YEOMAN 3-RIGHTS VALUE ASIA FUND

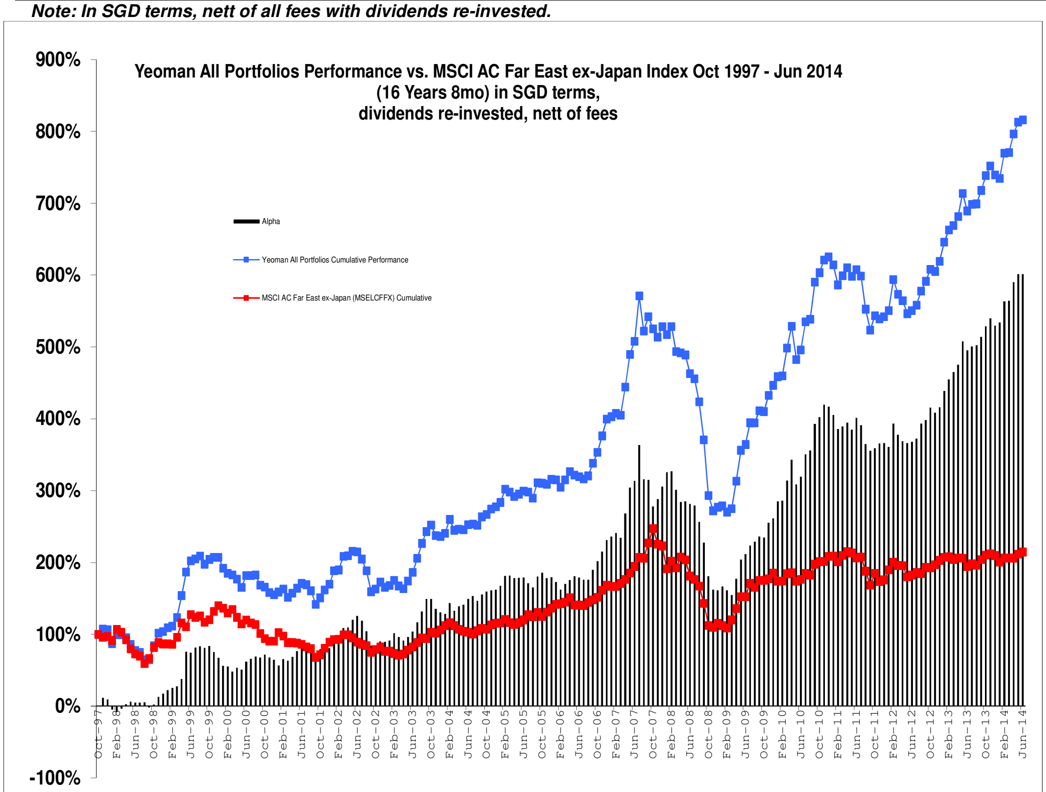
(Incorporated in Mauritius in Jan2005; Co. Regn: 53979 C1/GBL; Fund Business Licence: C104001282)

At 30 Jun 2014
NAV/Share:
S$290.12

Yeoman All-Portfolios Performance: 16yr 8mo ending 30Jun14

Period	Yeoman-All Performance	MSCI AC FE x Japan Performance	Out/Under Performance
CAGR (p.a.)	**13.42%** p.a.	**4.69%** p.a.	**+8.73%** p.a.
Cumulative Performance From Oct97 to Jun14 (16Yr 8mo)	**715.99%**	**114.72%**	**+601.27%**
Jun 2014	0.37%	1.41%	-1.04%
YTD 2014	10.33%	2.39%	+7.94%
Historical Performance			
Jan13 to Dec13	19.46%	3.23%	+16.22%
Jan12 to Dec12	14.19%	15.49%	-1.30%
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 with dividends re-invested.



Equities/Cash Allocations	Country Allocations	Portfolio Valuations (trailing)
Equities 96.77% Cash 3.23%	Hong Kong 27.58% Malaysia 26.09% Korea 25.46% Singapore 17.64%	PE 10.87x P/B 0.65x Dividend Yield 3.78% p.a. ROE 6.72% (1 yr) 8.98% (5 yrs average) Weighted Ave Mkt Cap S$204.42m

General Information

Fund Address:
c/o Cim Fund Svcs Ltd
33, Edith Cavell 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:
$130,821,748.95

Total Number of Shares:
450,915.89

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 Summary at end 2Q14

In Jun14 our Fund was up **0.37%** as compared with the Index up 1.41%;

For the YTD we are up **10.33%** as compared with the market up 2.39%;

For the very long term of 16 years 8 months to end Jun14, we are up a cumulative **715.99%** as compared with the Index rise of 114.72%. On annualized terms, we are compounding at **+13.42% p.a.** compared to the Index return of +4.69% p.a. implying **out-performance** (*alpha*) or **excess returns** by our Fund at **+8.73% p.a.** ***nett of all fees with dividends reinvested in SGD terms***.

By inspection of the above, absolute performance and significant out-performance relative to market indices over the medium and long time horizons may be clearly seen. Over the short term (one month), we under-performed.

Manager Review at end 2Q14

From careful study of the above figures and the data presented on page 1 of this report the reader will be able to see that our Fund has done well for shareholders over all the time horizons. We have also outpaced inflation by a wide margin over the time which is also a key investment objective as inflation steadily erodes our savings even as we do nothing, even when we sleep.

This performance did not just happen however. Money doesn't grow on trees and success does not come to people who sit on their hands. Those who are hyper-active and go around dabbling in any or many of the ideas that they happen upon (especially those being peddled by the private bankers) are not likely to be successful either, in my opinion.

Our investment returns have resulted from disciplined implementation of our investment process as documented in our Fund Information Memorandum. An extract of this may be found on our website (see link http://yeomancapitalmanagement.com/wp-content/uploads/2014/05/Yeoman-InvtProcessStatement-Dec11.pdf) in case you wish to read it again.

At Yeoman we do not just use our own experience and knowledge base but we also study closely the excellent academic research performed by the best minds that we know in finance. They are Benjamin Graham and David Dodd of

Columbia University with research done in the 1940s and 1950s; their work may be found on the 2 books they produced (*Security Analysis* written by Graham and Dodd jointly and *The Intelligent Investor* by Graham alone). The other 2 researchers whose work we understand and apply are Dr Eugene Fama of the University of Chicago and Dr Kenneth French of Dartmouth College with work done from the 1980s to the present time. Their reports may be found on their universities' research archives and on the files of the National Bureau of Economic Research (www.nber.org). If you have the time and interest you may do a Google search and read some of these papers for yourself.

In my Feb13 newsletter I made reference to 2 articles that suggest that stocks will continue to benefit from renewed investor interest for many more years to come (called *the Great Rotation* by the author) and that the *value* investment style (to which school we belong) is likely to gain renewed following in the years ahead. An extract of the Feb13 newsletter is attached for your memory refresh.

Having generated the investment returns that we have over the last 16 years 8 months and all things considered, we are definitely not on our last legs.

With best regards

YEO SENG CHONG
As Director of the Fund and Chief Investment Officer of the Manager

Attachments: 5 pages extracted from Newsletter of Feb13

Observations about might be happening "Out There" and "Around Us"

For your background reading, attached are 2 articles that I found interesting:

1. "*Is it too late to buy stocks*?" by the US New and World Report dated 08Feb13
2. "*The value of value – Fashions are changing in the stock market*" by The Economist dated 02Feb13

The first article says that after a 5 year absence (since the Global Financial Crisis that erupted in 2008) market participants are now beginning to flood back into equities. The author calls this *The Great Rotation* and that this shift is likely to last for a long while.

The second article says that after a long period of flirtation with growth and other investment styles, "value" is beginning to make a comeback and that this "fundamental shift" is likely to last for a long while.

I find these reports interesting because over the last 15 years 4months (which is a long while) we at Yeoman have been fully invested in equities and not holding cash, bonds or other asset classes; **and** we have been implementing the value investing methodology (as taught by Graham and Dodd) over this time. Although we have been in the minority (which is normally the case), we have not suffered for it as the above numbers might attest. Now if it is really true that other people are jumping on (or beginning to do so) the wagon we don't mind for it can only benefit us.

With best regards

Seng Chong YEO
Director and Chief Investment Officer

Is It Too Late to Buy Stocks?

By Jerry Webman | U.S.News & World Report 8 February 2013

Source: http://sg.finance.yahoo.com/news/too-buy-stocks-134144654.html

Money has been pouring into stocks globally over the last few weeks, as investors have grown more comfortable taking risk--and less comfortable missing gains. It's not hard to see why they might feel this way. Several key sources of worry have receded, including the dreaded possibilities of going over the so-called fiscal cliff and of failing to raise the U.S. debt ceiling, which could have placed the U.S. at risk of default. Plus, rising markets tend to coax hesitant investors into taking on more risk--herd behavior at work.

And it's not just the absence of bad news that's at work. U.S. economic data have generally been benign, and fourth-quarter corporate sales and earnings results have mostly topped expectations. China is reaccelerating, and even in the eurozone, which continues to struggle economically, sentiment has become more sanguine since the European Central Bank stepped in last summer with a promise to do "whatever it takes" to prevent a meltdown.

Receding risks and positive macroeconomic news are well and good, but questions are building as to whether this rally represents something more than just another temporary bout of bullishness in an otherwise sideways market. Specifically, market watchers are wondering whether we're seeing another round of New Year's optimism, destined to morph into summer doldrums or the beginning of the Great Rotation--a mass re-allocation from bonds into equities that could drive stock prices to new heights. If the latter prevails, the gains we've seen in recent months may be part of a broader, longer secular bull market.

Before addressing this question, I would point out that while the long-term, fundamental picture does appear bullish for stocks, technical indicators--statistical attempts to measure supply and demand balance in financial markets--point toward the possibility of a modest correction in the near term. As Jerry Garcia, the noted financial economist (or was it Grateful Dead front man?) warned, "When life looks like easy street, there is danger at your door." Various measures of investor sentiment do seem to have become excessively bullish lately, reminding us not to expect recent good news to be the only type of headline we're liable to read.

Over the longer term, however, market fundamentals, in my view, support the prospect of a bull market with considerable time left to run. Central banks' extraordinarily accommodative policiescontinue to lend asset prices support, for example, and in the absence of rip-roaring growth or inflation in most of the developed world, easy monetary policy should be with us for some time to come. Demand for goods and services seems to be on the upswing (or at least stabilizing) in many regions, whether it be for industrial commodities in China or for autos and housing in the U.S. Even in troubled Greece the government now professes that additional austerity measures won't be necessary provided that currently planned spending cuts actually come to fruition--a big "if," I admit.

Prices the market now requires us to pay for stocks appear reasonable or even attractive for many equity indices even though stocks clearly are not as cheap on an absolute basis as they were even two years ago. Many equity indices appear especially undervalued compared to bonds, which have been many investors' perceived safe haven for the past several years.

Beyond these factors, reports on net "flows"--a Wall St. term for the mass of money constantly washing into and out of asset classes--offer among the most powerful arguments that the Great Rotation may be under way. Starting in the fall of 2008, panicking investors sold off investments of all kinds at a staggering rate. September of that year saw hundreds of billions of dollars flow out of equity, fixed income and even money market funds, according the Investment Company Institute. When shell-shocked investors began returning to financial markets in late 2008, they began overwhelmingly investing in bonds, while equities continued to suffer quarter after quarter of net outflows.

The exodus from stocks wasn't limited to individual investors. According to a recent Bank of America Merrill Lynch study, as of the end of 2011 (the latest full-year data available), equity allocations had fallen to their lowest percentage of corporate pension assets since 2002 (41.8 percent vs. a 10-year average of 56.1 percent), while bond allocations were at their highest levels (40.2 percent vs. 33 percent). Given that assets in such pensions total about $2.3 trillion, a shift back toward more "normal" pension asset allocations could have a profound effect, with a 10 percent increase in pension equity allocations potentially driving $228 billion back into the stock market.

Recent flow data suggest the Great Rotation may have only just begun. After seeing $600 billion in net outflows over the preceding seven years, January has seen at least $35 billion return to domestic equity markets, most of which came from money market funds. Even peripheral Europe attracted about $125 billion in net inflows, according to news reports.

Investors appear finally to be coming off the sidelines and perhaps reassessing their allocations to investment-grade fixed income. This is just as well. As I've been arguing for some time, with interest rates often below the rate of inflation, high-quality bonds offer precious little value in today's market--and the potential for serious losses when and if interest rates start rising again in earnest. In contrast, I believe stocks' solid run in recent months may have laid the groundwork for a modest, near-term pullback, but they are likely to continue to reward patient investors over the coming years.

Jerry Webman is the author of MoneyShift: How to Prosper from What You Can't Control and Chief Economist at OppenheimerFunds.

Buttonwood

The value of value

Fashions are changing in the stockmarket

Feb 2nd 2013

IS IT time for a change in investment style? The general rise in stockmarkets this year may be disguising a fundamental shift within the market. “Value” stocks, in Europe at least, are starting to outperform those in the “growth” category after five years in which the trend has been the other way round (see chart).

The distinction between the two classifications is not cut and dried. “Market commentators and investment managers who glibly refer to growth and value styles as contrasting approaches to investment are displaying their ignorance, not their sophistication,” is the warning of Warren Buffett. The noted American investor looks for a hybrid: companies that can grow their future earnings but are priced cheaply relative to what he dubs their “intrinsic value”.

The right price of any stock is the present value of future cashflows, discounted at the relevant rate. Predicting the volume of those cashflows and picking the right discount rate are the tricky bits. Both value and growth investors have to perform the task.

Notwithstanding Mr Buffett’s cautionary words, the two groups tend to search in different places. Value investors look at stocks that are in unglamorous industries or at companies that have suffered a bout of bad news in the recent past. Growth investors examine companies where the underlying conditions look more promising but where the market may still be underestimating the potential for long-term profits growth.

A value investor would usually expect a decent dividend yield; a growth investor would be happy if the company was reinvesting all its free cash. A value investor might be looking at a company with shares trading at a discount to its asset value; a growth investor might not worry if the company had much in the way of tangible assets at all. To caricature the divide, the growth investor might pick Google and the value investor would opt for Altria, the tobacco firm once known as Philip Morris.

The moment when this divide seemed starkest was in the late 1990s when investors flocked to buy stocks in "new economy" companies with no profits or dividends and scorned "old economy" companies with established brand names and solid cashflows. The vast gap between the two caused consternation among traditional value managers like the late Tony Dye at Phillips & Drew, a British fund manager; clients deserted by the score.

Once the dotcom bubble burst, the value style outperformed for several years, before the financial crisis of 2007 and 2008 heralded yet another change in fashion. Value stocks are usually cheap for a reason. There is deep uncertainty about the outlook for their business or industry. Investors became more risk-averse as the crisis took hold and they tended to shun the value category as a result.

So what is driving the recent uptick in value stocks? One reason is greater optimism about the outlook for the global economy as fears of a euro-zone break-up and a Chinese hard landing have receded. Furthermore, after years of underperformance, value stocks look like a bargain. Matthew Garman, a strategist at Morgan Stanley, reckons that European value stocks now trade at a 47% discount to their growth counterparts, a wide gap in historical terms.

Even so the stockmarket is not typically a place where investors can find lots of $100 bills lying around. Four sectors are prominent in the value category: energy, financial services, telecoms and utilities. All are potentially the object of government interference in the form of regulation, higher taxes, limits on their ability to raise prices, higher capital requirements (for the banks) or outright nationalisation (mining and oil companies in developing countries). With government finances under pressure, the risk of adverse developments for these industries must be greater than normal.

The other risk is that global growth may not be as strong as investors hope. European economies look stagnant; American growth, which turned negative in the last quarter of 2012, may be held back by the tax rises agreed upon in January and the potential for spending cuts in the spring. American consumer confidence fell to a 14-month low in January. Slower-than-expected growth might lead to lower commodity prices and to more trouble for the banking industry.

Still, once stockmarket trends start to develop, history suggests they can last a long time. In America value stocks have underperformed growth stocks by 23% since the start of 1997. That leaves a lot of ground to catch up.

Economist.com/blogs/banyan

From the print edition: Finance and economics