

*unique  
investing*



NICHE  
JUNGLE

PROJECT  
NJ  
Korea Reunification SDG



## ***Bi-Weekly Risk Report***

*14 June 2023*

*Please refer to the UCITS fund prospectus and KIID before making any final investment decision*

# Summary

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# NJ Korea Reunification SDG



## Project characteristics

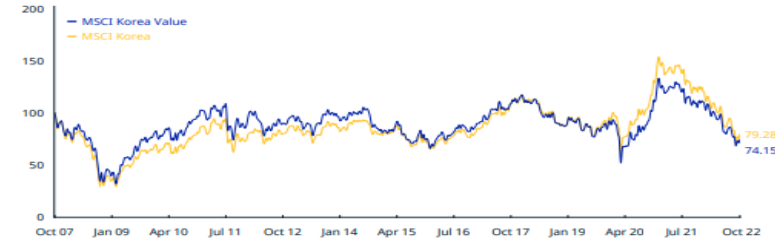
Instrument	UCITS Fund – Art.8 Plus SFDR
Project website	<a href="#">Link</a>
Supplement	<a href="#">Link</a>
ISIN	Class A – IE00007XSO15 Class I – IE0004F6ARY1 Class Q (listed class) - IE000ROCQO77
Project ICAV:	NicheJungle ICAV <a href="http://www.nichejungle.com">www.nichejungle.com</a>
Project Inception date:	17/10/2022
Project AUM:	12,43 mln € as of 14/06/2023
Project Max AUM:	25 mln
Project Liquidity at max. AUM	97% 5 day – 100% 20 days
Project liquidity :	Daily
Project # stocks	Min: 100 Max: 150
Project currency hedging policy	No hedging policy
Institutional and listed classes fees	0% management fees 20% performance fees (absolute with HWM – no reset)
Project Investment Manager:	Niche Asset Management Ltd – <a href="http://www.nicheam.com">www.nicheam.com</a>



The project invests in south Korean companies that are significantly exposed to the domestic market and are operating in infrastructure and consumption businesses. These are the areas that could benefit the most from a reconciliation between South Korea and North Korea. Korean domestic stocks are the most attractive worldwide from a valuation standpoint and the likely imminent inclusion of South Korea among MSCI developed markets could be the catalyst for a significant repricing. The event of reconciliation provides the project portfolio with a further powerful free option to which today Mr Market assigns zero probability. However, as we are used to learn, geopolitical events can hardly be anticipated...

# Korean equity: a significant opportunity...

CUMULATIVE INDEX PERFORMANCE – PRICE RETURNS (USD)  
(OCT 2007 – OCT 2022)



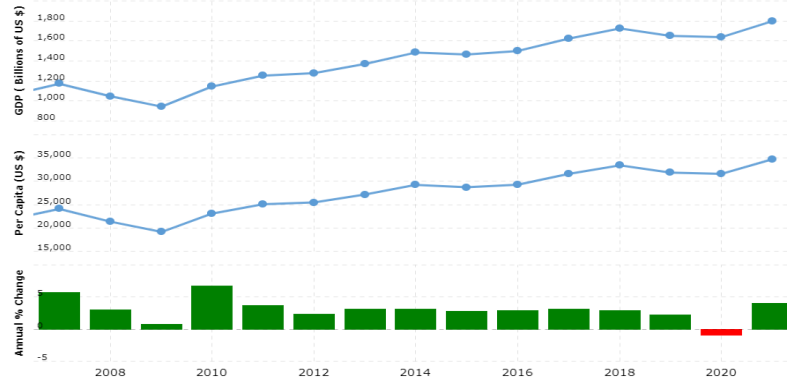
ANNUAL PERFORMANCE (%)

Year	MSCI Korea Value	MSCI Korea
2021	-6.26	-10.04
2020	28.35	42.63
2019	5.59	10.39
2018	-23.32	-22.60
2017	36.61	45.51
2016	11.79	6.98
2015	-8.41	-7.94
2014	-19.76	-12.61
2013	5.78	3.10
2012	11.55	20.16
2011	-13.39	-12.84
2010	25.44	25.29
2009	74.99	69.42
2008	-49.65	-55.87

Korean equity market (value and blended index) - 25%/-21% (USD) since 2007

BUT

Korean GDP +54% (USD) since 2007!!!



The most undervalued market worldwide

INDEX PERFORMANCE – PRICE RETURNS (%) (FEB 28, 2023)

	1 Mo	3 Mo	1 Yr	YTD	3 Yr	5 Yr	10 Yr	Since Dec 31, 1996
MSCI Korea Value	-7.28	-1.84	-19.87	3.75	2.45	-5.39	-1.48	4.67

FUNDAMENTALS (FEB 28, 2023)

	Div Yld (%)	P/E	P/E Fwd	P/BV
MSCI Korea Value	3.40	7.00	9.39	0.67

INDEX PERFORMANCE – GROSS RETURNS (%) (FEB 28, 2023)

	1 Mo	3 Mo	1 Yr	YTD	3 Yr	5 Yr	10 Yr	Since Dec 31, 1996
MSCI World Value	-2.87	-0.73	-1.45	1.71	10.08	5.47	7.63	11.75
MSCI World	-2.37	0.17	-6.86	4.57	10.43	7.43	9.36	10.61

FUNDAMENTALS (FEB 28, 2023)

	Div Yld (%)	P/E	P/E Fwd	P/BV
MSCI World Value	3.26	13.45	12.26	1.86
MSCI World	2.15	18.23	15.91	2.77

INDEX PERFORMANCE – GROSS RETURNS (%) (FEB 28, 2023)

	1 Mo	3 Mo	1 Yr	YTD	3 Yr	5 Yr	10 Yr	Since Nov 25, 2008
MSCI China A	-4.42	6.78	-16.91	4.68	5.64	1.63	5.56	6.90
MSCI ACWI	-2.83	0.10	-7.80	4.16	9.31	6.35	8.48	10.64
MSCI Emerging Markets	-6.48	-0.45	-14.91	0.92	1.34	-1.50	1.89	7.59

FUNDAMENTALS (FEB 28, 2023)

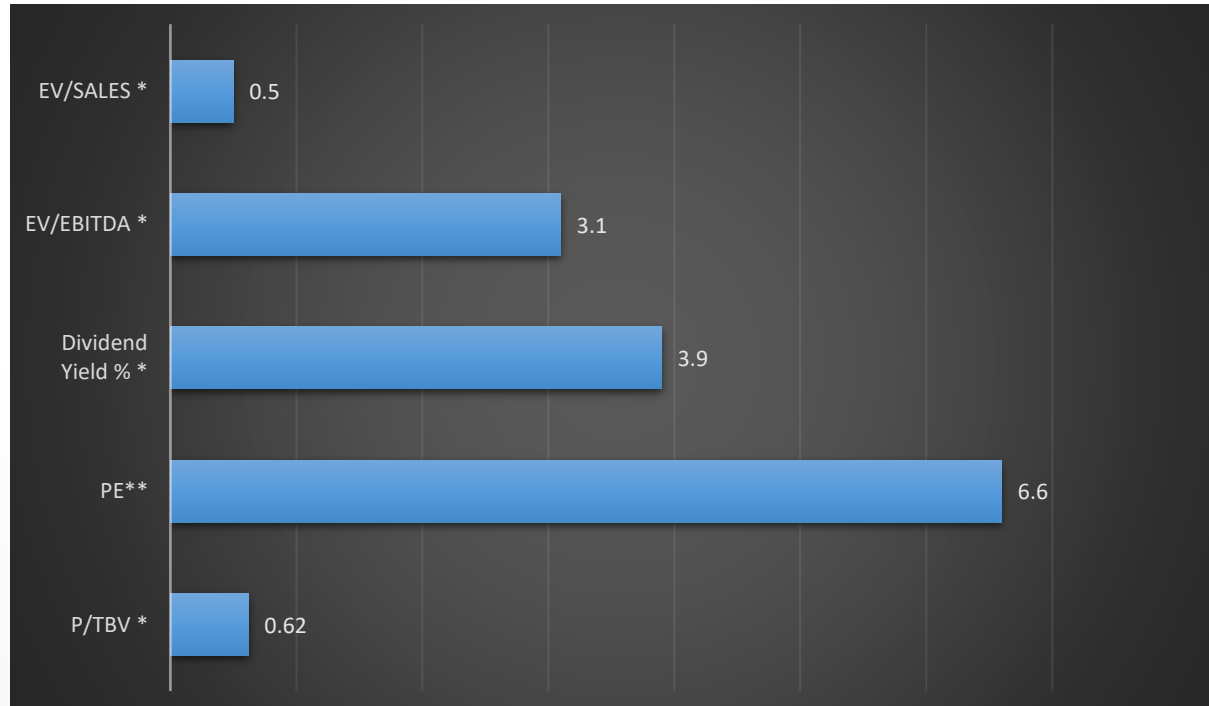
	Div Yld (%)	P/E	P/E Fwd	P/BV
MSCI China A	2.09	15.88	12.09	1.92
MSCI ACWI	2.27	17.24	15.32	2.56
MSCI Emerging Markets	3.32	11.96	11.78	1.59

On top of this, a cheaper, safer and politically/ethically more acceptable indirect exposure to China

***...an even better opportunity if played through domestic exposed companies, those you cannot buy through funds or ETFs***



## ***PROJECT NJ KR EQUITY PORTFOLIO Valuation (as of 14 June'23 )***

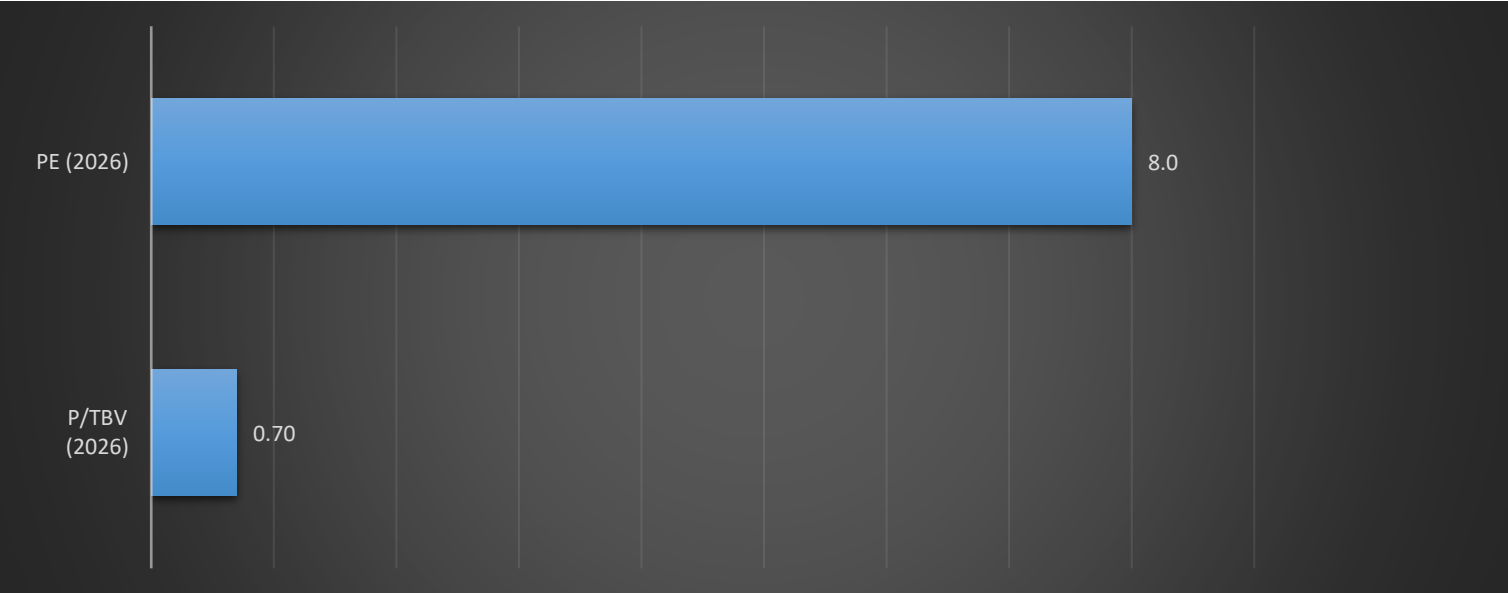


\* Last available

\*\* Forward estimate, if available, otherwise the latest data

Source: NicheAM, Refinitiv

# PROJECT NJ KR Portfolio Valuation at exit (as for valuation gap report) after rerating of 90% on cautious assumptions



Source: NicheAM

90% potential rerating on following assumptions:

Exit 2026

No reunification/reconciliation (rapprochement)

No inclusion of SKorea in the MSCI Developed Countries

Nominal EPS growth '22-'26E of just 8%

Modest market rerating of 20% (still >30% upside to MSCI World Value despite better growth outlook)

## + FREE OPTION

In case of reconciliation (rapprochement) between North and South Korea the upside could be above 150% for the portfolio (see presentation for further details). In fact it is composed by companies that would benefit from the massive investments in infrastructure and the increase in consumptions related to the North Korea opening of the economy (as it was the case decades ago for countries like China and Vietnam)

## Kospi general Index vs NJ Korea Reunification portfolio

- The **Kospi** general index, the most popular and inclusive index of South Korea equity, includes in weight less than 10% of the stocks that are part of **NJ Korea Reunification** portfolio
- 100% of the companies included in the portfolio of **NJ Korea Reunification** project record more than 30% of total sales in the domestic market, and more than 85% in weight of the companies included in the portfolio of **NJ Korea Reunification** project record more than 50% of sales in the domestic market
- Less than 25% in weight of the companies included in the **Kospi** have more than 50% of sales in the South Korean market
- The portfolio of **NJ Korea Reunification** suffers more than the Kospi from a weakening of the Korean currency, and viceversa, as its investee companies are more domestic oriented
- The portfolio of the **Kospi** benefits more than the **NJ Korea Reunification** from the global economic expansion and viceversa
- The portfolio of **NJ Korea Reunification** benefits more than the portfolio of **Kospi** from the Korean economic expansion and viceversa
- The portfolio of **NJ Korea Reunification** will benefit more than the portfolio of **Kospi** from the inclusion of South Korea in the MSCI Developed Countries Index
- The portfolio of **NJ Korea reunification** will benefit extremely more than the portfolio of **Kospi** from a rapprochement between North Korea and South Korea

## Investee companies divested so far

### Closed trades

Date	<u>Stock</u>	Selling price (KRW)	Performance	Take Profit (Partial/Total)	Valuation Target (KRW)	Further upside at exit, according to valuation gap report	P/E Adj. at exit	Notes (if sold before reaching the target)
07/11/2022	Manho Rope & Wire Ltd	44922	59,7%	Total	45000	< +/- 5%	8,0x	-
14/12/2022	Sebang	27539	82,6%	Total	27200	< +/- 5%	10,0x	-
20/02/2023	Osstem Implant Co Ltd	188518	61,0%	Total	190000	< +/- 5%	12,0x	-
19/04/2023	Rifa Industrial	25850	63.1%	Total	30500	+18%	N.s.	The company doesn't want to engage with the IM
27/04/2023	KISCO Holdings *	20123	54.2%	Total	36620	+82%	3,5x	Switch with the operating company, Kisco, that presents better upside (>120%) and liquidity
15/05/2023	Oyang Corp	8180	3,4%	Total	14150	+73%	10x	The company doesn't want to engage with the IM on sustainability
01/06/2023	Hyundai Elevator	40532	+72.3%	Total	39600	< +/- 5%	12x	-
05/06/2023	SK RENT A CAR	9466	+43.8%	Total	9100	< +/- 5%	12x	-

\* PE Adjusted for net cash

Source: NicheAM



# EQUITY PORTFOLIO: Holdings (as of 14 June'23)



Holding	Portfolio Weight
Indust Bk Of Korea	1.56%
Woori Financial Group	1.55%
Kt Corporation	1.52%
Samsung Securities Co Ltd	1.44%
Hana Financial Group Inc	1.43%
Kb Financial Group Inc	1.42%
DI E And C - Registered Shs	1.41%
Korea Gas Corp	1.35%
Bnk Financial Group Inc	1.31%
Cuckoo Electronics Co Ltd	1.28%
Hecto Innovation Co Ltd	1.27%
Hwacheon Machine	1.18%
Lg Uplus Corp	1.10%
Hyundai Fire Marine Insurance Co Ltd	1.10%
Lotte Rental Co Ltd	1.09%
Samsung Fire And Marine Insurance Pref.	1.08%
Dongwon Industries Co Ltd	1.08%
Wimco Registered	1.06%
Kuhmo Industrial Co Ltd	1.06%
Daishin Securities Pref.Non.Voting	1.04%
Sam Jung Pulp	1.03%
Sk Telekom	1.00%
Hyundai Electric & Energy Systems Co Ltd	1.00%
Dgb Financial Group Ltd	0.99%
Handsome	0.95%
Posco Holdings Inc.	0.95%
Vieworks	0.95%
Kyungdong City G	0.95%
Cj Cheiljedang Corp	0.94%
Korean Air	0.93%
Bookook Secs Co	0.92%
Hyundai Home Shopping	0.92%
Pharmgen Science Inc	0.91%

Holding	Portfolio Weight
Shinsegae Information & Comm	0.90%
Coway Co Ltd	0.90%
Sk Square Co., Ltd.	0.90%
Samsung Life Insurance Co Ltd	0.88%
Maeil Dairies Co Ltd	0.87%
Daesang Corp	0.87%
Hwa Sung Industrial	0.87%
G2R Incorp	0.86%
Ottogi Corporation	0.86%
Shinhan Financial Group	0.85%
Hyosung Corp	0.84%
Asia Paper Manufacturing Co	0.83%
Gwangjushinsegae Co Ltd	0.82%
Skchem --- Non-Cum Pfd	0.82%
Imarketkorea Inc	0.82%
Seegene Inc	0.80%
E-Mart	0.80%
Korean Reinsurance Co	0.79%
Hyundai Department Store Shs	0.79%
Yesco Shs	0.77%
Db Financial Inv	0.76%
Kyobo Securities	0.76%
Geumhwa Psc Co Ltd	0.75%
Ace Bed Co Ltd	0.75%
Tongyang Life	0.75%
Gs Engineering & Construction	0.74%
Cs Holdings Co Ltd	0.74%
Seoul Securities Co Ltd	0.69%
Daihan Pharmaceutical Co Ltd	0.69%
Yuhwa Securities Co Ltd	0.67%
Korea Electric Power Corp	0.67%
Kt Skylife	0.66%
Hyundai Steel Co	0.66%

Equity Exposure: 89%  
 No of holdings: 127  
 Average Weight: 0.67%  
 Median Weight: 0.70%

TOP 5 : 7.50%  
 TOP 10: 14.27%  
 TOP 25: 31.25%  
 TOP 50: 53.05%

# EQUITY PORTFOLIO: Holdings (as of 14 June'23)

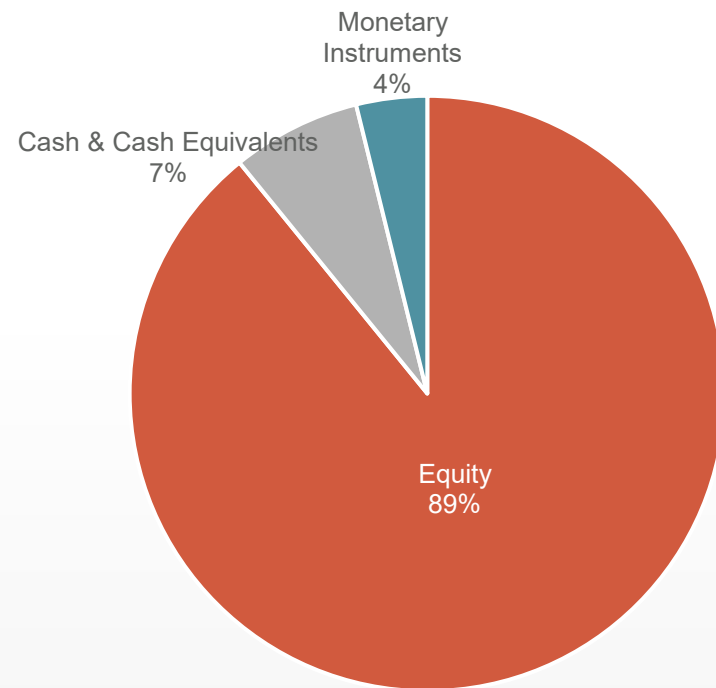


Value Added Technology Co Ltd	0.66%
Mirae Asset Life	0.64%
Kisco Corp Tentative	0.64%
Cell Biotech Co Ltd	0.63%
Shin Heung Energy And Electronics Co Ltd	0.63%
Korea Electric Terminal	0.62%
Woori Investment & Securities Pfd N.Vot	0.61%
Hanwha Solutions Corporatio	0.61%
Whan In Pharmaceutic	0.61%
Kctech --- Registered Shs	0.59%
Dongkook Pharmaceutical Co Ltd	0.59%
Lock & Lock	0.57%
Megastudy	0.56%
Asia Cement Co Ltd	0.54%
Incheon City Gas Co Ltd	0.54%
Suheung Capsule Co Ltd	0.53%
Soulbrain Holdings Co., Ltd.	0.52%
Daehan Flour Mills	0.51%
Megastudyedu Co Ltd	0.51%
Nong Shim Holdings Co Ltd	0.51%
Tae Kwang Industrial Co Ltd	0.49%
Daelim Industrial Pref/Non-Voting	0.49%
Dongbu Engineering Construction	0.47%
Sindoricom	0.46%
Huons Co Ltd	0.45%
Kyeryong Construction Industrial Co Ltd	0.43%
Multicampus	0.42%
Kwang Dong Pharmaceutical Co Ltd	0.42%
Ilshin Spinning Co Ltd	0.41%
Ssangyong Fire Marine Insurance	0.41%
Bgf Rg Registered Shs	0.40%
Kpx Chemical Co Ltd	0.40%

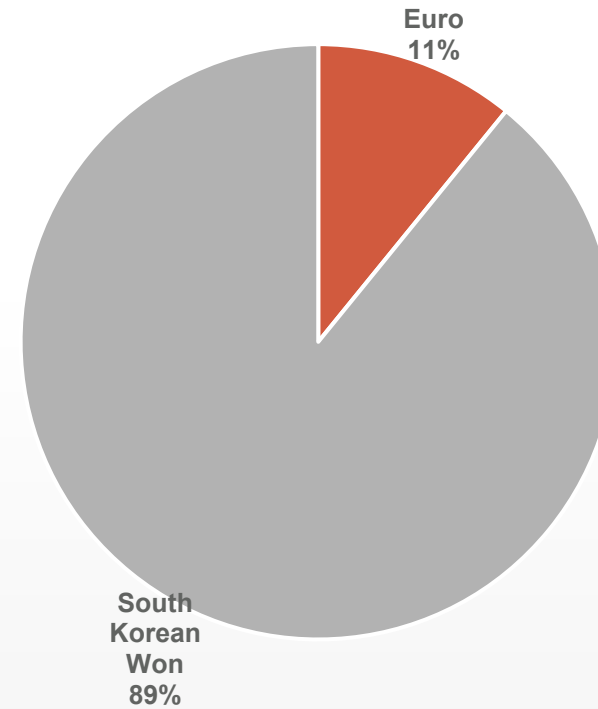
Holding	Portfolio Weight
Fursys Inc	0.38%
Hyundai Engineering Construction	0.38%
Kt Adr	0.38%
Dongwon F And B	0.38%
Namhae Chemical Corp	0.36%
Jls Co Ltd	0.36%
Hyundai Green Food Co. Ltd	0.35%
Sk Telecom Co Ltd-Spon Adr	0.35%
Shinhan Financial Group Co Ltd Repr.2Shs	0.35%
Kpc Holdings Corp	0.33%
Hyundai Livart	0.33%
Interflex Co Ltd	0.31%
Gabia Inc	0.30%
Saraminhr Co Ltd	0.30%
Lg Haussys	0.28%
Youngone Corporation	0.28%
Ezweel Co Ltd	0.27%
Charm Engineering	0.27%
Lg Haussys Prf Shs N.Vtg	0.26%
Korea Life Insurance Co Ltd	0.26%
Daewoo Securities - Pfd Shs Non Voting	0.26%
Lotte Chilsung Beverage Co Pfd Shs N.Vtg	0.26%
Korea Circuit Co Ltd-Pref	0.24%
Woongjin Thinkbig Co	0.23%
Huons Global Co Ltd	0.20%
Digital Daesung Co Ltd	0.18%
Hyundai G.F. Holdings	0.18%
Chinyang Holdings Co	0.17%
Daehan Synthetic	0.13%

# PORTFOLIO: Allocation summary

**Breakdown by Asset Class  
as of 14 June'23**



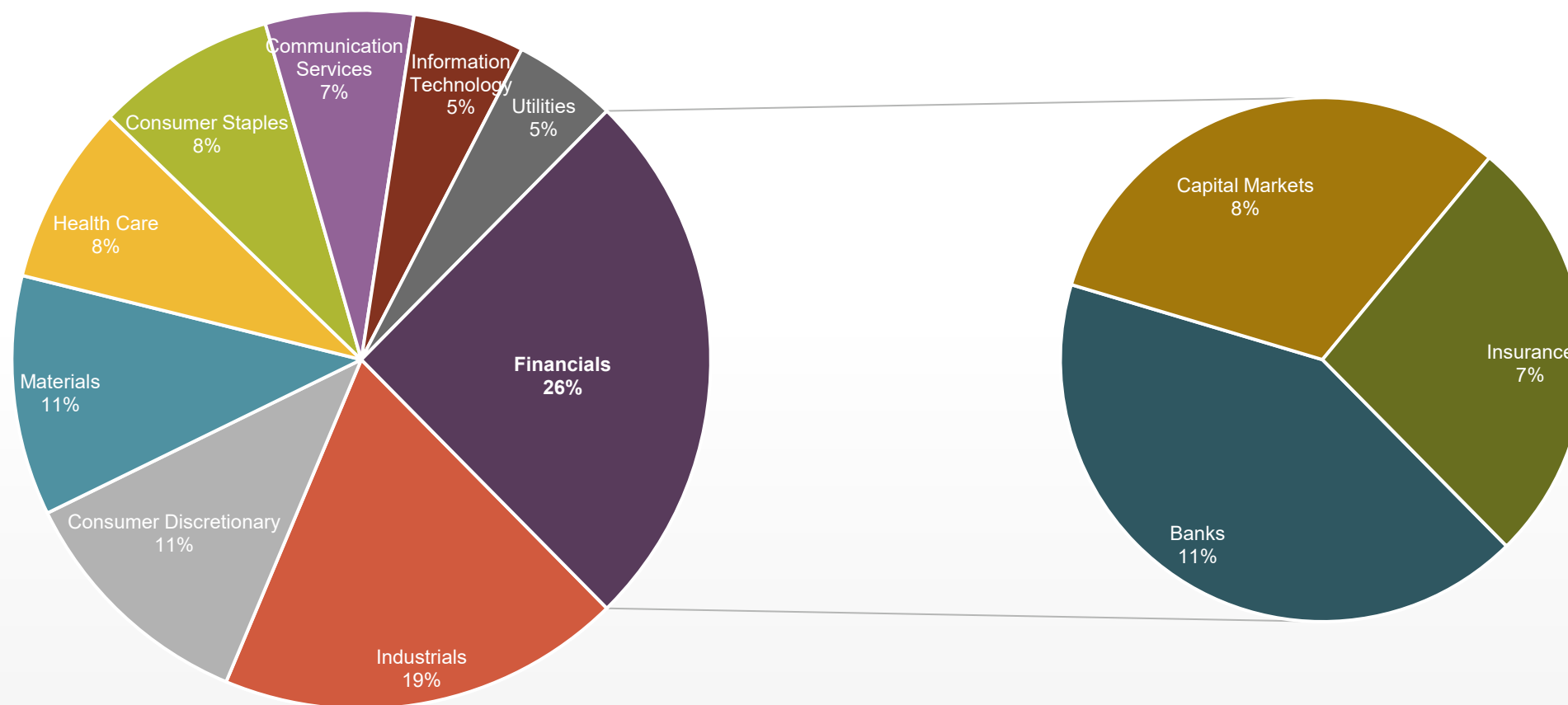
**Breakdown by Currency  
as of 14 June'23**



Source: Niche AM, Thomson Reuters

# ***EQUITY PORTFOLIO: Allocation summary: Breakdown by Sector***

***as 14 June'23***



## ***EQUITY PORTFOLIO: Change in holdings (31 May'23 - 14 June'23)***

Holding	Trade	End Portfolio Weight	Change in Weight*	Total Return on sold positions
Hyundai Elevator	SELL	0.00%	-1.05%	+72.33%
SK RENT A CAR	SELL	0.00%	-0.54%	+43.84%

*\*Not adjusted for subscriptions/redemptions and changes in market value*

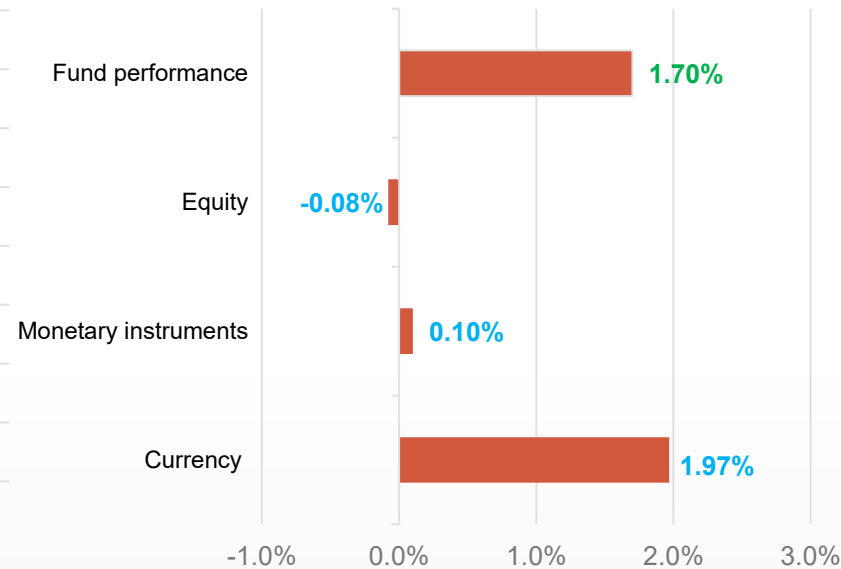
*Source: NicheAM, Refinitiv*

# PORTFOLIO: Allocation & Performance summary

**Fund\* Chart (31 May '23- 14 June'23)**



**Performance by Asset Class (31 May '23- 14 June'23)**



**Performance contribution by Asset Class and Sector (31 May '23- 14 June'23)**

	Avg Weight (a)	2 weeks Return (b)	Contribution (c = a*b)
<b>Contribution by asset class</b>			
Equity*	89.6%	-0,08%	-0,07%
Cash & monetary instruments	10.4%	0.10%	0,01%
Currency		1,97%	1,76%
<b>Total performance</b>			<b>+1,70%</b>
<b>Equity Contribution by sector</b>			
Industrials	16.7%	0.6%	0.10%
Financials	21.6%	0.5%	0.10%
Materials	9.9%	0.9%	0.09%
Information Technology	4.7%	0.2%	0.01%
Consumer Staples	7.4%	-0.3%	-0.02%
Consumer Discretionary	10.3%	-0.4%	-0.04%
Health Care	7.6%	-1.2%	-0.09%
Communication Services	6.1%	-1.6%	-0.10%
Utilities	4.4%	-2.7%	-0.12%

Past performance is not indicative or a guarantee of future returns. The currency component may increase or decrease returns. The investment involves taking a risk and possible loss of capital.

AUM: 12,43 mln €  
Project closure at 25 mln €

# EQUITY PORTFOLIO: Performance (31 May '23 - 14 June'23)

## Top performers\*

	Avg Weight	Return	Contribution
Posco Holdings	0.9%	10.9%	0.10%
Bookook Securities	0.9%	11.0%	0.10%
Hd Hyundai Electric	1.0%	9.3%	0.09%
Eugene Investment & Securities	0.7%	11.2%	0.08%
Korean Air Lines	0.9%	7.7%	0.07%
Mirae Asset Life	0.6%	10.0%	0.06%
Lotte Rental	1.1%	5.8%	0.06%
Daesang	0.8%	6.7%	0.06%
Hyundai Steel	0.6%	8.4%	0.05%
Hyundai Green Food	0.3%	16.9%	0.05%
Bnk Financial Group	1.3%	3.9%	0.05%
HD Home Shopping	0.9%	5.6%	0.05%
DL E&C	1.4%	3.5%	0.05%
Hanwha Solutions	0.6%	8.1%	0.05%
Hwa Sung Industrial	0.9%	5.4%	0.05%

## Bottom performers

	Avg Weight	Return	Contribution
Ilshin Spinning	0.4%	-6.7%	-0.03%
KT	1.5%	-1.3%	-0.02%
Whanin Pharm	0.6%	-2.9%	-0.02%
Hyundai Marine & Fire Insurance	1.1%	-1.6%	-0.02%
Multicampus	0.4%	-3.4%	-0.02%
E-Mart	0.8%	-1.8%	-0.01%
Korea Gas	1.4%	-0.9%	-0.01%
Cell Biotech	0.7%	-2.0%	-0.01%
Dongwon Industries	1.1%	-1.0%	-0.01%
Woongjin Thinkbig	0.2%	-4.6%	-0.01%
Asia Cement	0.5%	-1.4%	-0.01%
Maeil Dairies	0.9%	-0.8%	-0.01%
Sk Telecom	1.0%	-0.5%	-0.01%
Coway	0.9%	-0.5%	0.00%
Hyundai Elevator	0.1%	-3.9%	0.00%

\*Sorted from highest to lowest by Contribution

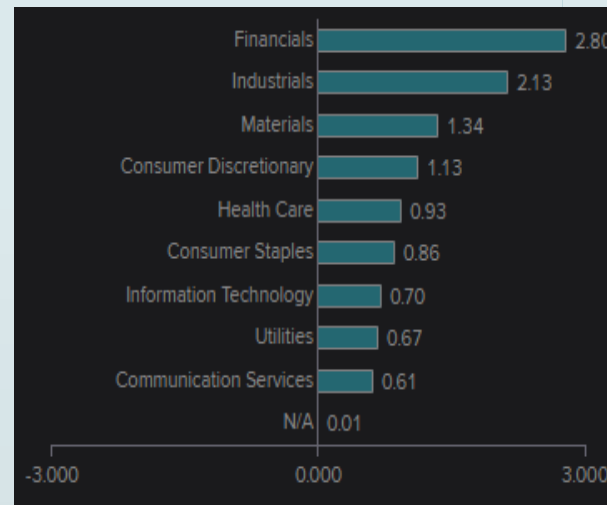
Source: NicheAM, Refinitiv

## Ex-ante analysis: VaR 1 month 95% as of 14/06/2023

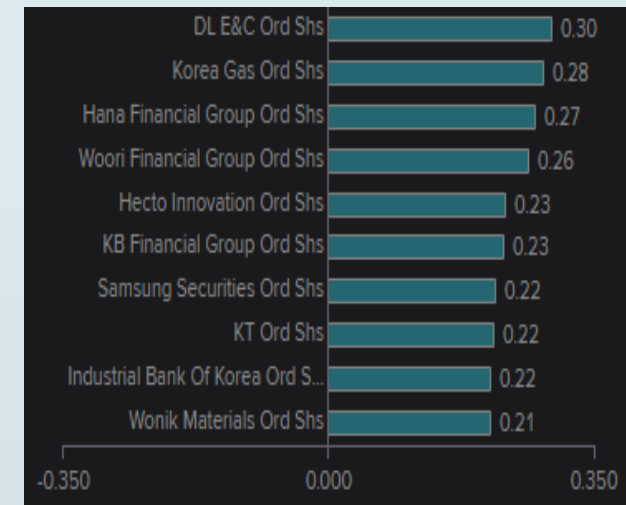
### Portfolio VaR Sensitivity

	95% VaR	99% VaR
Historical 1D	-2,33%	-3,47%
Historical 1W	-5,21%	-7,76%
Historical 1M	-10,93%	-16,28%

### VAR 1M – 95% BY SECTOR AS OF 14/06/2023



### VAR 1M-95% TOP 10 SECURITIES AS OF 14/06/2023





## EQUITY PORTFOLIO: Indices % price changes

Index	Price as of 14/06/2023	% Price Change 2 weeks (local currency)	% Price Change 2 weeks (€)	% Price Change Year to Date (local currency)	% Price Change Year to Date (€)	% Price Change Since inception ** (local currency)	% Price Change Since inception ** (€)
<b>NicheJungle Korea Reunification SDG*</b>	<b>1032,60</b>	-	<b>1,70%</b>	-	<b>0,75%</b>	-	<b>3,26%</b>
MSCI ACWI Net (.dMIWD00000NUS)	359,58	5,14%	3,75%	13,22%	11,87%	21,95%	10,77%
MSCI Asia Pacific Value (.dMIAP00000VPUS)	152,69	6,04%	4,64%	7,15%	5,87%	21,37%	10,24%
MSCI Asia Pacific (.MIAP00000PUS)	168,38	6,31%	4,90%	8,12%	6,83%	22,87%	11,60%
Korea (.KS200)	344,65	1,63%	3,95%	18,40%	15,33%	19,02%	21,41%
Tokyo Stock Exchange (.TOPX)	2294,53	7,69%	5,70%	21,29%	12,17%	22,08%	17,96%
Indonesia (.JKSE)	6699,72	1,00%	0,27%	-2,20%	0,98%	-1,92%	-7,39%
China (.HSI)	19408,42	6,44%	5,01%	-1,89%	-3,32%	16,83%	6,37%

\* class I

\*\* Inception date: 17/10/2022

Source: Niche AM, Thomson Reuters

Past performance is not indicative or a guarantee of future returns. The currency component may increase or decrease returns. The investment involves taking a risk and possible loss of capital.

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