

Prusik Asia Fund



PRUSIK

GROWTH INVESTING IN ASIA

28 June 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)	142.3m
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	6.11	5.39
3 Month	3.81	3.20
Year to Date	13.35	12.45
Since Launch	88.86	76.18
Annualised [†]	11.19	9.91

Source: Morningstar.

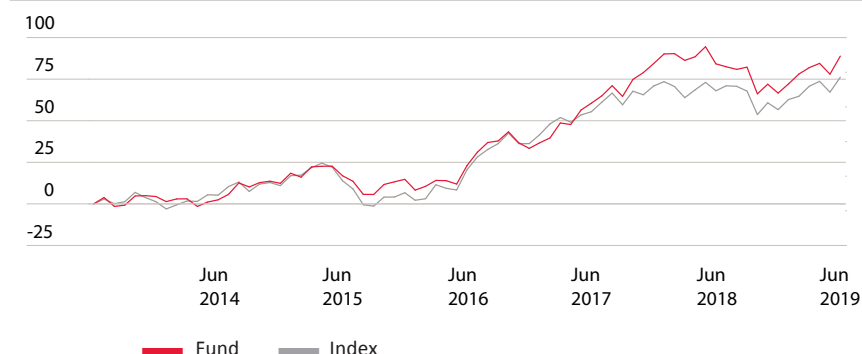
Launch Date: U: 01.07.13

[†]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 June, the M2APJ index rose 5.39% while the Prusik Asia Fund rose by 6.11%, outperforming by 0.72%. This brings the second quarter to a close with the fund ahead of the index by 0.61%. Aside from the US dollar, performance from almost all asset classes in June was very strong, driven by the Fed opening the path to rate cuts and coupled with hopes of a trade deal to come from the G20 meetings. In Asia, Singapore, China, Korea and Thailand led the pack, with retail and technology especially strong. Gold rose 8%.

In our portfolio the top three performers were gold mining giant, **Newcrest Mining**, **Ping An Insurance** and China domestic sportswear brand, **Li Ning**, which came out with a positive profits warning and rose 19% in one day. We have taken some profits here into this strength, although it still remains one of our largest positions. Our Vietnam retailers, however, bucked the regional trend and were the main portfolio detractors. **PNJ**, the leading jewellery retail brand in Vietnam, looks to be completing a long consolidation, despite same store sales growth of 15-18% and net profit growth of 27% in 1Q. Moreover, the company now trades on just 9.8x 2019 earnings. This is a good illustration of the log-jam that has been created by the now fully subscribed foreign ownership limits, which dog many good companies in Vietnam. Were foreigners to be able to buy freely then we would expect a significant re-rating. Patience is required but we are optimistic this will remain one of our better performers long-term and, notably, it has already generated well over 400% return for us since purchase.

We note that a number of technical indicators suggest some weakness ahead in markets in general, and this would be seasonally typical. The catalysts might be a reverse of expectations around US interest rates and trade. In Asia, it is also worth noting that earnings forecasts are still falling slightly, so the recent performance has been driven mainly by a re-rating. The index is now at 13.5x, just above the historical average of 12.1x. We have a little bit more cash than normal with a view to finding some opportunities at lower levels.

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

Prusik Asia Fund



Top 5 Holdings (%)

Li Ning Co Ltd	4.1
Newcrest Mining Ltd	4.0
Ping An Insurance Group Co	4.0
Swire Pacific Ltd	3.2
China State Construction Intl Holdings	3.1
Total Number of Holdings	37

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.9x
Predicted Return on Equity (%)	15.1
Predicted Dividend Yield (%)	2.8

Risk Metrics

Tracking Error (% pa)	6.20
Beta	0.85
Alpha	1.42
Volatility (%)	17.19
Sharpe Ratio	0.61

Thematic Breakdown (%)

Financialisation	22.6	<div></div>
Infrastructure/Logistics/Property	19.2	<div></div>
Energy/Energy Services/Resources	17.3	<div></div>
Local Brands	11.9	<div></div>
Vietnam	7.5	<div></div>
Cash	6.0	<div></div>
AI/Technology/Internet	5.5	<div></div>
Leisure/Tourism	5.0	<div></div>
Misc	3.0	<div></div>
Education	2.0	<div></div>

Geographical Breakdown (%)

Hong Kong/China	39.6	<div></div>
Australia	13.2	<div></div>
Indonesia	7.7	<div></div>
Vietnam	7.5	<div></div>
Philippines	7.0	<div></div>
Cash	6.0	<div></div>
India	6.0	<div></div>
Korea	5.5	<div></div>
Singapore	4.9	<div></div>
Thailand	2.5	<div></div>

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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	263.40
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	263.57
C GBP Hedged Distributing	B18RM25	IE00B18RM256	138.15
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	358.02

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	188.86
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Performance fee based on fund performance as a whole.

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