

Asian iTech Fund 30 July 2010

Unit Price
US\$5.24

(NAV in US\$)
Source: HSBC, Bloomberg

Top 10 Holdings

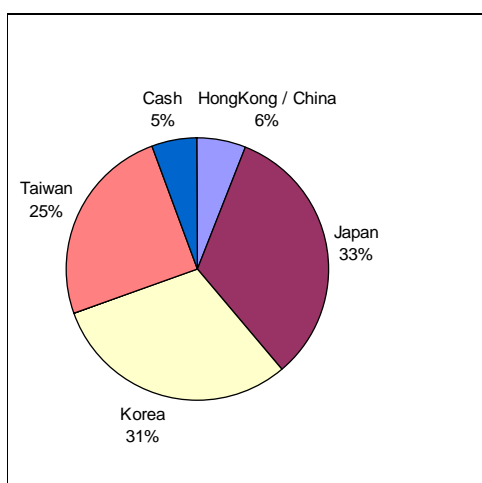
Hynix Semiconductor Inc	Korea	4.7%
Tamron Co Ltd	Japan	4.1%
Samsung Electro-Mech	Korea	3.9%
Nintendo Co Ltd	Japan	3.7%
Pixart Imaging Inc	Taiwan	3.6%
Samsung Techwin Co Ltd	Korea	3.3%
Nichicon Corp	Japan	3.0%
TXC Ciro	Taiwan	2.8%
Full Tech Fiber Glass Corp	Taiwan	2.5%
Duksan Hi-Metal Co Ltd	Korea	2.5%

Sector Allocation

• Semiconductors	30.1%
• Electronic Equipment & Instruments	24.9%
• Others	15.8%
• Greentech*	14.3%
• Software	3.7%
• Computers & Peripherals	3.4%
• Machinery	1.4%
• Internet Software & Services	1.0%
• Cash	5.4%

*Greentech includes companies with businesses involving in renewable energy, environmental protection, health care, biochemical and recycling services

Country Weighting



Fund in figures

Cumulative Performance % in US\$

	Jul 10	YTD	1 yr	3 yr	5 yr
Asian iTech Fund	1.35%	-14.94%	1.23%	-32.76%	7.27%
MSCI Asia Info Tech	5.71%	-1.68%	12.82%	-20.86%	10.86%

Calendar Year Performance % in US\$

	2009	2008	2007	2006	2005
Asian iTech Fund	80.35%	-52.93%	19.52%	5.65%	21.39%
MSCI Asia Info Tech	58.97%	-46.56%	1.41%	8.23%	19.51%

Asian markets closed higher in July as investors cheered stronger than expected earnings results while policy relaxation in China was also well received by the market. Korean tech companies corrected while Taiwanese names rebounded on robust earnings announcements, however notebook and LCD TV reported unclear guidance. Overall, tech stocks rallied as blue chips Intel, Apple, and Samsung Electronics reported favourable earnings, creating imminent selling pressure on the back of profit taking. The Asia iTech Fund rose 1.4% during the final month of the first half of the year, however underperformed the benchmark due to an overweight position in Korea and semiconductors.

In Korea, the GDP expanded 7.2% YoY during the second quarter, as the economy was driven by a boost in manufacturing and robust export figures. The economic reading lends support to the view that the Central bank may again raise interest rates to curb inflation pressure. Korean tech companies faced profit taking as the Central bank raised interest rates which further appreciating the won.

Cross-strait relations continue to improve between Taiwan and China, after the mainland authorised BOC Hong Kong to offer yuan cash settlement services to Taiwanese banks. Strong demand for electronic products and smart phones remains a positive catalyst for the island's growth, although overseas shipments have begun to slightly taper off. Taiwanese semiconductors were sluggish on brokerage-house downgrades while the prices of fiber glass yarns and fiber glass cloth, a major material for PCB production, closed higher from a supply side shortage.

In Japan, exporters faced heavy selling pressure as the yen further appreciated during the month, however, has yet to deter demand away from China and other neighbouring Asian countries. The Fund continues to hold a positive view towards Japan, as the index is currently selling an attractive PB valuation while the yen has gained steadily on the dollar.

Looking forward, the market appears to have priced in a muted peak season, as the PER of most Asian tech companies are currently trading at below 10x following their corrections. The Fund plans to leave its asset allocation portfolio positions largely unchanged, building a more cautious view to downstream sectors vulnerable to rising labour costs in China, higher component prices and increased competition due to lower entry barriers. Upstream manufacturers appear relatively more attractive given better bargaining power on limited supply, while normal inventory levels throughout the EU, US and Asia will unlikely lead to a significant market correction. New product launches including tablet PCs and smart phones serve as positive catalysts for the Fund's conviction towards semiconductors, and we are remain positive towards the automation, gaming and component maker sectors.

Asian iTech Fund

Fund Details

To seek long term capital appreciation which it aims to achieve by investing in listed equities of Asian companies engaged in information technology, including Internet and e-commerce activities; software development; media and content; telecommunications; electronic equipment and components; electronic devices; and peripherals.

Manager	Hamon Asset Management (Cayman) Limited
Fund Manager	Monika Yang
Launch date	25/01/2000
Bloomberg Code	HAMASII KY
Dealing	Monthly
Subscriptions	Before 4pm (Hong Kong time) on the relevant Dealing Day
Redemptions	Before 4pm (Hong Kong time) five business days before the relevant Dealing Day
Minimum Initial Investment	US\$100,000
Base Currency	USD
Share class	US dollar
Financial Year End	December

Important Information:

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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.