

SYNOPSIS**PORTFOLIO PERFORMANCE**

	<u>Fund¹</u>	<u>Benchmark²</u>	<u>Variance</u>	<u>Peer Group³</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Past 3 months	14.3	11.4	2.9	9.3
Past 6 months	0.7	-4.1	4.8	-4.4
Past 12 months	-5.4	-19.7	14.3	-21.3
Since inception	-9.2	-16.3	7.1	-17.8

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

\$108.5 million (30/09/2022: \$94.8 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

- Asia ex-Japan equities (+11.4%) rebounded as a relatively modest deceleration in inflation was met with the best monthly equity market performance of the year (November +7%) — our outlook for global developed market equities is not as sanguine given that inflation remains high and a recession likely, neither of which appear to be discounted in valuations
- The US Federal Reserve increased short-term interest rates again in December though at a moderated pace of 50bp coincident with a further rise in committee members' terminal rate expectations to 5.1% — investors continue to price equities for a 2023 decrease in rates despite the current dot plot foretelling no decline until 2024
- Inflation began to abate as the base effects of the Russia/Ukraine war and lockdown on global supply chain constraints continued to normalise — the realisation that inflation not only remained high but has also seemingly taken hold in the services component may well weigh on markets in the months to come
- While developed market bond yields were little changed, volatility weighed on credit markets as investors attempt to determine and digest where markets are in the rate cycle — having previously intimated the unrelenting pace of rate increases would slow, Chairman Powell this month reminded investors that a slowing pace in no way portends a reduction in resolve
- An unexpected doubling of the Bank of Japan's cap on the benchmark yield in December led to the largest ever withdrawal by non-resident investors now beginning to position for a BOJ policy pivot — despite the raising of the cap, BOJ officials to date remains resolute in guarding their yield curve control policy
- Though elevated youth unemployment and property market headwinds remain, the rapid reversal of China's covid-zero policy has driven Chinese bourses to their best two-month return — tailwinds are likely to continue in 2023 as government stimulus coupled with inexpensive valuations create a constructive combination
- Industrial commodities and precious metal prices rebounded strongly during the quarter as China's reopening buoyed copper (+10.6%) and iron ore (+13.2%) — gold (+9.5%) and silver (+25.9%) rose on the back of a tapered pace of interest rate increases and the resultant weaker US dollar
- The US dollar weakened against the British pound (+7.8%), euro (+8.9%), and Japanese yen (+9.7%) as investors anticipate the peak in interest rate differentials may now be behind them — other currencies once again offer reasonable alternatives to holding the greenback

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

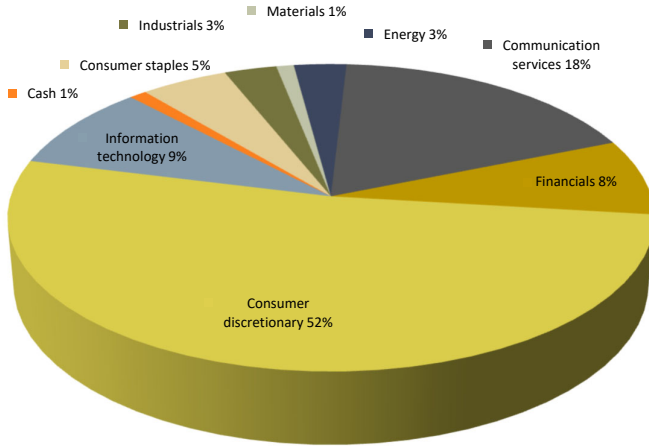
The fund rose (+14.3%) and outperformed its benchmark Chinese stocks were a major driver of performance due to earlier-than-expected China reopening, China's Central Economic Work Conference policy shift in favour of Privately Owned Enterprises and the platform economy, easing property regulations, and the US Congress Public Company Accounting Oversight Board's positive annual assessment of Chinese listed firms.

Over the quarter, higher allocation to and stock selection in Consumer Discretionary and Communication Services drove outperformance. Trip.com (+30.5%) rose on expected rise in domestic and international travel post China's re-opening, while Tencent Music Entertainment (+103.9%) benefited from a reduction of delisting fears after a favourable accounting review by US sanctioned accounting authorities.

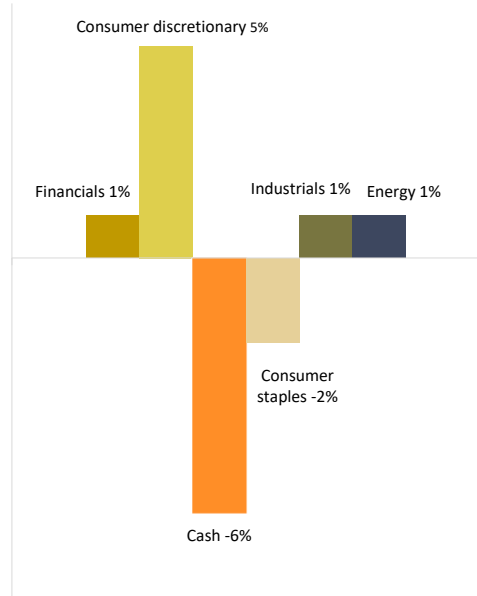
The fund (-5.4%) also outperformed the index (-19.7%) in the current year.

PORTFOLIO STRUCTURE

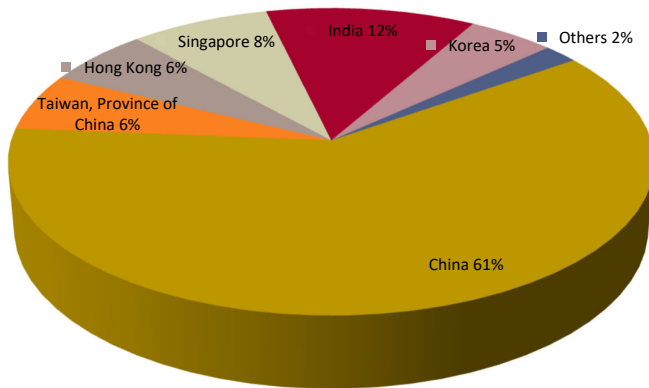
Exposure Analysis



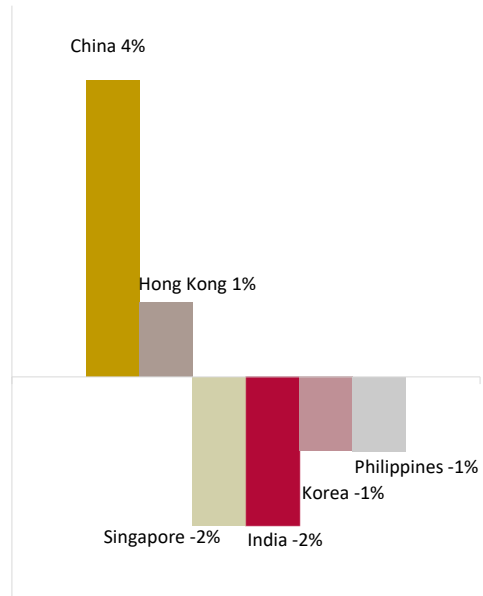
Changes in composition



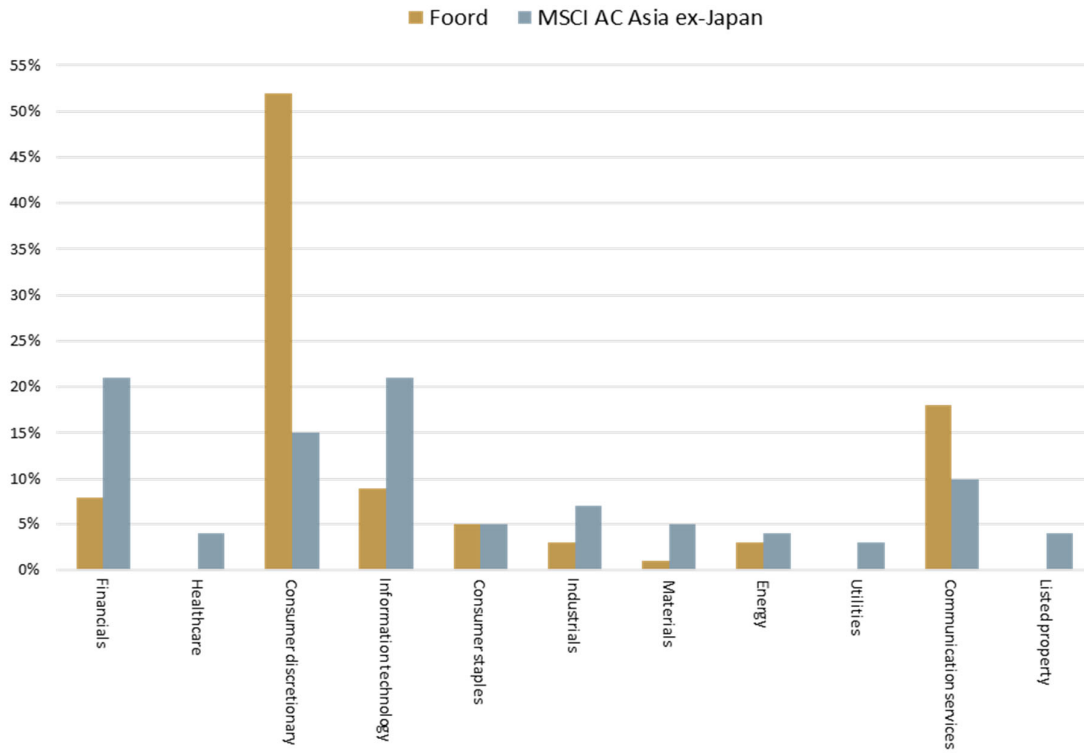
Geographical Region Exposure Analysis



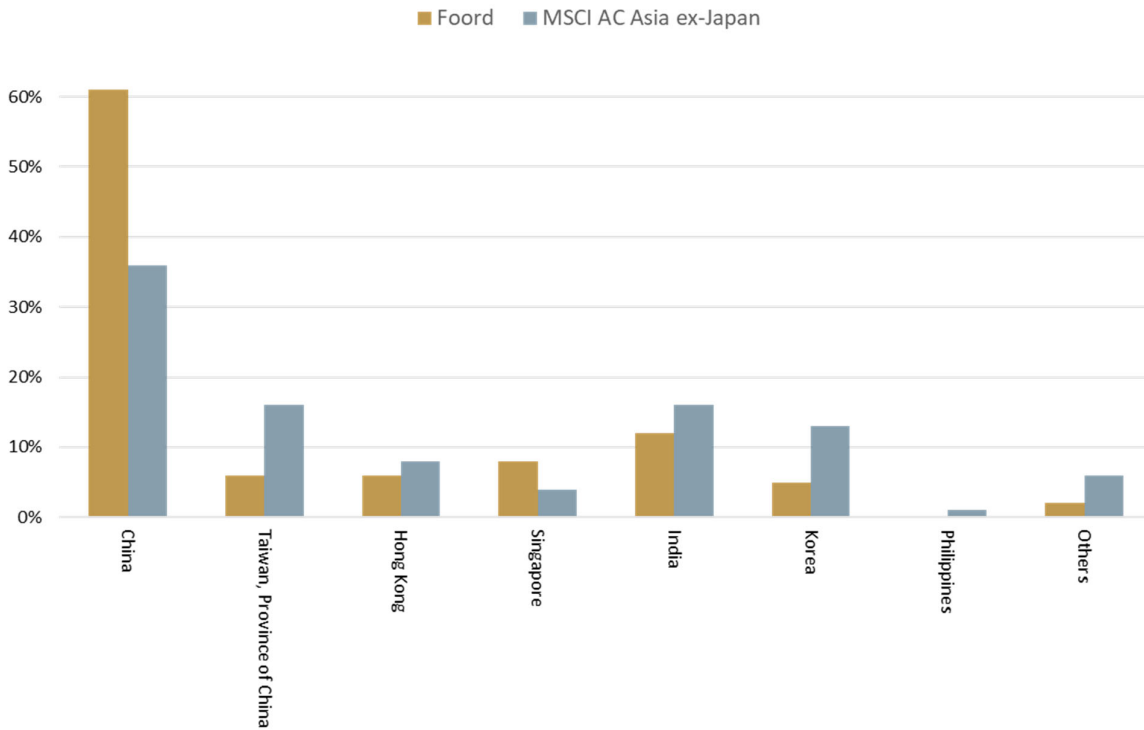
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Relative to Benchmark



Relative to Benchmark



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 maintains a healthy cash position to take advantage of expected volatility and market dislocations

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(%)
Buy back shares	1	100	-	-
Issue shares	2	-	100	-
Political expenditure or donations	2	50	50	-
Re/Elect director or members of supervisory board	6	100	-	-
Remuneration policy including directors' remuneration	5	20	80	-
Signature of documents/ ratification	3	33	67	-

I HASSEN/ JC XUE
January 2023

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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