



29/12/2023



Pharus Asian Value Niche

Portfolio Update

30th September 2023 – 29th December 2023

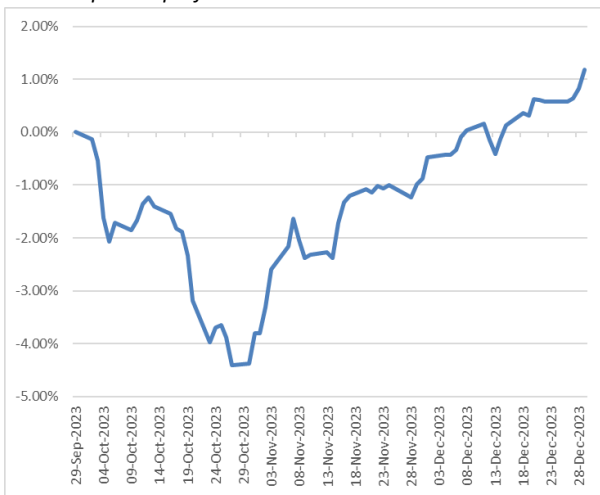


Launch date: 18.02.2019	Net Asset Value per share As of 29.12.23:	Class A - ISIN: LU1867072578	€ 124.60
Total Net Asset value 29.12.23: € 27,336,700.21		Class B - ISIN: LU1867072651	€ 128.90
Currency: EUR		Class Q - ISIN: LU1867072735	€ 128.73

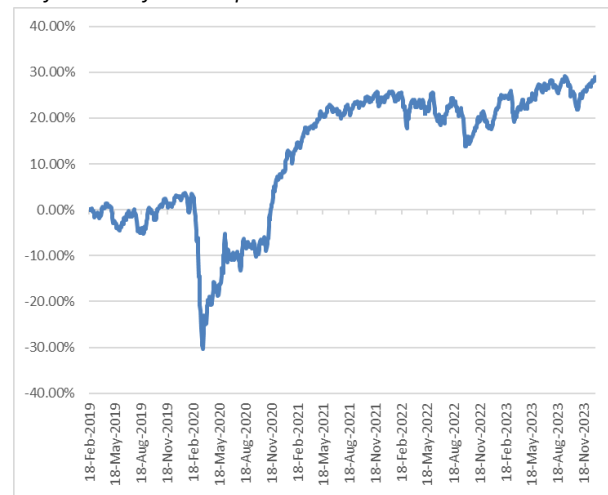
	Q4	Year to Date	1 Year	Since inception
Performance (class B)	+1,19%	+9,64%	+9,64%	+28,90%

Net asset value per share

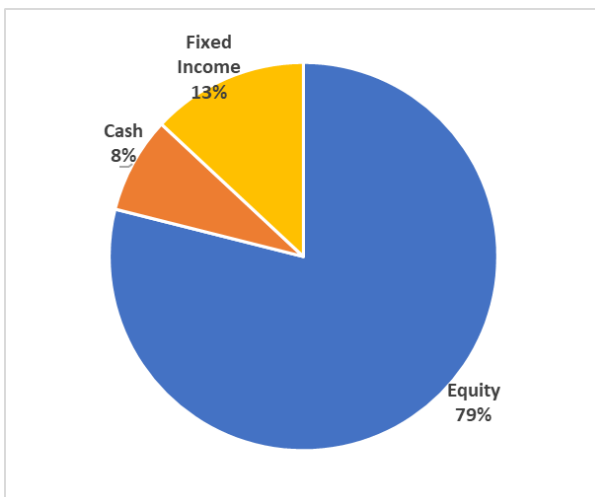
Fourth quarter performance: +1.19%.



Performance from inception: +28.90%



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 of which is focused on an equity niche neglected by the market, but with ample growth potential in the medium term.

The bond component includes bond investments with a no-obligation absolute return objective.

* rating as at 31/01/23 - Class Q

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The fourth quarter saw the fund advance 1.19%.

Nine of the thirteen equity niches contributed positively to the fund's performance, one remained almost unchanged and three were negative. This again confirms the validity of the value theme diversification approach. This approach makes it possible to absorb the strong dispersion that the deep value approach usually gives. The best niche, **Internet Victims**, recorded a positive performance of 13.9%. The worst niche, **Small Caps Indonesian Infrastructure**, recorded a loss of 8%.

In deep value, at least as we understand 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 40/50 names, is certainly something unusual and, in our view, wise. We work in a world that offers 58 thousand listed companies. However, the market looks at 2 thousand or 3 thousand at most, leaving behind great opportunities. A relatively small and nimble fund like Pharus Asian Value Niche can greatly expand its universe, exposing the investor to value opportunities with an exceptional risk/benefit profile. This the ETF or fund industry cannot do.

Structuring the portfolio in niches allows the investor to understand what is performing badly and what is starting to perform, closely following the evolution of the portfolio and the linearity of the strategy. Diversification is not limited to securities, but also to sectors and geographical areas. Today a global fund is invested on average 70% in the US (and dollar). Our product is global and is 52% invested in Asia (71% of equity exposure) the area in the world with the greatest opportunities. The most represented country is Japan with 26% of assets. The most represented currency apart from the euro is the Korean won with 15% of assets. The bond and money market portfolio now accounts for 25% of assets and is the lung through which the product opportunistically benefits from the phases of volatility that the market unequivocally offers to increase or reduce the equity component.

The product has an approach to risk that also considers the important and uncontrollable geopolitical elements. It therefore does not invest in non-democratic countries, such as China, Turkey, Vietnam, Thailand and, of course, Russia. Finally, it is an Article 8 SFDR and as such promotes sustainability in business. Our team runs over 300 meetings a year with small companies that do not yet produce sustainability reports. This is where real bottom-up impact can be created. Through these meetings, improvements made by these companies are collected and documented and compared with previous targets. This painstaking process encourages companies to devote more resources to corporate sustainability, making them even more solid and secure for the investor in the long run.

The last quarter of the year was extremely volatile. October saw a choral slump in the markets, which then rebounded in November. The slump was induced by geopolitical and recessionary fears. The rebound from expectations of falling rates.

The year was also volatile, with a serious crisis in the US regional banks in the spring which, however, did little against a strong financial system. The product's performance for the year was positive by 9.64%, outperforming both the MSCI Asia Value (+7.85%) and the MSCI Asia-Pacific (5.57%).

As always, at the beginning of the year, the tomes published by the various investment banks on the market outlook and the strategy to be taken are swarming in. After twenty-five years of reading these writings we can say, trying not to be too negative, that their value is close to zero. Charts, chatter, worthless fantasies to which the market, a subject with no memory, grants undeserved credit. In the short term anything can happen and market timing has nothing to do with investing. Only in the long term do fundamentals and valuations tend to come closer together.

As already mentioned, we find great merit in remaining invested in the "value" part of the stock market, relegating the bond component to 25%, exactly the opposite of what most market players do today. We understand that with the current interest rates and the many worries it is natural to ask the question whether it is worth being on a rollercoaster ride with equities rather than serenely in your pyjamas in front of the fireplace with bonds. However, as they say, the stock market is climbing a wall of worries and today the conditions are in place for a fierce rerating, a *rerating* that no bond can keep up with and that allows us to regain the purchasing power lost in recent years. Very depressed valuations in the *value* component. Political *catalysts* for stronger and fairer economic growth in the West (deglobalisation and energy transition). Regulatory changes that may make some 'value' sectors investable again. *Catch-up* with inflation. A lot of pessimism. These are all factors we need to assess when defining our *asset allocation*. Then while we wait for the *rerating*, which unfortunately we are not told when it will arrive, we can count on a tasty return of capital (dividends + *buyback*) of more than 5%.

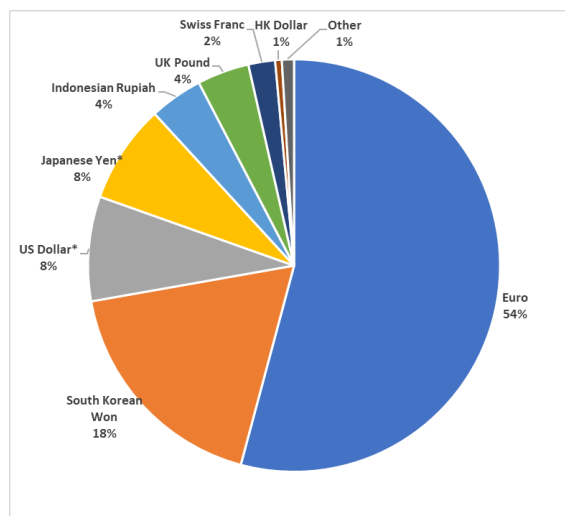
We leave it to the investor in the coming pages to analyse, niche by niche, the performance of the product, and thus enjoy the unique transparency that this product offers.

Niche performance fourth quarter 2023*

NICHE	Return
Electric Mobility Value	-1.33%
6G Value	6.66%
Internet Victims	13.89%
Indonesian Infrastructure Small Caps	-7.96%
Korea Reunification	4.01%
Japanese Orphan Companies	3.46%
Magic of Graphite	-3.68%
Champagne	0.70%
No meat's land	2.44%
Cocoon	3.17%
Beauty for nothing	3.74%
Fly with me	12.89%
Deglob	-4.70%

*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.

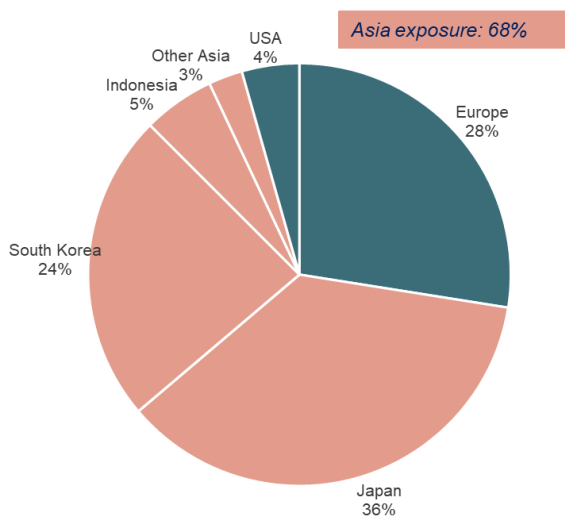
Top holdings

ISIN	Security	Portfolio	%
LU1867072222	Pharus Sicav Elec Mob Value Niche B Eur	Electric Mobility	16.50%
IE000MFX2916	Nichejungle Jap Orphan I Eur Acc	Japanese Orphan Companies	14.79%
IE0004F6ARY1	Nichejungle Kor Reunif Sdg I Eur Acc	Korea Re-unification	10.83%
IE0009OQU6T7	NJ Indo Infrac Sc Sdg I Eur Acc	Indonesian Inf SC	3.63%
CH0244767585	UBS Group	Internet Victims	1.81%
XS1658012023	Barclays Bank Plc Fl.R 17-99 31/12Q	Bond	1.64%
XS2189784288	Commerzbank Ag Fl.R 20-99 31/12A	Bond	1.48%
US251525AN16	Deutsche Bank Sub Fl.R 14-Xx 30/04A	Bond	1.36%
IT0005283111	Il Sole 24 Ore Registered Shs	Internet Victims	1.17%
XS2187689034	Volkswagen Intl Fin Fl.R 20-Xx 17/06A	Bond	1.09%

Equity top holdings

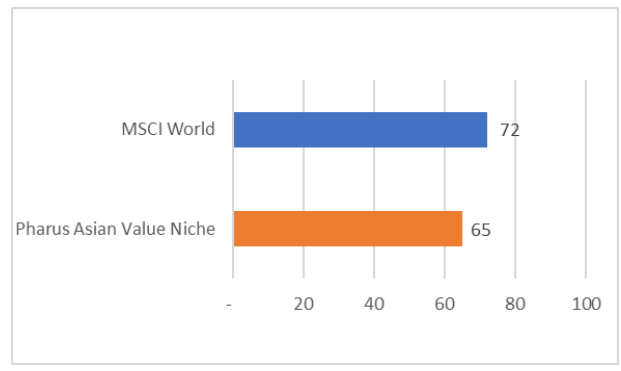
ISIN	Security	Niche	Sub-Niche	%
CH0244767585	UBS Group	Internet Victims	Financials	1.81%
IT0005283111	Il Sole 24 Ore	Internet Victims	Publishers	1.17%
FR0000062796	Vranken Pommery Monopole	Champagne	Champagne	0.98%
JP3544000007	Teijin	Magic of Graphite	Composites	0.91%
US7960508882	Samsung Electronics GDS	6G	6G Apps	0.70%
ID1000104508	Time Scan Pacific	Indonesian Inf SC	Consumer Products	0.70%
DE000TUAG505	TUI N	Fly with me	Airlines	0.65%
IT0003497176	Telecom Italia Saving Shs	6G	Telecom Services	0.63%
FR0004027068	Lanson-Bcc	Champagne	Champagne	0.62%
ES0178430E18	Telefonica	6G	Telecom Services	0.58%

Equity breakdown by geographical exposure



Source: Niche AM

Equity Portfolio ESG rating



Source: Niche AM, Thomson Reuters



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Electric Mobility Value

Value approach on a Growth Theme



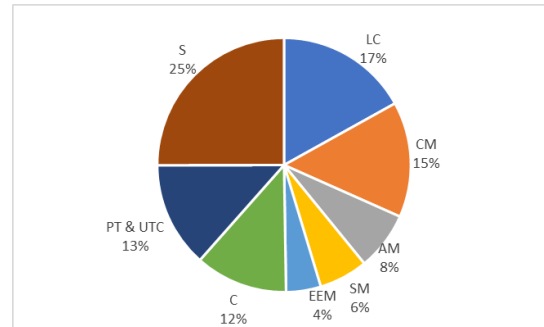
stocks: 73

Average Market Cap (mln €) 5.011

Median Market Cap (mln €): 1.044

Electric Mobility - segment breakdown

		Asian Niches Fund	EM Niche
Lithium Cells	LC	2.8%	16.9%
Cathode makers	CM	2.4%	14.7%
Anode Makers	AM	1.2%	7.4%
Separators makers	SM	1.0%	6.2%
Electrolytes and Elecfoils	EEM	0.7%	4.4%
Commodities	C	2.0%	11.8%
Power Trains & Ultracapacitors	PT & UTC	2.2%	13.4%
Satellites (S)	S	4.2%	25.0%
Total		16.6%	100.0%



Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Panasonic	Lithium Cells (LC)	1.0%	-15.81%
LG Chemical Pref	Lithium Cells (LC)	0.8%	-0.56%
Sumitomo Metal Mining	Cathodes (CM)	0.8%	-2.12%
Valeo	Separators (SM)	0.7%	-6.72%
Teijin	Lithium Cells (LC)	0.5%	-9.19%

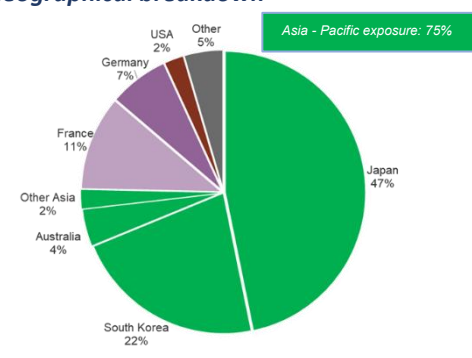
Major increases in the quarter

Name	Weight at 30/09	Weight at 31/12
HI Mando	0.0%	0.2%
Samsung SDI Pref Shs	0.1%	0.3%
Imerys	0.2%	0.3%

Largest decrease in the quarter

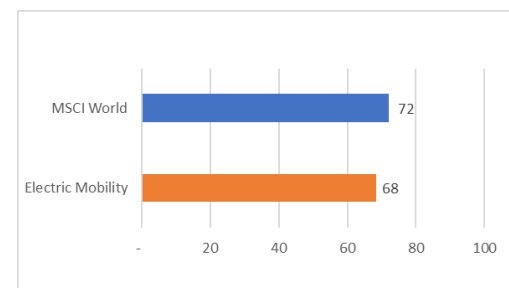
Name	Weight at 30/09	Weight at 31/12	Total Return
Resonac Holdings	0.6%	0.2%	+20.4%
Vitesco Technologies Group	0.1%	0.0%	+58.8%

Geographical breakdown

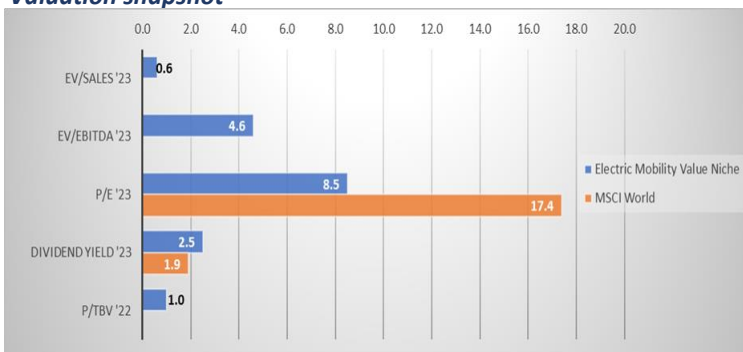


Source: Niche AM

ESG rating (Thomson Reuters)



Valuation snapshot



Source: Niche AM, Thomson Reuters

Electric Mobility Value

Value Approach on a Growth Theme



Comment

During the fourth quarter, the niche recorded a negative performance of -1.33%, recovering much of the negative trend (-9%) recorded in October.

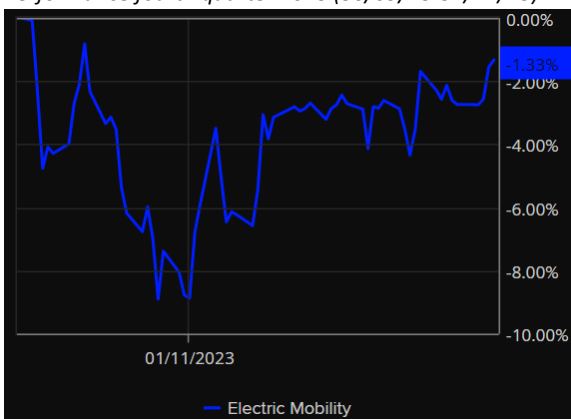
The year ended with a positive performance of +7.47%, outperforming the main ETFs exposed to electric mobility, which fell between 12% and 15%. The niche therefore benefited from its deep value approach (P/E '24 of around 8.5x, P/BVT 1.0x), which reduces the long-term risk of permanent capital loss, while maintaining exposure to the significant upside resulting from the mass adoption of electric cars.

A certain heterogeneity in terms of performance was observed at the level of the sub-niches that make up the fund. Three of the eight sub-niches achieved a positive performance. Electrolytes & Elecfoils (+26.2%) stood out in particular, thanks mainly to the rerating of Soulbrain Holdings. This Korean company benefited from regulatory clarifications regarding the Inflation Reduction Act (IRA), the incentive plan for the development of the electric car industry in the US, as it represents one of the main alternatives to Chinese electrolyte producers. The sub-currency Commodities was also positive, following the rebound of copper and lithium exposed stocks from particularly depressed levels, despite the still negative contribution of graphite exposed companies.

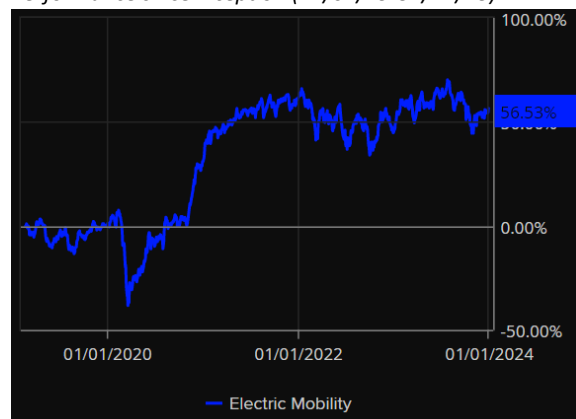
Among the most negative contributors at the sub-niche level was Lithium Cells (-7.9%), one of the largest contributors within the fund with a weighting of 17%. This sub-key has struggled due to uncertainty over a potential slowdown in sales of electric vehicles in 2024, with respect to which we believe the market is overly cautious, especially given the arrival of new models on the market and the expected reduction in prices made possible by lower raw material costs used in the manufacture of electric car batteries. The cost of the battery, in fact, accounts for about 40 per cent of the total cost of an electric car. If we look at the cathode, one of the main components of the battery, we can see that it has dropped by more than 25% over the course of 2023 (cost of the higher-performance and more expensive NMC cathode, made with a high percentage of nickel), leaving room for a lowering of prices that should facilitate an acceleration of volumes.

The worst contributor to the niche was Panasonic, despite depressed valuation levels (P/E around 8x) and strong know-how in EV batteries, one of Tesla's first suppliers. This company is among those most advanced in the launch of the new 4680 cylindrical batteries that will enable a strong increase in EV performance (significant increase in energy density implying a longer range). Korean battery manufacturers also underperformed, also characterised by low valuations that do not discount their leading position and the direct benefit of the IRA, positioning themselves together with Japanese operators as the main alternative to Chinese suppliers.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance since inception (21/02/19-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

Electric mobility will grow dramatically in the coming years, at a speed still unexpected to most, including many insiders. It will be pervasive, changing land, sea and air transport forever. Sales of electric transport batteries, just one of several sub-sectors that are part of electric mobility, will surpass those of semiconductors in a few years. We believe that the sector represents an excellent opportunity for those who know it in depth, while it can be full of pitfalls for those who have a superficial knowledge of it or approach it with a speculative approach. Niche Asset Management team has long and successful experience in this investment area.

6G Value

The next chapter of the Internet revolution



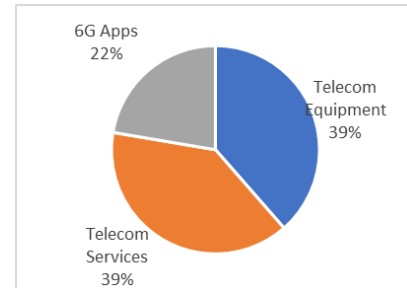
stocks: 22

Average Market Cap (mln €) 50.262

Median Market Cap (mln €): 7.546

6G breakdown

	Asian Niches Fund	6G Niche
Telecom Equipment	2.7%	38.5%
Telecom Operators	2.8%	39.1%
6G Apps	1.6%	22.3%
Total	7.1%	100.0%



Source: Niche AM

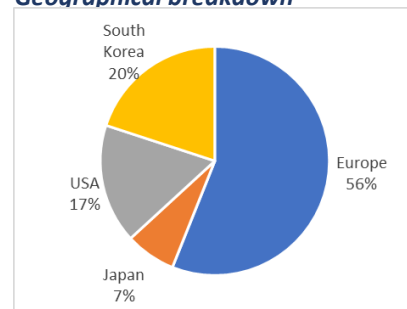
Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Samsung Elec GDR	Telecom Equipment	0.7%	18.9%
Telecom Italia - Rsp	Telecom Services	0.6%	1.9%
Telefonica Sa	Telecom Services	0.6%	-8.6%
Atos Se	6G Apps	0.6%	6.7%
Nokia Oyj	Telecom Equipment	0.5%	-14.5%

Increases in the quarter

Name	Weight at 30/09	Weight at 31/12
Shinsegae I&C	0.0%	0.2%
Vodafone Group	0.0%	0.2%
Ericsson	0.2%	0.4%

Geographical breakdown



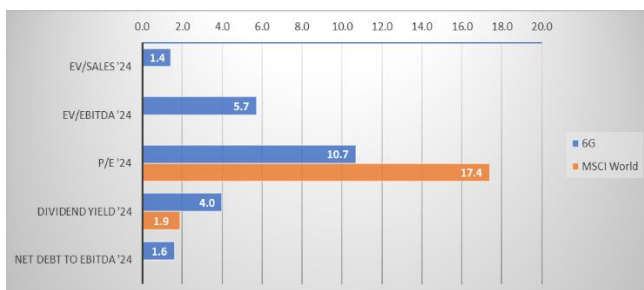
Largest decrease in the quarter

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

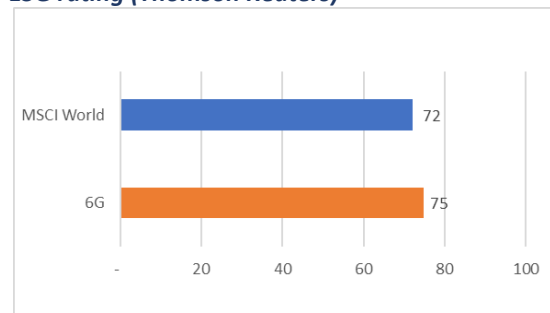
Source : Niche AM, Thomson Reuters

Source: Niche AM

Valuation Snapshot



ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

6G Value

The next chapter of the Internet revolution



Comment

This niche achieved a positive performance of 6.7% during the quarter, after a volatile period, especially in the early part.

The performance was supported by the supportive performance of the 6G App/IT Consultants sub-niche, which offset the not particularly supportive performance of the Telecom Equipment and Telecom Operator sub-niches.

As for the 6G App/IT Consultants sub-niche, a positive boost came from Kindryl's stock, thanks to supportive results and revised guidance, confirming the turnaround phase that the group is experiencing, driven by business demand to develop new technologies, including the creation of 5G-enabled cloud services ([here the link](#) to the page presenting network and edge services in this area).

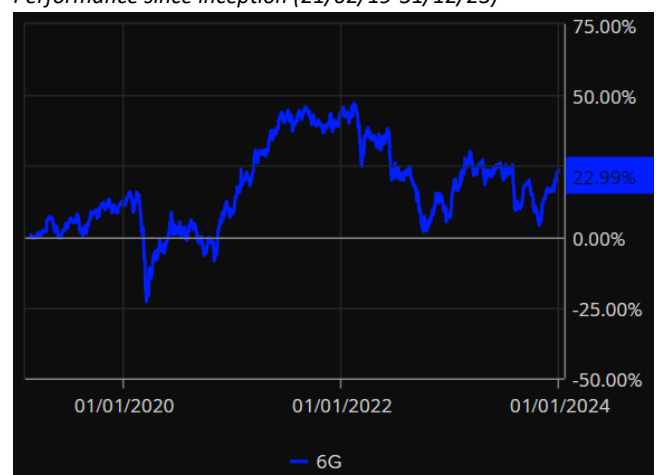
The **Telecom Equipment sub-niche** was impacted by Nokia's decline, despite the depressed levels at which it trades (P/TBV of 1x), all the more so given the valuation support from its significant intellectual property holdings. Ericsson, which was also excessively penalised by the slowdown in 5G investments in some geographic areas, was added to this sub-niche, as was US-based Ribbon Communication, a company offering communications software and network solutions for 5G ([here a video](#) presenting its offering in this area, including hybrid solutions and in-depth data analysis).

The sub-network of **Telecom Operators** suffered from the negative performance of the Korean company SK Telecom, as well as the main European operators. This was partially offset by the positive contribution of Telefonica Deutschland, which appreciated by around 40% in the quarter following the announcement of a takeover bid aimed at delisting by parent Telefonica. The significant premium offered, albeit from depressed levels, is an indirect confirmation of the sector's attractiveness, at a time when a turnaround is in sight in terms of revenue growth and profitability after a long period characterised by high competitive pressure that depressed returns on capital. The turning point also concerns cash generation, as the companies have passed the peak investment phase with regard to the development of the fibre-optic network, which structurally implies a lower level of maintenance investments. In terms of operations, during the quarter Vodafone was included in the portfolio, a company with a risk/return ratio deemed attractive by virtue of its valuation, dividend yield (around 10%) and opportunities for value creation from extraordinary transactions in some of the various geographical areas where it is present.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance since inception (21/02/19-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

6G is coming

-This represents the beginning of a 5/10 year journey that will lead to full 6G connectivity

-6G will characterise this century and change our lives forever

-6G will open the door to new business models, dramatically increase productivity and make the world smaller and safer

-6G will bring with it a host of revolutionary technologies. IoT, AI, VR, AR, blockchain, self-driving cars, smart living, smart homes, remote healthcare would not be possible without 6G. At the same time, a number of companies that will make 6G possible are so far overlooked by the market and offer significant value. NAM's goal is to offer investors an actively managed portfolio with the companies that will be the protagonists of this revolution.

Internet Victims

In search of survivors



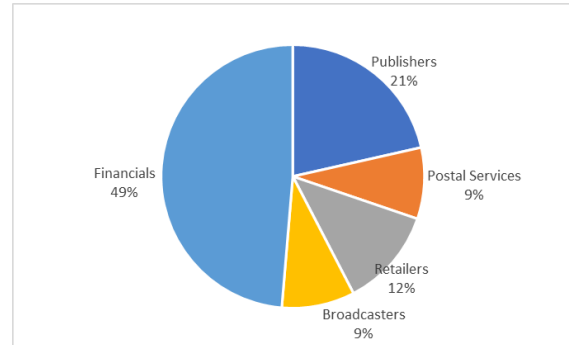
stocks: 26

Average Market Cap (mln €) 33.141

Median Market Cap (mln €): 1.635

Internet Victims breakdown

	Asian Niches Fund	Internet Victims Niche
Publishers	1.9%	21.5%
Postal Services	0.8%	8.7%
Retailers	1.1%	12.2%
Broadcasters	0.8%	9.0%
Financials	4.4%	48.7%
Total	9.1%	100.0%



Source: Niche AM

Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
UBS Group	Financials	1.8%	15.0%
Il Sole 24 Ore Registered Shs	Publishers	1.2%	23.1%
BNP Paribas	Financials	0.6%	3.6%
AXA SA	Financials	0.5%	4.6%
Societe Generale SA	Financials	0.5%	4.3%

Increases in the quarter

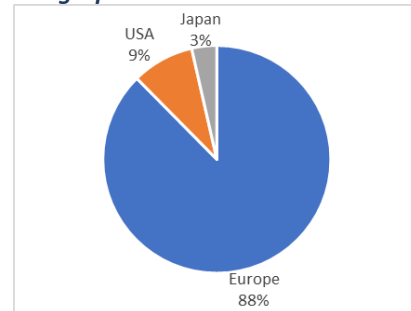
Name	Weight at 30/09	Weight at 31/12
Barclays	0.0%	0.2%
International Distributions	0.0%	0.1%
Television Francaise 1	0.0%	0.1%

Largest decrease in the quarter

Name	Weight at 30/09	Weight at 31/12	Total Return
Il Sole 24 Ore	1.8%	1.2%	+42.9%

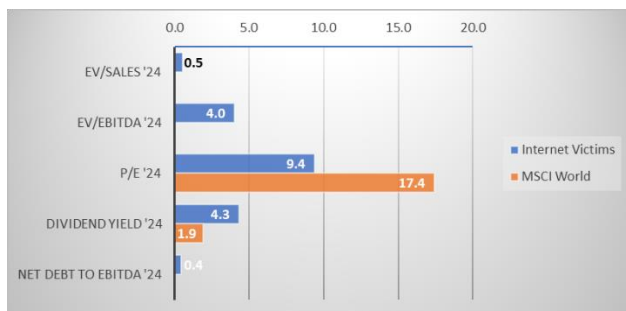
Source: Niche AM, Thomson Reuters

Geographical breakdown



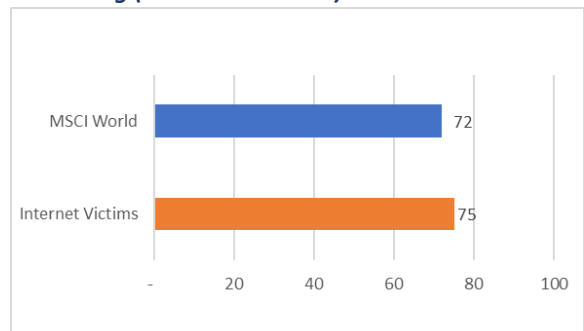
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Internet Victims

In search of survivors



Comment

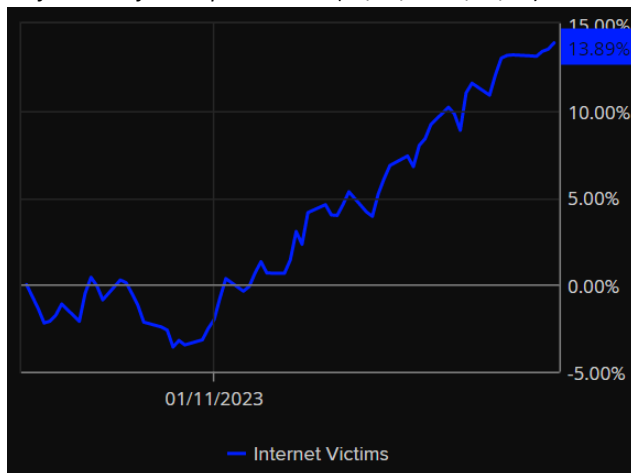
During the fourth quarter, the Internet Victims niche realised a positive performance of 13.9 per cent, which was by far the best within the fund.

The positive performance was led by the sub-niche **Financials**, which account for almost 50% weighting within the Theme. Both banking stocks, which continued their rerating movement from depressed starting levels, especially UBS, contributed positively. Included in this sub-niche was Barclays, a company with particularly modest valuations: its ratio of capitalisation to tangible equity is less than 0.4 times despite a return on capital in excess of 10%. This institution, the only European entity left in investment banking (and for this reason unloved), offers a return on capital to shareholders of close to 9% (dividend and buyback). Management expects this return to rise to around 13% in 2026, once a cost-cutting action has been completed.

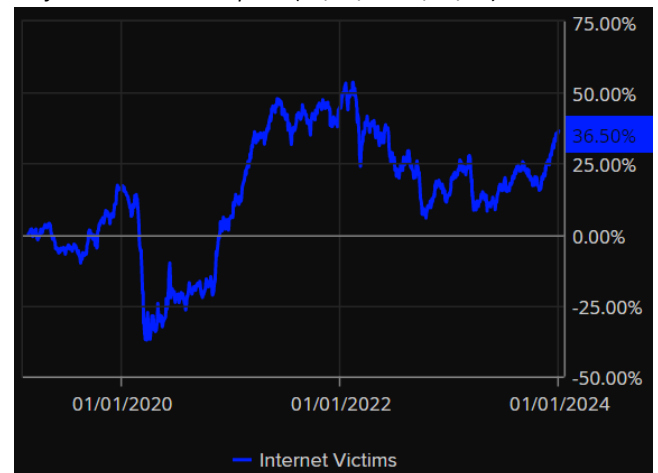
Within the sub-Nicchia **Publishers** was supported by the good performance of Il Sole 24 Ore, which was used to take partial profit. Despite the positive performance in 2023 of more than 40 per cent, the stock trades at around 2 times EBITDA and 7 times expected earnings for 2024.

In the Broadcasters sub-niche, on the other hand, the French TF1 has been included, an operator with lower valuations in a sector that does not enjoy particular interest from investors and that for this reason quotes at low levels in absolute terms. TF1 is traded on the stock exchange at around 7 times earnings, despite its largely positive net financial position, leadership in terms of audience and signs of growth in free-to-air streaming (27 million users) that bode well for the potential monetisation of the content produced by the group.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance since inception (21/02/19-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

The Internet represents a dramatic change with the power to create a series of technological revolutions in many sectors. Each technological revolution claims many victims; some business models are replaced; many companies fail to adapt, while new players enter the market, developing successfully to the detriment of the incumbents.

This slow and cruel process is well known to investors who, however, often tend to realise the extent of the change late.

Once the new trend is clear, investors sell the old players and seek exposure to the new ones. The old players go through a long period of restructuring and redefinition of the business model; in this phase their valuations come under pressure and consolidation processes or bankruptcies are common. We call these the internet VICTIMS.

At the end of every technological revolution a new class of company emerges; this class consists of the old players who have survived the change, benefiting from the reduction of competitors and/or adapting their business model. We call these the Internet SURVIVORS.

Finding and investing in survivors can sometimes be more rewarding than investing in winning companies.

Indonesian Infrastructure Small Caps

The new India



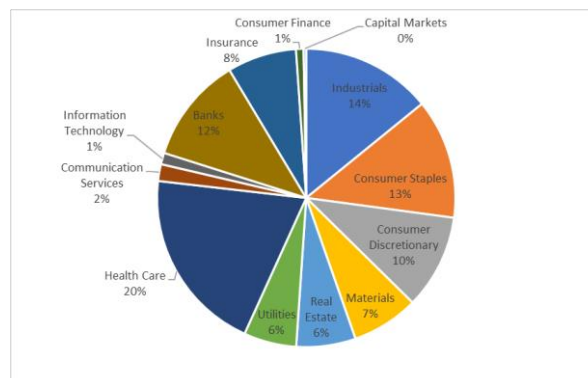
stocks: 93

Average Market Cap (mln €): 612

Median Market Cap (mln €): 180

Indonesian Infrastructures Small Caps breakdown

	Asian Niches Fund	Indonesian Infrastructures Small Caps
Industrials	0.6%	13.8%
Consumer Staples	0.5%	12.7%
Consumer Discretionary	0.4%	10.0%
Materials	0.3%	7.1%
Real Estate	0.3%	6.3%
Utilities	0.2%	5.6%
Health Care	0.8%	19.6%
Communication Services	0.1%	1.8%
Information Technology	0.1%	1.2%
Banks	0.5%	11.3%
Insurance	0.3%	7.3%
Consumer Finance	0.0%	0.8%
Capital Markets	0.0%	0.3%
Total	4.1%	100.0%



Source: Niche AM

Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Time Scan Pacific	Health Care	0.8%	1.4%
Wijaya Karya Beton	Materials	0.2%	-28.9%
Bank Pan Indonesia Tbk	Banks	0.1%	-3.2%
Vale Indonesia	Materials	0.1%	-26.7%
Bank Danamon Indonesia	Banks	0.1%	-2.8%

Increases in the quarter

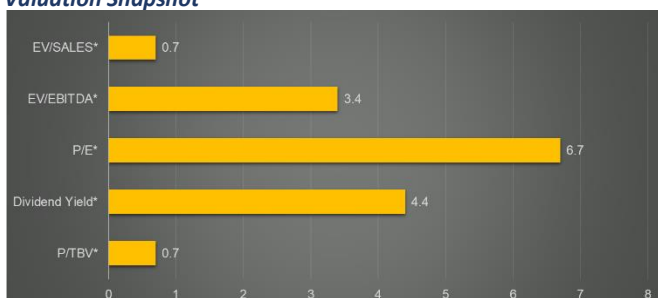
Name	Weight at 30/09	Weight at 31/12
Bank IBK Indonesia	0.0%	0.3%
Vale Indonesia	0.0%	0.2%
Bayu Buana	0.0%	0.1%

Largest decrease in the quarter

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

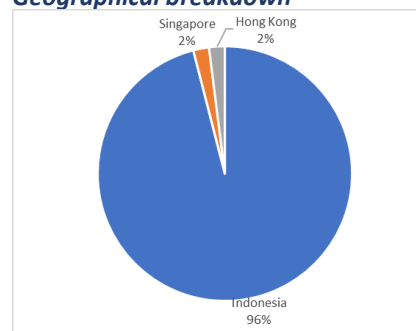
Source: Niche AM, Thomson Reuters

Valuation Snapshot



Source: Niche AM, Thomson Reuters

Geographical breakdown



Source: Niche AM

Indonesian Infrastructure Small Caps

The new India



Comment

The niche achieved a negative performance of -8.0%.

The trend was influenced by the general weakness of Indonesian equities observed in the first part of the quarter due to a hostile environment for global equity markets, driven by rising bond yields, as well as the weakening of the rupiah. This downtrend was not followed by a recovery phase in the later part of the quarter.

The portfolio remains constructed to offer significant exposure to the country's impressive infrastructure growth (around USD 400bn, or 35% of GDP), which will underpin its growth in the medium to long term, along with its supportive demographics, natural resources and low debt. In terms of sector allocation, the portfolio has significant exposure to financial companies (banking institutions, insurance companies and consumer finance) and industrial companies (from construction to building materials, from steel to chemicals). The rest of the portfolio is well spread across other sectors, particularly consumer discretionary/staples, materials and real estate. Among consumer stocks, the fund has exposure to several palm oil companies, which play an important role not only in the development of the country's agricultural infrastructure, but also in terms of economic growth of local economies and affordable food.

Indonesian small caps, which can amplify the country's long-term growth, are characterised by low valuations, in absolute terms and relative to other countries in the region, offering investors an attractive risk/return ratio. The portfolio has a price/earnings ratio of less than 7x compared to 24x for Indian small caps, which present an investment case with many similarities.

The year 2024 will be characterised by general elections, which should lead to an increase in government spending. The government has ample funds available to give a significant boost to domestic demand, from which the stock portfolio could benefit. There is a strong likelihood that the elections will result in the continuation of the Widodo government's policies. This should boost business investment and consumer spending, further supporting the country's growth.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance since inception (21/02/19-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

Indonesia is a country with incredible potential. Its territory is immense, fertile and brimming with unique natural beauty. Rich in natural resources. The climate is ideal for agriculture and tourism. The population is mild and friendly. The level of corporate governance is decent by emerging country standards. The central bank is independent and reliable. The democratic system is evolving rapidly and corruption is decreasing. Public debt is low and so is household and corporate debt. The current account deficit never exceeds 3% and foreign currency debt is limited. Inflation is falling fast while growth is solid and has room to accelerate thanks to the much needed huge infrastructure investments. While these qualities are well reflected in the valuations of the big caps, they are by no means so in the small caps, which trade at an exceptional discount. This discount depends on the low transparency and solidity that this asset class had in the past. Things have changed and we expect a rapid re-rating in the coming years, as has already happened in India.

Japanese Orphan Companies

An anomaly that will not last



stocks: 167

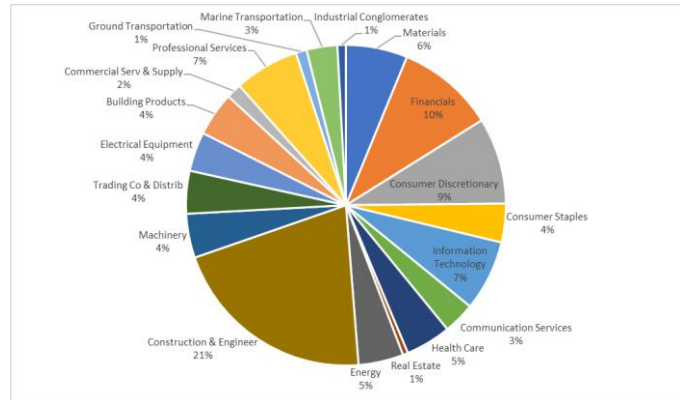
Average Market Cap (mln €) 249

Median Market Cap (mln €): 155

Japanese Orphan Companies breakdown

	Fund	JOC Niche
Materials	9.5%	11.83%
Financials	15.1%	11.6%
Consumer Discretionary	13.3%	11.6%
Consumer Staples	6.0%	5.8%
Information Technology	10.9%	5.2%
Communication Services	4.9%	2.9%
Health Care	7.0%	1.2%
Real Estate	0.8%	0.5%
Energy	7.0%	0.5%
Construction & Engineer	32.1%	17.9%
Machinery	6.8%	17.5%
Trading Co & Distrib	6.6%	3.6%
Electrical Equipment	6.1%	3.2%
Building Products	6.8%	2.5%
Commercial Serv & Supply	2.3%	1.3%
Professional Services	10.0%	0.9%
Ground Transportation	1.7%	0.9%
Marine Transportation	4.7%	0.6%
Total	15.5%	100.0%

Source: Niche AM



Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Zenitaka	Construction & Engineering	0.3%	7.7%
Watts - Registered Shs	Consumer Discretionary	0.2%	3.3%
Heian Ceremony Service Co Ltd	Consumer Discretionary	0.2%	2.2%
Seikagaku Corp	Health Care	0.2%	-5.8%
Asahi Broadcasting	Communication Services	0.2%	-6.5%

Increases in the quarter

Name	Weight at 30/09	Weight at 31/12
Zett	0.0%	0.1%
Heian Ceremony Service	0.1%	0.2%
Digital Holdings	0.0%	0.1%

Largest decrease in the quarter

Name	Weight at 30/09	Weight at 31/12	Total Return
Tokyo Tekko	0.07%	0.0%	+178.1%
Yachiyo Industry	0.04%	0.0%	+113.5%
Metalart	0.03%	0.0%	+116.1%

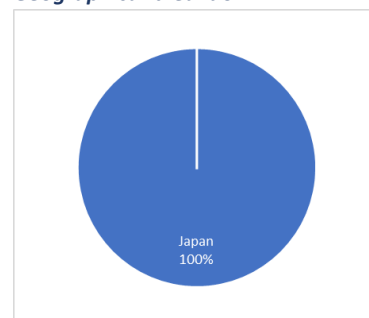
Valuation Snapshot



* Last available

Source: Niche AM, Thomson Reuters

Geographical breakdown



Source: Niche AM

Japanese Orphan Companies

An anomaly that will not last



Comment

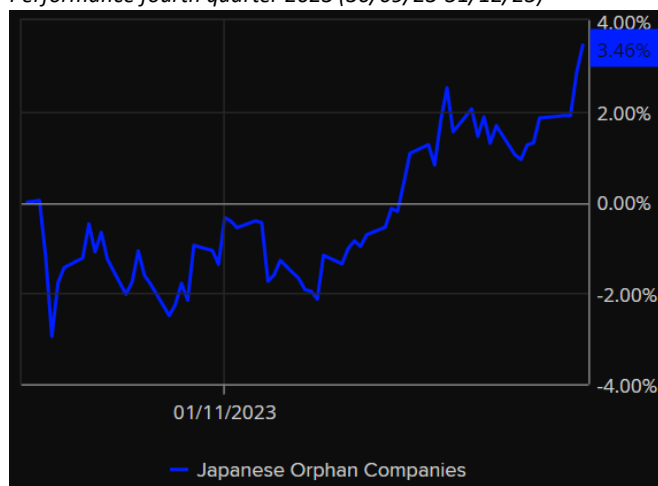
Thanks to the positive performance in December, the niche closed with a positive performance of 3.46%.

The quarter was characterised by volatility, influenced by geopolitical factors, uncertainty over central bank interest rate policies and the strengthening of the JPY, which affected the performance of the Japanese equity market, driving its underperformance relative to other equity markets. The Niche maintained an equity exposure hedge of almost 50% over the period, allowing it to mitigate yen fluctuations.

However, currency volatility has not changed the positive sentiment characterising the Japanese economy, both on the manufacturing and services fronts, as confirmed by the Tankan survey in December. Expectations of moderate inflation and wage increases, as well as an accommodative fiscal policy, support the positive outlook for GDP growth in 2024. On the corporate front, on the other hand, financial results confirmed the positive trend, accompanied by an increased focus in terms of capital allocation, with an increased plan to return capital to shareholders and rationalise non-strategic holdings. It should be noted that further stimulus measures are under consideration, including plans to encourage the investment of household financial assets in equity markets through a tax incentive scheme or to promote labour reform that could add flexibility and increase the return on capital.

Looking ahead to 2024, the expected normalisation of the BOJ's ultra-expansive rate policy should favour a positive performance of the deep value stocks that characterise the Niche's investment style. Despite the positive performance, the Niche still has very attractive metrics: Price Earnings around 9 times, Price to Book Value Tangible around 0.6 times and net liquidity above 120% of market capitalisation. The fervour in Japan resulting from improved capital allocation, yen devaluation and deglobalisation suggest that the Niche's significant valuation anomaly can be further absorbed through rerating and/or M&A activity.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance since inception (21/02/19-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

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



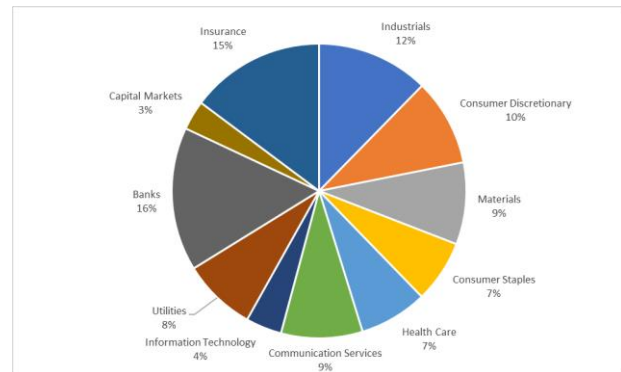
stocks: 127

Average Market Cap (mln €) 1.821

Median Market Cap (mln €): 246

Korea Reunification breakdown

	Asian Niches Fund	Korea Reunification Niche
Industrials	1.8%	15.3%
Consumer Discretionary	1.8%	11.8%
Materials	1.3%	11.1%
Consumer Staples	0.9%	8.5%
Health Care	0.8%	9.3%
Communication Services	1.0%	11.1%
Information Technology	0.5%	4.9%
Utilities	0.5%	10.0%
Banks	1.9%	19.5%
Capital Markets	0.8%	4.0%
Insurance	1.8%	18.3%
Total	11.8%	100.0%



Source: Niche AM

Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Shinhan Financial Group	Banks	0.4%	16.2%
Kookmin Bank	Banks	0.4%	0.6%
Hana Financial Group	Banks	0.4%	2.2%
KT	Communication Services	0.4%	3.5%
HS AD	Communication Services	0.3%	0.3%

Increases in the quarter

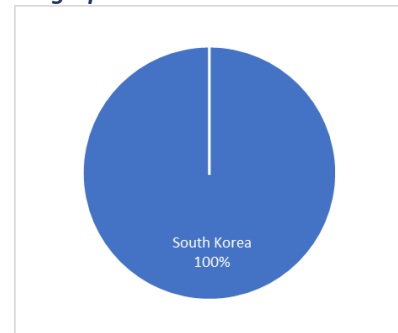
Name	Weight at 30/09	Weight at 31/12
Lg Electronics Pref Shs	0.0%	0.1%
Hd Hyundai Energy Solutions	0.0%	0.1%
Youngone	0.0%	0.1%

Largest decrease in the quarter

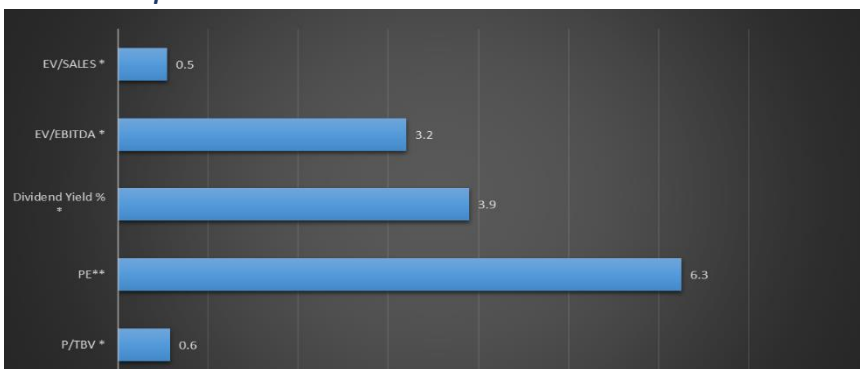
Name	Weight at 30/09	Weight at 31/12	Total Return
Mirae Asset Life	0.1%	0.0%	+59.1%

Source: Niche AM, Thomson Reuters

Geographical breakdown



Valuation Snapshot



* Last available

Source: Niche AM, Thomson Reuters

Korea Reunification

A free option on an already attractive market



Comment

The Niche ended the fourth quarter with a positive performance of around 4%.

The dispersion of performance within the niche was high. The most positive contributions were recorded in the industrial, transport, renewable energy and consumer goods sectors. Negative contributions, on the other hand, came from the most consumer-oriented companies.

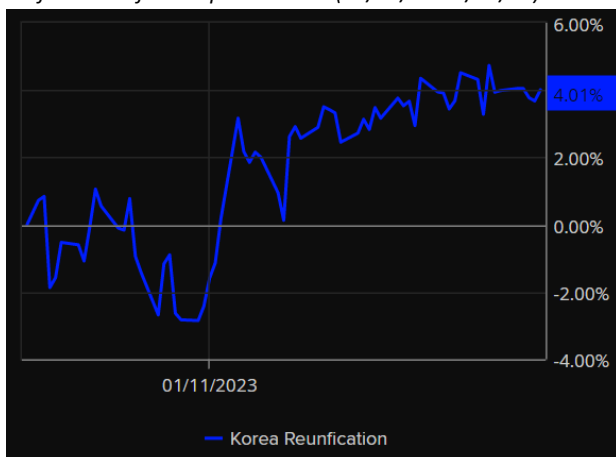
During the quarter, the Central Bank of South Korea again revised its economic growth forecast for 2024 downwards, due to the slowdown in consumer spending and construction investment. The revision, once again, stems mainly from the roughly 70 per cent surge in South Korean real estate prices between 2016 and 2021, which has contributed to increasing household debt in a country where more than 80 per cent of mortgages are variable-rate. Households are suffering as a result and are reducing their spending. Demand for new houses has also decreased, with new loan rates above 5%. This is heavily affecting construction investment. Real GDP is now expected to grow by 2.1 % in 2024 and 2.3 % in 2025.

Domestic consumption and construction are at the core of the Niche, which seeks out companies exposed to the domestic economy and, among them, selects those with value metrics and an attractive risk/return profile. As a result, performance was held back by the dynamics outlined above. However, we believe that this phase will not last long and will help deflate the real estate excesses of recent years. Moreover, the financial system is strong and government debt is low and able to support the economy. This, together with the low valuations at which the Niche portfolio is trading, sets the stage for a significant rerating perspective.

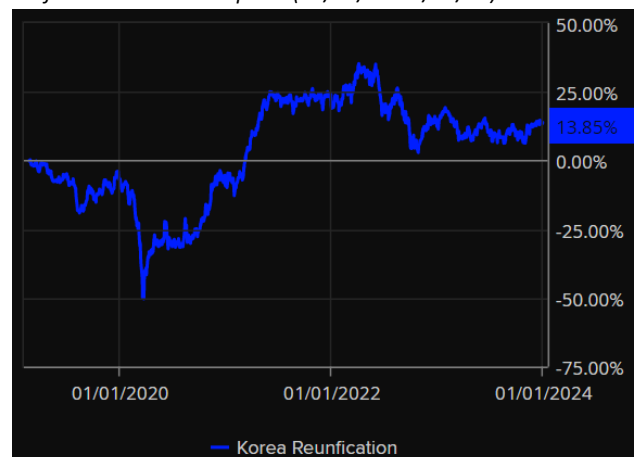
During the quarter, President Yoo Suk Yeol continued to make state visits around the world, promoting the South Korean economy and joint investments. This should benefit Korea's powerful export-exposed corporations. However, promoting South Korea increases awareness of the country among international investors.

During the quarter, North Korean leader Kim Jong Un drastically tightened his rhetoric against South Korea and launched more missiles, probably also in view of the upcoming election in South Korea. It should be noted that although North Korea apparently rejects capitalism outright, since 2018 they have been experimenting with it through free markets (*jangmadang*), raising taxes on their activities. There are more than 400 approved free markets in North Korea. South Korean intelligence estimates that about 40 per cent of the North Korean population earns money in free markets and that a middle class is emerging because of this. North Korea's opening to capitalism seems to be already happening, albeit very slowly and under the radar. Should this happen in the future, the Niche could benefit significantly from the opportunities arising from the opening of a market of 30 million people.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance since inception (21/02/19-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

South Korea has a growing economy and a stock market with attractive valuations. Beyond this, it offers an important catalyst represented by a possible reunification or rapprochement with North Korea. This event could increase the country's medium- to long-term growth potential and lead to a re-rating of the Korean market, particularly of companies most exposed to the benefits of reunification or rapprochement.

Through this niche, NAM aims to give investors exposure to Korean companies that would benefit most from a reunification or rapprochement with North Korea.

Champagne

Ready to sparkle



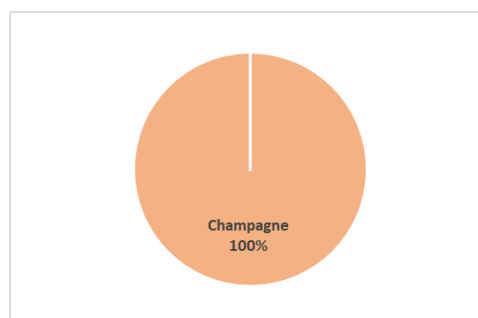
stocks: 3

Average Market Cap (mln €) 317

Median Market Cap (mln €): 277

Champagne breakdown

	Asian Niches Fund	Neglected Luxury Niche
Champagne	2.1%	100.0%
Total	2.1%	100.0%



Source: Niche AM

Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Vranken-Pommery Monopole	Champagne	1.0%	-3.9%
Boizel Chanoine Champagne	Champagne	0.6%	8.5%
Laurent Perrier	Champagne	0.5%	1.3%

Increases in the quarter

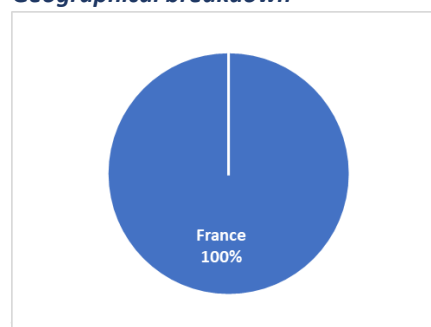
Name	Weight at 30/09	Weight at 31/12
N/A	-	-

Largest decrease in the quarter

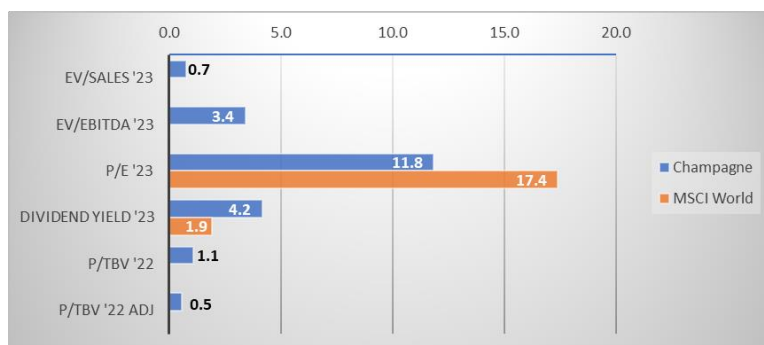
Name	Weight at 30/09	Weight at 31/12	Total Return
N/A	-	-	-

Source: Niche AM

Geographical breakdown



Valuation Snapshot



Source: Niche AM, Thomson Reuters

Champagne

Ready to sparkle



Comment

The Niche finished the fourth quarter with little movement, advancing 0.7%, after the weakness observed in the previous quarter. The performance was particularly buoyed by Lanson shares.

Recent surveys of the champagne market confirmed that sales figures were down in volume compared to the previous year, against an improving price/mix. This volume dynamic was due to the fact that the global distribution network found itself with excess stocks at the beginning of 2023, due to an excess of precautionary purchases, all the more so after the logistical problems that occurred during 2022. This was compounded by inflationary dynamics that contributed to a slowdown in demand.

In our view, the ongoing normalisation phase following the post-pandemic rebound does not in any case change the growth phase of Champagne, which is supported by increased consumption in new geographies, Asia in primis. Wine companies continue to trade at levels far from incorporating this robust structural outlook, which should be amplified by limited supply. The ratio of capitalisation to tangible equity adjusted by significant inventory levels continues to be below 1x, while EV/EBITDA is only close to 3x.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance since inception (15/04/22 - 31/12/23)



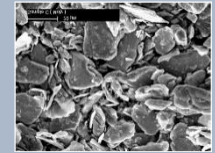
Source: Niche AM, Thomson Reuters

Niche Description

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 a level below tangible net worth, between 0.5x and 0.9x. 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



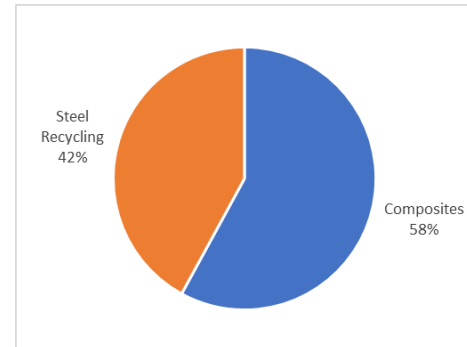
stocks: 7

Average Market Cap (mln €): 2.322

Median Market Cap (mln €): 2.058

The Magic of Graphite breakdown

	Asian Niches Fund	The Magic of Graphite Niche
Composites	1.3%	55.5%
Steel Recycling	1.1%	44.5%
Total	2.4%	100.0%



Source: Niche AM

Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Teijin Ltd	Composites	0.9%	-8.0%
Resonac Holdings Corporation	Steel Recycling	0.4%	12.2%
Nippon Carbon Co Ltd	Steel Recycling	0.4%	-3.7%
Imerys Sa	Composites	0.3%	1.7%
Graftech Intl	Steel Recycling	0.2%	-42.8%

Increases in the quarter

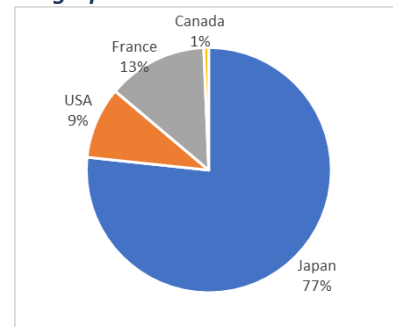
Name	Weight at 30/09	Weight at 31/12
Imerys	0.2%	0.3%

Largest decrease in the quarter

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

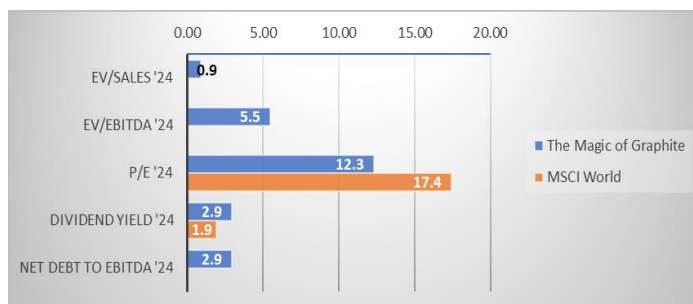
Source: Niche AM

Geographical breakdown



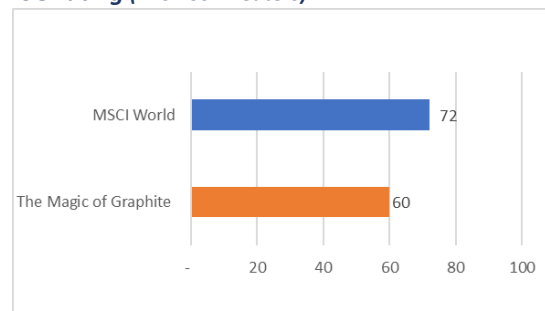
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

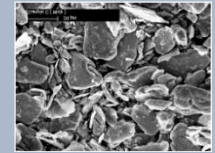
ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

The Magic of Graphite: Carbon fibre & steel recycling

The best is yet to come



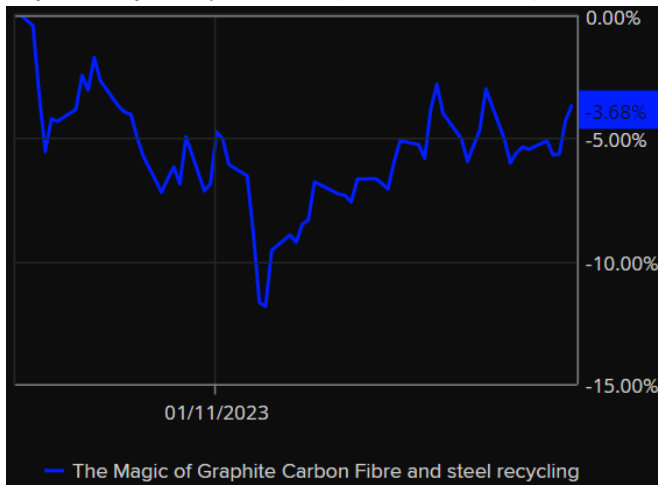
Comment

During the third quarter, the Niche declined further, by 3.58%, making it one of the weakest within the fund.

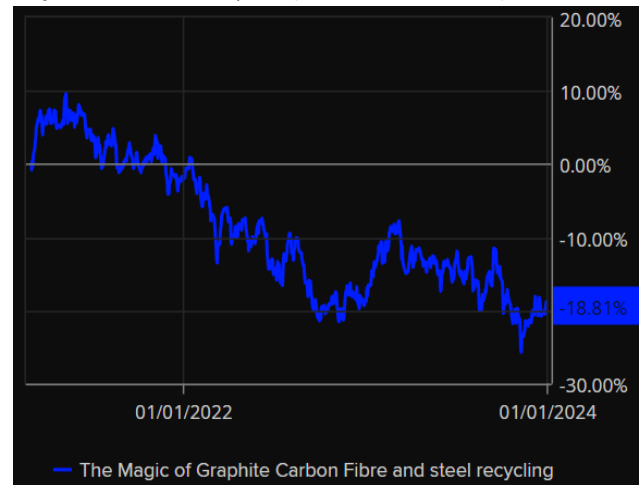
The sub-niche **Steel Recycling** was again affected by the downturn in Graftech. This US-based group, one of the world's leading manufacturers of graphite electrodes used in steel recycling, is continuing to be affected by the production shutdown of its Mexican plant in 2022. The temporary halt had negative implications with customers, leading to losses in market share that management is now trying to recover. The group's area of operation continues to show interesting development prospects: the steel industry is obliged to continue its efforts in terms of decarbonisation, which will inevitably pass through production with electric furnaces. And this will drive demand for graphite electrodes (incremental demand of around 200,000 tonnes/year expected between 2023 and 2030, excluding China). Graftech operates in an already concentrated sector with a quality positioning that should enable it to regain market share.

The **Composite Materials** sub-branch showed little movement. In this area, it was decided to increase Imerys, believing that the underperformance observed, linked to a slowdown in results, offered a good risk/return ratio. The group is well diversified by geographic area and business sector. And the strategy of rationalising holdings may improve the perception of the stock.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance since inception (01/03/21 - 31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

Carbon fibre and steel recycling represent two underrated and neglected investment ideas with a common history. They share the same essential material: graphite. And they are recovering from a period of underperformance driven by weakness in their respective markets.

Players in carbon fibre have suffered from the crisis in the aeronautics sector, which accounts for 60% of current demand for graphite. Their current valuation is a far cry from the euphoric phase experienced 10 years ago, even though their prices have more than halved and the use of carbon fibre is growing rapidly thanks to the adoption of electric vehicles, the spread of wind farms and new applications in the construction sector (annual growth expected between 20/30%).

The long-term prospects for steel recycling are also very promising due to the steel industry's need to reduce its carbon footprint, especially in China. Electric arc furnaces (EAFs), which use graphite electrodes to melt recycled steel, save 75 per cent of carbon emissions compared to conventional air furnaces. In the near future, the EAF will be powered by natural gas (sponge steel) and hydrogen, further reducing its negative environmental impact.

Cocoon

Nursing homes and clinics



stocks: 17

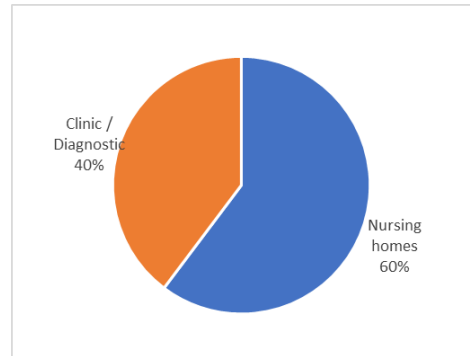
Average Market Cap (mln €): 2.841

Median Market Cap (mln €): 404

Cocoon breakdown

	Asian Niche Fund	Cocoon Niche
Nursing homes	1.2%	60.3%
Clinic / Diagnostic	0.8%	39.7%
Total	2.0%	100.0%

Source: Niche AM



Top Holdings

Name	Sub-Niche	Asian Niche Weight	Return Q4
Walgreens Boots	Clinic / Diagnostic	0.3%	17.4%
Orpea Sa	Nursing homes	0.3%	11.4%
Fresenius Se	Nursing homes	0.2%	-4.7%
Falco Biosystems	Clinic / Diagnostic	0.1%	7.6%
Sd Biosensor Inc	Clinic / Diagnostic	0.1%	0.6%

Increases in the quarter

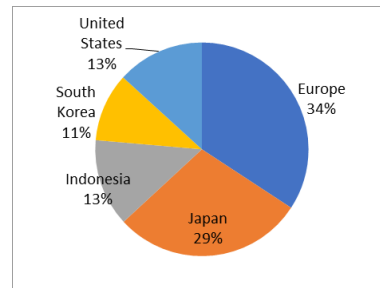
Name	Weight at 30/09	Weight at 31/12
Orpea	0.0%	0.3%
Topcon	0.0%	0.2%
Agfa-Gevaert	0.0%	0.1%

Largest decrease in the quarter

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

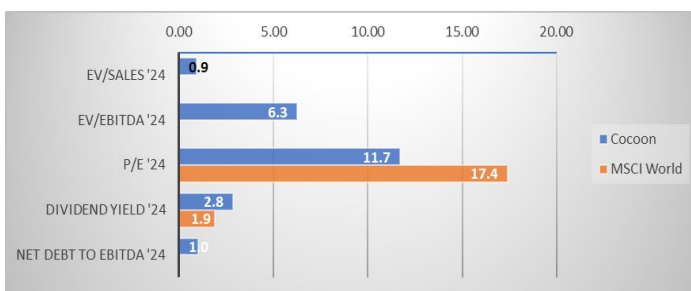
Source: Niche AM

Geographical breakdown



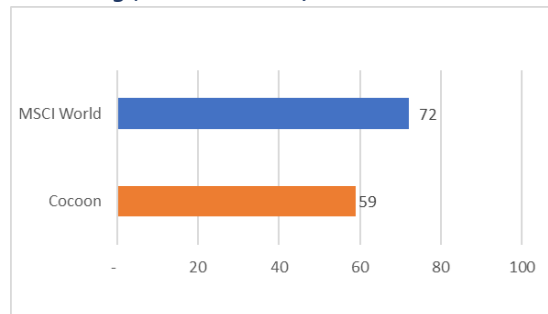
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Cocoon

Nursing homes and clinics



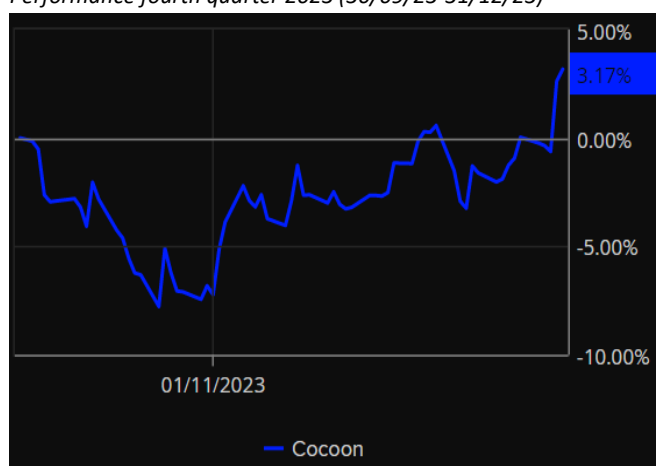
Comment

The fourth quarter ended with a positive niche performance of 3.17%, thanks to the contribution of both sub-niches within it: Nursing Homes and Diagnostic Centres and Clinics.

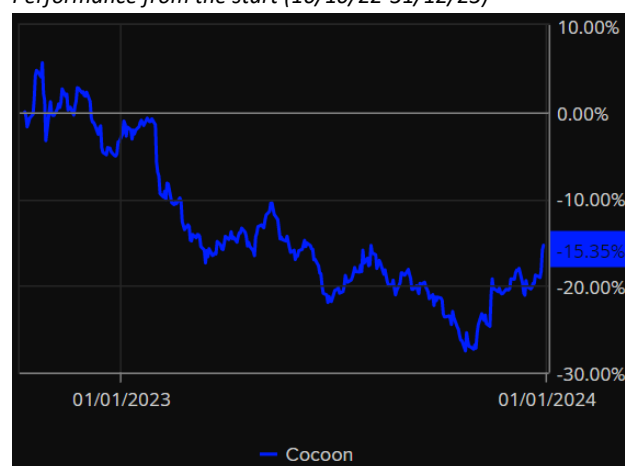
⁵
In the area of **Nursing Homes**, the largest contribution came from the Swedish company Attendo, which manages about 20,000 beds in Finland and Scandinavia. The financial results favoured rerating, especially the progressive recovery of profits and the significant reduction of debt (ratio of debt adjusted by leasing to EBITDA dropped from more than 4 times to 1.8 times). Also in this sub-niche was a significant increase in exposure to Orpea, which, following the completion of the highly questionable and massive financial restructuring plan, seems to present an attractive risk/return ratio. Following the recapitalisation, in fact, the company is now in a very solid position financially, all the more so considering the value of the real estate assets that were significantly written down. The important nursing home franchise it manages through a workforce of almost 80,000 employees, together with the improved governance structure, offer guarantees. In terms of sustainability, as far as nursing home patients are concerned, 100 per cent of the facilities are certified by external organisations, and initiatives have been taken for the well-being of residents and patients.

In the area of **Diagnostic Centres and Clinics**, on the other hand, the most positive contributions came from the Japanese Falco Holdings, a business in clinical analysis and drug distribution, which is aiming to grow mainly through the increased use of its in-vitro diagnostic drug for cancer markers. A very positive contribution came from two companies just added to the portfolio, namely Japan's Topcon, at the forefront of equipment for the ophthalmology sector, and Belgium's Ion Beam Application, active in proton therapy, which represents the most advanced and precise radiotherapy for many types of tumours.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance from the start (10/10/22-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

It is increasingly understood how diagnostics play a primary role in disease prevention and how public care services for the elderly require the support of private facilities.

It is a theme that has gone '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. Diagnostics, often also offered by companies active in the nursing home and clinic sector, represent a fundamental element in preventive healthcare, capable of improving the quality of life and at the same time generating enormous savings in medical expenditure on health services. Particularly as the population ages.

Retirement homes, once seen as the grey gold, have now become untouchable following the Orpea scandal. We believe, however, that it is precisely today that we can be exposed to this sector emptied of all euphoria. According to data from the United Nations, if we look at Europe alone, the number of people over the age of 75 will rise 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. In Japan, the choice is huge, the valuations very low, often below the value of the properties 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.

Beauty for nothing

Cosmetics and ingredients



stocks: 10

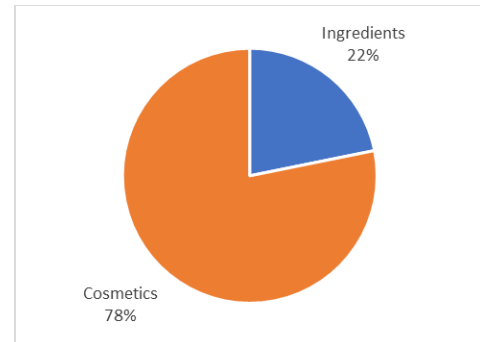
Average Market Cap (mln €): 413

Median Market Cap (mln €): 163

Beauty for nothing breakdown

	Asian Niches Fund	Beauty for nothing Niche
Ingredients	0.3%	21.8%
Cosmetics	1.0%	78.2%
Total	1.3%	100.0%

Source: Niche AM



Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Nu Skin Enterprises	Cosmetics	0.3%	-8.4%
Arata Corp	Cosmetics	0.2%	11.5%
Nippi Inc	Ingredients	0.2%	41.2%
Artnature Inc	Ingredients	0.1%	-1.7%
Mandom Corp	Cosmetics	0.1%	-7.5%

Increases in the quarter

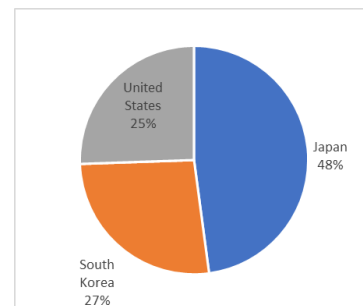
Name	Weight at 30/09	Weight at 31/12
Nu Skin Enterprises	0.2%	0.3%
Mandom	0.1%	0.1%

Largest decrease in the quarter

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

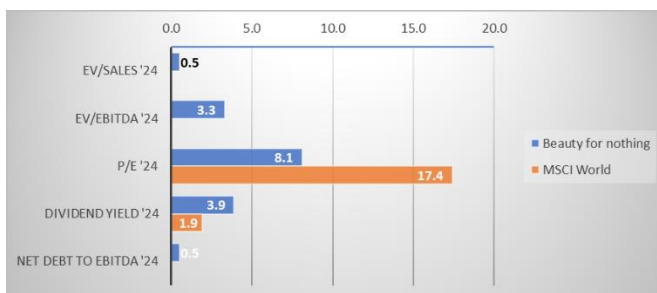
Source: Niche AM

Geographical breakdown



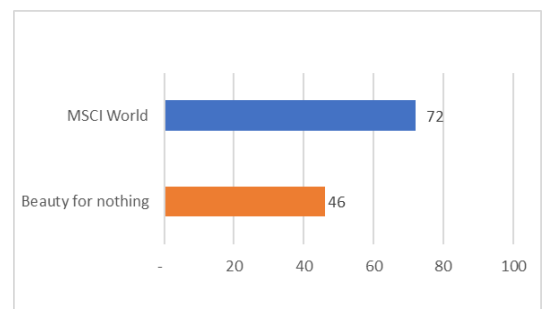
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Beauty for nothing

Cosmetics and ingredients



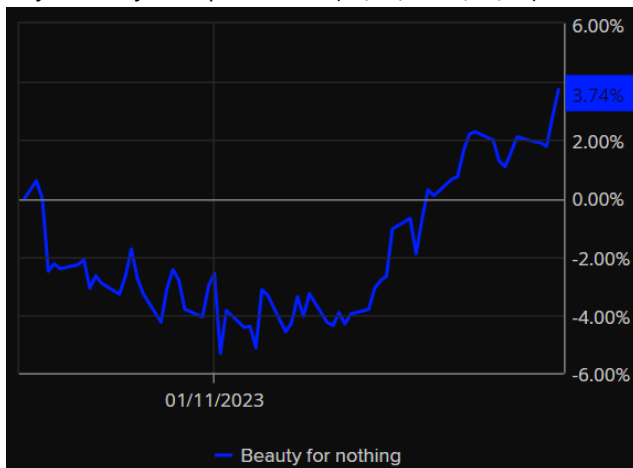
Comment

This Niche realised a progress of 3.74% in the fourth quarter.

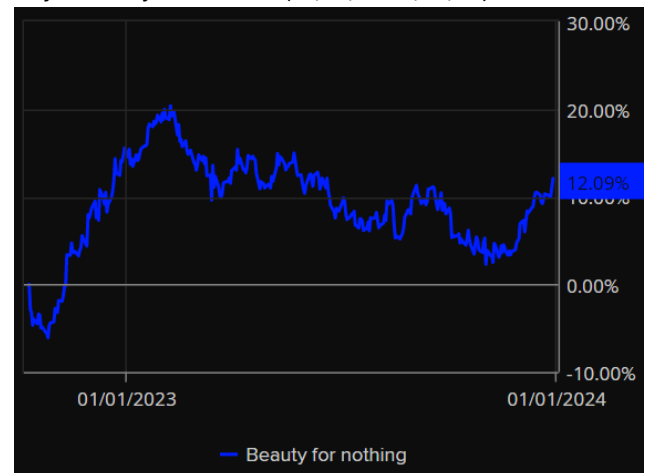
The most positive contribution to performance came from the sub-niche **Ingredients**, especially from the Japanese company Nippi, active in the production of cosmetic products with collagen, which is also used in related sectors, especially food. It is a pioneer company in Japan in the use of this product of natural origin (collagen fibre solubilisation technology presented in the 1960s), with a solid track record in terms of results, and patrimonial solidity. Despite the positive performance, supported by earnings growth during the year, the stock still trades at around 5 times expected EBITDA in 2024.

Within the Cosmetics sub-niche, Nu-skin was further increased in the portfolio during the quarter, a turnaround story for a company with a global positioning that sells both cosmetics and beauty equipment. The group's current valuations (price-earnings ratio of 9x 2024), do not seem to discount the success of the turnaround plan and the expected earnings recovery in the coming years. Also in this sub-niche was the Japanese Mandom, a cosmetics company active not only in Japan (about half of sales), but also in Indonesia and other foreign markets. Here, too, we are in the presence of a revival story: after a difficult two-year period in the pandemic period, the company returned to profit in the financial year ending March 2023 and again showed a good earnings recovery in the first two quarters of the new year. Despite this, the stock is trading near its lowest level in a decade, close to 1 times tangible equity.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance from the start (10/10/22-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

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 high 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

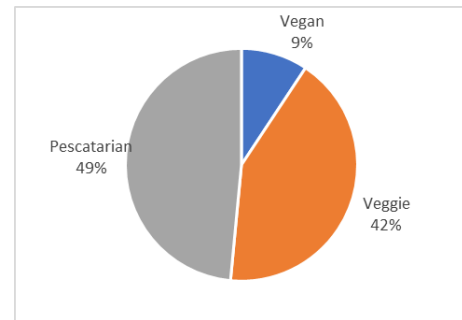
Average Market Cap (mln €): 286

Median Market Cap (mln €): 107

No meat's land breakdown

	Asian Niches Fund	No meat's land Niche
Vegan	0.2%	9.3%
Veggie	0.8%	42.2%
Pescatarian	0.9%	48.5%
Total	2.0%	100.0%

Source: Niche AM



Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Dongwon Industries Co Ltd	Veggie	0.3%	7.4%
Oyang Corp	Pescatarian	0.3%	5.3%
Maeil Dairies Co Ltd	Pescatarian	0.2%	-4.4%
Torigoe Co Ltd	Veggie	0.2%	-4.0%
Maruha Corp	Pescatarian	0.1%	8.2%

Increases in the quarter

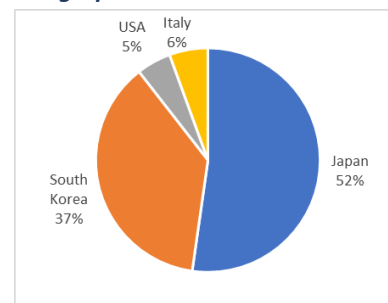
Name	Weight at 30/09	Weight at 31/12
Maruha Nichiro	0.0%	0.1%
Valsoia	0.0%	0.1%
Yokohama Maruuo	0.0%	0.1%

Largest decrease in the quarter

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

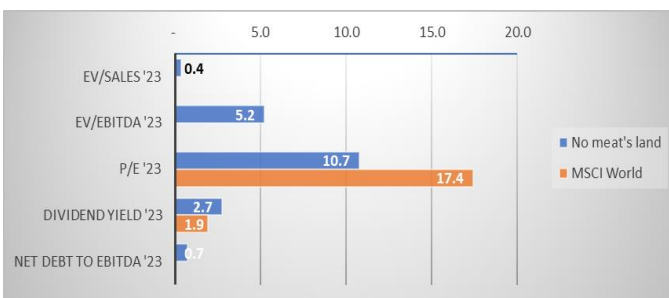
Source: Niche AM

Geographical breakdown



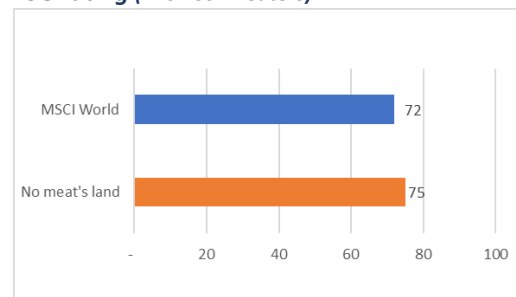
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

No meat's land

Alternatives to meat



Comment

Niche rose by 2.44% during the last quarter of the year.

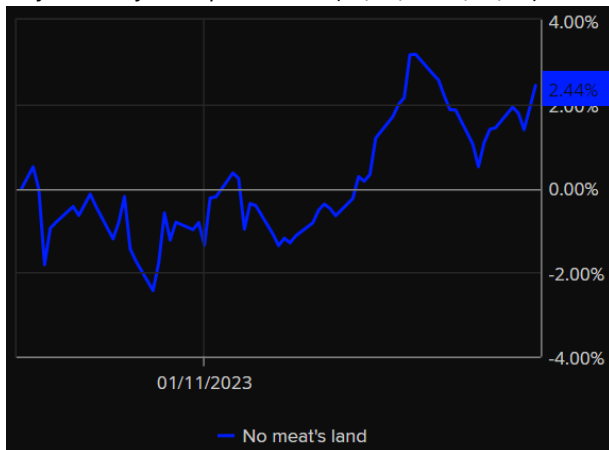
Most of the stocks within the Niche, which provide exposure to a diet more oriented towards fish or plant-based proteins, generated positive performance.

Japanese company Ahjikan, which is active in the production of traditional Japanese food, including sushi and eggs, exported to Asian countries, as well as North America and Australia, came into the limelight. Despite the initial rerating phase, this company trades at less than 0.5 times tangible equity. Also supporting the performance was Valsoia stock, which joined the Niche during the quarter. This is a company that has been promoting a plant-based diet, especially soy-based plant alternatives, for decades, with low valuations (Price-Earnings ratio close to 12 times 2024).

The weakest performance within the niche was recorded by Korea's Maeil Dairies, also due to the lacklustre performance of the relevant stock market. This company operates in almost all areas of milk processing and has a long tradition (over 50 years). Maeil Dairies has distinguished itself through some interesting sustainability initiatives, including a rural theme park that produces, processes and sells ecological agricultural products together with local farmers, as well as offering events and educational programmes on ecological food. The stock's weak phase was exploited to increase exposure.

Finally, in terms of operations, it is worth mentioning that the Japanese Maruha Nichiro, one of the largest fishing, aquaculture and food processing companies, with a workforce of almost 13,000 people, has been introduced into the portfolio. An entity not covered by analysts, which is trading at less than 7 times last year's earnings.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance from the start (10/10/22-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

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. 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 livable surface is used to produce food for mammals and birds 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 diseases. 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 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 Resumption of Transport



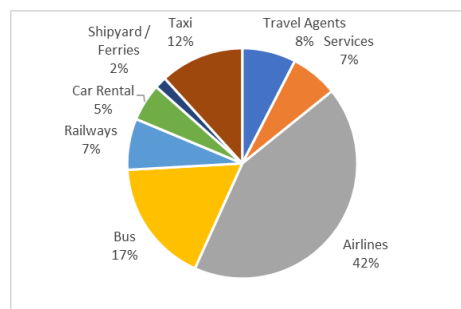
stocks: 13

Average Market Cap (mln €): 2.717

Median Market Cap (mln €): 2.082

Fly with me breakdown

	Asian Niches Fund	Fly with me Niche
Travel Agents	0.2%	7.6%
Services	0.2%	6.6%
Airlines	1.2%	42.6%
Bus	0.5%	17.3%
Railways	0.2%	7.2%
Car Rental	0.1%	5.3%
Shipyards / Ferries	0.0%	1.7%
Taxi	0.3%	11.8%
Total	2.8%	100.0%



Source: Niche AM

Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
TUI	Airlines	0.6%	35.4%
Mobico Group Plc	Bus	0.4%	-4.7%
Comfordelgro Corp	Taxi	0.2%	7.7%
Carnival Plc	Travel Agents	0.2%	31.6%
FNM Spa	Railways	0.2%	6.6%

Increases in the quarter

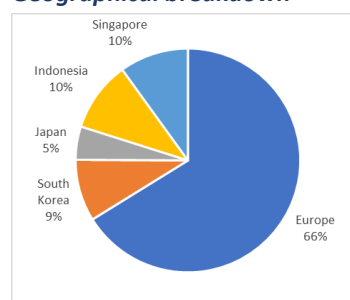
Name	Weight at 30/09	Weight at 31/12
TUI N	0.5%	0.6%
Mobico Group	0.2%	0.4%
AIR France-KLM	0.1%	0.2%

Largest decrease in the quarter

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

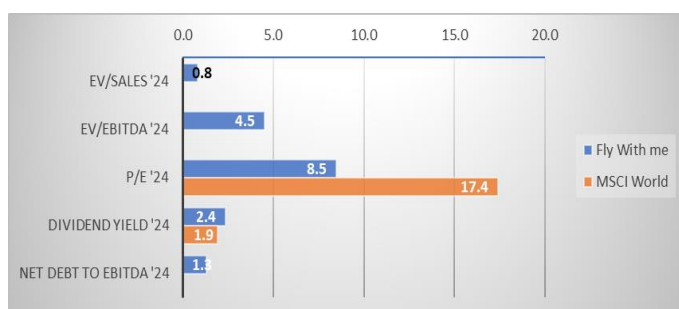
Source: Niche AM

Geographical breakdown



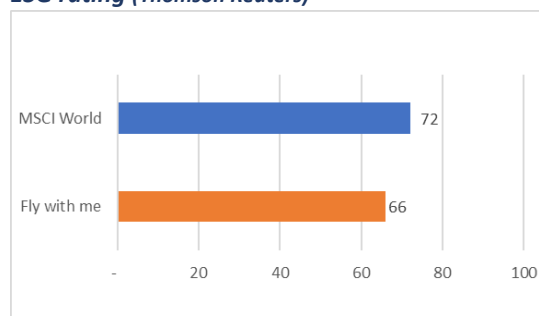
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Fly with me

The Resumption of Transport



Comment

During the final quarter of 2023, the Niche rose 12.9%, the second best performance within the fund. Thanks to this rebound, this Niche, which invests in the recovery of post-pandemic transport companies, recovered from the significant weakness experienced in the previous quarter.

The best overall performance, and also the largest contribution, was generated by Tui, the leading global tour operator. This stock was accumulated during the quarter before rebounding on the back of its newfound capital strength, which should allow it to improve its credit rating, and concrete prospects for earnings recovery. Tui's solidity is higher than in the pre-pandemic period and holidays remain top of mind for consumers: bookings for the winter and summer seasons indicate steady demand for travel. Current valuations (earnings ratio of 6 times 2024) are far from incorporating the recovery scenario.

In terms of operations, exposure to airlines continued to increase marginally, which, like TUI, are also characterised by much lower leverage than in the past, in the presence of lower valuation multiples. Lufthansa and Air France were up in the quarter, trading at 5 times and 3 times earnings, respectively. These levels already seem to incorporate a severe deterioration in the outlook, which would be amplified by the typically high operating leverage of the business. But this deterioration does not seem consistent with expectations of a soft landing in the global economy, the aforementioned robust demand for leisure travel, and an apparent discipline in terms of competitive dynamics.

Lastly, in terms of operations, worth mentioning is the increase in Shinkii bus, a Japanese company that manages airport shuttles and motorway and local buses. This company should benefit from the expected upturn in tourism in Japan, helped by the easing of the constraints imposed during the pandemic period and the devaluation of the currency. There was also a partial profit-taking on Indonesian taxi service company Blue Bird after its good rerating.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance from the start (10/10/22-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

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 relative to the sector has greatly increased. Capacity has shrunk. This creates a unique opportunity for diversified exposure to a sector enjoying 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. Investment areas are Japan, Korea, ASEAN, USA and Europe.

Deglob

An inevitable process



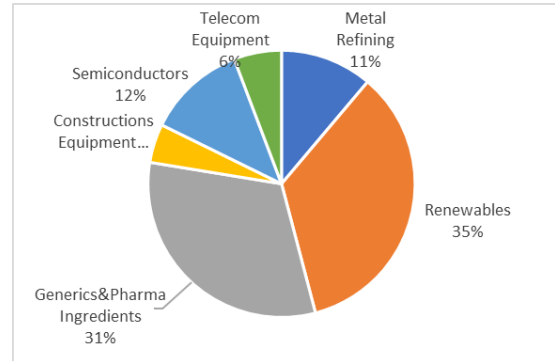
stocks: 11

Average Market Cap (mln €): 22.270

Median Market Cap (mln €): 3.595

Deglob breakdown

	Asian Niches Fund	Deglob Niche
Metal Refining	0.3%	11.2%
Renewables	0.8%	34.8%
Generics& Pharma	0.8%	31.7%
Constructions Equipment	0.1%	4.7%
Semiconductors	0.3%	12.0%
Telecom Equipment	0.1%	5.8%
Total	2.3%	100.0%



Source: Niche AM

Top Holdings

Name	Sub-Niche	Asian Niches Weight	Return Q4
Siemens Energy	Renewables	0.4%	-3.1%
Bayer Ag	Generics&Pharma	0.3%	-26.0%
Euroapi	Generics&Pharma	0.3%	-52.0%
Hanwha Solutions	Renewables	0.2%	32.8%
Hyundai Energy Solutions	Renewables	0.2%	5.5%

Increases in the quarter

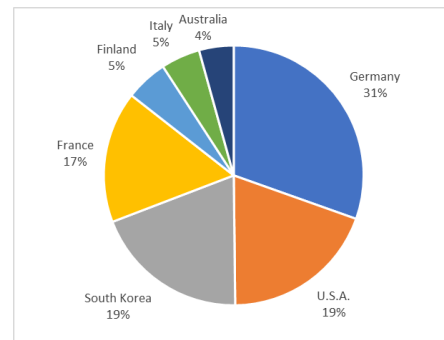
Name	Weight at 30/09	Weight at 31/12
Bayer	0.0%	0.3%
Siemens Energy	0.2%	0.4%
Hanwha Solutions	0.1%	0.2%

Largest decrease in the quarter

Name	Weight at 30/09	Weight at 31/12	Total Return
Gs Engineering & Cons	0.2%	0.0%	+18.5%

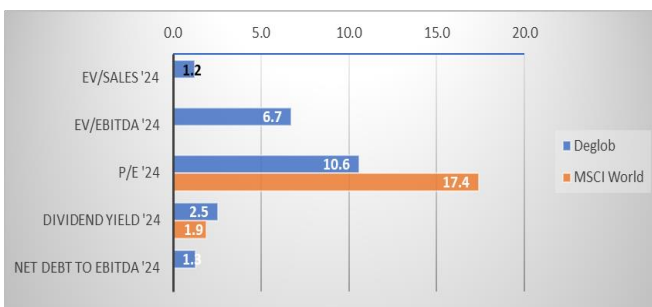
Source: Niche AM

Geographical breakdown



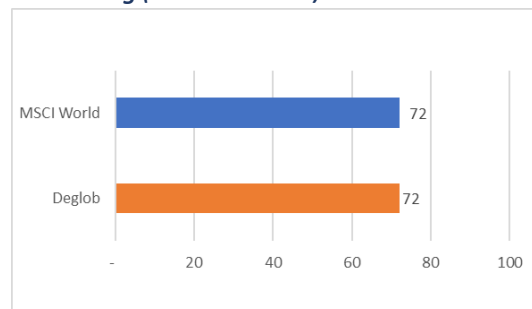
Source: Niche AM

Valuation Snapshot



Source: Niche AM, Thomson Reuters

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Deglob

An inevitable process



Comment

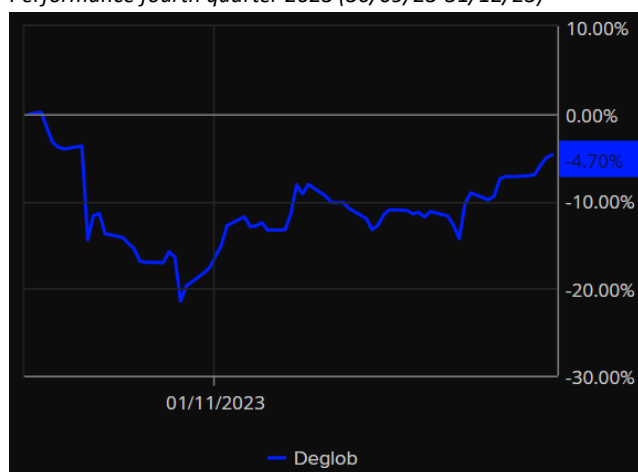
The Niche, which joined the fund last July and provides exposure to companies benefiting from the deglobalisation trend, ended the fourth quarter down 4.7%.

This was driven by the sharp decline in Euroapi, a company created from a spin-off from Sanofi and focused on the production of pharmaceutical ingredients, after the unexpected announcement of a further profit warning. The dynamics of revenues and profits, far from the expectations and indications given by management in previous months, were attributed to pricing pressures, inventory reduction programmes by some of the group's customers, and the discontinuation of projects in the biotechnology field (so-called CDMO) due to the changed interest rate scenario. Against this backdrop, despite the limited visibility on the timing of the recovery, the stock was increased in view of the valuations achieved, which were just over 0.5 times tangible equity. In the pharmaceutical ingredients sector, Europe suffers from a significant capacity deficit, which became evident during the pandemic, and Euroapi is the main beneficiary of the necessary strengthening of the industry to reduce dependence on Asian producers.

A further detractor to the performance was Bayer, stemming from the failure of studies on a possible blockbuster and a negative verdict in one of the many popular jury cases underway in the US due to alleged health damage from one of its products. It is noted that the product is still on sale and is the number one global herbicide. What Bayer is being blamed for is not writing in the warnings that it is carcinogenic, something the company and most experts do not agree with.

On the positive side, however, the positive contribution of Hanwha Solutions, a Korean group among the beneficiaries of the Inflation Reduction Act in the USA, where it is building up a large production capacity for photovoltaic panels, should be mentioned. Also very positive was the performance of Intel, whose recovery phase was driven by expectations of a turnaround in the semiconductor cycle in 2024/25, anticipated by the normalisation of the Personal Computer market, better execution, the acquisition of new customers and greater confidence in the expected arrival of new products. This group represents one of the main beneficiaries of the semiconductor industry's capacity shifting trend from Asia to the US.

Performance fourth quarter 2023 (30/09/23-31/12/23)



Performance from the start (10/07/22-31/12/23)



Source: Niche AM, Thomson Reuters

Niche Description

Many times we have discussed deglobalisation. If globalisation has been the theme of the past 20 years and having understood it and followed it in investment choices would have helped a lot, in the next 10 years deglobalisation, we believe, will have equally profound repercussions. Many sectors will be affected that could completely overhaul, positively or negatively, their business structure. We have therefore created a portfolio within the Pharos Asia Value Niche fund including companies that will benefit from these changes. The sectors are as diverse as the semiconductor ecosystem, pharmaceutical ingredients, construction, metal refining, steel, communication infrastructure, renewables and many others.

In addition to benefiting from deglobalisation, companies will have to have 'deep value' valuations, in line with our approach, and they will have to be sustainable in the sense that they will have to position themselves on a path of gradual improvement with respect to social, environmental and governance factors.

Bond Portfolio

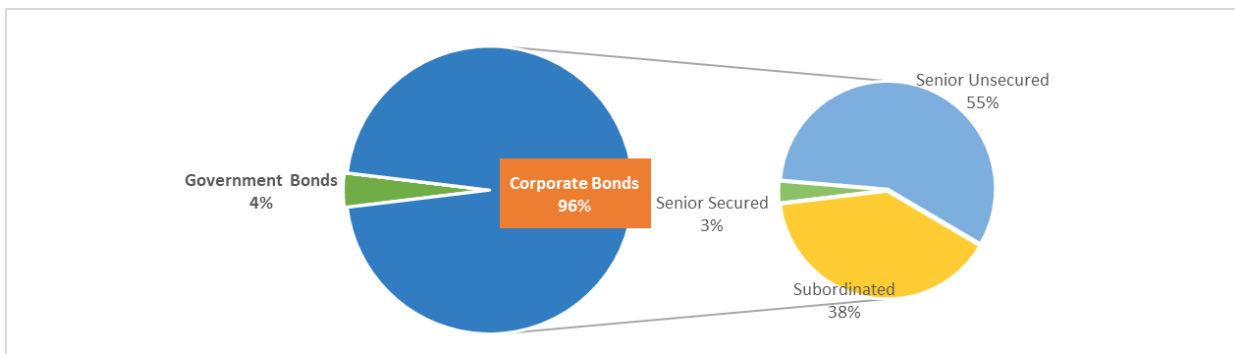
securities: 21 Yield to Maturity 7.22% Effective Duration 1.70

Comment

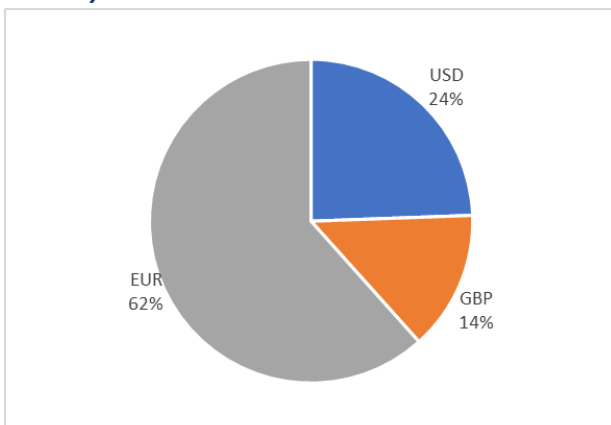
The bond portfolio turned in a positive performance of around 4% during the quarter, in a supportive environment for this asset class. Expectations of a downward revision of interest rates prevailed, all the more so after the Fed's December meeting, which revealed a change of course in monetary policy from a reduction in inflationary dynamics at all costs to a soft landing, with the inevitable repercussions that this had on the expected moves of the world's other central banks, ECB first and foremost. The securities in the portfolio that performed best in this context were financial and telecom subordinated bonds. At the end of the year, the bond component accounted for around 13% of the fund's NAV, compared with 19% at the end of the first half of the year, at levels considered fair in the current context, with the equity component having a better risk/return ratio.

Bond Portfolio breakdown

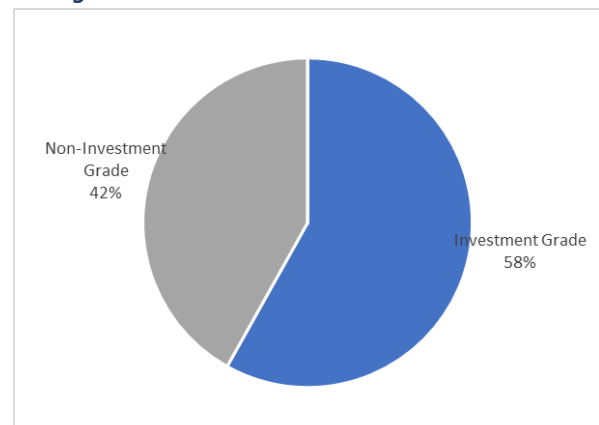
Bond allocation



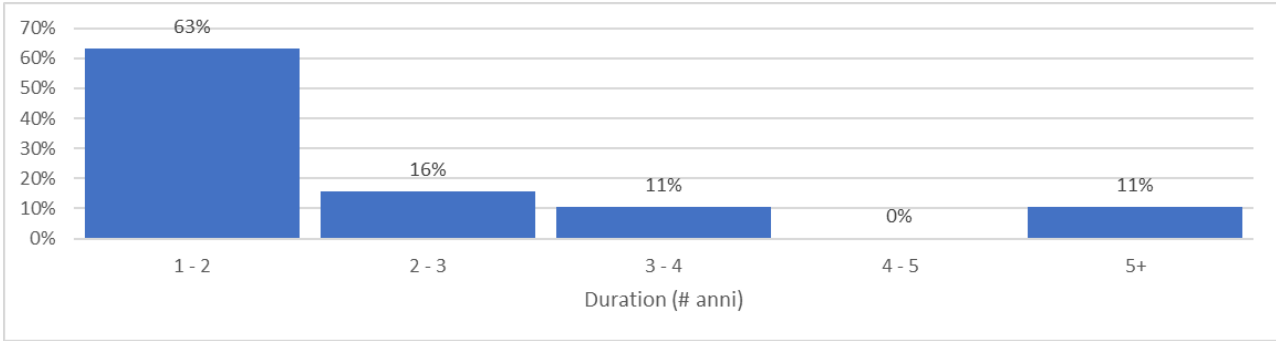
Currency Breakdown



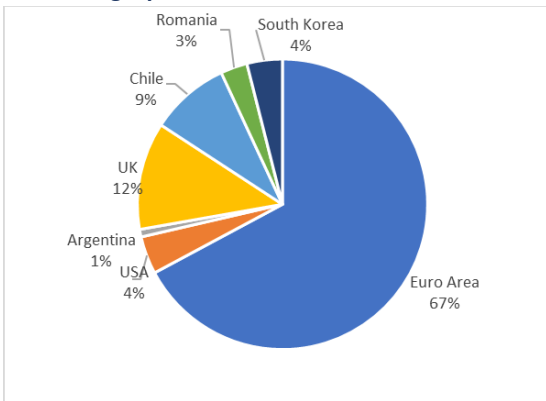
Rating Breakdown



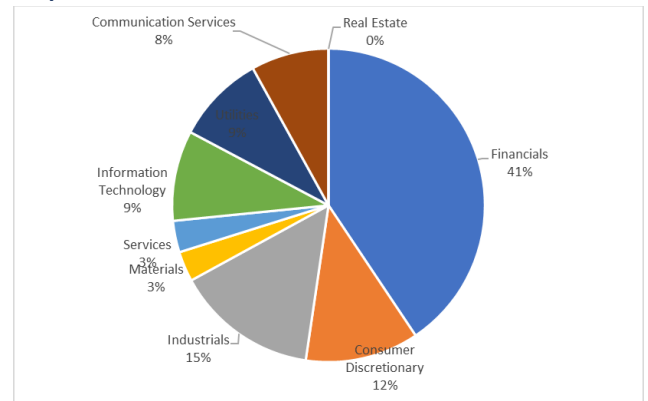
Bond Portfolio Duration



Bond Geographical Breakdown



Corporate Bond - Sector Breakdown



CLOSED NICHE

Neglected Luxury

Rarity Overlooked



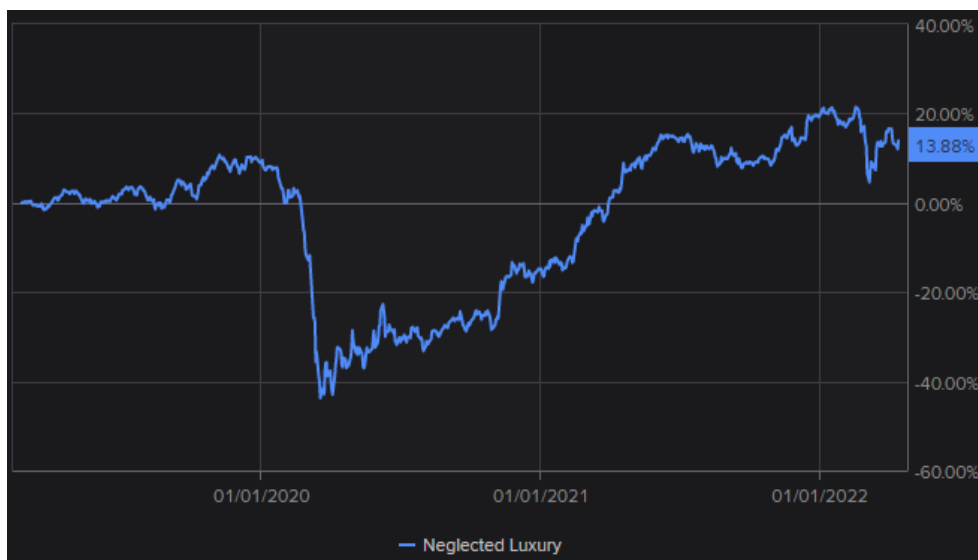
Comment

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

Niche was present at the launch of the Asian Niches fund in February 2019 and closed on 14 April 2022. It has always had a weighting within the fund of between 3 and 5 per cent, with a maximum allocation set at 5 per cent. Together with the Internet Victims niche, it represented the least Asian of the niches in the Asian Niches fund. The niche has only performed fairly well since launch, with a return of 14%, while still significantly outperforming the 2 indices we follow MSCI ASIA PACIFIC total return and the MSCI ASIA PACIFIC VALUE total return.

Initially, the niche consisted of five sub-niches: 1) Luxury travel, 2) Beauty and personal care, 3) Fashion and watches, 4) Luxury cars, 5) Champagne and fine wines. Luxury cars, 5) Champagne and fine wines.

The sub-niche that has lagged behind and on which we remain extremely positive is Champagne. We have therefore launched a niche purely focused on champagne companies, to which 2.5% of the fund has been dedicated.



Source: Niche AM, Thomson Reuters

Niche Description

The luxury sector has been one of the most overperforming sectors of the last two decades. Globalisation, growing social inequality and westernisation in emerging countries are at the root of this phenomenon. Luxury does not only mean quality but also recognisability and exclusivity. The selling price and/or the limited availability of the good determine and guarantee the rarity effect that accompanies the concept of luxury. Sometimes the market mistakenly does not consider certain companies as belonging to the luxury sector. There can be several reasons for this: low profitability, conglomerate discount, too much supply in the short term compared to demand, corporate governance, etc.

The niche offers exposure to these unique companies at extremely attractive valuations.

The CUB (China Under Biden)

Discovering the Value Side of the Chinese Stock Market



Comment

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

The portfolio of 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 heavy pressure during the Trump administration. Even in the absence of a clear improvement in relations between the two countries, this theme benefited from the significant presence on government-backed 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 arrogantly towards its neighbours, worsen an already bad governance (Xi Jinping, like Erdogan and Putin, is no longer subject to a government ceiling) and change market rules in an unpredictable and peremptory manner. We therefore decided to reallocate resources to areas with equally or more depressed valuations, a more readable political climate, more balanced governance and more respect for investors

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



Source: Niche AM, Thomson Reuters

Niche Description

The Niche 'The CUB' invests in strongly undervalued, solid companies that could benefit from a stabilisation of US-China relations. Most of these companies are exposed to infrastructure (construction, railways, ports, airports, telecommunication services, renewables, water and waste treatment). One of the most popular investment themes between 2015 and 2018, the Silk Road, was an ambitious \$4 trillion project to connect China to Africa and Europe. Now this project has been completely removed from investors' minds (several reasons: the Covid-related emerging markets crisis, the China-US trade war, Trump's sanctions towards Chinese state-owned companies). However, in our view, this major project will regain speed and investor interest following the infrastructure plans in the aftermath of the pandemic and the expected improvement in China-US relations. Companies within this Niche could revalue significantly through this process.

Close the Gap

A discount portfolio



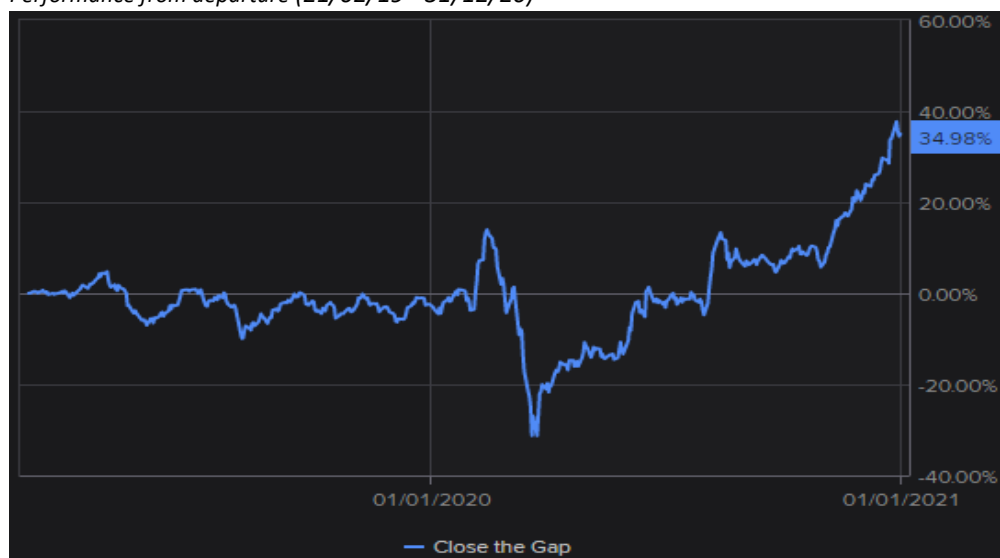
Closed niche - Comment

The purpose of the Niche was to invest in closing the valuation gap between ordinary and preference shares in Korea, where this differential was still huge.

The Niche was closed at the end of 2020, following a significant closure of this gap (discount closed for more than 30%). The Niche has performed about 35% since its start (18/02/2019).

The Niche's assets were converted into the new Niche 'The CUB' (China Under Biden).

Performance from departure (21/02/19 - 31/12/20)



Source: Niche AM, Thomson Reuters

Niche Description

There are certain classes of shares, such as savings or preference shares, or corporate structures, such as conglomerates or holding companies, that can trade at a huge discount to ordinary shares or to the sum of the shares of the various subsidiaries. These discounts tend to close over time. Catalysts for such discount closure may be conversion of preference/savings shares, M&As, spin-offs or changes in dividend policy. The niche aims to offer the investor exposure to these types of securities.

Steel and Plastic Substitution

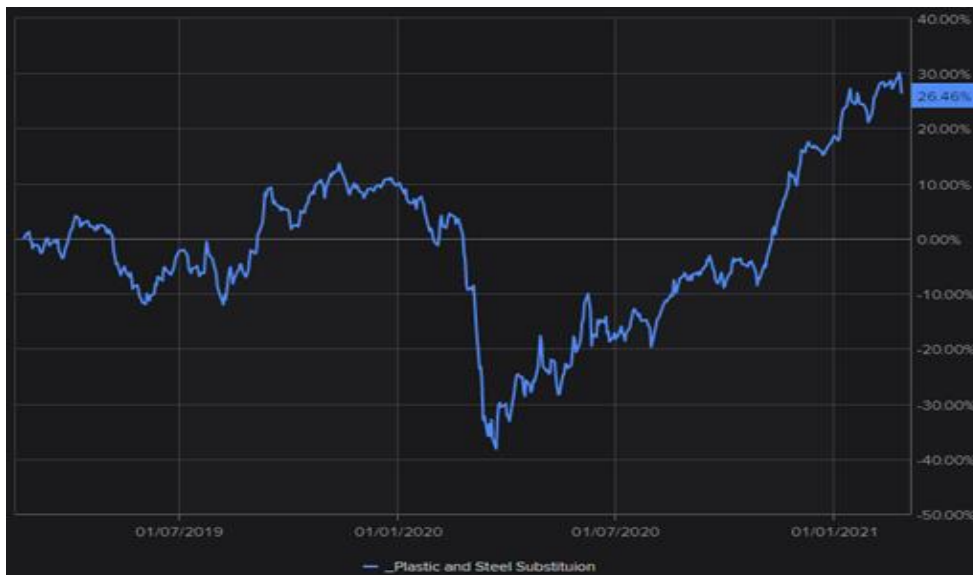
Anticipating a trend



Closed niche - Comment

The Niche was closed at the end of February 2021, registering a performance of about 27% since the start (18/02/2019). Most of the positive performance was generated by the Wood and Aluminium sub-niches. These two investment cases show secular growth, but can no longer be considered Value. On the other hand, the Carbon Fibre and Steel Recycling sub-niches performed negatively. Since we believe that both of these themes are incredibly attractive, we decided to create a new niche for them: '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

Our infrastructure, our vehicles and many of our tools are partially made of iron and/or its derivatives. Although materials such as plastic and aluminium 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 labour-intensive processing have maintained its solid leadership. Up to a point, however... Other materials are emerging with better characteristics in terms of safety, strength, weight, durability and environmental sustainability. As the cost of producing these new materials falls, iron and its derivatives will gradually be replaced and many mines and production plants will have to be closed.

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

Appendix

SHAREHOLDERS' PORTFOLIO: Indexes % Price Changes to 31/12/2023

Index	Price as of 31/12/2023	% 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>	128.90	-	2.08%	-	1.19%	-	9.64%	-	28.90%
<i>Electric Mobility</i>	-	-	1.14%	-	-1.33%	-	8.11%	-	56.53%
<i>6G</i>	-	-	5.76%	-	6.66%	-	14.95%	-	22.99%
<i>Internet Victims</i>	-	-	7.35%	-	13.89%	-	19.82%	-	36.50%
<i>Indonesian Infrastructure Small Caps</i>	-	-	0.10%	-	-7.96%	-	11.52%	-	50.52%
<i>Korea Reunification</i>	-	-	0.51%	-	4.01%	-	1.38%	-	13.85%
<i>Japanese Orphan Companies</i>	-	-	3.02%	-	3.46%	-	22.12%	-	43.49%
<i>The Magic of Graphite: Carbon Fibre and steel recycling (inception date 01 Mar '21)</i>	-	-	2.43%	-	-3.68%	-	0.14%	-	-18.88%
<i>Champagne (inception date 15 Apr '22)</i>	-	-	2.85%	-	0.70%	-	4.93%	-	18.98%
<i>No meat's land (inception date 10 Oct '22)</i>	-	-	2.11%	-	2.44%	-	8.12%	-	13.05%
<i>Cocoon (inception date 10 Oct '22)</i>	-	-	5.84%	-	3.17%	-	-12.34%	-	-15.35%
<i>Beauty for nothing (inception date 10 Oct '22)</i>	-	-	6.58%	-	3.74%	-	-3.01%	-	12.09%
<i>Fly with me (inception date 10 Oct '22)</i>	-	-	14.46%	-	12.89%	-	20.99%	-	26.12%
<i>Deglob (inception date 10 July '23)</i>	-	-	7.76%	-	-4.70%	-	-	-	-11.37%
MSCI Asia Pacific Value (.dMIAP0000VPUS)	158.49	4.91%	3.49%	6.37%	1.88%	11.21%	7.85%	3.45%	6.00%
MSCI Asia Pacific (.MIAP00000PUS)	169.39	4.41%	2.99%	7.67%	3.12%	8.76%	5.47%	7.69%	10.34%
Korea (.KS200)	357.99	5.78%	4.94%	9.57%	9.31%	22.98%	15.94%	25.22%	11.73%
Tokyo Stock Exchange (.TOPX)	2366.39	-0.36%	3.25%	1.85%	3.28%	25.09%	12.75%	47.72%	18.68%
Indonesia (.JKSE)	7272.80	2.71%	2.04%	4.80%	0.73%	6.16%	4.09%	11.93%	5.08%
MSCI Small Cap Indonesia- USD (.dMIID0000SONUS)	427.28	2.32%	0.93%	-4.29%	-8.33%	-7.56%	-10.36%	4.07%	2.85%
China (.HSI)	17047.39	0.03%	-1.31%	-4.28%	-8.06%	-13.82%	-16.42%	-39.86%	-38.07%
High Yield Bond (AHYE.PA)	238.62	-	3.04%	-	6.21%	-	10.51%	-	7.37%

The performance of the individual niches is before commissions

* Class b

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

Source: Niche AM, Thomson Reuters

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