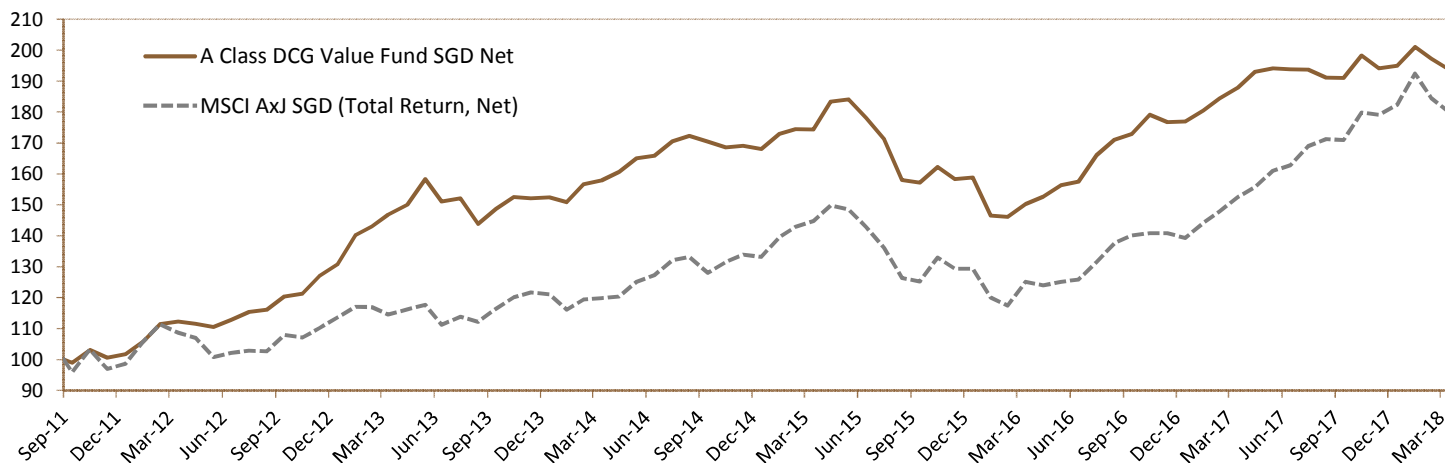




### Fund Overview

The investment objective of the Fund is to achieve long term capital growth through investments primarily in publicly listed and traded stocks and shares of companies in Asia ex-Japan. 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.

### Cumulative Fund Returns SGD\* VS MSCI AxJ SGD<sup>(1)</sup>



### Monthly Net Returns\* (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Index YTD
<b>2018</b>	3.1	-1.9	-1.8										-0.6	
<b>Index<sup>(1)</sup></b>	5.6	-4.1	-2.5											-1.3
<b>2017</b>	2.0	2.2	1.8	2.8	0.6	-0.2	0.0	-1.4	0.0	3.8	-2.1	0.4	10.2	30.9
<b>2016</b>	-7.7	-0.3	2.8	1.6	2.4	0.7	5.4	3.1	1.1	3.6	-1.3	0.1	11.4	7.7
<b>2015</b>	2.9	0.9	-0.1	5.2	0.4	-3.3	-3.9	-7.7	-0.5	3.2	-2.4	0.4	-5.5	-2.8
<b>2014</b>	-1.0	3.8	0.8	1.7	2.8	0.5	2.8	1.0	-1.1	-1.1	0.3	-0.6	10.3	10.0
<b>2013</b>	7.2	2.0	2.7	2.2	5.5	-4.6	0.6	-5.4	3.4	2.6	-0.3	0.2	16.5	6.5
<b>2012</b>	4.1	5.3	0.7	-0.6	-0.9	2.0	2.3	0.6	3.7	0.8	4.8	2.9	28.6	15.3
<b>2011</b>									-1.1	4.2	-2.4	1.1	1.7	-1.4
<b>Inception to Date<sup>(2)</sup> (%)</b>													<b>93.7</b>	<b>80.0</b>

\*Current year returns are unaudited. Past performance is not indicative of future results. References to the MSCI AxJ SGD index do not include expenses that an investor may bear. The net returns of the Fund are based on published results to an original investor net of fund expenses, management fees (1.25%) and incentive allocation (12.5%). The incentive allocation is accrued monthly although the fee is charged at year end.

(1) MSCI Asia ex-Japan SGD Index (total returns, including dividends reinvested)

(2) Inception-to-date performance for SGD A Class and MSCI AxJ are computed from 16 September 2011, the date of Fund inception.

### Statistical Analysis

Risk/Return <sup>(3)</sup>	Fund, net <sup>(4)</sup>	Index
Annualized Return (%)	10.6	9.4
Standard Deviation (%)	9.5	11.5
Sharpe Ratio (x)	0.90	0.64
Sortino Ratio (x)	1.59	1.06
Information Ratio (x)	0.17	N/A
Peak to Trough (%)	-20.6	N/A

(3) Since inception. Applicable to A Class shares only

(4) Net of management fees and incentive allocation

### Portfolio Concentration

No. of holdings	44
Top 10 holdings (%)	31.4
Top 20 holdings (%)	55.6

### Fund Exposure

Country Exposure (%)		Sector Exposure (%)	
HK/ China	31.0	Industrials	20.4
Singapore	26.1	Financials	19.5
Vietnam	6.2	Information Technology	18.3
Sri Lanka	4.6	Consumer Discretionary	10.5
Korea	4.4	Consumer Staples	7.1
Taiwan	4.1	Real Estate	5.2
Indonesia	3.9	Energy	3.6
Philippines	3.7	Teleco Services	1.4
Malaysia	1.9	Cash	14.0
Cash	14.0		
<b>Total</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>

## Fund Details

Size (equities)<sup>(5)</sup>

Small Cap (<US\$1b)	20
Mid Cap (US\$1b-\$5b)	9
Large Cap (>US\$5b)	13
Total	42

(5) Median market capitalization US\$1,031 mil

(5) Holdings exclude two bonds

## Top 5 Holdings

SBS Transit Ltd
Industrial & Commercial Bank of China Ltd
Oxley Holdings Ltd
Oriental Watch Holdings
Hatton National Bank PLC

## Fund Information

Domicile	Cayman Islands
Fund Administrator	Portcullis Fund Administration (S)
Custodian	Deutsche Bank AG, Singapore Branch
Fund Auditor	Ernst & Young Solutions LLP
Legal Advisers	Chan & Goh LLP
Fiscal Year End	June 30th

## Terms

Minimum Initial Investment	S\$150,000
Minimum Subsequent Investment	S\$10,000
Early Redemption Fee <sup>i</sup>	3% in 1st year; 2% in 2nd year; 1% in 3rd year
5% Redemption Option <sup>ii</sup>	Elect annually by 30 June, valued at July-end NAV
Redemption Frequency	Once a quarter at quarter-end NAV, with 1 month notice
Subscription Frequency	Once a month at month-end, with 1 week notice
Management Fee / Performance Fee <sup>iii</sup>	1.25% / 12.5%

<sup>i</sup>Retained in the Fund for Fund investors

<sup>ii</sup>Early redemption fee will be waived

<sup>iii</sup>Applicable only to A Class shares

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## Monthly Net Returns\* (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Index YTD
2018	2.9	-1.7	-1.6										-0.4	
Index <sup>(1)</sup>	5.6	-4.1	-2.5											-1.3
2017							0.0	-1.2	0.1	3.6	-1.8	0.5	1.0	12.0
Inception to Date <sup>(2)</sup> (%)													0.7	10.6

\*Current year returns are unaudited. Past performance is not indicative of future results. References to the MSCI AxJ SGD index do not include expenses that an investor may bear. The net returns of the Fund are based on published results to an original investor net of fund expenses and incentive allocation. The incentive allocation is accrued monthly although the fee is charged at year end.

(1) MSCI Asia ex-Japan SGD Index (total returns, including dividends reinvested)

(2) Inception-to-date performance for SGD S Class and MSCI AxJ are computed from 01 July 2017, the date of S Class inception.

## Monthly Net Returns\* (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund YTD	Index YTD
<b>2018</b>	4.9	-2.7	-1.2										0.8	
<b>Index<sup>(1)</sup></b>	7.6	-5.0	-1.5											0.7
<b>2017</b>	5.0	3.0	2.1	2.8	1.5	0.2	1.4	-1.3	-0.1	3.2	-1.2	1.2	19.0	41.7
<b>2016</b>	-8.1	0.9	7.2	1.9	-0.3	3.0	5.9	1.3	1.1	1.5	-4.3	-0.9	8.7	5.4
<b>2015</b>			-0.8	8.6	-1.2	-3.2	-5.6	-10.3	-1.3	4.8	-3.1	-0.1	-12.7	-13.0
<b>Inception to Date<sup>(2)</sup> (%)</b>													<b>13.9</b>	<b>30.8</b>

\*Current year returns are unaudited. Past performance is not indicative of future results. References to the MSCI AxJ index do not include expenses that an investor may bear. The net returns of the Fund are based on published results to an original investor net of fund expenses, management fees (1.25%) and incentive allocation (12.5%). The incentive allocation is accrued monthly, although the fee is charged at year end.

(1) MSCI Asia ex-Japan Index (total returns, including dividends reinvested)

(2) Inception-to-date performance for USD A Class and MSCI AxJ are computed from 01 Mar 2015, the date of USD A Class inception

Dear Investor,

## Performance

The fund's NAV dipped 0.65% for the quarter to 31 March. Asian bourses were depressed by rising interest rates, trade tensions, and the long-awaited correction on Wall Street.

The MSCI Asia x Japan Index slid 1.3% QoQ while the S&P 500 Index dropped 268 points, or 9.3% from its peak of 2,872 on 26 January.

Major developments during the quarter:

China's 'Lianghui' (annual plenary sessions of the National People's Congress) approved removing the Presidential term limit, allowing Xi Jinping to continue leading China beyond 2023 and continue the mission to achieve the 'China dream'.

President Trump slapped tariffs on imports of China steel and aluminium and announced further tariffs on US\$50bn of Chinese imports, roughly 1,300 Chinese products ranging from machinery to vaccines. China retaliated by announcing 25% tariffs on US\$50bn of US imports, roughly 106 products such as soybeans, automobiles, chemicals, and aircraft.

US interest rates moved higher -- the 10-year Treasury yield ended the quarter at 2.74%, 33 bps above end-2017 level. Libor rose 62 bps to 2.31%.

The Fed under new Chairman Jerome Powell hiked rates another 25 bps, the 6th such hike since the first in 2015. The Fed funds rate is now 1.75%, and the 2-10 year Treasury spread is 0.53%, the smallest since August 2007.

President Trump agreed to meet North Korean leader Kim Jong Un. The latter said to be open to discussing 'denuclearisation'.

## Portfolio Updates

We've turned a bit defensive during the quarter, taking some profit on **Tencent**, **Kweichow Moutai**, and a few others.

Our cash level increased from 11.8% to 13.0%. We removed 6 positions and added 5, bringing the total to 42 equity positions.

**Oxley Holdings**, a property developer, is one of the new positions added.

Oxley specialises in residential and mixed-use developments. Their residential products tend to be priced at the low- to middle-range of the market. Indeed, they were once called out by the Singapore government for constructing 'shoebox' apartments.

Since starting out from Singapore, they have grown to cover multiple geographies including the UK, Ireland, Cyprus, Cambodia, Malaysia, Indonesia, China, Myanmar, Australia, Japan, and Vietnam. At end-2017, the company has 9 upcoming developments in Singapore and 12 in other countries.

It also has a landbank of approximately 127,000 sq m in Singapore and 294,000 sq m in other countries for development solely or with JV partners. Total ongoing and upcoming property developments' Gross Development Value is S\$15bn (stripping out minority interest leaves S\$9.7bn attributable to company shareholders like us).

Its current market capitalisation is S\$1.9bn and it carries S\$2.2bn of net debt. Historical net margin after tax, depending on the cost of land, runs between 15% and 30%. As Oxley was one of the early movers in acquiring Singapore land in the current upturn, net margin after tax is likely to run north of 20% for the projects.

The company from time to time has attracted criticism for its headline debt levels. Reported net debt is about 2x book equity, relatively high vs other developers. But Oxley doesn't play the non-cash investment property revaluation game of Asian developers marking up their commercial properties' valuation to boost reported equity.

Oxley is also recycling cash from its overseas Dublin and Royal Wharf projects. In the past few months, its No. 1 Dublin Landings office block attracted 10 bidders and sold at the lowest net rental yield (3.95%) Ireland has seen in 5 years. The gain on disposal alone is worth 4% of Oxley's market capitalisation with 4 more office blocks in varying stages of completion.

And, the progressive payment scheme in Singapore's real estate market and Oxley's pipeline of Singapore projects launching over the next 3 quarters will easily cover the S\$1.4bn of debt due over 2018-20.

The stock currently trades at 1.5x book, 0.6x RNAV, and gives a 2.8% dividend yield.

**Oriental Watch Company** is another new position added this quarter.

Established in 1961, Oriental Watch is now one of the major luxury watch retailers in Hong Kong and China. The company generated around HKD\$3.1bn of watch sales for the year

ended March 2017, via retail sales and wholesale channels. At end-2017, the company has 63 points of sales across Hong Kong (12), China (47), Taiwan (3), and Macau (1).

Oriental Watch had a poor 2014-16, impacted by both high operating cost (rental, manpower) and sales plunge due to Xi Jinping's anti-graft campaign. Since then, it has taken measures to reduce inventory, close under-performing stores, and renegotiate rental rates for key stores in Hong Kong.

Luxury watch sales in China and Hong Kong have been recovering since late-2016. Same-store sales growth jumped from 2% yoy in FY2017 to 16% yoy in 1HFY18, helped by lifts of 13% in ASP and 3% in sales volume. The gross profit margin improved from 15.3% in FY17 to 16.9% in 1HFY18, benefitting from a lower proportion of sales via wholesale channels which lowered the profit margin compared to retail sales, and lower discounts at retail outlets. At the operating level, rental cost fell from 7.4% of sales in FY17 to 5.8% in 1HFY18, several store closures and cheaper rental renewals, saving around HK\$27mn p.a. in rental cost.

Management was more prudent in managing inventory with the 30 Sep 17 level at HK\$1.05bn -- around 3 months of sales, significantly below the 12-month inventory level in 2015. Sailing through the tough period in 2014-16 saw Oriental Watch's relationships with key luxury watch brands like Rolex becoming more supportive, allowing the company to secure stocks when sales get better.

We expect FY18's profit to be HK\$120-140mn, which translates to a 8-10x PER. Oriental Watch's balance sheet is rock solid with net cash at HK\$800mn, inventory of luxury watches worth HK\$1.15bn, and net asset value of about HK\$2.2bn at 30 Sep 2017. The company's market cap at end-2017 was close to HK\$1.1bn, trading at close to cash value and below net current assets of HK\$1.8bn.

## **Outlook**

Trump's recent move on US trade policy has added further uncertainties to the economic and market outlook for stocks. Inflation and interest rates remain our chief concerns.

With two or three more rate hikes expected this year, we see the yield curve continuing to flatten. The entire curve may shift up with the US economy close to full employment. The Fed may be forced to tighten more aggressively if inflation data ratchet up.

Nevertheless, the ongoing market 'correction' has brought stock valuations down to more attractive levels. Just as a general guide, the MSCI Asia x Japan Index forward PE ratio has declined to 12.8x.

Market	Index	P/E (X)		P/B (X)		Div/Yield (%)	
		Trailing	Fwd	Trailing	Fwd	Fwd	Fwd
India	SENSEX	23.12	17.94	3.12		1.53	
China	HSCEI	9.77	8.03	1.10		4.03	
Hong Kong	HSI	12.86	11.81	1.42		3.47	
S. Korea	KOSPI	17.61	9.52	1.08		1.97	
Taiwan	TWSE	15.47	14.02	1.76		4.01	
Thailand	SET	17.58	15.80	2.03		2.96	
Philippines	PCOMP	21.59	17.67	2.37		1.62	
Malaysia	KLCI	17.45	16.44	1.83		3.31	
Singapore	FSSTI	11.31	13.88	1.23		3.68	
Indonesia	JCI	22.03	16.09	2.56		2.02	
MSCI Asia ex Japan	MXASJ	14.63	12.87	1.68		2.62	
S&P 500	SPX	21.07	16.74	3.20		2.05	
MSCI Europe	MXEU	15.70	14.31	1.78		3.71	
MSCI Japan	MXJP	13.37	13.47	1.33		2.27	

Source: Bloomberg

Despite trade war fears, we remain optimistic over Asia's long-term economic prospects and await opportunities to add a number of high quality stocks at attractive valuations.

Daniel Chan

Melvin Tan

TJ Tan

Alexis Tran

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