



Ironbark Gavekal Asian Opportunities Fund

Monthly Investment Report as at 30 April 2018

APIR Code

HFL0014AU

ARSN:

143 533 466

Objective:

The Fund aims to access a long-only investment strategy designed to capture the long-term returns of the Asia Pacific equity markets while constraining volatility through tactical exposure to fixed income instruments and cash

Fund Inception Date

12 Oct 2010

Benchmark

MSCI Asia-Pacific Index AUD (Unhedged)

Distribution Frequency

Annually

Minimum Investment

\$5,000

Fund Size

\$38.1m

Exit Price

\$1.8242

Performance Review

The Ironbark Gavekal Asian Opportunities Fund (the 'Fund') returned 0.02% (net) over the month, underperforming the benchmark's return of 2.50% by 2.48%.

Uncertainty in trade issues, rising US long bond yields and a downgrade on high-end smartphones have led to mixed performance among Asian equity markets in April. Rotation from large-cap growth stocks led to underperformance, especially in technology hardware and internet companies. The investment manager maintains the view that a full-blown trade war is unlikely, as it is not in the interest of the US and China and a softening tone has already emerged in recent weeks. The rise in US bond yields and the weak dollar are a reflection of the rising US deficit and increasing funding needs. The investment manager believes that the normalisation of global interest rates continues at a gradual pace. Any further weakness in growth stocks in the Asian universe will present a good medium term buying opportunity.

As the trade tension remains high with the US, and Hong Kong dollar-based interest rates continue to catch up with US rates, the sentiment on the Hong Kong/China markets is weak in the short term. Large-cap growth stocks such as Tencent and Alibaba underperformed, but the investment manager believes their earnings profile remains solid. While the large Chinese banks such as China Construction Bank and Industrial and Commercial Bank of China, and Macau hotels, Wynn Macau and Sands China outperformed on strong earnings. The Fund's holdings in Geely Automobile came under pressure on trade issues with the US. The investment manager remains confident that the earnings profiles of the stock remains strong and will look to increase the Fund's position on the back of this weakness.

The Fund's Indian holdings have performed well over the month, led by consumer company Britannia Industries, private sector banks which include Indusbank and Kotak Mahindra Bank, and infrastructure company Larsen & Toubro. The coming election is pivotal for the market and the investment manager believes a Modi-led victory is likely.

Earnings results in Japan have been mixed due to the strong yen, and more importantly companies have turned very conservative in their guidance due to global trade uncertainty. The Fund remains underweight Japan.

Performance

	Net Fund Return (%)	Benchmark Return (%)	Active Return (%)
1 month	0.02	2.50	-2.48
3 months	-2.63	2.22	-4.85
1 year	10.46	18.94	-8.48
3 years (p.a.)	4.52	8.73	-4.21
5 years (p.a.)	9.79	14.01	-4.22
7 years (p.a.)	10.21	11.86	-1.65
Since inception ¹ (p.a.)	9.31	10.72	-1.41

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.

¹This figure represents the annualised performance of the Fund from the first full month of operation.

Contact Details

T: 1800 034 402 | E: client.services@ironbarkam.com | W: www.ironbarkam.com





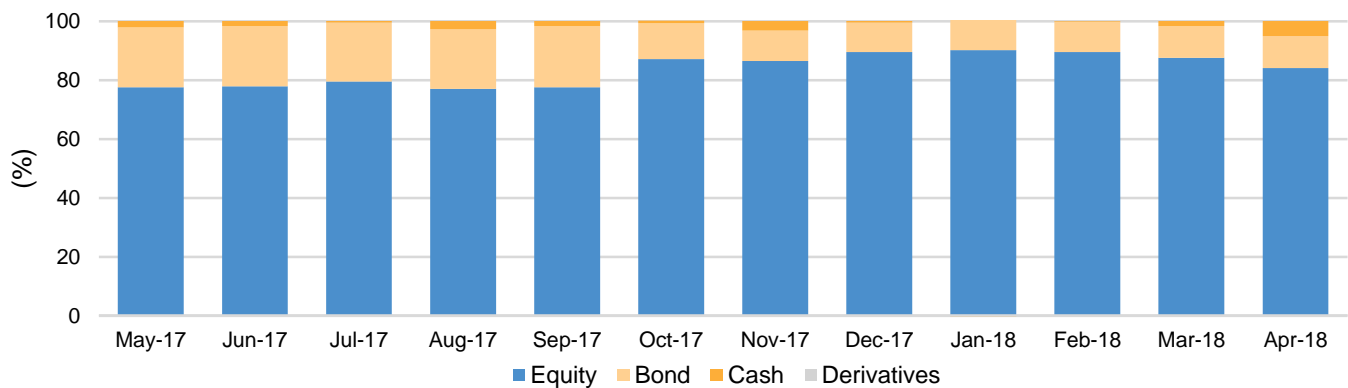
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Top 5 Holdings

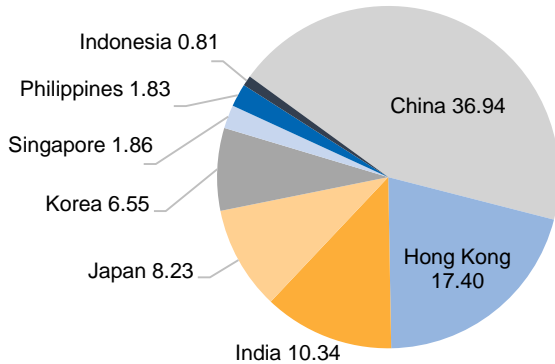
Holding	Asset Class	Country	%
Tencent Holdings	Equity	China	6.03
China Construction Bank Corporation	Equity	China	4.85
Industrial and Commercial Bank of China	Equity	China	4.67
Galaxy Entertainment Group Limited	Equity	Hong Kong	3.63
IndusInd Bank Ltd.	Equity	India	3.34

Rolling 12 Month Asset Allocation¹

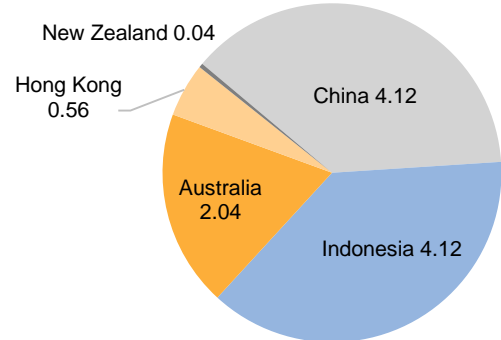


Asset Allocation

Equity allocation by country¹ (%)



Bond allocation by country¹ (%)



¹Weights at the total Fund level

Important Information

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