

Pillar 4 - Stewardship

1. Stewardship Activity: Engagement activities [iv] have been undertaken on behalf of investors to put stewardship into effect. These activities include:

Commencement, continuation, modification, or discontinuation of an engagement with an investee company

2. Stewardship Monitoring scope: Our stewardship for investees/potential investees monitoring scopes include the following:

On material[iii] governance issues

On capital structure

On overall material risks

On transparency

3. Stewardship Team: A dedicated stewardship team [iv] is set up to flag specific companies and issues for engagement which includes the undertakings below:

Engagement activities include in-person and virtual meetings, written correspondence, and emails

Engagement may occur with a company's board of directors, executive management, or investor relations and may be conducted independently or in collaboration with other investors through the fund's proxy voting and engagement service provider

Additional Remarks, if any (maximum 250 words)

Our investment team engages with the executive management or investor relations of companies and other issuers periodically as part of our active investment process. Engagement is undertaken through meetings, conference calls and correspondence. This engagement is a key element in our stewardship oversight of client assets. We challenge companies and issuers on their delivery of corporate strategy, financial and non-financial performance and risk, and other issues.

4. Proxy Voting: At the product level, we have transparent proxy voting [iv] policies that are unique to this particular investment strategy:

We do not vote

Additional Remarks, if any (maximum 250 words)

Given our EM credit long/short investment strategy, we are fully aware that while bondholders do not have voting rights per se, as capital providers to corporations, we also do have a direct line of access and communication to management.

5. Voting Disclosure: Please select the statements that describe your firm's practices related to voting.

We do not vote

6. Engagement frequency: Teamwide over the last 1 year, we have engaged with investees/potential investees on the material[ii] issues selected above:

More frequently than once a month on average

7. Engagement Disclosure: Do you disclose your key engagement activities, along with the outcomes, to investors?

No, we do not currently disclose and have no concrete[iii] plans to disclose

8. Actual Example - Please provide an ACTUAL example of how you executed ONE of the following, in a maximum of 500 words.

An investment/divestment/change in security weight resulting from your engagement activities

Please briefly describe the critical challenge/s, actions taken, results and lessons learned:

At GaoTeng, we view engagement as an important part of our active approach and fundamental analysis; engagement provides us with the opportunity to improve our understanding of the business risks and opportunities that are material to the companies in which we invest. As a long-term investor on behalf of clients, we seek to advance sound governance and sustainable business practices of investees, as well as to understand the effectiveness of the company's management and oversight of material issues.

Specifically, we recognize the critical importance of financial statements, which we believe it should provide a true and fair picture of a company's financial condition. Accordingly, the assumptions made by management and reviewed by the auditor in preparing the financial statements should be reasonable and justified. The accuracy of financial statements, inclusive of financial and non-financial information, is clearly of paramount importance to us. Investors' views on financial materiality are developing to encompass a broader range of risks.

A key example is our investment case in Serba Dinamik, a Malaysian oil and gas engineering firm. As part of "Surprise Default" theme, we identified Serba as fraud suspect through rigorous and comprehensive analysis of its financial reports and continuing dialogue with the company. We then tactically positioned short. In May 2021, it was exposed during a special independent review after the board of directors was informed by its external auditors KPMG on matters pertaining to statutory audit. KPMG was questioning the company's accounts on transactions worth over MYR 3 billion, of which MYR 2.3 billion were related to one third of its FY 2020 sales. The bonds tumbled 60 points from par as market feared fraud (as shown in the attached Graph 1 sourced from Bloomberg).

As the credit hit our price targets, we realized the gains. This trade was also one of the key drivers for our May returns, with our Fund gaining 4.29% for the Month.

Note: Fund Performance Data is after Management Fee but before Performance Fee, source from GaoTeng.