

2 Case Studies for
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(Disclaimer: The information contained in the following slides are for discussion purposes only and not to be taken as investment advice)



Tan Chong International Limited


- ▶ Ticker: TCI SP Equity or 693 HK Equity
 - ▶ Description of Business: Heavy commercial and motor vehicle distribution, industrial equipment distribution, property rental and development
 - ▶ Place of Listing: Primary Hong Kong, secondary Singapore
 - ▶ Geographical Reach: Asia regional
 - ▶ Market Capitalization: USD 770m
 - ▶ Listing History: Since 1998, 16 years
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Valuation Ratios at px HKD3.00

- ▶ PE: 2.75x or 6.5x excluding revaluation gains
- ▶ PB: 0.58x
- ▶ Dividend yield: 3.17%, paid twice a year. Has paid dividend every year since listing w/o fail;
- ▶ ROE: 23.22% or 8.5% excluding revaluation gains

(Note: Above ratios based on 1H13 statements and exchange rate at 18Feb14)

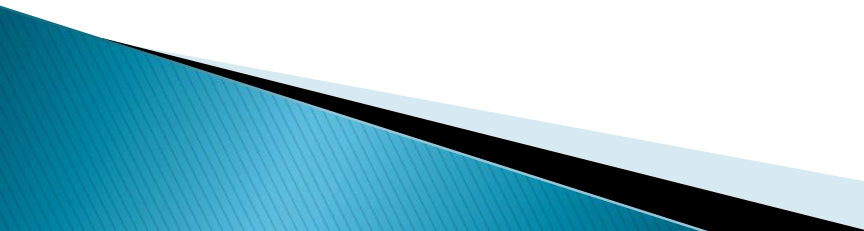
On the Management

- ▶ Directors' remuneration: Modest at 3.57% of of net profit in FY2012
 - ▶ No losses over listing history
 - ▶ Balance sheet unimpaired over listing history
 - ▶ Grown balance sheet book value steadily over the years
 - ▶ Grown the business footprint over Asia, no di-worse-sification
 - ▶ No dilutive share issues
 - ▶ Insider ownership of around 74.81%
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Manager's Comment

Our Fund and clients have owned this stock on and off since 1999; present position acquired from 2006 onwards and we still own it today

Willas-Array Electronics (Holdings) Limited


- ▶ Ticker: WAE SP Equity or 854 HK Equity
 - ▶ Description of Business: Trading of electronic components
 - ▶ Place of Listing: Singapore and Hong Kong, dual listed
 - ▶ Geographical Reach: Greater China
 - ▶ Market Capitalization: USD 41m
 - ▶ Listing History: Since 2001 or 13 years
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Valuation Ratios at px S\$0.135

- ▶ PE: 6.85x
- ▶ PB: 0.56x
- ▶ Dividend yield: 7.4% p.a. paid every year since listing except in 2009 during the GFC
- ▶ ROE: 8.48%

(Note: Ratios are based on FY2013 financial statements and on exchange rate at 18Feb14)

On the Management

- ▶ Directors' remuneration: 32.4% of net profit
 - ▶ Balance sheet condition reasonably maintained over listing history
 - ▶ Grew balance sheet book value over time
 - ▶ Management growing the business prudently, no di-worse-sification
 - ▶ Only 1 year of reported losses in entire history
 - ▶ No dilutive issues
 - ▶ Insider ownership of around 42%
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Manager's Comment

Our Fund and clients have held this stock since 2006 and we still own it today

Investment Logic

- ▶ Stock valuations comparable to portfolio valuations

	TCI SP	WAE SP	Our Fund
PE	6.5x	6.85x	10.82x
P/B	0.58x	0.56x	0.62x
Div Yield (p.a.)	3.17%	7.4%	3.68%
ROE (1 yr trailing)	8.5%	8.48%	7.01%

(Note: Fund valuation ratios fixed at end Jan 2014, stock valuations as stated in earlier slides)

Investment Logic

- ▶ Portfolio valuations undervalued relative to market

	Our Fund	MSCI AC Asia ex- Japan Index
PE	10.82x	12.17x
P/B	0.62x	1.47x
Div Yield (p.a.)	3.68%	2.54%

(Note: Valuation ratios fixed at end Jan 2014. Index is the USD index, data taken from MSCI website.)

In Conclusion

- ▶ Performance attribution is from securities selection and portfolio construction with;
 - ▶ No emphasis on market timing.
 - ▶ Valuation (or undervaluation) is always in our favour.
 - ▶ Therefore fully invested over all market cycles holding little or no cash.
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