



**WAVERTON**  
INVESTMENT MANAGEMENT

# SOUTHEAST ASIAN FUND I USD ACC

FUND FACTSHEET - AS AT 31 AUGUST 2018

## OBJECTIVES

### FUND AIM

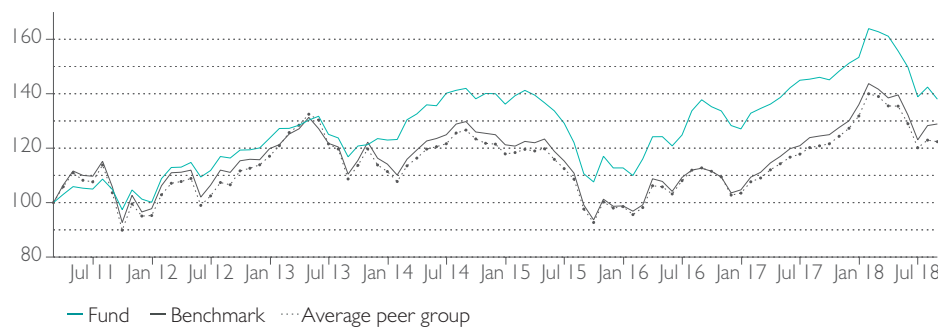
The investment objective is to generate capital growth by investing in a concentrated portfolio of no more than 30 listed Southeast Asian equities

### INVESTMENT STYLE

The Fund seeks to construct concentrated portfolios from the bottom up, unconstrained by the composition of the index. The managers seek to make a small number of long-term investments, primarily in growing companies, with strong management and operating in favourable business environments.

## PERFORMANCE

### PERFORMANCE SINCE INCEPTION



**Risk Warning:** Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not get back their initial investment.

Important information: Performance displayed is for the I Share Class. Performance is calculated on a NAV to NAV basis and does not take into account any initial fees. Performance is displayed net of fees and assumes income is reinvested.

Period	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Inception Mar 11
Portfolio (%)	-3.1	-7.9	-10.0	-5.5	24.8	18.1	38.0
Benchmark (%)	0.5	-2.5	-5.2	3.6	30.0	16.7	26.9
Morningstar Peer Group (%)	-0.7	-5.3	-7.3	0.9	23.0	10.6	18.0
Quartile	4	4	4	4	2	2	1

### DISCRETE CALENDAR YEAR

Period	2017	2016	2015	2014	2013
Fund (%)	20.7	12.7	-17.2	10.7	-0.5
Benchmark (%)	29.9	6.0	-18.5	6.2	-4.7

### STANDARDISED PERFORMANCE

Period 1 year to	31/08/2018	31/08/2017	31/08/2016	31/08/2015	31/08/2014
Fund (%)	-5.5	6.0	24.6	-22.1	21.5

## PORTFOLIO SUMMARY

COUNTRY		SECTOR		TOP 10 HOLDINGS	
Indonesia	30.7%	Financials	13.9%	Silverlake Axis	6.9%
Thailand	16.7%	Consumer Discretionary	13.5%	Astra Agro Lestari	5.4%
Philippines	13.4%	Utilities	12.4%	NagaCorp	5.3%
Vietnam	12.2%	Information Technology	11.9%	Hana Microelectronics	5.0%
Malaysia	11.5%	Industrials	11.4%	Siam City Cement	4.9%
Cambodia	5.3%	Consumer Staples	8.7%	Bank Tabungan Pensiunan Nasional	4.9%
Singapore	3.9%	Real Estate	8.3%	Sentul City	4.8%
Cash	6.3%	Materials	4.9%	Jardine Cycle & Carriage	4.7%
<b>Total</b>	<b>100.0%</b>	Investment Funds	4.5%	Alliance Bank	4.7%
		Energy	4.2%	Aboitiz Power	4.7%
		Cash	6.3%	<b>Total</b>	<b>51.2%</b>
		<b>Total</b>	<b>100.0%</b>		

## COMMENTARY

The pain in emerging markets ratcheted higher in August, with the main victims in Southeast Asia being small cap stocks and the Indonesian currency. The region's small caps, as measured by MSCI, have declined by 10.8% year to date in US dollar terms, compared to a decline of 6.8% for large caps. They lost 1.5% in August, whilst large caps were unchanged for the month. The fund was down 3.1% vs. the index, which was up 0.5%. The fund's small cap exposure around the region, and in Indonesia specifically, hurt performance during August. To defend the rupiah, Bank Indonesia raised its benchmark rate by 25 basis points to 5.5% in August, taking cumulative rises to 125bps this year. Given that new Governor Perry Warjiyo has reiterated the central bank's intention to be "pre-emptive, front loaded and ahead of the curve", further rises are likely this year. In an environment where fears of contagion are escalating, this is positive for macro-economic stability; by shoring up the currency now, the central bank is pre-empting worse problems down the line. Unfortunately, it also shakes confidence in interest rate sensitive sectors such as property, and in Indonesian small caps, which declined by 4.3% in dollar terms during August. As a result, the fund's Indonesian holdings, including Bekasi Fajar (industrial estates), Cikarang Listrindo (electric utility) and Sentul City (property) were weak in August. Elsewhere in the region, small caps including Silverlake Axis, Manila Water and Singapore Post were also under pressure.

Given the fund's near 30% exposure to Indonesian stocks, and current investor concerns around that market, it is useful to take another look here at the country's underlying economic fundamentals. On the negative side, Indonesia has a long history of disorderly capital outflows that have led to financial instability. In the past, these crises were exacerbated by high levels of US dollar debt at state and corporate levels. The balance of payments is set to slip back into a small deficit this year; fiscal spending has accelerated ahead of a Presidential election next year and the pre-emptive action taken by the central bank in raising rates to support the rupiah has itself dented confidence in the outlook for the economy. Against this, Indonesia's economy has had four years of relative fiscal discipline under President Joko Widodo, its fiscal deficit is among the lowest in Southeast Asia. This has been achieved at a time of fiscal reform that slashed fuel subsidies in favour of investment in road, rail and port infrastructure, the benefits of which are about to commence. These investments have drawn in capital imports that will push the balance of payments into a narrow deficit of less than 0.5% of GDP in 2018, following a surplus in 2017. This increased requirement for external funding is at the root of current concerns, but is small compared to previous crises, and the economy has been responding positively to better economic management. GDP growth is rising at 5.2% for 1H 2018, and inflation is under control at 3.3% for the same period. Fundamentally, the Indonesian economy is sound, compared both to its own history and to Asian peers.

## TEAM



Brook Tellwright



William Hanbury



Douglas Barnett

## FUND DETAILS

### FUND FACTS

Launch Date	1st March 2011
Morningstar Category	ASEAN Equity
Benchmark	MSCI AC ASEAN NR Index
Fund Size	\$25.7m
No. of Holdings	21
Domicile	Luxembourg
Sedol	BP4W4Z9
Bloomberg Code	SHAEAFA:LX
Fund Type	SICAV
Base Currency	USD
Other Currencies	None
Ex Dividend Dates	N/A

### RISK STATISTICS

#### 3Y Annualised

Fund Volatility (%)	12.6
Index Volatility (%)	12.7
Sharpe Ratio	1.0
Information Ratio	-0.2
Tracking Error	6.5
Alpha (%)	-0.5
Beta	0.9
Active Share (% - Current)	99.3

### FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
I USD Acc	LU1060842033	1,000,000 USD	0.80%	ACC	829.871	N/A	1.31%
I USD Inc	LU1206605195	1,000,000 USD	0.80%	INC	1379.931	N/A	1.33%
R USD Lead	LU1060841571	100,000 USD	1.25%	ACC	941.1	N/A	1.85%

## CONTACT DETAILS

### MARKETING CONTACT

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### DOMICILIARY AGENT

**Casa4 Funds**  
 www.casa4funds.com

**Risk Warning:** Past performance is no guide to future performance. The value of holdings may fall as well as rise. All financial investments involve an element of risk. The level of income from the investment may fluctuate in value. Currency movements may also affect the value of the investment. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. The Fund may invest assets in Emerging Market Countries. The risks involved in investments in Emerging Market Countries are likely to exceed the risks of investment in more mature markets. For full details of investment risks please refer to the Prospectus. A copy of the full prospectus and the KIID is available from Waverton Investment Management or Casa4 Funds. Waverton Investment Management is authorised and regulated by the Financial Conduct Authority. Sources: Waverton, Morningstar.

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