

Ironbark Gavekal Asian Opportunities Fund

Monthly Investment Report as at 30 April 2017

APIR Code

HFL0014AU

ARSN:

143 533 466

Objective:

To provide investors with exposure to Asia Pacific equity markets and tactical exposure to fixed income instruments and cash.

Fund Inception Date

12 Oct 2010

Benchmark

MSCI AC Asia Pacific

Management Cost1.7400%¹**Buy/Sell Spread**

Nil

Distribution Frequency

Annual

Minimum Investment

\$5,000

Fund Size

\$44.1m

Exit Price

\$1.6712

Performance Review

The Fund returned 5.93% net over the month, outperforming the benchmark's return of 3.40% by 2.53%.

For the month of April, Asian equity markets continued to trade on earnings and valuation as the macroeconomic picture, by and large, remained stable. Large-cap growth stocks outperformed while commodities, cyclicals and financials lagged behind as the Trump euphoria faded away. In addition, the expected victory of Emmanuel Macron in the French presidential election bodes well for risk assets. In general, the positive environment for Asian equity markets is likely to sustain for the rest of the year.

The investment manager maintains an overweight position in India on structurally lower interest rates and a strong pick-up in economic growth. Infrastructure names in the portfolio such as Larsen and Toubro (IN), Shree Cement (IN) and Ultratech Cement (IN) performed well and the good private sector banks such as Indusbank (IN), YES Bank (IN) and Kotak Mahindra Bank (IN) all delivered stellar operating results. Stock selection remains broad-based.

In Hong Kong and China, the shifting of momentum from high-beta cyclical to good quality growth stocks is encouraging. The share price of good quality names such as Tencent (HK), Beijing Capital Airport (HK), Guangdong Investment (HK) and Chow Tai Fook Jewelry (HK) have reached their year high against a relatively flat market for the month. The investment manager believes the bottoming out of the Chinese economy and coming pick-up in earnings will continue to provide a good backdrop for the equity market, in which the investment manager retains an overweight position.

In Japan, the market underperformed as the fall in US bond yields exerted upward pressure on the yen and financial stocks came under pressure. The investment manager believes interest rate normalisation will gradually happen globally and the mega-banks such as MUFJ (JP) and Sumitomo Mitsui Financial (JP) at a 0.6 times price-to-book ratios offer good upside potential in the next 6 months. Not to mention that the momentum of the Japanese robotics sector remains strong, and the investment manager therefore continues to favour Fanuc (JP).

The Fund's exposure to Indonesia has started to add value as the economy bottoms out. Bank Central Asia (IJ) and PT Telekom (IJ) have both reported strong results and the latter is raising its payout to shareholders. Megaworld (PM), the Fund's only holding in the Philippines, reported earnings 10% higher than consensus. Rental income remains unaffected by protectionist Trump rhetoric on services outsourcing by the US and stronger-than-expected residential sales. The stock is still selling attractively at over 50% to net asset value (NAV).

Hon Hai Precision (TT), one of the Fund's holdings in Taiwan, reported better-than-expected earnings on better margins, and the investment manager believes it will continue to do well due to the coming launch of the next Apple iPhone.

Performance

	Net Fund Return (%)	Benchmark Return (%)	Active Return (%)
1 month	5.93	3.40	2.53
3 months	10.77	7.35	3.42
6 months	10.38	10.08	0.30
1 year	13.13	18.92	-5.79
3 years (pa)	12.15	13.34	-1.19
5 years (pa)	11.15	13.64	-2.49
Since inception ² (pa)	9.14	9.52	-0.38

Past performance is not an indicator of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Retail investors should refer to net returns. If investing through an IDPS Provider, the total after fees performance return of your investment in the Fund may be different from the information in this report.

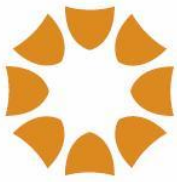
¹As at 30 December 2016. Refer to the PDS and website for a full breakdown of management costs.

²This figure represents the annualised performance of the Fund from the first full month of operation.

Contact Details

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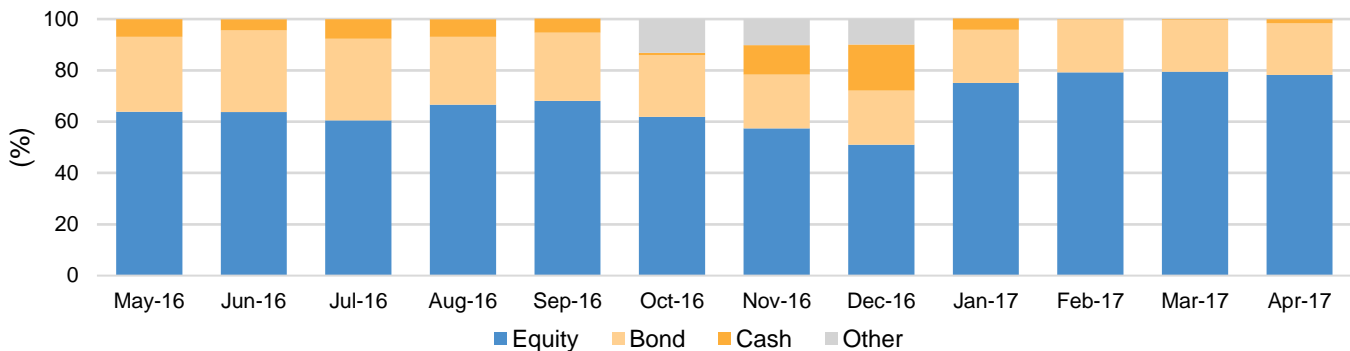
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Top 5 Holdings

Holding	Asset Class	Country	%
Government Of Indonesia 8.375% 15-Mar-2024	Bond	Indonesia	7.83
Maruti Suzuki India	Equity	India	3.15
Tencent Holdings	Equity	China	2.97
Samsung Electronics Co.	Equity	Korea	2.95
Guangdong Investment	Equity	China	2.82

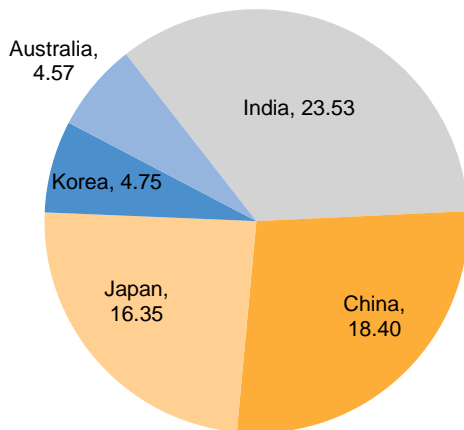
Rolling 12 Month Asset Allocation¹



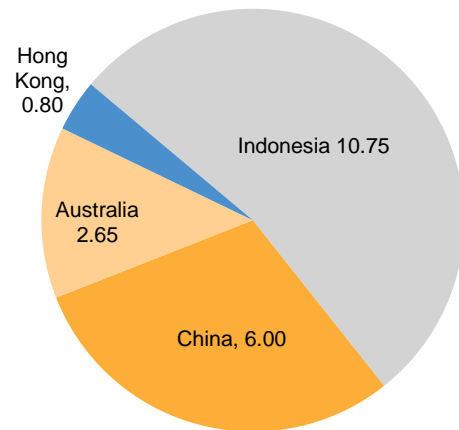
¹ The allocation to other over the 2016 fourth quarter was the Nikkei 225 holding.

Asset Allocation

Top 5 equity allocation by country³ (%)



Top 5 bond allocation by country^{3, 4} (%)



³ Weights at the total portfolio level.

⁴ As at 30 April 2017, the Fund's allocation to bonds was within four regions only.

Important Information

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