

**Performance as at 31 Dec 2011 in USD**

	1 Month %	3 Months %	6 Months %	1 Year %	3 Years %	Inception p.a. %
<b>TG TAAM Asia ex Japan Fund</b>	0.56	2.79	-20.67	-	-	-22.21
<b>MSCI AC Asia ex Japan</b>	0.59	3.30	-18.14	-	-	-18.07
<b>Difference +/-</b>	-0.03	-0.51	-2.53	-	-	-4.14

All performance data is calculated on a NAV to NAV basis, net income reinvested. Past performance is not a reliable indicator of future performance. Date of inception is 01 Apr 2011.

**Commentary**

Another extremely volatile December quarter for global equity markets ended with muted returns for Asian stocks. The MSCI AC Asia ex-Japan index in US dollar terms ended the quarter higher by 3.3%. For the full calendar year Asian market relative performance was decidedly mixed. In local currency terms, the MSCI AC Asia ex Japan index declined by 14.6% which was approximately better than the major European indices but lagging major US indices. In US dollar terms, the regional index declined by a clearly disappointing 17%. Positive absolute returns are set to return to Asia in 2012.

There were some interesting developments within Asia. The smaller South East Asian markets of Indonesia, Thailand and Philippines have substantially outperformed the region in recent years, and this continued in the December quarter. Foreign investors have favored these markets due to their healthy domestic consumption story, largely immune from the troubles elsewhere in the world. The larger South East Asian market of Singapore has not fared as well and was the second worst performing market. In a surprise move, the Singapore government announced significant punitive measures to control residential property prices, culminating with an unprecedented 10 percent stamp duty on foreign and corporate buyers (this fund manager resides in Singapore and can confirm the rising cost of living).

Chinese stocks found some support and slightly outperformed the region for the quarter. After an extended period of monetary policy tightening, the People’s Bank of China began its monetary easing cycle in November, cutting the reserve requirement ratio for the banks. Inflation slowed to 4.2% in November, significantly slower than in October and below consensus estimates. Easing inflation, coupled with the expected softening of growth, portends a shift in policy from fighting inflation to protecting growth. We expect more monetary policy easing in 2012 which will be bullish for Chinese stock prices. In contrast, India is in a less enviable position. GDP growth for fiscal year ending March 2012 has been lowered to 7.5% from an earlier forecast of 9%. However the Reserve Bank of India hands are tied as inflation threats are not subsiding in tandem with slowing growth. For the quarter, India was the worst performing market by far, declining by 14% in US dollar terms.

Considering the news of North Korea's Kim Jong-il's passing in mid-December, the Korean market showed resilience, slightly outperforming the region. There is some risk that a prolonged struggle for leadership among North Korea's political and military factions could lead to a rise in geopolitical tensions across the Korean peninsula. However these concerns regarding the leadership transition to his young, untested son, Kim Jong-un are mostly overstated.

The fund returned 2.79% for the quarter, slightly behind the benchmark. The Taiwan market, and a number of the portfolio’s Taiwanese holdings, came under pressure ahead of crucial presidential elections in January. The overall underweight to Taiwan offset some of the damage. Korea continues to be a productive market for the portfolio with a number of Korean holdings delivering strong absolute gains. Specialty chemical company Iljin Materials rebounded strongly from a third quarter sell off; food manufacturer Hyundai Greenfood delivered another healthy quarter; and consumer electronics giant Samsung Electronics rallied 20%. The portfolio benefited from the overweight in China and underweight in India. Stock selection in China however detracted some value, primarily because of one position dairy company, China Mengniu. The stock corrected sharply in December after it was found that a batch of its milk products was contaminated. The company responded well to this development, taking steps to address customers' concerns by confirming that the contaminated products had not been released to consumers, all existing products on the shelves have passed the relevant standards and increasing the sampling rate for both raw milk and finished products from the previous 40-50%. The stock was oversold in the initial knee-jerk reaction to the news but has since recovered nicely from its low at the time of writing this report. Stock selection in Thailand, Philippines and Malaysia added value with notable moves in Robinson Department Stores in Thailand, Thai hospital company Bangkok Dusit Medical, Malaysian property company Malaysian Resources and Philippines infrastructure conglomerate Metro Pacific.

Looking ahead, after such a challenging year we remind ourselves that valuations in Asia have only been this cheap on two previous occasions and both occasions were followed by a powerful rally (on average +32% over the next twelve months). That said, 2012 promises to be an eventful year for Asia.

For one, there are a number of national and state elections starting with Taiwan in January and followed by India, Korea and likely, Malaysia. China too will see a major political power transition into the next administration and the US will hold its presidential election in late 2012. European problems continue to present a strong challenge for the global economy as the EU struggles to address sovereign debt issues.

In this uncertain environment, it is important to focus on sustainable earnings growth, while casting a strong eye on valuation as a stock barometer. To this end, we remain overweight China and Korea, which are primarily funded from our underweight positions in India and Indonesia. The smaller ASEAN markets topped the charts in Asia again in 2011. We remain overweight Thailand and the Philippines but a word of caution is warranted with regard to Indonesia which is now the most expensive market in Asia. This is not justified in our view and the portfolio remains zero weighted in Indonesia.

Top 10 Holdings	%
iShares MSCI India Index Fund I	7.3
Samsung Electronics Co. Ltd.	5.4
Industrial & Commercial Bank of China Ltd.	3.5
BOC Hong Kong (Holdings) Ltd.	3.3
Kunlun Energy Co. Ltd.	3.1
Hyundai Greenfood Co. Ltd.	3.0
Hyundai Glovis Co. Ltd.	3.0
Taiwan Semiconductor Manufacturing Co. Ltd.	2.9
Korea Investment Holdings Co. Ltd.	2.9
China Telecom Corp. Ltd.	2.5
<b>Total</b>	<b>36.9</b>

Country Exposure	Fund %	Index %
China	27.6	24.9
Hong Kong	10.9	11.1
India	7.3	8.6
Indonesia	-	4.1
Korea	24.4	20.8
Malaysia	3.7	4.9
Philippines	2.0	1.0
Singapore	6.0	6.7
Taiwan	12.1	15.2
Thailand	3.9	2.7
Cash	2.1	-
<b>Total</b>	<b>100</b>	<b>100</b>

Sector Exposure	Fund %	Index %
Consumer Discretionary	11.9	9.9
Consumer Staples	8.2	5.7
Energy	6.9	7.7
Financials	34.3	29.8
Health Care	1.2	0.9
Industrials	14.5	9.7
Information Technology	14.9	18.1
Materials	3.5	7.5
Telecommunication Services	2.5	6.8
Utilities	-	3.9
Cash	2.1	-
<b>Total</b>	<b>100</b>	<b>100</b>

Fund Facts	31 Dec 2011
Investment Objective	The investment objective of the Fund is to achieve capital growth and dividends, from a portfolio of Asia ex Japan securities.
Discretionary Asset Manager	Treasury Asia Asset Management Limited
Net Asset Value per share	USD7.78 (Class I)
Benchmark	MSCI AC Asia ex Japan Index
Management Fee	1.00% p.a. (Class I)
Performance Fee	10.00% of returns made in excess of the benchmark provided the return of the Fund is positive within a performance fee period.
Min. Investment	3,000,000 USD (Class I)
Distribution Policy	The Fund is an accumulating Fund and, therefore, it is not currently intended to distribute dividends to the shareholders.
ISIN	IE00B4MNK262 (Class I)
Publication of NAV	www.tginvestmentfunds.com

**Important Information**

While the information contained in this document has been prepared with all reasonable care, none of Treasury Asia Asset Management Limited, TG Investment Funds plc, or Treasury Group Investment Services Limited, the promoter of the Fund accept any liability or responsibility for errors, omissions or misstatements, however caused. This information is not personal advice. This information has been prepared without taking account of your objectives, financial situation or needs. Investors should be aware that past performance is not indicative of future performance. Returns can be volatile reflecting rises and falls in the value of underlying investments. The fact that shares in a particular company may have been mentioned should not be interpreted as a recommendation to buy, sell or hold that stock. Investors should review the prospectus and the simplified prospectus prior to any investment decisions. The Fund is authorised and supervised by the Central Bank Of Ireland.

Looking ahead, after such a challenging year we remind ourselves that valuations in Asia have only seen the tip of the iceberg of what has happened on previous occasions and both occasions were followed by a powerful rally (on average +32% over the next twelve months). That said, 2012 promises to be an eventful year for Asia. For one, there are a number of national and state elections starting with Taiwan in January and followed by India, Korea and likely, Malaysia. China too will see a major political power transition into the next administration and the US will hold its presidential election in late 2012. European problems continue to present a strong challenge for the global economy as the EU struggles to address sovereign debt issues.