

INVESTMENT OBJECTIVE

The Fund's investment objective is to realise total investment gains through investments in equities quoted on securities exchanges in Asia (excluding Japan).

The Fund has an absolute return orientation and seeks to deliver positive absolute returns over the medium to long term at a relatively low level of risk through investing in listed equity securities in the Asia region (excluding Japan). Investment performance is generated through securities selection and portfolio construction, i.e. by investing in securities with sound underlying business economics, competent and honest management, at entry prices calculated to be sensible relative to the valuation of the equity securities; building a portfolio around these securities and holding them for the longer term. Market timing or short term trading will generally not be attempted as an investment methodology.

The investment time horizon is for the medium to long term, of three to five years or more.

Investment Management Process

The Fund will use the following "3-Rights" criteria for the selection of its equities investments:

(i) **Right business.**

Selected investments will display above-average economics in their underlying businesses, as measured by capital efficiency ratios, free cash flow generation, sustainable dividend payout and other methods of financial assessment. Further, companies whose securities are selected for investment would show a reasonably consistent operating history, be conservatively financed, demonstrate some degree of balance sheet strength and are assessed to have above average long-term business prospects. The Fund will select only those investments whose underlying businesses it can reasonably understand, assess and value.

(ii) **Right price**

The Fund will select a particular investment only if the price of the investment is at a price below or discounted to the assessed fair value of the stock. The method of valuation will be based on discounted cash flow for absolute valuation and on Price over Earnings (PE), Price over Free Cash-flow (P/FCF), Price over Net Asset Value (P/NTA), Enterprise Value over Earnings before Interest, Taxes, Depreciation and Amortization (EV/EBITDA), and dividend yield for relative valuation.

(iii) **Right people**

In order to ensure that the Fund's investments result in the expected long-term gains for its shareholders, the companies in which the Fund invests need to be

managed by persons possessing the necessary competence to run the company's business, and also demonstrate proper corporate governance practices. The CIS Manager will assess management competence and corporate governance of these companies using objective and numeric criteria. As part of its routine monitoring process, the CIS Manager will make periodic assessments of these companies even after the Fund has invested in them.

The Fund will purchase investments which satisfy all the above criteria, and expects to sell these investments when (i) fair value is reached by the traded market price; (ii) when the investment no longer satisfies any one of the "3-Rights" criteria; or (iii) when the Fund, using the above criteria, identifies other potential investments with better potential returns.

The Fund will invest in a portfolio to achieve the objectives set above. The portfolio weights of each stock will depend on its ranking relative to the other stocks and based on how well the company satisfies the "3 Rights" criteria. The portfolio will be reviewed periodically and rebalanced in line with the investment criteria.

The CIS Manager expects to maintain "long" equity positions, and may not sell the Fund's investments even in times of extreme market volatility in the face of constant bad news, when general economic sentiment is depressed and negative, even if to the extreme; even if this takes place over prolonged or extended periods of time; as long as the CIS Manager is of the view that the underlying business fundamentals of these investments have not changed, and the "3-Rights" criteria are intact and the portfolio found to be adequately diversified and properly constructed. In such times of depression and uncertainty, the CIS Manager will continue to check and monitor each investment periodically based on the stated criteria, and will not deviate from the stated process.

The Fund will generally seek to keep its investments for the medium to long term of between 1 to 5 years, to allow a reasonable time for the business economics and management of the underlying entity to show itself and for under-valuation gaps to close.

It would be the general practice of the Fund to be fully invested and to hold minimal amounts of cash.

The Fund expects to only hold large amounts of cash or cash equivalents when securities in all the exchanges covered are overvalued and no stocks that would meet the stated investment criteria can be found. In such times, the Fund will not invest, and will place part or all the cash in fixed deposits or money market instruments instead. To maintain objectivity, value and valuation of stocks is base-lined to the prevailing interest rate environment which would determine the government long bond rate (or the risk-free rate). A further risk discount may be factored in to see if ownership of stocks is justified on risk-adjusted terms relative to the risk-free rate.

The CIS Manager will monitor the Fund's investments by periodically reviewing financial reports of the companies in which the Fund has invested, meeting with the management of these companies and taking an active interest in the affairs of these companies. In order to ensure that the Fund's interests are taken care of, the Fund, through the CIS Manager, will [where possible] vote at the annual general meetings of

these companies. In respect of companies whose securities constitute a significant portion of the Fund's investments and where the CIS Manager deems it necessary or desirable for the Fund to do so, the Fund will send a representative to attend the annual general meetings of these companies, to vote and to give feedback and comments to the board of these companies.

Investment Guidelines

The Constitution of the Fund does not contain any restrictions on the investment powers of the Fund with respect to investing. The CIS Manager has however adopted certain policies and guidelines that it considers either prudent or ethical relating to the investments of the Fund. The guidelines that have been adopted as at the date of this Information Memorandum are as follows:-

(a) **Listed Securities Only**

Except for money market instruments, the Fund shall invest only in listed securities (in ordinary shares mainly but may also include preference shares, warrants, bonds, debentures and loan stocks and the like). No investment shall be made in derivatives, structured products or futures.

(b) **Ethical Investment Policy**

The Fund shall not invest in any securities issued by companies which engage mainly in the business of producing and/or marketing tobacco, hard liquor alcohol products, gaming or vice services/products or any other businesses that the Fund considers to be harmful or detrimental to human society or values. The Fund shall not invest in companies whose business or management practices are, in the sole and absolute opinion of the CIS Manager, in clear disregard of human rights.

(c) **Single Stock Position Limit**

The Fund will not purchase any securities (other than supra, sovereign, quasi-government issues) if as a result, based on entry cost, more than 15.0% of the latest available Net Asset Value would be invested in securities of a single issuer.

(d) **Industry Sector Limit**

The Fund will not invest in securities relating to a particular industry sector (as defined by the GICS Sector Level 3 classifications) where total investment in that sector is more than 25.0% of the Net Asset Value of the Fund. GICS is the registered trade mark for Global Industry Classification Standard which is developed by S&P & MSCI.

(e) **No Short Sales**

The Fund will not engage in short selling.

(f) Currency Limits

The Fund shall ensure that total investments in securities of any particular currency shall not exceed 45.0% of the Net Asset Value of the Fund.

(g) No Borrowing

The Fund will not borrow any money.

The guideline in (f) above (as to ensuring that no more than 45.0% of the Net Asset Value of the Fund is invested in securities of a particular currency) will not apply to Singapore dollar- or Hong Kong dollar- denominated securities.

The above guidelines apply at the time the investment is made will be measured by the CIS Manager. The investment guideline will not be treated as being exceeded if only exceeded as a result of movements in the relative value of investments of the Fund after their acquisition or the exercise of rights arising in respect of such investments.

The above investment guidelines and risk management policies are an indication of the restrictions within which it is anticipated the investments of the Fund will be managed. The CIS Manager has the discretion to exceed the investment guidelines if it considers the investment objective of the Fund will be better achieved in doing so. The investment guidelines may be changed by the Directors of the Fund as it deems fit.