

# MAGNA EMERGING MARKETS FUND

30 APRIL 2017

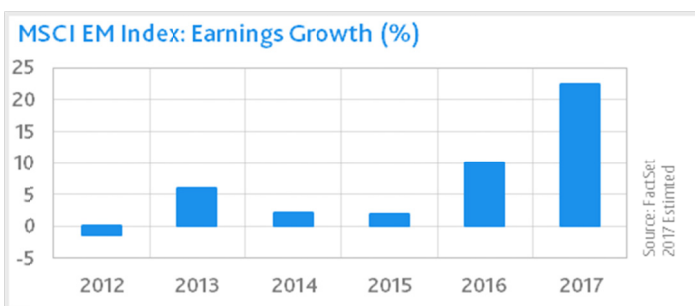
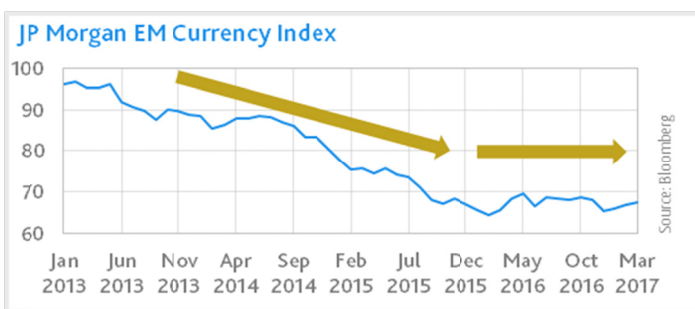
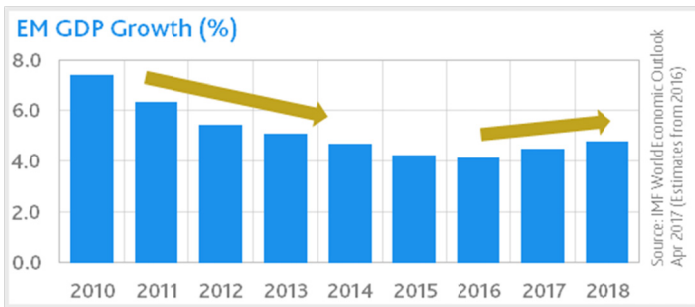


## WHY EMERGING MARKETS NOW? RECOVERY IN GROWTH, CURRENCIES AND CORPORATE PROFITS

### WHY CHARLEMAGNE CAPITAL FOR EMERGING MARKETS?

- Lead manager of the fund has 30 years' experience and a strong track record in the asset class, producing annualised outperformance of 2.8% over the last five years<sup>1</sup>
- Supported by a team with an average of 18 years' investment experience
- Focused portfolio of around 40 stocks
- Active stockpicking and benchmark agnostic: if we don't like a stock, we don't own it, even if it is a large part of the index
- Emerging markets is our sole business - our passion and our focus

## THE LAUNCH OF THE MAGNA EMERGING MARKETS FUND OFFERS INVESTORS ACCESS TO A FOCUSED PORTFOLIO OF STOCKS WHICH AIMS TO OUTPERFORM OVER THE MEDIUM TO LONG TERM



## INVESTMENT OPPORTUNITY THE RETURN OF EMERGING MARKETS

In recent months, investors have started to take note of the improved fundamentals in emerging economies:

**Growth** is accelerating again, based on a recovery in both domestic demand and exports. Currency weakness from 2011 to 2015 laid the ground for improved export competitiveness, while global trade is gradually picking up. Emerging countries are expected to grow by 4½ to 5% both this year and next, compared to well under half that rate for richer economies.

**Currencies** have stabilised, after the extended period of weakness referred to above. Current accounts are much improved. The rise in US interest rates and Donald Trump's victory have, despite some fears, been shrugged off by the markets – the first because it has been anticipated for years, the second due to a realisation that the presidency's trade policies would be likely to assume a more pragmatic tone. Real interest rates in emerging economies remain high, which should provide support for their currencies

**Corporate profits** are rising, again after a lengthy slump. Sales growth is steadily recovering, while wage inflation and capital spending are moderating. Analysts have started revising up their earnings forecasts and profits growth is set to exceed 20% in 2017, the highest number for seven years.

For these three reasons, 2017 may prove to be an opportune time to invest in emerging markets.

<sup>1</sup> Charlemagne Capital's Emerging Markets Core Growth Composite, Gross USD, compared to the MSCI Emerging Markets Index

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## QUALITY INVESTING IN EMERGING MARKETS

Investing in companies in emerging markets with a high return on equity has resulted in long term outperformance. Ours is a stockpicking approach, with a longer term investment horizon. We seek the best companies throughout the emerging world, carrying out detailed fundamental research. These are companies with high and sustainable barriers to entry, operating within monopolistic or oligopolistic market structures and with pricing power. These businesses compound their earnings and cashflows over time. Together with high-quality management, these businesses typically produce a higher return on equity over the long term.

## YOUR EMERGING MARKETS TEAM

The fund's lead manager is Mark Bickford-Smith. He is supported by a team with an average of 18 years' investment experience. Members of the team have detailed knowledge of the regions and sectors in which they specialise. Ours is a research-based process: our team conducts over 2,000 company meetings a year, involving frequent travel to the markets in which we invest.

## PERFORMANCE

The Magna Emerging Markets Fund is managed according to Charlemagne Capital's Emerging Markets Core Growth Strategy, our flagship global product, which invests across emerging markets without restriction. It was created in 2003 and has since 31 Jan 2012 been the responsibility of Mark Bickford-Smith who joined Charlemagne Capital on this date as the lead portfolio manager for all Charlemagne Capital's emerging market equity strategies. The table below highlights the performance of the strategy under Mark Bickford-Smith's management.

Periods to 28 APR 2017	3M	YTD	1Y	3Y	5Y	MBS <sup>2</sup>
EM Core Growth Strategy, USD Gross	11.2%	16.4%	21.6%	5.5%	4.2%	4.8%
MSCI Emerging Markets Index	8.0%	13.9%	19.1%	1.8%	1.5%	1.7%
Added Value	3.2%	2.5%	2.5%	3.7%	2.8%	3.2%
EM Core Growth Strategy, USD Net (estimated) <sup>3</sup>			20.1%	3.9%	2.7%	
Implied Peer Group <sup>4</sup> Ranking (rank/no. funds in peer group)			162/602	46/514	72/423	
Implied Peer Group Quartile Ranking			2	1	1	

This information is presented as supplemental to the GIPS compliant presentation included at the end of this document. Returns are annualized for periods in excess of one year

2 Since Mark Bickford-Smith took over responsibility for managing the strategy on 31 January 2012

3 A Total Expense Ratio ("TER") is not applicable to the EM Core Growth Strategy. The estimated net performance was calculated by deducting an annual TER of 1.48%, which is the Peer Group (see Note 4) average, from the gross performance of the EM Core Growth Strategy. Charlemagne Capital (UK) Limited gives no warranty or guarantee (express or implied) to the accuracy or completeness of the TER information used in the calculation of estimated net performance. Past performance (whether actual or indicative) is no guarantee of future results. Inherent in any investment is the potential for loss.

4 The Peer Group is the Morningstar Global Emerging Markets Equity Category

## YOUR PORTFOLIO<sup>5</sup>

The fund holds 40 stocks. The average return on equity is 17.3%, compared to 12.6% for the market as a whole. 38.7% is invested in small and medium sized companies (with a market capitalization of less than USD10bn), against 32.0% for the index. 23.9% of the portfolio is in off-benchmark holdings while the active share is 76.3%.

5 As at 30 April 2017

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## OUR OFFERING TO YOU

The Magna Emerging Markets Fund is part of the Magna Umbrella Fund plc, an Ireland-domiciled UCITS. It is an open-ended fund with daily trading.

	B Shares	Z Shares
Minimum Subscription	GBP 5,000	EUR 5,000
Additional Subscription	GBP 100	EUR 100
Annual Management Fee	1.00%	1.95%
ISIN Codes		
	EUR	IE00BDHSR282
	GBP	IE00BDHSR407
	USD	IE00BDHSR514
	CAD	IE00BDHSR399
		IE00BDHSR621
		IE00BDHSR845
		IE00BDHSR951
		IE00BDHSR738

## GIPS PRESENTATION

Gross USD Performance

Year	Composite Gross Return	Benchmark Return	Composite 3 Year St Dev	Benchmark 3 Year St Dev	Number of Portfolios	Internal Dispersion	Composite Assets	Firm Assets
2003	32.2%	26.6%			Five or fewer	N/A	USD 48m	USD 799m
2004	37.7%	25.6%			Five or fewer	N/A	USD 110m	USD 2,171m
2005	36.2%	34.0%			Five or fewer	N/A	USD 267m	USD 4,084m
2006	38.3%	32.2%	21.2%	18.1%	Five or fewer	N/A	USD 306m	USD 4,645m
2007	41.9%	39.4%	22.1%	18.9%	Five or fewer	N/A	USD 529m	USD 6,498m
2008	-64.6%	-53.3%	34.1%	29.1%	Five or fewer	N/A	USD 376m	USD 2,179m
2009	78.2%	78.5%	35.4%	32.8%	Five or fewer	N/A	USD 801m	USD 2,883m
2010	18.2%	18.9%	35.4%	33.0%	Six	0.5%	USD 887m	USD 3,317m
2011	-23.1%	-18.4%	25.6%	26.1%	Five or fewer	N/A	USD 342m	USD 2,206m
2012	19.5%	18.2%	22.1%	21.8%	Five or fewer	N/A	USD 682m	USD 2,530m
2013	2.3%	-2.6%	19.6%	19.3%	Five or fewer	N/A	USD 581m	USD 2,636m
2014	0.4%	-2.2%	15.0%	15.2%	Five or fewer	N/A	USD 543m	USD 2,197m
2015	-8.8%	-14.9%	14.2%	14.3%	Five or fewer	N/A	USD 381m	USD 1,836m
2016	9.6%	11.2%	15.8%	16.3%	Five or fewer	N/A	USD 396m	USD 2,079m

2003 returns from 31 Jul

Charlemagne Capital's Emerging Markets Core Growth Composite consists of fee-paying discretionary portfolios with a remit to invest principally in global emerging markets. For comparison purposes, the composite is measured against the MSCI Emerging Markets Index, a free float-adjusted market capitalization index that is designed to measure equity market performance in global emerging markets. Returns include the effect of foreign currency exchange rates. The index uses the 4pm London close whilst the composite uses the 4pm New York close. Internal dispersion is calculated using the equal-weighted standard deviation of the annual returns of all portfolios that were included in the composite for the entire year. The Emerging Markets Core Growth Composite was created on 1 August 2003. This composite was redefined on 1 January 2014 to describe more accurately its constituent portfolios. This composite was previously known as the Global Emerging Markets Track 1 Composite. This presentation includes some corrections to errors identified in April 2013 that resulted in an understatement of performance results previously.

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