Yeoman 3-Rights Value ASIA Fund

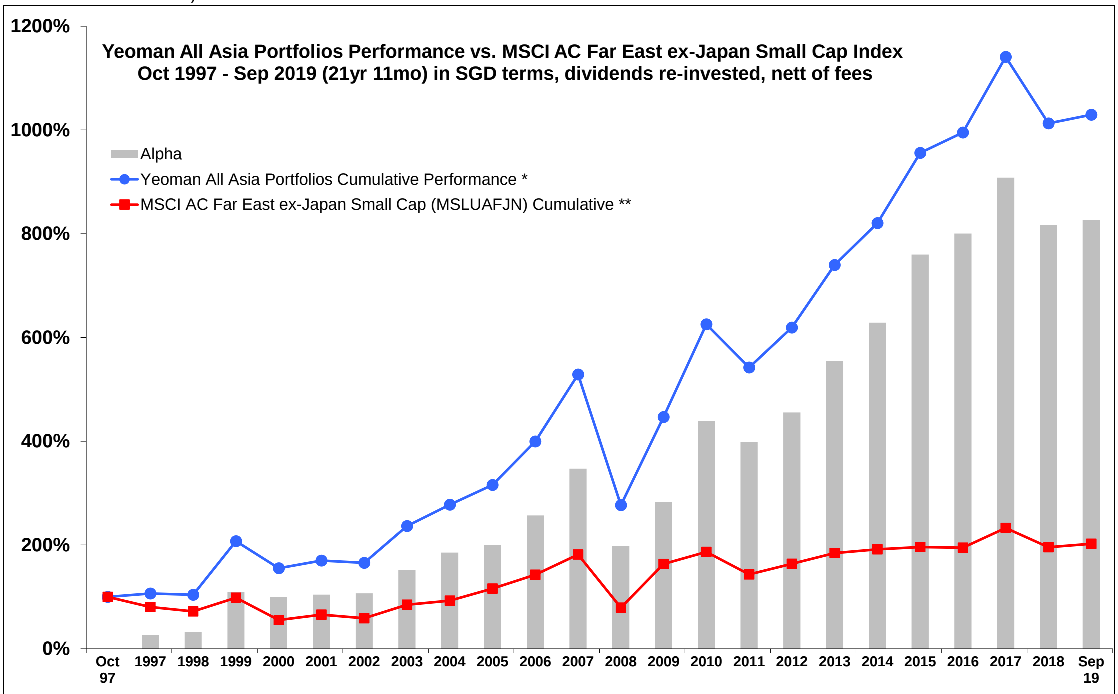
(Incorporated in Mauritius in Jan2005; Co. Regn: 53979 C1/GBL; Fund Business Licence: C104001282)

At 30 Sep 2019
NAV/Share:
S$365.92

Yeoman All Asia Portfolios Performance: 21yr 11mo ending 30Sep19

Period	Yeoman All Asia Performance	MSCI FExJ Small-Cap Performance	Out/Under Performance
CAGR (p.a.)	**11.22%** p.a.	**3.27%** p.a.	**+7.95%** p.a.
Cumulative Performance From Oct97 to Sep19 (21yr 11mo)	**929.19%**	**102.33%**	**+826.86%**
Sep 2019	-0.93%	1.31%	-2.24%
YTD 2019	1.64%	3.39%	-1.75%
Historical Performance			
Jan18 to Dec18	-11.24%	-15.91%	+4.67%
Jan17 to Dec17	14.64%	19.50%	-4.86%
Jan16 to Dec16	4.10%	-0.64%	+4.74%
Jan15 to Dec15	16.51%	2.22%	+14.29%
Jan14 to Dec14	10.92%	3.98%	+6.94%
Jan13 to Dec13	19.46%	12.69%	+6.77%
Jan12 to Dec12	14.19%	14.26%	-0.07%
Jan11 to Dec11	-13.29%	-23.24%	+9.95%
Jan10 to Dec10	40.00%	14.11%	+25.89%
Jan09 to Dec09	61.31%	106.34%	-45.03%
Jan08 to Dec08	-47.62%	-56.37%	+8.75%
Jan07 to Dec07	32.28%	27.41%	+4.87%
Jan06 to Dec06	26.59%	22.95%	+3.64%
Jan05 to Dec05	13.65%	25.28%	-11.63%
Jan04 to Dec04	17.46%	9.16%	+8.30%
Jan03 to Dec03	42.87%	44.27%	-1.40%
Jan02 to Dec02	-2.57%	-10.37%	+7.80%
Jan01 to Dec01	9.53%	18.70%	-9.17%
Jan00 to Dec00	-25.14%	-43.76%	+18.62%
Jan99 to Dec99	99.32%	36.65%	+62.67%
Jan98 to Dec98	-2.49%	-10.79%	+8.30%
Oct97 to Dec97	6.60%	-19.42%	+26.02%

Note: In SGD terms, nett of all fees with dividends re-invested. Data from 31Oct97



** Performance from 19 January 2005 fund inception onwards refers to Yeoman 3-Rights Value Asia Fund. Performance prior to 19 January 2005 refers to 17 segregated accounts reported on a composite basis (comparable investment objective).*

*** The benchmark index was changed to MSCI AC Far East ex-Japan Small-cap Index (MSLUAFJN), in SGD terms, on 1 January 2019.*

Equities/Cash Allocations	Country Allocations	Portfolio Valuations (trailing)
Equities 96.96% Cash & current assets 3.04%	Hong Kong 34.62% Korea 17.56% Malaysia 21.85% Singapore 22.93%	PE 10.63x P/B 0.43x Dividend Yield 5.58% p.a. ROE 4.64% (1 yr) 5.63% (5 yrs average) Weighted Ave Mkt Cap S$199.39m

General Information

Fund Address:
c/o IQ EQ Fund Services (Mauritius) 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:
S$169,551,945.26

Total Number of Shares:
463,355.551

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 Initial Investment:
S$250,000

Minimum Top-up Subscription:
S$50,000

Custodian:
Portcullis Trust (Singapore) Ltd, Deutsche Bank

Auditor:
Nexia, Baker and Arenson, Mauritius

Performance Summary at end September 2019

In September 2019 our Fund was down 0.93% as compared with the Index up 1.31%;

For the YTD, we are up 1.64% as compared with the market up 3.39%;

For the very long term of 21 years 11 months to end September 2019, we are up a cumulative **929.19%** as compared with the Index rise of 102.33%. On annualized terms, we are compounding at **+11.22% p.a.** compared to the Index return of +3.27% p.a. implying **out-performance** (*alpha*) by our Fund at **+7.95% 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 long time horizon may be clearly seen. Over the one month and the nine months YTD period, we are behind the market.

Manager Review at end 3Q 2019

What I wrote on pages 2-3 of our August 2019 newsletter still apply. For the benefit of those have not seen it, an extract is attached on the following page.

If you refer to the valuation ratios on the bottom RH corner of page 1 of this newsletter and compare them with the ratios captured over the life of our Fund 2005 to present time, you will find that we are back at GFC (2008 and 2009) levels on PB terms exactly and on PE and dividend yield terms approximately. What does that mean? Well, to me it means that we are now closer to the bottom and further from the top, which basically means more upside potential than down (to me anyway).

What is different about today as compared with the GFC period? Back then not only the US but the entire world was grappling with a financial crisis, a banking crisis and a credit crisis all at the same time. The situation then was more serious than now because then banks were not only teetering on the brink but some actually went under and all credit dried up. It was a systemic worldwide event threatening to suffocate and choke all businesses, listed and unlisted.

We don't have the above situation today. **Today the conditions for investing in equities is extremely favourable**, in my professional opinion, **underpinned by low and no inflation, a low interest rate environment with the legacy effects of QE still bubbling away in the background and foreground and cheap valuations** in the sectors and countries where we do our prospecting.

But why are the stock markets down and why is sentiment negative? No quick answer to this question except that it is probably because there are few people out there who think and believe as the Yeoman team and I do. We are clearly in the minority. In my opinion, it is always safer to be in the minority and we avoid crowds like we avoid poison.

With best regards

Seng Chong YEO
Director of the Fund and Chief Investment Officer of the Manager

Extract pages 2-3 of Newsletter August 2019

You all know what took place in the month, the late night tweets, trade wars US-China, Japan-Korea and all over the world, economic weakness globally, regionally (in particular Europe and UK), locally (for example the MAS just downgraded Singapore's 2019 GDP growth to a shade above zero), street protests and violence in HK with a dialogue of the deaf between government and people and a whole slew of unhelpful Monkey-see Monkey-do behaviour all over the world (Who are these monkeys, who are the lead actors and who are the followers? I leave that to you). The drip of negative news continues as I write.

As value investors, especially as mere mortals we could not predict all that was to take place in August 2019, or at any other time.

Our average holding period for the stocks we own is between 5-10 years so even as the situation around the world plays out as it is doing now, the stocks we have in the Fund were acquired back in 2009 to 2014. The stocks that we are buying today we are likely to be owning them up to 2024 to 2029. We didn't know that the world would be like today 5-10 years ago and we don't know what the world will be like 5-10 years from now so how does our approach to investing make sense?

In a world where people zig and zag every day and are totally consumed by the short term, we are unswervingly long term and committed to staying our course. How and why can we be this way?
(*Note: Figures on paras 1-5 on following page based on end FY i.e. end Jun19 co financials*)

1. The stocks we own are not only cheap but valuation-wise any risks that may emerge over the future are largely priced in. In actuary speak, we are only taking on compensated risk;
2. Stock by stock we have done our due diligence and we believe that we have fundamentals underpinning each stock that we own. Balance sheet wise of the 68 stocks in our Fund, 42 are in a nett cash situation, 18 with debt to equity of less than 0.3x and 8 more than 0.3x. Our companies are not financially fragile and will be able to take financial stress even as the business environment goes through the wringer;
3. Valuations today are near our Fund's historical trough, we are nowhere near our historical peaks. With the downside largely taken care of, the upside will find its own level at a time which we do not have to fret over;
4. Our Fund has diversification across 4 countries, 68 stocks, over many different types of business models e.g. manufacturing, distribution, retail, property, engineering, publishing, construction, services etc. with sales exposure to NEA 40%, SEA 35%, USA only 3%, and other markets 16% by portfolio weight. The US may be Promised Land to many companies out there but for our Fund companies' direct exposure to the US is only 3% portfolio weight, sorted based on sales.
5. For HK even as there is no end in sight to the turmoil and street violence there, we take cognizance of the fact that HK businesses in our Fund with domestic sales orientation only contribute 12% to portfolio weight and those with export orientation make up 24% of portfolio weight. Summing up, our HK exposure as a whole only makes up 12+24 = 36% of our Fund portfolio. Ours is an Asia ex Japan fund, not a HK fund.

Please note that I shared my thoughts on the above matter in our end 2Q19 Newsletter (in case you missed it see pages 2-3 on this link http://yeomancapitalmanagement.com/wp-content/uploads/2019/07/AsiaFund-Yeoman-2Q19.pdf) so I didn't just feel like writing this a moment ago.

As the markets go into a funk and as other players stay on the side-lines or stay out altogether, for us at Yeoman Capital Management the hunting gets more interesting. At end August 2019, out of a Asia ex Japan universe of 20,000 stocks we found 468 stocks worthy of further investigation in our initial valuation screen. A year before, at end August 2018, out of a universe of 19,000 stocks we found 387 stocks justifying an initial look. As hunter gatherers, the increase of stocks that warrant further investigation means a lot to us. I don't know how or what the people on Wall Street or Shenton Way think but my hunter gatherer friend Alley Oop would probably identify with what I said. Undervalued securities are the vital feedstock that go into our investment implementation.