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## CRUX Asia ex-Japan Fund

“ We believe that regional population growth and rising prosperity, combined with consumers that have a propensity to adopt new technologies, are fundamental secular drivers, which will provide many years of exciting economic growth in the Asia region. ”

The CRUX Asia ex-Japan Fund launched on the 11th October 2021 and since launch to end of November rose 0.3% compared to its benchmark the MSCI Asia ex-Japan Index which fell 0.4%.\*

During November the main positive contributors to fund performance included our nickel mining investments Nickel Mines (+36%) and Chalice Mining (+49%), and multi-layer printed circuit board manufacturer Unimicron Technology which was a new addition to the portfolio this month. The main detractors were Asean gaming and e-commerce company SEA Ltd which fell -16% over the month, HK listed copper miner MMG Ltd (-21%), and Chinese short video platform company Kuaishou Technology (-18%).

We initiated positions in; Unimicron technology, a Taiwanese manufacturer of multi-layer printed circuit boards. Contemporary Amperex Technologies which is China's leading EV battery manufacturer. Milkyway (A-share), a leading private chemical logistics company in China. Over the course of the month we added to our position in Samsung Electronics taking it to the fund's largest position at month end.

### Accelerants and rollercoasters

The world is digitising rapidly. We observe with each new generation they spend more time online than the previous one. This propensity for digital adoption is accelerating between generations. In 5 years' time, we will look back and be surprised at the increased use of all things digital. In Emerging Markets, the recent rapid adoption of smartphones is adding to this 'evolutionary' pressure.

It is now widely accepted that COVID-19 has been an accelerant to the broader digitalisation trend, bringing forward future growth. It has also been a

\*Source: FE 11.10.21-30.11.21 Bid-Bid, GBP, net income re-invested

### Important Information

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rollercoaster of a ride with the market going from negativity in March 2020, to extreme positive euphoria in February this year, to now to its current despondency, especially towards US listed Chinese technology companies.

We fully benefitted from the rise of the digital economy over the last few years in our portfolios; however, we significantly reduced exposure to Chinese technology companies early this year, including completely selling out of Alibaba, Tencent and Meituan. We believed that the combination of increased competition, rising regulatory risk and the COVID-19 accelerant playing out, would lead to reassessment of the sector's future growth prospects. This has played out far quicker than we expected and now it is time, again (it is going to be a rollercoaster), to review some of these fallen angels.

We have been using the current dislocation of markets to add to what we believe will be some of the great growth companies in Asia over the next 3-5 years. We think the rate of change in the slowdown in Chinese economic growth is abating, and that we will see sequential economic growth by 2Q next year. In terms of regulatory change, we think incremental market surprise has peaked and is now overly discounted - the Chinese government may be concerned about the political and social power of the internet companies, however, the demand for their services only grows amongst the younger generations.

Your fund aims to invest in the fastest growing companies in the fastest growing region in the world. We believe that regional population growth and rising prosperity, combined with consumers that have a propensity to adopt new technologies, are fundamental secular drivers, which will provide many years of exciting economic growth in the Asia region.

## Important Information

Please note: Due to rounding the figures in the holdings breakdown may not add up to 100%. Unless otherwise indicated all figures sourced from Financial Express, Datastream, State Street and CRUX Asset Management Ltd. Third party data is believed to be reliable, but its completeness and accuracy is not guaranteed.

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