



## ASCENDERCAPITAL

### FUND STRATEGY

The Fund seeks to invest in a balanced portfolio of high quality businesses across the Asian equity markets not accessible through passive and larger funds.

We focus exclusively on companies with a track record of profitability, capital efficiency and good corporate governance.

The Fund invests with a margin of safety by demanding attractive valuations and a strong financial position.

### FUND OVERVIEW

|                           |   |
|---------------------------|---|
| <b>Inception</b>          | December 1, 2021  |
| <b>Portfolio Manager</b>  | Edouard Mercier & Jean-Charles Tisserand                    |
| <b>Management Fee</b>     | 1.5%  |
| <b>Performance Fee</b>    | 20% of net alpha vs. MSCI AC Asia Small Cap                 |
| <b>Asset Classes</b>      | Equities & Cash   |
| <b>Minimum Investment</b> | US\$1,000,000   |
| <b>Investing</b>          | Monthly Liquidity   |
| <b>Redemption</b>         | Monthly Liquidity<br>Early redemption fee for first 3 years |
| <b>Legal Entity</b>       | Open ended investment fund incorporated in Cayman Islands   |
| <b>Administrator</b>      | Bolder Group  |
| <b>Custodian</b>          | DBS   |
| <b>Auditors</b>           | Grant Thornton  |
| <b>Legal Advisors</b>     | Ogier Global  |

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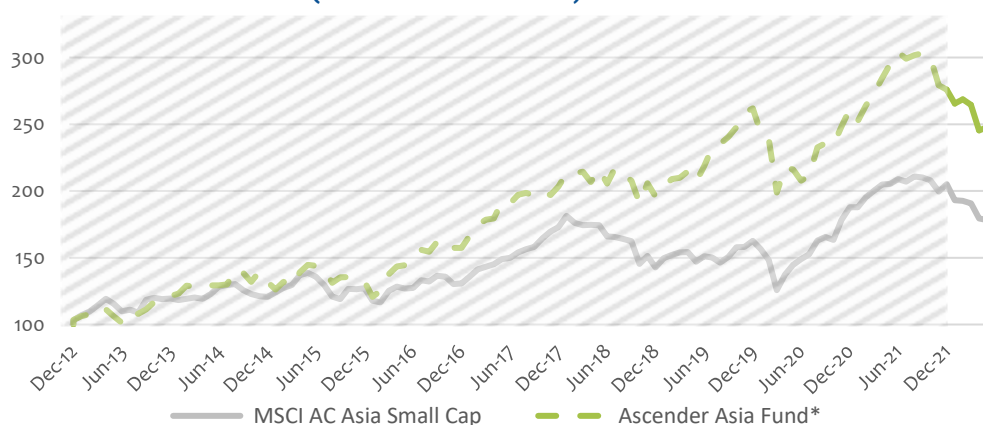
# ASCENDER ASIA FUND

May 2022 FACTSHEET – NAV 88.74

### PERFORMANCE AS OF 31 May 2022

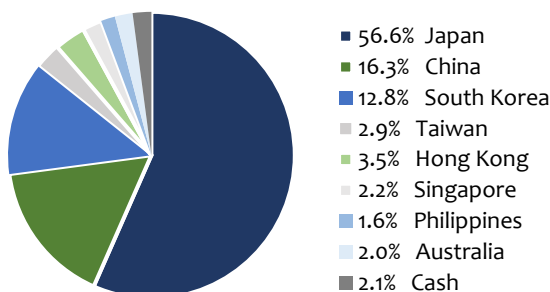
| Class                        | 1 month | YTD    | 1 Year  | Annualized |        |              |
|------------------------------|---------|--------|---------|------------|--------|--------------|
|                              |         |        |         | 3 Year     | 5 Year | Since Launch |
| <b>Lead Series - Class A</b> | 1.0%    | -10.2% | -16.0%* | 6.2%*      | 5.2%*  | 10.0%*       |
| <b>MSCI Asia Small Cap</b>   | -0.7%   | -13.1% | -13.2%  | 6.6%       | 3.7%   | 6.3%         |

### PERFORMANCE CHART (TOTAL NET RETURN)



\*Note the shaded area and dotted line reflects AAF performance estimates, net of costs & fees. This has been calculated by removing cash and short positions from the Ascender Global Value Fund. Performance shown assumes investment of 95% and 5% in cash. Calculated after fund's costs and fees

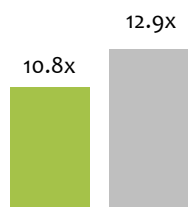
### GEOGRAPHIC BREAKDOWN



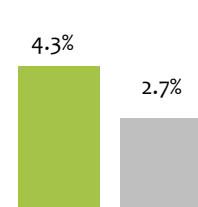
### PORTFOLIO CHARACTERISTICS

|                     |        |
|---------------------|--------|
| P/E Ratio (TTM)     | 10.8x  |
| EV/EBIT Ratio (TTM) | 4.4x   |
| Dividend Yield      | 4.3%   |
| Return on Equity    | 14.8%  |
| Net Cash to Mkt Cap | 44.1%  |
| 7 Year EBIT Growth  | 13.0%  |
| Median Mkt Cap      | \$210m |
| # of Holdings       | 36     |
| Gross Long          | 97.9%  |

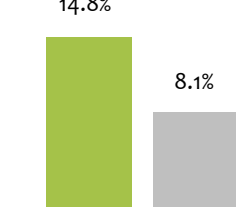
### PRICE/EARNINGS



### DIVIDEND YIELD



### RETURN ON EQUITY



— Ascender — MSCI AC Asia SC

### TOP 3 MONTHLY CONTRIBUTORS AND DETRACTORS FOR AAF EQUITY POSITIONS

| Contributors | Contribution (bps) | Detractors            | Contribution (bps) |
|--------------|--------------------|-----------------------|--------------------|
| Autohome     | +0.9%              | LG Household & Health | -0.6%              |
| i-Mobile     | +0.4%              | Sprinx                | -0.4%              |
| Hamee        | +0.3%              | Papyless              | -0.2%              |



# ASCENDER ASIA FUND

May 2022 – NAV 88.74

## MONTHLY COMMENTARY

The Ascender Asia Fund's NAV was up +1.0% in May, while the MSCI AC Asia Small Cap Index was down -0.7%.

Primarily driven by Asian currencies depreciating against USD (-6.4% YTD), the Ascender Asia Fund is set to experience the longest drawdown since inception in December 2012\*. While we cannot predict if May 2022's positive performance will prove to be the start of the next rally, it's worth noting that on the five previous occasions the fund has suffered drawdowns over three months, AAF has been up +33.9% on average over the subsequent rebound, outperforming the benchmark by +10.0%.

In recent factsheet commentaries (*notably February 2022*), we highlighted that Ascender's investment team has been spending a significant proportion of its time analysing new opportunities in the **Japanese internet and software services sector**. Subsequently, we are now able to announce we have added three of these companies to the portfolio; two of which are EdTech specialists focused on servicing private markets.

**Sprix** provides educational software to facilitate tutoring classes in greater Tokyo. It applies the same teaching method across its 191 locations, efficiently utilising proprietary tools to enable teachers to adopt the latest techniques and lesson plans. This includes the ability to pause a class and test pupils in real time, which has already been shown to improve official exams results. The company has developed its own platform, which we believe is a competitive advantage. In addition, management shrewdly acquired one of its franchisees during the COVID-19 pandemic at a very attractive valuation. We invested at a 6.6x EV/EBIT and 13.1x PE valuation.

**Itokuro** manages an online portal offering access to the most comprehensive list of Daiju (private tutoring) schools across Japan. Its vibrant userbase has written over 200,000 individual reviews, resulting in Itokuro capturing dominant market share. It has become the go-to website for anxious families trying to determine which school is best for their child. The company monetises its position by selling additional data linked to individual information requests. Management has also branched into related areas, notably vocational schools and tutor outsourcing, which involve families trying to navigate similarly fragmented marketplaces. Itokuro is a very capital efficient business, and has earned JPY 5.5 bn in cash flows over the past five years. Its current valuation is extremely attractive at a negative EV/EBIT and 13.0x PE. As you might expect, we are pushing the Board to start buying back shares.

Although all schools were kept open during the pandemic, over the past two years both companies were notably impacted by the suspension of official exams. We now expect valuations across the sector to naturally bounce back. Crucially, we don't believe it's wise to bet against Chinese, Korean or Japanese parents wanting the best education for their offspring!

The Ascender Asia Fund's wider portfolio has remained fairly stable over the last month, although our investment in **LG Health and Household** (LGH) suffered from a combination of poor cosmetics sales in China, and a lack of duty free sales to Chinese tourists in South Korea (due to travel restrictions). This has led to price pressure from distributors, which the company has rightly decided to resist. We have taken advantage of the depressed valuation to increase our holding in a well-managed company selling a wide variety of beauty, beverage and household essentials.



# ASCENDER ASIA FUND

May 2022 – NAV 88.74

## MONTHLY PERFORMANCE (%)\*

|      | Jan  | Feb  | Mar   | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec   | FY    |
|------|------|------|-------|------|------|------|------|------|------|------|------|-------|-------|
| 2022 | -3.8 | 1.2  | -1.5  | -7.2 | 1.0  |      |      |      |      |      |      |       | -10.2 |
| 2021 | -3.5 | 4.6  | 3.5   | 4.2  | 3.7  | 3.0  | -1.6 | 0.9  | 0.4  | -1.0 | -7.1 | -1.2* | 5.4*  |
| 2020 | 7.0  | -2.0 | -16.7 | 9.5  | -0.7 | -3.8 | 1.6  | 10.1 | 1.4  | -0.5 | 5.8  | 5.2   | -0.2  |
| 2019 | 3.9  | 2.6  | 0.3   | 2.3  | -3.5 | 5.5  | 6.3  | 1.3  | 2.2  | 3.0  | 4.4  | 1.3   | 33.6  |
| 2018 | 4.8  | 0.0  | 0.6   | -3.6 | 4.5  | -4.9 | 5.7  | -2.3 | -2.1 | -8.1 | 7.8  | -4.7  | -3.6  |
| 2017 | 5.6  | 5.1  | 2.1   | 0.5  | 7.0  | -0.6 | 3.4  | 0.8  | -1.0 | 1.8  | -1.6 | 3.3   | 29.3  |
| 2016 | -8.6 | 3.6  | 10.1  | 4.2  | 0.7  | 2.7  | 5.1  | -0.9 | 4.8  | 1.2  | -4.0 | 0.0   | 19.1  |
| 2015 | -4.3 | 4.5  | -2.6  | 8.3  | 4.0  | -0.6 | -1.7 | -7.2 | 3.1  | 0.1  | -1.3 | -1.2  | 0.1   |
| 2014 | 1.5  | 4.9  | -0.5  | 1.8  | -1.0 | 0.0  | 0.5  | 8.9  | -2.0 | -4.8 | 5.9  | -5.6  | 8.8   |
| 2013 | 2.8  | 1.4  | -1.5  | 4.9  | -4.7 | -4.5 | 8.3  | -1.5 | 3.   | 5.1  | 2.9  | 0.8   | 17.3  |
| 2012 |      |      |       |      |      |      |      |      |      |      |      | 3.4   | 3.4   |

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The performance chart (net total return) does not include the current months' HFRI index data as that is only released after five business days of the month and then modified again after all participants share their data. Therefore, we use accurate all accurate HFRI data points until the month preceding the current factsheet.

The past performance information of the market, manager and investments and any forecasts on the economy, stock market, bond market or the economic trends of the markets which are targeted by the fund(s) are not indicative of future performance. The value of an investment in the Fund may go down or up. The Fund does not offer any performance or capital guarantee. The Prospectus should be read for further details including the risk factors. The Fund may invest in derivatives for hedging purpose only. Investment in derivatives is subject to additional risks, including credit risk of the issuer, liquidity risk, counterparty risk and valuation risk. In adverse situation, the Fund's use of derivatives may become ineffective in hedging and the Fund may suffer losses. Additional risk factors are described in the prospectus. Investors are advised to be aware of any new risks that may have emerged in the prevailing market circumstances before subscribing in the Fund.