Portfolio Commentary

In June, the Value Multiplier Fund returned **+1.73% (net)**.[1]

YTD June 2024, the Value Multiplier Fund returned **-4.01% (net)**.[1]

Market Review

In June, Chinese equities continued their correction from mid-May. Economic data from May was mixed and showed a reversal from the April activity data, likely influenced by the shifting Labor Day holiday timing.

In June, the NBS manufacturing PMI stayed flat at 49.5 while the non-manufacturing PMI fell to 50.5 from 51.1 in May, with a deceleration of activity on both the construction and services sectors. In May data, industrial production and fixed asset investment missed expectations while retail sales beat expectations. Industrial production growth was +5.6% YoY, slowing from +6.7% in April and missing consensus expectations of +6.2%. Fixed asset investment growth was +4.0% YTD YoY in May, compared to +4.2% in April and consensus expectations of +4.2%. Retail sales grew +3.7% YoY in May, accelerating from +2.3% in April and beating expectations of +3.0%. Exports value increased by +7.6% YoY in USD terms in May, surprising to the upside compared to expectations of +5.7% while import value growth of +1.8% YoY in May missed expectations of +4.3%. Credit and money data remained soft in May – after a negative print in April, TSF net flows rebounded to RMB 2069bn but by less than market expectations of RMB 2349bn. Private credit demand remained weak while money supply growth fell to all-time lows. Headline CPI inflation stayed unchanged at +0.3% YoY in May while PPI deflation narrowed to -1.4% YoY in May.

In June, the PBOC held its 2Q MPC Meeting and reiterated its supportive monetary policy stance. Consistent with recent communications, the central bank maintained its pro-growth stance and continued to focus on enhancing monetary policy transmission. It also said it would facilitate credit extension via structural monetary policy tools and re-stated its supportive stance to the property market while pledging to maintain a broadly stable exchange rate. In a speech by PBOC Governor Pan at the Lujiazui Forum, he highlighted that the recent deceleration in money/credit data was due to regulatory scrutiny on loans and deposits, while emphasizing that the policy stance remains accommodative and suggested the adoption of more international standards in its monetary policy toolkit over time. Meanwhile at the Forum, CSRC Chair Wu reemphasized shareholder returns and investor protection. The NDRC issued measures to promote and develop new consumption drivers.

Foreign investor interest in Chinese equities pulled back in June as the Northbound Stock Connect saw ~$7bn of net outflows MTD, bringing total YTD inflows to ~$5bn. Meanwhile Southbound buying saw continued strength with ~$12bn of MTD net inflows, bringing YTD inflows to ~$48bn.

Portfolio Review

In June, the long book registered gains while the short book incurred some losses.

In the long book, the top contributors included A-shares companies that are some of the leading optical transceiver module manufacturers in the world benefiting from increased AI networking demand. Other meaningful contributors included the top contributors in May such as a global leader in AI accelerator chips and a software company with global leadership in AIGC development. Another top contributor included a globally dominant IT services software provider venturing into the CRM and HRM segments. The short book was down overall as market hedges incurred losses while single-stock shorts were flat; however these losses were more than offset by profits from the long book.

Heading into June, the portfolio's gross and net exposures were relatively low while net exposure had increased to the lower end of the typical range. During the first half of June, we gradually increased net exposure by adding long exposure and trimming short exposure. This allowed the portfolio to generate profits into the middle of the month. We then trimmed longs to take profit and added back short exposure, which helped to protect gains through the remainder of the month.

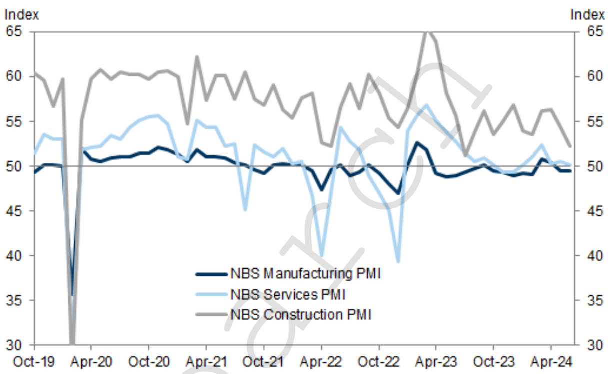
Outlook (as of 30-Jun-2024)

As long-term investors, we seek to invest with conviction in high-quality beneficiaries of SVI Megatrends. We focus less on the broader economic cycle, instead aiming to build a relatively uncorrelated portfolio backed by idiosyncratic growth drivers. This has been evidenced in our historical alpha generation with a relatively low beta to the market. That said, we are cognizant of the macro environment our portfolio companies are operating in and our awareness of the market cycle can help to inform our overall portfolio exposure management. While our strategy and portfolio are not reliant on a macro recovery, we would like to share our on-the-ground observations and outlook with investors.

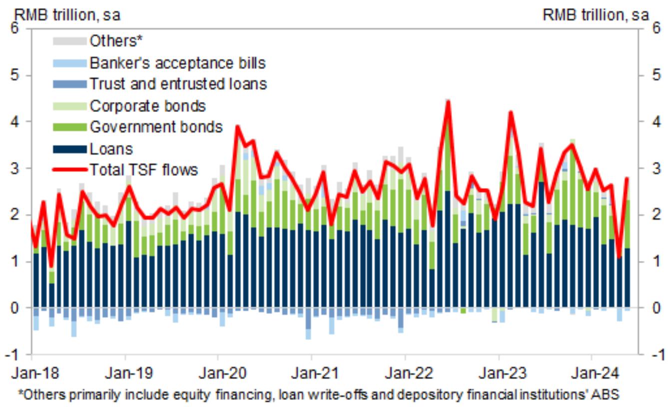
Following a challenging 3 years of negative returns, Chinese equities have seen a relief rally thus far in 2024. Macroeconomic growth figures in 1Q were better-than-expected while a continued rollout of policy easing measures has been welcomed. In February, several easing actions demonstrated increased urgency and coordination to provide support while the April Politburo meeting continued to maintain a pro-growth stance with heightened emphasis on implementation of easing measures, in a “forceful” way with “flexible usage of monetary tools”. In May, policymakers announced the most comprehensive property stimulus package in some time in an effort to address the struggling property sector. As a result of these developments, the market has rebounded from historically cheap valuations, despite a fundamental picture that still remains relatively unclear. The recovery continues to show signs of divergence and as such, dispersion is likely to remain elevated, creating an alpha-rich environment. We believe this further highlights the importance of a selective approach focused on secular growth areas while being balanced and cognizant of the prevailing market momentum.

Fundamentals have shown signs of greenshoots and improvement, but the overall picture remains uncertain. While 1Q GDP growth surprised to the upside and manufacturing and exports have been robust with stable household consumption, credit demand has been sluggish, real rates remain high, liquidity has tightened and disinflationary pressures continue to linger. The property market continues to be weak with accelerating price declines, dragging on momentum and dampening confidence, while local government deleveraging also create headwinds. These factors may persist for the coming months and are areas we are monitoring closely as potential risks. Longer-term, while exports have been and will likely be a key growth driver for China’s economy, potential escalations in trade tensions with the upcoming US elections are likely to muddle the outlook.

Macroeconomic indicators have shown improvement but uncertainty remains

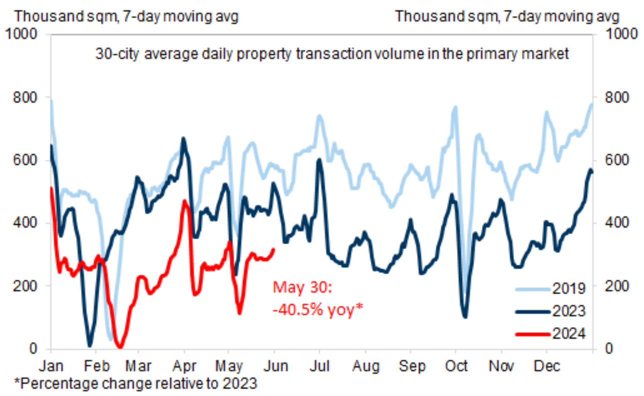


Source: NBS, GS GIR, as of 30-Jun-2024.

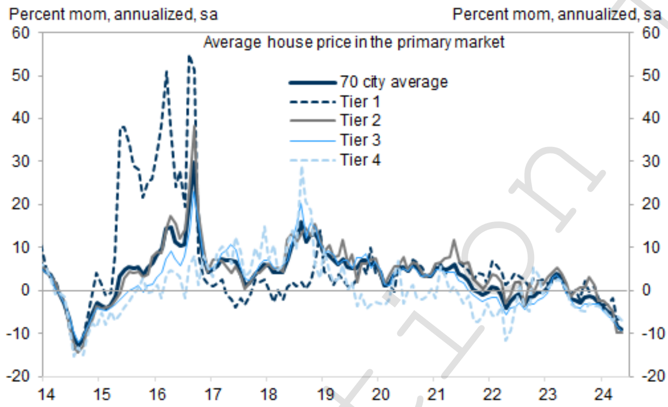


Source: PBOC, GS GIR, as of 17-Jun-2024.

Property stimulus has been encouraging, but may not be enough. New home sales remain weak and prices continue to decline



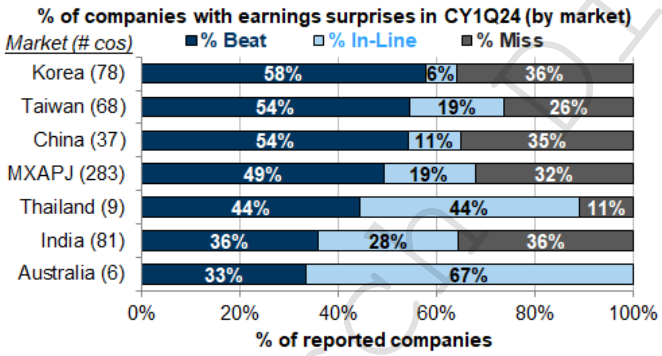
Source: Wind, GS GIR, 2-Jun-2024; NBS, 19-May-2024



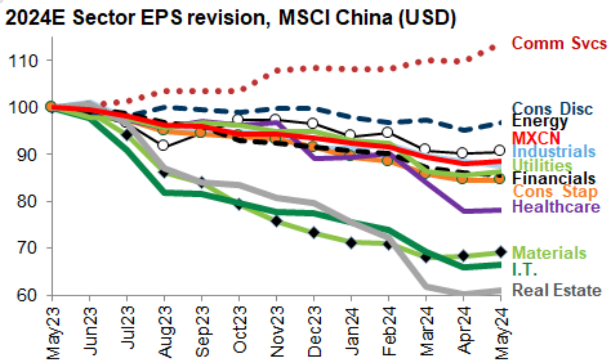
Source: CEIC, GS GIR, 23-Jun-2024.

Corporate fundamentals have shown some signs of improvement. 1Q24 earnings season was decent and the scale of misses has reduced compared to 4Q23, showing signs of “things becoming less bad”. Revision trend divergence remains pronounced with strength in Internet-related sectors while Real Estate, IT and Materials. That said, with improving macroeconomic growth and stabilizing macroeconomic conditions, this may provide a better backdrop for earnings growth going forward with expectations of high-single-digit to double-digit growth in 2024/25. In addition, a continued policy push for improving shareholder returns may offer additional value to investors with dividend payments and buybacks reaching an all-time high.

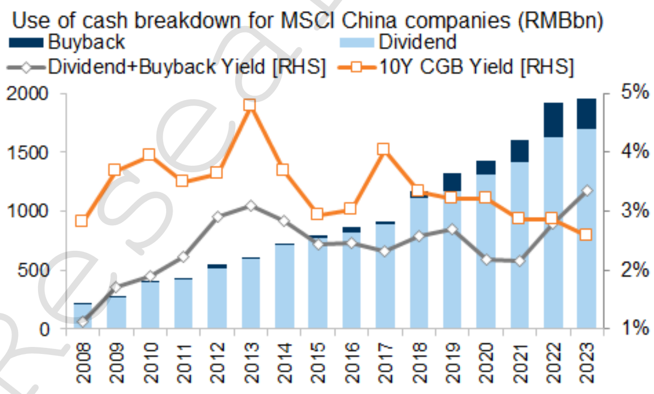
Earnings growth has been decent with sector divergence; improved shareholder returns in the listed universe could offer value



Source: Bloomberg, MSCI, GS GIR, as of 20-May-2024.



Source: Factset, MSCI, GS GIR, as of 31-May-2024.



Source: Factset, MSCI, GS GIR, as of 29-Apr-2024.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. THERE CAN BE NO ASSURANCE ANY STRATEGY WILL ACHIEVE ITS OBJECTIVES OR AVOID SUBSTANTIAL LOSSES.

Policy support in aggregate has been broad-based and dovish and broad-based with a focus on better coordination and implementation. As we previously highlighted in July 2023, we felt the Politburo meeting was a positive development for future economic growth expectations. Policymakers acknowledged the economic weakness in 1H23 and enhanced efforts to ease across monetary/fiscal/credit fronts, stimulate consumption, and mitigate structural risks in property and local government debt. In addition, they pledged to strengthen market confidence via capital market reforms and support, which is uncharacteristic relative to history. At the Central Economic Work Conference (CEWC) in December 2023, Chinese leaders made calls to pursue economic progress while ensuring stability and prioritizing development before addressing problems. Importantly, policymakers emphasized better policy coordination to enhance policy transmission and reduce offsetting measures, including lower-level leadership to avoid restrictive measures. Some greenshoots in easing emerged throughout the end of 2023 including an increase in the central government bond issuance quota, a record-size long-term liquidity injection, an increase in the PBOC's Pledged Supplementary Lending (PSL) program, lower deposit rates at large commercial banks, and stronger messaging at the PBOC's 2024 Work Conference in January 2024. Easing momentum accelerated in early 2024 with several successive and coordinated policy announcements to support growth. These included a surprise 50bps RRR cut and 25bps 5-year LPR cut, property stimulus to improve lending to developers and lower mortgage rates and down payments, as well as reports of a potential stimulus package of ~RMB 2.3tn to buy A-shares and RMB 1tn of new debt issuance under a special sovereign bond plan. Meanwhile, the 2024 National People's Congress (NPC) government work report set economic targets that were largely in-line with investor expectations, while reflecting a pro-growth signal with an emphasis on fiscal policy, lifting private business confidence and expanding domestic demand. More recently, the April Politburo meeting signaled a continuation of the easing stance with a continued focus on previously highlighted areas such as high-quality growth including high-tech manufacturing, green industries and market reforms. It also continued to emphasize acceleration of tech innovation, strengthening supply chains and faster market opening combined with continued capital market improvements.

Policymakers have recently shown a concerted effort to step up easing, but further stimulus may be needed to reflate the economy and stabilize the housing market. While a "big bazooka" policy stimulus hasn't materialized, a "policy put" has been implemented across monetary, fiscal, equity and housing markets. Policymakers have seemed to generally be reluctant to "overstimulate" the economy, likely in order to focus on "high-quality growth". That said, there have been incremental efforts to stabilize domestic demand, such as pushing for accelerated government bond issuance and launching the auto trade-in program, combined with efforts to reduce overcapacity in some manufacturing sectors and increasing housing inventory digestion. In addition, the government has started its RMB 1tn ultra-long STB issuance with the planned issuance of RMB 1.1-1.2tn in local government special bonds for May-June. The recent property stimulus package is comprehensive and encouraging in demonstrating stronger commitment to stabilize the housing market and avoid systemic risks. However, we believe the measures thus far are likely not large enough in magnitude to address the full scale of the issues, and execution and timing remain critical. We believe there remains scope for additional easing, which we feel would be necessary to exit deflation and spur a further recovery in consumption and services, especially given the property sector challenges and damaged confidence. This remains possible as the fiscal rollout thus far this year has lagged the widened fiscal deficit schedule. Further measures could include a stronger fiscal impulse and budgetary expansion, additional monetary easing, more support for the property sector and easing regulation. However, the urgency to step up policy easing may be delayed given the better-than-expected 1Q24 GDP growth numbers, and it would likely take time for such actions' impacts to be fully reflected in economic data and equity markets. We are looking ahead to the Politburo meetings in July and the Third Party Plenum for further clarity on future policy direction and pace. **All in all, we believe a more dovish policy stance should support growth and sentiment going forward.**

Importantly, long-term policy support may provide tailwinds for our SVI Megatrends. As China continues its economic transition to a higher-quality growth model and advanced industrialized economy driven by innovation and higher productivity, we believe our Megatrend beneficiaries should benefit from top-down policy directives. This structural policy support could provide idiosyncratic growth drivers amidst ongoing macro uncertainty. For years, policymakers have emphasized the importance of spurring innovation in key high-tech sectors, which have been tabbed as areas of national strategic importance, by leveraging a vast research talent pool and heavy R&D investment to climb the value chain. This is akin to the evolution previously seen in Korea and Taiwan's economies, which have now become global leaders in advanced technologies like memory, semiconductors and new materials. Most recently in the 2024 Government Work Report, top leadership raised prioritization of the goal of "promoting the development of the modernized industrial system" amongst the government's work goals. This included plans to increase government funding for science and technology research by +10% YoY to "move faster to boost self-reliance". Some of the specific industries mentioned include artificial intelligence, renewable energy, new materials, and biotech, which we seek to invest in through our top-down/bottom-up approach. In addition, the PBOC plans to set up a new relending program for technological innovation and transformation to support domestic development with news of China raising more than $27bn for state-backed fund to support semiconductor development amidst US restrictions.

Several policy easing measures have been implemented since the Politburo meeting in July 2023

Date	Announcement	Type
27-May	Politburo study session on promoting employment	Growth
27-May	Politburo meeting on speeding up the development of the central region and preventing financial risks	Growth
24-May	State Council meeting adopts opinions on expanding cross-border e-commerce exports and advancing the construction of overseas warehouses	Growth
23-May	President Xi urged further reform centering on Chinese modernization in a meeting with business leaders and experts	Growth
17-May	PBOC cuts loan rates for housing provident funds by 25b	Property
17-May	PBOC removes the national floor for mortgage interest rates	Property
17-May	PBOC lowers the minimum downpayment requirements to 15%/25% from 20%/30% for first/second home purchases, respectively	Property
17-May	PBOC announces an RMB300bn relending program to support local government purchase of existing housing inventory and converting into public housing at the State Council press conference	Property/Credit
13-May	The Ministry of Finance announced the RMB1tn ultra-long-term central government special bond (ULT CGSB) issuance will begin on May 17	Fiscal
11-May	State Council meeting studies the work on effectively lowering logistics costs and adopts an action plan on the digital transformation of the manufacturing sector	Growth
11-May	PBOC reiterates supportive stance in Q1 monetary policy report	Monetary
30-Apr	Politburo pledged to study how to digest the existing housing inventory and optimize the new housing supply	Property
30-Apr	Politburo maintained a supportive stance and focused on policy implementation in its April meeting	Growth
26-Apr	Premier Li Qiang hears an inspection and research report on optimizing the business environment at State Council meeting	Growth
24-Apr	Policymakers hint at active role for PBOC in CGB trading	Monetary
22-Apr	Premier Li stresses efforts to accelerate the development of a well-regulated and resilient capital market at a state council study session	Capital market
13-Apr	State Council meeting studies the work on accelerating the rise of the central region and mulls measures to improve the long-term mechanism for resolving payment arrears to enterprises	Growth
12-Apr	State council published new "9 measures" to manage risks and promote high-quality development in the capital markets	Growth
8-Apr	Premier Li meeting economic experts and businesses to solicit opinions on economic work	Growth
3-Apr	The NDRC held a meeting to accelerate large-scale upgrade of equipment and trade-in of consumer goods	Growth
29-Mar	PBOC reiterated supportive monetary policy stance at Q1 MPC meeting	Monetary
29-Mar	State Council meeting vows to take concrete action to promote large-scale equipment upgrades and trade-in of consumer goods	Growth
22-Mar	State Council meeting to optimize real estate policies and increase the supply of high-quality housing	Property
21-Mar	PBOC, MOF and NDRC officials held a press conference on support for investment and employment and room for monetary policy easing	Growth
6-Mar	PBOC, MOF, NDRC, MOFCOM and CSRC heads held a joint press conference and reiterated supportive stance in economic policymaking	Growth
5-Mar	Two Sessions set "around 5%" GDP growth target, in line with market expectations	Growth
1-Mar	State Council meeting approves an action plan to promote large-scale equipment upgrades and trade-in of consumer goods	Growth
23-Feb	State Council meeting studies measures to attract and utilize foreign investment as well as arranges work to defuse local government debt risks	Growth
23-Feb	President Xi stresses the importance of lowering logistics costs and promoting large-scale equipment upgrades and trade-in of consumer goods in the Central Financial and Economic Affairs Commission (CFEAC) meeting	Growth
20-Feb	PBOC cut 5-year LPR by 25bp and left 1-year LPR unchanged	Credit
9-Feb	PBOC reiterates supportive stance in Q4 monetary policy report	Monetary
2-Feb	State Council meeting to consider measures to further improve business environment	Growth
26-Jan	The Ministry of Housing and Urban-Rural Development (MOHURD) allowed local governments more discretion in adjusting local housing policies	Property
24-Jan	The PBOC and National Administration of Financial Regulation (NAFR) jointly issued guidelines to support developer financing	Property
24-Jan	PBOC announced a 50bp RRR cut and 25bp relending/rediscount rate cut	Monetary
22-Jan	State Council meeting on rural revitalization and capital market operations	Growth
5-Jan	State Council meeting to further develop "silver economy" as population aging accelerates	Growth
29-Dec	State Council meeting to advance a new type of "people-centered" urbanization	Growth
29-Dec	PBOC continues to focus on monetary policy efficiency at Q4 MPC meeting	Monetary
18-Dec	State Council meeting to expedite the building of a national unified market and advance fiscal reform	Growth
12-Dec	Central Economic Work Conference maintained pro-growth tone, but stressed high-quality growth and policy coordination	Growth
8-Dec	December Politburo meeting continues to highlight measured policy easing	Growth
1-Dec	State Council meeting discussed measures to further integrate domestic and foreign trade	Growth
27-Nov	PBOC emphasized policy implementation in its Q3 monetary policy report	Monetary
14-Nov	Policymakers reportedly plan to provide RMB 1 trillion funding to support housing construction	Growth
3-Nov	State Council meeting stresses high-quality development of rare earth industry	Growth
31-Oct	Central Financial Work Conference focuses on comprehensive supervision, serving the real economy, and risk prevention	Growth
24-Oct	NPC standing committee meeting approved an RMB1tn additional central government bond issuance quota to support infrastructure investment	Fiscal
20-Oct	State Council meeting to abolish and adjust administrative fines to create a more favorable business environment	Growth
10-Oct	State Council meeting approves document on strengthening dynamic monitoring of low-income population	Growth
27-Sep	PBOC vowed continued support at Q3 MPC meeting	Monetary
20-Sep	State Council meeting discusses advancing new industrialization	Growth
14-Sep	PBOC announced a 25bp RRR cut, effective September 15th	Monetary
11-Sep	PBOC to maintain the broadly stable exchange rate in the nationwide FX market self-regulatory meeting	Monetary

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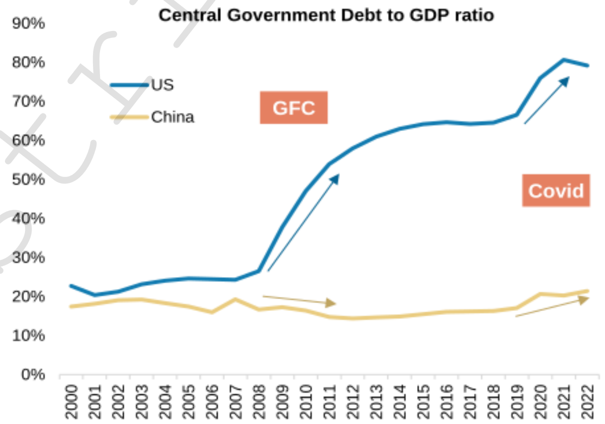
1-Sep	PBOC to decrease reserve requirement ratio for FX deposits, effective September 15th	Monetary
31-Aug	PBOC and the National Administration of Financial Regulation jointly announce to lower interest rate for existing first-home mortgage	Credit
31-Aug	PBOC and the National Administration of Financial Regulation jointly announce to lower the nationwide minimum downpayment ratio and mortgage rate for first and second home buyers	Credit
31-Aug	State Council increases tax deduction for infant care, children's education spending and elderly care	Fiscal
27-Aug	China halves the stamp duty on securities transactions to boost investor confidence	Fiscal
25-Aug	State Council meeting stresses high-quality development of pharmaceutical and medical equipment industries	Growth
25-Aug	Regulators announce that cities are allowed to treat qualified families previously classified as second-home buyers as first-time buyers for mortgage borrowing	Property
21-Aug	PBOC cut 1-year LPR by 10bp and left 5-year LPR unchanged	Credit
17-Aug	PBOC reiterates supportive monetary policy stance and highlighted FX stability in its Q2 monetary policy report	Monetary
16-Aug	PBOC increases relending quotas by 35bn RMB to support agriculture sector and small enterprises that were hit by typhoons	Credit
16-Aug	Premier Li pushes for policy implementation to achieve the annual work goals and promote high-quality development	Growth
15-Aug	PBOC cuts the 1-year MLF rate by 15bps and 7-day OMO rate by 10bps	Monetary
11-Aug	Offshore media reported China has allowed provincial-level governments to raise around RMB1tn via refinancing bond sales to repay local government implicit debt	Fiscal
2-Aug	MOF to extend several tax relief measures for small businesses to the end of 2027	Fiscal
1-Aug	MOF requires local governments to accelerate special bond issuance and finish issuing this year's quota by end of September	Fiscal
1-Aug	PBOC to guide commercial banks to lower mortgage rates for existing borrowers and reduce the down payment ratio on properties	Property

Source: Government websites, Goldman Sachs GIR, as of 30-May -2024.

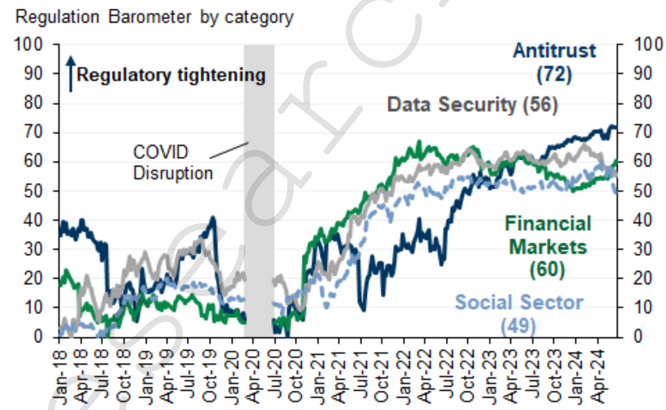
Policy easing has been relatively restrained; central government has room to lever up

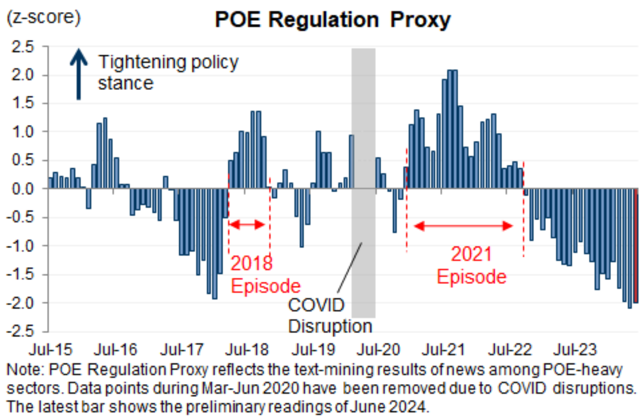
Source: Wind, Haver Analytics, CEIC, Goldman Sachs GIR, as of 14-Apr-2024.



Source: Morgan Stanley Research, as of 3-Jan-2024.

Regulatory easing and improved policy coordination is likely to continue given guidance from the CEWC

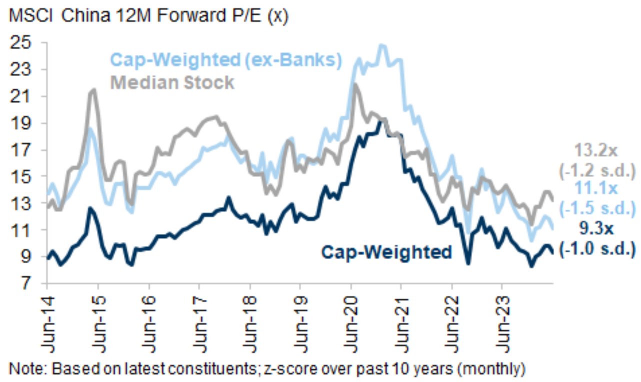




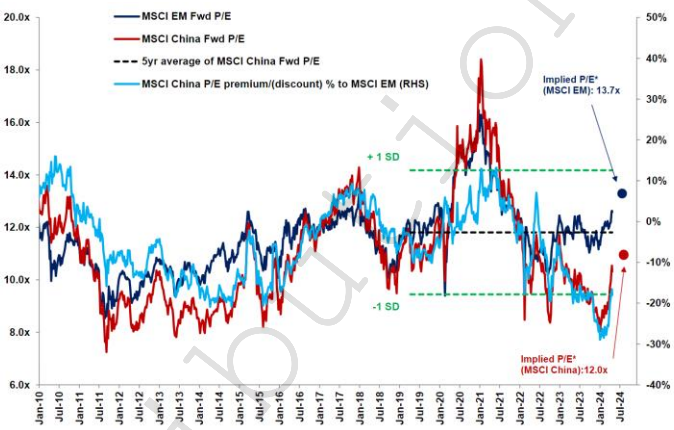
Source: Goldman Sachs GIR, Factiva, MSCI, as of 30-Jun-2024.

Despite the YTD recovery and outperformance of Chinese equities, valuations remain relatively attractive. After sentiment reached extended levels of pessimism and index-level valuations significantly dislocated from fundamentals, a relief rally materialized off the back of signs of stabilizing growth and policy easing momentum. Meanwhile, capital market reforms and stimulus have been made to shore up investor confidence. The National Team has demonstrated buying robust support and long-term capital sources such as SOEs, pension funds, insurance funds and wealth management units have also been guided to invest more in Chinese equities. More recently, global investors' allocations to China have moved off lows but still remain close to historical lows. If the economic recovery improves with better policy support and equity market momentum sustains, this could renew investor interest and strengthen flows.

Valuations remain attractive vs. history and other asset classes, despite the recent rally



Source: MSCI, FactSet, I/B/E/S, Goldman Sachs GIR as of 30-Jun -2024

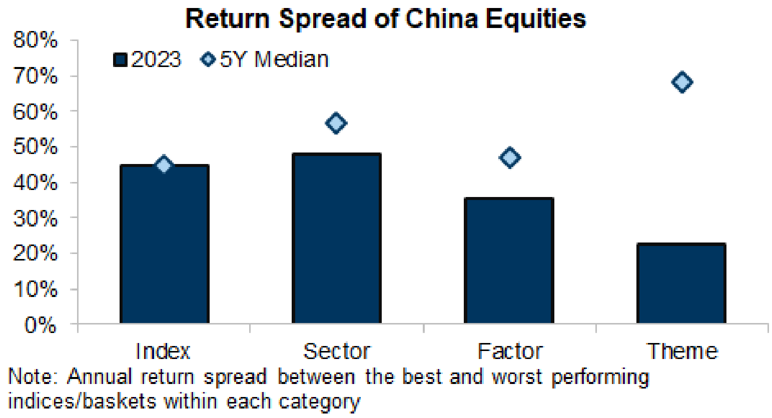


Source: MSCI, Datastream, MS Research, as of 22-May-2024.

We believe additional upside remains, although there may be a period of consolidation with further clarity needed. Following an initial rally led by momentum and multiple expansion, the market may take a breather to consolidate and look ahead for further catalysts. With the "policy put" in place, the next leg may rely on an improvement in macro fundamentals and earnings delivery and upgrades to sustain the continued recovery. **We remain conservative in the near-term and cautiously optimistic for the medium-term.** Despite the relatively positive developments thus far, economic fundamentals remain uncertain and further improvement in earnings is required. Policymakers have demonstrated a clear focus on maintaining an easing bias and taking actions, but we would like to see more comprehensive stimulus in coming periods, particularly demand-side stimulus targeting key areas such the consumer segment and further property support focused on housing inventory digestion. Follow-through delivery in terms of policy execution and timing remain crucial. Other notable risks include exogenous factors such as weaker-than-expected global demand, global liquidity dynamics and the potential for escalating geopolitical tension in the run-up to the US elections, all of which remain both impactful and difficult to predict. **We are closely monitoring developments at the macro/micro levels and in potential risk areas, while remaining ready and agile to react to any situational changes.**

Importantly, we feel alpha opportunities will be plentiful in 2024. Elevated volatility and dispersion amidst an uncertain macroeconomic outlook may provide a conducive environment for stockpickers such as ourselves. Several factors may further increase dispersion including the uneven nature of the cyclical recovery, technological disruptions (e.g. AI), policy direction and other external factors such as geopolitics. We remain committed to our approach towards investing in Megatrend beneficiaries backed by idiosyncratic secular growth drivers. We aim to stay vigilant against any further market downside with embedded protection mechanisms and nimble portfolio management, while maintaining low single-stock short exposure to avoid the elevated risk of short squeezes at this stage.

Chinese equities historically display higher dispersion, creating meaningful alpha opportunities

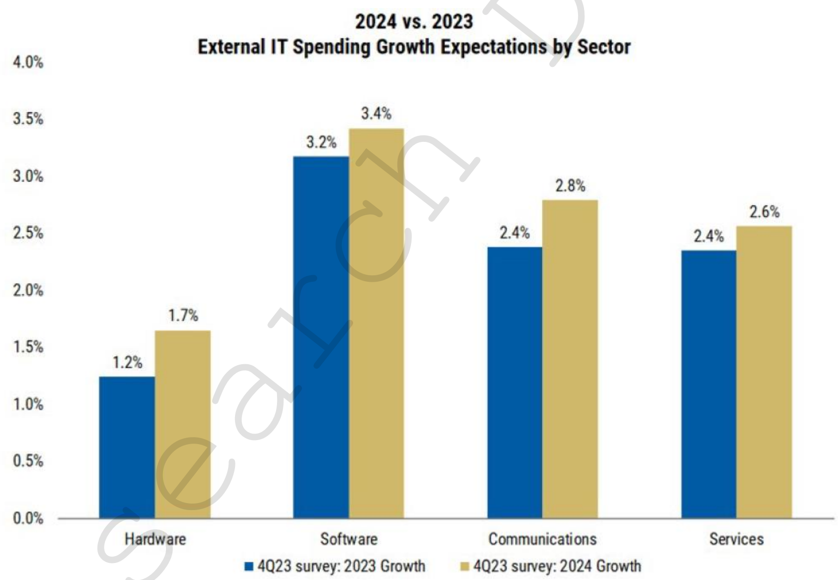


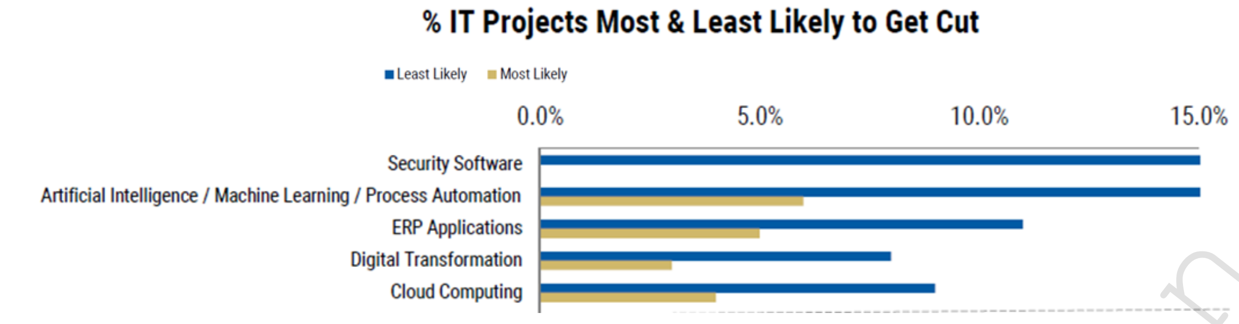
Source: FactSet, Goldman Sachs Global Investment Research, 4-Jan-2024.

In the long book, we are currently most constructive on the AI Revolution and Cloud/SaaS megatrends. We believe that the AI Revolution is and will be the most disruptive trend since the mobile internet, with strong potential to generate significant value creation. In our view, AI development is still only in the early innings of its long-term upside potential and that current AI capabilities are still in their infancy stages with a long runway for growth. Continued technological developments could underpin broader growth in related products/services while spawning innovation in new fields that have not yet emerged.

We believe that AI adoption will accelerate further and that AI use cases are closer than many may expect. IT spending is expected to grow meaningfully in 2024 with most companies' focuses honed in on AI and cloud computing. According to a 4Q23 survey of CIOs by Morgan Stanley, IT spending growth is expected to increase from 2.6% in 2023 to 3.3% in 2024. Within that, AI and Machine Learning rose to the top of the CIO priority list for the first time, followed by data warehousing and security.

Growth of IT spending on software/communications is expected to be the fastest in 2024



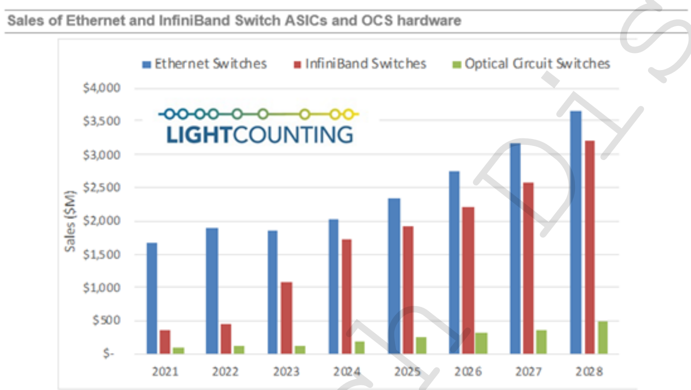


Source: AlphaWise, Morgan Stanley Research, as of 11-Jan-2024. N=100 (US and EU data).

In previous tech innovation booms, infrastructure has typically been the first wave of growth. Our investments in AI enablers such as computing and networking plays served us well in 2023, and we see additional upside ahead. AI workloads are increasing computing power demand and networking bandwidth remains a key limiting factor for AI chip performance. To maximize productivity, users will need to continue upgrading their networking capabilities to transport data faster and more reliably for AI applications. As such, Lightcounting forecasts for sales of Ethernet optical transceivers for applications in AI clusters will amount to $18bn over the next 5 years, while all other applications of Ethernet transceivers combined will generate $29bn over the same period.

Similarly, as more users seek to tap into the power of Generative AI and LLM, cloud computing offers another infrastructure layer with attractive growth potential. The public cloud transition has accelerated meaningfully in the last few years and we believe this will continue as more application workloads move to the public cloud and users seek to leverage the MaaS capabilities of cloud hyperscalers to satisfy data processing and GPU computing demand.

Rapid demand growth for AI-related networking and cloud computing is expected to persist



Source: Lightcounting.as of July 2023.

We have also been exploring and investing in AI-related software and applications. While we continue to like AI networking and cloud computing, we believe the next pockets of innovation and accelerated growth potential could lie in areas such as enterprise software, data warehousing, and cybersecurity. We are observing exciting innovations across various use cases that may not be too far in the future. To reaffirm our thinking, these were all areas highlighted as projects with the largest expected spend increases in 2024 in the MS CIO survey mentioned above. Generative AI and large language models are expected to have transformative impacts on the software space as companies leverage new technologies and enterprise automation to become more efficient and resilient, especially in the wake of COVID disruptions and in the context of a tighter labor market. Databasing and data storage tie closely with the broader trends as the types and volume of data expands rapidly while ways to utilize this data evolves. Meanwhile, cybersecurity has become more important as due to an increasing surface area of vulnerabilities and higher mindshare following several recent high-profile cyberattacks. We remain diligent in uncovering attractive investment opportunities in these sectors and believe they could be key drivers of performance going forward.

Strategic Vision Investment - Value Multiplier Fund
Monthly Newsletter - as of 30th June 2024

SVI Strategic Vision Investment

Value Multiplier Fund Net Returns [1]

% Return[1]	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Value Multiplier Fund	8.71	7.34	4.81	9.13	1.51	12.53	27.14	9.96	3.05	8.48	(2.24)	30.92	**204.94**
MSCI China All Shares	(3.35)	0.09	(6.84)	6.59	(0.91)	9.29	11.27	5.27	(3.44)	4.73	3.93	4.16	**33.41**
% Return[1]	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**2021**
Value Multiplier Fund	25.96	4.00	(5.43)	2.71	0.72	7.88	(1.04)	1.85	(5.08)	2.02	0.44	(8.33)	**24.24**
MSCI China All Shares	6.28	(1.03)	(6.35)	2.31	2.80	(0.48)	(11.13)	0.22	(2.71)	2.78	(3.70)	(1.52)	**(12.91)**
% Return[1]	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**2022**
Value Multiplier Fund	(1.18)	(0.10)	(5.47)	(1.33)	0.43	13.76	(7.54)	(2.63)	7.76	11.14	(27.10)	1.52	**(16.05)**
MSCI China All Shares	(5.32)	(1.23)	(8.31)	(6.27)	1.82	7.82	(8.07)	(1.61)	(12.26)	(13.52)	21.29	4.02	**(23.61)**
% Return[1]	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**2023**
Value Multiplier Fund	7.21	3.39	5.14	(8.65)	2.63	1.10	(3.40)	(6.22)	(2.06)	(1.79)	2.50	0.23	**(1.10)**
MSCI China All Shares	11.06	(7.82)	2.58	(3.87)	(7.94)	1.85	8.99	(8.61)	(2.43)	(3.81)	2.01	(1.98)	**(11.53)**
% Return[1]	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**2024**
Value Multiplier Fund	3.02	(2.17)	(2.71)	(6.23)	2.62	1.73							(4.01)
MSCI China All Shares	(9.94)	9.17	0.65	4.75	1.17	(2.47)							2.28

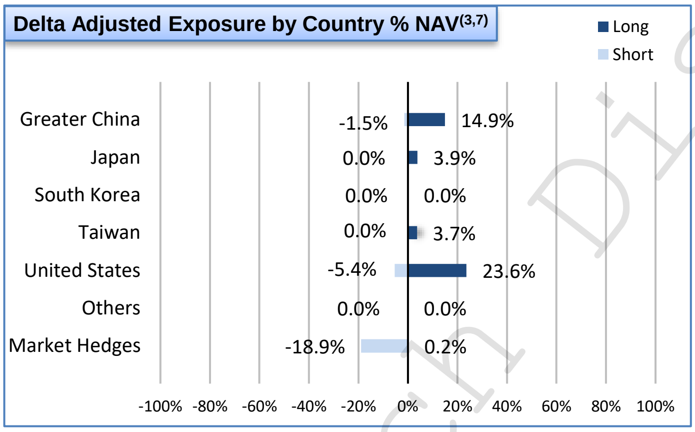
Sharpe Ratio[2]	Sortino Ratio[2]	Correlation[2]	Beta[2]
1.03	1.54	0.24	0.25

Exposures as % of NAV[3]	
Longs:	46.24
Shorts:	(25.75)

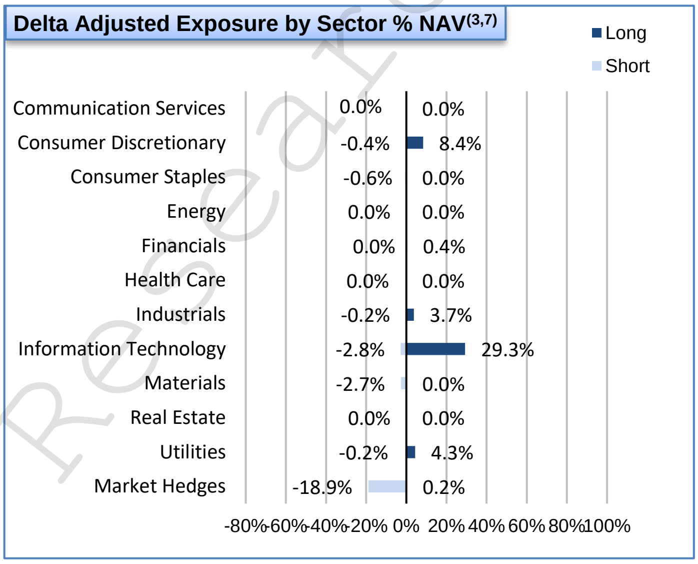
Top 5 Positions Exposure as % of NAV[3,4]	
Longs	33.52
Shorts:	(6.00)

VaR % NAV[5]	
95% 1 Day:	(0.77)

Portfolio Liquidity[6]	
Liquidity:	0.05



Contribution by Country[8]	MTD (%)	YTD (%)
Greater China	1.23	(0.85)
Japan	(0.11)	(0.38)
South Korea	(0.00)	0.00
Taiwan	0.52	0.84
United States of America	0.87	(0.35)
Others	0.00	0.04
Market Hedges	(0.61)	(2.33)
Value Multiplier Fund	**1.90**	**(3.03)**



Contribution by Sector[8]	MTD (%)	YTD (%)
Communication Services	0.00	0.11
Consumer Discretionary	(0.35)	(1.20)
Consumer Staples	0.14	(1.29)
Energy	0.00	(0.00)
Financials	0.20	(2.34)
Health Care	(0.00)	0.02
Industrials	(0.28)	(0.51)
Information Technology	3.71	4.90
Materials	(0.08)	(0.08)
Real Estate	0.00	(0.31)
Utilities	(0.83)	0.00
Market Hedges	(0.61)	(2.33)
Value Multiplier Fund	**1.90**	**(3.03)**

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SVI
Strategic Vision Investment

Fund Summary

The Value Multiplier Fund employs a long/short, variable net strategy investing primarily in Greater China equities. SVI's long-term horizon and investment approach aim to avoid short-term noise and to gain a deeper understanding over consensus. Through its long-term proprietary research, SVI seeks to identify structural megatrends that it believes will have a critical impact in creating significant value over the next 10-20 years (Energy Revolution, Advanced Manufacturing, New Materials, Industry Consolidation, Healthcare/Biotech, AI Revolution, Cloud/SaaS). SVI focuses its research efforts and capital on high conviction investment opportunities in these megatrends through its stringent investment criteria and selection process. SVI's portfolio construction aims to maximize portfolio returns and to mitigate market downturn risk.

Fund Details

CIO	Ken Xu
Domicile	Cayman Islands
Strategy Inception Date	1 January 2020
Investment Manager	Strategic Vision Investment Limited (formerly known as BosValen Asset Management Limited)
Prime Brokers	Morgan Stanley, UBS & Goldman Sachs
Administrator	Morgan Stanley Fund Services
Auditor	PricewaterhouseCoopers
Legal Counsel	Clifford Chance & Walkers
Subscriptions	Monthly on the first business day of each month
Accounting Year End	31 December
Base Currency	USD

Share Classes [9]

Share Class	Management Fee	Performance Fee	Lock-Up Period / Gate	Redemption fee	Redemption Frequency
Class L	2.00%	20.0%	None	None	Monthly, 30 days' notice
Class 2Y	1.50%	20.0%	2 years	2.0%	Quarterly, 60 days' notice
Class 3Y	1.25%	20.0%	3 years	3.0%	Quarterly, 60 days' notice

Investor Relations Team

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Notes

1. Figures shown are actual net returns for Class A from January 2020 – May 2021 and for Class L from June 2021 onwards. Class A represents the highest fee share class with a track record since strategy inception in January 2020. The track record for Class L launched in June 2021. Both Class A and L have the same fee structure (2% management fee and 20% performance fee) and represent the highest fee share classes of the fund; Class L offers monthly redemption frequency vs. quarterly for Class A. From December 2014-December 2019, the firm was known as BosValen Asset Management and employed a low net, low volatility investment strategy in the BV Master Fund. In January 2020, the firm revised its investment strategy to a long-biased, long/short approach, re-branded the firm name to SVI and the BV Master Fund to the Value Multiplier Fund. Performance shown in this document is only representative of the current strategy employed at SVI since January 2020.

2. Metrics shown since inception on January 1, 2020. **Correlation** and **Beta** are shown relative to the MSCI China All Shares Index (Net USD). Please see additional benchmark disclaimers below.

3. "**Delta Adj. Exposures**" is defined as the market value for single-name cash equities, notional market value for single-name equity swaps and delta adjusted exposure for all other equity derivatives.

4. Reports at Issuer level, and includes delta adjusted exposure of single name equity options. Excludes market hedges.

5. "**Value at Risk (VaR)**" is a statistical measure that helps to quantify market risk. It indicates the potential maximum loss of a portfolio over a given time horizon and confidence level under normal market conditions. For example, a 95% 1 Day Var of 1.20% indicates that 95 out of 100 trading days on average, the 1-day loss of the portfolio should not exceed 1.20% of NAV. The VAR is calculated using a combination of historical market factor data to capture broad moves along with a Monte Carlo simulation to capture security specific risk.

6. "**Portfolio Liquidity**" estimates the number of days it would take to liquidate the portfolio. Liquidity is only calculated for the equity and equity swap investments of the portfolio and only where volumes are available. For a covered position, it is calculated by dividing the absolute value of the quantity held by the 21-day median daily trading volume of the position. The "Average" for portfolio is the weighted average of the liquidity of the positions using exposure as the weight of each position.

7. Where applicable, the portfolio is broken down into groups defined as follows:

   a) Country, categories shown are based on Country of Listing as per SVI. Please note Greater China country of listing includes A-shares, H-shares and US-listed Chinese ADRs.
   b) Sector, categories shown are based on either GICS classification or as provided by SVI.

8. Gross performance figures presented do not reflect the deduction of investment advisory or performance-based fees. Estimated performance figures presented are approximations and are subject to change.

9. For the terms of each Share Class, please refer to the Fund's PPM.

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From Nov'14-Dec'19, the Company was known as BosValen Asset Management ("BV") and employed a low net, low volatility investment strategy in the BV Master Fund. In Jan'20, the Company revised its investment strategy to a long-biased, long/short approach, re-branded the firm name to Strategic Vision Investment ("SVI") and the BV Master Fund to the Value Multiplier Fund. Class L and Class 2Y of the Value Multiplier Fund were launched in Sep'20 with track record for Class L incepting in Jun'21. Class L and 2Y have the same fees structure as Class A and Class B, respectively, which both launched in Dec'14 in conjunction with the BosValen Master Fund.

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Returns reported herein are shown against the MSCI China All Shares Index. The MSCI China All Shares Index captures large and mid-cap representation across China A-shares, B-shares, H-shares, Red-chips, P-chips and foreign listings (e.g. ADRs). The index aims to reflect the opportunity set of China share classes listed in Hong Kong, Shanghai, Shenzhen and outside of China. It is based on the concept of the integrated MSCI China equity universe with China A-shares included. Comparisons to other indices may yield different results. Note that any published rankings or similar groupings have inherent limitations and qualifications, such as limited sample size, imperfect access to information and other considerations. The use of leverage and other features of SVI's investment programs differ from those of the index. This information is included solely for illustrative purposes. Methodologies employed for calculating returns for SVI's prior performance may differ from the methodologies employed by the relevant indices and investors should not form an expectation based on the comparison of that prior performance to the benchmarks.

The S&P 500 Index measures the performance of the large-cap segment of the market. Considered to be a proxy of the U.S. equity market, the index is composed of 500 constituent companies. The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. Today the NASDAQ Composite includes over 2,500 companies The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US With 1,513 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. With 1,382 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

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