

Prusik Asia Emerging Opportunities Fund

GROWTH INVESTING IN ASIA



29 November 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) | 34.0m |
| 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 | 1.07 | 0.97 | 1.04 |
| 3 Month | 4.32 | 4.01 | 4.23 |
| Year to Date | 11.51 | 9.73 | 10.74 |
| Since Launch | 56.90 | 58.14 | 12.99 |
| Annualised [†] | 3.89 | 4.00 | 1.24 |

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

The Prusik Asia Emerging Opportunities Fund rose by 1.1% in November, taking the year to date return for the fund to 11.5%. While the fund is not measured on a relative basis owing to its limited 14% overlap with the index, the November return compares favourably with the Asia ex-Japan index which increased by 0.4% and the Asia ex-Japan small cap index which fell by 0.5%.

During the month, our Singapore domiciled holding, **Sea Ltd**, the ASEAN focused ecommerce and mobile gaming company rose by 24.5% following a set of very strong results and indications that the company may turn profitable sooner than expected. Elsewhere, our Pakistan portfolio finally caught up with the index which bottomed in August, returning 29.5% in November. **Pakistan Stock Exchange** saw a very sharp run up in reaction to news that the technical capabilities of the exchange will be much improved by its acquisition of Shenzhen Stock Exchange's trading and surveillance system. **Pakistan Stock Exchange** also plans to launch its own ETF in January 2020.

The key headwind in the month was **Mobile World** which saw profit taking after a stellar performance this year. We remain happy holders of the stock which foreign investors can now only buy by paying a large premium. Our Indonesia exposure also saw negative absolute and relative returns in the month with corrections seen across the board. The fund's long standing holding in DIY and lifestyle retailer, **Ace Hardware Indonesia**, faltered on management's statement that store growth will be slower next year. Until recently, **Ace** had been the only retailer to buck the trend of slower growth in Indonesia. We believe the weakness in Indonesia of late is partly driven by the lagging effect of the interest rate rises last year and that the impact of the interest rate cuts this year have still not translated to the real economy yet. Indeed, interest rate change transmission is typically regarded to take 12-18 months. As such, we believe Indonesia should see better returns in the coming year.

Finally, during the month we travelled to Singapore, Vietnam, Thailand and India in order to investigate whether or not manufacturing is moving from China to ASEAN and India as a result of the trade war, as well as visiting a number of our holdings. It was a fascinating trip with plenty of surprises and you can find all the details in our recent quarterly. For now, suffice to say that Vietnam should continue to be a key beneficiary of the trade war, although it is starting to get congested, while India appeals to manufacturers more for its domestic market rather than its export opportunities. Importantly, job growth, which is essential for our invested countries to generate in order to capitalise on their demographic dividend, is set to receive a boost from both factors.

All data as at 29.11.19. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Emerging Opportunities Fund



Top 5 Holdings (%)

| | |
|-------------------------------------|-----|
| Philippine Seven Corporation | 8.5 |
| FPT Corporation | 8.4 |
| Mobile World Investment Corporation | 7.4 |
| Sea Ltd | 5.7 |
| Ace Hardware Indonesia | 3.7 |
| Total Number of Holdings | 38 |

Portfolio Financial Ratios

| | |
|--------------------------------|-------|
| Predicted Price/Earnings Ratio | 17.6x |
| Predicted Return on Equity (%) | 23.2 |
| Predicted Dividend Yield (%) | 1.8 |

Risk Metrics

| | |
|-----------------------|-------|
| Tracking Error (% pa) | 13.19 |
| Beta | 0.57 |
| Alpha | 1.34 |
| Volatility (%) | 15.18 |
| Sharpe Ratio | 0.38 |

Thematic Breakdown (%)

| | | |
|---------------------|------|-------------|
| Modern Retail | 30.5 | <div></div> |
| Emerging Technology | 22.5 | <div></div> |
| Local Brands | 14.9 | <div></div> |
| Infrastructure | 10.9 | <div></div> |
| Financialisation | 10.3 | <div></div> |
| Leisure/Tourism | 10.1 | <div></div> |
| Cash | 0.7 | <div></div> |

Geographical Breakdown (%)

| | | |
|-------------|------|-------------|
| India | 32.4 | <div></div> |
| Vietnam | 26.4 | <div></div> |
| Philippines | 14.9 | <div></div> |
| Indonesia | 13.6 | <div></div> |
| Singapore | 5.7 | <div></div> |
| Pakistan | 4.7 | <div></div> |
| Sri Lanka | 1.7 | <div></div> |
| Cash | 0.7 | <div></div> |

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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 | 156.90 |
| B USD Unhedged Distributing | B2PKN32 | IE00B2PKN327 | 146.99 |
| C GBP Hedged Distributing | B2PKN43 | IE00B2PKN434 | 73.58 |
| D SGD Hedged Distributing | B3M3HJ5 | IE00B3M3HJ55 | 198.14 |
| U GBP Unhedged Distributing | BBQ37T7 | IE00BBQ37T77 | 102.50 |

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