

FACTSHEET

Performance Returns

The OTS Asia Opportunity UCITS Fund was down 1.01% in the month of October.

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

Last month marked the 19th National Congress of the Communist Party in China. This congress was accompanied by far more international press coverage than past such events, reflecting China's increasing influence in global affairs. This was the case even though the most important outcome – Xi Jinping's reappointment to the most powerful positions – was a forgone conclusion.

In the economy, whereas two years ago global markets were panicked about growing Chinese debt and its potential consequences for currency sustainability, these days these concerns have largely faded from popular attention. One reason is that markets have become more sanguine about the global economy in general. Another is that, while total indebtedness has continued to grow, the pace of growth has slowed down significantly in the past few years while the economy has picked up.

Given the past consensus that China's increase in debt would at some point prompt a reckoning, it's perhaps worth considering what these forecasts may have been missing.

One possibility is that the numbers were (and are) simply wrong in some way. For example, some analysts estimate that official numbers significantly underestimate actual consumption. If this is true, then both GDP and the share of consumption in GDP are higher than estimated and, consequently, debt ratios are lower.

A second possibility has been put forth by the economist Yukon Huang. In China, lending is largely asset-based, primarily financing or collateralized by real estate. Land prices have grown spectacularly in the past several years, doubling in the major cities this decade. If the rise in values is sustainable, then the rise in debt levels may be as well. Of course, this begs the question of what could justify such a rapid increase in land prices, particularly given that such extreme real estate booms in other countries have generally not ended well. One reason China may be different is that, prior to the late 90s, there was essentially no private real estate market. Possibly, land prices in China are still going through a process of price discovery.

Unfortunately, we see no way either verify or refute any of these possibilities, given the impossibility of knowing the "true" level of GDP or value of Chinese land. As investors, we instead seek to adopt a perspective of epistemic humility, seeking wide margins of safety in our investments for the inevitable cases where we get it wrong. While portfolios constructed using this approach may not keep up with euphoric markets, they are designed to weather the inevitable downturns better. 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
2017	2.98%	0.27%	1.23%	0.33%	-1.53%	2.27%	-1.91%	1.06%	-0.22%	-1.01%			3.40%
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.

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	\$21 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

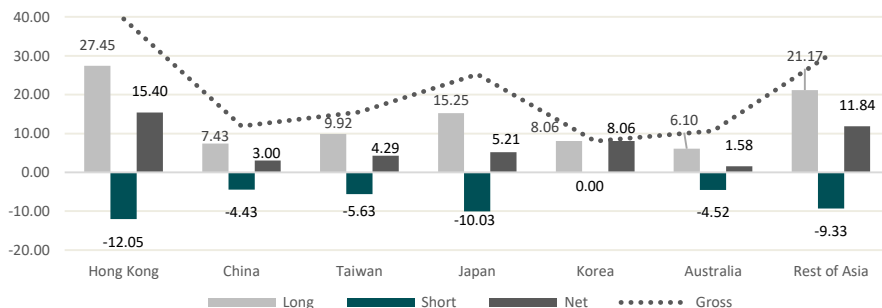
Share Class	Class B/Class B Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2.00%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BYMMBP31/IE00BYMMC838 USD: IE00BYMMBZ39/IE00BYMMCT44 CHF: IE00BYMMBT78/IE00BYMMC8N1 GBP: IE00BYMMBS61/IE00BYMMCFF08

Risk Metrics

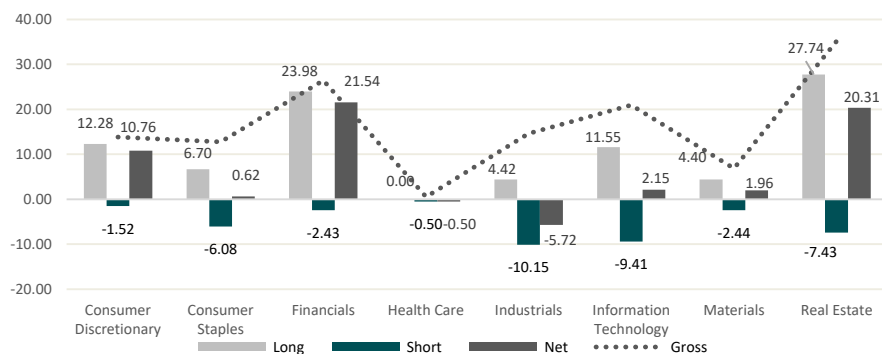
Exposure and Risk Summary	(% of NAV)
Long Exposure	95.1%
Short Exposure	-45.8%
Gross Exposure	141.4%
Net Exposure	49.4%
No of Longs	23
No of Shorts	18

Composition of UCITS Fund

Geographic Analysis (% of NAV)



Sector Analysis (% of NAV)



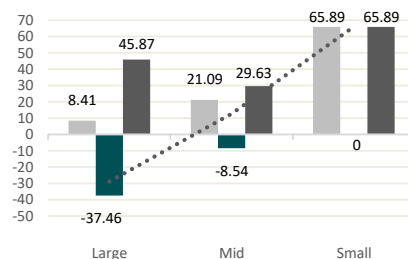
Top 5 Longs (% of NAV)

Taiwan Multimedia Software Firm	7.6%
Hong Kong Financial Institution	7.2%
Pan-Asia Property Firm	6.1%
Japanese Manufacturer	5.4%
China Property Firm	5.4%
Total	31.7%

Top 5 Shorts (% of NAV)

Global Semiconductor Firm	-3.5%
Taiwan Semiconductor Firm	-3.2%
Thailand Airports Management Firm	-3.1%
Hong Kong Real Estate Trust	-3.0%
Global Semiconductor Firm	-2.7%
Total	-15.5%

Market Cap Analysis (% of NAV)



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Disclaimer

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