

# Jupiter Asian Income I Inc

November 2021  
Investment Research



## Overview

The manager is seeking to deliver a sustainable income and capital growth over time by investing in a portfolio of large cap Asian companies (excluding Japan). Income will be distributed on a quarterly basis and paid out as it comes in, the manager is not looking to smooth the payment distributions.

The manager is seeking to produce an average return of 9% p.a. after fees over the longer term, with returns split between income and capital appreciation. Although we think the manager's goals are achievable, the fund is ultimately exposed to movements in developing stock markets. The nature of this market means that any growth in capital may be volatile and is not guaranteed. The level of income is also not guaranteed.

Capital Accumulation	Capital Preservation	Income	Inflation Protection
●		●	

## Square Mile Expected Outcome

We believe this fund should be able to outperform the FTSE AW Asia Pacific ex Japan index over at least five year rolling periods and deliver a 20% higher dividend yield than the index.

<b>Active/Passive:</b> Active	<b>Domicile:</b> United Kingdom
<b>Asset Class:</b> Equity	<b>IA Sector:</b> IA Asia Pacific Excluding Japan
<b>Launch Date:</b> 02/03/2016	<b>Fund Size (as at 12 Nov 2021):</b> £792.0m
<b>Yield:</b> 3.18%	<b>Distribution Pay Date:</b> Jan 01, Apr 01, Jul 01 (Final), Oct 01
<b>Fund Manager:</b> Jason Pidcock	<b>Ongoing Charge Figure:</b> 0.98%
	<b>Transaction Cost ex Ante:</b> 0.10%



## Fund Opinion

This fund was only launched in March 2016 and whilst the manager has struggled to meet the fund's total return objective over this relatively short period, we believe the reasons for the underperformance are explainable and he has the capability to deliver these over the long term. The fund benefits from a very capable and experienced portfolio manager, an investment approach that is sensibly constructed and well thought through, and a supportive investment group. We consider this fund to be a strong offering for investors looking to access the region's long-term income and growth potential.

In keeping with Jupiter's company ethos, the manager, Jason Pidcock, is free to implement his own investment philosophy and process and is not constrained by a house style. In addition to having run a similar Asian equity income strategy at BNY Mellon for close to a decade, Mr Pidcock has over 25 years experience of following and researching stocks across Asia. He is exceptionally knowledgeable of companies and very familiar with the nuances and complexities that can come from investing in these markets. He essentially looks for quality dividend paying companies that can increase their dividends as they grow over time and growing companies where he can understand their business models and which, in his view, are both sustainable and scalable. He is a great believer of keeping things simple, as overcomplicated structures or opaque business models often mean that their behaviour and development are likely to be difficult to predict. The final portfolio will therefore comprise of large and liquid stocks with around 30 to 40 holdings on average. The manager's focus on high quality businesses means that we would expect the fund to protect better in times of market stress (though this will depend on the factors that are driving markets) and this has been a feature of most of the fund's albeit short performance profile.

## Fund Description

Jupiter Asset Management are a UK based fund management group headquartered in London. They listed on the FTSE 250 following their floatation in June 2010. They are known for their high conviction and active approach to fund management. In July 2020, the group successfully completed its acquisition of Merian Global Investors which has further enhanced its fund management talent pool and product range.

With over 25 years experience of investing in Asia, Jason Pidcock has accumulated a wealth of knowledge of companies and markets in this region. He joined Jupiter in November 2015 after spending 11 years at BNY Mellon (Newton). During his time at BNY Mellon, he ran a very successful Asian equity income strategy and prior to this, he was a fund manager at BP Investment Management for 8 years where he was responsible for the stock selection and asset allocation of an Asian pension portfolio. He joined the industry in 1993 working for Henderson Investment Management.

As well as reviewing the macroeconomic environment across the region, Mr Pidcock has access to the expertise of Jupiter's wider emerging markets team and the broader skills of the global equity team. All this helps him to build a better picture of where a company is positioned in its market.

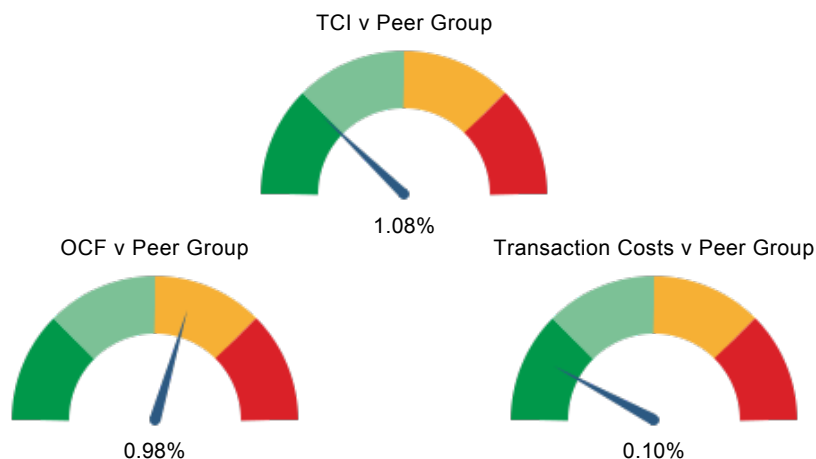
The manager believes that dividend yields are an under-appreciated element of a company's overall returns and firms that can generate sustainable dividends and can compound their earnings steadily outperform long term. He therefore looks for well-positioned firms with attractive dividend prospects on compelling valuations. Engaging with company management helps the manager gain an understanding of its strengths and weaknesses, but also the microenvironment the firm is in. He prefers those that know their market place and customers well and can adjust to future events and risks. They ought to grow their dividends (from earnings growth over time) and are committed to paying dividends (when reasonable to do so). The macroeconomic environment that firms operate in is also considered. This might include an assessment of the dynamics of local or regional politics, the domestic economy, currency or interest rate trends and energy prices. The bulk of the portfolio will be invested in firms that have higher dividend yields than the index, but that the manager believes can maintain their dividends, with the remainder in lower yielding growth stocks.

## Risk Summary

The fund has a high asset class risk score as it invests in developing equity markets and the main risk is that these can be very volatile investments. Returns do not only rest on the performance of the underlying companies, but also the geopolitical and macroeconomic situations within the region. The manager takes a sensible approach and constructs a portfolio comprising of around 30 to 40 high quality, large and liquid companies which pay a sustainable level of dividend. Note that however the absolute level of income distribution is dependent on the level that sterling appreciates or depreciates versus local currencies. The fund's risk score can be different from its peers. Moreover, country and sector positions can be quite sizeable as they are driven by the manager's stock selection process and therefore the fund can look and behave very differently from the reference index.

## Value for Money

We believe this fund represents good value fund money. Its total cost of investment (TCI) is competitive within its peer group and it benefits from an experienced portfolio manager with a proven investment approach and a good level of support from the overall firm.



## ESG Integration

<b>Company Assessment</b>	0	1	2	3
ESG factors are considered formally but are not instrumental within all of the company's investment processes.				
<b>UN PRI Strategy &amp; Governance Rating</b>	A+			
<b>Fund Assessment</b>	0	1	2	3
ESG factors may be considered by the fund's manager as an input into their analysis but are not a formal part of the investment process.				

## Responsible Investing Approach

Exclusion	Responsible Practices	Sustainability	Impact
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Additional Information

<b>Annualised Return</b>	10.98%
<b>Annualised Volatility</b>	14.84%
<b>Max Drawdown</b>	-24.55%
<b>Max Gain</b>	14.49%
<b>Max Loss</b>	-14.19%
<b>Sharpe Ratio</b>	0.67
<b>Sortino Ratio</b>	0.62

(3 years data to last month end unless otherwise stated)

### Currency of Share Class

GBP

### Fund Price (as at 12 Nov 2021)

153.9 pence

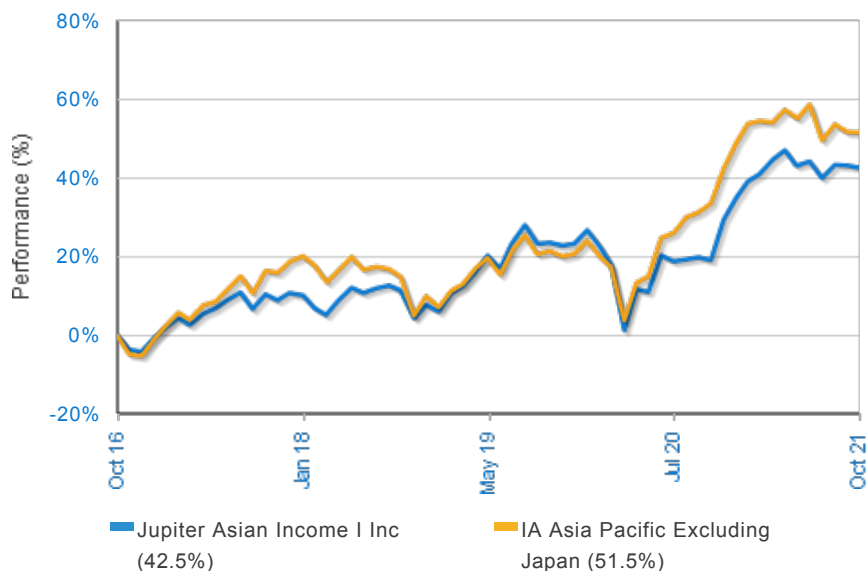
### Benchmark

FTSE ALL World Asia Pacific Ex Japan

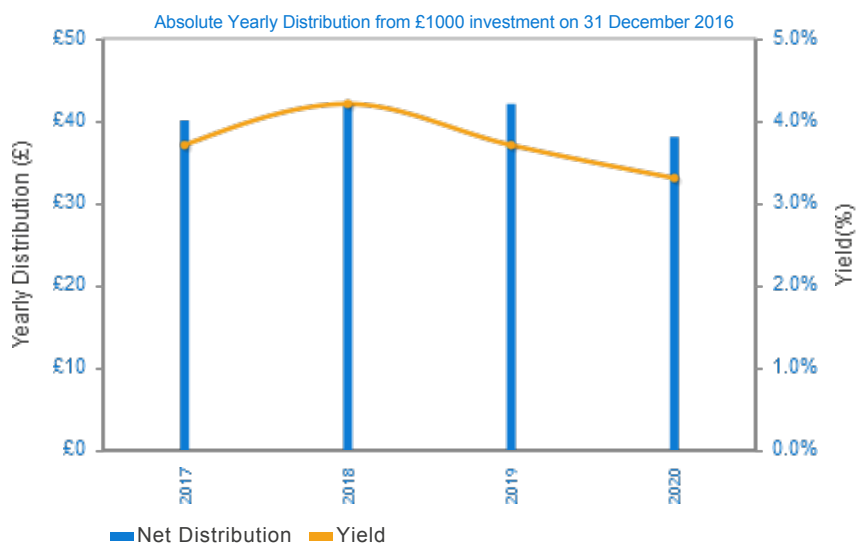
### Discrete Annual Performance to Last Quarter End

Period	Fund (%)	Sector (%)	Quartile Ranking
0-12m	19.5	15.5	2
12-24m	-3.0	8.1	4
24-36m	10.9	5.6	1
36-48m	4.4	3.8	3
48-60m	9.8	15.7	4

### Capital Growth

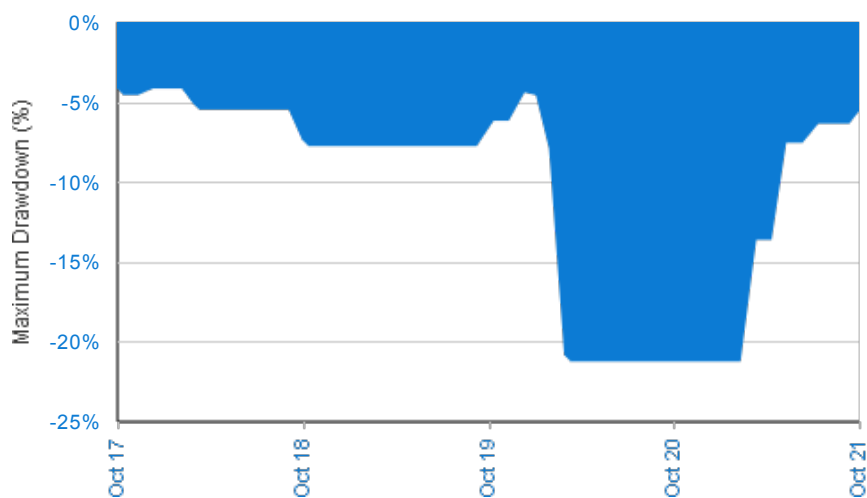


### Income



This graph assumes that income is distributed to shareholders and not reinvested. Yield represents share price fluctuations.

### Maximum Drawdown (Rolling 12 Months)



## Top Ten Holdings

(Data as at 30 Sep 2021)

Company Name	%
SAMSUNG ELECTRONICS CO	6.9
HON HAI PRECISION INDUSTRY	6.8
MEDIA TEK INC	6.4
ITC CORP	6.2
TAIWAN SEMICONDUCTOR CO	6.1
SWAPS MACQUARIE	5.9
SUNCORP GROUP LTD	4.9
AMCOR PLC	4.6
BHP BILLITON PLC	4.5
DBS GROUP HLDGS LTD	4.4

## Sector Breakdown

(Data as at 30 Sep 2021)



- Technology (26%)
- Financials (18%)
- Consumer Staples (14%)
- Industrials (11%)
- Real Estate (11%)
- Basic Materials (6%)
- Utilities (4%)
- Telecommunications (3%)
- Consumer Discretionary (3%)
- Other (3.5%)

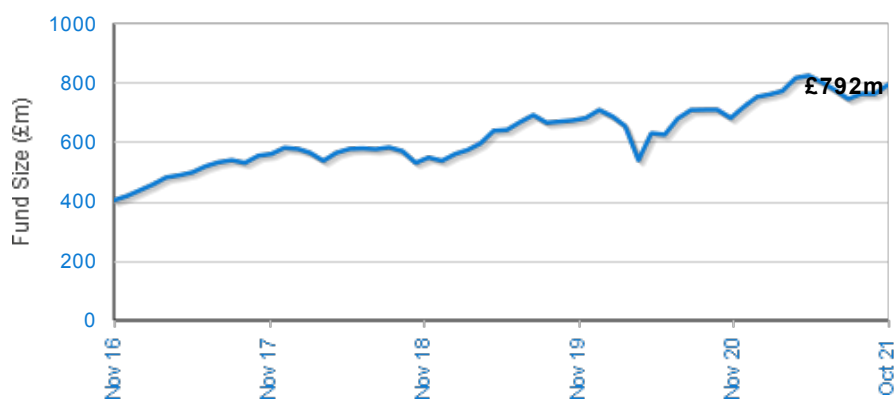
## Geographic Breakdown

(Data as at 30 Sep 2021)



- Australia (25%)
- Taiwan (19%)
- Singapore (13%)
- India (12%)
- Korea (10%)
- Hong Kong (8%)
- UK (4%)
- China (2%)
- Others (2%)
- Other (3.0%)

## Assets Under Management



## Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk	●		
Interest Rate Risk		●	
Credit Risk			●
Exchange Rate Risk	●		
Liquidity Risk			●
Emerging Markets Risk	●		
Derivative Risk			●
Manager Risk	●		

### Equity Risk

The fund is predominately invested in shares from across Asian stock markets. Shares are volatile investments and this volatility is typically heightened at times of economic stress.

### Interest Rate Risk

The fund is an equity fund. Higher interest rates may adversely affect valuations of shares.

### Credit Risk

This fund does not have significant exposure to corporate debt.

### Exchange Rate Risk

The fund predominately invests abroad and it is exposed to foreign currencies. Currency markets may move sharply.

### Liquidity Risk

The fund invests in liquid assets and any sale should be possible at close to the prevailing market price.

### Emerging Markets Risk

The fund predominately invests in emerging regions. Economic, political, legal and market events in the region may have a material adverse effect on the fund price. Valuations in emerging market assets can be volatile.

### Derivative Risk

The portfolio is predominantly invested in underlying cash securities.

### Manager Risk

The manager is seen as a critical element in Square Mile's rating of the fund. Square Mile is likely to downgrade the fund if the manager were to leave.

FE Risk Rating: 80.00

SRRI: 6

## Disclaimer

This factsheet is aimed at professional advisers only and should only be relied upon by such persons. It is published by, and remains the copyright of, Square Mile Investment Consulting and Research Ltd ("SM"). Unless agreed by SM, this commentary may only be used by the permitted recipients and shall not be provided to any third parties. SM makes no warranties or representations regarding the accuracy or completeness of the information contained herein. This information represents the views of SM at the date of publication but may be subject to change without reference or notification to you.

The value of investment in funds can fall as well as rise, as can any income payment received from an investment. Any information relating to past performance is not a guide to future performance. If you are unsure of an investment decision you should seek professional financial advice.

SM does not offer investment advice or make recommendations regarding investments and nothing in this factsheet shall be deemed to constitute financial or investment advice in any way and shall not constitute a regulated activity for the purposes of the Financial Services and Markets Act 2000.

This factsheet shall not constitute or be deemed to constitute an invitation or inducement to any person to engage in investment activity. Should you undertake any investment activity based on information contained herein, you do so entirely at your own risk and SM shall have no liability whatsoever for any loss, damage, costs or expenses incurred or suffered by you as a result. The fund's prospectus provides a complete description of the risk factors. Unless indicated, all figures are sourced from FE fundinfo. The information in this factsheet is believed to be reliable but its completeness and accuracy is not guaranteed. SM does not accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.