

May 31 2018

GBP I CLASS

Fund Information

Fund Name	GuardCap Emerging Markets Equity Fund
Fund Manager	GuardCap Asset Management Limited
Fund Inception	December 19, 2016
Share Class Inception	January 23, 2018
Share Class	GBP I Class
Style	Growth / Quality Large-Mid Cap. Bottom-Up Fundamental
Legal Status	UCITS
Bloomberg	GCEMEIG
ISIN	IE00BD1R3L25
Number of Sectors	GICS 5-11
Number of Holdings	25-30
Liquidity	Daily at NAV
Annual Management Fee	0.80%
Minimum Investment	\$500,000
Benchmark	MSCI Emerging Market Index (Net) £

Fund Statistics

Number of Stocks	27
Net Exposure	97.4%
Fund Size	\$18.2 million
Strategy Size	\$89.9 million
Active Share	90.4%

Top 5 Holdings

	Portfolio Weight
Frutarom Industries	8.9%
Samsung Electronics	6.6%
Taiwan Semiconductor	5.4%
Samsonite International Venture Corp.	5.1%
	5.0%

As of May 31 2018

Investment Objective

The investment objective of the Fund is to deliver a superior return to the MSCI Emerging Markets Index over the long-term by investing primarily in equity and similar securities issued by companies that have significant exposure to emerging market economies.

Investment Process

- Investment philosophy: sustained growth drives returns; quality protects against downside; valuation matters.
- In-depth fundamental analysis. High conviction, confidence building process.
- Concentrated long-only equity strategy with 25-30 quality growth investments.
- Benchmark agnostic, unconstrained portfolio construction; high active share.

Performance Analysis

	Fund %	Benchmark %	Relative Return %
1 Month	-3.17	-0.20	-2.97
3 Months	-7.70	-2.85	-4.85
Since Inception*	-11.30	-5.08	-6.22

*Inception date 23/01/18

Past performance results are no indication of future results. Issuance and redemption commissions are not included in the performance figures.

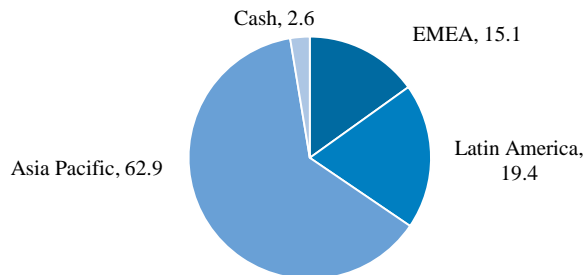
May Contributors

Dali Foods Group	+0.52%
Frutarom Industries	+0.49%
Ctrip.com International	+0.39%

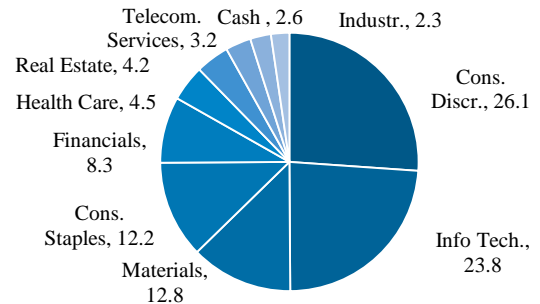
May Detractors

Samsonite International	-1.45%
Vakrangee	-1.20%
Kroton Educacional	-0.89%

Geographic Allocation (%)



Sector Allocation (%)



Manager Commentary

Emerging markets recorded a fourth consecutive month of negative returns in May, falling by 3.5%. Latin America was particularly weak during the month, -14% in US dollar terms, beset by concerns about potential trade wars and the outcome of Brazil's upcoming elections. EMEA fell by 5.8%, whilst Asia performed relatively well, down by only 1.3%. In terms of sectors, healthcare (+1.7%) went from being the weakest performer in April to the strongest in May, with IT (+1.1%) the only other sector in positive territory in the month. Telecoms and financials were the weakest sectors.

It was another poor month for the Fund. Samsonite International, one of the largest positions, was the target of a short-selling activist, which published a report alleging overstatement of profits and questioning the CEO's education credentials. Following a sharp fall in its price, the company requested a dealing suspension while it looked into the matter. At the beginning of June, the board published a comprehensive response that satisfactorily dealt with the alleged accounting discrepancies and resulted in the CEO standing down, a good outcome from a corporate governance perspective. The stock subsequently recovered a significant chunk of lost ground when it resumed trading. Unfortunately, the cloud over Vakrangee has still not cleared, so it has continued to lose ground. The only immediate solace is that the stock has recently begun to trade in large volumes, which should help clear the overhang of frustrated sellers. Finally, Kroton reported disappointing university admissions for this year, which led to a reduction of earnings estimates. Despite the negative news, the managers continue to have faith in the long-term business cases for all three companies.

On the positive side of the ledger, several Asian holdings, which had previously suffered setbacks, enjoyed decent gains. These included Dali Foods, Ctrip, Hengan and Sinopharm, all of which benefited from a more positive market view about the prospects for Chinese domestic stocks. Given the general softness of markets elsewhere, the stability provided by Frutarom, was welcome. Frutarom, which is subject to an agreed bid from IFF, has been the perfect example of the benefit of steady compound earnings growth and we will be sorry to see it go, albeit at a decent valuation. However, it may still be possible to participate in the business's future expansion, as post-merger IFF will have around half its sales in EM directly, thus meeting the fund's criteria for inclusion in the portfolio. Moreover, the two existing companies are remarkably complementary, which should produce the desirable combination of cost-cutting and increased sales opportunities. Good leadership will be the key ingredient of success of the merger, so the shape of the new management structure is critical. More details of this are awaited.

Portfolio Managers



Ed Wallace | Investment Manager, GuardCap Asset Management Limited

Ed joined GuardCap in 2015. His career in the investment industry began in 2001 when he joined Gartmore Investment Management on their global equity team as a graduate trainee, subsequently becoming an analyst and portfolio manager. In 2011 Henderson Group acquired Gartmore and Ed moved with the team to Henderson Global Investors managing global and international equity funds for institutional and retail clients. Over an 18-month period (2003-05), he also participated in developing UK government policy on institutional investment at HM Treasury. Ed graduated with a first-class honours degree in Modern History & Economics from Oxford University (1999). He is a CFA® charterholder.



Joris Nathanson | Investment Manager, GuardCap Asset Management Limited

Joris joined GuardCap in 2016. Prior to joining GuardCap, Joris spent ten years working for Nevsky Capital LLP, a multi-billion dollar AuM Global and Emerging Markets specialist investment firm offering both long only and long/short strategies, where he was Partner and Senior Analyst. Joris graduated from Oxford University with a degree in Philosophy, Politics and Economics (PPE). He qualified as a Chartered Accountant with Deloitte LLP.

For More Information:

Michael Hughes
 mhughes@guardiancapital.com | +44-20-7907-2405

Alexandra Schwarz
 aschwarz@guardiancapital.com | +44-20-7907-2011

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