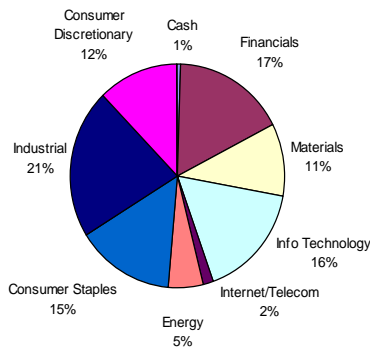


# Hamon Greater China Fund

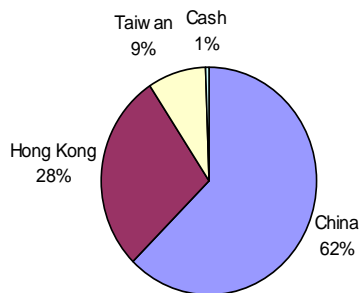
## 29 January 2010

Unit Price  
US\$10.65

### Sector Weighting



### Country Weighting



### Fund Details

The investment objective of the Hamon Greater China Fund is to achieve capital appreciation by investing in the shares of the Greater China region, including China, Taiwan and Hong Kong

Launch date	10/3/2008
Authorisation	SFC and UCITS approved
Bloomberg Code	HAMGRCH 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	Since Inception (10 Mar 2008)
Hamon Greater China Fund	-7.90%	116.84%	6.47%
MSCI AC Golden Dragon Net USD Index	-7.56%	65.20%	-10.15%

#### Calendar Year Performance % in US\$

	2009	2008	2007	2006	2005
Hamon Greater China Fund	125.79%	-48.80%	-	-	-
MSCI AC Golden Dragon Net USD	66.66%	-41.68%	-	-	-

### Highlights

- Profit taking followed monetary policy announcements from Central banks.
- The correction is relatively healthy as markets achieve sustainable growth.
- The Fund aims to build further exposure towards key investment themes.

### Fund Review

The normalization of China's liquidity came earlier than the expected, and the markets responded by falling, with the Shanghai and Shenzhen composite indices dropping 8.8% and 6.7% respectively in January. The Fund performed in line with the benchmark during the month, with tech and industrial names contributing positively to the Fund's performance, although high-valued consumption names experienced a mild correction.

Despite the correction, the government's decision to adjust monetary policies ahead of market sentiment, augurs well for the long-term interests of the economy, as curbing inflation asset prices helps achieve sustainable growth. The correction is both necessary and healthy, with the H-Share index currently trading below the historical average at 11-12X PE 2010, with 25% EPS growth in 2010. The valuations are attractive. We expect the market to continue to consolidate in February.

Government policies will continue to implement various preferential treatment initiatives to spur growth, creating a slight disparity within sectors. While the Ministry of Railway plans to budget an 11.9% spending increase towards infrastructure construction, equipment investments plan to expand 62.5% this year, compared to 19.8% and 15.2% growth in '08 and '09 respectively. With the majority of high-speed lines aimed to run between 2010 and 2012, the demand for rolling stock would pick up significantly, benefiting one of the Fund's top holdings that is the dominant supplier of locomotive systems in China.

Various subsidy programs have been effective in encouraging rural consumption in 2009, rising 15.7% against urban growth of 15.5%. With the trend expected to continue, the Fund maintains its long-term focus towards mass consumption, preferring manufacturers which meet localized demand. We find producers of smaller cars rather than larger family sedans attractive, as these reflect the true preference for Chinese domestic households.

Aside from pushing incentives to raise rural consumption, the Chinese government will maintain urbanization efforts throughout underdeveloped areas. New project starts will likely accelerate following the Chinese New Year holiday, increasing the demand for construction materials.

January exports look to build on December's 18% gain, with export related sectors likely to further rally during the upcoming quarters. Instead of increasing exposure in the shipping sector, the Fund has added more export related manufacturing companies that have good market exposure in developing economies where valuations look attractive.

Tech remains our preferred sector during the first half of 2010, as we look to further accumulate exposure in Taiwan during the market's correction. After three Chinese telecom operators have completed the initial stages of network upgrading, we believe that greater efforts will put in pushing smart phones to attract 3G subscribers. A networking company likely to benefit from the current global telecom CAPEX recovery and sentiment towards cloud computing was added to the Fund.