

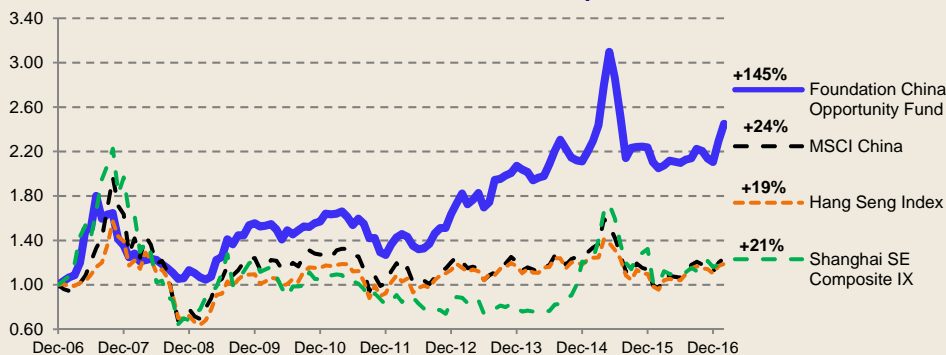
FOUNDATION CHINA OPPORTUNITY FUND

Monthly Factsheet

Fund Description

An equity long/short fund, launched in December 2006, is the firm's 1st flagship fund. The Fund maintains a consistent investment approach with a focus on liquidity, low directional exposure to equity markets. The Fund has three core investment strategies: value recovery, growth-at-a-reasonable-price equity and alpha shorts. Each underlying strategy aims to exploit inefficiencies primarily in the Greater China markets. Since the Fund's inception, a disciplined approach to managing the investment process and portfolio risk, combined with a policy of stable strategy biases, has ensured that the Fund has produced solid compounded returns. Those returns exhibit low volatility as well as a low beta to equity markets and have provided meaningful downside protection in difficult market environments.

Performance since Inception



Performance Comparison

(NAV, %)	Month to Date	Year to Date	1 Year	3 Year	5 Year	Since Inception
The Fund	6.8	16.3	19.5	21.5	71.6	144.9
MSCI China	3.5	10.7	27.9	7.2	3.9	24.1

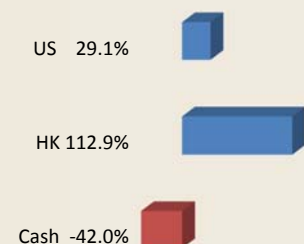
Portfolio Highlights

Company Description	Change of Recommendation?	Reasons for the change or news / comment on price alert	MTD (incl div)	FY0 Forecast PB	FY0 Forecast DY	Market Cap (US\$m)
Automotive retailers	New buy	<ul style="list-style-type: none"> industry over expansion and competition in primary car sales lead to inventory issues in 2015 10x PE may appear in line with auto dealers in US, yet very different outlook in China solid after sales business, which accounts for 60% of gross profit, and management expects after-sales revenue to grow 25% in 2017, while maintaining GP margin at 46-47% 	33%	2.0	3.1	1,336
Semiconductor manufacturer	New buy	<ul style="list-style-type: none"> pure play 200mm fab was seen as low tech, until the boom of smart cards, smartphone, wearable devices rare semi foundry to trade below book, plus solid dividend policy to payout no less than 30% earnings its banking card gain market share in China and continued strong demand for 200mm foundries shall trigger rerating 	7%	0.8	2.8	1,236
Insurance	No	<ul style="list-style-type: none"> solid FY16 results, top & bottom line were 3% & 11% above forecasts strong NBV growth in 4Q16 through strong product margin enhancement, despite slower offshore sales in HK due to China's strict capital control increased dividends again, not following tradition of progressive dividend policy of around 15% growth, but jumping 25% yoy instead 	2%	2.2	1.9	76,183
Animal feed	Buy to off	<ul style="list-style-type: none"> disappointing FY16 results, top & bottom line were 6% & 23% below consensus, mainly dragged by drops in swine prices in 4Q16 by around 15% yoy weak feed business in China, despite lowered raw material costs, gross margin narrowed from 18.7% in FY15 to 17.8% in FY16 despite a 7.3% yoy growth in full year and just 5.3% drop in 2H16 core earnings, company reduced dividend by 24% yoy 	-14%	2.2	5.0	2,419

Performance since Inception (NAV, %)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	8.90	6.79											16.3
2016	-6.00	-2.54	1.23	2.04	-0.47	-0.47	1.42	0.55	4.02	-0.84	-3.07	-1.50	-5.8
2015	4.07	4.48	6.15	14.75	10.71	-7.42	-12.2	-14.9	4.27	0.39	0.12	-0.32	5.9
2014	-1.56	-1.11	-3.68	1.18	0.76	5.39	5.74	4.54	-3.50	-3.56	-1.21	-0.38	2.0
2013	5.82	5.25	-5.28	2.30	3.46	-7.13	2.84	11.44	0.44	1.67	1.05	3.22	26.6
2012	7.32	4.88	2.05	-1.62	-5.72	-2.29	0.63	3.00	6.80	3.39	0.12	8.15	29.0
2011	4.48	-0.33	0.35	1.24	-3.00	-4.50	3.68	-2.84	-8.40	0.07	-9.01	-1.90	-19.2
2010	-1.89	0.44	1.00	-3.24	-5.90	5.77	-2.36	2.45	2.35	-0.27	2.27	0.90	1.0
2009	-2.26	-3.44	-1.99	2.48	14.28	1.92	12.88	-3.25	5.90	0.03	6.33	1.14	37.4
2008	-7.90	2.61	-5.55	0.89	1.05	-0.76	-3.16	-2.92	-3.90	-4.78	0.55	6.82	-16.5
2007	3.29	3.31	1.65	10.37	24.90	0.80	19.47	-11.4	2.33	0.78	-14.3	-3.86	35.6

Listing Regional Distribution



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