



# FAM Millennium Equity Strategy

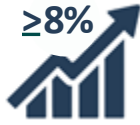
31 August 2024

## 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.



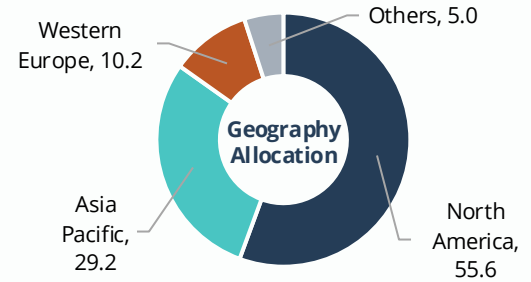
Invest Globally  
**No benchmark hugging**  
Maximize returns



Capital Appreciation  
**compounded at 8%**  
target return over  
longer term



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)

	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
	10.7	-6.2	47.7	22.2	25.5	32.4	36.5	-37.4	73.2	18.1
	3.5	-10.3	38.5	20.9	20.1	32.1	13.9	-46.4	35.8	15.4
	0.0	-18.4	35.9	15.9	9.4	15.1	4.9	-51.9	25.6	14.4
Worst	-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
	1.5	22.3	31.5	13.0	9.6	11.2	37.3	-4.9	30.7	22.4	28.2	-15.1
	-11.1	19.1	27.2	2.8	0.7	11.2	37.0	-12.9	23.8	18.3	16.3	-16.6
	-14.3	18.2	25.2	-2.2	-2.8	6.8	25.5	-13.9	19.6	17.8	1.7	-17.5
	-15.6	15.2	3.4	-4.0	-9.4	2.4	24.0	-14.6	19.2	14.5	-2.5	-18.5
	-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	2.80	3.66	-2.41	-21.26	-	-	-	-
A USD	2.95	5.01	-0.55	-20.24	-	-	-	-
Composite <sup>1</sup>	2.95	5.01	-0.55	-20.24	9.36	23.37	24.61	40.04

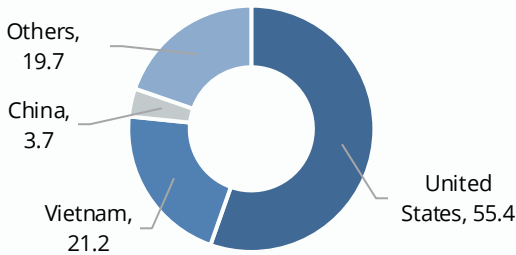
<sup>1</sup> Calculated from 1/8/2018 using a similarly managed composite portfolio fully invested net of estimated fees. Performance since 1/7/2021 is based on actual fund performance. Past performance is not an indication of future performance. The value of the investment can go down as well as up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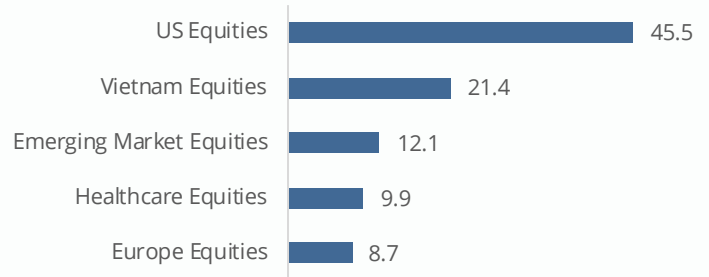


## Strategy Characteristics

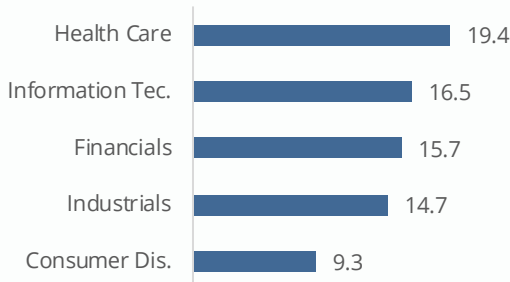
### Country Allocation, %



### 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).

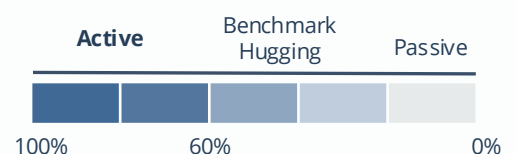
## High Level of Active Management

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%



Signatory of



## Market & Portfolio Developments

### Fund Commentary

#### More defensive while providing upside

August was a reflection of the heightened volatility that one should expect in a late-stage economic cycle. This will manifest as sudden and large moves as market participants with stretched positions react to each data release.

Trying to predict when these large moves will happen is difficult - even the experts cannot do so consistently. Even though one cannot predict each data release, much less react to it promptly, it is possible to prepare the portfolio based on pattern of data points that inform us of where we are in the economic and market cycle.

The weight of evidence indicates economies are at a late stage and facing slower growth (with softer labour markets, weakness in manufacturing etc.) . FME was resilient during the August decline as we had improved the quality of our portfolio's holdings going into August.

We moved away from some "high profile" positions this year such as China earlier in the year and more recently US small caps. It was a tough decision as these were positions with low valuations (which we typically like!), but we've assessed the current environment to be challenging for their fundamentals. After all, cheap can get cheaper in the short-term.

Performance	Aug 2024
FME	+2.95%
US Small caps	-1.50%
China A	-1.51%

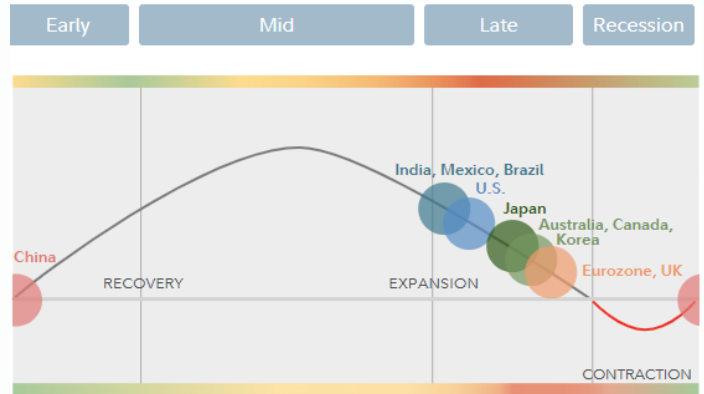
In a month like August where fear and greed came to the fore, the numbers indicate that the decision to shore up the portfolio defenses paid off as markets like China and US small caps ended the month down.

The upcoming September rate cut, and a seemingly more proactive Fed may have given us more reasons to revisit economically-sensitive opportunities like Small-caps once more, but we are not jumping the gun just yet. Such opportunities require not just rate cuts but also more sustainable growth to do well - the missing ingredient that we are now looking out for.

### 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.

#### Healthcare for Resilience Amid Late-Cycle Dynamics



Source: Fidelity. Business Cycle

- With major economies and businesses adjusting to the late-cycle phase of the economic cycles (characterized by slowing growth and higher volatility), Healthcare equities offer defensibility as it tends to be less dependent on strong economic growth to do well.
- Our higher quality positions like Healthcare also acts as 'dry powder' in volatile markets, allowing us to take advantage of opportunities when they arise.

#### EM & Vietnam To Position For The Next Up-Cycle



Source: Bloomberg. Relative price performance. Quarterly price data MSCI Emerging Market Index vs MSCI World Index from 31 Dec 1987 - 31 July 2024

- After a challenging stretch of performance, Emerging Market (EM) equities are set up to do well, offering good upside potential.
- Vietnam is one under-the-radar emerging market. This is an economy with strong growth tailwinds (such as the rapidly growing middle class, strong Foreign Direct Investments, etc.) available at attractive valuations today. This is a good opportunity for us to benefit and capitalize on the next potential 'Asian Tiger' economy with their rapid pace of growth.

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Principles for Responsible Investment



Finexis Asset Management

## 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.

## Highlight of Sub-Fund Managers

### VinaCapital Vietnam Equity

VinaCapital is one of the largest investment management firms in Vietnam with assets under management of US\$ 4 billion. Being Vietnam's only multi-disciplinary investment manager covering the full range of traditional and alternative asset classes, they are uniquely positioned to leverage their broad perspective to create value for investors.

Their goal is to discover the best investment opportunities in Vietnam by leveraging their extensive relationships, local investment knowledge, analytical capabilities, and financial expertise. Such capabilities and local resources are important for investing in one of the fastest-growing emerging economies globally.

The VinaCapital Vietnam Fund (VVF) utilizes a bottom-up stock-picking approach combined with disciplined risk management to identify companies with high quality and earnings growth. The outcome is a high-conviction portfolio of companies that are expected to deliver long-term sustainable capital appreciation for investors.

**The strategy has delivered attractive long-term annualized returns of over 10% p.a. representing a meaningful outperformance over the local Vietnam markets since fund inception in July 2015.**



**20+ years  
experience**



**\$4 billion  
AUM Worldwide**



**Bottom-up  
stock selection  
strategy**

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

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