THIS FACT SHEET IS INTENDED FOR PROFESSIONAL INTERMEDIARIES ONLY

Manager's Commentary

The Newscape Diversified Growth Fund (DGF) fell by 1.2% in May which compares to a broad market fall of 1.2% as measured by the FTSE UK Private Balanced total return Index in sterling terms. Global equities fell by 5.7% in US dollar terms, which was a lesser 2.6% when converted back to sterling.

The best performing stocks were Harmony Gold, Polymetal and Iberdrola. The worst were China Life, ASOS and Facebook. Sterling fell by 3.1% against the dollar and 2.7% against the euro, as political uncertainty continued. More significantly, DGF had a strong finish to the month following a poor start. That was due to the fall in oil prices and the fund had meaningful exposure. Following the turn, that was promptly reduced.

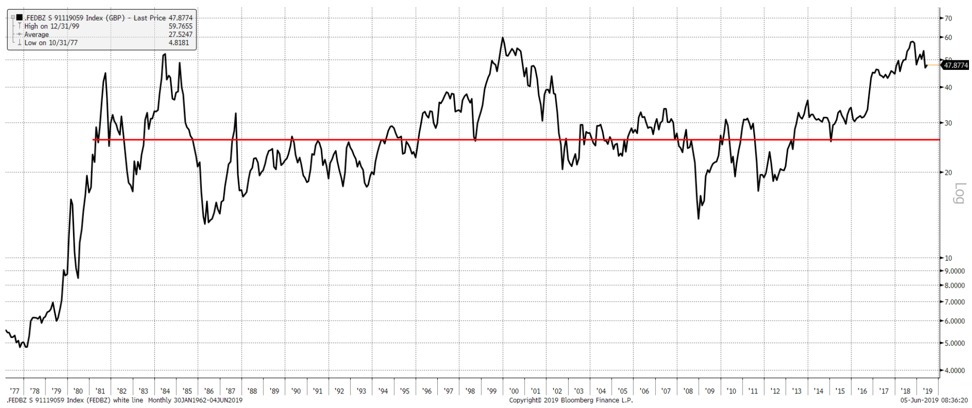
The bond market surged with the US 10 year yield falling from 2.5% to 2.1%. Inflation expectations also cooled along with commodity prices. This caused the factors to diverge significantly. Growth held up, closely followed by quality, yet value slumped. Within value, the serial laggards such as banks and retailers fell along with commodities and industrial stocks. There was a new versus old economy feel to the market which resembled the late 1990s.

Exposure to gold and related areas remains high at 24%. Most is in gold bullion, with some exposure to platinum and gold mining companies. Real interest rates fell over the month, which helped the gold price. However more significantly was the flight to quality and the contraction of the Shanghai premium. Gold has been 1.2% cheaper on the international markets compared to the price in Shanghai. The Chinese know a bargain when they see one, and that has helped boost the gold price in the short-term.

Bonds a bargain?

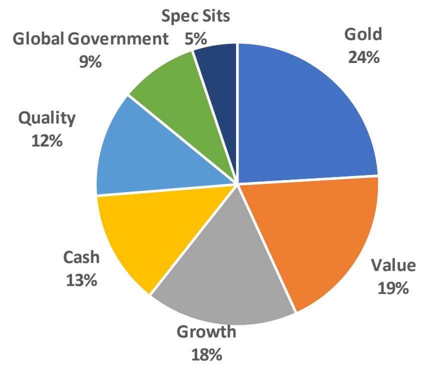
Having started the year with the widespread belief that the Federal Reserve would hike rates this year, the consensus has changed direction, and now sees cuts. The change in economic sentiment may have been accelerated by the threat of trade wars but underlying that is the natural end of an expansion cycle that has been going on for some time. As a result, bonds had a strong move over the month. Perhaps less talked about, is how bonds may be expensive by historic standards, yet offer value compared to stocks. The chart compares the S&P 500 to a hypothetical 30-year zero coupon bond in capital terms. What is remarkable is how since 1981, when bonds troughed following the 1970s inflation, the relationship between bonds and equities has reverted around a mean.

Equities are a long way ahead of bonds



Source Bloomberg: S&P 500 relative to a US 30 year zero coupon bond, with the average shown in red since 1977

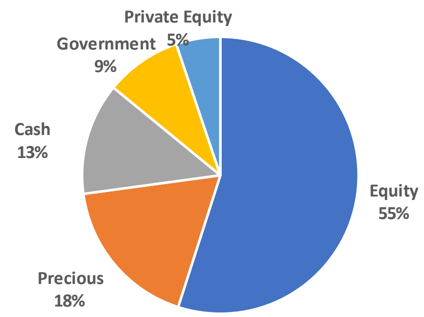
Allocation by Style



Equity Sector

Financials	20.3%
Materials	13.1%
Industrials	11.4%
Consumer Staples	10.6%
Information Technology	10.1%
Real Estate	9.0%
Consumer Discretionary	7.4%
Health Care	6.4%
Communication Services	5.5%
Utilities	4.3%
Energy	1.9%

Asset Allocation



Currency Exposure

GBP	62.5%
USD	23.3%
HKD	9.3%
CAD	4.0%
EUR	3.3%
JPY	2.1%
ZAR	2.0%
DKK	1.3%
AUD	1.1%
CHF	1.1%
NZD	-10.0%

Prior to 1981, equities significantly outperformed bonds due to inflation. Both asset classes fared poorly during the 1970s, but unlike bonds, equities eventually recovered their loses. To justify continued outperformance from equities in today's market, they'd need to be a resurgence of inflation. That wouldn't boost equities, but it would certainly kill bonds, and justify the current divergence.

In the absence of inflation, this bond equity relationship has reverted around a mean for four decades. If it were to touch that mean again, either US 30 year bond yields would resemble German or Japanese levels. Alternatively, the S&P 500 would fall to 1,200. These are sobering thoughts. Either inflation takes off to justify the equity premium. Or it doesn't and we face mean reversion.

Value is in a bear market

The one part of the stockmarket that has been left behind is value. We have stated this for some time, yet it is a strategy that hasn't worked, and the reason has now become clear. While growth and quality may resist the forces from the dark side for a while longer, value is now behaving poorly as a group.

This group of stocks closely resembles the real economy more than the financial economy, which largely explains why it is doing badly. But financial markets have a tendency to overshoot. On a longer-term view, a rational investor would focus on the bargains offered by the old economy, and reject the hype surrounding the new. But as we all know only too well, markets can stay irrational for long periods of time.

Outlook

The stockmarket is being thrown around by events. There's the threat of trade war and the maturing of the cycle on the one hand. And on the other, there's the Federal Reserve pledging to ease monetary policy. They haven't done anything yet, but every time the market falls by a few percent, the Fed Chairman, Jerome Powell appears on TV saying how he is open to rate cuts. The market then rallies, and the bear is beaten for another day.

DGF takes a longer-term view, by investing in a multi-factor global portfolio. Our healthy scepticism of the status quo hasn't been helpful this year. But we stand by our robust investment process and remain confident that our strategy will stand the test of time.

Charlie Morris, Lead Manager

If you would like to subscribe to the Diversified Growth Fund monthly update, please email Ieva: i.katiliute@newscapegroup.com.

Fund Managers

Charlie Morris
Lead 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.

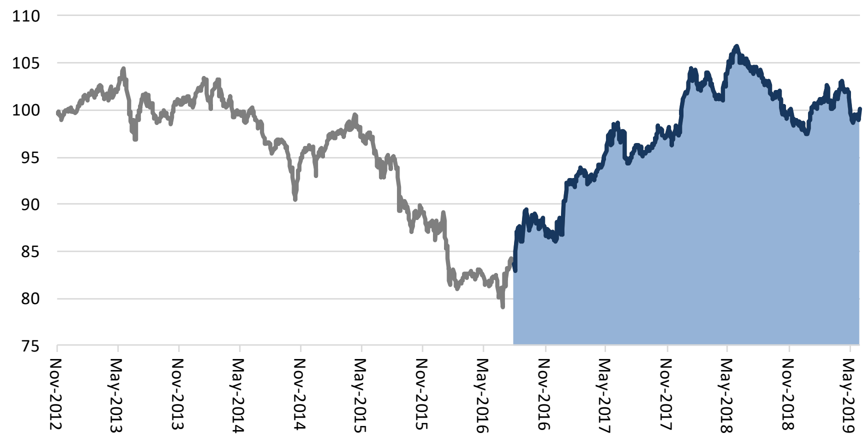
Fahad Hassan
Co-Manager
f.hassan@newscapegroup.com

Fahad worked at Legal and General for 11 years, where he ran over $1 billion in institutional and retail mandates. Fahad 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.

Newscape CAPITAL GROUP

Diversified Growth Fund

Performance



Share Class A Acc GBP from 19/10/2012 to 31/05/2019
Charlie Morris taking over fund management - 29/07/2016
Fund data as at 31 May 2019
Source: Bloomberg

Returns (%)

Class	1M	6M	YTD	1Y	3Y	5Y	S/I
A GPB	-1.2%	1.7%	1.3%	-5.9%	23.1%	0.1%	0.0%
B GBP	-1.3%	1.3%	1.1%	-6.6%	22.8%	-	20.5%
S GBP	-1.2%	1.8%	1.5%	-5.6%	-	-	16.3%
I GBP	-1.2%	1.7%	1.3%	-5.9%	-	-	2.5%
F GBP	-1.3%	1.3%	1.0%	-6.6%	-	-	-1.9%
F SGD	-1.2%	1.8%	1.4%	-5.9%	-	-	-1.2%
N GBP	-1.2%	2.1%	1.7%	-	-	-	-3.2%
N USD	-1.0%	2.9%	2.3%	-	-	-	-2.1%

Share Class A Acc GBP ; Fund data as at 31 May 2019; since 19/10/2012.
Data prior to 19/10/2012 unavailable;
Source: Newscape Capital Group

Rolling Annual Returns - year end 31/05

	2019	2018	2017	2016	2015
Class A	-5.9%	8.5%	19.0%	-15.2%	-2.8%

Share Class A Acc GBP; Fund data as at 31 May 2019;
Daily data used for calculations; Figures are net of fees;
Source: Newscape Capital Group

Calendar Year Performance

	2018	2017	2016	2015	2014
Class A	-2.9%	12.6%	1.4%	-7.0%	-6.5%

Share Class A Acc GBP; Fund data as at 31 May 2019;
Daily data used for calculations; Figures are net of fees;
Source: Newscape Capital Group

Portfolio Characteristics

	DGF	FTSE 100	Gilts*
Volatility	7.0%	11.0%	5.5%
Yield**	1.3%	4.5%	0.9%

Data as at 31 May 2019
Figures annualised;
Source: Newscape Capital Group, FTSE 100 and Gilts - Bloomberg;
*UK 10 -year benchmark gilt;
**Generated income will be reinvested within the fund.

Investment Themes

Equity Sector	Allocation
Developed	
Financials	11.1%
Materials	7.2%
Industrials	6.3%
Consumer Staples	5.8%
Total	30.4%
Emerging Markets	
Russia	4.5%
China	3.3%
South Africa	2.0%
Peru	1.1%
Total	10.9%

Top 10 Stocks

Holding	Size
MICRO FOCUS	1.5%
IBERDROLA	1.4%
VESTAS	1.4%
ANTA SPORTS	1.3%
ELI LILLY	1.3%
POLYMETAL	1.3%
STANDARD CHARTERED	1.3%
SMITH & NEPHEW	1.3%
CIA DE MINAS BUENAVENTUR	1.2%
SBERBANK	1.1%

Data as at 31 May 2019; Source: Newscape Capital Group

NewScape CAPITAL GROUP

Diversified Growth Fund

Current Holdings

Quality	Growth	Value	Real Assets	Special Situations
MARKEL	VESTAS	MARKS & SPENCER	GOLD	OAKLEY CAPITAL
MORRISONS	CHINA LIFE	LLOYDS	PLATINUM	BETTER CAPITAL
BRITVIC	HONG KONG EXCHANGES & CLEARING	TOKYO ELECTRIC POWER	HARMONY GOLD	UIL
RECKITT BENCKISER	ANTA SPORTS	STANDARD CHARTERED	POLYMETAL	PERSHING SQUARE
ELI LILLY	NASPERS	MICRO FOCUS	OCEANAGOLD	THIRD POINT OFFSHORE
FAIRFAX FINANCIAL	MAIL.RU	TULLOW OIL	CIA DE MINAS BUENAVENTUR	
ROCHE	XERO	SWIRE PACIFIC	CENTAMIN	
PZ CUSSONS	ASOS	HANG LUNG PROPERTIES	ZIJIN MINING	
TOKIO MARINE	QUANTA SERVICES	SUN HUNG KAI PROPERTIES		
SMITH & NEPHEW	FACEBOOK	WHEELOCK		
IBERDROLA	SCHRODERS	CHINA OVERSEAS		
ORANGE	BROOKFIELD ASSET MANAGEMENT	STERICYCLE		
GEORGE WESTON	RANDSTAD	AGGREKO		
BRITISH AMERICAN TOBACCO	VISA	SBERBANK		
	IHS MARKIT	VTB BANK		
	MICROSOFT	EAGLE MATERIALS		
	GENPACT			

Data as at 31 May 2019
Source: Newscape Capital Group

Fund Details

AUM	£11.2 m
Domicile	Dublin, Ireland
Legal Structure	ICVC
Investment Manager	Newscape Capital Group Ltd
Fund Launch Date (Share Class A Acc)	19-Oct-12
Currency	GBP
Liquidity	Daily
Administrator	CACEIS Ireland Limited
Depository	CACEIS Bank, Ireland Branch
Auditor	PricewaterhouseCoopers (Ireland)
Legal Counsel	A&L Goodbody Solicitors

Codes	Bloomberg ticker	ISIN
Class A Acc GBP	NDVGRAS ID	IE00B8J3XG20
Class B Acc GBP	NEWDBAS ID	IE00B8HF7910
Class S Acc GBP	NEWDSAG ID	IE00BH7Y4H86
Class I Acc GBP	NEWDIAG ID	IE00BD5G3046
Class F Acc GBP	NEWDFAG ID	IE00BD5G2Q33
Class F Acc SGD	NEWDFAS ID	IE00BYW7R167
Class N Acc GBP	NEWDNAG ID	IE00BYW7R837
Class N Acc USD	NEWDNAU ID	IE00BYW7R613

Charges	Annual Management Charge	Ongoing Charges Fees
Class A	0.75%	2.27%
Class B	0.75%*	3.11%
Class S	0.00%	1.67%
Class I	0.75%	2.27%
Class F	1.50%	3.02%
Class N	0.00%	1.52%

**The manager has rebated 1.00%*
(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;
OCF as of December 2018

Disclaimer