



WAVERTON
INVESTMENT MANAGEMENT

SOUTHEAST ASIAN FUND I USD ACC

FUND FACTSHEET - AS AT 31 JANUARY 2018

OBJECTIVES

FUND AIM

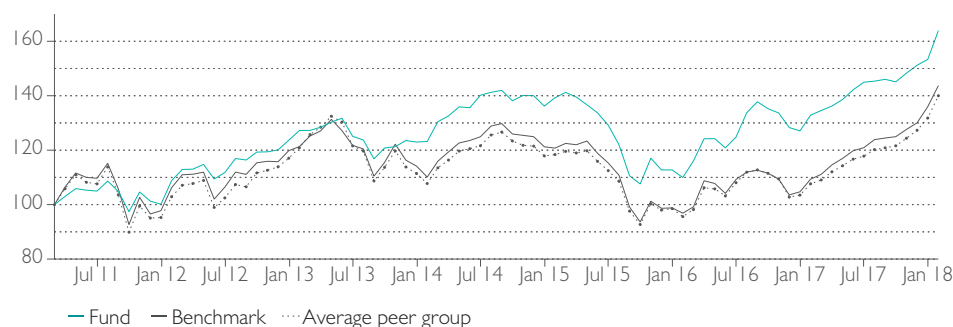
The investment objective is to generate capital growth by investing in a concentrated portfolio of no more than 30 listed Southeast Asian equities

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

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	YTD	1 Year	3 Years	5 Years	Inception Mar 11
Portfolio (%)	6.9	10.5	6.9	23.4	17.7	28.8	63.9
Benchmark (%)	5.7	12.6	5.7	31.4	19.0	18.5	41.5
Morningstar Peer Group (%)	6.3	12.3	6.3	28.9	15.7	16.1	35.0
Quartile	2	4	2	4	2	1	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	31/01/2018	31/01/2017	31/01/2016	31/01/2015	31/01/2014
Fund (%)	23.4	20.8	-21.0	13.1	-3.2

PORTFOLIO SUMMARY

COUNTRY		SECTOR		TOP 10 HOLDINGS	
Indonesia	29.9%	Financials	19.3%	Silverlake Axis	7.0%
Thailand	19.6%	Consumer Discretionary	12.7%	Bank Tabungan Pensiunan Nasional	6.5%
Philippines	15.1%	Utilities	10.6%	NagaCorp	5.0%
Malaysia	14.3%	Real Estate	9.7%	Sentul City	4.9%
Vietnam	11.6%	Consumer Staples	8.6%	Bekasi Fajar Industrial Estate	4.8%
Cambodia	5.4%	Telecommunication Services	7.3%	Philippine National Bank	4.4%
Singapore	4.2%	Industrials	7.2%	Jardine Cycle & Carriage	4.4%
Total	100.0%	Information Technology	7.0%	Alliance Bank	4.3%
		Investment Funds	4.0%	Intouch	4.1%
		Energy	3.6%	Cikarang Listrindo	4.1%
		Materials	3.4%	Total	49.6%
		Cash	6.7%		
		Total	100.0%		

COMMENTARY

Southeast Asian equities extended their recent run of strong performance throughout most of January and the fund performed well, rising 6.9% against the MSCI ASEAN index, which was up 5.7% for the month, led by Thailand (+8.4% in US\$ terms), Malaysia (+7.9%) and Singapore (+5.3%). In the closing days of January, it became clear that the bond market sell-off in developed markets was beginning to inflict meaningful damage on investor sentiment towards emerging markets. It is not surprising that markets became increasingly vulnerable to a correction as the month progressed, given that emerging market equity valuations have been stretched by recent gains, which appeared to focus only on the prospects for continued synchronised global economic growth and to ignore the associated risk of overheating. This euphoria was perhaps best exemplified by the performance of the market in Vietnam, which rose by 13.5% in November, 3.7% in December and 12.8% in January, but has subsequently experienced a fairly sharp reality check. Whether the recent sell-off comes to be seen as a healthy readjustment of overly-optimistic expectations, or the beginning of a much longer term reversal for both bonds and equities, is likely to depend on how inflation expectations develop over the next few months.

We held a positive meeting with the management of KrungThai Card (KTC), the Thai personal loans and credit card company, following its release of very strong 2017 results. In spite of high levels of household debt in Thailand, KTC's assets grew at 7% (credit cards 5%, personal loans 13%). NIMs remain above 15%; ROA is above 5% and NPLs are declining. Management is currently guiding that earnings are likely to be flat this year, as a result of stricter credit rules implemented by the Bank of Thailand in September 2017, the full effect of which may only be felt in 2018. The stock has been a very strong performer for several months and even the outstanding recent results are beginning to be reflected in the share price. However, we believe that management's guidance may be conservative, as high levels of past write-offs mean there is a pool of potential recoveries that should allow for further positive income surprises.

Bank Tabungan Pensiunan Nasional (BTPN), the mid-tier Indonesian commercial bank, received a letter from its largest shareholder Sumitomo Mitsui Banking Corp (SMBC) this month, proposing a merger between its subsidiary, PT Sumitomo Mitsui Banking Corp Indonesia (SMBCI) and BTPN. The market reacted favourably to the news and shares in BTPN were up 25% on the day of the announcement. SMBCI and BTPN are a similar size in terms of assets but a simple merger would be dilutive given SMBCI's ROA of 1% against BTPN's 2%. SMBC is likely to own more than 80% of the merged entity, which the market clearly believes will result in them being forced to make a tender offer for the outstanding shares at a premium to book value and the current share price. We do have some concerns that if the merger was to go ahead without a tender offer, minority shareholders could find themselves holding a lower quality merged entity. However, given the low valuation of BTPN's stock, even after its performance following SMBC's approach, we continue to hold the shares.

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	\$33.1m
No. of Holdings	23
Domicile	Luxembourg
Sedol	BP4W4Z9
Bloomberg Code	SHAEAFALX
Fund Type	SICAV
Base Currency	USD
Other Currencies	None
Ex Dividend Dates	N/A

RISK STATISTICS

3Y Annualised

Fund Volatility (%)	13.3
Index Volatility (%)	13.6
Sharpe Ratio	0.5
Information Ratio	-0.1
Tracking Error	6.0
Alpha (%)	0.1
Beta	0.9
Active Share (% - Current)	98.6

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	1639.118	N/A	1.65%
R USD Lead	LU1060841571	100,000 USD	1.25%	ACC	1117.867	N/A	2.11%

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DOMICILIARY AGENT

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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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