

Niche adds Indonesian smaller companies strategy to Niche Jungle range

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Fund manager Niche Asset Management announced earlier this month it was expanding its existing range of Niche Jungle strategies with a third ‘project’ focused on the dynamic Indonesian smaller companies market.

The NJ Indonesia Infrastructure Small Caps SDG strategy is the third such project to be accommodated under the Niche Jungle umbrella.

The Indonesia-focused strategy will qualify as an Article 8 SFDR fund under EU rules and will also be maintaining a high degree of liquidity for investors, with 95% of the portfolio able to be sold within a two week timeframe. The total size of the project will be no more than EUR 20m, and it will hold around 80-120 Indonesian companies with an average 0.8% weighting.

Niche said that at the moment the average holding in the project is trading at under 6.5x 2023 earnings. This compares with 13.8x for the Indonesian large caps universe and 23.5x for Indian small caps.

The project is designed to be relatively short term in nature. Like the other strategies in Niche Jungle, the Indonesian project will be shuttered once the portfolio reaches 13.8x



earnings, at which time the managers feel that the existing value opportunity in the Indonesian market will have played out.

The Niche Jungle funds are highly unusual in that they charge no annual management fee, only an annual performance fee of 20%. Niche is being very transparent as well, delivering bi-weekly reports to investors on the exposure of the project.

Indonesia remains relatively lightly covered by focused asset management strategies especially given its size and importance within both the regional and global economies. It is already the seventh largest economy in the world, with the fourth largest population. It controls a huge area, with a strong agricultural base and diverse range of commodities. Niche said that by emerging markets standards, Indonesia's institutional framework and corporate governance look good.

Niche said the Indonesia Infrastructure Small Caps project is going to be managed using a deep value approach, A high degree of diversification will be used to allow investors to fully play with project's theme without being overly exposed to idiosyncratic risks.

Award winning fund management team

Niche Asset Management was set up **Massimo Baggiani** and **Andrea Andreis**, two award-winning Italian portfolio managers who previously worked together Italian fund manager Symphonia. They established their credentials by designing and managing a highly successful electric vehicles fund in 2015 which recorded performance gross of fees of 60% per annum.

Baggiani and Andreis left Symphonia to co-found Niche in 2018, to further develop their ideas around thematic investing. The firm's flagship fund is the Electric Mobility Value Niche fund, domiciled in Luxembourg, which has already garnered industry awards in Italy. The firm has already proved its credentials in the Asian markets, with its Pharus Asian Value Niche fund.

Niche Jungle was set up as a separate unit within Niche to develop more focused strategies that had a more limited time horizon for the perceived market opportunity. Alongside the new Indonesia launch, the firm also has a Japanese smaller companies project currently live, and a Korean reunification project.

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