

Start-up Niche launches Indonesia small cap fund

Size of fund capped at €20m to maximise investment opportunities and guarantee liquidity

By **Alf Wilkinson** | 7 December 2023

Niche Asset Management has launched an Indonesia small cap fund, as the start-up continues to offer investors exposure to equity market niches not covered by the fund industry.

The NJ Indonesian Infrastructure Small Caps SDG is the third Ucits fund to be launched in the Niche Jungle Irish collective asset management vehicle, following the launch of Korea Reunification and Japanese Orphan Companies funds.

According to the Italian asset manager, the latest launch is the "only investment vehicle which offers a pure, deep value, and diversified exposure to Indonesian small caps", with no other mutual fund or exchange traded fund currently investing in the space.

The Indonesian fund has a well-diversified portfolio of between 80 and 120 holdings with a median market capitalisation of around €210m and an average portfolio weight of around 0.8 per cent.

The size of the fund – classified as an article eight under the EU's Sustainable Finance Disclosure Regulation – is capped at €20m in order to maximise investment opportunities and guarantee liquidity.

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high-water mark and no re-set.

Speaking to *Ignites Europe* earlier this year, Massimo Baggiani, founder and fund manager at Niche, said he believes his firm can create a "scalable" business managing a series of small funds that invest in niche strategies over relatively short time periods.

He defines niche strategies as value-oriented themes that are finite in length and so products may be closed only one or two years after launch, which is at odds with industry convention.

Niche says that "if and when" the strategy reaches its valuation target of 13.8x earnings, it will be unwound, with holdings sold at market and cash-proceeds returned to investors.

The firm also points out that, to align the interests of its portfolio managers with the interests of investors there are no management fees for institutional investors, only a performance fee of 20 per cent, charged on an annual basis, with an absolute

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