

# VT HALO GLOBAL ASIAN CONSUMER FUND

March 2023 Monthly Fund Fact Sheet



All Data at 12.00 GMT 31<sup>st</sup> March 2023

## 820Portfolio 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) rose 0.35% in March in what turned out to be a volatile month for global equities, as a bank collapse in the US set off a chain of events that ultimately ended with the failure and subsequent takeover of Credit Suisse in Switzerland. However, the price action we witnessed was not indiscriminate and we would like to highlight the outperformance of EM banks relative to their developed market counterparts, with the MSCI AC World bank index falling 10% week on week on Tuesday March 14<sup>th</sup>, versus the US banks declining 18%, European banks off 10% and EM/APAC banks only down 4%.

Silicon Valley Bank's failure was due to idiosyncratic reasons, its large undiversified, uninsured deposits base made it susceptible to deposit flight. It also had an outsized unhedged exposure to interest rate rises, via its \$91bn investment in mostly long dated mortgage-backed securities, which faced mounting losses as the Fed aggressively raised interest rates. We wish to call your attention to SVB's balance sheet which was in stark contrast to that of most Asian banks. The majority of Asian banks are more profitable with significantly higher prospects for credit growth going forwards. SVB's investment to asset ratio was 58% compared to the APAC average at 26%, and tier 1 equity ratios in the region (with the exception of Taiwan) are superior to the US. Deposit bases are also more granular with household/retail deposits for instance forming 60% of total sector deposits in India. Regulations have also followed a different path in many of our markets. The Reserve Bank of India has strict liquidity coverage ratio requirements (the proportion of highly liquid assets requirement to be held to cover cash outflows under a stress 30 days scenario) covering all commercial banks, contrary to the US which applies the rules selectively, depending on bank size. The RBI also has very strict classification around what can be held in the investment book resulting in c85% of bank's investment book being held in Indian government securities. Indonesian banks have a similar weighting in government bonds. To summarise we believe the balance sheets of Asian banks are in robust condition and superior to those in the US, with higher Tier 1 equity ratios and loan to deposits in the range of 70% for the largest banks in Asia Pac ex Japan. Bond yield movements have not been as dramatic as seen in the US, resulting in manageable losses on the income statement. Indian yields have only just returned to 7.4% vs +7.5% pre-Covid in early 2019, and even if yields were to rise another 50bps the estimated mark to market impact on profits before tax is manageable at 5-7% for public sector banks, and lower still for private banks.

Finally, we had results from Tencent with total revenue growing +0.5% yoy and adjusted EBIT growth of +19% yoy. Online ad revenue rebounded strongly driven by e-commerce, FMCG and gaming. On top of a macro tailwind for its advertising division, the outlook for its domestic games division has significantly improved since China normalised the approval of games licenses.

SEA Ltd, the ASEAN ecommerce company, also reported its 4Q results in March with profitability far exceeding sell side estimates. SEA turned profitable this quarter for the first time as management's sharp focus on its core operations and profitability began to pay dividends. We like SEA for its strategic positioning in Southeast Asia where it is well placed to benefit from secular growth in e-commerce and rising digitisation of the population.

**B £ Acc NAV 165.4p**

**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
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C \$ Inc	GB00BRJTG974
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C £ Inc	GB00BRGCDT88
C € Acc	GB00BK9WNT68
C € Inc	GB00BK9WNS51

**Asset Under Mgt** \$106.8m

**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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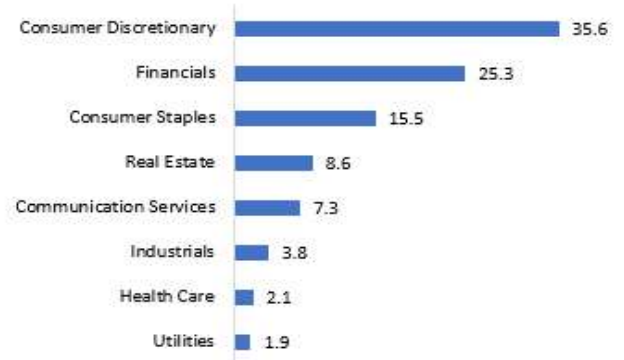


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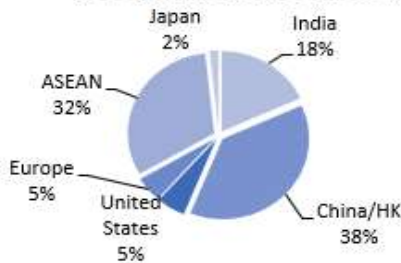
## Top 10 Holdings (% of NAV)



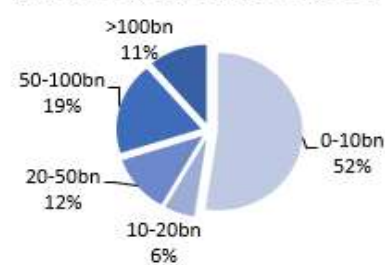
## Sector Allocation (% of NAV)



## Geographical Allocation %



## Market Cap Allocation % (USD)



Annual Returns GBP (%)	2018	2019	2020	2021	2022
	-10.3	14.1	13.9	1.0	-5.7

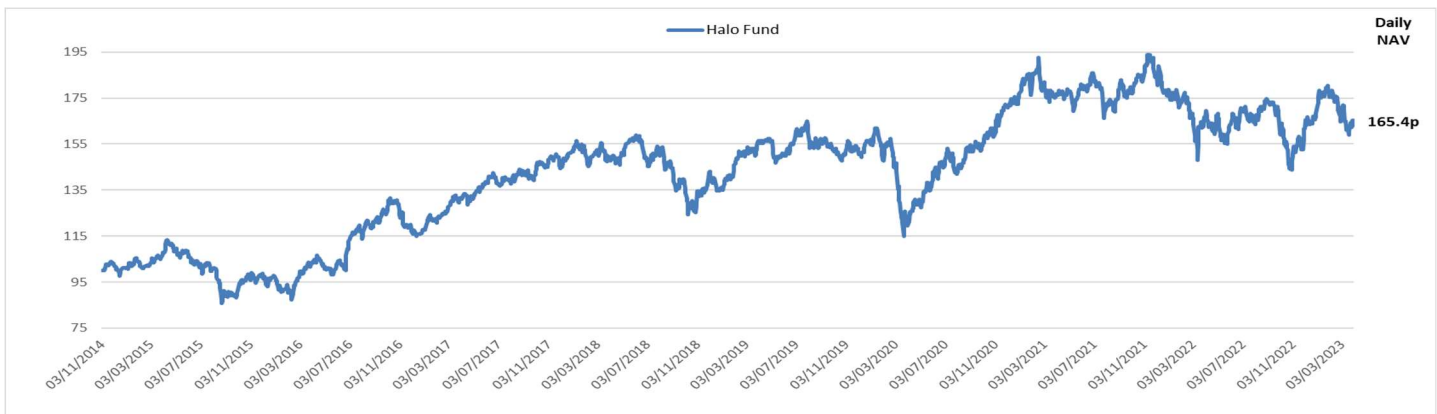
  

Rolling performance (%)	Ytd	1yr	3yr	5yr	Incep.
	-1.9	-0.9	35.4	12.9	68.1

NB: performance numbers are net of fees.

## Fund Performance since Inception

Performance data shown is of the B E 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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