PRUSIK

GROWTH INVESTING IN ASIA

Prusik Asia Fund

Quarterly Investment Report
30 September 2019

FOR PROFESSIONAL INVESTORS ONLY

Prusik Asia Fund Quarterly Report Q3 2019

In sterling terms in the third quarter 2019, the M2APJ index fell 0.69%, whilst the Prusik Asia Fund fell 0.87%, a small underperformance. This was caused mainly by the few companies we held which had exposure to the Hong Kong economy, such as jewellery brand **Chow Sang Sang**. We did sell all our Hong Kong related exposure during the quarter and since these sales, these shares have fallen significantly more. Nonetheless, we did suffer some initial headwinds here. Elsewhere, we started to see an underperformance from the financialisation theme, led by the Indonesian banks (**Bank Mandiri** and **Bank Rakyat**) as questions of asset quality arose. We have since significantly reduced this theme, also selling Singapore blue chip bank **DBS**, as future upside catalysts were diminishing with the additional risk of exposure to Hong Kong. Against this, we believe there are many attractively valued opportunities with greater upside potential from here, on which more below.

On the positive side, we saw very good performance from Vietnam and also from our China holdings. China domestic sportswear brand, **Li Ning,** stood out again whilst our AI driven Healthcare provider, **Ping An Healthcare and Technology,** also performed well. In Vietnam, the star was domestic jewellery brand **PNJ** which recorded over 20% sales growth in September including, impressively, 10% same store sales growth, whilst it also reiterated its store expansion and new product line-up for the final quarter, which was received very positively.

Below is a more detailed review of this quarter's performance attribution by theme.

Outperforming Themes in 3Q19

AI/Technology/Internet: 10.0% average weighting in 3Q19

The AI/Technology/Internet theme returned 12.0% in 3Q19, led by Chinese healthcare tech company, **Ping An Healthcare and Technology**. **Ping An Healthcare and Technology** rose 44.9% in the quarter, supported by news that the platform continues to build on its depth and breadth, adding over 20 new vendors and service providers. Our Indian digitisation consultant, **Infosys Ltd**, also performed well. We added a new position in **Sea Ltd**, an ASEAN focused ecommerce and mobile gaming company, as well as a peer of **Infosys Ltd**, **Tata Consultancy Services Ltd**, as value emerged in the stock.

Vietnam: 10.3% average weighting in 3Q19

The Vietnam theme returned 10.2% in 3Q19, with 5 out of 6 of our holdings seeing positive returns. Following our trip to Vietnam in the quarter, we have since added new positions in the property and automobile sectors as domestic consumption continues to grow.

Brands: 13.0% average weighting in 3Q19

The Local Brands theme returned 9.6% in 3Q19, led by China sportswear brand, **Li Ning**. **Li Ning** rose 25.7% in the quarter, buoyed by news that the company will have a new joint-CEO who has previously worked at Fast Retailing/Uniqlo and is being brought on board to 'take the company to the next level'. **Li Ning**, at a market cap of HK$60 billion (US$7.7 billion), is still tiny compared to its nearest rival Anta which has a market cap of HK$200 billion (US$25 billion). Its future growth path is, therefore, potentially very exciting, providing management can bring margins to a level comparable with its rival and it continues to strengthen the brand.

Underperforming Themes in 3Q19

Infrastructure/Logistics/Property: 19.4% average weighting in 3Q19

The Infrastructure/Logistics/Property theme saw returns below the index in 3Q19. Weakness was seen across the board for this theme, led by **Swire Pacific,** as the protests in Hong Kong altered the long-term outlook for the Special Administrative Region. We have since sold **Swire Pacific**.

Our Chinese construction companies continue to frustrate despite a sharp rally in early September as new orders started to rise substantially, over 20% year-on-year in some cases. This theme has been frustrating but bear with us. Valuations in these companies are now so low that the analysts' consensus for immediate target upside to normalised valuations is 50-70%.

Financialisation: 17.2% average weighting in 3Q19

The Financialisation theme saw returns below the index in 3Q19. Weakness was seen across the board for this theme as the prospect of low, zero or negative rates for longer, combined with lower global growth, took its toll on the outlook for banks. We have recently exited the Indonesian banks (**Bank Mandiri** and **Bank Rakyat**) on signs that asset quality is deteriorating.

Education: 2.0% average weighting in 3Q19

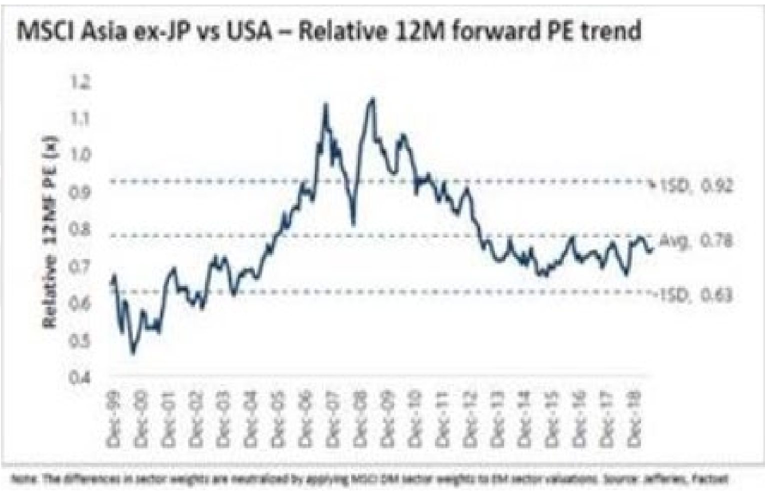
This single stock theme saw modest declines in 3Q19.

It is worth noting that the Prusik Asia Fund, as a whole, is now trading at a blended P/E ratio of 11.6x 2020 earnings, the average ROE is 18.8% and in 1H19, reported EPS for the portfolio was 23%. This is notable as the index EPS growth is about 1-3%. The aggregate dividend yield on the fund is 3.3%.

Outlook

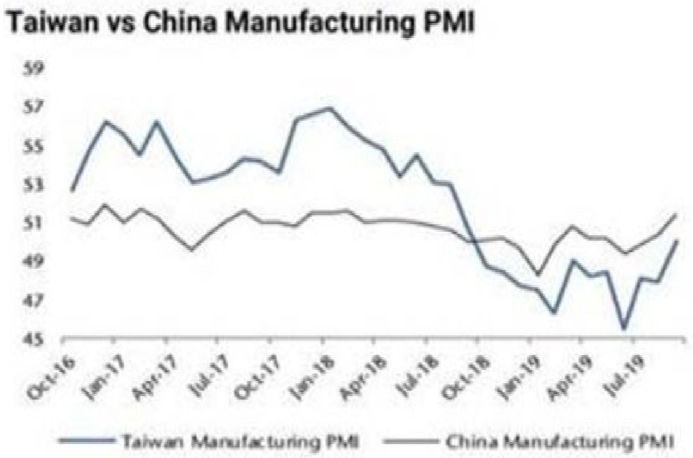
It appears to us that portfolios are positioned and the global markets are priced for more deflation, with technology and growth at the fore and many of these portfolios are hedged with bonds, which are most likely overvalued. One key question going forward is therefore, might we be seeing the peak in deflationary forces (such as huge dominant platform companies like Uber and WeWork making losses, globalisation, a strong dollar, an undisrupted oil supply)? As the West starts to consume its capital base, i.e. spend its pensions, and the workforce shrinks, productivity will suffer. The pensions shortage will also prompt retirees to vote in a government who will give them spending ability, even if they didn't pay for it. It is also arguable that the Repo action in the US is the start of the monetisation of government debt. We also notice in recent weeks that what is happening more often is, that when the stock markets are weak, so too is the US dollar. We would, therefore, ask: is it possible that in 2 years from now the US dollar could be much weaker, even if interest rates are not lower? If you believe that there is the slightest chance of this, then current market levels are offering what may be a short-lived but golden opportunity to buy the Asian markets, which traditionally do very well when the US dollar is weak.

The MSCI AC Asia ex-Japan Index and the MSCI China Index are trading at 12.8x P/E and 11.7x P/E, respectively, based on 12-month consensus forward earnings. This represents a marked discount to the MSCI USA Index which currently trades at 17.4x P/E.



Source: Jefferies

Additionally, there are signs of a turn in some of China's macro datapoints.



Source: CLSA

We have also seen last month that China continued to witness earnings upgrades. Indeed, MSCI China for 2019 saw consensus earnings being revised up by 0.6% in September, following a 0.4% upgrade in August. In fact, we believe it is quite likely that China is far further through its earnings downgrade cycle than the West and so will continue this trend of improvement, whilst the US continues to see downgrades.

India

Reflection on the corporate tax cut in the recent quarter leaves us so far not hugely impressed. The primary problem for India seems to remain a real lack of liquidity – recent lending data showed almost no activity at all. The issue remains at the Non-Bank Finance Companies (NBFCs) where asset quality is a major concern still and little or no transparency has been achieved. Hence no lending from NBFCs is taking place and very little from anyone else, as the better banks won't lend to the NBFCs either. As a result, small businesses are really struggling.

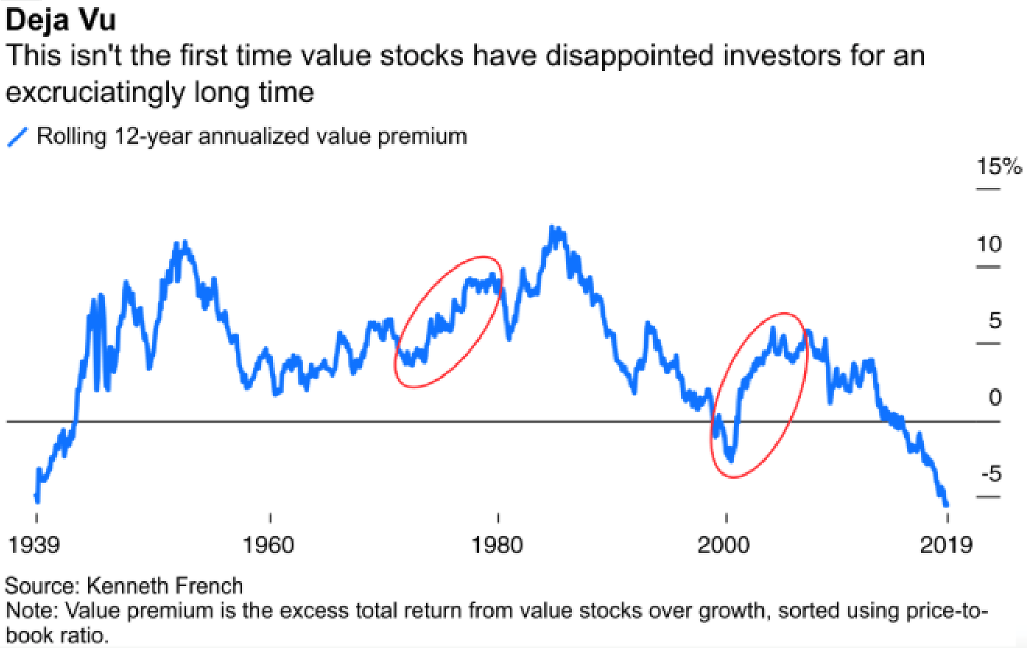
For example, men's underwear sales (apparently Alan Greenspan's favourite way to see how an economy was faring) are down 50%, car sales fell 32% in August, staple Parle biscuit sales are down 8% and the company is threatening to cut 10,000 jobs. Unemployment is already 8.4% and companies like Dollar (which makes men's underwear and saw sales down 4% last month alone) are cutting pay checks and work hours by 10-20%. In Tirupur, where many textile companies are based, the local grocer has seen sales fall by 50% and many are buying food on credit. The middle-class seem to be faring much better, with consumer companies in this segment faring quite well, at least so far. But India needs to do much more than cut corporate taxes. The question is, has Modi got this in mind and if so, what and when?

'Quality growth' versus 'Cyclical growth' and value

The rationale to hold some stocks which do not appear to be straight forward 'quality growth' is becoming more interesting and less shocking in our opinion. We believe there is a growing need to recognise the changed world we are now living in, (on which more below), and for a good argument to suggest moving away from what has become a very polarised position in portfolios and minds. We also now believe that many of the so called non 'quality growth' or 'cyclical growth' or even 'value' stocks offer visible and significant earnings upside in the coming 3 years, averaging well above the current index average of just 0% to 3% EPS growth in 2019. They also have, in many cases, huge dividend yields and good enough balance sheets and free cash-flow to support this earnings upside. Additionally, they offer record low valuations and have generally, as a theme, underperformed quality growth for over a decade.

Thus, as it stands at the moment, it would appear that 'quality growth' occupies a central position in a large number of portfolios and indeed is perhaps the major factor of many equity investment processes, almost to the exclusion of everything else. *After all, these companies have consistently outperformed for many years in a row, and in the US, for example, for 12 years.* 'Quality growth' companies generally trade at about 25x P/E and their attraction is their ability to generate consistent 3-5% plus earnings growth without losing their high stable margins, to have low or no gearing, whilst having high ROEs (over 12% typically) and strong free cash flow. We don't argue with any of this – indeed quality growth makes up a majority portion of our own portfolio - and we note that this strategy is continuing to work in the current market environment.

Value and Deja Vu



Source: Bloomberg

However…

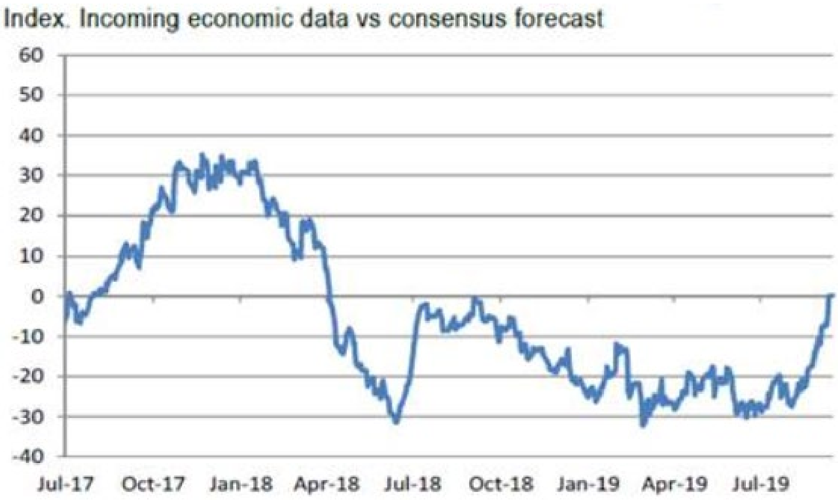
We also note that we are starting to see less underperformance from the rest of the market, in other words the unpopular investments generally labelled as 'cyclical' or 'value' are starting to underperform less, if at all. In fact, we have seen some very powerful reversals from very oversold positions in recent weeks.

Why? There are three possible reasons.

One possible explanation is that we will see some economic recovery post a resolution to the trade war, that the reform process in China combined with lower interest rates and tax cuts everywhere (US, Russia, India, Indonesia) etc have laid the groundwork for better GDP growth in the coming few quarters and that we will see a typical ' flash in the pan' outperformance for 'value/cyclicals' for a short while as this recovery is discounted. In fact, the two biggest Emerging Markets, China and India, are easing for the first time at the same time. Moreover, over 90% of Emerging Markets (GDP weighted) are easing and this is the highest proportion of Emerging Markets (ex-China) since '08.

This is also the first time that we are seeing Emerging Markets easing ahead of the FED. Therefore, there is a good chance that the global economy is probably doing a lot better than what the bond markets are currently discounting, and this is with the US and China only having agreed to what might be described as a partial trade deal (so far). This offers investors, potentially, some respite from what seems to have been a stream of bad news and the recent global risk aversion may too begin to subside. Investors, however, are still largely ignoring this as they prefer to expect a continuous economic slowdown ahead.

The chart below from JP Morgan shows how expectations have been so low that we are now seeing positive surprises rise sharply, which is a good environment for value stocks to do well.



Source: Bloomberg, J.P. Morgan Asia Equity Strategy & Quantitative research

Positioning is incredibly light in value:

Source: Bloomberg, J.P. Morgan Asia Equity Strategy & Quantitative Research

The second possible explanation is that we are about to see more of the characteristics of how China runs its economy turn up in the behaviour of governments in other countries. This would mean that private investment will be accompanied by, or if necessary overtaken by, governments and central banks directly stimulating certain sectors to generate growth, altering policies towards more fiscal spending and exerting more direct involvement in certain sectors. This process will speed up if we have more socialist governments voted in globally. It could actually result in more economic activity, but just not the kind we are used to which has, to date at least in recent memory, resulted from private enterprises responding to straightforward monetary policy stimulus. In the future stimulus could be more government or central bank driven and this could also suddenly target groups of companies which have been, hitherto, not seeing much growth. In this instance we could possibly, in the coming period of a few years, see areas of more prolonged outperformance from sectors such as cement, infrastructure, construction, shipping and so on, depending on where governments put their focus.

The third possible explanation is that valuations for the out of favour styles of cyclical growth and value have reached a natural nadir, and there is enough potential earnings recovery already built in from consolidation, shortages (thanks to lack of capex), better pricing power, better cost management and so on, to deliver some recovery from deeply oversold levels. For example, we are already noticing that some companies are delivering poor numbers but rallying, which is usually a good sign that the kitchen sink is in the price.

We think, therefore, that in the event of another market wide sell-off that the 'quality growth' companies which are trading at peak valuations and are widely held may not be so defensive. Equally, if we see a rebound in macro-economic growth expectations and a more 'risk on' market environment, it will not be the quality growth companies that will deliver the most upside.

Of final note this quarter, 180 companies signed up to the Business Roundtable's new definition of what a company is for, which includes more service to employees and to the community and to the environment. This is bringing companies back closer to where priorities were set in the 1950s and is in line with the social values we are now being seen demanded in politics. What it doesn't allow for is the continuation of shareholder supremacy, share buy-backs, crazy CEO/worker compensation ratios and the kind of hell-bent capitalism we have been used to. Therefore, a re-evaluation of how companies should be valued in this more socialist world, may threaten those stocks with higher P/Es or with greater expectations of profits growth and high margins.

The implications of this coming shift are quite profound for some popular investment strategies, for example some hedge funds may find that using 'value' or 'non-quality' to hedge 'growth' may not always work as well in future, as it has done for many years in the recent past. Managers with a heavy quality growth bias may find themselves with less flexibility to respond than thematic funds. ETFs are, by definition, currently growth oriented.

Finally, we note that periods of outperformance by value and cyclical companies typically last for quite a period of time. For now, we have seen about one month of this reversal. Analysis of the US data shows the median period of outperformance is 8-9 months and the average magnitude of outperformance is 25%.

Table 2: Periods of outperformance of US Cyclicals vs Defensives

Trough	Peak	# Months	Move in Cyclicals vs Defensives	Move in SPX
20-Sep-01	08-Jan-02	3.6	36%	18%
09-Oct-02	19-Jan-04	15.3	39%	47%
12-Aug-04	06-Dec-04	3.8	14%	12%
15-Apr-05	19-Apr-06	12.1	13%	15%
27-Jul-06	19-Jul-07	11.7	17%	23%
17-Jan-08	15-May-08	3.9	16%	7%
23-Feb-09	26-Apr-10	14.1	50%	63%
31-Aug-10	14-Feb-11	5.5	19%	27%
03-Oct-11	19-Mar-12	5.5	16%	28%
22-Apr-13	31-Dec-13	8.3	19%	18%
21-Aug-15	06-Nov-15	2.5	10%	7%
05-Jul-16	06-Jun-18	23.0	51%	33%
21-Dec-18	18-Apr-19	3.9	19%	20%
Average		**5.5**	**19%**	**20%**
Median		**8.7**	**25%**	**24%**
15-Aug-19	**Current**	**1**	**3%**	**6%**

Source: Datastream

We are taking a pragmatic approach as we recognise that some of the influences described above are starting now. There will be, no doubt, confusion and new trends take some time to appear clear or become accepted, but this progress might equally be punctuated by sudden changes as government policy changes and especially if fiscal policies are adopted more aggressively.

Hence we have begun to make a few new investments in companies where we perceive literal value (record low P/Bs and P/Es, high dividend yields, recent investor disinterest) but where we see a recovery in earnings which is driven by shortages, a structural shift (e.g. an environmental imperative) and can already see visible pick-up in demand. We believe these investments are protected by the current low absolute valuations but equally, we believe they will be able to deliver well above average earnings growth.

We already have some of these investments in our portfolio, most notably the Chinese construction companies, about which we have written copiously and where we expect earnings growth of 15-20%. Indeed, 1H19 average earnings growth for the fund was 23%, demonstrating that the big index 'quality growth' stocks are not the only place to find earnings growth.

Korean Shipbuilding and Offshore Engineering (KSOE)

Korean shipbuilding is an area where we have growing conviction, especially in the upcoming LNGC order cycle. Tradewinds recently reported that our new holding, **KSOE,** has received an order to build 11 LNG fueled container vessels. In mid-September the global LNG carrier new order count YTD was 31 units, but CLSA maintain a 75 unit forecast for full-year 2019, suggesting confidence in seeing some significant new orders in 4Q19. In fact, they suggest there could even be upside risk to their forecast! The bullish view on the shipbuilding sector is led by the LNG carrier order cycle. Reviewing the current list of LNG projects that have received FIDs and will start commercial production from 2023-2024, allows for an estimate for new ships as these are the projects that will need LNG carriers by those dates. CLSA suggests 68 units are needed by 2022/23 to operate key projects like Yamal 2, Golden Pass, PNG LNG & Mozambique. Note this 68 units EXCLUDES the Qatar LNG project which requires more than 60 units just on its own, and orders for here are only expected to come through next year.

Shipbuilders' future earnings and share price key drivers will be new orders and its pricing. The coming LNG projects list keeps us convinced on the *volume* of new orders, while for *pricing* the key driver is how many delivery slots remain at the shipyards. We estimate that 50% of the delivery slots for 2022 are already filled, meaning that any future order momentum from here will help to firm pricing. Since Samsung Heavy's docks are fuller than those of **KSOE,** the latter is likely to be able to leverage the reduced delivery slots (at industry level) to get higher pricing. We've seen a bit of a bounce lately for the shipbuilders, but we see more upside with the LNG carrier order momentum in the coming quarter.

Pacific Basin Shipping

Pacific Basin Shipping is a Hong Kong based provider of marine transport (via smaller sized dry bulk carriers) and management presented to an empty room at the September CLSA Forum in Hong Kong, despite the recent rise in BDIY to a 5-year high (see chart below). **Pacific Basin Shipping** is trading at over 1 standard deviation below its average historical value at 5.8x P/E, 0.8x P/B and with a dividend yield of 8.7%, a FCF yield of 19.2 % and revenue growth 11%. Competition is reducing as new environmental regulations mean ships are taken out of service for scrubber fitting, whilst the basic business seems stable and day rates have moved up on all categories to above breakeven, with further rises likely. The possible upside, based on valuation normalisation at the time of purchase, would give 38% return.

Source: Bloomberg

And whilst it may be heresy to mention this, **POSCO**, Korea's steel company, is trading at a 10-year valuation trough of 0.37x 2020 P/B, 6.6x P/E, 6% ROE and a 4.5% dividend yield, whilst analysts forecast 2019 EPS to rise 53%, followed by another 10% in 2020 and 14.4% in 2021.

Infrastructure

Infrastructure remains a key government tool in China for generating economic growth and stable employment. 2019 is no different and the government is now deploying Local Government Infrastructure Bonds to finance new construction activities.

Infrastructure investment bottomed in 2018 after a significant round of government reforms. In 2019 we are already seeing a recovery in orders and improved margins due to a reduction in competition and less financing burden.

Infrastructure companies are also now really benefitting from China's *Belt and Road* initiative and the development of the Greater Bay Area. Existing order books imply at least 15% revenue growth across the sector in the coming 3-5 years. New order growth is also up around 15-20% across the sector, indeed first-half 2019 revenue and earnings grew between 15-20% across the sector.

Some companies are starting share buy-backs due to the extreme value. The sector is trading on cyclically low valuations of just 4-6x 2020 P/E and 0.4-0.6x P/B. EPS growth will be around 20% per annum for the coming 3 years due to margin improvements, whilst dividend yields across the board are all well above the market average of 3%.

Xtep

It is clear that the sportswear trend in China is doing well and **Xtep** now looks remarkably cheap at 10x P/E versus its peers Anta on 22x P/E and **Li Ning** on 30x P/E (which we own but will be continuing to take profits on), hence beginning a position in **Xtep** which is the number 3 local brand in China for sportwear, specialising in marathon wear.

Xtep established its own sportswear brand, "Xtep," in 2002 and developed two

product streams, footwear and apparel, contributing 62% and 36% of revenue as of 2018, respectively. **Xtep's** products are sold offline and online. While **Xtep** manages the online sale platform, its distributors operate the over 6,200 offline stores across 31 Chinese provinces and overseas regions, including India and Vietnam.

Xtep underwent a business transformation in 2015-2017. Reforms included:

1) retail management with a new 1000-people team headed by ex-global-brands seniors specializing in retail operations.

2) improving the store image into a larger and experience-driven format (over 90% of stores will be in the new format by 2020E versus 75% in 2018).

3) product design by adding level of details tailored to athletes and fashion seekers.

Marathons are rapidly gaining in popularity in China. They are well-applauded by government as easy-to-access by Chinese consumers including those from the wealthiest regions, including Shanghai, Beijing and Guangdong. According to China Athletic Association, the number of sizable marathons grew from 993 in 2016 to 1,581 in 2018, representing a CAGR of 26%; it is expected to reach 1,900 by 2020E representing 10% CAGR during 2018-20E.

Xtep is the third-largest domestic sportswear company in China, with a circa 5% market share in 2018, next to Anta and **Li Ning**. **Xtep** has been a leading marathon sportswear player through its sponsorships of 163 marathons across China in 2008-2018. Up to 2018, its market share is 10-11% of the marathon sportswear market versus Anta and **Li Ning's** mid-single digit market share. **Xtep** is thus best positioned to ride on the China marathon boom within the peer group.

The core **Xtep** brand's same store sales growth leapt into the teen's territory versus single-digits during 2015-17, supported by the 2015-17 three-year transformation of retail management, store image and product design. This is similar to the transformation we have seen at **Li Ning** which has been so successful and thus, we believe this turnaround will support the core of **Xtep** brand's solid 16% sales CAGR expected during 2019-21.

Xtep also owns four global brands, Saucony, Merrell, K-Swiss and Palladium, which were brought in 2019 and in future will support **Xtep's** penetration into higher-tier cities and shopping malls. Saucony is one of the top 4 global brands for running globally and should help **Xtep** raise its pricing and top-end positioning, as well as co-branding domestic marathons with **Xtep** which will raise further the national profile of **Xtep**. Profit contribution from these global brands will be very small this year and next but could rise significantly from 2021.

Xtep currently trades at a 11x one-year forward P/E versus. **Li Ning's** 30x P/E and Anta's 22x P/E. In fact, its valuation is currently lower than the OEM makers when in fact **Xtep** is a brand owner. The gap between **Xtep**, Anta and others should narrow, supported by **Xtep's** solid sales/profit CAGR of 17% during 2019E-21E, together with a dividend yield of c.5% in 2020 versus peers c.1%. **Xtep** trades on a 1.5x P/B and enjoys a 14.8% ROE which is also rising.

China Launches a Cryptocurrency

The PBOC (People's Bank of China) is 'nearing' the launch of its own cryptocurrency. The PBOC's leap will mean it steals first mover advantage over the US Fed (Fedcoin), and counteract any possible, albeit waning, threat from Facebook's Libra while aiding the internationalization of CNY as 'legal digital tender', thereby supporting China's e-commerce competitiveness. In China cryptocurrencies are not recognised as legal tender but they are legally recognised and protected as a virtual property.

In essence, the PBOC and commercial banks will be the only entities allowed to issue the digital currency. It seems that the PBOC will design its own wallet and have access to all the transactions. Moreover, it looks likely, given remarks from Xi in recent weeks, that Blockchain will be utilized although, without further development, it would not be able to handle the number of transactions. Nonetheless, the PBOC wants to be able to control the issuance of the currency, so it is clear that the PBOC wishes to convert the Yuan into a digital currency rather than creating a new cryptocurrency which would disintermediate the Yuan. It seems the PBOC is adopting a two-tiered system in which the commercial banks are effectively mediating this development to the public, rather than the central bank directly issuing to people i.e. consumers having a direct account with the central bank.

Therefore, the PBOC's currency will be more akin to a centralized digital Yuan rather than a cryptocurrency such as bitcoin. One feature which will be borrowed from cryptocurrencies is the private key, which will hold access to the funds.

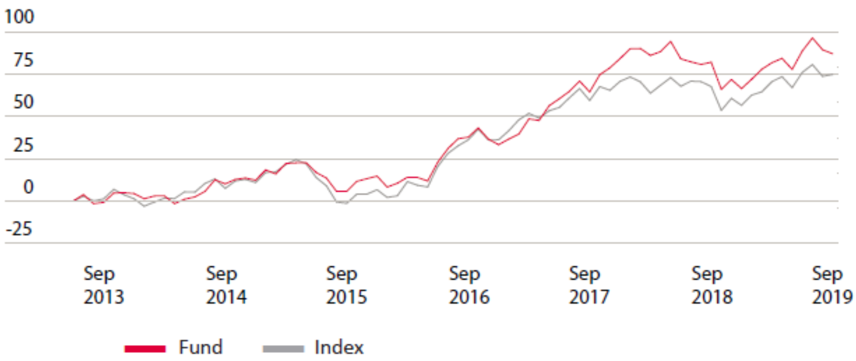
PORTFOLIO PERFORMANCE

Performance Summary (%)
Period ending 30.09.2019

	U (GBP)	Benchmark **
1 Month	-1.26	0.62
3 Months	-0.87	-0.70
YTD	12.36	11.66
2018	-9.63	-8.32
2017	38.25	25.43
2016	16.21	27.70
2015	2.14	-3.85
2014	7.59	9.51
Since Launch+	87.22	74.94
Annualised 3 years	10.76	8.70
Annualised Since Inception	10.56	9.36

Source: Morningstar
**MSCI Asia Pacific ex Japan
+Launch Date: U: 01.07.13

Fund Performance – Class U (GBP) (%)



Source: Morningstar. Total return net of fees.
Performance since launch of Class U GBP share class - 01.07.13

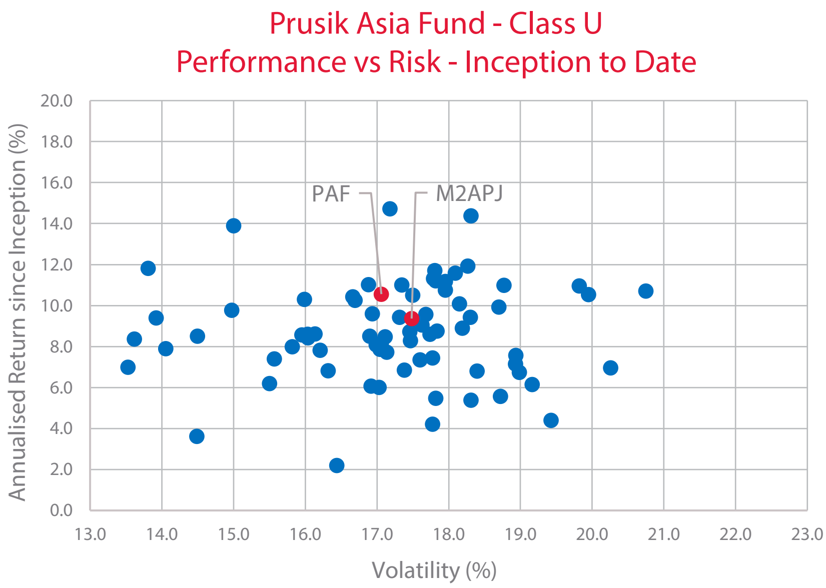
Monthly Performance Summary (%)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2019	3.31	3.43	2.17	1.41	-3.52	6.11	4.09	-3.56	-1.26				
2018	3.14	0.11	-2.14	1.19	3.2	-5.3	-0.96	-0.86	0.74	-8.81	3.48	-3.10	-9.63
2017	2.50	2.15	6.46	-0.63	5.92	2.63	2.73	3.70	-3.76	6.20	2.33	3.05	38.25
2016	-5.66	2.09	3.24	-0.15	-1.79	9.96	6.53	4.45	0.68	3.99	-4.65	-2.42	16.21
2015	5.39	-2.00	5.34	0.30	0.03	-4.71	-2.81	-6.95	-0.05	5.68	1.42	1.33	2.14
2014	-2.94	1.59	0.06	-4.43	2.68	1.31	3.19	6.53	-2.15	2.37	0.74	-1.12	7.59

RISK ANALYSIS

Risk Metrics	Fund (%)
Beta	0.80
Alpha (%)	0.86
Sharpe Ratio	0.54
Volatility (%)	17.06

Source: Morningstar
Since Inception: U: 01.07.13



Source: Morningstar

THEMATIC & GEOGRAPHICAL BREAKDOWN

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

* Fiscal year periods

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

All data as at 30.09.2019. Source Prusik Investment Management LLP, unless otherwise stated.

FUND PARTICULARS

Fund Facts

Fund Size (US)	137.1m
Launch Date	07.10.05
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GDP, SGD

Management Fees

Annual Management Fee

Class U: 1% p.a. paid monthly in arrears

Other Classes: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 classes except Class U: Provided the fund achieves an overall increase of 6% a yearly performance fee of 10% of total returns will be applied.

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

Class 1			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 investors' holding.

Class U			SEDOL	ISIN	Month end NAV
U GBP	Unhedged	Distributing	BBQ3756	IE00BBQ37560	187.22

Performance fee based on fund performance as a whole.

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