NEW DIMENSIONS CAPITAL

Semi-Annual Report: NDC Stable Income Fund

Investment Manager's Report : H1 2024

Investment Objective

The fund aims to generate stable income and long-term growth through:

- Primary investments: High-quality, income-generating REITs and equities.
- Additional allocations: Other income-generating assets, such as ETFs and fixed income instruments.
- Risk management: A long-short strategy to mitigate downside risks.
- Income distribution: Targeting quarterly dividend payouts.

Fund Performance Review – H1' 2024

The fund experienced a volatile first half of 2024, ending the period with a net asset value (NAV) decline of -8.54%. The benchmark index, SREIAPUT, also declined by -7.09% during the same period, reflecting broad market weakness in the real estate sector.

Despite market headwinds, the fund distributed dividends totaling $0.22 per unit, which helped cushion the decline, bringing the total return (NAV + Dividend) to -7.12%.

Monthly Performance Breakdown

Date	NAV	NAV %	Benchmark - SREIAPUT	BK %	Dividend Payout	NAV + Dividend	NAV+Dvd%	Expense %	Gross NAV (before expense)
Jan-24	8.40	-4.45%	1117.89	-3.84%	-	8.40	-4.45%	0.00%	-4.45%
Feb-24	8.28	-1.43%	1091.65	-2.35%	-	8.28	-1.43%	-5.19%	3.76%
Mar-24	8.36	1.01%	1143.72	4.77%	0.11	8.47	2.34%	-0.42%	2.75%
Apr-24	8.10	-3.16%	1086.99	-4.96%	-	8.10	-4.42%	-0.39%	-4.03%
May-24	8.16	0.81%	1093.28	0.58%	-	8.16	0.81%	-0.26%	1.07%
Jun-24	8.06	-1.31%	1079.21	-1.29%	0.11	8.17	0.03%	-0.26%	0.30%
H1'24 ∑		-8.54%		-7.09%	0.22		-7.12%	-6.52%	-0.60%

January (-4.45%): The fund suffered a significant drop, mirroring the benchmark's -3.84% decline as Fed holds the high Fed fund rates unchanged at 5.25% to 5.50%.

February (-1.43%): Continued downward pressure, though outperforming the benchmark's -2.35% as hotter than expected US CPI print erased hope of Fed cut.

March (+1.01%): A positive rebound, benefiting from a 4.77% rally in the benchmark with market talking about the peak in Fed rate policy. The dividend payout of $0.11 per unit improved the total return to +2.34%.

April (-3.16%): Weakness resumed, as both the fund and benchmark fell sharply as Fed dot plot fell from 5 cuts to 3 cuts in 2024.

May (+0.81%): Slight recovery, with NAV in line with the benchmark.

June (-1.31%): Declined again, but the dividend payout helped achieve a total return of +0.03%.

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Expense Impact & Gross Performance

The fund incurred -6.52% in expenses, primarily due to a one-off setup cost payment in February 2024. If adjusted for this expense, the gross NAV before expenses would have improved to -0.60%, highlighting cost pressures affecting performance. With this one-time expense behind us, expense ratios should normalize in H2 2024, improving net returns.

Portfolio Analysis

Three key factors weighed on fund performance in H1 2024:

- Higher expenses due to the one-off cost.
- Heavy exposure to real estate and Asian value stocks, which remained highly sensitive to Fed rate decisions.
- Constraints on cash management, as the current trading platform does not allow investment in short-dated money market funds and pays very low interest on sitting cash.

The fund performed well in areas where cash was allocated to quality financial companies that paid strong dividends and offered capital appreciation opportunities. We successfully maintained our dividend distributions, delivering annualized payouts of 5.26% p.a. for Q1 2024 and 5.46% p.a. for Q2 2024.

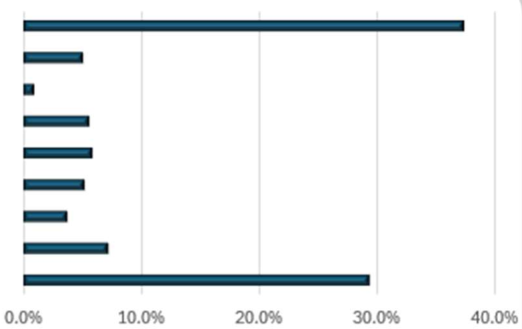
Challenges & Strategy Adjustments

- **Federal Reserve Policy & Market Uncertainty**
  The Fed has delayed rate cuts due to rising geopolitical risks, including the Gaza-Israel conflict and OPEC's oil production cuts, which have kept inflationary pressures in check. Additionally, Biden's expanding trade war with China is disrupting supply chains, potentially increasing the cost of goods.

If the Fed **maintains high rates for longer**, we **plan to reduce REIT exposure by another 5%**, reallocating funds to higher-yielding opportunities.

- **Portfolio Adjustments Moving Forward**

Sector	Percentage
Real Estate	37.3%
Materials	5.0%
Information Technol	0.9%
Industrials	5.6%
Health Care	5.8%
Financials	5.2%
Energy	3.7%
Consumer Staples	7.2%
Cash	29.3%



We are repositioning our portfolio by:

- **Targeting banks and insurance companies**, as the US continues to drive global growth and Asia Pacific remains on a **higher growth trajectory**.
- **Shifting focus from traditional REITs to real estate services companies**, which offer stronger fundamentals.
- **Increasing exposure to Japan, Thailand, and Hong Kong financial sectors** for diversification.
- **Adding select high-growth technology stocks** to enhance performance, as many income funds increasingly view strong tech companies as safer investments versus traditional value stocks.

Market Outlook Ahead

As we move into the second half of 2024, global markets are expected to navigate a mixed economic landscape shaped by monetary policy shifts, inflation trends, and geopolitical developments.

- United States: The S&P 500 is projected to gain another 9% by year-end, driven by resilient corporate earnings and expectations of a potential Fed rate cut in Q4 2024, barring any inflation surprises. However, market volatility remains a concern as elevated interest rates continue to impact rate-sensitive sectors such as REITs and utilities.

- Europe: European equities are expected to rise by 9-10%, supported by robust corporate performance and attractive valuations. However, slower economic growth in Germany and ongoing trade tensions may limit upside potential.

- Asia: China's economic growth remains under scrutiny as weak property markets and sluggish domestic demand persist. Sluggish China economy remains a big minus in Asia pacific region. However, AI-driven investments continues to drive interest in Asian Tech and should provide upside opportunities in the tech sector.

While the Fed's rate cut remains a possibility in late 2024, persistent inflation risks could delay monetary easing, keeping global interest rates elevated for longer. Financials, industrials, and select technology stocks are likely to remain key outperformers, while more defensive income-generating sectors may face higher volatility.

To navigate these conditions, the fund will maintain a diversified approach, focusing on high-quality, income-generating assets while adjusting exposure to sectors that can sustain earnings growth amid macroeconomic uncertainties.

Portfolio Management Outlook

We entered 2024 with optimism that the equity market would benefit from the Fed's expected rate cuts. Our heavy allocation to Singapore and real estate stocks was positioned to benefit from lower rates. However, the risk remains that the Fed may not cut rates as quickly as expected, potentially impacting our real estate positions.

Against this backdrop, our focus is on identifying high-quality companies at reasonable valuations where fundamentals remain strong and earnings risks are low.

Investment Themes Moving Forward

- Prioritizing dividend-paying financials, particularly in the Asia Pacific region.
- Seeking value in real estate services firms, which offer better resilience compared to traditional REITs.
- Diversifying into Japanese, Thai, and Hong Kong financial sectors.
- Adding high-growth, high-revenue companies to balance portfolio performance.

We remain committed to **fundamental research and a bottom-up investment approach**, ensuring that our portfolio is built on durable, long-term growth opportunities.

We believe that, over time, the best risk-adjusted returns come from investing in companies at the forefront of innovation and secular growth trends. With prudent cash management, sector rotation, and strategic allocations, we aim to enhance investor returns in the second half of 2024.