

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

29 July 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)	58.4m
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	4.32	6.53
3 Month	3.66	15.03
Year to Date	1.28	14.21
Since Launch	98.15	31.07
Since Launch [†]	6.53	9.17

Source: Morningstar.

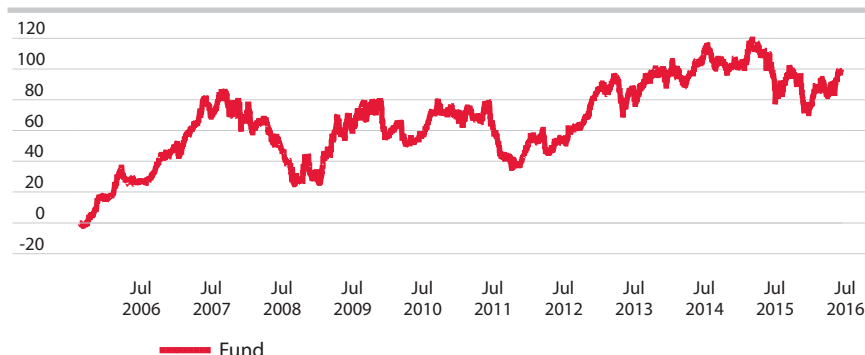
Launch Date: A: 07.10.05, U: 13.07.13

[†]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: Morningstar. Total return net of fees.

Fund Manager Commentary

In July the M2APJ index was up 5.6%, whilst the fund rose 4.3%. The major positive stock contributors were in Vietnam, lead by branded dairy company, **Vinamilk**. Australian gold miner, **Newcrest Mining**, was also notably strong. From a geographic perspective our China/Hong Kong exposure has started to work well again, a trend which seems to have continued into August, more on which below.

Despite the otherwise good overall performance of our Vietnam portfolio, **Phu Nhuan Jewellery** proved to be the exception, correcting after a strong run up this year. The company, however, released strong earnings numbers towards the end of the month, showing same store sales growth of 10% and core earnings growth of 31% year on year. **Phu Nhuan Jewellery** is also trading on a P/E of just 7.5x 2016, which is remarkably low in Asia for a burgeoning retail brand. Unsurprisingly, the stock has bounced from its lows during early August.

We believe the outlook for the fund is favourable. The main negative contributing factor to relative performance this year has been our exposure to the Chinese insurance companies and our overweight position in Hong Kong and China in general. As July progressed it became clear that the depression in these share prices could be reversed, and sharply. The main contributing factors may include the imminent announcement of the Hong Kong-Shenzhen Stock Connect programme with China. Over and above this, we are seeing money moving away from Europe and the US towards Asia, largely in search of yield. Since 1990, Hong Kong's dividend yield has never been higher than both the treasury yield and the Fed fund's cash rate; however, at the time of writing it now is. Given the Hong Kong dollar peg to the US dollar, which gives investors a long history of currency stability, we are seeing international investors starting to recognise the value of a large population of stocks trading below 1.25x price to book and yielding just below 4%. Volumes are rising sharply and August, so far, has seen a continuation of this trend.

Finally, the MSCI Frontier Index has just announced it will be including Vietnam in its index, something which we have been expecting to happen for some time. Although the initial weighting is small, we expect to see the index's exposure to Vietnam rise in the coming years, which should be another positive supporting factor for this stock market.

All data as at 29.07.16. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Vietnam Dairy Products	5.8
Beijing Capital International Airport	5.6
Newcrest Mining Ltd	5.4
Xinyi Solar Holdings Ltd	4.6
Sino-Thai Engineering & Construction	4.1
Total Number of Holdings	30

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.8x
Predicted Return on Equity (%)	16.8
Predicted Dividend Yield (%)	1.9

Risk Metrics

Tracking Error (% pa)	16.84
Beta	0.58
Alpha	1.74
Volatility (%)	16.49
Sharpe ratio	0.53
% of the portfolio which could be sold in 2 business days	92.02

Thematic Breakdown (%)

Vietnam	22.5	<div></div>
Clean Energy	15.6	<div></div>
Local Brands	11.4	<div></div>
Internet	10.2	<div></div>
Financials	8.8	<div></div>
Leisure/Tourism	8.8	<div></div>
Other	8.2	<div></div>
Data	5.2	<div></div>
Infrastructure/Logistics/Property	4.1	<div></div>
Virtual Reality	2.6	<div></div>
Cash	2.5	<div></div>

Geographical Breakdown (%)

Hong Kong/China	39.8	<div></div>
Vietnam	22.5	<div></div>
Korea	12.4	<div></div>
Australia	7.5	<div></div>
Taiwan	5.5	<div></div>
Thailand	4.1	<div></div>
Philippines	3.4	<div></div>
Cash	2.5	<div></div>
India	2.3	<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	198.15
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	198.28
C GBP Hedged Distributing	B18RM25	IE00B18RM256	109.15
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	275.73

Performance fee based on individual investor's holding

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	131.07
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Performance fee based on fund performance as a whole

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