

Prusik Asia Fund

GROWTH INVESTING IN ASIA



PRUSIK

30 April 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)	123.5m
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	1.19	2.87
3 Month	-0.88	-2.83
Year to Date	2.23	-1.35
Since Launch	88.48	68.58
Annualised [†]	14.02	11.42

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 April the M2APJ index saw renewed volatility, which led to a not insignificant amount of leadership change within the index and, in turn, a more unsettled outlook. It is notable that the final 3 days of the month contributed all of the 3% sterling index monthly return. By contrast the Prusik Asia Fund returned just 1.2%.

The volatility was most likely caused by a sharp reversal in the US dollar, signaling diminishing liquidity for Emerging Markets and the ongoing fallout from the 'trade war' risks and the Facebook scandal. For the first time this year, this affected the portfolio in a number of ways. Firstly, we saw marked weakness in the Indonesian banks coming after a long and successful run since 2017. In a similar vein, Vietnam, which is a significant off-index weighting for us, also saw some aggressive profit taking, most likely triggered by global events, but then exacerbated by retail selling. In both cases the domestic growth story remains strong, although in certain areas valuations reflect a good deal of this. Finally, we saw weakness in the China internet stocks as, globally, markets came to terms with the likely imposition of more regulation in this sector.

At the stock level this month, we saw the greatest weakness in Vietnam jewellery retailer, **PNJ**, Korean gaming company, **Com2us**, and plastics engineering small cap, **Memtech**. All three companies offer high growth, good value and niche positions in their respective fields, but patience is required.

On the positive side, our holdings in energy and new positions in infrastructure did well, as did sports fashion brand, **Fila Korea**.

We have taken some profits in some of our strongly performing and now fully valued areas such as property company, **Vingroup**, in Vietnam and also the bigger and more widely held internet companies, such as **Sina** and **Tencent**. Instead we have made some new purchases in China infrastructure (**China Communications Construction** and **China Railway Construction**), Australian LNG company **Woodside Petroleum** and Chinese consumer brands **Li Ning**, (casual wear) and **Wuxi Little Swan**, (washing machines).

In each case, we see a strong return profile driven by a combination of factors, namely a reliable earnings outlook that is likely to be higher than consensus expectations, strong or rising free cash flow, high and possibly rising dividends and considerable asymmetry of risk, offering downside protection as well as upside potential.

All data as at 30.04.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Haier Electronics	4.0
China Communications Construction	3.8
Phu Nhuan Jewelry	3.7
Fila Korea	3.6
China Railway Construction	3.3
Total Number of Holdings	42

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.9x
Predicted Return on Equity (%)	17.7
Predicted Dividend Yield (%)	2.8

Risk Metrics

Tracking Error (% pa)	6.40
Beta	0.82
Alpha	2.67
Volatility (%)	16.78
Sharpe ratio	0.95

Thematic Breakdown (%)

Financialisation	19.8	
Infrastructure/Logistics/Property	17.1	
Local Brands	13.2	
Energy/Energy Services	10.5	
Vietnam	9.4	
Cash	8.0	
Leisure/Tourism	7.0	
Healthcare	6.7	
Artificial Intelligence/New Technologies	4.5	
Education	2.5	
5G	1.2	

Geographical Breakdown (%)

Hong Kong/China	46.2	
Vietnam	9.4	
India	8.6	
Cash	8.0	
Singapore	7.3	
Korea	5.7	
Australia	5.6	
Indonesia	2.9	
Taiwan	2.8	
Pakistan	2.2	
Thailand	1.2	

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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	285.11
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	285.29
C GBP Hedged Distributing	B18RM25	IE00B18RM256	153.72
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	392.63

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	188.48
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Performance fee based on fund performance as a whole.

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