Prusik Asia Fund Plc

FSA Authorised
Recognised Schedule 5

Prusik Investment Management LLP

An Independent Asian specialist investment manager

NAV Updates

Series	*April '07*	*MTD*	*YTD*
Class A	158.37	+4.08%	8.61%
Class B	158.37	+4.08%	8.61%
Class C GBP	85.35	+3.86%	8.53%

Fund Size $282m

NAV Update	**April 2007**
Class A USD	
Non distributing	USD158.37
Class B USD	
Distributing*	USD158.37
Class C GBP	
Distributing*	GBP 85.35

The fund rose over 4% in April largely driven by the performance of investments in the Korean capital goods sector where we had previously been raising our earnings aggressively. A number of our thematic trends are becoming more well known now and we are anxious not to be caught out by maintaining investments in companies or themes which have risen to unsustainable levels. This anxiety is normally a reasonable test case for where Asia overall stands from an "overbought" perspective. The short answer is that we are not yet seeing the valuation excesses we encountered last May. However, we think that it is sensible to take profits in light of some of the recent upward share price moves. This is especially the case within the alternative energy theme. As of today the overall portfolio is priced at 13x 2008E earnings with 25% earnings growth forecast for next year – numbers that we are comfortable with.

Food

The recent inflation number from China seemed relatively benign at 3%. However, the food component came in at 7%. Grain price increases have been well documented since last year, not least in these pages, and we reiterate our view that China will become a net importer of grain within 18 months. This will likely push prices even higher. At the moment, however, China appears to be in a state of denial. Australian sales of malting barley to China, usually its biggest market, could plunge by as much as 75% in 2007 as China is refusing to pay the higher prices caused by the chronic drought in Australia. Instead, China is substituting malting barley with rice, malting wheat and other grains. This will shield them, at least, in the short term, from the cost of malting barley, which has risen 50% this year. However, we shudder to imagine what the beer will taste like.

Milk prices are now rising at the fastest rate ever, up 60% in 6 months on the Chicago Mercantile Exchange. As a result, a number of US food giants such as Hershey and Dean Foods have already given profit warnings. The difference this year is that, for the first time, the government surpluses, those legendary and comforting butter mountains and milk lakes in producing countries such as the US, no longer exist. In 1983, the US held 2.7 billion pounds of surplus dairy products. However, USDA data shows that the last of this surplus was sold in 2006. Similarly European warehouses, which stored 200,000 tons of milk powder in 2003, are now empty.

World demand for dairy products has soared 14% over the last seven years, outstripping demand for even oil. The annual increase in global demand is now equal to the entire production of New Zealand. China's demand for milk is expected to increase by 15% per year for the next few years as disposable income rises. This is also having a big impact on demand for more high end food products as well such as processed meat, which, in turn, increases further the pressure on grain prices.

Food shortages may well start to play a bigger role in our not too distant future. While in China, for example, this may now only be restricted to beer, we should not underestimate the political, social and economic shocks that such shortages could bring. About 12% of the portfolio is in companies which will benefit or are currently benefiting from food price increases.

Urea – Driven by rising grain prices, there is a massive demand for fertilizer, for which urea is a key raw material, in China and India. This, combined with the rising price of natural gas, the major raw material for urea manufacture, has led urea prices to soar globally. Taiwan Fertilizer, a perceived 'asset play' in Taiwan with an undervalued domestic land-bank, and rents now jumping 40% at reversion, trades on a Price/Book Value of around 1x only. It now makes around 80% of its profits from its 50% owned urea JV in Saudi Arabia. Costs are fixed and expansion into other chemical products which can also take advantage of these trends are now under way. Recently announced results for last year saw profits rise by 50%. The price of urea continues to soar, having risen over 20% YTD by the end of February, 2007 alone.

Broadband

If you like reading sci-fi or enjoy reading the predictions of good scientists or futurists, we like Professor Vernor Vinge who meets all three categories, then you will know that our future certainly includes a perfect blanket coverage of wireless broadband of limitless bandwidth. If you live in London or happen to be at the mercy of BT broadband, or for that matter travel regularily using airport internet connections, you will know that this is very far from the case. Broadband speeds seem actually to have been falling as the number of users has risen. It is not uncommon to be 'bumped off' altogether. If you add into this equation a possible increase, in short order, of up to 3 billion new broadband users globally who will all also be wanting to watch HDTV streamed from the internet, it is not hard to see that the massive overcapacity we were left with post the tech boom is now filling up. Companies holding 'dark fibre' are now in possession of something very valuable and keen eyes are on the look out for new wireless technologies which will leapfrog whole cities into internet nirvana at minimum expense and hassle. We do not pretend to have seen the perfect solution yet. However, you can guarantee it will be made and adopted fast in Asia. In the meantime, traditional spending on switches, WIFI equipment, modems and digital home products is rising fast. D-Link and Alpha Networks in Taiwan are very well placed to benefit from the convergence of these technologies. Apple's I-TV will be a catalyst here allowing us to wirelessly send internet content to our TVs, and of course content will continue to be valued more highly as the number of channels increases.

China A shares

Scarcely a day goes by these days without another article terrorising us about the coming bursting of the China domestic stock market bubble. Our favourite story so far, from the Asian press last week, told of Buddhist monks leaving their temples to become day traders! We would certainly acknowledge that the charts are parabolic, and we know that never ends well. Of course we don't know when, we would be mad to try to predict. However, we thought it might be fun to play devil's advocate.

First, as we have mentioned before, management incentive schemes in China are becoming increasingly common and with them come multi year trends of rising returns and better quality profits. Such a trend powerfully underpins a stock market. Second, average profits growth in the 1Q was around 48%. While such growth is unlikely to be sustained for the full year, it provides further justification for share prices to rise. Third, China has a closed capital account with only a tiny foreign presence in the market. Domestic liquidity is booming thanks to the huge trade surplus and the currency is beginning to strengthen against the US$. The property market is strong. Where else can local investors put their money?

This exact same set of circumstances propelled the Taiwan stock market into the most extraordinary bubble 20 years ago. Between 1986 and 1990, the Taiwan stockmarket, in US$ terms, rose 16 fold! By these standards, China has another four fold to go.

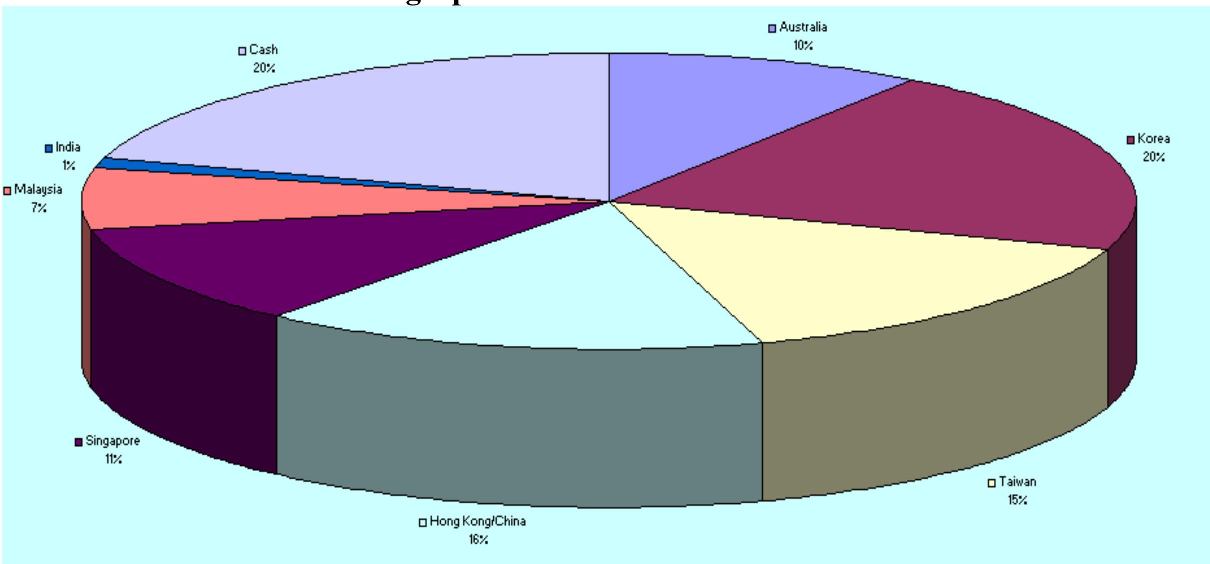
But please don't panic, we have a very modest exposure to China A shares. No doubt the Chinese authorities will have learnt also from the Taiwan experience and so are unlikely to let things get so out of hand. In Taiwan the denouement was so ugly that shares have still not even regained half their previous highs.

Simon is in Singapore seeing 31 Asian companies this week. Heather returns to Thailand in early June to see if anything has really changed in the world's biggest rice exporter.

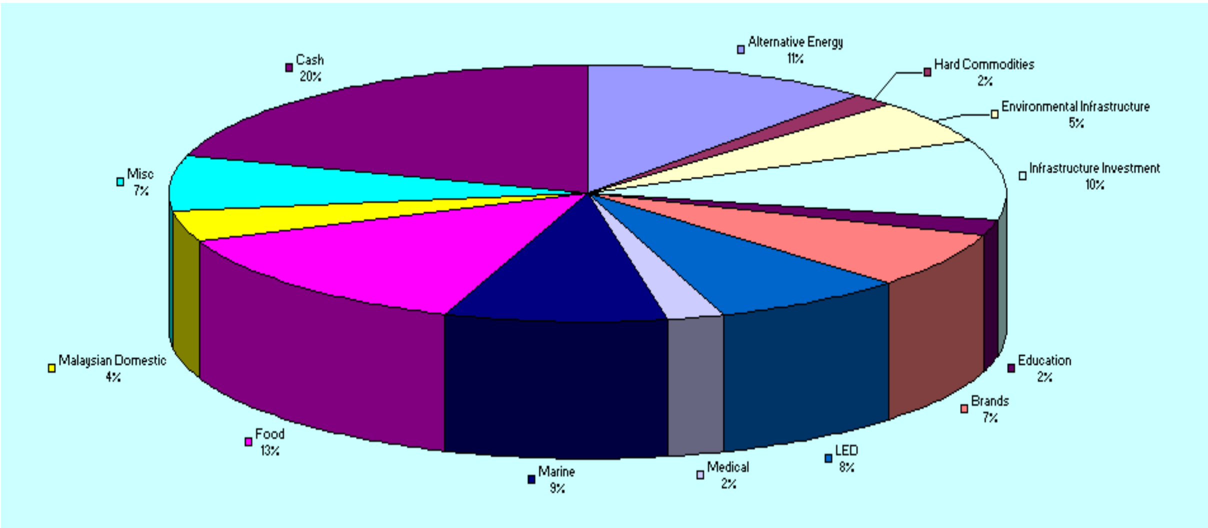
Top 5 Holdings	%
CHINA MOBILE LTD	3.2%
GUNNS LIMITED	3.0%
CHINA YURUN FOOD GROUP LTD	3.0%
HAN KUK CARBON CO LTD	2.8%
COSCO CORP SINGAPORE LTD	2.7%

Number of holdings	47
Percentage of Fund invested	80%

Geographical Distribution



Distribution by Theme



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005										-1.90	5.64	5.08
2006	7.71	0.09	1.84	10.14	-1.95	-0.45	-1.72	0.02	1.23	3.90	7.64	1.97
2007	-0.01	1.28	3.05	4.08								

Key Parties to Fund

Investment Manager	Prusik Investment Management LLP
Administrator	Bisys 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	None
Class B	Annual
Class C	Annual

Prusik Investment Management LLP
Third Floor, 45 Charles Street, London, W1J 5EH.
Tel: (+44) 20 7493 0929 Email tony.morris@prusikim.co.uk
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.