

# Quarz Active Value Class S (SGD)

Generating Alpha Through Activist Investing

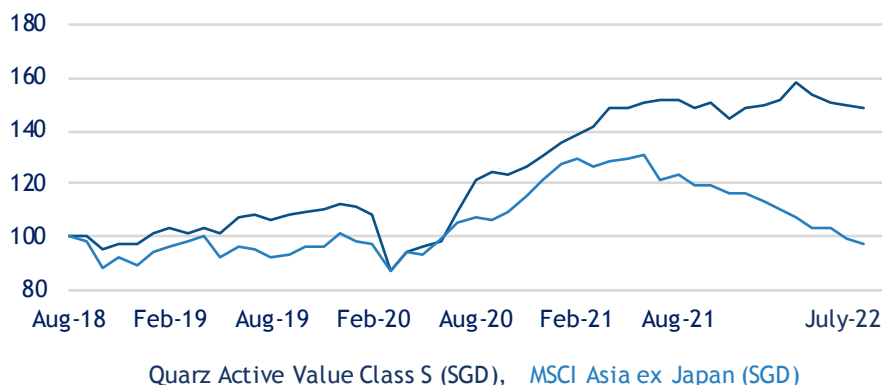


July 2022



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 Class S returned -1% in July, outperforming its benchmark index MSCI Asia ex-Japan by 114 bps (in SGD terms). YTD the fund is down 0.12%, while the index lost 16.5%.

The US Fed raised interest rates by 75 basis points on July 27. Fed Chair Powell signaled that interest rates are finally in line with the long-run neutral level. He referred to the slowing economy and articulated the need to allow the tightened financial condition to feed through the economy and reduce inflation before taking any decisions on further rate hike from end September.

Our overweight in the real estate space continues to generate good results. Sabana and AIMS APAC REIT reported positive rental reversions of over 9% in 1H2022 due to the strong demand and lack of supply in the Singapore industrial space. This will help to mitigate the impact of rising interest cost although both REITs have already fixed and hedged more than 70% of their loans for the next 2 years. They are also in the process of progressively passing through the increased utility cost thanks to higher service charges.

Mapletree Commercial Trust, whom we invested in after divesting of our stake in Mapletree North Asia Trust, also reported strong results, with tenant sales and rental revenue exceeding pre-Covid levels as consumer demand in Singapore continues to be resilient. We look forward to being unitholders in the merged entity, which will benefit further from the recovering retail and office markets in Hong Kong, Shanghai and Beijing respectively.

Amid the equity declines of the past months we believe that developed Asia equities will bottom out during the second half as most of the fears of a downturn and potential policy mistakes by central banks are already priced in. We continue to pursue our strategy of focusing on high-cashflow generative and undervalued companies. We are also increasing our allocation to hospitality and office plays which still trade at a substantial discount to their pre-Covid levels. This is despite their 2H2022 revenue being forecasted to be higher than 2019 levels.

After our strong relative performance during the first half of 2022, we will continue to work hard on delivering even better returns over the coming months.

## 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	-1.0%
Cumulative YTD	-0.12%
Cumulative s. Inception	48.5%
Annualized s. Inception	10.6%
Annualized 5 Years	N/A
Annualized 3 Years	10.9%
Best Monthly Return	11.4%
Worst Monthly Return	-19.3%
% of Positive Months	68
Maximum Drawdown	-22.6%
Annualized Volatility	7.6%
Sharpe Ratio (3 Year)	0.65



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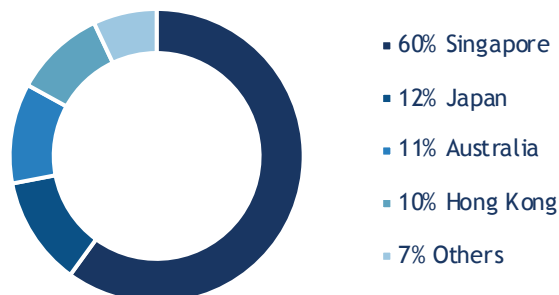
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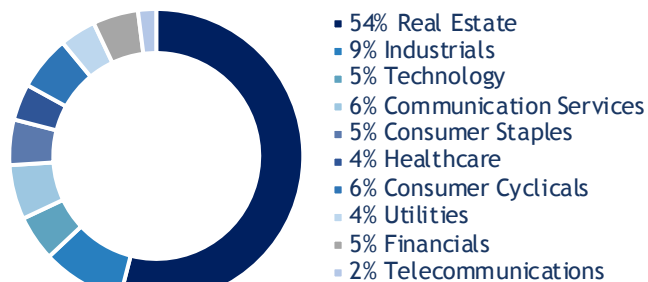
## Track Record: Quarz Active Value Class S (SGD) (in %, net of fees)

	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	-1.0						-0.1	-16.5
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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