



Stewart Investors
Sustainable Funds Group

Stewart Investors Asia Pacific
Leaders (UK OEIC)
Quarterly Investment Report
01 July 2019 - 30 September 2019

Q3

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Risk Factors

This document is a financial promotion for the Stewart Investors Asia Pacific Leaders Fund in the EEA and elsewhere where lawful. Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Currency risk:** The Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund.
- **Emerging market risk:** emerging markets may not provide the same level of investor protection as a developed market; they may involve a higher risk than investing in developed markets.
- **Recommendation:** This fund may not be appropriate for investors who plan to withdraw their money within five years.

Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Reference to the names of any company is merely to explain the investment strategy and should not be construed as investment advice or a recommendation to invest in any of those companies.

For a full description of the terms of investment and the risks please see the Prospectus and Key Investor Information Document.

**If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.
If you are unsure of the terminology used in this report, please seek independent financial advice.**

Stewart Investors Asia Pacific Leaders Fund

Portfolio Overview

30 September 2019

Investment Philosophy

Our investment approach founded in 1988 is based on:

- Stewardship
- An absolute return mindset*
- Bottom-up analysis*
- Long-term thinking
- Searching for quality companies
- Finding sustainable and predictable growth
- Strong valuation disciplines

Investment objective and policy

The Fund aims to grow your investment.

The Fund invests in shares of companies based in or having significant operations in the Asia Pacific region including Australia and New Zealand excluding Japan. The Fund invests in shares of large and mid-sized companies in the region. These companies generally have a total stock market value of at least US\$1 billion. Consideration is given to investment in companies that are positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate. Derivatives may be used for efficient portfolio management.

Fund Information

Fund Launch Date	01 December 2003
Fund Size (£m)	7002.4
Benchmark	MSCI AC Asia Pacific ex Japan Index*
Number Of Holdings	35
Fund Manager(s)	David Gait/Sashi Reddy
Research Rating [^]	Morningstar®:Silver Square Mile:AAA RSM:Rated
Fund Yield	0.4%

* The benchmark for this Fund has been identified as a means by which investors can compare the performance of the Fund and has been chosen because its constituents most closely represent the scope of the investable assets. The benchmark is not used to limit or constrain how the portfolio is constructed nor is it part of a target set for Fund performance. Given the diverse nature of the constituent funds within the Specialist IA sector the manager does not compare performance of this Fund with its IA sector.

[^]This does not constitute an investment recommendation and is not indicative of future results. Methodology available on rating provider's website.

Available Share Classes

ISIN	Sedol	Share Class
GB0033874214	3387421	Stewart Investors Asia Pacific Leaders Fund GBP Class A (Accumulation)
GB00B5453722	B545372	Stewart Investors Asia Pacific Leaders Fund GBP Class A (Income)
GB0033874768	3387476	Stewart Investors Asia Pacific Leaders Fund GBP Class B (Accumulation)
GB00B5750V20	B5750V2	Stewart Investors Asia Pacific Leaders Fund GBP Class B (Income)

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♦ **Absolute return:** a return provided by a share or portfolio which is not measured relative to another share or benchmark index.

♦ **Bottom-up:** analysis of a company focused principally on its management, franchise and financials rather than the broader industry in which it operates, or macroeconomic factors, such as economic growth.

Performance

30 September 2019

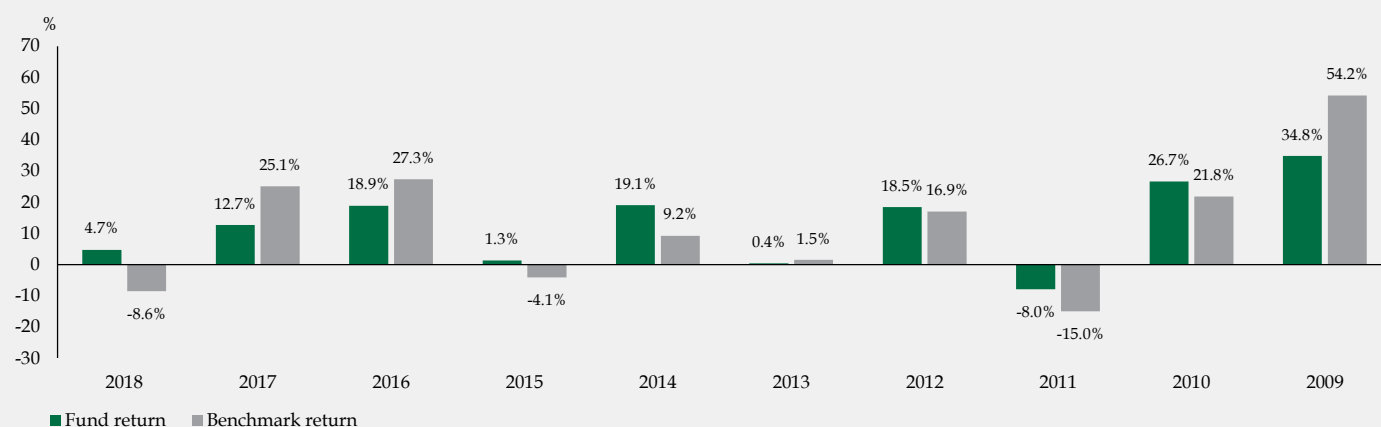
Annual Performance (% in GBP) to 30 September 2019

	12 mths to 30/09/19	12 mths to 30/09/18	12 mths to 30/09/17	12 mths to 30/09/16	12 mths to 30/09/15
Stewart Investors Asia Pacific Leaders Fund	4.3	13.0	3.6	28.0	0.6
MSCI AC Asia Pacific ex Japan Index	4.0	4.9	16.8	37.7	-8.4

Cumulative Performance (% in GBP) to 30 September 2019

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
Stewart Investors Asia Pacific Leaders Fund	615.1	151.7	57.1	22.1	4.3	5.7	4.9	0.8
MSCI AC Asia Pacific ex Japan Index	420.5	119.6	60.6	27.4	4.0	11.4	2.3	-0.8

Calendar Year Performance (% in GBP) to 30 September 2019



These figures refer to the past. Past performance is not a reliable indicator of future results. For investors based in countries with currencies other than GBP, the return may increase or decrease as a result of currency fluctuations. Since inception performance figures have been calculated from 01 December 2003. All performance data for the Stewart Investors Asia Pacific Leaders Fund Class A (Accumulation) GBP as at 30 September 2019. Source for fund - Lipper IM / Stewart Investors. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management and administration fee) and other costs charged to the fund (e.g. transaction and custody costs), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source for benchmark - MSCI, income reinvested net of tax.

Commentary

30 September 2019

Major Activity

We did not establish any new positions over the quarter.

We sold **Expeditors International** (US: Industrials) because of concerns about the direction of the company's Asian business and **Hong Kong & China Gas** (Hong Kong: Utilities) as valuations reached levels that we believed to be extreme for both future growth and growing political risk. We also sold **Kansai Paint** (Japan: Materials) on concerns the company might make a large US acquisition.

Comment

CSL (Australia: Health Care) is one of the largest positions in the portfolio. The company is a high quality global franchise which rose to prominence almost 100 years ago when it developed an influenza vaccine during the Spanish Flu pandemic.

CSL has a dominant market position in blood plasma derivatives, for which there are no alternatives. It operates one of the world's largest plasma collection networks and is the chosen national plasma fractionator in several Asian countries. It is also one of the largest global providers of influenza vaccines. The company is well placed to capitalise on growth opportunities created by the growing demand for vaccines and plasma-derived products in emerging markets where access to treatment is improving.

CSL is a cash-generative company with a reputation for consistently paying impressive dividends to shareholders. Management is strong, stable and focused on the safety and security of all products. Risks relate to changing government regulations, healthcare reforms, collection processes and product safety.

Review & Outlook

Over the last twelve months the fund provided a positive return and outperformed its benchmark index. The fund benefitted from strong performance by **Kotak Mahindra Bank** (India: Financials) and **Hoya Corp** (Japan: Health Care) which both continued to deliver solid earnings growth.

On the negative side, **Mahindra & Mahindra** (India: Consumer Discretionary) was subdued following weakness in the Indian automobile market and **Cipla** (India: health Care) declined on weak margins and disappointing earnings growth.

We continue to believe that the Asia Pacific region is an attractive prospect for the long-term investor. We would argue it is home to many high quality companies and a significant number of world class stewards.

We believe that our disciplined, independent investment approach of owning quality companies in the region over the long-term should continue to deliver reasonable long-term returns for clients.

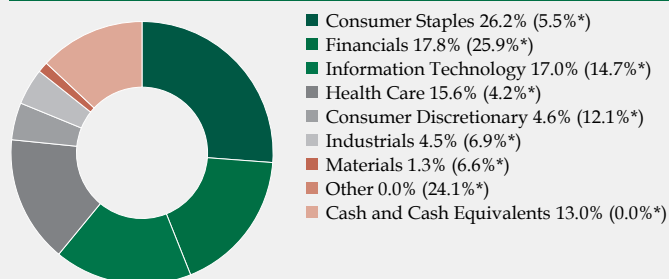
Portfolio Allocation and Stock Holdings

30 September 2019

Ten Largest Holdings as at 30 September 2019

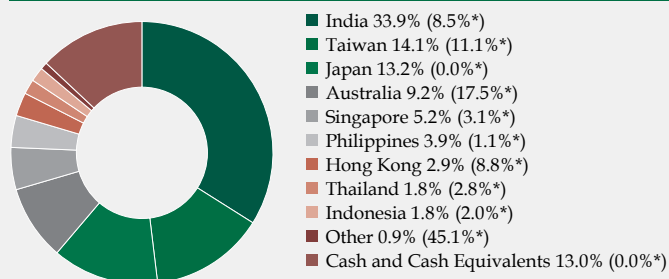
Stock Name	Country	Sector	Portfolio Weight (%)	Index Weight (%)
Tata Consultancy Serv. Ltd	India	Information Technology	6.6	0.5
CSL	Australia	Health Care	6.0	1.3
Unicharm Corporation	Japan	Consumer Staples	5.6	0.0
Oversea-Chinese Banking Corporation	Singapore	Financials	5.2	0.5
Tech Mahindra Limited	India	Information Technology	4.7	0.1
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	4.6	0.1
President Chain Store Corporation	Taiwan	Consumer Staples	4.6	0.1
Hoya Corp.	Japan	Health Care	4.0	0.0
Kotak Mahindra Bank Limited	India	Financials	3.6	0.0
Marico Limited	India	Consumer Staples	3.3	0.0

Sector Breakdown



*Index Weight

Country Breakdown

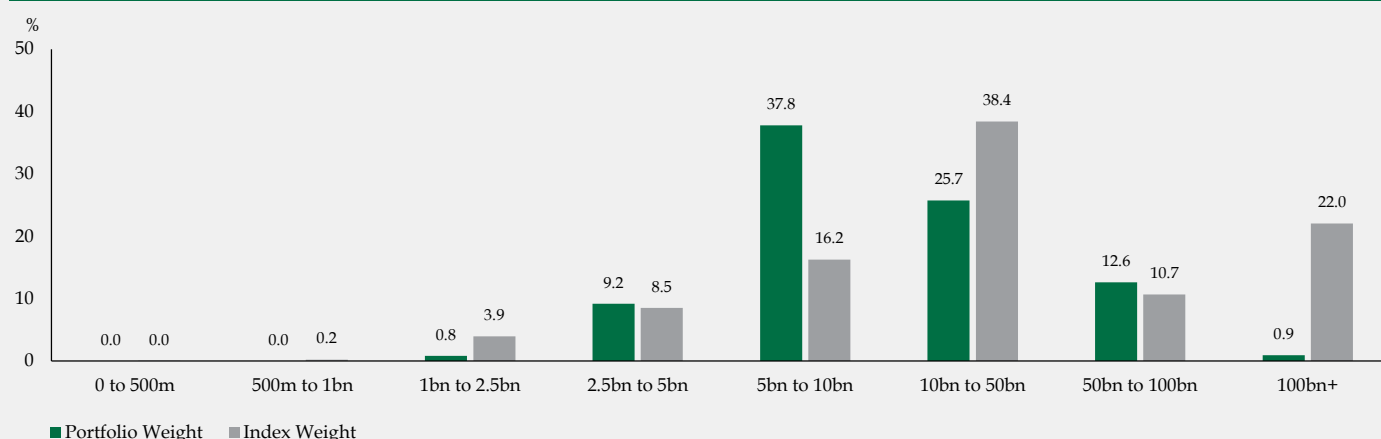


*Index Weight

Sector and Country classifications provided by Factset and Stewart Investors.

Cash Equivalents may include T-Bills.

Market Capitalisation Breakdown (GBP)



Country Classification

The fund aims to invest in companies listed in, incorporated in, or earning the greater part of their revenues or profits in Asia Pacific ex-Japan markets. The Japan exposure shown in the Country Breakdown represents companies that are listed on the Japanese Stock Market, but produce the majority of their revenues or profits in Asia Pacific ex-Japan markets.

Data source: For illustration purposes only. Portfolio weights may not add up to 100% as cash holdings are excluded and full coverage of stocks is not always available. This information is calculated by Stewart Investors.

Stock Contribution

30 September 2019

Top 5 contributors to absolute performance

3 months to 30 September 2019

Stock Name	Country	Sector	Value added (bps*)
CSL	Australia	Health Care	47
Unicharm Corporation	Japan	Consumer Staples	44
Kotak Mahindra Bank Limited	India	Financials	37
Nippon Paint Co., Ltd.	Japan	Materials	36
Hoya Corp.	Japan	Health Care	34

12 months to 30 September 2019

Stock Name	Country	Sector	Value added (bps*)
Kotak Mahindra Bank Limited	India	Financials	127
Hoya Corp.	Japan	Health Care	110
CSL	Australia	Health Care	84
Hong Kong & China Gas Co. Ltd.	Hong Kong	Utilities	77
Marico Limited	India	Consumer Staples	72

Bottom 5 contributors to absolute performance

3 months to 30 September 2019

Stock name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	-67
Cipla Limited	India	Health Care	-50
Tata Consultancy Services Limited	India	Information Technology	-36
Brambles	Australia	Industrials	-33
Kasikornbank Public Co. Ltd.	Thailand	Financials	-29

12 months to 30 September 2019

Stock name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	-162
Cipla Limited	India	Health Care	-64
President Chain Store Corporation	Taiwan	Consumer Staples	-58
Dairy Farm International Holdings Limited	Hong Kong	Consumer Staples	-53
CK Hutchison Holdings Ltd	Hong Kong	Industrials	-49

Stock Contributions show the impact of the individual stock's performance to the total fund performance. These stock contributions show the top 5 and bottom 5 contributors to the fund and are not representative of the performance of the fund as a whole.

These figures refer to the past. Past Performance is not a reliable indicator of future results. For investors based in countries with currencies other than GBP, the return may increase or decrease as a result of currency fluctuation.

This stock information does not constitute any offer or inducement to enter into investment activity.

Contributions are calculated at the investee company level before the deduction of any fees incurred at fund level (e.g. the management and administration fee) but after deduction of transactional costs. Stocks held/listed in non-index countries have economic activity > 50% from developing economies.

* A basis point is a unit of measure used in finance to describe the percentage change in value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

Data source: This information is calculated by Stewart Investors.

Risk Analysis

30 September 2019

Portfolio Risk Analysis - Ex-Post 3 Years Annualised to 30 September 2019

Risk Measure	Value	Risk Description
Information Ratio	-0.01	The fund's excess return divided by its tracking error. It is designed to assess a portfolio's performance relative to its level of benchmark risk. The higher the fund's information ratio, the more excess return it generates for each unit of tracking error.
Portfolio Standard Deviation	10.14%	A measure of how much the returns of the fund vary relative to the arithmetical average. The higher the fund's standard deviation, the more its returns tend to deviate from the mean.
Benchmark Standard Deviation	11.63%	A measure of how much the returns of the index vary relative to the arithmetical average. The higher the index's standard deviation, the more its returns tend to deviate from the mean.
Tracking Error	7.10%	The standard deviation of the difference between the fund's returns and those of the index. The higher the fund's tracking error, the more its performance relative to the benchmark may vary.

Portfolio Risk Analysis - Ex-Ante at 30 September 2019

Risk Measure	Value	Risk Description
Dividend Yield (Fund)	1.81%	The annual dividend yield paid per share divided by the share price. This factor measure the value of company shares according to the stream of dividend income resulting from share ownership.
Dividend Yield (Index)	2.99%	The annual dividend yield paid per share divided by the share price. This factor measure the value of company shares according to the stream of dividend income resulting from share ownership.
Price to Book (Fund)	3.39	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to Book (Index)	1.55	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to Earnings (Fund)	21.89	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.
Price to Earnings (Index)	13.73	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.

Data source: Ex-Post information is calculated by Stewart Investors, Ex-Ante information is provided by FactSet.

Disclaimer

30 September 2019

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Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. Place where the relevant documentation may be obtained: The prospectus, key investor information documents (KIIDs), the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

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