Dear Investors,

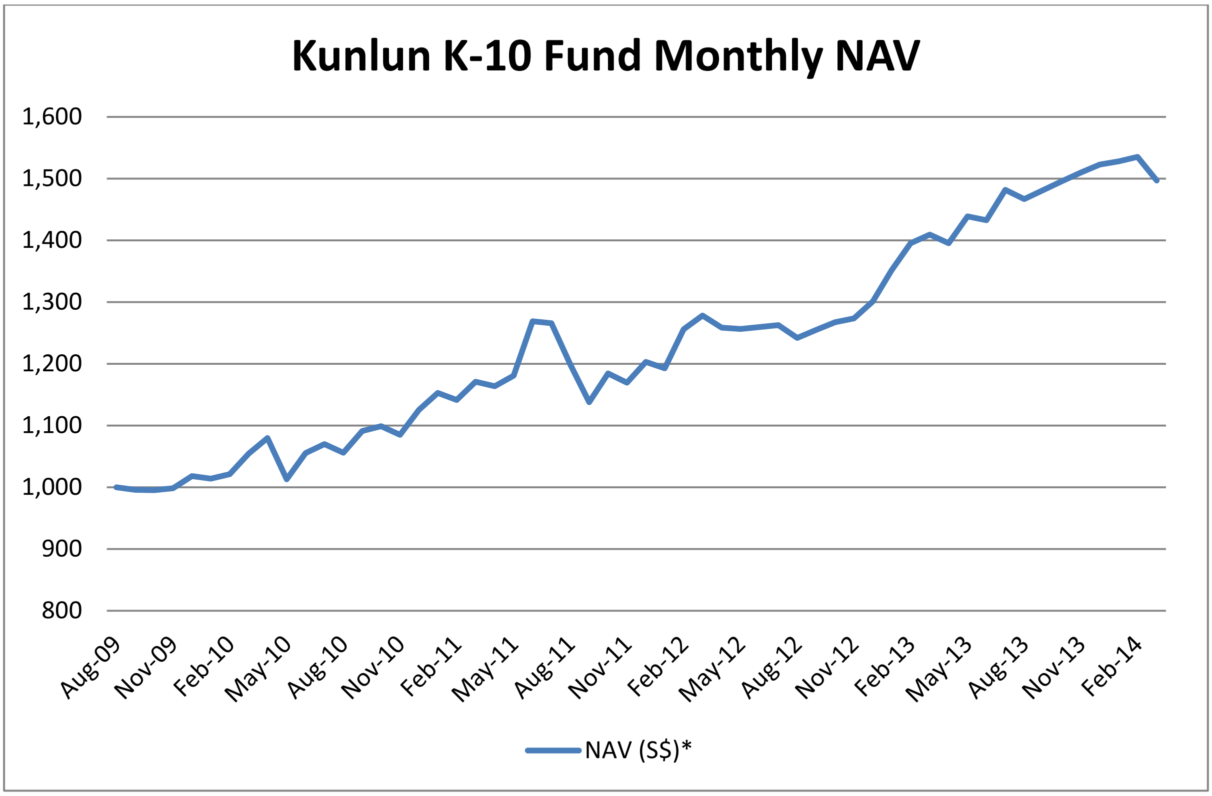
The Fund was down 1.7% for the year. The Portfolio has a Price to Book Ratio of 2.2x, a PE of 16.5x, a Dividend Yield of 3.5% and an ROE of 12.3%. It is 67% invested.

The 1st quarter is always a busy season for us, as we work through the annual results of the companies. Thus far, performance has not been dreadful, but I would certainly call it lackluster. Prospects remain muted. Valuations have not come down by much since the end of the year, making it a challenging environment for investing. Our portfolios' valuations are at the highest since inception. I would call the valuations uncomfortable, but not intolerable. We have been trimming down our largest positions.

During the quarter, we added 2 new positions. The larger position is more of a special situation rather than our typical "Buffet-esque" company. We also exited **Food Empire**. Prospects for the company have dimmed in recent months, and our assessment of intrinsic value has correspondingly fallen. While the position has been profitable for us, we did not manage our exit well. Returns could have been higher, hence, it is certainly cause for reflection. Firstly, there were many occasions where we could have exited at valuations above our accessed intrinsic value, but we did not. A lack of discipline on our part, or perhaps more cynically put: too much greed. Secondly, we had inklings that the core business was starting to sputter, with the company starting numerous new business initiatives instead of focusing on its core geographic areas. We had contradicting evidence to our investment thesis, yet we chose to ignore it.

The act of selling is often glossed over, yet it is often more difficult than buying, in my view. It is much harder to be impartial once you have entered a position; there are many more psychological biases at play. We certainly hope to learn from these mistakes.

Goh Yew Liang
15 April 2014


Kunlun K-10 Fund Monthly NAV
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
Aug-09
Nov-09
Feb-10
May-10
Aug-10
Nov-10
Feb-11
May-11
Aug-11
Nov-11
Feb-12
May-12
Aug-12
Nov-12
Feb-13
May-13
Aug-13
Nov-13
Feb-14
NAV (S$)*