

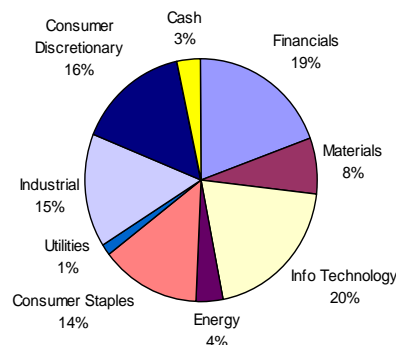
## Asian Market Leaders Fund

26 February 2010

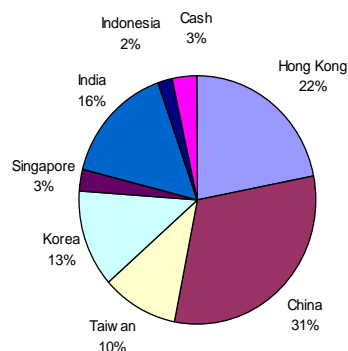
★★★  
Morningstar Rating™  
Source of Star Rating: Morningstar HK

Unit Price  
US\$28.99

### Sector Weighting



### Country Weighting



### Fund Details

The investment objective of the Asian Market Leaders Fund is to achieve capital appreciation by investing in the shares of regional Asian companies. The Fund invests its assets in Asia.

Launch date	20/12/1995
Authorisation	SFC <sup>1</sup> and UCITS approved
Bloomberg Code	HAMAML ID
Dealing	Daily
Investment Advisor	Hamon Asset Mgmt. Ltd.

### Important Information:

Investment involves risk. Past performance is not indicative to future performance. The fund may invest in emerging markets, smaller companies and derivative instruments and thus involve higher risk and volatility. Before investing, please refer to the offering document(s) for details, including the risk factors.

The document is issued by Hamon Investment Group and has not been reviewed by the SFC. It is not a recommendation, an offer or invitation to investment. Consult your financial advisor before making any investment decisions.

### Fund in figures (NAV to NAV, with dividend reinvested)

	Feb 10	YTD	1 yr	3 yr	5 yr
Asian Market Leaders Fund	-1.56%	-7.76%	112.23%	17.00%	78.26%
MSCI Daily TR AC FE ex-Japan <sup>1</sup>	0.40%	-5.76%	79.97%	8.29%	60.95%

(NAV in US\$)  
Source: BNY Mellon, Bloomberg

1. The Fund has changed its index from MSCI AC FE Free ex-Japan to MSCI Daily TR AC FE ex-Japan Net with effect from 1 January 2007.

### Calendar Year Performance % in US\$

	2009	2008	2007	2006	2005
Asian Market Leaders Fund	96.92%	-60.39%	65.48%	33.92%	20.85%
MSCI Daily TR AC FE ex-Japan <sup>1</sup>	68.88%	-50.56%	36.49%	31.74%	21.33%

### Highlights

- Asian markets saw some profit-taking over sovereign debt concerns in Europe.
- Inflation growth remains relatively tame in China.
- A positive Union Budget of India looks to cut fiscal deficit while generating more disposable income.
- Earnings results generally positive to support markets.

### Fund Review

Asian markets experienced a modest correction during the first week of February, but recovered some of its losses at month end, as concerns over Europe's sovereign debt issues ebbed and key macro indicators improved across the region. The Fund underperformed the benchmark slightly in February due to selling pressure among tech names in Korea and Taiwan, as well as media and infrastructure names in China. Concerns over capital raising and government lending also created selling pressure among banks in China, although we believe the unfavourable news is already priced in and will provide attractive valuations.

Lower than expected CPI numbers and moderate new bank loans in China were effective in stabilising sentiment, while investors were not concerned with the RRR hike before the Lunar New Year. Markets will closely monitor the upcoming National Committee of the Chinese People's Political Consultative Conference (CPPCC) and the National People's Congress (NPC) in March to set the political and economic tone for the year. We believe the national meeting will institute further initiatives to spur domestic consumption and reform in rural areas.

The BSE Index rose 0.6% during the month, as the Union Budget of India helped rally share prices before month end. The government plans to reduce the fiscal deficit to 5.5% next year, from the current 6.9%, while simultaneously creating more disposable income through various tax cuts.

In Taiwan, the Taiex fell 3.1% during the month, as tech names saw selling pressure due to companies squeezing margins by offering higher seasonal wages to offset labour shortages. However Taiwan reported better than expected GDP growth of 9.2% YoY, on the back of stronger private consumption growth and better than expected trade figures.

Earnings results have been robust and will likely meet analysts' expectations. The better than expected Union Budget of India serves as a positive growth driver, and the Fund's current positions look to benefit from privatisation, domestic consumption and infrastructure spending.

### Market Review

#### CHINA/HK

China's PMI expanded at a moderate pace in February, suggesting signs of subdued overheating and modest inflationary risks. The NPC meetings in March will provide guidance for upcoming policy changes in China.

#### INDIA

The market rallied with the Union Budget's plans to reduce fiscal deficit and create more disposable income for middle class.

#### KOREA

The Kospi was flat in February. The Bank of Korea kept interest rates at 2% for the 12th consecutive month. Borrowing costs will remain low to support the economy.

#### TAIWAN

The Taiex fell 3.1% during the month, due to selling pressure in the tech sector and the tightening of Chinese and US monetary policies.