

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.

Global and Tech markets staged a sizeable rebound in January advancing almost 8% during the month. We decided not to participate in the tech rally and maintained cash at over 50%. While we lost a bit of sleep over this decision as the SOX rocked as much as 10% during the month and our favorite funnel stocks did as much or more, we remain of the view that there is a further down leg to this tech correction as overall sector earnings start to fall YoY in 19Q1.

We do kick ourselves for not being more aggressive on the renewable energy front where we started building a position in Longi Green Energy Tech in China but failed to add additional holdings in the US.

While the stock market has got off to a strong start in 2019, we remain concerned about the earnings developments throughout the year. It appears easy to discount a disappointing 18Q4 and then look through a weak 2019H1 into an 19H2 recovery. We remember how the supposed quick recovery can be dragged out and new doubts can be raised during this period of negative news. Given that quite a few companies echoed the hopeful view in their outlook, we expect to remain in a downward correction phase.

There is a scenario where we could be wrong on this and it would hinge on the tech world being able to isolate all the China issues such as stagnant smartphone demand and data center overbuild while the rest of the world – OECD and EM – continues to grow. It seems unlikely but bears

Performance

Tantallon Tech & Sustainability Fund Size USD 11mn (Cayman is Feeder)

(Inception Jan 17)

	Fund	MXWD*	MXWD0IT**	DJ Sust***	O/U Perf****
Jan 2019	+ 3.1%	+ 7.8%	+ 7.8%	+ 7.1%	- 4.4%
2019 YTD	+3.1%	+ 7.8%	+ 7.8%	+ 7.1%	- 4.4%
2018	-14.1%	-11.2%	- 6.8%	-12.1%	- 5.7%
2017	+24.4%	+21.6%	+40.3%	+20.6%	- 4.3%
Inception	+10.2%	+16.4%	+41.0%	+13.5%	- 17.0%

* 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:

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watching and memory prices are likely to be a good indicator one way or another. For now, we stick with our down year expectation for tech earnings following on the strong deceleration of earnings growth of 24% yoy in 18Q3 to 2% yoy in 18Q4 for the 80% of tech mkt. cap. that has already reported.

	2019	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Fund Monthly Gross Return		3.3%											
Fund Cumulative Gross Returns		3.3%											
Fund Monthly Net Returns		3.1%											
Fund Cumulative Net Returns		3.1%											
Equity Monthly Returns		7.5%											
Equity Cumulative Returns		7.5%											

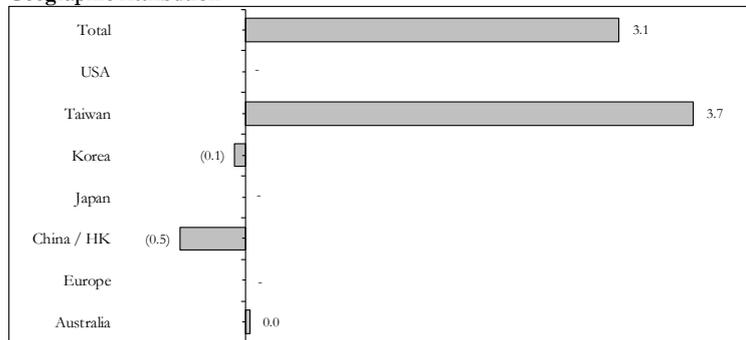
On the EV front, where we have focused most of our renewable investments, confirmation of the industry hitting 2mn plug-in units (+67%) has come in. This drove a 107% gain in passenger vehicle battery shipments to about 70GWh and led to big profitability improvements in the battery divisions of Samsung SDI, LG Chem and Panasonic. Only SDI managed to translate this into solid overall gains while other core businesses at LG Chem and Panasonic got in the way of better overall results. We expect continued solid demand in 2019 with major acceleration into 2020 as major car OEMs start to launch their respective answers to Tesla.

BYD appears to have more than doubled EV shipments in 2018 and remains well positioned in the China Auto market and as the No.2 globally. However, the overall ICE automobile market is struggling and China is likely to again tinker with its EV subsidy policy and as a result our position in BYD is smaller than in the past.

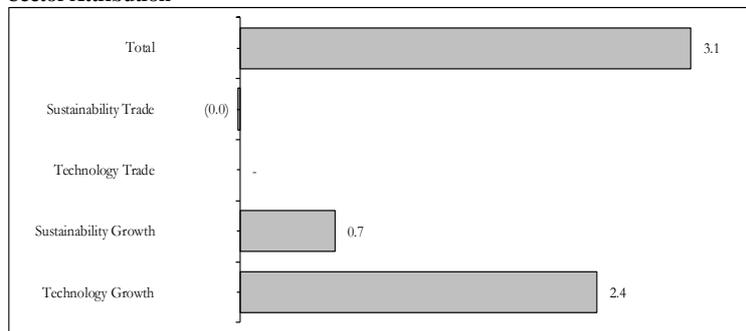
Unlike EV accelerating growth last year, the solar industry had its re-set in 2018 in terms of further withdrawal of subsidy support as well as the subsequent further drop in product pricing. We are now expecting 2019 to be the beginning of a multi-year upturn and will continue to position to take advantage of this growth coupled with improved profitability from a 2019H2 bottom.

% OF ASSETS ALLOCATION	EXPOSURE
Taiwan	37.2%
Hong Kong / China	6.4%
Korea (South)	2.7%
Australia	0.5%
United States	0.0%
Japan	0.0%
Cash	53.2%
Total	100.0%

Geographic Attribution



Sector Attribution



Equity Positions

Total	7	Largest 5	45.1% of NAV	Liquidity	0.2 days	Mkt Capitalization	>7.5Bn	38.1%
						Gross Exposure (USD)	>1Bn-7.5Bn<	6.3%
							<1Bn	55.6%

Top Holdings

Ememory Technology Inc (TT)	26.0%
Delta Electronics Inc (TT)	8.8%
BYD Co Ltd-H (HK)	5.2%
Samsung SDI Co Ltd (KP)	2.7%
Chroma ATE Inc (TT)	2.4%

Main Contributors - Jan

Ememory Technology Inc (TT)
Delta Electronics Inc (TT)
Chroma ATE Inc (TT)
Orocobre Ltd (AU)
Longi Green Energy Technol-A (CN)

Main Detractors - Jan

BYD Co Ltd-H (HK)
Samsung SDI Co Ltd (KP)
Ganfeng Lithium 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.

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