



WAVERTON
INVESTMENT MANAGEMENT

SOUTHEAST ASIAN FUND I USD ACC

FUND FACTSHEET - AS AT 31 MAY 2018

OBJECTIVES

FUND AIM

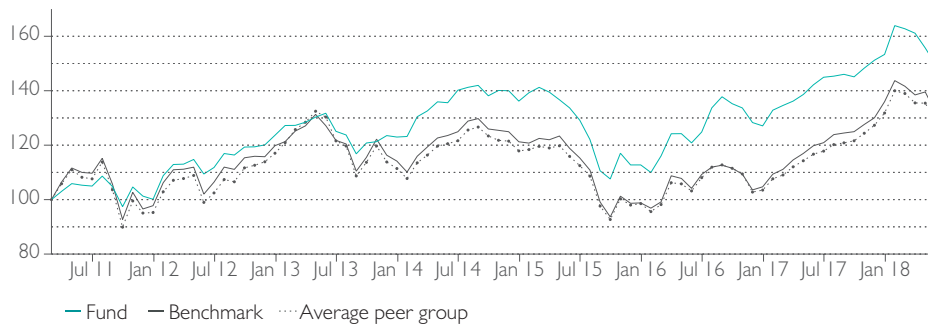
The investment objective is to generate capital growth by investing in a concentrated portfolio of no more than 30 listed Southeast Asian equities

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 (%)	-3.8	-8.0	-2.3	5.3	12.0	13.7	49.8
Benchmark (%)	-5.3	-6.7	-2.8	10.3	11.2	4.0	30.2
Morningstar Peer Group (%)	-4.5	-7.0	-2.2	9.8	8.7	-1.1	24.1
Quartile	1	3	3	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	31/05/2018	31/05/2017	31/05/2016	31/05/2015	31/05/2014
Fund (%)	5.3	17.7	-9.6	-1.4	2.9

PORTFOLIO SUMMARY

COUNTRY		SECTOR		TOP 10 HOLDINGS	
Indonesia	34.9%	Financials	14.8%	Silverlake Axis	8.8%
Thailand	17.7%	Utilities	13.9%	Bank Tabungan Pensiunan Nasional	6.1%
Philippines	14.1%	Consumer Discretionary	13.8%	Bekasi Fajar Industrial Estate	5.8%
Malaysia	13.0%	Information Technology	13.8%	Hana Microelectronics	5.0%
Vietnam	10.0%	Industrials	12.2%	Sentul City	5.0%
Singapore	4.7%	Real Estate	10.7%	BEC World	4.8%
Cambodia	4.6%	Consumer Staples	8.1%	Aboitiz Power	4.8%
Cash	1.2%	Materials	4.3%	Manila Water	4.7%
Total	100.0%	Investment Funds	4.0%	Blue Bird	4.7%
		Energy	3.2%	Singapore Post	4.7%
		Cash	1.2%	Total	54.4%
		Total	100.0%		

COMMENTARY

With the exception of Indonesia, which staged a late month recovery, equity markets in Southeast Asia sold-off between 3-7.5% in May; the fund fell by 3.8% vs. its benchmark which fell 5.2%. Emerging markets sell-offs are almost always precipitated by currency volatility and rising concern over interest rate differentials. This one is no exception. A strong dollar invariably squeezes liquidity in emerging markets, as funds flow back to the US, causing local monetary conditions to tighten. For largely historic reasons, both Indonesia and the Philippines are still perceived by markets as among the most vulnerable to USD strength. However, the economic fundamentals of both have improved since 2013, including lower current account and fiscal deficits, better reserve coverage and lower reliance on external financing. Whilst their position is still imperfect, due mainly to the difficulty of borrowing in local currency, the central banks of both Indonesia and the Philippines are prescient of the risks that weak currencies pose for investor sentiment and inflation, and have both responded by raising rates during May. In Indonesia, this happened twice within the month, with the new central bank governor giving a robust demonstration of his determination to defend the Rupiah. This helped to underpin a strong rally in the Indonesian currency and equities towards month end. If this strategy continues to work, we would not be surprised to see the Philippines follow suit with a second rate rise, which we anticipate markets would also welcome.

The Malaysian election on 9th May resulted in a shock victory for the opposition. Equities reacted cautiously, with a 7% decline for the month in USD terms, although this was broadly in line with the region. Along with most observers, we were happy to see a corrupt administration kicked out despite blatant gerrymandering. This is an opportunity to reverse long-term paralysis in Malaysian society, as well as to address corruption and cronyism that has led to economic performance persistently below the country's true potential. It is not going to be easy however; the outgoing political party, UMNO, has been in power since Malaysian independence in 1957 and is deeply entrenched in the economic and social fabric of the country. To reverse this will require reforms that, in our view, are unlikely to occur under "new" Prime Minister, 92-year-old Mahathir Mohamad, who held the PM's office from 1981-2003 and did more than anyone to entrench the power of UMNO. The test will be if he honours the commitment to facilitate his own replacement by former deputy and Finance Minister Anwar Ibrahim. That is when real reform could begin. Meanwhile, economic challenges lie ahead, not least plugging the fiscal gap that results from scrapping the unpopular sales tax. Further fiscal black holes may yet emerge in addition to the "known-unknown" of IMDB. Two of our largest holdings, Silverlake Axis and Alliance Bank, are Malaysian companies, and our bottom-up process is always searching for new stocks to add there. In the meantime, we are not unduly concerned to run an underweight position in the country.

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	\$30.1m
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 (%)	13.5
Index Volatility (%)	13.9
Sharpe Ratio	0.6
Information Ratio	0.0
Tracking Error	6.2
Alpha (%)	0.6
Beta	0.9
Active Share (% - Current)	99.2

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	1497.546	N/A	1.33%
R USD Lead	LU1060841571	100,000 USD	1.25%	ACC	1021.314	N/A	1.85%

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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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