

SHINING A LIGHT ON THE..... Mirabaud Equities Global Emerging Markets Fund

AT A GLANCE

Investment Objective	
The Fund will invest at least 70% of its total net assets in equities and equity related securities of issuers that have their registered office, or carrying out most of their business, in emerging markets; this includes countries in Latin America, South East Asia, Africa, Eastern Europe (including Russia) and the Middle East. It may invest up to 10% of its total assets in China A-Shares via the Shanghai-Hong Kong Stock Connect program.	

Inception Date	15 April 2013
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000PXWN

Management	
Manager Name	Start Date
Daniel Tubbs	15 April 2013
Charles Walsh	15 April 2013

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	66.35%
Large	15.38%
Medium	16.31%
Small	1.95%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	40	
Assets in Top 10 Holdings	39.80%	
Name		% of Assets
Alibaba Group Holding Ltd		6.4%
Taiwan Semiconductor Manufacturing Co Ltd		4.7%
Housing Development Finance Corporation Ltd		4.3%
Baidu Inc		4.2%
SK Hynix Inc		3.7%
Industrial and Commercial Bank of China		3.7%
AIA Group Ltd		3.3%
LG Household and Health Care		3.3%
POSCO		3.2%
Sberbank Russia		3.0%

Volatility Measurements	
3-Yr Std Dev (volatility)	15.96%
3-Yr Mean Return (average)	13.62%

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FUND PERFORMANCE

Performance from 15 April 2013 to 30 June 2018:

	2013	2014	2015	2016	2017	2018
Mirabaud Equities Global Emerging Markets Fund	-5.33%	-0.92%	-9.85%	28.00%	30.13%	-5.40%
iShares MSCI EM ETF	-5.95%	2.62%	-11.15%	33.56%	24.43%	-5.18%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Mirabaud Equities Global Emerging Markets Fund	7.72%	41.38%	40.29%	33.24%
iShares MSCI EM ETF	5.55%	38.47%	43.72%	35.13%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

The managers started by explaining how emerging markets have shifted over the last few years. It has moved from a focus on energy and materials to information technology. They feel that Asia and Emerging Markets will become a major part of all our lives and are behind a lot of the changes that we are seeing.

As technology development moved from Japan to the US, they now feel it is moving to China. Apple is lagging behind in technology and really is seen only as a luxury brand. The likes of Huawei will be launching a foldable smart phone and Samsung are expected to follow.

The US focuses on Apple, Alphabet, Microsoft, Amazon and Facebook. The big players in Asia are Baidu, Alibaba, Tencent, JD. Com and Huawei. The revenue from these is significantly higher than the US counterparts, and cash is great. They invest about the same in R&D and have similar employee numbers. These companies are the ones overtaking the US.

Asia is driving changes in technology and also changing the way it approaches pollution, in a positive way. In china, by 2020, all new buses must be electric. China Everbright is a leading player in waste management, focusing on waste-to-energy business, waste water treatment and biomass and hazardous waste treatment.

The highest weighting in the fund is China with 40% and in terms of sector the two main weightings are Information Technology and Financials. The fund looks to hold 40 stocks only. If a stock drops 15% relative to the benchmark, then it is sold. The point is that they don't want a single stock to undermine the performance of the overall portfolio. They can re-invest if the opportunity arises. 66% of the time this approach works.

The "concern" I would have with the fund is the performance. I don't disagree with the approach to investing and like the management team. However, since launch and over five years the fund has

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underperformed the index; although in the last three years it has started to slightly outperform. This might be because the top ten doesn't hold a lot of the big-name tech companies which have driven performance in recent years. Since launch it has not been consistent in terms of outperformance against the index and this may deter investors. The question we would want answered is why they think now would be a good time to invest. Are they positioned with companies of the future? Is this the fund to hold for the next five years?

The source of information in this note has been provided by Mirabaud and is correct as at July 2018. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.