

YEOMAN 3-RIGHTS VALUE ASIA FUND

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

At 29 Dec 2006

NAV/Share:

S\$143.17

Performance Figures for Month of December 2006

Dec 2006 **+6.18%**

Full Year 2006 **+27.56%**

Cumulative 9 yr 2 mo performance **+302.68%**

Implying a compounding rate of return of **+16.41% p.a.** over the 9 yr 2mo period.

(Nett of all fees, with dividends re-invested and in SGD terms)

Equities/Cash Allocations

Equities 98.66%

Cash 1.34%

Country Allocations

Korea 34.71%

Singapore 34.21%

Hong Kong 22.78%

Malaysia 5.02%

Thailand 1.95%

Portfolio Valuations (trailing)

PE 13.06x

P/NTA 1.26x

Dividend Yield 2.70% p.a.

ROE 13.1% (1 yr)

16.1% (5 yrs average)

Wt. Ave. Mkt. Cap. S\$215m

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\$52,278,295.84

Total Number of Shares:

365,159.81

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:

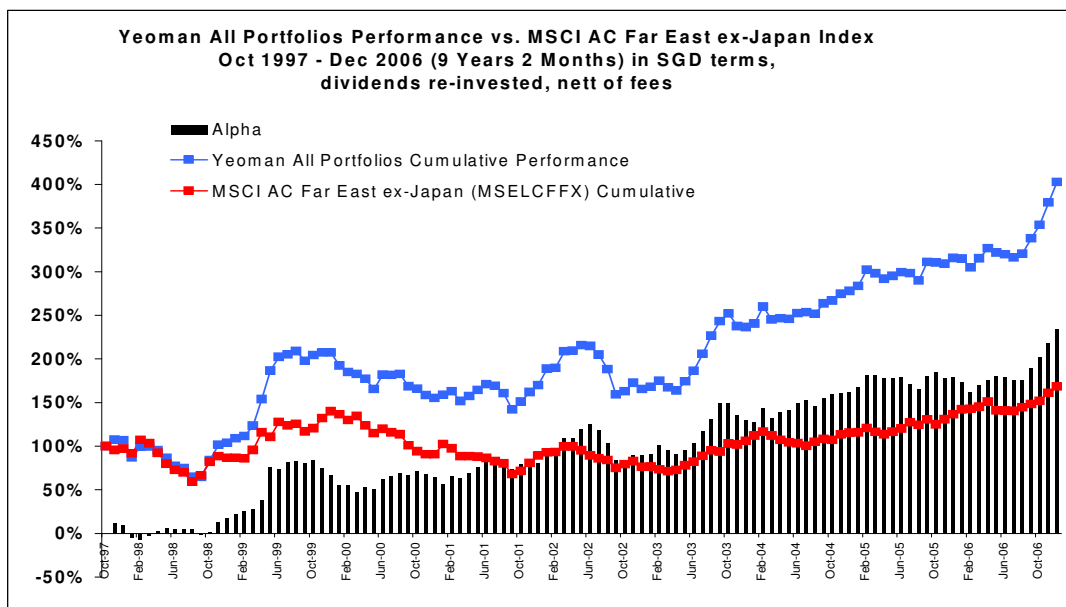
S\$250,000

Custodian:

**British and Malayan Trustees Ltd,
Deutsche Bank**

Auditor:

KPMG



Yeoman All-Portfolios Performance 9yr 2mo ending 31/12/2006

Period	Yeoman-All Performance	MSCI AC 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 Dec 06	+27.56%	+23.48%
Cumulative Performance from 10/97 to 12/06 (9Yr 2mo)	+302.68%	+68.35%
CAGR	+16.41%	+5.85%

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

Complete information on the Fund and the latest updates are available from the manager Yeoman Capital Management Pte Ltd or from the Custodian. This document constitutes neither a recommendation nor an offer to buy or sell, is not a solicitation to invest in the Fund, neither does it constitute an investment contract. Please be aware that past performance is not indicative of future result.

MANAGER'S COMMENT AND PERFORMANCE REVIEW AT 4Q 06

Absolute Performance

Month of Dec 06 **+6.18%**

Full Year 2006 **+27.56%**

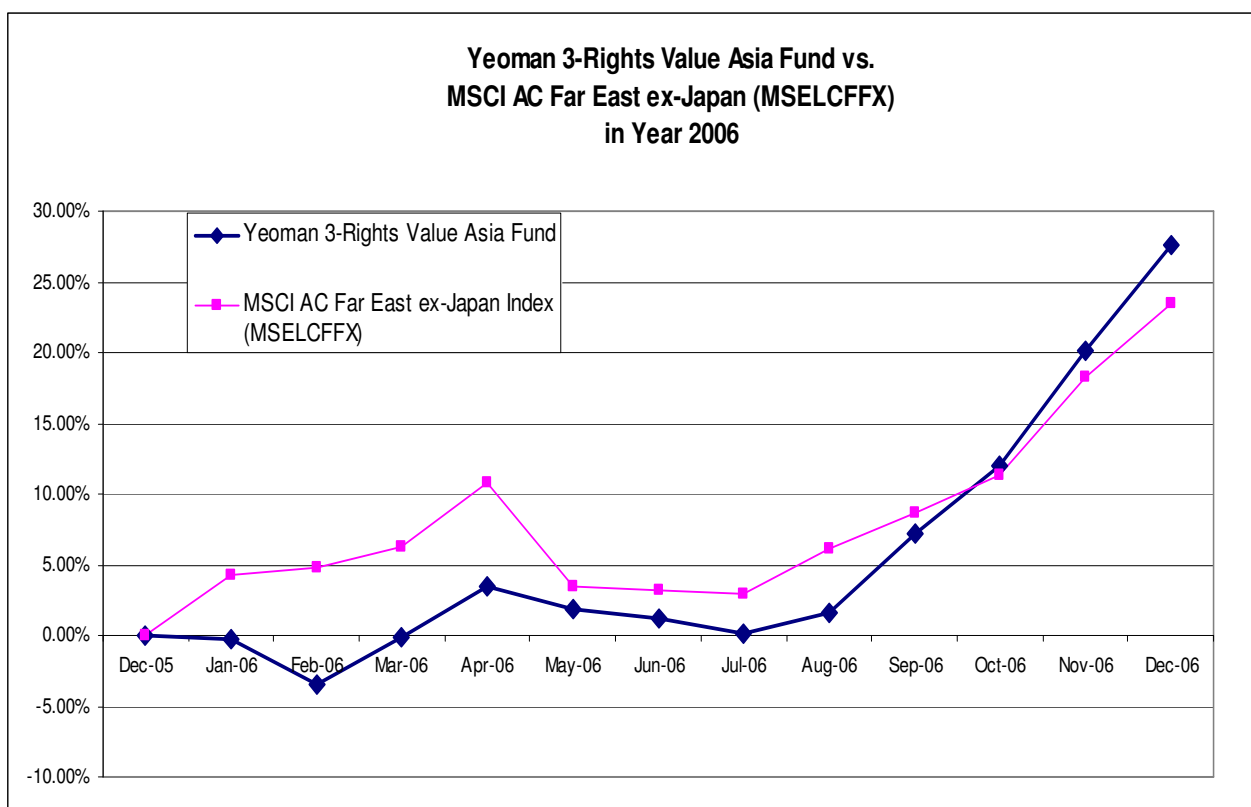
Cumulative Oct 97 to Dec 06 (9 yr 2 mo period): **+302.68% (or up 4.03x)**

Implying **CAGR of +16.41% p.a.** (compounding) over the period on nett of all fees, dividends reinvested, SGD basis.

In dollar terms, what the above means is that for every **\$10m** entrusted to our management in October 1997, today you would have **\$40.3m**.

Relative Performance

For the one year 2006, the chart view is shown below.



We started the year by lagging the Index but we caught up in October and finished the year ahead of the market.

Our Fund **+27.56%**

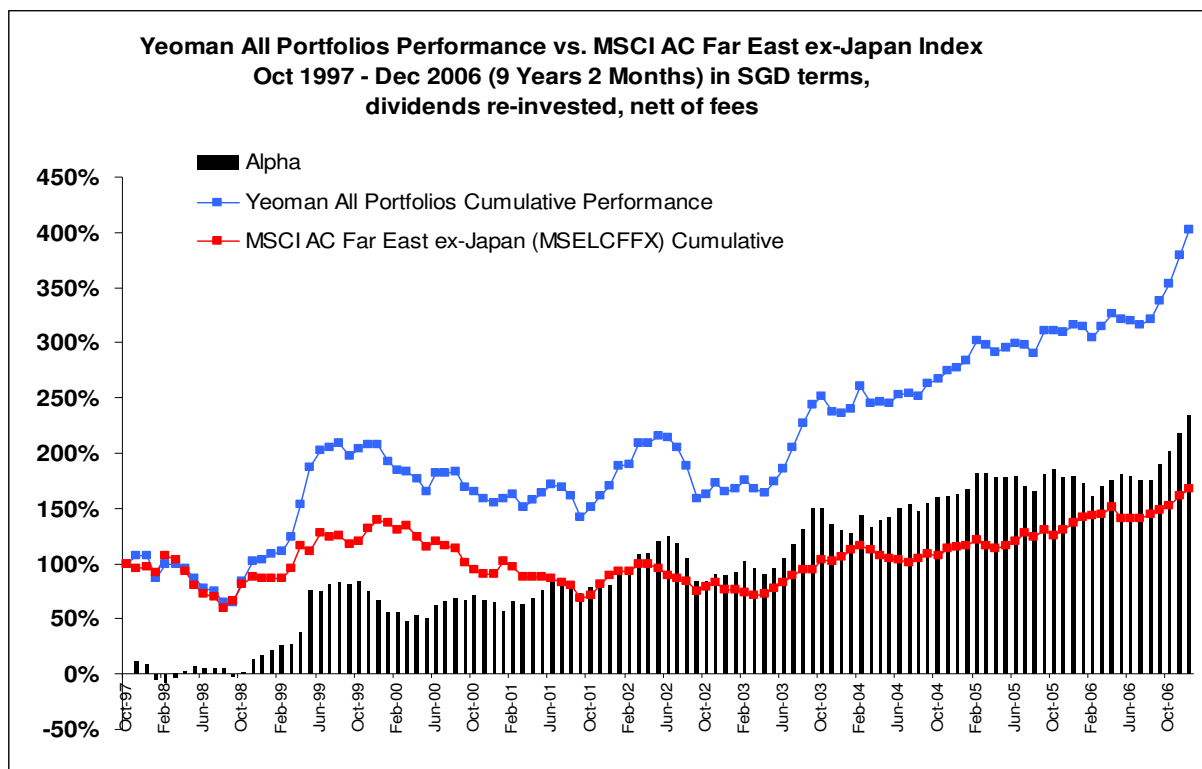
The Index +23.49%

You will also see that when the Index correctly sharply in the April – June period when India and other emerging markets worldwide took fright, we eased slightly but did not exhibit the same degree of panic. That's because our stock picks and portfolio construction erred hugely on the side of value and undervaluation and also because we were probably the only ones owning the stuff, alone and sitting by ourselves in a remote far corner.

Over the year (and also over all the previous years) we did not/not participate at all in what was hot and “flavour of the month” including the India and China markets, oil and gas plays, marine, integrated resort and casino related counters in Singapore, commodities, freshly minted IPOs, REITS, Singapore property large caps, ...etc. Rather we stuck to our value investing methodology focusing on low PE, low price to book and high dividend yield stocks tending towards the small market cap segment.

We believe that our performance and out-performance was completely attributable to securities selection and portfolio construction, not/not market timing or playing the momentum game with the rest of the herd.

For the long term 9 years 2 months to end Dec 06, the below chart tells the story.



Over the same period, the relative comparisons are:

Our Fund cumulatively up **+302.68%** or CAGR of **+16.41%** p.a. on nett of fees basis whereas;

The Index registered +68.35% or CAGR of +5.85% p.a.

From the above, you may observe that there is relative out-performance not only over the shorter term but also over the very long term (where out-performance is especially towering). So we believe that our value investing process works.

*(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.*

*Wef from Dec 06, we adopted the MSCI AC FE ex Japan Index (Bloomberg Ticker: **MSELCFFX**) for comparison purposes. Before that we used the MSCI C FE ex Japan Index (Reuters Ticker: CIEK). We had to switch because we stopped using Reuters data feed and found that the Bloomberg service does not provide data feed for the CIEK. We have compared the 2 Indices over the short and long term and find them relatively comparable.*

In any case, we are not Index-huggers but strive to achieve absolute performance as our stated goal.)

Investment Process Comment

We believe our 9 year 2 month track record to be significant, especially in light of the below:

- i. We only applied one **investment process** 1997-2006, the value investing method and did not attempt to push out all kinds of product offerings to try catch the market's fancy (which changes day to day, be aware);
- ii. Over the time, we were **fully invested** holding little or no cash so what performance you see today has got to be from securities selection and portfolio construction, not making a lucky strike (i.e. jump in before the bull run and jump out just before the bear savages the market);
- iii. The performance reported covers **all accounts under management 1997-2004** on composite-portfolios basis; no lemons are excluded or swept under the carpet, as required under GIPS. From **Jan 05 onwards, only our collective investment scheme**, the Yeoman 3-Rights Value Asia Fund is reported as almost all clients' accounts moved into this scheme then. We do not take in separate accounts anymore, unless there are overriding reasons to do so (can't think of any);
- iv. To achieve the above performance, none of the usual popular gimmicks were employed such as leverage, use of derivatives, short selling and etc. We are **value, long only equity managers**. Our average holding period is 4-5 years to give you an idea of how long we stick to our picks.
- v. The **investment management team** comprises the same people and there have been no departures from the team 1997-2006 so it's the same guys working on the same farm;
- vi. With one methodology, one team, one fund which performance **we can accurately track and measure** under sealed and ring-fenced conditions, we are **able to improve on the process every month and year** that we spend on the job. So today we are even better at what we are doing than when we first started.

The above is the value proposition we have for any new investor coming in and for investors who have already invested. Its Performance backed by Principles, Process and People!

Review of 2006 and Outlook for 2007

The only other thing I can say about 2006 is that it is over and that the year ahead is not likely to be the same.

Since it is still January, it is fashionable for people in the financial and non financial industries to make all kinds of predictions about the economy, market directions, interest rate trends and list their stock, fund and sector recommendations. I don't see how they can all be right (no mortal can know the future, in our view), so we will just tune out on these things.

We can commit that in 2007 we will continue to work our value investing process because we know full well that those who do not sow shall not reap and those who sow foolishly or imprudently will reap nothing at best and tears at worst.

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