

EAST WEST

THE MAGAZINE OF MILLTRUST INTERNATIONAL GROUP

FINAL CALL TO SAVE THE WORLD
US-CHINA TRADE WAR
COMMODITY COUNTRIES IN FOCUS
INSIDE A GENOMICS REVOLUTION

Spring 2019

IN THIS ISSUE

03

Around the Business

05 *Emerging Markets*

Commodity Countries in Focus

07 *Emerging Markets*

US-China Trade War: a Lose-Lose Scenario

08 *Sustainable Investments*

Final Call to Save the World

11 *Agricultural Investments*

Inside a Genomics Revolution

13 *Science, Technology and Innovation*

Viome Vies for Industry Gong

Universities Collaborate on Commercialisation Accelerator

15 *Wealth Management & Advisory*

An Immigrant Tale for Our Times

16

From the CEO: 2019 Vision

17

Our Team

“

*On climate change, one
thing is clear: the time to act
is now*

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Alexander Kalis, page 9

Around the Business



Birmingham University

Climate Priority

Sustainability has long been a priority for the Milltrust group. This mission is evolving as the firm prepares to launch its first vehicle specifically dedicated to sustainable investing in an Asia context in partnership with World Wide Fund for Nature (WWF) in Hong Kong and Environmental Investment Services Asia Limited. On page 8, Alexander Kalis addresses a damning new report from the UN's IPCC, which shows that the world is now on track for temperatures to rise to 3°C above pre-industrial norms and recommends far-reaching changes to limit rises to 1.5 degrees, or else suffer calamitous consequences.

Innovation Collaboration

CEO Simon Hopkins recently visited the UK's Birmingham University (*pictured*) for the launch of the Midlands Innovation Commercialisation of Research Accelerator (MICRA). This new initiative brings together the capabilities of eight universities in the UK's Midlands region, in what is the largest formal collaboration between technology transfer offices (TTOs) in the UK. The group includes the universities of Aston, Birmingham, Cranfield, Keele, Leicester, Loughborough, Nottingham and Warwick. The launch was enabled by a £5 million award from Research England's Connecting Capability Fund (CCF), which supports universities working with businesses and other partners to commercialise research (continues on page 13).

New Hiring

Milltrust is seeking to hire an Investment Director for the British Innovation Fund. 2016). The BIF invests in medtech, AI, agri-science and nanotechnology. Deals are derived from or associated with UK universities. To date the BIF has invested in firms linked to the universities of Cambridge, Edinburgh, Exeter and Oxford. The director will continue to build presence in the space, assess and present investment opportunities to the Investment Advisory Committee and be jointly responsible for capital raising targets. The role would suit a mid-level investment professional looking to step into a more senior role.

Contact Griff Williams: griff@milltrust.com.

About Milltrust

Milltrust International Group is a specialist, award-winning investment organisation co-headquartered in London and Singapore. With a unique multi-geography multi-affiliate structure, Milltrust provides a range of innovative investment solutions seeking to address some of the greatest themes of our generation including the development of emerging economies, rising food demand, technological revolutions and climate change. Clients include pension funds, sovereign entities, family offices, entrepreneurs and HNWIs. 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 regulated investment platform hosts a number of leading regional emerging markets asset managers from China, India, South East Asia, Latin America and the Gulf. These managers are appointed under power of attorney in a unique regulated environment; investors are guaranteed a transparent and liquid custodial platform.

Milltrust's Global Emerging Market Solutions 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 ETFs; pure "bottom-up" investment in specific preferred regions can be done through stand-alone EMMA UCITS funds.

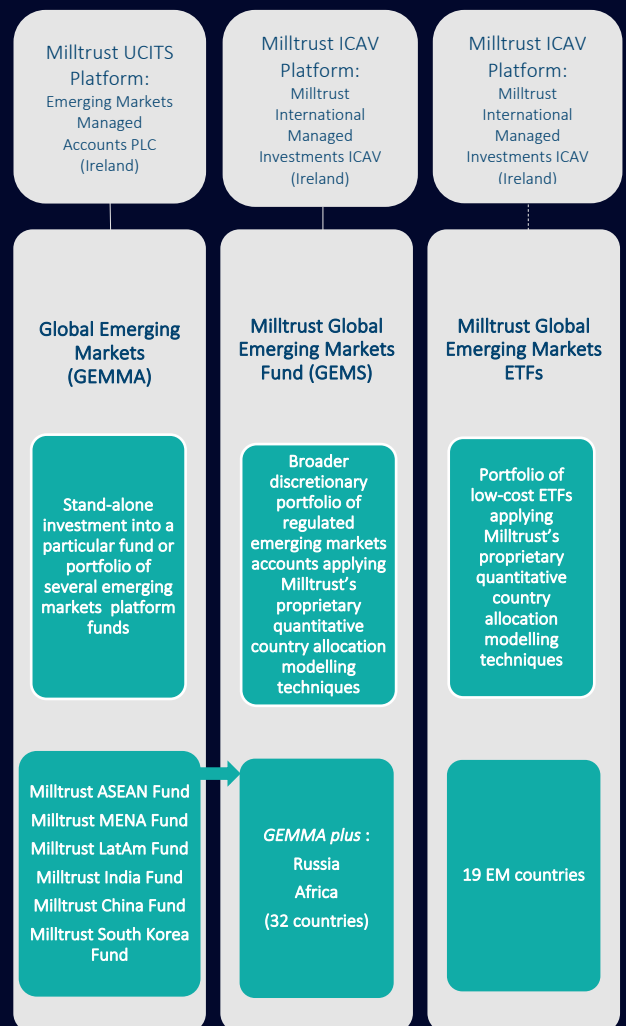
Whatever the solution, Milltrust's robust, regulated single custodial platform permits allocation to all investments through a single counterparty, providing safety, transparency and liquidity.

Both GEMMA and GEMS have outperformed the MSCI Emerging Markets Index and the asset manager peer group since the inception of the strategy in July 2012*.

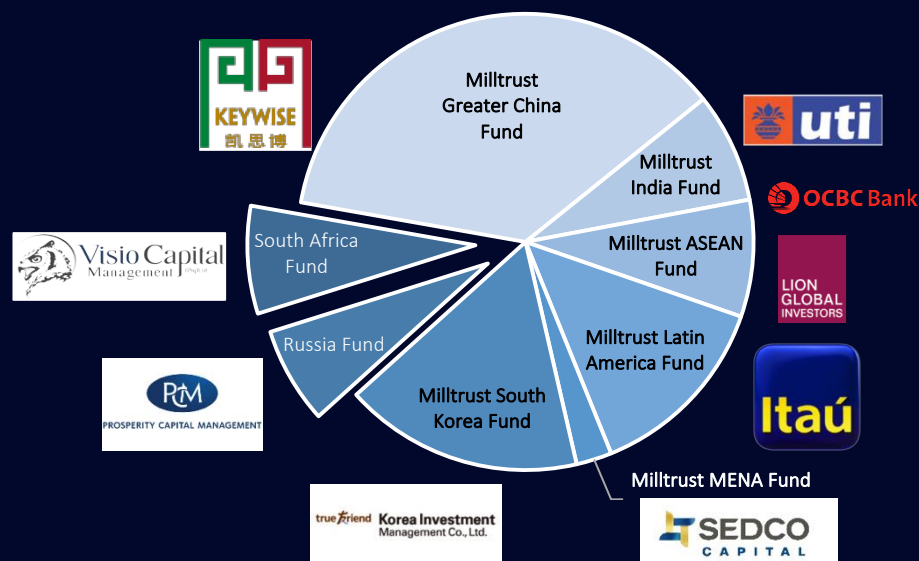
The GEMMA platform and regional EMMA UCITS funds have received multiple industry awards since launch in July 2012, most recently including two 2017 UCITS Hedge Awards.

Milltrust International is regulated by the FCA.

*Source: Morningstar, the FT, and Bloomberg



Milltrust Global Emerging Markets Fund





Emerging Market Allocations:

Commodity Countries in Focus

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

Commodity-rich countries continue to benefit from positive sentiment, growth upgrades and attractive valuations. In our global emerging market equity strategies, we continue to remain overweight Russia and have added some exposure to the (also overweight) Middle East region., as well as Taiwan. Meanwhile we are moving from ‘neutral’ to ‘underweight’ on South Africa and the ASEAN region, primarily due to poor growth indicators and negative price action.

Regional views

We remain neutral on *Greater China* where the very negative sentiment is offset by upgrades to GDP growth forecasts over the past 6 months, valuations that are in line with long-term averages and still-accommodative monetary policy.

In *South Korea* we have trimmed some exposure this quarter but maintain a slight overweight position. Growth indicators have dipped slightly over the past two quarters, the currencies remain overvalued and the terms of trade are negative. Valuations are still attractive

with price multiples well below both the Emerging Markets average and Korea’s own 10-year average.

We are now more strongly underweight *South East Asia* (Indonesia, Malaysia, Thailand, Philippines) than previously, with an eye towards expensive valuations and negative sentiment. Indonesia, Malaysia and the Philippines are all seeing forecasted growth downgrades for 2019 and negative price action. Thailand scores highest amongst the four countries with positive growth numbers, accommodative monetary policy and strong risk indicators.

India maintains an underweight mainly due to valuations. Its trailing P/E is 22 times, considerably above the long-term average (17 times) and the current EM average (17 times); its dividend yield is also relatively low (1.6%). The rupee remains slightly overvalued and the terms of trade are negative, which is unsurprising given India is an oil importer. On the positive side, GDP growth forecasts for 2018 have come up 70 basis points over the last 6 months.

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We have moved to an underweight position on ASEAN
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Continues on page 6.

Emerging Market Allocations: Commodity Countries in Focus

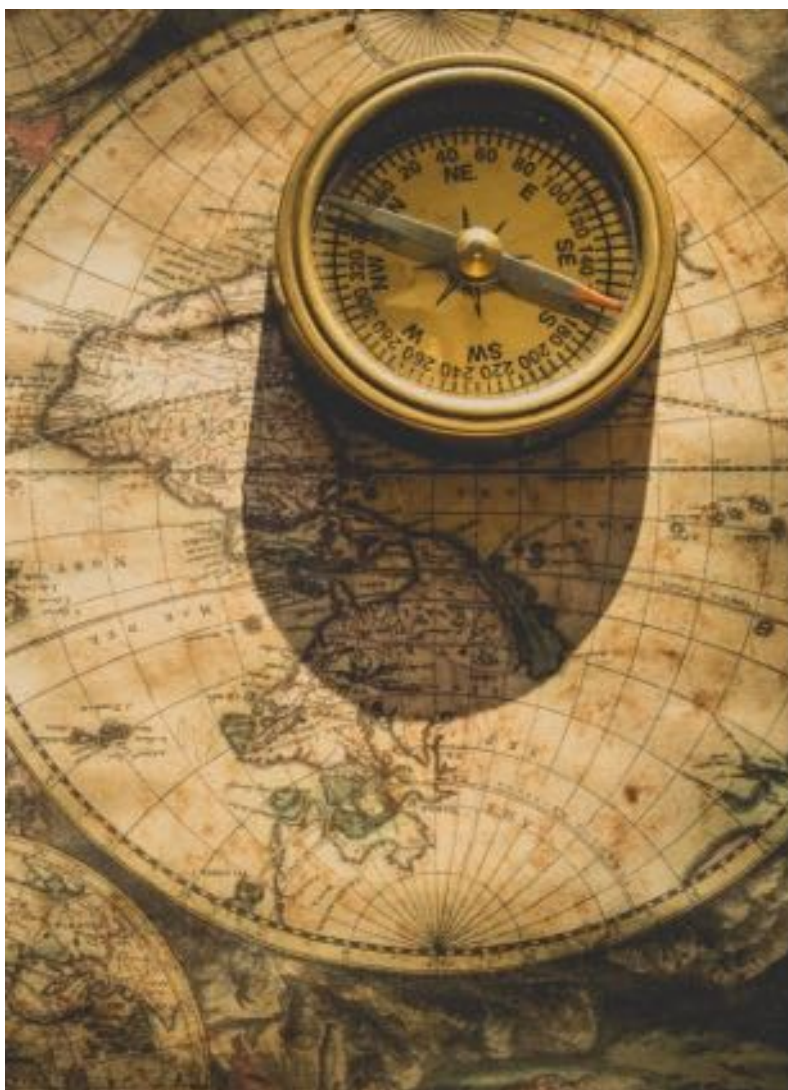
In *Latin America*, we have moved from a slight overweight position to neutral. Brazil in particular is trending downwards due to significant downgrades to growth forecasts for both 2018 and 2019, poor risk indicators and expensive valuations. On the other hand, many export-focused commodity-producing countries in the region are benefiting from the boost in commodity prices. This includes Colombia, which has a positive term-of-trade trend, attractive valuations, strong price momentum and an undervalued currency.

Exposure to *South Africa* is also trending down, moving from neutral to underweight. Equities are fairly valued but poor growth indicators and negative year-on-year price momentum provide very little upside.

On the *Middle East* region we have shifted to an overweight position due to improved conditions in Saudi Arabia led by improving terms of trades, positive sentiment and strong risk indicators.

Russia remains overweight despite some recent weakness in the country's growth indicators. The valuations remain attractive with equities trading well below the Emerging Markets average as well as below the country's own 10-year average. Russia's risk indicators remain strong, while the terms-of-trade trend is positive due to a strong oil market and the country is running a current account surplus. An undervalued real exchange rate makes exports more competitive.

Source: Bloomberg



How we do it

The Milltrust Global Emerging Markets (GEMS) Fund is a multi-specialist fund that primarily invests in a portfolio of regulated emerging markets equity accounts. It combines proprietary quantitative modelling techniques and qualitative analysis to establish the geographical allocation between the different regional investment teams.

Key characteristics:

- **The Best Performing Emerging Markets Fund in the World***
- **High Alpha:** ~4% annualised alpha over the MSCI Emerging Markets Index
- **Two Sources of Alpha:** ~3% alpha p.a. from local specialist stock-selection and ~2% alpha p.a. from asset allocation ("Double Alpha").
- **Low cost** (TER ~1%) and Low Turnover (~20% annual turnover)
- **Downside Protection:** ~70% downside capture of the MSCI Emerging Markets Index

*Source: Morningstar, the Financial Times, Bloomberg, since strategy inception in 2012

US-China Trade War: A Lose-Lose Scenario

Simon Hopkins, Chief Executive Officer, Milltrust International LLP



What impact will US-China trade tensions have on emerging markets? In a recent Bloomberg interview, Simon Hopkins explored this pressing question.

Q: China appears to be in a better position than the US when it comes to this fallout. What impact do you envisage?

Simon Hopkins: Obviously these things are negative for everybody and it's a lose-lose situation for the US and China. But China is responding to this sensibly: they are weakening their currency and they will be able to adjust. This tension is about political expediency: we are approaching the midterms, the US needs a scapegoat and China is a very convenient one.

Q: UBS has reduced its exposure to the Emerging Markets, while Templeton says the worst is over. Where do you sit?

Simon Hopkins: Emerging Markets are a made up of multiple different economies: some have current account surpluses, some have deficits; some have exposure to the rising oil price, some do not. Bundling them all into one pot is unhelpful. We should be focused on those that are going to come out of this malaise in a strong position. We live in a world where flows impact Emerging Markets in a very indiscriminate way: all of them tend to be impacted during a risk-off period. We're moving into a period where a

lot of these economies are representing extraordinarily good value. This includes Colombia, Peru, the Andean economies and South East Asia.

We're not going to see a wholesale recovery in the Emerging Markets until we see a reversal of US dollar strength, and of course the rhetoric coming out of the US is all about supporting the US dollar. They have 20 trillion dollars of public debt and the US has to fund it by selling, and keeping confidence in, the US dollar.

Part of the adjustment mechanism for economies that are suffering in this environment is the weakness of their currencies: this helps many of these economies sustain growth.

Conversely, I'm very cautious about the outlook for the US. I think that the growth in that economy has been driven largely by stock buybacks: 40% of earnings growth has come from share buybacks, and although there is a recovery in growth after a ten-year hiatus of virtually negligible growth the figures aren't particularly thrilling.

We've got much better growth in Emerging Markets, even though people are very keen to write-off these economies in the context of a period of dollar strengthening.

“
We're living in a world where flows impact emerging markets in a very indiscriminate way
 ”

Source: Bloomberg



Extreme weather events such as drought will become more frequent, says the IPCC's latest report

Final Call to Save the World

Alexander Kalis, Managing Partner, Milltrust International LLP

It's the final call to save the world from climate catastrophe, say scientists in the most extensive warning yet on the risks of rising global temperatures. A new report by the Intergovernmental Panel on Climate Change (IPCC), the UN body responsible for assessing the science related to climate change, outlines the importance of keeping global warming to 1.5°C above pre-industrial levels.

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We are heading to 3°C above pre-industrial levels

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As reported by the BBC, the study concludes that the world is now completely “off track”: we are heading instead towards 3°C. Keeping to the preferred target of 1.5°C will mean “rapid, far-reaching and unprecedented changes in all aspects of society.”

Five steps to 1.5

- 1: Emissions of CO2 need to decline by 45% from 2010 levels by the year 2030.
- 2: Renewables should provide 85% of global electricity by 2050.
- 3: Coal production should fall close to zero.
- 4: Up to seven million square kilometres of land will be needed for energy crops (a little less than the size of Australia).

5: Global net emissions should be at zero by 2050.

The researchers say that if we fail to keep temperature rises below 1.5C, we are in for some significant and dangerous changes to our world, including extreme weather events, reduced water availability, higher sea levels and reduced biodiversity.

Milltrust's Climate Impact Initiative

Milltrust is launching The *Climate Impact Asia Fund* in partnership with the *World Wide Fund for Nature (WWF) in Hong Kong* and *Environmental Investment Services Asia Limited*.

The fund is a liquid long-only equity impact ESG strategy that invests in the leading companies in Asia that are actively focused on fighting environmental pollution and climate change. These are companies operating in renewable/alternative energy, water, low-carbon transport, environmental services, energy management technology and the green fintech sectors.

Continues on page 9

Final Call to Save the World

Continued from page 8

The fund will also be significantly supporting WWF Hong Kong's conservation projects in Asia whose mission is to stop the degradation of our planet's natural environment and build a future in which people can live in harmony with nature.

Asia focus

In these unprecedented times, China is stepping up as the world's new leader on climate change. Indeed, the country's senior officials have made fighting climate change, and working with other countries to do so, a key international goal.

China is already well ahead of its Paris agreement target of hitting peak carbon emissions by 2030 and is also leading the way as the world's largest investor in renewable energy, spending US\$133 billion in clean energy alone in 2017, according to Bloomberg New Energy Finance.

The country has also maintained its 2020 targets of installed operational capacity for 264 GW of wind, 250 GW of solar, 20 GW of waste-to-energy (municipal and biomass), along with plans to have 5 million new energy vehicles travelling on the roads.

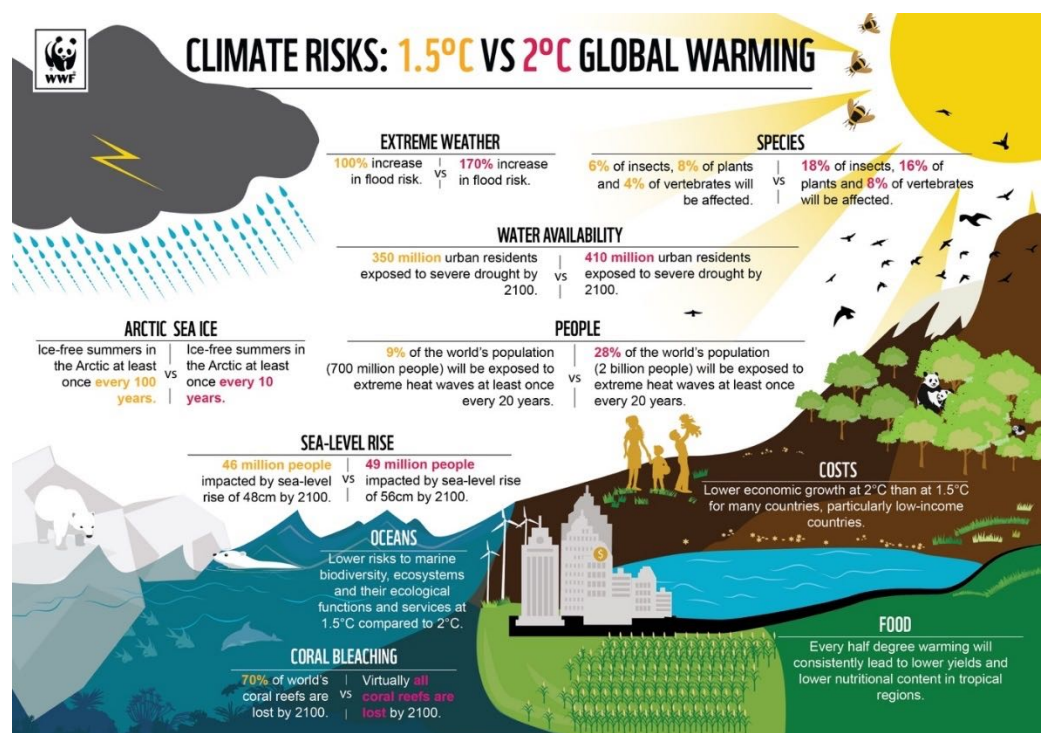
“China is stepping up as the world's new leader on climate change”

The momentum to cut pollution levels and reduce greenhouse gas emissions continues apace.

Elsewhere in Asia, Japanese Prime Minister Shinzo Abe has emphasised his ambition to develop low carbon solutions, including certain technological goals such as “ultra-high-capacity storage batteries, further decentralising and digitising automated energy control systems and evolving into a hydrogen-based energy society.” Similar ground-breaking initiatives are being undertaken in South Korea, India and Australia.

There is a positive argument to be made that many of these sectors in Asia are in a prime position to benefit from supportive governmental policy and significant investor flows in the coming decades.

One thing is clear: when it comes to battle to safeguard the environment, the time to act is now. To find out more, contact alex@milltrust.com.





Agricultural Investments

About Milltrust Agricultural Investments

With a core imperative to produce food & fibre to an ever-expanding urban population, London-based affiliate Milltrust Agricultural Investments provides investors with income-generating, inflation adjusted, long duration investments, lowly correlated with other asset classes.

- **Buy & Lease Strategy:** purchasing established cashflow-positive farms and leasing to pre-identified regional and international operators, providing the investor with ownership of the land with all the exposure to land appreciation (4-5% p.a.) and a fixed lease income (4-6% p.a.), without the operational risk.
- **Global Diversified Strategy:** focus on regeneration and improvement, targeting farmland which has a high productive potential but would benefit significantly from targeted investment, the introduction of state-of-the-art technology and agronomic skills. Targeting long-term capital appreciation (20% IRR).

Our asset management team has an average of 20 years' experience including specialist farmers, agronomics, financiers, and ecologists.

Our approach requires partnership with experienced, local operators, incentivised to create value and enhance productivity within a strict environmental, social and governance (ESG) framework while aiming to enhance productivity.



Expanding Horizons

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

Milltrust Agricultural Investments

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Pictured: the Roslin Institute building, Edinburgh, UK

Inside a Genomics Revolution

Glen Illing, CEO, Roslin Technologies

Productivity in the agricultural sector has always been cyclical. In the past, innovation has helped the industry to break through these challenging periods innovation and today is no different.

In the early 1920s it was achieved by breakthroughs in animal husbandry; in the 1960s it was innovative usage of statistics and population genetics. By the 1990s mainstream agriculture started its love affair with genomics. Today's advances are the stuff of yesterday's science fiction.

Nowhere is this more prevalent than at the Roslin Institute, one of the world's leading organisations in genetics, genomics, and animal biotechnology. For example, the Institute has already produced pigs resistant to viral diseases such as African Swine Fever and Porcine Respiratory & Reproduction Syndrome, both of which cost the global agriculture industry billions of dollars. Scientists identified the gene that encodes the receptor on the surface of cells through which the relevant virus gains entry and removed a tiny portion of that gene.

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*Lower mortalities
will translate into
stronger financial
results*
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Through its commercial arm, Roslin Technologies, (the joint venture between The University of Edinburgh, Milltrust International and JB Equity), industries are now accessing these technologies and enhancing farm productivity.

For example, Roslin Technologies recently became the genetics business partner to Danish Genetics – the fourth largest pig genetics company globally, involving 25 of Denmark's most experienced breeders, vendors and pig breeding multiplication specialists.

The future looks brighter for agriculture. New technologies will soon allow breeders to produce animals resistant to devastating diseases. The health and welfare benefits are enormous and lower mortalities and losses caused by disease will inevitably translate into stronger financial results.

Through further advances in genomics, farmers facing a crossroads in terms of profitability will once again find new ways to improve productivity.

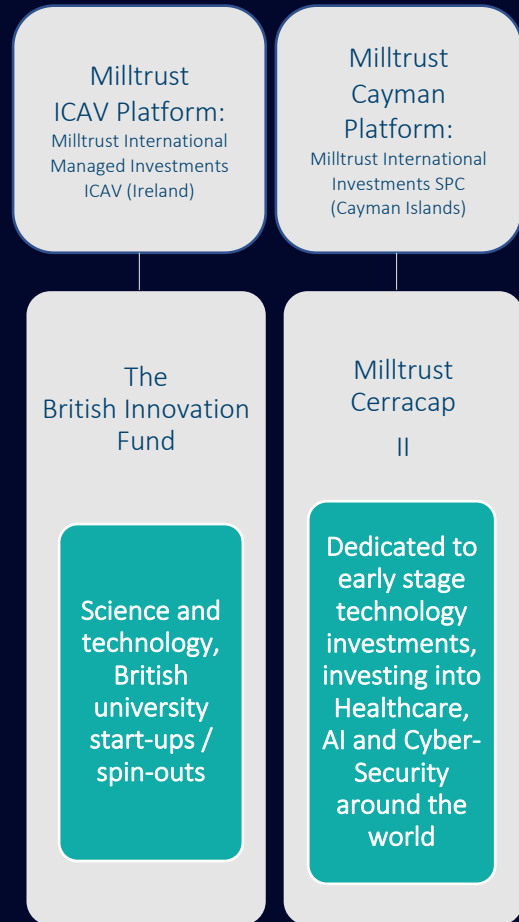
Science & Technology

Science, Technology and Innovation

Disruptive innovation is a priority for anyone seeking growth in today's investment climate. Milltrust's Science, Technology and Innovation strategies provide investors with access to thoroughly vetted opportunities across a wide range of risk-return profiles.

The **British Innovation Fund (BIF)** seeks world-class science, and technology in Britain's top universities, in particular in the realms of medical technology, life sciences, nanotechnology, and other innovative advancements. BIF nurtures impactful, early-stage companies – helping them reach their full potential and guiding them to worldwide recognition and success. The fund carefully picks spin-out companies from established, in-house university commercialisation vehicles which the fund has invested in. In its first year, BIF has made ground-breaking investments with Roslin Technologies (University of Edinburgh), Oxford Sciences Innovation (University of Oxford), Pragmatic Printing (backed by Cambridge Innovation Capital), and Attomarker (University of Exeter).

Milltrust CerraCap II is dedicated to early-stage technology investments including Enterprise (B2B) products and solutions in the areas of Healthcare, AI, and Cyber Security. The strategy uses a single consistent Sales and Scale model approach since inception consisting of targeting great teams with high growth characteristics. CerraCap makes great companies better by personally introducing Fortune 500 decision makes. The fund is managed by Milltrust in Cayman feeding into a US partnership. CerraCap Ventures is headquartered in California with operations in Tel Aviv, Singapore, and Bangalore. The team was formerly an in-house venture team at UST Global, where their prior track record returned a stellar 9x return over 5 years. CerraCap Ventures boasts a phenomenal advisory board including Vincente Fox, former President of Mexico, John C. Cushman, Chairman of Cushman & Wakefield, Richard P Crane Jr., former member of the U.S. Department of Justice, and our own Simon Hopkins.



Newcastle Breaks New Ground

Griff Williams, CIO British Innovation Fund and Simon Hopkins, Milltrust CEO, recently visited the Science, Agriculture and Engineering (SAGE) Enterprise Team at the UK's Newcastle University.

This group is driving forward advanced scientific discoveries in the areas of crop protection, food science and animal welfare, with participation from industry players.

SPOTLIGHT ON THE INNOVATORS



Viome Vies for Industry Gong

Viome, the wellness monitoring service founded by Seattle-area tech entrepreneur Naveen Jain (*pictured, left*) has been nominated for the SAMNewslink.com 2018 Excellence Awards for Innovation and Dedication in Healthcare.

Their technology, which ultimately aims to treat chronic diseases by sequencing the microorganisms inside our guts, currently provides detailed personalised dietary recommendations to subscribers based on an analysis of their biome. It has been used by over 3100 customers as of June 2018.

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The technology aims to treat chronic diseases by sequencing the microorganisms inside our guts

”

The company, one of the Cerracap II Fund investments of Milltrust International Investments SPC, has recently secured a further \$5.5 million in fundraising, bringing its total funds raised to \$26.5 million. It has also nearly tripled its employee count, with headcount rising from 45 last July to 125 now.

We congratulate the Viome team on this well-deserved industry recognition.

Midlands Universities Launch Commercialisation Accelerator

Eight universities have come together in what is the largest ever formal collaboration between technology transfer offices (TTOs) in the UK: the Midlands Innovation Commercialisation of Research Accelerator (MICRA).

The six-year-old “Midlands Innovation” group includes the universities of Aston, Birmingham, Cranfield, Keele, Leicester, Loughborough, Nottingham and Warwick.

This new initiative will build a spin-out and start-up ecosystem to increase the innovation productivity of the region and help to accelerate the speed at which research breakthroughs can reach markets.

It has been enabled by a £5 million award from Research England’s Connecting Capability Fund (CCF) in April 2018.

Key facets of the new MICRA programme include a cohort of business development managers who will provide investors and potential business partners with a menu of opportunities, fellowships for staff from corporate investment companies in TTOs, and secondments or exchanges of TTO staff with industry partners.

The British Innovation Fund invests in start-ups and spin-outs from British Universities.

Wealth & Advisory

About EICM

EICM is Milltrust's MAS-regulated wealth solutions business.

Smart Structuring with Fund Solutions

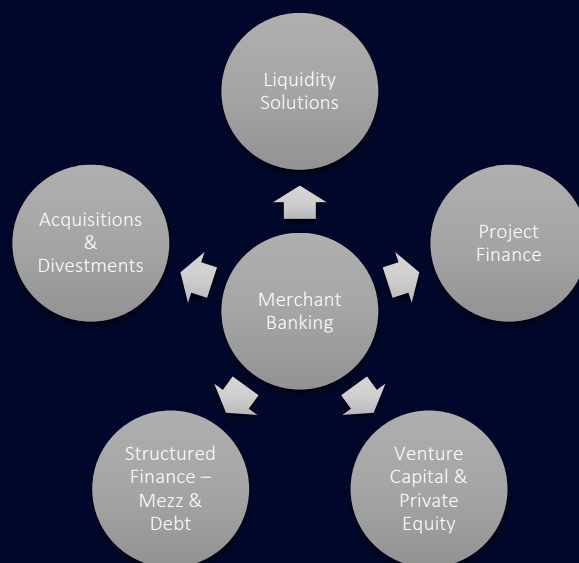
With a range of transparent, regulated investment platforms in Cayman, Ireland and Mauritius, assets can be housed in the vehicle and domicile that best suits each client. Assets are managed by entities in the United Kingdom, Ireland and Singapore. Clients can appoint an arms-length asset manager, achieve the appropriate level of risk and diversification, maximise tax efficiency and invite co-investors or debt providers to join them in commingled vehicles. Support with tax, compliance, regulation, legal and other administrative affairs comes as standard. The firm has structured vehicles for assets in Africa, South East Asia, Latin America, Australasia, India, the UK and the USA.

Co-investments and Syndications

Co-investment structures enable clients to co-invest alongside other clients on deals that EICM originates and syndicates. Few of our peers offer this capability.

Merchant Banking

We provide clients with a holistic solution combining wealth and investment solutions with corporate finance. EICM goes beyond being a pure wealth manager to support clients in their business and financial needs. We provide access to an array of M&A and financial solutions incorporating equity, debt, mezzanine, project finance, trade finance, and share finance. We also help business owners to benefit from our network of strategic relationships.



2016-18 Launches

Asian Film Fund

South Asian Hospitality Fund

Cerracap II Fund

Coming soon

Superstars Multi-Asset Funds

Introducing the "Superstars"

Evidence shows that most investment managers have failed to outperform appropriate benchmarks net of fees. Amid this mediocrity, some stars shine brighter. These are the Superstars, with whom we work to build informed, transparent portfolios with a powerful thematic basis, assembled to meet long-term objectives. It's the way we run money for our clients in Singapore, and we believe it's the future. EICM is set to launch a new web-based investment platform structured around these building blocks.

EICM Deals

VASHI has made finding a diamond ring an unforgettable experience. EICM is participating in a £10m private placement opportunity of B shares with voting rights in this disruptive, multichannel, aspirational diamond jewellery brand. The deal is being offered on £75 pre-money valuation, and 10x 2018 EBITDA. Forecast revenues & EBITDA of £18.7m & £77.4m respectively.

XG Sciences is a market leader in the design and manufacture of graphene nanoplatelets, based in Lansing Michigan. Graphene is a disruptive technology, discovered at Manchester University in 2004, which led to two of its scientists being awarded the Nobel Prize. Graphene is many times stronger than steel, lightweight and flexible, electrically and thermally conductive, transparent, and one million times smaller than the diameter of a human hair. XGS is currently raising up to US\$ 24m in common equity through the issuance of 3 million registered shares at a price of US\$ 8 per share, implying a pre-money valuation of US\$50m.



Pictured: Manoj Bajpayee in Bhonsle

A Tale for Our Times

Devashish Makhijah's 'Bhonsle' received a standing ovation when it recently premiered at the 23rd Busan International Film Festival in Korea.

The Indian feature film, which stars versatile Bollywood actor Manoj Bajpayee in the title role, shines a light on the political, social and cultural challenges surrounding immigration.

With a focus on the vulnerability of north Indian migrants in the city of Mumbai, the film hinges primarily on the relationship between the retired policeman Bhonsle (Bajpayee), who is struggling with loneliness, and a young migrant woman who comes to live in his neighbourhood.

"Bhonsle received an exceptional response from the Korean audience," said producer Saurabh Gupta, the MD and Co-Founder of M! Capital Ventures based in Singapore and advisor to the Asian Film Fund, which financially supported the film. "They were particularly moved by the conflict of the immigrant and the issues of socio-cultural acceptance both of which are affecting the entire world right now. We have indeed made a global film that we are immensely proud of."

Yet political sensitivity of the theme, which makes the film so relevant to today's audiences, also proved to be an obstacle when it came to its creation.

Although Bajpayee first saw the script four and a half years ago, potential producers were concerned by the delicate subject matter when he and director Makhijah first attempted to pitch it to the industry.

Ultimately the project secured multiple financial supporters, including Indie Muviz and the Asian Film Fund.

Describing the film, the team said: "Through 'Bhonsle' we have tried to

ask that most pressing question of our times: who is a migrant? What defines someone as an outsider to a land? Where is that line that demarcates boundaries? Who decides who stands inside and who stands outside of that line? If each of our histories is traced back far enough are we all not migrants to our lands in some way or another? Can Man even stake claim to Land? When did we become so arrogant as a species? And finally, at what cost, this arrogance?"

The Asian Film Fund is run by EICM.

“
What defines
someone as an
outsider?”

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From the CEO: 2019 Vision

The end of 2018 is a time for sombre reflection as we honour the centenary of the end of the Great War. Yet, for those of us focusing on financial markets, it is not the only sobering anniversary. Ten years ago we endured the Global Financial Crisis, when the entire financial system came to the brink of collapse. It is also twenty years since the Asian crisis, when banks and investors bore the brunt of a ferocious asset price decline. The biggest winner from these recent financial upheavals, and perhaps from the last hundred years of global geopolitical evolution, has been China. At the time of the Great War, China's GDP was half the size of the (not yet dominant) USA and just over a quarter of the size of Western Europe; today, these three regions are almost on a par from a GDP standpoint. The country's command-based economy, a far cry from the domestically oriented economy of the past, has grabbed the initiative and become a global powerhouse.

Yet GDP growth, of course, does not equate to stock market performance. In my last letter we celebrated an ebullient start to the year for **emerging markets** after an equally positive 2017. In just a few months, all the gains of the prior 18 months have been eliminated in a cruel reversal which has left emerging markets at their cheapest relative to the developed world for a decade. Much of the pain has been sustained by weaker currencies as the dollar resumed its inexorable rise. The overall setback has left students of the markets deeply frustrated; we had hoped that the pain of the post-2009 era was over. The question is: where do we go from here? In my recent Bloomberg appearances, I have been presaging a significant setback in artificially inflated US and European equity indices. The strength of the USD and the resilience of the Euro are not going to help these geographies, especially with China actively managing down its currency. The impact of Brexit has also been underestimated; there are now almost daily announcements of businesses shifting their operations to the continent. Strong exposure to the growth markets in Asia, Latin America and elsewhere should prove increasingly critical to outcomes.

Looking beyond stock markets, Brexit is set to have a significant impact on many other realms, not least British **science and innovation**. British Universities have historically relied on the flow of funding and talent from the EU, both of which already appear to be slowing down. We seek to support this ecosystem through the British Innovation Fund, which has already committed about 20 percent of its capital to incubators and accelerators associated with British Universities. We anticipate recycling our capital quite aggressively, raising additional funding by issuing new units and, ultimately, listing the vehicle once it has a value of over 100 million GBP.

Milltrust's raison d'être has been to identify **global secular themes** that we will enable us to successfully capture alpha over the long term for our investor base. For us, the clear front-runner – alongside the Emerging Market growth story – is new technology. Technological advances lie at the core of everything we do: the science that is driving better yields in our farmland investments, the innovations that are being fostered by the likes of the British Innovation Fund and CerraCap Ventures, and the companies in our emerging market portfolios. Technology will radically enhance the way we manage the earth's assets, with an increasing focus on sustainability and responsibility. It will improve the quality of life as well as the length of life for the average man. It will lead to the democratisation of investing. It will empower people to take charge of their destiny through education and, paradoxically in an era dominated by untruths and innuendo, it will help them to source knowledge and truth.

We don't expect to be judged on short term successes or failures but on our long-term ability to invest across markets and assets classes that will, over the coming decade, change immeasurably, as new industries establish themselves and new technologies change the way we live and work. There is much to look forward to in these exciting times.



Simon Hopkins
 Founder and Chief Executive
 Milltrust International

Our Team



Simon Hopkins, *CEO & Founder, Milltrust International Group*

Mr. Hopkins has been a senior figure in the investment management industry for more than three 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 and Nomura. He 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 Faculty of Law, University of Bristol in 1986 and recently completed a Non-Executive Director postgraduate diploma in Hong Kong.



Mark Ebert, *CPA, Chairman, Milltrust International Group*

Mr. Ebert is a senior figure in the investment world with over three decades' of experience managing investment banking, equity brokerage, private equity and asset management businesses. Mr. Ebert qualified as a Certified Public Accountant at Price Waterhouse, and joined Citicorp Scrimgeour Vickers in London responsible for trans-Atlantic M&A, before moving to UBS where he became Head of Mergers & Acquisitions. He then became co-head of Panmure Gordon, a UK institutional broker, and helped found its private equity business, now Lyceum Capital. He was subsequently recruited by Lombard Odier & Cie. to head up its investment banking activities, which included its private equity funds business, now Akina Partners, where he served on the funds' boards for 7 years. Mr. Ebert co-founded Quadrum Partners in Zurich, focused on advising investment managers, and then became Chairman of the Fortune Group in London, which provided advice on hedge fund strategies. Fortune was sold to Close Brothers PLC in the UK, and 4 years later he left to join his former Fortune colleagues as Chairman of Milltrust. Mr. Ebert is a Certified Public Accountant.



Alexander Kalis, *Managing Partner, Milltrust International LLP*

Mr. Kalis is Managing Partner at Milltrust International LLP. He is Head of Investments and Senior Portfolio Manager for Milltrust International Group's Private Equity, Venture Capital Funds, and co-PM on the Milltrust Global Emerging Markets Fund. He is also an Investment Advisory Committee member of The Climate Impact Asia Fund, an equity impact fund he initiated in partnership with World Wide Fund for Nature (WWF) in Hong Kong, that invests into the leading companies in Asia that are taking a lead in the fight against climate change. Mr. Kalis is an investment professional with a long track record managing institutional capital, including nearly two decades of experience working at top-tier asset management firms including Edmond de Rothschild Asset Management and Santander Asset Management. He was most recently Managing Partner at Think Alternative Advisors LLP, an Emerging Markets research and advisory firm, which was acquired by Milltrust International Group in 2011. Mr. Kalis holds a Master's degree in Management from the Université Catholique de Louvain in Belgium.



Eric Anderson, *Managing Partner and Head of Investment Solutions, Milltrust International LLP*

Mr. Anderson is Senior Portfolio of the Milltrust Global Emerging Markets Fund and 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.



Griff Williams, *CFA, CEO and CIO, Milltrust Agricultural Investments*

Mr Williams is primarily responsible for managing investment portfolios for Milltrust International Investments in Australasia. Mr. Williams is a New Zealand national and comes from a farming family in the North Island where he continues to have dairy farming interests. Prior to joining Milltrust, Mr. Williams was Head of Europe and interim CEO at Ita Asset Management in London, responsible for Institutional sales across the region. Previous to this he was Institutional Solutions Strategist at Pioneer Global Investments in London and prior to that Investment Director for Railpen Investments, one of the UK's largest Pension Funds where he managed the global equities portfolio. Mr. Williams has experience also as an Investment Consultant at Gissings in London and as a portfolio manager and Investment analyst at Westpac Investment Management and Banco Bozano Simonsen in Wellington and Rio de Janeiro respectively. Mr. Williams is a CFA Charterholder and holds a Bachelor of Commerce and Administration degree from Victoria University, Wellington.

Our Team continued



David Suratgar, *Fund Chairman*

Mr. Suratgar is the Chairman of the Emerging Markets Managed Accounts PLC and a member of the Milltrust International Advisory Council. He is also the chairman of BMCE Bank International plc and on the Advisory Board of Taylor-DeJongh Inc. He is a former vice-chairman of British merchant bank, Morgan Grenfell, now Deutsche Morgan Grenfell. He previously served as a senior attorney at the World Bank (1963-1973), as well as to the European Investment Bank and to the Bank of England. Mr. Suratgar has more than 40 years of project finance experience. He holds an MA (Law) from Oxford University, a Master of International Affairs and a Certificate in International and Comparative Law from Columbia University and from The Hague Academy of International Law.



Gary Thornton, FCA, *Group Head of Finance and Operations*

Mr. Thornton is an accounting and 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.



Leon Santos, *Group Head of Legal, COO EICM*

Mr. Santos has over 18 years of experience in legal practice. He was recently Group Partner in Collas Crill (Singapore office). He was the first in-house counsel hired by Prosperity Capital Management in London and has worked offshore with Mourant Ozannes in Jersey. Mr. Santos has held roles in the investment funds teams at SJ Berwin and Kirkland & Ellis in London, and Maddocks in Melbourne. He has a double degree in Law and Science from Monash University and is qualified to practice in Australia and England.



Henry Soediarko, *Senior Associate*

Mr. Soediarko has worked in the Asian equity long short hedge fund industry for the past 12 years, with experience in trading, risk management and portfolio management at Creo Capital, Hachiman Capital, Amoeba Capital and V Wealth Capital. He was most recently a top quartile Asian equity analyst in Smartkarma. Mr Soediarko has an MBA from Vlerick Business School in Belgium and an MSc in Investment from Cass Business School in England. He is a Singaporean and speaks Bahasa Indonesia, English, and is conversational in Dutch and Chinese.



Akshay Kiran, *Director – Merchant Banking, EICM*

Mr. Kiran has over 14 years of experience across investment banking and systems engineering. He joined Milltrust/EICM in 2016. He previously managed Pensive Ibis, an investment advisory firm focusing on South East Asian power projects, advising developers, private equity firms and power companies on infrastructure and power transactions, and co-founded Prometheus Energy, an Indonesia-focused energy infrastructure developer. He spent about four years at Barclays Capital in fixed income/risk and Lehman Brothers/Nomura in prime brokerage after an initial career in decision sciences/systems engineering. He holds a BSc (Hons) in Mathematics from SSSIHL, India.



Dennis See Chee Chiow, CFA, *Executive Director*

Mr. See is the founder and CEO of PointWorth Management Pte Limited, one of the first independent, exempt asset managers in Singapore. He has previously held roles at the Indosuez Group (now part of the Credit Agricole Group) where he conceived, developed and built up both the private banking and the investment management operations in Singapore, 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's degree (Hons) in Economics from The University of Manchester, a Master's degree in Finance from Exeter University and is a Chartered Financial Analyst.

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