The NAV of the fund decreased by -0.6% in August versus a fall of -1.0% in the Tehran Stock Exchange Index. The month was once again characterised by significant progress in the Iranian economy and on external trade, but very little progress on the integration of Iran with the international financial system. There are two issues to be dealt with to open up the financial system and allow money and investment to reach Iran. The first can and should be sorted out quickly by Iran. This is the removal of the dual currency system. Although the SWIFT system is notionally open, transactions using SWIFT happen at the official exchange rate, which trades at a 15% premium to the parallel market rate. The immediate 15% loss on any investment is certainly significantly reducing the amount of money flowing into the country. With oil exports now back to pre-sanctions levels and FX reserves not therefore a significant issue, we would urge the Central Bank to unify the exchange rates as soon as possible. They have indicated many times that this will happen by March 2017, but we do not see any benefit to further delay. There has been a first step towards unification in August, with the Central Bank of Iran (CBI) issuing new instructions regarding exchange of hard currency, once again allowing banks to buy and sell foreign currencies at the free market rates. However, this needs to be followed swiftly by full exchange rate unification.

The second issue is the question of the Global banks involvement with Iran. This is really a decision at the behest of the US administration and we do not expect any further clarification, and therefore any movement into Iran by the banks, before the US Presidential election in November.

However, as mentioned, economic developments in Iran continue apace. There was a 51% growth in exports from Iran’s steel sector during the first five months of the Iranian Calendar Year 2016 (March 2015 to August 2015). Iranian steel producers have exported 2.3 million tons, compared to 1.5 million tons in the same period last year. Hot Rolled Coil (HRC) is the largest share of the sector’s exports at 616,797 tons. The main importers of Iranian steel products are Italy (17%), UAE (17%) and Iraq (9%).

The CBI’s Tehran Housing Market report was also released for August. The number of home sales in Tehran, Iran’s capital city reached 17,000 which is 30.1% higher than the same period last year, an average price of one square meter of residential space sold in the reported period showed month on month growth of 7.6%, and during the first five months of the Iranian Calendar Year.

The Statistical Centre of Iran released its Iran GDP report for the first six months of the Iranian Calendar Year. According to the SCI, the Iranian economy grew by 4.4% on an annual basis for the period between March 21 and June 20, 2016, again showing the strong local recovery that has started.

### Fund Performance – Net Returns in Euro (%) **

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</tr>
</thead>
<tbody>
<tr>
<td>Class B</td>
<td>12.0%</td>
<td>7.6%</td>
<td>-2.3%</td>
<td>3.0%</td>
<td>0.5%</td>
<td>-2.6%</td>
<td>1.8%</td>
<td>-0.6%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Class C</td>
<td>12.0%</td>
<td>7.6%</td>
<td>1.2%</td>
<td>3.5%</td>
<td>0.7%</td>
<td>-2.9%</td>
<td>2.0%</td>
<td>-0.6%</td>
<td>25.1%</td>
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### Comparative Track Record (Net Euro) *

![Graph showing comparative track record](https://example.com/graph.png)

Past performance is not a reliable indicator of future results, prices of Fund shares and the income that may be derived from them may fall as well as rise and investors may not get back the whole amount originally invested by them.

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*Source: Forticap, Turquoise Partners, Charlemagne Capital, Tehran Stock Exchange. **The comparative track record is provided for information purposes only. It is based on the performance of the EVI domiciled Turquoise Equity Investment Fund launched on 31 May 2006 and whose strategy has been replicated and continued with Turquoise Partners in the present AIF structure. Forticap has approved Turquoise Partners & Charlemagne Capital as advisors of the fund. Total Size Fund is based market exchange rate.
Top Five Companies*

1. Iran Industrial Development Investment Co. (IDIC) - Iran
2. Iran Mobile Telecommunication Co. - Iran
3. TIPICO - Iran
4. Mobin Petrochemical Co. - Iran
5. Housing Investment Co. - Iran

Top Five Sectors**

1. Financial Investment
2. Utilities
3. Pharmaceutical
4. Real Estate
5. Telecommunication

Percentage Share

<table>
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<tr>
<th>Sector</th>
<th>B Shares</th>
<th>C Shares</th>
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<tbody>
<tr>
<td>Financial Investment</td>
<td>17.5%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>16.3%</td>
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<tr>
<td>Telecommunication</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td>10.0%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>9.1%</td>
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</tbody>
</table>

Subscription Info.

The fund is jointly advised by Turquoise Partners and emerging market specialist Charlemagne Capital with Forticap as the AIFM. Forticap is a multi-asset AIFM and UCITS Manager regulated by the Cyprus Securities and Exchange Commission. Turquoise is an investment banking and asset management group based in Iran which provides financial products and services to clients and investors who are interested in benefiting from exposure to Iranian markets. Charlemagne Capital is an independent specialist emerging markets investment manager that seeks to use the inefficiencies that exist in emerging markets to generate excess returns through a disciplined and research-driven bottom-up stockpicking process within an intelligent risk framework. Charlemagne Capital (UK) Limited is authorized and regulated by the Financial Conduct Authority. Turquoise Partners Group is authorized by Organization for Investment Economic and Technical Assistance of Iran, Ministry of Economic Affairs and Finance.

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