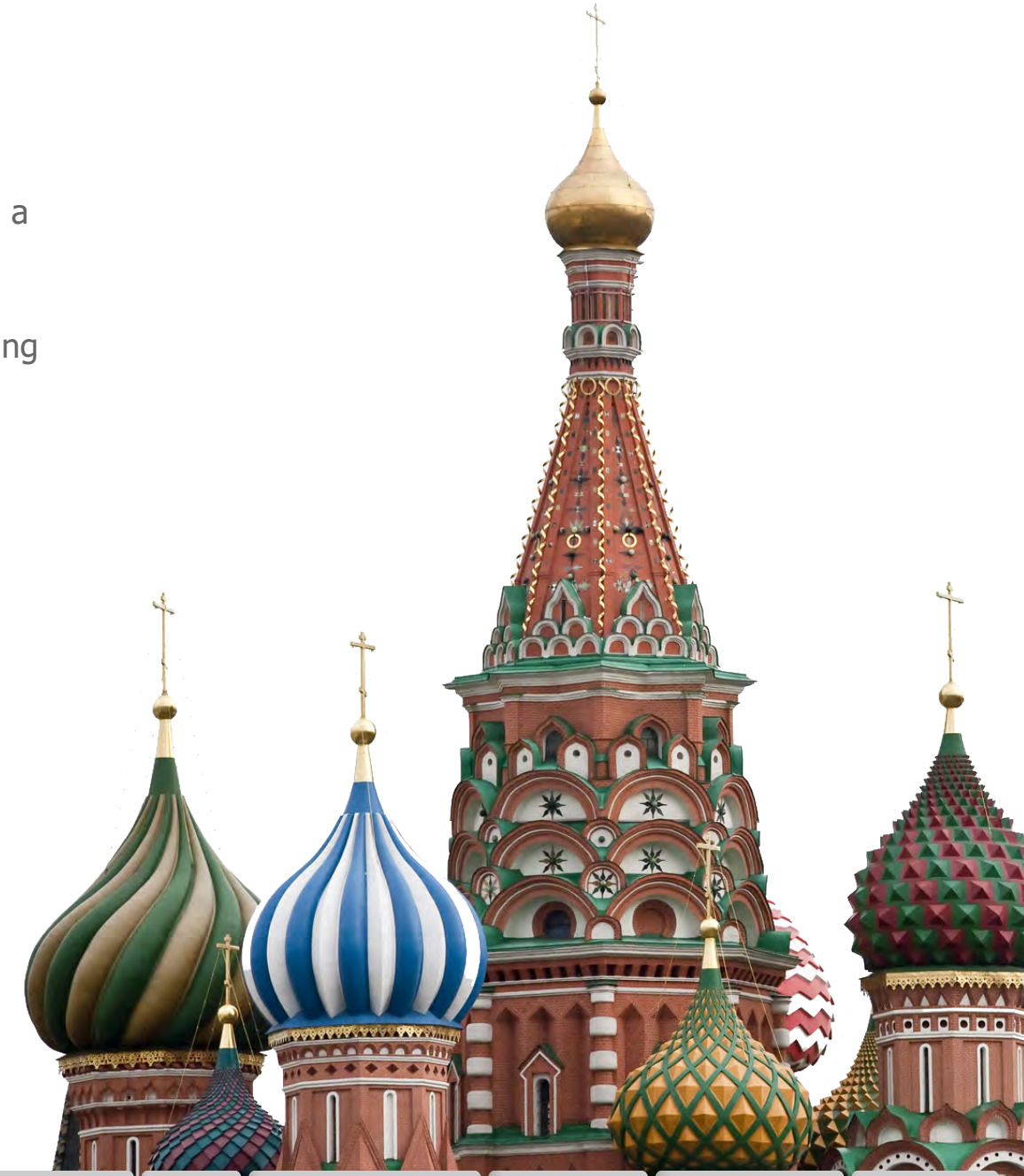
Tap into the World's Largest Oil Producer

2019

Russian Federation First Mercantile Fund

The Opportunity

- Russia is a hard asset economy which will benefit from a strong commodity boom
- Despite economic sanctions, Russia's economy is growing
- Diminishing reliance on oil and gas revenues
- Number one 'producer' of the world's engineers
- Record low inflation, high wage increase and low unemployment



Geography and Demography

- Russia is the world's largest country geographically covering eleven time zones and it is almost twice the size of the US
- The country borders Europe, Central Asia, China and North America
- 10% of Russia's enormous land mass is agriculturally compatible
- 142 million people live in Russia where almost 12 mn live in Moscow
- Given Russia's vast landscape, it possess the world's largest natural gas reserves along with large crude oil deposits

Fundamentals

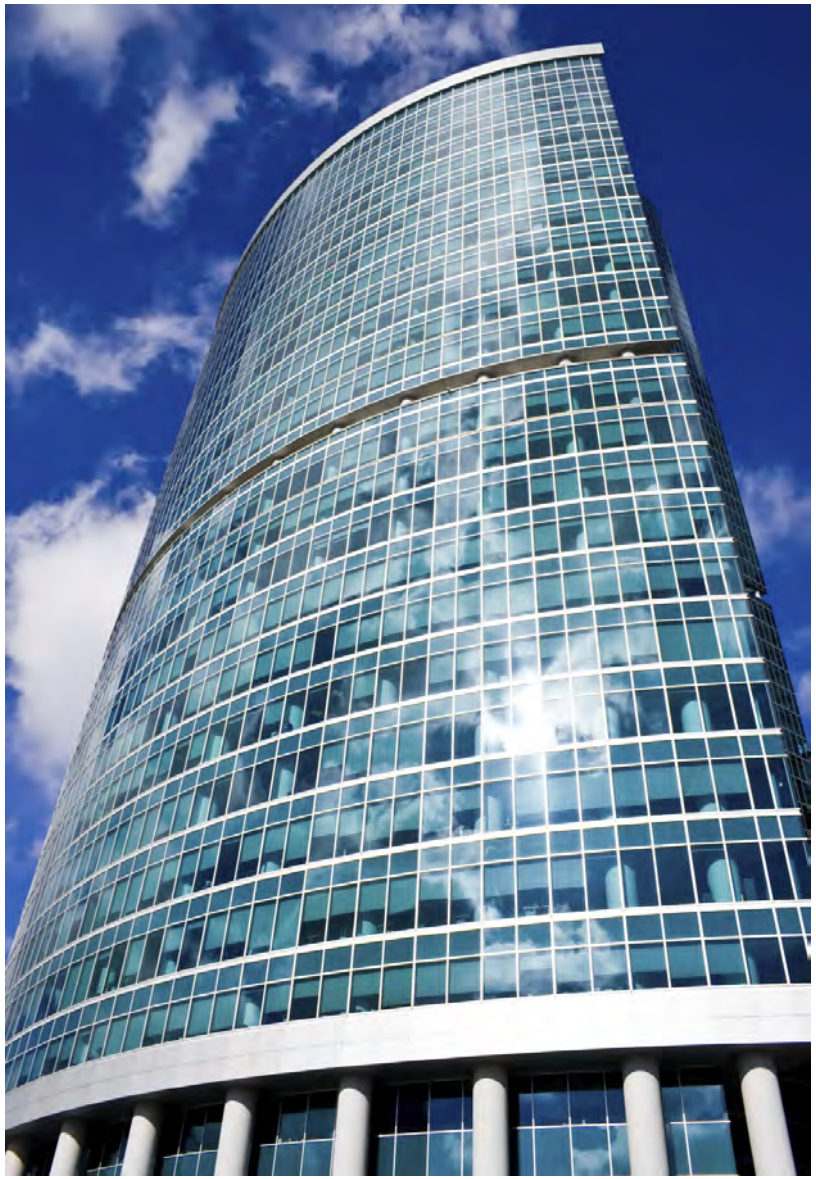
- The Russian consumer is four times wealthier than the Chinese and eleven times wealthier than the Indian consumer
- Russian stocks are trading at a 60% discount to global equities
- Russia has the world's 8th largest FX reserves, in excess of US $310 bn
- Among the fastest growing consumer base globally
- Russians have savings of close to 26% of GDP
- On World Bank's Doing Business ranking, Russia was 112 in 2013 but has moved up to 40 in 2017

Source: World Bank, Bloomberg

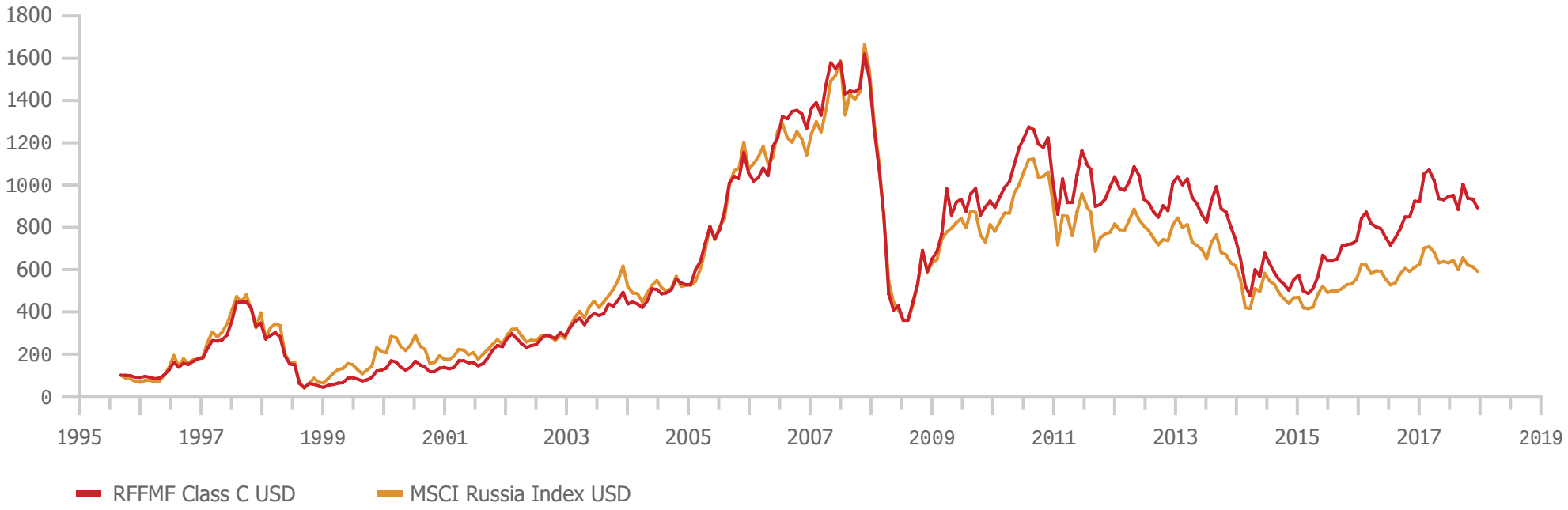
	P/E	Div Yield	P/B
MSCI Russia	**5.83**	**5.74**	**0.89**
MSCI India	21.45	1.52	3.07
MSCI China	11.38	2.25	1.70
MSCI EM	12.04	2.75	1.58
MSCI World	14.99	2.55	2.30

Economy

- Sovereign is 15% of GDP, considerably lower than the average developed country
- Russia is a net creditor with large reserves
- There is huge credit expansion potential as personal credit is less than 12% of GDP
- Russia is one of the world's largest producers of natural gas and crude oil
- Goldman Sachs forecast a 1.9% GDP growth for 2019



Stock Market



- In the summer of 1995 the first centralized exchange, the RTS (Russian Trading System), emerged to form a dealer market
- The launch of the RTS index (RTSI) put the Russian stock market on the global investor's radar screen
- In 2013 the two exchanges, the RTS and MICEX, closed a merging deal. Both indices consist of the same shares but RTS is calculating in US $ while MICEX calculates in Russian Rubles

Risks

- More volatility and less transparent than developed markets
- High exposure to energy markets – oil and gas makes up the majority of Russia's revenues and exports
- As the middle class keeps expanding, people may require more from their leaders which may lead to frictions between the population and government
- Corruption and inefficiency are still an issue in Russia
- A tense social and political environment may slow overall progress

Did You Know...

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

IFRS accounting standards are mandatory for all listed companies with more than 500 share holders

Russia has a mandatory dividend payment structure of 25% of profits for state controlled companies

In Russia there are 9 million more Women than men

Source: IMF, CIA World Fact Book

Russian Federation First Mercantile Fund

The Russian Federation First Mercantile Fund offers investors access primarily to the Russian stock market, with some exposure to other markets in the CIS.
The investment objective is to achieve long term capital appreciation utilizing concentrated sectors and portfolio strategy. The fund invests mainly in companies with short and long term profit opportunities benefiting from export, domestic consumption and investments within Russia and CIS countries. Fundamental analysis is utilized to source attractively priced companies with significant growth potential. Quantitative analysis may be used from time to time as a portfolio allocation tool. The fund may invest in a wide range of industry sectors and in various market capitalization companies. Fund liquidity is an integral risk management element. The opportunistic and concentrated nature of the portfolio targets investors with a higher risk-reward return profile.

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"

Russian Federation First Mercantile Fund Terms

Minimum Investment*
USD 10,000

Currencies
EUR USD GBP

Dealing
Weekly

Subscription Fees
Class E: Up to 5%
Class F: None

Annual Management Fee
2% p.a.

Performance Fee
20% with an 8% hurdle HWM

Redemption Fees
Share Class E: None
Share Class F: Year 1 (5%), Year 2 (4%), Year 3 (3%), Year 4 (2%), Year 5 (1%), Year 6 (0%)

Fund Launch
1995

Subscription Notice Period
1 Business Day

Redemption Notice Period
5 Business Days

Share Classes & ISIN
Class E USD: BMG772441389
Class E EUR: BMG772441462
Class F USD: BMG772441538
Class F EUR: BMG772443021
Class F GBP: BMG772442031

Administrator
Apex Fund Services

Auditors
Grant Thornton, Isle Of Man

Custodian
Credit Suisse

Authority
BMA - Bermuda Monetary Authority

*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.

FMG
Floor 6, Airways House, Gaiety Lane
Sliema, SLM 1549, Malta

Reg. No. C44040

Tel: +356 2014 1220
email: info@fmgfunds.com

www.fmgfunds.com

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