TANTALLON CAPITAL

June 2026

TANTALLON ASIA IMPACT FUND SF

The Tantallon Asia Impact Fund SF is a fundamental, long-only, Asia focused, total return opportunity fund. The fund invests with a 3-5 year horizon in a concentrated portfolio (30-35 unlevered positions), market cap/sector/capital structure agnostic, but with strong conviction on the structural opportunity, scalable business models, and data-driven analysis of sustainability, innovation, societal trends, and material environmental and governance initiatives to drive profitability.

Tantallon Capital Advisors, is a Singapore-based entity, set up in 2003, holding a Capital Markets Service License in Fund Management from the Monetary Authority of Singapore.

Performance, in USD
(*Inception on March 1, 2021*)

	TAIF SF	MXAP ($)	Over/Under Full Performance
June 2026:	+1.69%	-1.33%	+3.02%
2026 YTD	+56.84%	+20.34%	+36.51%
2025	+68.59%	+25.35%	+43.24%
2024	+17.72%	+7.23%	+10.49%
2023	-7.39%	+8.76%	-16.15%
2022	-27.38%	-19.36%	-8.02%
2021	+5.15%	-3.40%	+8.55%
Inception:	+120.12%	+32.62%	+87.50%
Compound Returns	+15.68%	Volatility	+33.05%
3-month US T-bill	+3.81%	Sharpe Ratio	+0.53

FUND DETAILS
Tantallon Asia Impact Fund SF

AUM USD 6,000,000

Investment Manager: Tantallon Capital Advisors Pte Ltd

Minimum Investment: USD 250,000

Administrator: Portcullis Trust (Singapore) Ltd

Fees: 1% pa Management fees

Domicile: Singapore

Dealing: Monthly

Auditor: PwC LLP

Lawyers: Eng and Co. LLC

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The Tantallon Asia Impact Fund closed up +1.69% in June, a nervous stretch for Asian equities bringing into sharp relief the significant dispersion across markets and sectors, with a relief rally on a US-Iran ceasefire agreement, and falling crude oil prices giving way, in short order, to heightened risk-aversion and positioning-driven volatility through the semi-conductor complex, setting the stage for the more dramatic drawdown in the first few days in July.

- Our positive regional tilt (headlined by the AI-thematic, structural corporate reforms, industrial and automation moats, energy security, and sustained defense and infrastructure spending) remains intact.
- Market leadership remains uncomfortably 'narrow,' demanding a tolerance for circuit-breaker level volatility.
- Market positioning is hyper-sensitive to (i) the revisionist calculus on costs, demand, and profitability dynamics for high-performance compute, and by extension, hyperscaler capex, (ii) a Wash-led Fed notionally re-setting the outlook for risk free rates globally, and (iii) the geo-political risk premium embedded in energy prices.

Momentum has left the room...*but...* We would view the ~30% drawdown over the past two weeks in the heavily over-bought chip stocks as a salutary 'health-check' – as opposed to a looming bear market.

- ***The hype-loop around all-things AI would seem to have found a reverse-gear*** as the narrative over generative AI's 'potential' for radical transformation runs aground (i) a wave of new equity and debt issuance re-focusing the markets on the inherent risks of hyperscaler capex being compromised by poor ROI math, (ii) the Warsh re-set on real interest rates/duration risk triggering a sharp de-leveraging in the crowded bid for memory and semi-conductor stocks, and (iii) the unraveling of the fragile US-Iran ceasefire.
- ***Make a clear distinction between a peak in the 'rate of change,' and a 'cycle' peak.***
    - *The demand for high-performance compute continues to scale well ahead of expectations.* As we methodically triangulate the supply chain in Taiwan, Korea, Japan, and China, our positive fundamental assessment on demand/supply/pricing dynamics stands, despite the incipient concerns over potential demand-destruction (given the high cost of securing adequate compute capacity), and Meta's purported 'pivot' flagging the risk of hyperscalers opting to lease or re-sell accumulated 'excess' compute capacity.
    - *That said, we do expect that the delta on sector pricing, revenues, and earnings momentum to moderate over the next 6-12 months,* acknowledging (i) how overwhelmingly positive revenue/earnings revisions have been, through the supply chain, over the past 12 months, and (ii) the data-points we are accumulating suggesting that the (current) extreme imbalance between demand/supply through the supply chain are likely to moderate on the back of new capacity being commissioned.
    - The significant near-term 'risk' is likely, behavioral, with investors who have been 'crowded' into leveraged, momentum positions, equating 'moderation' with 'deterioration,' being force-sold despite a still-robust 'cycle.'

YEAR	RETURNS	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
Inception	+120.12%												
2026	+56.84%	+17.70%	+9.21%	-11.82%	+23.38%	+10.30%	+1.69%						
2025	+68.59%	+1.89%	+1.68%	-1.60%	-0.22%	+8.24%	+16.26%	+2.15%	+6.29%	+9.65%	+12.50%	-5.26%	+3.80%
2024	+17.72%	-0.98%	+6.29%	+2.99%	-3.56%	+1.42%	+5.67%	-1.95%	+4.37%	+3.95%	-2.10%	+3.47%	-2.49%
2023	-7.39%	+6.68%	-6.95%	+2.53%	-2.90%	-2.45%	+3.34%	+2.51%	-7.19%	-3.82%	-5.21%	+4.16%	+2.88%
2022	-27.38%	-9.11%	-1.54%	+4.85%	-5.89%	-1.70%	-10.28%	-0.04%	-1.12%	-8.09%	+1.04%	+5.93%	-4.11%
2021	+5.15%			-7.25%	+3.02%	+0.83%	+2.71%	+0.18%	+6.20%	-3.07%	+3.33%	-0.91%	+0.64%

- ***We believe that AI infrastructure investments are set to actually accelerate through 2027.***
    - *We anticipate that global AI infrastructure spending will exceed US$1trillion in 2027* (versus ~US$450bn in 2025, and ~US$750bn in 2026), validated by our measured assessment of balance sheet/industrial policy resilience embedded in hyperscaler and (quasi)sovereign capex intent and announcements.
    - *High-performance computer chips are expected to account for 50% of AI infrastructure* spending by 2027 (up from 14% in 2025), with semiconductor demand anticipated to expand from the current run-rate by 3x for AI agents, 5x for autonomous driving, and 10x for robotics.
    - *The corollary: memory and NAND prices are likely to continue to trend higher,* exceeding muted current market expectations for 2H 2026 and into 2027. For reference, current industry projections are mapping new DRAM wafer capacity growth of ~10% in 2027, and incremental NAND supply growth of ~4%, while building-in demand growth of ~20%. *Watch this space.*
- ***Watch the customers, not the suppliers.*** In our view, the key 'signal' for a turn in fundamentals lies in hyperscaler (specifically, Microsoft, Amazon, Meta, Alphabet, and OpenAI) spending 'intent' and action. Signs of slower infrastructure spending, weaker token economics, or more 'disciplined' capital allocation would be telling.
- ***Net, net, our conviction in the flywheel of agentic AI operating at scale stands.***
    - However, with the market's attention shifting to utilization rates, monetization, and return on capital analysis, the multiple re-rating uplift is largely behind us.
    - Our return expectations from this point forward, are firmly anchored to our conviction on revenue conversion into sustained earnings and free cash flow growth.
    - We are invested in the 'shortages' (in power, memory, testing, ABF substrates, MLCC and CoWoS packaging, photonics and optical networking), and China's strategic imperative to build-out a domestic semiconductor supply chain.

China's explicit industrial policy intent to build a self-sufficient, sustainable, semi-conductor and AI stack is credible, and is scaling.

- Our investment framework calibrates and distinguishes between **declared policy intent** (i.e., framed, aspirational 'goals' which are often 'missed'), **actual policy commitment** (where subsidies are systematically disbursed, and 'mandated' demand converts into purchase orders and revenues), and **verifiable policy traction** (with explicit localization, import substitution, domestic design and testing, and market share deliverables).
- The analogous development of the renewables and electric vehicle sectors in China is a valid reference point – and in particular, for the layers where scale, access to capital, construction speed, and time to market decide the outcome.
    - The renewables and EV sectors had no externally controlled technology or systems/processes constraints, and so could scale on the back of China's advantages in terms of a vast home market, access to abundant, low (no) cost domestic capital, and regulatory forbearance, which, in turn, guaranteed substantial cost, speed-to-market, and eventually, technology moats relative to the rest of the world.
    - In contrast, the Chinese semiconductor sector is technology-constrained at the leading edge and will remain in catch-up mode for the foreseeable future. As a result, the significant efforts to build-out a domestic eco-system is at this point, parallel substitution, as opposed to scale, costs, technology and performance equivalence.
    - The corollary, therefore, is that the "overcapacity → price war → domestic consolidation → subsidized exports" arc of the Chinese renewables and electric vehicles sectors is unlikely to be the road map for the semiconductor value chain.

Our conclusion therefore is that the Chinese have established (i) a credible, well-funded, investable industrial scale program in the power adjacencies, and in the picks and shovels across most of the semi-conductor production equipment localization efforts, in memory, and in mature nodes, and (ii) a genuinely competitive (albeit unprofitable) open-source large language model software layer; while (iii) being structurally constrained at the leading edge given the ASML EUV monopoly, SMIC 7nm capacity, and limited access to high-bandwidth memory and high performance chip architecture.

Our expectation of a 'staged truce' in the Middle East has failed to materialize; instead, we are seeing yet another escalation of military hostilities, putting paid to the fragile truce that had been in effect for a few weeks.

- A new generation of Iranian hardline leadership understands and fully intends to exercise their asymmetric leverage over passage through the Strait of Hormuz, making any significant concessions a non-starter.
- At the same time, predictable bombast notwithstanding, there is zero appetite in the US for 'boots on the ground,' and, as a result, an uneasy impasse holds, allowing jaded (complacent?) markets to model 'friction' without 'destruction' (of the region's oil and gas infrastructure), and 'contained' collateral damage, while ensuring a permanent risk-premium being embedded in energy prices.
- We should, therefore, simply be prepared for prolonged uncertainty, with choreographed 'concessions' yielding ultimately, to a 'return' to the 2015 JCPOA agreement, some token oversight over the Iranian nuclear program, but a permanent 'toll' on passage through the Strait, shifting alliances, and the ever-present risk of 'escalation.'

Conclusion:

- We expect markets to remain volatile: deleveraging, a retail unwind, persistent 'peak-cycle' concerns, and higher energy and food prices (as a barometer of geo-political risk premiums) will likely keep beta fragile.
- Amidst the uncertainty and the whip-lash volatility, we remain clear in our focus, investing in well-defined pockets of resilience, with strong fundamental earnings, cash flow and valuation support.
- Our key convictions are in the 'shortages' in the energy, memory, optical networking, photonics, and critical minerals infrastructure, in evolving industrial and automation moats, in accelerating defense spending globally, in the reform momentum in Japan, Korea, and India, and in nascent reflation across North Asia.

Please do let us know if you would like a follow-up conversation, or a catch-up in the next few days.

Portfolio Overview

Top 5 Positions
Naura Tech
Advanced Micro-A
Panasonic Holdin
Kaori Heat
United Microelectronics Corp

Sector Weights & Performance	% NAV	MTD
Technology	45.4%	+3.80%
Industrials	25.0%	-0.32%
Materials	9.2%	-0.83%
Communications	7.1%	-0.57%
Energy	1.7%	-0.41%
Healthcare	0.0%	0.00%
Financials	0.0%	0.00%
Utilities	0.0%	0.00%
Real Estate	0.0%	0.00%
Consumer Discretionary	0.0%	0.00%
Consumer Staples	0.0%	0.00%
Cash	11.6%	

Country Weights	% NAV
Taiwan	25.1%
Hong Kong/China	18.2%
Japan	17.8%
Australia	11.5%
Korea (South)	8.1%
India (ADR/GDRs)	0.0%
Singapore	0.0%
Others	7.6%
Cash	11.6%