



Opportunities in Chinese A-Shares

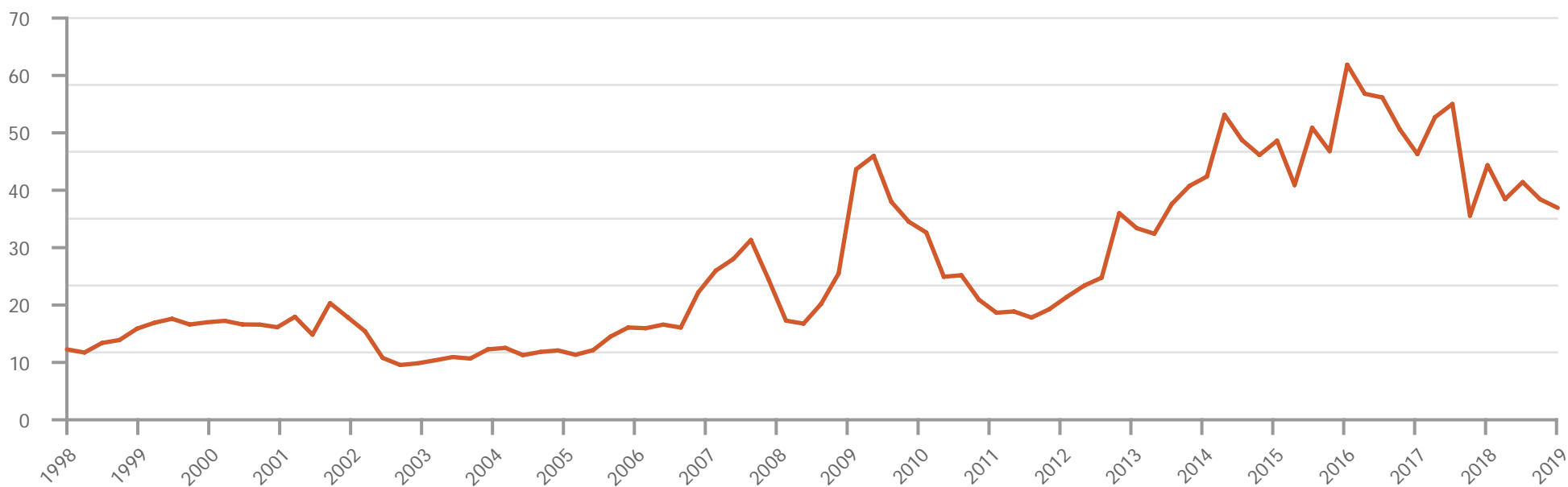
2019

FMG (EU) CHINA FUND



The Opportunity

Shanghai A-Share Index P/E Graph



Source: Bloomberg

FMG has been investing in the Chinese stock markets for over 15 years. We strongly believe that the current risk to reward scenario for the Chinese A-shares market looks attractive considering it trades at multi-years low levels. The China A-Shares market trades at valuations which are at a significant discount to the average historical P/E ratio.



Geography and Demography

- Today China's population is roughly 1.4 bn, the largest of any country in the world
- Estimates suggest the Chinese middle class is currently at roughly 400 mn people, well above the size of the entire U.S. population
- The Chinese middle class may grow to approximately 800 mn people
- With an area of roughly 9.6 mn km², the People's Republic of China is the 3rd largest country in total area behind Russia and Canada

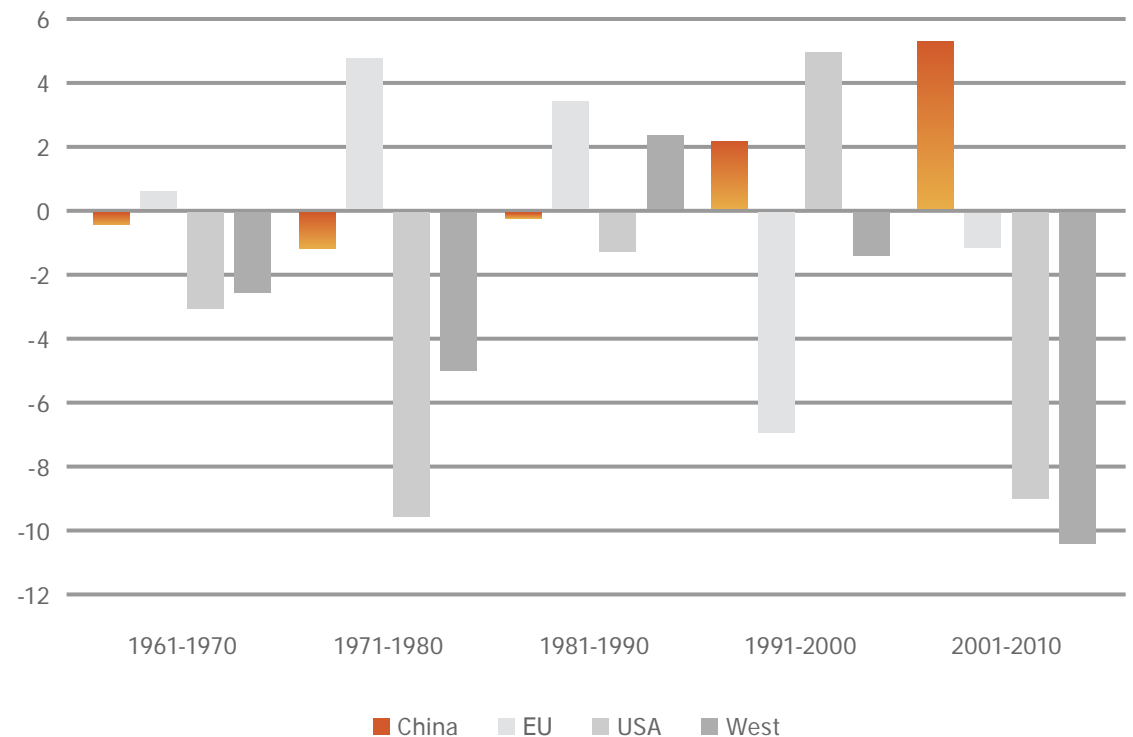




Fundamentals

- Euromonitor recently predicted that China would pass Japan in consumer spending by year end
- According to McKinsey urban households with disposable incomes high enough to afford cars and small luxury items will rise nearly six-fold by 2020
- China's contribution to the global growth is twice that of the US
- China has one of the world's highest savings rates

Change in share of world GDP, percentage points

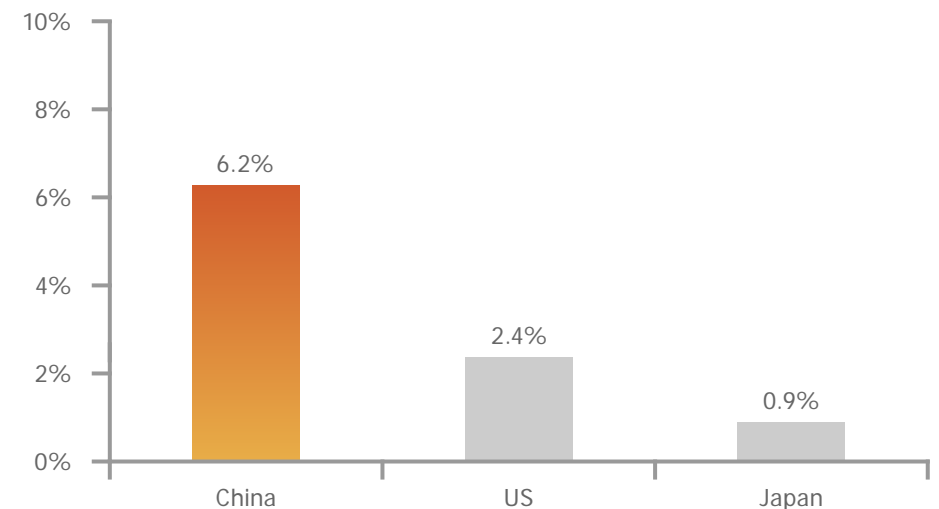




Economy

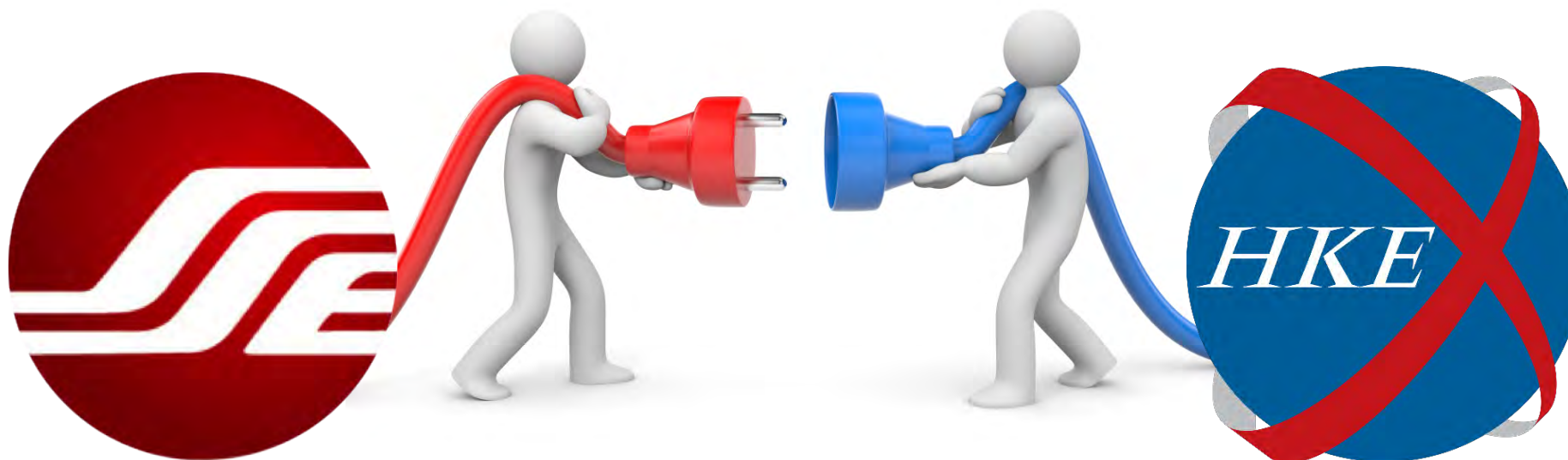
- China's economy is expected to grow above 6% for the next two years
- As of 2018, China's stock pile of foreign exchange reserves is at approximately US \$3.1 tn
- We expect a more pro growth monetary and fiscal policy
- We believe rising wages will continue to promote increased consumption
- China accounted for above a quarter of global growth in 2018
- China is expected to overtake the US as the globe's largest economy in the short term

The Globe's Three Largest Economies (Est. 2019 GDP Growth)



Source: The World Bank

Stock Market



- A wide selection of A-share stocks traded in Shenzhen and Shanghai
- The number of listed H-shares (Hong Kong traded) represent only 10% of those on mainland exchanges
- Abundance of liquidity and strong daily trading volumes
- The top Chinese companies are encouraged to list on the mainland exchanges
- Increased inclusion in the MSCI Emerging Markets Index in 2019

The Stock Connect program allows foreign individual and institutional investors to easily invest on the Shanghai stock exchange.



Risks

- The Chinese government's current one child policy will be a drag on the economy as more and more Chinese age
- Many of the largest companies are state-owned enterprises. Shareholders may find themselves relegated to second priority behind the government
- Corporate governance can also be a problem in China – company accounts may be incomplete or incorrect
- Corruption and excessive bureaucracy may slow future growth





Did You Know...

The U.S.'s fastest high speed train is only half as fast as the train between Shanghai and Beijing

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

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

China's GDP has multiplied tenfold since 1978

Nearly 60% live in cities

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

There are currently over 5000 KFCs in mainland China



FMG China Fund

The FMG China Fund offers access to domestic China and its so-called A shares, which include roughly 3000 publicly listed companies. Locally listed A shares provide access to fast growing consumer companies as well as a broad range of other industry sectors. The investment objective is to achieve long term capital appreciation from a portfolio of equities listed on the stock exchanges of mainland China. The fund utilizes a multi-manager approach, providing diversification among industry sectors. Managers are selected based on their proven expertise in China A shares, investing mainly on the ground in China. The fund is actively managed, with FMG applying both a top down macro and a long term quantitative model to determine allocations, including cash levels. FMG considers risk management 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 China Fund Terms

Minimum Investment*

Class A and L14: EUR 10,000

Class B: EUR 100,000

Currencies

EUR GBP USD

Dealing

Weekly

Subscription Fee

Class A and B: Up to 5%

Class L14: None

Redemption Fee

Share Class A&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

March 2004

Subscription Notice Period

1 Business Day

Redemption Notice Period

5 Business Days

Share Classes & ISIN

Class A USD: MT0000077470

Class A GBP: MT0000077900

Class B USD: MT0000077512

Class B GBP: MT0000077918

Class L14 USD: MT7000011250

Class L14 EUR: MT7000011243

Class L14 GBP: MT7000011268

Administrator

Apex Fund Services (Malta) Ltd

Auditors

Deloitte Audit Ltd

Custodian

REYL & Cie (Malta) Ltd

Regulator

Malta Financial Services Authority (MFSA)



*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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