

Prusik Asia Fund

GROWTH INVESTING IN ASIA



PRUSIK

31 July 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) | 125.6m |
| 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 | -0.96 | 1.80 |
| 3 Month | -3.20 | 1.44 |
| Year to Date | -1.05 | 0.07 |
| Since Launch | 82.44 | 71.02 |
| Annualised [†] | 12.56 | 11.14 |

Source: Morningstar.

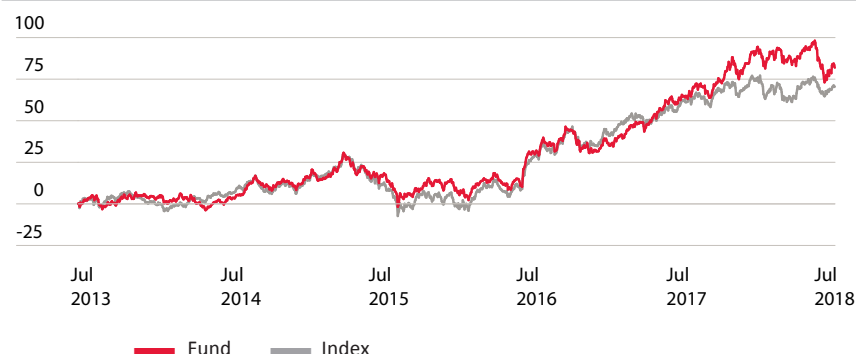
Launch Date: U: 01.07.13

[†]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

During July the fund fell by 1% whilst the index rose 1.8% in sterling terms. Our exposures in Australia, Taiwan, India and the Philippines saw better than index returns in the month, while Vietnam and Singapore represented the key headwinds in July. Despite further negative news flow with regard to the US-China trade wars, our exposures in China posted a modest positive return.

Perhaps the most interesting development for the fund in July was the interplay between Facebook, Tencent and our China construction holdings. At the end of July, Facebook saw US\$130 billion wiped from its market value in a single day, amongst the biggest one day falls in a listed company's market value on record. The key trigger was Facebook management's guidance to lower sales growth and profitability, not just for the next quarter but for at least the coming 3 years. We have expressed our concerns about Facebook's business model in the light of new regulatory changes throughout 2018 and our view was that in such a climate Asia's social media behemoth, Tencent, would not be immune. Our decision to exit Tencent earlier this year received much pushback but the recent carnage at Facebook has finally had its anticipated ripple effect with Tencent falling nearly 10% in July. In contrast, our Chinese construction stocks, where much of our Tencent and tech proceeds had been reinvested, rose strongly in July. **China Railway Construction, China Communications Construction and China Railway Group** were the 3 largest positive contributors to the fund's performance in July.

It is hard to write a report these days without mentioning the US-China trade wars. July saw tensions escalate further with a new proposal to increase the indicated tariff rate from 10% to 25%. Many are interpreting this latest development as an attempt by the US to get China back to the negotiating table after talks broke down last month. We would view further dialogue between the two sides as positive and having the potential to bring these negotiations closer to a more workable agreement.

Finally, we are beginning to see our holdings report their 2Q18 results, although the bulk of announcements will take place in August. Thus far we have seen strong earnings growth in much of our India portfolio, as well as in Vietnam and Indonesia, belying the perception earlier that these economies were more vulnerable in the wake of rising interest rates in the US.

All data as at 31.07.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

| | |
|--|-----|
| China Communications Construction | 3.6 |
| China Railway Construction | 3.4 |
| Haier Electronics | 3.3 |
| PetroChina | 3.3 |
| Beijing Tong Ren Tang Chinese Medicine | 3.1 |
| Total Number of Holdings | 41 |

Portfolio Financial Ratios

| | |
|--------------------------------|-------|
| Predicted Price/Earnings Ratio | 13.1x |
| Predicted Return on Equity (%) | 15.4 |
| Predicted Dividend Yield (%) | 2.8 |

Risk Metrics

| | |
|-----------------------|-------|
| Tracking Error (% pa) | 6.39 |
| Beta | 0.83 |
| Alpha | 1.66 |
| Volatility (%) | 16.91 |
| Sharpe ratio | 0.75 |

Thematic Breakdown (%)

| | | |
|-----------------------------------|------|--|
| Infrastructure/Logistics/Property | 18.9 | |
| Financialisation | 15.5 | |
| Energy/Energy Services/Resources | 14.2 | |
| Local Brands | 12.4 | |
| Healthcare | 10.1 | |
| Artificial Intelligence/Internet | 7.9 | |
| Vietnam | 7.0 | |
| Leisure/Tourism | 6.2 | |
| Cash | 4.7 | |
| Education | 3.0 | |

Geographical Breakdown (%)

| | | |
|-----------------|------|--|
| Hong Kong/China | 51.3 | |
| India | 9.8 | |
| Australia | 9.8 | |
| Vietnam | 7.0 | |
| Singapore | 6.4 | |
| Korea | 5.6 | |
| Cash | 4.7 | |
| Indonesia | 2.1 | |
| Philippines | 1.9 | |
| Taiwan | 1.3 | |

All data as at 31.07.18. Source: Prusik Investment Management LLP, unless otherwise stated.

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 | 265.28 |
| B USD Unhedged Distributing | B0M9LL2 | IE00B0M9LL22 | 265.45 |
| C GBP Hedged Distributing | B18RM25 | IE00B18RM256 | 142.12 |
| D SGD Hedged Distributing | B3LYLK8 | IE00B3LYLK86 | 364.09 |

Performance fee based on individual investor's holding.

| | | | |
|-----------------------------|---------|--------------|--------|
| U GBP Unhedged Distributing | BBQ37S6 | IE00BBQ37S60 | 182.44 |
|-----------------------------|---------|--------------|--------|

Performance fee based on fund performance as a whole.

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