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Fund Objective

The Newscap Diversified Growth Fund's investment objective is to produce a total return (total return includes interest, capital gains, dividends and distributions) with an emphasis on capital growth. The Fund will endeavour to achieve its investment objective by using a multi-asset approach by combining exposure to global fixed interest and equity markets with exposure to other markets such as the foreign exchange and money markets.

Manager's Commentary

The Newscap Diversified Growth Fund (DGF) fell by 1.5% in August.

The markets have had another strong month led by the US mega cap. The lack of breadth is usually a good barometer for some kind of correction in the near future. Valuation is also a major concern with a prospective P/E for the "FANGs" at more than 40x and Tesla at more than 250x (source: Bloomberg).

We have just witnessed the largest six-month rise in the forward P/E since the late 80s – history has shown that these types of big spikes are usually followed by mean reversion. Empirical evidence is pretty skimpy that tech stocks have encored their valuation from (low) interest rates; hence they are not an infinite duration play.

We continue to think that markets are priced to perfections and with the Central Banks (CBs) intentions to keep low rates for a long time, inflations might not be too far away.

The ultimate beneficiary of low inflation has been growth stocks (tech) while higher inflation should benefit financial, material (especially commodities) and capital good companies.

The monetary and fiscal stimulus, in addition to a potential vaccine for Covid-19, sometime in early 2021 should push economic growth as well as inflation by mid to end of next year. In this scenario, value stocks should make a comeback at the expense of growth stocks, as the profitability gap will narrow or disappear. In addition, value stocks have proved to be a good hedge during tech led sell-off in the past.

Government bond yields in Europe and the US seem to have found a floor and are more likely to go up than down in coming months as inflation and economic growth expectations are rising. Has the recent weakness of the dollar been the canary in the coal mine for inflation?

In August we started to switch our pharma exposure to banks and commodity stocks, which also benefit from a lower dollar. Energy companies have been a classic inflationary play. Financials and materials stocks are cheap on most, if not all metrics.

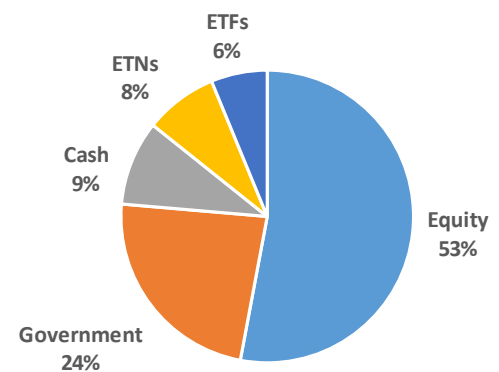
We remain positive on renewables Environmental, Social and Governance (ESG), precious metals (a deflation and inflation hedge) and 5G.

While changes will take time, it is our belief that Value offers positive asymmetry on the next leg of recovery.

Equity Sector

Information Technology	17.6%
Materials	14.1%
Utilities	13.5%
Communication Services	12.8%
Health Care	12.6%
Industrials	8.0%
Energy	7.0%
Consumer Discretionary	6.7%
Real Estate	5.2%
Financials	2.5%

Asset Allocation



Currency Exposure

GBP	40.0%
EUR	35.2%
USD	13.7%
CHF	3.7%
DKK	2.7%
SEK	1.8%
JPY	1.6%
NOK	1.3%

Top 10 Stocks

BAYER	3.4%
MESH	3.1%
PREOS REAL ESTATE	2.7%
PROSIEBENSAT.1 MEDIA	2.4%
MEYER BURGER TECHNOLOGY	2.3%
EDF	2.2%
PROSUS	2.1%
ENGIE	2.1%
SIEMENS GAMESA RENEWABLE	1.9%
ROYAL DUTCH SHELL	1.9%

Data as at 31/08/2020; Source: Newscap Capital Group

Performance



Returns (%)

Class	1M	6M	YTD	1Y	3Y	5Y	S/I
A GBP	-1.5%	-9.1%	-13.4%	-12.6%	-3.5%	1.7%	-7.6%
S GBP	-1.5%	-9.0%	-13.2%	-12.4%	-2.3%	-	7.7%
I GBP	-1.5%	-9.1%	-13.4%	-12.6%	-	-	-5.3%
F GBP	-1.5%	-9.4%	-13.8%	-13.2%	-	-	-10.3%
N GBP	-1.4%	-8.7%	-12.9%	-11.9%	-	-	-9.7%

Share Class A Acc GBP; Fund data as at 31/08/2020; since 19/10/2012. Data prior to 19/10/2012 unavailable; Source: Newscap Capital Group

Rolling Annual Returns - year end 31/08

	2020	2019	2018	2017	2016
Class A	-12.6%	2.5%	7.7%	7.2%	-1.7%

Share Class A Acc GBP; Fund data as at 31/08/2020; Daily data used for calculations; Figures are net of fees; Source: Newscap Capital Group

Calendar Year Performance

	2019	2018	2017	2016	2015
Class A	8.1%	-2.9%	12.6%	1.4%	-7.0%

Share Class A Acc GBP; Fund data as at 31/08/2020; Daily data used for calculations; Figures are net of fees; Source: Newscap Capital Group

Portfolio Characteristics (%)

	DGF	FTSE 100	Gilts*
Volatility	8.4	28.4	6.3
Yield**	0.8	4.1	0.3

Data as at 31/08/2020
Figures annualised;
Source: Newscap Capital Group, FTSE 100 and Gilts - Morningstar;
*UK 10 -year benchmark gilt;
**Generated income will be reinvested within the fund.

Stocks

VESTAS	BNP PARIBAS	ERAMET	VARTA
RWE	IBERDROLA	PROSIEBENSAT.1 MEDIA	SANOFI
ROCHE	FRESNILLO	THYSSENKRUPP	BARRICK GOLD
BT	ACTIVISION BLIZZARD	NOKIA	PROSUS
TELECOM ITALIA	BAYER	TOTAL	NEC
TULLOW OIL	MEYER BURGER TECHNOLOGY	ORSTED	PREOS REAL ESTATE
SIEMENS GAMESA RENEWABLE ENERGY	VF	BANCO BPM	ANGLOGOLD
ROYAL DUTCH SHELL	GLENCORE	NORSK HYDRO	GILEAD SCIENCES
ENGIE	POLYMETAL	ERICSSON	NEWMONT
EDF	NEXON	MESH	

Data as at 31/08/2020
Source: Newscap Capital Group

Fund Details

AUM	£7.2 m
Domicile	Dublin, Ireland
Legal Structure	ICVC
Investment Manager	Newscap 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 S Acc GBP	NEWDSAG ID	IE00BH7Y4H86
Class I Acc GBP	NEWDIAG ID	IE00BD5G3046
Class F Acc GBP	NEWDFAG ID	IE00BD5G2Q33
Class N Acc GBP	NEWDNAG ID	IE00BYW7R837
Charges	Annual Management Charge	Ongoing Charges Fees
Class A	0.75%	1.93%
Class S	0.50%	1.68%
Class I	0.75%	1.93%
Class F	1.50%	2.68%
Class N	0.00%	1.18%

(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 2019

Newscap Capital Group Ltd. | 1 Knightsbridge Green, London, SW1X 7NE | Phone: +44 (0) 20 7024 4810 | www.newscapgroup.com | funds@newscapgroup.com

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