

Prusik Asia Fund



PRUSIK

GROWTH INVESTING IN ASIA

28 February 2018

Monthly Fund Fact Sheet

Investment Objective

To preserve capital and generate absolute returns over a full economic cycle by investing in listed equities in Asia Pacific ex-Japan, whilst maintaining portfolio volatility significantly below the peer group.

Fund Facts

Fund size (USD)	124.6m
Launch date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI Asia Pacific ex Japan Index

Performance (%)

	U (GBP)	Index (GBP)
1 Month	0.11	-1.66
3 Month	6.39	3.03
Year to Date	3.24	-0.16
Since Launch	90.35	70.61
Annualised [†]	14.80	12.14

Source: Morningstar.

Launch Date: U: 01.07.13

[†]Since Launch Performance

Investment Process

With anomalies as a start point, the investment process seeks to identify and invest in key 'themes' in the Pacific region. Our themes are driven by factors outside of the normal economic cycle and are not yet discounted by the market. Companies are identified and chosen via rigorous bottom-up analysis with emphasis on traditional value and high ROCE. Cash and Index Futures are used when opportunities are few and to reduce portfolio volatility.

Fund Performance - Class U GBP (%)



Source: Morningstar. Total return net of fees.

Performance since launch of Class U GBP share class - 01.07.13

Fund Manager Commentary

In February, the M2APJ index fell 1.66% in sterling terms, whilst the Prusik Asia Fund U class shares rose 11 basis points, outperforming by 1.8%. We feel this was a very positive outcome in a period where the markets corrected very sharply mid-month, and especially as this decline was largely led by China where we have a fairly large overweight position.

Our strong relative performance was helped by a number of factors. Firstly, we entered the month with a fairly high cash position. This was as a result of some sales last month and fresh inflows. Since the correction, we have gradually started deploying this cash in order to take advantage of some low prices. Secondly, our stocks in our non-index geographies did well, namely Vietnam and Pakistan. In addition, some of our smaller companies fared much better than the index stocks, highlighting the advantage of owning non-index exposure, especially when ETFs and computer generated trading are dominant.

As an example, Vietnamese jewellery brand, **PNJ**, was a positive highlight, whilst in Korea, our new position in mid-cap clothes brand, **Fila Korea**, also bucked the downtrend. **Fila** is a longstanding sportswear brand which is currently enjoying a strong resurgence of its retro fashion styles following a clever relaunch with a global view. Fila fashion in China (which is owned by Anta Sports and not the Korean company) has been a knock out success for the past few years. Finally, and continuing the mid-cap/non-index theme, we also had a strong month from one of our mid-sized Chinese healthcare stocks, **HEC Pharma**, which specializes in flu remedies.

Looking forward, we feel that the correction this month marked the mid-cycle point where the market digests that growth is recovering but that interest rates are very likely to rise from here. In a typical cycle, this would be followed by more upside, sometimes significant upside, as stocks discount strong earnings growth for the coming years.

The 2018 forecast EPS for the portfolio is 27%, whilst the P/E is 17.2x. We can, therefore, see the potential for more upside, absent of spoilers from global geopolitics or liquidity events.

All data as at 28.02.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Haier Electronics Group	4.0
Phu Nhuan Jewelry	3.6
Vingroup	3.4
Vietnam Dairy Products	3.2
Taiwan Semiconductor	3.1
Total Number of Holdings	45

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	17.2x
Predicted Return on Equity (%)	19.1
Predicted Dividend Yield (%)	2.2

Risk Metrics

Tracking Error (% pa)	6.46
Beta	0.82
Alpha	2.86
Volatility (%)	16.67
Sharpe ratio	1.00

Thematic Breakdown (%)

Financialisation	24.5	
Vietnam	13.1	
Internet	10.9	
Local Brands	10.5	
Infrastructure/Logistics/Property	9.0	
Artificial Intelligence/New Technologies	6.0	
Cash	6.0	
Healthcare	5.7	
Energy	5.6	
Leisure/Tourism	5.1	
Energy/Energy Services	2.4	
5G	1.3	

Geographical Breakdown (%)

Hong Kong/China	46.5	
Vietnam	13.1	
India	6.0	
Cash	6.0	
Singapore	5.4	
Korea	4.9	
Indonesia	4.9	
Australia	3.5	
Malaysia	3.2	
Taiwan	3.1	
Pakistan	2.1	
Thailand	1.3	

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Management Fees

Annual Management Fee

Class U: 1% p.a. Paid monthly in arrears

All Share Classes except Class U: 1.5% p.a. Paid monthly in arrears

Performance Fee

Class U: 10% of the net out-performance of the MSCI Asia Pacific ex-Japan Index, with a high-water mark paid quarterly

All Share Classes except Class U: 10% NAV appreciation with a 6% hurdle annually

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Min. Initial Subscription	USD 10,000
Subscription Notice	1 business day
Redemption Notice	1 business day

Share Class Details

Share Class	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B0MDR72	IE00B0M9LK15	289.99
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	290.17
C GBP Hedged Distributing	B18RM25	IE00B18RM256	156.92
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	399.96

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	190.35
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Performance fee based on fund performance as a whole.

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