



Delft Partners Asia Small Companies Alpha Plus (ASAP) is a diversified portfolio of growing Asia focused companies built through our VMQ stock selection process.

The model portfolio of 150–250 stocks is created by optimising active returns against investment strategy Beta constraints in combination with fundamental and ESG oversight of stock selection.

The investment objective is to add alpha to the MSCI AC Far East SMID Value Index while delivering the Beta return.

BENEFITS

- A portfolio solution to better capture preferred “smart” Beta factors.
- Strong long term strategy return improvement, Delft Partners “Alpha Plus”, in addition to the returns from the strategy Betas.
- Greater flexibility, where we can agree strategy holding update terms and clients carry out portfolio implementation.

For additional information please visit www.delftpartners.com

Or contact us:

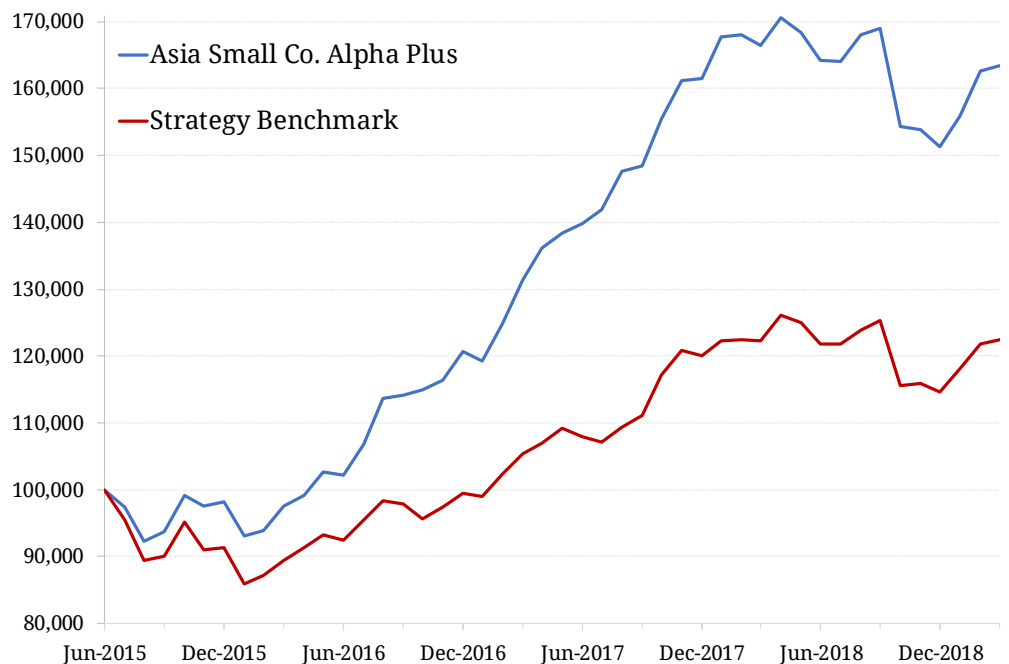
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PERFORMANCE*

Value of AUD 100,000 since inception



Periods ended 29 Mar 2019	3 Months	YTD	1 Year	3 Years	Since Inception
Portfolio*	+8.0%	+8.0%	-1.8%	+18.8%	+14.0%
Benchmark^	+6.9%	+6.9%	-0.1%	+11.1%	+5.6%
Active	+1.1%	+1.1%	-1.9%	+7.7%	+8.4%

*Model Portfolio total return net of Interest Withholding Tax in AUD, gross of fees

^Strategy Benchmark is MSCI AC Far East SMID Value Index NTR, AC Pacific ex Japan Small Cap Value prior to 30/11/2017, Inception Date: 30 June 2015, Returns over 1 year are per annum.

PORTFOLIO REVIEW & MARKET UPDATE

- Markets were stronger over the first quarter of 2019 with the strategy outperforming the smart Beta value universe target by approximately 1%.
- Returns were sentiment driven in response to the overall improved climate for resolving the trade dispute between China and the United States. The best individual share performers held in the portfolio were property developers China Aoyuan and Future Land up 90% and 81% respectively in response to an easing of monetary conditions in China.
- Key adjustments to portfolio during the quarter were as follows: (1) We sold our position in Korean apparel maker F&F when shares jumped 80% in the first quarter without any news to justify the price appreciation. (2) We switched out of two technology holdings in Taiwan, Macronix and Gigabyte Technology with new positions in Wistron and Flexium both of which have significantly better revenue momentum and scores calculated from our proprietary VMQ methodology.
- The immediate outlook for Asian markets is likely to be dominated by the outcome of trade talks between China and the United States, with progress in those negotiations taking longer than previously expected. In the long-term we take comfort from our portfolio P/E of 9.3x and yield of 3.7%.
- Over 75% of the tracking error is estimated to come from stock specific exposure. We believe this risk is more than likely to produce long run positive active returns and keep core factor exposures close to the target smart beta index, delivering superior returns with correlation of returns of 0.97 to the smart beta index. We remain fully invested in the portfolio and unhedged for AUD based investors.
- The strategy is offered on a model portfolio basis and can be implemented by professional investors according to their own regulatory and client requirements.

As at 29 Mar 2019	Portfolio
No. of securities	230
Wtd Avg Market cap	USD 2.7bn
Price/Earnings	9.3x
Price/Book	1.0x
Dividend Yield	3.7%
Return on Equity	13.2%
Active Risk (vs Bmk)	2.1% pa
Factor/Asset % of active risk	22% / 78%
Beta R ² (since inception)	0.93



Our investment process selects stocks and builds portfolios by combining our quantitative stock analysis model with the team's extensive fundamental equity and market knowledge.

We rank stocks quantitatively based upon their attributes to Value, Momentum and Quality (VMQ) factors.

We build portfolios by trading off the expected returns on the VMQ scale against the main investment objective of delivering the strategy Betas.

We constrain the active risk to be mostly stock specific.

This approach results in "smarter portfolios" - **Alpha Plus** smart beta.

Benchmark(s):

MSCI AC Far East SMID Value Index

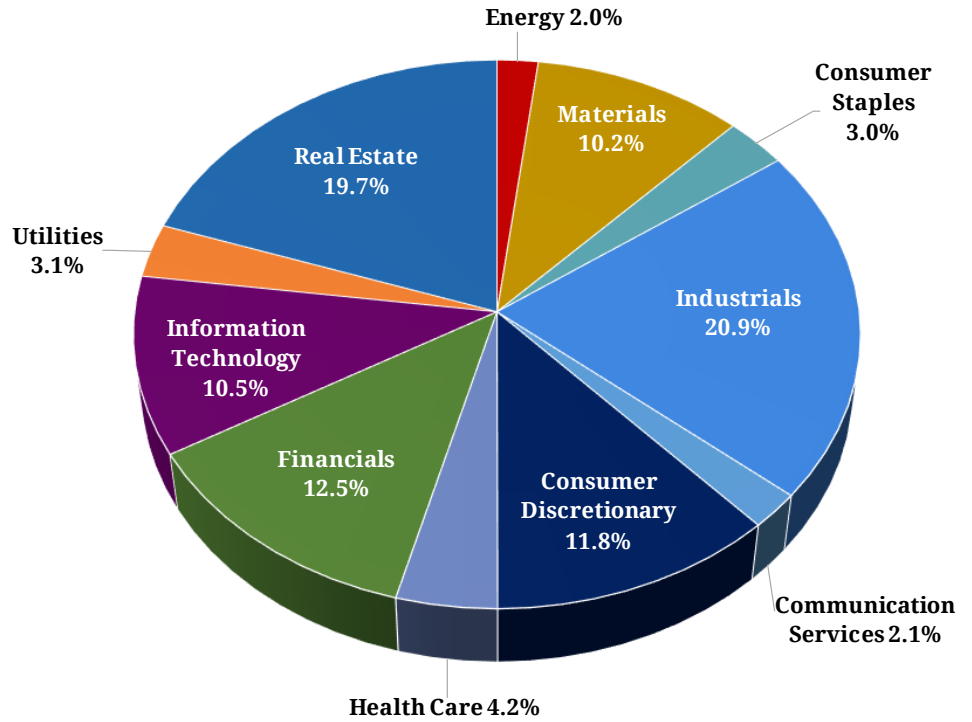
Investment Objective:

Outperform the Benchmark by 2-4% pa over rolling 5 year time periods.

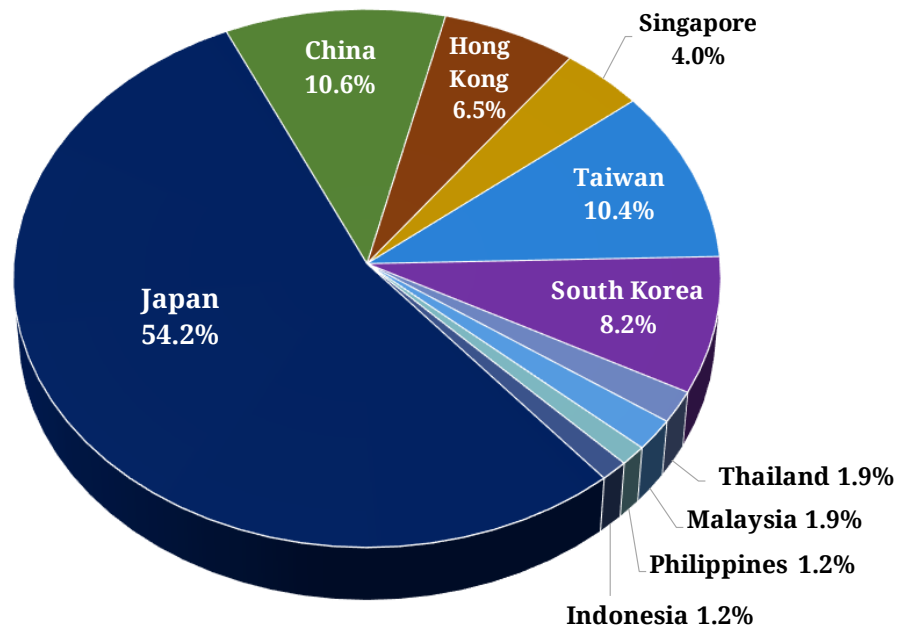
Portfolio Manager(s):

- Robert Swift
- Kevin Smith
- Roger McIntosh

SECTOR ALLOCATION



COUNTRY ALLOCATION



TEN LARGEST HOLDINGS

Company Name	Country	Portfolio
Kyushu Railway Co	Japan	1.0%
KWG Group Holdings Ltd	China	1.0%
Champion REIT	Hong Kong	1.0%
Chong Hong Construction	Taiwan	1.0%
Mapletree Commercial Trust	Singapore	1.0%
Sojitz Corp	Japan	0.9%
Korea REIT Co Ltd	South Korea	0.9%
Sun Frontier Fudousan Ltd	Japan	0.9%
United Urban Investment	Japan	0.9%
Future Land Development	China	0.9%
TOTAL		9.5%

Important note: Performance results are gross of fees and portfolio holdings shown in this fact sheet are based on the model portfolio which is currently offered through Delft Partners Model Portfolio Service. Contact us for further information. Delft tile images are provided by Regts Antique Tiles <https://www.antiquetileshop.com>

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