

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 January 2017

Monthly Fund Fact Sheet

Investment Objective

To preserve capital and generate absolute returns over a full economic cycle by investing in listed equities in Asia Pacific ex-Japan, whilst maintaining portfolio volatility significantly below the peer group.

Fund Facts

Fund size (USD)	60.0m
Launch date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

	A USD	U GBP
1 Month	3.50	2.50
3 Month	-2.51	-4.63
2016	-3.98	16.21
Since Launch	94.43	36.69
Annualised [†]	6.05	9.11

Source: Morningstar.

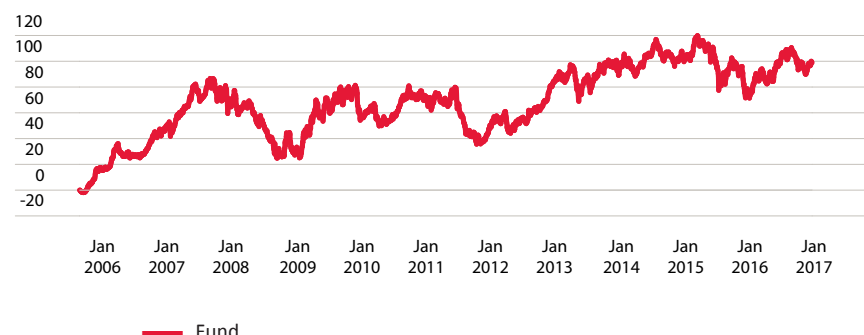
Launch Date: A: 07.10.05, U: 13.07.13

[†]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. Cash and Index Futures are used when opportunities are few and to reduce portfolio volatility.

Fund Performance - Class A USD (%)



Source: Morningstar. Total return net of fees.

Fund Manager Commentary

The fund returned 3.5% in January versus the index rise of 5.8%. All themes contributed positively to NAV in absolute terms with our local brands, artificial intelligence/virtual reality and internet themes leading the pack. However, on a relative basis our Vietnam portfolio underperformed the index, returning just 1.3%. Given the fund's 20% weighting in Vietnam this created a short term drag on performance.

Our local brands theme was driven in particular by our Australian wine exporter, **Treasury Wine Estates**, which is seeing rapid growth in China as the Chinese increasingly shift from drinking beer and the local white spirit, baijiu, to drinking red wine. In 2016, the value of wine exports from Australia to China rose by a staggering 46%. Elsewhere, Chinese white goods company, **Haier**, responded well to Chinese ecommerce giant, **Alibaba**, exercising its convertible bond which resulted in **Alibaba's** stake in **Haier's** logistics business rising to 34%. **Haier** also established a partnership with Google to produce Chromecast TVs together. Finally, local Chinese sportswear brand, **Anta**, delivered very good performance in the month as well.

Samsung Electronics, our largest position in the fund, announced record results, showing operating profit growth of 77% compared to the previous quarter. Management also delivered an encouraging outlook for 2017, explaining that they believe the current tight market dynamics in DRAM and NAND are likely to persist throughout 2017, which is a massive positive for the company. The company also announced a share-buyback and raised its dividend payout ratio.

Good results also provided a boost to our China internet holdings, all of which posted positive returns in the month. Chinese social media company, **Sina**, was particularly strong, posting 3Q16 results which showed 44% year on year earnings growth and which were nearly 60% above consensus estimates.

The few detractors in the month of a meaningful size were **Habib Bank** and **United Bank** in Pakistan and **Silicon Motion**, a leader memory company in Taiwan which sits within our artificial intelligence/virtual reality theme. **Silicon Motion** has been hampered by earnings downgrades of late and was sold during the month. **Habib Bank** is a relatively new stock to the fund, which sits within our financialisation theme. It is the leading bank in Pakistan. Not only do we expect **Habib Bank** and **United Bank** to benefit from the strong demographic tailwinds in Pakistan but also, as China's planned c.US\$50 billion investment in Pakistan via the China-Pakistan Economic Corridor filters into the economy via large scale infrastructure projects, we expect corporate lending to accelerate. **Habib Bank** is generating an ROE of over 20% and pays a dividend yield of 5.4%.

All data as at 31.01.17. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.8
Vietnam Dairy Products	5.2
China Taiping Insurance Holdings Ltd	4.7
Indiabulls Housing Finance Ltd	4.1
Beijing Capital International Airport	3.6
Total Number of Holdings	32

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	13.9x
Predicted Return on Equity (%)	18.8

Risk Metrics

Tracking Error (% pa)	12.44
Beta	0.59
Alpha	1.25
Volatility (%)	16.35
Sharpe ratio	0.50
% of the portfolio which could be sold in 2 business days	94.00

Thematic Breakdown (%)

Financialisation	23.3	
Vietnam	19.3	
Artificial Intelligence/Virtual Reality	15.8	
Internet	11.0	
Clean Energy	7.8	
Local Brands	7.7	
Infrastructure/Logistics/Property	6.7	
Cash	4.9	
Leisure/Tourism	3.6	

Geographical Breakdown (%)

Hong Kong/China	38.6	
Vietnam	19.3	
Korea	10.5	
Taiwan	8.0	
Pakistan	7.7	
Australia	5.1	
Cash	4.9	
India	4.1	
Thailand	1.8	

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Management Fees

Annual Management Fee

1.5% p.a. Paid monthly in arrears
Class U - 1% p.a. Paid monthly in arrears

Performance Fee

All Classes except Class U: 10% NAV appreciation with a 6% hurdle annually
Class U: 10% of the net out-performance of the MSCI Asia Pacific ex-Japan Index, with a high-water mark paid quarterly

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	194.43
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	194.55
C GBP Hedged Distributing	B18RM25	IE00B18RM256	107.13
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	270.86

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	136.69
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Performance fee based on fund performance as a whole.

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