

Prusik Asia Fund



PRUSIK

LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

30 November 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)	58.0m
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	-2.42	-4.65
3 Month	-5.29	-0.17
Year to Date	-0.53	19.09
Since Launch	94.61	36.67
Annualised [†]	6.15	9.57

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

In November*, the Prusik Asia Fund fell 2.4%, underperforming the Asia ex-Japan index which fell 2.2% by 20bps.

The major positive contributors were Hong Kong, Thailand and Taiwan, while Chinese internet gaming giant, **Tencent**, was amongst our negative contributors this month. At the stock level, cyclical, infrastructure companies and beneficiaries of rising interest rates continued to lead the way. Chinese insurance company, **China Taiping**, was thus a top contributor as was Thai infrastructure construction company, **Sino Thai Engineering**.

November, as it turns out, was quite a momentous month, both within the region and outside it. The Trump victory has already stamped its mark on stock market and bond investors, bringing expectations of inflation, higher interest rates and more pump-priming, led by infrastructure. Within the region, and on the same day as the US election, India stunned the world by taking out of circulation its two highest denomination currency notes, giving the population only a short time to put their cash in the bank, or lose their money altogether. This has led to a huge short term cash crunch, terrible queues at banks and a huge amount of economic and personal pain and fear. The aim is to bring the 25-40% or so of India's economy that exists outside of the tax system into order. No doubt it will in time but the process in the meantime has been very painful for some businesses and is likely to shave quite a bit off GDP growth in the very near term.

At the month end we had just over 11% cash, having sold several companies which had either reached valuation targets (for example, **Bao Viet**, our Vietnamese insurance company) or where new information undermined our original investment thesis (for example, Chinese solar companies **GCL Poly** and **Xinyi Solar**, where the outlook for subsidies has been deteriorating). We aim to put this cash to work in the coming days, possibly using the recent weakness in India to increase what was a very low weighting here owing to expensive valuations. There are also some exciting IPOs coming up in Vietnam, not least the country's leading beer brand, Saigon Beer.

The fund currently trades on a 15.1x P/E which is above the market on 13.2x P/E, but has a return on equity around 50% higher than the market at 19.3% versus 12.9%, respectively.

*Measured from 28th October – 30th November as 31st October was an Irish Public Holiday

All data as at 30.11.16. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.0
Vietnam Dairy Products	5.7
Tencent Holdings Limited	4.6
Sino-Thai Engineering & Construction	4.3
Ping An Insurance Group	3.9
Total Number of Holdings	29

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.1x
Predicted Return on Equity (%)	19.3

Risk Metrics

Tracking Error (% pa)	12.50
Beta	0.58
Alpha	1.52
Volatility (%)	16.42
Sharpe ratio	0.51
% of the portfolio which could be sold in 2 business days	93.98

Thematic Breakdown (%)

Vietnam	17.9	<div></div>
Financialisation	16.3	<div></div>
Artificial Intelligence/Virtual Reality	15.9	<div></div>
Internet	13.0	<div></div>
Cash	11.8	<div></div>
Local Brands	7.8	<div></div>
Clean Energy	7.5	<div></div>
Infrastructure/Logistics/Property	7.1	<div></div>
Leisure/Tourism	2.7	<div></div>

Geographical Breakdown (%)

Hong Kong/China	37.8	<div></div>
Vietnam	17.9	<div></div>
Cash	11.8	<div></div>
Korea	10.0	<div></div>
Taiwan	8.1	<div></div>
Australia	5.0	<div></div>
Thailand	4.3	<div></div>
India	2.6	<div></div>

All data as at 30.11.16. Source: Prusik Investment Management LLP, unless otherwise stated.

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	194.61
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	194.74
C GBP Hedged Distributing	B18RM25	IE00B18RM256	107.52
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	271.36

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	136.67
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Performance fee based on fund performance as a whole.

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