

THIS FACT SHEET IS INTENDED FOR PROFESSIONAL INTERMEDIARIES ONLY

January at a Glance

- **Careful What You Wish For**
- **Banco Bradesco**
- **Globaltrans**
- **Beauty Community**

Manager's Commentary

The Newscap Emerging Market Equity Fund was up 5.4% in January. There has been a broad based rally in risk assets and the weakness in the US dollar has been note-worthy. Bond markets have sold off as inflation expectations have started to rise globally. While equity markets have liked the recent bout of inflationary pressure (as it supports nominal earnings), I believe a lot of good news is already reflected in earning expectation for 2018. We have positioned the portfolio to take advantage of rising inflation and are overweight gold, energy and commodity stocks. We have been reducing our underweight in financials but maintain an underweight exposure to technology.

Careful What You Wish For

The International Monetary Fund (IMF) now expects global GDP to grow by 3.9% in 2018. Growth expectations in the US and Europe have seen meaningful upgrades in recent months. If the IMF is correct, 2018 will be the fastest pace of global growth since the Euro-crisis. We must not forget that the global economy has been healing for nearly a decade now. We have finally absorbed enough spare capacity to allow pricing to return. Labour markets have tightened significantly and in the US in particular we are starting to see wage increases. The first announcements from US corporates post the Trump tax cuts related to higher wages. We think this is symptomatic of how far we have come. The Federal Reserve has revised its assessment of US growth higher. We believe that the decline in the US dollar and rising oil prices will create the perfect conditions for inflationary pressures to build. We will now have to see how quickly the world's central bankers respond.

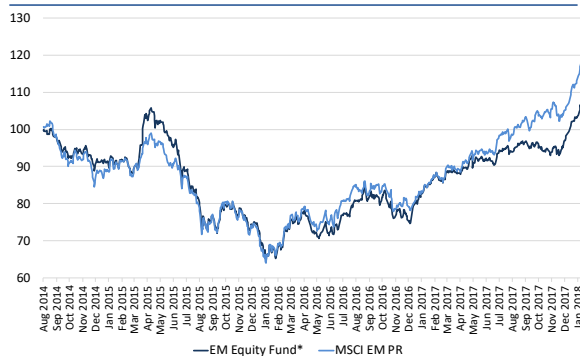
Banco Bradesco

Bradesco is one of Brazil's largest private banks and the largest insurance company in Latin America, with a market capitalization of more than \$70 billion. The company generates nearly 30% of its revenue from loans, another 30% from fee-based income, and the rest from insurance products. Bradesco has 4,660 bank branches and more than 3,500 service posts throughout Brazil. The bank seeks to continue growing its loan portfolio by securing higher volumes of quality real estate loans, consumer credit and payroll loans. We anticipate some pressure on net interest margins as the central bank reduces interest rates. Bradesco is well positioned to benefit from an improvement in economic growth.

Globaltrans

Globaltrans is a leading private rail transportation group with operations in Russia, Central Asia and the Baltic countries. Globaltrans services a number of large Russian industrial groups in the mining and oil sector and should benefit from an improving Russian economy and a pickup in commodity prices.

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 January 2018
Source: Newscap Capital Group, MSCI - Bloomberg

Returns (%)

	E Acc USD	F Acc USD	S Acc GBP	E Inc USD	E Acc GBP	S Acc USD	MSCI EM PR
1 Month	5.4%	5.5%	5.6%	5.4%	5.3%	5.7%	8.3%
6 Month	10.9%	11.1%	11.9%	10.9%	10.3%	12.4%	17.7%
YTD	5.4%	5.5%	5.6%	5.4%	5.3%	5.7%	8.3%
S/I	5.0%	7.8%	13.6%	9.4%	12.9%	16.0%	16.5%
1 Year	24.6%	25.2%	26.4%	24.6%	23.0%	-	38.0%
3 Year	16.0%	18.3%	24.7%	16.5%	14.4%	-	30.5%
5 Year	-	-	-	-	-	-	-

Share Class E Acc USD ; Fund and MSCI data as at 31 January 2018; since 18/08/2014.
Data prior to 18/08/2014 unavailable;
Fund Source: Newscap; MSCI Source: Bloomberg

Rolling Annual Returns - year end 31/01

	2018	2017	2016
EM Equity Fund	24.6%	22.7%	-24.2%
MSCI EM Index	38.0%	22.5%	-22.8%

Share Class E Acc USD; Fund data as at 31 January 2018;
Daily data used for calculations; Figures are net of fees;
Data for the year of 2014 and 2013 (year end 31/01) unavailable;
Fund Source: Newscap; MSCI Source: Bloomberg

Calendar Year Performance

	2017	2016	2015
EM Equity Fund	25.6%	6.2%	-18.2%
MSCI EM Index	34.4%	8.6%	-16.9%

Share Class E Acc USD; Fund and MSCI data as at 31 January 2018;
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	\$105.0	18/08/2014
F Acc USD	IE00BH4TTK42	\$107.8	26/08/2014
E Inc USD	IE00BH4TTJ37	\$109.4	22/09/2014
S Acc GBP	IE00BH4TVV94	£113.6	09/09/2014
E Acc GBP	IE00BN578D58	£112.9	04/12/2014
S Acc USD	IE00BH4TVT72	£89.2	07/06/2017

We expect meaningful earnings sensitivity to any improvement in revenues. The stock trades on a price earnings of 10 years and offers a 3 percent dividend yield. We have recently initiated a position in the stock.

Beauty Community

Beauty Community retails and distributes cosmetics and skin care products through a network of retail shops, wholesale, franchise and international distributors. While current revenues are mainly from Thailand, we believe neighbouring countries represent a substantial untapped opportunity. The stock trades at a high earnings multiple, but continues to generate robust revenue growth with improving margins. We believe the stock offers an attractive long term opportunity.

Outlook

We believe EM equity investors have benefitted from a perfect storm of good news in recent weeks. While we anticipate earnings season to be largely positive, we do not believe it will matter as investor expectations are raised. The inflationary clouds on the horizon will not end the cycle but central bankers and investors need to acknowledge what they represent. Valuations while not problematic in and of themselves, reflect a lot of good news and therefore a repeat of 2017 seems unlikely.

Fahad Hassan

CFA, Lead Manager

If you would like to subscribe to the Emerging Market Equity Fund monthly update, please email i.katiliute@newscapegroup.com.

Fund Managers



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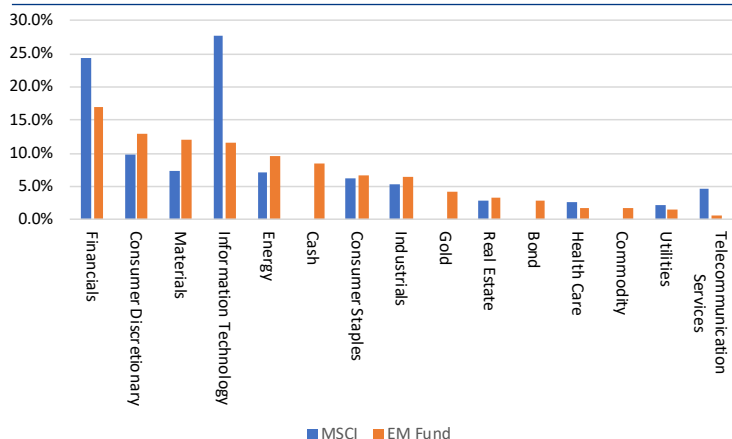
Fahad worked at Legal and General for 11 years, where he managed over a \$1 billion in institutional and retail mandates. Fahad is the lead portfolio manager of the Newscape Emerging Market Equity Fund and is a co-manager on the Newscape Diversified Growth Fund. He is a CFA Institute charter-holder and 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 Newscape Capital Group, having joined in May 2016 to take over and restructure the Newscape funds business.

Sector Exposure (%)



*Exposure amounts are solely illustrative and are not intended as pre defined allocation limits.
Source: Fund data - Newscape; MSCI data - www.msci.com
Data as at 31 January 2018;

Allocation by Style

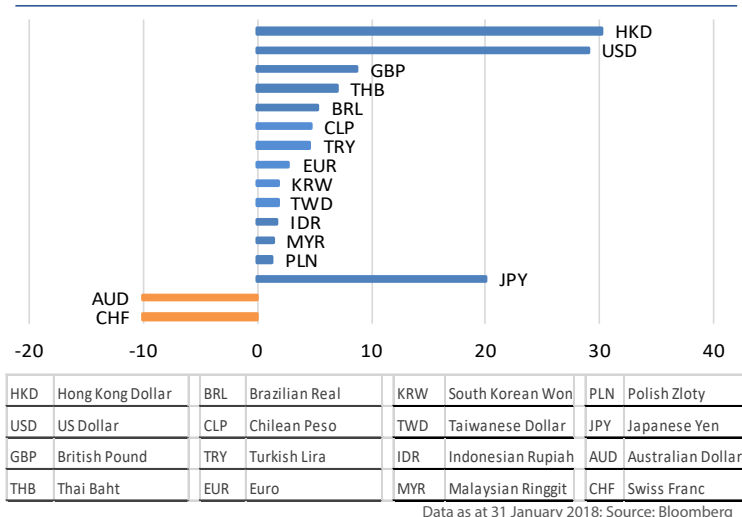
Style	Allocation
Value	34.7%
Quality	15.0%
Growth	25.9%
Real Assets	13.2%
Global Government	2.9%
Cash	8.4%
Total	100.0%

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
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 USD - 8.04% F Acc USD - 7.54% E Inc USD - 8.04% S Acc GBP - 5.29% E Acc GBP - 8.04%

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

Currency Exposure



HKD	Hong Kong Dollar	BRL	Brazilian Real	KRW	South Korean Won	PLN	Polish Zloty
USD	US Dollar	CLP	Chilean Peso	TWD	Taiwanese Dollar	JPY	Japanese Yen
GBP	British Pound	TRY	Turkish Lira	IDR	Indonesian Rupiah	AUD	Australian Dollar
THB	Thai Baht	EUR	Euro	MYR	Malaysian Ringgit	CHF	Swiss Franc

Data as at 31 January 2018; Source: Bloomberg

Top 5 Industry Themes

Theme	Allocation
Banks	9.0%
Mining	7.6%
Oil&Gas	6.9%
Software	6.5%
Retail	5.4%

Top 5 Country Allocations

Country	Allocation
CHINA	21.3%
BRAZIL	9.1%
RUSSIA	8.2%
HONG KONG	7.3%
BRITAIN	7.3%

Portfolio Characteristics

	EM Equity Fund	MSCI EM
Dividend Yield	2.8%	2.2%
Price to Book	4.0	2.0
Price to Earnings	15.3	17.1

Fund data as at 31 January 2018; Source: Newscape Capital; Average PE used; MSCI data as at 31 January 2018; Source - Bloomberg

Top 10 Holdings

Holding	Size
TENCENT	2.4%
ZUIJIN MINING	2.4%
TATNEFT	2.3%
CHINA MERCHANT	2.3%
PING AN INSURANCE	2.3%
SBERBANK	2.3%
GEELY AUTOMOBILE	2.2%
BANCO BRADESCO	2.1%
HONG KONG EXCHANGES&CLEARING	2.1%
ANGLO AMERICAN	2.1%
TOTAL	22.4%

Data as at 31 January 2018

Current Holdings

Quality	Growth	Value	Real Assets	Global Government
GUDANG GARAM	KERING	STANDARD CHARTERED	ZIJIN MINING	IBRD* TRY 8.25% 2022
TRUE CORPORATION	TOPCO SCIENTIFIC	PTT PUBLIC COMPANY	KOZA ALTIN	
PZ CUSSONS	BYD COMPANY	PICC PROPERTY AND CASUALTY	CAP	
HONG KONG EXCHANGES AND CLEARING	GEELY AUTOMOBILE	BANCO BRADESCO	CENTAMIN	
HUABAO	PING AN INSURANCE	BANCO DO BRASIL	SOURCE PHYSICAL GOLD ETC	
MULTIPLUS	KINGDEE INTL SOFTWARE	CHINA PETRO AND CHEMICAL	ETFS CO SEC INDV 06 SS FIX MAT NICKEL	
AGUAS ANDINAS	MAIL.RU	BANK OF COMMUNICATIONS	ISHS PHY MET (COMDTY GOLD)	
EMBONOR	QUALICORP	PETROFAC		
TAV HAVAL	HOME PRODUCT CENTER	SHIN ZU SHING		
CARLSBERG BREWERY	COM2US	ANGLO AMERICAN		
	SINOSOFT TECHNOLOGY	GLOBALTRANS		
	IGG	VALE ADR		
	BOYAA INTERACTIVE	TISCO		
	TENCENT	LONGFOR PROPERTIES		
	BEAUTY COMMUNITY	SANDS CHINA		
	TELEPIZZA	CN MERCHANT		
	TAOKENOI FOOD & MARKETING	SBERBANK		
		WEATHERFORD INTERNATIONAL		
		KERRY PROPERTIES		
		TATNEFT		
		C HUARONG		
		STAR PETROL		
		POLSKI KONCERN NAFTOWY ORLEN		

Data as at 31 January 2018
Source: Newscap Capital Group
*International Bank of Reconciliation and Development

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