

# 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.

March was the second down month in a row pulling the fund into negative territory for the full quarter and the year.

Technology broadly continued to do well in the quarter. The Philadelphia Semiconductor Index (SOX) set an all-time high in March after breaking through the 2000 high (yes, 18 years ago) in January. The memory stocks in the US such as Micron, Western Digital and Seagate led the way. We had exited our large memory holdings late in 2017 and early this year and therefore no longer participated in this melt-up.

On the internet front, the sell-off that FB suffered from mishandling customer data did not cause a sector-wide correction but put the whole sector on notice that if important issues are not addressed proactively that 25% of MC can be lost in a hurry.

Our tech holdings continue to focus on logic semiconductors and electronic components as the building blocks of data networks that support artificial intelligence, the internet of things and autonomous transportation. Only Realtek in Taiwan managed to show gains in March while NVDA posted a solid first quarter.

Our largest holding in the tech sector – eMemory – provided the biggest drag on results for both March and the first quarter. The sub \$1bn market cap leader in embedded non-volatile memory was unable to follow up on a strong 2017Q3, posting a lackluster 2017Q4 and unexciting Jan and Feb revenues in 2018. Given its dominant position in providing embedded memory technology at TSMC and its growing presence at all other independent foundries, we expect the

## Performance

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

	<b>Fund</b>	<b>MXWD*</b>	<b>BW Tech**</b>	<b>DJ Sust***</b>	<b>Tech&amp;Sust</b>	<b>O/U Perf</b>
<b>Mar 2018</b>	-4.2%	-2.4%	-1.7%	-2.6%	-2.1%	-2.0%
<b>2018 YTD</b>	-2.8%	-1.4%	+4.2%	-2.5%	+0.9%	-3.7%
<b>2017</b>	+24.4%	+21.6%	+36.8%	+20.6%	+28.7%	-4.3%
<b>Inception</b>	+21.0%	+19.9%	+42.6%	+17.6%	+30.1%	-9.2%

\* 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)

firm's success in design-ins with major customers to translate into wafer volumes and revenues over the course of 2018.

Our one remaining tech cyclical - wafer maker Sumco - delivered strongly in Q4 but so far has treaded water as compared to the surging memory shares. We are aware of the inconsistency of any cyclical exposure and look to review.

	<b>2018</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>
Fund Monthly Gross Return		4.5%	-2.3%	-4.0%									
Fund Cumulative Gross Returns		4.5%	2.1%	-2.0%									
Fund Monthly Net Returns		4.0%	-2.4%	-4.2%									
Fund Cumulative Net Returns		4.0%	1.4%	-2.8%									
Equity Monthly Returns		5.2%	-3.0%	-5.2%									
Equity Cumulative Returns		5.2%	2.1%	-3.2%									

On the sustainability front, our full attention remains on the electric vehicle arena with a concentration on the battery supply chain.

Battery testing and equipment maker Chroma was the bright spot in the quarter that was marked by a Morgan Stanley downgrade of the Lithium sector. MS chose to focus on the large level of investment in additional Lithium capacity and the subsequent steady increase in Lithium output over the next decade as a signal of imminent price pressure.

We view the development as positive for the overall trend towards electrification of the global auto fleet. The risk to EV penetration falling short of forecasts is component bottlenecks with batteries being among the most important. We believe that abundant supply of lithium will ease the fears of major fleet operators from taking the jump into EVs with their cheaper operating cost advantage. In step with the build-up of a charging infrastructure and more local demands for the phase out of combustion engines (by cities instead of countries), we therefore expect the lithium producers to generate income growth from steady volume increases at economic prices that promote increased adoption.

Lithium producer SQM steadied in March after taking a hit earlier in the quarter. BYD corrected due to change in the Chinese bus subsidy support scheme in a weak mainland market.

We expect the support schemes to become less relevant as the performance, range of vehicles on offer and economics of EV improve similar to the developments in renewable energy where new installs of solar and wind energy in most

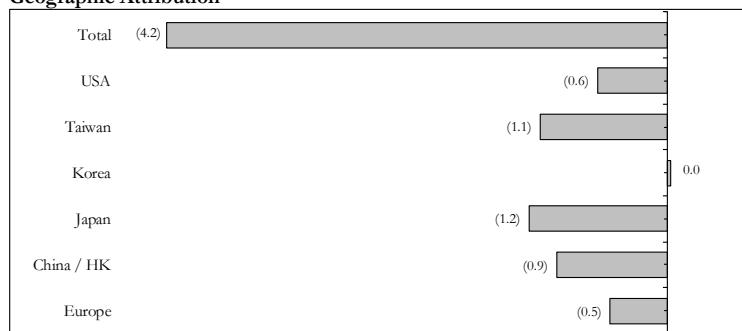
markets are now supplying at wholesale rates. Unlike solar, we see a supply chain that is better organized and pricing its product for value added rather than for indiscriminate market share gains.

Our only solar exposure remains at the commodity end of the spectrum with OCI in polysilicon, which also posted positive returns in 2018Q1.

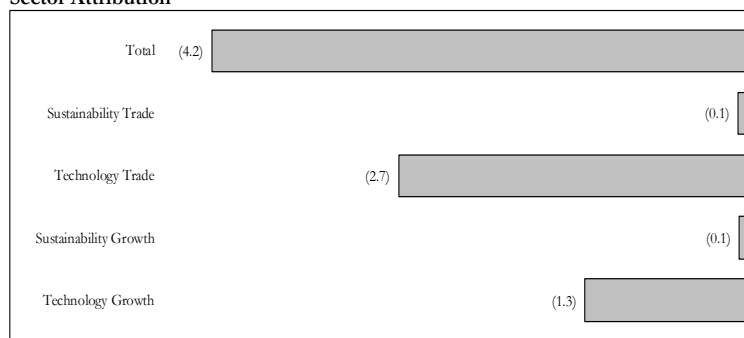
For the second quarter, we believe that our shift out of tech into sustainability, which started in late 2017 is likely to accelerate.

% OF ASSETS ALLOCATION	EXPOSURE
Japan	26.2%
Taiwan	25.3%
Korea (South)	7.7%
United States	7.0%
Europe	6.5%
China / Hong Kong	5.0%
Cash	22.3%
<b>Total</b>	<b>100.0%</b>

#### Geographic Attribution



#### Sector Attribution



#### Equity Positions

Total	14	Largest 5	45.7% of NAV	Liquidity	0.2 days	Mkt Capitalization	>7.5Bn	64.1%
						Gross Exposure (USD)	>1Bn-7.5Bn<	16.3%
							<1Bn	19.6%

#### Top Holdings

Ememory Technology Inc (TT)	15.2%
Nintendo Co Ltd (JT)	12.9%
Umicore (BB)	6.5%
Chroma ATE Inc (TT)	5.8%
Nidec Corp (JT)	5.5%

#### Main Contributors - Mar

Realtek Semiconductor Corp (TT)
Chroma ATE Inc (TT)
LG Chem Ltd (KP)

#### Main Detractors - Mar

Ememory Technology Inc (TT)
BYD Co Ltd-H (HK)
Nintendo Co Ltd (JT)
Umicore (BB)
Advanced Micro Devices (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.