

31/12/2021

# Pharus Asian Niches

## Portfolio Update

30<sup>th</sup> September 2021 – 31<sup>st</sup> December 2021



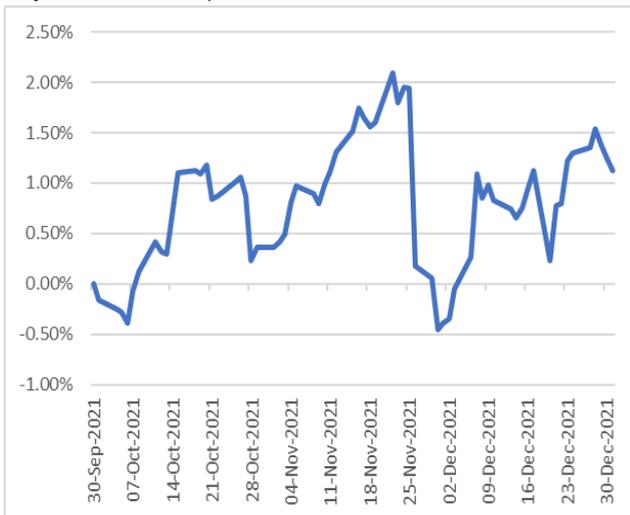
Launch date: 15.02.2019  
Total Net Asset value 31.12.2021: € 28,948,363.95  
Currency: EUR

Net Asset Value per share	Class A – ISIN: LU1867072578	€ 122.06
As of 31.12.21:	Class B – ISIN: LU1867072651	€ 124.60
	Class Q – ISIN: LU1867072735	€ 124.49

	Q4	Year to Date	1 Year	Since inception
Performance (class B)	+1,13%	+15,16%	+15,16%	+24,60%

### Net asset value per share

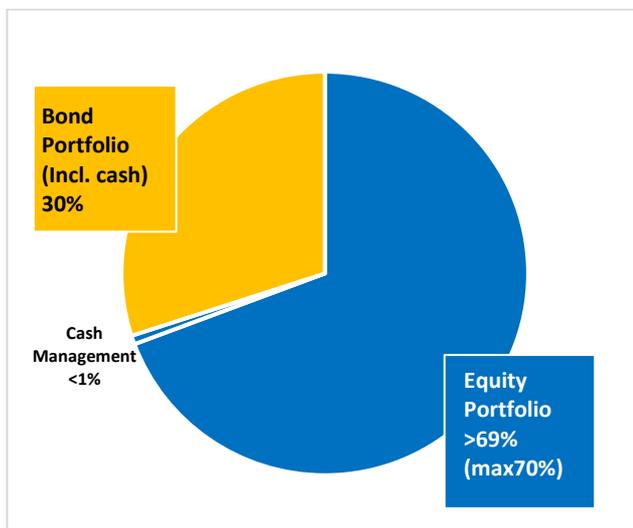
Performance 30th September – 31st December: +1.13%



Performance since inception: +24.60%



### Portfolio breakdown by asset class



The fund can invest the **Equity Portfolio** up to 70% of its NAV. This would be the case if every Niche was fully invested. The difference between 70% and the real investment in equity is managed in the **Cash Management Portfolio**, through a combination of cash and safe short-term bonds. The 30% of the NAV that makes up the rest of portfolio is managed in the **Bond Portfolio** that holds bonds and/or cash, with a total return goal and without any constraint.

## Quarterly comment

The fund was up 1.13% in the fourth quarter, recovering in the latter stage of the quarter from the market weakness of the second half of November following the spread of the Omicron variant. It outperformed the major Asian equity indices, which were more sensitive to fears of a new wave of pandemics, which particularly affected the Japanese market.

As a result, the year ended with a gain of 15.16%, outperforming the MSCI Asia Pacific Value Index by 8%, with less volatility. Given the uncertainties in Asian markets over the year, the Fund's performance confirms the validity of its strategy of investing in decoupled value niches.

Despite the restrictions imposed by Covid during the year, the Asian region recovered well (GDP +6% ex-China) compared with 2020 and looks set to continue doing so in 2022. There are a number of catalysts in the region that could create significant opportunities over the next two to three years, and some of our niche stocks in the fund such as *Japanese Orphan Companies*, *Indonesian Infrastructures Small Caps* and *Korea Reunification* are well exposed to them. Asia in general, retains its characteristics as a growth driver for the world economy.

In terms of individual niches, the best quarterly performances were achieved by *Neglected Luxury* (+9.6%), sustained by the contribution of champagne producers who are experiencing a recovery in sales volumes and prices, *Indonesian Infrastructures Small Caps* (+3.7%), thanks to the economic recovery following the removal of restrictions arising from the Covid and expectations of structural reforms, and *Internet Victims* (+2.6%), mainly due to the effect of the rise in bank stocks on the upward movement of the yield curve, as well as the rerating of publishers. *Korea Reunification* (-4.6%), on the other hand, suffered amid general weakness in the local equity market, which did not spare financials and telcos, despite depressed valuations, and *Magic of Graphite* (-2.7%), which was particularly affected by weakness in Asian players producing graphite electrodes for steel recycling due to increased Chinese supply.

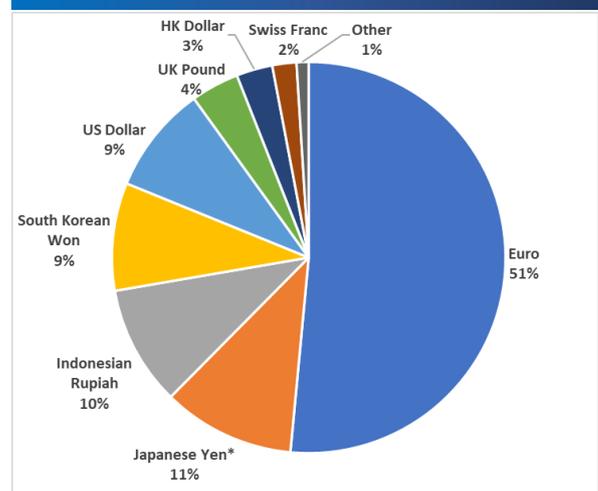
During the quarter, we took profits on *The CUB Niche*, which was created at the beginning of the year to invest in stocks most likely to benefit from Asia's Belt and Road infrastructure expansion. Following strong performance both in absolute (>30%) and relative terms, we decided to take profits and double the weighting of the Japanese Orphan Companies niche from 5% to 10%. Within this latter niche, which invests in deep value Japanese companies not covered by brokers, we further increased diversification to around 80 companies, characterised by dramatic undervaluation relative to tangible equity, huge net financial position and good profitability.

## Niche Performance 30<sup>th</sup> September – 31<sup>st</sup> December 2021\*

NICHE	Return
<b>Electric Mobility</b>	+2,40%
<b>5G</b>	+1,33%
<b>Internet Victims</b>	+2,57%
<b>Indonesian Infrastructures Small Caps</b>	+3,69%
<b>Japanese Orphan Companies</b>	+0,51%
<b>Korea Reunification</b>	-4,61%
<b>Neglected Luxury</b>	+9,57%
<b>Magic of Graphite</b>	-2,72%

\*For a detailed performance breakdown of the niches and Market Indices please see table on Appendix page.

## Portfolio breakdown by currency



\*net of JPY hedging.

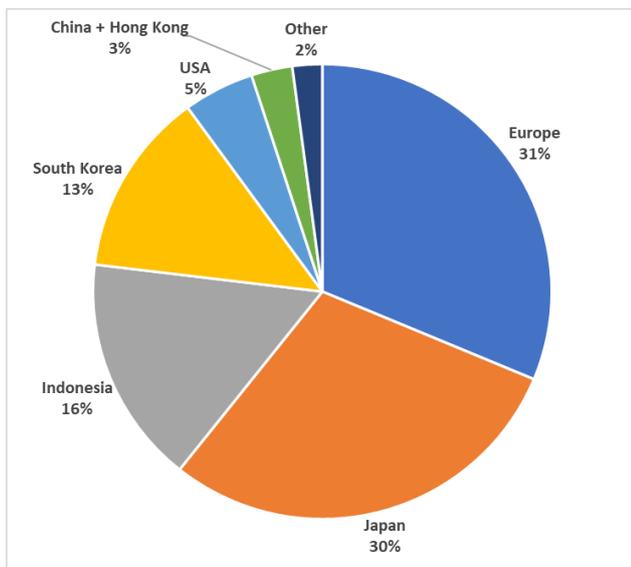
## Top holdings

ISIN	Security	Portfolio	%
LU1867072222	Pharus SICAV - Electric Mobility Niches B	Electric Mobility	6.89%
FR0013461274	Eramet 5.8750 19-25 21/05A	Bond	2.23%
XS2189784288	Commerzbank Ag Fl.R 20-99 31/12A	Bond	1.57%
IT0005283111	Il Sole 24 Ore	Internet Victims	1.52%
FR0000051732	Atos SE	5G	1.52%
XS2271356201	Webuild S.P.A. 5.875 20-25 15/12A	Bond	1.51%
FR0000133308	Orange	5G	1.37%
US345370CW84	Ford Motor Credit Co 9.00 20-25 22/04S	Bond	1.13%
US48268K1016	KT ADR	Korea Re-unification	1.11%
ID1000094204	Bank Danamon Indonesia	Indonesian Infrastruct. Small Caps	1.10%

## Equity top holdings

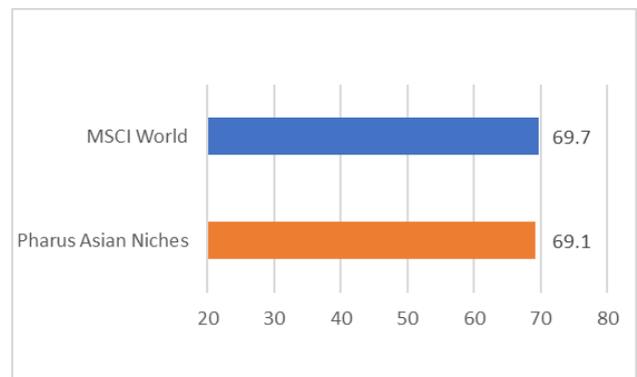
ISIN	Security	Niche	Sub-Niche	%
IT0005283111	Il Sole 24 Ore	Internet Victims	Publishers	1.52%
FR0000051732	Atos SE	5G	5G Apps	1.52%
FR0000133308	Orange	5G	Telecom Services	1.37%
US48268K1016	KT ADR	Korea Re-unification	Telecom	1.11%
ID1000094204	Bank Danamon Indonesia	Indonesian Infrast. Small Caps	Banks	1.10%
JP3544000007	Teijin Ltd	Magic of Graphite	Composites	1.08%
FI0009000681	Nokia	5G	Telecom Equipment	1.00%
GB0030913577	BT Group	5G	Telecom Services	0.99%
IT0004931496	RCS Mediagroup	Internet Victims	Publishers	0.96%
FR0000130809	Societe Generale SA	Internet Victims	Financials	0.94%

## Equity breakdown by geographical exposure



Source: Niche AM

## Equity Portfolio ESG rating



Source: Niche AM, Thomson Reuters

# ASIAN NICHES



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# Electric Mobility

## Getting ready for a seismic change



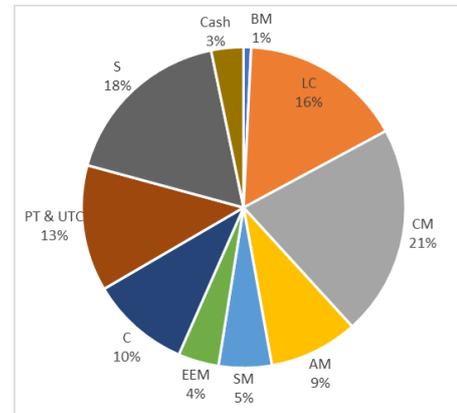
# stocks: 52

Average Market Cap (mln €) 9.822

Median Market Cap (mln €): 1.679

### Electric Mobility – segment breakdown

		Asian Niches Fund	EM Niche
Battery makers	BM	0.1%	0.8%
Lithium Cells	LC	1.6%	16.3%
Cathode makers	CM	2.1%	21.2%
Anode Makers	AM	0.9%	8.9%
Separators makers	SM	0.5%	5.3%
Electrolytes and Elecfoils	EEM	0.4%	4.1%
Commodities	C	1.0%	10.0%
Power Train & Ultracapacitors	PT & UTC	1.3%	12.7%
Satellites	S	1.8%	17.5%
<b>Cash Electric Mobility</b>	<b>Cash</b>	<b>0.3%</b>	<b>3.2%</b>
<b>Total</b>		<b>10.0%</b>	<b>100.0%</b>



### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return 30/09 - 31/12
Toda Kogyo	Cathodes (CM)	0.5%	+42.5%
Panasonic	Lithium Cells (LC)	0.5%	-9.0%
Sumitomo Metal Mining	Cathodes (CM)	0.5%	+7.0%
SFA Engineering	Satellite Areas (SA)	0.4%	-3.2%
Teijin	Separators (SM)	0.3%	-11.2%

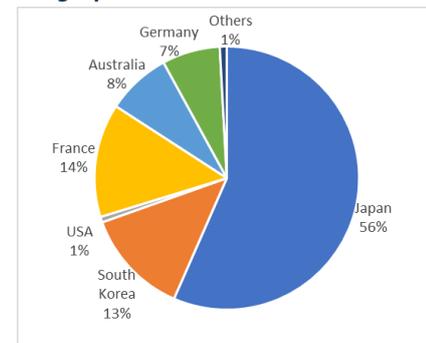
### Main increases in weight

Name	Weight at 30/09	Weight at 31/12
LG Chem	0.1%	0.3%
Vitesco Technologies	0.1%	0.2%
SK Innovation	0.1%	0.2%

### Main decreases in weight

Name	Weight at 30/09	Weight at 31/12	Total Return
Panasonic	2.3%	0.5%	+12.5%
Toshiba	0.4%	0.1%	+50.6%
Western Areas	0.3%	0.1%	+35.8%

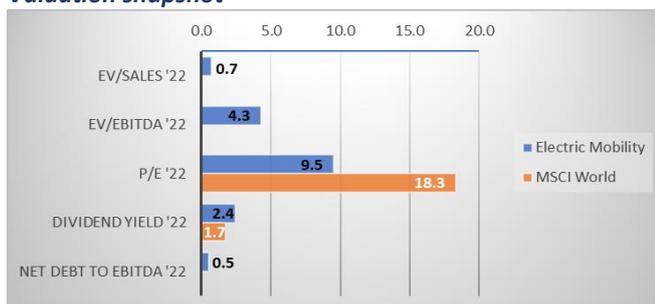
### Geographical breakdown



Source: Niche AM

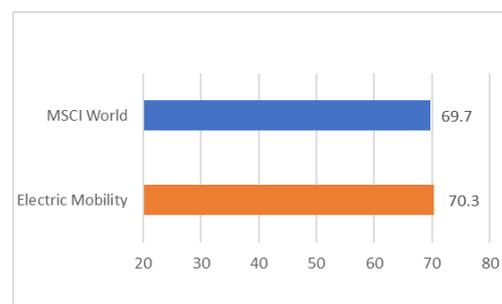
Source : Niche AM, Thomson Reuters

### Valuation snapshot



Source : Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Electric Mobility

## Getting ready for a seismic change



### Comment

The Niche performed 2.40% in the fourth quarter, ending the year with an 23.39% increase.

2021 saw a sharp acceleration in the uptake of electric cars, which grew by more than 100% in terms of volume (BEV+PHEV) compared to the 2% drop in internal combustion cars. The trend was particularly strong in December in China and Europe. In China alone, sales of electric cars (NEVs) in December were close to 500,000, or 22.6% of total vehicle sales, and current market forecasts indicate a 25-30% share by 2022, despite the loss of incentives. In Europe, on the other hand, sales of electric vehicles (BEVs) in December totalled 181,000, or 19% of total vehicle sales, far outstripping diesel sales which until a few years ago accounted for around half of the market.

In the past, when other technological innovations were introduced on the market, reaching/exceeding the 20% penetration threshold implied an acceleration of mass adoption. It is therefore not surprising that in such a context the electrification of their vehicle ranges has now become a mantra for all major car manufacturers, including the originally more reluctant ones such as Toyota.

Over the course of the year, the fund underperformed the two main ETFs exposed to batteries, but it should be noted that there is a big difference between these technology indices and our fund: Electric Mobility Niches is a value fund whose strategy is to get ahead of other investors by investing in companies that the market has not yet recognised as players in electric mobility and which consequently are still trading at low valuations (the fund's average EV/EBITDA is well below 5x and P/E below 9x). This greatly reduces the possibility of permanent capital loss, which is a real risk for technology products in the excitement phases.

Commodities and Cathodes were the best performers over the quarter. Commodities (+30%) benefited from a strong rally in Syrah following the announcement of a partnership with Tesla to supply anode materials for the group's new US plant. This plant now represents the only US alternative to the supply of this material by Chinese players. The cathode sub-niche benefited from the rerating of Toda Kogyo, which was exposed to cathode precursor materials through a joint venture with BASF. The worst sub-niche of the quarter was Separators, where the Fund invests in Japanese players with low valuations, who suffer little from competition from Chinese and South Korean companies and generate attractive margins. However, the sector was hit by a general profit-taking at the end of the year, which we used to increase exposure.

Over the month, we took advantage of the market weakness to also increase exposure to Korean battery manufacturers such as LG Chemical and SK Innovation, whose valuations have become particularly attractive again, especially given the announced spin-offs of the battery division which should deliver significant value. On the other hand, we took a partial profit on Toshiba, following the significant rerating generated by the announcement of the spin-off and closed our positions in Ecopro following significant appreciation. We also reduced the strength of a number of commodity stocks, including Western Areas, while maintaining good exposure to nickel and graphite, which are considered more attractive than lithium, whose growth expectations already seem well priced in.

Chart September - December (30/09/21 – 31/12/21)

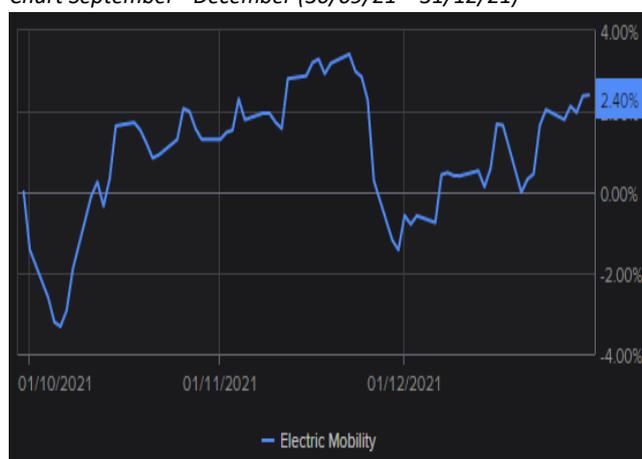


Chart since inception (21/02/19 – 31/12/21)



Source: Niche AM, Thomson Reuters

### Niche description

Electric mobility will grow dramatically in the next few years, with a speed still unexpected by most and changing the world for good. The electric mobility will be pervasive, affecting land, air and water transportation. The batteries stocks, just a part of the broader electric mobility sector, will overcome the semiconductor sector by total sales in few years. We deem the sector a great opportunity for those who have a firm understanding of it, and potentially hazardous for those who do not. Niche Asset Management team boasts a long and successful experience in the electric mobility investing. Niche aims to give the investor exposure to this exciting sector through its value approach.

# 5G

## Moving to the next Internet investment chapter



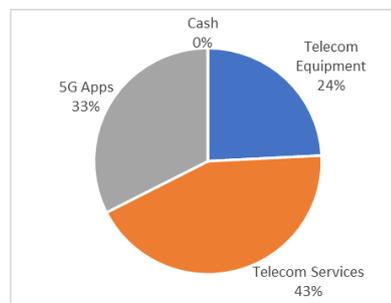
# stocks: 23

Average Market Cap (mln €) 58.502

Median Market Cap (mln €): 18.139

### 5G breakdown

	Asian Niches Fund	5G Niche
Telecom Equipment	2.4%	24.2%
Telecom Services	4.3%	43.3%
5G Apps	3.3%	32.5%
Cash 5G	0.0%	0.0%
<b>Total</b>	<b>10.0%</b>	<b>100.0%</b>



Source: Niche AM

### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return 30/09-31/12
Atos	5G Apps	1.5%	-19.0%
Orange	Telecom Services	1.4%	+0.7%
Nokia	Telecom Equipment	1.0%	+17.1%
BT Group	Telecom Services	1.0%	+7.6%
China Mobile	Telecom Services	0.8%	-0.3%

### Main increases in weight

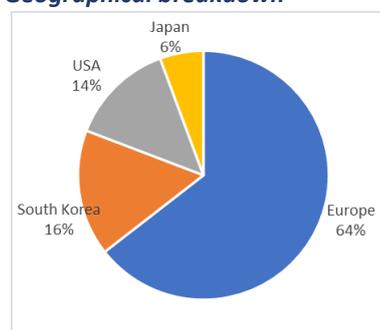
Name	Weight at 30/09	Weight at 31/12
Kyndryl Holdings	0.0%	0.2%
Atos	1.5%	1.5%

### Main decreases in weight

Name	Weight at 30/09	Weight at 31/12	Total Return
VEON ADR	0.7%	0.0%	+27.4%
Nokia	1.7%	1.0%	+36.9%
Nokia ADR	0.4%	0.0%	+42.5%

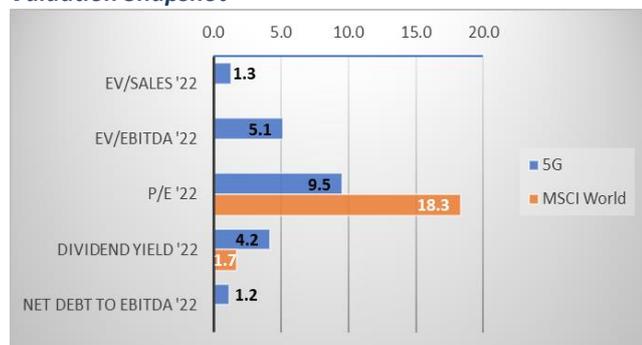
Source : Niche AM, Thomson Reuters

### Geographical breakdown



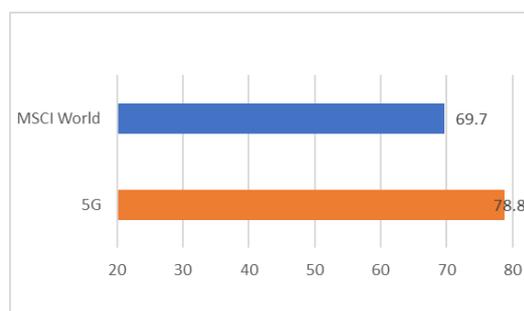
Source: Niche AM

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# 5G

## Moving to the next Internet investment chapter



### Comment

During the quarter, the 5G niche rose 1.33%, ending the year with an appreciation of 31.7%.

The most positive contribution to the quarterly performance came from the telecoms services sub-niche, which benefited from M&A deals such as KKR's bid for Telecom Italia or Altice's increase in its stake in BT (from 12% to 18%), or supposed market consolidation deals such as the possible combination of Vodafone and Orange's Spanish operations. The probable different attitude of the European regulator to accept fewer players in order to favour investments on 5G is not surprising in itself, since the transition towards the new technology is increasingly fast and unavoidable, a key element for not losing competitiveness in the international arena. By the end of 2027, Ericsson estimates that 5G will account for almost 50% of the world's mobile users, or 4.4 billion users (click here to access the group's November '21 Mobility Report). 2021 closed with more than 660 million new 5G subscriptions, more than expected thanks to strong momentum in China and the US. The explosion in data traffic, with mobile networks carrying more than 300 times the traffic of just a decade ago, is only an indication of what will happen in a few years' time.

The telecommunications equipment sector also contributed positively in the quarter, particularly from Nokia, which continued its rerating phase driven by a series of positive earnings surprises, which began after the announcement of its restructuring plan in April to strengthen its 5G and cloud businesses.

The 5G Apps sub-niche was a negative contributor to the quarter, due to the further decline in Atos, which was still driven by yet another profit warning, despite the extremely low valuations achieved. The group's valuation implies a huge discount compared to comparable companies, especially considering the value of some interesting divisions that, although they represent modest shares of sales, taken individually would justify the value of the group at current stock market prices.

Chart September - December (30/09/21 – 31/12/21)

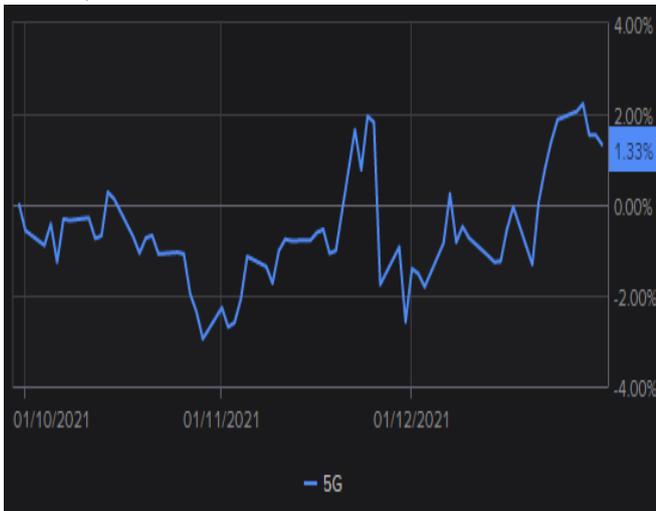
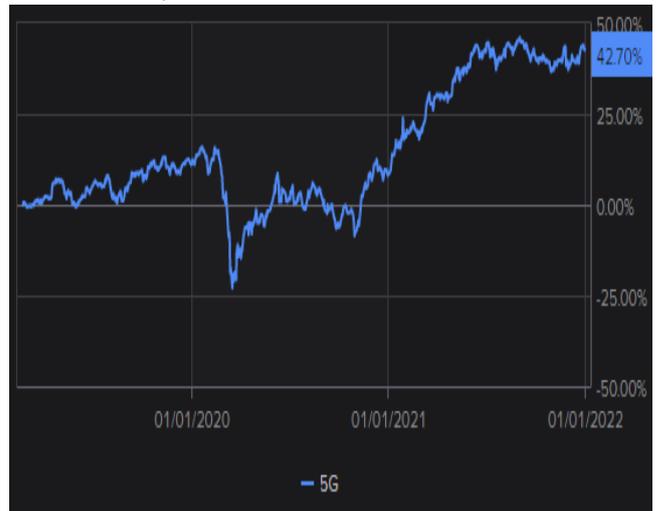


Chart since inception (21/02/19 – 31/12/21)



Source: Niche AM, Thomson Reuters

### Niche description

The 5G is coming

- This starts a 5 to 10 years journey leading to full 5G connectivity
- The 5G will shape this century and will change the way we live for good
- The 5G will open the gates to new business models, will greatly improve the productivity and will make the world smaller and safer

5G will make a broad and disruptive array of new technologies reality, IoT, AI, VR, AR, block chain, self-driving cars, smart living, smart homes, remote healthcare will not be possible without 5G. Nonetheless the companies that will make 5G possible are still neglected and offer great value,

The niche aims to give the investors an exposure to these 5G players

# Internet Victims

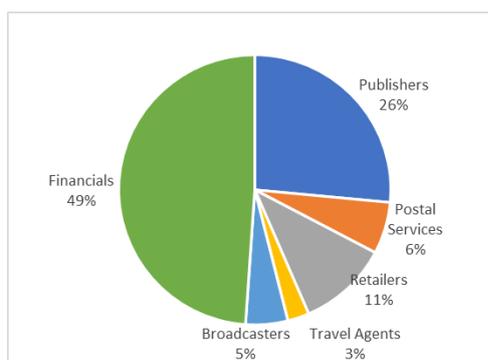
## Chasing the survivors



# stocks: 27      Average Market Cap (mln €) 15.488      Median Market Cap (mln €): 6.225

### Internet Victims breakdown

	Asian Niches Fund	Internet Victims Niche
Publishers	2.6%	26.5%
Postal Services	0.6%	6.2%
Retailers	1.1%	10.8%
Travel Agents	0.3%	2.6%
Broadcasters	0.5%	5.0%
Financials	4.9%	48.9%
<b>Cash Internet Victims</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>10.0%</b>	<b>100.0%</b>



Source: Niche AM

### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return 30/09-31/12
IL Sole 24 Ore	Publishers	1.5%	+5.4%
RCS Mediagroup	Publishers	1.0%	+30.5%
Société Générale	Financials	0.9%	+11.1%
Credit Suisse Group	Financials	0.9%	-4.5%
Banque Nationale de Belgique	Financials	0.8%	-2.9%

### Main increases in weight

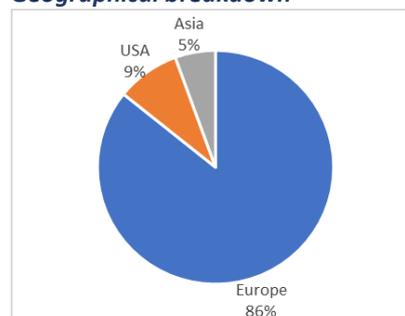
Name	Weight at 30/09	Weight at 31/12
UniCredit	0.0%	0.3%
Television Broadcasts	0.2%	0.4%
Aviva	0.3%	0.4%

### Main decreases in weight

Name	Weight at 30/09	Weight at 31/12	Total Return
Metro	0.4%	0.0%	+10.7%
Banco Comercial Portugues	0.4%	0.0%	+32.6%
RTL Group	0.3%	0.2%	+34.7%

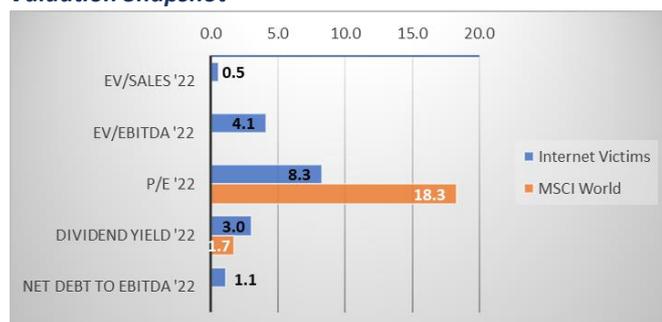
Source: Niche AM, Thomson Reuters

### Geographical breakdown



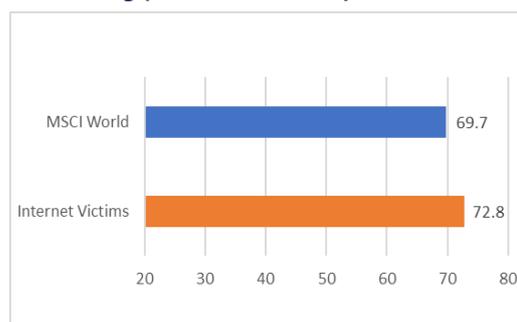
Source: Niche AM

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Internet Victims

## Chasing the survivors



### Comment

The performance of the Internet Victims niche was 2.6%, enabling it to close the year with a 36.1% increase.

The last few months of the year saw the niche quickly recover from the weakness of the Omicron variant at the end of November, supported by the positive contribution of publishers and financials.

In the Publisher sub-niche, RCS Mediagroup returned 30%, buoyed by good quarterly figures, especially in terms of cash generation, and an improved outlook for advertising. In the financial sector, on the other hand, both banks and insurance companies rose due to the movement of the interest rate curve.

On the other hand, stocks in the television sector were negative, a weakness that was quite unrelated to the news flow, given that the results showed, on the one hand, an improvement in the advertising scenario, and, on the other, the opportunity for an acceleration on the aggregation front that could allow these companies to improve profitability, create better content and enter the streaming business. The contribution of postal operators was again not positive, again due to the perception of a possible peak in profits, given the lack of "pandemic" profits and a certain pressure on the cost side. However, as noted above, the growth trend in ecommerce is set to last and these players are trading at very modest valuations (PostNL 10x, Bpost 6x). These valuation levels seem to embody the industry's inability to offset the further decline of traditional mail business with the secular growth trend of ecommerce business. We believe that traditional mail will have to be unbundled and remain a universal service subsidised by governments, which will be a guaranteed minimum return as with electricity utilities.

Chart September - December (30/09/21 – 31/12/21)

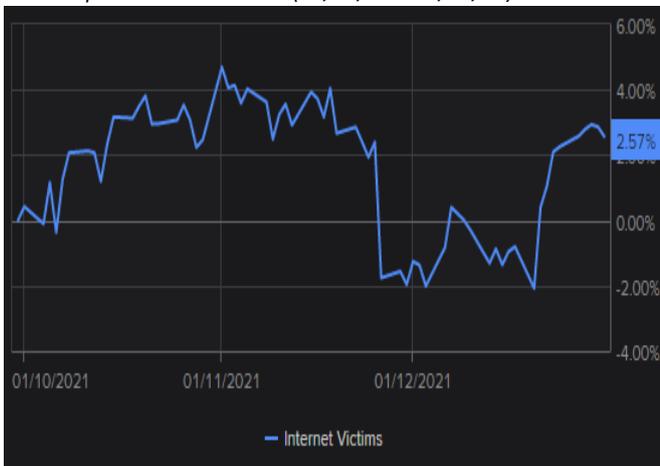
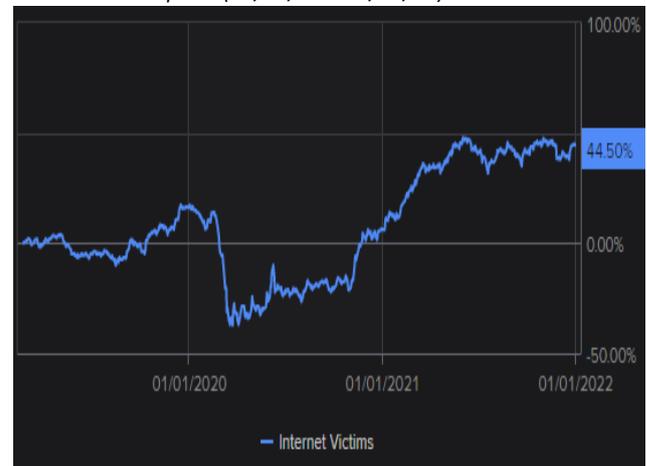


Chart since inception (21/02/19 – 31/12/21)



Source: Niche AM, Thomson Reuters

### Niche description

Every technology revolution, and the ongoing huge internet revolution is no exception, makes corporate victims; business models are replaced; many of the old players fail to adapt early, while new players are ushered in, thriving and gaining market share, This slow and cruel process is well known by investors, who, however, normally tend to be late in fully understanding the depth and the breath of the shift. Once the trend is established most of the investors sell the old players and gain exposure to the new ones. The old players have to live through a prolonged period of restructuring and reinvention; valuations are squeezed, failures and consolidation are common. We call them the (internet revolution) VICTIMS. At the end of a technology revolution a new class of companies emerges; this class is composed by the old players which have learnt to live through the change, thriving in a less competitive environment and/or through an adapted business model. We call them the (internet revolution) SURVIVORS. Finding survivors can be even more rewarding than finding winners. The niche aims to gain exposure to the survivors of the internet revolution.

# Indonesian Infrastructure Small Caps

*A tremendous opportunity*



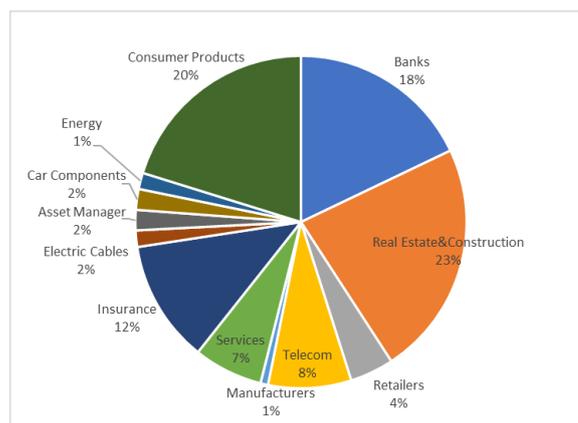
# stocks: 35

Average Market Cap (mln €): 644

Median Market Cap (mln €): 296

## Indonesia Infrastructures Small Cap breakdown

	Asian Niche Fund	Small Cap Indonesia
Banks	1.8%	17.9%
Real Estate & Construction	2.3%	22.9%
Retailers	0.4%	4.3%
Telecom	0.8%	8.1%
Manufacturers	0.1%	0.7%
Services	0.7%	6.8%
Insurance	1.2%	11.9%
Electric Cables	0.2%	1.6%
Asset Manager	0.2%	2.0%
Car Components	0.2%	2.0%
Energy	0.2%	1.6%
Consumer Products	2.0%	20.2%
<b>Cash Indon. Inf. Small Cap</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>10.0%</b>	<b>100.0%</b>



Source: Niche AM

## Top Holdings

Name	Sub- Niche	Asian Niche Weight	Return 30/09-31/12
Bank Danamon Indonesia	Banks	1.1%	-11.7%
PT Tempo Scan Pacific	Consumer Products	0.7%	4.9%
XL Axiata	Telecom	0.6%	4.3%
Panin Insurance	Insurance	0.6%	-1.5%
Wijaya Karya Beton	Real Estate & Construction	0.6%	-4.7%

## Main increases in weight

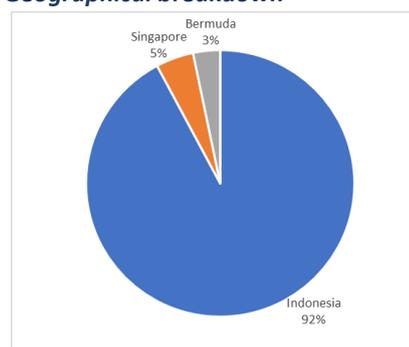
Name	Weight at 30/09	Weight at 31/12
Bank OCBC NISP	0.0%	0.3%
Panin Financial	0.4%	0.5%
Paninvest	0.4%	0.6%

## Main decreases in weight

Name	Weight at 30/09	Weight at 31/12	Total Return
Matahari Department Store	0.4%	0.0%	+151.0%
XL Axiata	0.8%	0.6%	+30.9%
Bank Tabungan Negara	0.1%	0.0%	+71.8%

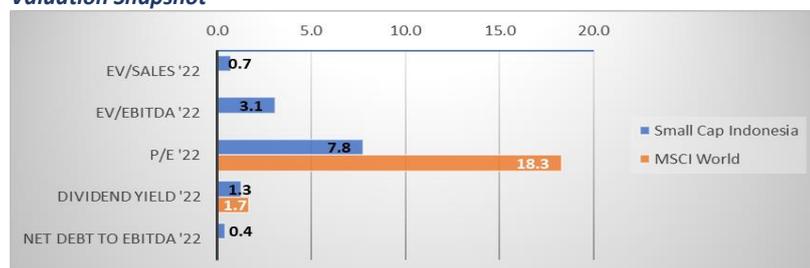
Source: Niche AM, Thomson Reuters

## Geographical breakdown



Source: Niche AM

## Valuation Snapshot



Source: Niche AM, Thomson Reuters

# Indonesian Infrastructure Small Caps

*A tremendous opportunity*



## Comment

The Niche's quarterly performance was a positive +3.69%.

After an extremely weak first half of the year, courtesy of the Covid19 pandemic, performance in the second half of the year delivered a positive annual performance of +6.7%.

Indonesia was one of the best stock markets in the Asian region in the fourth quarter, supported by improved consumer sentiment on the easing of pandemic restrictions, partly due to the progress of the delayed vaccination plan, as well as an improved outlook for commodity exports (oil, coal, palm oil, nickel, etc).

Against this supportive backdrop, the Niche's performance benefited from the further recovery of retail, real estate, construction and automotive industrials and utilities stocks.

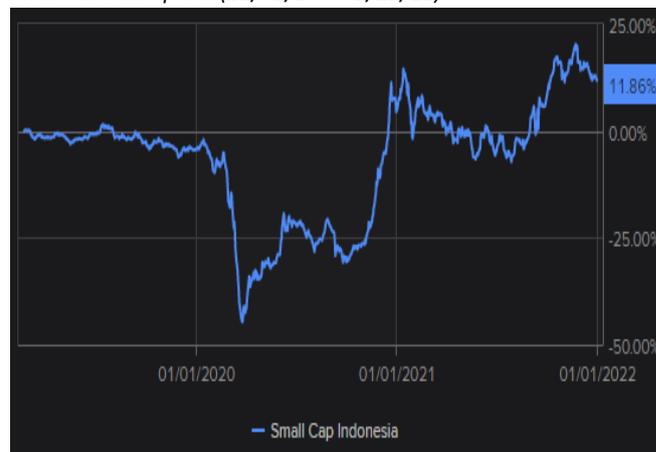
Despite this recovery, Indonesian small caps continue to trade at huge discounts to large caps, ranging from 60% to 90%. This discount is bound to close given the quality of these companies and their growth dynamics. Indonesia is exposed to a particularly robust macroeconomic structural growth trend, driven by demographic elements, the country's wealth of natural resources, structural reforms that have yet to fully manifest their contribution to growth, and a huge infrastructure plan that has been awaited for over a decade but is finally arriving. During the fourth quarter, the gap between small caps and big caps widened further: small caps underperformed big caps by around 7%, making this asset class even more attractive.

There is no shortage of opportunities. Over the period, we increased exposure to some financials and added new stocks in the TV media (Global Mediacom and Media Nusantara Citra) and real estate (Total Bangun Persada) sectors.

Chart September - December (30/09/21 – 31/12/21)



Chart since inception (21/02/19 – 31/12/21)



Source: Niche AM, Thomson Reuters

## Niche description

Indonesia is a land with incredible potential. Its territory is huge, highly fertile, and beautiful. The weather is ideal for agriculture and tourism. There are plenty of natural resources. The population is tame and friendly, corporate governance is decent by emerging markets standards. The Central Bank is independent and from a political perspective the democracy system is maturing rapidly, while corruption is decreasing. The public debt is very low, inflation under control and growth is healthy. While this is well reflected in the valuation of big caps, it is not in small caps. The discount of Indonesian small caps vs big caps is stunning, which is a legacy of the low visibility and reliability of those stocks in the past. Things have changed, and we expect a rapid catch up in the next few years, as it has happened in India.

Through this niche NAM aims to give the investor exposure to this resourceful country through an actively managed small caps portfolio that offers absolute low valuations and a huge discount versus the Indonesia big caps.

# Japanese Orphan Companies

## Thinking outside the box



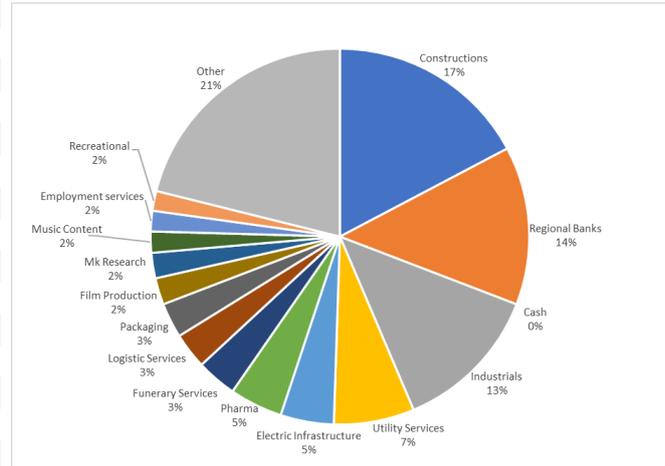
# stocks: 85

Average Market Cap (mln €) 249

Median Market Cap (mln €): 91

### Japanese Orphan Companies breakdown

	Asian Niches Fund	Orphan Companies Niche
Constructions	1.7%	17.2%
Regional Banks	1.4%	13.6%
Industrials	1.3%	12.8%
Utility Services	0.7%	6.9%
Electric Infrastructure	0.5%	4.6%
Pharma	0.5%	4.5%
Funerary Services	0.3%	3.5%
Logistic Services	0.3%	3.1%
Packaging	0.3%	3.0%
Film Production	0.2%	2.3%
Mk Research	0.2%	2.2%
Music Content	0.2%	1.8%
Employment services	0.2%	1.8%
Recreational	0.2%	1.7%
Other	2.1%	21.1%
<b>Cash Japan. Orphan Companies</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>5.0%</b>	<b>100.0%</b>



Source: Niche AM

### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return 30/09-31/12
Heian Ceremony Service	Funerary Services	0.5%	-2.0%
Akita Bank	Regional Banks	0.5%	+12.1%
Hachijuni Bank	Regional Banks	0.4%	-1.5%
Tokyo Sangyo	Utility Services	0.4%	+7.6%
Tokyo Energy & Systems	Utility Services	0.4%	+3.3%

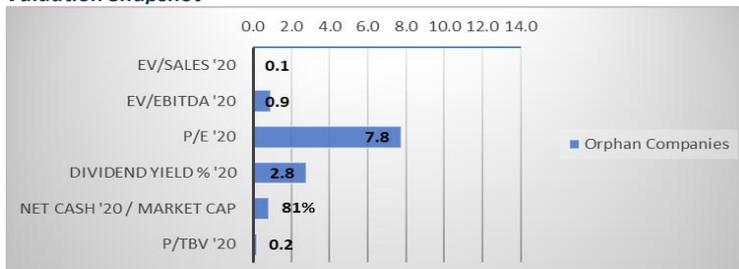
### Main increases in weight

Name	Weight at 30/09	Weight at 31/12
Human Holdings	0.0%	0.3%
Daisue Construction	0.0%	0.3%
Zenitaka	0.0%	0.2%

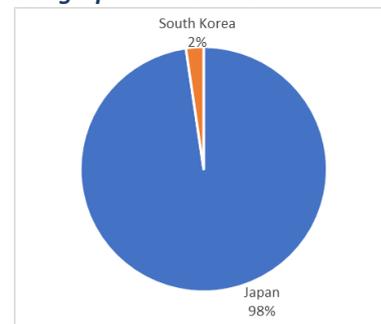
### Main decreases in weight

Name	Weight at 30/09	Weight at 31/12	Total Return
Shibaura Machine	0.3%	0.0%	+14.3%
Toyo Tanso	0.3%	0.0%	+39.9%
Katakura Industries	0.1%	0.0%	+71.1%

### Valuation Snapshot



### Geographical breakdown



Source: Niche AM

# Japanese Orphan Companies

*Thinking outside the box*



## Comment

The *Japanese Orphan Companies* niche rose 0.51% last quarter, ending the year up 14.3%.

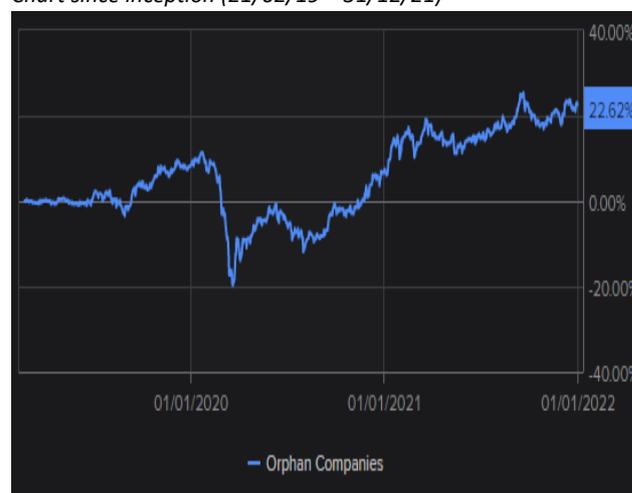
The performance in the latter part of 2021 was better than the Japanese small cap market (-6.7%), mainly due to the contribution of M&A activity. In fact, two stocks in the Niche were subject to takeover bids, which more than contributed to limiting the weakness of some sectors, particularly the retail sector, which was affected by Omicron fears. Uchida Esco, a software company, gained 83% after its major shareholder decided to delist it. Similarly, there was a management buy-out of pharmaceutical company Katakura, again at a significant premium.

In spite of the premiums offered, the companies involved in M&A still present valuations that certainly cannot be defined as "full" from a fundamental point of view, confirming the deep value proposition that characterises Orphan companies and the possibility that it may emerge thanks to extraordinary transactions. Uchida Esco, in fact, was valued at only 0.2 times sales, with rich levels of cash that will allow the buyer to easily pay back the costs incurred for the offer (cash equal to 2/3 of the capitalization at the offer price). Katakura was valued at slightly above tangible net worth, also in this case with a large endowment of cash, and this explains why the stock was then subject to pressure from some shareholders not eager to sell the stock at such valuations.

Chart September - December (30/09/21 – 31/12/21)



Chart since inception (21/02/19 – 31/12/21)



Source: Niche AM, Thomson Reuters

## Niche description

Brokers coverage is essential when attracting investors interest, improving liquidity and valuations. However, there are many companies in Japan that don't have any coverage or are covered just by one local broker, we call them "orphan companies". Reason being coverage can be expensive, time demanding, brokers have cut the number of analysts and now focus on fewer companies, etc. As the result the uncovered or under-covered companies trade a huge discount versus their peers. Normally this undue discount will be closed by the restart of the broker coverage or by corporate action. Those are deep value opportunities; however, investor has to be patient to reap the reward.

The niche aims to give investors an exposure to deeply undervalued orphan companies.

# Korea Reunification

*A free option on an already attractive market*



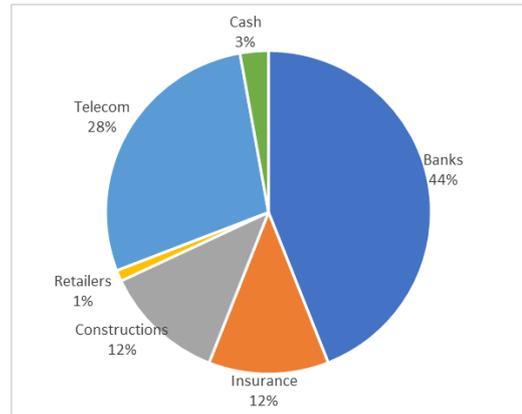
# stocks: 18

Average Market Cap (mln €) 7.294

Median Market Cap (mln €): 5.546

## Korea Reunification breakdown

	Asian Niches Fund	Korea Reunification Niche
Banks	4.4%	44.0%
Insurance	1.2%	11.9%
Constructions	1.2%	12.1%
Retailers	0.1%	1.1%
Telecom	2.8%	28.1%
Cash Korea Reunification	0.3%	2.8%
<b>Total</b>	<b>10.0%</b>	<b>100.0%</b>



Source: Niche AM

## Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return 30/09-31/12
KT ADR	Telecom	1.1%	-7.7%
Hana Financial Group Inc	Banks	0.7%	-9.4%
Samsung Fire and Marine Insurance	Insurance	0.4%	-9.4%
Daishin Securities	Banks	0.4%	-14.3%
LG Uplus Corp	Telecom	0.4%	-9.3%

## Main increases in weight

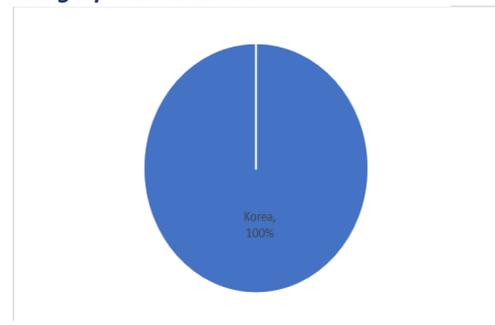
Name	Weight at 30/09	Weight at 31/12
Hyundai Construction Equipment	0.0%	0.3%

## Main decreases in weight

Name	Weight at 30/09	Weight at 31/12	Total Return
Doosan	0.1%	0.0%	+25.5%
Meritz Fire&Marine Insurance	0.5%	0.0%	+64.3%

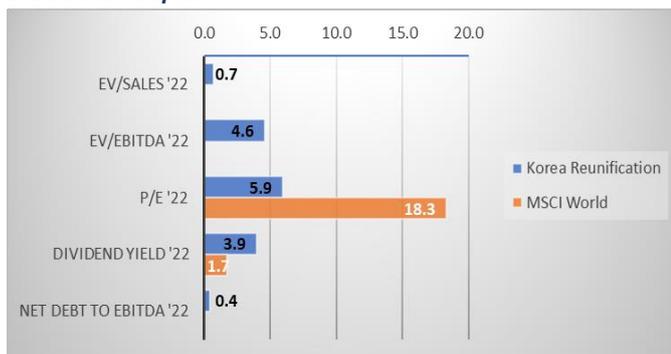
Source: Niche AM, Thomson Reuters

## Geographical breakdown



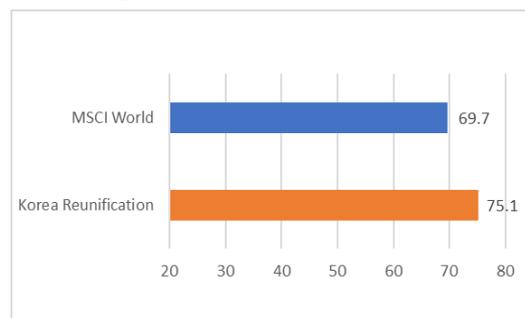
Source: Niche AM

## Valuation Snapshot



Source: Niche AM, Thomson Reuters

## ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Korea Reunification

*A free option on an already attractive market*



## Comment

The Niche fell 4.6% over the quarter but still ended the year up 30.4%.

The quarterly weakness developed after the emergence of the Omicron variant, which mainly penalised financials and telephones, which have a significant presence within the Niche as they have very attractive valuations in absolute and relative terms, as well as being central players in a potential rapprochement between the two Koreas.

In the case of financials, the biggest detractor from performance in the quarter was Hana Financial Group. The stock trades at less than 4 times '22 earnings, offers a dividend yield of close to 7%, and has recently presented a good earnings growth outlook, supported by a range of non-banking businesses that generate around 1/3 of profits. The company also boasts strong capitalisation, with a CET-1 of over 14%, the highest in the Korean banking sector.

KT, Korea's leading telecom operator, which trades at only 2x EBITDA, was also negative, despite being exposed to the growing 5G deployment, which should soon start to translate into higher average revenue per customer (ARPU), as well as being significantly exposed to other digital media businesses with significant growth rates.

There was no particular news on the reunification front in the quarter. President Moon of South Korea announced that he will continue until the imminent end of his term in an attempt to obtain a declaration ending the 1950-53 war with Korea. In fact, the two states are technically still at war. Such a declaration could help overcome the current impasse and reopen the path to dialogue with North Korea. However, we believe that further steps towards a rapprochement of the two Koreas are only possible in the context of an improvement in relations between China and the US, which are currently under great tension. However, history has taught us that changes can be sudden and unexpected.

Chart September - December (30/09/21 – 31/12/21)

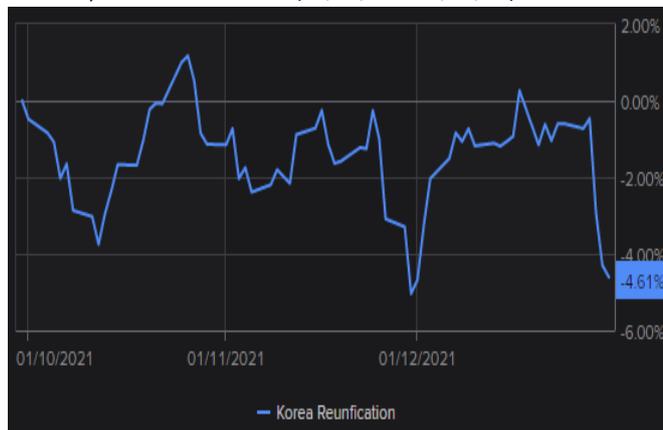
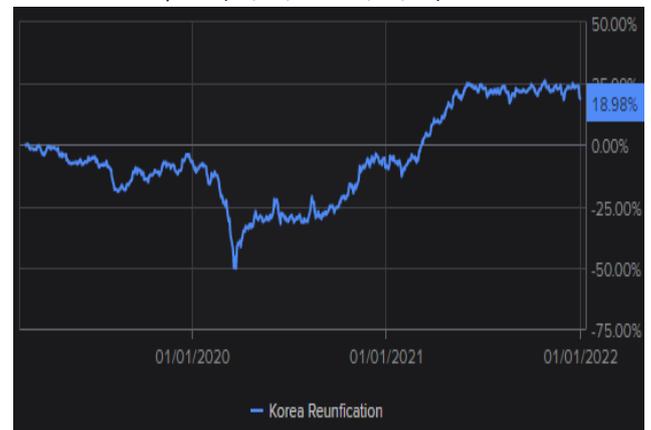


Chart since inception (21/02/19 – 31/12/21)



Source: Niche AM, Thomson Reuters

## Niche description

South Korea is the ideal market to play through a value approach, as it is cheap, and its economy is growing healthy. Beside this, it has a terrific catalyst, this being a reunification or some form of rapprochement, with its half (North Korea). This event could be able to increase the long-term growth potential of the country and to free the market animal spirits. The Korea reunification is a way to add a free option to an already attractive market.

The niche aims to give the investor an exposure to the main beneficiaries of the reunification or of a rapprochement between the South and the North Korea.

# Neglected Luxury

## Rarity Overlooked



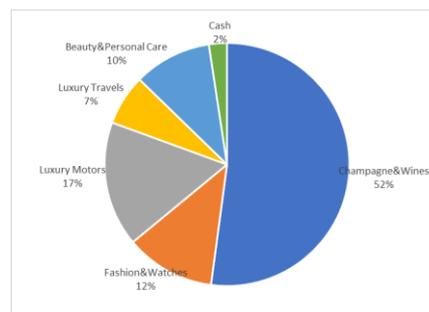
# stocks: 8

Average Market Cap (mln €) 3.940

Median Market Cap (mln €): 1.419

### Neglected Luxury breakdown

	Asian Niches Fund	Neglected Luxury Niche
Champagne & Wines	2.6%	52.1%
Fashion & Watches	0.6%	11.9%
Luxury Motors	0.8%	16.6%
Luxury Travels	0.3%	6.7%
Beauty & Personal Care	0.5%	10.3%
Cash Neglected Luxury	0.1%	2.4%
<b>Total</b>	<b>5.0%</b>	<b>100.0%</b>



Source: Niche AM

### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return 30/09-31/12
Vranken-Pommery Monopole	Champagne&Wines	0.6%	+5.3%
BAIC Motor	Luxury Motors	0.5%	+24.1%
Boizel Chicoine Champagne	Champagne&Wines	0.4%	+8.0%
Laurent Perrier	Champagne&Wines	0.4%	+4.5%
The Swatch Group	Fashion&Watches Total	0.4%	+13.6%

### Main increases in weight

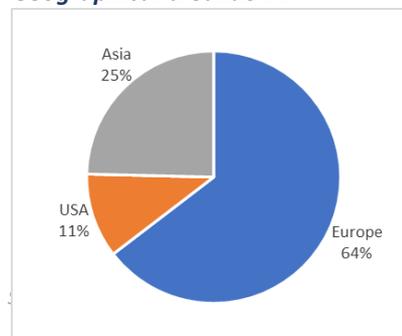
Name	Weight at 30/09	Weight at 31/12
Vranken Pommery	0.5%	0.6%

### Main decreases in weight

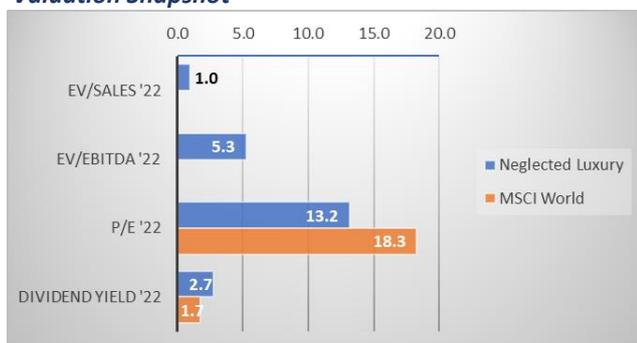
Name	Weight at 30/09	Weight at 31/12	Total Return
Tsuchiya Holdings	0.3%	0.0%	+21.14%
Nu Skin Enterprises	0.5%	0.3%	+0.2%
Sangetsu	0.1%	0.0%	+2.4%

Source: Niche AM

### Geographical breakdown

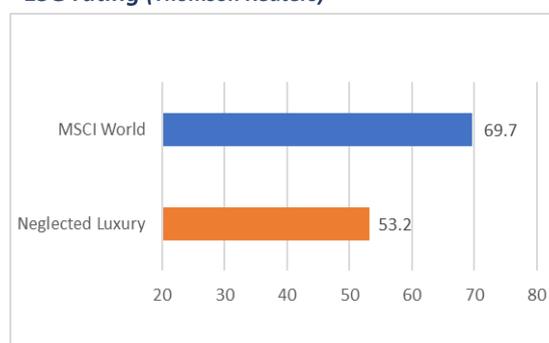


### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Neglected Luxury

## Rarity Overlooked



### Comment

This Niche was the best quarterly performer, appreciating 9.6% and ending the year with a return of 40%.

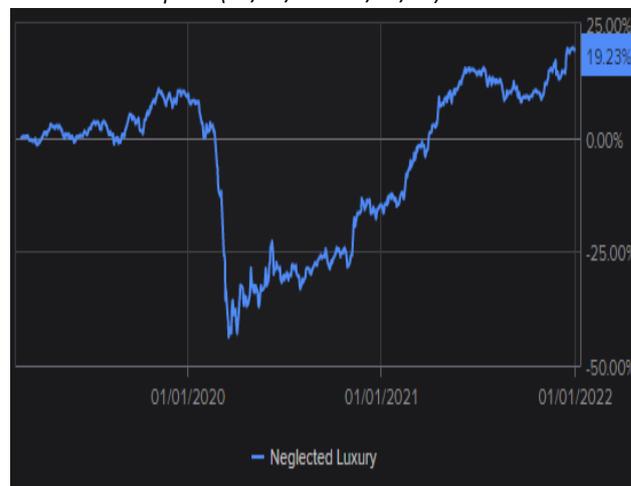
Nearly all stocks in the Niche closed on positive ground. High-end cosmetics manufacturer Nu Skin was the best performer, rising close to 30% after being the worst contributor in the previous quarter, thanks to strong results in the US and expectations that the Asian business, which had been on hold due to the pandemic, would rebound. The contribution of the Luxury Auto, Fashion & Watch and Champagne sub-niches was also positive. The good performance of the Champagne sub-niche, represented by Vranken Pommery, Lanson and Laurent Perrier, is not surprising considering that 2021 was a particularly good year for the industry. Demand for champagne increased despite the lingering impact of the Covid restrictions that weighed on restaurants and hotels: over 320 million bottles were sold (+32%, after -20% the previous year, also due to the pandemic).

Prices also finally saw a positive dynamic. Expectations of good demand in the new year, coupled with the low stock levels of the previous two years, will presumably lead to a further upward revision of prices, which we believe will translate into an improvement in industry profits, despite the higher cost of raw materials and the higher costs resulting from the spread of cultivation more focused on vineyard sustainability. Recall that for a 10% increase in selling prices, stocks in the sector can see profits rise between 50% (Laurent Perrier) and 100% (Vranken Pommery). In this environment, portfolio stocks could reduce the significant discount they are undeservedly trading at to luxury goods producers.

Chart September - December (30/09/21 – 31/12/21)



Chart since inception (21/02/19 – 31/12/21)



Source: Niche AM, Thomson Reuters

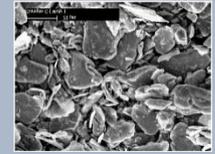
### Niche description

The luxury sector has been one of the winners of the last 2 decades. Globalisation, growing inequality, emerging markets and westernisation have been at the root of its growth. Luxury means not just quality, but also exclusivity and recognisability. Selling prices or supply constraints determine and warrant the rarity effect that encompass the concept of luxury. Although the market generously prices these luxury stocks, it sometimes does not recognise some companies as belonging to the luxury sector. There could be many reasons for this: low profitability; being part of a conglomerate; short term imbalance between supply and demand; corporate governance issues, etc.

The niche aims to give the patient investor the opportunity to gain exposure to these unique stock at valuations that are extremely attractive.

# The Magic of Graphite: Carbon fibre & steel recycling

*The best is yet to come*



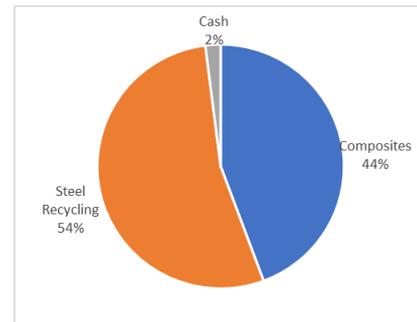
# stocks: 8

Average Market Cap (mln €): 2.625

Median Market Cap (mln €): 2.738

## The Magic of Graphite breakdown

	Asian Niches Fund	The Magic of Graphite Niche
Composites	2.2%	44.3%
Steel Recycling	2.7%	53.7%
Cash Magic of Graphite	0.1%	2.0%
<b>Total</b>	<b>5.0%</b>	<b>100.0%</b>



Source: Niche AM

## Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return 30/09-31/12
Teijin	Composites	1.1%	-11.2%
Graftech	Steel Recycling	0.6%	+14.6%
Nippon Carbon	Steel Recycling	0.5%	-0.5%
Showa Denko	Steel Recycling	0.4%	-11.7%
Danieli And Co	Steel Recycling	0.4%	+4.2%

## Main increases in weight

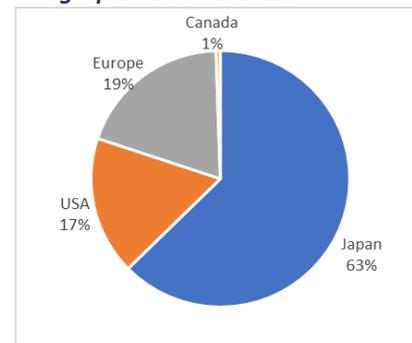
Name	Weight at 30/09	Weight at 31/12
N/A	-	-

## Main decreases in weight

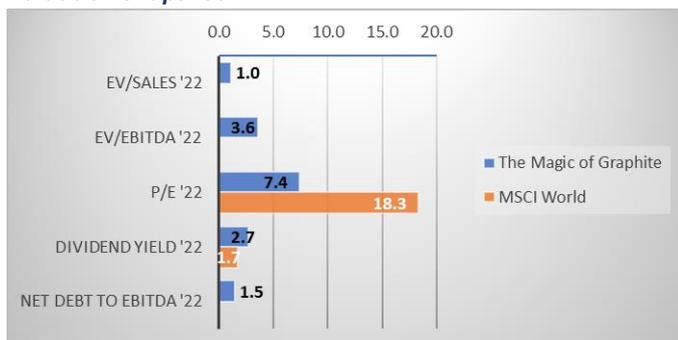
Name	Weight at 30/09	Weight at 31/12	Total Return
N/A	-	-	-

Source: Niche AM

## Geographical breakdown

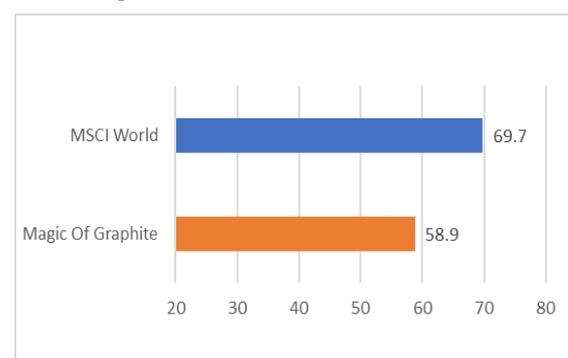


## Valuation Snapshot



Source: Niche AM, Thomson Reuters

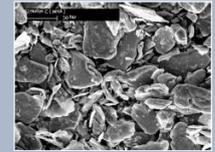
## ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# The Magic of Graphite: Carbon fibre & steel recycling

*The best is yet to come*



## Comment

The Niche ended the quarter lower at -2.7%. Since its inception at the beginning of March 2021, performance has been -2.1%.

The weakness stemmed mainly from the Composite Materials sub-niche, due to Teijin, which suffered from rising costs, especially for raw materials, which were not sufficiently offset by increased volumes and final selling prices. The outlook for the materials business remains promising, however, given the growing number of areas in which the company's composite materials and carbon fibres are used. It should be noted that Teijin is also active in the healthcare sector, the performance of which helps to counteract the cyclical phases of the materials business.

In Steel Recycling, there were divergent performances among the stocks that make up this sub-niche, with only a marginally positive contribution at the end of the period. Japanese producers were weak, despite a recovery in demand, due to increased graphite electrode capacity in China. However, higher demand and increased electric furnace capacity in Europe and the US set the stage for a supportive price outlook in the new year, albeit also associated with higher energy costs. Valuations of companies exposed to this trend remain particularly attractive, ranging from 6 to 9 times earnings. And an improved price trend, given the typical operating leverage of the sector, implies significant potential for earnings growth.

Chart September - December (30/09/21 – 31/12/21)

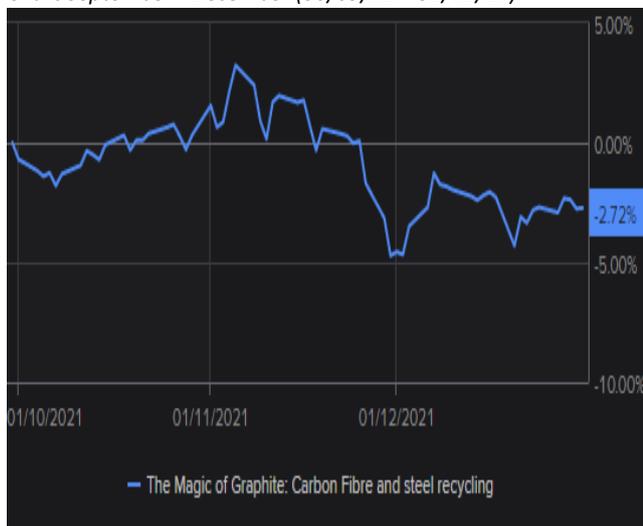
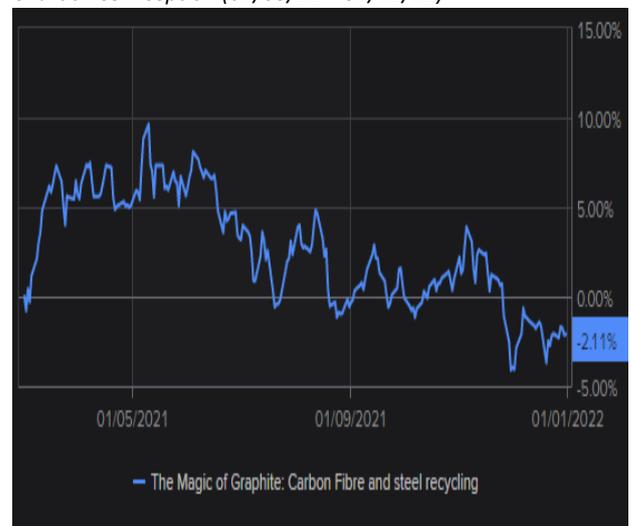


Chart since inception (01/03/21 – 31/12/21)



Source: Niche AM, Thomson Reuters

## Niche description

Carbon Fiber and Steel Recycling represent two cheap and neglected investment ideas with a common story. They share the same essential material: the graphite. And they are back from a period of underperformance driven by the weakness of their respective reference markets.

Carbon Fiber players have been suffered from the crisis of the aeronautical sector, that represent 60% of the current graphite demand. Their current valuation are far from the euphoric phase experienced 10 years ago, despite their prices more than halved and the carbon fiber utilization is growing rapidly thanks to the Electric Vehicles adoption, the wind farms spread and the new applications in the construction sector (expected annual growth between 20/30%).

The long-term outlook for the Steel Recycling is also very promising due to the steel sector need to reduce its carbon footprint, especially in China. Electric Arc Furnaces (EAF) furnaces, that use graphite electrodes to melt down the recycled steel, allow to save 75% of carbon emissions in comparison to the traditional blasted furnaces. In the near future, EAF furnace will be powered by natural gas (sponge steel) and hydrogen, further reducing its negative environmental impact.

# The CUB (China Under Biden)

*Discover the Value side of China Equity*



## Niche closed - Comment

*The Niche was closed in October 2021. Since its launch in January 2021, it has performed +33%. Its performance has been free of the negative trends that have characterised other segments of the Chinese market, due to the government's interventionist measures.*

*The portfolio in this niche was exposed to Chinese companies with a value/deep value profile that could benefit from an improvement in relations between the US and China, which have come under severe pressure during the Trump administration. Although there was no clear improvement in relations between the two countries, this theme benefited from a significant presence in government-invested securities (SOEs), which made them reliable in terms of balance sheets and political support. It was decided to close the Niche, despite the still modest valuations, in view of China's political attitude, which tends to militarise the Asian area, behave in an overbearing manner towards its neighbours, worsen an already bad governance (Xi Jinping, like Erdogan and Putin, is no longer subject to a government ceiling) and change the rules of the market in an unpredictable and peremptory manner. We have therefore decided to reallocate resources to areas with equally or more depressed valuations, a more readable political climate, more balanced governance and greater respect for investors.*

*Chart since inception (31/12/20 – 07/10/21)*



*Source: Niche AM, Thomson Reuters*

## Niche description

"The CUB" Niche invests in deeply undervalued and sound companies that could benefit from a stabilization of the USA-China relations. Most of those companies are exposed to infrastructures (constructions, railways, ports, airports, telecommunication services, telecommunication equipment, renewables, water, and waste management).

One of the most fashionable investment themes between 2015 and 2018, the Silk Road was an ambitious 4 trillion USD project to link China to Africa and Europe. Now this project has been completely washed away from investors' mind (different the reasons: emerging market crisis related to Covid, Sino-America trade war, Trump related widespread US sanctions towards State Owned Enterprises). However, in our opinion, this project of utmost importance will regain speed and the investors' interest, following the infrastructures plans in the aftermath of the Covid pandemic and the improving relations between China and US. The companies within this Niche can rerate dramatically thanks to this process.

# Close the Gap

As simple as that ...

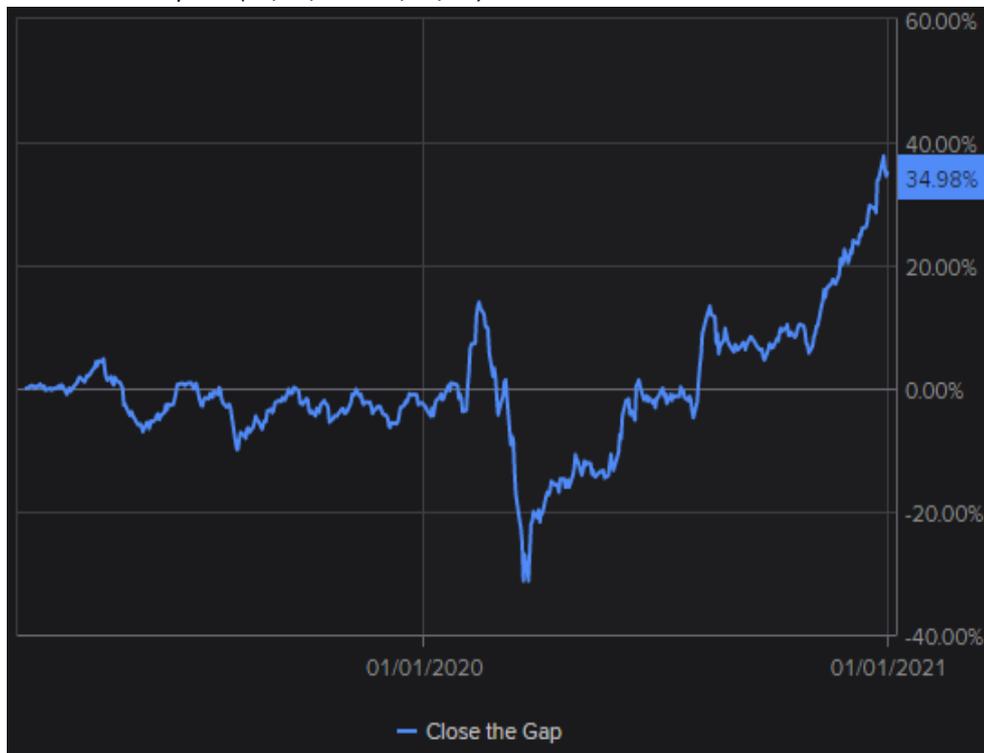


## Niche closed - Comment

*The Niche aim was to bank on the closing of the gap between ordinary shares and preferred shares in Korea, where this gap was still huge.*

*The Niche was divested at the end 2020, following the closure of the significant part of the gap between ordinary and preference shares (discount narrowed by more than 30%). This was the goal of the Niche itself. The Niche recorded performance of about 35% since inception (18/02/2019). The assets of the Niche were converted in the new Niche «The CUB» (China Under Biden).*

Chart since inception (21/02/19 – 31/12/20)



Source: Niche AM, Thomson Reuters

## Niche description

There are some classes of shares, like saving/preferred, or some companies' structures, like holdings or conglomerates, that can present huge discounts versus ordinary shares or the sum of the controlled companies. These discounts tend to close over time, Shares conversions, M&A, spin-offs, changes in dividend policies are normally the catalysts.

The niche aims to give investors an exposure to these shares' classes or companies structures.

# Steel and Plastic Substitution

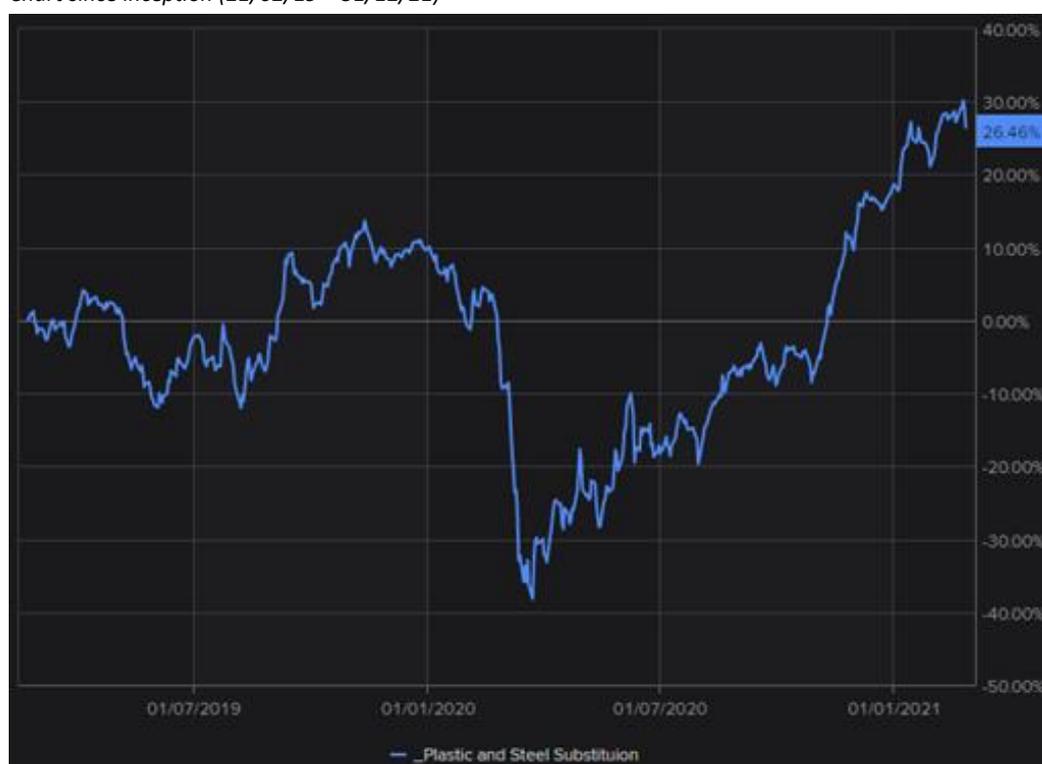
## Anticipating a trend



### Niche closed - Comment

The Niche was divested at the end February 2021, recording performance of about 26% since inception (18/02/2019). Most of the positive performance was generated by the wood and aluminium sub-niches. Those two investment cases present huge secular growth, but they can no longer be considered Value. On the other hand, the sub-niches Carbon Fiber and Steel Recycling recorded a negative performance. Since we believe that both those themes are incredibly attractive, we decided to put them into a new Niche: "The Magic of Graphite".

Chart since inception (21/02/19 – 31/12/21)



Source: Niche AM, Thomson Reuters

### Niche description

Our infrastructures, our vehicles and our many devices are made partially of iron and its derivatives. Although materials such as aluminium have partially replaced it in some applications, it still plays a dominant role in our system, its physical properties, the abundance of iron ores and its labour-intensive characteristic have kept its leadership solid and unchallenged. Up to a point though. Other materials are emerging with better qualities in terms of safety, resistance, weight, and sustainability. As their prices will go down, steel will be gradually substituted and many of its mines and producing assets will go stranded.

At the same time the world needs to reduce the use of plastic that is highly toxic for the planet. There is a growing consensus around this issue that will lead to a small revolution in the materials we use in our society.

The Niche aims to provide the investors with the opportunity to gain exposure to the growing and positive trend of innovative and ecological materials.

# Bond Portfolio

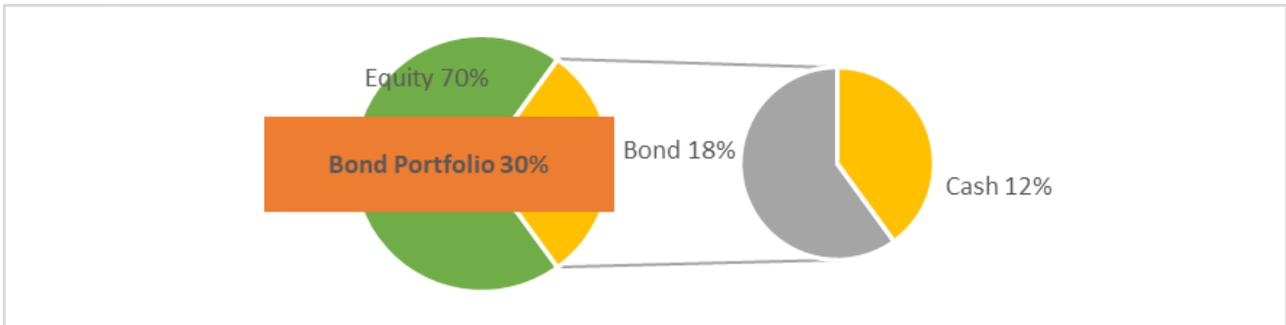
# securities: 27      Average Yield to Maturity 4.96%      Duration 2.08

## Comment

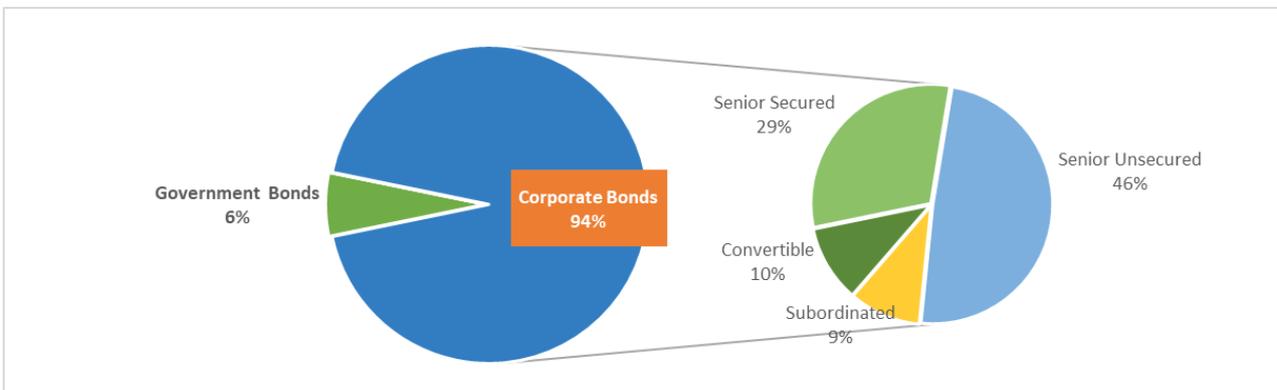
The bond portfolio, mainly composed of high yield and non-rated bonds and managed with a total return perspective, rose 1.1% over the quarter. This good performance, in an environment of high inflation and a change in central bank policy, was driven by US high yield bonds, which generated a positive return and narrowed spreads. The portfolio's positioning on short duration, which implies less sensitivity to interest rate rises, had an equally positive effect, limiting the impact of curve movements.

The portfolio's average yield remains attractive in the market context, all the more so given the improvement in corporate fundamentals over the past year, coupled with the ability to continue refinancing debt on favourable terms.

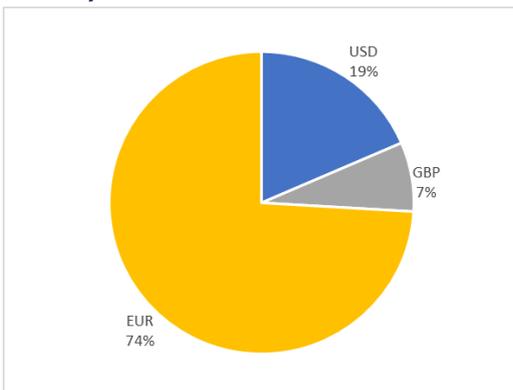
## Bond Portfolio breakdown



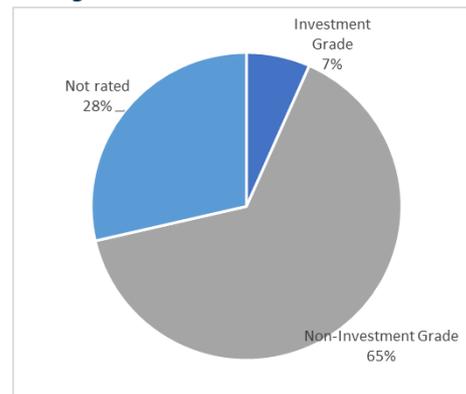
## Bond allocation



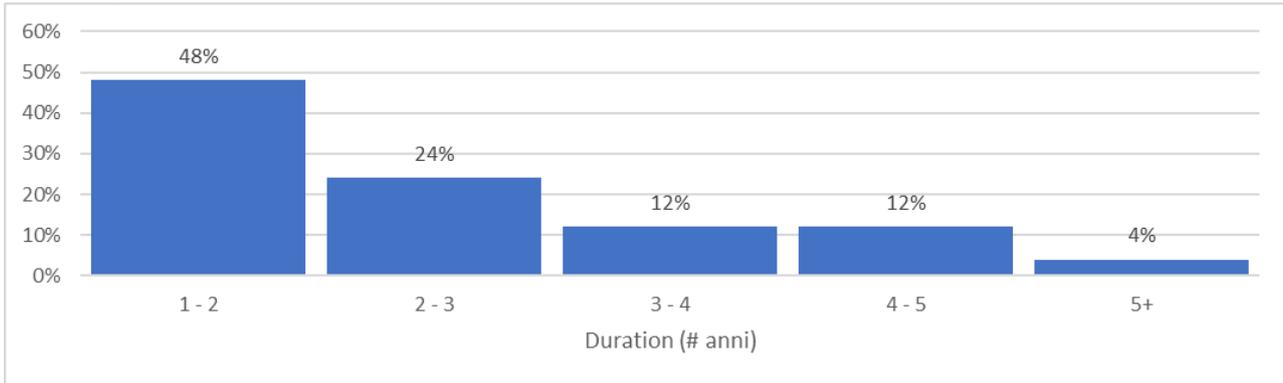
## Currency Breakdown



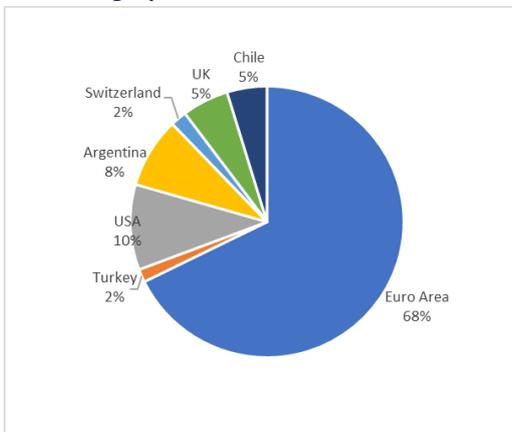
## Rating Breakdown



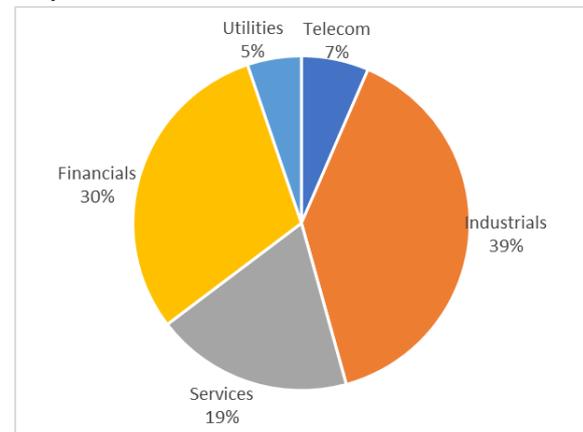
### Bond Portfolio Duration



### Bond Geographical Breakdown



### Corporate Bond - Sector Breakdown



## Cash Management

### Cash management breakdown

At the moment we are almost fully invested on the equity side (69% vs 70%); as a consequence, we don't have any bond in the cash management portfolio.

# Appendix

## EQUITY PORTFOLIO: Indices % price changes

Index	Price as of 31/12/2021	% Price Change 1 month (local currency)	% Price Change 1 month (€)	% Price Change 3 months (local currency)	% Price Change 3 months (€)	% Price Change Year to Date (local currency)	% Price Change Year to Date (€)	% Price Change Since inception ** (local currency)	% Price Change Since inception ** (€)
<b>Pharus Asian Niches*</b>	<b>124,60</b>	-	<b>1,59%</b>	-	<b>1,13%</b>	-	<b>15,16%</b>	-	<b>24,60%</b>
Electric Mobility	-	-	3,88%	-	2,40%	-	23,39%	-	61,60%
5G	-	-	4,01%	-	1,33%	-	31,68%	-	42,70%
Internet Victims	-	-	4,62%	-	2,57%	-	36,08%	-	44,50%
Indonesia Infrastructures Small Cap	-	-	-3,72%	-	3,69%	-	6,65%	-	11,86%
Korea Reunification	-	-	0,46%	-	-4,61%	-	30,39%	-	18,98%
Japanese Orphan Companies	-	-	5,90%	-	0,51%	-	14,33%	-	22,62%
Neglected Luxury	-	-	5,26%	-	9,57%	-	40,03%	-	19,23%
The Magic of Graphite: Carbon Fibre and steel recycling (starting date 01 Mar '21)	-	-	2,09%	-	-2,72%	-	-	-	-2,11%
The CUB (Starting date 01 Jan '21 - closing date 07 Oct '21)	-	-	-	-	-	-	-	-	33,02%
Close the Gap (Starting date 18 Feb '19 - closing date 31 Dec '20)	-	-	-	-	-	-	-	-	34,98%
Plastic and Steel Substitution (starting date 18 Feb '19 - closing date 28 Feb '21)	-	-	-	-	-	-	-	-	-
<b>MSCI Asia Pacific Value (.dMIAP0000VPUS)</b>	<b>163,75</b>	<b>3,07%</b>	<b>2,78%</b>	<b>-2,39%</b>	<b>-0,56%</b>	<b>0,70%</b>	<b>8,18%</b>	<b>6,89%</b>	<b>6,32%</b>
Korea (.KS200)	394,19	5,61%	5,14%	-1,77%	0,03%	1,26%	0,55%	37,88%	30,26%
Tokyo Stock Exchange (.TOPX)	1992,33	3,32%	1,70%	-1,86%	-2,93%	10,40%	7,49%	24,37%	19,39%
Indonesia (.JKSE)	6581,48	0,73%	1,23%	4,68%	7,41%	7,81%	13,51%	1,29%	0,02%
MSCI Small Cap Indonesia-USD (.dMIID0000SONUS)	549,12	-1,95%	-2,23%	0,27%	2,14%	1,19%	8,71%	-25,84%	-26,23%
China (.HSI)	23397,67	-0,33%	-0,60%	-4,79%	-3,13%	-14,08%	-8,21%	-17,46%	-17,35%
Bond High Yield (AHYE.PA)	242,00	-	1,51%	-	-0,11%	-	0,73%	-	8,89%

The performance of the single Niches are gross of fees

\* Class b

\*\* Inception date: 18/02/2019, unless differently specified

Source: Niche AM, Thomson Reuters

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