

Prusik Asia Emerging Opportunities Fund

GROWTH INVESTING IN ASIA



31 October 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)	33.7m
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	0.65	0.58	0.63
3 Month	-1.32	-1.67	-1.46
Year to Date	10.33	8.67	9.60
Since Launch	55.24	56.61	11.83
Annualised [†]	3.82	3.94	1.15

Source: Morningstar.

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

[†]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

In October, the fund returned 0.65% which was rather more muted than the returns we saw across Asia in aggregate in the month. This was on account of markets in North Asia being more buoyant than our invested countries in South and South East Asia. More specifically, while North Asia rose 4-8% in October, South and South East Asia rose by 1-4%. In addition, even though the fund saw outperformance in Vietnam, India, Indonesia and Sri Lanka relative to their domestic markets, which combined account for around three quarters of the fund, the degree of outperformance was less substantial than we might often see at below 1%. Finally, underperformance was witnessed in the Philippines and Singapore, more on which below.

In terms of stocks, our online classifieds business in India, **Info Edge**, performed strongly, rising 26.8% in the month. We believe the market's understanding of the company is improving. Recently, its stake in India's leading online distribution platform for insurance, Policybazaar.com, has come into focus. Online penetration for insurance sales in India is de minimus at just 3%, while insurance in general is also hugely underpenetrated at just 4%! Policybazaar.com dominates the online channel with 90% market share and very strong brand recall, evidenced by its high organic traffic. Like many attractive digital businesses in India, Policybazaar.com is unlisted; however, **Info Edge**, which is listed, holds a 15.9% stake in the company.

Elsewhere in India, we saw further robust performance from recently added **Maruti Suzuki**, India's leading car brand and manufacturer, and **Reliance Industries**, which is undergoing a fascinating transformation from being an oil and gas centric company to being one of India's leading digital and retail giants. Both **Maruti** and **Reliance** are large capitalisation companies and companies which we have been able to build meaningful positions in post the agreement to allow up to 25% of the fund to be invested in large caps from 1st August. Around 40% of the fund's India exposure is now invested in larger companies. Overall, the fund now has close to 20% of its NAV in large capitalisation companies with additional exposures in Indonesia and in **Sea Ltd**.

The fund's sources of weakness this month included a correction in the aforementioned ASEAN focused mobile game and ecommerce company, **Sea Ltd**. As a US listed company backed by Tencent, the stock succumbed to fears that the US may take punitive action against US listed companies affiliated with China. We were surprised that the stock fell into this category given that it is headquartered in Singapore and operates only in ASEAN and Taiwan and still are of the view that these fears are overblown. Incidentally, the stock has been recovering of late. In the Philippines, casino operator, **Bloomberry**, suffered as Chinese junkets were told by the authorities in China to prioritise Macau over the ex-China markets. Both instances are good examples of how, even though the fund does not invest in China, China's influence can still be felt. In this case the impact was negative but China also represents huge potential opportunities for our invested countries and companies. Indeed, we are poised to travel to Asia where we will be visiting manufacturers and industry specialists who are experiencing first-hand the benefit of manufacturing moving out of China and into South and South East Asian countries. We look forward to sharing our findings upon our return.

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

Prusik Asia Emerging Opportunities Fund



Top 5 Holdings (%)

FPT Corporation	8.5
Philippine Seven Corporation	8.4
Mobile World Investment Corporation	8.3
Sea Ltd	4.4
Ace Hardware Indonesia	4.0
Total Number of Holdings	38

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	17.3x
Predicted Return on Equity (%)	21.3
Predicted Dividend Yield (%)	1.9

Risk Metrics

Tracking Error (% pa)	13.24
Beta	0.57
Alpha	1.28
Volatility (%)	15.22
Sharpe Ratio	0.38

Thematic Breakdown (%)

Modern Retail	31.5	<div></div>
Emerging Technology	20.7	<div></div>
Local Brands	14.5	<div></div>
Infrastructure	11.7	<div></div>
Leisure/Tourism	9.9	<div></div>
Financialisation	9.7	<div></div>
Cash	2.1	<div></div>

Geographical Breakdown (%)

India	31.8	<div></div>
Vietnam	27.7	<div></div>
Indonesia	14.6	<div></div>
Philippines	14.3	<div></div>
Singapore	4.4	<div></div>
Pakistan	3.6	<div></div>
Cash	2.1	<div></div>
Sri Lanka	1.5	<div></div>

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

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	155.24
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	145.43
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	72.87
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	196.10

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	101.01
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Performance fee based on fund performance as a whole.

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