



Cross Light Capital

CLC CROSS-ASSET STRATEGIC ALPHA FUND

**QUARTERLY REPORT
31 MARCH 2022**

MANAGER

Cross Light Capital Sdn Bhd
201901034174 (1343504-X)

TRUSTEE

Pacific Trustees Bhd
199401031319 (317001-A)

CLC CROSS-ASSET STRATEGIC ALPHA FUND

Quarterly Report and Financial Statements As at 31 March 2022

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QUARTERLY REPORT

FUND INFORMATION

| | |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fund Name | CLC Cross-Asset Strategic Alpha Fund |
| Fund Type | Growth |
| Fund Category | Hedge Fund / Mixed Assets (Wholesale) |
| Investment Objective | The Fund aims to achieve medium to long term capital growth from absolute returns. |
| Benchmark | <p>Two (2) times the total returns (the returns net of dividends distributed and fees where applicable) of an equally weighted portfolio of the iShares Core Growth Allocation ETF (AOR), Standard & Poor Depository Receipts S&P 500 ETF (SPY) and IQ Hedge Multi-Strategy Tracker ETF (QAI) rebalanced daily at zero trading cost: $R_Benchmark = 2/3 \text{ iShares Core Growth Allocation ETF (AOR)} + 2/3 \text{ SPDR S\&P 500 ETF Trust (SPY)} + 2/3 \text{ IQ Hedge Multi-Strategy Tracker ETF (QAI)}$ where "R" denotes total returns and "x" denotes "multiplied" or "times".</p> <p>Investors should note that the Manager's investment objective is capital growth through absolute returns and is not managing the Fund with the objective of outperforming the reference benchmark or any benchmark. The Manager's investment philosophy is that the Fund is to be managed free from benchmarks from the perspective of the investment objective as the Manager is not seeking to outperform the referenced benchmark.</p> |
| Distribution Policy | The Fund is not expected to make distributions. |

FUND PERFORMANCE DATA

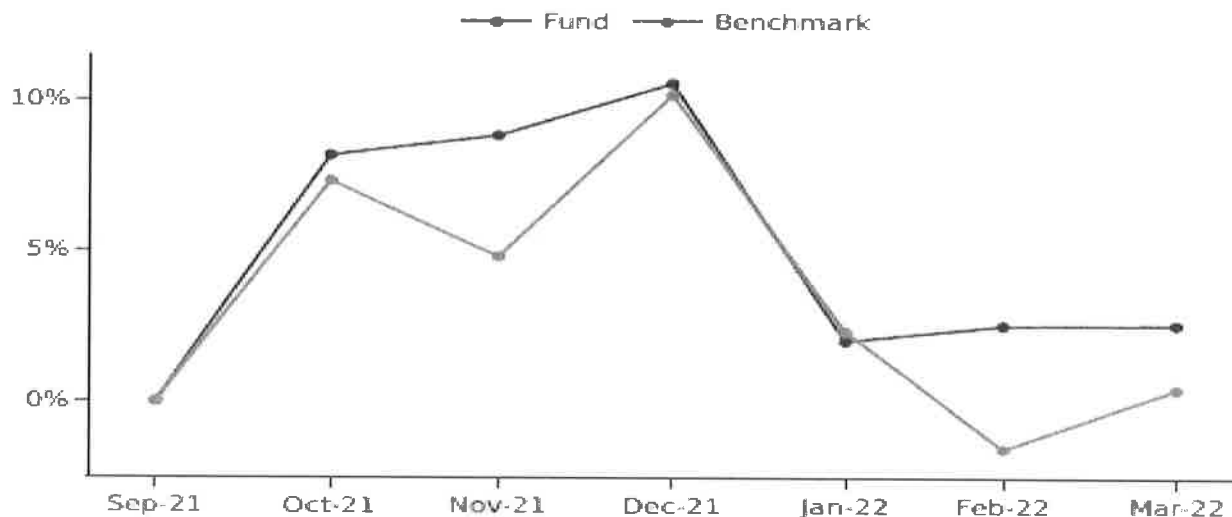
| Category | As at 31 Mar 2022 | As at 31 Dec 2021 |
|-------------------------------|----------------------|----------------------|
| Total NAV (USD) | 4,615,470.53 | 3,258,181.60 |
| NAV per Unit (USD Lead) | 0.51278406 | 0.55275525 |
| Unit in Circulation (million) | 9,001,978.7862 | 5,894,438.0697 |

CLC Cross-Asset Strategic Alpha Fund (as at 31 Mar 2022)

| | 1 Month 1/3/2022 – 31/3/2022 | 3 Months 1/1/2022 - 31/3/2022 | 6 Months 01/10/2021 - 31/3/2022 | 1 Year 1/4/2021 - 31/3/2021 | 3 Years 1/4/2019 – 31/3/2022 | Since Inception 01/10/2021 – 31/3/2022 |
|-----------------------|------------------------------------|-------------------------------------|---------------------------------------|-----------------------------------|------------------------------------|----------------------------------------------|
| Fund | 0.03% | -7.24% | 2.56% | - | - | 2.56% |
| Benchmark | 2.02% | -8.86% | 0.42% | 9.08% | 67.54% | 0.42% |
| Outperformance | -1.99% | 1.62% | 2.14% | - | - | 2.14% |

Movement of the Fund versus the Benchmark

Fund Performance



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Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

Asset Allocation

Fund's asset mix during the period under review:

| | <u>31 March 2022</u> |
|--------------------------------------|----------------------|
| | (%) |
| Equity & ETF | 100* |
| Unit Trust | 0 |
| Cash "net" & money market allocation | 0 |
| Total | <u>100</u> |

Strategies Employed

The Fund maintained its objective of providing its investors with medium to long term capital growth from absolute returns.

To meet the Fund's objective, the Manager maintained the strategies employed to invest in listed collective investment schemes (such as exchange-traded funds ("ETFs")) and exchange-traded notes ("ETNs") to gain a diversified exposure in multiple global asset classes and investment strategies, including but not limited to equities, fixed income, real estate and infrastructure assets, natural resources, carbon credits, precious metals, multiple asset class volatility, currencies, private equity replication strategies, absolute return or liquid alternative hedge fund strategies and digital assets

The Fund maintained its investment strategy which involves employing a global multiple asset or cross-asset and strategic asset allocation framework, combined with tactical asset allocation overlays to enable a more active or dynamic asset allocation strategy, with the aim

to generate: (1) higher risk adjusted returns, (2) lower correlation to equity markets and (3) greater diversification benefits than a passive asset allocation (and less active asset allocation) strategies and/or other funds with less or no exposures to global multiple assets and investment strategies.

The Manager maintained its investment strategy of implementing a multiple asset long-short approach with the potential use of leverage by investing in ETFs and ETNs to enable the Fund to gain exposure into multiple global asset classes and investment strategies, which may include but are not limited to: 1. equities, 2. fixed income, 3. real estate and infrastructure assets, 4. natural resources and carbon credits, 5. precious metals, 6. multiple asset class volatility, 7. currencies, cross currencies, foreign exchange related instruments and/or cash, 8. private equity replication strategies, 9. absolute return or liquid alternative hedge fund strategies, 10. digital assets exposures, and their related instruments and derivatives.

Market Review

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | Since Inception |
|-----------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 01/03/2022 - 31/03/2022 | 01/01/2022 - 31/03/2022 | 01/10/2021 - 31/03/2022 | 01/04/2021 - 31/03/2022 | 01/04/2019 - 31/03/2022 | 01/10/2021 - 31/03/2022 |
| Balanced 60/40 S&P Target Risk Growth Index (AOR) | 2.06% | -4.69% | -2.35% | 0.83% | 21.06% | -2.35% |
| Global Equities MSCI All Country World Index (ACWI) | 5.39% | -4.64% | 0.65% | 5.21% | 38.86% | 0.65% |
| US Equities S&P 500 Index (SPY) | 6.68% | -3.98% | 5.63% | 14.50% | 60.48% | 5.63% |
| Malaysian Equities (USD Returns) MSCI Malaysia Index (EWM) | 0.71% | 2.76% | 1.54% | -5.84% | -13.64% | 1.54% |
| Developed Market Equities MSCI EAFE Index (EFA) | 4.50% | -5.49% | -4.30% | -2.63% | 13.93% | -4.30% |
| Emerging Market Equities MSCI Emerging Markets Index (EEM) | -0.59% | -6.83% | -8.92% | -14.89% | 5.07% | -8.92% |
| Growth Factor S&P 500 Growth Index (IVW) | 7.81% | -7.84% | 4.03% | 17.64% | 78.50% | 4.03% |
| Value Factor S&P 500 Value Index (IVE) | 5.57% | 0.31% | 7.08% | 11.02% | 38.22% | 7.08% |
| Size Factor Russell 2000 Index (IWM) | 4.00% | -7.93% | -6.67% | -7.28% | 34.05% | -6.67% |
| Momentum Factor MSCI USA Momentum SR Variant Index (MTUM) | 7.74% | -6.31% | -3.75% | 4.47% | 51.66% | -3.75% |
| Global Real Estate Dow Jones Global Select Real Estate Securities Index (RWO) | 7.05% | -2.93% | 5.93% | 14.03% | 8.96% | 5.93% |

| | | | | | | |
|--------------------------------------------------------------------------------------------------------|---------|--------|--------|---------|----------|--------|
| Global Infrastructure S&P Global Infrastructure Index (IGF) | 7.97% | 6.52% | 10.28% | 12.35% | 13.45% | 10.28% |
| US Treasury Bonds IDC US Treasury 7-10 Year Index (IEF) | -5.16% | -5.85% | -7.21% | -5.37% | 1.47% | -7.21% |
| US Investment Grade Credit Markit iBoxx USD Liquid Investment Grade Index (LQD) | -3.00% | -7.54% | -9.36% | -7.19% | 2.50% | -9.36% |
| Commodities DBIQ Optimum Yield Diversified Commodity Index (DBC) | 6.93% | 27.28% | 29.83% | 57.19% | 65.42% | 29.83% |
| Gold (GLD) | -0.57% | 7.28% | 9.72% | 11.48% | 48.59% | 9.72% |
| Bitcoin (BTC/USD) | 6.11% | -1.31% | -2.19% | -20.36% | 1031.81% | -2.19% |
| CBOE Volatility Index (VIX) | -41.99% | 16.45% | -8.39% | 11.54% | 44.25% | -8.39% |

Global equities (ACWI) were weaker in the first quarter of 2022 returning -4.64% on lower growth expectations from Russia's "military operations" in Ukraine and expectations of a more hawkish US Federal Reserve. Growth stocks (IVW) and Smaller cap stocks (IWM) underperformed as a result returning -7.84% and -7.93% respectively. Global Infrastructure and Value stocks outperformed closing the quarter with positive returns of +6.52% and +0.31% respectively.

In Bond markets, bond yields rose sharply with bond prices ending lower in the quarter (bond prices and yields move in opposite directions) with the US 10-year Treasury yield increasing from 1.51% to 2.35% and the 2-year yield rising from 0.73% to 2.33%. Bond markets generally underperformed Equities with both US government bonds (IEF) and US corporate bonds (LQD) ending the quarter with negative returns of -5.85% and -7.54%. Bond markets were surprised by relative hawkishness of central banks as markets priced in a faster pace of monetary normalization.

Commodities (DBC) achieved a strong return of +27.28% in the first quarter of 2022 led by higher energy and wheat prices on fears of supply constraints as a result of Russia's "military operations" in Ukraine.

Investment Outlook

The Fund's investment strategy involves employing a global multiple asset or cross-asset and strategic asset allocation framework, combined with tactical asset allocation overlays to enable a more active or dynamic asset allocation strategy; the strategic asset allocation framework employed by the Fund is based on leading United States university endowment funds such as Yale and Harvard universities which are characterized by relatively lower allocation to traditional asset classes (equities, fixed income instruments and cash) and a relatively higher allocation to a large number of alternative investment classes including hedge fund, absolute return strategies, private equity and other asset classes such as natural resources and real assets like real estate and infrastructure assets. The Fund may employ dynamic asset allocation within the above mentioned cross assets and investment strategies, with the goal of adapting to the highest risk adjusted asset allocation in the current market and economic regime as assessed by the Manager. The medium to long term outlook for the Fund continues to be positive given its focus on diversified multiple asset exposures through strategic asset allocation combined with tactical asset allocation overlays. Moreover, the use of long-short strategies combined with leverage can improve risk adjusted returns and help mitigate drawdowns in asset markets. It is important to note, however, that investors are recommended to hold investment in the Fund over a longer time period of between 5 years to 7 years as the shorter term performance of the Fund can be uncertain. Risks include non-trending or whipsaw asset markets and unforeseen events which may impact of the performance of multiple asset portfolio with long-short strategies and leverage employed.

The outlook for global markets are dependent on economic policy with a particular emphasis on the US Federal Reserve which is reducing asset purchases and guiding for further interest rates increases in 2022 after significant fiscal and monetary stimulus in the 2020/ 2021 period in response to Covid related challenges. Economic growth and earnings momentum are now slowing with recession risks increasing amid high valuations in US equities. Key risks include the risk of policy errors with the US Federal Reserve potentially either raising interest rates too much and too quickly or not raising interest rates quickly enough now and having to raise interest in the future much more quickly and in larger amounts. Geo-political risk premiums may also increase given increased tensions in Europe/Russia as well as in Asia. After a period of lower volatility and dis-inflation, the outlook is for higher levels of volatility and more inflation as economies re-open and policy makers attempt to normalize monetary and fiscal policy. We believe that our multi-asset approach with ability to hedge can outperform traditional investment strategies like a 60% equities/40% bond fund (AOR) which returned -4.69% for the quarter.

Performance Attribution

CLC Cross-Asset Strategic Alpha Fund (For the quarter ended as at 31 March 2022)

| Asset Class | Quarterly Gross Estimated Attribution |
|-------------------------------------|---------------------------------------|
| Absolute Returns | -9.65% |
| Credit | -0.02% |
| Global Equity (ex. U.S.) | -2.03% |
| Natural Resources | 5.30% |
| Precious Metals | 0.31% |
| Private Equity Replication | -0.42% |
| Rates | -1.62% |
| Real Estate & Infrastructure Assets | -1.06% |
| U.S. Equity | 0.38% |
| Total | -8.80% |

Exposures

CLC Cross-Asset Strategic Alpha Fund (as at 31 March 2022)

| Asset Class | Gross Dollar Exposure | Net Dollar Exposure |
|-------------------------------------|-----------------------|---------------------|
| Absolute Returns | 25.44% | 19.46% |
| Credit | 0.00% | 0.00% |
| Global Equity (ex. U.S.) | 8.80% | -8.53% |
| Natural Resources | 24.65% | 24.65% |
| Precious Metals | 24.90% | 24.90% |
| Private Equity Replication | 34.53% | 34.53% |
| Rates | 4.28% | 4.28% |
| Real Estate & Infrastructure Assets | 18.69% | 18.69% |
| U.S. Equity | 14.90% | 0.38% |
| Total | 156.20% | 118.37% |

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Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

CLC CROSS-ASSET STRATEGIC ALPHA FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

Financial
period ended
31.03.2022
USD

INVESTMENT (LOSS)/INCOME

| | |
|-----------------------------------------------------------------------------|------------------|
| Dividend income | 4,234 |
| Interest income from financial asset at amortised cost | 23 |
| Net loss on foreign currency exchange | (518) |
| Net (loss)/gain on financial assets at fair value through profit or loss | (269,694) |
| | <u>(265,955)</u> |

EXPENSES

| | |
|-----------------------------------|-----------------|
| Management fee | (22,134) |
| Trustee fee | (751) |
| Performance fee | (601) |
| Fund accounting fee | (750) |
| Broker interest and other charges | (11,056) |
| Auditors' remuneration | (334) |
| Tax agent's fee | (925) |
| Transaction costs | (264) |
| Other expenses | (10,678) |
| | <u>(47,493)</u> |

NET (LOSS)/PROFIT BEFORE TAXATION

(313,448)

Taxation

-

NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD

(313,448)

Net (loss)/profit after taxation is made up of the following:

| | |
|-------------------|------------------|
| Unrealised amount | 42,096 |
| Realised amount | (355,544) |
| | <u>(313,448)</u> |

CLC CROSS-ASSET STRATEGIC ALPHA FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

2022
USD

ASSETS

| | |
|--------------------------------------------------------------|------------------|
| Cash and cash equivalents | (384,294) |
| Amount due from brokers | 938,862 |
| Other receivables | 262,000 |
| Financial assets at amortised cost through profit or loss | 6,336,267 |
| Tax recoverable | - |
| TOTAL ASSETS | 7,152,835 |

LIABILITIES

| | |
|--------------------------------------------------------------|------------------|
| Amount due to brokers | 1,257,860 |
| Financial assets at amortised cost through profit or loss | 873,047 |
| Amount due to Trustee | 250 |
| Auditors' remuneration | 666 |
| Tax agent's fee | 925 |
| Other payables and accruals | 404,616 |
| TOTAL LIABILITIES | 2,537,364 |

NET ASSET VALUE OF THE FUND

4,615,471

EQUITY

| | |
|----------------------|-----------|
| Unitholders' capital | 4,928,919 |
| Retained earnings | (313,448) |

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

4,615,471

NUMBER OF UNITS IN CIRCULATION

9,001,978

NET ASSET VALUE PER UNIT (RM)

0.5127

CLC CROSS-ASSET STRATEGIC ALPHA FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

| | Unitholders' <u>capital</u> RM | Retained <u>Earnings</u> RM | <u>Total</u> RM |
|-----------------------------------------------------|--------------------------------------|-----------------------------------|--------------------|
| Balance as at 1 January 2022 | 3,052,417 | 205,765 | 3,258,182 |
| Total comprehensive loss for the financial period | - | (313,448) | (313,448) |
| Movement in unitholders' capital: | | | |
| Creation of units arising from applications | 1,670,737 | - | 1,670,737 |
| Cancellation of units | - | - | - |
| Balance as at 31 March 2022 | <u>4,723,154</u> | <u>(107,683)</u> | <u>4,615,471</u> |
| Balance as at 1 January 2021 | - | - | - |
| Total comprehensive income for the financial period | - | - | - |
| Movement in unitholders' capital: | | | |
| Creation of units arising from applications | - | - | - |
| Cancellation of units | - | - | - |
| Balance as at 31 March 2021 | <u>-</u> | <u>-</u> | <u>-</u> |

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF CLC CROSS-ASSET STRATEGIC ALPHA FUND**

We have acted as Trustee of CLC Cross-Asset Strategic Alpha Fund ("the Fund") for the period ended 31 March 2022. To the best of our knowledge, Cross Light Capital Sdn Bhd, the Manager, has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Market and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deed and any regulatory requirements;
- (c) creation and cancellation of units are carried out in accordance with the Deed and relevant regulatory requirements; and
- (d) the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For and on behalf of

PacificTrustees Berhad [Company No.: 199401031319 (317001-A)]



Razak Bin Ahmad
Chief Executive Officer

Kuala Lumpur, Malaysia

26th APRIL 2022

**MANAGER'S STATEMENT
TO THE UNIT HOLDERS OF CLC CROSS-ASSET STRATEGIC ALPHA FUND**

I, Jason Yew Kit Lee, for and on behalf of the board of directors of the Manager, Cross Light Capital Sdn Bhd, state that in my opinion as the Manager, the financial statements hereby attached reflect a true and fair view of the Fund's financial position, and that the Fund has been operated and managed in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Market and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deed and any regulatory requirements;
- (c) creation and cancellation of units are carried out in accordance with the Deed and relevant regulatory requirements; and
- (d) the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For and on behalf of
Cross Light Capital Sdn Bhd
[Company No.: 201901034174 (1343504-X)]



Jason Yew Kit LEE, Director