

[Print this article](#)

What's New In Investments, Funds? – Niche Asset Management

Editorial Staff

9 November 2022

London-based fund manager has launched a sterling class of its Pharus Electric Mobility Niches fund for distribution in the UK wealth management and IFA market.

Pharus Electric Mobility Value Niche, which was the second of the five funds managed by Niche so far, was launched in 2019 on the Luxembourg Pharus SICAV, an independent UCITS platform, the firm said in a statement.

Listed on the Milan Stock Exchange, it is a UCITS that uses fundamental analysis to create and manage a value portfolio.

The firm said that the strategy lets an investor hold a value portfolio exposed to a growth trend, reducing risk and volatility. The portfolio has a 2022 P/E ratio below 7x, a P/TBV below 1x and, as whole, it has no debt.

The portfolio is exposed mainly to Japan (52 per cent) and South Korea (23 per cent) and two thirds of the 60 stocks held in the portfolio are SMEs, the firm continued.

Massimo Baggiani, co-portfolio manager of the fund, said: "We expect that the penetration of electric vehicles within the global economy in the next two to three years will be much higher than forecast if there were just more vehicles available!"

"In fact, we anticipate significant bottlenecks in lithium cells manufacturing and all along the supply chain, from basic materials to precursors, anodes, cathodes, etc. This will lead to price increases, fat margins and a significant re-rating of the less well-known players that now trade very cheaply. Later, capacity and competition will follow, and the sector will normalise. By then we expect to have already closed the fund. We are value investors, once we cannot spot value opportunities in this niche, we will return the money to investors. Today we see upside potential close to 100 per cent for our portfolio before this could happen," he continued.

"Thanks to the limited size of the portfolio, we can invest in super-value small players in Japan and Korea without incurring liquidity risks. To be able to stick to our approach we set a maximum size for our fund of €50 million (\$49.9 million). Once we reach that AUM it will be possible to exit daily but not to invest further. This allows us to liquidate 90 per cent of the portfolio in one day and 99 per cent in one week, which is much better than most UCITS funds," he said.

The fund is categorised as Article 9 under the EU's Sustainable Finance Disclosure Regulation.

From March 2020 the fund stopped investing in countries that Freedom House categorises as not being free, including China, the firm said.

The newly-launched UK class charges 0.25 per cent in management fees and 10 per cent in performance fees.