

### FACTSHEET

#### Performance Returns

The SPARX OneAsia Long Short UCITS Fund returned 0.57% in the month of September.

#### 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, one of the top positive contributors was our long position in **NCsoft Corp 036570 KS (Market USD 8.9bn)**.

**NCsoft** is one of the largest on-line gaming companies in Korea. The company has a 20 years of proven track record of launching and operating several big hit MMORPG (Massively Multi-player On-line Role Playing Game) such as **Lineage I** (38% of total revenue in FY16), **Blade and Soul** (19%), **Guild Wars** (8%), **Lineage II** (8%) and **Aion** (7%). The company generated USD 882mn revenue in FY16 with 10% 5-year CAGR with yield around 30% OP margin. Korea accounted for 62% of total revenue, followed by North America / EU 16%, Japan 5%, Taiwan 4%.

**Growth driver** of the company is the success of mobile games leveraging its library of proven PC game IPs. It launched **Lineage M** (a mobile version of the famous PC game **Lineage I**) in June 2017 and is earning daily game revenue of USD 5~6mn. It also licensed out **Lineage II** PC game IP to **NetMarble (251270 KS, Market cap USD 11.2bn)**, who launched its mobile version called **Lineage II Revolution (L2R)** in Dec 2016 and has seen a big success so far not only in Korea but also in other Asian countries. NCsoft collects about 10% of gross game revenue as royalty income from NetMarble. The company will likely continue to roll out mobile version of games out of its successful PC games going forward.

**NCsoft** is expected to nearly triple its earnings capacity from FY16 to FY19. The company is expected to generate USD 2bn revenue with more than 30% net profit margin in FY18. Besides, the company holds USD 1.7bn net cash and 7% outstanding shares of NetMarble (equivalent to USD 760mn at current value). Hence USD 8.9bn market cap is still attractive.

#### USD Institutional Class UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	1.26%	-1.82%	3.07%	1.03%	4.18%	0.18%	1.08%	0.68%	0.57%	-	-	-	<b>10.60%</b>
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%	<b>-2.09%</b>
2015	-	-	-	-	-	-	-	-	-0.51%	0.87%	0.50%	-1.08%	<b>-0.23%</b>

The performance figures quoted above represent the performance of the SPARX OneAsia Long Short UCITS Fund since launch on 17<sup>th</sup> September 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.

#### 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%	<b>5.88%</b>

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 onerous 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 guarantee of future performance or a reliable guide to future performance.

#### Risk Metrics (% of NAV)

Long Exposure	86.56%
Short Exposure	-25.59%
Index Hedge	-44.00%
Gross Exposure	156.16%
Net Exposure	16.97%
No of Longs	21
No of Shorts	13

#### Historical Risk Metrics<sup>^</sup>

Annualised Return	5.61%
Annualised Volatility	6.04%
Sharpe	0.85
Sortino	1.26
Beta	0.29

<sup>^</sup>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 1<sup>st</sup> September 2015 to 30<sup>th</sup> 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.

### THE MANAGER



**Hak Kim** is the portfolio manager for the SPARX OneAsia Long Short UCITS Fund. He has over 15 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 a 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	\$11.3 million
Firm AUM	\$9.4 billion
Inception	17 <sup>th</sup> September, 2015
Share Class	<b>Institutional/Institutional Pooled</b>
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/IE00BYMVZZ89
Share Class	<b>Institutional Founder/Retail Pooled</b>
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

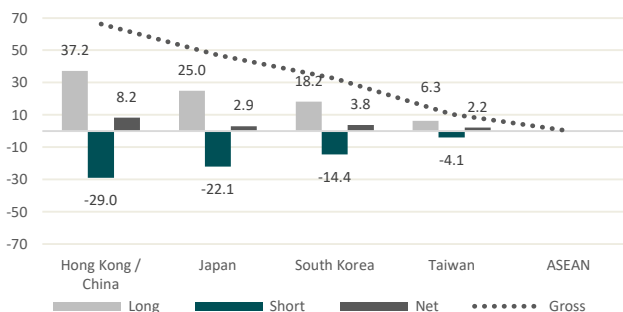
#### Top 5 Longs (% of NAV)

JD.com	6.48%
Weibo	6.48%
Tencent	5.91%
Nidec	5.72%
Samsung Electronics	4.86%
<b>TOTAL</b>	<b>29.45%</b>

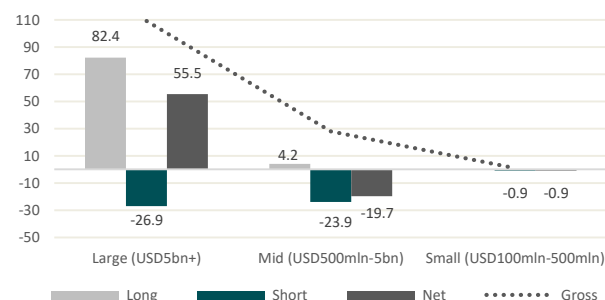
#### Top 5 Shorts (% of NAV)

Korean Brewer	-2.97%
Japanese DSLR Manufacturer	-2.85%
Chinese Retailer	-2.78%
Korean Casino Operator	-2.44%
Japanese Retailer	-2.35%
<b>TOTAL</b>	<b>-13.39%</b>

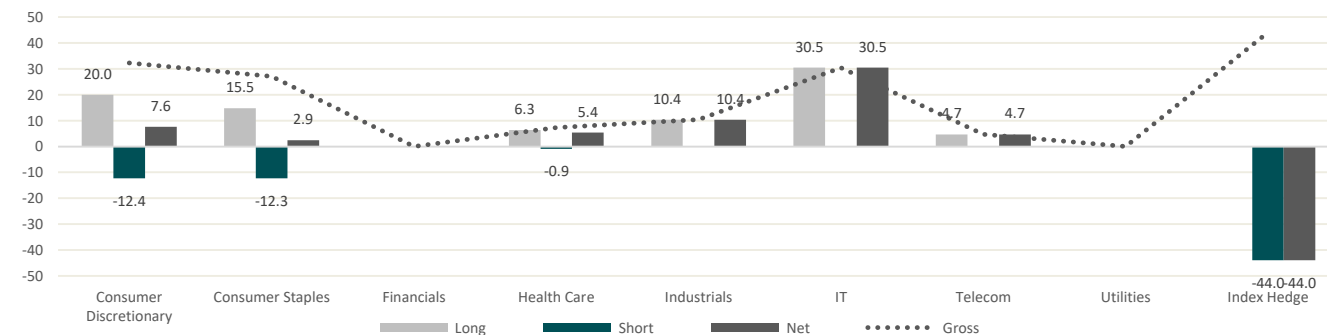
### Geographic Analysis (% of NAV)



### Market Cap Analysis (% of NAV)



### Sector 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 income from them may fall as well as rise. Investments in equities are subject to market risk and, potentially, to exchange risk. The SPARX OneAsia Long Short 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 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 SPARX Asia Investment Advisors Limited accepts liability for the accuracy of the contents. SPARX Asia Investment Advisors 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. This notice shall not be construed as an offer of sale in the SPARX OneAsia ARS Fund or in any other fund managed or advised by SPARX Asia Investment Advisors Ltd.

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