

MS Dalton Asia Pacific UCITS Fund

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

Fund Objective and Investment Strategy

The Sub-Fund's investment objective is to seek long term capital appreciation through a diversified portfolio of long and short positions in equity and equity related securities with a primary focus on the Asia Pacific region. The Sub-Fund seeks to generate absolute returns and relative returns in excess of MSCI Daily Total Return Net AC (All Country) Asia Pacific Index (Bloomberg ticker NDUEACAP) (the "Index"). The Index is a capitalization-weighted price index that measures the performance of stock markets in 15 Pacific region countries, including Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand.

Fund Characteristics

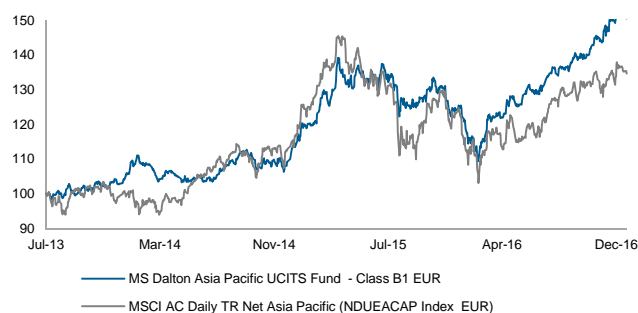
Inception Date	17-Jul-13
Total Assets (EUR)	€112 MM
Base Currency	EUR
Domicile	Ireland
Passporting Status (registered in)	UK, Spain, Italy, Germany, France, Belgium and Switzerland
Also permitted for sale to certain investors in	Singapore
Legal Structure	A sub-fund of an Open-Ended Investment Company (OEIC)
Dealing Day	Weekly. Every Friday (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, 3 business days prior to the relevant dealing day
Settlement	Subscription: Dealing Day +3 Redemption: Dealing Day +5
Currency Classes Available	EUR / USD / GBP
Investment Manager	Dalton Investments LLC
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

Investment Management

The Investment Manager for the Sub-Fund is Dalton Investments LLC. The Investment Manager is registered as a limited liability company in the state of California from March, 1999, having its registered office at 1601 Cloverfield Boulevard, Suite 5050 N, Santa Monica, California, CA 90404, USA.

The Investment Manager is regulated by the U.S. Securities and Exchange Commission ("SEC"), Registration No. 801-56572. As of December 2016, the Investment Manager had approximately US\$3.1 billion assets under management.

Performance⁽¹⁾



Source: Morgan Stanley / Northern Trust. Performance is quoted net of fees and based on unaudited figures.

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

Historical Monthly Returns

Share B1 (EUR)	Jan	Feb	Mar	Apr	May	Jun	Jul ⁽²⁾	Aug	Sept	Oct	Nov	Dec	YTD ⁽²⁾
2013							-1.59%	2.91%	-0.26%	1.66%	-0.68%	1.23%	3.24%
2014	7.56%	-2.57%	-2.71%	-0.43%	-0.75%	-0.42%	3.56%	1.36%	1.96%	-1.06%	-0.92%	2.31%	7.70%
2015	7.86%	2.69%	5.10%	1.87%	2.48%	-0.74%	-1.50%	-3.40%	-1.12%	2.53%	0.65%	-3.75%	12.72%
2016	-7.02%	1.00%	3.47%	4.41%	3.23%	-0.29%	2.91%	2.33%	0.80%	4.50%	3.59%	0.03%	20.03%

Source: Morgan Stanley. 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. This share class is no longer available for subscriptions. Please refer to page 3 for information on open share-class.

1. Index information is included for illustration purposes only and is not intended to imply that the portfolio was similar to any index either in composition or element of risk. The MSCI AC Daily TR Net Asia Pacific Index is denominated in USD but is converted into EUR in order to match the base currency of the fund.

2. YTD 2013 performance starts on 17th July 2013, when the fund was launched.

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MS Dalton Asia Pacific UCITS Fund

Investment Manager Commentary ⁽³⁾

The MS Dalton Asia Pacific UCITS Fund returned 0.03% (net of fees) this month compared to +0.2% for MSCI Daily TR Net AC Asia Pacific Index (the “MSCI Asia”). The Fund’s net exposure was reduced modestly to 32% compared to 33% last month.

For the month of December, Indian long positions were the largest group to detract after a strong run up earlier this year. Our Southeast Asian short positions also detracted as momentum helped those stock markets. A decrease in value of our Hong Kong long positions was more than offset by corresponding short positions. A decrease in value of Japanese long positions was offset by Japanese short positions as well.

From a full-year perspective, the fund returned +20.0% net of fees compared to +8.1% for the index. We managed to outperform the index in an up year with a net exposure averaging approximately 40%.

India

Our Indian long positions detracted from performance this month following the de-monetization announced by the government in November, which invalidated 86% of the currency by value. Given the high dependence of India’s consumers and small businesses on cash transactions, economic activity contracted and companies across sectors reported 20-30% hits to their businesses over the last few weeks. The chaos continues for now with long queues at banks and ATMs, clouding the earnings outlook of most Indian companies.

While the earnings of our portfolio companies will be impacted in the short-term, the ongoing crisis presents an opportunity for them to capture incremental market share from weaker and less organized players in their respective sectors. For this reason, and based on our positive medium- to long-term outlook for the Indian economy, we continue to be overweight Indian equities in spite of short-term headwinds.

Demographically speaking, India is in a sweet spot which bodes well for its long-term growth rate. The working-age population is set to rise steeply and will peak only in 2050. The reforms being pushed through by the Modi government, including the digitalization of project approvals, permits and tax filings and the improved cost control and execution of public infrastructure spending, will further boost the growth outlook.

China

The Hang Seng lost value this month as global investors rotated capital from Hong Kong to the U.S. on increased expectations for U.S. growth. Fortunately, within our portfolio, losses from our long positions were offset by gains from our short positions. Relatively speaking, in our long book, stocks with greater exposure to HKD assets outperformed those with more exposure to RMB or European based assets, as the HKD strengthened with the USD during the month.

Our long position in a provider of logistics facilities continued to outperform as a potential corporate transaction drew attention to the underlying value of its assets.

Japan

The Japanese market continued its strength in December on the back of additional yen weakness and new highs in the U.S. stock market. Our position in the dominant producer of shrink labels for global consumer brands was among the biggest beneficiaries of the weakening yen. A position in a Japanese bank also contributed to our performance due to the steepening of yield curve after the U.S. election.

While the market volatility this year has been unsettling for many investors, it offers us the opportunity to buy good businesses led by strong entrepreneurs at bargain prices. Going forward, we will continue to seize opportunities on both the long and short side while maintaining a strong emphasis on preservation of capital. As always, we thank you for your continued long-term support.

Top 5 Longs	
Company/Sector	% of NAV
PIRAMAL ENTERPRISES LTD	5.17%
WILMAR INTERNATIONAL LIMITED	4.35%
SEGA SAMMY HOLDINGS INC.	4.28%
BAJAJ HOLDINGS & INVESTMENT LTD.	3.87%
GREAT EAGLE HOLDINGS LIMITED	3.86%
	21.53%

Source: Morgan Stanley

Risk Metrics ⁽⁵⁾

Exposure and Risk Summary	
	% of NAV
Long Exposure	99.2%
Short Exposure	-67.5%
Gross Exposure	166.8%
Net Exposure	31.7%
Annualised Volatility	11.2%
Number of Positions	
No. of Longs	45
No. of Shorts	37

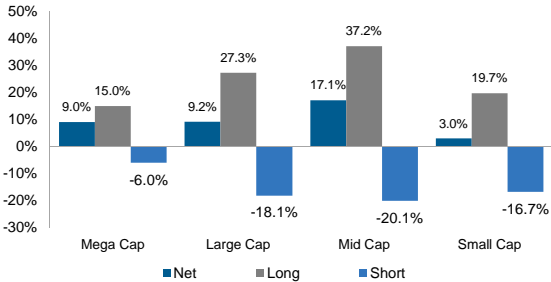
Source: Morgan Stanley

3. Information sourced from Dalton Investments LLC.
4. Month-end data used. Exposure is delta adjusted, at issuer level, excludes market hedges
5. Month-end data used. Exposure is delta adjusted, includes market hedges
6. Mega Cap (>= 20 Bn); Large Cap (>= 5 Bn, < 20 Bn); Mid Cap (>= 1 Bn , < 5 Bn); Small Cap (> 0, < 1 Bn)

Top 5 Shorts	
Company/Sector	% of NAV
UTILITIES	-2.23%
FINANCIALS	-2.17%
FINANCIALS	-2.13%
REAL ESTATE	-2.04%
FINANCIALS	-2.02%
	-10.60%

Source: Morgan Stanley

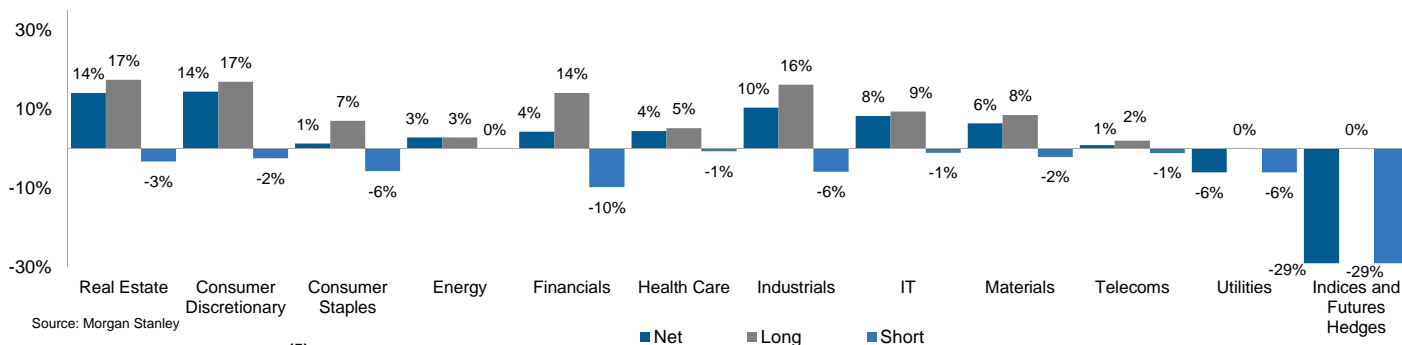
Market Cap Analysis (Equities) ⁽⁴⁾⁽⁶⁾



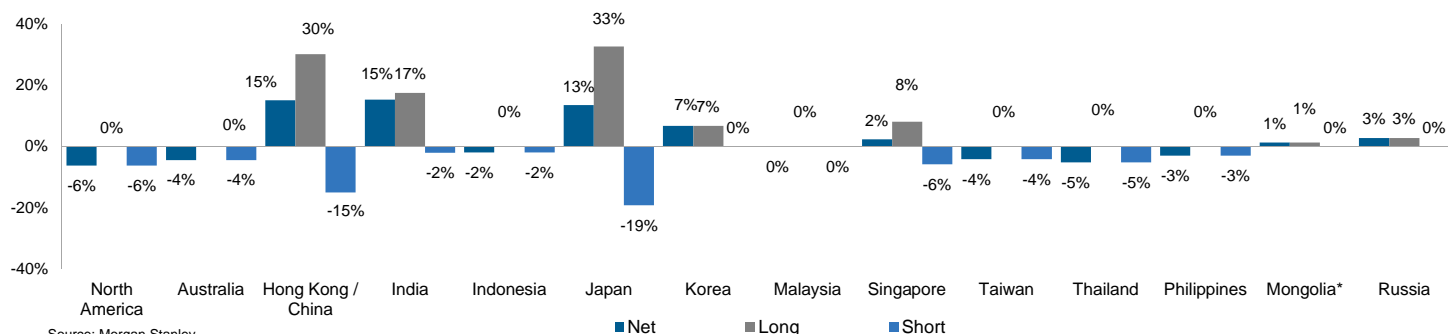
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Sector Analysis⁽⁵⁾



Geographic Analysis⁽⁵⁾



Fund Share Class Details

	Share Class			Performance				Identifiers			Fees		
	Ccy	Min Inv	Launch Date	NAV	MTD	YTD	LTD	ISIN	BBG	SEDOL	Mgmt	Perf.	TER ⁽⁷⁾
Class B1 ⁽⁸⁾	EUR	1,000,000	17-Jul-13	1504.50	0.03%	20.03%	50.45%	IE00B96W6S29	FLAPB1E ID	B96W6S2	0.75%	0.0%	1.15%
Class B2	EUR	1,000,000	30-Aug-13	1420.31	-0.01%	17.88%	42.03%	IE00B96W7011	FLAPB2E ID	B96W701	1.25%	7.5%	1.65%
Class P	EUR	250,000	28-Feb-14	1299.11	-0.02%	16.00%	29.91%	IE00B96W7H88	FLDAPPE ID	B96W7H8	1.50%	15.0%	1.90%
Class P	USD	250,000	28-Feb-14	1232.71	-0.03%	13.20%	23.27%	IE00B96W7D41	FLDAPPU ID	B96W7D4	1.50%	15.0%	1.90%
Class A	USD	10,000	14-Nov-14	1209.92	-0.10%	12.58%	20.99%	IE00B96W7N49	FLDAPAU ID	B96W7N4	2.50%	15.0%	2.90%
Class A	EUR	10,000	28-Feb-14	1268.66	-0.09%	15.11%	26.87%	IE00B96W7Q79	FLDAPAE ID	B96W7Q7	2.50%	15.0%	2.90%

Source: Morgan Stanley. NAV are computed by Northern Trust

7. Total Expense Ratio includes Management Fees and Promoter Fees. This figure may vary from year to year.

8. Class B1 EUR Share is no longer available for subscriptions.

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Investments may be in a variety of currencies and therefore changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Furthermore, the value of investments may be adversely affected by fluctuations in exchange rates between the investor's reference currency and the base currency of the investments.

Investments in derivative instruments carry certain inherent risks such as the risk of counter party default and before investing you should ensure you fully understand these risks. Use of leverage may also magnify losses as well as gains to the extent that leverage is employed.

These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of his or her investment.

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(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

(1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or which arises from an offer that is made on terms that such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets (in the case of that trust);

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