

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 tech bounce off the 12/18 and early 1/19 lows made sense given the rate of share price collapse in 2018Q4. The rapid recovery close to AT highs has come as a surprise – a positive one for many of our holdings, a less pleasant one given our continuous high cash level.

A couple of indexes have renewed their AT highs in 2019: most notably the MSCI World Consumer Discretionary index, MSCI US Tech index as well as the SOX. In addition, the MSCI Utility index has also moved well beyond its post GFC high set in 9/17 during so far this year.

This recovery looks too significant to be mainly based on improved expectations about US-China trade coupled with continued strong buy-backs. It also seems to start to discount the ability of China to be able to manage its economy to continue to grow at a healthy clip and thereby support decent global growth.

For the tech sector, this much more benign economic outlook would signal a rapid end to the inventory correction that became apparent in the fall of 2018 and led to flat yoy earnings for 2018Q4 and a stronger than seasonal correction in 2019Q1 with TSMC's revenue down 12%.

While 2019Q2 is likely to remain lacklustre and mixed, 2019H2 will deliver the verdict whether this was indeed an inventory adjustment period a la 2014-16. The industry is going to need to deliver renewed data centre spend as AI and IOT continue to penetrate all the economic verticals,

Performance

Tantallon Tech & Sustainability Fund Size USD 12mn (Cayman is Feeder)
(Inception Jan 17)

| | <u>Fund</u> | <u>MXWD*</u> | <u>O/U Perf</u> | <u>MXWD0IT**</u> | <u>DJ Sust***</u> |
|-----------|-------------|--------------|-----------------|------------------|-------------------|
| Mar 2019 | + 3.6% | + 1.0% | + 2.6% | + 3.8% | + 0.7% |
| 2019 YTD | + 6.6% | +11.6% | - 5.0% | +18.5% | +10.3% |
| 2018 | -14.1% | -11.2% | - 2.9% | - 6.8% | -12.1% |
| 2017 | +24.4% | +21.6% | + 2.8% | +40.3% | +20.6% |
| Inception | +13.9% | +20.6% | - 6.6% | +54.9% | +16.9% |

* MSCI ACWI Index

** MSCI ACWI Information Technology Index

*** Dow Jones Sustainability World Diversified Index

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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solid smartphone & PC shipments as consumer demand stays steady and that bit of extra growth coming from a nascent ramp of 5G infrastructure. None of the major economic pillars (OECD, China and significant EMs such as India can afford to lag). A delayed memory recovery may even contribute to the recovery as cheaper memory will accelerate upgrades and replacements.

This is not what I had expected in late 2018 and this scenario would allow us to look ahead at another couple of years of growth as 5G implementation invigorates telecom infra spend and spawns the true dawn of IOT. Supported by continued

| | 2019 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-------------------------------|------|------|-------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Fund Monthly Gross Return | | 3.3% | 0.1% | 3.9% | | | | | | | | | |
| Fund Cumulative Gross Returns | | 3.3% | 3.5% | 7.5% | | | | | | | | | |
| Fund Monthly Net Returns | | 3.1% | -0.2% | 3.6% | | | | | | | | | |
| Fund Cumulative Net Returns | | 3.1% | 2.9% | 6.6% | | | | | | | | | |
| Equity Monthly Returns | | 7.5% | 0.1% | 8.2% | | | | | | | | | |
| Equity Cumulative Returns | | 7.5% | 7.6% | 16.5% | | | | | | | | | |

buy-backs and M&A on the one hand and renewed IPO activity on the other, the rosy scenario allows us to look ahead to a higher peak in 2021-22. Wow, what a change! And it is the only way to fundamentally explain the bounce over the past 4 months.

Having missed some bargain basement prices in 19Q1, we do not feel a need to rush in to add tech positions. We are reviewing most of the holdings where we were stopped out in 18Q4 such as OLED, Realtek and Murata and comparing them to the opportunities in the sustainability part of our universe.

Among our tech holdings, eMemory posted a 5% yoy gain in 2019Q1 revenues which included an 11% yoy rise in royalties to a new record high. We expect revenues to grow at a double digit rate for 2019 in what will be much more subdued growth environment for the overall semiconductor industry as the company's memory IP is seeing a step-up in adoption at advanced technology nodes.

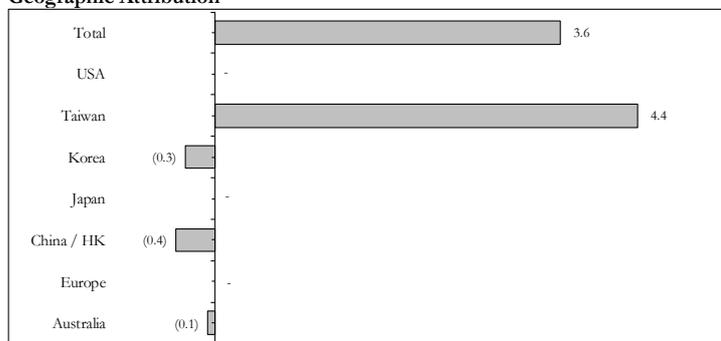
On the EV and battery front, 2019 increasingly looks like a transition year with the largest market – China – seeing a big change in subsidy support starting from the second half of the year. The support will be substantially less and more focused on long-range/higher battery capacity vehicles in step with the government's desire to create a leading position in quality EV production. Overall EV numbers will certainly grow less as low-end & short-range vehicles are de-emphasized but the EV fleet's battery capacity should continue to expand at 50%+ due to the higher average capacity per vehicle. We expect direct financial subsidies to buyers to be largely phased out in the three major OECD markets over the next 3-5 years and for EVs to become more widely available at competitive prices as major manufacturers scale up dedicated platforms. We do expect that non-subsidy policies will remain supportive especially in China and Europe by emphasizing lower fleet emissions

which will drive the OEMs to push the roll-out of EVs to grow or protect market share.

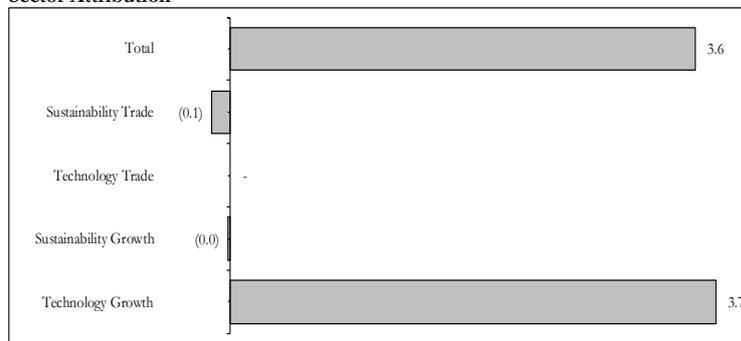
We have invested in the Chinese supply chain by adding battery manufacturing equipment maker Wuxi Lead which has been consolidating capabilities along the production line and is benefitting from the capacity increase by local and international manufacturers. We have also re-established a position in LG Chemical.

| % OF ASSETS ALLOCATION | EXPOSURE |
|------------------------|---------------|
| Taiwan | 39.5% |
| Hong Kong / China | 6.5% |
| Korea (South) | 2.4% |
| Australia | 0.5% |
| United States | 0.0% |
| Japan | 0.0% |
| Cash | 51.1% |
| Total | 100.0% |

Geographic Attribution



Sector Attribution



Equity Positions

| | | | | | | | | |
|-------|---|-----------|--------------|-----------|----------|--------------------|------------|-------|
| Total | 7 | Largest 5 | 47.0% of NAV | Liquidity | 0.3 days | Mkt Capitalization | >7.5Bn | 36.3% |
| | | | | | | Gross Exposure | >1Bn-7.5Bn | 6.9% |
| | | | | | | (USD) | <1Bn | 56.8% |

Top Holdings

| | |
|-----------------------------|-------|
| Ememory Technology Inc (TT) | 27.8% |
| Delta Electronics Inc (TT) | 8.8% |
| BYD Co Ltd-H (HK) | 5.2% |
| Chroma ATE Inc (TT) | 2.9% |
| Samsung SDI Co Ltd (KP) | 2.4% |

Main Contributors - Mar

| |
|-----------------------------|
| Ememory Technology Inc (TT) |
| Chroma ATE Inc (TT) |
| Delta Electronics Inc (TT) |

Main Detractors - Mar

| |
|-----------------------------------|
| BYD Co Ltd-H (HK) |
| Samsung SDI Co Ltd (KP) |
| Orocobre Ltd (AU) |
| Longi Green Energy Technol-A (CN) |

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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