

# Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 January 2016

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)	58.9m
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	-8.91	-5.66
3 Month	-9.56	-3.04
Year to Date	-8.91	-5.66
Since Launch	78.20	8.27
Since Launch †	5.76	3.13

Source: Bloomberg.

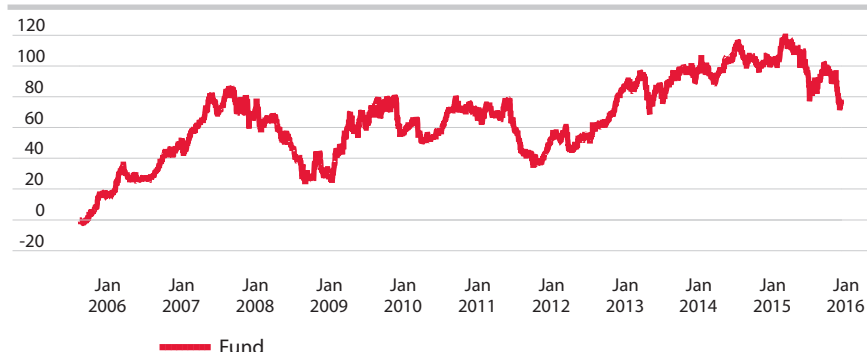
Launch Date: A: 07.10.05, U: 13.07.13

† Annualised 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: Bloomberg. Total return net of fees.

## Fund Manager Commentary

Over January the MXAPJ index fell 7.8% while the Prusik Asia Fund fell 8.9%. The main reason for the underperformance during the month was the slightly high exposure to Hong Kong and China. The three worst contributors to performance were all Chinese businesses: **China Taiping** (insurance), **JD.com** (ecommerce) and **Beijing Capital Airport**. It was a frustrating outcome as Vietnam and the smart textiles themes both did well. **Eclat Textile** led the way and rose 3.6% in local currency terms, driven by ongoing exceptional performance at Under Armour, which reported sales growth of 23% in January.

During the month we reduced our exposure to Hong Kong and China from 53% to 42% via sales of two stocks within the telecom theme and profit taking in online travel agency, **Ctrip.com**, after very good short term performance in October and November. We are still very positive on **Ctrip.com** but we would prefer to wait for a better entry point, or until the main risk to the Chinese currency has passed, as spending on overseas travel may fall either due to sentiment or, in a worse case, via the government cutting Chinese tourists' annual allowance for taking money overseas.

We start 2016 with some of our key themes still dominant in the fund. Most notably these include Vietnam, smart textiles, and financialisation. We have some relatively new themes in the fund which we hope will build and become major new themes over time. These include intelligent / electric vehicles and more recently, within our broader local brands theme, we have been investing in Chinese sportswear centric companies in response to the government's stated policy of creating a domestic sports industry. It is also worth mentioning that at the time of writing about 42% of the fund's exposure is to companies with some exposure to exports. This should, in the event of any significant currency weakness, be advantageous.

All data as at 31.01.16. Source: Prusik Investment Management LLP, unless otherwise stated.

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# Prusik Asia Fund



## Top 5 Holdings (%)

Shenzhou International Group	6.5
AIA Group Ltd	4.9
Pacific Textiles Holdings Ltd	4.4
Beijing Capital International Airport	4.2
Vietnam Dairy Products	4.2
Total Number of Holdings	26

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.8x
Predicted Return on Equity (%)	18.2

## Risk Metrics

Beta	0.58
Alpha	2.01
Sharpe Ratio	0.41
Volatility (%)	14.07
% of the portfolio which could be sold in 2 business days	86.42

## Thematic Breakdown (%)

Vietnam	22.3	
Smart Textiles	20.7	
Financials	11.4	
Infrastructure/Logistics/Property	11.2	
Cash	10.5	
Internet	8.2	
Leisure/Tourism	5.5	
Electric Car	3.5	
Healthcare	2.6	
Local Brands	2.3	
Telecoms	1.8	

## Geographical Breakdown (%)

Hong Kong/China	42.1	
Vietnam	22.3	
Cash	10.5	
Taiwan	6.7	
India	4.9	
Korea	3.5	
Thailand	3.2	
Indonesia	2.6	
Philippines	2.3	
Australia	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 (MXAPJ) 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	178.20
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	178.32
C GBP Hedged Distributing	B18RM25	IE00B18RM256	98.26
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	248.44

Performance fee based on individual investor's holding

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	108.27
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Performance fee based on fund performance as a whole

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