

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 December 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)	64.0m
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	-0.11	1.33
3 Month	6.01	8.61
2015	-2.95	2.14
Since Launch	95.64	14.76
Since Launch [†]	6.77	5.66

Source: Bloomberg.

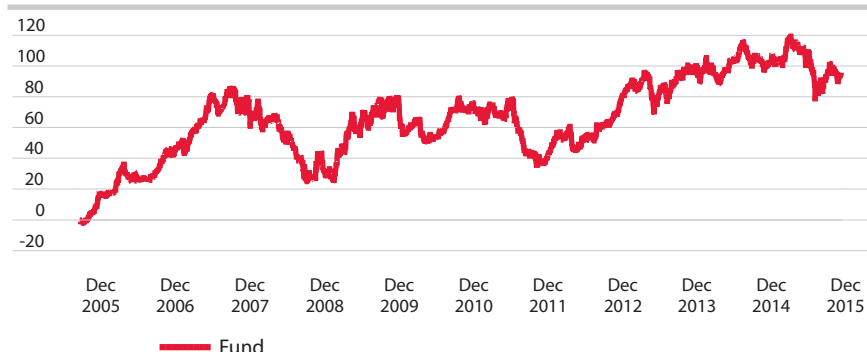
Launch Date: A: 07.10.05, U: 13.07.13

[†]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 December the MXAPJ index rose fractionally by 35 basis points, while the Prusik Asia Fund fell by 11 basis points. The main detractor from performance was our internet weighting in China where **Baidu** and **Ctrip.com** were weak following a strong November. However, some areas in China also delivered our strongest performers, notably **Shenzhou International** and **Texwinca** – both of which fall into our smart textiles theme.

In 2015 the fund generated a total return of -2.95%, which compares well on a relative basis with the index return of -8.99%. The end of 2015 also marks the third full year of running the fund on a relative return mandate. The total return for the Prusik Asia Fund from 2012 to 2015 stands at 14.4%, 16.4% ahead of the index return of -1.97%, which puts us well within the top 15% of the Investment Association (IA) Sector in terms of performance. Source – Bloomberg 31/12/12 – 31/12/15.

In addition, there are now increasing reasons why 2016 might be a better year for Asia. For investors in the Asian index it has been a frustrating few years with the last year of strong absolute returns in Asia now as long ago as 2012. As a result, we are now seeing significant foreign investor capitulation. According to industry reports, over the past 7 months this investor capitulation has amounted to over US\$30 billion of selling or to put it another way 0.3% of market capitalisation on a rolling annualised basis. Such excessive selling, as with the extreme low valuations that we have highlighted recently, has only been seen on 3 previous occasions: 2003, 2008 and 2011. Subsequent to these occasions, future index returns in Asia were very positive. Despite geopolitical and macroeconomic concerns globally and in Asia, we can see that the growing parts of 'New Asia' may well become significant enough to drive stock markets. In addition, we think foreigners are significantly underestimating the future demand for equities by the local savings industries.

All data as at 31.12.15. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Shenzhou International Group	6.4
AIA Group Ltd	4.9
Beijing Capital International Airport	4.7
JD.com Inc	4.7
Pacific Textiles Holdings Ltd	4.3
Total Number of Holdings	36

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	16.3x
Predicted Return on Equity (%)	17

Risk Metrics

Beta	0.57
Alpha	2.62
Sharpe Ratio	0.49
Volatility (%)	13.92
% of the portfolio which could be sold in 2 business days	79.85

Thematic Breakdown (%)

Vietnam	20.9	<div></div>
Smart Textiles	19.9	<div></div>
Financials	12.8	<div></div>
Infrastructure/Logistics/Property	11.6	<div></div>
Internet	9.1	<div></div>
Leisure/Tourism	9.0	<div></div>
Telecoms	7.7	<div></div>
Electric Car	3.7	<div></div>
Healthcare	2.4	<div></div>
Local Brands	2.3	<div></div>
Cash	0.7	<div></div>

Geographical Breakdown (%)

Hong Kong/China	53.4	<div></div>
Vietnam	20.9	<div></div>
Taiwan	6.2	<div></div>
India	5.2	<div></div>
Korea	3.7	<div></div>
Thailand	3.5	<div></div>
Indonesia	2.4	<div></div>
Philippines	2.3	<div></div>
Australia	1.8	<div></div>
Cash	0.7	<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	195.64
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	195.76
C GBP Hedged Distributing	B18RM25	IE00B18RM256	107.82
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	272.40

Performance fee based on individual investor's holding

U GBP Unhedged Distributing	BBQ37S6	IE00BBQ37S60	114.76
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Performance fee based on fund performance as a whole

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