



# FAM Millennium Equity Strategy

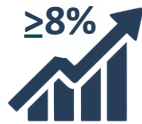
31 December 2024

## 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.



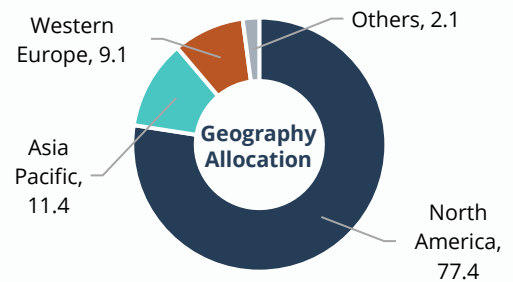
Invest Globally  
**No benchmark hugging**  
Maximize returns



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, South & Central America, and Eastern Europe.

## 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)

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

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)

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

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, %

Class	1Month	YTD	2023	2022	2021	2020	2019	Total Returns, %
A SGD	-3.01	0.03	-2.41	-21.26	-	-	-	-
A USD	-2.86	2.02	-0.55	-20.24	-	-	-	-
Composite <sup>1</sup>	-2.86	2.02	-0.55	-20.24	9.36	23.37	24.61	36.05

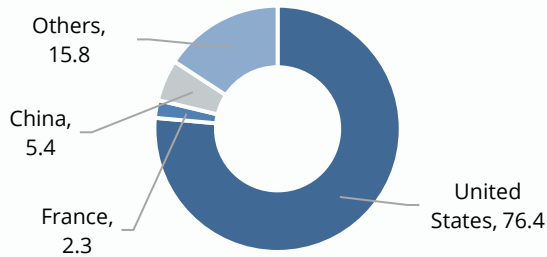
<sup>1</sup>Calculated from 1/8/2018 using a similarly managed composite portfolio fully invested net of estimated fees. Performance since 1/7/2021 is based on actual fund performance. Past performance is not an indication of future performance. The value of the investment can go down as well as up and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

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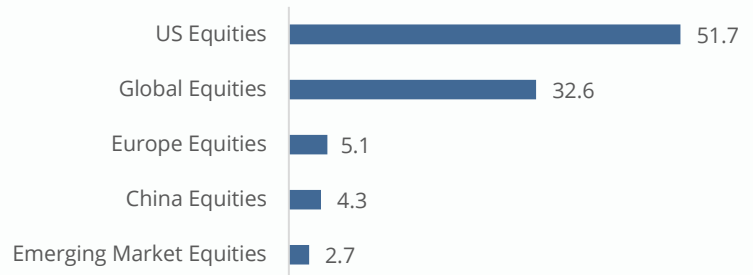


## Strategy Characteristics

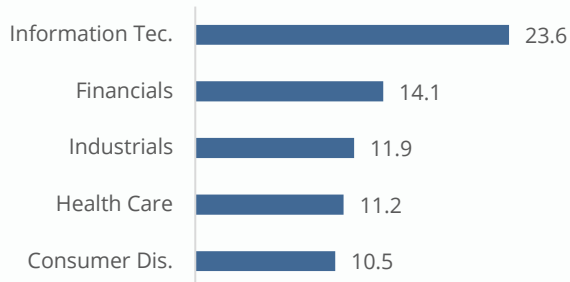
### Country Allocation, %



### Top 5 Market Allocation, %



### Top 5 Equity Sector Allocation, %



### Top 5 Fund Holdings, %



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).

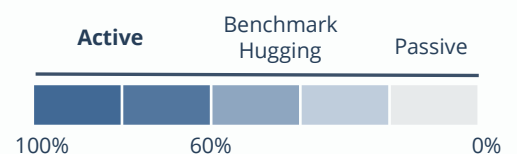
## High Level of Active Management

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%



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Finexis Asset Management

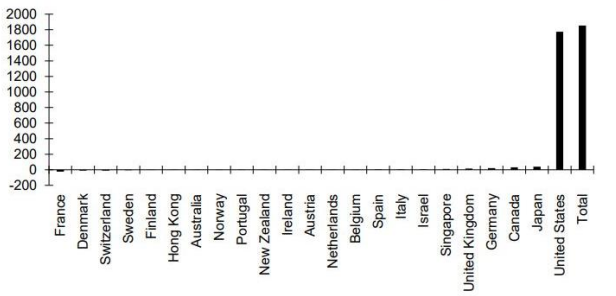
# Market & Portfolio Developments

## Commentary

### 2024 was a good year provided...

one positioned their portfolio at the start of the year to be very concentrated in US large cap stocks. Indeed, one's investment experience and outcome would have varied enormously on this single decision. 2024 was a case where if one was not in US growth stocks, investing almost anywhere else was a drag. This contributed to lacklustre performance across many active strategies, and FME was not spared. The chart below pretty much sums up equity markets last year: US exceptionalism:

Country contribution to MSCI World 2024 price performance in basis points



Source: SG Cross Asset Research/Equity Quant, MSCI

To be clear, this is different from other years where non-US equity markets performed better. One reason cited for US market dominance in 2024 is that it benefits from the ongoing advancement in technology. One could be forgiven for saying "this time is different". How does one then invest in this "different" world? Will the winners of 2024 persist into 2025?

Who better to weigh in on this than someone who has lived through market cycles since the 1960s: Billionaire investor Howard Marks. He is certainly not anti-American, nor does he dismiss the fact that America has the best and fastest growing companies today. But he reminds investors that good companies may not make good investments.

<https://www.oaktreecapital.com/insights/memo/on-bubble-watch>

### Reasons to sell, and reasons to buy

US exceptionalism is not new; it happened in the 1960s with the Nifty 50. Companies such as IBM and Polaroid introduced massive innovations in technology and consumer products. These companies were considered to be so good that (a) nothing bad could ever happen and (b) there was no price too high for their stocks. Howard Marks noted that as these companies got popular, an investor who bought and held on to them for five years lost well over 90% of their money. This shows that amid all the rapid innovation, human greed and fear continue to impact one's investments.

Howard Marks also noted that while these are things that an investor should worry about, it may be premature to take money off the table. After all, "being too far ahead of your time is indistinguishable from being wrong." One would lose out on further gains if they sold too early. Who likes the feeling of leaving a party too early? Counterarguments include S&P P/E (price to earnings) ratio being high but not insane, and people are not saying "there's no price too high".

### Positioning for the road ahead

As lacklustre as last year's performance was, it is paramount to look forward and position the portfolio for the environment ahead. We do that by keeping up with the developments yet also understanding what never changes.

Near term, global equities are expected to continue to do well. The current positive economic backdrop, with the AI narrative expanding beyond mega-cap tech is overall supportive for risk-assets. In the US, potential tax cuts and de-regulation could also boost corporate earnings, justifying elevated valuations (for now) and allowing for further gains here.

In the near term, the path of least resistance is for markets to be rangebound up till Trump's inauguration on January 20th. More clarity on US policy is required to navigate through Trump's second term, to determine if the same drivers of performance will remain in play. The portfolio is positioned to benefit from further gains in US markets, **while being cognizant of risk events that may prompt us to adjust exposures without being too early to leave the party.**

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## 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 <sup>1</sup>	4% p.a.
Distribution Frequency	Semi-annually
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

<sup>1</sup>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.

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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](mailto:customer.service@finexisam.com)

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