

# Prusik Asia Emerging Opportunities Fund



## GROWTH INVESTING IN ASIA

31 March 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)	21.8m
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	-28.17	-29.16	-28.49
3 Month	-33.50	-34.52	-33.78
Year to Date	-33.50	-34.52	-33.78
2019	12.28	10.28	11.44
Since Launch	5.06	4.06	-24.71
Annualised <sup>†</sup>	0.41	0.33	-2.74

Source: Morningstar.

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

<sup>†</sup>Since Launch Performance

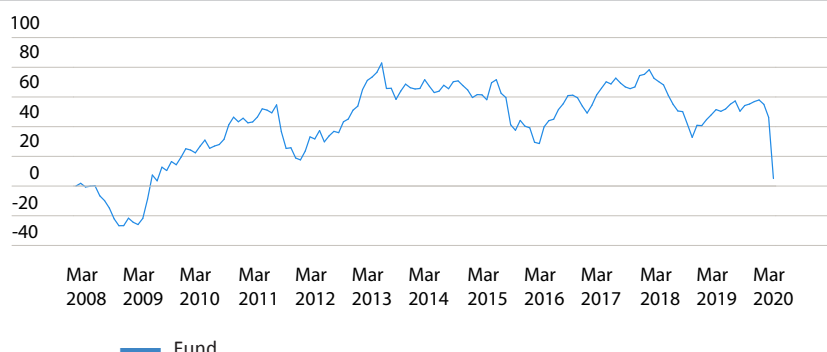
#### Investment Process

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

*"You may not control all the events that happen to you, but you can decide not to be reduced by them."*  
—Maya Angelou

March has been an extraordinary month in human history. In the course of the past few weeks, COVID-19 has spread to 203 countries and territories, a third of the world's population has been put under lockdown and at the time of writing reported global infections are poised to breach 1 million. Markets across the globe have corrected, in many instances sharply. We hope this note finds you well and safe and adapting to the new measures that so many of us are living under.

During the month, South and South East Asia saw local indices fall by c.20-30% with small cap indices in Indonesia and India falling by more than this. This proved to be a very challenging backdrop for the fund which fell by 28.2% in March. While the fund is not measured against a benchmark, to put this in context the main MSCI Asia ex-Japan Index declined less, falling by 14.2%, and so did the Asia ex-Japan Small Cap Index, which corrected by 20.8%. It is worth highlighting that the majority of the underperformance came towards the end of the month. Indeed as of 19<sup>th</sup> March, the fund was outperforming the MSCI Asia ex-Japan Index by 2.9% and its underperformance relative to the main MSCI Asia ex-Japan index was much more muted. A key factor for the change was the fact that India and Vietnam, where c.55% of the fund is invested, announced their lockdown intentions towards the end of March. Moreover, this coincided with the confirmation of the US\$2 trillion stimulus package in the US which saw many markets rise towards the end of the month. While our exposures in the Philippines and Indonesia bounced, our India exposure was flat and our Vietnam portfolio corrected into the end of March. In terms of individual stocks, **Mobile World** and **FPT** were the biggest detractors. We remain wholly positive on both and would note that they are trading on valuations of just 5.5x P/E and 8.0x P/E, respectively.

March saw a fair amount of activity as we increased cash up to 10.3% by the middle of the month and then reinvested this quite quickly from 23<sup>rd</sup> March as valuations started to look compelling and the US stimulus appeared imminent. This allowed us to build a more substantial position in companies we admire, for example, food delivery and online classifieds business in India, **Info Edge**. It also allowed us to top up positions such as our Indian city gas company, **Indrasprastha Gas Ltd**, and Filipino home improvements business, **Wilcon Depot** where we had been waiting for a correction to add to our positions.

Despite the disappointing performance in March, the operational and financial strength of our invested companies remains strong. Nearly half of our companies are net cash and the net debt ratios for our companies which do have some leverage is just 25%. In addition, a quarter of the fund is invested in companies which are able to operate with minimal impact during this crisis, for example our gaming and ecommerce business, **Sea Ltd**, as well as supermarkets and convenience stores, branded food suppliers, city gas distributors and a free to air TV broadcaster with a rapidly growing OTT platform. Finally, the fund is focused on investing in market leaders and we believe that the operational and financial strength which has enabled our invested companies to achieve this status will also enable them to emerge from this crisis even stronger than before. The fund is trading on just 12.8x P/E with an 18.8% ROE.

All data as at 31.03.20. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asia Emerging Opportunities Fund



## Top 5 Holdings (%)

Sea Ltd	8.8
FPT Corporation	7.4
Philippine Seven Corporation	6.0
Mobile World Investment Corporation	6.0
Bank Central Asia	4.3
Total Number of Holdings	34

## Portfolio Financial Ratios

Price/Earnings Ratio	12.8x
Predicted Return on Equity (%)	18.8
Predicted Dividend Yield (%)	2.3

## Risk Metrics

Tracking Error (% pa)	13.71
Beta	0.62
Alpha	-1.05
Volatility (%)	16.07
Sharpe Ratio	0.06

## Thematic Breakdown (%)

Modern Retail	27.4	<div></div>
Emerging Technology	27.0	<div></div>
Local Brands	14.5	<div></div>
Infrastructure	11.1	<div></div>
Financialisation	9.6	<div></div>
Leisure/Tourism	6.5	<div></div>
Cash	3.9	<div></div>

## Geographical Breakdown (%)

India	33.8	<div></div>
Vietnam	21.7	<div></div>
Indonesia	14.9	<div></div>
Philippines	12.9	<div></div>
Singapore	8.8	<div></div>
Pakistan	4.1	<div></div>
Cash	3.9	<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	105.06
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	97.62
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	48.03
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	130.94
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	71.04

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