TANTALLON CAPITAL

October 2026

TANTALLON ASIA IMPACT FUND SF

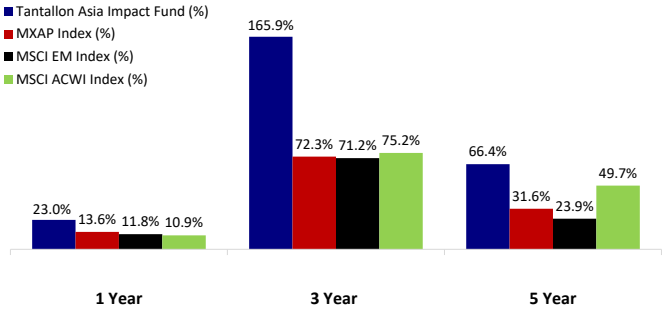
The Tantallon Asia Impact Fund SF is a fundamental, long-only, Asia focused, total return opportunity fund. The fund invests with a 3-5 year horizon in a concentrated portfolio (30-35 unlevered positions), market cap/sector/capital structure agnostic, but with strong conviction on the structural opportunity, 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
October 2026:	-13.42%	-6.09%	-7.33%
2026 YTD	+25.03%	+14.04%	+10.99%
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:	+75.47%	+25.68%	+49.79%
Compound Returns	+10.27%	Volatility	+23.88%
TTM Sharpe Ratio	+0.45	3mo US T-bill	+4.07%

1,3 & 5 Year Rolling Returns



The Tantallon Asia Impact Fund closed down -13.42% in October, an eminently forgettable month which, unfortunately, seems to have set the table for the melt-down across global risk markets following the US midterms, reflecting the complex interplay between binary choices, geo-politics, crude oil prices, interest rates, higher-than-expected sovereign and corporate funding needs, positioning, and leveraged, crowded, momentum trades being force-sold.

We are investing in an 'Age of Chaos!' *It's been quite extraordinary:* extreme volatility across treasury and energy markets exacerbated by margin calls, fevered analysis conflating demand for compute continuing to scale *(which it most certainly is)* with (growing) challenges funding the AI infrastructure stack given nebulous return expectations, and regulatory risks and funding costs, emboldened Houthi strikes on the KSA, social unrest across Europe, El Niño concerns, shock election outcomes in Brazil, *and,* the re-set in risk/reward after the US midterms.

- *Crowded, momentum-heavy, levered books hit 'stops' at the same time.* The indiscriminate mark-down over the last several weeks (and it's not just tech!), reminiscent of the post-Liberation Day panic, reflects leverage being force-sold. There have been few places to hide.

Peeling though layers of panic and leverage being unwound, and triangulating feedback on fundamentals from dozens of companies, across multiple sectors, over the past few weeks:

- *We appreciate markets devolving to narratives to 'explain' the dramatic drawdowns:* a significant liquidity/deleveraging event; violent market rotation; and tech stocks *not* responding to excellent earnings/guidance over concerns of a 2008 'earnings cliff' – and yes, memory stocks have been de-rating since July.
  - *We are not ready to proclaim the demise of the AI/tech stack.* But we expect growth to slow from the breakneck pace of the past two years, for valuations to re-set, and for markets to be much more discriminating, rewarding genuine moats and resilience.
- *We expect the stress on long-dated US treasuries to ease, and for the Fed to stay the course with at least two more 25bp hikes.* 'Managed' gridlock post the midterms, and prospects of lower geopolitical risk premiums, moderating energy prices, and moderating AI-related capex should allow for lower inflationary expectations,
- *We are focused on identifying and investing in resilient businesses that have been panic-sold,* where positive earnings revisions are likely to continue to surprise on the the upside.

The US midterms delivered a Democratic sweep: ~254 House seats, at least 54 Senate seats, and a majority of governorships, including 'flips' in Texas, Ohio, Nevada, Georgia and Iowa.

- We expect heated rhetoric, but, ultimately, pragmatism and compromise, as opposed to scorched earth or aspirational legislation.
- Gridlocks have historically been 'good' for markets, limiting 'policy shocks,' and unfettered government spending; but gridlocks also yield headline risk and capital markets volatility.

FUND DETAILS

Tantallon Asia Impact Fund SF

AUM USD 5,000,000

Investment Manager:
Tantallon Capital Advisors Pte Ltd

Minimum Investment:
USD 250,000

Administrator:
Portcullis Trust (Singapore) Ltd

Fees:
1% pa Management fees

Domicile: Singapore

Performance Fees: NIL

Auditor:
PwC LLP

Dealing: Monthly

Lawyers:
Eng and Co. LLC

Contact:
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YEAR	RETURNS	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
Inception	+75.47%												
2026	+25.03%	+17.70%	+9.21%	-11.82%	+23.38%	+10.30%	+1.69%	-16.02%	+6.01%	+3.41%	-13.42%		
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%

A view from 30,000 feet: Without a veto-proof majority, the Democrats' leverage lies in subpoenas and fiscal deadlines that can no longer be 'reconciled.' Beware headline risk for the tech and AI-stack, media, crypto, financials, and healthcare, and for sure, companies deemed to have 'benefited' from their proximity to the White House.

- ***Uncertainty does not 'disappear.'*** The White House will use Executive Orders to dictate action on tariffs, export controls, the US-Mexico-Canada review, the war, and foreign policy, while channeling federal funding into strategic sectors with bi-partisan support, such as critical minerals, defense technology and nuclear power.
- ***Centrists will set the legislative agenda.*** Given their majority in the incoming Congress, centrist Democrats will use fiscal deadlines (ie, their real leverage given the White House 'veto') to constrain war funding and press for rollbacks of selected tariffs, while prioritizing affordability, energy costs, and restoring last year's healthcare and safety-net cuts.
- ***Take oversight seriously.*** The incoming chairs, Robert Garcia (House Oversight), Elizabeth Warren (Senate Banking) and Ron Wyden (Finance) will re-visit White House linked 'deals,' M&A driven sector consolidation, the war with Iran and aid for Ukraine, immigration enforcement, Big Tech/platform 'dominance,' and the AI infra buildout. *Buckle up.*
- ***A durable 'truce' with Iran (and Russia/Ukraine??) = reduced energy price volatility = lower inflationary expectations.*** We are encouraged by the recent 'positioning' by Trump and Vance, Eisenkot's coalition window in Israel, *and* the depleting stock of fuel oil inventories in the US (including diesel and heating fuel) falling to under 100m barrels.
- ***AI and Data Centers.*** This has nothing to do with demand for compute which continues to scale. Neither do we expect a national moratorium on the data center build-out. But *we do expect the pace of investments to slow,* mapping (a) cautious credit markets, (b) a slower, more expensive, permitting process, and as a result, a potential (re)review of locations, *and*, (c) potential near-term Nvidia hiccups given the circumstances surrounding Jensen Huang.

Investment implications.

- **Regime Change?** Over the past five years, 'outperformance' required being invested in energy or tech, and in particular, in the semiconductor value chain.
  - *We are not ready to proclaim the demise of the tech stack;* but we do expect growth to 'slow,' and markets to be more discriminating, rewarding moats/resilience.
  - Given the constraints of gridlock, we expect the stress on long-dated US treasuries to ease, and that lower geopolitical risk premiums, the reduced risk of elevated energy prices, and slowing AI-related capex should allow for lower inflationary expectations.
- **The US Dollar.** We remain cautious on the fiscal and structural compulsions under-pinning the US$ and anticipate a weaker dollar over the next 5-10 years. *Positive for emerging markets, for local currencies, and local currency denominated debt, financials, and real assets. Positive also, for metal miners, critical minerals, and precious metals.*
- **Interest Rates:** the 'brakes' on US fiscal expansion, and prospects of lower energy prices and slowing AI-related capex allows for moderating inflationary expectations. The outlook favors the long end over the front, with futures are pricing ~75% chance of a Fed rate hike in December, and 50bp of incremental tightening. *Positive for fiscal/monetary regimes anchored to US treasuries, long-duration thematics, infrastructure assets, financials.*
- **AI and data centers.** Restrictions prevailed in 40 of 41 local ballot measures. Based upon the proposed locations, we anticipate slower, more expensive, and more restrictive permitting terms on ~50% of planned (but not permitted) US capacity expansion into 2028/2029. *Positive for hyperscalers with secured power, operating power generation assets, and commissioned and permitted data centers; negative for leveraged neoclouds, and the semiconductor stack (where, if the delays allow the supply-chain bottlenecks to dissipate, current pricing/margins will erode, weighing on sentiment and multiples).*
- **Energy.** The risk of sustained higher energy prices has moderated. However, distillate stocks remain extremely tight globally. *A durable 'de-escalation' would be a significant uplift for crude oil importers such as India and China; in addition, heading into the winter season with historically low global stocks, the Asian refiners offer compelling value.*
- **Healthcare:** We expect scrutiny over drug pricing, pharmacy benefit managers, and pharmaceutical company margins. *A positive for Asian generics and CDMO manufacturers.*

Cyber-security is becoming Mandatory, Quantum-Exposed, and Expensive. Cyber-security spending is now non-discretionary. Breaches are costlier, attackers are 'industrializing' *with* AI, and governments are turning security from a budget choice into an explicit obligation.

- *We believe demand is durable.* In 2025, the average breach cost ~US$5m (~US$11.5m in the US). Breaches are weaponized in under 24 hours, and ransomware victims rose 5x in 2025. "Identity" is the new perimeter: 73% of initial access comes through valid accounts, social engineering and phishing, and AI agents are multiplying machine identities.
- *The risks from quantum computing are already manifest* with the machine needed to break RSA-2048 shrinking from 20 million qubits to under one million, amplifying the 'harvest now, decrypt later' risks whereby encrypted network traffic is being intercepted and stored until a crypt-analytically relevant quantum computer (CRQC) becomes available.
  - E are looking to invest in the post-quantum hardware security upgrades, with firewall, hardware-security and security-IP suppliers capturing early spending.
- *Policy is setting the clock.* We would specifically point to CNSA 2.0 governing new US national-security purchases from January 2027; a June 2026 executive order setting federal post-quantum deadlines of 2030–31, with government contractors to follow; and that NIST will deprecate RSA and ECC after 2030.
- *Non-discretionary cyber-security related spending is increasingly visible across Asia* with cyber demand being written into law. Japan's Active Cyber Defense obligations took effect on October 1, 2026. Korea now requires publicly listed companies to spend at least 15% of their IT budgets on cyber security and, since September 11, can fine repeat or large-scale offenders up to 10% of revenues. At the same time, Taiwan's financial regulator wants high-risk systems migrated to post-quantum cryptography by 2035. China's amended Cybersecurity Law (January 2026) imposes one-hour incident reporting on critical operators. India's data-protection rules bind fully from May 2027.
  - Our convictions are in identifying (i) mandate-driven beneficiaries, (ii) identity and data resilience, (iii) spec-designed hardware to address PQC risks, and on (iv) solutions emphasizing early detection of breach, installing effective patches, minimizing time of breach and loss of data, and ensuring recovery.
  - Key risks to assess across Asia: government mandates without budgets; rising token costs eroding margins; and valuations relative to revenue and margin ambitions.

Conclusion. We do expect markets to remain volatile. We also do expect lower geopolitical risk premiums, moderating energy prices, and moderating AI-related capex allowing for lower inflationary expectations, and for risk-free rates to stabilize. We have been focused on identifying and investing in resilient businesses that have been sold down in the panic, where positive revenues and earnings revisions will continue to surprise on the the upside.

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
Ionic Rare Earths
Shenzhen Mindray Bio
Santos Ltd
Kaori Heat Treatment
SPDR Gold MiniShares Trust

Sector Weights & Performance	% NAV	MTD
Technology	26.5%	-5.26%
Materials	14.6%	-2.70%
Industrials	14.0%	-3.19%
Energy	11.7%	-0.42%
Healthcare	6.6%	-0.88%
Financials	3.1%	-0.51%
Communications	3.0%	-0.47%
Consumer Discretionary	0.0%	0.00%
Real Estate	0.0%	0.00%
Utilities	0.0%	0.00%
Consumer Staples	0.0%	0.00%
Cash	20.5%	

Country Weights	% NAV
Australia	17.4%
Taiwan	17.1%
Japan	15.2%
Hong Kong/China	9.6%
Korea (South)	8.7%
India (ADR/GDRs)	0.0%
Singapore	0.0%
Others	11.5%
Cash	20.5%

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.