

# Prusik Asian Smaller Companies Fund



GROWTH INVESTING IN ASIA

PRUSIK

29 March 2019

## Monthly Fund Fact Sheet

### Investment Objective

To preserve capital and generate absolute returns over a full economic cycle by investing primarily in Small Cap companies in Asia Pacific ex-Japan, whilst maintaining portfolio volatility significantly below the peer group.

### Fund Facts

Fund Size (USD)	33.6m
Launch date	8 February 2008
Fund Managers	Heather Manners Anna Gallagher
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

### Performance (%)

	A USD	C GBP	D SGD
1 Month	2.35	2.18	2.30
3 Month	7.67	7.13	7.43
Year to Date	7.67	7.13	7.43
Since Launch	51.49	54.39	9.61
Annualised <sup>†</sup>	3.80	4.02	1.00

Source: Morningstar.

Launch Date: A: 08.02.08, C: 25.03.08, D: 15.01.10

<sup>†</sup>Since Launch Performance

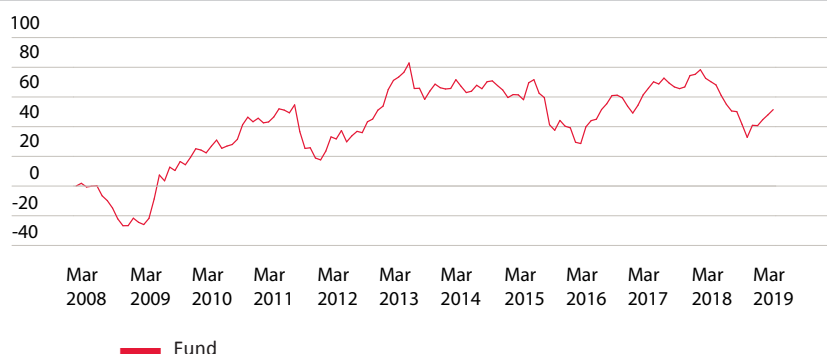
### Investment Process

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.

### Dividend Dates

Dividends paid twice annually (January and July)

### Fund Performance - Class A USD (%)



Source: Morningstar. Total return net of fees.

### Fund Manager Commentary

In March, the fund returned 2.35% which was 0.80% ahead of the main Asia ex-Japan index return of 1.55%. India was the largest positive contributor to performance in the month with both the main index in India, and Indian small caps in particular, performing strongly. With the exception of **Makemytrip.com**, all of our holdings posted positive returns in March. This was led by a rebound in our Indian non-bank financial company, **Edelweiss**, on which more below. We also saw robust returns in Vietnam and Pakistan. Finally, **Sea Ltd**, after exceptional performance in February remained buoyant in March, posting a rise of 9.4%. The main drag on performance was the Philippines as **Philippine Seven**, one of our largest holdings, was subdued on no news. The fund's Indonesia exposure was also unhelpful as all of our holdings there saw modest declines.

Post a sharp correction through January and February, **Edelweiss** returned 47.8% in March following an announcement that a leading institutional Canadian pension fund, CDPQ, intends to invest roughly US\$250 million in **Edelweiss** to help build out the company's credit platform. CDPQ is already a sizeable investor in **Edelweiss**, having made a multi-million dollar investment in the company's asset reconstruction business in 2016. Not only does the deal allay any concerns regarding the need for fundraising, it will also enable **Edelweiss** to make significant investments in technology to expand its credit business. Michael Sabia, President and CEO of CDPQ stated, "We are glad to strengthen and expand our partnership with **Edelweiss Group**, with whom we share a common mindset and who has one of the most innovative credit investing platforms in India. This new investment capitalizes on solid growth in the financing demand from SMEs and residential sectors, both of which are key drivers in sustaining India's future growth". Despite this strong run-up, **Edelweiss** is still trading below its 5-year average price to book ratio at 2.2x P/B versus a 5-year average of 2.4x P/B.

Elsewhere, we took advantage of the cooler market environment in Indonesia to initiate a new position in **Ciputra Development**, a property developer with a 38-year track record and with the widest geographical coverage amongst its peers, spanning 75 township projects in 33 cities. After several years of weak pre-sales the stock has been de-rated to 1.3x P/B down from a peak of 4.0x P/B and according to sell-side analysts is trading at a 70% discount to NAV. Management believe in holding inventory during down cycles rather than selling units at large discounts and are focused on the middle to lower middle income segment, in particular landed houses, all of which we view positively. Owing to these factors, **Ciputra** is well placed to benefit from any pick up in the property market in Indonesia should interest rates soften and the tight regulations, which have characterised the industry for the past 4-5 years, ease. The purchase was partly funded by selling the fund's remaining position in **Power Construction JSC No 1** in Vietnam, a power grid construction company which has been plagued by slowing earnings growth. At the time of writing, **Ciputra** has just released 4Q18 results which are significantly ahead of expectations.

All data as at 29.03.19. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

Philippine Seven Corporation	6.9
FPT Corporation	6.8
Mobile World Investment Corporation	6.3
Ace Hardware Indonesia	4.7
Sea Ltd	4.3
Total Number of Holdings	38

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.9x
Predicted Return on Equity (%)	21.6
Predicted Dividend Yield (%)	2.5

## Risk Metrics

Tracking Error (% pa)	13.22
Beta	0.58
Alpha	1.18
Volatility (%)	15.37
Sharpe Ratio	0.38

## Thematic Breakdown (%)

Modern Retail	30.1	<div></div>
Leisure/Tourism	16.1	<div></div>
Communication Technology	15.0	<div></div>
Local Brands	14.3	<div></div>
Infrastructure	12.4	<div></div>
Financialisation	11.0	<div></div>
Cash	1.2	<div></div>

## Geographical Breakdown (%)

India	31.1	<div></div>
Vietnam	27.0	<div></div>
Indonesia	15.6	<div></div>
Philippines	13.7	<div></div>
Pakistan	5.5	<div></div>
Singapore	4.3	<div></div>
Sri Lanka	1.6	<div></div>
Cash	1.2	<div></div>

All data as at 29.03.19. Source: Prusik Investment Management LLP, unless otherwise stated.

## Management Fees

### Annual Management Fee

1.5% p.a. Paid monthly in arrears

### Performance Fee

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

Class U: 10% NAV appreciation with a 1.5% hurdle, quarterly

## Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Weekly, Friday
Min. Initial Subscription	USD 10,000
Subscription Notice	2 business days
Redemption Notice	2 business days

## Share Class Details

Share Class	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B2PKN21	IE00B2PKN210	151.49
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	143.72
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	72.77
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	194.64
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	98.69

Performance fee based on individual investor's holding.

Performance fee based on fund performance as a whole.

This document is issued by Prusik Investment Management LLP and is for private circulation and information purposes only. Prusik Investment Management LLP is authorised and regulated by the Financial Conduct Authority in the United Kingdom and in the United States of America by the Securities and Exchange Commission as an Exempt Reporting Adviser. The information contained in this document is strictly confidential and does not constitute investment advice, nor an offer or solicitation to buy or sell any securities and or derivatives or to make any investment decision and may not be reproduced, distributed or published by any recipient for any purpose without the prior written consent of Prusik Investment Management LLP.

The value of investments and any income generated may go down as well as up and is not guaranteed. You may not get back the amount originally invested. Past performance is not a guide to, or indicative of, future results. Changes in exchange rates may have an adverse effect on the value, price, or income of investments.

The information and opinions contained in this document are for background purposes only, and do not purport to be full or complete. Please refer to the fund prospectus for more detail. The information given is not exhaustive and does not constitute legal or tax advice. Prospective investors and investors alike should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of shares under the laws of the jurisdictions in which they may be subject to tax. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by any of Prusik Investment Management LLP, its partners or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed for any purpose on the information and opinions contained in this document.