

FACTSHEET

Performance Returns

The OTS Asia Opportunity UCITS Fund was up 2.98% in the month of January.

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

The OTS Asia Opportunity UCITS Fund returned 2.12% in 2016.

This month, we turn our attention to one of our long holdings in Japan: a leading advertising agency.

Asatsu DK is the third largest advertising agency in Japan, behind Dentsu and Hakuhodo. The company was founded as Asahi Inc in 1956 and later merged with Daiichi Kikaku (DK) to form ADK. ADK later entered into a strategic alliance with UK-based WPP, the largest advertising group globally with US\$20 billion in annual sales. WPP remains the ADK's largest single shareholder with a 25% stake – ADK also controls 2.4% of WPP's shares as part of the transaction.

ADK's balance sheet includes 110 billion yen of net cash and marketable securities, which compares favorably to its current market capitalization of 125 billion yen. ADK's core advertising business generates 10 billion yen of free cash flow per year yet the market fails to attribute much value to it. Despite comparable industry fundamentals, ADK's largest rivals Dentsu and Hakuhodo trade at EV-to-free cash flow ratios of approximately 20 times compared to less than 5 times for ADK.

ADK is a blue-chip advertising company with a client line-up that reads like a who's who of household names – Unilever, LVMH, Kirin, Rakuten and KDDI are amongst its largest customers. One reason the market doesn't like the stock is that the company's return-on-equity of 3% lags substantially behind its peers. ADK's management has acknowledged this and has established an 8% ROE target in the medium term. To this end, they have acknowledged the need to slim down the balance sheet, which is a tangible catalyst for narrowing the discount. We have spoken to the management team and since 2014, ADK has paid nearly 1,000 yen per share in regular and special dividends, compared to its current share price of 3,000 yen, and has also been repurchasing shares on the open market.

In addition to the company's efforts to improve capital allocation, the company has also been improving the underlying profitability of its core business, which still trails that of its closest rivals. Under management's medium term plan, coined Vision 2020, the company has already lifted operating profit by over 30% over the past two years on cost-cutting and efficiency initiatives.

We remain invested alongside the owner-operator and thank you for your long-term support.

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

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$20.5 million
Inception	2 nd October, 2015
Share Class	Class A/Class A Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.75%
Perf. Fee	17.5%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BYMM8523/IE00BYMM9N76 USD: IE00BYMM9935/IE00BYMMBF33 CHF: IE00BYMM8N02/IE00BYMMB426 GBP: IE00BYMM8H42/IE00BYMMB087
Share Class	Class B/Class B Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2.00%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BYMMBP31/IE00BYMMCB838 USD: IE00BYMMB239/IE00BYMMCT44 CHF: IE00BYMMBT78/IE00BYMMCN81 GBP: IE00BYMMBS61/IE00BYMMCFO8

Risk Metrics

Exposure and Risk Summary	(% of NAV)
Long Exposure	79.7%
Short Exposure	-33.6%
Gross Exposure	113.3%
Net Exposure	46.1%
No of Longs	22
No of Shorts	16

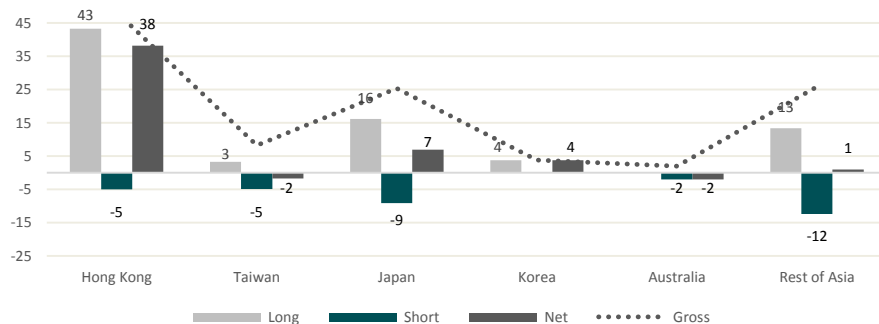
USD Class A Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	2.98%												2.98%
2016	-3.22%	2.80%	3.57%	0.88%	-2.28%	-1.88%	2.90%	1.14%	0.62%	-0.56%	-0.81%	-0.79%	2.12%
2015	-	-	-	-	-	-	-	-	-	-0.45%	-1.31%	-0.72%	-2.46%

The performance figures quoted above represent the performance of the OTS Asia Opportunity UCITS Fund since its launch on 2nd 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)



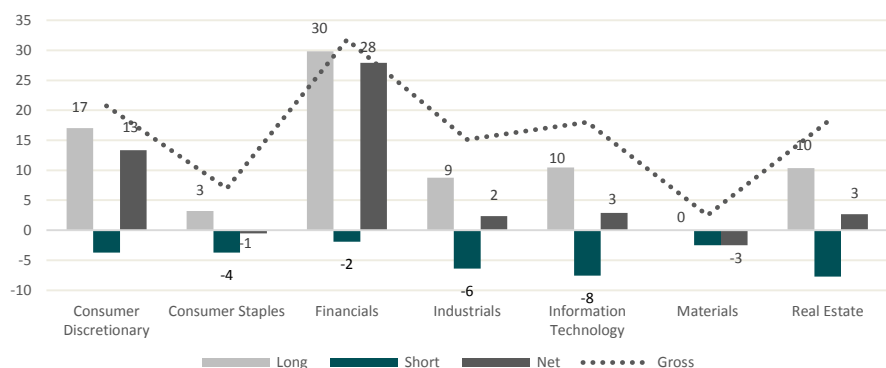
Top 5 Longs (% of NAV)

Hong Kong Financial Institution	8.2%
Hong Kong Property Firm	5.6%
Chinese Conglomerate	5.4%
Chinese Internet Firm	5.4%
Hong Kong Property Firm	4.0%
Total	29.6%

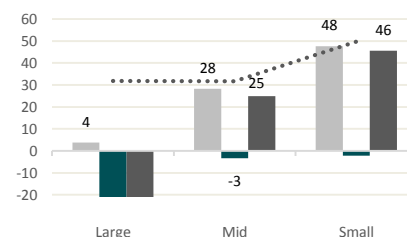
Top 5 Shorts (% of NAV)

Global Semiconductor Firm	-2.9%
Chinese Property Firm	-2.6%
Chinese Property Firm	-2.6%
Hong Kong Property Firm	-2.5%
Taiwanese Steel Producer	-2.5%
Total	-13.1%

Sector Analysis (% of NAV)



Market Cap Analysis (% of NAV)



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