NAV Updates

Series	*JAN 2010*	*MTD*	*YTD*
Class A	160.88	-9.67%	-9.67%
Class B	160.95	-9.66%	-9.66%
Class C GBP	87.59	-9.73%	-9.73%

Fund Size $379m

Performance

2005Q4	+8.86%
2006	+33.94%
2007	+21.88%
2008	-20.84%
2009	+26.59%
2010 (YTD)	-9.67%

The Prusik Asia Fund fell 9.7% in January, an uncharacteristic and disappointing performance for us in weak markets. There were a number of factors which coincided against us. Firstly, as you may remember, we started the year quite fully invested. We were fully aware and had indeed written about the inflation risks in China but had anticipated this would not have become a major issue before mid-year. We were also not expecting that bank lending would start the year so aggressively nor that the two coincident factors would bring about the very abrupt change of tone from Beijing as illustrated by the subsequent hikes in reserve ratio requirement and curbs on the bank lending that we have since seen. Thus, with 26% of the fund in Hong Kong and China the fund was negatively impacted. This was compounded by falls in Taiwan, another large exposure in the portfolio, where a combination of increasing tensions with China over the US weapons sale to Taiwan and a resurgence of an eight year-old lawsuit against the Far East Group regarding their purchase of Sogo Department Store caused a few of our holdings to fall by their limits a couple of days in a row. Finally, as is always the case in falling markets, although we did raise cash and quite quickly, a truly defensive portfolio is only really achieved by switching to defensive areas within the remaining investments. Inevitably, our remaining investments were still marked down as the Greece debacle unfolded and risk assets fell.

Our experience in January has had us back at the drawing board with a vengeance. We feel enormously frustrated by our own performance not least because we do actually hold quite a cautious view of the world in general and we were perhaps too focused on the bottom up and domestic investment environment in Asia, which largely remains very positive. That having been said we also feel that during January much has changed in the international world as well as in the region, and not all for the good. The recent equity performance in Asia has illustrated yet again that decoupling is still a way off, so we must also take very seriously any risks from the international environment in coming months. In particular, here are some of the things which concern us today which we read less about in general commentary.

Firstly, but perhaps not imminently, we see storm clouds gathering in China. We have written extensively on this below and would highlight that the timing of any real fallout is probably some way off, possibly even years, and may even be escaped altogether if the economy finds a strong domestic growth path. Nonetheless, the struggle the leadership now faces in keeping growth on track, inflation manageable and hot money at bay, exports afloat, social stability, reasonable employment levels and adequate supply of food and resources is titanic. This will likely bring increasing tension between China and the outside world and probably generate some major shifts in general domestic policy. Both these factors bring a certain unpredictable risk element for equity investors and stock markets dislike uncertainty.

Secondly, whilst some would argue that growth was non-existent a year ago and now appears to be back on track, we would also point out that a year ago oil was at $40 not $80, that copper was $1.50 per pound, the US dollar was 7% more expensive, the VIX was above 40, 10 year bonds were 2.7% not 3.7%, BAA corporate spreads were 550bps not 260bps, the Fed had no mortgages on its balance sheet (now it holds $1trillion), the US federal deficit was $700billion not $1.5trillion, the ISM was at 35 not 58 and real GDP in the US was sliding at 6.4% annual rate not growing at 5.7%. In short, we fear that the rate of improvement in the economy must at least be at risk of slowing and that the second derivative can be very important in the absence of other driving factors.

Thirdly, we fear that it will be liquidity not growth which will most likely drive equity markets from here. Leaving aside the various tightening measures we have seen around the world in recent weeks and the ongoing and, in our view, rising risk of sovereign default and the attendant possible step function rise in risk free rates, we note there is another important and counterproductive factor at play. Basle III rules are placing huge strain on banks at exactly the time they should be able to start lending growth again. The rules focus on four key adjustments to Tier 1 ratios. This is particularly the case in the West where liquidity is more badly needed but even in Asia 18 banks will require an additional $147billion by 2012 to comply. This will result in undue capital retention, analyst estimates in the order of $173billion in the coming three years, which equates to US$2.2trillion of risk weighted assets not created in that time. This in itself is a kind of tightening and represents 13.7% of regional GDP. The countries least affected are Hong Kong, Singapore, Indonesia and Thailand. We do not know what Basle III rules mean in terms of reduction in future lending in the West but would guess it is significantly greater that in Asia.

Fourthly, these days investors will have less trouble imagining the worst or believing their darkest expectations might be met. Before 2008, many investors had never before encountered such markets and so they never took action to avoid them. 2010 holds no such suspension of disbelief and this is coupled with very weak confidence in the recovery and indeed confidence in governments to do the right thing. Therefore any bad news is likely to be met with a more powerful and instant response, making stock markets more volatile and possibly even drawing policy makers to reduce market freedoms in an effort to dampen gyrations.

Fifthly, if economic conditions were to deteriorate further we must watch vigilantly for signs of real political change, especially in the US. We are no experts but we recommend following the extraordinary growth we are currently seeing in the Tea Party movement in the US. We are also stunned that in recent weeks the US Supreme Court has ruled that corporations can spend unlimited funds on political advertising and in any public election.

All this having been said, we do also recognise a very real chance that government policy could veer towards such extremes in order to stave off further crisis that it lights another liquidity fire under equities and sends stock markets once again to new highs. In particular, we sense a real desire by market participants to read this intention from policy makers! Investors thus face an unenviable task of weaving through a year which will likely be wrought with uncertainly, policy risk, ambiguity and volatility. It won't be all bad and Asia may well offer real refuge. Indeed for those who would like to add to their Asia funds, at some point we also expect a real opportunity to do so.

At Prusik we are now positioned with significantly less of the fund invested and we are currently reviewing our existing themes and a few others which we believe have more defensive and 'all weather' properties, on which more below. We expect to find genuinely attractive re-entry opportunities in some of our themes and are making our investment valuation criteria more conservative to account for the uncertainties ahead. In the meantime we are 'travelling light' and holding a reduced list of investments which we feel will deliver a good 'total return' throughout the year. We feel more comfortable not holding the more highly valued, widely held and economically sensitive companies at this stage. The themes we still like include telecoms, healthcare, gold, nuclear, yield, China internet and Ebooks.

Risk Free Rates

From a valuation perspective, we have been feeling for a while now that valuations no longer looks as attractive as they did in the early parts of 2009 and in some areas they have recently become quite expensive. In addition we believe that both companies and analysts are still expecting the availability of credit to remain robust and that the cost of it will remain low. However, in reality what we are already seeing in the region is the exact opposite. A number of central banks have started to tighten in some form. Australia has raised rates while China and India have both increased the reserve requirement for banks. It is possible that tightening is not yet over and indeed it is conceivable that other countries will follow. While it is likely that access to credit, at least in the short term, will remain accommodative, we do not think that analysts are yet factoring in the possible impact of an increase in the cost of credit. The impact of this could be quite significant, especially when rates actually move up from their current low levels. Ultimately, the value of any equity is based on the discounted value of its future cash flow. If we assume that other factors, namely the equity risk premiums and long term growth rates remain unchanged, an increase in funding cost should lead to a compression in equity valuations.

This can be illustrated simply, using the Gordon Growth Model (our preferred model for looking at companies). This model states that the Fair Value Price/Book ratio is equal to the Return on Equity less the long term growth rate divided by the Cost of Equity less the long term growth rate. The Cost of equity is based on the Risk Free Rate plus the Equity Risk Premium. Taking China as an example our universe has a mean ROE of 16%. We assume as a base case that long term GDP growth will be 5% and that earnings growth will be in line with this and the cost of equity is 8.5% (assuming an equity risk premium of 5% and a risk free rate of 3.5%, in line with the current long bond yield). On these assumptions, the fair value Price to Book for the universe is 3.1x. If we assume that the risk free rate increases by 100 bps then the fair value Price to Book would fall to 2.4x. A decline of 30%.

This is a very simplistic example and the market will likely view significantly higher funding costs as having an impact on the other variables including the long term growth assumptions and the equity risk premium. However, it does illustrate that it is easy to be complacent on valuations and small changes in assumptions can have a material impact on what investors perceive as fair value for a company. This is important to highlight as should there be any sovereign risk incident which pushes up risk free rates globally or even in some equity jurisdictions, the negative impact on equities could be found to have been significantly underestimated.

China

Charles Darwin famously followed a discipline whereby every time he came across a fact which opposed his view, he immediately noted it down. This, he argued, meant he wouldn't forget the fact. No doubt his opinions also remained up to date, incrementally flexible and less vulnerable to confirmation bias.

For the last few years the world has doted on China and now even Anthony Bolton has joined the China party. However, the Shanghai share index peaked last August and during 2010 so far we have now seen two Reserve Rate hikes and one higher than expected CPI print from December. China remains a lynchpin in global sentiment as well as regional growth, so we think it is crucial at this stage to review some of the more negative facts and commentary we have noted in recent weeks.

Our first area of concern is inflation. December's CPI, announced mid-January, rose 1.9% and despite being 95% attributable to the rise in food prices was sufficiently ahead of analysts' forecasts to cast a nasty shadow over equities. January's CPI, announced more recently, was less problematic and came in at 1.5% and was received well. However, the January PPI number rose to 4.3% in January up from 1.7%YoY in December. Goldman Sachs, who are China bulls and have been minimising the inflation threat, suggest that sequential PPI growth has been in the order of 20% annualised over the past two months. Such a high PPI rate might be consistent with 10% inflation in the broad general price industries for China and would also be consistent with the very high sequential nominal GDP growth we saw in the final quarter of last year. Indeed 4th quarter real GDP grew by 10.7% but the real absurdity came at the nominal level where in YoY terms GDP grew 26.5% up from 5% in the third quarter and 4% in the second. On an annualised basis therefore China's fourth quarter nominal GDP grew over 100%!

It is important to note that this acceleration was not echoed in one other statistic from Beijing and it is hard not to sympathise with one respected China commentator who wrote 'we have chosen not to grace China's latest GDP story with full analysis, given it was so riddled with inconsistencies and improbable outcomes'. However, we think it is important to be aware that, at the very least, we are not getting the full story but perhaps the disconnect is bigger than usual. Moreover, as the saying goes, there is no smoke without fire. The diehard bulls suggest that the sequential progress of year on year inflation will iron out this recent bump by mid-year as last year's comparative data becomes less benign. They also argue that due to general overcapacity the big jump in PPI will not be passed into the economy, simply resting with the manufacturers where, presumably, there will be great margin pressure and pain. Our sources close to the ground do report real pain at factory level regarding input prices but also on wages. Jiangsu province has just announced a 13% minimum wage hike and factory managers on the east coast will admit to a 17% shortage in workers. Indeed the South China Morning Post carries an article as we write, suggesting that east coast factories are having to give extra incentives to entice workers back to the factories from the rural provinces.

The risk is that after Chinese New Year not only will factories raise prices by an average of 10%, as our sources suggest, and with some goods rising significantly more but that wage increases become more pernicious, rekindling the inflation flame. Therefore, the likelihood that China's inflation will top 5% in coming months and prompt real tightening by the government must be rising. We should at least expect more tightening noises and localised intervention as we have already seen in the property sector. The West must also look out for a jump in imported inflation.

Our second concern is the massive bank lending spree. Banks, having reined in the early lending explosion last year, once again started 2010 with a bang. In the first two weeks of this January roughly a fifth of the full year's lending budget was in motion although this time the government stepped in hard to control and slow the lending, causing a recoil in the stock market. There is a simple and very important cycle in China whereby local governments make land sales to property developers. The proceeds are extremely important in funding the outgoings of these local governments. Equally important are local government land banks which are used as collateral by local governments to borrow money from banks. This money is typically put into a City Investment Vehicle (CIV) and is in turn used to build urban infrastructure which provides a big part of China's growth. Indeed, in 2009 land prices roughly doubled in some areas in China and this probably explains how last year Fixed Asset Investment made up a disproportionately large and unsustainable portion of GDP (we have read estimates of up to 67%!). The Chinese have a saying to describe how this part of the economy works which translates as 'swapping time for space'. In short what the local governments are doing is assuming that tomorrow's tax revenues and land sales revenue will pay for the spending by CIVs today. Perhaps this sounds a bit too familiar?

A research report by Standard Chartered suggests that the amount of lending to CIVs has risen to dangerous levels. Indeed it is reported that in Chongqing some 60% of the city governments land now sits in a CIV (as collateral). In 2007 and 2009 land sales accounted for some 50-60% of Hangzhou's revenues. The report concludes that there are some 5000 CIVs across the country and together they have borrowed some RMB 6 trillion, which, if anything close to reality, is 17% of GDP!

Suffice to say that there are implications here for the banking sector on a 4-5 year view when many of these loans come due. This is also a risk for the property sector, which may sag under the weight of over supply and over capacity after recent activity. It is most concerning for the future of local government spending if such revenue streams are shut off either by government curbs on lending or land sales. We should remember that, this being China, none of these problems will necessarily surface immediately or with the severity that these numbers suggest. However, the folly of over lending rarely goes without some recompense and at the very least we may see more austerity and retrenchment within the Chinese economy than the headline numbers currently suggest is neither necessary or likely.

Our third concern regarding China is over international relations, especially those with the US. In recent weeks we have seen tensions over Google, cyber attacks, the US selling arms to Taiwan, the Chinese currency, the US imposing duties, the US not letting Chinese businesses buy US ones and patents. Last week the Telegraph carried a piece headed 'China orders a retreat from risky assets' reporting that the Chinese government had ordered its investment vehicles to reduce exposure to US assets other than those with a sovereign guarantee.

Meanwhile the international business community is becoming very disillusioned with doing business in China and many feel their domestic partnerships are being abused. At the same time they say they have seldom seen the Chinese government more unsettled and uncertain. No doubt international stardom and a meteoric rise into the global business cycle has thrown the meticulous planning of the central party into some disarray. Fear and insecurity can create some extreme responses and we must be careful not to miss any of the warning signs from either side. It is quite possible that Deng Xiaoping's wise words to 'keep a low profile and hide your claws' whilst building up your strength may have been lost in the roar of recent economic success.

In summary, we have chosen, this month, to focus on the negatives regarding China as we have seen so much positive commentary for so long. We certainly feel much more cautious regarding our investments in China as we can see that policy direction and sudden changes in government stance will be an ongoing risk this year. We suspect that the very worst case that one could derive from our comments above will not come to pass. There is still much China can do to ameliorate these risks but we do recognise that every country en route to a higher value added economy has setbacks, credit crises and periods of retrenchment from which they emerge stronger. We offer Korea as a good example of this. Hence the buildup of clouds over China under normal circumstances might not be too remarkable or unexpected. The risk barometer however, given the timing in a global context, shows higher than normal pressure.

E Readers and Content

In our recent trip to north Asia we were stunned by how many eReaders will be launched this year. For example very soon you will be able to take a trip down to WH Smith and buy their eReader (made by a Korean company called iRiver). The WH Smith's eReader is a simple offering we must add, but none the less is likely to appeal due to its low cost, and before long you can be instantly downloading discount priced books and in your own time. This still all bodes very well for our investment in E Ink technology owner, Prime View which has a huge market share in providing the screen technology for all these devices.

However, the reason we are highlighting this again is because of an interesting anomaly in the content world. Since the technology boom of the late 90's ended, content has been a dirty word. The internet spawned a love of all things free and provided us with a hundred ways of not paying, but we wonder if this is about to change?

Firstly, we think that the Apple iPad could play a massive role. Here is a device which we think could, in its second or third generation, be as important again as the desk top. Once OLED screens are priced at commercial levels then colour screens, with no back lighting or shimmer to hurt the eyes, will give a product which can be an eReader and internet device in one. It might even roll up! On it you can play games and movies, search the net, subscribe to publications whether on the train (3G and next 4G) or at home (WIFI) and no doubt indulge in many more applications still yet to be developed. The fact that Apple are so ahead of the game is not just about the hardware, it is about the applications and easy and convenient access to content. In short, Apple is starting to tame the user back into paying for content (whether its music or movie downloads or applications bought for a few pence).

Far more importantly, this new device will revolutionise how we receive content to such an extent it will feel completely new. We implore you to take 4 minutes to watch the presentation on http://www.wired.com/epicenter/2010/02/the-wired-ipad-app-a-video-demonstration/ which shows how we might be receiving content very soon. We contend what we are seeing here is something sufficiently different, and, crucially, convenient, that people will pay for it.

A recent anomaly occurred last week when it was announced that wholesale ebook revenue in the US tripled in 3Q 2009 to $46.5million. Furthermore, Macmillan achieved something unheard of and announced an agreement with Amazon to raise the average price of a book to $12.99 from $9.99 and to reduce Amazon's share in sales to 30%! Allegedly, five other major booksellers have struck similar deals with Apple. Suddenly, the power is back with the content providers and with both Google and Facebook likely to try to join the fray, content, if anything, may find itself as hot property again. Of course this is early days, but we also think there is a major Trojan horse entering the citadel of the consumers free ride and that is convenience. Ease of download, ease of storage, ease of access will be very important.

We also spent some time in Korea last month with local content providers including the biggest online bookseller in Korea, Yes24 which has 40% domestic market share and for whom ebook selling is just taking off. Yes24 told us that the publishers operating margin for ebooks is 15% versus 10% for paper books and their own margin is double for e books, given the reduction in delivery and other costs such as storage.

We may be on the cusp of a publishing revolution.

Telecoms

Last year we made a case for the telecoms' industry as one which not only represented extraordinary value but where revenues were improving. This was due to migration by consumers to smartphones and 3G and the subsequent explosion in data traffic and attendant higher tariff charges, which in some cases, such as with the iPhone, were 50% higher or more than for traditional users. For the fixed line companies the increase in smartphone penetration is equally important as they now represent 20% of all new handset sales globally. The number of devices with Wifi capability is therefore rising fast meaning that data can and will be downloaded via the fixed line networks whenever possible. If any of you are trying to use an iPhone in the central London area you will already be painfully aware of how frustrating it can be to get online via the mobile network and how much easier it is a grab a Wifi connection if you can. Thus the stagnant revenue problem dogging the fixed line telecoms now has new life and the increase in data traffic should greatly enhance the overall value of their network. Finally, although we concede it is still early days for this, we do believe that telecom companies are massively underplaying their potential for adding new revenue streams such as bill to mobile, credit services, applications stores and content sales.

In January, we reinvested in a selection of the better and cheaper telecoms stocks, carefully selecting companies where competition was negligible, smartphone penetration rising, valuations very attractive and whose shares are further supported by a good dividend yield. So far relative and absolute performance has repaid our patience with the theme and some of our frustration from last year!

Nuclear Power

We have written in previous reports about the huge changes that are to occur in the nuclear power generating industry. To recap, we expect a five-fold increase in capacity additions through 2020 to around 15GW per annum, largely driven by Asia, rising to 25-30GW by 2030 as Western expansion kicks in. This will be significantly larger than the last expansion programme in the late 1970's, and we expect at least 3 times as many plants to break ground in this decade versus the last. Over the last few years, wind power expansion has been the 'clean and green' new energy source. However, the top 10 users of wind power in the world only source (on average) 7% of their overall energy needs from wind and are already warning that this may be close to their ceiling and saturation points. The top 10 countries in nuclear power generation derive over 50% of their electricity needs from this source, illustrating the amount countries like China, with only 2% nuclear power, have to catch up.
The last expansion phase in the early 80's (which passed Asia by) was plagued by execution problems and crippling high interest rates, the hangover of which is still felt today in the form of high discount rates used by lenders. Most analysts use a cost of capital above 15% in valuing future cash flows. We suspect that given technology has moved on since those days, 15% will prove too high. Were the cost of capital to fall to 12%, nuclear power becomes as cost effective as electricity generated from coal-fired plants and is cheaper than gas alternatives. With the new US administration expected to issue government loan guarantees for up to USD 55bn to the nuclear power plant industry, perhaps a 15% cost of capital looks unreasonable, Furthermore, if carbon costs are factored in, nuclear immediately becomes the

cheapest generation source. This huge capex cycle bodes well for a supply chain that has been severely pruned over the years. Since the 1980's the number of "N" stamp approved suppliers of parts for nuclear plants has fallen by 70%. (N stamp being an effective license companies require to manufacture nuclear components.) A number of Asian companies are alleviating some of the supply bottlenecks, and this is where we see interesting investments. We estimate the market globally is worth USD 50bn annually.

Asian expansion is largely driven by China where the core reactors are supplied by Toshiba / Westinghouse. Korea localised its nuclear industry in the late 80's and is, as is often the case between Japan and Korea, catching up on Japanese dominated technology fast. It is likely that the Korea Electric Power -led nuclear consortium will land a good deal of emerging market projects outside China, with the recent contract it won in the UAE, a case in point. India still has international treaty conflicts to overcome after it was shunned by the international nuclear community for testing atomic weapons post the non-proliferation treaty in 1969. In 2008 India was readmitted to the nuclear club, but still needs to pass sensitive legislation through Parliament to allow uranium to be supplied for power generation uses. Without this it would be forced to rely on unsuitable low-grade uranium. The Indian nuclear story is less immediate than China's.

The fund holds Doosan Heavy in Korea, a key parts supplier to the KEPCO-led Korean nuclear plant construction consortium. Doosan is well known to Prusik when we invested in 2005 on the back of desalination plant orders that rocketed gross margins and ROE. Returns were also helped by the fact that shareholders appointed new management to the company who worked with McKinsey to straighten out noncore assets. Although we profited 5-fold on this investment, the shares actually went up 9 times! This time nuclear orders are forecast to become over 20% of the new orders, as the overall order book is doubling this year from 2009 levels and legacy low margin projects are unwinding. This should allow Doosan’s operating margins to recover to 06/07 levels of nearly 8% (currently 4%) and ROE should rise above 20%. Ironically and perhaps proving that leopards don't change their spots, Doosan's noncore exposure to Bobcat in the US, which was bought by a subsidiary company at the top of the 07 cycle and stretched the group financially, is now recapitalised and profitable. The icing on the cake at Doosan is that we suspect the forging division that makes the steam generators and reactor vessels parts is probably the nearest competitor to Japan Steel Works in the world. At one point, Japan Steel Works had a virtual monopoly in this field. Reactor vessels are a key bottleneck in the nuclear supply chain, returns will be high for those with expertise to forge these. Doosan is our top pick in this field. We also have two other potential candidates we are analyzing, one in China and one in Korea, of which we will write more next month.

Yield

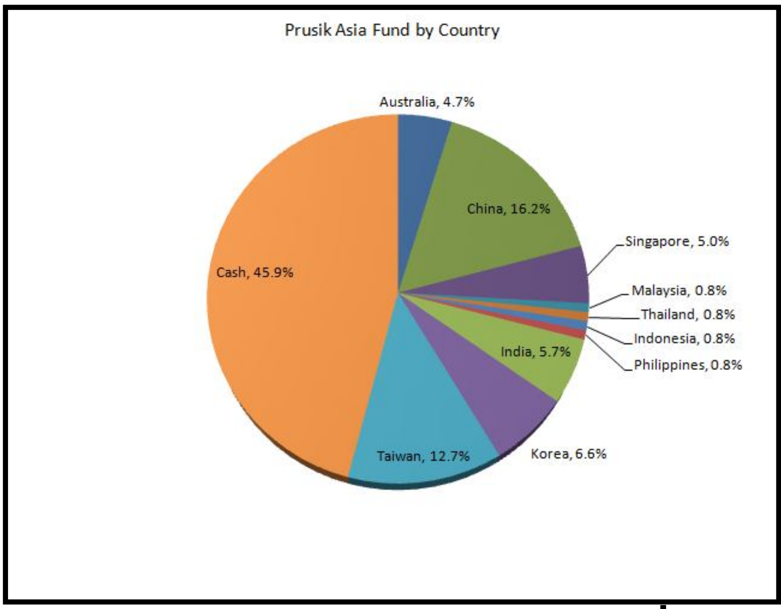
If you are a UK pensioner you are faced with a miserable task of finding yield. Apparently 8 stocks now contribute 50% of the FTSE 350 dividend income. Moreover, although there are no doubt some opportunities in corporate bonds, Gilts are apparently ‘sitting on a bed of nitroglycerine’ according to PIMCO, so earning a decent income from savings is becoming exceedingly difficult. In Asia, by contrast, 35 stocks contribute 50% of the index income and CLSA can find 99 stocks yielding over 5% in 2010 under their analyst coverage, more than half of which trade over US$5million per day.

Importantly in Asia many of these are stocks have very strong balance sheets and rising free cash flows meaning, if anything, that the opportunity to increase dividends is real. Indeed, as we wrote last month cash piles are becoming embarrassingly big for some companies and if they are not used soon for expansion or acquisition then raising dividends may be one of the few options left to keep shareholders interested. Asia has never been an investment area sought out for yield but given the domestic growth opportunities, strong domestic environment and undervalued currencies this could soon change and high yielding stocks could do very well in the coming year.

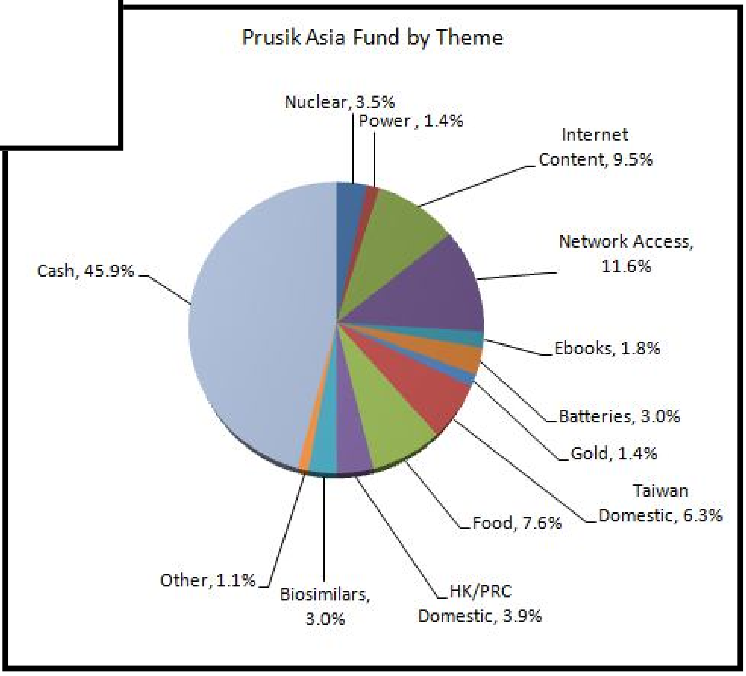
At the end of January, the invested portion of the Prusik Asia Fund, was trading on a weighted average CY10E PER of 15.6x and CY11E PER of 13.5x with 39% EPS growth forecast for 2010 generating an ROE of 22.7% for that year.

Heather visited Taiwan and Korea in January and Amit spent a week in India reviewing holdings and seeing some potential investments. Heather visits Singapore, Hong Kong and Indonesia in March and Amit China and Hong Kong.

PRUSIK ASIA FUND
TOP LINE FIGURES — JANUARY 2010



Number of holdings 25
Percentage of Fund invested 54.09%



	Top 5 Holdings	%
1	WILMAR INTERNATIONAL LTD	3.1%
2	TENCENT HOLDINGS LTD	3.1%
3	CHINA MOBILE LTD	3.1%
4	DYNAPACK INTERNATIONAL TECH	3.0%
5	DR. REDDY'S LABORATORIES	3.0%

PAF Monthly Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005										-1.9	5.64	5.08	8.86
2006	7.71	0.09	1.84	10.1	-1.95	-0.45	-1.72	0.02	1.23	3.9	7.64	1.97	33.94
2007	-0.01	1.28	3.05	4.08	3.58	4.79	3.77	-3.75	5.67	2.61	-6.33	1.93	21.88
2008	-6.78	6.91	-8.06	1.81	0.67	-7.69	0.21	-5.34	-5.33	-7.37	0.02	9.75	-20.84
2009	-6.9	-2.9	11.2	4.46	10.7	-2.69	6.77	-4.94	6.42	-2.45	4.08	2.12	26.59
2010	-9.67												-9.67

Key Parties to Fund

Investment Manager	Prusik Investment Management LLP
Administrator	Citi Hedge Fund Services (Dublin)
Custodian	Brown Brothers Harriman (Dublin)
Auditor	Ernst & Young
Legal Advisors	Dillon Eustace (Dublin) Simmons & Simmons (London)

Key Terms

Denomination	USD
Dealing Day	Weekly (Friday)
Minimum Subscription	USD100,000
Min Subsequent Subscription	USD10,000
Subscription Notice Period	2 business days
Redemption Notice Period	2 business days
Dividends	
Class A	$ Non distributing
Class B	$ Distributing
Class C	£ Hedged Distributing
Class D	SGD Hedged Distributing

Prusik Investment Management LLP
Third Floor, 45 Charles Street, London, W1J 5EH.
Tel: (+44) 20 7493 1331
Email: emma.bonham@prusikim.com
Web : www.prusikim.co.uk Fax : (+44) 20 7493 1770

Manager Fees

Management Fee	1.5% p.a. paid monthly in arrears.
Performance Fee	10% of NAV appreciation. With a 6% hurdle.