

FUND COMMENTARY

November was a strong month for Turkey, MSCI Turkey was up around 13%, outperforming other markets. Kazakh index KZKAK and MSCI Frontier were modestly up, 1% and 2% respectively. MSCI Russia has underperformed, losing 1.1%. November saw a large decline in the oil price, which corrected by more than 20%. Base and precious metals remained broadly flat. During the month, Kazakh Tenge, Georgian Lari and Russian Ruble depreciated slightly, the Turkish Lira on the contrary appreciated by 6.5%.

In November we participated in the IPO of Kazatomprom. The first large asset privatised through an IPO in Kazakhstan, Kazatomprom is the largest uranium producer globally. It operates mines and processing facilities in Kazakhstan, both independently and through joint ventures with other global uranium producers. The uranium industry underwent a difficult time in the last three years, as the market was oversupplied, but producers relying on the old supply agreements with the customers, which were agreed at higher prices, kept producing uninterrupted. 2018 saw several developments in the market that made us more positive on the uranium market. The producers idled the mines and reduced production. In July 2018 CAMECO, which is one of the largest uranium producers, based in Canada, announced it would idle its largest and highest quality mine, McArthur River. It triggered a response from Kazatomprom, which in turn agreed to reduce its production by 20%. Financial investors have returned to the uranium market as well. Additionally Yellow Cake PLC, which was listed on LSE in 2018 as a special purpose vehicle to buy and hold physical uranium, managed to raise £136 million on IPO, from investors anticipating a price increase in the commodity. All these measures have led to the increase of the uranium price by 20%. We took part in the IPO, as we saw an opportunity at the lower end of the valuation range, which using our conservative assumptions implied 2018 P/E of 12x, EV/EBITDA 8x and dividend yield of 5%.

On the 28th of November, Georgia held the second round of the Presidential elections. Pro-government candidate Salome Zurbishvili won 59.6% of the votes. The defeated opposition candidate Grigol Vashadze, who took 40.5% of the votes, called for peaceful protests and early general elections. We remain constructive on the prospects of the country.

IMF has issued a report on Uzbekistan following its staff visit. In the report IMF warns over the overheating risks, considering strong GDP growth and as a result increasing imports and inflation expectations. The report states that the Central Bank may need another interest rate hike to avoid economic imbalances building up. After decades of stagnation radical reforms are prompting strong growth. Because of UCITS limitations, we currently have no exposure to the country but we are working with our local partner to create an investable security granting exposure to the country. If you are interested in Uzbekistan, we also organising an investor trip in early February (6-10th). Please note that places are limited and will be allocated on a first come first served basis.

TCS Group, Aeroflot and Turkish Airlines were the main positive contributors to the portfolio. TCS Group reported very strong 3Q18 results. Net income was at record high RUB 7.3bln, up 44%. The Group saw strong growth in its loan portfolio, net loans were up 30%. Strong net interest income, coupled with healthy loan growth and controlled cost of risk of 6.7% led to an 80% ROE for the quarter. As a result the company has upgraded its 2018 guidance. Aeroflot, one of the biggest carriers in the Central Asia region, reported good 3Q18 results, largely in-line with the street estimates. The passenger growth continued to grow in double digits, which led to strong load factor above 80%. As a result several brokers have upgraded their ratings on the stock. Turkish Airlines, with the strong network in Central Asia has also posted good 3Q18 results as well. The numbers indicate continuing recovery of the operating metrics and strong growth compared to 2017. The sharp correction of the oil price has helped the sentiment around airline stocks as well.

Nostrum Oil and Gas, Georgia Mining and TAV Havalimaniari were the main negative contributors to the performance. Nostrum O&G has reported weak 3Q18 results, downgraded its 2019 outlook and flagged risks to its reserves. Before proceeding with its drilling programme for 2019 the company plans to reassess its main producing field. TAV Airports has announced good 3Q18 results, but below the street expectations, as a result the stock has corrected. There was no particular news flow regarding Georgia Mining.

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%	-2.55%	-9.15%	1.10%	-5.29	0.23%		-20.8%
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

INVESTMENT OBJECTIVE

Long bias Equity Fund investing across the Silk Road region

PERFORMANCE USD I SHARE CLASS

Returns	Central Asia Fund
Last Month	0.23%
Year to Date	-20.8%
NAV	807.08

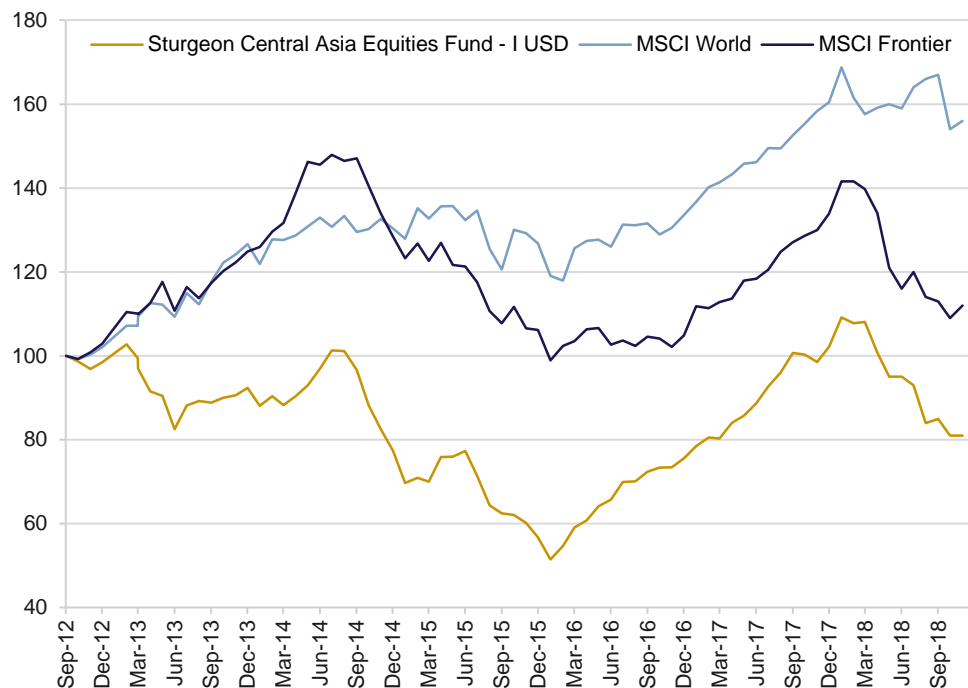
FUND DETAILS

Structure	UCITS
Domicile	Luxembourg
Launch Date	Oct. 2012
Fund Size USD	\$17m
Units in Issue (USD I)	21,173
Number of Holdings	32
Dealing	Weekly

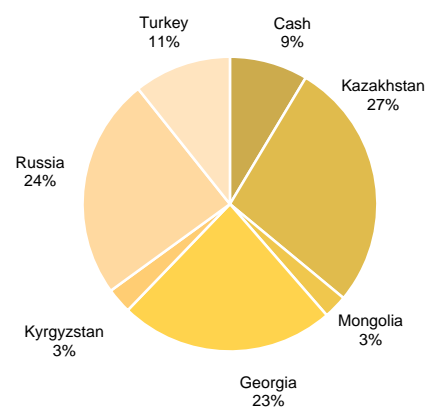
TOP 10 HOLDINGS

	Company Name	%
1	Liberty Bank Ord	12.9%
2	Halyk Savings Bank GDR	9.2%
3	TCS Group	8.9%
4	Steppe Cement	5.0%
5	TBC Bank	3.3%
6	Georgia Healthcare Group	3.1%
7	KazTransOil	3.0%
8	Mail.ru Group	2.9%
9	DP Eurasia	2.9%
10	Centerra Gold	2.8%

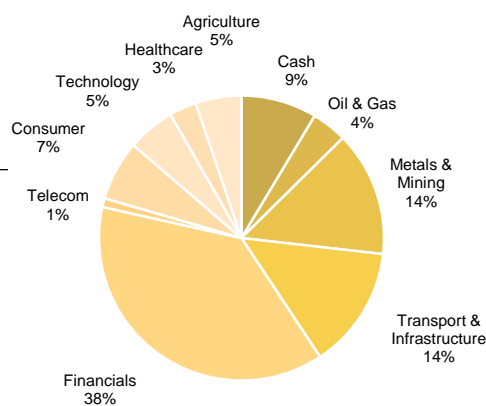
CUMULATIVE PERFORMANCE



GEOGRAPHICAL ALLOCATION



SECTOR ALLOCATION



CONTACT DETAILS

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

FUND STATISTICS

Performance (%)	USD I	USD R	EUR R	GBP R
One Month	0.23%	0.18%	0.60%	0.66%
Three Months	-4.04%	-6.86%	1.34%	-2.37%
Year To Date	-20.77%	-21.91%	-16.43%	-16.55%
One Year	-17.92%	-19.17%	-15.27%	-15.84%
Three Years	10.37%	9.42%	6.92%	13.94%
Five Years	-2.23%	-3.37%	0.60%	0.80%

Risk & Return: Since Inception	USD I	USD R	EUR R	GBP R
Return Since Inception	-3.38%	-3.49%	-1.86%	0.90%
Standard Deviation (%)	15.87%			
Sharpe Ratio	-0.14			
Correlation				
MSCI World	0.49			
MSCI Frontier	0.69			

* 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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