PRUSIK

Growth Investing in Asia

Prusik Asia Fund

Quarterly Investment Report
31st December 2019

FOR PROFESSIONAL INVESTORS ONLY

4Q19 Performance Commentary

The final quarter of 2019 was a difficult one for the fund. The MSCI Asia Pacific ex-Japan index (M2APJ) rose 2.5%, whilst the fund fell by 4.7%. This gap accounts for almost all the relative underperformance of the fund over the full year 2019. The reasons for the underperformance are very clear.

Firstly, we have seen a significant lack of performance from Vietnam, where we have a c.16% weighting. The total underperformance of Vietnam accounts for a negative attribution of 192bps in this quarter, a considerable drag given the index rose. 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 poor. In Vietnam, the major index fell from the high in early November to the quarter end by c.6.5% 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 to the consumer and the rising numbers of middle-class in Vietnam, which is the main story here, and one which we believe still has a multi-year growth story ahead of it.

By way of example of what happened in Vietnam, one of our newer holdings, retailer **Mobile World Group** fell 12.5% in November. It trades on a forward P/E of just 11.2x which, for a blue-chip branded retailer in Asia, is extremely cheap, possibly the cheapest in the region. Moreover, it has just announced earnings for 2019 which were up 33% 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, thanks to the Fed, is still very liquidity driven and, as a result, is still focussed on many of the larger and more expensive growth stocks. We are, thus, very happy indeed to hold our Vietnamese positions, which we think look especially attractive at current levels and which we believe could provide both cushion and upside in coming months.

Secondly, we had two specific stock problems this quarter. Combined, these contributed a negative attribution of 180bps. In October, our position in India software provider, **Infosys**, was hit very hard after a whistle-blower report citing bad corporate governance and misuse of funds by the CEO. Whilst little more detail has come to light and the shares have recovered somewhat after their initial fall, our zero tolerance for poor governance means we have since sold the position. In December, the relative underperformance of the fund was almost entirely accounted for by a regulatory change against water concessions in the Philippines, instigated by the President and which affected a number of companies including our infrastructure conglomerate, **Metro Pacific Investments**. The longevity of certain contracts is still open to question, although a resolution is expected soon. The shares fell 27% on the news.

Thirdly, we have seen three months in a row of declining share prices in our two gold mining stocks, **Newcrest Mining** and **Northern Star Resources**, which together generated a negative attribution of 69bps. As with Vietnam, 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 stock available. In the gold mining sector, we are also seeing significant consolidation, which is usually a sign of a long-term bottom. Finally, given the monetary backdrop in the US, there is a growing chance that 2020 brings more inflation, mishap or currency volatility than we have seen in years, and gold represents a helpful hedge in these events.

Thus, December brought to a close a rough quarter and, therefore, a disappointing year. We are aware that our best investments over the year (in the top five were Chinese sportswear brand, **Li Ning**, Korean sportswear brand, **Fila Korea**, and AI healthcare disruptor, **Ping An Healthcare**) are not the larger index constituents but, in turn, the larger detractors were also companies off the beaten track, such as internet content provider, **Yeah1**, in Vietnam and

Metro Pacific in the Philippines. We can also add that our larger weighting in Vietnam, which is also not an index constituent, was a positive contributor until the recent quarter.

The key question going forward and given the above is whether we feel we have the right portfolio and if not do we need to change anything. On this we can say we feel very heartened by the recent performance of the rest of the portfolio as we move into 2020. Approximately a third of the fund is in the consumer/local brands theme and especially emerging middle-class beneficiaries. These are growth companies but not, in the main, expensively priced ones. Amongst these, for example, is our new holding in bespoke fitted furniture designer, **Suofeiya**, which we added last month and which was our best performer in December. A further c.20% of the fund is in technology (mainly semiconductors and software) and healthcare. These segments did well this year and we are confident that 2020 will be another good year for these companies.

The themes which did less well in 2019, however, look very promising for the coming year. These are infrastructure, which comprises approximately 12% of the fund and which has started to perform better. Amongst these there is also extraordinary value, especially in the Chinese companies. Additionally, we have around 19% of the fund in themes which we look at as driven by 'shortages' - areas such as copper, shipbuilding, steel and energy. These are all areas which have seen significant underinvestment in recent years and where demand is still robust and, in many cases, picking up. 2020 could be a year where we begin to see shortages or tighter supply lead to better pricing, and possibly, even some inflation. This segment of the portfolio has begun to rise in unison in the past two months and, of course, valuations are very low. As an example of what is happening on the ground, **HPG**, our Vietnamese steel company (8.1x P/E and dividend yield of 4.6%), just announced December sales volumes up 34.7%, citing both higher domestic demand and export orders.

We also see opportunity and potential upside in that the overall portfolio is trading on just 13x forward earnings but has an average ROE of nearly double that of the index at 20%. Indications are also good that our companies are continuing to generate earnings growth significantly above that of the index, following on from the 23% average EPS number for the portfolio in 1H19.

Thematic Attribution

Theme	PAF Absolute Attribution 4Q19
5G/AI/Software/Healthcare	1.87%
Ecommerce	1.14%
Shortages/Value	0.47%
Financials	0.34%
Education	0.13%
Leisure/Tourism	-0.08%
Gold	-0.28%
Infrastructure/Property	-0.50%
Brands	-0.57%

Source: Prusik/Bloomberg

Outperforming Themes in 4Q19

- **Ecommerce: 5.0% average weighting in 4Q19**
  - The ecommerce theme returned 18.5% in 4Q19, led by **Sea Ltd**.
  - **Sea Ltd** is the leading ecommerce company in South East Asia and global mobile game publisher. Better than expected results drove the stock higher, as did indications that the company will turn profitable sooner than expected.
  - New position in **Reliance Industries** was added. **Reliance** is the leading telco operator and bricks and mortar retailer in India. Management are using this platform to build out a disruptive ecommerce business to challenge market leaders Flipkart/Walmart and Amazon.

- **5G/AI/Software/Healthcare: 15.8% average weighting in 4Q19**
  - The technology/software theme returned 16.4% in 4Q19.
  - Index heavyweights, **TSMC** and **Samsung Electronics**, performed strongly on improving sentiment with regard to global growth.
  - Innovative, technology driven healthcare provider, **Ping An Healthcare & Technology**, also performed well.
  - Indian outsourcing leader, **Infosys**, corrected on whistle-blower concerns. Stock was sold on this signal of questionable corporate governance.

Underperforming Themes in 4Q19

- **Gold: 6.3% average weighting in 4Q19**
  - The gold theme returned less than the market in 4Q19.
  - Gold related stocks corrected in 4Q19 as US-China tensions eased and the outlook for global growth improved.
  - Rising inflation risks continue to favour maintaining gold related exposures.

- **Brands: 19.5% average weighting in 4Q19**
  - The brands theme returned less than the index in 4Q19.
  - Vietnam dairy leader, **Vinamilk**, was weak in 4Q19 in line with the broader Vietnam market.
  - New addition, China sports brand, **Xtep**, got off to a slow start.

- **Infrastructure: 14.2% average weighting in 2019**
  - The infrastructure theme returned less than the index in 4Q19.
  - Positive returns were seen from 3 out of 4 of our holdings.
  - **Metro Pacific** corrected sharply on news that its water concessions may be cancelled. Stock was exited as a result.

Vietnam

We have owned a significant weighting in Vietnam since early 2012 and during this time, the market has performed well but our Vietnam portfolio has done significantly better (in local currency terms the index has roughly doubled whereas our portfolio has risen nearly fourfold). However, 2019 was a more difficult year for our relative performance in Vietnam with almost all of the year's performance coming from just six stocks, (two state banks, three Vin Group companies and Petrovietnam Gas), none of which we own. Furthermore, in 4Q19, the index together with a number of our own positions, including some relatively new holdings, corrected as other markets were rising. This was a significant detractor to our performance in the quarter.

Vietnam continues to be one of our favourite longer-term themes in Asia and our week seeing companies there in September confirmed that there remains significant upside, especially in the consumer sector. We note that Vietnam, along with Taiwan, has been one of the biggest beneficiaries of the US-China trade war and that FDI into Vietnam increased around 70% year-on-year in 2019. Even with 'phase one' of the trade negotiations in the bag, we believe that Vietnam will continue to see manufacturing taking a cautious route and choosing non-Chinese locations. This should continue to support one of the best economic growth stories in the region in 2020. Local brokers are forecasting around 18% earnings growth in the coming year. The stock market has already begun to recover in 2020 and this may accelerate after the week-long break for Tet, the Vietnamese New Year, celebrated at the end of January. The key catalyst for this could be the long-awaited launch of the 'Diamond ETF', the structure of which will allow foreign investors to buy a locally listed ETF that is allowed to own local shares in companies which foreigners could otherwise not buy due to foreign ownership restrictions. If successful, this could be very supportive to a number of our holdings.

PNJ, Vietnam's leading jewellery retail brand and one of our earliest Vietnamese holdings, is a good illustration of why patience is required but often rewarded in Vietnam. This holding has been in the fund longer than the five-year chart below but, as you can see, it has been a volatile experience, but a good one for those prepared to wait. **PNJ** did the fund no real favours in the 2H19 performance-wise. Nonetheless, its 4Q19 results which were recently announced, surprised on the upside. Retail sales soared 34% in December, bringing the full quarter sales growth to 17%. Meanwhile, net profit after tax jumped 45% in 4Q19 and 24% year-on-year for the full year. **PNJ** has a ROE of 28% and trades on 15.3x P/E, which is a significant discount to regional peers. 2020 looks as though it is off to a better start.

Source: Bloomberg

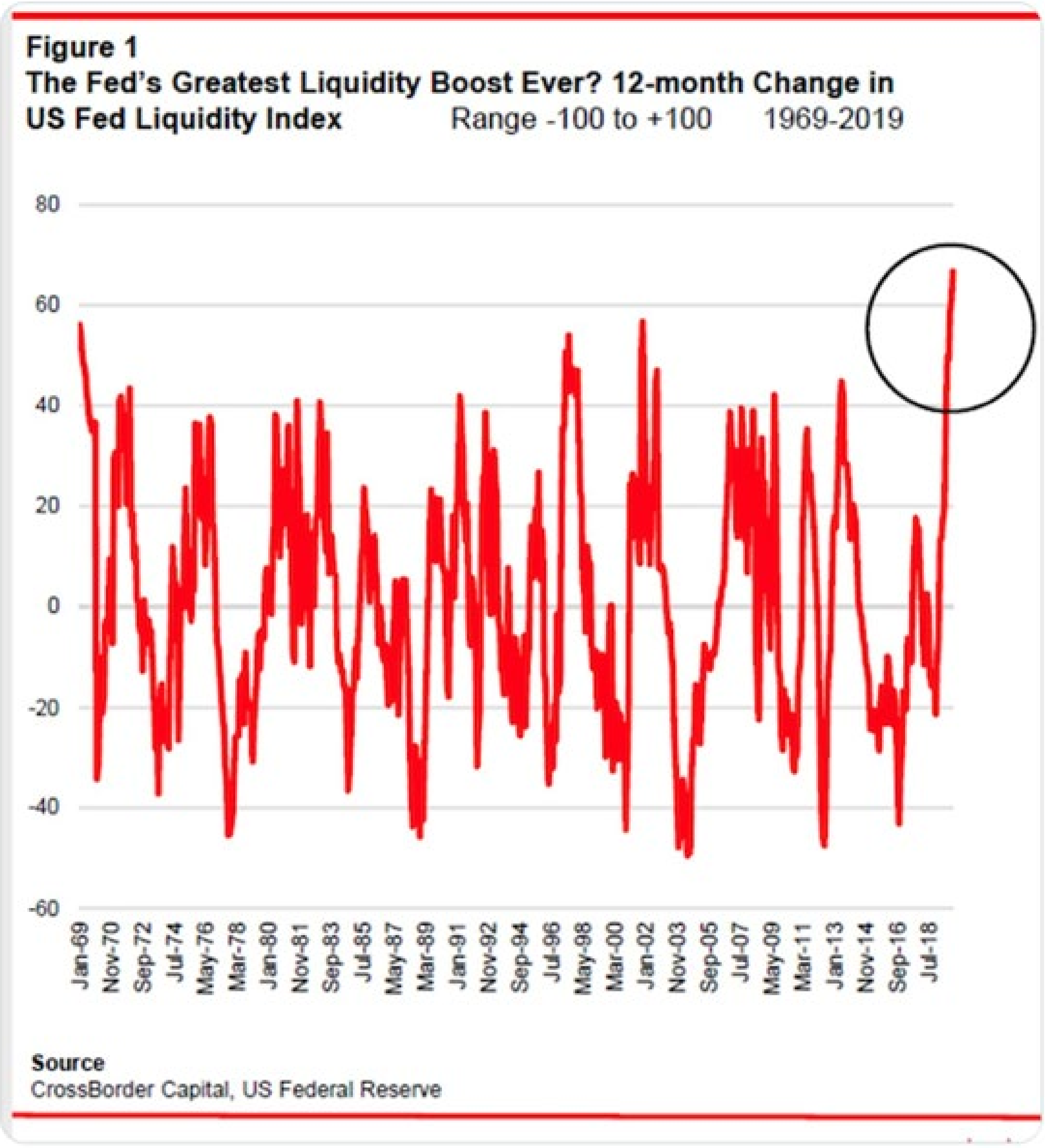
Outlook – Excess liquidity

"The last five major global cyclical events were the early 1990s recession — largely occasioned by the U.S. Savings & Loan crisis, the collapse of Japan Inc. after the stock market crash of 1990, the Asian crisis of the mid-1990s, the fabulous technology boom/bust cycle at the turn of the millennium and

the unprecedented rise and then collapse for U.S. residential real estate in 2007-2008. All five episodes delivered recessions, either global or regional. In no case was there a significant prior acceleration of wages and general prices. In each case, an investment boom and an associated asset market ran to improbable heights and then collapsed. From 1945 to 1985 there was no recession caused by the instability of investment prompted by financial speculation — and since 1985 there has been no recession that has not been caused by these factors."

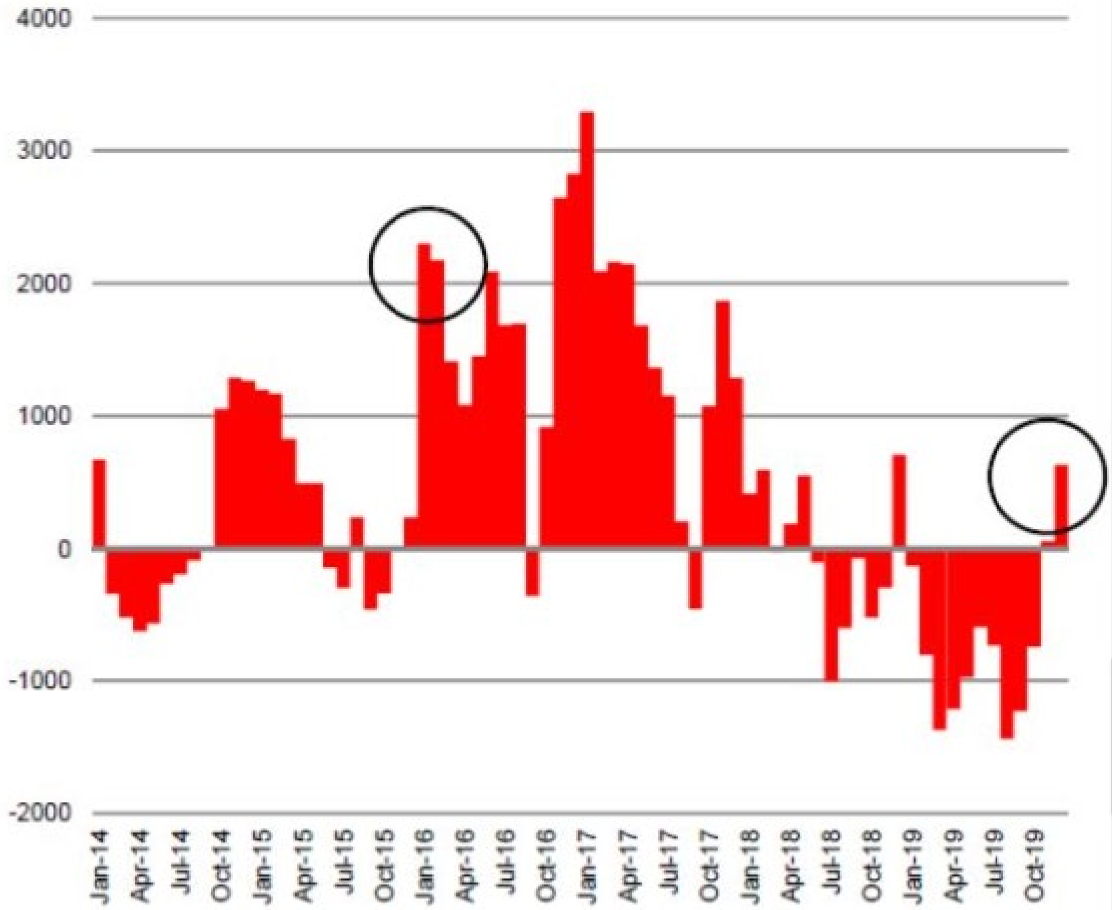
Robert Barbera 'The Cost of Capitalism'

The key question is, is it fundamentals or liquidity driving markets at the moment? Economists, Crossboarder Capital, have always been one of the most reliable commentators on global liquidity. This chart from them below shows that the increase in US liquidity over the past 12 months has been the biggest ever.



Moreover, after tightening in 2019, it looks as though China may be joining the fray once more. See the chart below.

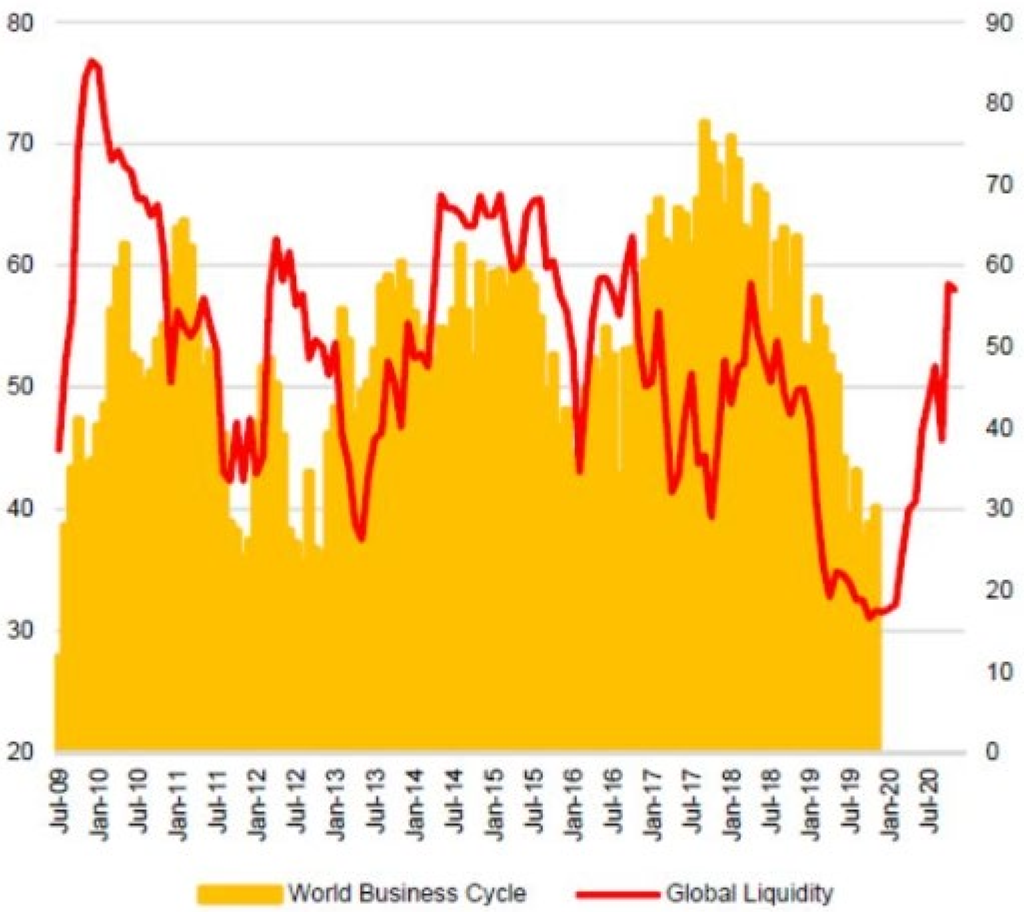
Figure 6
People's Bank of China (PBoC) Net Liquidity Injections
RMB Billions Rolling 12-Month Total 2014-2019



Source
CrossBorder Capital, People's Bank of China

It, therefore, seems that today's markets are being driven to a significant degree by credit and easy money and not yet by a proper economic expansion, although we could yet see an economic expansion following this liquidity surge (see chart below). It is likely that stock market speculation and bonds will continue to run ahead of this.

Figure 1
Global Liquidity and World Business Cycle
Indexes 0-100 2009-2020



Source
CrossBorder Capital, US Federal Reserve, People's Bank of China, ECB, Bank of Japan, Bank of England

With the US election in November of 2020, and assuming that the PBOC has embarked on a period of easier liquidity in China, we see a significant likelihood that this easy liquidity environment will remain for the coming months.

A Note on China's Economic Policy

In the latter part of 2019, and especially in the last two weeks of the year, while the West was on Christmas vacation, Beijing was busy with a raft of measures which would broadly translate to a top-up in regulatory changes which favour deregulation, combined with efforts to push out more money into the broader economy and lower the cost of funding.

These include:

1) A relaxation of asset management rules. The first foreign-controlled joint venture in wealth management has been approved between Amundi Asset management and Bank of China. Bloomberg has also reported that Blackrock and Tamasek are in discussions with China Construction Bank. This potentially opens the way for domestic banks to boost their wealth management businesses. Here assets under management amount

to 30% of household deposits. The upside for the banks in terms of increased fee income may also be significant. Overall, less than 5% of all wealth management products in China are invested in equities, while the top 10 banks' wealth management assets under management is made up of only 12% of total assets under management versus 26% in the US. In short, China's overall conditions in this sector are similar to the US in the late 1980s, before the US asset management sector took off.

2) 2020 year-to-date issuance of local government credit is already RMB 186 billion versus RMB 111 billion for all of January 2019, with 80% of this going to infrastructure, in particular, urban construction and transport.

3) A number of regulations have been passed which are centred around lowering finance costs for the economy, promoting healthier capital markets and preventing financial risks. The PBOC lowered the Required Reserve Ratio (RRR) by 50bps on 1st January. This is a universal cut on all financial institutions, other than finance companies, financial leasing companies and auto finance companies. The PBOC has estimated the cut will release RMB 800 billion of liquidity into the market and save banks RMB 15 billion in funding costs every year. Together with new Medium-Term Lending Facility (MLF) and Open Market Operations (OMO), the central bank pumped a total of RMB 1.7 trillion of new liquidity into the economy since late December 2019. The PBOC also replaced the benchmark rate for existing loan books with the new lower Loan Prime Rate (LPR). In the capital market, the revised Securities Law stipulates greater regulations around IPOs and the strengthening of investor protections. On wealth management, a door was closed, but a window opened. The tightening on cash-management for wealth management products surprised on the downside, but the regulator has indicated that the deadline for banks to meet these new conditions might be pushed out. Lastly, two troubled banks received bailouts from the central government.

Connected commentators suggest that, this year, China will most likely declare victory on its deleveraging campaign, as the off-balance sheet portion of total debt has declined to c.30% versus c.50% in 2017. An end to deleveraging in China would represent a significant positive boost to sentiment and will allow the government to increasingly funnel new loans to boost industrial activity. We could see a mild recovery in 2020 industrial activity to be driven by broad-based restocking. These policies in general are all positive for market sentiment and liquidity.

Regarding currency, the 'phase one' trade deal commits China to do more to crack down on the theft of American technology and corporate secrets by its companies and state entities, while outlining a $200 billion spending spree to try to close its trade imbalance with the US. It also binds Beijing to avoiding currency manipulation to gain an advantage and includes an enforcement system to ensure promises are kept. Thus, while we do not expect to see the CNY weaken any time soon, we expect that any further upside will be capped and, if anything, we could see a gradual increase of the CNY versus the USD in the coming years. This would be good for Asia, given the historic correlation between USD weakness and Asian outperformance.

Outlook – Fundamentals

Firstly, with 'phase one' of the trade talks between China and the US now settled, it is tempting to be optimistic. However, the view from China is that 'phase two' will now come into focus and so before long we expect to be back into the good news-bad news negotiation cycle. No doubt with the US election later this year, Trump will want to keep the big China fish on the line with a showy display of US power.

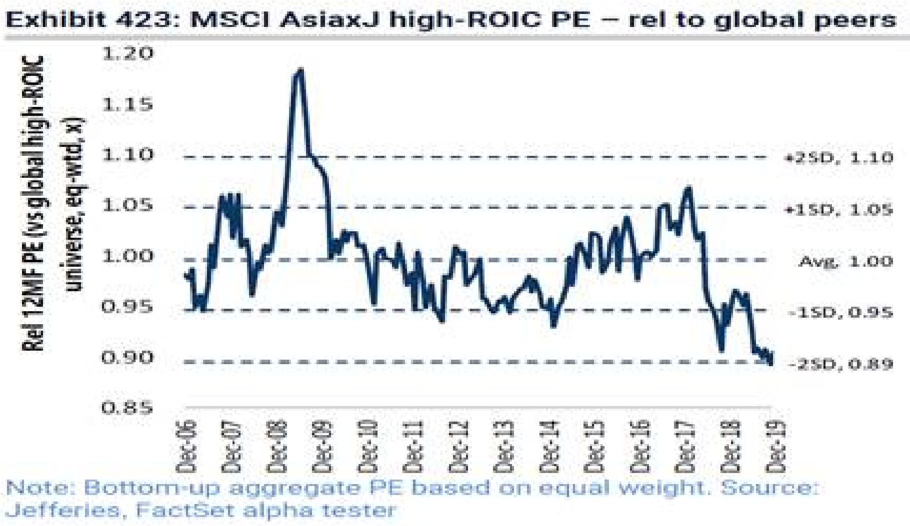
Regarding earnings, it seems that earnings revisions started to stabilise in the latter part of 2019, with China leading the way. Consensus estimates for MSCI Asia ex-Japan earnings growth for 2020 have accelerated to 14.6% this year, and this includes tech but also structural growth and defensive growth segments. Taiwan, China and India seem to be seeing the most upgrades at present.

A recent survey of over 9000 long only equity funds indicates that positioning favours the USA and India, whilst Japan, Australia, China and Canada are all under-weighted. The biggest sector underweights are financials, staples and commodities.

Valuation wise, Asia is looking relatively cheap compared to its own history, but not crazy cheap. See chart below.

Source: Jefferies/Bloomberg

Perhaps most striking is that Asia's highest returning companies are trading at their cheapest level vs the global peer group, ever!



Source: Jefferies/FactSet

This does make reasonably priced quality growth stocks in Asia seem very attractive. This is exactly where the majority of our portfolio is positioned.

Copper – Wither Inflation?

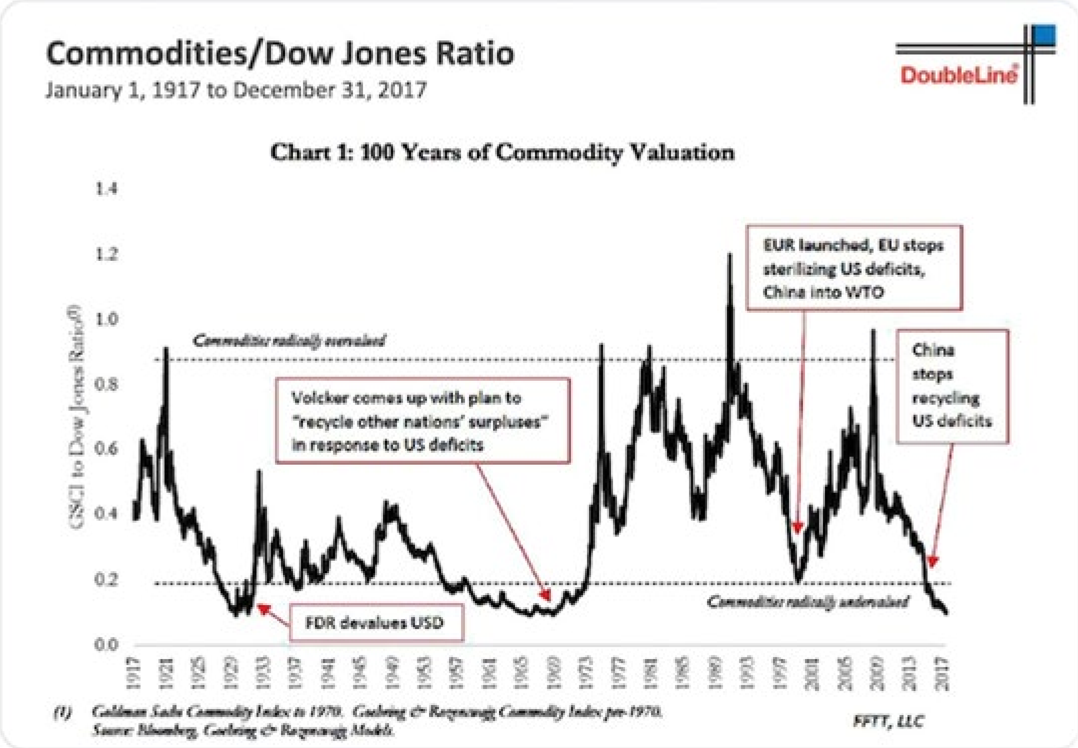
Traders call copper 'Dr Copper' because it is reputed that the base metal has a Ph.D in economics because of its ability to predict turning points in the global economy. In fact, most of the time, Dr Copper forecasts recessions and recoveries, inflation and deflation, far more accurately than his colleagues in the 'dismal science', so it pays to pay attention to his macroeconomic messages.

Over the past decade the metal has been consolidating above long-term support. Last year saw copper prices fall to test the uptrend line that constitutes the lower half of a long-term pennant pattern and then rebound. At this point, the coil is getting pretty tight. Now copper prices appear poised to test the upper trend line.

Source: The Fielder Report

A breakout above that line would suggest that inflation, or even stagflation, after being written off as a relic of the past, could finally be making a comeback. Because asset prices have largely been boosted by a goldilocks period of decent growth and ultra-low inflation, this is a chart that most investors should keep a close eye on.

Meanwhile, overall in the past 100 years, commodities look very undervalued in relation to equities. As the chart below shows, the valuation ratio of commodities to the Dow Jones has only been this low three times - in 1929, 1960 and today.



Source: The Felder Report

Equally, despite the gold miners' HUI index being amongst the best performing asset classes since 2016, the Philadelphia Stock Exchange Gold and Silver index stands at the same level as it did at the start of 1984. The recent surge of mergers in this sector could be a sign of a bottom of this cycle.

Source: Gavekal

In short, the movement of economic value out of the physical world and into the virtual world (think YouTube, in game purchases, internet search, augmented reality, internet 3.0 and the Internet of things) is certainly challenging and most likely is being reflected in these extreme under-valuations of the world's physical assets versus newer virtual ones. The question is whether this trend continues. We are in unchartered waters but we believe that some regression to the norm is possible, especially given the under-investment in assets which are required to support the virtual world, such as copper and Lithium. If we see the current extreme global liquidity creation spill over into an inflationary environment, the long-standing trend of under-investment in physical assets could quickly turn into shortages and pricing power for some of the worlds' most underheld physical assets.

Portfolio Positioning

We are cognisant of the likelihood that liquidity creation in the US will continue this year until either Trump is re-elected in November (or isn't – November raises quite the spectre of 'what next?' in this regard) or some other event precipitates a change in how investors view a) companies that don't make profits or b) the inflation outlook and thus the future cost of debt, possibly triggered by a genuine and significant recovery in economic growth and demand. In China we can expect a more benign approach to liquidity to prevail beyond November, led by the government planning forward to 2021 and the 100th year anniversary of the Communist Party when, no doubt, they will want the economy to be firing on all cylinders. We have, therefore, positioned our portfolio to have some exposure to physical assets such as gold and copper but remain mainly exposed to 'quality growth at a reasonable price'.

We wrote extensively on 'value' last quarter and despite some better performance these companies have not surpassed the laggard growth companies performance-wise. Our ongoing review of this and the recent renewal of effort by major central banks to increase financial market liquidity has led us to reconsider some of our holdings. It would seem that past episodes where value has significantly outperformed have usually been presaged by a *second* yield curve inversion. We are keeping a watchful eye for this, and do retain some investments in the 'value camp' (currently less than 10% of the portfolio) but will continue, in the meantime, to focus on our favourite growth themes.

These are consumption and middle-class creation, local brands, ecommerce and gaming, 5G, software, infrastructure and semiconductors and Vietnam (especially after the recent correction).

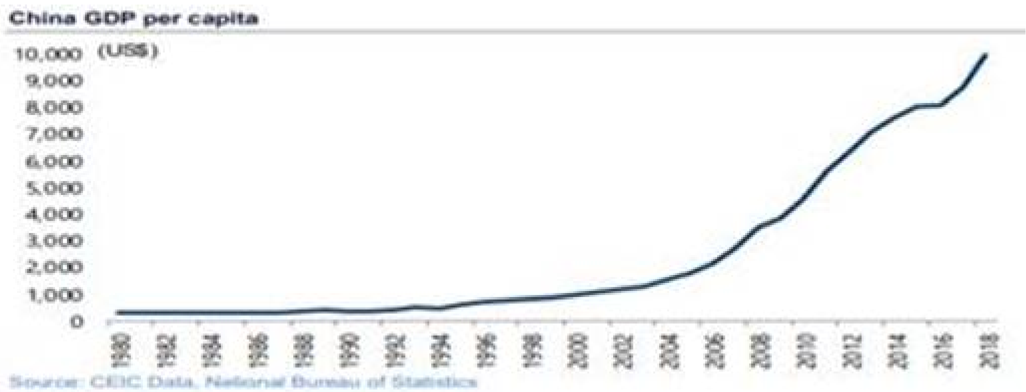
The portfolio, as of 31st December 2019, trades on 13.3x P/E versus the M2APJ index of 14.2x P/E. The average ROE for the fund is 20% versus the index on 11.8%, whilst the dividend yield is 3.3% versus the index on 2.9%.

China Consumption and Lower Tier Cities

This month the CEO of China ecommerce giant **JD.com's** retail division, Xu Lei, outlined his new strategy of expanding its business into lower tier cities over the next three years. This is in response to central government policy aimed at **tripling** lower tier consumption in China to $6.9 trillion by 2030 from its 2017 level of $2.3 trillion! This reminds us of China's huge commitment to infrastructure in past decades, on a scale investors found hard to believe, and yet they achieved their objectives.

In recent weeks there has been much written about China's overhaul of its Hukou policy. This is a policy which determines where an individual is allowed to live, work and be educated. Hukou reform will allow more freedom of movement and thus better allocation of labour and productivity. It is also likely to spur the emergence of new megacities i.e. cities with a population of more than 10 million people. Urbanisation in China has already been rapid with just under 60% of the population living in cities by the end of 2018 up from just 20% in 1960. However, according to the World Bank this is below the average figure of 66% for all upper-middle income economies and well below the 80% urbanisation rate for high-income economies.

China has a leadership in place that remains keenly focused on avoiding the middle-income trap and it deserves the benefit of the doubt looking at its track record of achievement, which this chart aptly demonstrates.



Source: Jefferies

Consumption will thus remain a key policy focus. 2020 is the last year of the government's 13th five-year plan which aims at increasing domestic spending to two-thirds of GDP through urbanization and disposable income growth. Consumption will be driven by rural development, rising self-employment and potential household credit reform.

Our China consumption stocks include ecommerce leader **JD.com**, auto brand, **Geely Auto**, fitted wardrobe maker, **Suofeiya Home Collection**, and sportswear brands, **Li Ning** and **Xtep**, as well as domestic cosmetics brand, **Proya Cosmetics**.

Proya (China Cosmetics)

Proya is a US$2 billion market cap, locally grown, skincare company which was founded 20 years ago. It was listed in December 2017 and has just been added to the Shanghai Hong Kong Connect. It is a private family owned company.

The China skincare and cosmetics industry has recorded robust growth over the past years with compound annual growth rates hitting 9.5% thanks to urbanization, a growing middle class, rising e-commerce and increasing consumer awareness. Industry growth rates are even higher in tier 2-5 cities at 19-20% cagr. According to Euromonitor, in 2018, the total China cosmetics market was valued US$38.5 billion for skin-care and make-up combined, up 17% year-on-year. Despite this growth, Chinese per capita spending on cosmetics is low at just US$28 a year versus Korea at US$178 per year.

For years, foreign brands have dominated the China market, leaving grassroots local companies to struggle. However, things have started to change recently as more consumers, especially the rising Generation Z, the under 23-year olds, who account for 20% of China's population and are therefore a vast emerging consumer group, are starting to recognize and prefer local brands. Thus, some of the local brands that managed to survive are now thriving.

China has around 800 million 'invisible consumers'. 'Invisible consumers' are those living in lower tier cities, counties and towns, mostly self-employed and have access to the internet. It was exactly these consumers that **Proya** targeted from the very beginning. The company strategy focused on opening stores in lower tier cities and counties and selling its own brand products, which include lotions, face creams, eye creams, face masks, serums and sunscreens. The company has since expanded into selling 1,000 SKUs under 7 different brands targeting different consumer groups. All in all, this has helped Proya deliver top line and bottom line growth of 12.8% and 26.0% per annum, respectively, in the last four years and reach a market share of just 2.0%

More recently, **Proya** has established an e-commerce team of 220 staff, of which 90% are born after 1990, and its products are also sold online via all the major platforms such as Taobao, Tmall, Pinduoduo and VIP.com. **Proya** derived nearly half from online in 2018, up 59% year-on-year to RMB 1.0 billion. Meanwhile its offline sales are still delivering double digit growth.

The company has doubled its market share recently and very quickly, proving its capability via marketing online using young KOLs (key opinion leaders) and the newest approaches. Unlike Millenials that focus on WeChat (the Chinese WhatsApp) and Weibo (Chinese twitter), Gen Z prefers social platforms such as live broadcasts and videos. Surveys show that young consumers use relatively more local brands and are more influenced by online reviews and friend recommendations. **Proya**, using both integrated marketing campaigns and product innovation, initiated its 'bubble spa' face mask last summer and managed to sell 850,00 boxes in a month, achieving the top rankinng on Douyin/Tik Tok.

Additional future growth is likely to come from **Proya's** new colour cosmetics range launching this March. Colour cosmetics are very under penetrated in China. Overall, the company looks set to achieve its ongoing sales growth target of 30% per annum and as the online percentage continues to grow, margins will increase.

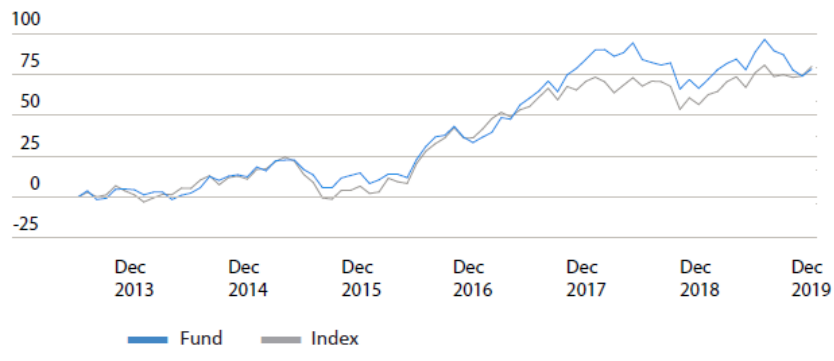
PORTFOLIO PERFORMANCE

Performance Summary (%)
Period ending 31.12.2019

	U (GBP)	Benchmark **
1 Month	2.43	3.35
3 Months	-4.71	2.88
2019	7.07	14.87
2018	-9.63	-8.32
2017	38.25	25.43
2016	16.21	27.70
2015	2.14	-3.85
2014	7.59	9.51
Since Launch+	78.40	79.97
Annualised 3 years	10.19	9.73
Annualised Since Inception	9.31	9.46

Source: Morningstar
**MSCI Asia Pacific ex Japan
+Launch Date: U: 01.07.13

Fund Performance – Class U (GBP) (%)



Source: Morningstar. Total return net of fees.
Performance since launch of Class U GBP share class - 01.07.13

Monthly Performance Summary (%)

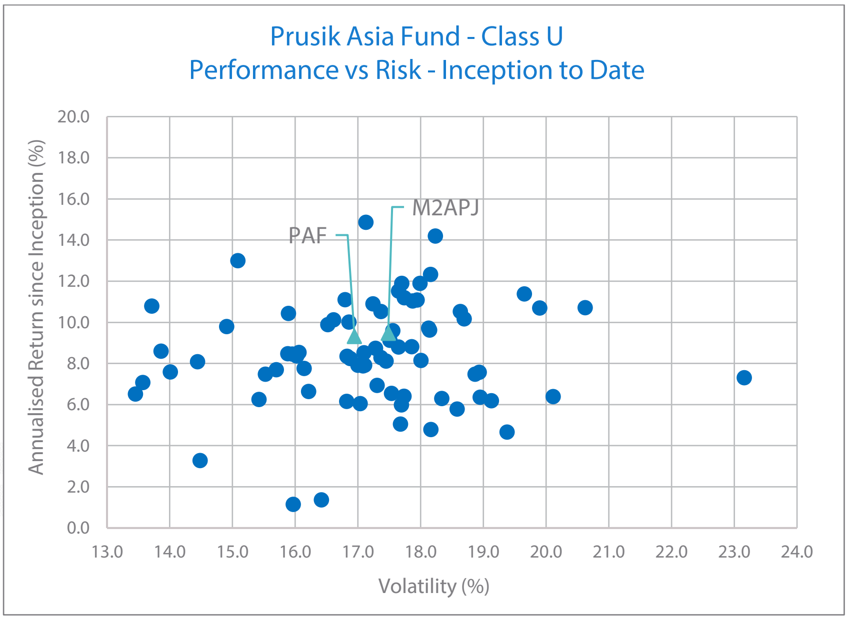
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2019	3.31	3.43	2.17	1.41	-3.52	6.11	4.09	-3.56	-1.26	-4.98	-2.09	2.43	7.07
2018	3.14	0.11	-2.14	1.19	3.2	-5.3	-0.96	-0.86	0.74	-8.81	3.48	-3.10	-9.63
2017	2.50	2.15	6.46	-0.63	5.92	2.63	2.73	3.70	-3.76	6.20	2.33	3.05	38.25
2016	-5.66	2.09	3.24	-0.15	-1.79	9.96	6.53	4.45	0.68	3.99	-4.65	-2.42	16.21
2015	5.39	-2.00	5.34	0.30	0.03	-4.71	-2.81	-6.95	-0.05	5.68	1.42	1.33	2.14
2014	-2.94	1.59	0.06	-4.43	2.68	1.31	3.19	6.53	-2.15	2.37	0.74	-1.12	7.59

Source: Morningstar

RISK ANALYSIS

Risk Metrics	Fund (%)
Beta	0.84
Alpha (%)	0.27
Sharpe Ratio	0.54
Volatility (%)	16.95

Source: Morningstar
Since Inception: U: 01.07.13



Source: Morningstar

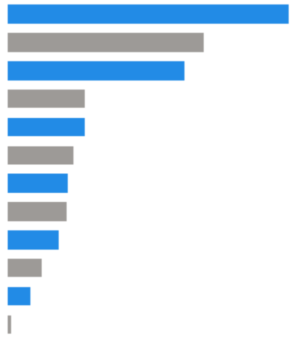
THEMATIC & GEOGRAPHICAL BREAKDOWN

Top 5 Holdings (%)

Taiwan Semiconductor Manufacturing Co	4.80
Ping An Healthcare and Technology Co Ltd	4.04
SEA Ltd	3.95
Ping An Insurance Group Co	3.83
Xinyi Glass Holdings Ltd	3.79
Total Number of Holdings	37

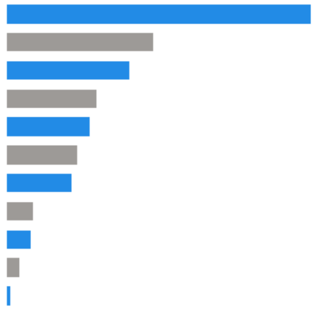
Thematic Breakdown (%)

Consumption/Brands	25.6
Infrastructure/Property	17.8
5G/AI/Software/Healthcare	16.1
Financial	7.0
Consumption/Ecommerce	6.9
Shortages/Value - Shipping	5.9
Shortages/Value - Gold	5.5
Shortages/Value - Steel	5.3
Shortages/Value - Copper	4.6
Shortages/Value - Oil	3.1
Education	2.0
Cash	0.2



Geographical Breakdown (%)

China	32.4
Vietnam	15.6
Australia	13.0
India	9.4
Korea	8.8
Taiwan	7.4
Singapore	6.8
Hong Kong	2.7
Indonesia	2.5
Philippines	1.2
Cash	0.2



All data as at 31.12.2019. Source Prusik Investment Management LLP, unless otherwise stated.

Portfolio Financial Ratios*

Predicted Price/Earnings Ratio	13.3
Predicted Return on Equity (%)	20.0

*Fiscal year periods

FUND PARTICULARS

Fund Facts

Fund Size (USD)	140.09 m
Launch Date	07.10.05
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Management Fees

Annual Management Fee

Class U: 1% p.a. paid monthly in arrears

Other Classes: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 classes except Class U: Provided the fund achieves an overall increase of 6% a yearly performance fee of 10% of total returns will be applied.

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

Share Class Details

Class 1			SEDOL	ISIN	Month end NAV
A USD	Unhedged	Non Distributing	B0MDR72	IE00B0M9LK15	257.89
B USD	Unhedged	Distributing	B0M9LL2	IE00B0M9LL22	258.05
C GBP	Hedged	Distributing	B18RM25	IE00B18RM256	133.90
D SGD	Hedged	Distributing	B3LYLK8	IE00B3LYLK86	349.24

Performance fee based on individual investors' holding.

Class U			SEDOL	ISIN	Month end NAV
U GBP	Unhedged	Distributing	BBQ3756	IE00BBQ37560	178.40

Performance fee based on fund performance as a whole.

Fund Manager

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