



FAM Global Income Strategy

31 August 2023

Our Strategy

Bond markets experienced a massive reset in 2022 when the US Federal Reserve embarked on the fastest interest rate hiking cycle in modern history, bringing great opportunities for long-term fixed income investors. The FAM Global Income (FGI) strategy is designed as a choice for investors who recognize that the opportunity also comes with a more unpredictable landscape going forward. FGI's focus on assets beyond traditional markets and asset classes aims to generate **multiple streams of truly diversified and solid income** with the potential for capital appreciation to fulfill investors' needs in a time of higher inflation.



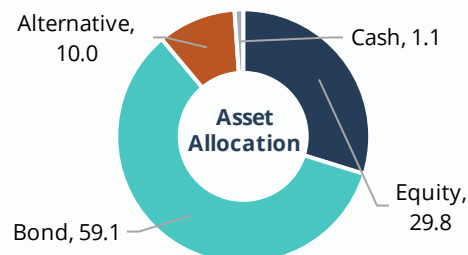
Multi asset holding
beyond traditional
fixed income and equity



Generate solid
income targeted at
6% per annum

FVT

Focus on **undervalued**
opportunities with good
fundamentals in
sustainable trends

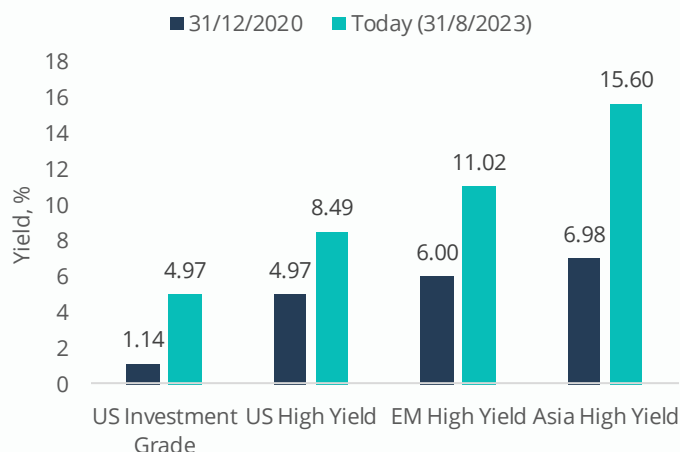


Enhanced Income Solution

Since July 2023, FGI has focused its strategy on taking advantage of the higher interest rate environment. By going beyond common Developed Markets into underappreciated Emerging Markets and Alternative assets, the strategy captures attractive solid income from diversified sources across global markets.

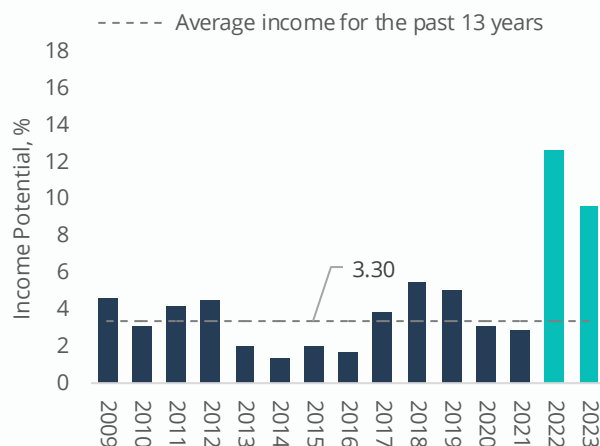
Embrace higher yields in underappreciated markets

Compared to more common Developed Market bonds, Emerging Market and Asia High Yield bonds are higher yielding options, providing solid income with potential upside.



Income potential from Alternative Assets

Non-market related (-0.01 correlation) investment is giving around 10% income in years 2022 and 2023 compared to the average 3.3% average income over the past 13 years.



Source: Bloomberg, Morningstar. **(Left)** US Investment Grade: Bloomberg US Agg Yield. US High Yield: Bloomberg US Corporate HY Yield. EM High Yield: Bloomberg Emerging Markets HY Yield. Asia High Yield: Bloomberg Asia HY Yield. **(Right)** Income potential: Swiss Re Cat Bond Yield.

Historical Performance

Calendar Return, %

Class	Aug 2023	Jul 2023	Strategy Focus: Income	2023 Jan - Jun	2022	2021	2020	2019
A SGD	-1.73	0.24		-1.28	-13.95	-1.65	4.40	8.44
A USD	-1.52	0.41		-0.26	-13.59	-1.33	5.09	9.52
Yield to maturity	6.94	7.83		-	-	-	-	-

Source: Finexis Asset Management. Share class performance is calculated using NAV of the share class with income reinvested and including ongoing charges, excluding any entry and exit fees.

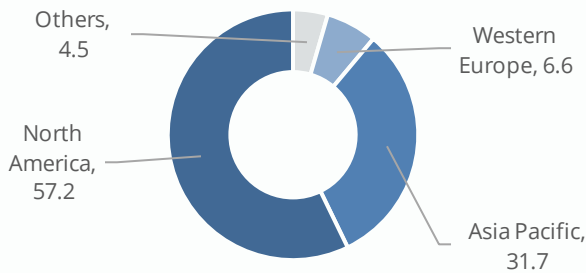
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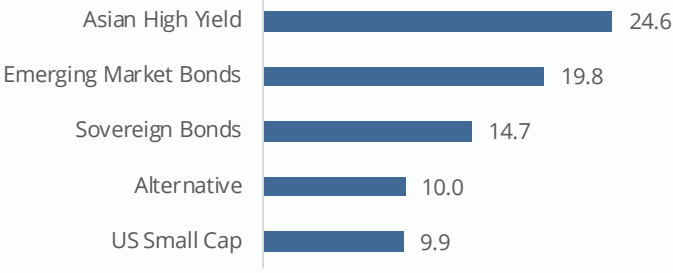
Finexis Asset
Management

Strategy Characteristics

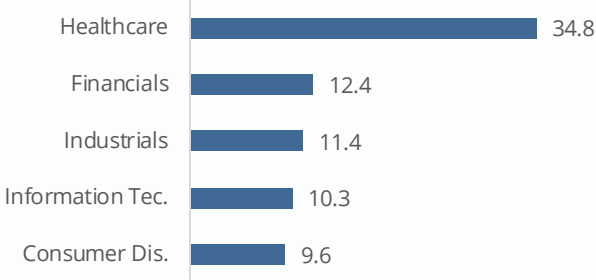
Geographical Allocation, %



Top 5 Market Allocation, %



Top 5 Equity Sector Allocation, %



Top 5 Fund Holdings, %



Source: Finexis Asset Management. Others include South & Central America, Africa/Middle East, and Western Europe. Top 5 market allocation and fund holdings are at fund level. Geographical allocation and top 5 sector allocation are at portfolio look-through level. For illustrative purposes only and does not constitute to any recommendations to invest in the above-mentioned country/sector/security.

Discerning The Signals From The Noise

A three-pronged research process to identify signals that point us to **sustainable trends** which are underappreciated by the market, which come with **good fundamentals** and **attractive valuation**, with a higher likelihood of outperforming over the long term.



Fundamental

Study financial and economic data (e.g. GDP, unemployment rate, and inflation rate etc.) that may drive market movement to find opportunities with **good fundamentals** that are underappreciated.



Valuation

Picking the right valuation metrics (e.g. price-to-earnings, price-to-book, EV/EBITDA etc.) to spot **undervalued opportunities** and avoid overpaying for any investment with only good stories.



Trend

Seek inflection points in **sustainable trends** to capture overlooked opportunities and avoid less recognised risks (such as the end of a bond supercycle).

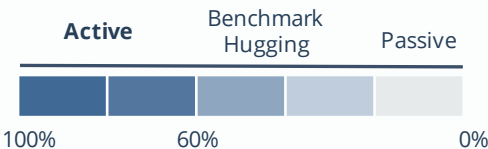
High Level of Active Management

Many actively managed funds underperform because they have a low active share. This happens when a portfolio's holdings are very similar to the referenced benchmark, a practice commonly referred to as 'benchmark hugging'. In contrast, **funds with a high level of active management may have greater potential for outperformance in the long run**, as there is no way any fund can outperform the market if they are investing like the market.

By investing in areas where we have the greatest conviction and applying it to our whole portfolio, we aim to provide better returns over risk through a full market cycle.



Target active share > 80%



Signatory of:



Finexis Asset Management

Market & Portfolio Developments

Fund Commentary

Markets continued to behave like a roller coaster in July, with global equities and bonds falling by -2.8% and -1.4%, respectively. Amid the volatile environment, FGI declined by -1.5% in the past month.

Why have market and portfolio performance been going up and down through the year? It's because markets are responding to positive and negative events amid the current market transition. Markets rallied strongly in July, when economies looked to be headed for a soft landing and central banks were able to rein in inflation without breaking the economy. In August, concerns that further Fed rate hikes would derail the recovery caused equity markets to pull back sharply.

FGI has continued to maintain a well-balanced portfolio of equity, bond, and alternative holdings with the aim of generating multiple income streams with additional potential for capital appreciation. Over the past year, we've seen that the portfolio's price swings have been in line with or even lower than global bond markets.

2023	Global Bond Market %	FGI %
Jan	3.28	4.88
Feb	-3.32	-2.44
Mar	3.16	-1.14
Apr	0.44	-0.69
May	-1.95	-1.52
Jun	-0.01	1.95
Jul	0.69	0.41
Aug	-1.37	-1.52

This is despite the 30% allocation to equity and bond positions that offer higher yields and returns than a passive bond market index. Today, the global bond market index is yielding 3.8%, which also informs us of the return potential. FGI's underlying holdings are expected to support the target distribution of 6% p.a., with the potential for additional capital gains particularly coming from our recovery equity positions.

The current market transition is driven by the shift out of the late-stage economic growth phase, and economies digesting the effects of higher interest rates, which has caused the portfolio's equity holdings to be volatile. As the economic-cycle progresses and there is more clarity, fundamentals are expected to assert themselves, and the full benefit of our income and capital appreciation will show.

Key Position Highlights

We highlight positions that reflect the strategy's tactical asset allocation view, backed by our study of market patterns and trends over time. As a result, our strategies can be highly differentiated from conventional benchmarks, with the aim of long-term investment success.

Emerging Market & Asian High Yield To Capture High Yields For Outstanding Total Return

- Yields have risen for bond investments due to the higher interest rate environment since Q4 of 2022. The current higher yield is an indication of good total returns in the coming 3 years:

Asian High Yield	Sep 2008	Oct 2011	Jun 2023
Starting Yield	13.6%	12.9%	13.6%
Next 3Y total Returns	42.1%	40.7%	?

- Today, **yields for Emerging Market and Asia High Yield bonds are significantly higher than Developed Markets.** No doubt, the opportunity comes with higher volatility, but we believe the margin of safety is there following meaningful declines in 2021.
- Our positions in EM and AHY have shown substantial rallies since October 2022, indicating the possible start of another EM season like the beginning of the year 2000.

Alternative Assets To Provide An Attractive And Differentiated Source of Income

- Alternatives are an essential part of any income strategy going forward. FGI's alternative income provides stable and uncorrelated returns for investors.
- Traditional income investments experienced large price swings and declines in 2022 as the Fed embarked on one of the fastest interest rate increases in recent memory.
- Differentiated alternative income assets such as music royalties and assets with 'toll-booth' investment qualities (that offer significant recurring revenue for their investors) offer the potential to generate stable income independent of traditional equity and bond performance.
- FGI's current focus is on insurance-linked alternative assets due to the high-income potential offered (~10%) while being highly differentiated from market risks.

Fund Details

Item	Class A
Currency	SGD, USD
ISIN (SGD Class)	SG9999019384 (Distribution Class)
ISIN (USD Class)	SGXZ71589303 (Distribution Class)
Min. Subscription	SGD 1,500,000 USD 1,000,000
Account Opening Fee (One-time)	N/A
Min. Subsequent Subscription	SGD 15,000 USD 10,000
Max Sales Charge	5%
Management Fee	1.5%
Targeted Distribution ¹	6% p.a.
Fund Name	Global Income Fund
Dealing Frequency	Daily
Base Currency	USD
Inception Date*	16 Aug 2018 (SGD) 18 Jul 2018 (USD)
Fund Focus	Global Multi-Asset
Fund Domicile	Singapore
Investment Manager	Finexis Asset Management
Fund Administrator	Standard Chartered Bank
Custodian	Standard Chartered Bank
Auditor	PricewaterhouseCoopers LLP
Trustee	Perpetual (Asia) Limited

¹Please note that the distributions at 6% p.a. (if any) may be declared semi-annually based on the Investment Manager's discretion. Distributions are not a forecast, indication, or projection of the future performance of the Fund.*Income strategy is implemented from July 2023.

Highlights of Sub-Fund Managers

Ashmore Emerging Market Fixed Income

Based in London, Ashmore is a specialist Emerging Markets investment manager with close to 30 years' experience in those markets. Being one of the first investment management firms to offer investors direct access to a broad group of emerging economies, Ashmore is well recognised among emerging market managers. Today, Ashmore manages \$55.9 billion across their strategies, which are typically offered to institutional clients globally.

The firm's EM fixed income expertise is backed by 33 investment professionals who focus on the full range of emerging market debt opportunities. Members of the team have been engaged in fixed income investing since the early days of the markets in the late 1980s, **leveraging on their strong network of contacts such as banks and major institutional investors, multi-lateral agencies and bank counterparty relationships and contacts across all levels of the policy-making hierarchy.**

Ashmore takes a specialist, **long-term value-driven approach starting with macro, top-down active management.** They believe that active management focusing on asset liquidity and political dynamics with superior information and analysis leads to above average returns with lower risk over the cycle.



30 years
EM experience



\$55.9 billion
AUM Worldwide



33 EM
professionals



Long-term value-
driven approach

BlackRock Asian High Yield

BlackRock is the world's largest asset manager managing more than \$8 trillion as of the end of 2022, giving it unparalleled scale and influence. The firm is a titan of the industry, offering solutions across asset classes and across passive and active strategies to fulfill investment needs for both retail and institutional investors. BlackRock's dedication to providing investment expertise, market knowledge, and dedication to the client experience has brought them numerous awards for the firm and its strategies.

BlackRock's Asian Fixed Income capability spans across traditional liquid and private credit strategies. **The team is one of the most well resourced in the industry; making up of ~50 dedicated investment professionals dedicated to Asian fixed income with 3 credit portfolio managers and 18 research analysts.**

The BlackRock Asian High Yield combines top-down macro insights with bottom-up company specific expertise from the wide bench of credit analysts. The strategy won the Platinum award at the Fund Selector Asia Awards in 2022.



World's largest
asset manager



>\$8 trillion
AUM Worldwide



50 Asian FI
professionals



Fund Selector Asia
Awards 2022

About FAM: Finexis Asset Management is a Capital Markets Services (CMS) licensed fund management company established in Singapore, focusing on bringing institutional capabilities to private clients. The boutique set-up ensures that we are flexible, responsive and proactive. We embrace the latest technology and constantly improve our processes to complement our investment solutions. Constant evolution to fulfil our investor's needs is ingrained in our beliefs.

For professional and accredited investors only. For fund and sales related enquires please reach out to your finexis financial advisor representative or email us at customer.service@finexisam.com

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