

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 May 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)	77.4m
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	4.38	5.92
3 Month	13.77	12.05
Year to Date	20.34	17.32
Since Launch	126.05	56.46
Annualised [†]	7.25	12.11

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

Last month the M2APJ index rose 2.7%, bucking the usual negative trend associated with May and reflecting what was overall a very much improved earnings season for Asian companies in the first quarter. In May the fund returned 4.4% which was 1.7% ahead of the index and in the first quarter the fund's holdings delivered 26% earnings growth which was again ahead of the index.

Chiefly, China, Vietnam and India contributed the most to this rise, whilst Pakistan provided a negative attribution. This was mainly in anticipation of 31st May when Pakistan left the MSCI Frontier Markets Index and arrived in the MSCI Emerging Markets Index where it is a smaller component. The selling in Pakistan is, therefore, likely to prove temporary and is largely technical and thus could provide a good buying opportunity. At the stock level, the Vietnamese financials were very strong in anticipation of a forthcoming IPO for one of the leading brokers, whilst Indian mortgage lender, **Indiabulls**, continued to do very well, reflecting a strong operating environment.

In China, the internet companies continued to show increasing revenue from mobile, especially in social advertising and media, such as news. **Sina**, a major shareholder in **Weibo**, which is in the epicentre of this trend, delivered impressive results with revenues rising 40% year on year and net profit coming in a whopping 200% above consensus estimates. **Sina** is trading on 23.7x 2018 earnings and is expected to continue to benefit from strong revenue growth and rising margins.

Overall, the macro economic signals echo the message from the results season, namely that Asia is seeing something of a recovery. Moreover, the average ROE in Asia has started to rise after more than 6 years of declines, which is very supportive for equities. We expect this positive outlook to continue this year. From a stock market view, in the near term, and given the strong run up in the Asian indices, some consolidation or correction might be due, possibly with catalysts from outside the region. However, we would note that despite very good performance from the fund so far this year, the fund is currently trading on close to a market P/E, whilst at the same time boasting a far superior earnings growth and ROE profile. As of the end of May, the fund is on 14.2x P/E which represents just a 3% premium to the index on 13.8x P/E. This gives us some defensive comfort.

All data as at 31.05.17. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.3
Indiabulls Housing Finance Ltd	5.3
Tencent Holdings Ltd	4.9
Vietnam Dairy Products	4.0
VNDIRECT Securities Corp	3.6
Total Number of Holdings	35

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.2x
Predicted Return on Equity (%)	19.9

Risk Metrics

Tracking Error (% pa)	12.32
Beta	0.59
Alpha	1.96
Volatility (%)	16.19
Sharpe ratio	0.61
% of the portfolio which could be sold in 2 business days	93.70

Thematic Breakdown (%)

Financialisation	25.2	<div></div>
Artificial Intelligence/Virtual Reality	20.7	<div></div>
Vietnam	16.2	<div></div>
Infrastructure/Logistics/Property	10.5	<div></div>
Internet	10.1	<div></div>
Local Brands	8.0	<div></div>
Leisure/Tourism	6.7	<div></div>
Cash	2.5	<div></div>

Geographical Breakdown (%)

Hong Kong/China	35.8	<div></div>
Vietnam	16.2	<div></div>
Taiwan	10.4	<div></div>
Korea	9.8	<div></div>
Pakistan	6.2	<div></div>
India	5.3	<div></div>
Australia	4.4	<div></div>
Cash	2.5	<div></div>
Indonesia	2.3	<div></div>
Thailand	2.0	<div></div>

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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	226.05
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	226.19
C GBP Hedged Distributing	B18RM25	IE00B18RM256	123.96
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	313.86

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	156.46
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Performance fee based on fund performance as a whole.

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