

Prusik Asia Fund

GROWTH INVESTING IN ASIA



29 November 2019

Monthly Fund Fact Sheet

Investment Objective

To preserve capital and generate absolute returns over a full economic cycle by investing in listed equities in Asia Pacific ex-Japan, whilst maintaining portfolio volatility significantly below the peer group.

Fund Facts

Fund Size (USD)	133.6m
Launch Date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI Asia Pacific ex Japan Index

Performance (%)

	U (GBP)	Index (GBP)
1 Month	-2.09	0.46
3 Month	-8.14	0.16
Year to Date	4.53	11.15
Since Launch	74.17	74.15
Annualised [†]	9.03	9.03

Source: Morningstar.

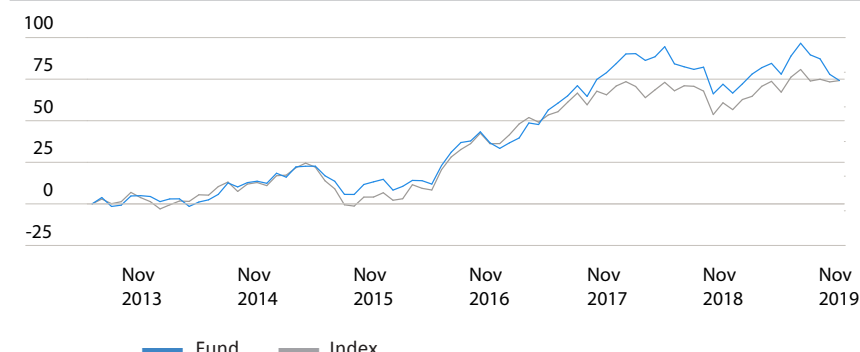
Launch Date: U: 01.07.13

[†]Since Launch Performance

Investment Process

With anomalies as a start point, the investment process seeks to identify and invest in key 'themes' in the Pacific region. Our themes are driven by factors outside of the normal economic cycle and are not yet discounted by the market. Companies are identified and chosen via rigorous bottom-up analysis with emphasis on traditional value and high ROCE. Cash and Index Futures are used when opportunities are few and to reduce portfolio volatility.

Fund Performance - Class U GBP (%)



Source: Morningstar. Total return net of fees.

Performance since launch of Class U GBP share class - 01.07.13

Fund Manager Commentary

November was a disappointing month for the fund as the index rose 0.46% while the fund fell by 2.09%, thus underperforming by 2.55%. The major reasons are very much the same as we saw in October.

Firstly, we have seen a significant lack of performance from Vietnam where we have a 16% weighting. We did add some new exposure here in September following our very encouraging trip to Vietnam and so the timing of this, in the light of the recent moves, has been a significant drag on the fund. In Vietnam, the major index fell from the highs in early November by 5.3% in local currency terms but there has been no discernible fundamental reason for this, save perhaps for a rising expectation of a China-US trade deal. However, as we have noted before, we believe that manufacturers will continue to move out of China regardless of the China-US relationship and that this will continue to benefit Vietnam.

We also want to be very clear that our exposures here are very biased towards the consumer and the growing middle-class in Vietnam, arguably the main story here and one which we believe has a multi-year growth story ahead of it. By way of example of what happened in November, one of our new holdings, retailer **Mobile World Group** (MWG) fell 12.5% during the month. It trades on just 11x P/E which for a blue-chip branded retailer in Asia is extremely cheap, possibly the cheapest in the region. Moreover, it has just announced earnings year-to-date to October which were up 35% year-on-year. We remain very positive on Vietnam and over the years we have invested here, we have noticed many times that it has not performed in line with other markets, very often to our benefit. We are noticing that the current regional stock market strength is very liquidity driven (thanks to the Fed) and is still focussed on many of the large and more expensive quality growth stocks. Against this, we have conviction to hold our Vietnamese positions, which we think look especially attractive at current levels and we believe will provide both cushion and upside in coming months.

Secondly, we have seen the third month in a row correction of our gold mining stocks. Again, we believe this is absolutely not the time to sell. We have just seen in the recent four weeks a record spike (up 65%) in physical delivery requests and there is a growing shortage of physical gold available. In the gold mining sector we are also seeing significant consolidation. Finally, there is a growing chance that 2020 brings more inflation or currency volatility than we have seen in years given the monetary backdrop in the US.

Elsewhere we made a number of new purchases in recent weeks which have only just started to gain traction. These include some growth companies in China that have been de-rated this year such as, **Suofeiya Home**, which makes bespoke wardrobes and kitchens, and sportswear brand, **Xtep**, which is trading so much more cheaply than its rivals Anta and **Li Ning**. The fund is trading on just 11.9x 2020 P/E which is a full 2 points below the index average and indicates that we are not overly exposed to the very expensive index stocks which are leading the current rise. This, we believe, combined with the average ROE of 20.4%, should be very supportive going forward and we feel that now is a good time to buy this portfolio.

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

Prusik Asia Fund



Top 5 Holdings (%)

Taiwan Semiconductor	4.6
Sea Ltd	4.0
Ping An Insurance Group Co	3.9
Ping An Healthcare & Technology	3.9
Li Ning Co Ltd	3.6

Total Number of Holdings	36
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Portfolio Financial Ratios

Predicted Price/Earnings Ratio	11.9x
Predicted Return on Equity (%)	20.4
Predicted Dividend Yield (%)	3.2

Risk Metrics

Tracking Error (% pa)	6.42
Beta	0.84
Alpha	0.36
Volatility (%)	16.99
Sharpe Ratio	0.48

Thematic Breakdown (%)

AI/Technology/Internet	25.2	<div></div>
Local Brands/Modern Retail	18.0	<div></div>
Infrastructure	17.2	<div></div>
Vietnam	16.1	<div></div>
Energy/Energy services/Shipping/Value	8.8	<div></div>
Gold	5.3	<div></div>
Financialisation	3.9	<div></div>
Property	2.4	<div></div>
Education	1.8	<div></div>
Cash	1.3	<div></div>

Geographical Breakdown (%)

China	34.3	<div></div>
Vietnam	16.1	<div></div>
India	9.5	<div></div>
Korea	8.6	<div></div>
Taiwan	7.3	<div></div>
Australia	7.2	<div></div>
Singapore	6.9	<div></div>
Philippines	3.5	<div></div>
Hong Kong	2.8	<div></div>
Indonesia	2.4	<div></div>
Cash	1.3	<div></div>

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Management Fees

Annual Management Fee

Class U: 1% p.a. Paid monthly in arrears
All Share Classes except Class U: 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 Share Classes except Class U: 10% NAV appreciation with a 6% hurdle annually

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	B0MDR72	IE00B0M9LK15	246.52
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	246.68
C GBP Hedged Distributing	B18RM25	IE00B18RM256	128.16
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	334.02

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	174.17
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Performance fee based on fund performance as a whole.

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