QUARTERLY REPORT: NDC STABLE INCOME FUND — FIRST QUARTER 2023

Headline – New Dimensions Capital

- Main Economic and Financial Events of the Quarter
- Portfolio Performance Analysis
- Investments Themes and Forward-Looking Considerations

New Dimensions Capital (NDC), Singapore

A multi-family office delivering fresh perspectives and guidance on multi-generational family wealth creation and management. As a premier asset manager in Singapore, New Dimensions Capital acts to guide, protect and grow client's wealth. Since NDC was founded in 2020 by Elaine Foo, the firm has focused on becoming a trusted and reliable partner for regional families and ultrahigh net worth investors.

1. Main Economic and Financial Events of the Quarter

The first quarter of 2023 saw shares increase in price across the globe after a roller-coaster ride. The MSCI World Index increased 9.2%, led by the US S&P 500 increasing 10.0%. Japan's Nikkei increased 19.3%, although this was offset by the Yen's 8.2% fall against the US Dollar for any unhedged investors. Europe's markets followed suit and increased over the quarter despite a resurgence of concern for the future of the Eurozone.

Relatively surprisingly, both equities and bonds markets closed the first three months of 2023 with single-digit gains.

Source: Morningstar Direct, Morningstar Indexes.

The chief concern among many investors shifted from inflation to a liquidity crisis among regional banks, which began with the collapse of Silicon Valley Bank on the 9^{th} of March. Since investors seem convinced that the Fed has contained the problem, much of the stock market was able to weather the storm.

Damage was largely limited to regional bank stocks and real estate investment trusts.

Key Stats for 1st Quarter of 2023 (Source: Morningstar):

- Growth stocks bested value by 14 percentage points in the first quarter of 2023.
- At the sector level, tech stocks had their best quarter since 2Q2020 adding 22%, while energy stocks ended 1Q2023 down 5.0% for their first quarter in the red, since second-quarter 2022.
- Dividend stocks lagged, ending the quarter near where they started, trailing the broader market by nearly 7 percentage points.
- Volatility in the bond market remains at twice its long-term levels for the fourth quarter in a row.
- Within the bond market, investors sought the safety of U.S. Treasuries while shunning bonds with lower credit ratings.
- The Fed raised its benchmark federal-funds rate twice in the first quarter, each time by 0.25 percentage point, finishing the quarter at a range of 4.75%-5.00%, its highest since 2007.
- The yield on the two-year U.S. Treasury reached a high of 5.05% on March 8, only to plummet to a low of 3.76% on March 24. The days following March 8 brought the steepest three-day decline in the two-year Treasury yield since the stock market crash of 1987.
- At its steepest point during Q1 2023, the yield curve became the most inverted since 1981.
- Crude-oil prices dipped to $66.74 per barrel on March 17 (lowest level since November 2021) although it ended the quarter at $75.67 per barrel.
- Leading cryptocurrencies made gains in the first quarter as bitcoin BTC rose 67.1% and Ethereum ETH rose 47.2%, supporting a risk-on view.

	Performance (%)		
U.S. Equities	**Q1 2023**	**Q4 2022**	**1 Year**
U.S. Market	7.40	7.26	-8.60
Value	0.18	14.68	-2.82
Growth	14.79	0.15	-17.46
Dividend Composite	0.55	13.69	-2.47
Wide Moat Composite	9.34	8.26	-8.31
Global Equities			
Developed Markets ex-US	7.53	16.24	-3.38
Emerging Markets	3.58	9.39	-9.66
Fixed Income			
U.S. Core Bond	2.92	1.85	-4.73
U.S. Treasury Bond	2.97	0.73	-4.59
U.S. High Yield Bond	3.68	4.07	-3.44
TIPS	3.38	2.04	-6.59
10+ Year Treasury Bond	6.18	-0.62	-16.30

Source:

- Morningstar Direct,
- Morningstar Indices.

Data as of:

- March 31, 2023

2. Portfolio Performance Analysis

NDC Stable Income Fund	QUARTERLY 1Q 2023
NAV	9.72
Quarter P&L	-2.77%
Investment P&L	-2.37%
Hedging P&L	-0.89%
FX P&L	0.23%
Dividend Income	1.01%
Expenses	-0.74%

The 1st quarter of 2023 was not kind to NDC Stable Income Fund's strategy and performance ended with a 2.77% loss from the initial NAV.

For a quarter with almost all equity sub-indices positive, the negative performance can only be explained by the building inventories process that started with the first trades done last week of January. An additional expense to the portfolio performance was the hedging overlay, for a period that saw equities 's volatility higher than previous quarters. The income from the dividend distribution is approximately 1% and will be paid accordingly.

2.1 Portfolio Construction and Specific Allocations.

The strategy for the NDC Stable Income Fund (NDC SIF) is to distribute a consistent dividend on a quarterly basis in addition to providing solid capital gains, underlying a stable income to fund 's subscribers.

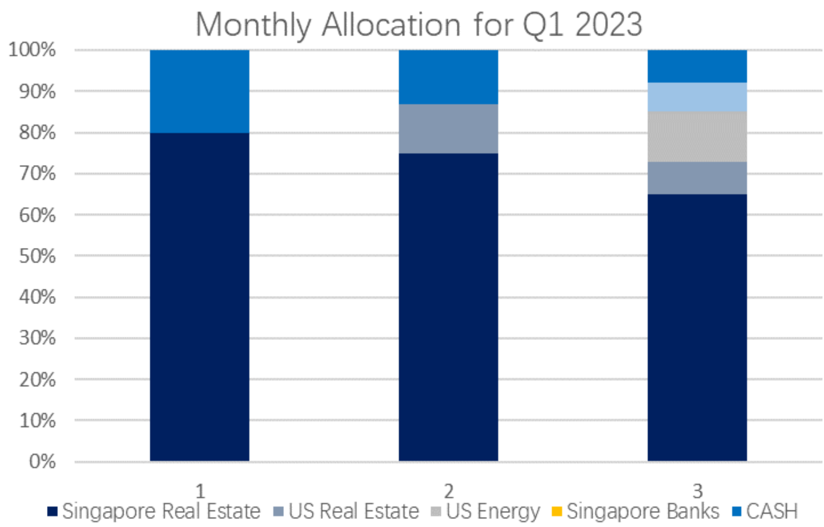
The end of January marked the first trades for the fund and, coincidentally, the starting point for the high dividend paying names (DIVIDEND YIELD) to underperform the broader index (APAC MSCI) and even more significantly, the global growth names (GROWTH).

This explains the most part of our fund 's underperformance for the first quarter of 2023.

Leaving aside the low dividend paying growth and technology names while building exposure into high dividend paying names in Singapore and US affected performance and created the need for actively manage the portfolio.

In February, allocations were adjusted before reaching the expected 6-7% profit, but levels close to or lower than half such profits. Additionally, we gained exposure to US real estate sector in need to diversify risk. Consequently, in March we allocated to US Energy (up-stream and mid-stream business) and Singapore Banks, as a reaction to increasingly stressed financial conditions and persistent inflation in US.

The cash drag over the quarter (averaging 14%) and a negative surprise in the US real estate selection (Medical Properties) were other performance detractors over the quarter, and we managed to decrease both by the end of the respective period.



2.2 Top-down Performance Explanation

Here we analyze performance based on portfolio exposure to certain global themes or factors that we consider important to our investment strategy. We use portfolio holdings weighted by the period they were allocated out of the quarter (a stock that was help one month compared to another one that was hold two months will be weighted half of the later one's weight).

Furthermore, we analyze the contribution to return of the intended and unintended factors selected for this analysis, such as: High Dividend, Real Estate, Defensive, Industrial, Energy, Low Risk and so on.

Since the fund strategy is a stable income strategy built over a core real estate stock (REITs) there was no surprise that we have found larger exposure to:

- Global high dividend stocks (MSCI World High Dividend Yield Index).
- Global Real-estate stocks (MSCI World Real Estate Index).
- Global Energy stocks (MSCI World Energy Index)
- Global Low Risk stocks (MSCI World Min Volatility Index)

The outcome of our strategy proved successful with most of the allocations given to non-cyclical sectors like High Dividend, Low Risk in addition to the Technology sector. For sectors with a cyclical behavior such as Consumer Stapes and Industrials we have not built exposure as fast as the market required.

We continue to rebalance periodically our portfolio and improve allocations towards the rewarding sectors in small steps since markets volatility remains elevated/

Energy stocks slightly detracted from performance, but the sector gained significant interest since mid-March. We hold and gradually increase allocation to it, since we see it as a suitable diversifier to the core real-estate sector.

A factor that played against our strategy for the respective period was the weak Singapore Real Estate sector which we consider to be in a temporary consolidation period due to its strong fundamentals: low gearing ratios, high fixed debt levels especially compared to the same in Europe and US.

2.3 Corporate Actions and Active Investment Strategies

Sabana REIT had a placement in February that the fund participated at, locking 10% of the position in the local Singapore REIT at the pre-set price. The outstanding position was closed before the end of the quarter at levels similar to the placement one.

The trading rule and process for taking profit for the fund was to realize profits equivalent to the annual dividend yield ahead of time. This alpha realization process had to be changed once we realized that the beginning of the year is projecting a highly volatile performance for the rest of 2023.

We were proven right in our call to be more active in terms of trading activity since taking profits ahead of preset levels (2-3% rather than 5-7%) proved beneficial.

2.4 Relative Performance Analysis

Investment Asset / Period	1 Quarter	YTD	1 Year	3 Years	5 Years
NDC Stable Income	-2.80%	-2.80%	-	-	
INDICES					
Global High Dividend	1.66%	1.66%	-1.16%	26.92%	30.85%
Apac High Dividend	6.39%	6.39%	-5.70%	17.78%	6.50%
Global Real Estate	1.35%	1.35%	-20.13%	2.71%	22.05%
Singapore Real Estate	1.07%	1.07%	-6.67%	-4.19%	-8.16%
Global I.G. 3-5 Years	2.07%	2.07%	-0.63%	-2.58%	6.99%
OTHER FUNDS					
Vanguard Equity Income (USD, US)	-2.12%	-2.12%	-3.35%	42.25%	49.62%
Threadneedle Equity Income (USD, LUX)	5.92%	5.92%	-3.42%	28.83%	22.01%

Compared to the two similar funds managed by large investment institutions, while performance is similar to the Vanguard fund 's one, it is significantly behind Threadneedle. A major difference is the fact that the later fund invests in Europe (a beneficial region for the quarter) while yielding only 2.8% from distributed dividends.

Corroborating these results with the 2.1 conclusions, we would explain the weak performance for the fund in Q1 of 2023 due to:

- Weak performance of Real Estate sector (strategies) – especially for Singapore market (see Index performance in the table).
- Slower than expected China reopening (see 3.1).
- Hedging costs
- Cash drag

3. Investments Themes and Forward-Looking Considerations

Returning to the analysis we have performed from a top-down perspective, through which we have identified detractors of performance for our fund 's strategy, we are in the position to conclude about the relevant next steps (forward looking strategy):

- Keep allocation to High-dividend and Energy sectors – as we see these sectors being resilient during either or both recession and inflationary periods.
- Increase exposure to Industrials and Consumer Staples, two of the text-book resilient sectors during recessionary periods.

In terms of regional allocation, we identified the need to diversify the US real-estate exposure into the similar in Canada. The reasons behind such an allocation adjustment (Q2 2023 onwards) are:

- A better sponsor quality and stronger balance sheet for the Canadian REITs, as we see Insurance, Pension Funds and Large Banks for Canadian REITs ' sponsors versus Regional Banks in US.
- A slightly more efficient tax treatment on dividends for Canadian stocks, versus the US ones.

3.1 Onshore China a tactical allocation to the core Singapore.

There are promising signs that for China, some of the most negative headwinds will soon fade away.

We expect solid growth on regulatory interventions and support provided to support the private economy. China's authorities have also pledged to allow widespread inspections of auditor's books giving hope that a forced delisting of Chinese stocks from U.S. markets won't materialize.

COVID lockdowns, however disruptive, are temporary. When these headwinds subside, China, unlike the West, may find itself in a benign environment, with inflation under control, consumers ready to spend, and undervalued growth equities seemingly on sale. The question persists on what would the pattern of growth be? For now, it seems it is slowly recovering, and it may be slower than many would have anticipated and desired.

Sluggish consumer spending and a property market that remains in the doldrums are making money managers who invest in Chinese stocks cautious about the strength and speed of China's recovery. While there is a consensus view that China's economy will bounce back this year after the removal of all Covid-19 restrictions, investors are not convinced about the timing or magnitude of the recovery,

Economic data and corporate earnings have yet to confirm that China's recovery is on a sure footing.

For now, we see the China reopening strategies being overhyped and we follow the geopolitical risks and the economic sanctions that may come from US. We believe that on-shore China is a robust play, especially if we target higher dividend growth stocks (H shares only).

3.2 Finding value and dividend in Japan.

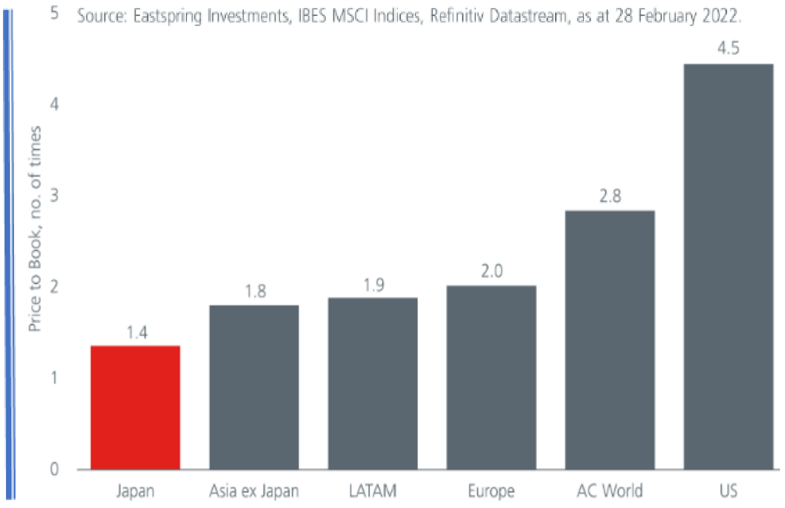
We see Japan well positioned for long term outperformance.

The Japanese market recorded double digit returns in 2021 with MSCI Japan rising by 13.81% in local currency terms, with a limited drawdown in 2022 of 4.1% quickly recovered by a 10% outperformance in 2023. Despite the strong earnings revisions and improved companies' fundamentals, the market did not re-rate and it is still trading at very attractive valuations versus its global peers.

Although data is slightly old, we consider Japan a good value play due to:

- Improved profitability
- Corporate governance reforms
- Slightly higher inflation
- Many mispriced assets.

The current backdrop of an early US Fed rate hike cycle and global economies reopening is supportive for Japan equities and value investing.



3.3 Enhance the 'growth at reasonable price' characteristics of the portfolio strategy.

A "Growth at a Reasonable Price" (or "GARP") investment strategy typically emphasizes investment in companies characterized by consistent earnings and sales growth, favorable valuation metrics, and solid financial strength and profitability. Besides that, we do screen our investable universe for higher dividend distribution due to the income nature of our strategy.

We are looking to step up our stock selection by looking at names that have higher propensity to pay dividend, or higher dividend growth (rather than yield). We transition towards a more dynamic trading on the long-term holdings (Singapore REITs, Energy, High Dividend) and tactically add Industrials, (Selective) Information Technology and Healthcare, Dividend growth names the likes of:

- AbbVie, US
- Costco Wholesale, US
- Automatic Data Processing, US
- OCBC Bank, SG
- Sheng Siong, SP

Because a GARP strategy is a hybrid solution for growth and value stock-picking, we expect a combination of returns. For instance, a value investor will do better when markets are falling, while a growth investor will do best as markets rise. We are building the second phase of our portfolio strategy to participate in such a market recovery, while keeping a defensive and high-yielding core portfolio.