



31/12/2022



# Pharus Asian Value Niche

## Portfolio Update

30<sup>th</sup> September 2022– 31<sup>st</sup> December 2022



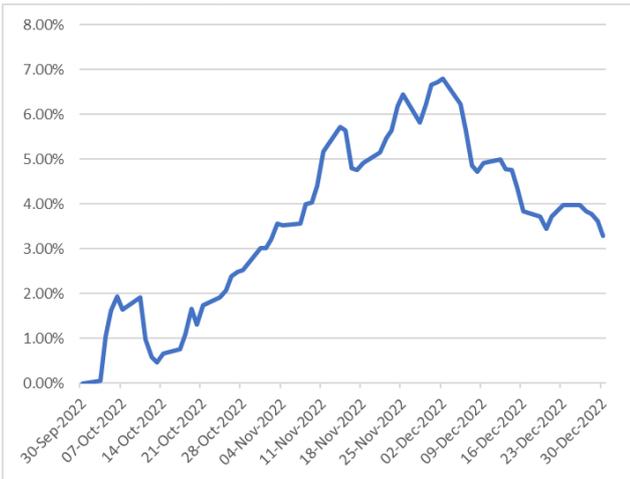
Data di lancio: 15.02.2019  
 Total Net Asset value 31.12.22: € 24,123,546.43  
 Currency: EUR

Net Asset Value per share As of 31.12.22:	Class A – ISIN: LU1867072578	€ 114.17
	Class B – ISIN: LU1867072651	€ 117.57
	Class Q – ISIN: LU1867072735	€ 117.42

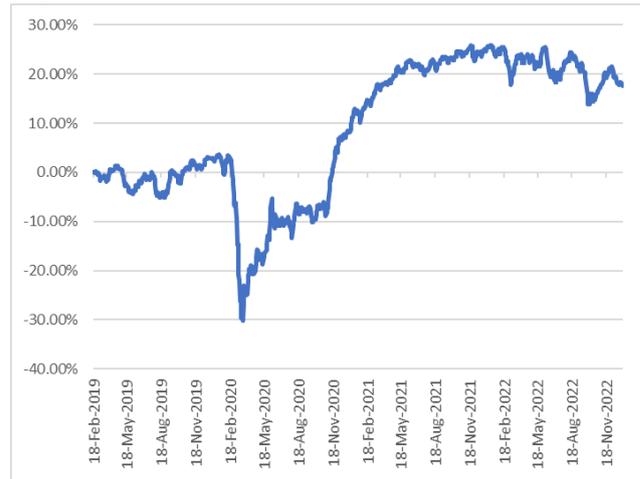
	Q4	Year to Date	1 Year	Since inception
Performance (class B)	+3,29%	-5,64%	-5,64%	+17,57%

### Net asset value per share

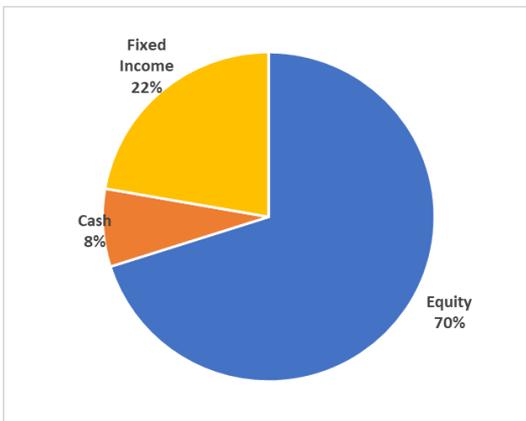
Performance fourth quarter 2022: +3.29%



Performance since inception: +17.57%



### Portfolio breakdown by asset class



The fund invests flexibly in a diversified portfolio of equities (0% to 100% of NAV) and bonds (0% to 100%).

The equity component has a predominant exposure to Asia Pacific markets and is divided into independent equity portfolios, each focused on an Equity Niche neglected by the market, but with ample growth potential in the medium term.

The bond component has an unconstrained absolute return objective.

\* rating at 31/01/23 – Class Q

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## Quarterly comment

The quarter saw the fund gaining 3.29%, recovering much of the negative performance of the third quarter.

We reiterate our positivity on equity. All the more so in the face of widespread industry underweight and negativity from influential commentators. We recognise that the negative effects of the rate hike are not yet visible. We recognise that the market tends to be wrongly positive near the peak of the rate hike, anticipating the recovery too much. We are not blind to political risks with unpredictable repercussions such as the war in Ukraine, China and the US debt limit hike in the second half of the year. We expect volatility. However, the market as they say, climbs a wall of worry and in a risk-free world there would be no point in having a stock market. It is the opportunities that interest us. We are told that the market is expensive. We reply that it is not. High-growth stocks, where, by the way we don't invest, are optically expensive for a clear reason related to their future opportunities. And today the indices are full of those 'rightly' expensive stocks. Traditional sectors have never been more attractive, at least outside the US, in areas like Asia and Europe. We are told that a recession may be coming. We reply that even if it comes it will not be accompanied by a financial crisis and will therefore be short. We are told that inflation is untameable. We reply that inflation is collapsing. And that inflation between 1 and 3 per cent is what central banks will aim for. And we are not far off. Moreover, inflation eats up government debt, recreates wage dynamics and perceptions of growth. It remunerates savers and dries up corporate pension deficits. Add to that the Ukrainian invasion has accelerated investment in the energy transition and this, together with the repatriation of some strategic manufacturing from China, will support the labour market, which remains and will remain strong. We come from 20 years of extreme globalisation, which has brought stagnation to the West and helped 1% of the population to own 50% of the wealth. Which has brought speculation to make big city centres too expensive to be habitable. It has brought degradation and populism to the countryside. We now have the possibility (not the certainty) of entering a new era. Where populism will give way to optimism. Where democracy and cohesion will prevail over autocracy. And where the stock market, in its traditional components, those excluded from the enthusiasm of the last 15 years and the object of our investments, will return to trading at acceptable valuations, the expression of new future growth. As well as recovering the ground lost in recent years due to inflation, since the stock market's level is expressed in nominal terms.

The quarter saw the spin-off of two of our fund niches (Japanese Orphan Companies and Korea Reunification) into two independent projects on our dedicated NicheJungle platform. They are not funds, they are projects. Something completely new, dedicated to the institutional investor. We invite the Herculean reader who has tirelessly read this far to visit [www.nichejungle.com](http://www.nichejungle.com)

Finally, let us recall that the fund no longer invests in China, following China's implicit support for the Ukrainian invasion that made its threats towards Taiwan more credible. The current investment in China, less than 2%, is in run off. The fund is, however, heavily invested in Korea, a country exposed to Chinese growth but able to survive without it; a democratic country, in great rediscovery, with a stronger financial structure than China's and with lower multiples, incredibly low; and with many, many catalysts.

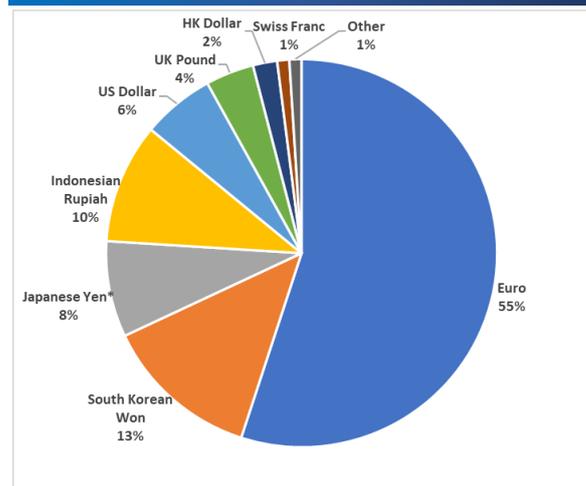
## Niche Performance fourth quarter 2022\*

NICHE	Return
Electric Mobility Value	+8,01%
5G Value	+4,87%
Internet Victims	+6,34%
Indonesian Infrastructure Small Caps	-7,01%
Japanese Orphan Companies	+3,07%
Korea Reunification	+7,33%
Magic of Graphite	+3,16%
Champagne	+11,41%
No meat's land**	+13,39%
Cocoon**	+4,55%
Beauty for nothing**	-3,43%
Fly with me**	+15,56%

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

\*\* inception date 10 Oct '22

## Portfolio breakdown by currency



\*net of JPY hedging.

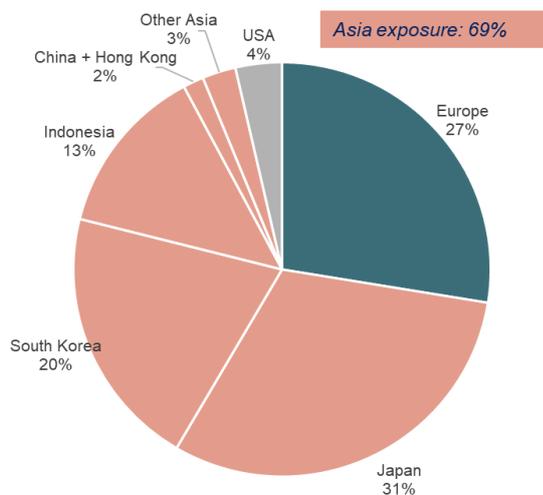
## Top holdings

ISIN	Security	Portfolio	%
LU1867072222	Pharus Sicav Elec Mob Value Niche B	Electric Mobility	12.94%
IE0004F6ARY1	Nichejungle Korea Reunification SDG I	Korea Re-unification	9.02%
IE000MFX2916	Nichejungle Jap Orphan Companies SDG I	Japanese Orphan Companies	8.36%
FR0013461274	Eramet 5.8750 19-25 21/05A	Bond	2.60%
XS1658012023	Barclays Bank Plc Fl.R 17-99 31/12Q	Bond	1.72%
IT0005283111	Il Sole 24 Ore	Internet Victims	1.71%
XS2189784288	Commerzbank Ag Fl.R 20-99 31/12A	Bond	1.62%
XS2271356201	Webuild Spa 5.875 20-25 15/12A/12A	Bond	1.48%
XS1945271952	SGL Carbon Se 4.6250 19-24 30/09S	Bond	1.26%
XS1960685383	Nokia Oyj 2.00 19-26 11/03A	Bond	1.19%

## Equity top holdings

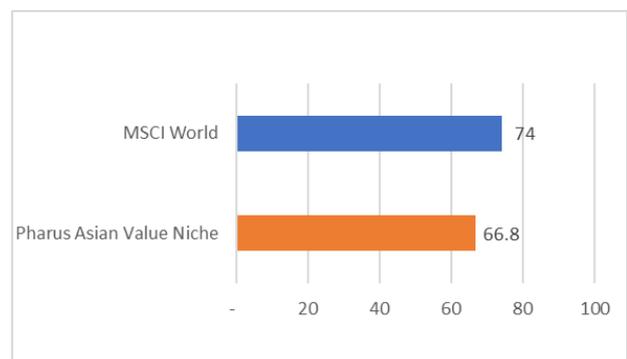
ISIN	Security	Niche	Sub-Niche	%
IT0005283111	Il Sole 24 Ore	Internet Victims	Publishers	1.71%
ID1000104508	Pt Tempo Scan Pacific	Indonesian Inf SC	Consumer Products	1.12%
JP3544000007	Teijin	Magic of Graphite	Composites	1.10%
FR0000062796	Vranken-Pommery Monopole	Champagne	Champagne	1.03%
FR0000133308	Orange	5G	Telecom Services	0.85%
FR0000051732	Atos SE	5G	5G Apps	0.82%
CH0012138530	Credit Suisse Group	Internet Victims	Financials	0.75%
ID1000131105	Wijaya Karya Beton	Indonesian Inf SC	Real Estate& Construction	0.70%
FI0009000681	Nokia	5G	Telecom Equipment	0.67%
ES0178430E18	Telefonica SA	5G	Telecom Services	0.63%

## 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

Value Investing Applied to a Growth Theme



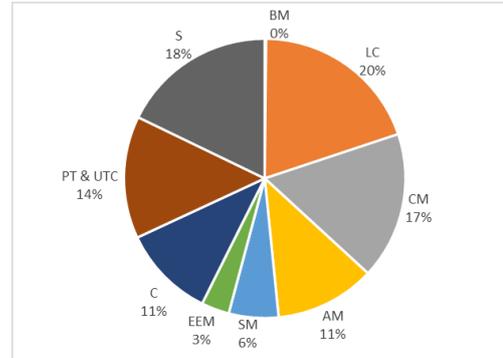
# stocks: 57

Average Market Cap (mln €) 8.701

Median Market Cap (mln €): 969

## Electric Mobility – segment breakdown

		Asian Niches Fund	EM Niche
Battery makers	BM	0.0%	0.2%
Lithium Cells	LC	2.7%	19.1%
Cathode makers	CM	2.4%	16.4%
Anode Makers	AM	1.6%	11.6%
Separators makers	SM	0.8%	5.7%
Electrolytes	EEM	0.4%	3.2%
Commodities	C	1.5%	10.8%
Power Train & Ultracapacitors	PT & UTC	2.0%	14.2%
Satellites (S)	S	2.5%	17.9%
<b>Total</b>		<b>13.8%</b>	<b>100.0%</b>



## Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Panasonic	Lithium Cells (LC)	1.0%	9.5%
LG Chemical Pref	Lithium Cells (LC)	1.0%	10.1%
Sumitomo Metal Mining	Cathodes (CM)	0.8%	12.3%
Toda Kogyo	Cathodes (CM)	0.7%	-4.3%
Teijin	Separators (SM)	0.6%	-8.1%

## Major increases in the quarter

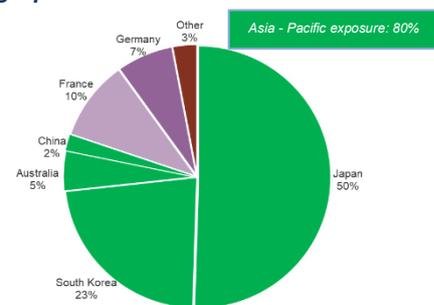
Name	Weight at 30/09	Weight at 31/12
Eramet	0.1%	0.4%
Mitsubishi Materials	0.1%	0.2%
Nittetsu Mining	0.0%	0.1%

## Major decreases in the quarter

Name	Weight at 30/09	Weight at 31/12	Total Return
Vitesco Technologies Group	0.6%	0.4%	+17.9%
Toda Kogyo	0.8%	0.7%	+7.1%
Syrah Resources	0.5%	0.4%	+388.9%

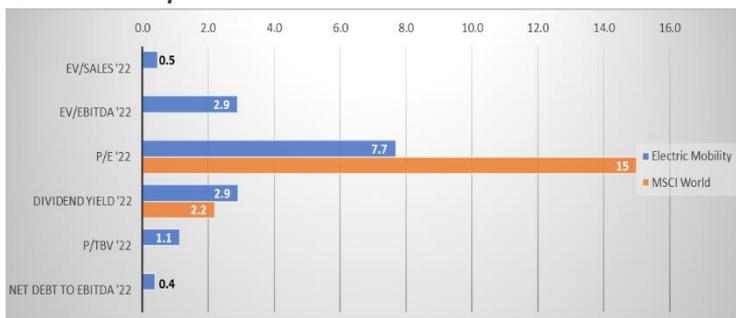
Source : Niche AM, Thomson Reuters

## Geographical breakdown



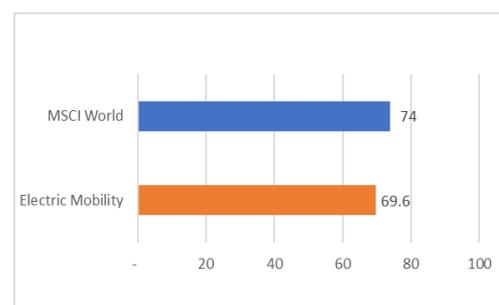
Source: Niche AM

## Valuation snapshot



Source : Niche AM, Thomson Reuters

## ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Electric Mobility

## Value Investing Applied to a Growth Theme



### Comment

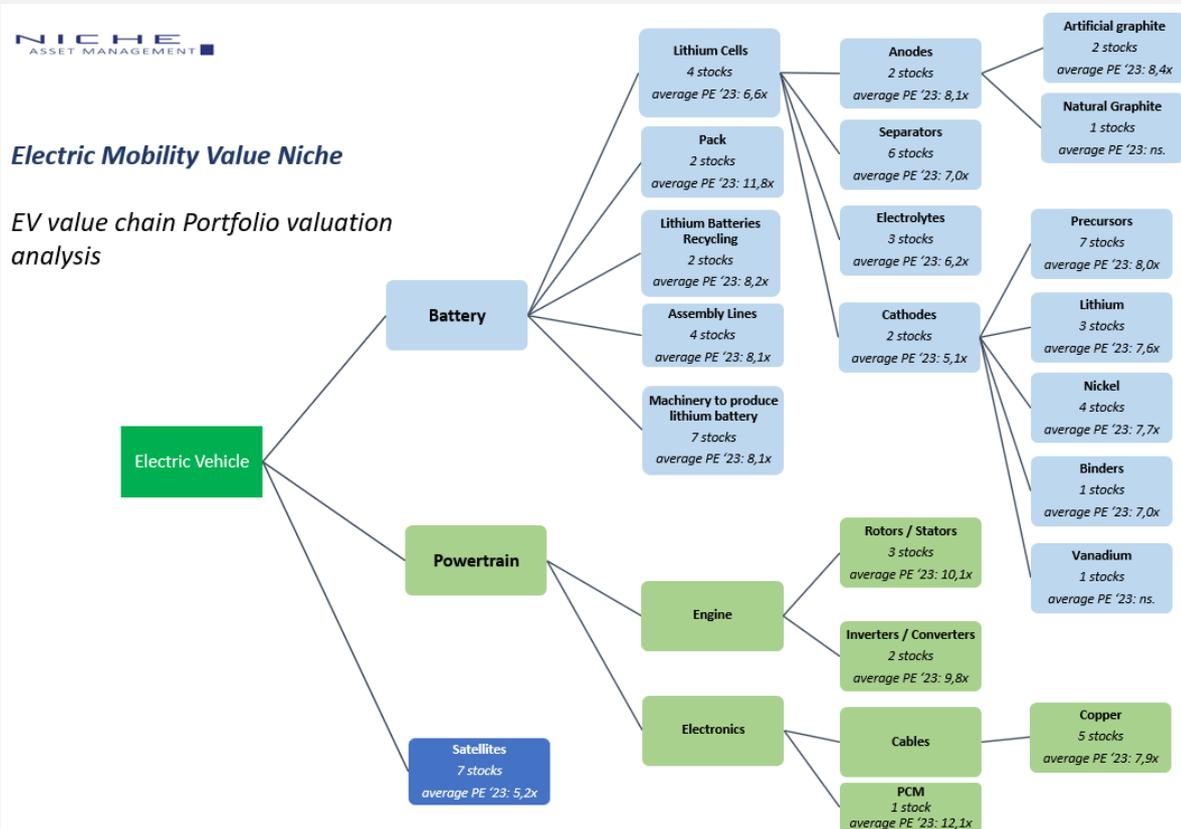
The niche achieved a positive performance of 7.8% in the quarter.

During the quarter, the **acceleration** in the adoption of electric mobility was still a supporting factor. In November, the market share of electric cars (100% electric + plug in) reached 35% in China, 27% in Europe and 6% in the US. In some markets, the trend was somewhat supported by the presence of **incentives** that will be scaled back from 2023, but basically these results are far higher than assumed at the beginning of the year. In terms of sentiment, the increased availability of cars, in conjunction with the overcoming of the bottleneck resulting from the semiconductor industry, also had a positive influence.

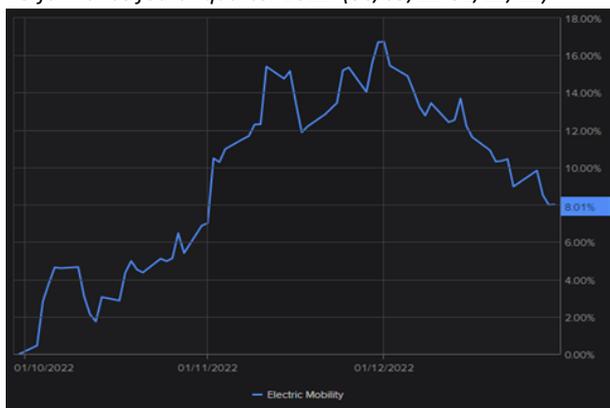
At the sub-niche level, the most positive contributions came from **Commodities** (+20%), **Anodes** (+12%), **Lithium Cells** (+11%) and **Powertrains** (+8%). The Commodities sub-niche benefited from the good performance of **Syrah**, an operator that is developing production capacity in the United States for materials used in the manufacture of anodes. It has already signed supply contracts with some of the leading manufacturers of electric cars and for which it has received funding from the Department of Energy. In fact, the US is an important growth driver for the electric car industry by virtue of its huge funding to support the creation of an industry there (*so-called Inflation Reduction Act*). These measures also supported the performance of the Lithium Cells sub-niche, thanks to the rebound of **Panasonic** and **LG Chem**, which will develop additional gigafactories for battery production in this country, further increasing their already extremely robust order books.

Geographically, the niche confirmed a significant exposure to **Japan** and **Korea**, due to the attractive valuations of these markets, coupled with the strong know-how held in battery and battery component production capacity. Coupled with this, it should be noted that the current geopolitical situation means that Western carmakers are more inclined to sign non-Chinese trade agreements. Japanese and Korean players should take advantage of this, as well as other players in the portfolio, including the Syrah, one of the few alternatives to Chinese anode material suppliers.

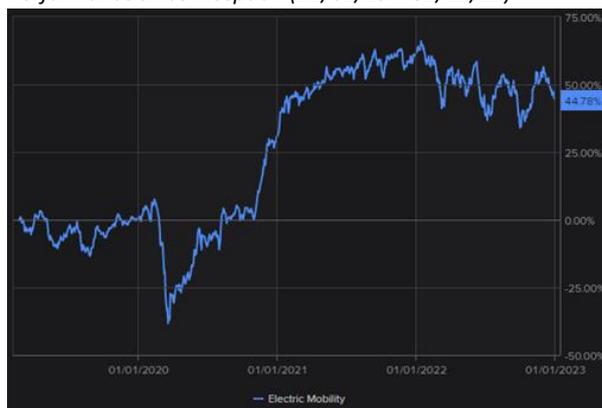
We are approaching the steepest side of the 'S' curve of the e-mobility revolution, which should favour the explosion of sales and profitability of players exposed to this trend. The Niche provides exposure to this trend, but with limited risk of permanent capital loss due to its value approach (Price Earnings '23 around 7x at year-end 2022, Price/tangible book close to 1x). Below we present the valuation of the portfolio broken down by its various segments.



Performance fourth quarter 2022 (30/09/22-31/12/22)



Performance since inception (21/02/19 – 31/12/22)



Source: Niche AM, Thomson Reuters

### Description of the Niche

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 Value

## Moving to the next Internet investment chapter



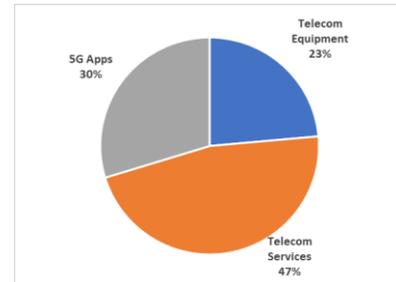
# stocks: 17

Average Market Cap (mln €) 45.550

Median Market Cap (mln €): 8.482

### 5G breakdown

	Asian Niches Fund	5G Niche
Telecom Equipment	1.6%	23.6%
Telecom Operators	3.2%	46.7%
5G Apps and IT Consultants	2.0%	29.7%
<b>Total</b>	<b>6.9%</b>	<b>100.0%</b>



Source: Niche AM

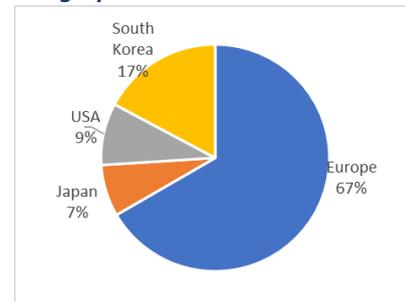
### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Orange	Telecom Services	0.8%	0.4%
Atos SE	5G Apps	0.8%	10.4%
Nokia	Telecom Equipment	0.7%	-2.1%
Telefonica SA	Telecom Services	0.6%	0.3%
Samsung Elec GDR	5G Apps	0.6%	19.8%

### Major increases in the quarter

Name	Weight at 30/09	Weight at 31/12
Nokia	0.5%	0.7%
Ericsson	0.1%	0.3%

### Geographical breakdown



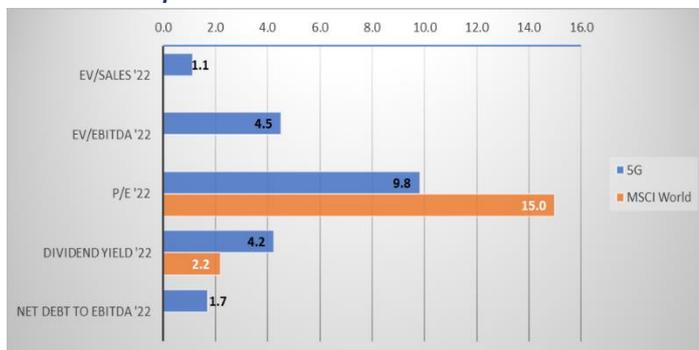
### Major decreases in the quarter

Name	Weight at 30/09	Weight at 31/12	Total Return
IBM	0.1%	0.0%	+41.33%

Source : Niche AM, Thomson Reuters

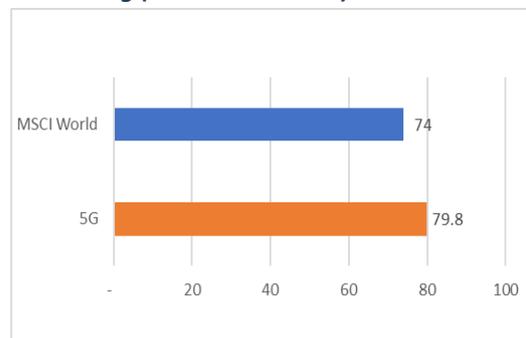
Source: Niche AM

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# 5G Value

Moving to the next Internet investment chapter



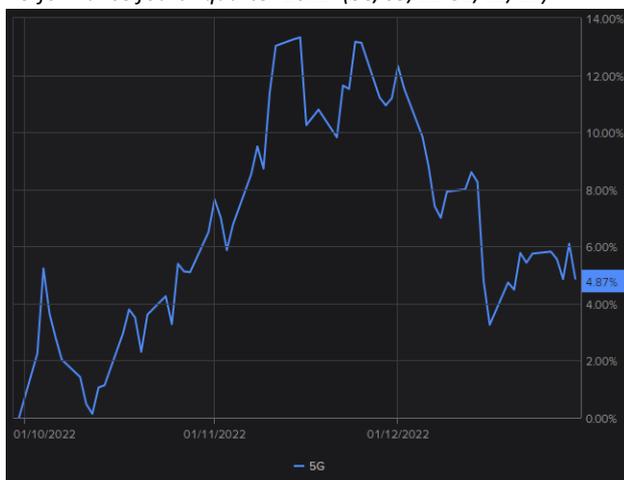
## Comment

The Niche was positive by 4.9% in the quarter, only partially offsetting the strong pullback in Q3. The Niche is divided into three sub-niches, Telecom Services, Telecom Equipment and 5G App/IT Consultants. The sub-niche **Telecom Services** was marginally positive, counting among the negative stocks **Orange Belgium** and **BT** and among the positive stocks **Telecom Italia** and **Veon**. Orange Belgium was subject to a takeover bid by Orange 2 years ago. Today, Orange may make another offer. The stock trades 30 per cent below the previous offer and at 1x sales, an exceptional level for a European telecom, especially considering it has little debt. It is only a matter of time and another offer will come... BT, on the other hand, as we know, has concluded an agreement with the regulator to offer its broadband service at a fixed price, provided the company invests significantly to cover the national territory by 2026. This agreement places the company in a very favourable position compared to its many, but small competitors. BT trades at just over 4x EV/EBITDA 2023, with a dramatic upside if growth materialises, thanks to powerful operating and financial leverage. **Telecom Italia** rebounded slightly, having previously halved after rejecting KKR's bid at 0.505. We believe that a reasonable solution for the sale of the backbone must be found, a solution that means a meaty upside from today's levels. Vivendi's substantial presence in the shareholding reassures us. **Veon**, a telecom operator lucky to have more customers than Vodafone, but unlucky because of its strong exposure to Russia and Ukraine, has bounced back following its sale of its Russian operations. The deal is expected to be completed in the first half of 2023 and should see the stock gradually become investable again for Western investors.

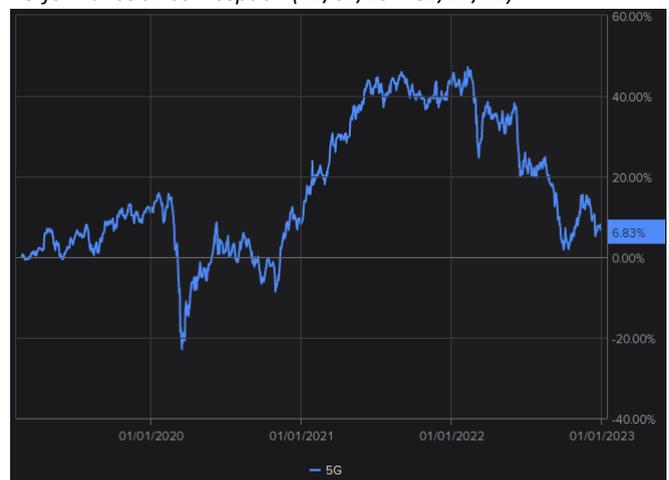
The **Telecom equipment** sub-niche was also slightly positive with **Samsung**, **Sumitomo Electric** and **Furukawa Electric** performing best. This is a sector that used to be extremely expensive and now trades for a song, even though Chinese stagflation (Huawei) is far away and that the 5G cycle, unlike the 4G cycle, is set for a very long journey.

The best sub-niche was the **5G App/IT Consultants**, led by Kyndryl (+34%) and Atos (+10%). This is the sub-niche with the most of unexpressed value in an already incredibly attractive Niche. They are realities with hundreds of thousands of digital consultants, a global client network and endless opportunities in a corporate world that needs to digitalise. The valuations here are close to an unbelievable 0.1x sales.

Performance fourth quarter 2022 (30/09/22-31/12/22)



Performance since inception (21/02/19 – 31/12/22)



Source: Niche AM, Thomson Reuters

## Description of the Niche

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

# Internet Victims

## Chasing the survivors



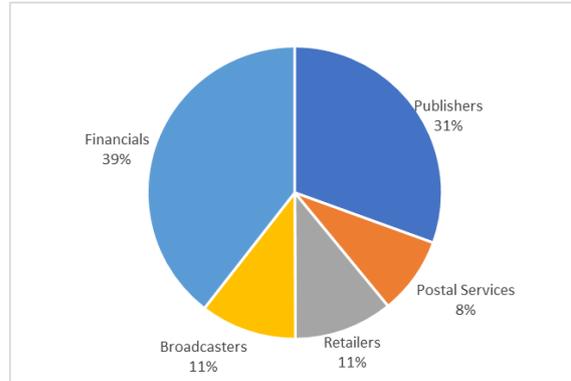
# stocks: 23

Average Market Cap (mln €) 13.069

Median Market Cap (mln €): 1.943

### Internet Victims breakdown

	Asian Niches Fund	Internet Victims Niche
Publishers	3.2%	32.2%
Postal Services	0.9%	8.6%
Retailers	1.1%	10.7%
Broadcasters	0.9%	8.6%
Financials	3.8%	38.0%
<b>Total</b>	<b>9.2%</b>	<b>100.0%</b>



Source: Niche AM

### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Il Sole 24 Ore	Publishers	1.7%	1.1%
Credit Suisse Group AG	Financials	0.8%	-26.6%
Societe Generale SA	Financials	0.6%	15.0%
BNP Paribas SA	Financials	0.6%	22.1%
Macy's	Retailers	0.6%	31.8%

### Major increases in the quarter

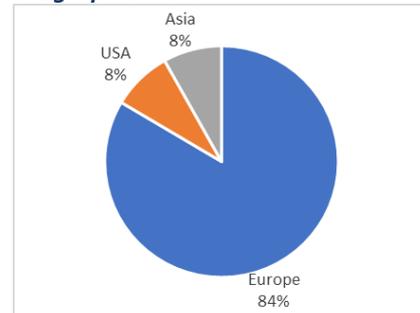
Name	Weight at 30/09	Weight at 31/12
Credit Suisse	0.7%	0.8%

### Major decreases in the quarter

Name	Weight at 30/09	Weight at 31/12	Total Return
Reach	0.1%	0.0%	+64.39%

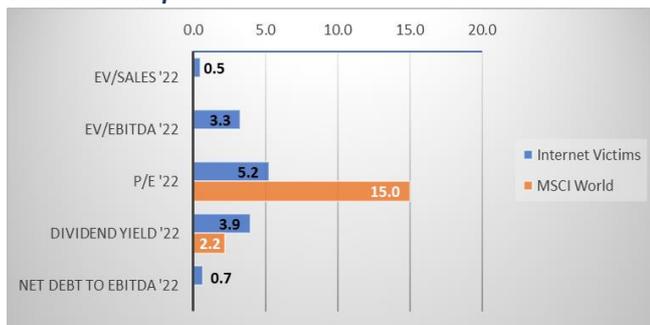
Source: Niche AM, Thomson Reuters

### Geographical breakdown



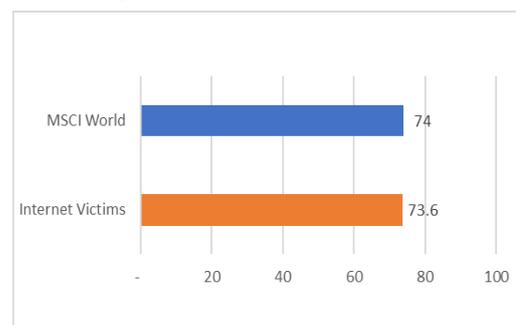
Source: Niche AM

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Internet Victims

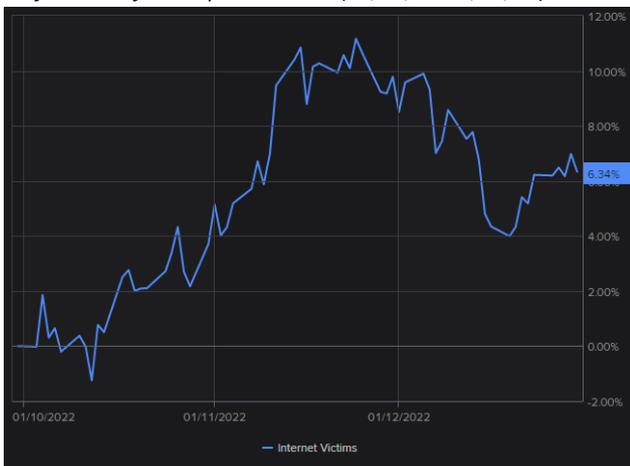
## Chasing the survivors



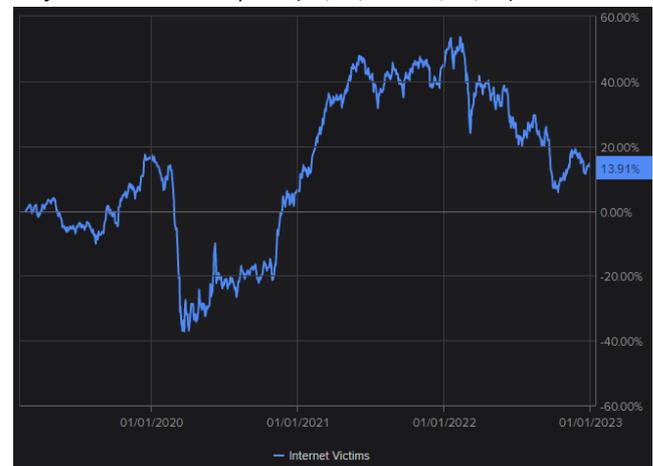
### Comment

The Niche appreciated 6.3% for the quarter. The Financials sub-niche benefited from a generalised rebound, although some special situations limited the gains. **Credit Suisse** in the quarter completed a painful capital increase that became necessary after a series of media reports undermined confidence in this large Swiss asset manager during its delicate transformation phase. As a result, the company had to accelerate its migration to a business model like that of **Julius Baer**, which now trades at over 2.5x TBV, compared to CS's 0.25x. As soon as the 'journalistic campaign' has run out of bullets and assets under management stabilise, we expect a gradual recovery of the stock. If the turnaround succeeds the potential upside is exceptional, but we are aware that the road is still long, difficult, and very volatile. **Banque Nationale de Belgique** also continued to lose ground after a strong pullback in the previous quarter. The Belgian central bank was pinched by its strong allocation to long-term bonds in the post-Covid phase, described in retrospect as 'in the interest of the common good' by the company's management. As a result of the significant loss due to the rate hike, the company will not pay a dividend until 2027 included. However, we remain shareholders in view of the enormous value that a central bank has in the long run, being able to make profits from the money in circulation and having a privileged position compared to investors. After the losses realised from QE this privileged position will be used to rebuild reserves and start paying dividends again. The sub-niche **Postal Services** remained stable, with the European component (negative) offset by the Japanese component (positive). The sector remains in transformation. Inflation and wage pressure particularly impact the sector, which nevertheless has a very attractive risk/benefit profile in view of regulatory trends and the rise of commerce online. After a horrible third quarter, the sub-niches **Publishers and Broadcasters** rebounded strongly. Here the valuations are incredibly depressed despite the enormous brand value of these companies and their gradual positioning online and in streaming. The sub-niche that did best, however, was **Retailers**, with Sainsbury's up 25%, Macy's up 31% and Ceconomy up 55%. All deep value stocks that remain extremely attractive

Performance fourth quarter 2022 (30/09/22-31/12/22)



Performance since inception (21/02/19 – 31/12/22)



Source: Niche AM, Thomson Reuters

### Description of the Niche

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

*The New India*



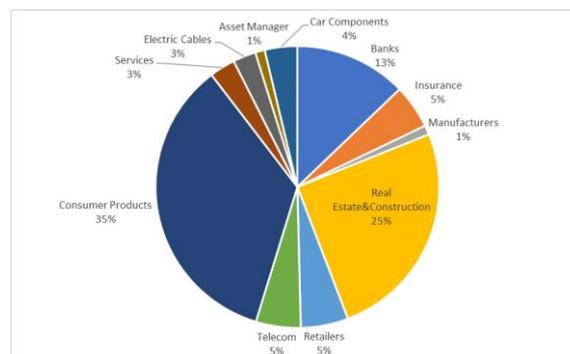
# stocks: 29

Average Market Cap (mln €): 606

Median Market Cap (mln €): 274

## Indonesian Infrastructures Small Caps breakdown

	Asian Niches Fund	Indonesian Infrastructures Small Caps
<b>Banks</b>	1.3%	13%
<b>Insurance</b>	0.5%	5%
<b>Manufacturers</b>	0.1%	1%
<b>Real Estate&amp; Construction</b>	2.5%	25%
<b>Retailers</b>	0.5%	5%
<b>Telecom</b>	0.5%	5%
<b>Consumer Products</b>	3.4%	35%
<b>Services</b>	0.3%	3%
<b>Electric Cables</b>	0.3%	3%
<b>Asset Manager</b>	0.1%	1%
<b>Car Components</b>	0.4%	4%
<b>Total</b>	<b>9.8%</b>	<b>100.0%</b>



Source: Niche AM

## Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Pt Tempo Scan Pacific Tbk	Consumer Products	1.1%	3.7%
Wijaya Karya Beton Tbk	Real Estate& Construction	0.7%	-10.7%
Pt Lippo Cikarang Tbk	Real Estate& Construction	0.5%	-12.3%
Cikarang Listrindo Tbk	Consumer Products	0.5%	-5.0%
Bank Danamon Indonesia	Banks	0.5%	7.5%

## Major increases in the quarter

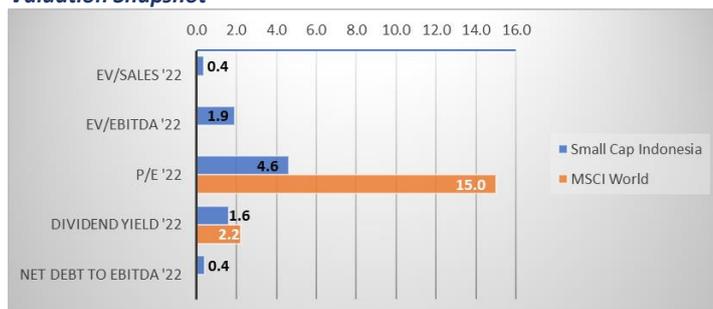
Name	Weight at 30/09	Weight at 31/12
N/A	-	-

## Major decreases in the quarter

Name	Weight at 30/09	Weight at 31/12	Total Return
Bank Danamon Indonesia	1.6%	0.5%	+53.39%
Paninvest	0.8%	0.3%	+164.40%
Panin Sekuritas	0.1%	0.1%	+75.25%

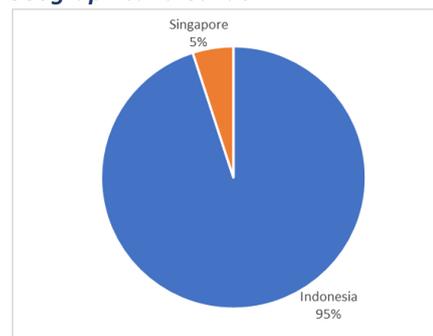
Source: Niche AM, Thomson Reuters

## Valuation Snapshot



Source: Niche AM, Thomson Reuters

## Geographical breakdown



Source : Niche AM

# Indonesian Infrastructure Small Caps

*The New India*



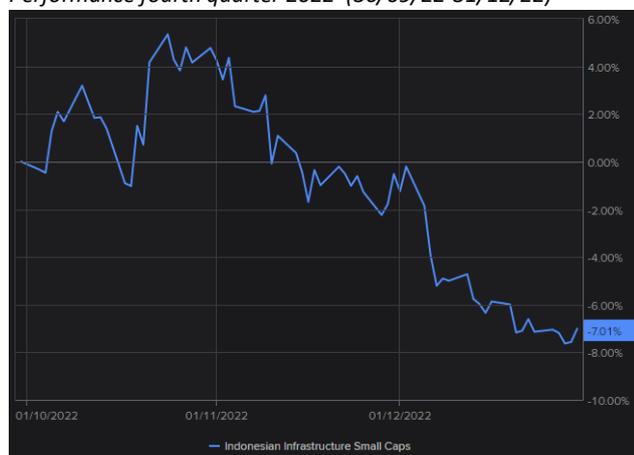
## Comment

The Niche lost 7.0% during the quarter, affected by the weakness of the Indonesian rupiah, which depreciated by over 11% against the euro, following a sharp slowdown in the country's economy after several quarters of growth. This generated profit-taking on stocks, bonds and currency by foreign short investors. However, the good story of the Indonesian market has yet to begin, and these volatile phases are ideal for better positioning. The Niche's performance in local currency was positive by over 3.5%.

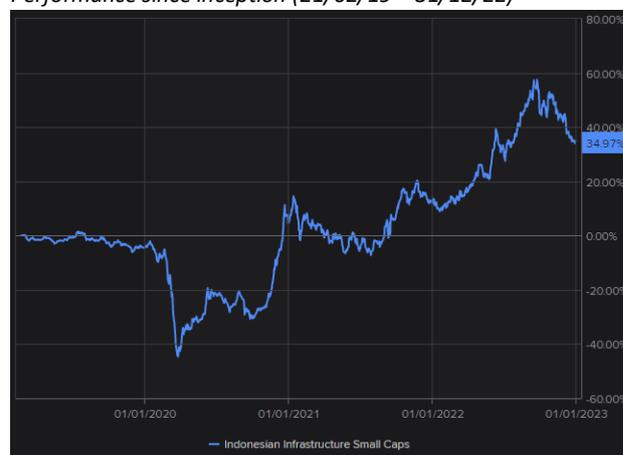
In terms of performance, the Niche was buoyed by the further appreciation of financial stocks, especially **Bank Danamon**, on which profit was partially taken. The company is showing a return to pre-pandemic levels thanks to increased lending and normalisation of credit costs. The stock benefited not only from improved earnings, but also from expectations regarding the potential acquisition of Panin Bank by Mitsubishi UFJ Financial Group, the controlling shareholder of Bank Danamon, which may eventually decide to merge it, creating the country's fifth largest bank. Being part of a large global group should gradually reduce its cost of funding, boosting profitability. Bank Danamon trades at 0.7x TBV versus BCA's almost 4x, the latter boasting a very low cost of funding. On the other hand, the worst contribution to performance came from telecoms, materials, and real estate, which posted average declines of 10%, due to the general negative market sentiment.

The investment case for Indonesia remains particularly interesting, given the gigantic multi-year infrastructure development plan with which to accelerate the already robust growth rates (expected GDP growth in three years is close to 5%). It should be noted that the country benefits not only from its exceptional demographic dynamic, but also from its mineral resources (especially the huge nickel reserves with which to develop the battery industry for electric mobility), tourism and shipping. It is also one of the winners in the process of diversification from China (Altaisia).

Performance fourth quarter 2022 (30/09/22-31/12/22)



Performance since inception (21/02/19 – 31/12/22)



Source: Niche AM, Thomson Reuters

## Description of the Niche

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

## A Market Anomaly



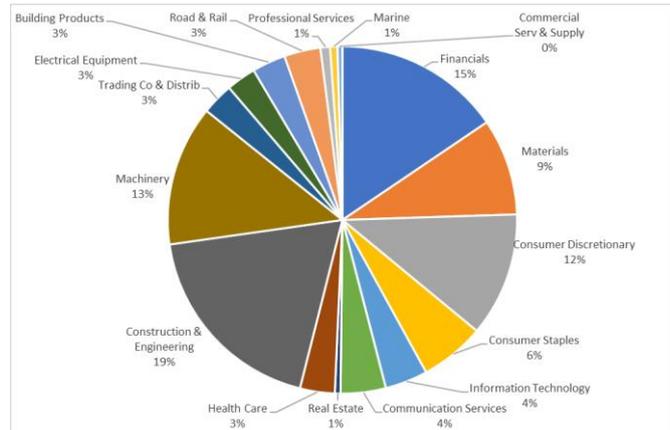
# stocks: 164

Average Market Cap (mln €) 246

Median Market Cap (mln €): 140

### Japanese Orphan Companies breakdown

	Fund	JOC Niche
Financials	15.5%	17.2%
Materials	9.0%	12.1%
Consumer Discretionary	11.5%	8.8%
Consumer Staples	6.0%	5.9%
Information Technology	4.0%	5.3%
Communication Services	4.2%	3.9%
Real Estate	0.5%	0.7%
Health Care	3.2%	0.5%
Construction & Engineering	18.8%	16.9%
Machinery	13.1%	14.1%
Trading Co & Distrib	3.0%	4.0%
Electrical Equipment	2.7%	3.7%
Building Products	3.1%	2.9%
Road & Rail	3.4%	1.3%
Professional Services	0.9%	1.2%
Marine	0.7%	0.9%
Commercial Serv & Supply	0.4%	0.6%
<b>Total</b>	<b>9.6%</b>	<b>100.0%</b>



Source: Niche AM

### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Heian Ceremony Service Co Ltd	Consumer Discretionary	0.3%	-5.3%
Zenitaka	Construction & Engineering	0.3%	-14.5%
Furukawa Co Ltd	Machinery	0.2%	4.3%
Nikkon Hldgs Shs	Road & Rail	0.2%	4.2%
Tokyo Energy & Systems Inc	Construction & Engineering	0.2%	-3.7%

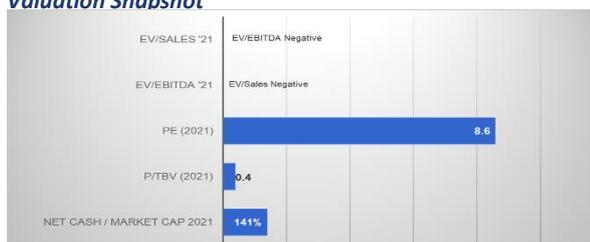
### Major increases in the quarter

Name	Weight at 30/09	Weight at 31/12
Bank of Saga	0.0%	0.1%
Daisue Construction	0.0%	0.1%
Koike Sanso Kogyo	0.0%	0.1%

### Major decreases in the quarter

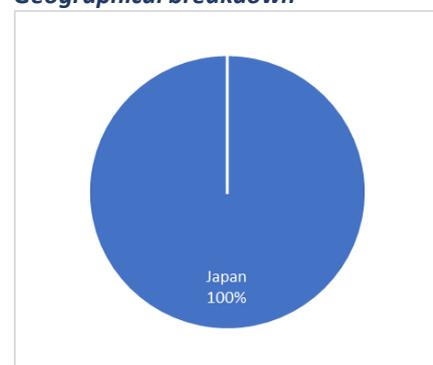
Name	Weight at 30/09	Weight at 31/12	Total Return
N/A	-	-	-

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### Geographical breakdown



# Japanese Orphan Companies

## A Market Anomaly



### Comment

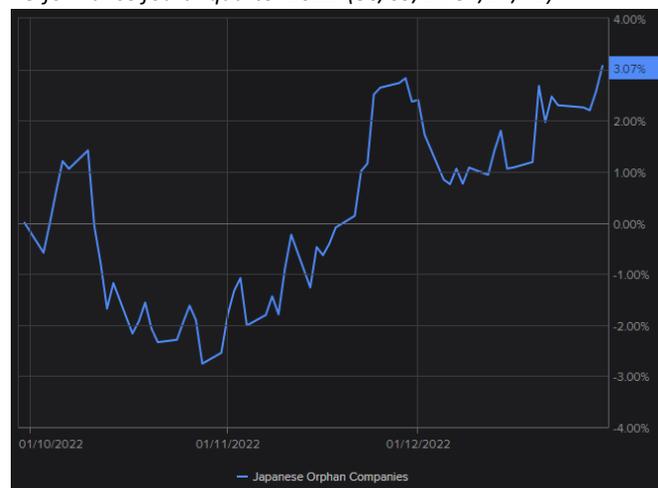
During the fourth quarter, the Niche performed positively by 3.1%.

The yen appreciated by about 1% during the quarter. But these three months were more volatile for this currency than this number says. Recall that Niche's policy is to hedge 50% of its yen exposure, supplementing the natural hedge that equities of foreign-exposed companies provide.

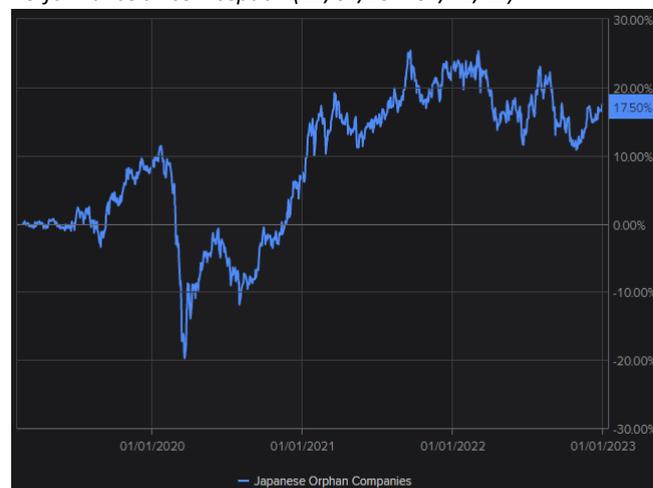
Yen appreciation occurred particularly in the latter part of the quarter, following the Japanese central bank's decision to widen the 10-year yield spread by 50 basis points relative to its 0% yield target. This move was seen as a precursor to an inevitable change in monetary policy during 2023, following the expiration of Governor Kuroda's term of office. It is therefore not surprising that the largest positive contribution to the niche's performance during the quarter came from regional banks (about 15% of the niche). Regional banks are characterised by extremely depressed valuations (about 0.15/0.30x times tangible net worth) despite good capitalisation levels and ongoing earnings improvement.

In addition to financials, positive contributions came from the industrial and consumer discretionary sectors. Within discretionary goods, of note was Yachiyo Industry: an orphan company (not covered by sell side analysts), active in the automotive sector, with a capitalisation of close to EUR 200m, which appreciated by 84%. This stock, despite the appreciation, still trades at 0.5 times tangible equity and has as much net cash on hand as its entire capitalisation. This is an example of the valuation anomaly that characterises this Niche which has within it companies not followed by analysts that are worth less than the net cash held. These, first and presumably violently, will benefit from the 'normalisation' process of the Japanese economy, whenever it comes.

Performance fourth quarter 2022 (30/09/22-31/12/22)



Performance since inception (21/02/19 – 31/12/22)



Source: Niche AM, Thomson Reuters

### Description of the Niche

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*



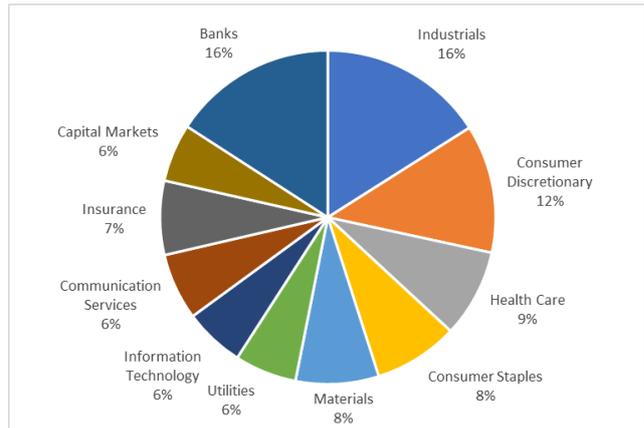
# stocks: 130

Average Market Cap (mln €) 2.142

Median Market Cap (mln €): 251

## Korea Reunification breakdown

	Asian Niches Fund	Korea Reunification Niche
Industrials	1.4%	16.0%
Consumer Discretionary	1.1%	12.4%
Health Care	0.7%	8.5%
Consumer Staples	0.7%	8.2%
Materials	0.7%	8.0%
Utilities	0.5%	6.0%
Information Technology	0.5%	5.8%
Communication Services	0.6%	6.5%
Insurance	0.6%	7.2%
Capital Markets	0.5%	5.6%
Banks	1.4%	15.8%
<b>Total</b>	<b>8.7%</b>	<b>100.0%</b>



Source: Niche AM

## Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Hana Financial Group Inc	Banks	0.4%	18.6%
Shinhan Financial Group ADR	Banks	0.3%	21.4%
Kookmin Bank ADR	Banks	0.2%	28.3%
SNT Holdings Co	Industrials	0.2%	9.8%
Sungwoo Hitech Co	Industrial Machinery	0.1%	10.3%

## Major increases in the quarter

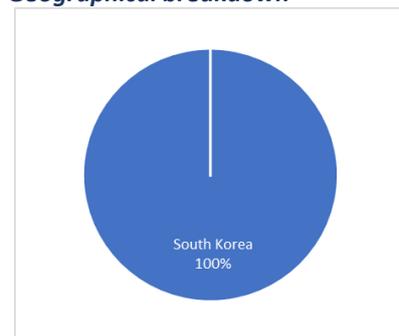
Name	Weight at 30/09	Weight at 31/12
Korea Gas	0.0%	0.1%
Hyundai Marine & Fire Insurance	0.0%	0.1%
Inbody	0.0%	0.1%

## Major decreases in the quarter

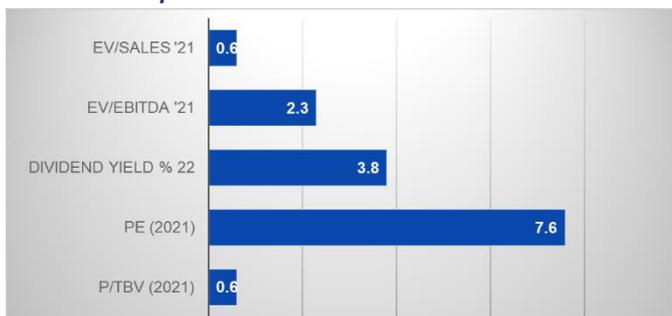
Name	Weight at 30/09	Weight at 31/12	Total Return
Sebang	0.0%	0.0%	+82.6%

Source: Niche AM, Thomson Reuters

## Geographical breakdown

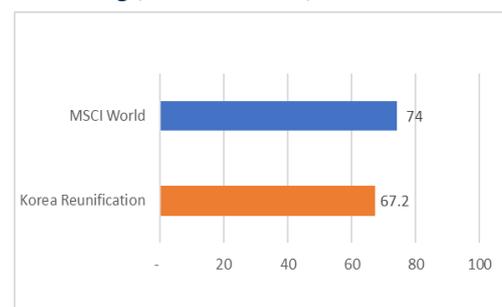


## Valuation Snapshot



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

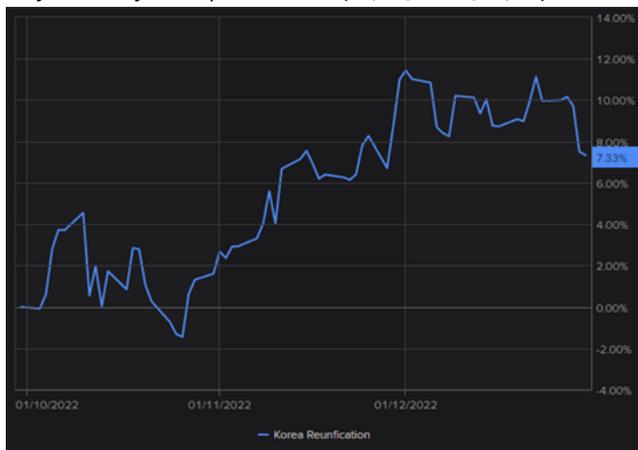
During the fourth quarter, the Niche posted a positive performance of +7.3%, buoyed by double-digit gains in the materials, utilities and consumer staples sectors.

Recall that Niche invests mainly in companies exposed to South Korea's local economy that could benefit from a rapprochement with North Korea. Any news of North Korea opening up, as has already happened in China or Vietnam, could have a significant impact. During the fourth quarter, North Korea further raised the tone of its aggressive rhetoric, accompanying it with a crescendo of missile tests. This, however, seems to us to be a sign of weakness: the North Korean regime survives because it relies on repression and isolation from the rest of the world. History, however, teaches us that this cannot last long.

Beyond the issue of North Korea's openness, investment in South Korea in any case continues to have many attractive features. This country benefits from the reopening of China, a market to which it is structurally exposed and to which it has a number of advantages: lower valuations, less indebted system, developed country, more reliable corporate balance sheets, positive exposure to onshoring, politically and ethically less risky. Korea's inclusion in the MSCI World index within the Developed Countries could also be an important catalyst.

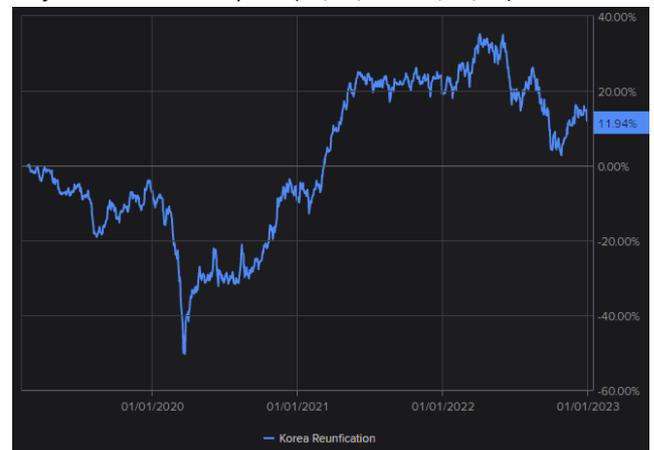
The low valuations at which Korean companies are trading, in absolute terms and relative to other developed areas, seems to represent an unwarranted anomaly that we think will only fade over time. The Niche has even lower valuations than the Korean market: less than 8 times earnings and around 0.6 times tangible net worth.

Performance fourth quarter 2022 (30/09/22-31/12/22)



Source: Niche AM, Thomson Reuters

Performance since inception (21/02/19 – 31/12/22)



## Description of the Niche

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.

# Champagne

Ready to sparkle



# stocks: 3

Average Market Cap (mln €) 346

Median Market Cap (mln €): 215

## Champagne breakdown

	Asian Niches Fund	Neglected Luxury Niche
Champagne & Wines	2.2%	100.0%
<b>Total</b>	<b>2.1%</b>	<b>100.0%</b>



Source: Niche AM

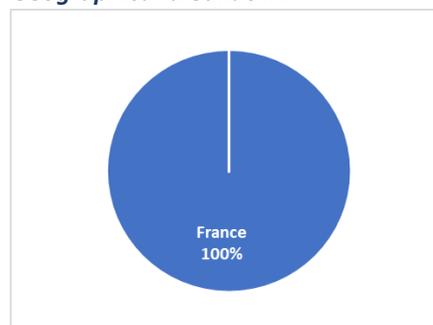
## Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Vranken-Pommery Monopole	Champagne	1.0%	4.3%
Laurent Perrier	Champagne	0.6%	39.3%
Boizel Chanoine Champagne	Champagne	0.5%	0.6%

## Major increases in the quarter

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

## Geographical breakdown

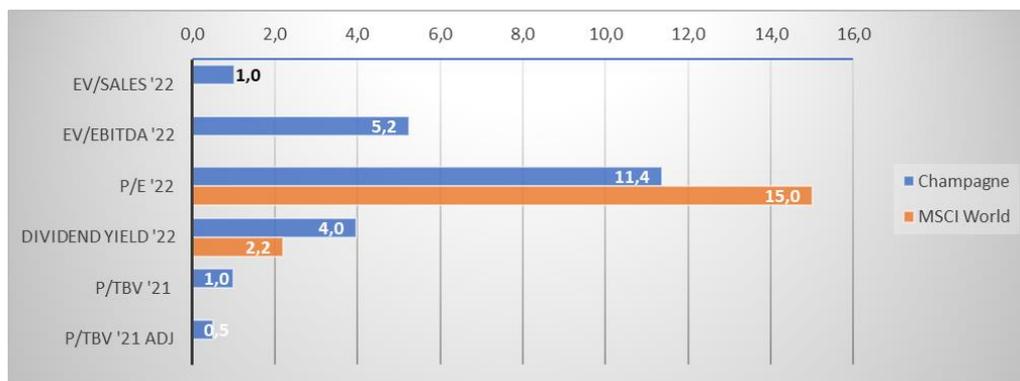


## Major decreases in the quarter

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

Source: Niche AM

## Valuation Snapshot



Source: Niche AM, Thomson Reuters

# Champagne

Ready to sparkle



## Comment

The Niche appreciated by 11.4% during the last quarter of 2022.

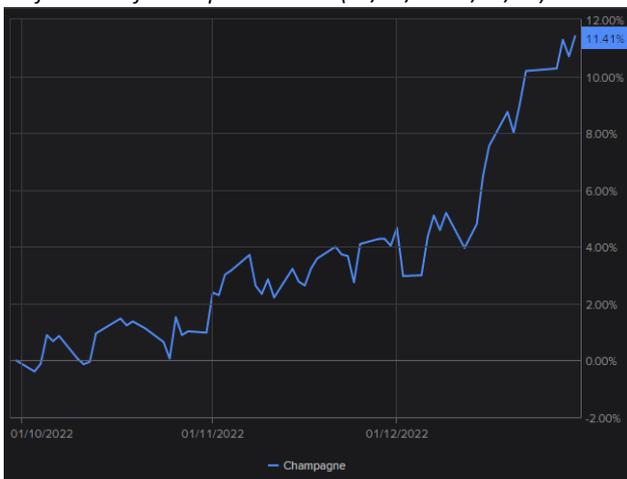
This good performance was largely generated by the strong appreciation of the Laurent-Perrier share, which rose by around 39% following the release of its half-year results (30 September). The figures highlighted the strong operating leverage that characterises the champagne sector: with revenues up 24%, the group's operating profit and net profit increased by 49% and 58% respectively.

These results support the thesis that the increasing demand for champagne globally will only translate into higher prices, which in turn will largely translate into growth in industry profits. The capacity of the Champagne region to serve the growing demand in terms of volume is indeed limited.

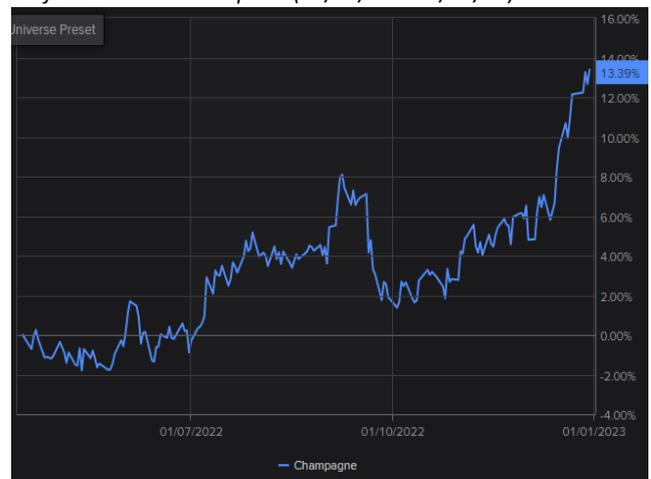
The Champagne industry ended 2022 with revenues in excess of €6 billion for the first time, realised through the sale of 326 million bottles (+1.6%), of which 57% were sold abroad, up from 45% ten years ago. The gradual appreciation of the special characteristics of champagne (bubbly, dry and acidic) in Asian regions is a driver that can only rapidly increase the export weight and support a better price/mix. Those who remember the story of brandy's expansion into China will not be insensitive to this investment case.

We remain positive on this niche in view of the still particularly sacrificed valuations in absolute terms (P/BV tangible of below 0.5x adjusted by inventories value) and compared to the luxury industry, all the more so at a time when there is a real perception that earnings growth could accelerate rapidly due to the dynamics outlined above.

Performance fourth quarter 2022 (30/09/22-31/12/22)



Performance since inception (15/04/22 – 31/12/22)



Source: Niche AM, Thomson Reuters

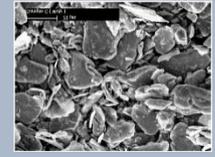
## Description of the Niche

2021 was a particularly good year for the champagne industry. Demand increased despite the lingering impact of Covid restrictions. Over 320 million bottles were sold (+32%, recovering Covid's losses of the previous year). Despite the war in Ukraine, the recovery in tourism is expected to add demand. Meanwhile, the slow penetration of champagne in Asia continues, driven by investments in marketing by the big houses, such as LVMH. This is compounded by the low inventory levels of the past two years, which will presumably lead to a further upward revision of prices, which we believe will translate into improved industry profits. Champagne has staggering operating leverage. A 10% increase in price can triple profits, given that we start from a low margin. Since we are not far from the maximum number of bottles that can be produced, we believe there is room for a significant price increase. The first step could be the elimination of the discount sales campaigns we are used to. Champagne companies trade at or below tangible net worth. However, if we adjust this net worth for the selling price of the finished products in the huge warehouses, the price/tangible net worth ranges from 0.3x to 0.6x. Furthermore, by owning valuable vineyards, caves, vintage stocks and old buildings, these stocks are a clear anti-inflationary asset.

# The Magic of Graphite:

## Carbon fibre & steel recycling

*The best is yet to come*



# stocks: 9

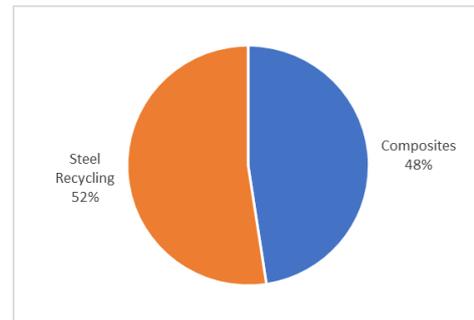
Average Market Cap (mln €): 2.186

Median Market Cap (mln €): 1.808

### The Magic of Graphite breakdown

	Asian Niches Fund	The Magic of Graphite Niche
Composites	1.7%	47.6%
Steel Recycling	1.9%	52.4%
<b>Total</b>	<b>3.6%</b>	<b>100.0%</b>

Source: Niche AM



### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Teijin Ltd	Composites	1.1%	-8.1%
Nippon Carbon Co	Steel Recycling	0.5%	5.9%
Graftech	Steel Recycling	0.4%	10.4%
Resonac Holdings Corporation	Steel Recycling	0.4%	-1.7%
Danieli And Co Spa	Steel Recycling	0.4%	17.0%

### Major increases in the quarter

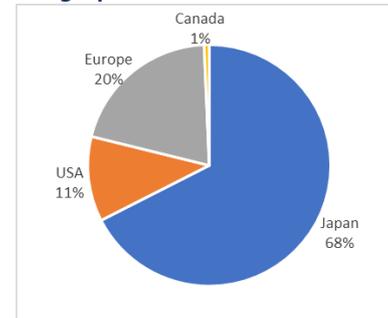
Name	Weight at 30/09	Weight at 31/12
N/A	-	-

### Major decreases in the quarter

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

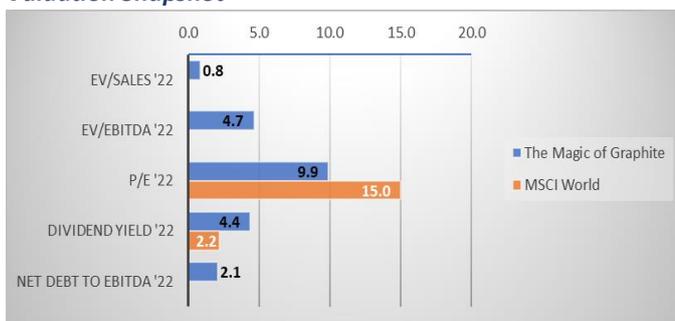
Source: Niche AM

### Geographical breakdown



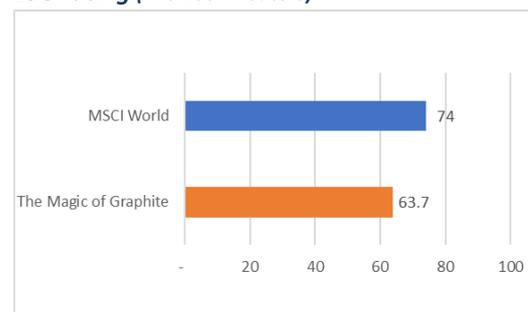
Source: Niche AM

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

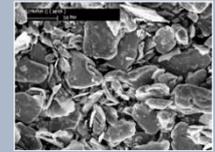
### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# The Magic of Graphite: Carbon fibre & steel recycling

*The best is yet to come*



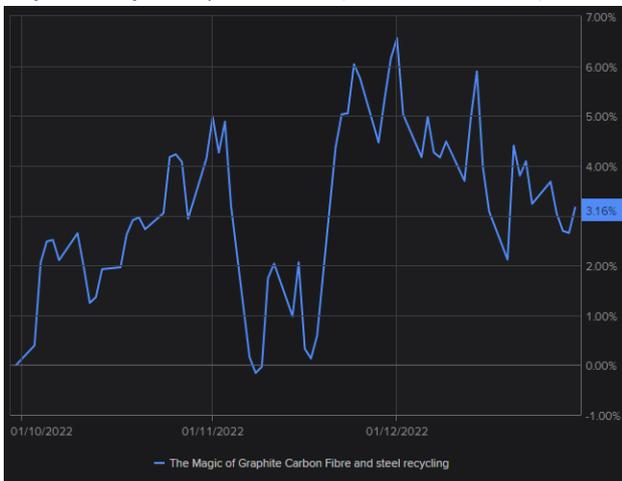
## Comment

The Niche gained 3.16% during the fourth quarter. The good rebound of stocks in the Steel Recycling sub-niche was dampened by weakness in some important stocks in the Composite Materials sub-niche.

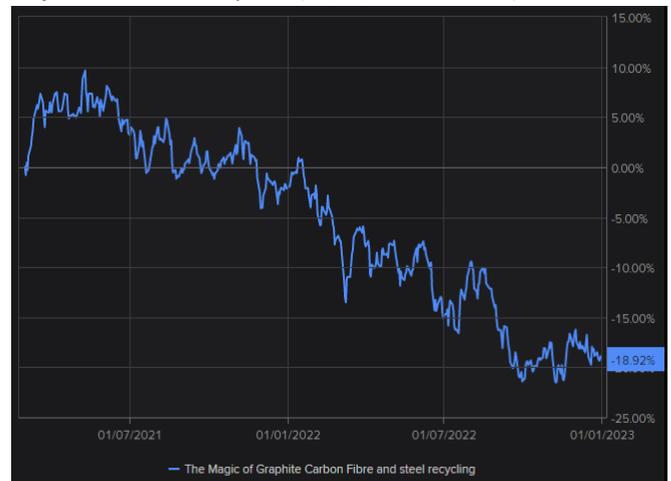
Within the **Steel Recycling** sub-niche, Danieli and Kobe Steel, companies exposed to the decarbonisation process of the steel industry as producers of plants with innovative solutions, stood out. In the area of electric furnaces, whose environmental footprint is much smaller than that of blast furnaces, the increasing difficulty of finding steel scrap makes the development of direct iron ore reduction (DRI) plants important. In this area, **Danieli** and **Kobe Steel** operate in a substantial duopoly, with plants using both natural gas and hydrogen, under economically competitive conditions. The order book is expected to grow significantly, given the large number of plants in need of technological upgrading.

As for the **Composite Materials** sub-niche, Teijin, on the other hand, suffered from the downward revision of earnings expectations, mainly due to the inflationary environment. This conglomerate continues to trade at a significant discount to the Sum of Parts, also considering the business in aramid, a carbon fibre used especially in the aerospace sector. A positive contribution in this sub-niche came from **Imerys**, a group that produces and markets a wide range of synthetic and natural graphite powders. The stock benefited from the company's refocusing strategy as it moved out of more cyclical areas to concentrate on niche segments of minerals exposed to robust growth trends.

Performance fourth quarter 2022 (30/09/22-31/12/22)



Performance since inception (01/03/21 – 31/12/22)



Source: Niche AM, Thomson Reuters

## Description of the Niche

Carbon Fibre 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 Fibre players have been suffered from the crisis of the aeronautical sector, that represent 60% of the current graphite demand. Their current valuation is 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.

# Cocoon

## Nursing homes and clinics

COCOON

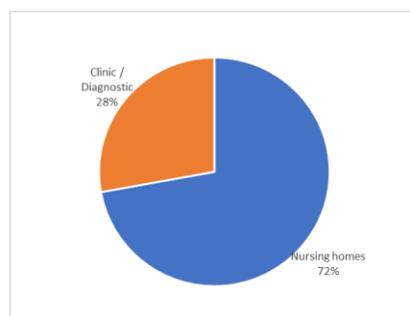
# stocks: 13

Average Market Cap (mln €): 5.101

Median Market Cap (mln €): 344

### Cocoon breakdown

	Asian Niches Fund	Cocoon Niche
Nursing homes	1.1%	72.2%
Clinic / Diagnostic	0.4%	27.8%
<b>Total</b>	<b>1.5%</b>	<b>100.0%</b>



Source: Niche AM

### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Lippo Karawaci	Real Estate& Construct	0.3%	-21.0%
Fresenius	Nursing homes	0.2%	19.6%
Walgreens Boots	Retailers	0.2%	19.0%
Falco Biosystems	Clinic / Diagnostic	0.1%	0.6%
Gakken Co	Nursing homes	0.1%	-3.7%

### Major increases in the quarter

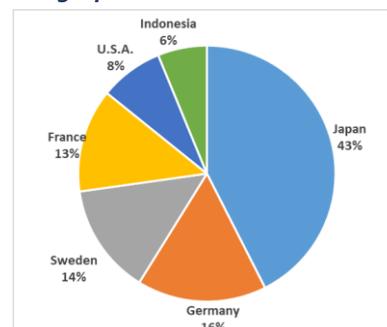
Name	Weight at 30/09	Weight at 31/12
Falco Biosystems	0.0%	0.1%
Gakken Co	0.0%	0.1%
BML Inc	0.0%	0.1%

### Major decreases in the quarter

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

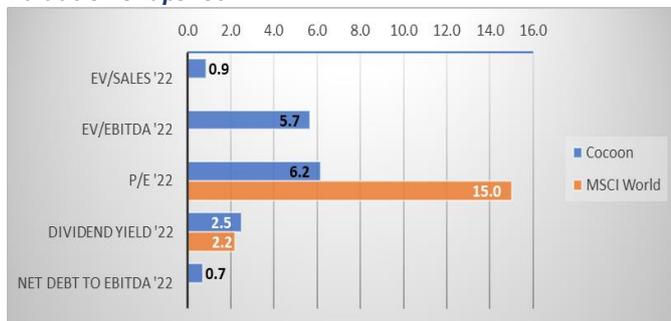
Source: Niche AM

### Geographical breakdown



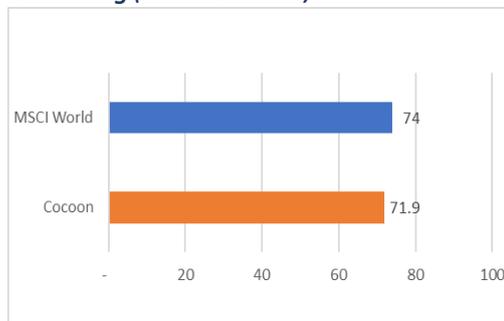
Source: Niche AM

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Cocoon

## Nursing homes and clinics



### Comment

This new Niche was launched on 10 October and invests mainly in companies active in nursing homes, outpatient and rehabilitation clinics and diagnostics. These are business areas that have structurally high growth trends and play a central role in supporting public operators in providing primary care services to the population.

The **care homes and outpatient clinics** sector is seeing growth driven by the continuing ageing of the population. According to data from the United Nations, looking at Europe alone, the number of people over 75 years of age will increase from 66 to 81 million (+23%) in the period 2021-2030. This will be followed by an equally significant growth in the number of people undergoing rehabilitation treatment, whether for physical, neurological or sensory disabilities. **Diagnostics**, often also offered by companies active in the nursing home and clinic sector, represent a further fundamental element in preventive healthcare, capable of improving quality of life and at the same time generating huge savings in medical expenditure on health services. And technological improvements on the diagnostic front only enhance its contribution.

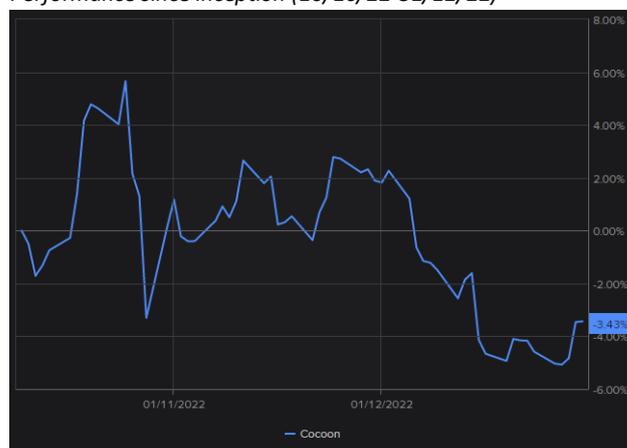
The Niche, which is mainly invested in Japanese companies (over 40%) and the rest in Europe, the US and Indonesia, lost 3.43% during the quarter.

Clinic/diagnostic stocks made a positive contribution, especially Fresenius, the largest hospital operator and provider of inpatient and outpatient services in Germany. Also making a positive contribution was Walgreen's, a US pharmacy chain aiming to open 1,000 outpatient clinics sooner by 2027, mostly in medically underserved communities. On the other hand, the contribution of nursing homes, especially France's Orpea, struggling with debt restructuring, and Sweden's Humana, was negative.

Performance fourth quarter 2022 (30/09/22-31/12/22)

N/A.

Performance since inception (10/10/22-31/12/22)



Source: Niche AM, Thomson Reuters

### Description of the Niche

There is a growing realisation that diagnostics play a primary role in disease prevention and that public services need the support of private facilities. This is an issue that has gone 'on the bubble' several times in the past and never fully exploded. Today we think that we can invest in view of the next growth cycle that will inevitably come. Because here, clearly, growth is not in question. Retirement homes, once seen as the grey gold, have now become untouchable following the Orpea scandal. We believe, on the other hand, that it is now possible to be exposed to this sector emptied of all euphoria. **In Japan, the choice is huge, the valuations very low, often below the value of the real estate alone or even the net cash of the companies themselves.** Stocks to accumulate in order to cash in on dividends, waiting for sense to return to the sector. The Niche is particularly exposed to Japan, the US, Indonesia and Europe.

# Beauty for nothing

## Cosmetics and ingredients



# stocks: 11

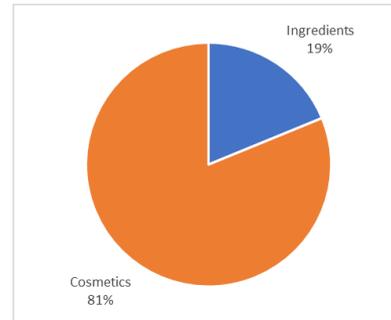
Average Market Cap (mln €): 496

Median Market Cap (mln €): 205

### Beauty for nothing breakdown

	Asian Niches Fund	Beauty for nothing Niche
Ingredients	0.3%	18.8%
Cosmetics	1.2%	81.2%
<b>Total</b>	<b>1.5%</b>	<b>100.0%</b>

Source: Niche AM



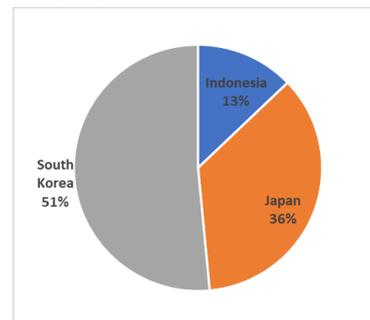
### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Cosmax Inc	Cosmetics	0.3%	47.3%
Humedix Co Ltd	Cosmetics	0.2%	48.5%
Artnature Inc	Ingredients	0.2%	4.6%
Amorepacific	Cosmetics	0.1%	13.6%
Arata Corp	Cosmetics	0.1%	2.2%

### Major increases in the quarter

Name	Weight at 30/09	Weight at 31/12
Cosmax Inc	0.0%	0.3%
Humedix Co Ltd	0.0%	0.2%
Artnature Inc	0.0%	0.2%

### Geographical breakdown



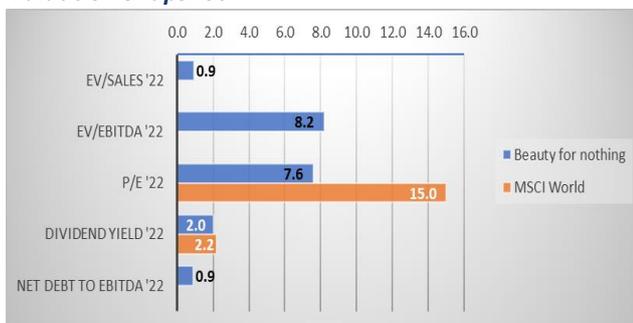
Source: Niche AM

### Major decreases in the quarter

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

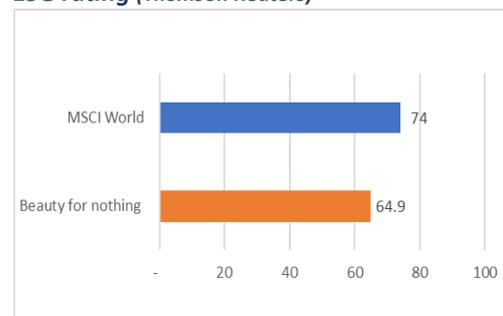
Source: Niche AM

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Beauty for nothing

## Cosmetics and ingredients



### Comment

This new Niche was also launched on 10 October and offers exposure to players active in cosmetics, a sector that experienced a very strong growth phase, which was followed by a settling phase due to Covid. The pandemic period led to a drop in demand for cosmetics and a worsening of the competitive scenario. Falling volumes and pricing pressures put pressure on the industry's typically high profitability, causing many companies to return to attractive levels on fundamentals.

The Niche is about 80% invested in **cosmetics** players and the remaining 20% in manufacturers of **ingredients** for this industry, such as collagen and hyaluronic acid.

Geographically, on the other hand, the Niche is 100% exposed to Asian markets, especially to **Korean companies**, which account for about 50% of the portfolio. The high exposure to the Korean market is not surprising, as it is the market with the **highest expenditure per consumer in the entire Asian region**. In Korea, with the exception of the Asian financial crisis in 1997, the household debt crisis in 2002 and the pandemic period, the growth in demand for cosmetics has been steady and sustained.

The Niche's performance during the period under review was 15.6%, driven by average rises of about 50% for three Korean stocks: Cosmax, Aekyung and Humedix. This rebound was boosted not only by the gradual recovery of the local market after the end of post-Covid restrictions since Q2'22, but also by the reopening of China. Indeed, China is the main export market for Korean cosmetics brands (>50% of total cosmetics exports). Despite the rise, the three best performers of the period still trade at valuations that are low in absolute terms and compared to historical average values, at around 10 times '23 earnings.

Performance fourth quarter 2022 (30/09/22-31/12/22)  
N/A.

Performance since inception (10/10/22-31/12/22)



Source: Niche AM, Thomson Reuters

### Description of the Niche

If luxury responds to man's biological need to feel part of a group or here to stand out, cosmetics responds to an even more vital need: to be beautiful and stay young. It is an urge that clearly cannot find a true answer in cosmetics. In cosmetics, however, the subject can find hope. And hope, after all, is the fuel of human life and enthusiasm.

The sector experiences phases of great growth, followed by phases of decline, with increasing competition and decreasing margins. From 2012 to 2020, the industry was characterised by great growth and expansion of margins and multiples. Covid changed this. There were fewer exits and visits from masseurs and hairdressers. Meanwhile, competition increased, attracted by the sector's robust margins. Today, there are many quality companies that have returned to attractive valuations, with the competitive environment gradually improving in view of a number of players exiting the market. **We invest in players of finished products and producers of ingredients for these (collagen, hyaluronic acid, etc).**

The portfolio is focused on Japan, Korea and the USA.

# No meat's land

Alternatives to meat

There are no other alternatives...



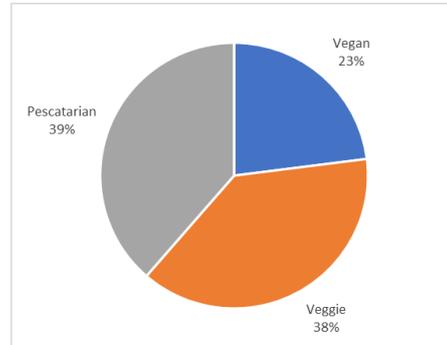
# stocks: 18

Average Market Cap (mln €): 405

Median Market Cap (mln €): 88

## No meat's land breakdown

	Asian Niches Fund	No meat's land Niche
Vegan	0.4%	23.0%
Veggie	0.7%	38.4%
Pescatarian	0.7%	38.6%
<b>Total</b>	<b>1.9%</b>	<b>100.0%</b>



Source: Niche AM

## Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Associated British Foods	Veggie	0.2%	24.9%
Oyang Corp	Pescatarian	0.1%	-0.2%
Dongwon Industries Co	Pescatarian	0.1%	6.1%
Nihon Shokuhin Kako Co	Veggie	0.1%	55.5%
Maple Leaf Foods	Vegan	0.1%	18.5%

## Major increases in the quarter

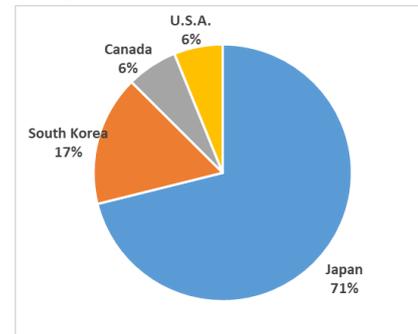
Name	Weight at 30/09	Weight at 31/12
Oyang Corp	0.0%	0.1%
Dongwon Industries Co	0.0%	0.1%
Nihon Shokuhin Kako Co	0.0%	0.1%

## Major decreases in the quarter

Name	Weight at 30/09	Weight at 31/12	Total Return
Beyond Meat	0.0%	0.0%	8.1%

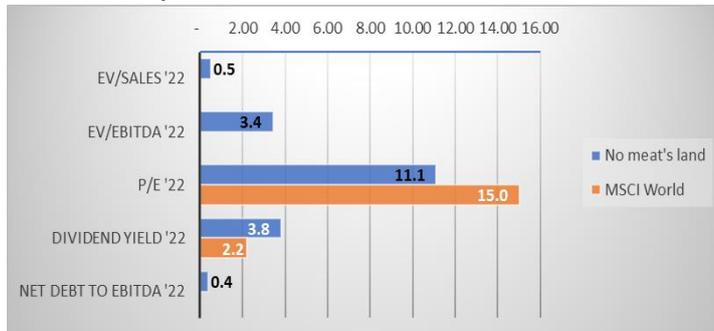
Source: Niche AM

## Geographical breakdown



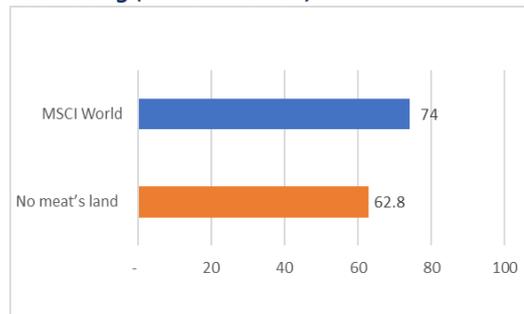
Source: Niche AM

## Valuation Snapshot



Source: Niche AM, Thomson Reuters

## ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# No meat's land

Alternatives to meat

There are no other alternatives...



## Comment

This new Niche was also launched on 10 October and invests in companies in the food sector that are exposed to an increased focus on non-animal proteins, in view of the unsustainable impact that meat consumption has on the environment: deforestation, huge CO2 emissions, large use of land otherwise usable for agriculture. Not to mention the ethical implications of intensive farming. After having been under investors' attentions for a long time, this sector has suffered a loss of interest that seems to offer an interesting investment opportunity.

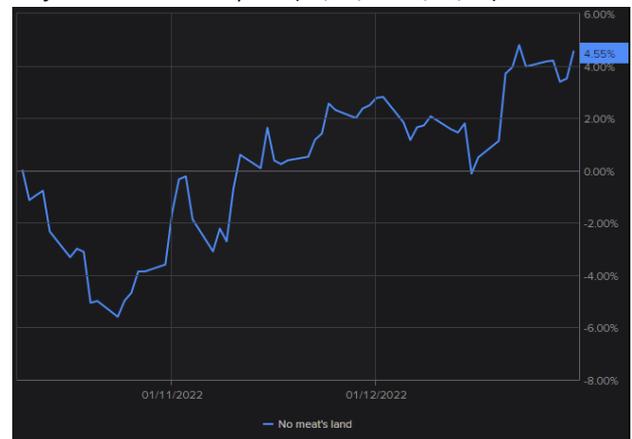
The niche is diversely invested in food styles such as: **vegetarians** (38% of the niche); **pescatarians** (39%) and **vegans** (23%). Geographically, however, around 70% of the Niche is exposed to **Japan**, a country where a wide range of vegetarian dishes can be found, as well as companies exposed to the fish industry. Another country with significant exposure on the Niche is **Korea** (17%), in this case relating exclusively to players in the seafood industry. The exposure on North America, on the other hand, concerns Maple Leaf, a meat producer that pays special attention to sustainability and has simultaneously developed a meat business based on vegetable ingredients. Also in this sector, so-called plant-based burgers, the Niche was also exposed to Beyond Meat, which, however, took profits following a good share price appreciation.

During the final months of 2022, Niche turned in a positive performance of 4.6%, buoyed in particular by the strong appreciation of Nihon Shokuhin Kako, a subsidiary of Mitsubishi Corporation, a producer of corn starch and other starches for food and industrial use. The company sharply revised its profit forecasts upwards, mainly due to strong sales of saccharified beverage products, demand for which increased due to the hot summer and the easing of post-Covid restrictions. Despite the more than 50% rerating the company trades at only about 0.5 times tangible equity

Performance fourth quarter 2022 (30/09/22-31/12/22)

N/A.

Performance since inception (10/10/22-31/12/22)



Source: Niche AM, Thomson Reuters

## Description of the Niche

The environmental and social repercussions of meat consumption are considerable:1. **Many times more than the much-criticised palm oil, meat consumption causes deforestation.** This removes oxygen lungs necessary for our planet, as well as putting many animals at risk of extinction and the destruction of indigenous cultures. 2. **The CO2 emissions from raising mammals and poultry for meat is greater than the sum of CO2 emissions from all means of transport.** The consumption of these foods is therefore the primary cause of climate change.3. **About a quarter of the earth's liveable surface is used to produce food for mammals and poultry for slaughter.** If humans stopped eating them, a huge area of land would be freed up and thus available for agricultural production to feed the poorest people. One kg of meat requires 7 kg of plant food resources that could be consumed by humans and 10000 litres of water.4. **Meat from mammals and poultry is unhealthy and is responsible for a significant number of cancers,** containing cadaverine, which is a carcinogen. The WHO classifies red meat as carcinogenic class 2A which means that it is very likely to cause cancer. Sausages as class 1, meaning that they lead to tumours. Industrially raised chicken is also considered a vehicle for pathogens and carcinogens (PhPI). In addition, meat increases the risk of cardiovascular disease. Fish does not present these problems. Vegetables do not present these problems.5. **Mammal and poultry farming is a source of terrible physical and emotional suffering for animals.** The meat lobbies are very careful to hide this. **Today there are all possible alternatives to meat on the market. While this was a super-hot sector 18/24 months ago, today it is being neglected.** We believe this phase is a good entry point to invest at low valuations in the future of food. Japan, Korea, Europe, Canada, the USA are the areas where investments are being made.

# Fly with me

## The Recovery of Transportation



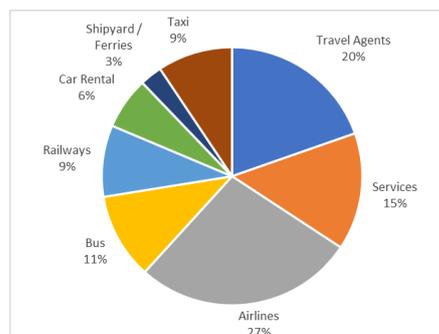
# stocks: 14

Average Market Cap (mln €): 3.077

Median Market Cap (mln €): 925

### Fly with me breakdown

	Asian Niches Fund	Fly with me Niche
Travel Agents	0.3%	19.6%
Services	0.2%	14.7%
Airlines	0.4%	27.4%
Bus	0.2%	10.8%
Railways	0.1%	9.0%
Car Rental	0.1%	6.5%
Shipyard / Ferries	0.0%	2.8%
Taxi	0.1%	9.3%
<b>Total</b>	<b>1.6%</b>	<b>100.0%</b>



Source: Niche AM

### Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q4
Blue Bird	Services	0.2%	4.1%
TUI AG	Travel Agents	0.2%	23.1%
Easyjet	Airlines	0.2%	9.5%
Comfortdelgro Corp	Taxi	0.1%	-6.8%
FNM	Railways	0.1%	0.1%

### Major increases in the quarter

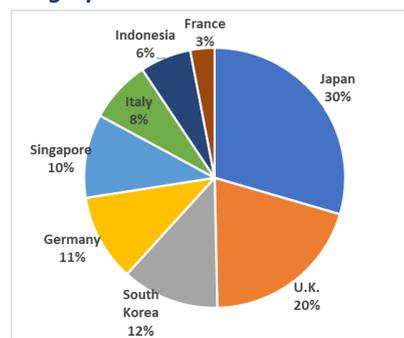
Name	Weight at 30/09	Weight at 31/12
Comfortdelgro Corp	0.0%	0.1%
FNM	0.0%	0.1%
Korean Air	0.0%	0.1%

### Major decreases in the quarter

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

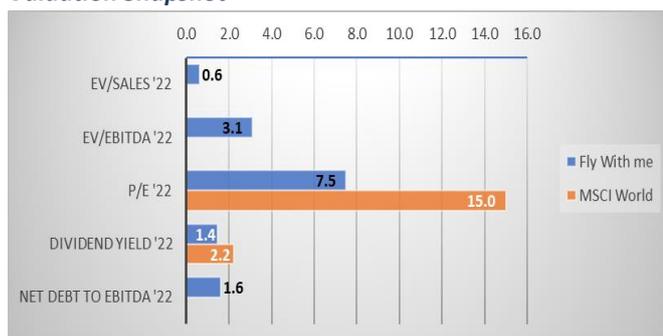
Source: Niche AM

### Geographical breakdown



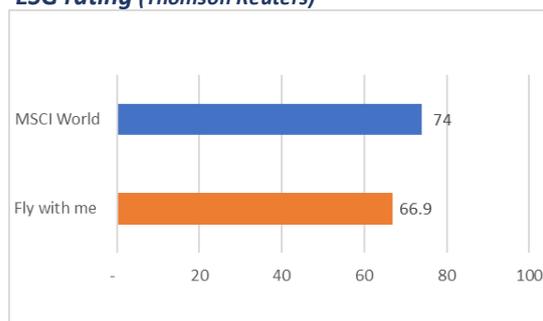
Source: Niche AM

### Valuation Snapshot



Source: Niche AM, Thomson Reuters

### ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

# Fly with me

## The Recovery of Transportation



### Comment

This new niche was launched on 10 October and invests in companies active in the transport sector. Despite the depressed valuations that characterise these companies, we are in the presence of companies with a robust structural growth outlook. After the pandemic period that put them at risk of survival, companies in the transport sector are in fact benefiting from the return of pre-Covid traffic volumes. In tourism, the recovery of volumes has certainly been favoured by *Pent-Up demand* and household savings accumulated during the pandemic years. But in fact travel is now considered an essential need, also supported by increased longevity, and sets the stage for the industry's multi-year growth to continue to outpace GDP. Business-related travel demand certainly has a slower recovery time but continues its upward trend. In public transport, on the other hand, there are several structural elements supporting growth: government choices, demographics, and environmental and social trends. From a balance sheet perspective, it should also be noted that since the pandemic, these companies have made significant progress in strengthening their balance sheets. Finally, it should be remembered that the industry often finds itself operating in an improved competitive environment. Indeed, the pandemic has reduced the number of players and improved discipline within the industry. The Fly with me niche is geographically and sectoral diversified: airlines, train, bus, and ferry operators, and cruise ships. The Niche's performance was positive (+4.3%), despite the downturn in December. The best contributors were companies exposed to tourism, such as Carnival and Tui, followed by some airlines, especially EasyJet. The biggest detractor was National Express, a bus and coach group with an international presence (Spain, UK, USA, Morocco). About 60% of the revenues generated by this group are contracted, half of them with inflation protection. The sector is currently undergoing a phase of consolidation by private infrastructure funds due to the low valuations at which it trades, and it cannot be ruled out that National Express may be involved by virtue of the modest levels at which it is held in absolute terms and compared to the past (around 10 times earnings '23; 0.6 times tangible equity).

Performance fourth quarter 2022 (30/09/22-31/12/22)  
N/A.

Performance since inception (10/10/22-31/12/22)



Source: Niche AM, Thomson Reuters

### Description of the Niche

The pandemic saw transport utilisation plummet by 50% to 90%, depending on the means of transport and geographical area. The indebted transport companies had to resort to painful capital increases or had to accept costly state aid. From planes to road, water or rail transport. For business or pleasure. It was a massacre. **The post-pandemic recovery was immediately replaced by recession fears. The transport sector, on average, now lies 70% below 2019 prices on the stock exchange. Has the world changed?** On the leisure travel side, the trend can only continue powerfully as soon as the recession clouds have cleared. On the business side, a full return to 2019 levels is not expected before 2024. Video calls have partly replaced meetings. This implies cost savings and increased efficiency. However, in-person meetings will remain and increase along with global GDP.

**The perception of risk in the industry has increased a lot. Capacity has shrunk. This creates a unique opportunity for diversified exposure to an industry that enjoys structural growth.** Man is a traveller. The niche starts with a dozen or so titles and will be populated gradually. The sub-sectors are airlines, buses, railways, taxis, ferries, cruises companies. The investment areas are Japan, Korea, ASEAN, USA and Europe.

# Bond Portfolio

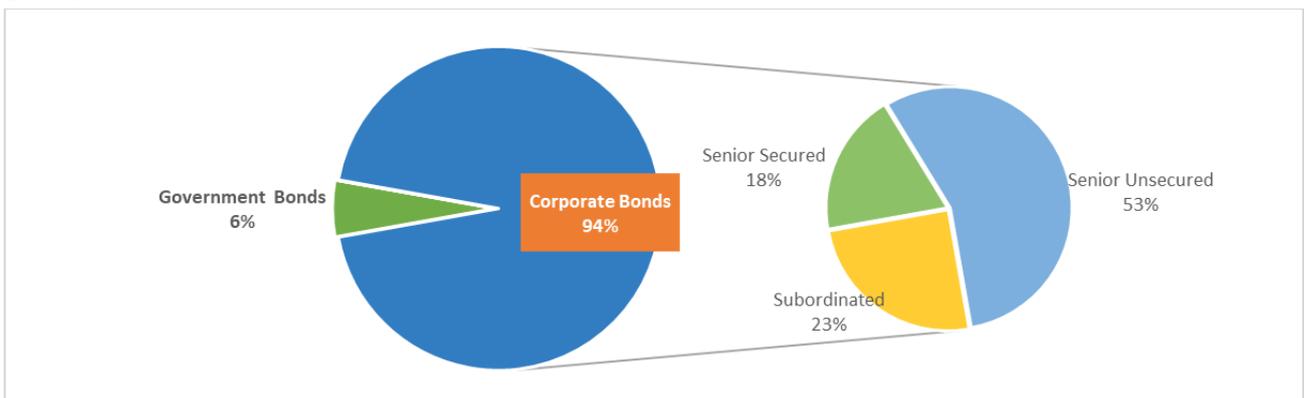
# securities: 30      Yield to Maturity 7.83%      Duration 1.88

## Comment

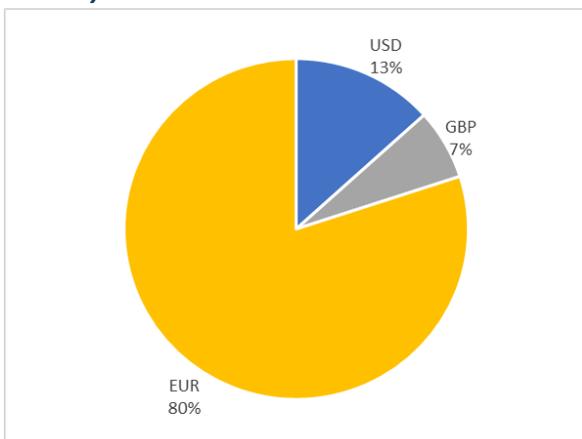
During the fourth quarter, the bond portfolio turned in a positive performance of +3.3%. This performance was close to that of the high-yield indices with which it can be compared given its significant exposure to high-yield and not-rated issues. The rebound was helped by a dampening of inflationary expectations in October and November, partially offset by further weakness in December. Despite the recovery, yields continue to be at elevated levels, all the more so given that companies generally have much stronger balance sheets than in previous economic downturns, often at levels better than pre-pandemic levels. We continue to believe that the default rate in the event of a marked macroeconomic slowdown may be lower than in past cycles. In this context, from an operational point of view, we reinvested the proceeds from the maturing Carige bond and the partial call on the Playtech bond in short duration government bonds and in green/sustainability bonds in euro of highly rated Korean issuers. As a result of these new placements, the investment grade component of the portfolio is close to 40%.

## Bond Portfolio breakdown

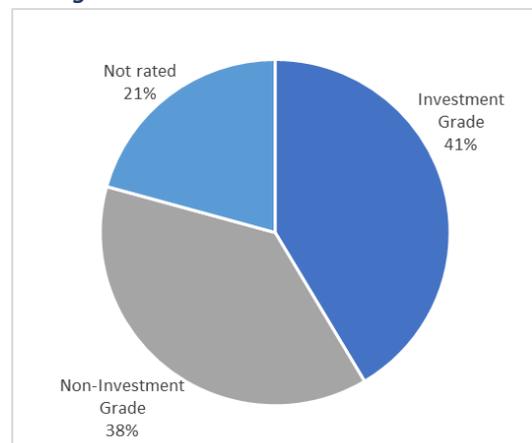
### Bond allocation



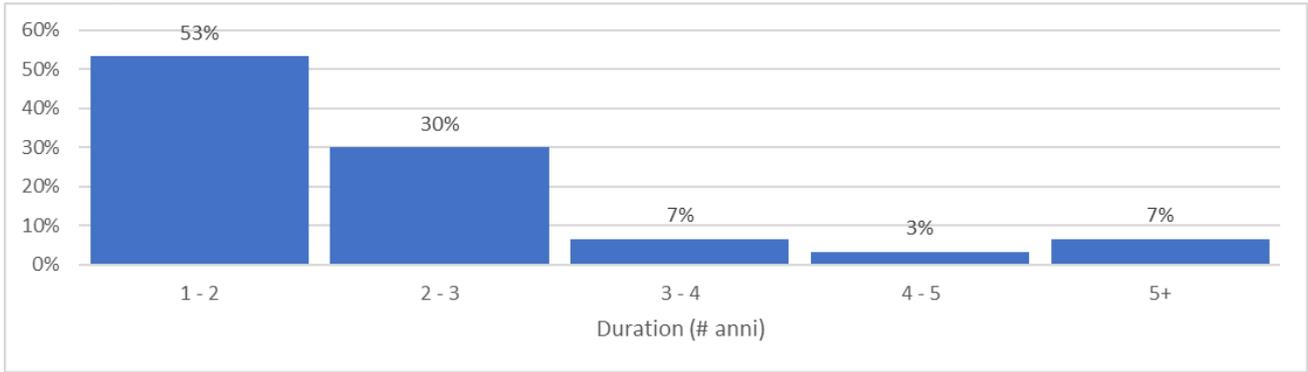
### Currency Breakdown



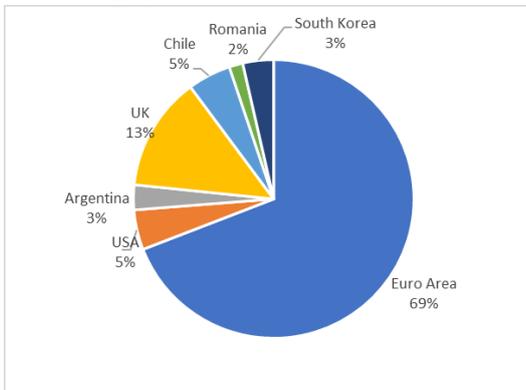
### Rating Breakdown



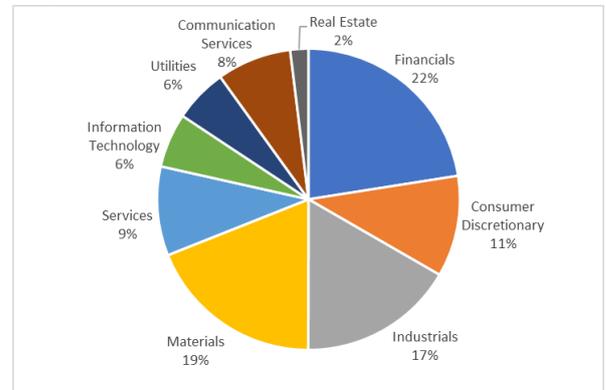
**Bond Portfolio Duration**



**Bond Geographical Breakdown**



**Corporate Bond - Sector Breakdown**



# Neglected Luxury

Rarity Overlooked



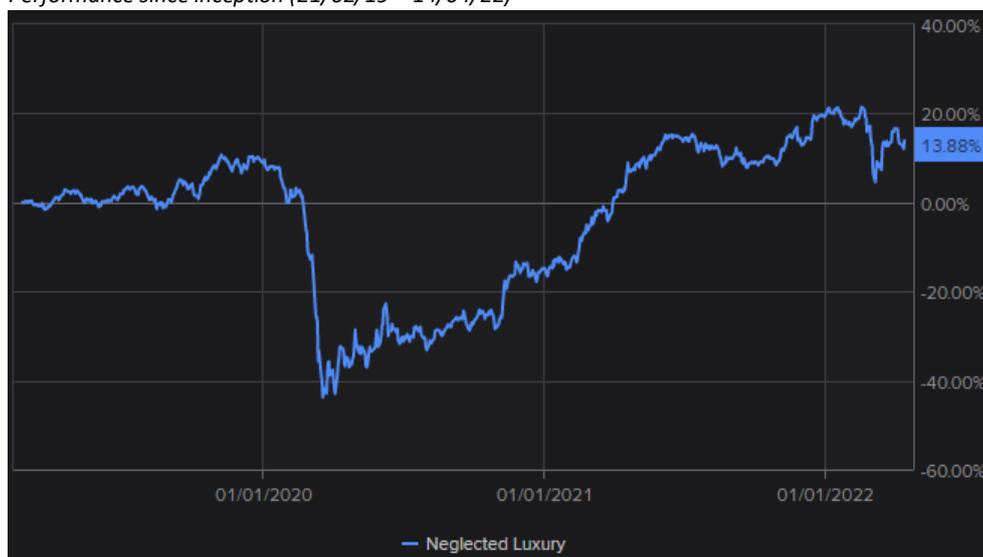
## Closed Niche – Comment

The Niche was present at the launch of the Asian Niches fund in February 2019 and closed on the 14 of April 2022. It has always had a weighting within the fund of between 3 and 5%, with a maximum allocation set at 5%. Together with the Internet Victims Niche, it represented the least Asian of the Niches in the Asian Niches fund. This Niche has been has performed only decently since inception, returning 14%, while nonetheless comfortably overperforming the 2 indices that we track, the MSCI ASIA PACIFIC total return and the MSCI ASIA PACIFIC VALUE total return.

The Niche was composed of five sub-niches at the start: 1) Luxury Travel, 2) Beauty and Personal care, 3) Fashion&Watches, 4) Luxury cars, 5) Champagne and fine wines.

The sub-Niche that we remain extremely positive on, and which has now been recreated as a single niche is the Champagne Niche, a Niche purely focused on champagne companies, dedicating 2.5% of the fund to them.

Performance since inception (21/02/19 – 14/04/22)



Source: Niche AM, Thomson Reuters

## Description of the Niche

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 CUB (China Under Biden)

## Discover the Value side of China Equity



### Closed Niche- 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.

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



Source: Niche AM, Thomson Reuters

### Description of Niche

"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 ...

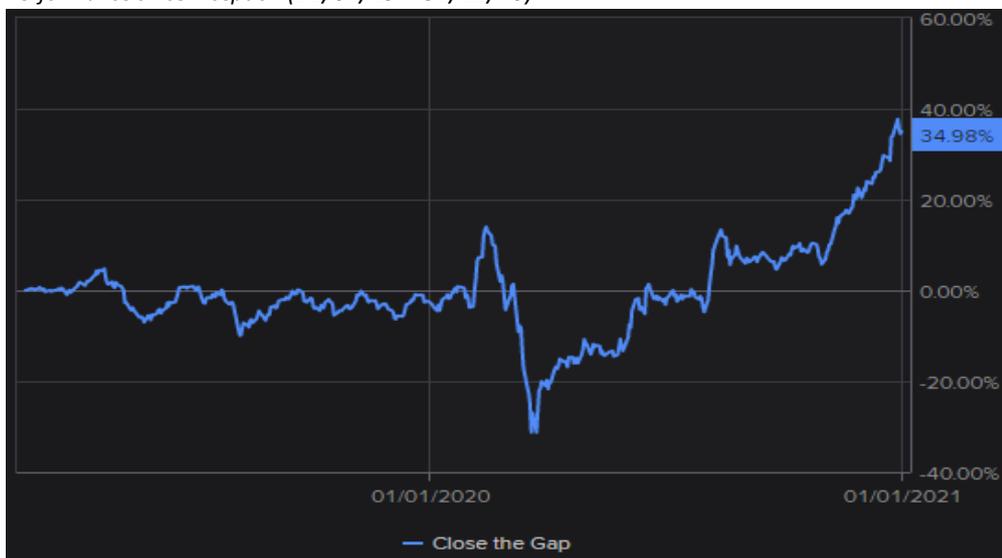


## Closed Niche- Comment

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).

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



Source: Niche AM, Thomson Reuters

## Description of Niche

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

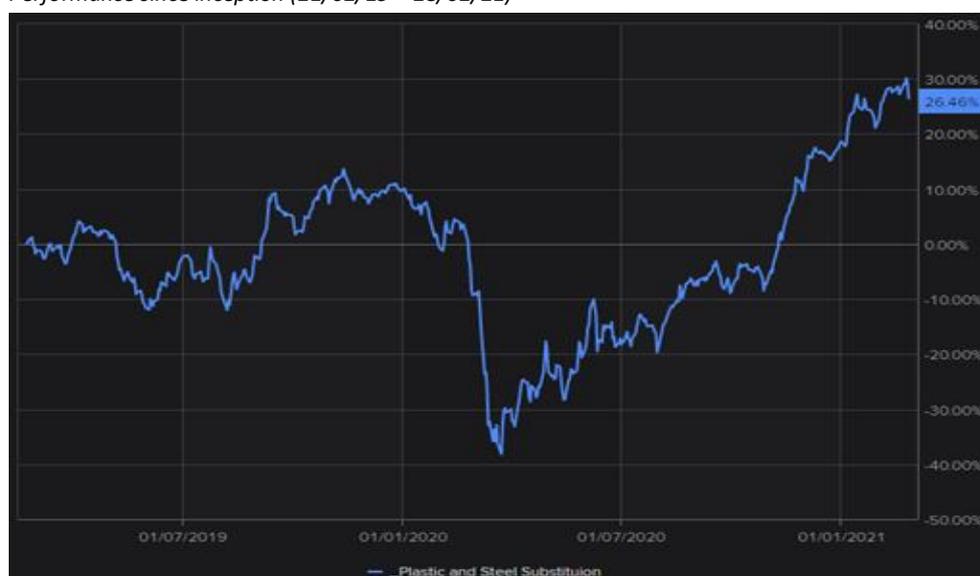
*Anticipating a trend*



## Closed Niche- 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".

Performance since inception (21/02/19 – 28/02/21)



Source: Niche AM, Thomson Reuters

## Niche description

Our infrastructure, our vehicles, and many of our tools are partially made of iron and/or its derivatives. Although materials such as plastic and aluminum have partially replaced it in some applications, it continues to play a dominant role in our society. Its physical properties, its abundance in nature and its labor-intensive processing have maintained its solid leadership. Up to a certain point, however... Other materials are emerging with better characteristics in terms of safety, strength, weight, durability and environmental sustainability. As the cost of producing such new materials falls, iron and its derivatives will gradually be replaced and many mines and manufacturing plants will have to be closed.

Through this niche NAM provides exposure to companies that produce these innovative materials.

# Appendix

## SHARE PORTFOLIO: Indexes % price changes as at 31/12/2022

Index	Price as of 31/12/2022	% 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 ** (€)
<i>Pharus Asian Value Niche*</i>	117,57	-	-3,16%	-	3,29%	-	-5,64%	-	17,57%
<i>Electric Mobility</i>	-	-	-7,46%	-	8,01%	-	-10,41%	-	44,78%
<i>5G</i>	-	-	-5,69%	-	4,87%	-	-25,16%	-	6,83%
<i>Internet Victims</i>	-	-	-3,14%	-	6,34%	-	-21,17%	-	13,91%
<i>Indonesian Infrastructure Small Caps</i>	-	-	-6,52%	-	-7,01%	-	20,66%	-	34,97%
<i>Korea Reunification</i>	-	-	-3,30%	-	7,33%	-	-5,92%	-	11,94%
<i>Japanese Orphan Companies</i>	-	-	0,68%	-	3,07%	-	-4,18%	-	17,50%
<i>The Magic of Graphite: Carbon Fibre and steel recycling (inception date 01 Mar '21)</i>	-	-	-2,82%	-	3,16%	-	-17,18%	-	-18,92%
<i>Champagne (inception date 15 Apr '22)</i>	-	-	7,09%	-	11,41%	-	-	-	13,39%
<i>No meat's land (inception date 10 Oct '22)</i>	-	-	2,01%	-	-	-	-	-	4,55%
<i>Cocoon (inception date 10 Oct '22)</i>	-	-	-5,23%	-	-	-	-	-	-3,43%
<i>Beauty for nothing (inception date 10 Oct '22)</i>	-	-	7,43%	-	-	-	-	-	15,56%
<i>Fly with me (inception date 10 Oct '22)</i>	-	-	-7,61%	-	-	-	-	-	4,25%
<b>MSCI Asia Pacific Value (.dMIAP0000VPUS)</b>	<b>142,51</b>	<b>0,31%</b>	<b>-2,47%</b>	<b>12,75%</b>	<b>3,23%</b>	<b>-12,97%</b>	<b>-7,56%</b>	<b>-6,98%</b>	<b>-1,71%</b>
MSCI Asia Pacific (.MIAP00000PUS)	155,74	-0,42%	-3,18%	12,11%	2,65%	-19,36%	-14,34%	-0,99%	4,62%
Korea (.KS200)	291,10	-9,32%	-8,63%	3,46%	8,61%	-26,38%	-25,99%	1,82%	-3,63%
Tokyo Stock Exchange (.TOPX)	1891,71	-4,73%	-2,48%	3,04%	4,16%	-6,82%	-12,97%	18,09%	5,26%
Indonesia (.JKSE)	6850,62	-3,26%	-4,95%	-2,70%	-12,86%	2,32%	-0,88%	5,43%	0,95%
MSCI Small Cap Indonesia- USD (.dMIID0000SONUS)	462,54	-6,02%	-8,63%	-7,59%	-15,39%	-15,77%	-10,53%	-37,53%	-34,00%
China (.HSI)	19781,41	6,37%	3,42%	14,86%	5,71%	-15,46%	-10,35%	-30,22%	-25,91%
Bond High Yield (AHYE.PA)	215,92	-	-0,22%	-	5,02%	-	-10,78%	-	-2,84%

The performance of the individual Niches is gross of fees.

\* Class b

\* Start date: 18/02/2019, unless otherwise stated

Source: Niche AM, Thomson Reuters

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