

Prusik Asia Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 August 2011

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)	162.8m
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	-11.95	-11.99	-11.67
3 Month	-7.88	-7.75	-7.68
Year to Date	-9.21	-9.08	-8.81
Since Launch†	57.40	23.97	-12.16
2010	-2.66	-3.00	-3.70
2009	26.59	23.20	-
2008	-20.84	-17.70	-
2007	21.88	21.69	-
2006	33.94	13.89	-
2005	8.86	-	-

Source: Bloomberg

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

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. Since launch: 07.10.05

Fund Manager Commentary

The fund fell 11.3% which is a disappointing outcome after the strong relative and absolute returns achieved in July. The month of August was volatile, starting with a sharp index decline of about 14% and finishing with a 6% or so rally. Cyclical and exporters fell the most but, as time progressed, many companies which had held up well in the past few months were also hit hard. This, in particular, affected our performance in the last week.

Our performance numbers do require further scrutiny. Until the 22nd, when the market bottomed, the fund was 4% or better ahead of the index so our relative return was lost in the final days during the rally. Some of the failure to participate did come from our cash and futures exposure but, as mentioned, we also held some stocks which did get hurt. Lock & Lock (consumer domestic) announced a rights issue and the shares fell 30%. Other negative contributors included the technology companies such as Dynapack (batteries) and China consumer companies. However, it is instructive to note that (at the time of writing) for September to date the fund is up and has regained all and more of its losses, relative to the index, from August. This is largely thanks to the rebound in some of our stocks (CEO/Founder of Lock & Lock said he would subscribe to the entire rights issue!) as well as our defensive futures position.

We are expecting September to bring further macro economic uncertainty and possibly some earnings downgrades as Asia fails to withstand the slowdown evolving in the West. We remain positioned reasonably defensively, having made just a handful of changes to the fund in the past month. We have sold our exposure to technology and the Taiwan domestic theme for now. The latter move is for two reasons; property cooling measures by the current government and a strong call for a referendum on China policies by the opposition party.

Our prognosis for the final four months of the year is for a general pattern of weakness now, led possibly by earnings downgrades and also the Europe/US malaise and lack of leadership. This can and probably will turn on a sixpence, assuming the right actions are eventually taken by governments. We therefore can also envisage another, much longer lasting and more vigorous rally leading us into year end. On this basis we have not moved to a fully defensive portfolio, preferring to observe the quite considerable value which we can see as well as the strong growth still being achieved by our particular companies.

All data as at 31.08.11. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asia Fund



Top 5 Holdings (%)

Siam Commercial Bank	3.6
China Mobile	3.5
Newcrest Mining	3.4
Television Broadcasts	3.3
Celltrion	3.3
Total Number of Holdings	34

Futures (%)

Hang Seng Index Futures (Sept 2011)	-8.9
KOSPI2 Index Futures (Sept 2011)	-8.7
MSCI Taiwan Index (Sept 2011)	-0.4
SET50 Futures (Sept 2011)	-7.8
SGX S&P CNX NIFTY (Sept 2011)	-6.5

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	17.4x
Predicted Return on Equity (%)	25.8
Predicted Earnings Growth (%)	21.8

Thematic Breakdown (%)

Domestic Consumption/Services	28.3	
ASEAN Linkage/Domestic growth	22.3	
Cash	21.8	
Internet	7.5	
Telecoms	6.4	
Healthcare	6.3	
Uranium/Gold	3.4	
Energy	2.2	
Power	1.4	
Tablet/Smartphones	0.3	
Taiwan Cross-Straits	0.1	

Geographical Breakdown (%)

Hong Kong/China	25.2	
Cash	21.8	
Korea	17.4	
Thailand	12.4	
Malaysia	8.6	
India	7.7	
Australia	3.4	
Indonesia	2.9	
Taiwan	0.6	

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Management Fees

Annual Management Fee
1.5% p.a. Paid monthly in arrears

Performance Fee
10% of NAV appreciation with a 6% hurdle

Dealing

Dealing Line	+ 353 1 4367 200
Administrator	Citi Hedge Fund Services (Dublin)
Dealing Frequency	Weekly, Friday
Min. Initial Subscription	USD 100,000
Min. Subsequent Subscription	USD 10,000
Subscription Notice	2 business days
Redemption Notice	2 business days

Share Class Details

Share Class	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B0MDR72	IE00B0M9LK15	157.40
B USD Unhedged Distributing	B0M9LL2	IE00B0M9LL22	157.44
C GBP Hedged Distributing	B18RM25	IE00B18RM256	85.60
D SGD Hedged Distributing	B3LYLK8	IE00B3LYLK86	218.79
Performance fee based on individual investors' holding			
N USD Unhedged Non distributing	B3LP510	IE00B3LP5101	157.40
O USD Unhedged Distributing	B3M40N3	IE00B3M40N30	157.47
P GBP Hedged Distributing	B3MWDD8	IE00B3MWDD86	85.34
Q SGD Hedged Distributing	B3M3Z35	IE00B3M3Z357	218.05

Performance fee based on fund performance as a whole

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