New Capital
Global Equity Income Fund

Quarterly Review I As of 31 December 2022

Performance and positioning

The global equity rally in October and November based on slower than expected US inflation and lower interest rates came to an end in December as US policy makers indicated peak rates were far above market expectations and a rate cut was unlikely in 2023. This would be the first year that US stocks and bonds are both down more than 10% in 150 years. Moreover, the Bank of Japan reversed course and raised its ceiling on rates to 0.5% from 0.25%. A major reversal in the zero-Covid policy in China took investors by surprise, prompting significant outperformance of China/HK and Asian markets, as well as China-related names in other markets.

Country/Currency: The US dollar extended its decline against developed market currencies (DXY), particularly against the yen which improved from over 150 to the dollar to 131 over the past couple of months. All non-dollar currencies are not equal, however, and we had some concerns about sterling given the recession outlook and the pressure to limit rate rises given the impact on mortgage payments. Overall, the weaker dollar continued to benefit the fund on a relative basis and appeared to have bottomed against a broad range of currencies. In terms of country allocation, the relatively large weightings both in Europe and Asia remained a positive and should continue into the new year. There was an indiscriminate sell-off of UK domestic assets rather than anything stock-specific. Another general point was that our remaining core cyclical exposure – namely TSMC, Samsung and Denso – underperformed (-17 to -20%, partly due to currency depreciation) but remained attractive in our view on a recovery basis as well as typically being early-cycle stocks.

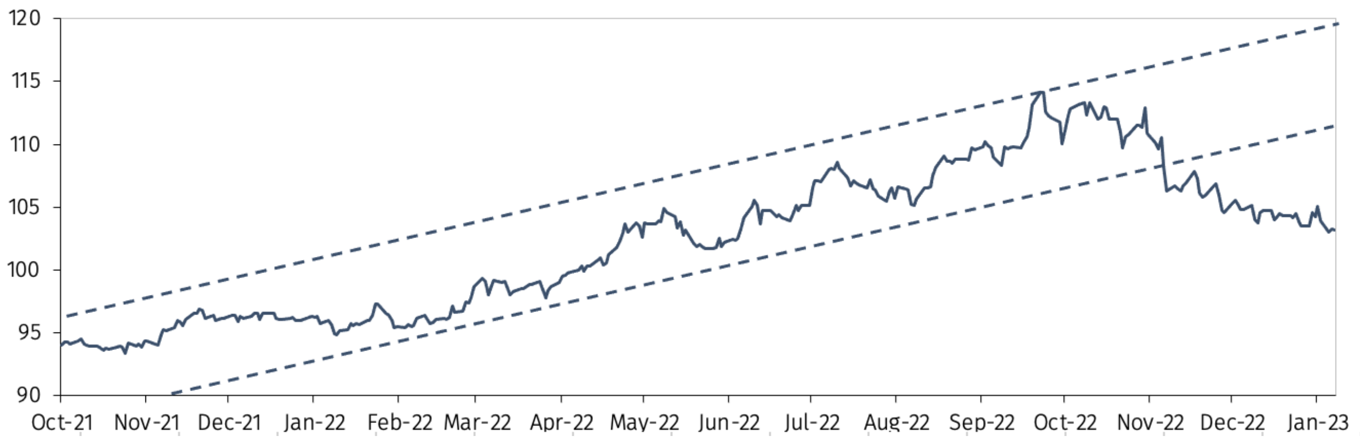
Sectors: The best performing sectors on a global basis were energy, materials, and industrials while notable underperformers were consumer discretionary and IT, where Mega caps in the US continued to underperform, along with communication services (Alphabet, another Mega cap, returned -7.76%). Allocation was a positive, particularly the overweight utilities and underweight communication services positioning, but overweight positions in financials and healthcare also contributed.

Stocks: The top positive contributors to performance were Amundi (+34.4%), Novo Nordisk (+34.2%) and TotalEnergies (+34.1%). They are all European stocks and benefited from a recovery in European markets and the euro, particularly Amundi, a fund manager. Novo Nordisk, a 'growth' pharmaceutical company, positive news on authorisation of its blockbuster obesity drug in the US.

The most negative performers were Broadridge (-6.7%), Crown Castle (-5.4%) and Medtronic (-3.1%). Crown Castle sold off as a bond proxy in the face of rapidly rising US interest rates. Medtronic's results disappointed, not so much the Forex headwinds and rising inflationary pressures which were expected, but the lower recovery expected for 2023.

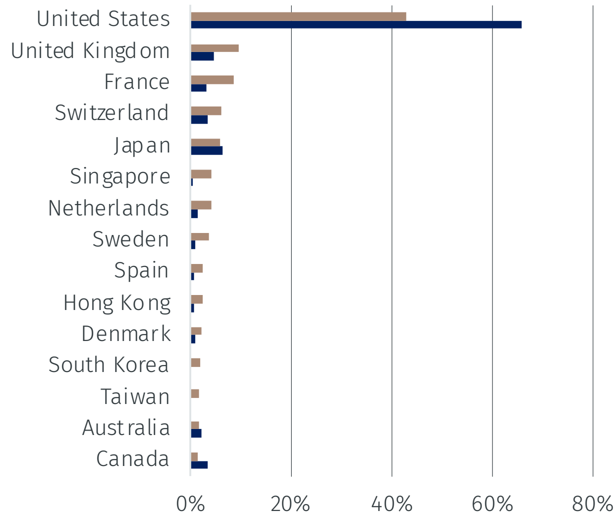
Significant Changes: The fund tactically added Legal and General, a UK insurance company to the portfolio in November, taking advantage of both weak sterling and the extremely high yield on offer, above 8% at that time. Weightings in banks were also increased on further inflows.

US Dollar Index (DXY)

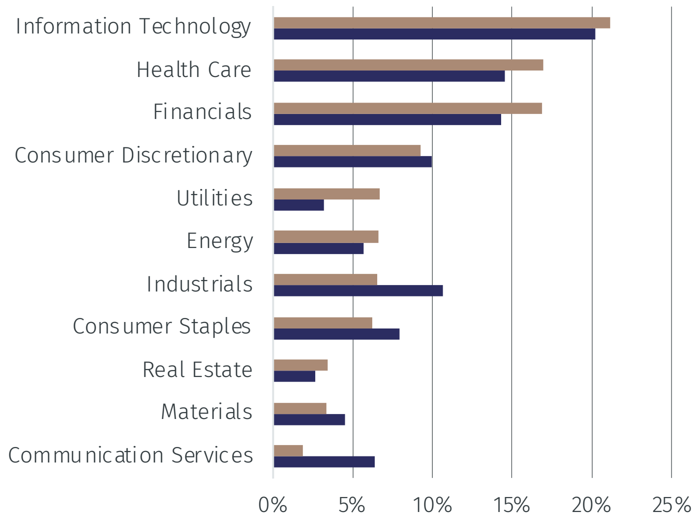


Source: Bloomberg, as at 31 December 2022.

Country allocation (Absolute)



Sector allocation (Absolute)



New Capital Global Equity Income   MSCI World Net Total Return USD Index

Source: Bloomberg, as at 31 December 2022.

Outlook

We believe the weakness in the dollar is significant in terms of indicating a global recovery will perhaps be earlier than expected, especially for Asia which usually leads global markets out of recession. We remain cautious however, as forward yield curves and other macro data do not indicate any signs of a recovery while earnings forecasts, at least in the US, appear to need further downgrades when considering the impact of rate rises on consumer spending and investment. In addition, a slowdown in inflation does not warrant rate cuts from major central banks in the coming year, so valuations in the US remain expensive in our view. Given our assumption that the US dollar has made an important bottom, our strategy now is to allocate more to Asia/Japan which are less expensive in our view and now have the tailwind of China reopening. At this stage domestic stocks seem preferable given the outlook for sluggish overseas demand, with Japanese financials looking attractive in our view as rate increases benefit banks and insurers along with recovering loan growth and transaction volume.

Financials as a whole remain undervalued in an environment of higher rates and more than adequate provisioning for loan losses, which were enforced upon them by governments in the wake of the 2008 financial crisis. Furthermore, reserves have been built up over the Covid period as regulators insisted that dividends be withheld allowing for further improvements in reserves. We remain overweight and the sector remains our preferred cyclical sector both short term and structurally, despite fintech possibilities.

Technology remains the largest sector in the fund despite concerns over excess supply of memory chips and a slowdown in end demand including PCs, smartphones and servers. We believe structural growth drivers such as 5G, auto, Cloud and artificial intelligence will reassert themselves earlier than expected and will add growth names on any weakness. In the meantime, stocks in the fund remain relatively inexpensive, certainly on a recovery basis.

Risks in the short term are earnings revision downgrades, which markets appear to be ignoring, and on a macro level, a more difficult reopening in China due to covid variations or healthcare issues, as well as any escalation in the Ukraine/Russia war. These issues we think mean an emphasis on inexpensive names since these could be a good option despite the possibility of lower rates allowing for multiple expansion in the typically expensive growth names. The fund’s style, with an emphasis on high dividend yield, net buyback yield and free-cash-flow, is naturally defensive and has typically outperformed during past periods when leading indicators were predicting a recession and also outperformed when interest rates were rising or flat. Finally, a reminder that we like high equity yield from a strategic perspective given that we are now most likely in an era of structurally higher inflation and interest rates and since dividend growth should do well in this environment rather than just high yield.

New Capital
Global Equity Income Fund

Quarterly Review I As of 31 December 2022

Performance

	Fund	Benchmark	Difference
1 Month	-1.48%	-4.25%	2.77%
3 Months	14.39%	9.77%	4.62%
6 Months	4.30%	2.97%	1.33%
YTD	-10.24%	-18.14%	7.90%
1 Year	-10.24%	-18.14%	7.90%
Since Inception Annualised	6.48%	6.30%	0.18%
Since Inception	15.35%	14.89%	0.46%

Past performance is not necessarily a guide to the future. The value of your investments and the income from them may fall as well as rise as a result of market as well as currency fluctuations and you may not get back the full amount invested.
Fund performance is net of fees and representative of the USD I Inc Share Class.

Benchmark: MSCI World Net Total Return USD Index. Benchmark is for comparison purposes only.

Inception date: 22 September 2020

Source: EFG, Bloomberg as at 31 December 2022

New Capital Disclaimer

Marketing communication

For professional clients, qualified investors and accredited investors only. The value of investments and the income derived from them can fall as well as rise, your capital is at risk. Note: Past performance is not a guide to the future. Returns may increase or decrease as a result of currency fluctuations.

Performance contribution is gross of fees, all other performance shown is net of fees and expenses. Please refer to the Prospectus for further information on this Fund and prior to any subscription. All data sourced New Capital, EFGAM, Bloomberg, as at title date, unless otherwise stated.

Issued in the UK by EFG Asset Management (UK) Limited which is authorised and regulated by the Financial Conduct Authority (FCA Registration No. 536771). Registered No: 7389746. Registered address: Park House, 116 Park Street, London, W1K 6AP. Telephone: +44 (0)20 7491 9111.

This document is a marketing communication and does not constitute an offer to sell, solicit or buy any investment product or service, and is not intended to be a final representation of the terms and conditions of any product or service. The investments mentioned in this document may not be suitable for all recipients and you should seek professional advice if you are in doubt. Clients should obtain legal/taxation advice suitable to their particular circumstances. This document may not be reproduced or disclosed (in whole or in part) to any other person without our prior written permission. Although information in this document has been obtained from sources believed to be reliable, EFGAM does not represent or warrant its accuracy, and such information may be incomplete or condensed. All estimates and opinions in this document constitute our judgment as of the date of the document and may be subject to change without notice.

EFGAM will not be responsible for the consequences of reliance upon any opinion or statement contained herein, and expressly disclaims any liability, including incidental or consequential damages, arising from any errors or omissions. Performance results shown are net of applicable fees and expenses.

Any information quoted relating to the New Capital UCITS Fund plc is merely a brief summary of key aspects of the Fund. More complete information on the fund can be found in the prospectus, the simplified prospectus or key investor information document, and the most recent audited annual report and the most recent semi-annual report.

These documents constitute the sole binding basis for the purchase of fund units. Copies of these documents are available free of charge in the United Kingdom at EFG Asset Management (UK) Limited ("EFGAM"), Park House, 116 Park Street, London, W1K 6AP, United Kingdom. Copies of these documents are available free of charge in Germany at the offices of the German information agent, HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany. Copies of these documents are available free of charge in France from the French centralizing agent, Societe Generale, 29, boulevard Haussmann – 75009 Paris, France. Copies of these documents are available free of charge from the Swiss Representative: CACEIS (Switzerland) SA, Route de Signy 35, CH-1260 Nyon, Switzerland. Paying Agent: EFG Bank SA. 24 Quai du Seujet, CH-1211, Geneva 2, Switzerland.

Copies of these documents are available free of charge in Luxembourg at the offices of the Luxembourg paying agent, HSBC Securities Services (Luxembourg) S.A., 16 boulevard d'Avranches, L-1160 Luxembourg, R.C.S. Luxembourg, B28531. Copies of these documents are available in the local languages as per the above and from www.newcapitalfunds.com. A summary of investor rights is available at: **https://www.efgam.com/newcapitalfunds/Summary-Investor-Rights.html**.

Country of origin of the collective investment scheme: Ireland

Investment products may be subject to investment risks, involving but not limited to, currency exchange and market risks, fluctuations in value, liquidity risk and, where applicable, possible loss of principal invested.

In the European Union, this Document is issued by KBA Investments Limited ("KBA"). KBA Investments Limited is licensed in terms of the Investment Services Act (Cap 370) as an Investment Firm and is regulated by the Malta Financial Services Authority (Authorisation ID KIL2-IF-16174). In the European Union, this Document is available to Professional Investors only (as defined under Annex II to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU).

KBA Investments Limited

Licensed in terms of the Investment Services Act (Cap 370) as an Investment Firm and is regulated by the Malta Financial Services Authority (Authorisation ID KIL2-IF-16174). KBA Investments Limited is a sub-distributor in certain countries in the European Union for EFG Asset Management (UK) Limited. For the full list of EU countries, please visit the **https://www.mfsa.mt/financial-services-register/** . Registered Office: Trident Park, Notabile Gardens, No 2 - Level 3, Zone 2, Central Business District, Birkirkara, Malta. Registered in Malta No. C97015