

EAST WEST

THE MAGAZINE OF MILLTRUST INTERNATIONAL GROUP



**CHINA: THE GREEN DRAGON?
TRANSFORMATIONAL TECHNOLOGIES
BOOSTING THE “BR” IN BRICS
FARMLAND IN FOCUS**

Spring 2018

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*It seems as if the pace of
technological change has
never been faster*

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Around the Business



CEO Simon Hopkins greets President Vicente Fox of Mexico at the CerraCap II Fund launch in Singapore.

Innovation Hires

Three new experts have been appointed to join the British Innovation team at Milltrust. Dr Steve Allpress, Dr. Kenny Tang and Mark Ebert have joined the British Innovation Fund's Investment Advisory Committee. Dr. Allpress is a tech entrepreneur with 42 U.S. patents in the field of wireless communication; he was co-founder and CTO of Icera Inc., acquired in June 2011 for \$435 million by Nvidia Corp. Dr. Tang, a graduate of both Oxford and Cambridge Universities, is the Founder and CEO of Oxbridge Climate Capital, an investment and advisory house. Mark Ebert has founded numerous private equity groups throughout his distinguished career, such as Lyceum Capital and Akina Capital.

Sustainability Gains

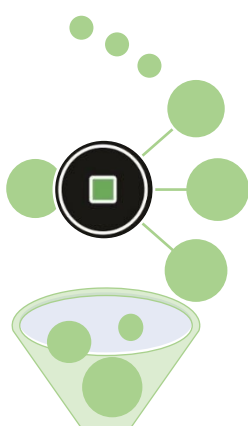
Sustainability has always been a key priority for the Milltrust teams, as emphasised by Simon Hopkins (p. 16). Yet 2018 marks an exciting year, with the upcoming launch of the firm's first fund dedicated to sustainable investing in an Asian context. In a special feature on p.8-9, Alexander Kalis explores the phenomenon of the "Green Dragon" with China smashing its emissions reduction targets and stepping into the global vacuum left by the U.S. on the subject of climate change.

New Opportunities

The past six months have brought new launches and funding initiatives. They include CerraCap II (a partnership with CerraCap Ventures, whose MD Vikas Datt is featured on page 13). **Milltrust Agricultural Investments** has identified its first Chilean target asset and is marketing a focus on Sheep Farming in Australia and New Zealand. **EICM** is working with ZPX Capital to provide access to the top international unicorns Pre-IPO, and is on the verge of rebranding the risk-calibrated multi-manager funds which form the basis of its wealth offering. For **Emerging Markets**, a dedicated vehicle for Korea will soon join the EMMA roster (p.4).

About Milltrust

With a unique multi-local multi-affiliate structure, Milltrust provides innovative investment solutions to family offices, entrepreneurs, high net worth individuals and institutional investors around the globe. From Australian and New Zealand farmland to Sub-Saharan shopping malls, from Bollywood films to British science, Milltrust recognises that the best investment opportunities in today's uncertain climate often lie off the beaten path. The firm operates in a regulated capacity across multiple jurisdictions including the UK, Singapore, Ireland, Cayman, and Mauritius. The primary affiliated businesses are: **Milltrust International LLP**, **Milltrust Agricultural Investments** and **EICM**.



Emerging Markets

About Milltrust Emerging Markets

Milltrust's Global Emerging Market Solutions (GEMS) and Global Emerging Markets Managed Accounts (GEMMA) offer a unique "double alpha" framework. Top-down in-house asset allocation is combined with bottom-up stock selection expertise from local manager partners deeply embedded in the relevant regions.

A structured modular framework offers unique flexibility for client customisation. Pure "top-down" country allocation can be accessed at low cost through GEMS ETFs; pure "bottom-up" investment in specific preferred regions can be done through standalone EMMA UCITS funds.

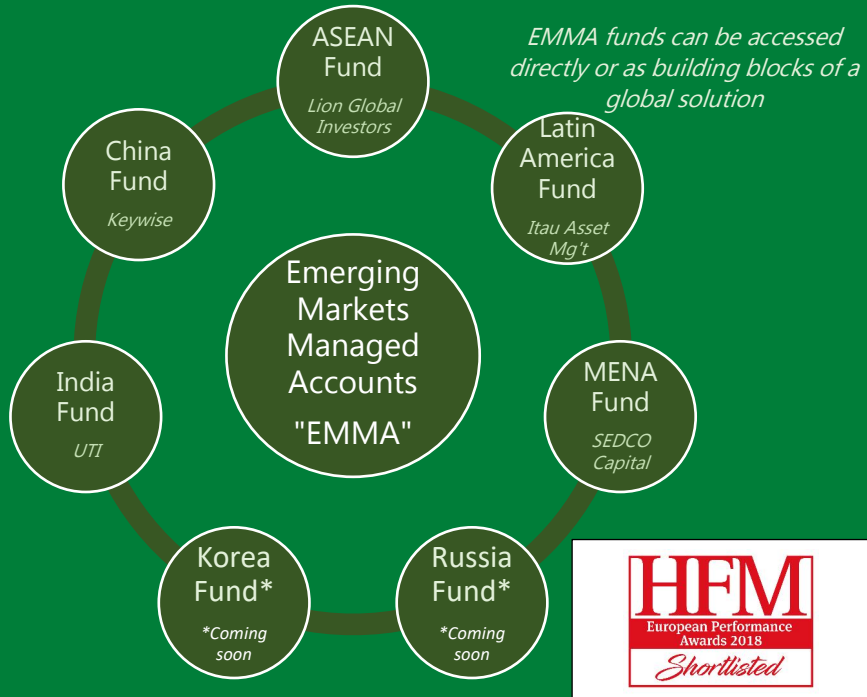
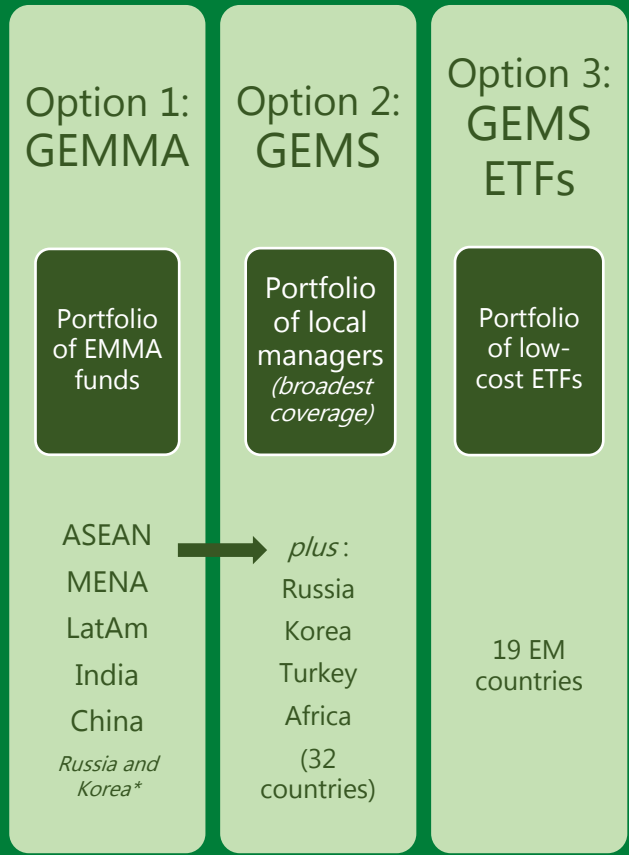
Whatever the solution, Milltrust's robust, regulated single custodial platform permits allocation to all investments through a single counterparty, providing safety, transparency and liquidity.

Both GEMMA and GEMS have outperformed the MSCI Emerging Markets Index and the asset manager peer group over the past five years. The GEMMA platform and regional EMMA UCITS funds have received multiple industry awards since launch in July 2012, including most recently two 2017 UCITS Hedge Awards.

Milltrust International is regulated by the FCA.



Customised global emerging markets portfolio



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the hedgefund journal
UCITS Hedge Awards 2017
 Long/Short Equity – Asia
 Best Performing Fund in 2016
 Milltrust ASEAN Fund
 (Milltrust International)

the hedgefund journal
UCITS Hedge Awards 2017
 Long/Short Equity – Latin America
 Best Performing Fund in 2016
 Milltrust Latin America Fund
 (Milltrust International)



Pictured: Vladimir Putin. Geopolitical tensions have escalated in Q1, but Milltrust is sticking with an overweight position on Russia

Boosting the “BR” in BRICS

Eric Anderson, Managing Partner, Senior PM & Head of Investment Solutions, Milltrust International LLP

Heading into the second quarter of 2018, the Emerging Markets team at Milltrust has implemented a number of key changes to country allocations. Overall, exposures have shifted away from Asia in favour of Latin America and EEMEA (Eastern Europe, Middle East and Africa).

As of April, the team has moved to an overweight position on both of these regions and an underweight position on Asia versus the MSCI EM benchmark. The shift has been led by both Russia and Brazil as they bounce back from challenging periods.

South Africa is also trending upwards, with recent leadership changes encouraging positive sentiment. Beyond South Korea, where we maintain a slight overweight position, Asia offers relatively expensive valuations and weakening terms of trade.

New Allocations

Greater China shifts to a slight underweight. The market is still relatively expensive versus its long-term average and its terms-of-trade trend is weakening. On the positive side, the country is seeing improving growth forecasts for both 2018

and 2019 and offers an attractive macro environment with GDP growth trending above the policy rate.

South Korea moves down from a considerable to a modest overweight position. Valuations are still attractive, with the 2018 P/E ratio forecast at 9.7x (well below the 13x emerging market average). The terms-of-trade trend has fallen whilst policy is tightening.

South East Asia (Indonesia, Malaysia, Thailand, Philippines) maintains its neutral weighting but the

region is trending up due to its accelerating growth momentum led by Malaysia, whose relatively open economy has benefited from the global trade recovery. Valuations are still stretched across the region, with a 16x forecast 2018 P/E ratio.

India is an underweight, largely due to high valuations, a modestly overvalued exchange rate and poor growth indicators. The 2018 GDP forecast has been downgraded 70bps in six months.

Continues on page 6.

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Beyond South Korea, Asia offers relatively expensive valuations
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Boosting the “BR” in BRICS

Latin America exposure is now overweight versus the benchmark. This is largely due to Brazil, whose GDP forecasts for 2018 and 2019 continue to improve alongside declining short-term rates. Colombia and Peru are also enjoying tailwinds with attractive valuations and positive sentiment. The picture in Mexico is less rosy: economic conditions are tight and policy remains hawkish in a high inflation environment. The market continues to be more expensive than the EM universe although its forecast P/E ratio is below Mexico’s 10-year moving average.

South Africa is trending up with better growth forecasts and narrower sovereign spreads. Yet our position stays neutral thanks to strong valuations, tight monetary policy and an expensive Rand.

The Middle East region remains underweight in our portfolios. This is largely due to the current challenging circumstances in Saudi Arabia which have led to growth downgrades and tight monetary conditions. The UAE has faced similar downgrades but offers more attractive valuation ratios, which are considerably below the EM average. The same may be said of Qatar.

Russia remains attractive due to inexpensive equity valuations, GDP growth upgrades and undervalued real effective exchange rates. The Milltrust Emerging Markets team has held an overweight position on Russia through the first quarter of 2018 and maintains this allocation tilt into the second quarter of the year.

Performance of Milltrust Emerging Markets Funds to March 31st 2018

| Milltrust EM Funds | MTD % | Last 3 Months % | YTD % | ITD% |
|---------------------------------------|---------------|-----------------|---------------|----------------|
| Milltrust GEMS Fund | -1.47% | 2.06% | 2.06% | 84.39%* |
| <i>MSCI Emerging Markets (USD)</i> | <i>-2.01%</i> | <i>1.20%</i> | <i>1.20%</i> | <i>44.19%*</i> |
| Milltrust Latin America Fund | 0.54% | 7.53% | 7.53% | 13.20% |
| <i>MSCI Latin America (USD)</i> | <i>-0.96%</i> | <i>8.01%</i> | <i>8.01%</i> | <i>4.11%</i> |
| Milltrust Keywise China Fund | -3.19% | 2.52% | 2.52% | 60.82% |
| <i>MSCI Golden Dragon (USD)</i> | <i>-2.32%</i> | <i>1.88%</i> | <i>1.88%</i> | <i>95.57%</i> |
| Milltrust ASEAN Fund | -2.80% | 0.34% | 0.34% | 18.21% |
| <i>MSCI ASEAN (USD)</i> | <i>-2.50%</i> | <i>1.57%</i> | <i>1.57%</i> | <i>15.25%</i> |
| Milltrust India Fund | -4.05% | -7.54% | -7.54% | 69.77% |
| <i>S&P BSE 100 (USD)</i> | <i>-3.33%</i> | <i>-6.72%</i> | <i>-6.72%</i> | <i>52.29%</i> |
| Milltrust SEDCO MENA Fund | 3.08% | 4.34% | 4.34% | 3.75% |
| <i>S&P Pan Arab Shariah (USD)</i> | <i>4.44%</i> | <i>6.79%</i> | <i>6.79%</i> | <i>14.84%</i> |

Performances shown for Class A shares.

Inception Dates:

- 22 June 2012: Milltrust Latin America Fund (A), Milltrust Keywise China Fund (A)
- 25 January 2013: Milltrust ASEAN Fund (A)
- 01 March 2013: Milltrust India Fund (A)
- 07 June 2016: Milltrust SEDCO MENA Fund (A)
- 15 January 2018: Milltrust GEMS Fund. *Strategy since 22 June 2012.

Saudi Arabia's Moment of Truth

Alexander Kalis, Managing Partner, Senior PM & Head of Investments, Milltrust International LLP

This will be an intriguing year for Middle Eastern equities in general and Saudi Arabia in particular. Investors are keenly anticipating index announcements, while the country has faced a series of challenging economic headlines, most recently the delay in Aramco's listing. We sat down with **Khurram Shehzad**, Portfolio Manager of the Milltrust SEDCO MENA Fund, to gain some local insight.

Q: Why is Saudi inclusion in the FTSE and MSCI index important?

The total foreign ownership in Saudi market was less than 3% a few weeks ago, while the indices of neighbouring emerging market countries that are members (Qatar & UAE) have foreign ownership in excess of 8%.

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Foreign inflows will lead to a re-rating
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Firstly, foreign inflows will lead to re-rating and general price levels are likely to be lifted. Secondly, the increased presence of foreign institutions should improve the price discovery mechanism. Saudi is the biggest and most liquid market in the region, trading USD870mn per day over the last 12 months, largely on the back of local retail investors.

Q: You currently have around 76% exposure to Saudi Arabia. What's your take on the market amid heightened geopolitical risks?

The market has been rallying over the first quarter due to foreign flows, in anticipation of the March FTSE announcement and June MSCI announcement. The foreign flows are tilted towards large caps and blue chips, but mid-cap stocks should be next.

We strongly believe that geopolitical risks have been around the same level and are already priced in. In fact, recent political moves suggest that a reduction in some geopolitical risk may be around the corner, although we avoid political speculation.

Q: Global investors are uneasy about the implementation of Saudi Arabia's economic plans. Has this been warranted?

The benefits of painful reforms are already showing. The Saudi budget for CY2017 shows that 37% of government revenues came from non-oil sources, versus <12% a couple of years ago. VAT has been implemented in January 2018, and collections are exceeding forecasts. The entertainment sector is likely to exceed USD50bn in the next decade. Women driving will boost the insurance, rental and auto sectors. The pace of automation at the government level is encouraging, while the anti-corruption drive has made a solid difference. The budget for 2018 has been prepared with an average Brent price of USD55/barrel while the average for 1Q 2018 is already USD67. In fact, the IMF has actually advised Saudi Arabia to loosen fiscal policy as the country can afford a more gradual pace.

As such, the delay in international listing of Aramco may not be a game changer. They should be ready for local listing in 2H 2018, so global listing can be a later step.

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The benefits of painful reforms are already showing
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Q: What other opportunities in the MENA region are you excited about?

Egypt presents an exciting opportunity, with rapid reforms and monetary/fiscal stabilisation after the deregulation of the currency regime. Tourism, energy production and trade are benefiting from efficiency improvements and the results are evident in slower inflation, GDP growth and foreign investment. We believe that this momentum is here to stay for the next 24 months at least.



Pictured: Solar panels in Shanghai, China

China: The Green Dragon

Alexander Kalis, Managing Partner, Senior PM & Head of Investments, Milltrust International LLP

Reuters recently reported that China, the world's biggest energy consumer, had more than met its 2020 carbon intensity target *three years* ahead of schedule. The country cut its 2005 carbon intensity level, or the amount of climate-warming carbon dioxide it produces per unit of economic growth, by 46% in 2017, well ahead of the 40% pledge first made in 2009 and included in the country's commitments to the international community ahead of negotiations for a new global climate pact in Paris in 2015.

This is only the tip of the iceberg with respect to the huge impact that China's policies and investments are having on its fast-growing green industry.

The country has stepped into the vacuum left behind by the United States with its decision to drop climate change from its national security strategy. Not only is China cementing its competitive edge in industries behind innovations such as

electric vehicles, energy efficiency and waste water recovery technologies but by targeting green investments in these industries it has had the added bonus of generating a tremendous number of new jobs.

“*China has stepped into the vacuum left by the U.S.*”

We are seeing huge investment and innovation in the space, with \$18.3 trillion worth of “climate smart investments”

” earmarked in the Asia-Pacific region alone between now and 2030, according to IFC (see the chart on the following page), of which the vast majority will be in China.

These advances can be seen across numerous companies across the country.

China Everbright International is the only State Council controlled green conglomerate. It presents a fascinating investment opportunity, with a focus on waste-to-energy (w2e), biomass to energy,

Continues on page 15

China: The Green Dragon

Continued from page 14

hazardous waste, and wastewater treatment - one of the best-positioned businesses to benefit from China's evolving environmental theme.

BYD is the world's largest electric vehicle manufacturer, a market leading lithium battery producer, and a pioneer in Chinese monorail. It dominates the Chinese electric car market and is the global leader in sales of high margin electric buses. BYD's new low carbon mass transit product, 'SkyRail,' offers an answer to city smog. This monorail system takes 66% less time to construct than traditional rail and is 80% cheaper.

China Longyuan is the largest wind farm operator in the world (17.4GW capacity). As the capital cost of wind farm investment decreases, Longyuan stands to be able to install capacity at lower construction costs. A new revenue stream from Green Certificates (carbon credits with Chinese characteristics), which are expected to become mandatory in 2018, should boost the company further.

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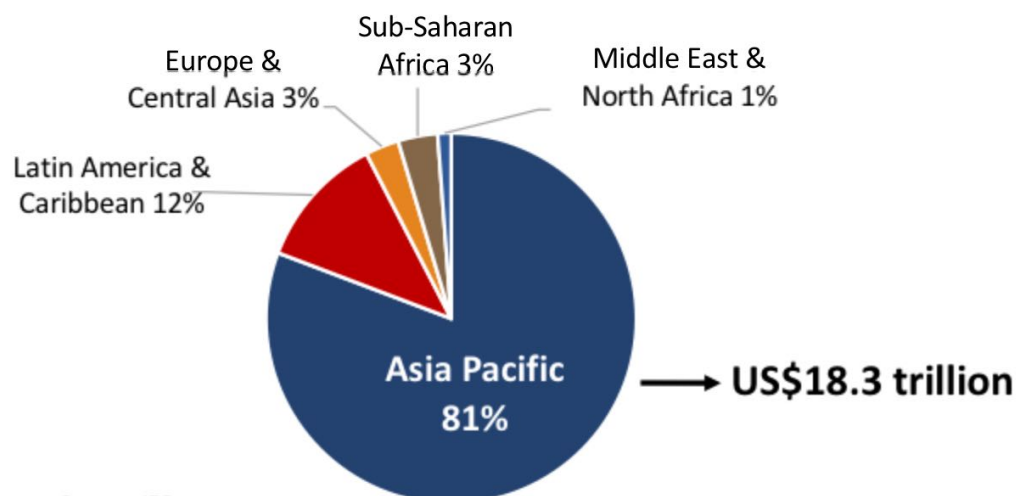
Piggybacking on government policy has been a safe way to generate returns

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Today nothing is higher on Beijing's priority list than reducing pollution and cleaning up the country's toxic air, soil and water. While China can appear to be an unpredictable place to many outside investors, piggybacking on government policy has been a safe way to generate strong returns historically.

Milltrust cares deeply about environmental and sustainable investments in Asia and in the coming months will be announcing the development of exciting and impactful investment solutions in partnership with world-class environmental specialists.

Climate Smart Investment By Emerging Region (US\$22.6 trillion total) 2016-2030



Source: IFC

Agricultural Investments

About Milltrust Agricultural Investments

MAI is one of the few firms around the world that provides exposure to agricultural land as an asset class, with a regional or global focus.

- **Buy and Lease:** highly productive assets that attract a ready pool of lessee tenants who are able to grow with the portfolio, delivering income (4-6%pa) and capital appreciation (4-5%pa).
- **Global Diversified:** partner with local operators (usually family offices) who are incentivised to increase the value of assets, delivering long-term growth (20-25% IRR).

In addition, with the launch of the **British Innovation Fund** (2016), the firm now offers access to innovation from some of the world's top universities.

MAI operates as the sub-advisor to the Milltrust International Managed Investments ICAV (Irish Collective Asset Vehicle). The ICAV is a fully-authorized and AIFMD compliant investment company, incorporated in Ireland and regulated by the Central Bank of Ireland. Very different from a traditional private equity model, the ICAV enables a more direct and long-horizon investment structure. Investments are made directly by the ICAV, or through a series of tax efficient SPVs.

The agricultural investment strategy is focused on the southern hemisphere, including developed (New Zealand, Australia) and developing (primarily Latin America) markets. The MAI investment process identifies high quality and attractively priced farmland assets, creditworthy and experienced lessees (Buy and Lease) and highly credible operating partners (Global Diversified). MAI is small enough to access less contested, mid-market opportunities and to move expeditiously to conclude transactions.

The MAI team of executive asset managers and advisors has an average of 20 years' investment management experience and includes specialist farmers, agronomists, financiers and ecologists. Local lessees and operating partners further enhance the collective experience with their track records, skills and local networks.

Farming

| | | |
|---|---|---|
| Australia Buy-and-Lease ICAV, AIFMD-compliant | New Zealand Buy-and-Lease ICAV, AIFMD-compliant | Global Diversified Australia, NZ, Latin America |
|---|---|---|

Science and Innovation

British Innovation Fund

Science and technology, British university start-ups / spin-outs

Expanding Horizons

This year brings two new strategies for MAI clients. First, following the success of the New Zealand Buy-and-Lease strategy, the team is expanding the New Zealand agriculture roster by bringing a dedicated **New Zealand Sheep Breeding** platform to market. Secondly, blending investment opportunity with environmental responsibility, the firm will shortly be accessing a sustainable agriculture development in **West Papua (Indonesia)**. This is one of several sustainability-oriented initiatives across the Milltrust group in 2018.

New Expertise

Three new experts have been appointed to join the British Innovation team at Milltrust. Dr Steve Allpress, Dr. Kenny Tang and Mark Ebert have joined the **British Innovation Fund's** Investment Advisory Committee. Dr. Allpress is a tech entrepreneur with 42 U.S. patents in the field of wireless communication. He was co-founder and CTO of Icera Inc., acquired in June 2011 for \$435 million by Nvidia Corp. Dr. Tang is the Founder and CEO of Oxbridge Climate Capital. He is the author of *Taking Research to Market: How to Build and Invest in Successful University Spinouts* and *The Finance of Climate Change - A Guide for Governments, Corporations and Investors*. Mark Ebert has founded numerous private equity groups throughout his distinguished career, such as Lyceum Capital and Akina Capital.

Milltrust Agricultural Investments

| | |
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Pictured: Jersey cows face to face

Farmland in Focus

News from the Milltrust Agricultural Investments team

Milltrust Agricultural Investments (“MAI”) has completed its acquisition of two neighbouring dairy farms, Invergelly and Taminga, for the MAI Buy & Lease (Australia) Fund. This is the seventh farm acquisition by the Australian Buy & Lease fund since inception in 2016.

The properties are located near Finley in the Southern Riverina district of New South Wales, a region recognised for its superior soil types, access to reliable irrigation water and history of consistent productivity.

Invergelly comprises a broadacre irrigated dairy farm and Taminga provides additional irrigated support land to expand the milking platform. Together the farms comprise approximately 550 hectares of laser-levelled bordercheck pastures, setup for strip grazing and additional support land.

Production from Invergelly has been consistently above the district average. The dairy herd, which will be retained

under the ongoing lessee relationship, is a very successful one: in 2013 it was the highest producing Jersey herd in Australia. MAI plans to develop the farms further, including building a calf rearing shed and

feed pad, as well as physically integrating the two properties with crossings and laneways. Additional water rights have been purchased to continue increasing the cow numbers and

production. With the full utilization of the new feed pad area and integration of the farms, we anticipate a significant rise in production to over 6.5 million litres in the coming season.

This investment represents a carefully structured entry for the Fund into the Australian dairy sector. The quality and experience of the farm management partners and the opportunities to leverage highly productive assets by introducing further investment in technology provide a compelling opportunity for long-term investors.

“*This is the seventh farm acquired since 2016*”

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SPOTLIGHT ON

THE INNOVATORS

Roslin Breaks New Ground

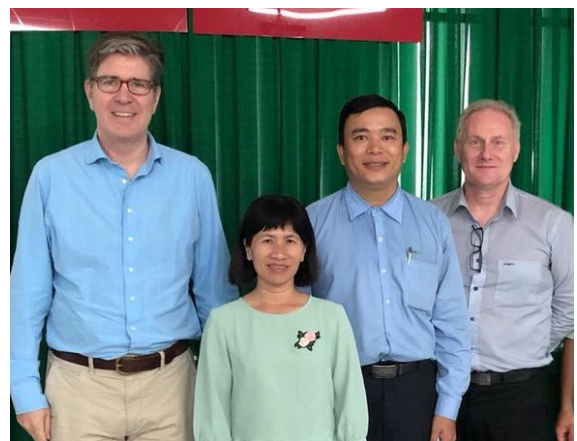
Griff Williams, Chief Executive Officer, Milltrust Agricultural Investments

One of the British Innovation Fund's early investments, animal life sciences specialist **Roslin Technologies**, has implemented several cutting edge research projects in recent months.

The **Frozen Aviary** (Avian Cryopreservation Lab) is now fully operational and working with its first customer, a global poultry research company, to preserve rare breeds of avian species. This initiative allows genetic diversity to be sustained through the cryopreservation of primordial stem cells. By negating the need for live animal cultivation, this advance could carve out a slice of the multi-million-dollar line maintenance market.

Meanwhile, the **Avian Biopharming** project has developed processes to purify, freeze dry and test proteins from the eggs of gene-edited chickens. The goal: a pipeline of therapeutic proteins. The team is concentrating on cytokines: cell signalling proteins which are relevant in infection, trauma, sepsis, cancer and reproduction. One of those in the pipeline has a role in liver regeneration, with applications in both human and veterinary medicine; it has no direct competitor or substitute other than a liver transplant.

Roslin is one of a handful of sites with the capacity for both gene editing and running animal trials. It uses both capabilities in its



Simon Hopkins (Milltrust) and Glen Illing (Roslin) with government officials in Ho Chi Minh City

Porcine Genetic Research Centre, which uses gene editing technology to produce animals for the biomedical industry to explore disease and treatments. These will support research into Alzheimer's, Huntington's, Cystic Fibrosis, and Cardiovascular diseases, bone diseases and cancer.

The Porcine sector is also the initial focus of an induced **Pluripotent Stem Cells** (iPSC) initiative, where porcine adult cells are collected, reprogrammed to an embryonic state and used to form specific tissues for drug discovery and genetic research. Research on canine cells will follow later this year.



Blood Tests at Your Fingertips

Attomarker, a company in which the British Innovation Fund holds a stake, is now plotting the commercial launch of a blood-testing device. This ground-breaking system can perform over one hundred tests from a single pin-prick of blood within five minutes.

The patented Attomarker technology (*pictured left*), collects the blood on a disposable credit card-sized chip. This slots into a mobile pocket-sized device, currently designed to be connected to an iPhone. The camera visualises the blood tests, which are then interpreted by software on the phone. We believe it could revolutionise the relationship between doctor and patient.

“

*It could revolutionise
the relationship
between doctor and
patient*

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The test results can be shared, linked to electronic patient record systems, run through an Artificial Intelligence-based symptom checker for diagnosis, or discussed by phone in teleconsultations.

Attomarker plans to commercialise three blood test chips: one for Antibiotics (C-reactive protein, CRP), one for Food Allergen testing, and one for profiling the Fertility cycle. The product will initially launch to private GPs in the UK and EU, followed by pharmacies and then directly to consumers.

Wealth Management & Corporate Advisory

About East India Capital Management

Milltrust's MAS-regulated wealth solutions business specialises in structuring customised wealth management services for families, HNWIs, entrepreneurs, corporates and institutional investors.

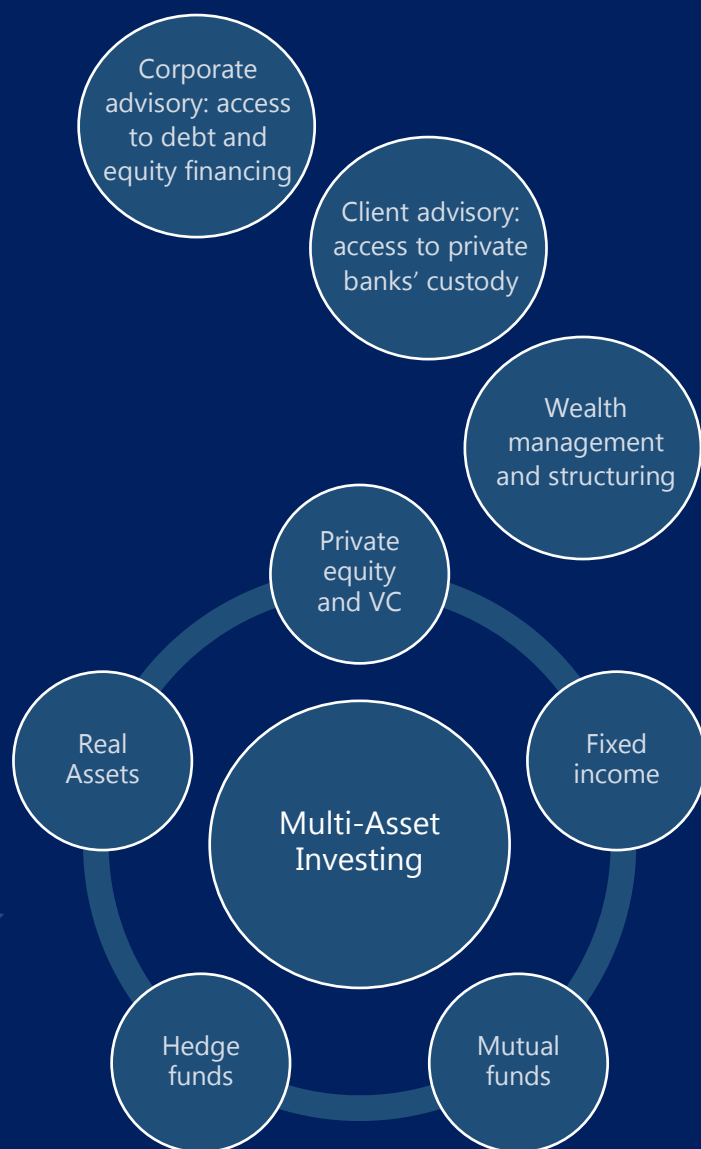
EICM provides discreet and secure ways for asset owners to hold investments, access integral banking and corporate finance services, appoint an arms-length professional asset manager, and even invite co-investors or debt providers to join the principal in a co-mingled, equitable collective asset vehicle.

The firm has structured vehicles for assets in Africa, South East Asia, India, the UK and the USA. Structures:

- **Fully-regulated UCITS platform:** Separate Managed Accounts in partnership with SS&C GlobeOp / BAML.
- **Irish Collective Asset Vehicle (ICAV):** the flexibility to house assets within a single custodial framework offering co-mingled, single-asset or single-client accounts provided by MUFG.
- **Cayman Segregated Portfolio Company:** managed by MAS-regulated EICM.

Corporate advisory solutions we assist clients with include:

- Secured and Unsecured Lending Facilities;
- Arrangement of Project Finance;
- Equity Raises;
- Trade Finance and Working Capital Finance;
- Acquisitions and Divestments.



New launches 2016-17

Asian Film Fund

South Asian Hospitality Fund

Cerracap II Fund

ZPX Tech Titans JV

Coming in 2018

Asian Century Fund

Superstars Multi-Asset Funds

Mekong Development Fund

Introducing the "Superstars"

Evidence now shows that the large majority of investment managers have failed to outperform appropriate benchmarks net of fees. Organisations often spend billions on marketing their brands but fall short in terms of transparency and reporting.

Amid this overwhelming mediocrity, some stars shine brighter. These are the Superstars, with whom we work to build informed, transparent portfolios with a powerful thematic basis, carefully assembled to meet long-term objectives. It is the way we currently run money for our clients in Singapore, and we believe it's the future. In 2018, EICM is set to launch a new web-based investment platform structured around these building blocks.



Pictured: the skyline in Costa Mesa, Orange County, California, the home of CerraCap Ventures

Transformational Technologies

With blockchain, cryptocurrencies and AI entering the everyday lexicon, it seems as if the pace of technological change has never been faster. This rapid upheaval brings opportunities as well as challenges. To coincide with the launch of CerraCap II, a fund focused on technological innovation, Milltrust CEO **Simon Hopkins** sat in Singapore down for a fireside chat with **Vikas Datt**, MD of CerraCap Ventures.

SH: Which new technologies will change our lives in the coming years?

VD: We are living in one of the most innovative decades in human history. Artificial Intelligence will be the source of many of the multi-generational leaps that we will see in the next fifty years. We're already using AI without knowing it, from Amazon recommendations to digital assistants. No industry can escape the implications of AI. Right now, the wave is being driven by advances in Deep Learning because of a perfect cocktail of factors: (a) greater computational power, (b) access to large data and (c) better algorithms. Companies that embrace change can benefit; others are set to be disrupted. Yet there are many challenges involved in identifying and growing the right technologies.

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*No industry can
escape the
implications*
”

SH: What are the risks of greater technological dependence in our lives? Do the surveillance implications concern you?

VD: As our world becomes more connected, we see significant debates emerge on surveillance – insights on human behaviour, challenges to privacy and threats to human rights. Yet the advantages outweigh the disadvantages, as long as our laws prevent misuse of data. Recent terrorist attacks have underlined the importance of surveillance prompting governments to give greater powers to security services.

SH: Finally, tell us a bit about Fifth Dimension, a new firm in the portfolio.

VD: Fifth Dimension is very exciting indeed. Its unique platform allows them to merge video, voice, text and images into one model to form entities, look at patterns/anomalies and give predictions. The current focus is on Law Enforcement and Intelligence, but there is immense potential for this product in Financial Services, Retail, Healthcare and Insurance.

CerraCap II is a Cayman Island feeder fund investing into a Delaware AI platform that already boasts three \$100 million success stories among its first seed and A-round investments.



Letter from the CEO

Notwithstanding recent trade war concerns, it's been a rollicking year for **Emerging Markets** - one that has been very welcome as we approach the end of a decade of gloom following the global financial crisis. Even Russia and Turkey have seen their fortunes reversed. Latin America has come back onto the radar for international investors, and our key picks of South Korea and Vietnam have certainly delivered. Dollar weakness and a commodity price rebound have all contributed to the upward trend.

At Milltrust, we are committed to marrying capital allocation with **sustainability**. From our early involvement with Prince Charles' International Sustainability Unit to our recent work with the FAO/OECD, we continue to press for environmental, social and corporate responsibility and allocate capital to support these principles. My travels in Asia and Africa over the past year have drawn me to vast expanses of extreme beauty, often set against significant levels of economic poverty. So many areas are being sacrificed for short term gain. The oceans too are at risk. I recently read that 90 percent of the rubbish in the world's oceans comes from ten rivers, nine of which are in Asia and Africa. The last thing on the minds of the desperately poor is environmental sustainability. Yet their environments may in fact be their greatest asset, whether the Mekong River delta or the beaches of Bali. In 2018, we will launch a fund dedicated to sustainability in an Asia context.

One of the things we specialise in at Milltrust is helping Asian and developing world businesses make themselves attractive to international investors by emphasising the importance of a **governance** framework which protects investors. We provide this framework through regulated fund structures which can be transformational for entrepreneurs and fund managers seeking to appeal to sources of international capital. It also demonstrates to local operators how these mechanisms can open new channels of growth capital, creating prosperity, jobs and economic growth, especially where capital sources have historically been confined to government or a handful of families or cliques. I recently completed a post graduate diploma for non-executive directors in HK with this mission in mind. In 2018 I hope to continue to be an advocate for probity and governance in the management of assets, for the pension funds we serve and for the family businesses or public companies in which we invest.

Finally, I am interested in **China's** relationship with the rest of Asia. My role on the investment committee of China's largest investment bank, CITIC, for its One Belt One Road Fund has given me a unique vantage point. Time and again, international onlookers have underestimated the resilience of the Chinese. While the U.K. is obsessed with BREXIT, and Europe is fraught with petty rivalries that largely relate to financial mismanagement and greed, Asia faces challenges which may be even more complicated, incorporating deep tribal rivalries laced with complex historical context. China's place in that mix is dominated by its role as Number One trading partner with nearly 100 countries (the U.S., by comparison, is the largest trading partner of 57). China's outbound investment is growing apace. Over the next decade China, will lend more than a trillion dollars for infrastructure projects. Much of this will go to neighbouring nations where it seeks to shore up its sphere of influence. Those countries that embrace this will have everything to gain. One Belt One Road (OBOR) is not only about old-fashioned infrastructure such as roads and ports. It is also about the information highway, with digital payments, artificial intelligence and the next generation of integrated telecommunications all up for grabs. China's Achilles' heel today is its dependence on imported energy. Expect to see continued cosying up to Russia, a focus on oil and gas imports from the Middle East, and a stronger emphasis on alternative energy than perhaps any other country in the world.

Thank you to my fine colleagues, whose energy and dedication in pursuit of our clients' interests never ceases to impress me. We look forward to another hugely rewarding year ahead.

Simon Hopkins
 Founder and Chief Executive
 Milltrust International

Our Team: Milltrust



Mark Ebert

Chairman, Milltrust International Group and Member of the MAI Investment Committee

Mr. Ebert is a pioneer in the Private Equity industry with a career spanning more than 30 years. Previous roles include global head of M&A at UBS, co-head at Panmure Gordon (where he helped to found Lyceum Capital), founding director at Akina Capital (a spin-out of Lombard Odier & Cie) and Chairman of Fortune Group, a company founded by Mr. Hopkins. Mr. Ebert is a qualified chartered accountant and he has recently completed a Masters in Agriculture from the Royal Agricultural University.



Simon Hopkins

CEO & Founder, Milltrust International Group and Co-Founder, Milltrust Agricultural Investments

Mr. Hopkins has been a senior figure in the investment management industry for more than two decades. He has been a prolific capital raiser for single manager funds, funds of funds and listed closed-end funds and founded Fortune Group, a multi asset class advisory firm which was sold to Close Bros Group plc. in 2006. Mr. Hopkins started his career at S.G. Warburg, and held senior roles at UBS, HSBC, James Capel, and Nomura. He now serves as a director of Swallowcourt, Xoomtrip, Novare Fund Manager, CITIC Securities One Belt One Road Fund (CSOBOR) and Roslin Technologies, and is a member of NUS Medicine International Council. He graduated from the University of Bristol Faculty of Law (LLB Hons).



Griff Williams, CFA

Co-Founder and CIO, Milltrust Agricultural Investments

Prior to joining Milltrust, Mr Williams was Head of Europe and interim CEO at Itau Asset Management in London. Previous roles included Institutional Solutions Strategist at Pioneer Global Investments and Investment Director at Railpen Investments, one of the largest Pension Funds in the UK, where he managed the global equities portfolio. A New Zealand National from a farming family, Mr. Williams holds a Bachelor of Commerce and Administration degree from Victoria University, Wellington.



Alexander Kalis

Managing Partner, Senior Portfolio Manager & Head of Investments

Mr. Kalis has nearly two decades of experience working at top-tier asset management firms including Edmond de Rothschild Asset Management and Santander Asset Management where he managed some of the largest Emerging Markets multi-manager funds in the industry. He was most recently Managing Partner at Think Alternative Advisors LLP, an Emerging Markets research and advisory firm acquired by Milltrust International Group in 2011. Mr. Kalis has a Master's degree in economics and management from the Université Catholique de Louvain in Belgium.



Eric Anderson

Managing Partner, Senior Portfolio Manager & Head of Investment Solutions

Mr. Anderson brings nearly two decades of international investment industry experience in the US, Europe and Asia, starting at State Street Global Advisors. He was most recently Managing Partner at Think Alternative Advisors LLP, an independent emerging markets research and advisory firm which was acquired by Milltrust International Group in 2011. Mr. Anderson holds a degree in International Economics from the University of California, Berkeley, and is a candidate for CFA Level 3.



Anaïs de Bretizel

Managing Director

Ms. de Bretizel has held senior positions at BNP Paribas, Dresdner Kleinwort (Director, Institutional Clients), James Capel – part of HSBC Group (Head of Fixed Income Sales) and Greenwich Associates (Senior Consultant). She started her career in 1985 at BFCE (now Natixis) and Lehman Brothers, where she was a foreign exchange and French government bonds trader and market maker. She holds a Master of Science in Foreign Service from Georgetown University



Gary Thornton, FCA

Head of Finance and Operations

Mr. Thornton is an experienced finance professional with over two decades of experience. He was formerly Finance Director at Fortune Group working with Mr. Hopkins and, prior to that, worked at HW Fisher where he audited Fortune. Subsequent to the sale of Fortune, he was Head of Finance and Operations of the institutional team at Close Asset Management. He is a qualified chartered accountant with Moore Stephens in 1993 and holds a Degree in Modern Languages and History of Art from Cambridge University.

Our Team: EICM



Dennis See Chee Chiow

Executive Director, EICM

Mr. See is the founder and CEO of PointWorth Management Pte Limited. He has previously held roles at the Indosuez Group (now part of the Credit Agricole Group) and the Chemical Bank New York, whose Trust and Investment Division is now part of JP Morgan. He was formerly Honorary Auditor of CFA Singapore. Mr. See holds a Bachelor degree (Hons) in Economics from Manchester University, a Masters degree in Finance from Exeter University and is a Chartered Financial Analyst.



Saurabh Gupta

Partner and Portfolio Manager, EICM

Mr. Gupta has over 13 years of experience in global investment products, specialising in equities and alternative investments. Previous roles include Executive Director and Team Head at Bank Julius Baer in Singapore and head of the Global Indian Business at ANZ Private Bank Singapore. He began his career in 2000 at Siemens AG and has worked at Citibank N.A., ABN AMRO and Deutsche Bank AG. He holds a Bachelor of Economics (Hons) from Delhi University and attained the CAIA designation in 2009.



Akshay Kiran

Head of Corporate Advisory, EICM

Mr. Kiran joined Milltrust in 2016. He previously ran Pensive Ibis, a project finance and investment advisory focusing on South East Asian power projects, advising developers, private equity firms and power companies on thermal, hydro and solar transactions, and co-founded Prometheus Energy, an Indonesian-focused energy infrastructure developer. He spent four years at Barclays Capital in fixed income/risk and Lehman Brothers/Nomura in prime brokerage after an early career in Analytics/ Decision Sciences/Systems Engineering. He holds a BS in Mathematical Sciences from SSSIHL, India.



Dr. Ryan Clarke

Head of Research, EICM and Advisor, British Innovation Fund

With the firm since 2017, Dr. Clarke formerly ran the Singapore office of Fortman Cline Capital Markets where he covered healthcare and agriculture/food. Prior to this he worked at the American Chamber of Commerce, Barclays Capital and Deutsche Bank. He is a senior adviser to the Singapore National University Hospital and the Oxford Nuffield Department of Medicine and has held roles at the MIT Datacollider, the National University of Singapore and other eminent institutions. Dr. Clarke holds a PhD from the University of Cambridge (Applied Intelligence and Analytics) and received the Salje Medal for innovative research.



Leon Santos

COO, Group Head of Legal

Mr. Santos has 18 years' experience in legal practice. He was recently Group Partner in Collas Crill's Singapore office where he built the funds and corporate practice across SE Asia. He was the first in-house counsel hired by Prosperity Capital Management in London and cut his teeth in the investment funds teams at SJ Berwin and Kirkland & Ellis in London. He worked with Mourant Ozannes in Jersey and Maddocks in Melbourne early in his career. Leon attained a double degree in Law and Science from Monash University, and is qualified as an Australian Legal Practitioner and a solicitor in England and Wales.



Wong Kangwei

Associate, EICM

Ms. Wong works on both funds and advisory services. She was previously CFO at WateROAM, an ASEAN-focused water filtration and disaster response social enterprise. Prior to that she spent several years with TIH Ltd (formerly Transpac Capital), an SGX-listed fund management company, where she worked on venture capital and private equity mandates covering TMT, Biotechnology, Manufacturing, Real Estate and Mining. She began her career in the Audit department of KPMG Singapore. She holds a Bachelor in Business Administration from the National University of Singapore, specialising in Accountancy.

On the cover...

A cyclist and motorcyclist navigate a flooded street in Ho Chi Minh City, Vietnam. Nowhere do rising sea levels pose a greater threat than in South and Southeast Asia and small island states in the Pacific. The IPCC estimates that rises could displace up to 7 million of the 18 million people living along the Mekong delta in Vietnam by 2050, and over 3 million along the Ganges-Brahmaputra-Meghna delta in Bangladesh. Other severely affected populations will include the 12 million people in 23 low-elevation coastal cities in China, Japan and Korea, who will be at greater risk of flooding.

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