Dear Investors,

The Fund was up 6.1% for the quarter, and up 1.3% for the year. The Portfolio has a Price to Book Ratio of 2x, a PE of 15.3x, a Dividend Yield of 3.9% and an ROE of 12.7%. It is 62% invested.

We added to 2 positions this quarter; activity was otherwise muted. It was almost as if we were sailing in the doldrums. Obviously from a marketing perspective, it would be preferable if we could present a scorecard of movement and activity, but we believe it is more important to carry out the prudent action, even if that means no action.

Energy prices have fallen sharply in the past quarter. Needless to say oil & gas related stocks have commensurately fallen. US Shale Oil has been a primary driver for keeping oil prices steady over the past few years. Now, with OPEC refusing to cut supply, oil prices have fallen quite dramatically. Shale oil is quite a bit more expensive to produce than conventional crude. It is possible that OPEC could drive prices down to a point where shale would no longer be profitable, however the wherewithal to do so seems limited, given the financial constraints of some players.

With the news blaring on the growing Ebola crisis, I think it is important to take stock of the situation. Thus far the disease has not hit Asia, but I presume that if and when it does, the tourism/travel sectors will be hit quite badly, particularly in the short term. We have exposure to these sectors. A mortality rate of over 60% is not a pleasant thought, and doubtlessly will create much alarm amongst travelers. In the short term, it probably would make sense to trim the positions down. But I am loathe to reduce positions in companies that are growing (for now), leaders in their space, earn good returns of capital and still trading at what I deem reasonable prices. It is not clear to me as yet what the long term effects of Ebola will be, hence we will hold steady. Warning! Volatility ahead!

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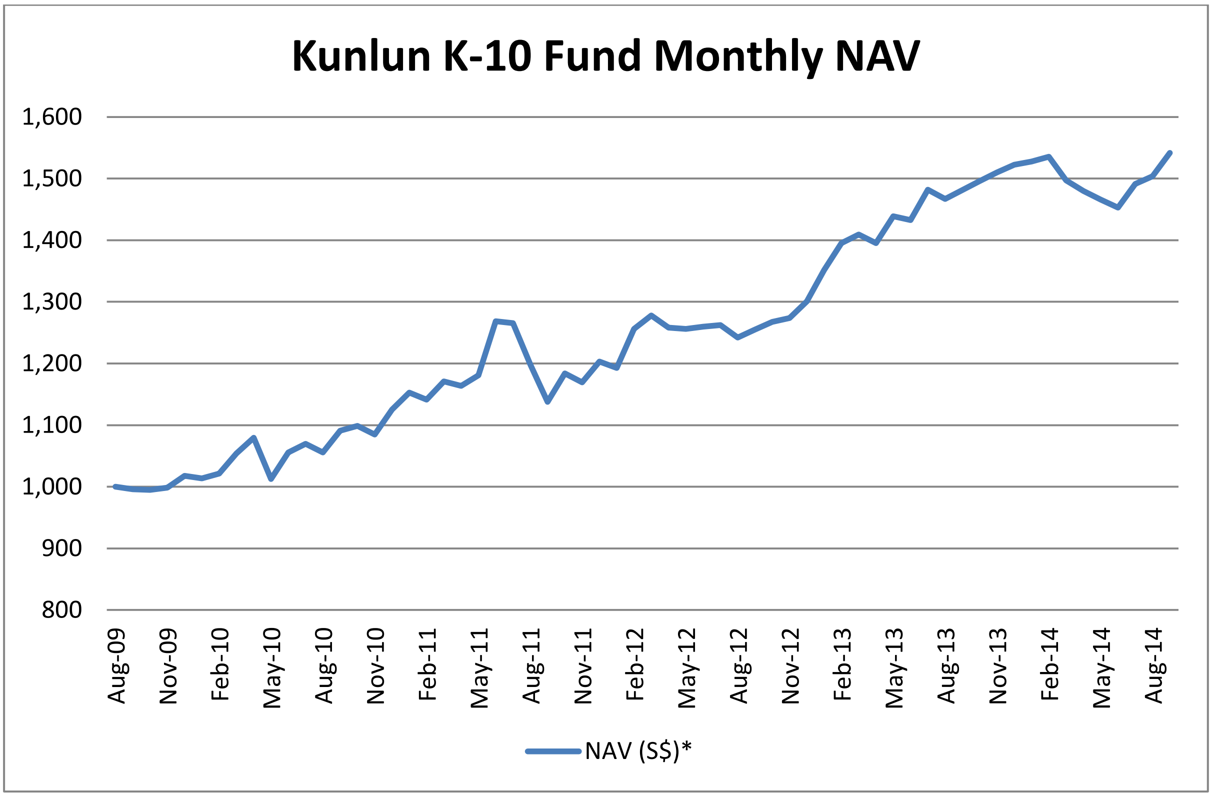
Kunlun K-10 Fund Monthly NAV
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
Aug-09
Nov-09
Feb-10
May-10
Aug-10
Nov-10
Feb-11
May-11
Aug-11
Nov-11
Feb-12
May-12
Aug-12
Nov-12
Feb-13
May-13
Aug-13
Nov-13
Feb-14
May-14
Aug-14
NAV (S$)*