

VT HALO GLOBAL ASIAN CONSUMER FUND

September 2018 Monthly Fund Fact Sheet



All Data at 12.00 GMT 28th Sep 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 3.5% in September as investor sentiment continued to deteriorate driven by increasing US-China trade war rhetoric. Whilst growth expectations for China in 2019 have been revised down modestly from 6.2% to 6.1%, investor reaction has been far worse than the actual data, as consumption indicators remain robust with retail sales growth of +9% yoy.

Politics continues to be the main driver of equity markets and US dollar strength remains a headwind to Asian market performance. However, it remains our view that consumption driven growth in Asia is a multi-decade theme and that the cyclical momentum in the US is in its final throws. Demand on the ground remains firm and there is no change in dynamics for our core investment themes such as, premiumisation or demand for education. Investor positioning in EM is also approaching an extreme negative now with the trailing P/E of MSCI Asia now at 12.4x, compared to a mean of 13.7x over the past 10 years. We continue to remind investors that not all of EM is in the same macro situation. We believe that a broad based deterioration or downgrade in Asian consumption is a misperception, and that many of the share prices are now extrapolating the current slowdown to last permanently which will not be the case and this is creating more investment opportunities for us at current valuations.

Strong oil prices and the default of the non-bank lender IL&FS led to India underperforming the region last month, with the market falling 5.5% in local currency terms. Investors extrapolated the risks onto the wider financials space and we saw our holdings in HDFC Bank and Indus Ind sell-off. We believe the impact of this default to be well contained given the government has assumed control of the defaulted entity. We remain long-term holders of the private banks, as non-performing loans peaked some time ago for our positions and the outlook for retail growth remains robust. Valuations for the MSCI India have been running at +1 standard deviation above historical averages seen over the last decade and, it was for this reason we have not owned more in India. We are watching this sell off closely and will adding to our India exposure, should valuations become more attractive.

This month we met Macau operator Sands China who confirmed that they were now 3 quarters into an impressive recovery in gross gaming revenue. Macau is approaching critical mass and increased infrastructure investment such as the new Hong Kong-Zhuhai-Macau Bridge, will support growth over the medium to long term. Whilst the VIP business has a degree of cyclicity, demand for mass and premium mass remains strong, which favours Sands' business model relative to its competitors.

We also met with Tencent this month whose stock has been hit by regulatory uncertainty related to their gaming business. Management expect a minimal impact on earnings as a result of recent government measures. They highlighted new regulations are intended to limit gaming addiction by minors, as opposed to limiting industry growth. Tencent remains confident on obtaining government approval for its upcoming major games titles and we remain long term holders of the name.

NAV 139.8p

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	GB00BRGC6DR64
B \$ Acc	GB00BRWQWY25
B \$ Inc	GB00BRJTG867
B £ Acc	GB00BRWQWX18
B £ Inc	GB00BRGCDS71
C \$ Acc	GB00BRWQX051
C \$ Inc	GB00BRJTG974
C £ Acc	GB00BRWQWZ32
C £ Inc	GB00BRGCDT88
Asset Under Mgt	\$50.1m
Depository:	National Westminster Bank PLC
Dealing Frequency:	Daily
Daily NAV available:	Bloomberg, Morningstar & Valu-Trac

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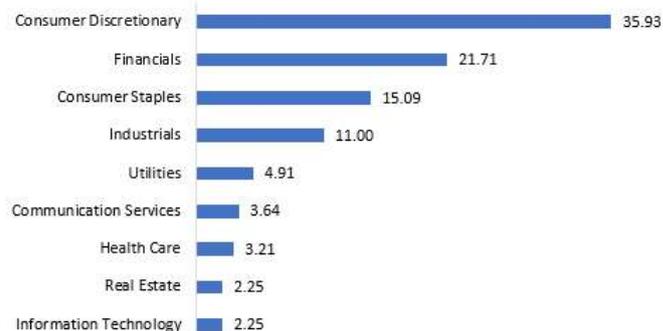


All Data at 12.00 GMT 28th Sep 2018

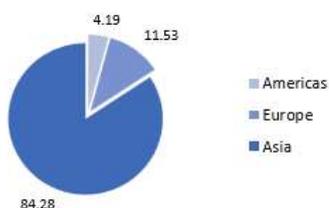
Top 10 Holdings (% of NAV)



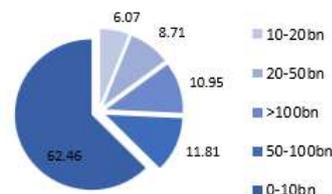
Sector Allocation (% of NAV)



Geographical Allocation % (USD)



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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