

Hamon Asian Funds – Hamon Asia ESG Focus Fund

February 2023

(NAV in US\$, performance based on US\$ class, NAV to NAV, with dividend reinvested)
Source: BNY Mellon, Bloomberg

Unit Price
US\$19.60 (USD class)

Investment Objective

Long-term capital appreciation from a portfolio of listed equity of companies domiciled in or exposed to the Asian region, with good growth visibility and fundamentals, high or increasing awareness of ESG and climate risks in their businesses, and beneficiaries of climate opportunities.

The Sub-Fund utilizes the proprietary Hamon ESG Scorecard approach, and focuses at least 75% of net assets of the Sub-Fund in core sustainability themes of Green Energy, Digitalisation & Technology, Sustainable Finance, Environmental Protection, Sustainable Production, Health & Society, and Decarbonisation, which align with the aims of the UN Sustainable Development Goals.

Sustainability Themes

Sustainability Theme	Weighting (%)
Digitalisation & Technology	43.2
Sustainable Finance	17.8
Health & Society	13.3
Green Energy	5.0
De-carbonization	4.1
Sustainable Production	3.7
Others	7.5

Portfolio Carbon Footprint

		Portfolio	Index
Weighted Average Carbon _e Intensity	(tons Co ₂ e per million USD revenue)	111.1	396

Measures the portfolio's exposure to carbon-intensive companies.
• Carbon Footprint of the portfolio is based on 77.2% of holdings reporting actual GHG data under Scope 1 and 2.
• Index is the iShares MSCI AC Asia ex-Japan ETF (31 Jan 2023)

Fund in figures

Cumulative Performance % in US\$	MTD	YTD	1 yr	3 yr	5 yr
Hamon Asia ESG Focus Fund	-10.52	-3.20	-21.83	-12.96	-40.28
MSCI AC Asia ex-Japan TR USD Index [^]	-6.82	0.83	-14.40	3.96	-4.48

Calendar Year Performance % in US\$	2022	2021	2020*	2019*	2018*
Hamon Asia ESG Focus Fund	-26.74	-5.67	16.15	9.25	-27.37
MSCI AC Asia ex-Japan TR USD Index [^]	-19.67	-4.72	-	-	-
MSCI Daily TR AC FE ex-Japan Net USD	-	-	26.04	19.45	-15.14

[^] The benchmark index was changed from the MSCI Daily TR AC FE ex-Japan Net USD to the MSCI AC Asia ex-Japan TR USD Index with effect 1 Nov 2021.

*The performance of these years were achieved under circumstances that no longer apply, as the investment policy was changed since Nov 2021.

Market Overview

February saw the markets falling, with the Asia ex-Japan market dropping 6.82%, while global markets fell 2.53%. Better than expected employment numbers and higher than expected PCE numbers in US indicated that high inflation may persist longer than expected and the US Fed would need to increase the Fed fund rate more than expected to fight the inflation. As such, hopes for an interest rate cut in 2023 faded, dragging on market sentiment.

Although we expected profit taking in the Hong Kong/China markets after rallying 48.7% in the last three months and reduced some exposure by the end of January accordingly, the broad selloff in the market dragged on the Fund's performance. The Hang Seng Index corrected 9.54%, while the MSCI China dropped 10.37%. Investors are now awaiting signs that confirm a strong economy recovery in China, as well as the economic development goals and policy changes that will be announced during the "two sessions" meetings taking place at the end of February to early March.

In North Asia, Taiwan outperformed the region, down only slightly by 0.16% for the month, and saw USD\$1.11bn inflow. This is despite the surprising move by Berkshire Hathaway, who sold the majority of its holdings in TSMC, which dampened market sentiment. The Korean market fell 6.93% in February, mainly affected by currency depreciation, with the won depreciating 6.9%. Exports also fell 16.6% in January, on the back of worsening semiconductor demand.

Performance Summary

The Fund was down 10.52% over the month, against the benchmark index, which was down 6.82%, mainly affected by the broad selloff seen in the HK/China markets.

A panel maker from Taiwan was a top performer for the month, as channel inventory for TV panels are at a low level, and prices hit the bottom in December are beginning to see an upward trend in Q1 2023. A chip maker from Taiwan was another top performer, benefitting from positive sentiment and interest in chatGPT and AI bots.

A Chinese property management company was a laggard, on worries of bad results and possible one-time impairment loss in its previous M&A deal in their upcoming results announcement. However, we believe the news should have been priced in, and investors will re-focus on the recovery in the property market post results announcement. As such, we will continue to hold onto this name.

Positioning & Outlook

Over the month, we added panel makers from Taiwan and China. As we mentioned above, channel inventory of TV panel are at a low level, and prices have bottomed. We believe panel prices will start rising and benefit all panel makers. We also added back an electronic ink name from Taiwan, as we like the secular trend of e-paper and electronic price tag adoption. Recently, both of its major customers, SES-imagotag and Pricer, gave strong results for Q4 2022 and expressed a positive outlook for 2023 on electronic price tags.

We remain positive towards the HK/China markets, especially given China's strong manufacturing figures, signaling a good pace to their economic recovery. MSCI China is also trading at a discount to the MSCI Emerging market and, as China has already re-opened fully, we believe the valuation gap will narrow very soon. We increased weighting in Taiwan and Korea, as we believe semiconductor prices have bottomed and took profit in India. We believe China, Taiwan, and Korea will be the top performers in the region.

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Global ESG Developments

China’s leading electric carmaker, BYD, has arrived in Germany - BYD last year sold 1.86 million battery-powered cars, including hybrids, which have both an electric motor and a gas-powered engine. That topped Tesla’s sales total of 1.3 million battery-powered cars in 2022. The vast majority of BYD cars are sold in China. But the company, based in Shenzhen, is looking to expand in other parts of the world, including Europe and, in particular, Germany, amid surging demand for EVs, coupled with supply train troubles that are still plaguing European automakers.

Ford Motor to build a \$3.5 billion EV battery factory in the US using technology licensed from a Chinese company that has become one of the most important players in the auto industry. Ford expects to employ about 2,500 people at the plant and begin production in 2026, which would help the company build Evs faster. The automaker said it would own 100% of the plant and make battery cells using technology and services from CATL, the world’s largest producer of batteries for EVs, and which has 13 factories of its own in Europe and Asia but none in the United States.

The world’s richest of the population also have the largest carbon footprint - Based on analysis from the International Energy Agency, the wealthier people are, the more climate pollution they produce, because of how much electricity consumed, the food that is eaten and how much they drive. The United States also has a larger overall carbon footprint. The richest 10% of Americans, produces 56.5 tons of carbon dioxide emissions per person, per year on average, according to the I.E.A. analysis, which is more than double the emissions of the richest 10%in Europe. It’s nearly double that of the richest 10% in China.

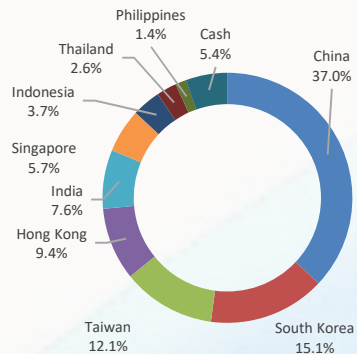
Top 10 Holdings

Company	Weight	Hamon ESG Score
Samsung Electronics Co Ltd	6.4%	64
AIA Group	4.8%	76
HDFC Bank	3.9%	65.5
Larsen & Toubro Ltd	3.7%	70
Meituan	3.7%	66
DBS Group	3.5%	92
Zhuzhou CRRC Times Electric	3.4%	54
Alibaba Group Holding Ltd	3.4%	77.5
E Ink Holdings Inc	3.0%	79.5
Swire Pacific Ltd	2.9%	82

Sector Weighting (%)

Information Technology	31.1
Financials	17.9
Real Estate	13.4
Consumer Discretionary	9.1
Materials	8.1
Industrials	7.1
Communication Services	5.6
Health Care	2.3
Cash	5.4

Market Weighting



Fund Details

Investment Advisor	Hamon Asset Management Limited
Manager	KBA Consulting Management Limited
Trustee	The Bank of New York Mellon SA/NV, Dublin Branch
Launch Date	20 Dec 1995
Base Currency	USD
Benchmark	MSCI AC Asia ex-Japan TR USD Index
Bloomberg Code	HAMAML ID (USD); HAAMLUI ID (USD Inst.); HAMAMLG ID (GBP)
ISIN	IE0002973638 (USD); IE00BL25KC17 (USD Inst.); IE00B28TTT42 (GBP)
Management Fee	(Sterling Class and USD Class): 1.5% p.a. , (USD Inst. Class): 0.85% p.a.

Dealing	Daily
Minimum Initial and Additional Investment	US\$1,000 (USD class); GBP1,000 (GBP class); US\$100,000 (initial), US\$50,000 (subsequent) for USD Inst.
Share Class	US dollar, US dollar Institutional, Sterling Class
Subscriptions	Daily, before 10AM (Dublin time) on any Dealing Day
Redemptions	Before 10AM (Dublin time) on the first business day prior to any Dealing Day.
Financial Year-end	31 December each year
Fund Authorization	HK SFC and UCITS

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Investment involves risk. Past performance is not indicative to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. The fund may invest in emerging markets, smaller companies and derivative instruments and thus involve higher risk and volatility. Before investing, please refer to the offering document(s) for details, including the risk factors. Portfolio holdings are subject to change at any time without notice. This information is provided for illustrative purposes only and should not be construed as a recommendation to purchase or sell any security.

Changes in the rates of exchange may affect the value of investments. Certain portfolios can invest in overseas securities which may also generate profits overseas and pay dividends in foreign currencies, which means that they may be exposed to changes in currency rates.

The Swiss representative for the Hamon Asian Funds, an Irish domiciled UCITS Fund, is First Independent Fund Services AG, Klausstrasse 33, CH-8008 Zurich, Switzerland. The Swiss paying agent is NPB Neue Private Bank AG, Limmatquai 1, P.O. Box 8024 Zurich, Switzerland. The current prospectus, the Key Investor Information Document (KIID), the Trust Deed, as well as the annual and semi-annual reports can be obtained free of charge from the Swiss representative. In respect of the units distributed in Switzerland, the place of performance and jurisdiction is Zurich, Switzerland.