Weekly Managers' Report

Issue 22 / 2019 Week ending Jun 7, 2019

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

USD weakness was a major theme over the week as the currency dropped on concerns about Washington's plans for tariffs on Mexican goods and the Federal Reserve's signalled openness to further rate cuts to combat the fall-out from escalating trade tensions. The JPY was another struggler as risk sentiment improved while the GBP also lost ground as Prime Minister Theresa May stood down as Conservative party leader. The EUR was among the more positive performers. The NZD was ended as the strongest currency on USD softening, markets welcoming some better Chinese data and a less dovish than expected tone from central bank officials. The CAD did well at the end of the week, making up for an earlier retreat on the back of falling oil prices, after excellent labour market data. The AUD was mixed against a background of a dovish central bank and some less than encouraging economic updates.

WIOF China Performance Fund

Cogent Asset Management Ltd

Mainland Chinese markets ended lower with trade worries again weighing on sentiment. The Shanghai Composite Index lost 2.5% while the large-cap CSI 300 Index fell 1.8%. The falls came as Beijing stepped up retaliation against Washington after the imposition of tariffs on Chinese goods and the blacklisting of tech giant Huawei. The government announced it had slapped Ford Motor Company's mainland joint venture with a USD23.6mn fine for alleged antitrust violations and said an investigation was underway into FedEx over claimed mishandling of packages sent to Huawei Technologies. This comes as data shows exports to the US in the first four months of this year declined 12.8% from the same period of 2018, driving the trade surplus down 10%. Indeed, the signal is clear that China has decided to operate a radical change in its US trade. Taken at an annual rate, China's trade surplus with the US in

Weekly change

GFG FX Algorithmic Fund Class A EUR	78.2468 EUR	-1.07%
GFG FX Algorithmic Fund Class B USD	68.3254 USD	0.49%
GFG FX Algorithmic Fund Class C GBP	71.9114 GBP	-0.45%
WIOF China Performance Fund A class	4.0125 USD	-0.19%
WIOF India Performance Fund A class	5.8209 USD	-0.39%

WIOF International Equity Fund A class	20.325 GBP	1.14%
WIOF South-East Asia Performance Fund A class	3.4963 USD	1.27%
WSF Asian Pacific Fund USD Class A	8.68 USD	0.00%
WSF Global Equity Fund USD Class A	20.86 USD	0.00%

the January-April interval would be 23.5% below China's surplus for all of last year. Elsewhere, stocks in Taiwan closed marginally lower but there was a small gain for equities in Hong Kong. Meanwhile, the International Monetary Fund has lowered its 2019 economic growth forecast for China, moving it down to 6.2% from a previous estimate of 6.3%. It said growth next year is expected to be 6.0% and warned of an 'uncertain outlook' in the near future because of trade tensions. In Taiwan, operating conditions in the manufacturing sector continued to deteriorate in May for the eighth month running, though at a marginally slower pace than in April. The manufacturing Purchasing Managers' Index (PMI) reading rose from 48.2 in April to 48.4 in May, remaining below the 50-point threshold that separates expansion from contraction.

WIOF India Performance Fund

Reliance Wealth Management Ltd.

The main Indian benchmarks failed to make it into positive territory for the week, finishing marginally lower amid worries over weak economic growth. The Sensex and Nifty closed down 0.3% and 0.4% respectively. The falls came as markets were left disappointed by a rate cut. While the key lending rate was lowered 25 basis points to 5.75% and the bank's monetary policy stance changed from neutral to accommodative, investors had been expecting a larger cut. There was also some concern over a lack of support from the bank for NBFCs (non-banking finance companies). There are fears that new requirements from the central bank could see a credit slowdown for some NBFCs. The central bank wants NBFCs to keep to a liquidity coverage ratio of 60% from April next year, rising to 100% by 2024.

WIOF International Equity Fund

Cogent Asset Management Ltd

After a torrid time of late, global equity markets made a recovery on the back of hopes accommodative central bank policies could help offset the effects of trade tensions between the US and China. In the US, the major benchmarks gained, with sentiment buoyed by growing expectations the Federal Reserve will cut rates later this year as the bank signalled it was ready to ease policy to deal with the effects of the Sino-US trade dispute. The hopes were also fuelled by data from the labour market providing more signs the economy is slowing. In Europe, stocks rose on the potential for not just a US rate cut but also suggestions from the European Central Bank (ECB) it too could move if trade tensions hurt the global economy. It was a similar story for UK equities, as proxied by the FTSE 100 index, which registered a healthy advance for the week. But there was some gloomy data out of Europe as weak exports led Germany's Bundesbank to lower its economic output forecast for this year for the country to 0.6% from a previous estimate of 1.6%. It also cut its forecasts for 2020 and 2021. Markets advanced in Japan – the Nikkei 225 index rose 1.4% while the large-cap TOPIX Index and the TOPIX Small Index also climbed. This came despite the World Bank paring back its growth forecast for the country's economy in 2019 to 0.8% from 0.9% due to the ongoing Sino-US trade war. Its economic growth forecast for the country in 2020 was unchanged at 0.7%.

WIOF South-East Asia Performance Fund

Cogent Asset Management Ltd

The week saw most key regional markets move higher with sentiment lifted by expectations of an easing of monetary policy by global central banks and as trade worries receded somewhat. Shares in Singapore snapped a four-week losing streak with financial equities among those seeing gains. Philippine stocks rose for a third consecutive week, led up by industrials and financials, while there was a solid rise for Thai equities. This came as the country's new parliament confirmed military leader General Prayuth Chan-o-cha as prime Minister. Analysts welcomed the move, saying it removed political uncertainty and should clear the path to work on potential stimulus measures later this year to help the economy. In other news, in Thailand, data showed that consumer prices rose 0.48% m-o-m in May, up from April's 0.44% rise, on the back of price increases for food and non-alcoholic beverages. Transportation and communication costs also rose, albeit at a softer pace than in the prior month.

WSF Asian Pacific Fund

Cogent Asset Management Ltd

In Australia, there was some positive performance from local stocks, as proxied by the ASX 200, which finished with a small gain. Utilities, real estate and industrial shares led the way. This came as the central bank lowered the cash rate – the first cut in almost three years. Latest data showed the economy gained steam in the first quarter of the year with GDP growing 0.4% q-o-q, following a 0.2% increase in the previous quarter. But on an annual basis, the economy grew 1.8% - the weakest expansion in close to a decade. Elsewhere, South Korean equities also climbed as investors shrugged off concerns over trade tensions between the US and China. Consumer prices in the country increased 0.2% in m-o-m terms in May, down from the 0.4% increase recorded in April. Mainland Chinese markets ended lower in what was a holiday-shortened week with trade worries again weighing on sentiment. The Shanghai Composite Index lost 2.5% while the large-cap CSI 300 Index fell 1.8%. The falls came as Beijing stepped up retaliation against Washington after the imposition of tariffs on Chinese goods and the blacklisting of tech giant Huawei. The government announced it had slapped Ford Motor Company's mainland joint venture with a USD23.6mn fine for alleged antitrust violations and said an investigation was underway into FedEx over claimed mishandling of packages sent to Huawei Technologies. Elsewhere, stocks in Taiwan closed marginally lower but there was a small gain for Hong Kong equities. The International Monetary Fund has lowered its 2019 economic growth forecast for China, moving it down to 6.2% from a previous estimate of 6.3%. It said growth next year is expected to be 6.0% and warned of an 'uncertain outlook' in the near future because of trade tensions.

WSF Global Equity Fund

Cogent Asset Management Ltd

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