



30/06/2023



Pharus Asian Value Niche

Portfolio Update

31st March 2023 – 30th June 2023



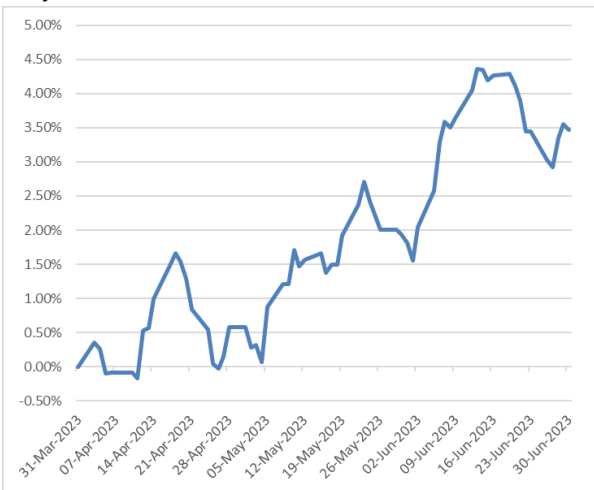
Launch date: 18.02.2019
 Total Net Asset value 30.06.23: € 26,704,245.82
 Currency: EUR

Net Asset Value per share	Class A – ISIN: LU1867072578	€ 122.43
As of 30.06.23:	Class B – ISIN: LU1867072651	€ 126.27
	Class Q – ISIN: LU1867072735	€ 126.10

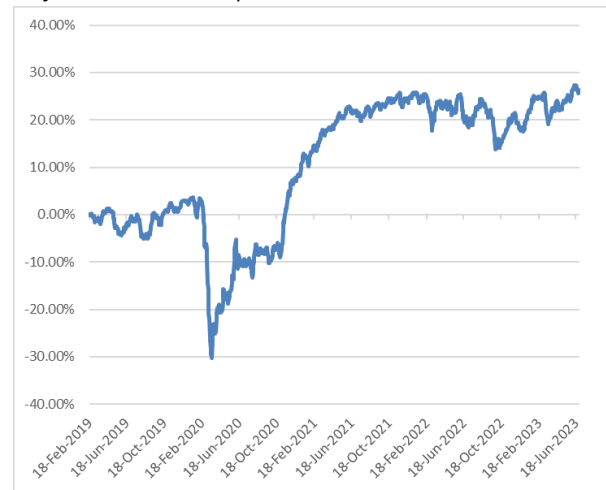
	Q2	Year to Date	1 Year	Since inception
Performance (class B)	+3,47%	+7,40%	+5,97%	+26,27%

Net asset value per share

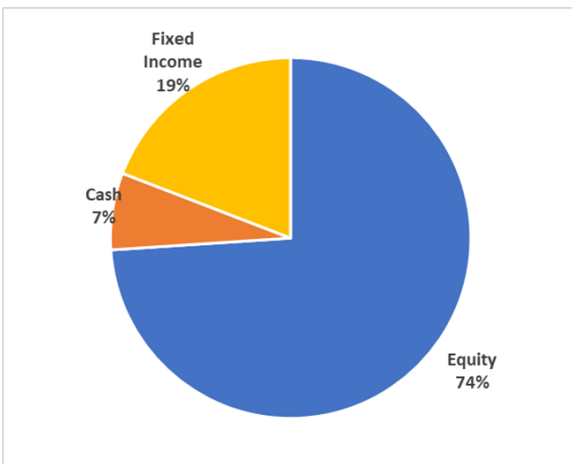
Performance Q2 : +3.47%



Performance since inception: +26.27%



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 al 31/01/23 – Classe Q

Copyright © Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Download The Morningstar Rating for Funds (chapter: The Morningstar Rating: Three-, Five-, and 10-Year) on the [Morningstar website](https://www.morningstar.com).

The quarter saw the fund advance about 3.5 percent.

Like last quarter, eight of the twelve equity niches contributed positively to the fund's performance, again confirming the validity of the value theme diversification approach. This allows the fund to absorb the high dispersion that the deep value approach wants to give. The best niche, **Indonesian Infrastructures Small Caps**, recorded a positive performance of 12.7 percent. The worst niche, **Cocoon**, posted a loss of 8.8 percent.

The quarter saw the sharp depreciation of the yen and the Korean won. This depressed the returns of several niches where exposure to Japan and Korea is important. However, we recovered much of the yen's depreciation through foreign exchange hedging, which we do not account for in the performance of each niche that is exposed in the euro report. In contrast, we do not have hedging on the won, and niches that are heavily exposed to Korea, such as **Korea Reunification** or **No Meat's Land**, therefore present the actual performance in the report. The won is a structurally strong currency that suffers from substantial but transitory factors. These factors are China's weakness and the housing crisis in the country's metropolitan areas. We do not believe that the Chinese crisis is transient, but we do believe that the impact on Korea is transient as it will be more than offset by other factors, such as increased investment in manufacturing infrastructure for the onshoring process by Korean companies or the necessary diversification away from China by Western companies. Rising interest rates have created stress in a country where 70 percent of mortgages are variable rate. However, rates have probably peaked, the financial system and construction companies are sound, and house prices in the suburbs and countryside are not being speculated. This crisis is reducing the price of houses in the metropolises that have been subject to speculative investment, and this is good. It is a splendid time to invest in Korea, particularly in the domestic realities where our **Korea Reunification** niche is focused, companies suffering from consumer anxiety. This phase depresses an already depressed market area, but one that boasts strong fundamentals and great potential for a mighty rerating.

In deep value, at least as we interpret it, you have to diversify a lot, be careful with debt, and be very patient. There are over 500 stocks in the **Asian Value Niches fund**, which in a world that unreasonably seeks highly concentrated funds with 20 to 30 names, certainly represents something unusual and, in our view, wise. Structuring the portfolio into niches allows the investor to understand what is misbehaving and what is beginning to perform.

The market as a whole suffers from a generalized negativity that has its origins in the inevitable Central Bank-induced economic slowdown. In addition, there is a perception that the market is overvalued. Well, we believe that the market is wrong. Beginning with valuations, we remind the reader how in a well-known poem almost a century ago, Trilussa defined Statistics as that thing whereby if someone eats a chicken and someone else does not, on average they have each eaten half a chicken. The same thing applies to indexes. These give you a useful snapshot, but one that must nevertheless be interpreted. Judging market valuation by the average price/earnings ratio of index constituents versus their history assumes that 1) the investor invests in the indexes (but, as we know, for that there are ETFs or large low TEV funds) 2) that the indexes always have the same composition. We know how natural it is that banks or steel mills or automakers have much lower valuations than technology stocks. Today's indexes are soaked in tech stocks that, because of their strong growth, deserve higher multiples. But if we look at many "traditional" type sectors, such as financials, utilities, autos, telecom, commodities, they have valuations well below their historical average.

Then there are those who look at the risk premium, which as we know is impacted by long rates. However, using current long rates as a substantive element for our valuation seems most questionable, given their volatility and, more importantly, their unsustainability. Using a three-year average would make more sense in our view.

In conclusion, we believe that as soon as the market smells a recession, counterintuitively, it will detonate a powerful rally, focused on the more traditional sectors that are now deep value, recovering from the inflation of the past three years and anticipating the positive effects of secular trends such as the energy transition and deglobalization. And we would not be surprised if before that we witnessed the collapse of crypto and a substantial crisis in private equity, reabsorbing the excesses of the last decade.

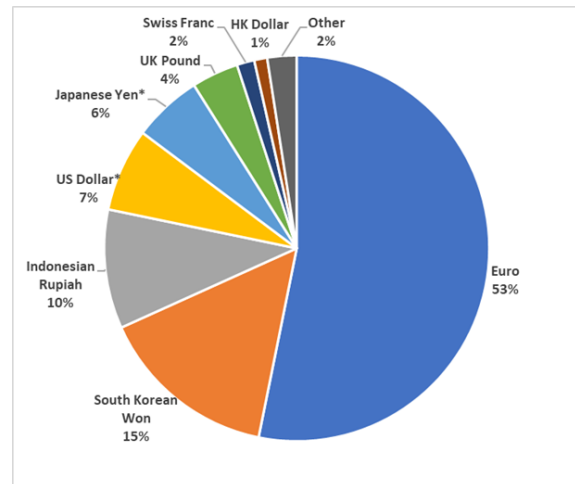
We believe our product provides the ideal vehicle to ride these changes and seize their mighty opportunities. All this with very low specific risk and great transparency.

Performance by Niche Q2 2023*

NICHE	Return
Electric Mobility Value	2.41%
6G Value	-2.53%
Internet Victims	6.20%
Indonesian Infrastructure Small Caps	12.74%
Korea Reunification	0.22%
Japanese Orphan Companies	3.18%
Magic of Graphite	-1.40%
Champagne	7.22%
No meat's land	0.16%
Cocoon	-8.76%
Beauty for nothing	-4.10%
Fly with me	10.24%

*For a detailed breakdown of niche performance and market indices, see the table on the appendix page.

Portfolio breakdown by currency



*net of JPY hedging.

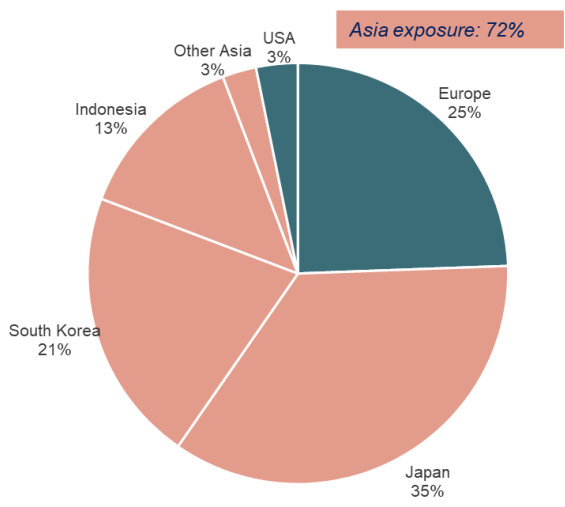
Top holdings

ISIN	Security	Portfolio	%
LU1867072222	Pharus Sicav Elec Mob Value Niche B Eur	Electric Mobility	14.70%
IE000MFX2916	Nichejungle Jap Orphan I Eur Acc	Japanese Orphan Companies	13.60%
IE0004F6ARY1	Nichejungle Kor Reunif Sdg I Eur Acc	Korea Re-unification	10.34%
FR0013461274	Eramet 5.8750 19-25 21/05A	Bond	2.31%
IT0005283111	Il Sole 24 Ore	Internet Victims	1.96%
XS1658012023	Barclays Bank Plc Fl.R 17-99 31/12Q	Bond	1.57%
XS2271356201	Webuild Spa 5.875 20-25 15/12A/12A	Bond	1.53%
XS2189784288	Commerzbank Ag Fl.R 20-99 31/12A	Bond	1.39%
US251525AN16	Deutsche Bank Sub Fl.R 14-Xx 30/04A	Bond	1.23%
CH0244767585	UBS Group	Internet Victims	1.22%

Equity top holdings

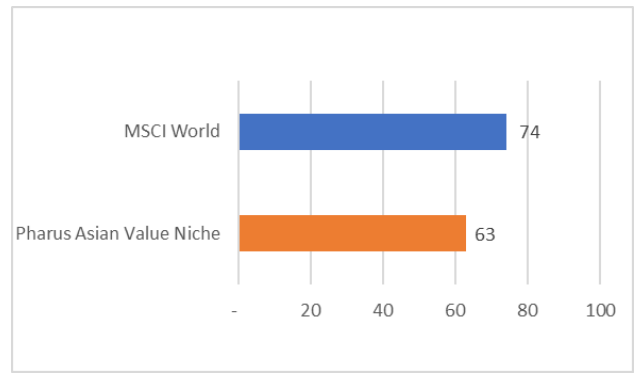
ISIN	Security	Niche	Sub-Niche	%
IT0005283111	Il Sole 24 Ore	Internet Victims	Publishers	1.96%
CH0244767585	UBS Group Sa	Internet Victims	Financials	1.22%
ID1000104508	Pt Tempo Scan Pacific Tbk	Indonesian Inf SC	Consumer Products	1.19%
FR0000062796	Vranken-Pommery Monopole	Champagne	Champagne	1.16%
FR0000051732	Atos SE	5G	5G Apps	1.08%
JP3544000007	Teijin Ltd	Magic of Graphite	Composites	0.99%
US7960508882	Samsung Elec GDR	5G	5G Apps	0.68%
ID1000094402	Bank OCBC Nisp	Indonesian Inf SC	Banks	0.66%
ES0178430E18	Telefonica SA	5G	Telecom Services	0.63%
FR0004027068	Lanson	Champagne	Champagne	0.61%

Equity breakdown by geographical exposure



Source: Niche AM

Equity Portfolio ESG rating



Source: Niche AM, Thomson Reuters



Contents

Electric Mobility Value	6
5G Value	8
Internet Victims	10
Indonesian Infrastructure Small Caps	12
Japanese Orphan Companies	14
Korea Reunification	16
Champagne	18
The Magic of Graphite	20
Cocoon	22
Beauty for nothing.....	24
No meat's land.....	26
Fly with me	28
Bond Portfolio	30
Neglected Luxury	32
The CUB.....	33
Close the Gap.....	34
Steel and Plastic Substitution.....	35

Electric Mobility Value

Value Investing Applied to a Growth Theme



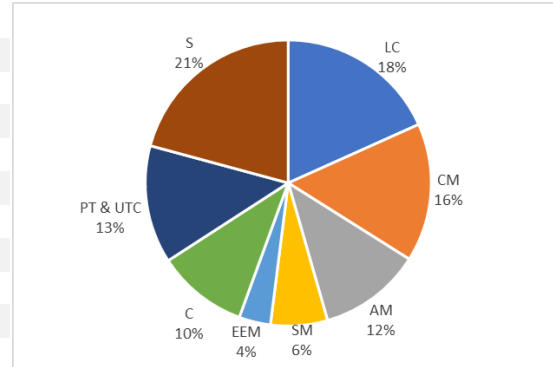
stocks: 64

Average Market Cap (mln €) 9.941

Median Market Cap (mln €): 1.012

Electric Mobility – segment breakdown

		Asian Niches Fund	EM Niche
Lithium Cells	LC	2.6%	18.3%
Cathode makers	CM	2.2%	15.7%
Anode Makers	AM	1.7%	11.6%
Separators makers	SM	0.9%	6.4%
Electrolytes and Elecfoils	EEM	0.5%	3.6%
Commodities	C	1.5%	10.3%
Power Train & Ultracapacitors	PT & UTC	1.9%	13.3%
Satellites (S)	S	3.0%	20.8%
Total		14.2%	100.0%



Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Panasonic	Lithium Cells	1.0%	35.61%
LG Chemical Pref	Lithium Cells	0.7%	11.86%
Sumitomo Metal Mining	Cathodes	0.6%	-16.16%
Valeo	Power Trains & Ultracapacitors	0.5%	3.81%
Teijin	Separators	0.5%	-5.61%

Major increases in the quarter

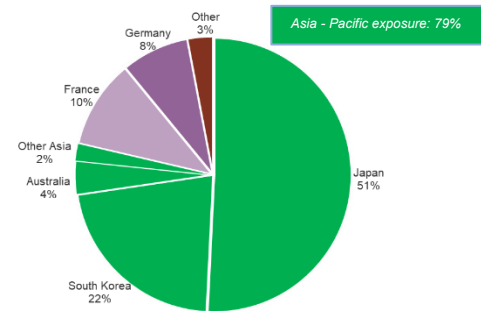
Name	Weight at 31/03	Weight at 30/06
W-Scope	0.0%	0.1%
Volkswagen Pref Shs	0.2%	0.3%
Duerr	0.0%	0.1%

Major decreases in the quarter

Name	Weight at 31/03	Weight at 30/06	Total Return
LG Chem Preferred Stock	1.0%	0.7%	+35.1%
Posco Holdings	0.6%	0.4%	+64.5%
Panasonic Holdings	1.0%	0.9%	+30.9%

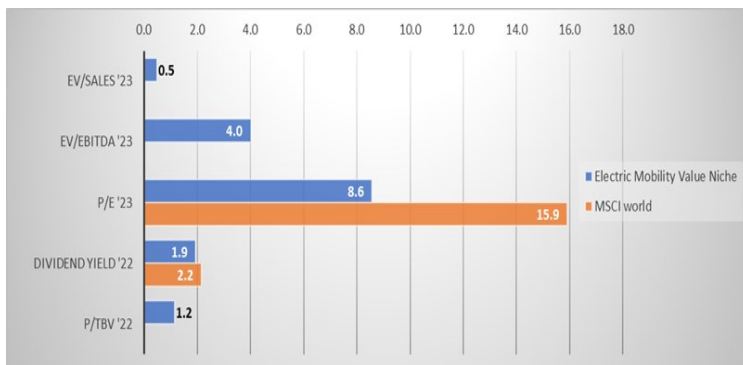
Source : Niche AM, Thomson Reuters

Geographical breakdown



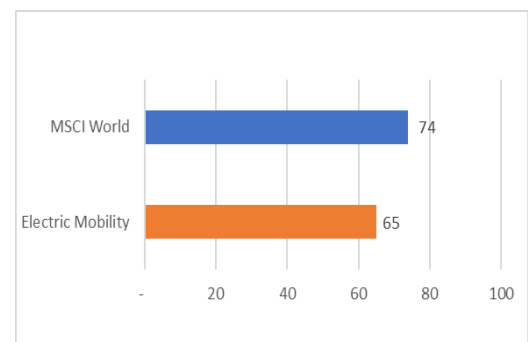
Source: Niche AM

Valuation snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Electric Mobility Value

Value Investing Applied to a Growth Theme



Comment

The Niche appreciated by 2.4 percent during the second quarter.

The period was supported by strong electric vehicle sales in China, some European countries and the United States, where expectations are growing about the expected acceleration resulting from the Inflation Reduction Act (IRA), which will make this country a global hub for electric car production. In May, global sales of electric cars were more than 1 mln, up 50 percent from the previous year (16 percent market share).

The fund's performance was supported by the Lithium Cells (+15.5%) and Powertrains & Ultracapacitors (+9.1%) sub-niches. The Lithium Cells niche benefited from the good performance of Japanese and Korean manufacturers exposed to IRA. In fact, since the introduction of the IRA, electric car manufacturers have already announced investments of more than \$60 billion, and a significant share of these have just been announced by operators from Japanese and Korean players. They are in fact the main beneficiaries of the U.S. choice to create a supply chain no longer dependent on China, given their accumulated know-how and experience in large-scale battery production.

The biggest contributor to the positive performance has been Panasonic, the historic battery supplier for Tesla, which will significantly increase its U.S. presence with new gigafactories. We took advantage of this strong phase to take partial profit on the stock, as well as on LG Chemical, the controlling holding company of LG Energy Solutions, the world's third largest player in the sector. SK Innovation, on the other hand, suffered, following the announcement of a capital increase aimed at supporting the growth plan of the new green energy business, which improves the already solid growth profile. We will therefore assess a rise on potential weakness phase on this stock.

Negative contributors, however, include the niches Commodities (-15.2%) and Cathodes (-13.4%). The former niche suffered from the general decline in commodities, lithium in the first place, but also other commodities related not only to electric cars, but to the macroeconomic cycle, such as nickel and graphite. Indicatively, the drop in the cost of raw materials for electric cars has fallen by about 30 percent since the beginning of the year, setting the stage for lower list prices (already implemented by Tesla and Chinese manufacturers) that will only accelerate their diffusion.

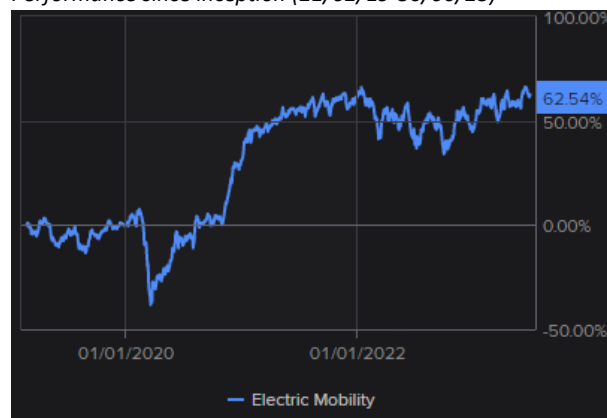
In this context, Syrah, a major producer of graphite in Mozambique and precursor materials for the production of electric battery anodes in the US, was boosted. This operator represents one of the few alternatives to Chinese producers and is also a beneficiary of the IRA. The Cathodes Niche, on the other hand, suffered from the decline of Toda Kogyo, Basf's partner in the production of cathode precursors, which is experiencing a negative moment for the other divisions in which it operates.

New stocks were added to the portfolio during the month, including two Japanese small caps exposed on separators and cathodes, as well as other players in the Satellites niche, especially players exposed to the growth of assembly lines for EVs and thermal management systems again for electric cars.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (21/02/19-30/06/23)



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



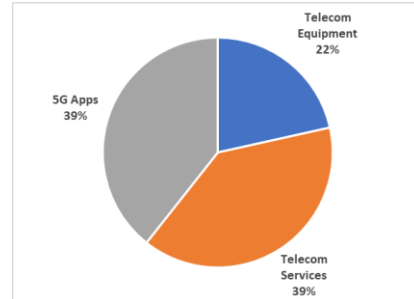
stocks: 17

Average Market Cap (mln €) 58.6278

Median Market Cap (mln €): 7.032

5G breakdown

	Asian Niches Fund	5G Niche
Telecom Equipment	1.4%	21.5%
Telecom Operators	2.5%	39.1%
5G Apps	2.5%	39.4%
Total	6.4%	100.0%



Source: Niche AM

Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Atos	5G Apps	1.1%	14.8%
Samsung Elec GDR	5G Apps	0.7%	12.1%
Telefonica	Telecom Services	0.6%	-6.5%
Nokia	Telecom Equipment	0.5%	-15.1%
Telecom Italia	Telecom Services	0.5%	-15.8%

Major increases in the quarter

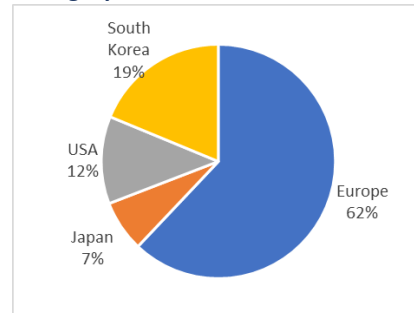
Name	Weight at 31/03	Weight at 30/06
AST SpaceMobile	0.0%	0.1%

Major decreases in the quarter

Name	Weight at 31/03	Weight at 30/06	Total Return
Orange	0.9%	0.0%	+19.3%

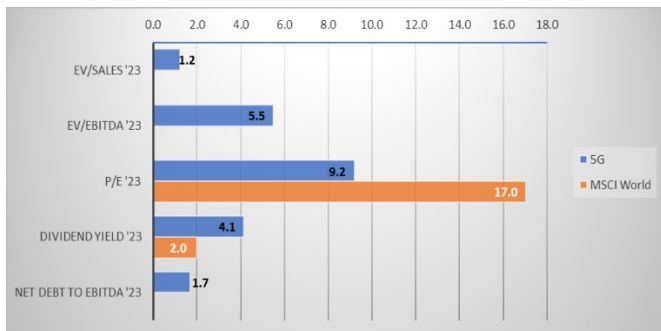
Source : Niche AM, Thomson Reuters

Geographical breakdown



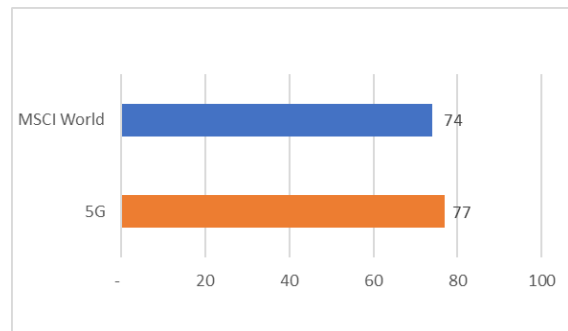
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

5G Value

Moving to the next Internet investment chapter



Comment

The Niche fell 2.3% during the second quarter, reducing part of the significant gains recorded in the first quarter of the year.

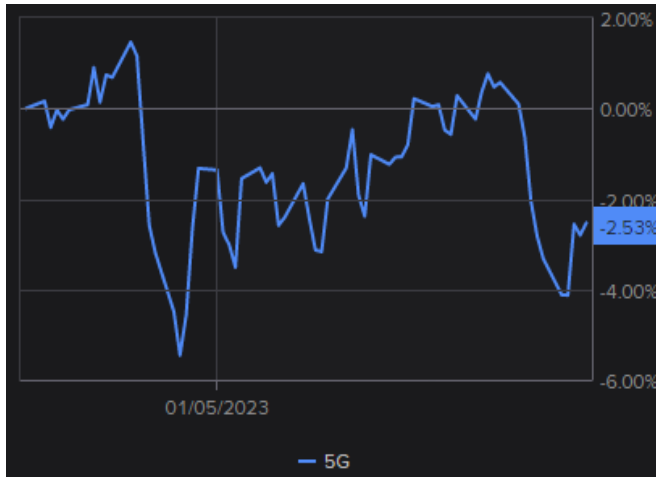
Its performance was hurt by the negative performance of the **Telecom Services** and **Telecom Equipment** sub-niches, which account for 39% and 22% of the Niche, respectively, partially offset by the positive performance of the 5G App/IT Consultants sub-niche.

As for the predominantly European **Telecom Services**, the most negative contributions came from Telecom Italia, complicit in the stalled network separation process, and British Telecom, on expectations of a dividend cut. Companies in this sub-niche are building 5G networks, lagging behind U.S. and Asian groups. Once the network is completed, this is obviously a key element in the growth then of 5G services especially for the corporate world. As pointed out in previous comments, 5G opens up vast possibilities for connecting sensors, devices and autonomous objects (so-called "Internet of Things" or IoT) and expanding the deployment of artificial intelligence (AI). These are devices need high bandwidth, ultra-reliability and low latency that only 5G can give.

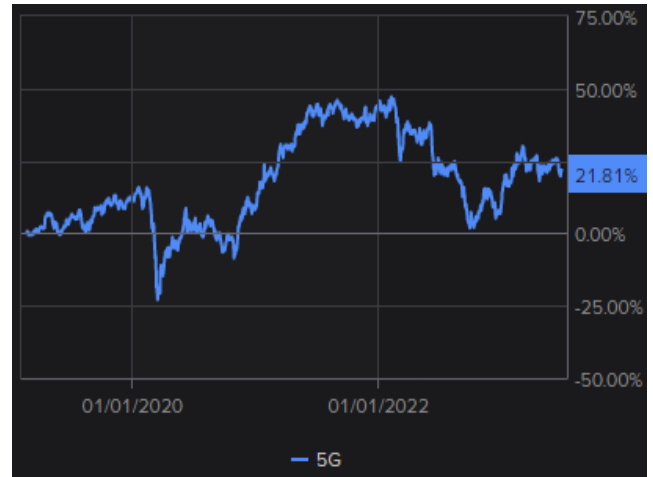
A negative contribution to the performance then also came from **Telecom Equipment**, especially Nokia, which suffered from the more pronounced than expected contraction of investment on the 5G network in the U.S. market. This is because telecom operators, having already completed the first phase of 5G investments, are now trying to maximize cash flow, and this has not been sufficiently offset by investments in Europe and India. Nokia now trades at tangible book value, at very attractive levels, because: the target market has good robust growth (double-digit data traffic growth for years to come, 5G); the market is consolidated after the forced exit of Huawei; the important patent portfolio (5500 patents essential for 5G) supports a steady revenue stream, with room for further monetization in the coming years, especially connectivity for cars.

As part of this sub-niche, we created a small position in AST SpaceMobile, a U.S. company offering satellite solutions to enable Internet access in remote areas.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (21/02/19-30/06/23)



Source: Niche AM, Thomson Reuters

Niche description

The 5G is coming

- This starts a 5 to 10 years journey leading to full 5G connectivity
 - The 5G will shape this century and will change the way we live for good
 - The 5G will open the gates to new business models, will greatly improve the productivity and will make the world smaller and safer
- 5G will make a broad and disruptive array of new technologies reality, IoT, AI, VR, AR, block chain, self-driving cars, smart living, smart homes, remote healthcare will not be possible without 5G. Nonetheless the companies that will make 5G possible are still neglected and offer great value,

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

Internet Victims

Chasing the survivors



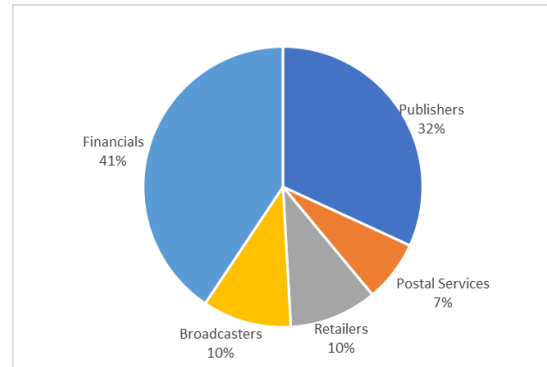
stocks: 22

Average Market Cap (mln €) 20.267

Median Market Cap (mln €): 1.378

Internet Victims breakdown

	Asian Niches Fund	Internet Victims Niche
Publishers	2.7%	31.9%
Postal Services	0.6%	7.1%
Retailers	0.9%	10.2%
Broadcasters	0.9%	10.3%
Financials	3.5%	40.6%
Total	8.5%	100.0%



Source: Niche AM

Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Il Sole 24 Ore	Publishers	2.0%	18.5%
UBS Group Sa	Financials	1.2%	-4.8%
BNP Paribas Sa	Financials	0.5%	4.5%
Societe Generale	Financials	0.5%	14.5%
RCS Mediagroup	Publishers	0.5%	-4.7%

Major increases in the quarter

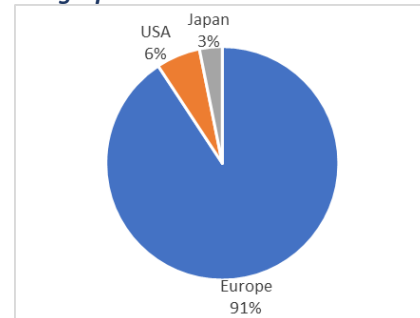
Name	Weight at 31/03	Weight at 30/06
UBS Group	0.7%	1.2%
Reach	0.0%	0.1%

Major decreases in the quarter

Name	Weight at 31/03	Weight at 30/06	Total Return
Unicredit	0.9%	0.0%	+76.7%

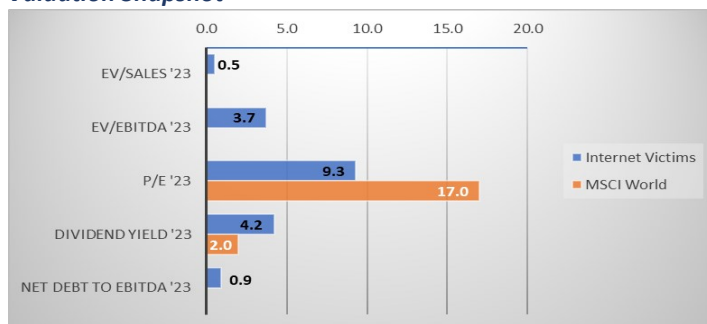
Source: Niche AM, Thomson Reuters

Geographical breakdown



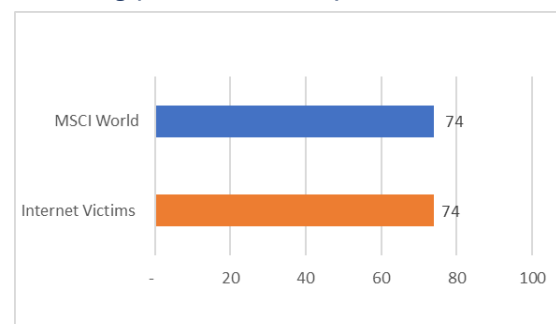
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Internet Victims

Chasing the survivors



Comment

The Niche appreciated by 6.2 percent in the quarter, largely recovering from the decline registered in the early part of the year following the U.S. regional bank crisis and the severe negative impact it had on Credit Suisse.

The largest contribution to performance came from the Financials sub-niche, which accounts for about 40 percent of the Niche's investments. The strong performance was supported in part by the fading of financial crisis fears and in part by supportive results. The increased ability to generate profits in the changed interest rate environment, coupled with the capital strength, the child of the system's multi-year de-risking process, highlighted the sector's attractiveness. In some cases, management's decision to return excess capital made the high level of undervaluation more visible. In this context, portfolio rotation resulted in profit-taking on institutions subject to major rerating, such as Unicredit. UBS was increased in view of the expected value creation from the acquisition at (super)balance prices of Credit Suisse. As previously pointed out, the potential upside of UBS is such that it can, over time, largely offset the losses incurred by the fund from its exposure to Credit Suisse stock. At the same time, then, UBS arguably represents the most solid entity in the sector.

Also positive is the contribution of the Publishers sub-niche, thanks to the positive contribution of Il Sole 24 Ore, whose economic-financial results are gradually improving despite the absence of an improvement in advertising sales, thanks to the restructuring plan carried out over the last few years. Also in this sub-niche was Reach, a major British publishing operator that runs national titles such as the Mirror and the Express, as well as numerous local titles.

Negative, however, was the contribution of Postal Operators, which are suffering from the expected reduction in parcel volumes after the peak phase of the pandemic period, the structural decline of traditional mail, and the inflationary effect on the cost base. The valuations at which these groups deal, which are extremely depressed in absolute terms (P/E 6-10x), are far from incorporating potential medium-term profitability, all the more so given the structural growth of the e-commerce business.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (21/02/19-30/06/23)



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



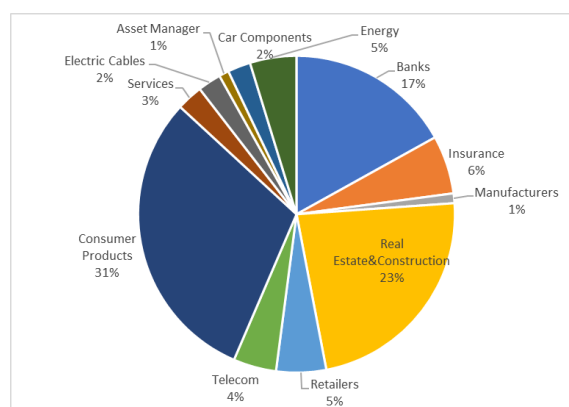
stocks: 33

Average Market Cap (mln €): 722

Median Market Cap (mln €): 301

Indonesian Infrastructures Small Caps breakdown

	Asian Niches Fund	Indonesian Infrastructures Small Caps
Banks	1.6%	17%
Insurance	0.6%	6%
Manufacturers	0.1%	1%
Real Estate& Construction	2.2%	23%
Retailers	0.5%	5%
Telecom	0.4%	4%
Consumer Products	3.0%	30%
Services	0.3%	3%
Electric Cables	0.2%	2%
Asset Manager	0.1%	1%
Car Components	0.2%	2%
Energy	0.5%	5%
Total	9.7%	100.0%



Source: Niche AM

Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Pt Tempo Scan Pacific	Consumer Products	1.2%	15.4%
Bank Ocbc Nisp	Banks	0.7%	53.2%
Wijaya Karya Beton	Real Estate& Construction	0.5%	-17.0%
Cikarang Listrindo	Consumer Products	0.5%	6.4%
Bank Danamon Indonesia	Banks	0.5%	1.0%

Major increases in the quarter

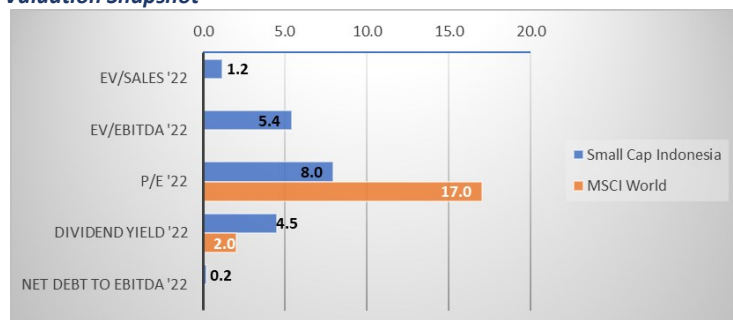
Name	Weight at 31/03	Weight at 30/06
Asuransi Tugu Pratama Ind	0.2%	0.3%
Bank BTPN	0.2%	0.3%
Perusahaan Gas Negara	0.0%	0.1%

Major decreases in the quarter

Name	Weight at 31/03	Weight at 30/06	Total Return
Delfi	0.7%	0.0%	80.2%
Astra Otoparts	0.4%	0.3%	+121.1%

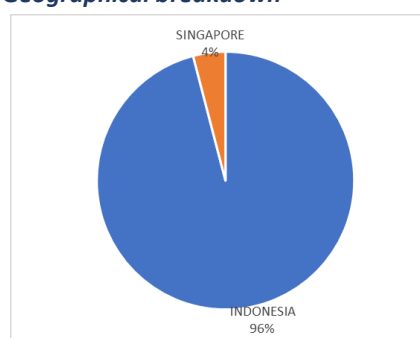
Source: Niche AM, Thomson Reuters

Valuation Snapshot



Source: Niche AM, Thomson Reuters

Geographical breakdown



Source : Niche AM

Indonesian Infrastructure Small Caps

The New India



Comment

During the second quarter the Niche achieved a positive performance of 12.7%, ending the six-month period with an advance of more than 16%, among the best within the fund.

The positive performance was still supported by positive macroeconomic data, with robust growth from GDP (+5% first quarter), supported by good private consumption dynamics. The May consumer confidence index rose to its highest level in 12 months supported by the labor market and business expectations. The Bank of Indonesia kept the benchmark rate unchanged at 5.75 percent, in line with expectations given the inflationary dynamics under control, helping to further stabilize the rupiah.

In terms of operations, diversification within the Niche, now consisting of more than 30 stocks, was increased, especially in the utilities sector, where three companies were included—Perusahaan Gas Negara, Kencana Energi Lestari, and Pertamina Geothermal Energy. These are companies with value connotations and supportive dividend yield, with capital strength that can support the necessary growth in size that the country needs to strengthen its infrastructure network and power generation.

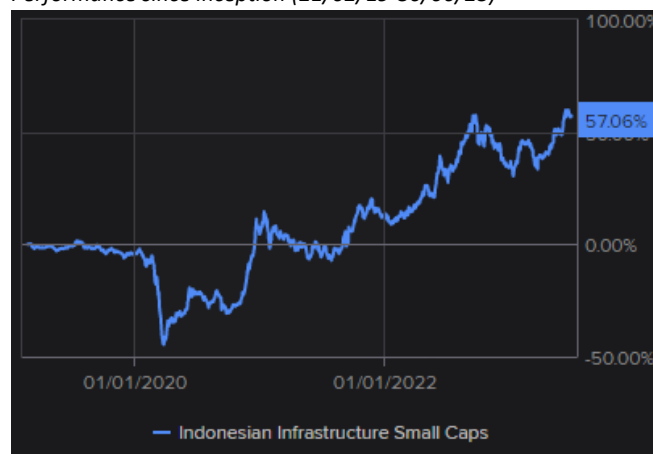
As for Pertamina Geothermal Energy, a company that allows the niche exposure to Indonesian geothermal energy growth, the potential for capacity growth is significant. It is a state-controlled entity that has in its plans a mighty increase in the use of this energy in the coming years. In fact, the Indonesian government predicts that Indonesia's geothermal potential could stand at 24 gigawatts, up from the 2.4 gigawatts currently being used (of which about 0.7 gigawatts is operated by Pertamina Geothermal Energy).

Within the food sector, the strong phase of Delphi's strength, supported by a supportive results trend, was exploited to take profit. Partial profit was also taken on Astra Otoparts, a company exposed to the automotive components sector that aims to diversify the business into medical equipment, which realized a strong rerating, despite which it continues to trade at less than 10 times '24 earnings.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (21/02/19-30/06/23)



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

An anomaly that will not last



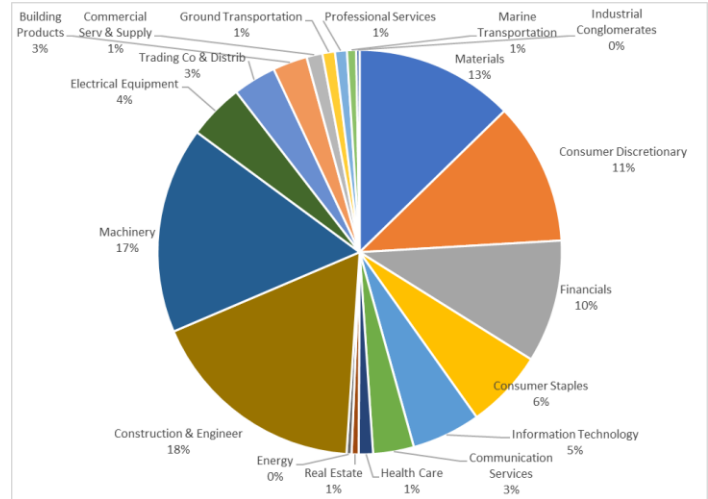
stocks: 176

Average Market Cap (mln €) 219

Median Market Cap (mln €): 139

Japanese Orphan Companies breakdown

	Fund	JOC Niche
Materials	1.8%	12.7%
Consumer Discretionary	1.6%	11.4%
Financials	1.4%	9.8%
Consumer Staples	0.9%	6.3%
Information Technology	0.8%	5.5%
Communication Services	0.5%	3.3%
Health Care	0.2%	1.1%
Real Estate	0.1%	0.6%
Energy	0.1%	0.4%
Construction & Engineer	2.5%	17.5%
Machinery	2.4%	16.5%
Electrical Equipment	0.6%	4.4%
Trading Co & Distrib	0.5%	3.5%
Building Products	0.4%	2.8%
Commercial Serv & Supply	0.2%	1.3%
Ground Transportation	0.1%	1.0%
Professional Services	0.1%	1.0%
Marine Transportation	0.1%	0.7%
Total	14.5%	100.0%



Source: Niche AM

Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Furukawa	Industrials	0.3%	12.2%
Zenitaka	Costructions	0.3%	-2.8%
Heian Ceremony Service	Funerary Services	0.2%	0.7%
Nikkon	Logistic Services	0.2%	5.9%
Endo Manufacturing	Manufacturing	0.2%	-13.5%

Major increases in the quarter

Name	Weight at 31/03	Weight at 30/06
Endo Manufacturing	0.1%	0.2%
Zenitaka	0.2%	0.3%
Komaihaltec	0.0%	0.1%

Major decreases in the quarter

Name	Weight at 31/03	Weight at 30/06	Total Return
N/A	-	-	-

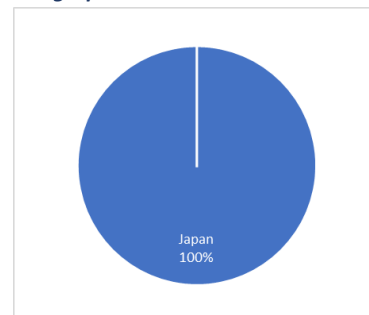
Valuation Snapshot



* Last available

Source: Niche AM, Thomson Reuters

Geographical breakdown



Japanese Orphan Companies

An anomaly that will not last



Comment

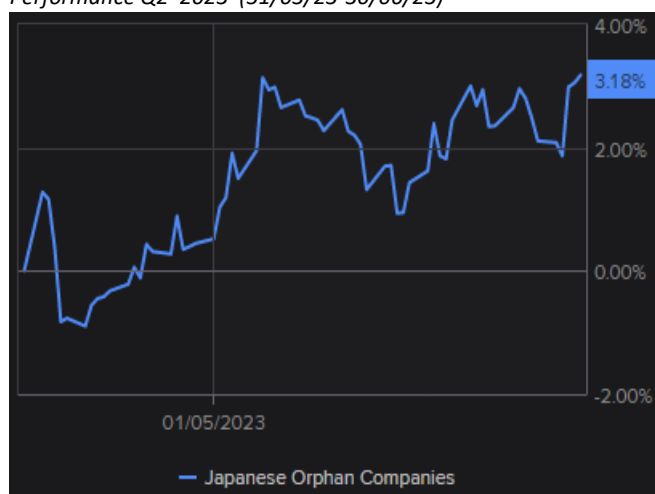
The niche ended the quarter with a performance of +3.18%.

The yen was volatile during the period, depreciating by more than 10% against the euro. This niche covers about 50% of the exposure to the yen, protecting against the structural weakening of this currency and thereby reducing volatility. Of note, the portfolio is already naturally hedged against the weakening of the yen due to the sensitivity of its earnings. Japan's recovery needs a weak yen to stimulate exports, domestic investment, tourism, and ultimately confidence and consumption.

During the quarter, most of the "orphans" companies released sales estimates for the year 2023-2024, with an average increase forecast close to 6 percent. This seems to us to represent a sign that inflationary forces are beginning to penetrate the Japanese economy, setting the stage for a significant future increase in earnings, pushing the stock market up further after three decades of underperformance.

The portfolio of this niche is composed of stocks with an average net liquidity of more than 125 percent of their market capitalization, while trading below 0.5x TBV and with a P/E of less than 9x. We believe that this extreme anomaly will be reabsorbed as soon as the Japanese economy normalizes.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (21/02/19-30/06/23)



Source: Niche AM, Thomson Reuters

Description of the Niche

For listed companies, analyst coverage is essential to attract investor interest and, consequently, increase their liquidity and valuations. However, there are many companies in Japan that have no or very limited coverage. There may be several reasons for this: hedging may be too expensive, too time-consuming, the company may be family-owned and not interested in the valuation that the market attaches to it, it may be one of the many companies whose hedging has been cut as a result of the restructuring of analysis offices following the 2008 crisis and/or the new financial regulations implemented, etc. As a result, many of these 'orphan companies' trade at significant discounts to peers and their fair value. The analysis is done directly by us, through various alternative sources (balance sheet data, interviews with competitors/customers/suppliers, interaction with management, etc.). Normally this discount is closed when analysts resume coverage or following corporate transactions. Here we find many attractive investment opportunities that can offer significant rewards if the investor knows how to be patient.

Korea Reunification

A free option on an already attractive market



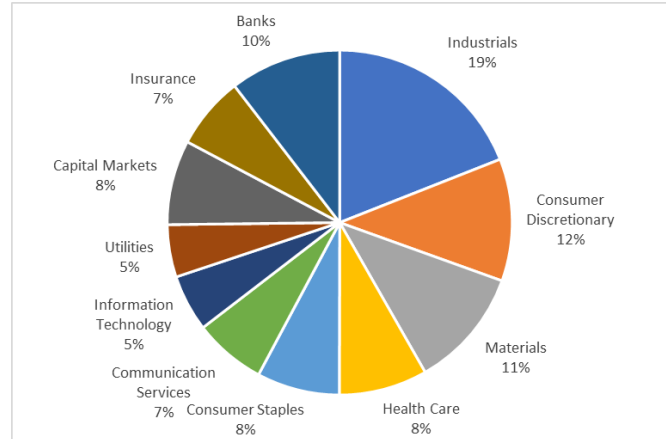
stocks: 128

Average Market Cap (mln €) 2.128

Median Market Cap (mln €): 241

Korea Reunification breakdown

	Asian Niches Fund	Korea Reunification Niche
Industrials	1.9%	19.0%
Consumer Discretionary	1.1%	11.4%
Materials	1.1%	11.2%
Health Care	0.8%	8.3%
Consumer Staples	0.8%	7.7%
Communication Services	0.7%	6.8%
Information Technology	0.5%	5.3%
Utilities	0.5%	4.9%
Capital Markets	0.8%	7.9%
Insurance	0.7%	6.8%
Banks	1.0%	10.4%
Total	9.9%	100.0%



Source: Niche AM

Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Industrial Bank Of Korea	Banks	0.2%	1.01%
Woori Financial Group	Banks	0.2%	1.96%
KT	Telecommunication	0.1%	-0.16%
Samsung Securities	Capital Markets	0.1%	12.05%
KB Financial Group	Banks	0.1%	-1.12%

Major increases in the quarter

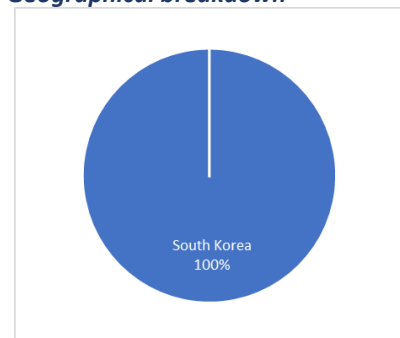
Name	Weight at 31/03	Weight at 30/06
Hecto Innovation	0.0%	0.1%
Hanwha Solutions	0.0%	0.1%
Asia Paper Manufacturing	0.0%	0.1%

Major decreases in the quarter

Name	Weight at 31/03	Weight at 30/06	Total Return
Rifa Industrial	0.1%	0.0%	+63.1%
SK Rent A Car	0.1%	0.0%	+43.8%
Hyundai Elevator	0.1%	0.0%	+72.3%

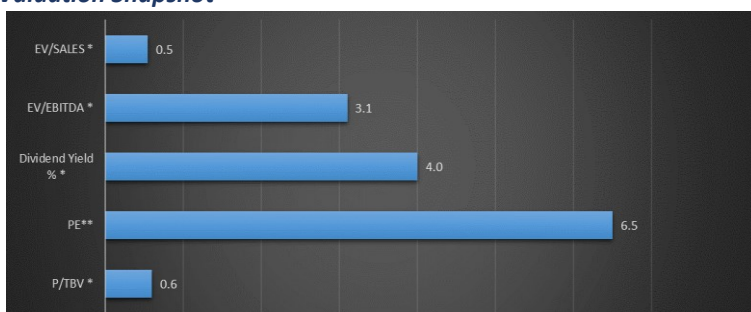
Source: Niche AM, Thomson Reuters

Geographical breakdown



Source: Niche AM

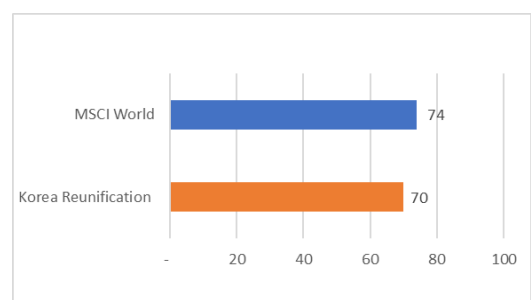
Valuation Snapshot



* Last available

Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Korea Reunification

A free option on an already attractive market



Comment

The Niche closed the quarter at essentially the same levels as the previous quarter (+0.22%).

This performance, which was lower than that recorded by the Korean Kospi stock index (+3.6% in euros), reflects the underperformance of companies exposed to the local economy on which the niche focuses. In fact, this component of the Korean stock market significantly underperformed the technology and export-exposed component, despite already depressed valuations (average P/E close to 6x) that can only increase the attractiveness of the investment from a medium-term perspective.

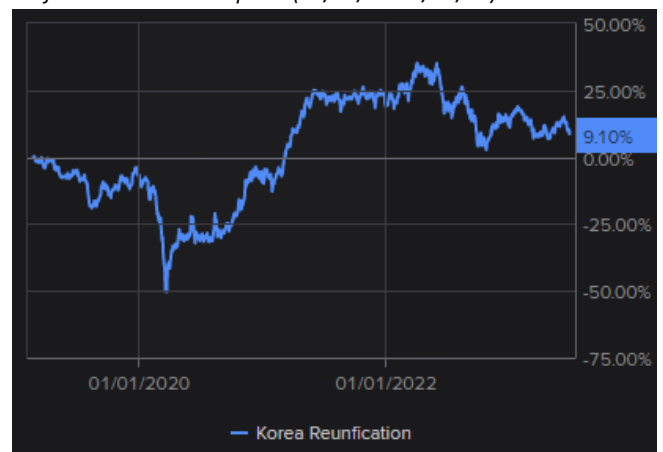
The performance was affected by the weak phase of the Korean won, on which no hedges are made. The dynamics of the Korean currency can be attributed partly to the fall of the Japanese yen and the fragility of the yuan, and partly to the Chinese slowdown and the collapse of the semiconductor market, which turned the usual trade surplus into a deficit. Finally, the Bank of Korea kept the policy rate at 3.5 percent, without being able to raise it further to limit the damage to the residential housing market. However, it should be highlighted in our view that in the long run, the Korean currency can rely on a cultivated and entrepreneurial workforce, technological advantage, democratic environment and low public debt to attract foreign investment and support exports.

Due to high interest rates, restrictive fiscal policy and geopolitical tensions, private consumption remains weak. The aforementioned housing crisis is not yet over, but recent inflation data bode well for a necessary rate cut by the end of the year. Metropolitan housing prices need to fall further to return to an acceptable level of affordability. The government is intent on returning to a balanced fiscal policy while protecting the most fragile segments of the population. Reforms should be introduced in the coming months to strengthen the social safety net, addressing inequality in the country. GDP is expected to grow between 1.2 percent and 1.7 percent in 2023, accelerating in the second half of the year.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (21/02/19-30/06/23)



Source: Niche AM, Thomson Reuters

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 €) 330

Median Market Cap (mln €): 264

Champagne breakdown

	Asian Niches Fund	Neglected Luxury Niche
Champagne	2.3%	100.0%
Total	2.3%	100.0%



Source: Niche AM

Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Vranken-Pommery Monopole	Champagne	1.2%	3.6%
Boizel Chanoine Champagne	Champagne	0.6%	8.9%
Laurent Perrier	Champagne	0.5%	12.7%

Major increases in the quarter

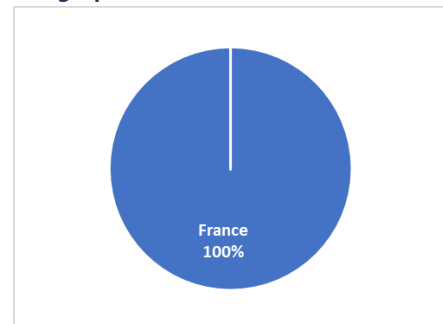
Name	Weight at 31/03	Weight at 30/06
N/A	-	-

Maggior decrementi nel trimestre

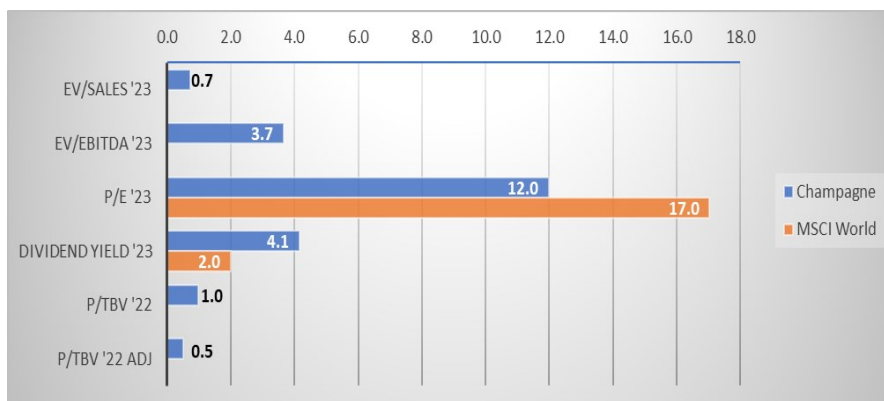
Name	Weight at 31/03	Weight at 30/06	Total Return
N/A	-	-	-

Source: Niche AM

Geographical breakdown



Valuation Snapshot



Source: Niche AM, Thomson Reuters

Champagne

Ready to sparkle



Comment

During the second quarter, the Niche made a 7.2 percent progress, ending the six-month period with a 10 percent advance.

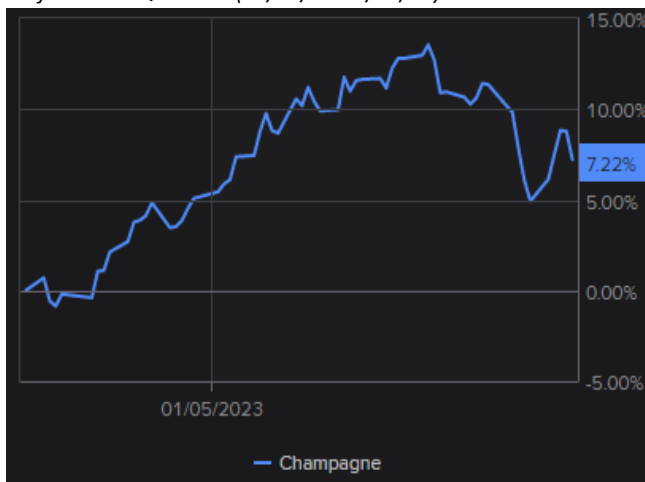
The performance was driven by further progress by Lanson and Laurent Perrier. The latter company reported its annual figures (ending March 2023), which confirm the extremely positive trend that is characterizing the champagne industry. In fact, Laurent Perrier's profits rose 16 percent on the back of sales progress of 3.1 percent. The improvement in profits was driven by investments made on brands and distribution control, which resulted in a price increase close to 10 percent, against a 7.4 percent drop in volume.

Taking into account the growing consumption in the Asian region, whose demand is focused on the high end of champagne, and production constraints, we expect a continuation of profit growth in this industry.

We highlight again how valuations of this Niche remain modest despite recent appreciation, as they approach tangible assets adjusted by inventory value. A level in our view not justified given the growth dynamics outlined above. A level even more unjustified in relative terms when compared to the luxury industry, especially when taking into account the rarity element that distinguishes champagne.

Finally, we emphasize the anti-inflationary component of these companies, stemming from the huge inventories and land holdings that more than offset the higher cost of debt.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (15/04/22 – 30/06/23)



Source: Niche AM, Thomson Reuters

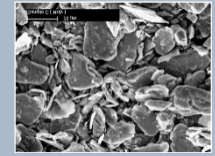
Description of the Niche

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: 7

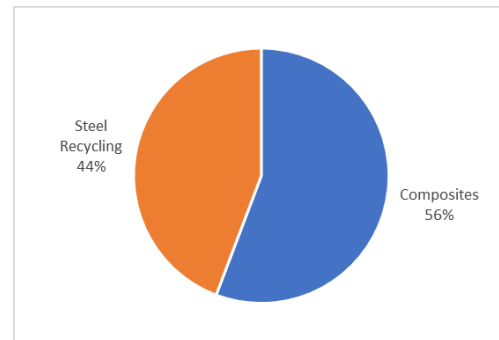
Average Market Cap (mln €): 2.310

Median Market Cap (mln €): 2.268

The Magic of Graphite breakdown

	Asian Niches Fund	The Magic of Graphite Niche
Composites	1.5%	55.8%
Steel Recycling	1.2%	44.2%
Total	2.7%	100.0%

Source: Niche AM



Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Teijin	Composites	1.0%	-5.6%
Nippon Carbon	Steel Recycling	0.4%	-3.1%
Graftech	Steel Recycling	0.4%	3.0%
Resonac	Steel Recycling	0.4%	-2.3%
Imerys	Composites	0.3%	-10.3%

Major increases in the quarter

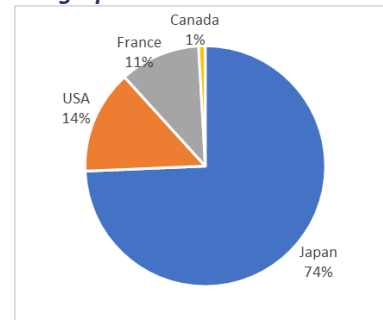
Name	Weight at 31/03	Weight at 30/06
N/A	-	-

Major decreases in the quarter

Name	Weight at 31/03	Weight at 30/06	Total Return
Danieli & C Officine Mec	0.5%	0.0%	+90.5%
Kobe Steel	0.2%	0.0%	+81.6%

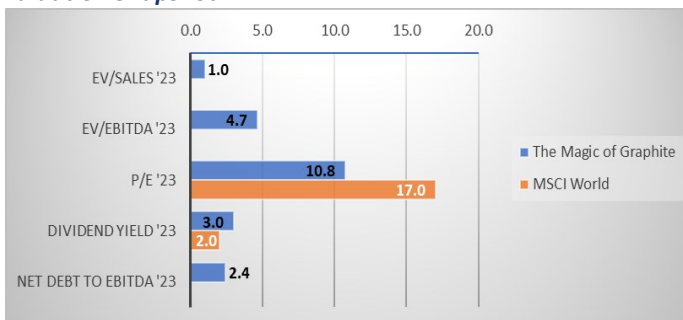
Source: Niche AM

Geographical breakdown



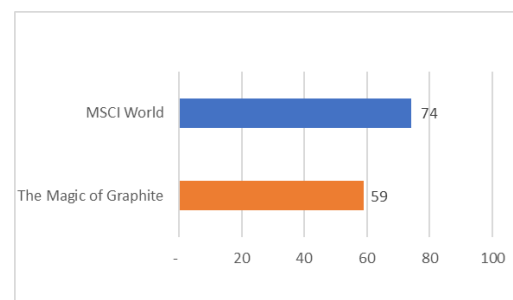
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

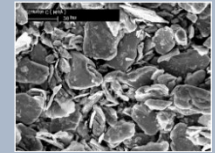
ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

The Magic of Graphite: Carbon fibre & steel recycling

The best is yet to come



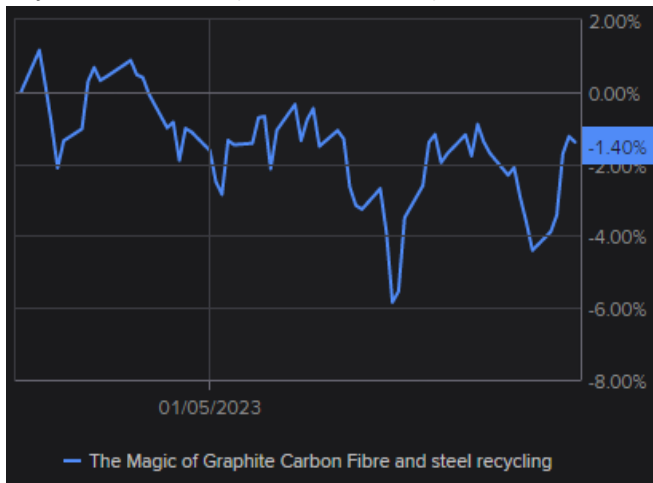
Comment

During the first quarter, the Niche achieved a negative performance of -1.4% in euros. Recall that the Niche is composed of 74% Japanese stocks and the yen lost about 10% during the quarter.

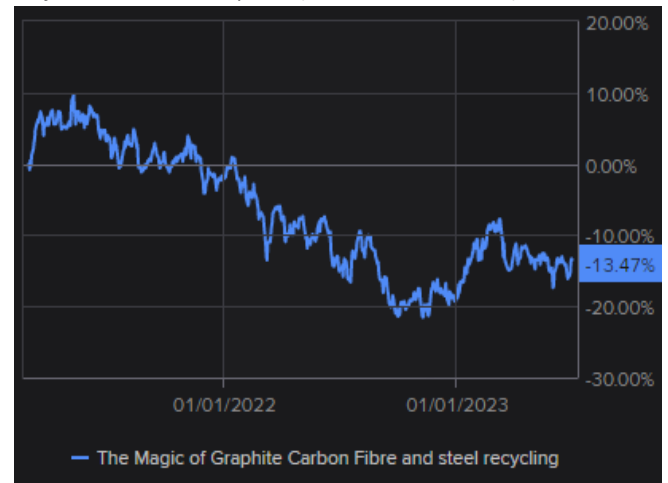
The Steel Recycling sub-niche once again outperformed the Composite Materials sub-niche, especially due to the strong performance of the world's two leading companies in the production of direct iron ore reduction (DRI) plants, which are the main way to reduce the steel industry's heavy carbon footprint-Danieli and Kobe Steel. We took profits on both companies in the quarter after their strong performance. Electric arc furnaces, i.e., electric furnaces through which steel can be recycled and which can run on green hydrogen, with no emissions (both of which cannot be done by the more common blasted furnaces) have many years of growth ahead of them. It is therefore important to use negative cycle phases to accumulate players around this technology at modest prices.

The Composite Materials sub-niche, although well positive in local currency, failed to offset the weakness of the yen. Imerys was weak despite a solid, diversified, poorly cyclical business and the catalyst of the Beauvoir lithium mine development in France, with an attractive mining and refining cost that is absolutely more sustainable than imports from China ([video here](#)).

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (01/03/21 – 30/06/23)



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 fibre 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



stocks: 15

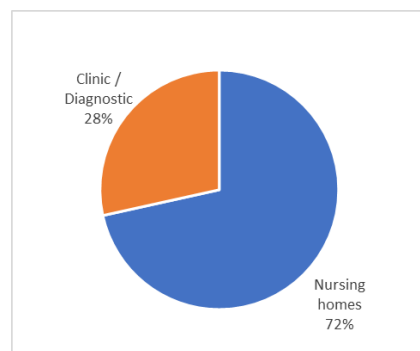
Average Market Cap (mln €): 3.953

Median Market Cap (mln €): 417

Cocoon breakdown

	Asian Niches Fund	Cocoon Niche
Nursing homes	1.1%	71.6%
Clinic / Diagnostic	0.4%	28.4%
Total	1.5%	100.0%

Source: Niche AM



Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Lippo Karawaci	Nursing homes	0.3%	0.0%
Fresenius	Nursing homes	0.2%	2.1%
Sd Biosensor	Clinic / Diagnostic	0.2%	-42.8%
Falco Biosystems	Clinic / Diagnostic	0.1%	-12.0%
Walgreens Boots	Clinic / Diagnostic	0.1%	-18.1%

Major increases in the quarter

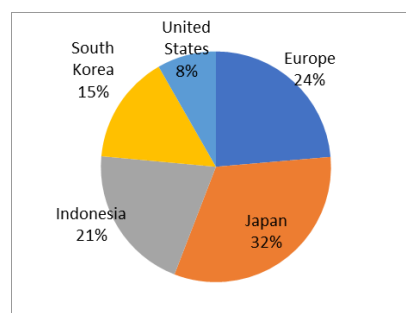
Name	Weight at 31/03	Weight at 30/06
SD Biosensor	0.1%	0.2%

Major decreases in the quarter

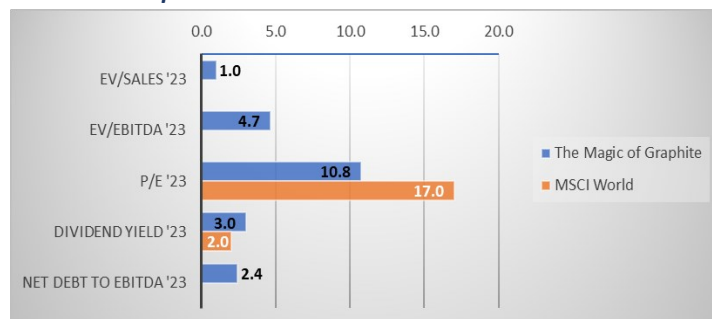
Name	Weight at 31/03	Weight at 30/06	Total Return
N/A	-	-	-

Source: Niche AM

Geographical breakdown

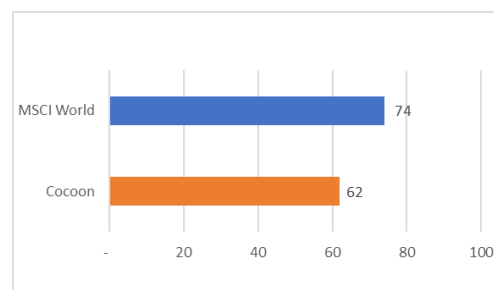


Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Cocoon

Nursing homes and clinics



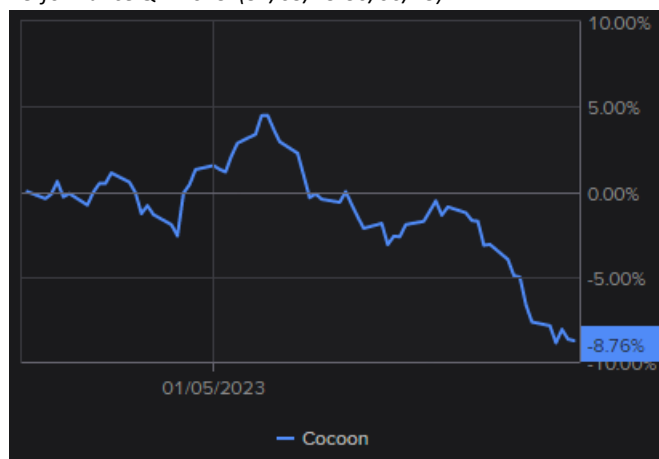
Comment

The Niche consists of 15 stocks that belong to the two sub-niches of Nursing Homes and Diagnostic Centers and Clinics and is invested mainly in Japanese (about 30 percent) and Indonesian (about 20 percent) companies, with the remainder in Europe and the US. The Niche lost 8.8 percent during the second quarter.

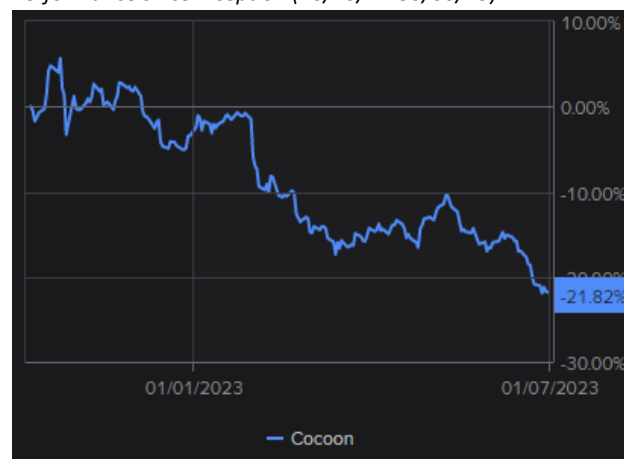
The negative performance was mainly due to weakness in the Clinic-Diagnostic sub-Niche, which suffered from the derating of all its component stocks. In particular, Japan's BML (-14%), which operates diagnostic centers, and Korea's SD Biosensor (-42%) and Seegene (-18%), which sell clinical test equipment. These companies continue to suffer from the post-pandemic phase, when important sources of revenue related to covid testing gradually fade away. It is a process that has been going on for more than 2 years, and the affected companies have now reached pre-covid phase levels or lower. It is the classic process of bubbles that, when they burst, create long and dramatic retracement phases that, in turn, create buying opportunities. Diagnostics represent a resounding growth trend. The demand lost by covid resolution will gradually be recreated by the need to prevent disease, a need that has not only human but also economic basis, and will increasingly be supported by public institutions. According to a recent study by Deloitte (The Future of Diagnostic), diagnostics is destined for strong development in the coming years through improved testing (increased use of biosensors, liquid biopsies, increased ability to interpret tests), easier and cheaper testing (automation, home-testing, pharmacy-testing), and remote monitoring through mobile devices. We believe that this depressed phase of the industry should be exploited to gradually create a diversified and solid portfolio that can give great satisfaction in the coming years.

The Nursing Homes sub-niche, which accounts for about two-thirds of the Cocoon Niche, on the other hand, filed a positive performance thanks mainly to the rebound of Sweden's Humana and that of Japan's Uchiyama Holdings. As for nursing home company Humana, the stock recovered (+44 percent) after the Administrative Court suspended the ruling that the group had been stripped of its license to operate by the Swedish Health and Social Care Inspectorate (IVO). The IVO later announced that it would not appeal the Administrative Court's decision, which thus acquired legal force, ending an anomalous affair. Uchiyama (+14%), a small group that operates nursing homes, reported well and now trades at 8x earnings 03/24. The company has no debt and trades at 50% of property value. Orpea's bleak court cases in France mothballed the sector for a while, at least in the European leveraged model. However, the aging population is one of the big trends and private funds will have to be attracted again to develop efficient facilities and meet the growing demand. The sector must be carefully studied and manned now that it is depressed to take advantage of future opportunities.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (10/10/22-30/06/23)



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.

La Nicchia è esposta in particolare modo al Giappone, agli Usa, all'Indonesia e all'Europa.

Beauty for nothing

Cosmetics and ingredients



stocks: 9

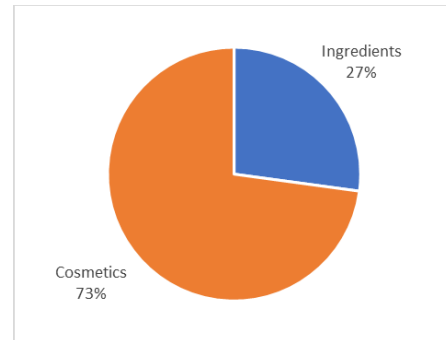
Average Market Cap (mln €): 377

Median Market Cap (mln €): 148

Beauty for nothing breakdown

	Asian Niches Fund	Beauty for nothing Niche
Ingredients	0.2%	27.1%
Cosmetics	0.6%	72.9%
Total	0.8%	100.0%

Source: Niche AM



Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Artnature	Ingredients	0.1%	-11.3%
Arata Corp	Cosmetics	0.1%	5.7%
Neopharm	Cosmetics	0.1%	40.8%
Nippi	Ingredients	0.1%	-11.0%
Amorepacific Corp	Cosmetics	0.1%	-21.7%

Major increases in the quarter

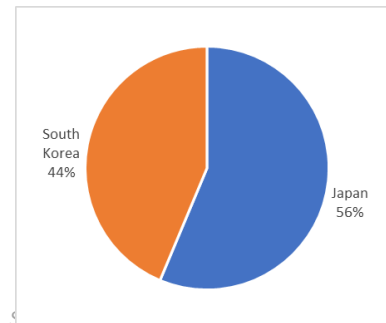
Name	Weight at 31/03	Weight at 30/06
N/A	-	-

Major decreases in the quarter

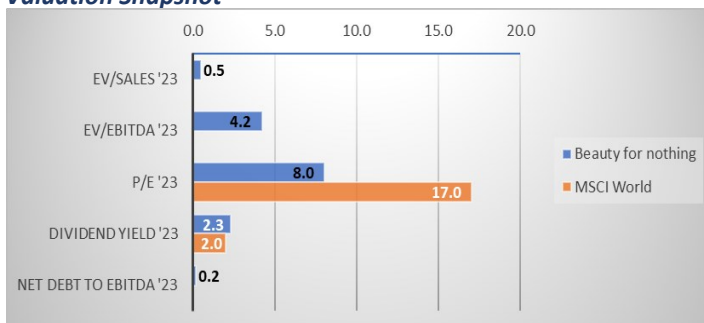
Name	Weight at 31/03	Weight at 30/06	Total Return
N/A	-	-	-

Source: Niche AM

Geographical breakdown

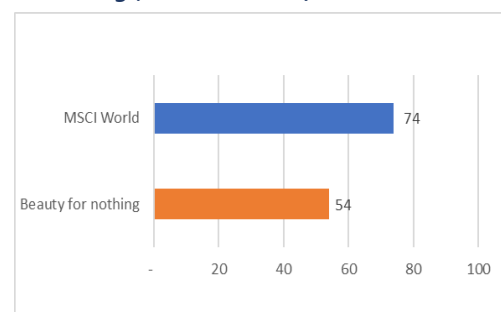


Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Beauty for nothing

Cosmetics and ingredients



Comment

Niche's portfolio remained unchanged during the quarter and is about 70% invested in cosmetics players and the remaining 30% in manufacturers of ingredients for this industry, such as collagen and hyaluronic acid.

Geographically, on the other hand, the Niche has 100 percent exposure to Asian markets, especially to Korean companies, which account for about 42 percent of the portfolio. The high exposure to the Korean market should not be surprising, as it is the market with the highest per capita spending on cosmetics in the entire Asian region.

The performance realized by the Niche during the period under review was a negative 4.2 percent.

The worst performer was Korea's AmorePacific Group (-22 percent), among cosmetic companies. The company controls a number of popular cosmetic brands in China and the United States. It was one of the companies that symbolized the bubble in the cosmetics industry in 2015. Since then the company has lost 80 percent and today is a nice collection of brands trading under tangible assets, has a solid positive financial position, and after a major restructuring is returning to profit. The recent weakness is due to the Korean domestic market, which is worth about 50 percent of sales and where the consumer is under pressure from the housing crisis, as well as the weakening Chinese market, which has about 15 percent of sales. We hold the preferred (preferred) stock, which is worth 1/3 of the ordinary stock. As soon as the company returns to paying substantial dividends we expect the gap to close since both stocks receive the same dividend.

In the sub-Niche of cosmetic companies we also find the best performer in the Niche, NeoPharm (+44%). This is a much smaller company than AmorePacific with a higher product and an almost solely domestic market. After the significant uptick in the quarter the company trades at only 8x earnings and has a net cash position of about USD 100 mln against a capitalization of about USD 150 mln.

In the quarter we took profits on Cosmax and Humedix in view of the nice rerating in recent months.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (10/10/22-30/06/23)



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



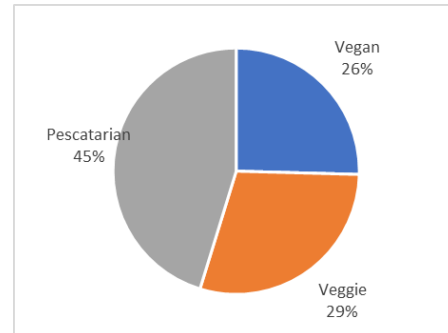
stocks: 15

Average Market Cap (mln €): 490

Median Market Cap (mln €): 99

No meat's land breakdown

	Asian Niches	No meat's land
Fund	Fund	Niche
Vegan	0.3%	25.4%
Veggie	0.4%	29.3%
Pescatarian	0.6%	45.2%
Total	1.3%	100.0%



Source: Niche AM

Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
Oyang Corp	Pescatarian	0.3%	2.9%
Maple Leaf Foods	Vegan	0.1%	0.4%
Nippon Beet Sugar Manufacturing	Vegan	0.1%	2.0%
Fresh Del Monte Produce	Veggie	0.1%	-15.2%
Nichimo Co Ltd	Pescatarian	0.1%	15.0%

Major increases in the quarter

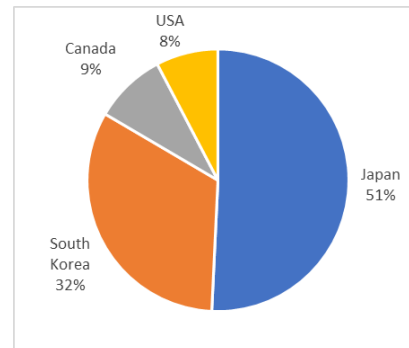
Name	Weight at 31/03	Weight at 30/06
Oyang	0.1%	0.3%

Major decreases in the quarter

Name	Weight at 31/03	Weight at 30/06	Total Return
Associated British Foods	0.1%	0.0%	+55.0%
Daisui	0.1%	0.0%	+57.6%

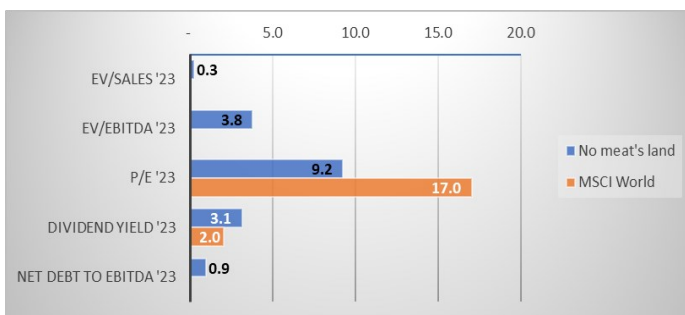
Source: Niche AM

Geographical breakdown



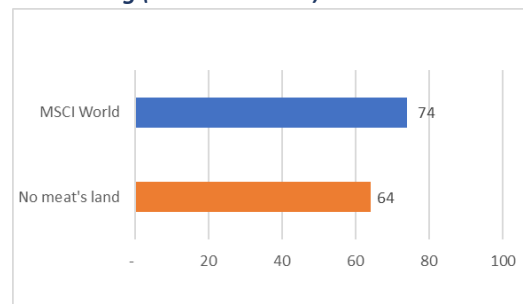
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

No meat's land

Alternatives to meat



Comment

This Niche invests in companies in the food sector that are exposed to a diet more oriented toward proteins derived from fish or vegetables, given the unsustainable impact that meat consumption has on the environment.

The Humane Society, an animal welfare organization that Niche AM has supported for years, estimates that between 70 and 80 million meat animals are slaughtered each year. Animals that are very often raised in limiting conditions, with great suffering. The trend of meat consumption, however, is not slowing down; on the contrary. In fact, some 5 billion people living in emerging countries tend to increase their meat consumption as their standard of living rises. So why this Niche? some will ask. Because the trend is unsustainable (see Trend description below), it is an emergency. Not far removed from global warming and also related to it. At some point meat consumption will have to be politically restricted and replaced with something equally attractive and nutritious, and possibly healthier. There will then be room for increased consumption of fish and plant proteins.

During the second quarter of 2023, the Niche performed virtually unchanged (+0.16 percent). Top performers included Japanese sugar producer Toyo Refining (+70%) and Nichimo (+15%), a manufacturer of industrial fishing equipment (particularly nets) and a processor of fish into ready-to-cook food. Despite performance both companies still trade well below tangible equity and 10x earnings.

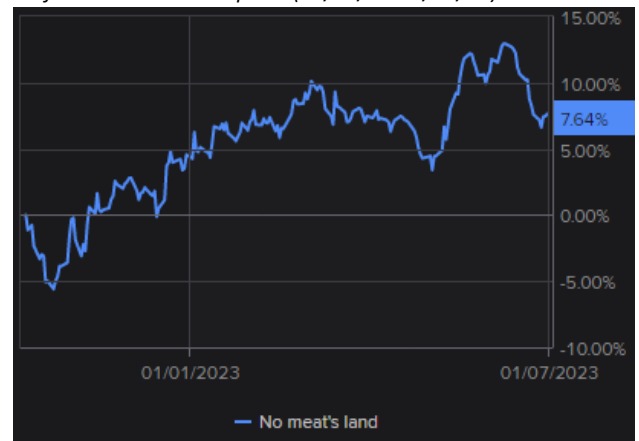
Among the worst performers are Korea's Dongwon Industries (-25%) and Japan's Chubu Suisan (-11%). Dongwon Industries is the holding company of Korea's first seafood group. The company owns Korea's largest fishing fleet, is the largest distributor of fish in Korea and the U.S., and produces food, mostly fish-based. The company came to trade at exceptionally depressed valuations (below 4x 2024 earnings) after the family that controls the company tried to buy, through this holding company, a pharmaceutical company, at the risk of incurring a lot of debt and entering a hot sector at excessive valuations. The risk has receded now, but for a while this group will be perceived as risky. Chubu Suisan is one of the small companies that operate fish markets in Japan. The stock was stable during the quarter in local currencies, but the sharp devaluation of the yen caused it to lose ground in euros, the fund's currency. The stock has net cash of US\$50m and is worth about US\$30m. This company trades at a 1/3 tangible net worth. The company over the past decade has always come out in profit. The industry is consolidating and we believe Chubu Suisan is a natural target.

During the quarter we bought on weakness in Oyang, another company that owns a large fleet of fishing vessels, and took profits on AB Food and Daisui.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (10/10/22-30/06/23)



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



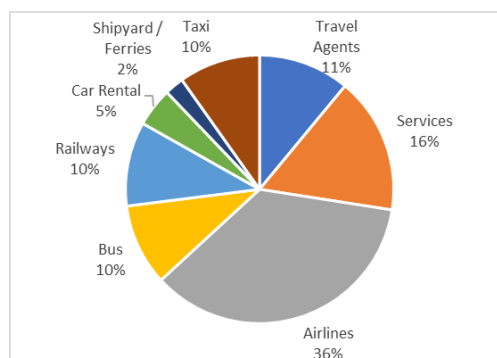
stocks: 12

Average Market Cap (mln €): 4.076

Median Market Cap (mln €): 703

Fly with me breakdown

	Asian Niches Fund	Fly with me Niche
Travel Agents	0.2%	11.0%
Services	0.3%	16.5%
Airlines	0.7%	35.7%
Bus	0.2%	9.8%
Railways	0.2%	10.2%
Car Rental	0.1%	4.7%
Shipyard / Ferries	0.0%	2.3%
Taxi	0.2%	9.8%
Total	2.0%	100.0%



Source: Niche AM

Top Holdings

Name	Sub- Niche	Asian Niches Weight	Return Q2
TUI	Airlines	0.5%	-7.9%
Blue Bird	Services	0.3%	21.9%
Carnival	Travel Agents	0.2%	81.3%
FNM	Railways	0.2%	-1.2%
Comfordelgro	Taxi	0.2%	-1.9%

Major increases in the quarter

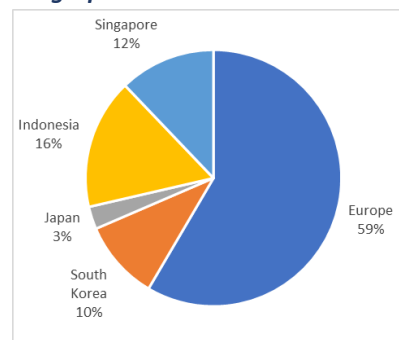
Name	Weight at 31/03	Weight at 30/06
TUI	0.1%	0.5%

Major decreases in the quarter

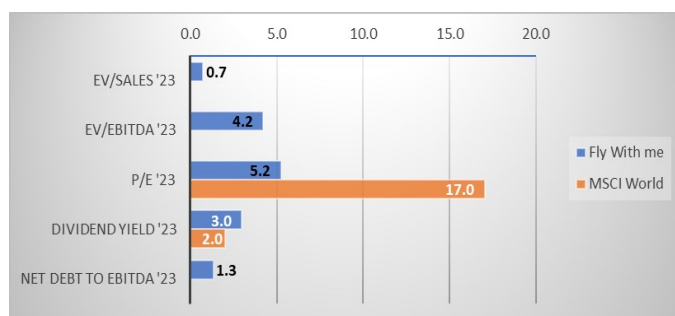
Name	Weight at 31/03	Weight at 30/06	Total Return
N/A	-	-	-

Source: Niche AM

Geographical breakdown

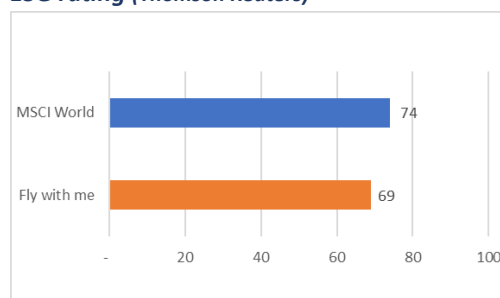


Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Fly with me

The Recovery of Transportation



Comment

This Niche invests in companies active in the transportation sector that can benefit from the sector's recovery following the end of the pandemic.

Tourism is emerging as one of the top spending items globally after the forced stagnation during the pandemic. In the first part of the year, according to the UNWTO, tourism exceeded 80 percent of its pre-pandemic level. In the first 3 months of the year 235 million tourists traveled, more than double the number in 2022. In addition, the pricing of stays and airline flights is high, thanks in part to lower capacity, providing robust margins for companies in the sector, and allowing them to strengthen their financial situation, catastrophic until 18 months ago.

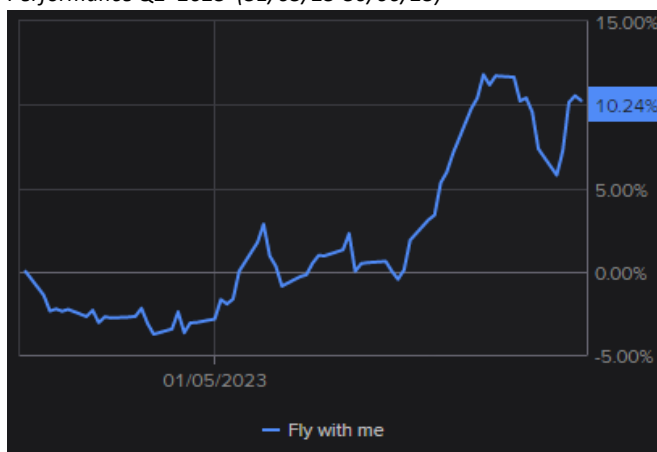
The performance recorded by the Niche was positive (+10.4 percent). The best contributors were Carnival, exposed to cruises (+81%), Blue Bird, the first cab company in Indonesia (+24%), and Singaporean ferry operator Penguin, which received a takeover offer at a modest premium that was in fact not accepted (+18%). The biggest detractors were TUI (-20%), still National Express (-18%).

Tui is an airline, cruise company, hotel operator, and Europe's largest tour operator. The company, as anticipated last quarter, completed a major capital increase in April, marking the end of a purgatory phase that had lasted since the beginning of Covid. We definitely increased the stock in conjunction with this increase.

National Express (in the quarter renamed Mobico) is a major operator in road and rail transportation. It operates mainly in Europe and the US. Due to heavy debt related to the pandemic, the company is under pressure. Despite very low valuations, we have not bought back the stock. We are waiting for the company to recover or to go to levels where the company decides to sell the U.S. division. This would limit the long upside but generate a strong short upside. Alternatively, the company would have to do a capital increase in which we would participate. It remains possible for the company to emerge from this situation without divestment and without a capital increase, but we consider this the option with the lowest probability, although the preferred one.

Apart from participation in the TUI capital increase, there were no transactions in the niche during the month.

Performance Q2 2023 (31/03/23-30/06/23)



Performance since inception (10/10/22-30/06/23)



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: 27 Yield to Maturity 7.95% Duration 1.90

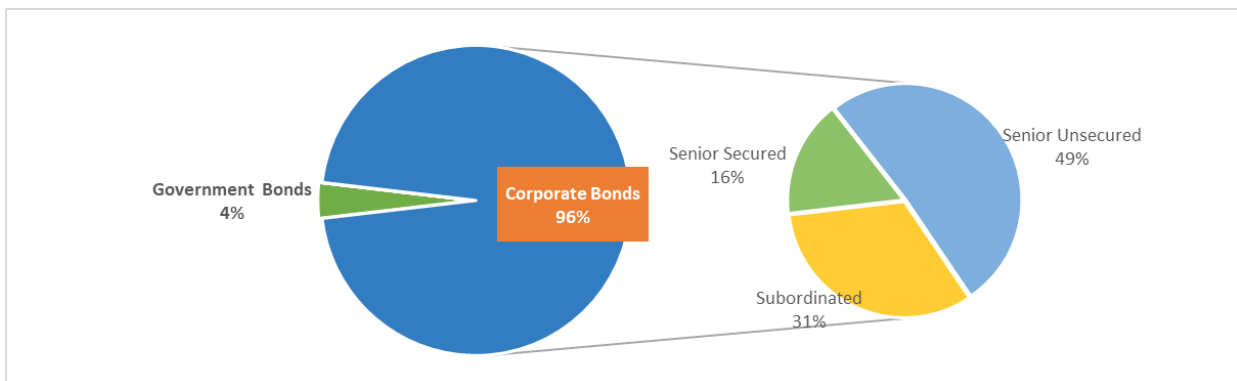
Comment

During the second quarter 2023, the bond portfolio appreciated by 3.9 percent in a supportive environment for bond markets, with a significant decrease in volatility after the previous quarter's stress phase related to the U.S. regional bank crisis. The fading away of financial crisis fears was not the only element supporting the performance: the view that central banks are nearing the end of their upward cycles was reinforced, given signs of easing inflationary dynamics.

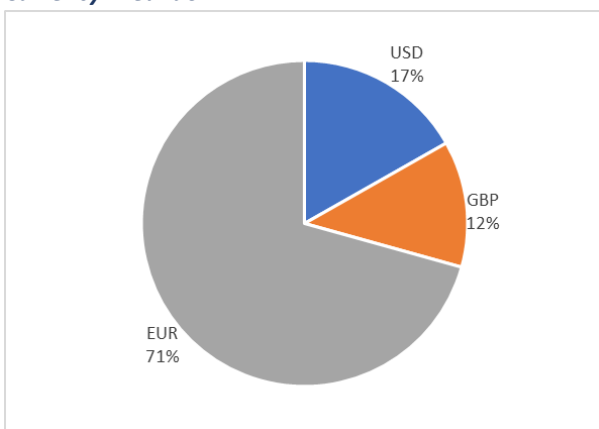
More than half of the positive contribution came from financial securities, especially subordinated bonds, which recovered from the weakness experienced during the previous quarter's stress period. The contribution from high-yield issues of industrial and commodity-related companies was also positive. In terms of operations, no new securities were added to the portfolio, although some issues reached maturity. In fact, it is believed that the risk-return ratio of the bond asset class is less attractive in absolute terms in the changed interest rate environment, and therefore profit-taking will be evaluated that may further reduce the fund's exposure to this asset class.

Bond Portfolio breakdown

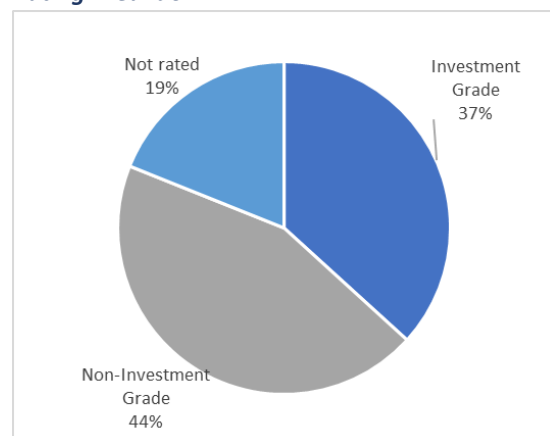
Bond allocation



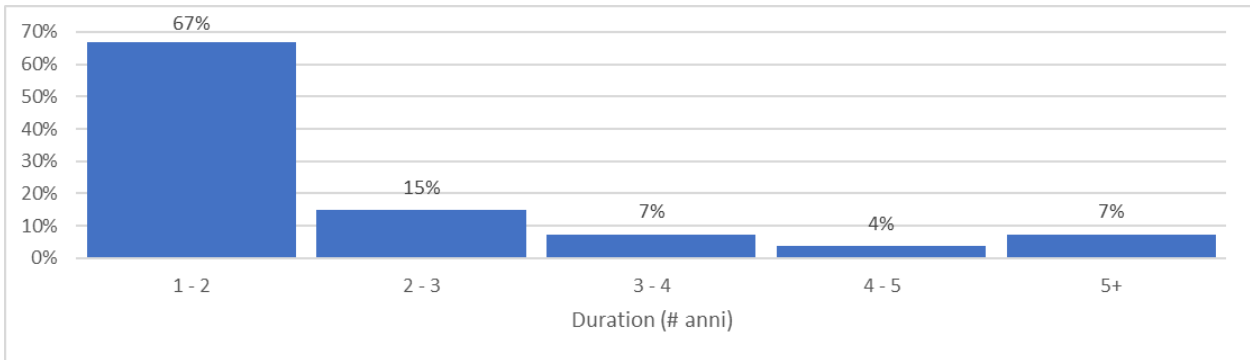
Currency Breakdown



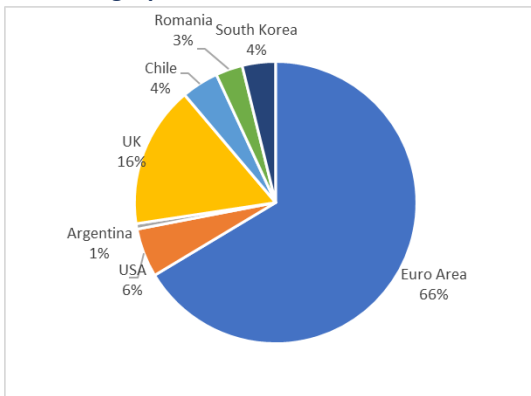
Rating Breakdown



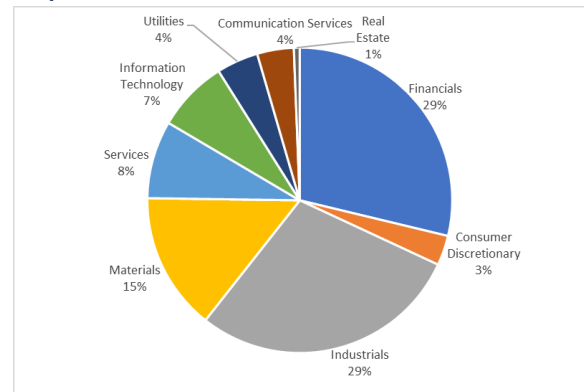
Bond Portfolio Duration



Bond Geographical Breakdown



Corporate Bond - Sector Breakdown



Closed Niches

Neglected Luxury

Rarity Overlooked



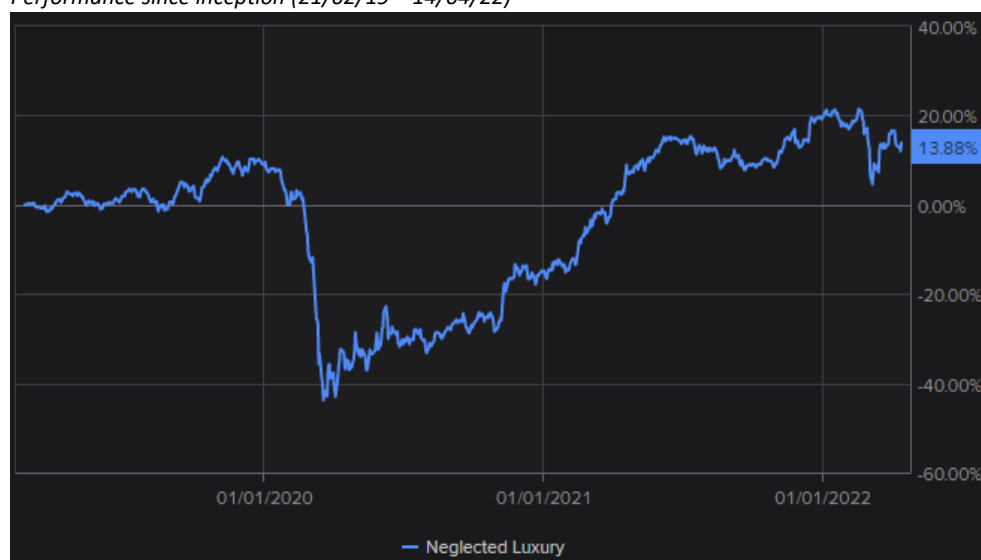
Comment

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



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 ...



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 of 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

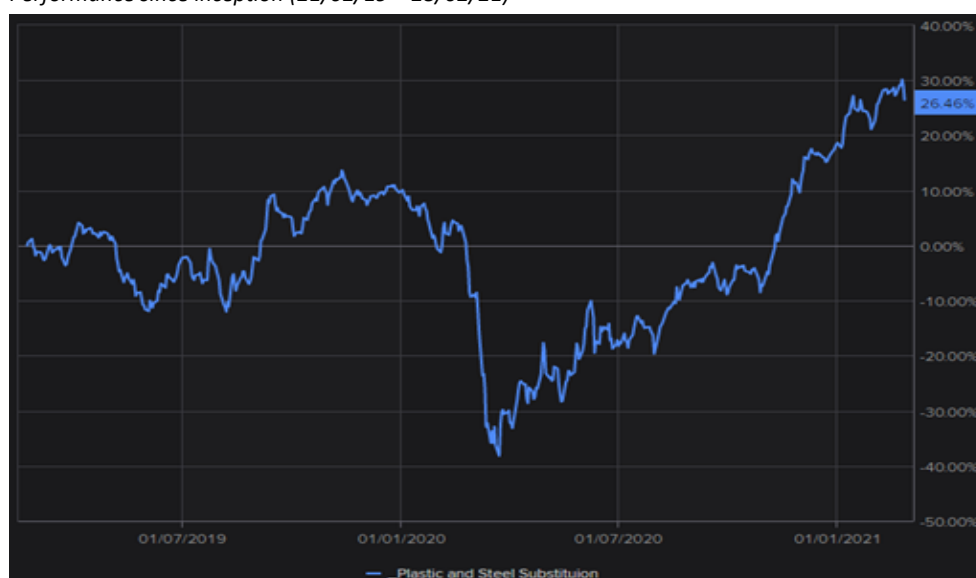
Anticipating a trend



Nicchia chiusa - Comment

La Nicchia è stata chiusa alla fine di Febbraio 2021, registrando una performance di circa il 27% dalla partenza (18/02/2019). La maggior parte della performance positiva è stata generata dalle sotto-Nicchie Wood e Alluminium. Questi due casi d'investimento presentano una crescita secolare, ma non possono più essere considerati Value. D'altro canto, le sotto-Nicchie Carbon Fiber e Steel Recycling hanno registrato una performance negativa. Dal momento che crediamo che entrambi questi temi siano incredibilmente attraenti, abbiamo deciso di creare per loro una nuova Nicchia: "The Magic of Graphite: Carbon Fiber and Steel Recycling".

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



Source: Niche AM, Thomson Reuters

Niche description

Le nostre infrastrutture, i nostri veicoli e molti dei nostri strumenti sono parzialmente fatti di ferro e/o dei suoi derivati. Sebbene materiali come la plastica e l'alluminio lo abbiano parzialmente sostituito in alcune applicazioni, esso continua a ricoprire un ruolo dominante nella nostra società. Le sue proprietà fisiche, la sua abbondanza in natura e la sua lavorazione ad alto contenuto di manodopera hanno mantenuto la sua leadership solida. Fino a un certo punto tuttavia... Altri materiali stanno emergendo con migliori caratteristiche in termini di sicurezza, resistenza, peso, durata e sostenibilità ambientale. Al ridursi del costo di produzione di tali nuovi materiali, il ferro e i suoi derivati saranno gradualmente sostituiti e molte miniere e stabilimenti di produzione dovranno essere chiusi.

Attraverso questa nicchia NAM offre un'esposizione alle società che producono questi materiali innovativi.

Appendix

SHARE PORTFOLIO: Indexes % price changes at 30/06/2023

Index	Price as of 30/06/2023	% 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>	126.27	-	1.62%	-	3.47%	-	7.40%	-	26.27%
<i>Electric Mobility</i>	-	-	4.23%	-	2.41%	-	12.26%	-	62.39%
<i>5G</i>	-	-	-1.48%	-	-2.53%	-	13.95%	-	21.78%
<i>Internet Victims</i>	-	-	9.22%	-	6.20%	-	4.23%	-	18.65%
<i>Indonesian Infrastructure Small Caps</i>	-	-	5.02%	-	12.74%	-	16.36%	-	56.58%
<i>Korea Reunification</i>	-	-	-2.33%	-	0.22%	-	-2.60%	-	8.99%
<i>Japanese Orphan Companies</i>	-	-	2.22%	-	3.18%	-	8.24%	-	27.06%
<i>The Magic of Graphite: Carbon Fibre and steel recycling (inception date 01 Mar '21)</i>	-	-	4.73%	-	-1.40%	-	6.72%	-	-13.55%
<i>Champagne (inception date 15 Apr '22)</i>	-	-	-4.49%	-	7.22%	-	9.99%	-	24.71%
<i>No meat's land (inception date 10 Oct '22)</i>	-	-	-2.68%	-	0.16%	-	2.95%	-	7.64%
<i>Cocoon (inception date 10 Oct '22)</i>	-	-	-6.30%	-	-8.76%	-	-19.04%	-	-21.82%
<i>Beauty for nothing (inception date 10 Oct '22)</i>	-	-	-2.31%	-	-4.10%	-	-6.23%	-	8.36%
<i>Fly with me (inception date 10 Oct '22)</i>	-	-	10.76%	-	10.24%	-	16.39%	-	21.33%
MSCI Asia Pacific Value (.dMIAP0000VPUS)	149.27	3.67%	1.56%	1.67%	1.01%	4.75%	2.75%	-2.56%	0.99%
MSCI Asia Pacific (.MIAP00000PUS)	163.25	3.07%	0.97%	0.71%	0.05%	4.82%	2.82%	3.78%	7.57%
Korea (.KS200)	337.95	-0.35%	-1.97%	4.94%	3.55%	16.09%	8.76%	18.21%	4.82%
Tokyo Stock Exchange (.TOPX)	2288.60	7.41%	1.60%	14.23%	4.42%	20.98%	7.81%	42.86%	13.48%
Indonesia (.JKSE)	6661.88	0.43%	-2.09%	-2.11%	-3.18%	-2.76%	-1.39%	2.52%	-0.46%
MSCI Small Cap Indonesia- USD (.dMIID0000SONUS)	439,21	3,06%	0,97%	-6,97%	-7,57%	-5,04%	-6,85%	-40,69%	-38,52%
China (.HSI)	18916.43	3.74%	1.55%	-7.27%	-7.72%	-4.37%	-6.51%	-33.27%	-30.73%
Bond High Yield (AHYE.PA)	223.27	-	0.78%	-	1.59%	-	3.40%	-	0.46%

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

DISCLAIMER

This document, any presentation made in conjunction herewith and any accompanying materials are preliminary and for information only. They are not an offering memorandum, do not contain any representations and do not constitute or form part of an offer or invitation to subscribe for any of Niche's funds (each, the "Fund"). Further they do not constitute or form part of any solicitation of any such offer or invitation, nor do they (or any part of them) or the fact of their distribution, form the basis of, or can they be relied on, in connection with any contract therefor. The information contained in this report has been compiled exclusively by Niche Asset Management Ltd which is authorised and regulated by the Financial Conduct Authority (RN783048) and is registered in England & Wales 10805355. The information and views contained in this document are not intended to be complete and may be subject to change at any time. No representation, warranty or undertaking, stated or implied, is given as to the accuracy of the information or views in this document and no liability for the accuracy and completeness of information is accepted by Niche Asset Management Ltd and/or its partners. The investment strategy of the Fund is speculative and involves a substantial degree of risk of losing some or all of the capital invested, market, political, counterparty, liquidity and other risk factors may have a significant impact on the investment objectives of the Fund, while past performance is not a guide or otherwise indicative of future results. **The distribution of this document and the offering of the Fund's shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.** The Fund is not yet available for distribution in all countries, it will be only subject to registration with the local supervisory Authority, Potential investors are invited to contact Niche Asset Management Ltd, in order to check registration countries. Any failure to comply with these restrictions could result in a violation of the laws of such jurisdiction. Any reproduction of this information, in whole or in part, without the prior consent of Niche Asset Management Ltd is also prohibited. This document may only be communicated or passed to persons to whom Niche Asset Management Ltd is permitted to communicate financial promotions pursuant to an exemption available in Chapter 4,12 of the Financial Conduct Authority's Conduct of Business Sourcebook ("COBS") ("Permitted Recipients"). In addition, no person who is not an authorised person may communicate this document or otherwise promote the Fund or shares therein to any person in the United Kingdom unless such person is both (a) a Permitted Recipient and (b) a person to whom an authorised person is permitted to communicate financial promotions relating to the Fund or otherwise promote the Fund under the rules in COBS 4,12 applicable to such authorised person. The securities referenced in this document have not been registered under the Securities Act of 1933 (the "1933 Act") or any other securities laws of any other US jurisdiction. Such securities may not be sold or transferred to US persons unless such sale or transfer is registered under the 1933 Act or exemption from such registration. **This document is intended for professional investors only, Potential investors are recommended to carefully read the Prospectus and the Key Investor Information Document (KIID) before subscribing.**