

# Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

31 October 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)	861.2m
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	2.79	4.05
3 Month	-1.85	1.31
Year to Date	8.50	12.41
Since Launch	175.28	43.75
Annualised <sup>†</sup>	12.15	4.19

Source: Morningstar.

Launch Date: B: 31.12.10

<sup>†</sup>Since Launch Performance

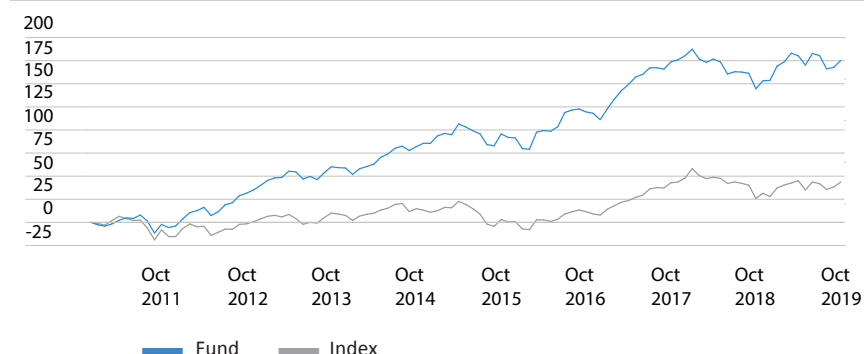
### Investment Process

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

One of the features of the current market environment is the large disconnect between private and public market valuations. Perhaps, because of the enormous flows of money out of listed equities and into private equity funds, we are seeing private equity firms paying very high prices for assets whereas the same assets in the listed markets trade at significantly cheaper valuations. We are keen on companies that can "arbitrage" this gap by selling assets at high valuations.

This month Philippines infrastructure operator, **Metro Pacific**, announced that it has sold a controlling stake in its hospitals business to KKR at a forward P/E multiple of 55x, which compares favourably to Metro Pacific's P/E rating of 9.5x. Given that their remaining businesses, which include major toll roads, power and water utilities, are also potentially attractive assets for a private equity player, there is the potential to unlock more value should the company be so inclined.

The reason for the low valuation is that the market was concerned that they might need to raise equity in order to fund their toll road expansion programme but this asset sale reduces the risk of dilution substantially. Our estimate of fair value for the company is 60% higher than the current share price but this would be substantially higher if we applied private market valuations to their businesses.

All data as at 31.10.19. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Equity Income Fund



## Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.0
CK Hutchison Holdings Ltd	6.4
Power Grid Corporation of India	5.5
CK Asset Holdings Ltd	5.1
Zhejiang Expressway Co	4.8

Total Number of Holdings	32
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## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	10.3x
Predicted Dividend Yield (%)	5.4%

## Risk Metrics

Tracking Error (% pa)	9.16
Beta	0.76
Alpha	8.32
Volatility (%)	13.46
Sharpe Ratio	1.24

## Thematic Breakdown (%)

Communications Infrastructure	18.1	<div></div>
Financials	17.8	<div></div>
Real Estate	17.4	<div></div>
Power Utilities	12.2	<div></div>
Consumer	9.9	<div></div>
Transport Infrastructure	8.1	<div></div>
Technology	7.0	<div></div>
Cheung Kong / Hutchison	6.4	<div></div>
Cash	3.1	<div></div>

## Geographical Breakdown (%)

Hong Kong	33.0	<div></div>
China	10.4	<div></div>
India	10.3	<div></div>
Singapore	10.1	<div></div>
Korea	7.0	<div></div>
Thailand	6.2	<div></div>
Macau	6.1	<div></div>
Indonesia	6.1	<div></div>
Australia	4.4	<div></div>
Philippines	3.3	<div></div>
Cash	3.1	<div></div>

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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	283.18
B USD Unhedged Distributing	B4QVD94	IE00B4QVD949	193.22
C GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	183.66
D SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	182.52

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	172.61
Y GBP Hedged Distributing	B4TRL17	IE00B4TRL175	164.54
Z SGD Hedged Distributing	B6WDYZ1	IE00B6WDYZ18	169.33

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	168.01

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

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