

Prusik Asian Equity Income Fund



PRUSIK

LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

30 September 2019

Monthly Fund Fact Sheet

Investment Objective

To select a portfolio of equity investments in the Asia Pacific ex-Japan region with above average dividend yields and which have the ability to grow their dividends over time. The fund aims to outperform the MSCI Asia Pacific ex-Japan index by 5-10% annually whilst growing its dividend over time.

Fund Facts

Fund Size (USD)	832.9m
Launch Date	31 December 2010
Fund Manager	Tom Naughton
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI Asia Pacific ex Japan Index

Performance - Class B USD (%)

	Fund	Index
1 Month	0.62	1.81
3 Month	-5.32	-3.86
Year to Date	5.55	8.04
Since Launch	167.81	38.15
Annualised†	11.92	3.76

Source: Morningstar.

Launch Date: B: 31.12.10

†Since Launch Performance

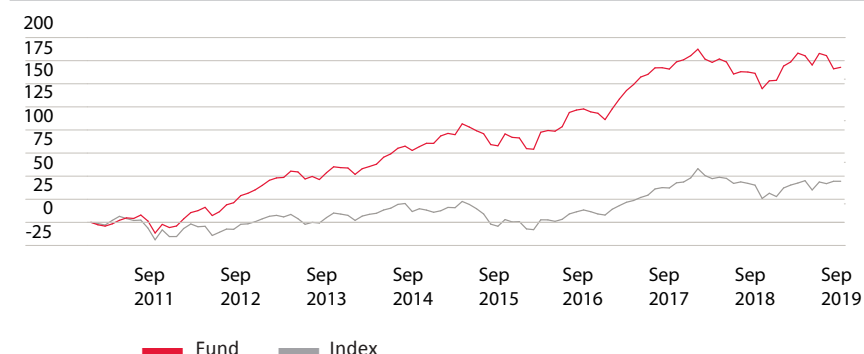
Investment Process

The process is both quantitative and qualitative with the latter dominating. The universe is screened for those high dividend stocks which have the greatest ability to sustain and grow their dividends over time. A particular emphasis is placed on identifying those companies with exceptional franchises, annuity like cash flows and pricing power which are trading at significant discounts to intrinsic value.

Dividend Dates

Dividends paid twice annually (January and July)

Fund Performance - Class B USD (%)



Source: Morningstar. Total return net income reinvested.

Fund Manager Commentary

Mr Market continues to bid up the valuations of safe, low uncertainty stocks and mark down the price of value stocks which provides opportunities for investors that are willing to tolerate uncertainty. This month we bought a new position in **Bangkok Bank**, one of Thailand's oldest and most conservative financial institutions. Despite a 17% tier 1 capital ratio and a 9% ROE, the bank trades at a 25% discount to book value and offers a 4.3% dividend yield. Assuming book value grows in the mid-single digit range, the stock should generate an annualised return in the high single digits even assuming the valuation doesn't improve. If it re-rates closer to theoretical value then this would result in a mid-teens annualised return. At the same time, we exited **Indiabulls Housing Finance** as the weakness in the financial sector has significantly reduced the business opportunity for wholesale funded institutions in that market and, as a result, the upside potential is no longer worth the downside risk. We will write in more detail about this in the upcoming quarterly.

Our portfolio currently trades at a 23% PE discount to the market versus the 10-year average discount of 0%. Whereas the MXAPJ trades at 1 standard deviation above its 10-year average P/E, more than half of our portfolio trades at more than 1 standard deviation below its 10-year average P/E. We believe investors are underestimating "right tail" risks in the market (i.e. the risk that "the world doesn't end") and, as a result, are over valuing defensive versus value stocks. We believe that it is less risky to own stocks that have some degree of uncertainty but are being priced for a very negative scenario than it is to own stocks that have very low risk earnings but are priced for perfection.

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

Prusik Asian Equity Income Fund



Top 5 Holdings (%)

Samsung Electronics Co Ltd - Pref	6.7
CK Hutchison Holdings Ltd	6.3
Power Grid Corporation of India	5.7
Zhejiang Expressway	5.2
CK Asset Holdings Ltd	5.1

Total Number of Holdings	30
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Portfolio Financial Ratios

Predicted Price/Earnings Ratio	10.2x
Predicted Dividend Yield (%)	5.5

Risk Metrics

Tracking Error (% pa)	9.19
Beta	0.77
Alpha	8.43
Volatility (%)	13.50
Sharpe Ratio	1.21

Thematic Breakdown (%)

Real Estate	18.8	
Communications Infrastructure	18.1	
Financials	16.7	
Power Utilities	13.0	
Consumer	9.2	
Transport Infrastructure	9.1	
Technology	6.7	
Cheung Kong / Hutchison	6.3	
Cash	2.1	

Geographical Breakdown (%)

Hong Kong	33.1	
India	12.3	
China	10.6	
Singapore	9.9	
Korea	6.7	
Indonesia	6.2	
Macau	5.7	
Thailand	5.4	
Australia	4.6	
Philippines	3.5	
Cash	2.1	

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Management Fees

Annual Management Fee

1.0% p.a. Paid monthly in arrears

Performance Fee

Class 1: None

Class 2 and Class U: 10% of the net out-performance of the MSCI Asia Pacific ex-Japan Index, with a high-water mark paid quarterly.

Temporary Front End Charge:

3% introduced on 2nd December 2013 paid to the benefit of the fund.

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Valuation Point	11am UK time
Dealing Cut-off	5pm UK time
Min. Initial Subscription	USD 10,000
Min. Subsequent Subscription	USD 5,000

Share Class Details

Class 1	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B4MK5Q6	IE00B4MK5Q67	275.49
B USD Unhedged Distributing	B4QVD94	IE00B4QVD949	187.97
C GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	179.13
D SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	177.69

Class 1 shares were closed to further investment on 30th November 2012.

Class 2	Sedol	ISIN	Month-end NAV
X USD Unhedged Distributing	B4PYCL9	IE00B4PYCL99	167.92
Y GBP Hedged Distributing	B4TRL17	IE00B4TRL175	160.45
Z SGD Hedged Distributing	B6WDYZ1	IE00B6WDYZ18	164.86

Class 2 shares were soft closed to new investors as of 30th November 2012. Performance fee based on individual investor's holding.

Class U	Sedol	ISIN	Month-end NAV
U GBP Unhedged Distributing	BBP6LK6	IE00BBP6LK66	171.94

Class U shares are open to current investors only. Performance fee based on fund performance as a whole.

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