

VT HALO GLOBAL ASIAN CONSUMER FUND

September 2020 Monthly Fund Fact Sheet



All Data at 12.00 GMT 30th September 2020

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 0.51% in September as Asian equities traded mostly sideways weighed down by a strengthening Dollar, escalating rhetoric between the US and China and a resurgence in global COVID infection cases. President Trump's attempts to ban Tencent's We-Chat has raised concerns over US broadening sanctions. As the US election nears in November, the risk rises that geo-political tensions may overshadow the domestic recovery currently taking place in China, where economic data suggest a stabilisation in industrial production and a broadening out of the demand recovery. Industrial production rose 5.6% August, services PMI improved to 55.9% and retail sales returned to positive growth of 0.5% yoy.

Staying with China, Alibaba held its annual investor day virtually this year. Key highlights thus far include 1) Cloud to turn profitable during FY21, 2) Cainiao, Baba's logistics arm, to turn operating cash flow positive in FY21 and 3) its China retail marketplace showing high user stickiness with over 96% retention of their mid-high end customers. Alibaba continues to maintain and strengthen its position in domestic e-commerce through continuous innovation. However, the biggest takeaway was the faster than expected path to profitability by its Cloud and Cainiao initiatives. Alibaba Cloud is the dominant cloud provider in China with a 42% share and we see significant potential for this business, given the low cloud penetration of 3.4%, compared to 10.4% in the US.

One of the Fund's global holdings, Nike, had exceptional 1Q21 earnings with 1Q sales down only 0.6% yoy and net profit +11% yoy. Results exceeded sell-side estimates due to soaring online sales offsetting a decline in retail sales. China sales grew 8% yoy and remained Nike's fastest growing region. Management expressed their confidence in brand momentum, product innovation, consumer connections and scale, leading to continued global market share gains. We believe that growth for the Chinese sportswear industry will accelerate in the next few years as increasing health awareness will likely improve post COVID, leading to higher demand for sports activities and sportswear. Li Ning our top three holding is also benefitting from this trend.

We initiated a position in the Indian private bank ICICI this month. Activity in India continues to improve with Jefferies' Indian Economic Activity indicator at 93% of pre-COVID levels. E-way (toll roads) bill generation is now at February peak run-rate levels, rail freight carried was +15% in September and electricity and petrol consumption trends are both solid at +7% and +2% respectively. COVID cases nationally are beginning to show an improvement, with new cases down 11% from their peak in mid-September. Additionally, the parliament passed the historic land reform bills effectively simplifying 41 complex central laws into four. The previous complex and restrictive laws were an impediment to scale for businesses and a reason for India's low share of formal industrial employment. With this reform, an important obstacle to growth has been removed and the result should be increased job creation and investment.

Lastly, we topped up three positions. Bank Rakyat in Indonesia, All Home in the Philippines and Ali Health. This was funded by reducing our position in Sands China where operating trends continue to remain challenged and weaker than expected.

NAV 153.9

Investment Manager: Halo Global Asset 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
A € Acc	GB00BK9W9C11
B \$ Acc	GB00BRWQWY25
B \$ Inc	GB00BRJTG867
B £ Acc	GB00BRWQWX18
B £ Inc	GB00BRGCD571
B € Acc	GB00BK9WNR45
B € Inc	GB00BK9WNNQ38
C \$ Acc	GB00BRWQX051
C \$ Inc	GB00BRJTG974
C £ Acc	GB00BRWQWZ32
C £ Inc	GB00BRGCDT88
C € Acc	GB00BK9WNT68
C € Inc	GB00BK9WNS51

Asset Under Mgt \$66.7m

Depository: National Westminster Bank PLC

Dealing Frequency: Daily

Daily NAV available: Bloomberg, Morningstar & Valu-Trac

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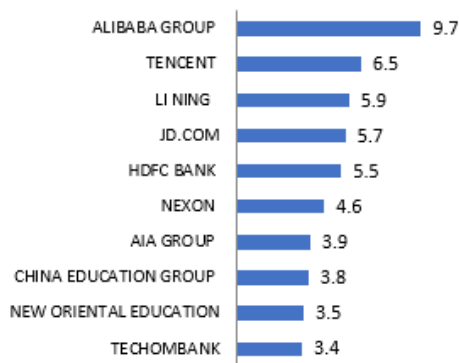
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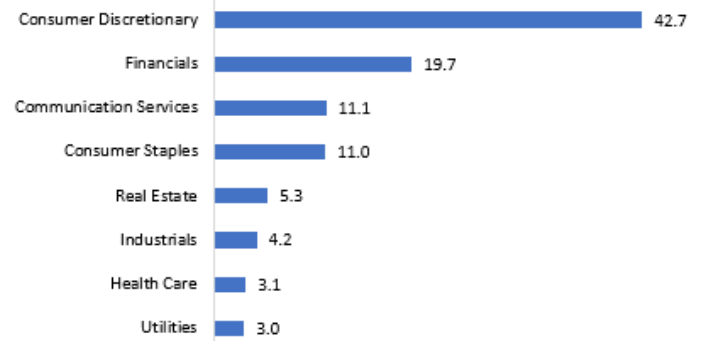


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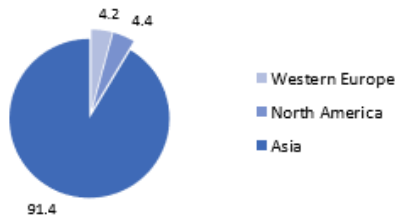
Top 10 Holdings (% of NAV)



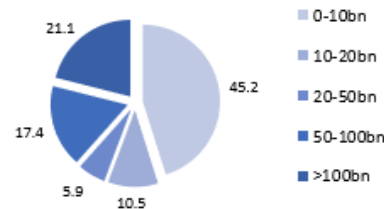
Sector Allocation (% of NAV)



Geographical Allocation %

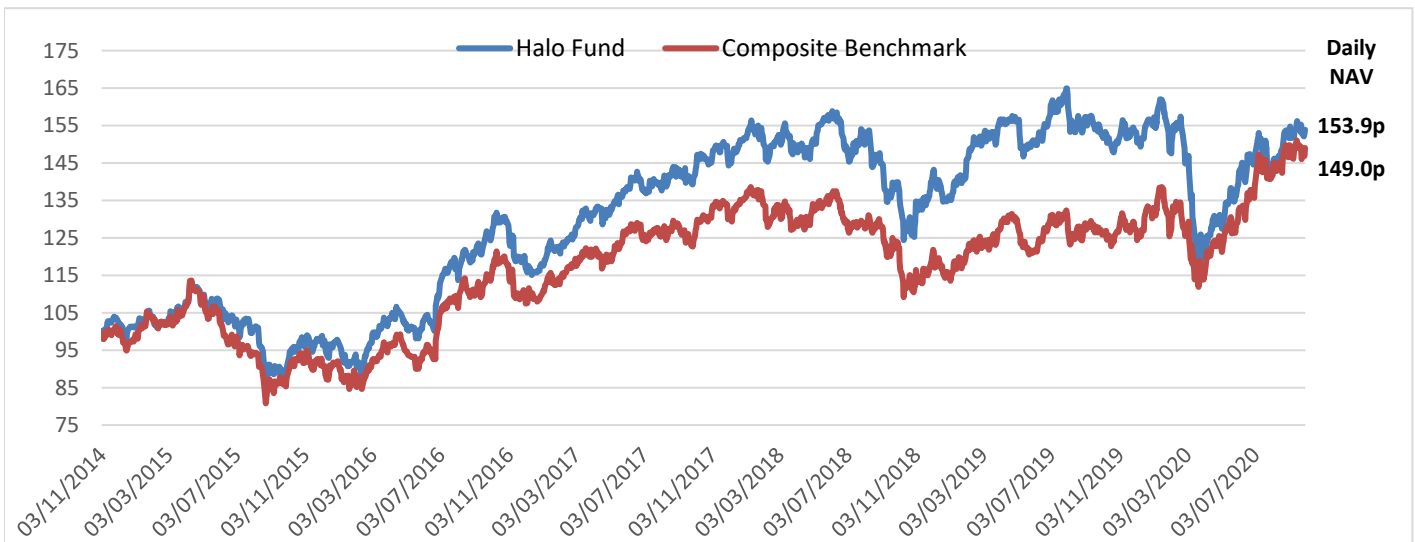


Market Cap Allocation % (USD)



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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