

Prusik Asia Emerging Opportunities Fund



GROWTH INVESTING IN ASIA

28 February 2020

Monthly Fund Fact Sheet

Investment Objective

The fund aims to achieve capital growth by investing in companies operating in the Asian and Australasian ex Japan region, with a specific focus on the demographic growth markets.

Fund Facts

Fund Size (USD)	30.9m
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	-5.65	-5.73	-5.62
3 Month	-6.78	-7.11	-6.82
Year to Date	-7.42	-7.57	-7.40
2019	12.28	10.28	11.44
Since Launch	46.26	46.90	5.29
Annualised [†]	3.20	3.28	0.51

Source: Morningstar.

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

[†]Since Launch Performance

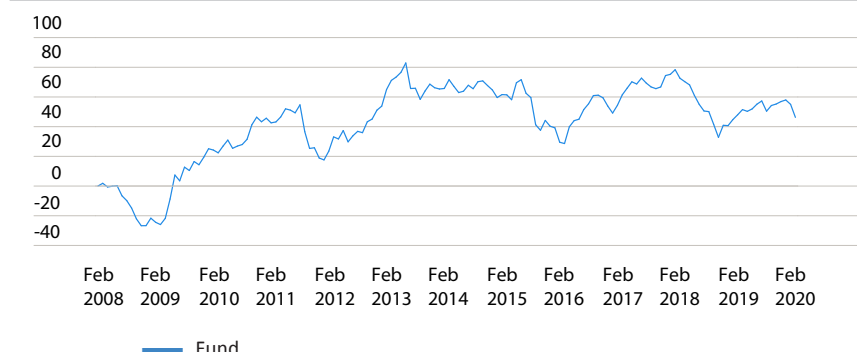
Investment Process

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

In the space of one month, COVID-19 has gone from being a China-centric crisis to a global concern with the virus now present in over 60 countries and severe outbreaks seen in South Korea, Italy and Iran. Global stock markets have taken note with the S&P falling by 11.5% last week, its largest weekly decline since October 2008. We also saw a correction in many safe havens such as consumer staples and gold.

While many still question the degree of concern registered by governments and stock markets, citing that the common flu causes up to 400,000 deaths per year, we believe the following points merit caution. Firstly, COVID-19 is highly contagious. As we have witnessed in China, Italy, South Korea and Iran, once a small cluster has formed then the infection count can increase in the hundreds per day. Secondly, the lack of clarity around how long the incubation period is (initially thought to be 2 weeks but cases have emerged where the incubation period has been longer) and evidence that it is transmittable when an individual is not even showing symptoms makes the task of containment more challenging. Thirdly, instances of reinfection highlight that recoveries do not equal immunity. Fourthly, much has been made of the fact that the virus will likely ease off in the summer when the weather gets warmer, but given that current temperatures in Qom, Iran, are 17-19 degrees, this claim may be flawed. Fifthly, while most who contract COVID-19 will recover, we think it is significant that healthcare systems, even in developed countries, may not be sufficiently resourced to cope with large numbers of people requiring medical attention simultaneously. Finally, the world we live in today, compared to that of 2003 when SARS emerged, is far more global in nature and thus far more complex. Global travel has increased exponentially and supply chains have sprawled, including significant connections to China. A problem which is simultaneously complex and global is going to take some time to solve.

Owing to the rapidly evolving nature of the situation, the likelihood that governments will provide significant stimulus to support economies through this period, and the ability of stock markets to discount recoveries before they are achieved, we believe the current environment requires maximum flexibility. To this end, after not initially increasing cash for the fund in January, we have increased cash slightly in February to 5.3%. We took profits in holdings which have re-rated in 2020, despite their cyclicality, for example, consumer finance leader, **Bajaj Finance** in India, and cement manufacturer, **Lucky** in Pakistan. We also trimmed richly valued consumer discretionary stocks which have also proved resilient so far in 2020, including **Crompton Greaves** in India and **Ace Hardware** in Indonesia. Finally, we exited our airline services holding, **Taseco Air Services**, in Vietnam, owing to the fact that it was one of the fund's very few illiquid positions. Our total return in the stock upon selling was 18%. Liquidity for the fund remains excellent with just 2 business days required to sell nearly 85% of the portfolio.

Overall, our invested markets are likely to be characterised by under reporting of COVID-19, face the challenge of dense populations and underfunded healthcare systems, and have economies that include a significant portion of migrant workers, all of which will likely prove challenging in the event of a widespread outbreak. More positively, these are also countries accustomed to dealing with illness on a mass scale such as dengue fever, malaria and tuberculosis, and are typically less enmeshed in global supply chains. While the fund fell in February by 5.7% (although not measured against a benchmark this was inferior to the main MSCI AC Asia Pacific ex-Japan Gross Return (USD) Index by 1.4% and better than the MSCI Asia Pacific ex-Japan Small Cap Index by 0.9%), we would note that we outperformed all local indices for our invested countries, aside from Indonesia where our portfolio was in-line. We believe this underscores the quality of the companies we are invested in.

All data as at 28.02.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Emerging Opportunities Fund



Top 5 Holdings (%)

FPT Corporation	8.9
Mobile World Investment Corporation	7.8
Sea Ltd	7.4
Philippine Seven Corporation	4.9
Ace Hardware Indonesia	3.8
Total Number of Holdings	33

Portfolio Financial Ratios

Price/Earnings Ratio	16.7x
Predicted Return on Equity (%)	19.9
Predicted Dividend Yield (%)	1.8

Risk Metrics

Tracking Error (% pa)	13.15
Beta	0.57
Alpha	0.83
Volatility (%)	15.19
Sharpe Ratio	0.32

Thematic Breakdown (%)

Modern Retail	27.9	<div></div>
Emerging Technology	26.3	<div></div>
Local Brands	14.7	<div></div>
Infrastructure	11.5	<div></div>
Financialisation	10.7	<div></div>
Leisure/Tourism	5.9	<div></div>
Cash	3.0	<div></div>

Geographical Breakdown (%)

India	35.6	<div></div>
Vietnam	23.7	<div></div>
Indonesia	16.1	<div></div>
Philippines	9.6	<div></div>
Singapore	7.4	<div></div>
Pakistan	4.6	<div></div>
Cash	3.0	<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	146.26
B	USD	Unhedged Distributing	B2PKN32	IE00B2PKN327	135.90
C	GBP	Hedged Distributing	B2PKN43	IE00B2PKN434	67.80
D	SGD	Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	183.11
U	GBP	Unhedged Distributing	BBQ37T7	IE00BBQ37T77	94.83

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