

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.

The Tantallon Asia Impact Fund closed up +6.01% in August, a recovery of sorts from the pummeling in July. However, markets remain on edge. The margin-call driven momentum unwind in leveraged tech and AI positions remains a drag on sentiment, while the resumption of hostilities in the Middle East played very poorly in crude and treasury markets amidst growing concerns over debasement weighing on the US dollar, and putting a firm bid under precious metals.

- A protracted conflict in the Middle East would keep energy prices and inflationary expectations elevated, exacerbating the stress along the yield curve as US policy credibility runs headlong into the wall of US debt and debt-servicing obligations, bringing to the fore renewed concerns over US\$ debasement as the 'path of least resistance' heading into the US mid-terms.
- That said, as we parse the specifics of hyper-volatile trading activity and shareholder registries, we would reiterate the point we made last month: this summer's markdown in risk assets globally is more a 're-set' on crowded investor positioning, as opposed to a change in fundamentals.
- We would also specifically point to positive earnings inflection across the region, re-affirming our conviction in a sustained infrastructure capex cycle to feed the AI value chain, the fundamental re-set on energy and critical minerals supply chain security and priorities globally, rising defence capex across the region, the reform momentum and improved capital allocation discipline in Japan and Korea, nascent reflation in Hong Kong and Japan, and the renewed bid for transition and precious metals.

Reflecting on another very 'noisy' month in the markets – and yes, these are good reasons to be 'concerned':

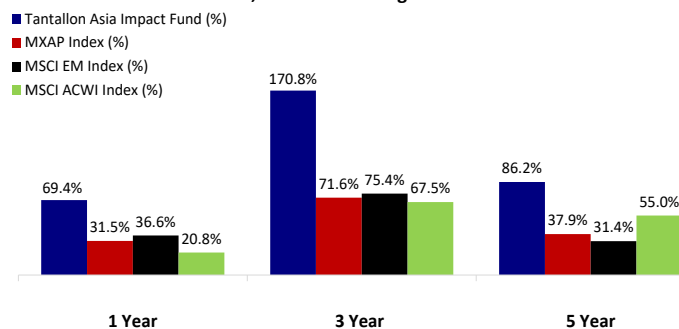
- **Interest Rates.** Warsh's 'surprising' hawkish Jackson Hole tilt has put the risk of rate hikes back on the table. Firmer August CPI/PPI data on the heels of a strong non-farm payrolls report would materially increase the odds of a September FOMC rate hike.
 - Yes, duration risk is asymmetric to the downside for equities.
 - However, an orderly move higher in interest rates (which, is what we have seen thus far) would reflect 'normalization' (with 10-year US Treasuries still 'low' by the levels established in the four decades leading up to the 2008/2009 Global Financial Crisis), rather than 'panic.'
 - In our view, the primary risk is not the absolute level of interest rates (which, if measured and calibrated, will be digested by markets), but is in a panic 're-set,' with a sharp spike likely to trigger a 'risk-off' across all risk assets.
 - Given the backdrop of rates trending higher, unsurprisingly, one-year-forward earnings multiples for the broad Asia-Pacific markets have de-rated from ~16x (in September 2025) to ~12x currently,

Performance, in USD

(Inception on March 1, 2021)

	TAIF SF	MXAP (\$)	Over/Under Full Performance
August 2026:	+6.01%	+3.11%	+2.91%
2026 YTD	+39.64%	+22.19%	+17.45%
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:	+95.98%	+34.66%	+61.32%
Compound Returns	+12.81%	Volatility	+23.42%
3-month US T-bill	+3.81%	Sharpe Ratio	+0.38

1,3 & 5 Year Rolling Returns



FUND DETAILS

Tantallon Asia Impact Fund SF

AUM USD 6,000,000

Investment Manager: Minimum Investment:

Tantallon Capital Advisors USD 250,000

Pte Ltd

Administrator:

Portcullis Trust
(Singapore) Ltd

Domicile: Singapore

Auditor:

PwC LLP

Fees:

1% pa Management fees

Dealing: Monthly

Lawyers:

Eng and Co. LLC

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while resilient earnings/cash flows growth continues to surprise market expectations positively.

- We are mindful of the earnings risks implicit in any downshift in AI-related capex momentum, in consumers being squeezed by higher energy and food prices, in potential job losses as AI tools and services

YEAR	RETURNS	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
Inception	+95.98%												
2026	+39.64%	+17.70%	+9.21%	-11.82%	+23.38%	+10.30%	+1.69%	-16.02%	+6.01%				
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%

scale, and as higher interest rates, defense spending, and food/fuel subsidies constrain fiscal stimulus across the region.

- We are focused on companies with sustainable revenue conversion into earnings and cash flows, while continuing to avoid the long duration 'narratives' that necessarily require an uplift from sentiment and multiples.
- **US Dollar Debasement.** The price action in gold and bitcoin reflecting "debasement" concerns spiking on search trends globally would argue for a return to Liberation Day psychology, while the Treasury interventions on the yen and long-dated Treasuries reads as both a 'warning' to 'speculators,' and a tacit admission of vulnerability.
- **AI.** The debate has dizzyingly fragmented across token 'maxxing' vs. rationalization, frontier vs. open-weight models, the US vs. China, regulation vs. innovation, 'integrity,' 'safety,' and 'AI agent-hacking' risks in the frontier models, the backlash against data centers in the lead-up to the US midterms, and of course, the handwringing on ROI on capex to meet scaling demand for compute vs. the inherent credit risks embedded in creative accounting and financing strategies. Leadership within the AI complex has rotated relentlessly (hyperscalers, power, compute, semis, memory, scarcity owners, and back), while investor 'concentration' risks are rising.
- **Momentum.** Yes, positioning is 'cleaner' than in July, with systemic leverage and retail froth having been scaled back. However, after the brief respite with the resolution of the collapse in Situational Awareness LP, 'momentum' has rolled over. August felt 'unhealthy' – with declining gross, anxious sentiment, and markets remaining volatile, reflecting rising risk premiums in crude oil prices and along the yield curve.
- **The Middle East.** There is no viable offramp at the moment, and the US and Iran (and proxies) have resumed missile and drone strikes targeting energy, civil, and military infrastructure across the region. Crude, LNG, and coal prices have taken note, with supply remaining constrained, and US and European reserves sitting well below 'normal,' with obviously negative implications for energy prices and inflationary expectations.
- **Politics.** The US midterms are shaping rhetoric and potentially, policy (with the yield curve and data centers currently in the crosshairs!), a potential Xi-US visit, the BRICS summit in New Delhi (where Xi and Putin are expected), and as the uncomfortable tail risks tied to election outcomes in Germany, France, Brazil, and Israel loom into year-end. There's a lot on the table.

Japan: A Stronger Yen and a 'Repriced Shield.' Over the last month, there have been two distinct 'shifts:' *the yen has stopped falling, and the US security guarantees (that had effectively been in place for 75 years!) can no longer be assumed as a 'given.'*

- The yen has 'appreciated,' from a forty-year low of 164 yen/US\$, to ~154 yen/US\$ in the first week of September. It does reflect (~US\$100bn and counting) coordinated 'intervention,' and significant jawboning out of both Tokyo and Washington.
 - The currency is still very cheap, and as expectations mount for yield curve 'normalization,' with JGB yields at over 3%, a three-decade high, anticipating further debt-funded fiscal expansion, sustained nominal growth and wage inflation, and a 'repricing' of Bank of Japan policy ahead of the September 18 meeting.
 - A stronger yen – and we could certainly see it trading in a band around 150 yen/US\$ - would certainly assuage some of the stress from higher imported energy prices, and higher defense procurement targets.
- Japanese policymakers have also had to internalize the shifting sands that stack up a much more militarily assertive China relative to (i) the US'

2026 National Defense Strategy explicitly pressing allies to shoulder more of the defense burden for the Asia Pacific, (ii) the shocking, unilateral truncation of the joint US/South Korean military exercises, *and* (iii) the relocation of critical Indo-Pacific defense assets to bolster the US military efforts in the Persian Gulf, while, (iv) having to contend with the supply chain vulnerability exposed in the procurement of energy, rare earths, and critical minerals.

- Specifically, we expect the **"Three Strategic Documents"** to be revised by the government by year-end, codifying a foundational national security framework to catalyze Japan's foreign, defense, and procurement policies, while establishing explicit security objectives, and strategic assessments of 'regional threats.'
 - We do expect Japan to boost its defense spending from ~2% of GDP to ~3% of GDP.
 - The April 21 cabinet decision further 'liberalized' the restrictions on the export of finished defence products, a boon for the Japanese primes. The Australian frigate program is the template; the prospective Philippine warship transfers are the next test.
 - China's dual-use controls cut rare earths and critical minerals exports to Japan by 51% year-on-year in the first half, a real 'shock' for a country producing 15% of the world's advanced magnets.
 - The Strait of Hormuz accounted for 35% of Japan's primary energy inputs. We are tracking policy-backed LNG contracted-sourcing diversification, nuclear restarts in Japan, and scaling SMR (small modular nuclear reactor) investments in the US.
 - A wild card would be a politically charged referendum to amend Article 9 of the Japanese constitution, in order to formally codify the country's Self-Defense Forces, granting the military explicit constitutional legitimacy. *Watch this space.*

On balance, we expect markets to remain extremely choppy, but to fundamentally trend higher, reflecting concerns embedded in energy prices and the yield curve, as well as the positive revenues and earnings revisions across Asia surprising on the upside, across multiple sectors.

- We are particularly encouraged that market performance continues to broaden-out, rewarding strong revenues, earnings, cash flow and valuation support.
- Our key convictions are in the persistent 'shortages' we have identified in memory, testing, optical networking, ABF substrates, MLCC and CoWoS packaging, in prioritizing energy security, in the urgency surrounding the build-out of ex-China critical minerals infrastructure, in accelerating defense spending globally, in the reform momentum in Japan and Korea, in nascent reflation in Hong Kong and Japan, and in the renewed bid for transition and precious metals.

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	Sector Weights & Performance	% NAV	MTD	Country Weights	% NAV
Panasonic Holdings	Technology	40.3%	2.72%	Taiwan	22.5%
Naura Tech	Industrials	16.8%	1.94%	Hong Kong/China	21.7%
Advanced Micro-A	Materials	14.6%	1.29%	Australia	16.4%
Bloom Energy	Communications	5.9%	-0.15%	Japan	11.9%
Lumentum Holdings	Healthcare	5.4%	0.04%	Korea (South)	4.5%
	Energy	5.0%	0.28%	India (ADR/GDRs)	0.0%
	Financials	2.0%	-0.11%	Singapore	0.0%
	Utilities	0.0%	0.00%	Others	13.0%
	Real Estate	0.0%	0.00%	Cash	10.0%
	Consumer Discretionary	0.0%	0.00%		
	Consumer Staples	0.0%	0.00%		
	Cash	10.0%			

The fund may only be offered in Switzerland to qualified investors within the meaning of Art. 10 para. 3 and 3ter CISA. In Switzerland, the representative and the paying agent is Intesa Sanpaolo Wealth Management SA, Rue du Rhône 4, CH-1204 Geneva. The relevant documents of the fund as well as the annual report may be obtained free of charge from the representative.