

### FACTSHEET

#### Performance Returns

The OTS Asia Opportunity UCITS Fund was down -0.56% in the month of October. The Fund's performance can be partly attributed to a decline in the value of our electronics related holdings in Greater China.

#### Investment Objective & Strategy

The OTS Asia Opportunity UCITS Fund is a Pan-Asian, fundamentally focused long/short equity fund seeking to preserve capital and maximize returns under strict value investing discipline. As a value investor, OTS capitalizes on certain themes in the Asian markets, which are inefficient and volatile with limited sell-side coverage. The fund looks for alignment of interests and takes advantage of a divergence in business quality between companies with strong fundamentals and competitive advantages. OTS then seeks companies trading at significant discounts or premiums to justifiable intrinsic values.

#### Investment Commentary

Many investors already know that China is the largest passenger car market in the world with 21 million vehicles sold in 2015, compared to 17.5 million in the United States. What investors may not be aware of, however, is that China may also be the most complex auto market in the world. Chinese car buyers are able to choose from more makes and models than any other car market in the world. There are currently over 130 different passenger car brands and 1,000 different models sold by domestic, foreign, as well as joint venture auto manufacturers in China.

Among the primary downstream beneficiaries of China's diverse auto market are the country's leading car portal websites. Car portals provide up-to-date market and product information to help consumers sift through the confusion. They also provide dealers and prospective car buyers a platform for buying and selling cars. These websites have not only benefited from growing car ownership on the Mainland but also the transition of advertising and media from offline to online. China's Internet penetration, while large in absolute numbers, stands at only 52%, compared to 89% in the US and 91% in Japan.

One of the top three operators of car portals in China, who together control 100 million users plus and dominate the market, is a Hong Kong-listed company named Pacific Online. Pacific Online operates a collection of six special interest websites in China including its flagship property PCauto (pcauto.com.cn). The company was founded in 1997 and first achieved success with PCOnline (pconline.com.cn), a website focused on IT and computer related products, which today is still the largest portal of its kind in China in terms of revenue. PCauto was launched in 2002 but now contributes more than 70% of the group's revenue. PCauto generates three-fourths of its sales from advertising revenue and the rest from car dealers who pay to be listed on the site. Over the past 5 years, PCauto has grown its revenues by 3-fold and continues to retain positive growth.

The stock price has fallen by 50% over the past year on concerns of increasing competition but we believe the sell-off to be overdone. Despite double digit revenue growth last year, the company now trades at price-to-earnings ratio of less than 10 times and a dividend yield of 8%. Pacific Online has a market cap of US\$280 million including a net cash position of US\$40 million. The market cap has dropped to levels not seen since 2009, when the company's revenues were less than one-third of what they are today.

We have also seen an increasing amount of M&A activity in the space. A 48% stake in PCauto's largest competitor, US-listed Autohome, was recently acquired by Ping An Insurance, China's second-largest insurer, valuing the company at US\$3.3 billion. PCauto's second largest competitor US-listed Bitauto, has received investments from Chinese Internet stalwarts Tencent, Baidu and JD.com and has a market capitalization of \$1.7 billion. While Autohome controls a larger market share than PCauto, we believe the latter remains significantly undervalued on a per-user basis.

Pacific Online was founded by the current Chairman Dr. Charles Lam, who established the company with his partner Mr. Kochiang Wang. Mr. Lam and Mr. Wang still control the majority of the company's shares and receive their compensation primarily in the form of dividends.

We have taken a position to take advantage of the opportunity and remain investment alongside the owner-operators.

### THE MANAGER

## OTS CAPITAL MANAGEMENT



**Tony Hsu** began his career at Foxconn International Holdings. After obtaining an MBA in Finance from The Wharton School at the University of Pennsylvania, Mr. Hsu joined Dalton Investments as a Portfolio Manager for Dalton's Asian equity strategies and a team of equity analysts based in Shanghai. He is an Adjunct Professor of Finance at the China European International Business School (CEIBS) Shanghai, and National Taiwan University (NTU), Taipei.

#### FUND FACTS

<b>Structure</b>	UCITS Fund
<b>Domicile</b>	Ireland
<b>Liquidity</b>	Weekly
<b>Fund AUM</b>	\$20.2 million
<b>Inception</b>	2 <sup>nd</sup> October, 2015
<b>Share Class</b>	<b>Class A/Class A Pooled</b>
<b>Currency</b>	EUR/GBP/CHF/USD
<b>Mgt. Fee</b>	1.75%
<b>Perf. Fee</b>	17.5%
<b>Min Init. Sub.</b>	1,000,000
<b>ISIN Codes</b>	EUR: IE00BYMM8523/IE00BYMM9N76 USD: IE00BYMM9935/IE00BYMMBF33 CHF: IE00BYMM8N02/IE00BYMMB426 GBP: IE00BYMM8H42/IE00BYMMB087
<b>Share Class</b>	<b>Class B/Class B Pooled</b>
<b>Currency</b>	EUR/GBP/CHF/USD
<b>Mgt. Fee</b>	2.00%
<b>Perf. Fee</b>	20%
<b>Min Init. Sub.</b>	100,000
<b>ISIN Codes</b>	EUR: IE00BYMMBP31/IE00BYMMCM838 USD: IE00BYMMBZ39/IE00BYMMCT44 CHF: IE00BYMMBT78/IE00BYMMCN81 GBP: IE00BYMMBS61/IE00BYMMCFO8

#### Risk Metrics

<b>Exposure and Risk Summary</b>	<b>(% of NAV)</b>
Long Exposure	89.2%
Short Exposure	-27.4%
Gross Exposure	116.6%
Net Exposure	61.9%
No of Longs	26
No of Shorts	13

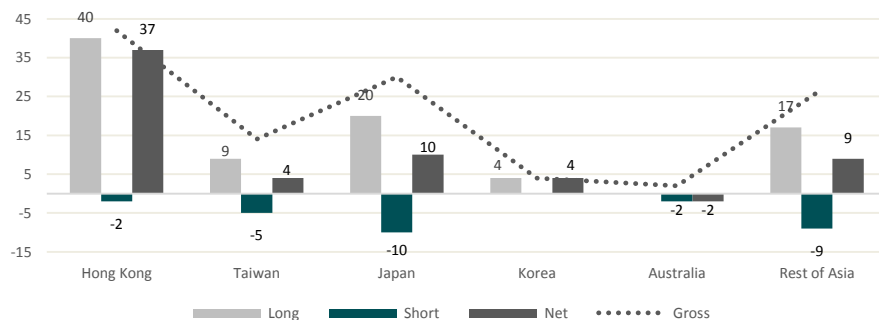
### USD Class A Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	-3.22%	2.80%	3.57%	0.88%	-2.28%	-1.88%	2.90%	1.14%	0.62%	-0.56%			<b>3.77%</b>
2015	-	-	-	-	-	-	-	-	-	-0.45%	-1.31%	-0.72%	<b>-2.46%</b>

The performance figures quoted above represent the performance of the OTS Asia Opportunity UCITS Fund since its launch on 2<sup>nd</sup> October 2015. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

### Composition of UCITS Fund

#### Geographic Analysis (% of NAV)



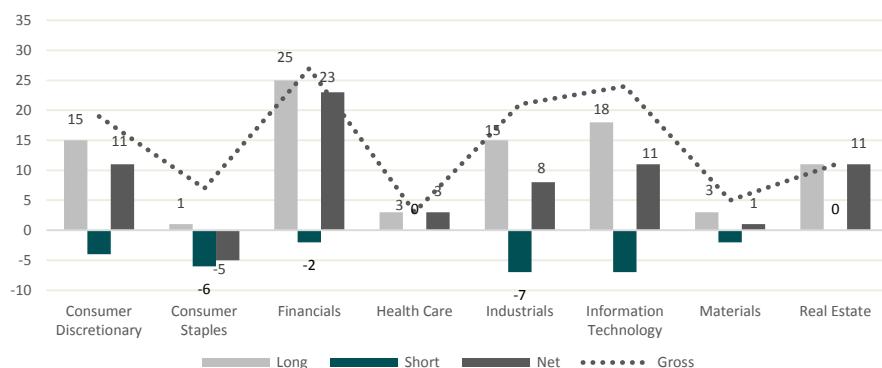
#### Top 5 Longs (% of NAV)

Hong Kong Hospitality Group	5.3%
Chinese Construction Firm	5.3%
Hong Kong Financial Institution	5.3%
Chinese Conglomerate	5.2%
Hong Kong Property Firm	5.2%
<b>Total</b>	<b>26.4%</b>

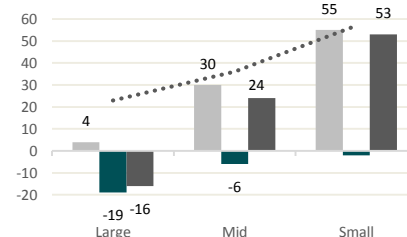
#### Top 5 Shorts (% of NAV)

Hong Kong Railways Operator	-2.5%
Taiwanese Semiconductor Firm	-2.4%
Global Semiconductor Firm	-2.3%
Taiwanese Steel Producer	-2.2%
Chinese Snack Food Producer	-2.1%
<b>Total</b>	<b>-11.6%</b>

#### Sector Analysis (% of NAV)



#### Market Cap Analysis (% of NAV)



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### Disclaimer

**Risk Warning:** Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk and, potentially, to currency exchange risk. The OTS Asia Opportunity UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation. Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Documents which together with the Montlake UCITS Platform ICAV Prospectus may be downloaded from the MontLake website ([www.montlakeucits.com](http://www.montlakeucits.com)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML Capital nor OTS Capital Management Ltd accepts liability for the accuracy of the contents. OTS Capital Management Ltd is authorised and regulated by the SFC. ML Capital does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MLC Management Ltd, a company regulated by the Central Bank of Ireland. The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. ML Capital Asset Management Ltd is regulated by the Central Bank of Ireland. This notice shall not be construed as an offer of sale in the Fund or in any other fund managed or advised by OTS Capital Management Ltd. The state of origin of the Fund is the Republic of Ireland. This document may only be distributed in or from Switzerland to qualified investors within the meaning Art. 10 Para. 3, 3bis and 3ter CISA. The Representative in Switzerland is ACOLIN Fund Services AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8022 Zurich. The basic documents of the Fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative.

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