

# VT HALO GLOBAL ASIAN CONSUMER FUND

March 2022 Monthly Fund Fact Sheet



All Data at 12.00 GMT 31<sup>st</sup> March 2022

## 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 (B £ Acc class) fell 0.84% in March as markets were further buffeted by the continuing conflict in Ukraine and renewed fears over Chinese ADR listing in the US.

This month was especially volatile with Chinese markets staging a V-shaped recovery as the State Council, chaired by Vice Premier Li signalled various measures of policy support for the stock market and economy. In a rare appearance, Premier Li emphasised "good and regular communication" with US auditors regarding the ADR de-listing threat and a commitment to forming concrete cooperation details. On the governance of the platform economy, the Premier summarised that relevant regulators are continuing their work regarding strengthening the existing framework, and that the government wants to promote both the healthy development of the platform economy, in addition to increasing the platform's international competitiveness. The meeting ended by urging government bodies to take responsibility to actively launch pro-market development policies and to be cautious regarding contractionary policies. Sentiment around Chinese stocks and tech stocks in particular, had become incredibly negative and many of the large cap stocks were heavily oversold and on single digit P/E's, such as BABA on 6x FY23 adj earnings ex-cash. This resulted in a strong rebound with the Hang Seng rallying 9% on the day and the Hang Seng Tech Index rising a staggering 22%. We have written previously about how we thought the pessimism in these names was overdone and since then we have had several companies report improving profitability, such as JD.com (more on this later) and announce buybacks such as BABA, who extended their share buyback plan from US\$15bn to US\$25bn, which was 9% of the company's market cap at the time. Whilst we do not foresee an end to the regulation, we anticipate a more stable regulatory regime going forward and we are hopeful of a resolution around US ADR auditing requirements. We now believe the biggest downside risk to the economy is the continuing Omicron outbreak, which is now impacting Shanghai and the resulting lockdowns. This is a fluid situation and difficult to predict particularly as China has so far shunned the more effective Western MRNA vaccines in favour of its domestically made vaccine, leaving its largely vaccinated population still vulnerable. In the short-term China looks unlikely to abandon its Zero-Covid approach posing a threat to near term GDP estimates and corporate earnings.

Moving onto results: JD.com reported quarterly total revenue that grew 23% yoy and Non-GAAP net income +49% yoy. The earnings were a strong beat compared to consensus, driven by improving profitability at JD logistics and better control over expenses. In addition, a number of competitors are now saying that competition in community group buying is a lot more rational, which has been a key drag on sector profitability. According to JD's management, earnings will be a more important KPI this year, a theme we expect to see repeated across the Chinese internet space.

Finally, a bright spot in China, Proya Cosmetics pre-announced its 1Q results. The company is known for its innovative online marketing, and its campaigns for its new products over China's International Women's day, struck a particularly good chord, with sales of its new blockbuster products accelerating and leading to strong revenue growth at 30-40% and profit growth 35%-45% vs expectations 30% growth.

**B £ Acc NAV 166.9p**

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

**Asset Under Mgt** \$97.6m

**Depository:** National Westminster Bank PLC

**Dealing Frequency:** Daily

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

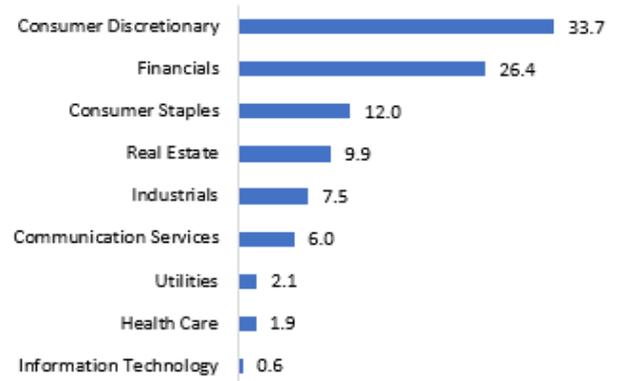
*Issued and approved by Halo Global Asset Management Ltd Authorised and regulated by the Financial Conduct Authority.*

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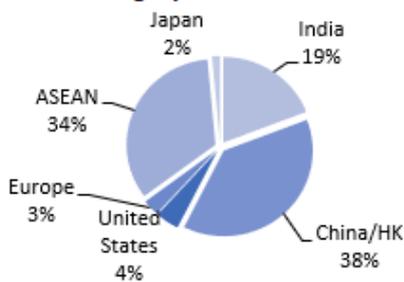
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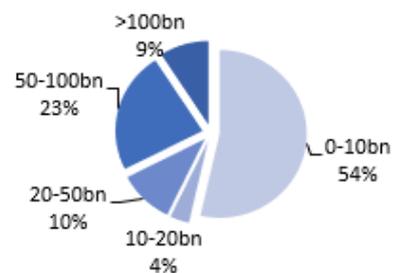
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### Geographical Allocation %

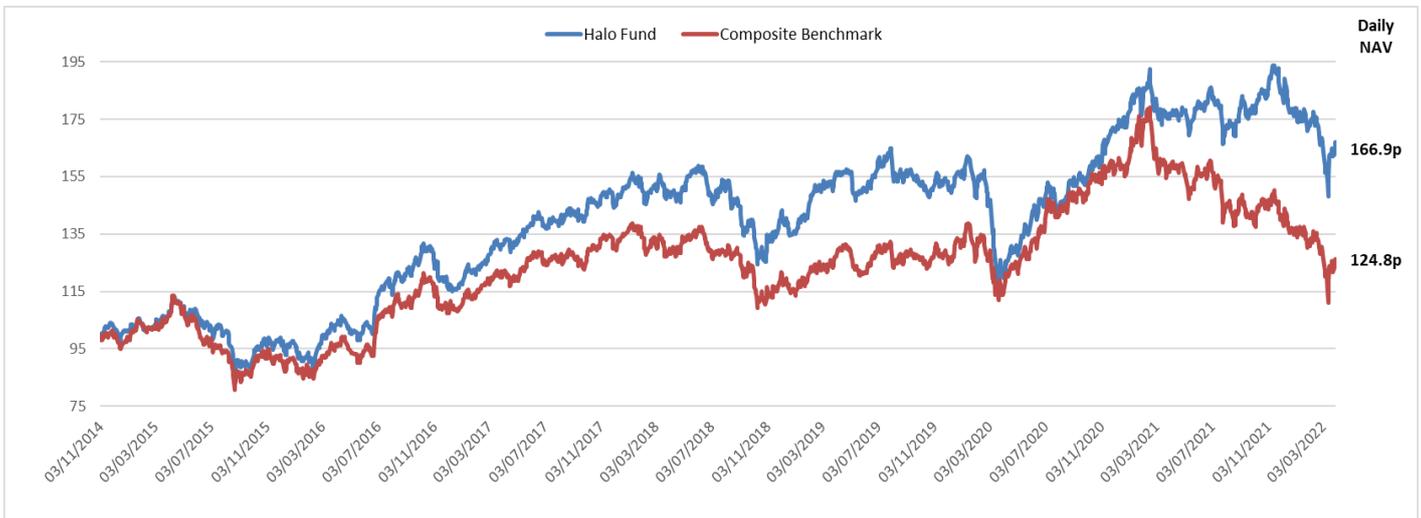


### Market Cap Allocation % (USD)



### 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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