



Delft Partners Asia Small Companies strategy invests in smaller companies in the Asia region.

We select between 60 and 80 stocks that possess a superior combination of preferred characteristics from a universe of over 3,000 securities.

- ESG is a key component of our fundamental research.
- We do not invest in companies where we believe poor Governance is likely to penalise shareholders.
- We do consider investing where our ESG assessment is likely to improve.
- Where possible we verify our portfolio ESG exposure relative to benchmarks with a quantitative score.

### BENEFITS

- A high quality investment approach that provides access to the dynamic Asian small company universe with a proven ESG compliant process.
- Above market and peer group performance

For additional information please visit [www.delftpartners.com](http://www.delftpartners.com)

### Or contact us:

Robert Swift, +61 (0) 419 120 708

[robert.swift@delftpartners.com](mailto:robert.swift@delftpartners.com)

Kevin Smith, +61 (0) 400 188 111

[kevin.smith@delftpartners.com](mailto:kevin.smith@delftpartners.com)

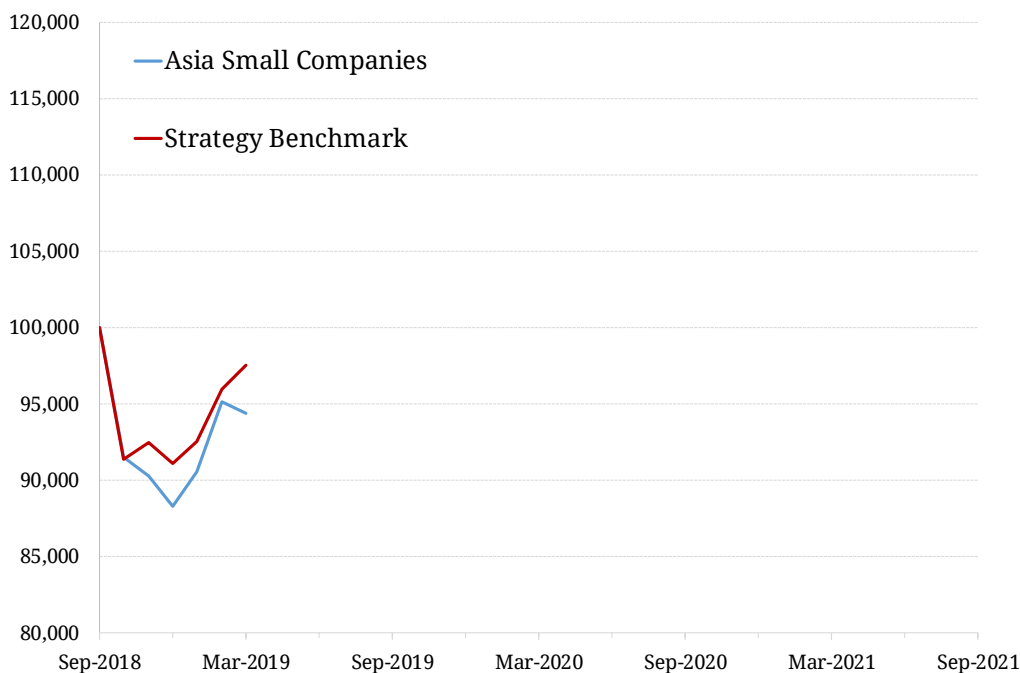
Roger McIntosh, +61 (0) 423 968 133

[roger.mcintosh@delftpartners.com](mailto:roger.mcintosh@delftpartners.com)

| As at 29 Mar 2019    | Portfolio |
|----------------------|-----------|
| No. of securities    | 78        |
| Wtd Avg Market cap   | USD 2.7bn |
| Price/Earnings       | 9.9x      |
| Price/Book           | 1.1x      |
| Dividend Yield       | 3.6%      |
| Return on Equity     | 12.8%     |
| Active Risk (vs Bmk) | 3.8%      |

### PERFORMANCE\*

Value of AUD 100,000 since inception



| Periods ended 29 Mar 2019 | 3 Months | YTD   | 12 Months | Since Inception |
|---------------------------|----------|-------|-----------|-----------------|
| Portfolio*                | +6.9%    | +6.9% | n.a.      | -5.6%           |
| Benchmark <sup>^</sup>    | +7.0%    | +7.0% | n.a.      | -2.5%           |
| Active                    | -0.1%    | -0.1% | n.a.      | -3.1%           |

\*Total return based on the Tamim Fund in AUD gross of fees.

<sup>^</sup>Strategy Benchmark is MSCI AC Asia SMID Index NTR, Inception Date: 28 September 2018

### PORTFOLIO REVIEW & MARKET UPDATE

- Markets were stronger over the first quarter of 2019 with the strategy generating positive returns in line with the investment universe. The best performances were recorded by China, Hong Kong, Taiwan and Singapore with gains of 17%, 14%, 13% and 11% respectively in USD terms. Japan and Singapore lagged behind the index with returns of 7% and 2% respectively.
- 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 Korean apparel maker F&F, Chinese truck manufacturer Sinotruk and Taiwanese semiconductor chip design company Novatek.
- We made several key adjustments to portfolio during March.
  - 1) In January we broadened the portfolio towards our maximum number of companies held at 80. This was a response to the extreme levels of volatility being displayed by small and mid-capitalisation companies in the region during late 2018 and early 2019.
  - 2) 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.
  - 3) We switched out of two technology holdings in Taiwan, Macronix and Gigabyte Technology with new positions in Chailease Holding Company and Tripod Technology 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. Trade talks between Japan and the United States are due to start in mid-April and that provides another source of short-term volatility. We expect both sets of trades talks to be resolved with a positive outcome for equity markets. In the long-term we take comfort from our portfolio P/E of 9.9x and yield of 3.6%, our companies have the scope to generate strong investment returns.



The Strategy seeks long-term capital appreciation by investing in small to mid capitalisation listed Asian companies.

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.

Our value-oriented approach pays careful attention to position sizes, sectoral and country weights. The strategy currently focuses on equities in Japan, China, Hong Kong, Taiwan, South Korea and Singapore.

We ensure that the strategy pays equal attention to risk as to return. It is an actively managed strategy that is meaningfully different from the index.

#### Benchmark(s):

MSCI All Country Asia SMID Index

#### Investment Objective:

Outperform the Benchmark by 3-5% pa over rolling 5 year time periods.

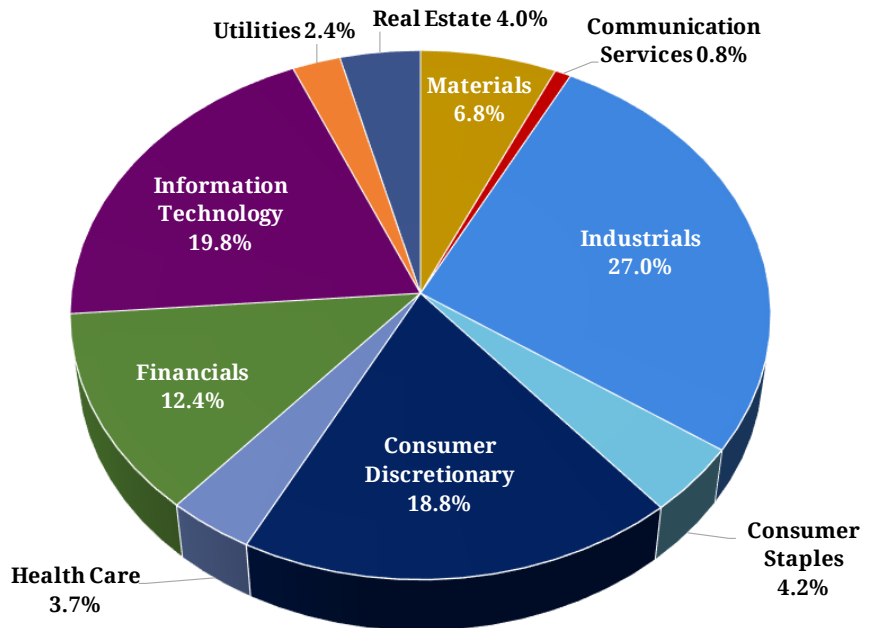
#### Portfolio Manager(s):

Robert Swift  
Kevin Smith  
Roger McIntosh

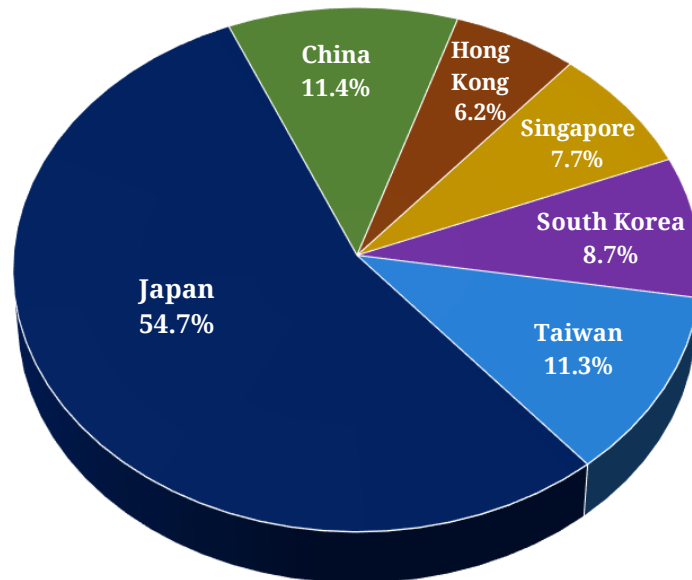
#### TEN LARGEST HOLDINGS

| Company Name               | Country   | Portfolio    |
|----------------------------|-----------|--------------|
| Simplo Technology Co Ltd   | Taiwan    | 2.7%         |
| China Water Affairs Group  | China     | 2.4%         |
| China Lesso Group Ltd      | China     | 2.3%         |
| Advantest Corporation      | Japan     | 2.2%         |
| Venture Corporation Ltd    | Singapore | 2.2%         |
| Senko Group Holdings Co    | Japan     | 2.0%         |
| Sawai Pharmaceutical Co    | Japan     | 2.0%         |
| Tokyo Seimitsu Co Ltd      | Japan     | 2.0%         |
| Showa Denko KK             | Japan     | 2.0%         |
| Japan Aviation Electronics | Japan     | 2.0%         |
| <b>TOTAL</b>               |           | <b>21.8%</b> |

#### SECTOR ALLOCATION



#### COUNTRY ALLOCATION



Important note: Delft Partners Asia Small Companies strategy is offered through the Asia Small Companies class of the Tamim Fund. <https://www.tamim.com.au/asiasmallcompanies.html>

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