

# Tradex Global Equity Fund

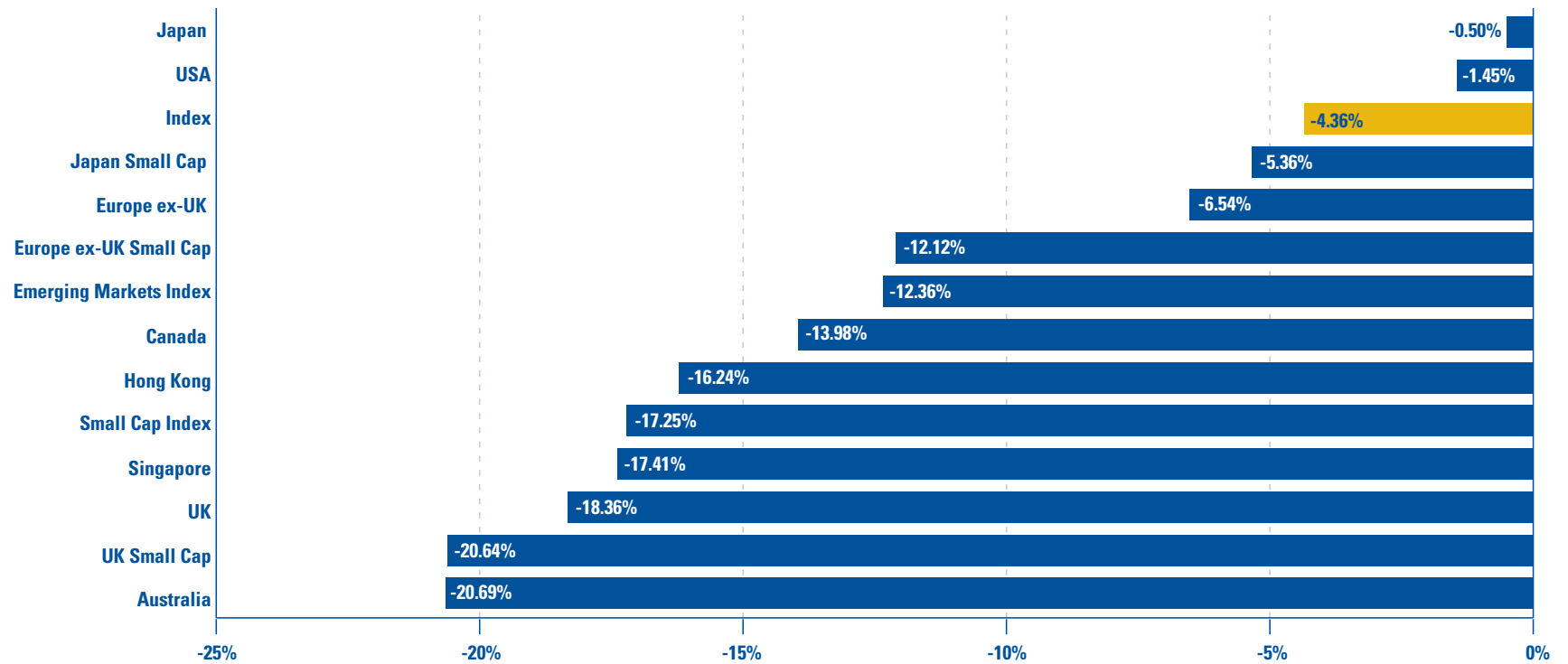


**CITY OF LONDON**  
Investment Management Company Limited

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# Market Performance

1 Year Stock Market Returns in Canadian Dollars (Year End 3/31/20)\*



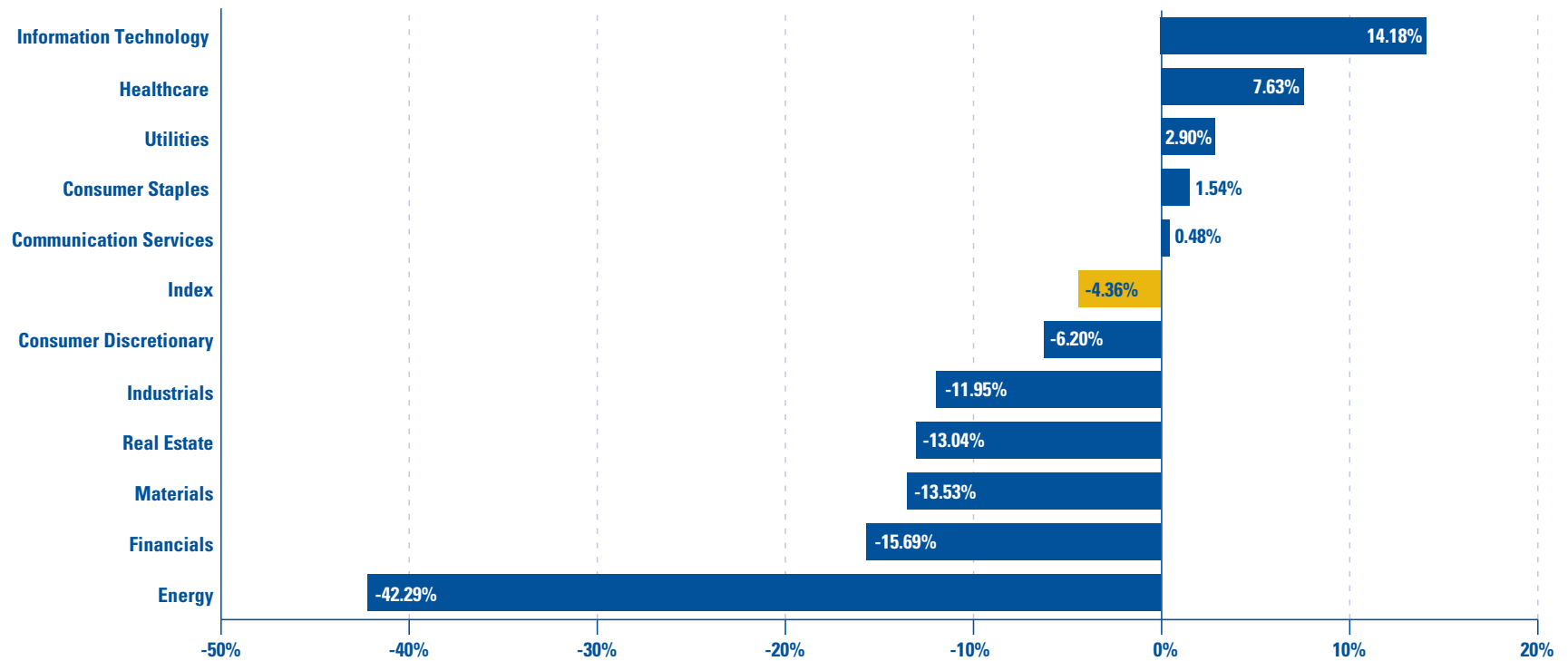
\*Based on gross total return indices.

Past performance is no guarantee of future results. Index returns are subject to change due to restatements by index vendors in the historical index levels.

Source: Bloomberg

# Sector Performance

1 Year Sector Returns in Canadian Dollars (Year End 3/31/20)\*



\*Based on gross total return indices.

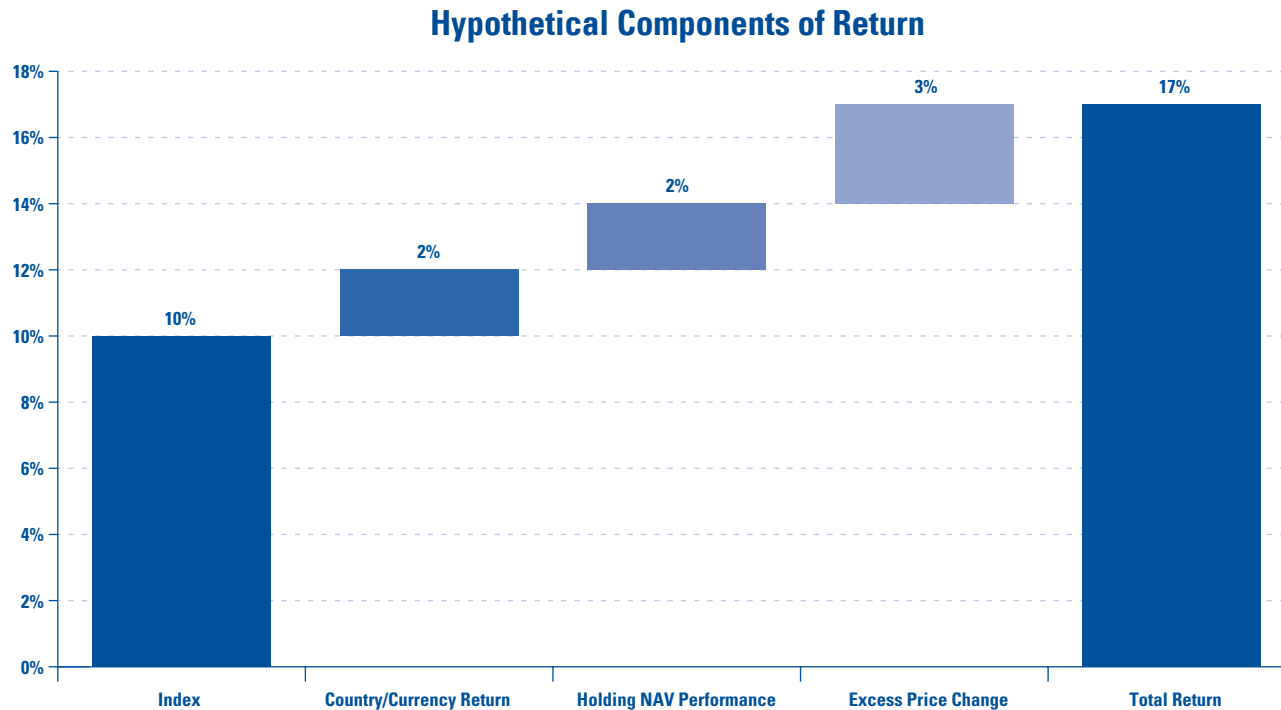
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Source: Bloomberg

# Tradex Global Equity Fund Strategy - Overview

- ▶ Value oriented
- ▶ Highly diversified global market exposure
- ▶ Invest in closed-end funds around the world
- ▶ Exploit advantages of closed-end fund structure — discount volatility
- ▶ Reversion to mean is key strategy concept
- ▶ Experienced investment team

# Components of a Hypothetical CEF Return



*The Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance.*

*Country/Currency Return - Portion of the CEF's hypothetical return that is due to country/currency exposure relative to the country/currency exposure of the Index.*

*Holding NAV Performance - Portion of the CEF's hypothetical return that is due to the CEF's NAV performance against its country/currency exposure.*

*Excess Price Change - Portion of the CEF's hypothetical return that is due to its share price discount to NAV changing.*

*Total Return - The combination of the CEF's hypothetical components of return.*

*Information relating to certain indices is provided for illustrative purposes only and should not be relied upon and does not represent, and is not indicative of, the actual or future performance or the results that may be achieved by the Fund. Indices are unmanaged, not available for direct investment and do not represent the return or volatility of any particular product or portfolio. The Fund may invest in financial instruments and strategies not included or represented in the index shown. The performance and tax consequences of an investment in the instruments represented by an index and an investment in an account managed by CLIM may be, and in many cases are likely to be, materially different. Investors should not consider any index to be a performance benchmark for the Fund, nor should investors conclude that the Fund will or will not be correlated with an index. Index returns are subject to change due to restatements by index vendors in the historical index levels.*

*The hypothetical components of return do not reflect the performance of an actual holding of the Fund. Accordingly, each component and the overall performance within the hypothetical representation could be either negative or positive.*

*The value of an investment and any income from it can go down as well as up and investors may not get back the original amount invested.*

*Source: City of London Investment Management*

# Performance

## Tradex Global Equity Fund

### ▶ Annualized Returns as at March 31, 2020<sup>†</sup>

	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception*
Tradex Net (CAD)	-16.90%	-7.47%	-0.44%	+2.61%	+8.64%	+5.18%
Index (CAD)	-5.63%	+0.93%	+3.87%	+5.45%	+10.10%	+3.69%
	<b>-11.27%</b>	<b>-8.40%</b>	<b>-4.31%</b>	<b>-2.84%</b>	<b>-1.46%</b>	<b>+1.49%</b>

### ▶ Attribution - Rolling 1 Year as at March 31, 2020<sup>†</sup>

Performance (%)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Rolling 1 Year
Tradex Net (CAD)	+0.33	-0.70	+10.26	-24.36	-16.90
Index (CAD)	+1.91	+1.71	+6.40	-14.44	-5.63
	<b>-1.58</b>	<b>-2.41</b>	<b>+3.86</b>	<b>-9.92</b>	<b>-11.27</b>
<b>Attributed to (%)**</b>					
Country Allocation	-1.21	-0.03	-0.81	+2.69	+0.87
Currency Movements	+0.23	-0.57	+0.67	-1.57	-1.25
NAV Performances***	-1.15	-1.49	+2.15	-9.00	-10.28
Discount Movements	+0.55	-0.32	+1.85	-2.04	-0.61
	<b>-1.58</b>	<b>-2.41</b>	<b>+3.86</b>	<b>-9.92</b>	<b>-11.27</b>

\*Inception Date was May 7, 1999. Performance figures as of March 31, 2020.

\*\*City of London Investment Management estimates. Performances for the Quarter and Year to Date are compounded and therefore will not always equal the sum of the individual component months. Index returns are subject to change due to restatements by index vendors in the historical index levels.

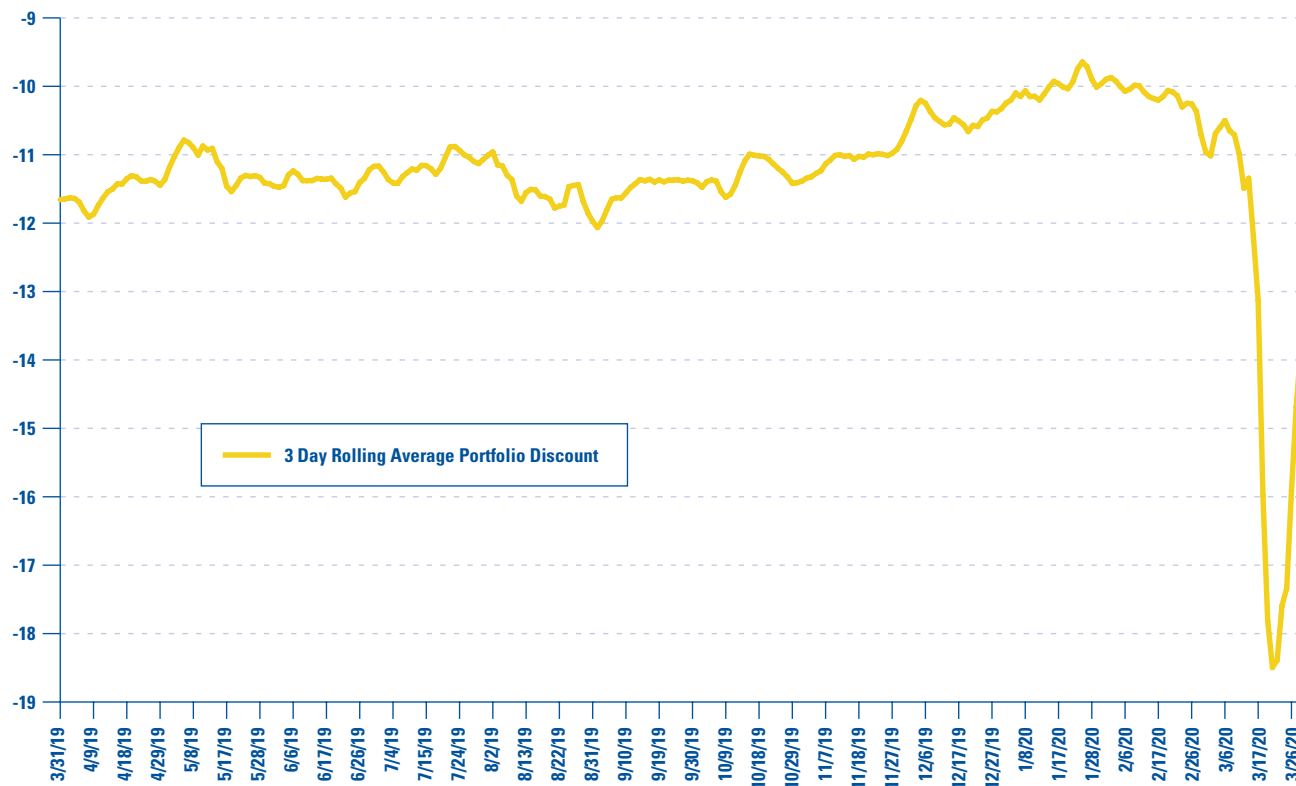
\*\*\*The NAV Performances component includes costs associated with custody, administration and investment management fees.

<sup>†</sup>Net returns. Past performance is no guarantee of future results.

Source: CIBC Mellon, City of London Investment Management

# Tradex Global Equity Fund

## 3 Day Rolling Average Portfolio Discount Rolling 1 Year as of March 31, 2020



Source: City of London Investment Management

# Performance Drivers

## Contributors

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- ▶ Japan Overweight
  - Japan CEF NAV Performance
- ▶ Healthcare Sector Exposure
- ▶ US Large Cap Exposure
  - Pershing Square Holdings
  - Adams Diversified Equity Fund
- ▶ China A-Share Exposure

## Detractors

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- ▶ USA Underweight
  - Technology Sector Underweight
- ▶ Energy & Financial Sector Exposure
- ▶ Mid/Small Cap Exposure
- ▶ UK Overweight

*Nothing herein should be construed as investment advice or a recommendation to buy or sell any securities.*



# Global Environment / Outlook

## Recent Developments

- ▶ COVID 19 – a grey rhino not a black swan
- ▶ Oil price collapse – supply side stand-off
- ▶ Widespread economic retrenchment
- ▶ Unprecedented fiscal and monetary stimulus has been applied
- ▶ Consumer habits upended – temporary or permanent adjustments
- ▶ Safe havens benefit – dollar stronger and Treasury yields lower
- ▶ Tech gets another boost from social distancing

## Future Developments

- ▶ US Presidential election in November will drive “readiness” to re-open
- ▶ US-China tensions grow
- ▶ Pent up demand when virus concerns subside
- ▶ Seeds of inflation planted
- ▶ Consequences of increased debt
- ▶ Brexit Agreement by year end– it wasn’t challenging enough

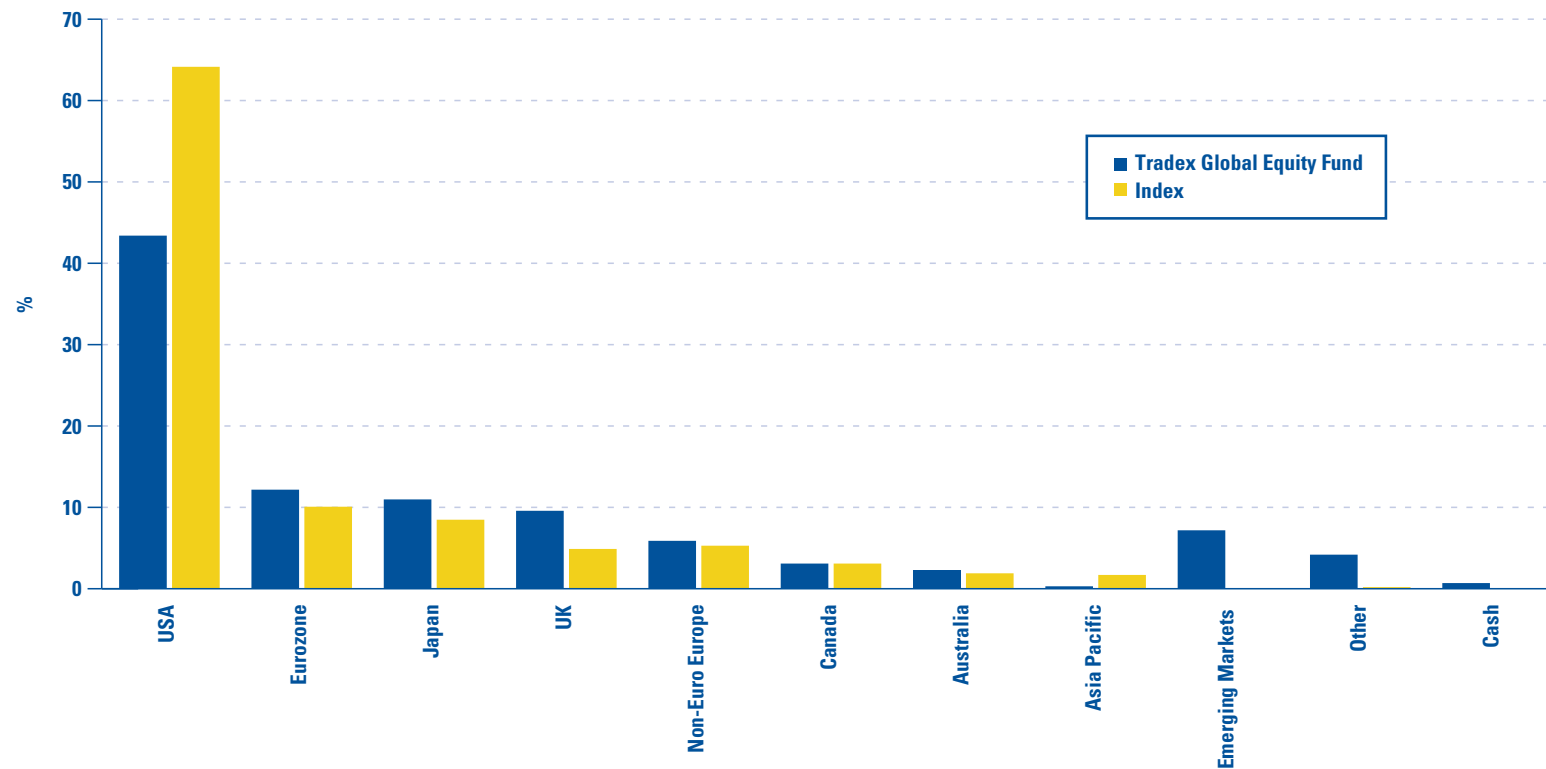
*Any forward looking statements or forecasts are based on assumptions and actual results may vary from any such statements or forecasts.*

# Tradex Portfolio Characteristics - Country Allocation

March 31, 2020

- ▶ Weighted average discount of closed-end funds: **13.2%**
- ▶ Diversified across **40+ countries**
- ▶ Made up of **30 to 50 holdings**
- ▶ Represent **2,500± underlying stocks**

Country Allocation

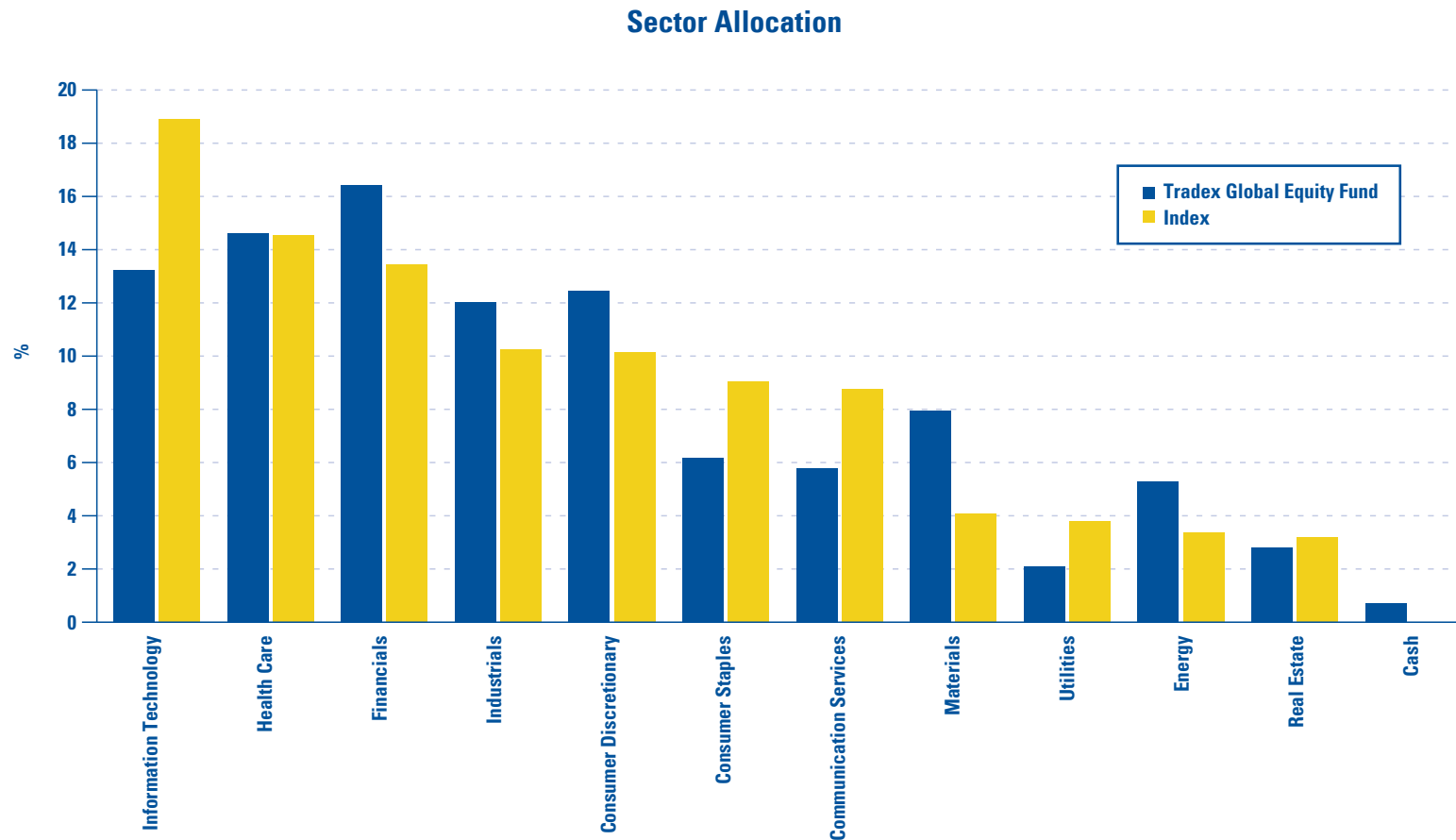


Past performance is no guarantee of future results

Source: City of London Investment Management

# Tradex Portfolio Characteristics - Sector Allocation

March 31, 2020



Source: City of London Investment Management

# Summary

- ▶ Value oriented investment strategy
- ▶ Utilize closed-end funds as investment medium
- ▶ Focused on exploiting closed-end fund discount volatility
- ▶ Diversified approach helps to reduce risk
- ▶ Key allocation decisions

## **Overweight**

Japan

UK

Eurozone

Emerging Markets

- Mexico
- China A-Shares

## **Neutral**

Canada

## **Underweight**

USA

# Appendix

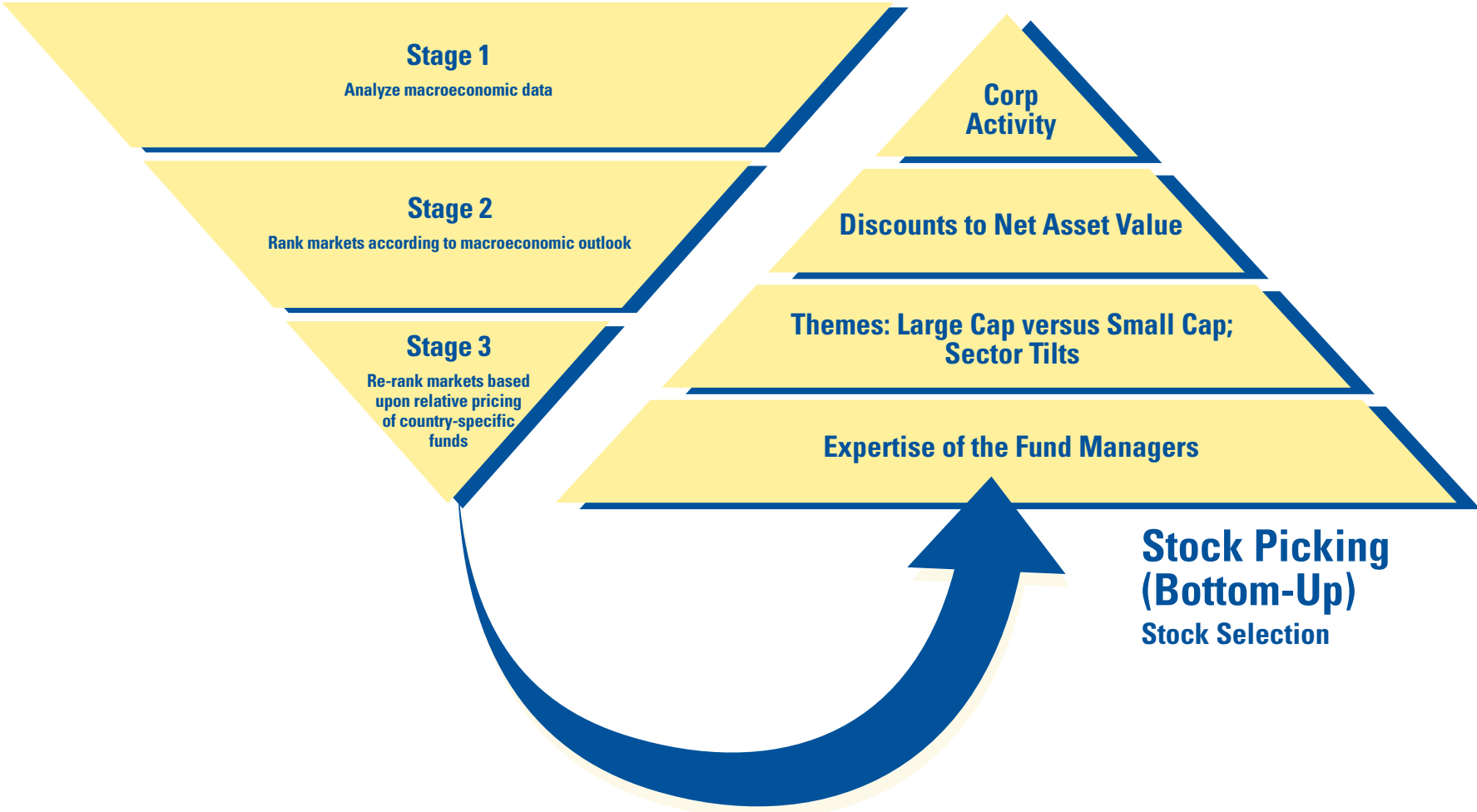


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# The Investment Process

## Macro Process (Top-Down) Country Allocation



# Tradex Global Equity Fund

## Portfolio Holdings

March 31, 2020

	% Total
GABELLI DIVIDEND & INCOME TRUST	6.4
POLAR CAPITAL GLOBAL FINANCIALS TRUST	5.0
ADAMS DIVERSIFIED EQUITY FUND	4.7
PERSHING SQUARE HOLDINGS	4.6
POLAR CAPITAL TECHNOLOGY TRUST	4.5
BAILLIE GIFFORD UK GROWTH FUND	4.3
BAILLIE GIFFORD EUROPEAN GROWTH TRUST	4.0
FIDELITY EUROPEAN VALUES	3.9
SPROTT FOCUS TRUST INC	3.9
POLAR CAPITAL GLOBAL HEALTHCARE TRUST	3.6
JAPAN SMALLER CAPITALIZATION FUND INC	3.5
JOHN HANCOCK FINANCIAL OPPORTUNITIES FUND	3.2
JPMORGAN EUROPEAN SMALLER COMPANIES TRUST	3.0
TEKLA HEALTHCARE INVESTORS	2.9
JPMORGAN JAPANESE INVESTMENT TRUST	2.8
TR EUROPEAN GROWTH TRUST	2.8
JPMORGAN AMERICAN INVESTMENT TRUST	2.6
ROYCE VALUE TRUST	2.4
ADAMS NATURAL RESOURCES FUND INC	2.2
ABERDEEN JAPAN EQUITY FUND INC	2.2
NEW GERMANY FUND INC	2.1

	% Total
PERPETUAL INCOME AND GROWTH INVESTMENT TRUST	2.1
TEMPLETON EMERGING MARKETS INV TRUST	2.1
EDINBURGH INVESTMENT TRUST	2.0
BLACKROCK WORLD MINING TRUST	2.0
JPMORGAN JAPAN SMALLER COMPANIES TRUST	2.0
MORGAN STANLEY CHINA A SHARE FUND INC	1.9
ABERDEEN AUSTRALIA EQUITY FUND INC	1.9
BMO GLOBAL SMALLER COMPANIES FUND	1.7
MEXICO FUND INC	1.7
MIDDLEFIELD CANADIAN INCOME PCC	1.5
CLEARBRIDGE ENERGY MIDSTREAM OPPORTUNITY FUND INC	1.3
SCOTTISH MORTGAGE TRUST	1.2
ALLIANZGI ARTIFICIAL INTELLIGENCE & TECHNOLOGY OPPORTUNITIES FUND	1.1
EUROPEAN ASSETS TRUST	1.1
CANADIAN GENERAL INVESTMENTS LIMITED	0.9
CANOE EIT INCOME FUND	0.2

<b>Net Receipts (Including Cash)</b>	<b>0.7</b>
<b>Total</b>	<b>100.0</b>

*Numbers are rounded and may not equal 100.*

*Nothing herein should be construed as investment advice or a recommendation to buy or sell any securities.*

*Source: City of London Investment Management*

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