



Metrica Asia Event Driven Master Fund March 2018 Newsletter

Investment Manager: Metrica Partners Pte. Ltd.

4th April 2018

Message from the CIO

Metrica will be presenting at the **Morgan Stanley Asia Emerging Manager Roundtable** in Singapore on 5th April. We look forward to catching up with everyone!

I am pleased to bring you our tenth newsletter and performance update. Our Class B shares returned a preliminary **+2.15%** in March¹.

Event-driven and holding company strategies posted good returns, while the share class strategy was down slightly (Table 1)².

	%
Event-driven	1.62
Holding Company	1.11
Other	-0.27
Share Class	-0.31
Total	2.15

Table 1: Strategy Attribution

By geography, **Hong Kong** and **India** were the

¹All figures in this newsletter are preliminary. For our official administrator-calculated NAV, please refer to fund databases or to our investor statements. Performance is net of fees and expenses and is with reference to our offshore feeder.

²“Other” refers to P&L items which are not directly attributable to one of the three core strategies.

standout performers in March and **Malaysia** took last place (Table 2).

	%
Hong Kong	1.30
India	1.28
Japan	0.44
Australia	0.19
China	-0.13
Singapore	-0.15
South Korea	-0.16
Other	-0.27
Malaysia	-0.34
Total	2.15

Table 2: Geographic Attribution

March’s performance brings total returns to **+9.50%** over the ten months since inception (Table 3 on the following page), which represents a net compound annualised return of **+11.5%** with an annualised standard deviation of **+5.0%**.

Most of the positive performance in Hong Kong and event-driven was from a risk arbitrage position, which contributed +129 bps. Also in the event-driven strategy, an Australian name added +24 bps.

In our holding company strategy, three Indian names contributed +65 bps, +67 bps and +18 bps as discounts to NAV contracted. The weighted average NAV discount across all our long holding company positions would have been roughly flat this month

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017						0.21	2.92	0.53	2.50	2.27	-0.09	0.26	8.88
2018	0.04	-1.59	2.15*										0.56*

Table 3: Net Monthly Performance Since Inception - Class B (%) (* preliminary)

at 70.4% in the absence of trading, but we were able to improve this to 71.2%³ through our ongoing rebalancing activities.

Share class activity was relatively subdued this month, with A/H positions contributing -13 bps.

Market Comments⁴

Event-driven

It has been a fantastic start to the year for activity in the events space, with more than USD 1.2 trillion of acquisitions announced globally in the first three months of 2018, which is the fastest start to a year ever⁵. More than half of the transactions have been USD 5 billion plus and more than 20 deals have exceeded USD 10 billion in value. Overall activity is +67% versus the same period last year and about a third ahead of 2007, the previous high.

In Asia we are seeing the revival of another potential mega-deal, with Harbour Energy returning with another proposal to acquire Australian natural gas producer Santos Ltd, this time valuing Santos at USD 10.3 billion – a 43% increase over the initial offer made in August 2017. The proposal is still in the due diligence stages and will ultimately need FIRB approval among other conditions if it proceeds.

Holding Companies

South African media group Naspers recently sold down part of its stake in Hong Kong-listed Tencent in an accelerated bookbuild worth USD 10 billion. It plans to use the money raised from the stake sale for investments in e-commerce and other areas according to the CEO. Naspers has traded at a discount to the value of its stake in Tencent and other holdings for more than two years, and it will be interesting to see if the company looks further to monetize any

of its holdings – although it has committed not to sell any more Tencent for three years.

Auto manufacturers Nissan and Renault, which already own large stakes in each other, are said to be in talks regarding a full merger⁶. This would require the approval of the French government which owns 15% of Renault. The companies already cooperate in engineering, manufacturing, purchasing, supply chain management and human resource functions – these would likely be centralized if the merger happens, generating significant additional synergies.

The Hyundai Motor group has announced plans to simplify its complex ownership structure⁷. Group company Hyundai Mobis will spin off its module manufacturing and after-sales parts businesses and merge them into Hyundai Glovis, the group's logistics unit. Hyundai's controlling family will then sell its stake in Glovis and use the proceeds to buy more shares of Mobis. Some investors view the plan as benefiting only the controlling family at the expense of minority shareholders. The announcement has already drawn a response from one activist fund with a history of disrupting transactions in Korea.

The Samsung group is also a focus of interest with reports that Samsung Electro-Mechanics, Samsung SDI and Samsung Fire & Marine are to sell a combined 6.1% stake in Samsung C&T amid pressure to simplify the group's circular cross-shareholdings. Samsung has yet to confirm the details of the restructuring, which has been highly anticipated by the market for a number of years.

Share Class

The Singapore Exchange has entered the final consultation stage for its dual share class listing proposal which will allow certain shareholders to have enhanced voting rights and dividends.

³Metrica estimates.

⁴With thanks to Anson Ho.

⁵Financial Times, 29th March

⁶Bloomberg, 30th March

⁷Financial Times, 29th March

To safeguard the rights of ordinary share class holders, the exchange plans to restrict enhanced share classes from having additional voting rights in certain situations such as the appointment and removal of independent directors. It is also proposing to limit the number of votes on such share classes to 10 votes per share, and to force automatic conversion to ordinary shares upon certain events such as the resignation of directorship or disposal of the enhanced shares.

Companies with multiple share classes will be subject to main board listing criteria, i.e. a minimum market capitalization of SGD 300 million. This compares favourably with Hong Kong's proposed threshold of HKD 10 billion. The consultation period is open till 27th April.

Chinese Depository Receipts are apparently being considered by the Chinese government to entice technology firms back to its domestic stock markets. Details are currently unclear, with question regarding capital controls and compliance with corporate governance standards yet to be answered. The likes of Baidu, Sogou and 58.com have expressed interest in a domestic listing with regulators also said to have reached out to Alibaba and Tencent.

Looking Ahead

We are monitoring for the following potential catalysts in our target space:

- The progress of Harbour Energy's due diligence on Santos
- Shareholder meeting for the Westfield deal
- Announcement of ACCC's findings on Tox Free Solutions
- Ongoing shareholder discussions around the merger ratio for Alpine Electronics
- Results of SEBI and SFIO probes into Fortis Healthcare
- CFIUS verdict on the Orient Overseas International takeover
- Scheme meeting result for Pou Sheng International

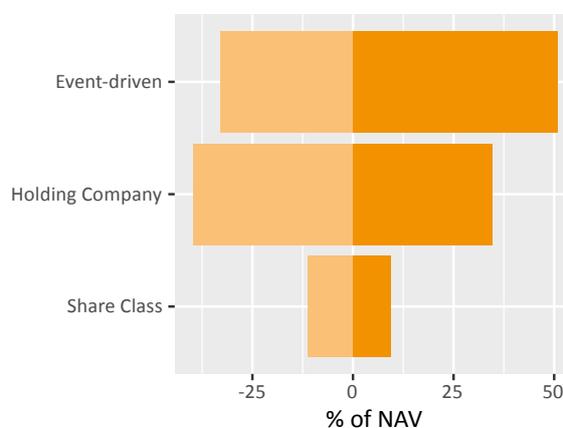


Figure 1: Strategy Exposures

Portfolio Comments

Table 4 shows the number of fund equity positions by strategy, including hedges, which shows a net decrease of two positions versus the previous month.

	Long	Short	Total
Event-driven	16	9	25
Holding Company	13	11	24
Share Class	3	3	6
Total	32	23	55

Table 4: Long and Short Positions \geq 1% of NAV

Overall gross exposure changed by +2.1 points (Table 5), and net changed by -18.8 points month-on-month. The decrease in net was nearly all from the event-driven strategy, and reflected profit-taking in a Hong Kong name as well as the expiry of M&A trades in Malaysia and Japan (Figure 1).

	Long	Short	Gross	Net
All Positions	94.9	83.9	178.8	11.0
Top 10 Long	46.0	0.0	46.0	46.0
Top 10 Short	0.0	47.8	47.8	-47.8

Table 5: Portfolio-level Exposures (% of NAV)

Figure 2 on the following page shows how **Japan** continues to represent the largest source of gross exposure at 46.9% of NAV, with India and Hong

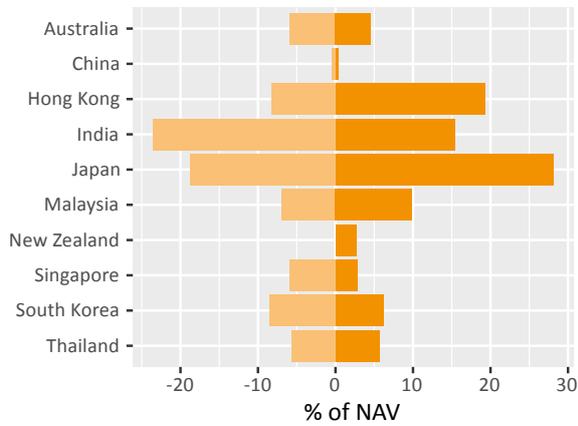


Figure 2: Geographic Exposures

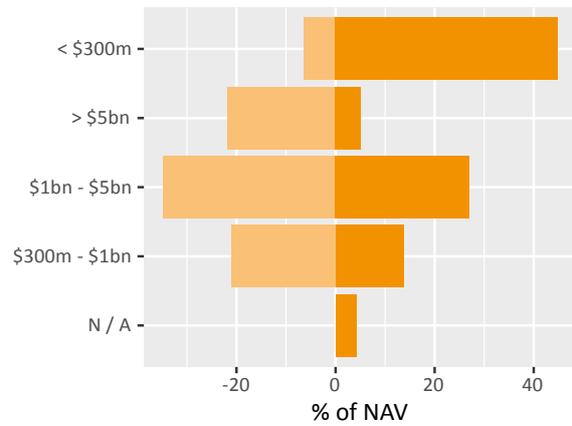


Figure 4: Market Capitalization Exposures

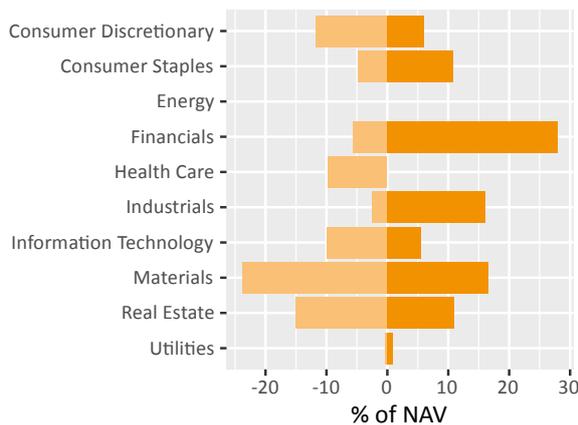


Figure 3: GICS Sector Exposures

Kong still following behind. On a net basis, **Hong Kong** once again has the largest positive exposure at +12.3% due to the ongoing opportunities in the event space.

Figure 3 shows the sector breakdown. This month saw no large moves in net sector exposure.

The market capitalisation breakdown (Figure 4) shows a decreased month-on-month allocation to sub-\$300m companies of -10.9 points - the result of the unwinding or expiry of various event-driven positions in this segment.

Damian L. Edwards, CFA

Fund Overview

Investment Strategy

Metrica Asia Event Driven Master Fund aims to generate low-volatility, market-neutral returns by investing in event-driven and relative value trading opportunities primarily in Asian equity markets. The fund's positions are categorised into three strategies:

1. Event-driven: securities affected by announced corporate actions
2. Holding company: securities with significant value deriving from ownership links to other listed securities
3. Share class: multiple securities issued by the same entity

CIO Background

Damian L. Edwards, CFA, has 19 years' experience in the finance industry in Asia, of which 13 years have been spent in investment management roles. Before co-founding Metrica, Damian was Managing Director and Head of Event-Driven Trading in the Discretionary Capital Group of Royal Bank of Canada, where he built a pan-Asian event-driven and relative value equity trading business. Prior to that Damian was a Portfolio Manager in the Strategic Investment Group of Morgan Stanley, where he managed a pan-Asian event-driven and relative value multi-asset class trading book as part of the global proprietary trading group. Damian has an MBA from London Business School, and an MA in Computer Science and Law from the University of Cambridge.

Service Providers

<i>Prime Broker</i>	Morgan Stanley
<i>Administrator</i>	SS&C Technologies
<i>Legal</i>	Rajah & Tann, Dechert, Walkers
<i>Audit & Tax</i>	PwC
<i>Compliance</i>	ComplianceAsia
<i>Technology</i>	Enfusion, Eze Castle

Terms

Minimum Investment US \$1 million (subject to directors' discretion)

Management / Performance Fee Class A 1.5% and 15%; Class B 1.0% and 10%. High water mark applies.

Liquidity Monthly redemption with 45 days' notice. 3% fee if redeeming within first year. 20% fund-level gate, suspended until cumulative subscriptions reach \$50m.

Legal Structure Metrica Asia Event Driven Master Fund is an exempted company incorporated with limited liability under the laws of the Cayman Islands. Investment into the Master Fund may be made through Metrica Asia Event Driven Feeder One which is a Cayman-domiciled entity suitable for non-US and US non-taxable investors. Both entities are managed by Metrica Partners Pte. Ltd., a firm regulated by the Monetary Authority of Singapore.

Investor Relations

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Metrica Partners is a member of the Alternative Investment Management Association.

Important Notice

Please consider the investment objectives, risks, charges and expenses of Metrica Asia Event Driven Master Fund ("the Fund") before investing. The prospectus for the

Fund contains this and other information and can be obtained by contacting us at the address above. Please read the prospectus of the Fund carefully before investing.

Past performance is not indicative of future returns.

An investment in the Fund may be deemed speculative and involves significant risk. It is designed only for experienced and sophisticated persons who are able to bear the risk of the substantial or total impairment or loss of their investment in the Fund. Investors should understand such risks and have the financial ability and willingness to accept such risks for an extended period of time. The Fund is not a complete investment program and should represent only a portion of an investor's portfolio management strategy.

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