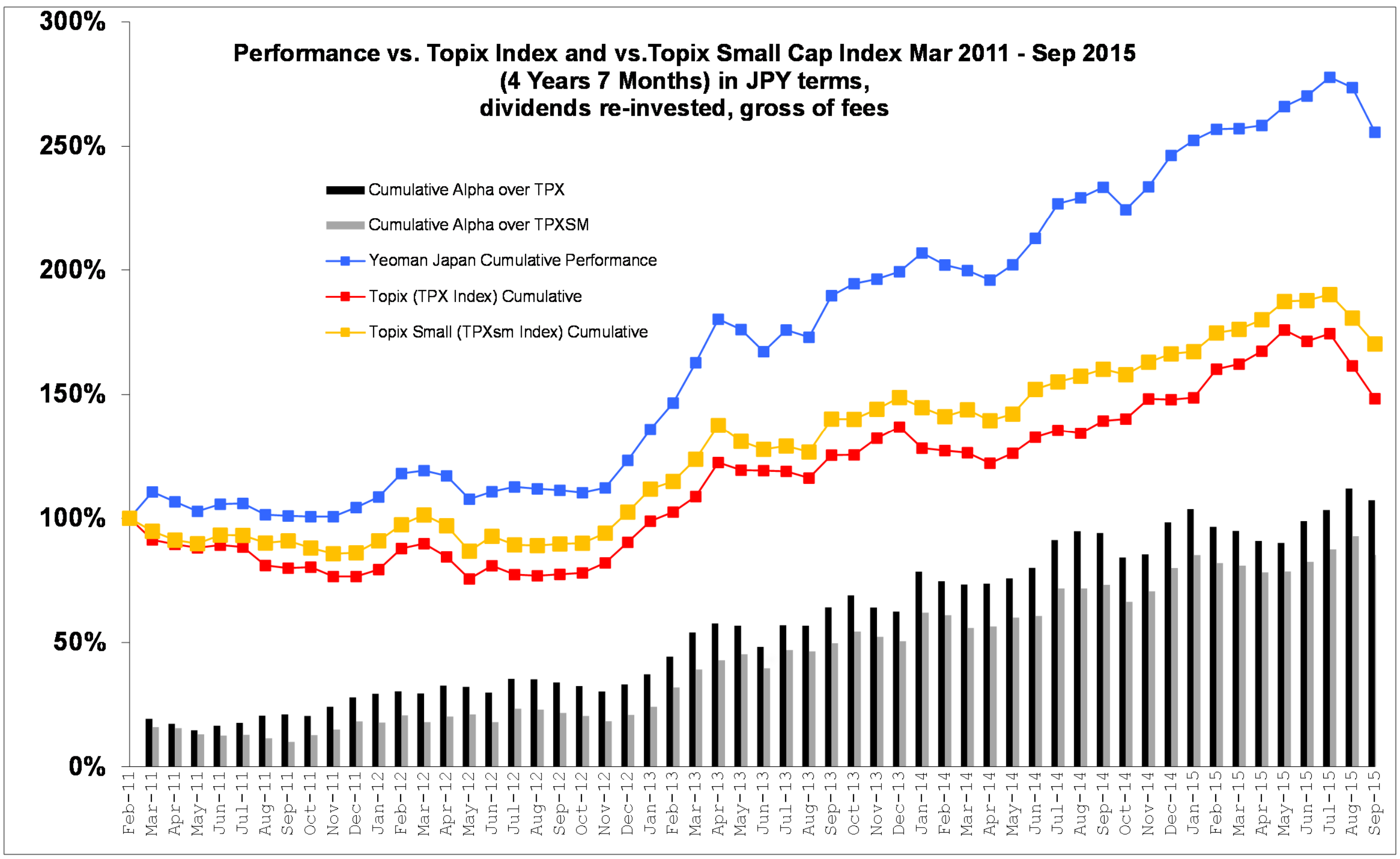
YEOMAN VALUE JAPAN FUND

At 30 Sep 2015
Total Value of Fund:
¥293,704,295

Performance: 4yr 7mo ending 30Sep15

Period	Fund	Index		Out/Under Performance	
		Topix (TPX)	Topix Small Cap (TPXSM)	Vs. TPX	Vs. TPXSM
CAGR (p.a.)	**22.72%** p.a.	**8.99%** p.a.	**12.33%** p.a.	**+13.74%** p.a.	**+10.40%** p.a.
Cumulative Performance From Mar11 to Sep15 (4Yr 7mo)	**155.62%**	**48.34%**	**70.38%**	**+107.28%**	**+85.25%**
Sep 2015	-6.56%	-8.19%	-5.75%	1.63%	-0.81%
YTD 2015	3.77%	0.26%	2.40%	3.51%	1.37%
Historical Performance					
Jan14 to Dec14	23.57%	8.08%	11.80%	+15.49%	+11.77%
Jan13 to Dec13	61.59%	51.46%	45.08%	+10.12%	+16.51%
Jan12 to Dec12	17.93%	18.01%	19.03%	-0.08%	-1.10%
Mar11 to Dec11	4.40%	-23.41%	-13.81%	+27.81%	+18.21%

Note: In YEN terms, gross of fees, dividends re-invested.



Equities/Cash Allocations	Portfolio Valuations (trailing)
Equities 99.64% Cash 0.36%	PE 9.97x P/B 0.60x Dividend Yield 2.85% p.a. ROE 6.63% (1 yr) 6.38% (5 yrs average) Weighted Ave Mkt Cap ¥$15.80bn

Performance Summary at end 3Q 2015

Sep 2015 -6.56%
As compared to the Topix large cap (TPX) and small cap (TPXSM) indices -8.19% and -5.75% respectively;

YTD 2015 **+3.77%**
As compared to the large and small cap indices 0.26% and 2.40% respectively;

Since start in Mar11 which was 4 years and 7 months ago,
We are up cumulatively **+155.62%**
Which annualizes at a CAGR of **+22.72%** p.a.

This compares well against the TPX and TPXSM cumulative of +48.34% and +70.38%
Which is +8.99% p.a. and +12.33% p.a. annualized
Giving us an excess performance "*alpha*" of **+13.74%** p.a. and **+10.40%** p.a. respectively.

From the above you will note that we outperformed over all the time horizons.

(*Note: Performance tracking is in JPY, gross of fees*)

Review at end 3Q 2015

The Japanese markets dropped sharply in Sep15, along with the regional and world markets.

The attached article from the NYT (which appeared in the ST on 27Oct15) says that the economy probably shrank in 3Q15 and that the longer term base case is probably zero growth at best.

As portfolio manager for this Japan value fund the above view does not bother me very much.

In my own verifiable and documented experience, weak or zero economic growth does not mean weak or zero investment returns for the listed equity investments that we own. So we are going to just stick to it, investing in value stocks that is.

With best regards

Seng Chong YEO
Executive Chairman and Chief Investment Officer
YEOMAN CAPITAL MANAGEMENT PTE LTD

Encs: 2 pages

Japan's economy likely declined again in Q3

TOKYO • Japan's economy has contracted so many times in the last few years that the meaning of recession has started to blur. Now Japan appears to be faltering again.

After a decline in the second quarter, there are signs that output may have slipped again in the third, driven down in part by a slowing Chinese economy.

Economists expect any recession to be short and shallow, but the deeper lesson looks more troubling: Nearly three years after Prime Minister Shinzo Abe gained office on a pledge to end economic stagnation, a decisive break with the past still appears far off.

The more fundamental problem, many specialists say, is that Japan's economy simply does not grow much in the first place. Baseline growth is essentially zero. Gross domestic product is the same size it was in the mid-1990s, in part because the workforce is shrinking. So where a faster-moving economy might simply lose momentum in response to headwinds, Japan's goes into reverse.

"The potential growth rate is close to zero, so any small shock can put the economy into recession," said Mr Masamichi Adachi, chief Japan economist at JPMorgan Chase. "Growth expectations are anaemic."

As a result, some economists are betting that the Bank of Japan, which has been pumping vast amounts of money into the economy by buying up government debt, will pull the trigger on more stimulus at its next board meeting on Friday. The central bank's aggressive intervention has been central to Mr Abe's policies, widely known as Abenomics. But events have conspired to blunt its impact.

Last year, it was an ill-timed sales tax increase, which rattled Japanese consumers and dissuaded them from spending. Lately, it has been the deceleration in China, whose factories have been important buyers of Japanese-made machinery.

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So far, Mr Abe's policies have done little to change the dynamic.

"Overseas investors appear increasingly disillusioned with Abenomics," Mr Naohiko Baba, chief Japan economist at Goldman Sachs, said last week after a series of meetings with clients in the United States, Europe and elsewhere in Asia.

Foreign investors' enthusiasm for Abenomics was a central force in driving up Japanese stock prices, one of the few clear-cut successes of Mr Abe's economic programme. Although the rally has lost steam in the last few months with other global markets, the Nikkei 225 is still about twice the level it was when Mr Abe took office at the end of 2012.

Other parts of the economy look weaker. One of Abenomics' central objectives, to generate a strong and sustained rise in consumer prices, "remains very elusive", Mr Baba said, as do its goals of raising workers' incomes and dismantling regulatory hurdles to business.

Taken together, improvements in these areas were supposed to bolster the economy's metabolism and increase its underlying potential to grow.

The central bank has played an outsize role in the effort. Under its governor, Mr Haruhiko Kuroda, it has pursued a "quantitative easing" strategy similar to that introduced by the United States Federal Reserve after the global financial meltdown seven years ago.

But the Fed has cut back its bond-buying programme in response to a recovering US economy, and it is now considering whether to raise its benchmark interest rate from close to zero. A move by the Japanese central bank would go in the opposite direction - towards even looser monetary policy.

The Bank of Japan's meeting this week will coincide with a twice-yearly update of board members' forecasts for growth and inflation, which are likely to show increased pessimism.

Mr Kuroda timed his last blast of stimulus with the same October review last year, catching the markets by surprise. Stocks in Japan and around the world jumped.

But Mr Kuroda has been doing his best to lower expectations, insisting that the bank's current monetary settings are sufficient.

"I think the current policy, so-called qualitative and quantitative easing, has been working, having the intended impact on the economy," he said in an interview with CNBC on Oct 11, at a meeting of global central bankers in Lima.

This month, Japan and 11 other Pacific Rim nations reached a hard-won trade agreement, the Trans-Pacific Partnership.

Mr Abe says the increased trade and investment flows it promises to generate are crucial to raising Japan's long-run growth rate.

Mr Abe's economic team, normally a cheerleader for bolder central bank action, has also been unusually circumspect.

"The Bank of Japan may not ease policy further any time soon," Finance Minister Taro Aso said in a recent interview with the public broadcaster NHK.

NEW YORK TIMES