



### Investment Opportunity

### Market turmoil of the last two years has created an outstanding opportunity to profit from the dislocation in Emerging Markets

The Fund targets closed-end funds and companies trading at significant discounts to their NAV. Charlemagne Capital seeks to identify quality assets by:

- A disciplined, bottom-up investment process
- The identification of the catalysts driving revaluation
- A risk-conscious stock / fund selection process

### Market Anomalies

Many funds / companies are trading at wide discounts

### Since 2008 average closed-end fund discounts are close to their widest levels in 20 years and are nearly double those witnessed in the 1998 (Asia / Russia) and 2001 (Dot com) crises

This is due to:

- Loss of investor confidence
- Disgruntled shareholders abandoning positions and selling at large discounts to cover redemptions
- Non alignment of interest of shareholders & management companies
- Lack of incentive for management to be active in narrowing discounts

Discount over the last 20 years has averaged just 10%



Source: Rothschild, Bloomberg

### Catalysts for revaluation

### Charlemagne Capital will identify the revaluation catalysts for each opportunity

These may include:

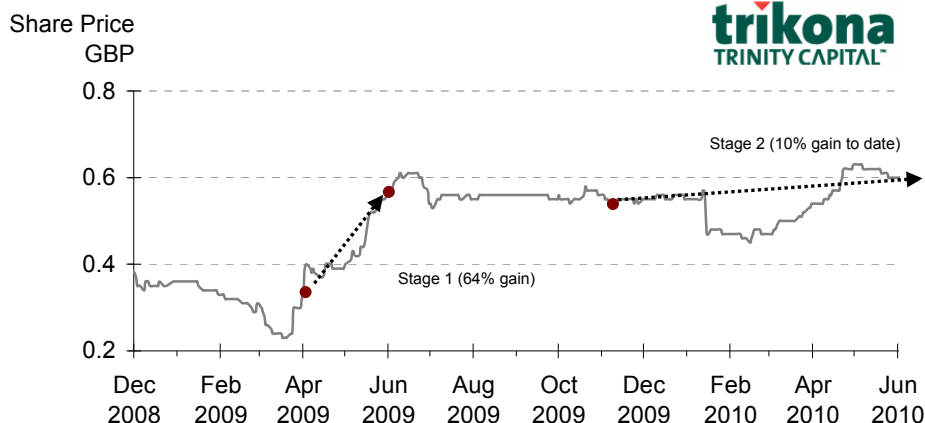
- Cooperation with other activist shareholders
- Working with proactive management teams
- Buy back programmes, M&A activity and cash extraction

Our approach will be passive or active depending on the opportunity. Given that discounts often narrow when markets recover, the normalization of markets should aid these funds / companies to outperform underlying stocks

### Case Study

#### Trikona Trinity Capital

- Thesis: A portfolio of property and infrastructure assets throughout India bought in March 2009 at a 70% discount to NAV
- Catalyst: Activist-led asset sale, supported by Charlemagne Capital
- Stage:
  1. April 2009 – June 2009: Independent directors placed on the Board and cash distributed to shareholders
  2. November 2009 – to date: Management contract terminated and assets continue to be sold
- Charlemagne Capital still believes that the fund trades at over 30% discount to saleable assets



Source: Bloomberg

### The Company

Charlemagne Capital

### Charlemagne Capital is an independent company solely focused on asset management in Emerging Markets

#### Key facts:

- Independent Emerging Markets investment management group, founded in 2000
- 40% of company owned by directors / employees
- Funds under management were USD 3 billion as of 31 May 2010
- Charlemagne Capital has a highly experienced Global Emerging Markets team

#### Marketing & Sales Department

Tel: + 44 (0)20 7518 2100 Fax: + 44 (0)20 7518 2199

Email: [marketing@charlemagnecapital.com](mailto:marketing@charlemagnecapital.com) Website: [www.charlemagnecapital.com](http://www.charlemagnecapital.com)

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