Report No: 7/2011

Target Value Fund

(An Absolute Gain 'Value' Fund)

Performance Report – 30 December 2011

Inception:- 1 June 2011 **Fund Size:- US$483 million** **NAV per Class P share (weighted average):- US$910.653**

2011	The Fund (Net)	MSCI ACFE Ex-Japan (Gross)	Over/ (Under) Performance
• June	-0.1%	-2.7%	2.6%
• July	3.3%	1.6%	1.7%
• August	-3.1%	-9.6%	6.4%
• September	-13.5%	-13.9%	0.4%
• October	11.5%	12.4%	-0.9%
• November	-5.3%	-7.5%	2.2%
• December	-0.3%	1.3%	-1.5%
• YTD (since inception)	-8.9%	-18.9%	10.0%
Since inception			
• Performance	-8.93%	-18.89%	9.96%
• CAGR	-14.82%	-30.16%	15.34%
• Volatility (Std Dev)	0.25	0.28	
• Sharpe Ratio	-0.40	-0.71	

Top 8 Holdings (40% of portfolio)

Alliance Financial	Malaysia
BOC HK	Hong Kong
China Merchant Hldgs	Hong Kong
Digital China	Hong Kong
First Resources	Singapore
GOME	Hong Kong
Pure Gold	Philippines
Texwinca	Hong Kong

Country	%
Hong Kong	44
Singapore	12
Malaysia	7
Philippines	5
Indonesia	5
Thailand	4
China	3
Taiwan	3
USA (ADR)	2
Cash	15
	100

Market Capitalisation

	No. of Hldgs	% of Hldgs
Small: Up to US$1b	11	20
Mid: US$1b to US$5b	15	49
Large: >US$5b	5	16
Total	31	85

Sector Exposure (%)

Consumer & Retailer	35	Infrastructure	5
Banking & Finance	21	Industrial	4
Property & Construction	13	Others	2
Food & Agriculture	5	Cash	15
		Total	100

Performance

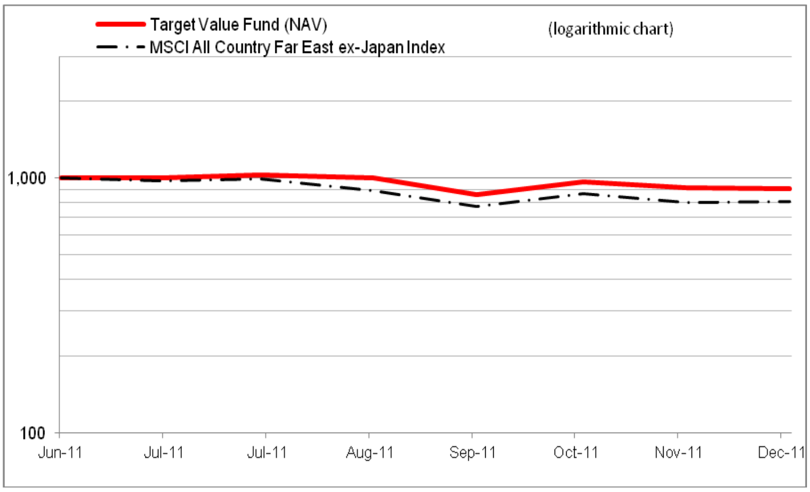
In spite of its faster economic growth and better economic fundamentals, Asian equity market under performed against the developed markets in 2011. The main reason for such under performance, we believe, is the usual suspect of 'risk off' from the emerging market by international investors in time of great uncertainty. 'Safety' has become the over-riding consideration. In a similar vein, when the situation improves, there will be a big rush back to the emerging markets which will make the Asian market a super performer.

The Fund's NAV since its inception (1 June 2011) till the year ended December 2011 fell 8.9%, while the benchmark index for the same period dropped 18.9%.

As we enter 2012, Asian equity valuation has priced in many adverse scenarios such as weak export market (in anticipation of sub-par economic growth in the West resulting from deleveraging by governments, consumers and banks) and slower domestic economy in Asia (due to cooling measures to contain inflation).

Frankly, a sub-par economic growth in the world (not a recession) may not be a bad thing for Asia. Asia's successive rapid economic growth in the past has fanned inflation, caused severe social disharmony and destabilized governments. Many Asian governments, sensing slower export markets, have declared that they will use their accumulated fiscal surplus to fast track their economic re-structuring to be more domestic consumption oriented and also to focus more on improving living conditions. The end results should be less trade friction, less cyclical economy, more social harmony and higher standard of living.

With cheap valuation, reduced inflation, high liquidity and under investment by international investors, we are cautiously optimistic about Asian equity market in 2012. The Fund is well positioned to benefit from an equity market upturn.



Note: 1) Past performance cannot guarantee future results.
2) This is neither a solicitation for business nor an invitation to subscribe to the Fund.

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