

Prusik Asia Fund

GROWTH INVESTING IN ASIA



30 October 2020 Monthly Fund Fact Sheet

Investment Objective

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

Fund Facts

Fund Size (USD)	163.0m
Launch Date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI AC Asia Pacific Ex Japan Gross Return Index (USD)

Performance (%)

	U (GBP)	Index (GBP)
1 Month	1.77	2.40
3 Month	5.59	5.50
Year to Date	18.08	8.05
2019	7.07	14.87
Since Launch	110.65	94.46
Annualised†	10.69	9.49

Source: Morningstar.

Launch Date: U: 01.07.13

†Since Launch Performance

Investment Process

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

Fund Performance - Class U GBP (%)



Source: Morningstar. Total return net of fees.

Performance since launch of Class U GBP share class - 01.07.13

Fund Manager Commentary

In October, the MSCI AC Asia Pacific Ex Japan Gross Return Index (USD) rose 2.40% whilst the Prusik Asia Fund rose 1.77%. Our holdings in China, Vietnam and India all contributed positively whilst Korea, Hong Kong and Australia detracted from performance.

Amongst the negative performers were our gold mining companies. We have just 6% of the fund here and remain optimistic that the operational gearing of these companies is underappreciated by the market, whilst valuations remain attractive. Notably, we have started to see these companies do better in November and with good reason. The gold price has been consolidating since August but has just technically broken out to the upside, which bodes very well for this theme in coming months.

On the positive side this month we saw very strong performance from the big internet companies, **Tencent** and **Alibaba**, whilst the EV related theme also posted strong returns, especially battery equipment maker **Wuxi Lead** and E-bicycle motor maker **Bafang Electric**.

We believe that, in the coming months, we will see a two-speed global economy. Asia, which is emerging out of its lockdown having managed to contain Covid-19 versus the West which increasingly faces second Covid-19 lockdowns as we head into winter. Emerging Markets are just breaking out vs the MSCI World Index after 10 years of underperformance. If this pattern follows through, then it will be driven by China which is now 43% of the Emerging Markets Index.

Notably, China is currently extremely under-held by global investors. A recent FT article estimated that a neutral weighting would be 15% vs current average weights of just 3%. At the time of writing, the China CSI300 Index has also just broken into new upside which bodes very positively for coming weeks and months. On top of this, we see that China A share earnings jumped 17% in 3Q as utilisation recovered and we now have a clear economic road map for China post the government's announcement of China's 14th 5-Year plan. Here we see a clear focus on lower tier city consumption, green energy, buildings and technology. These are clear tailwinds for several of our themes.

We have recently added more exposure to local brands in China, especially those with exposure to lower tier cities and to the younger, patriotic consumers in Generation Z. These include white goods brand **Haier** and smartphone brand (becoming an internet company) **Xiaomi**, which has just passed Apple in global market share to become number 3 globally.

All data as at 30.10.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Alibaba Group Holding Ltd	7.2
Ping An Insurance Group Co	5.0
Samsung Electronics Co Ltd	4.2
JD.com Inc	3.6
Wuxi Lead Intelligent Equipment Co Ltd	3.5
Total Number of Holdings	38

Portfolio Financial Ratios

Price/Earnings Ratio	16.9x
Predicted Return on Equity (%)	17.3
Predicted Dividend Yield (%)	2.0

Risk Metrics

Tracking Error (% pa)	7.88
Beta	0.90
Alpha	0.99
Volatility (%)	18.14
Sharpe Ratio	0.58

Thematic Breakdown (%)

Ecommerce/Gaming	20.5	<div></div>
Tech Hardware/5G	13.7	<div></div>
Local Brands	12.3	<div></div>
EVs	9.2	<div></div>
Malls/Property/Cyclical Consumer Recovery	9.1	<div></div>
Finance and Fintech	7.7	<div></div>
Gold	5.7	<div></div>
Cash	4.8	<div></div>
China Green Policies	4.7	<div></div>
Building Materials	4.6	<div></div>
Entertainment	4.3	<div></div>
Wellbeing	3.4	<div></div>

Geographical Breakdown (%)

China	44.3	<div></div>
Korea	12.1	<div></div>
India	8.7	<div></div>
Vietnam	8.1	<div></div>
Taiwan	6.8	<div></div>
Australia	5.7	<div></div>
Cash	4.8	<div></div>
Hong Kong	4.5	<div></div>
Singapore	2.9	<div></div>
Philippines	2.0	<div></div>

All data as at 30.10.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Management Fees

Annual Management Fee

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

Performance Fee

Class U: 10% of the net out-performance of the MSCI AC Asia Pacific Ex Japan Gross Return Index (USD), with a high-water mark paid quarterly
All Share Classes except Class U: 10% NAV appreciation with a 6% hurdle annually

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Min. Initial Subscription	USD 10,000
Subscription Notice	1 business day
Redemption Notice	1 business day

Share Class Details

Share Class	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B0MDR72	IE00B0M9LK15	296.25
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	296.44
C GBP Hedged Distributing	B18RM25	IE00B18RM256	151.79
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	399.01

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	210.65
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Performance fee based on fund performance as a whole.

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