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.

Performance

Tantallon Tech & Sustainability Fund Size USD 11mn (Cayman is Feeder) (Inception Jan 17)

	Fund	MXWD*	O/U Perf	MXWD0IT**	GSIN***
Mar 2020	-10.1%	-13.7%	+ 3.6%	- 9.8%	-13.0%
2020 YTD	-11.0%	-21.7%	+10.7%	-13.9%	-20.1%
2019	+ 8.9%	+24.0%	-15.1%	+45.1%	+25.8%
2018	-14.1%	-11.2%	- 2.9%	- 6.8%	- 9.5%
Inception	+ 3.6%	+ 4.9%	- 1.3%	+63.4%	+ 7.9%

** 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)

First of all, we hope all of you and your families are healthy and doing well despite the massive dislocations and hardships around the world.

The fund fell 10.1% in March 2020 which was somewhat less than the MSCI World Index.

We were stopped out of a lot of our positions in the sustainability sector. We managed to realize reduced (as compared to where they traded earlier in the quarter) gains on investments in SMA Solar, Xinyi Solar and Samsung SDI but also took losses in Chroma, Umicore and Albermarle.

We did step into the market when eMemory traded at multi-year lows on the 19th of March and were able to pick it up as it was locked limit down throughout the day. This allowed us to participate in the rally during the last days of the month.

We also added a position in Samsung during the correction in order to participate in the improvement in the short-term outlook for memory but still managed to exit the month with a 64% cash holding.

We now look forward to re-build our exposure initially in technology and then in sustainability.

Technology offers short-term boom and long-term growth opportunities. As the world stays at home as best as it can and increases its on-line activity, demand for tech infrastructure, equipment and components is surging. Society is jumping on tech enabled solutions and embedding them into its daily routine quicker than any optimistic business plan had imagined in 2019. This makes the long-term growth path more assured in 2021 and beyond.

Short-term memory prices are rebounding and chip buyers are very keen to get take delivery before supply chain disruptions hamper shipments. Overall the tech supply chain has been spared wrenching adjustment so far as Taiwan, Korea and Japan have seen shorter and more limited impact from virus related shutdowns. Even the China impact has been limited as Hubei does not feature as heavily in the tech supply chain.

2020	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Fund Monthly Gross Return	-1.7%	1.3%	-9.8%									
Fund Cumulative Gross Returns	-1.7%	-0.5%	-10.2%									
Fund Monthly Net Returns	-2.0%	1.0%	-10.1%									
Fund Cumulative Net Returns	-2.0%	-1.0%	-11.0%									
Equity Monthly Returns	-2.2%	1.5%	-7.0%									
Equity Cumulative Returns	-2.2%	-0.7%	-7.7%									

However, we are concerned that we supply bottlenecks will start to appear towards the end of the second quarter as inventories are worked down and some components are not readily replenished.

The second half will very much depend on the trajectory of the end demand recovery. Here we are more concerned about corporate spending by the traditional brick and mortar sectors which may only see their turnover recover gradually.

We therefore feel that tech offers good trading opportunities during the second quarter but may take longer – and possibly one more correction – to return to steady growth.

One the sustainability front there is a huge amount of debate as to whether renewable energy and electric mobility can regain their respective growth momentum of 2018 and 2019.

Renewable energy is very likely to see a temporary drop in installation activity, especially for consumer roof-tops. On the commercial side, the question is whether the needed supply of finance will continue to be available as other parts of the economy need support and electricity capacity is not likely to be in shortage. We expect a quick repricing of solar components and a somewhat less aggressive fall in wind components given the more consolidated state of competition. While financial results will again be hit in 2020, the cost advantage of renewables will be even more obvious by next year and we expect continued strong growth in 2021 and beyond. Meanwhile RE projects and utilities will continue to look attractive given the likelihood of an even more extended period of low interest rates.

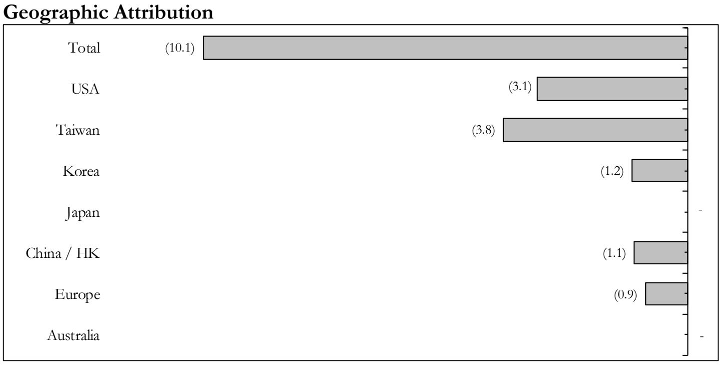
Medium term E-mobility outlook is only bright for one company at the moment. Tesla continues to accelerate while the competition, be it EV start-ups or ICE incumbents, is struggling to manage the disruptions related to financing and production volumes.

This leaves the component supply chain exposed to managing oversupply as best as possible and avoid excessive price cuts for batteries. The price collapse has continued on the materials side with Lithium pricing not looking dissimilar to oil pricing. It looks like the metal supply chain needs to finish its consolidation round before a mix of cheaper materials and batteries, better charging infrastructure and re-accelerated product launches by mainstream car brands get EV volumes to reach new highs by 2022. The exception here may be China which appears to be ready to promote EVs right at the bottom of the economic cycle.

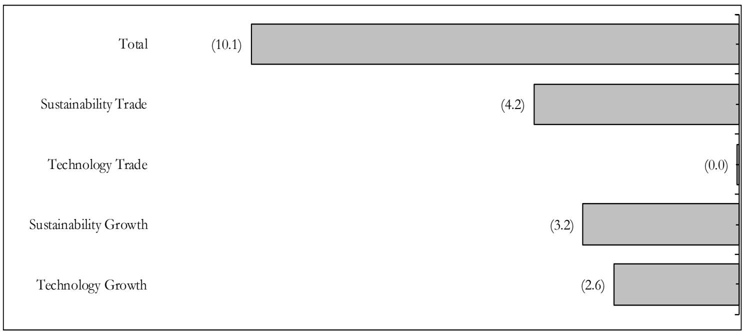
While expecting a painful 2020-1 for both EV and RE, we look to position the fund for RE being the only viable incremental electricity solution by 2022 and EV conversion to start in earnest by 2022-23.

% OF ASSETS ALLOCATION	EXPOSURE
Taiwan	25.5%
H K / China	5.2%
Korea (South)	4.8%
Europe	0.0%
United States	0.0%
Japan	0.0%
Cash	64.5%
Total	**100.0%**

Geographic Attribution



Sector Attribution



Equity Positions

Total	3	Largest 5	35.5% of NAV	Liquidity	0.5 days	Mkt Capitalization	>7.5Bn	28.2%
						Gross Exposure	>1Bn-7.5Bn>	0.0%
						(USD)	<1Bn	71.8%

Top Holdings		Main Contributors - Mar	Main Detractors - Mar
Ememory Technology Inc (TT)	25.5%	SMA Solar Technology AG (GR)	Ememory Technology Inc (TT)
Nari Technology Co Ltd-A (CG)	5.2%		Daqo New Energy Corp – ADR (US)
Samsung Electronics Co Ltd (KP)	4.8%		Chroma ATE Inc (TT)
			Samsung SDI Co Ltd (KP)
			Xinyi Solar Holdings Ltd (HK)