

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 August 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)	60.9m
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	3.70	4.45
3 Month	9.44	22.34
Year to Date	5.03	19.29
Since Launch	105.48	36.90
Since Launch †	6.83	10.42

Source: Morningstar.

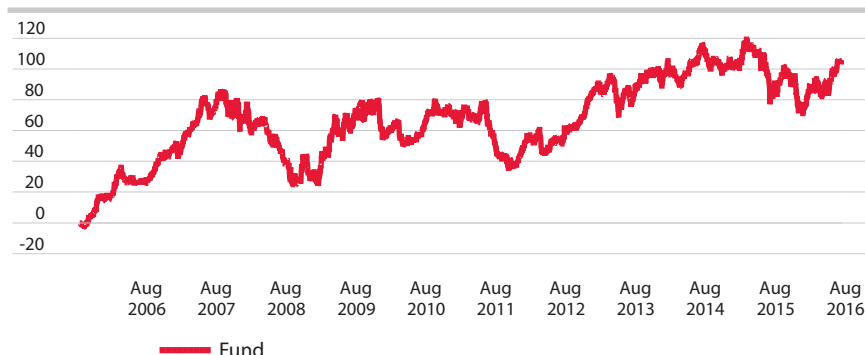
Launch Date: A: 07.10.05, U: 13.07.13

† 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 August the fund rose 3.70% versus the M2APJ index which rose 2.11%. This good relative performance came from strong contributions from our positions in Hong Kong/China, Korea and Vietnam.

In Hong Kong the Shenzhen A share market opening under the Hong Kong Stock Connect program was announced as we had expected, which had a mildly positive impact on stocks. Two of our best performing companies this month were Hong Kong listed: **AAC Technologies** and **Anta Sports**. Both companies announced good numbers during the month. **AAC Tech** is a global supplier of micro components with a leading technology in acoustic solutions and haptics (components related to the sense of touch) and it announced sales up 26% in 2Q. Equally, Chinese sports brand **Anta**, surprised analysts on the upside with core sales up 17% whilst also seeing a 50% yoy improvement in its ecommerce sales as well as 30% growth in its Fila brand football boots and kids wear segment.

Two of our favourite themes – intelligent vehicles and Virtual Reality (VR) – are flourishing to give fresh impetus to a well established stock, Taiwan listed foundry, **TSMC**, which we recently added to the portfolio. Firstly, the automotive semi-conductor market, which is small today, could be a big revenue driver for **TSMC** in the future. CLSA forecast that the global ADAS (Advanced Driver Assistance Systems) market will grow from US\$7bn in 2015 to US\$33bn by 2020 (a 38% CAGR), growing the automotive IC market from US\$29bn in 2015 to US\$53bn in 2020 (11% CAGR). This could add several percentage points to **TSMC's** growth for the next 5 years and suggests that its automotive related sales contribution should rise from 5-7% in 2015 to 10-20% in 2020.

Meanwhile, demand for VR systems should start to grow in earnest, helping slow the downtrend in PC demand. So far it seems as though about 400,000 VR kits have been bought by gamers and other users. VR systems will require PCs with a minimum of 8GB system DRAM and 8GB graphic DRAM, roughly 3x the amount used on normal office-use PCs. Sales of just 3m units of VR-optimized PCs therefore would boost PC DRAM demand by over 3%, again benefitting **TSMC**.

All data as at 31.08.16. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Vietnam Dairy Products	6.6
AIA Group Ltd	5.4
Tencent Holdings Limited	4.8
Sino-Thai Engineering & Construction	3.8
Ping An Insurance Group	3.6
Total Number of Holdings	32

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	16.7x
Predicted Return on Equity (%)	17.5

Risk Metrics

Tracking Error (% pa)	16.79
Beta	0.58
Alpha	1.95
Volatility (%)	16.45
Sharpe ratio	0.56
% of the portfolio which could be sold in 2 business days	94.16

Thematic Breakdown (%)

Vietnam	22.4	<div></div>
Clean Energy	15.8	<div></div>
Internet	12.3	<div></div>
Local Brands	11.8	<div></div>
Financials	11.7	<div></div>
Other	6.8	<div></div>
Infrastructure/Logistics/Property	6.0	<div></div>
Leisure/Tourism	5.5	<div></div>
Data	4.7	<div></div>
Virtual Reality	2.2	<div></div>
Cash	1.0	<div></div>

Geographical Breakdown (%)

Hong Kong/China	41.4	<div></div>
Vietnam	22.4	<div></div>
Korea	13.2	<div></div>
Thailand	6.0	<div></div>
Australia	5.9	<div></div>
Taiwan	5.1	<div></div>
Philippines	3.2	<div></div>
India	1.8	<div></div>
Cash	1.0	<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	205.48
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	205.61
C GBP Hedged Distributing	B18RM25	IE00B18RM256	113.19
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	285.87

Performance fee based on individual investor's holding

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	136.90
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Performance fee based on fund performance as a whole

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