

As of 30 April 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 (%)

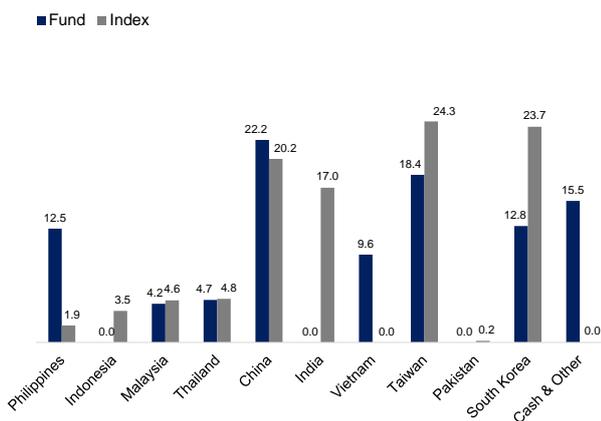
	I USD C shares	MSCI EM Asia SMID TR
1M	2.44%	-0.08%
3M	5.17%	4.42%
6M	12.68%	14.34%
YTD	12.17%	8.47%
1Y	-1.22%	-9.67%
Since inception *	16.77%	15.24%

*Inception of the UCITS: 9 September 2016

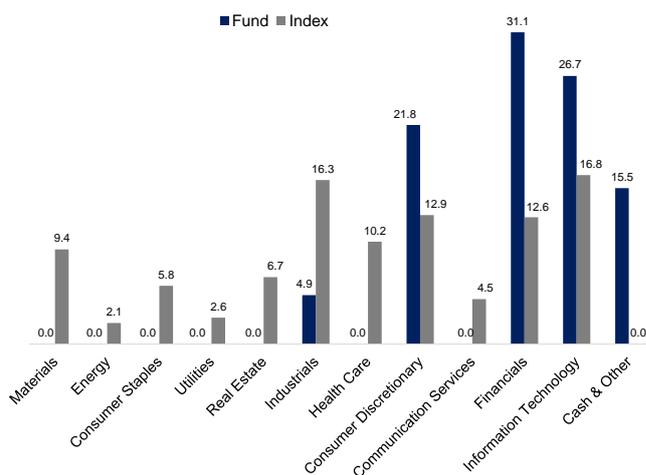
Portfolio characteristics

Main indicators	Fund	Index
No. of equities	17	1515
Weighted Average Market Cap (\$ bn)	11.9	2.6
Median Market Cap (\$ bn)	4.0	0.9
Dividend Yield (%)	2.4	2.9
Price / Earnings	11.4	12.6
Price / Cashflow	8.1	8.3
Price / Book	1.6	1.4
Volatility since inception (%)	13.2	15.0
Active share (%)	99.2	-
Beta since inception	0.7	-
Tracking error since inception (%)	9.4	-
Sharpe ratio since inception	0.3	0.2
Information ratio since inception	0.2	-

Country breakdown (% NAV)



Sector breakdown (% NAV)



Top 10 positions details

Security name	Sector	Country	% NAV
SAMSUNG SDI CO LTD	Information Technology	South Korea	8.19
MIDEA GROUP CO LTD-A	Consumer Discretionary	China	8.01
METROPOLITAN BANK & TRUST	Financials	Philippines	7.10
SECURITY BANK CORP	Financials	Philippines	5.39
MILITARY COMMERCIAL JOINT	Financials	Vietnam	5.10
NEXTEER AUTOMOTIVE GROUP LTD	Consumer Discretionary	China	5.04
HAITIAN INTERNATIONAL HLDGS	Industrials	China	4.89
GLOBALWAFERS CO LTD	Information Technology	Taiwan	4.76
SIAM COMMERCIAL BANK-FOREIGN	Financials	Thailand	4.67
SK HYNIX INC	Information Technology	South Korea	4.60

57.74

Investment manager's commentary

Market Review and Outlook (Apr-2019)

In April, Asian equities closed with a slight drop of -0.08% (as measured by the Fund's benchmark MSCI EM Asia SMID), pausing the recovery sustained since the start of the year. Despite of the strong start in April, Asian markets turned in the middle of the month, when optimism from trade talks, positive economic readings in China and improved global growth outlook gave way to concerns of a tapering of Chinese policy stimulus, soft regional economic data outside U.S., collapsing bond yields and a surging USD.

While these macro detractors casted a shadow over Asian markets, performance of individual markets diverged. Thailand, Malaysia, Taiwan and China remained resilient and contributed positive returns. Among all, Thailand stood out with meaningful gain of 3.6% fueled by the new stimulus package approved by the Cabinet and strong inflow led by local institutional investors. For Malaysia, despite fears over potential debt exclusion from FTSE Russell WGBI Index, closed with slight gain of 1.9% largely due to cheers for the revival of the East Coast Rail Link project at lower cost and the resumption of the Bandar Malaysia deal after an abrupt cancellation by the previous government. Moving North, Taiwan delivered 1.6% benefiting from improved PMI readings and general expectations of semiconductor inventory correction coming to an end by mid-year. China slowed down and closed flattish at 0.8%, driven by profit taking activities after three months rally, and concerns over potential policy stimulus roll back after strong 1Q results. On the opposite spectrum of returns, India and Philippines closed at -3.1% and -2.1%, ranking as the worst performing countries. After the spike in March on prospects of a decisive BJP victory in the upcoming general parliamentary elections, performance of Indian equities reversed on profit taking and weakening of INR. For Philippines, the monthly performance was mainly dragged by financials sector which was negatively impacted by higher funding costs delaying investors' expectations for expansion of net interest margins.

Fund

The Fund gained 2.4% in April, outperforming its benchmark and supported by the strong performance of some of its holdings and the absence of any significant decliners despite the broader market uncertainties. The largest positive contributor was Nexteer Automotive, the leading steering column manufacturer shot up 26.7% and added 1.3% return contribution to the portfolio. In addition, Haitian International (+11.3%), the largest manufacturer of plastic injection machines added another 0.7% in return contribution, followed by Globalwafers (+10.9%), the 3rd largest silicon wafer maker supplying to chip makers, and Samsung SDI (+7.1%), the leading Korean lithium batteries manufacturer, each adding 0.5% to the Fund. Midea continued to contribute alpha, maintaining this trend since start of the year, the national known domestic appliance maker appreciated a further 7.3% in April and given its sizeable calibration (over 8% of the Fund), contributed another 0.5% to the Fund's returns. While most holdings in the Fund performed well in April, as always, there were a few exceptions with the two major detractors Hangzhou Robam (-9.6%), which witnessed some profit taking after the strong spike in March and Metropolitan Bank (-6.4%), which pulled back on general concerns over a decelerating earnings profile for FY19. Individually, Robam and Metrobank, each detracted about -0.5% of returns for the Fund.

In terms of cash level and trading activity, the Fund saw cash levels decline to a more reasonable level of 15.5%. While the strong performance in some of our core holdings so far this year led us to take profit and consequently raise cash during the first quarter, we have been diligently recycling the idle capital to both new or existing ideas with more supportive valuation and alpha potential. We seized the opportunity to take profit from the few names that had performed well and that consequently had grown in exposure size. Namely, we reduced our exposure on Nexteer Automotive, Haitian and Globalwafers, our top three performance contributors this month. Following our principles of only investing in companies where we developed high levels of conviction, this month we further added to Vietnam Prosperity Bank, the dominant player in consumer lending and Security Bank in Philippines. Both financial companies have now become two of our core positions after the gradual build up process. It is worth pointing out that while we adopt a long-term investment horizon, given our high conviction and concentrated approach, trimming positions that have performed well to ensure proper calibration of our future return expectations and valuation upside is an integral part of our portfolio management process. We aim to maintain the portfolio fully invested (<10% cash) but accept temporary rise in cash levels as we continuously uncover attractive opportunities without compromising on our stringent selection criteria.

Fund facts

Fund domicile:	Luxembourg	Fund total net assets:	\$13.53 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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