

# Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 October 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)	94.0m
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	6.20	5.14
3 Month	5.98	4.11
Year to Date	31.10	23.14
Since Launch	74.84	67.77
Annualised <sup>†</sup>	13.76	12.68

Source: Morningstar.

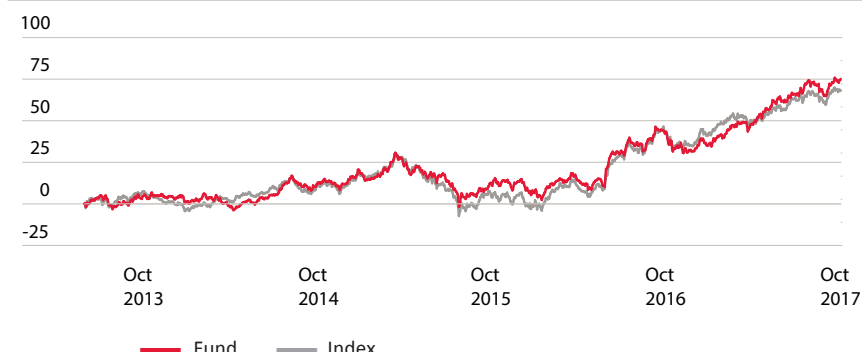
Launch Date: U: 01.07.13

<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 October, the M2APJ index was once again very strong, rising 5.1% in sterling terms whilst the Prusik Asia Fund rose more than the index, returning 6.2% in sterling terms during the month, 1.1% ahead of the index. The positive contributors were undoubtedly China, which continues to lead the region up this year, as well as Korea and Taiwan. Chinese artificial intelligence leader, **Hanzhou Hikvision**, which specialises in face and movement recognition, was one of our best performers this month. It has recently announced an exciting new product based on a 'AI Cloud' framework, aimed at surveillance and highlighting the newest trend which processes visual data in situ and only sends relevant information back, to the cloud, thereby cutting latency. It has also recently won a large Smart City project in Singapore. **Samsung Electronics** was also very strong this month, and has recently announced it will increase its 2018 dividend by 100%. Our financialisation theme also did well with **China Taiping** leading the way.

The negatives for the month were, once again, Pakistan, followed by Vietnam and Thailand. In Pakistan, the political situation remains unstable but not worse and our holdings here now look very attractively valued and continue to operate well. **Habib Bank**, for example, has just reported domestic loan growth up 28% year on year for 3Q17. In Vietnam we have been seeing some slight indigestion following a large number of IPOs this year. While we have seen a correction in some of our stocks, we believe the general operating environment is still very bright, especially for the likes of branded jewellery company, **Phu Nhuan Jewelry**.

We would caution that after a very strong run for the market this year, there is bound to be a correction before long. Some danger signs are already emerging around US equities such as brokerage account openings now at an all-time high, whilst outstanding margin positions are also at an all-time peak. So, where does that leave Asia?

Firstly, international investors are still woefully underweight Asia, especially China. We believe this will see a 180 degree change before the cycle for Asia is over.

Secondly, domestic investors in Asia are on the rise. In the same way that many middle class trends of the developed markets are taking off in Asia, for example, leisure pursuits and travel, so is the savings industry. In the young demographic markets alone there are over 2 billion future savers.

Thirdly, China influences everything and the current signs - despite what you may have read in The New York Times or The Financial Times - are positive and stable. Foreign headlines are consistently negative about China but this is most likely wishful thinking. China is, in fact, becoming very powerful, especially as a geopolitical force in Asia, and is a source of huge investment overseas which will power growth across many countries in the region (this is the OBOR policy already at work). The benefit to global stability of this rising power is a discussion for 5-10 years from now. The economic effects, however, are positive and will be felt much sooner.

All data as at 31.10.17. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asia Fund



## Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.4
Tencent Holdings Ltd	5.3
Hangzhou Hikvision Digital-A	4.4
Ping An Insurance Group	4.0
Vietnam Dairy Products	3.3
Total Number of Holdings	38

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.2x
Predicted Return on Equity (%)	20.8

## Risk Metrics

Tracking Error (% pa)	6.39
Beta	0.81
Alpha	1.38
Volatility (%)	16.56
Sharpe ratio	0.86
% of the portfolio which could be sold in 2 business days	95.52

## Thematic Breakdown (%)

Financialisation	26.5	<div></div>
Artificial Intelligence/Virtual Reality	15.8	<div></div>
Vietnam	14.4	<div></div>
Infrastructure/Logistics/Property	13.9	<div></div>
Internet	10.8	<div></div>
Local Brands	5.2	<div></div>
Leisure/Tourism	5.1	<div></div>
Cash	4.4	<div></div>
5G	3.9	<div></div>

## Geographical Breakdown (%)

Hong Kong/China	40.0	<div></div>
Vietnam	14.4	<div></div>
Korea	9.7	<div></div>
Taiwan	7.7	<div></div>
India	7.6	<div></div>
Cash	4.4	<div></div>
Australia	4.2	<div></div>
Indonesia	4.0	<div></div>
Malaysia	3.9	<div></div>
Pakistan	2.6	<div></div>
Thailand	1.6	<div></div>

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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	256.26
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	256.43
C GBP Hedged Distributing	B18RM25	IE00B18RM256	139.58
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	354.73

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	174.84
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Performance fee based on fund performance as a whole.

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