GEM QUARTERLY

MIRABAUD – EQUITIES GLOBAL EMERGING MARKETS FUND QUARTERLY – PERIOD ENDING 30 SEPTEMBER 2018. THE MIRABAUD GLOBAL EMERGING MARKETS FUND IS A CONCENTRATED, ACTIVELY MANAGED, HIGH CONVICTION FUND INVESTING IN GLOBAL EMERGING MARKET EQUITIES.

PERFORMANCE UPDATE

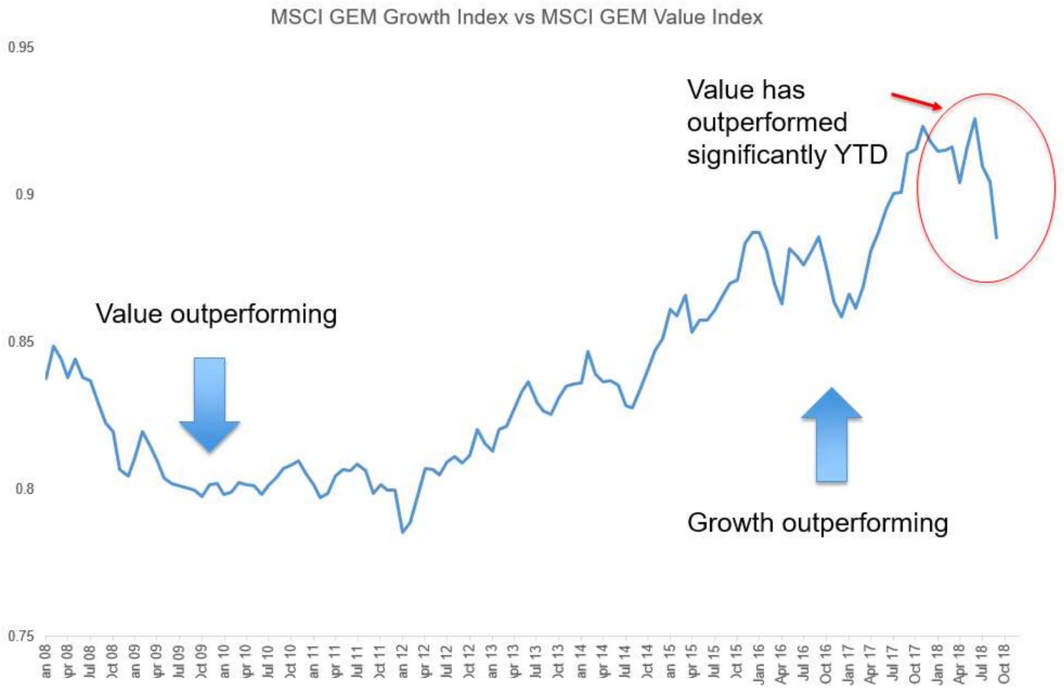
Global Emerging Markets ("GEM") equities decreased -1.1% in the third quarter of 2018 in US dollar terms, once again making them one of the worst performing asset classes. By comparison US equities rose +7.7% and the MSCI World +5.1%.

So far this year GEM equities have declined -7.7%. Looking at each of the three geographical regions, Asia and LatAm both dropped -6.7% YTD while EMEA fell -12.0%.

The Mirabaud GEM Fund has lagged the benchmark (MSCI Emerging Markets TR Net USD) by -5.6% YTD, after strong outperformance (+6.6%) in 2017. Last year's outperformance was largely due to being overweight Asia, underweight LatAm (predominantly Brazil) and positive overall stock selection.

The main reasons for the underperformance of the Mirabaud GEM fund year-to-date are as follows:

1. Investment style out of vogue: Our investment style, Quality GARP[1], has underperformed value for most of the year. The chart below shows that since around 2012 growth has typically outperformed value. This year the reverse has been true and value has significantly outperformed growth. Although we remain pragmatic, the Mirabaud GEM Fund is still predominantly geared to growth doing well. Therefore, it has been a particularly challenging year for the Fund so far. However, the long term trend of growth outperforming value is still intact and we are confident that growth will resume its lead. Thus we believe our investment style (Quality GARP) will once again prevail.



Source: Bloomberg and Mirabaud Asset Management as of October 2018

[1] Quality "growth at a reasonable price"

2. Sector rotation: In 2017 technology was the best performing sector and we benefited from being overweight. This year we have been underweight the two best performing sectors (energy and materials) which are both deemed to be value sectors in GEM. Although we have had some exposure to these two sectors, with hindsight we have not had enough. Instead the Fund has been more exposed to the traditional growth sectors (tech, financials, real estate, consumer discretionary etc.), in line with our investment style.

3. Stock selection impacted by geopolitics: As demonstrated by the three largest detractors from relative performance (as described below), geopolitics has had an extraordinary impact on the performance of stocks year-to-date. The US-China trade dispute, the NAFTA[2] renegotiations, the threat of further US sanctions and Brexit have all impacted the sentiment towards a large number of GEM stocks.

During 3Q18, the three biggest contributors at a stock level to relative performance were:

1) **Tencent** – We sold our holding in Tencent on 1 June due to growth concerns. During 3Q18 the stock underperformed by close to 17%. As the largest weight in the benchmark (approximately 5%), the underperformance of Tencent positively contributed around 85bps to relative performance.

2) **WHA Corp** – The Thai distribution and factory developer performed very well after reiterating strong guidance on land sales supported by the government economic zoning initiatives.

3) **Wal-Mart de Mexico** – The proxy to domestic consumption performed well due to robust same store growth and after acquiring the online grocery delivery company, Cornershop.

The three largest detractors from relative performance during 3Q18 were:

1) **Nexteer** – The Chinese maker of high tech steering systems, which is a beneficiary of the trend towards ADAS (advanced driver-assistance systems) and autonomous vehicles, was adversely impacted by the US-China trade dispute. This was despite being headquartered in Detroit and having manufacturing facilities in Michigan.

2) **Sberbank** – The largest Russian bank was negatively affected by growing concerns about the potential for further US sanctions on Russia due to the alleged US election interference as well as the weakness in the Russian rouble.

3) **Tata Motors** – Despite inexpensive valuations, the Indian car company, which owns the Jaguar Land Rover franchise, suffered due to softer than expected auto sales in Asia, the US-China trade dispute and the rising risk of unfavourable UK-EU trade terms post-Brexit.

   In our opinion, these stocks and GEM equities more broadly have suffered this year due to a deterioration in sentiment as opposed to a structural change in fundamentals.

YTD MARKET REVIEW

GEM equities started the year well with a rally of +8% in January before dropping in seven out of the eight subsequent months. The MSCI Emerging Markets Index only managed to squeeze out a small positive gain of +1.7% in July before declining once again in August and September, which brought the YTD performance of GEM to -7.7% by the end of 3Q18 in US dollar terms.

[2] The North American Free Trade Agreement (NAFTA)

In the first nine months of 2018, Asia was the best performing region albeit with a decline of -6.7%. The two strongest markets were Thailand and Taiwan, which were the only two Asian markets which rose during the period. We have been modestly overweight Thailand all year, by owning just one stock (WHA Corp) and overweight Taiwan with exposure to technology and financial companies as well as one small-cap healthcare stock (Pharmally International), which we met on a research trip to Taipei.

In LatAm, which also fell around -6.7% in 9M18, the best performing markets were Colombia (+6.9%), Peru (+2.8%) and Mexico (+2.5%). We do not own anything in Colombia, which is one of the smallest markets in GEM at approximately 0.5% of the index. However, we continue to be overweight Peru by holding a bank called Credicorp and broadly neutral Mexico by holding just one stock, Wal-Mart de Mexico. The worst performing markets in LatAm in 9M18 were Brazil (-14.5%) and Chile (-13.3%). We have been underweight Brazil for around 2 years but closed the underweight in June, mainly on valuation grounds, by buying two new stocks (Ambev and Localiza). By early September, both were sold partly due to the weakness in the Brazilian currency and partly due to heightened concerns about Brazilian politics.

In EMEA, which dropped -12.0% in 9M18, the best performing markets have been Qatar (+14.3%) and Russia (+4.9%). We have not had any exposure to Qatar during the year. With regards to Russia, we started the year being around 3% overweight, prior to turning roughly neutral by the end of February and before moving underweight by the end of March. In April we added one new holding in Russia (Yandex), which once again took us overweight the market by around 2%. In August we sold our position in Sberbank due to concerns about further potential sanctions towards Russia.

From a sector perspective the best performing sectors in 9M18 have been energy, healthcare and materials. We have been underweight energy, offset to a small extent by our overweight in Russian equities between April and August. We continue to be underweight healthcare stocks as they typically do not fit with our 'quality growth at a reasonable price' (GARP) investment style. The one exception is a Taiwanese small-cap healthcare stock, Pharmally International. Unfortunately we have also been underweight the materials sector.

3Q18 PORTFOLIO ACTIVITY

During July we bought a new position in Primax Electronics, a previously held position, as the company offered value given the positive outlook in its audio, PC and camera module businesses. We also bought a new position in Indonesian bank Mandiri due to its attractive valuations and fundamentals. During the month we sold two Korean companies, WeMade (a software developer) as well as steel producer POSCO. We sold out of the position in Nexteer due to the stock underperforming on concerns over trade tariffs impacting the company. Finally we trimmed the position in Indian financial HDFC, taking some profits following the strong performance by the stock.

During August we sold the holding in Itau which moved the Fund to an underweight position in Brazil, reflecting the weakening economic outlook and political uncertainty. We sold out of Shoprite in South Africa after the company reported disappointing results and gave downbeat guidance. We also sold New Oriental, the Chinese education company after the Chinese government tightened regulations affecting after school tuition. As with the sale of any stock, we continue to monitor events with the view to potentially reinvesting in the future if the investment case improves significantly. During August we bought new positions in Sunac, a Chinese property company, AAC Technology, a leading Chinese handset component manufacturer and Tata Motors, the Indian auto company.

A number of changes were made to the portfolio during September. A new position was initiated in Melco Resorts and Entertainment, an attractively valued casino operator and developer, which has the potential to benefit from a strong turnaround in Macau, with robust visitor numbers from the Chinese mainland. The Fund reacquired a holding in Naspers, a South African telecom and media conglomerate, as valuations reached compelling levels. The Fund exited three positions due to a combination of a rapid deterioration in sentiment and currency weakness. This included Falabella (a Chilean chain of department and home improvement stores), Ambev (a Brazilian beer producer) and Localiza (a Brazilian car rental company).

PORTFOLIO POSITIONING

By the end of September our largest overweight markets were China (including Hong Kong), Taiwan and Peru, while our biggest underweight markets were South Korea, Brazil and Malaysia. From a sector perspective we were overweight technology, real estate and consumer discretionary. The Fund's biggest underweights were energy, materials and telecommunications.

SUMMARY & OUTLOOK

We believe the medium-term outlook and long-term investment case for GEM equities remains very positive. In our view GEM equities still remain relatively under-owned and are attractively valued compared with global equity markets, whilst having an equally strong outlook in terms of earnings. GEM equities have been weak since the peak in January 2018, whereas developed markets have only recently started to weaken. Therefore we believe GEM equities have priced in much more of the geopolitical risks, which to an extent impact all markets, and are much further through their cyclical downturn. In our opinion market movements and valuations in GEM have largely suffered due to sentiment and not a structural change in fundamentals. Our view is that tremendous value is beginning to emerge in a number of areas (e.g. Indian domestic plays, Chinese industrials and Korean material stocks), by contrast valuations for US and other developed markets are optically very high.

We remain focused on investing in quality companies with structural growth opportunities whilst being cognisant of managing the risks within the current environment. In our opinion there is likely to be a rotation in style again with growth resuming the long-term trend in outperforming value. Thus we believe our investment style (Quality GARP) will once again prevail. On that basis, the holdings in high quality companies operating in areas of strong growth within technology, real estate, consumer discretionary and the financial sector, in our opinion, will help the Fund to take advantage of any recovery.

Annual Performance %	2013	2014	2015	2016	2017
Mirabaud – Equities Global Emerging Markets I Cap USD	0.37	-5.67	-13.64	7.12	43.90
MSCI Emerging Markets TR Net USD	-2.60	-2.19	-14.92	11.19	37.28

Source: Mirabaud Asset Management and Bloomberg

WRITTEN BY DANIEL TUBBS, HEAD OF EMERGING MARKETS

IMPORTANT INFORMATION

This document contains information or may incorporate by reference data concerning certain collective investment schemes (hereinafter "funds") which are only available for distribution in the countries where they have been registered. This document is for the exclusive use of the individual to whom it has been given and may not be either copied or transferred to third parties. In addition, this document is not intended for any person who is a citizen or resident of any jurisdiction where the publication, distribution or use of the information contained herein would be subject to any restrictions or limitations. The contents of this document are illustrative only and shall not be construed as an offer or a recommendation to subscribe for, retain or dispose of fund units, shares, investment strategies or courses of dealing. Before investing in any fund or pursuing any strategy mentioned in this document, potential investors should consult the latest versions of the legal documents pertaining to such funds or underlying financial instruments or indices and in particular the Prospectus and Key Investor Information Document (KIID) which describe in greater detail the specific risks related to the funds. Moreover potential investors are recommended to seek professional legal and tax advice. The sources of the information contained in this document are deemed reliable by the issuer. However, the accuracy or completeness of the information contained in this document cannot be guaranteed, and some figures are only estimates.

Past performance is not indicative or a guarantee of future returns. Fund values can fall as well as rise, and investors may lose the amount of their original investment. Performance figures do not take into account subscription and redemption fees and costs. Any values or holdings quoted are relevant only on the day they are issued and investment values and strategies may be revised without notice. Returns may increase or decrease as a result of currency fluctuations. This communication may only be circulated to Eligible Counterparties and Professional Investors and should not be circulated to Retail Investors for whom it is not suitable.