

31/12/2020

Pharus Asian Niches

Portfolio Update – November & December

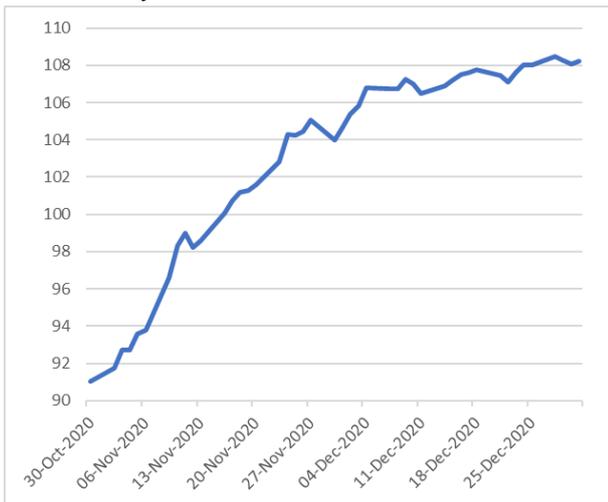


Launch date: 15.02.2019
Total Net Asset value 31.12.2020: € 18,816,678.21
Currency: EUR

Net Asset Value	Class A – ISIN: LU1867072578	€ 106.75
per share	Class B – ISIN: LU1867072651	€ 108.20
As of 31.12.20:	Class Q – ISIN: LU1867072735	€ 108.14

Net asset value per share

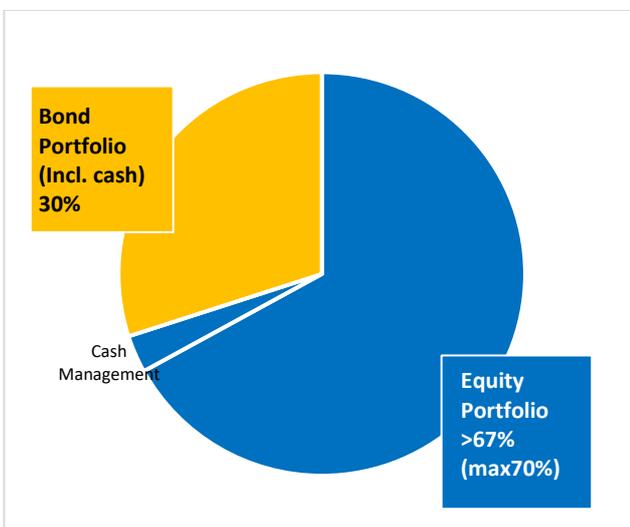
Nov & Dec Performance: +18.85%



Performance Since inception: +8.20%



Portfolio breakdown by asset class



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

Bi-Monthly comment

During the **latest bimester of 2020, the fund gained 18.9%**, supported by the **vaccine newsflow** that led to a timid **rotation towards value** from which all the Niches benefited. Unsurprisingly, that best Niches were Small Caps Indonesia (+42%) and Internet Victims (34.6%), the Niches most severely affected by the pandemic, while the “laggards” were Orphan Companies (+10.4%) and 5G (+16.8%), which turned out being the most resilient during the crisis. Please refer to the specific comments for each Niche.

The year 2020 ended with a positive **return of 5.9%**, led by Electric Mobility (+30,4%) and Close the Gap (+38.6%), while the worst Niches were Neglected Luxury (-21.6%) and Internet Victims (-7.9%). Although all the Niches have a value approach, their high decorrelation demonstrates that Pharus Asian Niches is a laboratory that can be effectively used to allocate money, diversifying the risk, and arbitraging between areas that present different valuations, momentum and risk/benefit profiles.

The Niche **“Close the Gap”** saw the preferred shares discount reducing further and moving at levels way less dramatic than those in place when we launched it (35% today vs 51% in 02/2019). Since inception (18/02/2019) the Niche has recorded, as of December 31st, 2020, a performance of about 35%. As such, we have decided to take profit and close the Niche and to substitute it with a Niche with a more attractive risk/benefit profile. From the 1st of January the Niche **Close the Gap** will be then replaced by the **new Niche “The CUB”** that stands for **The China Under Biden**, where we will invest 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). The Niche invests up to the 5% of the NAV of the fund, as it was also the case for the Niche Close the Gap.

That is not the only change we made at the end of the year. We reduced the investment cap of the Niche **Electric Mobility** from 15% to 12%. We are still extremely positive on this Niche, as our portfolio has not been taken away by the market frenzy that has characterised this theme. As we stick to fundamental analysis and value approach, our portfolio presents very attractive valuation metrics. However, as part of our disciplined approach, after a good performance we are reducing a little the Niche, that nonetheless still presents the highest weight among the Niches of the fund.

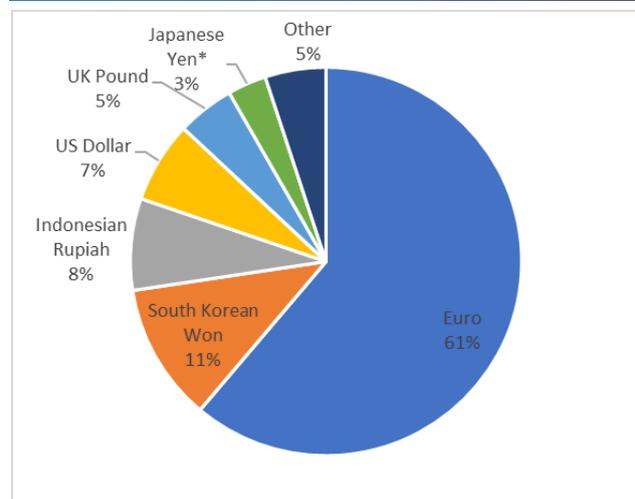
The 3% of weight we cut from the Niche **Electric Mobility** was added to the Niche **Korea Reunification**. This Niche has deeply underperformed the Korean market as it lacks the exposure to tech stocks. Our Niche aims to benefit from a rapprochement between the North Korea and the South Korea. As such it provides a strong exposure to the domestic financial sector, retailers, restaurants, industrials, infrastructures. Those sectors have lagged, and we think they should catch up as the economy recovers. Furthermore, if the newsflow from the North Korea starts to improve, the Niche **Korea Reunification** could hugely surprise on the upside.

The above-mentioned **value-rotation has significant ground to recover** as value stocks have rarely been so cheap relative to the market and interest rates, providing the investors with a significant investment opportunity. **There are today few truly value investment vehicles** on the market as many had to change their strategy in order adjust to the prevalent trend. Pharus Asian Niches is one of those few vehicles, wrapping transparently together some of the most promising and value-oriented equity Niches in the Asian markets.

Niches performance in November - December

NICHE	Nov - Dec
Electric Mobility	30.9%
5G	16.8%
Internet Victims	34.6%
Small Cap Indonesia	42.1%
Korea Reunification	13.5%
Close the gap	27.6%
Neglected Luxury	18.5%
Orphan Companies	10.4%
Plastic&Steel Substitution	27.9%

Portfolio breakdown by currency



* net of JPY hedging

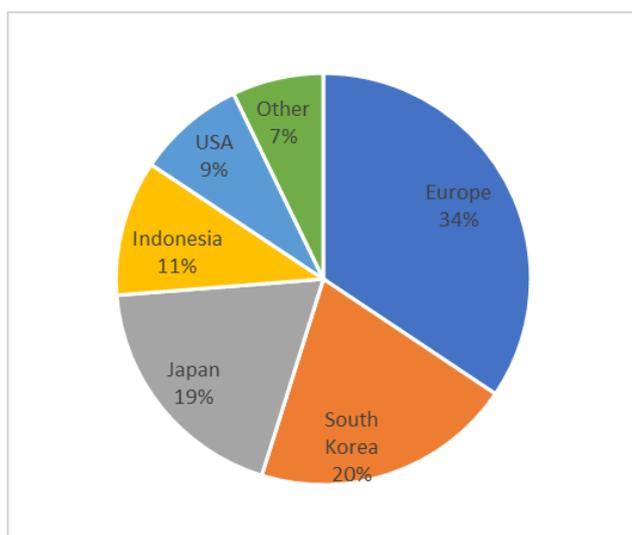
Top holdings

ISIN	Security	%	Portfolio
LU1867072222	Pharus Sicav - Electric Mobility Niches	9.42	Electric Mobility
FR0013461274	Eramet 5.8750 19-25 21/05A	1.59	Cash Management
XS1945271952	SGL Carbon Se 4.6250 19-24 30/09S	1.53	Bond
US48268K1016	KT	1.39	Close the Gap
US78440P1084	Sk Telecom	1.31	Close the Gap
FI0009000681	Nokia	1.28	5G
XS1619015719	Unicredit Spa Fl.R 17-49 03/12S	1.13	Bond
GB0030913577	BT Group	1.11	5G
XS1435297202	Salini Impregilo 3.75 16-21 24/06A	1.10	Bond
XS1109959467	Arcelik As 3.875 14-21 16/09A	1.10	Bond

Equity top holdings

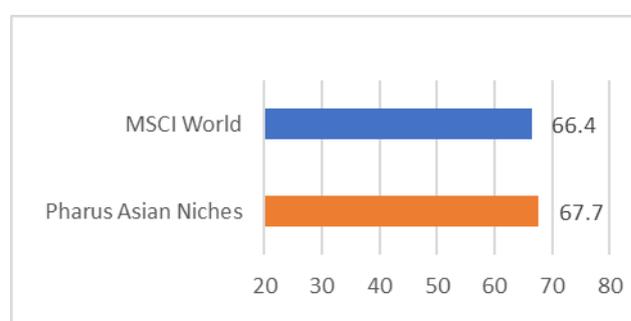
ISIN	Security	%	Niche	Sub-Niche
US48268K1016	KT	1.39	Close the Gap	Holding Companies
US78440P1084	SK Telecom Co Ltd	1.31	Close the Gap	Holding Companies
FI0009000681	Nokia OYJ	1.28	5G	Telecom Equipment
GB0030913577	BT Group Plc	1.11	5G	Telecom Services
FR0000131906	Renault SA	0.92	Close the Gap	Holding Companies
FR0000133308	Orange	0.88	5G	Telecom Services
ID1000114002	PP TBK	0.87	Small Cap Indonesia	Real Estate&Construction
US16941M1099	China Mobile	0.83	5G	Telecom Equipment
ES0178430E18	Telefonica SA	0.79	5G	Telecom Services
ID1000103609	Bank Bukopin	0.75	Small Cap Indonesia	Banks

Equity breakdown by geographical exposure



Source: Niche AM

Equity Portfolio ESG rating



Source: Niche AM – Thomson Reuters

ASIAN NICHES



Electric Mobility.....	5
5G.....	7
Internet Victims.....	9
Small Cap Indonesia.....	11
Korea Reunification.....	13
Close the Gap.....	15
Neglected Luxury.....	17
Orphan Companies.....	19
Steel and Plastic Substitution.....	21
Bond Portfolio.....	23

Electric Mobility

Getting ready for a seismic change



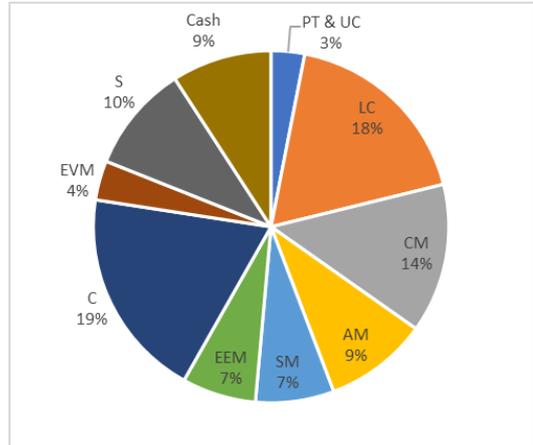
stocks: 19

Average Market Cap (mln €) 6.284

Median Market Cap (mln €): 2.430

Electric Mobility – segment breakdown

		Asian Niches Fund	EM Niche
Power Train & Ultracapacitors	PT & UTC	0.5%	3.0%
Lithium Cells	LC	2.7%	17.9%
Cathode makers	CM	2.0%	13.6%
Anode Makers	AM	1.4%	9.4%
Separators makers	SM	1.1%	7.1%
Electrolytes and Elecfoils	EEM	1.0%	6.7%
Commodities	C	2.9%	19.2%
EV Makers	EVM	0.5%	3.6%
Satellites	S	1.5%	9.7%
Cash Electric Mobility	Cash	1.4%	9.0%
Total		15.0%	100.0%



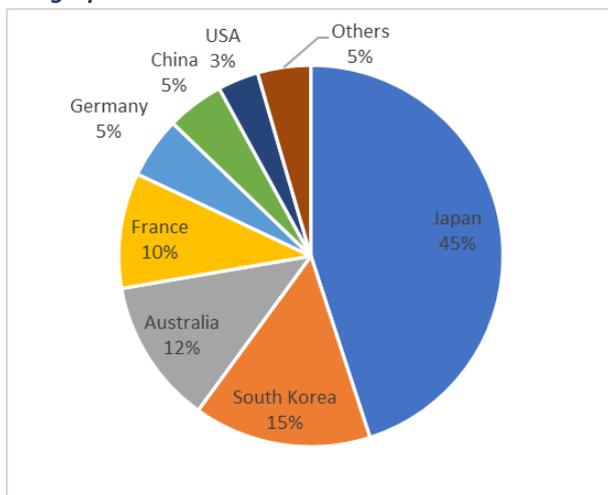
Source: Niche AM

Valuation snapshot



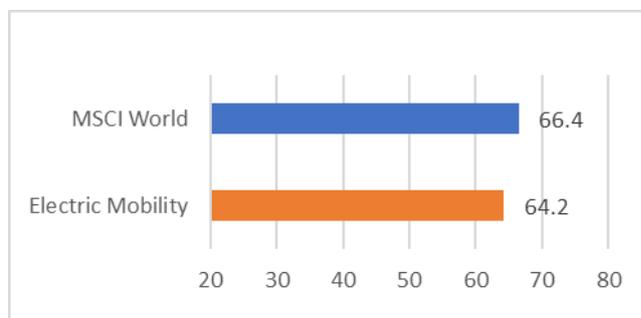
Source: Niche AM, Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Electric Mobility

Getting ready for a seismic change



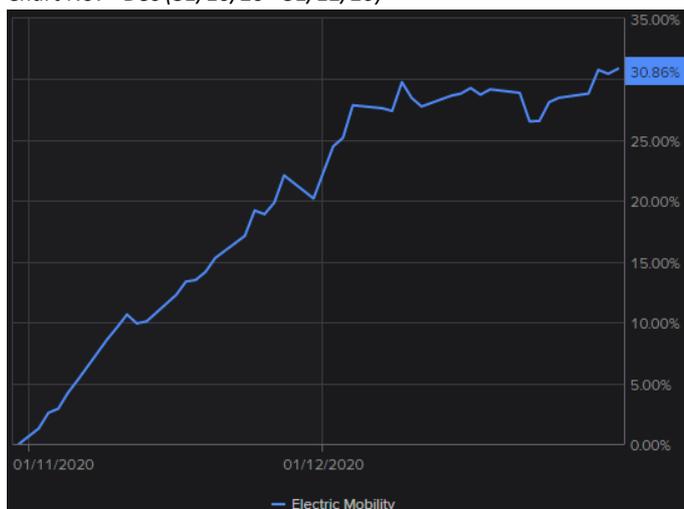
Bi-monthly comment

The Niche rose 30.9% during the last bimester of 2020, posting a positive yearly return of 30.4%. For the 2020 the best Sub-Niches were Lithium Cells (+101.7%), Cathodes (75.6%) and Commodities (62%). The worst were Anodes (-8.4%), Satellite Areas (-3%) and Separators (-2.3%). Lithium cells makers are at the core of capacity shortage. Same story applies on cathodes and commodities. This led to a significant rerating from depressed levels that, however, still fails to account for the future growth of volumes and margins. On the Sub-Niches Anodes, Separators and Satellite Areas we invest in companies that are not pure and have significant exposure to other cyclical industries related (chemical, steel, cement, electric equipment) and, as such, were weak following the economic crisis. The reason behind this it is that we still do not have visibility on the solid-state batteries adoption that will see the elimination of anodes and separators. Among the Satellite Areas, we invested in recharger networks through deeply valued electric equipment companies in Japan, as the pure player are far from being value stocks; those are also very exposed to the utilities investments into the grid, that will rebound in due time with roll out of the new investment policies. All these “non-pure” companies, that held back our performance in 2020, are healthy and offer significant value going forward. Spin offs of the EVs divisions or the economic recovery could act as the trigger for a strong rerating.

The hype for this theme, that took Tesla and few EVs start-ups to overstretched valuations, is starting to give room to what represents the core of the electric revolution: the battery. In the last couple of months batteries-related commodities, PCAM (precursor cathodes material) and cathodes producers did very well. Batteries’ supply chain is very articulated, and many are the small to mid-cap companies involved, trading at very attractive valuations. As many times indicated, we are facing a shortage of batteries as the capacity growth will not be able to keep pace with the EVs demand. Bottlenecks lead to rerating and melt ups. However, we are value investors, and we will keep investing till we see sensible valuations and an attractive risk/reward profile. As we see today.

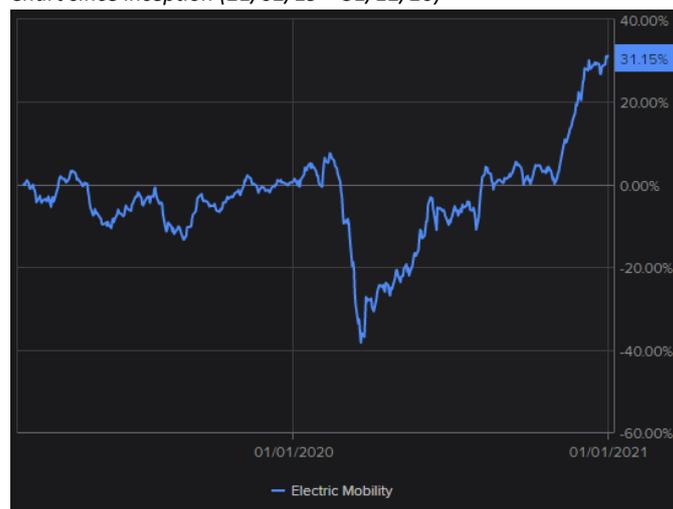
Best Sub-Niches over the last two-months of 2020 were Commodities (79.4%) and Cathodes (+50,6%). “Worst” Sub-Niches were Electrolytes&Elecfolds (+13.3%) and Separators (+19.8%). We saw significant interest in the lithium batteries commodities. Starting from lithium and spreading quick to graphite, nickel, vanadium, aluminum, cobalt and manganese. We took profit on lithium miners after the strong rerating and reduced further our exposure to natural graphite, that remains significant in the portfolio yet. We increased exposure to nickel and vanadium. Many companies in this area are trading at depressed valuations despite the opportunities ahead. We introduced one of the most reputable and neglected miners of vanadium. Vanadium redox batteries (VRFBs) saw a regain of interest with low vanadium prices. This storage technology is starting to come live. This is promising for a basic material that is today trading at valuations not distant from the cash cost of mining it. We think that vanadium prices are at the bottom of the cycle.

Chart Nov - Dec (31/10/20 - 31/12/20)



Source: Niche AM

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



Niche description

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

5G

Moving to the next Internet investment chapter



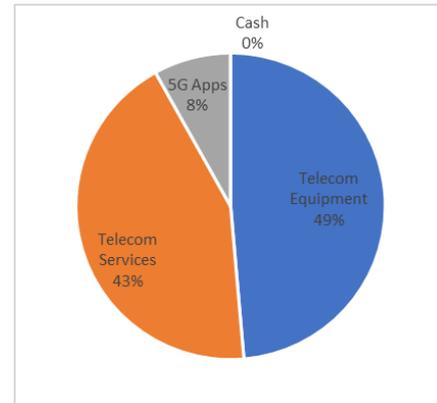
stocks: 23

Average Market Cap (mln €) 41.932

Median Market Cap (mln €): 13.617

5G breakdown

	Asian Niches Fund	5G Niche
Telecom Equipment	4.9%	48.6%
Telecom Services	4.3%	43.3%
5G Apps	0.8%	8.1%
Cash 5G	0.0%	0.0%
Total	10.0%	100.0%



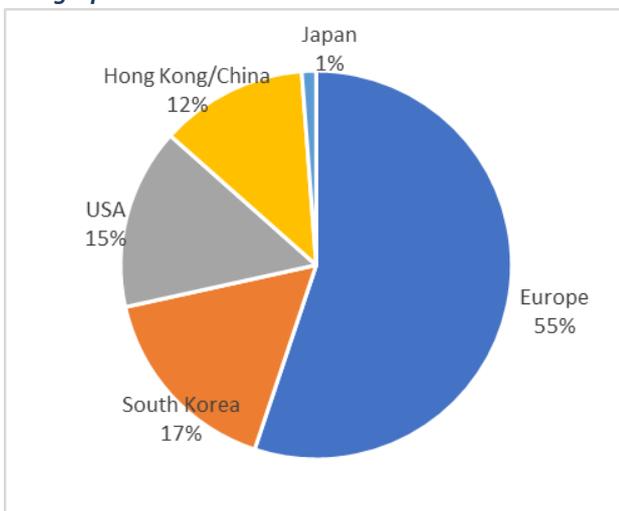
Source: Niche AM

Valuation Snapshot



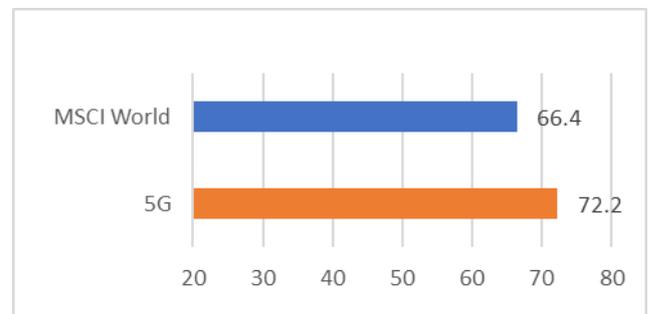
Source: Niche AM, Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

5G

Moving to the next Internet investment chapter



Bi-monthly comment

The Niche rose by 16.8% during the last bimester of 2020 and finished the year down by about 3.8%. Since the inception (18/02/2019) the Niche has recorded a performance of +7%.

The Niche 5G is divided in 3 sub-Niches: Telecom Operators, Telecom Equipment and 5G Apps. The sub-Niche Telecom Operators rebounded strongly across all the geographies we are invested in (Korea, China, Indonesia, and Europe). Strong evidence of price stabilization was the catalyst. M&A helped contributed too. Orange Belgium was bought out by its parent Orange at a 40% of premium. And earlier in the year Altice and Iliad were also subject to buy out from their founders. High dividend, low valuations, good free cash flow and the incoming 5G provide ample scope for a rerating. The magnitude of the rerating could be significant considering the equity/debt mix common to this sector. For what regards the sub-Niche Telecom Equipment, Nokia and Ericsson, two of the leading 5G players lagged, but this was offset by the strong performance of Samsung and tier2 players active in different segments of the 5G equipment spectrum. The sub-Niche 5G Apps is mainly exposed to cheap IT consultants that will find increasing demand to integrate the new 5G toolsets.

Despite so many words spent by the media on 5G, the main players are trading at attractive levels. The Niche has still to take off and today represents an amazing opportunity to gain exposure to this massive technological shift on the cheap.

Chart Nov - Dec (31/10/20 - 31/12/20)

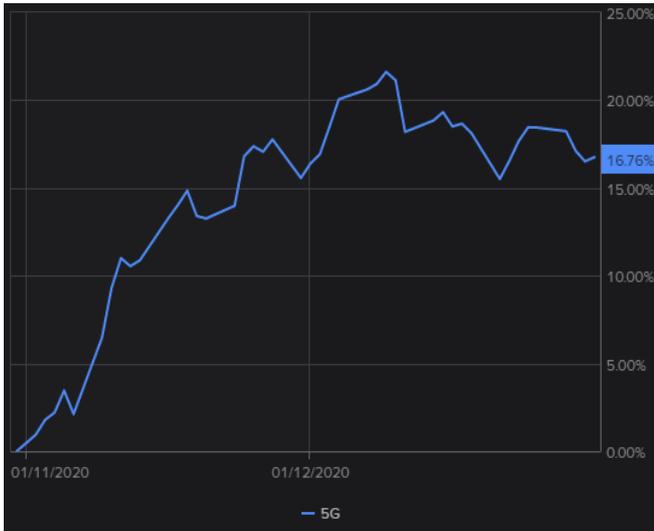
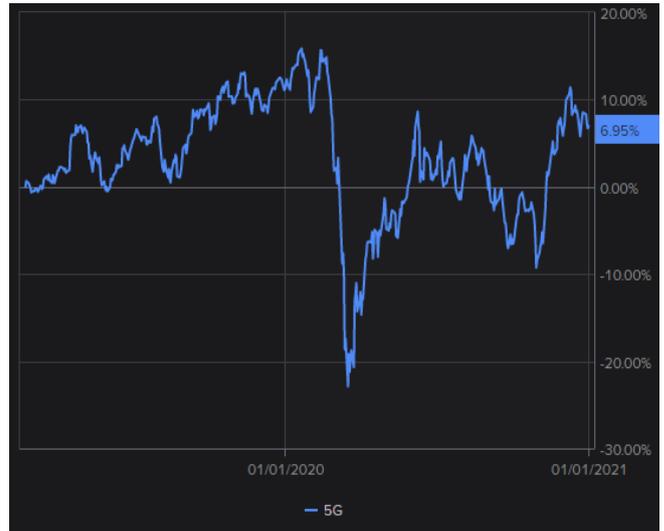


Chart since inception (21/02/19 - 31/12/20)



Source: Niche AM

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



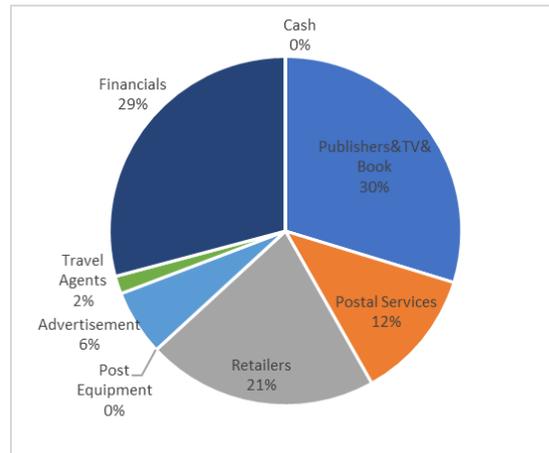
stocks: 33

Average Market Cap (mln €) 12.598

Median Market Cap (mln €): 3.062

Internet Victims breakdown

	Asian Niches Fund	Internet Victims Niche
Publishers&TV&Book	3.0%	30%
Postal Services	1.2%	12%
Retailers	2.1%	21%
Post Equipment	0.0%	0%
Advertisement	0.6%	6%
Travel Agents	0.2%	2%
Financials	2.9%	29%
Cash Internet Victims	0.0%	0%
Total	10.0%	100.0%



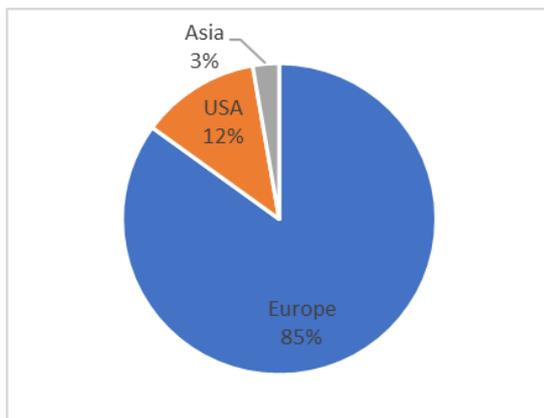
Source: Niche AM

Valuation Snapshot



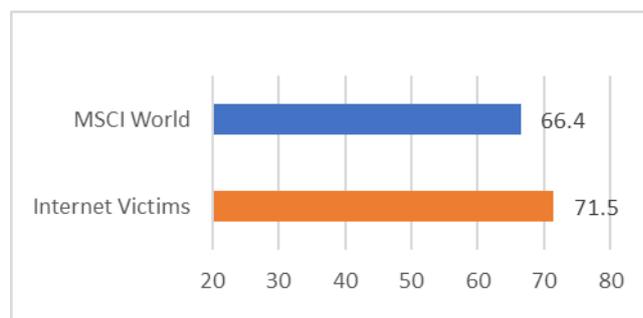
Source: Niche AM. Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM. Thomson Reuters

Internet Victims

Chasing the survivors



Bi-monthly comment

The Niche was up by 34.6% in the period, recovering a relevant part of the ground lost following the start of the pandemic, but still ending the year with a negative performance of 7.8%. Since the inception (18/02/2019) the Niche has recorded a performance of 7.4%.

Among the Niches included in the fund the Niche **Internet Victims** is the most sensitive to the pandemic, being exposed to retailing, publishing, broadcasters, advertising agencies, postal operators, and financials. The sub-Niche **Financials** rebounded from incredibly depressed levels, not justified by its hefty capital and good credit quality. The sector could be ready for a long-term rerating, fuelled by interest rates stabilization, sound capital, a shrinking cost structure and the significant de-risking of the activity. In the sub-Niche **Publishers** Gannett rose by almost 180% in the period. The company was subject to a severe derating following its merger with GateHouse at the end of 2019. This operation led the company to significantly leverage its B/S at the eve of the pandemic. The company is now reducing its financial leverage through cash flow generation and disposal of non-strategic assets and it is now starting to see the benefit of the synergies with GateHouse. In the sub-Niche **Postal operators** Royal Mail was up 50% on continued parcel demand. Royal Mail owns GLS, one significant global parcel company. Finally, the sub-Niche **Retailers** saw a relevant dispersion of returns, with Ceconomy up by 50% on positive news related to governance (acquisition on MediaMarkt-Saturn minorities) and convincing new physical/digital strategy, whereas Metro lagged (+9%) despite announcing a fat dividend. This company's main clients are restaurants and bars. Once the vaccine prevails upon the pandemic a swift return to normality will bring back the lost business of Metro.

After almost two years since the inception of the Niche we are starting to see the first clear signs of inversion of a trend that has seen internet colliding, transforming, and significantly shrinking many sectors. After having accumulated on weakness so many names in the Niche, it is strong the temptation to get rid of them after small gains. As value investors we are aware of it and we will keep those assets throughout the long rerating that lays ahead.

Chart Nov - Dec (31/10/20 - 31/12/20)

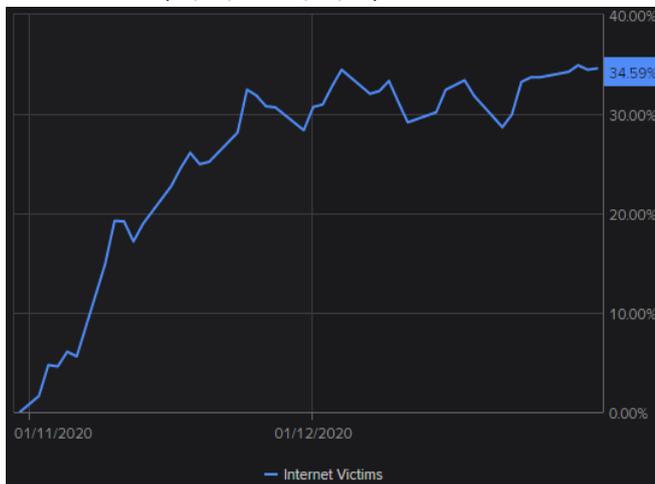
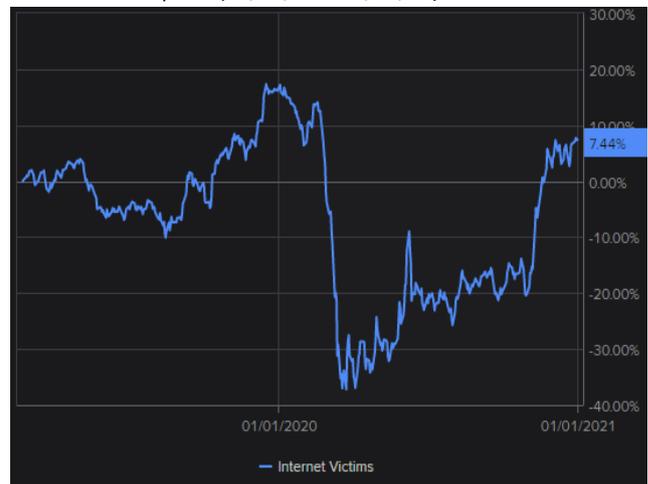


Chart since inception (21/02/19 - 31/12/20)



Source: Niche AM

Niche description

Every technology revolution, and the ongoing huge internet revolution is no exception, makes corporate victims; business models are replaced; many of the old players fail to adapt early, while new players are ushered in, thriving and gaining market share, This slow and cruel process is well known by investors, who, however, normally tend to be late in fully understanding the depth and the breath of the shift.

Once the trend is established most of the investors sell the old players and gain exposure to the new ones. The old players have to live through a prolonged period of restructuring and reinvention; valuations are squeezed, failures and consolidation are common. We call them the (internet revolution) VICTIMS. At the end of a technology revolution a new class of companies emerges; this class is composed by the old players which have learnt to live through the change, thriving in a less competitive environment and/or through an adapted business model. We call them the (internet revolution) SURVIVORS. Finding survivors can be even more rewarding than finding winners.

The niche aims to gain exposure to the survivors of the internet revolution.

Small Cap Indonesia

A tremendous opportunity



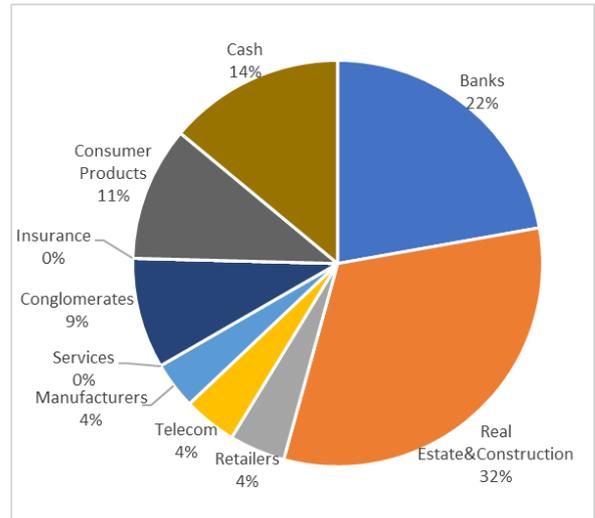
stocks: 17

Average Market Cap (mln €): 0.736

Median Market Cap (mln €): 0.562

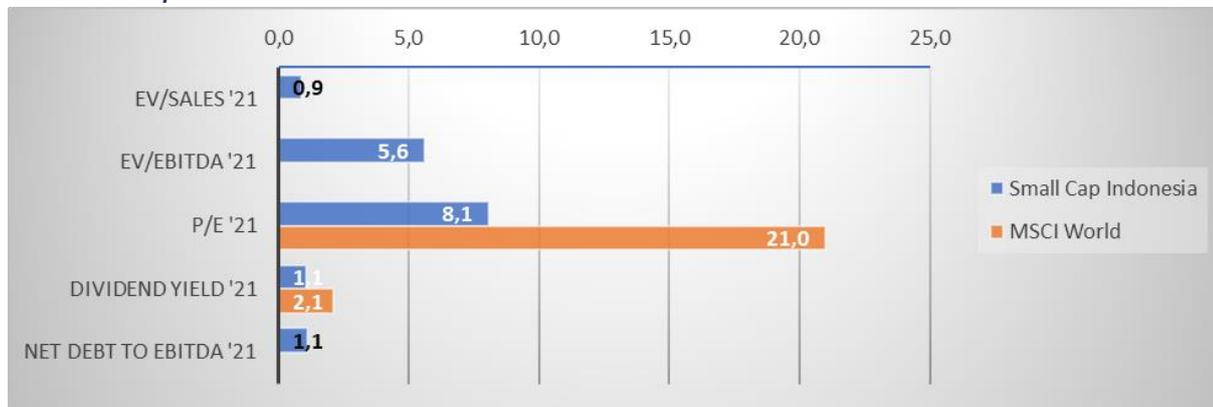
Small Cap Indonesia breakdown

	Asian Niches Fund	Small Cap Indonesia
Banks	2.2%	22.2%
Real Estate & construction	3.2%	32.0%
Retailers	0.4%	4.4%
Telecom	0.4%	4.2%
Manufacturers	0.4%	3.7%
Services	0.0%	0.0%
Conglomerates	0.9%	8.8%
Insurance	0.0%	0.0%
Consumer Products	1.1%	10.7%
Cash Small Cap Indonesia	1.4%	13.9%
Total	10,0%	100,0%



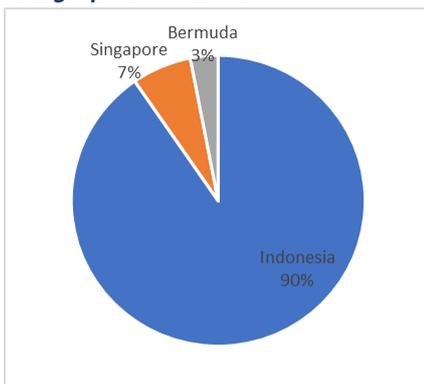
Source: Niche AM

Valuation Snapshot



Source: Niche AM. Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)

n.a.

Source: Niche AM. Thomson Reuters

Small Caps Indonesia

A tremendous opportunity



Bi-monthly comment

The Niche gained over 42% during the latest bimester of the year, ending the year up by about 9.4%. Since the inception (18/02/2019) the Niche has recorded a performance of +4.7%

The local equity market started off strongly following the news of the vaccine. It was also helped by the positive sentiment related to Indonesia's new sovereign wealth fund that raised 6 billion USD from several investors from countries such as Japan and the US.

In this context, few stocks of the Niche recorded astonishing performance, Indosat rose almost 150%, starting from very depressed level (EV/EBITDA 2.5x) thanks to potential merger with Hutchinson 3 Indonesia. Bank Bukopin jumped over 130% few months after KB Financial Group became its main shareholder (stake increased from 22% to 67% after a rights issue in August and a private placement in September), improving its soundness and reliability. Construction, cement, and other financial stocks contributed to the rebound.

Despite the good rebound, the Niche still presents a huge (70% plus) valuation gap versus the Indonesian big caps universe, and in due time this gap will close. Indonesia, as many times mentioned in our bi-monthly report, has an exciting growth outlook.

Chart Nov - Dec (31/10/20 - 31/12/20)

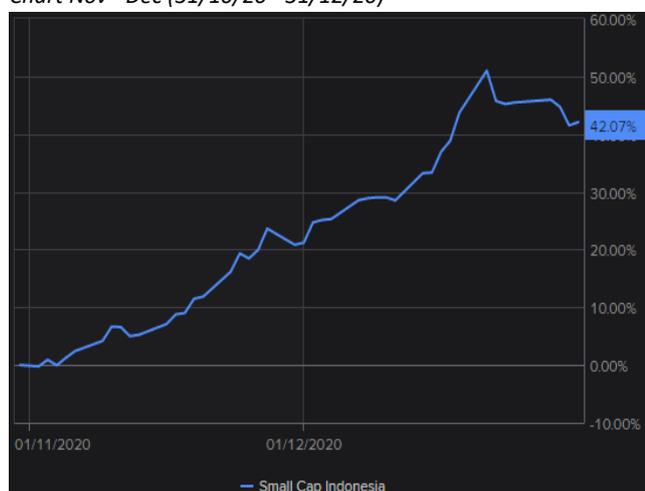
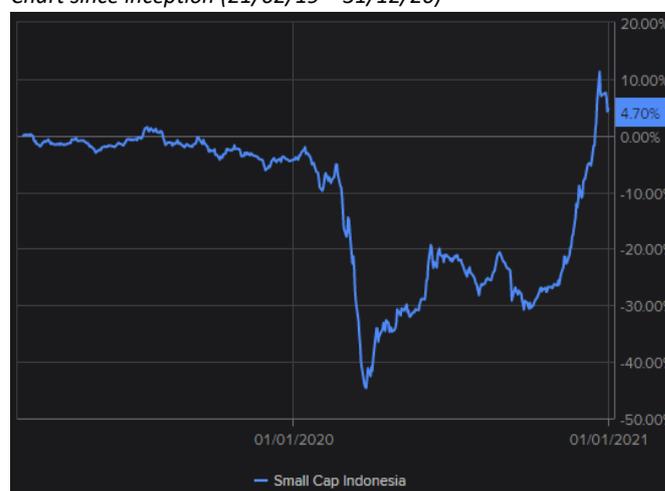


Chart since inception (21/02/19 - 31/12/20)



Source: Niche AM

Niche description

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

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

Korea Reunification

A free option on an already attractive market



stocks: 16

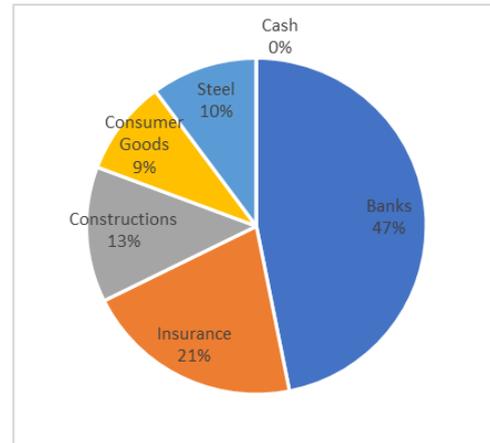
Average Market Cap (mln €) 6.212

Median Market Cap (mln €): 4.202

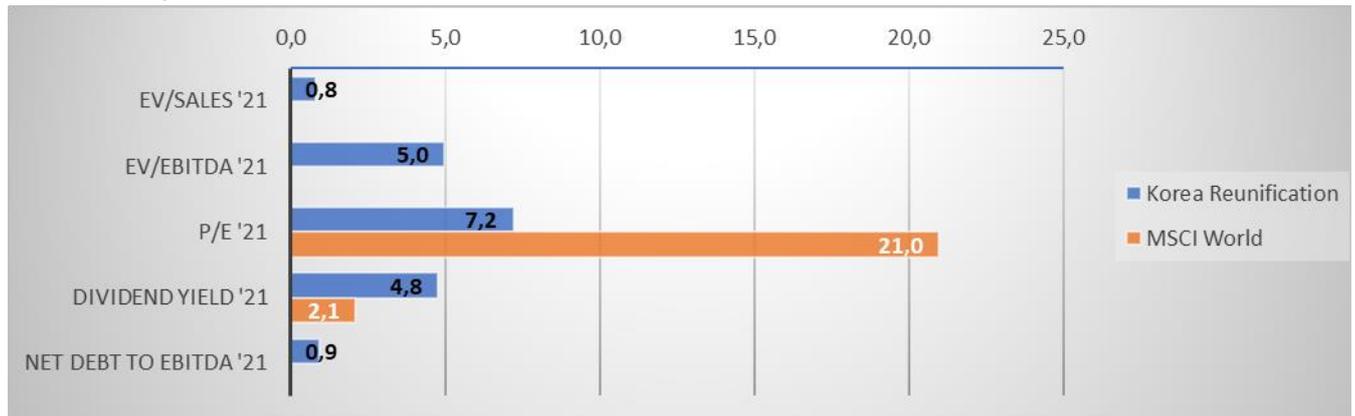
Korea Reunification breakdown

	Asian Niches Fund	Korea Reunification Niche
Banks	2.3%	46.9%
Insurance	1.0%	20.8%
Constructions	0.7%	13.0%
Consumer Goods	0.5%	9.2%
Steel	0.5%	10.1%
Cash Korea Reunification	0.0%	0.0%
Total	5.0%	100.0%

Source: Niche AM

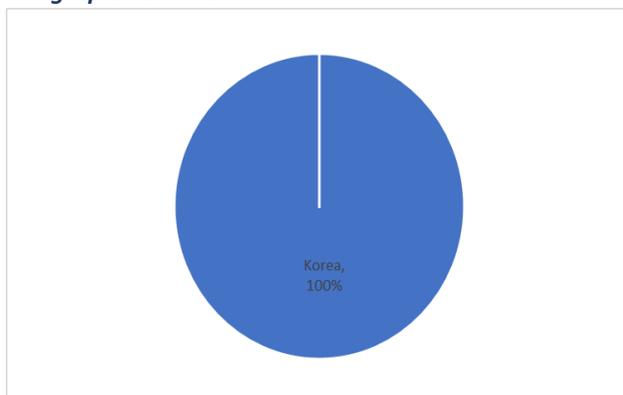


Valuation Snapshot



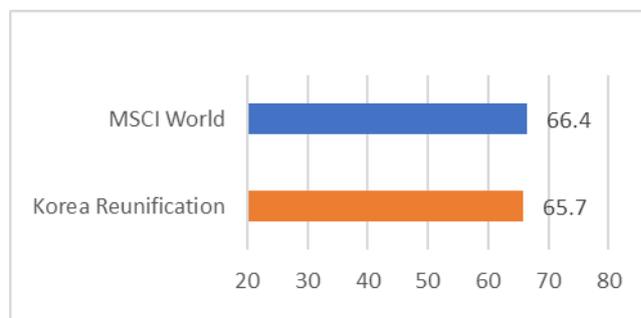
Source: Niche AM

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM. Thomson Reuters

Korea Reunification

A free option on an already attractive market



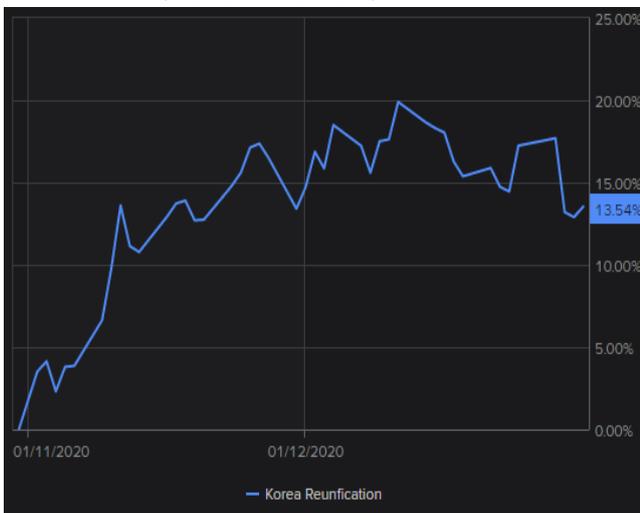
Bi-monthly comment

The Niche rose by 13,5% in the two-month period, finishing the year almost unchanged. Since the inception (18/02/2019) the Niche has recorded a performance of -8,8%.

The portfolio, which is exposed to companies that will benefit the most from a rapprochement between the two Koreas, underperformed the main Korean index. This is due to the fact that the portfolio is clearly invested into financials, telecoms, food retailers, restaurants chains and infrastructure stocks while most of the good performance of the index comes from the technology sector. All these stocks we own will benefit from to Korea huge fiscal package and global macro recovery though. While waiting from the big boost represented by the rapprochement with North Korea that could happen anytime. When this event materializes our stocks could well double up in few weeks. Buckle up!

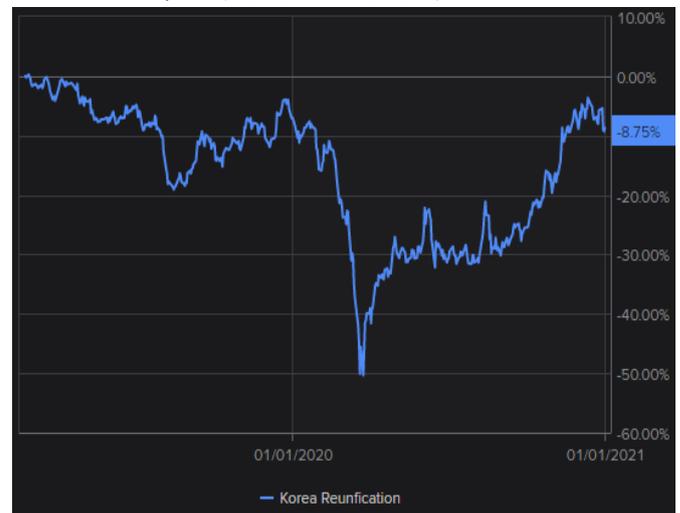
North Korea is preparing for the changeover in the US after four years of Donald Trump. Speaking at the Workers' Party of Korea's congress, Kim Jong Un admitted that his economic policies had failed and vowed to strengthen his country's military power, securing an edge at the negotiation table. According to the press, when it comes to dealing with the North, Joe Biden will take a more traditional approach than Trump, drawing in allies and partners instead of going at it alone. A denuclearization process, accompanied by economic support, should pave the way for a gradual rapprochement. China will play a pivotal role into this process.

Chart Nov - Dec (31/10/20 - 31/12/20)



Source: Niche AM

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



Niche description

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

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

Close the Gap

As simple as that ...



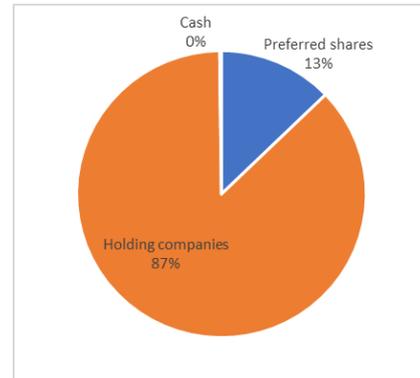
stocks: 7

Average Market Cap (mln €) 10.260

Median Market Cap (mln €): 11.034

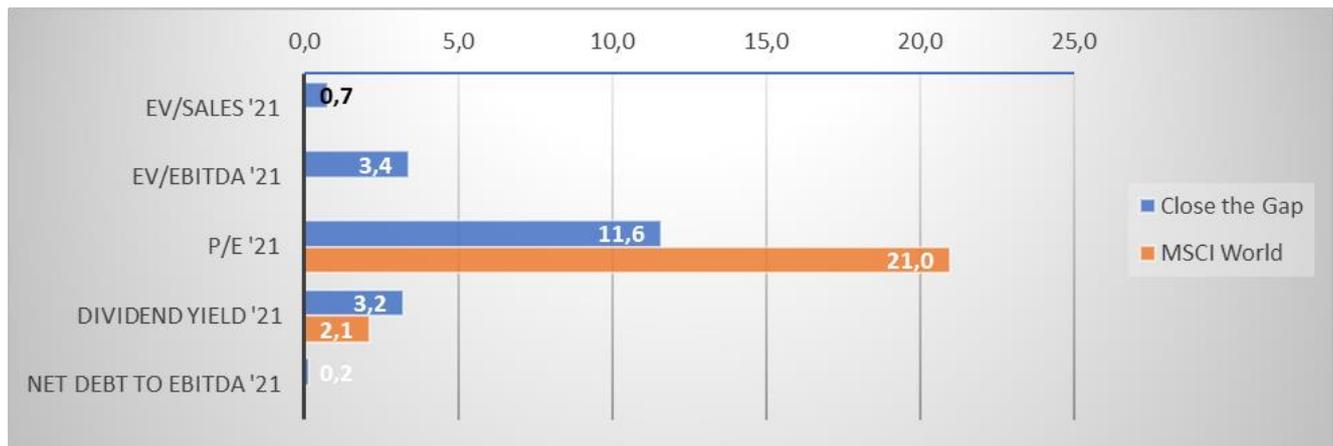
Close the Gap breakdown

	Asian Niches Fund	Close the Gap Niche
Preferred shares	0.6%	12.8%
Holding companies	4.4%	87.0%
Cash Close the Gap	0.0%	0.2%
Total	5.0%	100.0%



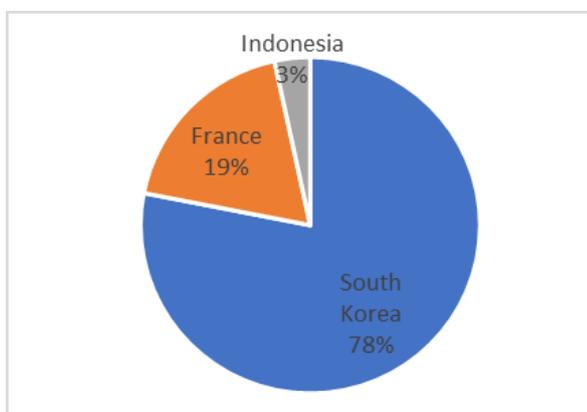
Source: Niche AM

Valuation Snapshot



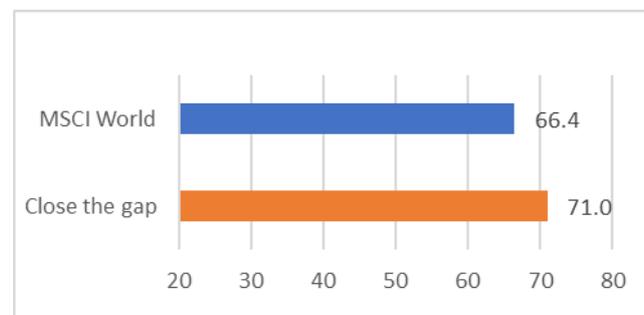
Source: Niche AM. Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM. Thomson Reuters

Close the Gap

As simple as that ...



Bi-monthly comment

The Niche gained 22.6% in the bimester, achieving the year with a strong performance (+39%). Since the inception (18/02/2019) the Niche has recorded a performance of +35%.

The Niche aim is to bank on the closing of the gap between ordinary shares and preferred shares in Korea, where this gap was still huge. Since we launched this Niche, on average the Korean preferred stocks discount narrowed by more than 30%. This led us to the decision to close and take profit on the Niche. We then decided to use those assets to launch a new Niche called The CUB (The China Under Biden), that, in our view, provides a better risk reward profile. We have introduced the new investment case in the comment at page 2.

Chart Nov - Dec (31/10/20 - 31/12/20)

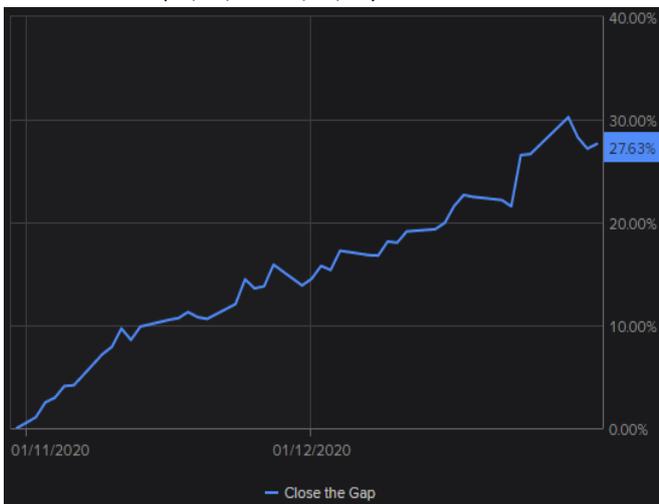
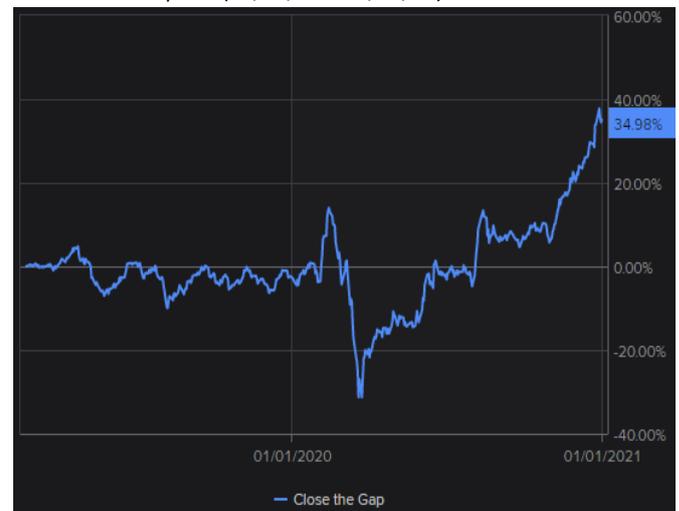


Chart since inception (21/02/19 – 31/12/20)



Source: Niche AM

Niche description

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

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

Neglected Luxury

Overlooked rarity



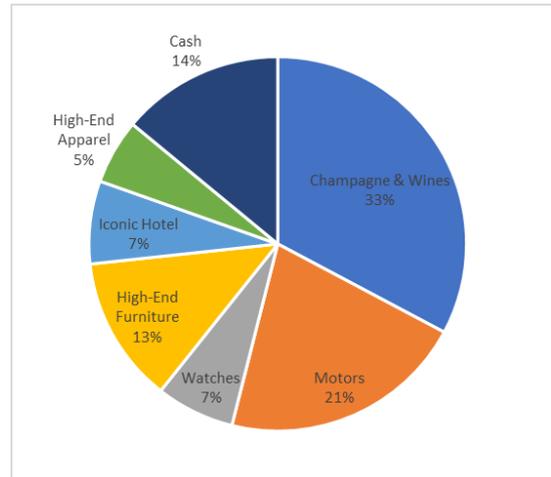
stocks: 12

Average Market Cap (mln €) 12.932

Median Market Cap (mln €): 3.263

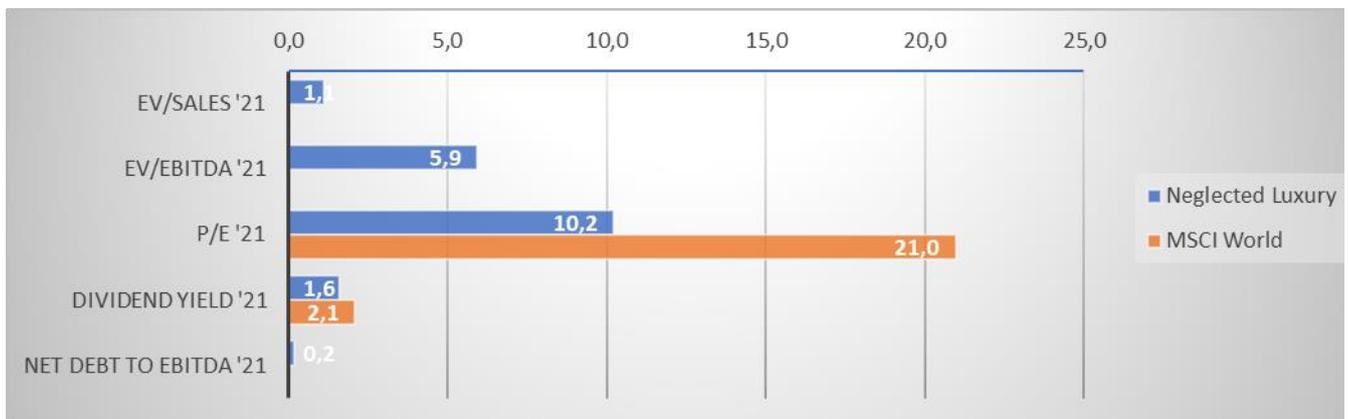
Neglected Luxury breakdown

	Asian Niches Fund	Neglected Luxury Niche
Champagne & Wines	1.6%	32.9%
Motors	1.1%	21.2%
Watches	0.3%	6.8%
High-End Furniture	0.6%	12.7%
Iconic Hospitality	0.4%	7.2%
High-End Apparel	0.3%	5.6%
Cash Neglected Luxury	0.7%	14.0%
Total	5.0%	100.0%



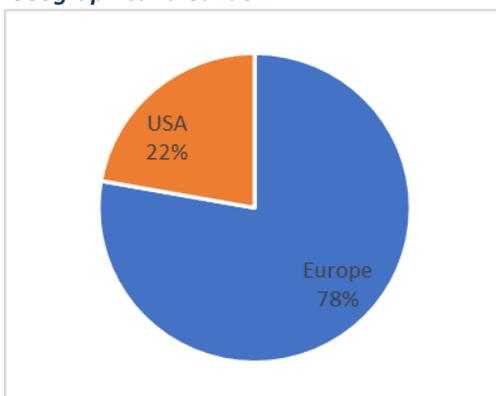
Source: Niche AM

Valuation Snapshot



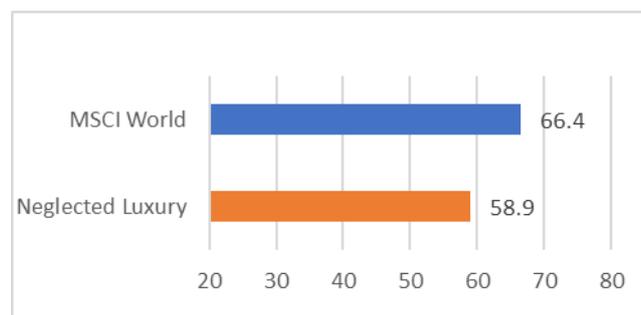
Source: Niche AM. Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM. Thomson Reuters

Neglected Luxury

Overlooked rarity

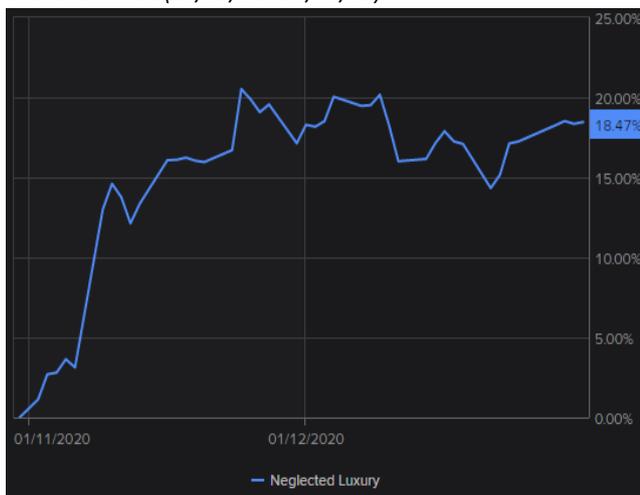


Bi-monthly comment

The Niche gained about 18,5% during the two-month period on vaccine hopes, while the year ended with a decline of 21.6%. The Niche took its toll from its the high exposure to companies in the Leisure&Hospitality sector. Since the inception (18/02/2019) the Niche has recorded a performance of -14.6%.

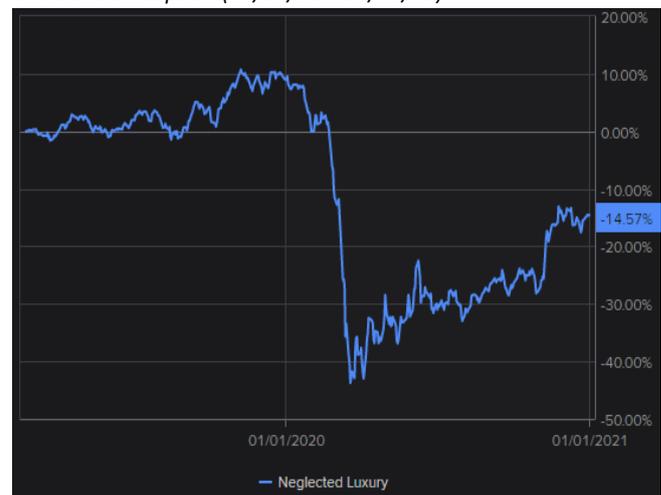
During the period, the sub-Niche Luxury Automakers was the main contributor to this positive performance; despite a bumpy road this year for the industry, these carmakers recorded double digit stock performance in 2020, ranging from +13% to +52%. The sub-Niche Leisure&Hospitality performed also very well, anticipating a return to normality. The sub-Niche Champagne&Wines started to recover as well, even if current valuations are still ridiculous compared to the brands and the value of lands and bottles in stocks. The reopening of restaurants and clubs should help this exciting sub-Niche. In the bimester we have included Hugo Boss into the Fashion&Watches sub-Niche. The company enjoys a strong brand in the affordable luxury segment. It is investing in many promising initiatives related to its distribution network and its image. The current stock valuation (6x EBITDA; dividend yield 3.2% '21 - 4.8% '22) does not consider the significant selling margins and the opportunities in China and in the woman segment.

Chart Nov - Dec (31/10/20 - 31/12/20)



Source: Niche AM

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



Niche description

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

Orphan Companies

Thinking outside the box



stocks: 16

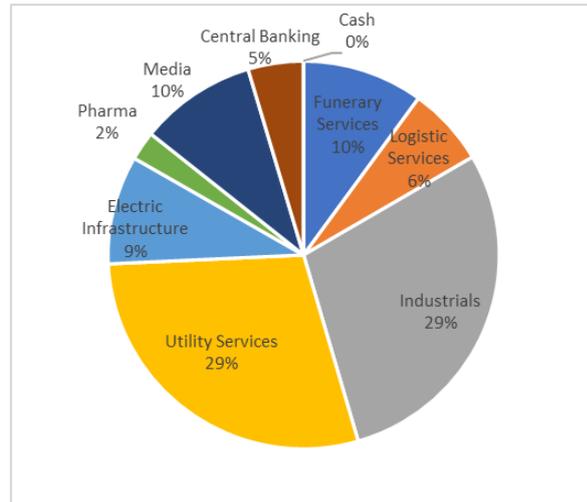
Average Market Cap (mln €) 0.557

Median Market Cap (mln €): 0.235

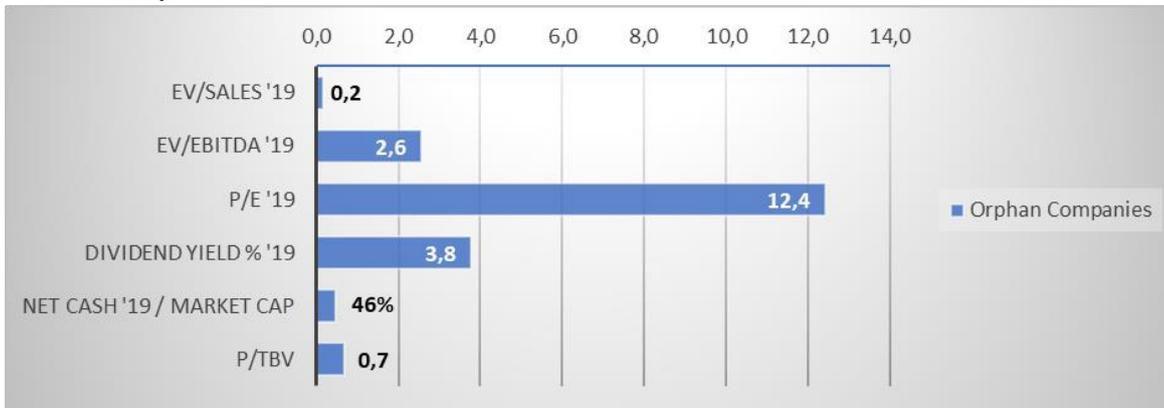
Orphan Companies breakdown

	Asian Niches Fund	Orphan Companies Niche
Funerary Services	0.5%	10.0%
Logistic Services	0.3%	6.6%
Industrials	1.4%	28.9%
Utility Services	1.4%	28.8%
Electric Infrastructure	0.5%	9.1%
Pharmaceuticals	0.1%	2.4%
Media	0.5%	9.7%
Central Banking	0.2%	4.6%
Cash Orphan Companies	0.0%	0.0%
Total	5.0%	100.0%

Source: Niche AM

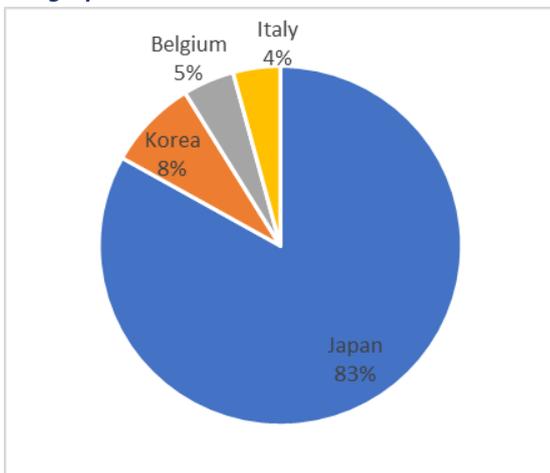


Valuation Snapshot



Source: Niche AM, Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)

n.a.

Orphan Companies

Thinking outside the box



Bi-monthly comment

The Niche rose 10,4% during November and December, finishing the year almost unchanged versus 2019 (-1%), and confirmed its little correlation with the other Niches. Since the inception (18/02/2019) the Niche has recorded a performance of +7.4%.

The positive performance in the latest two months of 2020 was favoured by the outstanding performance of Takaoka Toko (+58%). The company, controlled by the main Japanese electric utility Tepco, is enjoying a positive momentum for its electric equipment business and we expect this trend to last, helped by the transition to green energy and a digitalized grid. Despite the strong performance, the stock is trading 2.5 times EBITDA and 0,5x the tangible book value.

In the bimester we added in the portfolio Shibaura Machine, a company controlled by Toshiba, engaged in the construction of molding machines and robots. This company complies with all the criteria set for this Niche: absence of broker coverage, huge cash pile Vs market cap (approx. 50%), supportive dividend yield (above 3%), deep value proposition (P/BVT 0,9x, P/E 7x).

Chart Nov - Dec (31/10/20 - 31/12/20)

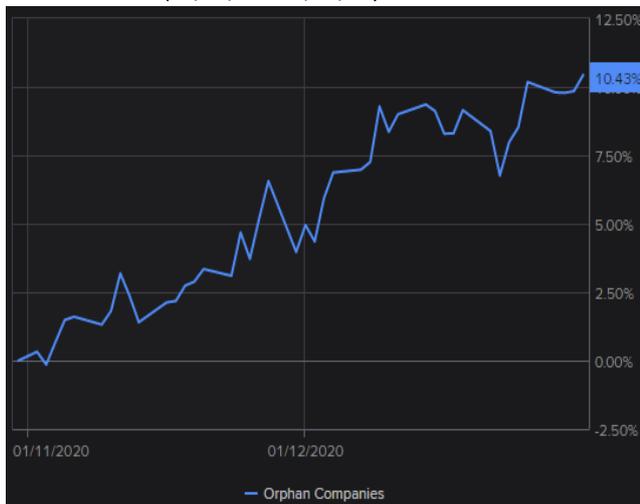
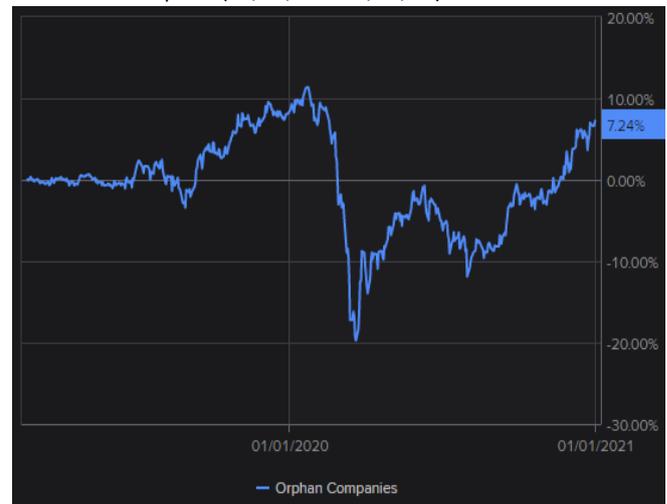


Chart since inception (21/02/19 – 31/12/20)



Source: Niche AM

Niche description

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

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

Plastic and Steel Substitution

Anticipating a trend



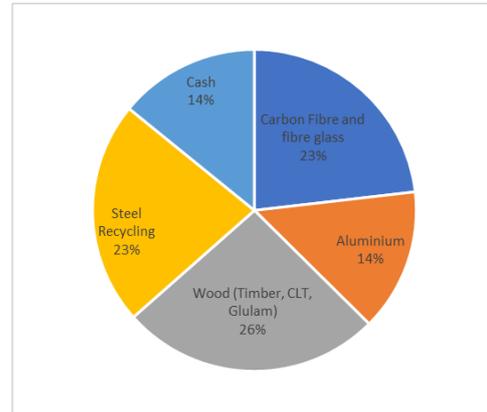
stocks: 12

Average Market Cap (mln €) 4.486

Median Market Cap (mln €): 3.054

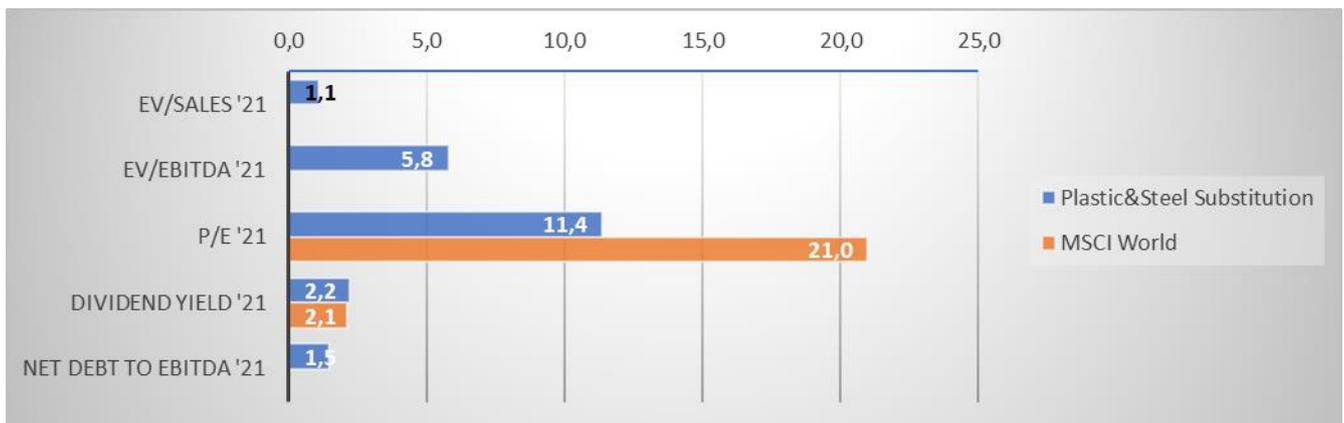
Steel and Plastic Substitution breakdown

	Asian Niches Fund	Steel and Plastic Substitution Niche
Carbon Fibre and fibre glass	1.2%	23.0%
Aluminium	0.7%	14.2%
Timber, Bioplastic, CLT, Glulam	1.3%	25.8%
Steel Recycling	1.1%	22.3%
Cash Steel Substitution	0.7%	14.0%
Total	5.0%	100.0%

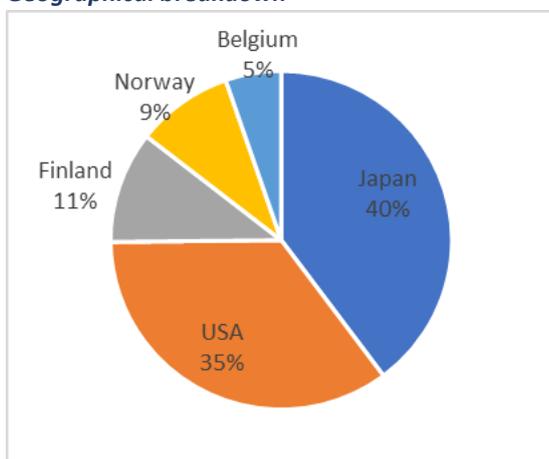


Source: Niche AM

Valuation Snapshot

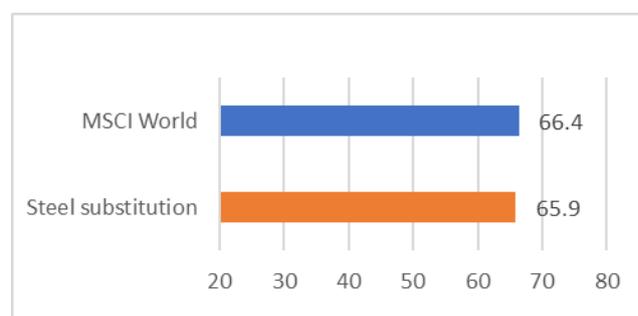


Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Steel and Plastic Substitution

Anticipating a trend



Bi-monthly comment

The Niche returned 27.8% in the bimester, thus achieving a high single digit return during the year (+7.9%), despite its cyclical bias. Since the inception (18/02/2019) the Niche has recorded a performance of +18.5%.

The Sub-Niche Aluminium was the best performer thanks to strong price upturn of aluminum, which started to recover after a strong acceleration in Chinese economic activity. A robust restocking phase is underway across the downstream value chain, supported by an uptick in demand from key end-use sectors such as construction and infrastructure. New applications in the auto sector – aluminium closure panels represent a relevant threat to steel – could support a structural growth outlook together to the medical and renewables sectors (wind, solar plants).

The Sub-Niche Timber-Bioplasic-CLT&Gulam did well, thanks to the improved outlook for the pulp business and the confirmation of very supportive structural trends in the food packaging, e-commerce secular growth (cardboard boxes), increasing use of wood in the construction sector. The weak spots of this sector are coated and graphic paper, but the capacity adjustment is well underway.

The Sub-Niche Steel-recycling underperformed the other sub-Niches. However, Graftech, one of the most deep-value stocks within this sub-Niche, rose over 50%. This firm published its first sustainability report, disclosing several substantial and valuable data, that confirms its efforts and commitment to sustainability. The outlook for this Sub-Niche remains robust especially thanks to China migration to Electric Arc Furnaces (EAF), supported by government policies. Based on recent conversation with Danieli, a leading producer of steel furnaces, at this time the main limits related the rapid adoption of EAFs in China (from 11% to 20/25% of total steel capacity), are the shortage of steel scrap in China and the weak electric infrastructure (EAF require huge intensity of electricity). However, those issues can and will be overcome as China needs to improve its CO2 footprint.

Chart Nov - Dec (31/10/20 - 31/12/20)

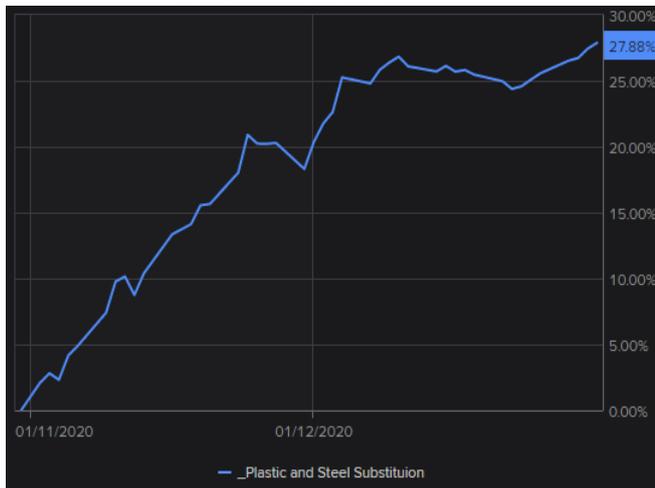
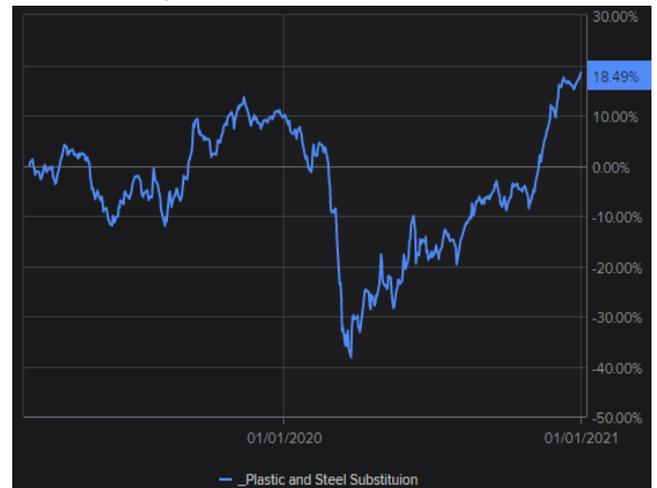


Chart since inception (21/02/19 - 31/12/20)



Source: Niche AM

Niche description

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

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

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

Bond Portfolio

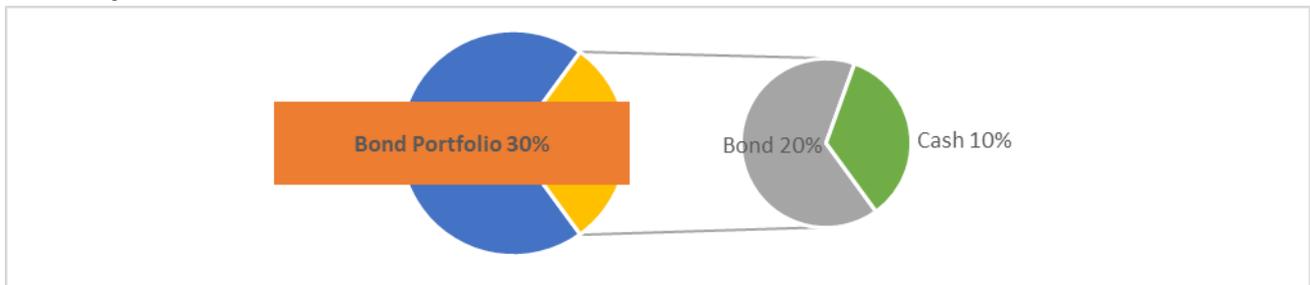
securities: 23 Average Yield to Maturity 5.13% Duration 2.8

Bi-monthly Comment

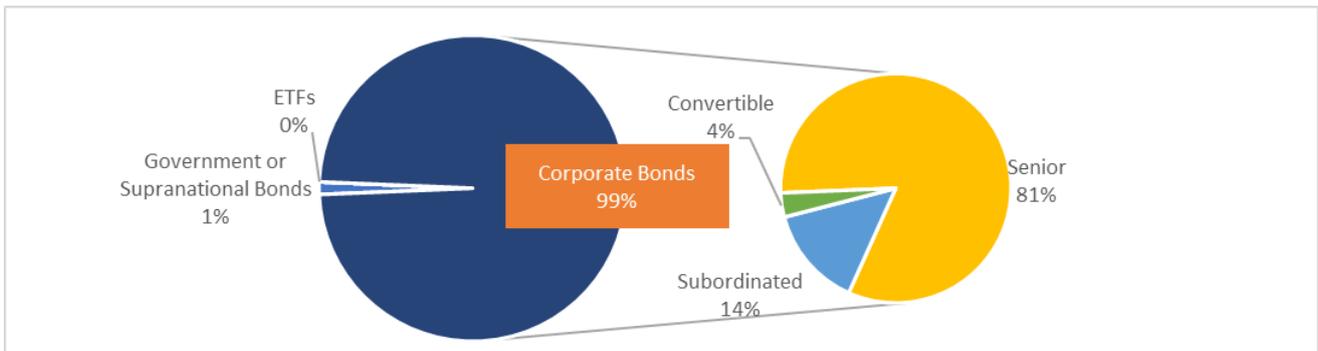
The bond portfolio rose 1.3% in November/December, in line with the main high yield benchmarks. During the 2020, the bond portfolio gained approximately 5%.

As already indicated in previous comments, our fixed income value-oriented strategy focuses on high-yield and not rated securities together with cash, that can be put to work opportunistically. The best performer was Europcar, after the company announced the key terms of its financial restructuring plan. Eramet performed well thanks to the better outlook for mining activities. During the bimester we add two new securities maturing in 2025: Stonegate, a UK pubs group hit by the lockdown and Webuild, one of the most important infrastructure group backed by Cassa Depositi e Prestiti, the Italian state-backed lender and investor.

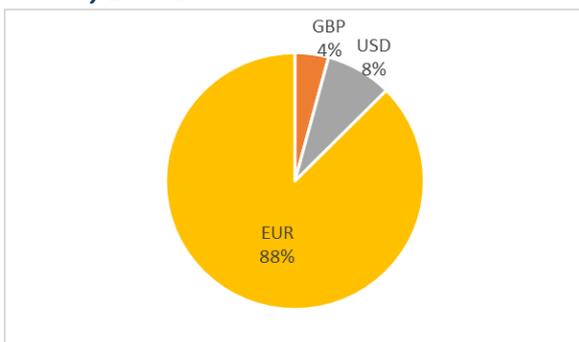
Bond Portfolio breakdown



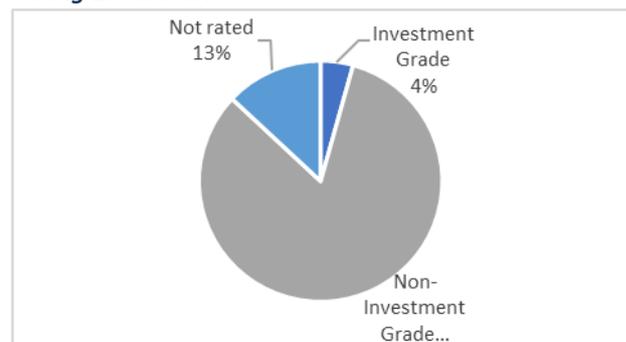
Bond allocation



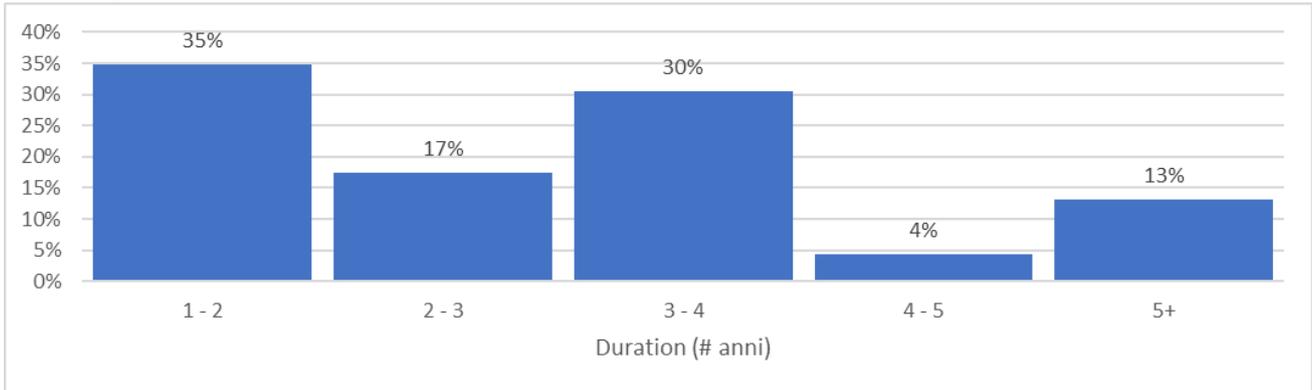
Currency Breakdown



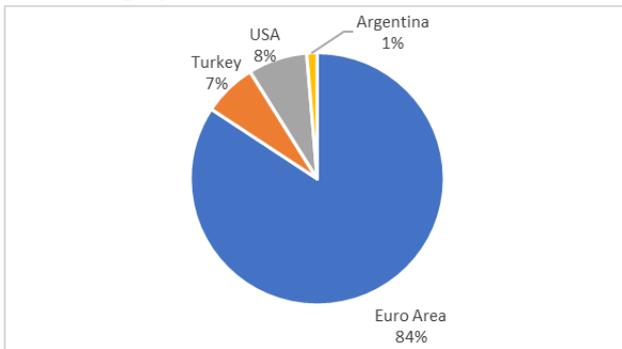
Rating Breakdown



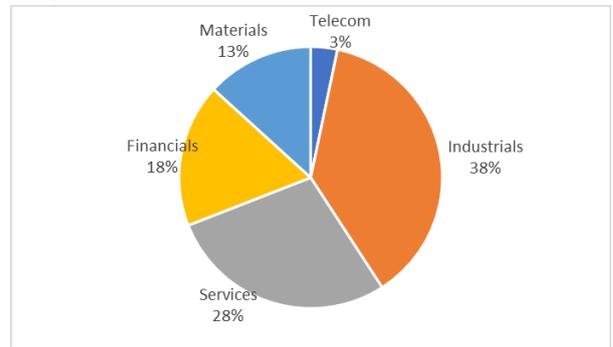
Bond Portfolio Duration



Bond Geographical Breakdown



Corporate Bond - Sector Breakdown



Cash Management

Cash management breakdown

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

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