

Fund Description

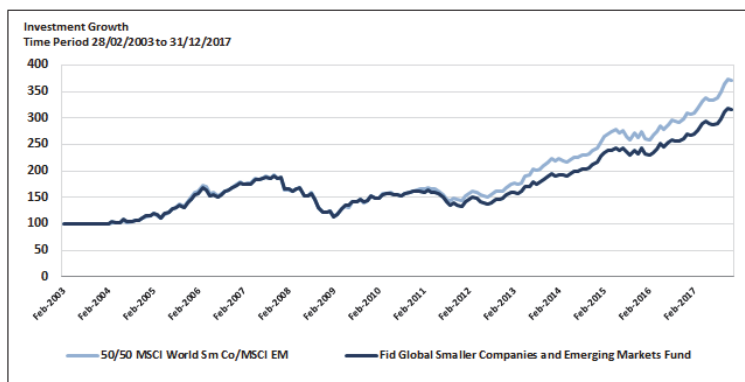
The Fund provides investors with the opportunity to combine investments in companies that are generally of small capitalisation in the more developed markets; with investments in companies that are listed on the stock exchanges of the less developed (emerging) markets. Smaller companies in developed and better regulated markets have shown superior long-term growth when compared with their larger peers, as they are generally more flexible and operate in market niches that give them greater opportunity to increase profits. Emerging markets funds invest in developing countries and offer investors the opportunity to benefit from the significant growth potential inherent in many of these economies as they raise their standards of living.

It is expected that by diversifying between these two segments of the international share market, investors could be somewhat cushioned against unexpected volatility and loss of capital that any one country's market, industry sector or individual share could generate. However, while this Fund could deliver high returns over the long term, it could also show periods of significant volatility caused by rapid changes in investor sentiment, difficulties in buying and selling shares, regulatory changes by Governments and currency, economic and political developments. In our view, it therefore appears suited for limited components of an investor's portfolio that are not needed for cash flow at short notice and can be left to grow despite large fluctuations, for potential long term gain.

It is recommended that investment in this Fund be undertaken for at least five to seven years. International share investment can be volatile over the short-term.

Fund Classification Core/Diversified Sector **Specialist/Satellite**

Fund Performance and Risk Analytics Summary



Current Period Return (net as at 31 December 2017)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund	-0.4%	6.2%	9.6%	17.3%	11.1%	13.9%	4.6%
Index	-0.5%	6.6%	11.7%	20.3%	11.8%	15.2%	6.2%
Excess	0.1%	-0.5%	-2.2%	-3.0%	-0.8%	-1.3%	-1.6%

Calendar Year Return (net of fees)

	2011	2012	2013	2014	2015	2016	2017
Fund	-17.4%	15.7%	26.0%	11.1%	4.8%	11.4%	17.3%
Index	-11.7%	16.9%	32.3%	9.5%	3.9%	11.9%	20.3%
Excess	-5.6%	-1.2%	-6.3%	+1.6%	+0.9%	-0.5%	-3.0%

The performance figures shown for the Fund above have been calculated on an exit unit price basis. Distributions (which include net realised capital gains from sale of securities) have been treated as being reinvested. No allowance has been made for tax you may pay on the distributions. Returns over a year are annualised

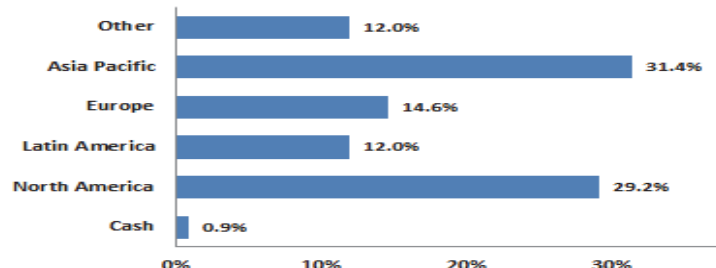
Fund Facts

Portfolio Manager:	Conrad Burge
Asset Sector:	Global Smaller Companies & Emerging Markets
Asset Code:	IE6
ARSN:	093 543 849
APIR Code:	FPS0009AU
Benchmark:	50:50 MSCI Emerging Markets & MSCI Small Caps Index
Inception Date:	January 1999
Fund Size:	\$97.8 million as at 31 December 2017
Management Fee:	1.34%

Style Tilts

Managers	Style	Weight
Aberdeen	Value	16.6%
Vanguard	Emerging Markets (Index)	22.4%
DFA Australia (Dimensional)	Quantitative	52.1%
Fiducian	Emerging Markets (India)	8.1%
Cash	N/A	0.9%

Country Weights



Manager's Commentary

The Fund marginally out-performed its composite benchmark, losing 0.4% against a 0.5% loss by the index in December. Over the 2017 calendar year, the Fund gained 17.3%, but below the 20.3% gain by the composite benchmark. The Aberdeen Emerging Opportunities Fund was the largest detractor, rising by 17.8% while the Fiducian India Fund was the strongest contributor with a return of 35.4% for the 2017 calendar year.

Emerging market equities rose in December to end 2017 on an upbeat note. Profit taking in the technology sector initially hampered markets, but sentiment recovered on higher commodity prices and the passage of sweeping tax cuts in the US, while investors also cheered a string of favourable electoral outcomes.

South African stocks and the rand rallied after a new leader of the ruling ANC Party was elected, with investors hopeful he would push reforms to spur growth. Turkish equities, particularly financials, rose on healthy third-quarter growth as investment and household spending picked up. In Asia, technology stocks linked to Apple were muted following a report about softer demand for the iPhone X. Indonesian markets rallied after ratings agency Fitch upgraded its credit rating, citing the economy's improved resilience to external shocks. Sentiment in India was boosted by the ruling party's victory in key state elections, as well as by the central bank's decision to hold its policy rate steady.

Robust economic growth and still-attractive valuations suggest that the sustained rally in the emerging markets sector could likely continue, although general elections in key emerging economies could potentially elevate volatility.

Global small cap equities were solid for the December quarter in AUD terms. Most cyclical sectors such as materials, industrials, and consumer discretionary outperformed while telecommunications and utilities lagged. Asian and UK stocks outperformed while Continental Europe, while positive, was relatively weaker.

The Fund is currently marginally underweight in emerging markets (47.1%) and slightly overweight in global smaller companies (52.1%).