

# Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

30 June 2016

## 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)	55.3m
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	1.16	9.96
3 Month	0.79	7.83
Year to Date	-2.91	7.22
Since Launch	89.94	23.04
Since Launch <sup>†</sup>	6.16	7.16

Source: Morningstar.

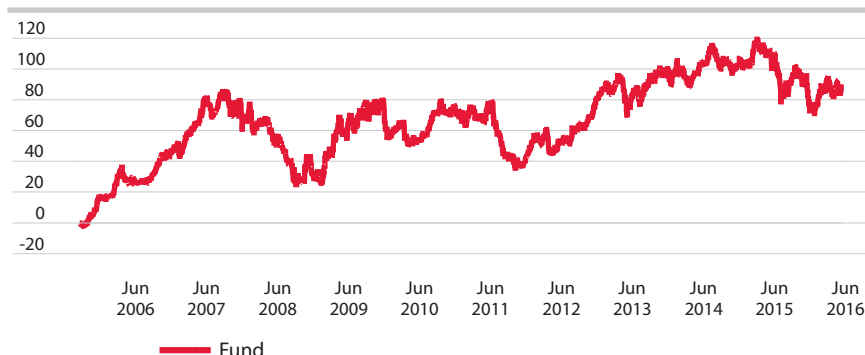
Launch Date: A: 07.10.05, U: 13.07.13

<sup>†</sup>Annualised 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

In June the Asia ex-Japan index rose 2.2% whilst the Prusik Asia Fund rose 1.2%. The underperformance was mainly driven by weakness in a small number of unrelated stocks and themes. China e-commerce giant, **JD.com**, has undergone a significant de-rating, despite showing strong growth, and is now trading on just 0.7x price to sales, many times below its China e-commerce peer, Alibaba, which is on 9.1x price to sales. Elsewhere, Australian wine brand, **Treasury Wine Estates**, underwent a correction after a strong run.

On the positive side, Vietnam continued to thrive, led by the local branded gold retailer, **Phu Nhuan Jewellery**. Our Australian gold mining company, **Newcrest Mining**, also performed very strongly in the month. With the gold price up nearly 30% year to date and increased macro uncertainty post Brexit, it is little surprise that gold stocks have seen a resurgence. In the case of **Newcrest**, we are also encouraged by the strong turnaround in the company's operational performance post changes to senior management.

Looking into the future, there are catalysts coming which we think could turn the fortunes of Asia, especially Hong Kong and China. Firstly, we expect imminently the announcement of the second tranche of the Hong Kong - China Stock Connect programme. The first round, announced in April 2014 and launched in November of the same year, acted as a catalyst for a 25% return for the Hong Kong index between April 2014 and mid June 2015 and a 163% return for the Shanghai index over the same period. Any rebound in the China A-share market would bode very well for our Chinese insurance holdings, particularly in light of their now rock bottom valuations. **China Taiping**, for example, is currently on just 0.45x price to embedded value.

Secondly, we have been on the road a lot since Brexit (which we believe will have a minimal impact on Asia unless Europe deteriorates further) and we find that almost everyone we speak to is either at best neutral or at worst very negative and underweight Asia and Emerging Markets. However, with Europe facing stronger headwinds, Asia is clearly becoming a more attractive prospect to international investors. Asia, at its most broad description, delivers about 60% of the world's growth, half of that from China, and the Asian index is just 9% above historic price to book lows.

All data as at 30.06.16. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asia Fund



## Top 5 Holdings (%)

Phu Nhuan Jewelry	5.7
AIA Group Ltd	5.7
Vietnam Dairy Products	5.4
Newcrest Mining Ltd	5.2
Tencent Holdings Limited	4.6
Total Number of Holdings	27

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	17.0x
Predicted Return on Equity (%)	15.5

## Risk Metrics

Tracking Error (% pa)	16.92
Beta	0.58
Alpha	1.68
Volatility (%)	16.50
Sharpe ratio	0.50
% of the portfolio which could be sold in 2 business days	95.10

## Thematic Breakdown (%)

Vietnam	24.6	<div></div>
Clean Energy	13.6	<div></div>
Financials	11.7	<div></div>
Local Brands	10.9	<div></div>
Internet	10.6	<div></div>
Other	7.8	<div></div>
Cash	5.7	<div></div>
Leisure/Tourism	5.2	<div></div>
Infrastructure/Logistics/Property	3.9	<div></div>
Data	3.2	<div></div>
Virtual Reality	2.9	<div></div>

## Geographical Breakdown (%)

Hong Kong/China	39.9	<div></div>
Vietnam	24.6	<div></div>
Australia	9.5	<div></div>
Korea	6.8	<div></div>
Cash	5.7	<div></div>
Thailand	3.9	<div></div>
Philippines	3.6	<div></div>
India	3.2	<div></div>
Taiwan	2.9	<div></div>

All data as at 30.06.16. Source: Prusik Investment Management LLP, unless otherwise stated.

## 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	189.94
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	190.06
C GBP Hedged Distributing	B18RM25	IE00B18RM256	104.61
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	264.43

Performance fee based on individual investor's holding

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	123.04
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Performance fee based on fund performance as a whole

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