

As of 28 February 2019

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 (%)

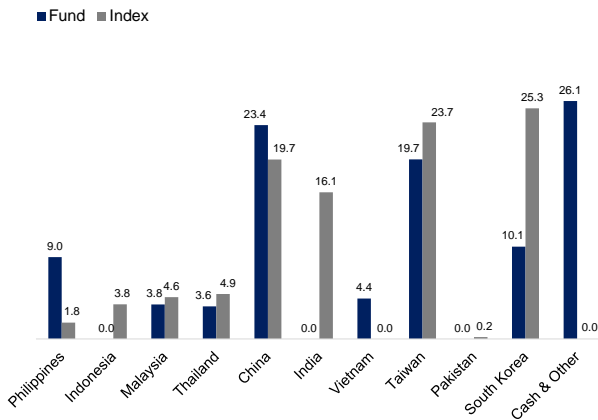
	I USD C shares	MSCI EM Asia SMID TR
1M	1.59%	1.98%
3M	4.11%	4.06%
6M	-5.40%	-5.93%
YTD	8.35%	5.93%
1Y	-14.03%	-11.72%
Since inception *	12.79%	12.54%

*Inception of the UCITS: 9 September 2016

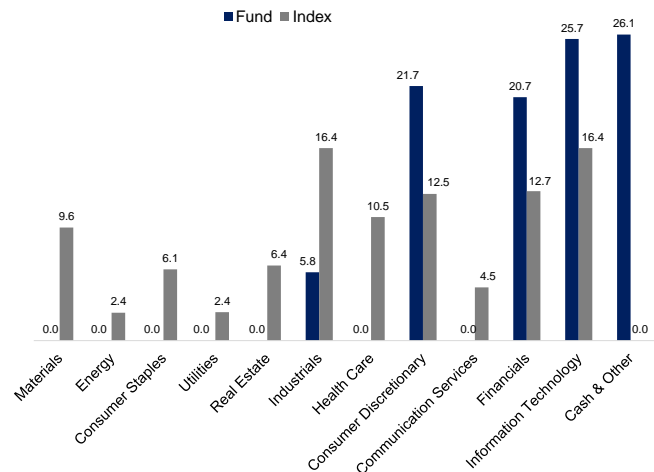
Portfolio characteristics

Main indicators	Fund	Index
No. of equities	16	1527
Weighted Average Market Cap (\$ bn)	11.8	2.5
Median Market Cap (\$ bn)	3.5	0.9
Dividend Yield (%)	2.7	3.1
Price / Earnings	10.6	12.0
Price / Cashflow	8.7	8.0
Price / Book	1.6	1.4
Volatility since inception (%)	13.4	15.4
Active share (%)	99.2	-
Beta since inception	0.7	-
Tracking error since inception (%)	9.5	-
Sharpe ratio since inception	0.2	0.1
Information ratio since inception	0.0	-

Country breakdown (% NAV)



Sector breakdown (% NAV)



Top 10 positions details

Security name	Sector	Country	% NAV
MIDEA GROUP CO LTD-A	Consumer Discretionary	China	8.36
METROPOLITAN BANK & TRUST	Financials	Philippines	6.43
SAMSUNG SDI CO LTD	Information Technology	South Korea	6.39
HAITIAN INTERNATIONAL HLDGS	Industrials	China	5.83
TAIWAN UNION TECHNOLOGY CORP	Information Technology	Taiwan	5.29
HANGZHOU ROBAM APPLIANCES-A	Consumer Discretionary	China	5.18
MILITARY COMMERCIAL JOINT	Financials	Vietnam	4.43
LUNG YEN LIFE SERVICE CORP	Consumer Discretionary	Taiwan	4.09
NEXTEER AUTOMOTIVE GROUP LTD	Consumer Discretionary	China	4.05
GLOBALWAFERS CO LTD	Information Technology	Taiwan	3.81

53.86

Investment manager's commentary

Market Review and Outlook (Feb-2019)

Asian equity markets continued to recover and extended the YTD gains by 1.9% in February (as measured by the Fund's benchmark MSCI EM Asia SMID). A more positive outlook on US/China trade negotiation and a more dovish Fed stance on future rate hikes remained the two dominant macro drivers fueling the recovery in Asian markets. Compared to the broad-based rebound at the start of the year, this month saw greater divergence in performance of individual markets driven by country specific factors.

China and Taiwan stood out, posting positive returns of 4.6% and 4.3% respectively and contributing the most to the returns delivered by regional indices. These two countries continued to benefit the most from the de-escalation of trade tension after multiple constructive bilateral meetings and the subsequent decision by President Trump to postpone the March 1st deadline for higher tariffs. On the domestic front, China's economy was further stimulated by targeted monetary easing policy seeking to expand credit to small and medium sized businesses. In Taiwan, absent any major macro developments, equity markets were supported by continued funds inflow prior to MSCI re-balancing which marginally increase its weight in global indices. On the other hand, Korea closed February with a slight gain of 1.1%, taking a breather after a strong rally in January. Korean equities witnessed heavy profit taking towards the end of the month on a disappointing US/NK summit result, a weakening KRW and short-term concerns on MSCI rebalancing outflows. Finally, ASEAN markets were broadly flat during the month with Malaysia, Thailand and Philippines posting flattish returns of 1.2%, 0.9% and 0.02%, respectively. In this context, Indonesia stood out, after sliding over 5.6% during the month on profit taking and making it the worst performing market in the region. In India, equity markets were relatively stable, declining by only 0.3% and driven by a relatively mixed earnings season with a few large corporates reporting disproportionate losses and weighing on market sentiment. Investors remained cautious on Indian equities on uncertainties surrounding the upcoming General Elections in May 2019, the unraveling of aggressive leverage undertaken by some high-profile promoters through pledged shares schemes, and the heightened geopolitical tensions between India and Pakistan.

Fund

The Fund gained 1.6% in February, sustaining a strong start for the year albeit slightly trailing its benchmark for the month. With macro headwinds dissipating, the strong fundamentals and attractive valuations of our holdings are finally translating into positive gains for the Fund.

In terms of individual performers, Midea, the national known electronic compliances company in China and currently the Fund's largest position, was the top contributor with a 10% return for the month. Three Taiwanese IT manufacturers, Globalwafers, FLEXium and Taiwan Union Technology (TUC) were also strong contributors to return with their respective gains of 13%, 16% and 5% last month. With all these four positions, we took profit to properly reflect a more adequate calibration level considering less compelling valuation levels after the rally. Yet on all of them, we remain positive and confident on their respective investment thesis and operational outlook. Midea's brand strength and leadership in key appliance categories in the domestic market and expansion into new export markets have not yet been fully reflected in its current share price. Globalwafers is the 3rd largest global manufacturer of silicon wafers supplying to chip companies like Intel, IBM, Samsung and TSMC, with long term agreements locking up most of its production capacity and pricing until 2020, coupled with the shift of market dynamics favoring suppliers, we are confident in its ability to enforce such contracts and deliver earnings growth in the next few years. FLEXium, the PCB products manufacturer supplying to smartphones, and TUC which manufactures high-end key materials for specialized end applications such as datacenters are both expected to benefit from an increased adoption rate for its products. The need for ever more intense data transmission and appliance connectivity should continue to support demand for datacenters and intelligent communication products. Among others, Lung Yen Life Service, the funeral service provider with expansion plan in China partnering with Sino Ocean and the Korean lithium batteries manufacturer Samsung SDI both appreciated 8% and 5% respectively, adding extra gains to the Fund.

Although some profit taking in the last two months has pushed up cash position, it has also allowed us to rotate into some new opportunities that we have uncovered after putting these through our stringent selection process. During the month we added to a recently established position on Siam Commercial Bank in Thailand, which we continue to build up in the Fund. We also initiated a position on Security Bank in Philippines, a name we successfully profited from in the past and know it well. The stock has given back most of the gains it achieved in the past 2-years, making its valuations compelling again at 12x PE19. Furthermore, we believe that its earnings bottomed in FY18 and we should see a stronger operational performance for the Bank this year now that most of the heavy investments in branches and IT infrastructure is behind us.

We are currently looking at a few new candidates and we hope to convert into actionable new positions in the Fund in the near future. While we aim for the Fund to be fully invested, we believe the priority should always be maintaining a high degree of selectiveness and only deploying capital on new names once conviction has been built on them. This is a core principle that we will not compromise, hence willing to accept higher cash levels as a consequence.

Fund facts

Fund domicile: Luxembourg	Fund total net assets: \$15.42 M	Identifiers: Institutional USD Capitalisation share class Isin: LU1432386016 Ticker: AVASMIU LX Launch: 9 September 2016
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	
Depository, 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)	

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