

# Prusik Asia Fund

GROWTH INVESTING IN ASIA



PRUSIK

30 August 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)	137.7m
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	-3.56	-3.84
3 Month	6.52	4.00
Year to Date	13.79	10.97
Since Launch	89.60	73.87
Annualised <sup>†</sup>	10.93	9.39

Source: Morningstar.

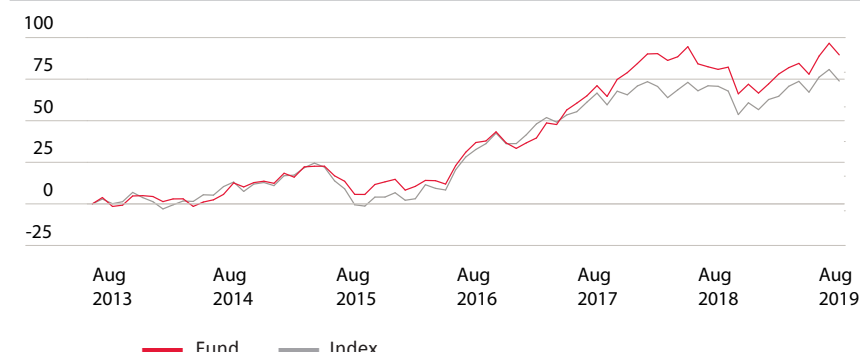
Launch Date: U: 01.07.13

<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 August, the M2APJ index fell 3.84% in sterling terms driven largely by a fall in the Hong Kong index. This was in response to the rising protests as both students and the middle class campaigned for the government to throw out a proposed extradition treaty with China and then stepped up their campaign to include, amongst other things, universal suffrage and an enquiry into police behaviour during the protests. Although we have a weighting of 32.3% in Hong Kong and China, at the time of writing less than 2% is exposed to Hong Kong related businesses. Nonetheless, we did start the month with exposure to **Swire Pacific Ltd**, a Hong Kong based conglomerate which owns, amongst other assets, the airline, Cathay Pacific, as well as a number of office property assets. By the month end we exited the stock. This was a difficult decision as **Swire's** is already trading cheaply relative to the value of its assets; however, risks to Hong Kong related businesses have risen as we have seen with the mainland's involvement and judgement of a Cathay Pacific employee who was seen amongst the protestors and which has since resulted in the resignation of senior management at Cathay.

Despite all of this, two of our best performing stocks this month were in fact Hong Kong listed China sportswear brand, **Li Ning**, and online healthcare/AI company **Ping An Healthcare**. Our Australian gold mining companies, **Newcrest Mining** and **Northern Star Resources**, also provided some cushion. As a result, the fund fell 3.56%, slightly less than the index and thus outperforming by 0.28%.

We have added a new holding, **Mobile World Group**, one of the best retailers in Vietnam which has a successful consumer electronics and mobile phone retail brand and which is also now seeing real growth in its more recent venture to open a chain of branded convenience grocers. It seems as though modern retail penetration in Vietnam is poised to take off with background growth rates for modern retail, as of the end of June, now running at an 18% cagr versus traditional retail at 4%. We met with **Mobile World Group** in Vietnam this week and expect the company to grow earnings at 20% this year and similar in 2020. It trades on a P/E of just 11.7x.

We do have a slightly higher than normal cash position as a result of reducing or exiting several positions. We aim to put this to good use once we see lower prices or attractive opportunities and, indeed, our recent visit to Vietnam has yielded a number of opportunities which we are now adding to the portfolio, which will reduce cash in the coming days.

Lastly, in the past week the Hong Kong government has agreed to remove the proposed extradition treaty but protesters were still out on the street in force as their other issues have not been met. We have witnessed this first hand this week whilst attending a conference in Hong Kong and so far it remains mostly peaceful, albeit with a few incidents which have been well reported. What cannot be underestimated is the powerful emotions in Hong Kong regarding their anger and sense of betrayal by the government. In addition, we are watchful for the risks of lasting damage to Hong Kong's reputation and, indeed, to business growth before the unrest is resolved.

All data as at 30.08.19. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asia Fund



## Top 5 Holdings (%)

Li Ning Co Ltd	5.3
Newcrest Mining Ltd	4.6
Ping An Insurance Group Co	3.9
Tata Consultancy Services Ltd	3.5
Infosys Ltd	3.4

Total Number of Holdings	34
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## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	13.0x
Predicted Return on Equity (%)	15.7
Predicted Dividend Yield (%)	2.9

## Risk Metrics

Tracking Error (% pa)	6.16
Beta	0.85
Alpha	1.59
Volatility (%)	17.14
Sharpe Ratio	0.54

## Thematic Breakdown (%)

Financialisation	17.7	<div></div>
Infrastructure/Logistics/Property	15.1	<div></div>
Local Brands	13.9	<div></div>
AI/Technology/Internet	12.5	<div></div>
Cash	12.1	<div></div>
Energy/Energy Services/Resources	11.9	<div></div>
Vietnam	10.0	<div></div>
Misc	2.7	<div></div>
Leisure/Tourism	2.2	<div></div>
Education	2.0	<div></div>

## Geographical Breakdown (%)

Hong Kong/China	32.3	<div></div>
Cash	12.1	<div></div>
Vietnam	10.0	<div></div>
India	9.7	<div></div>
Australia	9.3	<div></div>
Indonesia	7.4	<div></div>
Philippines	6.8	<div></div>
Singapore	6.3	<div></div>
Korea	3.6	<div></div>
Taiwan	2.5	<div></div>

All data as at 30.08.19. 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	253.95
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	254.11
C GBP Hedged Distributing	B18RM25	IE00B18RM256	132.81
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	344.76

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	189.60
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Performance fee based on fund performance as a whole.

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