

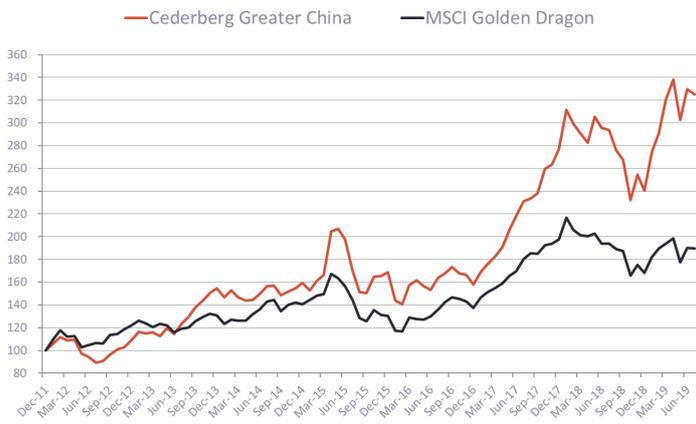
CEDERBERG CAPITAL

Cederberg Greater China Equities 31 July 2019

An introduction to Cederberg

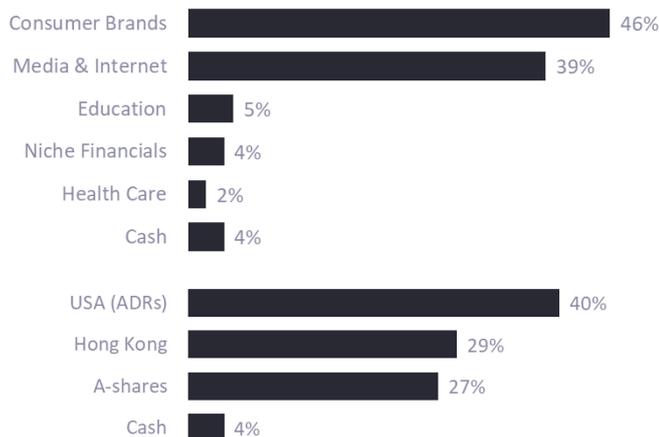
- Greater China specialists founded in 2011, majority staff-owned
- Mission: Run client money like we run our own
- Unique perspective from team in London & Shanghai
- Research-driven process focused on the region's best companies
- In every investment, we look for a durable Moat, excellent Management, and a large Margin of Safety
- We manage a high conviction portfolio of long-term winners, with low portfolio turnover

Performance chart¹

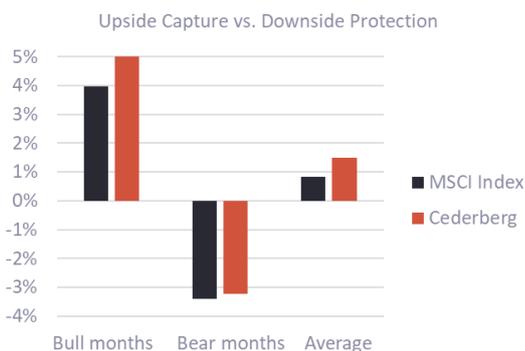


For Class A shares. All figures in US\$ net of fees. MSCI Golden Dragon Index includes net dividends. Past performance is not indicative of future results - please see regulatory information on p3. Source: Bloomberg, Charter Group. 31 July 2019

Portfolio positioning²



Risk³



Why Cederberg might not be right for you

- Our products are considered very risky; given our long-term focus and comfort with being different, **we are not for most investors**
- Chinese equities are highly volatile: declines of 70% are not uncommon
- Cederberg's returns have been more volatile than those of the index
- We manage a concentrated portfolio that typically differs substantially from those of our peers and from the market
- **Our past returns are unlikely to be repeated in the long run**
- Our strategy is only suitable for clients who invest for at least 10 years

Performance table¹

Net Returns in US\$	Class A	Index	Peer group	Percentile
<i>Annualised</i>				
Since inception (1/1/2012)	17%	9%	7%	100
5 years	16%	6%	5%	98
3 years	26%	12%	7%	99
2018	-13%	-15%	-23%	90
2017	75%	44%	36%	99
2016	-7%	5%	-5%	44
2015	6%	-7%	-5%	89
2014	3%	8%	3%	38
2013	42%	7%	10%	99
2012	9%	22%	18%	5
<i>Not annualised</i>				
Year to date	35%	13%	20%	93
3 months	-4%	-5%	-3%	35
1 month	-2%	0%	1%	9

Major holdings²

Alibaba	Ecommerce	New Oriental	Education
Haidilao	Restaurants	Noah	Asset management
Jiangsu Yanghe	Distillers	Tencent	Social network
Kweichow Moutai	Distillers	Wuliangye	Distillers
Naspers	Media	Yihai	Condiments

Median portfolio characteristics⁴

P/E (2020e)	18x	ROE	22%
EV/EBIT (2020e)	14x	ROIC	13%
EPS growth (2020e)	20%	Market cap	US\$22bn
Net cash to equity	56%	Number of holdings	17
Dividend yield	2%	Top 10 holdings	78%

Key features⁵

Strategy	Long-only equity	Auditor	PwC
Domiciles	Cayman, Delaware	Custodian	Standard Chartered
Fund assets	US\$796mn	Administrator	Charter Group
Firm assets	US\$1.5bn	Cayman counsel	Maples & Calder
Peer group	Greater China Equity	US & UK counsel	Schulte Roth & Zabel
Benchmark	MSCI Golden Dragon	NAV - Class A	324.79
Expenses	14 bps (2018)	NAV - Class B	110.03
Turnover	14% (2018)	NAV - Class C	112.61
Email	ir@cederbergcap.com	Phone	+44 203 745 1701

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The trade war in perspective

“China has a 100-year plan; our plan is a 24-hour news cycle” –
Tim Ryan, Democrat congressman for Ohio

In recent weeks, the trade war escalated, China’s economic growth slowed to the lowest in 27 years, the renminbi dropped to a decade low, and Hong Kong experienced the biggest protests in years. What should investors make of all this doom and gloom?

Joe Tsai, Alibaba’s executive vice-chairman, made several interesting comments about the economic and geopolitical situation during the company’s recent earnings call:

“China’s commitment to purchase more American products means China will over the next several years become a net importing country. Consumers in China will benefit from the availability of quality imported products from all over the world, including from American farmers, brands and small businesses.

*...Second, the trade negotiations will lead to China opening its markets to more foreign businesses to satisfy the massively growing demands of domestic consumers. We are not concerned about slowing China exports affecting GDP growth because the **Chinese economy is shifting from an export economy to a domestic consumption economy. Job expansion is continuing in China. Over the last five years, while China lost 14 million manufacturing jobs, the economy added 70 million service jobs that drove real disposable-income growth and consumption.***

*The middle class in China has reached a critical mass of over 300 million, almost as large as the entire U.S. population. **The middle class will double in the next 10 years, especially from the lesser developed Chinese cities.** While total Chinese domestic consumption is US\$5.5 trillion today, consumption from these third-, fourth- and fifth-tier cities, with a combined population of 500 million people, will triple from US\$2.3 trillion to nearly US\$7 trillion in the next 10 years.*

Third, intellectual-property protection. In recent years, China has made significant improvements in reducing IP infringement, as China moves closer to global norms in protecting and paying for foreign IP. China also recognizes the need to protect its own innovators, as well as being focused on Chinese consumers who demand genuine products of high quality.

....To summarize, the vexing issues in the trade negotiations will resolve themselves as the Chinese economy is already evolving to close the gap between the interests of the United States and China. This means that in the future there will be bigger Chinese domestic consumption, more foreign imports, continuing focus on enhanced IP protection and further digitization of industries driven by the participation of the private sector.

As we look at the evolution of the Chinese economy, Alibaba is on the right side of all of the issues. I cannot think of another company that is better equipped to drive these secular changes and participate in the ensuing long-term benefits.”

What could one possibly add to that? Only a big thank you to all our clients for keeping your eyes on the horizon.

Warm regards,

David Krige

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Regulatory information and risk warning

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Disclosure

¹ Past performance is not indicative of future performance. Investors whose reference currency differs from the US dollar may be subject to exchange rate movements that alter the value of their investments. MSCI Golden Dragon Total Return Index includes net dividends reinvested. Peer group is Bloomberg universe of equity funds with Greater China geographical focus. Source: Charter Group Admin, Bloomberg, Cederberg.

² Category definitions as per Cederberg. Source: Bloomberg, Cederberg

³ Upside Capture show the fund’s average return vs. the index’s average return for those months in which the index had a positive return. Downside Capture shows the fund’s average return vs. the index’s average return for those months in which the index had a negative return. Source: Bloomberg, Cederberg

⁴ Median portfolio characteristics are quoted as of 05 August 2019. Source: Bloomberg, Cederberg.

⁵ Data as of 31 July 2019. Expenses include all fund level expenses excluding investment management fees divided by the fund’s average AUM in 2018. Portfolio turnover is for 2019 and is calculated as the lower of all buy and sell transactions divided by fund’s average AUM. Source: Cederberg.

Investors should note investment involves risk. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read the Fund’s Offering Memorandum for further details and risk factors, in particular those associated with investment in emerging markets. Information in this report has been obtained from sources believed to be reliable but Cederberg Capital does not guarantee the accuracy or completeness of the information provided by third parties.

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	Class A (closed for new subscriptions)	Class B	Class C	Delaware LP - Class B	Delaware LP - Class C
Inception date	1 Jan 2012	1 Jul 2018	1 Jul 2018	1 Aug 2018	1 Aug 2018
Status	Closed	Open	Open	Open	Open
Min initial investment	US\$100k	US\$100k	US\$100k	US\$1mn	US\$1mn
Subscription	Monthly	Monthly	Monthly	Monthly	Monthly
Redemption notice	30 days	90 days	90 days	180 days	180 days
Redemption fee (payable to the Fund)	3% if redemption within first 6m	5% if redemption first 3yrs, thereafter zero	N/A—3yr hard lockup	5% if redemption first 3yrs, thereafter zero	N/A—3yr hard lockup
Management fee	1.50% p.a.	1.25% p.a.	0%	1.25% p.a.	0%
Performance fee	20% of net alpha over MSCI Golden Dragon if Fund generated >6% p.a. US\$ returns; payable for the first time in Jan 2015 and annually thereafter	20% of net alpha over MSCI Golden Dragon if Fund generated >6% p.a. US\$ returns; payable for the first time in Jan 2022 and annually thereafter	25% of returns over 6% p.a. US\$ hard hurdle; payable for the first time in Jan 2022 and annually thereafter	20% of returns over 8% p.a. US\$ hard hurdle; payable annually	25% of returns over 6% p.a. US\$ hard hurdle; payable annually
High water mark	Yes	Yes	Yes	Yes	Yes
Investor level gates (max redemption per investor)	N/A	25% per quarter	25% per quarter	N/A	N/A
ISIN	KYG2030A1004	KYG2030A1186	KYG2030A1269	N/A	N/A
Sedol	BMM1R81	BFZYW5	BD31D23	N/A	N/A