

TM CRUX Asia Ex-Japan Fund

“ For the quarter, India emerged as our standout market. Notably, our IT holdings in Cyient and KPIT Technologies performed exceptionally well, contributing significantly to our outperformance. ”

Fund Performance

The CRUX Asia ex-Japan (AeJ) Fund outperformed the MSCI AeJ Index this quarter by 100 basis points (bps). Despite a lag in performance during October, the fund saw a sharp uptick in the final two months of the calendar year. In this period, it outperformed the index by 250bps, largely due to a short-term rally in our Chinese holdings.

For the quarter, India emerged as our standout market. Notably, our IT holdings in Cyient and KPIT Technologies performed exceptionally well, contributing significantly to our outperformance. The performance was further bolstered by our overweight position in PDD Holdings in China. PDD’s overseas e-commerce venture, Temu, continues to exceed expectations. Additionally, SK Hynix, a new position acquired this year, enhanced our returns.

Fund Holdings Q4 2023

Top 5 Holdings (by %)
Baidu (6.07)
SK Hynix (5.31)
Li Auto (5.13)
IndusInd Bank (4.88)
Pinduoduo (4.45)

Source: CRUX as at 31.12.23

The positive sector contributors to the fund’s performance included our overweight position in Information Technology (specifically Indian Engineering Research and Development (ER&D)) and our underweight positioning in Financials. However, the main negative sector contributions stemmed from an overweight in Industrial exposure (especially Chinese) and Communication Services (notably Baidu and Kuaishou).

Regarding company-specific attribution for 4Q/2023, the positive contributors to the fund’s performance were PDD Holdings and Indian ER&D companies: Cyient, KPIT, and Persistent. The decision to not hold stakes in BABA and Meituan continued to benefit our performance. On the other hand, the detractors from our

Important Information

Please note the views, opinions and forecasts expressed in this document are based on CRUX’s research and analysis at the time of publication. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially than those shown on this document. Please read all scheme documents prior to investing. The KIID and Fund Prospectus and other documentation related to the Scheme, are available from the CRUX website.

Market capitalisation

	%
> \$50bn	16.34
\$15bn-50bn	15.03
\$2bn-15bn	42.37
< \$2bn	25.38

Source: 31.12.23 CRUX Asset Management

fund’s performance included our Chinese holdings: Baidu, Miniso, CATL, and Dada Nexus, along with our underweight position in TSMC.

Transactions

Over the quarter, we increased the fund’s exposure to Korean memory, especially SK Hynix, and Taiwanese tech hardware companies. Concurrently, we reduced our exposure to Materials and underperforming Chinese holdings. We anticipate that the growing integration of Artificial Intelligence will usher in a new cycle for memory and tech hardware sectors.

Highlighted Stock Buys

- SK Hynix
- EHang

“ Asia will be a stock picker’s market in 2024 with double-digit growth driven by technology. ”

Market Outlook:

We have a positive market outlook for Asia in 2024 and believe it will be a stock picker’s market with double-digit growth driven by technology. With interest rates likely to be cut and a global productivity surge on the horizon with the mass rollout and enhancement of AI, Asia’s export-heavy economies are likely to benefit greatly.

India was the standout market in 2023, and we expect it’s strong performance to continue through 2024 across sectors. Meanwhile, we are optimistic about China making a recovery in 2024 and expect an improvement in market valuations (many of which are currently trading at distressed levels), especially technology stocks. Although we’re currently underweight in North and Southeast Asia, the continuing trend of electrification, automation and digitalisation presents compelling opportunities in tech, AI and memory stocks in Taiwan and South Korea.

Important Information

Please note the views, opinions and forecasts expressed in this document are based on CRUX’s research and analysis at the time of publication. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially than those shown on this document. Please read all scheme documents prior to investing. The KIID and Fund Prospectus and other documentation related to the Scheme, are available from the CRUX website.

The TM CRUX Asia ex-Japan is a sub-fund of TM CRUX OEIC (the ‘Company’). The Company is an investment company with variable capital and is a UCITS Scheme. It is incorporated under the Open-Ended Investment Companies Regulations 2001 (‘OEIC Regulations’) in England and Wales under registry number IC001022. The Company is regulated by the FCA and was authorised on 10 December 2014. This information is only directed at persons residing in jurisdictions where the Company and its shares are authorised for distribution or where no such authorisation is required.