

## FUND COMMENTARY

The fund was up +0.63% over the month of June despite large losses across emerging and frontier markets. MSCI EM was down -4.6% over the month, while MSCI FM was down -3.8%. Overall, sentiment remains nervous and outright negative towards weakening emerging economies which are potentially exposed to trade war and political issues, in addition to tighter US dollar funding.

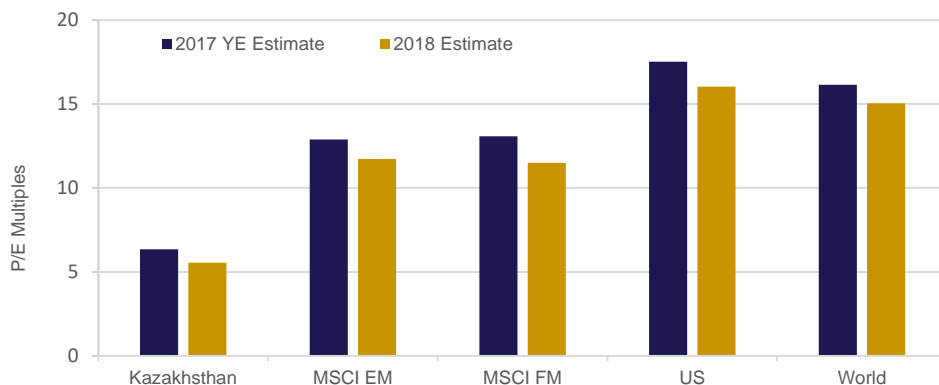
Portfolio wise, we continued to suffer on our Turkish names but as previously mentioned, whilst these companies are based in Turkey, their business is mostly derived from Central Asia (as for example Coca Cola Icecek which has more than half of its revenues from outside Turkey – mostly Central Asia and Pakistan). We continue to see improving fundamentals, particularly on the corporate level, across the region. While the macro picture looks very healthy in Kazakhstan, evolving positively in Uzbekistan, the outlook is a bit more subdued in Georgia due to its reliance on foreign funding (although admittedly the bulk of it is from development banks which should prove more stable).

The month has been quiet on corporate newsflow. Some of our largest positions have paid out substantial dividends. KazTransOil paying 12%, while Halyk is on 6%, expected to go to 8% for next year, and TBC bank has paid 3%. These payments are only a snapshot of our June collection.

The Trump-Putin meeting should also prove positive in reducing tensions and possibly improving Russia's outlook in terms of sanctions and in turn, its risk perception.

The reason we highlight these macro variables is because they are highly significant to the region and directly result in Russia and Central Asia being wrongfully negatively perceived. Both markets are among those trading at the lowest Price/Earnings ratios whilst offering the highest dividend yields compared to any market (with the possible exception of Iran). This is despite having very different dynamics in terms of growth and corporate governance.

### P/E Multiples graph (as of end Q1 2018)



In essence, while Kazakhstan should be trading at a premium to Russia, improving US/Russian relations with a potential review of sanctions, would be highly beneficial, in terms of sentiment and perception for the wider region. We wish Central Asia would be considered on a standalone basis as the Soviet Union ceased to exist nearly 30 years ago (today the largest economic variable is China rather than Russia), but it seems we will need to wait a little longer.

Continued overleaf

## INVESTMENT OBJECTIVE

**Long bias Equity Fund investing across the Silk Road region**

## PERFORMANCE USD I SHARE CLASS

Returns	Central Asia Fund
Last Month	+0.63%
Year to Date	-6.7%
NAV	952.34

## FUND DETAILS

Structure	UCITS
Domicile	Luxembourg
Launch Date	Oct. 2012
Fund Size USD	\$25m
Number of Holdings	33
Dealing	Weekly

## TOP HOLDINGS

Company name	%
1 Liberty Bank	9.9%
2 TCS Group	9.1%
3 Halyk Bank GDR	8.5%
4 KazTransOil	4.9%
5 Steppe Cement	4.7%

## CONTACT DETAILS

**Ariane Gordji**  
 Sturgeon Capital Ltd,  
 96 Great Titchfield Street,  
 London W1W 6SQ  
 Tel. +44 207 255 1020  
 Email: ag@sturgeoncapital.com

## MONTHLY PERFORMANCE SINCE INCEPTION

I USD	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2018	6.88%	-1.22%	0.28%	-6.82%	-6.05%	0.63%							-6.7%
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 (CONTINUED):

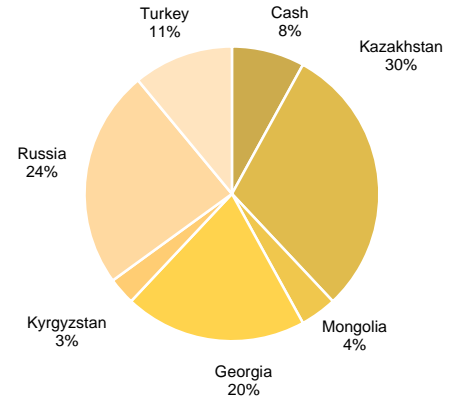
Meanwhile in the Caucasus:

In Armenia, the new Government led by Mr. Pashinyan (which gained power through a successful peaceful protest movement) is going after corruption cases. Events in Armenia seem to have had some repercussions in Azerbaijan, which has been experiencing some power shortages and small protests. It seems that Azeris are feeling left out by the bottom up led political change in Georgia (Rose revolution in 2004) and recent events in Armenia. In parallel, the Azeri Defense Ministry has reported that its military forces have "recovered" over 11'000 hectares of land in the Nagorno Karabakh disputed territory (the Armenian side claims this to be untrue). We don't expect dramatic escalations on this topic as this has remained an open but relatively controlled conflict. From a capital markets perspective, we see positive signs of reforms in both countries and an eagerness to engage with foreign investors through Eurobonds and local IPOs. Though our current exposure to Armenia and Azerbaijan is basically nil, we continue to monitor this space as the quality of issuers steadily continues to improve.

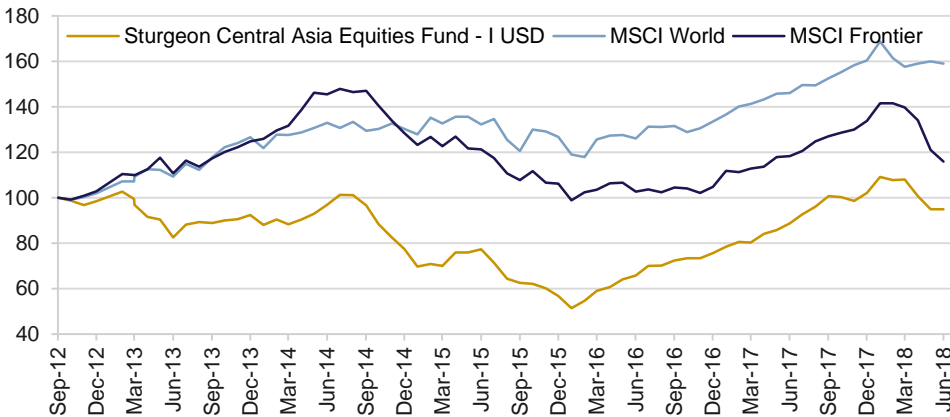
### Outlook:

Allocations wise, we are content with our current positioning – very positive on single name and Central Asian macro basis, though we remain cautious on general risk appetite. We expect a positive set of numbers over the coming weeks which should hopefully provide some support to valuations and more importantly, counter any contagion potential from general continued EM weakness. Aside from these headwinds, we expect these names to do well, should conditions remain stable in light of their quality, low valuation and positive growth profile.

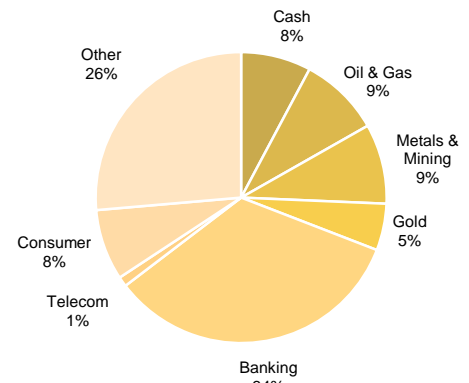
## GEOGRAPHICAL ALLOCATION



## 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	0.63%	0.57%	0.39%	1.42%	Return Since Inception	-0.85%	-0.14%	0.33%	3.65%
Three Months	-11.91%	-12.04%	-6.88%	-5.72%	Standard Deviation (%)	15.80%	16.32%	14.17%	14.17%
Year To Date	-6.74%	-7.88%	-4.40%	-4.87%	Sharpe Ratio	0.03	0.07	0.09	0.32
One Year	7.39%	5.74%	2.94%	2.78%	<b>Correlation</b>				
Three Years	10.80%	9.80%	7.19%	12.59%	MSCI World	0.50			
Five Years	-0.35%	-0.13%	1.04%	3.65%	MSCI Frontier	0.68			

\* 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

This document, any presentation made in conjunction herewith and any accompanying materials are preliminary and for information only. They are not an offering memorandum, do not contain any representations and do not constitute or form part of an offer or invitation to subscribe for any of Sturgeon Central Asia Fund's (the "Fund") shares. Further they do not constitute or form part of any solicitation of any such offer or invitation, nor do they (or any part of them) or the fact of their distribution, form the basis of, or can they be relied on, in connection with any contract therefor. The information contained in this report has been compiled by Sturgeon Capital Ltd, which is registered in England & Wales 07421440 and authorised and regulated by the FCA (FRN554051). The information and views contained in this document are not intended to be complete and may be subject to change at any time. No representation, warranty or undertaking, stated or implied, is given as to the accuracy of the information or views in this document and no liability for the accuracy and completeness of information is accepted by Sturgeon Capital Ltd and/or its partners. The investment strategy of the Fund is speculative and involves a substantial degree of risk. Market, political, counterparty, liquidity and other risk factors may have a significant impact on the investment objectives of the Fund, while past performance is not a guide or otherwise indicative of future results. The distribution of this document and the offering of the Fund's shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions could result in a violation of the laws of such jurisdiction. Any reproduction of this information, in whole or in part, without the prior consent of Sturgeon Capital Ltd is also prohibited. The domicile of the Fund is Cayman Islands. The Representative of the Fund in Switzerland is Open Funds Investment Services AG, with its registered office at Seefeldstrasse 35, CH-8008 Zurich, Tel +41 44 500 31 08, www.open-funds.ch. The Paying Agent in Switzerland is Società Bancaria Ticinese SA, Piazza Collegiata 3, 6501 Bellinzona, Tel. +41 91 821 51 21, Fax. + 41 91 825 66 18, www.bancaria.ch. The distribution of Shares of the Fund (the "Interests") in Switzerland must be made exclusively to Qualified Investors. The place of performance and jurisdiction for the Interests in the Fund distributed in Switzerland is at the registered office of the Representative. Publications to Swiss investors in respect of the Interests in the Fund are effected on the electronic platform www.fundinfo.com.