

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 August 2024 (covering July)

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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

Fund performance was behind that of the MSCI Asia ex-Japan index. The fund's underweight position in India detracted as this market outperformed. Stock selection in financials detracted, with Samsung Fire & Marine Insurance and HDFC Bank giving back some of their recent outperformance. However, this was partly offset by positive contributions from ASEAN banks such as Thailand's Kasikornbank after Q2 net profit beat estimates and Bank Negara Indonesia on constructive loan growth data. Also in ASEAN, holdings in Vietnam Dairy Products and cement manufacturer Semen Indonesia added value. Stock selection in China detracted, particularly hotel operators H World and Macau's Sands China reflecting a pressured domestic travel market and gas distributor ENN Energy given demand-side concerns. Korea's Hyundai Mobis underperformed after posting a Q2 operating profit miss. Conversely, stock selection in the IT sector benefited relative performance, particularly Samsung Electronics after better Q2 results and an easing of concerns over Nvidia HBM qualification, while components manufacturer Yageo and miniature lens manufacturer Largan Precision also proved resilient. MediaTek however gave back some of its recent outperformance as beneficiaries of an AI-driven tech rally took a breather.

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. In terms of fund activity, we introduced Bank Rakyat Indonesia and sold Gree Electric Appliances. We also trimmed Taiwan tech outperformers Yageo and Largan Precision, having added to recent underperformers such as Astra, Inner Mongolia Yili, H World and Kasikornbank.

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	2.3bn 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)	2.58	2.91
Batting Average	55.56	53.33
Gain/Loss Ratio	1.05	1.38
Information Ratio	0.65	0.57
Sharpe Ratio	-0.22	0.22
Tracking Error	4.47	5.03

Awards & Gradings



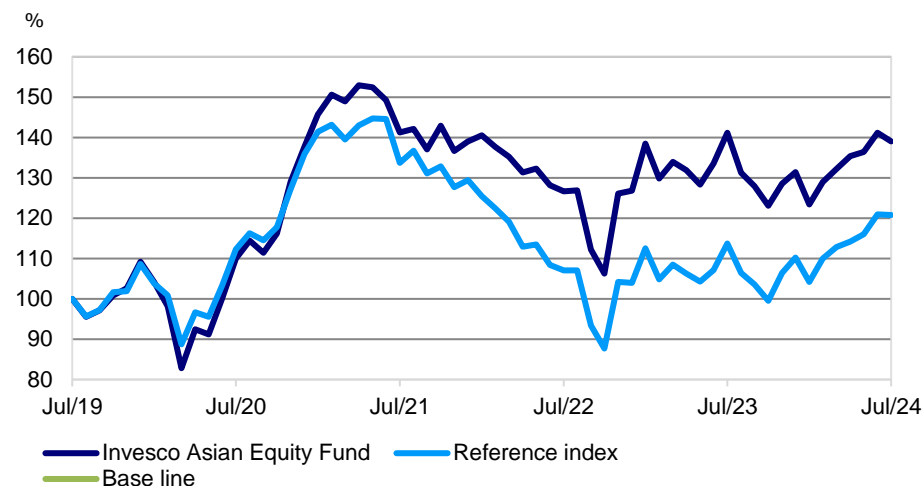
Morningstar Rating 31.07.24

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Past performance does not predict future returns.

Performance (USD) ¹

5 Year Active Return



Cumulative	YTD	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	5.75	7.40	-1.53	-1.53	-1.60	39.00
Reference Index	9.60	9.75	-0.13	6.24	-9.67	20.78
Active return	-3.85	-2.35	-1.40	-7.77	8.07	18.22

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	31.07.14	31.07.15	31.07.16	31.07.17	31.07.18	31.07.19
	31.07.15	31.07.16	31.07.17	31.07.18	31.07.19	31.07.19
Fund (Z-shares)	-7.78	2.28	29.45	2.18	-2.71	
Reference Index	-6.29	-1.48	27.34	5.20	-3.05	
Peer Group	-4.33	-1.07	24.44	3.57	-3.25	

	31.07.19	31.07.20	31.07.21	31.07.22	31.07.23
	31.07.20	31.07.21	31.07.22	31.07.23	31.07.24
Fund (Z-shares)	10.02	28.39	-10.36	11.48	-1.53
Reference Index	12.31	19.06	-19.93	6.19	6.24
Peer Group	12.53	20.66	-21.74	3.35	2.34

Source fund/sector: Morningstar as of 31 July 2024

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

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

¹Fund 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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