Imperial Asian Franchise Fund

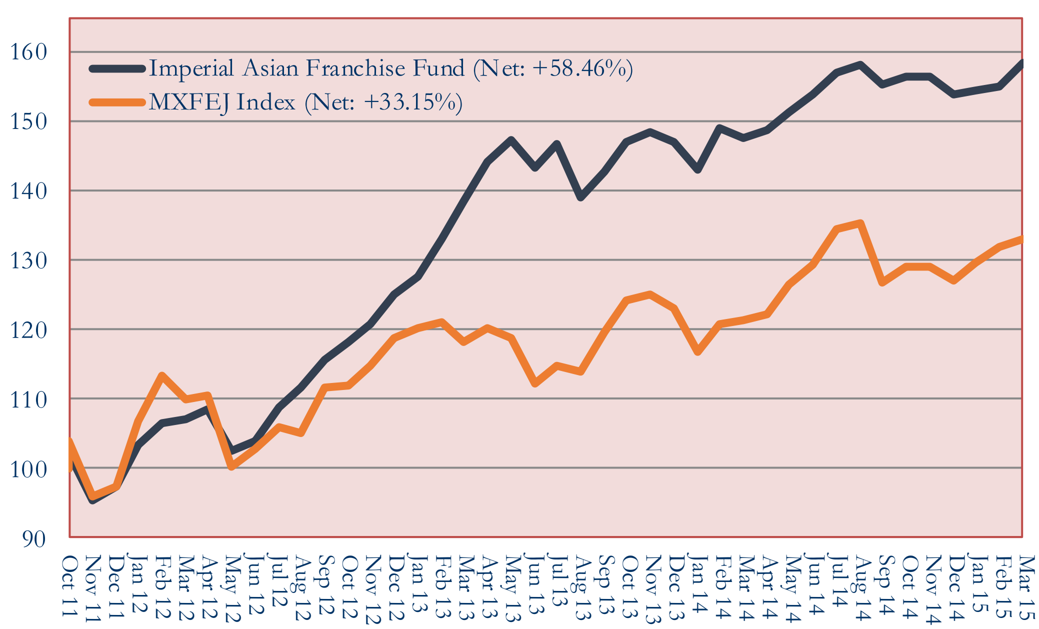
March 2015 Monthly Report

Net Monthly Return (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011										2.12^	-6.51	1.87	-2.74
2012	6.31	2.91	0.75	1.13	-5.55	1.43	4.79	2.53	3.64	2.33	2.13	3.48	28.59
2013	1.99	4.28	4.24	3.96	2.15	-2.60	2.31	-5.25	2.82	2.85	0.97	-0.86	17.69
2014	-2.83	4.25	-1.02	0.84	1.75	1.68	2.02	0.78	-1.84	0.77	0.00	-1.73	4.53
2015	0.46	0.30	2.21										2.98

^Performance for period 25/10/2011 to 31/10/2011

MONTHLY PERFORMANCE CHART (Since Inception)



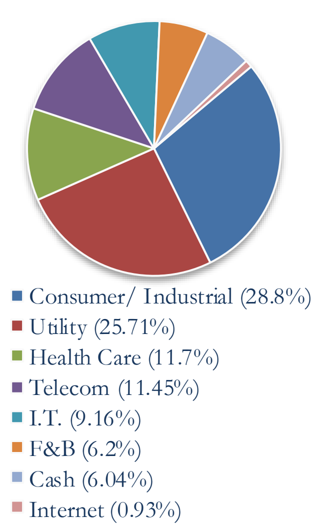
QUANTITATIVE ANALYSIS (Since Incep.)

	Imperial
Number of Positive Months	33
Number of Negative Months	9
% of Profitable Months	79%
Average Perf. (Positive Months)	2.4%
Average Perf. (Negative Months)	-3.1%
Average Monthly Return	1.1%
Monthly Largest Drawdown	-6.5%

PORTFOLIO SNAPSHOT

Beta	0.65
Top Ten Holdings	50.40%

SECTOR BREAKDOWN



FUND OBJECTIVE

This is a high conviction Asia ex-Japan long only equity strategy.

The objective of the Fund is to employ a disciplined investment process to identify companies with durable competitive advantage, particularly intangible assets, and to capture their superior returns as they grow into dominant Asian Franchise operators in the Asia Pacific region.

ESG considerations are embedded in our process to reflect our preference for sustainable enterprises.

PORTFOLIO DETAILS

Total AUM(USD in Mil)#	22.57
# of Positions	25
Weighted Avg. Mkt Cap.($bn)	19.41
Average Volatility %	9.35
VAR 99%	1.38
Sharpe Ratio	1.49

#Includes managed account

FUND DETAILS

Strategy	Long only
Mandate	Asia ex Japan
Mgt. fee	1.38% per annum
Perf. fee	13.8% HWM
Custodian	Bank of China (HK)
Administration	Alter Domus
Auditor	KPMG
Domicile	Cayman Island

CONTACT INFORMATION

21Fl, Suite A,
Kingswell Commercial Tower,
171-173 Lockhart Road,
Wan Chai, Hong Kong
+852 3679 3163
+852 3679 3120
bshaw@imperialcap.com.hk
www.imperialcap.com.hk

Portfolio Review

Our strong returns in March was driven by good sets of FY2014 results, although the Fund still trails comparable index YTD as we did not have a full ride of the markets' beta in January and February. Admittedly, we have continually raised the bar on the quality of our investments amidst prevailing risk of deflation and interest rate hike, and have been willing to forego some upside for downside protection. We aim to rely on fundamental catalysts of our franchises to deliver re-rating potentials. Aside from satisfactory earnings results, we were particularly pleased with the upside surprise on dividend pay-outs. This not only enhances our total return, but also suggests that the management is confident of their earnings, or more importantly, cash flow outlook, a key performance driver of our investment philosophy.

Our China A Share, Qingdao Haier rose 26% in March and we expect the re-rating story to continue as the company valuation remains at a discount to global peers given its high ROE of 24% and strong free cash flow generation ability. Continued progress in smart-home appliances, upcoming asset injection, government stimulus in the property market and potential subsidies all serve as catalysts. While the overall white-goods market (especially Air con.) is likely to be under some pressure, we believe Haier will continue to outgrow the market. Haier will launch more innovative products, which could help strengthen its market-leading position and gain market shares, especially in the high-end segment. More of its new products are high-end positioned, which fit the cycle of product upgrading. Haier intensively interacts with consumers during the R&D stage, which ensures the success of its 'premiumization' efforts. Its self-clean washer has been a classic case with 150k sales volume after its launch in 2H14. Mix upgrade, together with tailwinds from commodity cost, could well support margin expansion and enhance earnings visibility.

Our Fund participated in the IPO of HK Broadband Network (HKBN), a quasi-duopolistic broadband operator in HK. HKBN is not only entering a period of declining CAPEX but also a bumper harvest period of rising ARPU (lowest amongst developed nations) and market share in the coming years. The market is currently dominated by HK Telecom (HKT) and HKBN, which jointly command a market share of over 80% (HKBN 35%). The dominant players are expected to continually marginalize the other two smaller players as they lack incentive to invest heavily into network enhancement. With 76% of revenue from residential sector, HKBN commercial segment has plenty of room for market share gain. We believe HKBN's lower cost central router system (serves 24 homes) vs. HKT's a modem/home router system allows HKBN to compete effectively with HKT. We regard HKBN as a rare bird that provides both franchise qualities and growth opportunities and added to our position in the secondary market posting listing.

Outlook

With China, Japan and Europe easing monetary policies and US reluctant to hike rates in a hurry, there remains ample liquidity to support emerging market equity class. Despite cheap money everywhere, economic performances suggest the world is still struggling with growth and deflation risk. Being a long only strategy, it is difficult to be too careful at this juncture, and by sticking to quality ahead of growth, that means we are willing to miss some upside for capital preservation. It is always hard to tell when the next dark swan is around the corner. Our portfolio

is positioned as quality growth to capture growth opportunities with strong recurrent base to fall back on in the event that growth falters. Lately, market seems to have digested a scenario of a 25bp rate rise in the US in the coming quarter and then holding back on further moves until global growth conditions stabilize. For Asia, China's rate cut will remain the overarching investment theme in the coming quarters, and should help stabilize economic activities in the Mainland.

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