

# VT HALO GLOBAL ASIAN CONSUMER FUND

## May 2019 Monthly Fund Fact Sheet



All Data at 12.00 GMT 31<sup>st</sup> May 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 old adage of "sell in May and go away" has proved once again true, as Emerging Asian equities saw selling pressure on escalation of US-China trade negotiations. The MSCI Asia ex Japan Index fell 5.5% in GBP and the Fund was not immune, falling 3.4% in May. Trade war related fears led to shares in China selling off as President Trump raised tariffs from 10% to 25% on \$200bn worth of goods coupled with threats to do more. As Alibaba recently highlighted, the Chinese economy is shifting towards a service economy and steady job growth is driving disposable income and consumption. Whilst the trade war continues to make headlines and drive share prices in the short-term, we believe the actual impact will only serve to hasten this trend. China will increase its imports of goods, with consumers benefiting from a greater availability of products and Alibaba will be a net beneficiary of this trend. It is relatively easy to get bogged down by the negative headlines, but what you may have missed was that Alibaba reported a stellar set of numbers with net income rising over 40% YoY. Importantly the company guided March 2020 revenue growth of +33% yoy, whilst taking into account escalation in the trade war as the company continues to see significant growth potential in China retail.

Another notable event this month was the Indian election, where the ruling BJP won with an unexpectedly larger margin than they did in 2014. The markets reacted positively to the landslide victory and whilst the short-term reaction may be overdone, there is no doubt that a strong majority for the ruling party is positive. Prime Minister Modi should now be able to build on structural reforms such as the Goods and Services Tax (GST) and the Real Estate Regulation Act (RERA), which he introduced in his first term. Whilst it is unlikely we will see any large scale policy reform, we expect to see further efforts to support rural income and a continuation of the government's pro-growth policy. The Fund's holdings in Inox, HDFC Bank and our new position in the Indian mall operator Phoenix Mills, all produced good results and performed strongly in May.

Moving onto other results, Samsonite had a weak Q1, with demand in the US impacted by the ongoing trade war and the restructuring of their China business-to-business sales. The US-China trade war continues to weigh on sentiment for both retail and wholesale in the US and is adding uncertainty to the outlook for the next few quarters. We had been reducing our position since meeting them last November and the stock is now no longer a top 10 holding for us. We believe current headwinds to be short term, not structural and that they still have pricing power. We will continue to monitor developments.

Andrew recently returned from a trip to Asia and it was notable when meeting companies and potential investors in Hong Kong how few questions he received on the trade war. In the Philippines, all the companies he met indicated trading had picked up over the past few months and consumer confidence was back following a weak end to 2018 and first quarter 2019. Against a supportive backdrop of falling inflation and interest rates, the consumer is starting to spend again. We also expect interest rates to fall further over the rest of this year as inflation remains contained at 3% and within the central bank's targeted range of 2-4%, so further helping consumer spending.

**NAV 151.1p**

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	GB00BRGCDDR64
B \$ Acc	GB00BRWQWY25
B \$ Inc	GB00BRJTG867
B £ Acc	GB00BRWQWX18
B £ Inc	GB00BRGCDS71
C \$ Acc	GB00BRWQX051
C \$ Inc	GB00BRJTG974
C £ Acc	GB00BRWQWZ32
C £ Inc	GB00BRGCDDT88

Asset Under Mgt \$66.1m

Depository: National Westminster Bank PLC

Dealing Frequency: Daily

Daily NAV available: Bloomberg, Morningstar & Valu-Trac

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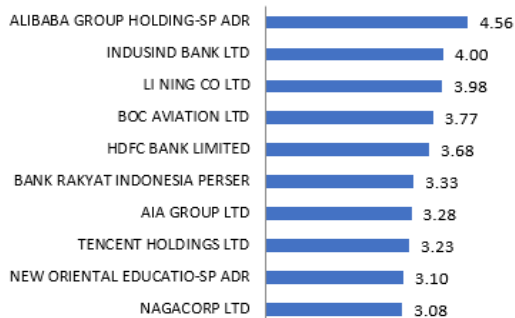
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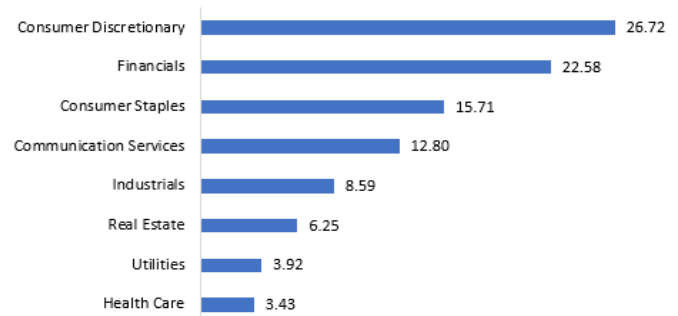


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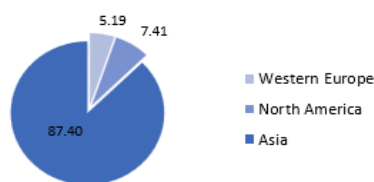
### Top 10 Holdings (% of NAV)



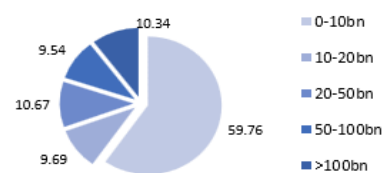
### Sector Allocation (% of NAV)



### Geographical Allocation %

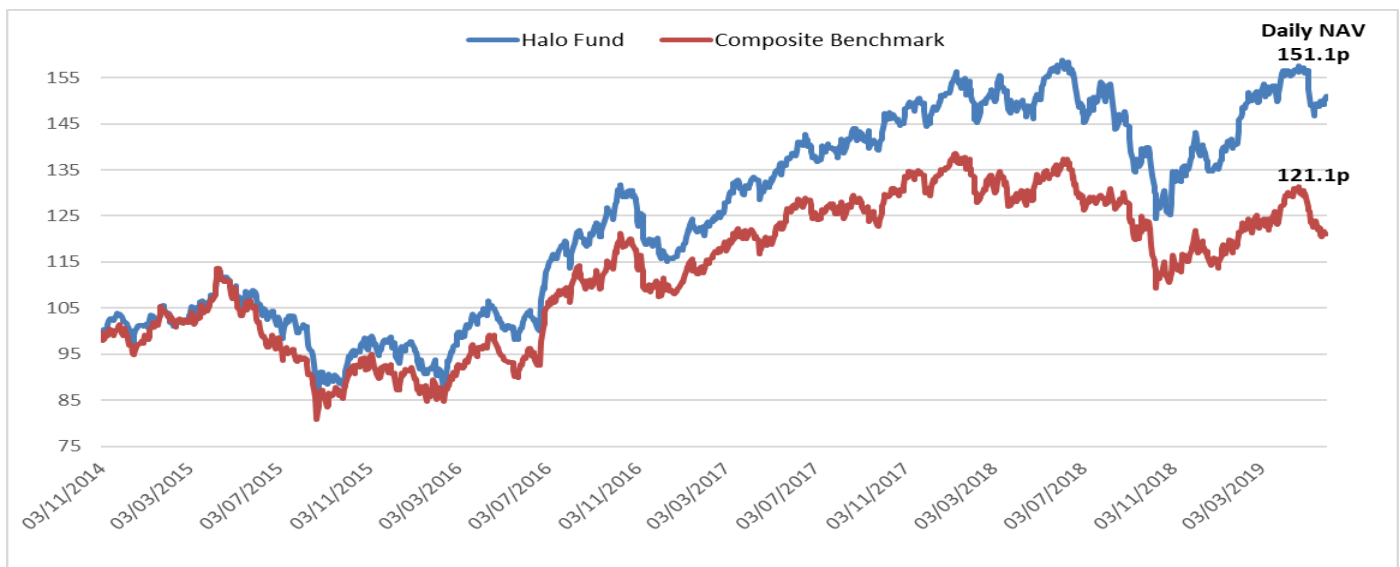


### Market Cap Allocation % (USD)



### 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. 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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