



WAVERTON
INVESTMENT MANAGEMENT

SOUTHEAST ASIAN FUND I USD ACC

FUND FACTSHEET - AS AT 31 DECEMBER 2017

OBJECTIVES

FUND AIM

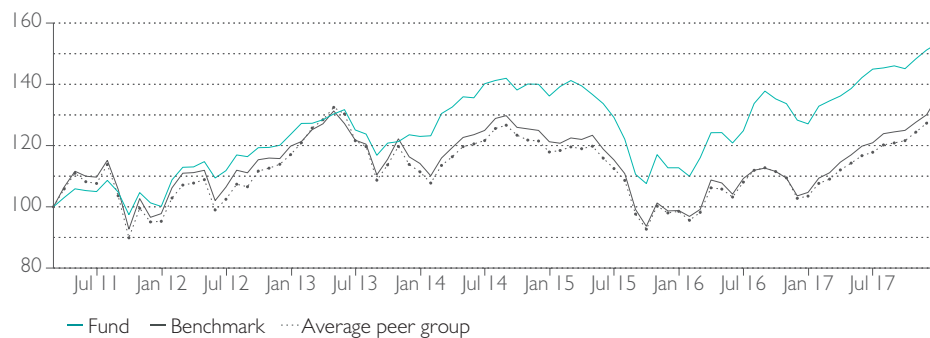
The investment objective is to generate capital growth by investing in a concentrated portfolio of no more than 30 listed Southeast Asian equities

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

ROLLING PERFORMANCE



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	1 Year	3 Years	5 Years	Inception Mar 11
Portfolio (%)	1.4	5.7	20.7	12.6	24.0	53.3
Benchmark (%)	4.6	8.8	29.9	12.1	13.5	33.9
Morningstar Peer Group (%)	3.3	8.1	26.1	9.7	12.3	27.1
Quartile	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	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Fund (%)	20.7	12.7	-17.2	10.7	-0.5

PORTFOLIO SUMMARY

COUNTRY		SECTOR		TOP 10 HOLDINGS	
Indonesia	26.9%	Financials	18.0%	Silverlake Axis	7.9%
Thailand	18.3%	Consumer Discretionary	14.4%	NagaCorp	5.4%
Philippines	15.7%	Utilities	12.4%	Cikarang Listrindo	4.9%
Malaysia	15.1%	Consumer Staples	9.8%	Bank Tabungan Pensiunan Nasional	4.8%
Vietnam	12.3%	Real Estate	8.6%	Sentul City	4.7%
Singapore	6.2%	Information Technology	7.9%	Jardine Cycle & Carriage	4.6%
Cambodia	5.5%	Telecommunication Services	7.4%	Petro Vietnam Drilling & Well	4.6%
Total	100.0%	Industrials	7.4%	KrungThai Card	4.5%
		Energy	4.6%	Philippine National Bank	4.4%
		Investment Funds	4.0%	Alliance Bank	4.4%
		Materials	3.6%	Total	50.1%
		Cash	1.9%		
		Total	100.0%		

COMMENTARY

The year concluded with global equity markets advancing further into bullish territory, where they have spent all of 2017, and with emerging markets leading the way. The key factor was a global economy that formed a near-perfect backdrop for equities; sustained GDP growth combined with continued low inflation. Southeast Asia's open and trade-orientated economies are leading beneficiaries of this, because synchronised global demand drives the region's exports. Whilst the acceleration in world trade may peak soon, it has raised hopes for a broadening of economic growth in ASEAN, a recovery in domestic consumer confidence, and the service sector joining manufacturing as a driver. Southeast Asian GDP growth for 2017 ranged from an estimated 3.2% in Singapore, remarkable for a developed economy, to 6.7% in the Philippines and Vietnam. Core measures of inflation, although edging higher, have shown little movement. Combined with a weak US dollar, this allowed central banks around the region to remain in a neutral stance. Corporate earnings growth in Southeast Asia has also been supportive, reaching an estimated 14% for the year. The benchmark MSCI ASEAN index rose by 29.9% in 2017, with Vietnam +48.5% (in US\$ terms), Singapore +27.9%, Thailand +25.0% Philippines +24.5%, Malaysia +21.6% and Indonesia +19.3%. December brought further gains, with the benchmark index +4.6%. Against this, the performance of the fund (+20.7% for the year and 1.4% for the month) was disappointing in relative terms.

Over 80% of the fund was invested in mid (US\$1-5bn) and small cap (<US\$1bn) stocks at the end of 2017. This was driven by the fund's stock-picking mandate, which leads us to invest in a concentrated portfolio of growth companies at attractive valuations, unconstrained by the composition of the benchmark. The reality is that these stocks lagged significantly in 2017, with the MSCI ASEAN mid and small cap indices rising by "only" 19.5% and 15.4% respectively. The main cause was the high level of inflows to exchange traded funds, driven by global liquidity conditions that reflected both rising confidence in the region's economy and investors' desire to diversify out of the US dollar. This tends to distort performance in favour of large and mega-cap stocks that dominate the MSCI and FTSE regional and emerging indices. Small caps traditionally outperform at two stages of a bull cycle; at the start, when prices are depressed from the bear phase and they are under owned, and at the end, as investors look to rotate into laggards and stocks that can deliver growth even as broader corporate earnings slow. We sense that we are now approaching the latter point, although the rise in passive investing via ETFs makes the timing of this increasingly difficult to call. But with small and mid-caps underperforming across the region in 2017, there is now good relative and absolute value amongst the fund's high quality small and mid-cap holdings, which we believe will eventually be reflected in returns.

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	\$29.4m
No. of Holdings	24
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 (%)	12.8
Index Volatility (%)	13.2
Sharpe Ratio	0.6
Information Ratio	0.0
Tracking Error	6.1
Alpha (%)	0.4
Beta	0.9
Active Share (% - Current)	98.1

FUND INFORMATION

Share class	ISIN	Minimum investment	AMC	INC/ACC	NAV	Historic yield (%)	Ongoing charge (%)
I USD Acc	LU1060842033	1,000,000 USD	0.75%	ACC	829.871	N/A	1.65%
I USD Inc	LU1206605195	1,000,000 USD	0.75%	INC	1533.404	N/A	1.65%
R USD Lead	LU1060841571	100,000 USD	1.25%	ACC	1071.709	N/A	2.11%

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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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