

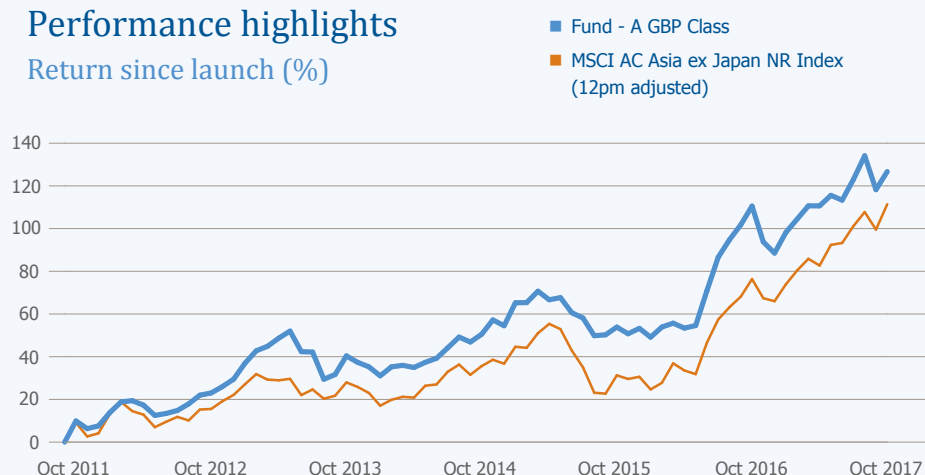
JOHCM Asia Ex Japan Fund

Fund overview

- Objective: to generate long-term capital growth through active management of a portfolio of Asian (excluding Japanese) equities
- Singapore-based Senior Fund Manager Samir Mehta and his team focus on Asian companies with sustainable, long-term quality growth characteristics
- These are businesses that can grow over economic and liquidity cycles and which generate high returns on the financial capital that they employ

Performance highlights

Return since launch (%)



Return history (%)

	A GBP Class	Benchmark	Quartile*
1 month	3.89	5.94	4
3 months	1.65	5.08	4
1 year	7.69	19.87	4
3 years	50.65	55.91	2
5 years	84.32	82.99	2
10 years	-	-	-
Since launch	126.71	111.39	1
Annualised (since launch)	14.38	13.08	-

Source: JOHCM/MSCI Barra/Bloomberg, NAV of Share Class A in GBP, net income reinvested, net of fees. The A GBP Class was launched on 30 September 2011. Benchmark: MSCI AC Asia ex Japan NR Index (12pm adjusted). Performance of other share classes may vary and is available on request. Past performance is no guarantee of future performance. The value of investments and the income from them may go down as well as up and you may not get back your original investment. *Sector quartile ranking: IA Asia Pacific ex Japan & Lipper UK Offshore Equity Far East ex Japan combined.

Statistics

Annualised since launch	
Active share** (%)	83.59
Fund volatility (%)	13.77
Benchmark volatility (%)	15.38
Alpha	3.68
R squared	0.81
Correlation	0.90
Tracking error (%)	6.78
Information ratio	0.19
Sharpe ratio	1.02

Source: JOHCM/MSCI Barra/Bloomberg (calculated weekly).

**The proportion of stock holdings in a fund's composition is different from the composition found in its benchmark. The greater the difference between the composition of the fund and its benchmark, the greater the active share.

A GBP Class

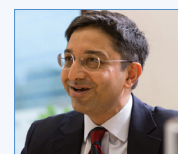
ISIN: IE00B3RQ2721

Fund details

Fund size	GBP 579.2m
Strategy size	GBP 1.4bn
Launch date	30 September 2011
Benchmark	MSCI AC Asia ex Japan NR Index (12pm adjusted)
No. of holdings	42
Domicile	Ireland
Fund structure	UCITS
Tax status	UK reporting status
Denominations	GBP, EUR, USD
Valuation point	12pm Dublin time

Total strategy assets is updated quarterly and shown as at 30 September 2017.

Fund managers



Samir Mehta

Senior Fund Manager

Samir has managed the Fund since launch. He joined JOHCM in 2011 and has 27 years of industry experience.



Cho-Yu Kooi

Senior Fund Manager

Cho-Yu is the alternate fund manager. She joined JOHCM in 2011 and has 24 years of industry experience.



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Portfolio analysis (%)

Data as at 31 October 2017

Top 10 holdings

	Absolute	Relative
Tencent	6.2	0.5
Largan Precision	6.0	5.6
Weibo	4.9	4.8
AAC Technologies	4.5	4.2
Beijing International Airport	4.2	4.2
Taiwan Semiconductor	3.3	-1.1
Sands China	3.0	2.7
AKR	2.9	2.9
Gudang Garam	2.8	2.8
ThaiBev	2.8	2.8
Total	40.6	

Sector breakdown

	Absolute	Relative
Consumer Discretionary	17.5	8.3
Consumer Staples	10.5	6.2
Materials	9.5	5.0
Industrials	10.7	3.5
Utilities	1.5	-1.4
Health Care	0.0	-2.2
Information Technology	29.6	-3.1
Real Estate	2.1	-3.8
Energy	0.0	-4.2
Telecommunications	0.0	-4.3
Financials	17.9	-4.9
Cash	0.8	0.8

Active bets

Top 5	Relative
Largan Precision	5.6
Weibo	4.8
AAC Technologies	4.2
Beijing International Airport	4.2
AKR	2.9
Bottom 5	Relative
Samsung	-6.1
Alibaba	-4.7
AIA	-2.0
China Construction Bank	-1.7
Baidu	-1.5

Country breakdown

	Absolute	Relative
China	28.5	-5.6
Taiwan	19.0	5.4
India	12.6	2.6
Korea	11.6	-6.4
Hong Kong	9.2	-1.8
Indonesia	7.9	5.4
Malaysia	5.1	2.5
Thailand	2.8	0.3
Other	2.5	-3.1
Cash	0.8	0.8

Market cap breakdown

	Absolute	Relative
Large (>USD 4bn)	83.5	1.7
Mid (USD 1 - 4bn)	13.1	-4.2
Small (<USD 1bn)	2.7	1.8
Cash	0.8	0.8

Attribution & contribution (%)

Stock attribution

Top contributors	Relative return
Emami	0.27
Beijing International Airport	0.21
Hanssem	0.21
AAC Technologies	0.17
Largan Precision	0.16
Top detractors	
Weibo	-0.58
Sands China	-0.43
Taiwan Paiho	-0.35
Elite Material	-0.34
Samsung	-0.30

Country attribution*

	Relative return
Thailand	0.16
India	0.14
Philippines	0.05
China	0.04
Indonesia	0.04
Non Benchmark Countries	-0.13
Hong Kong	-0.27
Malaysia	-0.28
Korea	-0.75
Taiwan	-0.88

*Excludes cash

Source: JOHCM/MSCI Barra/Bloomberg. Benchmark: MSCI AC Asia ex Japan NR Index (12pm adjusted). Please note that due to rounding breakdowns may not add to 100.00%. All Attribution figures are as at end of day and are calculated on a gross basis. Other includes non-benchmark countries.



Fund manager's commentary

- From 2015, when almost one third of the portfolio was invested in quality Indian stocks, our exposure to India stands at around 12%, of which half is in cyclical.
- For any asset to deliver returns, we need a combination of three factors: it has to be cheap, display either rising earnings or improving cash flows and we must encounter a benign and improving liquidity environment.
- While the liquidity situation in India is very conducive, in a regional context the stock market is not cheap.

A year since the shock demonetisation exercise in India, I thought it would be apt to review its impact, the performance of stocks as well as the exposure of our portfolio to India, which has come down over the past one year. It's not just my reduced holdings but also the composition of those holdings which has changed. From 2015, when almost one third of the portfolio was invested in quality Indian stocks, our exposure to India stands at around 12%, of which half is in cyclical.

Many commentators rightly point to the long-term attractive nature of the Indian market. I have never disagreed with that premise. I won't bore you with the details but favourable demographics, rising income, aspirational middle class, well-managed businesses and, of course, a change in government in 2014 were just some of the arguments in favour of India. Yet, in my opinion, the Indian stock market does not seem to be as attractive relative to the other Asian markets.

For any asset to deliver positive investment returns, we need a combination of three factors: the asset has to be cheap on an absolute or at least on a relative basis; the asset should display either rising earnings or improving cash flow profile; and we must encounter a benign and improving liquidity environment.

A benign liquidity environment, thanks to a depreciation of the US dollar, has been a common factor for all of Asia. However, only in North Asia have all three factors come together in my view. India, on the other hand, remains a haven for liquidity. The external benign liquidity remains turbocharged by the super abundant domestic liquidity. This was a direct result of demonetisation, when all of the cash in circulation was forced into the banking system. Deposit growth surged at a time when loan growth moderated due to a much weaker economy.

Performance over 1 month	%
Fund - A GBP Class	3.89
MSCI AC Asia ex Japan NR Index (12pm adjusted)	5.94

The bigger question that plagues my mind is the effect of a slowing economy on disposable income. So far, almost every company we meet remains very optimistic for the long term, but over the next 12-18 months suggest a very uncertain and muted demand environment. The effect of the Goods and Services Tax (GST) in consolidating industry structures in favour of the bigger listed firms is self-evident. Yet there are teething troubles in implementation of GST. That is a minor impediment. The bigger one is the disruption to small-scale businesses which leads to a fall in employment. Similar to the rest of the world, technology disruption will also have a dampening effect on employment generation in India. Data is hard to come by, but anecdotal evidence suggests that job creation still remains the single biggest challenge for the country. Demonetisation and introduction of GST in quick succession has dealt a significant blow to small enterprises.

While the liquidity situation in India remains very conducive, in a regional context, the stock market is not cheap. Indian stocks have always enjoyed a premium over the region, but that was at a time when the rest of the region had little to no earnings growth. As we look into March 2018 and March 2019 growth estimates, what strikes me is the very narrow group of stocks particularly in materials and banks that will contribute to the earnings growth expectations.

While private sector banks and non-banking financial companies will deliver 15-25% earnings growth, they trade on P/E multiples of over 20x while their price-to-book ratios average 4x for 20-22% ROEs. That is not cheap in my view, by any means. These premium multiples I cite for banks are what I also observe for comparable Indian businesses in the quality space.

Fund awards & ratings



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Share class details (Share classes in other currencies are available as per table overleaf - further details available on request)

	ISIN	SEDOL	Bloomberg	WKN	Initial charge	Annual charge	Ongoing charge	Minimum investment*
A GBP Class	IE00B3RQ2721	B3RQ272	JHAXJSI ID	A1JT26	Up to 5%	0.90%	1.03%	£1,000
B GBP Class	IE00B3ZQS767	B3ZQS76	JHAXJSR ID	A1JT23	Up to 5%	1.50%	1.62%	£1,000

Performance fee: 15% on excess if Fund outperforms benchmark, calculated daily. Any underperformance carried forward.

*Other currency equivalents apply.

Country registration

	A GBP	B GBP	A EUR	B EUR	A USD	B USD
Austria	✓	✓	✓	✓	✓	✓
Belgium	X	X	X	✓	X	✓
Denmark	✓	✓	✓	✓	✓	✓
Finland	✓	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓	✓
Germany	✓	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓	✓
Italy	X	X	✓	✓	✓	✓
Luxembourg	✓	✓	✓	✓	✓	✓
Netherlands	✓	✓	✓	✓	✓	✓
Norway	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓
Spain	✓	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓	✓

Regulatory documents

English language KIIDs can be found on our website at www.johcm.com

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