



# TARGET ASIA FUND (LUXEMBOURG)

September 2016

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## Disclaimer

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## Fund Background

- Launched in December 2001
- Luxembourg based SICAV (UCITS)
- Long-only Value fund without use of leverage
- Scherrer & Partner Investment Management AG appointed as Investment Adviser



## The Investment Adviser – Scherrer and Partner Investment Management AG

- Appointed as Investment Adviser
- Scherrer & Partner Investment Management AG and its group have approx. US\$200 million under management/advisory
- Regulated by the Swiss Association of Asset Managers (SAAM)
- Is a 'long' only fund manager specialised in value investing. Invested in Asia for more than 26 years and has a track record of around 15 years.
- Independent and highly motivated asset management team
- High level of transparency in the management of the Fund's portfolio



## Company History & Structure

- Established in June 1994, based in Zurich. Current staff strength : - 4 investment professionals and 2 administrative support staff
- Co-Founded by Mr.George Scherrer, a former Head of Investment Committee at Credit Suisse, Zurich, and by Mr.Christian Diem, a former Portfolio Manager at Credit Suisse, Zurich.
- Co-Managed by Mr.George Scherrer and Mr.Christian Diem
- A management-owned company :
  - Mr.George Scherrer 55%
  - Mr.Christian Diem 45%



## Senior Management Biography

### **Mr. George Scherrer, Director & Co-Fund Manager**

- Combination of over 34 years of commercial, banking and investment experience
- Credit Suisse, Zurich from 1983 to 1994
- 1987 Portfolio manager at Credit Suisse, Zurich
- 1989 - Head of the private banking division at Unterstrasse branch of Credit Suisse
- 1991 - Head of Investment Committee at Credit Suisse, Zurich

### **Mr. Christian Diem, Director & Co-Fund Manager**

- Combination of over 27 years of banking and investment experience.
- Formerly a Portfolio Manager at Credit Suisse in conjunction with Mr.Scherrer
- Started his banking career in 1985 with Cantonalbank Zurich
- Federally Certified Financial Analyst and Portfolio Manager (EFFAS/AZEC) since 1994.



## Investment Approach & Style

### ➤ Investment Approach

- Bottom up; Portfolio built on stock by stock selection basis
- Comparison with valuations in the country and its sector peers

### ➤ Investment Style

- “Value first” investment style
- Active portfolio management
- Flexibility to invest in small caps and special situations



## Stock Selection

### ➤ Valuations

- Stocks which have a high net asset value in relation to their share prices (P/BV)
- Size of recurrent earnings
- Return on equity and price/earnings ratio
- Dividend yield

### ➤ Business

- Barriers to entry and competition
- Is the company growing and gaining market share
- Profit margin of the business
- Sector outlook
- Risky high tech or defensive food sector





## Stock Selection

### ➤ Financials

- Company's ability to create value and increase shareholder equity or book value per share annually
- Debt level and the debt/equity ratio
- Avoid unpredictable and volatile earnings

### ➤ Management

- Remuneration of top management
- Is there dilution through stock options
- Reputation of management
- Dividend policy

### ➤ Tax

- Tax situation
- Any withholding taxes



## Portfolio Profile

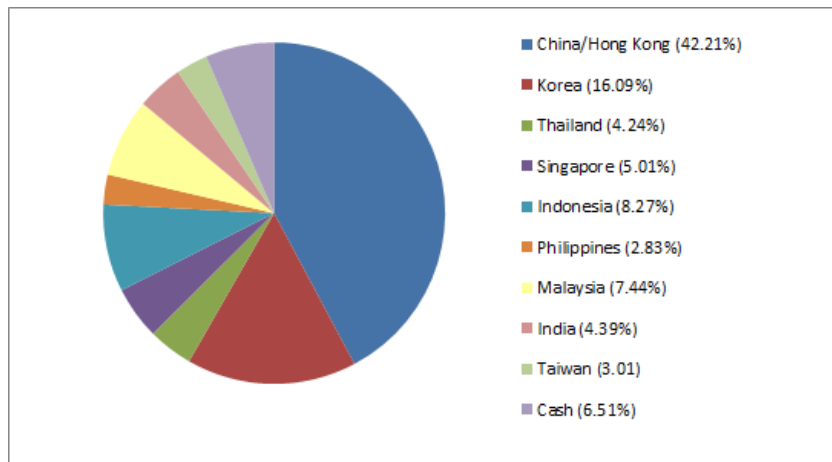
- **Non-index weighting (tracking error may be high)**
- **No Leverage**
- **Portfolio**
  - Small to mid cap bias
  - Diversified (about 40-60 stocks)
  - Typically not more than 5% in one company
  - Usually less than 5% cash
  - Favours the infrastructure, civil engineering, water & healthcare sectors
  - Banks & technology have average weightings



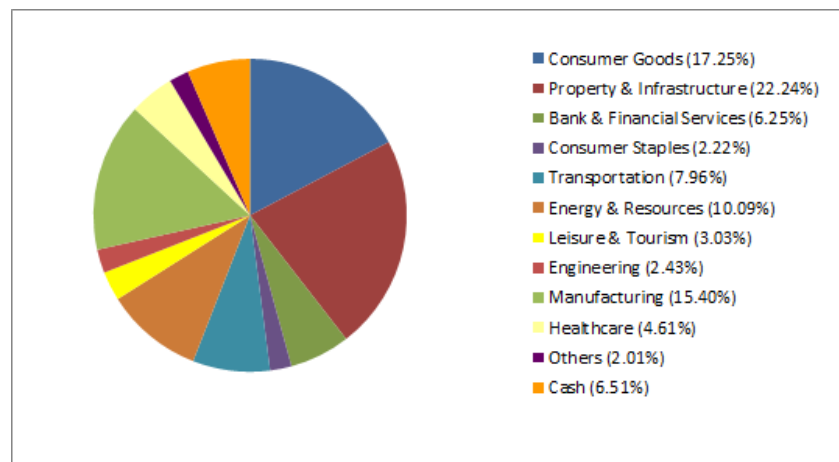
## Portfolio Information (31<sup>st</sup> August 2016)

Fund Top 5 Holdings as of 31st August 2016	Country
Air Asia Bhd	Malaysia
China Lesso Group	Hong Kong
Ecogreen International	Hong Kong
LG PFD	Korea
Samsung Electronics	Korea

### Fund Geographic Asset Allocation



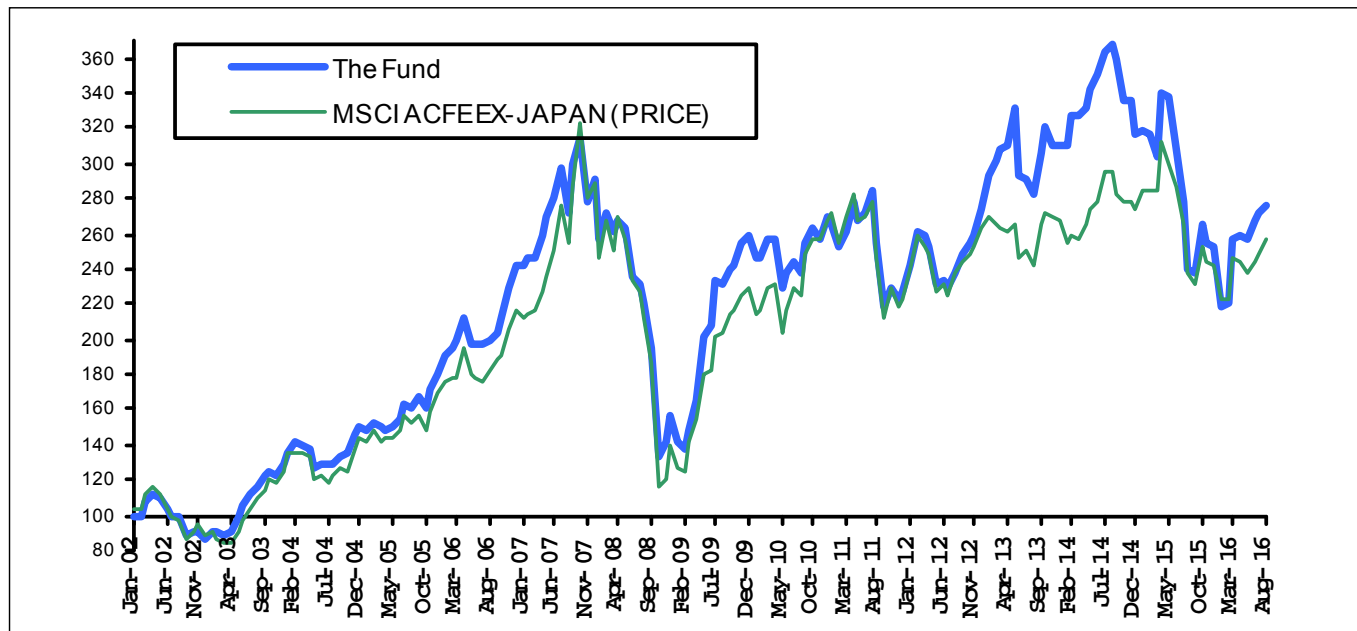
### Fund Sector Allocation





## A Proven Track Record

Graph showing Cumulative Performance of the Fund vs. MSCI All Countries Far East ex-Japan (price) net of all fees (US\$) since inception to 31<sup>st</sup> August 2016



Cumulative Return since inception: The Fund +176.12% Vs. MSCI ACFE Ex-Japan (P) 157.26%



## An Outstanding Proven Track Record

Calendar year performance of the Fund and MSCI ACFE Ex-Japan (Price) since January 2002 net of all fees (US\$)

	The Fund	MSCI ACFE Ex-Japan (P)	Over/(Under) Performance
<b>2002</b>	-12.63%	-11.05%	-1.58%
<b>2003</b>	48.36%	40.77%	7.59%
<b>2004</b>	16.29%	14.23%	2.06%
<b>2005</b>	19.21%	17.86%	1.35%
<b>2006</b>	35.13%	28.47%	6.66%
<b>2007</b>	20.28%	33.38%	-13.10%
<b>2008</b>	-46.06%	-51.96%	5.90%
<b>2009</b>	64.59%	65.01%	-0.42%
<b>2010</b>	3.76%	16.69%	-12.93%
<b>2011</b>	-15.48%	-16.78%	1.30%
<b>2012</b>	20.80%	19.00%	1.80%
<b>2013</b>	12.98%	1.28%	11.70%
<b>2014</b>	2.24%	0.54%	1.70%
<b>2015</b>	-20.36%	-11.75%	-8.61%
<b>2016 (Aug)</b>	9.26%	8.85%	0.41%

The Fund has weathered the Asian Financial Crisis, the Technology Boom/Bust Cycle, the September 11 terrorist attack, the War on Iraq, SARS & the 2008 Financial Crisis.



## An Outstanding Proven Track Record

### Monthly performance comparison of the Fund and MSCI ACFE Ex-Japan (Price) index since Inception

Monthly Performance													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2016</b>	-13.31%	1.21%	15.72%	1.32%	-1.53%	4.30%	2.21%	1.18%					<b>9.26%</b>
<b>2016 MSCI</b>	-7.74%	-0.28%	10.89%	-1.17%	-1.98%	1.99%	4.52%	3.33%					<b>8.85%</b>
<b>2015</b>	0.48%	-0.44%	-4.47%	12.28%	-0.93%	-8.44%	-10.17%	-13.13%	-1.42%	11.34%	-4.00%	-0.48%	<b>20.36%</b>
<b>2015 MSCI</b>	3.69%	0.33%	-0.06%	10.00%	-4.07%	-4.49%	-7.46%	-10.16%	-2.29%	8.67%	-3.29%	-1.04%	<b>-11.75%</b>
<b>2014</b>	0.20%	5.27%	-0.02%	1.53%	3.27%	2.28%	3.44%	1.12%	-2.19%	-6.75%	0.16%	-5.40%	<b>2.24%</b>
<b>2014 MSCI</b>	-4.97%	1.97%	-0.58%	2.61%	3.65%	1.24%	5.98%	0.22%	-4.43%	-1.54%	0.57%	-1.94%	<b>0.54%</b>
<b>2013</b>	6.95%	2.44%	2.37%	0.91%	6.47%	-11.48%	-0.36%	-3.56%	8.80%	4.29%	-3.34%	0.28%	<b>12.98%</b>
<b>2013 MSCI</b>	1.62%	-1.23%	-0.72%	-0.91%	1.59%	-7.13%	1.94%	-3.20%	8.91%	3.00%	-1.02%	-0.77%	<b>-3.66%</b>
<b>2012</b>	6.09%	8.52%	-0.79%	-2.71%	-8.75%	0.85%	-1.16%	3.87%	3.76%	3.27%	1.53%	5.76%	<b>20.80%</b>
<b>2011 MSCI</b>	7.89%	7.78%	-2.24%	-2.00%	-8.07%	1.73%	-2.78%	5.28%	3.42%	1.78%	1.01%	4.95%	<b>19.00%</b>
<b>2011</b>	-1.26%	-4.65%	3.24%	6.62%	-3.74%	1.53%	4.59%	-10.48%	-14.22%	4.88%	-2.51%	1.62%	<b>-15.48%</b>
<b>2011 MSCI</b>	1.76%	-5.84%	5.25%	5.10%	-5.60%	1.08%	2.68%	-11.24%	-13.65%	8.06%	-4.37%	1.17%	<b>-16.78%</b>
<b>2010</b>	-4.98%	-0.04%	4.50%	-0.07%	-10.48%	2.98%	3.44%	-2.68%	6.77%	3.02%	-2.44%	5.06%	<b>3.76%</b>
<b>2010 MSCI</b>	-6.70%	1.26%	6.39%	0.98%	-12.36%	6.10%	6.18%	-1.56%	10.31%	2.88%	0.08%	4.15%	<b>16.69%</b>
<b>2009</b>	-10.23%	-2.21%	7.90%	11.48%	21.15%	3.65%	11.84%	-0.77%	3.56%	1.11%	4.61%	2.10%	<b>64.59%</b>
<b>2009 MSCI</b>	-8.01%	-2.47%	13.51%	8.85%	17.17%	1.36%	10.94%	0.07%	6.24%	0.61%	4.17%	1.39%	<b>65.01%</b>
<b>2008</b>	-12.31%	5.97%	-3.73%	2.46%	-1.84%	-9.96%	-1.96%	-4.80%	-11.92%	-31.12%	5.14%	11.85%	<b>-46.06%</b>
<b>2008 MSCI</b>	-14.51%	8.12%	-6.16%	7.82%	-4.47%	-9.67%	-2.57%	-6.85%	-11.85%	-37.12%	3.28%	14.58%	<b>-51.96%</b>
<b>2007</b>	-0.19%	1.32%	-0.01%	5.64%	3.64%	4.35%	6.10%	-8.74%	10.08%	5.35%	-11.78%	5.08%	<b>20.28%</b>
<b>2007 MSCI</b>	-1.76%	0.74%	0.89%	5.29%	3.08%	6.70%	10.37%	-7.94%	12.52%	13.03%	-13.18%	2.80%	<b>33.38%</b>
<b>2006</b>	6.52%	1.65%	2.92%	6.08%	-6.76%	-0.11%	-0.26%	0.76%	2.83%	3.89%	8.10%	5.76%	<b>35.13%</b>
<b>2006 MSCI</b>	4.97%	0.12%	0.85%	9.11%	-7.60%	-0.83%	-1.82%	3.69%	3.43%	1.91%	7.02%	5.55%	<b>28.47%</b>
<b>2005</b>	-1.16%	2.87%	-2.03%	-0.59%	0.37%	3.49%	4.64%	-0.59%	3.88%	-4.11%	6.78%	4.74%	<b>19.21%</b>
<b>2005 MSCI</b>	-0.39%	4.20%	-3.80%	0.11%	0.28%	3.48%	5.05%	-2.65%	3.46%	-4.98%	6.87%	5.75%	<b>17.86%</b>
<b>2004</b>	5.07%	4.29%	-1.87%	-0.66%	-7.86%	1.17%	-0.55%	1.32%	2.01%	1.80%	8.34%	3.01%	<b>16.29%</b>
<b>2004 MSCI</b>	8.05%	0.28%	-0.51%	-1.45%	-9.37%	1.11%	-2.76%	3.63%	3.24%	-0.78%	10.03%	3.30%	<b>14.23%</b>
<b>2003</b>	3.09%	0.97%	-2.23%	2.28%	9.30%	6.68%	4.85%	4.77%	4.91%	2.97%	-2.10%	5.22%	<b>48.36%</b>
<b>2003 MSCI</b>	0.81%	-3.63%	-1.72%	-1.03%	7.66%	8.29%	6.13%	5.93%	3.20%	6.63%	-2.91%	6.38%	<b>40.77%</b>
<b>2002</b>	-1.44%	0.48%	8.48%	4.07%	-1.06%	-5.96%	-3.82%	-0.63%	-11.33%	3.38%	-0.45%	-3.70%	<b>-12.63%</b>
<b>2002 MSCI</b>	3.49%	0.98%	6.60%	4.96%	-3.68%	-7.47%	-3.86%	-2.12%	-11.41%	4.30%	4.31%	-5.89%	<b>-11.05%</b>



## Why invest in Target Asia Fund (Luxembourg)

- Long history of Knowledge & experience of investing in Asian Markets
- The Fund has a track record of almost 15 years
- High level of transparency in the management of the Fund's portfolio
- Valuations of companies in the portfolio are attractive
- Stock selection decisions made away from market noise and rumours
- High level of regulation: Fund regulated in Luxembourg by CSSF and the Investment Adviser regulated in Switzerland by SAAM. Closer values and standards in line with its European Clients' expectations.
- No use of leverage nor hedging with derivatives (futures & options)
- Modest asset size to capture opportunities in the small and mid cap market in Asia



## Map of Asia







## Contact Details

**For enquiries, please contact:**

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**Fax: (852) 2525 6268**

**Email: [dchan@canterbury-capital.com](mailto:dchan@canterbury-capital.com)**



## Fund Information

<b>Fund Structure:</b>	Open ended fund, SICAV incorporated in Luxembourg with UCITS
<b>Investment Manager:</b>	Canterbury Capital Ltd.
<b>Management Company:</b>	Andbank Asset Management Luxembourg
<b>Investment Adviser:</b>	Scherrer & Partner Investment Management AG
<b>Custodian:</b>	Citibank Europe plc (Luxembourg Branch)
<b>Administrator:</b>	Citibank Europe plc (Luxembourg Branch)
<b>Distributor:</b>	Canterbury Capital International Ltd.
<b>Auditors:</b>	PricewaterhouseCoopers
<b>Austria Paying &amp; Information Agent:</b>	Erste Bank der oesterreichischen Sparkassen
<b>Germany Paying Agent:</b>	Landesbank Baden-Wuerttemberg
<b>Listing:</b>	Listed on the Luxembourg Stock Exchange
<b>Dealing:</b>	Daily (before 5pm Lux time)
<b>Valuations:</b>	Daily
<b>Management Fee:</b>	1.5% per annum
<b>Performance Fee:</b>	20% High on High
<b>Redemption Fee:</b>	Nil