

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

28 September 2018

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) | 895.7m |
| 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 | -0.52 | -1.36 |
| 3 Month | 0.30 | -1.33 |
| Year to Date | -6.81 | -5.33 |
| Since Launch | 161.32 | 40.25 |
| Annualised [†] | 13.20 | 4.46 |

Source: Morningstar.

Launch Date: B: 31.12.10

[†]Since Launch Performance

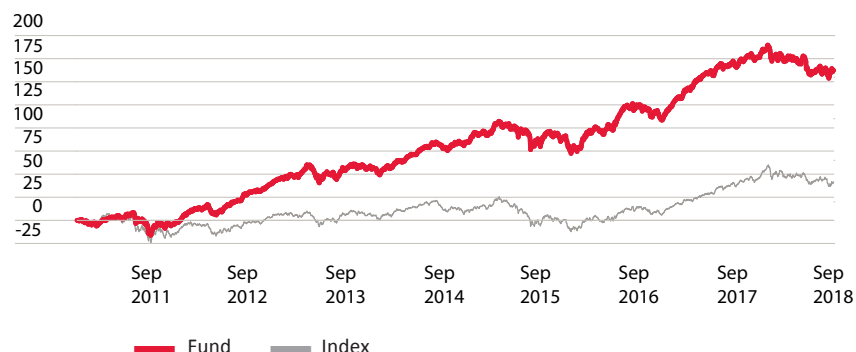
Investment Process

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 Indian financial sector saw significant volatility this month following the news that Infrastructure Leasing & Financial Services (ILFS) had defaulted on one of its bonds. This led to panic in the money markets as mutual funds, which owned this paper, had to sell other bonds to meet redemption requests which pushed up yields for several other issuers, particularly in the non-bank financial sector, of which ILFS was a member.

As a result, the share price of **Indiabulls Housing Finance** fell sharply as investors worried that they would not be able to access funding. This was despite the fact that the company has no asset liability mismatch, a AAA credit rating and had shown the ability to raise bonds at relatively attractive rates of interest despite the panic in the market. Trading at a P/E of 8x earnings, a dividend yield of 5.5% and growing at 20-25% per year, we believe the stock trades at a steep discount to intrinsic value. Although there is no denying running a wholesale funded financial institution in an emerging market is by no means a risk-free investment, the upside potential outweighs the downside risk in our view and we increased the size of our position during the panic. We also took advantage of the skittish markets to buy back into **Wynn Macau**. Due to concerns over a slowdown in the VIP business together with weakness caused by the recent typhoon, the stock has de-rated substantially and now trades on a free cash flow yield of 10% and offers an 8% dividend yield.

All data as at 28.09.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Equity Income Fund



Top 5 Holdings (%)

| | |
|---------------------------------------|-----|
| CK Hutchison Holdings Ltd | 6.4 |
| Samsung Electronics Co Ltd - Pref | 5.7 |
| Beijing Capital International Airport | 5.4 |
| Swire Pacific Ltd | 4.6 |
| Zhejiang Expressway | 4.6 |
| Total Number of Holdings | 32 |

Portfolio Financial Ratios

| | |
|--------------------------------|-------|
| Predicted Price/Earnings Ratio | 10.5x |
| Predicted Return on Equity (%) | 16.2 |
| Predicted Dividend Yield (%) | 5.3 |

Risk Metrics

| | |
|-----------------------|-------|
| Tracking Error (% pa) | 9.31 |
| Beta | 0.78 |
| Alpha | 9.08 |
| Volatility (%) | 13.39 |
| Sharpe Ratio | 1.37 |

Thematic Breakdown (%)

| | | |
|-------------------------------|------|--|
| Transport Infrastructure | 24.9 | |
| Communications Infrastructure | 16.0 | |
| Power Utilities | 12.7 | |
| Financials | 11.9 | |
| Cash | 8.5 | |
| Real Estate | 7.8 | |
| Cheung Kong / Hutchison | 6.4 | |
| Technology | 5.7 | |
| Energy | 3.9 | |
| Consumer | 1.8 | |

Geographical Breakdown (%)

| | | |
|-------------|------|--|
| Hong Kong | 28.9 | |
| China | 15.0 | |
| India | 11.1 | |
| Korea | 10.0 | |
| Cash | 8.5 | |
| Australia | 8.1 | |
| Thailand | 5.6 | |
| Indonesia | 4.6 | |
| Singapore | 3.0 | |
| Philippines | 2.9 | |
| New Zealand | 1.6 | |
| Pakistan | 0.5 | |

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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 | 268.82 |
| B USD Unhedged Distributing | B4QVD94 | IE00B4QVD949 | 192.16 |
| C GBP Hedged Distributing | B4Q6DB1 | IE00B4Q6DB12 | 187.63 |
| D SGD Hedged Distributing | B4NFJT1 | IE00B4NFJT16 | 183.55 |

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 | 171.67 |
| Y GBP Hedged Distributing | B4TRL17 | IE00B4TRL175 | 168.30 |
| Z SGD Hedged Distributing | B6WDYZ1 | IE00B6WDYZ18 | 170.29 |

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 | 165.73 |

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

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