

April at a Glance

- **Bitauto**
- **Korea Electric Power (KEPCO)**
- **Bitcoin Investment Trust**

Manager's Commentary

The Newscap Diversified Growth Fund (DGF) rose by 2.1% in April and is up by 5.2% for the year.

Over the past month, an important factor for sterling-based investors has been the strength in the pound. DGF has had a hedge in place, both against the US dollar and the euro. These have protected the fund against the diminishing value of foreign assets in sterling terms. A rising pound is a sign of strength for the UK economy. Yet at the same time, it can be a headwind for UK investors.

We should remind ourselves how the falling pound from 2014 has flattered returns from overseas assets. Now that the pound is rising, that goes into reverse, yet there are several things that can be done to offset this. You can hedge currency exposure, ensure foreign holdings can generate sufficient returns (not bonds), maintain a higher than usual domestic bias, or sit it out in cash. Of those four choices, DGF has embraced the first three.

In what was a strong month for DGF, positive contributions came from Bitauto, Easyjet, JD.com and A2 Milk. Negative contributions came from the gold miners, Korea Electric Power and Johnson Matthey.

Bitauto Holdings

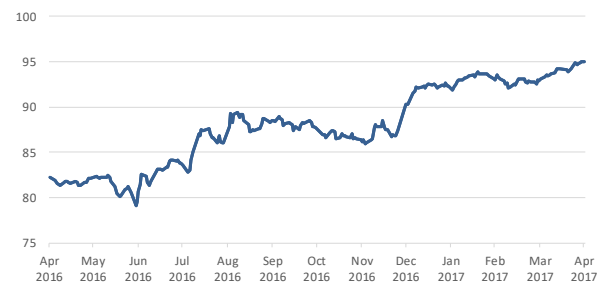
Bitauto Holdings Limited is China's largest advertising platform for new and used cars. Vehicle sales in China have grown from roughly 9 million units in 2008 to 27 million units in 2016, making it the world's fastest growing platform for auto sales.

Bitauto has been likened to the 'Auto Trader' of China, providing an online transactional platform for automotive dealers and private sellers to advertise their cars. Furthermore, Bitauto's competitive advantage can be attributed to their unique business model capturing the life cycle of buying or selling a car, making it the dominant platform for consumers.

Bitauto has recently diversified its automotive services division by introducing a new auto financing business. The platform is expected to grow by circa 30% this year, providing the company with a new growth opportunity. Since the introduction of auto financing, default rates have been low, thanks to its data-driven risk-management system. That was collectively built with their strategic shareholders: Tencent, JD and Baidu.

One can see how Bitauto has become the largest automotive platform in China. While the industry is becoming mature, we are encouraged by the high margins and the relatively modest valuation.

Performance



Returns (%)

	Class A
1 Month	2.1%
6 Month	6.0%
YTD	5.2%
Since Inception	-4.9%
1 Year	15.5%
3 Year	-4.7%
5 Year	-

Share Class A Acc GBP; Fund and Benchmark data as at 28 April 2017; since 19/10/2012. Data prior to 19/10/2012 unavailable; Source: Bloomberg

Discrete Annual Returns - year end 28/04

	2017	2016	2015	2014	2013
Class A	15.5%	-15.3%	-2.7%	-2.4%	-

Share Class A Acc GBP; Fund data as at 28 April 2017; Data for the year of 2013 (year end 28/02) is unavailable. Daily data used for calculations; Figures are net of fees; Source: Bloomberg

Calendar Year Performance

	2016	2015	2014	2013
Class A	1.4%	-7.0%	-6.5%	2.6%

Share Class A Acc GBP; Fund and Benchmark data as at 28 April 2017; Daily data used for calculations; Figures are net of fees; Source: Bloomberg

Portfolio Characteristics

	DGF	FTSE 100	Gilts*
Volatility	4.0%	12.0%	3.6%
Yield**	1.2%	3.9%	1.1%

Data as at 28 April 2017; Source: Newscap Capital Group, FTSE 100 and Gilts - Bloomberg; **Generated income will be reinvested within the fund.

Korea Electric Power (KEPCO)

KEPCO has significantly underperformed the market since its August 2016 peak. Market concerns on tariff cuts, surging fuel costs and potential power policy changes after the presidential elections are largely reflected in the stock's current valuation. The stock trades at 4.7 times 2017 earnings and offers a 4.4% dividend. Even though we have been reducing our exposure to value stocks in recent month we believe KEPCO is a special situation and offers significant upside from current levels.

Bitcoin Investment Trust

Having patiently waited since late 2013, bitcoin has finally made a new all-time high. This digital "currency" has managed to be the world's best performer in six of the last seven years. Over that period, the usage of the bitcoin network has grown to nearly \$400 million per day.

The bitcoin price three years ago was too high – a bubble perhaps. Yet that bubble was correct in the sense that the market knew what lay ahead. Just as internet stocks traded at lofty valuations in the late 1990s, the general idea was right; the Internet would change everything. And it did.

Now that bitcoin's usage has become formidable and the concept of digital assets is unlikely to disappear, the price has responded in a rational manner. Analysis of the network over recent years has shown us that the price is directly proportional to the size of the network. And as this network enjoys explosive growth, the price will likely rise.

The Bitcoin Investment Trust is a closed-ended company that trades in the US. The company holds an inventory of bitcoin and trades at a discount or premium to net asset value (NAV). Last June, the shares were trading at a 100% premium above NAV which has ensured they haven't enjoyed bitcoin's remarkable rally since. Now the shares are at a 10% premium and given the lack of alternative options for institutional investors to access this market, we feel that is a reasonable price to pay. Furthermore, we expect to see the mainstream embrace this new asset class over the coming years.

Outlook

Sell in May is the cliché and it could be true again this year. But at Newscap we question which part of the portfolio should be sold? It's not the quality or the growth. Furthermore, we are reluctant to let go of our special situations or some of our value stocks. If sell in May comes from a dose of seasonal macro weakness, where will that originate?

The weakest link is surely China. And if that's the case, the opportunity is to short commodities such as oil, gas and copper. In DGF, we are already short energy and will consider industrial metals in due course.

Charlie Morris
Lead Manager

Fund Managers



Charlie Morris
Lead Manager
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Charlie Morris spent 17 years at HSBC Global Asset Management as the Head of Absolute Return. There he managed a \$3 billion multi-asset fund range as well as contributing to the overall strategy of the business. Charlie is now Head of Multi Asset at Newscap Capital Group, having joined in May 2016 to take over and restructure the Newscap funds business.



Fahad Hassan
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Fahad worked at Legal and General for 11 years, where he ran over a \$1 billion in institutional and retail mandates. Fahad is the lead portfolio manager of the New Perspectives EM Income fund and is a co-manager on the Newscap Diversified Growth Fund. He is a CFA Institute charter-holder and has a deep understanding of industry structure, style factor investing and monetary economics.

Share Class Information

Share Class	Bloomberg Ticker	NAV	Inception Date
A Acc GBP	NDVGRAS ID Equity	95.0	19/10/2012
B Acc GBP	NEWDBAS ID Equity	116.4	21/01/2016
S Acc GBP	NEWDSAG ID Equity	109.1	16/09/2016

Investment Themes

Equity Sector	Allocation
Developed	
Information Technology	23.3%
Financials	9.0%
Consumer Discretionary	7.5%
Consumer Staples	6.2%
Total	46.0%
Emerging markets	
China	3.2%
South Africa	1.9%
India	2.2%
Turkey	1.1%
Greece	1.0%
Total	9.4%

Top 10 Holdings

Holding	Size
DAEJAN	3.1%
BERKSHIRE HATHAWAY	2.9%
AMAZON.COM	2.0%
PROSPER	2.0%
MARKEL	1.9%
VESUVIUS	1.3%
IWG	1.2%
ADOBE SYSTEMS	1.2%
A2 MILK	1.2%
POLAR CAPITAL	1.2%
Total	18.0%

Data as at 28 April 2017
Source: Newscap Capital Group

Currency Exposure

Region	Allocation
GBP	87.8%
USD	18.4%
CAD	2.8%
ZAR	1.7%
NZD	2.0%
EUR	-16.9%
TRY	1.0%
DKK	2.1%
SEK	1.1%
Total	100%

Allocation by Style

Style	Allocation
Quality	17.3%
Growth	35.8%
Value	13.9%
Real Assets	16.7%
Global Government	9.7%
Cash	6.6%
Total	100.0%

Asset Allocation

Asset Class	Allocation
Equity	78.8%
Government	9.7%
Commodity	1.5%
Property	3.4%
Cash	6.6%
Total	100.0%

Fund Details

Domicile	Dublin, Ireland	
Legal Structure	UCITS	
Investment Manager	Newscap Capital Group Ltd	
Fund Launch Date (Share Class A Acc)	19-Oct-12	
Currency	GBP	
Liquidity	Daily	
Administrator	CACEIS Ireland Limited	
Custodian	CACEIS Bank Luxembourg Dublin Branch	
Auditor	PricewaterhouseCoopers (Ireland)	
Legal Counsel	A&L Goodbody Solicitors	
Codes	Bloomberg ticker	ISIN
Class A	NDVGRASID	IE00B8J3XG20
Class B	NEWDBASID	IE00B8HF7910
Class S	NEWDSAG ID	IE00BH7Y4H86
Charges	Annual Management Charge	OCF ^{**}
Class A	0.75%	4.68%
Class B	0.75%*	5.68%
Class S	0.00%	3.94%

*The manager has rebated 1.00%
**Ongoing Charges Figure
(OCF is the basis upon which all share class figures have been calculated)
For full details on the charges and fees please refer to the fund supplement and KIID.



Current Holdings

Quality	Growth	Value	Real Assets
Berkshire Hathaway	Amazon.com	Vesuvius	Daejan Holdings
Markel	IWG	Easyjet	ETFS 1x daily short wti crud
Morrison Supermarkets	Adobe Systems	Intl Consolidated Airline	ETFS physical platinum
Intercontinental Hotels	Polar Capital	Turkiye Is Bankasi	Barrick Gold
Pepsico	A2 Milk	Close Brothers	Royal Gold
Carlsberg	Vertex Pharmaceuticals	Deutsche Lufthansa	Kinross Gold
Microsoft	Jd.com	RWE	Newmont Mining
Amadeus	HDFC bank	Technicolor	Sibanye Gold
Merlin Entertainment	Priceline	Next	iShares Gold Producers
Hellenic Exchanges	Naspers	Engie	ETFS daxglobal gold mining g
Shire	Facebook	Korea Elec Power	ETFS 1x daily short natural
Walgreens Boots Alliance	Alibaba	Lloyds Banking Group	Bitcoin Investment Trust
Reckitt Benckiser	Capgemini	Standard Chartered	
Fairfax Financial Hldgs	Mimedx		
Amgen	Xero		
	WNS		
	Cisco		
	Symantec		
	Alphabet		
	Micro Focus		
	Invisio Communications		
	Bitauto Holdings		
	Simcorp		
	Rapid7		
	United Internet		
	Zebra Technologies		
	Barracuda Networks		
	Paypal		
	Netapp		
	Celgene		
	CDK		
	Biogen		
	Citrix Systems		
	Johnson Matthey		

Data as at 28 April 2017
Source: Newscape Capital Group

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