

# Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

28 February 2019

## Monthly Fund Fact Sheet

### Investment Objective

To select a portfolio of equity investments in the Asia Pacific ex-Japan region with above average dividend yields and which have the ability to grow their dividends over time. The fund aims to outperform the MSCI Asia Pacific ex-Japan index by 5-10% annually whilst growing its dividend over time.

### Fund Facts

Fund Size (USD)	904.3m
Launch Date	31 December 2010
Fund Manager	Tom Naughton
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI Asia Pacific ex Japan Index

### Performance - Class B USD (%)

	Fund	Index
1 Month	1.66	2.32
3 Month	8.08	6.76
Year to Date	7.85	9.77
Since Launch	173.64	40.37
Annualised <sup>†</sup>	13.13	4.24

Source: Morningstar.

Launch Date: B: 31.12.10

<sup>†</sup>Since Launch Performance

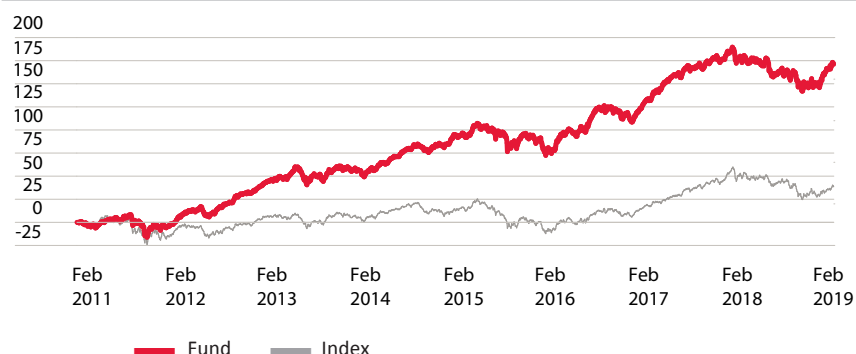
### Investment Process

The process is both quantitative and qualitative with the latter dominating. The universe is screened for those high dividend stocks which have the greatest ability to sustain and grow their dividends over time. A particular emphasis is placed on identifying those companies with exceptional franchises, annuity like cash flows and pricing power which are trading at significant discounts to intrinsic value.

### Dividend Dates

Dividends paid twice annually (January and July)

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



Source: Morningstar. Total return net income reinvested.

### Fund Manager Commentary

The Asian equity markets remained in a bullish mood this month as fears over tightening US monetary policy, trade wars and a slowing Chinese economy were quickly forgotten. This has led to the MSCI Asia Pacific ex-Japan index moving from 11x earnings in October last year to 13.1x today - an 8% premium to the average P/E ratio this decade. Interestingly, our portfolio trades at only 10.6x earnings which is at an 18% discount compared to the average P/E ratio (for the current stocks that we own) over the same period. Although the upside potential in our portfolio has reduced, we still believe that it is attractive both in absolute terms and relative to the market.

The rise in the markets has caused our cash position to increase as we exited several positions that we had purchased in the last quarter, when sentiment was very depressed. For example, we bought **Sun Hung Kai Properties** at just over HK\$100/share in October 2018 at a distressed valuation of more than a 50% discount to asset value. This month, the stock rallied to HK\$135/share which is close to our assessment of fair value and so we exited the position. Likewise, **Rio Tinto** and **BHP** have also rallied strongly over the last several months and no longer offer such appealing risk/reward profiles. As a result, they too have been sold.

All data as at 28.02.19. Source: Prusik Investment Management LLP, unless otherwise stated.

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## Top 5 Holdings (%)

CK Hutchison Holdings Ltd	6.2
Zhejiang Expressway	5.8
Samsung Electronics Co Ltd - Pref	5.7
Power Grid Corporation of India	4.9
Swire Pacific Ltd	4.8
Total Number of Holdings	30

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	10.6x
Predicted Dividend Yield (%)	5.3

## Risk Metrics

Tracking Error (% pa)	9.29
Beta	0.77
Alpha	9.16
Volatility (%)	13.52
Sharpe Ratio	1.34

## Thematic Breakdown (%)

Transport Infrastructure	15.8	
Communications Infrastructure	15.4	
Real Estate	13.6	
Power Utilities	11.8	
Financials	11.4	
Consumer	8.8	
Cash	8.3	
Cheung Kong / Hutchison	6.2	
Technology	5.7	
Resources	3.0	

## Geographical Breakdown (%)

Hong Kong	29.7	
China	15.4	
India	10.3	
Cash	8.3	
Australia	7.8	
Korea	7.6	
Indonesia	6.2	
Macau	5.0	
Singapore	3.7	
Philippines	3.0	
Thailand	3.0	

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## Management Fees

### Annual Management Fee

1.0% p.a. Paid monthly in arrears

### Performance Fee

Class 1: None

Class 2 and Class U: 10% of the net out-performance of the MSCI Asia Pacific ex-Japan Index, with a high-water mark paid quarterly.

### Temporary Front End Charge:

3% introduced on 2nd December 2013 paid to the benefit of the fund.

## Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Valuation Point	11am UK time
Dealing Cut-off	5pm UK time
Min. Initial Subscription	USD 10,000
Min. Subsequent Subscription	USD 5,000

## Share Class Details

Class 1	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B4MK5Q6	IE00B4MK5Q67	281.49
B USD Unhedged Distributing	B4QVD94	IE00B4QVD949	197.29
C GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	190.62
D SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	187.49

Class 1 shares were closed to further investment on 30th November 2012.

Class 2	Sedol	ISIN	Month-end NAV
X USD Unhedged Distributing	B4PYCL9	IE00B4PYCL99	176.25
Y GBP Hedged Distributing	B4TRL17	IE00B4TRL175	170.91
Z SGD Hedged Distributing	B6WDYZ1	IE00B6WDYZ18	173.95

Class 2 shares were soft closed to new investors as of 30th November 2012. Performance fee based on individual investor's holding.

Class U	Sedol	ISIN	Month-end NAV
U GBP Unhedged Distributing	BBP6LK6	IE00BBP6LK66	166.99

Class U shares are open to current investors only. Performance fee based on fund performance as a whole.

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