HALO

CATCHING THE WIND OF

EMERGING ASIAN CONSUMPTION GROWTH

Investment Philosophy

To own the world's best companies exposed to the growth of wealth in Asia that demonstrate ***pricing power*** through brands, intellectual property or being in industries with high barriers-to-entry.

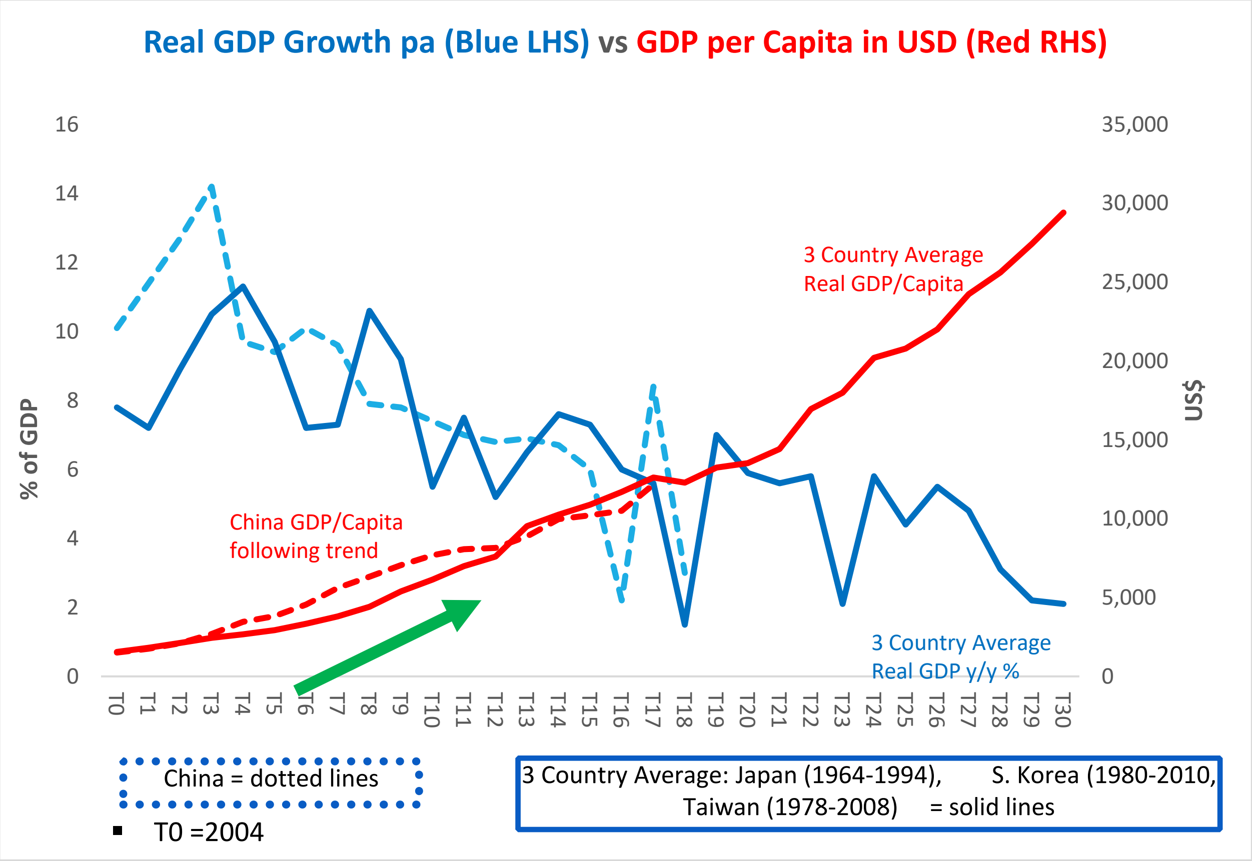
Investment criteria

- We invest in Developing Asia- China, India and ASEAN ex Singapore, where nominal GDP is 6-10% or more
- We view HK, Singapore, Taiwan and Korea as mature economies with low GDP growth
- We avoid sectors that lack pricing power i.e. commodities, heavy industry such as cement and steel, other industries such as power generation, airlines and telecoms.
- We believe in the power of compounding.
- Only hold companies selling to Asian consumers. We avoid companies based in Asia selling to the West

To generate long-term returns in excess of *nominal* GDP growth in Asia
8% - 12% annualised

China's Growth rate is slowing, but growth volume is not

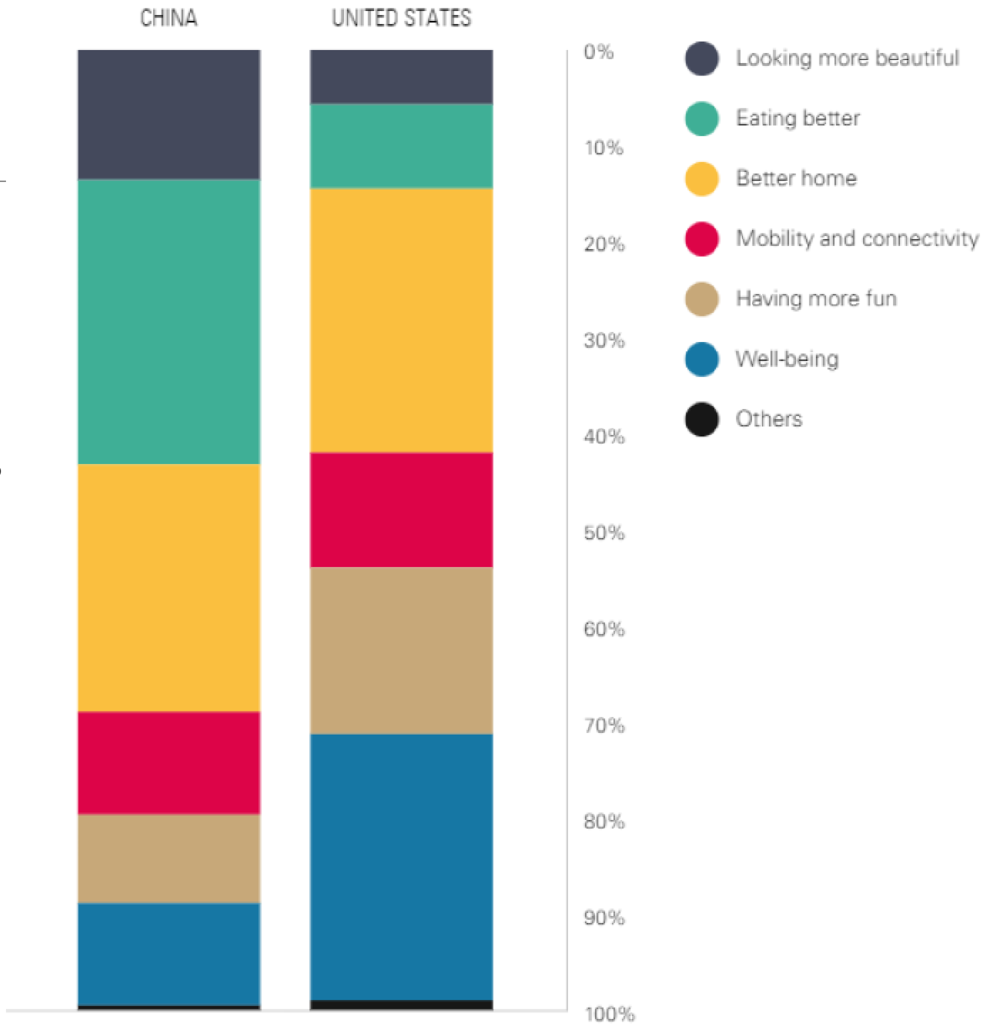
- GDP per capita growth in dollars, not %, is what really matters.
- GDP growth rate % is slowing (blue lines on chart)…
- **But GDP per capita in dollars is climbing steeply** (red lines on chart).
- **China is on the same track** (dotted blue and red lines) as developed Asian economies. It is closely matching the pattern set in earlier decades by Japan, South Korea and Taiwan as they developed.



Source: IEA, UN, Japanese Ministry of Internal Affairs, OECD, IMF

Emerging Asia's "Fun" and "Well-being" sectors have the largest potential for growth

- Comparing Emerging Asia's (EA) consumption patterns with those of the US shows how, as incomes rise, spending will shift from necessities to discretionary items
- Expenditure across key spending categories showing that Asia vs US, nearly half of consumers' income goes to clothes and food, while **"Fun" and "Well-being"** have the largest potential for growth
- "Fun"- i.e. spending on recreational activities, including **travel, dining out, sports and gaming** – is much lower in EA than it is in other countries. That gap means that as incomes rise, this category could see the fastest growth
- As they move beyond the basics, EA's consumers will be looking to their futures: **health and wellness** and their families' **education**. These concerns are especially important for a country with an aging population



Source: Euromonitor, CEIC, Goldman Sachs Global Investment Research

It’s not just China and India……

	Population (m)	GDP per capita, 2021	GDP growth, 2016	GDP growth, 2017	GDP growth, 2018	GDP growth, 2019	GDP growth , 2020	GDP growth 2021	GDP growth 2022	Forecast 2023	Forecast 2024
China	1386	$12,556	6.7%	6.9%	6.6%	6.1%	2.3%	8.1%	3.3%	5.0%	4.5%
India	1339	$2,257	7.1%	6.6%	7.0%	4.8%	-7.9%	8.9%	7.0%	6.5%	6.5%
Indonesia	261	$4,333	5.0%	5.1%	5.2%	5.0%	-2.0%	3.7%	5.4%	5.1%	5.0%
Philippines	103	$3,461	6.9%	6.7%	6.2%	5.9%	-9.6%	5.6%	7.6%	5.5%	6.3%
Vietnam	93	$3,757	6.2%	6.8%	7.1%	7.0%	2.9%	2.6%	8.0%	5.0%	6.3%
Thailand	68	$7,066	3.2%	3.9%	4.1%	2.4%	-6.1%	1.6%	2.6%	2.8%	3.5%
Developing Asia			6.4%	6.2%	6.4%	5.9%	0.0%	5.1%	5.7%	5.4%	5.5%

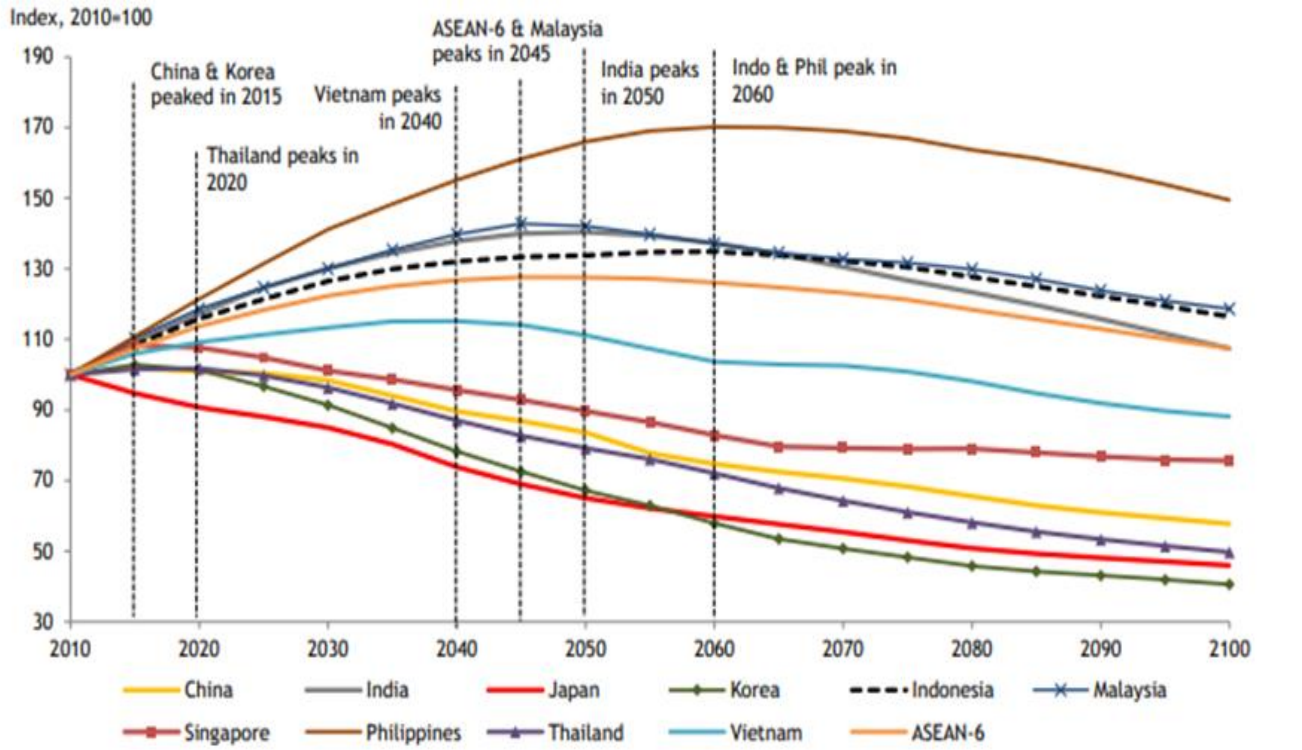
Source: World Bank; Asian Development Bank;IMF

Over **500 million** potential consumers in Emerging Asia,

in addition to China and India

ASEAN's demographic sweet spot to enhance GDP and middle class growth

- ASEAN-6 working age population estimated to peak only in 2045, thirty years after China, with Indonesia and the Philippines peaking in 2060
- The region will continue to benefit from the diversification of global manufacturing supply chains
- Its young aspirational working population with less old people to support will give rise to broader middle class consumer spending.
- Peak spending by consumers occurs in 25-60 years olds.
- Working age population in 2025 of ASEAN + India at 1.55bn is 6x Europe today



Note: Working age defined as 15-64 years of age. ASEAN-6 refers to Indonesia, Malaysia, Philippines, Singapore, Thailand & Vietnam.
Source: United Nations "World Population Prospects 2019"

The distinctive qualities of the Halo approach

WE INVEST IN

- **Leading Global companies** selling branded goods in Asia.
- The **foremost Asian companies** selling local brands in Asia.
- Global and local companies ***serving*** the **Asian consumer** – i.e. health, education, tourism, entertainment, environment etc. – *not just consumer staples.*

WHAT WE ARE *NOT..*

- We are not a China fund or a traditional Asian equities fund.
- We are not "just" a Consumer sector fund
- We avoid State-Owned Enterprises as they actuate government agendas, and are not run for shareholders.

THE REASONS WE ARE GLOBAL, NOT JUST ASIAN IN OUR INVESTMENTS

- Much of Asian consumers demand, especially in branded goods, is for **Western brands**.
- **By diversifying risk away from one region or one sector, HALO achieves superior returns with lower market risk and volatility** (Beta <1.0 MSCI AC Asia).

Enhanced portfolio risk management → Valuations that are reasonable → Reduced volatility

How we pick stocks

Industry Experiencing Structural Growth?

- Faster then country's nominal GDP growth
- Understanding why and whether this is sustainable over 5 years

Winning within the industry?

- Taking market share or leading in the consolidation of the industry

Does The Company Have Pricing Power?

- Ability to pass on cost inflation
- Ability to protect and increase margins

Is the Valuation Attractive?

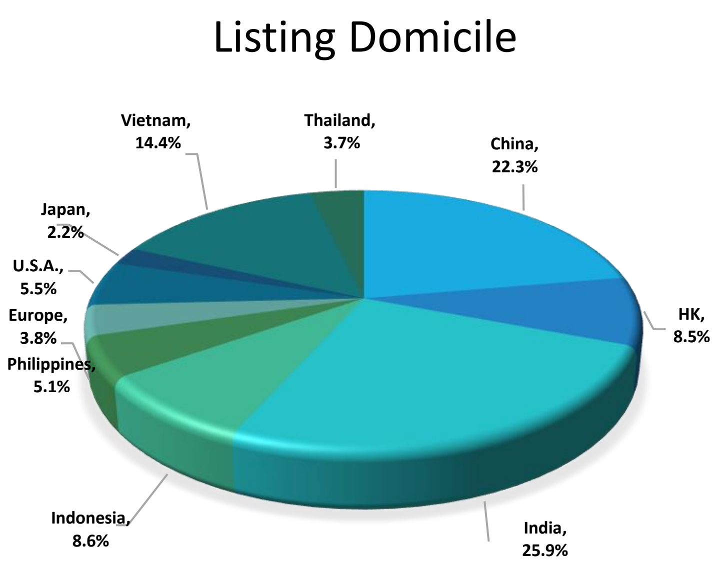
- Companies that can sustain growth rates faster and longer than the market assumes

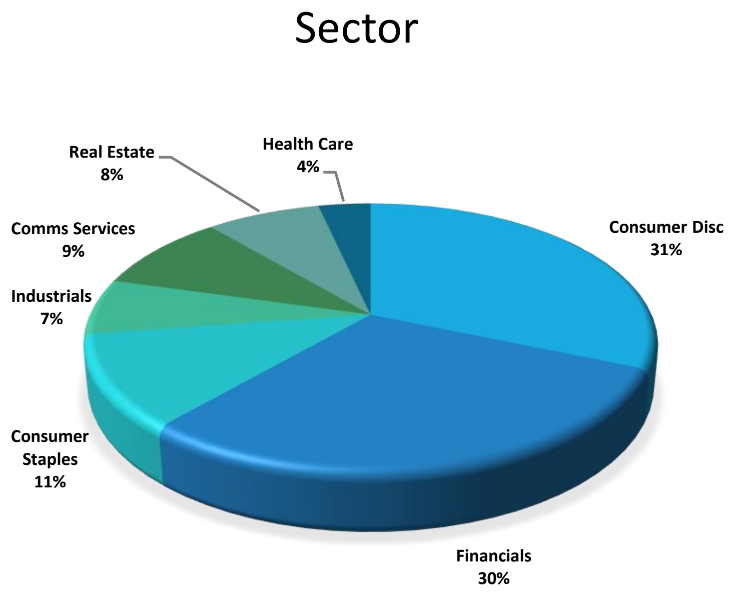
Are Returns Sustainable?

- Flat to rising ROIC and margins
- Rising free cash flow and dividends

In our portfolio...

- Companies **across the world** that stand to benefit most from the Asian Consumer.
- We focus on **the quality of a company and its Asian growth** - irrespective of its domicile.
- Companies that are run for **the long-term benefit** of their shareholders and stakeholders.





Portfolio overall proportion of sales to Asia is over 80%

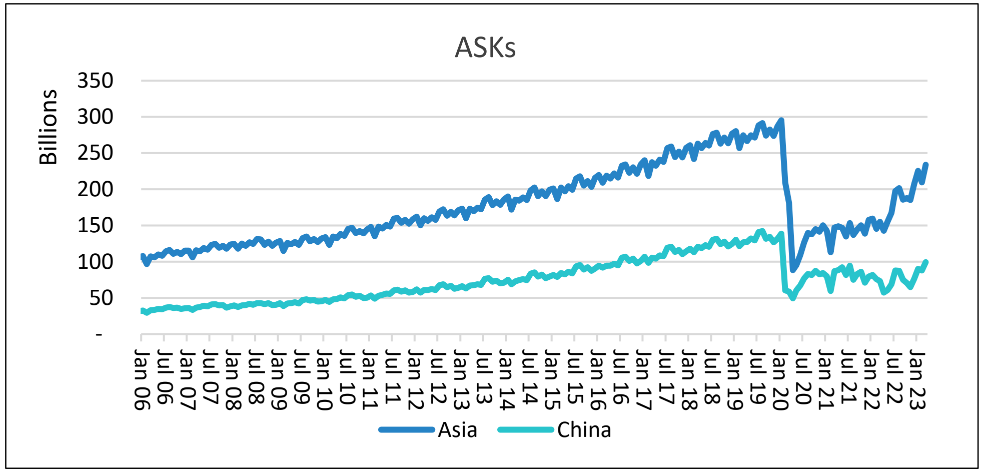
Asia, a rising star in global tourism

Pre-pandemic mainland China had the largest outbound travel market in the world both in number of trips (155m outbound in 2019) and total spend ($255bn). [1]

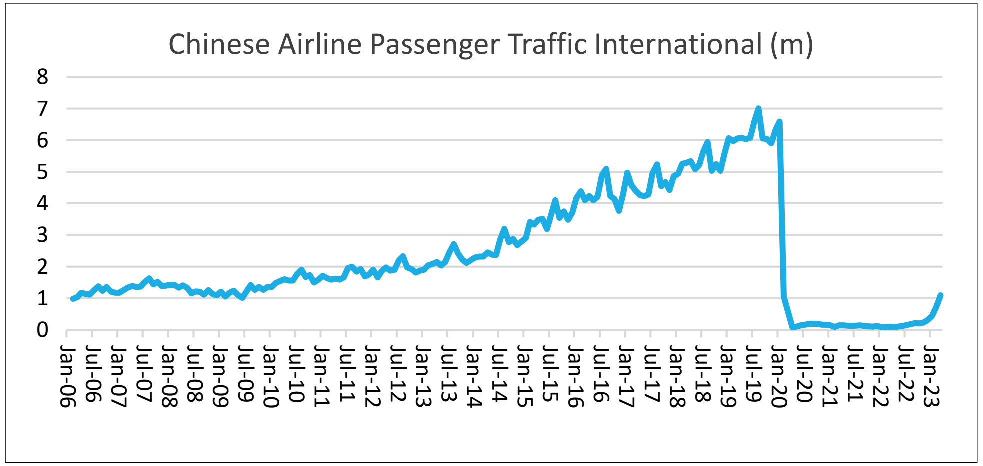
Tourism is an important source of income for many markets. Chinese travellers made up 28% of inbound tourism in Thailand and revenue from tourism accounted for 11% of GDP in 2019.[2]

Average seat-kilometers grew 41% yoy in March 2023 pushing industry load factors close to all time highs. The global recovery is being led airlines registered in Asia.

Airline capacity the key bottleneck to growth with China international flight capacity only at 29% of pre-pandemic levels as of April 2023.



Source SRS Analyzer



Source Bloomberg, CAAC.

1. Mckinsey.com-Outlook for China Tourism 2023:Light at the end of the tunnel.
2. Economist Intelligence Unit-Thailand tourism industry adapting to changing times.

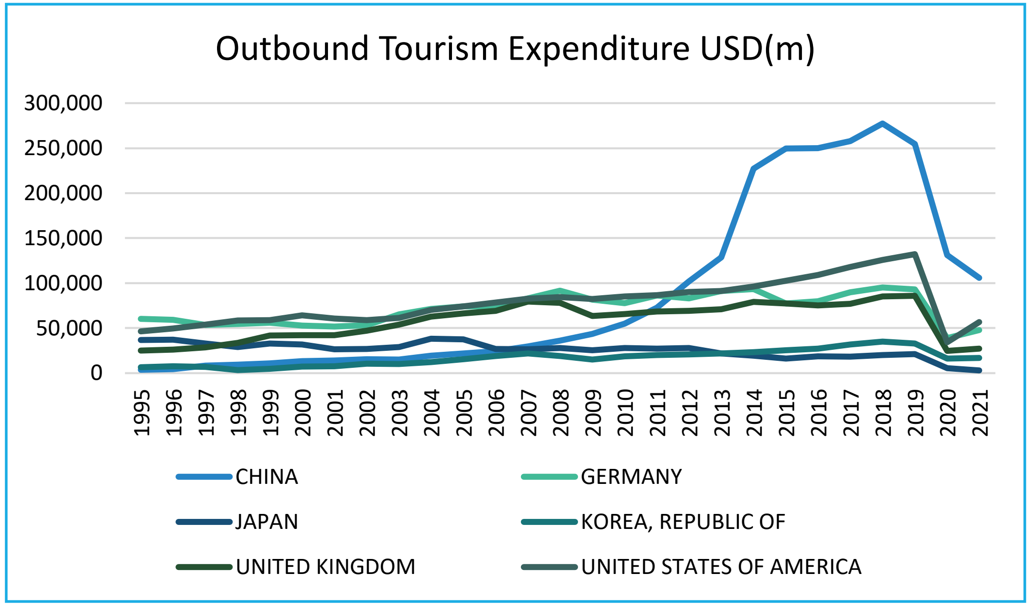
Ctrip

A leading OTA in China providing hotel booking, flight booking, holiday packages and other travel related services. It has more than 90m members and focuses on the mid-high end income segment.

Chinese travellers are hyper digitalised using online resources and social media, increasingly trying new leisure experiences such as beach resorts, skiing trips and "staycations" in home cities.

Strong pent up-demand post 3 years of effective lockdown expected to drive revenue growth.

China's push for common prosperity will drive domestic leisure demand from an expanding middle-class population.



Source: UNTWO Tourism Statistics

Rise of the Asian Consumer

Anta Sports

China’s biggest sports brand and the official partner and sponsor of the Chinese Olympic Committee and Chinese Paralympic committee.

Long term share price drivers:

- Growing demand for sportswear products driven by increasing popularity of sports and health awareness. China sportswear CAGR forecast 9% FY22-25.
- Supportive government policies.
- Beneficiary of Guochao - the preference for locally produced products that reflect the culture and identity of the consumers.
- Strong multi brand portfolio which includes FILA, Descente, Kolon Sports and Amer Sports whose portfolio includes global brands Arc’Teryx, Salomon and Wilson.

Phoenix Mills

India's leading retail mall developer and operator with a portfolio of 9 malls in 6 cities.

A pioneer of retail led mixed use developments which integrate retail, hospitality, commercial and residential assets.

A proxy for the consumption trends of India's urban middle class. The lack of good quality leisure and entertainment spaces in India has led to malls becoming experience based destinations where consumers can shop, eat and get entertained.

Strong balance sheet with low net debt enables company to invest in capex through internal cash accruals.

Lower risk annuity business should double over next 5 years based on new mall developments.

We have a long-term investment focus

- Our Asian consumer theme plays out over decades.
- We invest in the same way that good companies run their business - with 5-year timeframe or longer.
- Consistently low name turnover, whilst trading to benefit from significant short-term price anomalies.
- It is ultimately **EPS growth** and **dividend growth** that **drive shareholder returns.**

PRE-SCREENING OF STOCKS GLOBALLY

Selection criteria	Size of Stock Pool
Unscreened investment universe	51,000
Sectors that benefit from consumption growth directly	21,000
Current market cap > $1bn	2,300
Minimum 35% turnover in Emerging Markets/Asia	900
Net debt to EBITDA < 3x	800
Forward Price/Earnings multiple <50x	600

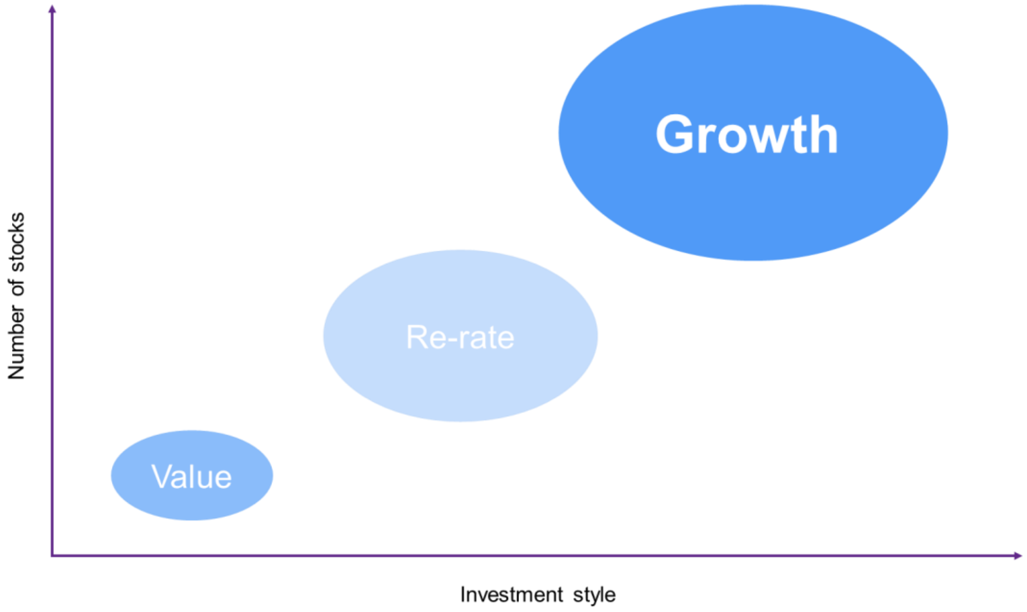
Portfolio Construction

STOCK SCREENING CRITERIA FOR PORTFOLIO		
Western Luxuries Western Consumer goods	Are they in an industry that will benefit from Asian consumption growth?	Western Telcos Western Utilities Western Banks
Burberry Estee Lauder BMW	Is EM turnover or profit above 35%? If not, is >80% of the industrial growth coming from EM?	Tiffany Coach
Chinese Tertiary Education Indian Property	Are they in consolidating or consolidated industries?	Mass clothing retailers
Unilever	Do they have strong brands and strong pricing power to pass on costs to consumers?	Airlines
AIA HDFC Bank	Do they have high quality, shareholder-friendly management?	IndiaBulls Housing Finance

- 35-45 stocks.
- Companies with minimum 35% of turnover or profits generated in Emerging Markets, currently or within 18 months – and where Asia is the key component of these sales, profits and growth.
- Target Beta (rel. to MSCI Asia ex-Japan) less than 1.0.
- Average holding period of stocks to be 3 -5 years or ideally longer.
- No individual holding to be more than 10% of the portfolio.
- Maximum exposure to any one sector to be 35%.
- The Active Risk of any single stock to be less than 10% of the overall portfolio's Active Risk.

Investment process

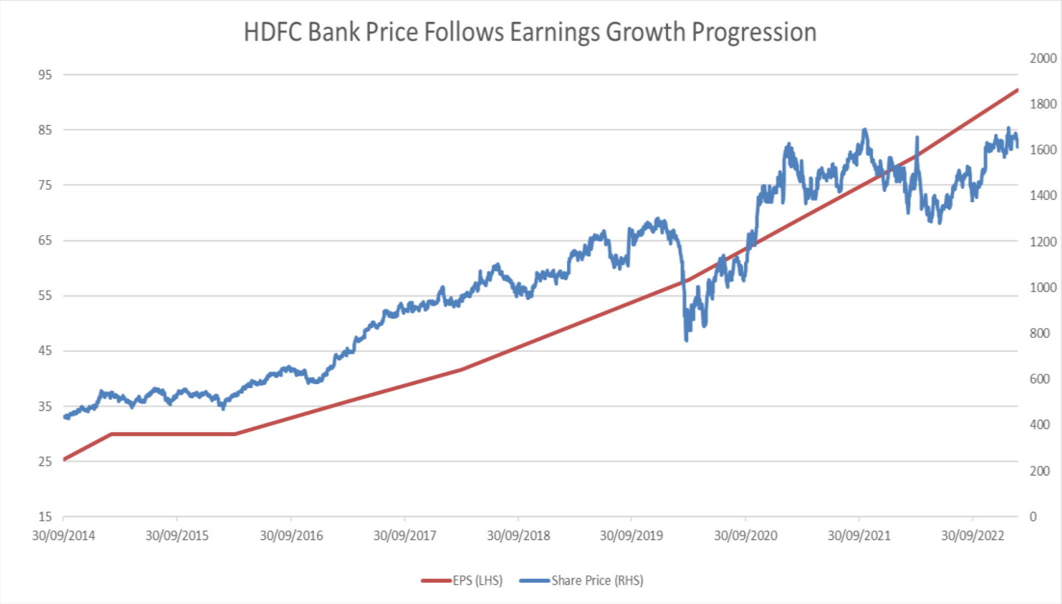
- **Growth - Growth at a reasonable price (GARP)** this will be the dominant investment style, buying those companies where earnings growth is geared to the Asian Consumer (Unilever, China Everbright).
  - **Strong brands and pricing power** enabling them to consistently beat Weighted Average Cost of Capital – no fade in returns.
  - **ROE high and stable *or* low and rising**.
  - **Strong financial positions** to fund their growth:
    - ***Debt : EBITDA < 3x***. *Interest cover > 3x.*
    - *This low leverage will lead to less volatility and enable access to debt markets at all times.*
  - A leader in its markets with first-mover advantage.
- **Re-rate - opportunities where companies are about to experience a meaningful acceleration** of earnings growth or change of perception by investors (Li-Ning).



- **Value - special situations of companies abandoned by investors** as earnings have fallen on hard times - too cheap and valuations rebound over time as profits recover (BOC Aviation).

HDFC Bank :
An example of EPS growth drawing share prices higher

The leading private bank in India specialising in wholesale and branch banking with a focus on consumer mortgages, vehicle finance, credit cards as well as investment products and life assurance.

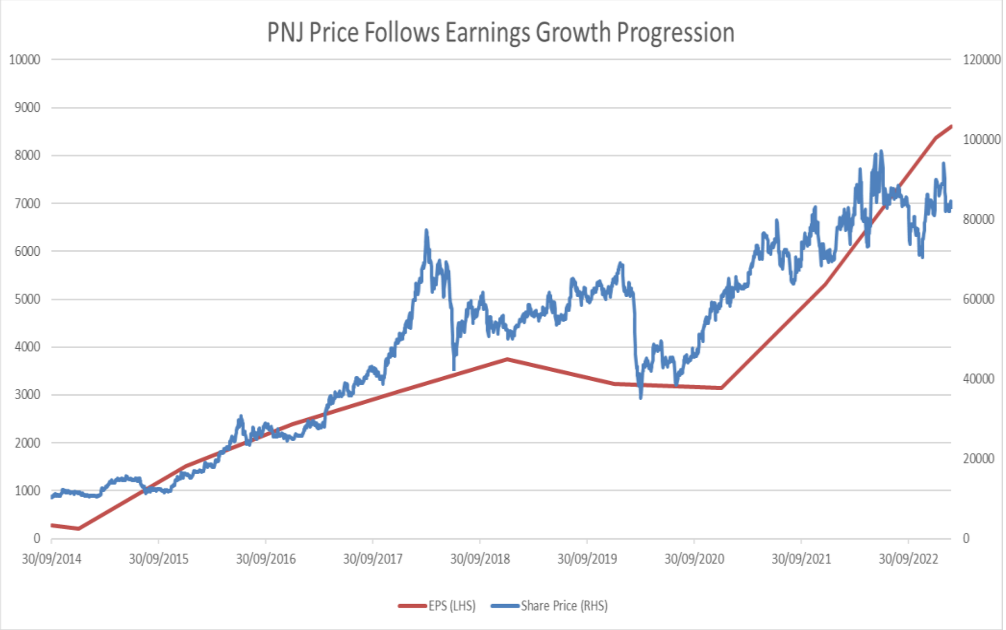


Investment Case

- A bank that has consistently expanded its branch network over the years and is now nationwide
- Today it has proven its risk management skills are superior to many other banks having avoided the bad debt cycle that has afflicted all state-owned banks and some private banks
- Has had the ability to grow lending and earnings at close to 20% per annum for a number of years as it penetrates further into the consumer market
- 20% growth expected to continue as it takes share from state-owned banks that are in trouble due to bad debts and lack of capital
- India remains largely unbanked with very how penetration rates for mortgages, vehicle finance and other products the growing middle class will require. Opportunity remains vast.

Phu Nhuan Jewellery :
Consistent earnings compounder which exhibits short-term share price volatility

The no.1 jewellery retailer in Vietnam, being the only one with a national presence. Benefitting from the shift of the middle class to preferring modern retail over traditional gold stores.



Investment Case

- PNJ is the no.1 jewellery retailer in Vietnam, the only one with a national presence
- Has been consistently taking market share from the traditional trade as the middle-class consumers trade up. This market share growth accelerated during the pandemic
- Underlying demand for jewellery growing mid to high single digits.
- Growth driven by SSSG as well as store expansion of around 10% per annum, resulting in high teens sales growth.
- Over time margins should expand and see operating leverage in the business as more of its sales become high end precious stone jewellery as opposed to more traditional gold items.

Risk management

FOREIGN EXCHANGE RISK

- We are cognisant of current account and budget deficits and whether national governments and companies borrow in local or foreign currencies.
- Where we have a concerted view on a currency we will hedge although we do not speculate on currencies *per se.*
- China and Hong Kong have been carefully managed in relation to, or pegged to, the dollar.
- We monitor India, Indonesia and Thailand more carefully in this respect.
- Historically well-run Emerging Market currencies appreciate over time that enhances returns.

LIQUIDITY RISK

- The portfolio will have a minimum company market-cap of $1.0 billion or higher if there is only a small free-float.

DOWNSIDE RISK

- When we believe markets are fully valued, we will buy downside protection.
- We target 10-12% returns pa. If markets run up 15%+ in a short time, ahead of projected earnings growth for the year, we will protect against downside.

Selling discipline

- Valuation
- Absolute size of position goes above 10% of portfolio
- Goes above the stock specific risk limit of 10%
- Erosion of pricing power resulting in a risk to falling margins and returns
- The original rationale for holding the company has changed
- Under-performs portfolio by 50 basis points over 12 months - stop-loss review enforced that may result in selling stock

Portfolio Manager :
Andrew Williamson-Jones

Andrew Williamson-Jones was previously Managing Director on the **BlackRock** Global Equity team for 6 years.

- He was responsible for running the **BlackRock Global Equity Fund** (first quartile performance over 3 and 5 years and buy-rated by S&P, OBSR and Morningstar), with primary responsibility for the Global team's investments in Oil, Mining and Utility stocks.
- He was recruited internally from the UK team to turn around the performance of the portfolios managed by the Global Equity team so as to become buy rated by consultants and fund of fund specialists.
- He helped grow FUM from $7bn to $15bn, having been as low as $4bn, during the financial crisis.
- Prior to BlackRock, Andrew was senior portfolio manager with **Merrill Lynch Investment Managers** running UK private client discretionary portfolios. He was the buy-side consumer staples analyst for the MLIM institutional team. Following strong performance both in portfolio management and stock recommendations, he was asked to join the Global team.
- Before joining MLIM in 2003, Andrew was a private client discretionary portfolio manager at **Singer and Friedlander** for 7 years. He began his career with **Price Waterhouse** and is a qualified Chartered Accountant. He earned a BSc degree with honours in economics at Southampton University in 1993.

Co-manager :
Palvir Bahia

Palvir Bahia was previously Vice President on the BlackRock Global Emerging Market team for 7 years which managed $2.5b in AUM.

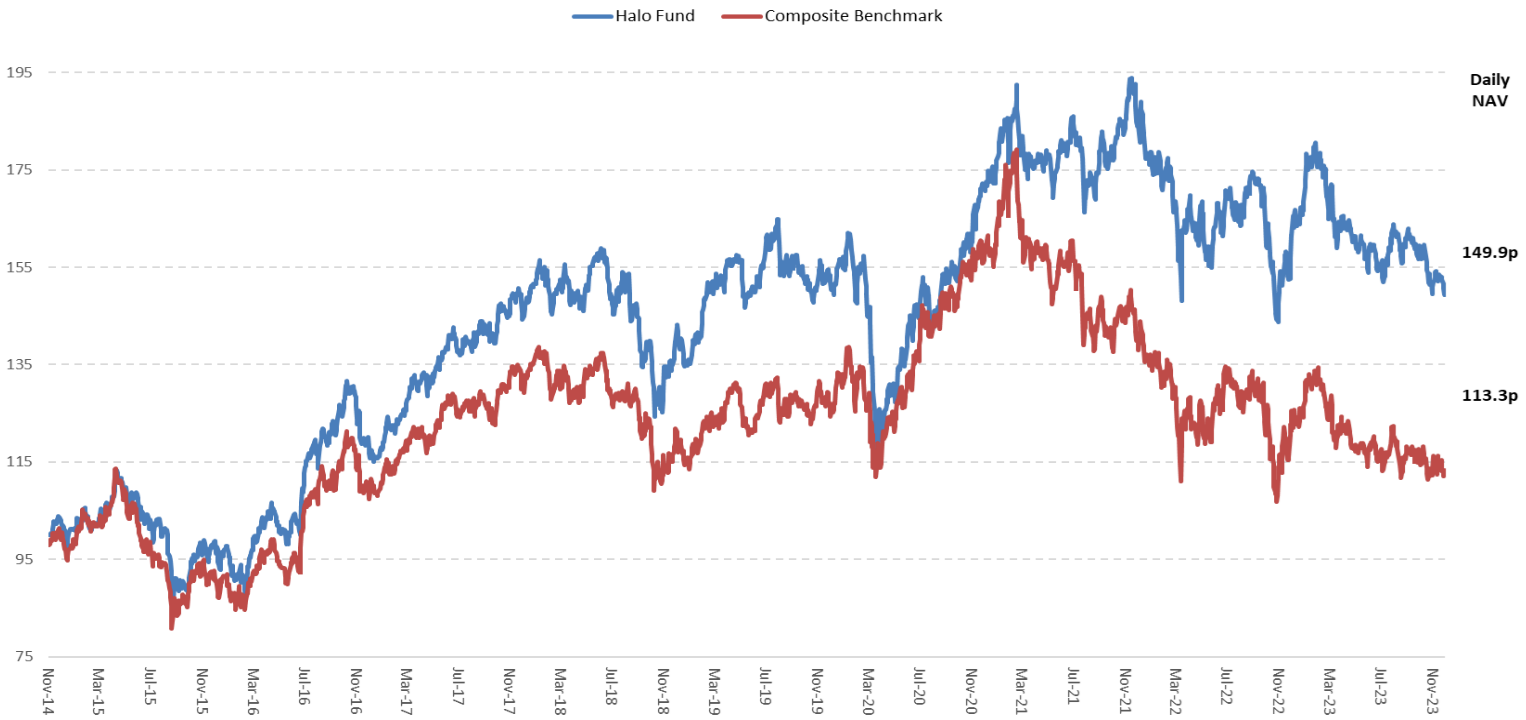
- She was responsible for researching and recommending investment ideas from India, Indonesia, Taiwan, South Korea and the Philippines using in-depth fundamental company and industry analysis.
- She has travelled the region extensively meeting management under coverage and has developed an emphasis on normalised earning power, cash flow, competitive MOAT, good deployment of capital and strong corporate governance.
- Prior to BlackRock Palvir was at New Star Institutional Managers where she was responsible for researching and recommending stocks from India and South East Asia.
- Palvir began her career at New Star Asset Management as a graduate trainee. She earned a MSc in Financial Economics From the University of Exeter and BSC with honours in Mathematics from the University of Cardiff.

Product Specialist :
Francis Horn

Francis Horn Francis oversees the business development and marketing for HALO IM .

- Prior to joining in 2016, he had over 25 years' experience in institutional Asian equity sales to UK and Continental European investors.
- He led equities sales desks at **ABN AMRO** and **BNP** both in the UK and US, and has worked on sales desks with **Deutsche Bank, JP Morgan** and, more recently, **Barclays .**
- Working closely with analysts and regularly organising client Asian trips to meet emerging Asian corporates he developed a deep understanding of the Far East business culture.
- Prior to this he worked as a China equities specialist at **Sung Hung Kai Securities**, and also in the Asia Pacific research department with **Hoare Govett** while based in Hong Kong.

Performance of Halo portfolio compared to MSCI Asia ex-Japan Consumer Composite GBP



- Out-performance of **32.3%** vs composite benchmark since inception 3/11/14

- Composite benchmark consists of MSCI AC Asia ex Jap Consumer Disc Index (30%), MSCI AC Asia ex Jap Consumer Staples Index (30%), MSCI AC Asia ex Jap Index (30%) and Communication Services (10%)

Performance data shown are of the B £ Net Acc. share class. Custom Benchmark, 30% MSCI AC Asia ex-Japan Consumer Staples, 40% MSCI AC Asia ex-Japan Consumer Discretionary and 30% MSCI AC Asia ex-Japan Index. From 01/12/18 Custom Benchmark reduced Consumer Discretionary to 30% and added 10% Communication Services, due to reclassification by MSCI. Past performance is not a guarantee of future returns. Data from Valu-Trac Administration Services and Reuters. This is for illustrative purposes only and, in accordance with our Prospectus, Halo does not benchmark against any index.

Appendix

Organisational Chart

Regulatory Role and Responsibility

Valu-Trac

UCITS ACD Investment Manager, Fund Administration, NAV, UCITS Regulatory Compliance, Trade Checking and Reconciliation, KYC and ML on new clients

Sturgeon Ventures

Halo Global Asset Mgt

Portfolio Manager, FCA Regulated Manager Compliance, AML, Trading and Trade Checking

Risk and Research Adviser to the ***VT Halo Global Asian Consumer Fund***, Compliance consultant, Compliance Training, Reporting, Marketing and Communications Review

CF Global

Third party dealers, trade review, reporting and confirmations

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