SYNOPSIS

Total Performance to 30 September 2022

	Fund[1] %	Benchmark[2] %	Variance %	Peer Group[3] %
Past 3 months	-11.9	-13.8	1.9	-12.5
Past 6 months	-12.9	-21.6	8.7	-20.4
Past 12 months	-22.4	-28.7	6.3	-29.0
Since inception	-20.6	-26.4	5.8	-26.8

[1] Based on Class R performance return. The Fund was incepted on 27 July 2021.
[2] MSCI All Country Asia ex-Japan Net Total Return Index.
[3] Asia ex-Japan Equity Morningstar category.

PORTFOLIO VALUE

$94.8 million (30/06/2022: $106.7 million)

INVESTMENT OUTLOOK

Corporate margins and earnings to decline
Inflationary pressures to persist
Recession now expected in base case
Central banks remain hawkish and steadfast on reining in inflation
Developed market valuations not yet pricing in recession
China's PBOC one of few central banks easing monetary policy
Asian bourses attractive versus global peers
Geopolitical risks remain elevated

MARKET BACKGROUND AND OUTLOOK

- Global economic growth expectations continued to ratchet down on rising global interest rates, increasingly hawkish central banks and elevated geopolitical tensions — a recession is becoming increasingly likely with the Conference Board now forecasting that 2023 real GDP will slow to 0.3% (previously 1.4%) year-on-year while Europe confronts a war related energy crisis and China endures the consequences of its COVID-zero policy and a troubled property sector

- The US Federal Reserve hiked short-term rates again in September (the third consecutive 75 basis point increase and a cumulative 3% since March of this year) marking the fastest pace of tightening since the summer of 1980 — consensus corporate earnings forecasts have yet to fall, despite markets pricing in a further 1.5% increase in US rates into the end of the year

- Inflation prints receded from their peaks as the base effects of the Russia/Ukraine war related energy and food price shocks started to abate and lockdown related global supply chain constraints continued to normalise — market expectations for US inflation to fall back to the 2% level by 2023/24 is likely overly optimistic given the breadth of price pressures and the strength of the US labour market in particular

- Developed market bond yields continued to rise as financial conditions tightened on higher inflation, rising short-term interest rates, central bank quantitative tightening and a strong US dollar — the substantial $1.4 trillion EU & UK fiscal stimulus to ease the energy price shock on consumers will be more than offset by the withdrawal of global liquidity as the massive crisis era fiscal and monetary stimulus policy settings continue to unwind

- The Bank of England was forced to intervene as the combination of very high inflation, sharply rising interest rates and a fiscally irresponsible mini-budget resulted in the UK gilts market all but seizing up as UK pension fund liability-driven investment strategies struggled to trade — instances of financial market dysfunction are likely to become more frequent as monetary conditions tighten and credit spreads rise following years of financial largesse

- Despite early signs of a relaxation in China's regulatory blitz, an increase in infrastructure investment spending and the re-opening of the Macau resorts to domestic travellers, the COVID-zero policy, elevated youth unemployment and property market troubles remain headwinds to growth — no meaningful policy changes are likely prior to the 20th National Congress of the Chinese Communist Party to be held in October, at which the next five-year plan will be announced, an important marker for global economic growth permutations.

- Industrial commodity prices have weakened sharply from their June all-time highs on falling economic growth expectations and fading base effects — while energy prices are lower, they are likely to remain relatively well bid in the medium term given substantial supply-side under-investment and elevated geopolitical tensions, while the gold price will remain under pressure from rising real yields and a strong dollar

- The US dollar continued to surge, supported by the relative strength of the US economy and rising interest rate differentials against all the other majors — dollar strength should continue in the current environment given its positive carry and safe-haven appeal during periods of heightened financial market volatility and economic stress.

MANAGER COMMENTARY (PERCENTAGE RETURNS IN US DOLLAR UNLESS OTHERWISE STATED)

Performance drivers

Asia ex Japan equities fell in tandem with global equities over the third quarter on rising inflation, higher interest rates and economic slowdown concerns. Geopolitical tension surrounding Russia/Ukraine and China/Taiwan also weighed on sentiment.

Over the period, Chinese (-22.5%) and Hong Kong equities (-17.0%) were amongst the worst global performers. Despite increasingly stimulative monetary conditions, the persistent COVID-zero policy, regulatory crackdowns, housing sector woes and geopolitical concerns continued to weigh on China's risk assets. In Hong Kong, although quarantine measures were relaxed, overall sentiment was dominated by poor news flow surrounding its management of COVID-19 and general loss of allure as a key financial centre. Outflows continued in South Korea (-16.4%) as investors sold the export-driven market on rising fears of a global economic slowdown.

While the pace of interest rate hikes by the US Federal Reserve kept investors wary, India and Indonesia ended the quarter in positive territory. As a net importer of energy, Indian equities (+6.5%) showed resilience as oil prices fell during the quarter. Indonesian bourses (+7.8%) continued their year-to-date resilience against Asian peers led by the healthcare, energy and financials sectors. Positive corporate earnings, less aggressive interest rate hikes and elevated commodity prices continue to support the country's market sentiment and portfolio flows.

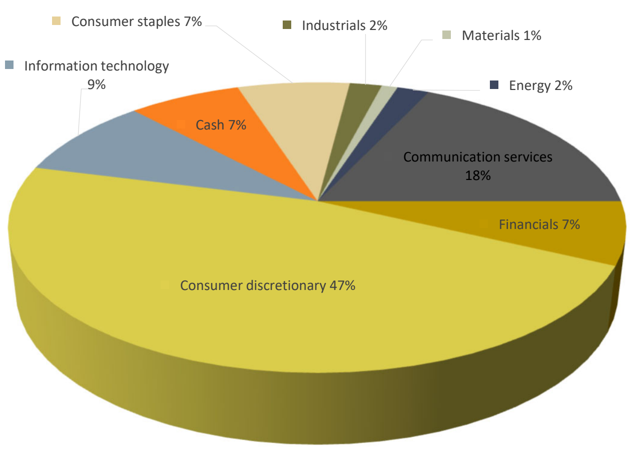
The fund (-11.9%) outperformed the MSCI Asia ex Japan (-13.8%) benchmark over the quarter. Year-to-date, the fund (-17.2%) also proved resilient on a relative basis, declining significantly less than the MSCI Asia-ex-Japan benchmark index (-27.9%).

Stock selection was key to outperformance over the quarter. The largest contributors included positions in off-benchmark names such as South Korean e-commerce platform, Coupang Inc (+30.7%) and Singapore-listed industrial conglomerate, Jardine Cycle and Carriage (+17.2%). The overweight, high-conviction position in Indian consumer staple conglomerate, ITC Ltd (+17.9%) was also accretive.

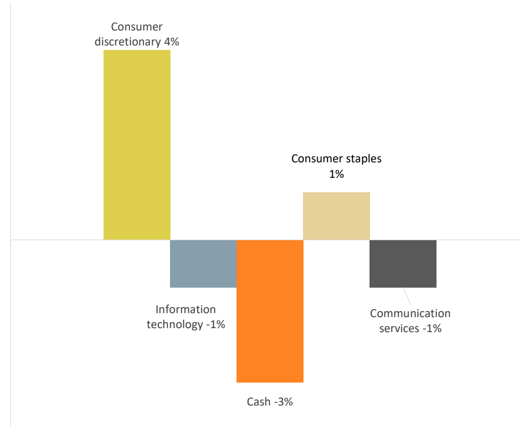
The fund's top detractor was China based internet search firm, Baidu Inc (-23.2%) which fell on indiscriminate selling of the entire communications services sector. The fund remains invested in the company, which is well entrenched as China's most popular search engine platform. In addition, the managers see opportunity in its "In-App" advertisement growth, the monetisation of cloud services and its Intelligent Driving project.

PORTFOLIO STRUCTURE

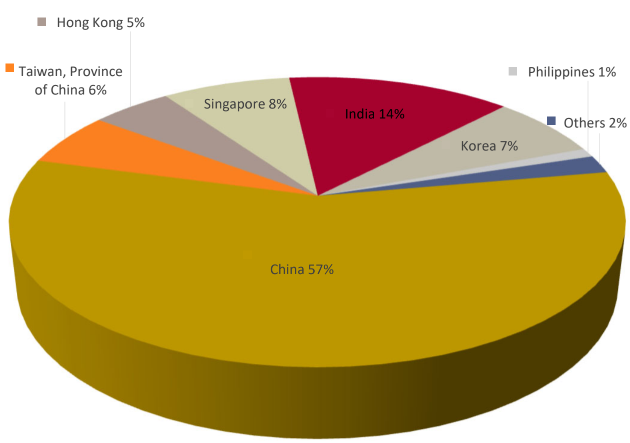
Exposure Analysis



Changes in composition



Geographical Region Exposure Analysis



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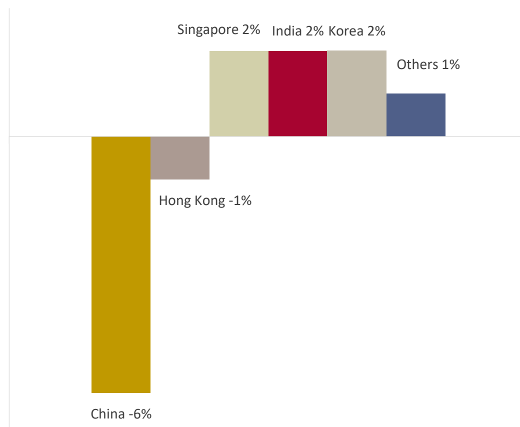
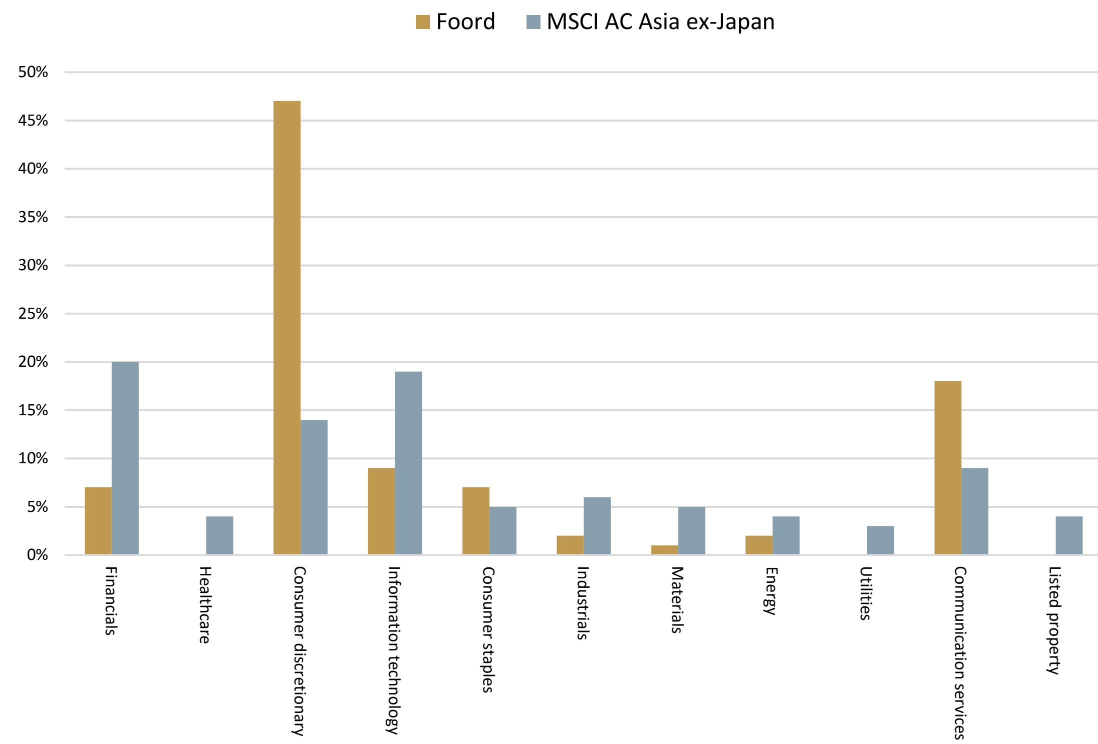


Relative to Benchmark



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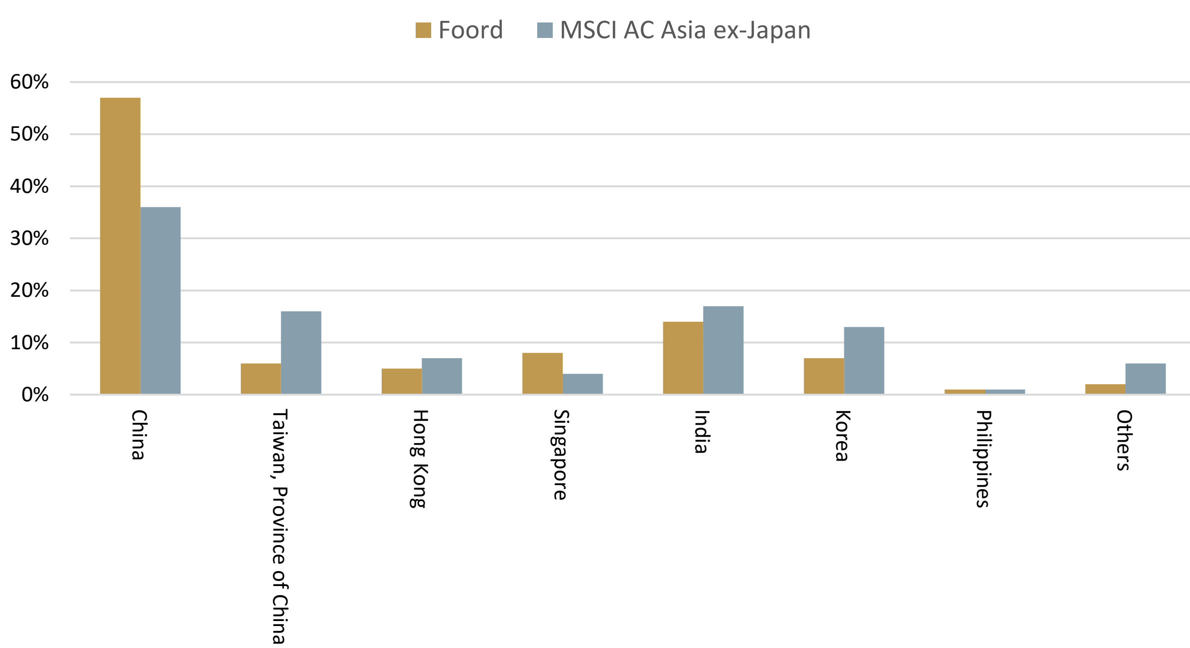

FUND CONSTRUCTION

- We maintain a material weight to Chinese equities where corporate valuations are among the most attractive globally and are coupled with some of the highest earnings growth rates — the regulatory headwind felt most acutely in the technology sector over the previous months appears to be abating

- The fund's Chinese investments are concentrated in the technology, consumer discretionary and financials sectors — investments across e-commerce, online travel agencies, gaming and other digital services will continue to see structural growth over the next decade

- Consumer discretionary is the fund's largest sector allocation — these investments are poised to benefit as Asian consumers are set to account for 70% of the world's middle-class cohort in less than a decade

- The fund's holdings are concentrated in best-in-class management teams where good corporate governance and alignment with shareholder interests can be maximised — respect for sound corporate governance in the region has, at times, lagged global peers

- The fund's cash position remains material and unchanged — allowing the fund managers to take advantage of investment opportunities likely to be thrown up by the expected volatility

VOTING RESOLUTIONS

We apply our minds to every single resolution put to shareholders. We do not abstain unless it would be for strategic or tactical reasons.

We typically vote against any resolution that could dilute the interests of existing shareholders. Examples include placing shares under the blanket control of directors, authorising loans and financial assistance to directors, associate companies or subsidiaries and blanket authority to issue shares. On the rare occasion, we have voted in favour of such resolutions, we were able to gain the required conviction in the specifics of the strategic rationale for such activities and could gain comfort that such activities are indeed to be used to the reasons stated.

The firm also has a strong philosophy regarding management remuneration models. We believe in rewarding good managers with appropriate cash remuneration on achievement of relevant performance metrics that enhance long-term shareholder value. We are generally not in favour of share option schemes given the inherent asymmetry between risk and reward typical of such schemes. In addition, we do not believe that existing shareholders should be diluted by the issuing of new shares to management as is the case with most option schemes. We are in favour of the alignment created between management and shareholders when management has acquired its stake in the company through open market share trading and paid for out of management's own cash earnings.

	Total count	For (%)	Against(%)	Abstain(%)
Adopt financials	3	100	-	-
Auditor/Risk/Social/Ethics related	6	100	-	-
Buy back shares	1	100	-	-
Dividend related	3	100	-	-
Issue shares	1	100	-	-
Re/Elect Director or members of supervisory board	21	100	-	-
Remuneration Policy including directors' remuneration	2	100	-	-
Signature of documents/ ratification	1	100	-	-

I HASSEN/ JC XUE
October 2022

Disclaimer:

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Performance, net of fees, is calculated for the portfolio on a single pricing basis (i.e. NAV to NAV rolling monthly basis). Since inception, no subscription fees or realisation fees were charges, and no dividend or distributions were declared or made by the fund. Individual investor performance may differ as a result of the actual investment date. Past performance of the fund is not indicative of its future performance.

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