

As you know, late last year, I wound up the Target Asia Fund and returned all the money back to investors. Since then, I had a good holiday break and also set up a charitable foundation called The Silent Foundation ('TSF'). I have funded TSF and it is now operational.

The next important thing I want to do is to get back doing what I enjoy most ie investment. I must confess I am addicted to investment. The challenge and the satisfaction derived from investing are irresistible. I find it exciting and enriching to my life even after doing it for so many years. As a fund manager, I have the privilege of engaging in a wide variety of industries, dealing with all types of people from investors, entrepreneurs, bureaucrats and etc, stretching my experience, network and imagination over so many areas such as business, finance, politics and cultures across so many countries. Besides, I also need to re-invest my savings. By inviting others to co-invest with me, it is a good way to keep me focus, discipline and being accountable.

I have decided to set up a new fund called the Target Value Fund ('TVF'). TVF is a deep value absolute gain fund, primarily investing in Asian public equities (a space that I have been operating in over 40 years). My family and I and the management of Target will invest about US\$50million in TVF. We will invite other investors to join in for about US\$500million. We believe this is an optimal size in line with our current infrastructure of nine persons (five professionals and four support staffs). With the recent market consolidation, this fund size will not be too large to preclude it from investing in some interesting small caps.

TVF will practice the same value investing philosophy, bottom up stock picking primarily in emerging companies and out of favour deep value stocks. It will make significant investment in high conviction ideas. We expect TVF to hold about 30 stocks with its top 10 accounts for about 40% of the portfolio.

The sub-prime crisis had taught us that it is not good enough just to buy quality stocks and knowing your companies well. In a globalised economy, things go wrong badly in one corner of the world can quickly and materially affect the economy of another country which is thousands of kilometres away. As such, we have allowed the new fund the ability to short equity index/derivatives to protect the portfolio for loss against such adverse market events. Another change is that we allow TVF to invest up to 20% of its net assets in equity linked securities such as convertible bonds, pre-IPO shares and collective investment schemes where direct access is difficult. Over the years, we observed that due to great volatility in the emerging markets, attractive investment opportunities often arise in different classes of assets. We want TVF to be able to take advantage of them. Having said that, we will only consider equity related opportunities as we want to stay within our core competence.

We retain the fee structure of 1% management and 15% performance bonus on high water mark. We want to stress that TVF is not set up for the purpose of re-setting a new water mark. We wish to point out that the previous fund ie Target Asia Fund was closed at its highest water mark of US\$992.44 achieving a total return of 892.44% (CAGR of 17.6%) over a period of 14.5 years. In case you have missed it, I attach for your information, a copy of the previous fund's Nov 2010 report which summarised its track record over the 14+ years' history and a Reuters' article of 13 April 2011 which reported the launch of the new fund.

As our investment philosophy is deep value, to achieve an optimum return for such strategy, we need to ensure there is stability in the fund. Apart from selecting like minded investors to join the fund, we also introduce a soft lock up provision which imposes a 5% redemption charge for any redemption that is made within 3 years of subscription. The redemption charge will be retained by the fund for the benefit of the remaining investors.

There will be no subscription charge for our past investors. New investors may subject to a subscription charge on a case by case basis.

The following documents are enclosed for your perusal :-

1. The Key Terms Sheet.
2. The PPM.

Please let us know if you wish to make a subscription. If so, the relevant Subscription Agreement ('SA') will be sent to you.

Best regards,

TENG Ngiek Lian
CEO/CIO
Target Asset Management Pte Ltd
175 Telok Ayer Street
Singapore 068623
Tel: (65) 6323 0537 Fax: (65) 6323 0542