

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

30 April 2020

Monthly Fund Fact Sheet

Investment Objective

To select a portfolio of equity investments in the Asia Pacific ex-Japan region with above average dividend yields and which have the ability to grow their dividends over time. The fund aims to outperform the MSCI AC Asia Pacific Ex Japan Gross Return Index (USD) by 5-10% annually whilst growing its dividend over time.

Fund Facts

Fund Size (USD)	684.3m
Launch Date	31 December 2010
Fund Manager	Tom Naughton
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI AC Asia Pacific Ex Japan Gross Return Index (USD)

Performance - Class B USD (%)

	Fund	Index
1 Month	11.98	9.82
3 Month	-15.04	-9.55
Year to Date	-19.19	-12.90
Since Launch	128.12	33.08
Annualised [†]	9.24	3.11

Source: Morningstar.

Launch Date: B: 31.12.10

[†]Since Launch Performance

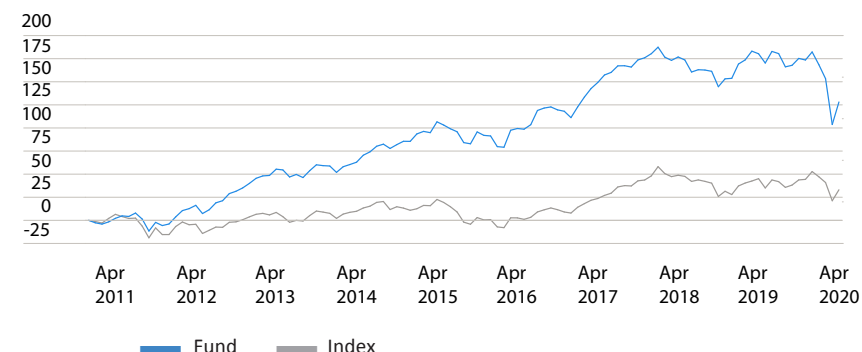
Investment Process

The process is both quantitative and qualitative with the latter dominating. The universe is screened for those high dividend stocks which have the greatest ability to sustain and grow their dividends over time. A particular emphasis is placed on identifying those companies with exceptional franchises, annuity like cash flows and pricing power which are trading at significant discounts to intrinsic value.

Dividend Dates

Dividends paid twice annually (January and July)

Fund Performance - Class B USD (%)



Source: Morningstar. Total return net income reinvested.

Fund Manager Commentary

We used the dislocation in markets this month as an opportunity to upgrade the portfolio. We exited **Qantas** and **Samsonite** as they are both exposed to international travel (which we think will take some time to recover) and risk stretching their balance sheets to a level that we are uncomfortable with, in order to survive the crisis. In addition, we believe it is unlikely that either company will pay a dividend this year. We bought several new positions including tobacco stocks **British American Tobacco Berhad** (9% dividend yield) and **KT&G** (6.5% dividend yield). Tobacco is an industry which has limited long-term growth potential but limited economic cyclicality and excellent cash flow generation. In the case of **BAT Malaysia**, there is also significant upside potential if the government is successful in reducing the amount of tobacco that is smuggled illegally in the country (which has led to a 50% fall in legal industry volumes since 2015). Not only would this be very good for the company, it is also very positive from an ESG perspective as the government will collect more tax revenue and can ensure that cigarettes are sold with the correct health warnings attached.

We also bought a position in Hong Kong Shopping Mall operator **Link REIT**. The Hong Kong economy is steadily reopening having effectively eliminated Covid-19 with no locally transmitted cases for almost a month now. **Link REIT** has a low risk portfolio that largely caters for local daily spending needs and has virtually no exposure to tourist related spending. This explains why their malls saw sales growth of 0.4% in the second half of 2019, compared to a fall of 13.6% for Hong Kong overall.

Although markets have rallied this month, we believe valuations are still very attractive with the portfolio trading at 10x P/E (compared to the market on 14x P/E) and offering a forecast dividend yield of 6% which is double the level of the index.

All data as at 30.04.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Equity Income Fund



Top 5 Holdings (%)

CK Hutchison Holdings Ltd	6.7
Samsung Electronics Co Ltd - Pref	6.6
CK Asset Holdings Ltd	5.7
Power Grid Corporation of India	5.6
ITC Ltd	4.6

Total Number of Holdings	39
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Portfolio Financial Ratios

Price/Earnings Ratio	10.1x
Predicted Dividend Yield (%)	6.1

Risk Metrics

Tracking Error (% pa)	9.40
Beta	0.84
Alpha	6.41
Volatility (%)	15.59
Sharpe Ratio	0.84

Thematic Breakdown (%)

Real Estate	22.1	<div></div>
Communications Infrastructure	18.2	<div></div>
Consumer	15.9	<div></div>
Power Utilities	10.4	<div></div>
Technology	9.1	<div></div>
Financials	8.4	<div></div>
Transport Infrastructure	8.3	<div></div>
Cheung Kong / Hutchison	6.7	<div></div>
Cash	0.9	<div></div>

Geographical Breakdown (%)

Hong Kong	30.9	<div></div>
India	15.3	<div></div>
China	9.4	<div></div>
Indonesia	8.9	<div></div>
Korea	8.1	<div></div>
Macau	6.8	<div></div>
Singapore	6.6	<div></div>
Australia	5.2	<div></div>
Thailand	4.2	<div></div>
Philippines	3.5	<div></div>
Cash	0.9	<div></div>
Malaysia	0.3	<div></div>

All data as at 30.04.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Management Fees

Annual Management Fee

1.0% p.a. Paid monthly in arrears

Performance Fee

Class 1: None

Class 2 and Class U: 10% of the net out-performance of the MSCI AC Asia Pacific Ex Japan Gross Return Index (USD), with a high-water mark paid quarterly.

Temporary Front End Charge:

As of 01 April 2020 we are removing the front end charge to the fund.

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Valuation Point	11am UK time
Dealing Cut-off	5pm UK time
Min. Initial Subscription	USD 10,000
Min. Subsequent Subscription	USD 5,000

Share Class Details

Class 1	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B4MK5Q6	IE00B4MK5Q67	234.66
B USD Unhedged Distributing	B4QVD94	IE00B4QVD949	157.61
C GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	146.39
D SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	147.62

Class 1 shares were closed to further investment on 30th November 2012.

Class 2	Sedol	ISIN	Month-end NAV
X USD Unhedged Distributing	B4PYCL9	IE00B4PYCL99	140.80
Y GBP Hedged Distributing	B4TRL17	IE00B4TRL175	131.35
Z SGD Hedged Distributing	B6WDYZ1	IE00B6WDYZ18	136.95

Class 2 shares are open to current investors only and were closed to new investors as of 30th November 2012. Performance fee based on individual investor's holding.

Class U	Sedol	ISIN	Month-end NAV
U GBP Unhedged Distributing	BBP6LK6	IE00BBP6LK66	141.91

Class U shares are open to current investors only. Performance fee based on fund performance as a whole.

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