

# PROTEA FUND

## BAM ASIA-PACIFIC EQUITIES EX JAPAN

### AUGUST 2020



#### PORTFOLIO REVIEW

The Protea BAM Asia-Pacific ex Japan portfolio matched its benchmark in August, both up 3.8%. Consumer Discretionary (+3.3%) and Communication Services (+0.4%) were the best sectors, while Information technology detracted 0.3% from performance. No new companies were added to the portfolio during the month.

#### INVESTMENT OBJECTIVE

Fund aims to achieve capital appreciation through investing in Asian equity markets with a long term investment horizon, fully focusing on fundamental value of sustainable high quality businesses, without speculation, hedging or market timing.

#### RISK & REWARD



#### MARKET OUTLOOK

The Chinese recovery continued at a steady pace during the summer months, with life returning to normalcy. Purchasing manager indices (PMI) are all indicating expansion. The official composite PMI reached 54.5 in August, slightly above July's 54.1. The manufacturing PMI stood at 51.0, almost unchanged from July's 51.1. And the outlook for services continues to be bright, with the August non-manufacturing PMI at 55.2 versus the prior month's 54.2.

Thus far, the recovery has been somewhat led by the industrial sector, which is understandable given the restrictions placed on the population. Industrial production grew another 4.8% in July, only slightly below expectations of 5.2%. Industrial profit growth meanwhile accelerated to 19.6% year on year in July, from the prior month's 11.5%. Year on year growth of retail sales proved slightly disappointing, at -1.1%. It is clear that consumers have remained hesitant to spend in traditional retail locations. Retail sales growth should move back into positive territory during the coming months, perhaps already in August.

Chinese e-commerce has already recovered from the February lows. Its July growth rate was already almost back to the usual double-digit levels, at +9%. E-commerce giants such as Alibaba and JD.com have reported very good results for the first half of 2020, which comes as little surprise. The coronavirus scare clearly served to accelerate market trends that were in place before the lockdowns. Companies that had been struggling (department stores etc.) are now in serious trouble, while everything online is crushing expectations.

All told, the Chinese government has once again been successful in boosting the production side of the economy, while its means for improving consumption remain limited. Authorities have pointed to the urgency of growing consumption but, so far, structural reforms have not been implemented. The Chinese economy remains on a steady path towards low single digit GDP growth in the second half of 2020, and any acceleration would require such reforms.

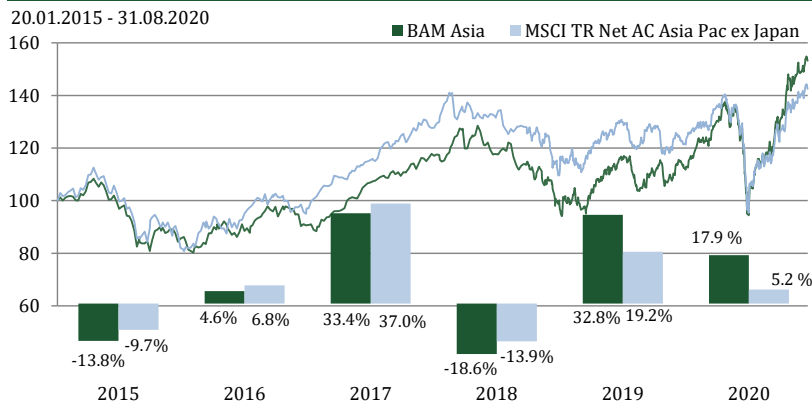
#### FUND FACTS

Domicile	Luxembourg/UCITS IV
Inception date	20 January 2015
Currency	USD
Fund Managers	Petteri Pihlaja BAM Team
Fund size	USD 30 million
Liquidity (sub./red.)	Daily
Min. Investment	Retail: 1000 USD Instit: 1 million USD
Management fees	0.8%-1.2%
Performance fees	20 %
High Water Mark	Yes
Benchmark	MSCI TR Net AC Asia Pac ex Japan
ISIN	Retail: LU1118007829 Instit: LU1118007589
Bloomberg	Retail: PRAPEXR LX Instit: PRAPEXI LX
NAV	Retail: 150.13 Instit: 153.19

#### STATISTICS

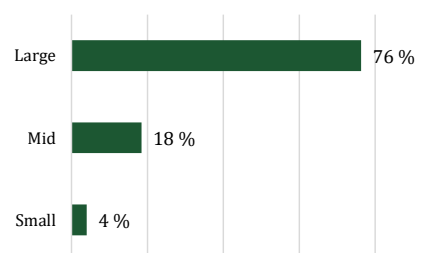
Leading PE	21.6
EV/EBITDA	13.3
P/Book	3.3
Dividend Yield	3.0%
ROE	13.5%
Debt/Equity	40.4%
Interest Coverage	9.0
Beta	1.1
Volatility	23.9%

#### NET PERFORMANCE AND ANNUAL PERFORMANCE IN USD



	Fund	Bench.	+/-
1 Month	3.8%	3.8%	-0.1%
3 Months	27.2%	21.2%	6.0%
YTD	17.9%	5.2%	12.7%
Since inception	53.2%	42.5%	10.7%

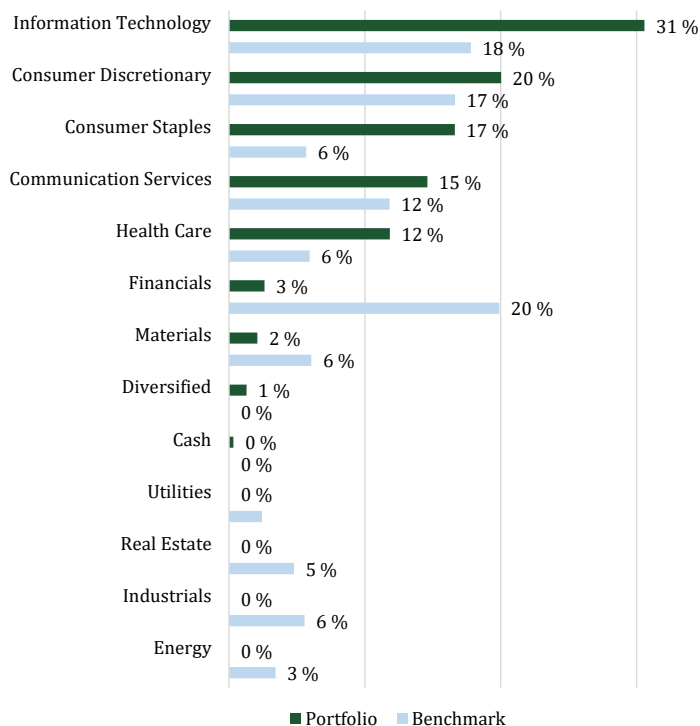
#### ALLOCATION BY MARKET CAP



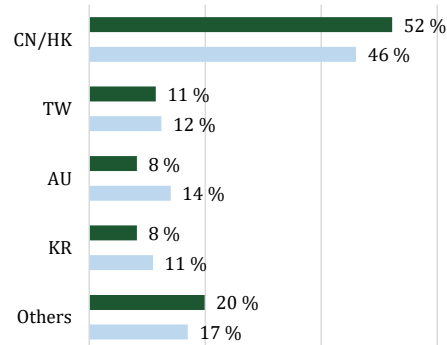
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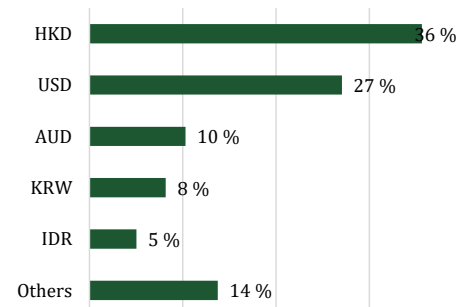
## ALLOCATION BY SECTOR



## ALLOCATION BY COUNTRY



## ALLOCATION BY CURRENCY



## TOP 10 HOLDINGS

	Sector	Country	Weight
TAIWAN SEMICONDUCTOR-SP ADR	Information Technology	TW	7.5%
ALIBABA GROUP HOLDING-SP ADR	Consumer Discretionary	CN/HK	7.0%
JD.COM INC-ADR	Consumer Discretionary	CN/HK	6.1%
TENCENT HOLDINGS LTD	Communication Services	CN/HK	5.8%
XIAOMI CORP-CLASS B	Information Technology	CN/HK	5.0%
MAN WAH HOLDINGS LTD	Consumer Discretionary	CN/HK	4.9%
SAMSUNG ELECTRONICS CO LTD	Information Technology	KR	4.4%
MEDIATEK INC	Information Technology	TW	3.9%
SHANDONG WEIGAO GP MEDICAL-H	Health Care	CN/HK	3.5%
WH GROUP LTD	Consumer Staples	CN/HK	3.5%
<b>Total</b>			<b>51.6%</b>
Number of holdings			35

## FUND COMPLEMENTARY DETAILS

Administrator	FundPartner Solutions SA
Representative in Switzerland	FundPartner Solutions (Suisse) SA
Investment Manager	Bruellan SA
Custodian	Pictet & Cie (Europe) SA
Paying agent in Switzerland	Banque Pictet & Cie SA
Auditor	Deloitte Audit S.à r.l

## CONTACT DETAILS

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