TANTALLON CAPITAL

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 gained 2.1% in November and thereby outpaced the world index recovery of 1.3% as well as the further declines of the tech sector which fell another 1.1%.

Top holding eMemory bottomed and rallied during the month after posting strong October revenues which signal the likelihood of a record quarter to December and also confirm that the firm's semiconductor clients have started to transition to its 2nd generation products which have been under evaluation for the past 2 years. While the long wait was trying during the stock's de-rating in 2017-18, we now have more confidence that eMemory can more than buck the headwinds for the semi industry in 2019.

BYD was also a strong contributor in November despite the continuing negative news relating to unit growth for the auto industry globally including China. The firm, while not a pure EV auto company like TSLA and recently US-listed Chinese EV brand NIO, continues to be a leader of the electrification of the mainstream Chinese vehicle market with the right exposure to the changes in the government support programme.

Despite similar strong exposure to the growth trend in EVs beyond the likely record 2m units sold worldwide in 2018, our holding of top-4 automotive battery supplier Samsung SDI was our largest detractor during November, possibly due to its relatively rich multiple in the context of the lowly rated Korean market. The superb 18Q3 results which but SDI on target for its largest annual battery profit since 2009 appear to have led to profit taking.

Our 50% cash position reflects our continued pessimism about near-term earnings momentum after what we expect will have been the peak in tech earnings during the 2018Q3. We believe that the re-set in earnings expectations for the technology sector and the market as a whole is still in full swing and likely to last well into 2019.

In this de-rating environment, the market has taken us out of many of our positions, both in technology and sustainability. We still follow many of these stocks to re-evaluate their exposure to the growth trends we had originally identified while also re-adjusting our views about the likelihood of that growth coming to pass in a changing economic and trade environment. However, we are not yet keen to re-engage at this juncture.

Performance

Tantallon Tech & Sustainability Fund Size USD 13mn (Cayman is Feeder) (Inception Jan 17)

	Fund	MXWD*	MXWD0IT**	DJ Sust***	O/U Perf****
Nov 2018	+ 2.1%	+1.3%	-1.1%	+1.1%	+2.7%
2018 YTD	-12.6%	-4.3%	+1.0%	-5.0%	-11.7%
2017	+24.4%	+21.6%	+40.3%	+20.6%	-4.3%
Inception	+8.7%	+16.4%	+41.7%	+14.5%	-19.2%

* *MSCI ACWI Index*
** *MSCI ACWI Information Technology Index*
*** *Dow Jones Sustainability World Diversified Index*
**** *Comparison with average of Tech & Sust*

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)

2018	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Fund Monthly Gross Return	4.5%	-2.3%	-4.0%	-2.1%	0.1%	-2.0%	0.8%	1.8%	1.5%	-10.6%	2.4%	
Fund Cumulative Gross Returns	4.5%	2.1%	-2.0%	-4.0%	-3.9%	-5.8%	-5.0%	-3.3%	-1.9%	-12.3%	-10.2%	
Fund Monthly Net Returns	4.0%	-2.4%	-4.2%	-2.3%	-0.1%	-2.2%	0.6%	1.6%	1.2%	-10.8%	2.1%	
Fund Cumulative Net Returns	4.0%	1.4%	-2.8%	-5.0%	-5.1%	-7.2%	-6.6%	-5.2%	-4.0%	-14.4%	-12.6%	
Equity Monthly Returns	5.2%	-3.0%	-5.2%	-2.6%	0.1%	-2.7%	0.6%	2.6%	1.5%	-19.8%	4.7%	
Equity Cumulative Returns	5.2%	2.1%	-3.2%	-5.7%	-5.7%	-8.3%	-7.7%	-5.3%	-3.9%	-22.9%	-19.3%	

The one area where we are seeing some positive momentum in terms of outlook is the renewable energy complex. This has been made possible by the complete collapse in expectations for the solar supply chain due to changes in the Chinese solar policy at the end of May. While 18Q3 results have not yet completely reflected the renewed collapse in cell and module pricing, expectations for growth and profitability appear to have bottomed. Coupled with the ongoing debate about climate change and the dearth of feasible solutions apart from continuing the push of wind and solar energy generation, it is time to revisit the respective supply chains for exposure in 2019 and the coming decade.

Advancements, particularly in off-shore wind technology as well as battery grid storage capacities, are enabling an ever more competitive cost proposition for energy producers. This will allow wind and solar energy to emerge as the most cost competitive energy in the OECD markets over the early part of next decade and throughout the rest of the world in the later part of the decade. Agreements on aggressive carbon pricing and/or the withdrawal of finance for polluting fossil power plants – if any – would accelerate this trend but are not really needed any more in the next decade. As a result, we are getting more confident that current leaders – i.e. the survivors of the ups and downs of the current decade – are going to see a more stable growth environment in the 20s.

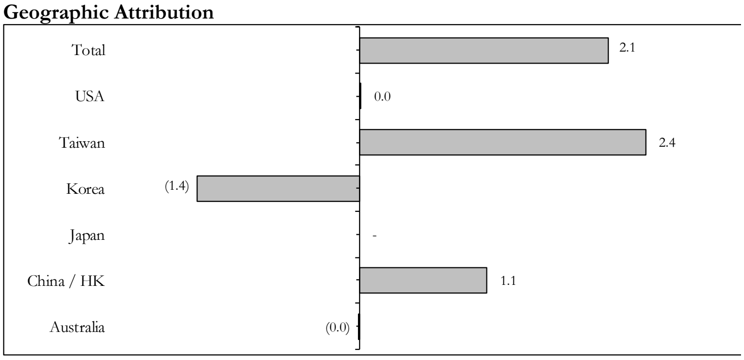
With this trend in mind we have recently added to our lithium exposure by investing into lithium producer Ganfeng – following its HK secondary IPO - and lithium miner Orocobre.

Overall, we are disappointed with how 2018, at least thru November, has turned out in terms of portfolio results. We continue to believe in our ability to invest into growth and change with a focus on technology and sustainability. We are more aware of the speed of a de-rating at the peak of a cycle and reminded of the necessity to limit our exposure to a crowded trade especially if we got their early and enjoyed a good part of the re-rating. We will continue to improve on our decision making as the fund heads into its third year.

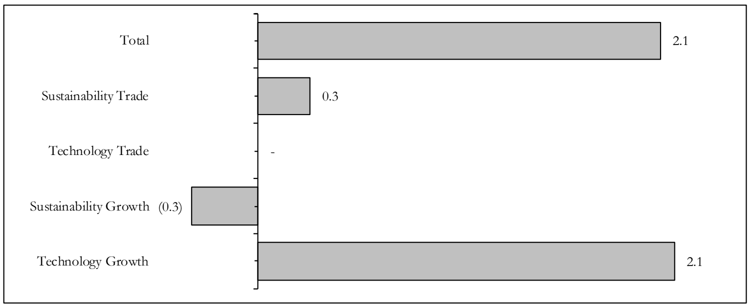
We wish you all peaceful holidays and a good start to 2019.

% OF ASSETS ALLOCATION	EXPOSURE
Taiwan	29.7%
Korea (South)	10.3%
Hong Kong / China	7.6%
United States	2.1%
Australia	0.6%
Japan	0.0%
Cash	49.7%
Total	**100.0%**

Geographic Attribution



Sector Attribution



Equity Positions

Total	8	Largest 5	46.0% of NAV	Liquidity	0.2 days	Mkt Capitalization	>7.5Bn	50.0%
						Gross Exposure	>1Bn-7.5Bn>	8.6%
						(USD)	<1Bn	41.4%

Top Holdings		Main Contributors - Nov	Main Detractors - Nov
Ememory Technology Inc (TT)	20.8%	Ememory Technology Inc (TT)	Samsung SDI Co Ltd (KP)
Samsung SDI Co Ltd (KP)	10.3%	BYD Co Ltd-H (HK)	Orocobre LTD (AU)
Delta Electronics Inc (TT)	6.8%	Ganfeng Lithium Co-Ltd-H (HK)	
BYD Co Ltd-H (HK)	6.0%	Chroma ATE Inc (TT)	
Chroma ATE Inc (TT)	2.2%	Delta Electronics Inc (TT)	

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