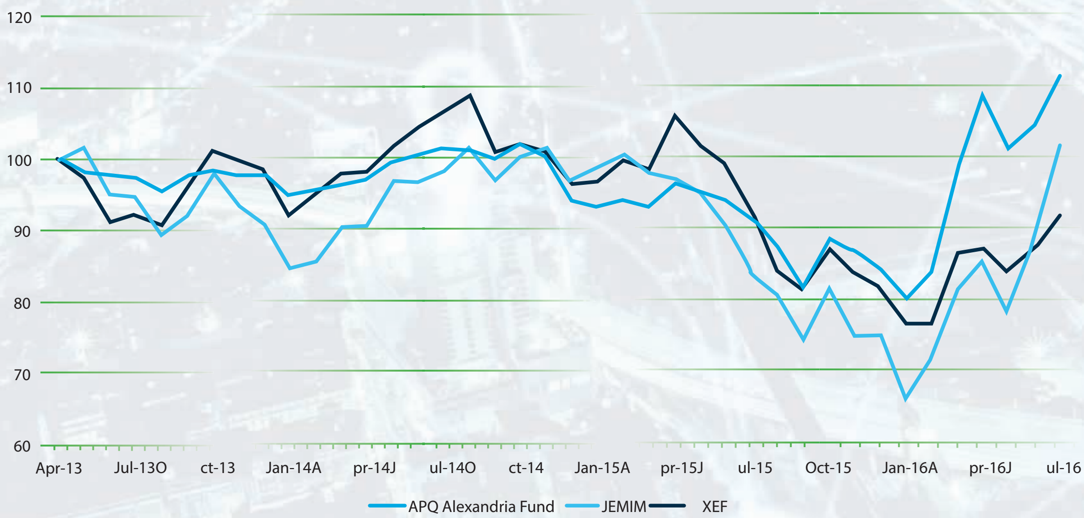
APQ Alexandria Fund – July 2016 Factsheet

In May 2013, we launched the APQ Alexandria Fund, our flagship fund investing in emerging markets globally. In July 2016, the fund returned 6.6%, bringing the year-to-date return to 32.1%.

THE PREVIOUS THREE YEARS IN EMERGING MARKETS HAVE BEEN, TO SAY THE LEAST, VERY CHALLENGING. HOWEVER, WE SURVIVED AND HAVE IN FACT LAID THE GROUNDWORK FOR A THRIVING BUSINESS GENERATING SUPERIOR PROFITS FOR OUR INVESTORS. WE SUCCESSFULLY PRESERVED CAPITAL AND ARE VERY WELL POSITIONED TO TAKE ADVANTAGE OF THE MULTITUDE OF INVESTMENT OPPORTUNITIES IN EMERGING MARKETS.



	APQ	JEMI	MXEF
Best Month	18,0%	15,2%	13,2%
Worst Month	-7,0%	-12,2%	-8,9%
Best Quarter	17,3%	8,5%	6,7%
Worst Quarter	-13,1%	-18,0%	-17,8%
Best Calendar Year	32,1%	35,2%	11,9%
Worst Calendar Year	-10,0%	-22,0%	-14,7%
Best Year	12,9%	18,9%	8,0%
Worst Year	-2,6%	-11,8%	-17,6%
ITD Return	11,8%	2,1%	-7,8%
YTD Return 2016	32,1%	35,2%	11,9%
Anualized Vol ITD	16,2%	22,3%	16,5%

JEMI: JPMorgan Global Emerging Markets Income Trust plc

MXEF: MSCI Global Emerging Markets Index

Sources: JPMorgan Global Emerging Markets Income Trust plc and MSCI Global Emerging Markets Index total return data taken from Bloomberg, July 2016. APQ reflects the performance of the APQ Alexandria Fund reporting share classes. The 2016 year-to-date ('YTD') return reflects performance until 29 July 2016. The inception-to-date ('ITD') return starts on 15 May 2013 until 29 July 2016.

APQ Alexandria Fund

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013					*-1.53%*	*-0.52%*	*-0.59%*	*-2.06%*	*2.54%*	*0.83%*	*-0.64%*	*-0.06%*	*-2.08%*
2014	*-2.99%*	*0.56%*	*1.13%*	*0.84%*	*2.58%*	*0.91%*	*0.84%*	*-0.32%*	*-1.24%*	*2.19%*	*-1.81%*	*-6.36%*	*-3.95%*
2015	*-0.74%*	*1.09%*	*-0.88%*	*3.44%*	*-1.24%*	*-1.40%*	*-2.67%*	*-4.21%*	*-6.76%*	*8.66%*	*-2.00%*	*-2.93%*	*-9.99%*
2016	*-5.00%*	*4.64%*	*18.04%*	*9.94%*	*-7.00%*	*3.24%*	*6.63%*	*-0.26%*					*31.73%*

18th March 2016: Change in reporting share class "AR" Investor "7" to Share class "AR" investor "13"

August 2016 Return up until 12th of August. In addition, on 4th of August Change in reporting share class "AR" Investor "13" to Share class "A GBP" Investor "14"

With a three-year track record under our belt as a stand-alone emerging market manager, we want to take this opportunity to reflect on our experience as a start -up and set out our investment philosophy for the next five years.

The previous three years in emerging markets have been, to say the least, very challenging. Consider the following:

- By the end of July 2016, the MSCI Global Emerging Markets Equity Index (MXEF) has under performed the S&P 500 Index by 49.21% since May 2013 and by 104.9% since January 2010
- A broad swath of emerging markets currencies have crashed: the Brazilian Real plunged 60.6% and 88.9% over the same periods respectively and the South African Rand followed suit losing 49.5% and 90.4%. Other emerging market currencies also experienced sharp declines
- BRICS economies fell apart: Russia and Brazil descended into a steep recession, China is busy fixing its domestic debt problems and India is grappling with significant twin fiscal and external deficits
- Politically, the West slapped sanctions on Russia, the Middle East imploded further, a refugee crisis is engulfing Greece and Brazil impeached its President in the midst of various corruption scandals

Not surprisingly, investors exited emerging markets and appetite for the asset class evaporated on the back of domestic capital flight, foreign retrenchment and large losses. If we had to sum it up in one word? Carnage.

With the benefit of hindsight, launching an emerging markets fund at the outset of this mayhem was not the wisest of ideas. However, we survived and have in fact laid the groundwork for a thriving business generating superior profits for our investors. How did we do it? First, we addressed the working capital needs of the business head on and scaled the business accordingly. Our worst-case scenario (a three-year period of no investor interest, challenging markets and an increasing regulatory burden) pretty much materialised but this never posed a threat to the capital position of the management company. Second, we stuck to our mandate and refrained from dabbling in markets outside our core expertise. Finally, our risk management framework held up well. While it is decidedly unpleasant to spend time on the wrong side of zero returns, we successfully preserved capital for our investors and are very well positioned to take advantage of the multitude of investment opportunities in emerging markets.

How do we see the next five years? We see three main themes developing:

1) Emerging markets becoming a story of differentiation. Global emerging markets have become too heterogeneous to be a meaningful investment concept. One can argue this has been the case since 2008 but the combination of more recent extreme domestic idiosyncratic events (war in Ukraine, a political revolution in Argentina, corruption scandals in Brazil to name just a few) render the concept of global emerging markets investing obsolete.

2) The zero-rates environment and unorthodox monetary policies in Europe, the United States and Japan will likely reduce returns in markets globally, increase volatility and spread misallocation of capital. When money is free, there is no real significant cost to making wrong investment decisions. Unlike G7 fixed income markets, G7 credit markets and (on the whole) G7 equity markets, this is very constructive for various pockets in emerging markets as they have already sold off very aggressively and quite indiscriminately.

3) We believe the rout in commodity prices is behind us. This will have a significant positive impact on those countries like Brazil and Russia, which have been hurt the most.

In light of these views, we plan to invest our cash in a concentrated portfolio of credits and equities of selected companies and sovereigns that benefit from a rebound in economic growth on the back of commodity price stability. We also plan to add exposure to financials as a geared play on this trend. With this in mind, our bias will be to maintain long exposure to currencies like the Brazilian Real, Russian Ruble and South African Rand.

Bart Turtelboom