

Fortress Absolute Return Fund (FAR Fund)

December 2020

Investment Objective

The Fortress Absolute Return Fund (the "Fund") aims to provide long-term capital appreciation.

Investment Strategy

- The Fund aims to achieve its objective by adopting a tactical asset allocation strategy where the Fund may invest to up 100% of its NAV in equities and equity-related securities (such as warrants, rights issue and equity linked notes).
- The investment selection for the Fund is unconstrained by any country, sector or market capitalization.
- The Fund will only invest in markets where the regulatory authority is an ordinary or associate members of the International Organization of Securities Commissions.

Stock Selection Process

We spend most of our time looking for ideas that fit into:

- J-curve / recovery-curve investing
- Quality growth equity screening
- Quality defensive equity screening

Fee and Charges

Initial Sales Charge	Up to 5.00% of the NAV per Unit
Annual Management Fee	Up to 1.00% per annum
Performance Fee*	20% per annum on the appreciation in the NAV per Unit over and above the Hurdle Value
Redemption Charge	Nil

* performance fee is only payable to the Manager at the end of each Performance Period if there is an appreciation in the NAV per Unit over and above the Hurdle Value, which is HWM plus 8%, at the end of the particular Performance Period.

Key Facts

Fund Type	Growth
Liquidity	Daily Pricing
Launch Date	18 Oct 2019
Financial Year End	30th September
Offer Currency	USD
Base Currency	USD
Minimum Initial Subscription	10,000
Subsequent Subscription	10,000

Positioning of FARF - December 2020

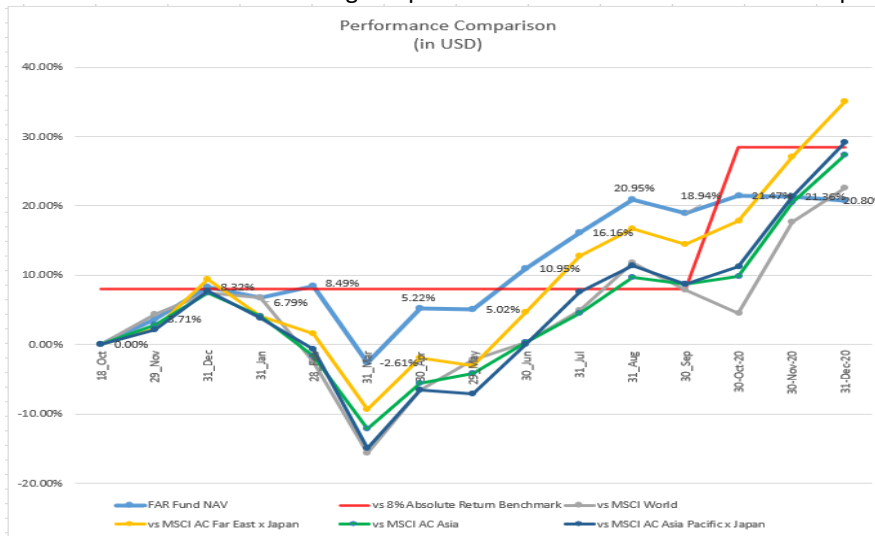
- From November to December, the Fund lagged comparable MSCI Indices as the Fund's positions in the mega-cap Internet space were impacted by anti-monopoly and regulatory concerns in China and US;
- From Mid-October to Mid-November, the Fund exited Gold ETFs and added to its holdings in the China Financials/Banks space;
- In November, the Fund took a position in a Chinese Oil Exploration & Production name which came under selling pressure as the US government unexpectedly imposed sanctions against it;
- The Fund's Invested levels were brought up closer to 99% from 93% at end-September;

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Performance Review – Oct to Dec 2020

- Fortress Absolute Return Fund lagged comparable MSCI Indices in November and December and posted flattish returns while the broader market Indices rallied due to a shift to laggard and rotational plays as well as small-cap/cyclicals;
- The Fund's positions in the mega-cap Internet space were impacted by profit-taking and anti-monopoly/regulatory concerns in China and US;
- The Fund also took a position in a China Oil Exploration & Production company which was negatively impacted by unexpected US government sanctions against it;
- Invested levels were brought up closer to 99% from 93% at end-September;



source: Fortress Capital, MSCI

Market View and Current Strategy

- We took a view that the cyclical rally would be short-term in nature and hence maintained our heavy over-weights in the mega-cap Internet/Cloud space; We remain positive on Internet sector's structural growth prospects and believe that anti-monopoly/regulatory action would not be able to detract from operational-size-of-scale, platform pricing power, platform dominance and hence long-term growth prospects for the market leaders in this space;
- We took a view that sustained easy monetary policy, and more importantly, progress on vaccine development and rollout will lead to a recovery in global industrial production and consumer consumption by end-2021; As such, we see compelling valuations in the China Financials/Banks space and believe that concerns over systemic risks of Chinese bond defaults has largely been priced-in;
- In the Chinese Oil Exploration & Production space, we are positive on the medium-term prospects for oil prices and on the oil demand-supply situation coming into balance; Additionally, we project that there will be minimal operational and financial impact resulting from US government sanctions in this sector and as such, we view the sell-down due to the exit of US investors as an opportunity for accumulation;
- The Fund remains positioned to benefit from the long-term structural growth in the Internet and Cloud space;

Wholesale Fund is for Sophisticated Investors only. Investors are advised to read and understand the content of the Wholesale Funds' ("Fund") Information Memorandum, including any Supplemental / Replacement Information Memorandum and / or Product Highlight Sheet (collectively known as "Offering Document") before investing. The Offering Document is available on www.fortresscapital.com.my. The Offering Document has been deposited with the Securities Commission Malaysia who takes no responsibility for its contents. Investors should consider the fees and charges involved before investing. Prices of Units may go down or up, and past performance of the Fund is not an indication of its future performance. Where a distribution / unit split is declared, investors are advised that the NAV per Unit will be reduced from cum-distribution NAV/pre-Unit split NAV to ex-distribution NAV/post-Unit split NAV. Where a Unit split is declared, the value of your investment in currency value will remain unchanged after the distribution of the additional Units. Please note that the NAV per Unit, sales charge and fees displayed in this document are quoted exclusive of any applicable tax as maybe imposed by the government of other authorities from time to time. All fees and expenses are subjected to applicable tax at the prevailing rate. This document is prepared by Fortress Capital Asset Management (M) Sdn Bhd. It is not intended to be an offer or invitation to subscribe or purchase of the Fund. The information contained herein has been obtained from sources believed in good faith to be reliable; however, no guarantee is given in its accuracy or completeness. This Fund may not be suitable for all. If in doubt, the investor should seek independent, professional advice.