



## 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 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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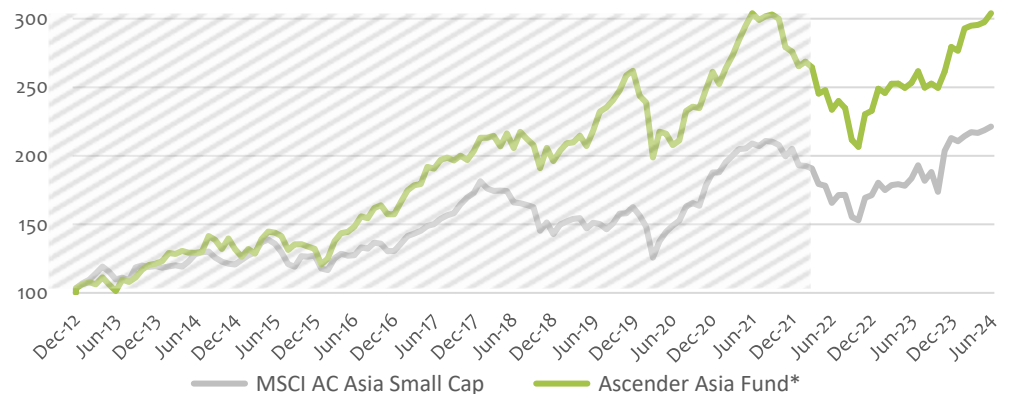
# ASCENDER ASIA FUND

June 2024 FACTSHEET – NAV 109.08

### PERFORMANCE AS OF 28 June 2024

Class	1 month	YTD	1 Year	Annualized		
				3 Year	5 Year	Since Launch
<b>Lead Series - Class A (Gross)</b>	2.5%	10.4%	23.4%	2.6%*	10.1%*	13.5%*
<b>Lead Series - Class A (Net)</b>	2.2%	8.8%	20.1%	0.0%**	6.8%**	10.1%**
<b>MSCI Asia Small Cap</b>	1.2%	3.9%	14.1%	0.1%	6.7%	6.6%

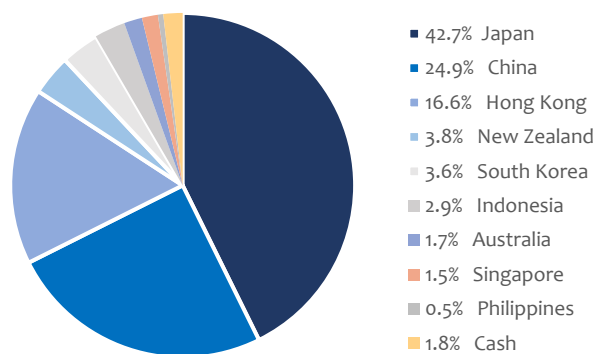
### PERFORMANCE CHART (TOTAL NET RETURN)



\* 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 before fund's costs and fees

\*\*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

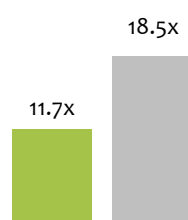
### GEOGRAPHIC BREAKDOWN



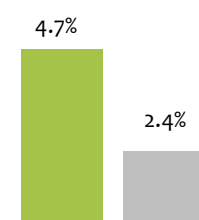
### PORTFOLIO CHARACTERISTICS

P/E Ratio (TTM)	11.7x
EV/EBIT Ratio (TTM)	6.4x
Dividend Yield	4.7%
Return on Equity	18.3%
Net Cash to Mkt Cap	25.9%
7 Year EBIT Growth	12.1%
Median Mkt Cap	\$463m
# of Holdings	30
Gross Long	98.2%

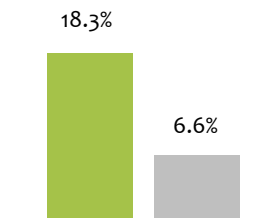
### PRICE/EARNINGS



### DIVIDEND YIELD



### RETURN ON EQUITY



— Ascender — MSCI AC Asia SC



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## TOP 3 MONTHLY CONTRIBUTORS AND DETRACTORS FOR EQUITY POSITIONS

Contributors	Contribution (bps)	Detractors	Contribution (bps)
Beenos	1.1%	Crystal Intl'	-0.4%
Argo Graphics	0.9%	China Overseas Property	-0.3%
Computer Engineering	0.8%	Zengame	-0.3%

## LONG CONTRIBUTION YTD 2024

Asset Class	YTD Contribution
Equity (Long)	16.8%
Equity (Unrealized FX)	-4.8%

## MONTHLY COMMENTARY

### Mainland China Investments: Positive Developments

Our portfolio's investments in Mainland China companies listed in Hong Kong (H-Shares), such as **China Mobile** or **Xinhua Winshare Publishing**, have benefited from recent market developments. A mid-May Bloomberg article reported that China might exempt individual investors from the 20% withholding tax currently applied on dividends from stocks bought on Stock Connect. This news led to a decrease in the steep discount to their Shanghai listings. Our investments, being among the largest dividend yield payers among H-Shares, reacted particularly well, as the potential savings will be significant if the rule comes into effect.

### Strategic Addition: Property Management Services Company

Over the past 20 years, China has invested heavily in first-class infrastructure and commercial and residential real estate assets. As these assets now require proper maintenance, we have added a new Property Management Services company to our portfolio in June.

Property management service companies have limited exposure to their often-related development parents by directly billing flat owners and public or commercial space operators once they move in. This business model results in a reliable stream of mostly recurring revenues, with churn and bad debt for residential space consistently under 10%. Although these companies often started as spin-offs from their real estate development parents, the best among them have grown their share of revenues from independently sourced projects.

Given the legitimate concerns about real estate developers impacting valuation of this historically highly valued sector, we have taken a closer look at a dozen of opportunities but have encountered too many examples of poor corporate governance, where parent companies tried to access the strong operating cash flow of their subsidiaries or where management incentives were overly generous.



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Our selected addition to the portfolio on the other hand, has shown strong performance, growing EBIT at 30% annually over the past five years and projecting 15-20% annual growth going forward. This growth has been driven by an increase in serviced assets at scale, half of them coming from independent sources. We were pleased to see that management cancelled a connected transaction that had previously attracted negative comments from shareholders. We believe its conservative management team will continue to increase its dividend payout, in line with other State-Owned Enterprise (SOE) companies. While accounts receivable has increased due to more public service contracts, blended loss rates have remained constant at around 6%, which we will closely monitor. We began purchasing this company at a valuation of 6x EV/EBIT and 12x PE, which we consider low given its stable revenue growth track record and good corporate governance.

## Japanese Portfolio: Currency Impact

Our Japanese portfolio continues to show strong performance in local currency terms. However, it has been affected by the 12% slide against the USD since the start of the year. All of our Japanese companies focus on the domestic market, so we believe their earnings should not be directly impacted should the Yen mean revert to a higher exchange rate more in line with its fundamentals.

## MONTHLY PERFORMANCE (%)\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2024	-1.0	5.9	0.7	0.2	0.7	2.2							8.8
2023	6.9	-1.2	2.7	0.0	-1.2	1.5	3.3	-4.6	1.2	-1.2	4.7	6.9	20.0
2022	-3.8	1.2	-1.5	-7.2	1.0	-5.7	2.7	-2.2	-9.8	-2.4	11.5	1.1	-15.6
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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