YEOMAN 3-RIGHTS VALUE ASIA FUND

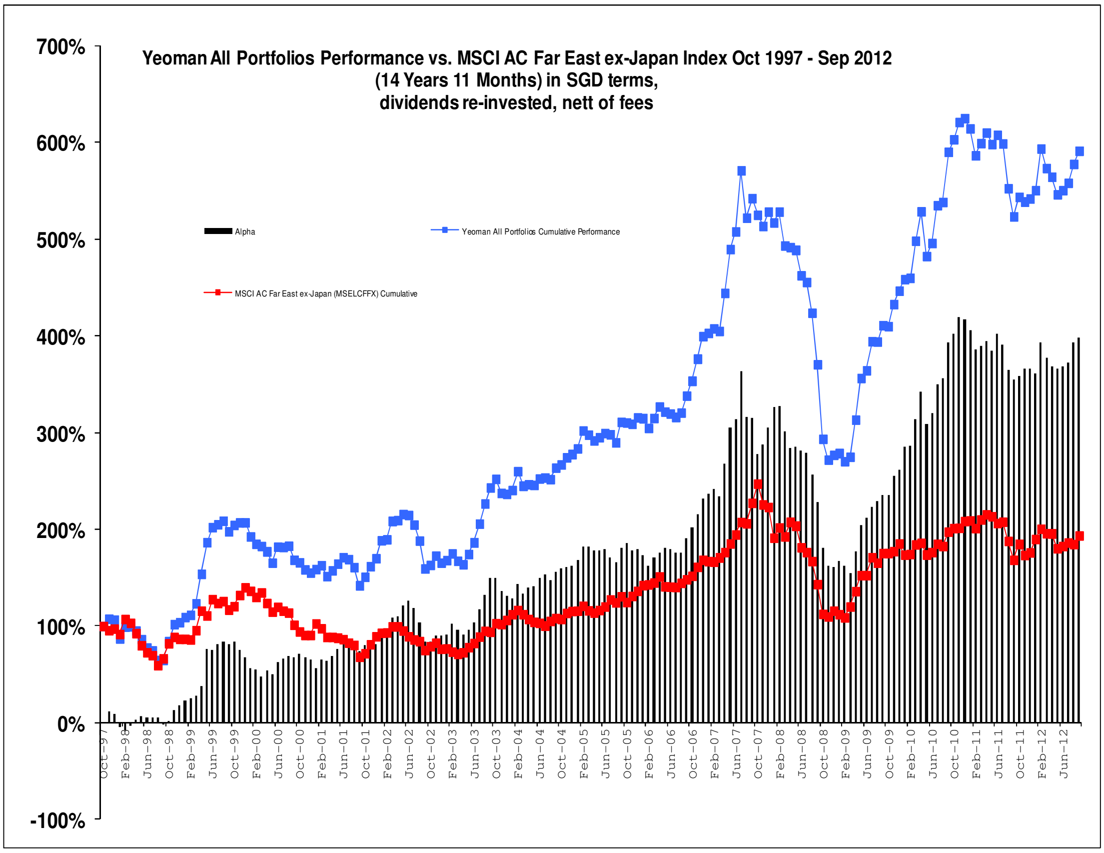
(Co. Regn: 53979 C1 GBL; Fund Business Licence: C1/04/01282)

At 28 Sep 2012
NAV/Share:
S$210.31

Yeoman All-Portfolios Performance: 14yr 11mo ending 28Sep12

Period	Yeoman-All Performance	MSCI AC FE x Japan Performance	Out/Under Performance
CAGR (p.a.)	**12.66%** p.a.	**4.52%** p.a.	**+8.14%** p.a.
Cumulative Performance From Oct97 to Sep12 (14Yr 11mo)	**491.52%**	**93.51%**	**+398.01%**
Sep 2012	2.37%	4.87%	-2.50%
YTD 2012	9.10%	10.01%	-0.91%
Historical Performance			
Jan11 to Dec11	-13.29%	-15.65%	+2.36%
Jan10 to Dec10	40.00%	12.50%	+27.50%
Jan09 to Dec09	61.31%	60.32%	+0.99%
Jan08 to Dec08	-47.62%	-48.16%	+0.54%
Jan07 to Dec07	32.28%	32.48%	-0.20%
Jan06 to Dec06	27.60%	23.50%	+4.10%
Jan05 to Dec05	13.60%	18.10%	-4.50%
Jan04 to Dec04	17.50%	8.80%	+8.70%
Jan03 to Dec03	42.90%	39.20%	+3.70%
Jan02 to Dec02	-2.60%	-14.50%	+11.90%
Jan01 to Dec01	9.50%	-1.60%	+11.10%
Jan00 to Dec00	-25.10%	-35.20%	+10.10%
Jan99 to Dec99	99.30%	61.40%	+37.90%
Jan98 to Dec98	-2.50%	-10.70%	+8.20%
Oct97 to Dec97	6.60%	-2.90%	+9.50%

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



Equities/Cash Allocations	Country Allocations	Portfolio Valuations (trailing)
Equities 95.27% Cash 4.73%	Hong Kong 28.21% Korea 26.33% Malaysia 18.55% Singapore 21.35% Thailand 0.84%	PE 10.07x P/B 0.58x Dividend Yield 4.68% p.a. ROE 9.87% (1 yr) 9.71% (5 yrs average) Weighted Ave Mkt Cap S$131.09m

General Information

Fund Address:
Cim Fund Svcs Ltd
Rogers House, 5 President John Kennedy 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:
$97,837,644.81

Total Number of Shares:
465,202.46

Management Fee:
1% p.a.

Performance Fee:
15% High Water Mark

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

Manager Subscription 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:
3-5 years or more

Early Exit Charges:
In 1st Year: **7.5%**
In 2nd Year: **5.0%**
In 3rd Year: **2.5%**
(Payable to Fund)

Minimum Investment:
S$250,000

Custodian:
British and Malayan Trustees Ltd, Deutsche Bank

Auditor:
KPMG

Performance Comment at end 3Q12

In Sep12 our Fund was up **2.37%** whereas the Index was up 4.87%;

For the YTD to end Sep12, our Fund is up **9.10%** as compared with the market rise of 10.01%;

For the very long term of 14 years 11 months to end Sep12, we are up a total of **491.52%** as compared with the Index up 93.51%. On annualized terms, we are compounding at **+12.66% p.a.** against the Index's more modest +4.87% p.a. which implies out performance (*alpha*) by our Fund to the tune of **+8.14% p.a.** nett of all fees and in SGD terms.

You will notice significant out-performance over the long time horizon and mild under performance over the short term.

Comment on QE3 and the Big Picture

In mid September the US Federal Reserve announced the launch of yet another luxury cruise ship the QE3. Pledging to buy up to US$40B of mortgage backed securities monthly, the programme is open ended and likely to last beyond 2015. The stated objective is to create employment, stabilize the economy and to encourage loan growth generally. The *hidden* objective is to depress interest rates so that the indebted governments in the developed world will have a lower debt servicing burden and perhaps also stoke up inflation so when they do pay back the debt it will be in cheaper inflation-eroded dollars (no central banker is admitting this of course).

This is a prime example of ***financial repression*** (FR) a term coined by Stanford University economists Edward S. Shaw and Ronald I. McKinnon in 1973. FR refers to measures by which governments channel funds to themselves as a form of debt reduction. FR can include such measures as directed lending to the government, caps on interest rates, regulation of capital movement between countries and in today's case active measures to force institutions and individuals to lend to the government at policy induced depressed rates of interest. FR was manifest for three and a half decades in the post WW2 rebuilding years and has now resurfaced as governments rebuild national balance sheets ravaged by the GFC. Interestingly, FR exists in a mild form even in Singapore such as through the CPF scheme (but which we all know has served the country and its people well).

As with all things, the **choice is for the individual to make whether to emerge a winner or loser** under the weight of this mighty policy hand. The saver who today puts his/her money in the bank on term deposit collecting interest below rate of inflation would be one such loser; so would the person who buys bonds (government or corporate), again at yields below inflation. **The winner would be one who is able to generate positive real rate of return** i.e. above the rate of inflation which in the case of Singapore oscillates between 4-6% p.a. currently.

For those who have invested with Yeoman

In my professional and solemn opinion, those who have invested with us over the longer term are winners (the more recent shareholders may have to wait for a bit more). Not only are our historical rates of return positive and in excess of inflation but the valuation ratios on the bottom RH corner of page 1 of this report tells us that the earnings yields of our portfolio give us a positive real rate of return today as we speak. Furthermore, we have shown that we are able to generate excess returns over the equity market indices or "*alpha*" in fund manager speak.

We believe that QE3 is good for equities and good for our investment (value) methodology. We are sticking to the knitting even though many of our peers have lost faith and gone sniffing around for other *innovative* ways to make money easier, bigger and faster (easy big and fast, beware of people who preach this delusion). Attached is a Sunday Times article dated 30Sep12 that shows how widespread this restlessness has become.

The non believer will say that QE3 suggests that the world economies are not out of the woods and that they continue to face serious problems, implying that investment returns will be poor if not outright negative. I agree with the comment Part (a) but disagree with Part (b). Investment returns do not have to be negative or bad if you know what you are doing. How does one know what one is doing? Aha, very hard (if not impossible) even for the layperson who is prepared to spend time, effort and perhaps even pay some *tuition fees* to Mr Market in the process.

The naysayer will also point out that QE3 will stoke further inflation in the various asset classes and I agree with this comment. However at Yeoman we are able to prudently make value/valuation assessments and studiously stay away from assets that are inflated or over priced. This is the job of any investment analyst if he is prudent and trained to do what he is supposed to do. As value investors we avoid asset bubbles (like HK, Spore or London property all the rage at this moment and fixed income bonds, all brought about by QE1-3). We stay invested only in those asset classes and stocks that exhibit undervaluation thus providing us with a *margin of safety* against loss of principal which is our overriding priority.

Also remember that no mortal can know the future until it has happened. In this fallen world RISK usually struts around wearing a T-shirt that reads REWARD across the chest. REWARD is different as he usually moves around more quietly, in an unassuming way, perhaps like the mild mannered reporter who has a red and blue skin suit (with an S on the chest) worn under an ordinary looking rain coat. One cannot afford to be too naïve today and over all time.

Yours sincerely

YEO SENG CHONG
Chief Investment Officer