Prusik Asia Fund

Growth Investing in Asia

PRUSIK

30 November 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)	124.1m
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 (%)

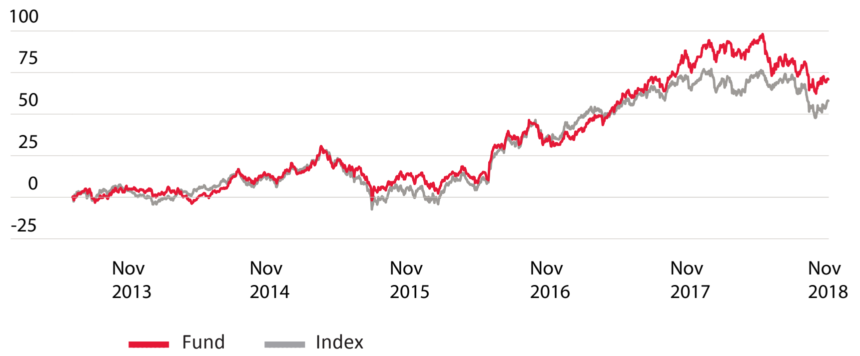
	U (GBP)	Index (GBP)
1 Month	3.48	4.61
3 Month	-4.94	-5.80
Year to Date	-6.74	-5.90
Since Launch	71.95	60.80
Annualised†	10.53	9.17

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

November saw the best returns of the year since January, with the M2APJ index posting a gain of 4.61%. The fund rose 3.48%, held back a little by energy stocks as oil prices fell, as we had warned might be the case last month. Our strongest performance came from Korean fashion brand **Fila Korea** and our China portfolio also saw good gains, led by **Haier Electronics** (white goods) and **Kingdee International** (cloud services and software).

We believe the savage correction we have seen recently in oil has probably now seen the worst. Trump's hard line on Iranian sanctions and pressure on Saudi Arabia to produce more oil to compensate for this ended in a short-term oversupply situation after he later relented on China and a handful of other countries having to comply on Iran. The oil price is extraordinarily sensitive to variations of even 1 million barrels per day out of the nearly 100 million barrels the world consumes, as has just been demonstrated. We fully expect that supply cuts amongst 'OPEC+' at the coming 6th December summit, as well as Canada's recent cuts and this season's exceptionally cold weather, will support the oil price into the new year. However, the real surprise is likely to come from the demand side, especially from China. China uses fewer barrels of oil per day per head than Thailand but statistics from the car and domestic tourism sectors both suggest that the Chinese are starting to buy more cars and, moreover, to use cars in the way more developed countries do, for example, for leisure and weekend trips away. As China's GDP per capita crosses the $10,000 threshold, as it is now doing, we should expect to see a dramatic upswing in car usage and, therefore, oil demand. Analysts suggest that if oil usage per capita in China reaches that of Thailand, this would mean an additional demand of 13 million barrels per day. This pressure will start to build against the oil suppliers revealing their lack of investment in new capacity over the last few years.

Perhaps most notable last month was that the market staged a recovery even though the MSCI earnings forecasts for 2018 were cut by 1.5% to 11.2% versus expectations of 14.0% only three months ago. This counterintuitive move perhaps reflects the extreme value we are now seeing. There is also a sense that we may see a more measured approach to the trade war between China and the US, as well as a rising chance that China will come out with more significant economy supporting policies as we move into next year. These would all be very supportive for Asian equities.

We see the divergence this month between negative news flow and positive stock moves as a strong sign to investors who have been waiting to buy the Asian markets. We often get a second chance in Asia and this may come before Chinese New Year. However, we note that we are already seeing significant new inflows to Emerging Market funds, so this may be short lived. We believe time will show that this will have been a good entry point for Asian markets.

All data as at 30.11.18. Source: Prusik Investment Management LLP, unless otherwise stated.

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Prusik Asia Fund

Top 5 Holdings (%)

Hyundai Heavy Industries	3.9
Melco International Development	3.7
China Railway Construction	3.7
Swire Pacific Ltd	3.3
China Communications Construction	3.3
Total Number of Holdings	37

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.9x
Predicted Return on Equity (%)	14.3
Predicted Dividend Yield (%)	2.8

Risk Metrics

Tracking Error (% pa)	6.34
Beta	0.84
Alpha	1.18
Volatility (%)	17.24
Sharpe Ratio	0.55

Thematic Breakdown (%)

Infrastructure/Logistics/Property	20.2
Energy/Energy Services/Resources	17.9
Leisure/Tourism	11.3
Artificial Intelligence/Internet	10.0
Local Brands	9.9
Financialisation	9.1
Vietnam	7.9
Healthcare	6.7
Cash	5.2
Education	1.9

Geographical Breakdown (%)

Hong Kong/China	53.9
Australia	12.1
Korea	8.8
Vietnam	8.0
Cash	5.2
Singapore	4.2
India	3.2
Taiwan	2.6
Philippines	1.9

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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	242.03
B USD	Unhedged	Distributing		B0M9LL2	IE00B0M9LL22	242.18
C GBP	Hedged	Distributing		B18RM25	IE00B18RM256	128.81
D SGD	Hedged	Distributing		B3LYLK8	IE00B3LYLK86	330.80

Performance fee based on individual investor's holding.

Share Class				Sedol	ISIN	Month-end NAV
U GBP	Unhedged	Distributing		BBQ37S6	IE00BBQ37S60	171.95

Performance fee based on fund performance as a whole.