

### FACTSHEET

#### Performance Returns

The OTS Asia Opportunity UCITS Fund was up 1.23% in the month of March.

#### 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 a one of our holdings in Taiwan, a leading developer of multimedia software for computers and mobile devices.

Cyberlink was founded in 1996 became publicly traded in 2000 and has been ranked as one of the top 20 brands in Taiwan. The company achieved initial success with its PowerDVD product, software that PC manufacturers pre-install on notebook and desktop PCs to enable DVD playback, a feature that Microsoft Windows does not support out of the box. Another contributor to the company's success has been its video and photo editing offerings PowerDirector and PhotoDirector, price-accessible alternatives to Adobe Premiere and Adobe Photoshop.

In the 2000s, Cyberlink experienced strong growth on the back of robust PC sales and the emergence of PCs as multimedia and entertainment devices - sales grew from less than TW\$600 million in 2000 to TW\$4.7 billion in 2008. But the PC market peaked in 2011 and PC unit sales have been on a downward trend ever since. Cyberlink's market capitalization now stands at one-third of what it was just a few years ago, reflecting investor fears that the PC malaise will continue indefinitely. We, however, believe these fears to be overblown. Over the past several years, Cyberlink has successfully shifted its business model to reduce its reliance on sales to PC manufacturers in favor of B2C software sales (online and retail), which carry substantially higher margins. The revenue split between PC and retail software now stands at 40/60, compared to 70/30 in previous years.

The company is also made significant inroads in new markets such as mobile and augmented reality (AR), most notably in a mobile app startup called Perfect Corp, of which Cyberlink controls 49%. Perfect is the developer behind leading beauty mobile apps YouCam Makeup and YouCam Perfect, which make use of the selfie camera and proprietary AR technology to allow users to test out cosmetics virtually. While the app itself is free to download, Perfect monetizes through advertising and partnerships with cosmetics manufacturers such as US-based Revlon. In less than three years, YouCam apps have surpassed the 300 million download mark with over 500 million minutes a month of camera time, making it the dominant app in this space.

Despite the tailwinds, Cyberlink trades at a depressed valuation of less than 10 times its free-cash-flow. The stock has a dividend yield of 10% and the company has been repurchasing shares on the open market. The current market cap of US\$200 million, over half of which is net cash, also significantly undervalues the company's stake in Perfect Corp. Based on valuations of comparable mobile businesses such as Hong Kong-listed Meitu, Perfect Corp may potentially be worth more than Cyberlink's entire market cap.

Cyberlink was founded by Dr. Jau Huang and his wife Alice. Dr. Jau Huang is a former professor of Computer Science and Engineering department at National Taiwan University. Both Huang's hold advanced degrees from UCLA - Jau a doctorate in computer science and Alice an MBA. In the early days, Alice ran the day-to-day operations while Dr. Huang kept his professorship, recruiting his best students to work for Cyberlink. The husband and wife team collectively control 25% of the company and we are invested alongside the owner-operators.

We 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	\$20.8 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: IE00BYMMBZ39/IE00BYMMCT44 CHF: IE00BYMMBT78/IE00BYMMCN81 GBP: IE00BYMMBS61/IE00BYMMCFF08

#### Risk Metrics

Exposure and Risk Summary	(% of NAV)
Long Exposure	84.6%
Short Exposure	-33.6%
Gross Exposure	118.3%
Net Exposure	51.0%
No of Longs	23
No of Shorts	16

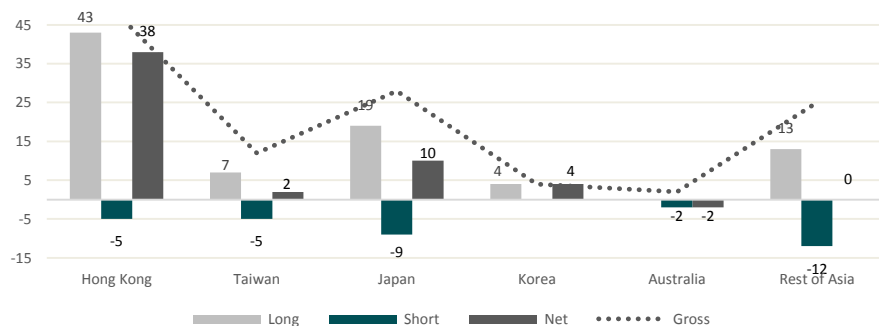
### USD Class A Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	2.98%	0.27%	1.23%										4.52%
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 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.

### Composition of UCITS Fund

#### Geographic Analysis (% of NAV)



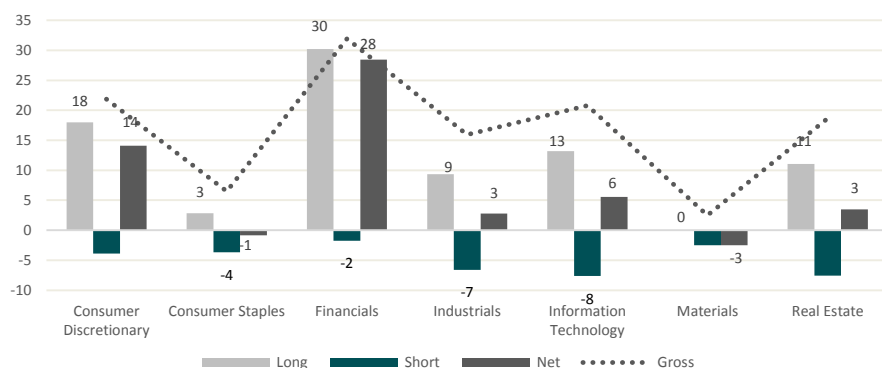
#### Top 5 Longs (% of NAV)

Hong Kong Financial Institution	7.7%
Hong Kong Conglomerate	6.1%
Chinese Property Firm	5.9%
Hong Kong Hotel Operator	5.5%
Hong Kong Conglomerate	5.0%
<b>Total</b>	<b>30.2%</b>

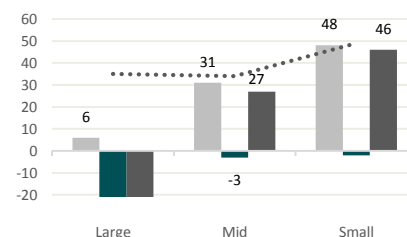
#### Top 5 Shorts (% of NAV)

Global Semiconductor Firm	-2.9%
Chinese Property Firm	-2.7%
Taiwanese Steel Producer	-2.5%
Hong Kong Property Firm	-2.5%
Taiwanese Semiconductor Firm	-2.5%
<b>Total</b>	<b>-13.1%</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 the origin of the Fund is the Republic of Ireland. The Representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH -8022 Zurich. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss representative. The basic documents of the Fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge at the registered office of the Swiss Representative.

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