

## Market Review

- Emerging markets stocks were slightly down in February with markets diverging sharply.
- Continued signs of economic recovery bolstered some markets in Asia and Latin America, while debt-related worries, pockets of political uncertainty and general risk aversion weighed on Eastern Europe and parts of the Middle East.
- Materials and consumer stocks led overall. Technology firms, particularly semiconductor manufacturers, declined the most, following steep gains in 2009.
- Latin American equities outperformed during the month. Brazilian stocks climbed nearly 4%, buoyed by commodity heavyweights Petrobras and Vale. Petrobras benefited as Brazil's legislature considered a bill to grant the state-controlled company more offshore oil reserves in exchange for increased stock in the firm. Meanwhile, steadily rising spot prices for iron ore helped boost Vale; the iron ore producer signalled that it might break from annual contract negotiations with steelmakers given signs that spot prices will most likely continue to rise.
- Mexican equities rallied 3.5%, helped by banks, infrastructure-related companies and several consumer stocks. Elsewhere in the region, a major earthquake in Chile left at least 700 dead, shut down some roads and other infrastructure and disrupted mine production.

- Asian markets had mixed returns. The People's bank of China lifted bank reserve requirements another 0.5% to 16.5% on the eve of the week-long Lunar New Year holiday, following a similar increase that triggered a global sell-off last month. Some Chinese banks sought to replenish assets through share offerings on the heels of record lending in 2009 amid tighter regulations, with Bank of Communications announcing plans to raise up to US\$6.15 billion.
- Indian stocks ended in positive territory, spurred by the release of the government's fiscal budget, which underscored its intention to cut the nation's deficit by more than one percentage point to 5.5% of GDP.
- Turkish stocks plunged 13% amid rising political uncertainty. Russian stocks trailed, with Gazprom shares falling sharply. The oil producer finalised plans to build a US\$10 billion pipeline to Western Europe, bypassing Ukraine, and announced it would allow spot prices to govern up to 15% of sales for some European customers.

## Fund Results

Performance in AUD

	Month
NCP-Capital International Emerging Markets Equity Trust	-0.47%
MSCI Emerging Markets Index with net dividends reinvested	-0.39%
<b>Value Added</b>	<b>-0.08%</b>

### Contributors

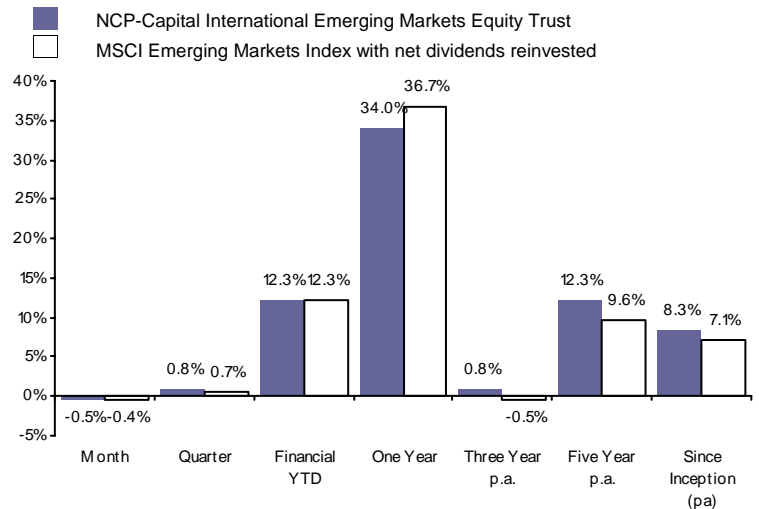
- Stock selection in Financials (Sberbank, ICICI)
- Stock selection in Information Technology (BYD)
- Overweight exposure to Consumer Staples

### Detractors

- Stock selection in Energy (Reliance, Petrobras)
- Underweight exposure to Materials
- Underweight exposure to Health Care

## Risk Information (4)

Standard Deviation (%)	17.61
Tracking Error (%)	4.33
Information Ratio	0.31



(1) Market value of the investment as at month end was \$387.45 Million

(2) Inception date is 31 October 1997. All returns are Gross.

(3) Benchmark = MSCI Emerging Markets Index with net dividends reinvested.

(4) Calculations based on monthly calculations over rolling 3 year periods

(5) This portfolio does not allow hedging and has a maximum cash weighting of 5%

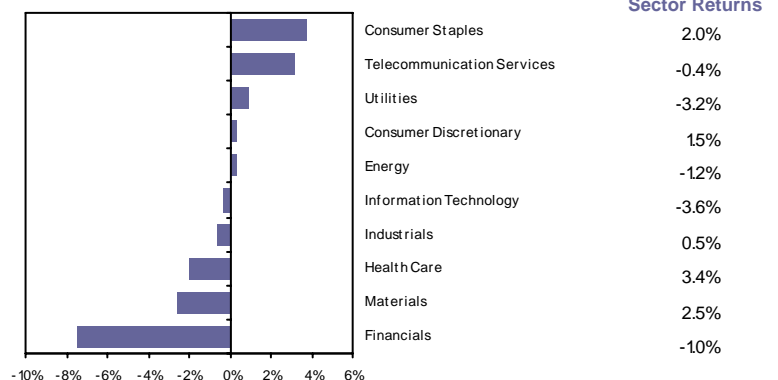
## Fund Composition

### Top 10 Holdings

	Sector	Country	%
Reliance Industries	Energy	India	4.4
Samsung Electronics	Information Technology	South Korea	3.3
America Movil	Telecommunication Services	Mexico	2.8
Gazprom	Energy	Russia	2.6
China Shenhua Energy	Energy	China	2.3
HDFC Bank	Financials	India	2.2
Sasol	Energy	South Africa	2.1
LG Chem	Materials	South Korea	1.8
United Spirits	Consumer Staples	India	1.6
Vale SA	Materials	Brazil	1.6

## Sector Diversification

- Underweights / Overweights versus MSCI World



Index Return: **-0.4%**

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