

Fund manager(s)



**Ian Hargreaves**  
Fund Manager



**William Lam**  
Fund Manager

## Investment Risks

For complete information on risks, refer to the legal documents.

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations) and investors may not get back the full amount invested. As a large portion of the fund is invested in less developed countries, you should be prepared to accept significantly large fluctuations in the value of the fund. The fund may invest in certain securities listed in China which can involve significant regulatory constraints that may affect the liquidity and/or the investment performance of the fund.

## Monthly Report June 2024 (covering May)

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## Summary of fund objective

The Fund is actively managed. The fund aims to achieve long-term capital growth by investing in shares of Asian companies. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

## Fund Performance

The fund generated a positive return, albeit behind the MSCI Asia ex-Japan index. Stock selection in communication services and consumer staples sectors added value, while positions in financials and information technology detracted. Tencent Music Entertainment was one of the biggest single contributors after quarterly earnings beat expectations, with strong music subscriber growth and Korea's Samsung Fire & Marine Insurance also reported Q1 net income up YoY. It was another strong month for Asian tech stocks, particularly those in Nvidia's supply chain post further strong results. However, Samsung Electronics detracted amidst reports that the company is struggling to qualify their HBM3E product with NVIDIA. MediaTek continued to gain ground on strong April sales. Indian financials such as ICICI and Shriram Finance pulled back from record highs, lagging the broader market as elections got underway. Exposure to Indonesia detracted, Bank Negara continued to give back recent gains, while cement manufacturer Semen Indonesia dropped on quarterly earnings that trailed estimates.

## Fund Positioning

We seek to invest in companies across the region which are worth more than their share prices suggest. The fund continues to have a modest overweight position in Hong Kong & China, where after a difficult period we believe investment risk is now better rewarded. An overweight position in South Korea reflects a belief that improvements in corporate governance and dividend pay-outs are being underappreciated by the market, which has provided opportunity to own operationally solid companies, with good balance sheets, as well as an ability and desire to improve shareholder returns over time. The fund's overweight position in Indonesia and underweight in India reflects differences in valuations, and our belief that Indonesia has scope for better growth after a weak period, supported by the commodity cycle and current account surplus. We trimmed holdings in recent strong performers including TSMC, Delhivery and JD.com, preferring instead to add to holdings such as KB Financial, ENN Energy and AIA.

## Outlook

Since peaking in early 2021, Asian equity markets have struggled amidst a liquidity tightening cycle and a crescendo of negativity surrounding China. Valuations for regional indices trade below long-term historic averages, in terms of price/book, and at a significant discount to developed markets, particularly the US. We believe there is scope for this to narrow, with continued divergence in performance and valuations between different countries and sectors also providing opportunity. Uncertainty over the strength of China's economy has dampened the outlook as momentum from reopening has stalled and faltering demand in its property market has left investor sentiment cautious. Chinese consumer confidence has been weak and is now only starting to pick-up, this is despite abundant household savings and solid balance sheets. The authorities have plenty of room for stimulus, recent government actions suggest a greater urgency to boost confidence and support growth. With attitudes towards China currently starting to see an improvement, all be it from a low starting point, equity valuations could be quite sensitive to signs that corporate fundamentals are starting to improve.

## Fund Facts

|                   |  |
|-------------------|--|
| Z-share ISIN      | LU1775951103                                   |
| Bloomberg         | IVASZUA LX                                     |
| Domicile          | Luxembourg                                     |
| AuM               | 2.09bn USD                                     |
| Launch Date       | 08 Mar 1993                                    |
| Reference Index** | MSCI AC Asia ex Japan Index (Net Total Return) |

Fund Managers\*\*\* Ian Hargreaves and William Lam

\*\* The benchmark index is shown for performance comparison purposes only. The fund does not track the index.

\*\*\* Ian Hargreaves since September 2018 and William Lam since September 2018

## Fund Characteristics

(Annualised Data)

|                     | 3Y    | 5Y    |
|---------------------|-------|-------|
| Alpha (statistical) | 3.05  | 3.36  |
| Batting Average     | 58.33 | 55.00 |
| Gain/Loss Ratio     | 0.91  | 1.41  |
| Information Ratio   | 0.81  | 0.67  |
| Sharpe Ratio        | -0.36 | 0.25  |
| Tracking Error      | 4.63  | 4.96  |

## Awards & Gradings



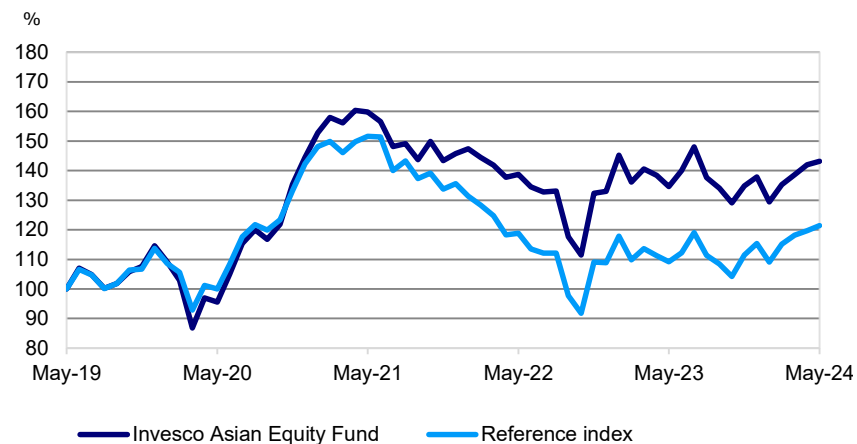
Morningstar Rating 31.05.24

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

Past performance does not predict future returns.

## Performance (USD) <sup>1</sup>

### 5 Year Active Return



| Cumulative      | YTD   | YTD   | 1M    | 1Y    | 3Y     | 5Y    |
|-----------------|-------|-------|-------|-------|--------|-------|
| Fund (Z-shares) | 3.81  | 0.60  | 0.80  | 6.36  | -10.50 | 43.05 |
| Reference Index | 5.27  | 2.38  | 1.56  | 11.23 | -19.85 | 21.46 |
| Active return   | -1.46 | -1.78 | -0.76 | -4.87 | 9.35   | 21.59 |

| Calendar Year   | 2019  | 2020  | 2021  | 2022   | 2023 |
|-----------------|-------|-------|-------|--------|------|
| Fund (Z-shares) | 16.32 | 26.08 | 0.93  | -8.76  | 3.64 |
| Reference Index | 18.17 | 25.02 | -4.72 | -19.67 | 5.98 |

| Rolling 12 Months | 31.05.14 | 31.05.15 | 31.05.16 | 31.05.17 | 31.05.18 |
|-------------------|----------|----------|----------|----------|----------|
|                   | 31.05.15 | 31.05.16 | 31.05.17 | 31.05.18 | 31.05.19 |
| Fund (Z-shares)   | 6.28     | -12.45   | 28.64    | 14.57    | -10.33   |
| Reference Index   | 10.35    | -17.47   | 28.08    | 17.27    | -11.10   |
| Peer Group        | 10.59    | -16.44   | 25.30    | 16.14    | -12.43   |

|                 | 31.05.19 | 31.05.20 | 31.05.21 | 31.05.22 | 31.05.23 |
|-----------------|----------|----------|----------|----------|----------|
|                 | 31.05.20 | 31.05.21 | 31.05.22 | 31.05.23 | 31.05.24 |
| Fund (Z-shares) | -4.43    | 67.24    | -13.21   | -3.04    | 6.36     |
| Reference Index | 0.01     | 51.52    | -21.60   | -8.08    | 11.23    |
| Peer Group      | 0.11     | 53.55    | -22.85   | -9.56    | 7.76     |

Source fund/sector: Morningstar as of 31 May 2024

Source index: RIMES as at 31 May 2024, on a total return basis in USD

Peer Group: Morningstar Category EAA Fund Asia ex-Japan Equity

<sup>1</sup>Fund returns are inclusive of gross income re-invested and net of the ongoing charge and portfolio transaction costs, cumulative, in fund currency. The figures do not reflect the entry charge payable by individual investors. Returns may increase or decrease as a result of currency fluctuations.

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