Aim Precision Capital Global Quant Fund
Monthly Report

July 2023

Investment Objectives

Our goal is to achieve positive returns over the recommended investment horizon by generating asymmetric profit, regardless of any financial market performance. This means we systematically control and minimise risks while creating potential for extra returns.*

*This is a targeted return, and may not eventuate. Specific risks may impact on the possibility of such a return in future.

Fund Commentary

The fund achieved a positive return of 1.85% for the month of July 2023. Since the start of Investor class in June 2023, our live fund return is 5.38% for the last 2 months. The majority of our exposure are in market neutral positions. The aim is to provide an asymmetric return while taking advantage from the market volatility. It is great to see another month of successful operation from our expanding team. We are currently seeking investors to increase our fund size as we believe the feature of our fund can assist investors to diversify investment portfolio over various market cycles. Please contact us if you would like to learn more about our features.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly return
2011	7.17%	5.41%	10.33%	-6.73%	-1.58%	1.35%	-3.77%	8.32%	-2.30%	1.66%	7.29%	-2.24%	25.93%
2012	0.10%	-7.77%	-1.44%	3.65%	4.32%	4.88%	3.60%	-0.16%	5.06%	-4.06%	1.07%	5.23%	14.41%
2013	9.96%	0.34%	-2.29%	5.66%	1.41%	5.10%	1.60%	3.13%	0.26%	1.46%	-2.85%	1.38%	27.45%
2014	4.04%	3.15%	1.45%	5.53%	7.02%	-5.93%	-0.54%	3.85%	-2.86%	3.46%	-4.54%	5.41%	20.81%
2015	2.34%	8.64%	5.50%	-5.09%	-2.25%	5.64%	2.07%	3.06%	5.67%	-0.56%	4.38%	3.86%	37.75%
2016	5.07%	0.78%	1.45%	-0.63%	4.44%	5.28%	0.34%	-0.39%	-1.32%	-0.13%	1.38%	-1.49%	15.46%
2017	2.01%	-0.18%	0.25%	0.84%	0.69%	-2.74%	4.51%	1.46%	-0.52%	-1.80%	2.10%	0.41%	7.06%
2018	-10.82%	-8.18%	3.23%	3.46%	-2.94%	-2.12%	-0.07%	1.93%	-2.95%	2.83%	4.10%	-9.20%	-20.18%
2019	-2.00%	-0.72%	-7.29%	3.47%	0.22%	1.16%	6.98%	2.63%	4.96%	3.69%	4.62%	-2.10%	15.81%
2020	-8.81%	0.33%	30.31%	16.38%	-0.71%	7.33%	0.18%	1.68%	-1.45%	1.50%	4.31%	2.50%	61.08%
2021	6.11%	-2.32%	1.39%	3.01%	0.85%	-2.15%	2.48%	2.82%	3.14%	2.43%	3.86%	-3.31%	19.42%
2022	9.72%	-2.88%	5.44%	-1.88%	-0.50%	2.00%	3.73%	2.33%	1.76%	0.45%	-1.23%	-1.79%	17.76%
2023	-0.36%	0.90%	5.16%	1.90%	0.07%	3.53%	1.85%						13.68%

*Live performance of Investor class starts from June 2023. Prior to this date, the performance consists of both live and backtesting results.

*Past performance is not indicative of future performance. Specific risks of the Fund may impact on the possibility of such a return in future.

*The returns shown in the table are net of fee.

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Market Insight
The Interplay Between Interest Rates and the Financial Market

Current Outlook on Interest Rates

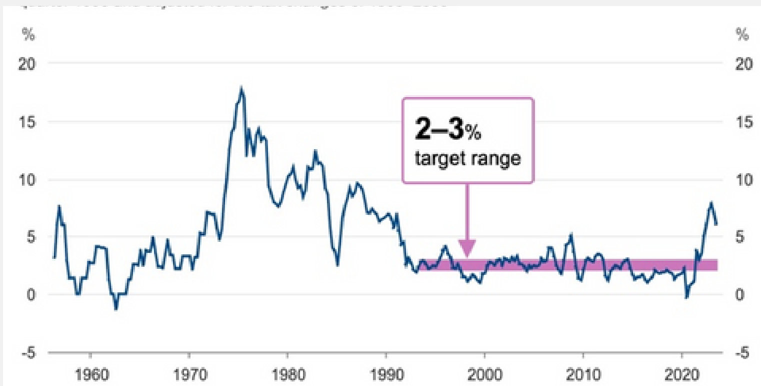
In the U.S., prevailing expectations suggest interest rates will maintain between 5.25% and 5.5%, marking the highest point since 2001, until we see a potential decrease in March. This is based on insights gathered from 45 economists. Turning our gaze to Australia, a growing consensus among experts indicates a potential rise in the cash rate just one more time. However, I remain cautiously sceptical. There are two significant factors that may influence further rate hikes:

1. The current unemployment rate is impressively low, echoing figures from 50 years ago.
2. The Reserve Bank of Australia (RBA) anticipates that inflation won't reach its 2-3% target until late 2025.

Australia Unemployment Rate

Source: Australian Bureau of Statistics

Inflation Rate



Source: Australian Bureau of Statistics, Reserve Bank of Australia

A clear takeaway is that our economy is navigating slower waters. Historically, shifts in interest rates are felt by households and businesses after 1-2 years. Current data reflects this trend, with a noticeable 1.4% dip in consumer spending.

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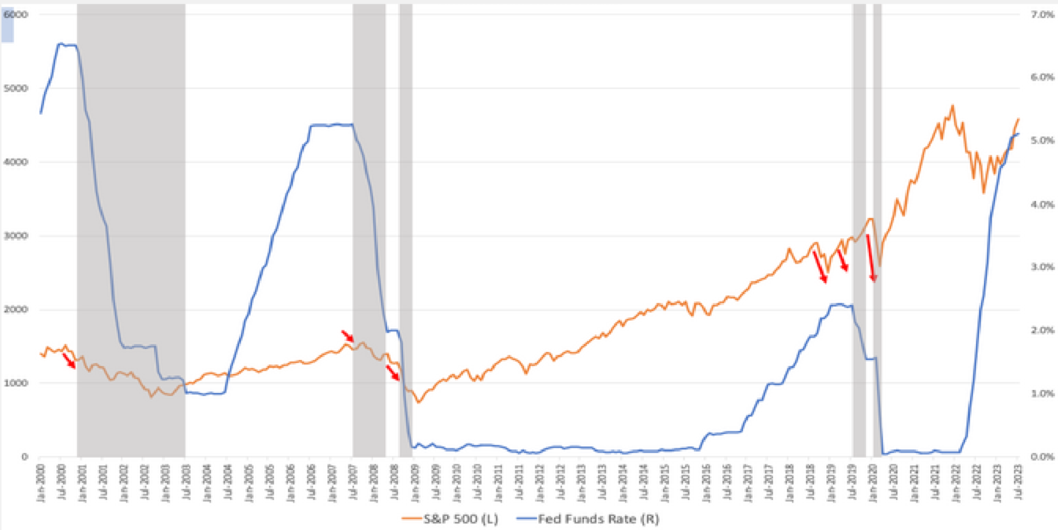
The Stock Market's Response to Interest Rate Adjustments

It's worth noting that a reduction in interest rates by the central bank doesn't always correlate with an uptick in stock prices. Past events provide clarity:

US Interest Rate vs S&P 500



Source: Federal Reserve Economic Data, Federal Reserve

1. During the tech turmoil between 2000 and 2003, interest rates saw significant reductions, yet the S&P 500 index declined by 25%.
2. Amid the Global Financial Crisis (GFC) of 2007-2008, while rates experienced a sharp decrease, the S&P 500 fell by 38%.
3. At the onset of the Covid-19 pandemic in 2020, despite dramatic cuts in rates, the S&P 500 registered a 20% drop.

In these scenarios, stock market downturns anticipated the rate reductions, persisting until the culmination of these cuts.

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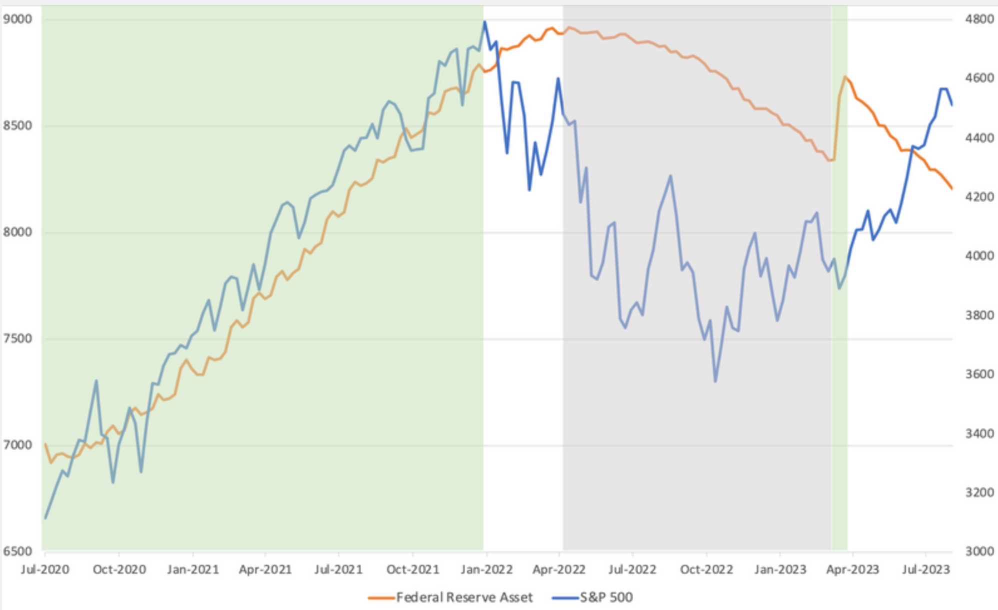
The Role of Liquidity in Stock Market Trends

Liquidity, or the amount of money available in the market, may offer a more predictive gauge for stock market trajectories. Between 2020 and 2021, as central banks amplified liquidity provisions, we observed a robust ascent in stock valuations. In contrast, between 2022 and 2023, liquidity contraction corresponded with a notable market downturn. A subsequent banking concern in March prompted another phase of liquidity introduction, spurring a recovery in the S&P 500.

Federal Reserve Asset vs S&P 500



Source: Federal Reserve Economic Data, Federal Reserve

Since the 2008 financial downturn, Modern Monetary Theory (MMT) has held considerable sway over market dynamics. The current trajectory of central bank liquidity might be signalling a potential recalibration in stock valuations, even amidst prevailing market optimism.

Should you wish to learn more about how to safeguard your investments in today's economic landscape, please do not hesitate to reach out to your dedicated representative, or email: contact@apcapital.com.au

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Investment Strategy

The edge is achieved by our 24x5 multi-strategy investment engine including advanced machine learning, systematic and technical analysis powered by the well-equipped robust infrastructure.
We capture opportunities in various market conditions by strategies including AI-driven, mean-reversion, arbitrage, momentum, pattern recognition, volatility impulse and a selection of hedge funds.

Market Overview

The overall market sustained its upward momentum in July driven by favourable news indicating a reduction in inflation rates as well as positive global economic growth data. There is growing optimism that inflation has been brought under control without causing a recession ('soft-landing').

Barclay Hedge	1.79%
MSCI World Index	3.29%
Dow jones	3.35%
ASX200	2.88%
S&P 500	3.11%
FTSE 100	2.33%

Source: Bloomberg, BarclayHedge

Fund Information

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Distribution Frequency
Annually

Minimum Investment
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There are risks involved in investing in the CAR's strategy. All investments carry some level of risk, and there is typically a direct relationship between risk and return. We describe what steps we take to mitigate risk (where possible) in the Fund's Information Memorandum. It is important to note that despite taking such steps, the CAR cannot mitigate risk completely.

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