

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

28 April 2017

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)	73.2m
Launch date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

	A USD	U GBP
1 Month	3.02	-0.63
3 Month	11.39	8.06
Year to Date	15.29	10.76
Since Launch	116.57	47.71
Annualised [†]	6.91	10.72

Source: Morningstar.

Launch Date: A: 07.10.05, U: 13.07.13

[†]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 A USD (%)



Source: Morningstar. Total return net of fees.

Fund Manager Commentary

April was another good month for the index and the fund with the Asia ex-Japan index rising 1.6%, whilst the fund returned 3.0%, outperforming by 1.4%. Key areas of strength were China, Korea and Taiwan, led by our holding in **Beijing Capital International Airport**, which is geared into our leisure and tourism theme, **Samsung Electronics**, which we hold as part of our artificial intelligence theme and **Phu Nhuan Jewellery**, the leading gold jewellery retailer in Vietnam. Overall, our investments in Australia and Indonesia were a slight drag on performance. At the stock level, virtual reality play, **HTC**, Vietnamese brokerage firm, **Saigon Securities** and recent new addition in our artificial intelligence theme, **iFlytek**, all had a weaker month.

Beijing Capital International Airport was surrounded by a flurry of good news in April. Perhaps the most exciting turn of events related to the company's duty free sales business. While airports, on the one hand, are a play on rising passenger growth, they are also driven by duty free retail sales as it is relatively easy to lure passengers who are captive in an airport and surrounded by tax free goods to open their wallets and start shopping. Part of the original investment case for **Beijing Capital** was centred on the 'under-utilised' duty free business. **Beijing Capital's** rolling annual contracts and a lack of competition meant the current operator for **Beijing Capital's** duty free retail space was under-managing the business. Crucially, **Beijing Capital's** revenue share of the duty free business is also around 20-25%, significantly below the c.40% revenue share for regional peers. **Beijing Capital** has just re-tendered its duty free business and while the final selection has not been confirmed it is broadly believed that all 4 bidders have submitted proposals with 40% revenue share or more. Add in the fact that the CAAC has also just ruled that key aeronautical fees can be increased and the company announced 41% year on year net profit growth in its 1Q17 results and it comes as no surprise that the shares were up 18.1% in April.

Staying with China, probably one of the key developments at the country's macro policy level in recent months is China's 'One Belt One Road' (OBOR) strategy. This multi-year plan to build an infrastructure network linking China with the rest of Asia, the Middle East and Africa is already having a tangible effect on countries across the region. In addition to the China-Pakistan Economic Corridor (CPEC), we are seeing a significant uptick in infrastructure spending in Malaysia, driven by OBOR. To this end we have invested in **Sunway Construction** and **Econpile**. Both companies are trading on mid-teen P/E multiples and have order book visibility to 2019, thanks to OBOR.

All data as at 28.04.17. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.6
Indiabulls Housing Finance Ltd	4.9
Tencent Holdings Ltd	4.8
Vietnam Dairy Products	4.2
Haier Electronics	3.5

Total Number of Holdings	36
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Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.5x
Predicted Return on Equity (%)	18.9

Risk Metrics

Tracking Error (% pa)	12.35
Beta	0.59
Alpha	1.74
Volatility (%)	16.23
Sharpe ratio	0.58
% of the portfolio which could be sold in 2 business days	99.00

Thematic Breakdown (%)

Financialisation	25.5	<div></div>
Artificial Intelligence/Virtual Reality	23.2	<div></div>
Vietnam	15.7	<div></div>
Internet	9.4	<div></div>
Infrastructure/Logistics/Property	8.3	<div></div>
Local Brands	8.2	<div></div>
Leisure/Tourism	7.0	<div></div>
Cash	2.8	<div></div>

Geographical Breakdown (%)

Hong Kong/China	35.4	<div></div>
Vietnam	15.7	<div></div>
Taiwan	12.5	<div></div>
Korea	10.2	<div></div>
Pakistan	6.8	<div></div>
India	4.9	<div></div>
Australia	4.6	<div></div>
Cash	2.8	<div></div>
Indonesia	2.3	<div></div>
Thailand	2.2	<div></div>

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Management Fees

Annual Management Fee

1.5% p.a. Paid monthly in arrears

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

Performance Fee

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

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

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	216.57
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	216.70
C GBP Hedged Distributing	B18RM25	IE00B18RM256	118.80
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	300.85

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	147.71
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Performance fee based on fund performance as a whole.

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