

Prusik Asian Smaller Companies Fund



GROWTH INVESTING IN ASIA

PRUSIK

30 November 2018 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)	34.4m
Launch date	8 February 2008
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

	A USD	C GBP	D SGD
1 Month	6.11	5.88	5.97
3 Month	-6.14	-6.61	-6.45
Year to Date	-19.59	-21.00	-20.43
Since Launch	40.91	44.71	2.30
Annualised [†]	3.22	3.52	0.26

Source: Morningstar.

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

[†]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

November marked a very positive month for the fund with the fund rising 6.1%, which was 1.6% ahead of the main Asia ex-Japan index. Notably, small caps overall outperformed in November. During the month we saw positive returns in all of our invested geographies with the exception of Malaysia and Pakistan. In particular, our Indonesia portfolio saw very strong returns, up 25.7%, led by **Bank Tabungan**, our mortgage focused lender, and **Ace Hardware**, the country's dominant DIY and lifestyle retailer. Currencies were also helpful with around 40% of the NAV increase in November coming from currency appreciation.

We travelled to India in the month with the intention of gaining an on the ground perspective on the Non-Bank Financial Companies (NBFCs), which recently corrected due to a liquidity squeeze, and developing our understanding of the internet industry in India. We have written in detail on both of these subjects in our recent quarterly.

Regarding the NBFCs, our meetings indicated that we may need to wait until March next year to gain full clarity on the liquidity environment given that a sizeable commercial paper rollover is due in December and there is another natural dip in liquidity towards the financial year end in March. We also noted that there is significant stress amongst the small and mid-sized property developers in India and the health of the NBFC sector will partly depend on these stresses not materialising on the NBFCs' books to a significant extent. The smaller size and scale of these struggling developers, however, tips the balance of probabilities away from this becoming a crisis-level event. Finally, the political will to support both the financial and property sector in India appears to be high and there are sufficient levers for the authorities to pull. Interestingly, the property sector is one of the largest funders of elections in India and with the elections now just around the corner the appetite for a widespread fallout in this sector at this point in time is low. In addition, after two years of a generally tighter liquidity environment in India post demonetisation and GST, there is both scope and openness to supporting liquidity overall.

Our meetings with a host of India's leading listed and unlisted internet companies was nothing short of fascinating. What was very clear is that there is tremendous scope for growth in the online space in India. For example, the ecommerce market in India is less than a tenth of the size of China's and smartphone penetration is around half that in China. Moreover, the industry appears to be at an inflection point with ecommerce growth rates recently accelerating from around 20% to over 50%. This is all being aided by the cheap data being provided by new entrant to the telco market, Reliance Jio (now 80% of all data consumption in India) and rising incomes. The number of listed entities in the Indian internet market is currently limited, although we expect this to change. Following the trip, we initiated a new position in **Info Edge**. **Info Edge** has over 70% share of the online recruitment classifieds market and a 50% share of the online real estate classifieds market. It also has stakes in the leading insurance price comparison website in India, policybazaar.com and jointly-leading food delivery business in India, Zomato, which recently received a US\$210 million investment from Alibaba. The business is profitable, very cash generative and has well-regarded management who were the original founders of the company.

All data as at 30.11.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Ace Hardware Indonesia	6.7
FPT Corporation	6.3
Mobile World Investment Corporation	6.1
Philippine Seven Corporation	6.0
Taseco Air Services	4.1
Total Number of Holdings	38

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	13.3x
*Historic Return on Equity (%)	17.8
Predicted Dividend Yield (%)	2.4

* Historic used as Sea Ltd has a negative predicted ROE which distorts, disproportionately, the predicted portfolio ROE.

Risk Metrics

Tracking Error (% pa)	13.33
Beta	0.58
Alpha	1.00
Volatility (%)	15.45
Sharpe Ratio	0.33

Thematic Breakdown (%)

Modern Retail	23.6	<div></div>
Local Brands	18.6	<div></div>
Leisure/Tourism	18.3	<div></div>
Communication Technology	18.0	<div></div>
Infrastructure	10.1	<div></div>
Financialisation	7.7	<div></div>
Cash	3.6	<div></div>

Geographical Breakdown (%)

India	30.0	<div></div>
Vietnam	25.1	<div></div>
Indonesia	15.4	<div></div>
Philippines	11.2	<div></div>
Sri Lanka	5.5	<div></div>
Cash	3.6	<div></div>
Malaysia	3.6	<div></div>
Pakistan	3.2	<div></div>
Singapore	2.3	<div></div>

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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	140.91
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	134.90
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	68.84
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	183.30
Performance fee based on individual investor's holding.			
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	95.07

Performance fee based on fund performance as a whole.

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