

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 dropped 2% in a volatile start to the year after standing at a 4.5% gain in mid-January. Our holding in eMemory was to blame for much of the volatility but the company has since posted a record revenue quarter and is signaling to the wider market that it will grow from here in 2020. We continue to be confident in our large position.

Our positions with exposure to EV & battery started to perform as the weak China auto numbers coupled with a renewed Chinese commitment to electric vehicles for the current decade sent a strong signal of a bottom to the market. Battery cell maker Samsung SDI and recently added Lithium producer Livent were among our top performers.

We are looking to shift the portfolio toward sustainability in 2020 with a heavier emphasis on e-mobility over renewable energy. We feel more comfortable with these longer-term sustainability trends that are well supported by positive events at Davos, increased commitment by the fund management industry as well as negative events in the case of the fires in Australia. We expect more volatility on the tech front given the potential of business disruption due to the spread of the Coronavirus.

Tech

Earnings in 2019Q4 rebounded to a point where they are just coming in below 2018Q4 levels. That's a strong showing and a big improvement from the 10-15% yoy drop during the first 3 quarters of 2019. While yoy comps will get much easier in 2020Q1 given that 2019Q1 was the bottom at the

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>GSIN***</u>
Jan 2020	- 2.0%	- 1.2%	- 0.8%	+ 2.7%	- 0.1%
2020 YTD	- 2.0%	- 1.2%	- 0.8%	+ 2.7%	- 0.1%
2019	+ 8.9%	+24.0%	-15.1%	+45.1%	+25.8%
2018	-14.1%	-11.2%	- 2.9%	- 6.8%	- 9.5%
Inception	+14.2%	+32.4%	-18.2%	+94.8%	+34.9%

* MSCI ACWI Index

** MSCI ACWI Information Technology Index

*** MSCI World ESG Leaders Index

FUND DETAILS

Investment Manager: Tantallon Capital Advisors Pte Ltd
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: Boris Petersik
 (Boris@tantalloncapital.com)

height of trade tension adjustments, it may signal the peak in momentum.

That will be quite a headwind given that the strong share price moves in 2019 not only (correctly) anticipated a recovery but also priced in a transition into a new growth cycle (AI, IOT infra build out).

It now appears to us that we need to anticipate either another adjustment period due to a mild virus impact or a harder

	2020	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Fund Monthly Gross Return	-1.7%												
Fund Cumulative Gross Returns	-1.7%												
Fund Monthly Net Returns	-2.0%												
Fund Cumulative Net Returns	-2.0%												
Equity Monthly Returns	-2.2%												
Equity Cumulative Returns	-2.2%												

adjustment if the virus impact drags on beyond what has been experienced in the case of the 2003 SARS epidemic.

Efforts by the Chinese government to limit the spread of the virus will impact the global logistics of the tech supply chain of which China has become an even more dominant part over that past 16 years. While shortages may be a good thing for specific product and component prices, it does risk the curtailment of production volumes. Meanwhile end demand will be affected not only in China but throughout the Asian region. If the adjustment period remains short then we can start to focus on the pent-up demand this may generate. Anything more structural will postpone a recovery as well as the market's ability to anticipate it.

Sustainability

China finished a weak renewable energy capacity addition year in 2019 with a strong December in a rush to complete. We expect stronger and steadier growth in 2020 to underpin a solid year for the solar industry and look to maintain our exposure to the supply chain.

Our only concern comes from very bullish capacity addition plans by the leading Chinese cell makers which could lead to more intense price competition than warranted by the strong market fundamentals. We therefore focus on the supply chain in terms of materials and equipment. A higher chance for business disruptions to the Chinese supply chain – real or perceived - may actually raise the prices I for the industry which could be an added boon as long as demand is not affected.

On the e-mobility front, 2019 ended with a whimper. Top-3 Chinese EV maker BYD shipped only 37k NEVs (new

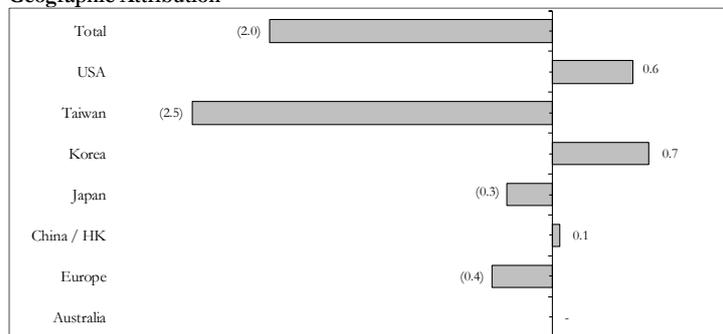
energy vehicles) in 2019Q4, down 65% from 2018Q4 peak of 104k units. For the year BYD registered a 7% drop in NEV shipments to 230k, highlighting the significant slowdown toward the end of the year in China. Global EV shipments eeked out a ~200k gain to 2.1mn in 2019 after gaining 800k in 2018. Much of the slowdown was due to the drop in Chinese subsidies. Tesla was the only major EV maker to register significant gains of 50%/120k to 370k units which came from share gains in a stagnant US market and the growing EU market.

The start into 2020 is very different. Europe looks to accelerate unit growth from a solid base with major product launches in the mainstream segments. China is set to recover steadily from a likely Q1 low due to new models and policy support. The US market is unlikely to generate sizeable growth despite a multitude of electric vehicle commercials during the Super Bowl but corporate fleets and the launch of the Ford Mustang Mach e may supplement Tesla shipments to generate some growth.

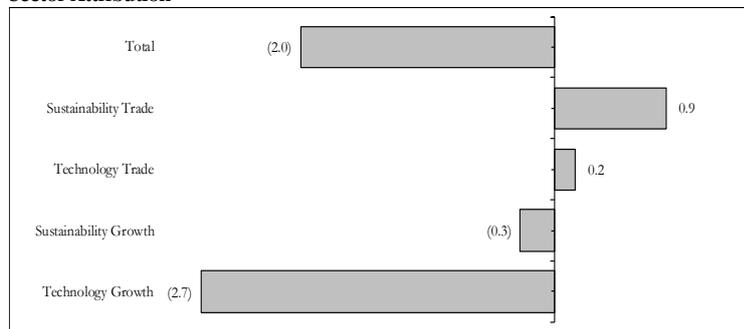
The Lithium supply chain meanwhile continues to see a shake-out at a pricing bottom and offers the best upside.

% OF ASSETS ALLOCATION	EXPOSURE
Taiwan	28.3%
United States	17.7%
Europe	11.0%
H K / China	10.5%
Korea (South)	5.9%
Japan	5.0%
Cash	21.6%
Total	100.0%

Geographic Attribution



Sector Attribution



Equity Positions

Total	12	Largest 5	47.7% of NAV	Liquidity	0.3 days	Mkt Capitalization	>7.5Bn	39.0%
						Gross Exposure	>1Bn-7.5Bn	25.1%
						(USD)	<1Bn	35.9%

Top Holdings

Ememory Technology Inc (TT)	23.0%
Advanced Micro Devices (US)	7.2%
Xinyi Solar Holdings Ltd (HK)	6.1%
Samsung SDI Co Ltd (KP)	5.9%
Umicore (BB)	5.5%

Main Contributors - Jan

Longi Green Energy Technol-A (CN)
Samsung SDI Co Ltd (KP)
Livent Corp (US)
Advanced Micro Devices (US)
ST Microelectronics NV (FP)

Main Detractors - Jan

Ememory Technology Inc (TT)
Nari Technology Co Ltd - A (CG)
Murata Manufacturing Co Ltd (JT)
Umicore (BB)
SMA Solar Technology AG (GR)

The Fund has appointed ACOLIN Fund Services AG, succursale Genève, 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.