



**ASHBURTON
EMERGING MARKETS
FUNDS LIMITED**

INTERIM REPORT AND UNAUDITED
FINANCIAL STATEMENTS
For the period ended 30 September 2020



**ASHBURTON
INVESTMENTS**

A part of the FirstRand Group





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Management and administration

Registered Office

28 Esplanade, St Helier,
Jersey, JE2 3QA,
Channel Islands.

Manager, Investment Manager, Administrator, Secretary and Registrar

Ashburton (Jersey) Limited.
PO Box 239, IFC 1, The Esplanade, St Helier,
Jersey, JE4 8SJ, Channel Islands.

With effect from 1 May 2020, the Secretary and Registrar changed to JTC Fund Solutions (Jersey) Limited, 28 Esplanade, St Helier, Jersey, JE2 3QA.

Sub-Administrator (appointed 1 May 2020)

JTC Fund Solutions (Jersey) Limited.
28 Esplanade, St Helier,
Jersey, JE2 3QA.

Independent Auditors

PricewaterhouseCoopers CI LLP.
37 Esplanade, St Helier,
Jersey, JE1 4XA, Channel Islands.

Banker and Sub-Custodian

BNP Paribas Securities Services S.C.A., Jersey Branch.
IFC 1, The Esplanade, St Helier,
Jersey, JE1 4BP, Channel Islands.

Custodian

BNP Paribas Depositary Services (Jersey) Limited.
IFC 1, The Esplanade, St Helier,
Jersey, JE1 4BP, Channel Islands.

Legal Advisers

Ogier.
Ogier House, The Esplanade, St Helier,
Jersey, JE4 9WG, Channel Islands.

Directors of Ashburton Emerging Markets Funds Limited

Corne Burger is Head of Ashburton International and is a member of the Board of Ashburton (Jersey) Limited. Corne is responsible for driving the global strategy for Ashburton International, as well as ensuring the delivery of the FirstRand group goals. Corne joined Ashburton Investments in March 2016 and has over 20 years' experience in the finance industry. Prior to joining Ashburton Investments, Corne was Head of Ashburton Wealth and Investments Solutions and joint CEO of FNB Financial Advisory. Corne has a BComm (Hons) in Financial Analysis and Portfolio Management from the University of Cape Town.

Ian Ling is a non-executive Director and has been with the Ashburton Group since 1992. He has worked in the finance industry since 1968, having been a partner of Laurie Milbank & Company, a London stockbroking firm. He was a founding member of Channel Islands Portfolio Managers Limited and then became a Director of Quilter Goodison (CI) Limited upon their acquisition of that company. Ian currently sits on the board of a number of investment companies, and has experience in the property, debt, venture capital, equity and infrastructure sectors, as well as having sat on the board of hedge funds.

Nicholas Taylor is a non-executive Director with Altair Partners Limited and has over 30 years financial services experience. Prior to joining Altair Partners in 2018, he was Chief Financial Officer for Ashburton International for over twenty years where he was responsible for all financial, operational and support services of the international business. He remains on the board of Ashburton (Jersey) Limited and various Ashburton funds as a non-executive director. After graduating as an electrical engineer, Nicholas trained and qualified with Coopers & Lybrand and spent time in their Jersey, London and Nairobi offices. He is a Fellow of the Institute of Chartered Accountants in England and Wales and is a member of the Institute of Directors. Nicholas sits on the board of a number of structures, including private equity, debt, retail and multi manager funds.

Alan Baird has been with JTC since 2002 and has worked in all divisions of the company. From 2012 to 2016, prior to joining the Jersey funds division, Alan project managed various acquisitions along side JTC's private equity sponsor. Alan is now a director of the Sub-Administrator and is responsible for key operational activities including company secretarial, fund valuations, drawdowns and distributions, and the administration of investments. He also sits on the board of a number of client structures and has board experience across a broad range of asset classes, including real estate, private equity and venture capital.

Investment policy and objectives

Ashburton Emerging Markets Funds Limited (“the Company”) can create different funds established as separate funds but currently operates only one fund being the Chindia Equity Fund (“the Fund”). The decisions relating to investments comprising the Fund are made in accordance with the Fund’s objectives, whilst the asset allocation will generally be set in accordance with the respective current investment strategy adopted by the Investment Manager.

The Company belongs to the “Umbrella Fund” category and the Fund belongs to the “General Securities Fund” category under Schedule 4 (Guide to Jersey Open-Ended Unclassified Collective Investment Funds Offered to the General Public) of the Code of Practice for Certified Funds (“Code of Practice”).

The principal objective of the Fund is to achieve long-term capital growth through equity or equity-related investments predominantly in the stock-markets of China and India. The Fund will focus on the quality and attractiveness of individual companies rather than the outlook for particular markets. The Fund will also invest in companies traded in other markets where a significant proportion of growth in their underlying business is set to derive from China or India.

The sterling share class will provide the sterling equivalent of the capital growth of the Fund.

General features

In general, Securities Fund category Funds may invest in equities, fixed interest and other securities quoted on eligible markets as appropriate, as allowed by the Code of Practice. Investment may also be made in securities that are unquoted or not regularly traded on an eligible market to the extent permitted by the Code of Practice. Investments may also be made in other collective investment schemes including those operated by the Investment Manager or a company or person associated with the Manager, provided the underlying fund is of a type permitted by the Code of Practice, and the total investment does not exceed 5% of the property of the Fund and provided initial charges shall not be levied on both collective investment schemes.

Investment in securities not officially listed on an eligible market, on a secondary market, or other securities market shall be made only to the extent permitted by the Code of Practice.

The Fund will from time to time, and as appropriate for its mandate, invest in derivatives or other financial instruments used for efficient portfolio management, as permitted by the Code of Practice.

The Fund will maintain adequate cash deposits to meet redemptions and to take advantage of any expected interest rate changes. Such balances will normally be held on short-term deposit but may be held in other forms of short-term money instruments including certificates of deposit, bills and floating rate notes.

Not more than 10% of the NAV, or USD 1,000,000, or the equivalent in the base currency of the Fund, whichever is the greater, should be kept on deposit with or on loan to any one person, or any connected company of that person unless that person is an approved bank, in which case the maximum may be 20% of the NAV of the Fund.

Manager's report

Market commentary

Having experienced one of the steepest falls in history at the beginning of the COVID-19 pandemic, global equity markets enjoyed one of the strongest rallies on record over the last six months. The Chindia Equity Fund (I shares USD) rose 33.9% over this period. While pleasingly the Fund outperformed the FTSE Emerging Market Index both in the previous six-month period on the way down, and this most recent six-month period on the way back up, we would caution against expecting this sort of pattern of performance to continue.

Explanations of the rally in the equity markets include governments ending lockdowns, hopes of a COVID-19 vaccine being developed soon, and the self-perpetuating nature of bull markets with those on the side-lines jumping in over "fear of missing out". Our expectation of China having been the first in and so, the first out of the COVID-19 troubles, appears to be playing out. The Fund has been tilted towards China. The continued rise of coronavirus cases in the US suggests that the ending of their lockdowns might have happened too early, despite the availability of testing and tracking tools. We remain hopeful for successful trials of a COVID-19 vaccine soon. Governments and charitable bodies have taken the unusual step of mass producing the several candidate vaccines before gathering definitive clinical evidence. This could result in vaccination programmes beginning in developed markets as early as the end of the year.

The biggest driver of markets though, is likely to be the expansionary monetary policy from the central banks, who continue to pump newly created currency into the world while buying up assets. It appears this "unconventional policy" is fast becoming the new normal. While we believe preventing problems of liquidity is justifiable, trying to prevent solvency issues sets up continued dependency of certain industries and economies on financial stimulus. One significant consequence of this monetary policy on markets is the substantial reduction in the expected returns available from other asset classes. This encourages investors looking for real asset growth to invest in equities.

Fund review

At the fund level, sales were made of several Indian banks. The Indian stock market has also performed fairly strongly during the past six months despite a continued rise in COVID-19 case numbers. The team was concerned about the potential for higher levels of bad debt due to the pandemic. DBS Bank based in Singapore was purchased as an alternative. The bank has 30% of income from Hong Kong and China and has a long track record of superior returns on equity. It also has an impressively low cost-to-income ratio as it successfully expands into digital banking.

A new purchase of Sea Ltd was made during September. Sea is a games and e-commerce company serving India and the high-growth Southeast Asian (ASEAN) region. The e-commerce sector is currently unprofitable. However, the growth trajectory of revenues looks startlingly like that historically enjoyed by Amazon. With a market capitalisation of less than US\$80 billion, serving the region with the best demographics in the world, the opportunity to dip a toe into this exposure within the Chindia Equity Fund seemed compelling. While we could be wrong, the benefits of being right would be very fruitful.

Outlook

From a top-down perspective, we continue to believe that the Asian ex-Japan region offers some of the most favourable demographics globally. This should help drive earnings growth for companies operating in the region. The strength of the US dollar now seems more likely to subside longer term, and this should favour domestic companies in Asia. Tensions between Hong Kong and China, and India and China, increased during the six-month period, however, we are hopeful for peaceful resolutions.

Ashburton (Jersey) Limited

Manager
30 September 2020

Directors' report

The Directors present their interim report to the members, together with the unaudited financial statements of Ashburton Emerging Markets Funds Limited ("the Company") and financial statements of Chindia Equity Fund ("the Fund") (together "the financial statements") for the period ended 30 September 2020.

Incorporation

The Company was originally incorporated as Chindia Equity Fund PC, a protected cell of Ashburton Global Funds PCC, a protected cell company, on 8 November 2006. The Company subsequently converted to an Open Ended Investment Company with limited liability and changed its name to Ashburton Emerging Markets Funds Limited on 6 December 2010. Until 4 December 2017, the Company was a Jersey Recognized Collective Investment Fund operating as an umbrella Fund and complied with and had been granted a Recognized Fund Certificate under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 ("the Order") and a permit under the Collective Investment Funds (Jersey) Law 1988. With effect from 4 December 2017, the Fund's regulatory status was amended from a Recognized Fund to a Certified Fund, and holds a permit under the Collective Investment Funds (Jersey) Law, 1988.

Results

The statement of comprehensive income for the period ended 30 September 2020 is set out on page 8.

Dividends

The Directors do not recommend the payment of a dividend for the Fund's participating redeemable preference shares. All income will be accumulated and reflected in the share price of the Fund.

Directors

The Directors of the Company in office at 30 September 2020 are set out on page 2 of this report. All Directors served throughout the period and up to the date of approval of the financial statements with the exception of Mark Grenyer and Alan Scrimger. Mark Grenyer was appointed as a Director with effect from 24 June 2020 and resigned on 21 October 2020. Alan Scrimger resigned as a Director on 3 November 2020. Alan Baird and Corne Burger were appointed as Directors with effect from 22 October 2020 and 3 November 2020 respectively. Please also refer to the significant and subsequent events on page 6.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing these financial statements in accordance with applicable law and International Financial Reporting Standards.

Directors are required by the Companies (Jersey) Law 1991 (as amended) to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the total return for that period.

In preparing these financial statements, the Directors are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm they have complied with all the above requirements in preparing these financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The interim report and unaudited financial statements are published on www.ashburtoninvestments.com which is a website maintained by Ashburton (Jersey) Limited and Ashburton Fund Managers (Proprietary) Limited, South Africa.

Visitors to the website need to be aware that legislation in Jersey governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the financial statements on the website.

The Directors believe the carrying value of the investments to approximate their recoverable values as at 30 September 2020.

Directors' report cont.

Directors' interests

None of the Directors had a holding in the Fund during the period.

Financial period

The financial statements are prepared on an annual and semi-annual basis to the last business day in March and September respectively. The financial statements are audited annually after the period end.

Principal activities

The Company is an Open Ended Investment Company established as a vehicle for international investments.

The Company is an umbrella scheme with one fund presently established. Should further funds be launched in the future, investors should be aware that, where assets of an individual fund were insufficient to meet that Fund's liabilities, then any liabilities that remained undischarged would revert to the Company as a whole and be allocated amongst the other funds.

At the period end the Directors are not aware of any existing or contingent liability which could not be discharged out of the assets of the Fund.

Investment policy and objectives

The policy and objectives of the Fund are set out on page 3. To achieve these objectives, the Fund will hold or invest in a combination of financial instruments which may include:-

- Investments in equities and other securities.
- Cash, liquid resources and short-term debtors and creditors that arise directly from their investment activities.
- Hedging instruments such as forward foreign currency exchange contracts.

The holding of financial instruments pursuant to the Fund's investment objectives involves certain inherent risks. The main risks arising from the Fund's financial instruments are market price, foreign currency and liquidity risks. Hedging transactions may be entered into for the reduction or elimination of currency benchmark risk. The Directors review and agree with the Manager policies for managing each of these risks. These policies have remained unchanged since the beginning of the period to which these financial statements relate.

Secretary

The Secretary of the Company as at 30 September 2020 was JTC Fund Solutions (Jersey) Limited, who were appointed on 1 May 2020. Up to 30 April 2020, Ashburton (Jersey) Limited served as Secretary of the Company.

Manager

The Manager of the Company as at 30 September 2020 was Ashburton (Jersey) Limited who served for the whole of the period then ended.

Significant events

Mark Grenyer was appointed as a Director with effect from 24 June 2020.

The Sub-administrator, Secretary and Registrar changed to JTC Fund Solutions (Jersey) Limited with effect from 1 May 2020. Up to 30 April 2020, Ashburton (Jersey) Limited served as Secretary of the Company.

COVID-19 pandemic

During the period ended 30 September 2020, the financial markets have been impacted by the global Coronavirus / COVID-19 pandemic and have been very volatile and are likely to remain so for the foreseeable future. The Directors have assessed the impact on the Company's viability and believe that they can continue to operate for at least twelve months following the issuing of these financial statements. Should shareholders require the latest information on the Fund, this is available on the Investment Managers' website www.asburtoninvestments.com.

Subsequent events

Mark Grenyer resigned as a Director with effect from 21 October 2020.

Alan Baird was appointed as a Director with effect from 22 October 2020.

Alan Scrimger resigned as a Director with effect from 3 November 2020.

Corne Burger was appointed as a Director with effect from 3 November 2020.

There were no other events after the period end which require disclosure in these financial statements.

By order of the board

JTC Fund Solutions (Jersey) Limited

25 November 2020

Registered Office:

28 Esplanade, St Helier, Jersey, JE2 3QA

Chindia Equity Fund

PORTFOLIO STATEMENT

Description	Ccy	Holding	Mid value USD	%
EQUITIES				
Hong Kong				
Anhui Conch Cement	HKD	78,500	540,131	2.36
China Oriental Group	HKD	824,000	184,470	0.81
China Unicom	HKD	406,000	264,293	1.15
CK Hutchison	HKD	49,500	298,118	1.30
Ping An Insurance Group	HKD	77,500	795,250	3.47
Shenzhen International	HKD	33,600	565,997	2.47
Sinotruk	HKD	157,500	402,387	1.76
Tencent	HKD	23,240	1,534,589	6.72
Uni-President	HKD	437,000	399,503	1.74
Want Want China	HKD	437,000	303,081	1.32
Hong Kong total (2020: 30.16%)			5,287,819	23.09
India				
Aarti Industries	INR	33,980	469,207	2.05
Arti Surfactants	INR	1,760	11,921	0.05
Asian Paints	INR	21,520	581,155	2.54
Crompton Greaves Consumer Electricals	INR	138,170	530,224	2.32
Divi's Laboratories	INR	18,950	788,446	3.44
Eicher Motors	INR	15,750	471,070	2.06
Emami	INR	86,150	415,116	1.81
GAIL India	INR	189,250	221,387	0.97
Godrej Agrovet	INR	64,280	444,900	1.94
Greaves Cotton	INR	209,273	214,883	0.94
HCL Technologies	INR	53,306	588,481	2.57
HDFC Bank	INR	23,600	347,486	1.52
Housing Development Finance	INR	13,345	315,068	1.38
ICICI Lombard General Insurance	INR	24,740	422,757	1.85
Infosys	INR	49,882	684,493	2.99
Jyothy Laboratories	INR	78,840	157,124	0.69
Larsen & Toubro	INR	6,900	237,900	1.04
Larsen & Toubro Infotech	INR	23,280	284,348	1.24
Mahindra & Mahindra	INR	47,040	388,543	1.70
Merck	INR	8,220	555,054	2.42
Phoenix Mills	INR	20,350	162,709	0.71
Power Grid Corporation of India	INR	149,290	327,275	1.43
Reliance Industries	INR	17,525	535,900	2.35
India total (2020: 41.96%)			9,155,447	39.98
Singapore				
DBS Group	SGD	35,000	510,092	2.23
Singapore total (2020: 0.00%)			510,092	2.23
United States				
Alibaba	USD	6,710	1,858,065	8.11
JD.Com	USD	14,900	1,119,809	4.89
Sea	USD	2,325	360,968	1.58
Yum China	USD	18,720	965,110	4.21
United States total (2020: 14.70%)			4,303,952	18.79
Equities total (2020: 86.82%)			19,257,310	84.09

PORTFOLIO STATEMENT CONT.

Description	Ccy	Holding	Mid value USD	%
FUND INVESTMENTS				
Hong Kong				
iShares Core	HKD	290 800	1,166,952	5.10
iShares FTSE	HKD	480 900	1,041,226	4.55
Hong Kong total (2020: 9.46%)			2,208,178	9.65
United Kingdom				
Pacific Assets Trust	GBP	235,800	807,162	3.52
United Kingdom total (2020: 1.24%)			807,162	3.52
Fund Investments total (2020: 10.70%)			3,015,340	13.17
Total portfolio (2020: 97.52%)			22,272,650	97.26
Cost \$19,473,846				
Cash and cash equivalents (2020: 2.58%)			769,378	3.36
Other net assets (2020: -0.10%)			(142,471)	(0.62)
Total net assets			22,899,557	100.00
Class of shares		Shares in issue	Price per share	
R class		3,218,044	1.4478	
R GBP class		3,222,563	1.1282	
I class		749	202.1245	
I GBP class		365	157.8122	
D class		20,086	17.7124	
C class		113,213	114.8095	

Chindia Equity Fund cont.

STATEMENT OF FINANCIAL POSITION

	30 Sep 2020 USD	31 Mar 2020 USD
ASSETS		
Financial assets at fair value through profit or loss	22,272,650	17,763,167
Trade and other receivables	28,832	-
Cash and cash equivalents	769,378	470,384
Total assets	23,070,860	18,233,551
LIABILITIES		
Trade and other payables	171,303	18,973
Total liabilities	171,303	18,973
Net assets attributable to redeemable preference shareholders	22,899,557	18,214,578

STATEMENT OF COMPREHENSIVE INCOME

	1 Apr 2020 30 Sep 2020 USD	1 Apr 2019 31 Mar 2020 USD
OPERATING PROFIT/(LOSS)		
Net gains/(losses) on financial assets at fair value through profit or loss	5,978,022	(5,365,154)
Investment income	194,118	704,463
Other income	20	10,967
Expenses	(115,907)	(393,535)
Operating profit/(loss)	6,056,253	(5,043,259)
FINANCE COSTS		
Distributions	(28,302)	(47,363)
Total finance costs	(28,302)	(47,363)
Profit/(loss) before tax	6,027,951	(5,090,622)
Withholding tax on dividends	(12,536)	(16,492)
Increase/(decrease) in net assets attributable to redeemable preference shareholders from operations	6,015,415	(5,107,114)

STATEMENT OF CHANGES IN REDEEMABLE PREFERENCE SHAREHOLDERS' NET ASSETS

	1 Apr 2020 30 Sep 2020 USD	1 Apr 2019 31 Mar 2020 USD
Net assets attributable to redeemable preference shareholders at 1 April	18,214,578	28,272,066
Amount receivable on creation of shares	41,789	283,984
Amount payable on redemption of shares	(1,372,225)	(5,234,358)
Increase/(decrease) in net assets attributable to redeemable preference shareholders	6,015,415	(5,107,114)
Net assets attributable to redeemable preference shareholders at period/year end	22,899,557	18,214,578

STATEMENT OF MATERIAL PORTFOLIO CHANGES

The following tables show the top ten purchases and disposals for the period.

Description	Acquisition costs USD
DBS Group	523,002
Pacific Assets Trust	440,499
Sea	332,156
Total for the period	1,295,657

Description	Disposal proceeds USD
Tencent	1,145,494
Reliance Industries	577,317
Titan	337,752
ICICI Bank	308,383
Axis Bank	222,984
Bandhan Bank	218,541
Total for the period	2,810,471



CHANNEL ISLANDS

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A member of the FirstRand Group

Ashburton Investments is a registered business name of Ashburton (Jersey) Limited which is regulated by the Jersey Financial Services Commission.