



DCG Asia Value Fund

At 31/12/2012
 Net NAV/Share
 S\$130.79 (SGD Class)
 US\$107.10 (USD Equivalent)

Fund Objective and Strategy

The investment objective of the Fund is to achieve long term capital growth through investments primarily in publicly listed and traded equities and equity-linked securities of companies from Asia ex-Japan countries. The Investment Manager employs a value investing approach in managing the Fund. Using a bottom-up approach, it will seek to identify from within the above mentioned investment universe, attractive long term investment opportunities that the Manager reasonably believes adequately satisfy stringent selection criteria in terms of quality and valuations.

Fund NAV and Performance (net of all fees)

	Fund NAV SGD Class	SGD Class 1M Return	MSCI AxJ Net SGD 1M Return	Fund NAV USD Eq.	USD Eq. 1M Return (%)	MSCI AxJ Net USD 1M Return
Sep-11	S\$98.95	-1.1%	-4.1%	US\$75.68	-6.1%	-8.7%
Oct-11	S\$103.09	4.2%	7.7%	US\$83.01	9.7%	12.0%
Nov-11	S\$100.58	-2.4%	-6.1%	US\$78.45	-5.5%	-8.3%
Dec-11	S\$101.68	1.1%	1.7%	US\$78.39	-0.1%	0.6%
Jan-12	S\$105.88	4.1%	7.4%	US\$84.15	7.3%	10.8%
Feb-12	S\$111.49	5.3%	5.2%	US\$89.15	5.9%	6.0%
Mar-12	S\$112.29	0.7%	-2.4%	US\$89.28	0.1%	-3.1%
Apr-12	S\$111.57	-0.6%	-1.5%	US\$90.17	1.0%	0.0%
May-12	S\$110.52	-0.9%	-5.9%	US\$85.75	-4.9%	-9.6%
Jun-12	S\$112.78	2.0%	1.4%	US\$89.15	4.0%	3.0%
Jul-12	S\$115.38	2.3%	0.7%	US\$92.66	3.9%	2.6%
Aug-12	S\$116.05	0.6%	-0.2%	US\$93.03	0.4%	-0.5%
Sep-12	S\$120.33	3.7%	5.1%	US\$98.04	5.4%	7.0%
Oct-12	S\$121.31	0.8%	-0.8%	US\$99.41	1.4%	-0.3%
Nov-12	S\$127.10	4.8%	2.9%	US\$104.15	4.8%	2.8%
Dec-12	S\$130.79	2.9%	3.1%	US\$107.10	2.8%	3.1%
YTD		28.6%	15.3%		36.6%	22.4%
Since Inception		30.8%	13.7%		32.9%	15.3%

Country Exposure

HK/ China	31.1%
Singapore	22.1%
Indonesia	14.3%
Malaysia	6.5%
Philippines	4.6%
Sri Lanka	3.0%
Thailand	2.8%
Korea	0.9%
Vietnam	0.8%
Cash	13.9%
	100.0%

Sector Exposure

Consumer Discretionary	16.5%
Consumer Staples	19.3%
Energy	5.7%
Financials	17.6%
Health Care	0.2%
Industrials	16.7%
IT	7.6%
Materials	0.7%
Telco	1.7%
Cash	13.9%
	100.0%

FACTSHEET

as of 31 December 2012

DCG ASIA VALUE FUND**Top 5 Holdings**

ARWANA CITRAMULIA	TIGA PILAR FOOD
EZION HOLDINGS	GOLDLION HLDG
MALINDO FEEDMILL	

Size distribution

	No. of Holdings	% of Holdings
Small Cap (<US\$1b)	31	45.9%
Mid Cap (US\$1b-\$5b)	16	28.6%
Large Cap (>US\$5b)	9	11.6%
Total	56	86.1%

Risk/Return

Since Fund inception	Annualized Return (%)	Annualized Std. Dev (%)	Sharpe Ratio (RFR=2%)	Information Ratio
The Fund, net (SGD)	23.1%	8.9%	2.38x	1.42x
MSCI AxJ net (SGD)	10.4%	16.4%	0.51x	N/A

Valuation

	Trailing P/E	Trailing P/B	Indicative Dvd Yld	Median Mkt Cap (US\$ m)
DCG Asia Value Fund	9.9x	1.5x	2.1%	721
MSCI Asia ex Japan	13.0x	1.6x	2.4%	N/A

Fund Information**Domicile:** Cayman Islands**Fund inception date:** 16/09/2011**Fiscal Year End:** 30 June**Subscription Frequency:** Once a month at month end with 1 week notice**Redemption Frequency:** Once a quarter at quarter end NAV with 1 month notice**Valuation Frequency:** Once a month**Fund Manager:** DCG Capital Pte Ltd**Fund Administrator:** Portcullis Fund Administration (S) Pte Ltd**Minimum Initial Investment:** S\$250,000**Minimum Subsequent Investment:** S\$100,000**Management Fee:** 1.25% p.a.**Performance Fee:** 12.5% of appreciation in NAV subject to high water mark**Early Redemption Fee:** (Retained in the Fund)3% in 1st year; 2% in 2nd year; 1% in 3rd year**Custodian:** Deutsche Bank AG, Singapore Branch**Legal Counsel:** Rajah & Tann LLP**Fund Auditor:** Ernst & Young Solutions LLP**Tax Advisor:** Ernst & Young Solutions LLP**Contact Information****Phone:** +65 6592 5720**Fax:** +65 6737 3946**Email:** info@dcginvest.com**Website:** www.dcginvest.com**Important Notice**

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Dear Investor,

The Fund's net NAV rose 2.9% in December to S\$130.78 per share compared to the benchmark's 3.1% gain for the month. December's gain brought the Fund's total return for the year to 28.4% which is 13.0% higher than the benchmark's 15.4% gain.

During the month, our Chinese/ Hong Kong stocks, especially those in the consumer sector, registered significant gains. **Citic Telecom**, one of our "Yield bucket" stocks, finally came to life rising 21.4% for the month. Our Indonesian and Filipino holdings also registered impressive gains except for **Tigar Pilar** which declined 9.2% and **AKR Corporindo** which fell 3.5%. After the month end, **Tigar Pilar** reported very strong results. For the 9 month period ended September 30, 2012, the company reported 72% increase in sales and 144% increase in profits. Profit margins improved markedly due to lower financing expenses and improvements in food manufacturing margins, which increased from 12.8% in 2011 to 13.7% in 2012 as a result of better contribution from the snack food segment. We increased our holdings after the recent pull back and this stock is one of our top 10 holdings.

Apart from the above mentioned losers, the Fund's performance in December was also weighed down by high cash reserves (13.9% of the portfolio) as well as the continued weakness of the Rupiah (14.3% of the portfolio). We were holding cash in reserves looking for any fiscal cliff related setbacks to deploy the cash.

In the event, the Asian markets remained remarkably resilient in spite of these lingering background worries about the cliff.

All the stocks in our "Asset bucket" did well for the month, rising more than 7%. One of our largest holdings, **Ezion**, rose 15.6%. The company announced that the investment arm of the Economic Development Board of Singapore (EDB) had acquired a 1.6% stake in the company.

As we write, the U.S. House of Representatives has approved a last minute Congressional Bill that would see tax rates increased for Americans earnings more than US\$400,000 per year, higher taxes on capital gains and dividends, reduced personal exemptions and deductions, and higher estate duties. The Bill also calls for a two month delay to parts of the US\$110 billion in spending cuts that otherwise would have taken place in January.

It looks like yet another "kick the can down the road" exercise and the markets will have to contend with the next cliff as early as March when the debt ceiling will need to be raised and the question of spending cuts can no longer be put off.

Whilst on this subject we came across an illustration of the U.S. fiscal situation which may help put the fiscal cliff issue in perspective:

	US\$
U.S. Tax revenue:	2,170,000,000,000
U.S. Federal reserve budget:	3,820,000,000,000
U.S. New debt:	1,650,000,000,000
U.S. National debt:	14,271,000,000,000
Recent budget cuts:	3,850,000,000

Another way of looking at it is to remove eight zeros and pretend that it is a household budget:

	US\$
Annual family income:	21,700
Money the family spent:	38,200
New debt on credit card:	16,500
Outstanding balance on the credit card:	142,710
Total budget cuts so far:	38.5

So the government is only cutting the equivalent of \$38.50 in spending from total household spending of \$38,200, i.e. a 0.1% reduction.

After the recent sharp gains in some of our holdings, we are inclined to do some “top slicing” and switch into better ideas which we are currently reviewing. In the meantime, the portfolio’s valuation still looks reasonable with a weighted average price to earnings ratio of 9.9x and a price to book ratio of 1.5x.

Equity markets, not only in Asia but also in developed markets, have started 2013 on a bullish note. Improved economic data from China, continuing signs of recovery in the U.S. housing market as well as the abatement of the Eurozone crisis have encouraged risk taking. As we head into the “March Madness” in the U.S., we are likely to remain cautious. On the other hand, there is talk of the “Great Rotation” (money moving from low yielding bonds to equities) and with the likely continuation of “financial repression” and central bank printing of money, who knows what all this can do to equity markets?

During the first 15 months of the Fund’s existence, we had been sending out monthly letters as we felt it was necessary, being a new fund, to give our investors an idea of how we go about investing. In future, we intend to reduce the frequency of such communication to quarterly letters. We would, of course, continue to send out monthly Fund Factsheets in the usual format. We hope our investors will find this acceptable.

This document is not intended to constitute investment advice and should not be relied upon as such. Reference to specific securities is not intended to be and should not be interpreted as recommendation to purchase or sell such securities. Past performance is not an indication of future performance.