

## Hamon Selected Asian Portfolio

30 September 2011



Morningstar Rating™  
Source of Star Rating: Morningstar HK

**Unit Price**  
**US\$43.78**

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

**Cumulative Performance % in US\$**

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

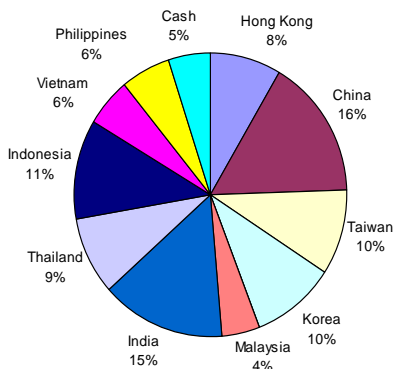
	Sept 11	YTD	1 yr	3 yr	5 yr
<b>Hamon Selected Asian Portfolio</b>	<b>-12.68%</b>	<b>-23.94%</b>	<b>-20.56%</b>	<b>26.81%</b>	<b>31.82%</b>
MSCI Daily TR AC FE ex-Japan <sup>1</sup>	-13.89%	-19.09%	-13.18%	29.87%	27.41%

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\$**

	2010	2009	2008	2007	2006
<b>Selected Asian Portfolio</b>	<b>9.11%</b>	<b>90.43%</b>	<b>-58.84%</b>	<b>66.35%</b>	<b>36.27%</b>
MSCI Daily TR AC FE ex-Japan <sup>1</sup>	19.44%	68.88%	-50.56%	36.49%	31.74%

### Country Weighting



### Highlights

- Dimmer global economic outlook weighed on the Asian markets.
- ASEAN markets retreated after months of outperformance.
- Asian equity market valuations are now trading at similar levels as during the SARS pandemic in 2003 and global financial crisis of 2008.

### Fund Review

The Fund dropped 12.7% in September, outperforming the index which fell 13.9%. Asian markets fell due to worries over slower growth and a Greek default. European worries continue to overshadow Asia's healthy fundamentals. The market is also worried about a hard landing in China with slower GDP growth, which hurt the Fund's mid cap holdings.

We continue to increase our weighting in domestic names, such as telecom, internet, food and healthcare companies. The Fund's largest holdings in an Indian media company, a Thai telecom and Korean internet companies actually rose last month, however, these gains were offset by losses in the China and Taiwan holdings.

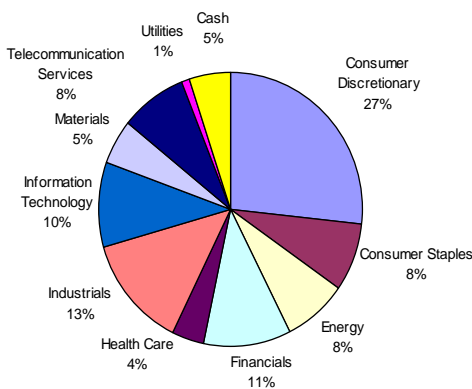
The Fund's exposure in Asean and India is larger than North Asia (Hong Kong, Korea and Taiwan) due to their long term advantages of younger population which can drive rapid consumption growth. We have also found many companies that are net cash and pay out good dividends. This has helped reduce the Fund's volatility during turbulent markets. The average dividend yield of the Fund is 3%. Yet the Fund's holdings still have an estimate 26% and 17% EPS growth in 2011-12 on a PE of 12x.

We believe the recent correction in Asia was excessive as valuations have fallen back to nearly the same levels as during the 2003 Sars pandemic and 2008 global financial crisis. If the Europeans can find a solution to stabilize the situation, valuations should re-rate back to normal level or 13x pe for 30% upside. Despite recent turbulence, we expect once the current macro concerns pass, Asian markets will be higher 1 year from now.

Several themes we like currently include:

1. Rising telecom and internet usage.
2. Consumption in Emerging Asian countries
3. ASEAN property companies as beneficiaries to low interest rates.
4. Modernization of power/infrastructure in the Philippines, India and China

### Sector Weighting



### Market Review

#### CHINA/HK

China's national pension fund received approval to inject more than US\$1.56 billion into the stock market. China also stated that it would buy Italian bonds

#### INDIA

India raised its interest rate for the 12th time since March 2010, lifting its key borrowing costs 25 basis points to 8.25%.

#### KOREA

South Korea's 3.4% YoY 2Q11 GDP expansion was higher than initial estimates on greater spending for public construction projects.

#### TAIWAN

Taiwan and Japan signed a investment protection pact on the liberalization, promotion and protection of investments. The pact contains 26 articles covering a variety of trade issues such as dispute settlement; investment protection, promotion and liberalization; and most favored nation status.

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### Fund Details

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

Manager	Hamon Asset Mgmt. Ltd.
Fund Manager	Hamon Team
Launch date	22/11/1989
Authorisation	SFC approved
Bloomberg Code	HAMSAPI HK
Dealing	Daily
Subscriptions	Before 4pm (Hong Kong time) on the relevant Dealing Day
Redemptions	Before 4pm (Hong Kong time) on the relevant Dealing Day
Minimum Initial Investment	US\$1,000
Base Currency	USD
Share class	US dollar
Financial Year End	September

### Important Information:

The document is issued by Hamon Investment Group and has not been reviewed by the SFC. The information in this document does not constitute investment, tax, legal or other advice. It is not a recommendation, an offer to sell or invitation to investment. Consult your financial advisor before making any investment decisions. All relevant documents relating to the product, such as reports and accounts and offering documents (which specify the particular risks associated with the product, together with any specific restrictions applying and the basis of dealing) should be read.

Investment involves risk. Past performance is not indicative to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. 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. Portfolio holdings are subject to change at any time without notice. This information is provided for illustrative purposes only and should not be construed as a recommendation to purchase or sell any security.

Changes in the rates of exchange may affect the value of investments. Certain portfolios can invest in overseas securities which may also generate profits overseas and pay dividends in foreign currencies, which means that they may be exposed to changes in currency rates.