

# NEW FRONTIERS EQUITY

For Professional Investors only. Not suitable for Retail clients.

All data as of 31/07/2022



## Investment Opportunity

Investors have the opportunity to invest in dynamic and fast growing economies with low correlation to both developed and emerging markets under the investor friendly terms of a UCITS fund with daily liquidity and European tax harmonization. Investing in this new asset class offers significant diversification benefits because of their lower level of integration with more developed markets and because local factors tend to be more influential than the global economy.

## Strategy

Unique approach focused on the assessment of capital flows in early-stage financial markets. Diversified portfolio across industry sectors and shares from 20+ countries with low intra-correlation risk. Unique active risk management. Typically 40-60 positions.

## Team

**Banor Capital Ltd.** : Banor Capital Ltd, a London based, FCA-regulated asset manager with a proven track record in fundamental analysis and investing through traditional and alternative strategies for private and institutional clients and funds. Part of a group with more than Eur 10 bn under administration (advisory + discretionary management).  
**Kallisto Partners**, an independent financial boutique with offices in Rome and London. The company focuses only on equity investment in Frontier Markets, specialised on capital flows forecasting in order to exploit the inefficiencies of markets at an early stage of development.

|                      |                          |
|----------------------|--------------------------|
| Fund Structure       | UCITS V (Luxembourg)     |
| Investment Manager   | Banor Capital Limited    |
| Advisor              | Kallisto Partners Ltd    |
| Strategy             | Long-Only                |
| NAV Frequency        | Daily                    |
| AUM                  | \$ 17.44 m               |
| Launch date          | 07/06/16                 |
| Management Company   | Link Fund Solutions S.A. |
| Administrative Agent | BNP Paribas              |
| Custodian Bank       | BNP Paribas              |
| Auditors             | Deloitte SA              |
| Base Currency        | USD                      |
| Share Classes        | USD, EUR                 |

## Portfolio characteristics

|                      |        |
|----------------------|--------|
| # of holdings        | 50     |
| Top 10 holdings      | 33,19% |
| Price/Earnings (P/E) | 7,49   |
| Price/Book (P/B)     | 1,19   |
| ROE (%)              | 21,74  |
| Dividend-Yield (%)   | 5,04   |

## Risk & Return Metrics

|                             | 1 Year  | 3 Years | 1YD     |
|-----------------------------|---------|---------|---------|
| <b>Returns (Cumulative)</b> |         |         |         |
| New Frontiers               | -16,43% | -2,37%  | -0,06%  |
| Benchmark                   | -13,53% | -10,91% | -13,55% |

|  | 9,61%  | 18,73% | 14,70% |
|--|--------|--------|--------|
| <b>Standard Deviation (Annualised)</b> |        |        |        |
| New Frontiers                          | 9,61%  | 18,73% | 14,70% |
| Benchmark                              | 11,55% | 22,07% | 17,67% |

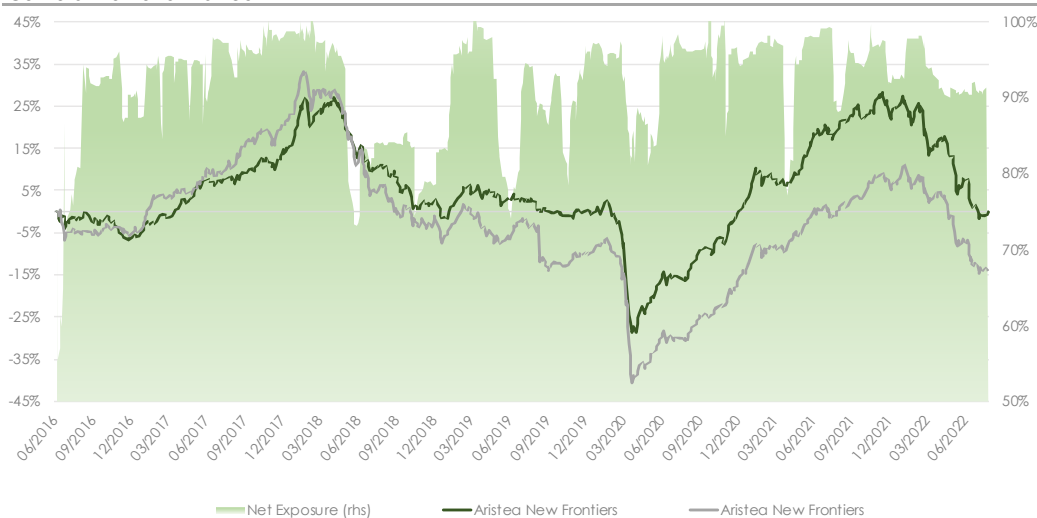
|                                    | <0 | <0 | <0 |
|------------------------------------|----|----|----|
| <b>Sharpe Ratio (USD 3 months)</b> |    |    |    |
| New Frontiers                      | <0 | <0 | <0 |
| Benchmark                          | <0 | <0 | <0 |

|                                       | 0,95 | 0,96 | 0,93 |
|---------------------------------------|------|------|------|
| <b>Correlation (vs. FTSE Indexes)</b> |      |      |      |
| Frontier Markets                      | 0,95 | 0,96 | 0,93 |
| Emerging Markets                      | 0,61 | 0,76 | 0,74 |
| Developed Markets                     | 0,60 | 0,75 | 0,70 |

|                                | 0,79 | 0,81 | 0,77 |
|--------------------------------|------|------|------|
| <b>Beta (vs. FTSE Indexes)</b> |      |      |      |
| Frontier Markets               | 0,79 | 0,81 | 0,77 |
| Emerging Markets               | 0,61 | 0,80 | 0,70 |
| Developed Markets              | 0,31 | 0,75 | 0,67 |

|                            | 71,75% |
|----------------------------|--------|
| <b>Liquidity (30% ADV)</b> |        |
| 1 Day                      | 71,75% |
| 3 Days                     | 93,36% |
| 10 Days                    | 99,44% |
| 30 Days                    | 99,96% |

## Cumulative Performance



## Monthly Returns

|      | Jan    | Feb    | Mar     | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD            |
|------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|
| 2022 | -2,85% | -3,28% | -1,71%  | -2,50% | -5,48% | -5,71% | -1,21% |        |        |        |        |        | <b>-20,71%</b> |
| 2021 | 1,52%  | 1,49%  | -1,52%  | 3,37%  | 6,66%  | 2,54%  | -0,33% | 2,31%  | 0,14%  | 2,94%  | -1,40% | 1,36%  | <b>20,49%</b>  |
| 2020 | -0,34% | -6,65% | -22,90% | 8,03%  | 6,47%  | 0,66%  | 0,20%  | 8,12%  | -1,32% | 3,34%  | 6,15%  | 6,40%  | <b>3,60%</b>   |
| 2019 | 4,21%  | 1,36%  | -0,66%  | 0,04%  | -0,64% | 0,14%  | -0,70% | -2,28% | 0,10%  | -1,64% | 1,64%  | 0,88%  | <b>2,31%</b>   |
| 2018 | 7,86%  | -1,62% | 1,70%   | -2,43% | -8,25% | -1,88% | 0,39%  | -2,37% | -2,32% | -4,10% | 0,70%  | -3,45% | <b>-15,39%</b> |
| 2017 | 1,83%  | 0,97%  | 3,34%   | 1,77%  | 4,53%  | -0,60% | 1,20%  | 0,84%  | 1,04%  | 1,29%  | 1,71%  | 2,63%  | <b>22,50%</b>  |
| 2016 |        |        |         |        |        | -2,56% | 1,53%  | -1,19% | 0,35%  | -1,83% | -3,38% | 2,33%  | <b>-4,79%</b>  |

## Top 10 Stock Holdings

|                            |            |                        | %      |
|----------------------------|------------|------------------------|--------|
| Phu Nhuan Jewelry JSC      | Vietnam    | Consumer Discretionary | 4,15%  |
| Emaar Properties PJSC      | UAE        | Real Estate            | 3,87%  |
| Airtel Africa PLC          | Nigeria    | Communication Services | 3,68%  |
| Square Pharmaceuticals Ltd | Bangladesh | Health Care            | 3,35%  |
| Masan Group Corp           | Vietnam    | Consumer Staples       | 3,23%  |
| Vinhomes JSC               | Vietnam    | Real Estate            | 3,10%  |
| Safaricom PLC              | Kenya      | Communication Services | 3,06%  |
| GrameenPhone Ltd           | Bangladesh | Communication Services | 2,97%  |
| Zenith Bank PLC            | Nigeria    | Financials             | 2,94%  |
| Krka dd Novo mesto         | Slovenia   | Health Care            | 2,84%  |
| Total                      |            |                        | 33,19% |

## Top 10 Countries

|            | %      |
|------------|--------|
| Vietnam    | 28,18% |
| Bangladesh | 9,51%  |
| Nigeria    | 8,51%  |
| Kenya      | 8,42%  |
| Morocco    | 6,27%  |
| UAE        | 6,03%  |
| Slovenia   | 4,91%  |
| Romania    | 4,20%  |
| Bulgaria   | 4,13%  |
| Pakistan   | 3,89%  |
| Total      | 84,05% |

All the data refer to ARISTEA New Frontiers Equity Fund - S - USD, ISIN LU1313168103

The benchmark performance shown is derived from a combination of the MSCI Frontier Markets Index from the Fund's inception to 31/12/2017 and the FTSE Frontier Index from 01/01/2018 to current reporting period.

Past Performance is No Guarantee of Future Results. Data sources: Banor Capital Ltd, Bloomberg, BNP Paribas.

The Sub-Fund does not promote environmental or social characteristics either and does not have as objective sustainable investment as provided by articles 8 or 9 of SFDR, the Sub-Fund currently falls within the scope of article 6 of SFDR, as further disclosed in the Prospectus.

## Portfolio Construction

The **strategy** aims to identify stocks with attractive valuations supported by the interest of specialised investors. These stocks have a greater potential to outperform the reference market, since they are able to attract a large part of investment flows.

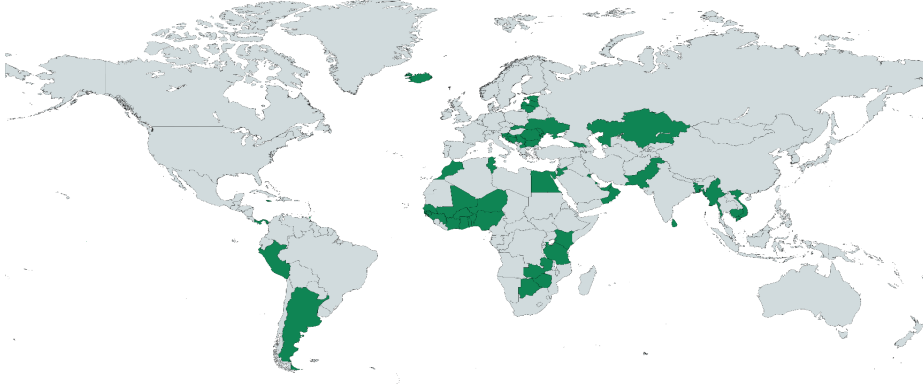
Monitoring of **~5000 stocks in 50+ developing countries**.

Portfolio construction with **macro overlay** and a keen eye to **ESG risk factors**.

The **proprietary risk mitigation tool** forecasts reductions in institutional investors' risk appetite resulting in periods of higher volatility, when defensive measures are to be implemented.

**Country Exposure:** No official limit on exposure is given to any individual country, but typically not more than 30% is invested in a single country.

**Stock Specific Risk:** largest position size < 10%; top positions > 5% must sum < 40% (UCITS regulations).



## Frontier Markets: The Growth Story

The term "**Frontier Markets**" is commonly used to describe the markets of the **smaller and less accessible**, but still "investable", countries of the developing world. Such countries are at an **earlier stage of economic and financial development** compared to traditional emerging ones and are characterised by dynamic and fast growing economies.

In recent years Frontier Equity Markets became a **separate and distinct asset class** from their "big brothers", the Emerging Markets. Data regarding the evolution and level – in terms of managed assets and number – of specialised European mutual funds, suggest that the development of this **new asset class is today where the Emerging Markets' industry was 15 years ago**, before the boom that followed their identification as a separate asset class, which resulted in great inflows.

### Attractive long-term returns

Frontier Markets are set to attract investors seeking **higher long-term returns** as they offer a range of **exciting growth opportunities**. Being at an early stage of development, Frontier economies are expected to grow faster than emerging and developed economies. This is relevant from an investor's perspective since capital market liberalisation and the economic expansion act as key drivers to long-term market returns. Thanks to their favourable demographic and socio-political environment, **strong and sustainable growth** will be supported by a **rising middle class** consisting of **productive workers** and **significant consumers**.

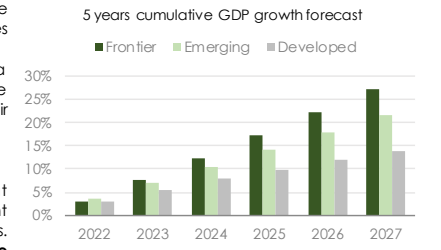
### Attractive low correlations and valuations

Frontier Markets offer significant diversification benefits because of their **lower level of integration** with more developed markets and because **local factors** tend to be more influential than the global economy. In terms of portfolio-optimisation, **long-term investors** can benefit from introducing Frontier Markets in their portfolios exploiting their low level of correlation with both developed and Emerging Markets. Investing in this new asset class is a **new way to diversify**. Investors will start to consider a certain degree of exposure to it as they did with Emerging Markets 15 years ago. From a purely valuation standpoint, Frontier Markets are **much cheaper** than companies in both Emerging and Developed countries, often **trading at a P/E 40% lower**, and have proven to be a **compelling source of income offering dividend yield twice** those offered by Emerging and Developed companies.

## Portfolio Breakdown

| Industry Sector        | %             |
|------------------------|---------------|
| Financials             | 31,15%        |
| Communication Services | 10,83%        |
| Real Estate            | 9,21%         |
| Consumer Staples       | 9,13%         |
| Health Care            | 7,78%         |
| Funds                  | 6,96%         |
| Information Technology | 6,91%         |
| Consumer Discretionary | 6,24%         |
| Materials              | 2,30%         |
| Industrials            | 2,16%         |
| <b>Total</b>           | <b>92,67%</b> |

| Geographic Area | %             |
|-----------------|---------------|
| Asia            | 41,59%        |
| Africa          | 27,55%        |
| Eastern Europe  | 15,43%        |
| Middle East     | 7,53%         |
| Global Frontier | 0,58%         |
| <b>Total</b>    | <b>92,67%</b> |



Source: IMF as of April 2022, FTSE

## Fund Classes

| Share Class             | Currency | Hedged | ISIN         | Bloomberg  | AMC   | Perf. Fees* | Min. Investment | NAV P/S |
|-------------------------|----------|--------|--------------|------------|-------|-------------|-----------------|---------|
| Reserved S - USD        | USD      | N      | LU1313168103 | ANFESCU LX | 1,00% | -           | 1.000.000       | 999,39  |
| Institutional - I - USD | USD      | N      | LU1313167980 | ANFEICU LX | 1,50% | 10,00%      | 100.000         | 96,82   |
| Institutional - I - EUR | EUR      | N      | LU1313168012 | ANFEICE LX | 1,50% | 10,00%      | 100.000         | 107,11  |
| Retail - R - USD        | USD      | N      | LU1313167634 | ANFERCU LX | 2,20% | 15,00%      | 5.000           | 9,31    |
| Retail - R - EUR        | EUR      | N      | LU1313167808 | ANFERCE LX | 2,20% | 15,00%      | 5.000           | 10,20   |

\* calculated on the outperformance vs FTSE Frontier Index with HWM

## Disclaimer

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