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February at a Glance

- **Trump Delivers**
- **Huabao International**
- **IGG Inc**

Manager's Commentary

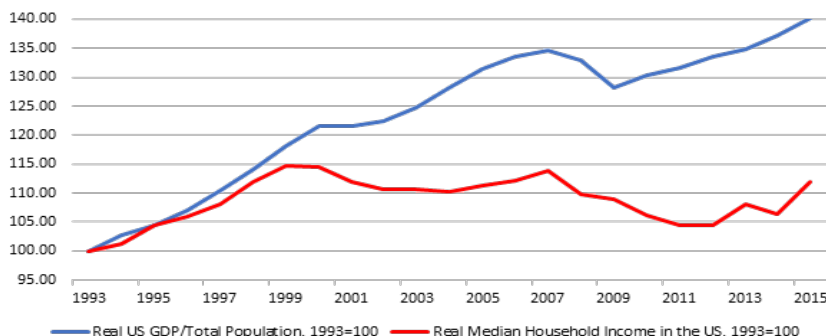
The Newscap Emerging Market Equity Fund was down 3% in February versus a 4.7% decline in the MSCI Emerging Markets Index. Carlsberg Brewery Malaysia, PTT Public and Com2uS Corp were the largest positive contributors to returns whilst Petrofac Ltd, Longfor Properties and CN Merchants were the largest detractors. The sell-off in developed market bonds has finally started to impact equity sentiment. We have pro-actively cut risk exposure and now have nearly 30% of the fund in cash and low duration US Treasuries. Emerging market equities are still up for the year, in large part due to the decline in the US dollar. While we can still build a powerful case for EM equities (relative valuation, GDP growth rates and positive demographics etc), we understand that "this time it's different" is a dangerous proposition to explore after a 9 year bull run in global equities.

Trump delivers

The lack of real wage growth has become a generational issue for the US middle classes. The fruits of globalisation have passed them by and their unrest is now changing US policy. The Trump tax cuts of last year are part of a series of steps aimed at reversing globalisation's biggest sticking point. Expect to see lots more announcements on tariffs, onshoring and the removal of regulations. I believe the timing of these measures creates a chance that they may actually succeed. The US unemployment rate sits at a multi-decade low. US corporations were quick to announce wage increases and higher bonuses after the tax cuts were passed. We believe that bond and equity markets are ill prepared for a sustained bout of inflationary pressure. The Quantitative Easing (QE) gravy train that fed the search for yield has already left the station. As the Federal Reserve assess the path for inflation asset price volatility is likely to increase from multi-decade lows.

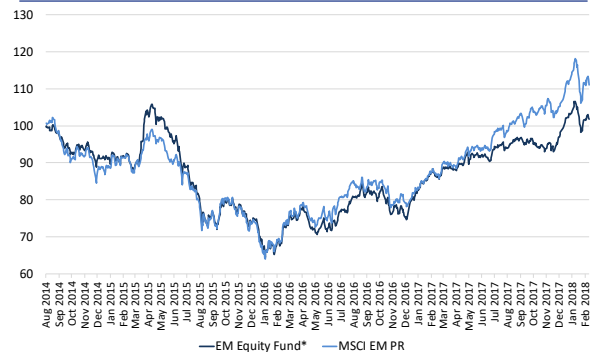
Real wages have failed to keep up with GDP over the last two decades.

GDP vs Income



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of the Census

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 28 February 2018
Source: Newscap Capital Group, MSCI - Bloomberg

Returns (%)

	1M	6M	YTD	1Y	3Y	5Y	S/I
E Acc USD	-3.0%	6.7%	2.2%	17.9%	10.4%	-	1.8%
F Acc USD	-3.0%	6.9%	2.3%	18.4%	12.5%	-	4.6%
S Acc GBP	-3.0%	7.2%	2.4%	19.4%	18.7%	-	10.2%
E Inc USD	-3.0%	6.7%	2.2%	17.8%	10.8%	-	6.1%
E Acc GBP	-3.2%	5.7%	1.9%	16.2%	8.9%	-	9.2%
S Acc USD	-2.8%	8.1%	2.7%	-	-	-	-13.4%
K Acc USD	-	-	-	-	-	-	3.1%
MSCI EM PR	-4.7%	9.9%	3.2%	27.6%	20.7%	-	11.0%

Share Class E Acc USD; Fund and MSCI data as at 28 February 2018; since 18/08/2014.
Data prior to 18/08/2014 unavailable;
Fund Source: Newscap; MSCI Source: Bloomberg

Rolling Annual Returns - year end 28/02

	2018	2017	2016
EM Equity Fund	17.9%	27.0%	-26.2%
MSCI EM Index	27.6%	26.5%	-25.3%

Share Class E Acc USD; Fund data as at 28 February 2018;
Daily data used for calculations; Figures are net of fees;
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 28 February 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	\$101.9	18/08/2014
F Acc USD	IE00BH4TTK42	\$104.6	26/08/2014
E Inc USD	IE00BH4TTJ37	\$106.1	22/09/2014
S Acc GBP	IE00BH4TVV94	£110.2	09/09/2014
E Acc GBP	IE00BN578D58	£109.2	04/12/2014
S Acc USD	IE00BH4TVT72	\$86.6	07/06/2017
K Acc USD	IE00BD5G3F92	\$103.1	13/02/2018

Huabao International

Huabao International is a Hong Kong-based company principally engaged in flavours and tobacco-related businesses. The company operates through four main segments (food flavours, tobacco, aroma raw materials and new materials). The company has delivered impressive revenue growth over the last 5 years, which is now slowing. Despite fierce competition within the sector and pricing pressure from the larger customers, Huabao has maintained high gross margins. The company generates an impressive amount of cash (16% free cashflow to enterprise value) and has a pristine balance sheet. The stock trades on a PE of 13 times and offers a 1.8% dividend yield.

IGG Inc

IGG Inc is an international games developer and publisher, offering free-to-play mobile games across the globe in 20 different languages. In 2013, they launched Castle Clash, a fast-paced tower defence game which has amassed over 200 million registered users to date. In 2016 they released Lords Mobile, a mobile real-time strategy game which was awarded “Most Competitive Game” in 2016 and nominated for “Best Multiplayer Game” in 2017 on Google Play. More recently, the company established a new business division to create gaming related merchandise and have several new titles in the pipeline. The stock trades on a PE of 11 times and offers a 2% dividend yield.

Outlook

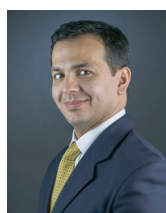
We remain concerned about the inflationary pressures in the US, the reversal of QE and stretched equity valuations. Strong global growth, a weak US dollar and tightening labour markets will require a monetary policy response which may disrupt the low volatility carry trade in bond and equity markets. We will continue to monitor equity market breadth and valuations to assess when to increase our risk allocation.

Fahad Hassan

CFA, Lead Manager

If you would like to subscribe to the Emerging Market Equity Fund monthly update, please email [leva: i.katiliute@newscapgroup.com](mailto:i.katiliute@newscapgroup.com).

Fund Managers



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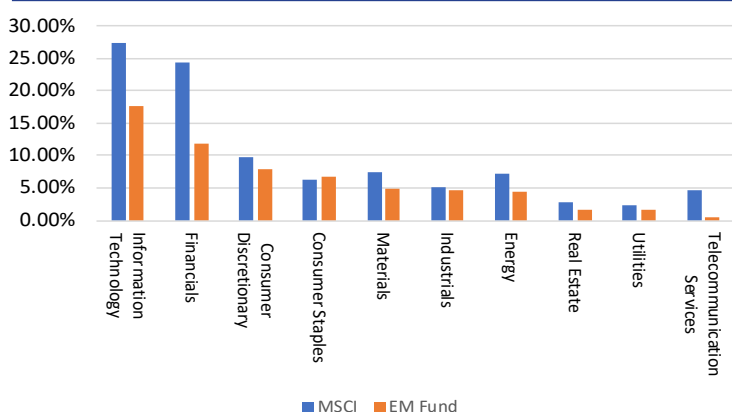
Fahad worked at Legal and General for 11 years, where he managed over a \$1 billion in institutional and retail mandates. Fahad is the lead portfolio manager of the Newscap Emerging Market Equity Fund and is a co-manager on the Newscap Diversified Growth Fund. He is a CFA Institute charter-holder and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



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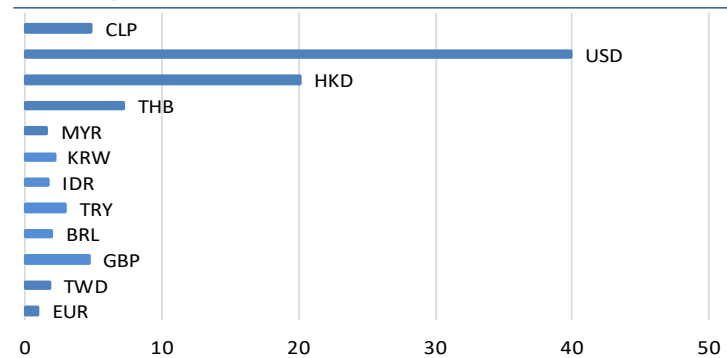
Charlie Morris spent 17 years at HSBC Global Asset Management as the Head of Absolute Return. There he managed a \$3 billion multi-asset fund range as well as contributing to the overall strategy of the business. Charlie is now CIO at Newscap Capital Group, having joined in May 2016 to take over and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

Sector Exposure (%)



*Exposure amounts are solely illustrative and are not intended as predefined allocation limits.
Source: Fund data - Newscap; MSCI data - www.msci.com
Data as at 28 February 2018;

Currency Exposure (%)



CLP	Chilean Peso	THB	Thai Baht	IDR	Indonesian Rupiah	GBP	British Pound
USD	US Dollar	MYR	Malaysian Ringgit	TRY	Turkish Lira	TWD	Taiwanese Dollar
HKD	Hong Kong Dollar	KRW	South Korean Won	BRL	Brazilian Real	EUR	Euro

Data as at 28 February 2018; Source: Bloomberg

Allocation by Style

Style	Allocation
Value	26.8%
Quality	15.8%
Growth	19.2%
Real Assets	6.2%
Global Government	16.3%
Special Situations	3.9%
Cash	11.9%
Total	100.0%

Top 5 Industry Themes

Theme	Allocation
Software	7.3%
Internet	6.5%
Banks	5.0%
Diversified Finan Serv	3.6%
Iron/Steel	3.6%

Top 5 Country Allocations

Country	Allocation
CHINA	15.3%
THAILAND	7.2%
HONG KONG	7.1%
CHILE	4.8%
BRITAIN	4.7%

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 - 8.70% F Acc USD - 8.17% E Inc USD - 8.70% S Acc GBP - 5.91% E Acc GBP - 8.66% K Acc USD - 7.41%

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

Portfolio Characteristics

	EM Equity Fund	MSCI EM
Dividend Yield	2.0%	2.4%
Price to Book	3.4	1.8
Price to Earnings	16.0	16.1

Fund data as at 31 January 2018; Source: Newscap Capital; Average PE used; MSCI data as at 28 February 2018; Source - Bloomberg

Top 10 Holdings

Holding	Size
TENCENT	2.3%
COM2US	2.1%
CN MERCHANT	2.1%
ALIBABA GR ADR	2.1%
PING AN INS	2.1%
TAIWAN SEMICON	2.1%
HONG KONG EXCHANGES AND CLEARING	2.0%
VALE	1.9%
HOUSING DEVT FINANCE	1.9%
EPAM SYSTEMS	1.9%
TOTAL	20.6%

Data as at 28 February 2018

Current Holdings

Quality	Growth	Value	Real Assets	Global Government	Special Situations
AGUAS ANDINAS	ALIBABA	BANK OF COMMUNICATIONS	ETFS CO SEC INDV 06 SS FIX MAT NICKEL	IBRD* 8.250 15-22 04/03A	DB X TRACK S&P 500 SHORT INVS DAILY -1C-
CARLSBERG BREWERY	BEAUTY COMMUNITY	CHINA HUARONG ASSET MANAGEMENT	ISHS PHY MET (COMDTY GOLD)	US TREASURY 2.125 17-24 31/07S	
EMBOROR PFD SHS SERIES	BITAUTO	CAP	SOURCE PHYSICAL GOLD ETC	WI TREASURY SEC. 1.25 16-21 31/03S	
GUDANG GARAM	BOYAA INTERACTIVE	CN MERCHANT			
HONG KONG EXCHANGES AND CLEARING	COM2US	HOUSING DEVELOPMENT			
HUABAO	EPAM SYSTEMS	KERRY PROPERTIES			
PZ CUSSENS	HOME PRODUCT CENTER	MULTIPLUS			
TAIWAN SEMICON ADR	IGG	PICC PROPERTY AND CASUALTY			
TAOKENOI FOOD & MARKETING	JD COM	PING AN INSURANCE			
TAV HAVAL	KINGDEE INTL SOFTWARE	PTT PUBLIC COMPANY			
TRUE CORPORATION	NETEASE	SANDS CHINA			
	TELEPIZZA	SHIN ZU SHING			
	TENCENT	STANDARD CHARTERED			
		STAR PETROL			
		TISCO FIN			
		TOPCO SCIENTIFIC			
		VALE			
		WEATHERFORD INTERNATIONAL			
		PETROFAC			

Data as at 28 February 2018
Source: Newscap Capital Group
*International Bank of Reconstruction and Development

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