

July at a Glance

- **Oil Rallies on Falling Inventories**
- **CK Hutchison**
- **Fingerprint Cards**

Manager's Commentary

The Newscap Emerging Market Equity Fund (EM Fund) was up 3.6% in July. Fingerprint Cards, Directional Engenharia and China Overseas Land were the largest contributors to relative returns over the month. Stella International, Kimberly-Clark De Mexico and Short Tin were the largest detractors. The sell-off in the highest momentum parts of the equity market was short lived. Bond markets have stabilized in July and large cap tech has rallied back to all-time highs.

Oil rallies on falling inventories

The EM Fund has had minimal exposure to oil for much of this year. Demand proved to be lacklustre as US supply grew rapidly. Organisation of the Petroleum Exporting Countries (OPEC) showed poor discipline in limiting supply, and the result was an explosion in inventories. It is normal for inventory levels to rise early in the year and then fall into the summer. However, the rate of decline has been much faster than expected, and they have now fallen below 2016 levels. This means the oil glut may be behind us.

Global oil demand has reached 99 million barrels per day (mbpd); a number that has grown at a trend rate of 1.5% over the past two decades. There is much talk about efficiencies, electric cars and alternative energy, yet there is another story. While oil remains plentiful, it requires more energy to extract it than it did in the past. The new technologies are indeed helping to slow demand growth, but in order to maintain current supplies, more energy is required for extraction. Looking across the system as a whole, energy demand can only grow. And as investors know, any rate of compound growth will one day become a very high number.

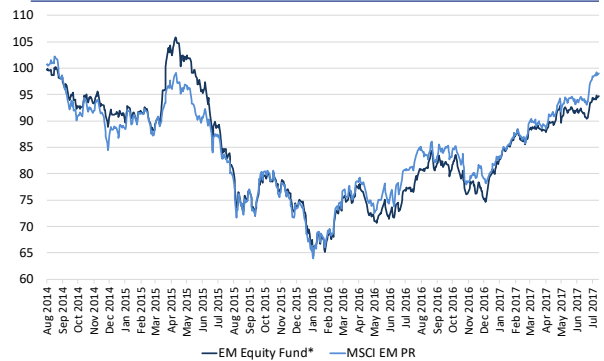
Economic growth and energy demand go hand in hand; a point even more relevant for the emerging world. The current value of the global oil supply represents 6.3% of GDP, against a historical average of 8.3%. This is low and has tended to mean revert from such levels in the past. It also goes against what the purchasing managers' indices and the bond markets are telling us; the economy remains strong. As a result, we have become more upbeat on the outlook for oil.

We have increased exposure to oil stocks via a diversified basket. This includes BP, Petrobras, Lukoil and related service businesses such as Schlumberger and National Oilwell.

CK Hutchison

CK Hutchison was founded by Li Ka Shing, and holds the non-property assets of Cheung Kong Group. Those include retail stores, telecoms, energy and other infrastructure assets. 52% of the assets are European, mainly telecoms, and ports such as Felixstowe. The remainder is Hong Kong, China and the rest of Asia. Being a conglomerate, it isn't the easiest company to value. Yet on a sum of the parts basis, it currently trades at a 25% discount to net asset

Performance



Share Class E Acc USD Since inception: 18/08/2014.
Shown as main indicator for illustrative purposes as it is the longest standing Share Class
Data as at 31 July 2017
Source: Newscap Capital Group, MSCI - Bloomberg

Returns (%)

	EM Fund	MSCI EM PR
1 Month	3.6%	5.5%
6 Month	12.4%	17.3%
YTD	19.4%	23.7%
Since Inception	-5.3%	-1.0%
1 Year	23.6%	22.1%
3 Year	-	-
5 Year	-	-

Share Class E Acc USD; Fund and MSCI data as at 31 July 2017; since 18/08/2014.
Data prior to 18/08/2014 unavailable;
Source: Bloomberg

Discrete Annual Returns - year end 31/07

	2017	2016	2015
NP EM Fund	23.6%	-9.5%	-
MSCI EM Index	22.1%	-3.0%	-

Share Class E Acc USD; Fund data as at 31 July 2017;
Daily data used for calculations; Figures are net of fees;
Data for the year of 2015, 2014 and 2013 (year end 31/07) unavailable;
Source: Bloomberg

Calendar Year Performance

	2016	2015
NP EM Fund	6.2%	-18.2%
MSCI EM Index	8.6%	-16.9%

Share Class E Acc USD; Fund and MSCI data as at 31 July 2017;
Daily data used for calculations; Figures are net of fees;
Data for the calendar year 2014 and 2013 unavailable;
Source: Bloomberg

Share Class Information

Share Class	ISIN	NAV	Inception Date
E Acc USD	IE00BH4TT267	\$94.7	18/08/2014
F Acc USD	IE00BH4TTK42	\$97.0	26/08/2014
E Inc USD	IE00BH4TTJ37	\$98.7	22/09/2014
S Acc GBP	IE00BH4TVV94	£101.6	09/09/2014
E Acc GBP	IE00BN578D58	£102.3	04/12/2014
S Acc USD	IE00BH4TVT72	£79.3	07/06/2017

Portfolio Characteristics

	NP EM Fund	MSCI EM
Dividend Yield	2.8%	2.36%
Price to Book	3.9	1.7
Price to Earnings	19.6	16.1

Fund data as at 31 July 2017; Source: Newscap Capital;
MSCI data as at 31 July 2017; Source - Bloomberg
Average PE used

value (NAV) according to CLSA. Conglomerates often trade at discounts, which make them attractive holdings for value investors. Our view is that the European assets are held at low valuations at a time when the economy has picked up in both Asia and Europe. The increase in the oil price should also provide an additional tailwind to the valuation.

Fingerprint Cards (FPC)

Fingerprint Cards is a leading supplier of hardware solutions for finger print based authentication. The growth of mobile payments has driven mass adoption of FPC's technology in high end mobile phones. These features are now being adopted more broadly and FPC is gaining share with tier 2 handset manufacturers. We believe FPC is well placed to penetrate adjacent markets such as finger print enabled smart cards and internet connected devices.

The competitive backdrop appears to have worsened last year and FPC scored an own goal by over building inventory. The company is working through this issue and should return to year on year revenue growth in 2018. The stock is attractively valued versus the group and its own historical valuation range

Outlook

The Federal Reserve's march to a neutral stance will probably be gradual but consistent. A positive backdrop for global profits provides investors with a near term buffer against this eventuality. A disorderly move in bond yields along the way cannot be ruled out. While we sense an unnerving calm in all asset markets we are not yet seeking cover from the storm. We will revisit our favoured technology names when an opportunity presents itself. In the mean time we believe oil and financials offer an interesting value opportunity.

Fahad Hassan
CFA, Lead Manager

Fund Managers



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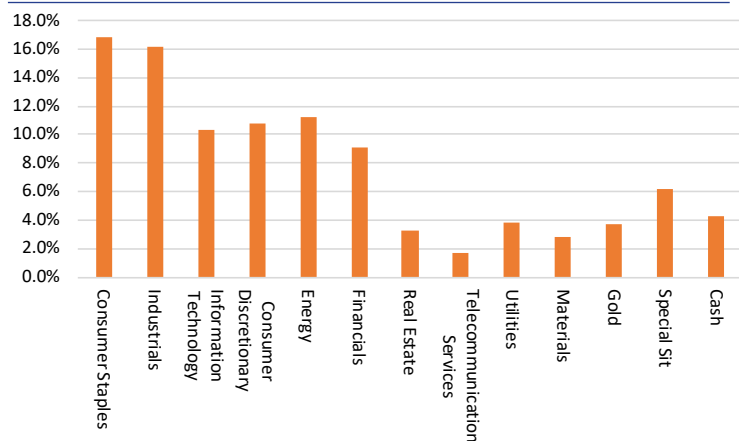
Fahad worked at Legal and General for 11 years, where he managed over a \$1 billion in institutional and retail mandates. Fahad is the lead portfolio manager of the Newscap Emerging Market Equity Fund and is a co-manager on the Newscap Diversified Growth Fund. He is a CFA Institute charter-holder and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



Charlie Morris
CIO and Co-Manager
c.morris@newscapegroup.com

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 CIO at Newscap Capital Group, having joined in May 2016 to take over and restructure the Newscap funds business.

Sector Exposure (%)



*Exposure amounts are solely illustrative and are not intended as pre defined allocation limits.
Source: Newscap
Data as at 31 July 2017;

Top 5 Country Allocations

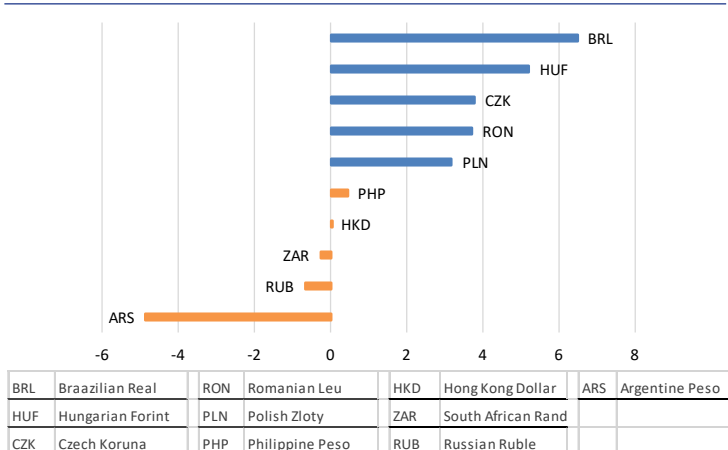
Country	Allocation
China	17.2%
Hong Kong	16.1%
Brazil	12.4%
South Korea	6.2%
United States	4.0%

Fund Details

Domicile	Dublin, Ireland
Legal Structure	ICVC
Investment Manager	Newscap Capital Group Ltd
Launch Date	August 2014
Investment Strategy	Emerging Market Equities
Currency	Acc & Inc: USD with multiple currency classes, EUR, GBP, AUD, SGD
NAV/ Liquidity	Daily
Management Fee	A: 0.75%, B&C: 1.5%, D&E: 1.75%, F&G: 2.25%, S: Nil
Performance Fee	Waived
High Watermark	Yes
Minimum Investment	A: \$750,000, B-G: \$5,000, S: \$1.5m
Preliminary charge	A&S: Nil, B, D&F: 5%, C, E&G: 2%
CDSC*	A, B, D, F&S: Nil, C, E&G: 3%
Administrator	CACEIS Ireland Limited
Auditor	PricewaterhouseCoopers (Ireland)
Legal Counsel	A&L Goodbody Solicitors
Benchmark	MSCI Emerging Markets Index (MXEF)
OCF**	E Acc - 13.42% F Acc - 12.85% E Inc - 13.42% S Acc - 10.59%

*CDSC - Contingent Deferred Sales Charge
**Ongoing Charges Figure
(OCF is the basis upon which all share class figures have been calculated)

EM Currency Movements



Time period: 31 May 2017 - 30 June 2017
Data as at 31 July 2017
Source: Bloomberg

Top 5 Themes

Theme	Allocation
Consumer Staples	16.8%
Infrastructure	12.6%
Oil&Gas	9.9%
Internet	6.8%

Allocation by Style

Style	Allocation
Quality	27.0%
Growth	19.7%
Value	39.2%
Gold	3.7%
Special Situations	6.1%
Cash	4.3%
Total	100%

Top 10 Holdings

Holding	Size
MTR CORP	2.6%
NAVER CORP	2.5%
BANCO DO BRASIL S.A.	2.3%
CENTRAL FUND CANADA LTD-A	2.2%
SCHLUMBERGER LTD	2.2%
TENCENT HOLDINGS LTD	2.1%
CTRIIP.COM INTERNATIONAL-ADR	2.1%
GUDANG GARAM TBK PT	2.1%
GEELY AUTOMOBILE HOLDINGS	2.1%
HONG KONG EXCHANGES	2.0%
Total	22.3%

Data as at 31 July 2017



Current Holdings

Quality	Growth	Value	Real Assets
GUDANG GARAM	NAVER	STELLA INTERNATIONAL	CENTRAL FUND CANADA
BEIJING ENTERPRISES WATER	CTRIIP.COM	HANG LUNG PROPERTIES	POLYMETAL INTERNATIONAL
KT&G	TENCENT HOLDINGS	EMBRAER	BOOST FTSE 250 1X SHORT ETP
BRITISH AMERICAN TOBACCO	HONG KONG EXCHANGES	TAV HAVALIMANLARI	DBX S&P 500 INVERSE DAILY 1C
KIMBERLY-CLARK DE MEXICO	GS HOME SHOPPING	PING AN INSURANCE GROUP	ETFS 1X DAILY SHORT NATURAL
PZ CUSSONS	WNS HOLDINGS	CHINA LIFE INSURANCE	ETFS 1X DAILY SHORT TIN
PCCW	GEELY AUTOMOBILE	ZOOMLION HEAVY INDUSTRY	
COCA-COLA EMBONOR	A2 MILK	ROYAL DUTCH SHELL	
AGUAS ANDINAS	TIPCO FOODS	BP	
CHINA RAILWAY CONSTRUCTION	AAC TECHNOLOGIES	NATIONAL OILWELL VARCO	
MTR	TONGDA GROUP HOLDINGS	SCHLUMBERGER	
CARLSBERG BREWERY MALAYSIA		PETROBRAS	
ANHUI EXPRESSWAY		LUKOIL	
CK HUTCHISON HOLDINGS		VALE	
SHENZHEN EXPRESSWAY		BRF	
		BANCO DO BRASIL	
		AIRPORTS OF THAILAND	
		SANDS CHINA	
		BB SEGURIDADE PARTICIPACOES	
		CHINA OVERSEAS LAND & INVEST	
		DIRECIONAL ENGENHARIA	
		FINGERPRINT CARDS	
		METALURGICA GERDAU	
		PTT	

Data as at 31 July 2017
Source: Newscap Capital Group

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