

# VT HALO GLOBAL ASIAN CONSUMER FUND

February 2021 Monthly Fund Fact Sheet



All Data at 12.00 GMT 26<sup>th</sup> February 2021

## Healthy Portfolio Description

The VT Halo Global Asian Consumer Fund aims to achieve an annualised total return before fees of 8-12% over the period of an economic cycle of typically 5-7 years. 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 0.9% in Sterling terms for February, as markets initially rallied and then corrected sharply due to concerns over rising inflation. As economic growth has recovered, US bond yields have risen from 1.06% to 1.40%. This has made equities look less attractive and stoked fears that this could impact the cost of borrowing in Emerging Asian markets, together with making growth stocks look less attractive to investors as their discount rate rises.

I would call the correction we have witnessed this month in some of the high PE multiple stocks healthy. In China in particular, there are healthcare companies, high quality discretionary stocks and consumer internet stocks where we struggle to justify the valuations even on a 5 year outlook and so have remained on the side lines. We have tended to focus more on stocks that are growth at a reasonable price (GARP) and eschewed those companies whose valuations are based on concepts delivering at a future point in time. It is interesting to note the forward PE of the Fund today is now 18x and the market is on 17.8x, compared to when we started the Fund, when our PE was 17x and the market was 11.5x. There has been a large multiple expansion of the market especially in the last 12 months and we have not seen this for the Fund.

Results have continued to roll in and the key one, being Alibaba, reported a decent beat coming in 7% ahead at the EPS line. The shares though reacted badly to comments that they plan to step up investment in the coming year to continue to drive revenue growth, especially in areas such as community group buying. This put paid to any EPS upgrades for the fiscal year to March 2022. It is interesting to note that other consumer internet companies who also announced increased investment to drive their revenue growth numbers, saw their share prices rise on these statements, despite not making any profits. Alibaba is valued on a PE ratio, whilst the likes of Meituan and Pinduoduo are valued on Price to Sales or a 10 year DCF. This makes us cautious when investing in these types of stocks right now, especially with bond yields starting to rise meaningfully.

We also had results from Varun Beverages, the Indian Pepsi bottler, who also beat expectations due to good cost controls. With upgrades of over 10% for next year's earnings the shares have reached new highs. Prestige Estates and Phoenix Mills in India, who both have residential property arms, indicated they are seeing strong sales continuing from the last quarter of 2020 into this year. It appears we could be at the start of a new property investment cycle in India, as affordability is the best it has been in over a decade. Vincom Retail also provided reassuring earnings, in line with expectations and continues to expand its shopping mall footprint in Vietnam. With sales in the malls now running at 90% of pre-Covid levels and new space expected to grow 9% this year, we should see earnings climb above 2019 numbers. The shares have also now recovered to December 2019 levels and look set for a strong 2021.

Lastly the Philippine government has passed the CREATE Bill, which will reduce corporation tax from 30% to 25%, with effect from July 2021. We should see all our holdings benefit from this, with EPS upgrades in the range of 3-7% for 2021 due to the lower tax bill.

**NAV 177.9p**

**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
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C £ Acc	GB00BRWQWZ32
C £ Inc	GB00BRGCDT88
C € Acc	GB00BK9WNT68
C € Inc	GB00BK9WNS51

**Asset Under Mgt** \$92.2m

**Depository:** National Westminster Bank PLC

**Dealing Frequency:** Daily

**Daily NAV available:** Bloomberg, Morningstar & Valu-Trac

*Issued and approved by Halo Global Asset Management Ltd Authorised and regulated by the Financial Conduct Authority.*

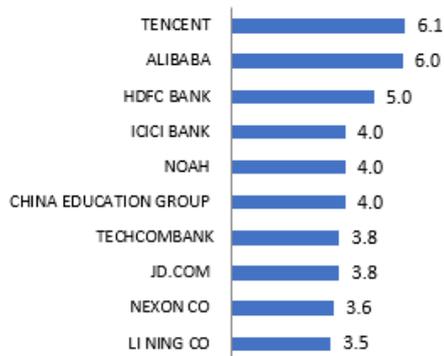
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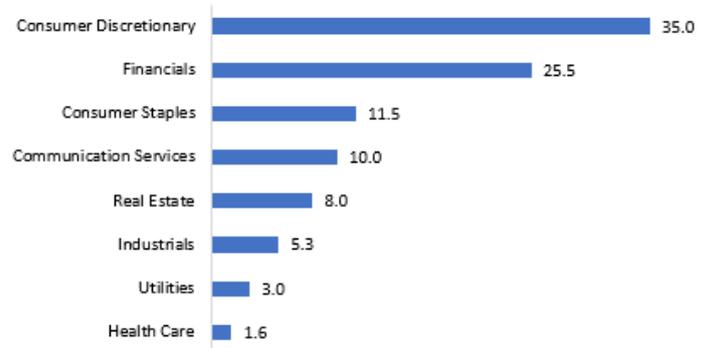


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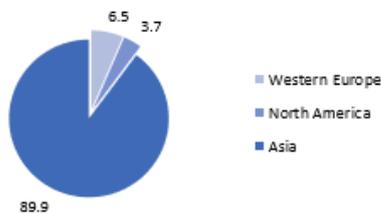
## Top 10 Holdings (% of NAV)



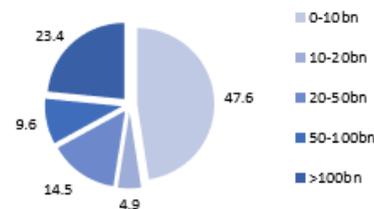
## Sector Allocation (% of NAV)



## Geographical Allocation %

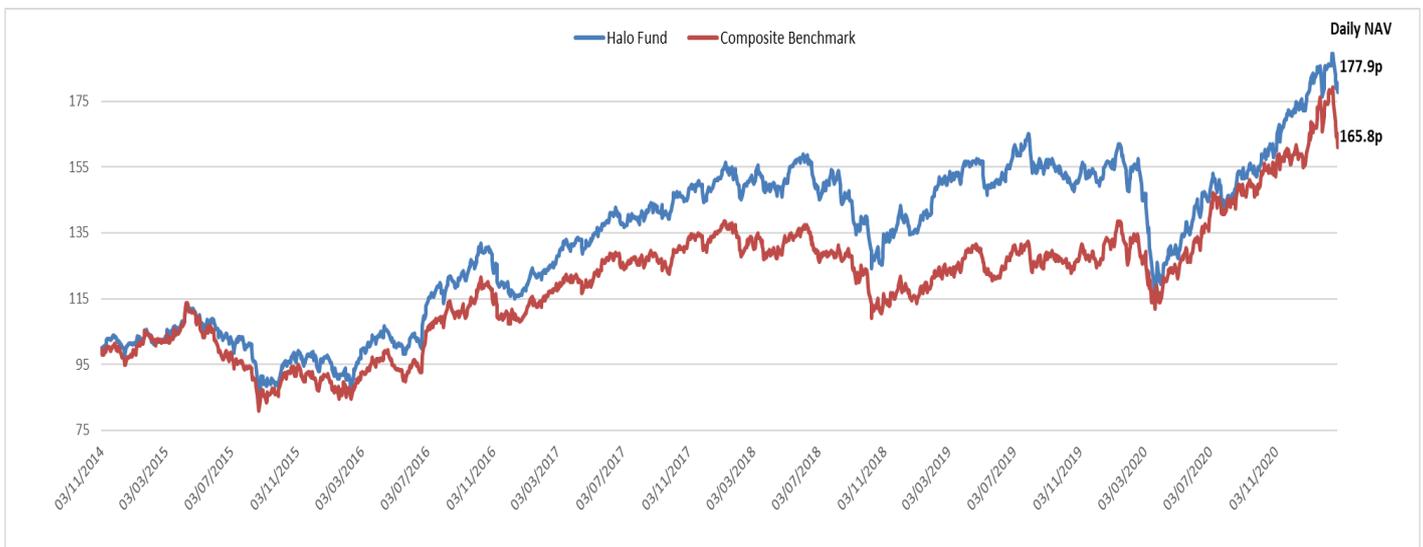


## Market Cap Allocation % (USD)



## 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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