

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

28 February 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)	62.4m
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	2.19	2.15
3 Month	2.10	2.17
Year to Date	5.77	4.70
Since Launch	98.69	39.63
Annualised [†]	6.21	9.54

Source: Morningstar.

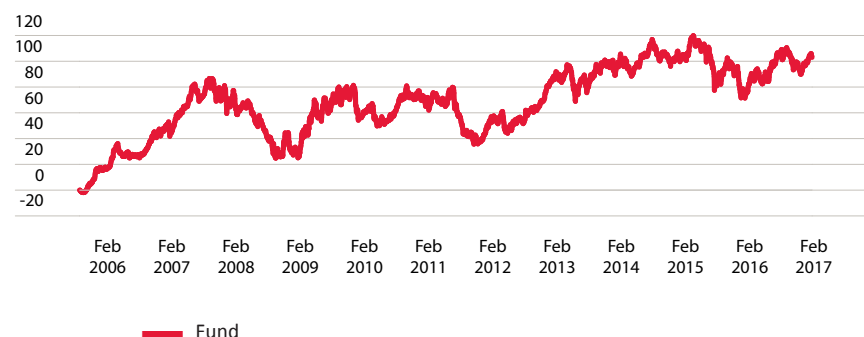
Launch Date: A: 07.10.05, U: 13.07.13

[†]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

During February the Prusik Asia Fund rose 2.2% versus the M2APJ which rose 3.5%. India, Vietnam and Taiwan all contributed strongly but were offset by the more disappointing performance from Korea, China and Thailand. **Uni-President** (China food brands) and **Nexteer** (car parts) - now both sold - were the significant negative contributors at a stock level. In the case of **Nexteer**, possible changes to US import policies which might impact **Nexteer's** export business were a particular concern. On the positive side, Indian mortgage lender, **Indiabulls**, continued to perform well, as did **Beijing Capital International Airport**.

During February the index continued to soar, only pausing just before the month-end to correct materially for the first time since December. We expect this correction to endure for a while longer after such a breathless run and whilst markets further digest the prospect of rising rates in the US. We do, however, see increasing signs of economic recovery everywhere and expect that stock markets can continue to make further headway this year after an appropriate correction and pause.

We have started to reinvest the cash raised during February and look forward to reinvesting the remainder, ideally at lower levels, in the coming days. During the month we initiated two new positions, both listed in the China A-share market. **iFlytek**, which is the country's leading independent Artificial Intelligence (AI) company, specialising in speech technologies, has a 44% domestic market share in an industry which is expected to grow at a 50% cagr in the coming 3 years. In the case of AI we believe we can comfortably say that China is at least on a level with the US in terms of technology for AI and in fact China could even have an edge. One reason for this is that AI requires huge quantities of data, something which is much less protected in China than it is in the US. This has allowed the Chinese companies to become extraordinarily sophisticated in a short time. We also bought **Hangzhou Hikvision** which, in a similar vein, is China's leading independent company specialising in computer based vision technologies. The market opportunity for vision technology is very broad and already growing rapidly. It already includes, for example, surveillance, self-driving cars and countless industrial uses. We believe the company could grow its earnings at 25% per annum in the coming 2-3 years.

Overall, we would urge investors to consider adding to the Prusik Asia Fund during this correction. We have just returned from a week in Asia and the Middle-East visiting companies from Vietnam and Pakistan. Both these markets are dominated by local investors and both are cheap on regional and global comparisons, whilst the countries are growing dramatically faster. Moreover, regional investors are turning up in droves. We expect Vietnam, in particular, to attract significant investment from Thailand in the coming months, whilst the Shanghai Stock Exchange has recently bought 40% of the Pakistan Stock Exchange, paving the way for expansion and more sophisticated products. The fund has c.24% invested in Vietnam and Pakistan.

All data as at 28.02.17. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.5
Indiabulls Housing Finance Ltd	4.6
China Taiping Insurance Holdings Ltd	4.6
Vietnam Dairy Products	4.2
Beijing Capital International Airport	3.5
Total Number of Holdings	32

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	13.8x
Predicted Return on Equity (%)	17.9

Risk Metrics

Tracking Error (% pa)	12.40
Beta	0.59
Alpha	1.25
Volatility (%)	16.30
Sharpe ratio	0.51
% of the portfolio which could be sold in 2 business days	96.74

Thematic Breakdown (%)

Financialisation	25.0	
Vietnam	16.4	
Artificial Intelligence/Virtual Reality	15.1	
Internet	13.7	
Local Brands	8.2	
Infrastructure/Logistics/Property	7.4	
Leisure/Tourism	6.2	
Cash	5.3	
Clean Energy	2.6	

Geographical Breakdown (%)

Hong Kong/China	35.2	
Vietnam	16.4	
Taiwan	10.5	
Korea	10.2	
Pakistan	7.7	
Cash	5.3	
Australia	5.1	
India	4.6	
Indonesia	2.6	
Thailand	2.4	

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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	198.69
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	198.81
C GBP Hedged Distributing	B18RM25	IE00B18RM256	109.32
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	276.44

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	139.63
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Performance fee based on fund performance as a whole.

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