

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 added 2.6% in November but traded down by about 5% from its Nov.24 peak during the last week of the month. The volatility provided a good reminder that the memory cycle has been very strong for the past 18 months. Our stops for Micron, Hynix and Sumco were hit and we reduced our positions. We also exited our holdings in Softbank and OCI. As a result we ended the month with a cash position of 35.2%

Semiconductor shares lead price correction

The solid gains for the portfolio in the months of September, October and November thru the 24th had been supported by very strong Q3 earnings for the tech industry in general and semiconductors in particular as well as the rising Q4 expectations. While we expect Q4 earnings to come it a record levels, we have become concerned about the ability for the tech industry to be able to raise elevated expectations for the whole of 2018. A few opportunistic analyst downgrades was all it took for the correction.

As far as the commodity semiconductors, we are increasingly happy to take our gains and watch this cycle play out from the sidelines. We will, however, be paying close attention to the chip and component companies in our portfolio that we have invested in as long-term growers as commodity trends can affect overall sector valuations and allow us to add to current holdings.

Performance

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

	Fund	BW Tech*	DJ Sust**	Tech&Sust	O/U Perf
Nov 2017	+2.6%	+0.0%	+1.6%	+0.8%	+1.8%
2017 YTD	+30.8%	+36.8%	+18.8%	+27.8%	+3.0%
Inception	+30.8%	+36.8%	+18.8%	+27.8%	+3.0%

* 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)

Beyond Semiconductors

Weakness in commodity semiconductors also affected the price levels of several of our sustainability holdings, in particular the battery companies Samsung SDI and BYD. Both remain well positioned with respect to the accelerated plans by the global OEMs and China to introduce a wide variety of electric and hybrid vehicles. We are looking to add to this group in 2018.

	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%	
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%	
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%	
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%	
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%	
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%	

Overall, we are looking at spending a lot more time on the EV supply chain in 2018 as the industry players are forced to re-consider where they want to be in 5 and 10 years. They need to make very difficult choices about making large investment in what generates profits currently but could well be obsolete capacity by the mid 2020's.

China EV supply chain opportunity

In addition, the Chinese automakers as well as the mainland government are seeing an opportunity to move out of the shadows of the global top 10-15 OEMs and finally stand on their own, initially in their domestic market but globally as well down the road. China will therefore be the premier battle ground between Chinese brands and global OEMs and the outcome will affect the global market shares towards the end of the 2020s.

Japan EV supply chain opportunity

While we are looking to identify credible Chinese component suppliers, we are also looking at Japan where both the auto parts suppliers as well as the electronics supply chain are gearing up to supply the sensors, batteries and semiconductors to the Japanese OEMs and beyond. So far we have invested in restructured analog and microcontroller maker Renesas Electronics and are now looking to expand our exposure.

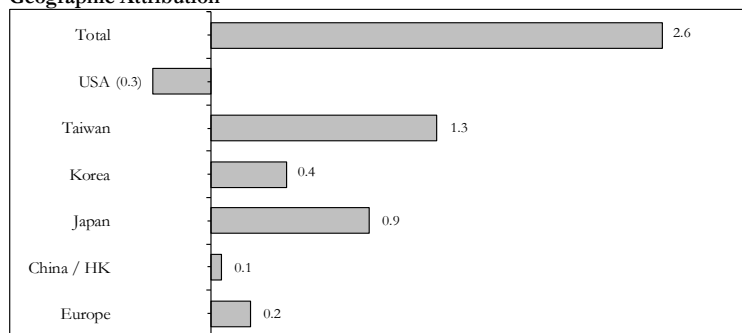
Renewable Energy

2017 is looking like a second banner year in a row for solar power generation installation. Growth is estimated to have reached over 30% with total installation of 104.5GW (Gigawatts) capacity, which follows on 51% growth to

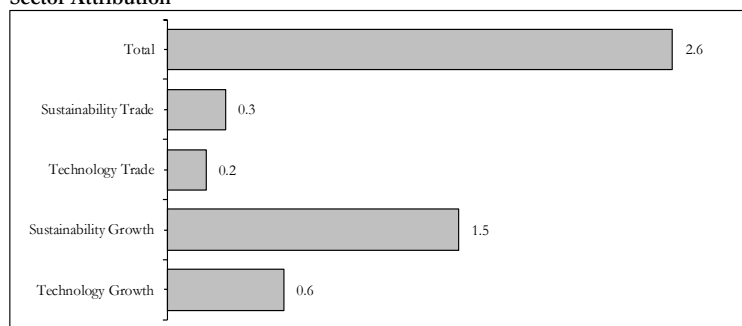
78.5GW in 2016. Of the 28GW in YoY capacity installation growth, China accounted for 17GW (reaching an estimated 51.5GW in 2017) and India for 5.5GW (reaching an estimated 9.5GW). US demand is estimated to have declined by 10% to 13GW while Europe looks to have grown 30% to 9GW. 2018 looks like a flat transition year with minimal global growth and as a result we currently have no exposure to the sector. Aside from our realized gains in OCI, we therefore have not participated in the rally in solar stocks. We expect a correction in early 2018 and will then re-evaluate the entry points into several technology leaders.

% OF ASSETS ALLOCATION	EXPOSURE
Japan	18.2%
Taiwan	15.4%
United States	11.2%
Korea (South)	9.0%
China / Hong Kong	5.5%
Europe	5.5%
Cash	35.2%
Total	100.0%

Geographic Attribution



Sector Attribution



Equity Positions

Total	13	Largest 5	36.7% of NAV	Liquidity	0.1 days	Mkt Capitalization	>7.5Bn	60.0%
						Gross Exposure (USD)	>1Bn-7.5Bn	40.0%
							<1Bn	0.0%

Top Holdings

Nintendo Co Ltd (JT)	11.3%
Micron Technology Inc (US)	7.2%
Ememory Technology Inc (TT)	6.4%
Samsung SDI Co Ltd (KP)	6.2%
SK Hynix Inc (KP)	5.6%

Main Contributors - Nov

Chroma ATE Inc (TT)
Sumco Corp (JT)
Nintendo Co Ltd (JT)
Ememory Technology Inc (TT)
Samsung SDI Co Ltd (KP)

Main Detractors - Nov

Micron Technology Inc (US)
Renesas Electronics Corp (JT)
SK Hynix Inc (KP)
Realtek Semiconductor Corp (TT)
Ceva Inc (US)

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.