



# Access the World's Fastest Growing Economies

2018

**FMG RISING 6 FUND**



## The Opportunity

The FMG Rising 6 Fund offers exposure to the world's most exciting emerging markets; Asia/China, India, Russia, the Middle East, Africa and Latin America. The combined regions comprise of a number of opportunities:

- Sustainable economic growth rates which are significantly greater than developed economies
- Nearly 4 bn people which constitutes some 60% of the global population
- Covers about half the world's land mass
- A majority of the populations are under the age of 25
- Fast growing middle class with an increasing appetite for consumer goods



**Yet the Rising 6 regions only represents around 20% of world's stock market capitalization.**

Source: The World Bank, CIA World Fact Book, Bloomberg



## Geography and Demography

### Latin America

Central & South America including the Caribbean are comprised of 22 nations, almost 13% of the earth's land surface area, and a population of around 600 mn people. The three largest countries are Brazil, Mexico and Colombia.

### Middle East

An economically diverse region that includes the oil-rich GCC economies as well as the developing countries in North Africa. Positive demographics with 50% of the population under the age of 20.

### Africa

54 countries with a young and fast growing population. Large work force relative to many developed and emerging economies. Median age is 20 compared with 30 in Asia and 40 in Europe.

### India

India has a young population which along with continued urbanization creates increased consumer demand and stable domestic growth. Nearly 50% of India's population is below the age of 25 and 65% is below 35.

### Russia

Russia is the world's largest country geographically covering eleven time zones and it is almost twice the size of the US. 142 mn people live in Russia where almost 11 mn live in Moscow. Russia has the second largest middle class in Europe with 70 mn people.

### Asia/China

Asia's population comprise of 4.5 bn people, 50 countries and 30% of the world's land mass. The Chinese middle class alone, may grow to approximately 700 mn people, roughly 50% of the population.

Source: The World Bank, CIA World Fact Book



## Fundamentals



### Latin America

- Tremendous growth
- Diverse exports
- Domestic consumption
- Wealth of natural resources
- Huge infrastructure development



### India

- Stable democracy
- Young educated population
- Domestically driven economy
- Huge growing middle class
- Urbanization



### Middle East

- Positive demographics
- Young educated population
- Uncorrelated stock markets
- Export economy: oil & gas



### Asia/China

- Stable governments
- Large economic surplus
- Huge growing middle class
- Urbanization



### Africa

- Young and growing population
- Incomes improving via new tech
- Minerals and agricultural focus
- Overlooked stock markets



### Russia

- Stable government
- Export economy: oil & gas
- Young educated population
- Large existing retail market
- Low total debt/GDP

Source: CIA World Factbook, IMF World Economic Database



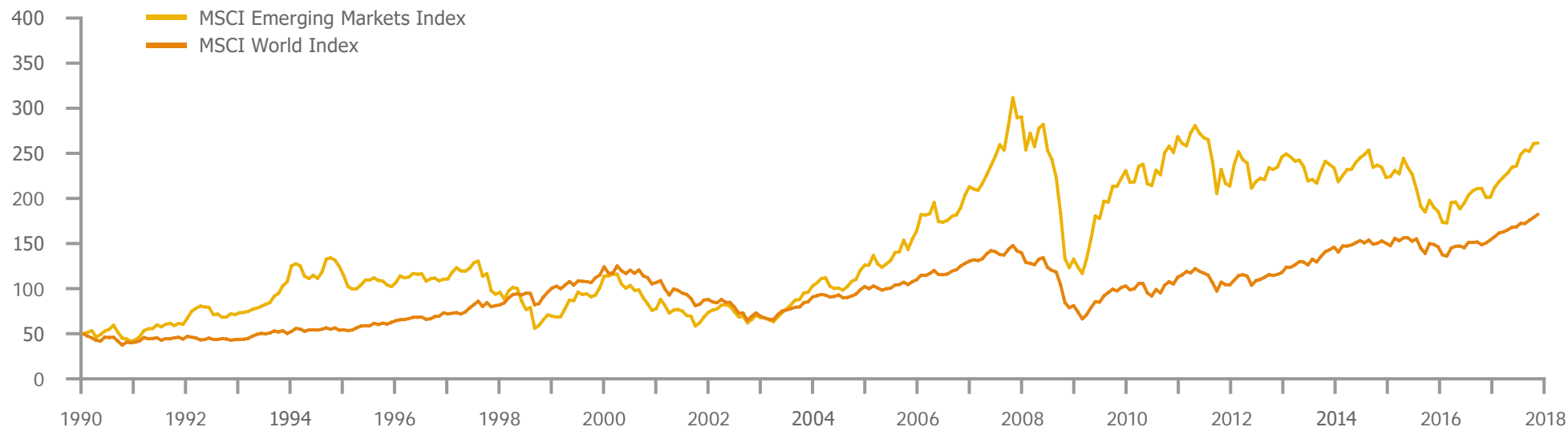
## Economy

- Russia is the world's 10<sup>th</sup> largest economy and the 6<sup>th</sup> largest in purchasing power parity terms. In 2017 the real GDP growth was 1.8%. Despite the economic sanctions, Russia's sovereign debt is less than 20% of GDP. Natural resources still account for about less than 40% of the Federal Budget revenue.
- India's economic edge is its thriving young population of educated workers benefiting from top notch sectors such as IT, pharmaceuticals, manufacturing and banking. By 2050 India is expected to comprise roughly 40% of global middle class consumption.
- China has the world's 2<sup>nd</sup> largest economy and almost 20% of the global population. Chinese state companies have over the last 10-15 years tripled worker salaries. China is also expected to be the largest car manufacturer within seven years.
- Africa's economic reforms are taking place pushing growth higher. Over the past two decades economic growth has exceeded population growth resulting in increased wealth creation. Growth is supported by a very favorable demographic profile. Most countries have manageable inflation rates.
- MENA's sovereign wealth funds are estimated to hold roughly US\$ 2 tn in assets. The region's growth rate is surpassed only by Asia and Sub-Saharan Africa. MENA has large F/X reserves and low debt levels which provide support for GCC countries.
- Being the world's 10<sup>th</sup> largest economy, Brazil plays a key role in the economic and political landscape of Latin America. But in addition, countries like Mexico, Chile, Colombia and Peru are growing fast with increasing attractiveness on the international investment scene.

Sources: Bloomberg, CIA World Factbook, IMF World Economic Database



## Stock Market



Source: Bloomberg

### Why Invest in the Rising 6 Stock Markets?

The Rising 6 stock markets are fast becoming the driver of global growth. The stock markets of the Rising 6 regions are expected to grow two to three times faster than the markets in the developed world according to IMF estimates. In general investors are still underweight emerging markets. Corporate profits tend to grow faster when economic growth is high. Another benefit for investors is the diversification the Rising 6 markets provide. They tend to perform not in lock step with developed markets and have been successful at decoupling from the greater, longer term woes, of developed countries.



## Risks

- As the middle class keeps expanding, people may require more from their leaders which may lead to frictions between the people and their governments
- Corruption and inefficiency are still issues in some emerging markets
- Democratic governance continues to gather momentum across emerging markets
- There have been more concerted and cohesive regional efforts to counter or resolve conflicts
- Political risk in emerging markets as a whole has been declining which sets the stage for long term growth





## Did You Know...

China is, by far, the world's largest car market

Brazil is the largest country in South America and the fifth largest nation in the world. Brazil is one of the world's leading producers of hydroelectric power

Bollywood sell more than 4 bn movie tickets yearly, almost twice that of Hollywood

Russia is the world's number one exporter of natural gas

Africa consists of 54 countries, 26 stock markets, a population exceeding 1bn and a land mass 3x the size of the US

Source: The World Bank, CIA World Fact Book, Bloomberg, IMF World Economic Database





## FMG Rising 6 Fund

The FMG Rising 6 Fund offers access to most of the Emerging Markets, namely Asia/China, India, Russia incl. CIS, Africa, the Middle East and Latin America. The fund's objective is to capture mid to long term growth in these regions. The investment manager utilizes both a top down macro and a long term quantitative model to determine allocations, including cash levels, whilst targeting a lower limit of 10% and upper limit of 25% for each of the regions. The fund will invest in very liquid securities to be able to rotate in and out of these regions. FMG considers risk management an integral element of the portfolio management process. The Rising 6 Fund is open to retail investors, seeking a higher risk-reward return profile, daily traded and UCITS compliant, making it an ideal investment for a broad exposure to emerging markets.

### The Model At a Glance

- Determines the rate of acceleration in any given market
- Forecasts turning points and long term direction of the markets
- Rate of change 2 month period vs. weighted rate of change over last 4 years



**“Actively managed through a top-down global economic and quantitative model, designed to generate an optimized and well diversified mix of the various asset classes”**



## FMG Rising 6 Fund Terms

### Minimum Investment

Class I: USD 1,000,000  
 Class R: USD 100  
 (or the equivalent for either class)

### Fund Structure

UCITS

### Currencies

EUR GBP JPY NOK SEK USD

### Dealing

Daily

### Subscription Fee

Up to 5%

### Annual Management Fee

Class I: 1% p.a.  
 Class R: 1.75% p.a.

### Subscription Notice Period 1

Business Day

### Redemption Notice Period 1

Business Day

### Fund Launch

January 2011

### Share Classes & ISIN

Class I USD: LU0574464805  
 Class I EUR: LU0574464474  
 Class I GBP: LU0574464557  
 Class I JPY: LU0574464987  
 Class I NOK: LU0574464714  
 Class I SEK: LU0574464631  
 Class R USD: LU0574464128  
 Class R EUR: LU0574463666  
 Class R GBP: LU0574463740  
 Class R JPY: LU0574464391  
 Class R NOK: LU0574464045  
 Class R SEK: LU0574463823

### Administrator

Apex Fund Services

### Auditors

Deloitte

### Custodian

ING

### Regulator

CSSF (Commission de Surveillance  
 du Secteur Financier, Luxembourg)



\*Or equivalent amongst the options listed under "Currencies".  
 The minimums may not apply to Offshore Portfolio Bonds and/or platforms which may allow down to the equivalent of US \$ 1,000.

Note that this is a marketing document. For detailed descriptions of the terms and conditions, including investment restrictions, as well as brief descriptions of certain risks associated with investing, please refer to the fund's prospectus and offering memorandum.



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