Yeoman 3-Rights Value ASIA Fund

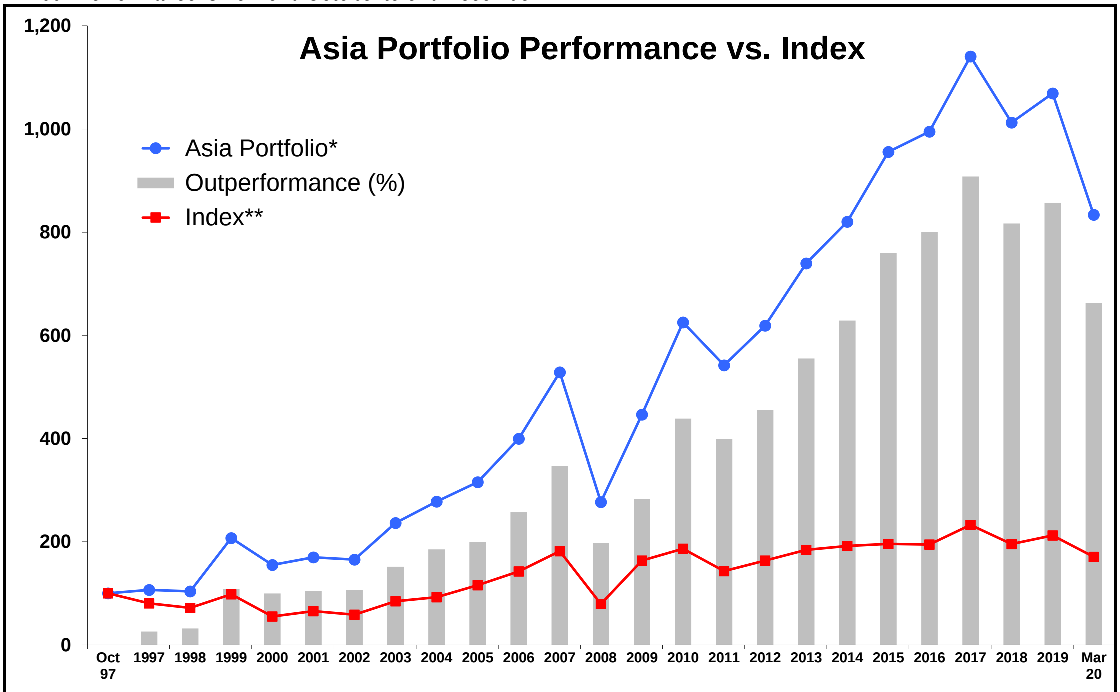
(Incorporated in Mauritius in Jan2005; Co. Regn: 53979 C1/GBL; Fund Business Licence: C104001282)

At 31 Mar 2020
NAV/Share:
S$296.41

Yeoman Asia Portfolio Performance: 22 years 5 months ending 31 March 2020

Period	Yeoman Asia Portfolio	Index	Out/Under Performance
CAGR (per annum)	**9.92%** p.a.	**2.41%** p.a.	**+7.51%** p.a.
Cumulative Performance	**733.68%**	**70.71%**	**+662.97%**
March 2020	-16.66%	-13.69%	-2.97%
Year To Date 2020	-22.03%	-19.58%	-2.45%
Historical Performance			
2019	5.59%	8.48%	-2.89%
2018	-11.24%	-15.91%	+4.67%
2017	14.64%	19.50%	-4.86%
2016	4.10%	-0.64%	+4.74%
2015	16.51%	2.22%	+14.29%
2014	10.92%	3.98%	+6.94%
2013	19.46%	12.69%	+6.77%
2012	14.19%	14.26%	-0.07%
2011	-13.29%	-23.24%	+9.95%
2010	40.00%	14.11%	+25.89%
2009	61.31%	106.34%	-45.03%
2008	-47.62%	-56.37%	+8.75%
2007	32.28%	27.41%	+4.87%
2006	26.59%	22.95%	+3.64%
2005	13.65%	25.28%	-11.63%
2004	17.46%	9.16%	+8.30%
2003	42.87%	44.27%	-1.40%
2002	-2.57%	-10.37%	+7.80%
2001	9.53%	18.70%	-9.17%
2000	-25.14%	-43.76%	+18.62%
1999	99.32%	36.65%	+62.67%
1998	-2.49%	-10.79%	+8.30%
1997*	6.60%	-19.42%	+26.02%

Note: In SGD terms, nett of all fees with dividends re-invested.
****1997 Performance is from end October to end December.***



** Chart shows performance from 31 October 1997, re-based to 100. Asia Portfolio: Performance from 19 January 2005 fund inception onwards refers to Yeoman 3-Rights Value Asia Fund. Performance prior to 19 January 2005 refers to segregated accounts reported on a composite basis (comparable investment objective). Performance in SGD. Dividends re-invested. Net of fees.*
*** 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 98.64% Cash & current assets 1.36%	Hong Kong 37.51% Korea 18.50% Malaysia 20.38% Singapore 22.05% Thailand 0.20%	PE 10.14x P/B 0.32x Dividend Yield 7.16% p.a. ROE 4.23% (1 yr) 5.36% (5 yrs average) Weighted Ave Mkt Cap S$172.10m

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$136,895,877.580

Total Number of Shares:
461,849.510

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 end 1Q 2020

In March 2020 our Fund was down 16.66% as compared with the Index down 13.69%;

For the YTD, we are down 22.03% as compared with the market down 19.58%;

For the very long term of 22 years 5 months to end March 2020, we are up a cumulative **733.68%** as compared with the Index rise of 70.71%. On annualized terms, we are compounding at **+9.92% p.a.** compared to the Index return of +2.41% p.a. implying excess returns by our Fund at **+7.51% 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 three months YTD periods, we are behind the market.

Historical Price Action

So we dropped 16.66% in the month past. Is this the first time this has happened in our 22 year history? I asked the analysts to study the past monthly performance figures and this is what they found:

We were **down >15% in a month 3x** over our past
(-18.4% Jan98, -15.4% in Sep02, -20.8% in Oct08)

But we didn't just go down and stay down forever. The records also show the moves in the reverse direction i.e. up**:**

We were **up >15% in a month** 4x over our history
(+29.7% in Oct98, +20.9% in Nov98, +24.8% in Apr99, + 21.3% in May99)

By inspection of the above you will note that we have **more ups than downs** in the past, furthermore the size of the **ups is bigger than the size of the downs**.

If you inspect the **annual figures** on the table on the top of page 1 of this report you will also notice that the same applies, i.e. more ups than downs, bigger ups than downs.

If we were to take the analogy of a board game of snakes and ladders, it means that investing the way that we have done, we encounter more ladders than snakes, longer ladders than snakes, the **nett effect being that we generate positive investment gains for shareholders over the longer term**.

Securities Selection and Portfolio Construction

In snakes and ladders we roll the dice but as value managers we need to do more work than that. We select our stocks using our own stock selection criteria and only those that meet the test make it into our fund portfolio.

Here is a recap from our Feb20 newsletter:

1. Our investment case(s) stock-by-stock **do not assume a rosy future prospect**;
2. We require **balance sheet strength** in the underlying business and company for each stock we own to prepare for any stress conditions long before these manifest themselves. We know that we live in a jagged world where the unforeseen is the norm, so we always need to be prepared for these unforeseen stress factors.
3. We require the **underlying business of each stock that we own to have weathered many economic cycles with at least 5 years of listing history** and many more years of operating history before public listing.
4. From the history of the companies we own**, management must show themselves to be competent and able to manage the underlying businesses**. If management is on the side of shareholders, it would be no different from a competent captain and a disciplined and experienced crew sailing a ship upon which a fierce unforeseen storm descends. The passengers may then be more certain of making it back to port safely in such a case.
5. The **underlying business must not be too complicated**, no unicorns for us thank you. Examples of business that we own are engineering services, textiles and garments, eyewear manufacturing, retail, steel stockists, replacement automobile parts etc.… all quite basic and have been around supporting day to day life. Complicated things break down more easily we think.
6. Lastly and most importantly, we never pay a high price for each stock that we own. **We always buy at a discount to assessed fair value**, usually on balance sheet or historical basis. No forward-looking pricing assuming that a bright future lies ahead as these often do not materialize, in our own opinion.

We review the investment case for each stock at least every 6 months, at their financial mid-year and year end and whenever there are significant developments to make sure that our original analysis is intact.

Despite our best efforts, individual stocks can still fail, **so to harness the benefit of the weighted probability of outcomes**, we have a portfolio of stocks.

At end Mar20 our **Fund owned 71 stocks listed in 5 countries** (HK, Korea, Malaysia, SG, and Thailand).

Having selected stocks that are individually undervalued, we have a portfolio that is similarly undervalued in aggregate. At end Mar20, the weighted average valuation parameters of our Fund was (see page 1 bottom RHS)

PE 10.1x
PB 0.32x
Dividend Yield 7.2% p.a.
ROE (1 year and 5 year average) 4.2%, 5.4%

This is the cheapest that our portfolio has been over our entire life. Just imagine, a PB of 0.32x means that we are getting discount of 68% to buy into the balance sheets of real businesses with established franchises and track records! And compare the dividend yield of 7.2% p.a against the prevailing bank deposit rate, the

SG or US government Treasury long bond rates! Someone is not thinking straight, is it us or is it the Market?

What about **financial strength of our portfolio companies**?

At end Mar20, **of the 71 companies that we owned, 44 were in nett cash**, 18 have nett debt to equity of under 0.3x and 9 have debt to equity ratio of >0.3x.

The weighted probability of all the possible outcomes also looks interesting to me. On balance sheet basis, having paid 50 cts or less to the dollar for each of our stocks, if all of the cases worked out over the longer term, we would at least double our money to make 100% or more. If 1 stock were to go to zero due to business failure, on average we would lose (permanently, this would not just be a price fluctuation) 1.4%; if 2 were to go under the loss would be 2.8% etc. Understanding probability and statistics as we do, the above prospect of upside vs downside does look appealing to me.

Time Horizon

I mentioned the longer term in the paragraph above. How long would that be?

Based on our actual historical records, we find that **we typically hold our stocks for between 5-11 years**. In writing, our Fund information memorandum advises an investment time horizon of 3-5 years or longer.

At time of writing no one can say how long it will take for governments and public health authorities to defeat the Coronavirus pandemic, 1, 2 or more quarters, a year or longer, ... Who knows? With the comfort of time on our side, and applying the investment process described above (and as set out in our Fund documentation) I don’t think that we need to get too disconsolate, no matter how long.

With best regards

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