

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

29 February 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	-1.24	2.09
3 Month	-10.15	-2.40
Year to Date	-10.04	-3.69
Since Launch	75.99	10.53
Since Launch [†]	5.58	3.83

Source: Bloomberg.

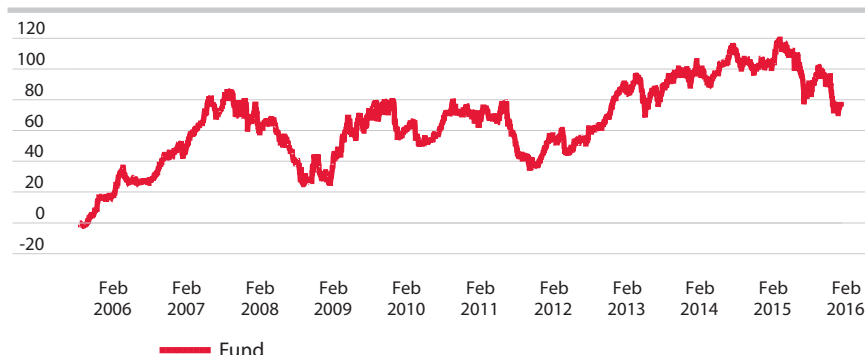
Launch Date: A: 07.10.05, U: 13.07.13

[†]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

In February the MXAPJ index fell 0.8% while the fund fell 1.2%. The slight underperformance mostly came from individual stock performances rather than a weak geographic or thematic trend. Hong Kong insurer, **AIA**, corrected, taking it, we believe, into buying territory, whilst Thai infrastructure company, **Sino Thai Engineering**, was also weak. **Sino Thai** has just reported 2015 earnings 23% ahead of consensus expectations and in a recent meeting, management were very positive on the pipeline of projects due to be tendered in 2016. In Taiwan, smart textile maker, **Eclat Textile**, suffered in response to Lululemon's winter inventory build-up, which led to some pricing pressure.

On the positive side, our Vietnam portfolio was strong led by **Vinamilk** and **Saigon Securities** which, respectively, reported 15% and 23% earnings growth for 2015. We are also very pleased to highlight that our recent new buy for the fund, **Treasury Wine Estate**, has been very strong since purchase. This Australian wine producer, which exports its wine globally, has gone through an impressive turnaround at the hands of new CEO, Michael Clarke, and as a result the company is witnessing phenomenal volume growth in its exports to China.

We have just completed a trip in India and returned with a slightly more cautious view on the macro outlook. Crucially, interest rates still appear to be too high, which in part is contributing to the poor progress on the infrastructure spending, which we had all hoped would materialise. That said, parts of the economy are doing very well including, anecdotally, local tourism, the wedding industry, local brands of western clothing, branded dairy products, jewellery and alternative energy.

Another bright spot in India is the explosion in mobile data usage which we are about to witness. Smart phone penetration in India still stands at just 20%, but this is set to change. Indeed, while we were there, one company launched a smartphone costing just \$4 to an overwhelming response! Given the chaotic nature of much of the old cities in India, it is reasonable to assume that Indians will use 4G rather than cable for their future entertainment requirements. Excitingly, the much needed rollout of 3G and 4G infrastructure for this is just the beginning. To this end we have added telecom tower landlord, **Bharti Infratel**. **Bharti Infratel** is the largest tower operator in India with the next rival having just one third the number of towers. Importantly, India has a whopping 11 telecom operators and so as these companies roll out more 3G and 4G infrastructure we should see an increase in the number of operators renting the same towers or 'co-location'. The economics of 'co-location' means that tower companies typically enjoy significant operational leverage as revenues rise. **Bharti Infratel** is no exception and as such, we expect the company to see strong profit growth in the coming years.

All data as at 29.02.16. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Shenzhou International Group	6.2
Newcrest Mining Limited	5.0
Vietnam Dairy Products	4.6
AIA Group Ltd	4.5
Pacific Textiles Holdings Ltd	4.4
Total Number of Holdings	28

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.2x
Predicted Return on Equity (%)	17.2

Risk Metrics

Beta	0.58
Alpha	1.90
Sharpe Ratio	0.40
Volatility (%)	14.07
% of the portfolio which could be sold in 2 business days	77.06

Thematic Breakdown (%)

Vietnam	22.7	<div></div>
Smart Textiles	19.9	<div></div>
Financials	11.1	<div></div>
Infrastructure/Logistics/Property	10.1	<div></div>
Internet	8.1	<div></div>
Local Brands	6.4	<div></div>
Leisure/Tourism	5.1	<div></div>
Other	5.0	<div></div>
Cash	3.5	<div></div>
Electric Car	3.5	<div></div>
Healthcare	2.6	<div></div>
Telecoms	2.0	<div></div>

Geographical Breakdown (%)

Hong Kong/China	40.8	<div></div>
Vietnam	22.7	<div></div>
Australia	10.6	<div></div>
Taiwan	6.4	<div></div>
India	4.8	<div></div>
Cash	3.5	<div></div>
Korea	3.5	<div></div>
Thailand	2.7	<div></div>
Indonesia	2.6	<div></div>
Philippines	2.4	<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 (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	175.99
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	176.10
C GBP Hedged Distributing	B18RM25	IE00B18RM256	97.19
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	245.34

Performance fee based on individual investor's holding

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	110.53
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Performance fee based on fund performance as a whole

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