

Prusik Asia Fund

GROWTH INVESTING IN ASIA



30 June 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)	122.1m
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	8.41	8.30
3 Month	36.79	18.92
Year to Date	14.42	0.76
2019	7.07	14.87
Since Launch	104.13	81.35
Annualised†	10.74	8.88

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

June saw a further rebound in equities during which the MSCI AC Asia Pacific ex Japan Gross Return Index (USD) rose 8.3% in sterling terms whilst the Prusik Asia Fund rose 8.4%. This brings to a close a quarter and half-year in which the fund outperformed by 17.9% and 13.6%, respectively. We shall cover this in detail in our upcoming quarterly.

Reviewing June, what has been most noticeable is that despite the rebound in markets and the rising expectations of an economic recovery, it has generally been the same stocks that performed best during the worst part of the year, and indeed earlier in this quarter, that have continued to do best. Our strongest contributors to this month's performance were internet gaming giant, **Tencent**, and once again, cloud software company, **Kingdee**, and SE Asia Ecommerce and gaming leader, **Sea Ltd**. Our gold mining companies were more of a drag this month, as was Vietnam.

Following the strong recent performance of many of our companies, we are facing more parabolic price charts (and quite expensive valuations) but there remains a powerful forward momentum for many of these companies. Whilst it is clear that many of the tech companies that have led the way this year still have big growth runways ahead, there are growing risks to their unchecked outperformance, including rising valuations and a growing choice of 'recovery' plays trading at much lower levels. The inter-related extreme positioning of value versus growth, where divergence has rarely been greater, and inflation versus deflation, where broad money growth is now – notably – at record high levels in some countries, may be setting the scene for a change of sentiment. This adds to the risks that this somewhat a) polarised and b) bullish stock market situation may not prevail. We are also aware from current announcements that, absent any new government measures, fresh liquidity to financial markets could taper in coming weeks. Equally, and despite recent euphoria, we are still facing the risks of Covid so government opening measures could get more cautious once more, whilst we must not forget that the final four months before a US election are traditionally not so positive for equities in that country.

With the above in mind, we have taken some more profits this month in our most spectacular performers, such as **Ping An Healthcare**, and server plays, **ASPEED** and **ASMedia**. We have redeployed the cash in areas that we would still regard as both Covid benefitting companies and/or trends which we believe will prevail regardless of the economic and virus outcome. Our new position in China A-share, **Bafang Electric**, is one such example. **Bafang** is a maker of electric motors for pedalac (uses pedalling and battery combined). It is growing at over 50% CAGR by taking market share in a market which is growing at a 30% CAGR. **Bafang** is trading at just 25x 2021 earnings, has net cash and owns some core technology IP for the motor, and it is the only Chinese company in this market.

All data as at 30.06.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Tencent Holdings Ltd	5.7
Samsung Electronics Co Ltd	4.9
Poya International Co Ltd	4.2
Alibaba Health Information Technology Ltd	3.4
Kingdee International	3.4
Total Number of Holdings	36

Portfolio Financial Ratios

Price/Earnings Ratio	20.3x
Predicted Return on Equity (%)	16.9
Predicted Dividend Yield (%)	1.9

Risk Metrics

Tracking Error (% pa)	7.81
Beta	0.91
Alpha	1.56
Volatility (%)	18.12
Sharpe Ratio	0.53

Thematic Breakdown (%)

Brands/Modern Retail	22.6	<div></div>
Ecommerce/Gaming/Entertainment	16.7	<div></div>
Software/Cloud/5G	13.6	<div></div>
Gold/Copper	12.5	<div></div>
Healthcare	8.9	<div></div>
EV	8.0	<div></div>
Infrastructure and Property	7.6	<div></div>
Financialisation	7.2	<div></div>
Cash	2.9	<div></div>

Geographical Breakdown (%)

China	43.5	<div></div>
Australia	18.0	<div></div>
Korea	10.6	<div></div>
Vietnam	9.0	<div></div>
Taiwan	5.9	<div></div>
India	3.0	<div></div>
Cash	2.9	<div></div>
Singapore	2.8	<div></div>
Indonesia	2.4	<div></div>
Hong Kong	1.9	<div></div>

All data as at 30.06.20. Source: Prusik Investment Management LLP, unless otherwise stated.

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	274.08
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	274.25
C GBP Hedged Distributing	B18RM25	IE00B18RM256	140.07
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	368.70

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	204.13
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Performance fee based on fund performance as a whole.

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