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Mon Jan 20, 2014

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**Harmony Feeder fund**, a 'friendly' activist fund focusing on China, was up 14.08% in December, and its strong performance has continued into January with an impressive rise of 29% over the first two weeks of the month.

The fund looks to invest in growing stocks that are under-researched by the big houses, and the recent outperformance was largely driven by its largest position in the Hong Kong-listed TSC Group, a global provider that services the oil drilling industry.

During December, the owners of TSC conducted a share buyback on the open market, which gave confidence to capital markets and led to an influx of international investors keen to buy into the stock.

According to Harmony CIO Lixin Zheng, the stock had until then been a "hidden pearl". "We have liked and followed this company for eight years. We see it as a small challenger to National Oilwell Varco, the New York-listed company that recently received an investment from Warren Buffett," he said.

After the December rise, Zheng said, the company was introduced by **Morgan Stanley** to a number of international funds, many of whom asked for block trades, further boosting the share price.

Harmony has also seen good performance from the second largest holding in its portfolio, Grand Pharma – which likewise was picked up with enthusiasm by a number of international investors during the first 10 days of January.

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