

ALQUITY ASIA FUND: GBP Y  
 FACTSHEET AS AT: OCTOBER 2020  
 NAV: 131.85



## MONTHLY SUMMARY

- Investor sentiment in the majority of emerging Asian stock markets was positive in October. Consequently, the relevant emerging Asian stock index rose 2.4% in USD.
- Economic activity in China gained further momentum in October, exhibited by the latest composite PMI gauge, which rose to 55.3.
- The economic growth outlook of India has improved, according to Bloomberg Economics and as a result they upgraded their real GDP forecast to -7.2% in FY2021.

## PERFORMANCE OVERVIEW

	2016	2017	2018	2019	2020
JAN	-6.2%	1.0%	2.4%	1.1%	-3.2%
FEB	-1.2%	4.5%	-1.9%	1.0%	-2.2%
MAR	4.7%	5.4%	0.7%	11.2%	-17.5%
APR	1.3%	-0.7%	1.9%	-3.2%	9.9%
MAY	-0.3%	0.4%	-1.4%	-0.4%	4.0%
JUN	11.4%	-0.1%	-4.1%	-0.2%	6.6%
JUL	5.5%	1.8%	1.9%	1.7%	-1.2%
AUG	3.9%	1.3%	-1.1%	-3.6%	2.3%
SEP	-0.6%	-4.0%	-8.7%	1.2%	3.0%
OCT	3.7%	4.9%	-7.9%	1.2%	3.6%
NOV	-8.1%	1.0%	8.3%	-2.0%	
DEC	1.3%	2.7%	-1.0%	-0.2%	
ANNUAL	14.9%	19.2%	-11.5%	7.4%	2.7%



### PERFORMANCE SUMMARY:

1 Month:	3.6%	1 Year:	0.4%
3 Months:	9.0%	3 Years:	1.1%
6 Months:	19.5%	Inception:	31.9%
Year to Date:	2.7%	Annualised:	4.9%

### VOLATILITY

1Y 19.8%

3Y\* 16.9%

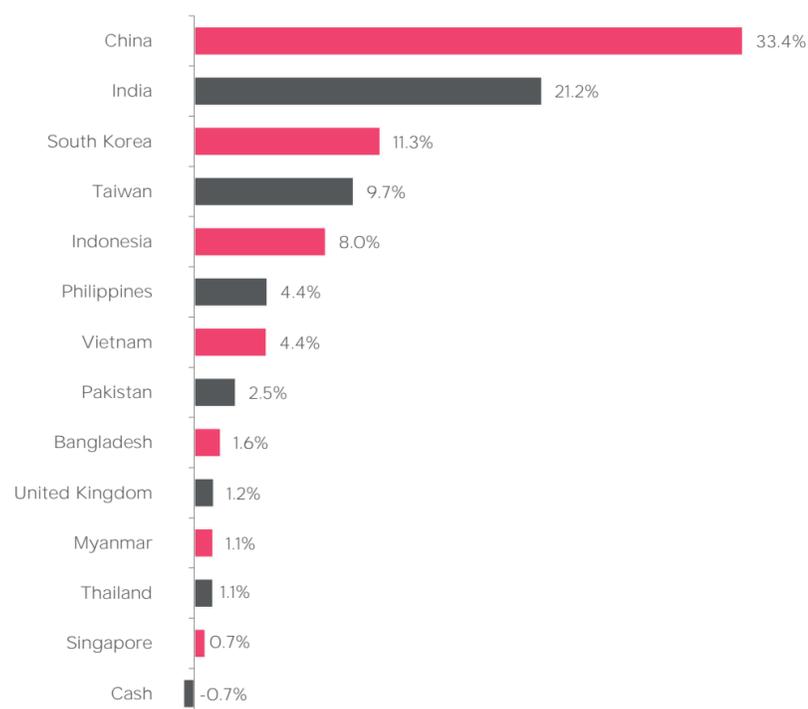
\*Where the share class has not been running for 3 years, the volatility figure displayed is since the inception of the share class

### TURNOVER\*\*

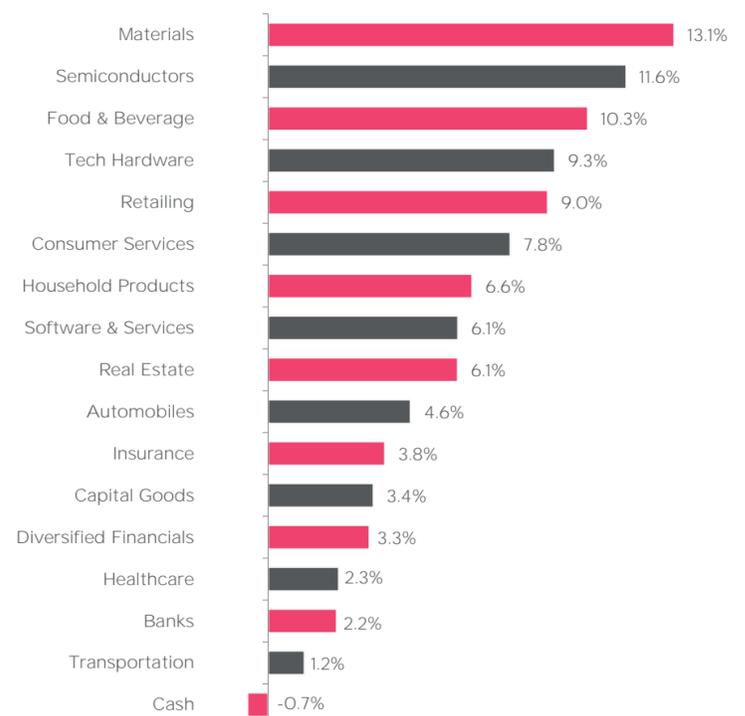
15.1%

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

## GEOGRAPHIC ALLOCATION



## SECTOR ALLOCATION



## MONTHLY UPDATE

Investor sentiment in the majority of emerging Asian stock markets was positive in October. Consequently, the relevant emerging Asian stock index rose 2.4% in USD.

Economic activity in China gained further momentum in October, exhibited by the latest composite PMI gauge, which rose to 55.3. The Chinese Communist Party released the 14th Five Year Plan in which the Party sets the main guidelines in terms of policy priorities: promoting high-quality growth, higher-quality employment and high quality development. As opposed to previous plans, the latest one emphasises technological progress, innovation, modernisation, rural development, and green solutions.

The central bank of India (RBI) kept its benchmark interest rate unchanged at 4%, whilst keeping its policy stance 'accommodative,' implying it could ease again in the near future, when inflation narrows the gap to the target of 4%. Consumer price inflation in India was 7.3% YoY in September. The headline gauge remained elevated due to high food price inflation. The arrival of the kharif harvest as well as the restoration of supply chains (which were disrupted due to lockdown measures and mobility restrictions) will help reduce inflationary pressures in the economy in the coming quarters. Although the RBI did not lower the key rate, it loosened certain regulatory measures and further boosted liquidity to enhance credit flow to the real economy, which will contribute to stronger growth in the coming quarters. The economic growth outlook of India has improved, according to Bloomberg Economics and as a result they upgraded their real GDP forecast to -7.2% in FY2021 (from -10.6%). Bloomberg Economics argued that the economic recovery gained greater traction in July and August than previously expected, which is significantly supported by the strong upswing in rural activity.

The Vietnamese economy evidenced its resilience and growth momentum in October, when industrial production growth reached 5.4% YoY, retail sales growth accelerated to 1.3% YoY YTD and exports maintained a strong pace of growth (9.9% YoY). Real GDP growth could end up in the range between 2 and 3% in 2020 followed by a pronounced acceleration to 6% in 2021, according to Vietnam's Prime Minister.

Elsewhere, real GDP growth in Taiwan was 3.3% YoY in 3Q20, whilst the annual rate of growth hit 1.9% YoY in South Korea. Both economies benefitted from a pick-up in external trade. In Indonesia, The Parliament in Indonesia passed the government's labour market and investment reform, the so-called 'omnibus' bill. The reform amends 79 existing labour, land, licencing and taxation laws. The reform will create a more conducive environment for businesses in Indonesia and thus will contribute to the improvement of the economy's medium-term growth potential.

In October, we reduced or exited our more defensive positions such as TSMC (Taiwan, semiconductor manufacturer), President Chain Store (Taiwan, convenience stores), Hindustan Unilever (India, FMCG) and Vinamilk (Vietnam, dairy) ahead of the US elections and rotated towards China. We also re-added Concepcion Industrial (Philippines) to the Fund, an extremely attractively valued air conditioning and refrigeration manufacturer. Concepcion Industrial has an ESG rating of "C."

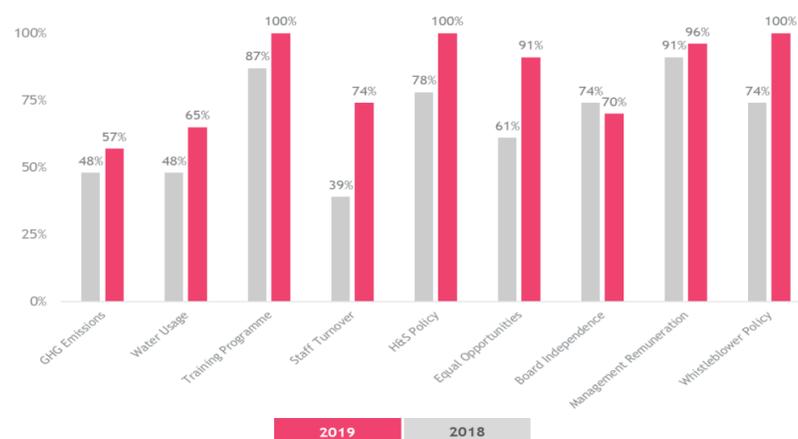
## TOP 10 HOLDINGS

1.	TSMC	4.8%
2.	Meituan Dianping	4.0%
3.	Tencent Holdings	3.8%
4.	SM Investments Corporation	3.3%
5.	Ultratech Cement	3.0%
6.	Heidelberg Cement India	2.9%
7.	Ping An Insurance	2.8%
8.	SK Hynix	2.8%
9.	Hero Motocorp	2.6%
10.	Delta Electronics	2.5%

## ESG: IMPACT MEASURES

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.

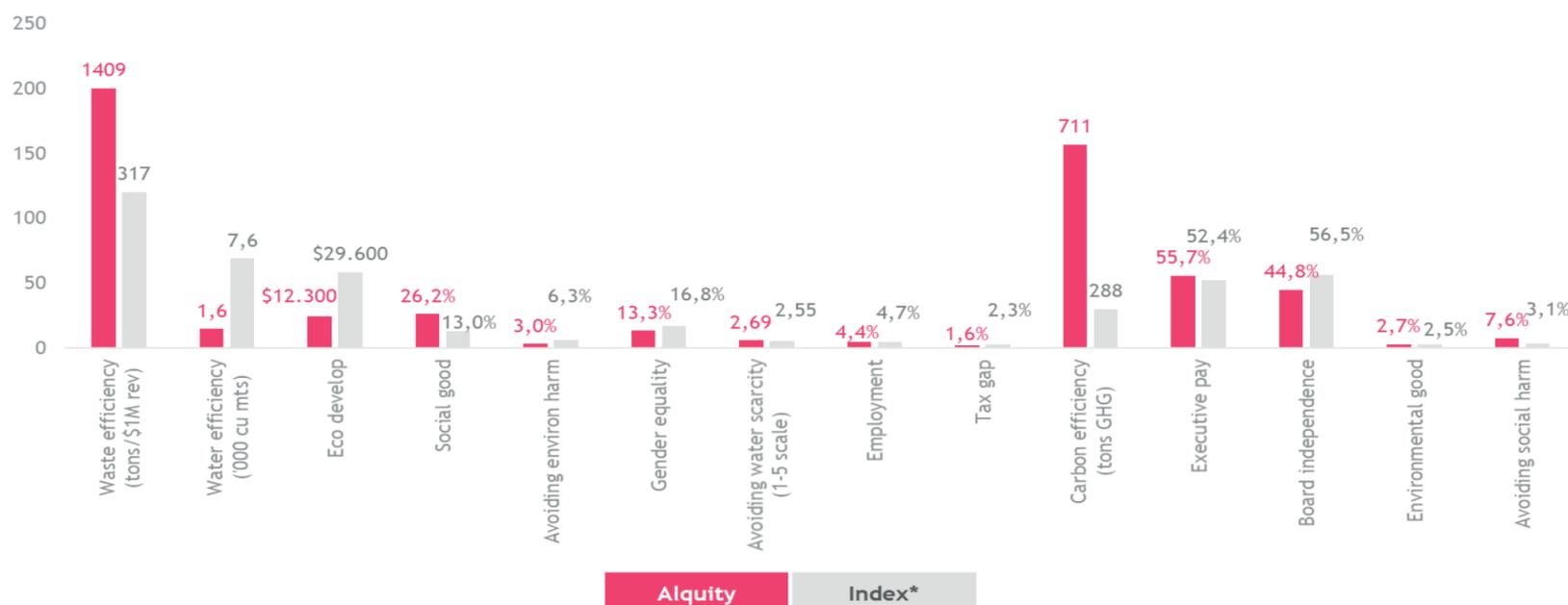
Holdings meeting each KPI standard - % of companies<sup>1</sup>



<sup>1</sup> Source: Alquity. Portfolio overview as of 31 July 2020

## ESG : KEY PROGRESS INDICATORS

The performance of Alquity's Asia fund against the benchmark<sup>2</sup>



<sup>2</sup> Impact Cubed Assessment, Impact Cubed (31 August 2020)

## 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

60,000+  
LIVES

### Total Donations generated by Alquity

\$2,000,000+

Data correct at 31 Jan 20

Source: Alquity Transforming Lives Foundation

## FUND FACTS

Fund :	Alquity Asia Fund
Share Class :	Y Class
Inception Date :	23/01/2015
Fund AUM :	US\$ 32.9m
Number of Holdings :	54
Fund Structure :	UCITS V SICAV
Domicile :	Luxembourg
Liquidity :	Daily
Fund Manager :	Mike Sell
Morningstar Rating :	★
Minimum Investment :	£2,500,000
Annual Management Fee :	0.90%
Performance Fee :	None
ISIN :	LU1070051708
SEDOL :	BTJRGR3
Bloomberg Ticker :	ALQASGY

## 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.

## CONTACT US

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For more information about the Alquity Transforming Lives Foundation please visit [www.alquityfoundation.org](http://www.alquityfoundation.org)



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#### SWISS INVESTORS:

*The prospectus, the Articles of Association, the Key Investor Information Document "KIIDs" as well as the annual and semi-annual report of the Fund is available only to Qualified Investors free of charge from the Representative. In respect of the units distributed in Switzerland to Qualified Investors, place of performance and jurisdiction is at the registered office of the Representative. Funds other than the Luxembourg domiciled Alquity SICAV mentioned in this document may not be admitted for distribution in Switzerland. Swiss Representative: FIRST INDEPENDENT FUND SERVICES LTD., Klausstrasse 33, 8008 Zurich. Swiss Paying Agent: Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich.*