AMROC

Amroc Capital Growth Funds

Important Information

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- Amroc does not provide investment advice. It is strongly recommended that you seek independent professional investment advice before making a decision to invest in our funds.
- Past performance is not a reliable indicator of future returns.
- The value of investments can go down as well as up and investors may not get back the amount invested.
- For funds that invest in overseas markets, changes in currency exchange rates may affect the value of an investment.
- The funds do not offer any guarantee or protection with respect to return, capital preservation, stable net asset value or volatility.
- The investment policy of the funds means they invest mainly in units in collective investment schemes, deposits or derivatives.
- The value of bonds is influenced by movements in interest rates and bond yields. If interest rates and so bond yields rise, bond prices tend to fall, and vice versa. The price of bonds with a longer lifetime until maturity is generally more sensitive to interest rate movements than those with a shorter lifetime to maturity. The risk of default is based on the issuer's ability to make interest payments and to repay the loan at maturity. Default risk may therefore vary between different government issuers as well as between different corporate issuers.
- Due to the greater possibility of default an investment in a corporate bond is generally less secure than an investment in government bonds.
- Sub-investment grade bonds are considered riskier bonds. They have an increased risk of default which could affect both income and the capital value of the fund investing in them.
- Investments in small and emerging markets can be more volatile than other more developed markets.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

Contents

Investment Opportunities

Amroc Capital Growth Funds provide investors with the opportunity to access the firm's expertise in asset allocation, fund manager selection and portfolio construction. The firm provides a range of actively managed funds each with different risk/return profile suited for clients across the spectrum of investment objectives.

Amroc Capital Growth Funds predominantly invest in actively managed mutual funds. Whilst index tracking ETF funds can offer lower management fee, they suffer from two important facts; 1) substantial discount to net asset value during market distress and 2) unable to outperform the index they replicate.

Amroc Capital Growth Funds

The Amroc Capital Growth Funds consist of four actively managed portfolios, each aiming to deliver a specific risk and return characteristic. Each portfolio is managed against a benchmark. The aim is to outperform the relevant benchmark as well as the peer group over a market cycle of 5-7 years.

The benchmark is not used as a guide for investment composition or asset allocation of the portfolios , but rather as a guide for performance. The manager has the freedom to deviate totally from the benchmark and dynamically allocate to assets or particular segments of the market in response to events.

The Amroc Capital Growth Funds consist of three risk categories; low risk, average risk and higher risk forming the foundation for investors to preserve, enhance and build wealth over time. The risk categories makes it convenient for investors to move seamlessly through the risk spectrum as circumstances change.

The predominant driver of value across the portfolios is the firm's solid investment process which has been developed and finetuned over the past two decades. This consist of analysis of economic and political variables identified as drivers of return and asset allocation, fund manager selection and portfolio construction.

Funds' Overview

Description

The return targets assume the deduction of ongoing charges. There is no guarantee, however, that the return will be achieved by the funds. Table below summarises the risk profile, return target and the aim of each portfolio.

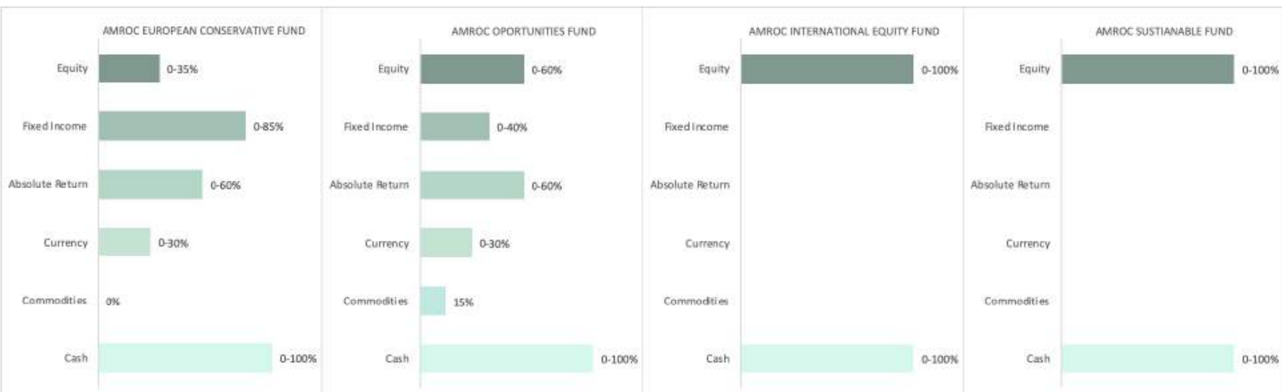
Fund	Risk Profile	Target Return	Aim
Amroc European Conservative Fund	Low	2% - 5% pa	Multi asset approach with investments across different asset classes, country and industries funds. The fund is focused on delivering positive returns above the European Price Index in any calendar year with low correlation to European equity markets.
Amroc Opportunities Fund	Average	5% - 10% pa	The fund is focused on delivering returns above the Morningstar Mixed Funds Euro Neutral Worldwide Index with low correlation to Global equity markets by investing in different asset classes, country and industry funds.
Amroc International Equity Fund	Higher	10% - 15% pa	The fund invests in global, country and industry equity funds and it aims to provide investors with long term capital growth by outperforming the MSCI World Index over an investment cycle.
Amroc Sustainable Fund	Higher	10% - 15% pa	The Sustainable fund offers investors the opportunity to achieve long-term capital growth by focusing on investing in equity funds with a sustainability policy. The fund aims to outperform the MSCI World Markets Index over an investment cycle.

Portfolio Information

Domicile	The Netherlands	Management Fee	1%
Base Currency	Euro	Performance fee	10%
Other Currencies	CHF, GBP, USD	Expense Ratio	1.5%
Liquidity	Weekly		
Other Information	The portfolios are registered with the Dutch regulator AFM.		

Asset Allocation

We manage four portfolios each with its own set of asset allocation range, tailored to its risk profile. The manager has a flexible approach to asset allocation and can react to market dynamics as they unfold by increasing or reducing allocation to different asset classes.



Portfolio Manager

Amir Sajjadi is the portfolio manager of the Amroc Capital Growth Funds. Amir has over 35 years experience in equity markets. He founded Amroc B.V. (previous name Insight Capital B.V.) in 2016 in the Netherlands and Fund Analytics Inv Mng LLP in 2006 in the UK with the aim of providing independent and unbiased investment portfolio solutions to pension funds, institutions and private clients.

Prior to founding the investment management companies Amir worked at GLG Partners in London, where he was responsible for risk analysis of the GLG flagship fund, the European long/short fund (€1bn AUM), and the management of a €30Mil European long/short book. In 1996 Amir joined Fidelity investments in London, where he was responsible for creating portfolio solutions primarily for institutional and pension funds. Amir has a BSc Honours in Physics, an MSc in Microwaves and Modern Optics and a PhD in Superconductors from University College London.

Investment Philosophy & Process

We strongly believe in active management both at the portfolio and at the underlying funds level.

At the portfolio level we monitor the unfolding of market dynamics (political and economic) and incorporate this information in our asset allocation over the medium term.

At the underlying funds level, we analyse fund managers' investment strategies, their reaction to market dynamics and stock selection ability. We have developed a toolbox of analysis that we use to examine fund managers' investment behaviour, understand their sources of alpha and its consistency and utilise this information to construct portfolios that are robust and relevant.

Investment Process

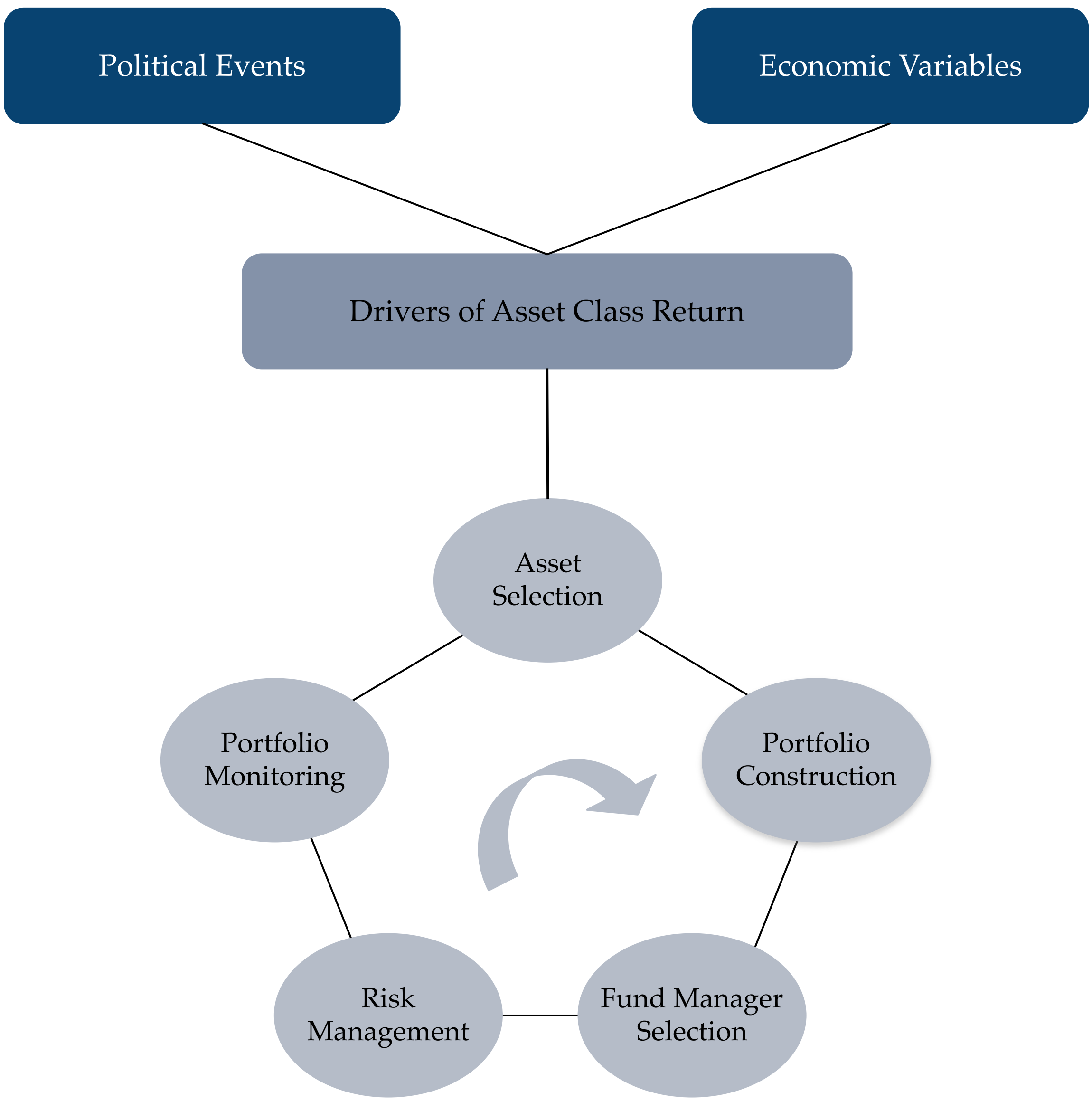
Investment Assumptions

At the heart of our investment process is a set of assumptions;

- Political events and economic cycles influence asset class performance
- By far the most important step in portfolio construction is asset class selection
- Diversification at the asset class as well as within each asset category is important to realise potential return and reduce risk
- Superior performance comes from understanding drivers of asset class return
- Disciplined approach to investment produces better result over the long term

Investment Process (Continue…)

Investment Process Flow Diagram



Investment Process (continue…)

Drivers of Asset Class Return & Asset Class Selection

The Amroc Capital Growth Funds primarily invest across five asset classes; equities, fixed income, absolute return, currency and commodities. We analyse political events and a set of economic indicators that to our view influence future asset class performance. We call these drivers of asset class return.

We believe there are two broad factors that can influence asset prices and selection. These are political events such trade war, sanctions and elections that tend to have short to medium term effect, and macroeconomic variables such as growth, inflation, and fiscal policies that tend to have medium to long term effect.

Focusing on these factors allows us to understand and interpret how to asset allocate and position our portfolios over time.

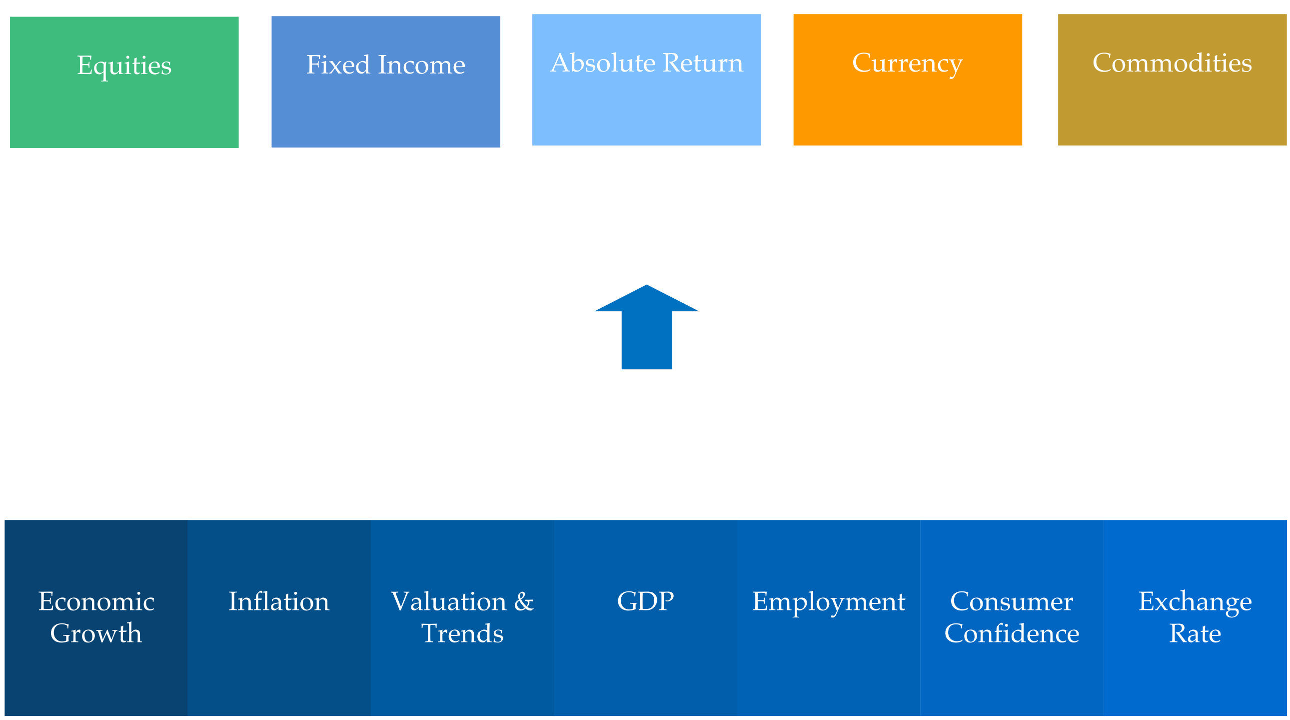
Our approach to drivers of return is based on identifying the base building block that defines each factor. We then use a combination of qualitative and quantitative analysis, testing scenarios to draw expectations of return and the degree in which each factor can influence markets. We use this information to determine asset class selection and allocation.

Investment Process (continue…)

Drivers of Asset Class Return & Asset Class Selection

Key steps are:

- Understanding political and economic relationship to markets
- Identifying economic indicators that influence asset class return
- Analysing their relevance and impact in different economic cycles
- Select asset classes and determine allocation

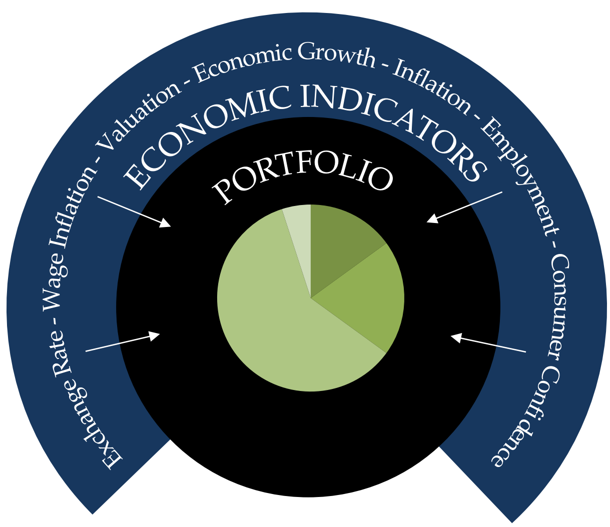


Example of Drivers of Asset Class Return

Investment Process (continue…)

Portfolio Construction

The process starts by building strategic asset allocation for each portfolio according to its risk and return profile, derived from extensive portfolio modelling. For instance, our analysis shows the maximum allocation to equities within the Conservative fund should not exceed 35% in order to maintain its low risk and target return profile.

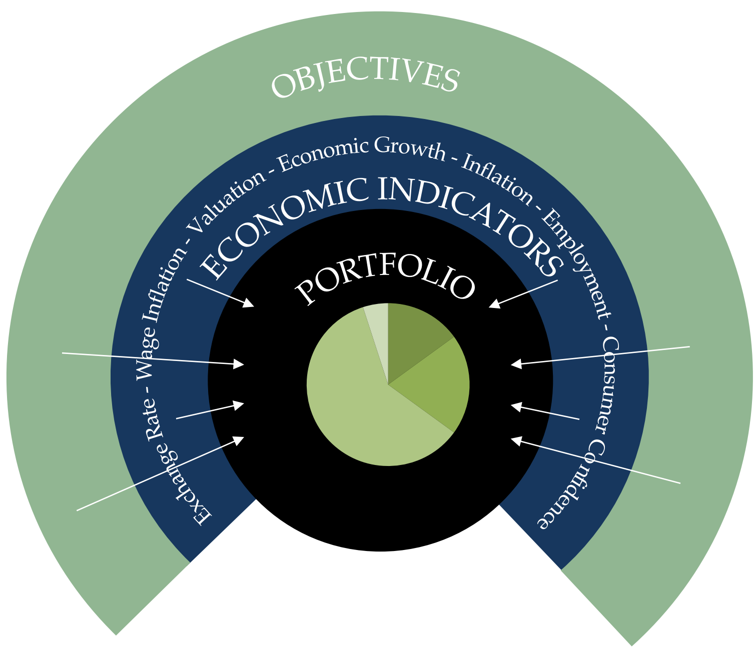


Portfolio Construction (continue…)

Using this concept we create portfolios with different objectives of preserving, enhancing, and creating capital by fine tuning asset class allocation.

We change the asset mix according to the economic cycle. This is important to long term outperformance of the portfolios.

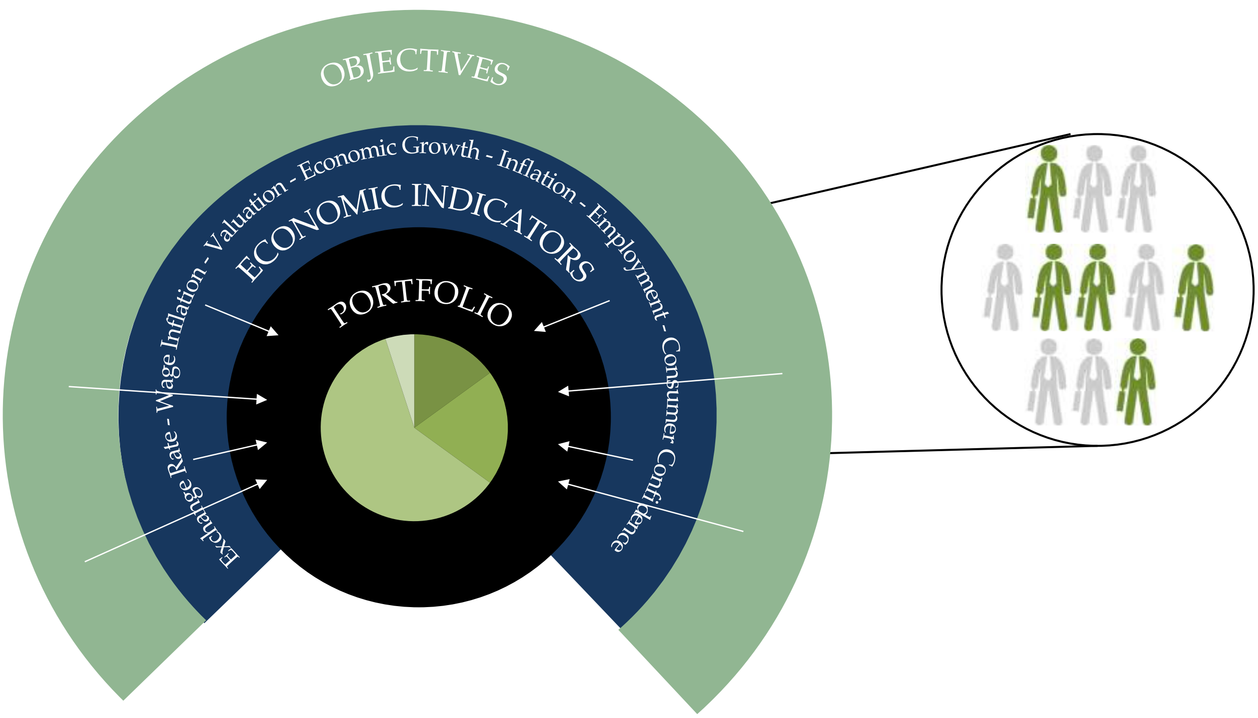
We rebalance portfolios according to future opportunities determined from the drivers of returns.



Investment Process (continue…)

Fund Manager Selection

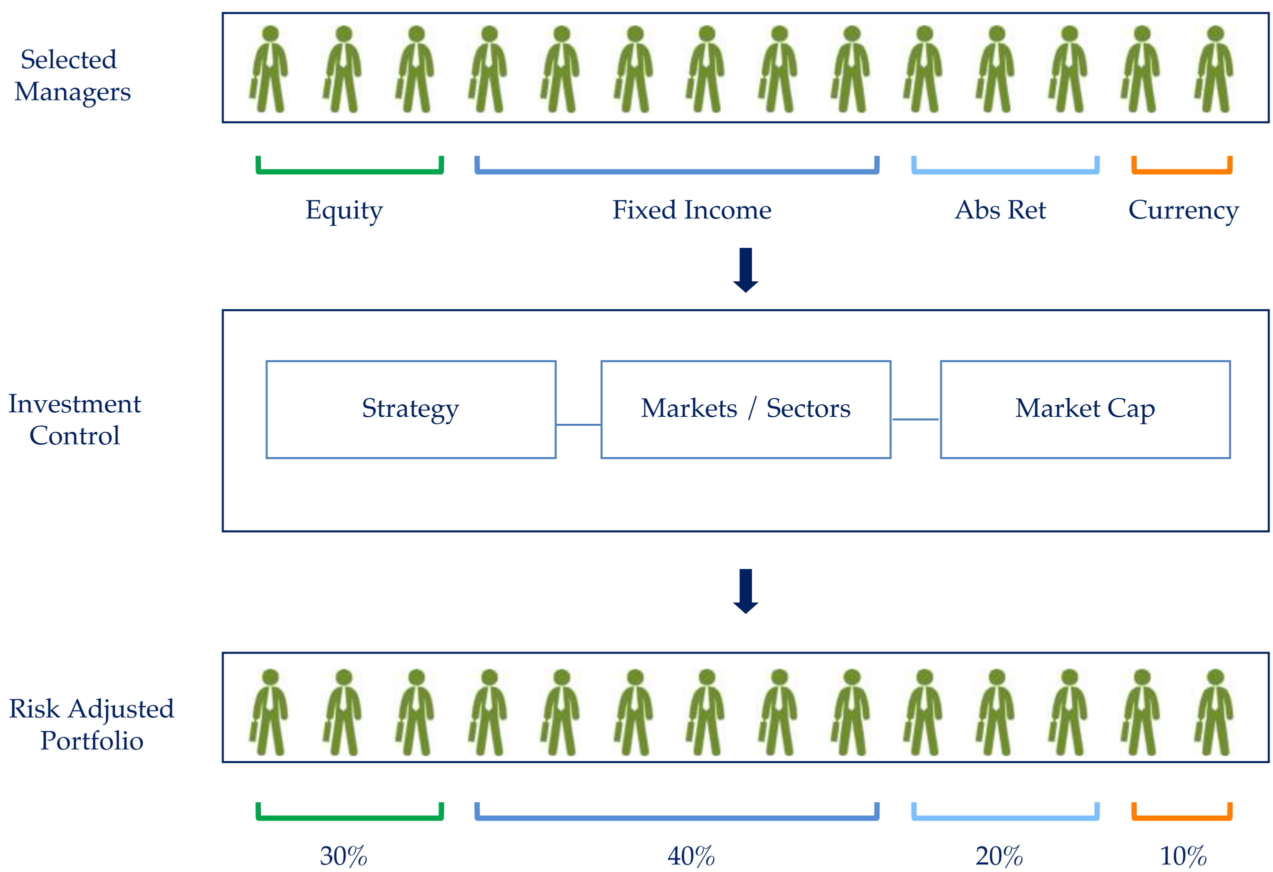
We select fund managers for each asset class according to our proprietary model. We identify their individual skill set and assign them into groups of conservative, moderate and aggressive corresponding to low, average and high risk. See Fund Manager Research for further details.



Investment Process (continue…)

Intelligent Risk Management

We apply intelligent risk management at multiple levels that forms the core of this process. Our focus is always on the downside risk whether resulting from geopolitical or specific investment. We minimise the former by understanding regional politics and policies and how they can affect markets and to what extend. We minimise the latter through the traditional approach of controlling exposure to asset classes, markets, sectors and industries as well as individual fund managers.



Investment Process (continue…)

Portfolio Monitoring

Portfolio monitoring requires an understanding of the entire investment process and is an essential part of the portfolio management. Key components include;

- Daily monitoring of the portfolio guidance and constraints, compliance risk, and keeping track of political news and macroeconomic updates.
- Weekly monitoring of portfolio behaviour both in terms of risk and return vs. what is expected. Identifying sources of variations through drilldown analysis.
- Monthly review of the portfolio individual components and its performance in relation to peer group and benchmark.
- Quarterly review of the portfolio including look back analysis of the fund managers and comparing their performance to what was expected, identifying sources of drift as well as formal review of portfolio risk metrics.

Adding Value

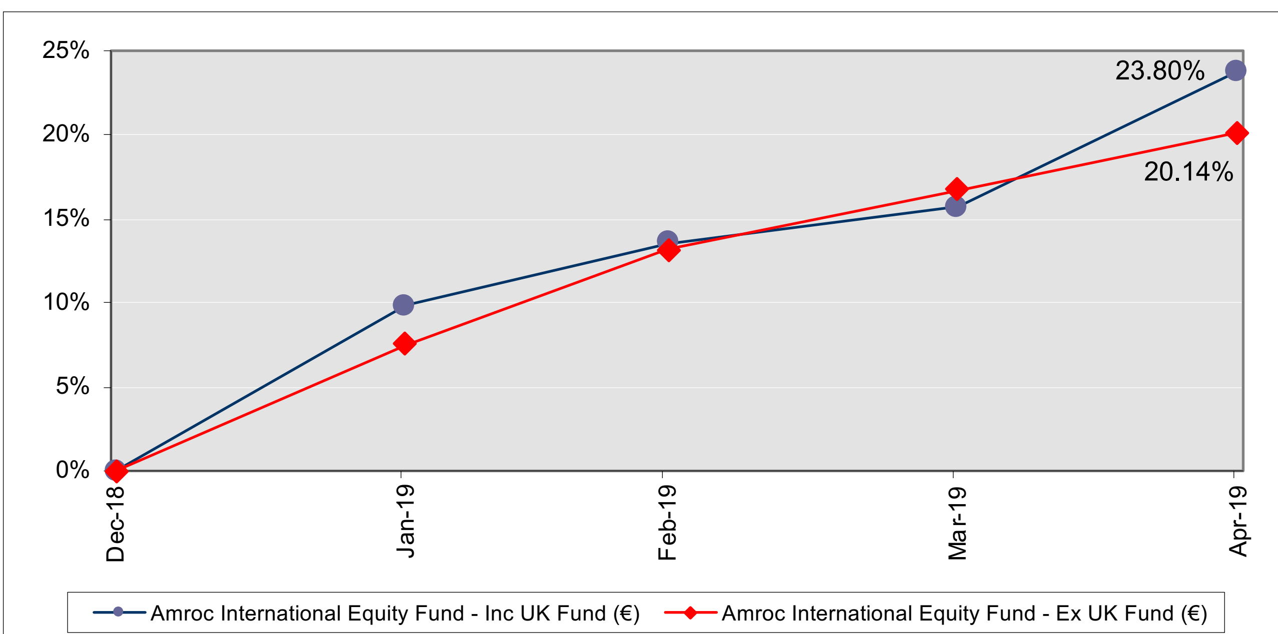
Example of Drivers of Return

We believe there are two broad factors that can influence asset prices and selection. These are political events and macroeconomic variables. Below is an example of how we recently used GDP, equity valuation and currency variables in one of our portfolios with the resulting outcome.

Investment Background

Because of the political issues surrounding Brexit, the UK economic growth has suffered. Towards the end of 2018 Sterling vs. USD and EUR as well as the UK equity market had become substantially under valued. We took the opportunity to close our long positions in Euro vs. Sterling and invested in a UK fund without hedging the currency in January 2019 for our Amroc International Equity Fund.

Chart below shows the performance of the Amroc International Equity Fund including and excluding the UK fund. The inclusion of the UK fund has resulted in an additional performance of +3.66% since the start of the year.



Adding Value (Continue…)

Fund Manager Research

We have developed a unique tool box of methods and analysis to help us select fund managers. We conduct extensive and rigorous investment behavioural analysis to identify fund managers' skill sets and combine these to create portfolios that are diversified, flexible and relevant to investment opportunities of the time.

Our approach to fund manager research is in two phases. In the first phase, we group fund managers according to their investment strategy and markets, analyse their holdings, allocation, performance data and the circumstances in which the returns were achieved.

We compare managers' return data with those of the market and their peer group and ascertain if the same could have been achieved with lower risk. We look for consistency of return, analyse its source and determine the degree in which managers are skilful in driving value. Fund managers are then categorised and assign a rating of 1 to 4.

Our research process helps us to develop a multi-dimensional profile of fund managers, allowing us to anticipate their suitability to various market conditions and expectations of their return. This approach helps us to construct well diversified portfolios that are effective and relevant.

In the second phase, selected fund managers are added to our monitor list, which could last up to 6 months before they are added to our short list. During this period and after they have been added to the short list, we continuously monitor their investment outcome with what we have drawn to expect. Those who meet or surpass our expectations are added to the portfolio.

Fund Manager Research (Continue…)

At any time we have a short list of 20 fund managers. So, if there is a need to replace a fund manager in a portfolio, it can be done efficiently.

The criteria for changing a fund manager is straight forward. These include;

- Change in investment behaviour
- Change in investment process
- Significant negative change in investment outcome from our expectations
- Underperforming general market and or peer group over 3 months
- Fund manager or a key member of the team leaving the fund

Fundamental Actively Managed vs. Quantitative & ETF

We choose fund managers with fundamental approach to investments and great stock selection ability to manage each asset class in our portfolios. This is significantly different to the passive model or the popular industry factor model and any variation of the same including momentum, which is believed to be one of the largest factor premiums.

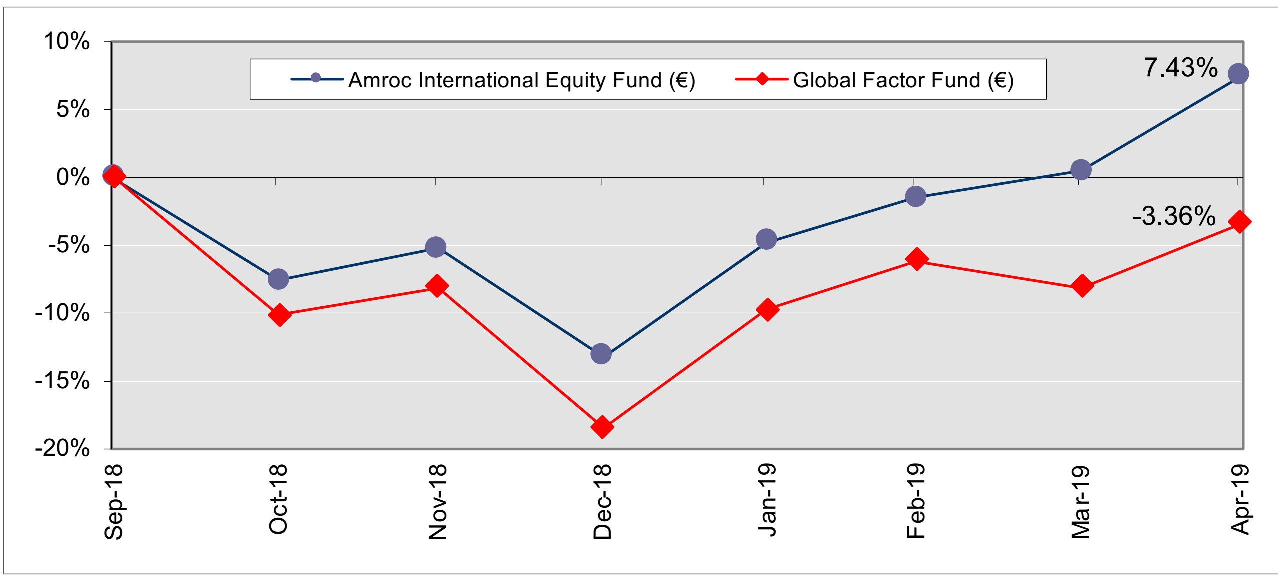
Momentum factor assumes prices tend to maintain recent trends in the future. However, with momentum strategy, whilst it may work to some extend during market trend, it suffers during trend reversal. It is important to be aware of the risk of trend reversals with such strategy and despite claims that this risk can be mitigated, there no consistent evidence to support this.

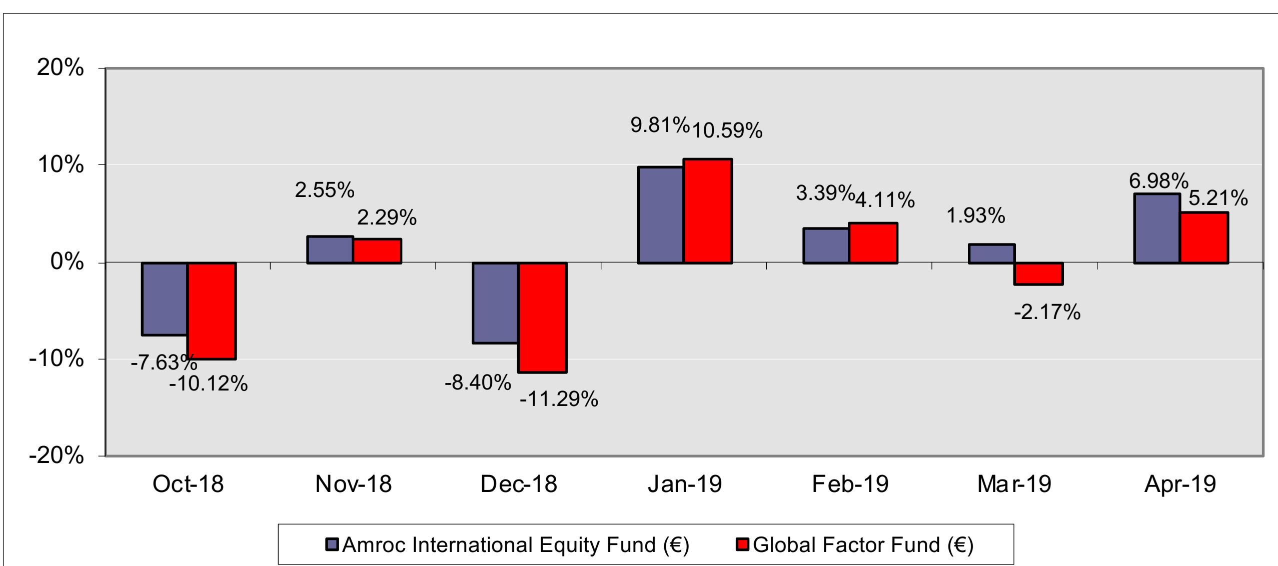
We compared the performance of our Amroc International Equity Fund vs. a leading Global Factor Fund during the recent market decline from September to December 2018 and the subsequent rally in 2019. The charts show our managers, with fundamental approach to investments, adding value to the performance of the fund. They lose less during market declines and recover faster in the subsequent rally than the passive quant based funds. We came to the same conclusion when we compared the performance of our fund with passive ETF funds with the same strategy.

Fund Manager Research (Continue…)

Fund Manager selection (fundamental vs. quantitative) and the resulting portfolio performance during the two recent trend reversals. As expected the Global Factor Fund not only suffered more on the way down, it also suffered during subsequent reversal!

Active Fundamental Management vs. Quantitative

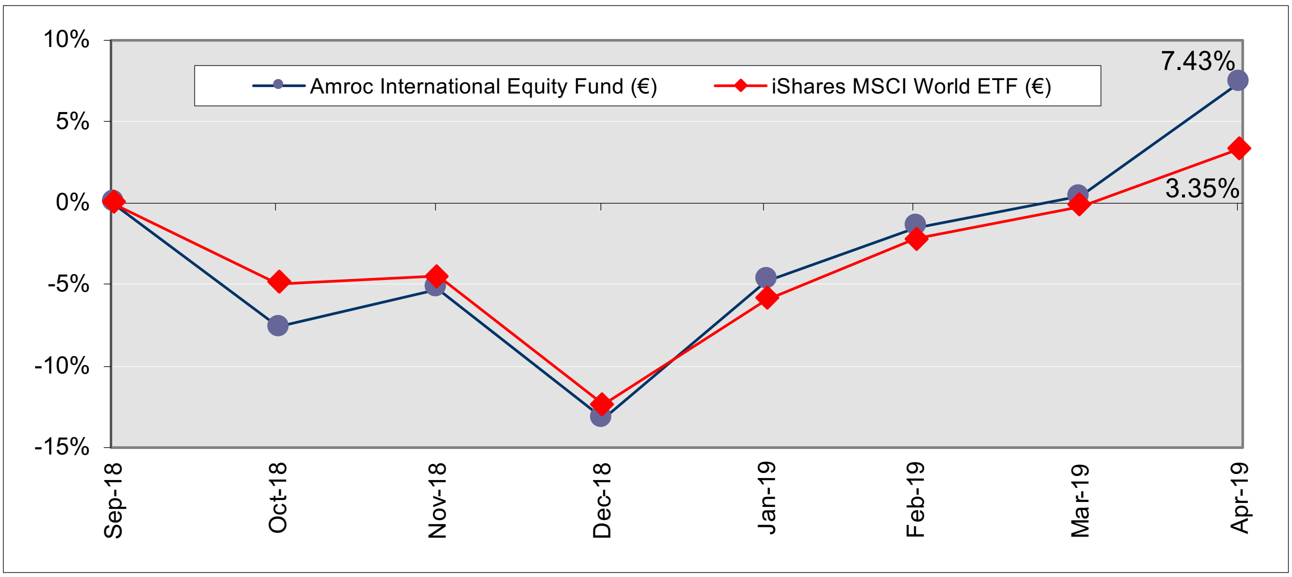


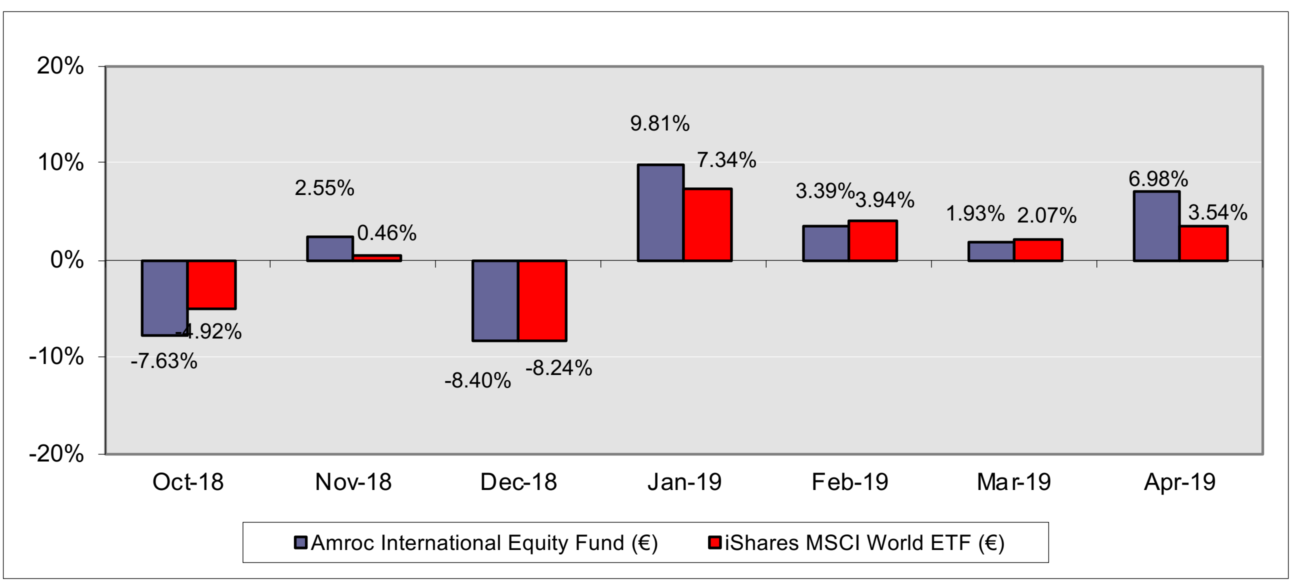


Fund Manager Research (Continue…)

Active vs. passive management . Amroc International Equity Fund (Net) vs. iShares MSCI World Index (ETF) during the recent market decline and the subsequent rally.

Active Management vs. Passive



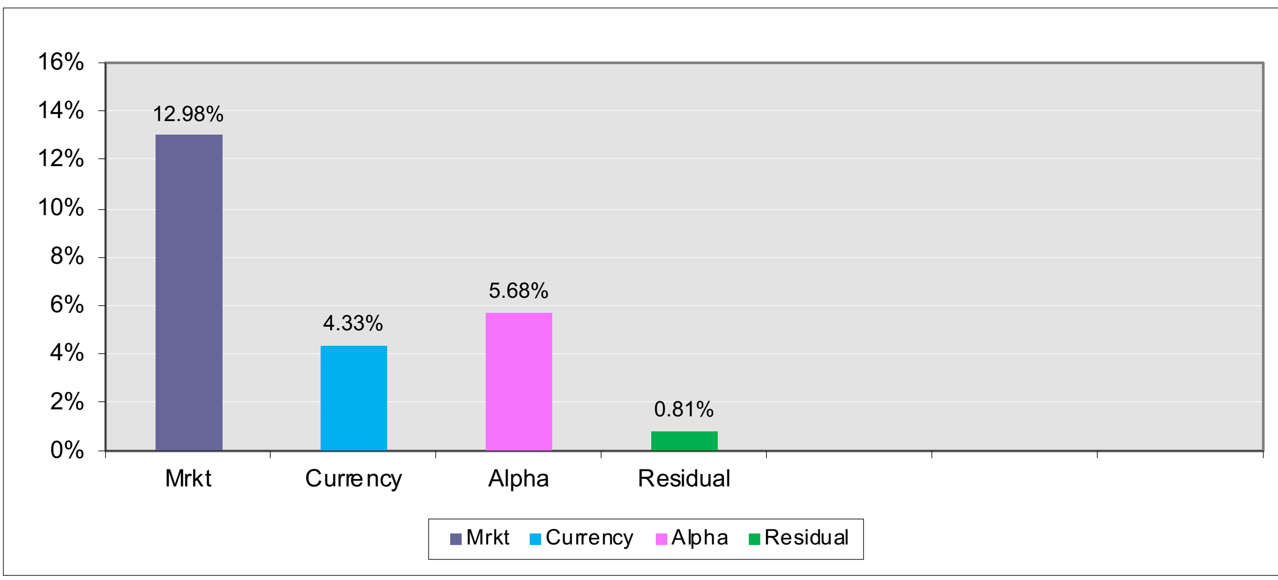


Fund Manager Research (Continue…)

Contribution of Returns

Looking at the contributions to return, the fund has generated 5.68% alpha since the start of the year.

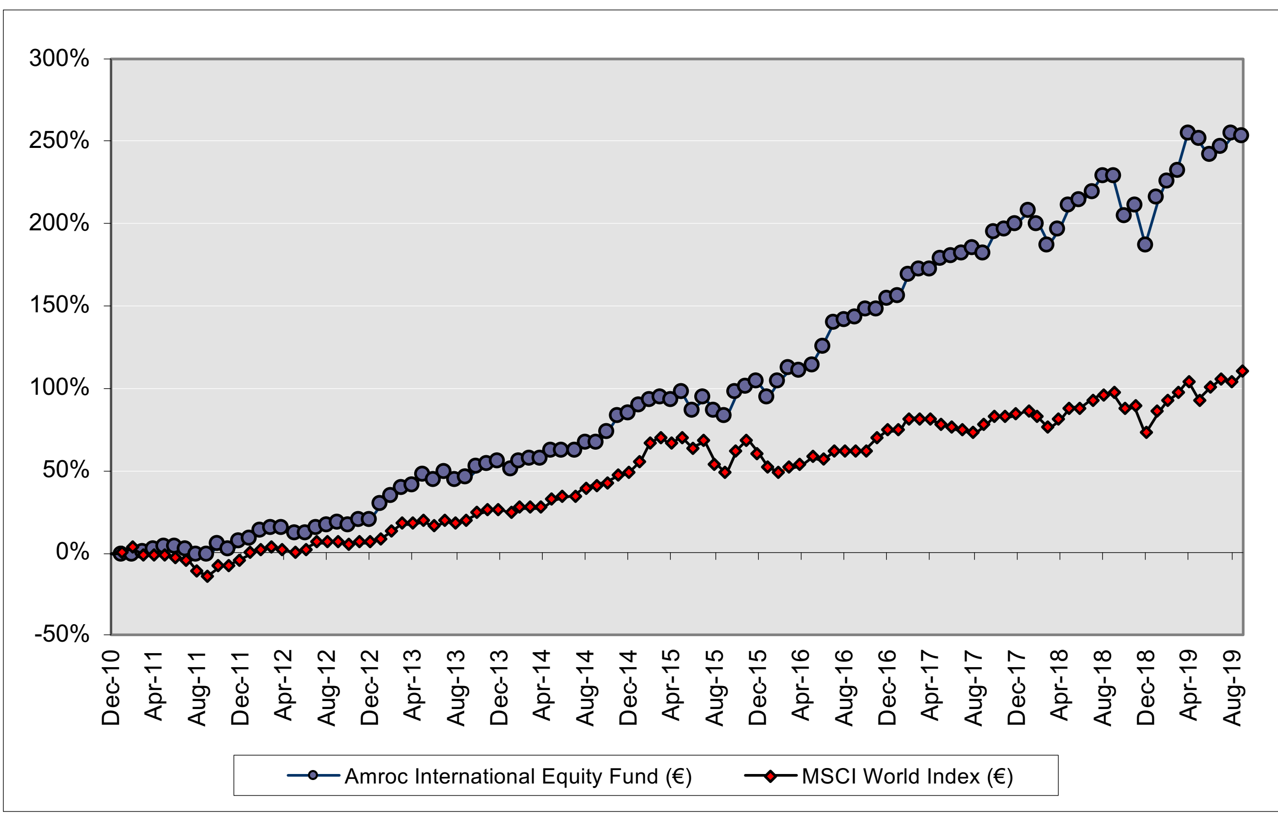
Amroc International Equity Fund Year to April 2019



The Long View

At Amroc we always take the long view and look though the mist of short term volatility. This allows us to focus on generating superior returns for our clients at a reasonable cost. We apply rigorous research to fund managers and spend a great deal of time creating portfolios that have excellent performance and where the strategy requires have resilience to market downturns.

Amroc International Equity Fund (December 2010 to September 2019)



Questions & Answers

What are your firms strength?

Independence

Amroc is a totally independent fund management company without any conflict of interest from other financial services activities.

Private ownership

Amroc is privately owned. This means we can take the long term view of looking after our clients, without pressure from short term activities that may lead to higher revenue expectations.

Research driven investment approach

We believe in active management and that is what differentiate us from many other fund management companies. Our research both in finding investment opportunities and fund manger selection forms the foundations of our competitive advantage.

What is the structure of the funds you manage?

Fonds voor Gemene Rekening ("FGR"). An FGR is the most common fund vehicle used in The Netherlands. The FGR is created by an agreement (often referred to as the 'Terms and Conditions') between the manager ("Manager"), the depositary ("Depositary") and one or more investors ("Participants") which obliges the Manager to invest and manage the assets for the joint account of the Participants. Usually, the legal ownership of the FGR's assets is held by a separate depositary.

The FGR is flexible (can be setup similar to a UCIT fund), tax efficient (is typically not subject to corporate income and dividend withholding tax in The Netherlands and in countries that have tax treaty with the Netherlands) and very cost effective. The FGR is very popular and widely used by pension funds and institutions in the Netherlands.

Question & Answer (Continue…)

What is the base currency of the funds?

Euro. However, we provide both hedged and unhedged share classes in CHF, GBP, USD

Are there any capacity issues?

No

Could you provide your funds strategy as segregated mandate?

Yes. We will work with you, your custodian and administrator to implement the investment strategy and the subsequent support and monitoring.

What is the reporting frequency?

Monthly factsheet, covering performance and portfolio composition

Quarterly fundreview, including fund manager commentary, performance and composition over the period.

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The Key Investor Information Document (KIID) and the Prospectus for Amroc funds are available in English and can be obtained from our website at www.amroc.nl.

This document is issued by Amroc B.V. The company is registered with Autoriteit Financiële Markten ("AFM") in the Netherlands.

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