

Prusik Asian Smaller Companies Fund



GROWTH INVESTING IN ASIA

PRUSIK

28 June 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)	33.7m
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	2.11	1.94	2.02
3 Month	2.41	1.86	2.16
Year to Date	10.26	9.11	9.74
Since Launch	55.14	57.25	11.97
Annualised [†]	3.93	4.10	1.20

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

The fund returned 2.1% in June which takes the total return for the fund in 1H19 to 10.3%. Although performance in the month lagged the main Asia ex-Japan index (+6.4%) and the Asia ex-Japan small cap index (+3.6%), this was unsurprising given the high single digit index returns for North Asia versus low single digit – and in some cases negative – index returns for South and South East Asia. Positively, the fund outperformed each of its geographic indices in June with the exception of Indonesia. The strongest absolute and relative returns for the fund were seen in Vietnam, the Philippines and Singapore (courtesy of **Sea Ltd**), whilst Indian small caps declined slightly and the Pakistan market was weak. On a stock by stock basis, **Sea Ltd**, **Philippine Seven** and **Mobile World Group** were the key positive contributors, while at the opposite end of the scale, **Edelweiss Financial Services** exhibited continued volatility and corrected post strong returns in May.

Sea Ltd, the leading mobile gaming and ecommerce company across ASEAN, saw another month of above index returns, rising 16.8% in June. Free shipping promotions and other aggressive activities led to a jump in app downloads for its ecommerce platform, Shopee, and growing evidence that Shopee is closing the gap or even taking the lead vis à vis its key competitors, Lazada and Tokopedia in Thailand and Indonesia. Elsewhere, mobile phone, consumer electronics and grocery retailer in Vietnam, **Mobile World**, responded positively to news that the company's grocery business is due to be profitable by 2020, a point which investors had hitherto doubted. In the Philippines, convenience store leader, **Philippine Seven**, reported 48% net profit growth prior to IFRS adjustments for 1Q19, prompting a positive market reaction.

At a macro level, the initial post-election excitement in India subsided in June as India announced the weakest quarterly GDP growth in 5 years at 5.8% for 4Q19 (March y/e), the interest rate cut of 25bps was less than expected and Dewan Housing was downgraded to default. Despite these short-term disappointments, we remain wholly positive on India. In the near term, we think further interest rate cuts are likely and stimulatory measures could be in store in the upcoming budget. We would also highlight the government target of compulsory invoice matching for tax collections by January 2020, which, if achieved, bodes well for growth in tax revenues and in turn the country's fiscal position. On a longer-term basis, we believe policies to encourage FDI and the support that Modi's 'Make in India' programme will receive as a result of US-China tensions create long-term structural support for higher GDP growth driven by productivity gains in India.

All data as at 28.06.19. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Philippine Seven Corporation	7.6
FPT Corporation	7.4
Mobile World Investment Corporation	6.8
Sea Ltd	5.0
Ace Hardware Indonesia	4.2
Total Number of Holdings	38

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.2x
Predicted Return on Equity (%)	28.1
Predicted Dividend Yield (%)	2.2

Risk Metrics

Tracking Error (% pa)	13.37
Beta	0.57
Alpha	1.34
Volatility (%)	15.30
Sharpe Ratio	0.39

Thematic Breakdown (%)

Modern Retail	29.9	
Emerging Technology	19.4	
Local Brands	13.3	
Leisure/Tourism	12.6	
Infrastructure	12.2	
Financialisation	10.1	
Cash	2.6	

Geographical Breakdown (%)

India	32.1	
Vietnam	26.4	
Philippines	14.3	
Indonesia	13.9	
Singapore	5.0	
Pakistan	4.2	
Cash	2.6	
Sri Lanka	1.4	

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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	155.14
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	147.19
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	74.12
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	198.84
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	104.39

Performance fee based on individual investor's holding.

Performance fee based on fund performance as a whole.

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