PRUSIK

Growth Investing in Asia

# Prusik Asia Emerging Opportunities Fund

Quarterly Investment Report
30 September 2019

FOR PROFESSIONAL INVESTORS ONLY

## 3Q19 Performance Commentary

In the third quarter of 2019, the Prusik Asian Emerging Opportunities Fund fell by 0.6% taking the return for the first 9 months of the year to 9.6%. While the fund is not measured against a benchmark on account of its 14% overlap with the index by geography, this nevertheless compares favourably with both the main Asia ex-Japan index and the Asia ex-Japan small cap index. During the third quarter both Asian indices fell by 3.9% which was a 3.3% greater fall than the fund. In addition, for the first 9 months of the year the main Asia index rose by 8.0%, whilst the Asia ex-Japan small cap index rose by just 4.1%, yielding outperformance for the fund of 1.6% and 5.6%, respectively. In terms of the fund's broader objective of achieving 10-12% annualised returns over a 5-year cycle, the fund is performing in-line with this target, which is positive.

By geography the strongest absolute and relative returns in 3Q19 were seen in Vietnam, driven by mobile phone, consumer appliance and grocery retailer, **Mobile World**, IT services leader, **FPT**, and industrial aircon manufacturer, **Refrigeration Electrical**. **Mobile World** and **FPT** are amongst the largest holdings in the fund with weightings over 8.0% and so significant alpha was generated by these two companies in particular during the quarter. While we saw good relative returns in India and the Philippines, on an absolute basis our aggregate exposures here declined. Absolute and relative weakness was seen in Indonesia and Pakistan, as well as for our investment in ASEAN focused mobile gaming and ecommerce company, **Sea Ltd**, which is listed in Singapore. Please see the table below for more details.

| Country | PAEOF Weighting (%) | PAEOF Return (%) | Local Index Return (%) | PAEOF Relative Performance (%) |
|---|---|---|---|---|
| **Vietnam** | 28.9 | 20.0 | 3.8 | 16.2 |
| **Philippines** | 14.6 | -0.4 | -4.5 | 4.1 |
| **Sri Lanka** | 1.5 | 7.6 | 4.6 | 3.0 |
| **India** | 29.2 | -7.8 | -9.8 | 2.1 |
| **Singapore** | 5.1 | -6.8 | -5.7 | -1.1 |
| **Indonesia** | 13.9 | -9.6 | -5.1 | -4.5 |
| **Pakistan** | 4.0 | -16.0 | 3.3 | -19.3 |

From a thematic perspective, our Modern Retail and Emerging Technology themes led the way, helped by the aforementioned **Mobile World** and **FPT**, respectively. Our Financialisation theme faced headwinds in India as our non-bank financial company, **Edelweiss Financial Services**, corrected further. Staying with India, hypermarket and convenience store operator, **Future Retail**, weighed on our Local Brands theme. Please see the table below for more details.

| Theme | PAEOF Absolute Attribution 3Q19 |
|---|---|
| **Modern Retail** | 1.91% |
| **Emerging Technology** | 1.38% |
| **Infrastructure** | -0.30% |
| **Leisure/Tourism** | -0.44% |
| **Local Brands** | -0.64% |
| **Financials** | -1.82% |

On a stock basis, in addition to our stars in Vietnam, we also saw good returns from recently added **Bajaj Finance** and **Maruti Suzuki** in India. Both of these companies have market capitalisations over US$10 billion and thus represent some of the fund's first forays into large capitalisation companies. As a reminder, the fund transitioned, with the support of its investors, to be able to invest up to 25% of NAV in companies with market capitalisations of more than US$10 billion on 1st August 2019.

## Portfolio Changes

During the quarter, we made several changes to the fund. One of the key prompts for this was being able to invest a portion of the fund in larger companies. To this end, we added Indonesia's blue-chip lender, **BCA**, India's number one low cost carrier, **Indigo**, leading jewellery brand, **Titan**, and the country's largest auto manufacturer, **Maruti Suzuki**. We also exited several of our smaller holdings such as **Ho Chi Minh Securities** in Vietnam and **Indiabulls Ventures** and **TCNS Clothing** in India with the aim of ensuring the fund remains concentrated and position sizes remain high conviction. Finally, following our trip to Indonesia we sold free to air TV broadcaster, **Surya Citra Media**, and government sponsored mortgage lender, **Bank Tabungan**, before adding in their place shopping mall operator, **Pakuwon Jati**, and more latterly, **Mitra Adiperkasa**, the number one retailer of Nike and Adidas trainers in Indonesia. Following these changes, the fund's geographic weightings remain broadly similar but the fund's exposure to large capitalisation companies has risen to 22% of the NAV. We believe the fund's holdings now exhibit far stronger competitive positions which should help support its >20% ROE over the long term.

## Outlook

In recent months we have travelled to Asia extensively, visiting Singapore, Thailand, Vietnam, Indonesia and India. During these trips we met with management of a quarter of the fund's holdings as well as government officials, all whilst being able to carry out a true litmus test of how things feel on the ground.

We would acknowledge there are signs of strain. For example, the slowdown in India continues, there is growing evidence of slowdown in Indonesia and, even in Vietnam, FDI has been flat this year on account of labour and land supply finally getting tight. However, we also experienced plenty to be positive about. While India's struggles are borne out at the lower and middle segment of society in particular, there is still very strong demand for services catering to the higher tranches of the pyramid, which is where the majority of our exposures are positioned. For example, in the most recent quarter, cinema chain, **PVR**, saw bookings revenue increase by 32% year-on-year, while low cost carrier, **Indigo**, saw sales from operations rise by 31% year-on-year. In Indonesia, we were struck by the growing role of the digital economy, supported by significant capital flowing into the sector, and how this is helping spur consumer demand for services facilitated by digitisation. Vietnam had its usual buzz and self-confidence and while FDI has been slowing, there has been a significant pick up in M&A by foreign entities, perhaps signalling that the economy there is becoming more mature and less 'frontier'.

Our travels also attempted to address the question of "How much impact is the trade war having on manufacturing and to what extent is manufacturing relocating from China to ASEAN and India?" Our findings were slightly different to what we had expected – more on which below – although the broad thesis that the manufacturing footprint in ASEAN and India in the near, mid and long-term is set to increase remains very much intact. This is a clear positive for our invested countries, most of which need to increase their reliance on manufacturing in order to provide jobs for their growing populations, improve skillsets and managerial capabilities, and ultimately boost incomes and spending power. Our findings form the focus of this quarter's report.

We are currently living in a world where growth seems scant, Western central banks have little to no fire power left in terms of monetary levers and politics has become fractious. In contrast, our investment universe, via our focus on Asia's demographic growth markets, has powerful structural growth drivers, positive real interest rates and governments which are truly long term in their thinking and policies. As such, we find our investment universe a very attractive and exciting place to allocate capital and we will continue to focus on companies with clear and sustainable competitive advantages, plus high and/or rising ROEs, in order to maximise the opportunity our investment universe represents. As of the end of 3Q19, the fund was on 16.9x P/E with a ROE of 21.8%.

## Manufacturing in Asia

Our thesis prior to our trip was simple and comprised two points. Firstly, our belief was that manufacturing has gradually started to shift from China to other lower cost countries, globally, including ASEAN and India, mostly on account of rising wages in China. Secondly, the onset of the trade war is helping to accelerate this shift.
We have included this thesis in our presentations, spoken to existing and prospective clients about this topic and discussed details with sell side analysts. All participants in these discussions have been in agreement. Both phenomena are in play and it is not too difficult to find data and charts corroborating these statements.

However, our sense was that this easy to accept, consensus-based thesis required further on the ground investigation. It is rare that anything in the real world is ever that simple. Moreover, trade, globalisation, climate change and their interlinkages are becoming increasingly important issues for us to navigate from an investment perspective. Finally, and perhaps most importantly, significant changes in the manufacturing bases in Asia will be a key source of job creation for the new host countries, something which is key for many of our invested countries when it comes to capitalising on their demographic dividend. There is no benefit to India of having one billion people under the age of 35 by the year 2025 if they are all out of a job. We wanted to know if these trends are really happening and to better understand just how powerful – or otherwise – these trends are.

Pleasingly, our trip yielded valuable insights with regard to the key issues we were trying to investigate. In addition, we found an array of nuances to the situation quite beyond what we had imagined. Below is a summary of what we found to be both the most surprising and particularly important.

- **Intra-Asia politics matter**. With tensions between the US and China at the fore these days, it is easy to forget the tensions which simmer and rise up from time to time in Asia. These intra-Asia tensions are enough to move manufacturing. For example, hostility between China and Korea ramped up a few years prior and as a result Lotte moved its Choco Pie manufacturing from China to Thailand. Similarly, it may be no coincidence that 4 years ago Samsung Electronics exited all of its mobile phone manufacturing facilities in China. We may have been looking for evidence of manufacturing moving out of China because of US-China tensions but sometimes the reality is that it is intra-Asia tensions causing these production sites to leap.

- **Wage gaps with China are narrowing and wages alone are not driving factory relocation and diversification**. The wage differential between China and other ASEAN countries is much narrower than it used to be. A few years ago, wages in Vietnam used to be around two thirds lower than in China but now the difference is now just a third. Lower wages are of course an incentive when it comes to moving manufacturing but lower wages alone are rarely the key driver. For example, manufacturing wages in Cambodia are just US$150 per month compared to US$300-400 in Vietnam and US$500-600 in China but the human capital in Cambodia is of such low standards that it does not necessarily work out cheaper to manufacture there. When relocating or opening production facilities in a new country management will consider a wide range of factors including infrastructure, local raw materials, the component supply chain, the size of the domestic market, the quality of human capital and the ease of doing business and more. Low wages alone do not move manufacturing.

- **Millennials are having an impact.** From more than one source we heard that, rather than rising wages, it is more the changing attitudes and supply of labour that are becoming the biggest headwinds for manufacturing in China. Millennials in China today no longer want to work in manufacturing plants, standing in line and doing the same repetitive tasks all day. Instead, they would prefer to work in an office where life is more comfortable, even if it means receiving less pay than a manufacturing job. One of the differences for the Millennial generation in China is that their parents' are typically more well-off than their predecessors and so there is less pressure for Millennials to work hard and earn money. This phenomenon is one of the reasons why Vietnam has become such an appealing destination for manufacturing. The work ethic in Vietnam remains strong with people wanting to work for the same manufacturer for 5-10 years, not just 3-6 months as is the case in China. A stable and reliable workforce helps quality control and yields and is, quite simply, easier to manage. This has been a key part In Vietnam's FDI success story.

- **Samsung's largest mobile phone factory – in fact the largest mobile phone factory globally full stop – is in India.** In the past we have written much about Samsung's investments in Vietnam. Indeed, Samsung is the single largest contributor to FDI in Vietnam and, historically, has manufactured a significant portion of its phones, globally, in Vietnam. This has now all changed. In July 2018, Samsung, the number two player in the Indian smartphone market behind China's Xiaomi, began the process of doubling the capacity of its manufacturing plant in Noida, India, from 68 million units to 120 million units by 2020. While there is still significant room for growth in the domestic market in India, much of this new capacity has been earmarked for exports. Modi's government may have its 'Make in India' initiative, but Samsung is one step ahead with its new facility being touted as its 'Make for the World' initiative.


Source: https://news.samsung.com/in/samsung-inaugurates-worlds-largest-mobile-factory-in-india

- **Domestic markets can be as much or more of an attraction than exports.** The focus of our search was looking for export focused manufacturing that is moving or might move from China and if and when it moves that it would continue to be export focused. However, the real world is more dynamic than this and a search for a new manufacturing base may also involve a hunt for a new domestic market which offers very attractive growth potential in its own right. To this end, most of Chinese home appliance brand, Haier's, manufacturing in Vietnam serves the domestic market. Only in the long term do Haier Vietnam's management think they might use these facilities for exports. And when they do export, it is – slightly ironically – likely to be to Guangzhou in the south of China (just as US brands might manufacture in Mexico for the US market). Moreover, the expansion of Kia Motors, Hyundai Steel and Chinese smart phone brands, Oppo and Vivo, in India are all primarily to focus on the domestic market. This may be new manufacturing rather than relocating manufacturing but, very noticeably, it is focused on the domestic opportunity rather than exports in its first wave.

- **Reducing a trade deficit can be just as important as increasing FDI for exports**. As the above suggests, one key finding from our trip is that while there is a significant amount of manufacturing moving into India, most of it is doing so with the aim of targeting the domestic market and just a small portion will be allocated to exports. While initially this was disappointing, for if the situation were as it seemed it would be helpful in terms of job creation but would do little to boost India's exports, it transpires that there is a more positive interpretation. One of the biggest sources of new manufacturing in India is Chinese smartphone makers. Just a few years ago, all of India's smartphones were made abroad and imported. Fast forward to today and just 50% of India's smartphones are imported and that percentage is still falling. The key reason for the shift is that local Chinese smartphone brands, Xiaomi, Oppo, Vivo and others, have all set up shop in India. India currently has a very unhelpful US$50 billion trade deficit with China which it wishes to reduce. Radically reducing imports of Chinese phones from China to India will go a meaningful way towards reducing that. India may win in terms of both jobs and its macro-financial position after all.

- **Cultural differences can be overcome**. In Korea, the country's legacy of chaebols means that corporates have great power in the workplace and as a result it is common for employees to work until midnight and weekends. Coming from this cultural backdrop, Koreans have in the past found it very difficult to get their heads around why India has so many festivals, why family takes such precedence and why someone might want to take 2 weeks off for their wedding. This had created a bias amongst Koreans that Indians, although smart enough to do the job, were often considered too lazy to do the job. However, with cultural training and through the introduction of best practices these differences have been overcome. The Korean brand, LG Group, is testimony to how both sides have been able to overcome their differences. LG now has a sizeable manufacturing footprint in India and for Indians LG Group is one of the most trusted brands in the market.

Our manufacturing relocation tour involved travelling to Vietnam, Thailand and India. Here are our reflections on each country.

## Vietnam

Vietnam, without doubt, has been a significant beneficiary of the trade war and other pressures to find alternative manufacturing locations other than China. In the last 2 years, China and Hong Kong have been amongst the biggest investors in Vietnam for FDI. What was very apparent from our trip was exactly why Vietnam has so much appeal.

Firstly, the workforce in Vietnam is highly educated. Schooling in Vietnam is compulsory all the way up to 18 years old – higher in fact than the threshold in the UK and significantly ahead of India where schooling is only compulsory to the age of 12 (and even that seems lightly enforced). In addition, 20% of the labour force has a university degree. In 2010, the government launched a 10-year push of STEM subjects in the education sector. We are now coming close to the end of the programme which will see the country's capabilities in STEM subjects significantly strengthened. In global education rankings, Vietnam scores better than Singapore. Vietnam's boom in FDI will only support this further. Foreign investors setting up manufacturing plants in Vietnam are providing managerial training and there are reports of private overseas companies collaborating in Vietnam to provide vocational training.

Secondly, sourcing components in Vietnam is a relatively easy process. Interestingly, this is not because there are deeply developed supply chains across sectors in Vietnam but rather owing to the shared border and quite frictionless trade between Vietnam and China. As such, it is very easy for China based component suppliers to ship goods to Vietnam. Indeed, when we spoke to the management of manufacturers in Vietnam, the import ratio of goods was typically around 60%, whereas in India is was much lower at 20-30%.

Thirdly, the infrastructure in Vietnam, historically, has been sound enough in terms of roads, ports, water, electricity (manufacturing in India still expects daily power cuts) and supply of land with its 350 industrial estates.

Fourthly, with a population of 100 million people who have a consuming impulse and whom are seeing wages grow at a healthy clip, Vietnam also offers an attractive domestic market.

As we touched on above, for a country to appeal as a manufacturing location, the more boxes it ticks in terms of the broad list of characteristics which are desirable, the stronger its position. Vietnam has had the relatively rare status, globally, of meeting pretty much all the requirements. As such, it is unsurprising that Vietnam has enjoyed such an easy pipeline of FDI capital flows for many years now.

All of this said, the often-made comments during our trip is that Vietnam is becoming congested. Perhaps the victim of its own success, land and labour are getting harder to come by and companies are being forced to look to areas which are a 3-hour drive from the main business and industrial centers. In addition, other countries across Asia are becoming wise to the opportunity that manufacturing relocation and diversification offer, with India and Indonesia slashing corporate tax rates for new investment and everyone scrambling to make things as easy as possible for large corporates to invest and expand. For example, Kia Motors has recently entered India and had its land acquisition proposal approved within 24 hours. Vietnam is also having to be cagier about enquiries and existing FDI bases. Many of the officials we spoke to in Vietnam complained that Chinese companies have been setting up phantom manufacturing bases in Vietnam which, in reality, are little more than warehouses for Chinese goods which are shipped to Vietnam to get a 'made in Vietnam' label and an easy route round the US imposed trade tariffs. FDI in 10M19 has been flat in Vietnam, something of an anomaly in the context of the past 5 years; however, the slowdown in FDI becomes more understandable in light of the above points.

Will FDI into Vietnam slow from here? In the near term, possibly. However, we do not believe the recent pause marks an end to this long-term trend. The foundation which has been built in Vietnam to attract FDI remains robust. Factories will no doubt still have brownfield opportunities to expand and the move to upskill, automate and slowly move up the value chain of manufacturing is clear.

Two of Haier's manufacturing plants in Vietnam. The factory on the left is focused on assembly which is more manual and employs around 700 people. The factory on the right was only opened in August this year and features high end automation and employs just 100 people.
Source: Prusik

## Thailand

Thailand is not a country we invest in on account of its poor demographics. Indeed, by 2040 40% of Thailand's population will be over 65. However, as a competitor for Asia's relocating production, it nevertheless merited a visit.

There has been clear interest from companies and delegations looking to move manufacturing from China to Thailand, in particular from the Chinese themselves. A representative from the Eastern Economic Corridor, Thailand's industrial heartland, explained that in the last year they had had 3-4 groups from China come to investigate what opportunities lie in Thailand with each group numbering 150-200 people. Thai industrial estate operator, Amata, told us how 70-80% of new investment in its projects since the trade war began has come from China. A second industrial estate operator, WHA Group, cited similar trends, highlighting that Alibaba is being particularly active in Thailand.

Winning manufacturing in this regional and global reset is hugely important to Thailand. Wages and land prices in Thailand are already higher than its Asian peers and are continuing to rise. The next time such an opportunity arises, Thailand is likely to be uncompetitive.

There are factors which Thailand has in its favour. For example, it already has a large auto manufacturing supply chain, it has ample supply of rubber (something which the Chinese are allegedly very interested in) and the Eastern Economic Corridor industrial zone operates under its own laws and regulations, making it interesting for companies which want to test out otherwise controversial technologies. It is also trying to position itself as a centre for high value add manufacturing such as that needed for the aerospace parts and biotech.

Thailand will likely benefit to some extent from the shift in manufacturing but the challenges it faces are notable. Its labour force is already tight, the Baht has seen an unexpected but extended period of being particularly strong, the infrastructure linking the Eastern Economic Corridor to Bangkok needs improving and this is expected to take 3-5 years, which might simply be too long to wait. Even their bid to do higher-end manufacturing looks like it could be a stretch. For instance, in 2016 Thailand boasted the largest usage within ASEAN of industrial robots but today that accolade goes to Vietnam.

## India

As we have touched on above, the very clear message coming from India is that the majority of manufacturing which is setting up in India is going to cater to the domestic market rather than exports.

The second point to come out of our visits in India is that the manufacturing going into the country is *colossal in scale*. This is something which very much distinguishes India from its peers. There may be room for Samsung to manufacture at scale in Vietnam but it is notable that its Chinese peers are not present in Vietnam in the same way that they are in India, quite possibly because, quite simply, there is not the space. In the fight for manufacturing moving from China, the ability to manufacture at a very large scale, plus India's large domestic market, will be India's trump card. An excellent example of this is Noida which sits just outside of Delhi in the province of Uttar Pradesh or 'UP'. Noida has become a key hub for manufacturing in India as it offers the golden combination of scope for large scale manufacturing, good infrastructure and proximity to UP's population of 230 million people – nearly equal to all of Indonesia!

The third point we wish to highlight is that while India may still not match some of its Asian peers in terms of infrastructure and human capital quality, it is certainly improving. For example, in 2013 India was building 12km of new roads per day but today this number has jumped to 30km per day. Similarly, in 2013 just 54% of India's rural villages were connected by road but now that stands at 90%. India has seen a significant build-out of metros in its largest cities and there are plans afoot to build 100 smart cities across the country, of which 16 have already been completed. In terms of energy provision, India has jumped from 34GW of renewable energy capacity in 2013 to 84GW in 2019 and it is expected that India will exceed its own target for renewables of 175GW by 2022. This data paints a very clear picture. India may not be China in its pace and execution and, indeed, it may never be, but improvements are happening across the board and capital is taking note.

Finally, we believe India will start to excel in electromechanical parts and auto parts production. The initial build-out of manufacturing for smartphone and other electronic appliances in India is necessitating deeper supply chains which are now being developed. In terms of auto parts, India already has a sizeable autos industry with quite astonishing long-term potential (3 million new car sales p.a. compared to around 20 million new car sales p.a. in China). Both industries operate on low margins in which case tax rates matter. We believe this may have informed the thinking behind India's recent decision to slash corporate tax rates for new investment to 15% - the lowest in Asia.

## Conclusion

Our original thesis before our trip was that 'manufacturing has gradually started to shift from China to other lower cost countries, globally, including ASEAN and India, mostly on account of rising wages in China' and that 'the onset of the trade war is helping to accelerate this shift'.

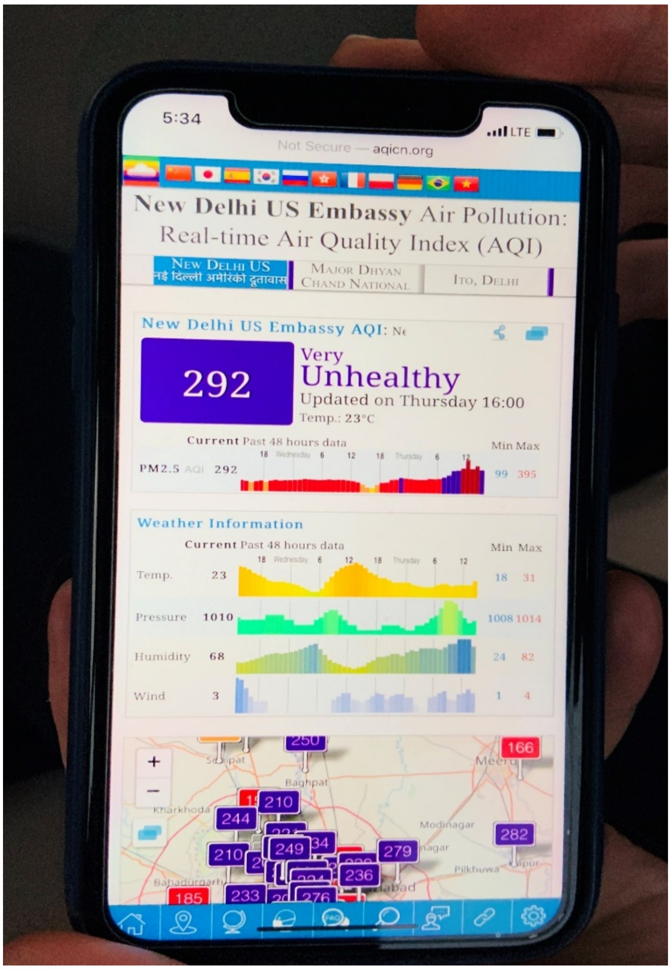
Our trip was hugely informative on this subject, in particular in highlighting the nuances around this issue.

- Manufacturing moving out of China is not actually a new trend. There is evidence of this shift happening over the past 4-5 years.
- The role that wage differentials is playing in this trend is far less than we had expected as wage differentials between China and other Asian options for manufacturing are narrowing. In addition, other factors such as the supply of components, labour, land, infrastructure, the quality of human capital and the size of the host countries' domestic market are just as important, if not more important.
- Factory relocation from China has been spurred by political tensions within Asia, for example, between China and Korea. The US-China tensions are not the only forces having an impact in the region.
- There is a huge volume of manufacturing which is opening up in Asia ex-China that is not necessarily doing so in reaction to the trade war but is rather looking to take advantage of new significant growth opportunities elsewhere in Asia, for example, India's smartphone market.
- The trade war has accelerated the relocation of manufacturing from China to elsewhere in Asia, although what may have taken place in the last year is likely to have been smaller in scale. Taking into account the significant interest and enquiries other Asian countries are seeing from China, this trend may accelerate further, regardless of the trade war outcome.

## India Air Quality

Finally, if you were wondering what the air quality was like in Delhi during the recent spike in pollution, well, it was something like this.






Source: Prusik

A mask was essential, the pollution readings on internationally recognised apps made for disturbing reading and all of this could be solved far quicker if the Indian government was not beholden to Indian farmers who make up a significant portion of the electorate. But these are topics for another day.

## PORTFOLIO PERFORMANCE

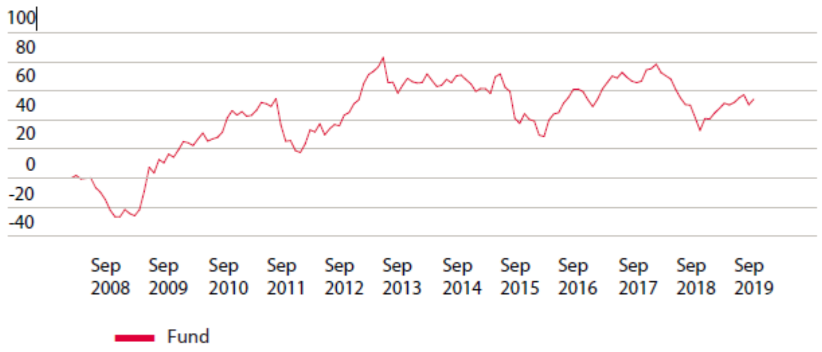
### Performance Summary (%)
### Period ending 30.09.2019

| | A-USD | C-GBP | D-SGD |
|---|---|---|---|
| 1 Month | 2.55 | 2.42 | 2.51 |
| 3 Months | -0.58 | -0.98 | -0.76 |
| Year to date | 9.62 | 8.04 | 8.91 |
| 2018 | -19.71 | -21.32 | -20.63 |
| 2017 | 17.49 | 15.88 | 16.74 |
| 2016 | 7.14 | 7.32 | 7.06 |
| 2015 | -12.78 | -12.15 | -12.21 |
| 2014 | -3.49 | -3.01 | -3.43 |
| Since Launch+ | 54.24 | 55.71 | 11.13 |
| Annualised 5 years | -2.02 | -2.75 | -2.38 |
| Annualised 3 years | -1.46 | -3.02 | -2.22 |
| Annualised Since Inception | 3.79 | 3.92 | 1.09 |

Source: Morningstar

+ Launch date: A: 08.02.08, C: 25.03.08, D: 15.01.10

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




Source: Morningstar. Total return net of fees

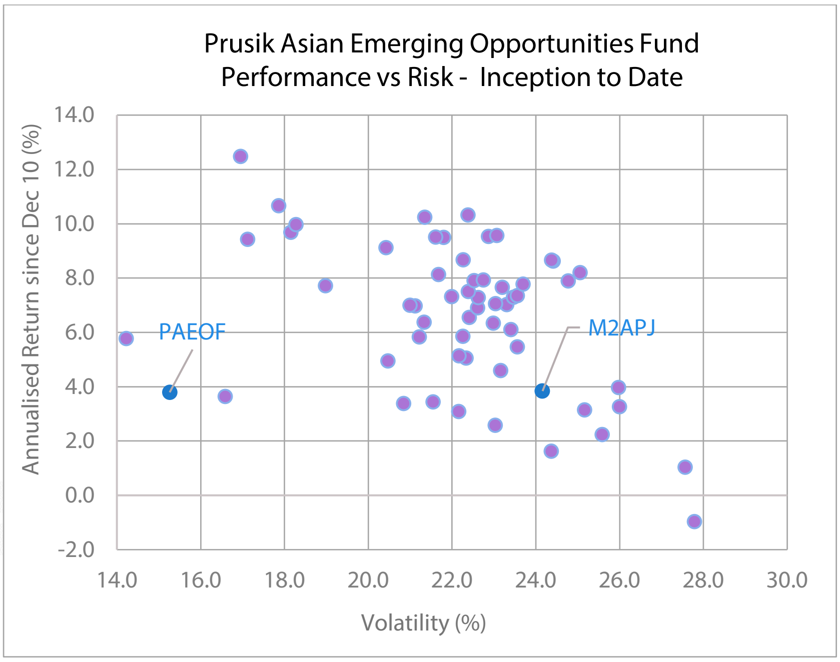
### Monthly Performance Summary (%)

| | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2019** | 2.89 | 2.25 | 2.35 | -0.78 | 1.08 | 2.11 | 1.40 | -4.39 | 2.55 | | | | |
| **2018** | 1.78 | -3.24 | -1.32 | -1.29 | -4.21 | -3.74 | -2.88 | -0.28 | -5.68 | -6.21 | 6.11 | -0.15 | -19.71 |
| **2017** | 3.51 | 4.55 | 2.74 | 2.64 | -0.86 | 2.35 | -1.95 | -1.54 | -0.68 | 0.69 | 4.61 | 0.47 | 17.49 |
| **2016** | -6.98 | -0.67 | 8.76 | 2.98 | 0.65 | 4.49 | 2.57 | 3.55 | 0.17 | -1.10 | -3.51 | -3.04 | 7.14 |
| **2015** | 1.25 | -0.11 | -2.04 | 7.23 | 1.21 | -5.33 | -1.78 | -11.48 | -2.63 | 4.83 | -2.71 | -0.78 | -12.78 |
| **2014** | 0.21 | 3.58 | -2.62 | -2.50 | 0.56 | 2.45 | -1.39 | 2.86 | 0.32 | -1.85 | -1.76 | -3.11 | -3.49 |
| **2013** | 7.27 | 3.73 | 1.32 | 1.82 | 3.58 | -9.40 | 0.10 | -4.52 | 3.54 | 2.84 | -1.44 | -0.51 | 7.51 |
| **2012** | 5.05 | 7.75 | -1.04 | 4.29 | -5.53 | 3.11 | 2.27 | -0.65 | 5.40 | 1.27 | 4.12 | 1.81 | 30.80 |
| **2011** | -2.15 | 0.43 | 2.35 | 3.75 | -0.57 | -1.22 | 3.60 | -11.67 | -8.27 | 0.37 | -5.50 | -1.07 | -19.28 |

## RISK ANALYSIS

| Risk Metrics | Fund (%) |
|---|---|
| Beta | 0.57 |
| Alpha (%) | 1.43 |
| Sharpe Ratio | 0.37 |
| Volatility (%) | 15.26 |

Source: Morningstar
Since Inception: A: 08.02.08




Source: Morningstar

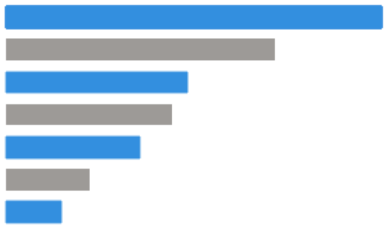
## THEMATIC & GEOGRAPHICAL BREAKDOWN

### 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 |

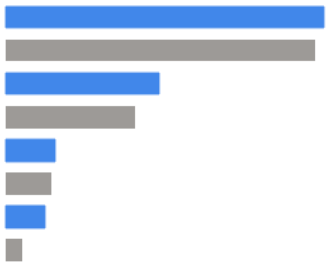
### Thematic Breakdown (%)

| | |
|---|---|
| Modern Retail | 29.8 |
| Emerging Technology | 21.3 |
| Local Brands | 14.3 |
| Infrastructure | 13.1 |
| Leisure/Tourism | 10.6 |
| Financialisation | 6.6 |
| Cash | 4.3 |



### Geographical Breakdown (%)

| | |
|---|---|
| India | 30.1 |
| Vietnam | 29.2 |
| Philippines | 14.4 |
| Indonesia | 12.2 |
| Singapore | 4.6 |
| Cash | 4.3 |
| Pakistan | 3.6 |
| Sri Lanka | 1.5 |



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

### Portfolio Financial Ratios*

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

## FUND PARTICULARS

### Fund Facts

| | |
|---|---|
| Fund Size (USD) | 33.2m |
| Launch Date | 8 February 2008 |
| Fund Structure | UCITS III |
| Domicile | Dublin |
| Currencies | USD (base), GBP, SGD |

### Management Fees

**Annual Management Fee**
1.2% p.a paid monthly in arrears

**Performance Fee**
No Performance Fee.

### Share Class Details

| Class 1 | | | 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 |

| Class U | | | SEDOL | ISIN | Month end NAV |
|---|---|---|---|---|---|
| U GBP | Unhedged | Distributing | BBQ37T7 | IE00BBQ37T77 | 105.57 |

### 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 days |
| Redemption Notice | 1 business days |

## Fund Manager

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