

# VT HALO GLOBAL ASIAN CONSUMER FUND

## March 2019 Monthly Fund Fact Sheet



All Data at 12.00 GMT 29<sup>th</sup> March 2019

### 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 rose 3.2% in March concluding a strong quarter being up 14% for the three months to March. The Indian market had a good month, benefitting from strong foreign investor flows as opinion polls signalled a more favourable outcome for the ruling BJP party in the upcoming general elections. The private lender Indus Ind Bank rose 19% this month, as investors started to look past fiscal year March 19 and into FY20 where, post its merger with micro finance lender Bharat Financial the Bank is expected to deliver a ROE of 20% and EPS growth of over 40%. Indus Ind is typical of a number of holdings in our portfolio this year, where our strongest performers year to date had been some of weakest performers in Q4 last year. We added to Indus Ind at the beginning of the month, as we felt valuations had become too depressed for what we consider a high-quality franchise with strong earnings growth potential. We additionally like the merger with Bharat Financial, which will further tilt the loan book towards rural consumers, an area which we feel is a large untapped opportunity.

The Chinese sportswear brand Li Ning had a strong month rising 14% in response to strong earnings, which rose 39% yoy in 2018. We wrote about Li Ning in our September 2018 quarterly letter and I recommend you go back and have a read. The market is finally rewarding management's efforts to improve their product, channel, retail capacity and supply chain. At the same time, a rise in the number of fashion conscious young Chinese who are proud of their national heritage has meant the company's work on brand re-positioning where they leveraged their 3 decades of history, has found a welcome audience.

Further affirming its pro-growth stance, China loosened fiscal policy by cutting VAT for manufacturers. Economic activity was also supportive with the March manufacturing PMI entering into expansionary territory at 50.5 from 49.2 previously. The improvement in near term industrial activity has led to a number of upgrades to Chinese growth expectations for 2019, with JP Morgan now expecting 6.4% versus 6.2% previously. The portfolio has also seen earnings upgrades and we now expect earnings growth of 20% 12 months forward. The upgrades have been broad based and in most cases come where analysts had cut estimates too deeply ahead of an anticipated slowdown, whereas in reality the slowdown has not been as bad as initially feared.

The leading Chinese wealth manager Noah reported net profit growth of 21% yoy in line with sell side estimates however the market was disappointed with its 2019 guidance of net profit growth 12-17%. We have since spoken with management and accept their rationale that the slower profit guidance relative to history is due to Chinese investor caution following the stock market volatility witnessed in 2018. We expect this to be a short-term set-back to growth and not structural. We believe management guidance to be conservative and we applaud their efforts to build a sustainable business and not to push growth at any cost to their clients.

We continued to build our position in the Vietnamese private bank Techcombank during the month.

**NAV 154.5p**

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 \$56.9m

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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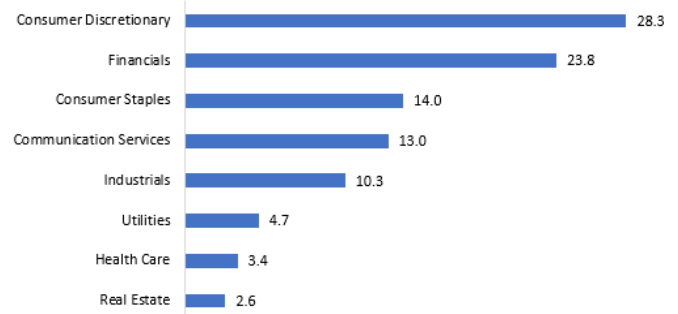


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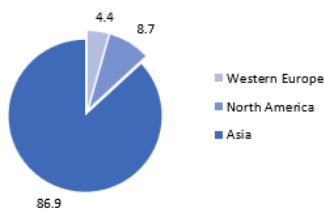
### Top 10 Holdings (% of NAV)



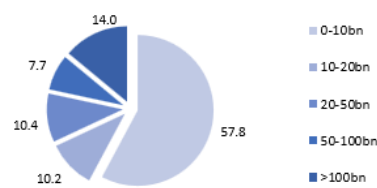
### Sector Allocation (% of NAV)



### Geographical Allocation % (USD)

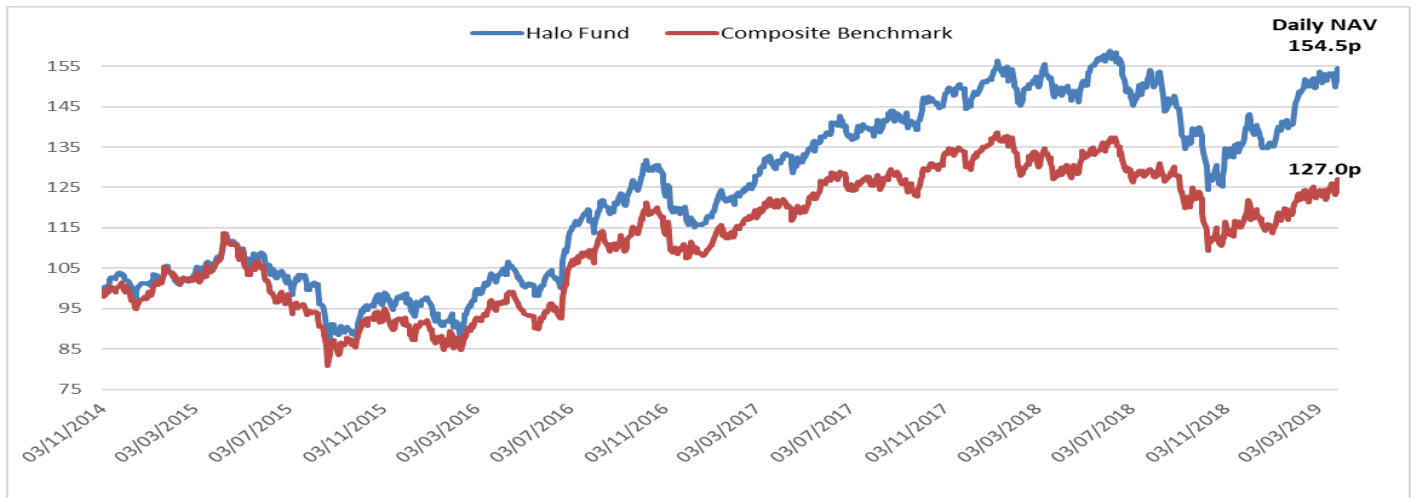


### Market Cap Allocation % (USD)



### 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. From 01/12/18 Custom Benchmark reduced Consumer Discretionary to 30% and added 10% Communication Services, due to reclassification by MSCI. 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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