

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

28 June 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)	920.5m
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	4.65	6.42
3 Month	-0.10	0.80
Year to Date	11.48	12.37
Since Launch	182.86	43.69
Annualised [†]	13.02	4.36

Source: Morningstar.

Launch Date: B: 31.12.10

[†]Since Launch Performance

Investment Process

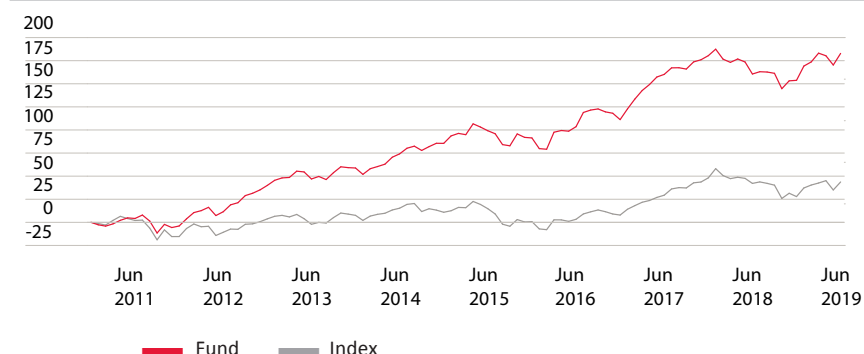
The process is both quantitative and qualitative with the latter dominating. The universe is screened for those high dividend stocks which have the greatest ability to sustain and grow their dividends over time. A particular emphasis is placed on identifying those companies with exceptional franchises, 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

This month we initiated a position in Singaporean bank **OCBC**. Founded in 1932, it has a reputation as being one of the most conservative banks in Singapore and has steadily grown its book value and dividends over the past 25 years. Although there are only three banks in Singapore and they are all relatively similar, we believe **OCBC** is the most attractive because its valuation is the cheapest in the sector and it also has the highest proportion of non-interest income due to its exposure to life insurance (via its holding in Great Eastern) and wealth management.

Despite a strong track record, the stock trades near record low valuations of 1.0x book value due to general concerns about the banking industry as interest rates globally head towards zero. However, the bank currently earns a 11.5% return on equity which we believe is sustainable and which should lead to book value growth of 6-7% and a dividend yield of 4.5%. If the stock returns to its 10-year average Price to Book level of 1.4x in 3 years' time, then this would imply annualised returns of just over 20%.

We have reluctantly sold our holding in **Transurban Group** as the low interest rates in Australia have pushed the valuations of safe, long duration assets to extremely expensive levels. Although **Transurban Group** is an excellent business with good growth potential, we believe that 28x EV/EBITDA is too high a valuation, especially given the high leverage.

All data as at 28.06.19. 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	6.1
Zhejiang Expressway Co	5.7
Power Grid Corporation of India	5.5
Swire Pacific Ltd	5.2

Total Number of Holdings	29
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Portfolio Financial Ratios

Predicted Price/Earnings Ratio	10.6x
Predicted Dividend Yield (%)	5.4

Risk Metrics

Tracking Error (% pa)	9.23
Beta	0.76
Alpha	9.09
Volatility (%)	13.45
Sharpe Ratio	1.33

Thematic Breakdown (%)

Real Estate	19.6	
Communications Infrastructure	16.6	
Financials	16.6	
Power Utilities	12.2	
Transport Infrastructure	9.6	
Consumer	8.3	
Cheung Kong / Hutchison	6.4	
Technology	6.1	
Cash	4.6	

Geographical Breakdown (%)

Hong Kong	32.0	
India	14.5	
China	10.8	
Singapore	8.3	
Macau	7.0	
Korea	6.1	
Indonesia	5.6	
Australia	4.7	
Cash	4.6	
Thailand	3.5	
Philippines	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	290.97
B USD Unhedged Distributing	B4QVD94	IE00B4QVD949	203.94
C GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	195.71
D SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	193.19

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	182.19
Y GBP Hedged Distributing	B4TRL17	IE00B4TRL175	175.27
Z SGD Hedged Distributing	B6WDYZ1	IE00B6WDYZ18	179.24

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	181.07

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

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