

# Active Asia Ex-Japan Funds

## Positioning Insights

September 2024

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In this month's report:

### **China & HK:**

All-Time Low Exposure as Stimulus Measures Announced

### **Consumer Staples:**

Sentiment Falls Amidst Switch to Underweight

### **Hon Hai Precision:**

Strong Rotation Signals Change in Sentiment

Copley Fund Research

September 25, 2024

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For further information on our data collection and calculation methodology, as well as how we classify fund Styles, please view the Appendices at the back of this report.

## China & HK

All-Time Low Exposure as  
Stimulus Measures Announced

# China & HK: All-Time Low Exposure as Stimulus Measures Announced

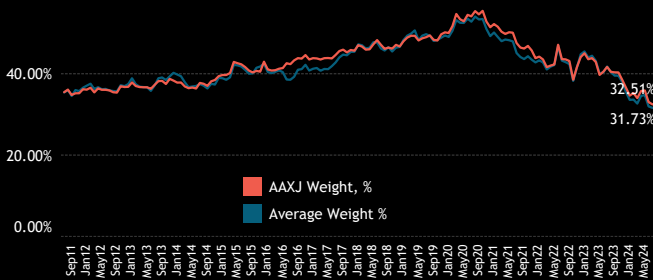
**China allocations among Asia Ex-Japan investors have fallen to a record low of 31.7%.** Key sectors like Consumer Staples, Health Care, and Materials have all seen ownership declines over the past six months. China & HK is still a net underweight, but not a high conviction one, as 41% of funds remain ahead of the benchmark, indicating some divergence in sentiment.

At the stock level, Tencent ownership has hit record highs, while Alibaba continues to drift lower. AIA Group has seen falling ownership against Trip.com hitting record highs and Meituan bouncing back after a 2022-2023 exodus.

On a fund level, China & HK exposure among funds generally sits in the 25%-25% range, with some extending to 40%+. A clear rotation out of Alibaba and into Tencent is evident. On balance though, positioning and momentum were negative heading into the recent stimulus announcements, leaving ample room for allocations to move higher from here.

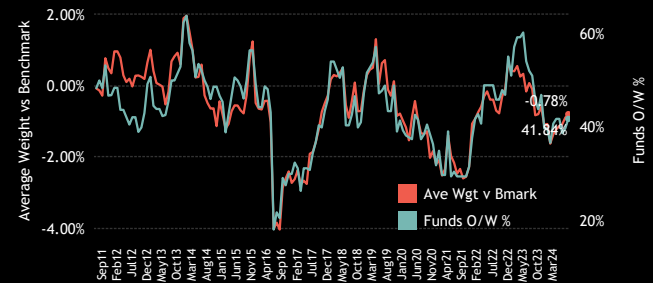
## 1. Exposure to China & HK hits record lows for both active managers and the AAXJ benchmark index.

China & HK: Average Fund Weight vs Benchmark Weight



## 2. Versus the Benchmark, China & HK is no longer a significant underweight. 41.8% of funds are overweight at an average -0.78% below benchmark.

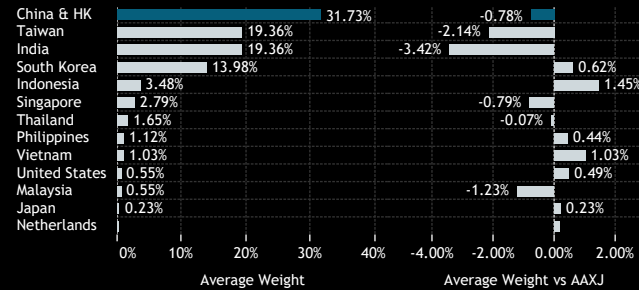
China & HK: Average Weight vs Benchmark, Funds Overweight %.



Source: Factset, Copley Fund Research  
\* Between 2/29/2024 and 8/31/2024

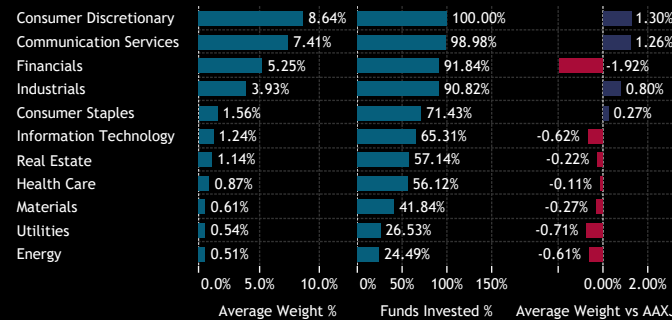
## 3. China & HK remains the largest country allocation by far, with India and Taiwan the key underweights.

Average Fund Weight, Average Weight vs AAXJ



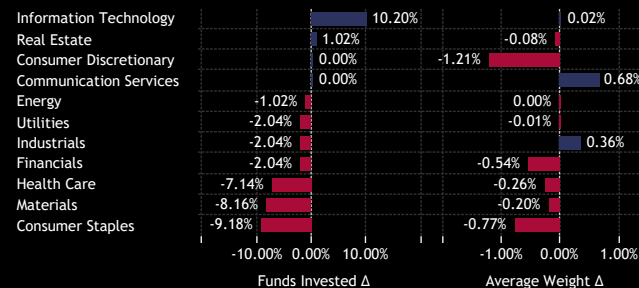
## 4. Communication Services and Discretionary the largest sector allocations and key overweights. Financials, Utilities and Tech lead the underweights.

China & HK: Ownership Metrics by Sector



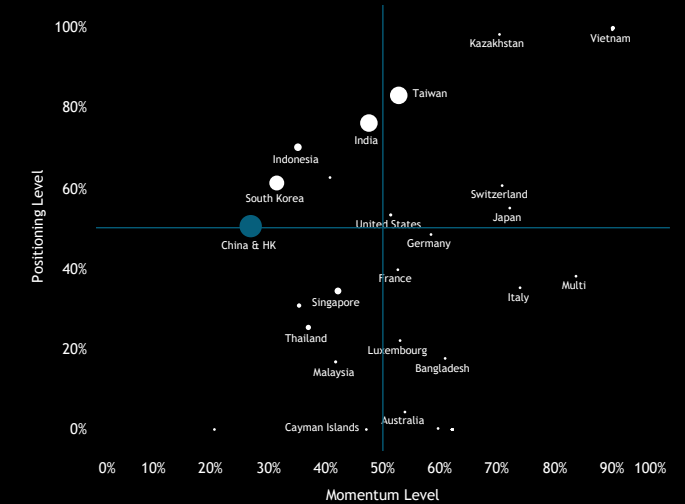
## 5. Sector level declines lead by Consumer Staples, Materials and Health Care. Technology ownership increases, Comm' Services weights rise.

Largest Changes in funds invested, average weight.\*



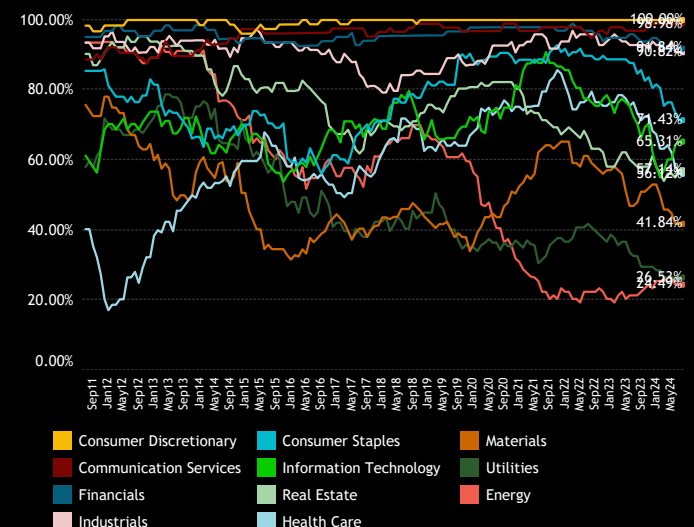
## 6. Momentum in China & HK is the most negative across all countries, though not at extreme levels.

Country Level Sentiment Grid\*



## 7. Long-term declines seen across most sectors, with Energy and Utilities ownership near the lows. Tech bucking the trend, Comm' Services and Discretionary remain 'must owns' among investors.

Percentage of Funds Invested: Key China & HK Sectors



# China & HK: All-Time Low Exposure as Stimulus Measures Announced

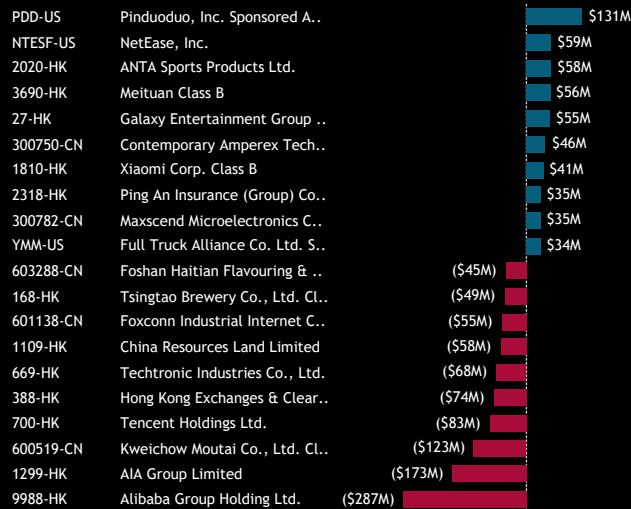
## 8. AIA Group, Alibaba and Yum China suffer negative momentum. Trip Com and Meituan capture ownership increases.

China & HK: Stock Level Sentiment Grid\*



## 9. PDD inflows versus Alibaba and AIA Group fund outflows.

China & HK: Largest Aggregate Fund Flows by Stock, \$\*

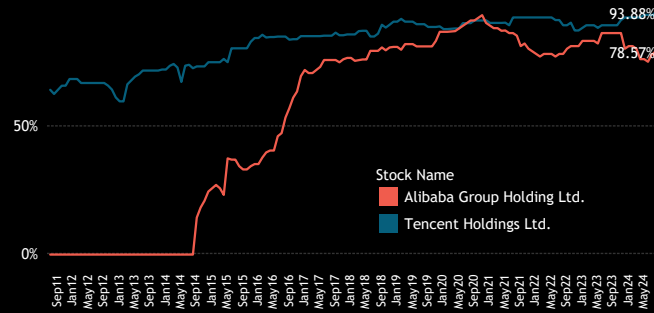


Source: Factset, Copley Fund Research

\* Between 2/29/2024 and 8/31/2024

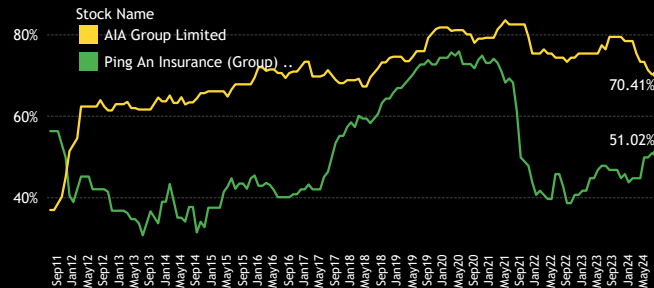
## 10. Tencent hits record 93.9% of funds invested. Alibaba off the highs.

Percentage of Funds Invested: Alibaba Group Holding Ltd. & Tencent Holdings Ltd.



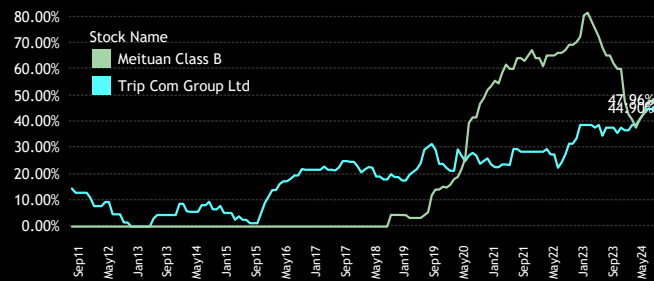
## 11. Falling ownership in AIA Group, Ping An Insurance continues recovery from 2021 fallout.

Percentage of Funds Invested: AIA Group vs Ping An Insurance H



## 12. Record ownership in Trip Com, Meituan sees bounce after exodus in 2023/2023.

Percentage of Funds Invested: Meituan Class B & Trip Com Group Ltd



## 13. Tencent now more than double the weight of BABA. 11 stocks owned by more than 30% of managers.

China & HK: Aggregate Stock Ownership Statistics

Ticker	Stock Name	Funds Invested %	Average Weight %	Average Weight vs..	Fund AUM \$
700-HK	Tencent Holdings Ltd.	93.88%	5.76%	0.91%	\$2,998M
9988-HK	Alibaba Group Holding Ltd.	78.57%	2.33%	-0.11%	\$965M
1299-HK	AIA Group Limited	70.41%	1.79%	0.60%	\$1,160M
2318-HK	Ping An Insurance (Group..	51.02%	0.79%	0.32%	\$312M
3690-HK	Meituan Class B	47.96%	0.95%	-0.19%	\$718M
9961-HK	Trip Com Group Ltd	44.90%	0.94%	0.55%	\$676M
PDD-US	Pinduoduo, Inc. Sponsore..	42.86%	0.67%	-0.19%	\$307M
NTESF-US	NetEase, Inc.	39.80%	0.64%	0.17%	\$186M
388-HK	Hong Kong Exchanges & C..	37.76%	0.54%	-0.03%	\$291M
3968-HK	China Merchants Bank Co..	32.65%	0.54%	0.30%	\$188M
600519-CN	Kweichow Moutai Co., Lt..	31.63%	0.51%	0.27%	\$311M
669-HK	Techtronic Industries Co...	29.59%	0.50%	0.23%	\$494M

## 14. Tencent the conviction overweight, alongside AIA Group and Trip Com. China underweight driven by Banks and Xiaomi Corp.

China & HK: Top overweight and underweight positions

Ticker	Stock Name	Average Weight vs..	Funds Invested %	Average Weight %	Fund AUM \$
700-HK	Tencent Holdings Ltd.	0.91%	93.88%	5.76%	\$2,998M
1299-HK	AIA Group Limited	0.60%	70.41%	1.79%	\$1,160M
9961-HK	Trip Com Group Ltd	0.55%	44.90%	0.94%	\$676M
000333-CN	Midea Group Co. Ltd. Cla..	0.34%	27.55%	0.37%	\$242M
2318-HK	Ping An Insurance (Group..	0.32%	51.02%	0.79%	\$312M
1088-HK	China Shenhua Energy Co..	-0.22%	0.00%	0.00%	\$0M
939-HK	China Construction Bank ..	-0.48%	21.43%	0.54%	\$158M
1810-HK	Xiaomi Corp. Class B	-0.49%	6.12%	0.09%	\$59M
3988-HK	Bank of China Limited CL..	-0.49%	4.08%	0.05%	\$9M
1398-HK	Industrial and Commercia..	-0.51%	2.04%	0.05%	\$7M

## 15. Ownership declines led by HK Exchanges, Baidu & Li Auto. Gains seen in CATL, Meituan and Trip Com.

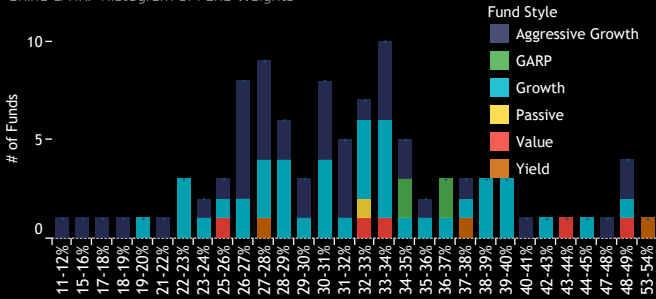
China & HK: Largest changes in stock ownership\*

Ticker	Stock Name	Funds Invested..	Ave Wgt % Δ	Fund Flows, \$
300750-CN	Contemporary Amperex Tech..	8.16%	0.11%	\$46M
3690-HK	Meituan Class B	7.14%	0.38%	\$56M
9961-HK	Trip Com Group Ltd	6.12%	0.08%	\$7M
2318-HK	Ping An Insurance (Group) Co..	6.12%	0.14%	\$35M
NTESF-US	NetEase, Inc.	5.10%	-0.17%	\$59M
2020-HK	ANTA Sports Products Ltd.	5.10%	0.07%	\$58M
688036-CN	Shenzhen Transsion Holding C..	-6.12%	-0.07%	(\$17M)
1880-HK	China Tourism Group Duty Fr..	-6.12%	-0.05%	(\$23M)
1299-HK	AIA Group Limited	-8.16%	-0.73%	(\$173M)
2015-HK	Li Auto, Inc. Class A	-8.16%	-0.18%	(\$27M)
BIDU-US	Baidu Inc Sponsored ADR Clas..	-11.22%	-0.18%	(\$38M)
388-HK	Hong Kong Exchanges & Clear..	-11.22%	-0.15%	(\$74M)

# China & HK: All-Time Low Exposure as Stimulus Measures Announced

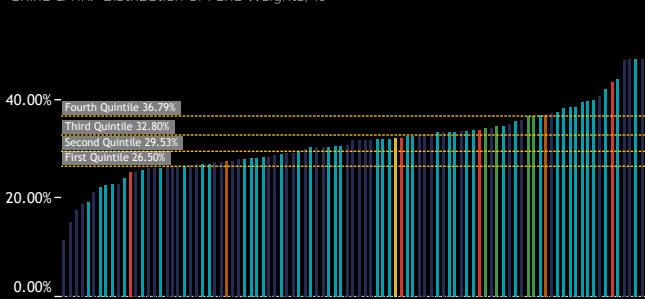
## 16. Holdings distribution centered between 25 - 35%, tail extends to 40%+

China & HK: Histogram of Fund Weights



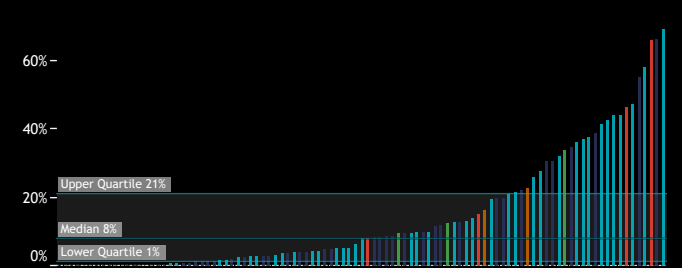
## 19. 60% of funds hold between a 26.5% and 36.8% allocation to China & HK.

China & HK: Distribution of Fund Weights, %



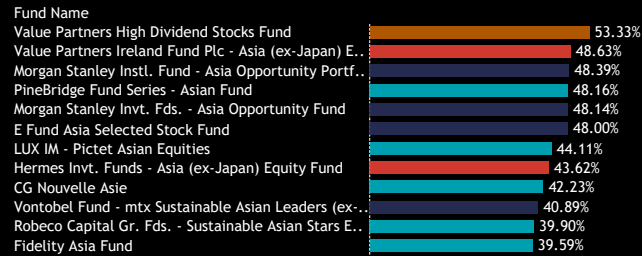
## 22. Most funds are at historically low China & HK weights, with 75% of funds showing a Z-score of 21% or less.

China & HK: Z-Score of Fund Allocations



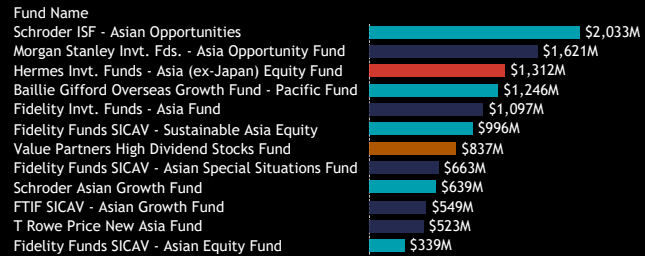
## 17. 50% the ceiling for funds. Value Partners and MSAM the top allocators.

China & HK: Top Fund Allocations, %



## 20. 5 funds above \$1bn, led by Schroders, MS and Hermes.

China & HK: Top Fund Allocations, \$



## 23. Tencent dominate the larger fund level positions.

China & HK: Top stock Level Fund Allocations, %



Funds Invested  $\Delta^*$

0.00%

Average Weight  $\Delta^*$

-1.99%

# New Positions\*

0

# Closed Positions\*

0

# Funds Buying\*

25

# Funds Selling\*

48

Estimated Net Fund Flows, \$\*

(\$1,057.1M)

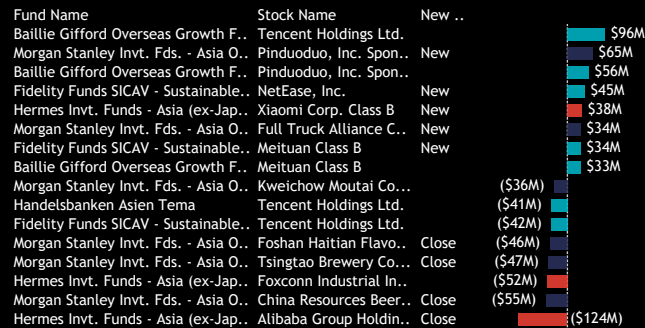
## 18. Large scaling back by Mirae, Franklin and SEB.

China & HK: Largest Change in Fund Weight\*



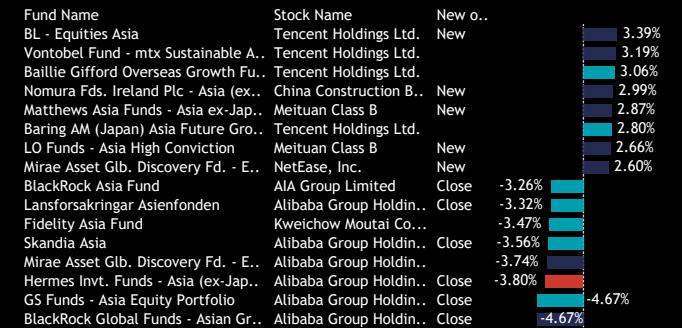
## 21. Hermes close Alibaba, Morgan Stanley open PDD and Full Truck Alliance.

China & HK: Top Stock-Level Fund Inflows and Outflows, \*



## 24. Alibaba vs Tencent rotation evident at the fund level.

China & HK: Largest Changes in Stock-Level Fund Weights, \*



Source: Factset, Copley Fund Research

\* Between 2/29/2024 and 8/31/2024



# Consumer Staples

Sentiment Falls Amidst  
Switch to Underweight

# Consumer Staples: Sentiment Falls Amidst Switch to Underweight

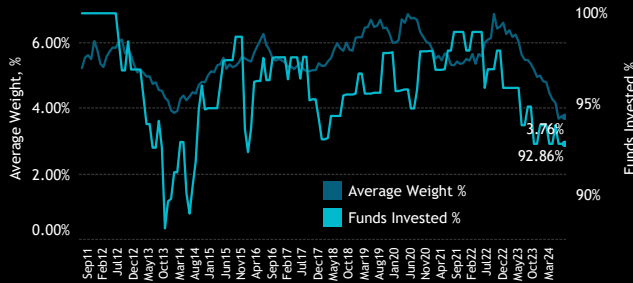
**Consumer Staples allocations among Asia Ex-Japan funds have reached an all-time low of 3.76%.** For the first time since 2016, the sector is now a net underweight, with a small but growing number of funds avoiding the sector entirely. The long-term shift to underweight has been driven by a collapse in China and Hong Kong overweight positions, alongside record underweights in India.

Kweichow Moutai remains the most widely held name in the sector, but only four stocks are owned by more than 20% of funds. Stock-level activity is heavily skewed to the sell-side, with ITC ownership collapsing, Hindustan Unilever drifting lower, and fund ownership in Kweichow Moutai in decline.

At the fund level, 80% of Asia Ex-Japan funds hold less than a 5.5% stake in Consumer Staples. Major names like Morgan Stanley, Mirae, and JP Morgan have all reduced their exposure, with significant rotations out of large positions in Kweichow Moutai.

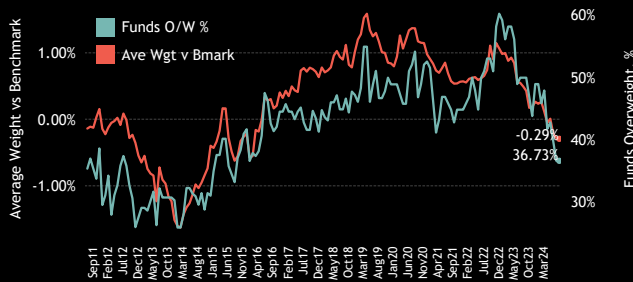
## 1. Consumer Staples allocations hit all-time lows. Small rise in the number of funds avoiding the sector entirely.

Consumer Staples: Average Fund Weight



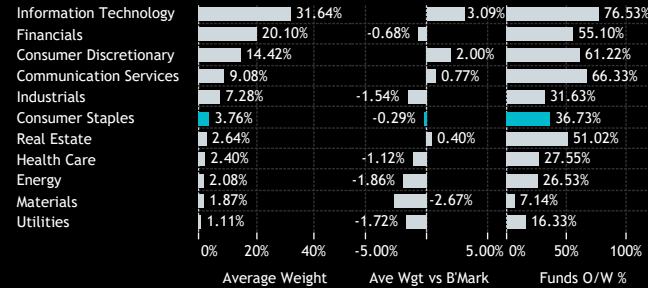
## 2. Big increase in funds moving to an underweight stance. Consumer Staples moves to net underweight for the 1st time since 2016.

Consumer Staples: Average Weight vs AAXJ vs Funds Overweight %



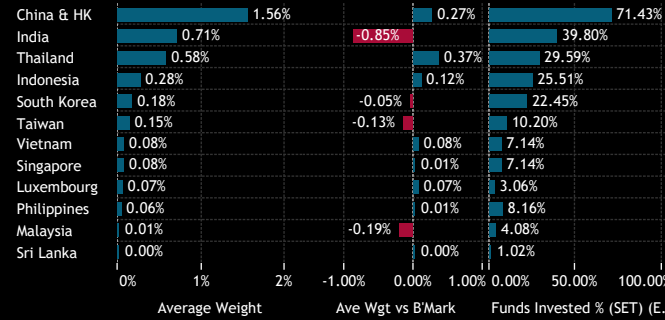
## 3. Consumer Staples is the 6th largest sector allocation. Higher manager conviction in Tech, Consumer Discretionary and Comm Services.

Key Ownership Statistics per Sector



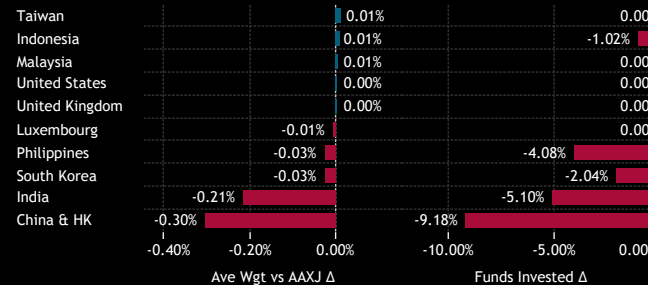
## 4. China Consumer Staples the most widely owned. India Consumer Staples underweight and underowned.

Consumer Staples: Key Ownership Statistics per Country



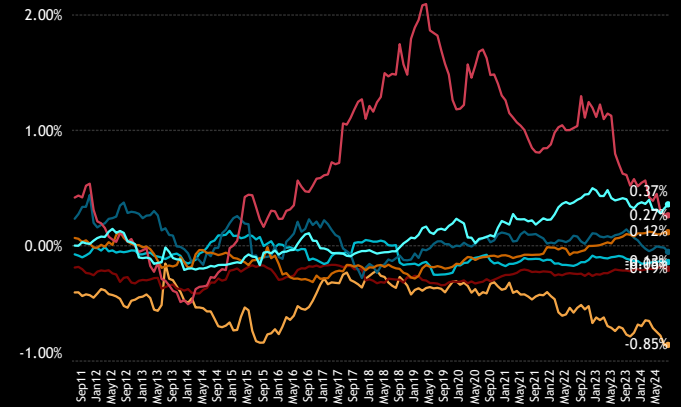
## 5. Ownership declines witnessed across all major Consumer Staples markets, led by China and India.

Country: Change in Ave Wgt vs AAXJ, Funds Invested.



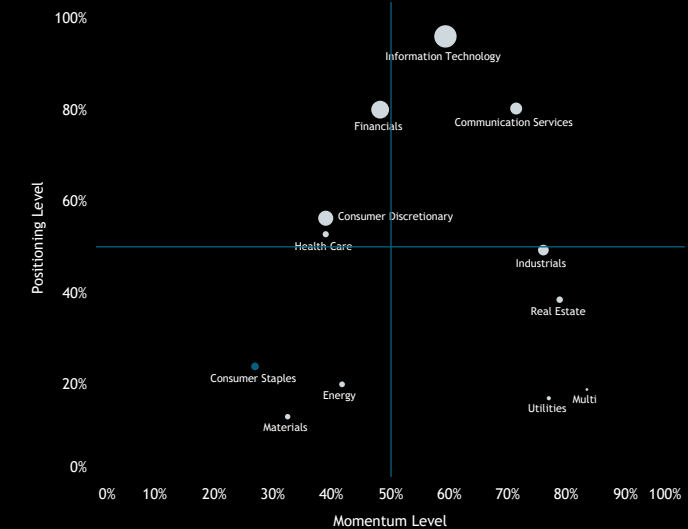
## 6. Long-term switch to underweight driven by declines in China & HK overweight, together with record underweights in India.

Consumer Staples: Key Countries - Average Weight vs AAXJ



## 6. Out-of-favour status confirmed by Consumer Staples' position in the bottom-left corner of the Sentiment Grid.

Sector Level Sentiment Grid\*



Source: Factset, Copley Fund Research  
\* Between 2/29/2024 and 8/31/2024



# Consumer Staples: Sentiment Falls Amidst Switch to Underweight

## 8. Major names on the left-side of the Sentiment Grid.

Consumer Staples: Stock Level Sentiment Grid\*



## 9. Fund outflows dominate, led by Kweichow Moutai, Tsingtao Brewery and Foshan.

Consumer Staples: Largest Aggregate Fund Flows by Stock, \$\*

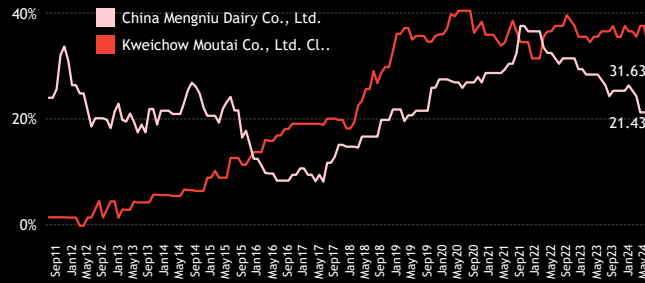


Source: Factset, Copley Fund Research

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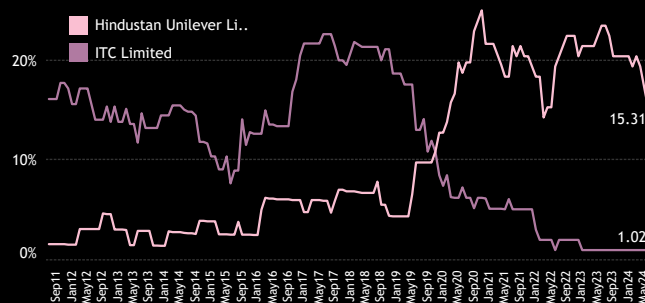
## 10. Fund ownership in China Mengniu Dairy and Kweichow Moutai moves lower.

Percentage of Funds Invested: Kweichow Moutai vs China Mengniu Dairy



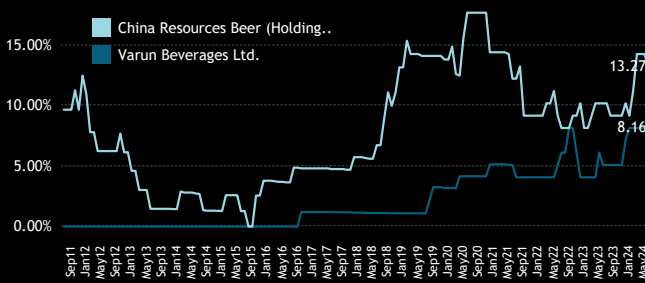
## 11. ITC ownership collapses, Hindustan Unilever drifts lower.

Percentage of Funds Invested: Hindustan Unilever Limited & ITC Limited



## 12. China Resources Beer and Varun Beverages show signs of positive momentum.

Percentage of Funds Invested: China Resources Beer vs Varun Beverages



## 13. Kweichow Moutai is the most widely owned name, but only 4 stocks are held by more than 20% of funds.

Consumer Staples: Aggregate Stock Ownership Statistics

Ticker	Stock Name	Funds Invested %	Average Weight %	Average Weight vs..	Fund AUM \$
600519-CN	Kweichow Moutai Co., Lt..	31.63%	0.51%	0.27%	\$311M
CPALL-TH	CP All Public Co. Ltd.	21.43%	0.32%	0.17%	\$212M
2319-HK	China Mengniu Dairy Co....	21.43%	0.20%	0.12%	\$221M
500696-IN	Hindustan Unilever Limited	15.31%	0.19%	-0.22%	\$47M
291-HK	China Resources Beer (Ho..	13.27%	0.12%	0.04%	\$24M
AMRT-ID	PT Sumber Alfaria Trijaya	12.24%	0.15%	0.10%	\$50M
Y92-SG	Thai Beverage Public Co...	11.22%	0.23%	0.23%	\$173M
532424-IN	Godrej Consumer Produc...	9.18%	0.14%	0.03%	\$38M
603605-CN	Proya Cosmetics Co., Ltd..	8.16%	0.08%	0.08%	\$8M
600887-CN	Inner Mongolia Yili Indust..	8.16%	0.16%	0.13%	\$98M
540180-IN	Varun Beverages Ltd.	8.16%	0.15%	0.03%	\$35M
090430-KR	Amorepacific Corp.	8.16%	0.07%	0.03%	\$24M

## 14. Kweichow, Thai Beverages and CP All the key overweights. ITC, Hindustan Unilever and Nestle India lead the underweights.

Consumer Staples: Top overweight and underweight positions

Ticker	Stock Name	Average Weight vs..	Funds Invested %	Average Weight %	Fund AUM \$
600519-CN	Kweichow Moutai Co., Lt..	0.27%	31.63%	0.51%	\$311M
Y92-SG	Thai Beverage Public Co...	0.23%	11.22%	0.23%	\$173M
CPALL-TH	CP All Public Co. Ltd.	0.17%	21.43%	0.32%	\$212M
600887-CN	Inner Mongolia Yili Indust..	0.13%	8.16%	0.16%	\$98M
2319-HK	China Mengniu Dairy Co....	0.12%	21.43%	0.20%	\$221M
1216-TW	Uni-President Enterprises..	-0.11%	7.14%	0.09%	\$17M
033780-KR	KT & G Corporation	-0.12%	1.02%	0.01%	\$1M
500790-IN	Nestle India Ltd.	-0.12%	2.04%	0.02%	\$6M
500696-IN	Hindustan Unilever Limited	-0.22%	15.31%	0.19%	\$47M
500875-IN	ITC Limited	-0.25%	1.02%	0.01%	\$2M

## 15. Stock level activity skewed heavily to the sell-side, led by Tsingtao Brewery, Kweichow Moutai and Godrej Consumer Products.

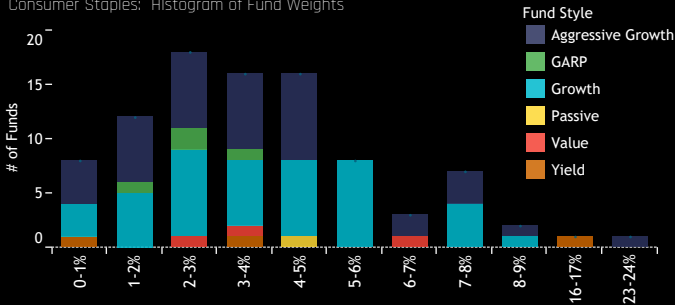
Consumer Staples: Largest changes in stock ownership\*

Ticker	Stock Name	Funds Invest..	Ave Wgt % Δ	Fund Flows, \$
291-HK	China Resources Beer (Holdin..	2.04%	0.02%	(\$34M)
603605-CN	Proya Cosmetics Co., Ltd. Cla..	2.04%	0.01%	\$5M
ICBP-ID	PT Indofood CBP Sukses Mak..	1.02%	0.01%	\$1M
4707-MY	Nestle (Malaysia) Bhd.	1.02%	0.00%	\$1M
000568-CN	Luzhou Laojiao Company Limi..	1.02%	-0.01%	\$0M
OSP.F-TH	Osotspa Public Co. Ltd. (Alien..	1.02%	0.01%	\$5M
DFJ-J-GB	DFI Retail Group Holdings Lim..	-3.06%	-0.01%	(\$1M)
500696-IN	Hindustan Unilever Limited	-4.08%	-0.07%	\$9M
2319-HK	China Mengniu Dairy Co., Ltd.	-4.08%	-0.13%	(\$4M)
532424-IN	Godrej Consumer Products Li..	-5.10%	-0.07%	(\$41M)
600519-CN	Kweichow Moutai Co., Ltd. Cl..	-5.10%	-0.39%	(\$123M)
168-HK	Tsingtao Brewery Co., Ltd. Cl..	-5.10%	-0.06%	(\$49M)

# Consumer Staples: Sentiment Falls Amidst Switch to Underweight

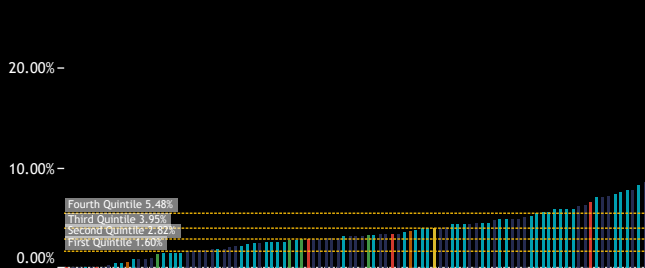
## 16. Core of allocations between 1% and 6%, peak above 20%.

Consumer Staples: Histogram of Fund Weights



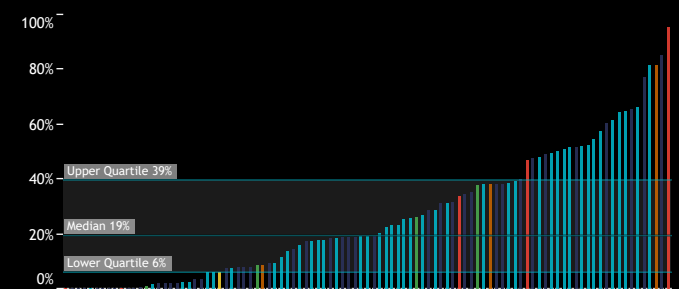
## 19. 80% of Asia Ex-Japan funds hold less than a 5.5% stake in Consumer Staples.

Consumer Staples: Distribution of Fund Weights, %



## 22. Historical exposure on a fund-level at the lower end of the spectrum.

Consumer Staples: Z-Score of Fund Allocations



## 17. Only 2 funds above 10%. GS, Comgest and Fidelity among top holders.

Consumer Staples: Top Fund Allocations, %

Fund Name	Allocation (%)
BL - Equities Asia	23.73%
Asian Equity Income Fund	16.97%
Franklin Asian Equity Fund	8.54%
GS Funds - Asia Equity Portfolio	8.37%
CompAM Fund - Cadence Strategic Asia	7.79%
Comgest Growth Plc - Growth Asia	7.72%
Fidelity Asia Fund	7.60%
CG Nouvelle Asie	7.29%
Morgan Stanley Instl. Fund - Asia Opportunity Portf..	7.26%
Morgan Stanley Invnt. Fds. - Asia Opportunity Fund	7.08%
UBS (CH) Equity Fund - Asia (USD)	7.06%
Hermes Invnt. Fds. - Asia (ex-Japan) Equity Fund	6.47%

## 20. Morgan Stanley and Hermes among the larger dollar allocators.

Consumer Staples: Top Fund Allocations, \$

Fund Name	Allocation (\$)
Morgan Stanley Invnt. Fds. - Asia Opportunity Fund	\$238M
Hermes Invnt. Fds. - Asia (ex-Japan) Equity Fund	\$195M
Fidelity Funds SICAV - Sustainable Asia Equity	\$173M
FTIF SICAV - Asian Growth Fund	\$121M
Fidelity Invnt. Fds. - Asia Fund	\$111M
BL - Equities Asia	\$86M
Schroder ISF - Asian Opportunities	\$85M
Fidelity Funds SICAV - Asian Special Situations Fund	\$68M
Fidelity Funds SICAV - Asian Equity Fund	\$60M
T Rowe Price New Asia Fund	\$50M
Fidelity Asia Fund	\$49M
Schroder Asian Growth Fund	\$37M

## 23. Kweichow dominates the list of large fund-level positions.

Consumer Staples: Top stock Level Fund Allocations, %

Fund Name	Stock Name	Allocation (%)
Fidelity Asia Fund	Kweichow Moutai Co., Ltd.	5.50%
GS Funds - Asia Equity Portfolio	Kweichow Moutai Co., Ltd.	5.37%
CompAM Fund - Cadence Strategic A..	L'Occitane International S..	4.42%
Morgan Stanley Instl. Fund - Asia Op..	Kweichow Moutai Co., Ltd.	3.92%
Morgan Stanley Invnt. Fds. - Asia Opp..	Kweichow Moutai Co., Ltd.	3.82%
CG Nouvelle Asie	Inner Mongolia Yili Industr..	3.69%
Comgest Growth Plc - Growth Asia (e..	Inner Mongolia Yili Industr..	3.51%
BL - Equities Asia	President Chain Store Cor..	3.41%
CompAM Fund - Cadence Strategic A..	Thai Beverage Public Co., ..	3.37%
Asian Equity Income Fund	Sheng Siong Group Ltd.	3.01%
Nordea Asian Stars Fund	Varun Beverages Ltd.	3.00%
Nordea 1 - Asian Stars Equity Fund	Varun Beverages Ltd.	2.95%

Funds Invested Δ*	Average Weight Δ*	# New Positions*	# Closed Positions*	# Funds Buying*	# Funds Selling*	Estimated Net Fund Flows, \$*
-1.02%	-1.06%	1	2	19	49	(\$387.1M)

## 18. Morgan Stanley, Mirae, JP Morgan decrease exposure.

Consumer Staples: Largest Change in Fund Weight\*

Fund Name	New or..	Change (%)
JKC Fund - La Francaise JKC Asia Equity		2.06%
Goldman Sachs Funds III - Asia Equity Growth..		1.21%
LO Funds - Asia High Conviction	New	0.90%
BL - Equities Asia		0.66%
Robeco Capital Gr. Fds. - Sustainable Asian S..		0.64%
Robeco Capital Gr. Fds. - Asian Stars Equities		0.57%
UBS (CH) Equity Fund - Asia (USD)		0.41%
CompAM Fund - Cadence Strategic Asia		0.20%
Allianz Intl. Invnt. Fds. - Total Return Asian E..		-3.64%
BNP Paribas Funds - Sustainable Asia ex-Japa..		-3.65%
Allianz Global Investors Fund - Total Return ..		-3.72%
JPMorgan (Taiwan) Asia Domestic Opportunit..		-3.97%
JPMorgan (Taiwan) Asia Fund		-4.00%
Mirae Asset Gb. Discovery Fd. - ESG Asia Sec..		-4.99%
Morgan Stanley Instl. Fund - Asia Opportunit..		-6.42%
Morgan Stanley Invnt. Fds. - Asia Opportunity ..		-6.49%

## 21. Closures from Morgan Stanley, T Rowe initiate Hindustan position.

Consumer Staples: Top Stock-Level Fund Inflows and Outflows, \*

Fund Name	Stock Name	New ..	Change (\$)
T Rowe Price New Asia Fund	Hindustan Unilever Li..	New	\$22M
Fidelity Asia Fund	CP All Public Co. Ltd.	New	\$12M
Pictet - Asian Equities (ex-Japan)	China Resources Beer..	New	\$11M
Schroder ISF - Asian Opportunities	Budweiser Brewing C..	New	\$9M
Allianz Global Investors Choice Fu..	China Resources Beer..	New	\$6M
Pictet - Asian Equities (ex-Japan)	COSMAX, Inc.	New	\$6M
BL - Equities Asia	Osotspa Public Co. Lt..	New	\$5M
Vontobel Fund - mtx Sustainable ..	Jiangsu King's Luck Br..	New	\$5M
JPMorgan Funds - Asia Growth Fu..	Kweichow Moutai Co...	Close	(\$16M)
Hermes Invnt. Fds. - Asia (ex-Jap..	Inner Mongolia Yili In..	Close	(\$16M)
T Rowe Price New Asia Fund	Godrej Consumer Pro..	Close	(\$16M)
Fidelity Asia Fund	Kweichow Moutai Co...	Close	(\$20M)
Morgan Stanley Invnt. Fds. - Asia O..	Kweichow Moutai Co...	Close	(\$36M)
Morgan Stanley Invnt. Fds. - Asia O..	Foshan Haitian Flavo..	Close	(\$46M)
Morgan Stanley Invnt. Fds. - Asia O..	Tsingtao Brewery Co...	Close	(\$47M)
Morgan Stanley Invnt. Fds. - Asia O..	China Resources Beer..	Close	(\$55M)

## 24. Significant rotation out of large positions in Kweichow Moutai.

Consumer Staples: Largest Changes in Stock-Level Fund Weights, \*

Fund Name	Stock Name	New o..	Change (%)
JKC Fund - La Francaise JKC Asia ..	China Resources Beer..		2.21%
Fidelity Asia Fund	CP All Public Co. Ltd.	New	2.10%
Baring AM (Japan) Asia Future Gro..	PT Indofood CBP Suks..	New	1.52%
BL - Equities Asia	Osotspa Public Co. Lt..	New	1.46%
T. Rowe Price Funds SICAV - Asian..	Hindustan Unilever Li..	New	1.27%
Lansforsakringar Asienfonden	Proya Cosmetics Co.,...	New	1.25%
T Rowe Price New Asia Fund	Hindustan Unilever Li..	New	1.22%
Matthews Asia Funds - Asia ex-Jap..	CP All Public Co. Ltd.	New	1.17%
Allianz Global Investors Fund - Tot..	Godrej Consumer Pro..	Close	-2.24%
JPMorgan Funds - Asia Growth Fund	Kweichow Moutai Co...	Close	-2.28%
JPMorgan (Taiwan) Asia Domestic ..	Kweichow Moutai Co...	Close	-2.32%
JPMorgan (Taiwan) Asia Fund	Kweichow Moutai Co...	Close	-2.34%
Allianz Global Investors Choice Fu..	Kweichow Moutai Co...	Close	-2.36%
Allianz Intl. Invnt. Fds. - Total Retu..	Kweichow Moutai Co...	Close	-2.50%
Allianz Global Investors Fund - Tot..	Kweichow Moutai Co...	Close	-2.53%
Fidelity Asia Fund	Kweichow Moutai Co...		-3.47%

Source: Factset, Copley Fund Research

\* Between 2/29/2024 and 8/31/2024



## Hon Hai Precision Industry Co., Ltd.

Strong Rotation Signals  
Change in Sentiment

# Hon Hai Precision: Strong Rotation Signals Change in Sentiment

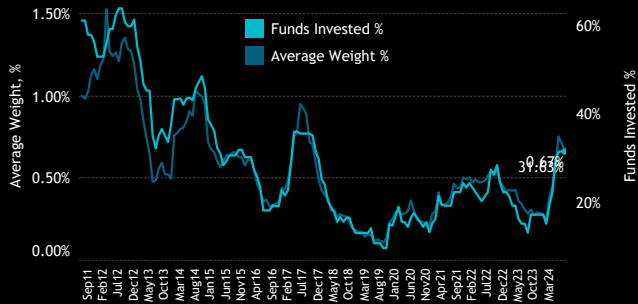
Hon Hai Precision's average weight and fund ownership have both moved higher in recent months, positioning it as the 6th most widely held stock in the Information Technology sector. Despite remaining a structural Technology underweight, more funds are shifting to an overweight stance.

Over the past six months, 16.3% of funds have initiated positions in Hon Hai, while Samsung SDI and Advantech have seen net closures. Hon Hai sits at the extreme right of the Momentum scale, though overall positioning is still below historic highs.

At the fund level, most investors hold between a 1% and 2% stake, with a tail extending up to 8%. Value-oriented strategies like Nomura and Eastspring top the holding register. Net inflows into Hon Hai have reached \$200 million over the past six months, led by Fidelity and Schroders, while Hermes has exited its position.

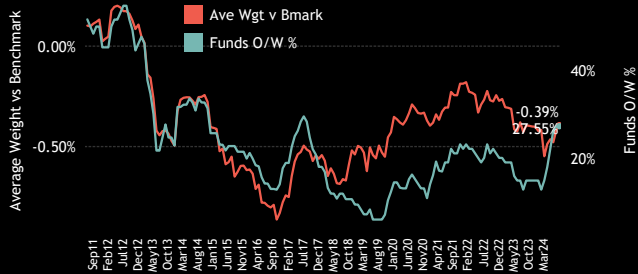
## 1. Hon Hai Precision average weight and funds invested both move higher.

Hon Hai Precision Industry Co., Ltd.: Average Fund Weight vs Funds Invested



## 2. Hon Hai Precision has been a structural underweight for Asia Ex-Japan investors, but more funds switching to overweight.

Hon Hai Precision Industry Co., Ltd.: Average Weight vs AAXJ, Funds O/W



## 3. Hon Hai is the 6th most widely held stock in the Tech sector, and one of the key underweights.

Information Technology: Aggregate Stock Ownership Statistics

Ticker	Stock Name	Funds Invested %	Average Weight %	Average Weight v..	Fund AUM \$
2330-TW	Taiwan Semiconductor Manuf..	100.00%	10.67%	-0.21%	\$5,148M
005930-KR	Samsung Electronics Co., Ltd.	86.73%	5.35%	1.38%	\$3,020M
000660-KR	SK hynix Inc.	71.43%	2.14%	1.08%	\$777M
2454-TW	MediaTek Inc	67.35%	1.60%	0.71%	\$878M
500209-IN	Infosys Limited	44.90%	1.02%	-0.13%	\$632M
2317-TW	Hon Hai Precision Industry Co..	31.63%	0.67%	-0.39%	\$372M
2308-TW	Delta Electronics, Inc.	31.63%	0.57%	0.19%	\$172M
3037-TW	Unimicron Technology Corp.	27.55%	0.34%	0.24%	\$196M
005935-KR	Samsung Electronics Co Ltd P..	24.49%	0.75%	0.20%	\$424M
2345-TW	Accton Technology Corp.	21.43%	0.23%	0.13%	\$148M
543320-IN	Zomato Ltd.	20.41%	0.43%	0.13%	\$285M
035420-KR	NAVER Corp.	20.41%	0.25%	0.00%	\$243M
6415-TW	Silergy Corp.	16.33%	0.17%	0.09%	\$142M

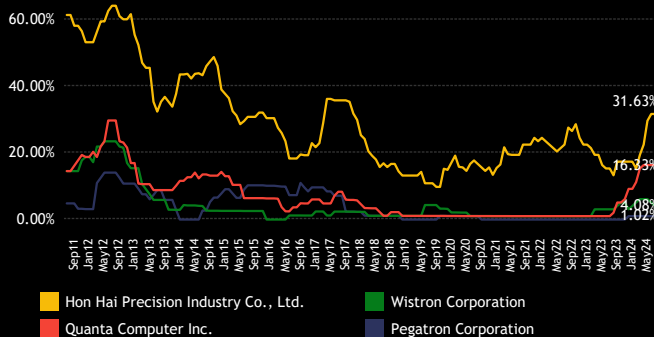
## 4. Over the last 6-months, 16.3% of funds have initiated positions in Hon Hai, against net closures in Samsung SDI and Advantech.

Information Technology: Largest changes in stock ownership\*

Ticker	Stock Name	Funds Invested % Δ	Ave Wgt % Δ	Fund Flows, \$
2317-TW	Hon Hai Precision Industry Co..	16.33%	0.42%	\$199M
2454-TW	MediaTek Inc	10.20%	0.29%	\$49M
3661-TW	Alchip Technologies Ltd.	8.16%	0.04%	\$48M
000660-KR	SK hynix Inc.	5.10%	0.03%	(\$74M)
2382-TW	Quanta Computer Inc.	5.10%	0.08%	\$22M
2308-TW	Delta Electronics, Inc.	4.08%	0.13%	\$35M
300308-CN	Zhongji Innolight Co., Ltd. Cl..	4.08%	0.02%	\$11M
3034-TW	Novatek Microelectronics Corp.	-2.04%	-0.02%	(\$3M)
268-HK	Kingdee International Softwa..	-2.04%	-0.02%	(\$14M)
2382-HK	Sunny Optical Technology (Gr..	-2.04%	-0.01%	(\$14M)
011070-KR	LG Innotek Co., Ltd	-2.04%	-0.01%	(\$8M)
2395-TW	Advantech Co., Ltd.	-4.08%	-0.07%	(\$13M)
006400-KR	Samsung SDI Co., Ltd	-6.12%	-0.09%	(\$30M)

## 5. Hon Hai Precision is more widely owned than industry peers, though Quanta Computer is also seeing ownership levels rise.

Hon Hai and Peers: Percentage of Funds Invested



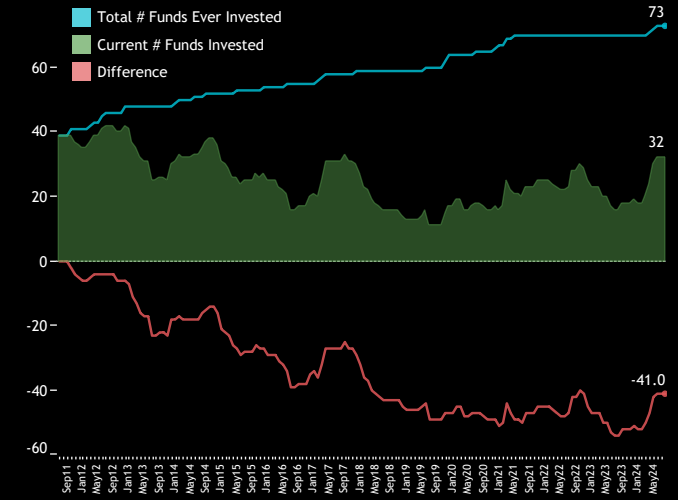
## 6. Hon Hai Precision is positioned at the extreme right hand side of the Momentum scale, with positioning far from the highs.

Information Technology Sector: Stock Level Sentiment Grid\*



## 7. Previous investors are buying back in, but 41 funds remain out of the stock for now.

Hon Hai Precision Industry Co., Ltd.: Gap Analysis

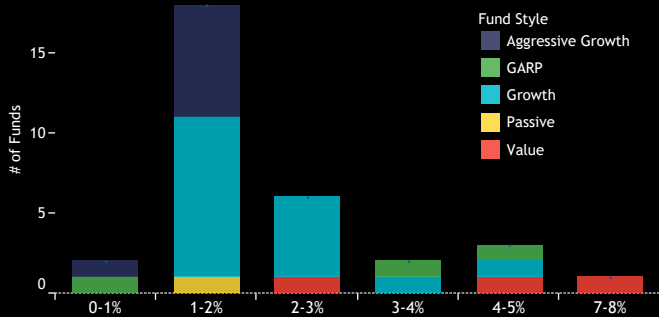


Source: Factset, Copley Fund Research  
\* Between 2/29/2024 and 8/31/2024

# Hon Hai Precision: Strong Rotation Signals Change in Sentiment

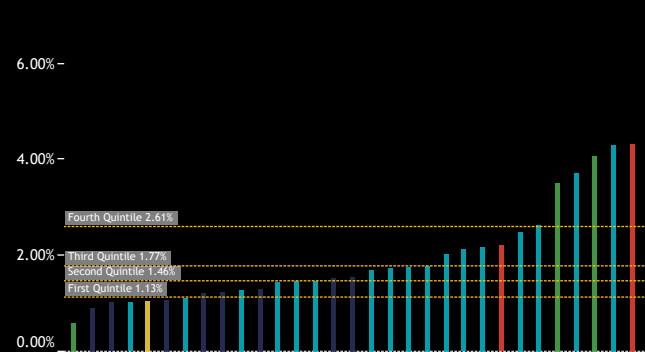
## 8. Most investors hold between 1%-2%, with tail extending to 8%.

Hon Hai Precision Industry Co., Ltd.: Histogram of Fund Weights



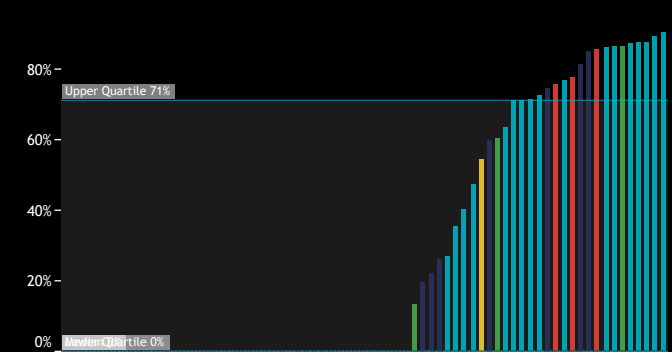
## 9. 80% of the investor base hold less than a 2.61% position.

Hon Hai Precision Industry Co., Ltd.: Distribution of Fund Weights, %



## 10. A large number of previous investors remain out of the stock. Those that are invested are well invested compared to history.

Hon Hai Precision Industry Co., Ltd.: Z-Score of Fund Allocations



Funds Invested Δ\*

16.33%

Average Weight Δ\*

0.42%

# New Positions\*

17

# Closed Positions\*

1

# Funds Buying\*

19

# Funds Selling\*

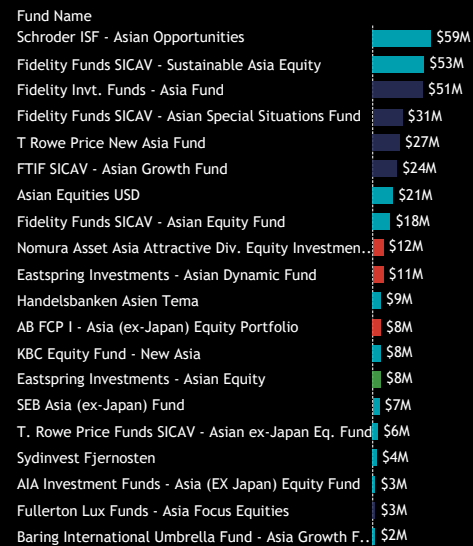
7

Estimated Net Fund Flows, \$\*

\$198.7M

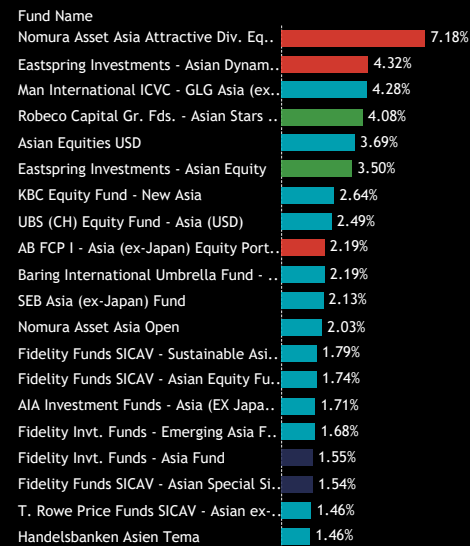
## 11. Schroders and Fidelity among the larger investors in \$ terms.

Hon Hai Precision Industry Co., Ltd.: Top Fund Allocations, \$



## 12. Value funds of Nomura and Eastspring at the top of the holding register.

Hon Hai Precision Industry Co., Ltd.: Top Fund Allocations, %



## 13. New positions dominate, with 17 openings versus 1 closure.

Hon Hai Precision Industry Co., Ltd.: Largest Change in Fund Weight\*



## 14. A net \$200m of fund inflows, led by Fidelity and Schroders. Hermes close out.

Hon Hai Precision Industry Co., Ltd.: Top Fund Inflows and Outflows.\*



Source: Factset, Copley Fund Research

\* Between 2/29/2024 and 8/31/2024

## Methodology

Copley uses Factset Ownership data for the majority of its source holdings. This data benefits from various inputs such as fund interim and monthly statements, 13F Forms, and other timely sources utilized by Factset. For US funds, data is usually updated quarterly with varying degrees of lag. However, due to agreements with asset management firms and the incorporation of press releases, Factset often provides updates more quickly. By leveraging these additional sources, Factset ensures a shorter time lag for many data points beyond the standard quarterly fund statements. Copley uses the latest published holdings for each fund and adjusts weights based on price movements between the last filing and the end of the most recent month. The typical average lag ranges from 60 to 90 days depending on the time of year.

For benchmark comparisons, we use the iShares Tr. - MSCI All Country Asia ex-Japan ETF, proportionally adjusted to remove any cash holdings. All Fund Flow calculations are on a best estimates basis. We use monthly position changes and month end prices to estimate the net buying and selling value for each stock within each fund in our analysis.

# Calculations

Copley uses 6 key measures of fund ownership throughout our analysis. Our chart packs presents these metrics in formats such as time series, snapshots at specific points, or comparisons between two time periods.

**Average Weight:** The sum of all fund weights in any dimension (region, country, sector, industry, stock) divided by the total number of funds (98) in the analysis.

**Average Weight vs AAXJ:** The average weight minus the weight in the iShares Tr. - MSCI All Country Asia ex-Japan ETF (cash removed and weights adjusted).

**Funds Invested %:** The total number of funds with any exposure to a dimension divided by the total number of funds (98) in the analysis.

**Funds O/W:** The total number of funds with a larger weight in any dimension than the iShares Tr. - MSCI All Country Asia ex-Japan ETF, divided by the total number of funds (98) in the analysis.

**AUM, \$:** The combined AUM allocated to a particular dimension across the 98 active Asia Ex-Japan funds in our analysis, in US Dollars

**Estimate Fund Flows, \$:** The difference in share quantity between 2 periods for each stock in a fund multiplied by the price. These figures are rolled up to provide aggregate fund flows across countries, sectors and stocks.

## Style Classifications

Each fund is split into a Style category based on the P/E and P/B ratios of their portfolio compared to the benchmark

**Aggressive Growth:** At least 70% of the portfolio in stocks with a higher P/E than the iShares Tr. - MSCI All Country Asia ex-Japan ETF average, and at least 70% with a higher P/B ratio.

**Growth:** At least 50% of the portfolio in stocks with a higher P/E than the iShares Tr. - MSCI All Country Asia ex-Japan ETF average, and at least 50% with a higher P/B ratio.

**Value:** Either by the fund description, or at least 50% of the portfolio in stocks with a lower P/E ratio than the iShares Tr. - MSCI All Country Asia ex-Japan ETF average, and at least 50% with a lower P/B ratio

**Yield:** As per the fund description only (i.e Yield, Dividend, Income funds).

**GARP:** All other iterations that do not fit under the above classifications.

Fund P/E vs P/B  
Size of Bubble = Dividend Yield





# Appendix 4

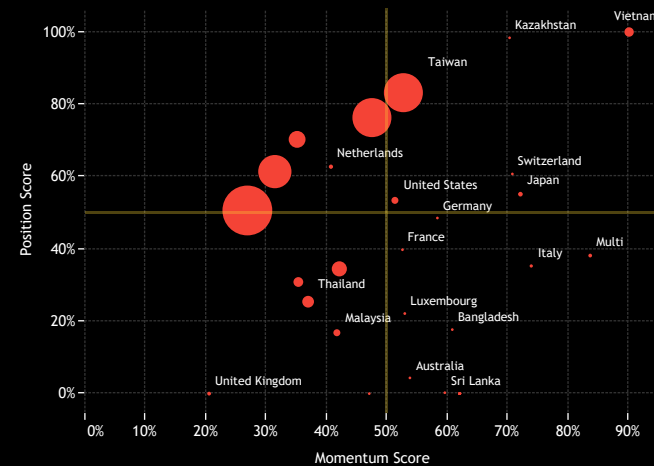
## Sentiment Grid

We use the Sentiment Grid in our analysis as a way of combining long-term positioning with shorter dated manager activity across all dimensions (country, sector, stock). Here we outline the metrics that go in to the Sentiment Grid calculation.

The Y-Axis measures where today's ownership levels in each dimension sit relative to the long-term range. We calculate the Z-Score of today's average weight, funds invested % and funds o/w % relative to all monthly observations in our fund history (going back to 7/31/2011). A figure close to 100% would indicate today's positioning is close to its maximum ever level, a figure close to zero, the lowest.

The X-axis provides a measure of short-term fund activity, or 'Momentum', by looking at the changes in average weight, funds invested %, funds o/w % and the net buyers vs sellers between 2/29/2024 and 8/31/2024, relative to each dimension. A figure above 50% means a dimension has seen relative increases in ownership, a figure below 50% indicates a relative decrease in positioning. The size of the bubble represents the average weight of each dimension

Country Sentiment Grid  
Momentum Measure Between 2/29/2024 - 8/31/2024



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