FAM Millennium Equity Strategy

30 November 2023

Our Strategy

Following the 2008 Global Financial Crisis and the 2020 Pandemic, the flood of unprecedented liquidity and low interest rates in markets propelled prices of nearly all assets to record highs. Today, it is increasingly challenging for investors to achieve above-market returns using the "winning formula" of the past decade. The FAM Millennium Equity (FME) strategy is designed for investors who are willing to avoid crowded markets and embrace volatility, to achieve above-market returns over the next decade.

100% Equity

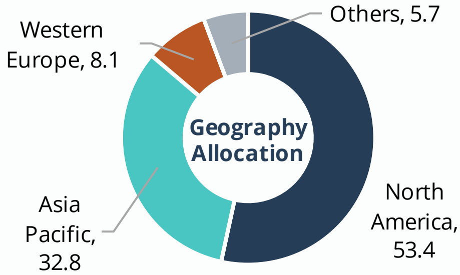
Invest Globally
No benchmark hugging
Maximize returns

≥8%

Capital Appreciation
compounded at 8%
target return over
longer term

FVT

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



Others include Central Asia, Africa/Middle East, and South & Central America.

Taking Advantage of the Market Cycle

Just as in nature, there are also seasons in financial markets. Sowing and harvesting in the wrong season can be detrimental to any investment. Rather than trying to accurately predict year-on-year movements, we believe that capturing long-term cycles and trends brings a much greater impact for investors. There have been two important seasons in the past 20 years:

Emerging Market Season (2001 – 2010)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Best	EM 13.8	Asia -5.6	EM 55.8	EM 25.6	EM 34.0	Europe 33.7	EM 39.4	Japan -29.2	EM 78.5	EM 18.9
	Asia 10.7	EM -6.2	Asia 47.7	Asia 22.2	Japan 25.5	Asia 32.4	Asia 36.5	US -37.4	Asia 73.2	Asia 18.1
	US 3.5	Japan -10.3	Europe 38.5	Europe 20.9	Asia 20.1	EM 32.1	Europe 13.9	Europe -46.4	Europe 35.8	Japan 15.4
	Europe 0.0	Europe -18.4	Japan 35.9	Japan 15.9	Europe 9.4	US 15.1	US 4.9	Asia -51.9	US 25.6	US 14.4
Worst	Japan -1.2	US -22.5	US 28.0	US 10.2	US 4.3	Japan 6.2	Japan -4.2	EM -53.3	Japan 6.3	Europe 3.9

In the first 10 years, EM topped the market 7 of 10 times, while the US was nearly always at the bottom.

Total Return: EM: 337.02% US: 8.63%

US market Season (2011 – 2022)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
US 1.5	Asia 22.3	US 31.5	US 13.0	Japan 9.6	US 11.2	EM 37.3	US -4.9	US 30.7	Asia 22.4	US 28.2	Europe -15.1
Europe -11.1	Europe 19.1	Japan 27.2	Asia 2.8	US 0.7	EM 11.2	Asia 37.0	Japan -12.9	Europe 23.8	EM 18.3	Europe 16.3	Japan -16.6
Japan -14.3	EM 18.2	Europe 25.2	EM -2.2	Europe -2.8	Asia 6.8	Europe 25.5	Asia -13.9	Japan 19.6	US 17.8	Japan 1.7	Asia -17.5
Asia -15.6	US 15.2	Asia 3.4	Japan -4.0	Asia -9.4	Japan 2.4	Japan 24.0	EM -14.6	Asia 19.2	Japan 14.5	EM -2.5	US -18.5
EM -18.4	Japan 8.2	EM -2.6	Europe -6.2	EM -14.9	Europe -0.4	US 21.1	Europe -14.9	EM 18.4	Europe 5.4	Asia -2.9	EM -20.1

In the subsequent 12 years, everything flipped. US became the best performing market 7 of 12 times.

Total Return: EM: 11.22% US: 260.29%

Source: Morningstar. EM: MSCI Emerging Market Index. US: S&P 500. Europe: MSCI Europe. Asia: MSCI AC Asia Pac Ex Japan Index. Japan: MSCI Japan Index.

By identifying investments with good fundamentals and investing in them when their valuations are low (sowing) and taking profit when the opportunities mature (harvesting), FME is designed to help investors avoid the possibility of "missing the season", as the human tendency to chase past performance can prevent them from enjoying future strong returns.

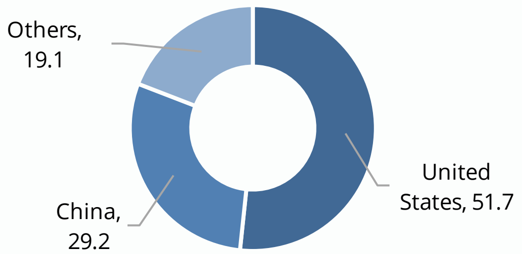
Historical Performance

Calendar Return, %							Total Returns, %
Class	1Month	YTD	2022	2021	2020	2019	2019 - YTD
A SGD	6.82	-7.44	-21.26	-	-	-	-
A USD	7.03	-5.93	-20.24	-	-	-	-
Composite[1]	7.03	-5.93	-20.24	9.36	23.37	24.61	19.97

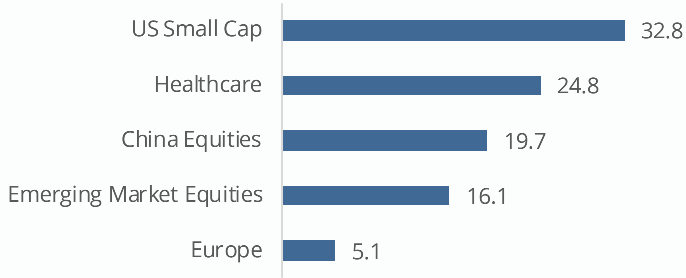
[1]Calculated from 1/8/2018 using a similarly managed composite portfolio fully invested net of estimated fees. Performance since 1/7/2021 is based on actual fund performance. Past performance is not an indication of future performance. The value of the investment can go down as well as up and is not guaranteed. 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.

Strategy Characteristics

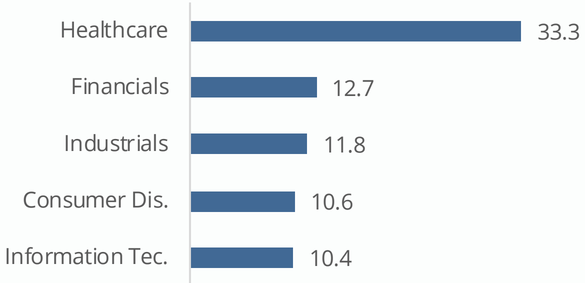
Country Allocation, %



Top 5 Market Allocation, %



Top 5 Equity Sector Allocation, %



Top 5 Fund Holdings, %

Allianz China A Shares Fund	17.7
Granahan US SMID Select Fund	14.9
SPDR S&P 600 Small Cap Value ETF	13.9
Vaneck Biotech ETF	12.5
BGF World Healthscience Fund	12.3

Source: Finexis Asset Management. 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.

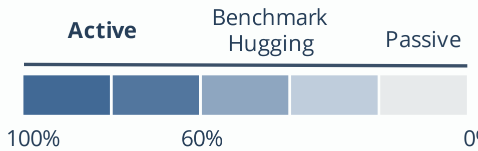
Trend — Seek inflection points in **sustainable trends** to capture overlooked opportunities and avoid less recognised risks (such as the end of a bond supercycle).

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%



Market & Portfolio Developments

Fund Commentary

Market volatility remained high in the past month; but this time on the way up. During the Fed meeting in November, Fed Chairman Jerome Powell kept interest rates unchanged – and at the same time signaled to markets that further rate hikes are unlikely. Equity and bond markets rallied strongly in reaction to the Fed meeting, with FME's 100% equity portfolio delivering strong gains of 7% over the past month.

The roller coaster market over the past few months reminds us that it is very difficult to time the market. Could an investor have the foresight to dive back in at October's close? Remember that sentiment at the end of October was one of extreme fear, making it a tall order to expect even the most seasoned investors to call the bottom then. A better way is to stay invested and to keep our eyes on the long-term goal.

In last month's write-up, we discussed how our recovery positions stand a good chance to perform well especially where there are no further rate hikes, and if the Fed can guide the economy into a soft landing – both of which seem to be the base case going forward. As expected, most of our recovery positions benefitted in November: Emerging Market equities rallied strongly, and US small-caps did even better (one of our US small-cap holding was up about 18% in a month - double the market return!). Even after the strong rally, we expect more upside for our equity holdings. This contrasts with other segments of the markets that are more richly valued and hence more limited upside potential. i.e. certain mega-cap tech stocks.

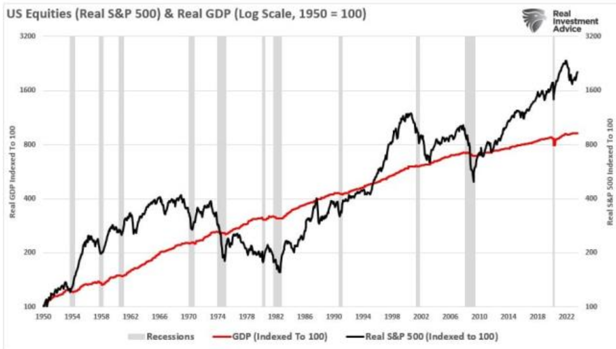
As we exit from the era of easy money that lasted from 2009 to 2021, investors will have to look past popular market indices that did extremely well amid the previous broad-based growth to find tomorrow's winners. With this in mind, we continue to invest in markets with good fundamentals and valuations that have the best chance of doing well going forward.

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.

US Small-cap Equities to Position for Market Recovery

- The S&P 500 appears to be growing much faster than GDP, which indicates lower future returns for today's investors.



Source: RIA Advisors

- As shown in the above chart, every period of high or speculative returns in the past 70 years (S&P 500 in black), led to sharp declines as markets adjusted back down to their underlying fundamentals (GDP in red) without exception.
- **US Small-caps emerge as an attractive option.** With valuations at decade lows vs large-caps (S&P 500), small-caps are well positioned to 'catch the recovery' if the current optimism spreads across the whole market. They also provide a good margin-of-safety if the narrow recovery is not sustained.

Emerging Market & China Equities To Position For The Next Up-cycle

- After a challenging stretch of performance, Emerging Markets and China 'A' equities resemble a compressed coil that holds a lot of upside potential for long-term investors.

Source: Bloomberg. CSI 300

- Past recoveries have shown to be particularly strong in the beginning, causing investors to 'miss-the-boat'. Which is why we avoid timing so close to such inflection points, preferring to be patient with our medium-long term investment horizon.

Fund Details

Item	Class A
Currency	SGD, USD
ISIN (SGD Class)	SGXZ58547654 (Distribution)
ISIN (USD Class)	SGXZ18072389 (Distribution)
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%
Redemption Fees	
1st Year of Investment	-
2nd Year of Investment	-
3rd Year of Investment	-
4th Year Onwards	-
Management Fee	1.58%
Distribution[1]	4% p.a.
Fund Name	Millennium Equity Fund
Dealing Frequency	Daily
Base Currency	USD
Inception Date	18 Jun 2021 10 Jun 2021
Fund Focus	Global Equities
Fund Domicile	Singapore
Investment Manager	Finexis Asset Management
Fund Administrator	Standard Chartered Bank
Custodian	Standard Chartered Bank
Auditor	PricewaterhouseCoopers LLP
Trustee	Perpetual (Asia) Limited

[1]Please note that the distributions 4% 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.

Highlight of Sub–Fund Managers

Granahan Investment Management
US Small Cap

Founded in 1985, Granahan (GIM) is an employee-owned investment boutique specializing in smaller cap equity investments for large institutions and wealthy individuals. The firm manages over $3 billion in client assets.

GIM's goal is to uncover the next generation of disruptive and innovative companies that are creating new markets or shaking up old ones. Such **smaller dynamic companies provide excellent potential for superior long-term performance**.

The SMID Select strategy is grounded in the belief that a disciplined, fundamental, bottom-up research process can identify underappreciated growth potential in companies that may or may not have a history of strong growth. The resulting portfolio has the optimum combination of stocks with secular growth drivers, and stocks of well-positioned companies that are poised for positive earnings revisions or are benefiting from fundamental momentum. The portfolio focuses on stock selection, investing in those showing the best risk/reward.

GIM'S SMID Select Strategy has delivered 15.9% annualised return since it was launched on 31st March 2015. During the same period, S&P 500 delivered 10%.

30+ years Small cap experience

>$3 billion AUM Worldwide

Bottom-up stock selection strategy

☆☆☆ Small cap strategy outperformance

TT International
Emerging Markets

Founded in 1988, TT is a '**high alpha' specialist with a strong focus on emerging market strategies.** With over 30 years' experience of high conviction investing, TT International offers only authentically active portfolios that aim to exploit market inefficiencies, now managing $7.1 billion for some of the world's most sophisticated institutional investors.

Few are able to successfully understand the world's ever-changing macroeconomic and geopolitical environment. By **combining informed top-down views with rigorous bottom-up company analysis,** TT is able to identify specific companies that benefit from asset mispricing.

Dedicated solely to asset management, TT deliberately focuses on areas where they possess a genuine competitive advantage and offers only authentically active, **concentrated portfolios with 30-60 stocks and high active share.**

The TT Emerging Market Unconstrained Fund has delivered 55% since its inception in 2015 vs the market's 26.7% over the same period.

30+ years EM experience

$7.1 billion AUM Worldwide

Top-down + bottom-up stock selection strategy

☆☆☆ EM strategy outperformance

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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