Prusik Asian Smaller Companies Fund

PRUSIK

GROWTH INVESTING IN ASIA

31 July 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)

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 | 1.40 | 1.29 | 1.35 |
| 3 Month | 4.66 | 4.15 | 4.43 |
| Year to Date | 11.81 | 10.52 | 11.23 |
| Since Launch | 57.31 | 59.28 | 13.49 |
| Annualised [†] | 4.03 | 4.19 | 1.34 |

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 1.4% in July, taking year to date performance to 11.8%. While the fund is not assessed in relative terms owing to how unlike the main Asia indices it is, for reference the main Asia ex-Japan index declined by 1.3% in July, while the small cap equivalent fell by 1.4%. The fund saw good relative returns by geography in all markets except for Pakistan and good absolute returns in all geographies aside from Pakistan and India, on which more below. Our Vietnam portfolio made the biggest positive contribution to performance led by consumer electronics and grocery retailer, **Mobile World**, and software and technology champion, **FPT**. Strong returns were also seen in the Philippines, driven by convenience store leader, **Philippine Seven**. ASEAN ecommerce and mobile gaming company, **Sea Ltd**, continued its upward trajectory with its year to date return now at 210%. Indian holdings dominated the weaker performers, although we would note that we did see positive returns within the Indian portfolio, including from our internet investments, **Makemytrip.com** and **Info Edge**, consumer companies, **Phoenix Mills** and **Crompton Greaves**, and infrastructure trust, **IRB Invit**.

Following the recent news that the Indian economy grew by just 5.8% GDP in 1Q19, hopes were high that stimulatory measures would be announced in the budget. These, however, did not materialise and in fact some elements were perceived negatively. For example, the government announced higher taxes for the super-rich which included Indian investment trusts. To date, trusts had been a popular vehicle for foreign investors in India looking to reduce capital gains tax. Additionally, with the earnings season in full swing, the market has been impacted by news of consumer sector favourites such as gold jewellery maker, Titan, and home appliance and switch gears brand, Havells, seeing weaker than expected earnings (neither of which are holdings). Finally, we have also started to observe an uptick in asset quality issues for the non-bank financial companies as well as one very sad example of how real the liquidity tightness is in India with the promoter at Coffee Day Enterprises deciding to take his own life as a result of the financial pressures he and his business were under.

Against this backdrop it is unsurprising that the Indian small cap index fell by 9.2% in July. While our Indian small cap portfolio also declined, it did so somewhat less than the index owing to the positive returns generated by the holdings listed above. Taking into account the current environment, we trimmed our positions in fashion brand, **Aditya Birla Fashion**, on account of its rich valuation and larger weighting, and **Phoenix Mills** following a period of strong absolute and relative performance.

Elsewhere, we added a new position in Indonesia, **Pakuwon Jati**, a leading property developer and shopping mall owner. Around half of the company's profits comes from the shopping mall business which typically grows faster than GDP and benefits from the government ban on new shopping malls in central Jakarta in a bid to ease traffic congestion. The property business is focused on the mid to high end, which is in contrast to our existing Indonesian property holding, **Ciputra Development**, and leaves **Pakuwon** well placed to profit from recent easing measures geared to the high end of the market. With the stock trading in-line with its 10-year average on 12.1x P/E and with a sustainable ROE of c.20%, we believe **Pakuwon** offers an attractive proposition within our investment universe.

All data as at 31.07.19. Source: Prusik Investment Management LLP, unless otherwise stated.

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Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

| Philippine Seven Corporation | 8.4 |
|-------------------------------------|-----|
| FPT Corporation | 7.8 |
| Mobile World Investment Corporation | 7.8 |
| Sea Ltd | 5.3 |
| Ace Hardware Indonesia | 4.3 |
| Total Number of Holdings | 39 |

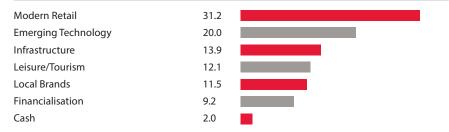
Portfolio Financial Ratios

| Predicted Price/Earnings Ratio | 15.9x |
|--------------------------------|-------|
| Predicted Return on Equity (%) | 21.2 |
| Predicted Dividend Yield (%) | 2.2 |

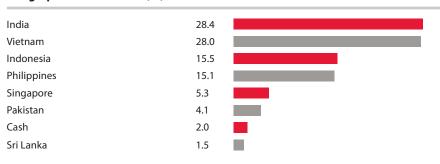
Risk Metrics

| Tracking Error (% pa) | 13.34 |
|-----------------------|-------|
| Beta | 0.57 |
| Alpha | 1.51 |
| Volatility (%) | 15.27 |
| Sharpe Ratio | 0.40 |

Thematic Breakdown (%)



Geographical Breakdown (%)



All data as at 31.07.19. Source: Prusik Investment Management LLP, unless otherwise stated.

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 C | lass | | Sedol | ISIN | Month-end NAV |
|---|----------|------------------|---------|--------------|---------------|
| A USD | Unhedged | Non distributing | B2PKN21 | IE00B2PKN210 | 157.31 |
| B USD | Unhedged | Distributing | B2PKN32 | IE00B2PKN327 | 147.37 |
| C GBP | Hedged | Distributing | B2PKN43 | IE00B2PKN434 | 74.11 |
| D SGD | Hedged | Distributing | B3M3HJ5 | IE00B3M3HJ55 | 199.01 |
| Performance fee based on individual investor's holding. | | | | | |
| U GBP | Unhedged | Distributing | BBQ37T7 | IE00BBQ37T77 | 108.89 |
| Performance fee based on fund performance as a whole. | | | | | |

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