

VT Halo Global Asian Consumer Fund



October 2015

Data at 12.00 noon 30 Oct. 2015

Portfolio Description

The VT Halo Global Asian Consumer Fund aims to achieve an annualised total return before fees of 8-12% over the long term. Primarily from investing in companies globally, which are exposed to the growth of the Asian middle class and the corresponding rise of consumption

Fund Manager's Comments

It is pleasing to see the fund is up on the month. Fears over China having a hard landing have dissipated, the government have eased both monetary and fiscal measures, together with expectations for no increase in US interest rates in 2015 all contributing to a more positive mood. But rather than review the macro we believe it's more worthwhile discussing what has driven the Fund's performance, namely the strong results season for our holdings.

As we said in our last quarterly letter we thought **Baidu** was oversold on fears of it spending too much on online to offline services (O2O). This month we have had two events which have driven its share price up over 40%. Firstly, it is merging its online travel agency business (which was loss making) with the leader in the field, **Ctrip**, to create a virtual monopoly. Also results last week showed spending on O2O was not as great as feared and therefore less of a drag on profitability. The market has reappraised this spending and we have seen upgrades to the earnings numbers. We also saw earnings from **Alibaba**, the Chinese online retailer, which delivered better than expected results as it monetises its mobile revenue at a greater pace than the market assumed. The shares were also up over 40% in October. In addition we have had positive announcements from **Pax Global**, the payment services/terminal provider, with revenue up 90% in the quarter, which admittedly can be lumpy, but was taken well by the market.

Outside China, we have also had decent numbers from our Indonesian banks, **Bank Rakyat**, specialising in micro finance and **Bank Tabungan Negara**, the mortgage company, as well as the tobacco company **Gudang Garam**. All three companies witnessing positive share price movements.

Not to be outdone, most of our European holdings have also matched or exceeded expectations, with good numbers from **Reckitt Benckiser**, **Unilever**, **Daimler** and **Pernod**. But disappointing numbers came from **Burberry** as Chinese shoppers have shunned Hong Kong (where Burberry concentrates its stores), to shop further afield in Japan and Europe where they are underrepresented - impacting their sales.

Lastly in the US, results were more mixed: good numbers from **Philip Morris** and **Tupperware** but poor numbers from **Yum** as its Chinese sales grew less than expected. Post the results Yum have announced their plan to split the company in two, with the US and its international business as one part and Yum China, a standalone company. We had expected this at some stage and now that it has happened, the holding is under review.

NAV/Share: 96.7p

Investment Manager: Sturgeon Ventures LLP

Appointed Fund Manager: Andrew Williamson-Jones

ACD: Valu-Trac Investment Management Ltd.

Fund Type: UK UCITS IV OEIC

Launch Date: 3 Nov 2014

Classes: A, B, C

Base Currency: Sterling

Dealing & Valuation: Daily 12.00pm GMT

Year End: 30 June

Management Fees: A: 0.95% p.a.
B: 0.65% p.a.
C: 0.45% p.a.

ISIN:

A \$ Acc GB00BRJTG644
A £ Acc GB00BRGCDR64
B \$ Acc GB00BRWQWY25
B \$ Inc GB00BRJTG867
B £ Acc GB00BRWQWX18
B £ Inc GB00BRGCDS71
C \$ Acc GB00BRWQX051
C \$ Inc GB00BRJTG974
C £ Acc GB00BRWQWZ32
C £ Inc GB00BRGCDT88

Depository: National Westminster Bank PLC

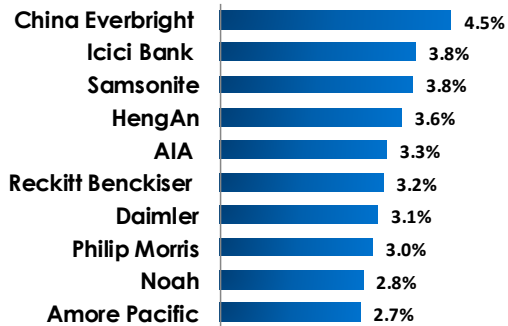
Dealing Frequency: Daily

Daily NAV available: Bloomberg, Morningstar & Valu-Trac

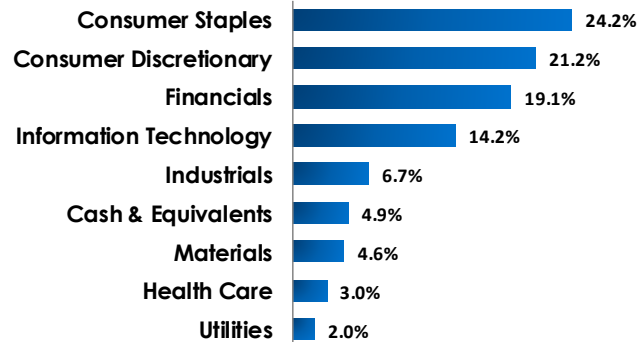
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Fund Profile

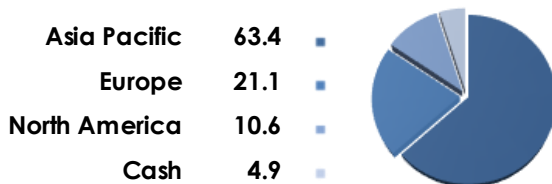
Top 10 Holdings (% of NAV)



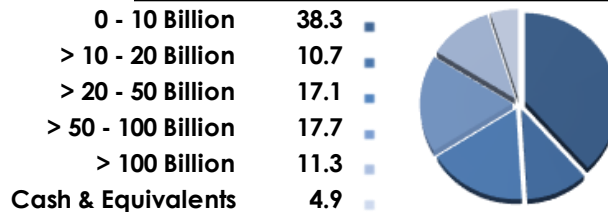
Sector Allocation (% of NAV)



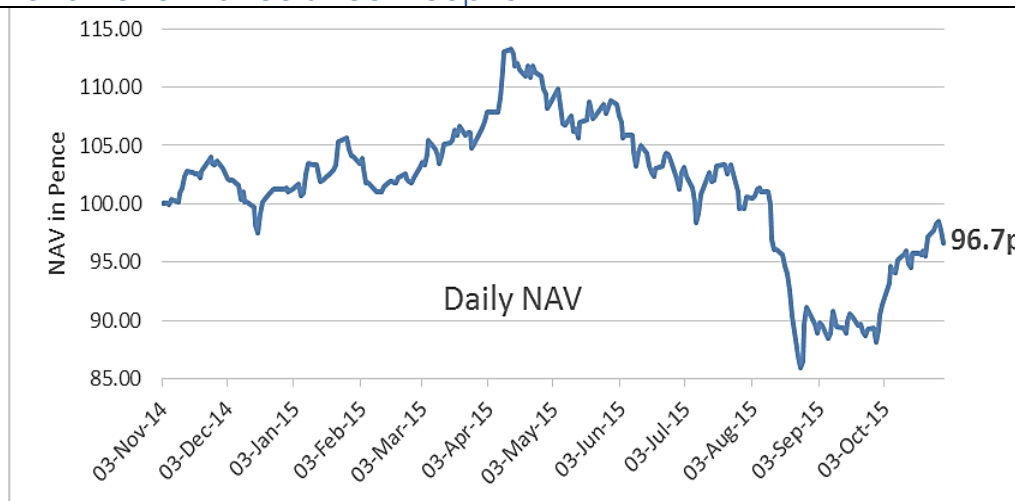
Geographical Allocation (% of NAV)



Market Cap Allocation in USD (%)



Fund Performance since Inception



Year to Date
-4.33%

Performance data shown is of the B £ Net Acc. share class. Past performance is not a guarantee of future returns. Data from Valu-Trac Administration Services

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