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## Manager's Commentary

The Newscap Diversified Growth Fund (DGF) rose by 1.3% in August, which compares to a broad market fall of 0.8% measured by a UK composite total return Index in sterling terms. Global equities fell by 2.2% in US dollar terms, which was -1.9% when converted back to sterling.

The best performing holdings were gold, Iberdrola, Smith & Nephew and Tullow Oil. The worst were Swire Pacific, Mail.Ru and China Life. Sterling was flat against the US dollar and rose by 0.8% against the euro. Bonds were the star performers and had one of their best months on record. In contrast to 2008, low yields have continued to be well received by asset prices in general.

Other exposure includes a 10% short in S&P futures, a 10% short on the New Zealand Dollar, and a 30% sterling hedge split between the dollar and the euro.

### UK Inflation Expectations are Too High

UK inflation expectations stand out among developed markets. Having routinely been similar to the USA and Germany until 2012, they have since diverged to stand out levels. When Germany is expected to see 1% inflation over the next few decades, and the USA 1.7%, the UK is forecast to see 4%. A basic understanding of compounding suggest the market believes the pound will be worthless in the future compared to its key allies. When actual inflation, as measured by Price Stats, is looking closer to 1.5%, there is a significant mispricing.

Obviously, there is a reason for this and it stems from Westminster. The market wants no change because change is uncertain and therefore hard to price. No matter how messy UK politics have become, any mess that drags out the status quo seems to be welcome. But these fears over a no deal Brexit, are driving the long-term inflation scenario.

### The Case for UK Domestic Equity

We have increased our exposure to domestic UK stocks by investing in Kingfisher, BME Retail and Capita. These companies trade at historically low valuations and in the case of Kingfisher the stock offers an attractive 5% dividend yield. While the near-term outlook for UK plc is less than favourable, these stocks are priced accordingly. Foreign investors being offered cheap valuations in a cheap currency are starting to take notice. The acquisition of Greene King by Li Ka-Shing's CK Group is a tell-tale sign that prices may have fallen far enough. We see considerable room for a rerating for domestic UK stocks when Brexit is finally resolved.

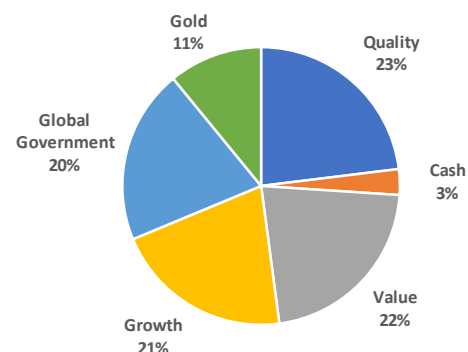
### Outlook

The decline in real yields around the world has been a boon for the bond market and gold. The building strains in the global economy are becoming hard to ignore as even the US manufacturing sector is now in recession. We continue to find attractive opportunities in the UK stocks despite building risks in global equity markets. We have hedged our foreign exposures to protect the fund against a rally in sterling.

Charlie Morris, Lead Manager

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

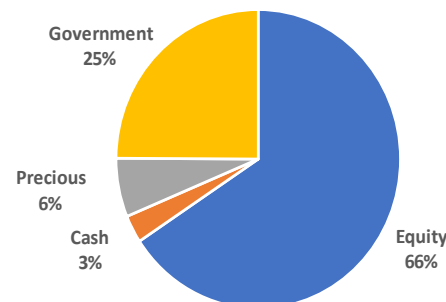
## Allocation by Style



## Equity Sector

|                        |       |
|------------------------|-------|
| Consumer Staples       | 22.6% |
| Information Technology | 17.6% |
| Financials             | 15.9% |
| Industrials            | 11.7% |
| Communication Services | 9.5%  |
| Health Care            | 8.5%  |
| Utilities              | 5.5%  |
| Consumer Discretionary | 4.3%  |
| Materials              | 2.2%  |
| Energy                 | 2.2%  |

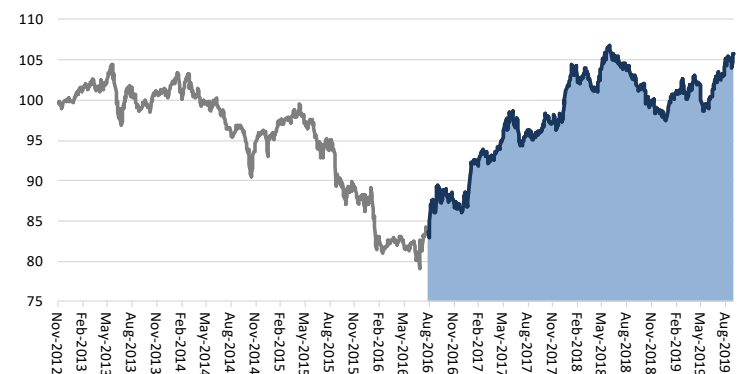
## Asset Allocation



## Currency Exposure

|     |        |
|-----|--------|
| GBP | 79.3%  |
| USD | 25.9%  |
| CAD | 3.1%   |
| JPY | 3.0%   |
| CHF | 2.2%   |
| HKD | 1.8%   |
| AUD | 1.2%   |
| ZAR | 0.1%   |
| EUR | -6.6%  |
| NZD | -10.0% |

## Performance



Share Class A Acc GBP from 19/10/2012 to 31/08/2019  
**Charlie Morris taking over fund management - 29/07/2016**  
 Fund data as at 31 August 2019; Source: Newscape

## Top 10 Stocks

| Holding              | Size |
|----------------------|------|
| IBERDROLA            | 1.9% |
| SMITH & NEPHEW       | 1.7% |
| UIL                  | 1.5% |
| PERSHING SQUARE      | 1.5% |
| GEORGE WESTON        | 1.4% |
| EDWARDS LIFESCIENCES | 1.4% |
| XERO                 | 1.4% |
| ROCHE                | 1.4% |
| THIRD POINT          | 1.4% |
| COSTAR               | 1.3% |

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

## Investment Themes

| Equity Sector           | Allocation |
|-------------------------|------------|
| <b>Developed</b>        |            |
| Consumer Staples        | 20.0%      |
| Information Technology  | 18.5%      |
| Financials              | 14.4%      |
| Industrials             | 12.7%      |
| Total                   | 65.6%      |
| <b>Emerging Markets</b> |            |
| Russia                  | 2.9%       |
| China                   | 1.0%       |
| South Africa            | 0.1%       |
| Total                   | 4.0%       |

## Returns (%)

| Class | 1M   | 6M   | YTD  | 1Y   | 3Y    | 5Y   | S/I   |
|-------|------|------|------|------|-------|------|-------|
| A GBP | 1.3% | 4.8% | 7.1% | 2.5% | 18.3% | 9.4% | 5.7%  |
| B GBP | 1.3% | 4.6% | 6.8% | 1.9% | 18.4% | -    | 27.3% |
| S GBP | 1.3% | 4.9% | 7.3% | 2.7% | -     | -    | 22.9% |
| I GBP | 1.3% | 4.8% | 7.1% | 2.5% | -     | -    | 8.3%  |
| F GBP | 1.2% | 4.4% | 6.6% | 1.7% | -     | -    | 3.4%  |
| F SGD | 1.3% | 4.9% | 7.2% | 2.6% | -     | -    | 4.4%  |
| N GBP | 1.3% | 5.2% | 7.6% | 3.3% | -     | -    | 2.5%  |
| N USD | 1.4% | 5.9% | 8.6% | 4.6% | -     | -    | 4.0%  |

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

## Rolling Annual Returns - year end 31/08

|         | 2019 | 2018 | 2017 | 2016  | 2015  |
|---------|------|------|------|-------|-------|
| Class A | 2.5% | 7.7% | 7.2% | -1.7% | -6.0% |

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

## Portfolio Characteristics

|            | DGF  | FTSE 100 | Gilts* |
|------------|------|----------|--------|
| Volatility | 5.2% | 12.0%    | 5.5%   |
| Yield**    | 1.0% | 5.0%     | 0.5%   |

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

## Fund Managers



**Charlie Morris**  
 Lead Manager

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 Lead Manager of the Newscape Diversified Growth Fund and Head of Multi Asset at Atlantic House Fund Management.



**Fahad Hassan**  
 Co-Manager

Fahad worked at Legal and General for 11 years, where he ran over \$1 billion in institutional and retail mandates. He is a CFA Institute charter-holder and has a deep understanding of industry structure, style factor investing and monetary economics. Fahad co-manages the Newscape Diversified Growth Fund with Charlie and is a Fund Manager at Atlantic House Fund Management.

### Current Holdings

| Quality                   | Growth                      | Value                | Real Assets |
|---------------------------|-----------------------------|----------------------|-------------|
| MARKEL                    | CHINA LIFE                  | TOKYO ELECTRIC POWER | GOLD        |
| MORRISONS                 | MAIL.RU                     | TULLOW OIL           |             |
| BRITVIC                   | XERO                        | STERICYCLE           |             |
| RECKITT BENCKISER         | QUANTA                      | AGGREKO              |             |
| FAIRFAX FINANCIAL         | FACEBOOK                    | SBERBANK             |             |
| ROCHE                     | SCHRODERS                   | VTB BANK             |             |
| PZ CUSSONS                | BROOKFIELD ASSET MANAGEMENT | EAGLE MATERIALS      |             |
| SMITH & NEPHEW            | VISA                        | OAKLEY CAPITAL       |             |
| ORANGE                    | IHS MARKIT                  | BETTER CAPITAL       |             |
| GEORGE WESTON             | GENPACT                     | UIL                  |             |
| BRITISH AMERICAN TOBACCO  | EDWARDS LIFESCIENCES        | PERSHING SQUARE      |             |
| TOKIO MARINE              | COSTAR                      | THIRD POINT          |             |
| IBERDROLA                 | AMAZON                      | THAILAND ETF         |             |
| NESTLE                    | ADOBE                       | PHILIPPINES ETF      |             |
| DIAGEO                    | INTUIT                      | MULTICHOICE          |             |
| MONDELEZ                  | NINTENDO                    | EXOR                 |             |
| AUTOMATIC DATA PROCESSING | DOMINO'S                    | SWIRE PACIFIC        |             |
| UNILEVER                  |                             | PREMIER OIL          |             |
| MICROSOFT                 |                             | CAIRN ENERGY         |             |
|                           |                             | KINGFISHER           |             |
|                           |                             | BME RETAIL           |             |
|                           |                             | CAPITA               |             |

Data as at 31 August 2019  
Source: Newscap Capital Group

### Fund Details

|   |                                    |
|---|------------------------------------|
| AUM                                     | £10.5 m                            |
| Domicile                                | Dublin, Ireland                    |
| Legal Structure                         | ICVC                               |
| Investment Manager                      | Newscap Capital Group Ltd          |
| Sub Investment Manager                  | Atlantic House Fund Management LLP |
| Fund Launch Date<br>(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 | 0.50%                    | 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

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