JOHCM Asia Ex Japan

Strategy overview

- The strategy aims 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.
- This strategy has an Irish domiciled fund which is classified as Article 8 under the SFDR. Please click here for further details.
- Benchmark: MSCI AC (All Country) Asia ex Japan Index
- The use of the Index does not limit the investment decisions of the fund manager therefore the shareholdings of the portfolio may differ significantly from those of the Index

Performance highlights

Return since launch (%)

Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised
Gross	4.43	7.39	4.63	-4.81	6.62	5.37	161.12	7.98
Net	4.37	7.20	3.93	-5.48	5.90	4.47	123.99	6.66
Benchmark	2.54	2.38	3.99	-6.84	1.94	4.18	94.68	5.47

Past performance is no guarantee of future performance.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Investing in companies in emerging markets involves higher risk than investing in established economies or securities markets. Emerging Markets may have less stable legal and political systems, which could affect the safe-keeping or value of assets. Investments may include shares in small-cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile.

Source: JOHCM/MSCI Barra/Bloomberg. Gross and net composite performance, net income reinvested. Composite performance is based on the A GBP primary share class converted into USD. 3, 5 and 10 year and since launch performance is annualised. The composite was created on the 30 September 2011. Benchmark: MSCI AC Asia ex Japan NR. Statistics calculated using weekly returns.

Statistics

Annualised since launch			
Active share (%)	79.68	Correlation	0.90
Strategy volatility (%)	15.52	Tracking error (%)	7.41
Benchmark volatility (%)	16.98	Information ratio	0.32
Alpha	3.38	Sharpe ratio	0.42
R squared	0.81		

USD

Strategy details

Strategy size	USD 320.33m
Launch date	30 September 2011
Benchmark	MSCI AC Asia ex Japan NR
Available as	Irish UCITS, Segregated Account

Total strategy assets updated quarterly and shown as at 31 March 2024.

Portfolio managers

Samir Mehta
Senior Fund Manager
Samir has managed the strategy since launch. He joined JOHCM in 2011 and has 33 years of industry experience.

Cho-Yu Kooi
Senior Fund Manager
Cho-Yu is the alternate strategy manager. She joined JOHCM in 2011 and has 30 years of industry experience.

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Strategy analysis (%)

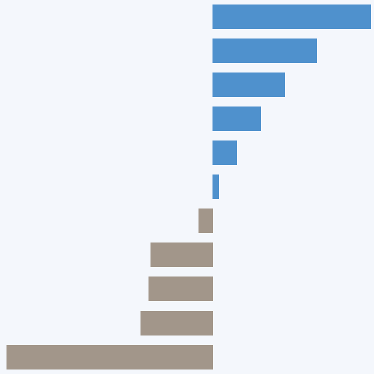
Data as at 31 March 2024

Top 10 holdings

Equities	Absolute	Relative
AKR	6.2	6.2
Taiwan Semiconductor	6.0	-3.7
Haidilao International Holding	5.8	5.7
Tencent Music Entertainment	5.3	5.2
PB Fintech	5.2	5.2
Samsung	5.1	-0.3
Bajaj Auto	4.8	4.7
Gland Pharma	4.7	4.7
Tata Consultancy Services	4.6	3.9
Full Truck Alliance	3.9	3.9
Total	51.6	

Sector breakdown

	Absolute	Relative
Information Technology	34.4	7.0
Consumer Discretionary	18.2	4.6
Health Care	6.8	3.2
Energy	6.2	2.2
Industrials	8.8	1.1
Consumer Staples	4.6	0.1
Communication Services	8.5	-0.6
Real Estate	0.0	-2.6
Utilities	0.0	-2.7
Materials	1.6	-3.1
Financials	11.3	-9.0
Cash	-0.3	-0.3



Active bets

Top 5	Relative
AKR	6.2
Haidilao International Holding	5.7
Tencent Music Entertainment	5.2
PB Fintech	5.2
Gland Pharma	4.7

Bottom 5	Relative
Taiwan Semiconductor	-3.7
Alibaba Group	-2.4
Reliance Industries	-1.8
Tencent	-1.4
AIA	-1.2

Country breakdown

	Absolute	Relative
India	24.1	3.5
Taiwan	20.6	0.1
China	19.4	-9.8
Korea	11.6	-3.3
Indonesia	10.7	8.5
Singapore	8.2	4.6
Philippines	1.8	1.0
Malaysia	1.1	-0.5
Hong Kong	0.0	-4.9
Other	2.8	1.1
Cash	-0.3	-0.3

Market cap breakdown

	Absolute	Relative
Large (>USD 4bn)	75.3	-21.4
Mid (USD 1 - 4bn)	23.4	20.1
Small (<USD 1bn)	1.7	1.7
Cash	-0.3	-0.3

Attribution (%)

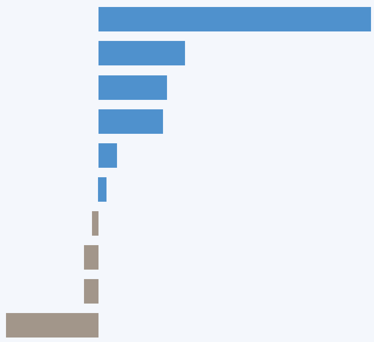
Data from 1 January 2024 to 31 March 2024

Stock attribution

Top contributors	Relative return
PB Fintech	1.43
Bajaj Auto	1.23
Haidilao International Holding	0.98
Tencent Music Entertainment	0.97
Prada	0.78
Top detractors	
Jubilant FoodWorks	-0.80
Global Unichip Corporation	-0.74
Samsung Engineering	-0.65
Taiwan Semiconductor	-0.65
Gland Pharma	-0.37

Country attribution*

	Relative return
China	3.25
Indonesia	1.03
Hong Kong	0.83
Non Benchmark Countries	0.78
Thailand	0.22
Philippines	0.10
Malaysia	-0.03
Singapore	-0.15
Korea	-0.16
Taiwan	-1.08



*Excludes cash

Source: JOHCM/MSCI Barra/Bloomberg. Benchmark: MSCI AC Asia ex Japan NR. 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: Thailand and non-benchmark countries. Stock holdings are subject to change at any time and are not recommendations to buy or sell any security. A list of all holdings during the period, corresponding performance contributions and attributions, and the calculation methodology is available upon request. Data based on a representative account.

Fund manager's commentary

- The fund adeptly managed the intricate Q1 2024 market dynamics, with a focus on well-established Chinese companies
- Anticipated policy continuity under new leadership in Indonesia, coupled with AKR Corporation's impressive financial results, provides a sense of cautious optimism
- Despite macroeconomic challenges, Korean authorities' efforts to enhance corporate governance may result in a significant re-rating for traditionally undervalued Korean equities

Q1 performance	%
Gross	7.39
Net	7.20
MSCI AC Asia ex Japan NR	2.38

The fund encountered a complex market landscape in Q1 2024. In China, a clash between ideological stances and economic realities led the fund to prioritise established companies with strong cash flow. This cautious approach reflected a dampened consumer spending outlook. Positive developments emerged from Taiwan, where smooth elections bolstered investor confidence. The surge of Generative AI further propelled Taiwanese technology companies, solidifying their critical role in the global AI supply chain. Indonesia offered cautious optimism. The expected policy continuity under a likely new leader instilled confidence in the country's economic prospects. The fund's largest holding there exemplifies this strategy, combining asset-light logistics with a lucrative asset-intensive model that leverages industrial parks and a deep-water port. March saw a welcome correction in Asia ex-Japan equities after excessive pessimism surrounding China. This positive shift reflected a rebound from overly pessimistic market valuations.

The fund outperformed the benchmark in Q1. The top contributors were PB Fintect, Bajaj Auto and Haidilao. Despite negative sentiment towards China, there is no denying that we can see glimmers of stability in a cross-section of the Chinese economy. Take Haidilao, the hot-pot restaurant chain (one of our largest holdings), which had spectacular profits and increased their payout to 92% - a complete surprise to the market. I did not expect management to signal this commitment to capital management, but as I have mentioned before, post-Covid, several well-managed companies in China have embarked on restructuring costs and are now intent on returning capital if cash flows are supportive. This was one of the driving reasons for owning Haidilao. The rest of the region is seeing some relief from lower inflation (though early April sees a rise in commodities, especially oil) and the potential for lower rates. Indonesia (where the fund has a significant overweight position) is a case in point. Our largest holding, AKR Corporation, is delivering stellar results and represents the perfect combination of an asset-light logistics business with an asset-intensive industrial park and deep-water port business. As Indonesia attracts more investments, it will likely further monetise the land bank. Technology stocks have taken a breather, yet Samsung Electronics and TSMC powered ahead in March. Samsung, a laggard, also had good results, though a low base last year helped.

Geopolitics is front and centre of markets, while the Federal Reserve might have indicated either a delay or postponement in cutting rates. Overall, macroeconomic turbulence is here to stay, but most of our portfolio companies are demonstrating pathways to profitable growth. Interestingly, Korean authorities are trying to emulate Japan's push to improve corporate governance and focus on minority shareholders (which has been mightily successful). Interestingly, Korean authorities are trying to emulate Japan's push to improve corporate governance and focus on minority shareholders (which has been mightily successful). Korean stocks have been perennially cheap; if followed, this initiative might offer a chance for some substantial re-rating for Korean equities.

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