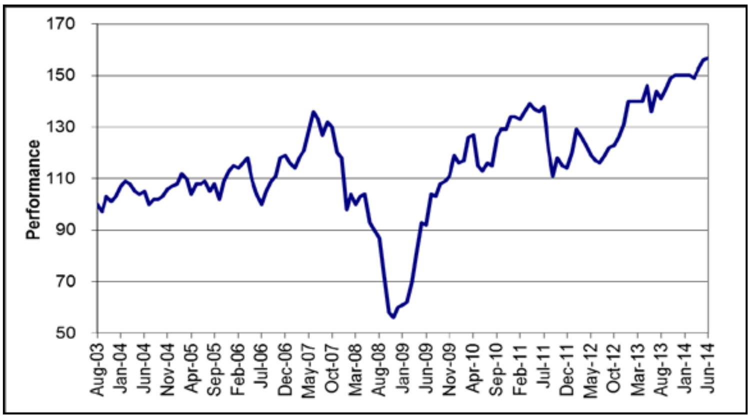
APS ASSET MANAGEMENT
THE RELENTLESS PURSUIT OF STRONG ALPHA

APS ALPHA FUND — 2Q 2014

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 (%)
June 2014	0.64
2Q 2014	5.37
YTD 2014	4.67
1-Year	15.44
3-Years*	4.90
5-Years*	11.28
7-Years*	2.07
Since Inception*	4.25



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

Shenzhen International	7.7
Gome Electrical	6.8
Hutchison Whampoa	4.7
Kerry Logistics	4.4
Wei Chuan Food	3.8

MARKET CAPITALIZATION

>USD 5bil	13.2
USD 2 bil – USD 5 bil	28.0
USD1bil – USD 2 bil	17.0
USD 500 mm -USD1bil	20.5
<USD 500mm	13.7
Bonds	0.8
Cash	6.8

SECTOR WEIGHTINGS

Industrials	28.0
Con. Discretionary	18.2
Financials	17.5
Info Technology	8.6
Consumer Staples	7.8
Materials	4.2
Energy	4.1
Telecom Service	2.8
Healthcare	2.0
Cash	6.8

COUNTRY WEIGHTINGS

China	30.5
Hong Kong	16.1
Singapore	10.8
Malaysia	9.0
Indonesia	7.0
South Korea	6.9
Taiwan	6.5
Philippines	3.1
Thailand	1.7
India	1.7
Cash	6.8

Source: APS, Bloomberg and Wilshire.

MARKET OVERVIEW

Asian equities outperformed the MSCI AC World Index marginally by 0.4%. All the Asia Pacific ex-Japan markets had a positive month except for Singapore, Australia and Indonesia. The "too close to call" Indonesia election is the main cause of underperformance. The Indonesian rupiah, as a result, dropped 1.6% MoM and is the worst-performing currency in June.

Meanwhile, Thai equities regained lost ground to be the top performer in June as investor confidence improved post-coup. The military-led economic decisions were deemed necessary to drive economic growth.

In China, most data points (PMI, autos, retail sales and exports) were better than expected and thus lifted MSCI China by 2%.

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PERFORMANCE ANALYSIS AND PORTFOLIO ACTIVITY*

The APS Alpha Fund (the "Fund") returned 0.64% (net) during the month of June.

Contributors to Performance

Chaowei Power's share price rebounded strongly in 2Q14, up by more than 40% since the end of 1Q14 as the industry is poised to enter peak season in 3Q14, which enables industry leaders like Chaowei to charge higher average selling prices (ASP). Chaowei issued a profit warning on 25th June as they expected a significant decline in profits for 1H14 as compared to a year ago. The share price didn't react negatively to this news as 1H13 was a high base and we think the profit decline is widely expected by the market. Although 1H14 earnings will be weak, we are still optimistic on Chaowei's 2H14 outlook as well as long-term outlook given that the industry is in the trough cycle. Chaowei only made RMB 2 per battery and every dollar increase in ASP will boost Chaowei's bottom line significantly.

Catcher Technology, one of the largest metal casing companies, continued to deliver strong revenue growth in 1H14, up by 18.7% YoY to NT$23.4bn. Management reiterated that its new smartphone project is still on track for mass production in 2H14. Given its strong track record of achieving unprecedented gross margins of more than 40% in the past, we believe Catcher stands a high chance of getting more order allocations going forward. The stock is trading at 13x and 10x FY14 and FY15E earnings respectively, based on our internal estimates. We continue to like the stock despite the fact that valuation has re-rated in recent months. On the back of rising metal casing adoption rates and currently tight supply of metal casing capacity, we believe a strong company like Catcher will be the major beneficiary of this trend.

Elnusa Tbk has been in the oil-and-gas services business since 1972 when its seismic division was incorporated. Currently, the company has three core business divisions: 1) integrated upstream services, 2) downstream services and 3) upstream supporting services. The company possesses a strong track record as well as a blue-chip clientele base such as ExxonMobil, BP, Chevron and ConocoPhillips. We believe that domestic oil-and-gas exploration and production activities should remain brisk in the near future as the government has set an ambitious target for oil production of around 1,000 mbopd (thousand barrels of oil per day). Production volume will come from either existing areas (which will be limited since most assets are mature and face a higher declining rate of production) or from new exploration areas. These activities will allow Elnusa to sustain its business since Elnusa's upstream services business is integrated from geodata acquisition to oilfield services. The share price has continued to outperform for the past few months following the announcement of a good set of 1Q results. Despite share price outperformance, valuation at 18x forward P/E is still at a discount to its regional peers', considering Elnusa's strong prospects going forward.

Detractors from Performance

Shui On Land's share price underperformed due to weak sentiments surrounding Chinese property companies. Concerns about funding availability intensified following speculative news that lenders may pare real-estate financing after Industrial Bank Co, a Fuzhou city-based bank, suspended its mezzanine financing for developers. We are confident that Shui On's balance sheet has been strengthened after the pre-IPO investment by Brookfield Property Partners, a global commercial real estate company, in China Xintiandi (which used to be wholly-owned by Shui On Land). Xintiandi holds Shui On Land's portfolio of prime office and retail properties in Shanghai. The share is still trading at an attractive 50% discount to RNAV.

Labixiaoxin Snacks Group resumed trading after changing its auditors, which led to a negative impact to its share price. Furthermore, jelly purchases slowed in 2Q14 following a negative food safety report by CCTV in March that questioned the quality of the jelly industry's gelatine supply. We are currently reviewing this position.

Recent Buys

IJM is a conglomerate with five core businesses: construction, property development, industries, oil-palm plantations and infrastructure concessions. The property and plantation businesses are held under listed subsidiaries IJM Land and IJM Plantations. IJM is one of the largest building and civil contractors in Malaysia and has ventured overseas to India and the Middle East. Its plantation division has operations in Malaysia and Indonesia. The company manufactures concrete piles and ready-mix concrete under its industries division. Potential catalysts for the stock over the next 12 months are: (1) Securing the RM3bn Kuantan Port expansion project; (2) Launching of Sebana Cove residential township project with

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RM3.6bn gross development value (GDV) near the new RAPID petrochemical hub in Johor, the southernmost state in Malaysia; (3) securing a partner for The Light Phase 2 commercial development with RM1.5bn GDV that will potentially give rise to land sale gains; (4) potential disposal of Indian concessions for potential gains given improving sentiment on the Indian infrastructure sector. A long-term catalyst is the potential listing of its Malaysian infrastructure assets to unlock value. At 15CL PE of 15x, the stock is trading at trough historical PE, which is attractive given strong 3-year earnings CAGR of 24% in 15-17CL.

Baioo Family Interactive is China's largest online "edutainment" provider for children aged 6 to 14 years old. The company has launched six virtual worlds, five of which rank among China's top ten most popular web games for children. At present, the company has established a sales network of 20,000 retail outlets in more than 300 cities across China. Baioo's IPO valuation at 15x forward P/E is compelling. Despite this, the share price corrected significantly post IPO due to a sector wide correction.

Recent Sells

Hanwha Corp is the de facto holding company of the Hanwha group. Hanwha Life (46.55% stake on consolidated basis), Hanwha Chemical (37.9%) and Hanwha E&C (100%) account for 75% of total NAV before subtracting net debt. The parent company also has its own operations, including defence, explosives manufacturing and trading. The group invested significantly in its solar business two to three years ago in an attempt to build a new growth engine. We sold our existing holdings as recently announced 1Q14 earnings for various divisions were mostly sluggish. Earnings improvement appears to be very slow at Hanwha's subsidiaries and overseas affiliates.

Korea Gas Corp (KOGAS) is a state-owned monopoly which imports, stores, transports, and wholesales LNG in Korea. KOGAS has two major customer segments: 1) power generators such as KEPCO and IPP, and 2) regional city gas companies. The Korean government, KEPCO, and municipal governments combined own 54.6% of KOGAS. The share price has pulled back as investors were disappointed with its 1Q14 results, in which the operating profit fell 15.1% year-on-year. Despite cheap valuation, there had been uncertainties over KOGAS' growth strategy going forward, especially with regards to its exploration and production business. Investors were concerned about a possibility that the E&P business could be transferred to the Korea National Oil Corporation. Also, the recent turmoil in Iraq created uncertainties over KOGAS' E&P project in the country.

S-1 Corporation is a security company within the Samsung conglomerate. The share price outperformed following the announcement that S-1 will acquire the building management business from its parent, Samsung Everland. Although the acquisition will provide synergistic benefit as well as contribute positively to earnings going forward, we are aware of the stretched valuations post recent strong share price performance as well as potential margin erosion at the acquired building management business.

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

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APS Alpha Fund

2Q 2014

Fund Information

Investment Manager

Company	APS Asset Management Pte Ltd
Lead Portfolio Manager	Wong Kok Hoi
Inception Date	July 23, 2003
Fund AUM	SGD 53.64 mn
Fund Base Currency	SGD

NAV Price as at June 30, 2014

Class A: SGD 1.57
Class B: USD 1.26

There were no unit in Class B as of June 2014

Fund Included Under:

**with effect from 24th December 2010, APS Alpha Fund Share Class A has ceased to accept new CPFOA 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 interest rate for the Ordinary Account (OA) is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the CPF Act, the Board pays a minimum interest of 2.5% per annum when this interest formula yields a lower rate. In addition, from 1 January 2008, the CPF Board will pay an extra interest rate of 1% per annum on the first $60,000 of a CPF member's combined balances, including up to $20,000 in the OA. From 1 April 2008, the first $20,000 in the Ordinary Account will not be allowed to be invested under the CPF Investment Scheme.

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