"We are patient investors in companies and believe that the fundamental value of any business will be reflected in its share price over the medium to long term."

Garraway Oriental Focus Fund (the Fund) was launched in August 2020, absorbing the Blackfriars Oriental Focus Fund which was launched in 2004. The Fund is managed by Henry Thornton and Tim Hall and has a broad remit to invest across Asian equity markets excluding Japan. The majority of Asian markets in which the Fund invests are classified as emerging markets. There is an emphasis on companies with strong growth prospects, benefiting from the rapidly developing Asian region. Performance is measured against the MSCI AC Asia ex Japan Index. The Fund pays an annual dividend at year end to shareholders. The historic yield stands at 1.87%.

Asian equities have comprehensively outperformed developed market equities over the past two decades, albeit exhibiting higher volatility. Asian equities are firmly established as a significant asset class in their own right. Asian equities account for approximately one eighth of the broader MSCI All Countries World Index (which includes both Developed and Emerging Markets) while China has the third largest individual country weight in this index.

This reflects China's emergence as a global economic powerhouse over the past three decades. China is the second largest global economy after the United States. Having dealt successfully with the pandemic, we believe China will continue to grow rapidly in the years ahead. This will have a significant and positive economic impact across the Asian region where, broadly speaking, favourable demographics – especially across ASEAN and India - remain a tail wind for growth prospects. The Garraway Oriental Focus Fund aims to take advantage of these long term positive structural factors.

Our investment philosophy

We are patient investors in companies and believe that the fundamental value of any business will be reflected in its share price over the medium to long term. We believe the companies that make the best long-term investments have three key components. First, a robust business model incorporating a sustainable, scalable business franchise with tangible growth prospects and a predictable regulatory environment. Second, capable management providing transparency of company operations and future strategy and having a clear alignment of interests with shareholders. Track records count. Third, a strong capital discipline with high returns on incremental capital investment, healthy balance sheets and appropriate use of cash flows.

The portfolio is highly concentrated holding only the most promising 25-30 stocks that the manager can identify.

Source: Garraway Capital Management LLP and Bloomberg. Fund data as at 31 March 2021.

Investment Process

Portfolio construction. We generally establish a 2% holding at the time of initial purchase but, subject to the ‘5&40’ rule and the 10% individual limit, we are happy to see individual stock positions rise far above the opening 2% position.

Market weightings are a consequence of stock selection subject to two ‘top down’ risk management limits. We will not invest more than 10% of the Fund’s assets in any smaller market, defined as a market with an index weight of less than 10% of the MSCI AC Asia ex Japan Index. Conversely, we will not have a position of less than half the index weight in larger markets, defined as a market with an index weight of over 10% of the MSCI AC Asia ex Japan Index.

Each holding is actively monitored by the portfolio managers. This involves meeting with management where possible and keeping a close eye on reported results, research publications and other country/company news flow. Potential concerns we monitor include senior management changes, the evolving competitive environment, signs of margin deterioration, rising customer concentration and any deceleration in expected revenue growth.

We believe our turnover is lower than is typical. We purchase companies for the long term. We would dispose of a holding for three particular reasons. First, a significant expansion in valuations that are not justified by, for example, an improving revenue/profitability profile. Second, if the original investment thesis, upon which the purchase of a stock was predicated, breaks down. Third, we will exit positions in any market where we believe a permanent loss of capital is likely due to, for example, a currency devaluation or political instability.

We look for companies that are somewhat undervalued (a feature of value investing) with solid sustainable growth potential (a feature of growth investing). We identify stocks on an individual basis and select those that have neither purely value nor purely growth characteristics, but a combination of the two. We prefer companies which have a demonstrated ability to redeploy capital at attractive rates of return.

Avoid companies with excessive leverage

We do not want to take the unnecessary risks associated with leveraging as we are looking for capital preservation and consistent returns. We try to identify companies that earn a high return on capital on an unleveraged basis. This does not mean that all the companies we invest in are debt free. Across the Asian region there are a number of industries that remain asset heavy, real estate and construction for example, where a degree of leverage is to be expected.

Responsible Investing

We have factored in many ESG considerations into our investment process since the inception of the Fund as well as implementing a formal responsible investing policy as required by Garraway’s firm wide ESG policy. As buy and hold investors we take a long-term view and aim to be invested in companies which can generate long term shareholder value. We believe that effective corporate governance is key and that this tends to lead to companies implementing long term social and environmental initiatives.

When considering key risk factors as part of any investment decision making process, we recognise that some companies’ strong ESG initiatives will lower risk (for example the threat of litigation) and this increases our overall conviction across the portfolio holdings.

Important Information

Garraway Oriental Focus Fund (the “Fund”) is a sub fund of Garraway Funds p.l.c . (the “Company”), which is an open-ended umbrella fund authorised in Ireland as a UCITS fund and regulated by the Central Bank of Ireland. Compensation will not generally be available to UK investors under the Financial Services Compensation Scheme. The Fund is, however, a recognised collective investment scheme within the meaning of section 264 of the UK Financial Services and Markets Act 2000 and shares in the Company may therefore be promoted to the UK public by persons authorised to carry on investment business in the UK. This marketing material has been approved in the UK by Garraway Capital Management LLP, which is a limited liability partnership incorporated and registered in England and Wales under partnership OC303626 with its registered office at 200 Aldersgate Street, London EC1A 4HD. Garraway Capital Management LLP is regulated by the Financial Conduct Authority. Distribution of this material and the offer of the Fund are specifically restricted in certain jurisdictions. In particular, but without limitation, neither this material nor shares in the Fund are available to US persons.

This material is not an invitation to make an investment in the Fund and does not constitute an offer for sale of the Fund. Full details of the Fund’s investment objectives, investment policy and risks are set out in the Fund’s Prospectus and Supplement which, together with the Key Investor Information Document (“KIID”), are available on request and free of charge from Maples Fund Services (Ireland) Limited, 32 Molesworth Street, Dublin 2, Ireland and, in the UK, from Garraway Capital Management LLP, 200 Aldersgate Street, London EC1A 4HD. Any offering of the Fund is only made on the terms of the current Prospectus, Supplement and KIID. A subscription in the Fund can only be made after the provision of the KIID and should be made solely upon the information contained in the Prospectus, Supplement and KIID.

This Fund may not be appropriate for investors who plan to withdraw their money in the short term (within 5 years). The Fund should be viewed as a longer-term investment. The Fund may not be appropriate for investors who are not willing to accept the risks and volatility associated with investing in primarily Asian stock markets. No assurance can be given that the Fund’s investment objectives will be achieved or that the Fund will generate a positive return. There is no guarantee of future performance and past performance is not a reliable indicator of future performance. Any person interested in investing in the Fund should conduct their own investigation and analysis of the Fund and should consult their own professional tax, accounting, or other advisers as to the risks involved in making such an investment. Nothing contained in the marketing material is or should be construed as being investment, legal, tax, accounting or other advice and nothing should be relied upon as such. Garraway Capital Management LLP and/or any of its associates may have an investment in the Fund.

Investment risks

The specific warnings listed below are not comprehensive and persons considering investing in the Fund should read the risk disclosures set out in full in the Prospectus and Supplement: 1) The values of shares of companies are subject to changes in the issuing company’s financial condition and overall market and economic condition as well as market perception; 2) Foreign currency denominated investments are subject to fluctuations in exchange rates that could have a positive or an adverse effect on an investor’s returns; 3) The Fund is subject to the risk of the insolvency of its counterparties. As up to 20% of the Fund’s assets can be held directly or indirectly in cash or cash equivalents with one or more financial institutions, the Fund is taking a significant counterparty risk; 4) emerging market securities are subject to greater social, political, regulatory, and currency risks than developed market securities. This may impact the liquidity and value of such securities.