



Metrica Asia Event Driven Master Fund June 2019 Newsletter

Investment manager: Metrica Partners Pte. Ltd.

3rd July 2019

Message from the CIO

June’s return was +1.11%, taking year-to-date performance to +3.38% net.

Inception-to-date, the fund has returned +13.40%¹ (table 1 on the following page) with an annualised monthly standard deviation of 3.79%. This compares to an MSCI AC Asia Pacific index return of +4.82% and standard deviation of 13.12% over the same period. An investment in the USD risk-free rate² would have produced +3.99%.

Strategy attributions All three strategies contributed positively in June, with the **event-driven** strategy in particular adding +78 bps to performance (table 2 on the next page).

Our top contributor (+52 bps) in the event-driven strategy was from a Singapore deal (Indofood Agri Resources) where the bidder raised their price by 18% to encourage more shareholders to tender. We exited the position soon after the price increase as we viewed it as unlikely to be sufficient to generate the required 90% acceptances. This ultimately proved to be the case as the deal ended up failing.

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 the offshore feeder fund, Class B shares.

²As measured by 1-month LIBOR.

³“Other” refers to P&L items which are not directly attributable to one of the three strategies. Example: administration expenses.

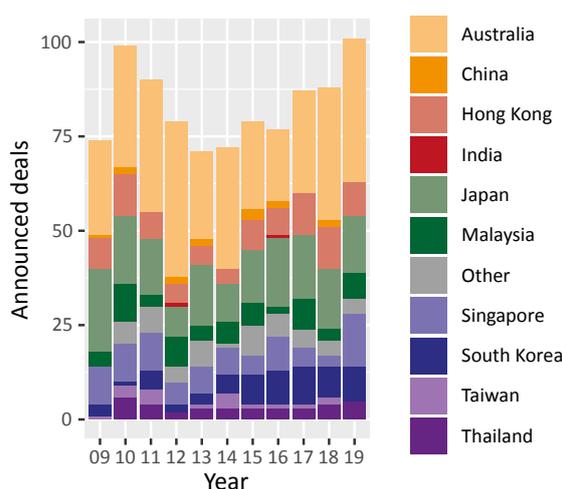


Figure 1: Announced M&A: January to June⁵

In general, M&A activity continues to be very healthy in Asia, with January-June transaction volumes⁴ now at their highest level over the last eleven years (figure 1).

In the **holding company** strategy, a position in Hong Kong contributed +82 bps as its share price was flat over the month while its main listed holding fell 16%.

There were no other significant single-position movers this month.

⁴As measured by number of announced deals.

⁵Source: Factset. M&A target listed in Asia-Pacific.

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	2.17	-0.44	0.20	-1.25	-0.26	-0.08	0.12	0.22	1.64	0.03	0.75
2019	0.50	0.80	0.19	-0.22	0.96	*1.11							*3.38

Table 1: Net monthly performance since inception - Class B (%) (* preliminary)

	%
Event-driven	0.78
Holding company	0.40
Share class	0.11
Other	-0.18
Total	1.11

Table 2: Strategy attribution³

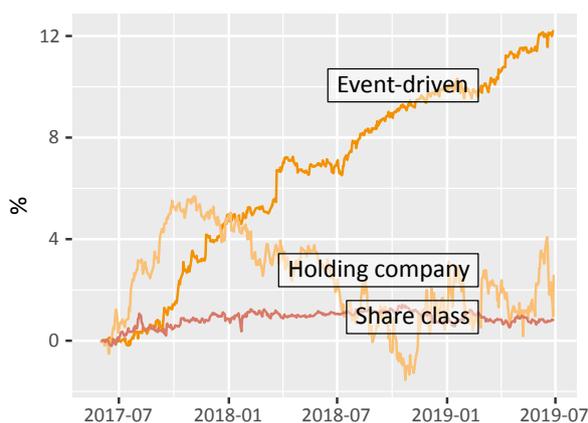


Figure 2: Inception-to-date strategy attribution⁶

Share class trading in June contributed +11 bps.

Figure 2 shows inception-to-date attributions for the three strategies.

Geographic attributions Hong Kong was the main geographic driver of performance in June (table 3), contributing +81 bps. Singapore was second with +52 bps. All other geographies were in the range -27 bps to +21 bps.

⁶Not compounded. P&L items in the "Other" category have been omitted for clarity.

⁷"Other" refers to P&L items which are not directly attributable to a geography, or to geographies which contributed

	%
Hong Kong	0.81
Singapore	0.52
Australia	0.21
China	0.14
Other	-0.05
South Korea	-0.24
India	-0.27
Total	1.11

Table 3: Geographic attribution⁷

Positioning

June saw the number of fund holdings at or above 1% of NAV increasing by ten to 45 (table 4). Most of the increase was from the establishment of new event-driven strategy positions.

	Long	Short	Total
Event-driven	13	4	17
Holding company	14	10	24
Share class	2	2	4
Total	29	16	45

Table 4: Long and short positions \geq 1% of NAV

Gross exposure was +17.5 points month-on-month which was almost entirely driven by event-driven strategy increases. Figure 3 on the following page shows the strategy exposure breakdown.

Net exposure was +17.7 points month-on-month for the same reasons, including a 6.2 point increase from the addition of a Thai deal.

Figure 4 on the next page shows geographic gross exposure. Japan, India and Australia are the top three which is the same as last month. During the month, Japan, India and Australia were exposed to minimal risk this month.

	Long	Short	Gross	Net
All positions	110.3	71.0	181.3	39.3
Top 10 long	61.0	0.0	61.0	61.0
Top 10 short	0.0	45.2	45.2	-45.2

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

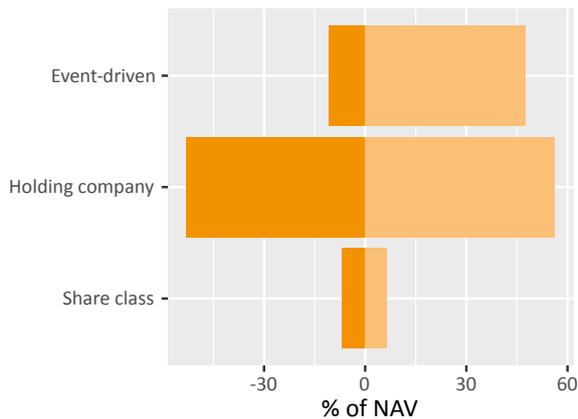


Figure 3: Strategy exposures

month, gross exposure to Thailand and Japan increased while it decreased in Australia.

On a net basis, Thailand had a swing of +7.8 points from event-related positions. Largest net exposures at end-June were to Hong Kong, Thailand and Singapore (all positive).

Figure 5 shows the sector breakdown, which shows an increase of 5.3% in Real Estate net exposure, driven by the Thai deal mentioned above.

Finally, figure 6 shows the market capitalization breakdown, which shows an increase of 6.5% in net exposure to the \$300m to \$1bn segment with no major single-stock contributors to this shift.

Business update Thank you to everyone who came to see us in Zürich at the TAIC Boutique Manager Event. We presented our idea on “Japanese regional banks” to a large group of investors. Please ask us for further details about this trade, which remains compelling.

Damian L. Edwards, CFA

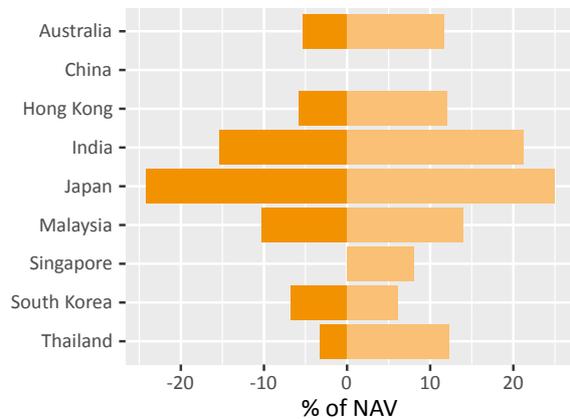


Figure 4: Geographic exposures

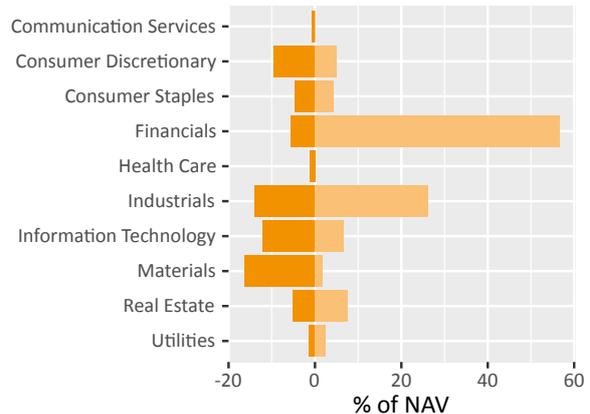


Figure 5: GICS sector exposures

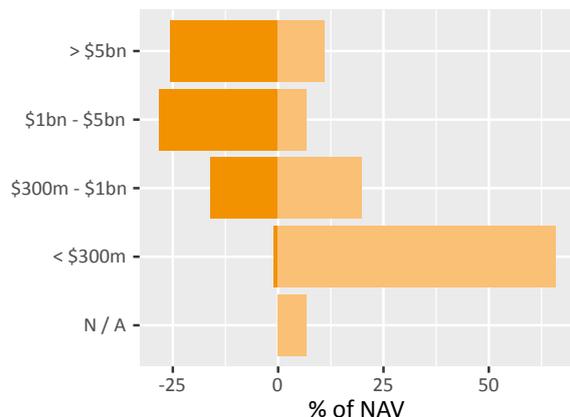


Figure 6: Market capitalization exposures

News⁸

Japan's trade ministry is overhauling M&A guidelines for the first time in 12 years to boost protection for minority shareholders in management buyouts. The recommendations call upon target companies to set up an independent committee incorporating outside directors and experts which will assess the fairness of the deal. We expect the guidelines also to apply to subsidiary buyouts.

Among new large-cap deal activity, Singapore's City Developments Ltd made an offer for its 65.2%-owned London-listed subsidiary **Millennium & Copthorne Hotels** (USD 2.8 billion). The offer price is at a 37% premium and has been declared final. The offer is pre-conditional on New Zealand's OIO approval as well as 50% minimum acceptance from independent shareholders. Shareholders representing 15.17% of total shares (43.58% of independent shares) have given irrevocable acceptances.

AGL Energy, an energy provider in Australia, made and then withdrew an indicative offer for Australia's **Vocus Group** (market cap: USD 1.4 billion) at a 9% discount to an earlier offer from a private equity fund. This makes AGL Energy the fourth party in two years not to proceed with an offer.

Hong Kong listed **Dalian Port** (USD 1.4 billion) received a mandatory general offer (MGO) at zero premium after a reorganization amongst government-controlled entities resulted in a change of control.

Similarly, restructuring at its parent companies resulted in an MGO being triggered at a 3% discount to the pre-announcement price for China's **Chongqing Department Store** (USD 1.8 billion).

Spin-offs continue to be a theme:

- **MicroPort Scientific** (USD 1.2 billion) is set to become the first company to spin off a subsidiary onto Shanghai's New Sci-Tech board. The regulators in China haven't previously encouraged spin-offs in the past due to corporate governance concerns, so this is an interesting development. According to Bloomberg, at least nine other companies are considering spinning off businesses on this market, which has drawn attention for its higher valuations and straightforward listing process.

- An activist is calling on **Sony Corp** (USD 67.9 billion) to take various actions including spinning off its semiconductor business and divesting its stakes in public equities including Sony Financial and Spotify amongst others. Sony has declined to comment on the proposal.
- **Naspers'** (USD 106 billion) plan to spin off its international internet assets which include a 31% stake in Chinese internet giant Tencent has been delayed due to administrative errors. The shareholder meeting has been moved to 23 August and if approved, the listing will now take place sometime in September.

In share class news, **Fortune Real Estate** (USD 2.6 billion) is de-listing its Singapore-listed units. The company does not need unit-holders' approval and will not be offering an exit alternative. Units will continue trading on the Hong Kong Exchange.

Other upcoming points of focus include:

- Regulatory approvals for GlaxoSmithKline Consumer Healthcare, Reliance Nippon Life Asset, Holcim Philippines, Millennium & Copthorne
- Shareholder approvals for GlaxoSmithKline Consumer Healthcare, Dulux Group, OUE Commercial Real Estate
- Acceptance rates for Millennium & Copthorne
- Possible counter or revised offers for Daewoo Shipbuilding and Marine Engineering
- Completion of SPA for WABCO India Ltd
- Offer announcement for Fajar Surya Wisesa
- De-listing details for Fortune Real Estate
- Completion of equity transfer for Dalian Port

Fund overview

Assets under management

\$26 million

⁸With thanks to Anson Ho.

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 categorized 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

Before co-founding Metrica in 2016, 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 Baker McKenzie Walkers
<i>Audit & tax</i>	PwC
<i>Compliance</i>	Principium Consulting
<i>Technology</i>	Enfusion Eze Castle
<i>Directors</i>	Simon Cox David Mulvenna Stephen Rooney

Terms

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

Management / performance fee Class A (open) 1.5% and 15%; Class B (closed) 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

We aim to publish this newsletter on the third business day of the following month (Singapore calendar).

Please direct any inquiries to:

David Mulvenna, Chief Operating Officer
Metrica Partners Pte. Ltd.
50 Raffles Place
#31-05 Singapore Land Tower
Singapore 048623

Telephone: +65 6904 1992
Fax: +65 6826 4192
david.mulvenna@metricapartners.com

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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