

FUND COMMENTARY

Performance:

The Fund (I USD share class) experienced a loss of -1.22% in February, due to the volatility spike early in the month. The year to date performance however still stands at +5.6%. We have marginally reduced exposure to the portfolio in light of the increase in risk pricing.

Macro:

We remain bullish on several factors. Valuations continue to trade at substantial discount to frontier market peers and developed market comparables. Kazakhstan, our largest country exposure, trades at about 7 times historic earnings, while the 12 month trailing PE ratio for the MSCI Frontier index stands at 14 and well above 20 for the S&P index.

Tail winds: We believe the cyclical outlook to be positive. Inflation expectations are slowly rising and sentiment on commodities is turning outright bullish. In addition, trade restrictions across the region are easing and the Chinese Belt and Road initiative is expected to have a very positive impact. Finally, reforms in Uzbekistan and to a lesser extent in Kazakhstan are improving both perception and reality for investors in the region. This is on top of large valuation differentials and a re-rating which has just started.

Concerns: Whilst the region is benefitting from healthy growth and marginal re-rating, we remain cautious about sentiment and perception as to valuations in global markets. Treasury yields rising combined with dollar weakness, the potential of trade wars and more importantly global valuations, are all poorly discounted risk factors. We would expect at least some stocks to benefit from higher inflation expectations (particularly among commodity exporters), yet the market is likely to focus on higher rates, after a long period of ultra-easy monetary policy.

Portfolio update – Georgian round:

Liberty Bank: While we tendered our shares, pursuant to mandatory bid by the new majority shareholders, a court issued an injunction at the last day of the tender offer, which blocked the shares held by the brokers on behalf of the shareholders. This affects a number of funds, smaller investors and most of the current and past management. It is unclear exactly what the issue is, as the claim was brought for an old shareholder who sold its shares a number of years before we build up the position. We are following the issue closely.

Bank of Georgia: BGEO reported another very good year, albeit short of consensus. “The Bank’s loan book demonstrated 17.4% growth, on a constant currency basis, during 2017 (30.6% growth in Retail Banking); In 4Q17, the loan book growth amounted to 8.3% on a constant currency basis (8.7% growth in Retail and 9.2% growth in Corporate Investment Banking). The bank’s return on average equity was 25.2% in 2017 and 27.8% in 4Q17”. The bank is about to be split between a holding company owning healthcare, insurance, real estate and utility subsidiaries and the bank itself. We would expect some mispricing opportunities related to this operation.

GHG: Georgia Healthcare Group, the Healthcare subsidiary of BGEO also reported impressive top line growth although a slight miss on EBIDTA and bottom line numbers. Its revenue is up 75% yoy while its EBITDA is up “only” 38%. We are more focused on profitable growth rate rather than margins at this point, as the company is growing organically and through some selected acquisitions.

Continued over

INVESTMENT OBJECTIVE

Long bias Equity Fund investing across the Silk Road region

PERFORMANCE USD I SHARE CLASS

Returns	Central Asia Fund
Last Month	-1.22%
Year to Date	+5.6%
NAV	1078.05

FUND DETAILS

Structure	UCITS
Domicile	Luxembourg
Launch Date	Oct 2012
Fund Size USD	\$28m
Number of Holdings	31
Dealing	Weekly

TOP HOLDINGS

Company name	%
1 Liberty Bank	9.2%
2 TCS Group	8.6%
3 Halyk Bank	8.4%
4 KazTransOil	5.0%
5 Georgia HC Group	5.0%

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MONTHLY PERFORMANCE SINCE INCEPTION

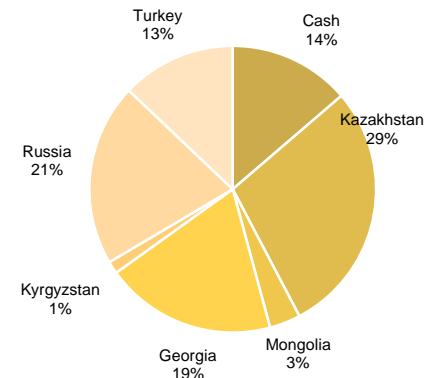
I USD	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept	Oct.	Nov.	Dec.	Year
2018	6.88%	-1.22%											5.6%
2017	3.83%	2.57%	-0.23%	4.61%	2.03%	3.44%	4.53%	3.61%	4.83%	-0.42%	-1.69%	3.60%	35.1%
2016	-9.26%	6.23%	8.07%	2.89%	5.56%	2.51%	6.39%	0.23%	3.21%	1.35%	0.13%	2.94%	33.3%
2015	-9.99%	1.74%	-1.25%	8.40%	0.11%	1.79%	-7.74%	-9.83%	-2.90%	-0.70%	-3.02%	-5.77%	-26.8%
2014	-4.66%	2.62%	-2.31%	2.39%	2.90%	4.20%	4.53%	-0.12%	-4.48%	-8.66%	-6.55%	-6.14%	-16.2%
2013	4.30%	-3.18%	-2.54%	-5.60%	-1.13%	-8.77%	6.80%	1.28%	-0.41%	1.24%	0.65%	1.98%	-6.2%
2012										-1.31%	-1.88%	1.70%	-1.5%

* 2012 performance starts from October – when the Fund’s first NAV was struck. Performance figures are for a day-1 investor, net of fees

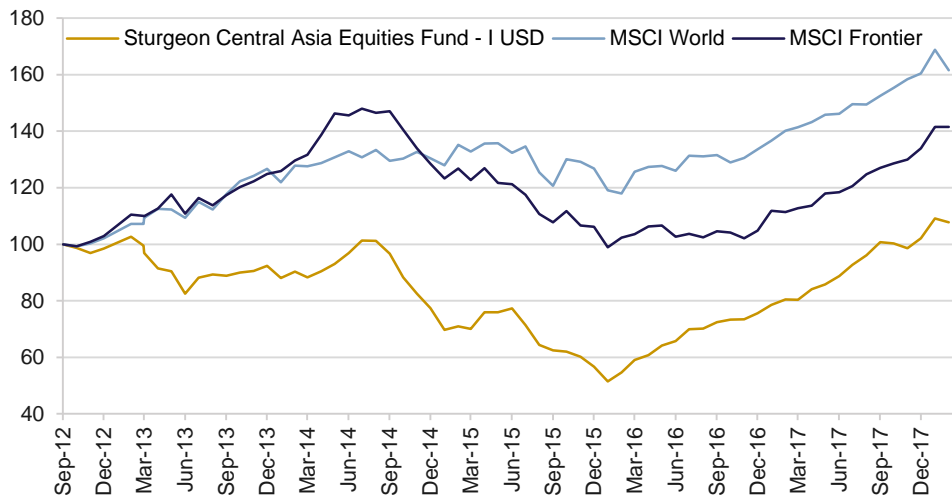
FUND COMMENTARY CONT.

GHG's trailing P/E is above 50, while based on consensus earnings forecasts, the stocks trade at PE 2018 ratio of 24 and PE 2019 ratio of 16. We don't mind paying for quality growth. We continue to appreciate the company's strategy and execution and see the potential for healthcare tourism in Georgia

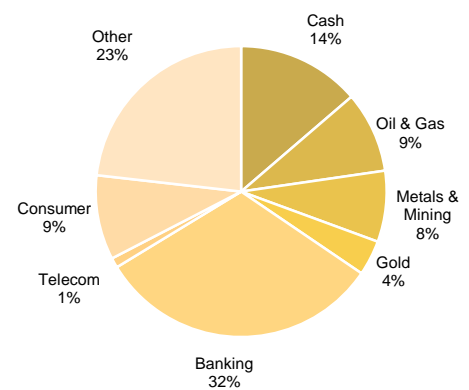
GEOGRAPHICAL ALLOCATION



CUMULATIVE PERFORMANCE



STRATEGY ALLOCATION



FUND STATISTICS

Performance (%)	USD I	USD R	EUR R	GBP R	Risk & Return: Since Inception	USD I	USD R	EUR R	GBP R
One Month	-1.22%	-1.59%	-0.50%	-0.10%	Return Since Inception	1.4%	3.0%	1.8%	5.6%
Three Months	9.4%	8.1%	4.5%	3.2%	Standard Deviation (%)	15.8%	16.3%	14.4%	14.4%
Year To Date	5.6%	4.4%	3.1%	2.3%	Sharpe Ratio	0.17	0.26	0.19	0.45
One Year	33.9%	31.8%	13.1%	17.5%	Correlation				
Three Years	15.0%	14.0%	10.4%	16.3%	MSCI World	0.52	0.51	0.42	0.28
Five Years	1.6%	-	2.3%	-	MSCI Frontier	0.68	0.71	0.55	0.48

* I USD and R EUR share classes were launched Oct. 2012, R GBP share class was launched July 2013 and R USD share class on Feb. 2014. All data is since class inception.

FUND TERMS

	USD I	USD R	EUR R	GBP R
Minimum Subscription	200,000	5,000	5,000	5,000
Additional Subscription	No minimum	No minimum	No minimum	No minimum
Management Fee	1.5%	2%	2%	2%
Performance Fee	20% with high water mark	20% with high water mark	20% with high water mark	20% with high water mark
ISIN Code	LU0815065403	LU0815065312	LU0815065585	LU0815065742
Bloomberg Code	STCAEIU LX	STCAERU LX	STCAEIE LX	STCAERS LX
Management Company	Alter Domus	Alter Domus	Alter Domus	Alter Domus
Administrator	RBC	RBC	RBC	RBC
Custodian	RBC	RBC	RBC	RBC
Subscription	Weekly	Weekly	Weekly	Weekly
Redemption	Weekly	Weekly	Weekly	Weekly

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