SEAFARER OVERSEAS GROWTH AND INCOME FUND

Portfolio Review

Second Quarter 2017

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During the second quarter of 2017, the Seafarer Overseas Growth and Income Fund returned 3.86%.[1] The Fund's benchmark, the MSCI Emerging Markets Total Return Index, rose 6.38%. By way of broader comparison, the S&P 500 Index gained 3.09%.

The Fund began the quarter with a net asset value of $12.39 per share. During the quarter, the Fund paid a semi-annual distribution of approximately $0.107 per share. This payment brought the cumulative distribution, as measured from the Fund's inception, to $1.478 per share.[2] The Fund finished the quarter with a value of $12.76 per share.[3]

Performance

During the second quarter, the benchmark index continued its ascent; gains from the first and second quarter combined meant the index rose 18.60% between the end of December 2016 and the end of June 2017.

The index's gains during the quarter were especially concentrated in technology-related shares: technology shares accounted for 66% of the benchmark's 6.38% gain.[4] Among those technology stocks, China's internet shares dominated the rest. Seafarer estimates that within the benchmark index, only 14 stocks are related to China's internet economy: ten stocks associated with "internet software and services" companies; three stocks associated with "internet marketing and retail" companies; and Naspers, Ltd. Naspers is a South African holding company that derives nearly all its value from its substantial holdings in Tencent, China's second-most valuable internet company, after Alibaba.com.

Those 14 stocks comprise less than 2% of the securities tracked by the index; yet at the end of June, their bloated capitalizations made up 12% of the index's weighting – almost twice the representation of the "FANG" internet stocks within the U.S. stock market.[5] The weighted average return from the 14 stocks was 20.51% during the second quarter, outpacing the 6.38% gain of the index. Collectively, they accounted for 35% of the benchmark's total return. Amid such a speculative environment, the Fund failed to keep pace.

When the market surges, as it did this past quarter, I do not expect the Fund to keep up. I wish it were otherwise. However, the "growth and income" strategy necessarily places the Fund on a conservative path. The strategy pursues growth and income as means to balance risk and reward, and when all goes well, it can realize a portion of the gains produced by the developing world. If successful, it does so with volatility lower than that of the benchmark index. Yet these same characteristics mean the Fund is not poised to capture maximum growth, and therefore it is not primed for gains amid a sharp upswing. I believe the Fund's strategy works well for shareholders over long horizons, but its shortcomings are apparent in the short term.

My decision to omit Chinese internet stocks from the Fund explains a great deal of its relative underperformance versus the benchmark. However, there is more to the story. For the better part of the past year, I have chosen to make Infosys, an India-based technology firm, the Fund's largest holding. Infosys' shares have been weak over the past twelve months, returning -13.7% inclusive of dividends.[6] By contrast, the shares of Tencent rose 58% over the same period.[6] Tencent is the largest single position in the MSCI Emerging Markets Index, so those gains have had a pronounced impact on the benchmark's recent gains. Thus the underperformance of the Fund could be framed as my decision to hold Infosys in lieu of Tencent. In hindsight, my decision has put the Fund at a considerable disadvantage. Yet, in possession of the same facts, I would make the same decision again; indeed, the Fund continues to hold Infosys over Tencent. As such, I would like to offer more detail as to my rationale – why I have had the Fund avoid the Chinese internet sector, and why I continue to favor Infosys over Tencent.

First, some background context on the Chinese internet sector: at first glance, most of its companies appear to display attractive characteristics. For the most part, the companies have experienced steady and impressive revenue growth over the past five years, and some companies seem poised for further expansion. Similar to their peers in the U.S., China's leading internet companies appear to be at the vanguard of nascent markets for online commerce, communications, media and entertainment. While some of the companies may have copied their business models from other parts of the world, a few have demonstrated remarkable capacity for innovation – a capacity that has been lacking throughout most of China's traditional media and technology sectors. Some also enjoy substantial profits on paper. Even though I have chosen to forgo the sector, I applaud its advancement: the sector has improved China's economic efficiency and transparency, and it has offered great benefits to consumers.

Yet as an investor, I am skeptical of the stocks in the Chinese internet sector, for four reasons:

1. In my estimation, valuations of the stocks are inflated.
2. Only a few of the stocks pay dividends; those that do are stingy with them. Likewise, only one company has undertaken large-scale buybacks (Alibaba). Surprisingly, many of the companies are quite indebted. Taken together, these facts throw doubt on the sector's ability to generate cash flow.
3. The companies are not especially competitive. They have grown in a domestic vacuum, sheltered from foreign competition by government intervention and regulation.
4. There is mounting evidence that the management teams of leading companies are under government sway, if not outright control. Public perception suggests that visionary entrepreneurs from the private sector control leading internet companies, not unlike peers in the U.S. In reality, China's internet companies are better thought of as government-engineered monopolies, under state control.

I will offer an explanation for each point.

Valuation

First, with respect to valuations, the Chinese internet stock prices are inflated. Within the sector, the average price-to-earnings ratio was 29.8 at the end of June (relative to earnings for the calendar year 2017). The comparable statistic for the remainder of the emerging markets was approximately 11.2, over 60% lower.

Adjusting for the companies' balance sheet holdings of debt and cash (a common practice) does not improve the comparison. A term used for this purpose is the ratio of enterprise value (known as "EV," and which is equal to equity market capitalization plus total debt, less cash and cash equivalents) to earnings, as measured before interest, tax and depreciation (referred to as "EBITDA"). The Chinese internet sector's future estimate of EV-to-EBITDA is 23.5, whereas all other companies in the emerging markets average 7.3, nearly 70% cheaper. Price-to-book ratios indicate much the same: 7.3 for the internet companies, and 1.4 for the rest (80% cheaper).

As most investors are aware, the Chinese internet sector is undergoing rapid growth. This extraordinary growth accounts for the steep valuations associated with the sector. Yet, in order for investors to be indifferent to the valuation premium, China's internet stocks must grow profits at the current rate for one decade. I may lack the necessary imagination, but I struggle to understand how this could be so. The leading companies are already quite large within China, and I do not believe they have as much

room to compound future growth. I think it is much more likely the companies' expansion is curtailed by regulation or fiat than it persists without interruption.

Cash Returns and Cash Flow

On the second point: the Chinese internet companies are stingy regarding cash returns to investors. Despite producing over $18 billion in profits during 2016, the companies collectively paid out only $1.3 billion to investors in dividends – equivalent to a paltry 7% payout ratio, on average. Obviously, the companies are expanding rapidly; it would be reasonable to assume they wish to retain capital to fund new investment. Yet the sector seems to spend little on capital expenditures – roughly $6 billion in total in 2016, according to my estimates. Where do the remaining profits go? One company, Alibaba, has announced buybacks: about $3 billion per annum, this year and next.

Given the sector's profits, its paucity of dividends, and its modest capital expenditures, it would be natural to assume the sector was accumulating cash at a prodigious rate. Indeed, the sector has roughly $82 billion in cash and other reserves on hand. Yet strangely, the sector also a great deal of debt, roughly $55 billion across the entire group. Furthermore, five of the fourteen companies tracked by the index have more debt than cash and reserves on hand.

I find this odd. Prominent internet companies in the U.S. are not so reliant on debt. Most U.S. firms sit on large piles of cash, and have little or no debt. Why are the Chinese companies so indebted? On a net basis, the companies have a cash surplus of approximately $27 billion, in excess of debt. $27 billion is no small figure, yet relative to the scale of the sector, it is a trivial figure. Why are cash resources so low? Where does all the cash go? Normally, I would assume that low payouts and substantial indebtedness reflected weak cash flow. Perhaps China's internet companies are different, but the data prompts me to question the companies' profitability and liquidity.

Sheltered from Competition

Regarding the third point: I believe the primary reason the sector has prospered is because it has been sheltered from competition by the Chinese government. Certainly, the companies are innovative and entrepreneurial, not unlike their peers in the U.S. However, in my opinion this has not been the main cause of their success. Rather, the Chinese government has seen fit to develop national champions in the sector, and simultaneously block contentious information and content from foreign sources. China blocked Facebook from China; it created restrictions that make it impossible for Google to operate; the government shut down WhatsApp (a Facebook subsidiary), the only major competitor to Tencent's QQ and WeChat platforms; and Twitter and Instagram were banned.[7]

In the short run, the lack of competition is a boon for the sector, because local companies can expand unfettered. Thus far, investors love the ensuing growth. Yet in my experience, the lack of competition is ultimately a critical weakness. Innovation and efficiency will eventually suffer. Consequently, the companies are likely to struggle to enter the global marketplace, and they will likely be limited to operations within China for the foreseeable future.

That is not so bad: China is a large market in itself. Yet it undercuts the companies' opportunities for sustained growth, and it means they will only copy other global firms, never lead.

Control Party Concerns

On the fourth point: the Chinese internet companies are not only willing to collaborate with the government (which must be expected), they are also increasingly under government sway. I think there is increasing evidence that leading companies in the sector are under either indirect or direct government control – and I think this control will hamper their long-term growth prospects (and thus their present valuations look over-inflated).

In my experience, when investing in China, one must remember that "small is beautiful." Investing in small companies has always been equivalent to investing in the private, entrepreneurial elements of the nation's economy. By contrast, investing in large companies inevitably means investing alongside the government. No company becomes very large in China without implicit (or explicit) government approval. China's internet sector has grown large, quickly. The implication is that the sector sought and won the government's favor – yet at what price? I see mounting evidence that China's leading internet companies are under the sway of the government, and possibly under outright control.

In my work, I utilize an analytical technique that I call "control party analysis" to determine which person or entity controls a company. Experience has taught me that it is problematic to assume that a large shareholder, founder, or executive board is in control of a company, regardless of public perception. Instead, I prefer to create a hypothesis as to the identity of the control party, and then use the company's historical transaction record (i.e. financial statements, and major corporate actions and decisions) as evidence to test the hypothesis.

If the evidence supports my hypothesis, I have a working understanding of the control party's identity and motives. Often, but not always, the control party matches public

perception. Sometimes, a hidden hand is at work. If the evidence does not support my hypothesis, I do not know who is in control. Essentially, I attempt to "follow the money" to determine the truth. The technique helps me avoid fawning press reports that hype founders and management. I can better perceive structural problems that might plague the business and its corporate governance.

There is no doubt that China's internet companies were launched by young, visionary entrepreneurs from the private sector. Yet my "control party analysis" suggests the founders' control over their companies is waning. Most of the companies have behaved in a manner that suggests the government holds greater sway, if not outright control. Already, there are numerous cases of targeted chat censorship, intervention in gaming policies, and the use of "big data" to track individuals across online platforms. These interventions suggest the hand of government at work.

Some investors might shrug: they expect such intrusions, and assume nothing about privacy or the freedom of expression in China. The government's creeping influence is taken as the cost that entrepreneurs must pay to pursue an online dream in the Middle Kingdom.

I disagree with such naiveté. China has granted monopolistic status to internet companies in order to form national champions in online commerce, media, communications and payment systems. In the past, such sectors were the domain of state-controlled enterprises. Why would the internet be any different, even if its provenance was of the private sector? The government has not fostered such concentration of power by accident. By engineering the rise of national champions, it can manipulate the economy more effectively, as there are fewer nodes to regulate and control.

An upcoming transaction lays the situation bare. Some of China's most prominent internet companies are poised to make large cash infusions into the state-owned telecommunications sector. The country's telecom operators want to upgrade to a 5th generation network, and the price tag for the sector appears to be approximately $43 billion. Historically, such capital expenditures would be funded through loans, channeled by state-owned banks. As tools of state policy, the biggest banks would distribute low-cost, long-term loans to the telecom operators, with the aim to advance infrastructure and employment. Yet the present is different. One of the major telecom operators, Unicom, is cash strapped and leveraged after years of weak cash flow. Unicom might struggle to raise the necessary funds unless it receives state backing. However, at the same time, China's banks are under pressure to reduce leverage across the economy – and thus fresh loans would be contrary to national policy objectives.

Suddenly and strangely, the country's largest internet companies announced they would help. Tencent, Alibaba, Baidu and JD.com are poised to make a collective investment of up to $12 billion in new equity for Unicom (for reference, Unicom's current capitalization is roughly $34 billion, but only after it conspicuously rose 20% in the preceding four months, just in advance of the news). If the $12 billion equity injection occurs as planned, Unicom will have cash to fund its capital expenditures, and it will do so without new debt. System-wide leverage will decline at the same time, neatly in line with the government's stated policy objectives.

The proposed transaction is serendipitous for the government, but I fail to understand how it makes sense for the internet companies providing the funding. As discussed above, the companies have small capital expenditure programs, collectively spending about $6 billion per year (versus $18 billion in profit). If they are going to cough up $12 billion, shouldn't they prefer initiatives that target high-growth, online industries, and not indebted, struggling telecoms? And what of dividends? As mentioned above, dividends are scant within the sector. If not investing for growth, shouldn't the companies consider returning more cash to shareholders? And what of the sector's indebtedness? As noted above, the sector has $56 billion in gross debt outstanding. Shouldn't those debts be repaid first? Why are these companies bailing out a state-owned telecom?

These facts, when taken together, suggest the government enjoys material sway over the sector. Further, the facts suggest that the government exercises control not only via ad-hoc restrictions and censorship, but also over cash flows and capital allocation. Given the government's past record of intervention in the banking sector, this gives me pause. At best, I know that despite the public image of the Chinese internet sector, it is not made up of growth-seeking companies piloted by visionaries. At worst, I wonder whether the future of the sector will fall short of the potential that investors currently ascribe to it, and whether such inflated valuations will persist.

The Fund has suffered substantial opportunity costs from my decision to omit Chinese internet stocks. However, I will continue to avoid the sector until valuations moderate, and governance risks abate.

Infosys Versus Tencent

With that background out of the way, I can now compare Infosys to Tencent. The case is simple, in my view:

- Both companies enjoy impressive cash profit margins. Tencent's EBIT margin (earnings before interest and taxes, expressed as a percentage of revenues) is extraordinary, at roughly 35%. Yet the margin has been trending lower over time (save for 2016), despite rapid growth and near monopolistic status. By contrast, Infosys has held its EBIT margin steady for years at roughly 25%. It has done so in the face of slowing growth, rising costs, and intense global competition.
- Regarding Infosys' intense global competition: in the short run, such competition hampers the company's growth and profitability. Yet it has seen such competition before, and it has adapted admirably, with little effect on margins. In the long run, the competition has hardened the company, forcing it to become more efficient. It is thus capable of operating in nearly any market in the world, without government subsidy or support. By contrast, Tencent enjoys near-monopolistic status within its various online markets. However, its operations are confined to China, and it is unlikely to ever emerge as a global company. Its future success seems dependent on the government's willingness to curtail competition.
- Infosys has over $5 billion in cash and equivalents on its balance sheet, and no debt. Tencent has about $18 billion in cash and other reserves, and $17 billion in debt.
- Infosys paid over $1 billion in dividends last year, and its dividends are likely to rise in the future. Despite enjoying revenues a bit over double that of Infosys, and profits nearly triple that of Infosys, Tencent paid only $560 million in dividends last year.
- Infosys' management intends to undertake a buyback program, pending regulatory approval. The scale is unknown, but many analysts suggest it will be approximately $2 billion. By contrast, Tencent has undertaken $730 million in buybacks over the past five years, combined.
- With respect to growth potential, Tencent's prospects are no doubt superior: revenues have grown well over 30% per annum over the past five years, and some analysts project the growth rate will accelerate above 40% in the year ahead. If margins at the company expand, profits could grow even faster. Infosys simply does not compare on this measure – demand in its industry has been weak, and it has been under intense competitive pressure for the past two years. Yet despite such pressure, the company has expanded revenues 8.8% over the past three years, and 11.2% over the past five. This is not shabby, especially given that the company has maintained profit margins quite well throughout. Analysts have been disappointed, but they are wont to be. The analysts had artificially high expectations for the company, and they are disappointed because they failed to anticipate its deceleration. By contrast, my expectations have always been modest, and the company continues to exceed them. I believe it is a mark of excellence to grow above 7%, even at large scale (Infosys has revenues in excess of $10 billion), and to do so when under pressure, and without material margin erosion.
- Tencent's valuation, in the simplest terms, is high. Its enterprise value relative to EBIT is presently above 43, with a 0.2% dividend yield. The stock may present substantial opportunity for growth, but it is unattractive with respect to the income characteristics that the Fund seeks to provide. By contrast, Infosys has a EV-to-EBIT ratio of 11, with a 2.6% dividend yield. Infosys offers an attractive balance between growth and yield, especially if the company marginally outpaces expectations for its growth.

Tencent has many admirable financial characteristics, but I have my doubts. I prefer Infosys: it is a seasoned, experienced company; it operates highly profitably across the globe; it is very competitive wherever it is present; it generates remarkably steady cash flow; it is debt-free; it is engaged in the meaningful return of cash to its shareholders; it is not beholden to state interests, or dependent on state subsidy or protection; and it is much, much cheaper.

Allocation

During the second quarter, the Fund established a new position in Richter Gedeon, a pharmaceutical company based in Hungary. The company has a market capitalization that is a bit over $4 billion, with annual sales of roughly $1.3 billion.

I was drawn to Richter Gedeon because it has managed a feat accomplished by few other pharma companies in the emerging markets: it has built meaningful global scale. Its products are available throughout Western Europe, the U.S. and China, in a total of 38 countries; it has meaningful marketing relationships with reputable global pharma partners; and less than 10% of its sales are garnered from its home market in Hungary.

The company's history was built around generic drugs – both branded and unbranded – but over the past decade it has made substantial inroads into new therapy areas via a combination of internal research and development and the external acquisition of drug portfolios. It now offers portfolios of branded drugs that target two specialty therapy areas: women's health and the central nervous system. The company has a record of conservative management practices, striking a careful balance between cash flow and investment in research and acquisition. Its EBIT margins are reasonably strong, consistently above 10%, and it has a time-tested dividend policy that has

recently grown a bit more generous. I believe its global breadth, research capability and therapy specialties will contribute to steady growth over the long-term, and likely lift margins a bit along the way.

Outlook

In past reviews, I have noted that growth rates for corporate earnings in the developing world appear to be recovering. At the outset of the year, the consensus expectation for profit growth was 13%. As of the end of June, the forecast was revised upwards to 20%, suggesting that a sharp acceleration is underway. Personally, I am concerned that while growth is recovering, it might not meet such lofty expectations. Still, Seafarer's research suggests the recovery is broad-based – and therefore more likely to persist.

One year ago, the recovery was tepid, as it was narrowly focused on the commodity sector. Now, data suggests that the recovery in growth has spread well beyond commodities. Inbok Song, Seafarer's Director of Research, measured the percentage of companies that out-performed earnings expectations in the third quarter of 2015, and again 18 months later, in the first quarter of 2017. The percentage of companies that exceeded expectations has risen markedly above 50% in most sectors in the first quarter of 2017, whereas 18 months ago most sectors except commodities hovered around or just below 50%. We believe this data shows that the breadth of the recovery has improved. Importantly, consumer-oriented sectors are experiencing growth, and this suggests the recovery may persist, as it shifts from exported commodities to domestic sources of demand.

This is good news, and it lends credence to the revisions of earnings growth expectations mentioned above. Still, there is a rub: Inbok's data indicates a broad-based recovery across sectors, but it is a two-speed recovery with respect to company size. Her dataset reveals that large companies are much more likely to outperform expectations than small and medium-size firms. In some sectors, smaller companies recorded percentages below 50% – in other words, more than half of the companies measured are failing to meet expectations. All of this suggests a two-speed recovery, one that favors the large over the small. Unfortunately, I see this trend manifest in some of the Fund's small-cap holdings.

Personally, I cannot recall a time when large companies led a recovery in earnings growth. In my experience, nimble small and medium-size companies are first to resume growth – though even within Seafarer there are different views as to whether small or large companies recover first after a period of economic stagnation. However, if my experience is any guide, this recovery is different. For all its breadth, I do not yet assume the recovery is as stable as it appears.

I worry and speculate about the explanation for our findings: how can a broad-based recovery be underway, and yet smaller companies are lagging? I am concerned that there is something a bit artificial about it all, as the recovery seems concentrated on companies and industries that are central to China's economic success. Given that it is a year of political transition in China, I wonder whether political forces have, at least marginally, distorted stock markets and financial results to the upside. Further, I wonder what will happen when the political intrigue in China subsides, as it is scheduled to do next year. Whatever the cause, we will have evidence the recovery is on firm footing when small and medium-size companies also report healthy results. Until such time, I believe moderate caution is necessary.

Thank you for entrusting us with your capital. We are honored to serve as your investment adviser in the emerging markets.

Andrew Foster
Chief Investment Officer
Seafarer Capital Partners, LLC

July 25, 2017

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[1] References to the "Fund" pertain to the Fund's Institutional share class (ticker: SIGIX). The Investor share class (ticker: SFGIX) gained 3.85% during the quarter.

[2] The Fund's inception date is February 15, 2012.

[3] The Fund's Investor share class began the quarter with a net asset value of $12.36 per share; it paid a semi-annual distribution of approximately $0.105 per share during the quarter; and it finished the quarter with a value of $12.73 per share.

[4] Seafarer's analysis suggests that 66% of the 6.38% return of the MSCI Emerging Markets index was due to technology shares, comprised of the following constituents: the Information Technology Sector (GICS classification system), the Chinese Internet Retail Industry (classified as Consumer Discretionary under the GICS system), and Naspers, Ltd. (a South African media company that is effectively a holding company for Tencent, China's largest internet company).

[5] "FANG" is an acronym, and it is market-based jargon to describe four prominent technology stocks in the U.S. market that represent the growth and gains of the U.S. internet industry. Those stocks are Facebook, Amazon, Netflix, and Google (now Alphabet, Inc.). Collectively, the FANGs comprised approximately 6.3% of the MSCI U.S. Index as of June 30, 2017. It is not possible to invest directly in this or any index. Source: Bloomberg.

[6] Measured as total return, inclusive of reinvested dividends, from 6/30/16 to 6/30/17 in U.S. dollars. Source: Bloomberg.

[7] Mozur and Zhang, "Silicon Valley Giants Confront New Walls in China," *The New York Times*, 22 July 2017.

Glossary

EBIT is an acronym that refers to "Earnings Before Interest and Taxes." It is calculated as follows:

EBIT = Operating Revenues – Operating Expenses (excluding interest and taxes).

EBIT is sometimes referred to as "operating earnings" or "operating profit," and it is often used as a basic measure of a company's "core" profitability. EBIT cancels the effect of different capital structures on profitability: differing capital structures can give rise to differing levels of financial income and expense, and taxation. By referring to EBIT in lieu of net profits, investors might be in better position to gauge a firm's "core" profitability, and to make cross-company comparisons.

EBITDA is an acronym that refers to "Earnings Before Interest, Taxes, Depreciation and Amortization." It is calculated as follows:

EBITDA = Operating Revenues – Operating Expenses (excluding interest, taxes, depreciation and amortization).

EBITDA is used as a very rough proxy for a company's ability to produce gross cash flow (cash flow itself being a proxy for a company's profitability). Analysts often utilize EBITDA because it is easy to calculate, and because it is fairly comparable from one company to another. EBITDA is a very superficial, basic measure, and consequently it might not always serve as an accurate guide to a company's long-term profitability; however, one of its chief benefits is that it precludes many of the accounting and financial decisions that a company's management might utilize to influence (or even distort) ordinary operating profits.

Enterprise Value (EV) is the aggregate value of a company as an enterprise. Enterprise value is equivalent to the sum of the capitalization of the company's debt and its equity, less cash and cash equivalents. Enterprise value measures how much a potential acquirer would pay to take over the company.

FANG is an acronym that refers to four prominent technology stocks in the U.S. market – Facebook, Amazon, Netflix, and Google (now Alphabet, Inc.) – that represent the growth and gains of the internet industry.

Price to Book Value (P/BV) Ratio is the market price of a company's common shares, divided by the company's book value per share.

Price to Earnings (P/E) Ratio is the market price of a company's common shares divided by the earnings per common share. The Price to Earnings ratio may use the earnings per common share reported for the prior year or forecast for this year or next year (based on consensus earnings estimates). (Source: Barron's Dictionary of Finance and Investment Terms, 1995)

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The performance data quoted represents past performance and does not guarantee future results. Future returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. View the Fund's most recent month-end performance at www.seafarerfunds.com/funds/ogi/performance.

The MSCI Emerging Markets Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested), USD is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. Index code: GDUEEGF. It is not possible to invest directly in this or any index.

The S&P 500 Total Return Index is a stock market index based on the market capitalizations of 500 large companies with common stock listed on the NYSE or NASDAQ. It is not possible to invest directly in this or any index.

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As of June 30, 2017, Infosys comprised 5.6% of the Seafarer Overseas Growth and Income Fund and Richter Gedeon comprised 3.1% of the Fund. The Fund had no economic interest in Naspers, Ltd., Tencent, Alibaba.com, Facebook, Amazon, Netflix, Google (Alphabet, Inc.), WhatsApp, Twitter, Instagram, Unicom, Baidu, and JD.com. View the Fund's Top 10 Holdings at www.seafarerfunds.com/funds/ogi/composition. Holdings are subject to change.

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