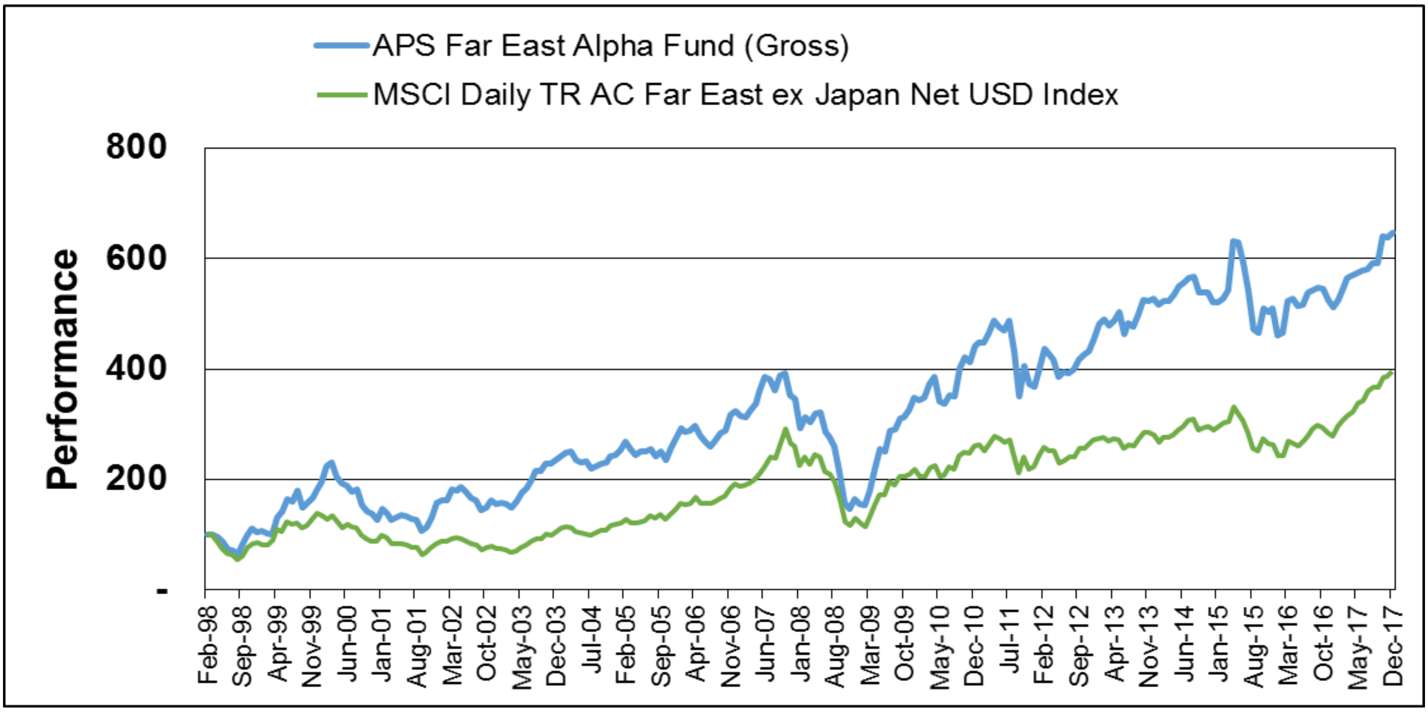
APS FAR EAST ALPHA FUND 4Q 2017

APS Asset Management is a Singapore headquartered fund manager with research offices in China and Japan as well as a client servicing office in New York. The firm was founded in 1995 by its CIO, Wong Kok Hoi. The Fund seeks capital appreciation over a medium to long term market cycle by investing in transferrable securities and financial derivatives traded on recognized exchanges in Singapore, Thailand, Indonesia, Malaysia, the Philippines, China, Hong Kong, South Korea and Taiwan.

PERFORMANCE OVERVIEW



Fund returns are cumulative and are gross of management and performance fees.

Period	Fund (%)^ Gross	Fund (%)^ Net	Benchmark (%)	Excess (%) Gross	Excess (%) Net
December 2017	1.47	1.45	2.46	-0.99	-1.02
4Q 2017	9.16	9.07	7.85	1.30	1.22
2017	26.51	26.12	42.16	-15.65	-16.04
Annualized Returns*					
1-Year	26.51	26.12	42.16	-15.65	-16.04
3-Years	7.48	7.13	10.96	-3.48	-3.83
5-Years	7.31	6.89	7.90	-0.59	-1.01
7-Years	5.59	5.08	6.17	-0.59	-1.09
10-Years	6.43	5.82	4.25	2.18	1.57
Since Inception	9.87	9.13	7.20	2.67	1.93

The net returns are net of all fees and charges. Inception date: March 1, 1998.
Benchmark: MSCI Daily TR AC Far East ex Japan Net USD Index
*Annualized returns are the average annual compounded returns.
^Single pricing basis where the performance data takes into account subscription fee and realization fee.

PORTFOLIO ANALYSIS (AS % OF AUM)

TOP FIVE HOLDINGS

Venustech Group	9.0
Jupai Holding	6.4
Kingboard Copper	6.1
AIA Group	5.7
Tencent Holdings	5.5

MARKET CAPITALIZATION

>USD 5 bil	34.1
USD 2 bil – USD 5 bil	20.6
USD 1 bil – USD 2 bil	7.4
USD 500 mn – USD 1 bil	2.6
<USD 500 mn	20.3
Cash	14.9

SECTOR WEIGHTINGS

Information Technology	32.6
Financials	21.4
Consumer Discretionary	8.9
Materials	8.1
Industrials	6.4
Real Estate	3.7
Consumer Staples	1.5
Telecom Service	1.3
Health Care	1.1
Cash	14.9

COUNTRY WEIGHTINGS

China	42.5
Singapore	12.3
South Korea	11.6
Hong Kong	8.7
Taiwan	7.8
Thailand	1.2
Vietnam	1.0
Cash	14.9

Source: APS, Bloomberg and Wilshire.

INVESTMENT PERFORMANCE & NOTABLE DEVELOPMENTS

The APS Far East Alpha Fund's net asset value (NAV) gained +9.07% and outperformed the MSCI AC Far East ex Japan index's return of +7.85% during the fourth quarter of 2017. Stock selection added value during the quarter, and the fund's preferred exposure are calibrated towards undervalued stocks of companies that are well positioned to grow in a sustainable manner. The fund's focus on investing in such growth companies for the long term has resulted in respectable long term performance: since inception on March 1998, the NAV cumulative return is +465.7% while the index's return was +296.9% during the same period.

Many of the fund's holdings added value during the fourth quarter, of which the key ones were:

Jupai Holdings is one of China's largest private wealth managers with 450 relationship managers across 48 cities managing over 10,000 active high net worth clients. In 2016, the company distributed USD6.5 bn of investment products. It also manages an in-house USD7.5 bn private equity fund, and Swiss private-bank Julius Baer is a 5% shareholder.

Jupai's stock price performed well in 4Q17 as our thesis of continued strong demand by high net worth individuals for wealth management products played out, with Jupai experiencing strong topline growth and margin expansion. As the market had ignored Jupai due to earlier cost-management issues that management had fixed, we discovered it when it was trading at an extremely cheap 4x 2017E P/E, on top of a balance sheet that was net cash.

There were further positive developments in December for Jupai that bode well for 2018. First, China issued tightened draft asset management regulations that diminished competition from banks and trust companies that will benefit Jupai upcoming. Secondly, Jupai's top management purchased an additional 10% stake in the company from its largest shareholder - a strong sign of confidence.

Though we are usually cautious on a stock after its share price has risen substantially, we believe Jupai's 7x 2018E P/E on their +50% topline revenue growth target and additional margin expansion for 2018 makes the stock still very attractive for our fund versus alternative options in the universe.

Venustech was another contributor in 4Q, when it pre-announced its full year earnings range for 2017, with net income likely to fall between CNY448 mn and CNY468 mn.

Venustech made good progress in the cloud security area, and on 22nd November, the company announced a CNY1.09 bn convertible bonds issuance. The proceeds will be invested in the operations centers of IT security projects in cities that include Jinan, Hangzhou, Kunming and Zhengzhou. This is an important step in its shift from being an IT security product provider to an IT security services provider. We also expect Venustech to set up R&D centers, training centers, and operations centers for IT security services in key cities. We expect cyber security spending to take up a greater share of total IT spending in China.

Tencent Holdings is one of the fund's structural alpha holdings that has been achieving strong GAAP earnings growth. The company reported better than expected 3Q 2017 financial results, where GAAP net income grew +69% year-on-year to CNY18 billion (about USD2.7 bn) during the quarter. The strong earnings was led by successful execution of online games, advertising on its WeChat and video platforms as well as live broadcasting offerings. The successful listing of China Literature, Tencent's online literature subsidiary, was another positive factor. This reflects Tencent's ability to monetize another of its successful subsidiaries. Tencent's equity valuation multiple has also re-rated. We believe that Tencent is well positioned to execute successfully and grow its earnings by at least 25% per annum over the next 3 years. Earnings growth will be driven by gaming and increasing monetisation of its advertising and efinance segments. In our view, earnings growth delivery will reward long term investors, rather than further PE multiple expansion.

A few holdings witnessed near term performance pressure, of which the key ones were:

China Baoxin Auto Group is one of China's largest luxury-focused auto dealerships, especially BMW and Jaguar Land Rover. Given BMW's strong product cycle from 2017-19 including the completely refreshed 5-series, X3, and 3-series models, we expect consumers to both replace and trade-up to the strong new launches, having seen a similar pattern in 2010 for BMW, and for Mercedes Benz in 2014.

Baoxin is also instituting numerous initiatives to bring additional profits to its dealership stores, like auto-financing, insurance and used-car sales. Baoxin was a detractor in 4Q17 as there was profit taking by investors across the auto and auto-dealer sectors due to some discounting of cars by dealerships.

China Yongda Automobiles is a luxury auto dealership focused on Tier 1 and Tier 2 Chinese cities. With an established base in BMW cars, it is expanding into the Porsche, and Lincoln Volvo brands. Given BMW's strong product cycle from 2017-19 including completely refreshed 5-series, X3, and 3-series models, we expect consumers to both replace and trade-up to the strong new launches, having seen a similar pattern in 2010 for BMW, and for Mercedes Benz in 2014. Yongda was a detractor in 4Q17 as there was profit taking by investors across the auto and auto-dealer sectors due some discounting of cars by dealerships.

Beijing Orient National underperformed in 4Q as investors were disappointed by 4Q earnings. The single quarter's sales growth slowed down to 12% YoY from 22% in the first half. We understand it is mainly due to delayed revenue recognition for some government projects. We expect its full year topline growth to reach 40% YoY on 60% growth in order intake. Their downstream demand growth is accelerating as clients' demand improves in operational and energy consumption efficiency, coupled with the government's promotion of sector-level control platforms. Valuation is undemanding at 20x 2018E P/E, as we expect +35% earnings growth per year in the next 2 years.

Source: APS

PORTFOLIO ACTIVITY

Recent New Positions

We initiated a position in Hong-Kong listed **China Pacific Insurance (CPIC)** in late 2017, and the key investment theses are mainly focused on the group's "value-add" oriented strategies leading to sustainable earnings growth and valuation re-rating over the medium term. CPIC has been working on improving the quality and productivity of its agency force, and the group is now well positioned to achieve first year premium growth of at least 25% per annum over the next 3 to 5 years. CPIC's historical earnings track-record has been impressive, as seen by the 44% CAGR of its life insurance earnings during the 2011-2016 period. Disciplined execution, combined with the group's "value-add" oriented strategies, implies that CPIC is well positioned to grow earnings by 25% to 30% CAGR over the next 3 years.

We have started building exposure in the Hong Kong listed H-shares of **Ping An Insurance**, with a view that it offers a sustainable growth outlook. Ping An is one of the fund's core structural alpha holdings and its diversified earnings base supports our thesis of sustainability of growth. During the January to September 2017 period, Ping An's life and health insurance businesses contributed over 55% of group profitability, while asset management and other financial services contributed the remaining 45%. Ping An would also benefit when some of its emerging growth businesses in the Fintech divisions are able to scale-up and contribute positively. These assets include Lufax Holding, Ping An Good Doctor and Finance One Connect. Ping An's H-shares are valued at a 3% discount to its mainland-listed A shares.

A new position in our portfolio, **MM2 Asia** is a producer of films, as well as TV and online content. The company's asset light business model is unique, as it spans the entire value chain from production to cinemas. We like the company's ability to not only grow its core business but identify trends and strategic acquisitions that will enable it to be a pan-Asia media powerhouse. We see a lot of value in their business interests, and are encouraged by the strong growth in earnings within the core business. In FY17, the core business grew earnings +85% YoY with gross margins of 48%. We expect the high growth to be sustained, given the pipeline of films that will be produced over the next 18 months.

Recent Exits

The recent sale of **Wistron Neweb Corporation** reflects our sell discipline when we discover heightened risks, such as a company possibly pursuing revenue growth strategies at the expense of profit margins. We believe that Wistron Neweb is facing execution issues related to escalating component costs, and the company is vulnerable to negative earnings revisions for FY2017 as well as FY2018.

Gree Electric Appliances is China's largest air-conditioning player focused on lower-tier cities. We took profits in Gree for the fund to reinvest in more attractively priced stocks, as the stock price had doubled since we sized up the position just slightly over a year ago. Property demand is slowing after a strong two-year run-up, and Gree recorded a very strong 2017 on property-related sales upturn, inventory restocking and a hot summer. This means a high base as well as potentially slower unit growth outlook, making current valuations much less attractive compared with other stocks that we've been tracking.

Return and Risk Analysis

Returns	Ave Mthly	Annualized
Since Inception	0.79%	9.87%
Last 60 mths	0.59%	7.31%
Last 36 mths	0.60%	7.48%
Last 12 mths	1.98%	26.51%

Risk	Ave Mthly	Annualized
Since Inception	7.55%	26.15%
Last 60 mths	4.62%	15.99%
Last 36 mths	5.39%	18.67%
Last 12 mths	2.37%	8.19%

Relative Ratios	Index
Information Ratio	0.25
Up Capture	85%
Down Capture	100%

Portfolio Analytics	Fund	Index
Total Return	546.52%	296.90%
Annualized Return	9.87%	7.20%
Annualized Volatility	26.15%	23.37%
Annualized Sharpe Ratio*	0.44	0.36
Annualized Sortino Ratio*	0.50	0.37
Annualized Alpha	3.35%	-
Beta	98.2%	-
Correlation	88%	-
Positive Months	137	136
Negative Months	101	102
Maximum Drawdown	-62.44%	-60.92%
Best Month	31.89%	27.32%
Worst Month	-25.51%	-23.60%

Notes:
Index: MSCI AC Far East ex Japan Net TR USD
Inception date: March 1998
Fund performance is expressed in USD and is gross of management and performance fees.
All risk statistics are calculated from Inception to December 2017 unless otherwise specified.
* Assuming Federal Funds Rate as the risk free rate

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FUND INFORMATION

Investment Manager

Company	APS Asset Management Pte Ltd
Lead Portfolio Manager	Wong Kok Hoi
Inception Date	March 1, 1998
Fund AUM	USD 73.5mn
Fund Base Currency	USD

NAV Prices as of December 31st, 2017

Class A: USD 283.32
Class D: EUR 214.89
Class E: USD 295.75

Bloomberg Codes

Class A: APSGRJP ID
Class B: APSGRJB ID
Class C: APSFEAC ID
Class D: APSFEAD ID

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Fund Details

Domicile	Dublin, Ireland
Structure	Open ended UCITS Unit Trust

	Class A*	Class B	Class C	Class D
Liquidity	Daily	Daily	Daily	Daily
Min Initial Subscription	USD100,000	USD100,000	USD 1,000	€1,000
Management Fee	0.75%	1%	1.8%	1.8%
Performance Fee	15%	20%	0%	0%

Dealing Deadline	5pm Daily (Irish Time) 1 Business Day Preceding Dealing Day
Subscription Fee	Up to 5%
Redemption Fee	Up to 3%
Benchmark	MSCI AC Far East ex-Japan Net (USD)
Legal Adviser	A&L Goodbody
Auditor	Deloitte & Touche
Manager	Northern Trust Fund Services (Ireland) Ltd
Administrator	Northern Trust International Fund Administration Services (Ireland) Ltd

Composite reports which have been prepared in compliance with the Global Investment Performance Standards (GIPS) are available upon request. *Share class A is closed

Registration No.: 1980-00835-G

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