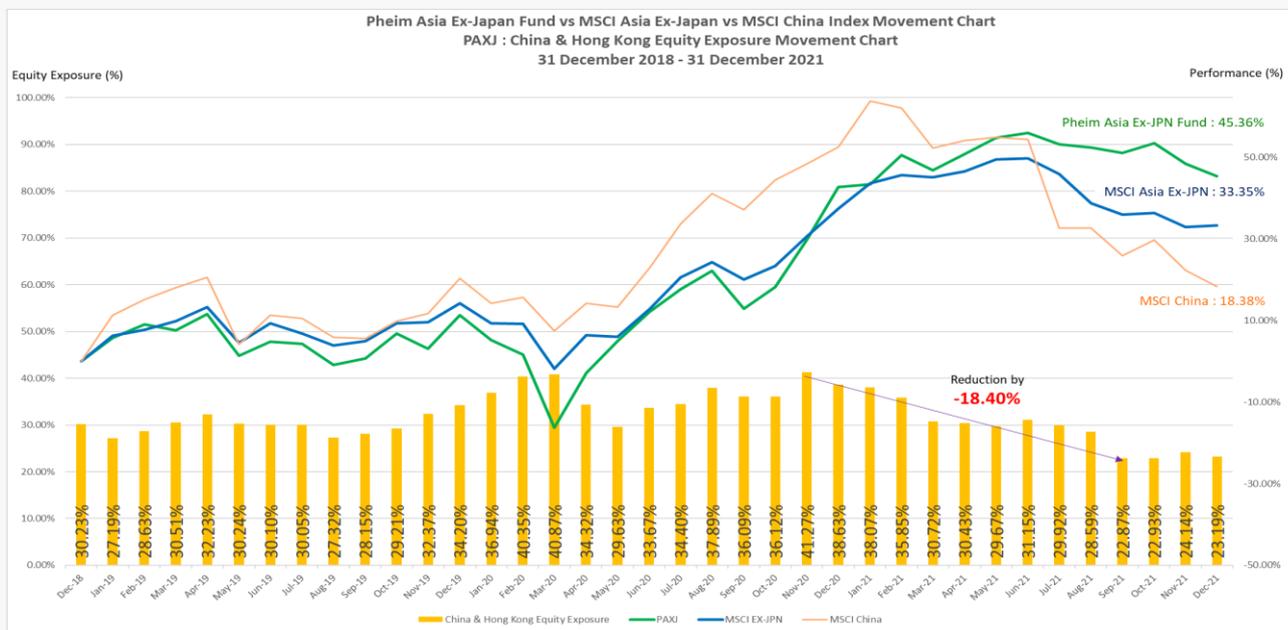


Pheim Asia Ex-Japan Fund Outperformed by Underweighting the Hong Kong/China Stock Markets

We are delighted that for the two (2) years on a roll, Pheim Asia Ex-Japan Fund (“PAXJ”) has received the 2022 Refinitiv Lipper Fund Award for the 3-year and 5-year periods as Best Fund under Equity Asia Pacific Ex-Japan Category. The aforementioned awards received are for PAXJ’s performance for the 3-year and 5-year periods ended 31st December 2021, after winning the 3-, 5-, 10-year periods in 2021 for PAXJ’s performance for those periods ended 31st December 2020.

PAXJ generated a return of 45.36% for the 3-year period ended 31st Dec 2021, which outperformed the MSCI Asia Ex-Japan Index (33.35%) by +12.01%. For the 5-year period ended 31st December 2021, PAXJ generated a return of 47.46%, which outperformed the MSCI Asia Ex-Japan Index (42.52%) by +4.94%.

Besides adhering to Pheim’s Investment Philosophy, there was a major factor that allowed Pheim Asia Ex-Japan Fund to generate good returns in 2021 despite poor market conditions. Pheim has decided to underweight the Hong Kong/China region.



Source: Bloomberg

2021 was a painful year for investors in Chinese stocks in general. Earlier on, many investors had held high hopes for China’s equity market with many deciding to allocate a sizable portion of their investments into the region. Yet 2021 saw a slew of regulatory policy changes on industries related to education, technology, gaming and internet platforms which led to major sell down of Chinese stocks.

As early as late 2020 till third quarter of 2021, Pheim had decided to reduce PAXJ’s equity exposures in Hong Kong/China. As a result, the Fund’s equity exposure in the Hong Kong/China regions was reduced from 41.27% as at 30 November 2020 to 22.87% as at 30 September 2021. Initially in early 2021, many had questioned Pheim’s decision to cut exposures in the Hong Kong/China markets, as a majority of investors throughout the industry were still bullish on China. Thanks to the sound investment decision to underweight China PAXJ managed to avoid the worst of the decline. However, we believe the Hong Kong/ China Markets are selectively undervalued. We will accumulate stocks that meet Pheim’s Investment Criteria.

Never Fully Invest at All Times

By: Dr. Tan Chong Koay, Founder and Chief Strategist of Pheim