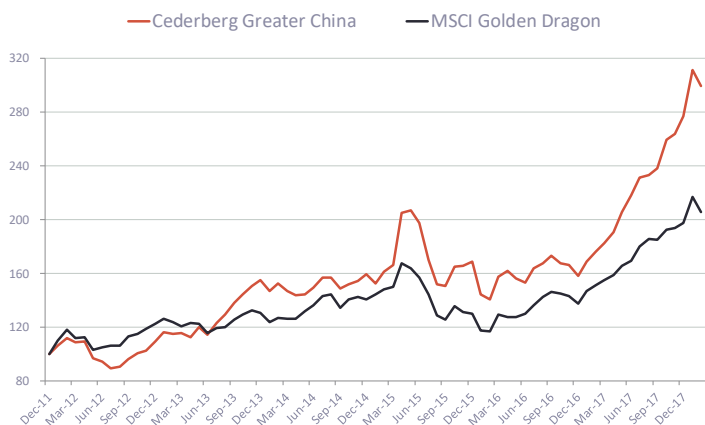




Cederberg Greater China Equity Fund Letter 28 February 2018

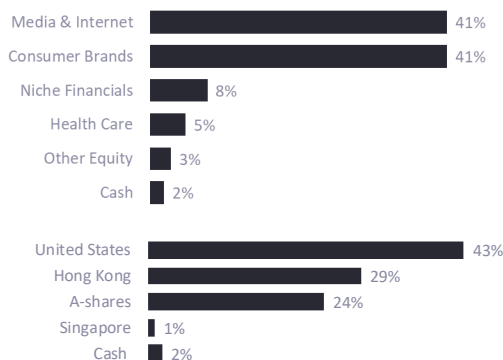
Performance Chart¹



Performance Table¹

Net Returns in US\$	Fund	Index	Peer group	Percentile
<i>Annualised</i>				
Since Fund inception	19%	12%	11%	99
5 years	21%	11%	10%	99
3 years	23%	12%	10%	99
2017	75%	44%	36%	99
2016	-7%	5%	-5%	44
2015	6%	-7%	-5%	89
2014	3%	8%	3%	38
2013	42%	7%	10%	99
2012	9%	22%	18%	5
<i>Not annualised</i>				
3 months	14%	6%	6%	98
1 month	-4%	-5%	-4%	63

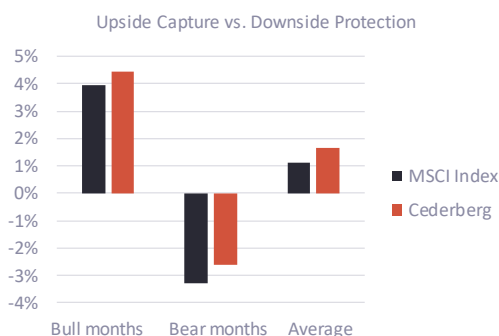
Portfolio Positioning²



Top 10 Holdings³

Alibaba	Ecommerce
Beijing Tong Ren Tang	Traditional Chinese Medicine
Dong-E-E-Jiao	Traditional Chinese Medicine
JD.com	Ecommerce
Kweichow Moutai	Distillers
Midea Group	Home Appliances
Noah	Asset management
Tencent	Social network
Wuliangye Yibin	Distillers
Yihai	Condiments

Risk Metrics⁴



Median Portfolio Characteristics⁵

P/E (2018e)	22x	ROE	22%
EV/EBIT (2018e)	15x	ROIC	15%
EPS growth (2018e)	30%	Market cap	US\$21bn
Net cash to equity	41%	Number of holdings	19
Dividend yield	1%	Top 10 holdings	77%

Fund Key Features⁶

Strategy	Long-only equity	Auditor	Deloitte
Domiciles	Cayman, Delaware	Custodian	Standard Chartered
Fund assets	US\$273mn	Administrator	Charter Group
Firm assets	US\$391mn	Cayman counsel	Maples & Calder
Minimum	US\$100,000	US & UK counsel	Schulte Roth & Zabel
Dealing	Monthly	Management fee	1.5%
Benchmark	MSCI Golden Dragon Index	Performance fee	20% of net alpha, with 6% abs. return trigger
Peer group	Greater China Equity	Phone	UK +44 207 871 7228 China +86 13072171983
ISIN	KYG2030A1004	Email	info@cederbergcap.com
NAV	299.540	Inception	1 Jan 2012

	Fund	Index
Beta	1.09	1
Volatility	21%	16%
Sharpe Ratio	0.94	0.78
Correlation	0.84	1

Past performance is not indicative of future results. Please see regulatory information on page 3. Source: Bloomberg, Charter Group, Cederberg. 28 Feb 2018

Cederberg Greater China Equity Fund Letter 28 February 2018

This column is intended to challenge conventional thinking; it should not be construed as investment advice.

Follow the Unicorns

Almost any way you look at it, **China is big**. The size of its population, economy, consumer markets—the list goes on. What about its stock market?

Unsurprisingly, China has a huge equity market: it is the world's largest by number of companies (7,517 vs. 4,046 in the US), and the second largest by market cap (\$15trn vs. \$30trn for the US). Yet index providers FTSE and MSCI only give it a 3-4% weighting in global equity indices, mostly because they have yet to include China's massive onshore "A-share" equity market.

Over time, it is quite likely that China's weighting in global indices will surpass 20%, as A-shares are fully included, state-owned entities are privatized, and more start-ups get listed. **But how should long term-oriented investors position themselves today, given China's large and inefficient market, attractive valuations, and significant growth potential?**



	China	USA
P/E Ratio (historic)	15.5x	25.5x
Price to Book Ratio	2.0x	3.2x
Revenue growth (2018)	13%	8%
10yr Equity returns p.a. (USD)	5%	10%
% of World GDP (PPP)	18%	15%
% of World Population	19%	4%
% of World STEM* Graduates	38%	5%
% of World Patent Applications	43%	19%
% of World Unicorns** (by value)	43%	45%
% of MSCI AC World Index	4%	52%

Source: MSCI, CICC, Bloomberg, UN, IMF, WEF, WIPO, McKinsey

We believe forward-thinking investors should pay little to no attention to these index weightings: they are backward-looking and unrepresentative of the opportunity set available to long term investors. Instead, **given China's outstanding value, growth and market inefficiencies, and given that the unicorns of today are the listed companies of the future, might a 43% allocation be a reasonable starting point?**

Warm regards,

David Krige

* STEM: Science, Technology, Engineering and Mathematics

** Unicorn: an unlisted start-up valued at over USD1bn

Thank you for those who took part in last month's quiz, and congratulations to our two prize winners! The nine investors on Cederberg's Wall of Fame are Warren Buffett, Allan Gray, Joel Greenblatt, Peter Lynch, Charlie Munger, Sir John Templeton, Nick Train, Madame Wang Jingbo, and Zhang Lei.



Cederberg Greater China Equity Fund Letter 28 February 2018

Regulatory information and risk warning

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Disclosure

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

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

³ Source: Cederberg

⁴ Upside Capture is calculated by dividing the fund's average NAV return during months in which the index had a positive return by the average index return during those months. Downside Capture is calculated by dividing the fund's average NAV return during months in which the index had a negative return by the average index return during those months.

⁵ Median portfolio characteristics are quoted as of 6 March 2018. Source: Bloomberg, Cederberg.

⁶ As of 28 February 2018. Source: Cederberg.

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

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