

ALQUITY ASIA FUND:
FACTSHEET AS AT:
NAV:

USD Y
DECEMBER 2019
110.09



MONTHLY SUMMARY

- The so-called Phase One trade deal boosted asset prices in Asia and consequently the MSCI Asia Pacific ex. Japan Net Total Return USD index rose 5.8% in December.
- The key takeaway from Mike and Kieron's on-the-ground research trip in India stipulated that green shoots have been materialising since November in the underlying Indian economy.
- Meanwhile, macroeconomic data in Vietnam remained very strong, as real GDP growth was 7% YoY in 4Q19.

PERFORMANCE OVERVIEW

	2015	2016	2017	2018	2019
JAN			2.8%	7.7%	4.4%
FEB			3.3%	-4.9%	2.1%
MAR			5.9%	2.5%	9.0%
APR			2.7%	0.0%	-3.1%
MAY			0.2%	-4.8%	-3.7%
JUN			0.5%	-4.9%	0.8%
JUL			3.3%	1.2%	-2.2%
AUG			-1.0%	-2.0%	-4.1%
SEP			-0.1%	-8.4%	2.4%
OCT		-2.6%	3.8%	-9.7%	6.1%
NOV		-5.9%	2.9%	8.1%	-2.1%
DEC		0.2%	2.6%	-1.2%	2.3%
ANNUAL		-9.2%	30.5%	-16.8%	11.6%



PERFORMANCE SUMMARY:

1 Month:	2.3%	1 Year:	11.6%
3 Months:	6.3%	3 Years:	21.2%
6 Months:	2.1%	Inception:	10.1%
Year to Date:	11.6%	Annualised:	2.9%

VOLATILITY

1Y

13.1%

3Y*

12.9%

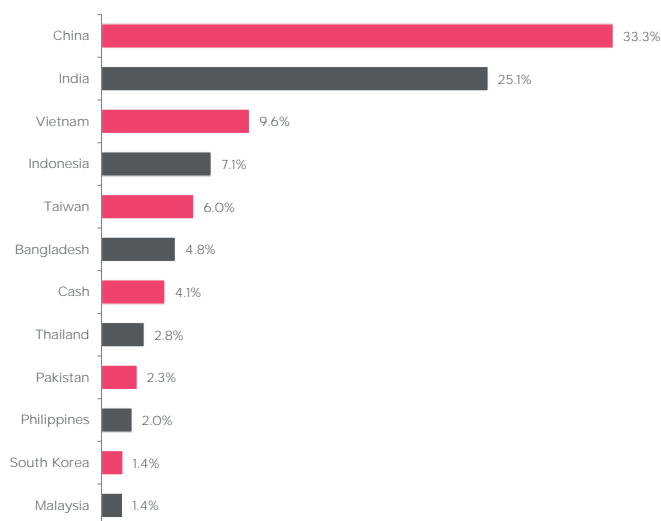
**Where the share class has not been running for 3 years, the volatility figure displayed is since the inception of the share class*

TURNOVER**

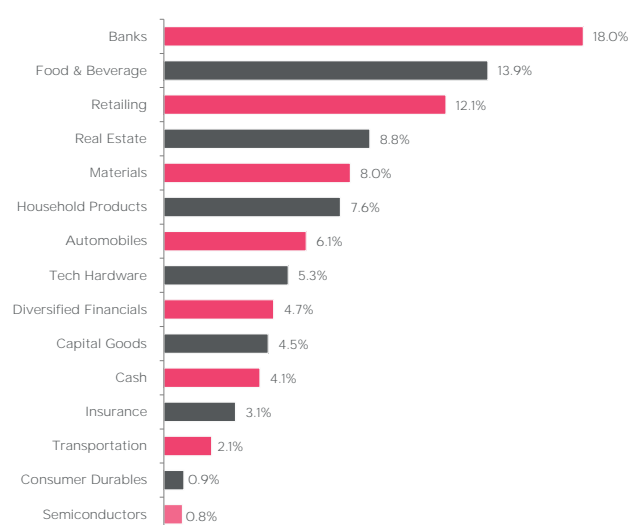
15.0%

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

GEOGRAPHIC ALLOCATION



SECTOR ALLOCATION



MONTHLY UPDATE

Global investor sentiment improved on the back of headlines citing an accord between the US and Chinese administration. The so-called Phase One trade deal boosted asset prices in Asia and consequently the MSCI Asia Pacific ex. Japan Net Total Return USD index rose 5.8% in December. The fact that domestic growth in the US remained strong also contributed to the increased global risk appetite, as retail sales volume growth, labour market metrics and services PMIs remained convincingly strong.

Chinese macroeconomic data showed that domestic economic activity remained stable, as nominal retail sales growth strengthened to 8% YoY, industrial production accelerated to 6.2% YoY, whilst fixed asset investments growth amounted to 5.2% YoY YTD in November. Forward-looking indicators, such as both the official and Caixin PMIs, continued to signal that domestic growth in China would remain solid despite the erected trade barriers between the US and China, whilst export-orientated industries continued to exhibit 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).

The key takeaway from Mike and Kieron's on-the-ground research trip in India stipulated that green shoots have been materialising since November in the underlying Indian economy – especially in the rural areas (please see the trip report). Consequently, we expect economic growth to accelerate throughout 2020. The conclusion was confirmed by the latest macro data releases, such as the PMIs. The latest PMI figures rose well above 50 by the end of 2019, suggesting that both manufacturing and services activity will strengthen going forward, as demand expands and prospects for business activity improve. Furthermore, the government released a report laying out a pipeline of projects (ca. USD 1.4tn) that are aimed at achieving the government's GDP target of USD 5tn by 2024-25. These tailwinds will be further enhanced by the RBI's accommodative monetary policy stance and by the central bank's 'operation twist' programme, which aims to mend the inefficiencies of the monetary transmission mechanism.

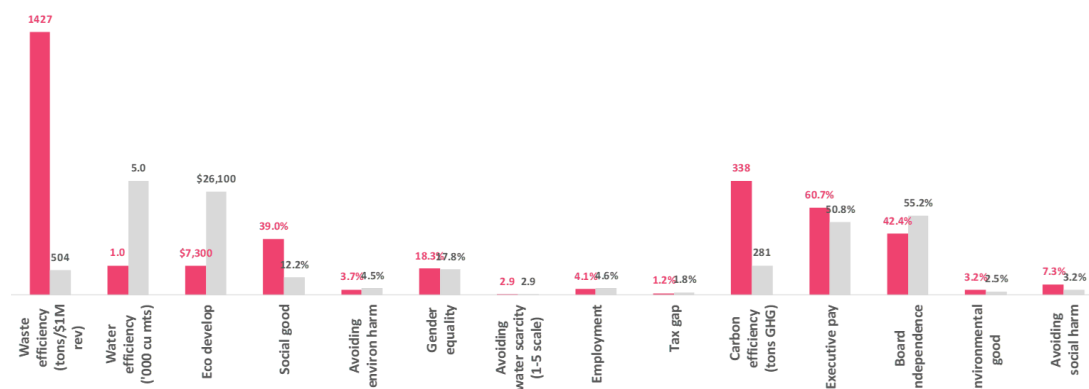
Meanwhile, macroeconomic data in Vietnam remained very strong, as real GDP growth was 7% YoY in 4Q19. Elsewhere, in Indonesia where we have a significant weighting, the central bank retained an accommodative stance to provide further support to the domestic economy alleviating the potential impact of adverse external developments.

Mike and Kieron have recently undertaken 32 company meetings across South East Asia. During their trip, Mike and Kieron conducted ecosystem checks, identified potential new investment ideas and tested the validity of the existing investment theses. The conclusion reaffirmed our high conviction in our positions.

In December, we reduced Dr Wu (Taiwan, skincare) to partly lock in recent gains, further reduced Yes Bank (India) and exited KEI Industries (India, cables) due to an adverse change in our investment thesis. We added Kajaria Ceramics (India), the largest manufacturer of ceramic and vitrified tiles in India.

ESG : KEY PROGRESS INDICATORS

The performance of Alquity's Asia fund against the benchmark¹



¹ Impact Cubed Assessment, Impact Cubed (November 2019)

TOP 10 HOLDINGS

1.	Xtep	4.7%
2.	Dali Foods	3.9%
3.	Yuzhou Properties	3.9%
4.	Escorts Ltd	3.9%
5.	Hangzhou Robam	3.8%
6.	Heidelberg Cement India	3.7%
7.	Vinamilk	3.6%
8.	Vmart	3.3%
9.	M&M Financial Services	3.3%
10.	Jamna Auto	3.2%

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



Source: Alquity. Portfolio overview as of 30 September 2019

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



Total Donations generated by Alquity



Data correct at 28 Feb 19

Source: Alquity Transforming Lives Foundation

FUND FACTS

Fund :	Alquity Asia Fund
Share Class :	Y Class
Inception Date :	01/09/2016
Fund AUM :	US\$ 50m
Number of Holdings :	40
Fund Structure :	UCITS IV SICAV
Domicile :	Luxembourg
Liquidity :	Daily
Fund Manager :	Mike Sell
Morningstar Rating :	★
Minimum Investment :	\$5,000,000
Annual Management Fee :	0.90%
Performance Fee :	None
ISIN :	LU1070051617
SEDOL :	BFO47N8
Bloomberg Ticker :	ALQASUY

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

Alquity Investment Management Limited
9 Kingsway, London, WC2B 6XF, UK
Tel: +44 (0)207 5577 850

Find us online:

alquity.com



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



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