YEOMAN 3-RIGHTS VALUE ASIA FUND

(Co. Regn: 53979 C1 GBL; Fund Business Licence: C1/04/01282)

At 30 June 2006
NAV/Share:
S$114.01

Performance Figures for Month of June 2006

June 2006 **-0.34%**
YTD at end June 2006 **+1.58%**
Cumulative 8 yr 8 mo performance **+220.59%**
Implying a compounding rate of return of **+14.39% p.a.** over the 8 yr 8mo period.
(Nett of all fees, with dividends re-invested and in SGD terms)

Equities/Cash Allocations

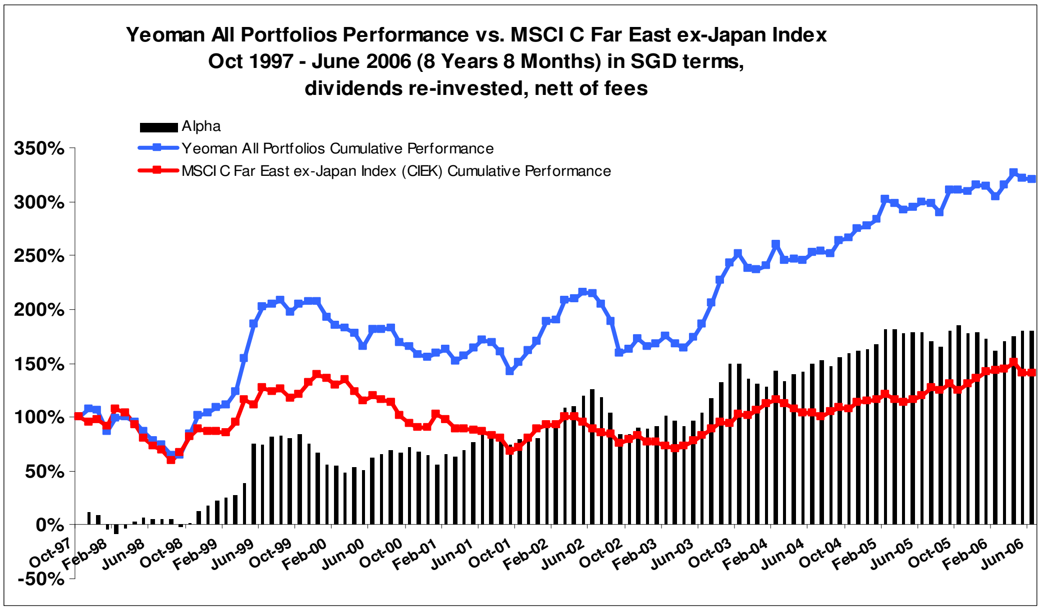
Equities 99.84%
Cash 0.16%

Country Allocations

Korea 37.63%
Singapore 31.44%
Hong Kong 26.65%
Thailand 3.00%
Malaysia 1.12%

Portfolio Valuations (trailing)

PE 9.55
P/NTA 1.05x
Dividend Yield 4.85% p.a.
ROE 14.21% (1 yr)
18.78% (5 yrs average)
Wt. Ave. Mkt. Cap. S$309.4m



Yeoman All-Portfolios Performance
8yr 8mo ending 30/6/2006

Period	Yeoman-All Performance	MSCI C FE x Japan Performance
Oct 97 to Dec 97	+6.6%	-2.9%
Jan 98 to Dec 98	-2.5%	-10.7%
Jan 99 to Dec 99	+99.3%	+61.4%
Jan 00 to Dec 00	-25.1%	-35.2%
Jan 01 to Dec 01	+9.5%	-1.6%
Jan 02 to Dec 02	-2.6%	-14.5%
Jan 03 to Dec 03	+42.9%	+39.2%
Jan 04 to Dec 04	+17.5%	+8.8%
Jan 05 to Dec 05	+13.6%	+18.1%
Jan 06 to June 06	+1.58%	+3.17%
Cumulative Performance from 10/97 to 6/06 (8Yr 8mo)	+220.59%	+40.65%
CAGR	+14.39%	+4.01%

Note: In SGD terms, nett of all fees, dividends re-invested and calculated according to CFA (AIMR) PPS standards.

General Information

Fund Address:
10 Frere Felix De Valois Street,
Port Louis, Mauritius

Manager:
Yeoman Capital Management Pte Ltd
11 Unity Street #02-13,
Robertson Walk,
Singapore 237995
(Co. Regn. 199902308Z)

Tel: +65-67373922
Fax: +65-67376780
Email: cio@yeomancap.com

Website:
www.yeomancap.com

Total Value of Fund:
S$40,546,266.05

Total Number of Shares:
355,648.58

Management Fee:
1% p.a.

Performance Fee:
15% High Water Mark

Sales Charge:
2.5% of NAV (payable to Distributor if applicable)

Manager Subscr Charge:
S$2,500 (one-time fixed sum payable to Manager)

Fund Subscription Charge:
1% of NAV (payable to Fund)

Fund Redemption Charge:
1.5% of NAV (payable to Fund)

Subscription frequency:
Monthly

Redemption frequency:
Quarterly

Investment Horizon Recommended:
3-5 years or more

Minimum Investment:
S$250,000

Custodian:
British and Malayan Trustees Ltd,
Deutsche Bank

Auditor:
KPMG

MANAGER'S COMMENT AND PERFORMANCE REVIEW AT 1H 06

Absolute Performance

Month of Jun 06 **-0.34%%**
YTD at end 1H 06 **+1.58%**
Cumulative Oct 97 to Jun 06 (8yr 8mo period): **+220.59%**
Implying CAGR of **+14.39% p.a.** (compounding) over the period

Relative Performance

Over the 6 months, our performance was marginally up at +1.58%, slightly underperforming the 3.17% gain on the MSCI C FE x Japan Index. However, over the longer term of 8 yrs 8 mo, our +220.59% cumulative gain is obviously ahead of the +40.65% gain for the Index. This is why in value investing we need to take a longer time horizon of 3-5 years as we cannot humanly predict what will happen on a day to day basis, price wise.

(Note: As before, our figures are nett of all fees with dividends reinvested and in SGD terms. Performance calculations follow the CFA (formerly AIMR) PPS standards consistently and measures all/all accounts under management for period Oct 97 to Dec 04 and thereafter for Jan 05 onwards, only our Mauritius domiciled Yeoman 3-Rights Value Asia Fund is reported.)

Portfolio Characteristics

At end 1H 06 our allocations were as follows:

Equities vs Cash: 99.84% vs 0.16%
Country Allocations: Korea 37.63%, Spore 31.44%, HK 26.65%, Thailand 3.00%, Malaysia 1.12%
Our top 5 holdings made up 38.93% of the Fund and **top 10** formed 62.17% of the same

At end 1H 06, our portfolio on a blended stock-weighted basis exhibited the following trailing valuation ratios:

P/E **9.55x**
P/NTA **1.05x**
Dividend Yield **4.85%** p.a.
ROE **14.21%** (1 year trailing)
ROE **18.78%** (5 year average)
Weighted Ave Mkt Cap **S$309M**

Portfolio Actions

We trimmed one of our Spore holdings that continued to move up and deployed the cash into HK, Thailand and Msia stock picks which raised our HK allocation from 24.9% at end 1Q 06 to 26.65%, Thailand from 0.86% to 3.00% and Malaysia from 0.46% to 1.12% respectively. Our Spore allocation came down from 34.53% to 31.44% therefore.

In Korea, we sold out of our holdings in a bottling company on which we had already doubled our money. The proceeds were deployed into a residential contractor/developer, a zinc oxide manufacturer and a boiler manufacturer.

In HK we bought more of a retail business with HK and China exposure and also added to our 3 different manufacturers of lighting products, baby strollers and leather fashion products. In Msia we added to a residential property developer and 2 stock brokers. In Thailand, we were after some consumer credit companies.

Flwg the above actions, we have a portfolio that is even more undervalued than what was the case at end 1Q 06, especially since prices came down slightly during the May and June periods. As always, we continue to have a whole pipeline of stock ideas and we are currently doing advanced due diligence on 6 stocks. Whenever we "graduate" one of our holdings, we are always sure to have a well selected "freshman" to add to the class (evergreen process, we call it).

Investment Process and Market Comment

If you flip through your pile of old newspapers for the months of May and June 06 you will recall the panic that gripped the markets both Asia as well as world wide on-off over the period. The commentators attributed the falls to comments by Mr Bernanke, the spectre of rising inflation and hence interest rates, collapse of oil and commodity prices, hedge fund selling, slowing economic growth and what not.

We tend not to listen to commentators but we did know that the markets and stocks that collapsed big time were the ones that were over-valued to nose bleed proportions and we ourselves kept studiously away from the same.

The portfolio we held had already been out of favour with the traders for quite some time (which explains the huge undervaluation which we have had to both tolerate and enjoy) as a result of which we only dipped -1.54% in May and -0.34% in June. The fall in commodity prices gave our manufacturing companies a small pickup in price action but since they are still hugely undervalued we took no sell actions.

In our professional opinion, the stocks that we own are able to handle rising or higher interest rates as they are either in nett cash positions or minimally geared with fat interest cover. In an inflationary environment, the majority of them have enough pricing power to pass rising costs on to the customers. Above all, the valuation "margin of safety" underpinning each purchase at point of entry was and is still there and so as the markets see-ed and sawed over May and June we did nothing out of the ordinary.

Value Investing Process 8 Years On

More than 8 years have passed since we embarked on this value investing road so its perhaps interesting to identify the lessons learnt and process enhancements made. Here are some of the more important ones.

The economic laws that underpin our investment process have not changed, i.e. the "invisible hand" of the market silently and constantly works to reward us for being on the side of undervaluation and punishes those that take a flight of fancy on the side of overvaluation. This is not original to Yeoman; rather it was first propounded by Economist Adam Smith 3 centuries ago.

The value investing process has not changed either as the process is merely a science-based method for establishing causality and using the same to ensure consistent, positive and recurrent results. In this investing world, when we are able to get results that are consistently and significantly superior to the risk-free rate (taken to mean the government long bond rate) or the stock market Index rate of return, we know that we are in the right quartile, which we believe we are (see the earlier pages). And it's OK to talk quartiles as well, no need to be No.1 in the world at an unknown level of risk or for only a short time.

For us, over the years, implementation of the process has also evolved. How?

Firstly, we now require a listing record for the companies that we invest in. In our opinion, it is all too easy to write up a prospectus for any IPO aspirant and the unravelling that takes place after listing will certainly take away from our own fund performance. We are not suggesting that all IPO companies have problems; we only say that there is no reliable way to tell so we would rather just give them a miss.

From the listing history of the company and from the historical financials and equity issues and other data in the audited public domain, we perform our screening for invest-able companies, those that meet our 3-Rights criteria. So today our work starts on the desk top using financial data and only after the desk top phase is done (approx 90 -95% of the work) do we attempt to do the last stage, which is to make company visits (the remaining 5-10% of work left). In the past, we used to start with company visits and management meetings which we now believe cannot be objective as company management are human beings after all. So, we tend not to over rely on company management to get a proper fix on the stock.

Since the future is usually opaque to us as mere mortals, we also pay little regard to the future prospects of the business when we do our initial short listing of invest-able stocks. To cover for our ignorance of the future, we demand undervaluation, which brings us back to the "Margin of Safety" rule that the original pioneer of the value school established. Any growth or rosy prospects that happen along the way then becomes a delightful bonus but is not something that we deliberately angle for. Any over fixation on growth or rosy prospects becomes a trap in itself as we have seen happen time and again.

The one last thing we can mention is about emotional tolerance and discipline. Today, 8+ years later and with the members of our team being in their 4th and 5th decade of life, we have enough experience, wisdom and detachment to stick to our guns and not get too agitated when our stocks stay flat or go down when others go up. Rather than look where the stock prices are heading (which we can only know after the fact), it is far more predictive performance wise to be focused on the performance of the underlying businesses. This is the causal factor that invariably drives out performance, in our experience.

YEO SENG CHONG
As Manager and Director
Yeoman 3-Rights Value Asia Fund