

# Prusik Asia Emerging Opportunities Fund



PRUSIK

## GROWTH INVESTING IN ASIA

**30 September 2019**

### Monthly Fund Fact Sheet

#### Investment Objective

The fund aims to generate capital growth by investing in companies operating in Asia, with a specific focus on the demographic growth markets. In addition, it targets above average earnings growth and ROE for its invested companies versus local markets and Asia more broadly.

#### Fund Facts

Fund Size (USD)	33.2m
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	2.55	2.42	2.51
3 Month	-0.58	-0.98	-0.76
Year to Date	9.62	8.04	8.91
Since Launch	54.24	55.71	11.13
Annualised <sup>†</sup>	3.79	3.92	1.09

Source: Morningstar.

Launch Date: A: 08.02.08, C: 25.03.08, D: 15.01.10

<sup>†</sup>Since Launch Performance

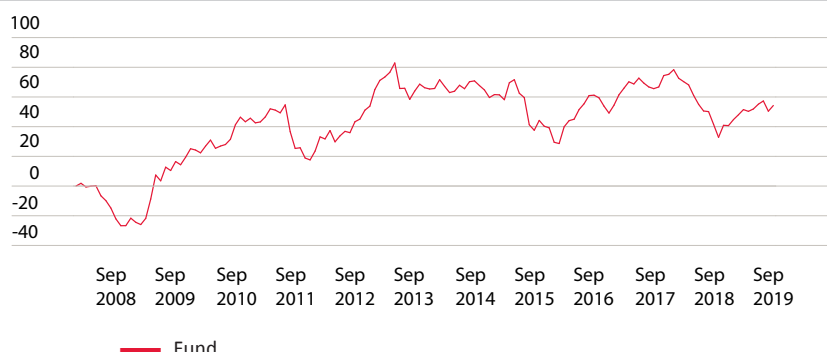
#### Investment Process

The starting point for the fund is an exclusive focus on the demographic growth markets in Asia, namely those with large, young and growing populations. Over the next few decades these countries are due to benefit from their demographic dividend, leading to GDP growth roughly double that of Asia's more economically mature nations. This backdrop provides a fertile hunting ground for companies which are able to compound their earnings over the long term. The fund combines a thematic approach with stock picking that favours market leaders with a clear, sustainable competitive edge, which helps drive above average earnings growth and ROEs over the long term.

#### Dividend Dates

Dividends paid twice annually (January and July)

#### Fund Performance - Class A USD (%)



Source: Morningstar. Total return net of fees.

#### Fund Manager Commentary

September was a solid month for the Prusik Asia Emerging Opportunities Fund with the NAV rising by 2.6%, thus recouping some of the losses seen in August. India remained in focus with a 'big bang' announcement from the government that it will be slashing corporation tax for domestic and foreign companies to the lowest in Asia, just 17.0%. In recent months we have highlighted that the government has been doing more to attract FDI into the country and more policy support was expected. However, this latest move greatly surpassed both our and other market participants' expectations, leading the stock market to react strongly. Overall, our India portfolio rose by 5.6% in September. Within this, we saw particularly good returns from our recently added large cap retail lender, **Bajaj Finance**, which jumped by 22.5% in September, and our leading cinema operator, **PVR**, which rose by 21.7% over the same period. Another new addition, **Maruti Suzuki**, which we discussed in the August monthly, saw its share price rise by 10.7%. Initial estimates point to the fiscal deficit rising to around 3.7%. While this is above the previous ceiling of 3.0%, it is still at a manageable level. The effective cash inflow for corporates leaves them with the decision to pay off debt, cut prices or expand capex, all of which should work to improve the health of the economy slightly in the near term. However, we believe the mid to long term impact is more important with Modi clearly signalling to the global community that India is a place to invest, do business, manufacture and export. In stark contrast to these positive developments in India, clashes between protesters and the police intensified in Hong Kong with reports that the Special Administrative Region is seeing permanent damage to its social fabric.

During the month we travelled to Bangkok for an ASEAN plus Frontier Asia conference and to Jakarta to meet with holdings and potential investments. These Asian cities displayed their usual frenetic buzz - populous, consuming, improving - and were seemingly oblivious to concerns regarding Brexit or the trade war. Easier traffic flow was particularly noticeable in Jakarta as the government has introduced an 'odds-evens' policy for car owners, similar to what we have seen in China in the past, and also the first phase of the MRT line is now open and is already seeing 100,000 passengers per day traverse just a handful of stops. Investment, often in the form of private equity and venture capital, also appears to be pouring in Indonesia as evidenced by the number of new businesses (for example there has been an influx of pop up coffee shops that will deliver to your desk via local ride hailing giants, Grab and Gojek), and increasing competition seen across the board. The trip has provided plenty of food for thought in terms of potential new investments, although the most immediate outcome was for us to exit ailing free to air TV operator, **Surya Citra Media**, on account of competition from Youtube being too great, as well as government backed mortgage bank, **Bank Tabungan**, as the model faces funding related growth constraints and worryingly has a number of stuck projects on its books. We look forward to sharing our thoughts on new potential investments in Indonesia pending further investigation and analysis.

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

# Prusik Asia Emerging Opportunities Fund



## Top 5 Holdings (%)

FPT Corporation	9.0
Mobile World Investment Corporation	8.9
Philippine Seven Corporation	7.8
Sea Ltd	4.6
Ace Hardware Indonesia	4.2
Total Number of Holdings	39

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	17.0x
Predicted Return on Equity (%)	21.6
Predicted Dividend Yield (%)	2.3

## Risk Metrics

Tracking Error (% pa)	13.25
Beta	0.57
Alpha	1.43
Volatility (%)	15.26
Sharpe Ratio	0.37

## Thematic Breakdown (%)

Modern Retail	29.8	<div></div>
Emerging Technology	21.3	<div></div>
Local Brands	14.3	<div></div>
Infrastructure	13.1	<div></div>
Leisure/Tourism	10.6	<div></div>
Financialisation	6.6	<div></div>
Cash	4.3	<div></div>

## Geographical Breakdown (%)

India	30.1	<div></div>
Vietnam	29.2	<div></div>
Philippines	14.4	<div></div>
Indonesia	12.2	<div></div>
Singapore	4.6	<div></div>
Cash	4.3	<div></div>
Pakistan	3.6	<div></div>
Sri Lanka	1.5	<div></div>

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## Management Fees

### Annual Management Fee

Class A, B, C, D, U - 1.2% p.a. Paid monthly in arrears.

### Performance Fee

No performance fee.

## 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	B2PKN21	IE00B2PKN210	154.24
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	144.49
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	72.45
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	194.87

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	105.57
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Performance fee based on fund performance as a whole.

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