

# Weekly Managers' Report

Issue 06 / 2019 Week ending February 8, 2019



**WIOF**  
World Investment  
Opportunities Funds



**WSF**

Welcome to this week's issue of the Weekly Managers' Report. Providing a round-up of events in the markets in which our funds operate and an in-depth view of their performances, the Weekly Managers' Report gives a clear insight into how our funds work and what drives their performance. Please read on to find out more about how our funds have performed over the past week.

## GFG FX Algorithmic Fund

FxPro Financial Services Ltd

As global market sentiment turned from risk-on to risk-off as the week went on, safe-haven currencies eventually delivered the best performance for the period. The change in market mood came on the back of a raft of negative economic reports and events, especially in Europe, which produced a very gloomy picture of slowing global growth. Reports that Beijing and Washington were no closer to a trade deal did little to improve the overall atmosphere. The USD was the best performing major currency while the JPY also did well. The GBP was mixed after the Bank of England left rates unchanged and downgraded its UK growth forecast to 1.2% - pushing Sterling lower – but soon after signalled its optimism about the strength of the British economy – pushing Sterling higher. Sterling eventually closed the week up against most other major currencies. The EUR struggled with a string of poor data reports out of the continent. Commodity currencies also had a hard time – the CAD was hit by falling oil prices, the NZD by disappointing local labour readings, and the AUD by some mixed data and dovish comments from central bank officials. All three were also affected by the generally weak global sentiment.

## WIOF African Performance Fund

Bachu Mtsumi, Portfolio Manager, GenAfrica  
Asset Managers Limited

Most major African stock markets closed in positive territory for the week with only South African equities finishing lower. Egyptian stocks gained 4.4%, led by Juhayna Food after its full-year profit more than doubled, and Commercial International Bank which reported a rise of 36.90% y-o-y in fourth-quarter net profit after minority interest of EGP2.56bn (USD 145.70m). Meanwhile, official figures showed Egypt's unemployment rate fell to 8.90% in 4Q2018 from 10.0% in the previous quarter. In Kenya, the market climbed 3.8% led by banks and telecoms names. The country's current account deficit fell to 4.9% of GDP - the lowest level in 11 years - due to rising exports and remittances as well as an increase in tourism receipts and a decline in food imports. Nigerian shares climbed 2.9% as investors took position in the equities market ahead of Presidential elections slated to take place on February 16. The South African market ended in negative territory, losing 1.3%, with banks and retailers leading the falls. In a bid to convince investors and voters that he will turn around a struggling economy before elections in

## Weekly change

GFG FX Algorithmic Fund Class A EUR	87.2443 EUR	-0.79%
GFG FX Algorithmic Fund Class B USD	76.2795 USD	-2.00%
GFG FX Algorithmic Fund Class C GBP	79.1468 GBP	-0.78%
WIOF African Performance Fund A class	2.3547 USD	1.67%
WIOF China Performance Fund A class	4.1036 USD	0.18%
WIOF India Performance Fund A class	5.0558 USD	-1.83%

WIOF International Equity Fund A class	19.4468 GBP	0.87%
WIOF Latin American Performance Fund A class	2.7258 USD	-3.09%
WIOF South-East Asia Performance Fund A class	3.7149 USD	-0.58%
WSF Asian Pacific Fund USD Class A	9.2281 USD	1.65%
WSF Global Equity Fund USD Class A	19.8563 USD	3.26%

May 2019, in his state of the union address, President Cyril Ramaphosa, revealed the government is to split struggling state power firm Eskom into three separate entities and will support its balance sheet as part of a recovery plan.

## WIOF China Performance Fund

Cogent Asset Management Ltd

Mainland Chinese markets were closed for the entire week, as were those in Taiwan, for national holidays. But there was some trade in Hong Kong where the Hang Seng index closed flat, failing to make any headway as investors continued to worry about US-China trade. This came after hopes faded of a breakthrough in talks between Beijing and Washington as US President Donald Trump said he would not meet Chinese leader Xi Jinping before March. A three-month truce agreed between both sides ends on March 1 and Washington has previously said that without a deal by that date, it will hike tariffs to 25% on USD200bn of goods. Among key data releases, nominal retail sales grew 8.2% on an annual basis in December, a slight acceleration from the 8.1% expansion registered in November. The data mostly reflected softer contractions in sales of automobiles and oil and oil-related products. Meanwhile, in Taiwan, operating conditions in the manufacturing sector continued to deteriorate in January, confirming that the economy likely remained on a weak footing at the start of the year after losing momentum in the fourth quarter. The manufacturing Purchasing Managers' Index (PMI) reading fell from 47.7 points in December to 47.5 points in January - its lowest level since September 2015. The index thus remained below the 50-point threshold that separates expansion from contraction in the manufacturing sector, where it has been since October.

## WIOF India Performance Fund

Kaushik Dani, Portfolio Manager, Reliance Wealth Management Ltd.

There was mixed performance on local equity markets which saw gains for much of the week before being pared back in the final session as shares in local heavyweight Tata Motors plunged 30%. The fall came after the firm announced a GBP3.1bn write-down on its investment in Jaguar Land Rover and a USD3.8bn loss for the fourth quarter. Markets had earlier in the week received an unexpected boost when the central bank announced a surprise quarter-point rate cut in a bid to help drive economic growth. This follows previous government announcements of new spending measures ahead of parliamentary elections in May. The bank's lowering of its key lending rate to 6.25% was accompanied by a change in its monetary policy stance, moving from "calibrated tightening" to "neutral". In terms of individual sectors, the best performance came from media, IT and banks.

## WIOF International Equity Fund

Cogent Asset Management Ltd

With sentiment weighed down by trade, global growth and corporate earnings concerns, most major developed markets struggled to make any real ground over the week. In the US, the main benchmarks posted marginal gains. Utilities and IT names were among the better performers, although energy stocks were hit by falling oil prices. UK stocks, as proxied by the FTSE 100 index, finished with a small gain for the week despite continuing worries about Brexit and European growth. European stocks came under pressure amid signs the Eurozone economy is slowing with the European Commission reducing its 2019 growth forecast for the region from 1.9% to 1.3% and German industrial production and manufacturing orders dropping in December. Elsewhere, in Japan, the Nikkei 225 Index ended more than 2.0% lower after notable falls on Friday following news that US President Donald Trump would not meet Chinese leader Xi Jinping before the start of March, dashing hopes for a speedy resolution of the US-China trade conflict. In other news, the Markit/Nikkei Japan Services Purchasing Managers' Index (PMI) reading rose in January, coming in at 51.6 compared to 51.0 in the previous month. The reading for the composite PMI including services and manufacturing dipped to 50.9 in the same month from 52.0 in December due to weakness in the manufacturing sector. Also, consumer sentiment fell from 42.7 in December to 41.9 in January, marking the lowest reading since December 2016.

## WIOF Latin American Performance Fund

Fernando X. Donayre, Chief Investment Officer, INCA Investments LLC, USA

Regional stocks trended lower over the week with the MSCI Latin America Index losing 3.3%. All individual markets in the region ended in negative territory with Brazil, Chile, Mexico, Peru and Colombia shedding 4.6%, 2.0%, 1.0%, 0.8% and 0.2% respectively. Concerns over global growth dogged sentiment in Brazil as the market corrected after recent strong gains while Mexican stocks tracked falls on Wall Street. Latin American shares underperformed the broad MSCI Emerging Markets Index, which lost 1.3%, and the S&P 500 Index, which rose 0.1%. Meanwhile, regional currencies depreciated a combined 1.4%.

## WIOF South-East Asia Performance Fund

Cogent Asset Management Ltd

Worries over US-China trade relations weighed on regional markets towards the end of the week, putting a dampener on local stocks' performance, after US President Donald Trump said he would not meet Chinese leader Xi Jinping before March. A three-month truce agreed between both sides ends on March 1 and Washington has previously said that without a deal by that date, it will hike tariffs to 25% on USD200bn of goods. The Indonesian and Philippine markets posted their first weekly loss of the year, correcting after

good recent performance, but Singapore equities managed to register a small gain. In other news, the Philippine central bank kept rates on hold after its latest monetary policy meeting, citing falling inflation risks on the back of lower oil and food prices. In Singapore, the manufacturing Purchasing Managers' Index (PMI) reading fell to 50.7 points in January from 51.1 points in December - the lowest reading since December 2016. In Thailand, the central bank kept rates on hold while in Indonesia, the economy expanded 5.2% in the fourth quarter, matching the previous quarter's reading. Domestic demand powered the expansion, with private consumption increasing 5.1%, supported by mild inflation, better consumer confidence and a healthy labour market.

## WSF Asian Pacific Fund

Cogent Asset Management Ltd

Australian shares closed well up for the week, led higher by banks. Shares in the sector rose as investors viewed the final report from the Banking Royal Commission into misconduct in the financial sector as being less harsh than expected. In other news, latest sales readings were weak while in the Australian Industry Group Performance Indices readings for January, the services index dropped sharply to 44.3 – the first reading below 50 for almost two years and the lowest number for more than four years. The employment index also fell, dipping to 47.5. In South Korea, stocks tumbled at the end of the week as investors reacted to news that there would be no meeting between US President Donald Trump and his Chinese counterpart Xi Jinping for talks on trade before the start of March when higher US tariffs on USD200bn of Chinese goods are planned to be introduced. Latest data showed merchandise exports fell 5.8% y-o-y in January to USD46.4bn. Merchandise imports decreased 1.7% in the same month, totalling USD45.0bn. Mainland Chinese markets were closed for the entire week, as were those in Taiwan. But there was some trade in Hong Kong where the Hang Seng index closed flat, failing to make any headway as investors continued to worry about US-China trade. This came after hopes faded of a breakthrough in talks between Beijing and Washington.

## WSF Global Equity Fund

Cogent Asset Management Ltd

With sentiment weighed down by trade, global growth and corporate earnings concerns, most major developed markets struggled to make any real ground over the week. In the US, the main benchmarks posted marginal gains. Utilities and IT names were among the better performers, although energy stocks were hit by falling oil prices. UK stocks, as proxied by the FTSE 100 index, finished with a small gain for the week despite continuing worries about Brexit and European growth. European stocks came under pressure amid signs the Eurozone economy is slowing with the European Commission reducing its 2019 growth forecast for the region from 1.9% to 1.3% and German industrial production and manufacturing orders dropping in December. Elsewhere, in Japan, the Nikkei 225 Index ended more than 2.0% lower after notable falls on Friday following news that US President Donald Trump would not meet Chinese leader Xi Jinping before the start of March, dashing hopes for a speedy resolution of the US-China trade conflict. In other news, the Markit/Nikkei Japan Services Purchasing Managers' Index (PMI) reading rose in January, coming in at 51.6 compared to 51.0 in the previous month. The reading for the composite PMI including services and manufacturing dipped to 50.9 in the same month from 52.0 in December due to weakness in the manufacturing sector. Also, consumer sentiment fell from 42.7 in December to 41.9 in January, marking the lowest reading since December 2016.

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World Investment Opportunities Funds, Luxembourg  
World Shariah Funds, Guernsey  
GFG Fund PCC Limited, Guernsey

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