

VT HALO GLOBAL ASIAN CONSUMER FUND

October 2018 Monthly Fund Fact Sheet



All Data at 12.00 GMT 31st October 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

October has been a month to forget for markets and the Fund has not been immune either, with the unit price down 8.5%. This has been driven by fears over a slowdown in China, as Sino-US relations deteriorate, impacting confidence and growth. In addition, a stronger US Dollar has been hurting other emerging Asian stock markets. As concerns rise, their cost of financing will increase so suppressing growth and consumption. Comments from companies that we own, and their competitors who have reported, are not indicating a demand slowdown in any of their countries, helped by their predominance in more mass focus consumption products, rather than big ticket items.

I was in the Philippines this month where the main topic of conversation was inflation. Inflation is currently 6.7% as the Central Bank has been behind the curve in raising rates to bring it down to their target range of 2-4%. Rates have been raised by 150bps so far to 4.5%, but we should expect two more 25bps increases in the next couple of months. After this the central bank believes inflation will fall back into its target range in the next 12 months. Consumers in the Philippines are very aware of the inflation but, as yet, we have not really seen any pullback in consumption from the middle class. Wages are rising at least as fast as inflation for the middle class, so purchasing power remains solid. Sadly, it is the poor who have a greater weighting to food in their consumption basket who are experiencing falling real incomes. Many companies I spoke to are not seeing a slowdown in consumption but stock prices are off heavily, which I believe is more to do with a weakening currency and widening current account deficit. I believe this is frightening foreign investors away from the market and there has been net selling by foreigners virtually every day for the past two months. Given the sell off, we are looking to add to our existing holdings, with both Megawide the airport operator and Bloomberry, the casino operator, benefitting from a falling Peso and increased tourism.

I also visited Thailand where the Thai consumer remains fairly muted with an anticipated shift towards more domestic demand-driven growth next year in contrast to the total reliance on tourism and exports. A pickup in private sector investment should see GDP growth at 4% in 2019 and rural consumption to be a bigger factor, which we have seen little evidence of this year. With elections expected by May 2019, it is likely the government will spend more money on the rural consumer, which may provide a short term boost. However, we are struggling to find potential new investments since valuations in the consumer space remain elevated.

Both economies should be immune to the US-China trade spat, given the Philippines growth is driven by consumption and fixed asset investment, as the government accelerates infrastructure investment. Thailand may well benefit from any supply chain shift out of China into South East Asia along with Vietnam. So the medium term outlook for both of them and other countries in South East Asia remains optimistic.

NAV 127.88p

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	GB00BRGCDS71
C \$ Acc	GB00BRWQX051
C \$ Inc	GB00BRJTG974
C £ Acc	GB00BRWQWZ32
C £ Inc	GB00BRGCDT88

Asset Under Mgt \$44.9 m

Depository: National Westminster Bank PLC

Dealing Frequency: Daily

Daily NAV available: Bloomberg, Morningstar & Valu-Trac

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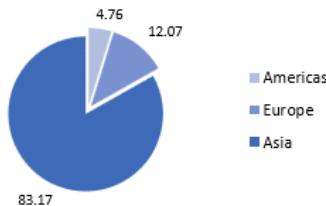
Top 10 Holdings (% of NAV)

SAMSONITE INTERNATIONAL SA	4.47
ALIBABA GROUP HOLDING-SP ADR	4.43
BOC AVIATION LTD	4.07
BANK RAKYAT INDONESIA PERSER	3.94
CHINA EVERBRIGHT INTL LTD	3.83
AIA GROUP LTD	3.80
LI NING CO LTD	3.50
HDFC BANK LIMITED	3.44
BANK TABUNGAN NEGARA PERSERO	3.38
TENCENT HOLDINGS LTD	3.29

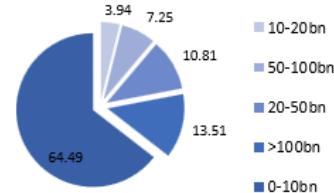
Sector Allocation (% of NAV)

Consumer Discretionary	32.27
Financials	21.01
Consumer Staples	15.89
Industrials	11.53
Communication Services	9.19
Utilities	4.46
Health Care	3.51
Real Estate	2.15

Geographical Allocation % (USD)

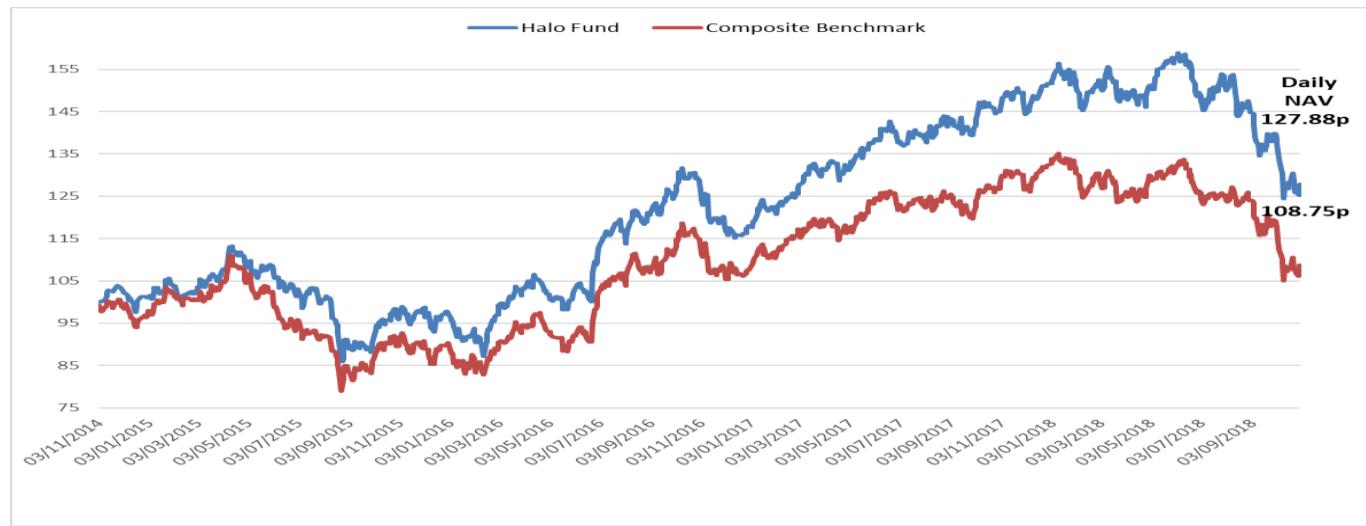


Market Cap Allocation % (USD)



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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