

VT HALO GLOBAL ASIAN CONSUMER FUND

December 2021 Monthly Fund Fact Sheet



All Data at 12.00 GMT 31st December 2021

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

December was a volatile month and the Fund fell -3% in GBP. The Chinese market was the weakest in December with the MSCI China falling -5.4% in GBP. Equity markets were roiled by the emergence of a new Covid variant, Omicron which caused our holdings in the Philippines to sell off. Investors feared the reopening would be short lived as the government placed Metro Manila back on a stricter lockdown. However, early indications are that the new variant is milder than the prior ones and hence the impact on economies should be more manageable, plus it is also worth noting that in the Philippines nearly 50% of the population was fully vaccinated as of year-end.

The Chinese market saw further weakness in US listed ADRs and consumption related names, which were weak due to a resurgence of Covid and subsequent lockdown in the city of Xian. This overshadowed the earlier outcome of the Politburo and China Central Economic Work conference (CEWC: a forum for establishing economic policy) where there was a key shift in policy away from tightening and towards supporting growth. The CWEC's emphasis was very much on stability, whilst the Politburo where China's top leaders gather to discuss the economic and policy outlook for the year ahead, emphasized supporting growth. The meeting used the phrase, "stability is the top priority" as well as removing the word regulation entirely, indicating a key policy pivot away from regulation towards growth. We now believe that policy makers are increasingly concerned about growth and expect supporting measures as a result. In particular, the meeting called for "support to consumption" and we expect both monetary and fiscal policies to turn from tightening to loosening in the coming quarters.

Staying in China, Alibaba had an investor day where management noted that they believed the recent macro and regulatory headwinds to be short term and cyclical. Alibaba's current share of China's retail sales is 20% and the company believes that there is potential for another 220m users from less developed regions, on top of its current 953m AAC (annual active consumers). Less developed areas in China constitute a 600m target consumer base and Taobao Deals and Taocaicai are BABA's newest capabilities for serving these markets. The company also sees higher potential for overseas growth particularly in EMEA and South-East Asia. Lazada, its vehicle for South-East Asia has long term targets of growing its AAC and gross merchandise value from the current 130m/US\$21bn to 300mn/US100bn

Finally, Nike ended the year with a strong beat with earnings up 6% yoy driven by a strong gross margin up 280bps yoy. North America drove the beat where US consumer spending remains strong. China on the other hand was weak, which we believe was mainly due to Covid restrictions in certain areas of China causing supply issues and empty shelves. Nike held back on promotions in China as a result. Nike believes China has bottomed with current season retail sales trending more favourably and marketing is being ramped up as they introduce new innovative products, however the recovery may be bumpy given Omicron. We believe it has one of the strongest consumer brands in China and we will continue look through the current volatility, with the sportswear industry over the next 5 years benefiting from Chinese government policy to improve people's health.

B £ Acc NAV 178.7p

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 \$92.8m

Depository: National Westminster Bank PLC

Dealing Frequency: Daily

Daily NAV available: Bloomberg, Morningstar & Valu-Trac

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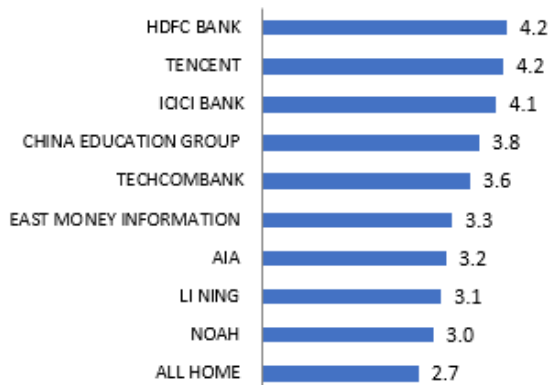
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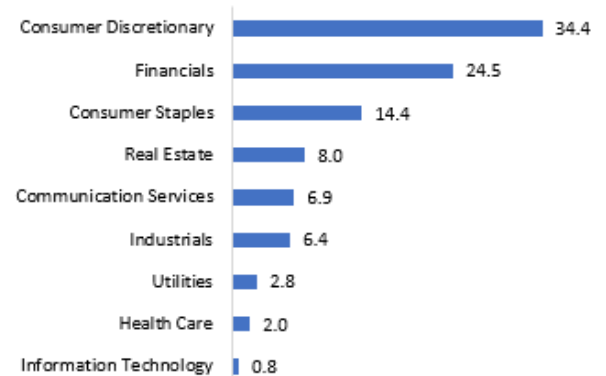


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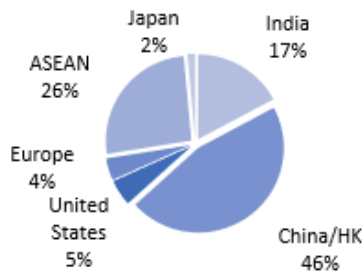
Top 10 Holdings (% of NAV)



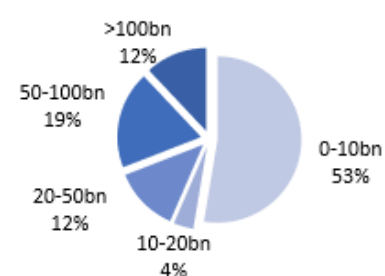
Sector Allocation (% of NAV)



Geographical Allocation %

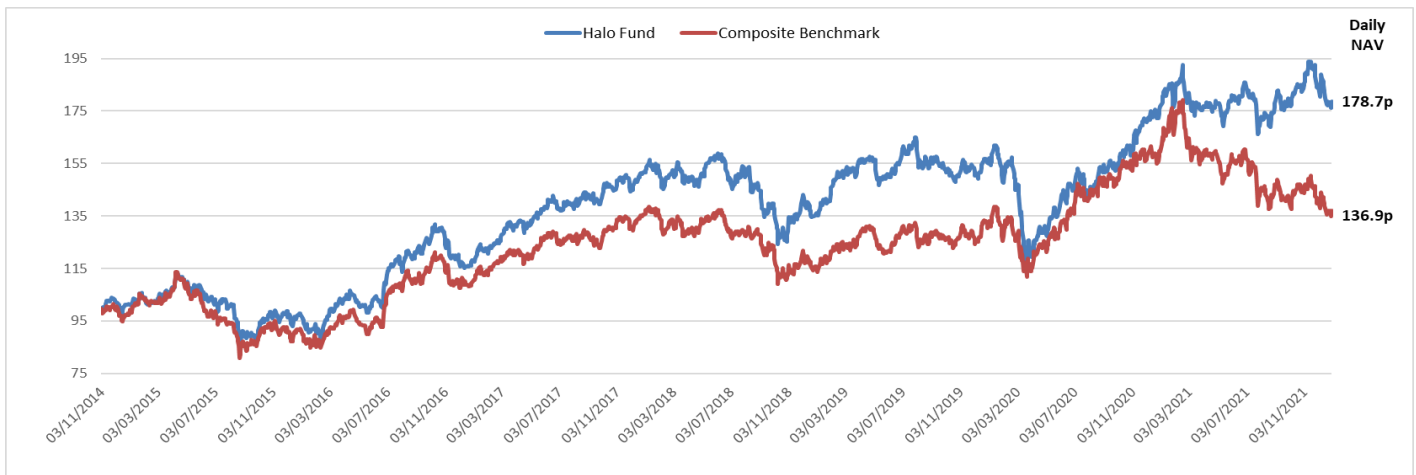


Market Cap Allocation % (USD)



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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