

28/02/2021



Pharus Asian Niches

Portfolio Update – January & February

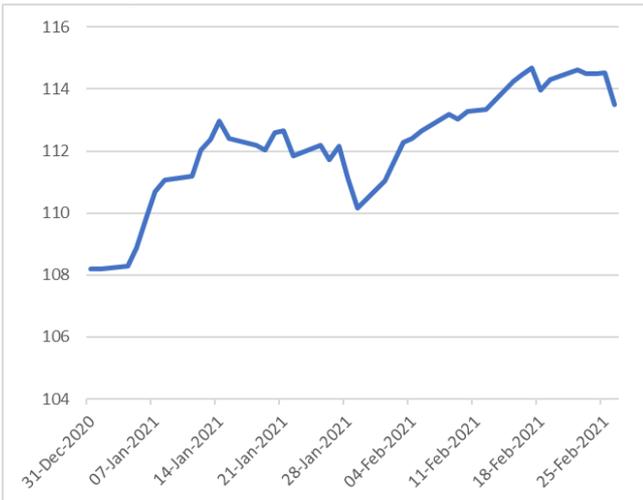


Launch date: 15.02.2019
 Total Net Asset value 28.02.2021: € 18,556,075.49
 Currency: EUR

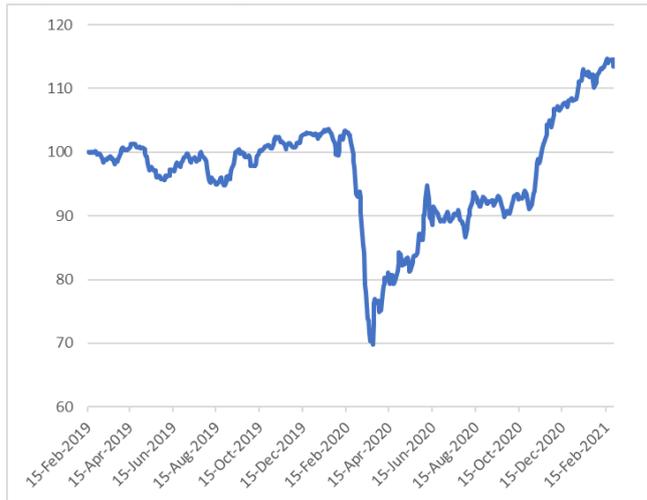
Net Asset Value	Class A – ISIN: LU1867072578	€ 111.85
per share	Class B – ISIN: LU1867072651	€ 113.49
As of 28.02.21:	Class Q – ISIN: LU1867072735	€ 113.42

Net asset value per share

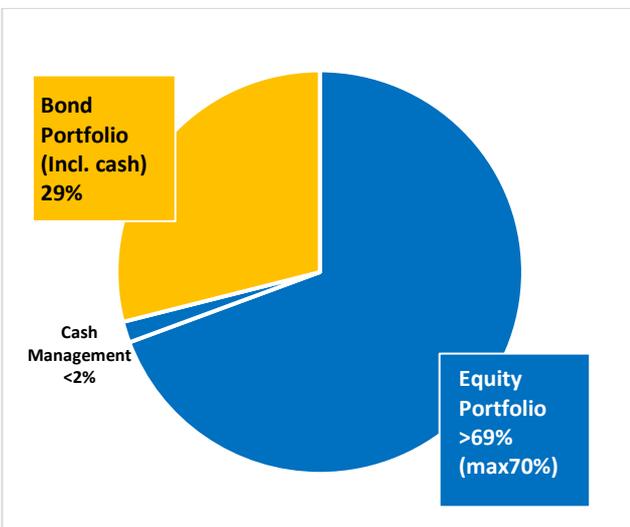
Jan & Feb Performance: +4.89%



Performance Since inception: +13.55%



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

The fund recorded a positive performance in the first 2 months of the year (+4.89%). The Niches that performed the best were *Internet Victims* (+16.47%), *The CUB – China Under Biden* (+14.46%) and *Neglected Luxury* (+10.04%). The Niches that performed the worst were *Korea Reunification* (+1.73%), *Small Caps Indonesia* (+2.13%) and *Orphan Companies* (+2.8%). The period was volatile due to the news flow related to the pandemic. Vaccinations have started in many parts of the world and we could expect the spread to start to fade in the next few months. The fund is invested in equity close to 70%, the maximum allowed, as we prepare to benefit from the recovery of consumption and the return to normality. We expect our value approach to start to pay off as the world reopens.

January saw the inception of the Niche *The CUB*, composed by Chinese infrastructure companies, the very those companies that back in 2016 were expected to be the main beneficiaries of the 4trl \$ Silk Road project and that, on the opposite, now trade at multi-year lows. Here we see great upside potential. We remind that this Niche took the room left by the closure at the end of December of the Niche *Close The Gap*, composed of preferred Koreans shares trading at a significant discount (from 30 to 70%) to the ordinary shares. This discount narrowed significantly, and the Niche did well (+35%), so we decided to look for new opportunities with a better risk/return profile, launching the Niche *The Cub*.

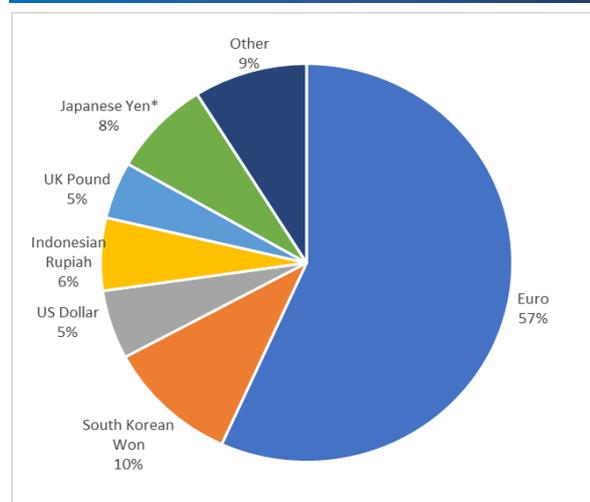
At the end of February, we closed another Niche, the Niche *Plastic&Steel Substitution*, to launch, from the first of March, the Niche *The Magic of Graphite: Carbon Fiber&Steel Recycling*. The Niche *Plastic&Steel Substitution* did well (+27%), thanks to the stocks related to timber and aluminium. Although those materials are on a long-term trend, thanks to their positive environmental impact, the companies here exposed cannot be considered value anymore. Therefore, we closed the Niche to launch another Niche focusing on graphite, a material used to make carbon fibres, for electric vehicles, airplanes and new buildings, and graphite electrodes, pivotal to a secular and neglected trend: the recycling of steel. The companies belonging to this Niches are trading at depressed multiples despite the bright prospect they have.

While the fund gives the investor the opportunity to invest in truly value companies, providing a significant upside potential, it also minimises the long-term downside thanks to its high diversification both in terms of themes (9 equity Niches and a bond portfolio) and stocks (>150 stocks), and its value approach that chases concrete assets (today earnings, product, clients, franchise, brand, buildings, equipment, patents, etc) more than long term growth that, as we know, can sometimes be fleeting and/or just conceptual, leading to non-recoupable losses.

Niches performance in January - February

NICHE	Jan - Feb
Electric Mobility	8,63%
5G	9,01%
Internet Victims	16,47%
Small Cap Indonesia	2,13%
Korea Reunification	1,73%
China Under Biden	14,46%
Neglected Luxury	10,04%
Orphan Companies	2,80%
Plastic&Steel Substitution	6,76%

Portfolio breakdown by currency



* net of JPY hedging

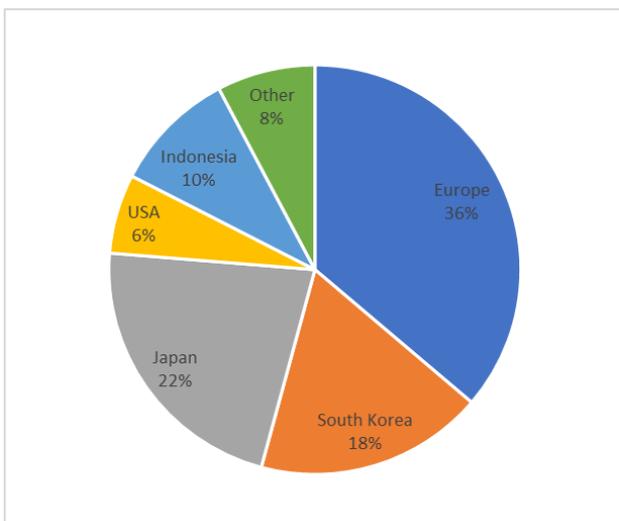
Top holdings

ISIN	Security	%	Portfolio
LU1867072222	Pharus Sicav - Electric Mobility Niches	9.04	Electric Mobility
FI0009000681	Nokia	1.75	5G
FR0013461274	Eramet 5.8750 19-25 21/05A	1.69	Cash Management
XS1945271952	SGL Carbon SE 4.6250 19-24 30/09S	1.64	Bond
US48268K1016	KT	1.46	Korea Reunification
XS2210014788	STONEGATE PUB CO FIN 8.25 20-25 31/07S	1.31	Bond
XS1619015719	Unicredit Spa Fl.R 17-49 03/12S	1.16	Bond
XS2271356201	WEBUILD SPA 5.8750 20-25 15/12A	1.12	5G
XS1435297202	Salini Impregilo 3.75 16-21 24/06A	1.12	Bond
XS1109959467	Arcelik AS 3.875 14-21 16/09A	1.11	Bond

Equity top holdings

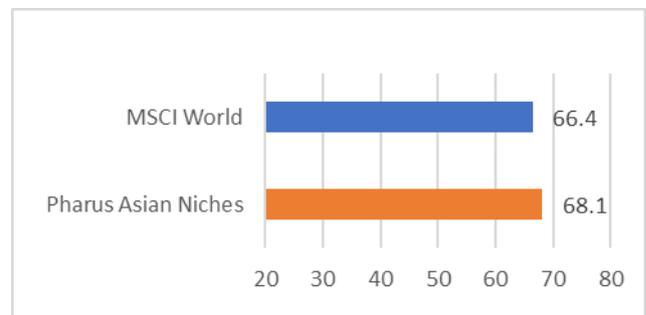
ISIN	Security	%	Niche	Sub-Niche
FI0009000681	Nokia	1.75	5G	Telecom Equipment
US48268K1016	KT	1.46	Korea Reunification	Telecom
GB0030913577	BT Group	1.08	5G	Telecom Services
IT0005283111	Il Sole 24 Ore	1.06	Internet Victims	Publishers & TV & Book
FR0000130809	Societe Generale	1.00	Internet Victims	Financials
ES0178430E18	Telefonica	0.92	5G	Telecom Services
KR7086790003	Hana Financial Group	0.91	Korea Reunification	Banks
US78440P1084	SK Telecom	0.91	Korea Reunification	Telecom Services
FR0000133308	Orange	0.87	5G	Telecom Services
US91822M1062	Veon	0.87	5G	Telecom Services

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
China Under Biden.....	15
Neglected Luxury.....	17
Orphan Companies.....	19
Plastic and Steel Substitution.....	21
Close the Gap.....	21
Bond Portfolio.....	24

Electric Mobility

Getting ready for a seismic change



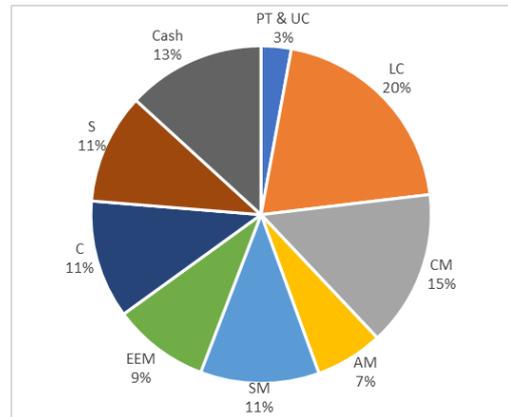
stocks: 12

Average Market Cap (mln €) 9.895

Median Market Cap (mln €): 2.380

Electric Mobility – segment breakdown

		Asian Niches Fund	EM Niche
Power Train & Ultracapacitors	PT & UTC	0.3%	2.9%
Lithium Cells	LC	2.4%	20.3%
Cathode makers	CM	1.8%	15.0%
Anode Makers	AM	0.8%	6.3%
Separator makers	SM	1.4%	11.3%
Electrolytes and Elecfoils	EEM	1.1%	9.2%
Commodities	C	1.4%	11.3%
Satellites	S	1.3%	10.6%
Cash Electric Mobility	Cash	1.6%	12.9%
Total		12.0%	100.0%



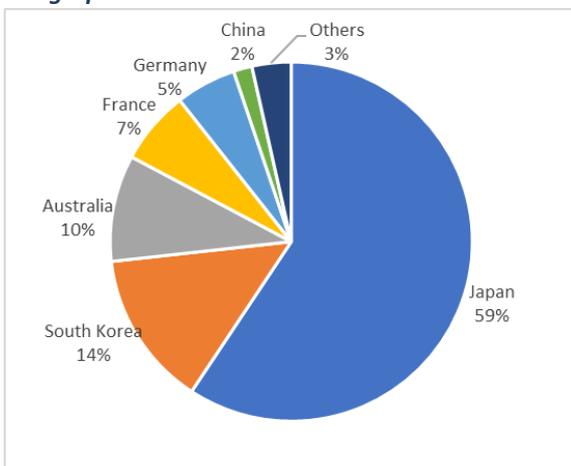
Source: Niche AM

Valuation snapshot



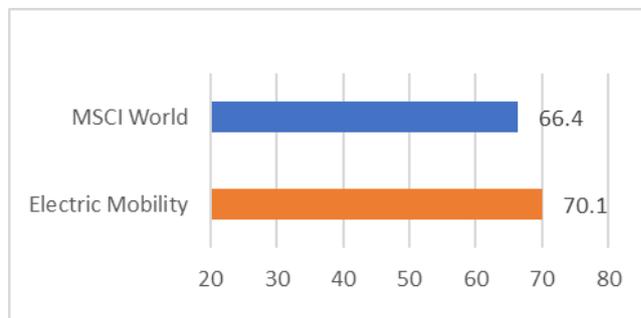
Source: Niche AM, Thomson Reuters

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 recorded a positive performance in the first 2 months of 2021 (+8.6%). The sub-Niches that performed the best were *Lithium Cells*, *Commodities* and *Anodes*. The sub-Niches that performed the worst were *Powertrains&Ultracapacitors*, *Electrolytes* and *Separators*.

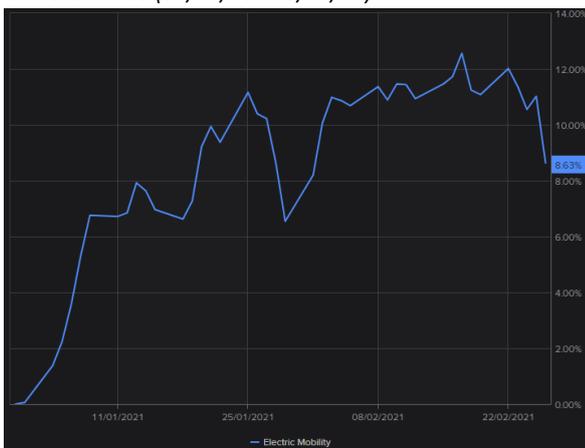
During the period, the Niche has increased its exposure to Japan and to the Niches *Cathodes*, *Commodities* and *Electrolytes*, and has partially taken profit in the *Lithium Cells* that did very well, in some cases reaching our price targets. We stick to our disciplined method in order not to be taken away by the market euphoria. The Niche remains a value investment vehicle that bases its portfolio on fundamental analysis. The average EV/EBITDA is below 5x for 2021 and the P/TBV is below 2x, confirming that the Niche takes not part to the tech bubble we see around us. Despite the market surge, the portfolio valuation at the end of February is well below that at the end of December, deep into the value camp (Charts are available on the EMN factsheet).

The fashionable area of the electric mobility sector has begun to move through a humbling period of adjustment. We have a value approach, nonetheless we are somewhat impacted by this process as the sentiment towards the sector as whole deteriorates, regardless the strategy and the investment style applied. Once the market has reassessed the valuations of the many overvalued stocks in the sector and the frenzy has worn off, the focus will go back to fundamentals. And the fundamentals are outstanding. From a top-down perspective the penetration of the electric mobility is crashing all the forecasts, getting closer and closer to the trend we have anticipated in our presentation back in 2015, when we started to manage the first worldwide Electric Vehicles Fund with our previous employer, the same trend we have again confirmed when we launched our own fund Electric Mobility Niches. From a bottom-up perspective, this growth will flow down to the bottom line of the many batteries components producers, giving visibility to the depressed valuation of our portfolio.

During the period we have increased our holdings active in the capital equipment for secondary lithium batteries manufacturing, mostly Japanese small caps, and increased the leaders in the electric powertrains, mainly in Korea and Europe. Those companies trade at single digit P/E despite the tremendous growth ahead and the limited competition.

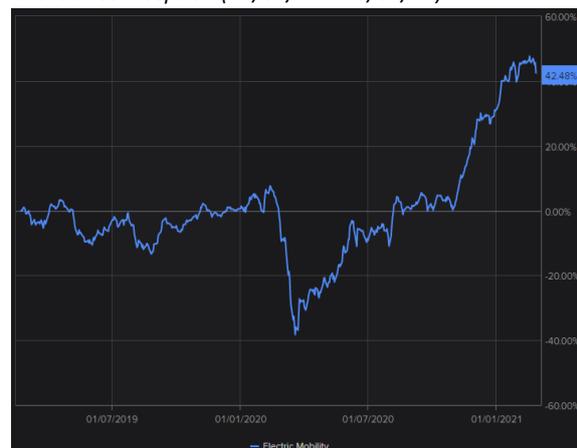
Several holdings reported during the bimester, confirming the underlining trend, and reinforcing the thesis that a batteries bottleneck will soon emerge. Among commodities, nickel looks best placed in terms of risk/benefit profile, and we increased the exposure to this metal. While LFP batteries (lithium iron phosphate) are making strides, reaching new outstanding levels of performance while confirming their safety and price convenience, NMC (Nickel Manganese Cobalt) batteries will still lead the pack for what concerns medium to high end segment vehicles due to its energy density. Therefore, we deem the fear related to nickel demand misplaced and the low price at which now this metal is trading offers an ample safety margin against unexpected events. Solid state batteries will in due time revolutionize the industry and we are already preparing for it. However, the traditional lithium batteries chemistries (NMC, NCA, LFP) will rule the electric mobility wave, leading in few years to a penetration of 60/70%. This is a relatively new technology, and we continue to monitor the developments to chase the main long-term beneficiaries.

Chart Jan - Feb (31/12/20 - 28/02/21)



Source: Niche AM

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



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



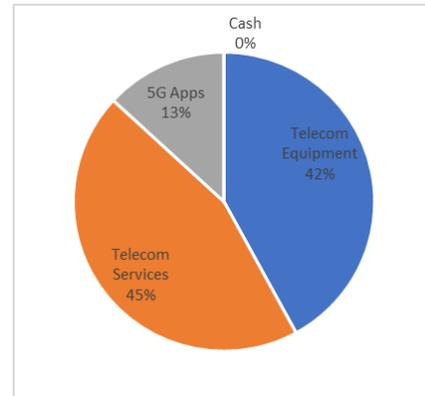
stocks: 22

Average Market Cap (mln €) 26.671

Median Market Cap (mln €): 13.731

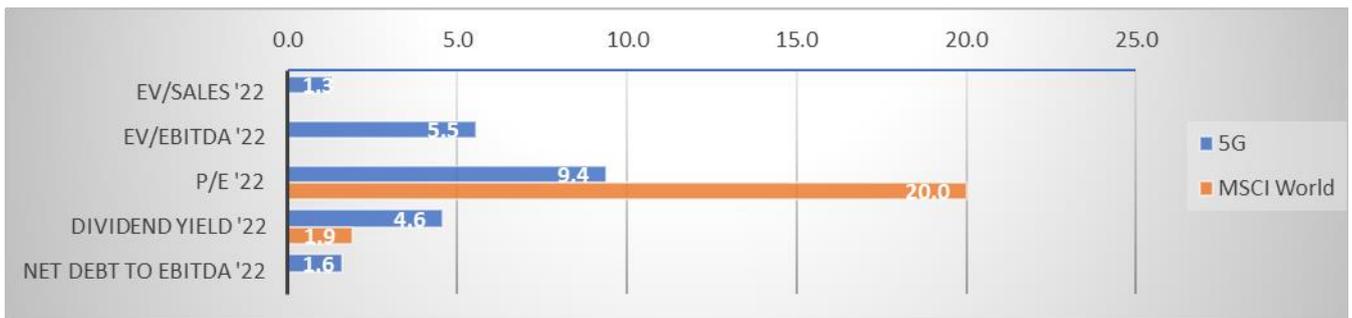
5G breakdown

	Asian Niche Fund	5G Niche
Telecom Equipment	4.2%	42.0%
Telecom Services	4.5%	44.8%
5G Apps	1.3%	13.1%
Cash 5G	0.0%	0.2%
Total	10.0%	100.0%



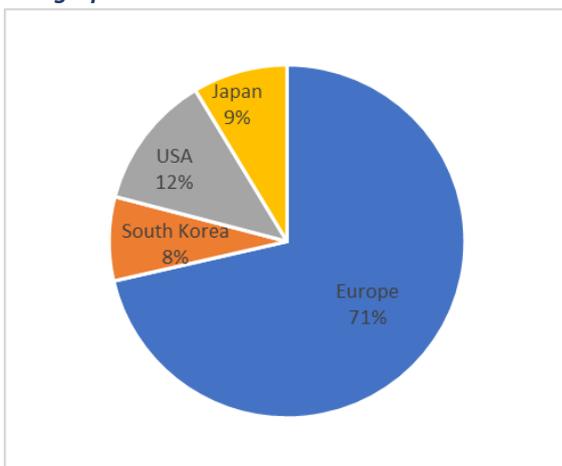
Source: Niche AM

Valuation Snapshot



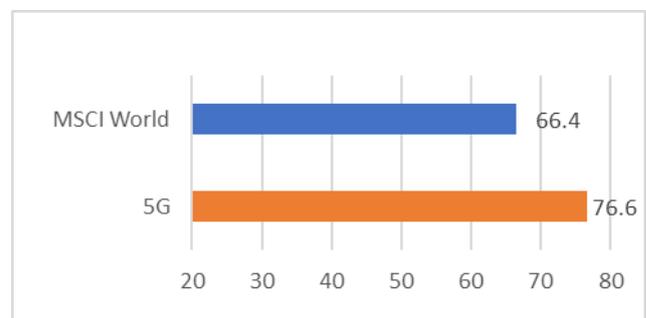
Source: Niche AM, Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

5G

Moving to the next Internet investment chapter

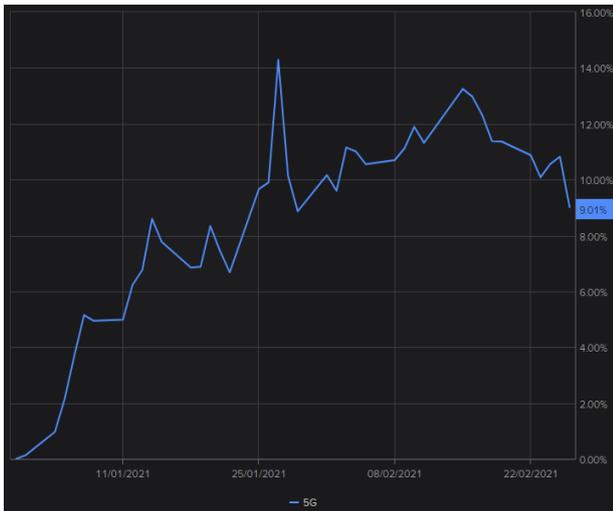


Bi-monthly comment

The Niche recorded in the bimester a positive performance of 8.9%. The sub-Niches Applications and Telecom Equipment did very well, while the sub-Niche Telecom Operators was mixed. Among the main contributors in the Applications sub-Niche we cite Avaya Holding (+73%) that came up with quarterly results confirming the successful restructuring story. We took profit on the name after the significant rerating that led to the closing of the valuation gap. Another name to mention within this sub-Niche is **HPE** (+23.9%) that recovered from very low levels and is still trading at undemanding multiples (P/E 8x). In the Telecom Equipment sub-Niche **Nokia** ADR did well (+56%) following the sale of the stock on the volatility spike linked to the Gamestop/Reddit saga. We bought back the stock after the pull back. Unfortunately, we hold most of our exposure to Nokia in the European stock that we did not sell during this volatility bout. Nokia attractive valuations, long term story and FOMO prevailed here over simple common sense. Here we took profit in Ribbon Communication (+12.2% in the bimester), one of the emerging providers of “slicing” (network partitioned to meet various 5G services i.e. multiple subnetworks simultaneously on a single infrastructure), after the stock having doubled since we bought it. Although we acknowledge its potentials, the valuation has moved now to the growth camp we do not belong to. In the sub-Niche Telecom Operators **British Telecom** was the worst performer (-3,7%); here we see a great risk/reward profile, with limited downside (the Regulatory framework is changing for good) and a huge upside (having significant leverage a rerating can multiply the value of equity). The best performer by far in this sub-Niche was the Japanese **Rakuten** (+17%) that we sold on strength. The company now well reflect its leading positioning in the Open Ran architecture.

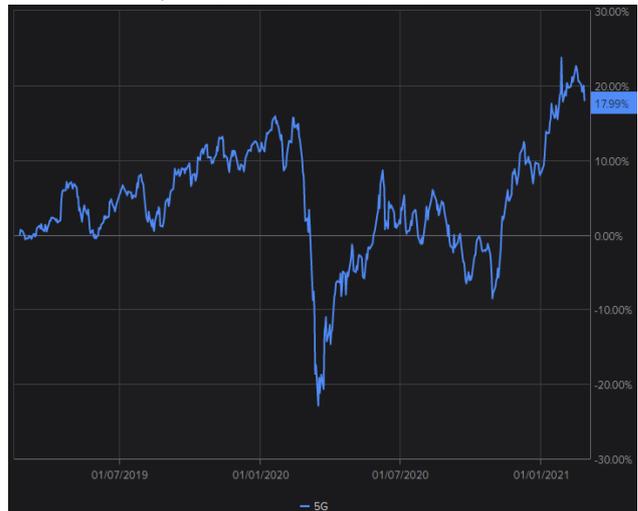
5G is gradually becoming reality, silently, without any clamour. There is not speculation nor enthusiasm in the sub-Niches Telecom Operators and Telecom Equipment, and we must just be patient. The 2 sub-Niches are in a sense correlated: once the Telecom Operators starts to see their margins stabilize, they will speed up the 5G equipment investments. We are not far from turning the corner as the Regulator is acknowledging that if the companies are not allowed to earn their cost of capital, as it is the case now, they won't be able to invest in new infrastructure, pivotal to the economic growth. The sub-Niche Application, on the contrary, is trickier as it benefits from the actual hype in the market around the digitalization theme. However, here the market is overlooking the so-called integrators, the consulting companies that are due to integrate the 5G into the corporates' infrastructure. Those companies trade at 6 to 10x the earnings with significant capacity slack. Once the 5G tide starts to rise this capacity will be put to work and the earnings will expand amazingly. The rerating will follow.

Chart Jan - Feb (31/12/20 - 28/02/21)



Source: Niche AM

Chart since inception (21/02/19 - 28/02/21)



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



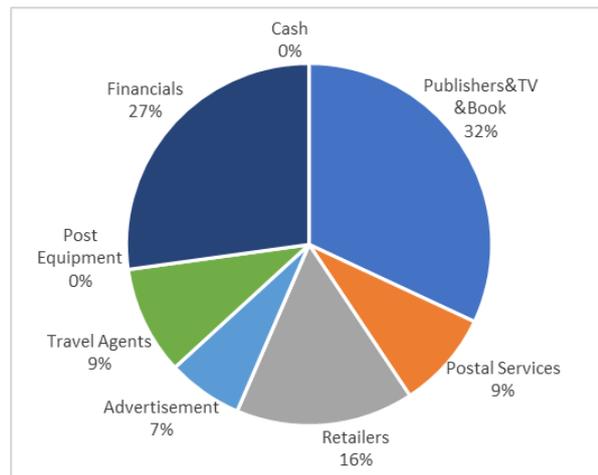
stocks: 26

Average Market Cap (mln €) 14.825

Median Market Cap (mln €): 3.347

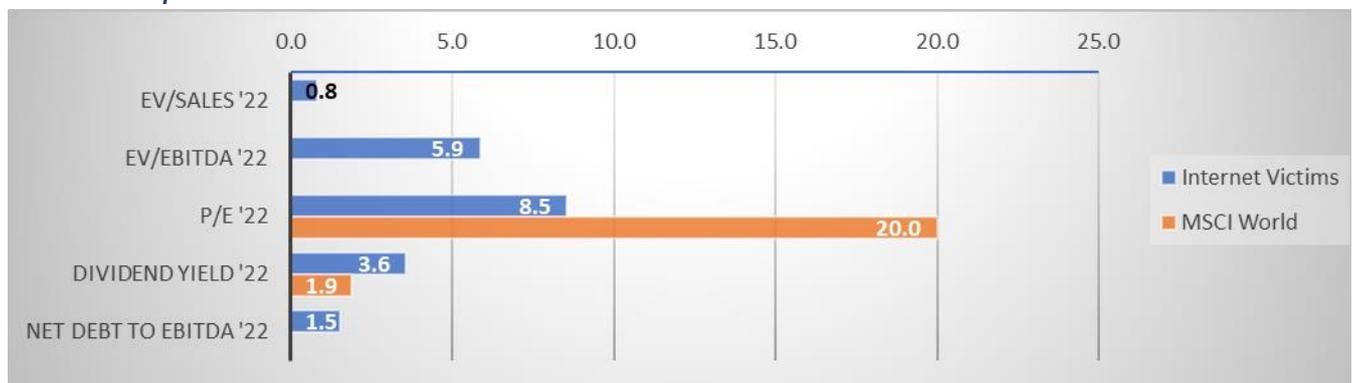
Internet Victims breakdown

	Asian Niches Fund	Internet Victims Niche
Publishers&TV&Book	3.2%	32.0%
Postal Services	0.9%	8.7%
Retailers	1.6%	15.7%
Post Equipment	0.0%	0.0%
Advertisement	0.7%	6.7%
Travel Agents	1.0%	9.7%
Financials	2.7%	27.2%
Cash Internet Victims	0.0%	0.0%
Total	10.0%	100.0%



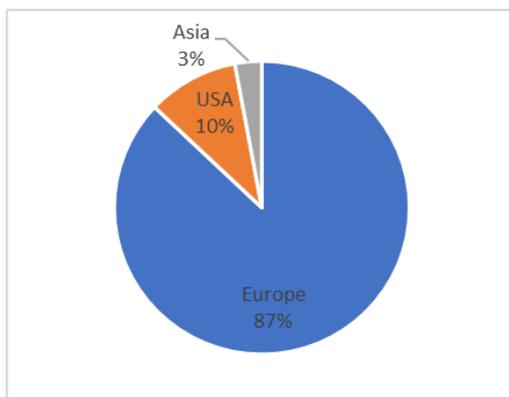
Source: Niche AM

Valuation Snapshot



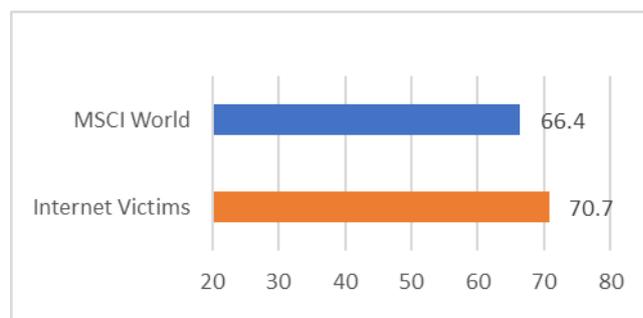
Source: Niche AM. Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM. Thomson Reuters

Internet Victims

Chasing the survivors



Bi-monthly comment

The Niche Internet Victims stood out in the period, increasing in value by 17.1%. Pretty much all the sub-Niches (Publishers, Broadcasters, Postal Services, Postal Equipment, Retailers, Advertisement Agencies, Travel Agents, Financials) did well. The sentiment is changing. Quality newspapers withstood the crisis and have stopped to bleed cash. Postal Services are benefitting of the explosion of the commerce on-line. Retailers are starting to anticipate the mass vaccination and the re-opening as much as the Travel Agents. Advertisement Agencies followed the economic indicators up. Banks and insurances were supported by their capital strength and the prospective of higher interest rates. The valuation of the Niche is extremely contained and provides an exceptional profile risk/benefit.

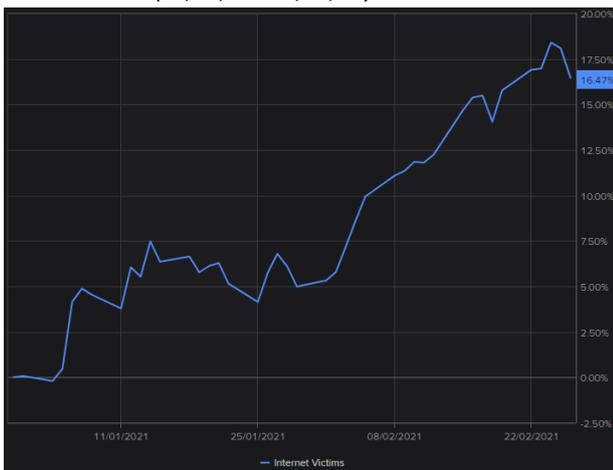
Best performer was **TUI** (+52.8%), the travel agency leader in Europe. The pandemic saw a significant capacity reduction. This capacity was already low following the demise of Thomas Cook. Once the tourism will take off again margins will skyrocket.

Second best performer was **Gannett**, the editor of many newspapers like US TODAY and Spectator, and the undisputed leader in USA in communities focused journalism. The company is recovering fast and has decreased the debt by 25% in the last 12 months, the main investors' concern, and been able to refinance it at a more affordable rate (7.15% vs 11,5%). The merger with New Media Investment Group allowed to significantly lower the cost structure of the company, producing an improvement in EBITDA. The digital subscription is gradually growing. The company reaches daily 190 mln readers and evaluate each at just 5 usd each. The industry will further consolidate, morphing into subscriptions based multi-contents platforms, and the new Gannett is already well ahead in this process.

The third best performer was **Macy's**, one of the most iconic US general retailers. The fourth quarter results boosted the stock, after showing positive earnings, good free cash flow generation and a significantly increase in digital revenues that command higher margins that store revenues. The company's debt is more than offset by its real estate properties. The new US stimulus together the vaccination campaign should continue to fuel the recovery. At less than 0,4x EV/Sales the real estate and the brands are far from being barely recognized.

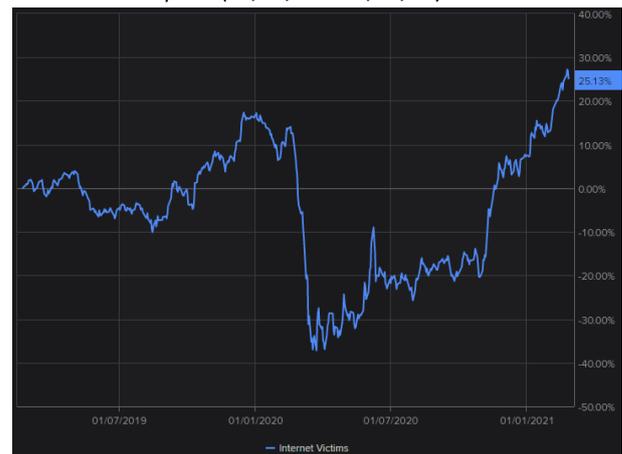
Among the few stocks negative in the Niche during the two-month period, the worst performing was **Ceconomy**. Ceconomy is born out of Metro, the German food wholesale retailer, in 2017, from the ashes of Saturn/Mediaworld. With 22 bln euro annual sales Ceconomy is the main consumer electronics chain in Europe. Controlled (23%) by the influential Haniel family with a participation (5%) of the Giovanni Agnelli Holding. The physical consumer electronics sales have in our opinion a bright future, as BestBuy demonstrated in the recent years. Big tickets purchases need assistance that on-line sites cannot provide. The pricing on-line and on store is now aligned. The consumer will be more likely to pick the site of the trusted company, the one can offer a backup in case of issues. Ceconomy is financially solid and trade at less than 0,1x sales. The stock came off by 8.7% following cautious guidance, driven by the opaque lockdown policies. The profile risk/benefit looks really appealing.

Chart Jan - Feb (31/12/20 - 28/02/21)



Source: Niche AM

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



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



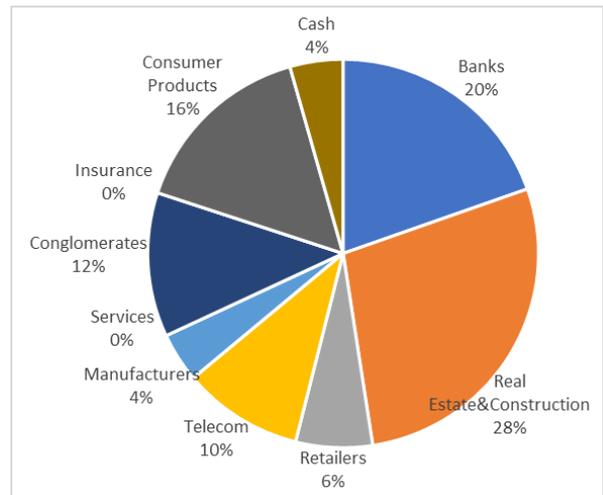
stocks: 18

Average Market Cap (mln €): 0.596

Median Market Cap (mln €): 0.589

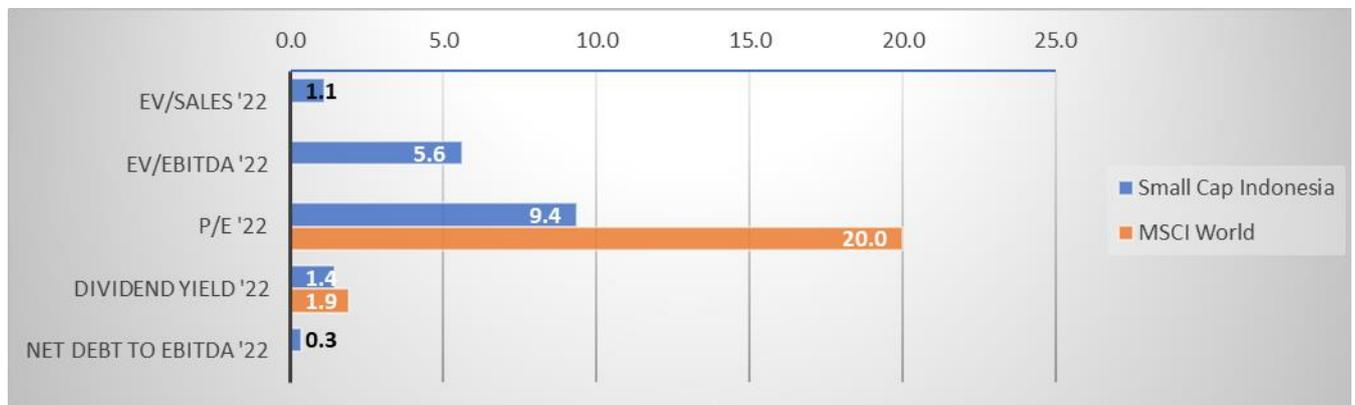
Small Cap Indonesia breakdown

	Asian Niches Fund	Small Cap Indonesia
Banks	2.0%	19.6%
Real Estate & construction	2.8%	28.0%
Retailers	0.6%	6.4%
Telecom	1.0%	10.0%
Manufacturers	0.4%	4.1%
Services	0.0%	0.0%
Conglomerates	1.2%	12.0%
Insurance	0.0%	0.0%
Consumer Products	1.6%	15.5%
Cash Small Cap Indonesia	0.4%	4.4%
Total	10,0%	100,0%



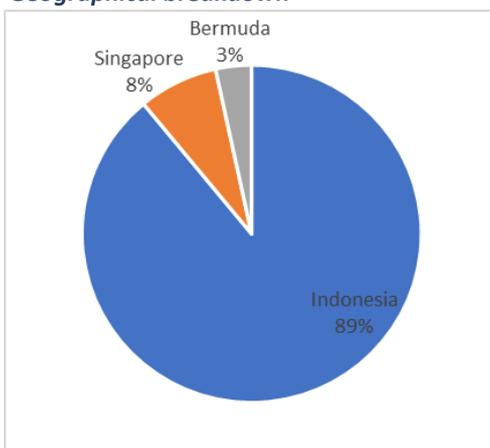
Source: Niche AM

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 was down by 2.1% in the period, underperforming the other Niches as well as the Indonesian market that was supported by the commodities stocks. After a good rally at the end of the year, **infrastructures** related **stocks** pulled back in the bimester due to the many uncertainties related to the timing and the speed of the many new projects planned, that have been slowed down by the pandemic. We deem this weakness an opportunity and the Niche is accumulating weight in this sector, focusing on solid, well-regarded and neglected cement and construction companies, many of which participated by the Indonesian State itself. The pandemic is in its final part and in any case the country is learning to live with it. The President Joko Widodo has been elected in 2014 with a precise mandate to develop and modernize the Indonesian infrastructures to stimulate growth, give the many new young people entering the market new employment opportunities and to unify a country scattered among 17k islands, in which about 60% of the population is concentrated just in Java, that accounts for less than 7% of the surface. A new sovereign fund is being set up to help to build and manage the new infrastructures. The target of the fund is 15 bln usd but we think there could be significant upside to this amount. The new legislative framework passed recently by the Indonesian Parliament should facilitate the approval and the implementation of the projects, often held back by byzantine legal and administrative procedures. The country is the 4th worldwide by population and the second by average age of its inhabitants. It has a low public debt, significant currency reserves and a reliable Central Bank. Rich of natural resources and placed at a strategic juncture in the Indian Ocean, the country provide a great opportunity for the long-term investor. Investing in Indonesia through the small caps could more than double the return of investment, since the huge and unreasonable discount (>70%) at which those companies trade vs the big caps will undoubtedly close in due time.

Chart Jan - Feb (31/12/20 - 28/02/21)

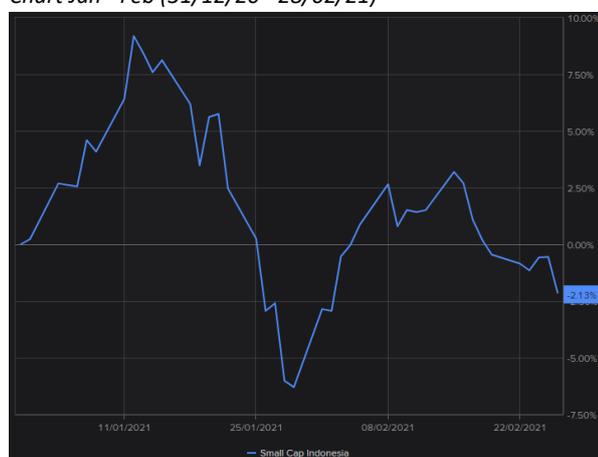
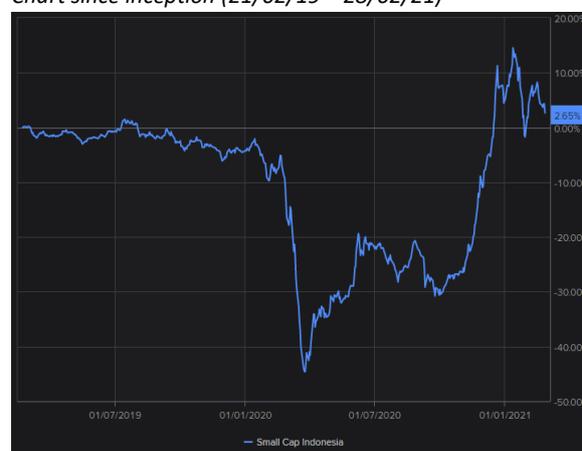


Chart since inception (21/02/19 - 28/02/21)



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: 21

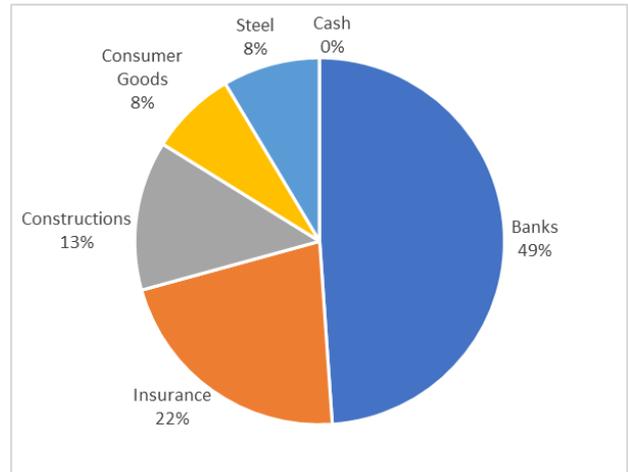
Average Market Cap (mln €) 7.081

Median Market Cap (mln €): 5.026

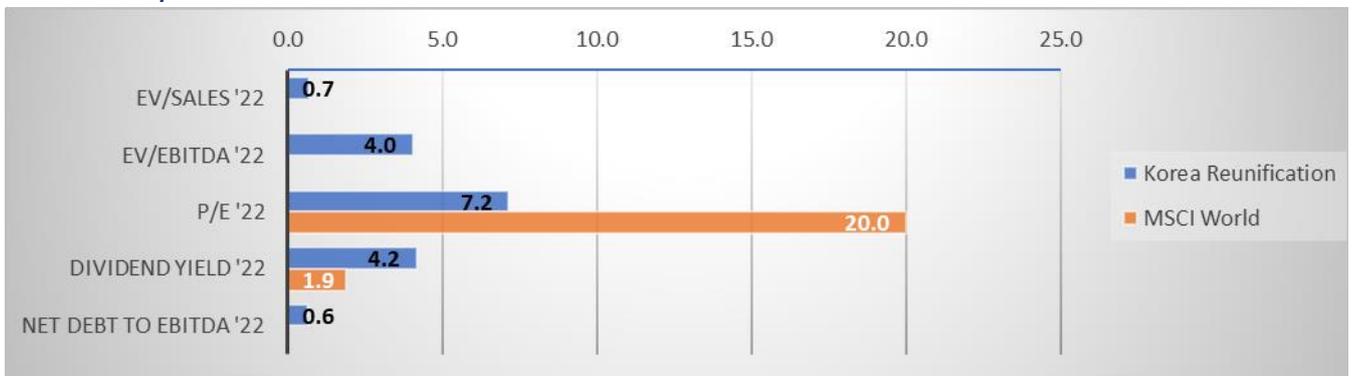
Korea Reunification breakdown

	Asian Niches Fund	Korea Reunification Niche
Banks	3.9%	48.9%
Insurance	1.7%	21.8%
Constructions	1.1%	13.2%
Consumer Goods	0.6%	7.6%
Steel	0.7%	8.5%
Cash Korea Reunification	0.0%	0.0%
Total	8.0%	100.0%

Source: Niche AM

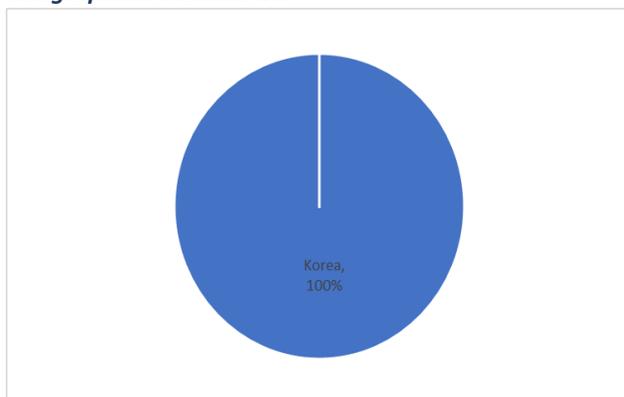


Valuation Snapshot



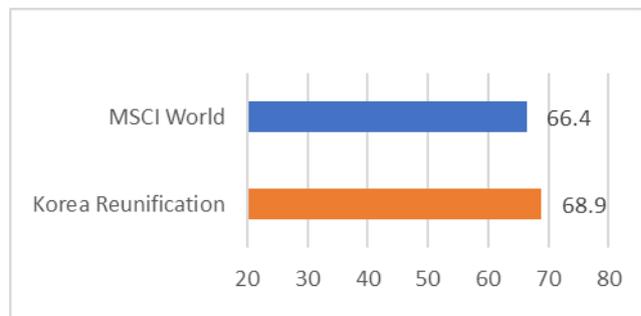
Source: Niche AM

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 almost 2% in the first two-months period of 2021, despite the 2%-plus negative impact of local currency depreciation. The Korea Reunification portfolio slightly underperformed the main Korean index, due to a muted performance of the financial and telecommunication sectors. Those sectors command a significant weight within this Niche as they are very sensitive to a rapprochement between the two Koreas, together to the fact that they look deeply undervalued.

For what regards the **banking sector**, the companies held in this portfolio boast a strong capital position, good earnings trajectory, and an increasing revenue diversification (over 1/3 of the expected total net income of the biggest banks comes from brokerage, insurance, etc). We consider the current valuation an opportunity, and we expect that the gradual normalization path of the economy will provide further evidence of the attractiveness of this sector. The return from dividends and buybacks, once the regulatory capital controls are removed in June, represents a potential catalyst (average dividend yield 5-6% in 2021), as well as the expected positive revision of the cost of credit.

The **telecommunication sector** offers extremely generous (at least in Korea) dividend yield (approx. 6%), the much craved 5G related growth and enormous potential from non-core business valorisation (that could be worth as much as the core business!).

The newsflow relative to the reunification/rapprochement of the two Koreas has been poor in the first part of the year. After the US elections the North Korea has conducted some ballistic launches, almost a reminder for John Biden of the US sanctions in place against the country. Military provocations represent a mean to move to the negotiation table. We remind the reader that this kind of ongoing crisis can last for long and then be sorted in a whim. If the market ever perceives a leap forward in the relations between the 2 Koreas, it will spike up, without providing much time to participate. Till that moment the Niche Korea Reunification gives exposure to a dynamic economy (ironically) characterized by a depressed equity market and growing dividends and buy-backs. From the first of March we will increase the weight of the Niche Korea Reunification from 8% to 10%, in order to give more room to this important area. We took the 2% weight from the Niche Electric Mobility that performed very well. This way all the Niches in the fund will weigh either 5 or 10%.

Chart Jan - Feb (31/12/20 - 28/02/21)

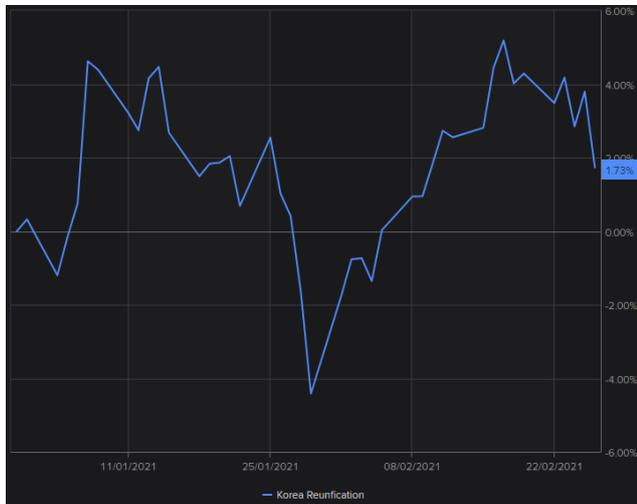
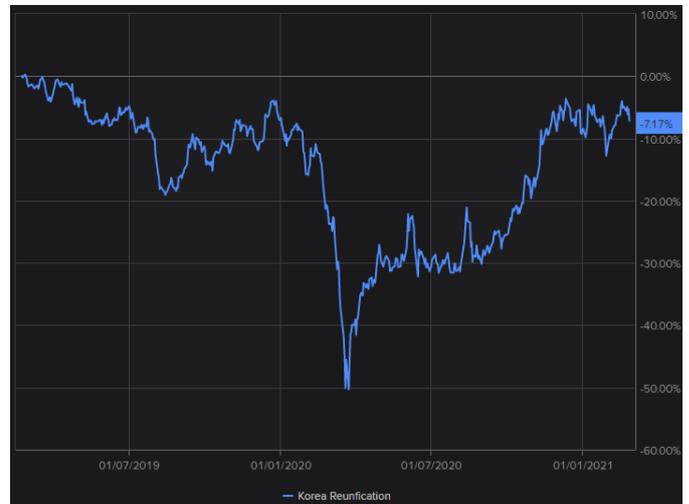


Chart since inception (21/02/19 - 28/02/21)



Source: Niche AM

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.

The CUB (China Under Biden)

Discover the Value side of China Equity



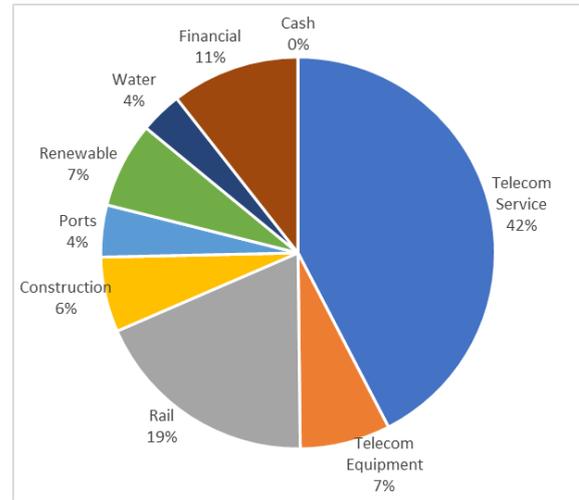
stocks: 13

Average Market Cap (mln €) 43.092

Median Market Cap (mln €): 16.764

China Under Biden breakdown

	Asian Niches Fund	China Under Biden Niche
Telecom Services	2.1%	42.4%
Telecom Equipment	0.4%	7.4%
Rail	0.9%	18.6%
Construction	0.3%	6.2%
Ports	0.2%	4.3%
Renewables	0.4%	7.1%
Water	0.2%	3.4%
Financial	0.5%	10.5%
Cash China Under Biden	0.4%	4.4%
Total	10,0%	100,0%



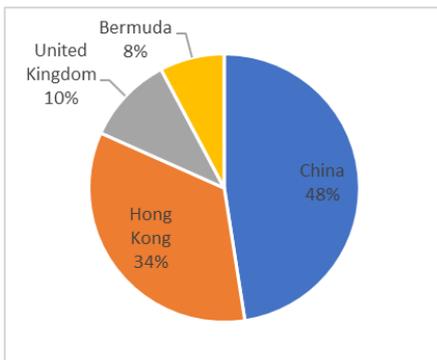
Source: Niche AM

Valuation Snapshot



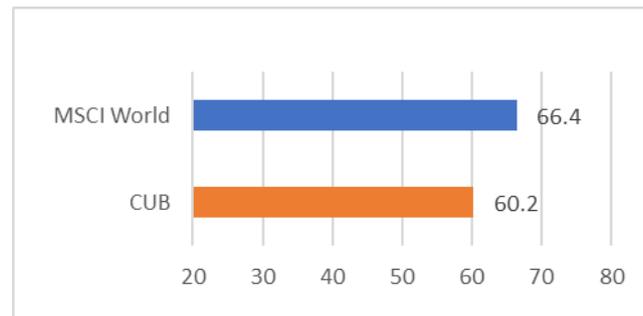
Source: Niche AM, Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

The CUB (China Under Biden)

Discover the Value side of China Equity



Bi-monthly comment

The Niche gained over 14% in the first bimester since his birth. We remember the readers that this Niche invests in deeply undervalued and sound companies that could benefit from a stabilization of the USA-China relations. Most of those companies are exposed to infrastructures (constructions, railways, ports, airports, telecommunication services, telecommunication equipment, renewables, water, and waste management).

During the first two months, almost half of the positive performance was generated by the two telecommunication players: **China Mobile and China Telecom**. Those two players rebounded after the NYSE delisting, set under a Donald Trump-era investment ban, barring U.S. investments in Chinese firms having links with the State. Both China Mobile and China Telecom are now considering an A-share listing to fund their 5G network development.

CRCC, the stock most exposed to the railway sector, as well as the **construction companies**, performed strongly as well, achieving a return above 20%. Those securities also suffered from a forced selling from US investors since they were added into the sanctioned list companies. Chinese railways and construction groups are attractive on fundamental basis, since cheap valuations are combined with robust growth outlook and relevant technological skills that make them globally competitive. Their relevant order books growth in the Southeast Asia is mostly related to the mega-projects under Beijing's Belt and Road Initiative. The pandemic has triggered off a huge rise in transcontinental rail freight. Chinese manufacturers have looked for a way to bypass shipping delays by exporting their goods over land and, even if the demand could contract once the pandemic will be under control, this route could maintain a relevant role, attracting new investments.

Here we hold **HSBC and Standard Chartered**, two western banks that have most of their business in China. These companies were flattish in the period. Those undertakings find themselves between a rock and a hard place in a moment of heightened tensions between the two areas. This has led to a severe derating of the two companies despite the bright growth prospects. Also, telecom infrastructures makers, ports and waterworks managers and renewable energy producer were flat in the bimester and we continued to accumulate those stocks trading at single digit P/E multiples.

Chart Jan - Feb (31/12/20 – 28/02/2021)

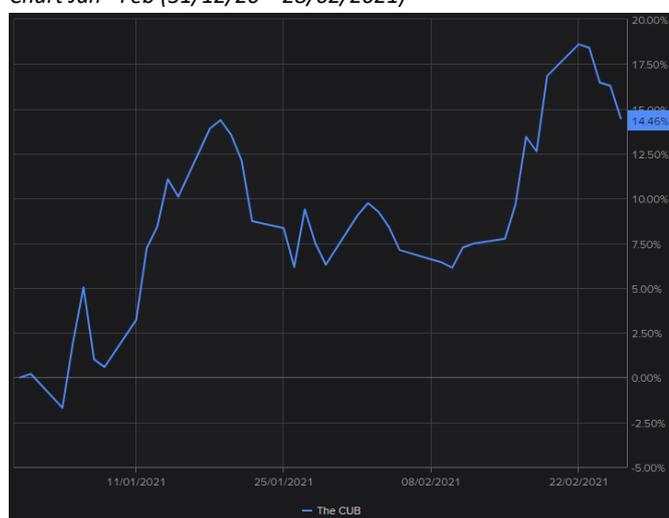
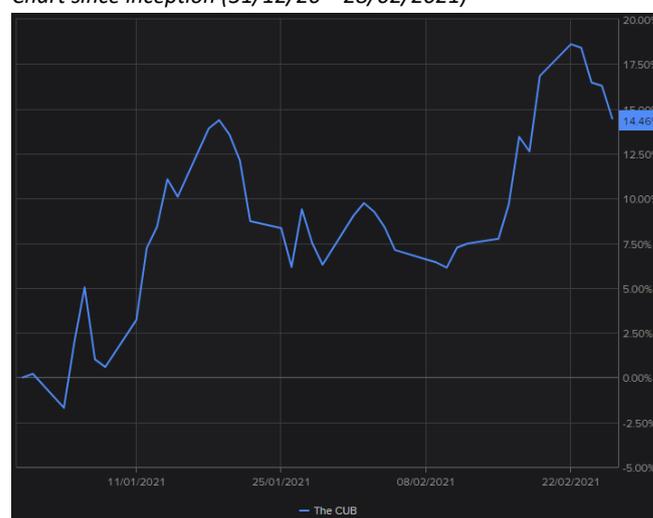


Chart since inception (31/12/20 – 28/02/2021)



Source: Niche AM

Niche description

"The CUB" Niche invests in deeply undervalued and sound companies that could benefit from a stabilization of the USA-China relations. Most of those companies are exposed to infrastructures (constructions, railways, ports, airports, telecommunication services, telecommunication equipment, renewables, water, and waste management).

One of the most fashionable investment themes between 2015 and 2018, the Silk Road was an ambitious 4 trillion USD project to link China to Africa and Europe. Now this project has been completely washed away from investors' mind (different the reasons: emerging market crisis related to Covid, Sino-America trade war, Trump related widespread US sanctions towards State Owned Enterprises). However, in our opinion, this project of utmost importance will regain speed and the investors' interest, following the infrastructures plans in the aftermath of the Covid pandemic and the improving relations between China and US. The companies within this Niche can rerate dramatically thanks to this process.

Neglected Luxury

Overlooked rarity



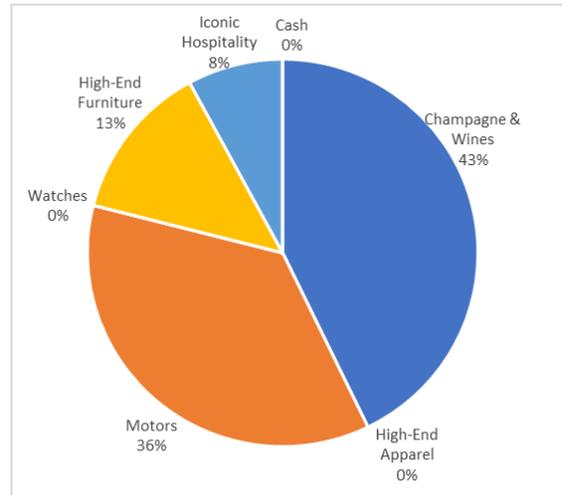
stocks: 13

Average Market Cap (mln €) 8.872

Median Market Cap (mln €): 2.380

Neglected Luxury breakdown

	Asian Niches Fund	Neglected Luxury Niche
Champagne & Wines	2.1%	42.8%
Motors	1.8%	36.2%
Watches	0.0%	0.0%
High-End Furniture	0.7%	13.1%
Iconic Hospitality	0.4%	7.9%
High-End Apparel	0.0%	0.0%
Cash Neglected Luxury	0.0%	0.0%
Total	5.0%	100.0%



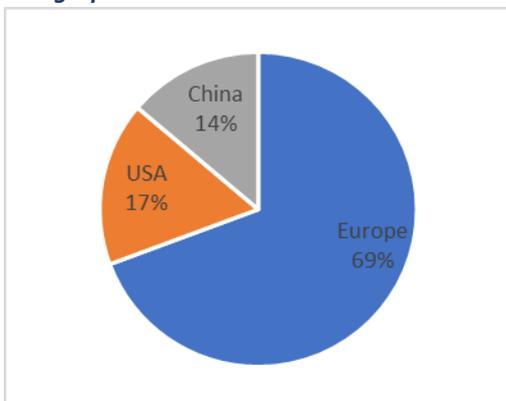
Source: Niche AM

Valuation Snapshot



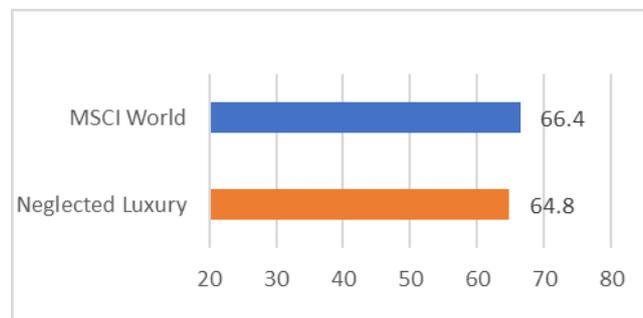
Source: Niche AM. Thomson Reuters

Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM. Thomson Reuters

Neglected Luxury

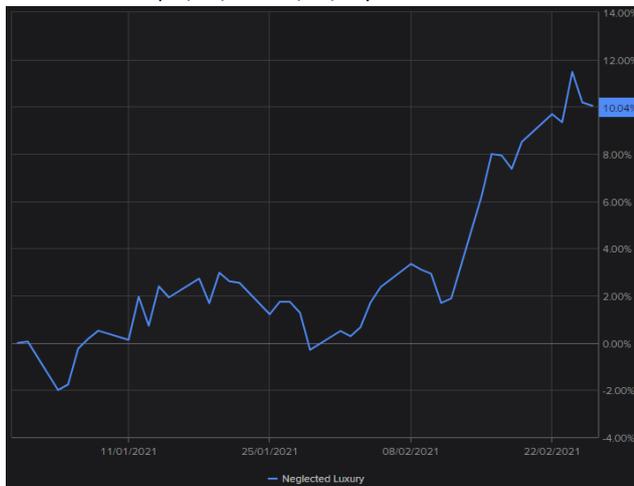
Overlooked rarity



Bi-monthly comment

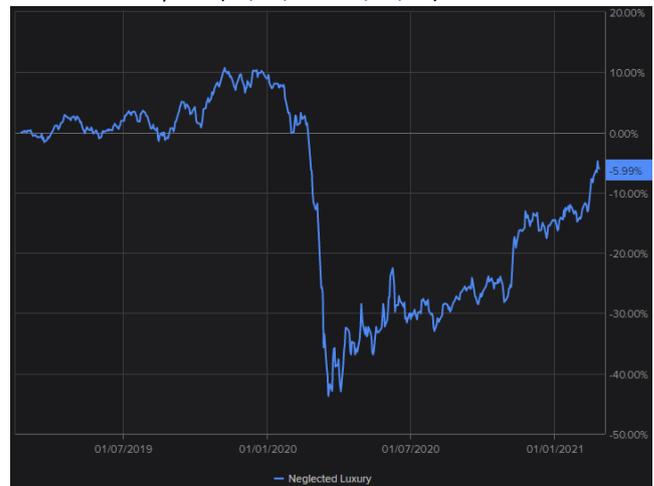
The Niche rose 10% in the two-month period. **Vranken Pommery** was the best performer in the Champagne&Wines sub-Niche. The company's results held steady in 2020 considering the lockdowns that wiped off most of its restaurants and events led demand. The management is implementing a responsible and sustainable viticulture. After the conversion of its vineyards in the Camargue and Provence to organic farming, Vranken Pommery is advancing with the conversion of its vineyards in Champagne and Portugal. After the results, the stock bounced but it still trades at 0.7 times tangible book value (0.3 times marking to liquidation price the huge inventory). The company presents a sustainable balance sheet despite the significant leverage as its net debt is offset by the inventories. Vranken Pommery, as also other players in the Champagne&Wines sub-Niche, represents a value play to the reopening of the hotel and catering and travel retail sectors. The same reopening investment theme supported the performance of the Leisure&Hospitality sub-Niche. Here we are exposed to cruising that is going to return to its long-term upward trend. We just need to be patient. The **Luxury Automakers** sub-Niche was strong, thanks to an improved sentiment not only related to the post-Covid recovery. Infact, investors have started to view the luxury carmakers as a cheap play on EVs, instead of just a disrupted legacy business. It has yet to be seen if this sentiment will last or it will swing quickly. The market is glossing over the fact that the EV transition could pose serious risks for luxury car players, but at the same time we must highlight how their strong brand heritage and franchise, together with their healthy balance sheets, are far from being priced by the current market valuations. We nonetheless took profit during the period on part of those holdings to regain the flexibility to buy them back in case of weakness.

Chart Jan - Feb (31/12/20 - 28/02/21)



Source: Niche AM

Chart since inception (21/02/19 - 28/02/21)



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: 14

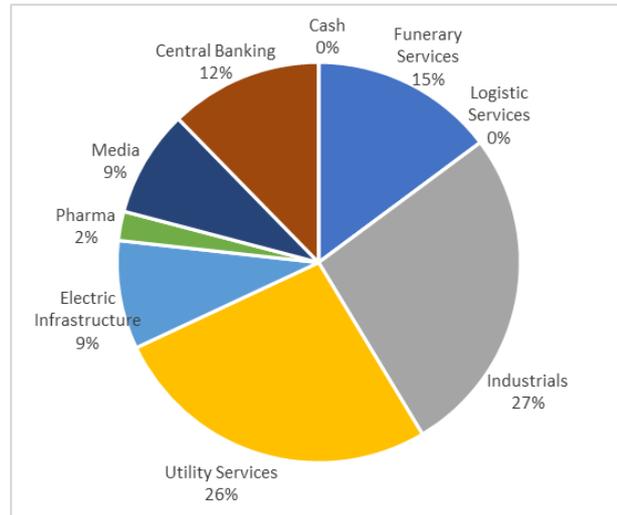
Average Market Cap (mln €) 0.483

Median Market Cap (mln €): 0.230

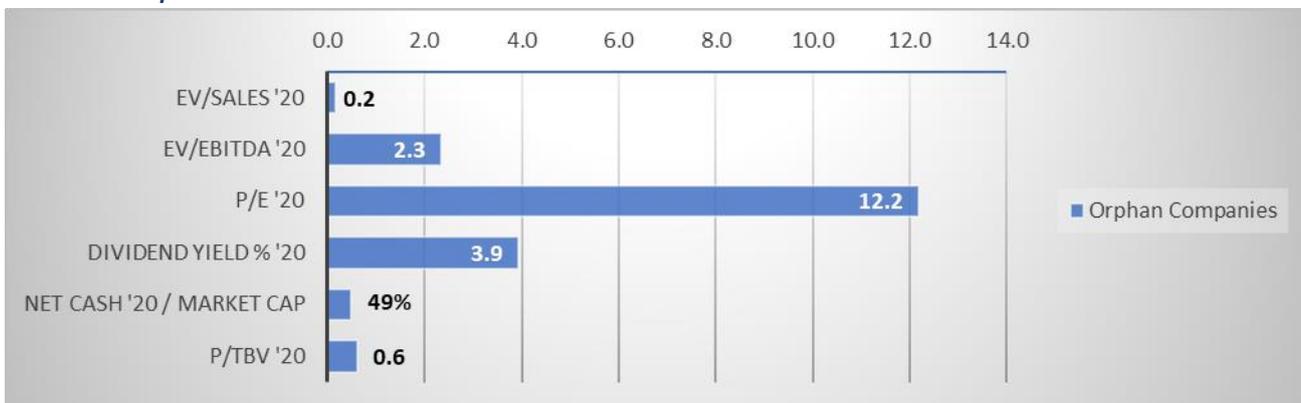
Orphan Companies breakdown

	Asian Niches Fund	Orphan Companies Niche
Funerary Services	0.7%	14.8%
Logistic Services	0.0%	0.0%
Industrials	1.3%	26.6%
Utility Services	1.3%	26.6%
Electric Infrastructure	0.4%	8.8%
Pharmaceuticals	0.1%	2.4%
Media	0.4%	8.6%
Central Banking	0.6%	12.3%
Cash Orphan Companies	0.0%	0.0%
Total	5.0%	100.0%

Source: Niche AM

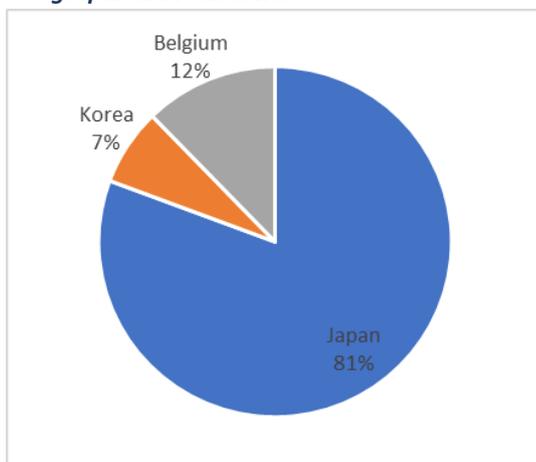


Valuation Snapshot



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 gained 2.8% in the bimester, sustained by a good performance of few stocks with a double-digit gain. The most important return was achieved by **Alps Logistic** (+34%), an important player in the electronic components logistic. The firm has reduced the weight of the captive business with its main shareholder, Alps Alpine Group, and started to build a solid logistic infrastructure out of Japan (new hub in Vietnam, India, East Europe, North America). The management's focus is now to enhance its hub functions and network, trying to develop new customers in general cargo. We used the strength to take profit on this stock; we will reconsider it on weakness, considering its visible cashflow / dividend yield, and the huge cash position. **Hitachi Zosen** generated another strong performance. The rerating of this orphan company has been strong, despite the lack of analyst coverage. The market has started to focus on the interesting revenues opportunities coming from its diversified business model. The core business of Hitachi Zosen is the environmental equipment and facilities (energy from waste plants, material recycling, desalination plants, etc.), but the company is also involved into several new ventures with relevant growth angles. For example, Hitachi Zosen has announced a solid-state battery prototype that boast one of the industry's highest capacities and tolerance for a wide range of temperatures, making it a candidate for use in satellites and industrial machinery. Hitachi Zosen is also exposed to the green hydrogen since it owns a technology to produce hydrogen electrolyzers. The firm shows the way an orphan company can gradually unlock its hidden value. After a rerating close to 150% we are now taking profit on this stock.

Chart Jan - Feb (31/12/20 - 28/02/21)

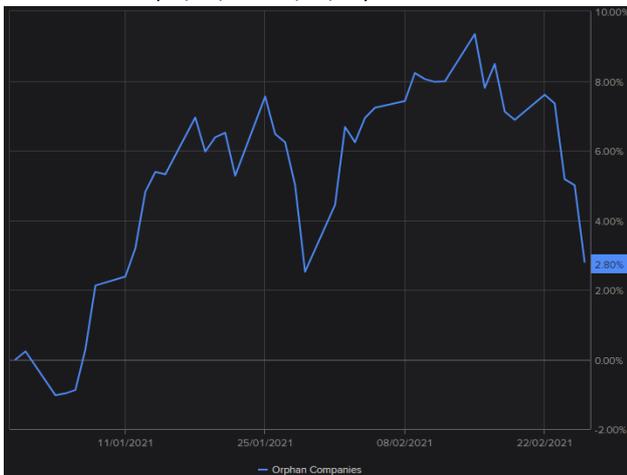
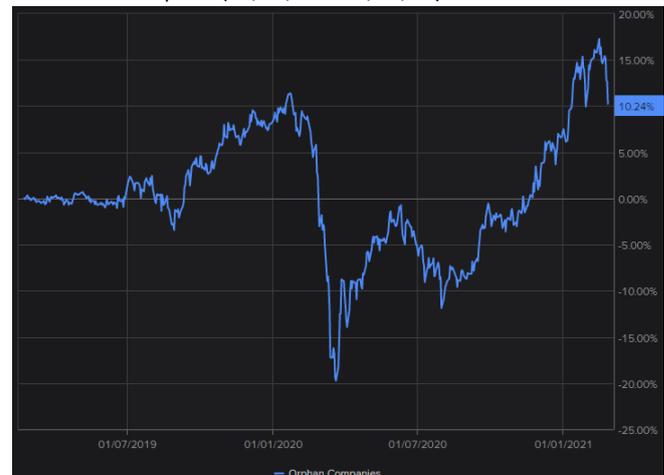


Chart since inception (21/02/19 - 28/02/21)



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: 11

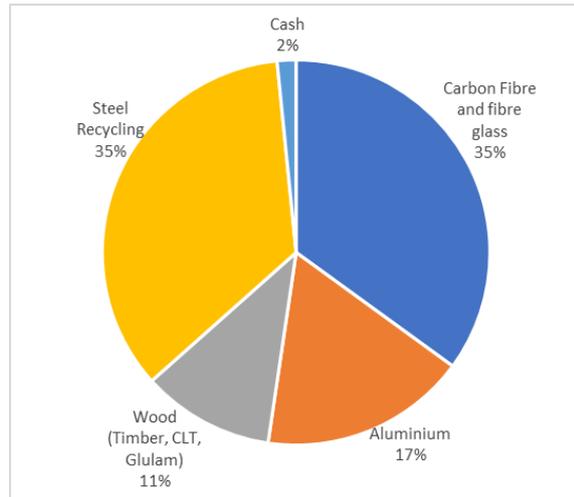
Average Market Cap (mln €): 2.968

Median Market Cap (mln €): 2.927

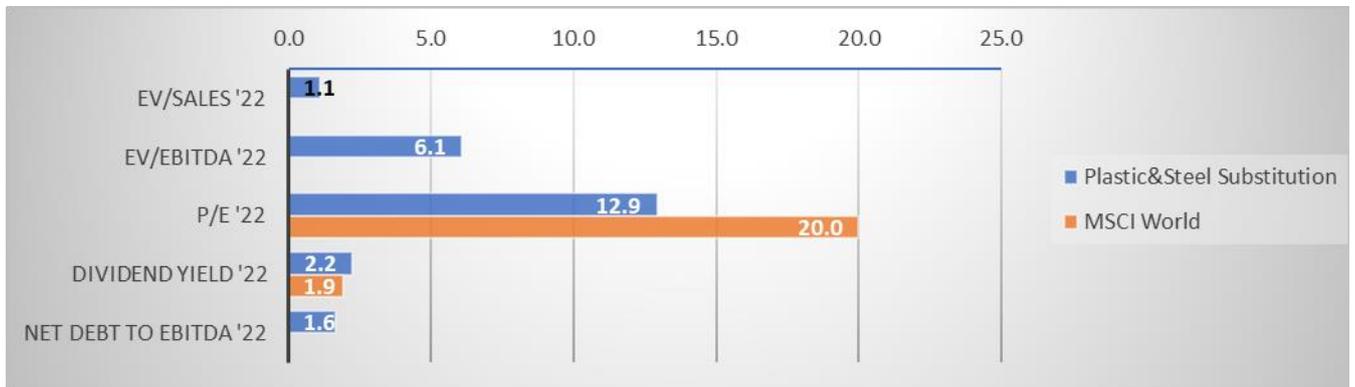
Steel and Plastic Substitution breakdown

	Asian Niches Fund	Steel and Plastic Substitution Niche
Carbon Fibre and fibre glass	1.7%	35.0%
Aluminium	0.9%	17.2%
Timber, Bioplastic, CLT, Glulam	0.6%	11.0%
Steel Recycling	1.7%	35.0%
Cash Steel Substitution	0.1%	1.6%
Total	5.0%	100.0%

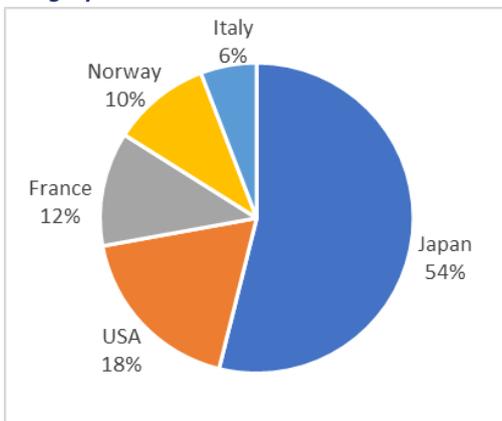
Source: Niche AM



Valuation Snapshot

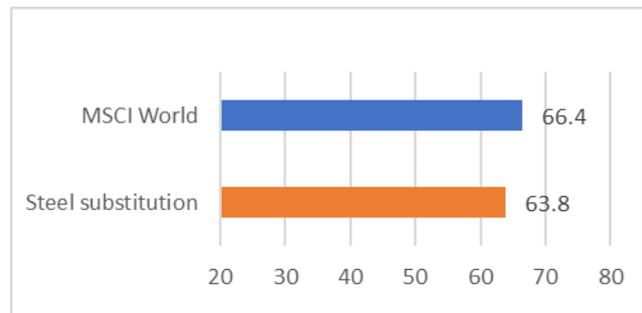


Geographical breakdown



Source: Niche AM

ESG rating (Thomson Reuters)



Source: Niche AM, Thomson Reuters

Steel and Plastic Substitution

Anticipating a trend



Bi-monthly comment

The Niche was divested at the end February 2021, recording performance of about 26% since inception (18/02/2019). Most of the positive performance was generated by the wood and aluminium sub-niches. Those two investment cases present huge secular growth, but they can no longer be considered Value. On the other hand, the sub-niches Carbon Fiber and Steel Recycling recorded a negative performance. Since we believe that both those themes are incredibly attractive, we decided to put them into a new Niche: “The Magic of Graphite”.

Chart Jan - Feb (31/12/20 - 28/02/21)

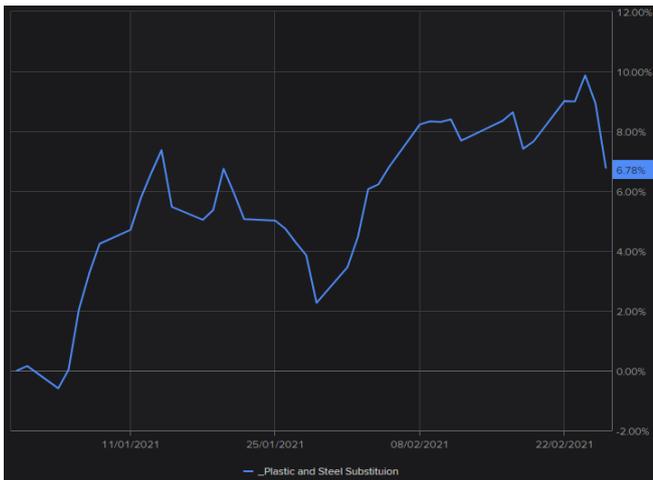
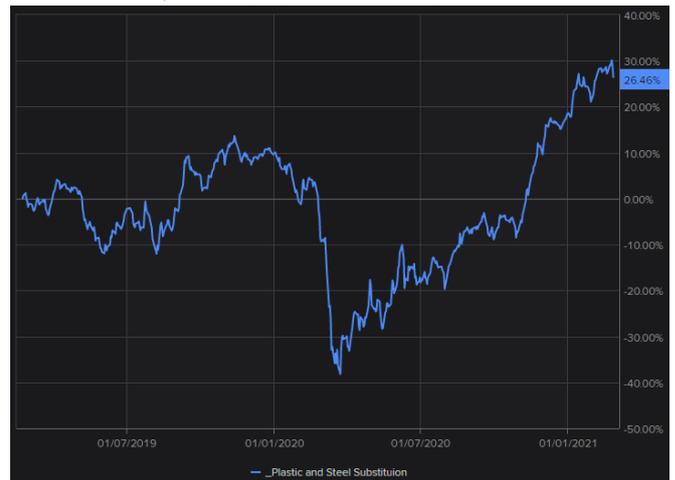


Chart since inception (21/02/19 – 28/02/21)



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.

Close the Gap

As simple as that ...

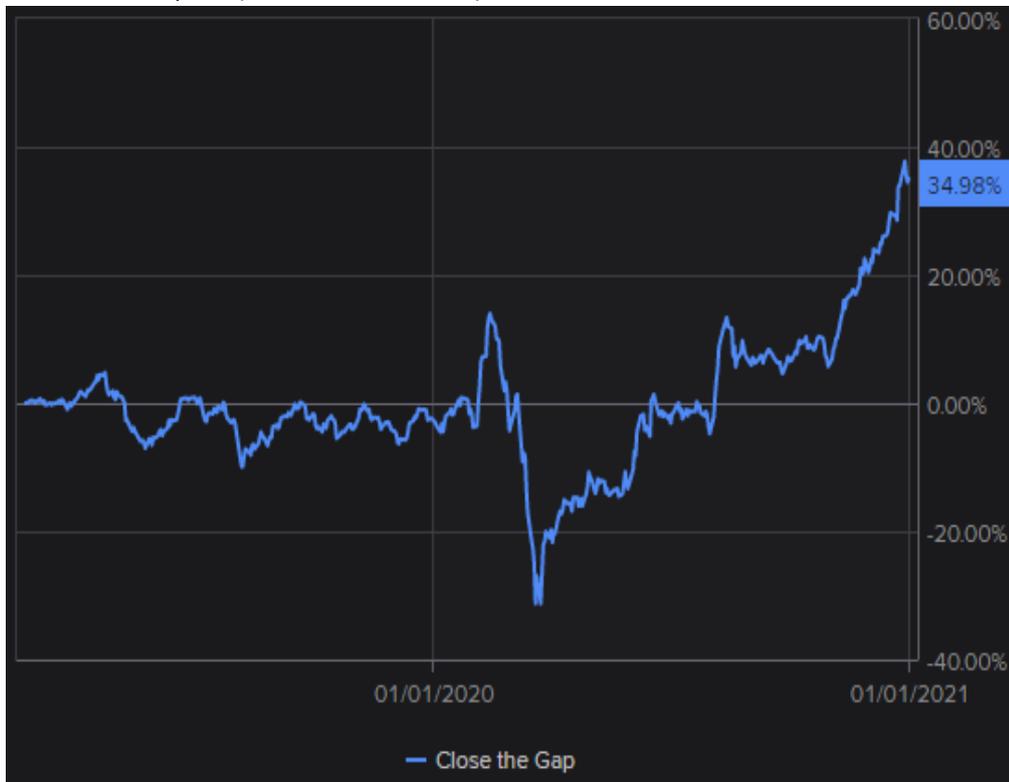


Comment

The Niche aim was to bank on the closing of the gap between ordinary shares and preferred shares in Korea, where this gap was still huge.

The Niche was divested at the end 2020, following the closure of the significant part of the gap between ordinary and preference shares (discount narrowed by more than 30%). This was the goal of the Niche itself. The Niche recorded performance of about 35% since inception (18/02/2019). The assets of the Niche were converted in the new Niche «The CUB» (China Under Biden)

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.

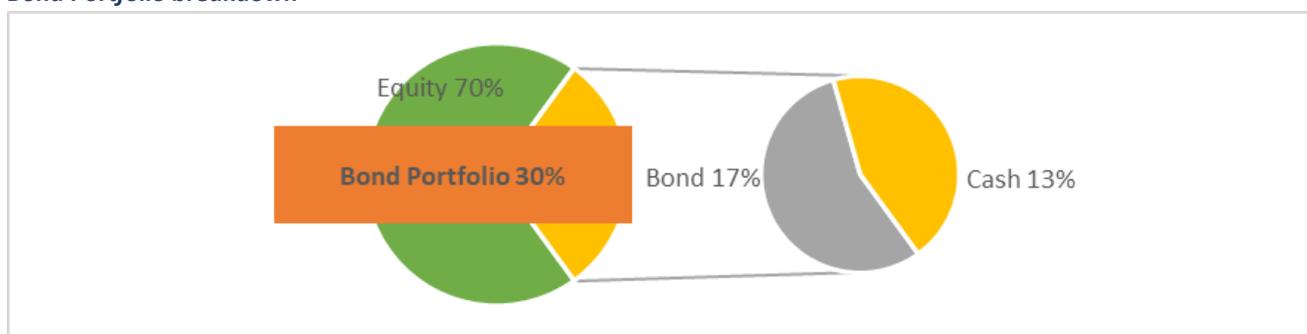
Bond Portfolio

securities: 21 Average Yield to Maturity 3.70% Duration 2.46

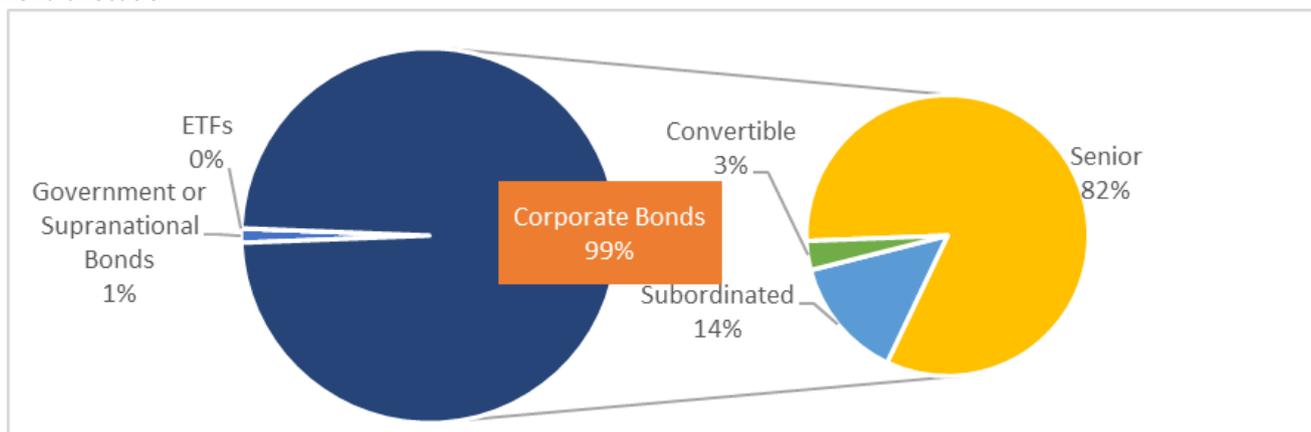
Bi-monthly Comment

The bond portfolio rose approx. 3% in the first two months of the year, thanks to the supportive outlook (strides made against Covid, better than feared economic trend). Our portfolio is mostly made up of high yield and unrated bonds issued by companies we know first-hand. Those companies have continued to benefit from falling default rates. The most debated macro theme during the first bimester of 2021 – interest rates rise and inflation – did not affect our portfolio whose duration is approximately 3 years. The best performer bond in our portfolio was Stonegate '25, a leading UK pubs owner, that was helped by the UK fast vaccine rollout and the strength of the pound. Also, SGL Carbon performed strongly thanks to the rosier macroeconomic outlook. The bond Rekeep, that was called in the period, contributed generously to the portfolio performance since its addition. The Europcar bond was converted into equity following the final step of the financial restructuring plan. We took profit in part of this bond before the conversion, while we let the other part being converted in equity. Here the equity story is thrilling, with an important trigger provided by the CASE (connected, autonomous, shared, electric) mobility evolution.

Bond Portfolio breakdown



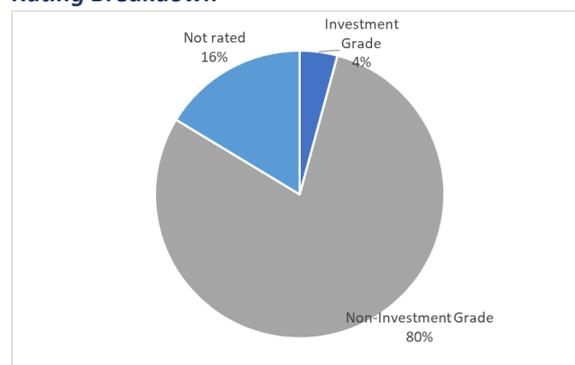
Bond allocation



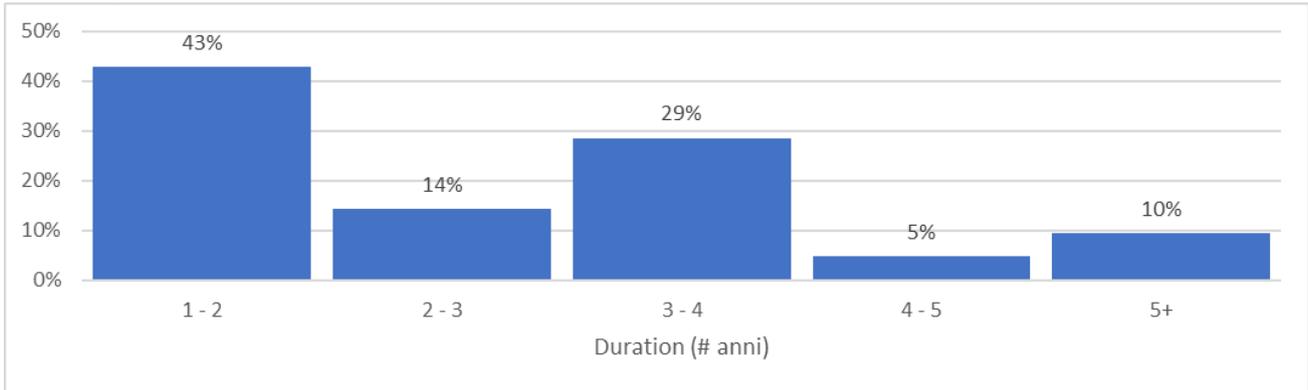
Currency Breakdown



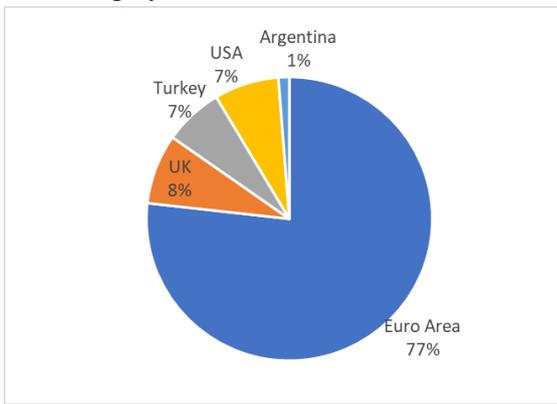
Rating Breakdown



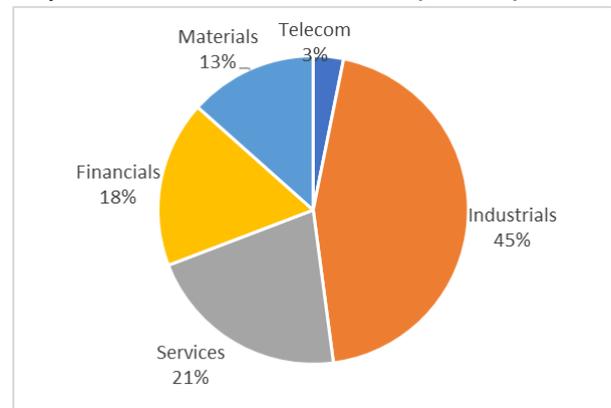
Bond Portfolio Duration



Bond Geographical Breakdown



Corporate Bond - Sector Breakdown (rebased)



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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