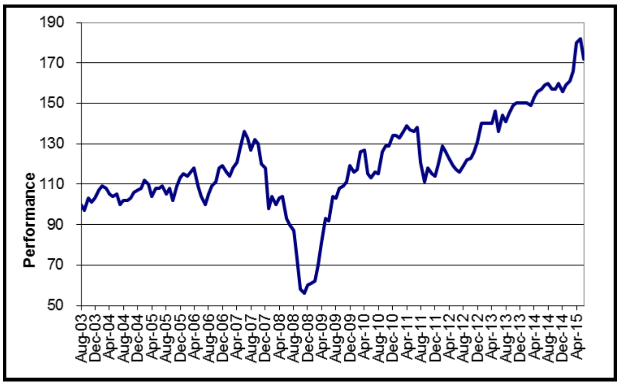
APS ALPHA FUND

JULY 2015

APS Asset Management is a Singapore headquartered fund manager with research offices in China and an investment office in Japan as well as a client servicing office in New York. The firm was founded in 1995 by its CIO, Wong Kok Hoi. The APS Alpha Fund (the "Fund") seeks capital appreciation over a medium to long term market cycle by investing in equities listed in the Far East ex-Japan stock-markets, using a pure bottom-up approach. The Fund is an absolute return fund that seeks to achieve double-digit absolute returns.

PERFORMANCE OVERVIEW

Period	Fund Returns (%)
July 2015	-4.07
2Q 2015	3.61
YTD 2015	5.77
1-Year	3.77
3-Years*	12.46
5-Years*	7.30
7-Years*	9.05
Since Inception*	4.29



The net returns are net of all fees and charges.
Inception Date: July 23, 2003.
*Annualized returns are the average annual compounded returns.

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

PORTFOLIO ANALYSIS (AS % OF AUM)*

TOP FIVE HOLDINGS

Kerry Logistics	7.2
GOME Electrical	6.8
Shanghai Jin Jiang	3.6
Robinson's Land	3.0
Tasly Pharmaceutical	3.0

MARKET CAPITALIZATION

>USD 5 bil	19.4
USD 2 bil – USD 5 bil	31.8
USD 1 bil – USD 2 bil	15.7
USD 500 mn –USD 1 bil	13.0
<USD 500mn	17.7
Cash	2.6

SECTOR WEIGHTINGS

Con. Discretionary	23.3
Industrials	15.7
Info Technology	14.4
Financials	13.4
Health Care	11.9
Materials	6.5
Consumer Staples	5.6
Telecomm Services	5.2
Energy	1.3
Cash	2.6

COUNTRY WEIGHTINGS

Hong Kong	46.6
China	11.8
Singapore	10.0
South Korea	9.3
Indonesia	5.7
Taiwan	5.5
Philippines	3.0
India	2.5
Thailand	2.4
Malaysia	0.8
Cash	2.6

Source: APS, Bloomberg and Wilshire.

INVESTMENT PERFORMANCE

Dear Investor,

The APS Alpha Fund declined 4.1% net in the month of July 2015 and gained 5.8% net YTD in 2015. YTD, the Fund is outperforming the MSCI Daily TR AC Far East ex Japan by 4.3 percentage points.

Our long position in an Indian healthcare services provider, Fortis Healthcare contributed positively to monthly performance. Fortis also owns a 75% stake in SRL Diagnostics, the leader in the organized diagnostics segment with 12 reference labs, approx. 276 network laboratories and a footprint spanning over 6,000 collection points across 450 cities in India. After a series of divestments of its overseas healthcare operations over the past two years (having divested 47% of its revenue base), Fortis has realigned its business model heavily towards the domestic market, with almost 99% of revenues from India post the latest divestment. As we have written in previous letters, management has set a target to further improve EBITDA margin before business trust cost to above 20% in the next 3 years, to be in line with Fortis' peers. We believe that margin improvement in its core Indian hospital operations coupled with its asset light model will

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spur growth in its earnings.

GOME was a detractor to July performance as investors rejected the company's proposal to acquire assets from GOME Management, a company owned by the listed company's major shareholder Wong Kwong Yu. We don't think this deal will get through minority shareholders. The company has proven itself by delivering strong earnings growth for the past seven quarters. In August, the share price has rebounded as investors expect further collaboration between online and traditional retailers following the deal between Alibaba and Suning.

Many of the Asian markets were volatile in July and volatility may persist for a time, which presents buying opportunities into fundamentally sound stocks that were too richly valued. We have been bargain-hunting in some markets such as South Korea, where large caps remain cheap; we like Samsung Electronics, Hyundai Glovis, Hyundai Mobis and SK Telecom.

Valuations in the South East Asian markets remained rich in July and we maintain caution as we have highlighted in previous newsletters. In India, we are monitoring reforms related to the land bill, GST tax and SOEs in the financial sector, which will be important policy drivers going forward.

Our sights remain trained as always on valuation and long-term fundamentals.

Source: APS

PERFORMANCE ANALYSIS AND PORTFOLIO ACTIVITY*

The APS Alpha Fund declined 4.1% net in the month of July 2015, outperforming the MSCI Daily TR AC Far East ex Japan by 1.6 percentage points.

Contributors to Performance

We added to our position in **Qingdao Port** in early July as its share price dropped to 8.8x 2015 P/E during the market correction that week. In 2H15, Qingdao Port will benefit from the lifting of a ban on 400kt Valemax iron ore ships, which can now dock in several Chinese ports. This development also provides growth opportunities as Qingdao Port expands into the logistics business, including direct transportation of raw materials from dock to end-customer factories. Qingdao Port's share price recovered as market fears ebbed towards the later part of July.

Nirvana Asia's share price rebounded in July after underperforming significantly in June 2015. The company faces major headwinds as 85% of its sales come from Malaysia and the ringgit continues to weaken against the US dollar, which is Nirvana's reporting as well as listing currencies. Even so, the company continued to make significant progress in its expansion. Nirvana announced its first foray into Vietnam last month via an acquisition. Vietnam will be the sixth country where the company has a presence, in addition to Malaysia, Indonesia, Singapore, Thailand and China. The acquisition in Vietnam will further diversify the Group's geographical coverage as well as solidify its market leadership in Asia. Management has communicated to the investment community that they are constantly on the lookout for both greenfield developments and acquisitions to utilize the US$180 million cash hoard raised during the initial public offering. Looking beyond the current ringgit weakness, which is a drag on the reported earnings based on US dollars, we maintain our bullish view on the company due to its strong management capability and solid track record of value creation.

Link Net is a leading provider of cable broadband and pay TV in Indonesia, operating under the brands "FastNet" for broadband and "HomeCable" for pay TV for residential customers. Supported by 7,000km of fiber optic backbone, Link Net provides the hybrid fiber coaxial network (HFC) to residential customers and fiber-to-the-premise (FTTP) for enterprise customers. As at end-Sep 2014, Link Net had 372,000 broadband and pay TV customers and its network passes through 1.36 million premises in the three largest cities in Indonesia, Greater Jakarta, Greater Surabaya and Bandung. Link Net targets 4.1 million households in the fast-growing upper- and middle-income (A, B and C1) households (as estimated by Nielsen). Despite increased competition going forward with the emergence of new competitors, we believe that Link Net has the first-mover advantage. In addition, we hold the view that the pie is big enough for more than 1 player. Link Net's share price outperformed recently as the company announced good 2Q15 results, with revenue,

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EBITDA and net profit increasing by 22%, 20% and 21% respectively. Valuation at 16x FY2016 P/E is lower than regional peers' such as Starhub in Singapore and yet offers much better growth prospects with a potential earnings CAGR of approximately 20% in the next two years.

Detractors from Performance

Catcher Technology's share price weakened in July after months of strong performance. Investors have been concerned about slower smartphone demand because of 1) a rising penetration rate and 2) a lack of significant innovation in hardware. Having said that, we believe Catcher's prospects remain rosy. The company revised upwards its revenue growth guidance for 3Q15 from flattish QoQ growth to quarterly expansion. This indicates stronger demand for metal casing from one of its customers which is expected to launch new products in late 3Q15. Going into 2016, Catcher will benefit from more complex casing designs that should deliver higher average selling prices and margins. The stock is only trading at 13x FY15E earnings, which we think is still reasonable given its strong growth profile in the next 2-3 years.

Tasly Pharmaceutical declined 15%, underperforming the sector index by 3 ppt. The pharmaceutical industry grew 8% yoy by revenue and 13% yoy by net profit in the first 5 months, suggesting significant growth slowdown in view of the tighter healthcare cost control and delayed provincial tender process. Against this backdrop, the sales ramp-up of Tasly's new products was slower than expected. Hence, the net profit growth rate of the company may decrease to 15~17% yoy in 1H2015, compared to 21.6% yoy in FY2014.

GOME Electrical Appliances is one of China's largest retailers of electrical appliances both online and offline. The share price corrected significantly in July as investors rejected GOME's proposal to acquire the retail assets of GOME Management, which is owned by the listed company's major shareholder Wong Kwong Yu. The proposed HK$11.3 billion deal would be settled with HK$2.2 billion in cash and issuance of new shares and warrants. The media criticized the deal for its allegedly high valuation, but APS' further research shows that the proposed acquisition is at 14x FY2015 PE if the management fee, which was previously paid by the acquisition target to GOME, was added back to the acquired company's profit. Had the deal gone through, the company would operate 1,714 stores in 436 cities and generate more operating synergies in procurement, e-commerce, logistics and after-sales services. Even without the deal, GOME has proven itself by consistently delivering strong earnings growth for the past seven quarters. In the long run, we believe GOME will continue to demonstrate its leadership in supply chain management: extensive coverage, integrated for on/offline, low cost and high efficiency.

Recent Buys

CIFI Holdings is a property developer focused on tier-1 cities. The company specializes in building small- to mid-sized units for the mass market, with land banks in Shanghai (32%), Beijing (10%), Suzhou (12%) and Hangzhou (9%). Cifi's share price dropped in early July to a 65% discount to NAV, 0.6x P/B and 3.8x 2015 P/E. For 2015/16, Cifi will likely grow sales 20% given the sustained end-demand in tier-1 cities. In addition, rising ASPs will support Cifi's margins during this period. We think Cifi's share price is cheap and has little downside at this price. Moreover, the stock will likely rise as earnings materialize in the coming year.

China Medical Systems is the largest pharmaceutical contract sales organization in China, with a 2,000-strong specialist medical sales team facing doctors in 17,000 hospitals. The company's share price dropped 17% YTD due to concerns that the delayed drug tender process and price cuts will likely impact current-year earnings growth. The company's management however, has been actively expanding its new-drug portfolio in 2015 with 7 new drugs in the pipeline. These include the promising Nuodikang and Danshengtong, which will provide earnings growth, just as Deanxit and Ursofalk did many years ago. We think the company can grow earnings at 20% p.a., supported by increased outsourcing, completion of drug tenders and a growing pipeline of drugs. Considering the company's growth prospects, a valuation of 19x 2015 P/E is attractive.

Samsung Electro-Mechanics (SEMCO) supplies smartphone components such as camera modules to Samsung Electronics (SEC) as well as other manufacturers. SEMCO's stock price suffered mainly because Korean investors speculated that SEMCO might have to sell its camera module and FPCB businesses to SEC in a shake-up of the Samsung group. In addition, investors were concerned about sluggish overall demand for smartphones and issues with SEC's

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handset shipments. Despite these short-term setbacks, we maintain a positive view of SEMCO for the following reasons: 1) the company has restructured its loss-making businesses and therefore has enough cash to pursue new growth engines such as electronic auto parts and has the ability to meet consensus operating profit in 2016 even if we assume no earnings growth; 2) SEMCO's earnings should bottom out in 2Q15 and begin showing solid recovery in 3Q15 as SEC and Chinese handset makers launch new models in 3Q15; 3) SEMCO's chief financial officer has clearly dispelled rumors about a sale to SEC and said that such a sale would not make any sense.

Recent Sells

Alibaba's share price held up well in July and we took the opportunity to exit our position as other more attractive investment opportunities with higher upside emerged during the early July market decline.

Jardine Strategic is a Hong Kong conglomerate, listed in Singapore. Its key listed holdings comprise of Hongkong Land (50% ownership), Dairy Farm (78%), Mandarin Oriental (74%) and Jardine Cycle & Carriage (71%). Jardine Cycle & Carriage in turn is a holding company for the Group's stake in Astra International, an Indonesian conglomerate with interest in wide-ranging industries, such as auto, mining, banking and oil palm plantation. Jardine Strategic also has a 55% cross-shareholding in its parent Jardine Matheson, which provides exposure to the group's unlisted businesses – Jardine Pacific and Jardine Motors Group—as well as the listed insurer, Jardine Lloyd Thompson. The Fund decided to liquidate this holding as cyclical headwinds faced by its various units, especially at Dairy Farm and Jardine Cycle & Carriage, will result in weak earnings for the group in the near future.

Bank Danamon is the sixth largest bank in Indonesia in terms of asset size. Its share price reacted negatively to weaker-than-expected loan growth due to a weak macro environment. The company has suffered from slowing loan growth and increasing non-performing loans especially in the SME/wholesale sector. Lending to retail customers has also slowed given a cautious view of the consumer lending outlook, mass market competition, and reduced exposure to the mining-related businesses. In view of the significant macro headwinds faced by the bank, the Fund decided to trim its position.

** The information above reflect the Fund's positions held at the underlying fund's level*

STATISTICAL PROPERTIES & RISK ANALYSIS

RETURNS	AVE MTHLY	ANNUALISED
Since Inception	0.35%	4.29%
Last 60 mths	0.59%	7.30%
Last 36 mths	0.98%	12.46%
Last 12 mths	0.31%	3.77%

RELATIVE RATIOS	INDEX
Annualised Alpha	-2.84%
Information Ratio	-0.46
Up Capture	48%
Down Capture	97%

RISK	AVE MTHLY	ANNUALISED
Since Inception	5.18%	17.94%
Last 60 mths	3.78%	13.09%
Last 36 mths	3.05%	10.58%
Last 12 mths	3.65%	12.63%

ABSOLUTE RATIO	
Sharpe Ratio *	0.26

* Based on 3M SIBOR

Notes:
Index: MSCI AC Far East ex Japan Net TR SGD Inception date: Jul 2003 Fund performance is expressed in SGD and is net of all fees and charges. All risk statistics are calculated from Inception to Jul 2015 unless otherwise specified.

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FUND INFORMATION

Investment Manager

Company	APS Asset Management Pte Ltd
Lead Portfolio Manager	Wong Kok Hoi
Inception Date	July 23, 2003
Fund AUM	SGD 54.70mn
Fund Base Currency	SGD
ISIN Class A (SGD)	SG9999009229

NAV Price as at Jul 31st, 2015

Class A: SGD 1.65
USD 1.20

There were no units in Class B as of July 2015

Fund Included Under:

CPFIS-OA* **SRS**

**with effect from 23 July 2012, only Class B Units of the Fund are eligible to accept new CPF monies.*

Client Services Contact Information

E-mail	cs@aps.com.sg

Fund Details

Domicile	Singapore
Structure	Open ended Unit Trust

	Class A	Class B
Liquidity	Daily	Daily
Minimum Initial Subscription	SGD 5,000	SGD 5,000
Management Fee	0%	1.5%
Performance Fee	25% over 6% hurdle rate	0%

Dealing Deadline	5pm Daily (Singapore Time) each Business Day
Subscription Fee	Up to 5%
Redemption Fee	1%
Auditor	Deloitte & Touche LLP
Trustee / Custodian	RBC Investor Services Trust Singapore Limited
Registrar	RBC Investor Services Trust Singapore Limited

Composite reports which have been prepared in compliance with the Global Investment Performance Standards (GIPS) are available upon requests.

Sources: APS, RBC Investor Services Trust Singapore Limited

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Note: The CPF Board currently pays a legislated minimum annual interest rate of 2.5% on monies in the CPF Ordinary Account (OA). The CPF interest rates are based on the 12-month fixed deposit and month-end savings rates of the major local banks and it is reviewed by the CPF board quarterly. In addition, the CPF Board pays an extra interest rate of 1% per annum on the first S$60,000 of a CPF member's combined balances, including up to S$20,000 in the CPF Ordinary Account. The first S$20,000 in the CPF Ordinary Account is not allowed to be invested under the CPF Investment Scheme.

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