Prusik Asia Fund

GROWTH INVESTING IN ASIA

PRUSIK

31 October 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)	119.1m
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 (%)

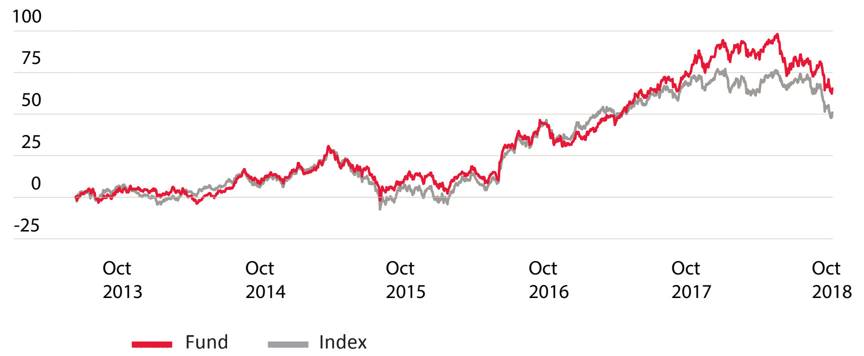
	U (GBP)	Index (GBP)
1 Month	-8.81	-8.41
3 Month	-8.92	-10.12
Year to Date	-9.87	-10.05
Since Launch	66.17	53.71
Annualised†	9.99	8.39

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

October lived up to its reputation for weak markets this year. The M2APJ index fell 8.41% while the Prusik Asia Fund fell 8.81%. The fall was primarily driven by poor sentiment in China, trade war concerns and the global liquidity contraction emanating from QT. As a result, there were few places to hide but our best performing stocks were Vietnam internet content company **Yeah1**, Gold miner **Newcrest Mining** and **Metro Pacific**, a deeply discounted Philippine infrastructure company. The weakest stocks over the month were all Hong Kong listed China businesses, led by technology.

In October, the Shanghai Composite saw turnover fall to the lowest level since January 2016, whilst touching on index levels not seen since 2014 despite the Chinese leadership adding to a raft of measures designed to support the economy and the stock market. These included a large cut in the RRR, repeated reassurance that the private sector would be supported, speeches calling for a negotiated settlement on the trade issues, more international co-operation, not less, and new legislation making share buy-backs easier.

For now, the market appears mostly oblivious to these messages but we do not think the Chinese government will stop here and we expect that by some point before Chinese New Year, we will have seen the lows for at least the next year in China, and especially so if Trump and Xi can agree on trade at the November G20 meeting. More importantly, from these levels the upside could be significant.

We wrote in the recent quarterly but it bears repeating: *the global risk-reward of being invested in Asia is now beginning to look very attractive*. After recent sharp falls, the P/B value of the Asia ex Japan (MXAPJ) index, ex internet, dropped to 1.24x - just 3% from the lows of 2016. While no two episodes are ever exactly alike, there are current similarities with 2016 — e.g. Fed tightening, USD strength, a falling Renminbi and a weak Chinese economy. With some analysts suggesting the current environment (largely because of the trade war) could be worse than 2016, we would also point out that the current P/B of 1.24x is also now just 13% from the Global Financial Crisis (GFC) lows of 1.1x.

It is also interesting to note that the main Asia ex Japan (MXAPJ) index, (*inclusive* of the internet), is trading on a P/B of 1.45x but, over the last 30 years, has traded 96% of the time between 1.2x and 2.5x P/B, and has averaged 1.75x P/B. Given that ROE has averaged 12% over this time and there has never been a 3-year period where it has averaged under 5%, then even taking into account this worse-case scenario, the downside from here is not significant, ie around -2%. If the outcome is to return to averages then the upside is 17%.

In our opinion, this really is a good time to be looking to buy Asia.

All data as at 31.10.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Investment Management LLP
6th Floor 15-16 Brook's Mews
London W1K 4DS

Mark Dwerryhouse
Tel: +44 (020) 7297 6854
Mobile: +44 (0)7891 767 386

Elaine Dennison
Tel: +44 (0)20 7297 6858
Fax: +44 (0)20 7493 1770

Web: www.prusikim.co.uk
Email: enquiries@prusikim.com

Prusik Asia Fund

Top 5 Holdings (%)

Fila Korea Ltd	4.2
China Railway Construction	3.8
Hyundai Heavy Industries	3.8
PetroChina Co Ltd	3.3
Swire Pacific Ltd	3.2
Total Number of Holdings	37

Portfolio Financial Ratios

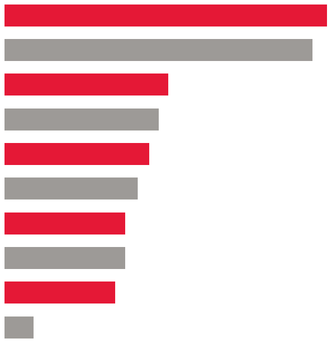
Predicted Price/Earnings Ratio	12.5x
Predicted Return on Equity (%)	13.9
Predicted Dividend Yield (%)	2.9

Risk Metrics

Tracking Error (% pa)	6.33
Beta	0.85
Alpha	1.40
Volatility (%)	17.19
Sharpe Ratio	0.51

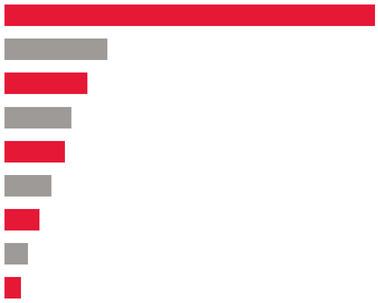
Thematic Breakdown (%)

Infrastructure/Logistics/Property	20.1
Energy/Energy Services/Resources	19.2
Local Brands	10.2
Healthcare	9.6
Financialisation	9.0
Cash	8.3
Vietnam	7.5
Leisure/Tourism	7.5
Artificial Intelligence/Internet	6.9
Education	1.8



Geographical Breakdown (%)

Hong Kong/China	46.2
Australia	12.8
Korea	10.3
Cash	8.3
Vietnam	7.5
India	5.8
Singapore	4.3
Taiwan	2.9
Philippines	2.0



All data as at 31.10.18. 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	233.70
B	USD	Unhedged	Distributing	B0M9LL2	IE00B0M9LL22	233.85
C	GBP	Hedged	Distributing	B18RM25	IE00B18RM256	124.65
D	SGD	Hedged	Distributing	B3LYLK8	IE00B3LYLK86	319.82

Performance fee based on individual investor's holding.

U	GBP	Unhedged	Distributing	BBQ37S6	IE00BBQ37S60	166.17

Performance fee based on fund performance as a whole.