

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 October 2015

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)	71.9m
Launch Date	7 October 2005
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

	A USD	C GBP	D SGD
1 Month	6.77	6.73	6.77
3 Month	-2.81	-2.53	-2.29
Year to Date	-2.26	-1.63	-1.32
Since Launch	97.04	56.89	9.90
Since Launch †	6.97	4.96	1.64

Source: Bloomberg.

Launch Date: A: 07.10.05, C: 14.07.06, D: 15.01.10

† 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

There was a strong rally across the region in October, resulting in the index rising 7.5%. The Prusik Asia Fund was up 6.8% with most areas contributing well, except one. "Smart textile" stocks underwent a sharp correction in October following an analyst downgrade of the Taiwanese companies, based on valuation, and so all our stocks in this theme underperformed.

We have undertaken calls with some of our "smart textile" holdings since and believe that the operating environment remains very good and, moreover, that the casual wear sector is becoming increasingly important in the functional fabric area. This could be the start of the transition we expect and it is important because the global casual wear market is 8x larger than the sportswear market. We therefore believe that the sector has much growth ahead and that current valuations can be supported by this. Share prices in this theme have since stabilised.

On the positive side, our Chinese internet companies have been performing very well. We recently purchased **Baidu** which has already generated a good return. This is largely owing to the announcement of a share exchange deal between Qunar, which **Baidu** owns a large stake in, and **Ctrip**. The two companies will partially combine to form the largest online travel booking site in China by a wide margin. **Baidu** also benefitted from news that the stock will go from a zero percent weighting to a 5.2% weighting in the MSCI China index as of December this year. We also hold **Ctrip** which has returned 36% for the fund this month.

In October, the Vietnamese government instructed the State Capital Investment Corporation (SCIC) to sell down its stakes in companies where it does not have a controlling stake, in particular **Vinamilk**, which we hold. This has sparked much interest and a now denied rumour of a bid. We now believe that not only is there a good chance that selling activity by the SCIC could improve volumes but also that M&A activity, plus more buying in the market from overseas investors, could help close the valuation gap between Vietnam and the rest of ASEAN.

All data as at 31.10.15. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Pacific Textiles Holdings Ltd	4.9
Jiangsu Expressway Company Limited	4.3
AIA Group Ltd	4.1
Bao Viet Holdings	3.8
JD.com Inc	3.6
Total Number of Holdings	32

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.8x
Predicted Return on Equity (%)	16.5

Risk Metrics

Beta	0.57
Alpha	2.55
Sharpe Ratio	0.50
Volatility (%)	13.96
% of the portfolio which could be sold in 2 business days	84.31

Thematic Breakdown (%)

Vietnam	18.6	<div></div>
Smart Textiles	16.8	<div></div>
Infrastructure/Logistics/Property	13.5	<div></div>
Financials	11.1	<div></div>
Leisure/Tourism	10.8	<div></div>
Telecoms	10.4	<div></div>
Internet	7.2	<div></div>
Local Brands	5.6	<div></div>
Cash	3.5	<div></div>
Healthcare	2.5	<div></div>

Geographical Breakdown (%)

Hong Kong/China	45.5	<div></div>
Vietnam	18.6	<div></div>
Korea	9.0	<div></div>
Taiwan	5.7	<div></div>
India	5.0	<div></div>
Cash	3.5	<div></div>
Thailand	3.1	<div></div>
Singapore	3.0	<div></div>
Indonesia	2.5	<div></div>
Philippines	2.5	<div></div>
Australia	1.6	<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	197.04
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	197.17
C GBP Hedged Distributing	B18RM25	IE00B18RM256	108.33
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	273.76

Performance fee based on individual investor's holding

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	111.66
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Performance fee based on fund performance as a whole

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