

FUND COMMENTARY

The fund was marginally positive +0.28% over the month of March (I USD Share Class), bringing year-to-date performance to +5.9%. Since the first half of April has been ripe with events, I will touch upon those as well despite the newsletter being technically about March.

Markets have remained jittery over persistently higher volatility (at least in Western markets). Rising geo political and trade tensions have provided support for oil markets (clearly a positive for oil producers) yet have pushed risk aversion towards emerging markets (China, Russia and Middle East in particular). Ongoing concerns over higher rates or rather normalisation of monetary policy have also clouded the outlook.

Where do we stand? We have kept relatively higher than average cash levels. The current situation should favour commodity exporters, while financials and consumer are suffering from lower confidence and weaker currencies. We are clearly at an important juncture from a pure market analysis and geo political part. On market analysis, we continue to be very bullish on local valuations and prospects – particularly versus developed markets, on the back of cheaper valuations and positive macro drivers (strong GDP growth, higher inflation prospects). This is assuming:

- Mainstream markets adapt to a new equilibrium as monetary policy normalises
- No escalation towards Russia/Middle East

Whereas “a” can be potentially hedged, “b” looks like a small probability yet with a high impact, and we therefore remain cautious. We are assuming this posturing is the famous negotiating talent of Trump. In that case, this would represent a unique buying opportunity. The key political deadline is the US mid-term elections (in November '18) which is possibly the best standpoint to look at the generous news flow coming out of the US administration. We expect the special prosecutor to show its cards before then and should the Republicans lose their majority in either house, this will mean that Trump's ability to implement his policies will be much lower, particularly in what concerns the economy.

On the overall markets, we expect volatility to remain elevated on the back of these events (trade and foreign policy among others). We are also seeing some new trends emerging: Higher volatility means lower exposure for so called risk parity funds that would be bearish for risk assets. We also expect some movement of index investing which has been very popular in the past years. We continue to believe that assets with large passive (and more cyclical) investors are potentially more prone to large corrections. We would also think a revival of inflation is on cards. Labour markets have started tightening and we would expect inflation to pick up on the back of:

- past asset inflation
- renewed demand on commodities
- continued aggressive fiscal policy, particularly in the US

De indexation and inflation would benefit the portfolio as within our region only Kazakhstan is represented in any MSCI index (approx. 3% in the MSCI Frontier Index). We would also expect the region to benefit from higher commodity prices.

In Azerbaijan, the country had early Presidential elections which went as expected. The country has also exited a steep recession and is benefiting from the higher oil price. We currently have no exposure to the country.

Results coming out have been generally positive.

Halyk Bank: Whereas getting recent information on the bank is not always easy, results for 2017 year end were pretty impressive. Net interest income (before impairment) was up 45% year on year, fee income was 31% while return on equity was 23%. Going forward we expect the bank to benefit from a number of factors:

Continued overleaf

INVESTMENT OBJECTIVE

Equity investing across the Silk Road region

PERFORMANCE USD I SHARE CLASS

Returns	Central Asia Fund
Last Month	+0.28%
Year to Date	+5.9%
NAV	1081.06

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 Halyk Bank	9.0%
2 Liberty Bank	8.6%
3 TCS Group	8.2%
4 KazTransOil	5.2%
5 Georgia Health	3.9%

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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%	0.28%										5.9%
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%

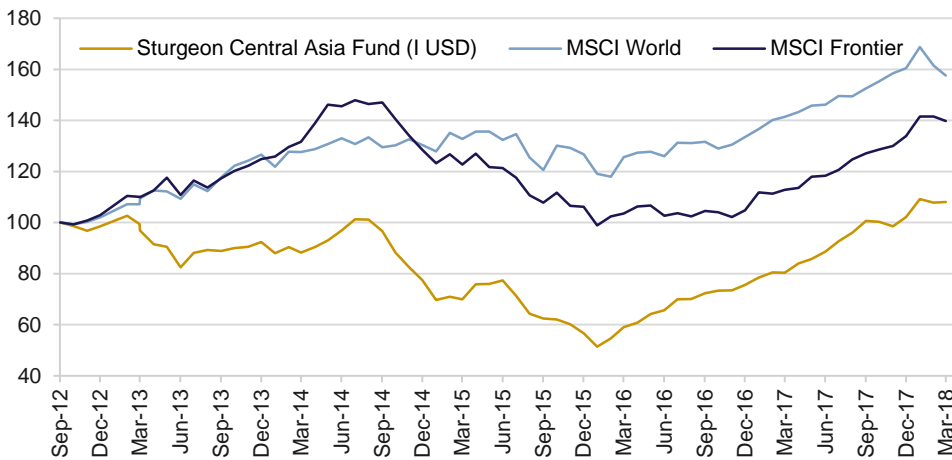
* 2012 performance starts from October – when the Fund's first NAV was struck. Performance figures are for a day-1 investor, net of fees

FUND COMMENTARY CONT.

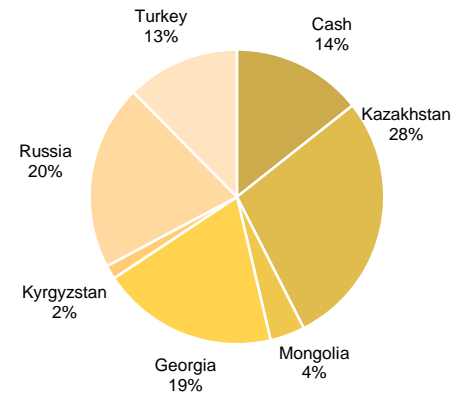
- Ongoing merger with KKB: Efficiency gains/reduction in costs
- NPL reduction, recovery. As the economy is going better and some collaterals are increasing in value, we would expect some write backs on old NPLs.
- Increase in loan activity: The bank has announced mild but positive loan growth as the economy is picking up and KKB is being integrated.
- Short term catalysts: Dividend announcements are expected next week, BBG estimate is at 5.5%.

Domino's Pizza Eurasia: DP Eurasia had a positive year outperforming on growth and slightly below consensus on the bottom line. The company comes from a very successful operation in Turkey while expanding in Azerbaijan, Georgia and Russia in particular. Revenue was up 40% in Turkish lira. Russian operations are growing rapidly from 72 to 121 stores (y-o-y) while stores in Turkey, Azerbaijan and Georgia went from 495 to 522. Why do we like the company? The management has a track record of executing ambitious growth in Turkey and is replicating this in Russia. Domino's Pizza has a very efficient process and is able to offer very competitive pricing on its product. Around half of their sales are now online which means higher margins. EBITDA margin is 11% overall but we would expect margins to increase once the growth tones down. Multiples: Company is currently trading on 22x EV/EBITDA on '17 numbers, expected to go to 15x in 2018 and 12x, in 2019.

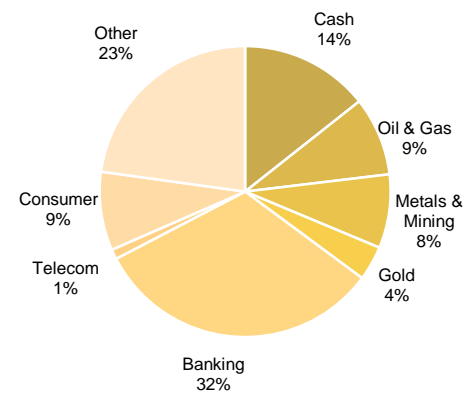
CUMULATIVE PERFORMANCE



GEOGRAPHICAL ALLOCATION



STRATEGY ALLOCATION



FUND STATISTICS

Performance (%)	USD I	USD R	EUR R	GBP R
One Month	0.3%	0.3%	-0.4%	-1.4%
Three Months	5.9%	4.7%	2.7%	0.9%
Year To Date	5.9%	4.7%	2.7%	0.9%
One Year	34.6%	32.5%	14.3%	14.4%
Last Three Years Annualised	15.6%	14.6%	9.8%	14.8%
Last Five Years Annualised	2.2%	2.5%	2.5%	4.9%

Risk & Return: Since Inception	USD I	USD R	EUR R	GBP R
Return Since Inception	1.4%	3.0%	1.6%	5.1%
Standard Deviation (%)	15.7%	16.1%	14.3%	14.3%
Sharpe Ratio	0.17	0.26	0.19	0.42
Correlation				
MSCI World	0.52	0.51	0.42	0.28
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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