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TCM Global Frontier High Dividend

30 November 2018

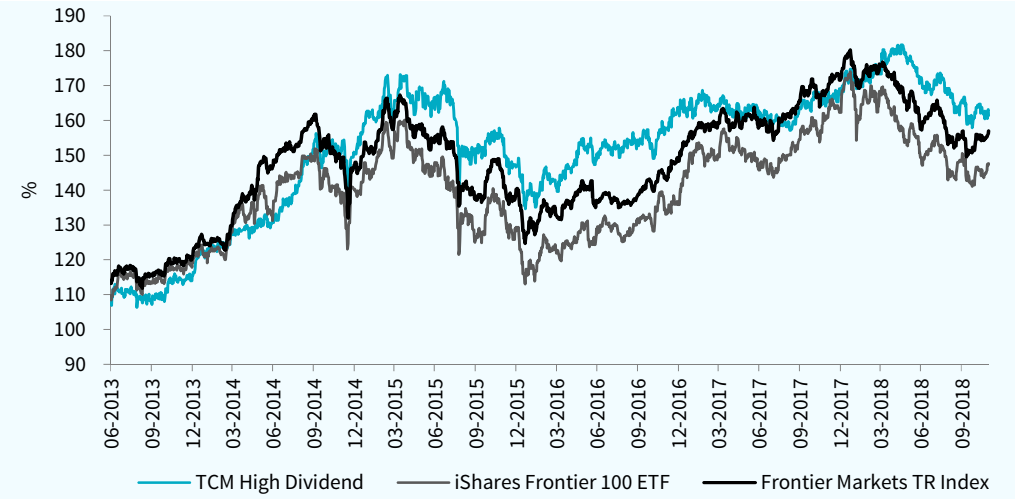
The Fund Manager writes

With the end of the year in sight we can state that Frontier Markets will, in all probability, not end in a positive way in 2018. The FM Index stands at a loss of 8.51% at the end of November, while the FM 100 ETF has lost 9.06%. The TCM Global Fund has been able to limit the loss relatively with a loss of 4.58% since the start of the year (euro based on total return).

It is striking that the Saudi financial market is doing well this year. The Tadawul All Share Index stands at a performance of 16.83% YTD, despite the fighting in Yemen, falling oil prices and the political unrest about the killing of Khashoggi. The price/earnings ratio is almost 17 times higher than the average in Frontier Markets (13.4x). Given the rally, in the beginning of December we took some profit in a number of Saudi stocks. For example, Al Rahji Bank and Jarir Marketing, whose shares have risen by 46.6% and 54.8% since the start of the year.
Pakistan on the other hand has been under considerable pressure this year. This is mainly due to the currency. At the beginning of December the State Bank of Pakistan devalued the rupee for the fifth time this year. So the loss compared to the euro is now around 15%. The country is negotiating with the IMF about a bail-out to close a shortfall of $ 12 billion dollars. The IMF requires far-reaching reforms and a more market-driven (read lower) exchange rate. A final devaluation and an agreement with the IMF could give wings to the Pakistani stock exchange in 2019 in view of the current valuations.

The fund currently has (equally weighted) positions in 84 shares spread over 25 different countries. The countries with the largest weightings are now Vietnam (10.75%), Bangladesh (10.62%) and Nigeria (9.06%). These markets currently have the most interesting high dividend stocks that meet the quality requirements. The weighting of a country is therefore mainly determined by the relative attractiveness of the market compared to other countries. The fund can therefore deviate strongly from the benchmark.

Fund Performance



Return in euro*	1 mnth	3 mnths	2018	2017	2016	2015	2014	Since start**
TCM Global High Dividend	-0,68%	-4,62%	-4,58%	3,94%	10,78%	-2,31%	30,13%	61,40%
Frontier Markets TR Index	2,08%	0,94%	-8,51%	15,68%	5,77%	-4,74%	21,75%	57,02%
iShares Frontier 100 ETF	1,88%	1,23%	-9,06%	19,48%	5,10%	-7,81%	17,65%	47,64%

* Based on Total Return (Bloomberg data)
** Data is from inception of the fund: 15-11-2012

Fund Profile

The fund will invest in stocks listed on the local exchanges of the Frontier Markets Universe. To set up the portfolio the fund will make a selection of countries on the basis of quantitative and qualitative screening. By using these selection criteria the fund will have a diversified portfolio invested in several countries and sectors. The equally weighted portfolio will be re-weighted and re-allocated on a periodically scale. The risk profile is high, due to investment in equities and Frontier Markets. To achieve its objective, the Fund invests 95% to 100% of its total assets through TCM Investment Funds Luxembourg in units of TCM Global Frontier High Dividend Equity (Lux). The Fund qualifies as feeder-structure.

Morningstar Rating™
★★★★★
(5 years 30-11-2018)

Net Asset Value: € 12.15
Share Price: € 12.21
Total Net Assets: € 29.0 million
Number of Shares: 2,386,114
Start Date: 15 November 2012
Structure: Open end

Aim: high dividend income as well as long term capital appreciation

Dividend: ± 5% per annum, payable twice a year

Latest Dividend:
2018-11: € 0,32 gross dps
(for historical dividends check the website)

Benchmark: Frontier Markets Index (Total Return)

Management Fee: 0.9 % per annum

Performance fee: 10%
These costs will only be charged at the level of TCM Global Frontier High Dividend Equity (Lux).

Ongoing Charges Figure:
1.83% (Budget 2018)

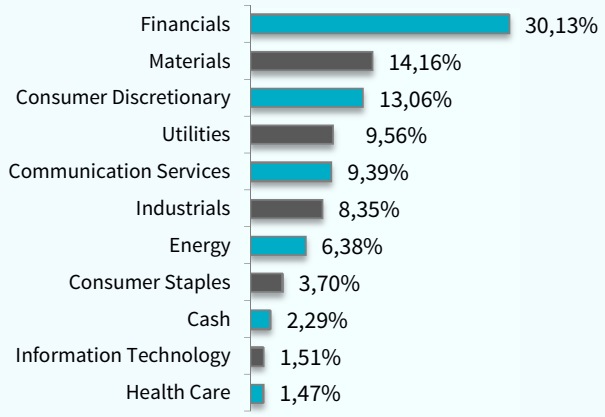
ISIN Code: NL0010278073
Bloomberg Ticker: TCMGF NA

Trading:
The fund is listed on Euronext, which means that the fund can be traded on trading days through any bank or broker. On trading days the fund will sell shares against NAV with a positive deviation of 0.5% and buy back against NAV with negative deviation of 0.5%.

Managing Company:
TRUSTUS Capital Management

Fund Management:
Frontier Markets Team
Wytze Riemersma
Marco Balk

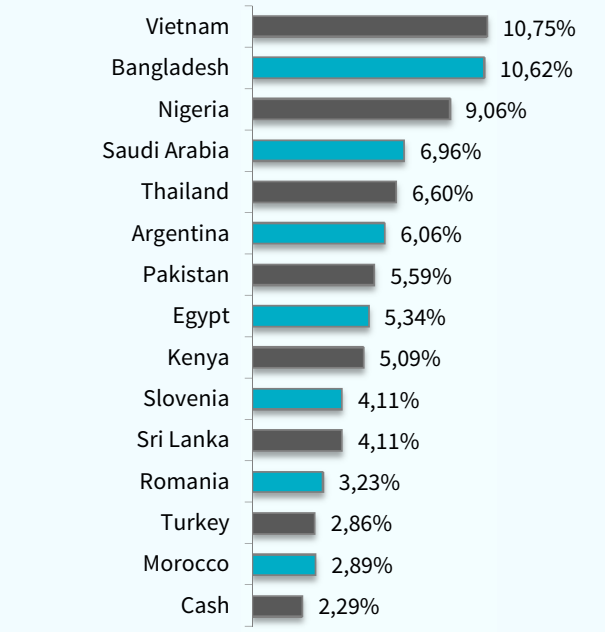
Sector Allocation



Top 10 Holdings

Position	Weighting
Telecom Argentina Sa-Sp Adr	1,96%
Al Rajhi Bank	1,91%
Jarir Marketing Co	1,86%
Saudi Airlines Catering Co	1,77%
Banco Macro Sa-Adr	1,75%
Guaranty Trust Bank	1,74%
Zavarovalnica Triglav Dd	1,73%
Mhp Se	1,72%
Zenith Bank Plc	1,72%
Fondul Proprietatea Sa/Fund	1,64%
Total weightings Top 10	**17,80%**

Country Allocation - Top 15



Fund Characteristics

Characteristics	Fund	Benchmark
Number of positions	84	115
Dividend Yield in %*	7,16	3,94
Price/Earnings Ratio*	9,09	13,12
Price to Book Ratio *	1,35	1,8

* source: Bloomberg/TCM

Investment Limits

	Fund	Benchmark
GCC-Region limit	max. 35%	28,30%
Country limit	max. 20%	21,73%
Sector limit	max. 30%	44,69%
Company limit (equally weighted)	1-2%	7,33%

For the benchmark this concerns the weighting for the GCC-region, the weighting for Kuwait (Country), Financials (Sector) and the largest individual position.

The above data refers to the underlying portfolio of the master fund in Luxembourg in which the Dutch feeder fund invests for 95% to 100%.

Sustainability

TCM has entered into an agreement with Sustainalytics for the screening of the portfolios of the TCM equity funds on ESG criteria (UN Global Compact and Controversial Weapons).

Morningstar

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