

# Prusik Asia Fund

GROWTH INVESTING IN ASIA



29 January 2021

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)	202.6m
Launch Date	7 October 2005
Fund Manager	Anna Gallagher
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	0.40	3.06
3 Month	13.04	13.47
Year to Date	0.40	3.06
2020	32.94	18.96
Since Launch	138.11	120.66
Annualised <sup>†</sup>	12.12	11.00

Source: Morningstar.

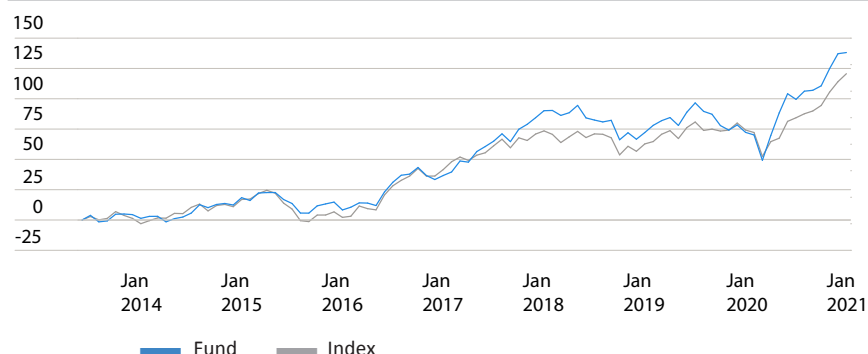
Launch Date: U: 01.07.13

<sup>†</sup>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

Asian markets had a volatile start to the year with the market exuberance which we had witnessed in the preceding months continuing for the majority of January before tempering somewhat into the month end. In this context, the Prusik Asia Fund returned 0.4% in January but as of 21<sup>st</sup> January had in fact been up 7.4%. January's performance for the fund lagged the MSCI AC Asia Pacific Ex Japan Gross Return Index return of 3.1% in sterling terms by 2.7%.

Notable bright spots in the month included our investment in **China Longyuan Power**, a leading wind farm operator in China, and best in class chip manufacturer, **TSMC**. **China Longyuan Power** is benefitting from the Chinese government's objective for China to be carbon neutral by 2060 and in the nearer term see the mix of non-fossil fuel power generation rise from 15% to 25% by 2030. We believe the renewable energy value chain represents a significant opportunity and are primed to do further work in this area. With regard to **TSMC**, we are intrigued by the fact that global car manufacturers have been complaining of a shortage of semi-conductors for cars. As our investors will well know, shortages represent one of the anomalies we look for when analysing themes and thus we believe the backdrop will continue to remain supportive for **TSMC**.

Several of our recent more cyclical additions to the portfolio including **Rio Tinto**, Korean steel producer, **POSCO** and Indonesia mining equipment and coal company, **United Tractors**, were unhelpful in the month as the emergence of new COVID variants, globally, dampened enthusiasm for the recovery. During the month, the military blacklisting by the US of Chinese domestic smartphone maker, **Xiaomi**, led to a correction in the stock as the move compels US holders to sell the stock. We sold the stock on this development given the lack of precedent for companies coming off the Department of Defense blacklist.

As part of the transition of the management of the fund, we undertook a small number of select changes towards the month end. This comprised exiting the fund's gold exposure and re-establishing a position in **Tencent** and **Sea Ltd**, both of which sit within our Ecommerce & Gaming theme. We believe the long-term structural opportunity in both ecommerce and gaming in Asia remains significant. In addition, we are very positive on **Tencent's** exposure to innovative new areas of online behaviour, including the exponential growth in live streaming and short video platform. **Tencent** has a 21.6% stake in Kuaishou Technology, the second largest live streaming and short video platform globally, which is due to list imminently with an anticipated valuation of c.US\$60 billion.

All data as at 29.01.21. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asia Fund



## Top 5 Holdings (%)

Samsung Electronics Co Ltd	6.0
Taiwan Semiconductor Manufacturing Co Ltd	4.6
Wuxi Lead Intelligent Equipment Co Ltd	4.3
AIA Group Ltd	3.9
China Longyuan Power Group Corp Ltd	3.8
Total Number of Holdings	35

## Portfolio Financial Ratios

Price/Earnings Ratio	17.0x
Predicted Return on Equity (%)	19.7
Predicted Dividend Yield (%)	2.2

## Risk Metrics

Tracking Error (% pa)	7.88
Beta	0.91
Alpha	1.09
Volatility (%)	18.30
Sharpe Ratio	0.74

## Thematic Breakdown (%)

Local Brands	18.6	
Tech Hardware/5G	17.5	
Buildings/Materials/Commodities	15.8	
Finance/Fintech	10.3	
Ecommerce/Gaming	9.9	
Green Policies	9.7	
EVs	9.2	
Malls /Property/Cyclical Consumer Recovery	4.4	
Wellbeing	3.2	
Cash	1.3	

## Geographical Breakdown (%)

China	36.5	
Korea	12.5	
Taiwan	10.4	
Vietnam	7.9	
Singapore	7.7	
India	7.5	
Australia	6.9	
Hong Kong	4.7	
Thailand	2.4	
Indonesia	2.2	
Cash	1.3	

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## Management Fees

### Annual Management Fee

All Share Classes: 1% 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 annually

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	347.01
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	347.23
C GBP Hedged Distributing	B18RM25	IE00B18RM256	177.31
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	466.67

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	238.11
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Performance fee based on fund performance as a whole.

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