

# Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 July 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)	85.8m
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	2.73	3.67
3 Month	11.69	8.04
Year to Date	23.70	18.28
Since Launch	64.97	60.04
Annualised <sup>†</sup>	13.05	12.20

Source: Morningstar.

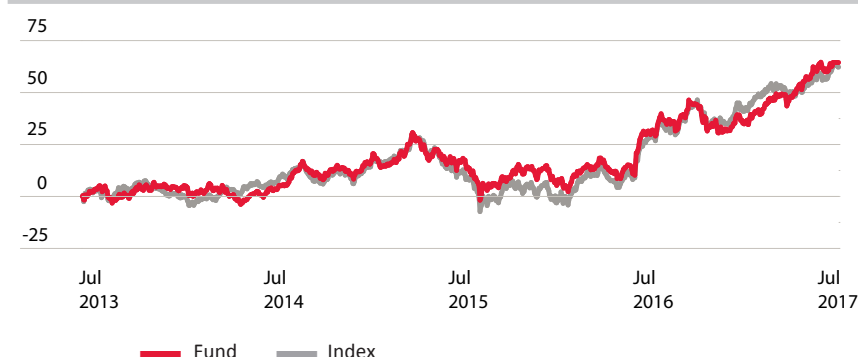
Launch Date: U: 01.07.13

<sup>†</sup>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 July the index, which rose 3.7%, was driven by a very strong rise in China. Our China portfolio did well over the month but some negative moves in South East Asia contributed to a small underperformance for the fund, which rose 2.7%. There was no general thematic trend behind the underperformance. From a stock specific perspective, our weaker holdings included China artificial intelligence market leader in vision technology, **Hangzhou Hikvision**, and Vietnamese broker, **Saigon Securities**. We would note that both companies reported very good 1Q17 results in July with earnings per share up 22% and 17% year on year, respectively, and so while share prices may have been soft, fundamentals remain strong.

From a country perspective, Vietnam and Pakistan contributed nearly 1% of the underperformance, with Pakistan causing the lion's share of this. In Pakistan the PM, Nawaz Sharif, has been under investigation for some time with regard to allegations of corruption and money laundering as part of the Panama Papers. These investigations came to a head in July with it looking increasingly likely that the PM would be ousted, creating significant negative sentiment and a de-rating of the market. At the time of writing the PM has finally been deposed. Pakistan will now enter a transition period after which the PM's brother, Punjab's Chief Minister, Shahbaz Sharif, will become the elected PM.

This political uncertainty has also come at the same time as Pakistan exiting the MSCI Frontier Markets index and entering the Emerging Markets index. Selling by the Frontier funds has not been matched by the Emerging Market passive inflows and anecdotal evidence suggests that active Emerging Market managers remain on the sidelines, at least for now. These flows have provided further impetus to the recent market weakness.

While politics is likely to continue to guide market sentiment in the very short term, we would note that the Pakistan KSE-100 index is now on 9.5x P/E, having de-rated from a high of 12x P/E in just a matter of months. As such, we are assessing whether this de-rating has sufficiently opened up valuation opportunities in select stocks. Indeed, the bigger picture fundamentals for Pakistan remain positive with earnings forecast to grow by 12% in the next year, interest rate cuts to the tune of 50bps expected by mid-next year and of course further progress is anticipated in the CPEC project to support GDP growth.

Overall the fund is on 14.9x P/E with 20.3% ROE which compares well with the index which is on 14.4x P/E with 12.6% ROE.

All data as at 31.07.17. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asia Fund



## Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.1
Tencent Holdings Ltd	5.2
Indiabulls Housing Finance Ltd	4.8
VNDIRECT Securities Corp	3.9
Ping An Insurance Group	3.7
Total Number of Holdings	35

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.0x
Predicted Return on Equity (%)	20.3

## Risk Metrics

Tracking Error (% pa)	12.25
Beta	0.59
Alpha	2.15
Volatility (%)	16.13
Sharpe ratio	0.65
% of the portfolio which could be sold in 2 business days	98.00

## Thematic Breakdown (%)

Financialisation	26.7	
Artificial Intelligence/Virtual Reality	19.4	
Vietnam	16.0	
Infrastructure/Logistics/Property	11.0	
Internet	10.5	
Local Brands	7.2	
Leisure/Tourism	6.1	
Cash	3.1	

## Geographical Breakdown (%)

Hong Kong/China	35.4	
Vietnam	16.0	
India	9.5	
Korea	9.3	
Taiwan	8.2	
Malaysia	4.7	
Indonesia	4.3	
Australia	4.0	
Pakistan	3.7	
Cash	3.1	
Thailand	1.8	

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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 highwater 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	241.83
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	241.98
C GBP Hedged Distributing	B18RM25	IE00B18RM256	132.23
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	335.17

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	164.97
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Performance fee based on fund performance as a whole.

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