YEOMAN 3-RIGHTS VALUE ASIA FUND

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

At 30 June 2008
NAV/Share: S$164.70

Performance Figures for Month of June 2008

June 2008 **-5.26%**
Year-to-date 2008 **-12.37%**
Cumulative 10 yr 8 mo performance **+363.24%**
Implying a compounding rate of return of **+15.46% p.a.** over the 10 yr 8 mo period.
(Nett of all fees, with dividends re-invested and in SGD terms)

Equities/Cash Allocations

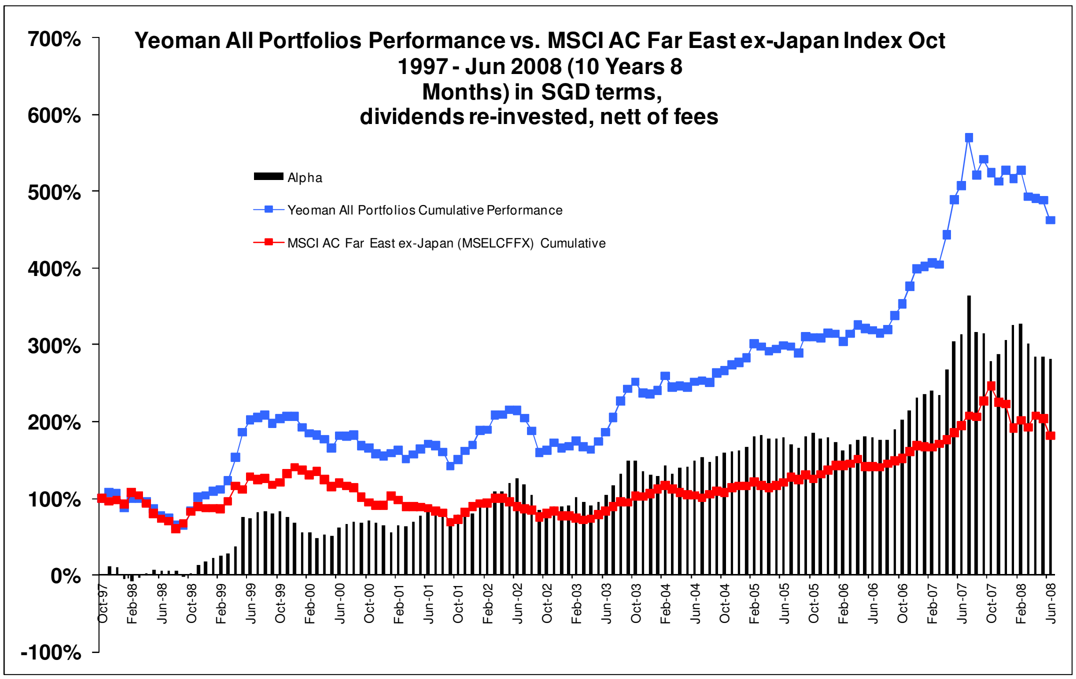
Equities 99.59%
Cash 0.41%

Country Allocations

Korea 28.70%
Hong Kong 27.26%
Singapore 20.17%
Malaysia 18.32%
Thailand 5.14%

Portfolio Valuations (trailing)

PE 13.38x
P/NTA 0.85x
Dividend Yield 4.29% p.a.
ROE 9.53% (1 yr)
11.41% (5 yrs average)
Wt. Ave. Mkt. Cap. S$208.8m



Yeoman All-Portfolios Performance
10yr 8mo ending 30/6/2008

Period	Yeoman-All Performance	MSCI AC FE x Japan Performance
Oct 97 to Dec 97	6.60%	-2.90%
Jan 98 to Dec 98	-2.50%	-10.70%
Jan 99 to Dec 99	99.30%	61.40%
Jan 00 to Dec 00	-25.10%	-35.20%
Jan 01 to Dec 01	9.50%	-1.60%
Jan 02 to Dec 02	-2.60%	-14.50%
Jan 03 to Dec 03	42.90%	39.20%
Jan 04 to Dec 04	17.50%	8.80%
Jan 05 to Dec 05	13.60%	18.10%
Jan 06 to Dec 06	27.60%	23.50%
Jan 07 to Dec 07	32.28%	32.48%
YTD 08	-12.37%	-18.68%
Cumulative Performance from 10/97 to 6/08 (10Yr 8mo)	363.24%	81.37%
CAGR	15.46%	5.74%

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:
$73,735,111.43

Total Number of Shares:
447,704.08

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 Report at end 1H 08

Absolute Performance

Measured at 30/6/08, the key numbers are:

For month of June 2008, we were down **-5.26%**
For 1H 08, we were down **-12.37%**
For the 1 year ending 30/6/08, we were down **-8.83%**
For the 2 years ending 30/6/08, up **+44.91%**
For the 3 years ending 30/6/08, up **+54.69%**
For the 10 years 8 months ending 30/6/08 on all-funds composite basis, we were up **+363.24%** which implies a **CAGR of +15.46% p.a**. for the period (very long term).

[Note: The above figures are presented on nett of all fees basis, in SGD with dividends reinvested].

Relative Performance

The regional MSCI AC FE ex Japan Index (Ticker: MSELCFFX) produced the following movements to end 30/6/08.

June 2008 -10.93%
YTD 1H 08 -18.68%
10 years 8 months to 30/6/08 +81.37%

Comparing the Index performance against our own actual performance, the following out-performance factors emerge:

June 2008 **+2.08x**
1H 08 **+1.51x**
10 yrs 8 months to end June 08 **+4.46x**

On Volatility

Some analysts take the view that volatility as measured by Standard Deviation (SD) reflects risk inherent in the particular fund. Like the well documented Mr Buffett, we ourselves do not agree with this view but if we were to go along with this group of people, we find the following to be the case:

Over the 10 years 8 months on annualized basis, the SD of our Fund is **24%**

Which compares with the SD of the Index of **23.6%** (annualized) measured and calculated over the same time frame.

This implies that our Fund which generally invests in the smaller companies is not more volatile than the entire Asia ex Japan market. It's like saying that our canoe is not more choppy than the sea on which it floats!

Pulling it together

Integrating the above insights, we may conclude that although our Fund is not more volatile than the Market, our returns are heck of a lot more at 2.08x over one month, 1.51x for the 6 months YTD and 4.46x over the 10 years 8 months to end June 08.

We must be doing something right.

Going forward

The above discusses the past which is over; but what about the future? **How can our investment strategy address the future**?

Today the markets are neurotic about inflation with prospect of further interest rate increases to deal with the problem; pessimistic about the future of the global economy as the US sputters on wounded by a housing/credit/financial/etc crisis, worried about energy and commodity prices and the toll it will take on businesses and etc. The headlines that you read these days are usually all bad news!

Markets will always be neurotic so we should not expect a day when market participants sound the all clear and make a beeline for the races (probably the most dangerous of times). For e.g. we had deflation in 2001-4 and the markets were not happy then. We have inflation today and they are still not happy so there is no pleasing Mr Market.

How does our investment process deal with inflation, a slowing economy and the ongoing credit squeeze?

Firstly, **we are disciplined and we stay invested over the long term**. Over this long term of 10 years 8 months we have racked up cumulative gains of +363.24% (nett of fees) with annual compounding at +15.46%. Over the same time frame, inflation has spiked in Spore and elsewhere recently at peak of 7-8% based on quarterly YOY and QOQ snapshots. Over the last 10 years trailing however, on annualized basis inflation in Spore has only been around 2% p.a.

When we compare our 10 year rate of return with the inflation figure over the same time frame, we know we are comfortably ahead. Over the short term however (e.g. inflation at 7% and our Fund is down 12%), inflation cannot be beaten by a silver bullet prescription (like a patient who quits smoking the day after he is diagnosed with lung cancer). Like health, there are no quick fixes for wealth; one has to stay the course and do the right things over the longer duration.

Secondly, **our investment process already takes into account all the pitfalls** and dangers posed by inflation and a slow or slowing economy even before these things happen. How?

By ensuring that **we do not overpay** at point of stock purchase so that even when the hoped for growth does not materialize as often is the case when businesses run into inflationary headwinds or as a economy slows, we have no lofty valuation assumptions to chew our nails over. We already have a Margin of Safety on our side.

By ensuring that the companies we buy have **some economics in their favour** in terms of ROE, margins, pricing power, no need for recurrent and draining capex, conservatively financed balance sheets so there is reduced need to run to the banks (who are likely to deny you the umbrella on a rainy day) and management that are focused on doing their jobs.

When **management are competent and honest**, we can generally rely on them to do what is necessary when faced with business pressures e.g. re-negotiating with suppliers, managing inventory, negotiating higher prices with customers, cutting costs, managing the workforce, etc. We should remember that **it usually takes one or two earnings seasons before the effects of any management action(s) will show up at the bottom line**. Running a business in the real world is not the same as what the smart kids on Wall Street do (one click on the mouse and a corner of the financial world immediately goes into convulsions).

With the 3 Rights right, time is always our friend.

Fund Managers and the "Majority"

I attach a copy of the Merrill Lynch survey of 204 fund managers worldwide which appeared in the Business Times on 20/6/08 for your fun reading. The title fashionably reads "Fund managers gloomiest on equities in 10 yrs**".**

We did not participate in the survey but if the majority of fund managers around the world are gloomy on equities, should we be worried?

At this point I would like cite a quotation from well known economist John Kenneth Galbraith:

"In economics, the **majority** is always **wrong!"**

As Yeoman 3-Rights Value Asia Fund, we cannot possibly be in the majority. So where does that leave us? Well, we are at least less likely to be wrong as compared with the large herds outside.

In times like these, we may take comfort in the words of Dr Galbraith and perhaps also mull over whether we should add a further "P" to our company motto hence making it "Performance backed by Principles, Process, People and *Proverbs!*".

With best wishes

Seng Chong, YEO
As Manager and Director of the Fund

Business Times - 20 Jun 2008

Fund managers gloomiest on equities in 10 yrs

Many now wonder whether monetary policy has become too stimulative

By LYNETTE KHOO

(SINGAPORE) Fund managers' view of global equities has nosedived to a decade low as fears of stagflation heighten, according to the latest Merrill Lynch Survey of Fund Managers.

The June survey shows that the net balance of fund managers who 'underweight' equities rose from 5 per cent in May to 27 per cent in June - the most negative stance that the survey has recorded in 10 years.

Only one per cent of the respondents believe equities are undervalued, down from 25 per cent in March. A net 42 per cent are 'overweight' cash, up from a net 31 per cent in May.

Merrill Lynch noted that investors have reacted to the stagflation fears by reducing their exposure to both equities and bonds and moving into cash, raising their cash positions back to the levels last seen in March.

'The prospect of stagflation is beginning to create a major headwind for equities,' said Karen Olney, chief European equities strategist at Merrill Lynch.

The net balance of fund managers expecting higher core inflation a year from now rose to 33 per cent this month from 25 per cent in May.

A significant number of fund managers now wonder whether monetary policy has become too stimulative. Merrill Lynch noted that it is the first time in 10 months that it is seeing managers expecting short- term interest rates to be higher a year from now.

'The market is waking up to the idea that global interest rates are too low; in fact, they remain below inflation,' Ms Olney said. 'Merrill Lynch expects a double rate hike from the European Central Bank (ECB) by October and would expect other central banks to follow.'

The Eurozone has borne the brunt of investors' shift away from equities into cash and has moved from the most favoured to least favoured over the past 12 months. Investors continue to 'overweight' the US, Japan and the global emerging markets (GEM).

Within GEM, fund managers are most bullish on Russia and Brazil while in the Asia-Pacific ex-Japan region, Taiwan, Hong Kong and Singapore received the most 'overweight' calls.

The Merrill Lynch global survey polled 204 fund managers managing a total of US$718 billion. Some 185 fund managers participated in the regional surveys.

While the credit crunch is losing its sting, inflation has replaced it as the greatest single threat to financial market stability, the survey shows.

The number of investors citing 'credit risk' as the No 1 threat fell from a net 95 per cent three months ago to 81 per cent in June but those who cite 'monetary risk' as the greatest threat rose from a net 23 per cent in May to net 65 per cent this month.

'The inflation shock has already happened,' said Alex Patelis, head of international economics at Merrill Lynch. 'What matters now is how persistent it is and how markets and policymakers react. At a global level, this begs for an accident that will awaken markets and policymakers to the risks.'

But worsening corporate earnings growth may tie the governments' hands in coping with inflation. A net 81 per cent of the panel believe consensus earnings estimates for the next 12 months are too high and a net 77 per cent expect corporate margins to decline.

Given the headwinds in global growth and equities, the risk appetite among fund managers has fallen in June, with the net balance of managers taking a lower-than-normal level of risk in their portfolios falling to an all-time low of 43 per cent. They are, however, increasingly positive about alternative investments.