

Prusik Asia Fund

GROWTH INVESTING IN ASIA



31 December 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)	202.9m
Launch Date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI AC Asia Pacific Ex Japan Gross Return Index (USD)

Performance (%)

	U (GBP)	Index (GBP)
1 Month	5.48	4.20
3 Month	14.59	12.74
Year to Date	32.94	18.96
2019	7.07	14.87
Since Launch	137.17	114.11
Annualised [†]	12.20	10.68

Source: Morningstar.

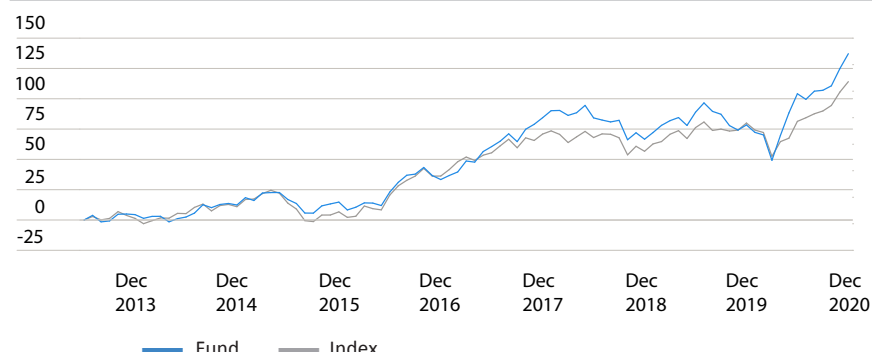
Launch Date: U: 01.07.13

[†]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

The final month of an extraordinary year saw the MSCI AC Asia Pacific Ex Japan Index rise 4.2%. The Prusik Asia Fund rose 5.5%, outperforming by 1.3% and crystallising 4Q outperformance of 1.8%. Over the full year 2020 the fund rose 32.9%, outperforming the index by 14.0%.

In December, it was China that dragged on the index performance whilst Korea and SE Asia forged ahead. That being said, three of our top six best performers were in China, **Wuxi Lead** (EV battery making equipment), **Xiaomi** (handsets and future IOT play) and **China Longyuan Power** (clean power producer). Otherwise, it was our Korean holdings that dominated, with the KOSPI itself up over 10% in the month. **Posco** (steel), **SK Hynix** (Dram) and **Samsung Electronics** were our top performers here.

Amongst detractors to performance it was notable that the internet stocks, including Tencent, were all weak relatively. Perhaps one of the more helpful factors behind our outperformance in December was our zero weighting in Alibaba which actually fell over 9% in December and, at the time of writing, has fallen over 25% since early November. Ongoing concerns post the cancellation of the Ant Financial IPO have dogged the stock but the sector, which has been very overhyped for some time now, feels heavy. Globally, we are concerned that some of these leviathan businesses may have seen their peak in 2020, either at the hand of regulators, peak Covid or customer preference evolution.

As we move into 2021 we expect some significant changes as a new post-Covid normal emerges. The year has certainly already started with a strong shift in market leadership towards recovery and reflation, with resources, cyclical and green/green energy stocks leading the way. The speed and extent of divergence in this transition has already been marked and almost certainly requires some check or correction in the near term. Nonetheless, we are seeing a very good start to the year in a number of the new positions we bought last quarter in these themes.

One of the positive consequences of Covid could be that soon we will see a synchronised global recovery. If so there is a very good chance we are also seeing the start of a strong and lengthy up cycle in commodities. This could likely be propelled by a large capex rebound and infrastructure spending (especially in the US now the Democrats own the Senate) coupled with supply shortages which are now built-in after years of under investment. This will be very positive for many companies that have been relegated to a small corner of the index in the recent decade and avoided for being 'cyclical' and, as such, this new trend is also likely to fox those with passive investments in index funds.

Generally, Asian economies do very well in a cyclical recovery environment and we remain optimistic. Furthermore, Asia's recovery will be more healthy having not resorted to the deficit spending we have seen in the West. A pick-up in Return on Equity in Asia and the tailwind of an ongoing weak US dollar would be the icing on the cake for investors.

All data as at 31.12.20. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Samsung Electronics Co Ltd	6.0
Ping An Insurance Group Co	4.6
Taiwan Semiconductor Manufacturing Co Ltd	4.0
Wuxi Lead Intelligent Equipment Co Ltd	3.9
AIA Group Ltd	3.9

Total Number of Holdings	37
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Portfolio Financial Ratios

Price/Earnings Ratio	16.6x
Predicted Return on Equity (%)	16.8
Predicted Dividend Yield (%)	2.1

Risk Metrics

Tracking Error (% pa)	7.83
Beta	0.92
Alpha	1.45
Volatility (%)	18.23
Sharpe Ratio	0.74

Thematic Breakdown (%)

Local Brands	18.6	
Tech hardware/ 5G	14.8	
Buildings/Materials/Commodities	12.4	
Finance and Fintech	12.0	
EVs	8.9	
Malls /property /cyclical consumer recovery	7.5	
China green policies	7.1	
Cash	5.5	
Gold	4.4	
Ecommerce/ gaming	4.2	
Wellbeing	3.0	
Entertainment	1.7	

Geographical Breakdown (%)

China	31.3	
Korea	14.8	
Australia	8.5	
Vietnam	8.1	
Taiwan	7.7	
India	7.3	
Singapore	5.7	
Cash	5.5	
Hong Kong	4.8	
Philippines	2.8	
Indonesia	2.5	
Malaysia	1.0	

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	345.31
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	345.53
C GBP Hedged Distributing	B18RM25	IE00B18RM256	176.53
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	464.53

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	237.17
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Performance fee based on fund performance as a whole.

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