

# Indus Select Asia Pacific Fund

A Sub-fund of Fundlogic Alternatives plc, an Irish UCITS Fund

## Fund Objective and Investment Strategy

The objective of the Indus Select Asia Pacific Fund is to seek capital appreciation over the long-term, principally through selection and ownership of a relatively concentrated portfolio of companies in the Asia Pacific region, including Japan and Australia. The Fund invests primarily in companies with large market capitalizations which are believed by the Indus team of analysts to be significantly undervalued. The Fund seeks to achieve this objective through long term investment in equities and equity related securities including, without limitation, common stock, convertible bonds, warrants, preferred stock and depository receipts.

The Indus Select Strategy was launched on 1st January 2009 and has assets under management of US\$437 million (as at 28/08/15).

## Investment Management

Indus Capital Advisors (Hong Kong) Limited (with its affiliates, "Indus") is the Funds investment manager. Established in 2000, Indus is an employee-owned investment firm offering equity strategies investing primarily in the Asia Pacific region including Japan, and in emerging markets. The firm manages approximately US\$6.4 billion for foundations, endowments, pensions, private wealth, and financial institutions. Indus currently offers the following investment strategies: Indus Asia Pacific Fund, Indus Japan Fund, Indus Pacific Opportunities Fund, Indus Omni Fund, Indus PacificChoice Fund, Indus Select Fund, Indus Japan Long Only Fund, and Indus Emerging Markets Strategies. Indus has offices in New York, London, Hong Kong, Tokyo, San Francisco and Stamford.

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## Historical Monthly Returns<sup>(1)</sup>

| Share B (USD) | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sept   | Oct    | Nov    | Dec    | YTD <sup>(2)</sup> |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------------|
| 2010          | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -0.73% | 7.00%  | 5.51%              |
| 2011          | -0.70% | -0.07% | -0.77% | 3.75%  | -2.07% | 0.26%  | 2.64%  | -8.14% | -8.83% | 10.18% | -8.57% | -1.22% | -14.21%            |
| 2012          | 8.66%  | 6.12%  | 0.07%  | 0.16%  | -9.40% | 3.06%  | 2.95%  | 2.27%  | 5.44%  | 0.87%  | 3.32%  | 2.51%  | 27.99%             |
| 2013          | 3.42%  | 1.60%  | 0.58%  | 3.76%  | -0.41% | -4.24% | 1.61%  | -3.64% | 8.05%  | 3.00%  | 1.77%  | -0.97% | 14.84%             |
| 2014          | -2.84% | 0.36%  | 1.53%  | -1.18% | 1.78%  | 2.98%  | 1.46%  | -0.93% | -3.75% | 1.20%  | 4.18%  | -1.88% | 2.61%              |
| 2015          | 1.17%  | 4.31%  | 0.76%  | 4.06%  | 1.78%  | -3.88% | -3.80% | -7.27% |        |        |        |        | -3.44%             |

Source: Morgan Stanley / Northern Trust. The above figures refer to the past. Past performance is not a reliable indicator of future results. Performance is quoted net of fees and based on unaudited figures.

## Investment Manager Commentary<sup>(3)</sup>

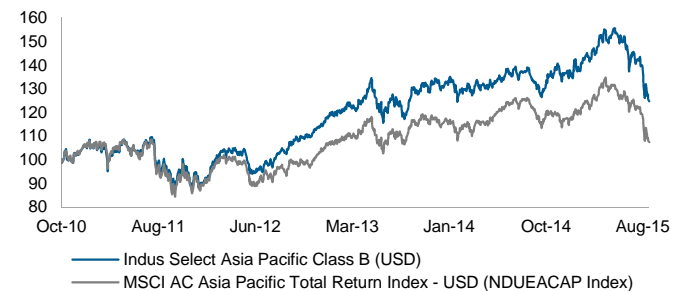
The Indus Select Asia Pacific Fund fell 7.27%<sup>1</sup> in August, in a very weak month for both Asian and global equities, with regional weakness centered in onshore and offshore China shares. With the exception of the Japanese yen, Asian currencies were also weaker across the board, particularly in commodity-producing economies that are heavily reliant on Chinese demand. The MSCI Asia Pacific Index was down 8.5% in US dollars over the month, with HK, China and Australian constituent indices down between 11 and 13%. Although the Japan component of the benchmark fell "only" 5.8% in August, the high quality global cyclical where the fund has most Japanese exposure underperformed, as investors responded to fears of slower growth in China spreading to other economic regions. In fact throughout the region defensive industries such as telecoms, healthcare and consumer staples continued to outperform, while energy, financials, and consumer discretionary were the weakest sectors.

Korea and Indonesia were areas of relative strength for the portfolio, and good stock selection helped to mitigate poor market performance through much of the region. However we were not able to escape the rout in HK/China generally or in Japanese manufacturers. The strongest single stock contributions came from Indian generic drug manufacturer Lupin, and from our

## Fund Characteristics

|                                    |   |
|------------------------------------|---|
| Inception Date                     | 26-Oct-10   |
| Total Assets (USD)                 | \$8 MM  |
| Base Currency                      | USD   |
| Domicile                           | Ireland   |
| Passporting Status (registered in) | UK, Spain, Italy, Germany, France, Switzerland  |
| Legal Structure                    | A sub-fund of an Open-Ended Investment Company (OEIC)   |
| Dealing Day                        | Daily (except legal public holidays in the UK and Ireland and days on which stock markets in London are closed) |
| Subscription/Redemption notice     | 12 midday Irish time, 1 business day prior to the relevant dealing day  |
| Settlement                         | Subscription: Dealing Day +3<br>Redemption: Dealing Day +5  |
| Currency Classes Available         | EUR / USD / GBP   |
| Investment Manager                 | Indus Capital Advisors (Hong Kong) Limited  |
| Promoter & Distributor             | Morgan Stanley & Co International plc   |
| Custodian                          | Northern Trust Fiduciary Services (Ireland) Ltd   |
| Administrator                      | Northern Trust International Fund Administration Services (Ireland) Ltd   |
| Auditor                            | Ernst & Young   |

## Performance<sup>(1)</sup>



Source: Morgan Stanley, Northern Trust, Bloomberg.

The above figures refer to the past. Past performance is not a reliable indicator of future results.

holding in airport stock Beijing Capital International. Meanwhile, Alibaba and Tongsang China were the largest detractors from performance. We maintained all four of these positions.

Macro risks are clearly higher than they were a few months ago, although opportunities remain. China is the major source of macro-economic uncertainty, and we are concerned that Xi Jinping's centralized and personal leadership style may now be exacerbating weaknesses in policy management. At the same time, we are keenly aware that aggregate valuations across the region have been declining since April, and our research efforts are focusing in particular on extreme examples among a subset of large, well-capitalized Asian companies with seasoned management teams that offer the relative security of broad operational footprints, or of a more predictable stream of future cash flows.

(1) Performance is estimated, net of fees and expenses.

<sup>1</sup> Performance is quoted net of fees and based on unaudited figures. Index information is included for illustrative purposes only and is not intended to imply that the sub-fund is similar to any index either in composition or element of risk.

<sup>2</sup> YTD 2010 performance starts on 26th October 2010, when the fund was launched

<sup>3</sup> Information sourced from Indus Capital Partners, LLC.

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# Indus Select Asia Pacific Fund

## Risk Metrics

| Exposure and Risk Summary                               |       |
|---|-------|
| Number of Positions                                     | 33    |
| Top 10 as a % of NAV                                    | 42%   |
| Fund Annualised Volatility                              | 15.2% |
| MSCI AC Asia Pacific Total Return Annualised Volatility | 15.1% |
| Tracking Error (weekly) annualised <sup>(4)</sup>       | 5.1%  |

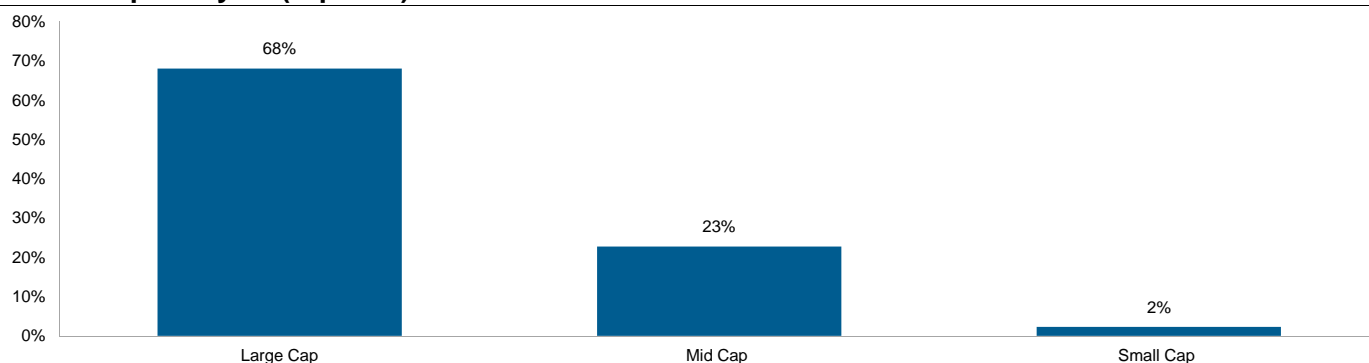
Source: Morgan Stanley & Indus Capital Advisors (Hong Kong) Limited. Data as of month-end.

## Top Holdings

| Top 5 Positions      |              |
|----------------------|--------------|
| Company/Sector       | % of NAV     |
| ALIBABA GRP HLD      | 5.0%         |
| HDFC BANK LTD        | 4.8%         |
| SONY CORP            | 4.8%         |
| PANASONIC CORP       | 4.3%         |
| TAIWAN SEMICONDUCTOR | 4.1%         |
|                      | <b>23.0%</b> |

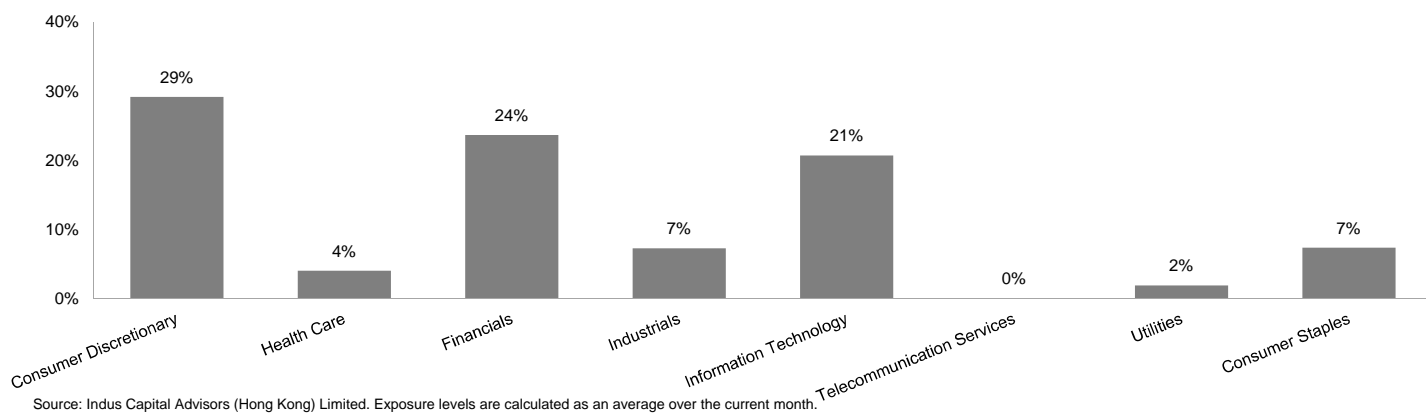
Source: Indus Capital Advisors (Hong Kong) Limited. Data as of month-end.

## Market Cap Analysis (Equities)<sup>(5)</sup>



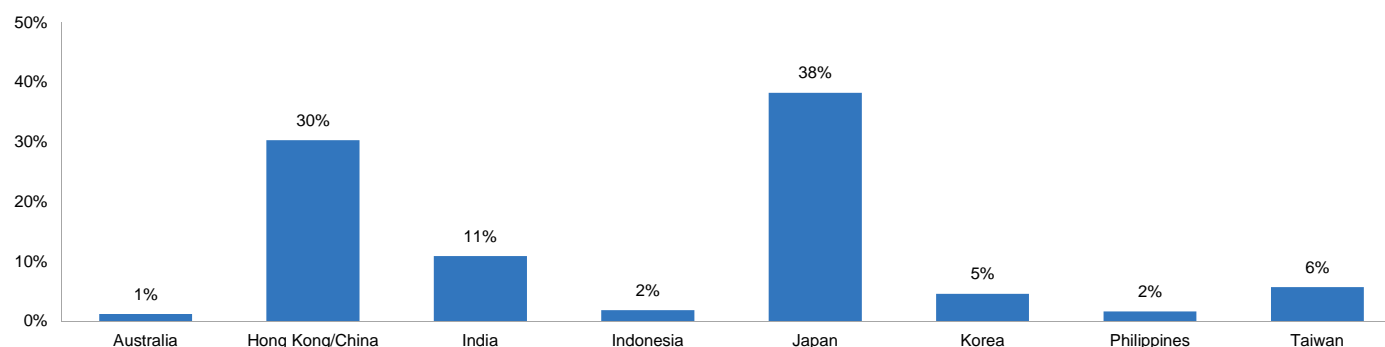
Source: Indus Capital Advisors (Hong Kong) Limited. Exposure levels are calculated as an average over the current month.

## Sector Analysis



Source: Indus Capital Advisors (Hong Kong) Limited. Exposure levels are calculated as an average over the current month.

## Geographical Analysis



Source: Indus Capital Advisors (Hong Kong) Limited. Exposure levels are calculated as an average over the current month.

4. Indicative values as insufficient data points for statistical calculations

5. Large Cap (>= 5 Bn); Mid Cap (>= 1 Bn, < 5 Bn); Small Cap (> 0, < 1 Bn)

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# Indus Select Asia Pacific Fund

## Fund Share Class Details

|                        | Share Class |           |             | Performance |        |        | Identifiers |              |            | Fees    |       |                      |                    |
|------------------------|-------------|-----------|-------------|-------------|--------|--------|-------------|--------------|------------|---------|-------|----------------------|--------------------|
|                        | Ccy         | Min Inv   | Launch Date | NAV         | MTD    | YTD    | LTD         | ISIN         | BBG        | SEDOL   | Mgmt  | Perf. <sup>(6)</sup> | TER <sup>(7)</sup> |
| Class B <sup>(8)</sup> | USD         | 1,000,000 | 26-Oct-10   | 1,318.20    | -7.27% | -3.44% | 31.82%      | IE00B594ZW45 | INDAPBU ID | B5942W4 | 1.50% | None                 | 1.90%              |
| Class A <sup>(8)</sup> | EUR         | 1,000,000 | 20-Jan-14   | 996.03      | -6.99% | -3.06% | -0.40%      | IE00B58MGK46 | INDAPAE ID | B58MGK4 | 1.00% | 15%                  | 1.40%              |
| Class C                | GBP         | 5,000,000 | 08-Sep-14   | 962.74      | -6.29% | -2.80% | -3.73%      | IE00BDW01V67 | INDAPCG ID | BDW01V6 | 0.85% | 15%                  | 1.25%              |

Source: Morgan Stanley. NAV are computed by Northern Trust

6. A performance fee is payable on the amount by which the performance of the Fund exceeds the performance of the benchmark (as calculated in respect of each twelve month period) subject to net asset value of the fund at such time being above the relevant high water mark. The benchmark is the MSCI (All Country) Asia Pacific Index (USD).

7. Total Expense Ratio includes Management Fees and Promoter Fees. For share classes launched before 31 July 2014, the TER is based on the expenses for the year ending 31 July 2014. This figure may vary from year to year.

8. The Class A & B Shares (EUR/ USD/ GBP) are the initial investor share classes and therefore it is expected that such Shares will only be available for subscription until such time as the net assets of the sub-fund reach €100 MM, or such other amount as may be determined by the Directors from time to time in their absolute discretion. Other share classes available: C, D and E. Please refer to the prospectus for further details.

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# Indus Select Asia Pacific Fund

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