Soar With Three Rising Economies

2019

FMG RISING 3 FUND

The Opportunity

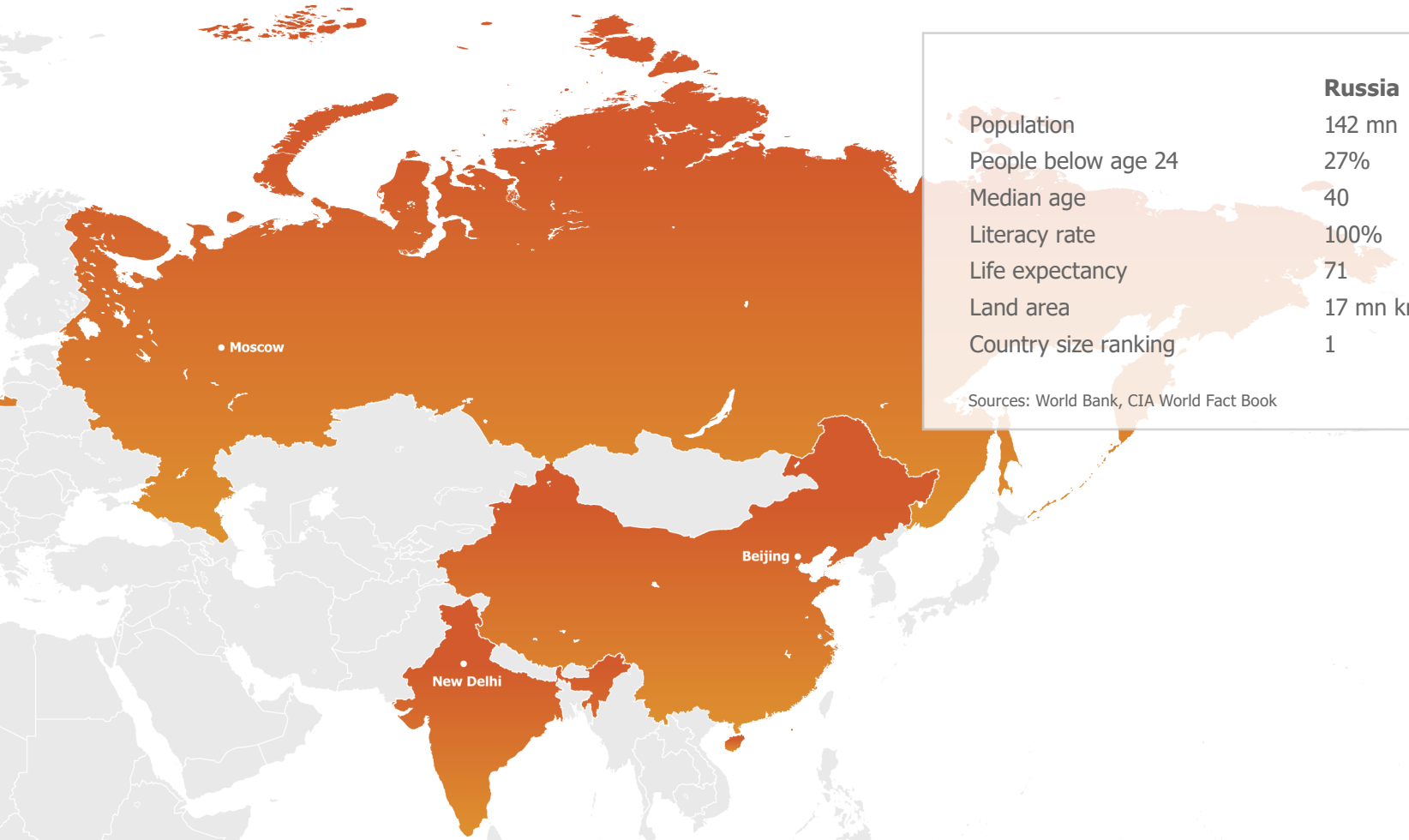
Russia, the world's largest country geographically, sits atop some of the world's largest deposits of crude oil, natural gas and other key commodities and is expected to have sustainable long-term GDP growth for years to come despite economic sanctions.

India, the world's largest democracy, has the potential to become a global technological centre with expected GDP growth of 6-7% annually for up to the next 5 to 10 years.

China, the world's most populous state, is also a global manufacturing powerhouse with expected annual GDP growth in the vicinity of 6% per year for up to the next 5 to 10 years.

Source: The World Bank, CIA World Fact Book

Geography and Demography



	Russia	China	India
Population	142 mn	1,4 bn	1,3 bn
People below age 24	27%	30%	45%
Median age	40	38	28
Literacy rate	100%	97%	71%
Life expectancy	71	76	69
Land area	17 mn km²	9,6 mn km²	3 mn km²
Country size ranking	1	4	7

Sources: World Bank, CIA World Fact Book

Fundamentals

- Russia is second to Saudi Arabia as the world's largest crude oil exporter
- Russia holds among the world's largest FX and gold reserves

- India's labor advantage is forecast to last until 2050 and will create powerful economic trends
- India has the world's second largest pool of engineers and scientists and is the globe's most populous English speaking nation

- China has over US$ 6 tn in personal savings
- It is forecast that the Chinese middle class may grow to approximately 700 mn people, roughly 50% of the population

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

Economy

- Russia is the world's 10th largest economy and the 6th 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. The government is currently restoring economic momentum while curbing high inflation.

- China has the world's 2nd 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. It is predicted that China will surpass Japan in consumer spending by year end.

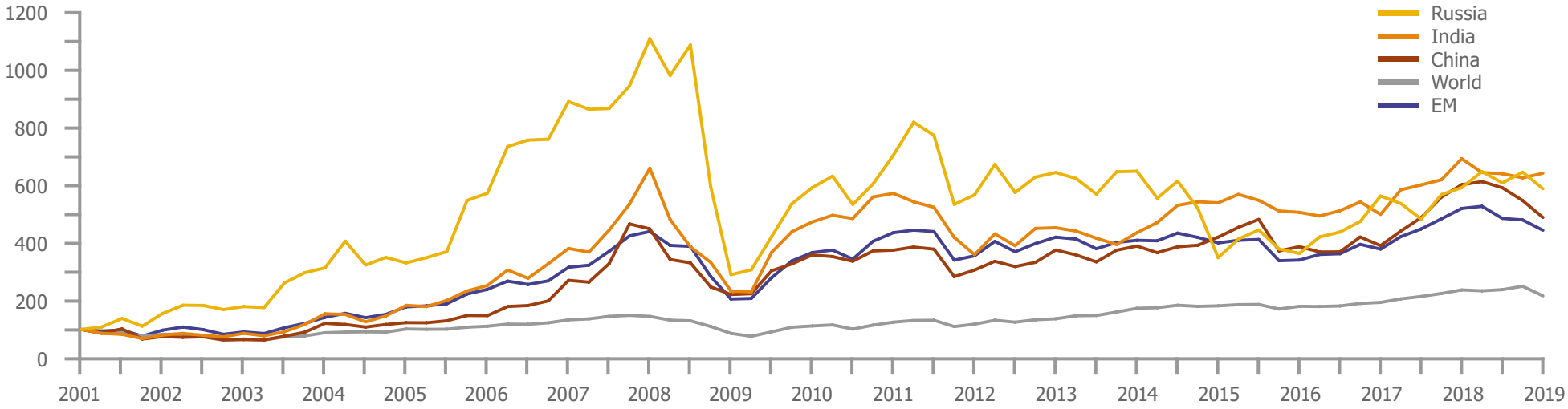
Source: The World Bank, CIA World Fact Book, Bloomberg

	Russia	China	India
Est. GDP Growth 2019	1.8%	6.2%	7.3%
Est. GDP Growth 2020	2.8%	6.1%	7.9%
GDP per capita (PPP 2017) US$	28,000	17,000	7,000
Labor force	77	807	522
Unemployment	5	4	8
Inflation rate	3.7	1.6	3.6
Gross national savings (% of GDP)	27	46	29
Reserves, FX and gold (2017 est)	433 bn	3,24 tn	410 bn
Public debt as % of GDP (2017 est)	16%	47%	71%

Source: CIA World Fact Book & Goldman Sachs

Stock Market

Long term investments in Russia, India and China have outperformed the developed economies for over 13 years and we believe this is likely to continue as the countries' populations earn and spend more. Since 2008 the emerging markets have remained range bound though we believe that a break out higher will ensue in the near future.



Source: Bloomberg, MSCI

Russia's first equity trades were executed in 1994. Today almost 1,400 securities are traded on the MICEX which is now amongst the top-20 global exchanges. It has a market cap of roughly US$ 416 bn with an average daily trading volume of several bn dollars.

India's stock market was established in 1875 and has over 9,000 listed companies. Indian stocks are dominated by foreign institutional investors and domestic mutual funds. Retail investors still have little participation and could potentially become a large contributor to additional inflow into the market in the future.

China A-shares are listed on the Shanghai (est. 1891) and Shenzhen exchanges. Among the 3,500 listed companies 99% of the shares owned are in the hands of government and domestic investors. The recent Stock Connect program will allow foreign investors the ability to invest on the Shanghai stock exchange.

Risks

- In general emerging markets have more volatility and less transparency than developed markets
- Oil and gas makes up a substantial part of Russia's revenues and exports. As a result lower energy prices could hurt Russian investments
- In China while the government works to improve social reforms there are still many socioeconomic issues that could cause social unrest
- Internal political squabbles have been a negative head wind for investors in India however, the political landscape has improved drastically

Source: CIA World Fact Book

Did You Know...

Chinese GDP could overtake the U.S. in less than 15 years

By 2025, China will build enough skyscrapers to fill 10 New York sized cities

Russia has the second largest middle class in Europe with 70 mn people

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

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

India's tech capital, Bangalore, now has more grade-A offices than Singapore

Sources: IMF, CIA World Fact Book

FMG Rising 3 Fund

The FMG Rising 3 Fund offers investors efficient access to the three largest emerging market countries, namely Russia, India, and China. The investment objective is to capture the long-term growth potential by investing primarily in securities of these three markets. The fund utilizes a multi-manager approach, providing diversification geographically but also among industry sectors. Managers are selected based on their proven expertise in managing assets and comprise predominantly a portfolio of equity securities. The fund is actively managed, with FMG applying both a top-down macro and a long-term quantitative model to determine geographical allocations, including cash levels between the three markets. FMG considers risk management and fund liquidity an integral element of the portfolio management process. The opportunistic nature of the fund 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"

FMG Rising 3 Fund Terms

Minimum Investment*
Class A and L14: EUR 10,000
Class B: EUR 100,000

Currencies
EUR GBP NOK SEK USD

Dealing
Weekly

Subscription Fee
Class A and B: Up to 5%
Class L14: None

Redemption Fee
Share Class A and B: None
Share Class L14: Year 1 (5%), Year 2 (4%), Year 3 (3%), Year 4 (2%), Year 5 (1%), Year 6 (0%)

Annual Management Fee
Class A and L14: 2% p.a.
Class B: 1.5% p.a.

Performance Fee
Class A and L14: 20% HWM
Class B: 10% HWM

Fund Launch
November 2003

Subscription Notice Period
1 Business Day

Redemption Notice Period
5 Business Days

Share Classes & ISIN
Class A USD: MT0000077231
Class A EUR: MT0000077223
Class A GBP: MT0000077827
Class A NOK: MT0000077249
Class A SEK: MT0000077256
Class B USD: MT0000077272
Class B EUR: MT0000077264
Class B NOK: MT0000077280
Class B SEK: MT0000077298
Class L14 USD: MT7000011375
Class L14 EUR: MT7000011367
Class L14 GBP: MT7000011383

Administrator
Apex Fund Services

Auditors
Deloitte

Custodian
REYL

Regulator
MFSA (Malta Financial Services 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.

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