

### FACTSHEET

#### Performance Returns

The OTS Asia Opportunity UCITS Fund returned 3.57% in the month of March. The Fund's performance can be partly attributed to a rise in the prices of our finance and consumer related holdings.

#### 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

In this month's newsletter, we would like to discuss one of our holdings in Korea, Shinsegae Corporation. One of the sectors of the Chinese economy that continues to benefit despite the murky outlook for the RMB is outbound travel. In 2015, China reached 120 million outbound travelers compared to 100 million the previous year. While the industry has come a long way, on a per capita basis, Chinese travelers spend less than 10% of what Japanese and Americans spend on travel and it is estimated that only 4% of the Chinese population holds a passport. One of the top destinations for Chinese travelers continues to be South Korea, which saw 6 million arrivals from the Mainland last year. Lured by the "Korean Wave" of cultural exports, Mainlanders have flocked to the country to gobble up not only global luxury brands, but also homegrown cosmetics and fashion products.

*Shinsegae*, which literally means "New World" in Korean is a department store franchise headquartered in Seoul. The Company is famous for its storied history – The main Shinsegae branch was established in 1930 during the Japanese occupation as a branch of *Mitsukoshi*. It was acquired in 1945 by the late founder of the Samsung Group Byung-chull Lee. Samsung Group operated Shinsegae as its retail arm under the stewardship of Mr. Lee's sister Myung-hee. The group split in 1991 but Ms. Lee continues to serve as Shinsegae's Chairman, owing the majority of her wealth to her 18% stake in the Company.

Today Shinsegae has grown to become one of South Korea's largest retailers. The Company operates traditional department stores under the Shinsegae brand and generates 2.5 trillion won of revenue yearly. The core business generates single-digit growth and stable free cash flow, which allows it to fund new initiatives such as duty free. South Korea is the world's single largest duty free market with over US\$8 billion in annual sales, half of which is attributed to Chinese shoppers. Licenses to operate duty free shops are limited and under the sole control of the Korean Customs Service. The most lucrative are the coveted "downtown" licenses, as they allow operators to run shops outside of the airports and in the center of Seoul. Prior to 2013, downtown duty free shops were an oligopoly and license renewal was nothing more than a rubber-stamping process. However, last year the Korean Customs Service unveiled a new system that put licenses up for open competition – bidders are evaluated a variety of factors but there is no direct financial component. Shinsegae emerged as a winner and secured its first license to operate in downtown Seoul.

Duty free may usher in a new era for Shinsegae. The newly planned 14,000 square meter store will be located on the upper floors of the existing flagship Shinsegae store in Myeongdong, an area of Seoul that is hugely popular with tourists. To put that in perspective, Lotte Duty Free in Sogondong, Seoul – South Korea's number one retail outlet by sales – is less than 9,000 square meters and generates 2 trillion won a year in revenue. Shinsegae's new store is scheduled to open in May of this year and we believe it will be accretive to earnings after its first year of operation.

Despite the strong fundamentals and future prospects, we feel that Shinsegae remains substantially undervalued on a sum-of-the parts basis. The value of its core department store business – which generates 230 billion won a year in net income – along with its 500 billion won stake in Samsung Life Insurance already exceeds Shinsegae's market cap of 2 trillion won by 50%. While this alone would be a compelling reason to own Shinsegae's shares and so investors in the Company's shares basically get the duty free business for free. We remain invested alongside the owner-operator and we thank you for your long-term support.

#### 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%										3.04%
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 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.

### 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

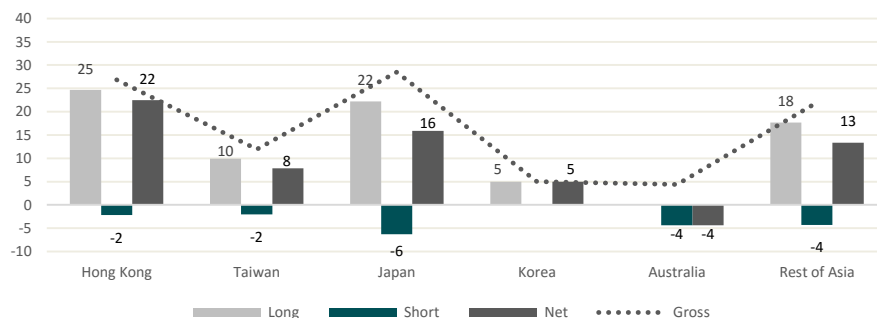
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$20.1 million
Inception	2 <sup>nd</sup> October, 2015
Share Class	<b>Class A/Class A Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.75%
Perf. Fee	17.5%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BYMM8523/IE00BYMM9N76 USD: IE00BYMM9935/IE00BYMMBF33 CHF: IE00BYMM8N02/IE00BYMMB426 GBP: IE00BYMM8H42/IE00BYMMB087
Share Class	<b>Class B/Class B Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2.00%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BYMMBP31/IE00BYMMC838 USD: IE00BYMMB239/IE00BYMMCT44 CHF: IE00BYMMBT78/IE00BYMMC81 GBP: IE00BYMMBS61/IE00BYMMC08

#### Risk Metrics

Exposure and Risk Summary	(% of NAV)
Long Exposure	79.4%
Short Exposure	-19.2%
Gross Exposure	98.7%
Net Exposure	60.2%
No of Longs	33
No of Shorts	9

### Composition of UCITS Fund

#### Geographic Analysis (% of NAV)



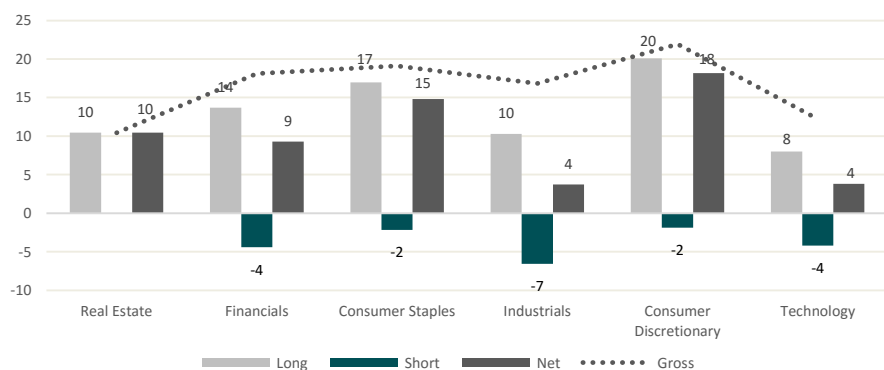
#### Top 5 Longs (% of NAV)

Dah Sing Financial Holdings	3.7%
Super Group Ltd	3.7%
Gree Inc	3.2%
Ito En Ltd	3.2%
Great Eagle Holdings Ltd	3.0%
<b>Total</b>	<b>16.8%</b>

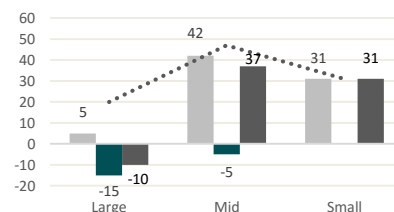
#### Top 5 Shorts (% of NAV)

Japanese Exchange Operator	-2.3%
Australian Airports Operator	-2.2%
Hong Kong Railway Operator	-2.2%
Australian Airline	-2.2%
Singaporean Bank	-2.2%
<b>Total</b>	<b>-11.0%</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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