

Prusik Asian Smaller Companies Fund



PRUSIK

GROWTH INVESTING IN ASIA

28 February 2018

Monthly Fund Fact Sheet

Investment Objective

To preserve capital and generate absolute returns over a full economic cycle by investing primarily in Small Cap companies in Asia Pacific ex-Japan, whilst maintaining portfolio volatility significantly below the peer group.

Fund Facts

Fund size (USD)	55.5m
Launch date	8 February 2008
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

	A USD	C GBP	D SGD
1 Month	-3.24	-3.38	-3.30
3 Month	-1.05	-1.60	-1.30
Year to Date	-1.51	-1.86	-1.71
Since Launch	72.59	79.78	26.36
Annualised [†]	5.58	6.08	2.92

Source: Morningstar.

Launch Date: A: 08.02.08, C: 25.03.08, D: 15.01.10

[†]Since Launch Performance

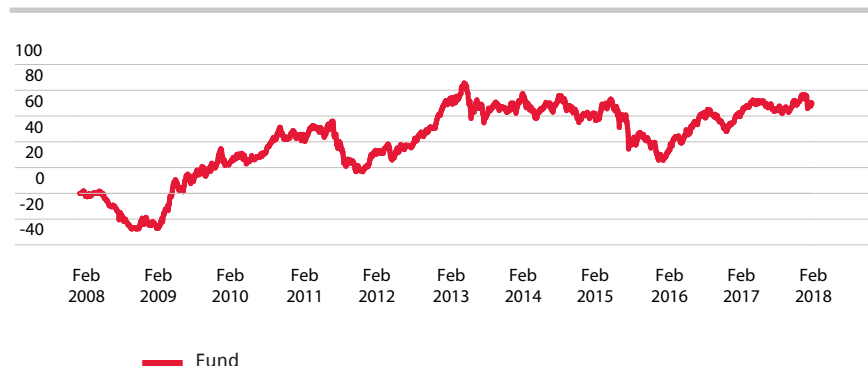
Investment Process

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.

Dividend Dates

Dividends paid twice annually (January and July)

Fund Performance - Class A USD (%)



Source: Morningstar. Total return net of fees.

Fund Manager Commentary

During February, the fund fell by 3.2% which was less than the market fall of 4.7%. We saw strong returns from our Cambodian casino, **Nagacorp**, as well as positive returns in the Philippines and Sri Lanka. India was the chief headwind for the fund in the month (more on this below). At the stock level, our branded liquor business in Sri Lanka, **Melstacorp**, and our airline catering and airport retail stock in Vietnam, **Taseco Air Services**, were amongst the top contributors. In India, shopping mall operator, **Phoenix Mills**, and branded clothing retailer, **Aditya Birla**, led the declines.

In this year's budget in India, the authorities announced that Indian equities will be subject to capital gains tax of 10%, for domestic and foreign investors alike, starting from this year onwards. Unsurprisingly, Indian stocks fell on the news, in particular small and mid-cap stocks, which are currently trading at a premium to their large cap peers. While we will need to factor this change into our total return calculations for our holdings in India, we believe that over the long term earnings growth will be a more important determinant of total returns. Earnings growth for our Indian holdings continues to be robust with results showing median earnings growth of 24% year on year in calendar 2017 and 21% year on year for the September to December quarter. This compares favourably with the 13% earnings growth expected for large-cap Indian stocks for the financial year ending March 2018 and 9% earnings growth expected for Indian mid-cap stocks for the same period.

While we are positive on the long term growth opportunity in India, we remain sensitive to valuations. With this in mind, we took the decision in February to sell **Bajaj Electricals**, a home appliances brand and EPC contractor in India. The stock had re-rated from a mid-teens multiple to 33x P/E in under a year, despite the fact that business restructuring continues without any clear sign of having a positive impact and the EPC business keeps the overall ROE subdued. Our return in the stock since purchase is over 40%.

Finally, we would note that during the recent market weakness the fund has held up relatively well, which runs counter to the received wisdom that small-caps underperform when markets fall. This may be owing to the fact that the share of ETFs and index funds for small-cap equities, globally, is lower compared to large-cap equities. As such, the fund may be more immune from the algorithmic driven market gyrations compared to its large cap index-based peers. In addition, the fund overall is underpinned by strong earnings growth with forecast earnings expected to rise by 21.6% in 2018.

All data as at 28.02.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

FPT Corporation	7.2
Mobile World Investment Corporation	6.5
Ace Hardware Indonesia	4.3
Philippine Seven Corporation	3.9
Bank Tabungan Negara	3.6
Total Number of Holdings	38

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.1x
Predicted Return on Equity (%)	15.2
Predicted Dividend Yield (%)	2.3

Risk Metrics

Tracking Error (% pa)	13.56
Beta	0.57
Alpha	2.39
Volatility (%)	15.52
Sharpe ratio	0.55

Thematic Breakdown (%)

Local Brands	25.9	<div></div>
Modern Retail	19.8	<div></div>
Infrastructure	14.0	<div></div>
Financialisation	13.9	<div></div>
Communication Technology	13.3	<div></div>
Leisure/Tourism	10.1	<div></div>
Cash	2.8	<div></div>

Geographical Breakdown (%)

Vietnam	29.4	<div></div>
India	28.0	<div></div>
Indonesia	11.8	<div></div>
Sri Lanka	10.4	<div></div>
Pakistan	6.7	<div></div>
Philippines	3.9	<div></div>
Cambodia	3.0	<div></div>
Cash	2.8	<div></div>
Malaysia	2.6	<div></div>
Singapore	1.3	<div></div>

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Management Fees

Annual Management Fee

1.5% p.a. Paid monthly in arrears

Performance Fee

All Classes except Class U: 10% NAV appreciation with a 6% hurdle annually

Class U: 10% NAV appreciation with a 1.5% hurdle, quarterly

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Weekly, Friday
Min. Initial 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	B2PKN21	IE00B2PKN210	172.59
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	167.51
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	86.77
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	229.67

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	108.56
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Performance fee based on fund performance as a whole.

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