

TANTALLON TECH & SUSTAINABILITY FUND

The Tantallon Tech & Sustainability Fund is a Cayman Island vehicle that invests in listed equities globally. The fund targets a concentrated portfolio of around 20 names seeking returns from long-term growth companies as well as cyclical opportunities.

Tantallon Capital Advisors, the advisor since inception in 2017, is a Singapore-based entity holding a Capital Markets Service License in Fund Management from the Monetary Authority of Singapore.

The fund ended a strong year with a down month as the commodity semiconductor correction continued in early December and stopped us out of several of our holdings. The fund registered a gain of 24.4% in its inaugural year after netting out expenses, a one-time tax payment and performance fees from the gross gains of 29.4%.

The fund's equity holdings posted gains in excess of 50% for the year. Incremental timing of investment during the first half of the year and a cash level in excess of 15% during the second half of the year are key reasons for diluting these superior equity returns. While cash levels stood again at elevated levels of 45% at year-end as most of our commodity tech exposure was stopped out, we have since built up our equity holdings to above 85%.

Sustainability sector

We will continue to focus on the (r)evolution that we see beginning to happen in transportation as vehicles and infrastructure move beyond the use and support of the combustion engine. We also pay attention to the two concurrent trends of shared ownership & autonomous driving in our technology research and especially look for investment opportunities up and down the supply chains for vehicles and charging infrastructure.

Why not just own Tesla?

I have asked myself this question repeatedly since the company has several of the key ingredients of a great long-

Performance

Tantallon Tech & Sustainability Fund Size USD 14mn (Cayman is Feeder)
(Inception Jan 17)

	Fund	MXWD*	BW Tech**	DJ Sust***	Tech&Sust	O/U Perf
Dec 2017	-4.9%	+1.5%	+0.0%	+1.5%	+0.8%	-5.7%
2017 YTD	+24.4%	+21.6%	+36.8%	+20.6%	+28.7%	-4.3%
Inception	+24.4%	+21.6%	+36.8%	+20.6%	+28.7%	-4.3%

* MSCI ACWI Index

** Bloomberg World Technology Index

*** Dow Jones Sustainability World Diversified

FUND DETAILS

Investment Manager:

Tantallon Capital
(Cayman Islands)

Fees:

1.5%pa Management fees

Administrator:

DBS Bank Ltd

Minimum Investment:

USD 1,000,000

Domicile:

Cayman Islands

Custodian:

DBS Bank Ltd

Feeder funds

Offshore (Cayman Is)

Auditor:

KPMG

Lawyers

Harney Westwood & Riegels Singapore
Morgan Lewis Stamford LLC

Dealing:

Monthly

Contact:

Alex Hill
(alex@tantalloncapital.com)

term investment: visionary leader who executes despite the warnings of traditional industry analysts, leading industry position (& trend setter), integrated key components (battery and software) and strong infrastructure position. I also expect profitability to come with scale. My hesitation to commit a big position to Tesla is that I do not expect a winner takes all scenario to emerge a la Amazon or Google (both outside of China) and so far I cannot even envision a comfortable oligopoly as dominated by Apple and Samsung in smartphones. I expect a messy fight and I therefore look to position the fund in key

	2017	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Fund Monthly Gross Return		0.5%	0.4%	0.7%	-0.2%	4.8%	1.3%	1.8%	2.1%	9.2%	6.3%	2.8%	-3.0%
Fund Cumulative Gross Returns		0.5%	0.9%	1.7%	1.5%	6.4%	7.7%	9.6%	11.9%	22.2%	29.8%	33.5%	29.4%
Fund Monthly Net Returns		0.4%	0.3%	0.6%	-0.4%	4.7%	1.1%	1.5%	1.8%	8.9%	6.0%	2.6%	-4.9%
Fund Cumulative Net Returns		0.4%	0.7%	1.3%	0.9%	5.7%	6.8%	8.4%	10.4%	20.2%	27.5%	30.8%	24.4%
Equity Monthly Returns		5.7%	2.9%	2.0%	-0.2%	7.4%	1.6%	2.4%	2.8%	10.7%	7.8%	4.0%	-2.4%
Equity Cumulative Returns		5.7%	8.7%	10.9%	10.6%	18.8%	20.7%	23.7%	27.1%	40.6%	51.5%	57.6%	53.9%

components, materials and testing equipment. While batteries are the focus component at the moment and we have several investments in the space, we are also looking at the rest of the bill of materials (BOM) and the system companies that will build electric vehicles and charging infrastructure. We therefore look to participate in the growth of the industry which was catalyzed by Tesla's pioneering effort without the single company risk that comes from Tesla having to continue to lead.

I also expect the transportation evolution to take a leading role in driving growth across the technology sector as mobile communications weaken as an incremental tech driver. Here the combination of electric, autonomous and shared is the largest volume application of the internet of things (IOT) and therefore is very likely going to provide growth in units & components and therefore revenues and profits.

Electrified transportation will also encourage further redevelopment of the power grid as well as further development of generating capacity. Given the emerging trend towards renewable energy, EV development could accelerate the ascendancy of renewable energies faster than currently anticipated and therefore accelerate growth and profit opportunities in both the 'boring' utility industry as well as the 'risky' solar and wind industries.

Technology sector

2017-8 feels like the apex of another memory cycle and the 50%+ returns of the majority of memory companies in 2017 are unlikely to be repeated. While the Philadelphia Semiconductor Index (SOX) may yet break through its 2000 high of 1362 (peaked at 1342 in 11/2017), I expect the

industry to have a more difficult time in 2018 as capacity catches up with demand.

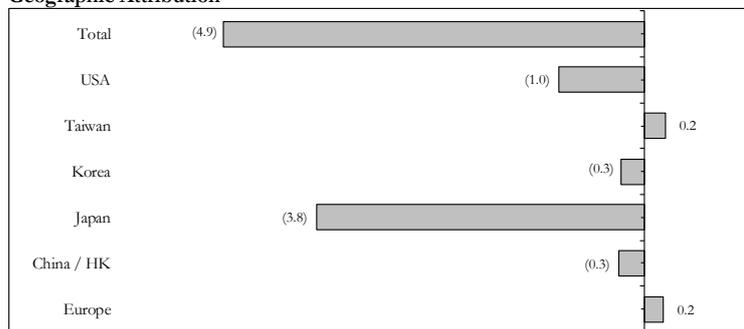
We will re-focus our research on logic semiconductors and components looking at leaders TSMC and NVDA and beyond. Our investments in CEVA, Realtek and eMemory (embedded memory enabling more flexible and secure logic chips), AMD and NVDA have replaced our commodity memory holdings.

We will also look at component demand emanating from the emerging EV build-up and spend less time following the smartphone supply chain unless we can identify dual use opportunities as in the case of optics which both enable face recognition for smartphones as well as sensing for autonomous driving.

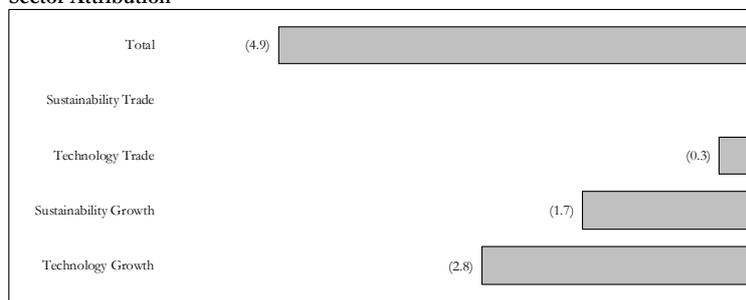
2018 looks a bit more challenging as we rely less on traditional cyclical drivers and focus on the continued emergence of new mass volume applications and their likelihood to deliver revenues and profits over the next 3-5 years.

% OF ASSETS ALLOCATION	EXPOSURE
Japan	17.3%
Taiwan	15.8%
Korea (South)	9.0%
Europe	5.7%
China / Hong Kong	5.5%
United States	2.1%
Cash	44.6%
Total	100.0%

Geographic Attribution



Sector Attribution



Equity Positions

Total	11	Largest 5	34.8% of NAV	Liquidity	0.2 days	Mkt Capitalization	>7.5Bn	57.4%
						Gross Exposure (USD)	>1Bn-7.5Bn<	42.6%
							<1Bn	0.0%

Top Holdings		Main Contributors - Dec		Main Detractors - Dec	
Nintendo Co Ltd (JT)	10.4%	Ememory Technology Inc (TT)		Nintendo Co Ltd (JT)	
Ememory Technology Inc (TT)	7.0%	Umicore (BB)		Chroma ATE Inc (TT)	
Samsung SDI Co Ltd (KP)	6.2%	Sumco Corp (JT)		Renesas Electronics Corp (JT)	
Umicore (BB)	5.7%	SK Hynix Inc (KP)		Samsung SDI Co Ltd (KP)	
BYD Co Ltd-H (HK)	5.5%			BYD Co Ltd-H (HK)	

The Fund has appointed Hugo Fund Services SA, 6 Cours de Rive, 1204 Geneva, Switzerland, as its Swiss Representative. Banque Heritage SA, 61 Route de Chêne, CH-1208 Geneva, Switzerland is the Swiss Paying Agent. In Switzerland shares shall be distributed exclusively to qualified investors. The fund offering documents, articles of association and audited financial statements can be obtained free of charge from the Representative.