

FISHER INVESTMENTS EUROPE™

INVESTING IN EMERGING MARKETS





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# INVESTING IN EMERGING MARKETS

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*Inside cover photographs: Two offices of FI are located in Washington and California, USA. The London, UK office is the headquarters of Fisher Investments Europe, Limited, FI's wholly owned subsidiary in England. The Dubai International Financial Centre office is a branch office of FI. Fisher Investments Australasia Pty Ltd (FIA) is FI's wholly-owned subsidiary based in Sydney, Australia. Fisher Investments Japan (FIJ) is FI's wholly-owned subsidiary based in Tokyo, Japan.*

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## Emerging Markets (EM) Asset Class

Top Down Investing in EM

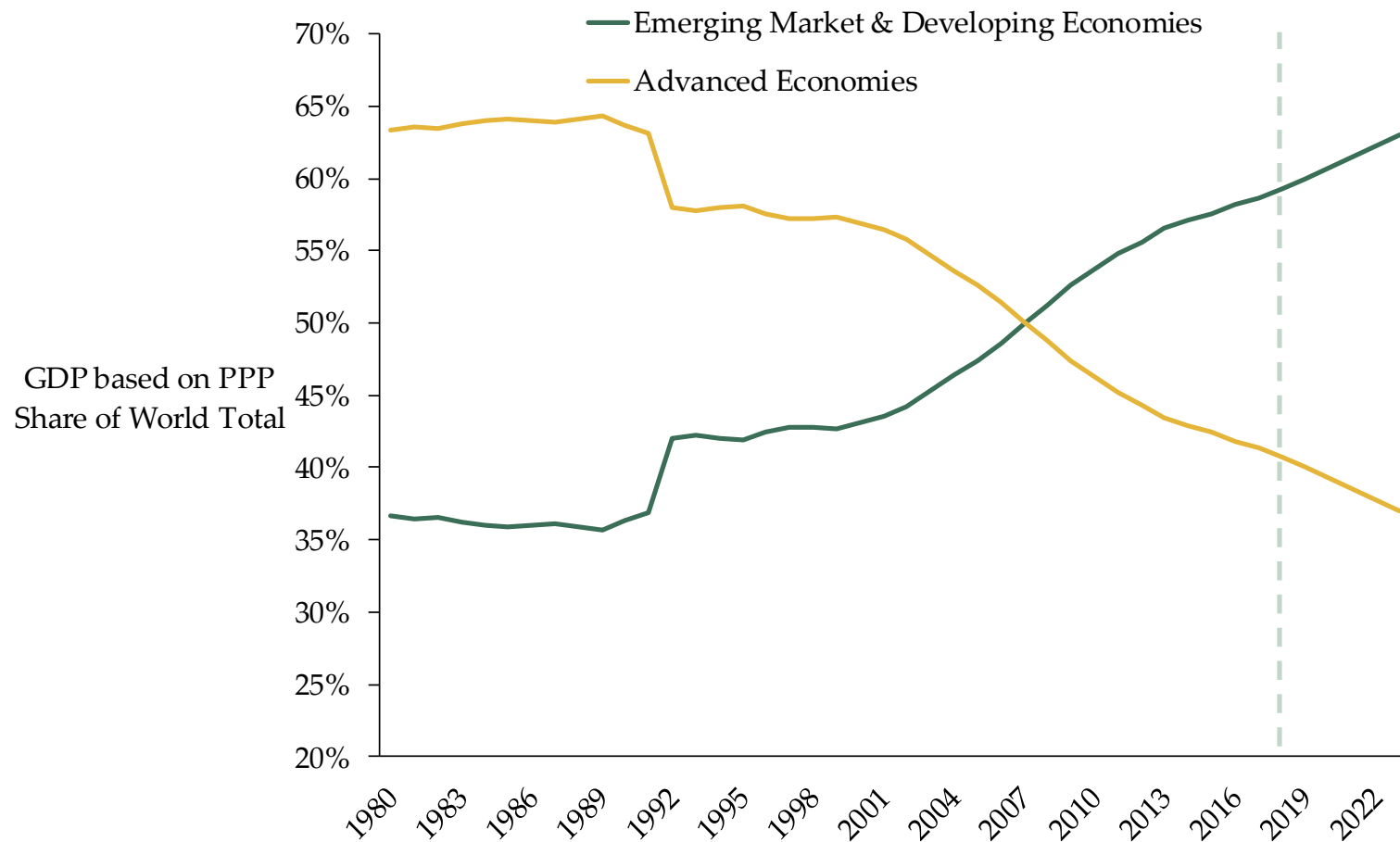
Fisher Investments EM

Current Outlook for EM

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## EM CONTRIBUTES INCREASINGLY TO GLOBAL GDP

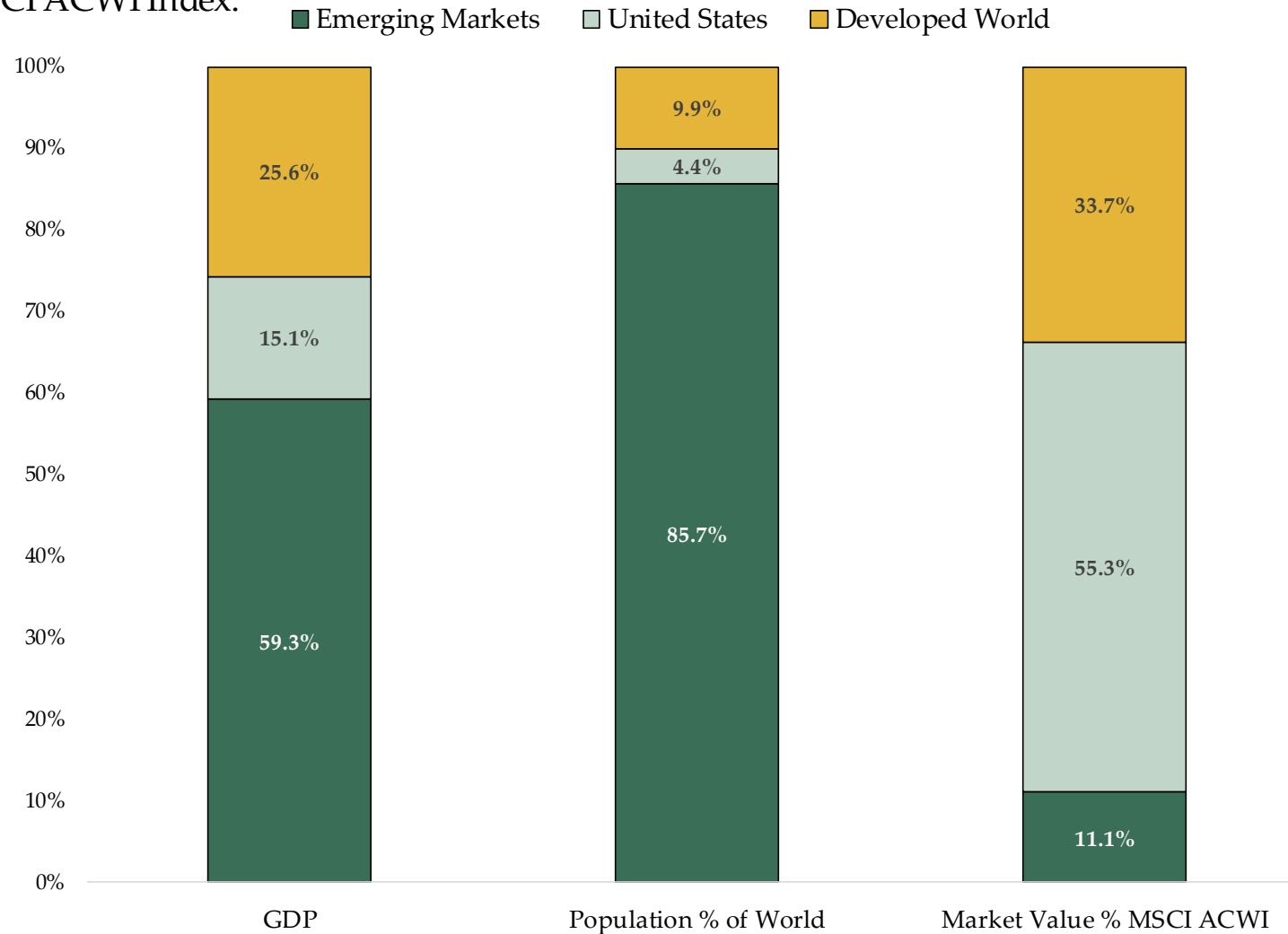
EM's share of world GDP has already overtaken the developed world, and should continue to increase in the foreseeable future. In many ways, the growth of EM resembles the pace of economic development and capital formation first achieved by countries now considered Developed Markets (DM).



Source: International Monetary Fund (IMF), World Economic Outlook Database, as of 2018. Values after 2018 are IMF projections. GDP based on PPP per capita GDP in international dollars. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

## EM OPPORTUNITY SET

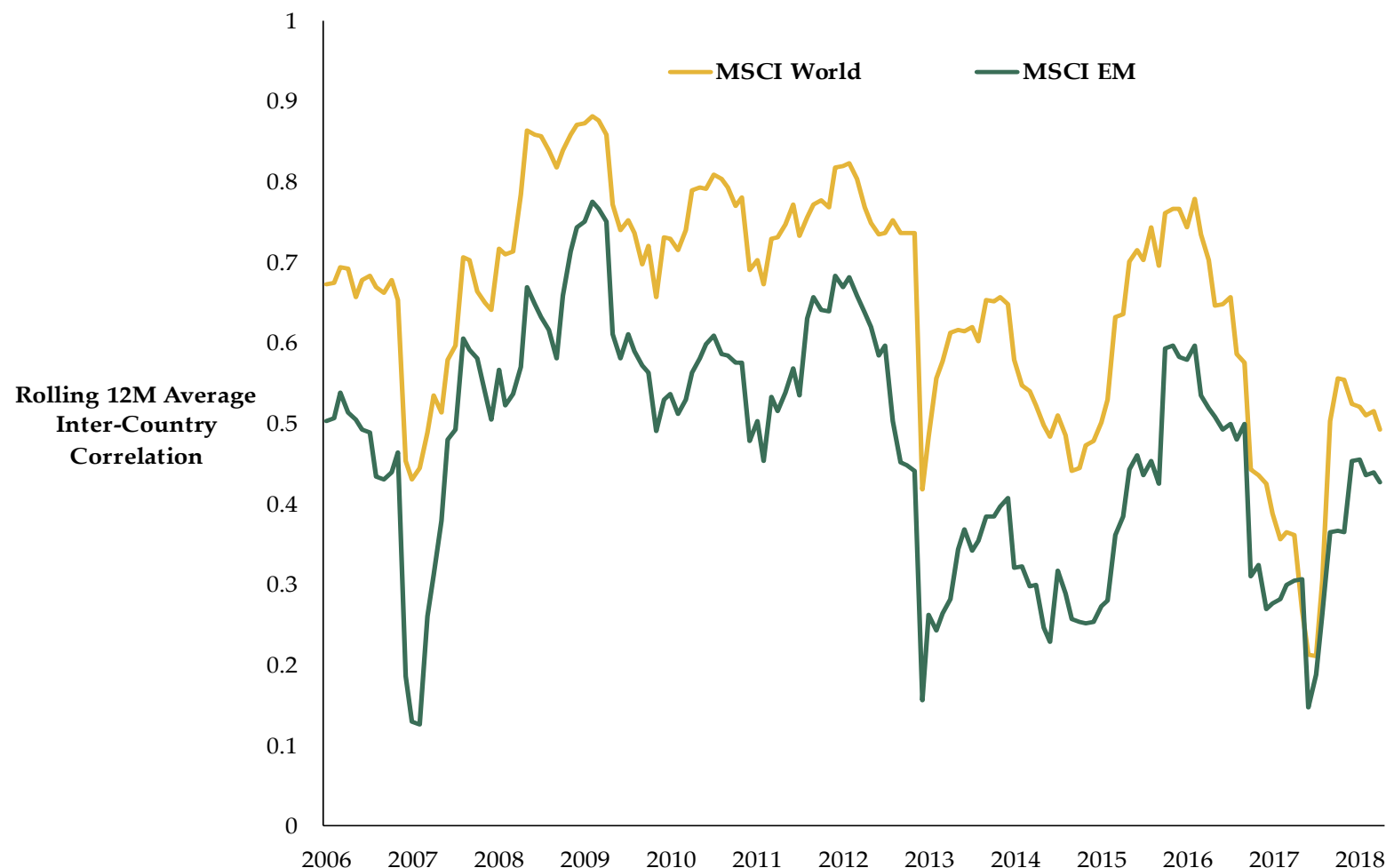
EM equities offer access to some of the fastest growing economies and firms in the world, which are underrepresented in the global investment community. Despite comprising a majority of the world's population and nearly 2/3 of world GDP, EM equities represent only 11.1% of the MSCI ACWI Index.



Source: IMF as of 2018, FactSet as of 30/09/2018. GDP and Market Value based in USD. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

## LOW INTER-COUNTRY CORRELATIONS OFFER ALPHA

EM inter-country return correlations are consistently lower than in DM, which implies that there is a greater historical dispersion of country performance. This creates opportunities for top-down managers who accurately identify the countries likely to outperform. While the volatility of equities within specific EM countries can be high, this can be mitigated by investing broadly within EM due to the low inter-country correlations.



Source: FactSet as of 30/09/2018. The average of all country correlations to each other was calculated each month using trailing 12 month returns. Based in USD. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

## SAME SECTOR, LOW CORRELATION OF EXCESS RETURNS

EM offers a wide array of diversification benefits, as MSCI EM sector excess returns have low correlations to MSCI World sector excess returns.

MSCIEM											
	Energy	Materials	Industrials	Discretionary	Staples	Health Care	Financials	Info Tech	Telecom	Utilities	
MSCIWorld	Energy	0.49	0.40	0.02	(0.28)	(0.01)	(0.07)	(0.16)	(0.31)	(0.22)	0.12
	Materials	0.26	0.67	0.15	(0.03)	(0.30)	(0.28)	0.06	(0.25)	(0.44)	(0.19)
	Industrials	0.02	0.28	0.26	0.08	(0.13)	(0.10)	0.11	(0.05)	(0.28)	(0.13)
	Discretionary	(0.20)	(0.15)	0.02	0.30	(0.12)	(0.08)	0.07	0.25	(0.02)	(0.27)
	Staples	(0.14)	(0.01)	0.14	(0.03)	0.60	0.43	0.05	(0.27)	0.12	0.29
	Health Care	(0.24)	(0.04)	0.12	(0.08)	0.54	0.50	(0.04)	(0.11)	0.10	0.34
	Financials	0.06	0.04	0.17	0.05	(0.16)	(0.22)	0.40	(0.09)	(0.19)	0.00
	Info Tech	(0.12)	(0.29)	(0.19)	0.16	(0.35)	(0.15)	(0.18)	0.46	0.07	(0.20)
	Telecomm	(0.14)	(0.22)	(0.19)	(0.11)	0.19	0.06	(0.03)	(0.03)	0.43	0.09
	Utilities	(0.03)	0.10	0.10	(0.18)	0.51	0.34	(0.02)	(0.30)	0.13	0.28
										Average	0.44

Excess return is sector return relative to their respective benchmark. Source: FactSet, based on monthly price returns in USD from 01/01/1995 – 30/09/2018. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.



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Emerging Markets (EM) Asset Class

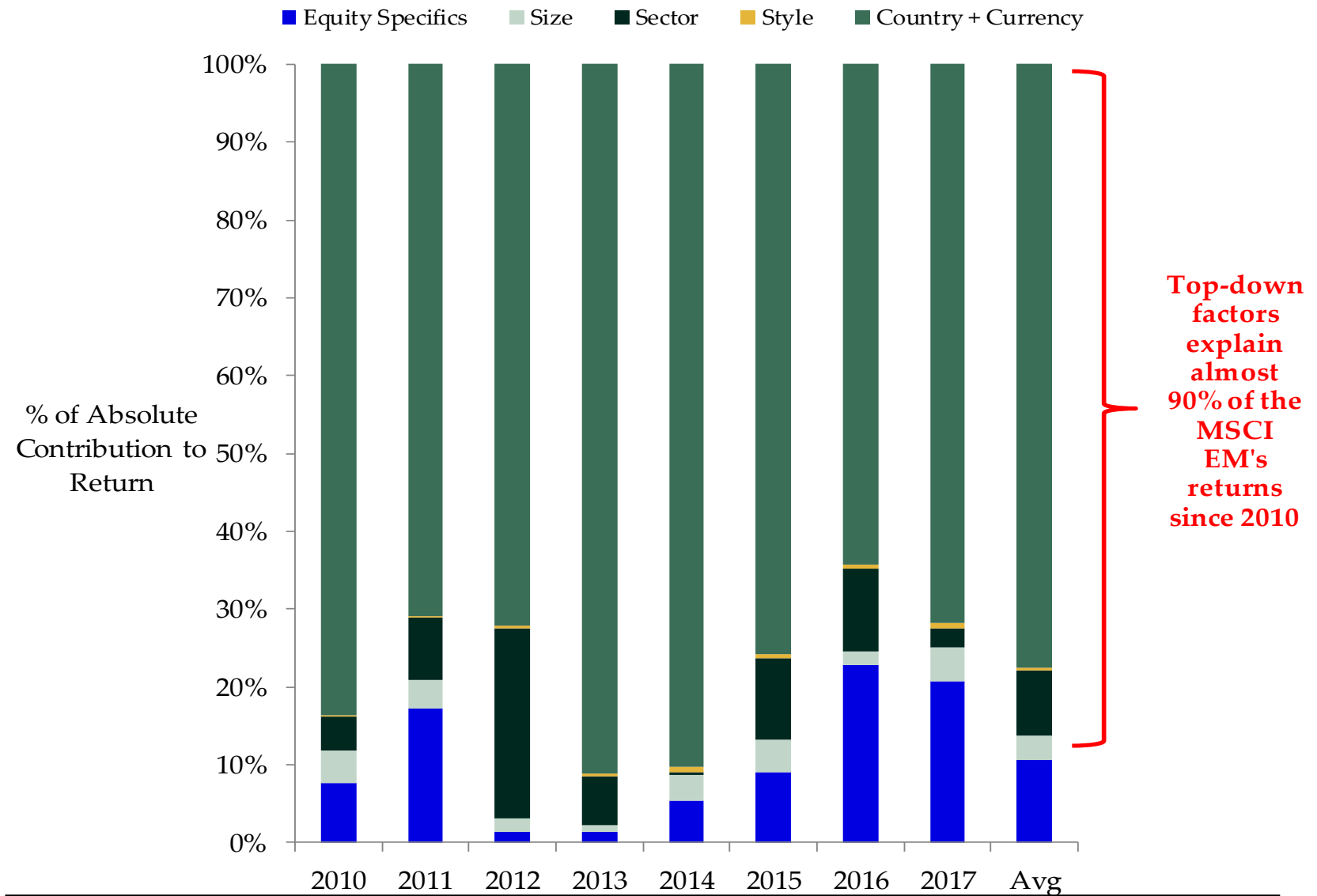
## **Top Down Investing in EM**

Fisher Investments EM

Current Outlook for EM

# TOP-DOWN INVESTING IN EM

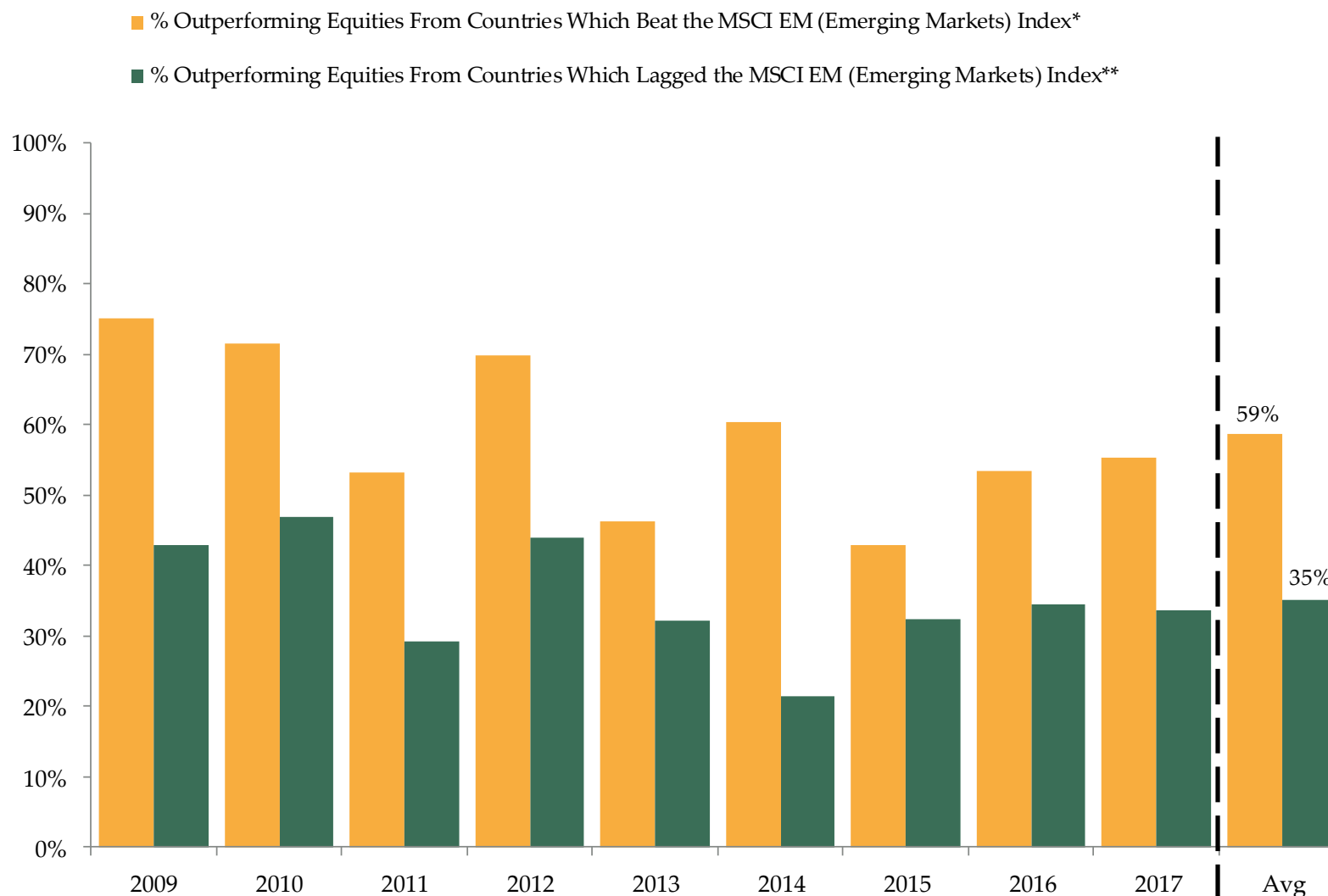
On average, over the past 10 years, top-down factors accounted for almost 90% of the MSCI EM's returns.



Source: MSCI Barra Portfolio Manager, GEM2L risk model as of 31/12/2017, based in USD. Excludes the world factor and certain risk factors (financial leverage, momentum, liquidity, volatility). Common factor percentage calculations above based on summing the value of country, style, industry, and cash. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# IMPORTANCE OF COUNTRY SELECTION

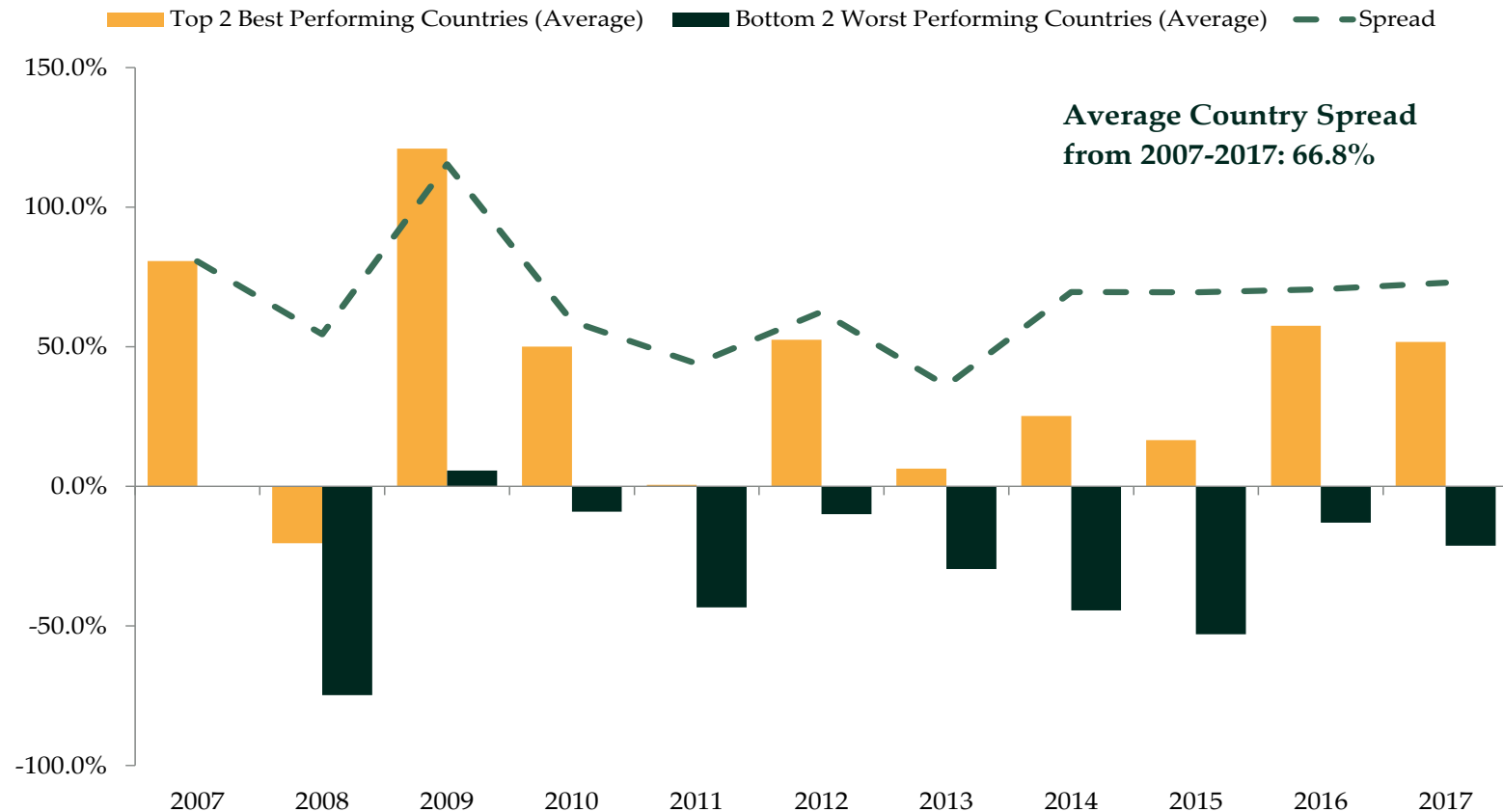
On average since 2009, around 59% of equities that outperformed the MSCI EM came from countries that outperformed the MSCI EM.



Source: FactSet as of 31/12/2017, based in USD. Based on year end price returns for constituents that are in the MSCI EM at each year end. \*If a country in the MSCI EM outperforms the overall MSCI EM for a given year, the number of equities in that country that also outperformed the overall MSCI EM is counted - The "% Of Outperforming equities Whose Country Returns Beat the MSCI EM" is thus the total number of equities counted in this fashion divided by the total number of MSCI EM constituent equities at year end. \*\* The same concept is applied for underperforming countries. Finally, an arithmetic average of all years sampled is shown. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# IMPORTANCE OF COUNTRY SELECTION

The dispersion between top 2 best performing countries and bottom 2 worst performing countries in EM remains wide. Active managers can generate alpha by exploiting this performance spread.



Source: FactSet as of 31/12/2017, based in USD. The Top 2 Best Performing data points are the average price returns of the top two performing countries for each given year. The Bottom 2 Worst Performing data points are the average price returns of the bottom two performing countries for each given year. The Spread data points are the difference between the average of the top two and bottom two performing countries for each given year. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

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Emerging Markets (EM) Asset Class

Top Down Investing in EM

**Fisher Investments EM**

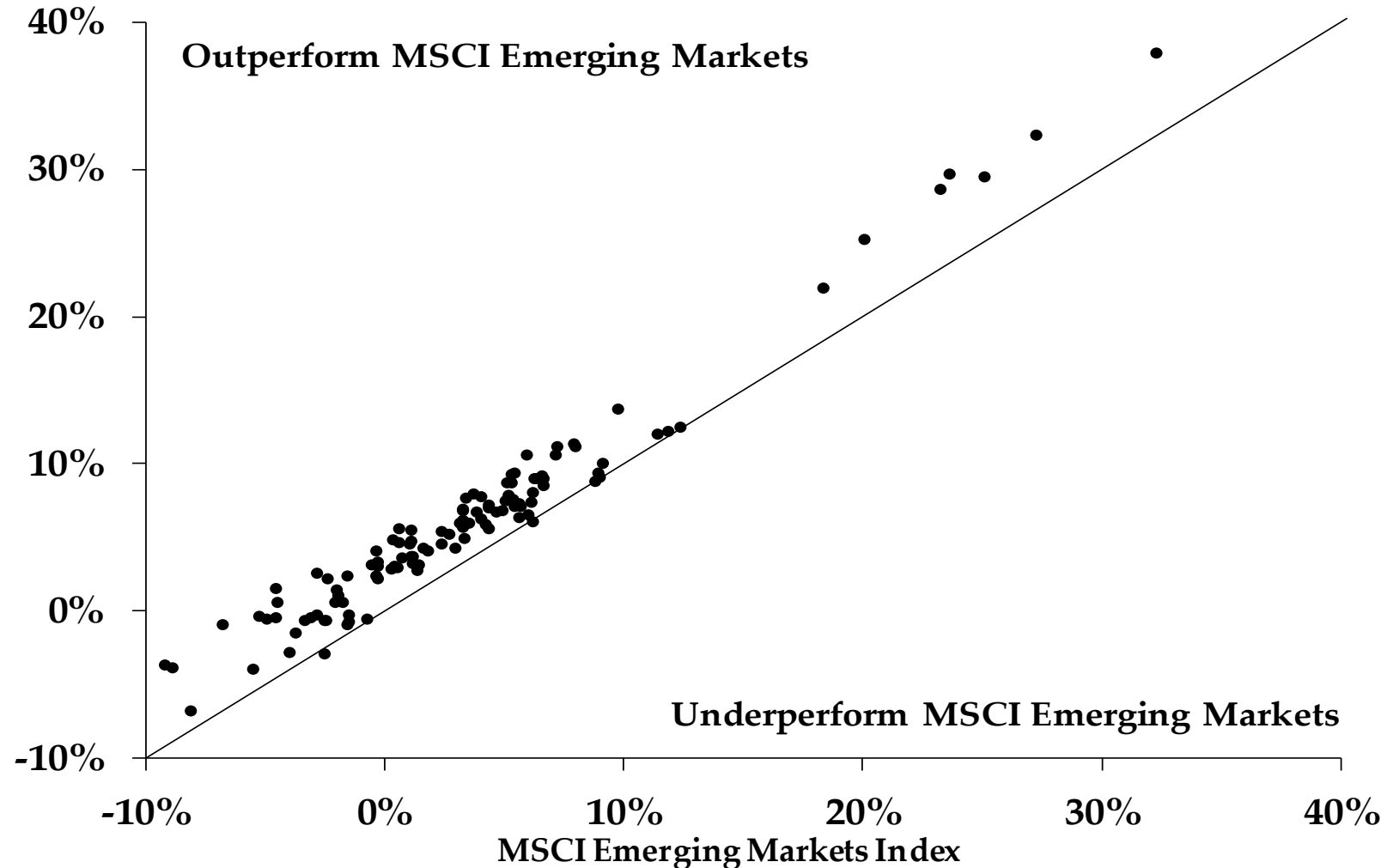
Current Outlook for EM



# CONSISTENCY OF EXCESS RETURN

## ANNUALIZED 3-YEAR PERFORMANCE ROLLED MONTHLY

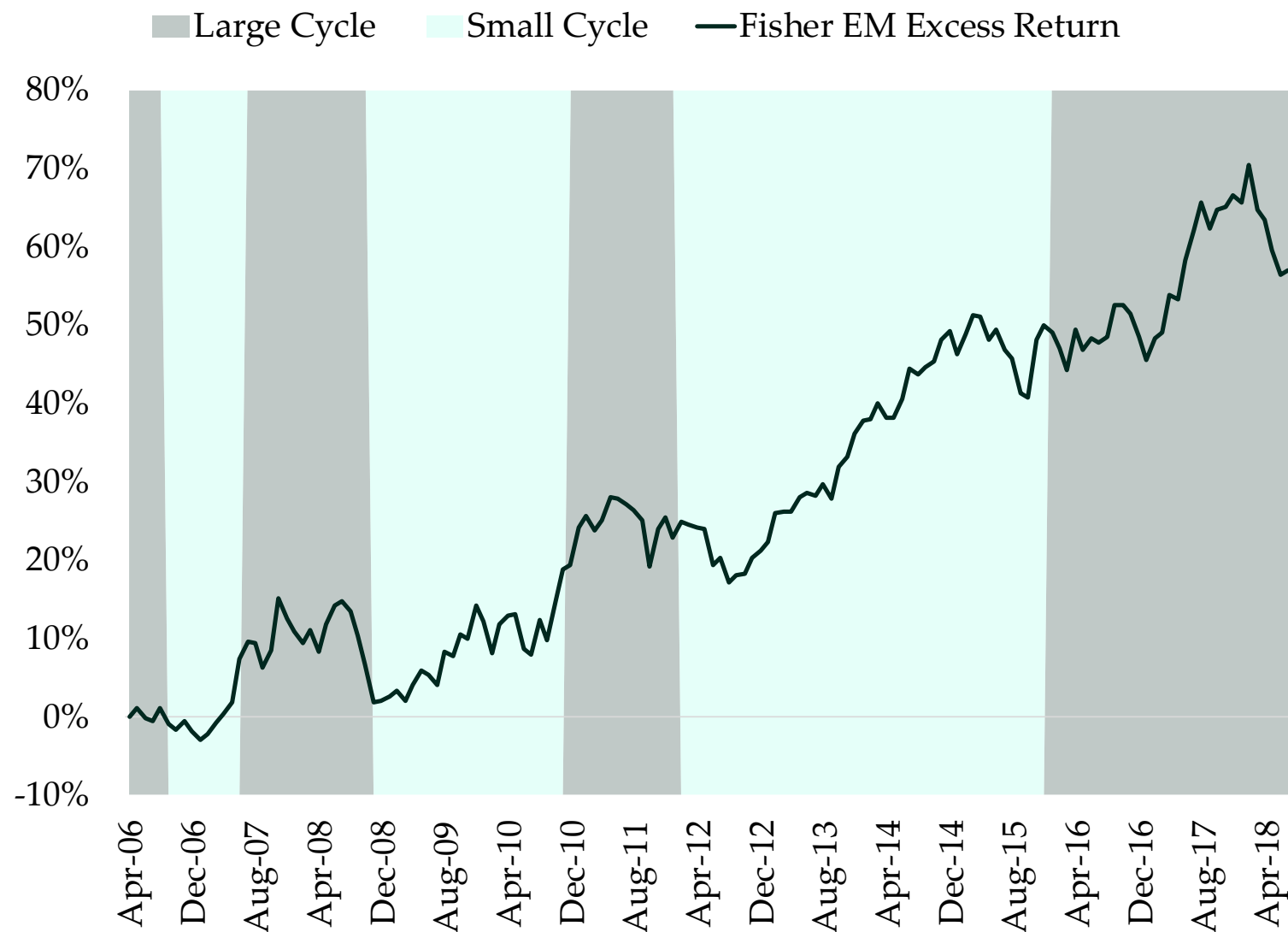
Fisher Investments Emerging Markets Equity (Gross)



Sources: FactSet and Eagle Investment Systems, LLC as of 30/09/2018, based in USD. The foregoing information is based on the FIIG EME composite, which was inceptioned on 1 April, 2006 and is benchmarked against the MSCI Emerging Markets index. Performance is preliminary. Preliminary performance is subject to the final reconciliation of accounts and deduction of any outstanding advisory fees, which will have the effect of lowering performance by the amount of the deductions. Each point represents the intersection of the respective performance period and computation frequency referenced in the sub header of Fisher Investments Institutional Group Emerging Markets Equity composite and MSCI EM Index using data for the period indicated above. Performance is inclusive of dividends, royalties, interest and other forms of accrued income. Gross returns are gross of advisory fees and net of brokerage or other commissions. Please see the performance disclosure at the end of this document. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# SIZE LEADERSHIP

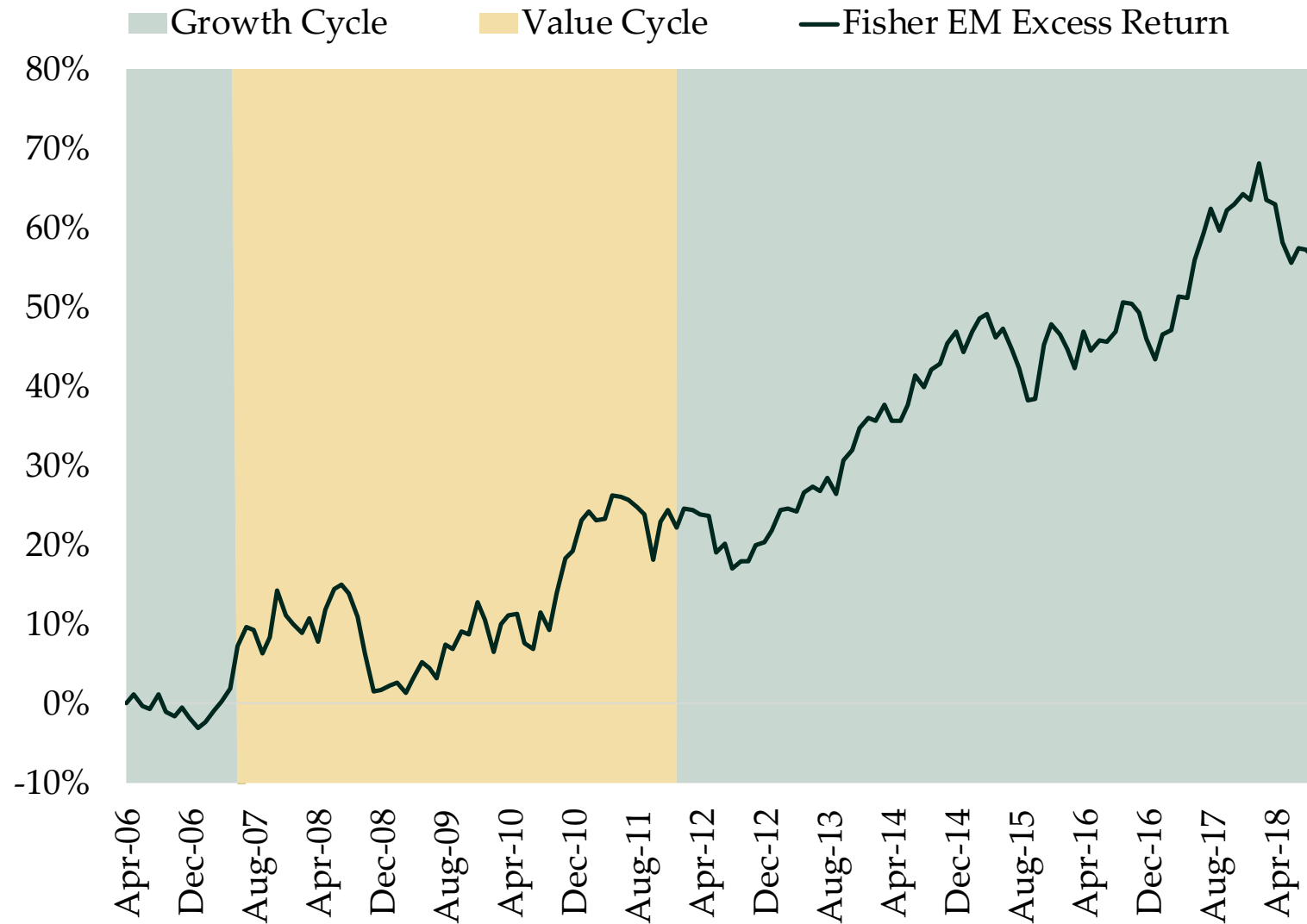
## FI EM CUMULATIVE EXCESS RETURN IN LARGE AND SMALL CYCLES



Sources: FactSet and Eagle Investment Systems, LLC as of 30/09/2018, based in USD. The foregoing information is based on the FIIG EME composite, which was inceptioned on 1 April, 2006 and is benchmarked against the MSCI Emerging Markets index. Performance is preliminary. Preliminary performance is subject to the final reconciliation of accounts and deduction of any outstanding advisory fees, which will have the effect of lowering performance by the amount of the deductions. Each point represents the intersection of the respective performance period and computation frequency referenced in the sub header of Fisher Investments Institutional Group Emerging Markets Equity composite and MSCI EM Index using data for the period indicated above. Performance is inclusive of dividends, royalties, interest and other forms of accrued income. Gross returns are gross of advisory fees and net of brokerage or other commissions. Please see the performance disclosure at the end of this document. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# GROWTH AND VALUE LEADERSHIP

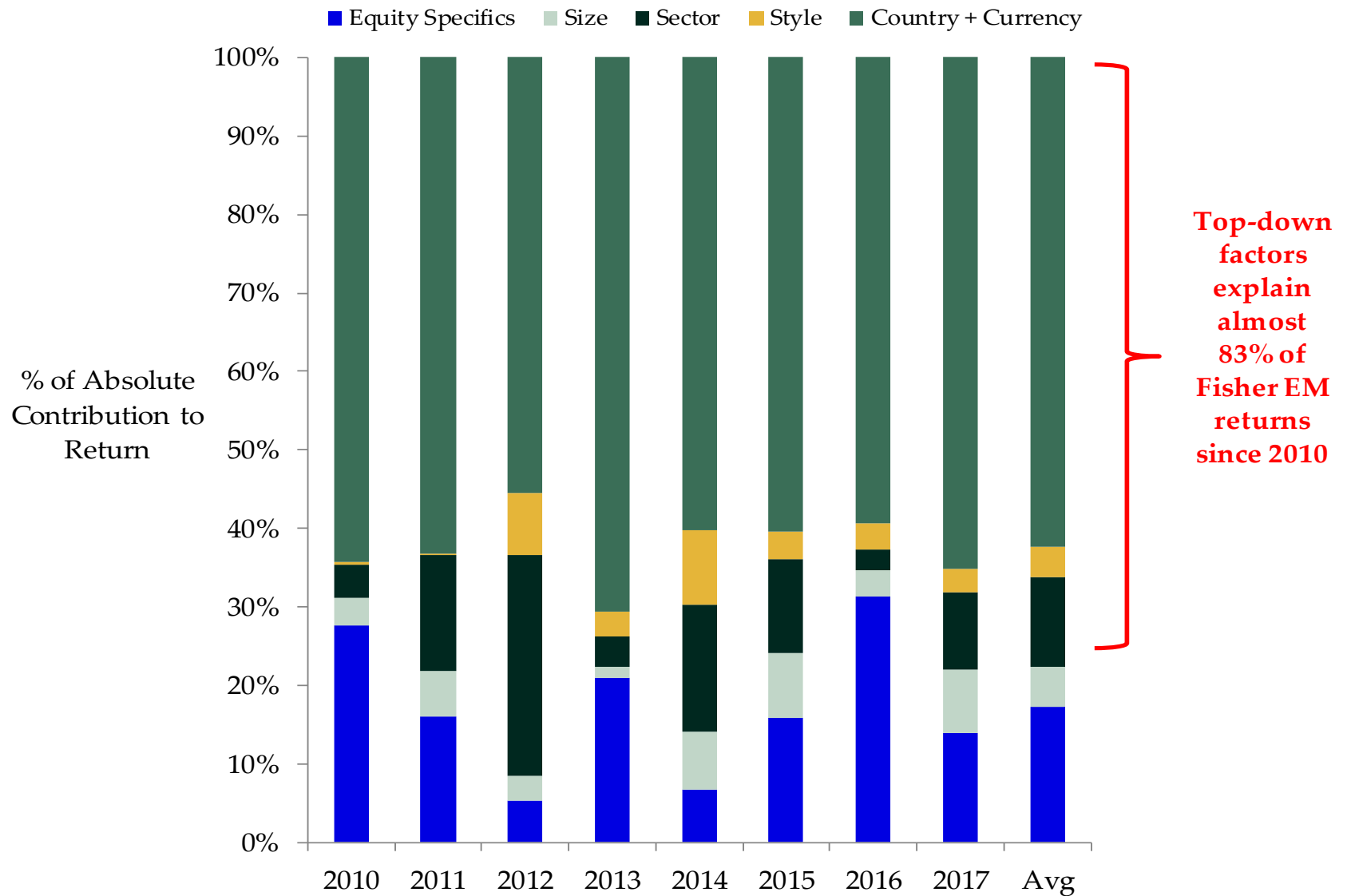
## FI EM CUMULATIVE EXCESS RETURN IN GROWTH AND VALUE CYCLES



Sources: FactSet and Eagle Investment Systems, LLC as of 30/09/2018, based in USD. The foregoing information is based on the FIIG EME composite, which was inceptioned on 1 April, 2006 and is benchmarked against the MSCI Emerging Markets index. Performance is preliminary. Preliminary performance is subject to the final reconciliation of accounts and deduction of any outstanding advisory fees, which will have the effect of lowering performance by the amount of the deductions. Each point represents the intersection of the respective performance period and computation frequency referenced in the sub header of Fisher Investments Institutional Group Emerging Markets Equity composite and MSCI EM Index using data for the period indicated above. Performance is inclusive of dividends, royalties, interest and other forms of accrued income. Gross returns are gross of advisory fees and net of brokerage or other commissions. Please see the performance disclosure at the end of this document. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# RETURN COMPOSITION BY FACTOR

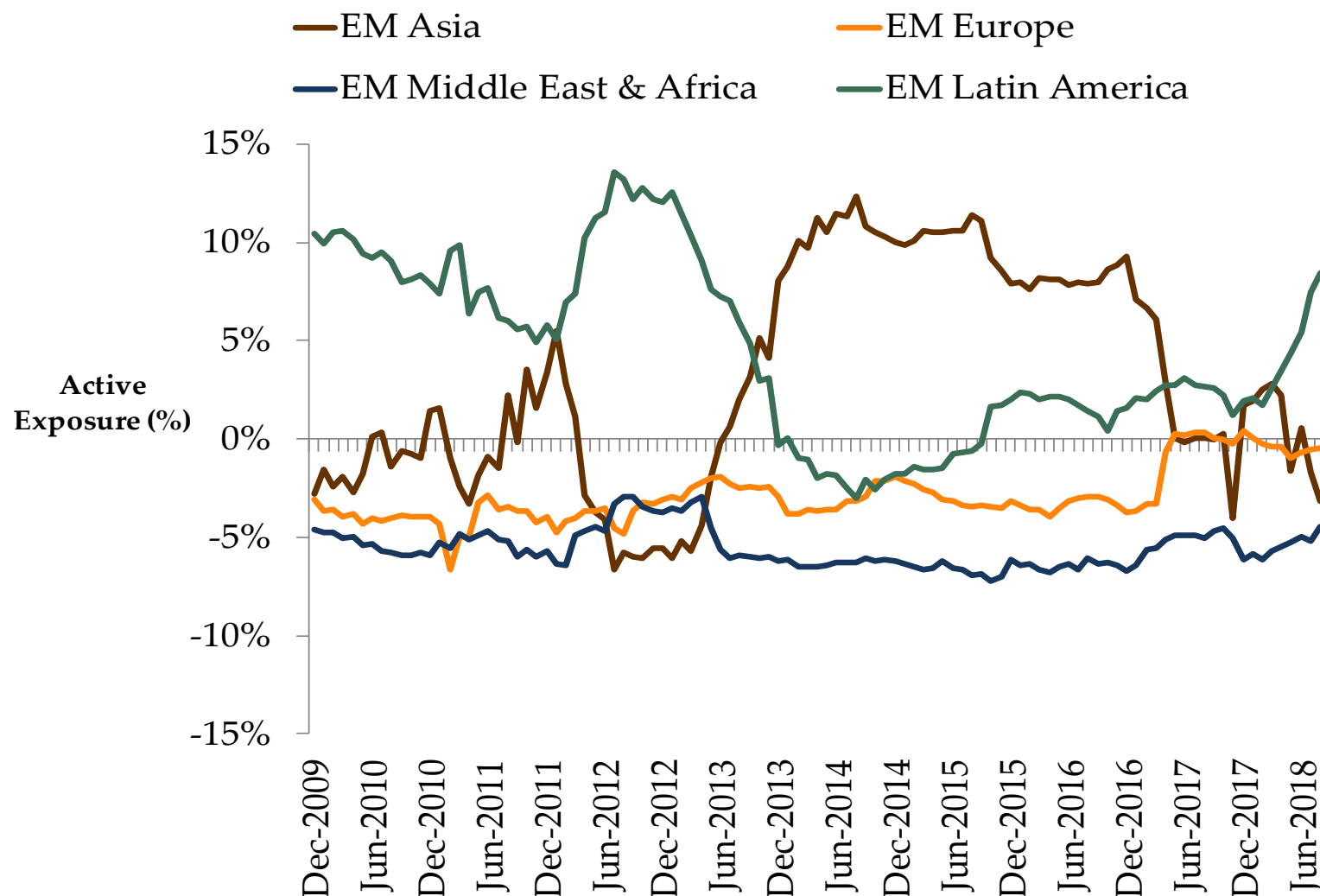
## FISHER EMERGING MARKETS EQUITY



Source: MSCI Barra Portfolio Manager, GEM2L risk model as of 31/12/2017, based in USD. Excludes the world factor and certain risk factors (financial leverage, momentum, liquidity, volatility). Common factor percentage calculations above based on summing the value of country, style, industry, and cash. Based on a representative Fisher Investments Institutional Group Emerging Markets Equity portfolio. Please see the representative portfolio disclosure at the end of this document. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# EM REGION ACTIVE WEIGHTS

We have made active country allocation decisions in order to support our top-down themes over time.

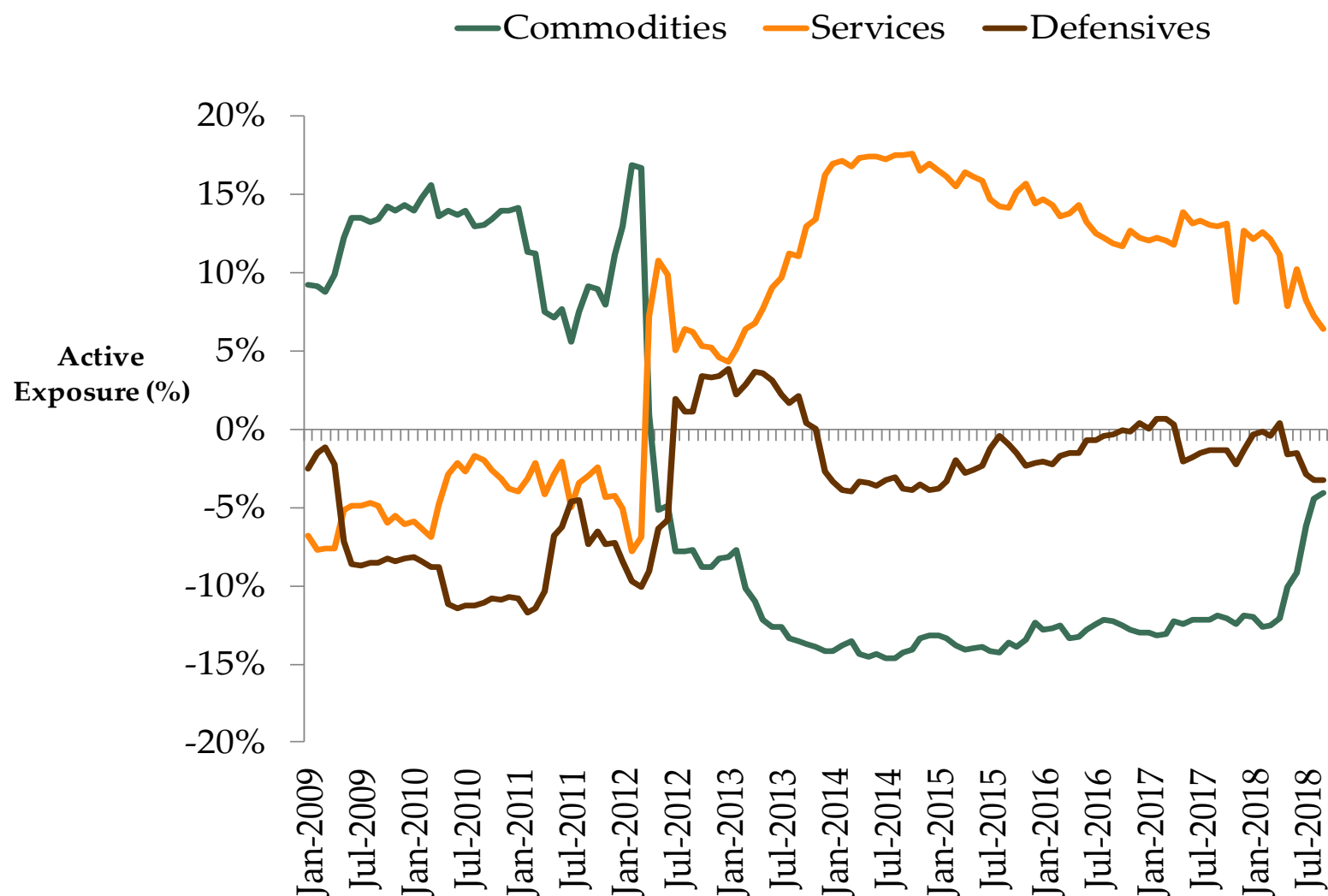


Source: MSCI Barra Portfolio Manager, GEM2L risk model as 30/09/2018. Based on a representative Fisher Investments Institutional Group Emerging Markets Equity portfolio. Please see the representative portfolio disclosure at the end of this document. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.



## EM SUPERSECTOR ACTIVE WEIGHTS

We have also repositioned the strategy's SuperSector (broad grouping of sectors) weightings throughout the course of the current bull market cycle. Within each SuperSector, we have altered the active weights to each underlying sector based on our market outlook.



Source: MSCI Barra Portfolio Manager, GEM2L risk model as 30/09/2018. Based on a representative Fisher Investments Institutional Group Emerging Markets Equity portfolio. Please see the representative portfolio disclosure at the end of this document. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

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Emerging Markets (EM) Asset Class

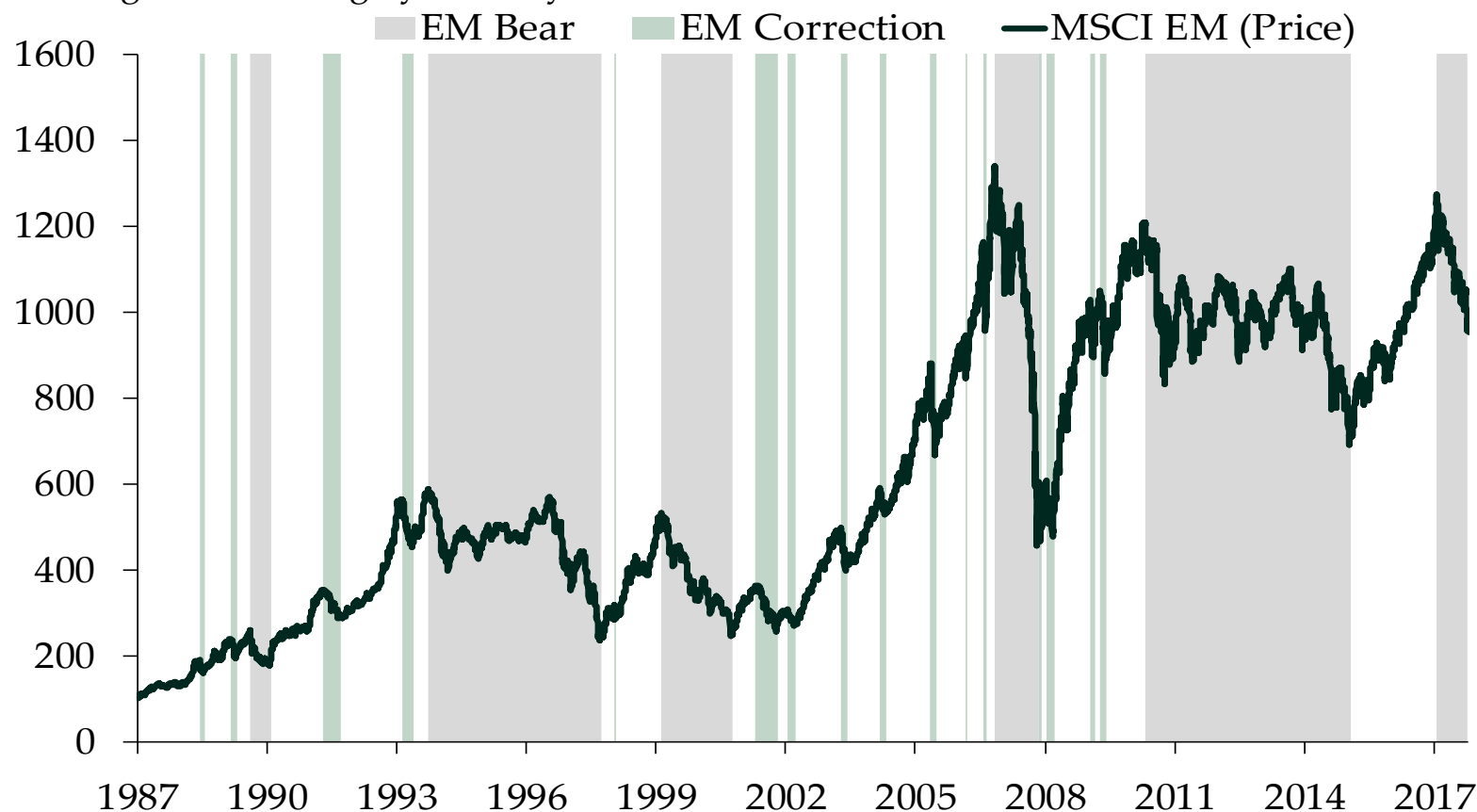
Top Down Investing in EM

Fisher Investments EM

**Current Outlook for EM**

## RECENT EM CALM LONGEST IN HISTORY

EM equities tend to experience more frequent corrections or bear markets than DM. The unusually long calm period between the end of the last EM bear and this year's downturn was the longest in the category's history.

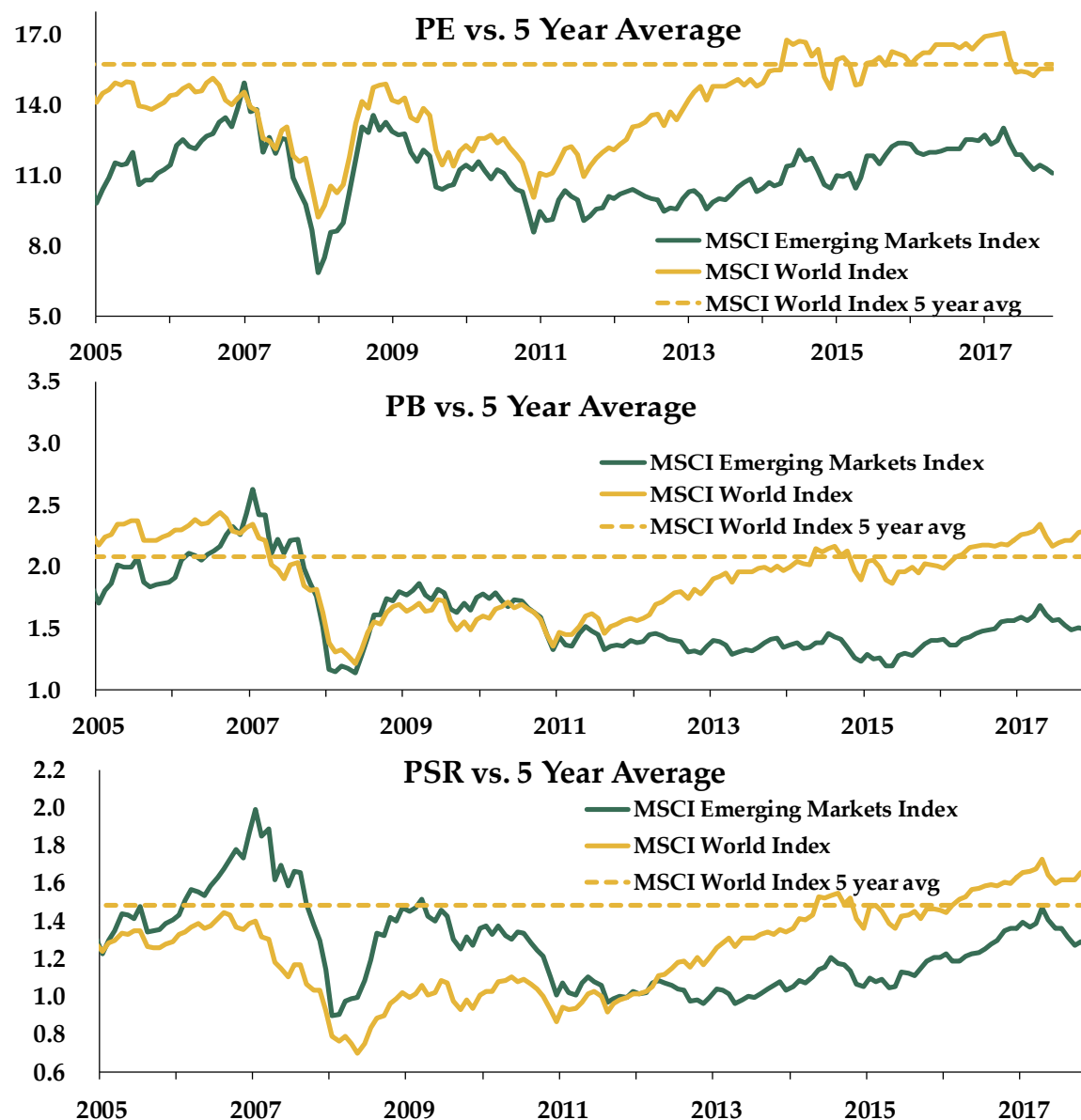


Start	End	EM Calm Period (Trading Days)
22/01/2016	25/01/2018	670
25/08/1992	10/02/1994	535
17/01/1991	16/04/1992	456
31/12/1987	01/06/1989	407
12/03/2003	11/04/2004	397

Source: FactSet and Fisher Investments Research as of 30/09/2018. MSCI EM indexed to 100 December 1987. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# EM VALUATIONS ARE ATTRACTIVE

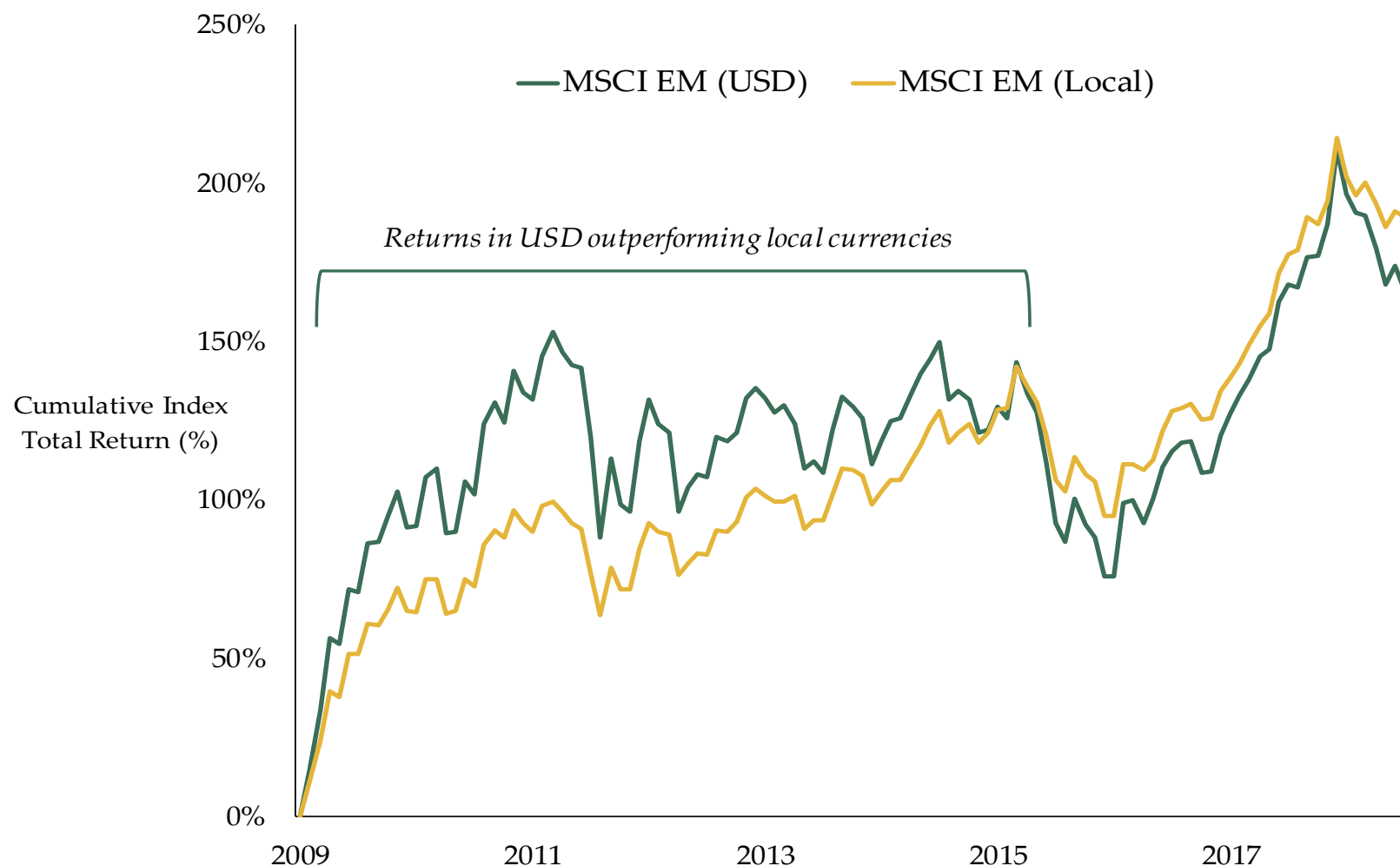
EM valuations are at a favorable discount to their developed peers.



Source: FactSet as of 30/09/2018. Based on monthly forward valuations. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

## DOLLAR'S MUTED IMPACT ON THIS BULL

Currency leadership shifts periodically and is nearly impossible to time. The US Dollar's strength has posed a recent headwind to EM equity returns – however, many fail to recognize EM returns in USD actually outperformed returns in local currencies during most of the current bull market.

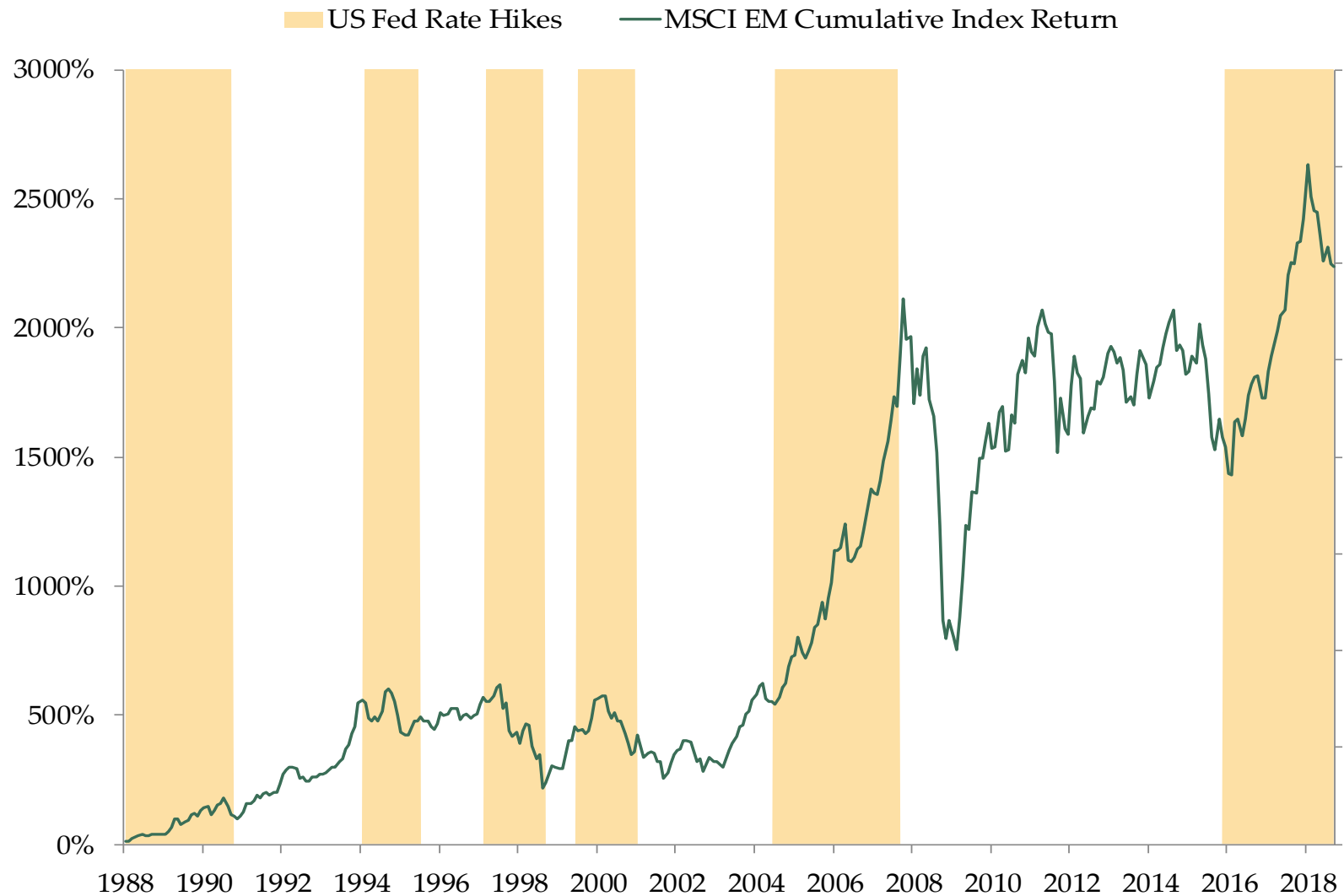


Source: FactSet as of 30/09/2018. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.



## EM PERFORMANCE DURING US RATE HIKES

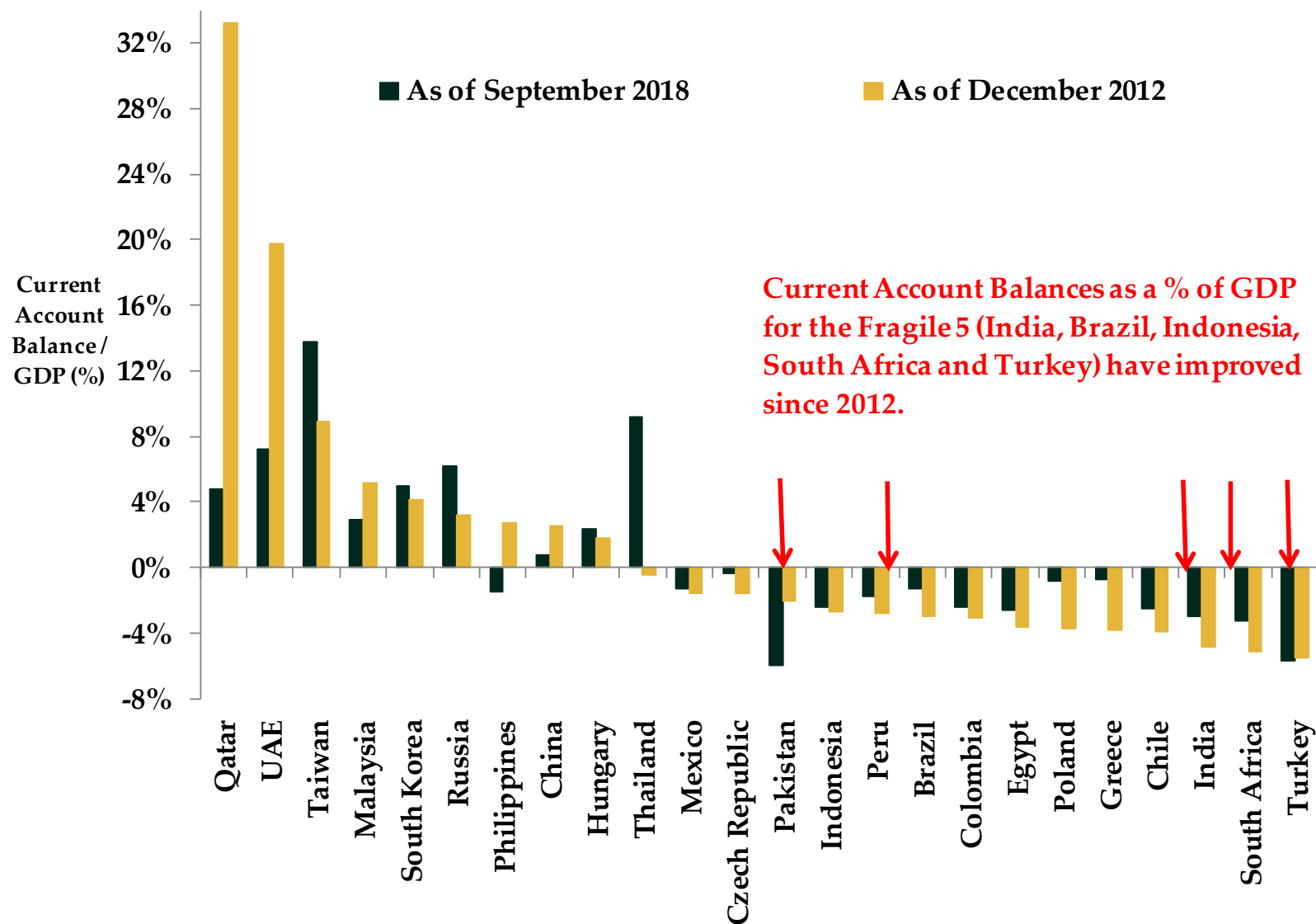
Some investors see rising yields as a threat to EM returns. However, there is not a pattern of consistent EM underperformance following US Fed monetary policy tightening.



Source: FactSet as of 30/09/2018. Based on the cumulative index total return in USD. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# EM CURRENT ACCOUNT BALANCES

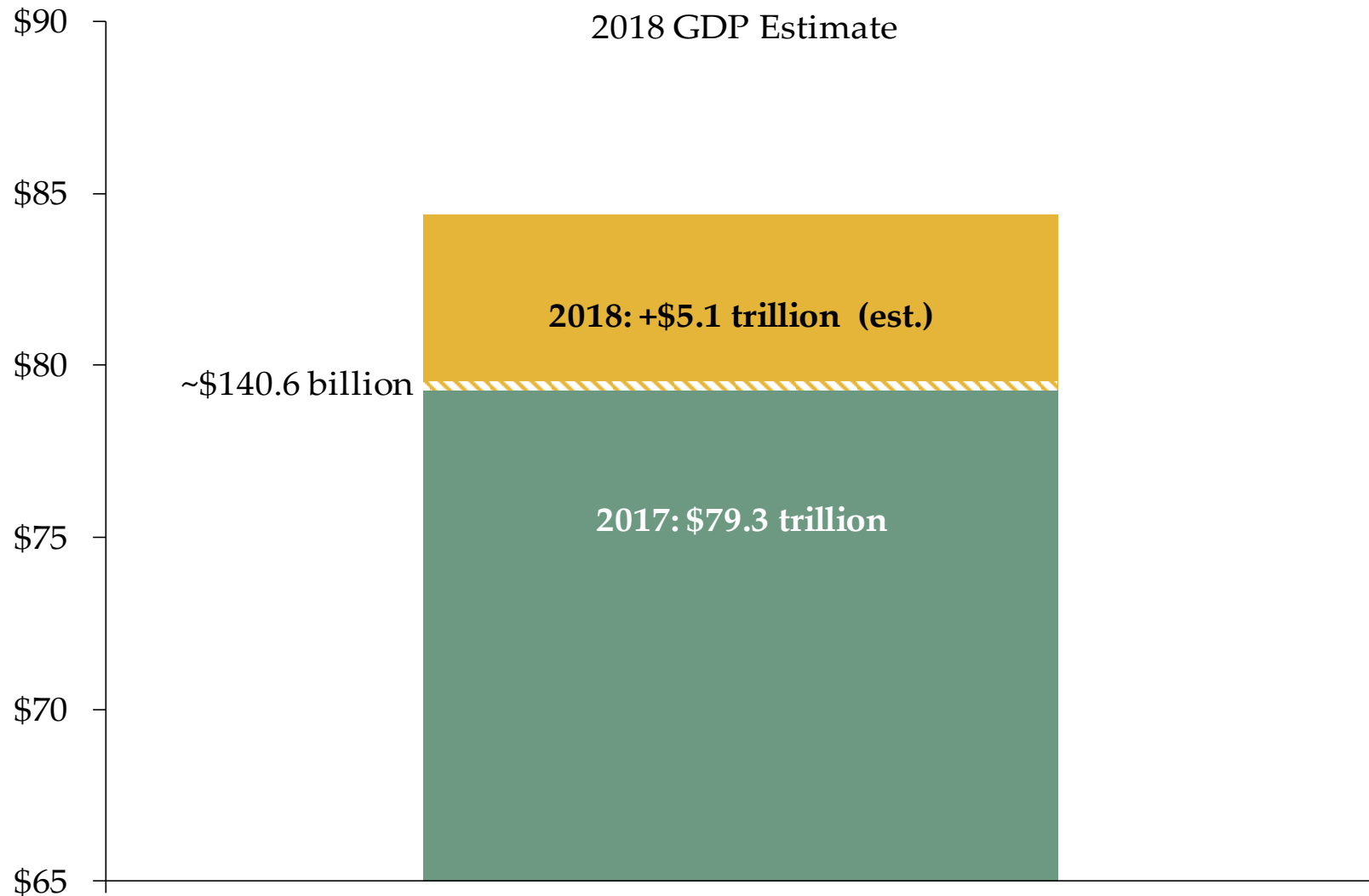
EM current account balances have significantly improved since the “taper tantrum.”



Source: FactSet, WEO Forecast – Current Account Balance as a % of GDP as of 31/12/2012 and 30/09/2018. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

## RELATIVE TO GLOBAL GDP, NEW TARIFFS LACK SCALE

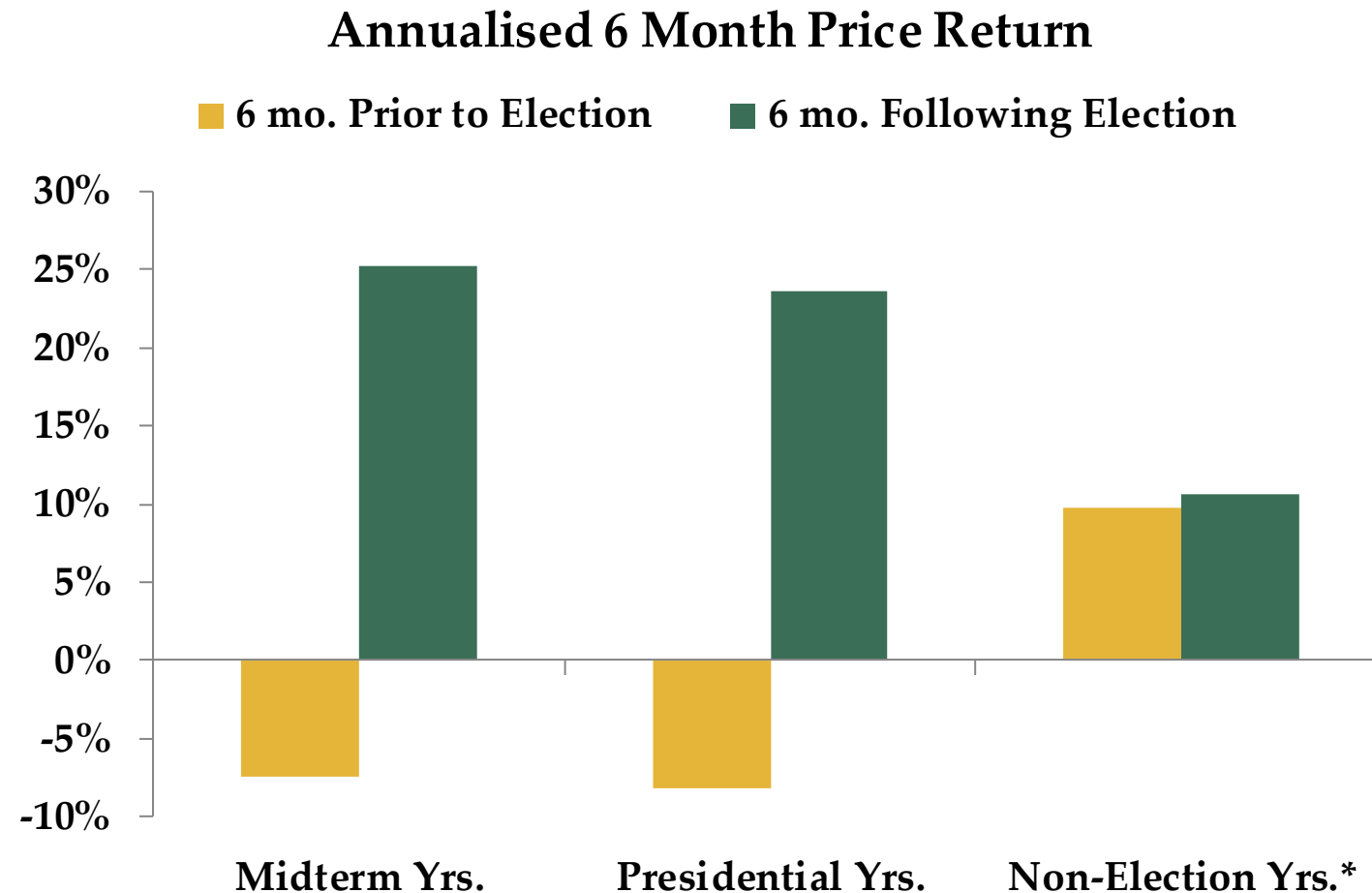
To cause a global recession in 2018, tariffs would need to knock at least \$5.1 trillion off of global GDP. The worst case scenario, an estimated \$140.6 billion impact, is not nearly large enough to disrupt the global economy.



Source: International Monetary Fund (IMF), as of July 2018. GDP forecast (USD, current prices), December 2006 – September 2017. 2018 estimate based on the IMF's October 2017 World Economic Outlook global nominal GDP growth and calculated growth projection of 6.4%. Worst-case tariff impact from the Office of US Trade Representative, White House and US Bureau of Economic Analysis, August 2018. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# EM OUTPERFORMANCE POST US MIDTERMS

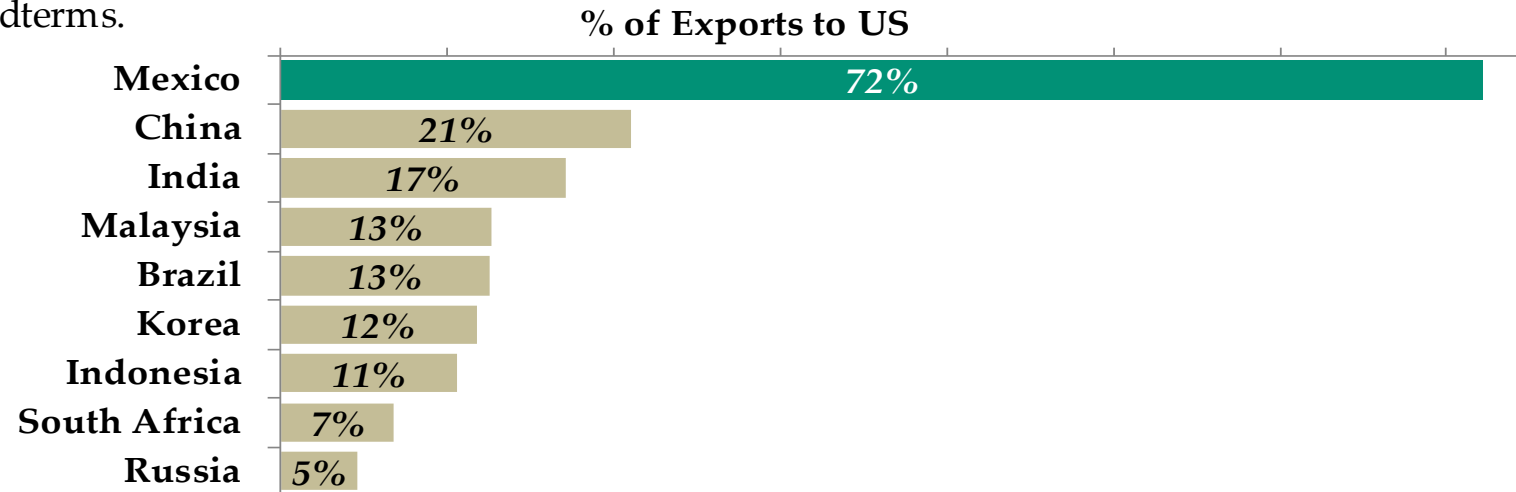
EM usually outperforms in the 6 months following US midterm elections. As current trade war fears dissipate, US midterms should boost EM performance.



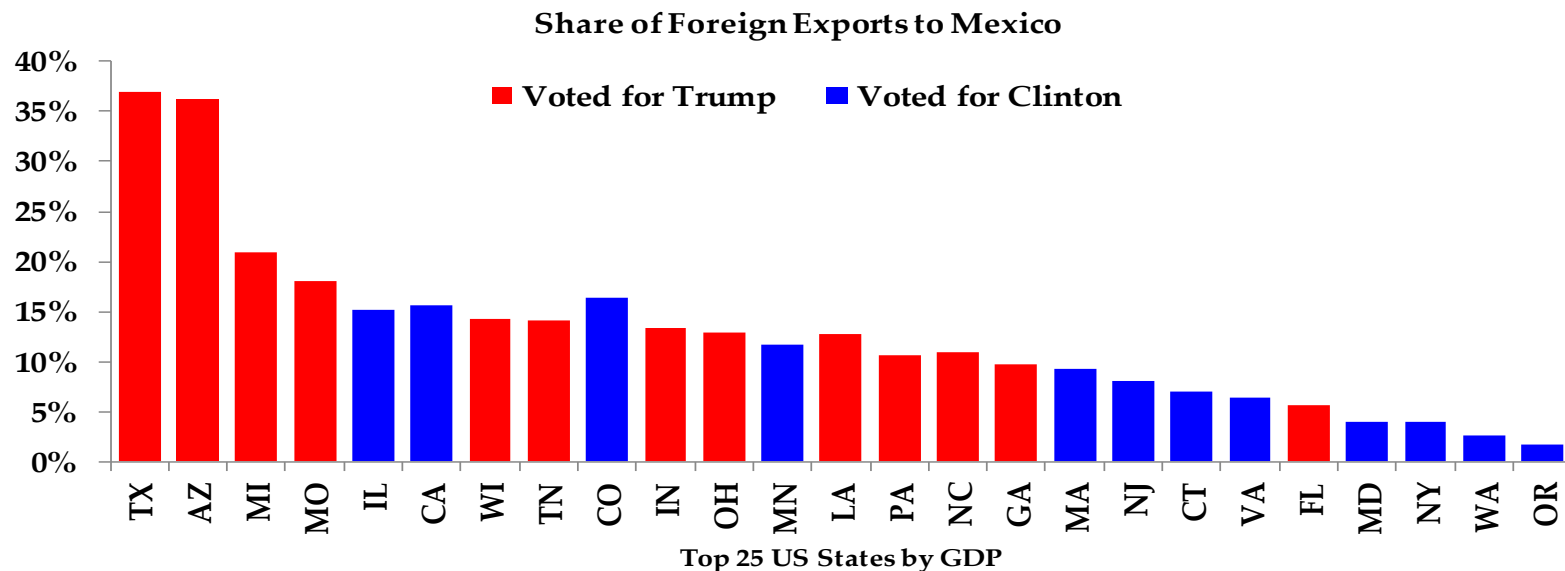
*Source: FactSet as of 25/10/2018. Data from 05/01/1926 – 05/04/2014. Based on MSCI EM Index price returns in USD. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.*

# MEXICO AND US MIDTERMS

Being the most exposed to US protectionism, Mexico has the most to gain from passing midterms.



GOP states trading with Mexico have most to lose from a trade war.

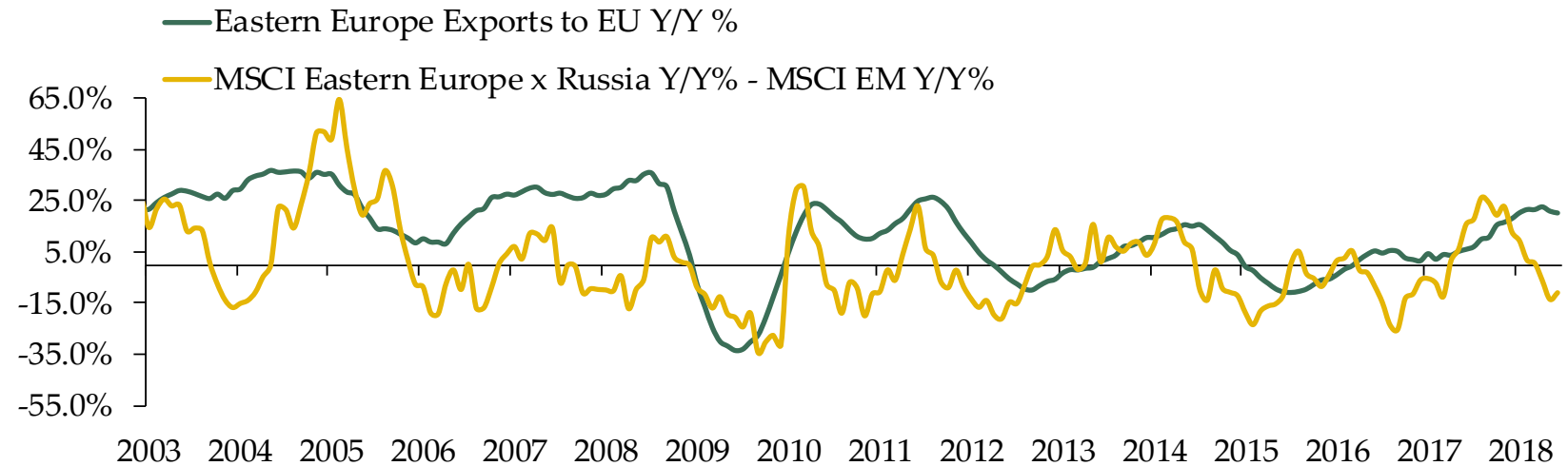


Top chart source: Bloomberg as of 22/06/2018. Bottom chart source: US Census Bureau, US BEA. Share of Foreign Exports to Mexico for 2017 – the latest available data. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

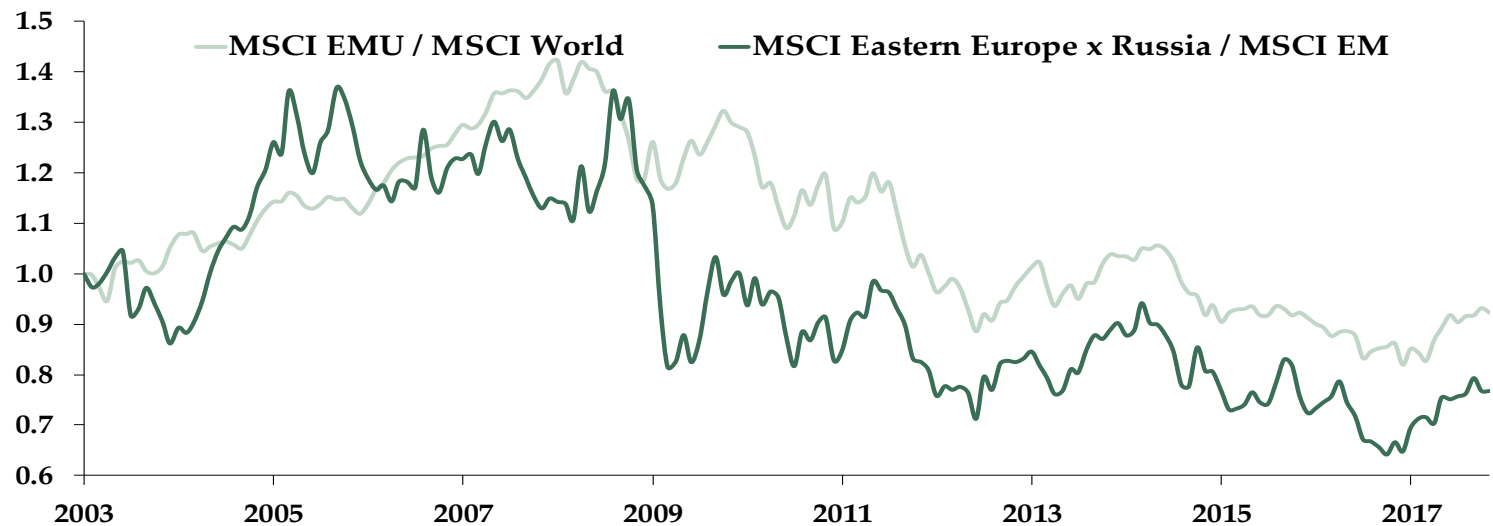


# EM EUROPE'S PROXIMITY EFFECT

Performance in Eastern Europe is heavily linked to Developed Europe's demand and growth.



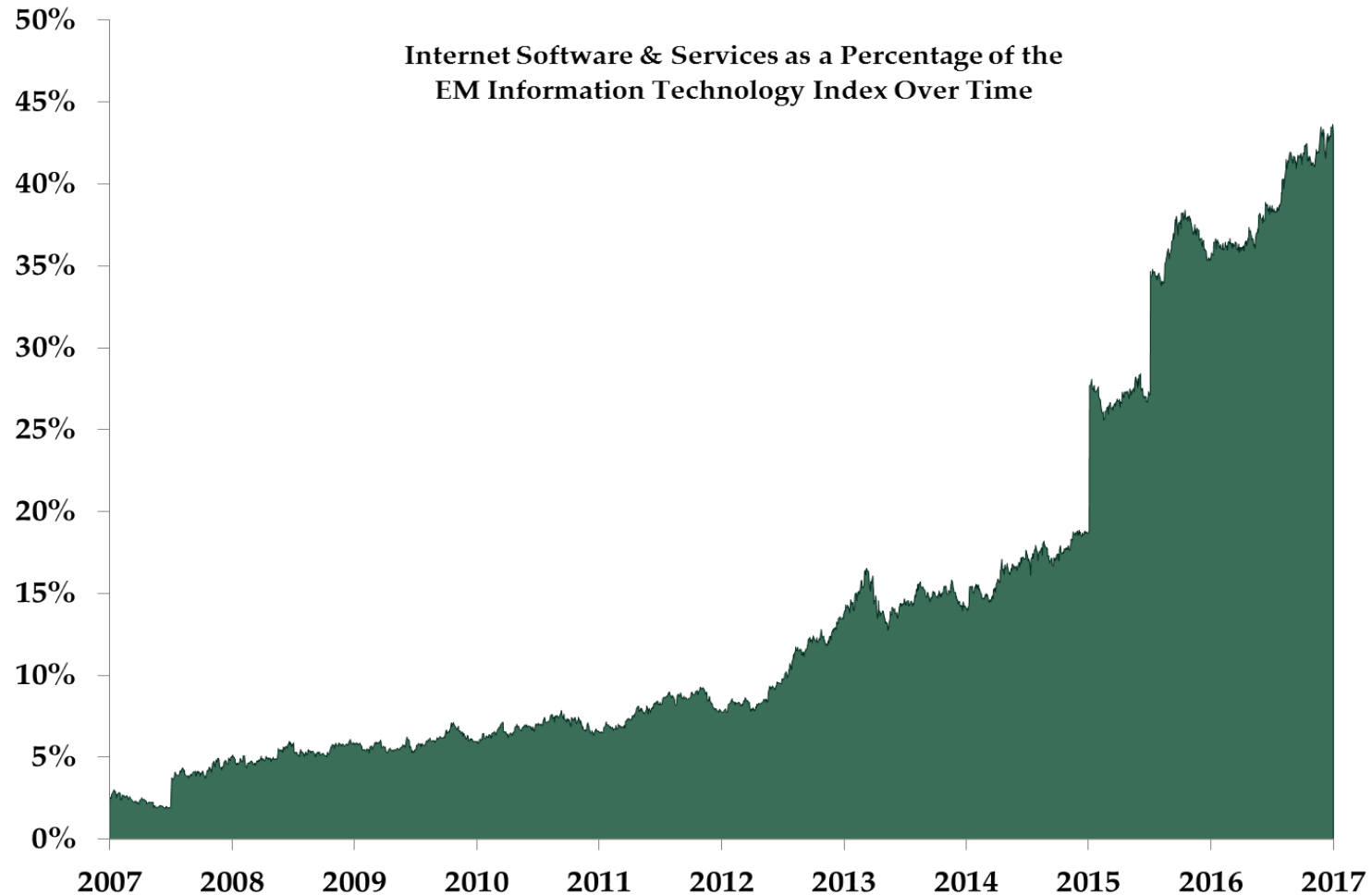
Further, EM Europe's relative performance to the MSCI EM is highly correlated to that of developed Europe's relative performance to the MSCI World.



Top chart source: FactSet and IMF Direction of Trade Statistics. Performance and trade data as of 29/06/2018 – latest data available. Based on monthly data points. Bottom chart source: FactSet as of 30/09/2018. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

## EM INTERNET SOFTWARE AND SERVICES

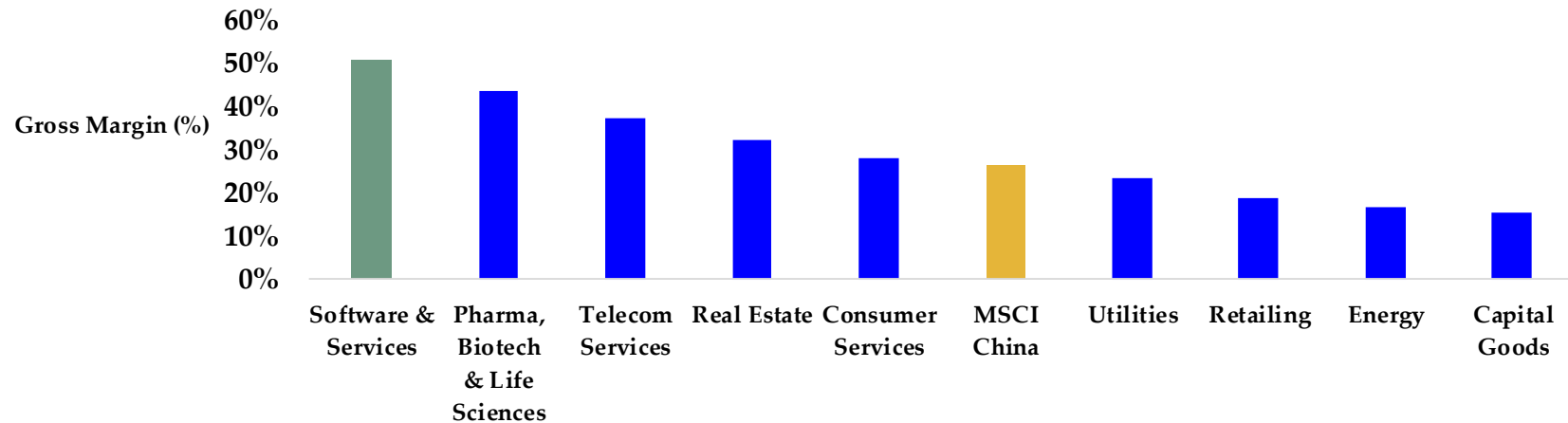
EM Information Technology should benefit from robust global IT spending driven by the growing demand for products and services related to mobile, cloud computing and the “Internet of Things”. Internet Software & Services has grown rapidly as a percentage of the EM Information Technology Index over time.



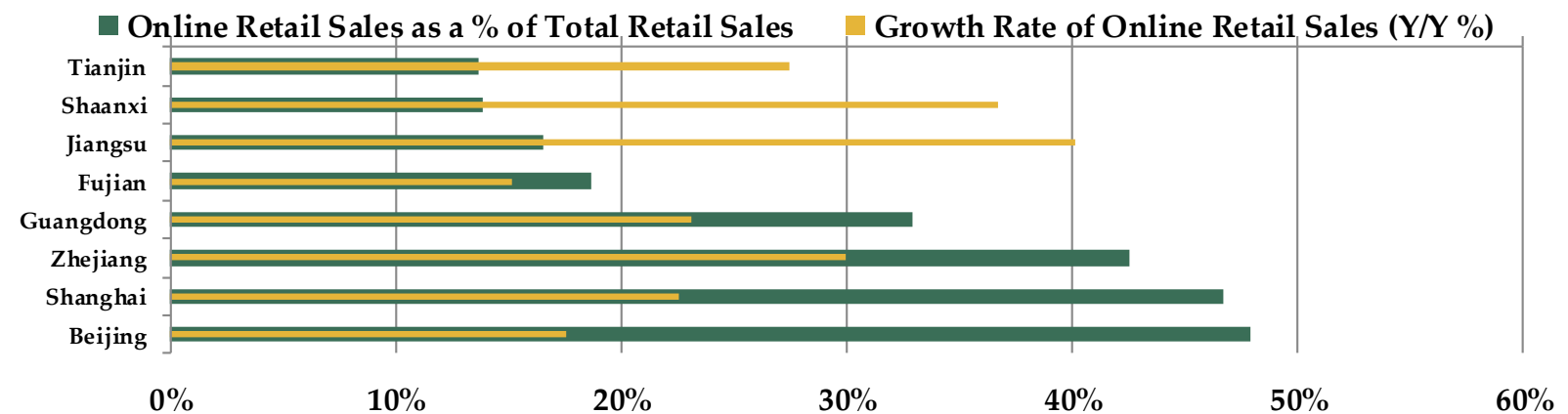
*Source: FactSet GeoRev and Oxford Economics as of December 2017. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.*

# CHINESE INFORMATION TECHNOLOGY

Information Technology represents about 37% of the MSCI China and tends to be higher margin, a characteristic we favor in the later stages of a bull market. Further, Software & Services contains the highest gross margins of all industries in the MSCI China and is expected to grow in excess of global GDP, driven primarily by trends in cloud computing.



We remain overweight to consumption and service-related portions of the Chinese economy, notably, Information Technology. We believe there is room for future growth in online retail activity, as growth rates remain strong in both deeply penetrated and less penetrated regions.

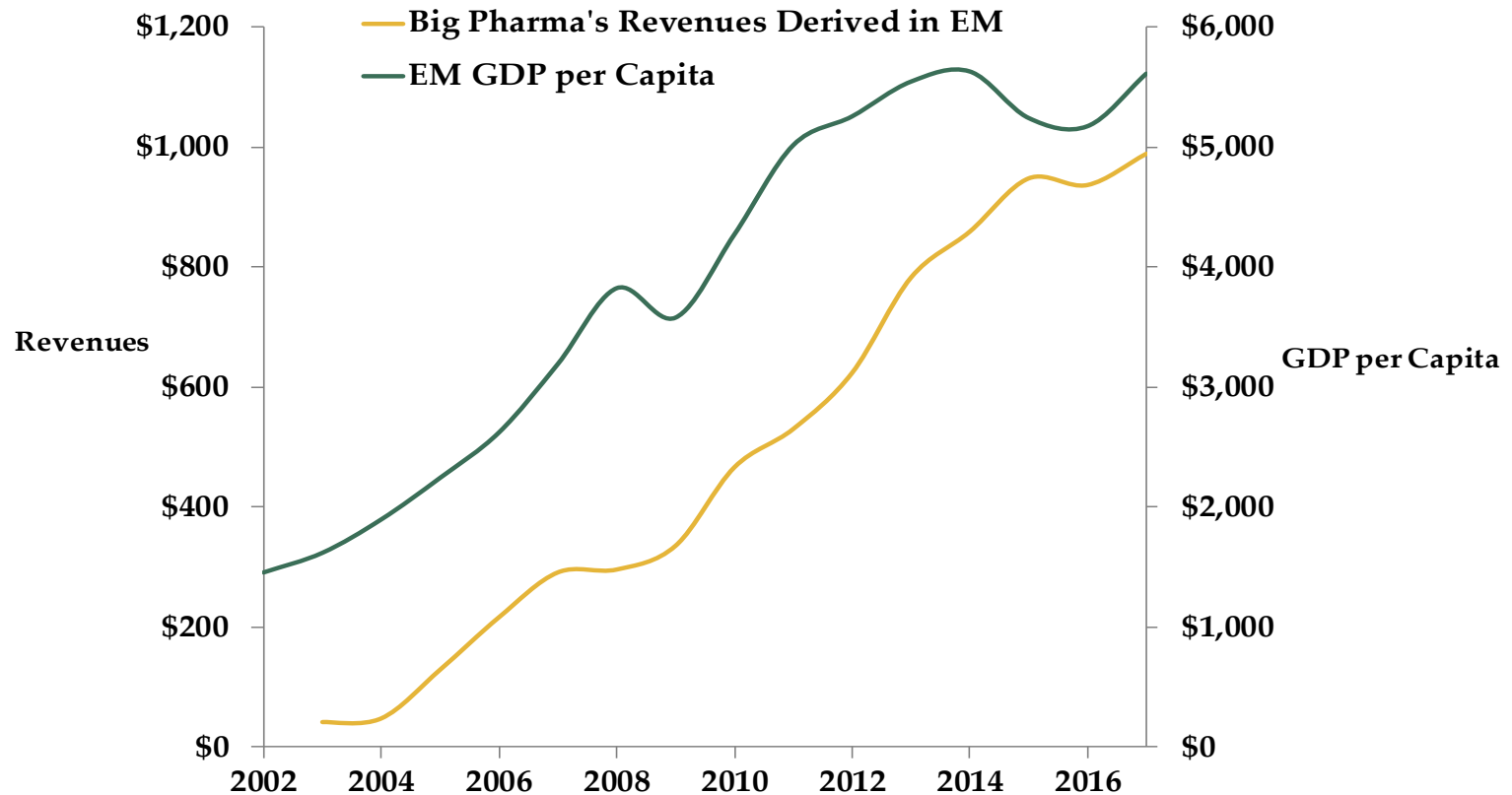


Top Chart Source: FactSet, Inc. as of 30/09/2018. Gross Margin is shown for the top 10 industries by market value in the MSCI China index and is calculated by taking the aggregates of constituents' last twelve month gross income divided by last twelve month sales. Excluding Financials.

Bottom Chart Source: National Bureau of Statistics China. Data is for 2017 – the latest available period. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# PHARMA'S BIG EM OPPORTUNITY

Huge swathes of EM populations are breaching key income thresholds, allowing for the purchase of pharmaceuticals and medical devices for the first time. Developed Markets Pharma sees an increasing share of their revenues come from EM.

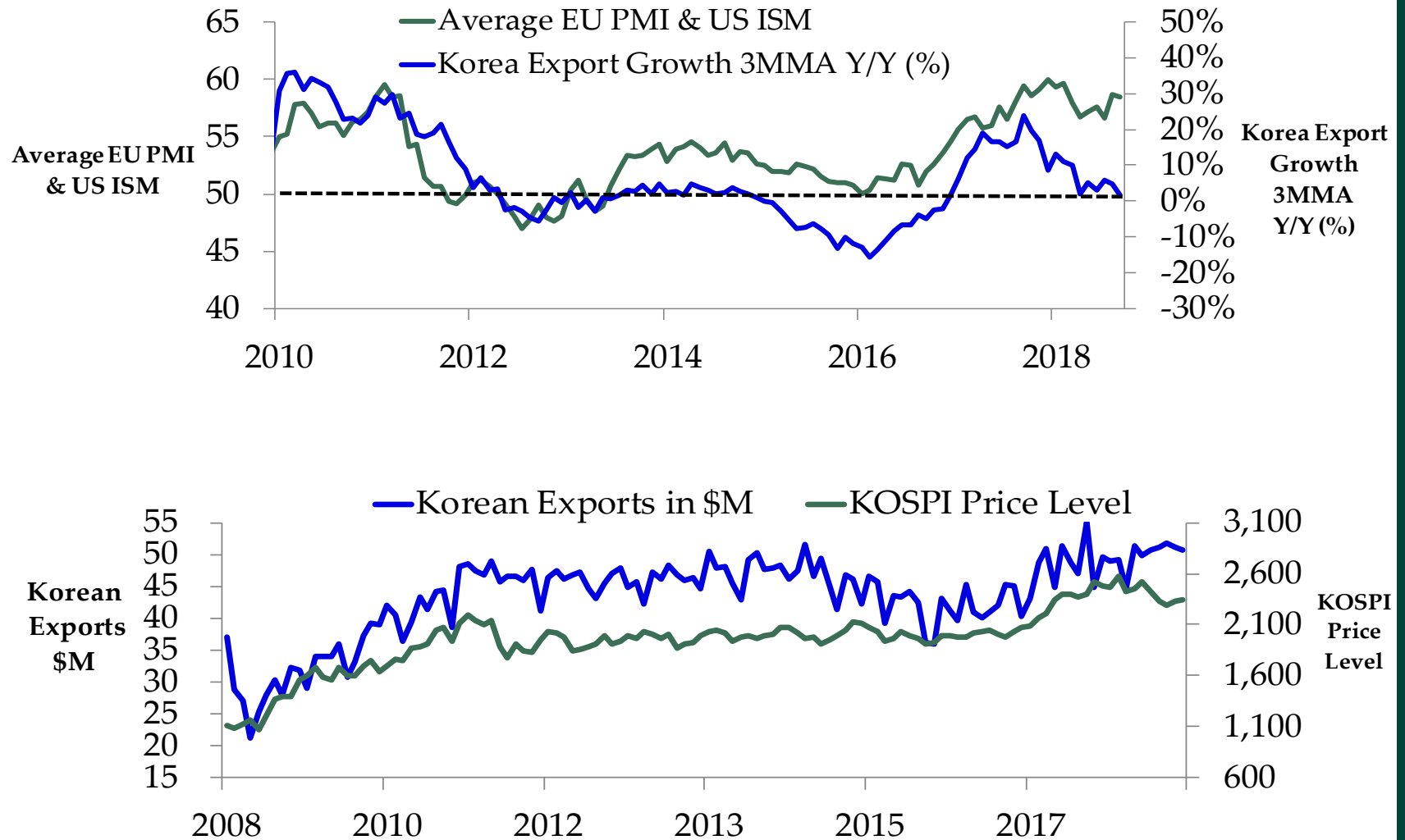


	Revenue Growth (10 Year Ann.)	Share of Revenues '17	Share of Revenues '07
EM	13%	14%	11%
DM	4%	79%	84%

Source: FactSet GeoRev and Oxford Economics as of December 2017. Big Pharma is based on MSCI World Pharmaceuticals Biotechnology & Life Sciences constituents. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# SOUTH KOREAN EXPORT DEMAND

Global expansion drives demand for Korea's exports – supporting Korean equities.



FactSet as of 30/09/2018. Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

# FULL PERFORMANCE PRESENTATION

## FISHER EMERGING MARKETS EQUITY PERFORMANCE

Fisher Investments Institutional Group claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The firm has been independently verified for the periods 01 January 1990 through 31 December 2016. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Fisher Investments Institutional Group Emerging Markets Equity Composite has been examined for the periods 01 April 2006 through 31 December 2016. The verification and performance examination reports are available upon request. Performance is preliminary as of 03 October 2018.

1. Fisher Asset Management, LLC, doing business as Fisher Investments (FI), is an investment adviser registered with the US Securities and Exchange Commission. As of 30 September 2018 FI managed assets valued over \$101 billion. FI maintains two principal business units – Fisher Investments Institutional Group (FIIG) and Fisher Investments Private Client Group (FIPCG). FIPCG services substantially all private client accounts managed by FI and FIIG services substantially all institutional accounts managed by FI (including those accounts sub-managed for Fisher Investments Europe and Fisher Investments Australasia). The Investment Policy Committee is responsible for all strategic investment decisions for both business units.
2. The FIIG Emerging Markets Equity composite consists of accounts managed against the MSCI Emerging Markets Index (MSCI EM) with a view towards capital appreciation.
3. MSCI Emerging Markets Index is a free float-adjusted market cap-weighted index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of 24 emerging market country indices. Unless otherwise specified, returns shown include dividends after deducting estimated withholding taxes. MSCI calculates estimated withholding taxes using the maximum rate of the constituent company's country of incorporation applicable to non-resident institutional investors that do not benefit from double-taxation treaties.

Year	Gross Annual Return (%)	Net Annual Return (%)	Benchmark Return (%)	Number of Portfolios	Composite Dispersion	Total Strategy Assets at End of Period (USD millions)	FI Institutional Assets* (USD millions)	% of FI Institutional Assets*	Composite Trailing 3 Year Standard Deviation	Benchmark Trailing 3 Year Standard Deviation
2018 (30/09)	-9.0%	-9.5%	-7.7%	--	--	--	--	--	--	--
2017	39.4%	38.6%	37.3%	27	0.9%	\$18,639	\$44,197	42.2%	14.9%	15.4%
2016	6.4%	5.8%	11.2%	30	1.2%	\$13,690	\$33,962	40.3%	15.3%	16.1%
2015	-10.3%	-10.8%	-14.9%	26	1.1%	\$11,312	\$30,938	36.6%	13.9%	14.1%
2014	2.6%	2.0%	-2.2%	20	0.7%	\$8,158	\$28,167	29.0%	14.8%	15.0%
2013	5.6%	4.9%	-2.6%	16	0.5%	\$3,488	\$24,000	14.5%	19.7%	19.0%
2012	15.4%	14.7%	18.2%	13	0.5%	\$2,678	\$19,074	14.0%	23.6%	21.5%
2011	-16.6%	-17.0%	-18.4%	15	0.9%	\$968	\$13,768	7.0%	28.7%	25.8%
2010	26.1%	25.4%	18.9%	11	0.5%	\$732	\$13,723	5.3%	--	--
2009	86.8%	85.6%	78.5%	7	0.9%	\$244	\$11,811	2.1%	--	--

### Trailing

Since Inception (Annualised)	7.1%	6.5%	4.8%
Trailing 1 Year	-3.5%	-4.1%	-0.8%
Trailing 3 Years	12.5%	11.8%	12.3%
Trailing 5 Years	5.3%	4.7%	3.6%
Trailing 7 Years	7.1%	6.5%	5.0%
Trailing 10 Years	7.6%	7.0%	5.4%

Investing in securities involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. The value of investments and the income from them will fluctuate with world equity markets and international currency exchange rates. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

\*Total FI Institutional Assets and % of FI Institutional Assets represent assets within Fisher Investments Institutional Group strategies only.

# FULL PERFORMANCE PRESENTATION

## FISHER EMERGING MARKETS EQUITY PERFORMANCE

4. For the period from 01 April 2006 through 30 September 2007, performance for this composite was determined using time-weighted rates of return, with valuation on at least a monthly basis and geometric linking of periodic returns. On 01 October 2007, Fisher Investments adopted a new performance calculation system using time-weighted rates of return, with valuation on a daily basis and geometric linking of periodic returns. Valuations are based on trade date. Neither leverage nor derivatives have been used in obtaining performance. Returns reflect the reinvestment of dividends, royalties, interest and other forms of accrued income. Composite performance is presented net of foreign withholding taxes on dividends, interest income and capital gains. Withholding taxes may vary according to each investor's domicile. Net performance figures are presented after deduction of actual management fees and are inclusive of performance based fees where applicable.

5. Valuations and returns are computed and stated in US Dollars.

6. The dispersion of annual returns is measured by the asset-weighted standard deviation across portfolio returns gross of fees represented within the composite for the full year. The composite dispersion is shown as N/A when there is 1 or fewer accounts in the composite for the full calendar year.

7. Fisher Investments Institutional Group standard fee schedule for Emerging Markets Equity (also listed in Part 2A of Fisher Investments' Form ADV) is: 1.00% on the first \$25 million, 0.95% on the next \$25 million, 0.90% on the next \$50 million, 0.85% on the next \$50 million, and negotiable beyond \$150 million.

8. This composite was created in April 2006

9. A list of FIIG composite descriptions is available upon request.

10. The policies regarding valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

11. From March 2014 to September 2014, individual portfolio cash flows (either cash or in-kind legacy holdings) greater than 50% of portfolio assets were placed in temporary accounts until the assets were implemented or disbursed, and performance of these temporary accounts were excluded from the composite. Effective October 2014, the cash flow criteria was updated to either 50% of portfolio assets or \$500 Million USD.

12. Three year annualised ex-post standard deviation is measured using asset-weighted monthly composite returns gross of fees.

13. Investment in securities involves the risk of loss. Past performance is no guarantee of future returns. Other methods may produce different results, and the results for individual portfolios and for different periods may vary depending on market conditions and the composition of the portfolio.

**GIPS® is a registered trademark of CFA Institute. CFA Institute has not been involved in the preparation or review of this report.**



# DISCLOSURES

## FIRM

Fisher Investments (FI) is an investment adviser registered with the Securities and Exchange Commission. As of 30 September 2018, FI managed over \$103 billion, including assets sub-managed for its wholly-owned subsidiaries. FI and its subsidiaries maintain four principal business units – Fisher Investments Institutional Group (FIIG), Fisher Investments Private Client Group (FIPCG), Fisher Investments International (FII), and Fisher Investments 401(k)Solutions Group (401(k) Solutions). These groups serve a global client base of diverse investors including corporations, public and multi-employer pension funds, foundations and endowments, insurance companies, healthcare organisations, governments and high-net-worth individuals. FI's Investment Policy Committee (IPC) is responsible for investment decisions for all investment strategies.

For purposes of defining “years with Fisher Investments,” FI was established as a sole proprietorship in 1979, incorporated in 1986, registered with the US SEC in 1987, replacing the prior registration of the sole proprietorship, and succeeded its investment adviser registration to a limited liability company in 2005. “Years with Fisher Investments” is calculated using the date on which FI was established as a sole proprietorship through 30 September 2018.

FI is wholly owned by Fisher Investments, Inc. Since Inception, Fisher Investments, Inc. has been 100% Fisher-family and employee owned, currently Fisher Investments Inc. beneficially owns 100% of Fisher Investments (FI), as listed in Schedule A to FI's Form ADV Part 1. Ken Fisher beneficially owns more than 75% of Fisher Investments, Inc. as noted in Schedule B to FI's Form ADV Part 1.

## REPRESENTATIVE PORTFOLIO

The foregoing information is based on a representative portfolio (rather than a composite or an average of a group of portfolios), excluding cash, unless otherwise denoted. This representative portfolio information is derived from an actual client portfolio. Clients' portfolio characteristics may differ given the various investment restrictions, cash requirements and other circumstances that can apply to particular clients. Portfolio information is as of the dates indicated, and no assurances can be given that it has not changed or that it will not change in the future.

## EQUITY SELECTION

The equity selection process presented herein is for illustrative purposes only. It should not be assumed that it represents, on its own, the sole method used by FI to make investment recommendations. Other techniques may produce different results, and the results for individual clients and for different periods may vary depending on market conditions and the composition of their portfolios. Any mention of a particular security in this illustration is not intended to represent a recommendation to buy or sell that security. Rather, it is intended to illustrate a point. There can be no assurance that advisory clients are invested in any security mentioned or continue to hold such a security. It should not be assumed that the future performance of any security mentioned will be profitable. Upon request, FI will provide a list of its recommendations over the past year. Investment in securities involves the risk of loss. Past performance is no guarantee of future returns.

## FEE SCHEDULE

	On the First \$25 M	On the Next \$25 M	On the Next \$50 M	On the Next \$50 M	\$150+ M
Fisher Emerging Markets Equity	1.00%	0.95%	0.90%	0.85%	Negotiable

## PORTFOLIO TURNOVER

Average composite turnover is calculated by taking the arithmetic average of individual account turnover the reporting period. Individual account turnover is equal to the lesser of purchase or sale transactions divided by the average market value over the reporting period. Some accounts in the composite may not be included in the average turnover calculation if client-directed transactions took place in the period that were not part of the general portfolio management strategy (e.g. large cash flows). The foregoing information is based on the FIIG Emerging Markets Equity composite, which was inceptioned on 1 April 2006 and is benchmarked against the MSCI Emerging Markets Index.

# TERMS OF BUSINESS

Fisher Investments Europe Limited (FIE) is authorised and regulated by the Financial Conduct Authority. Registered in England, Company No. 3850593.

## 1. Fisher Investments Europe

Fisher Investments Europe Limited is registered in England (Company No. 3850593) and authorised and regulated by the UK Financial Conduct Authority ("FCA") (FCA No. 191609). Fisher Investments Europe's permitted business is agreeing to carry on a regulated activity, managing investments, advising on investments, making arrangements with a view to transactions in investments, arranging deals in investments, dealing in investments as a agent, advising on pension transfers and pension opt-outs, and insurance mediation. You can check this on the FCA's register by visiting the FCA's website [www.fca.gov.uk/register/home](http://www.fca.gov.uk/register/home) or by contacting the FCA on +44 0845 606 1234. The FCA's address is 25 The North Colonnade, Canary Wharf, London E14 5HS.

## 2. Communications

Fisher Investments Europe can be contacted by mail at 6-10 Whitfield Street, London W1T 2RE; by telephone on +44 0800 144 4731; or by email to [FIEOperations@fisherinvestments.co.uk](mailto:FIEOperations@fisherinvestments.co.uk). All communications with Fisher Investments Europe will be in English only. Fisher Investments Europe's web address is <https://institutional.fisherinvestments.com/en-us/mifidii>.

## 3. Services

These Terms of Business explain the services offered to professional clients and will apply from when Fisher Investments Europe begins to advise you. Fisher Investments Europe offers restricted advice only (meaning it does *not* offer independent advice based on an analysis of the whole of the market), as more fully explained in Clause 4 below. As part of its services, Fisher Investments Europe seeks to:

- a) Reasonably determine your client categorisation;
  - b) Understand your financial circumstances and investment aims to determine whether the full discretionary investment service described in Clause 4 and the proposed investment mandate and accompanying benchmark(s) (or an Undertaking for Collective Investment in Transferable Securities ("UCITS") with a similar mandate and benchmark for which Fisher Investments Europe's parent company serves as investment manager) are suitable for you;
  - c) Explain features of the investment strategy;
  - d) Describe investment performance as it relates to the investment strategy;
  - e) Provide a full explanation of costs;
  - f) Assist in the completion of documentation;
  - g) Where specifically agreed, review your position periodically and suggest adjustments where appropriate.
- Fisher Investments Europe will not provide ongoing services unless you enter into an agreement for discretionary investment management services or invest in a UCITS as described in Clause 4.

## 4. Discretionary Investment Management Service and Investments

To help you achieve your financial goals, Fisher Investments Europe may offer its discretionary investment management services. In such case, Fisher Investments Europe will delegate the portfolio management function, as well as certain ancillary services, to its parent company, Fisher Asset Management, LLC, trading as Fisher Investments, which has its headquarters in the USA and is regulated by the US Securities and Exchange Commission. In certain limited circumstances where appropriate, Fisher Investments Europe may recommend that you establish a discretionary investment management relationship directly with Fisher Investments. In such case, Fisher Investments Europe acts as an introducing firm. A separate investment management agreement will govern any discretionary investment management relationship whether with Fisher Investments Europe or with Fisher Investments. Subject to applicable regulations, for qualified investors Fisher Investments Europe may recommend an investment in UCITS regulated by the Central Bank of Ireland and for which Fisher Investments serves as investment manager.

# TERMS OF BUSINESS

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## 5. Client Categorisation

Fisher Investments Europe deals with both retail clients and professional clients. All clients and potential clients who deal with Fisher Investments Europe's institutional relationship managers ("RMs") will be treated as professional clients, either through qualification as a professional client or, in the case of local municipal authorities, through opting up to be treated as a professional client. Accordingly, you are categorised as a professional client. You have the right to request re-categorisation as a retail client which offers a higher degree of regulatory protection, but Fisher Investments Europe does not normally agree to requests of this kind.

## 6. Financial Services Compensation Scheme ("FSCS")

Whilst the activities of Fisher Investments Europe are covered by the FSCS, compensation under the FSCS in the event Fisher Investments is unable to meet its liabilities because of its financial circumstances is only available to eligible claimants. Because you have been categorised as a professional client, you are unlikely to be eligible. In addition, the protections of the UK regulatory regime, including the FSCS, do not apply in relation to the services of Fisher Investments or any non-UK service providers or to the extent your assets are invested in non-UK funds or ETFs. In the event you are eligible and do have a valid claim, the FSCS may be able to compensate you for the full amount of your claim up to £50,000 per person per firm. You can contact Fisher Investments Europe or the FSCS ([www.fscs.org.uk](http://www.fscs.org.uk)) in order to obtain more information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation.

## 7. Risks

Investments in securities present numerous risks, including various market, currency, currency fluctuation, economic, political, instability, business, differences in financial reporting, liquidity risk, interest rate risk, credit risk, and other risks, and can be very volatile. Investing in securities can result in a loss, including a loss of principal. Using leverage to purchase and maintain larger security positions will increase exposure to market volatility and risk of loss and is not recommended. Investments in securities are only suitable for clients who are capable of undertaking and bearing a risk of loss. Specific risks associated with particular types of securities that may be held in your account are explained further in the IMA.

Past performance is not a guarantee nor a reliable indicator of future investment returns. Fisher Investments Europe cannot guarantee and makes no representation or warranty as to future investment returns or performance. There is no guarantee for a avoidance of loss, which is impossible with investments in securities, and you have not received any such guarantee or similar warranty from Fisher Investments Europe or any representatives thereof.

## 8. Data Protection

To advise you on financial matters, Fisher Investments Europe may collect personal and sensitive information subject to applicable data protection laws. By providing such information to Fisher Investments Europe, you consent to Fisher Investments Europe processing your data, both manually and electronically, including transferring data outside the European Economic Area, including to its parent, Fisher Investments, in the United States, for the purposes of providing services and enabling Fisher Investments to provide services, maintaining records, analysing your financial situation, providing information to regulatory bodies and service providers assisting Fisher Investments Europe and/or Fisher Investments in providing services, or otherwise permitted by law. Upon request, you are entitled to obtain access to and to rectify the data relating to you.

# TERMS OF BUSINESS

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## 9. Custody and Execution

Neither Fisher Investments Europe nor Fisher Investments is authorised to hold client money. Neither Fisher Investments Europe nor Fisher Investments will accept cheques made out to it in respect of investments, nor will they handle cash. All client assets are held at external custodians where each client has a direct account in their own name. If you appoint Fisher Investments Europe as your discretionary asset manager, execution of transactions will be arranged through such custodians and brokers and at such prices and commissions that Fisher Investments determines in good faith to be in your best interests. Further information regarding selection of brokers is set out in the investment management agreement with Fisher Investments Europe (the "IMA").

If you appoint Fisher Investments Europe as your discretionary asset manager, Fisher Investments Europe or Fisher Investments, pursuant to an outsourcing agreement with Fisher Investments Europe, will arrange for the execution of transactions through those custodians and brokers and at such prices and commissions that it determines in good faith will be in your best interests. Further information regarding the selection of brokers is governed by the IMA. Fisher Investments Europe does not structure or charge its fees in such a way as to discriminate unfairly between execution venues.

The brokers and dealers to which your transactions may be allocated will use various execution venues, including without limitation:

- a) Regulated Markets in the USA or elsewhere (usually those exchanges where companies have their primary listing and other exchanges on which their securities are admitted to trading);
- b) Multi-Lateral Trading Facilities ("MTF") and Organised Trading Facilities ("OTF") in the USA or elsewhere (i.e. a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract);
- c) Systematic Internalisers (which are investment firms dealing as principal and providing liquidity on a systematic basis);
- d) Other liquidity providers that have similar functions to any of the above;
- e) Counterparties that may access the above venues on behalf of Fisher Investments Europe or Fisher Investments (or their clients) or trade on their own account.

You must be notified and approve of any off-venue trades prior to execution unless previously agreed to by you directly with the custodian. As a result of brokers/dealers using the execution venues mentioned above, your transactions may be executed on an execution venue that is neither a regulated market in the European Union nor an MTF in the European Union and therefore you will be required to expressly consent to the execution policy of Fisher Investments Europe by signing the IMA.

Fisher Investments Europe's top five trading venues are listed on its website.

Generally, financial instruments will not be affected if a custodian suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the custodian's registration of your rights. Generally, it is only if the custodian fails to handle your financial instruments or register your rights correctly where you may not be able to take possession of the financial instruments.

If you appoint Fisher Investments Europe as your discretionary asset manager, you will receive a periodic statement every calendar quarter. This statement compares the performance of your account with that of a relevant benchmark in order to facilitate the assessment of performance achieved by the account. For performance, management fee calculation and reporting purposes, exchange traded equity securities are valued based upon the price on the exchange or market on which they trade as of the close of business of such exchange or market. All equity securities that are not traded on a listed exchange are valued using a modelled estimate of the bid price, also known as a bid evaluation, provided by Fisher Investments Europe's primary pricing service. Fixed income securities are valued based on market quotations or a bid evaluation provided by Fisher Investments Europe's primary pricing service. All securities are valued daily given a price from Fisher Investments Europe's primary pricing service is provided; otherwise, all securities are valued on at least a monthly basis.

# TERMS OF BUSINESS

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## 10. Conflicts of Interest

Fisher Investments Europe has a conflicts of interest policy to identify, manage and disclose conflicts of interest. Fisher Investments Europe, Fisher Investments or any of their employees or representatives may have with a client of Fisher Investments Europe, or that may exist between two clients of Fisher Investments Europe. Fisher Investments Europe's conflicts of interest policy covers gifts and favours, outside employment, client privacy, inadvertent custody, marketing and sales activities, recommendations and advice, and discretionary investment management services. RMs employed by Fisher Investments Europe are paid a variable component of their total remuneration, calculated as a percentage by reference to management fees paid to the Investment Manager during the first three years of the client relationship. Such remuneration will not increase or impact the fees payable by you. Details on Fisher Investments Europe's conflicts of interest policy are available on request. In addition, Fisher Investments Europe provides a copy of Fisher Investments' Form ADV Parts 2A and 2B to all clients, detailing additional conflicts of interest applicable to Fisher Investments.

## 11. Fees

If you appoint Fisher Investments Europe as your discretionary investment manager, you will pay management fees to Fisher Investments Europe as detailed in the IMA. Fisher Investments Europe will pay a portion of such management fees to Fisher Investments as the sub-manager. If you appoint Fisher Investments directly as your discretionary investment manager, you will pay management fees directly to Fisher Investments as detailed in the investment management agreement. If you invest in a UCITS fund managed by Fisher Investments, Fisher Investments will receive its management fee indirectly through the UCITS. Fisher Investments Europe does not charge a separate fee for its introducing or distribution services. You will also incur transaction and custody fees charged by brokers and custodians. However, any such additional fees will be payable directly to brokers/custodians, and neither Fisher Investments Europe nor Fisher Investments will share in any commission or other remuneration.

## 12. Termination

If you wish to cease using the services of Fisher Investments Europe at any time, then send notification and the arrangement will cease in accordance with the IMA. However, if a transaction is in the middle of being arranged on your behalf at that time and it is too late to unwind it, then the transaction may need to be completed first.

## 13. Complaints

Fisher Investments Europe seeks to provide a high standard of service to clients at all times. If you have a complaint about services, please contact Fisher Investments Europe:

by writing to: Head of Compliance  
Fisher Investments Europe Limited  
2<sup>nd</sup> Floor, 6-10 Whitfield Street  
London W1T 2RE  
or by calling: +44 0800 144 4731  
or by emailing: [FIEOperations@fisherinvestments.co.uk](mailto:FIEOperations@fisherinvestments.co.uk)

Fisher Investments Europe will endeavour to resolve the matter, as soon as practicable and generally within 8 weeks. If you are dissatisfied with the outcome of any complaint made to Fisher Investments Europe, or you do not receive a response within such time, you may be eligible to complain directly to the UK Financial Ombudsman Service ("FOS"). Further details in respect of FOS can be found at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## 14. Governing Law

These Terms of Business are governed by English law.

# FISHER INVESTMENTS EUROPE™

2ND FLOOR 6-10 WHITFIELD STREET | LONDON | W1T 2RE

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FREE PHONE: 0800 144 4731 | FAX: 020 7900 1698