

FACTSHEET

Performance Returns

The SPARX OneAsia Long Short UCITS Fund returned -0.11% in February.

Investment Objective & Strategy

The investment objective of the fund is to maximise risk-adjusted returns regardless of the market cycle by investing in equity within Asia including Japan. The strategy aims to capitalize on Asia's growth dynamics by identifying potential winners and losers through bottom-up fundamental research.

Market Commentary

During the month, Baidu (a long position) was one of the negative contributors.

Baidu is the largest search engine provider in China with 75% mobile search market share. It also owns 59.5% stake of iQiyi, the largest video streaming company in China. The company's growth engines include Baidu App that provide users with search and news feed service boasting 161mn daily active users (DAU, +24% yoy) and iQiyi video subscription service (87mn paid subscribers, +72% yoy).

During 2018, the company reported RMB 102bn revenue (USD 14.9bn, +20% yoy) and net profit of RMB 27.6bn (USD 4bn, +51% yoy, NPM 27%). Divestures of financial business in 2017 and O2O delivery service in 2018 coupled with a fast growing but a loss making consolidated iQiyi business has made interpretation of its headline growth and margin numbers much more muddled.

In 2018, Baidu core business grew its revenue by 27% yoy to reach USD 11.4bn excluding the impact of divestures with USD 3.5bn operating profit (OPM 30%). Meanwhile, the separately listed iQiyi grew its revenue by +44% yoy to reach USD 3.6bn with OP loss of USD 1.2bn (OPM -33%).

The company generated USD 5.4bn operating cash flow and a USD 4bn free cash flow during 2018. Since iQiyi is still heavily investing in contents, all of the free cash flow comes from Baidu's core business. If we deduct the value of 59.5% stake of iQIYI (USD 11.9bn) and their 20% stake in Ctrip (USD 3.6bn) and net cash of USD 8.4 bn from Baidu's market cap of USD 58bn, Baidu's core business is currently valued at USD 34bn versus its free cash flow of a USD 4bn. Therefore, our internal view is that Baidu is tremendously undervalued.

USD Institutional Class UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	1.64%	-0.11%											1.53%
2018	1.42%	1.39%	-3.28%	-2.11%	3.46%	0.60%	-2.47%	0.78%	-1.15%	-7.67%	2.35%	-2.07%	-8.88%
2017	1.26%	-1.82%	3.07%	1.03%	4.18%	0.18%	1.08%	0.68%	0.57%	1.29%	2.40%	0.27%	15.02%
2016	-1.66%	0.81%	-0.08%	2.79%	-0.10%	-1.86%	-0.20%	3.32%	-1.56%	0.19%	-2.07%	-1.51%	-2.09%
2015	-	-	-	-	-	-	-	-	-0.51%	0.87%	0.50%	-1.08%	-0.23%

The performance figures quoted above represent the performance of the SPARX OneAsia Long Short UCITS Fund since launch on 17th September 2015. These performance figures refer to the past and past performance is not a reliable guide to future performance.

SPARX OneAsia Long Short Representative Strategy

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2015	0.07%	1.36%	1.59%	-0.11%	-1.43%	1.02%	4.57%	-3.11%					
2014	-	-	-	-	-	0.41%	1.78%	0.92%	-1.19%	2.27%	0.90%	0.68%	5.88%

The above performance pertains to the performance since inception of the SPARX OneAsia Long Short Representative Strategy and is not of the SPARX OneAsia Long Short UCITS Fund. UCITS Funds have to abide by investment restrictions and consequently the performance of the SPARX OneAsia Long Short UCITS Fund may not be similar to that presented above. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Risk Metrics (% of NAV)

		Historical Risk Metrics [▲]	
Long Exposure	72.63%	Annualised Return	3.03%
Short Exposure	-21.28%	Annualised Volatility	7.14%
Index Hedge	-41.46%	Sharpe	0.29
Gross Exposure	135.37%	Sortino	0.37
Net Exposure	9.89%	Beta	0.18
No of Longs	24		
No of Shorts	22		

[▲]The above historical risk metrics pertain to the daily statistics since inception of the SPARX OneAsia Long Short Representative Strategy, merged with the statistics of combined share classes SPARX OneAsia Long Short UCITS Fund from 1st September 2015 to 30th December 2016.

1. Arithmetic means of 1 Month USD LIBOR interest rate was used as the Risk Free Rate of returns for the calculation period.

2. Downside deviation refers to standard deviation of negative daily returns during the period.

3. Firm AUM is in reference to SPARX Group total AUM.

THE MANAGER



Hak Kim is the portfolio manager for the SPARX OneAsia Long Short UCITS Fund. He has over 18 years of experience in the fund management business and is responsible for coordinating SPARX's fundamental research activities across Asia. Prior to becoming a founding member of the OneAsia team, Mr. Kim was a portfolio manager at SPARX's Korean subsidiary where he ran the award winning Korea long short fund. Before this, he was an analyst covering various sectors and also played a key role in creating the firm's investment outlook and strategy. Mr. Kim holds a B.A. in Business Administration from Seoul National University and attended an MBA program in International Finance at the graduate school of Seoul National University. He is a CFA charter holder.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$11.1 million
Firm AUM	\$10.6 billion
Inception	17 th September, 2015
Share Class	Institutional/Institutional Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.50%
Perf. Fee	15%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BYMVZK37/IE00BYMVZX65 USD: IE00BYMVZW58/IE00BYMW0S95 CHF: IE00BYMVZN67/IE00BYMW0P64 GBP: IE00BYMVZL44/IE00BYMVZ289
Share Class	Institutional Founder/Retail Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.00%/2.00%
Perf. Fee	10%/15%
Min Init. Sub.	10,000,000/10,000
ISIN Codes	EUR: IE00BZ03QD85/IE00BYQF1X69 USD: IE00BZ03QH24/IE00BYQF2000 CHF: IE00BZ03QG17/IE00BYQF1Z83 GBP: IE00BZ03QF00/IE00BYQF1Y76

Composition of UCITS Fund

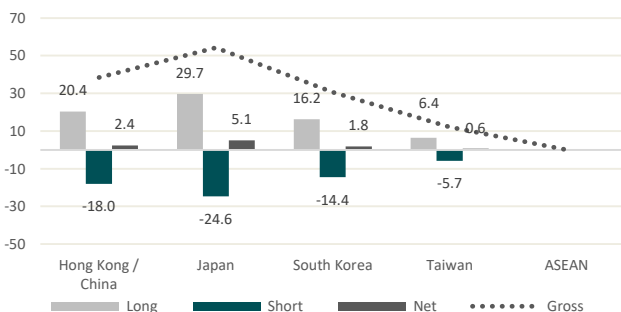
Top 5 Longs (% of NAV)

Terumo Corp (Japan)	4.47%
Samsung Electronics (Korea)	4.35%
Kao (Japan)	4.22%
Recruit (Japan)	4.10%
Sony (Japan)	4.10%
TOTAL	21.24%

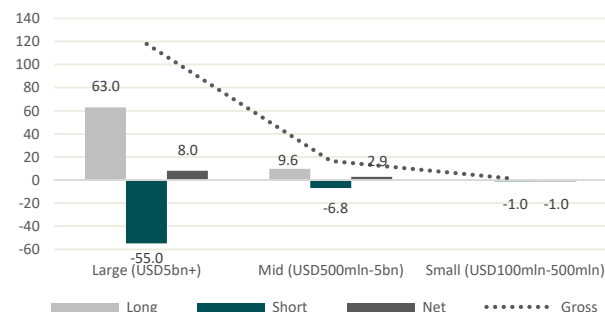
Top 5 Shorts (% of NAV)

Japanese Retailer	-2.60%
Japanese Private Education Centre	-1.74%
Korean Security Services	-1.72%
Japanese Beverage Maker	-1.63%
Japanese Fast Foods	-1.61%
TOTAL	-9.30%

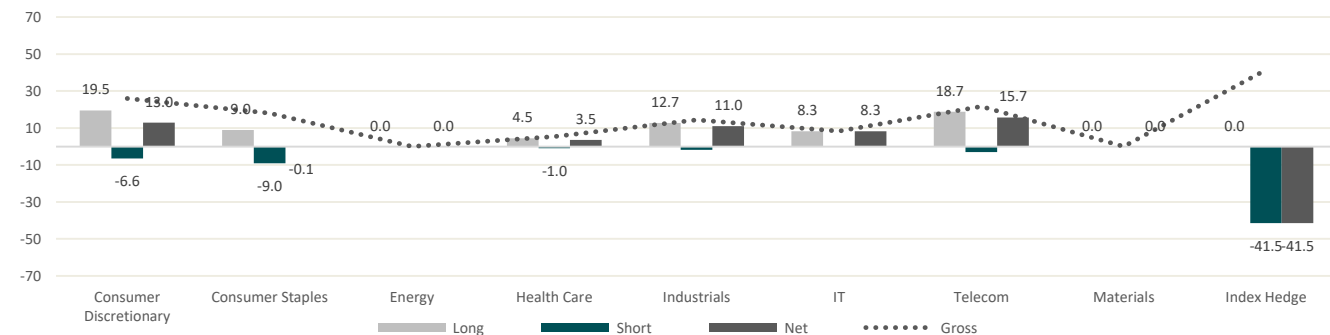
Geographic Analysis (% of NAV)



Market Cap Analysis (% of NAV)



Sector Analysis (% of NAV)



Contact Details

Investor Contact

ML Capital Ltd
 Park House, 116 Park Street
 London, W1K 6AF, UK
 T: +44 20 3709 4510
 info@mlcapital.com

Management Company

MontLake Management Limited
 23 St. Stephen's Green
 Dublin 2, Ireland
 T: +353 1 533 7020
 info@mlcapital.com

Investment Manager

SPARX Asia Investment Advisors Ltd
 17/F Central Plaza, 18 Harbour Road
 Wan Chai, Hong Kong
 T: +852 3102 7519
 jay.lee@sparxgroup.com.hk

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