

Quarz Global Opportunities Fund (USD)

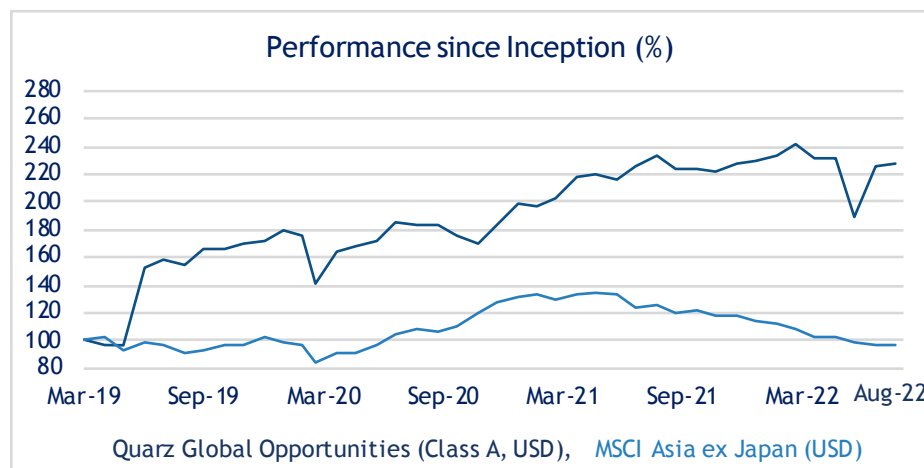
Generating Alpha Through Activist Investing



August 2022



The activist Quarz Global Opportunities Fund holds a very select number of high-conviction positions offering strong returns. The fund 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 divest of unprofitable units, return idle cash to shareholders or sell undervalued real estate assets. Other reasons for undervaluation are overly complex businesses, incompetent leadership, misalignment of management incentives, poor corporate governance, investor misperception and lack of media / broker coverage. Quarz only invests in targets with upside potential of ~30% over 2 years and strong core operations generating a sustainable dividend yield, thus providing downside protection and regular income.



Market Commentary

Quarz Capital's funds held their ground last month as markets took a nosedive following what many called a 'bear-market rally' that began in June.

Stock markets plummeted after Fed Chairman Powell made it unequivocally clear that the U.S. central bank will be relentless in pursuing its goal of bringing inflation back to 2%, even if that means inflicting "some pain" on households and businesses.

Markets previously had rallied on expectations that softer inflation data might prompt the Fed to pivot towards a more dovish stance after two jumbo hikes of 75 basis points in June and July. In his speech at the Kansas City Fed's annual symposium in Jackson Hole, Wyoming, Powell did not rule out a third big hike and said the decision would depend on "the totality of the incoming data and the evolving outlook."

To dispel any optimism about the Fed being accommodative and a return to the Greenspan put, he added that a single month's improvement in inflation data falls "far short of what the Committee will need to see before we are confident that inflation is moving down."

Powell's strong cautioning came against the backdrop of encouraging economic data in the US. Initial jobs claims came in better than expected in two consecutive weeks and the University of Michigan sentiment index climbed to a three-month high, suggesting Americans are more optimistic as gas prices continue to drop.

Still, these data refer to aggregate demand. But the problems lie with aggregate supply, prompted by a mix of geostrategic risks (Ukraine, Taiwan), commodity prices and the ongoing Covid crisis. Powell conceded that "the Fed's tools work principally on aggregate demand." But he added that there is clearly a job to do in moderating demand to better align with supply. We are committed to doing that job."

Against this uncertain outlook and potential market disruptions, Quarz keeps its cautious stance and conservative focus on cash-generating and resilient companies. Our portfolio consists of companies with sound core operations, which deliver a steady stream of dividends. We thank our investors for their trust.

Fund Information (Class A, USD)

Name	Quarz Global Opportunities
Bloomberg	QUAGLOP KY
ISIN	N/A
FIGI	BBG00Q5KVVZ1
Share Classes	USD / SGD / CHF
Fund Manager	Quarz Capital (ASIA)
Fund Domicile	Cayman Islands
Auditor	Moore Cayman
Administrator	DBS Fund Administration
Legal Counsel	Appleby
Broker	CS / Morgan Stanley
Custodian	DBS Bank Singapore
Min. Investment	\$1,000,000 (and equivalent)
Management Fee	2%
Performance Fee	20%
Lock-up	N/A
Subscription	Monthly
Notice / Withdraw:	90 days / monthly
High Watermark	Yes
Hurdle Rate	N/A

Performance (net, Class A, USD)

Month	1.29%
Cumulative YTD	0.5%
Cumulative s. Inception	128.6%
Annualized s. Inception	27.4%
Annualized 5 Years	N/A
Annualized 3 Years	13.7%
Best Monthly Return	57.5%
Worst Monthly Return	-19.3%
% of Positive Months	61
Maximum Drawdown	-21.1%
Annualized Volatility (3 Year)	35.0%
Sharpe Ratio (3 Year)	0.72



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Track Record: Quarz Global Opportunities Fund (Class A, USD) (in %, net of fees)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD Fund	YTD Index
2022	1.3	1.5	3.3	-4.1	-0.1	-18.0	18.8	1.3					0.5	-18.8
2021	9.4	-1.8	2.9	7.8	1.1	-1.4	4.5	3.3	-4.3	0.0	-1.3	2.9	24.6	-6.4
2020	4.6	-2.3	-19.3	16.5	1.7	2.9	7.3	-1.1	-0.2	-3.6	-3.8	7.7	6.3	22.5
2019				-2.1	-1.1	57.5	4.1	-2.1	7.3	0.2	1.5	1.3	71.9	3.7

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