



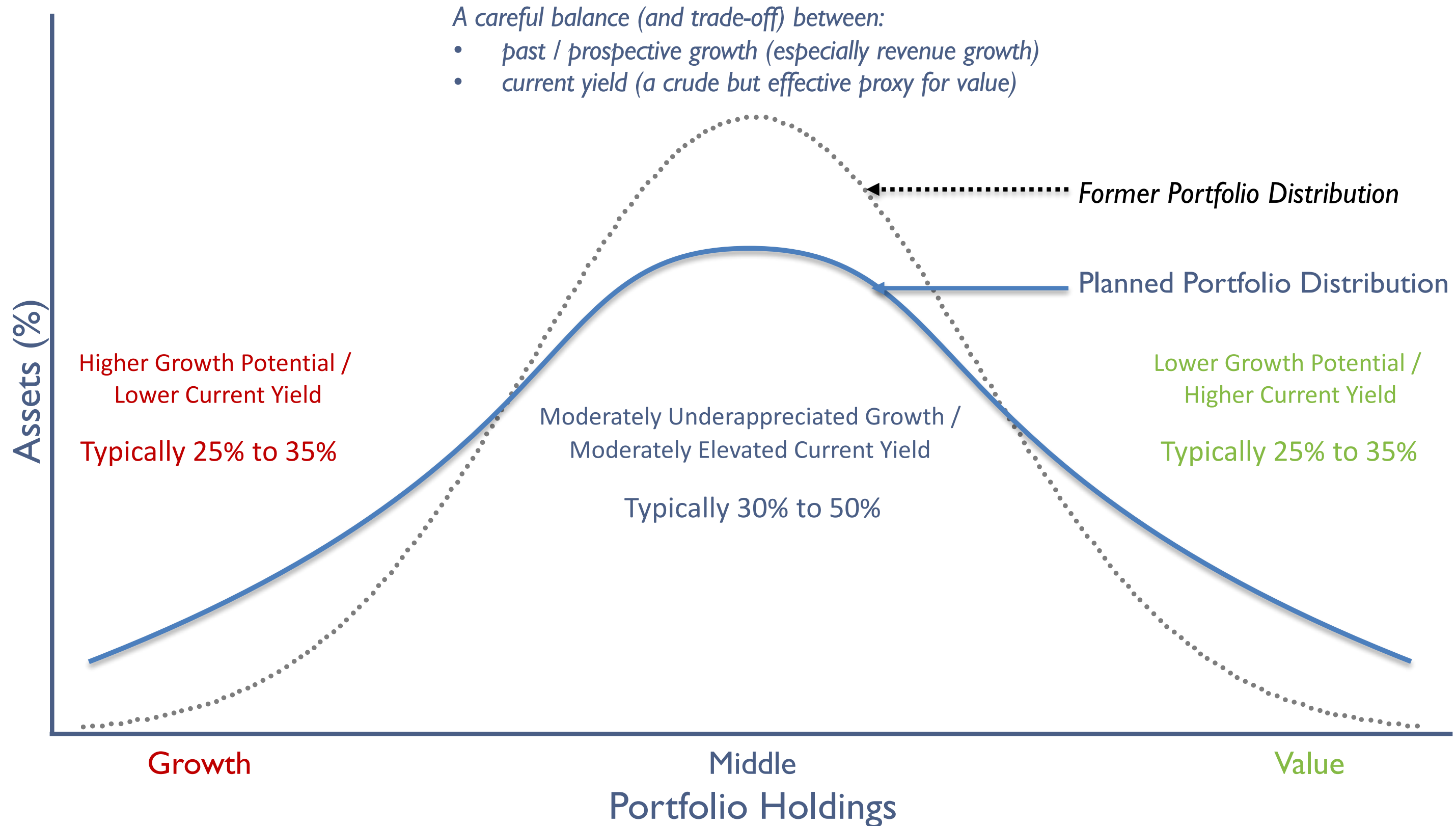
SEAFARER<sup>®</sup>

SEAFARER OVERSEAS GROWTH AND INCOME FUND

Portfolio Briefing

Third Quarter 2018

# Growth and Income Strategy



Past performance does not guarantee future results. The figure presents indicative percentage ranges only. Asset % ranges refer to the "Planned Portfolio Distribution." Source: Seafarer.

# Growth Company Characteristics

- 1. Network Effects:** create a community around a core value proposition
- 2. Global Innovation:** allows continuous scalability
- 3. Local Implementation:** create differentiated competitive advantage
- 4. Value Chain Changes:** increase bargaining power
- 5. Unique Local Culture:** can expand to other countries

# Sources of Value

Seafarer has identified seven distinct sources of value in emerging markets that may give rise to viable opportunities for long-term, value-oriented investments.

| Opportunity Sets             | Source of Value         |   |
|------------------------------|-------------------------|---|
| Balance Sheet                | Balance Sheet Liquidity | Cash or highly liquid assets undervalued by the market                              |
|                              | Breakup Value           | Assets whose liquidation value exceeds their market capitalization                  |
|                              | Management Change       | Assets that would become substantially more productive under a new owner / operator |
|                              | Deleveraging            | Shift of cash flow accrual from debt holders to equity holders                      |
|                              | Asset Productivity      | Cyclical downturn following a period of asset expansion                             |
|                              | Structural Shift        | Shift to a lower growth regime, but still highly cash generative                    |
| Income Statement / Cash Flow | Segregated Market       | Productive, cash-generative assets trading in an illiquid public market             |

Source: Seafarer.



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