Prusik Asia Fund

LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA



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 (USE | D) | 77.4m |
|----------------|----|----------------------|
| Launch date | | 7 October 2005 |
| Fund Manage | r | Heather Manners |
| Fund Structure | e | 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.

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

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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 |
| | |

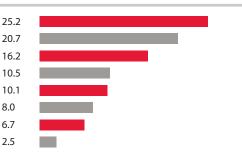
16.19

0.61

93.70

Thematic Breakdown (%)

| Financialisation | |
|---|--|
| Artificial Intelligence/Virtual Reality | |
| Vietnam | |
| Infrastructure/Logistics/Property | |
| Internet | |
| Local Brands | |
| Leisure/Tourism | |
| Cash | |
| | |



Geographical Breakdown (%)

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

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Management Fees

Volatility (%)

Sharpe ratio

% of the portfolio which could be

sold in 2 business days

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 Freque | ency | Daily |
| Min. Initial Sub | scription | USD 10,000 |
| Subscription N | otice | 1 business day |
| Redemption N | otice | 1 business day |
| | | |

Share Class Details

| Share Class | | Sedol | ISIN | Month-end NAV |
|-------------|------------------------|------------------------|--------------|---------------|
| A USD Unhe | dged Non distribut | ing B0MDR72 | IE00B0M9LK15 | 226.05 |
| B USD Unhe | dged Distributing | B0M9LL2 | IE00B0M9LL22 | 226.19 |
| C GBP Hedg | ed Distributing | B18RM25 | IE00B18RM256 | 123.96 |
| D SGD Hedg | ed Distributing | B3LYLK8 | IE00B3LYLK86 | 313.86 |
| Performance | fee based on individua | al investor's holding. | | |
| U GBP Unhe | dged Distributing | BBQ37S6 | IE00BBQ37S60 | 156.46 |
| Performance | fee based on fund per | formance as a whole | ۵ | |

Performance fee based on fund performance as a whole

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