Guinness Asian Equity Income Fund

INVESTMENT COMMENTARY – July 2018

Launch date	**19.12.13**
Team	**Edmund Harriss** (manager) **Mark Hammonds** (manager) **Sharukh Malik** (analyst)

Aim

The Guinness Asian Equity Income Fund is designed to provide investors with exposure to high quality dividend-paying companies in the Asia Pacific region. The Fund aims to provide long-term capital appreciation and a source of income that has the potential to grow over time.

Performance

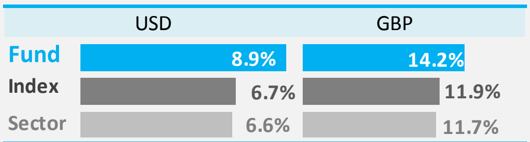
30/06/2018

Fund	Guinness Asian Equity Income (Y)
Index	MSCI AC Pacific ex Japan Index
Sector	IA Asia Pacific ex Japan

	2015		2016		2017	
	USD	GBP	USD	GBP	USD	GBP
Fund	-4.4	1.2	7.5	28.2	36.5	24.6
Index	-9.4	-4.1	7.8	28.6	37.3	25.4
Sector	-8.6	-3.4	5.3	25.7	37.2	25.3

	YTD		1 year		From launch	
	USD	GBP	USD	GBP	USD	GBP
Fund	-6.7	-4.4	6.7	5.0	47.4	82.6
Index	-3.7	-1.4	10.2	8.4	34.3	66.5
Sector	-4.2	-1.8	9.2	7.4	33.4	65.3

Annualised % total return from launch



Risk analysis (annualised, weekly, from launch)

	Index		Sector		Fund	
	USD	GBP	USD	GBP	USD	GBP
Alpha	0	0.0	0.6	1.4	3.6	4.0
Beta	1	1.0	0.9	0.9	0.8	0.8
Info ratio	0	0.0	0.0	0.0	0.4	0.4
Max drwdn	-29.1	-26.2	-26.7	-24.5	-24.3	-20.6
Tracking err	0	0.0	3.8	3.8	5.8	5.8
Volatility	14.7	15.2	13.2	13.4	12.5	13.8
Sharpe ratio	0.2	0.6	0.2	0.6	0.4	0.8

Past performance should not be taken as an indicator of future performance. The value of this investment and any income arising from it can fall as well as rise as a result of market and currency fluctuations.

Source: Financial Express, Y class 0.99%, bid to bid, gross total return.

Fund & Market

- Following the consistent positive advances in Asian markets in 2017, we saw the return of more volatile conditions in 2018.
- The market moved in four clear phases in the first half of the year: a sharp rise in the so-called 'melt-up' in January, a swift drawdown in early February as volatility returned, choppy sideways trading from March to May, and a further sell-off in June as global trade tensions escalated.
- The fund underperformed in the first six months of the year, returning –4.4% versus the benchmark –1.4% (Y share class in GBP). The fund's underperformance was attributable to some technology and China-related names.
- We believe the underlying earnings and dividend growth outlook for these companies in 2018 and 2019 to be positive, but on-going macro concerns around trade in particular mean it is valuation multiples that have been most affected.
- We differ from other income funds by beginning not with the dividend but instead on the ability of companies to generate and sustain cash-based profits from which the dividend is a natural outcome. We therefore seek a total return outcome with income growth a meaningful element alongside profit and capital growth.
- Asia looks very attractive relative to developed markets, offering a combination of strong earnings growth and modest valuations. The Asian Equity Income Fund trades at a discount to the market (as measured by MSCI AC Pacific ex Japan Index), has double-digit earnings growth forecast, and yields more than the benchmark.
- Risks are ever-present: trade tensions, geopolitics, and normalising interest rates are perhaps the most salient. However, for the long-term investor, the fundamental themes of manufacturing improvements, lifestyle upgrades and developing services industries are more pertinent – these are the themes that will drive long-term returns.

Events in 2018

- Trade tensions dominated the news headlines for much of the first half of the year, with the announcement of steel and aluminium tariffs by the US. A temporary exemption to Canada and Mexico was granted on the grounds of renegotiating NAFTA provisions.

- Attention then turned squarely towards China. The strident views expressed by President Trump were initially met by China with a more conciliatory tone and dialogue ensued between both sides (leading the US Treasury Secretary at one point to declare that the trade war was "on hold"). But towards the end of the period, relations deteriorated as both parties' views seemed some distance apart. The result was the announcement by the US of a 25% tariff to be applied to $34bn of Chinese imports, with another $16bn likely to follow. China retaliated by imposing tariffs of an equivalent size.

- China continued its deleveraging efforts to reduce excesses and vulnerabilities in the financial system.

- An historic summit was held in Singapore in June between President Trump and Kim Jong-Un which led to the signing of a joint statement committing to denuclearisation of the Korean peninsula.

- The Malaysian election yielded a surprise result with the victory of Mahathir Mohamad, the 92-year-old former Prime Minister. He defeated Najib Razak who had become embroiled in the 1MDB scandal.

- Indonesia hiked interest rates several times after experiencing currency weakness and outflows.

Investment process summary

We look for companies that have sustained competitive advantages over their peers which we measure using return on capital over a multi-year time horizon. We define our investment universe of around 300 companies as those that have achieved a return on capital that is persistently above the cost of capital over the past eight years.

Within our universe of 300 companies, we seek those where the market is undervaluing their future cash flows. Because the companies in the universe are both consistently profitable and typically have good opportunities to deploy capital, they are often able to reward shareholders with a dividend that grows over time.

By focusing on quality, value and dividends, we stand to benefit from three sources of total shareholder return: earnings growth, multiple re-rating and dividend income. For any given individual stock, the balance between these elements may vary, but we believe all three are important for overall returns.

We maintain a concentrated portfolio of 36 positions, all equally weighted. Our portfolio discipline ensures that if we want to buy another position, we first have to sell an existing holding. We rebalance the portfolio periodically, in order to benefit from market volatility.

Portfolio positioning and Outlook

Since hitting a high on 26th January, markets have been weaker and more volatile, but we are yet to see substantial negative revisions feeding through into corporate earnings estimates. In fact, earnings expectations remain robust, with solid growth currently forecast for 2018 and 2019. Thus weakness is a result of multiple contraction – driven more by sentiment – rather than a direct result of deterioration in the underlying fundamentals.

Asia has looked attractive as a region both on an absolute basis and on a relative basis for some time, and the recent pullback, we think, represents a good buying opportunity. Asia trades at a 16% discount to developed markets on a price/earnings basis. This discount (based on forecast earnings) has been wider in the past, but because earnings growth has been a significant driver of the strong rise in Asian markets over the past couple of years, Asia remains attractive from a valuation point of view.

The portfolio is even more attractively valued, trading at a further 7% discount to the benchmark on forecast earnings. In aggregate, the portfolio trades on only 11.9x 2018 earnings and 10.8x 2019 earnings, implying 10% earnings growth.

As you would expect, given the fund's investment process, the average return on capital of the portfolio is substantially above the market average, and from an income perspective, the net yield of the portfolio, at 3.9%, is significantly higher than both the benchmark (on around 3%) and many other regions around the world. Furthermore, the companies in the portfolio have a good track record of growing their dividends – on average over the past five years they have grown them at more than 10% *per annum*. Last, balance sheets are strong, with the average net debt to equity ratio for non-financials at –12% (i.e. net cash).

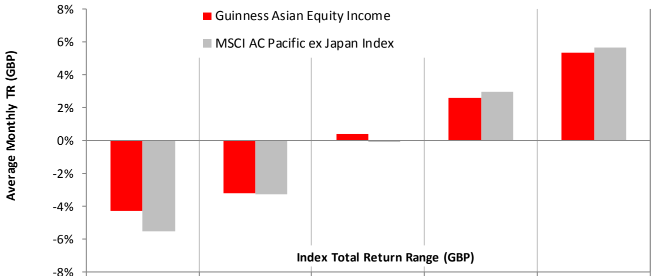
If an individual company had these metrics, we doubt it would go unnoticed by investors for long (and the portfolio, of course, has the added benefit of offering diversification across sectors and geographies).

Investors in Asia have many risks to consider (of course, they are not alone in this respect). Conflicts over trade policies seem unlikely to be resolved in the near term (we write more about this below), the path of interest rate rises in the US could accelerate, and economic data, while robust, is not quite as strong as previously. But many of these factors are short-term in nature. We believe it is the more fundamental themes of manufacturing improvements, lifestyle upgrades and developing services industries that will drive Asia's growth (and shareholder returns) over the long term.

We believe our focus on quality companies, defined by their cash flow-based returns on capital, will continue to provide a highly desirable combination of defensiveness and growth.

Performance

The chart below shows how the Fund has performed in weaker or strong market conditions since launch to 30th June 2018. The tendency has been to capture most of the gains in strongly rising markets while offering greater downside protection in weaker conditions:



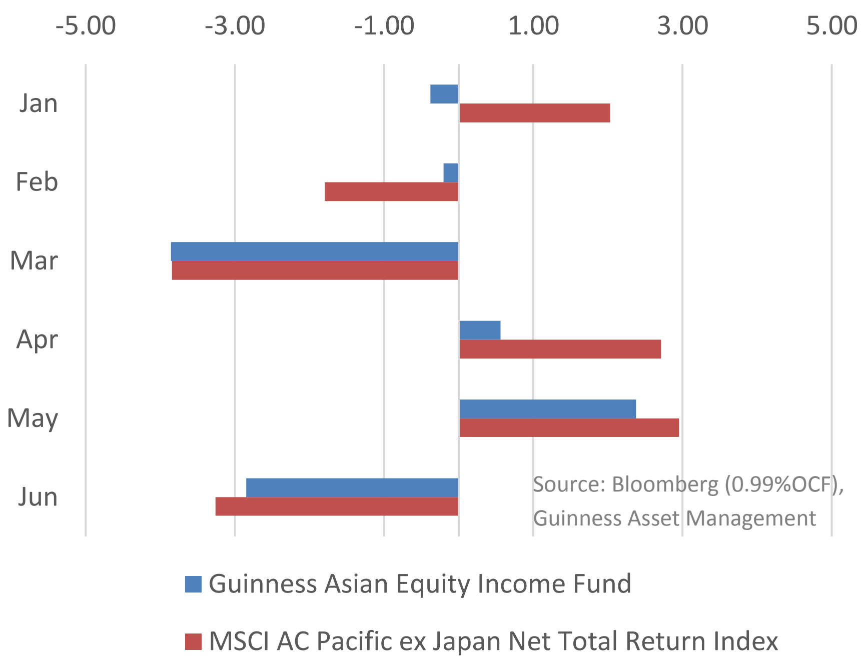
	< -4%	-4% to -2%	-2% to 2%	2% to 4%	> 4%
Guinness Asian Equity Income	-4.3%	-3.2%	0.4%	2.6%	5.3%
MSCI AC Pacific ex Japan Index	-5.5%	-3.3%	-0.1%	3.0%	5.6%
Difference	1.2%	0.1%	0.5%	-0.4%	-0.3%
Frequency	7	4	18	14	12

Performance data quoted represents past performance; past performance does not guarantee future results. (Please see Performance Disclosure above.)

The fund underperformed in the first six months of the year, returning –4.4% versus the benchmark –1.4% (Y share class, total return in GBP). The fund's underperformance was attributable to some technology and China-related names and a few stock-specific factors.

To analyse the fund's performance in detail, we first look at the monthly returns of the fund versus the benchmark, as the following chart shows, to assess whether the fund's behaviour is in line with expectations:

2018 YTD monthly returns (%) in GBP



Our two main periods of underperformance were in January, where we underperformed in a strong market environment, and April, where the fund fell (in USD terms) in mildly positive markets. Both of these months merit further examination.

January saw the acceleration of the run-up in markets, following positive performance for most of 2017. While we would expect to underperform in such an environment, we would have liked the fund to have kept up a little better. Our lack of exposure to the Chinese internet companies (principally Tencent and Alibaba) hurt our relative performance. (We don't hold the Chinese internet companies, because they typically pay little or no dividends.) In contrast, we had good performance in January from our holdings in the Chinese banks as China's deleveraging and efforts to reform the financial sector gained credibility.

The markets peaked on 26th January before going into a sharp drawdown at the start of February. Our biggest period of outperformance came in February (the weakest month of the first half) when the fund provided downside protection by drawing down less than the market, as we would expect.

In April, our exposure to Information Technology harmed our relative performance. We hold several suppliers for smartphone manufactures in the portfolio, which were hit by a 'perfect storm' of three factors:

1. Concern over slowing iPhone sales
2. Weaker demand from Chinese manufacturers due to elevated inventory levels
3. General concerns over increased trade tensions between the US and Asia

We have since seen improvement in the first two areas: iPhone weakness was not as bad as people feared and Chinese demand looks likely to pick up. Trade tensions, while they have certainly intensified, we feel are less of a concern in this area because of the impracticality of deep upheaval within the technology supply chain (component production is unlikely to relocate to the US any time soon).

What is interesting is that we have seen this pattern before. There was similar weakness in technology names in April 2016, again primarily because of concern over iPhone sales slowing. But selling out would have been a mistake – the Information Technology sector performed very well on a relative basis for most of the rest of 2016 and 2017. The smartphone component manufacturers benefit from a trend of continuing upgrades in smartphone specifications. For example, in the case of Largan Precision, a camera lens manufacturer, the trend has been for Apple and others to add additional cameras to their phones, which feature increasingly sophisticated lenses (thus Largan benefits from both trends). That the market sometimes is more pessimistic on the sector as a whole is good for us, as we can top up our holdings. Meanwhile, the companies continue to generate strong returns on capital. At present, the Information Technology names are some of the most attractively valued stocks within the portfolio. The fund's lack of exposure to Materials companies (which, being cyclical, don't tend to feature heavily in our universe), also negatively affected our relative performance. Partially offsetting the underperformance in Information Technology, our Financials holdings (including the Chinese banks) and our Consumer Discretionary stocks performed well.

June was the second weakest month of the first six. The fund provided some downside protection in a falling market, but as not as much as we might have hoped. Markets were weaker as trade concerns intensified: the US confirmed a 25% tariff on $34bn of Chinese imports, with a further $16bn likely to follow; President Trump announced a review of automobile imports, questioning whether they were a threat to national security; further restrictions on Chinese overseas investment and use of intellectual property are to be investigated.

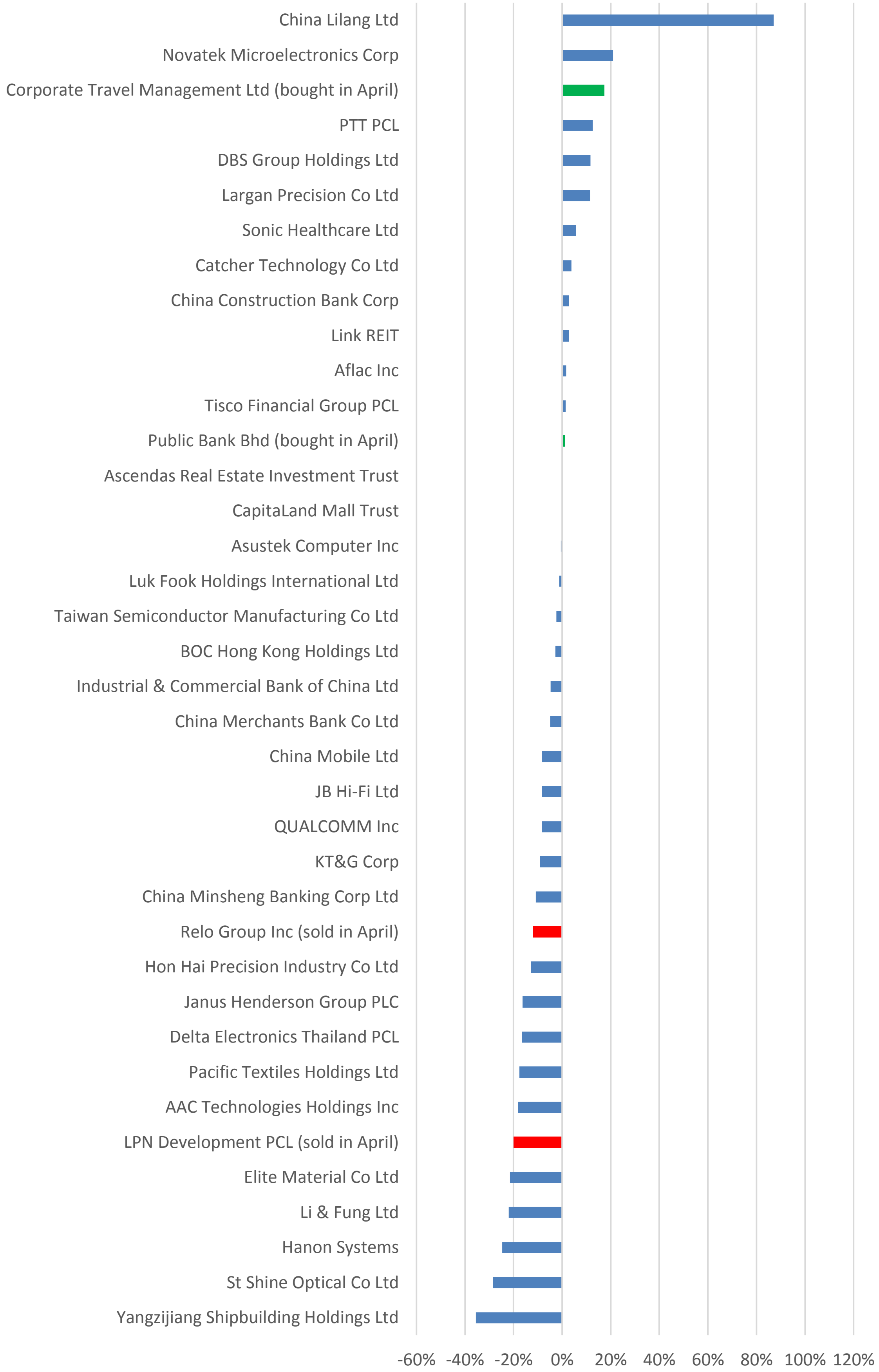
While trade tensions are undeniably unsettling to investors, they have not yet become a significant problem from an economic point of view (as the lack of substantial negative revisions to earnings demonstrates). What has disturbed sentiment the most is the threat of further tariffs on China – potentially affecting another $200bn of imports (presumably accompanied by retaliatory measures by the Chinese) – and a broadening of the conflict to involving the EU and other US trading partners. Our position is that a full-blown trade war is unlikely; we think a negotiated agreement is the probable outcome. We saw signs that the US and China are willing to strike a deal –

the overturning of sanctions on ZTE, when the consequences of the ban were realised, being a prime example. However, we do not expect any immediate signs of progress, because President Trump still has to ‘act tough’ ahead of mid-term elections in the autumn. We think behind-the-scenes negotiations are far more likely.

As this noise (which, again, in its current state is predicted to have a minimal effect on growth) rumbles on, we think it is wise to remember some of the long-term structural trends that have been taking place (and which prompted trade tensions to erupt in the first place). China has been transforming its economy, moving from simple product manufacturing into higher value-added and more technologically advanced manufacturing. In China and elsewhere in Asia, supply chains have become deeply embedded in the region, and many of the products that are produced – integrated circuits, electrical components, consumer electronics goods – are unlikely to be produced elsewhere. The broad long-term trends that have secured Asia’s development over the past 30 years are likely to continue.

The 36 names in the portfolio are our best ideas in the region and while we don’t expect them to move independently of one another, we want to avoid over-exposure to themes that could cause weakness in a significant section of the portfolio. So when analysing our performance, we want to ensure that it is not the direct result of thematic exposure, but rather that it comes from stock selection. The chart below shows the performance of individual stocks through the first half of the year:

Individual stock performance in 2018 (total return GBP)



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Within the top five performers there is a mix of industries: retail, integrated circuit design, energy, travel services and banking. The companies are based in China, Taiwan, Thailand, Australia and Singapore.

Among the weaker names we have a similar mix of industries: shipbuilding, healthcare products, auto components, export services and product sourcing, and integrated circuit materials. Again, a variety of countries is represented: China, Taiwan, Korea and Hong Kong.

Portfolio review

Leaders

China Lilang was the stand-out performer over the first half of the year, returning more than 80% in GBP terms. The company is a clothing retailer based in China and focussed on casual menswear in the young adult segment. Lilang's main brand LILANZ has recovered after a difficult period in 2016, with same store sales accelerating over the second half of 2017 and continuing into 2018. The company also reported very strong year-on-year sales growth in both its fall and winter trade fairs.

Novatek Microelectronics is a designer of integrated circuits used primarily in flat-screen displays in a variety of applications including TVs, tablets, smartphones and cars. The company has recently benefited from greater adoption of its chips within TFT panels. Sales have begun to pick up and gross margins have also improved from a year ago. Novatek is projected to return to earnings growth this year.

PTT, the Thai oil and gas company (and our only Energy holding within the portfolio) performed well following a sustained recovery in the oil price. Brent crude rose from $66.82/bl at the end of 2017 to $78.60/bl at the end of June 2018. PTT's gas business sells part of its volume at oil-linked prices, but since the cost of its gas lags behind, the company benefits from an environment of rising oil prices. PTT also completed a stock split during the period. While this shouldn't affect the valuation of the company, it had no adverse effect on investor appetite for the stock.

Corporate Travel Management, one of the stocks added to the portfolio during the period, was among the better performers. For more details on the company, see comments below under 'Portfolio Changes'.

DBS bank in Singapore reported strong results for 4Q17 in terms of loan growth and margins. Reinforcing the positive outlook was an increase in the dividend pay-out ratio and the announcement of a special dividend. DBS is a regional bank with operations in Singapore, HK/China and ASEAN. The improvement in the oil price will also have helped to quell fears over DBS's exposure to smaller oil services companies in the region.

Laggards

After returning more than 80% in GBP terms last year, it is not surprising that Yangzijiang would give up some of the gains this year. The stock suffered in the first half after reporting lacklustre results for the fourth quarter of 2017. Provisions on new orders resulting from foreign exchange movements and higher steel costs led to reduced gross margins. However, management reported good recent contract wins, and indicated that they will be discerning in selecting future contracts in the depressed pricing environment – something we like to hear.

After going through a pronounced cyclical downturn, conditions in the shipbuilding industry look set to improve. As older, lower-specification ships are scrapped, new orders are likely to come through. Tougher regulations to reduce emissions will also be a tailwind, accelerating the rate at which older vessels are scrapped. Yangzijiang's designs are well placed to benefit; the company has been focusing on advanced hull designs that are more fuel-efficient than those used previously. The stock is certainly one of the more volatile within our universe, and we have added to it at these lower levels to bring it back to neutral weight in the portfolio.

St Shine has also been faced with higher costs, resulting in lower gross margin levels and prompting analysts to reduce their earnings expectations for the stock. Partly lower margins are a result of higher labour costs, but partly they are a result of depreciation as the company expands its capacity. St Shine is forecast to achieve strong revenue growth in 2018 as a result of its new US direct-to-consumer customer, Hubble. The effect will be to decrease exposure to Japan, which currently accounts for more than half the company's revenues.

Hanon Systems was weak over the first half, giving back some of the gains achieved in 2017. The company, an automotive parts supplier specialising in thermal management systems, saw some softness in revenue from weaker sales by Hyundai and Kia in China. However, Hanon's efforts to diversify sources of revenue have helped to reduce the impact of China weakness and Hyundai Motor Group (which includes Kia) now represents less than half of Hanon's sales. Hanon is attractively positioned with respect to electric vehicles – sales of parts for new energy vehicles rose to 7.5% of sales in the first quarter and account for 30% of the company's backlog. As emissions continue to be in focus in China and elsewhere, demand for Hanon's products – which are optimised for fuel efficiency – is likely to increase. We expect the company to recover over the second half of the year, as conditions in China appear to be improving. The stock trades on an attractive valuation and we are happy to continue to hold.

Li & Fung was another stock to give up some of its gains made over the latter part of 2017. The company has struggled from a weak environment for some its main customers, US retailers, which have been closing stores to reduce their footprint and correspondingly reducing stock levels. Trade tensions have added an extra dimension of uncertainty, though there is scope for the company to benefit, since higher tariffs prompt businesses to make changes to their existing supply chains. For example, US customers may look to source goods outside China (but still within Asia) in order to avoid import tariffs. Li & Fung is taking steps to improve efficiency by investing in its digital sourcing platform. The company also paid a special dividend in the first half after selling its furniture, beauty and sweaters businesses where it sold goods as a principal. The divestment has the effect of simplifying the business and of strengthening the company's capital structure.

Elite Material suffered as a result of the tech sell-off in April, though the stock bounced in May after a broker upgrade. Following the recent weakness, the shares trade at very undemanding levels relative to peers and we have seen earnings estimates stabilise. A recovery in smartphone demand and increased adoption of the company's product should lead to a brighter performance for the stock in the second half.

Portfolio changes

We made two changes to the portfolio during the first half. The first switch we made was to sell Relo Holdings in Japan and to buy Corporate Travel Management in Australia.

Relo, the one Japanese-listed stock in the portfolio, had been an excellent performer in the fund (in which it had been held since launch), but the yield contribution from the stock had fallen to a low level as the stock price had risen, accompanied by an increase in valuation multiples. While we thought the prospects for the company were good, we felt there were more attractive opportunities from an income and valuation perspective.

Corporate Travel Management (CTM) is an Australian company that provides travel management services for corporate clients in Australia, the US, Europe and Asia. In its most recent half-year results the company reported 15% growth in revenue and 32% growth in underlying EBITDA. The dividend was also increased 25%. We like the client proposition that CTM offers: reducing travel costs for its clients while making it easier to arrange and manage bookings. The founder and Managing Director owns a significant equity stake in the business. As with Relo, we expect a significant proportion of our total return as shareholders to come from continued earnings growth in the business, leading to growth in the income stream from dividends.

The second switch we made was to sell LPN Development in Thailand and to buy Public Bank in Malaysia.

LPN Development had been a disappointing performer in recent times. The company, a Thai real estate developer centred around Bangkok, reported poor 2017 results, and had seen downgrades to 2018 earnings over a sustained period. LPN struggled with a build-up of inventory, a slower level of new project launches and a difficult market environment for condos. With doubts surrounding the company's ability to adapt its strategy to circumstances we decided there were better opportunities elsewhere, and we sold the position.

In its place, we purchased Public Bank, a pure-play Malaysian bank exposed to improving consumer confidence in the country. The bank has generated good returns on equity since 1999, following the Asian crisis. Public Bank provides a modest dividend yield, but one that has been growing at a steady rate over the last six years, which we find attractive. Expectations of faster earnings growth, with positive revisions to estimates, were also supportive of our decision to buy.

Edmund Harriss and **Mark Hammonds** (portfolio managers)
Sharukh Malik (analyst)

Data sources

Fund performance: *Financial Express, gross total return*

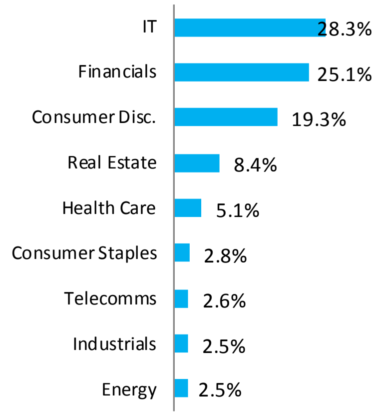
Index and stock data: *Bloomberg*

PORTFOLIO **30/06/2018**

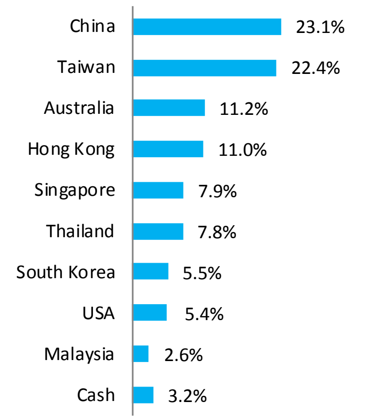
Fund top 10 holdings

Largan Precision	3.8%
Corporate Travel Management	3.2%
China Lilang	3.1%
Link REIT	3.0%
Novatek Microelectronics	2.9%
Asustek Computer	2.8%
Qualcomm	2.8%
AAC Technologies	2.8%
Capitamall Trust	2.8%
KT&G Corporation	2.8%
% of Fund in top 10	30.0%
Total number of stocks in Fund	36

Sector analysis



Geographic allocation



PERFORMANCE

30/06/2018

Discrete years % total return

	Jun '14		Jun '15		Jun '16		Jun '17		Jun '18	
	USD	GBP	USD	GBP	USD	GBP	USD	GBP	USD	GBP
Fund (Y class, 0.99% OCF)	-	-	-	-	-8.0	8.2	22.3	25.7	6.7	5.0
MSCI AC Pacific ex Japan Index	17.2	4.0	-0.8	7.9	-10.2	5.6	26.0	29.6	10.2	8.4
IA Asia Pacific ex Japan	16.6	3.4	-0.2	8.5	-10.4	5.3	25.1	28.8	9.2	7.4

Cumulative % total return

	1 month		Year-to-date		1 year		3 years		From launch	
	USD	GBP	USD	GBP	USD	GBP	USD	GBP	USD	GBP
Fund (Y class, 0.99% OCF)	-3.6	-2.9	-6.7	-4.4	6.7	5.0	20.0	42.8	47.4	82.6
MSCI AC Pacific ex Japan Index	-3.9	-3.2	-3.7	-1.4	10.2	8.4	24.6	48.4	34.3	66.5
IA Asia Pacific ex Japan	-3.5	-2.8	-4.2	-1.8	9.2	7.4	22.3	45.7	33.4	65.3

Annualised % total return from launch

Risk analysis - Annualised, weekly, from launch on 19.12.2013

30/06/2018	Index		Sector		Fund	
	USD	GBP	USD	GBP	USD	GBP
Alpha	0.0	0.0	0.6	1.4	3.6	4.0
Beta	1.0	1.0	0.9	0.9	0.8	0.8
Information ratio	0.0	0.0	0.0	0.0	0.4	0.4
Maximum drawdown	-29.1	-26.2	-26.7	-24.5	-24.3	-20.6
R squared	1.0	1.0	0.9	1.0	0.9	0.9
Sharpe ratio	0.2	0.6	0.2	0.6	0.4	0.8
Tracking error	0.0	0.0	3.8	3.8	5.8	5.8
Volatility	14.7	15.2	13.2	13.4	12.5	13.8

Past performance should not be taken as an indicator of future performance. The value of this investment and any income arising from it can fall as well as rise as a result of market and currency fluctuations.

Source: Financial Express, bid to bid, gross total return. Fund launch date: 19.12.2013.

Important information

Issued by Guinness Asset Management Limited, authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about equities and equity markets invested in by the Guinness Asian Equity Income Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

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Risk
The Guinness Asian Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. The Fund invests only in stocks of companies that are traded on Asian stock exchanges or that do at least half of their business in Asia; it is therefore susceptible to the performance of that region, and can be volatile. Details on the risk factors are included in the Fund's documentation, available on our website. Shareholders should note that all or part of the fees and expenses will be charged to the capital of the Fund. This will have the effect of lowering the capital value of your investment.

Documentation
The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available from the website www.guinnessfunds.com, or free of charge from:-

- the Manager: Link Fund Manager Solutions (Ireland) Ltd, 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 14 Queen Anne's Gate, London SW1H 9AA.

Residency
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The prospectus and KIID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, www.carnegie-fund-services.ch. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Ile, 1204 Geneva, Switzerland.

Singapore

The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories

Telephone calls will be recorded and monitored.