Dear Investors,

The Fund was up 3.2% for the quarter and 4.5% for the year. The portfolio has a Price to Book Ratio of 1.8x, a PE of 14x, a Dividend Yield of 4.1% and an ROE of 12.9%. It is 61% invested. Portfolio Turnover for 2014 was 14.6%.

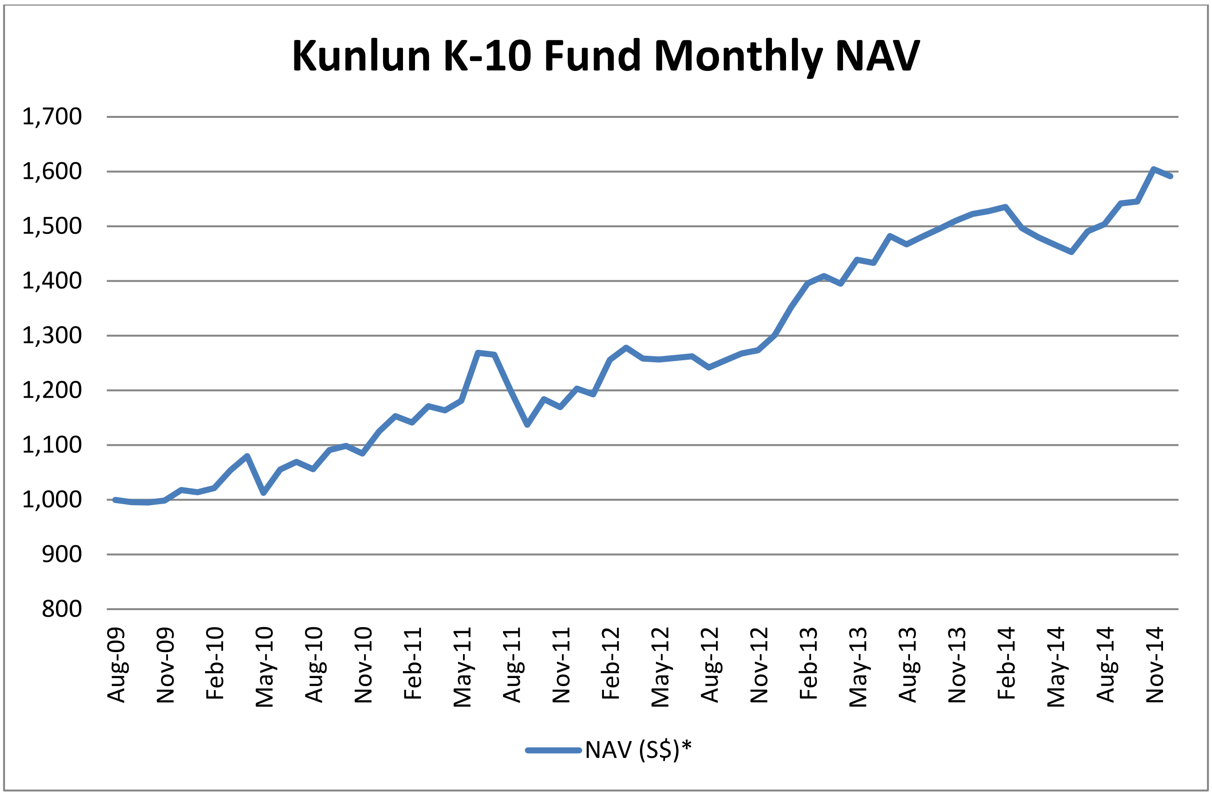
While we are pleased we ended the year in the black, I would rate our performance mediocre. One drag in performance was due to our lack of sell discipline which we had recounted earlier. It is impossible to time a sale (or purchase for that matter), but being disciplined in selling is a huge plus in my view. Another factor was our companies that had exposure to China. Economic activity in China has generally been muted, and some of our companies have seen growth prospects limited.

On the plus side, our companies with ASEAN exposure and/or secular growth prospects continued to do well. One of our 2 “special situation” investments also worked out. Such companies do not normally fit our typical investment profile, but if we have strong convictions on certain scenarios playing out, we do invest.

Eunetworks was significantly undervalued in our view, but we hesitated to invest due to its lack of free cash flow. We kept the stock on our watch list for several years. It was only after we were able to identify a potential catalyst for its sale that we decided to go in. True to form, the current owners have decided to sell, triggering a general offer. There are several reasons why we do not find the current offer compelling. Primarily, we are not pleased with the offer price as we believe it undervalues future growth prospects. Management also seems content to hold on to their stake; who are we to disagree?

The fall in the price of oil has been dominating the headlines. We have had minimal exposure to the sector, thankfully. The lower prices should be beneficial for most companies in the shorter term. Longer term, it is not quite as clear whether this is sustainable and what the implications could be. To us, the true cost of extraction is higher than current prices, but the objectives of the different players involved make it difficult to get a clear reading of the tea leaves. I would love to toss this to the “too hard” folder as Mr. Munger would say, but this one is too important to gloss over in my view.

Goh Yew Liang
21 Jan 2015



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