

ALQUITY ASIA FUND:
FACTSHEET AS AT:
NAV:

USD A
OCTOBER 2019
112.62



MONTHLY SUMMARY

- The MSCI Asia Pacific ex. Japan Net Total Return USD index rose 4% in October.
- Meanwhile, macroeconomic data in Vietnam remained very strong, as industrial production rose 9.2% YoY in October, whilst CPI inflation remained benign (2.2% YoY in October).
- Forward-looking indicators, such as the PMIs, continued to signal that domestic growth in China would remain solid despite the trade tensions between the US and China.

PERFORMANCE OVERVIEW

	2015	2016	2017	2018	2019
JAN	2.1%	-9.8%	2.8%	6.6%	4.3%
FEB	-0.1%	-3.0%	3.2%	-4.0%	2.0%
MAR	-0.5%	7.9%	5.5%	1.9%	8.9%
APR	3.2%	3.1%	2.3%	0.2%	-3.2%
MAY	-0.9%	-1.0%	0.1%	-3.9%	-3.8%
JUN	-0.8%	2.1%	0.2%	-5.2%	0.7%
JUL	-0.1%	4.8%	2.9%	1.1%	-2.3%
AUG	-9.4%	2.5%	-0.9%	-2.1%	-4.2%
SEP	-2.3%	-1.5%	-0.1%	-8.4%	2.3%
OCT	6.7%	-2.6%	3.3%	-9.8%	6.0%
NOV	-3.4%	-6.0%	2.5%	8.0%	
DEC	2.9%	0.1%	2.2%	-1.3%	
ANNUAL	-3.6%	-4.6%	26.6%	-17.1%	10.4%



PERFORMANCE SUMMARY:

1 Month:	6.0%	1 Year:	17.6%
3 Months:	3.9%	3 Years:	9.1%
6 Months:	-1.6%	Inception:	12.6%
Year to Date:	10.4%	Annualised:	2.2%

VOLATILITY

1Y 16.2%

3Y* 12.4%

BETA***

0.70

**Where the share class has not been running for 3 years, the volatility figure displayed is since the inception of the share class*

TURNOVER**

15.3%

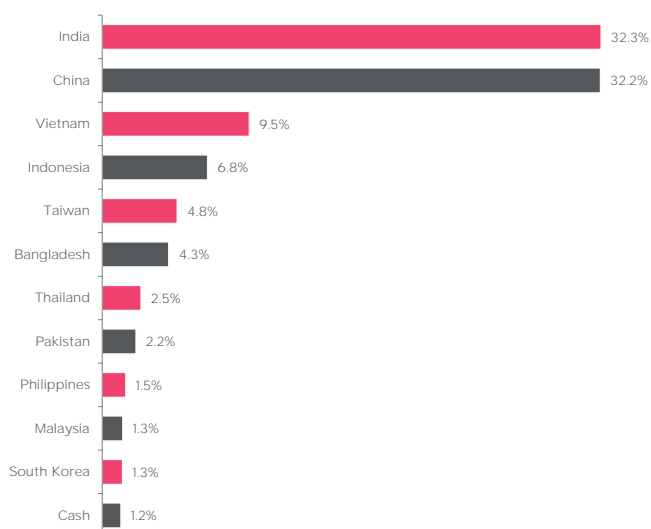
***Average turnover of holdings (annualised) since the fund's inception*

ACTIVE SHARE***

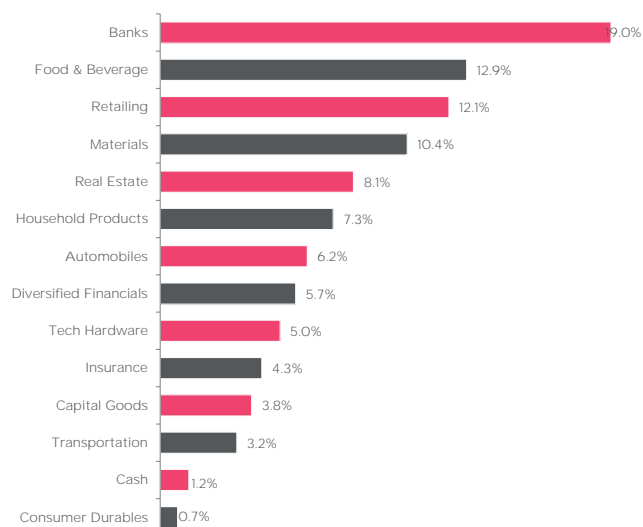
97.2%

****Index used for reference purposes only - the fund is not benchmarked. See overleaf for details of index used.*

GEOGRAPHIC ALLOCATION



SECTOR ALLOCATION



MONTHLY UPDATE

The MSCI Asia Pacific ex. Japan Net Total Return USD index rose 4% in October, as global investor sentiment further improved on the back of hopes that the trade negotiations between the US and China could lead to an interim ‘Phase One’ deal in November. Furthermore, sentiment also benefitted from the solid macroeconomic metrics in the US (e.g. labour market, retail sales, etc.), which implied that domestic growth momentum in the world’s largest economy remained intact. We do not expect an imminent recession nor a very sharp economic slowdown in the US.

Chinese macroeconomic data showed that domestic economic activity remained stable, as nominal retail sales growth was 7.8% YoY, industrial production reached 5.8% YoY, whilst fixed asset investments growth hit 5.4% YoY YTD in September. Forward-looking indicators, such as the PMIs, continued to signal that domestic growth in China would remain solid despite the trade tensions between the US and China, whilst export-orientated industries exhibited weakness – in line with our views. China remains a substantial part of the Alquity Asia Fund given the attractive valuations, as we invest in companies, which operate in specific sectors with strong growth prospects (such as property).

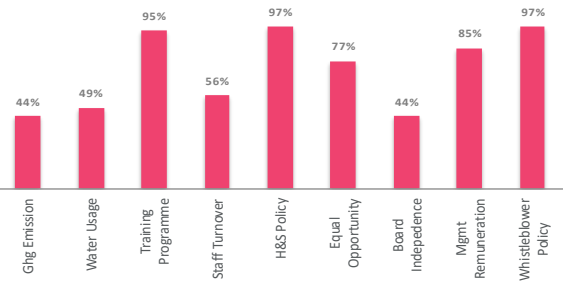
Investor sentiment in India was supported by the continuation of the RBI’s rate cutting cycle and favourable macroeconomic data releases, such as the less negative current account deficit (2% of GDP in CY2Q19) and a solid manufacturing PMI (51.4 in September). The sentiment-boosting effect of the steps taken by the government (i.e. the removal of the so-called foreign portfolio investment surcharge, the substantial reduction of the effective corporate income tax and the recapitalisation of state-owned banks) lasted throughout October and in turn attracted further net capital flows to the Indian stock market for the second straight month. The reduction in the effective corporate income tax was one of the first in a series of steps by the government, which will further unlock India’s very strong inherent economic growth potential. The combined impact of a cyclical upswing in the underlying economic activity, the execution of structural reforms and the reduction of red tape bode well for future returns.

Meanwhile, macroeconomic data in Vietnam remained very strong, as industrial production rose 9.2% YoY in October, whilst CPI inflation remained benign (2.2% YoY in October). Elsewhere, in Indonesia where we have significant weighting, the central bank remained on an accommodative stance to provide further support to the domestic economy alleviating the potential impact of adverse external developments.

In October, we added Uni-President China (beverages and instant noodles) to the Alquity Asia Fund, and increased the weightings of Xtep (China, sportswear) in accordance with the conclusions drawn from our recent on-the-ground research trip to China. We reduced Ultratech Cement (India) on concerns about group-level liabilities. Furthermore, we decreased the weightings of China Resources Beer (brewery), Qtech (China, smartphone cameras), KEI (India, cable manufacturer) and Matahari (Indonesia, retailer) to lock in recent gains.

ESG : KEY PROGRESS INDICATORS

Percentage of Asia Fund holdings meeting each KPI standard



For all portfolio holdings, we track a set of Key Progress Indicators “KPIs” that represent a general set of transparency and ESG standards we want all firms to meet over time. In each case, the assessment has a financial motivation and an associated positive potential impact in line with the principles of the UN Global Compact. The chart summarises the where we stand in relation to the KPIs for all the portfolio holdings. These KPIs support our engagement activity with our holdings. Please contact us or refer to our Responsible Investment brochure for full details.

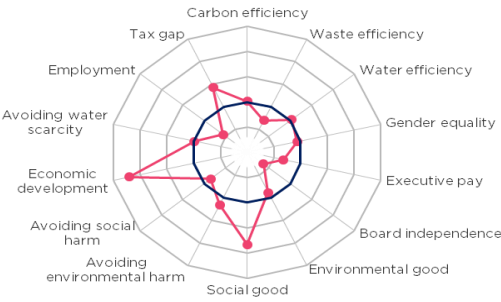
Source: Alquity

TOP 10 HOLDINGS

1.	Xtep	4.9%
2.	M&M Financial Services	4.4%
3.	Heidelberg Cement India	4.0%
4.	Escorts	3.8%
5.	Vmart	3.8%
6.	Dali Foods	3.8%
7.	Vinamilk	3.8%
8.	Hangzhou Robam	3.3%
9.	Pacific Basin Shipping	3.2%
10.	Shimao Property	3.2%

ESG: IMPACT MEASURES

The impact chart below compares the performance of Asia Fund holdings (pink line) versus the MSCI AC Asia Pacific ex Japan Index (blue line). Any score inside the blue circle indicates a factor in the portfolio is worse than the index.



The table below reports the quantitative impact of the Asia Fund relative to the MSCI AC Asia Pacific ex Japan Index on our ESG metrics in the chart above.

Metrics	Fund	Index	Based on company reported	Estimated	SDG Relevance
Carbon efficiency	0.32	0.36	tons of GHG (Scope 1 & 2) emissions per unit revenue	48%	7
Waste efficiency	2.44	0.68	tons of waste generated per unit revenue	51%	6, 12, 14, 15
Water efficiency	4.79	7.12	litres fresh water used per unit revenue	40%	6
Gender equality	16.3%	17.0%	percentage of women in boards and top management	20%	5
Executive pay	47.1	37.9	ratio of executive level pay to median employee pay	84%	10
Board independence	45.6%	55.9%	independent board members	21%	10, 16
Environmental good	0.1%	2.1%	portfolio allocated to environmental solutions	n/a	most SDGs
Social good	39.9%	10.4%	portfolio allocated to help alleviate social issues	n/a	most SDGs
Avoiding environmental harm	1.1%	4.1%	portfolio allocated to environmentally destructive industries	n/a	most SDGs
Avoiding social harm	5.7%	3.0%	portfolio allocated to industries aggravating social issues	n/a	most SDGs
Economic development	\$ 8,500	\$ 26,400	median income of portfolio weighted geography of economic activity	n/a	16, 17
Avoiding water scarcity	2.84	2.84	geographic water use (World Resource Institute scale 0-5 from most to least water scarce areas)	n/a	16, 17
Employment	4.2%	4.7%	unemployment in portfolio weighted area of economic activity	n/a	1, 8, 11, 12, 16
Tax gap	1.19%	2.48%	estimated % tax avoided by corporate tax mitigation schemes	n/a	1, 9, 10, 16

Source: Impact Cubed. Please contact us for details of full methodology

TRANSFORMING LIVES

We donate a proportion of our fees from the Alquity Asia Fund to charity partners in the region, reinforcing our belief that social progress should also lead to financial success.

DONATIONS GENERATED BY THE ASIA FUND:	\$354,665
LIVES TRANSFORMED DIRECTLY:	1,545
LIVES TRANSFORMED INDIRECTLY:	5,970

Total Lives Transformed by Alquity

62,474
LIVES

Total Donatons generated by Alquity

\$1,879,397

Data correct at 28 Feb 19

Source: Alquity Transforming Lives Foundation

FUND FACTS

Fund :	Alquity Asia Fund
Share Class :	A Class
Inception Date :	30/04/2014
Fund AUM :	US\$ 52.8m
Number of Holdings :	40
Fund Structure :	UCITS IV SICAV
Domicile :	Luxembourg
Liquidity :	Daily
Fund Manager :	Mike Sell
Morningstar Rating :	No Rating
Minimum Investment :	US\$2,000
Annual Management Fee :	1.60%
Performance Fee :	15% (with hurdle & high watermark)
ISIN :	LU1049766626
SEDOL :	BLDYY36
Bloomberg Ticker :	ALQASUA

FUND OBJECTIVE

The Alquity Asia Fund is equity focused and targets attractive risk-adjusted returns over the long-term by investing in public companies across the Asian continent (ex. Japan). Our portfolio is unconstrained and emphasises long-term themes, transparency and alignment of management. This is achieved by a fundamental process which incorporates both financial valuation and Environmental, Social and Governance analysis of material non-financial factors.

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For more information about the Alquity Transforming Lives Foundation please visit www.alquityfoundation.org



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