

# Prusik Asia Emerging Opportunities Fund

GROWTH INVESTING IN ASIA



30 June 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)	28.4m
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	5.81	5.63	5.71
3 Month	30.77	30.15	30.38
Year to Date	-13.03	-14.78	-13.67
2019	12.28	10.28	11.44
Since Launch	37.39	35.44	-1.84
Annualised <sup>†</sup>	2.60	2.50	-0.18

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

The Prusik Asia Emerging Opportunities Fund rose by 5.8% in June. While the fund is not measured against a benchmark, to put this in context, this was short of the MSCI Asia ex-Japan index return of 8.2% and the MSCI Asia ex-Japan Smaller Companies Index rise of 7.5% by 2.4% and 1.7%, respectively. The fund's exposures in India and Indonesia appreciated by over 8% in the month and its sizeable position in **Sea Ltd**, the ASEAN ecommerce and mobile gaming company, increased by 34% in June. However, this was offset by a lacklustre performance of the fund's Vietnam portfolio which declined 4.2% in June, roughly in-line with the local index. This brings to a close a strong quarter for the fund which saw the fund's NAV increase by 30.8%, fractionally ahead of the MSCI Asia ex-Japan Smaller Companies Index and 12.3% better than the MSCI Asia ex-Japan Index.

Equity markets are not always a fair reflection of reality. For example, the NHS as a public organisation is not captured in the FTSE100 and China, despite seeing the largest transformation in terms of wealth creation the world had ever seen, saw relatively muted stock market performance until several years ago. We believe the current crisis is another example of such bifurcation. It took 4 months from the outset of the pandemic to reach 1 million cases but the world is currently adding 1 million cases per week. Despite this fact, plus no clear resolution to the pandemic, stock markets are undeniably buoyant. Certainly, there is some rationality to this in that government and central bank action, globally, has brought the world economy back from the abyss it was staring into but we believe a return to full employment and the previous peak for world GDP could take longer than current market action is suggesting.

What we do have greater confidence in is that the acceleration in digitisation that the pandemic has encouraged is real and here to stay. To this end, we believe that the exorbitant rise year to date in ASEAN ecommerce and mobile gaming company, **Sea Ltd**, is justified and the stock remains undervalued. Clear opportunities remain for the company in terms of increasing its 'take rate', or the commission and fees the company makes from its buyers and sellers, increasing from around 5% to the low-teens rate some of its global peers enjoy, expansion in Latin America and a payments business which is both underappreciated by the market and possibly poised to win a banking license in Singapore.

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

# Prusik Asia Emerging Opportunities Fund



## Top 5 Holdings (%)

Sea Ltd - ADR	7.4
FPT Corporation	7.4
Mobile World Investment Corporation	6.4
Reliance Industries	5.0
Philippine Seven Corporation	4.6
Total Number of Holdings	36

## Portfolio Financial Ratios

Price/Earnings Ratio	18.8x
Predicted Return on Equity (%)	16.8
Predicted Dividend Yield (%)	2.0

## Risk Metrics

Tracking Error (% pa)	13.87
Beta	0.64
Alpha	0.29
Volatility (%)	16.43
Sharpe Ratio	0.25

## Thematic Breakdown (%)

Emerging Technology	26.7	<div></div>
Modern Retail	26.4	<div></div>
Local Brands	21.0	<div></div>
Infrastructure	10.5	<div></div>
Financialisation	8.9	<div></div>
Leisure/Tourism	4.7	<div></div>
Cash	1.9	<div></div>

## Geographical Breakdown (%)

India	28.8	<div></div>
Vietnam	28.2	<div></div>
Indonesia	15.6	<div></div>
Philippines	14.6	<div></div>
Singapore	7.4	<div></div>
Pakistan	3.6	<div></div>
Cash	1.9	<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	137.39
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	127.66
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	62.51
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	170.72
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	93.56

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