

# Quarz Active Value Class S (SGD)

Generating Alpha Through Activist Investing

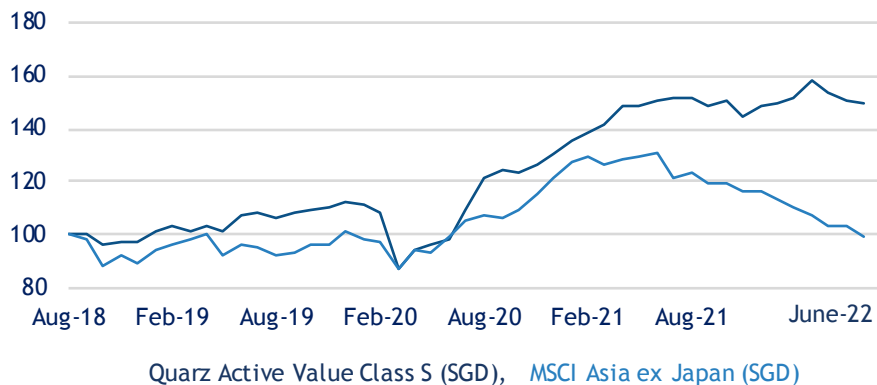


June 2022



The Quarz Active Value Class S Fund invests in ~20 core positions and focuses on undervalued small and mid-cap equities in Asian developed markets (Singapore, Hong Kong, Australia, Japan). We engage with the management teams of our target companies and prompt them to increase shareholder value through measures such as selling unprofitable units, returning idle cash to shareholders, selling undervalued real estate assets, improving corporate governance and strengthening alignment of interest with shareholders and investor relations. We only invest in firms with upside potential of ~30% over two years, sound core operations and a healthy dividend yield, thus providing downside protection and a regular income. Quarz Active Value Class S is based in Liechtenstein and set up for European investors looking for an onshore investment opportunity.

## Performance since Inception (%)



## Market Commentary

Quarz Active Value Fund Class S (SGD) ended June -0.64%, outperforming its benchmark MSCI Asia ex-Japan index by 306 bps. Year-to-date the fund is up 0.9%, while the index lost 14.7%.

With the notable exception of China, major indices finished on a negative note last month as recession worries resurfaced due to fears that central banks will 'overtighten' to get on top of inflation that is more persistent than anticipated.

While we expect the US Fed to hike by 50-75bps in end July, we believe that we are near the end of the rate hiking cycle with potentially another 25-50bps for the rest of the year. This is as core CPI peaked at 6.5% YoY in March and has continued to decline as financial conditions tightened. A number of key leading economic indicators such as the ISM manufacturing, personal spending, and consumer confidence indicators has dropped sharply and surprised on the downside.

The Fed is facing the dilemma of continuing the costly path of raising rates and reducing demand to resolve mainly supply-side-induced inflation issues such as the Russia-Ukraine war and the COVID-19 shutdowns in China. Any miscalibration can potentially push the US economy into a recession, where the Fed might ironically have to undo its rate hikes and pursue QE policies to resuscitate demand.

Alternatively, the Fed can pursue the less costly and more 'controlled' option of tolerating a slightly higher inflation number and doing slight calibration to its policy while waiting for the supply side issues to resolve and reduce inflation. The Fed has a dual mandate of price stability as well as maximum sustainable employment.

Our strong focus on deep value and an activist approach continues to pay off. Most of the companies we are invested in have low leverage or a net cash balance sheet. They also generate recurring income and pay out attractive dividends, which increased the resilience of their share prices during this period. We are actively engaging with them to deploy their cash-rich balance sheets at attractive opportunities or return them to investors during this volatile period.

We expect a better 2H2022 as we think most of the fears of a downturn and a Fed policy mistake have already been priced in.

## Fund Information (Class S, SGD)

Name	Quarz Global Investments Fund
Class	Quarz Active Value Class S SGD
Type of Fund	Alternative Investment Trust
Bloomberg	VPQAVSS LE
ISIN	LI0425084352
Valor number	42508435
WKN	A2N430
Portfolio Manager	Quarz Capital ASIA
AIFM	VP Fund Solutions
Fund Domicile	Liechtenstein
Auditor	PwC (Zurich)
Administrator	VP Fund Solutions
Broker	Broker Network
Custodian / Depository	VP Bank AG
Minimum Investment	SGD 1,000,000
Lock-up	N/A
Management Fee	1.25%
Performance Fee	20%
Lock-up	N/A
Subscription	monthly
Notice/Withdrawal	90 days / monthly
High Watermark	Yes
Hurdle Rate	N/A

## Performance (net, Class S, SGD)

Month	-0.6%
Cumulative YTD	0.90%
Cumulative s. Inception	50.0%
Annualized s. Inception	11.2%
Annualized 5 Years	N/A
Annualized 3 Years	11.8%
Best Monthly Return	11.4%
Worst Monthly Return	-19.3%
% of Positive Months	70
Maximum Drawdown	-22.6%
Annualized Volatility	7.6%
Sharpe Ratio (3 Year)	0.83



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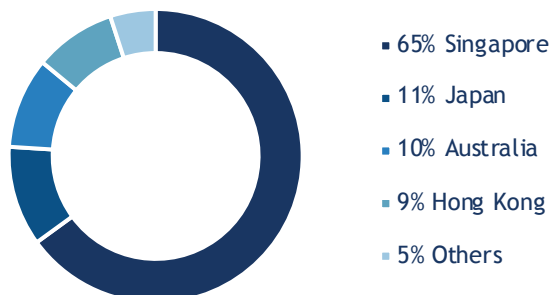
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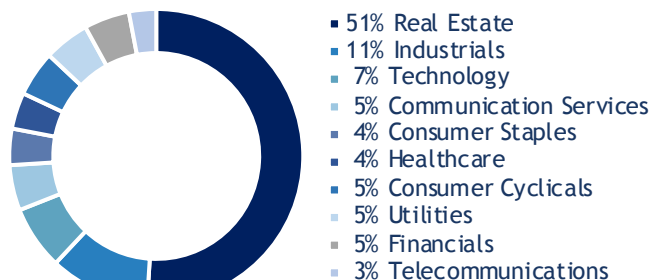
## Track Record: Quarz Active Value Class S (SGD) (in %, net of fees)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD Fund	YTD Index
2022	0.6	1.4	4.4	-2.7	-2.0	-0.6							0.9	-14.7
2021	3.7	1.7	2.7	4.9	0.0	1.6	0.1	0.3	-1.9	1.1	-3.7	2.7	13.6	-4.5
2020	-1.4	-2.7	-19.3	8.7	1.5	2.0	11.4	10.9	2.8	-0.9	2.0	3.8	16.0	20.3
2019	4.1	1.5	-1.4	2.1	-2.5	6.0	1.5	-2.0	1.7	0.8	1.1	2.0	15.7	13.8
2018									0.5	-4.5	1.3	0.4	-2.4	-11.1

Allocation by Region



Allocation by Sector



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