PRUSIK

LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

Prusik Asia Fund

Quarterly Investment Report
30 September 2016

FOR PROFESSIONAL INVESTORS ONLY

Prusik Asia Fund Quarterly Report September 2016

Over the third quarter the fund rose 7.6% versus the index which rose 9.8%. The geographical areas which contributed most to performance were China and Vietnam. Notably two of our top performing companies were in Vietnam, including **Vinamilk**, which is due to remove its foreign ownership limit soon. **Tencent**, the leading games platform in China was also a strong contributor to performance this quarter.

On the negative side, geographically, our holdings in the Philippines and Thailand were a drag on performance. We expect our Thailand exposure, where we only have one holding – **Sino Thai Engineering and Construction** – to pick up. We met with management in September where they informed us that the company's order book is at record highs, reflecting the rising infrastructure spending trend in South-East Asia. In the Philippines, we have recently sold our one position here, **Robinson Retail**. Recent results indicated a deterioration in the company's competitive position, which in turn raised broader concerns about the company's long term earnings.

Thematically, the biggest detractor from performance for the fund this quarter was the clean energy theme. Our holdings in this theme comprise two Chinese solar companies, one Korean electric vehicle (EV) battery companies, the leading player in China in the new energy bus market, **Yutong Bus Company**, which is also an A-share and **BYD**, China's vertically integrated EV car OEM. We have written more regarding the solar theme below, but feel confident that the two companies we own, **Xinyi Solar** and **GCL Poly** are the best way to gain exposure to this rapidly growing industry. Note that global penetration of solar still stands at no more than 1%! On the EV side, the difficulty we faced this quarter was in fact not an issue from the EV industry itself, but from the exploding Samsung Note 7 smartphone, which negatively affected battery maker, **Samsung SDI**. We have also seen this sector battle with negative sentiment as the Chinese continue to refuse Korean battery makers a licence in China for EV batteries for commercial vehicles. Analysts are confident that this will be reversed in 2017, if not before, as the Chinese simply cannot manage the quality and quantity they need to grow the domestic EV market as they have stated, without the support from the Korean battery makers.

Please find below a synopsis of the key contributors to performance this quarter:

Positive Contributors in 3Q16

♦ **Internet: 11.5% average weighting in 3Q16**

- The internet theme saw a strong 16.7% aggregate return for our positions in the quarter.
- Number two China ecommerce company, **JD.com**, was sold owing to profitability concerns.
- We added China's and Korea's Google's, **Baidu** and **Naver**, and China's Twitter, **Sina/Weibo**.
- **Tencent**, **Naver** and **Sina/Weibo** saw over 50% EPS growth year on year in 2Q16.

♦ **Vietnam: 22.7% average weighting in 3Q16**

- This long standing theme held since end 2011 continues to generate superior returns.
- The Vietnam portfolio saw 14.2% return in the quarter.
- Strong earnings growth and the prospect of FDI caps being removed is driving share prices.

♦ **Local Brands: 10.1% average weighting in 3Q16**

- Our local brands theme saw a better than market return of 13.7% in the quarter.
- Chinese sportswear brand, **Anta**, had a good run post reporting 1H16 EPS +17.1%.
- Australian wine producer, **Treasury Wines**, growing rapidly in China, had strong FY16 results.
- Philippine retail store operator, **Robinsons Retail**, was sold as results continue to disappoint.

Negative Contributors in 3Q16

♦ <u>**Gold: 4.6% average weighting in 3Q16**</u>

- Our gold theme saw a modest positive return in the quarter, but underperformed the index.
- The gold price rally cooled in 3Q16 with the spot price flattish between June and September.
- **Newcrest Mining's** FY16 results saw a modest positive surprise.
- **Newcrest** now sold as deflation appears to be retreating. **Newcrest** returned 31.6% since purchase and at the time of writing is the second biggest contributor to performance YTD.

♦ <u>**Clean Energy: 15.5% average weighting in 3Q16**</u>

- Our clean energy theme saw -0.5% return in the quarter.
- Chinese new energy bus manufacturer and A-share, **Yutong Bus**, performed well.
- Korean EV battery maker, **Samsung SDI**, hurt by Samsung Galaxy Note issue; not EV related.
- Recently added to theme via Chinese EV OEM, **BYD**, and EV auto parts maker, **Nexteer.**
- Huge long term market opportunities in EV's and solar requires long term horizon + patience.

♦ <u>**Infrastructure/Logistics/Property: 4.9% average weighting in 3Q16**</u>

- Infrastructure/Logistics/Property theme was slightly weak in the quarter with -2.0% return.
- Long term outlook remains intact as Thailand focuses on investment-led growth.
- Improving consumer spending in Thailand bodes well for property market.

Portfolio Activity

Philippines

During the quarter we sold out of the Philippines completely. This is not a commentary on the new political regime in this country, but more a stock related decision based on the current performance and outlook for **Robinson Retail**. It is not clear how the fortunes of the Philippines will turn under the highly controversial new President Duterte, although his strong band of politics has raised some eyebrows. We would prefer to have exposure here via the infrastructure theme, where it is clear there will be tremendous future expenditure with significant contributions now coming from China and we are waiting for such opportunities at appropriate valuations.

Elsewhere, we find that many companies here are more expensive than we are comfortable with, especially given that there is a risk that if Duterte continues to be as aggressive as his words regarding pushing the US out of their military bases and strengthening his relationship with China, then potentially some of the BPO business, which has driven much of the growth here in recent years and much of which which comes from the USA, could leave.

Silicon Motion Technology

Silicon Motion (SIMO) is a Taiwan based fabless designer of IC drivers for flash memory chips with a 30-35% market share in each of its key markets. These include Nand flash solutions for handsets as well as industrial uses. At the time of writing it has a market cap of $1.5 billion. There are several key drivers for **Silicon Motion**. Firstly, Nand chips will continue to shrink, which should continue for a further decade, driving new and more valuable products to SIMO. In addition, the trend for cheaper Nand has resulted in the quality of the chips deteriorating which risks data integrity. The IC drivers made by SIMO are therefore increasingly designed to compensate for this, giving SIMO more of the value in its driver product and as a result, **SIMO** is seeing its ASP rise which in turn is driving margin expansion. As well as these factors, the global requirement for solid state memory (as opposed to hard disk drives) is still rising sharply. One way to look at this is how many photos are now replaced by video. This trend will only increase with the wider rise of virtual reality and augmented reality. As a result of all these factors, earnings expectations for the company have been rising. This trend was recently validated by the company as management raised its guidance in October. The stock is currently trading on a 2017 P/E multiple of 12x pre-stripping out the net cash and the business has consistently generated an ROE over 17% for the past 5 years.

Outlook

In summary, it is worth pointing out that although this year has been disappointing in terms of relative performance, our portfolio generated average first half operating profit growth of 27% and median first half operating profit growth of 16%. The Hong Kong and China portfolio, which has been the most difficult area in terms of relative performance during the year, generated 1H16 operating profit growth of 37%. This all compares extremely well with the index average of -13%. From a valuation perspective, the P/E ratio of the portfolio is 15.5x. This is just above the index PE of 14.7x, but we think this does not look too rich when looked at in the context of the portfolio ROE of 19.2%, almost twice that of the index ROE of 9.7%. Against this, we have confidence that this underperformance will be redressed.

Notes from Our Trip to Hong Kong and Vietnam

In Hong Kong we attended the annual CLSA Forum. This is a wide-reaching event with speakers from all around the region, representing numerous companies. In addition, expert speakers from all around the globe give talks on many current topics from new technology, energy, geopolitics, medicine and psychology to economics and demographics. Here are a few of our key observations from this conference.

Geopolitics and China

Clearly the outcome of the US election will have a significant impact on China's policy within Asia. Currently, China is over-reaching itself within Asia, creating as it does so, a shower of rhetoric from the US against China. The impact of this has been felt deeply and is well reflected in foreign investors' very low weightings in China in global portfolios. However, under Obama, the US has remained quite passive in its practice, for example, adopting a stance of 'strategic patience' over North Korea. Or, in other words, waiting for China to do something first.

China has a number of objectives within Asia, which it has been getting on with during this relatively quiet time. Firstly, it has gone about expanding its borders, thereby pushing the U.S. Navy and its ability to listen in to China, as far offshore as possible. In this process, it has reclaimed a number of reefs and islands in the South China Sea, stepping on local toes as it does so but nonetheless, creating new boundaries, including building a 2-mile runway on what was once a coral reef. Secondly, China, has also been looking to cement stronger alliances and relationships with its neighbours.

One serious canary in the coalmine here is the change of stance from the Philippines by the recently elected President Duterte. He has openly rejected the US, which had been an ally since 1946, and has ordered the removal of US military bases in favour of a closer liaison with China. China will in turn help the Philippines fulfil its ambitious infrastructure plans. This October the new President travelled to China to cement (no pun intended) this new closer relationship and perhaps even more tellingly, took with him a group of delegates that was originally intended to number just 24 people, but which in the end ballooned to over 400 people. This is the desire by private enterprises to advance business with China. The story of how this unfolds for the Philippines is yet to be told, but the initial instinct is that it will be, at the least, very positive for infrastructure, inward tourism and exports of agricultural products in the Philippines.

If the Philippines becomes the model, then these issues could add up to a crisis in Asia for the next US administration. Both US presidential candidates have rejected the Trans-Pacific Partnership (TPP) in favour of supporting the populist view in the US of favouring locally produced goods. However, TPP is one of the few major conversations the US has going in Asia and a permanent breakdown in this agreement could weaken the US's position in Asia even further. As such, should Clinton win the election, it would not surprise us to see her engineer (another!) pivot on the TPP, citing security as well as trade. Meanwhile in Asia, we are seeing China place minor restrictions on tourist travel to Korea (most presumably in protest at the US missile strategy there) and to Taiwan (most presumably in protest at the more anti-Chinese stance at government level). China probably makes better decisions with some stiff opposition around, so a very weak or disinterested US most likely would mean slower economic reform in China, as well as fewer options for strong allies for China's neighbouring countries and rising pressure for the US to do China's bidding.

Artificial Intelligence (AI) – Not So Fast

One cannot open a magazine or turn on the radio these days without being told that our jobs are about to be taken over by robots and artificial intelligence (AI), the intelligence that drives them. Last quarter we wrote that this is one of the single biggest trends we need to understand today and that slowly it will change many of our daily experiences beyond recognition. We recently added more exposure to the graphics chips used in AI processing via **Taiwan Semiconductor**. The explosion of research work in this area is driving demand and will grow even bigger in years to come.

However, on the subject of robots actually taking over our jobs, we would say that having watched a video of a robot from MIT's AI department bake a cake, we think we are all safe for a while! In addition, we picked up an interesting anomaly, namely that Toyota is actually 'sacking' some of its robots in favour or re-employing people! The key observation here is that the best, most efficient and productive developments are coming from combining human and new AI robotic skills. Companies using the right blend of both are likely be the most successful.

Drones

This may be the first new technology trend where China is unquestionably leading the field from a technological standpoint. Shenzhen based DJI (sadly not listed) is the world's leading provider of consumer drones. By all accounts the number of Phds and other highly qualified researchers working at the company combined with the quality of their work and the ambition and drive within the company culture, helped by the young CEO, is world class. Interestingly, many of the company's of key technicians and researchers are recruited at the Chinese version of 'Robot Wars'.

Solar

We have recently seen an unsubsidised, all-time record low for solar electricity of 2.42 cents per kwh. This contract was agreed in Abu Dhabi and is remarkable because not only is it significantly below the cost of electricity supplied from a natural gas plant, including those in the US where gas prices are very low, it is also cheaper than the cost of the gas alone! Indeed, it is the lowest recorded price for electricity ever contracted anywhere in the world, ever! Abu Dhabi is not just a one-off.

Similar or very low prices are also being reached in Chile (2.91 cents per kwh) and Mexico (3.5 cents per kwh).

Solar is one of the fastest growing and biggest market opportunities globally, growing at a 45% cagr between 2005 and 2015 and yet, global penetration still stands at just 1%! As one of the lowest cost producers, China is in a sweet spot for solar. Moreover, the government has huge ambitions for solar use at home with plans to triple China's current capacity to 45 GW capacity by 2020.

For the countries which are the most advanced in terms of renewables, for example, Germany where 36% of available electricity generation comes from renewable sources, we are already seeing a massive negative impact on the independent power producers, a subject which we have written about in the past. Looking at the industry from another angle, we are now about to see a period where the grid needs to catch up with these new energy producers. Recent experience in South-West Australia, where 50% of energy is generated from renewables, has caused huge outages as the grid has struggled to manage the intermittent nature of power generated from renewable sources. We think this will spur a huge investment programme, globally, to upgrade electricity grids. We have written about this in the past, but believe that the moment has arrived when governments cannot postpone this anymore, given the rising availability of clean energy.

Vietnam and the Benefits of Youth

We had a productive trip to Vietnam, visiting many of our holdings as well as meeting with a number of companies for the first time. The on the ground evidence suggests strongly that the country continues to grow fast, driven by FDI and a pick-up in consumption and infrastructure spending. Despite the good GDP growth, inflation remains at a 7-month low, with CPI up just 2.6% year on year in August. In addition, and quite impressively, although Vietnam has to import almost everything it needs to invest in its factories, including machinery, it is now achieving small monthly trade surpluses, with exports growing around 5.5%. Disbursed FDI grew nearly 9% in the first 8 months of 2016 and new registrations grew 7.7% over the same period. Manufacturing and processing remain around 75% of all inward investments and the largest geographical investor is Korea. LG Display alone invested $1.5billion in April! The currency has marginally strengthened this year against the dollar and 5-year bond yields are at 6.3%.

We continue to believe that Vietnam still represents one of the most attractive long term economic stories in Asia, supported by these factors.

In addition, there is another well known but often overlooked positive structural trend in Asia, namely demographic youth.

The Demographic Dividend

It is not a new idea that countries with attractive demographics have a higher probability of doing well. However, when you look at Asia it is noticeable how very marked the difference is that demographics makes to GDP growth, and most likely in tandem with that, the investment prospects in the long term.

'Older' countries in Asia include Taiwan (average age of 40), Korea (average age of 41), China (average age of 37), Singapore (average age of 41), Hong Kong (average age of 44) and Thailand (average age of 39). Overall, the average age in these countries is 40 years old. Interestingly, in 2015, the average GDP growth for this same group of countries was 3.2%. However, if you separate out countries with youthful populations (Vietnam, Pakistan, Indonesia, India, Sri Lanka, the Philippines) then the average age is 26 years old and the average GDP growth last year was 6.1%!

This is incredibly simplistic, but the point is a very powerful one. In 2002, China's working population was growing by 40 million people a year; in 2012, China's working population shrank by 3 million people. GDP growth in China has been subdued pretty much since then. Equally Korea's population peaked in 2015, while Japan reached this point in 1995!

By contrast, every market we have mentioned in the youthful population category will not see their populations peaking until 2050 or beyond. And some, like the Philippines, could see populations rise to almost double today's levels, which for the Philippines implies a future population of nearly 200 million people!

Whilst our thematic process identifies areas which are growing regardless of the economic cycle, we think this way of looking at Asia from a long-term investment point of view is a complimentary one, and one we intend to blend in in future when appropriately valued opportunities arise.

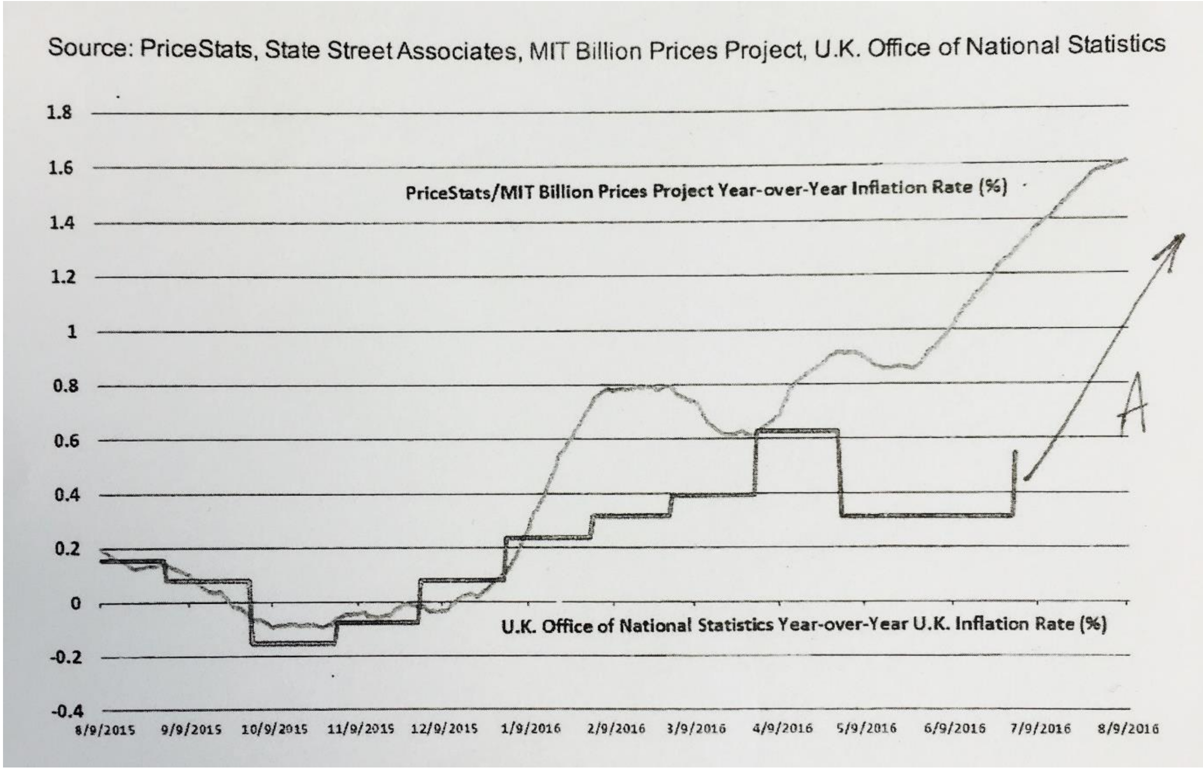
China - The End of Deflation?

After 50 months or so of falling prices in China we believe we are on the verge of moving away from deflation.

Coking coal prices have more than doubled this year, and a number of other commodity prices are also well off their lows, not least of all oil. What interests us is that in both these cases the rally is not being led by demand, but rather by the decision to restrict supply. The point here is that after years of over-zealous expansion these companies are hugely indebted and while their decision to slow investment in new capacity will have helped their cash flows, what would really make a big difference is higher revenues. Of course, what better way to increase revenues to generate more cash to pay down debt than instigate a situation where selling prices rise. This is what we are now seeing. If these higher prices are sustained then we might start the financial health of private enterprise in China improve substantially.

Whisper it gently but China's recent PPI number is now barely falling. Indeed, on a month on month basis, it is just in positive territory. In China, the PPI acts as a proxy for commodity prices and leads China's ROE. ROE in China has appeared to be bottoming for a number of months, but an uptick would surely be positive for share prices. It is also worth noting that the real cost of borrowing for Chinese corporates is falling. Last year, real borrowing costs in China were around 7%, but this could fall substantially in the coming year.

It is important to be clear about what we have just written in the last few paragraphs. If China's stricken commodity sector begins to pay down debt and the average ROE begins to rise in China, then it's time to look at closing underweight positions. These two factors are both major catalysts for share price appreciation. It is also worth noting that prices look poised to rise elsewhere too, as this chart compiled by MIT Billion Prices Project shows for the UK.



Other Catalysts for China - Shenzhen Connect

We have also written extensively in previous reports about the Hong Kong-China Connect programme, which is due to expand in November to include Shenzhen. The original Connect debut was a significant catalyst in 2014 when the programme began for Shanghai and Hong Kong. Intriguingly, we are seeing the government confident enough in the economy to cool down the property market, which has recently been on a tear. This, combined with a slightly more relaxed government approach to money moving offshore for investment purposes, could galvanise the local savings market in the direction of this new opportunity. This time the proposals do look a little different and here are the main differences, all of which augur well for the success of the programme.

Firstly, the quotas have been removed in favour of daily *net* limits. In the Northbound direction that limit is Rmb 13 billion a day and in the Southbound direction that limit is Rmb 10.5 billion a day. So, in theory, the volumes could be huge.

Secondly, Connect now removes all the risks associated with the original QFII for foreigners, namely counter party risk in China and slow repatriation of money. Trades are also instant.

Thirdly, there are many more interesting companies now available in both directions. Shenzhen is the Chinese equivalent of the Nasdaq, where a great many of China's key private businesses are listed. Meanwhile, a significant number of Hong Kong small caps are also to be included in the Southbound option.

Fourthly, only six weeks ago the Chinese government changed the rules allowing the mainland insurance companies to trade stocks Southbound. These are vast companies and this alone is probably the best explanation for the pick-up in Hong Kong equities in recent weeks. We expect that, in time, these companies will set up wealth management units to take advantage of this change in rules. This in turn could be a big driver of growth in a sector which is grossly undervalued.

We also note that the Chinese have now amended the rules on suspension, an issue which allowed 1,100 out of 1,800 companies to suspend themselves last year, and which was probably a major factor for why China remained excluded in the recent MSCI changes. It is also worth noting that the inclusion of Shenzhen for Northbound investors will also now allow for the creation of Chinese index trackers, something which was previously impossible without access to Shenzhen. All of these developments are likely to bring China closer to MSCI inclusion. A 5% weighting for Chinese A-shares in the MSCI EM Index would mean a 27.6% weighting for China overall in the MSCI EM index. The equity connect programme is just the beginning. Hong Kong Exchange is also currently working on ETF Connect, Bond Connect and IPO Connect. So 'China Connect' could provide catalysts for a while to come.

Samsung Electronics

We have been travelling a lot this autumn and if there is one brand that has become synonymous with getting on a plane anywhere in the world, it has been **Samsung**, albeit not for the right reasons! Still, if any fame is good fame then the air travel business is definitely helping spread the word about **Samsung**! The unfortunate tale of the exploding Galaxy Note 7 Phones – and therefore the necessity to turn them off before flying and take the battery out! – has taken its toll on **Samsung Electronics'** share price this quarter. We own **Samsung**, so this has been painful, although we would say that we own it in spite of, rather than because of, the handset division. **Samsung** is a company with more than one very good trick up its sleeve and the financial impact of literally writing off Galaxy Note 7 sales and the cost of recall is now well understood and absorbed into the share price. Earnings increases should resume from 4Q16 and we even hear that channel checks show that customers are staying with **Samsung** brands and even opting for the Edge in replacement for the Note, which suggests there has been little, if any, brand impairment from what has happened.

Within **Samsung,** the semiconductor and memory businesses are each nearly as large again as the handsets business in terms of operating profit. Importantly, both the semiconductor and the memory businesses should see tight supply and rising prices in the coming two quarters. Indeed, we are especially bullish on the medium-term outlook for demand in Nand flash memory as the explosion in video, artificial intelligence, virtual reality, augmented reality and the 'Internet of Things' requires increasing quantities of fast memory. Moreover, looking into the future, OLED, the display technology in which **Samsung** dominates, globally, is the only possible display technology that works for virtual reality. As a result there is most likely significant upside here in the coming years as virtual reality takes off.

VIV, Artificial Intelligence and Samsung

In addition to all this, **Samsung** has just made a very interesting purchase of VIV, an artificial intelligence start-up from Silicon Valley, which was created by the original designers of Apple's Siri. VIV's creation is a type of 'intelligent digital assistant', much like Siri or Amazon's Alexa, but designed to be far more evolved, with the ultimate vision for the product being something like the character played by Scarlett Johansson (a virtual assistant with learning powers which made her nearly perfect) in the recent movie, 'Her'. VIV has been the talk of Silicon Valley for the past year and **Samsung's** purchase most likely catapults it into the same class, or better, as Apple for artificial expertise. Watch out for a full reprieve of the **Samsung** handset brand when this capability is released.

Finally, **Samsung** is already under shareholder pressure from Elliot, the activist hedge fund, to adopt a more attractive returns policy, which may now be accelerated given the current problems

Samsung is facing. Indeed, very recent announcements suggest some restructuring within the group, including share buybacks equivalent of 4.8% of common shares at **Samsung SDI** (our EV battery company) and a promise to come back to Elliot with a response on returns by the end of November. **Samsung** is trading on a one year forward P/E of just 8x and current consensus estimates are for the company to grow its earnings per share by 33% in 2017. Taking this into account, it could be that the unfortunate exploding phone shock could turn out to be an excellent buying opportunity in **Samsung**.

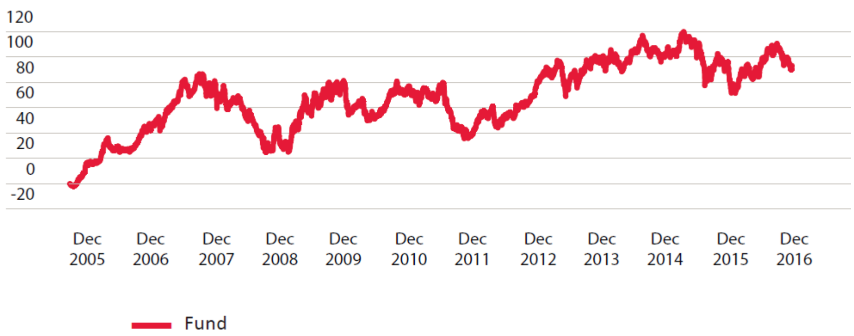
PORTFOLIO PERFORMANCE

Performance Summary (%)
Period ending 30.12.2016

	USD	GBP	SGD
1 Month	-3.47	-3.60	-3.46
3 Months	-8.08	-7.90	-7.84
2016	-3.98	-3.87	-3.83
2015	-2.95	-2.10	-1.81
2014	1.08	1.59	1.29
2013	16.63	16.76	16.50
2012	24.68	24.36	23.95
Since Launch+	87.85	50.11	5.17
Annualised 5 years	6.49	6.78	6.67
Annualised 3 years	-1.97	-1.49	-1.47
Annualised Since Inception	5.77	3.96	0.73

Source: Morningstar
+ Launch date: A: 07.10.05, C: 14.07.06, D: 15.01.10

Fund Performance - Class A USD (%)



Source: Morningstar. Total return net of fees.

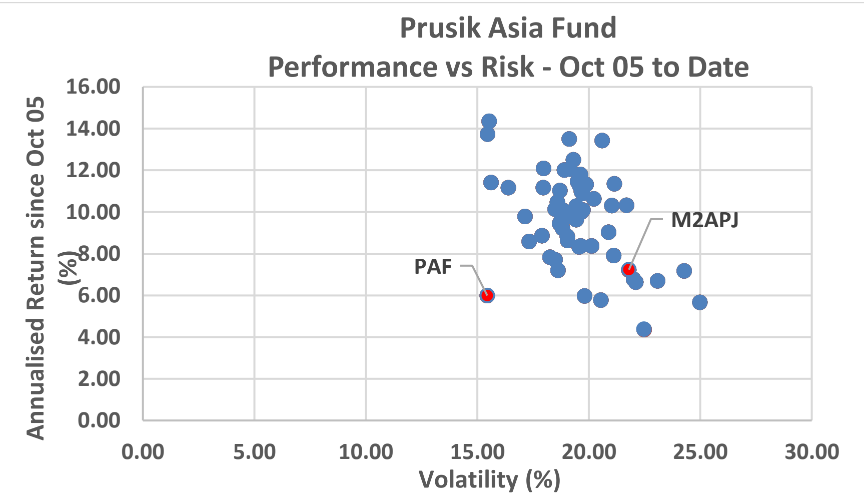
Monthly Performance Summary (%)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2016	-8.91	-1.24	7.08	1.44	-1.78	1.16	4.32	3.70	-0.54	-2.41	-2.42	-3.47	-3.98
2015	1.57	0.07	1.23	4.06	-0.96	-1.83	-3.40	-7.67	-1.41	6.77	-0.60	-0.11	-2.95
2014	-3.15	3.04	-0.56	-3.44	2.15	2.91	2.08	4.20	-4.06	0.95	-1.12	-1.48	1.08
2013	6.68	3.52	-0.45	1.73	0.09	-7.21	3.75	-3.21	4.60	4.19	1.92	0.66	16.63
2012	5.81	6.55	-0.38	3.08	-6.93	0.67	4.33	-2.54	6.47	0.24	2.45	3.39	24.68
2011	-2.27	-0.70	1.19	1.23	-0.86	0.30	4.32	-11.95	-8.24	-0.55	-4.02	-0.52	-20.89
2010	-9.67	-2.62	3.66	1.67	-7.15	-0.54	0.96	2.98	7.80	0.74	-0.38	1.08	-2.66
2009	-6.90	-2.90	11.16	4.46	10.67	-2.69	6.77	-4.94	6.42	-2.45	4.08	2.12	26.59
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

RISK ANALYSIS

Risk Metrics	**Fund (%)**
Beta	0.59
Alpha (%)	1.25
Sharpe Ratio	0.48
Volatility (%)	16.39
% of the portfolio –which could be sold in 2 business days	99.00

Source: Morningstar
Since Inception: A: 07.10.05



THEMATIC & GEOGRAPHICAL BREAKDOWN

Top 5 Holdings (%)

Samsung Electronics Co Ltd	7.3
Vietnam Dairy Products	5.4
Tencent Holdings Limited	4.7
Sino-Thai Engineering & Construction	4.3
Ping An Insurance Group	3.7
Total Number of Holdings	32

Portfolio Financial Ratios*

Predicted Price/Earnings Ratio	13.8x
Predicted Return on Equity (%)	19.4

* Fiscal year periods

Thematic Breakdown (%)

Financialisation	19.3
Vietnam	18.2
Artificial Intelligence/Virtual Reality	16.0
Internet	12.6
Infrastructure/Logistics/Property	11.5
Local Brands	7.9
Clean Energy	7.2
Cash	4.4
Leisure/Tourism	2.9

Geographical Breakdown (%)

Hong Kong/China	39.7
Vietnam	20.3
Korea	10.2
Taiwan	8.2
Pakistan	5.5
Australia	5.1
Cash	4.4
Thailand	4.3
India	2.3

All data as at 30.12.16. Source: Prusik Investment Management LLP, unless otherwise stated.

FUND PARTICULARS

Fund Facts

Fund Size (US)	56.0m
Launch Date	7 October 2005
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GDP, SGD

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: Provided the fund achieves an overall increase of 6% a yearly performance fee of 10% of total returns will be applied.

Class U: 10% of the net out-performance of the MSCI Asia Pacific ex Japan Index 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

Codes

Class 1			SEDOL	ISIN	Month end NAV
A USD	Unhedged	Non Distributing	B0MDR72	IE00B0M9LK15	187.85
B USD	Unhedged	Distributing	B0M9LL2	IE00B0M9LL22	187.97
C GBP	Hedged	Distributing	B18RM25	IE00B18RM256	103.65
D SGD	Hedged	Distributing	B3LYLK8	IE00B3LYLK86	261.97

Performance fee based on individual investors' holding.

U GBP	Unhedged	Distributing	BBQ3756	IE00BBQ37560	133.36

Performance fee based on fund performance as a whole.

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