



PRUSIK

LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

Prusik Asian Equity Income Fund

Quarterly Investment Report
31st December 2025

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Signatory of:



4Q25 Review and Outlook

Attribution Analysis

Identifier	Average % Weight		Total Return (%)		Contribution			Total Attribution		
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Allocation		Selection	Currency
China	9.6%	26.1%	6.6%	-7.1%	61	-194	200	134	-3	331
United Kingdom	4.0%	0.0%	21.7%		90	0	75	0	-1	73
Australia	2.2%	12.6%	-4.3%	-0.6%	-8	-7	63	-7	-6	49
United States	0.0%	1.2%		-13.5%		-17	22		0	23
Philippines	6.9%	0.4%	3.4%	3.2%	48	1	13	12	-5	19
Singapore	3.1%	3.8%	4.6%	0.0%	15	0	4	15	-1	18
New Zealand	0.0%	0.5%		-9.1%		-5	7		0	7
Cash	1.5%	0.0%				1	14		0	-4
Malaysia	0.0%	1.2%		8.1%		9	0		-4	-4
Thailand	6.2%	1.0%	1.8%	5.1%	16	5	-13	-19	18	-15
Indonesia	12.8%	1.1%	2.7%	4.7%	36	5	11	-28	-2	-19
India	2.9%	15.2%	-3.9%	4.7%	-9	70	-14	-22	15	-20
Macau	3.8%	0.1%	-9.7%	-9.7%	-35	-1	-51	0	0	-51
Hong Kong	35.2%	5.0%	1.5%	-0.1%	60	-1	-133	65	-1	-69
Taiwan	0.0%	19.8%		10.5%		200	-179		61	-117
South Korea	11.8%	12.1%	9.9%	26.9%	122	285	18	-195	-1	-178
PAEIF			4.0%	3.5%	396	352	39	-64	70	44

Source: Bloomberg Financial LP./Prusik Investment Management LLP. Data as at 31/12/2025. Note the above data is shown before costs and fees and so will differ from NAV data.

The fourth quarter was characterised by **exceptionally strong performance from North Asian markets**, particularly **Taiwan and South Korea**, as technology stocks rallied sharply. The **Taiwan market rose 10.5%** and **Korea 26.9%**, driven by the global enthusiasm for AI-related semiconductors. **SK Hynix** alone gained **82% during the quarter**, making it one of the largest single contributors to Index performance. Our underweight positions in these markets, and the absence of Hynix itself, detracted meaningfully from relative returns.

On the positive side, our **United Kingdom holdings** - principally **Standard Chartered** and **Rio Tinto** - delivered **strong double-digit gains**, which offset much of the North Asia headwind. In addition, our **China exposure** performed well despite a weak domestic market, contributing positively to relative returns. Within Southeast Asia, performance was mixed: **Thailand** and the **Philippines** added modestly to returns, while **Macau** and **Hong Kong** detracted given continued investor caution towards the region's reopening plays.

Overall, **country allocation added 39 basis points**, **currency contributed 70 basis points**, and **stock selection detracted 64 basis points**, resulting in a total country-level attribution of **+44 basis points** for the quarter.

Portfolio Activity

We initiated several new positions over the quarter:

- **Ayala Land** – The leading property developer and retail mall operator in the Philippines. The shares trade at roughly an 80% discount to NAV. We believe this gap should narrow as the company improves capital efficiency by injecting mall assets into its listed REIT vehicle.
- **IRB InvIT** – An Indian toll-road trust that has recently completed a major restructuring involving the injection of additional roads. It offers a 9% dividend yield, with growth supported by rising traffic volumes and inflation-linked toll increases.
- **LG Corp** – The holding company of the LG Group, which includes LG Chem and LG Electronics. The stock trades at a 75% discount to NAV and offers a 4% dividend yield. A potential catalyst is the recent appointment of an activist shareholder to the board of LG Chem, the largest contributor to NAV, who is seeking to narrow the discount between market price and intrinsic value.
- **Maynilad Water** – We participated in the IPO of Maynilad Water Services, one of Manila's two regulated water utilities. It offers a dividend yield of more than 7%, growing at over 10% per annum, underpinned by a guaranteed 12% return on regulated assets.

Past performance does not predict future returns.

- **Puregold Price Club** – A leading Philippine food retailer operating supermarkets and hypermarkets. The company is growing revenues at 7–8% per year, yet still trades at under 10x P/E. We believe it is a well-run business benefiting from the expansion of the country's middle class.
- **Rio Tinto** – While we remain cautious on the Chinese iron ore market, Rio Tinto continues to generate strong returns and has meaningful exposure to copper and aluminium. We see scope for further simplification and cost reduction across the group, which could drive higher returns and enhanced shareholder distributions.

We exited several positions during the quarter, including **Wuliangye Yibin**, where the Baijiu sector remains weak and valuations are no longer compelling, as well as **HSBC Holdings**, **PT Telkom Indonesia**, and **Kasikornbank**, all of which reached our price targets.

15-Year Review

Since inception in December 2010, the Fund has delivered a total return of roughly **300%**, compared with **135%** for the benchmark index. Of the Fund's return, around **two-thirds** has come from reinvested dividends and one-third from capital appreciation, illustrating the long-term power of dividends in compounding returns.

We analyse performance using a simple but powerful framework: total returns are driven by three components – **dividend yield**, **earnings (or dividend) growth**, and **valuation change**. Mathematically, these are the only sources of return over time.

The table below¹ shows how these drivers have evolved across the Fund's three distinct phases together with the full 15-year period.

		Dividend Yield	EPS growth	Fundamental Return	P/E change	Total Return
Dec 2010 to Dec 2015	PAEIF	3.9%	8.1%	12.4%	1.4%	13.9%
	MXAPJ	3.7%	-2.1%	1.5%	-1.0%	0.6%
Dec 2015 to Dec 2020	PAEIF	4.2%	8.3%	12.9%	-5.2%	7.0%
	MXAPJ	3.3%	3.5%	6.9%	6.3%	13.6%
Dec 2020 to Dec 2025	PAEIF	5.2%	4.0%	9.5%	-1.1%	8.3%
	MXAPJ	3.0%	4.5%	7.7%	-2.7%	4.8%
Dec 2010 to Dec 2025	PAEIF	4.4%	6.8%	11.6%	-1.7%	9.7%
	MXAPJ	3.3%	1.9%	5.3%	0.8%	6.2%

Source: Bloomberg Financial LP./Prusik Investment Management LLP. Data as at 31/12/2025.

- **2010 – 2015: Growth and modest re-rating.**

This period combined strong underlying earnings growth (8% per annum) with a modest re-rating, producing

¹ Shown in USD terms and net of fees. Period figures are annualised compound rates. Dividend yield is inferred from the gap between total return and price return (total return includes reinvested dividends). EPS growth is the annualised change in forward EPS over the period. "Fundamental return" compounds yield and growth: $(1+y) \times (1+g) - 1$, so it is not a simple arithmetic sum. The valuation effect is the annualised change in P/E, and total return compounds fundamental return and the P/E change (rounding differences).

annualised total returns of almost 14% versus less than 1% for the index. The Fund's superior growth and stable valuations led to significant outperformance.

- **2015 – 2020: Strong fundamentals, sharp de-rating.**

The second phase included the Hong Kong de-rating from 2019 and the Covid lockdowns in 2020. Our holdings in "physical" businesses – toll roads, shopping malls, and consumer companies – were directly affected, while "virtual" businesses such as internet and technology stocks, where we had little exposure, benefited. Despite this, the Fund's underlying earnings continued to grow, producing a **fundamental return of 12.9%**, similar to the earlier period. However, the **5% annual de-rating** reduced total returns to 7% per annum, while the index benefited from a 6% re-rating.

- **2020 – 2025: Steady growth and resilience.**

The most recent phase has seen steady earnings growth and continued strong cash generation, delivering a **9.5% fundamental return**. Valuation multiples fell slightly, but the Fund still outperformed the benchmark, which saw both weaker growth and a larger de-rating.

Over the full 15-year period, valuation compression has detracted roughly **1.7% per year** from our total returns, compared with a **0.8% annual uplift** for the index. **Our view is that if the Fund continues to compound fundamental returns at 10–12% per annum, and if valuations normalise from today's depressed levels (around 9x P/E) to low double digits, overall total returns should exceed the fundamental growth rate in the years ahead.**

Dividend

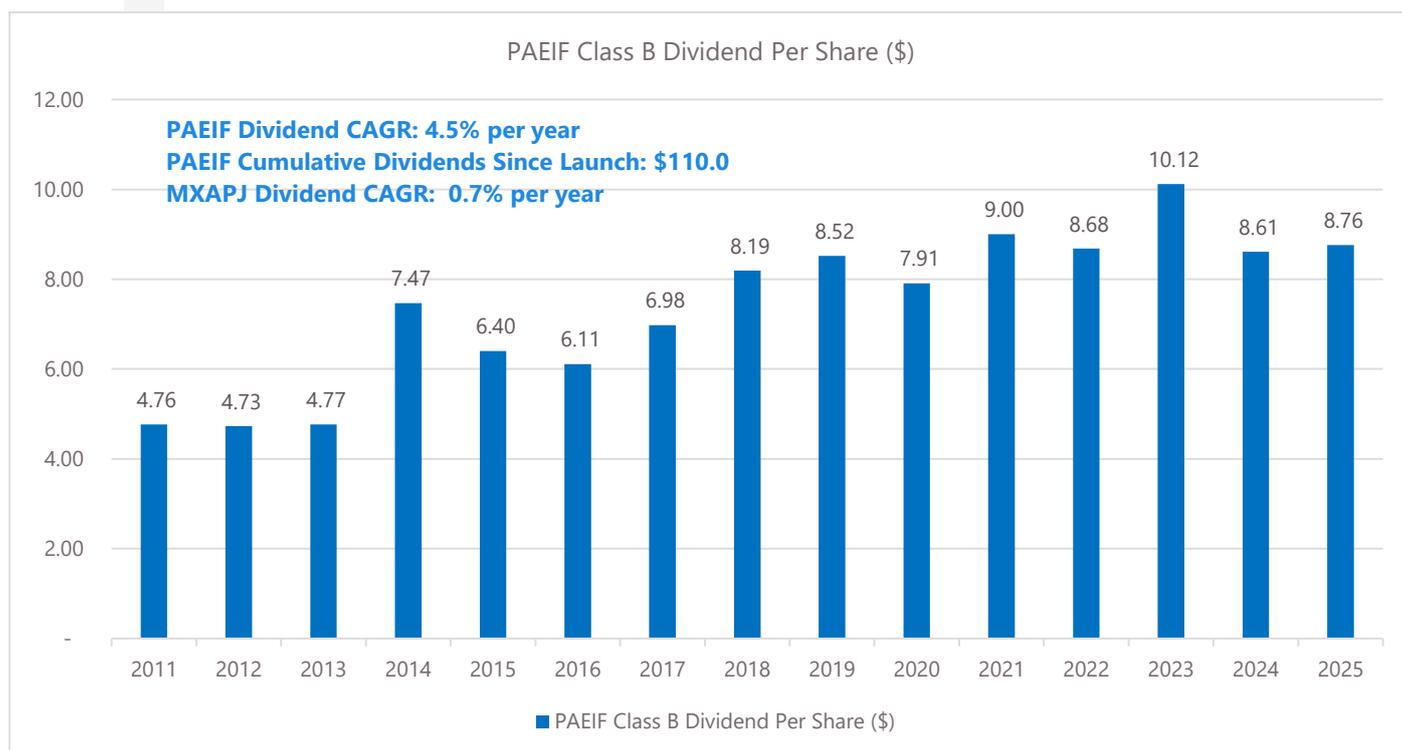
The Fund's dividend increased by **2% in 2025**, below the **~7% growth in underlying earnings**, as the **portfolio payout ratio continues to decline**. Between **2015 and 2021**, the payout ratio ranged between **55% and 60%**, but it began to fall in 2022 and now stands at **44%**, with a further reduction to **around 41% expected by 2027**.

This trend reflects two main factors. First, an increasing number of our holdings are returning cash to shareholders through **share buybacks rather than dividends**, given the attractive valuations at which many of them trade. Roughly **25% of the portfolio** conducts **regular buyback programmes** (estimated to add 0.5% to the overall return in 2026), and another **25%** has repurchased shares **opportunistically** in recent years. We believe this is a rational allocation of capital: when companies can repurchase their stock at a substantial discount to intrinsic value, it enhances long-term shareholder returns even if it temporarily restrains dividend growth.

Second, several of our newer investments are **growth-oriented companies** that have suffered significant de-ratings and now trade at appealing valuations and dividend yields. Examples include **CP All** (operator of 7-Eleven in Thailand), **Central Pattana** (the "Westfield of Thailand"), and **Ayala Land** in the Philippines. These businesses are capable of growing earnings at **over 10% per annum**, but because they retain a greater share of profits to reinvest in expansion, their **payout ratios are lower**.

We expect this dynamic to continue into 2026. Beyond that, assuming the payout ratio stabilises, we anticipate the Fund's **dividend growth should once again track underlying earnings growth more closely**².

² For reference, if the payout ratio returned to 55% then the dividend would increase by ~30%.



Source: Prusik Investment Management LLP. Data as at 31/12/2025.

Outlook

Our portfolio remains highly differentiated from both the benchmark and other Asian equity income funds. We continue to find the best value in **Hong Kong, Indonesia, and the Philippines**, which together account for **55% of the portfolio** but only **6% of the index**. By contrast, **Australia, India, and Taiwan**, which represent nearly **half of the index**, make up **less than 5% of our holdings**.

This positioning reflects our investment philosophy: we seek **quality businesses with durable, cash-generative earnings and sustainable dividends**, purchased at **attractive valuations**. We focus on companies that can **sustain** dividends through the cycle and **grow** them over time, supported by recurring cash flows and conservative balance sheets. We are **contrarian and valuation-led**, preferring markets and sectors that are out of favour rather than those buoyed by momentum or speculation.

In **Hong Kong**, we see exceptional value in companies actively narrowing the gap between share price and intrinsic value through buybacks, spin-offs, and asset sales - an effort now reinforced by improving local economic conditions. In **Indonesia** and the **Philippines**, the long-term structural story remains compelling: favourable demographics, urbanisation, and rising middle-class consumption continue to underpin sustained growth, even if near-term sentiment is weak. In emerging markets, such periods of pessimism often present the best entry points; by the time optimism returns, much of the upside has already been realised.

The experience of **2025** showed what can happen when **fundamental returns of 12–13%** are matched by a comparable **re-rating**. If our portfolio companies continue to deliver double-digit fundamental returns, and valuations move back toward historical averages, we believe the conditions exist for **another phase of strong compounding returns**.

We remain disciplined in our approach - **quality and valuation are equally important** - and focused on businesses with **resilient earnings, growing dividends, and proactive management** committed to unlocking value for shareholders. Even without further re-rating, the portfolio's current **9x P/E** and **~5% yield** offer an attractive base for long-term, double-digit total returns.

Investment Objective

To select a portfolio of equity investments in the Asia Pacific ex-Japan region with above average dividend yields and which have the ability to grow their dividends over time. The fund is actively managed with reference to the MSCI AC Asia Pacific Ex Japan Gross Return Index (USD), with freedom to invest in stocks outside the index, and aims to outperform by 5-10% annually whilst growing its dividend over time.

Performance Summary (%) Period ending 31.12.2025

	Class B-USD (Unhedged)	Index**
1 Month	1.45	2.84
3 Months	3.61	3.60
2025	27.42	30.22
3 Year Annualised	11.00	15.75
5 Year Annualised	8.26	4.57
2024	2.3	10.6
2023	5.0	7.7
2022	1.8	-17.2
2021	6.8	-2.7
2020	-5.0	22.8
Since Inception*	299.51	134.55
Annualised Since Inception	9.67	5.84

Source: Bloomberg Financial LP.

**MSCI AC Asia Pacific Ex Japan Gross Return Index (USD)

*Class B Launch date: 31.12.2010

Fund Base Currency: USD

Fund Performance – Class B USD Unhedged (%)



Source: Bloomberg Financial LP. Total return net income reinvested.

Monthly Performance Summary – Class B USD Unhedged (%)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2025	-0.30	0.70	2.10	2.42	3.71	3.17	5.55	1.63	1.76	0.20	1.93	1.45	27.42
2024	-3.74	2.96	-1.41	-0.35	0.79	-1.36	2.23	5.35	7.33	-5.31	-1.50	-1.99	2.29
2023	5.48	-4.92	0.58	2.19	-2.37	3.37	3.29	-4.33	-0.60	-4.50	1.95	5.51	4.97
2022	2.52	-0.54	2.38	-1.49	0.67	-3.47	-0.19	0.58	-8.26	-2.45	11.07	2.11	1.83
2021	0.17	7.69	0.03	2.26	1.27	-1.42	-4.46	1.73	-1.99	3.43	-2.28	0.69	6.78
2020	-4.88	-5.63	-19.60	11.98	-2.62	4.67	0.84	2.76	-4.92	0.01	14.24	2.50	-4.96
2019	6.09	1.66	3.47	-0.99	-3.59	4.65	-0.84	-5.11	0.62	2.79	-0.62	3.19	11.26
2018	2.51	-3.76	-1.26	1.34	-1.18	-4.76	0.96	-0.13	-0.52	-6.38	3.49	0.21	-9.52
2017	5.49	4.77	3.98	2.69	3.25	1.11	2.71	0.06	-0.54	2.91	0.85	1.61	32.79
2016	-6.04	-0.37	10.28	0.95	-0.38	2.46	7.56	1.20	0.54	-1.43	-0.68	-3.16	10.36
2015	4.35	1.41	-0.70	6.01	-1.69	-1.97	-1.63	-6.01	-0.70	7.04	-1.91	-0.33	3.17
2014	-4.34	4.03	1.50	1.58	4.63	2.14	3.50	1.24	-2.54	2.31	2.00	-0.05	16.79
2013	3.93	1.78	0.35	4.57	-0.53	-4.95	1.87	-2.24	5.07	4.15	-0.56	-0.25	13.45
2012	8.12	6.54	1.92	3.20	-7.67	3.84	6.72	1.92	6.36	1.97	2.76	3.63	45.77
2011	-2.68	-1.46	2.55	3.90	2.58	-0.60	3.56	-6.06	-12.80	10.62	-3.52	1.79	-3.96

Source: Bloomberg Financial LP.

RISK ANALYSIS

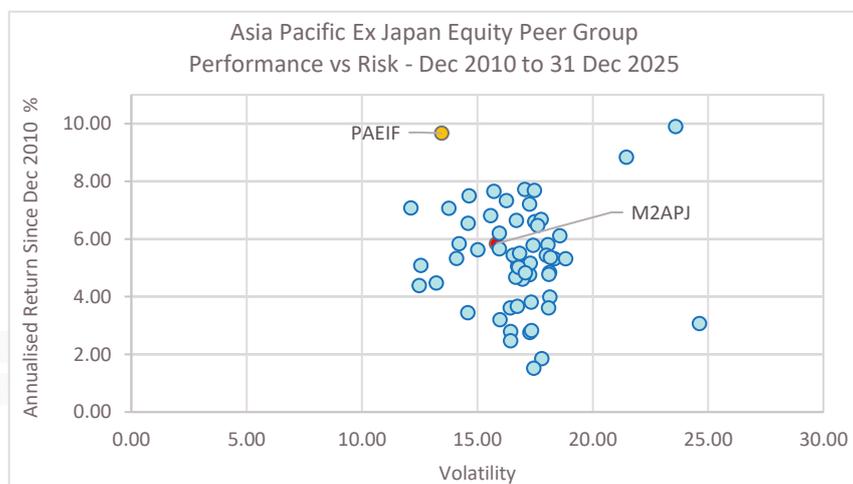
Risk Metrics	Fund (%)
Tracking Error	10.26
Beta	0.73
Alpha	5.19
Sharpe Ratio	0.63
Volatility (%)	14.35

Source: Bloomberg Financial LP.

Since inception: B 31.12.2010

Investment Process

The process is both quantitative and qualitative with the latter dominating. The universe is screened for those high dividend stocks which have the greatest ability to sustain and grow their dividends over time. A particular emphasis is placed on identifying those companies with exceptional franchises, annuity like cash flows and pricing power which are trading at significant discounts to intrinsic value.



Source: Bloomberg Financial LP. Peer group criteria: Actively managed Asia Ex Japan Funds operating since 31.12.2010, fund size >\$100 million (USD), domiciled in the UK, Luxembourg, and Ireland, Primary share classes. Class B Launch date: 31.12.2010. Data as at 31/12/2025.

Past performance does not predict future returns.

THEMATIC & GEOGRAPHICAL BREAKDOWN

Top 5 Holdings (%)

CK Hutchison Holdings Ltd	6.4
Samsung Electronics Co Ltd - Pref	5.8
AIA Group Ltd	5.2
First Pacific Co Ltd	4.8
Jardine Matheson Holdings	4.7
Total Number of Holdings	37

Source: Prusik.

Portfolio Financial Ratios*

Predicted Price/Earnings Ratio	8.8x
Predicted Dividend Yield (%)	4.7

Source: Bloomberg Financial LP.

Thematic Breakdown (%)

Conglomerates	30.4
Consumer	24.4
Financials	21.5
Real Estate	8.3
Technology	5.8
Infrastructure	4.0
Cash	2.4
Natural Resources & Energy	2.3
Communications	0.9

Geographical Breakdown (%)

Hong Kong	33.8
South Korea	12.3
Indonesia	12.0
Philippines	8.9
China	8.5
Thailand	5.6
United Kingdom	4.9
Macau	3.4
Singapore	3.1
India	2.8
Cash	2.4
Australia	2.4

All data as at 31.12.2025. Source: Prusik.

FUND PARTICULARS

Fund Facts

Fund Size (USD)	954.8m
Launch Date	31st December 2010
Fund Structure	UCITS III
Domicile	Dublin
Fund Base Currency	USD

Management Fees

Annual Management Fee

1% p.a. paid monthly in arrears.

Performance Fee

Class 1: None

Class 2 and 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.

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Valuation Point	11am UK time
Dealing Cut - off	5pm UK time
Min. Initial Subscription	USD 10,000
Min. Subsequent Subscription	USD 5,000

Share Class Details

Class 1			SEDOL	ISIN	Month end NAV
A USD	Unhedged	Non-Distributing	B4MK5Q6	IE00B4MK5Q67	410.57
B USD	Unhedged	Distributing	B4QVD94	IE00B4QVD949	207.96
C GBP	Hedged	Distributing	B4Q6DB1	IE00B4Q6DB12	183.63
D SGD	Hedged	Distributing	B4NFJT1	IE00B4NFJT16	180.62

Class 1 shares were closed to further investment on 30th November 2012.

Class 2			SEDOL	ISIN	Month end NAV
X USD	Unhedged	Distributing	B4PYCL9	IE00B4PYCL99	185.82
Y GBP	Hedged	Distributing	B4TRL17	IE00B4TRL175	165.00
Z SGD	Hedged	Distributing	B6WDY21	IE00B6WDY218	167.69

Performance fee based on fund performance as a whole.

Class U			SEDOL	ISIN	Month end NAV
U GBP	Unhedged	Distributing	BBP6LK6	IE00BBP6LK66	174.17

Performance fee based on fund performance as a whole.

Source: Bloomberg Financial LP.

Dividend Dates

Dividends paid twice annually (January and July)

Past performance does not predict future returns.

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The Fund is actively managed with reference to the MSCI AC Asia Pacific Ex Japan Gross Return Index (USD) with freedom to invest in stocks outside the index.

A copy of the Prospectus UCITS KIID and EU KID (as appropriate), annual and semi-annual reports can be obtained from www.prusikim.co.uk. The documents are available in English and free of charge on request.

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