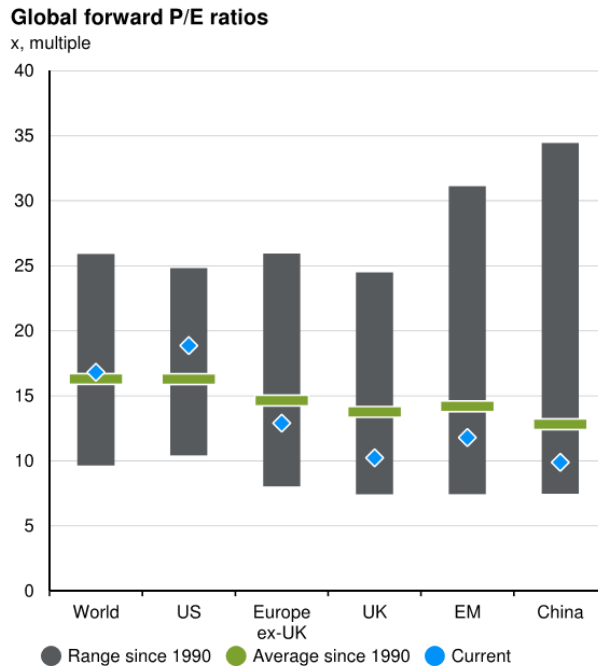
01/01/2020 - 31/08/2023 Data from FE fundinfo2023

Asia has been unloved, but this fund has a near 50% weighting to China which has suffered even more. The chart shows that the PMI data remains relatively robust compared to developed economies.

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The chart below shows forward price to earnings ratios which displays the discount compared to other regions.



In terms of China the team accept that there are challenges – debt to GDP is now 90%, a significant increase from 2008, there has been a series of weaker than expected economic data, and 26% of GDP comes from the construction sector.

However, they argue that there have been significant policies across monetary, fiscal, credit supply and private enterprises. The difference is that these have been targeted at particular areas such as Auto.

Some examples of holdings include:

Network effect - Meituan, Trip.com, Tencent

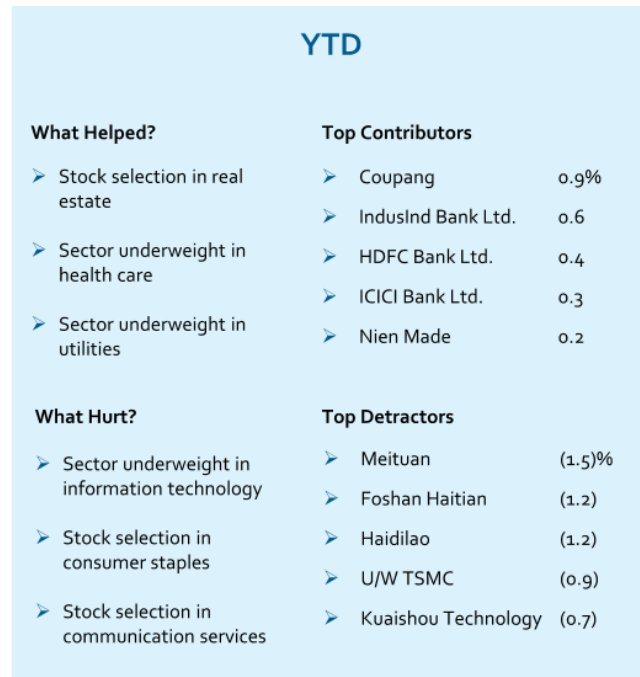
Differentiation - Kweichow Moutai, Haidilao, China Resources Beer

Cost focus and cost leadership - AIA, Shenzhou

This fund focuses on the best ideas and the best opportunities and so the highest weightings are towards China and India which makes up nearly 70% of the fund. For investors this fund may not appeal if they are looking for a broader and more diversified fund. However, if they are looking for the very best ideas then this may be one to consider.

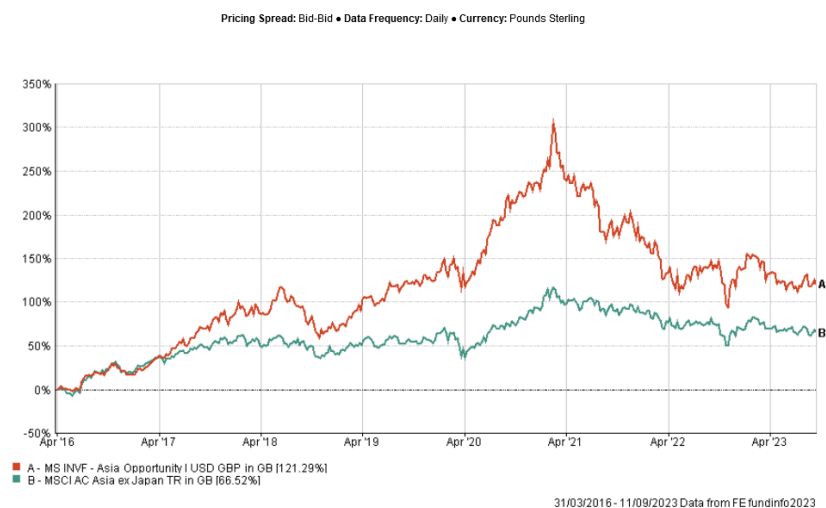
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In terms of performance this year, the chart below shows what has done well and what has struggled.



It is worth noting that this is probably a higher growth focus strategy. So although there is a focus on quality, the price to earnings vs the index is much higher. This does mean in more volatile periods this strategy is likely to struggle.

Since launch we can see that the fund has performed strongly.



However, that focus on high growth and larger weighting to China has clearly played against the strategy.

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The question for potential investors is whether they can see through the short-term underperformance, and whether they are happy to have a fund that is concentrated towards two main regions. We can see that both India and China offer significant opportunities, but the question is whether the risk outweighs the potential returns.

In summary, a well-established team with an excellent long-term track record. However, recent performance has been weak in part due to its over exposure to China and focus on high growth and more expensive companies.

The source of information in this note has been provided by Morgan Stanley and is correct as of September 2023. 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.

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