

Prusik Asia Fund

GROWTH INVESTING IN ASIA



29 May 2020

Monthly Fund Fact Sheet

Investment Objective

The Fund aims to achieve capital growth by investing in listed equities in the Asia Pacific region excluding Japan.

Fund Facts

Fund Size (USD)	112.3m
Launch Date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI AC Asia Pacific Ex Japan Gross Return Index (USD)

Performance (%)

	U (GBP)	Index (GBP)
1 Month	10.95	1.71
3 Month	10.67	-2.74
Year to Date	5.55	-6.96
2019	7.07	14.87
Since Launch	88.30	67.45
Annualised [†]	9.58	7.74

Source: Morningstar.

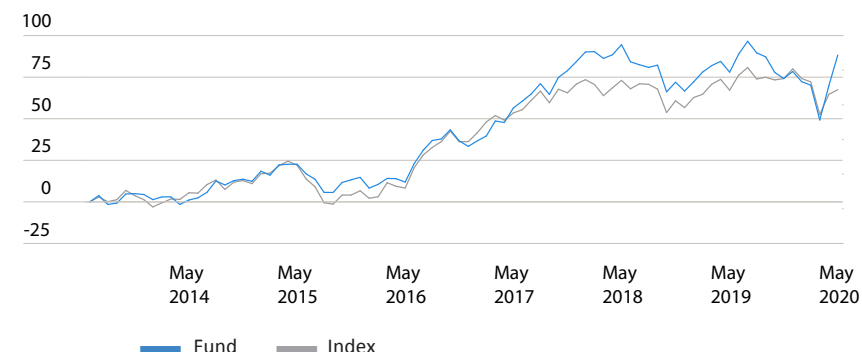
Launch Date: U: 01.07.13

[†]Since Launch Performance

Investment Process

With anomalies as a start point, the investment process seeks to identify and invest in key 'themes' in the Pacific region. Our themes are driven by factors outside of the normal economic cycle and are not yet discounted by the market. Companies are identified and chosen via rigorous bottom-up analysis with emphasis on traditional value and high ROCE.

Fund Performance - Class U GBP (%)



Source: Morningstar. Total return net of fees.

Performance since launch of Class U GBP share class - 01.07.13

Fund Manager Commentary

May has been a rather extraordinary month for the fund. The MSCI AC Asia Pacific Ex-Japan Gross Return Index (USD) (M2APJ) rose 1.71%, while the Prusik Asia Fund rose 10.95%, thus outperforming by 9.24%.

It seems that in the stock market's tug of war between fundamentals and liquidity, in May at least, liquidity won. Happily, the strategy we put in place only 2-3 months ago has really paid dividends and although many of the Asian countries started to re-open properly during May, the performance of the companies that had started to do well in April continued this month. Our worst performers were the more widely held blue chips such as **TSMC** (Taiwan's semi-conductor giant) and **CSL** (blood plasma), as well as infrastructure and financials such as **Macquarie Group** and **Ping An Insurance**. All these companies are in our 'broadly unaffected by the lockdown' category. Our top performing holdings all have very little in common with each other, other than they were all chosen as immediate winners in the current crisis, or survivors-becoming-winners post re-opening. They include **SEA Ltd** (ASEAN Ecommerce and gaming), **Topglove** (surgical glove maker), **ASMedia** (tech for cloud/servers), **Poya** (Taiwanese convenience stores) and **St Barbara** (gold mining).

We have seen a rolling correction of 5-10% in almost all our growth companies during the month, although this is not discernible to the naked eye and was short lived. Thus, we would expect something more concrete to emerge, correction-wise, especially once the historic and gigantic money creation is reduced. Technical analysis of historical data going back to the 1970s suggests that stock market leadership changes (from growth to value at this point) would usually only be triggered after an index correction of 40% or more. As a result, although some value stocks are showing better performance very recently, and taking the actual economic outlook into consideration, we are not sure how prolonged this can be.

Nonetheless, as you may note from the high month-end cash level we have recently taken some profits from some of our best performers. We certainly believe that the parabolic moves we are seeing in many of our holdings only match the same parabolic patterns we have seen in money creation by global central banks. Although our companies are doing well, valuations of many are now stretched, and we do not view these kinds of moves as healthy. If liquidity starts to fade the correction could be sharp.

Instead, we have started to buy more 'winners post lock down' – essentially blue chips which have yet to recover in share price terms. This includes **Suofeiya Home** which will benefit from the working from home theme as people upgrade their homes with wardrobes, kitchens and other built-in furniture. We have also recently re-entered India, buying blue chip residential property developer **Godrej Properties**, which has so far barely moved from its recent low. In India, housing affordability has never been better in 20 years and the ongoing consolidation, now accelerated post lockdown, in this very scattered sector will hugely benefit the top players, including **Godrej**.

All data as at 29.05.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Tencent Holdings Ltd	5.1
Poya International Co Ltd	4.4
Newcrest Mining Ltd	4.2
Suofeiyu Home Collection Co Ltd	3.7
Samsung Electronics Co Ltd	3.6
Total Number of Holdings	33

Portfolio Financial Ratios

Price/Earnings Ratio	20.4x
Predicted Return on Equity (%)	20.3
Predicted Dividend Yield (%)	2.0

Risk Metrics

Tracking Error (% pa)	7.86
Beta	0.91
Alpha	1.49
Volatility (%)	18.12
Sharpe Ratio	0.45

Thematic Breakdown (%)

Modern Retail/Brands	22.8	
Ecommerce/Gaming/Entertainment	13.4	
Healthcare/AI	13.2	
Cloud/Servers/5G	13.0	
Cash	11.0	
Gold	10.5	
EV/Battery	7.6	
Infrastructure	5.0	
Financialisation	3.5	

Geographical Breakdown (%)

China	34.2	
Australia	16.1	
Taiwan	11.1	
Cash	11.0	
Vietnam	10.0	
Korea	9.0	
Singapore	3.3	
Indonesia	2.6	
Malaysia	2.1	
India	0.6	

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Management Fees

Annual Management Fee

Class U: 1% p.a. Paid monthly in arrears
All Share Classes except Class U: 1.5% p.a. Paid monthly in arrears

Performance Fee

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
All Share Classes except Class U: 10% NAV appreciation with a 6% hurdle annually

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	B0MDR72	IE00B0M9LK15	253.64
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	253.80
C GBP Hedged Distributing	B18RM25	IE00B18RM256	129.70
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	341.40

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	188.30
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Performance fee based on fund performance as a whole.

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