FOR PROFESSIONAL INVESTORS ONLY

ALMA CAPITAL

Alma Victoire Asia SMID Equity Fund

A sub-fund of Alma Capital Investment Funds SICAV

Victoire

As of 30 November 2018

Fund description

- Focused on small and medium sized companies in higher growth, developing Asian markets (China, India, ASEAN and frontier)
- Investment philosophy: identify attractively valued, high quality companies with stable and sustainable earnings through bottom-up, in-depth fundamental research
- High convictions: concentrated portfolio of approx. 20 holdings
- Benchmark: MSCI EM Asia SMID TR (MSSUEMAN Index)

Investment manager: Victoire Asia Investments Ltd

- Victoire Asia Investments Ltd: an SFC regulated, Hong-Kong-based fund management firm specialized in equity strategies in emerging Asia.
- Aquico Wen, Victoire Asia's founder and head of investments, was the chief investment officer of a Legg Mason's affiliate, emerging market specialist with over USD 3 billion in AUM
- Inception of the Victoire Asia SMID Equity strategy: November 2013

Cumulative performance (%)

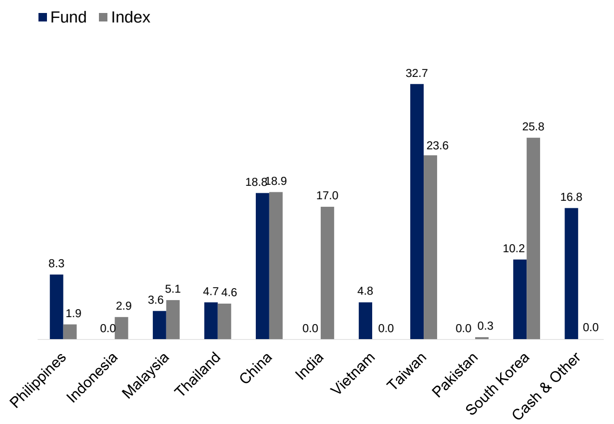
	I USD C shares	MSCI EM Asia SMID TR
1M	4.55%	7.31%
3M	-9.13%	-9.59%
6M	-9.51%	-15.83%
YTD	-16.18%	-14.29%
1Y	-15.75%	-11.30%
Since inception *	8.34%	8.15%

*Inception of the UCITS: 9 September 2016

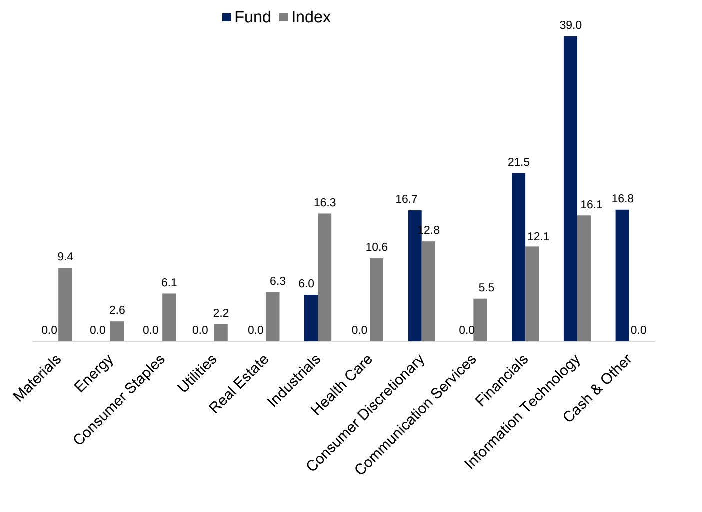
Portfolio characteristics

Main indicators	Fund	Index
No. of equities	17	1672
Weighted Average Market Cap ($ bn)	8.0	2.4
Median Market Cap ($ bn)	3.1	0.7
Dividend Yield (%)	3.2	3.2
Price / Earnings	9.4	11.7
Price / Cashflow	8.5	7.7
Price / Book	1.6	1.3
Volatility since inception (%)	13.4	15.9
Active share (%)	99.2	-
Beta since inception	0.7	-
Tracking error since inception (%)	9.7	-
Sharpe ratio since inception	0.1	0.1
Information ratio since inception	0.0	-

Country breakdown (% NAV)



Sector breakdown (% NAV)



Top 10 positions details

Security name	Sector	Country	% NAV
METROPOLITAN BANK & TRUST	Financials	Philippines	8.32
CATCHER TECHNOLOGY CO LTD	Information Technology	Taiwan	6.60
FLEXIUM INTERCONNECT INC	Information Technology	Taiwan	6.50
HAITIAN INTERNATIONAL HLDGS	Industrials	China	5.96
SAMSUNG SDI CO LTD	Information Technology	South Korea	5.68
TAIWAN UNION TECHNOLOGY CORP	Information Technology	Taiwan	5.33
MILITARY COMMERCIAL JOINT	Financials	Vietnam	4.78
TISCO FINANCIAL GROUP-NVDR	Financials	Thailand	4.74
MIDEA GROUP CO LTD-A	Consumer Discretionary	China	4.72
SK HYNIX INC	Information Technology	South Korea	4.57
			57.20

Investment manager's commentary

Market Review and Outlook

After almost 6-months of consecutive declines, Asian markets closed with a meaningful rally of 7.3% in November (as measured by the Fund's benchmark MSCI EM Asia SMID). This strong performance was driven by a number of favourable factors, chiefly the de-escalation of US-China trade war, a more dovish tone by the Federal Reserve on rate cycle approaching a neutral point and the weaker oil prices.

On the trade war side, the confirmation of G-20 meeting between Trump and Xi, coupled with some positive comments given by the Trump government ahead of the summit provided major support for market performance. China closed November with +6.2%, which was further fueled by the 90 days truce announced shortly after the G-20 meetings, calling for a delay in the tariff hikes (from 10% to 25%) on about $200bn of Chinese imports initially due to come into effect on January 1, 2019. Despite these positive headlines, both administrations subsequently announced a series of inconsistent messages on what was agreed, thus unnerving investors and causing markets to give up the short lived gains. We would not read too much into these inconsistencies as we believe it is natural for both parties to fine tune their messages to cater to their own domestic audience. Overall we see these developments as a step towards de-escalating the current trade tensions and a sign that both parties are trying to work towards a long-term solution. In the coming 90-days, further trade-war induced volatility will be inevitable as we expect some back and forth to happen when the two superpowers bargaining towards a more permanent settlement. Given the current low valuations driven by pervasive investors' concerns on the economic fallout caused by the trade conflict, any progress in talks should de-risk our markets as well as help to reduce the downside risk on economic growth in China / Asia.

In terms of specific country performance, in addition to China (+6.2%), top performing markets in the region were Korea (+10.3%), Indonesia (+9.9%), India (+8.8%) and Taiwan (+7.9%). In fact, apart from Malaysia and Thailand, which had proven more defensive during the recent sell-off and were down -0.5% and -1.3%, all other Asian markets posted robust returns for November. In Korea, market rebounded strongly on higher net fund inflows and some modest improvement in IP reading. Net inflows and lower oil prices also supported equity markets performance in both India and Indonesia, both of which saw their beleaguered currencies posting sharp recoveries of ~6% during the month. Equities in Taiwan, having a high exposure to smartphone electronic components, were weighed down by investors' disappointment over Apple's muted growth guidance for the upcoming Dec-18 quarter volume. However, given a oversold market level and the surprising victory of Kuomintang (opposition party of the current administration) across several key counties in the recent mayoral election, Taiwanese equities still managed to outperform the region. Philippines posted +3.6%, underperforming the rest of the region as a fifth rate hike for the year was implemented by its central bank, bringing the policy rate to 4.75%. We believe inflationary pressure in Philippines have peaked as supply disruption on food items normalized and therefore we would expect its central bank pausing policy rate hikes soon.

Fund

The Fund was up +4.5% in November, underperforming its benchmark MSCI EM Asia SMID which delivered an impressive +7.3%. Given the Fund's orientation towards stronger, more stable businesses, it should not come as a surprise to see the Fund lagging its benchmark in a month of explosive performance such as November. Furthermore, it is worth pointing out that our holdings had performed better in the last 6-months when market stress was the most pronounced. We remain confident that the sustainability of earnings growth for our holdings coupled with discounted levels of valuation, should lead to higher returns over time relative to the broader markets as reflected in its long-term performance record.

In terms of trading activity, we took advantage of the volatility in markets to get back into Taiwan Union Technology Corp. (TUC) as valuation of the stock reverted to levels deemed attractive again. TUC produces high-end CCLs (copper clad laminates) and prepregs, both are key underlying materials for PCBs (printed circuit boards), with its products focusing on the higher growth and more specialized end applications such as datacenters and communications infrastructure. We also took advantage of the weakness in early November to build up our exposure in Lungyen, Robam and Samsung SDI, all are core holdings in the Fund. Conversely, with the rebound in Zhen Ding and our stated intention to continue to reduce our exposure to Apple's supply chain, we took the opportunity to exit the name. Similarly for Accton and Globalwafers, both names performed strongly during the month and gave us an opportunity to take profit and reduce calibration. We were more aggressive with our reduction in Accton, especially in the context of its higher valuation relative to the rest of the portfolio (just over 16x PE19) and the fact we had built up our position in TUC, both offer similar thematic exposure to datacenters and speed communications.

Despite our more constructive views on markets with the two major sources of concern (Fed tightening and a full-blown US-China trade war) seeming to be abating, we remain steadfast in our approach of maintaining a portfolio of superior businesses with attractive growth prospects and discounted valuations. On margin, we took advantage of market volatility to adjust calibration of our positions and try to deploy excess cash in the portfolio.

Fund facts

Fund domicile:	Luxembourg	**Fund total net assets:**	$14.82 M
Fund launch:	9 September 2016	**Fund type:**	UCITS SICAV
Management fee:	1.00% p.a.	**Base currency:**	USD
Performance fee:			15% above the MSCI EM Asia SMID TR Index
Depositary, Administrator, Transfer Agent:			BNP Paribas Securities Services (LU)
Dealing:			Each day with a 1-day notice. Cut-off time: 12 pm CET
Management company:			Alma Capital Investment Management (LU)
Investment manager:			Victoire Asia Investments Ltd (HK)

Identifiers: Institutional USD Capitalisation share class
Isin: LU1432386016
Ticker: AVASMIU LX
Launch: 9 September 2016

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