

# Prusik Asia Fund



PRUSIK

GROWTH INVESTING IN ASIA

31 May 2019

## Monthly Fund Fact Sheet

### Investment Objective

To preserve capital and generate absolute returns over a full economic cycle by investing in listed equities in Asia Pacific ex-Japan, whilst maintaining portfolio volatility significantly below the peer group.

### Fund Facts

Fund Size (USD)	131.9m
Launch Date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI Asia Pacific ex Japan Index

### Performance (%)

	U (GBP)	Index (GBP)
1 Month	-3.52	-3.74
3 Month	-0.03	1.51
Year to Date	6.82	6.70
Since Launch	77.99	67.18
Annualised <sup>†</sup>	10.24	9.08

Source: Morningstar.

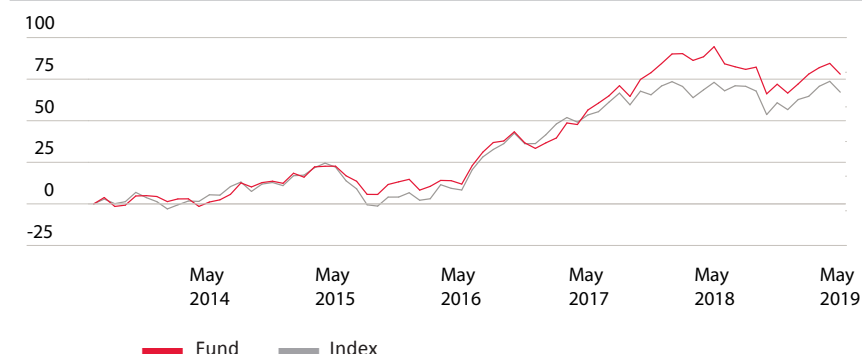
Launch Date: U: 01.07.13

<sup>†</sup>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.

### Fund Performance - Class U GBP (%)



Source: Morningstar. Total return net of fees.

Performance since launch of Class U GBP share class - 01.07.13

### Fund Manager Commentary

In May, the MSCI Asia ex Japan index fell 3.7%, led by declines in China and Hong Kong as the trade war escalated. The fund fell 3.5%, outperforming by 0.20%.

Until recently many wise thinkers were expecting the US posture on tariffs to soften and for a deal to emerge but, in May, it became fully clear that we are in a politics bear market as Trump ratcheted up his tariff threats to China, leaving the Chinese government no off-ramp to an agreement and no way to save face. This caused a sell-off in many risk assets, not least of all in China and Hong Kong, as well as the US. India escaped the worst as an impressive election victory came through for Modi and so that market rallied hard as the month ended. In many ways, therefore, our best and worst country contributors are self-explanatory, with Vietnam (benefitting from manufacturing re positioning away from China) and India leading and China bringing up the rear. At stock level, however, we saw our Aussie resources (**Rio**) and gold miners (**Newcrest Mining**) doing best.

On the last day of May, we saw Trump also put 5% tariffs on Mexican imports, despite Mexico having fully adhered to NAFTA. This puts the concept of making any type of an agreement with the US government into serious question and this will not be lost on China. We have, at the time of writing, also seen the Fed soften its stance considerably. India, however, has also just suffered the revelation of a further default in the non-bank finance sector, which will cause likely further weakness there.

This all adds up to a very confused and rapidly changing picture and our defence is to simply review our companies and be sure we have secure insight as to this year's earnings and potential to do well business-wise at least, regardless of the macroeconomic picture. We have slightly reduced our China exposure, driven by stock considerations (e.g. Baidu had very poor numbers), but are staying with our weightier position here vs India which remains expensive, especially after the election rally. Moreover, we are seeing signs of a real liquidity squeeze at corporate level in India which won't be helped by this new default.

It feels as though there is at least room for a technical rally in June for most of the region, however, especially if we now see the Fed inclined to move to cut rates again soon. The Prusik Asia Fund now also stands at a 60-basis point discount to the index PE, at 12.5x.

All data as at 31.05.19. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asia Fund



## Top 5 Holdings (%)

Li Ning Co Ltd	4.5
Ping An Insurance Group Co	3.8
Newcrest Mining Ltd	3.6
China State Construction Intl Holdings	3.3
Infosys Ltd	3.3

Total Number of Holdings	36
--------------------------	----

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.5x
Predicted Return on Equity (%)	14.7
Predicted Dividend Yield (%)	3.0

## Risk Metrics

Tracking Error (% pa)	6.24
Beta	0.85
Alpha	1.15
Volatility (%)	17.21
Sharpe Ratio	0.63

## Thematic Breakdown (%)

Financialisation	24.0	<div></div>
Infrastructure/Logistics/Property	19.8	<div></div>
Energy/Energy Services/Resources	14.2	<div></div>
Local Brands	12.7	<div></div>
Vietnam	8.2	<div></div>
AI/Technology/Internet	5.9	<div></div>
Leisure/Tourism	5.2	<div></div>
Cash	5.1	<div></div>
Misc	3.1	<div></div>
Education	2.0	<div></div>

## Geographical Breakdown (%)

Hong Kong/China	40.7	<div></div>
Australia	11.7	<div></div>
Vietnam	8.2	<div></div>
Indonesia	7.5	<div></div>
Philippines	7.4	<div></div>
India	6.4	<div></div>
Korea	5.7	<div></div>
Cash	5.1	<div></div>
Singapore	5.0	<div></div>
Thailand	2.5	<div></div>

All data as at 31.05.19. Source: Prusik Investment Management LLP, unless otherwise stated.

## Management Fees

### Annual Management Fee

Class U: 1% p.a. Paid monthly in arrears  
All Share Classes except Class U: 1.5% p.a. Paid monthly in arrears

### Performance Fee

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

All Share Classes except Class U: 10% NAV appreciation with a 6% hurdle annually

## Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Min. Initial Subscription	USD 10,000
Subscription Notice	1 business day
Redemption Notice	1 business day

## Share Class Details

Share Class	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B0MDR72	IE00B0M9LK15	246.43
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	246.58
C GBP Hedged Distributing	B18RM25	IE00B18RM256	129.52
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	335.22

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	177.99
-----------------------------	---------	--------------	--------

Performance fee based on fund performance as a whole.

This document is issued by Prusik Investment Management LLP and is for private circulation and information purposes only. Prusik Investment Management LLP is authorised and regulated by the Financial Conduct Authority in the United Kingdom and in the United States of America by the Securities and Exchange Commission as an Exempt Reporting Adviser. The information contained in this document is strictly confidential and does not constitute investment advice, nor an offer or solicitation to buy or sell any securities and or derivatives or to make any investment decision and may not be reproduced, distributed or published by any recipient for any purpose without the prior written consent of Prusik Investment Management LLP.

The value of investments and any income generated may go down as well as up and is not guaranteed. You may not get back the amount originally invested. Past performance is not a guide to, or indicative of, future results. Changes in exchange rates may have an adverse effect on the value, price, or income of investments.

The information and opinions contained in this document are for background purposes only, and do not purport to be full or complete. Please refer to the fund prospectus for more detail. The information given is not exhaustive and does not constitute legal or tax advice. Prospective investors and investors alike should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of shares under the laws of the jurisdictions in which they may be subject to tax. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by any of Prusik Investment Management LLP, its partners or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed for any purpose on the information and opinions contained in this document.