OTS Asia Opportunity UCITS Fund

Pan Asia Long/Short Equities

July 2016

FACTSHEET

Performance Returns

The OTS Asia Opportunity UCITS Fund returned 2.90% in the month of July. The Fund's performance can be partly attributed to a fall in our gaming and entertainment 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

This month we turn our attention to one of our core holdings in Japan.

In recent years, a focus of Japanese Prime Minister Shinzo Abe's mandate has been to improve corporate efficiency, with emphasis on rasising profitability and return-on-equity. The Ito commission, which advises Japan's Government Pension Fund, has set a minimum ROE target of 8%, substantially higher than the 4.6% average ROE of Japan's Topix index today. In response, Japanese firms have taken measures to streamline their balance sheets and trim fat from their operations. Among the beneficiaries of this new corporate mandate are firms that provide Business Process Outsourcing (BPO) services.

BPO is, in a nutshell, the outsourcing of traditionally in-house corporate functions in order to improve efficiency and reduce costs. Typical functions that are outsourced include call center jobs such as customer service centers and help desks, as well as back-office functions. In English-speaking countries such as the United States or UK, call center functions have successfully moved to lower cost countries such as the Philippines. In Japan, however, language and cultural barriers have proven difficult to overcome. Over the next 5 years, the global BPO market is expected to reach US$220 billion per annum, with 4 trillion yen (US$39.5 billion) in Japan alone.

One of the leading providers of BPO services in Japan is a Tokyo-based firm called Prestige International. Originally, Prestige focused on providing call center services for road-side assistance in its home market, which represented the lion's share of its revenue 10 years ago. Prestige soon realized it could leverage its existing infrastructure to tap new clientele that historically did not make use of BPO. The company soon set up a new business segment known as Property Assist. In Japan, maintenance and emergency support for residential apartment buildings are typically handled directly by the building management. Prestige realized that, analogous to its Road Assist business, it could offer outsourced building management services to help its clients cut costs. While considered unorthodox at the time, the practice has become commonplace and over the past decade, Prestige's Property Assist segment has expanded from a 300 million yen business to 3.2 billion yen annually as of last year.

Despite its success, the company is by no means resting on its laurels. It has since expanded into several new segments such as Warranty, which provides housing rental collection services for landlords as well as IT solutions. To facilitate future growth, the company invested 3 billion yen to construct a new call center in Toyama, expanding its capacity from 2,100 total seats to 3,100 seats. Toyama BPO Town, as it is known, will allow the company to both expand its customer base as well as drive incremental sales from existing clients.

Despite the tailwinds and double-digit growth, Prestige trades at just 10x its operating cash flow. The company has a market cap of 45 billion yen and generates nearly 4 billion yen of cash flow per year with minimal need for capital expenditures. Earnings in the near term may appear depressed due to increased depreciation expense resulting from the new Toyama facility. We believe this to be a temporary phenomenon, however, as current utilization in the new center sits at just 30%. As utilization increases and economies of scale take effect, we believe the company can double its operating income over the next 3-4 years. The company has compounded book value per share by an average of 20% over the past 10 years. Prestige's founder, Mr. Tamagami continues to run the company and owns 26% of the outstanding shares. We have taken a position alongside the owner-operator. As always, we thank you for your long-term outlook.

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	$20.0 million
Inception	2nd 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/IE00BYMMC838
	USD: IE00BYMMBZ39/IE00BYMMCT44
	CHF: IE00BYMMBT78/IE00BYMMCN81
	GBP: IE00BYMMBS61/IE00BYMMCF08

Risk Metrics

Exposure and Risk Summary	(% of NAV)
Long Exposure	81.5%
Short Exposure	-21.6%
Gross Exposure	103.2%
Net Exposure	59.9%
No of Longs	24
No of Shorts	10

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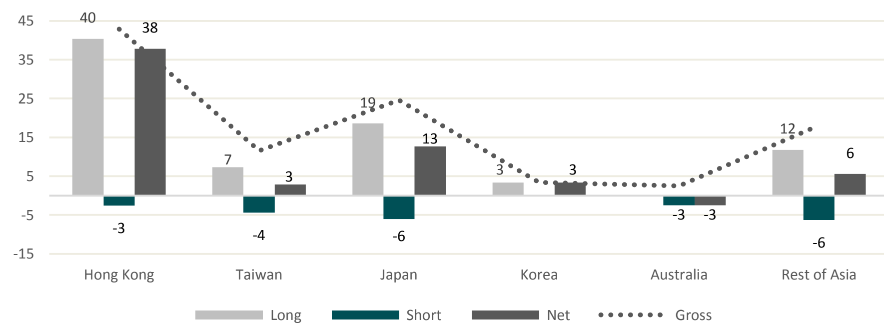
USD Class A Performance

	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%						**2.55%**
2015	-	-	-	-	-	-	-	-	-	-0.45%	-1.31%	-0.72%	**-2.46%**

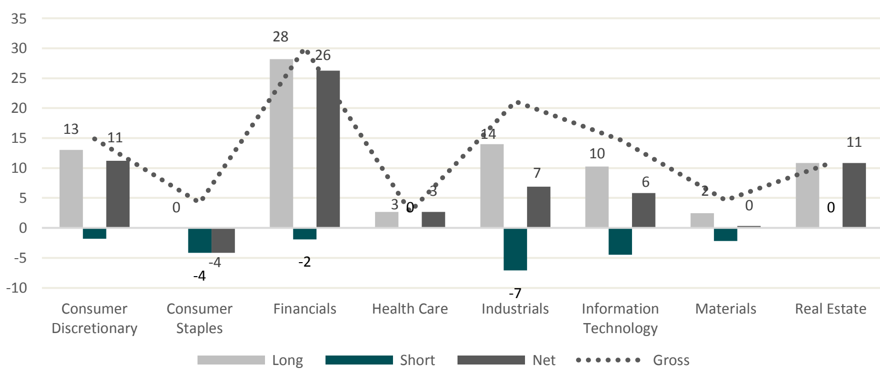
The performance figures quoted above represent the performance of the OTS Asia Opportunity UCITS Fund since its launch on 2nd October 2015. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

Composition of UCITS Fund

Geographic Analysis (% of NAV)



Sector Analysis (% of NAV)



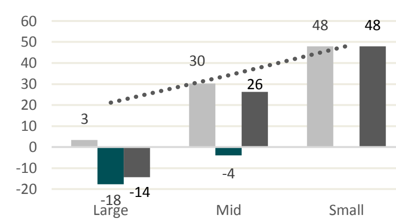
Top 5 Longs (% of NAV)

Asia Standard International Group	6.4%
Emperor International Holdings	5.9%
Allied Properties HK Ltd	5.5%
Far East Consortium International	5.3%
Dah Sing Financial Holdings	5.3%
Total	**28.3%**

Top 5 Shorts (% of NAV)

Hong Kong Railways Operator	-2.6%
Australian Airports Operator	-2.5%
Global Semiconductor Firm	-2.3%
Taiwanese Semiconductor Firm	-2.2%
Japanese Retailer	-2.2%
Total	**-11.7%**

Market Cap Analysis (% of NAV)



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