4Q17 Review

The Fund declined -5.0% in the fourth quarter of 2017 and finished the year +2.8%. In September 2017, we stated that the cash position in the Fund was ~1.8%, as of the end of December 2017 it increased to ~2.6% of the Fund.

2017 finished with a whimper for the Fund as several holdings declined due despite regional markets reaching all-time highs. Delayed satisfaction is how we define the past two years for our investment holdings. Our viewpoint is that 2018 will be the year where our investment thesis on several of our holdings will be realised due to the nature of their businesses and reliance on industry factors. With a weighted expected upside of +80% we are confident in the holdings.

Finally, we have an additional investment in Singapore and two removals, both are disclosed in the Portfolio Movements section and we discuss key positions in the Investment Holdings section.

Portfolio Movements

Additions

Japfa Ltd (JAP); Mkt Cap: SGD 896.790 mn (USD 674.15 mn)

Japfa Ltd. is an agri-food company operating across the entire value chain, from animal feed production and breeding to commercial farming and processed food, with operations in China, Indonesia, India, Myanmar & Vietnam. Indonesia is Japfa's largest market and contributes to ~50-70% of operating earnings through a 51% holding in its Indonesian listed subsidiary, Japfa Comfeed, followed by their China dairy business and Vietnam operations. The dairy production business in China is operated through a JV in which they own 60%. Their processed food division and Myanmar & India operations are currently small and insignificant.

In late 2014, Japfa listed its shares on the Singapore exchange, going public at S$ 0.80/share. In the subsequent year, Japfa saw its share price decline ~75% from its IPO price due to the 2nd worst downturn ever experienced in Indonesia's poultry industry, where an extreme oversupply led to the collapse of broiler and day-old chick prices. During this period, JAP's Indonesian listed subsidiary saw net profits fall ~ 50% YoY in 2014 and its share price decline ~80% from peak to trough. 2015-2016 however, saw the Indonesian government heavily intervene to reduce supply, while smaller poultry farmers were driven out of the industry due to heavy losses. This resulted in poultry prices in Indonesia reaching new highs, driving Japfa's share price up by ~227% from its low in mid-2015. The poultry industry has now returned to normal (between 2014 lows and 2016 highs), with the Indonesian government regularly intervening to stabilize supply & demand during 2017 to keep prices stable. 2018 is now set to be a year of stable growth for Japfa Comfeed Indonesia, with net profit expected to grow ~ 10%, driven by a 7-10% increase in sales volume. Sales volume is to be driven by increasing meat consumption among Indonesia's growing middle class, with volume growth at Japfa Comfeed remaining resilient, even during the severe downturn in 2014.

Japfa's 227% share price rally was further fueled by strong growth in its Vietnam swine operations, where both volume and price surged, due to strong domestic demand from a growing Vietnamese economy and strong external demand from China. However, just as investor confidence was returning to Japfa, supported by strong growth in its bottom line, Japfa's Vietnam business took a dive after China banned the import of Vietnamese swine at the end of 2016. This resulted in a decline in swine prices from ~VND 42,000/kg to a low of ~ VND 18,000 in 3-6 months, with Japfa's break-even equal to ~ VND 35,000/kg. This resulted in Japfa reporting a 9M operating loss of US$ 25mn in 2017 vs a profit of US$ 38mn during the same period in 2016. Their China dairy business also faced difficulties, as raw milk prices reached an unsustainable high in 2014, up ~40% from 2010 levels, before falling ~15% from the high 2014 prices. This led to operating profit at their dairy business falling by ~23% from 2014 to 2016. The fall in Vietnam swine prices and China milk prices also led to large inventory and trading losses, resulting in net profit falling ~78% YoY in 9M17 financials and Japfa's share price declining ~40% from its high at the start of 2017.

However, swine prices in Vietnam are now starting to pick up again after China relaxed the ban on imports from Vietnam, while smaller producers have been driven out of the market, similar to the recovery seen in Indonesia's poultry industry during 2015. Prices are now up to break-even level as of Jan 2018, with Japfa set to return to the black this year. China milk prices have also been stable throughout 2017, and is set to remain stable throughout 2018, with supply/demand levels now balanced. With Japfa known for continually improving milk yields (20% improvement from 2013 – 2017), we can expect their dairy business to post strong numbers in 2018, helped by the absence of one-time inventory losses as raw milk prices stabilize. They have also taken full control of their dairy business, which will increase dairy's contribution to Japfa's earnings from 2018 onwards.

Valuation wise, the 40% drop in its share price allowed us to accumulate shares in Japfa at 7x 2018F earnings and 10x 2018F EV/EBIT, a 30-40% discount to its regional peers. With the Indonesian poultry industry now stable, and Vietnam's swine & China's dairy industry coming off its lows, Japfa's operating earnings are set to grow 32% YoY in 2018F, while net profit is expected to rise by ~65%, supported by a low base in 2017 and a lack of one-time expenses.

Removals

Group Lease PCL (GL); Mkt Cap: THB 10.374 bn (USD 319.73 mn)

Even though the business and growth prospect of GL remains the same, recent actions by Thailand's Securities and Exchange Commission towards the CEO, Mr. Mitsuji Konoshita, regarding potential fraud ledus to downgrade our valuation due to corporate governance risks and therefore exited the position.

Erajaya Swasembada Tbk PT (ERAA); Mkt Cap: IDR 2.103 tn (USD 147.21 mn)

ERAA's net profit expanded 21% YoY in 9M17 financials, in line with our estimates, but beating both management's conservative targets and consensus estimates. With the short-term share price and financial performance objectives having been met, we decided to liquidate our entire position in ERAA for a ~30% gain.

Investment Holdings

Ananda Development PCL (ANAN); Mkt Cap: THB 19.498 bn (USD 600.93 mn)

ANAN continues upon its growth path with presales for 2017 expected to increase to THB 35 bn, +39% YoY, 8% above managements targets which improves the long-term revenue visibility. For 2018 presales should remain healthy at THB 41 bn, +17% YoY, which is supported by a 15% growth in value of launches. It has secured land for 40% of the launches. During the 4Q17 the share price declined due to delayed transfers of two projects from 4Q17 to 1Q18 these are Ashton Asoke (THB 6.7 bn, 98% sold) due to paperwork delays and Venio Sukhumvit 10 (THB 860mn, 90% sold) due to construction delays. We view these events as minor hiccups in the overall long-term growth story of this holding and expect for ANAN to report record earnings in 2018.

Better World Green PCL (BWG); Mkt Cap: THB 5.825 bn (USD 179.53 mn)

BWG missed estimates for the 3rd quarter in a row, with net profit falling ~13% QoQ and ~25% in 9M17. Profitability was hit by a decline in gross margins as BWG reduced selling prices to boost volume, with extra waste being required as fuel for their RDF power plants. 4Q17 will see the final cut in ASP, with management expecting to have enough volume to support all 3 power plants on their books after 4Q17. 3Q17 was also hit by a rise in interest expenses as more debt was taken on to fund the construction of their 2 waste power plants, scheduled to go live in 2019. Despite these setbacks, BWG's long-term story remains intact, supported by their first power plant finally getting up to full utilization in 3Q17, contributing to a full quarter of earnings. 2018 is set to be a year of recovery for BWG, with earnings projected to grow 62% YoY, helped by the low base in 2017, a full year of power plant earnings and an absence of one-time costs. Despite their poor performance this year, we remain confident over BWG's and the waste industry's long-term prospects and expect to see a recovery in its share price as earnings improve from 2018 onwards.

Demco PCL (DEMCO); Mkt Cap: THB 4.382 bn (USD 135.05 mn)

DEMCO's turnaround continued as expected with 9M17 numbers came out with a profit of THB 151.9 mn improving from a net loss of THB -170.5 mn in 9M16. Profit margins also returned to normal levels at near 5% due to the increase proportion of substation construction projects. The key issue for DEMCO still revolves around the repair works of wind turbines for a customer, this is expected to commence in February 2018 and should take 4 to 5 months to complete. The reason for the delay from 2017 was due to Thailand's Agricultural Land Reform Office (ALRO) stating that lands used for renewable energy projects throughout all of Thailand may be in question, in the end there was no negative outcome to any publicly listed company. Barring another government agency creating news, we expect for Demco to be able to complete these repairs within 1H18. For future business Demco's backlog is near THB 5 bn as of the end of 2017 with continuous project wins from EGAT, PEA and MEA likely to continue as they have consistently done so in the past. The outlier remains the potential listing of Wind Energy Holding (WEH) which is expected to be filed this year. In 4Q17 WEH received funding from Siam Commercial Bank for five of the company's onshore wind farms totaling 450 MW, these are expected to be completed by 1Q19 which will bring the total to 720MW of onshore capacity in Thailand making it the single largest wind power developer and operator in South East Asia.

Dusit Thani PCL (DTC); Mkt Cap: THB 8.925 bn (USD 275.07 mn)

The franchise developments that DTC announced in the 2Q17 and 3Q17 are beginning to occur with five hotels under the franchise model scheduled to open in 2018; they are Dusit Princess Phu Quoc, Vietnam; dusitD2, Tianjin, China; Dusit Thani, Jiangsu, China; Dusit Thani, Guangdong, China; and Dusit Princess, Dhaka, Bangladesh. DTC currently has 28 properties in operation and 62 hotels under development. The flagship Dusit Bangkok which was originally slated to close on April 2018 has been postponed to January 2019 as DTC together with Central Pattana Plc are continuing to work on their plans for the THB 36.7 bn land mark mixed-use project. Finally, in 4Q17 DTC obtained approval from its unitholders of the DTC Freehold and Leasehold Property Fund (DTCPF) to be transformed into a REIT thereby transferring the assets of ownership in Dusit Thani Laguna Phuket and DusitD2 Chiang Mai and the leasehold rights to Dusit Thani Hua Hin.

Malee Group PCL (MALEE); Mkt Cap: THB 10.710 bn (USD 330.08 mn)

MALEE's year of transformation was completed in 2017 with production facilities revamped and the company now focusing on growing its export business. 2017 naturally was a weak year with its market share declining domestically to 20%, but positive developments were seen in 3Q17 as sales increased by +9.5% QoQ, due to continual growth of export branded sales. The company ended its 9M17 with a profit of THB 257 mn. Whilst the 9M17 profit figure decreased by -37.8% YoY, 3Q17 profit grew +27.9% QoQ to THB 78 mn due to higher utilization of ~50% vs. 45% in 2Q17. We believe that 2018 should be a strongly positive year for MALEE as the company can continue to win customers from coconut drinks due to the improved production facilities matching international standards and the industry itself is expected to grow by +15% in 2018. Further developments from MALEE include a joint venture with PT Kino Indonesia Tbk (KINO) in Oct'17 for both Indonesia and Thailand. The aim is to penetrate the Indonesian market with their products and to distribute Kino's products within Thailand.

Midi Utama Indonesia Tbk PT (MIDI); Mkt Cap: IDR 3.026 tn (USD 211.82 mn)

MIDI experienced a disappointing 3Q17, with earnings falling 83% YoY during the quarter and ~50% on a 9M basis. The sharp drop in its bottom line was a result of a slowdown in sales, which only grew ~6% during 3Q17. This is in line with an industry wide slowdown in Indonesia, where most retailers saw margins and revenue contract during 3Q17, given a lack of consumer spending post the Lebaran period. However, MIDI's store openings remain on track and a recovery in consumer spending has already begun as of 4Q17 in Indonesia, supported by a sharp upturn in commodity prices. MIDI and its parent, Alfamart, have also made cost-cutting a major part of their 2018 strategy. This, taken along with MIDI's continued store opening in their niche mini supermarket space, is set to drive a 44% YoY increase in 2018 earnings.

My EG Services Bhd (MYEG); Mkt Cap: MYR 8.655 bn (USD 2.15 bn)

MYEG continues to impress us, with earnings growing 30% YoY in 1Q18 for their financial year, on revenue growth of 25%. A visit to Malaysia to meet with management in December 2017 revealed that MYEG have been successfully implementing complementary services for their foreign worker business and continue to win new government contracts, expanding their dominance over the foreign worker space. This has helped support earnings through the slower than expected progress of their GST and hostel businesses.

Philippine Seven Corp (SEVN); Mkt Cap: PHP 86.534 bn (USD 1.74 bn)

SEVN's 3Q17 performance improved as expected, with net income rising 18% YoY and 1% for 9M17 financials. Earnings was supported by an 11% YoY rise in 9M17 revenue. Despite the small 1% growth number relative to its high PE ratio, 2017 has been an impressive year for SEVN, given the extremely high base set last year. We expect SEVN to continue its dominance over the convenience store industry in the Philippines, with margins also set to improve, as they shift their strategy towards opening more franchised stores. 3Q17 also saw SEVN declare a 65% stock dividend, distributed in November, which has helped see an increase in trading liquidity.

Samart Telcoms PCL (SAMTEL); Mkt Cap: THB 7.849 bn (USD 241.91 mn)

SAMTEL reported 9M17 profit of THB 185 mn improving from 9M16 by +27.0% YoY. Both sales and contract work grew while gross margin slightly dropped to 14.5% compared to 16.4% in 9M16 due to competition especially during 1H17. New projects won during 3Q17 were limited due to the subdued government budget spending ahead of the Kings Cremation Ceremony in October 2017 with only one mid-scale project signed with a stated-owned unit. At the end of 3Q17 its backlog stood at THB 8.66 bn and projects that were postponed towards the end of last year are expected to be signed in 1Q18.

Southern Concrete Pile PCL (SCP); Mkt Cap: THB 2.670 bn (USD 82.29 mn)

Earnings growth is expected to continue in FY2018 for SCP due to local government supporting major project investment. The company's 3Q17 revenue increased +13.2% YoY to THB 453.6 mn with a net margin of ~18%, on a quarterly this figure grew significantly by +22.9% QoQ. SCP's 4Q17 revenue is secured by continuous projects such as Orange Line MRT project and Motorway related projects, therefore growth prospect remains. Moving on to 2018, demand on concrete piles should continue to increase as we expected as half of the dual-track projects are finally under construction and the remaining half will be bidded out within 1H18. As concrete piles are one of the key construction materials required and SCP has 40% market share we believe that they will be a strong beneficiary.

TPC Power Holdings Co Ltd (TPCH); Mkt Cap: THB 5.777 bn (USD 178.05 mn)

TPCH has a total of 119 MW of biomass projects of which 50 MW are up and running. The value of these projects alone imply that the company is worth THB 9 bn on its potential cashflow. In 2017 the company had several positive and negative factors, the positive factors were the commissioning of plants on hand thereby increasing their core profit by over +50%. However, they were negatively impacted by having to fully provision a Bill of Exchange thereby showing an extra expense in 3Q17 of THB 29.7mn on top of the already provisioned value of THB 19.82 mn in 2Q17. Also they were unqualified for the Small Power Producer bidding process due to technical reasons and there was a three month delay for the commissioning of its 9.2 MW SGP Project to 1Q18. Despite these events the underlying value of TPCH is clear to us with more projects begin commissioned this year including TPCH 1, TPCH 2 and TPCH 5, and the upcoming VSPP bids of 280 MW in February 2018 for which TPCH is well positioned and aims to submit for 80-100 MW allow for us to feel confident in this holding.

Thai Polycons PCL (TPOLY); Mkt Cap: THB 2.563 bn (USD 78.99 mn)

TPOLY's turnaround continues, with net profit rising ~120% YoY in 9M17 financials. Its strong performance resulted in TPOLY receiving its first sell-side coverage by Bualuang Securities during 2H17, with a target price of THB 8/share, a 100% upside to our entry price. This led to TPOLY's share price running up 40% to a peak of THB 6/share in September 2017. However, negative sentiment has since set in during the final quarter of 2017, hurt by TPCH failing with its bid to win new power projects in December. TPCH also moved the start-up of 2 power plants from 4Q17 to 1Q18, further depressing its share price. A recent conversation with management also revealed that TPOLY have had to push back revenue recognition of a few construction projects from 4Q17 to 1Q18. The delays in revenue recognition and start-up of TPCH power plants has led to reduced expectations for 4Q17, a quarter that was expected to contribute to ~ 35% of full year earnings. However, we view this as a minor setback, with earnings being pushed back to 1Q18 instead of 4Q17 and have decided to increase our position after the fall in its share price during 4Q17. Valuations remain extremely undemanding, with TPOLY's construction business trading at a PE of only 2.5x 2018 earnings, after stripping out the value of its holding in TPCH. TPOLY continues to win new construction projects, supporting its healthy backlog, and with earnings set to hit new highs in 2018, we are expecting a sustained increase in its share price this year.

Thiensurat PCL (TSR); Mkt Cap: THB 1.922 bn (USD 59.24 mn)

TSR continues to disappoint, with 9M17 earnings falling 20% YoY. While bad debts showed significant signs of improvement, falling 40% YoY, sales have slowed, falling 10% YoY in 9M17. Sales of water purifiers declined due to the high base seen in 2016 and a shift in focus from growing sales to reducing bad debts. With a system to manage bad debts now in place and effective, TSR have returned to focus on growing sales, employing several different strategies such as new sales channels and new products to boost sales. Although we have started to see signs of a pick-up in sales of TSR products, we are cognizant that sales growth will predominately come from electronic appliances and thus the group's overall margins may decline. As a positive their expansion in to Laos has been progressing well with month on month growth of 20%.

Vietnam Prosperity JSC Bank (VPB); Mkt Cap: VND 61.393 tn (USD 2.7 bn)

In 9M17 VPB achieved loan growth of 15% with assets yields expected for the full year to be at 14.4% and potentially increasing to 15.1% in 2018 which is supported by the retail/SME/household lending focus. NIMs continued to expand increasing from 7.9% in 3Q16 to 9.1% in 3Q17. Recently VPB signed a 15-year exclusive partnership with AIA should increase its market share of bancassurance which was at 5.4% in 2016 may contribute an additional VND 400-500 bn to fee income in 2018. Going forward we still expect the same type of performance from VPB as in loan growth at or above the industry average due to its target loan book mix, improved asset yields and thus NIM's, the potential risk is the need for additional capital which should be comfortably met with a potential IPO of FE Credit.

RVC EMERGING ASIA FUND
Quarterly Letter – December 2017

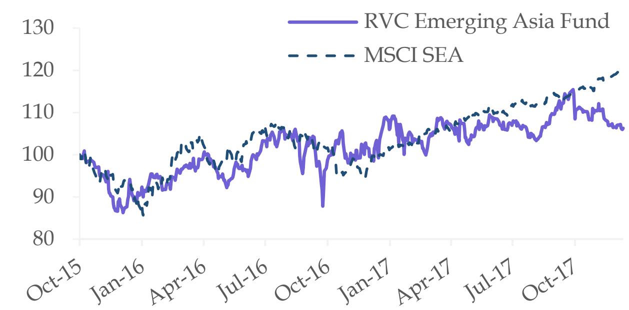
ROSS & VAN COMPERNOLLE

Performance

	1M	3M	YTD	Inc[1]
RVC Emerging Asia[2]	**(2.9)%**	**(5.0)%**	**2.8%**	**6.3%**
MSCI AP ex Japan	2.9%	7.5%	33.5%	32.2%
MSCI SEA	4.3%	8.4%	26.3%	22.4%

NAV / Share (USD)

	30 Dec	High (12m)	Low (12m)
RVC Emerging Asia[1]	106.30	115.44	87.80



Market Cap Breakdown

Market Cap	#
USD 0-100 mn	6
USD 100>500 mn	9
USD 500+ mn	6

Monthly Returns[2] (%)

	J	F	M	A	M	J	J	A	S	O	N	D	Y
2015										-0.9	-3.1	-3.1	**-7.0**
2016	0.0	0.0	4.0	1.7	-4.1	5.6	5.7	0.2	-3.2	1.1	-2.2	2.3	**11.1**
2017	3.7	-3.5	4.4	-2.0	0.1	1.0	-0.9	-0.3	5.8	-1.6	-0.6	-2.9	**2.8**

Portfolio Breakdown (% NAV)

Top 5 by Industry		**Allocations**	
Eng & Construction	21.0%	Thailand	79.6%
Real Estate	18.5%	Malaysia	4.8%
Building Materials	9.8%	Indonesia	2.1%
Environmental Control	8.0%	Philippines	3.6%
Retail	6.6%	Vietnam	3.4%
Financial Services	3.4%	Singapore	3.8%
Others	32.7%	Cash & equivalents	2.6%
Total	**100%**	**Total**	**100%**

Fund information

Fund name:	RVC Emerging Asia Fund
Launch Date:	19 October 2015
Current Price:	US$ 109.48
Bloomberg Ticker:	RVCEMAS KY Equity
ISIN:	KYG7742Y1061
Investment Policy:	The fund is an absolute return long only investment fund. It aims to discover emerging undervalued companies which are primarily, but not exclusively, small to midcaps.
Investment Geography:	Asia with a focus on ASEAN
Management Fee:	1.5% p.a.
Performance Fee:	15% p.a. over high water mark

Management Company

Investment Advisor:	Hybrid Partners Limited (Thailand)
Investment Manager:	Ross & Van Compernolle (Cayman) Harbour Place, 2nd Floor 103 South Church Street P.O. Box 472, George Town Grand Cayman, Cayman Is.
Tel:	+6626585982
Website:	www.rossvancompernolle.com
E-mail:	admin@rossvancompernolle.com
Custodian:	DBS Bank Singapore
Fund Administrator:	DBS Bank Singapore
Auditors:	PricewaterhouseCoopers

Footnotes:

(1) Inception Date was on 19th October 2015, NAV is based upon the Lead Series
(2) Performance data is calculated net of fees

Disclaimer