Overview

Background and description

Stretching back a few decades, major equity markets such as the US and Europe have enjoyed about a 3.5% premium over their risk-free interest rates. Active asset allocation and security selection is likely to generate higher returns. A portfolio simply growing at only 7% per annum will double in value over ten years.

MTRIP is an individually managed discretionary investment portfolio. The portfolio strategy is to make long-only investments in global equities and bonds. To enhance investment returns it may sell ‘covered call options’ and ‘put options’, and also buy/sell up to three months forward foreign exchange contracts of freely tradable currencies, mainly the currencies of OECD countries.

Investment objectives

To generate superior absolute returns — typically 3% — 5% above the one-year deposit rate of the reference currency of the portfolio over a business cycle, with less volatility than global equities.

However, there may be extended periods of negative or lower than deposit-rate investment performance. Occasionally the portfolio may even experience a partial loss of the capital and an investor may not get back all of the capital invested.

Structure

The Investment Manager for the MTRIP is Meltemi Investment Management Limited (‘Meltemi’), an FCA registered firm. The principals of the firm have a successful track record spanning over decades of managing funds for wealthy private clients.

We facilitate our clients in opening their accounts at some of the premier international banks; Citibank, HSBC and Bank Julius Baer. The bank will then act as a custodian for the client’s assets. A client will grant power over this account to Meltemi to buy and sell bonds, equities, exchange traded funds (ETFs), foreign exchange, options and any other financial instruments agreed with the client.

The custodian bank will maintain all primary records of investments and will provide trade confirmations, valuations and any other information about the portfolio directly to the client with a copy to Meltemi for it to be able to manage the portfolio. Meltemi will also send a quarterly portfolio review to its clients.

<table>
<thead>
<tr>
<th>Time Horizon — Years</th>
<th>1 or less</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>Low</td>
<td>Moderate</td>
<td>Balanced</td>
<td>Higher Risk</td>
<td>High Risk</td>
</tr>
<tr>
<td>Investment Objectives</td>
<td>Capital Preservation</td>
<td>Income</td>
<td>Growth/Income</td>
<td>Growth</td>
<td>Aggressive Growth</td>
</tr>
</tbody>
</table>
1. Asset allocation
We regularly follow macroeconomic fundamentals and market dynamics of more than 30 countries, sometimes with the help of external economic advisers.
This helps us to determine a framework against which we constantly monitor and readjust country and asset allocation between cash, bonds, equities and currencies.

2. Equities — maximum up to 75%
> Identify ‘growth’ companies or companies benefitting from the business cycle and which fit the in-house ‘buying growth cheaply’ model criteria.
> Select country and sector ETFs benefitting from cyclical and structural economic growth.
> Allocate a small portion of the portfolio to contrarian situations whereby a company, a sector or a country has gone through some turmoil but is showing signs of recovery.
> A maximum of 5% of the portfolio could be invested in a single equity and a maximum of 10% in a single ETF.

3. Bonds
> Invest part of the portfolio in liquid government and corporate bonds issued in major currencies with five years or less remaining life. Select liquid ETFs of such bonds managed by reputable service providers. Such ETFs, however, may contain bonds with more than five years remaining life.
> A maximum of 10% of the portfolio could be invested in a single bond or an ETF.
> Exposure to below investment grade rated bonds will be limited to a maximum of 25% of the portfolio value.

4. Currencies
> Buy/sell up to three months forward foreign exchange contracts of freely tradable currency pairs with the aim of generating capital gains or to enhance the return of the portfolio by going ‘long’ in a higher-yielding currency and going ‘short’ in a lower-yielding currency. An example would be the AUD-JPY interest rate difference of 2.50%.
> The net open nominal value of such contracts may be up to the value of the portfolio.
> All such contracts are liquidated before their maturity.
> Net non-USD forward foreign exchange (FX) exposure will be up to a maximum of 200% of the portfolio value.
> All forward FX positions are monitored against a 5% stop-loss.

5. Hedging
Depending on our economic and market views we may partly or fully hedge the non-reference currency exposure of equities and bonds by selling forward FX contracts of the relevant currency by buying ‘inverse’ ETFs or any other appropriate financial instrument (‘the hedge’). The hedge may not exactly match the characteristics of the investment being hedged.

6. Options
We may sell ‘covered call options’ on equities and earn a premium to enhance the returns on the portfolio. We may also sell ‘put options’ and earn a premium to enhance the returns or to buy equities at a cheaper level. The total exercisable amount of ‘sold’ put options will not exceed 100% of the portfolio value. Also the market value of all outstanding short put options will not exceed 10% of the portfolio value. All options will be ‘exchange traded’ options. All options will be ‘exchange traded’ options.
Performance and composition

<table>
<thead>
<tr>
<th>Investment performance %</th>
<th>January 2016 to October 2017</th>
<th>2016</th>
<th>YtD 2017</th>
<th>CAGR*</th>
<th>Sharpe Ratio**</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD MTRIP***</td>
<td></td>
<td>11.89</td>
<td>12.56</td>
<td>13.40</td>
<td>0.84</td>
</tr>
<tr>
<td>USD One-year deposit rate</td>
<td></td>
<td>1.32</td>
<td>1.37</td>
<td>1.47</td>
<td></td>
</tr>
</tbody>
</table>

Relevant Hedge Fund Indices

| Absolute Return Index     | 0.35 | 3.99 | 2.35 | 0.75 |
| Global Hedge Funds Index  | 2.50 | 5.15 | 4.17 | 0.93 |

* Compound annual growth rate.
** Volatility risk adjusted returns.
*** Weighted average investment performance of portfolios managed as MTRIP.

Top 10 investments — % of the portfolio

| USD iShares Japan         | 5.2  | USD Safe Bulkers | 4.1 |
| USD iShares Singapore     | 5.0  | USD iShares Greece | 4.0 |
| USD iShares Australia     | 4.9  | USD iShares Italy | 4.0 |
| USD iShares Russia        | 4.7  | USD Sony          | 3.5 |
| USD SPDR Barclays High Yield | 4.7 | USD Taiwan Semiconductors | 3.4 |

Composition

Forward foreign exchange

<table>
<thead>
<tr>
<th>MXN</th>
<th>JPY</th>
<th>GBP</th>
<th>SGD</th>
</tr>
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<tbody>
<tr>
<td>14%</td>
<td>15%</td>
<td>-14%</td>
<td>-15%</td>
</tr>
</tbody>
</table>

Important information

Past performance is not a guide to future results, real results may vary. The value of investments and the income from them can go down as well up. The portfolio may hold investments that are not guaranteed or insured by anyone and are subject to investment risk. An investor may not get back the full amount originally invested.

Exchange rate changes may cause the value of an overseas investment to rise or fall against the reference currency.

Investors should be aware that investment in derivatives e.g. forward foreign exchange contracts and options involves an above average degree of risk due to the geared nature of these instruments.

Notes

The portfolio composition in November 2017 is representative and not a recommendation. It reflects our current preferred sectors and countries and will change over time as economic cycles and structural changes progress, and is subject to change without prior notice.

Income and dividends from ETFs and shares listed in the US are subject to 30% withholding tax by the United States government.
Asset Prices in a Business Cycle

Phase 1 (Equities)
- Growth exceeds potential
- Inflation rises
- Interest rates rise
- Yield curve steepens
- Stocks rise even faster

Phase 2 (Cash)
- Economy decelerates
- Inflation rises
- Interest rates rise
- Yields rise but begin to fall if the central bank has credibility
- Yield curve flattens or inverts
- Stock market crashes at B
- Stocks move sideways in phase 2

Phase 3 (Bonds)
- Economy in recession
- Inflation falls
- Interest rates fall
- Yields fall
- Yield curve shifts down
- Stocks move sideways

Phase 4 (Bonds and Equities)
- Economy recovers
- Inflation falls
- Interest rates fall
- Yields fall
- Yield curve steepens
- Stocks rise moderately

Phase 5
- Economy approaches capacity
- Inflation rises to trend
- Central bank returns to neutral policy
- Yields rise to normal
- Yield curve returns to normal
- Stocks rise fast
### Key portfolio details

<table>
<thead>
<tr>
<th>Investment manager</th>
<th>Meltemi Investment Management Limited, a company registered in the United Kingdom authorised and regulated by the Financial Conduct Authority (FCA).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum investment</td>
<td>USD 3,000,000.</td>
</tr>
<tr>
<td>Reference currency</td>
<td>USD or Euro.</td>
</tr>
<tr>
<td>Custodian</td>
<td>Citibank, Geneva Bank Julius Baer, Zurich</td>
</tr>
<tr>
<td>Documentation</td>
<td>Meltemi requires a Discretionary Investment Management Agreement, Client Profile, Investment Objectives and Risk Profile, and any other regulatory documentation required by law. The custodian bank will also require their account opening documentation including a Power of Attorney for Meltemi to manage the client’s portfolio.</td>
</tr>
<tr>
<td>Distribution restrictions</td>
<td>Available to retail and professional clients as defined by the Financial Conduct Authority. This investment management service is not available in countries where it would be prohibited for distribution by their law. A prospective client should make independent enquiries as to whether the MTRIP would be available for distribution in their country.</td>
</tr>
<tr>
<td>Liquidity</td>
<td>The portfolio can be liquidated at any time by giving instructions to the custodian bank or Meltemi.</td>
</tr>
<tr>
<td>Foreign exchange line</td>
<td>The custodian bank will be asked to set up a foreign exchange trading line up to twice the value of the portfolio to trade spot and up to three months forward foreign exchange.</td>
</tr>
<tr>
<td>Fees</td>
<td><strong>Investment management fee</strong> 1.50% p.a. charged quarterly in arrears on the portfolio value at the end of each quarter to be paid by the custodian bank upon receiving an invoice from Meltemi.</td>
</tr>
<tr>
<td></td>
<td><strong>Custody, administration and brokerage</strong> Charged directly by the custodian bank according to their fee schedule. (Meltemi may be able to negotiate favourable terms for its clients.)</td>
</tr>
</tbody>
</table>
We have a unique investment team and investment ethos. Three senior members of the investment team have known each other for over 25 years and have worked together in senior investment management positions in some of the top international financial institutions. They are highly respected in their individual areas of expertise: global asset allocation, currencies management, equities, bonds and options.

A small team enables us to react to changing markets quickly, meaningfully and efficiently, and also to construct tailor-made individual portfolios according to client needs.

The principals of Meltemi invest a substantial part of their financial net worth according to the investment philosophy and strategy described in this document.

**SIKANDER H. KHAN**

Sikander H. Khan has 40 years of investment management experience. Prior to forming Meltemi he was the Chief Investment Officer of Standard Chartered Grindlays Private Bank, where he managed a team of investment professionals globally, providing discretionary and advisory investment expertise to the high net worth clients of the Bank.

He joined Citibank in 1986 and by the end of 1998 he was Senior Investment Manager and Head of Investments at Citibank Private Banking Group in London. Sikander was also the lead manager of the Luxembourg-registered CitiLandmark Managed Currency Fund. In 1997 and 1998 the Fund was awarded first place in the Standard & Poor's Micropal Offshore Territories Money Market International (Managed Currency) Sector.

He is a qualified Wealth Manager in the UK, is a Senior Chartered Accountant qualified with the Institute of Chartered Accountants in England and Wales, and a graduate with a Bachelor’s degree in Economics and English Literature.

**MARY C. FLEMING**

Born in the United States, Mary Fleming came to the United Kingdom in order to do postgraduate research at the London School of Economics. After qualifying with an M.Sc. in Economic History, she was admitted to the School’s doctoral programme, where she continued her work in migration and business cycles.

She became an in-house economic analyst for a small commodity firm and afterwards was a derivatives broker at Merrill Lynch International, London for five years. However, for the bulk of her career (sixteen years) she managed global fixed income portfolios for high net worth individuals at Citibank Private Bank. In 1992 she was promoted to the Lead Portfolio Manager, Global Fixed Income portfolios. Mary was also a senior member of both the regional (European) and Global (based in New York) Investment Strategy Committee, making decisions on asset allocation for global combination accounts (those holding bonds and equities) and helped develop the group’s decision-making process. The performance she achieved for her clients, adjusted for risk, was consistently good and in some years exceptional. Her UCITS fund, Citi Invest GBA (Global Bonds Fund) domiciled in Luxembourg was ranked in the first quartile by Micropal for 1, 3 and 5 years.

cont.
MARY C. FLEMING (cont.)

After leaving Citigroup at the end of 2001, Mary developed a course in Behavioural Finance which she has presented to fund management firms as well as to the UK’s Society of Investment Professionals (SIP).

Mary has been associated with Meltemi since 2003.

FIKRET ONDER

Born in Turkey, Fikret Onder studied Economics at the University of Bonn (Germany), where he worked as an assistant professor for two years after his graduation. His finance career started at Merrill Lynch AG, Düsseldorf in 1981. He became Head of Institutional Equity Sales at Sal. Oppenheim Jr. & Cie, Cologne where he worked from 1985 to 1992 before joining Citibank Private Bank, London as Lead Portfolio Manager for Global Equity portfolios. In 1995 he joined UBS Private Banking, London as a senior portfolio manager. In 1998 he moved to Julius Baer & Co., London where his responsibilities were extended to cover marketing activities as well as asset management.

In July 2000 he was appointed Executive Vice President and Head of Private Banking of AKBank in Istanbul, starting this business unit from scratch. By the time he left in July 2011, assets under management had reached USD 13.5 billion. AKBank Private Banking was awarded the ‘Best Private Bank in Turkey’ prize in four out of the six last years under his management by Euromoney magazine.

Fikret joined Meltemi in September 2011 as a principal and portfolio strategist.

CEM BALCISOY

Cem Balciyang has over 15 years’ experience of advising and dealing with ultra-high net worth individuals based in Europe and Turkey. After achieving an undergraduate degree in Electronic Engineering from Nottingham University in 2000, he started his finance career at American Express Bank in London as an account officer handling risk assessment of financial assets and then advising on investment products to meet customer needs and requirements.

In 2004 he was awarded an MBA in Finance from Nottingham Business School (part of Nottingham University). He joined National Bank of Dubai in London (now known as Emirates NBD) to help establish a Turkey Marketing Desk mainly to provide investment-related services to ultra-high net worth individuals. This was followed by move to Barclays Bank in London in 2008 where he was part of the international private banking team mainly concentrating on Turkish clients for investment banking services, real estate consultancy and portfolio management.

Cem joined Meltemi in September 2011 as a portfolio manager.
Important information

MTRIP is available to retail and professional clients as defined by the Financial Services Authority. This product is not available in countries where it would be prohibited for distribution by their law. A prospective client should make independent enquiries as to whether the MTRIP would be available for distribution in their country.