

## Asian Market Leaders Fund

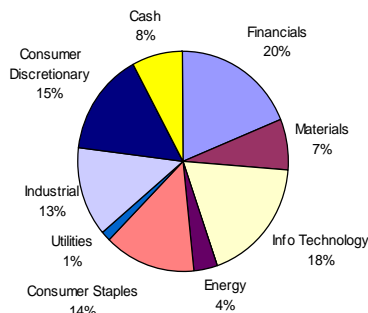
29 January 2010



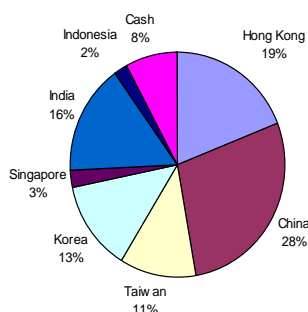
Morningstar Rating™  
Source of Star Rating: Morningstar HK

Unit Price  
US\$29.45

### 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)

#### Cumulative Performance % in US\$

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

	Jan 10	1 yr	3 yr	5 yr
Asian Market Leaders Fund	-6.29%	97.79%	21.66%	89.97%
MSCI Daily TR AC FE ex-Japan <sup>1</sup>	-6.13%	68.30%	8.70%	69.61%

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 corrected following policy adjustments from Central banks.
- Execution of the MOU accord continues to support cross-strait relations.
- The Fund looks to use the market's correction to further build long-term investment themes.

### Fund Review

Asian markets rallied at the beginning of the month, driven by continuous liquidity inflow and improving macro data. However, profit taking was seen against policy initiatives, including China's bank lending adjustment and US President Obama's financial regulation proposal. The Fund fell 6.3% during the month, largely in line with the markets. Banking, tech and property sectors dragged the overall performance of the Fund, while shipping, trading and retails were positive contributors.

China's initiatives to normalize market liquidity came earlier than expected as the government adjusted monetary policies ahead of consensus. Macro data continues to reflect the acceleration of the economy. Despite volatility, policy adjustments augur well for the economy as curbing inflating asset prices helps achieve long-term sustainable growth.

In Taiwan, the market decline was led by an underperformance in the raw material sectors. Cross-strait relations with China continue to improve, with the initial execution of the MOU accord, increasing speculation of QDII from China. Tech remains the preferred sector during the first half of 2010, as the Fund looks to further accumulate exposure in Taiwan on the market's current correction.

India fell as the Reserve Bank of India raised its cash reserve requirement ratio. Along with better than expected earnings results, sentiment awaits the upcoming Union Budget as an indicator for the economic recovery.

Despite positive earnings results from the fourth quarter and brighter guidance for 1Q10, the Korean Kospi fell 4.4%. Military tensions between North and South Korea at month end also led to profit taking.

Asian markets are expected to further strengthen following the market's correction, supporting a stable platform for long-term investments. While investors remain cautious due to concerns regarding monetary tightening, Central banks are unlikely to implement policies that would pare the recovery process. The Fund looks to take advantage of the market's weakness and continue to build on investment themes, such as mass consumption and industrialization, while also increasing weight in tech.

### Market Review

#### CHINA/HK

China's fourth quarter GDP expanded 10.7%, pushing 2009 growth to 8.7% for the year. The country's PMI hit 55.8 in January, expanding above the 50 level for the 11<sup>th</sup> consecutive month.

#### INDIA

India fell 5.6% in January, with the Reserve Bank of India raising its cash reserve ratio requirements by 75 basis points to 5.75% in an effort to reduce excess liquidity, although interest rates remained unchanged.

#### KOREA

January CPI rose 0.4% MoM building sequential improvements, although the government may escalate pressure on the Central bank to hold off on raising the benchmark interest rate as fourth quarter figures were lower than expected.

#### TAIWAN

Taiwan tourism revenue and foreign visitors reached a new high in 2009, due to increased visitors from China on cross-strait improvements. 4Q09 earnings were released, and met market expectations. The index dropped 6.6%.