



Frontier Markets

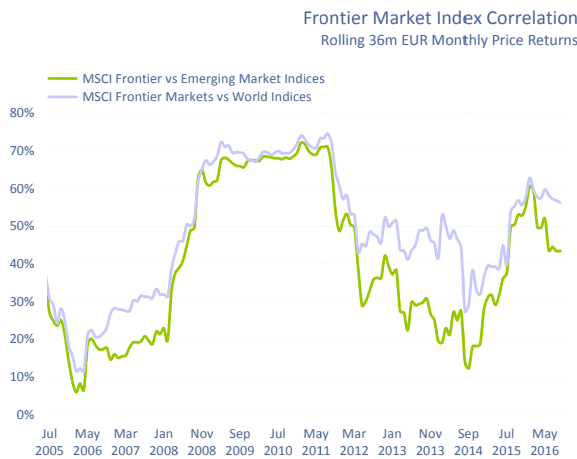
An exciting investment opportunity



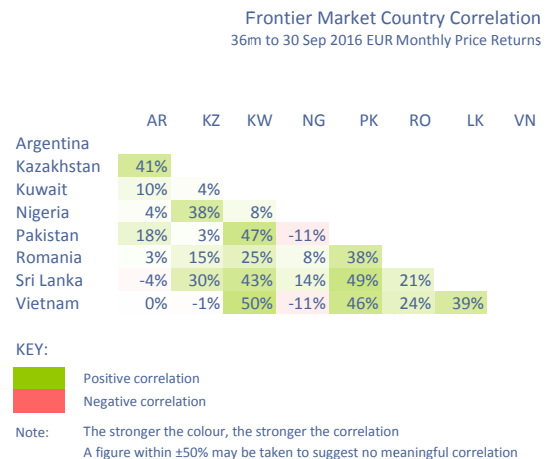
Dominic Bokor-Ingram
outlines the investment case for frontier markets

October 2016

Frontier markets are a collection of around 150 countries that do not feature in the developed or emerging market indices as a result of their lesser developed status. Rather than a single asset class, we look at these countries as a series of individual opportunities where stockmarkets are driven by domestic, rather than global, factors. This leads to the first big positive for frontier markets: very low correlation both with global markets and also between most individual frontier markets.

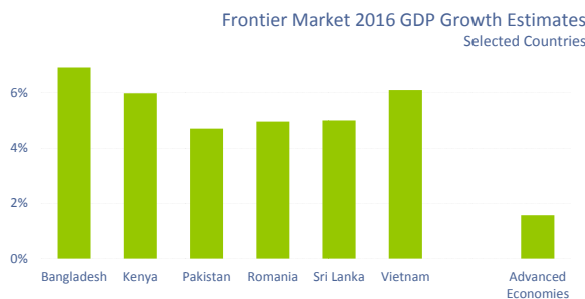


Source: MSCI



Source: MSCI

The second big positive is the number of very strong growth stories within the frontier markets universe, despite the lack of growth evident across many developed and emerging economies. This growth is being driven by political, economic and stockmarket reform.

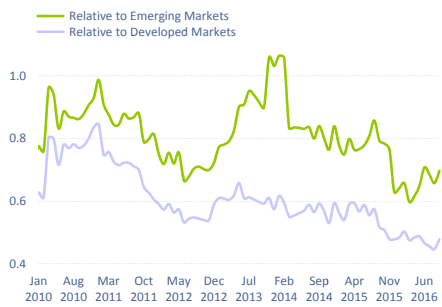


Source: IMF World Economic Outlook Oct 2016

In a world where developed economies are forecast to grow by less than 2% in 2016, we are heavily invested in countries such as Vietnam, where the economy is expected to grow by more than 6% this year, as well as Romania and Pakistan, where growth of close to 5% is forecast (making Romania amongst the fastest growing economies in Europe).

Having established the potential of a country to achieve long-term sustainable growth, our investment process focuses on finding companies with exceptionally strong management that can take advantage of this growth. Our portfolios are therefore focused on domestically-orientated companies in sectors that are geared to the success of a country such as banking, telecoms, healthcare and consumer-related businesses. As well as spending a long time with management before we make an investment in any company, we also undertake extensive corporate governance due diligence to ensure that we are protected as minority shareholders and that our interests are aligned with management.

Frontier Market Price Earnings Ratios
Trailing



Source: Bloomberg

After nearly five years of underperformance with respect to developed markets, emerging markets have suffered from a lack of investor focus and frontier markets have been tarred with the same brush. As a result, frontier market valuations are currently very low in both absolute and relative terms. On an absolute basis, frontier markets are as cheap as they have ever been since the first index was launched in 2007. In addition, they are trading at near record high discounts to both developed and emerging markets.

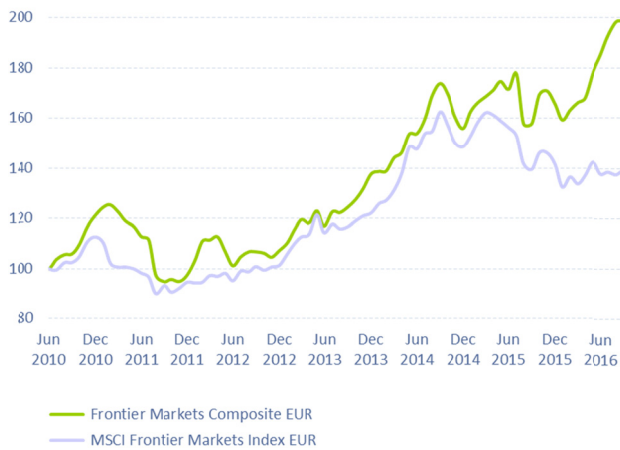
Bull Points:

- Strong economic growth leading to high company earnings growth
- Low correlation to global markets and between frontier markets
- Cheap valuations

Bear Points:

- Countries can change tack quickly and need to be monitored closely
- Investor focus dominated by larger emerging markets

Investors can access frontier markets via Charlemagne Capital's Magna New Frontiers Fund, the performance of which forms part of our Frontier Markets Composite, as shown below.



| Period to 30 Sep 2016 | Composite | Index | Relative |
|-------------------------------|-----------|-------|----------|
| 1 Month | 0.0% | 1.6% | -1.6% |
| 3 Months | 7.2% | 1.5% | 5.7% |
| From 31 Dec 2015 | 19.7% | -1.2% | 21.0% |
| 1 Year | 25.7% | 0.2% | 25.5% |
| Annualized data: | | | |
| 3 Years | 16.8% | 6.2% | 10.6% |
| 5 Years | 15.9% | 8.4% | 7.5% |
| Since inception (30 Jun 2010) | 11.6% | 5.5% | 6.1% |

Gross EUR
Chart rebased to 30 Jun 2010 = 100
Fund returns are based on a composite of all share classes
The Index is the MSCI Frontier Markets Index

Charlemagne Capital's Frontier Markets Composite consists of fee-paying discretionary portfolios with a remit to invest solely in frontier markets. Composite performance figures are shown gross, ie before fees, in EUR. The Index is the MSCI Frontier Markets Index. Charlemagne Capital claims compliance with the Global Investment Performance Standards (GIPS®), as verified for the period 1 Jun 2000 through 31 Dec 2015 by Ashland Partners. A copy of the verification report and a presentation that adheres to GIPS standards are available upon request.

Source: Charlemagne Capital, MSCI

This document is issued by Charlemagne Capital (UK) Limited, which is authorised and regulated by the Financial Conduct Authority.

Address: Charlemagne Capital (UK) Limited
39 St James's Street
London
SW1A 1JD

Tel: + 44 (0)20 7518 2100
Fax: + 44 (0)20 7518 2199
Email: marketing@charlemagnecapital.com
Website: www.charlemagnecapital.com

This document may not be disclosed, distributed, copied, reproduced or used (in whole or in part) for any purpose without the express written consent of Charlemagne Capital (UK) Limited ("Charlemagne"). Charlemagne has been appointed by Magna Umbrella Fund plc (the "Company") to procure the distribution of its Shares. The Company is an open-ended umbrella investment company authorised by the Central Bank of Ireland as a UCITS. Charlemagne Capital (UK) Limited is authorised and regulated by the Financial Conduct Authority ("FCA"). The Company has sought and has been granted approval by the relevant regulatory authorities to market and distribute its Shares as appropriate in the following jurisdictions: UK; Germany; Luxembourg; Austria; Switzerland; The Netherlands; Denmark; Singapore; France, Finland, Sweden, Spain and Italy. In Canada, the distribution of this document and any other document relating to the distribution or marketing of the Company (including the Prospectus relating to Company), is made and will be made only to accredited investors (as defined in National Instrument 45-106 – Prospectus and Registration Exemptions) or pursuant to another applicable prospectus exemption. In Singapore, the distribution of this Information Memorandum is made and will only be made to an institutional investor (as defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore ("SFA")) pursuant to the requirements of section 304 of the SFA, (i) to a relevant person or such other person pursuant to the requirements of section 305 of the SFA, or (ii) pursuant to the requirements of any other exemption under Subdivision (4) of Division 2 of Part XIII of the SFA or of any other applicable provision of the SFA. Full information on the regulatory status and the applicable laws relating to the marketing and distribution of the Company's Shares in the various jurisdictions in which the Company is registered are more particularly set out in the Prospectus of the Company. The purchase of shares in the Company constitutes a high risk investment and investors may lose a substantial portion or even all of the money they invest in the Company. Investors are advised to read the section of the Prospectus entitled "Risk Factors" prior to investing in the Company. The information within does not constitute investment, tax, legal or other advice and is not a recommendation or an offer to sell nor a solicitation of an offer to buy Shares in the Company, which may only be made on the basis of the Company's Prospectus. An investor in the United Kingdom who enters into an agreement to acquire Shares in the Company will not have the right to cancel the agreement under any cancellation rules made by the FCA. Charlemagne reasonably believes that the information contained herein is accurate as at the date of publication but no warranty or guarantee (express or implied) is given as to accuracy or completeness. The information and any opinions expressed herein may change at any time. The Prospectus of the Company shall not be distributed and Shares in the Company shall not be offered, distributed or sold in any jurisdiction in which such distribution, offer or sale would be unlawful. Prior to investing in the Company, investors are advised to contact their independent financial adviser and should read all documents relating to the Company that may be obtained from the Administrator, the Share Distributor or the website of www.fundinfo.com