

FACTSHEET

Performance Returns

The OTS Asia Opportunity UCITS Fund was up 0.27% in the month of February.

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 largest operator of airports in the Kingdom of Thailand is a state-owned enterprise (SOE) based in Bangkok. The airport operator develops and manages 6 international airports across Thailand including Suvarnabhumi Airport in Bangkok, its largest source of revenue. The company is 70% owned by the Finance Ministry and members of the Board of Directors retain a deep political affiliation with the state.

As a quasi-arm of the government, the interests of state-owned enterprises are often more aligned with state officials than with shareholders. In an effort to prop up its slowing economy, Thailand's reigning military junta has been aggressively working to boost tourism. In turn, the state-owned airport operator has been strong-armed into aggressive expansion projects to lift capacity, perhaps with little regard for return on investment. The operator has been pressured to spend US\$3 billion over the next 3-4 years to increase passenger capacity by two-thirds - Suvarnabhumi alone will see its capacity double. While this may reduce some bottlenecks at the Kingdom's airports, it far from guarantees increased passenger arrivals. Airport operating expenses are largely fixed in the form of depreciation, staffing costs, utilities and maintenance - and without a commiserate increase in passenger traffic, the government disciple may see its profits make a rapid descent.

Build it and they will come, as the saying goes. Over the past decade, Chinese tourist arrivals in Thailand have increased from 1 million annual visitors to nearly 10 million, accounting for the lion's share of the Kingdom's growth in arrivals. The Chinese now comprise 30% of visitors to Thailand but we question whether this trend is sustainable. In an effort to curb predatory practices by tour agencies, the Thai regime - with the help of Chinese authorities - has begun to crack down on "zero-fare" tour packages. Zero fare refers to low-cost tour packages that lure travelers abroad with cheap fares but coerce them into buying goods and services at exorbitant rates in designated shops. Since the initiative launched in September, three zero-fare tour companies have been shut down and 2,150 tour buses have been impounded. Not surprisingly, arrivals from Chinese have fallen by double digits since the crackdown began, by as much as 30% on a year-over-year basis. This may negatively impact the fortunes of the state-owned airport operator and saddle it with empty terminals.

While Thailand wrestles with Mainland tour companies, the larger problem may be at home. Thailand is in the midst of a one-year period of official mourning since His Majesty passed away last October. The somber mood may affect the tourism industry as many events that draw visitors globally have been canceled out of respect for the late king. As an apparatchik of the state, the airport operator has no choice but to proceed with its lofty expansion plans.

Despite the visible turbulence ahead, the SOE trades at a price-to-earnings multiple of 30 times and price-to-book multiple of 4 times, a substantial premium to its global peers. The majority of analysts that cover this name rate it as a buy or a hold but the trajectory we see is a downward sloping one and have taken a short position to take advantage of the opportunity.

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	\$20.6 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: IE00BYMMB239/IE00BYMMCT44 CHF: IE00BYMMBT78/IE00BYMMC�81 GBP: IE00BYMMBS61/IE00BYMMCFO8

Risk Metrics

Exposure and Risk Summary	(% of NAV)
Long Exposure	80.5%
Short Exposure	-33.5%
Gross Exposure	114.0%
Net Exposure	47.0%
No of Longs	22
No of Shorts	15

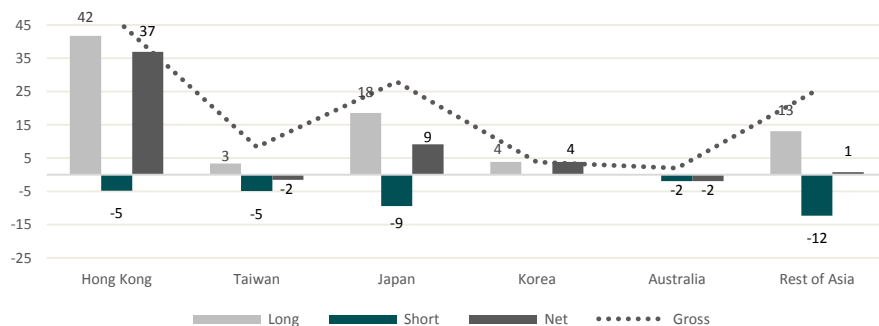
USD Class A Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	2.98%	0.27%											3.26%
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)



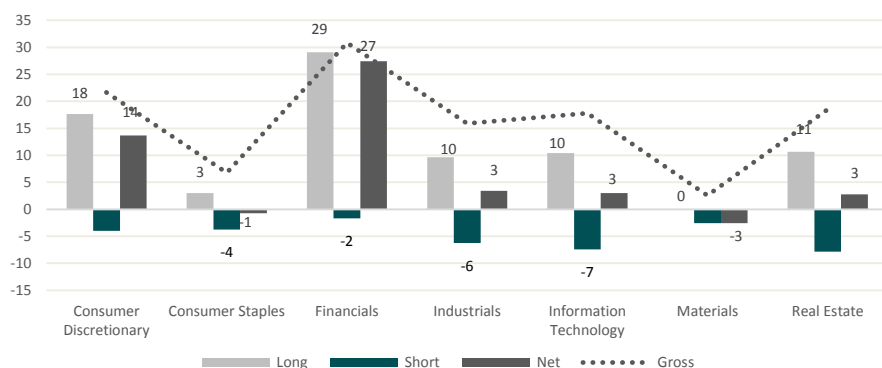
Top 5 Longs (% of NAV)

Hong Kong Financial Institution	7.6%
Hong Kong Property Firm	5.7%
Chinese Property Firm	5.3%
Hong Kong Conglomerate	5.0%
Hong Kong Property Firm	5.0%
Total	28.5%

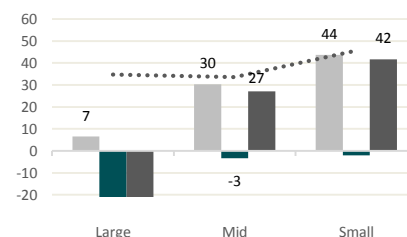
Top 5 Shorts (% of NAV)

Global Semiconductor Firm	-2.9%
Chinese Property Firm	-2.7%
Chinese Property Firm	-2.6%
Taiwanese Steel Producer	-2.6%
Hong Kong Property Firm	-2.5%
Total	-13.3%

Sector Analysis (% of NAV)



Market Cap Analysis (% of NAV)



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