

VT HALO GLOBAL ASIAN CONSUMER FUND

June 2018 Monthly Fund Fact Sheet



All Data at 12.00 GMT 29th June 2018

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. This will be achieved from investing in companies globally, which are exposed to the growth of the Asian middle class and the corresponding rise in their consumption

Fund Manager's Comments

The Fund fell 5.1% in June in what was a volatile month for global markets. Emerging Markets bore the brunt with MSCI EM falling 4.6% in June and EM Asia falling 5%. Escalating trade tensions, a hawkish Fed, weakening EM currencies and growth drivers, were the key reasons behind the sell off and investors saw little differentiation in names to sell. MSCI China fell 6% underperforming the region, hit by potential escalating trade tariffs and tighter monetary conditions. President Trump released a final set of tariffs on \$50bn worth of Chinese imports whilst threatening a potential 10% on an additional \$200bn worth of imports. With President Trump's popularity running high amongst his supporter base, the US-China trade conflict increasingly looks unlikely to go away before the US midterm elections. In terms of retaliation, China may respond by targeting US firms operating in China and in acknowledgment of this risk, we reduced our holding in Estee Lauder, which was trading at close to historical peak multiples and added to the Chinese domestic sportswear brand, Li Ning.

Markets have been increasingly driven by politics, however we are starting to see capitulation and we would like turn your focus to valuation, with the Fund now trading on a P/E of 14.9x for an expected earnings growth of 16.4%. Whilst we anticipate modest downgrades to expected earnings growth numbers, as a result of a tightening in financial conditions in markets such as Indonesia and the Philippines, we conversely expect a loosening of policy in China. Chinese officials cut the reserve requirement ratio for banks, freeing up liquidity for them to lend, to help cushion a slowing economy and tighter monetary policy as they reign in off balance sheet financing. Expectations are for further cuts this month, which could actually lead to China's economy growing faster than expected in the second half of this year. We believe this is more relevant to the economy than the noise surrounding trade tariffs.

In June we initiated a new position in a Chinese health care supplement and baby nutrition provider, Health and Happiness. The company is one of the leading brands in premium infant milk formula and is benefitting from a consumer that is trading up. In addition, its adult nutrition business is experiencing growth of 20% pa as the Chinese consumers are increasingly becoming more health aware and seek out products to improve their health and appearance.

Following Andrew Williamson-Jones' trip to Asia, where he visited a number of companies in Vietnam, Malaysia and Singapore, he noted consumer confidence, especially in Vietnam remains high. None of the companies he met are seeing a slowdown and in some cases the opposite, as the middle class continues to expand thanks to strong employment and wage growth, which is running close to 10%. We currently have two stocks in Vietnam exposed to the consumption growth story and this month we have added to our holding in PNJ, the jewellery retailer. In addition, we have also added to BOC Aviation (aircraft leasing), who are based in Singapore, as our confidence grows in the management and their ability to manage the business through an aviation cycle.

NAV 149.65

Investment Manager:	Halo Investment Management
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
Year End:	30 June
Management Fees:	A: 1.15% p.a. B: 0.85% p.a. C: 0.65% p.a.
ISIN:	
A \$ Acc	GB00BRJTG644
A £ Acc	GB00BRGCDR64
B \$ Acc	GB00BRWQWY25
B \$ Inc	GB00BRJTG867
B £ Acc	GB00BRWQWX18
B £ Inc	GB00BRGCD571
C \$ Acc	GB00BRWQX051
C \$ Inc	GB00BRJTG974
C £ Acc	GB00BRWQWZ32
C £ Inc	GB00BRGCDT88
Asset Under Mgt	\$51.4m
Depository:	National Westminster Bank PLC
Dealing Frequency:	Daily
Daily NAV available:	Bloomberg, Morningstar & Valu-Trac

Issued and approved by Halo Investment Management LLP. Authorised and regulated by the Financial Conduct Authority.

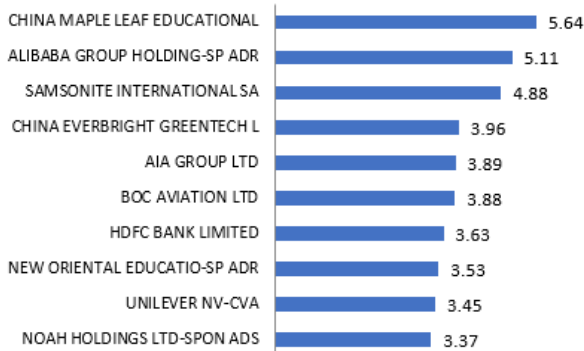
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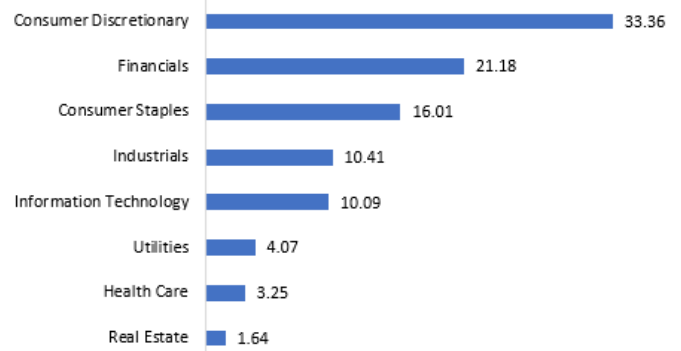


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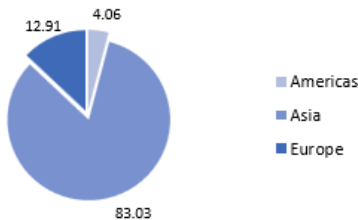
Top 10 Holdings (% of NAV)



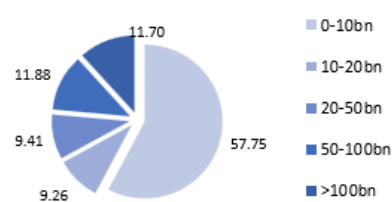
Sector Allocation (% of NAV)



Geographical Allocation %

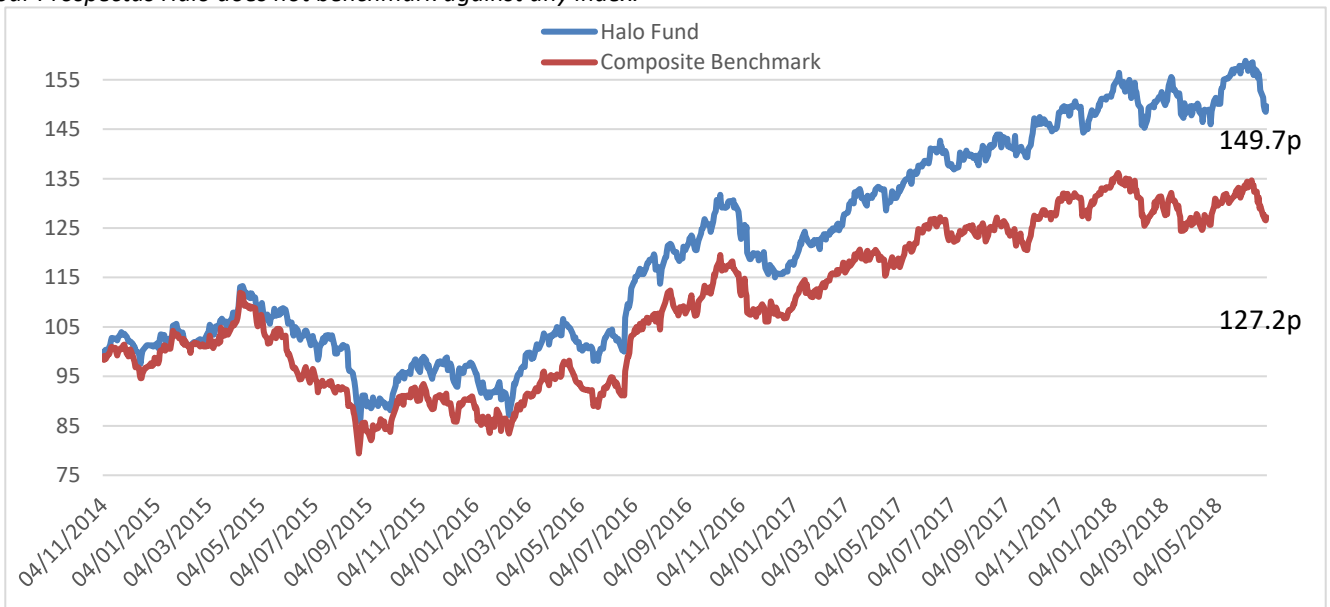


Market Cap Allocation % (USD)



Fund Performance since Inception

Performance data shown is of the B £ Net Acc. share class. Custom Benchmark, 30% MSCI AC Asia ex Jap Consumer Staples, 40% MSCI AC Asia ex Jap Consumer Discretionary and 30% MSCI AC Asia ex Japan Index. Past performance is not a guarantee of future returns. Data from Valu-Trac Administration Services and Reuters. This is for illustrative purposes only and in accordance with our Prospectus Halo does not benchmark against any index.



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