

Prusik Asia Fund

GROWTH INVESTING IN ASIA



31 July 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)	145.9m
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	-2.27	1.64
3 Month	17.55	11.96
Year to Date	11.83	2.41
2019	7.07	14.87
Since Launch	99.50	84.32
Annualised†	10.24	9.02

Source: Morningstar.

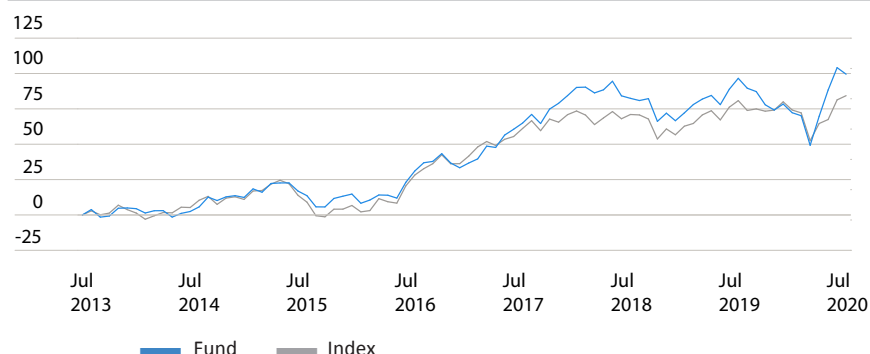
Launch Date: U: 01.07.13

†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

In July, in sterling terms, the MSCI AC Asia Pacific Ex Japan Gross Return Index (USD) rose 1.64% whilst the Prusik Asia Fund fell 2.27%. Whilst this is a disappointing relative performance over one month, in the context of the very strong relative returns of the 2Q we would have expected some correction and consolidation from our holdings and this is indeed what occurred. Two areas in particular contributed to the weakness. Firstly, our China domestic non-tech exposure such as **Suofieya Home** and **Proya Cosmetics** saw pullbacks, as did our better performing China healthcare names, such as **Alibaba Health**. Financials, such as **Ping An Insurance**, also were negative contributors over the month. In addition, one of our significant non-index exposures, Vietnam, saw a few very weak days towards the end of the month as outbreaks of Covid-19 took hold in Danang, one of the country's top tourist destinations. This prompted the government to send all the domestic holiday makers home (the country's borders remain closed to foreigners). All our Vietnam stocks corrected very sharply during that time.

Overall, however, we remain quite positive about both groups of companies. The China market is looking technically very robust and the Shanghai Composite just broke upwards and out of its consolidation range. The government still has plenty of policy scope to boost the economy if needed and so we would regard this correction as temporary. Vietnam is already moving rapidly to contain the outbreak. Indeed, at the time of writing (early August), we have already seen a significant retracement of the relative ground lost.

On the positive side in July, we continued to see very strong upside from **TSMC** (post the announcement Intel is becoming fabless), the EV battery companies (**LG Chem** especially), and mining and gold miners, especially copper miner **Oz Minerals**. **Sea Ltd** our SE Asian Ecommerce and gaming company also continued skywards.

On balance we would regard the pullbacks mentioned earlier as healthy and much needed after such a strong performance in May/June although we are very aware and somewhat concerned that, much like the US, breadth continues to narrow with just a few tech companies really driving the index higher. Should we see a significant change to the status quo (a few of the disruptions we might envisage include a credible vaccine, a clearly inflationary event, rising US/China geopolitical tensions in the South China Sea and the US banning Chinese companies from listing in the US) we would expect these few companies to significantly underperform. To this end, we have gently begun to reposition a little, selling or reducing some of the most expensive and widely held tech positions in the fund and adding to our non-tech exposure. These purchases have included China 'new infrastructure' beneficiaries such as **Sany Heavy** (heavy machinery and equipment for building and mining) and **Conch Ventures** (cement and clean waste management), as well as **Hong Kong Exchange** which is clearly benefitting from US listed China corporates moving their listing back to Hong Kong. Of course we may still be early but parabolic spikes rarely end well and we feel, risk management wise, that it is time to buy good companies with strong tailwinds elsewhere.

All data as at 31.07.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Alibaba Group Holding Ltd	6.7
Ping An Insurance Group Co	5.2
Samsung Electronics Co Ltd	4.6
Tencent Holdings Ltd	4.6
Poya International Co Ltd	3.7
Total Number of Holdings	36

Portfolio Financial Ratios

Price/Earnings Ratio	17.8x
Predicted Return on Equity (%)	17.1
Predicted Dividend Yield (%)	2.0

Risk Metrics

Tracking Error (% pa)	7.95
Beta	0.90
Alpha	1.11
Volatility (%)	18.17
Sharpe Ratio	0.56

Thematic Breakdown (%)

Ecommerce/Gaming/Entertainment	18.6	
Financialisation	13.9	
Gold and Resources	13.7	
Wellbeing	12.6	
Tech Hardware/IOT/5G	10.2	
Property/Infrastructure	9.5	
Local Brands	9.1	
Working From Home	7.5	
Healthcare	2.9	
Cash	1.9	

Geographical Breakdown (%)

China	44.6	
Australia	16.6	
Korea	13.7	
Vietnam	7.2	
Taiwan	5.8	
Indonesia	3.4	
Singapore	2.6	
India	2.5	
Cash	1.9	
Hong Kong	1.8	

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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	285.48
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	285.66
C GBP Hedged Distributing	B18RM25	IE00B18RM256	146.34
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	384.85

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	199.50
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Performance fee based on fund performance as a whole.

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