

# Prusik Asia Emerging Opportunities Fund

GROWTH INVESTING IN ASIA



31 January 2020

## 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)	32.8m
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	-1.87	-1.96	-1.89
3 Month	-0.14	-0.50	-0.24
Year to Date	-1.87	-1.96	-1.89
Since Launch	55.02	55.83	11.55
Annualised <sup>†</sup>	3.73	3.81	1.09

Source: Morningstar.

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

<sup>†</sup>Since Launch Performance

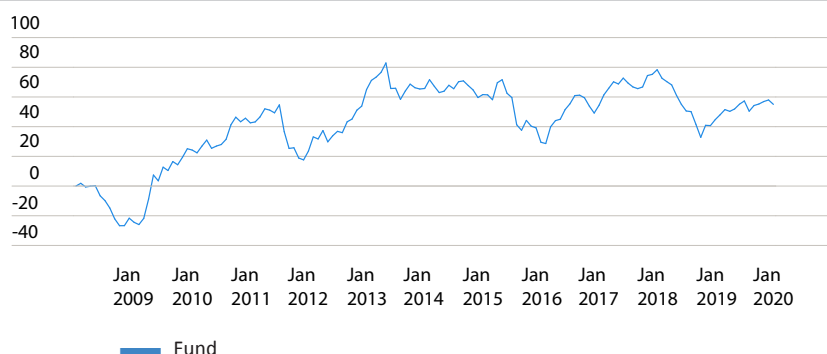
### Investment Process

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

A 'black swan event', a phrase coined by Nassim Nicholas Taleb in his 2001 book 'Fooled by Randomness', is defined as an event which is i) unpredictable, ii) results in severe and widespread consequences and iii) afterwards people will rationalise the event as having been predictable. The sharp emergence of the coronavirus in China is, without doubt, a 'black swan event'. We are still in the early phase of this event's development but already we have seen global airlines cancel flights to China, complex and costly evacuation and quarantine procedures carried out and fatalities surpass the number witnessed in 2003 when China was afflicted by SARS. After a strong start to the year, which had seen the main Asia ex-Japan index rise 3.6% to mid-January, the sharp correction which ensued took the full month return to a fall of 3.7%. While the Prusik Asia Emerging Opportunities Fund is not measured relative to the index, we would note that the fund fared somewhat better, declining 1.9%, which was 180bps less than the index decline.

Owing to the fact that the fund's strategy is to invest only in the demographic growth countries in Asia, namely, India, Indonesia, the Philippines, Vietnam, Pakistan and Bangladesh, we would expect the fund to see better relative performance during a period of crisis for China for the simple fact that it is not part of the fund's strategy to invest in China. The fund was also supported in January by strong returns from our ASEAN focused ecommerce and mobile gaming leader, **Sea Ltd** (+12.5%). More broadly, our India portfolio posted positive returns as, after an extended period of languishing, some fizz returned to Indian small caps, aided by much more palatable valuations and a flurry of better than expected results. Amongst them, **Crompton Greaves Consumer**, another of our top performers for the fund in January, stood out for more than doubling its earnings.

All of that said, we would not expect the fund to be immune from events in China. Vietnam's close manufacturing ties with China make it vulnerable to knock on effects and Indonesia is largely viewed as a bellwether for global growth and so it looks likely that our Indonesia portfolio will correct further from here. From a stock perspective, our Philippines casino, **Bloomberry**, derives around a third of its gross gaming revenue from Chinese tourists.

While we are not rushing to make wholesale changes to the fund on the consensus-like assumption that in six months or less we may have passed a peak for the virus and global growth could return, we are keen to ensure that we maximise our opportunity to generate returns in a potentially more sanguine India and will look for opportunities to take advantage of share price dislocations where possible. Finally, although the longer-term ramifications of coronavirus are yet to be decided, we suspect that one impact will be that it hastens the process of diversifying and relocating manufacturing from China to other parts of Asia, a move which is wholly positive for our invested countries.

All data as at 31.01.20. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asia Emerging Opportunities Fund



## Top 5 Holdings (%)

FPT Corporation	7.9
Mobile World Investment Corporation	7.6
Sea Ltd	7.0
Philippine Seven Corporation	4.4
Ace Hardware Indonesia	4.1
Total Number of Holdings	36

## Portfolio Financial Ratios

Price/Earnings Ratio	17.2x
Predicted Return on Equity (%)	20.5
Predicted Dividend Yield (%)	1.8

## Risk Metrics

Tracking Error (% pa)	13.19
Beta	0.56
Alpha	1.13
Volatility (%)	15.14
Sharpe Ratio	0.37

## Thematic Breakdown (%)

Modern Retail	27.9	<div></div>
Emerging Technology	25.4	<div></div>
Local Brands	14.8	<div></div>
Financialisation	10.8	<div></div>
Infrastructure	9.7	<div></div>
Leisure/Tourism	8.9	<div></div>
Cash	2.5	<div></div>

## Geographical Breakdown (%)

India	34.1	<div></div>
Vietnam	25.3	<div></div>
Indonesia	17.2	<div></div>
Philippines	9.2	<div></div>
Singapore	7.0	<div></div>
Pakistan	4.7	<div></div>
Cash	2.5	<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	155.02
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	144.04
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	71.92
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	194.01
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	98.84

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