

Prusik Asia Fund

GROWTH INVESTING IN ASIA



PRUSIK

30 September 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)	137.1m
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	-1.26	0.62
3 Month	-0.87	-0.70
Year to Date	12.36	11.66
Since Launch	87.22	74.94
Annualised [†]	10.56	9.36

Source: Morningstar.

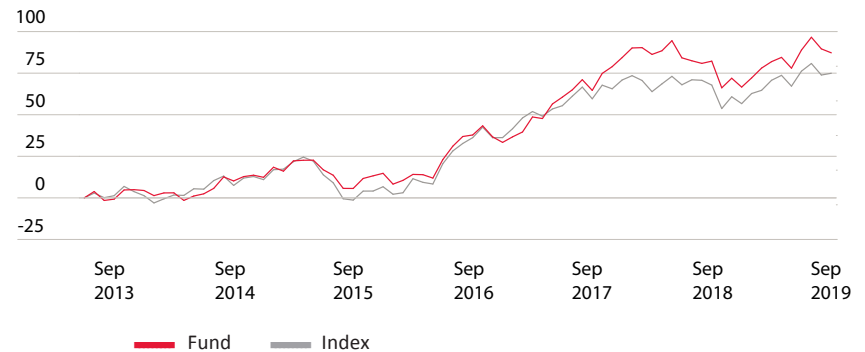
Launch Date: U: 01.07.13

[†]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 September the M2APJ Asia ex Japan index rose by 0.62% during an eventful month in which, amongst many other events, there was a drone attack on the Saudi oil facility, a major corporate tax cut in India and protesters continued to raise the political temperature in Hong Kong. It was also the case that, despite quite a few uncertainties, many of the better performers from recent months such as gold and Indian software, corrected. This led to a frustrating month for the fund which fell 1.26%.

We also lagged the index by having a lowish weight in India, which jumped sharply mid-month on the news of a major tax cut for companies. Our two software companies, **Tata Consulting Services Ltd and Infosys Ltd**, actually fell during this time as they are not perceived beneficiaries of this, whilst our blue-chip consumer bank, **HDFC**, also corrected as there was no policy action or better news from the troubled non-bank finance sector. Looking forward, we can see some quite negative anecdotal evidence of a sharp consumer slowdown at grass roots level in India (for example men's underwear sales, allegedly Alan Greenspan's favourite early warning for how well an economy is doing, have halved) and so we have not changed our position post the tax cut, which we view as good, but not helpful enough. We would hope that the Indian government has additional measures up its sleeve in order to ease the current credit squeeze, bring more transparency to the finance sector and to help small businesses. Following that, we would become more optimistic for India going forward.

On the positive side, we had a very good trip to Vietnam earlier in the month. The country continues to do well and retains a strong outlook, especially on the consumer side where the sweet spot of middle-class creation is only just beginning. We do see some potential for indigestion from FDI, which rose 70% in the wake of the trade war and there is a growing need for more spending on infrastructure. Nonetheless, it remains probably the most compelling story in the region.

We have since added to our Vietnam portfolio, bringing it back up to 16%. We note that two of our Vietnamese modern retail/local brand companies, **Mobile World Group** and **Vinamilk**, were among our top performers in September whilst newly added property developer **Dat Xanh Group** also contributed strongly. In the Vietnamese residential property sector, many projects have been on hold for a couple of years as the government has required a review of building permits and presided over a corruption clampdown. The result is a lot of pent up demand and rising prices, as the economy is growing at a healthy lick of about 7%, and we are just starting to see some companies which were least affected and have moved through the process, such as **Dat Xanh Group**, now benefitting from this. Moreover, many valuations in the sector have become very cheap with this company now trading on only 4x 2020 earnings but forecasting at least 20% growth in the coming year.

Overall, we see the correction this month for many of our stocks as temporary and, if anything, a good time to buy.

All data as at 30.09.19. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Ping An Insurance Group Co	3.9
Infosys Ltd	3.5
Ping An Healthcare & Technology	3.3
Tata Consultancy Services Ltd	3.3
Xinyi Glass Holdings Ltd	3.2
Total Number of Holdings	38

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	11.6x
Predicted Return on Equity (%)	18.8
Predicted Dividend Yield (%)	3.3

Risk Metrics

Tracking Error (% pa)	6.13
Beta	0.80
Alpha	0.86
Volatility (%)	17.06
Sharpe Ratio	0.54

Thematic Breakdown (%)

Infrastructure	18.2	
Vietnam	16.2	
Financialisation	15.8	
AI/Technology/Internet	14.4	
Local Brands/Modern Retail	10.5	
Energy/Energy services/Shipping/Value	9.6	
Cash	4.4	
Gold	4.3	
Property	2.5	
Leisure/Tourism	2.3	
Education	1.9	

Geographical Breakdown (%)

Hong Kong/China	32.5	
Vietnam	16.2	
India	9.4	
Korea	8.3	
Indonesia	7.2	
Philippines	6.8	
Singapore	6.3	
Australia	6.1	
Cash	4.4	
Taiwan	2.7	

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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	253.13
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	253.29
C GBP Hedged Distributing	B18RM25	IE00B18RM256	132.05
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	343.35

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	187.22
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Performance fee based on fund performance as a whole.

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