

PRUSIK UMBRELLA UCITS FUND PLC

(An open-ended investment company with variable capital established as an umbrella fund with segregated liability between sub-funds and established as a UCITS under the laws of Ireland)

Prusik Asian Equity Income Fund

Condensed Semi-Annual Report and Unaudited Financial Statements For the Financial Period Ended 30 June 2020

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GENERAL INFORMATION

Prusik Umbrella UCITS Fund plc (the “Company”) is an open-ended umbrella investment company with variable capital and segregated liability between sub-funds, incorporated on 5 November 2010 in Ireland pursuant to Part 24 of the Companies Act 2014 and authorized by the Central Bank of Ireland (the “Central Bank”) under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (S.I. No. 230 of 2019) (the “Central Bank UCITS Regulations”).

Except where the context otherwise requires, defined terms shall bear the meaning given to them in the Prospectus of the Company.

The Company, with the prior approval of the Central Bank, may create additional Share Classes as the Directors may deem appropriate.

There is one sub-fund in existence as at 30 June 2020, the Prusik Asian Equity Income Fund (the “Fund”) which was launched on 22 December 2010.

There are nine share classes in the Fund available to investors of the Company:

- Class A US Dollar (Hedged) Non-Distributing Class (first issued on 25 March 2012)
- Class B US Dollar (Hedged) Distributing Class (first issued on 31 December 2010)
- Class C Sterling (Hedged) Distributing Class (first issued on 21 January 2011)
- Class D Singapore Dollar (Hedged) Distributing Class (first issued on 31 December 2010)
- Class E Singapore Dollar (Hedged) Distributing Class (first issued on 23 September 2011)
- Class 2 X US Dollar (Hedged) Distributing Class (first issued on 30 March 2012)
- Class 2 Y Sterling (Hedged) Distributing Class (first issued on 30 March 2012)
- Class 2 Z Singapore Dollar (Hedged) Distributing Class (first issued on 30 March 2012)
- Class U Sterling (Unhedged) Distributing Class (first issued on 1 July 2013)

Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the “Administrator”) determines the Net Asset Value (“NAV”) per Share of each Class of the Company on each business day (“Dealing Day”). The valuation point is 11.00 a.m. (Irish time) on each Dealing Day.

The most recent Prospectus of the Company is dated 29 May 2018.

Investment Objective

The investment objective of the Fund is to generate a combination of income and capital growth primarily by investing in equities and other securities of companies operating in, and governmental issuers located in the Asian region and elsewhere.

In pursuit of its investment objective the Fund invests in companies operating in Asia including Australia, New Zealand, Hong Kong, Taiwan, South Korea, China, India, Sri Lanka, Pakistan, Thailand, Indonesia, Malaysia, Singapore, Vietnam and the Philippines and generally seeks to invest in companies that can be bought at an attractive discount to their intrinsic value and generate income above average dividend yields. The Fund pursues its investment objective primarily by taking long positions in publicly traded common stocks and other equity securities of Asian issuers.

The Fund has the ability to hold up to 100% of the NAV in cash for any period of time Prusik Investment Management LLP (the “Investment Manager”) deems this prudent. The Fund limits its investment in other collective investment schemes to a maximum of 10% of its NAV.

The Fund may invest in American depositary receipts and global depositary receipts and other equity related securities and instruments, which may be over-the-counter (“OTC”) or listed (subject to a maximum of 10% of the NAV in unlisted securities), including convertible bonds, depositary receipts and warrants as well as other securities such as bonds and preference shares issued by corporate and governmental issuers (and which may be fixed or floating, and of both investment grade (BB- or higher) or non-investment grade).

The Fund may invest in both short and long term Asian and foreign debt securities (such as fixed and/or floating rate bonds, notes and convertible bonds) of corporate issuers and government entities. The debt and other fixed income securities in which the Fund may invest will be of investment grade.

GENERAL INFORMATION (CONTINUED)

Investment Objective (continued)

The Fund may also invest in certain securities or markets, using forms of indirect investment including, participation notes on the underlying securities and Real Estate Investment Trusts, where such investment represents a more practical, efficient or less costly way of gaining exposure to the relevant security or market.

The Fund may utilize techniques for efficient portfolio management and/or to protect against exchange risks, subject to the conditions and within the limits laid down by the Central Bank. These techniques and instruments include but are not limited to futures, options, forward foreign exchange contracts, interest and exchange rate swap contracts, stock lending and repurchase and reverse repurchase agreements.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, the Fund's assets may be invested in money market instruments, including but not limited to certificates of deposit, floating rate notes and fixed or variable rate commercial paper listed or traded on Recognized Markets and in cash deposits.

The annual report and audited financial statements and unaudited half-yearly financial statements are available to the public at the registered office of the Company and are sent to shareholders.

INVESTMENT MANAGER'S REPORT

Prusik Asian Equity Income Fund Half Year Report June 2020

1Q20 Performance Commentary

1Q20 was an extremely poor quarter for the fund both from an absolute and relative perspective. The fund fell by 27.8% compared to the MSCI AC Asia Pacific Ex Japan Gross Return (USD) (the Index) which fell 20.7%. The biggest contributors were **Multi Commodity Exchange**, **Singapore Telecoms** and **HM Sampoerna** (although these were very marginal gains). The biggest detractors were **Samsonite**, **CK Hutchison** and **Scentre Group**. Obviously, the losses were experienced largely in March as Covid-19 fears pushed markets lower. The poor performance deserves some explanation and so this report will focus on why the loss occurred, why we made the decisions we did and where we go from here. We would certainly share our investors' frustration and annoyance with this performance which is obviously unacceptable. But all we can do is explain why the loss occurred and what we are doing to maximise the chances that we can generate better returns going forward. Much of the following sounds like we are seeking excuses – we are not. We take positions that are very different to the index and over time, they have tended to work but this time they have not. We could have made different decisions in hindsight and protected capital more effectively.

1Q20 Attribution Analysis

	Avg % Wgt			Total Return (%)			Allocation	Selection	Total Attribution
	PAEIF	Index	+/-	PAEIF	Index	+/-			
South Korea	7.2%	11.3%	-4.1%	-16.3%	-22.8%	6.5%	0.1%	0.4%	0.8%
Thailand	4.1%	2.3%	1.8%	-20.2%	-34.4%	14.2%	-0.2%	0.6%	0.3%
Taiwan	0.0%	11.5%	-11.5%	0.0%	-19.0%	19.0%	0.1%	0.0%	0.2%
Singapore	8.4%	2.9%	5.5%	-14.9%	-28.3%	13.4%	-0.3%	0.6%	0.1%
New Zealand	0.0%	0.7%	-0.7%	0.0%	-16.1%	16.1%	-0.1%	0.0%	0.0%
Australia	4.4%	14.8%	-10.5%	-60.8%	-33.4%	-27.4%	0.5%	-1.6%	-0.1%
India	13.0%	8.3%	4.7%	-26.6%	-30.9%	4.3%	-0.6%	0.7%	-0.1%
Philippines	2.8%	0.9%	1.9%	-28.7%	-31.8%	3.1%	-0.3%	0.0%	-0.3%
Indonesia	6.2%	1.8%	4.4%	-35.4%	-39.4%	4.1%	-0.5%	0.2%	-0.9%
Macau	7.4%	0.3%	7.1%	-33.3%	-31.7%	-1.7%	-1.0%	-0.1%	-1.1%
United States	2.4%	0.0%	2.4%	-60.3%	-44.6%	-15.7%	-0.7%	-0.6%	-1.2%
Hong Kong	31.8%	11.5%	20.2%	-23.0%	-16.2%	-6.9%	0.2%	-2.1%	-1.8%
China	10.9%	31.6%	-20.6%	-24.8%	-9.6%	-15.2%	-1.5%	-1.6%	-3.0%
Total							-4.0%	-3.4%	-6.9%

Source: Prusik/Bloomberg

The main reasons for the underperformance (not all captured in numbers above) were:

- Being underweight China.
- Being underweight the technology sector (particularly with regards to the China Internet sector).
- Being overweight small and mid-cap stocks (which cost approximately 500bps).
- Increased beta from traditionally low risk stocks.
- Overweight “physical” vs “virtual” assets (we own hardly any virtual assets).
- Exposure to travel and tourism sector. Changes in valuation (Median P/E for PAEIF holdings fell 19% compared to MXAPJ P/E which fell 12%).

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

1Q20 Attribution Analysis (continued)

One issue that we mention above is the increasing beta¹ of certain stocks in the portfolio. **Over the quarter the average beta of stocks in the PAEIF portfolio increased from 0.7x to 1.1x.** As can be seen from the table below, the increase in beta for some of our positions this year (with betas above 1.25x) has been extreme. We also include some other large cap. stocks which we do not own, but which have also seen their betas *fall* over this period.

	Beta (2017-2019)	Beta (1Q2020)
Samsonite	1.4x	3.9x
First Pacific	0.2x	2.4x
Qantas	0.8x	2.1x
Scentre Group	0.6x	2.0x
CK Hutchison	0.8x	1.8x
CK Assets	1.0x	1.7x
Swire Pacific	0.8x	1.6x
CK Infrastructure	0.5x	1.5x
Jasmine Infrastructure Fund	0.3x	1.4x
Fortune REIT	0.4x	1.4x
<i>MXAPJ top 10</i>		
<i>Alibaba</i>	<i>1.5x</i>	<i>0.8x</i>
<i>Tencent</i>	<i>1.4x</i>	<i>0.9x</i>
<i>TSMC</i>	<i>1.5x</i>	<i>0.9x</i>
<i>Samsung Electronics</i>	<i>1.2x</i>	<i>0.8x</i>
<i>AIA</i>	<i>1.2x</i>	<i>1.2x</i>
<i>CSL</i>	<i>1.1x</i>	<i>0.5x</i>
<i>China Construction Bank</i>	<i>1.1x</i>	<i>0.6x</i>
<i>Ping An</i>	<i>1.1x</i>	<i>1.1x</i>
<i>BHP</i>	<i>1.1x</i>	<i>0.5x</i>

Source: Prusik/Bloomberg

Some of these are easy to understand. **Samsonite** and **Qantas** are significantly affected by the reduced amount of airline travel and demand for luggage. **Scentre Group** because the lockdown prevents consumers from visiting shopping malls and investors worry about the impact on their tenant's ability to pay rents. But for some stocks we are perplexed. **CK Hutchison** has a lower volatility business than the average stock in Hong Kong and is not particularly affected by the Coronavirus. **CK infrastructure** is a utility business which suffers little direct impact. Most surprisingly of all, **Jasmine Infrastructure Fund** has contractually guaranteed, inflation-linked cash flows which it receives from its parent company (and virtually no debt). We do not know why these stocks have seen their beta increase as we do not believe their businesses have become riskier. Could it be that these stocks were owned by investors that viewed them as an alternative to corporate debt and they have been affected by outflows? Is it because some investors have borrowed money to invest in them? Is it just because they are mid and small cap stocks affected by liquidation selling?

On the other hand, it can be seen that most of the big stocks in the index saw their betas fall. This is largely due to the fact that they are either a) technology companies which operate in the "virtual" rather than "physical" world and/or b) they are exposed to China which is perceived to have dealt with the Coronavirus more effectively than most developed markets.

¹ Defined as weekly beta to local index.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Strategy Update

Our strategy is relatively simple. We are trying to buy high quality, long duration companies at attractive prices. From 2007, when I first started running this strategy (whilst in Hong Kong), until a couple of years ago it has been, relatively, dominated by quality and less driven by valuations. This was because over this period quality companies were undervalued both in absolute terms and relative to other types of company. However, since 2018, our view was that this had changed, and it was the case that certain high-quality stocks were being valued at levels which provided a very minimal margin of safety. If we translate this into bond equivalent terms, we can give every company in Asia a rating between AAA and D. We focus on the investment grade portion of this universe (BBB and above). When AAA rated companies are yielding 5% and A rated companies are yielding 6% then it is relatively easy to tilt a portfolio towards the AAA rated companies. When AAA rated companies yield 3% and A rated yield 10% then one tends to move the portfolio towards A rated names (all other things being equal). Our view in 2018 and 2019 was that the market was pricing in too high a probability of rates remaining at zero forever and too low a probability of the “world not ending”. And so we owned fewer AAA companies (which were trading at equity IRRs of 5-6%) and more A rated companies (trading at equity IRRs of 15%+). However, the arrival of Covid-19 obviously increases the probability of rates remaining lower and the world ending. And so the gap between these two groups have widened further. **Despite this, we believe that our thesis is still correct and A and AA rated companies offer significantly higher expected returns than AAA rated.**

Another issue which we have encountered is that we tend to own companies that, although they are generally low risk, do depend on people being able to leave their homes. Shopping malls, office blocks and even companies like Qantas have relatively stable businesses during the economic cycle. However, if people cannot leave their homes then this is no longer the case. On the other hand, “virtual” companies like Tencent and Alibaba can generate profits even if people are staying at home. Our risk management did not account for such an event. As a result of the lockdown measures put in place in various countries to control Covid-19, the risk of these stocks has increased and this has, in many cases led the beta to increase which increases the risk premium investors demand and therefore lowers the price. In addition, investors worry that the lockdowns might lead to a significant economic downturn which means that, if and when the virus is under control, revenues might not return to the pre-crisis levels for some time. A combination of higher risk premiums, lower expected profits and, in some cases, financial leverage is a toxic combination.

Dividend Stress Test

The current dividend yield of the fund is 6.8%. It is a reasonable question to ask how much this dividend could be cut and we have attempted to stress test the portfolio to answer this question. To do this we have divided the portfolio into 3 main categories.

- Companies that we believe should be extremely resistant to a Coronavirus led downturn (less than 10% cut to dividend).
- Companies that have some economic cyclicalities but are not directly impacted by the lockdown (10-33% cut).
- Companies that are directly exposed to the virus and would be significantly affected by an economic downturn. (>33% cut).

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Dividend Stress Test (continued)

Dividend cut in Stress Test	% of NAV	Typical Industries	Examples
Low risk (<10%)	48%	Telecoms, Power Utilities, Tobacco, Consumer Staples	Power Grid, ITC, Hong Kong Broadband Networks, Cheung Kong Infrastructure
Medium risk (10-33%)	37%	Technology, High quality non-bank financials, Hong Kong conglomerates	AIA, Samsung Electronics, Swire Pacific
High risk (>33%)	14%	Macau Casinos, Travel and Tourism, Retail shopping mall REITs	Wynn Macau, Samsonite, Scentre Group

Source: Prusik/Bloomberg

The first group contains Power Utilities (such as [Cikarang Listrindo](#), [Power Grid](#)), Telecoms (such as [JASIF](#), [PT Telkom](#), [PCCW](#)), Tobacco ([ITC](#), [HM Sampoerna](#)). These are stocks that are seeing minimal (although not zero) impact from the current environment.

The second group contains stocks such as [Samsung Electronics](#), [Infosys](#), [Zhejiang Expressway](#), [CK Hutchison](#) and [Swire Pacific](#). They have some amount of economic cyclicality and so would be hurt by a global recession but they do not have significant exposure to businesses that are directly affected by the shutdown and, in some cases, own businesses that benefit from it (e.g. [CK Hutchison](#) owns AS Watsons which is a pharmacy chain).

The third group are companies that are significantly affected by the virus. There are only two companies in this group which are [Samsonite](#) and [Scentre Group](#) (although we have since sold both stocks). The question here is to decide whether the share price already discounts too negative a scenario. For example, [Scentre Group](#) is discounting a permanent 40% fall in asset valuations which is extremely pessimistic. However, there are circumstances where that would be possible.

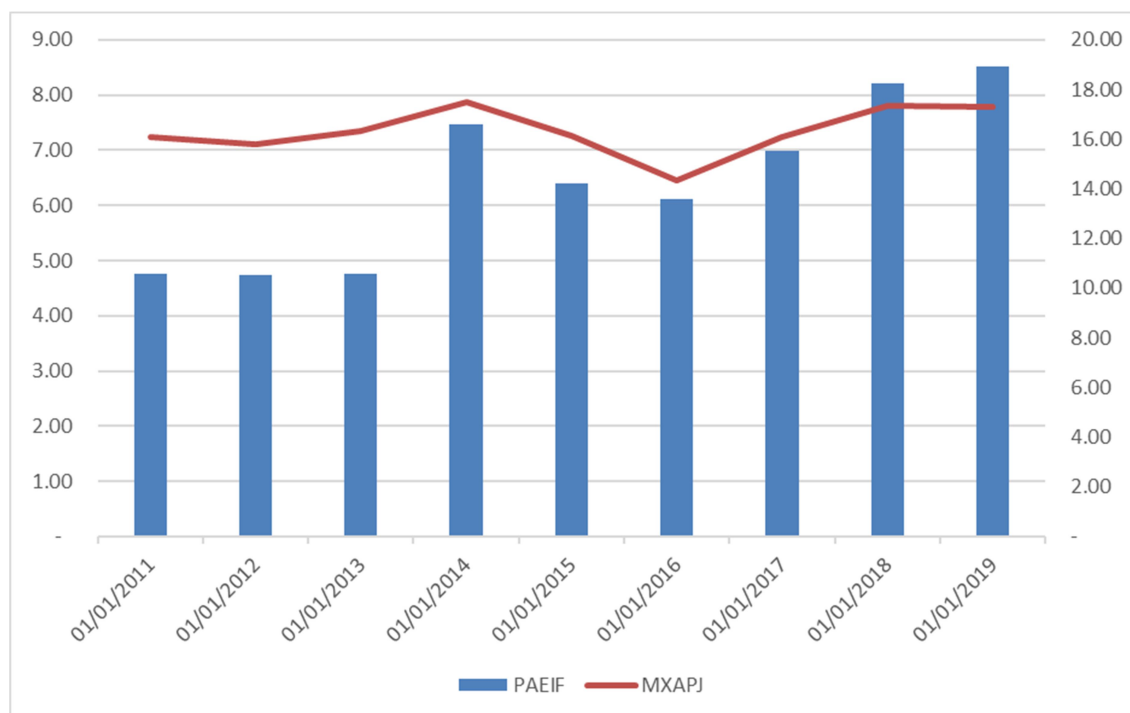
The overall stress test leads to a dividend cut of 15-20% (which would be 20-25% from the start of the year as some estimates have already been cut). This would reduce the prospective dividend yield to around 5.5% which is still significantly higher than the historic average for the portfolio (4.1%) and much higher than our internal valuation (approx. 3.5%). By comparison, the market yields just 3.7%.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Dividend Growth since inception²

Since the fund was launched, dividends have grown at 7.5% a year compared to just 0.9% for the MXAPJ (see chart below). Ultimately, we believe that this is the test of the strategy – whether we can sustain and grow dividends over time. Share prices can fluctuate as sentiment shifts but dividends (and cash flows) are the real measure of investment returns.



Source: Prusik/Bloomberg (Left axis corresponds to PAEIF, right axis corresponds to MXAPJ)

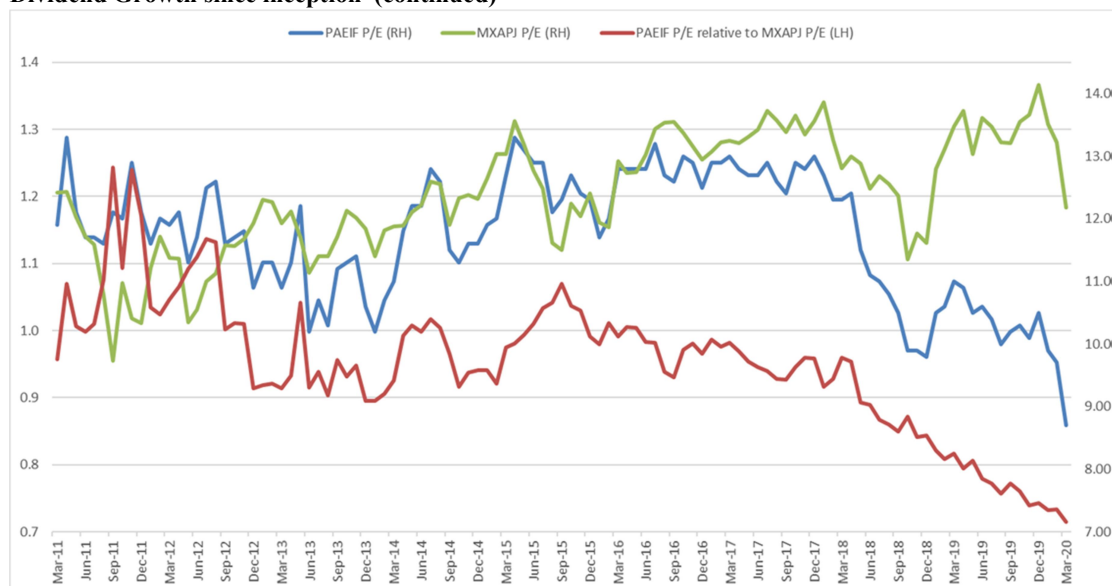
The chart below shows how far the portfolio has de-rated both in absolute terms and relative to the market. We believe that the current P/E is pricing in a 30-40% fall in earnings *relative to the index*. In other words, it is pricing a 30-40% fall in earnings for our portfolio in an environment where index earnings were unchanged. This appears, to us, to be excessively pessimistic.

² Source: Bloomberg. Dividends for USD B class since 2010. Note 2014 included special dividend from CK Hutch.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Dividend Growth since inception² (continued)



Source: Prusik/Bloomberg

Changes to the Portfolio

We bought several new positions during the quarter:

- **PT Telkom**
 - Dominant telecom operator in Indonesia (60% market share)
 - Fast growing fixed broadband business (penetration only 9%)
 - Net cash balance sheet
 - 5.5% dividend yield
- **HM Sampoerna**
 - Indonesian tobacco company 92% owned by Philip Morris
 - Net cash balance sheet
 - 10% dividend yield
- **Fortune REIT**
 - Hong Kong suburban mall REIT
 - Most tenants are non-cyclical (F&B, supermarkets – discretionary spending only 10% of total)
 - Trading at 50% discount to book value
 - 25% debt to assets ratio, 6% dividend yield
- **ICTSI**
 - Global Ports operator based in Philippines with bias towards emerging and frontier markets
 - Focused on consumption goods rather than bulk commodity trading
 - 80% of assets have regulated pricing- typically inflation linked and in USD
 - Medium term growth rate of 5-6% + inflation
 - 4% dividend yield

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Changes to the Portfolio (continued)

- **Singapore Telecom**
 - Operator of telecoms businesses across Asia with large operations in Singapore, Australia, India and Indonesia
 - 7.5% dividend yield in a company which is effectively an arm of the Singapore government
- **Indian Energy Exchange**
 - Leading energy exchange with 97% market share
 - Electricity trading in India at nascent stage (4-5% penetration compared to >50% in Europe) with government keen to increase this share
 - Energy exchanges allow more efficient use of power generation – critical in a market such as India
 - Net cash balance sheet, 3.5% dividend yield
- **Infosys**
 - Leading Indian IT Services Company
 - Net cash balance sheet
 - Dividend yield of 5%
 - Medium term growth rate of 8-10%
- **Macquarie**
 - Leading Australian Financial Services Company
 - 6.5% dividend yield
 - Significant infrastructure fund management business well placed to grow in era of low rates and demand for long term, real investment returns

We sold three positions:

- **HSBC and OCBC**
 - Both sold as we could achieve better risk/return profiles in other stocks
 - Post Covid environment of lower interest rates and higher credit risk reduces potential upside
- **Singapore Exchange**
 - Reached our price target as current business environment led to significantly increased trading activity. We are less convinced than the market that this is a permanent uplift in earnings potential.

Removing the Front-End Charge

As you will know, we took the decision to remove the “temporary” front-end charge on the Class 2 and U Shares and therefore “re-open” the fund to existing investors for the first time since 2013. This was as a result of our traffic light system finally giving us enough green lights to do so. We believe that, because of the current risk aversion, the valuations available in the market today are as good as we have seen since late 2008. Of course, we do not know what will happen to dividends in 2020 but our focus is on what happens in 2021, 2022 and beyond. We believe that revenues and dividends for your portfolio will be higher in the future than they are today. However, the market is pricing in the opposite. We have added to our investment in the fund on 1 April and it remains, as always, by far our single biggest investment.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

2Q20 Performance Commentary

Over the quarter the fund returned +14.1% compared to the MSCI AC Asia Pacific Ex Japan Gross Return Index (USD) return of +18.5%. The top 3 contributors were **Sarana Menara Nusantara**, **Scentre Group** and **Metro Pacific**. The top 3 detractors were **China Mobile**, **British American Tobacco Malaysia** and **Samsonite**. In the bigger picture, we did see a good recovery in our Indonesian and Philippines portfolios, but this was not enough to offset the high weighting to real estate in Hong Kong. The reasons for the underperformance continue to be the same as they have been over the past year. In this quarterly, we aim to explain what is driving this underperformance and what is driving our decision making.

Attribution Analysis

	Avg % Wgt		Total Return (%)		Alloc	Selec	Tot Attr
	PAEIF	Index	PAEIF	Index			
Indonesia	8.4%	1.4%	31.4%	24.5%	-35	46	123
Philippines	3.9%	0.8%	50.7%	19.7%	5	110	121
Singapore	5.9%	2.6%	12.0%	9.5%	-14	34	34
India	15.7%	7.5%	17.3%	20.5%	56	-54	0
Thailand	4.2%	2.2%	19.4%	23.9%	-2	-19	-8
Australia	4.5%	13.6%	46.9%	28.7%	11	93	-11
Malaysia	0.6%	1.7%	-10.5%	13.8%	5	-30	-25
Macau	6.8%	0.2%	9.7%	8.4%	-48	10	-38
South Korea	8.4%	11.1%	15.2%	19.5%	-5	-38	-47
Taiwan	0.0%	11.7%	0.0%	21.3%	-35	0	-66
China	9.4%	34.5%	7.5%	16.7%	-34	-87	-123
Hong Kong	30.8%	11.4%	4.0%	7.5%	-158	-117	-275

Source: Prusik/Bloomberg

Summary

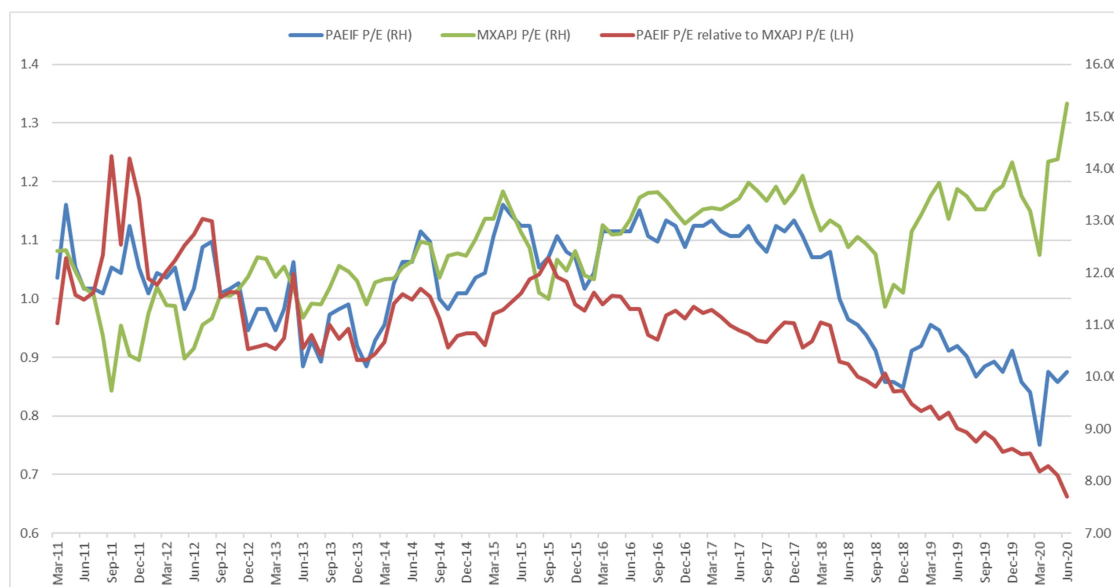
- **Almost all of the underperformance is due to changes in valuation, as opposed to fundamentals.** Our portfolio is growing dividends (and earnings) faster than the market both pre and post Covid.
- **The underperformance is due to our high exposure to “physical” or “going out” companies (real estate, transport infrastructure) and lack of exposure to “virtual” or “staying in” companies (mainly internet/healthcare).** “Physical stocks” have underperformed both on the way down and the way up as investors believe the changes in human behaviour, caused by the crisis, will be permanent. Our belief is that there will be some reversion to the mean.
- Most income funds in Asia have very similar biases towards these types of business and so our performance is, broadly, very similar to competitor funds over this period.
- **Our strategy has not changed.** We are still looking to buy companies that can sustain and grow dividends and have high margins and limited economic cyclicality.
- **What could go wrong?**
 - We do have ~15% of our fund exposed to the domestic Hong Kong economy (largely via real estate) which would suffer if that market does not recover.
 - We have 20% of the fund exposed to real estate where we are less negative than consensus on several sub-sectors.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Valuation

Almost all the underperformance is due to changes in valuations as opposed to fundamentals³. Since the beginning of 2020, the fund P/E has fallen from 10.5x to 10.1x compared to the MXAPJ P/E which has increased from 14.1x to 15.3x. **As the chart below shows, the MXAPJ is trading some way above its 10-year average whereas the fund is trading near the lows.** As a result, the portfolio is currently trading at a 34% P/E discount to the market.



Source: Bloomberg/Prusik

We are often asked what will cause this gap to close. The honest answer of course is that is unknowable. Just like the 1999/00 bubble it was not obvious, even *after* the correction, what caused it - let alone beforehand. In many ways, the situation today is remarkably like 1999/00 with a small number of technology/biotech/EV stocks trading at very high valuations. The chart below shows how extreme the move in high momentum stocks has been, with the top decile of high momentum stocks trading at a huge premium to the overall market.

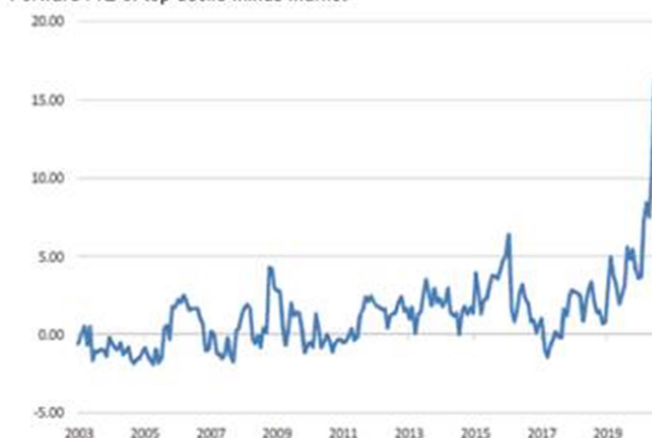
³ Using forecast earnings and dividends as a proxy for fundamentals.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Valuation (continued)

Figure 20: Momentum Valuations are exceptionally high
Forward P/E of top decile minus market



Source: Factset, J.P. Morgan Asia Equity Strategy & Quant Research

Sector Exposure

Income seeking funds in Asia tend to own a significant number of “physical” businesses. These include real estate (office and retail), toll roads, airports and ports. This is because, in general, these businesses can generate steady, predictable, inflation-linked cash flows and, because they are not generally high growth, they trade on reasonable dividend yields. In turn, they tend to own fewer “virtual” businesses (e.g. internet, pharma) as these stocks generally are perceived to be high growth stocks which often distribute next to no dividends and trade at very high valuations.

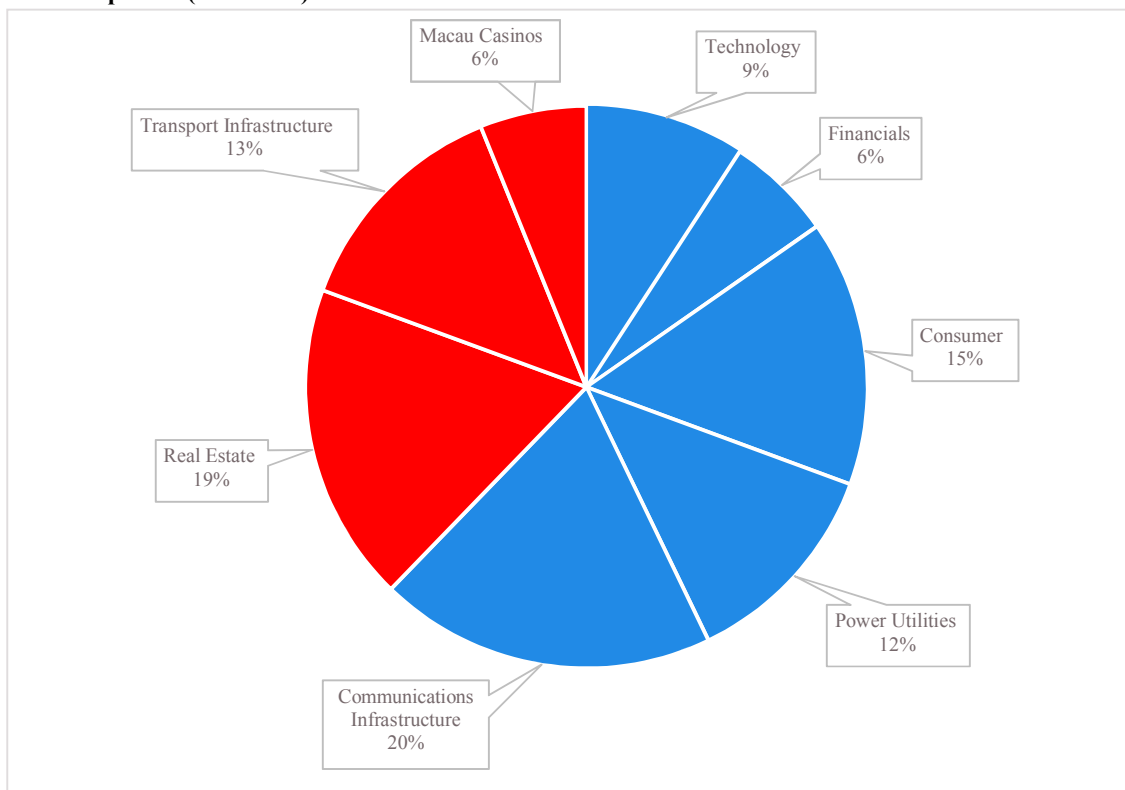
Covid has arguably changed these perceptions of risk. Our belief is that physical businesses still have value and that current valuations are too pessimistic about the long-term cash generating potential of many of these businesses. Of course, there will be some businesses that may never return to previous levels (e.g. public transport in urban centres, business airline travel, shopping centres) but, in general, we believe that over the next five to ten years, the virus will be less and less of an issue and humans will not want to spend all their time at home.

In the chart below we label in red the types of businesses which we consider to be largely “physical” and rely on people leaving their homes.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Sector Exposure (continued)



Source: Prusik

Going through these sections in detail:

Macau Casinos

- Macau has not had a case of Covid-19 since March. Cases in Guangdong (50% of customers) have been close to zero for the last month.
- A “Travel Bubble” in the Greater Bay Area is likely. However, timing is uncertain and will depend on Hong Kong dealing with a 3rd Covid wave.
- Pent up demand is significant according to company management.
- Macau is likely to capture a high percentage of Chinese tourism spending in 2021 as many destinations will remain off limits.
- Dividends for [Sands China](#) and [Wynn Macau](#) are unlikely for 2020. However a strong recovery is likely in 2021. Both have parents that have a strong desire to upstream cash.

Transport Infrastructure

- Almost all of our exposure here is to toll roads which are, in general, recovering faster than other Covid affected sectors.
- [Zhejiang Expressway](#) reported May traffic growth of +5% year-on-year suggesting business is getting back to normal.
- [IRB InvIT](#) (Indian toll road) saw travel down 70% during April but now it is down 25-30% and recovering. The company expect to pay a dividend of INR9-10/share this year (vs share price of INR39).

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Real Estate

This is the most controversial area and one where it is clear that several areas of the market may see cash flows and valuations reset permanently lower. Even though we agree that tier 2 assets (particularly in retail) will likely never recover from this, we see value in tier 1 retail and office assets where the portfolio is exposed.

- The overall asset mix of our holdings is 50% Retail, 30% Office, 20% Other (Residential, hotels, logistics).
- The geographic mix is 50% Hong Kong, 20% Australia, 20% China, 10% India.
- Work culture in Asia suggests “WFH” is less of a long-term issue for office assets (small housing units, multi-generational family living) in Hong Kong and India where we have exposure.
- **Scentre Group** (Westfield Australia) will see lower rentals than before but the stock price is already pricing in a permanent valuation reduction of 30% which, we believe, is pessimistic (10-20% is more likely) given day time visitation is already back to 90% of pre-Covid levels⁴.
- Hong Kong real estate companies are pricing in liquidation level valuations. E.g. **Swire Pacific** on 0.2x P/B despite a cost of debt of ~2% suggesting the market is not concerned about the financial strength of the company.
- Debt levels are very low across our holdings (All have debt to equity ratios of <50% except **Scentre Group** at 58%).
- Apart from **Scentre Group** all are forecast to pay higher dividends in 2021 vs 2019.

Although we accept that the valuations of these businesses has fallen, the valuations are excessively pessimistic given the strong cash generation and healthy balance sheets of our holdings.

Hong Kong

We have significant exposure to the Hong Kong market although several of our holdings derive most of their income from outside the territory. The national security law is clearly negative for human rights in Hong Kong but, the impact on the economy is much less significant, particularly if the judiciary remains relatively independent. Hong Kong's strengths remain relatively unchanged or, in some cases, improved by becoming closer to China. In particular, its position as an offshore financial centre is enhanced. There is no sign of capital leaving Hong Kong (HKD trading at strong end of band, residential real estate market activity is strong, HIBOR falling). Valuations are still at distressed levels and expectations are very low.

Fund Strategy and Dividend Growth

In the very first quarterly report written in April 2011, we laid out the objectives of the fund:

- *To generate an attractive dividend yield that is higher than the market*
- *To grow that dividend in real terms over time*
- *To outperform the Asian market by 5-10% per year over a full cycle*

Since writing that we have met all three objectives.

- The yield is currently 6.0% and has been substantially higher than the market over time.
- Dividends have grown by 7.5% a year in USD terms compared to inflation (US CPI) which has increased by 1.7% a year over the same period.
- We have generated 9.3% annualised total returns compared to 3.9% for the index.

⁴ <https://www.scentregroup.com/getmedia/c677fb20-71bf-40bf-8fec-19078a74a7cf/Scentre-Group-Customer-Update-30-June-2020.pdf>

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Fund Strategy and Dividend Growth (continued)

The strategy has not changed. Our focus remains on trying to create a portfolio that can sustain and grow dividends in real terms over time. In turn, we believe our potential to outperform the market is much higher today because of the valuation discount that the fund trades at.

As can be seen from the table below, the actual dividend paid to investors in the fund⁵ is forecast to be higher than the market from 2019 (pre-Covid) until 2022⁶. In 2020, dividends for the fund are expected to fall by 4% compared to an 18% fall for the market overall. And the growth rate from 2019 until 2022 is expected to be approximately 4% annually compared to 0% for the market.

Dividend payments	PAEIF	% yoy	MXAPJ	% yoy
31/12/2011	4.76		14.06	
31/12/2012	4.73	-1%	13.64	-3%
31/12/2013	4.77	1%	14.11	3%
31/12/2014	7.48 ⁷	57%	15.31	8%
31/12/2015	6.40	-14%	14.24	-7%
31/12/2016	6.11	-5%	12.78	-10%
31/12/2017	6.98	14%	14.57	14%
31/12/2018	8.21	18%	15.82	9%
31/12/2019	8.53	4%	15.74	0%
31/12/2020	8.19	-4%	12.9	-18%
31/12/2021	8.53	4%	14.64	13%
31/12/2022	9.52	12%	15.65	7%
2011 to 2019 (CAGR)	7.5%		1.4%	
2019 to 2022 (CAGR)	3.8%		-0.2%	
2022 vs 2011	100%		11%	

Source: Prusik/Bloomberg

Portfolio Changes

We added a position in **China Mobile** and added to our positions in **Singapore Telecom** and **PT Telkom**. We sold **PCCW** and trimmed **Hong Kong Broadband Networks** as they reached our price target.

⁵ Dividends paid to class B shareholders (the longest running share class).

⁶ To calculate the expected dividend for PAEIF in 2020 we add the dividend paid in the first half of 2020 to the expected dividends to be received in the second half (net of withholding tax). We then use forecast dividends for 2021 and 2022 (net of withholding tax). For the MXAPJ we use forecasts for 2020 to 2022. Note that this is for illustrative purposes only as it assumes that the fund will not change during the forecast period and so actual dividends will differ from this.

⁷ Note that there were several special dividends in 2014 which caused the sharp increase.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asian Equity Income Fund Half Year Report June 2020 (continued)

Portfolio Changes (continued)

Investing in **China Mobile** requires one to balance the conflicting positive and negative attributes. On the positive side, the company has a dominant position in the Chinese market with almost 1bn subscribers making it the world's largest mobile operator. This means the company has better coverage and generates the highest margins in the sector as telecoms remains a largely fixed cost business. The move to 5G is positive for the company as it is likely to see users consolidate their usage with just one operator. The company pays a 6.3% dividend yield and trades on a P/E ratio of 9x and an EV/EBITDA ratio of just 2.2x. Their net cash position is equal to 1/3 of current market cap and so there is scope for the cash returns to shareholders to be increased substantially. On the negative side, the company has historically been unable to capitalise on these structural advantages as the regulatory environment has always been tilted against the company as the government is keen to assist their competitors and so **China Mobile** has been unable to monetise their position. Investors fear that **China Mobile** will be forced to overspend on 5G capex because the Chinese government are keen to help Huawei. Our belief is that, at these valuation levels, the positive attributes outweigh the negatives.

Other new positions

- **NWS Holdings**. Hong Kong/China infrastructure asset investor trading at 6x P/E and 9% dividend yield.
- **Media Nusantara Citra**. Indonesian media company with growing digital presence trading at 6x P/E.
- **Embassy Office Parks REIT**. Blackstone backed REIT trading at a 7.3% dividend yield growing at 10%/year.
- **KT&G**. Korean tobacco company with net cash balance sheet and offering a 5.5% dividend yield. Dividends have increased every year since listing in 1997.
- **Sun Hung Kai Properties**. Hong Kong Real Estate operator trading at 5.5% dividend yield and 0.5x Price to Book ratio.
- **Vinamilk**. Vietnam's dominant consumer company which offers a 4.0% dividend yield and net cash balance sheet.

We disposed of **Samsonite and Qantas**, and reduced **Cromwell European REIT** and **Travelsky**. **These are positions that we believe have seen structural declines in valuations because of the Covid-19 pandemic** and, in the case of **Qantas** and **Samsonite**, have suspended dividends.

SCHEDULE OF INVESTMENTS - Prusik Asian Equity Income Fund

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock (31 December 2019: 89.84%)					
China (31 December 2019: 11.00%)					
	30,000,000	China Xinhua Education Group Ltd.	12,081,860	9,832,195	1.43%
	11,467,171	Guangdong Provincial Expressway Development Co. Ltd.	10,250,274	6,687,907	0.97%
	8,767,000	TravelSky Technology Ltd.	19,634,445	15,429,820	2.25%
	38,000,000	Zhejiang Expressway Co. Ltd.	40,550,903	26,869,504	3.91%
			82,517,482	58,819,426	8.56%
Hong Kong (31 December 2019: 30.01%)					
	3,000,000	AIA Group Ltd.	17,605,474	27,986,916	4.08%
	3,500,000	China Mobile Ltd.	24,821,882	23,619,202	3.44%
	6,250,000	CK Asset Holdings Ltd.	45,253,551	37,257,824	5.43%
	6,250,000	CK Hutchison Holdings Ltd.	71,591,107	40,161,031	5.85%
	1,500,000	CK Infrastructure Holdings Ltd.	12,523,139	7,722,531	1.12%
	52,500,000	First Pacific Co. Ltd.	22,239,118	10,025,742	1.46%
	9,500,000	HKBN Ltd.	10,956,453	16,621,828	2.42%
	5,000,000	NWS Holdings Ltd.	4,603,288	4,316,101	0.63%
	648,000	Sun Hung Kai Properties Ltd.	8,274,048	8,273,443	1.21%
	23,710,000	Swire Pacific Ltd.	40,254,163	22,608,486	3.29%
			258,122,223	198,593,104	28.93%
India (31 December 2019: 10.76%)					
	1,427,227	Indian Energy Exchange Ltd.	2,451,211	3,384,534	0.49%
	1,500,000	Infosys Ltd.	12,928,838	14,355,000	2.09%
	26,790,000	IRB InvIT Fund	36,267,091	13,908,819	2.03%
	14,000,000	ITC Ltd.	42,823,848	36,203,500	5.27%
	17,887,434	Power Grid Corp. of India Ltd.	43,887,989	41,411,499	6.03%
			138,358,977	109,263,352	15.91%
Indonesia (31 December 2019: 6.41%)					
	145,000,000	Cikarang Listrindo Tbk PT	16,626,257	5,938,047	0.87%
	37,240,100	Hanjaya Mandala Sampoerna Tbk PT	3,198,060	4,288,412	0.62%
	50,000,000	Link Net Tbk PT	16,405,132	7,875,394	1.15%
	100,000,000	Media Nusantara Citra Tbk PT	6,585,494	6,335,317	0.92%
	140,000,000	Sarana Menara Nusantara Tbk PT	7,357,287	9,996,500	1.46%
	75,000,000	Telekomunikasi Indonesia Persero Tbk PT	16,757,856	16,013,301	2.33%
			66,930,086	50,446,971	7.35%
Macau (31 December 2019: 7.19%)					
	6,500,000	Sands China Ltd.	30,222,210	25,496,610	3.71%
	11,237,600	Wynn Macau Ltd.	24,707,827	19,343,047	2.82%
			54,930,037	44,839,657	6.53%
Malaysia (31 December 2019: 0.00%)					
	3,000,000	British American Tobacco Malaysia Bhd.	8,736,666	7,547,258	1.10%
			8,736,666	7,547,258	1.10%
Philippines (31 December 2019: 2.36%)					
	5,000,000	International Container Terminal Services, Inc.	9,688,669	10,286,001	1.50%
	282,399,000	Metro Pacific Investments Corp.	29,389,612	20,970,924	3.05%
			39,078,281	31,256,925	4.55%

SCHEDULE OF INVESTMENTS - Prusik Asian Equity Income Fund (continued)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock (31 December 2019: 89.84%) (continued)					
Singapore (31 December 2019: 7.01%)					
	12,500,000	Singapore Telecommunications Ltd.	22,389,132	22,005,940	3.21%
			22,389,132	22,005,940	3.21%
South Korea (31 December 2019: 7.53%)					
	202,714	KT&G Corp.	12,702,005	13,178,896	1.92%
	1,150,000	Samsung Electronics Co. Ltd.	24,393,159	44,456,915	6.48%
			37,095,164	57,635,811	8.40%
Thailand (31 December 2019: 4.84%)					
	56,537,000	Jasmine Broadband Internet Infrastructure Fund	17,119,946	17,103,323	2.49%
	3,000,000	Tisco Financial Group PCL - NVDR	7,447,531	6,745,935	0.98%
			24,567,477	23,849,258	3.47%
Vietnam (31 December 2019: 0.00%)					
	1,750,000	Vietnam Dairy Products JSC	9,130,388	8,498,880	1.24%
			9,130,388	8,498,880	1.24%
Total Common Stock			741,855,913	612,756,582	89.25%
Real Estate Investment Trusts (31 December 2019: 7.07%)					
Australia (31 December 2019: 4.43%)					
	14,499,286	Scentre Group	42,847,260	21,527,291	3.13%
			42,847,260	21,527,291	3.13%
Hong Kong (31 December 2019: 0.00%)					
	12,500,000	Fortune Real Estate Investment Trust (Hong Kong)	14,649,375	11,241,863	1.64%
	968,000	Link	8,541,179	7,912,568	1.15%
			23,190,554	19,154,431	2.79%
India (31 December 2019: 0.00%)					
	2,353,600	Embassy Office Parks	10,641,330	10,660,811	1.55%
			10,641,330	10,660,811	1.55%
Singapore (31 December 2019: 2.64%)					
	20,367,100	Cromwell European Real Estate Investment Trust	10,618,531	9,582,822	1.40%
			10,618,531	9,582,822	1.40%
Total Real Estate Investment Trusts			87,297,675	60,925,355	8.87%

SCHEDULE OF INVESTMENTS - Prusik Asian Equity Income Fund (continued)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Collective Investment Schemes (31 December 2019: 0.05%)					
Ireland (31 December 2019: 0.05%)					
	400,000	UBS IRL Fund PLC - Select Money Market Fund USD	400,000	400,000	0.06%
			400,000	400,000	0.06%
Total Collective Investment Schemes			400,000	400,000	0.06%
Total Fair Value of Investments			829,553,588	674,081,937	98.18%

Forward Foreign Currency Contracts (31 December 2019: 0.04%)

Currency Bought	Amount Bought	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) USD	% of Net Assets
GBP	1,403	USD	(1,721)	30/07/2020	Brown Brothers Harriman	0	0.00%
GBP	712	USD	(874)	30/07/2020	Brown Brothers Harriman	0	0.00%
USD	3,847	SGD	(5,355)	30/07/2020	Brown Brothers Harriman	14	0.00%
USD	12,577	SGD	(17,508)	30/07/2020	Brown Brothers Harriman	47	0.00%
USD	10,353	GBP	(8,356)	30/07/2020	Brown Brothers Harriman	100	0.00%
USD	35,921	GBP	(29,134)	30/07/2020	Brown Brothers Harriman	174	0.00%
USD	28,343	GBP	(22,779)	30/07/2020	Brown Brothers Harriman	395	0.00%
USD	102,603	GBP	(82,815)	30/07/2020	Brown Brothers Harriman	993	0.00%
USD	235,821	GBP	(189,522)	30/07/2020	Brown Brothers Harriman	3,284	0.00%
USD	922,741	GBP	(741,558)	30/07/2020	Brown Brothers Harriman	12,876	0.00%
USD	1,189,478	GBP	(955,920)	30/07/2020	Brown Brothers Harriman	16,599	0.01%
Total unrealised gains on Forward Foreign Currency Contracts						34,482	0.01%
Total Financial Assets at Fair Value through Profit or Loss						674,116,419	98.19%
GBP	13	USD	(16)	30/07/2020	Brown Brothers Harriman	(0)	(0.00%)
GBP	129	USD	(160)	30/07/2020	Brown Brothers Harriman	(2)	(0.00%)
GBP	114	USD	(141)	30/07/2020	Brown Brothers Harriman	(2)	(0.00%)
GBP	331	USD	(408)	30/07/2020	Brown Brothers Harriman	(2)	(0.00%)
USD	376,625	GBP	(306,962)	30/07/2020	Brown Brothers Harriman	(6)	(0.00%)
USD	742,334	GBP	(605,027)	30/07/2020	Brown Brothers Harriman	(13)	(0.00%)
GBP	946	USD	(1,177)	30/07/2020	Brown Brothers Harriman	(16)	(0.00%)
SGD	1,536,277	USD	(1,103,528)	30/07/2020	Brown Brothers Harriman	(4,055)	(0.00%)
SGD	5,023,089	USD	(3,608,152)	30/07/2020	Brown Brothers Harriman	(13,260)	(0.00%)
GBP	39,619,871	USD	(49,297,975)	30/07/2020	Brown Brothers Harriman	(685,830)	(0.10%)
GBP	50,822,931	USD	(63,237,652)	30/07/2020	Brown Brothers Harriman	(879,757)	(0.13%)
Total unrealised losses on Forward Foreign Currency Contracts						(1,582,943)	(0.23%)
Total Financial Liabilities at Fair Value through Profit or Loss						(1,582,943)	(0.23%)

SCHEDULE OF INVESTMENTS - Prusik Asian Equity Income Fund (continued)

	Value USD	% of Net Assets
Cash	9,366,350	1.36%
Other Net Assets	4,663,021	0.68%
Net Assets Attributable to Holders of Redeemable Participating Shares	686,562,847	100.00%

BALANCE SHEET - Prusik Asian Equity Income Fund

	Notes	As at 30 June 2020 USD	As at 31 December 2019 USD
Assets			
Financial assets, at cost		829,553,588	835,573,766
Financial assets at fair value through profit or loss			
- Transferable securities		612,756,582	790,128,707
- Collective investment schemes and Real Estate			
Investment Trusts		61,325,355	62,556,433
- Financial derivative instruments		34,482	335,699
Cash		9,366,350	37,080,994
Receivable for investments sold		11,728,527	–
Dividends receivable		3,346,667	912,345
Subscriptions receivable		300,654	197,036
Other assets		141,899	423
Total assets		699,000,516	891,211,637
Liabilities			
Financial liabilities at fair value through profit or loss			
- Financial derivative instruments		1,582,943	6,547
Payable for investments purchased		8,274,048	10,070,822
Distributions payable		24,084	–
Redemptions payable		1,554,164	111,460
Investment management fees	2	627,311	756,190
Administration fees	3	48,081	93,696
Depository fees	4	74,030	94,685
Directors' fees	5	4,117	4,554
Audit fees		8,000	18,273
Performance fees	2	4,408	4,688
Research fees	8	28,660	–
Professional fees		60,777	71,130
Indian capital gains tax fees	7	132,598	521,026
Other liabilities		14,448	13,263
Total liabilities		12,437,669	11,766,334
Net Assets Attributable to Holders of Redeemable Participating Shares		686,562,847	879,445,303

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - Prusik Asian Equity Income Fund (continued)

	Notes		As at 30 June 2020		As at 31 December 2019		As at 31 December 2018
Class A US Dollar (Hedged) Non-Distributing Class							
Net Assets		USD	2,546,477	USD	3,582,857	USD	3,866,770
Outstanding Redeemable Participating Shares	1		10,647		12,338		14,815
Net Asset Value per Share		USD	239.17	USD	290.39	USD	261.02
Class B US Dollar (Hedged) Distributing Class							
Net Assets		USD	60,948,667	USD	79,566,417	USD	101,092,738
Outstanding Redeemable Participating Shares	1		379,388		401,578		541,819
Net Asset Value per Share		USD	160.65	USD	198.13	USD	186.58
Class C Sterling (Hedged) Distributing Class							
Net Assets		GBP	49,445,112	GBP	72,335,349	GBP	78,360,682
Outstanding Redeemable Participating Shares	1		332,316		384,881		432,589
Net Asset Value per Share		GBP	148.79	GBP	187.94	GBP	181.14
Class D Singapore Dollar (Hedged) Distributing Class							
Net Assets		SGD	5,046,837	SGD	6,288,067	SGD	5,974,249
Outstanding Redeemable Participating Shares	1		33,622		33,622		33,622
Net Asset Value per Share		SGD	150.11	SGD	187.02	SGD	177.69
Class E Singapore Dollar (Hedged) Distributing Class							
Net Assets		SGD	22,496,401	SGD	23,664,719	SGD	20,255,114
Outstanding Redeemable Participating Shares	1		75,164		67,970		64,575
Net Asset Value per Share		SGD	299.30	SGD	348.16	SGD	313.67
Class 2 X US Dollar (Hedged) Distributing Class							
Net Assets		USD	343,642,324	USD	519,409,185	USD	492,900,481
Outstanding Redeemable Participating Shares	1		2,394,486		2,934,513		2,957,167
Net Asset Value per Share		USD	143.51	USD	177.00	USD	166.68
Class 2 Y Sterling (Hedged) Distributing Class							
Net Assets		GBP	38,855,350	GBP	51,775,297	GBP	53,203,526
Outstanding Redeemable Participating Shares	1		291,046		307,527		327,439
Net Asset Value per Share		GBP	133.50	GBP	168.36	GBP	162.48
Class 2 Z Singapore (Hedged) Distributing Class							
Net Assets		SGD	1,543,540	SGD	2,003,441	SGD	2,130,399
Outstanding Redeemable Participating Shares	1		11,084		11,546		12,923
Net Asset Value per Share		SGD	139.26	SGD	173.52	SGD	164.85
Class U Sterling (Unhedged) Distributing Class							
Net Assets		GBP	122,508,357	GBP	68,038,499	GBP	62,603,087
Outstanding Redeemable Participating Shares	1		831,141		401,880		379,825
Net Asset Value per Share		GBP	147.40	GBP	169.30	GBP	164.82

The accompanying notes form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT - Prusik Asian Equity Income Fund

	Notes	For the period ended 30 June 2020 USD	For the period ended 30 June 2019 USD
Investment income			
Dividend income		21,354,467	25,273,121
Interest income		26,987	500,553
Miscellaneous income		121,667	5,761
Net realised (loss)/gain on financial assets and liabilities at fair value through profit or loss		(3,994,930)	37,279,698
Movement in net unrealised (loss)/gain on financial assets and liabilities at fair value through profit or loss		(174,463,629)	37,645,565
Total (loss)/income		(156,955,438)	100,704,698
Expenses			
Investment management fees	2	3,529,226	4,343,661
Administration fees	3	114,589	192,257
Depositary fees	4	206,396	245,518
Directors' fees	5	16,029	17,841
Audit fees		8,032	9,144
Professional fees		60,207	60,487
Performance fees	2	20	39,423
Research fees	8	299,941	300,396
Transaction costs		894,163	677,838
Other expenses		18,200	16,354
Total expenses		5,146,803	5,902,919
Net (expense)/income before finance costs		(162,102,241)	94,801,779
Finance costs			
Overdraft interest		(553)	(25)
Distributions paid		(13,339,016)	(16,325,002)
Indian capital gains tax		(284,826)	(1,316)
Total finance costs		(13,624,395)	(16,326,343)
Withholding tax on dividends		(1,624,162)	(1,020,459)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		(177,350,798)	77,454,977

Gains and losses arise solely from continuing operations. There were no recognised gains or losses other than those reflected above and therefore, no statement of total recognised gains and losses has been presented.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES - Prusik Asian Equity Income Fund

	Notes	For the period ended 30 June 2020 USD	For the period ended 30 June 2019 USD
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		(177,350,798)	77,454,977
Capital Share Transactions of Redeemable Participating Shares			
Proceeds from issuance of Redeemable Participating Shares	1	128,695,598	25,766,114
Payments on redemption of Redeemable Participating Shares	1	(144,227,270)	(48,792,807)
Issuance of Redeemable Participating Shares in exchange for cancellation of performance fee equalization credits	2	14	39,258
Net decrease from Capital Share Transactions of Redeemable Participating Shares		(15,531,658)	(22,987,435)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares		(192,882,456)	54,467,542
Net Assets Attributable to Holders of Redeemable Participating Shares at the beginning of the period		879,445,303	866,066,857
Net Assets Attributable to Holders of Redeemable Participating Shares at the end of the period		686,562,847	920,534,399

The accompanying notes form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and estimation techniques adopted by the Company are as follows:

Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Act 2014 and the Central Bank (Supervision and Enforcement) Act 2013 (section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (S.I. No. 230 of 2019) (the “Central Bank UCITS Regulations”). The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified by the reduction of financial assets and financial liabilities at fair value through profit or loss and they comply with accounting standards issued by the Financial Reporting Council, as promulgated by the Institute of Chartered Accountants in Ireland. Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

FRS 102

The financial reporting standard applicable in the UK and Republic of Ireland (“FRS 102”) is effective for accounting periods beginning on or after 1 January 2015 and replaces the accounting standards under which the financial statements of the Company were previously prepared.

The information required to be included in the Statement of Total Recognised Gains and Losses and a Reconciliation of Movements in Shareholders Funds, is, in the opinion of the Directors contained in the Profit and Loss account and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares on pages 24 and 25, respectively.

The Company has availed of the exemption available to open-ended investment funds under FRS 102 not to prepare a cash flow statement.

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

(i) Classification

The Company has chosen to apply the recognition and measurement provisions of International Accounting Standard 39: ‘Financial Instruments: Recognition and Measurement’ (“IAS 39”), (as adopted for use in the European Union) and the disclosure and presentation requirement of FRS 102 to account for all the financial instruments. The Company has designated all of its investments into financial assets or financial liabilities at fair value through profit or loss.

Financial assets and financial liabilities held for trading

These include equities, warrants and forward foreign currency contracts held by the Company. These instruments are acquired or incurred principally for the purpose of generating a profit from short-term fluctuation in price. All the Company’s assets and liabilities are held for the purpose of being traded or are expected to be realised within one year. There were no such financial instruments held for trading by the Company at the period end.

Financial instruments designated as at fair value through profit or loss upon initial recognition

These include Financial Assets or Financial Liabilities that are not held for trading. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company’s Prospectus.

(ii) Recognition

All regular purchases and sales of financial instruments are recognised on the trade date, subject to receipt before agreed cut-off time, which is the date that the Company commits to purchase or sell an asset. Regular way purchases or sales are purchases or sales of financial instruments that require delivery of assets within the period generally established by regulation or convention in the market place.

Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are included in the Profit and Loss Account in the period in which they arise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar assets) is derecognised where:

- The rights to receive cash flows from the assets have expired; or
- The Company has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under “pass through” arrangements; or
- Either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

(iv) Initial Measurement

Financial instruments categorised at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being recognised directly in the Profit and Loss Account.

Financial liabilities, other than those classified as at fair value through profit and loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Components of hybrid financial instruments are measured in accordance with the above policies based on their classification.

(v) Subsequent Measurement

After initial measurement, the Company measures financial instruments classified as financial assets at fair value through profit or loss at their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. The value of any security which is not quoted, listed or dealt in on a Recognised Exchange or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by the Directors or by a competent person, firm or corporation appointed by the Directors and approved for such purpose by the Depositary.

Cash and other Liquid Assets

Cash comprises current deposits with banks. Cash and other liquid assets will be valued at their face value with accrued interest on interest bearing accounts as at the close of business on each valuation date.

Forward Foreign Currency Contracts

Forward foreign currency contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or by reference to the price at the Valuation Point at which new forward contracts of the same size and maturity could be undertaken. The forward foreign currency contracts held by the Company as at 30 June 2020 are included in the Schedule of Investments.

Forward foreign exchange contracts represent obligations to purchase or sell foreign currency on a specified future date at a price fixed at the time the contracts are entered into. The values of the forward foreign exchange contracts are adjusted daily based on the applicable exchange rate of the underlying currency. Changes in the value of these contracts are recorded as unrealised appreciation or depreciation until the contract settlement date. When the forward contract is closed, the Sub-Fund records a realised gain or loss equal to the difference between the value at the time the contract was opened and the value at the time it was closed.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)*Forward Foreign Currency Contracts (continued)*

The unrealised appreciation/(depreciation) on forward foreign exchange contracts is disclosed in the Balance Sheet under “Financial assets at fair value through profit or loss – Financial derivative instruments”. Realised gains/(losses) and change in unrealised appreciation/depreciation resulting there from are included in the Profit and Loss Account respectively under “Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss” and “Movement in net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss”.

Collective Investment Schemes and Real Estate Investment Trusts

Units in collective investment schemes and real estate investment trusts shall be valued at the latest available net asset value per unit or bid price as published by the relevant real estate investment trusts or, if traded on a Recognised Exchange, in accordance with listed securities above. The collective investment schemes and real estate investment trusts held by the Company as at 30 June 2020 are included in the Schedule of Investments.

Warrants

The Company may invest in warrants. Warrants which are fully paid up and have a zero strike price exhibit the identical risk and return characteristics as in the case where the Company had acquired the underlying equity directly. Such warrants are valued at the last bid price for the underlying equity quoted on the stock exchange or principal market on which it is listed or, if the bid price is unavailable or unrepresentative, the last available mid price on such stock exchange or market. The Company did not hold any warrants as at 30 June 2020.

Distributions Payable to Holders of Redeemable Participating Shares

The Company received reporting fund status from HMRC with effect from 31 December 2010. In the event that a distribution is paid it will be paid out of the net investment income and/or net realised and unrealised capital gains (i.e. realised and unrealised gains net of realised and unrealised losses) of the Fund. The Directors have discretion from time to time to declare such dividends as may appear to them to be justified out of the net income accruing to the Fund in respect of each class of Shares of the Fund. As a consequence of the investment management fees and expenses being charged to the capital of the Fund, the capital may be eroded and the income of the Fund shall be achieved by foregoing the potential of future capital growth. Distributions made during the life of the Fund must therefore be understood as a type of capital reimbursement. Distributions paid during the period ended 30 June 2020 were USD 13,339,016 (USD 16,325,002: 30 June 2019), of which USD 24,084 is outstanding at the period end (USD Nil: 31 December 2019).

The following table summarises the dividends distributed by the Company out of the Fund during the period ended 30 June 2020:

Share Class	Ex-Date	Distribution per Share USD
Class B US Dollar (Hedged) Distributing Class	2 January 2020	3.1053
Class C Sterling (Hedged) Distributing Class	2 January 2020	3.6978
Class D Singapore Dollar (Hedged) Distributing Class	2 January 2020	2.1341
Class 2 X US Dollar (Hedged) Distributing Class	2 January 2020	2.7741
Class 2 Y Sterling (Hedged) Distributing Class	2 January 2020	3.3124
Class 2 Z Singapore Dollar (Hedged) Distributing Class	2 January 2020	1.9800
Class U Sterling (Unhedged) Distributing Class	2 January 2020	3.5208

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Distributions Payable to Holders of Redeemable Participating Shares (continued)

The following table summarises the dividends distributed by the Company out of the Fund during the period ended 30 June 2019:

Share Class	Ex-Date	Distribution per Share USD
Class B US Dollar (Hedged) Distributing Class	2 January 2019	3.5864
Class C Sterling (Hedged) Distributing Class	2 January 2019	4.4984
Class D Singapore Dollar (Hedged) Distributing Class	2 January 2019	2.5042
Class 2 X US Dollar (Hedged) Distributing Class	2 January 2019	3.2043
Class 2 Y Sterling (Hedged) Distributing Class	2 January 2019	4.0296
Class 2 Z Singapore Dollar (Hedged) Distributing Class	2 January 2019	2.3234
Class U Sterling (Unhedged) Distributing Class	2 January 2019	4.0191

Foreign Exchange Translation*Functional and Presentation Currency*

Items included in the Company's financial statements are measured using the currency in which Shareholder transactions take place (the "functional currency") which is US Dollars ("USD"). The Company's reporting currency is also USD.

Transactions and Balances

Assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the balance sheet date. Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the dates of the transactions. Gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account in determining the result for the period.

Investment Transactions and Investment Income

Investment transactions are accounted for as at the date purchased or sold. Gains and losses arising from changes in the fair value of the Financial Assets at fair value through profit or loss are included in the Profit and Loss account in the period in which they arise.

Interest Income and Interest Expenses

Interest income and interest expenses are recognised on an accruals basis in line with the contractual terms. Interest is accrued on a daily basis.

Dividend Income

Dividends are credited to the Profit and Loss Account on the dates on which the relevant securities are listed as "ex-dividend". Income is shown gross of any non-recoverable withholding taxes and net of any tax credits. Withholding tax is recognised in the Profit and Loss Account.

Transaction Costs

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include custody transaction charges, debt premiums or discounts, financing costs or internal administrative or holding costs. Transaction costs are recognised in the Profit and Loss Account as an expense.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

Expenses are recognised in the Profit and Loss Account on an accruals basis.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Subscriptions Receivable & Redemptions Payable

Subscriptions receivable represents amounts for transactions contracted for but not yet paid for by the end of the period. These amounts are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. The carrying amount approximates to their fair value.

Shareholders may redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day by serving a Redemption Notice on the Administrator. No redemption payment will be made until the original subscription application form and all documentation required by or on behalf of the Company has been received from the investor and the anti-money laundering procedures have been completed.

NOTES TO THE FINANCIAL STATEMENTS

1. Share Capital

Authorised

The authorised capital of the Company is Euro ("EUR") 300,000 divided into 300,000 redeemable non-participating Shares of EUR1 each and 500 billion Redeemable Participating Shares of no par value.

Non-Participating Shares

There are currently 300,000 redeemable non-participating Shares authorised, with two in issue. The redeemable non-participating Shares do not form part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment fund.

Redeemable Participating Shares

The net assets attributable to holders of Redeemable Participating Shares are at all times equal to the NAV of the Company. Redeemable Participating Shares are redeemable at the Shareholder's option and are classified as Financial Liabilities under FRS 102 "Financial Instruments: Disclosure and Presentation" ("FRS 102") as they can be redeemed at the option of the Shareholder. Net Assets Attributable to Holders of Redeemable Participating Shares represent a liability in the Balance Sheet, carried at the redemption amount that would be payable at the balance sheet date if a Shareholder exercised the right to redeem. Consequently the differences adjust the carrying amount of Net Assets Attributable to Holders of Redeemable Participating Shares and are recognised in the Profit and Loss Account.

The movement in the number of redeemable participating shares for the period ended 30 June 2020 is as follows:

	Class A US Dollar (Hedged) Non-Distributing Class Shares	Class B US Dollar (Hedged) Distributing Class Shares	Class C Sterling (Hedged) Distributing Class Shares
At the beginning of the period	12,338	401,578	384,881
Redeemable Participating Shares issued	–	4,836	3,763
Redeemable Participating Shares redeemed	(1,691)	(27,026)	(56,328)
At the end of the period	10,647	379,388	332,316

	Class D Singapore Dollar (Hedged) Distributing Class Shares	Class E Singapore Dollar (Hedged) Distributing Class Shares	Class 2 X US Dollar (Hedged) Distributing Class Shares
At the beginning of the period	33,622	67,970	2,934,513
Redeemable Participating Shares issued	–	7,280	251,856
Redeemable Participating Shares redeemed	–	(86)	(791,883)
At the end of the period	33,622	75,164	2,394,486

	Class 2 Y Sterling (Hedged) Distributing Class Shares	Class 2 Z Singapore Dollar (Hedged) Distributing Class Shares	Class U Sterling (Unhedged) Distributing Class Shares
At the beginning of the period	307,527	11,546	401,880
Redeemable Participating Shares issued	22,593	–	512,571
Redeemable Participating Shares redeemed	(39,074)	(462)	(83,310)
At the end of the period	291,046	11,084	831,141

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Share Capital (continued)

Redeemable Participating Shares (continued)

The movement in the number of redeemable participating shares for the period ended 30 June 2019 is as follows:

	Class A US Dollar (Hedged) Non-Distributing Class Shares	Class B US Dollar (Hedged) Distributing Class Shares	Class C Sterling (Hedged) Distributing Class Shares
At the beginning of the period	14,815	541,819	432,589
Redeemable Participating Shares issued	–	3,878	1,338
Redeemable Participating Shares redeemed	(1,102)	(100,860)	(26,579)
At the end of the period	13,713	444,837	407,348

	Class D Singapore Dollar (Hedged) Distributing Class Shares	Class E Singapore Dollar (Hedged) Distributing Class Shares	Class 2 X US Dollar (Hedged) Distributing Class Shares
At the beginning of the period	33,622	64,575	2,957,167
Redeemable Participating Shares issued	–	3,670	54,111
Redeemable Participating Shares redeemed	–	–	(81,334)
At the end of the period	33,622	68,245	2,929,944

	Class 2 Y Sterling (Hedged) Distributing Class Shares	Class 2 Z Singapore Dollar (Hedged) Distributing Class Shares	Class U Sterling (Unhedged) Distributing Class Shares
At the beginning of the period	327,439	12,923	379,825
Redeemable Participating Shares issued	30,979	–	34,369
Redeemable Participating Shares redeemed	(25,043)	(1,377)	(9,581)
At the end of the period	333,375	11,546	404,613

Applications for redemption of Redeemable Participating Shares may be submitted prior to 5.00 p.m. Irish time one calendar day before any Dealing Day (the “dealing deadline”) or such other time as the Board of Directors may determine, provided that the dealing deadline is no later than the valuation point for the Company. Shares will be issued at the NAV per Share based on last traded prices.

Holders of the Distributing Classes are entitled to receive all dividends declared and paid by the Company out of the Fund. Upon winding up, the holders of all of the Classes are entitled to a return of capital based on the NAV per share of the respective Class of shares held by each shareholder.

2. Investment Management Fees

The Company has entered into an Investment Management Agreement with Prusik Investment Management LLP (the “Investment Manager”) pursuant to which the Investment Manager manages the Company’s investments on a discretionary basis.

The Investment Manager receives from the Company a fee of 1% per annum of the NAV of the Fund together with Value Added Tax (“VAT”), if any, on such fee. Fees payable to the Investment Manager shall be accrued at each Valuation Point and shall be payable monthly in arrears. The Company shall bear the cost of any VAT applicable to any fees or other amounts payable to or by such nominee in the performance of their respective duties. Class E Singapore Dollar (Hedged) Distributing Shares are not charged an Investment Management Fee.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Investment Management Fees (continued)

The Investment Manager earned a fee of USD 3,529,226 during the period ended 30 June 2020 (USD 4,343,661: 30 June 2019), of which USD 627,311 is outstanding at the period end (USD 756,190: 31 December 2019).

Performance fee and equalization

The Investment Manager will also be entitled to receive a performance fee (the “Performance Fee”) out of the assets of the Fund as set forth below. The Performance Fee will be calculated in respect of each calendar quarter (a “Calculation Period”). The Performance Fee in respect of each share class will be equal to 10% of the net percentage outperformance by the relevant share class to the Index performance during the Calculation Period. The A US Dollar (Hedged) Non-Distributing Class, B US Dollar (Hedged) Distributing Class, C Sterling (Hedged) Distributing Class, D Singapore Dollar (Hedged) Distributing Class and E Singapore Dollar (Hedged) Distributing Class do not attract a performance fee.

The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee. The Performance Fee will normally be payable to the Investment Manager in arrears within 14 days of the end of each Calculation Period. However, in the case of Shares redeemed during a Calculation Period, the accrued Performance Fee in respect of those Shares will be payable within 14 days after the date of redemption.

If the Investment Management Agreement is terminated during a Calculation Period, the Performance Fee in respect of the current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period. The Performance Fee will be calculated on a Share-by-Share basis so that each Share is charged a Performance Fee which equates precisely with that Share’s performance.

For further details on the Performance Fee calculations and Equalisation Credits please refer to the Prospectus. The Investment Manager may, at its sole discretion, agree with any Shareholder, to rebate, return and or remit any part of the Management and Performance Fee which is paid or payable to the Investment Manager. Details of the Performance fees and Equalisation fees, if any charged to the Company and payable at the end of the year are included in the Profit and Loss Account and Balance Sheet, respectively.

A Performance Fee of USD 20 was earned during the period ended 30 June 2020 (USD 39,423: 30 June 2019), which includes USD 14 due to the issuance of redeemable participating shares in exchange for cancellation of performance fee equalisation credits (USD 39,258: 30 June 2019). The performance fee outstanding at the end of the period was USD 4,408 (USD 4,688: 31 December 2019).

3. Administration Fees

The Company pays Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the “Administrator”) an annual fee of 0.04% of the NAV of the Company if the NAV is less than USD 200,000,000, 0.03% of any increment greater than USD 200,000,000 and less than USD 400,000,000, and 0.02% of any increment greater than USD 400,000,000 (plus VAT, if any), subject to a minimum monthly charge of USD 4,000. Additional Classes in excess of two Classes per Fund shall be charged at USD 500 per month. The Administrator is also entitled to receive registration fees and transaction and reporting charges at normal commercial rates which shall accrue daily and be paid monthly in arrears.

The Administrator is also entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers’ fees and telecommunication costs and expenses together with VAT, if any, thereon.

The Administrator earned a fee of USD 114,589 during the period ended 30 June 2020 (USD 192,257: 30 June 2019) of which USD 48,081 is outstanding at the period end (USD 93,696: 31 December 2019).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Depositary Fees

The Company paid Brown Brothers Harriman Trustee Services (Ireland) Limited (the “Depositary”) a depositary fee of 0.023% of the NAV per annum of the Company. The Company shall also pay the fees and reasonable transaction charges (charged at normal commercial rates) of any banks and other eligible institutions (the “sub-custodians”) appointed by the Depositary. The Depositary fees are payable monthly in arrears, subject to a minimum charge of USD 18,000 per annum.

The Depositary shall also be entitled to be repaid all of its disbursements out of the assets of the Company, including legal fees, couriers’ fees and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

The Depositary earned a fee of USD 206,396 during the period ended 30 June 2020 (USD 245,518: 30 June 2019), of which USD 74,030 is outstanding at the period end (USD 94,685: 31 December 2019).

5. Directors’ Fees

The Directors of the Company are entitled to a fee in remuneration for their services of EUR 15,000 each (plus VAT, if any) per annum. In addition, the Directors are entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors are entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. Heather Manners and Tony Morris have waived their entitlement to Directors fees (as disclosed in Note 6).

The Fund accrued Directors fees of USD 16,029 during the period ended 30 June 2020 (USD 17,841: 30 June 2019), of which USD 4,117 has yet to be paid at the period end (USD 4,554: 31 December 2019).

6. Related Parties*Directors*

Heather Manners, a Director of the Company, is Chief Investment Officer of the Investment Manager and has not been paid a director’s fee for the period ended 30 June 2020 and the year ended 31 December 2019.

Tony Morris, Alternate Director for Heather Manners, is also a partner and is Chief Operating Officer and Head of Trading of the Investment Manager and has not been paid a director’s fee for the period ended 30 June 2020 and the year ended 31 December 2019.

The following Directors and related parties held Shares in the Company as at 30 June 2020:

Related Party	Shares held	Share Class
Mark Dwerryhouse (Spouse)	779	Class E Singapore Dollar (Hedged) Distributing Class
Mark Dwerryhouse (employee of the Investment Manager)	235	Class E Singapore Dollar (Hedged) Distributing Class
Heather Manners	2,187	Class C Sterling (Hedged) Distributing Class
Heather Manners	241	Class E Singapore Dollar (Hedged) Distributing Class
Tony Morris (Spouse)	265	Class E Singapore Dollar (Hedged) Distributing Class
Tony Morris	11,000	Class E Singapore Dollar (Hedged) Distributing Class
Thomas Naughton (Partner of the Investment Manager)	59,857	Class E Singapore Dollar (Hedged) Distributing Class
Amirah Rani (employee of the Investment Manager)	849	Class E Singapore Dollar (Hedged) Distributing Class
Prusik Investment Management LLP	897	Class E Singapore Dollar (Hedged) Distributing Class
Prusik Investment Management Singapore Pte Ltd.	420	Class E Singapore Dollar (Hedged) Distributing Class
Zhao Bofeng (employee of the Investment Manager)	176	Class E Singapore Dollar (Hedged) Distributing Class
William Tan (Spouse) (employee of the Investment Manager)	337	Class E Singapore Dollar (Hedged) Distributing Class
William Tan (employee of the Investment Manager)	15	Class E Singapore Dollar (Hedged) Distributing Class

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Related Parties (continued)

The following Directors and related parties held Shares in the Company as at 31 December 2019:

Related Party	Shares held	Share Class
Mark Dwerryhouse (Spouse)	779	Class E Singapore Dollar (Hedged) Distributing Class
Mark Dwerryhouse (employee of the Investment Manager)	123	Class E Singapore Dollar (Hedged) Distributing Class
Heather Manners	2,187	Class C Sterling (Hedged) Distributing Class
Heather Manners	241	Class E Singapore Dollar (Hedged) Distributing Class
Tony Morris (Spouse)	265	Class E Singapore Dollar (Hedged) Distributing Class
Tony Morris	9,500	Class E Singapore Dollar (Hedged) Distributing Class
Thomas Naughton (Partner of the Investment Manager)	55,137	Class E Singapore Dollar (Hedged) Distributing Class
Amirah Rani (employee of the Investment Manager)	759	Class E Singapore Dollar (Hedged) Distributing Class
Prusik Investment Management LLP	442	Class E Singapore Dollar (Hedged) Distributing Class
Prusik Investment Management Singapore Pte Ltd.	209	Class E Singapore Dollar (Hedged) Distributing Class
Zhao Bofeng (employee of the Investment Manager)	86	Class E Singapore Dollar (Hedged) Distributing Class
William Tan (Spouse) (employee of the Investment Manager)	337	Class E Singapore Dollar (Hedged) Distributing Class

7. Taxation

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (as amended). It is not chargeable to Irish tax on its income and gains.

Tax may arise on the happening of a chargeable event. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption or transfer of Shares. No tax will arise on the Company in respect of chargeable events in respect of:

- a Shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company; and
- certain exempted Irish tax investors who have provided the Company with the necessary signed statutory declarations.

The holding of Shares at the end of a Relevant Period will, in respect of Irish Resident investors, also constitute a chargeable event. To the extent that any tax issues arise on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant Shares.

A Relevant Period is defined as a period of eight years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the preceding relevant period.

Dividend income, interest and capital gains (if any) which the Company receives with respect to investments may be subject to taxes, including non-recoverable withholding tax, in the countries of origin. Indian capital gains tax paid during the period ended 30 June 2020 was USD 284,826 (USD 1,316: 30 June 2019), of which USD 132,598 is outstanding at the period end (USD 521,026: 31 December 2019).

8. Payment for Research

The Investment Manager may enter into arrangements with brokers/dealers to receive certain research services used to support the investment decision process.

During the period ended 30 June 2020, the Investment Manager did not make direct payment for these services but does maintain and control a research payment account funded by the specific charge to the Company. The amount charged to the Fund was USD 299,941 during the period ended (USD 300,396: 30 June 2019), of which USD 28,660 is outstanding at the period end (USD Nil: 31 December 2019).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Payment for Research (continued)

The Investment Manager considers these arrangements are to the benefit of the Company and has satisfied itself that it obtains best execution on behalf of the Company and the brokerage rates are not in excess of the customary institutional execution rates.

These arrangements do not affect the Investment Manager's obligation to obtain best execution on investment transactions undertaken for the Company.

9. Efficient Portfolio Management

During the period ended 30 June 2020 the Company did not hold any instruments for the purposes of efficient portfolio management (31 December 2019: None).

10. Exchange Rates

The following exchange rates have been used to translate assets and liabilities in currencies other than USD :

	30 June 2020	31 December 2019
Australian Dollar	1.4616	1.4264
British Pound Sterling	0.8152	0.7591
Euro	0.8927	0.8914
Hong Kong Dollar	7.7501	7.7868
Indian Rupee	75.5038	71.3425
Indonesian Rupiah	14,285.0000	13,882.5000
Malaysian Ringgit	4.2850	–
Philippine Peso	49.8250	50.6450
Singapore Dollar	1.3974	1.3456
South Korean Won	1,202.8500	1,156.4500
Thailand Baht	30.9075	29.9538
Vietnamese Dong	23,206.0000	–

11. Financial Risk Management**Fair Value Estimation**

FRS 102 Section 11.27 on "Fair Value: Disclosure" requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities. The disclosures are based on a three level fair value hierarchy for the inputs used in valuation techniques to measure fair value. In March 2016 amendments were made to paragraphs 34.22 and 34.42 of this FRS, revising the disclosure requirements for financial institutions and retirement benefit plans. The Fund has applied these amendments for the current accounting period.

The fair value hierarchy has the following levels:

- (i) Level 1: Investments, whose values are based on quoted market prices in active markets, and therefore are classified within Level 1, include active listed equities. Quoted prices for these instruments are not adjusted.
- (ii) Level 2: Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include warrants and forward foreign currency contracts. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Financial Risk Management (continued)

Fair Value Estimation (continued)

(iii) Level 3: Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgement or estimation. As observable prices are not available for these securities, the Company would use valuation techniques to derive the fair value.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the financial asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Directors in consultation with the Investment Manager. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

When fair values of listed equity as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long position and ask price of short positions), without any deduction for transaction cost, the instruments are included within level 1 of the hierarchy.

The fair values of warrants are calculated by reference to quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs.

The fair values of forward currency exchange contracts are calculated by reference to the current exchange rates for contract with similar maturity risk profile.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The tables below provide an analysis within the fair value hierarchy of the Company’s financial assets and liabilities measured at fair value at 30 June 2020 and 31 December 2019:

As at 30 June 2020

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial Assets at Fair Value Through Profit or Loss				
Common Stock	612,756,582	–	–	612,756,582
Real Estate Investment Trusts	60,925,355	–	–	60,925,355
Collective Investment Schemes	400,000	–	–	400,000
Forward Foreign Currency Contracts	–	34,482	–	34,482
Total Financial Assets at Fair Value Through Profit or Loss	674,081,937	34,482	–	674,116,419
Financial Liabilities at Fair Value Through Profit or Loss				
Forward Foreign Currency Contracts	–	(1,582,943)	–	(1,582,943)
Total Financial Liabilities at Fair Value Through Profit or Loss	–	(1,582,943)	–	(1,582,943)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Financial Risk Management (continued)

Fair Value Estimation (continued)

As at 31 December 2019

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial Assets at Fair Value Through Profit or Loss				
Common Stock	790,128,707	–	–	790,128,707
Real Estate Investment Trusts	62,156,433	–	–	62,156,433
Collective Investment Schemes	400,000	–	–	400,000
Forward Foreign Currency Contracts	–	335,699	–	335,699
Total Financial Assets at Fair Value Through Profit or Loss	852,685,140	335,699	–	853,020,839
Financial Liabilities at Fair Value Through Profit or Loss				
Forward Foreign Currency Contracts	–	(6,547)	–	(6,547)
Total Financial Liabilities at Fair Value Through Profit or Loss	–	(6,547)	–	(6,547)

There were no transfers between levels for the investments held at 30 June 2020 and 31 December 2019.

The Fund held no Level 3 investments as at the period ended 30 June 2020 (Nil: 31 December 2019).

12. Portfolio Analysis

As at 30 June 2020

	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing or dealt on another regulated market	673,681,937	96.37
Other securities	400,000	0.06
Financial derivative instruments (Forward Foreign Currency Contracts)	(1,548,461)	(0.22)
Net financial assets at fair value through profit or loss	672,533,476	96.21

As at 31 December 2019

	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing or dealt on another regulated market	852,285,140	95.63
Other securities	400,000	0.04
Financial derivative instruments (Forward Foreign Currency Contracts)	329,152	0.04
Net financial assets at fair value through profit or loss	853,014,292	95.71

13. Comparatives

The comparative figures are for the period ended 30 June 2019 for the Profit and Loss Account and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, and as at 31 December 2019 for the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Significant Events during the Period

Subsequent to the half-year end, global financial markets have continued to experience volatility resulting from the spread of the coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Company's performance.

There were no other events during the period that had a material effect on the financial statements.

15. Events since the Period End

There were no events since the period end that had a material effect on the financial statements.

16. Approval of Financial Statements

The unaudited financial statements were approved by the Directors on 24 August 2020.

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF THE PORTFOLIO

In accordance with the Central Bank UCITS Regulations a statement of changes in the composition of the portfolio during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. These statements present the aggregate purchases and sales of transferable securities exceeding 1% of the total value of purchases and sales for the period. At a minimum the largest 20 purchases and 20 sales must be given.

Major Purchases for the period ended 30 June 2020

Security Description	Acquisitions Nominal	Cost USD
ITC Ltd.	11,000,000	32,698,227
China Mobile Ltd.	3,500,000	24,783,103
Singapore Telecommunications Ltd.	12,500,000	22,369,806
Link	1,968,000	17,090,994
Telekomunikasi Indonesia Persero Tbk PT	75,000,000	16,742,109
HSBC Holdings PLC	2,000,000	15,339,145
Infosys Ltd.	1,750,000	15,175,787
CapitaMall Trust	13,000,000	14,784,610
Fortune Real Estate Investment Trust (Hong Kong)	12,500,000	14,626,756
KT&G Corp.	202,714	12,696,260
Embassy Office Parks	2,359,200	10,622,814
Macquarie Group Ltd.	200,000	10,616,219
International Container Terminal Services, Inc.	5,000,000	9,678,023
Vietnam Dairy Products JSC	1,750,000	9,112,164
Qantas Airways Ltd.	2,500,000	8,967,689
British American Tobacco Malaysia Bhd.	3,000,000	8,729,835
Sun Hung Kai Properties Ltd.	648,000	8,259,371
Tisco Financial Group PCL - NVDR	3,000,000	7,441,853
Media Nusantara Citra Tbk PT	100,000,000	6,579,027
Sands China Ltd.	1,062,000	5,134,501
NWS Holdings Ltd.	5,000,000	4,596,377
Digital Telecommunications Infrastructure Fund	9,470,800	4,462,100
Wynn Macau Ltd.	1,500,000	3,428,404
Hanjaya Mandala Sampoerna Tbk PT	37,856,600	3,243,263
Swire Pacific Ltd.	500,000	3,067,857

**STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF THE PORTFOLIO
(CONTINUED)**
Major Sales for the period ended 30 June 2020

Security Description	Disposals Nominal	Proceeds USD
PCCW Ltd.	57,500,000	33,541,882
Sarana Menara Nusantara Tbk PT	405,829,500	26,937,247
Oversea-Chinese Banking Corp. Ltd.	4,000,000	26,859,425
Singapore Exchange Ltd.	4,413,200	25,150,235
Jasmine Broadband Internet Infrastructure Fund	74,929,327	23,150,884
Samsung Electronics Co. Ltd.	536,392	22,489,335
CapitaMall Trust	13,000,000	20,023,568
Macquarie Group Ltd.	200,000	15,988,945
HSBC Holdings PLC	2,000,000	14,941,632
Multi Commodity Exchange of India Ltd.	792,350	13,757,311
Cromwell European Real Estate Investment Trust	17,973,300	9,805,891
Samsonite International SA	10,999,800	9,276,111
Link	1,000,000	8,183,779
Sands China Ltd.	1,562,000	7,663,613
Zhejiang Expressway Co. Ltd.	12,000,000	7,629,008
CK Infrastructure Holdings Ltd.	1,000,000	6,279,287
TravelSky Technology Ltd.	3,233,000	6,134,202
Power Grid Corp. of India Ltd.	2,351,413	4,782,359
Qantas Airways Ltd.	2,500,000	4,708,524
Digital Telecommunications Infrastructure Fund	9,470,800	4,655,045
AIA Group Ltd.	500,000	4,158,465

MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

David Hammond* (Irish)
Heather Manners (British)
Tony Morris (British) (Alternate Director)
Richard Hayes* (Irish) (Chairman)
*Independent of the Investment Manager

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Brown Brothers Harriman Trustee
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